



Milk Market News and Summary

May 3, 2010

April Class IV - \$ 13.73/cwt. Up 81 cents from last month. -- Class IV projection for May is \$15.06

April Class III - \$12.92/cwt. Up 14 cents from last month. - Class III projection for May is \$13.23

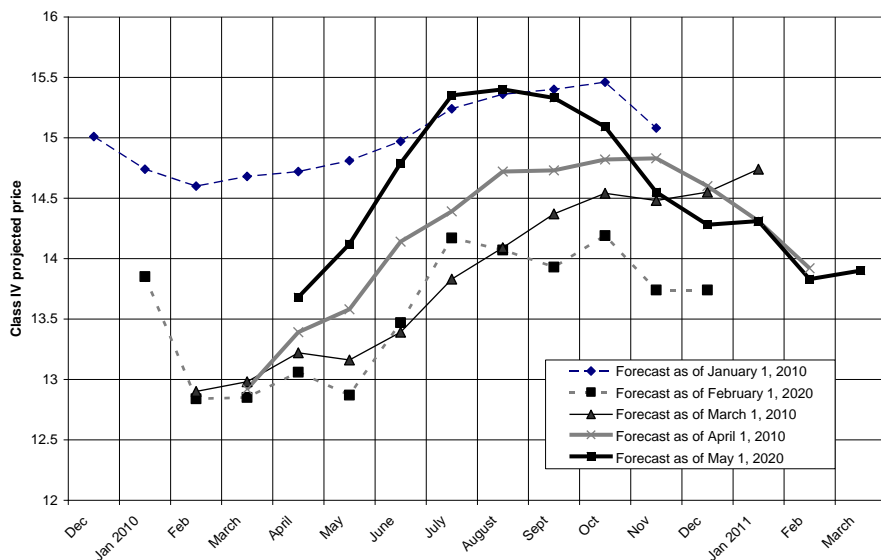
March Milk production in the 23 major States during was up 0.9% from March 2009. Production per cow in the 23 major States averaged 1,846 pounds for March, 51 pounds above March 2009. The number of milk cows on farms in the 23 major States was 162,000 head less than March 2009, but 1,000 head more than February 2010.

Milk production in the U.S. during the January - March quarter totaled 47.3 billion pounds, down 0.1% from the January - March quarter last year. The average number of milk cows in the U.S. during the quarter was 206,000 head less than the same period last year. The milk herd has finally stabilized after 18 months of decline.

BUTTER-- the NASS butter price average for April was \$1.4773/lb. up \$0.0385 cents from last months average price. The week ending April 24th, NASS butter price was \$1.51/lb. 3 cents higher than the April average price. The CME spot Butter price on April 30 was \$1.62. The NASS weekly price and the CME price indicate a firmer market going forward. The butter price is forecasted to be \$1.59/lb for May. Butter inventories continue to be held with confidence in anticipation of stronger prices later in the year, and increasing export interest.

NONFAT--The April average NASS price was \$1.1208/lb. up \$0.0754 from the previous month's average price. The April 24th week ending NASS nonfat price was \$1.1774/lb. \$0.0566 cent higher than April's average. The CME spot price on April 30st 2010 was \$1.255/lb. for Extra Grade indicating a firming market. The projected May Nonfat average price is \$1.22/lb. Prices continue to moving higher. Potential for future exports, and fall domestic usage continue to encouraged current demand.

Monthly updated Class IV forecasts



After January's high forecast, February and March forecasts were lower, but April and May's forecasts have both shown increases over the previous month. Current Class IV prices are significantly higher than forecasted last month for May through October, as shown in the chart at the left.

Class IV forecast for 2010

May \$15.06, June \$15.24, July \$15.56, August \$15.67, September \$15.74, October \$15.66, November \$15.35, December \$15.20

Dale Johnson.