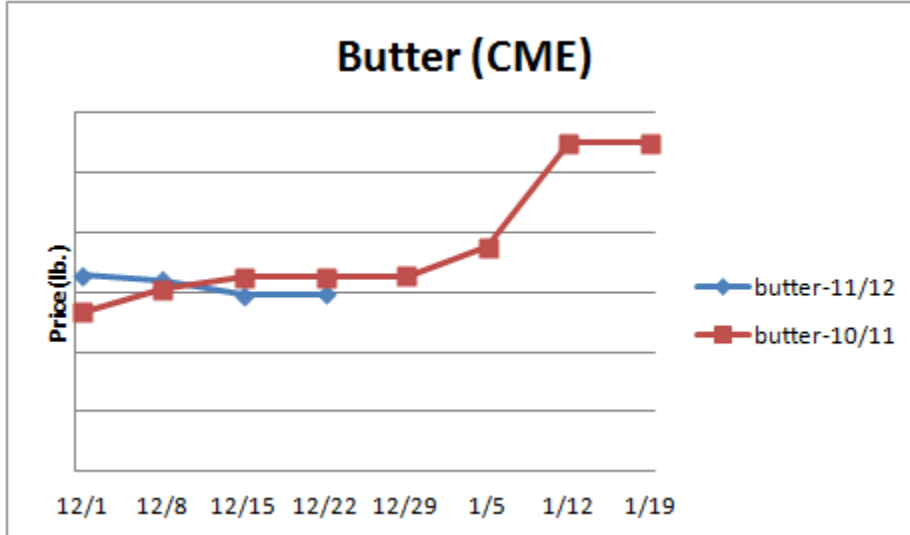


Dairy Report

Dairy- Nov US milk output was 1.8% more than last year due to a 1% larger milk cow herd and a .8% increase in the milk per cow yield versus '10. Milk farmers decreased the herd in Nov by a net 1,000 head versus Oct marking the first monthly decline since Sept '10. Next year's dairy cow herd is anticipated to decline leading to only modest milk output growth. The CME cheese block and barrel markets have declined in recent weeks. However, history suggests that the US cheese markets could bottom soon. The CME butter market is likely to find support as well.



	<u>Market Trend</u>	<u>Supplies</u>	<u>Price vs. Last Year</u>
Cheese Barrels- CME	Increasing	Good	Higher
Cheese 40 lb Blocks- CME	Decreasing	Good	Higher
American Cheese	Steady	Good	Higher
Cheddar Cheese	Steady	Good	Higher
Mozzarella Cheese	Steady	Good	Higher
Provolone Cheese	Steady	Good	Higher
Parmesan Cheese	Steady	Good	Higher
Butter- One lb Solids	Increasing	Good	Lower
Nonfat Dry Milk	Increasing	Good	Higher
Whey, Dry	Increasing	Good	Higher
Class I Milk Base	Steady	Good	Higher
Class II Cream (Heavy Cream)	Steady	Good	Higher
Class III Milk- CME	Increasing	Good	Higher
Class IV Milk- CME	Increasing	Good	Higher

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