



# UPPER MIDWEST DAIRY NEWS

H. Paul Kyburz, Market Administrator

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## Notice of Reconvened Hearing

The U.S. Department of Agriculture recently issued a notice of a reconvened hearing on proposed amendments to the Class III and Class IV product price formulas in all Federal milk orders, including the Upper Midwest Order.

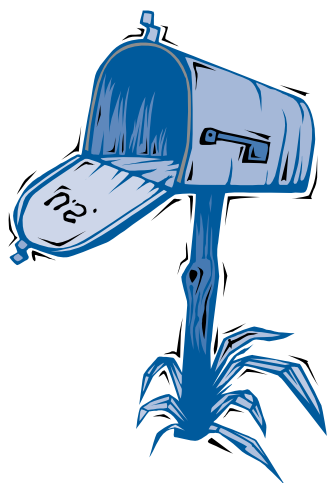
The hearing will reconvene at 1:00 p.m. on April 9, 2007 at the following location:

Radisson Hotel City Center Indianapolis  
31 West Ohio Street  
Indianapolis, Indiana 46204  
Telephone: (317) 635-2000

The notice of reconvened hearing was published in the March 21 *Federal Register*. This is the reconvening of a hearing that began on February 26, 2007 in Strongsville, Ohio.

A paper copy of the hearing notice can be obtained by calling Harold Ferguson toll-free at (888) 301-8224, extension 231. An electronic copy is available at:

[www.fmma30.com](http://www.fmma30.com)



## 2007 Outlook For Dairy \*

The following is a summary of the presentation by Milton Madison of the USDA Farm Service Agency at USDA's annual Agricultural Outlook Forum on March 2, 2007.

However, the resulting price decline was much steeper. Stocks increased in both 2005 and 2006, resulting in a larger supply increase in 2006, even with the more modest milk production increase. Supply outpaced demand and product prices weakened to clear the markets. Increased energy prices contributed to lower demand growth for dairy products domestically and the all milk price in 2006 averaged \$12.90 per cwt., down \$2.24 per cwt. from 2005.

### Overview

The United States dairy sector enters 2007 with significantly higher milk prices, but continued pressure on profitability. The milk production increase during 2006 was more modest than in 2005, but was still relatively large.

*Continued on Page 2*

## Pool Summary

- In February, 15,769 producers delivered to the market with an average daily delivery of 4,932 pounds.
- Producer milk totaled 2.0 billion pounds, down 695 million pounds from January, and 97 million pounds below February 2006.
- Class I utilization totaled 360 million pounds, up 0.2% on a daily basis

from January. Class I usage accounted for 18.4% of producer milk.

- The February Producer Price Differential (PPD) is \$0.05 per cwt.
- The Statistical Uniform Price is \$14.23 per cwt., up \$0.48 from January, and \$1.55 above February 2006.
- Market statistics for February are shown on Pages 4 and 5.

## February 2007 Producer Milk by Class

	Percent	Product Pounds	Price \$/cwt.
Class I	18.4	359,708,112	15.19
Class II	6.1	118,903,112	13.08
Class III	71.2	1,396,061,080	14.18
Class IV	4.3	85,149,349	12.71
Total		1,959,821,653	

*Continued from Page 1*

### Milk Production

Milk production is forecast to increase close to the long term average of between 1% and 2% in 2007. The expansion will come from continued growth in output per cow because cow numbers are expected to decline during the year.

**Milk production is forecast to increase between 1% and 2% in 2007.**

Output per cow is forecast to increase 1.7% in 2007. Although less than the growth rate in 2006, it more closely follows historical rates of growth. Milk per cow increased nearly 2% in 2006, with a 4% growth rate in the first quarter reflecting a return to full rBST allocations.

### Dairy Product Demand

Demand for dairy products has been strong over the past two years. Commercial use increased over 2% in 2005 and 2006 on a fat basis while skim solids use increased about 4% and 2%, respectively.

The prospects for continued increases in product use in 2007 are favorable. Demand is expected to be strong enough to increase commercial use more than in 2006, even at higher dairy product prices. Economic growth is forecast to remain robust although energy price shocks or interest rate increases could result in a reallocation

**Dairy demand is expected to stay strong in 2007.**

of discretionary spending by consumers. Nonetheless, restaurant sales have been reportedly firm and the trends toward restaurant meal consumption and prepared meal consumption are expected to benefit the dairy sector.

Commercial use on a fat basis is expected to increase nearly 3% in

2007, which should result in smaller than year-earlier stocks by the end of the year. However, growth of commercial use on a skim solids basis may lag fat basis use a bit, but no sales to the government are expected.

### Commercial Stocks Steady

Government stocks remained quite small in 2006 because previously purchased product was utilized and only 64 million pounds of NFDM was purchased under the Milk Price Support Program. There has been no buying activity for NFDM since July 2006. A small amount of cheese was purchased and utilized during 2006.

Stock levels in 2007 are expected to decline a bit from 2006. The buildup of 2006 stocks is expected to dissipate in the second half of 2007. Although domestic demand is expected to absorb increased supplies of fat basis products, continued strength of international markets will be a key determinant of whether there will be significant growth in skim solids basis commercial stocks or removals. Milk Price Support Program dairy product purchases are not expected during 2007.

### International Markets

U.S. milk producers benefited in 2006 from tight world supplies of dairy products and a U.S. dollar that remained relatively weak. As global demand for dairy products has remained firm, international prices thus far in 2007 have increased. U.S. prices should remain relatively competitive and exports strong.

### U.S. Dairy Market Outlook

Wholesale dairy prices weakened for all dairy products except whey in 2006 because supply growth outpaced growth in demand. Monthly average cheddar cheese prices bottomed in March 2006 and were about 34¢ per pound below 2005. By the end of the year they averaged about 3¢ below December 2005 and February 2007 prices are above a year ago. April butter prices averaged about 39¢ below April 2005, but in December averaged

**For the year, milk prices are expected to increase \$1 to \$2 per cwt.**

only 13¢ below the previous year.

A strong whey market generated prices which were above year-earlier levels throughout 2006. NFDM prices started the year relatively strong, weakened through June, then recovered to new annual highs through November. Strong export sales of products containing skim milk solids and whey played the most significant role in strengthening prices.

As 2007 begins, butter prices are under pressure from larger supplies. Steady to increasing prices are expected after spring for all dairy products. Average prices in 2007 are expected to be above 2006.

NFDM prices are expected to increase steadily through mid-year, then soften slightly as global supplies increase. International demand will continue to generate commercial exports and determine U.S. prices. NFDM prices are forecast to average \$1.05 to \$1.11 per pound, about 20¢ above the 2006 average. Whey prices are forecast to be a record high 45½¢ to 48½¢ per pound.

Strong dairy markets result in a 2007 all milk price forecast average of \$14.35 to \$15.05 per cwt., compared to \$12.90 in 2006. Class prices in the Federal Milk Marketing Orders are also likely to increase by \$1 to \$2 per cwt.

Dairy retail prices will likely move higher as milk and wholesale dairy products increase. In 2006, prices fell 1% as the spread between farm and retail prices widened modestly. Although retail dairy prices are expected to increase, the farm-retail spread likely will again widen a bit.

\* Adapted from a speech by Milton Madison at the USDA Agricultural Outlook forum on March 2, 2007. The speech can be obtained at: [www.usda.gov/oce/forum/](http://www.usda.gov/oce/forum/)

## 2006 Mailbox Milk Prices

The Dairy Programs section of the Agricultural Marketing Service, through its Federal milk order Market Administrator offices, collects and publishes "mailbox milk prices".

Mailbox prices for 2006 are contained in the table below. All mailbox prices are reported at test; there is no adjustment to 3.5% butterfat.

The mailbox price is defined as the net price received by dairy farmers for milk, including all payments received for milk sold and deducting costs associated with marketing the milk.

### Mailbox Milk Prices <sup>1/</sup> for Selected Reporting Areas in Federal Milk Orders and California-2006

Reporting Area <sup>2/</sup>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Simple Average
New England States <sup>3/</sup>	\$15.08	\$14.42	\$13.58	\$12.64	\$12.43	\$12.33	\$12.13	\$12.51	\$13.21	\$14.13	\$14.49	\$14.66	\$13.47
New York	14.55	13.93	13.14	12.21	12.12	11.99	11.87	12.15	12.85	13.78	14.04	14.17	13.07
Eastern Pennsylvania <sup>4/</sup>	14.96	14.32	13.47	12.54	12.40	12.28	12.22	12.47	13.21	14.18	14.40	14.56	13.42
Appalachian States <sup>5/</sup>	14.87	14.44	13.55	12.38	12.39	12.18	12.65	12.85	13.20	14.46	14.63	14.49	13.51
Southeast States <sup>6/</sup>	15.81	15.31	14.13	13.20	13.08	13.15	13.71	13.95	14.47	15.50	15.69	15.55	14.46
Southern Missouri <sup>7/</sup>	13.94	13.48	12.43	11.45	11.44	11.35	11.66	11.73	12.40	13.55	13.71	13.72	12.57
Florida	17.31	16.68	15.56	14.81	14.70	14.85	15.49	15.87	16.39	17.20	17.17	16.93	16.08
Western Pennsylvania <sup>8/</sup>	14.88	14.08	13.09	12.27	12.04	11.92	11.72	11.92	12.83	13.71	13.98	14.22	13.06
Ohio	14.64	13.88	12.95	12.16	12.00	11.92	11.82	12.01	12.89	13.81	14.13	14.32	13.04
Indiana	14.53	13.96	13.01	11.97	11.95	11.79	11.91	12.03	12.80	13.71	14.05	14.06	12.98
Michigan	14.48	13.56	12.60	11.78	11.62	11.54	11.48	11.68	12.52	13.32	13.55	13.72	12.65
Wisconsin	14.70	13.62	12.63	12.12	11.99	12.04	11.70	11.90	13.30	13.84	14.31	14.68	13.07
Minnesota	14.17	13.16	12.14	11.76	11.75	11.78	11.49	11.74	13.18	13.67	14.26	14.70	12.82
Iowa	14.43	13.47	12.52	11.85	11.85	11.81	11.59	11.82	12.93	13.68	14.12	14.38	12.87
Illinois	14.68	13.72	12.60	11.76	11.68	11.67	11.39	11.60	12.87	13.71	14.05	14.33	12.84
Corn Belt States <sup>9/</sup>	13.65	12.65	11.82	11.41	11.13	11.13	11.03	11.39	12.36	13.08	13.31	13.54	12.21
Western Texas <sup>10/</sup>	13.58	12.45	11.47	10.75	10.68	10.82	10.83	11.36	12.22	12.85	13.22	13.25	11.96
New Mexico	12.74	11.57	10.67	10.10	9.98	9.90	9.88	10.38	11.41	11.97	12.40	12.57	11.13
Northwest States <sup>11/</sup>	13.46	12.75	12.00	11.46	11.26	11.12	11.19	11.44	12.17	12.83	13.23	13.37	12.19
<b>All Federal Order Areas <sup>12/</sup></b>	<b>\$14.43</b>	<b>\$13.57</b>	<b>\$12.64</b>	<b>\$11.92</b>	<b>\$11.80</b>	<b>\$11.74</b>	<b>\$11.66</b>	<b>\$11.92</b>	<b>\$12.88</b>	<b>\$13.65</b>	<b>\$14.00</b>	<b>\$14.20</b>	<b>\$12.87</b>
<b>Upper Midwest Order <sup>13/</sup></b>	<b>\$14.61</b>	<b>\$13.52</b>	<b>\$12.59</b>	<b>\$12.08</b>	<b>\$11.97</b>	<b>\$12.03</b>	<b>\$11.68</b>	<b>\$11.86</b>	<b>\$13.27</b>	<b>\$13.80</b>	<b>\$14.30</b>	<b>\$14.62</b>	<b>\$13.03</b>
California <sup>14/</sup>	\$12.87	\$11.52	\$11.05	\$10.64	\$10.45	\$10.42	\$10.16	\$10.63	\$11.44	\$11.62	\$12.12	\$12.42	\$11.28

<sup>1/</sup> Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. Mailbox milk price does include, for the most part, the \$0.05 per cwt. assessment under the Cooperatives Working Together (CWT) program.

<sup>2/</sup> Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area.

<sup>3/</sup> Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.

<sup>4/</sup> All counties to the east of those listed in footnote 8.

<sup>5/</sup> Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia.

<sup>6/</sup> Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi.

<sup>7/</sup> The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry, and all those to the south of these.

<sup>8/</sup> The counties of Warren, Elk, Clearfield, Indiana, Westmoreland, and Fayette, and all those to the west of these.

<sup>9/</sup> Includes Kansas, Nebraska, and the Missouri counties to the north of those listed in footnote 7.

<sup>10/</sup> All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby.

<sup>11/</sup> Includes Oregon and Washington.

<sup>12/</sup> Weighted average of the information for all selected reporting areas in Federal milk orders.

<sup>13/</sup> This mailbox price is calculated by the Upper Midwest Order Market Administrator's Office and includes information for all milk pooled on the order.

<sup>14/</sup> California is not part of the Federal Order program. However, the California Department of Food and Agriculture, Dairy Marketing Branch calculates a mailbox price and publishes it in the "California Dairy Information Bulletin".

## Upper Midwest Pool Statistics - February 2007

Market Class I Differential Rate	Pool Plants	Received at Pool Plants	Diverted to Pool and Nonpool Plants	Total	Location Adjustment to Producers	Class I Differential to Handlers
Cwt.	Number	Pounds	Pounds	Pounds	Value	Pounds Value
\$1.80	5	67,896,740	23,915,611	91,812,351	\$ 0	67,538,931 \$ 1,215,701
\$1.75	38	182,252,252	760,543,073	942,795,325	471,398	145,743,739 2,550,515
\$1.70	31	167,819,908	710,433,580	878,253,488	878,253	124,483,625 2,116,222
\$1.65	5	27,079,462	19,881,027	46,960,489	70,441	21,941,817 362,040
Total	79	445,048,362	1,514,773,291	1,959,821,653	\$ 1,420,092	359,708,112 \$ 6,244,478

## Computation of Producer Price Differential-February 2007

	Utilization Percentage	Product Pounds	Component Pounds	Rate	Value
<b>Class I</b>					
Differential Value					\$ 6,244,477.87
Product	18.4%	359,708,112			
Skim Milk			354,399,503	\$ 9.1900	32,569,314.34
Butterfat			5,308,609	1.2906	6,851,290.83
<b>Class II</b>					
Product	6.1%	118,903,112			
Nonfat Solids			10,072,007	0.9744	9,814,163.63
Butterfat			8,451,965	1.3182	11,141,380.28
<b>Class III</b>					
Product	71.2%	1,396,061,080			
Protein			43,074,112	2.4125	103,916,295.34
Other Solids			79,681,770	0.4170	33,227,298.13
Butterfat			51,522,635	1.3112	67,556,479.00
<b>Class IV</b>					
Product	4.3%	85,149,349			
Nonfat Solids			6,944,010	0.9356	6,496,815.75
Butterfat			9,174,879	1.3112	12,030,101.30
SCC Adjustment (Class II, III, and IV)					741,925.79
<b>Total Producer Milk *</b>		<b>1,959,821,653</b>			<b>\$ 290,589,542.26</b>
Add:					
Overage					7,838.17
Inventory Reclassified					22,982.58
Other Source Milk \$.60(h)					0.00
Other Source Milk \$.60(i)					0.00
Subtract:					
Transportation Credit					151,342.01
Assembly Credit					286,004.06
Credit for Reconstituted FMP					0.00
Producer Milk Protein					145,728,034.91
Producer Milk Other Solids					46,570,543.38
Producer Milk Butterfat					97,629,444.95
Producer Milk SCC Adjustment					908,568.54
Total Milk and Value		1,959,821,653			\$ (653,574.84)
Add:					
Location Adjustment -- Producer and Unregulated Supply Plant Milk					1,420,091.99
One-Half Unobligated Balance Producer Settlement Fund					1,059,359.24
Total Value				0.093165	\$ 1,825,876.39
Subtract:					
Producer Settlement Fund Reserve				0.043165	845,965.56
<b>Producer Price Differential **</b>				<b>\$0.05</b>	<b>\$ 979,910.83</b>

\* An estimated 494 million pounds of milk was not pooled.

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



## Utilization and Classification of Milk

	February 2007		January 2007	February 2006
	Product Pounds	Butterfat Pounds	Product Pounds	Product Pounds
<b>Class I Utilization:</b>				
Packaged Disposition				
Milk	52,999,876	1,694,617	57,505,900	51,241,535
Flavored Milk	3,924,821	121,983	4,166,449	4,299,250
Reduced Fat Milk	136,792,773	2,592,352	149,663,751	133,436,697
Lowfat Milk	47,357,013	460,589	52,378,038	44,776,001
Fat Free Milk	87,149,562	104,161	96,518,800	84,022,638
Flavored Reduced and Fat Free Milk	29,514,020	217,898	32,781,934	30,541,702
Buttermilk	2,145,799	23,285	2,172,855	2,138,008
Total Packaged Disposition	359,883,864	5,214,885	395,187,727	350,455,831
Total Ending Inventory	29,092,099	429,912	31,032,054	26,486,168
Bulk to Nonpool Plants	1,652,330	30,889	1,799,657	1,315,069
Shrinkage	2,075,334	119,772	1,485,603	2,096,960
Total Class I Utilization	392,703,627	5,795,458	429,505,041	380,354,028
Other Order Plants	(1,924,806)	(32,734)	(3,432,444)	(1,640,422)
Beginning Inventory	(30,841,491)	(451,970)	(28,858,638)	(26,692,502)
Reused Products	0	0	0	0
Other Source Milk	0	0	--	(160,350)
Overage	0	0	0	0
Interhandler Adjustment	(229,218)	(2,145)	48,702	(39,529)
<b>Class I Producer Milk</b>	<b>359,708,112</b>	<b>5,308,609</b>	<b>397,262,661</b>	<b>351,821,225</b>
<b>Class II Utilization:</b>				
Total Class II Utilization	127,430,238	8,643,851	143,361,971	124,579,490
Other Order Plants	(1,091,261)	(44,316)	(1,037,381)	--
Beginning Inventory	(1,516,211)	(101,248)	(3,132,593)	(831,962)
Reused Products	(5,919,654)	(46,322)	(6,280,687)	(7,440,451)
Other Source Milk	--	--	--	(55,631)
Overage	--	--	0	(36,987)
<b>Class II Producer Milk</b>	<b>118,903,112</b>	<b>8,451,965</b>	<b>132,911,310</b>	<b>116,214,459</b>
<b>Class III Utilization:</b>				
Total Class III Utilization	1,401,842,793	51,642,259	2,035,871,725	1,533,091,948
Other Order Plants	(2,321,943)	(61,874)	(2,020,350)	(6,018,795)
Beginning Inventory	(834,171)	(41,998)	(2,812,918)	(1,471,457)
Reused Products	0	0	0	0
Other Source Milk	(2,595,128)	(13,897)	(1,986,520)	(1,342,746)
Overage	(30,471)	(1,855)	(49,469)	(66,355)
<b>Class III Producer Milk</b>	<b>1,396,061,080</b>	<b>51,522,635</b>	<b>2,029,002,468</b>	<b>1,524,192,595</b>
<b>Class IV Utilization:</b>				
Total Class IV Utilization	142,038,089	11,711,213	154,476,235	108,914,967
Other Order Plants	(3,581,369)	(156,996)	(3,045,726)	(3,220,387)
Beginning Inventory	(19,117,170)	(1,016,974)	(21,248,279)	(20,503,039)
Reused Products	0	0	0	0
Other Source Milk	(34,189,296)	(1,361,632)	(34,272,704)	(20,431,055)
Overage	(905)	(732)	(6,226)	(35,141)
<b>Class IV Producer Milk</b>	<b>85,149,349</b>	<b>9,174,879</b>	<b>95,903,300</b>	<b>64,725,345</b>
<b>Total Producer Milk -- All Classes</b>	<b>1,959,821,653</b>	<b>74,458,088</b>	<b>2,655,079,739</b>	<b>2,056,953,624</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>					
Feb 2006	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
Sep	1.2667	1.2828	1.2912	1.2976	0.8537	0.3191	1.2761	1.3033	1.3063	1.2989	0.8542	0.3162
Oct	1.2460	1.2643	1.2721	1.2941	0.9027	0.3557	1.2531	1.2840	1.2846	1.2820	0.8891	0.3500
Nov	1.2753	1.3140	1.3123	1.2693	0.9837	0.3800	1.2417	1.2734	1.2745	1.2625	0.9691	0.3740
Dec	1.3435	1.3474	1.3624	1.2384	1.0225	0.4079	1.3607	1.3581	1.3758	1.2439	1.0233	0.4051
Jan 2007	1.3189	1.3200	1.3366	1.1991	1.0677	0.4680	1.3178	1.3054	1.3279	1.1905	1.0461	0.4539
Feb	1.3103	1.3439	1.3454	1.2129	1.1021	0.6005	1.3137	1.3538	1.3529	1.2148	1.0960	0.5986

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>						
Feb 2006	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
Sep	1.3170	1.2933	1.2899	1.0326	0.9143	0.3599	0.3247
Oct	1.3206	1.2347	1.2430	1.2255	1.0006	0.4058	0.3592
Nov	1.2915	1.3745	1.3813	1.5202	1.0202	0.4308	0.3973
Dec	1.2405	1.3223	1.2860	1.3264	1.0743	0.4388	0.4403
Jan 2007	1.2248	1.3180	1.3310	1.2851	1.1404	0.5096	0.5199
Feb	1.2187	1.3408	1.3374	1.2953	1.2717	0.6788	0.5908

## Market Statistics

Month/Year	Distributing Plants	Supply Plants	Coop .9(c) Handlers	Producers	Total Producer Milk	Est. Average Daily Delivery Per Producer	Class I Utilization	Butterfat Test	Protein Test	Other Solids Test	Weighted Average SCC
					Mil. lbs.	Pounds	Percent	Percent	Percent	Percent	
										(000)	
Feb 2006	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
Sep	25	55	13	14,892	1,937	4,511	20.2	3.70	3.06	5.72	298
Oct	26	54	13	17,019	2,394	4,532	16.6	3.82	3.12	5.72	267
Nov	26	54	13	17,155	2,369	4,591	16.8	3.84	3.12	5.72	259
Dec	26	53	13	16,785	2,277	4,702	17.1	3.81	3.10	5.70	263
Jan 2007	26	52	13	17,703	2,655	4,839	15.0	3.78	3.07	5.73	268
Feb	26	53	13	15,769	1,960	4,932	18.4	3.80	3.08	5.70	281

\* 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>
Feb 2006	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	1.4261	0.7767	6.99	11.74
Oct	1.4207	7.72	12.42	1.4387	9.52	14.22	1.4219	0.7844	7.06	11.79
Nov	1.4004	7.77	12.40	1.4184	9.57	14.20	1.3922	0.8189	7.37	11.98
Dec	1.3770	7.89	12.43	1.3950	9.69	14.23	1.3551	0.8989	8.09	12.55
Jan 2007	1.3547	9.17	13.59	1.3727	10.97	15.39	1.3079	0.9522	8.57	12.85
Feb	1.2906	9.19	13.39	1.3086	10.99	15.19	1.3182	0.9744	8.77	13.08
Mar	1.3135	10.00	14.25	1.3315	11.80	16.05		1.0078	9.07	

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>
Feb 2006	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
Sep	1.4191	2.1346	0.1649	7.59	12.29	1.4191	0.7066	6.36	11.10
Oct	1.4149	2.0775	0.2026	7.64	12.32	1.4149	0.7551	6.80	11.51
Nov	1.3852	2.2383	0.2276	8.28	12.84	1.3852	0.8353	7.52	12.11
Dec	1.3481	2.4388	0.2564	9.07	13.47	1.3481	0.8737	7.86	12.30
Jan 2007	1.3009	2.4053	0.3183	9.33	13.56	1.3009	0.9184	8.27	12.53
Feb	1.3112	2.4125	0.4170	9.94	14.18	1.3112	0.9356	8.42	12.71

# Producer Prices

Month/Year	Producer Price Differential	Statistical Uniform Price (at 3.50%)	Butterfat Price	Protein Price	Other Solids Price	SCC Adjustment Rate	Producer Mailbox Price (at test)
	<i>\$ per cwt.</i>	<i>\$ per cwt.</i>	<i>\$ per lb.</i>	<i>\$ per lb.</i>	<i>\$ per lb.</i>	<i>\$ per cwt.</i>	<i>\$ per cwt.</i>
	Dec 2005	0.24	13.61	1.5036	2.3846	0.1702	0.00070
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	12.03
Jul	0.38	11.30	1.2228	1.9807	0.1257	0.00059	11.68
Aug	0.37	11.43	1.3008	1.9050	0.1416	0.00059	11.86
Sep	0.08	12.37	1.4191	2.1346	0.1649	0.00065	13.27
Oct	0.24	12.56	1.4149	2.0775	0.2026	0.00064	13.80
Nov	0.12	12.96	1.3852	2.2383	0.2276	0.00066	14.30
Dec	0.00	13.47	1.3481	2.4388	0.2564	0.00068	14.62
Jan 2007	0.19	13.75	1.3009	2.4053	0.3183	0.00067	
Feb	0.05	14.23	1.3112	2.4125	0.4170	0.00067	

# Summary of Federal Order Data - February 2007

Federal Order Number / Name	Producer Deliveries <i>— Thousand Pounds —</i>	Class I Producer Receipts <i>— Thousand Pounds —</i>	Class I Utilization <i>Percent</i>	Class I Price <i>— Dollars per Cwt. —</i>	Producer Price Differential <i>— Dollars per Cwt. —</i>	Uniform or Statistical Uniform Price at 3.5% Butterfat		
						FOB Market <i>— Dollars per Cwt. —</i>	FOB Cook Cty. Illinois <i>— Dollars per Cwt. —</i>	Change From Previous Year
1 Northeast	1,692,623	822,054	48.6	\$ 16.64	\$ 1.03	\$ 15.21	\$ 13.76	\$ 2.41
5 Appalachian	492,132	331,039	67.3	16.49	n/a	15.57	14.27	1.86
6 Florida	268,823	218,212	81.2	17.39	n/a	16.71	14.51	2.57
7 Southeast	650,127	381,201	58.6	16.49	n/a	15.68	14.38	2.27
<b>30 Upper Midwest</b>	<b>1,959,822</b>	<b>359,708</b>	<b>18.4</b>	<b>15.19</b>	<b>0.05</b>	<b>14.23</b>	<b>14.23</b>	<b>1.55</b>
32 Central	848,220	346,527	40.9	15.39	(0.12)	14.06	13.86	1.35
33 Mideast	1,277,289	530,716	41.6	15.39	0.05	14.23	14.03	1.15
124 Pacific Northwest	582,799	175,028	30.0	15.29	(0.37)	13.81	13.71	1.33
126 Southwest	878,087	325,545	37.1	16.39	0.80	14.98	13.78	2.45
131 Arizona	300,691	110,723	36.8	15.74	n/a	14.22	13.67	1.74
<b>All Market Average or Total *</b>	<b>8,950,613</b>	<b>3,600,753</b>	<b>40.2</b>					

n/a = Not applicable.

\* May not add due to rounding.

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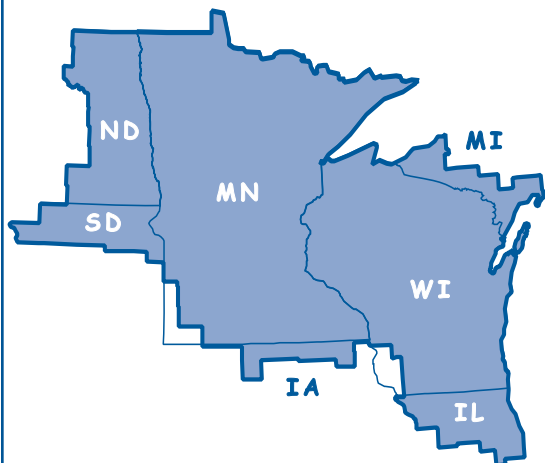
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