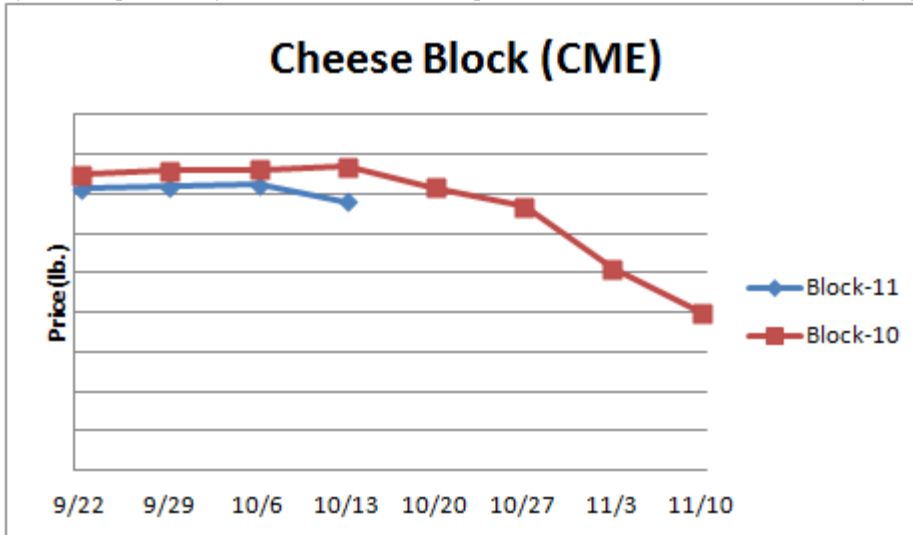


Dairy Report

Dairy- CME cheese block and barrel markets have displayed healthy trade volumes since last week. This could be a sign that cheese buyers and sellers are establishing a new price area where supply and demand is in balance. This comes after near record high cheese prices experienced this summer. Still, global cheese markets are weakening which could be bearish for US cheese prices. History suggests that the butter market could be supported in the coming weeks by a rise in pre-holiday demand. However, the upside market risk in butter from here may only be modest.



	<u>Market Trend</u>	<u>Supplies</u>	<u>Price vs. Last Year</u>
Cheese Barrels- CME	Increasing	Good	Lower
Cheese 40 lb Blocks- CME	Decreasing	Good	Lower
American Cheese	Increasing	Good	Higher
Cheddar Cheese	Increasing	Good	Higher
Mozzarella Cheese	Increasing	Good	Lower
Provolone Cheese	Increasing	Good	Lower
Parmesan Cheese	Increasing	Good	Lower
Butter- One lb Solids	Increasing	Good	Lower
Nonfat Dry Milk	Decreasing	Good	Higher
Whey, Dry	Increasing	Good	Higher
Class I Milk Base	Steady	Good	Higher
Class II Cream (Heavy Cream)	Increasing	Good	Lower
Class III Milk- CME	Decreasing	Good	Higher
Class IV Milk- CME	Increasing	Good	Higher

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