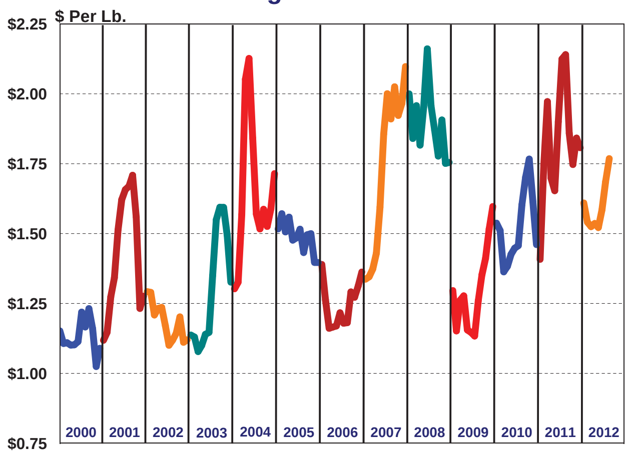
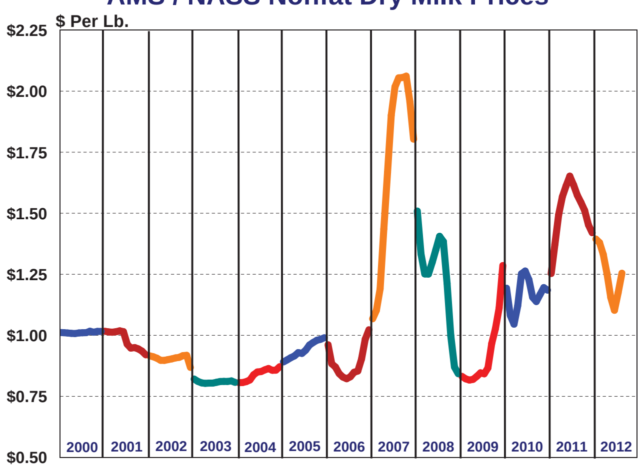
Marketing Service Bulletin

SEPTEMBER 2012

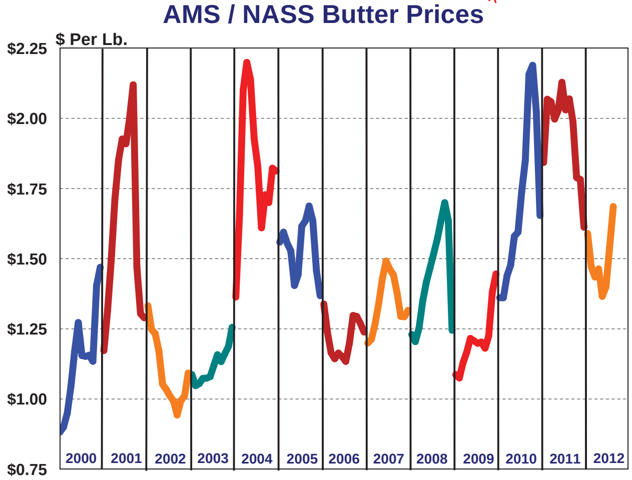
AMS / NASS Wtd. Avg. Block/Barrel Cheese Prices*



AMS / NASS Nonfat Dry Milk Prices*



AMS / NASS Butter Prices*



A variety of economic factors affecting the U.S. dairy industry are illustrated by the graphs in this bulletin. These graphs depict monthly data for 15 selected factors from January 2000 through August of this year. A cursory examination of this data indicates an environment characterized by a great deal of uncertainty and price volatility over the past 13 years.

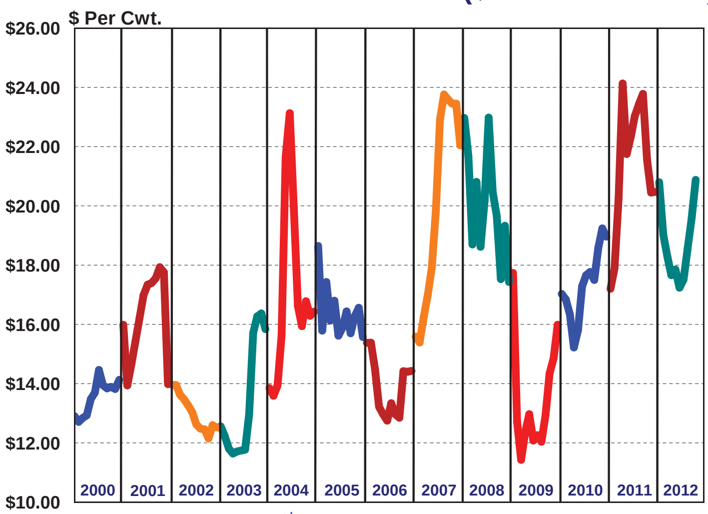
While several of the price series depicted in this bulletin reached record highs in either 2007 or 2008, some declined during 2009 to the lowest levels recorded during the period represented by these graphs. This decline preceded a sharp upward trend that peaked in mid-to-late 2011 for many of these data series. A steep decline followed the 2011 peak; however, many price series have posted increases in recent months.

Exceptions to the general trends note in the previous paragraph are depicted by the last five graphs on page three. The graphs depicting soybean, corn, and beef & dairy slaughter prices indicate a strong positive trend prevalent since late 2005 for corn, and late 2006 for soybeans and cattle slaughter prices. Class I producer receipts, depicted in the third graph on page three, indicates a declining trend since 2009. Milk production is portrayed in the bottom left graph, and indicates an overall increasing trend from 2001 through mid 2012.

The graphs on this page illustrate three Agricultural Marketing Service (AMS) / National Agricultural Statistic Service (NASS) commodity price series* that have a direct impact on Federal Milk Order (FMO) minimum prices. The six graphs on page two along with the first graph on page three depict FMO prices applicable to dairy farmers and/or regulated milk processors. A variety of factors that directly and indirectly influence the economic environment for milk production and processing are portrayed by the remaining graphs on page three.

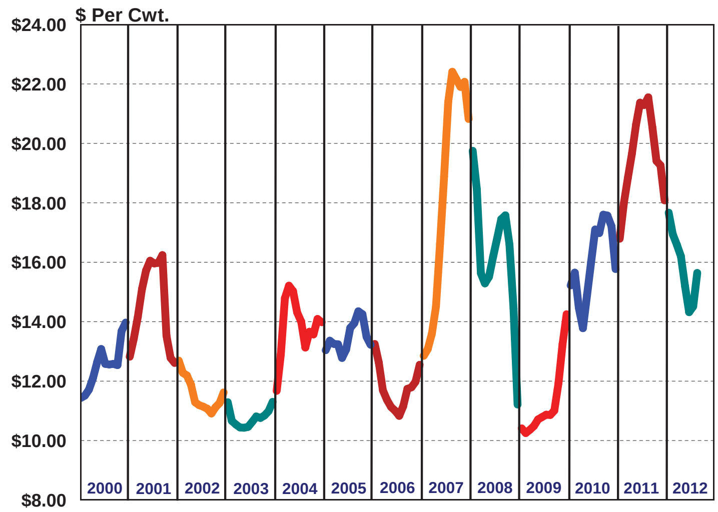
*NASS prices prior to April 2012.

Federal Order Class I Price ($2.00 Differential)*

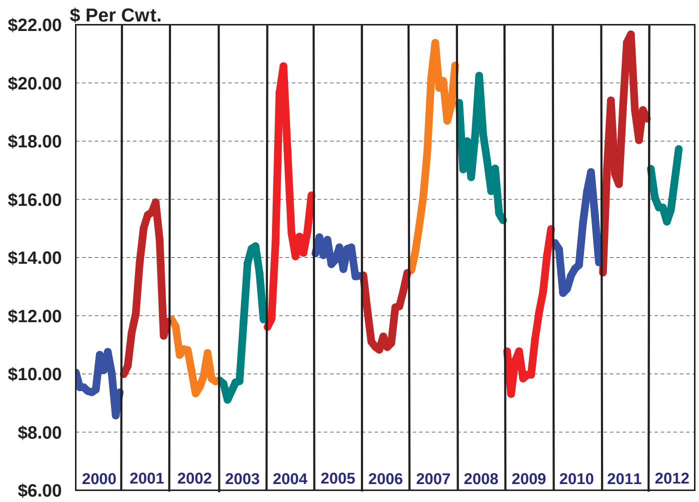


*Through October 2012

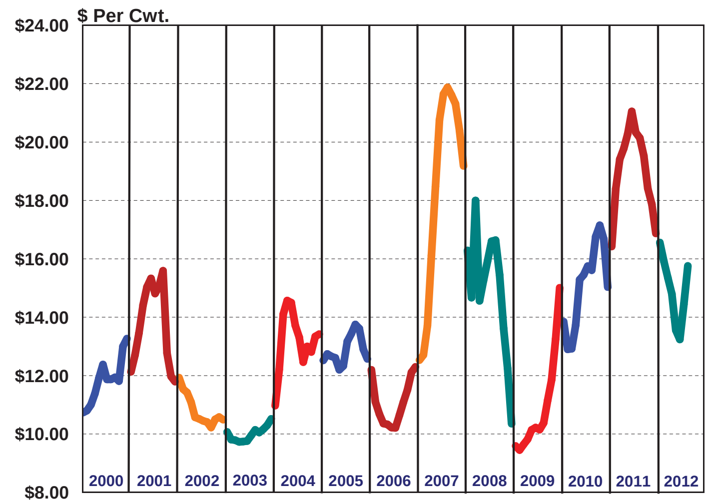
Federal Order Class II Price



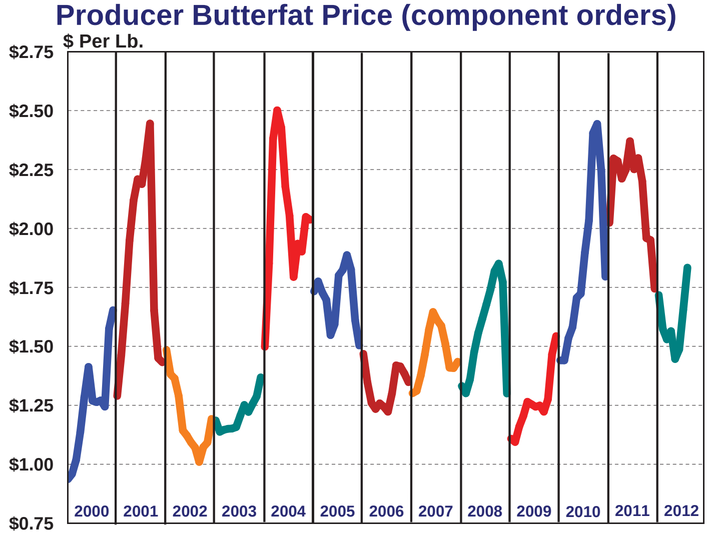
Federal Order Class III Price



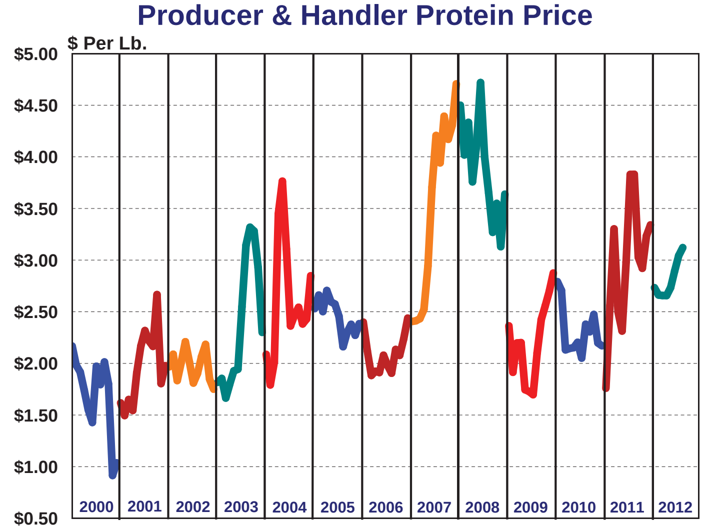
Federal Order Class IV Price



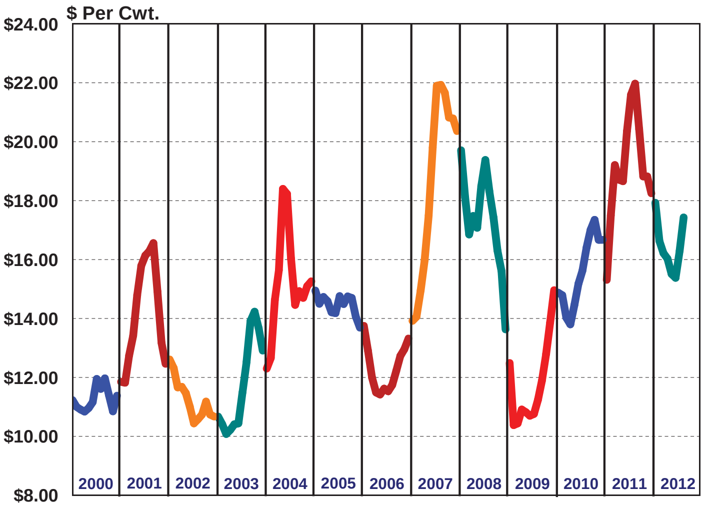
Producer Butterfat Price (component orders)



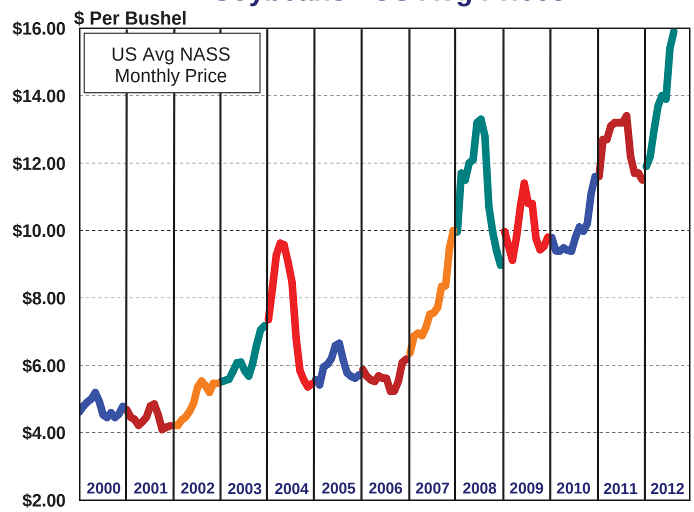
Producer & Handler Protein Price



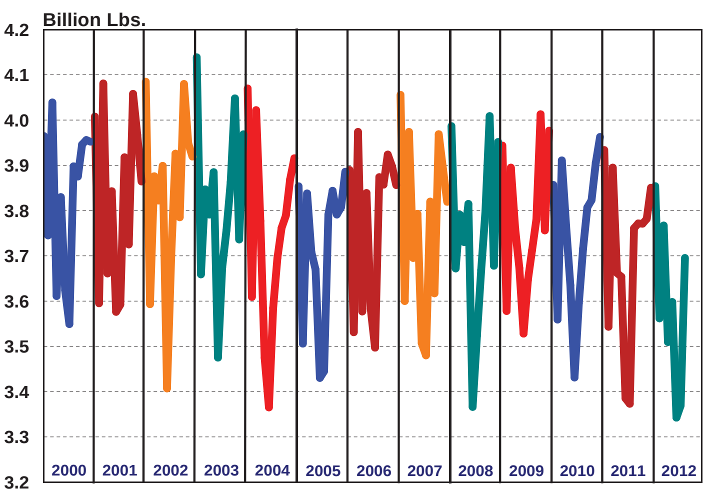
Central Federal Order Statistical Blend Price



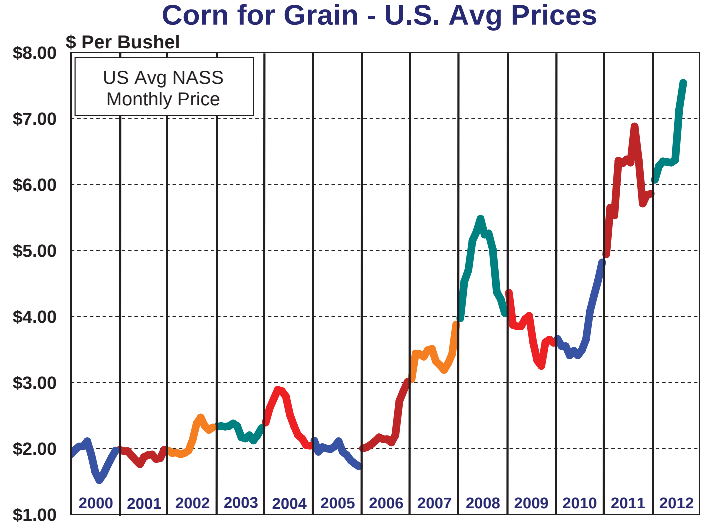
Soybeans - US Avg Prices



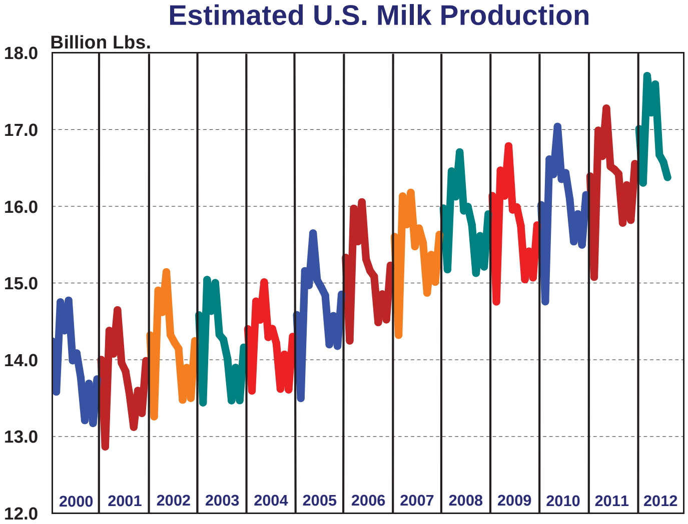
Class I Producer Receipts (All Federal Milk Orders)



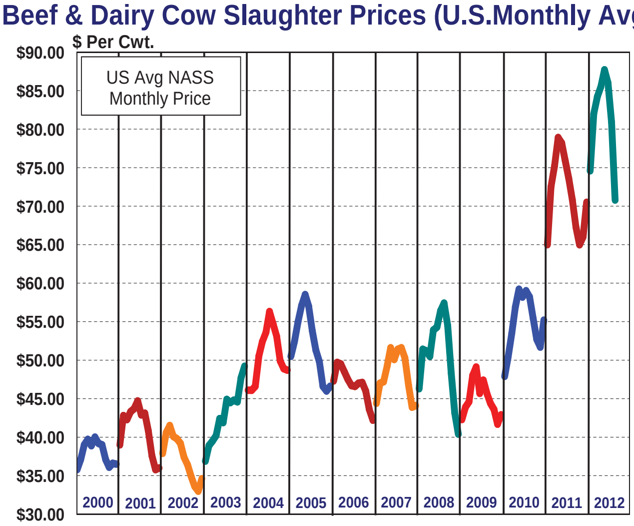
Corn for Grain - U.S. Avg Prices



Estimated U.S. Milk Production



Beef & Dairy Cow Slaughter Prices (U.S.Monthly Avg.)



	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Aug '12	Jul '12	Aug '12	Jul '12	Aug '12	Jul '12
Northeast	18.40	17.26	0.67	0.58	39.65	37.29
Appalachian	19.32	18.04	-----	-----	72.49	68.54
Florida	21.46	20.20	-----	-----	86.67	83.12
Southeast	19.95	18.64	-----	-----	75.09	69.79
Upper Midwest	17.69	16.66	-0.04	-0.02	14.50	13.25
Central	**17.43**	**16.29**	**-0.30**	**-0.39**	**47.17**	**41.65**
Mideast	17.47	16.39	-0.26	-0.29	40.02	37.52
Pacific Northwest	17.13	15.94	-0.60	-0.74	43.41	39.63
Southwest	18.54	17.19	0.81	0.51	64.12	57.32
Arizona	17.69	16.29	-----	-----	37.46	31.59

USDA United States Department of Agriculture

FEDERAL MILK MARKET ADMINISTRATOR
P.O. BOX 14650
SHAWNEE MISSION, KANSAS 66285-4650

Website: www.fmmacentral.com
E-mail: market.administrator@fmmacentral.com
Phone: 913-495-9300

FIRST CLASS
U.S. POSTAGE
PAID
SHAWNEE MISSION, KS
PERMIT NO. 377

FIRST CLASS