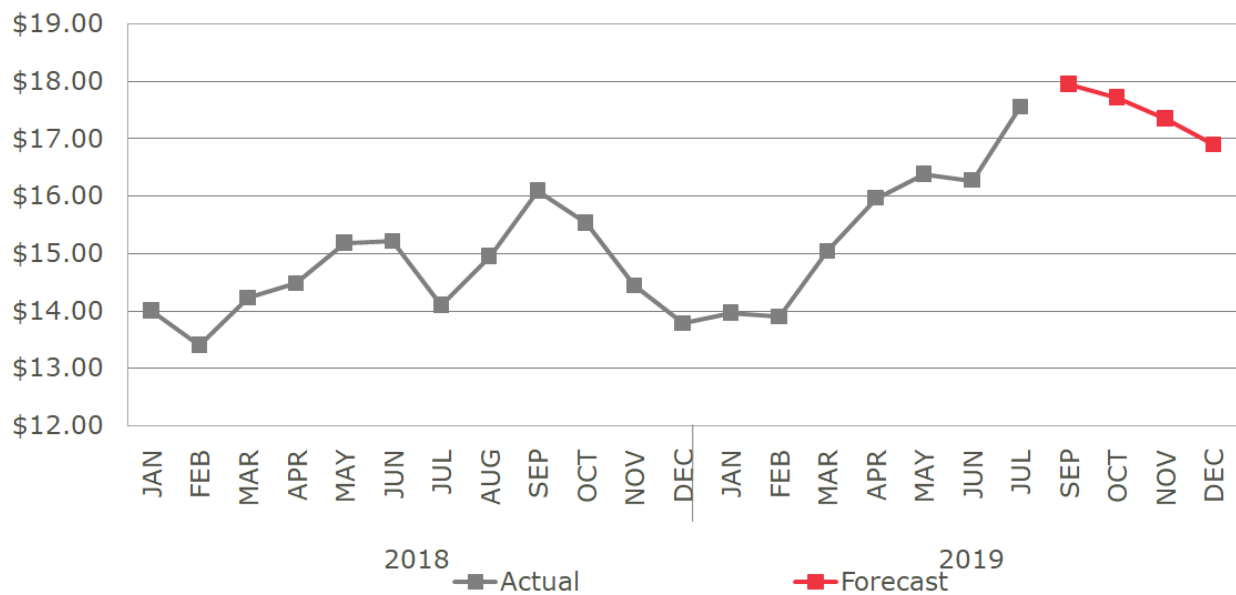


Current Milk News

October Class III futures finished 6 cents higher for the week. The deferred futures months are trading as low as \$16.20 in the February and March contracts. This is \$1.50 less than October. The question is will we see some strength in those spring months or are anticipating lower prices for milk after the first of the year? When we look at those deferred months at the current levels it doesn't look very good but we don't need the market to trade and lower than that. Look for your opportunities to hedge at least some of your production using price insurance or the futures market. Remember you are trying to manage your price risk. Production in the mountain states was higher this past week. The demand for Class I was lower and spot prices were steady to higher. The Midwest saw demand strengthen with production lower.

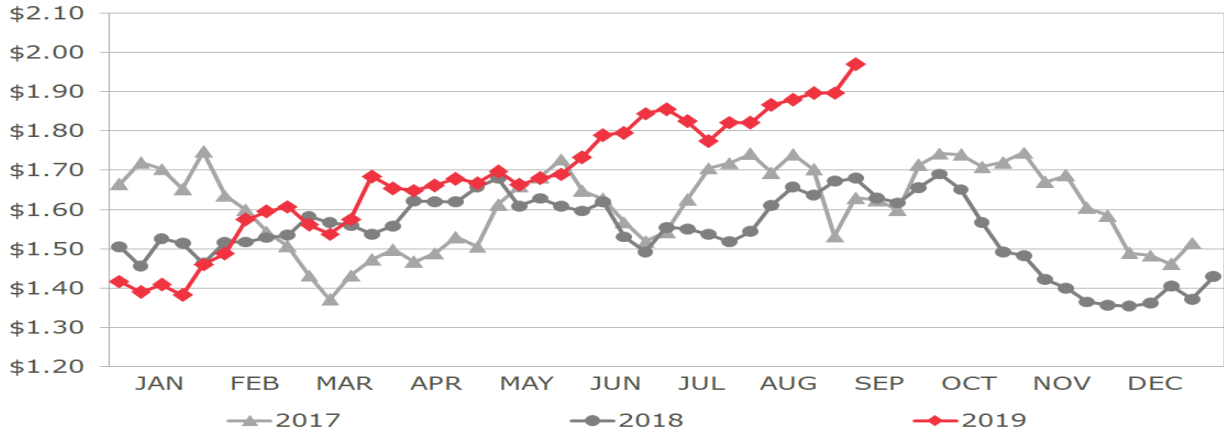
Class III Actual and Futures



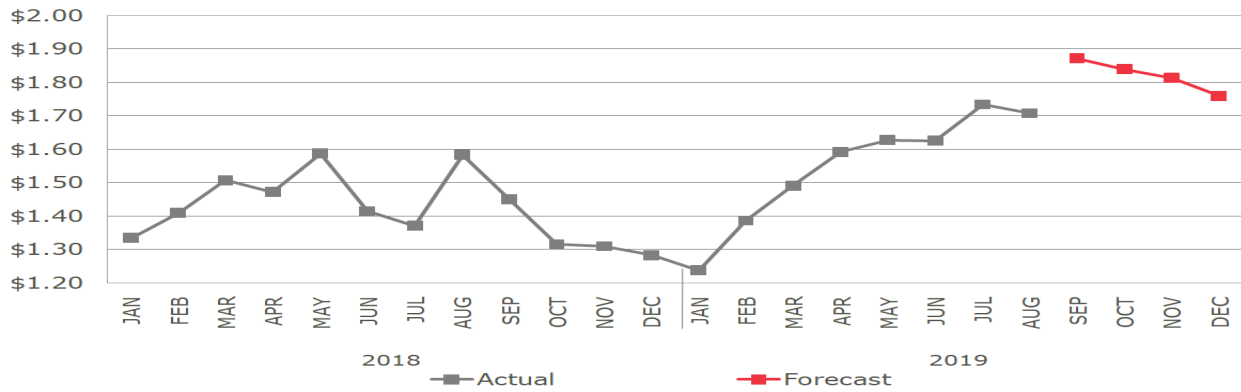
Current Cheese News

Both Blocks and Barrels traded higher this past week. Production in the Western US was higher along with the demand while inventories moved lower moving the spot prices higher. In the Midwest we saw production and demand remain steady along with the prices for the week.

Average Weekly Block Price



Barrel Cheese Actual and Futures



Weekly Dairy Cow Slaughter

