



## Class IV Market News and Summary

December 4, 2011

**November Class IV - \$ 17.87/cwt.** down \$.54 from last month.

Class IV projection for December is \$17.11

**November Class III - \$19.07/cwt.** up \$1.04 from last month.

Class III projection for December is \$18.86

**OCTOBER MILK PRODUCTION (NASS):** Milk production in the 23 major States during October, up 2.5% from October 2010. Production per cow in the 23 major States averaged 1,787 pounds for October, 20 pounds above October 2010. The number of milk cows on farms in the 23 major States was 8.48 million head, 111,000 head more than October 2010, and 10,000 head more than September 2011. The US, ratio of milk prices to feed costs was some 30% below its 10-year average, "suggesting producer margins are coming under considerable pressure" even before further decreases in forecasted milk prices. This could prompt dairy cattle herd reductions in 2012.

**BUTTER--** the NASS butter price average for November was \$1.7824/lb. down about ½ cent/lb. from last month's average price. The week ending 11/26/2011, NASS butter price was \$ 1.6467 a drop of 13 cents from the November average, as holiday orders are filled butter should continue to remain soft into 2012. The CME spot Butter price on December 2<sup>nd</sup> was \$1.63. The December futures butter cash price on 12/1 was \$1.645/lb. The CME prices and futures prices all signal a butter price around 1.64 for December.

**SEPTEMBER COLD STORAGE (NASS):** On, October 31, U.S. cold storage holdings of butter totaled 129.8 million pounds, 14.0% less than a month ago, 19.3% more than October last year but 31.9% less than October 2009.

**NONFAT--**The November average NASS price was \$1.4522 down \$0.0587 from the previous month's average price. The 12/26 week ending NASS nonfat price was \$1.4094/lb. The CME spot price on December 2, 2011, was \$1.48/lb. The CME NDM Futures market for December as of December 1<sup>st</sup> was \$1.425. Forecasts show nonfat trending down into the mid 1.30's for most of 2012. With New Zealand's milk production up by 13% over the prior year, this increase in supply global should help moderate prices in 2012, global demand is also anticipated to be down next year as well.

## MY SUMMARY

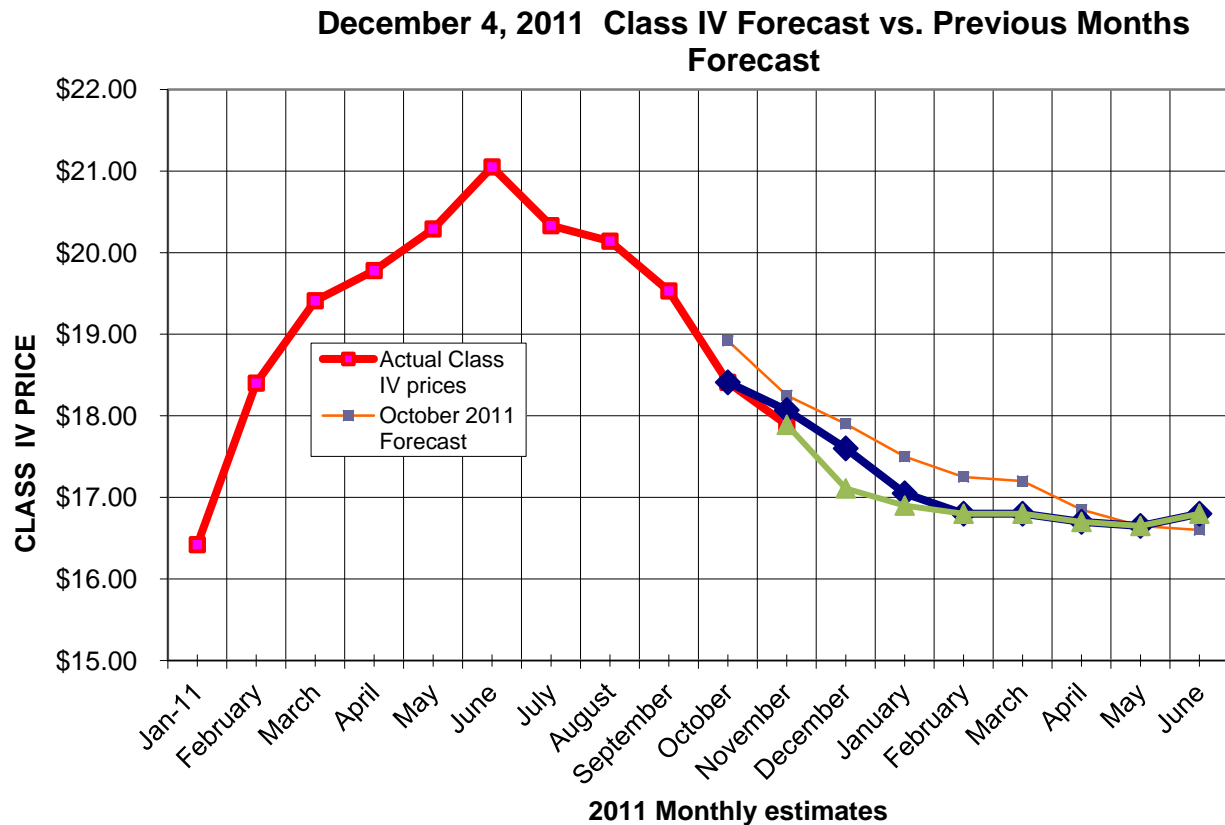
As of December 4, 2011 my Class IV forecast for the remainder of 2011, and the first half of 2012 are as follows:

### 2011

December \$17.11,

### 2012

Jan \$16.90, Feb. \$16.80, March \$16.80, April, \$16.70, May \$16.65, June \$16.80, July \$17.10, Aug. \$17.20



I would like to wish you all a  
Very Merry Christmas and a Happy New year

Dale Johnson