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2008 Outlook for Dairy *

Following is a summary of a presentation by Shayle D. Shagam of the World Agricultural Outlook Board at USDA's 2008 Agricultural Outlook Forum in February.

Overview

The U.S. dairy sector enters 2008 in an expansionary mode as producers continue responding to generally favorable returns during much of 2007. With moderate gains in milk production and strong demand for dairy products, the all milk price in 2007 averaged a record high $19.13 per cwt., more than $6 higher than 2006 and $4 above the previous record set in 2005.

Milk production is forecast to increase just over 2.7% in 2008.

Milk Production

Milk production is forecast to increase just over 2.7% in 2008. While this growth is more rapid than in 2007, the addition of a leap-day in 2008 adds additional production. The increase reflects both increased cow numbers and continued, albeit slower, growth in output per cow. Adjusted for the leap-day, output per cow is forecast at only 1.4% above 2007, which is less than both the 2007 rate and the average rate of growth for the past five years. The slower rate reflects expected high feed prices and tight availability of hay, at least through spring.

Dairy Product Demand

Firm domestic and international demand easily absorbed the modest first-half 2007 production increase. Commercial use in the first half of 2007 increased about 3% on a fat basis and 2% for skim solids. However, as milk production increased in the second half of the year, production of some products began to outpace demand and stocks, particularly of butter and nonfat dry milk (NFDM), began to build.

Dairy demand (fat basis) **is expected increase just over 3% in 2008.**

The prospects for continued increases in product use in 2008 are favorable. Economic concerns may affect consumer purchasing decisions and restaurant sales have been reportedly slower. As milk production increases, product production will

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Pool Summary

- In February, 16,503 producers delivered to the market with an average daily delivery of 5,057 pounds.
- Producer milk totaled 2.41 billion pounds, down 129 million pounds from January, but 449 million pounds above February 2007.
- Class I utilization totaled 364 million pounds, down 1.7% from January on a daily basis. Class I usage accounted for 15.1% of producer milk.
- The February Producer Price Differential (PPD) is $0.60 per cwt.
- The Statistical Uniform Price is $17.63 per cwt., down $2.07 from January, but $3.40 above February 2007.
- Market statistics for February are shown on Pages 4 and 5.

February 2008 Producer Milk by Class

	Percent	Product Pounds	Price $/cwt.
Class I	15.1	364,228,686	21.48
Class II	2.1	50,054,040	18.46
Class III	79.7	1,920,209,211	17.03
Class IV	3.1	74,236,809	14.67
Total		2,408,728,746	

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increase as well. However, relative product prices may favor production of cheese (and whey) relative to butter and NFDM to a greater extent than last year.

Commercial use on a fat basis is expected to increase just over 3% in 2008, but a modest build up in fat basis stocks is expected. Growth of commercial use on a skim solids basis may lag fat basis use a bit, resulting in higher stocks during 2008. Given price forecasts well in excess of price supports, no sales to the government are expected.

International Markets

U.S. milk producers have seen international markets for U.S. dairy products become an increasingly important source of demand. The U.S. has benefited from continued tight world supplies of dairy products and a relatively weak U.S. dollar since 2002.

Global demand for dairy products has remained relatively firm, especially for oil exporting countries, but increasing economic concerns may weigh on purchasing decisions by major importers. International prices have been weakening since late 2007 and could fall further as global supplies increase. However, there is likely considerable nervousness in the markets and supply shocks could trigger sharp price movements. In the absence of sharp movements, U.S. prices are expected to remain relatively competitive and exports strong.

Commercial Stocks

Commercial dairy product stocks increased in 2007, while government stocks were depleted as high market prices discouraged sales to the government under the price support program.

Strength of international markets may be a key determinant of stock levels.

Stock levels in 2008 are expected to rise a bit from those of 2007. Production may increase more rapidly than commercial use, but price declines are expected to balance markets. Weaker prices for butter and NFDM relative to cheese may encourage milk to flow towards cheese vats and limit growth in production of butter and NFDM, helping work down surpluses of those products. Continued strength of international markets may be a key determinant of stock levels.

U.S. Dairy Market Outlook

Although wholesale dairy prices averaged well above 2006 levels, the movement for many products was like that of a roller-coaster -- sharp increases in the early part of 2007, but declines in the later part of the year. Butter prices increased 29¢ between January and the June peak of $1.49 per pound, but gave back 18¢ to average $1.31 per pound in December. Likewise, NFDM gained about 99¢ between January and October when it peaked at $2.06 per pound, then fell 26¢ to average $1.80 in December.

The greatest movement occurred in whey; prices gained 36¢ between January and its June peak of 76¢ per pound, but prices then declined by 31¢ to average 45¢ per pound in December. Monthly average cheddar cheese prices showed a slightly different pattern. Prices increased 76¢ per pound between January and December, but experienced a decline in October before rebounding to average almost $2.10 in December.

As 2008 begins, wholesale product prices are under pressure from larger supplies.

As 2008 begins, wholesale product prices are under pressure from larger supplies and, while above January 2007 levels, prices have continued to decline from the end of 2007. For butter and whey, price declines are expected through mid-year before the seasonal bump in second-half prices. Cheddar cheese prices are expected to decline through the year. Declines in butter and NFDM prices relative to cheese in late 2007 and early 2008 may encourage relatively more milk to move into cheese production, pressuring cheese prices while alleviating pressure on both butter and NFDM prices. For 2008, cheese prices will average $1.63 to $1.71 per pound and butter will average $1.19 to $1.29 per pound.

NFDM prices are expected to decline through the year as production increases and export prices soften. International demand will continue to generate commercial exports but it is likely that increased international supplies will pressure U.S. prices, at least through mid-year. Prices in the second half may depend on weather conditions in Oceania. NFDM prices are forecast to average $1.38 to $1.44 per pound, about 30¢ below the 2007 average. Whey prices are forecast to average 24¢ below 2007 at 33¢ to 37¢ per pound as stocks and production remain large.

Class prices in 2008 are likely to decline $2 to $3 per cwt.

In the face of generally weaker dairy markets, the 2008 all milk price is forecast to decline from its 2007 record of $19.13 per cwt. For 2008, prices are expected to average $16.85 to $17.55 per cwt., still the second highest price average on record. Class prices are also likely to decline by almost $2 to $3 per cwt. although more rapid declines in both butter and NFDM prices may result in a larger absolute decline in Class IV prices. The Class III price is forecast to average $15.45 to $16.15 per cwt. and the Class IV price is expected to average $15.05 to $15.85 per cwt.

Dairy retail prices likely will move lower in the second part of 2008 as milk and wholesale dairy product prices average lower. However, due to above year-earlier wholesale prices early in 2008, the dairy CPI may continue to move higher in the first part of the year. As a result, retail dairy prices will generally average above 2007 for the year.

2008 retail dairy prices will generally average above 2007 for the year.

* Adapted from a speech by Shayle D. Shagam at the USDA's annual Agricultural Outlook Forum on February 22, 2008. The speech can be obtained at: www.usda.gov/oce/forum

2007 Mailbox Milk Prices

The Dairy Programs section of the Agricultural Marketing Service, through its Federal milk order Market Administrator offices, collects and publishes "mailbox milk prices".

Mailbox prices for 2007 are contained in the table below. All mailbox prices are reported at test; there is no adjustment to 3.5% butterfat.

The mailbox price is defined as the net price received by dairy farmers for milk, including all payments received for milk sold and deducting costs associated with marketing the milk.

Mailbox Milk Prices [1/] for Selected Reporting Areas in Federal Milk Orders and California-2007

Reporting Area [2/]	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Weighted Average [3/]
New England States [4/]	$15.31	$15.46	$16.46	$17.29	$18.69	$20.72	$22.75	$22.99	$23.25	$22.88	$23.24	$22.68	$20.12
New York	14.76	15.03	15.65	16.31	17.71	19.69	21.71	22.06	22.27	21.89	22.23	21.57	19.38
Eastern Pennsylvania [5/]	15.17	15.49	16.24	17.07	18.40	20.39	22.37	22.60	22.74	21.87	22.81	22.14	19.90
Appalachian States [6/]	15.41	15.49	16.27	16.94	18.24	20.13	22.58	23.38	23.29	23.20	23.34	22.02	19.83
Southeast States [7/]	16.18	16.13	16.51	17.14	18.22	20.28	23.07	24.34	24.43	24.15	24.55	22.94	20.25
Southern Missouri [8/]	14.36	14.54	15.14	15.75	16.98	19.13	21.49	22.10	22.25	22.03	22.26	21.37	18.67
Florida	17.51	17.27	17.59	18.11	19.09	21.29	24.45	26.14	26.33	26.03	26.04	23.96	21.50
Western Pennsylvania [9/]	14.70	15.05	15.75	16.60	17.94	19.98	21.87	22.15	22.22	21.87	22.34	21.92	19.39
Ohio	14.79	15.13	15.74	16.59	17.89	19.83	21.72	22.08	22.13	21.93	22.32	21.95	19.33
Indiana	14.62	14.84	15.54	16.36	17.75	19.64	21.84	22.07	22.38	22.19	22.43	21.79	19.33
Michigan	14.25	14.51	15.09	16.03	17.29	19.04	20.70	20.89	21.29	20.95	21.29	20.96	18.55
Wisconsin	14.79	15.31	16.03	16.84	18.17	20.17	21.26	20.62	21.14	20.53	21.28	21.92	19.12
Minnesota	14.71	15.34	16.09	17.17	18.56	20.60	21.15	20.57	21.25	20.64	21.37	21.68	19.26
Iowa	14.62	14.96	15.71	16.53	17.75	19.41	21.00	20.90	21.19	21.07	21.54	21.27	18.84
Illinois	14.63	14.90	15.50	16.39	17.76	19.86	21.68	21.47	21.77	21.34	21.90	22.07	19.04
Corn Belt States [10/]	13.96	14.19	14.69	15.54	16.66	18.66	20.72	20.73	21.15	20.96	21.25	20.86	18.25
Western Texas [11/]	13.96	14.01	14.55	15.57	16.99	19.35	20.96	20.91	21.02	20.54	20.89	20.82	18.28
New Mexico	13.30	13.19	13.83	14.85	16.28	18.60	20.16	20.11	20.21	19.84	20.24	19.88	17.58
Northwest States [12/]	13.84	13.92	14.79	15.91	17.40	19.37	20.86	21.00	21.48	21.27	21.01	20.21	19.26
All Federal Order Areas [13/]	**$14.66**	**$14.93**	**$15.60**	**$16.45**	**$17.78**	**$19.80**	**$21.49**	**$21.47**	**$21.78**	**$21.39**	**$21.81**	**$21.04**	**$19.16**
Upper Midwest Order [14/]	**$14.77**	**$15.28**	**$16.00**	**$16.94**	**$18.26**	**$20.06**	**$21.06**	**$20.54**	**$21.11**	**$20.56**	**$21.31**	**$21.79**	**$19.05**
California [15/]	$12.55	$13.09	$13.89	$14.83	$16.77	$19.12	$19.98	$20.06	$20.19	$19.94	$20.62	$19.71	$17.56

1/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. Mailbox milk price does include, for the most part, the assessment under the Cooperatives Working Together (CWT) program.

2/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area.

3/ Figures are annual averages -- weighted average of the monthly figures; except California, which is a simple average.

4/ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.

5/ All counties to the east of those listed in footnote 9.

6/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia.

7/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi.

8/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry, and all those to the south of these.

9/ The counties of Warren, Elk, Clearfield, Indiana, Westmoreland, and Fayette, and all those to the west of these.

10/ Includes Kansas, Nebraska, and the Missouri counties to the north of those listed in footnote 8.

11/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby.

12/ Includes Oregon and Washington.

13/ Weighted average of the information for all selected reporting areas in Federal milk orders.

14/ This mailbox price is calculated by the Upper Midwest Order Market Administrator's Office and includes information for all milk pooled on the order.

15/ California is not part of the Federal Order program. However, the California Department of Food and Agriculture, Dairy Marketing Branch calculates a mail box price and publishes it in the "California Dairy Information Bulletin".

Upper Midwest Pool Statistics - February 2008

Market Class I Differential Rate	Pool Plants	Received at Pool Plants	Diverted to Pool and Nonpool Plants	Total	Location Adjustment to Producers	Class I Differential to Handlers	
Cwt.	*Number*	*Pounds*	*Pounds*	*Pounds*	*Value*	*Pounds*	*Value*
$1.80	4	67,220,035	16,713,524	83,933,559	$ 0	68,143,680	$1,226,586
$1.75	37	173,773,475	809,135,950	982,909,425	491,455	155,008,296	2,712,645
$1.70	29	184,455,391	1,078,002,114	1,262,457,505	1,262,458	120,835,639	2,054,206
$1.65	5	24,046,106	55,382,151	79,428,257	119,142	20,241,071	333,978
Total	75	449,495,007	1,959,233,739	2,408,728,746	$1,873,055	364,228,686	$6,327,415

Computation of Producer Price Differential-February 2008

		Utilization Percentage	Product Pounds	Component Pounds	Rate	Value
Class I	Differential Value					$6,327,415.03
	Product	15.1%	364,228,686			
	Skim Milk			358,920,388	$15.4400	55,417,307.90
	Butterfat			5,308,298	1.3660	7,251,135.08
Class II	Product	2.1%	50,054,040			
	Nonfat Solids			3,952,384	1.5989	6,319,466.81
	Butterfat			6,619,480	1.3080	8,658,279.82
Class III	Product	79.7%	1,920,209,211			
	Protein			59,591,688	4.0180	239,439,402.36
	Other Solids			109,604,550	0.0803	8,801,245.37
	Butterfat			70,352,200	1.3010	91,528,212.21
Class IV	Product	3.1%	74,236,809			
	Nonfat Solids			5,992,204	1.1643	6,976,723.10
	Butterfat			9,017,388	1.3010	11,731,621.78
SCC Adjustment (Class II, III, and IV)						1,327,815.47
Total Producer Milk *			**2,408,728,746**			**$443,778,624.93**
Add:	Overage					47,074.61
	Inventory Reclassified					82,632.59
	Other Source Milk §.60(h)					0.00
	Other Source Milk §.60(i)					0.00
Subtract:	Transportation Credit					111,444.89
	Assembly Credit					289,085.34
	Credit for Reconstituted FMP					0.00
	Producer Milk Protein					299,699,518.11
	Producer Milk Other Solids					11,021,764.82
	Producer Milk Butterfat					118,777,873.20
	Producer Milk SCC Adjustment					1,566,362.99
Total Milk and Value			2,408,728,746			$12,442,282.78
Add:	Location Adjustment -- Producer and Unregulated Supply Plant Milk					1,873,054.80
	One-Half Unobligated Balance Producer Settlement Fund					1,105,476.09
Total Value					0.640205	$15,420,813.67
Subtract:	Producer Settlement Fund Reserve				0.040205	968,441.19
Producer Price Differential **					**$0.60**	**$14,452,372.48**

* An estimated 58 million pounds of milk was not pooled.

** Producer Price Differential is dollars per cwt. at the Base Zone of Cook County, Illinois.

Utilization and Classification of Milk

	February 2008		January 2008	February 2007
	Product Pounds	Butterfat Pounds	Product Pounds	Product Pounds
Class I Utilization:				
Packaged Disposition				
Milk	50,877,026	1,622,557	53,600,724	52,999,876
Flavored Milk	3,772,240	118,900	3,970,406	3,924,821
Reduced Fat Milk	141,195,590	2,669,147	152,985,856	136,792,773
Lowfat Milk	49,221,511	478,290	52,381,579	47,357,013
Fat Free Milk	87,148,112	88,936	91,958,687	87,149,562
Flavored Reduced and Fat Free Milk	30,997,236	229,050	32,745,806	29,514,020
Buttermilk	2,207,533	22,907	2,243,252	2,145,799
Total Packaged Disposition	365,419,248	5,229,787	389,886,310	359,883,864
Total Ending Inventory	31,926,851	465,471	33,297,002	29,092,099
Bulk to Nonpool Plants	2,548,111	54,876	3,131,275	1,652,330
Shrinkage	1,574,593	114,645	2,565,525	2,075,334
Total Class I Utilization	401,468,803	5,864,779	428,880,112	392,703,627
Other Order Plants	(3,461,217)	(67,123)	(3,039,718)	(1,924,806)
Beginning Inventory	(33,298,694)	(478,556)	(29,629,572)	(30,841,491)
Reused Products	0	0	0	0
Other Source Milk	(622,720)	(11,355)	(318,637)	0
Overage	0	0	0	0
Interhandler Adjustment	142,514	553	84,910	(229,218)
Class I Producer Milk	**364,228,686**	**5,308,298**	**395,977,095**	**359,708,112**
Class II Utilization:				
Total Class II Utilization	63,026,605	7,263,015	80,791,171	127,430,238
Other Order Plants	(3,955,777)	(70,836)	(1,172,818)	(1,091,261)
Beginning Inventory	(3,100,575)	(88,037)	(4,571,863)	(1,516,211)
Reused Products	(5,462,262)	(62,803)	(5,245,289)	(5,919,654)
Other Source Milk	(453,951)	(421,859)	(434,844)	--
Overage	--	--	--	--
Class II Producer Milk	**50,054,040**	**6,619,480**	**69,366,357**	**118,903,112**
Class III Utilization:				
Total Class III Utilization	1,930,906,493	70,540,092	2,005,157,096	1,401,842,793
Other Order Plants	(7,569,024)	(115,587)	(9,420,252)	(2,321,943)
Beginning Inventory	(1,760,570)	(33,649)	(4,063,409)	(834,171)
Reused Products	0	0	0	0
Other Source Milk	(1,331,323)	(33,243)	(1,755,308)	(2,595,128)
Overage	(36,365)	(5,413)	(315,654)	(30,471)
Class III Producer Milk	**1,920,209,211**	**70,352,200**	**1,989,602,473**	**1,396,061,080**
Class IV Utilization:				
Total Class IV Utilization	118,429,380	11,439,344	132,196,085	142,038,089
Other Order Plants	(8,429,041)	(564,199)	(8,082,152)	(3,581,369)
Beginning Inventory	(11,378,945)	(895,819)	(16,485,524)	(19,117,170)
Reused Products	0	0	0	0
Other Source Milk	(24,319,953)	(937,586)	(24,846,212)	(34,189,296)
Overage	(64,632)	(24,352)	(54,179)	(905)
Class IV Producer Milk	**74,236,809**	**9,017,388**	**82,728,018**	**85,149,349**
Total Producer Milk -- All Classes	**2,408,728,746**	**91,297,366**	**2,537,673,943**	**1,959,821,653**

-- Restricted Information

Commodity Prices

Weighted Monthly Average NASS Prices *

Month/Year	Cheddar Cheese Blocks	Cheddar Cheese Barrels	Cheddar Cheese Average	Butter	Nonfat Dry Milk	Dry Whey
	Dollars per Pound					
Feb 2007	1.3103	1.3439	1.3454	1.2129	1.1021	0.6005
Mar	1.3483	1.3630	1.3732	1.2676	1.1902	0.7060
Apr	1.4021	1.4226	1.4296	1.3416	1.4354	0.7789
May	1.5782	1.5794	1.5946	1.4290	1.6670	0.7578
Jun	1.8111	1.8661	1.8561	1.4916	1.9012	0.7617
Jul	1.9888	1.9798	2.0002	1.4627	2.0180	0.7329
Aug	1.8923	1.8959	1.9100	1.4429	2.0545	0.6197
Sep	2.0134	2.0064	2.0250	1.3786	2.0557	0.4762
Oct	1.8988	1.9191	1.9227	1.2945	2.0615	0.4175
Nov	1.9518	1.9511	1.9652	1.2933	1.9562	0.4345
Dec	2.0928	2.0726	2.0976	1.3159	1.8031	0.4516
Jan 2008	1.9742	2.0025	1.9998	1.2301	1.5090	0.3992
Feb	1.7892	1.8653	1.8403	1.2044	1.3331	0.2736

Weighted Two-Week Average NASS Prices *

Month/Year	Cheddar Cheese Blocks	Cheddar Cheese Barrels	Cheddar Cheese Average	Butter	Nonfat Dry Milk	Dry Whey
	Dollars per Pound					
Feb 2007	1.3137	1.3538	1.3529	1.2148	1.0960	0.5986
Mar	1.3381	1.3558	1.3656	1.2782	1.1655	0.7021
Apr	1.3913	1.4101	1.4177	1.3193	1.3692	0.7709
May	1.5134	1.5206	1.5333	1.4090	1.6024	0.7623
Jun	1.8119	1.8663	1.8555	1.5125	1.9084	0.7595
Jul	2.0073	1.9980	2.0188	1.4544	2.0358	0.7428
Aug	1.8871	1.8840	1.9014	1.4854	2.0383	0.6429
Sep	2.0117	2.0011	2.0214	1.3876	2.0494	0.4885
Oct	1.9235	1.9374	1.9438	1.3134	2.0699	0.4111
Nov	1.9527	1.9474	1.9648	1.2969	1.9131	0.4385
Dec	2.1351	2.1003	2.1328	1.3146	1.8304	0.4568
Jan 2008	1.9887	2.0128	2.0126	1.2585	1.6931	0.4380
Feb	1.7443	1.8509	1.8092	1.2150	1.3398	0.2673

Chicago Mercantile Exchange

Month/Year	Butter Grade AA	Cheddar Cheese Blocks	Cheddar Cheese Barrels	Nonfat Dry Milk (Low/Medium Heat) Central & East	Nonfat Dry Milk (Low/Medium Heat) West	Whey Powder Central	Whey Powder West
	Dollars per Pound						
Feb 2007	1.2187	1.3408	1.3374	1.2953	1.2717	0.6788	0.5908
Mar	1.3218	1.3823	1.3840	1.4263	1.3935	0.7768	0.7073
Apr	1.3725	1.4628	1.4490	1.6402	1.5670	0.7807	0.7605
May	1.4825	1.7211	1.6894	1.9459	1.8956	0.7376	0.8006
Jun	1.5019	2.0100	1.9887	2.1871	2.1468	0.7385	0.8056
Jul	1.4913	1.9138	1.8927	2.2146	2.2236	0.6743	0.7375
Aug	1.4464	1.9554	1.9107	2.0465	2.0817	0.5594	0.5751
Sep	1.3783	1.9929	1.9901	2.0105	2.0100	0.4424	0.4305
Oct	1.3020	1.8957	1.8830	2.0466	2.0050	0.4106	0.4491
Nov	1.3590	2.0926	2.0223	1.8775	1.8840	0.4470	0.4679
Dec	1.3190	2.0083	2.0147	1.7528	1.6938	0.4406	0.4385
Jan 2008	1.2246	1.8257	1.8774	1.5615	1.4979	0.3745	0.3338
Feb	1.2088	2.0023	1.9560	1.3999	1.2975	0.2832	0.2773

Market Statistics

Month/Year	Distributing Plants	Supply Plants	Coop .9(c) Handlers	Producers	Total Producer Milk	Est. Average Daily Delivery Per Producer	Class I Utilization	Butterfat Test	Protein Test	Other Solids Test	Weighted Average SCC
					Mil. lbs.	*Pounds*	*Percent*	*Percent*	*Percent*	*Percent*	*(000)*
Feb 2007	26	53	13	15,769	1,960	4,932	18.4	3.80	3.08	5.70	281
Mar	26	52	13	15,047	2,010	4,888	19.6	3.75	3.04	5.70	289
Apr	26	52	14	14,615	1,933	4,992	18.9	3.72	3.02	5.72	281
May	26	51	13	14,763	1,873	5,017	20.3	3.64	2.98	5.72	273
Jun	26	51	13	15,122	1,989	4,922	17.3	3.59	2.94	5.71	289
Jul	26	52	13	16,250	2,390	4,906	14.3	3.56	2.92	5.72	302
Aug	22	54	13	17,312	2,352	4,766	16.6	3.56	2.94	5.72	323
Sep	22	54	13	16,695	2,253	4,713	16.4	3.65	3.02	5.73	306
Oct	23	55	13	16,599	2,345	4,785	17.1	3.75	3.08	5.69	286
Nov	22	55	13	16,576	2,303	4,804	16.8	3.83	3.17	5.70	256
Dec	22	55	13	16,546	2,427	4,871	15.6	3.84	3.13	5.70	253
Jan 2008	23	54	13	16,617	2,538	5,010	15.6	3.81	3.10	5.69	258
Feb	23	52	13	16,503	2,409	5,057	15.1	3.79	3.10	5.70	279

*** NASS = National Agricultural Statistics Service, USDA.**

Class Prices

Month/Year	Class I Price Mover			Class I Price at Cook County, IL			Class II Price			
	Butterfat	Skim Milk	3.50%	Butterfat	Skim Milk	3.50%	Butterfat	Nonfat Solids	Skim Milk	3.50%
	lb.	*cwt.*	*cwt.*	*lb.*	*cwt.*	*cwt.*	*lb.*	*lb.*	*cwt.*	*cwt.*
Feb 2007	1.2906	9.19	13.39	1.3086	10.99	15.19	1.3182	0.9744	8.77	13.08
Mar	1.3135	10.00	14.25	1.3315	11.80	16.05	1.3839	1.0078	9.07	13.60
Apr	1.3896	10.50	15.00	1.4076	12.30	16.80	1.4727	1.0767	9.69	14.51
May	1.4389	11.28	15.92	1.4569	13.08	17.72	1.5776	1.2778	11.50	16.62
Jun	1.5466	12.88	17.84	1.5646	14.68	19.64	1.6527	1.5089	13.58	18.89
Jul	1.6708	15.61	20.91	1.6888	17.41	22.71	1.6180	1.8122	16.31	21.40
Aug	1.6010	16.74	21.76	1.6190	18.54	23.56	1.5942	1.9378	17.44	22.41
Sep	1.6382	16.76	21.91	1.6562	18.56	23.71	1.5171	1.9400	17.46	22.16
Oct	1.5209	16.86	21.59	1.5389	18.66	23.39	1.4162	1.9511	17.56	21.90
Nov	1.4318	17.04	21.45	1.4498	18.84	23.25	1.4147	1.9711	17.74	22.07
Dec	1.4120	15.65	20.04	1.4300	17.45	21.84	1.4418	1.8167	16.35	20.82
Jan 2008	1.4333	16.53	20.97	1.4513	18.33	22.77	1.3389	1.7344	15.61	19.75
Feb	1.3660	15.44	19.68	1.3840	17.24	21.48	1.3080	1.5989	14.39	18.46
Mar	1.3138	12.54	16.70	1.3318	14.34	18.50		1.2489	11.24	

Month/Year	Class III Price					Class IV Price			
	Butterfat	Protein	Other Solids	Skim Milk	3.50%	Butterfat	Nonfat Solids	Skim Milk	3.50%
	lb.	*lb.*	*lb.*	*cwt.*	*cwt.*	*lb.*	*lb.*	*cwt.*	*cwt.*
Feb 2007	1.3112	2.4125	0.4170	9.94	14.18	1.3112	0.9356	8.42	12.71
Mar	1.3769	2.4329	0.5257	10.64	15.09	1.3769	1.0229	9.21	13.71
Apr	1.4657	2.5212	0.6008	11.36	16.09	1.4657	1.2656	11.39	16.12
May	1.5706	2.9424	0.5791	12.54	17.60	1.5706	1.4949	13.45	18.48
Jun	1.6457	3.7059	0.5831	14.93	20.17	1.6457	1.7268	15.54	20.76
Jul	1.6110	4.2068	0.5534	16.31	21.38	1.6110	1.8424	16.58	21.64
Aug	1.5872	3.9412	0.4368	14.79	19.83	1.5872	1.8785	16.91	21.87
Sep	1.5101	4.3929	0.2890	15.32	20.07	1.5101	1.8797	16.92	21.61
Oct	1.4092	4.1695	0.2286	14.27	18.70	1.4092	1.8855	16.97	21.31
Nov	1.4077	4.3081	0.2461	14.81	19.22	1.4077	1.7812	16.03	20.40
Dec	1.4348	4.7061	0.2637	16.14	20.60	1.4348	1.6296	14.67	19.18
Jan 2008	1.3319	4.4994	0.2097	15.19	19.32	1.3319	1.3385	12.05	16.29
Feb	1.3010	4.0180	0.0803	12.93	17.03	1.3010	1.1643	10.48	14.67

Producer Prices

Month/Year	Producer Price Differential	Statistical Uniform Price *(at 3.50%)*	Butterfat Price	Protein Price	Other Solids Price	SCC Adjustment Rate	Producer Mailbox Price *(at test)*
	$ per cwt.	*$ per cwt.*	*$ per lb.*	*$ per lb.*	*$ per lb.*	*$ per cwt.*	*$ per cwt.*
Dec 2006	0.00	13.47	1.3481	2.4388	0.2564	0.00068	14.62
Jan 2007	0.19	13.75	1.3009	2.4053	0.3183	0.00067	14.77
Feb	0.05	14.23	1.3112	2.4125	0.4170	0.00067	15.28
Mar	0.05	15.14	1.3769	2.4329	0.5257	0.00069	16.00
Apr	0.06	16.15	1.4657	2.5212	0.6008	0.00071	16.94
May	0.05	17.65	1.5706	2.9424	0.5791	0.00080	18.26
Jun	(0.05)	20.12	1.6457	3.7059	0.5831	0.00093	20.06
Jul	0.27	21.65	1.6110	4.2068	0.5534	0.00100	21.06
Aug	0.78	20.61	1.5872	3.9412	0.4368	0.00096	20.54
Sep	0.64	20.71	1.5101	4.3929	0.2890	0.00101	21.11
Oct	0.83	19.53	1.4092	4.1695	0.2286	0.00096	20.56
Nov	0.64	19.86	1.4077	4.3081	0.2461	0.00098	21.31
Dec	0.05	20.65	1.4348	4.7061	0.2637	0.00105	21.79
Jan 2008	0.38	19.70	1.3319	4.4994	0.2097	0.00100	
Feb	0.60	17.63	1.3010	4.0180	0.0803	0.00092	

Summary of Federal Order Data - February 2008

Federal Order Number / Name		Producer Deliveries	Class I Producer Receipts	Class I Utilization	Class I Price	Producer Price Differential	Uniform or Statistical Uniform Price at 3.5% Butterfat		
							FOB Market	FOB Cook Cty. Illinois	Change From Previous Year
		Thousand Pounds		Percent	Dollars per Cwt.		Dollars per Cwt.		
1	Northeast	1,977,087	840,995	42.5	$ 22.93	$ 2.51	$ 19.54	$ 18.09	$ 4.33
5	Appalachian	460,467	332,731	72.3	22.78	n/a	21.32	20.02	5.75
6	Florida	265,597	220,598	83.1	23.68	n/a	22.60	20.40	5.89
7	Southeast	606,111	389,276	64.2	22.78	n/a	20.90	19.60	5.22
30	**Upper Midwest**	**2,408,729**	**364,229**	**15.1**	**21.48**	**0.60**	**17.63**	**17.63**	**3.40**
32	Central	1,063,970	352,589	33.1	21.68	1.08	18.11	17.91	4.05
33	Mideast	1,375,385	536,363	39.0	21.68	1.62	18.65	18.45	4.42
124	Pacific Northwest	606,881	181,666	29.9	21.58	0.44	17.47	17.37	3.66
126	Southwest	753,992	339,899	45.1	22.68	2.25	19.28	18.08	4.30
131	Arizona	337,644	113,961	33.7	22.03	n/a	18.00	17.45	3.78
All Market Average or Total *		**9,855,862**	**3,672,305**	**37.3**					

n/a = Not applicable. *** May not add due to rounding.**

FEDERAL MILK MARKET ADMINISTRATOR
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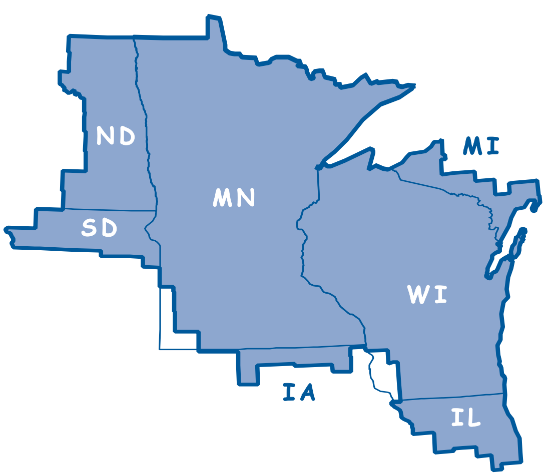

Upper Midwest Marketing Area
F.O. 30