The Market Administrator's Report

Pacific Northwest & Arizona Marketing Areas

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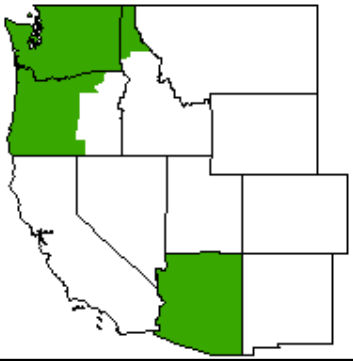

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August 2006

MARKET SUMMARIES FOR JULY 2006

Comparisons to a year ago can be found in the tables on pages 6 and 7.

Pacific Northwest

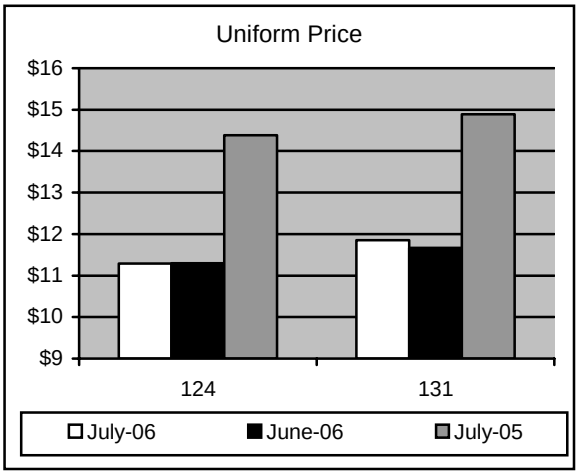
Producers delivered a total of 707.2 million pounds of milk to the market during July. Daily deliveries averaged 22.8 million pounds, up 3.3 percent from June. An estimated 824 producers delivered milk to the market during the month. Daily deliveries per producer averaged 27,687 pounds, up 2.9 percent from June.

Class I producer milk during July totaled 171.4 million pounds, 24.2 percent of total producer receipts. Daily usage averaged 5.5 million pounds, down 10.2 percent from June.

Arizona

Producers delivered a total of 276.3 million pounds of milk to the market during July. Daily deliveries averaged 8.9 million pounds, down 12.6 percent from June. An estimated 97 producers delivered milk to the market during the month. Daily deliveries per producer averaged 91,897 pounds, down 12.6 percent from June.

Class I producer milk during July totaled 104.7 million pounds, 37.9 percent of total producer receipts. Daily usage averaged 3.4 million pounds, down 5.2 percent from June. ♦



Federal Order Producer Prices and Component Levels: July 2006

Producer Prices	FO124	FO131	Component Levels (%)	FO124	FO131
Uniform Price 1/*	11.29	11.85	Butterfat	3.592	3.515
Butterfat 2/	1.2228	1.2350	Protein	2.989	N/A
Protein 2/	1.9807	N/A	Other Solids	5.694	N/A
Other Solids 2/	0.1257	N/A	Nonfat Solids	8.683	N/A
PPD 1/*	0.37	N/A			
Skim 1/	N/A	7.80			

N/A = not applicable. * Subject to applicable location adjustments. 1/ $ per cwt. 2/ $ per pound.

JULY 2006 CLASS PRICES

July 2006 non-advanced Class Prices were calculated using NASS commodity price surveys from July 1, 8, 15, 22, and 29, 2006. Component prices for the month are $1.9807 per pound of protein, $1.2228 per pound of butterfat, $0.1257 per pound of other solids, and $0.6831 per pound of nonfat solids.

July 2006 Class III and IV prices at 3.5% butterfat are $10.92 and $10.21 per hundredweight, respectively. The July Class III price compared to June is down $0.37. The Class III price is $3.43 lower than July 2005. The Class III price at 3.67% butterfat is $1.22 above the support price of $9.90 at 3.67% butterfat.

Class II butterfat was announced at $1.2298 per pound. Class I skim and butterfat and Class II skim prices for July 2006 were announced on June 23, 2006. The Class II price at 3.5% butterfat is $10.83 for July 2006.

FINAL: NASS COMMODITY PRICES

	June	July	Change
Cheese*	$1.2166	$1.1793	-$0.0373
Butter	$1.1513	$1.1340	-$0.0173
Nonfat Dry Milk	$0.8221	$0.8300	$0.0079
Whey	$0.2808	$0.2810	$0.0002

* The weighted average of barrels plus 3 cents and blocks.

Current Commodity Prices - - The NASS survey of cheddar cheese prices showed a net increase in price received for 40-pound blocks and a net decrease for 500-pound barrels. The survey of 40-pound blocks showed a net increase of 0.37 cents between the July 15 and the August 12 surveys, to $1.1622 per pound. The survey of 500-pound barrels (**adjusted to 38% moisture**) showed a net decrease of 1.73 cents to $1.1492 per pound.

The NASS butter price showed an increase of 8.79 cents between the weeks ending July 15 and August 12 from $1.1267 per pound to $1.2146 per pound.

The NASS nonfat dry milk showed an increase of 1.70 cent since mid-July to $0.8475 per pound. The average price for NASS whey showed a net increase of 1.66 cent since mid-July to $0.2974 per pound. ♦

SEPTEMBER'S CLASS I PRICE ANNOUNCEMENT

On August 18, the September 2006 Class I price was announced at $12.75 for the Pacific Northwest Order and $13.20 for the Arizona Order. The Class I price was calculated using NASS commodity price surveys from the weeks of August 5 and 12.

The September Class III and IV advance skim prices are $6.64 and $6.29 per hundredweight, respectively. The butterfat portion of the Class I mover increased 5.49 cents from $1.2154 to $1.2703 per pound.

The September 2006 Class II skim and nonfat solids prices were also announced on August 18. The skim price is $6.99 per hundredweight, and the nonfat solids price is $0.7767 per pound for all Federal orders. ♦

ADVANCED: NASS COMMODITY PRICES FOR CLASS I PRICE CALCULATIONS

	August	September	Change
Cheese*	$1.1858	$1.1633	-$0.0225
Butter	$1.1278	$1.1736	$0.0458
Nonfat Dry Milk	$0.8268	$0.8463	$0.0195
Whey	$0.2796	$0.2925	$0.0129

* The weighted average of barrels plus 3 cents and blocks.

WORLD DAIRY SITUATION AND OUTLOOK SUMMARY

The outlook for international dairy markets for the balance of 2006 continues to be fairly positive as demand continues to be driven by strong economic growth – over 6 percent forecast in developing countries and over 7 percent in Asian nations. This strong growth, particularly in developing regions, translates into rising disposable income accelerating expenditures not only for basic food products but also higher value added branded products. In the key China market, growth is expected to drop only slightly from the previous year but still near 10 percent. However, concerns remain over the persistence of high oil prices and the upward adjustment of interest rates in response to inflationary fears generated by these energy prices.

Global prices for the major dairy commodities, i.e., nonfat dry milk (NDM), whole milk powder

(WMP), and cheese experienced a mild decline but for the most part appear to be settling at relatively high levels. In contrast, butterfat markets remain unsettled as excess supplies in the EU have filled the limited intervention stores that offer a fixed support price. As a result, prices have been slipping in recent months and the EU has been raising export restitutions in order to stimulate butterfat exports and balance the domestic market.

The milk supply situation is forecast to remain stable with milk production in Oceania expected to increase by nearly 1 percent with gains in New Zealand being offset by a decline in Australian production. In the EU, milk output for 2006 is projected to be fractionally higher and aside from butterfat, the internal markets appear to be well balanced. The consumption of cheese and other dairy products continues to absorb excess supplies of milk and export restitutions for WMP, and cheese are low or have been eliminated in the case of NDM.

Dairy Production - The 2006 forecast for Australian milk production was adjusted down by 5 percent to 10.25 million tons reflecting the emergence of dry conditions in southeastern Australia during the latter half of the season. This impact has been particularly severe in the main producing state of Victoria where milk production in March and April is reported to have dropped relative to last year by 8.9 percent and 5.8 percent, respectively. The Australian Bureau of Meteorology noted that "Australia-wide, it was the fifth driest June from 107 years of records, whilst it was the driest on record for Western Australia and the third driest for Victoria." Consequently, total Australian milk output is now expected to decline by 2 percent from last year. In addition, the appreciation of the Australian dollar coupled with a drop in export prices is lowering profit margins and keeping financial pressure on dairy farmers. For the beginning of the next production season, the Australian Bureau of Meteorology is currently forecasting average temperatures and rainfall.

The 2006 New Zealand milk production forecast has been raised by 6 percent and total milk output is now expected to rebound by 3 percent over last year to reach 14.9 million tons. The 2005/06 season was marked by the onset of poor weather conditions during the peak milk production period that capped milk flows and led to a reduction in milk per cow yields. However, the expansion in cow numbers - up 3 percent from last year – resulted in near record milk output. For the next season, a modest gain in milk per cow productivity will likely boost milk output to levels that could well exceed the record of 15 million tons set in 2003/04. In fact, given that the herd size has grown by an average of 2.7 percent over the past 5 years it seems highly likely that New Zealand milk production will rise by 2 to 3 percent.

The 2006 EU milk production forecast is raised marginally but total milk production is slated to increase by less than half a percent over last year despite higher milk quota limits. Under the 2003 Common Agricultural Policy (CAP) reforms the ceilings on 2006 production quotas for 11 EU members are raised by 0.5 percent. However, due to fears over excess supplies and low prices in such countries as the U.K., France, and Germany, the extra quota is unlikely to be exploited. Consequently, most of the reported increase in milk production is due to the greater flow of fluid milk to the processing industry in the new member states. Most of the additional milk that is being made available from greater production is being absorbed by the cheese industry which is expected to expand output by 1 percent. In contrast, the NDM and butter production is anticipated to decline while WMP output is stagnant.

Dairy Trade - The 2006 forecast for cheese trade in selected countries has been revised down by 4 percent since the December 2005 forecast due to lower export projections for the EU and Oceania. In New Zealand, cheese production is virtually unchanged and exports of cheese are expected to remain flat from 2005. Most of the additional milk flows are being channeled into the production of WMP and butterfat. However, Australian exports of cheese are now expected to fall significantly by 14 percent from 2005, reflecting lower milk production and lower export returns for cheese. In the EU, the cheese export forecast has also been lowered by 4 percent to 480,000 tons which is a 2 percent decline from 2005. This comes despite an expected rise in domestic production and is indicative of growing domestic consumption for cheese and increased competition in international markets.

Although U.S. cheese exports are relatively minor in world trade, higher world prices have boosted exports of U.S. cheese which are expected to jump by 21 percent over 2005 to reach a record 70,000 tons. Exports to Mexico have been particularly strong and year-to-date data through May 2006 indicates that relative to last year's pace, U.S. shipments to Mexico are up 57 percent. The other major markets are Canada, Japan, and Korea.

U.S. imports of cheese for 2006 were originally expected to grow above last year; however, imports are currently trailing last year's rate largely as a result of low domestic prices. Consequently, U.S. imports of cheese for 2006 are now anticipated to decline by 11 percent to 187,000 tons. The global situation for butterfat has changed significantly particularly with respect to the EU where the export picture has deteriorated substantially. Originally the EU was expected to ship volumes similar to last year; however, strong export competition has led to a 22 percent downward revision in the 2006 export forecast. This was particularly evident in sales to Russia which suffered due to strong competition from the Ukraine. EU exports of butterfat are now forecast to drop by 18 percent this year to 280,000 tons. As a result, domestic prices have declined and producers have filled intervention stores up to the 50,000-ton limit for a guaranteed price (i.e., 92 percent of €2,824.4/ton or $3,530/ton). Further EU intervention purchases have taken place but under a tender system which offers lower than the buy-in price. Starting July 1, 2006, the intervention price of butter drops by 8 percent to €2,595.2/ton ($3,244/ton) and will be limited to 40,000 tons in 2007. Additional, purchases may take place at the discretion of the EU Commission.

In Oceania, the 2006 butter export forecast for New Zealand was raised by 21 percent due to increased milk flows which in turn led to higher butterfat production. Butter exports for 2006 are now estimated to grow by 17 percent over 2005 but will still remain below the peak levels of 2003 and 2004.

The 2006 forecast in NDM exports in selected countries was raised by 4 percent in expectation of higher than anticipated exports from Oceania. Nevertheless, this is only a small increase from 2005 – 2 percent – and is well below the average of 2003 and 2004 when NDM trade was 100,000 tons higher. This suggests that global markets will likely remain well balanced for the remainder of the year. The U.S. export forecast remains unchanged and reflects the slower pace of shipments through May 2006 which were down 22 percent compared to the same period last year.

In terms of WMP there have been no significant changes in the export outlook with exports among selected countries expected to be 3 percent lower than forecast but still 4 percent above 2005 exports. For Oceania, the 2006 projection has been decreased marginally – less than 1 percent – but still represents an increase of 54,000 tons in comparison to 2005. In contrast, EU shipments in 2006 are expected to be lower than in 2005. The EU appears to have adopted a conservative posture by not increasing export restitutions in order to match lower global prices and competition from Oceania.

World Dairy Prices - International dairy prices for cheese and WMP have been sliding for the past 6-12 months but appear to be stabilizing above $2,000/ton FOB N. Europe. This is likely to remain the case for the balance of the year as economic conditions favor continued growth in demand for dairy products and supplies are relatively well balanced. The milk production season in Oceania is completed and new season dairy product shipments will probably not start to ramp up significantly until October 2006. In the EU, the Commission has kept export restitutions for milk powder and cheese under tight control while the United States is not considered a major supplier of cheese and WMP. Consequently, there is unlikely to be any downward pressure on prices for the remainder of the year.

The butterfat outlook is for a continued slide in prices as the EU attempts to deal with surplus supplies by raising export restitutions. Since the beginning of the year export refunds for butter have been increased by 8 percent to the current €995/ton ($1,245/ton). However, the volume of excess supplies is not substantial since EU private and public stocks for July total around 216,000 tons which is well below the past 5-year average of 277,000 tons. Further, EU butter stocks tend to reach their maximum level in August and September and are subsequently drawn down as domestic production declines until the following spring. Consequently, world butterfat prices will probably start to stabilize in early fall.

The extreme range for NDM prices reflects at one end the globally competitive price of U.S. NDM trading at around $2,000/mt FOB and at the other extreme, the price of EU NDM. At present, the EU domestic market looks set to remain balanced for the remainder of the year and there are no intervention stocks of NDM. In fact, the EU has terminated export restitutions and given that internal prices have been strengthening, EU exports of NDM are likely to be limited for the foreseeable future. Consequently, this leaves the United States as the major global supplier. Since the U.S. CCC support price is at $1,764/ton (ex-plant) this effectively sets a price floor for world prices for the balance of the year. ♦

SOURCE: "Dairy: World Markets and Trade", Circular Series, FD 1-06, July 2006, Foreign Agricultural Service, USDA. For more information contact Paul Kiendl (Analysis) at (202) 720-8870 and Barbara Wolff (Marketing) at (202) 720-7400. This summary has been condensed from the original; information pertaining to the U.S. in the "Summary" and "Dairy Production" sections has been deleted.

UNITED STATES MILK PRODUCTION UP 1.5 PERCENT IN JULY 2006

Milk production for July 2006 was up 1.5 percent for the United States compared with July 2005. United States' milk production for July 2006 equaled 15,200 million pounds, 222 million pounds more than last July. The table to the right shows data for July 2006 for selected states with comparisons to year-ago levels.

Milk production in the 23 major states during July 2006 totaled 13,919 million pounds, up 1.5 percent from production in these same states in July 2005.

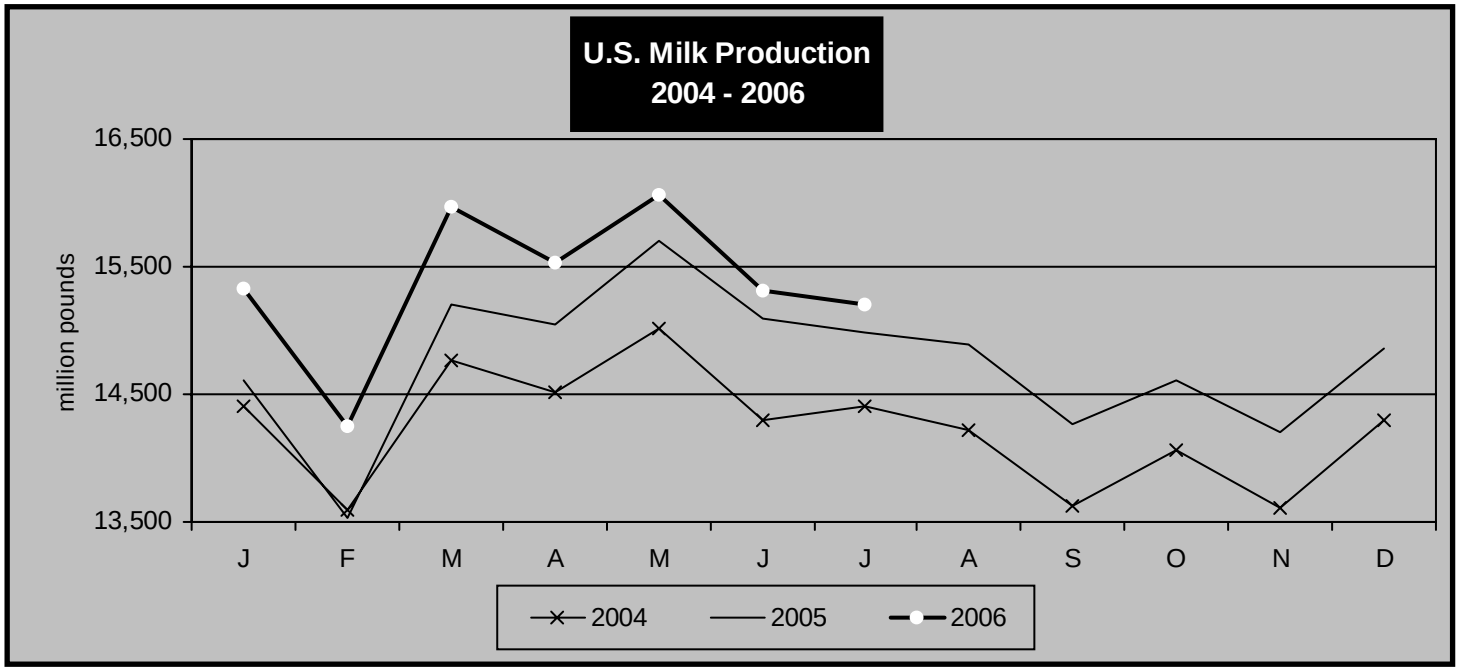
In ranking the order of contribution, New Mexico, Idaho, Texas, and Michigan were the primary sources of increases in milk production. New Mexico, Texas, Colorado, and Idaho showed the largest percentage increases. In a similar method of ranking, Washington, Missouri, and Kentucky showed the largest decreases in milk production from year-ago levels.

The increase in U.S. milk production can be attributed to both increased production per cow and increase in the number of cows. Milk per cow in July 2006 increased 8 pounds compared to July 2005, totaling 1,664 pounds. During the same time, the number of milk cows increased 81,000 head to 9,134,000 head. ♦

Milk Production
July 2005 - 2006

	2005	2006 1/	% Change
	- - million pounds - -		
Arizona	302	307	1.66%
California	3,126	3,117	-0.29%
Colorado	206	220	6.80%
Idaho	902	960	6.43%
Indiana	265	277	4.53%
Missouri	159	146	-8.18%
New Mexico	605	681	12.56%
New York	1,035	1,038	0.29%
Michigan	579	602	3.97%
Ohio	400	414	3.50%
Oregon	198	191	-3.54%
Pennsylvania	892	888	-0.45%
Texas	547	590	7.86%
Washington	486	465	-4.32%
Wisconsin	1,978	1,990	0.61%
23 Total	13,715	13,919	1.49%
US	14,978	15,200	1.48%

1/ July 2006 is preliminary.
Source: National Agricultural Statistics Service.



MONTHLY SELECTED STATISTICS

Minimum Class Prices (3.5% B.F.)	PACIFIC NORTHWEST Jul 2006	Jun 2006	Jul 2005	Jun 2005	ARIZONA 2/ Jul 2006	Jun 2006	Jul 2005	Jun 2005
Class I Milk ($/cwt.)	$13.24	$12.65	$15.79	$15.52	$13.69	$13.10	$16.24	$15.97
Class II Milk ($/cwt.)	10.83	11.00	13.79	13.06	10.83	11.00	13.79	13.06
Class III Milk ($/cwt.)	10.92	11.29	14.35	13.92	10.92	11.29	14.35	13.92
Class IV Milk ($/cwt.)	10.21	10.22	13.17	12.33	10.21	10.22	13.17	12.33
Producer Prices								
Producer Price Differential ($/cwt.)	$ 0.37	$ 0.01	$ 0.03	$(0.11)	+	+	+	+
Butterfat ($/pound)	1.2228	1.2436	1.8007	1.5932	+	+	+	+
Protein ($/pound)	1.9807	2.0790	2.4558	2.5741	+	+	+	+
Other Solids ($/pound)	0.1257	0.1255	0.1240	0.1139	+	+	+	+
Uniform Skim Price ($/cwt.)	+	+	+	+	7.80	7.54	9.03	8.94
Uniform Butterfat Price ($/pound)	+	+	+	+	1.2350	1.2540	1.7648	1.5885
Statistical Uniform Price ($/cwt.)	$11.29	$11.30	$14.38	$13.81	$11.85	$11.67	$14.89	$14.19
Producer Data								
Number of Producers	824 *	821	881	851	97 *	97	86	87
Avg. Daily Production (lbs.)	27,687 *	26,897	24,641	23,854	91,897 *	105,126	90,650	95,621
Number of Handlers								
Pool Handlers	28	28	27	27	7	7	5	5
Producer-Handlers	6 *	6	9	9	1 *	1	3	3
Other Plants w/ Class I Use	23 *	23	21	21	22 *	22	28	29
Producer Milk Ratios								
Class I	24.24%	27.89%	24.71%	27.08%	37.91%	34.93%	32.15%	30.48%
Class II	6.10%	6.54%	6.69%	7.36%	9.03%	8.11%	12.35%	11.48%
Class III	31.37%	27.92%	27.11%	29.31%	35.31%	34.17%	40.30%	37.03%
Class IV	38.29%	37.65%	41.49%	36.25%	17.75%	22.79%	15.20%	21.01%

+ Not Applicable. * Preliminary.

MONTHLY SUPPLEMENTAL STATISTICS

Producer-Handler Data	Jun 2006	May 2006	Jun 2005	May 2005	Jun 2006	May 2006	Jun 2005	May 2005
Production	21,264,420	21,590,880	33,119,559	33,794,660	R	R	R	R
Class I Use	17,441,730	17,632,381	27,995,157	26,989,780	R	R	R	R
% Class I Use	82.02%	81.67%	84.53%	79.86%	R	R	R	R
Class I Route Disposition In Area								
By Pool Plants	164,240,021	172,959,252	148,172,565	156,390,962	90,479,325	98,466,898	69,316,016	73,956,954
By Producer-Handlers	7,839,310	8,417,105	20,205,057	20,712,589	1/	1/	1/	1/
By Other Plants	3,455,142 *	3,778,352	1,986,545	2,742,834	4,210,607 *	5,451,664	27,045,452	27,667,539
Total	175,534,473	185,154,709	170,364,167	179,846,385	94,689,932	103,918,562	96,361,468	101,624,493

* Preliminary. R = Restricted. Not included. 1/ Restricted. Included with other plants. 2/ Due to the implementation of the Milk Regulatory Equity Act of 2005, the name of Federal Order 131 changed from the "Arizona-Las Vegas Order" to the "Arizona Order" and Clark County, Nevada, was removed from the marketing area effective May 1, 2006.

MONTHLY STATISTICAL SUMMARY

(Product pounds based upon reports of handlers)

RECEIPTS, UTILIZATION AND CLASSIFICATION OF MILK		PACIFIC NORTHWEST				ARIZONA 2/			
		Jul 2006	Jun 2006	Jul 2005	Jun 2005	Jul 2006	Jun 2006	Jul 2005	Jun 2005
TOTAL PRODUCER MILK		707,227,782	662,476,437	672,974,312	608,985,825	276,335,324	305,917,685	241,673,512	249,570,451
RECEIPTS FROM OTHER SOURCES		20,171,198	20,101,353	23,906,829	26,708,409	21,906,479	24,409,686	52,520,951	54,614,114
OPENING INVENTORY		30,654,796	31,598,267	31,599,533	32,997,900	17,725,144	20,206,976	14,464,760	12,589,069
TOTAL TO BE ACCOUNTED FOR		758,053,776	714,176,057	728,480,674	668,692,134	315,966,947	350,534,347	308,659,223	316,773,634
UTILIZATION OF RECEIPTS									
Whole milk		32,910,072	32,659,694	29,351,493	28,874,997	29,985,023	28,527,583	19,785,553	18,380,642
Flavored milk & milk drinks		5,954,171	9,828,145	7,429,913	8,585,347	2,811,854	3,345,341	2,599,650	2,852,063
2% milk		66,245,871	67,220,937	64,176,008	61,780,823	36,279,190	30,544,361	31,293,581	28,908,649
1% milk		24,237,916	25,465,519	21,221,438	22,509,724	11,286,514	11,384,418	9,678,938	9,290,442
Skim milk		26,765,636	27,667,244	25,410,044	25,098,545	12,169,007	16,249,964	10,235,740	9,454,621
Buttermilk		1,480,747	1,398,482	1,333,553	1,323,129	441,913	427,658	422,694	429,599
CLASS I ROUTE DISP. IN AREA		157,594,413	164,240,021	148,922,449	148,172,565	92,973,501	90,479,325	74,016,156	69,316,016
Class I dispositions out of area		12,621,791	16,279,169	14,687,880	14,552,278	14,160,786	14,125,804	4,800,563	4,629,469
Other Class I usage		18,278,225	20,961,357	18,556,498	19,750,862	8,304,047	11,141,448	7,430,175	8,977,389
TOTAL CLASS I USE		188,494,429	201,480,547	182,166,827	182,475,705	115,438,334	115,746,577	86,246,894	82,922,874
TOTAL CLASS II USE		48,078,728	52,403,728	51,625,156	51,546,058	25,945,657	26,131,693	30,980,839	29,770,545
TOTAL CLASS III USE		229,469,076	185,621,824	194,382,809	186,514,337	98,718,275	105,091,660	98,722,621	94,070,958
TOTAL CLASS IV USE		292,011,543	274,669,958	300,305,882	248,156,034	75,864,681	103,564,417	92,708,869	110,009,257
TOTAL ACCOUNTED FOR		758,053,776	714,176,057	728,480,674	668,692,134	315,966,947	350,534,347	308,659,223	316,773,634
CLASSIFICATION OF RECEIPTS									
Producer milk:	Class I	171,442,820	184,796,123	166,318,462	164,894,204	104,721,239	106,854,165	77,684,634	76,045,796
	Class II	43,141,992	43,315,203	44,997,354	44,827,079	24,966,422	24,799,447	29,857,918	28,662,312
	Class III	221,845,328	184,931,159	182,469,620	178,479,533	97,584,890	104,538,703	97,385,647	92,419,947
	Class IV	270,797,642	249,433,952	279,188,876	220,785,009	49,062,773	69,725,370	36,745,313	52,442,396
Other receipts:	Class I	17,051,609	16,684,424	15,848,365	17,581,501	39,631,623	44,616,662	66,985,711	67,203,183
	Class II	4,936,736	9,088,525	6,627,802	6,718,979	1/	1/	1/	1/
	Class III	7,623,748	690,665	11,913,189	8,034,804	1/	1/	1/	1/
	Class IV	21,213,901	25,236,006	21,117,006	27,371,025	1/	1/	1/	1/
Avg. daily producer receipts		22,813,799	22,082,548	21,708,849	20,299,528	8,914,043	10,197,256	7,795,920	8,319,015
Change From Previous Year		5.09%	8.78%	3.85%	2.58%	14.34%	22.58%	5.78%	3.52%
Avg. daily Class I use		6,080,465	6,716,018	5,876,349	6,082,524	3,723,817	3,858,219	2,782,158	2,764,096
Change From Previous Year		3.47%	10.41%	-3.24%	-0.34%	33.85%	39.58%	8.31%	6.43%

1/ Restricted - Included with Class I. 2/ Due to the implementation of the Milk Regulatory Equity Act of 2005, the name of Federal Order 131 changed from the "Arizona-Las Vegas Order" to the "Arizona Order" and Clark County, Nevada, was removed from the marketing area effective May 1, 2006.

HIGHLIGHTS THIS ISSUE:

ECONOMIC RESEARCH SERVICE: DAIRY BACKGROUNDER

The following is the abstract of a recent study done by the USDA Economic Research Services. A compete report is available at http://www.ers.usda.gov/Publications/LDP/2006/07Jul/LDPM14501/.

Abstract

Over time, shifts in consumer demands, in the location and structure of milk production, in industry concentration, in international markets, and in trade agreements have dramatically altered the U.S. dairy industry and changed the context for dairy policies and the sector as a whole. In the future, the U.S. dairy industry is likely to become more fully integrated with international markets. At the same time, dairy products such as fluid milk, butter, and cheese are likely to continue to be increasingly used as ingredients for restaurants and in processed foods while still being sold in their traditional forms. ♦