



# UPPER MIDWEST DAIRY NEWS

H. Paul Kyburz, Market Administrator

Volume 7, Issue 9

Upper Midwest Marketing Area, Federal Order No. 30

September 2006

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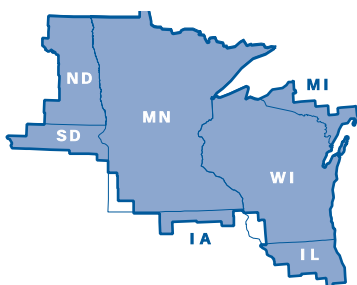
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### Upper Midwest Federal Milk Order



## USDA Announces Three Final Decisions

### Upper Midwest Final Decision

The U.S. Department of Agriculture recently issued a final decision for the Upper Midwest Marketing Area, published in the *Federal Register* on September 13, 2006.

The decision proposes to adopt as a final rule, amendments to the pooling provisions of the Upper Midwest Marketing Area that were previously discussed in a recommended decision. Specifically, this decision recommends adoption of amendments that would:

- 1) Establish a limit on the volume of milk a handler may pool during the months of April through February to 125% of the volume of milk pooled in the prior month;
- 2) Establish a limit on the volume of milk a handler may pool during the month of March to 135% of the volume of milk pooled in the prior month; and
- 3) Allow the market administrator to increase the administrative assessment up

to a maximum of 8 cents per hundred-weight on all pooled milk, if necessary, to maintain the required fund reserves.

The decision is based on testimony and evidence given at a public hearing in Bloomington, Minnesota in August 2004. A partial decision issued earlier dealt with other issues from this same hearing.

USDA will conduct a vote on the amended order to determine producer approval. If producers approve the order as amended by this final decision, a final rule will follow to implement these changes on a permanent basis.

A paper copy of the decision can be obtained by calling Harold Ferguson toll-free at: (888) 301-8224, extension 231. An electronic version is available at: [www.fmma30.com](http://www.fmma30.com).

*See Next Page For Other Final Decisions*

### Pool Summary

- In August, 17,293 producers delivered to the market with an average daily delivery of 4,512 pounds.
- Producer milk totaled 2.4 billion pounds, up 120 million pounds from July, and 245 million pounds above August 2005.
- Class I utilization totaled 388 million pounds, up 12.3% from July. Class I usage accounted for 16.1% of producer milk.
- The August Producer Price Differential (PPD) is \$0.37 per cwt.
- The Statistical Uniform Price is \$11.43 per cwt., up \$0.13 from July, but \$2.72 below August 2005.
- Market statistics for August are shown on Pages 4 and 5.

### August 2006 Producer Milk by Class

|           | Percent | Product Pounds | Price \$/cwt. |
|-----------|---------|----------------|---------------|
| Class I   | 16.1    | 388,495,988    | 12.77         |
| Class II  | 6.5     | 157,179,728    | 11.16         |
| Class III | 76.1    | 1,841,312,407  | 11.06         |
| Class IV  | 1.3     | 31,557,981     | 10.64         |
| Total     |         | 2,418,546,104  |               |

## Final Decision to Amend Central Milk Order

The U.S. Department of Agriculture recently announced a final decision to permanently adopt amendments to the pooling provisions of the Central Milk Marketing Order. This decision is based on testimony and evidence given at a public hearing held in Kansas City, Missouri in December 2004.

USDA will conduct a vote to determine producer approval. If producers approve the order as amended by this final decision, a final rule will follow to implement these changes on a permanent basis.

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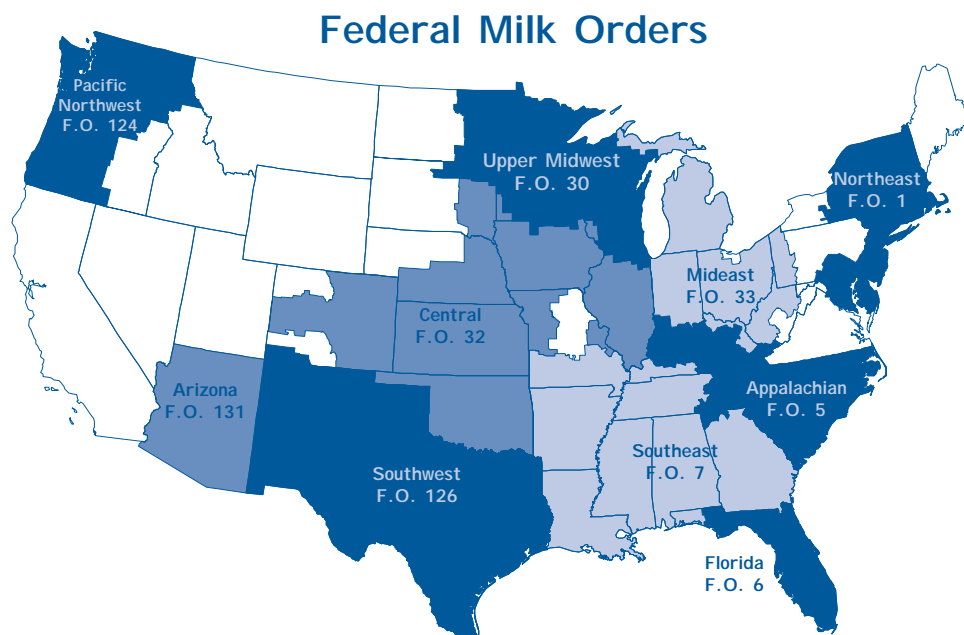
For additional information about the decision contact:

Specifically, this decision recommends adoption of amendments that would:

- 1) Increase supply plant performance standards;
- 2) Amend features of the "touch base" provision;
- 3) Amend certain features of the "split plant provision"; and
- 4) Decrease the diversion limit standards of the order.

The decision also adopts a proposal that limits the volume of milk a handler can pool in a month to 125% of the total volume of milk pooled in the previous month.

The final decision was published in the *Federal Register* on September 13, 2006.



## Final Decision to Amend Mideast Milk Order

The U.S. Department of Agriculture recently announced a final decision to permanently adopt amendments to the pooling provisions of the Mideast Milk Marketing Order. This decision is based on testimony and evidence given at a public hearing held in Wooster, Ohio in March 2005.

115% of the volume of milk pooled in the prior month; and

- 2) Establish a limit on the volume of milk a handler may pool during the month of March to 120% of the volume of milk pooled in the prior month.

order as amended by this final decision, a final rule will follow to implement these changes on a permanent basis.

Specifically, this decision recommends adoption of amendments that would:

- 1) Establish a limit on the volume of milk a handler may pool during the months of April through February to

The final decision was published in the *Federal Register* on September 13, 2006.

USDA will conduct a vote on the amended order to determine producer approval. If producers approve the

For additional information about the decision contact:

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## Tentative Partial Decision to Amend Appalachian and Southeast Milk Orders

The U.S. Department of Agriculture recently announced a tentative partial decision that recommends amendments to the transportation credit provisions of the Appalachian and Southeast Milk Marketing Orders. This decision is based on testimony and evidence given at a public hearing held in Louisville, Kentucky in January 2006.

This decision adopts, on an interim final and emergency basis, proposals to amend certain features of the transportation credit provisions of the Appalachian and Southeast Orders. Specifically, this decision will:

- 1) Establish a mileage rate factor using a fuel cost adjustor used in the transportation credit provisions of both orders;

- 2) Increase the maximum transportation credit assessment rate for both orders; and

- 3) Establish diversion limits on eligible Class I milk receiving transportation credits.

A separate decision will be issued addressing proposals concerning producer milk provisions and transportation credits on intra-market order movement of milk within the Appalachian and Southeast Milk Marketing Areas.

The tentative partial decision was published in the *Federal Register* on September 13, 2006.

Interested persons have until November 13 to file comments in response to the tentative partial decision. USDA will

determine if producers approve the amended order.

For additional information about the decision contact:

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## CME Cheese, Butter Increase Slightly

Prices for cheddar cheese on the Chicago Mercantile Exchange (CME) increased slightly from mid-August to mid-September.

The CME barrel price on September 15 was \$1.27¼ per pound, up 6¼¢ from mid-August, while the 40-pound block price of \$1.27¼ was up 6¼¢ from mid-August. The year-earlier levels for CME barrel and block prices were \$1.50 and \$1.59¾, respectively.

The CME butter price on September 15 was \$1.31 per pound, up 2¢ from mid-August. The year-earlier level for the CME butter price was \$1.72, more than 40¢ above current levels.

According to USDA's "Dairy Products" report, July butter production nationwide was down more than 37% from January levels. Butter stocks in CME-approved warehouses were also down nearly 30% in the last eight weeks.

The August Federal order Class III price of \$11.06 per cwt. was up 14¢ from July, but \$2.54 below the August 2005 price.

According to the "World Agricultural Supply and Demand Estimates" from USDA, Class III prices for 2007 are projected to average \$12.50 (+/- 50¢), up from \$11.70 (+/- 10¢) in 2006.

## Upper Midwest Pool Statistics - August 2006

| Market Class I    |             | Diverted to             |                         |               | Location                |             | Class I Differential |  |
|-------------------|-------------|-------------------------|-------------------------|---------------|-------------------------|-------------|----------------------|--|
| Differential Rate | Pool Plants | Received at Pool Plants | Pool and Nonpool Plants | Total         | Adjustment to Producers | to Handlers |                      |  |
| Cwt.              | Number      | Pounds                  | Pounds                  | Pounds        | Value                   | Pounds      | Value                |  |
| \$1.80            | 4           | 67,096,774              | 23,051,613              | 90,148,387    | \$ 0                    | 68,164,244  | \$ 1,226,956         |  |
| \$1.75            | 42          | 305,404,513             | 760,194,166             | 1,065,598,679 | 532,799                 | 157,672,237 | 2,759,264            |  |
| \$1.70            | 31          | 176,183,214             | 1,016,025,165           | 1,192,208,379 | 1,192,209               | 138,703,153 | 2,357,954            |  |
| \$1.65            | 5           | 28,579,496              | 42,011,163              | 70,590,659    | 105,886                 | 23,956,354  | 395,280              |  |
| Total             | 82          | 577,263,997             | 1,841,282,107           | 2,418,546,104 | \$ 1,830,894            | 388,495,988 | \$ 6,739,454         |  |

## Computation of Producer Price Differential-August 2006

|   | Utilization<br>Percentage | Product<br>Pounds    | Component<br>Pounds | Rate          | Value                    |
|---|---------------------------|----------------------|---------------------|---------------|--------------------------|
| <b>Class I</b>  |                           |                      |                     |               |                          |
| Differential Value  |                           |                      |                     |               | \$ 6,739,454.09          |
| Product   | 16.1%                     | 388,495,988          |                     |               |                          |
| Skim Milk   |                           |                      | 382,545,439         | \$ 6.9600     | 26,625,162.56            |
| Butterfat   |                           |                      | 5,950,549           | 1.2154        | 7,232,297.26             |
| <b>Class II</b>   |                           |                      |                     |               |                          |
| Product   | 6.5%                      | 157,179,728          |                     |               |                          |
| Nonfat Solids   |                           |                      | 13,141,470          | 0.7578        | 9,958,605.99             |
| Butterfat   |                           |                      | 10,779,023          | 1.3078        | 14,096,806.28            |
| <b>Class III</b>  |                           |                      |                     |               |                          |
| Product   | 76.1%                     | 1,841,312,407        |                     |               |                          |
| Protein   |                           |                      | 54,401,846          | 1.9050        | 103,635,516.82           |
| Other Solids  |                           |                      | 105,618,099         | 0.1416        | 14,955,522.85            |
| Butterfat   |                           |                      | 64,607,284          | 1.3008        | 84,041,155.00            |
| <b>Class IV</b>   |                           |                      |                     |               |                          |
| Product   | 1.3%                      | 31,557,981           |                     |               |                          |
| Nonfat Solids   |                           |                      | 2,412,177           | 0.7013        | 1,691,659.75             |
| Butterfat   |                           |                      | 4,801,024           | 1.3008        | 6,245,172.00             |
| SCC Adjustment (Class II, III, and IV)                            |                           |                      |                     |               | 250,856.18               |
| <b>Total Producer Milk *</b>                                      |                           | <b>2,418,546,104</b> |                     |               | <b>\$ 275,472,208.78</b> |
| Add:  |                           |                      |                     |               |                          |
| Overage   |                           |                      |                     |               | 90,547.88                |
| Inventory Reclassified  |                           |                      |                     |               | 58,485.22                |
| Other Source Milk \$.60(h)  |                           |                      |                     |               | 0.00                     |
| Other Source Milk \$.60(i)  |                           |                      |                     |               | 0.00                     |
| Subtract:   |                           |                      |                     |               |                          |
| Transportation Credit   |                           |                      |                     |               | 209,256.25               |
| Assembly Credit   |                           |                      |                     |               | 301,240.38               |
| Credit for Reconstituted FMP                                      |                           |                      |                     |               | 0.00                     |
| Producer Milk Protein   |                           |                      |                     |               | 135,993,458.24           |
| Producer Milk Other Solids  |                           |                      |                     |               | 19,617,794.20            |
| Producer Milk Butterfat   |                           |                      |                     |               | 112,048,154.32           |
| Producer Milk SCC Adjustment                                      |                           |                      |                     |               | 310,701.03               |
| Total Milk and Value  |                           | 2,418,546,104        |                     |               | \$ 7,140,637.46          |
| Add:  |                           |                      |                     |               |                          |
| Location Adjustment -- Producer and Unregulated Supply Plant Milk |                           |                      |                     |               | 1,830,894.03             |
| One-Half Unobligated Balance Producer Settlement Fund             |                           |                      |                     |               | 1,088,928.86             |
| Total Value   |                           |                      |                     | 0.415971      | \$ 10,060,460.35         |
| Subtract:   |                           |                      |                     |               |                          |
| Producer Settlement Fund Reserve                                  |                           |                      |                     | 0.045971      | 1,111,839.77             |
| <b>Producer Price Differential **</b>                             |                           |                      |                     | <b>\$0.37</b> | <b>\$ 8,948,620.58</b>   |

\* All eligible producer milk was pooled this month.

\*\* Producer Price Differential is dollars per cwt. at the Base Zone of Cook County, Illinois.



## Utilization and Classification of Milk

|   | August 2006          |                   | July 2006            | August 2005          |
|---|----------------------|-------------------|----------------------|----------------------|
|   | Product Pounds       | Butterfat Pounds  | Product Pounds       | Product Pounds       |
| <b>Class I Utilization:</b>               |                      |                   |                      |                      |
| Packaged Disposition                      |                      |                   |                      |                      |
| Milk                                      | 58,911,349           | 1,922,042         | 55,838,488           | 57,920,151           |
| Flavored Milk                             | 4,882,077            | 154,905           | 4,270,706            | 4,813,684            |
| Reduced Fat Milk                          | 147,374,603          | 2,791,350         | 138,407,619          | 141,740,667          |
| Lowfat Milk                               | 48,497,005           | 470,660           | 46,446,249           | 50,185,485           |
| Fat Free Milk                             | 90,881,271           | 104,958           | 86,841,285           | 92,534,657           |
| Flavored Reduced and Fat Free Milk        | 19,223,183           | 170,135           | 15,226,641           | 19,730,636           |
| Buttermilk                                | 2,526,526            | 26,259            | 2,368,038            | 2,506,521            |
| Total Packaged Disposition                | 372,296,014          | 5,640,309         | 349,399,026          | 369,431,801          |
| Total Ending Inventory                    | 31,125,125           | 453,712           | 25,000,399           | 30,194,848           |
| Bulk to Nonpool Plants                    | 11,788,205           | 177,788           | 2,889,861            | 6,044,570            |
| Shrinkage                                 | 1,132,513            | 109,037           | 1,557,550            | 2,885,802            |
| Total Class I Utilization                 | 416,341,857          | 6,380,846         | 378,846,836          | 408,557,021          |
| Other Order Plants                        | (2,843,855)          | (51,994)          | (1,829,375)          | (2,168,475)          |
| Beginning Inventory                       | (25,017,796)         | (379,437)         | (30,934,203)         | (25,516,961)         |
| Reused Products                           | 0                    | 0                 | 0                    | 0                    |
| Other Source Milk                         | (34,510)             | (633)             | (153,505)            | (80,130)             |
| Overage                                   | 0                    | 0                 | --                   | 0                    |
| Interhandler Adjustment                   | 50,292               | 1,767             | (3,421)              | 578,152              |
| <b>Class I Producer Milk</b>              | <b>388,495,988</b>   | <b>5,950,549</b>  | <b>345,926,332</b>   | <b>381,369,607</b>   |
| <b>Class II Utilization:</b>              |                      |                   |                      |                      |
| Total Class II Utilization                | 172,929,413          | 11,466,613        | 153,047,304          | 137,793,682          |
| Other Order Plants                        | (681,138)            | (12,841)          | --                   | (773,779)            |
| Beginning Inventory                       | (2,039,122)          | (166,562)         | (789,097)            | (4,058,126)          |
| Reused Products                           | (12,460,220)         | (12,751)          | (10,463,878)         | (10,446,261)         |
| Other Source Milk                         | (569,205)            | (495,436)         | (453,227)            | (516,272)            |
| Overage                                   | 0                    | 0                 | --                   | --                   |
| <b>Class II Producer Milk</b>             | <b>157,179,728</b>   | <b>10,779,023</b> | <b>141,341,102</b>   | <b>121,999,244</b>   |
| <b>Class III Utilization:</b>             |                      |                   |                      |                      |
| Total Class III Utilization               | 1,858,365,746        | 64,876,398        | 1,762,351,503        | 1,627,332,343        |
| Other Order Plants                        | (8,214,371)          | (94,562)          | (3,524,668)          | (7,887,016)          |
| Beginning Inventory                       | (4,494,352)          | (66,841)          | (848,145)            | (3,316,170)          |
| Reused Products                           | 0                    | 0                 | 0                    | 0                    |
| Other Source Milk                         | (3,998,125)          | (75,884)          | (2,179,598)          | (1,936,485)          |
| Overage                                   | (346,491)            | (31,827)          | (42,556)             | (46,076)             |
| <b>Class III Producer Milk</b>            | <b>1,841,312,407</b> | <b>64,607,284</b> | <b>1,755,756,536</b> | <b>1,614,146,596</b> |
| <b>Class IV Utilization:</b>              |                      |                   |                      |                      |
| Total Class IV Utilization                | 72,350,658           | 6,882,753         | 88,207,451           | 101,448,051          |
| Other Order Plants                        | (5,017,471)          | (380,311)         | (3,419,186)          | (3,305,151)          |
| Beginning Inventory                       | (18,700,583)         | (941,075)         | (9,117,377)          | (19,679,073)         |
| Reused Products                           | 0                    | 0                 | --                   | 0                    |
| Other Source Milk                         | (16,940,373)         | (744,614)         | (20,498,743)         | (22,649,014)         |
| Overage                                   | (134,250)            | (15,729)          | (70,180)             | (8,223)              |
| <b>Class IV Producer Milk</b>             | <b>31,557,981</b>    | <b>4,801,024</b>  | <b>55,101,965</b>    | <b>55,806,590</b>    |
| <b>Total Producer Milk -- All Classes</b> | <b>2,418,546,104</b> | <b>86,137,880</b> | <b>2,298,125,935</b> | <b>2,173,322,037</b> |

-- Restricted Information



## Commodity Prices

| Month/Year | Weighted Monthly Average NASS Prices * |         |         |        |          |          | Weighted Two-Week Average NASS Prices * |         |         |        |          |          |
|------------|--|---------|---------|--------|----------|----------|---|---------|---------|--------|----------|----------|
|            | Cheddar Cheese                         |         |         | Nonfat |          |          | Cheddar Cheese                          |         |         | Nonfat |          |          |
|            | Blocks                                 | Barrels | Average | Butter | Dry Milk | Dry Whey | Blocks                                  | Barrels | Average | Butter | Dry Milk | Dry Whey |
|            | <i>Dollars per Pound</i>               |         |         |        |          |          | <i>Dollars per Pound</i>                |         |         |        |          |          |
| Aug 2005   | 1.4160                                 | 1.4171  | 1.4322  | 1.6355 | 0.9601   | 0.2869   | 1.4302                                  | 1.4305  | 1.4449  | 1.6043 | 0.9594   | 0.2843   |
| Sep        | 1.4683                                 | 1.4878  | 1.4958  | 1.6877 | 0.9705   | 0.2960   | 1.4622                                  | 1.4935  | 1.4965  | 1.6832 | 0.9726   | 0.2904   |
| Oct        | 1.5128                                 | 1.4572  | 1.4996  | 1.6363 | 0.9794   | 0.3038   | 1.5421                                  | 1.4697  | 1.5205  | 1.6338 | 0.9719   | 0.3055   |
| Nov        | 1.3927                                 | 1.3701  | 1.3968  | 1.4578 | 0.9835   | 0.3149   | 1.4173                                  | 1.3947  | 1.4213  | 1.5011 | 0.9834   | 0.3084   |
| Dec        | 1.3845                                 | 1.3772  | 1.3964  | 1.3680 | 0.9899   | 0.3242   | 1.3842                                  | 1.3802  | 1.3979  | 1.3663 | 1.0018   | 0.3244   |
| Jan 2006   | 1.3826                                 | 1.3653  | 1.3895  | 1.3387 | 0.9614   | 0.3416   | 1.3830                                  | 1.3654  | 1.3895  | 1.3459 | 0.9782   | 0.3394   |
| Feb        | 1.2632                                 | 1.2341  | 1.2637  | 1.2374 | 0.8833   | 0.3531   | 1.2958                                  | 1.2597  | 1.2923  | 1.2623 | 0.9053   | 0.3532   |
| Mar        | 1.1561                                 | 1.1356  | 1.1612  | 1.1647 | 0.8697   | 0.3409   | 1.1654                                  | 1.1414  | 1.1686  | 1.1746 | 0.8789   | 0.3478   |
| Apr        | 1.1615                                 | 1.1386  | 1.1654  | 1.1436 | 0.8429   | 0.3054   | 1.1666                                  | 1.1422  | 1.1698  | 1.1426 | 0.8400   | 0.3056   |
| May        | 1.1569                                 | 1.1514  | 1.1694  | 1.1635 | 0.8288   | 0.2805   | 1.1512                                  | 1.1382  | 1.1602  | 1.1658 | 0.8309   | 0.2811   |
| Jun        | 1.1971                                 | 1.2047  | 1.2166  | 1.1513 | 0.8221   | 0.2808   | 1.2017                                  | 1.2093  | 1.2218  | 1.1508 | 0.8205   | 0.2817   |
| Jul        | 1.1676                                 | 1.1601  | 1.1793  | 1.1340 | 0.8300   | 0.2810   | 1.1703                                  | 1.1690  | 1.1858  | 1.1278 | 0.8268   | 0.2796   |
| Aug        | 1.1653                                 | 1.1674  | 1.1813  | 1.1990 | 0.8484   | 0.2965   | 1.1527                                  | 1.1469  | 1.1633  | 1.1736 | 0.8463   | 0.2925   |

| Month/Year | Chicago Mercantile Exchange |                |         |                                   |        |             |        |  |
|------------|-----------------------------|----------------|---------|-----------------------------------|--------|-------------|--------|--|
|            | Butter                      | Cheddar Cheese |         | Nonfat Dry Milk (Low/Medium Heat) |        | Whey Powder |        |  |
|            | Grade AA                    | Blocks         | Barrels | Central & East                    | West   | Central     | West   |  |
|            | <i>Dollars per Pound</i>    |                |         |                                   |        |             |        |  |
| Aug 2005   | 1.6861                      | 1.4249         | 1.4186  | 1.0009                            | 0.9579 | 0.2858      | 0.3110 |  |
| Sep        | 1.6988                      | 1.5639         | 1.4910  | 1.0151                            | 0.9675 | 0.2921      | 0.3235 |  |
| Oct        | 1.6204                      | 1.4470         | 1.3961  | 1.0334                            | 0.9803 | 0.3059      | 0.3202 |  |
| Nov        | 1.4260                      | 1.3756         | 1.3341  | 1.0554                            | 0.9951 | 0.3233      | 0.3206 |  |
| Dec        | 1.3552                      | 1.4224         | 1.3896  | 1.0597                            | 0.9717 | 0.3336      | 0.3317 |  |
| Jan 2006   | 1.3368                      | 1.3335         | 1.3009  | 1.0096                            | 0.9459 | 0.3482      | 0.3486 |  |
| Feb        | 1.1930                      | 1.1989         | 1.1742  | 0.9263                            | 0.8809 | 0.3529      | 0.3499 |  |
| Mar        | 1.1663                      | 1.1638         | 1.1237  | 0.8788                            | 0.8403 | 0.3193      | 0.3380 |  |
| Apr        | 1.1632                      | 1.1651         | 1.1295  | 0.8603                            | 0.8219 | 0.2875      | 0.3125 |  |
| May        | 1.1755                      | 1.1855         | 1.1674  | 0.8484                            | 0.8181 | 0.2789      | 0.2940 |  |
| Jun        | 1.1643                      | 1.1924         | 1.1818  | 0.8487                            | 0.8144 | 0.2811      | 0.2932 |  |
| Jul        | 1.1645                      | 1.1630         | 1.1271  | 0.8659                            | 0.8214 | 0.2901      | 0.2949 |  |
| Aug        | 1.3035                      | 1.2354         | 1.2233  | 0.9514                            | 0.8939 | 0.3171      | 0.3015 |  |

## Market Statistics

| Month/Year | Distributing<br>Plants | Supply<br>Plants | Coop .9(c)<br>Handlers | Producers | Total<br>Producer<br>Milk | Est. Average<br>Daily Delivery<br>Per Producer | Class I<br>Utilization | Butterfat<br>Test | Protein<br>Test | Other<br>Solids<br>Test | Weighted<br>Average<br>SCC |
|------------|------------------------|------------------|------------------------|-----------|---------------------------|--|------------------------|-------------------|-----------------|-------------------------|----------------------------|
|            |                        |                  |                        |           | Mil. lbs.                 | Pounds   | Percent                | Percent           | Percent         | Percent                 |                            |
|            |                        |                  |                        |           |                           |  |                        |                   |                 | (000)                   |                            |
| Aug 2005   | 25                     | 57               | 13                     | 16,504    | 2,173                     | 4,276  | 17.5                   | 3.56              | 2.94            | 5.71                    | 326                        |
| Sep        | 24                     | 57               | 13                     | 16,528    | 2,075                     | 4,186  | 18.9                   | 3.64              | 3.02            | 5.70                    | 310                        |
| Oct        | 25                     | 57               | 13                     | 16,496    | 2,119                     | 4,146  | 17.9                   | 3.76              | 3.11            | 5.68                    | 288                        |
| Nov        | 25                     | 56               | 13                     | 16,479    | 2,057                     | 4,162  | 18.6                   | 3.84              | 3.14            | 5.69                    | 273                        |
| Dec        | 25                     | 57               | 13                     | 16,473    | 2,181                     | 4,272  | 18.0                   | 3.86              | 3.13            | 5.67                    | 278                        |
| Jan 2006   | 25                     | 57               | 13                     | 16,432    | 2,217                     | 4,348  | 17.2                   | 3.78              | 3.06            | 5.71                    | 281                        |
| Feb        | 25                     | 56               | 13                     | 16,424    | 2,057                     | 4,473  | 17.1                   | 3.78              | 3.08            | 5.73                    | 277                        |
| Mar        | 25                     | 54               | 13                     | 16,541    | 2,271                     | 4,493  | 17.5                   | 3.76              | 3.05            | 5.73                    | 278                        |
| Apr        | 23                     | 52               | 13                     | 16,479    | 2,188                     | 4,530  | 16.1                   | 3.72              | 3.02            | 5.72                    | 280                        |
| May        | 23                     | 52               | 13                     | 16,291    | 2,269                     | 4,600  | 16.9                   | 3.68              | 3.00            | 5.74                    | 275                        |
| Jun        | 26                     | 52               | 13                     | 16,406    | 2,158                     | 4,612  | 16.3                   | 3.61              | 2.96            | 5.72                    | 294                        |
| Jul        | 26                     | 56               | 13                     | 16,609    | 2,298                     | 4,461  | 15.1                   | 3.57              | 2.92            | 5.73                    | 309                        |
| Aug        | 26                     | 56               | 13                     | 17,293    | 2,419                     | 4,512  | 16.1                   | 3.56              | 2.95            | 5.73                    | 328                        |

\* NASS = National Agricultural Statistics Service, USDA.

# Class Prices

| Month/Year | Class I Price Mover |             |             | Class I Price at Cook County, IL |             |             | Class II Price |               |             |             |
|------------|---------------------|-------------|-------------|----------------------------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat           | Skim Milk   | 3.50%       | Butterfat                        | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>          | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>                       | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Aug 2005   | 1.8396              | 8.29        | 14.44       | 1.8576                           | 10.09       | 16.24       | 1.8316         | 0.8678        | 7.81        | 13.95       |
| Sep        | 1.7872              | 7.71        | 13.70       | 1.8052                           | 9.51        | 15.50       | 1.8942         | 0.8889        | 8.00        | 14.35       |
| Oct        | 1.8818              | 7.96        | 14.27       | 1.8998                           | 9.76        | 16.07       | 1.8326         | 0.9022        | 8.12        | 14.25       |
| Nov        | 1.8226              | 8.48        | 14.56       | 1.8406                           | 10.28       | 16.36       | 1.6184         | 0.9011        | 8.11        | 13.49       |
| Dec        | 1.6633              | 8.03        | 13.57       | 1.6813                           | 9.83        | 15.37       | 1.5106         | 0.9133        | 8.22        | 13.22       |
| Jan 2006   | 1.5016              | 8.42        | 13.38       | 1.5196                           | 10.22       | 15.18       | 1.4754         | 0.9311        | 8.38        | 13.25       |
| Feb        | 1.4771              | 8.51        | 13.38       | 1.4951                           | 10.31       | 15.18       | 1.3539         | 0.9078        | 8.17        | 12.62       |
| Mar        | 1.3768              | 7.95        | 12.49       | 1.3948                           | 9.75        | 14.29       | 1.2666         | 0.8356        | 7.52        | 11.69       |
| Apr        | 1.2715              | 7.02        | 11.22       | 1.2895                           | 8.82        | 13.02       | 1.2413         | 0.8089        | 7.28        | 11.37       |
| May        | 1.2331              | 6.90        | 10.97       | 1.2511                           | 8.70        | 12.77       | 1.2652         | 0.7711        | 6.94        | 11.13       |
| Jun        | 1.2610              | 6.57        | 10.75       | 1.2790                           | 8.37        | 12.55       | 1.2506         | 0.7622        | 6.86        | 11.00       |
| Jul        | 1.2430              | 7.24        | 11.34       | 1.2610                           | 9.04        | 13.14       | 1.2298         | 0.7511        | 6.76        | 10.83       |
| Aug        | 1.2154              | 6.96        | 10.97       | 1.2334                           | 8.76        | 12.77       | 1.3078         | 0.7578        | 6.82        | 11.16       |
| Sep        | 1.2703              | 6.64        | 10.85       | 1.2883                           | 8.44        | 12.65       |                | 0.7767        | 6.99        |             |

| Month/Year | Class III Price |            |              |             |             | Class IV Price |               |             |             |
|------------|-----------------|------------|--------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat       | Protein    | Other Solids | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>      | <i>lb.</i> | <i>lb.</i>   | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Aug 2005   | 1.8246          | 2.1619     | 0.1317       | 7.48        | 13.60       | 1.8246         | 0.8119        | 7.31        | 13.44       |
| Sep        | 1.8872          | 2.3009     | 0.1411       | 7.97        | 14.30       | 1.8872         | 0.8222        | 7.40        | 13.75       |
| Oct        | 1.8256          | 2.3780     | 0.1491       | 8.25        | 14.35       | 1.8256         | 0.8310        | 7.48        | 13.61       |
| Nov        | 1.6114          | 2.2724     | 0.1606       | 7.99        | 13.35       | 1.6114         | 0.8351        | 7.52        | 12.90       |
| Dec        | 1.5036          | 2.3846     | 0.1702       | 8.40        | 13.37       | 1.5036         | 0.8414        | 7.57        | 12.57       |
| Jan 2006   | 1.4684          | 2.3994     | 0.1881       | 8.55        | 13.39       | 1.4684         | 0.8132        | 7.32        | 12.20       |
| Feb        | 1.3469          | 2.1220     | 0.1999       | 7.76        | 12.20       | 1.3469         | 0.7359        | 6.62        | 11.10       |
| Mar        | 1.2596          | 1.8836     | 0.1874       | 6.94        | 11.11       | 1.2596         | 0.7224        | 6.50        | 10.68       |
| Apr        | 1.2343          | 1.9238     | 0.1508       | 6.85        | 10.93       | 1.2343         | 0.6959        | 6.26        | 10.36       |
| May        | 1.2582          | 1.9115     | 0.1251       | 6.66        | 10.83       | 1.2582         | 0.6819        | 6.14        | 10.33       |
| Jun        | 1.2436          | 2.0790     | 0.1255       | 7.19        | 11.29       | 1.2436         | 0.6753        | 6.08        | 10.22       |
| Jul        | 1.2228          | 1.9807     | 0.1257       | 6.88        | 10.92       | 1.2228         | 0.6831        | 6.15        | 10.21       |
| Aug        | 1.3008          | 1.9050     | 0.1416       | 6.74        | 11.06       | 1.3008         | 0.7013        | 6.31        | 10.64       |

# Producer Prices

| Month/Year | Producer Price     | Statistical Uniform Price | Butterfat Price | Protein Price | Other Solids Price | SCC Adjustment Rate | Producer Mailbox Price |
|------------|--------------------|---------------------------|-----------------|---------------|--------------------|---------------------|------------------------|
|            | Differential       | (at 3.50%)                |                 |               |                    |                     | (at test)              |
|            | <i>\$ per cwt.</i> | <i>\$ per cwt.</i>        |                 |               |                    |                     | <i>\$ per cwt.</i>     |
| Jun 2005   | 0.20               | 14.12                     | 1.5932          | 2.5741        | 0.1139             | 0.00074             | 14.55                  |
| Jul        | 0.34               | 14.69                     | 1.8007          | 2.4558        | 0.1240             | 0.00076             | 14.97                  |
| Aug        | 0.55               | 14.15                     | 1.8246          | 2.1619        | 0.1317             | 0.00072             | 14.68                  |
| Sep        | 0.29               | 14.59                     | 1.8872          | 2.3009        | 0.1411             | 0.00075             | 15.42                  |
| Oct        | 0.24               | 14.59                     | 1.8256          | 2.3780        | 0.1491             | 0.00075             | 15.75                  |
| Nov        | 0.44               | 13.79                     | 1.6114          | 2.2724        | 0.1606             | 0.00070             | 15.17                  |
| Dec        | 0.24               | 13.61                     | 1.5036          | 2.3846        | 0.1702             | 0.00070             | 15.08                  |
| Jan 2006   | 0.27               | 13.66                     | 1.4684          | 2.3994        | 0.1881             | 0.00069             | 14.61                  |
| Feb        | 0.48               | 12.68                     | 1.3469          | 2.1220        | 0.1999             | 0.00063             | 13.52                  |
| Mar        | 0.56               | 11.67                     | 1.2596          | 1.8836        | 0.1874             | 0.00058             | 12.59                  |
| Apr        | 0.36               | 11.29                     | 1.2343          | 1.9238        | 0.1508             | 0.00058             | 12.08                  |
| May        | 0.38               | 11.21                     | 1.2582          | 1.9115        | 0.1251             | 0.00058             | 11.97                  |
| Jun        | 0.23               | 11.52                     | 1.2436          | 2.0790        | 0.1255             | 0.00061             |                        |
| Jul        | 0.38               | 11.30                     | 1.2228          | 1.9807        | 0.1257             | 0.00059             |                        |
| Aug        | 0.37               | 11.43                     | 1.3008          | 1.9050        | 0.1416             | 0.00059             |                        |

# Summary of Federal Order Data - August 2006

| Federal Order<br>Number / Name       | Producer<br>Deliveries<br><i>— Thousand Pounds —</i> | Class I<br>Producer<br>Receipts | Class I<br>Utilization<br><i>Percent</i> | Class I<br>Price<br><i>— Dollars per Cwt. —</i> | Producer<br>Price<br>Differential | Uniform or Statistical Uniform<br>Price at 3.5% Butterfat |   |                                 |
|--------------------------------------|--|---------------------------------|--|---|-----------------------------------|---|---|---------------------------------|
|                                      |  |                                 |  |   |                                   | FOB<br>Market   | FOB<br>Cook Cty.<br>Illinois<br><i>— Dollars per Cwt. —</i> | Change From<br>Previous<br>Year |
| 1 Northeast                          | 1,810,027  | 883,208                         | 48.8                                     | \$14.22   | \$2.00                            | \$13.06   | \$11.61   | \$(2.78)                        |
| 5 Appalachian                        | 480,453  | 356,722                         | 74.2                                     | 14.07   | n/a                               | 13.51   | 12.21   | (3.14)                          |
| 6 Florida                            | 243,484  | 215,044                         | 88.3                                     | 14.97   | n/a                               | 14.65   | 12.45   | (3.22)                          |
| 7 Southeast                          | 634,266  | 422,575                         | 66.6                                     | 14.07   | n/a                               | 13.39   | 12.09   | (3.05)                          |
| <b>30 Upper Midwest</b>              | <b>2,418,546</b>                                     | <b>388,496</b>                  | <b>16.1</b>                              | <b>12.77</b>                                    | <b>0.37</b>                       | <b>11.43</b>  | <b>11.43</b>  | <b>(2.72)</b>                   |
| 32 Central                           | 1,184,002  | 373,735                         | 31.6                                     | 12.97   | 0.68                              | 11.74   | 11.54   | (2.75)                          |
| 33 Mideast                           | 1,360,185  | 557,217                         | 41.0                                     | 12.97   | 0.92                              | 11.98   | 11.78   | (2.96)                          |
| 124 Pacific Northwest                | 725,511  | 189,438                         | 26.1                                     | 12.87   | 0.42                              | 11.48   | 11.38   | (2.90)                          |
| 126 Southwest                        | 938,800  | 368,368                         | 39.2                                     | 13.97   | 1.60                              | 12.66   | 11.46   | (3.04)                          |
| 131 Arizona                          | 260,372  | 119,632                         | 45.9                                     | 13.32   | n/a                               | 12.15   | 11.60   | (2.71)                          |
| <b>All Market Average or Total *</b> | <b>10,055,647</b>                                    | <b>3,874,436</b>                | <b>38.5</b>                              |   |                                   |   |   |                                 |

n/a = Not applicable.

\* May not add due to rounding.

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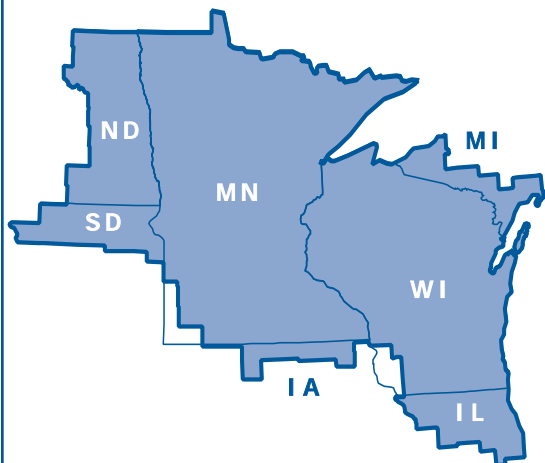
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