



Milk Market News and Summary

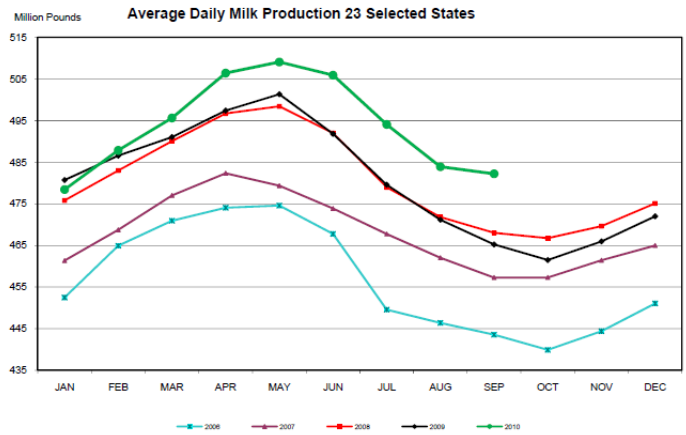
November 5, 2010

October Class IV - \$ 17.15/cwt. Up \$0.39 from last month.
Class IV projection for November is \$16.88

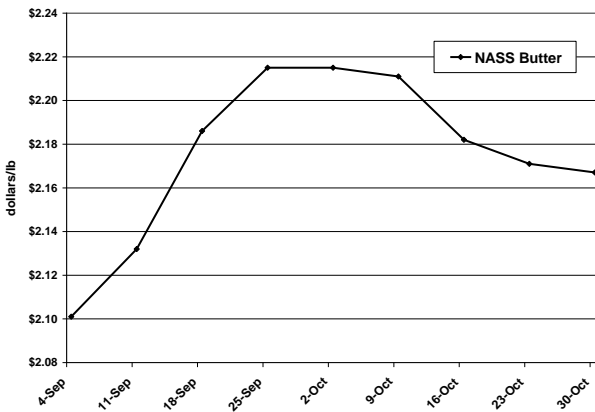
October Class III - \$16.94/cwt. Up \$0.68 from last month.
Class III projection for November is \$16.12

SEPTEMBER MILK PRODUCTION (NASS):

Milk production in the 23 major states during September totaled was up 3.6% from September 2009. Production per cow in the 23 States averaged 1,729 pounds for September, 54 pounds above September 2009. The number of milk cows on farms in the 23 States was 8.37 million head, 31,000 head more than September 2009, and 4,000 head more than August 2010. Milk production in the U.S. during the July-September quarter was up 2.7% from the July-September quarter last year.



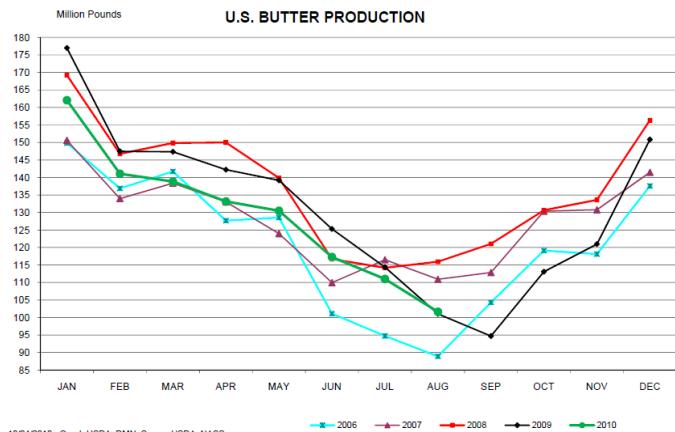
NASS Weekly butter price Butter



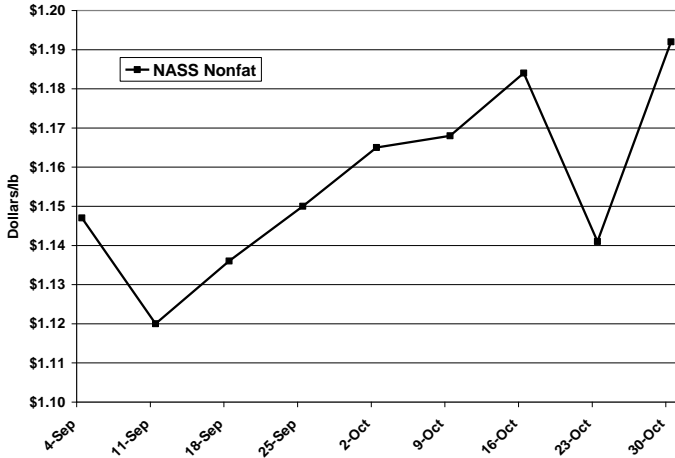
BUTTER-- the NASS butter price average for October was \$2.1893/lb. **up \$0.3** from last months average price. The week ending October 30, NASS butter price was \$2.167/lb., 2 cents lower than October average price. The CME spot Butter price on November 4 was \$2.14. Both the NASS weekly price and the CME price indicate a falling price. However, the November Butter futures price is currently \$2.16, the market is expecting a lower month ending price, but not crashing. My butter price forecast for November is \$2.12/lb.

COLD STORAGE (NASS) On September 30, 2010, U.S. cold storage holdings of butter totaled 129.8 million pounds, 16.4% lower than a month ago, and 43.1% less than last year.

BUTTER PRODUCTION for September was 110 million pounds, 16.7 percent above September 2009 and 8.7 percent above August 2010.

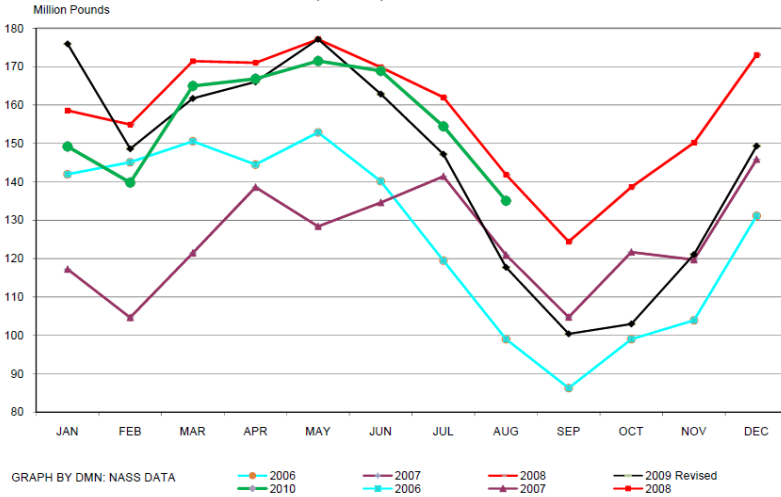


NASS Nonfat Weekly Prices



NONFAT--The October average NASS price was \$1.1674/lb. up \$0.029 from the previous month's average price. The October 30 week ending NASS nonfat price was \$1.192/lb., \$0.025 cent higher than October average, and 5 cents higher than the previous week. The CME spot price on November 4, 2010, was \$1.2250/lb. for Extra Grade Nonfat Down ½ cent from a month ago. The NDM Futures market for November is currently \$1.175. After last weeks drop in weekly price average this week Prices were back higher than any week in September or October. Nonfat is steady and futures prices looks like it will hold for another month at least. My forecast for November is \$1.17/lb.

U.S. COMBINED NDM (HUMAN) AND SKIM POWDER PRODUCTION



Class IV forecast for the remainder of 2010 and 2011

November \$16.88, December \$15.60,

2011

January \$14.70, February \$14.35, March \$14.27, April \$14.20, May \$14.23 June \$14.28, July \$14.60, August \$14.80, September, \$14.99, October \$15.69, November \$15.96, December \$15.95

Happy Thanksgiving
Dale Johnson.