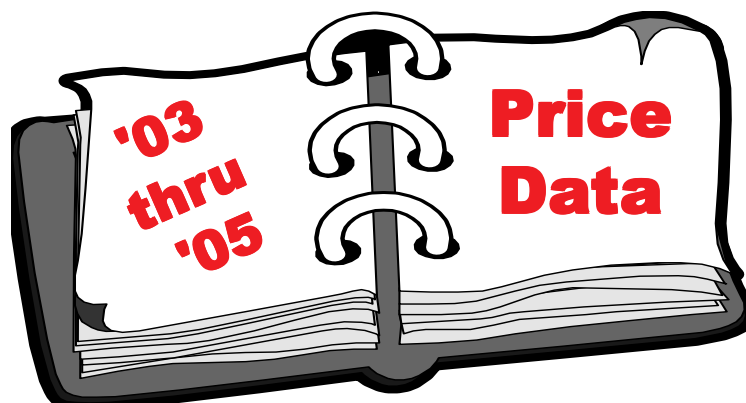
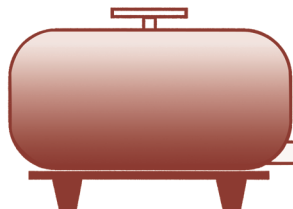


# MARKETING SERVICE

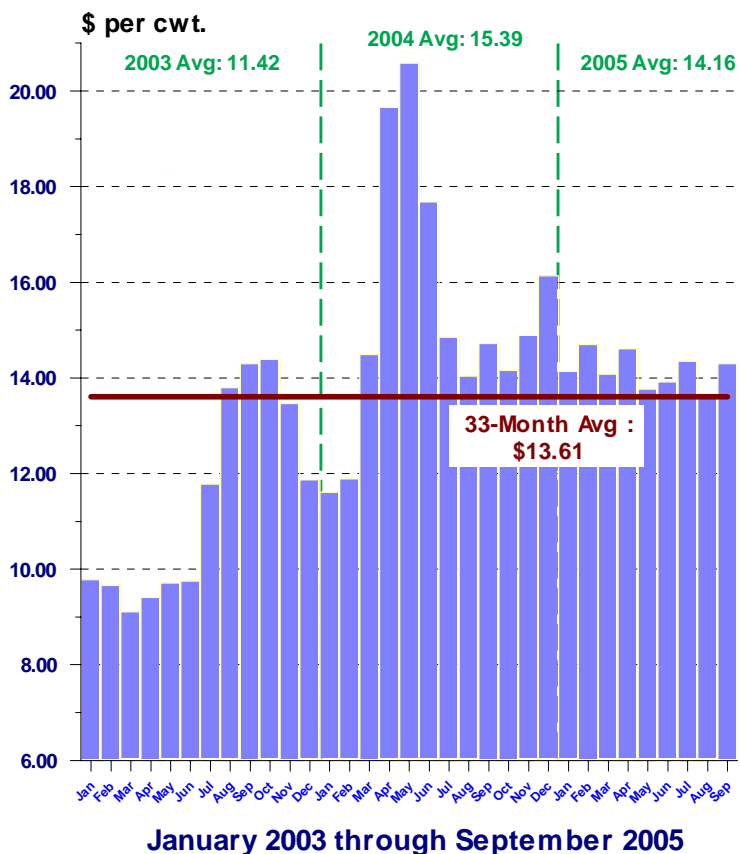
B U L L E T I N



Year-to-date dairy industry prices bear little resemblance to the previous two years in either average levels or within-year trends. Compared with 2003 averages, year-to-date prices are higher for all of the commodity and Federal Milk Order (FMO) prices depicted in this bulletin. However, the 2005 averages are lower than 2004 for all these price series except nonfat dry milk, whey, and the FMO other solids price. Monthly trends for these price series are also markedly different comparing the past three years.

The graph on this page depicts FMO Class III prices over the past 33 months. While the 2005 year-to-date average of \$14.16 per hundredweight is 8.0% lower than the record \$15.39 average of 2004, it is 24.0% higher than the 2003 average (\$11.42). The within-year trends for this price series are also quite dissimilar. The Class III price began 2003 at extremely low levels through the first six months before rapidly increasing to peak at \$14.39 in October. In comparison, 2004 prices escalated rapidly during the first six months, increasing from a low of \$11.61 in January to a high of \$20.58 in May. The price then declined substantially before ending the year with two consecutive monthly increases to achieve a second peak in December (\$16.14). Year-to-date Class III prices have not exhibited the volatility of either of the previous two years, with monthly prices fluctuating within a much smaller range (\$1.10 per cwt.).

## The Federal Milk Order Class III Price



The graphs on pages two and three depict selected commodity prices for the past 33 months for butter, cheese, nonfat dry milk, and whey along with FMO prices for butterfat, protein, and other solids. Predictably, the trends for block and barrel cheese prices track closely with FMO protein and Class III prices. Chicago Mercantile Exchange (CME) barrel and block prices for the first nine months of 2005 are both down by approximately 8.0% compared with their respective 2004 averages. While the Class III price is down by an identical 8.0%, the 2005 year-to-date protein price is 4.0% lower than the 2004 average.

The FMO butterfat price levels and trends depicted on page three mirror the prices for butter, which are displayed in the first graph on page two. Year-to-date butter prices are down by 13.3% compared with the 2004 average; similarly, the corresponding FMO butterfat price is down by 15.6%. However, these prices are substantially higher than 2003. The 2005 butter price is 37.6% higher than the 2003 average, while the FMO butterfat price is 43.1% greater.

Although the magnitude of changes in the FMO other solids price and whey prices

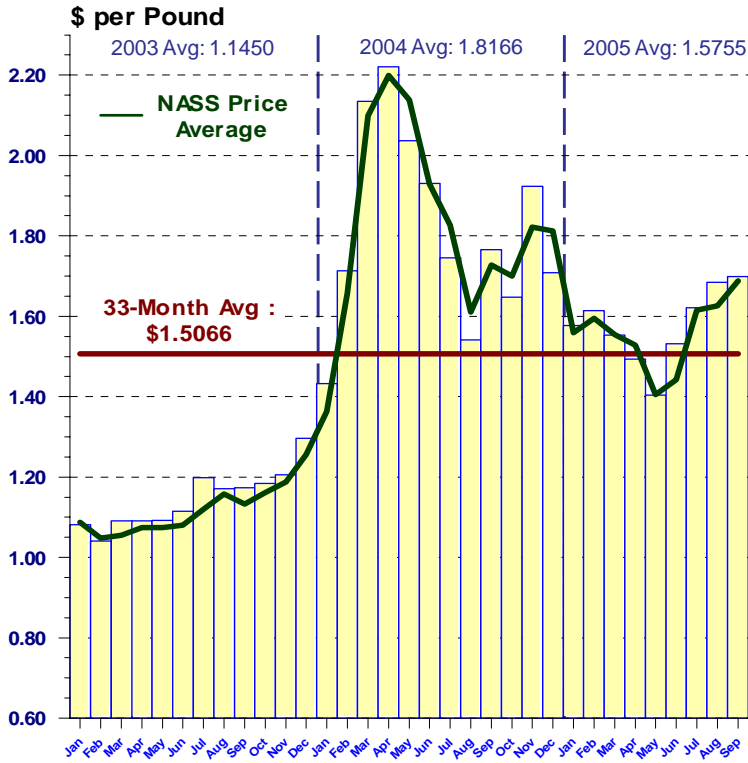
( continued on page 4 )

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2005

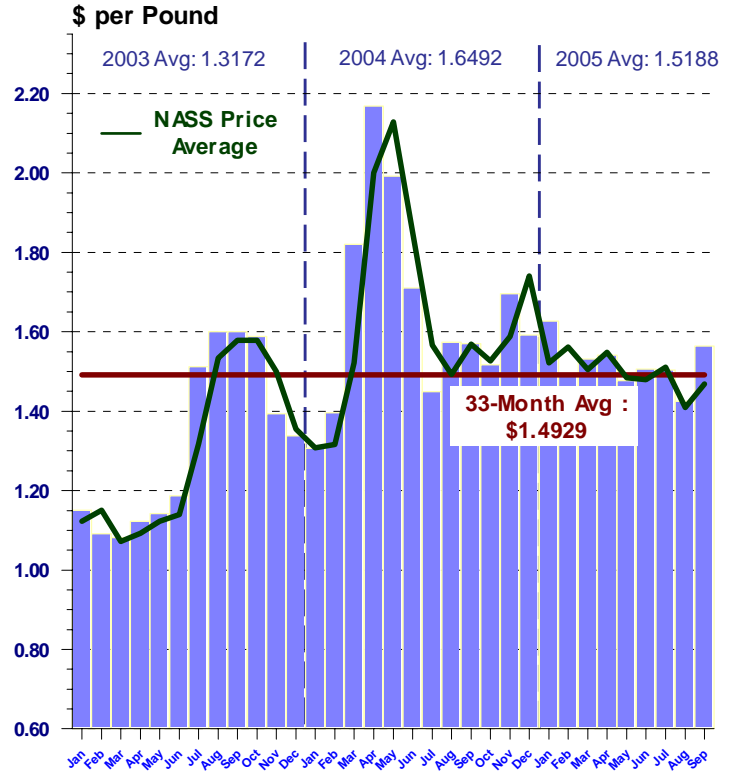


## The Chicago Mercantile Grade AA Butter Price



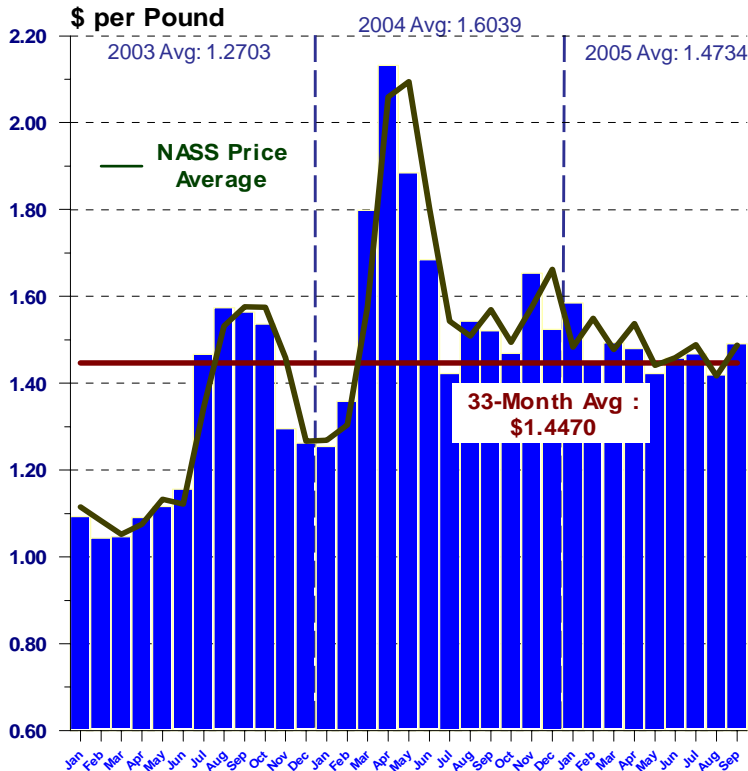
January 2003 through September 2005

## The Chicago Mercantile 40-pound Block Price



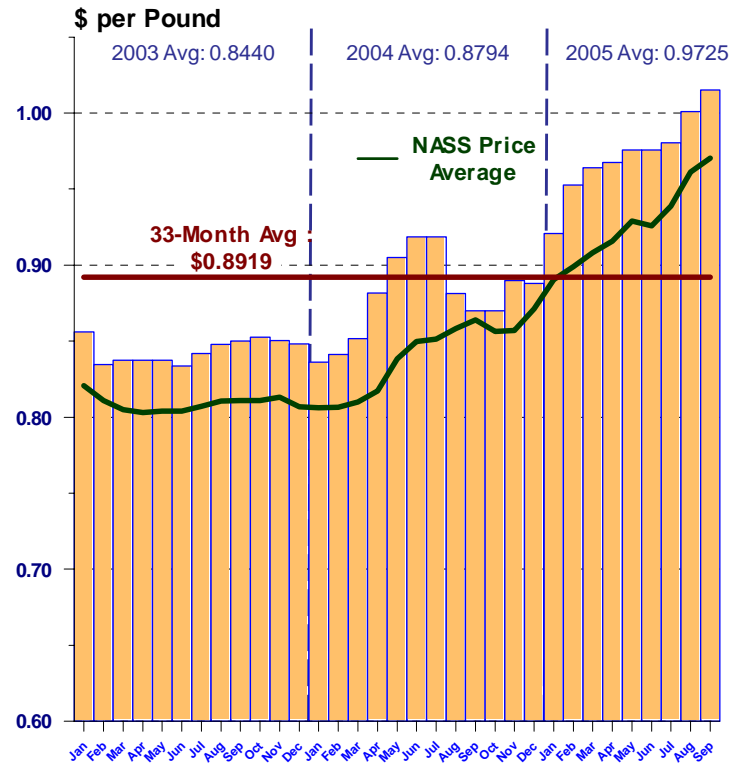
January 2003 through September 2005

## The Chicago Mercantile 500-pound Barrel Price



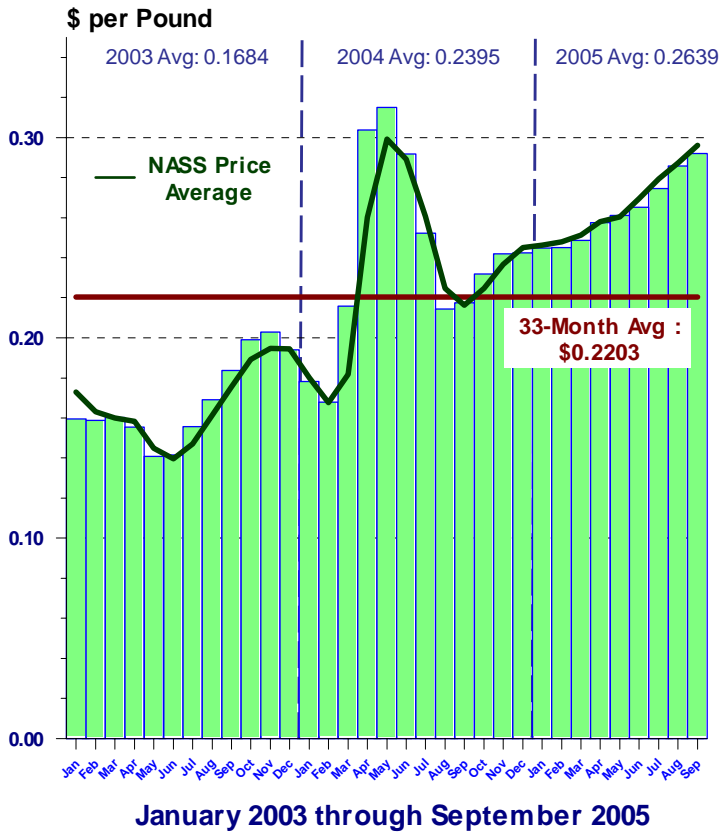
January 2003 through September 2005

## The Central and East Low/Medium NFDM Price

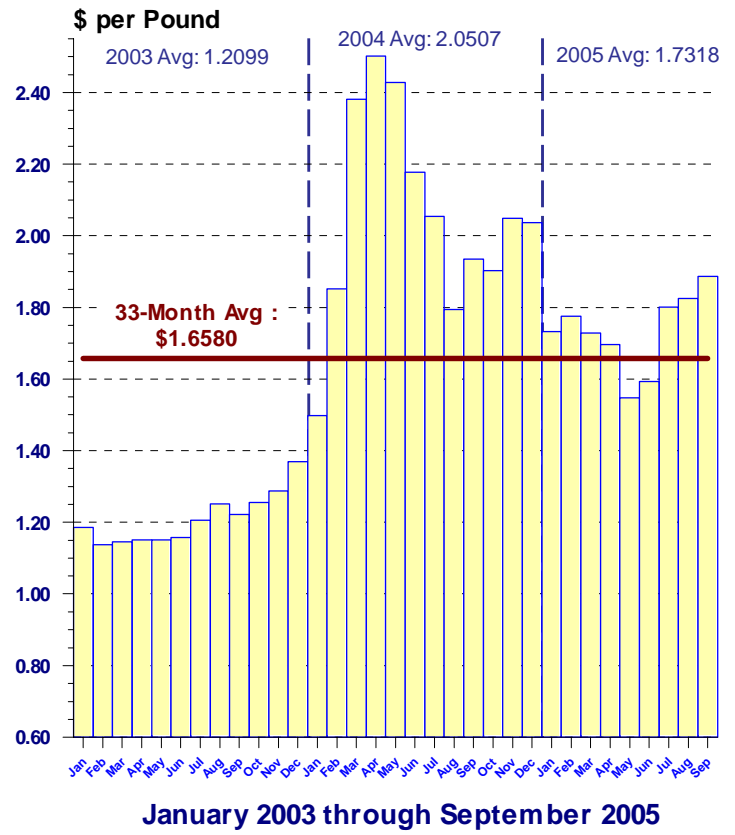


January 2003 through September 2005

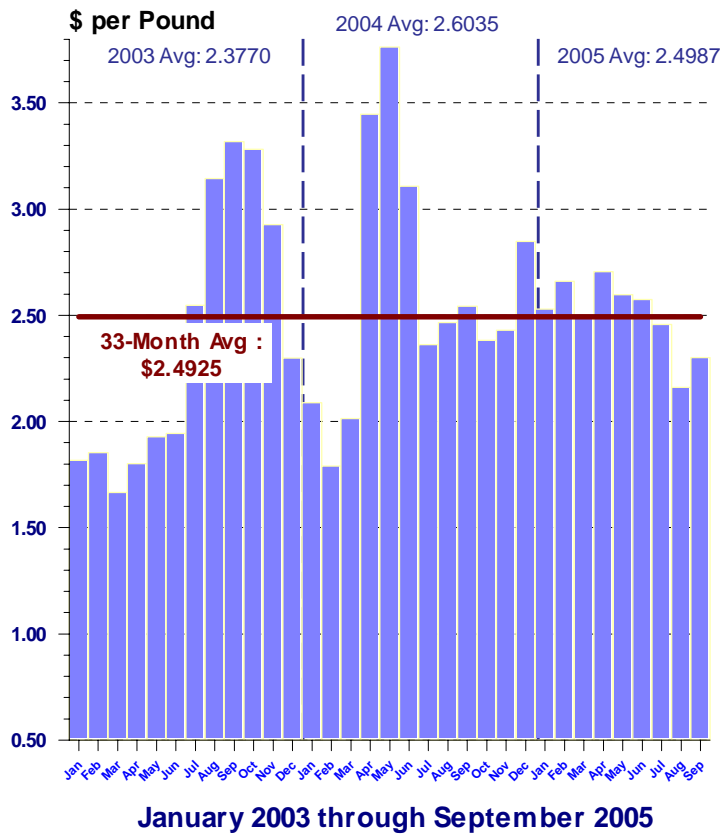
## The Central States Whey Price



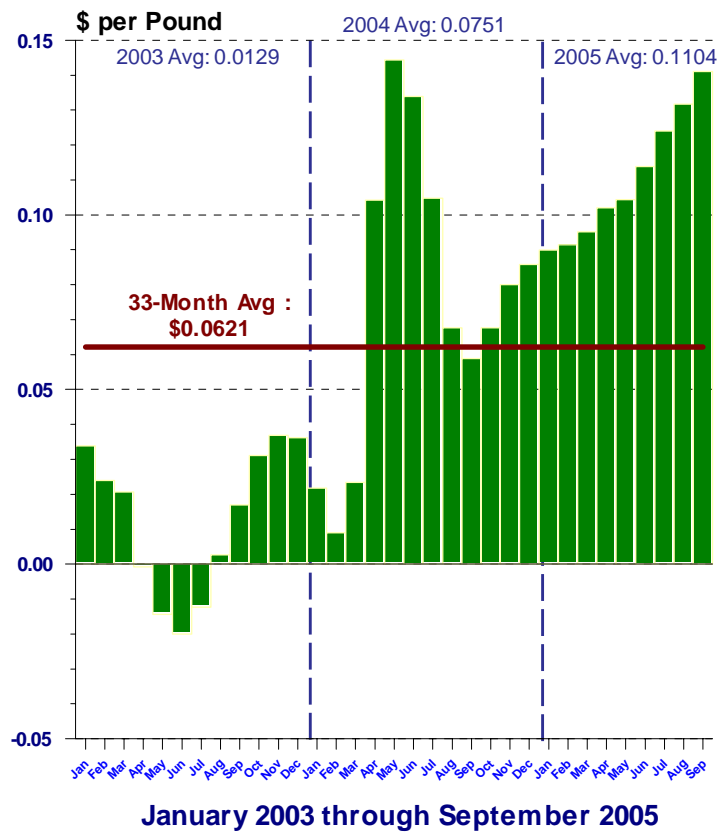
## The Federal Milk Order Butterfat Price



## The Federal Milk Order Protein Price



## The Federal Milk Order Other Solids Price



	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	9/2005	8/2005	9/2005	8/2005	9/2005	8/2005
Pacific Northwest	14.50	14.38	0.20	0.78	29.38	26.00
Arizona-Las Vegas	15.02	14.86	-----	-----	39.63	37.49
<b>Central</b>	<b>14.75</b>	<b>14.49</b>	<b>0.45</b>	<b>0.89</b>	<b>31.04</b>	<b>28.60</b>
Southwest	15.70	15.70	1.40	2.10	46.97	43.92
Upper Midwest	14.59	14.15	0.29	0.55	18.88	17.55
Southeast	16.32	16.44	-----	-----	69.86	66.68
Mideast	14.94	14.94	0.64	1.34	40.27	39.26
Appalachian	16.37	16.65	-----	-----	72.46	71.41
Northeast	15.92	15.84	1.62	2.24	49.49	43.51
Florida	17.47	17.87	-----	-----	88.68	87.63

that are depicted on page three are different, the direction of the changes in these prices are quite similar. The year-to-date average for whey is 10.1% higher than 2004, and 56.7% higher than 2003. The 2005 FMO other solids price is 47.0% higher than last year, and a whopping 755.8% greater than 2003.

Average Central/East wholesale nonfat dry milk powder prices for the past 33 months are displayed in the lower right graph on page two. This price series has exhibited a persistent upward trend with prices either increasing or remaining unchanged during 24 of the months depicted in this graph. The 2005 average is 10.6% higher than 2004, and 15.2% greater than 2003.

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