



Milk Market News and Summary

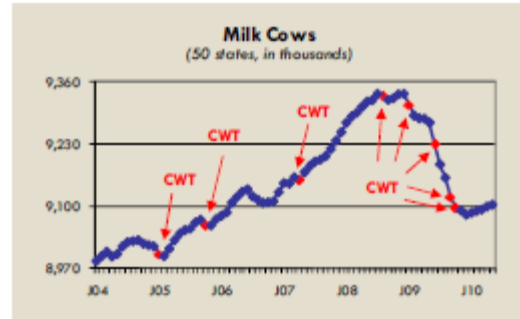
August 3, 2010

July Class IV - \$ 15.75/cwt. Up \$ 0.30 from last month. - Class IV projection for August is \$15.40
July Class III - \$13.74/cwt. Up \$0.12 from last month. - Class III projection for August is \$14.80

Milk production in the 23 major states during June was up 2.7% from June 2009. Production per cow averaged 1,816 pounds for June, (+3.8%) above June 2009.

The number of milk cows on farms was 8.35 million head (-1.0%) less than June 2009, but 10,000 head more than May 2010. Milk production in the U.S. during the April-June quarter totaled 49.7 billion pounds, up 1.7% from the April-June quarter last year.

CWT accepted bids to send 34,442 cows to slaughter, trimming the U.S. dairy herd by 0.4%. After falling significantly last year, cow numbers increased 21,000 head in the first five months of 2010



BUTTER-- the NASS butter price average for July was \$1.7375/lb. up \$0.1429 from last months average price, the week ending July 24th ., NASS butter price was \$1.7713/lb. over 4 cent higher than July's average price. The CME spot Butter price on August 2 was \$1.84. Both the NASS weekly price and the CME price indicate a higher market going forward. The butter market faces a shortage as milk supplies decline seasonally, component levels fall below year ago levels, and market demand for cream increases. The NASS butter price for August is forecasted to be \$1.80/lb. June butter production was 118 million pounds, 5.6 percent below June 2009 and 9.3 percent below May 2010 butter production was off 5.6% in June, down for the 11th straight month.

NONFAT--The July average NASS price was \$1.2277/lb. down \$0.0354 from the previous month's average price. The July 24 week ending NASS nonfat price was \$1.1865/lb. \$0.04 cents lower than July average. The CME spot price on August 2, 2010, was \$1.21/lb. for Extra Grade Nonfat prices will continue to weaken until inventories are balanced. The projected August Nonfat average price is \$1.17/lb. NDM, production for June was 136 million pounds, down 6.8 percent from June 2009. Skim milk powder production for export was 32.7 million pounds, up 94.7 percent.

This month's forecast show continued softening of class IV price in the 2nd half of 2010 as compared with last months forecast.

Class IV forecast for the remainder of 2010 and first half of 2011
August \$15.57, September \$15.40, October \$15.29, November \$15.32,
December \$15.25,

2011

January \$15.15, February \$14.80, March \$14.45, April \$14.28, May \$14.24 June \$14.26

School starts in one month!!

Dale Johnson.