



Milk Market News and Summary

December 3, 2010



November Class IV - \$ 16.68/cwt. down \$0.47 from last month.

Class IV projection for December is \$15.49

November Class III - \$15.44/cwt. Down \$1.50 from last month.

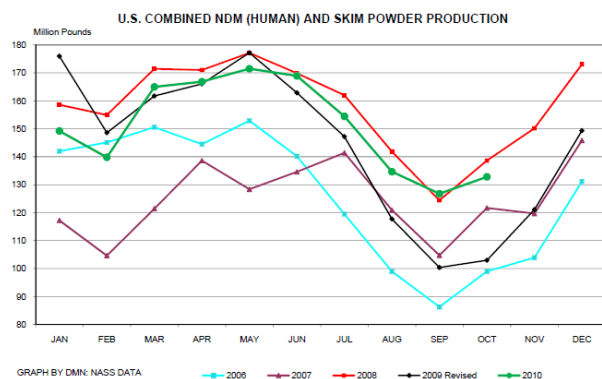
Class III projection for December is \$14.15

OCTOBER MILK PRODUCTION (NASS): Milk production in the 23 major states during October was up 3.3% from October 2009. Production per was (2.7%) above October 2009. The number of cows on farms was 8.37 million head, 54,000 head (0.6%) more than October 2009, but unchanged from September 2010.

BUTTER-- the NASS butter price average for November was \$2.02/lb. down \$0.17 from last months average price. The week ending November 27, NASS butter price was \$1.87/lb., 15 cents lower than November average price. The CME spot Butter price on December 3 was \$1.61. The NASS weekly price shows butter will continue to move lower, but the CME price has been increasing all week, beginning the week Monday at \$ 1.53 and finishing on Friday at \$1.61 indicates a firming price. The December Butter futures price is currently \$1.65, the market is expecting a lower month ending price. My butter price forecast for November is \$1.75/lb.

COLD STORAGE (NASS): On October 31, 2010, U.S. cold storage holdings of butter totaled 108.2 million pounds, 16.9% less than September, and 43.3% lower than last year.

NONFAT--The November average NASS price was \$1.20/lb. up \$0.03 from the previous month's average price. The November 27 week ending NASS nonfat price was \$1.20/lb the same as the November average. The CME spot price on December 3, 2010, was \$1.2250/lb. for Extra Grade Nonfat unchanged from a month ago. The NDM Futures market for December is currently \$1.18. Nonfat is steady and futures prices looks like it will hold for another month.. My Nonfat forecast for November is \$1.19/lb.



Class IV forecast for the remainder of 2010 and 2011

December \$15.49,
2011

January \$14.70, February \$14.35, March \$14.27, April \$14.20, May \$14.23 June \$14.41, July \$14.75, August \$14.89, September, \$15.20, October \$15.60, November \$15.80, December \$15.80

MERRY CHRISTMAS

Dale Johnson.