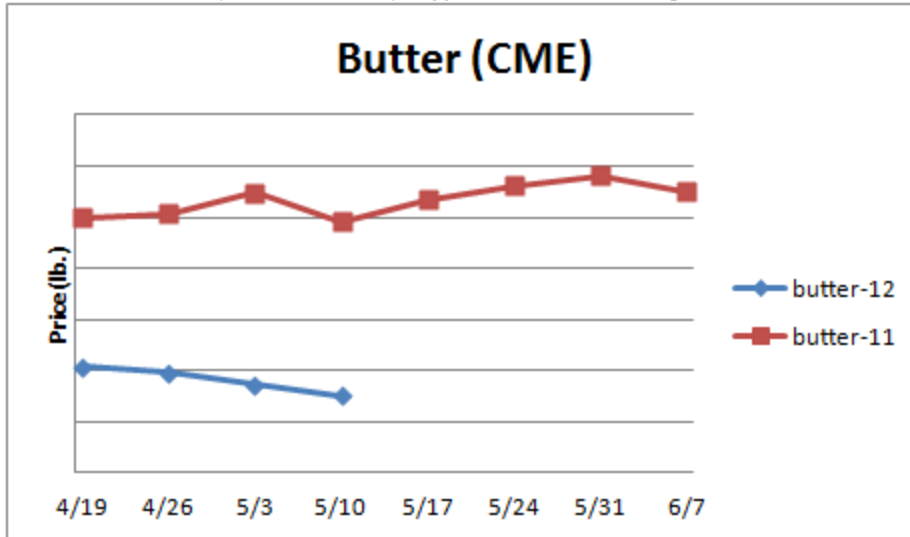


# Dairy Report

**Dairy**- Milk output has been running at record levels in recent months. This has kept milk prices depressed and has encouraged cheese and butter production. Look for milk output gains versus last year to recede this summer if dairy farmer margins remain poor. The CME cheese markets are moving lower which is counter seasonal. The cheese markets may find support soon. The butter market has yet to establish a seasonal bottom and is trading at price levels not seen since February '10. Still, history suggests that the downside price risk for butter from here is likely limited.



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

Market Report provided by American Restaurant Association-  
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