



UPPER MIDWEST DAIRY NEWS

H. Paul Kyburz, Market Administrator

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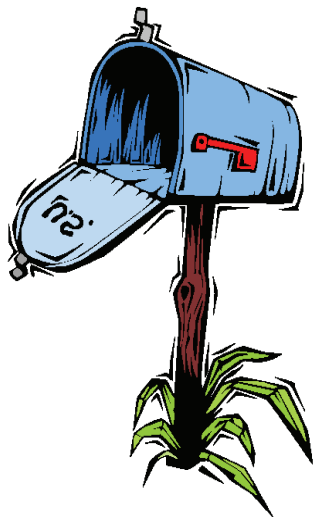
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2009 Outlook for Dairy *

Following is a summary of a presentation at USDA's 2009 Agricultural Outlook Forum by Roger L. Hoskin and Kathryn Quanbeck, Dairy Analysts, Economic Research Service, USDA.

Overview

The U.S. dairy industry enters 2009 in the throes of the worst economic downturn since 1982. Although retreating in 2008 from 2007's record levels, the all milk price remained well above prices in recent years. Despite relatively high milk prices, higher

feed prices pushed the milk-feed price ratio below 2.0 in the second and third quarters of 2008.

Cow numbers are forecast to decline in 2009.

The outlook for 2009 is for feed prices to moderate from last year; however, assuming no significant herd reduction early in the year, milk prices are expected to plummet to their lowest levels in years. The all milk price is expected to be its lowest since 1978, and low milk prices will push the milk-feed price ratio into the 1.5 range, a record low, leaving producers with the worst profit outlook in years.

Herd Retrenchment

Poor returns early in the year will force producers to retrench. Cow numbers are forecast to decline to an average 9.05 million head in the fourth quarter of 2009. The forecasts are based on the assumption that there is no liquidation aid of any kind either in the form of another Cooperatives-Working-Together (CWT) buyout or any Government buyout program. However, the milk supply reduction effort will be complicated by the ample supply of replacement heifers available at attractive prices at the beginning of 2009.

Dairy Product Demand Advances

With high production relative to demand in 2008, year-end stocks climbed. The central problem is that domestic demand is insufficient to absorb the added production in the near term. The high prices of 2007 and 2008 came as commercial exports rose sharply and domestic commercial use continued to advance.

Commercial use will continue to grow as falling prices stimulate sales in 2009.

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Pool Summary

- In February, 16,197 producers delivered to the market with an average daily delivery of 5,507 pounds.
- Producer milk totaled 2.49 billion pounds, down 262 million pounds from January, but 79 million pounds above February 2008.
- Class I utilization totaled 356 million pounds, up 2.1% from January on a daily basis, and 1.3% above February

2008 on a daily basis. Class I usage accounted for 14.3% of producer milk.

- The February Producer Price Differential (PPD) is \$0.51 per cwt.
- The Statistical Uniform Price is \$9.82 per cwt., down \$1.78 from January, and \$7.81 below February 2008.
- Market statistics for February are shown on Pages 4 and 5.

February 2009 Producer Milk by Class

	Percent	Product Pounds	Price \$/cwt.
Class I	14.3	356,261,678	12.52
Class II	2.2	55,096,451	10.25
Class III	81.5	2,027,318,640	9.31
Class IV	2.0	49,416,980	9.45
Total		2,488,093,749	

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The economic slump has adversely affected restaurant sales as consumers scale down to less expensive restaurants or eat more at home. Retail sales of premium and value added products, especially cheese, have suffered as consumers appear to be “trading down”.

In 2009, commercial use will continue to grow as falling prices stimulate sales. The ample supply of dairy products should encourage retail “promotions” and restaurant “value” items that will appeal to cash strapped consumers. Low prices appear to be having some effect on sales volumes.

International Markets

U.S. exports of cheese, butter and non-fat dry milk (NFDM) rose to record levels in 2008 because reduced supplies from Australia, New Zealand and the European Union (EU) allowed U.S. products to fill the gap. At the same time that export supplies were tightening, strong world economic growth, especially in Asia, strengthened import demand. Also, high petroleum prices prompted increased dairy product imports by oil exporting countries.

International demand is likely to remain soft compared to 2007 and early 2008.

All this ended when the world economy slumped and oil prices crashed. An additional factor is that the partial recovery of production in Australia, New Zealand, and the EU added supplies to a slumping market. Total dry products shipments by the major exporters are forecast to decline only slightly in 2009, but increases from the EU, Australia and especially New Zealand will make the export market extremely competitive. Likewise for cheese and butter, added availabilities from competing suppliers likely will curtail U.S. exports in 2009. Overall, international demand is likely to remain soft compared to 2007 and early 2008.

Commercial Stocks

U.S. commercial stocks of dairy prod-

ucts were more variable in 2008 after a slight rise in 2007. Commercial stocks are expected to end 2009 lower than they began at 9.3 billion pounds (fat basis) and 10.4 billion pounds (skim-solid basis) as later year production declines tighten supplies.

CCC removals will keep commercial stocks from building.

Commodity Credit Corporation (CCC) removals will keep commercial stocks from building. For the calendar year, net removals of cheese are expected to reach 20 million pounds. Removals of butter and NFDM are expected to total 55 million pounds and 575 million pounds respectively. This forecast amounts to 1.5 billion pounds of milk equivalent for the year on a fat basis and 6.9 billion pounds on a skim-solid basis. Most of the removals are expected to occur in the first half of 2009.

U.S. Dairy Market Outlook

Wholesale prices for dry products in 2008 fell dramatically from 2007 prices. In the first quarter of 2008, NFDM prices averaged \$1.36 per pound, down from \$1.94 per pound in the fourth quarter of 2007. Prices continued to decline during 2008 to an average of \$0.90 a pound in the fourth quarter. Slowing exports and continued strong production forced some CCC removals of NFDM by the end of 2008 as prices neared the support purchase price of \$0.80 per pound. Whey prices followed a similar pattern, falling steeply in early 2008 then averaging even lower at \$0.19 a pound in the fourth quarter. NFDM and whey have been export-sensitive products for some time, and their prices were pushed down by the softness in international markets and large domestic supplies.

What held milk prices up last year were strong performances for butter and especially cheese. Cheese prices ended 2007 near \$2.00 per pound and averaged \$1.90 per pound for 2008. Cheese prices slumped in the fourth quarter of 2008 as the international market weakened and the domestic economy slowed. Butter prices roller-coasted

through 2008, averaging \$1.23 per pound in the first quarter then soaring to \$1.58 per pound by summer. Export sales figured prominently in the butter price spike. Like cheese, butter prices dropped late in 2008 and the bearish price is likely to continue into 2009.

For 2009, the product price outlook is for weaker prices through much of the year.

For 2009, the product price outlook is for weaker prices through much of the year. Cheese, butter, and NFDM prices will be near support levels during the first half of the year. Some recovery is forecast for the third and fourth quarters of 2009. Cheese prices are projected to average \$1.18 to \$1.25 per pound for the year. Butter prices will average \$1.08 to \$1.18 per pound. For NFDM and whey, most of the damage has been done. In 2009, NFDM prices will remain below last year with prices to average \$0.80 to \$0.86 per pound, and whey will average \$0.16 to \$0.19 per pound. The decline in the dairy consumer price index (CPI) from 214.8 in July to 210.0 by December suggests that some of the price declines are reaching the retail level. Further price declines are expected during 2009.

Class III and Class IV milk prices will decline from 2008 by \$5 - \$7 per cwt.

In the face of weak product prices, the 2009 all milk price is forecast to decline from \$18.32 per cwt. in 2008 to \$10.95 to \$11.65 per cwt., the lowest since 1978. Class III and Class IV milk prices will decline dramatically from 2008--by \$5 to \$7 per cwt. Ultimately, any price recovery will depend on bringing milk production in line with lower demand.

* Adapted from a speech at USDA's annual Agricultural Outlook Forum by Roger L. Hoskin and Kathryn Quanbeck, Dairy Analysts, on February 27, 2009. The speech can be obtained at: www.usda.gov/oce/forum

2008 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 2008 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 ^{1/} for Selected Reporting Areas in Federal Milk Orders and California-2008

Reporting Area ^{2/}	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Weighted Average ^{3/}
New England States ^{4/}	\$21.78	\$20.09	\$18.56	\$18.95	\$18.51	\$19.60	\$20.34	\$19.53	\$19.34	\$18.64	\$18.19	\$16.18	\$19.16
New York	20.74	19.00	17.50	17.91	17.53	18.50	19.39	18.54	18.28	17.33	17.03	15.14	18.09
Eastern Pennsylvania ^{5/}	21.30	19.61	17.93	18.44	18.00	18.97	19.85	19.09	18.85	17.86	17.68	15.63	18.60
Appalachian States ^{6/}	22.21	21.26	18.84	20.21	19.25	20.23	22.36	21.05	20.70	19.38	19.39	16.58	20.11
Southeast States ^{7/}	22.94	21.70	19.36	20.48	20.29	21.10	23.53	22.36	21.97	19.91	20.26	17.39	20.90
Southern Missouri ^{8/}	21.15	19.77	17.91	18.96	17.97	19.00	20.85	19.58	19.40	17.80	18.11	15.54	18.80
Florida	23.87	22.63	20.26	21.64	21.80	22.31	24.98	24.33	23.96	23.96	21.70	18.61	22.39
Western Pennsylvania ^{9/}	21.14	19.71	18.25	18.69	18.32	19.23	19.87	18.92	18.77	18.30	18.00	15.92	18.76
Ohio	21.18	19.70	18.28	18.59	18.24	19.05	19.83	19.08	18.92	18.42	18.30	16.32	18.83
Indiana	21.23	19.98	18.47	18.79	18.18	19.02	20.03	18.99	18.70	17.94	18.08	15.83	18.76
Michigan	19.99	19.11	17.79	18.05	17.58	18.57	19.23	18.49	18.25	17.54	17.32	15.74	18.14
Wisconsin	20.79	18.85	18.86	18.11	18.87	20.22	19.14	18.22	17.78	18.53	17.53	16.63	18.63
Minnesota	20.71	19.19	18.75	18.34	19.31	20.15	19.11	18.08	18.38	18.38	17.32	16.39	18.65
Iowa	20.42	19.07	18.08	18.15	18.10	19.12	19.16	18.22	17.96	17.90	17.13	15.52	18.26
Illinois	21.03	19.32	18.32	18.37	18.19	19.33	19.47	18.50	18.09	17.97	17.44	15.76	18.52
Corn Belt States ^{10/}	19.97	18.45	17.35	17.80	17.56	18.42	18.66	18.05	17.72	17.37	16.85	15.20	17.76
Western Texas ^{11/}	19.53	17.43	16.70	17.20	16.90	17.91	18.24	17.74	17.03	16.89	16.33	14.45	17.19
New Mexico	18.83	16.45	15.94	16.33	16.04	17.01	17.13	16.71	16.06	16.00	15.44	14.00	16.32
Northwest States ^{12/}	19.59	17.80	16.60	17.17	16.87	17.91	18.51	17.86	17.26	16.54	16.38	14.55	17.37
All Federal Order Areas ^{13/}	\$20.70	\$19.03	\$18.01	\$18.19	\$18.09	\$19.12	\$19.43	\$18.58	\$18.27	\$17.94	\$17.42	\$16.12	\$18.40
Upper Midwest Order ^{14/}	\$20.57	\$19.01	\$18.78	\$18.21	\$18.87	\$20.02	\$19.11	\$18.19	\$17.87	\$18.47	\$17.48	\$16.50	\$18.56
California ^{15/}	\$17.97	\$17.05	\$16.04	\$15.88	\$16.79	\$17.35	\$17.19	\$16.25	\$16.29	\$15.75	\$14.67	\$12.83	\$16.17

^{1/} 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 assessment under the Cooperatives Working Together (CWT) program.

^{2/} 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.

^{3/} Figures are annual averages -- the weighted average of the monthly figures; except California, which is the simple average.

^{4/} Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.

^{5/} All counties to the east of those listed in footnote 9.

^{6/} Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia.

^{7/} Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi.

^{8/} The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry, and all those to the south of these.

^{9/} The counties of Warren, Elk, Clearfield, Indiana, Westmoreland, and Fayette, and all those counties to the west of these.

^{10/} Includes Kansas, Nebraska, and the Missouri counties to the north of those listed in footnote 8.

^{11/} All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Houston, Cherokee, Nacogdoches, and Shelby.

^{12/} Includes Oregon and Washington.

^{13/} Weighted average of the information for all selected reporting areas in Federal milk orders.

^{14/} This mailbox price is calculated by the Upper Midwest Order Market Administrator's Office and includes information for all milk pooled on the order.

^{15/} 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 2009

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	
<i>Cwt.</i>	<i>Number</i>	<i>Pounds</i>	<i>Pounds</i>	<i>Pounds</i>	<i>Value</i>	<i>Pounds</i>	<i>Value</i>
\$1.80	4	69,351,234	23,557,155	92,908,389	\$ 0	70,865,950	\$ 1,275,587
\$1.75	38	168,519,661	871,074,180	1,039,593,841	519,797	148,250,194	2,594,378
\$1.70	31	184,502,356	1,090,616,256	1,275,118,612	1,275,119	118,673,949	2,017,457
\$1.65	5	22,430,827	58,042,080	80,472,907	120,709	18,471,585	304,781
Total	78	444,804,078	2,043,289,671	2,488,093,749	\$ 1,915,625	356,261,678	\$ 6,192,203

Computation of Producer Price Differential-February 2009

	Utilization Percentage	Product Pounds	Component Pounds	Rate	Value
Class I					
Differential Value					\$ 6,192,203.84
Product	14.3%	356,261,678			
Skim Milk			351,111,138	\$ 7.0700	24,823,557.45
Butterfat			5,150,540	1.1140	5,737,701.54
Class II					
Product	2.2%	55,096,451			
Nonfat Solids			4,410,353	0.7367	3,249,107.04
Butterfat			6,704,411	1.1011	7,382,226.94
Class III					
Product	81.5%	2,027,318,640			
Protein			62,072,718	1.9139	118,800,975.01
Other Solids			116,247,689	(0.0437)	(5,080,023.99)
Butterfat			75,217,188	1.0941	82,295,125.38
Class IV					
Product	2.0%	49,416,980			
Nonfat Solids			3,964,943	0.6472	2,566,111.11
Butterfat			6,392,883	1.0941	6,994,453.28
SCC Adjustment (Class II, III, and IV)					889,469.02
Total Producer Milk *		2,488,093,749			\$ 253,850,906.62
Add:					
Overage					33,208.05
Inventory Reclassified					35,236.97
Other Source Milk \$.60(h)					0.00
Other Source Milk \$.60(i)					0.00
Subtract:					
Transportation Credit					92,039.74
Assembly Credit					284,984.15
Credit for Reconstituted FMP					0.00
Producer Milk Protein					145,722,860.81
Producer Milk Other Solids					(6,230,481.82)
Producer Milk Butterfat					102,260,080.60
Producer Milk SCC Adjustment					1,054,489.37
Total Milk and Value		2,488,093,749			\$ 10,735,378.79
Add:					
Location Adjustment -- Producer and Unregulated Supply Plant Milk					1,915,625.02
One-Half Unobligated Balance Producer Settlement Fund					1,198,553.95
Total Value				0.556633	\$ 13,849,557.76
Subtract:					
Producer Settlement Fund Reserve				0.046633	1,160,279.64
Producer Price Differential **				\$0.51	\$12,689,278.12

* An estimated 43 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 2009		January 2009	February 2008
	Product Pounds	Butterfat Pounds	Product Pounds	Product Pounds
Class I Utilization:				
Packaged Disposition				
Milk	48,755,118	1,541,037	53,987,500	50,877,026
Flavored Milk	3,304,357	104,737	3,387,138	3,772,240
Reduced Fat Milk	135,015,582	2,559,782	151,692,393	141,195,590
Lowfat Milk	48,582,853	464,209	54,253,707	49,221,511
Fat Free Milk	83,540,009	89,643	93,794,073	87,148,112
Flavored Reduced And Fat Free Milk	33,365,003	254,336	33,206,249	30,997,236
Buttermilk	2,361,514	24,742	2,391,801	2,207,533
Total Packaged Disposition	354,924,436	5,038,486	392,712,861	365,419,248
Total Ending Inventory	33,311,213	476,846	28,955,157	31,926,851
Bulk To Nonpool Plants	731,806	14,107	955,899	2,548,111
Shrinkage	1,757,335	112,908	1,609,322	1,574,593
Total Class I Utilization	390,724,790	5,642,347	424,233,239	401,468,803
Other Order Plants	(3,561,127)	(60,339)	(4,370,680)	(3,461,217)
Beginning Inventory	(30,205,079)	(417,903)	(32,552,832)	(33,298,694)
Reused Products	0	0	0	0
Other Source Milk	(749,559)	(14,813)	(847,806)	(622,720)
Overage	0	0	0	0
Interhandler Adjustment	52,653	1,248	11,381	142,514
Class I Producer Milk	356,261,678	5,150,540	386,473,302	364,228,686
Class II Utilization:				
Total Class II Utilization	68,132,095	7,007,042	117,482,620	63,026,605
Other Order Plants	(2,250,021)	(39,411)	--	(3,955,777)
Beginning Inventory	(2,020,612)	(103,655)	(1,279,929)	(3,100,575)
Reused Products	(8,610,717)	(5,271)	(8,141,047)	(5,462,262)
Other Source Milk	(154,294)	(154,294)	(138,222)	(453,951)
Overage	0	0	0	--
Class II Producer Milk	55,096,451	6,704,411	107,923,422	50,054,040
Class III Utilization:				
Total Class III Utilization	2,037,587,947	75,363,904	2,165,607,753	1,930,906,493
Other Order Plants	(3,038,282)	(26,172)	(634,395)	(7,569,024)
Beginning Inventory	(5,645,447)	(79,024)	(1,160,304)	(1,760,570)
Reused Products	0	0	0	0
Other Source Milk	(1,520,544)	(29,867)	(1,614,058)	(1,331,323)
Overage	(65,034)	(11,653)	(77,662)	(36,365)
Class III Producer Milk	2,027,318,640	75,217,188	2,162,121,334	1,920,209,211
Class IV Utilization:				
Total Class IV Utilization	79,569,595	8,265,217	132,310,311	118,429,380
Other Order Plants	(4,200,710)	(291,111)	(2,885,944)	(8,429,041)
Beginning Inventory	(12,380,108)	(1,095,976)	(16,195,267)	(11,378,945)
Reused Products	0	0	0	0
Other Source Milk	(13,553,561)	(469,449)	(19,142,564)	(24,319,953)
Overage	(18,236)	(15,798)	(34,134)	(64,632)
Class IV Producer Milk	49,416,980	6,392,883	94,052,402	74,236,809
Total Producer Milk -- All Classes	2,488,093,749	93,465,022	2,750,570,460	2,408,728,746

-- 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 2008	1.7892	1.8653	1.8403	1.2044	1.3331	0.2736	1.7443	1.8509	1.8092	1.2150	1.3398	0.2673
Mar	1.9548	1.9302	1.9575	1.2539	1.2512	0.2435	2.0193	1.9886	2.0190	1.2438	1.2537	0.2454
Apr	1.8180	1.7845	1.8164	1.3492	1.2506	0.2560	1.7950	1.7845	1.8038	1.3421	1.2456	0.2528
May	1.9430	1.9348	1.9525	1.4170	1.2985	0.2700	1.9416	1.9363	1.9527	1.4223	1.3006	0.2686
Jun	2.1326	2.1680	2.1609	1.4669	1.3508	0.2758	2.1885	2.2210	2.2156	1.4607	1.3479	0.2774
Jul	1.9477	1.9423	1.9585	1.5180	1.4053	0.2642	1.9726	1.9586	1.9792	1.5205	1.3957	0.2690
Aug	1.8809	1.8247	1.8699	1.5713	1.3840	0.2470	1.9317	1.8353	1.9041	1.5711	1.3790	0.2487
Sep	1.7661	1.7611	1.7773	1.6365	1.2131	0.2183	1.7265	1.6997	1.7279	1.6125	1.2628	0.2241
Oct	1.8927	1.8928	1.9065	1.6997	0.9987	0.1945	1.9185	1.9189	1.9323	1.6899	1.0452	0.1970
Nov	1.7268	1.7518	1.7511	1.6356	0.8701	0.1895	1.7253	1.7322	1.7420	1.6517	0.8617	0.1896
Dec	1.7355	1.7447	1.7544	1.2448	0.8425	0.1730	1.7615	1.8048	1.7989	1.3262	0.8460	0.1716
Jan 2009	1.2906	1.2728	1.2961	1.0868	0.8318	0.1696	1.2806	1.2700	1.2895	1.0914	0.8333	0.1701
Feb	1.1239	1.1495	1.1518	1.0750	0.8215	0.1567	1.1171	1.1342	1.1414	1.0731	0.8195	0.1545

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 2008	1.2088	2.0023	1.9560	1.3999	1.2975	0.2832	0.2773
Mar	1.3454	1.8234	1.7980	1.3224	1.2917	0.2540	0.2563
Apr	1.3905	1.8826	1.8010	1.3525	1.3285	0.2672	0.2807
May	1.4750	2.0976	2.0708	1.4044	1.3661	0.2714	0.2842
Jun	1.5001	2.0350	2.0562	1.4649	1.4215	0.2634	0.2762
Jul	1.5385	1.9673	1.8890	1.4498	1.4428	0.2432	0.2732
Aug	1.6279	1.7398	1.6983	1.4439	1.3972	0.2170	0.2546
Sep	1.6973	1.8762	1.8517	1.3187	1.2379	0.1993	0.1979
Oct	1.7320	1.7963	1.8025	1.1032	0.9680	0.1899	0.1791
Nov	1.6165	1.7099	1.6975	0.9353	0.8647	0.1770	0.1586
Dec	1.2007	1.5132	1.5295	0.8907	0.8424	0.1754	0.1456
Jan 2009	1.1096	1.0833	1.0832	0.8584	0.8161	0.1638	0.1466
Feb	1.1097	1.2171	1.1993	0.8574	0.8007	0.1601	0.1627

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 2008	23	52	13	16,503	2,409	5,057	15.1	3.79	3.10	5.70	279
Mar	25	51	13	15,208	2,105	5,158	17.6	3.77	3.06	5.70	281
Apr	25	52	13	16,519	2,513	5,234	14.8	3.73	3.02	5.70	280
May	25	53	13	13,869	1,868	5,265	20.3	3.67	3.00	5.70	279
Jun	25	53	13	13,722	1,948	5,205	16.8	3.61	2.97	5.73	294
Jul	25	52	13	15,356	2,384	5,189	14.6	3.58	2.93	5.72	311
Aug	27	55	13	16,125	2,627	5,207	13.4	3.59	2.95	5.71	312
Sep	25	53	13	16,039	2,531	5,247	14.9	3.67	3.02	5.72	291
Oct	27	52	13	14,313	2,175	5,296	18.3	3.77	3.09	5.71	271
Nov	26	52	13	16,091	2,625	5,392	13.9	3.82	3.12	5.71	253
Dec	26	53	13	15,061	2,318	5,416	17.0	3.83	3.11	5.71	259
Jan 2009	26	53	12	16,118	2,751	5,499	14.1	3.81	3.09	5.71	272
Feb	24	54	12	16,197	2,488	5,507	14.3	3.76	3.06	5.73	277

* 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 2008	1.3660	15.44	19.68	1.3840	17.24	21.48	1.3080	1.5989	14.39	18.46
Mar	1.3138	12.54	16.70	1.3318	14.34	18.50	1.3674	1.2489	11.24	15.63
Apr	1.3483	14.39	18.61	1.3663	16.19	20.41	1.4818	1.1633	10.47	15.29
May	1.4663	11.90	16.62	1.4843	13.70	18.42	1.5632	1.1556	10.40	15.51
Jun	1.5625	13.17	18.18	1.5805	14.97	19.98	1.6230	1.2100	10.89	16.19
Jul	1.6086	15.70	20.78	1.6266	17.50	22.58	1.6844	1.2567	11.31	16.81
Aug	1.6804	13.05	18.47	1.6984	14.85	20.27	1.7483	1.3044	11.74	17.45
Sep	1.7411	11.98	17.65	1.7591	13.78	19.45	1.8266	1.2878	11.59	17.58
Oct	1.7451	9.76	15.53	1.7631	11.56	17.33	1.8577	1.1622	10.46	16.60
Nov	1.8388	11.29	17.33	1.8568	13.09	19.13	1.7800	0.9467	8.52	14.45
Dec	1.7925	9.49	15.43	1.8105	11.29	17.23	1.3068	0.7644	6.88	11.21
Jan 2009	1.3983	11.24	15.74	1.4163	13.04	17.54	1.1154	0.7489	6.74	10.41
Feb	1.1140	7.07	10.72	1.1320	8.87	12.52	1.1011	0.7367	6.63	10.25
Mar	1.0918	5.81	9.43	1.1098	7.61	11.23		0.7233	6.51	

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 2008	1.3010	4.0180	0.0803	12.93	17.03	1.3010	1.1643	10.48	14.67
Mar	1.3604	4.3331	0.0493	13.72	18.00	1.3604	1.0833	9.75	14.17
Apr	1.4748	3.7579	0.0622	12.02	16.76	1.4748	1.0827	9.74	14.56
May	1.5562	4.1108	0.0766	13.20	18.18	1.5562	1.1301	10.17	15.26
Jun	1.6160	4.7193	0.0826	15.12	20.25	1.6160	1.1819	10.64	15.92
Jul	1.6774	4.0025	0.0707	12.82	18.24	1.6774	1.2358	11.12	16.60
Aug	1.7413	3.6497	0.0529	11.63	17.32	1.7413	1.2147	10.93	16.64
Sep	1.8196	3.2689	0.0234	10.27	16.28	1.8196	1.0455	9.41	15.45
Oct	1.8507	3.5490	(0.0047)	10.97	17.06	1.8507	0.8226	7.40	13.62
Nov	1.7730	3.1301	(0.0099)	9.64	15.51	1.7730	0.6953	6.26	12.25
Dec	1.2998	3.6390	(0.0269)	11.12	15.28	1.2998	0.6680	6.01	10.35
Jan 2009	1.1084	2.3638	(0.0304)	7.15	10.78	1.1084	0.6574	5.92	9.59
Feb	1.0941	1.9139	(0.0437)	5.68	9.31	1.0941	0.6472	5.82	9.45

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 2007	0.05	20.65	1.4348	4.7061	0.2637	0.00105
Jan 2008	0.38	19.70	1.3319	4.4994	0.2097	0.00100	20.57
Feb	0.60	17.63	1.3010	4.0180	0.0803	0.00092	19.01
Mar	(0.25)	17.75	1.3604	4.3331	0.0493	0.00098	18.78
Apr	0.47	17.23	1.4748	3.7579	0.0622	0.00091	18.21
May	(0.19)	17.99	1.5562	4.1108	0.0766	0.00098	18.87
Jun	(0.46)	19.79	1.6160	4.7193	0.0826	0.00108	20.02
Jul	0.66	18.90	1.6774	4.0025	0.0707	0.00098	19.11
Aug	0.49	17.81	1.7413	3.6497	0.0529	0.00093	18.19
Sep	0.57	16.85	1.8196	3.2689	0.0234	0.00089	17.87
Oct	(0.04)	17.02	1.8507	3.5490	(0.0047)	0.00095	18.47
Nov	0.34	15.85	1.7730	3.1301	(0.0099)	0.00088	17.48
Dec	(0.24)	15.04	1.2998	3.6390	(0.0269)	0.00088	16.50
Jan 2009	0.82	11.60	1.1084	2.3638	(0.0304)	0.00065	
Feb	0.51	9.82	1.0941	1.9139	(0.0437)	0.00058	

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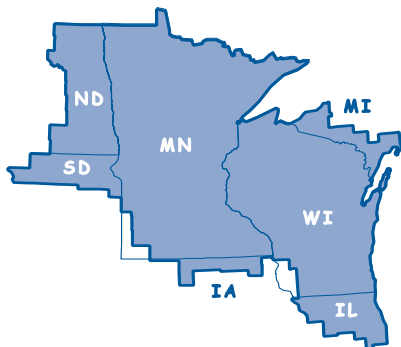
Summary of Federal Order Data - February 2009

Federal Order Number / Name	Producer Deliveries	Class I Producer Receipts	Class I Utilization	Class I Price	Producer Price Differential	Uniform or Statistical Uniform Price at 3.5% Butterfat		
						FOB Market	FOB Cook Cty. Illinois	Change From Previous Year
<i>— Thousand Pounds —</i>		<i>Percent</i>		<i>— Dollars per Cwt. —</i>		<i>— Dollars per Cwt. —</i>		
1 Northeast	1,843,011	792,268	43.0	\$ 13.97	\$ 2.44	\$ 11.75	\$ 10.30	\$ (7.79)
5 Appalachian	472,194	325,825	69.0	14.12	n/a	12.98	11.38	(8.34)
6 Florida	267,601	217,760	81.4	16.12	n/a	15.02	11.42	(7.58)
7 Southeast	545,996	370,916	67.9	14.52	n/a	13.22	11.22	(7.68)
30 Upper Midwest	2,488,094	356,262	14.3	12.52	0.51	9.82	9.82	(7.81)
32 Central	1,063,005	338,684	31.9	12.72	1.07	10.38	10.18	(7.73)
33 Mideast	1,278,112	542,129	42.4	12.72	1.52	10.83	10.63	(7.82)
124 Pacific Northwest	626,915	178,946	28.5	12.62	1.00	10.31	10.21	(7.16)
126 Southwest	990,442	340,284	34.4	13.72	2.00	11.31	10.11	(7.97)
131 Arizona	345,244	114,653	33.2	13.07	n/a	10.69	10.14	(7.31)
All Market Average or Total *	9,920,612	3,577,728	36.1					

n/a = Not applicable. * May not add due to rounding.

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