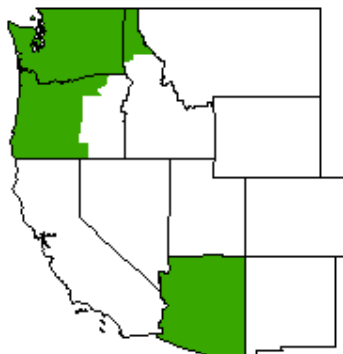


Pacific Northwest & Arizona Marketing Areas



1930 – 220th Street SE, Suite 102
 Bothell, Washington 98021-8471
 Phone (425) 487-6009
 Fax (425) 487-2775
 Homepage: fmmaseattle.com
 E-mail: fmmaseattle@fmmaseattle.com



10050 N 25th Avenue, Suite 302
 Phoenix, Arizona 85021-1664
 Phone (602) 547-2909
 Fax (602) 547-2906
 E-mail: ma@fmma.net

James R. Daugherty
 Market Administrator

November 2009

MARKET SUMMARIES FOR OCTOBER 2009

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

Pacific Northwest

Producers delivered a total of 654.8 million pounds of milk to the market during October. Daily deliveries averaged 21.1 million pounds, up 60.5 percent from September. An estimated 634 producers delivered milk to the market during the month. Comparisons to September 2009 are biased due to eligible milk not pooled. Daily deliveries per producer averaged 33,314 pounds, up 18.0 percent from September.

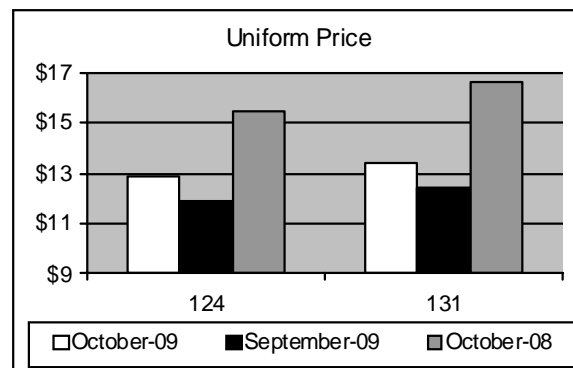
Class I producer milk during October totaled 202.3 million pounds, 30.9 percent of total producer receipts. Daily usage averaged 6.5 million pounds, up 1.0 percent from September.

Arizona

Producers delivered a total of 307.4 million pounds of milk to the market

during October. Daily deliveries averaged 9.9 million pounds, up 4.7 percent from September. An estimated 94 producers delivered milk to the market during the month. Daily deliveries per producer averaged 105,496 pounds, up 4.7 percent from September.

Class I producer milk during October totaled 123.8 million pounds, 40.3 percent of total producer receipts. Daily usage averaged 4.0 million pounds, down 0.5 percent from September. ♦



Federal Order Producer Prices and Component Levels: October 2009

Producer Prices	FO124	FO131	Component Levels (%)	FO124	FO131
Uniform Price 1/*	12.86	13.38	Butterfat	3.779	3.541
Butterfat 2/	1.2752	1.2667	Protein	3.219	N/A
Protein 2/	2.5584	N/A	Other Solids	5.694	N/A
Other Solids 2/	0.1228	N/A	Nonfat Solids	8.913	N/A
PPD 1/*	0.04	N/A			
Skim 1/	N/A	9.27			

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

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OCTOBER 2009 CLASS PRICES

October 2009 non-advanced Class Prices were calculated using NASS commodity price surveys from October 3, 10, 17, and 24, 2009. Component prices for the month are \$2.5584 per pound of protein, \$1.2752 per pound of butterfat, \$0.1228 per pound of other solids, and \$0.8506 per pound of nonfat solids.

October 2009 Class III and IV prices at 3.5% butterfat are \$12.82 and \$11.86 per hundredweight, respectively. The October Class III price compared to September is up \$0.71. The Class III price is \$4.24 lower than in October 2008.

Class II butterfat was announced at \$1.2822 per pound. Class I skim and butterfat and Class II skim prices for October 2009 were announced on September 18, 2009. The Class II price at 3.5% butterfat is \$11.93 for October 2009.

FINAL: NASS COMMODITY PRICES

	<u>September</u>	<u>October</u>	<u>Change</u>
Cheese*	\$1.3522	\$1.4110	\$0.0588
Butter	\$1.1811	\$1.2245	\$0.0434
Nonfat Dry Milk	\$0.9664	\$1.0270	\$0.0606
Whey	\$0.2979	\$0.3183	\$0.0204

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

Current Commodity Prices - - The NASS survey of cheddar cheese prices showed an increase in price received for 40-pound blocks and 500-pound barrels. The survey of 40-pound blocks showed an increase of 8.43 cents between the October 17 and the November 14 surveys, to \$1.5044 per pound. The survey of 500-pound barrels (**adjusted to 38% moisture**) showed an increase of 8.23 cents to \$1.5113 per pound.

The NASS butter price showed an increase of 17.95 cents between the weeks ending October 17 and November 14 from \$1.2209 per pound to \$1.4004 per pound.

The NASS nonfat dry milk showed a net increase of 6.55 cents since mid-October to \$1.1115 per pound. The average price for NASS whey showed an increase of 2.66 cents since mid-October to \$0.3468 per pound. ♦

DECEMBER'S CLASS I PRICE ANNOUNCEMENT

On November 20, the December 2009 Class I price was announced at \$15.89 for the Pacific Northwest Order and \$16.34 for the Arizona Order. The Class I price was calculated using NASS commodity price surveys from the weeks of November 7 and 14.

The December Class III and IV advance skim prices are \$9.31 and \$8.44 per hundredweight, respectively. The butterfat portion of the Class I mover increased 15.58 cents from \$1.2752 to \$1.4310 per pound.

The December 2009 Class II skim and nonfat solids prices were also announced on November 20. The skim price is \$9.14 per hundredweight, and the nonfat solids price is \$1.0156 pound for all Federal orders. ♦

ADVANCED: NASS COMMODITY PRICES FOR CLASS I PRICE CALCULATIONS

	<u>November</u>	<u>December</u>	<u>Change</u>
Cheese*	\$1.4155	\$1.5113	\$0.0958
Butter	\$1.2245	\$1.3532	\$0.1287
Nonfat Dry Milk	\$1.0299	\$1.1147	\$0.0848
Whey	\$0.3186	\$0.3452	\$0.0266

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

Continued from page 8

Excerpt from Organic Dairy Market Overview: Advertised prices for organic fluid milk in half gallon containers comprised virtually all advertising of organic milk and dairy products in weekly newspaper inserts. Even so, only about 35% of ads surveyed contained advertising for organic fluid milk or products, while all surveyed ads contained advertising for non-organic milk or dairy products. The range of prices for organic half gallons increased due to the bottom of the range falling 50 cents from 2 weeks ago, with the range now being \$2.49 to \$3.99.

Excerpt from Organic Dairy Retail Overview: COMPARISON OF RETAIL PRICES FOR WHOLE ORGANIC MILK, AVERAGE OF TWO OUTLETS, DOLLARS PER HALF GALLON, OCTOBER 2008 AND OCTOBER 2009: This comparison is derived from prices collected between October 1 and 10 (excluding Friday and weekends) in 1 outlet of each of the 2 largest food store chains in each of 30 cities or metropolitan areas. Prices increased from October 2008 to October 2009 in 9 cities,

decreased in 16 cities, and remained unchanged in 5 cities. There was no clear pattern of change or non-change between regions or states. The average for all cities was an 11 cent price decline, 2.3% for the year. However, the range for all cities ran from 49 cent increase in Cincinnati, +18.5%, to a 65 cent decline in Portland, -16.1%.

Excerpt from *Organic Dairy Fluid Overview*: Eastern organic milk producers and processors have been increasingly expressing concern with what they believe is a substantial volume of private label organic fluid milk moving from the West into the East. Part of the concern arises from what is viewed as scale of production variables existing between typical Eastern and Northeastern organic farms, and a number of organic dairy farms in the West. In recent weeks, there has been increasing vocalization of expectations that in the near future, significant actions by private entities will be announced that will affect organic milk processing in the East. Conversations concerning this situation have been characterized as “tumultuous.” ♦

ERS REPORT: CHARACTERISTICS, COSTS, AND ISSUES FOR ORGANIC DAIRY FARMING

Spurred by increased demand for organic milk, organic milk production has been one of the fastest growing segments of organic agriculture in the United States. Between 2000 and 2005, the number of certified organic milk cows on U.S. farms increased by an annual average of 25 percent, from 38,000 to more than 86,000. To meet the growing demand, the organic production sector has evolved much like the conventional sector. Along with primarily small, pasture-based organic operations located in the Northeast and Upper Midwest, larger organic operations, often located in the West, that use more conventional milk production technologies have increased in number. Economic incentives, driven largely by lower production costs, are behind much of this change. Proposed changes in USDA's National Organic Program (NOP), which develops, implements, and administers national production, handling, and labeling standards for organic agricultural products, seek to clarify and stiffen pasture requirements for organic certification and may determine how the organic production sector continues to evolve.

What Is the Issue?

Organic milk producers usually begin as conventional dairy operators who go through what can be a challenging and costly transition. To qualify for organic certification under the NOP, producers must make changes in animal husbandry, land and crop management, input sourcing, and certification paperwork, among others. In addition to these challenges, organic milk producers must now contend with the impact of a weaker U.S. economy on the demand for organic food products. By providing information about the characteristics, costs, and challenges faced by organic milk producers, this report provides a context for producers considering the organic approach, processors trying to supply an expanding organic milk market, and policymakers evaluating the economic implications of organic livestock production.

What Did the Study Find?

Economic forces may have pushed organic dairies to adapt their operations to be more like conventional dairies in terms of size, location, and the types of technologies used. The relative production costs for large and small organic dairies, organic dairies in the East and West, and organic dairies using pasture-based and conventional technologies are similar to those for conventional dairies.

Size and Costs of Organic Dairies. Farms producing organic milk most often have small dairy operations; 45 percent of organic dairies milk fewer than 50 cows, and 87 percent milk fewer than 100 cows. Large organic dairies with 200 cows or more are a small portion of the organic dairy population, but account for more than a third of organic milk production. Average operating costs are highest on the largest organic dairies, but total economic costs are nearly \$14 per hundredweight (cwt) less on the largest than on the smallest organic dairies because of lower capital and unpaid labor costs. The smallest operations use much more unpaid labor, accounting for most of this cost difference. Large organic dairies are much more likely to generate returns above capital and labor costs, suggesting that organic milk production will migrate toward larger operations, as has conventional production. Additional costs to comply with organic pasture requirements and for securing organic inputs in large volume may limit the cost advantages for larger organic dairies.

Region and Costs of Organic Dairies. More than 80 percent of U.S. organic dairies are located in the Northeast and Upper Midwest, but these

operations are small and less productive than those in the West. Organic dairies in the Northeast (averaging 53 cows) and Upper Midwest (64 cows) have far fewer cows on average than those in the West (381 cows), which produce more milk per cow on average (2,700 pounds more than in the Upper Midwest and 4,000 pounds more than in the Northeast). Average feed costs per cow are significantly less on organic dairies in the Northeast and Upper Midwest due to greater use of homegrown feed and pasture. Despite higher feed costs per cow and greater labor and capital use, organic dairies in the West have lower total economic costs per cwt of milk produced. This cost advantage is the result of economies of size and much higher productivity per cow that may be attributed to the technologies used on these operations.

Pasture Use and Costs of Organic Dairies. Almost two-thirds of organic dairies report that 50 percent of dairy forage comes from pasture, and a third indicate that 75 percent or more comes from pasture. Using pasture for dairy feed costs less than higher energy feed sources, and average feed costs per cow decline as more pasture is used for dairy forage. Organic dairies using the least pasture for dairy forage, however, have lower feed costs per cwt of milk than other organic dairies because average production per cow is more than 30 percent higher. Organic dairies that use conventional feeding methods, such as confining cows and feeding harvested forages, may generate higher returns to capital and labor than those using pasture-based feeding because of higher production and economies of size, and because pasture-based feeding requires more labor.

Comparing Organic and Conventional Dairies

- Organic dairies are smaller than conventional dairies (82 cows compared with 156 cows).
- Organic dairies produce about 30 percent less milk per cow than conventional dairies (13,601 pounds per organic cow compared with 18,983 pounds per conventional cow).
- Organic dairies are more often located in the Northeast and Upper Midwest than are conventional dairies (86 percent compared with 65 percent).
- Organic dairies use more pasture-based feeding, where more than 50 percent of dairy forage fed is from pasture during grazing months, than conventional dairies (63 percent compared with 18 percent).
- Organic dairies paid \$6.37 per cwt more than conventional dairies in operating and capital

costs, including transition costs, in 2005; the average price premium for organic milk was \$6.69 per cwt.

- Total economic costs of organic dairies in 2005 were \$7.65 per cwt higher than for conventional dairies, nearly \$1 per cwt higher than the average price premium for organic milk.
- Pasture-based organic dairies' total economic costs were about \$4 per cwt higher than conventional pasture-based dairies, much lower than the average price premium for organic milk in 2005.

Challenges of Organic Milk Production. Certification paperwork and compliance costs were reported by 40 percent of producers as the most challenging aspect of organic milk production, followed by finding new organic input sources (dairy replacement and feed), higher costs of production, and maintaining animal health. By contrast, the chief concern for large organic dairies seemed to be finding organic input sources, and the chief concern for dairies in the Northeast seemed to be production costs; certification paperwork was a lesser concern for pasture-based dairies and more educated operators.

How Was the Study Conducted?

This study used information from a 2005 survey of U.S. milk producers as part of USDA's annual Agricultural Resource Management Survey (ARMS) administered by its National Agricultural Statistics Service (NASS) and Economic Research Service (ERS). The survey targeted dairy operations in 24 States that accounted for more than 90 percent of national milk production and covered all major production areas. A subsample of the survey targeted organic dairies identified by major organic milk processors and certifiers. Surveyed organic milk producers were divided by size, region, and pasture use, and differences in characteristics and production costs of the groups were evaluated. Regression analysis, with a treatment-effect model, was used to measure the difference in production costs between organic and conventional dairies. Differences in production costs, along with estimates of organic transition costs, indicated the milk price premiums that make organic competitive with conventional milk production. ♦

Source: USDA Economic Research Service, November 2009. This article is based on ERR 82, *Characteristics, Costs, and Issues for Organic Dairy Farming, 2009*. Find the full report at: www.ers.usda.gov/publications/err82.

**DAIRY OUTLOOK:
REBOUNDED GLOBAL DEMAND COMBINES
WITH LOWER MILK PRODUCTION TO BOOST
PRICES IN 2010**

Dairy cow numbers are expected to continue to decline throughout 2010. The U.S. dairy cow herd is expected to average about 2 percent smaller in 2010 than 2009; this contraction comes on the heels of an expected 3-percent herd reduction in 2009 compared with 2008. Year-over-year milk per cow is expected to move toward trend level increases as a result of a gradually improving milk-feed price ratio. Corn prices fell in 2008/09 to average \$4.06 a bushel and are expected to moderate further to average \$3.25-\$3.85 a bushel in 2009/10. Soybean meal prices averaged \$331 a ton in 2008/09, but are forecast to decline this year to average \$250-\$310 a ton. Alfalfa prices are expected to decline in 2009 from 2008 and will likely remain moderate next year. The decline in feed prices combined with higher milk prices will improve the milk-feed profitability ratio, but not to a level that signals expansion. The improving returns outlook show support for rising yields per cow over the course of 2010, raising production per cow to 20,950 next year after increasing to a projected 20,570 in 2009. On balance, however, there will be less milk next year as production is forecast at 187.7 billion pounds, an 0.8-percent slide from the expected 189.1 billion pound production in 2009. Production in 2009 is forecast to decline from 2008 and will be the first decline since 2001.

Rebounding global demand is contributing to the improved price outlook. World demand, especially for butter and powder products, is improving the export outlook on both a fats and skims-solids basis. Total milk equivalent export on a fats basis is forecast to recover to 4.8 billion pounds in 2010 after contracting to 4 billion pounds in 2008; the climb is based mostly on improved butter and butter oil exports. On a skims-solids basis, exports are forecast to reach 25.5 billion pounds next year, a strong rebound from the 2009 projected 22.0 billion pound total. For comparison, skim-solids exports were 26.6 billion pounds in 2008, a year of high milk prices.

An improved outlook for economic recovery in the rest of the world, especially in Asia, combined with lower-than-forecast milk production from Oceania, form the basis for the robust export forecast. The European Union (EU) has ceased purchases of dairy products for intervention in light of increased demand both internally and externally,

but the EU has not released product that is in intervention. In the United States, net removals will become negative as dairy products, especially nonfat dry milk (NDM), move out of Government warehouses. Domestic commercial use is forecast to increase only slightly in 2010 on a fats basis and to remain virtually unchanged next year on a skims-solids basis.

Stocks for cheese, butter, and NDM remain above year-earlier levels, according to the latest *Cold Storage* report. In fact, stocks for cheese have been above both 2007 and 2008 levels all year. Despite high stocks, prices continue to strengthen, especially for butter and NDM. The improved demand outlook and the prospect of less milk next year will tighten stocks over the course of 2010, strengthening prices across the board. On a milk equivalent basis, ending stocks on both a fats and skims basis are projected to fall to their lowest since 2005 on a fats basis and 2004 on a skim-solids basis.

Prices are forecast higher next year for all major dairy products. Forecasts for season average prices call for prices to climb for all dairy products. The cheese price is expected to rise in 2010, but not by as much. Cheese prices are expected to average \$1.285 to \$1.295 per pound this year and \$1.600 to \$1.690 per pound in 2010. Butter prices should average \$1.200 to \$1.230 per pound in 2009, rising to average \$1.430 to \$1.550 next year. NDM prices are expected to average between 90.5 to 92.5 cents per pound and climb to \$1.195 to \$1.265 per pound in 2009. Whey prices, which declined sharply in 2008, are expected to average 25.0 to 26.0 cents per pound this year and rise to 34.0 to 37.0 cents in 2010. Rising product prices will have their expected impact on milk prices. Class III milk, which is expected to average \$11.20 to \$11.30 per cwt in 2009, is forecast to jump to \$14.95 to \$15.85 per cwt in 2010. Class IV milk prices are forecast to rise from an average \$10.75 to \$10.95 per cwt in 2009 to \$14.20 to \$15.20 per cwt in 2010. The all milk price, which is expected to average \$12.60 to 12.70 per cwt in 2009, is forecast to climb to \$16.05 to 16.95 per cwt in 2010. ♦

Source: "Livestock, Dairy, and Poultry Outlook", LDP-M-185, November 17, 2009, Economic Research Service, USDA. For more information, contact Roger Hoskin, (202) 694-5148.

MONTHLY SELECTED STATISTICS

	PACIFIC NORTHWEST				ARIZONA			
	Oct 2009	Sep 2009	Oct 2008	Sep 2008	Oct 2009	Sep 2009	Oct 2008	Sep 2008
Minimum Class Prices (3.5% B.F.)								
Class I Milk (\$/cwt.)	\$14.25	\$12.83	\$17.43	\$19.55	\$14.70	\$13.28	\$17.88	\$20.00
Class II Milk (\$/cwt.)	11.93	11.01	16.60	17.58	11.93	11.01	16.60	17.58
Class III Milk (\$/cwt.)	12.82	12.11	17.06	16.28	12.82	12.11	17.06	16.28
Class IV Milk (\$/cwt.)	11.86	11.15	13.62	15.45	11.86	11.15	13.62	15.45
Producer Prices								
Producer Price Differential (\$/cwt.)	\$ 0.04	\$(0.22)	\$(1.57)	\$ 0.79	+	+	+	+
Butterfat (\$/pound)	1.2752	1.2226	1.8507	1.8196	+	+	+	+
Protein (\$/pound)	2.5584	2.4243	3.5490	3.2689	+	+	+	+
Other Solids (\$/pound)	0.1228	0.1018	(0.0047)	0.0234	+	+	+	+
Uniform Skim Price (\$/cwt.)	+	+	+	+	9.27	8.32	10.54	11.74
Uniform Butterfat Price (\$/pound)	+	+	+	+	1.2667	1.2400	1.8350	1.8092
Statistical Uniform Price (\$/cwt.)	\$12.86	\$11.89	\$15.49	\$17.07	\$13.38	\$12.37	\$16.59	\$17.66
Producer Data								
Number of Producers	634 *	466	509	664	94 *	94	100	101
Avg. Daily Production (lbs.)	33,314 *	28,242	28,864	31,490	105,496 *	100,779	106,824	102,455
Producer Milk Ratios								
Class I	30.89%	49.14%	45.55%	30.10%	40.26%	42.38%	37.49%	38.07%
Class II	5.92%	10.07%	8.43%	6.88%	8.94%	11.68%	7.79%	6.27%
Class III	41.34%	9.35%	6.32%	31.43%	31.00%	36.77%	31.90%	33.06%
Class IV	21.85%	31.44%	39.70%	31.59%	19.80%	9.17%	22.82%	22.60%

+ Not Applicable. * Preliminary.

MONTHLY SUPPLEMENTAL STATISTICS

	Sep 2009	Aug 2009	Sep 2008	Aug 2008	Sep 2009	Aug 2009	Sep 2008	Aug 2008
Number of Handlers								
Pool Handlers	25	27	27	27	7	7	7	7
<i>Distributing Plants</i>	15	15	15	15	5	5	5	5
<i>Supply Plants 2/</i>	5	7	7	7	1	1	1	1
<i>Cooperatives</i>	5	5	5	5	1	1	1	1
Producer-Handlers	5	5	6	6	0	0	1	1
Other Plants w/ Class I Use	26	24	21	23	26	26	22	24
Class I Route Disposition In Area								
By Pool Plants	174,338,582	166,038,340	168,524,387	166,523,196	95,670,139	97,740,376	94,285,075	94,770,197
By Producer-Handlers	7,265,688	6,778,376	7,222,020	6,766,842	0	0	1/	1/
By Other Plants	8,120,017 *	7,630,776	6,567,316	7,317,658	5,352,015 *	4,930,341	4,572,848	5,825,297
Total	189,724,287	180,447,492	182,313,723	180,607,696	101,022,154	102,670,717	98,857,923	100,595,494
Producer-Handler Data								
% Class I Use	85.33%	87.33%	85.00%	80.86%	0.00%	0.00%	R	R
% of Total In-Area Route Dispositions	3.83%	3.76%	3.96%	3.75%	0.00%	0.00%	R	R

* Preliminary. R = Restricted. Not included. 1/ Restricted. Included with other plants. 2/ Includes Cooperative Pool Manufacturing Plants

MONTHLY STATISTICAL SUMMARY

(Product pounds based upon reports of handlers)

RECEIPTS, UTILIZATION AND CLASSIFICATION OF MILK	PACIFIC NORTHWEST				ARIZONA				
	Oct 2009	Sep 2009	Oct 2008	Sep 2008	Oct 2009	Sep 2009	Oct 2008	Sep 2008	
TOTAL PRODUCER MILK	654,760,499	394,817,936	455,446,820	627,276,528	307,415,531	284,196,451	331,155,824	310,438,226	
RECEIPTS FROM OTHER SOURCES	11,945,341	20,971,444	22,845,103	36,792,429	4,279,030	4,996,655	5,101,535	3,758,891	
OPENING INVENTORY	35,904,444	28,890,595	26,486,327	30,798,927	22,061,119	18,478,096	21,368,379	22,343,268	
TOTAL TO BE ACCOUNTED FOR	702,610,284	444,679,975	504,778,250	694,867,884	333,755,680	307,671,202	357,625,738	336,540,385	
UTILIZATION OF RECEIPTS									
Whole milk	34,414,590	33,188,500	33,009,909	31,517,386	25,246,267	24,140,370	25,494,644	24,067,800	
Flavored milk & milk drinks	16,724,727	13,969,342	16,135,096	13,977,467	6,996,652	6,692,557	7,205,428	6,555,571	
2% milk	73,402,681	69,930,563	71,700,844	67,407,151	38,069,944	36,489,303	38,267,920	36,659,303	
1% milk	28,750,336	27,449,085	28,080,015	26,584,127	16,154,576	15,309,521	15,028,879	13,766,722	
Skim milk	29,262,138	28,456,758	29,223,753	27,623,213	13,503,446	12,656,741	12,473,275	12,785,146	
Buttermilk	1,370,074	1,344,334	1,405,249	1,415,043	3/	381,647	467,368	450,533	
CLASS I ROUTE DISP. IN AREA. . .	183,924,546	174,338,582	179,554,866	168,524,387	99,970,885	95,670,139	98,937,514	94,285,075	
Class I dispositions out of area . . .	17,795,880	16,551,510	20,316,726	16,588,554	23,832,663	22,152,984	22,628,623	22,696,838	
Other Class I usage	18,922,646	18,859,243	24,040,826	17,117,463	13,574,617	14,327,453	14,452,824	11,782,355	
TOTAL CLASS I USE.	220,643,072	209,749,335	223,912,418	202,230,404	137,378,165	132,150,576	136,018,961	128,764,268	
TOTAL CLASS II USE	47,065,522	50,710,273	44,823,319	49,515,027	28,423,605	33,948,280	26,412,765	20,217,727	
TOTAL CLASS III USE	270,676,557	37,014,075	28,787,229	207,194,295	96,336,953	106,590,392	105,689,531	102,617,135	
TOTAL CLASS IV USE	164,225,133	147,206,292	207,255,284	235,928,158	71,616,957	34,981,954	89,504,481	84,941,255	
TOTAL ACCOUNTED FOR.	702,610,284	444,679,975	504,778,250	694,867,884	333,755,680	307,671,202	357,625,738	336,540,385	
CLASSIFICATION OF RECEIPTS									
Producer milk:	Class I	202,251,466	194,032,340	207,458,306	188,861,125	123,778,137	120,439,254	124,179,120	118,211,225
	Class II	38,756,512	39,764,102	38,406,929	43,138,001	27,497,116	33,183,744	25,787,686	19,463,806
	Class III	270,676,557	36,930,932	28,787,229	197,141,142	95,305,141	104,491,916	105,635,765	102,617,135
	Class IV	143,075,964	124,090,562	180,794,356	198,136,260	60,835,137	26,081,537	75,553,253	70,146,060
Other receipts:	Class I	18,391,606	15,716,995	16,454,112	13,369,279	13,600,028	11,711,322	26,469,914	26,102,159
	Class II	8,309,010	10,946,171	6,416,390	6,377,026	2/	2/	1/	1/
	Class III	0	83,143	0	10,053,153	2/	2/	1/	1/
	Class IV	21,149,169	23,115,730	26,460,928	37,791,898	12,740,121	11,763,429	1/	1/
Avg. daily producer receipts		21,121,306	13,160,598	14,691,833	20,909,218	9,916,630	9,473,215	10,682,446	10,347,941
Change From Previous Year		43.76%	-37.06%	-21.25%	10.51%	-7.17%	-8.45%	7.07%	9.86%
Avg. daily Class I use		7,117,518	6,991,645	7,222,981	6,741,013	4,431,554	4,405,019	4,387,708	4,292,142
Change From Previous Year		-1.46%	3.72%	2.62%	2.92%	1.00%	2.63%	1.62%	5.33%

1/ Restricted - Included with Class I.

2/ Restricted - Included with Class IV.

3/ Restricted - Included with Flavored milk & milk drinks.

HIGHLIGHTS THIS ISSUE:

- Market Summaries for October 2009
- October 2009 Class Prices
- Class I Price for December 2009
- ERS Report: Characteristics, Costs, and Issues for Organic Dairy Farming
- Dairy Outlook
- New AMS Market News Report: Dairy Organic

**NEW AMS MARKET NEWS REPORT:
DAIRY ORGANIC**

USDA's Agricultural Marketing Service has a new set of market news reports called "Dairy Organic." The Dairy Organic Market News Reports provide market condition information and analysis. The reports include unbiased data concerning market prices and volumes for organic milk and organic dairy products. Reports are published bi-weekly and consist of three categories: Market Overview, Retail Overview, and Fluid Overview.

To give readers a preview of these new reports, page two of this bulletin features excerpts of the Dairy Organic Market News Reports that were issued on November 6, 2009. To read the full version of the most current reports, see the USDA's Dairy Organic Market News webpage at: www.ams.usda.gov/AMSV1.0/Dairyorganic.

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