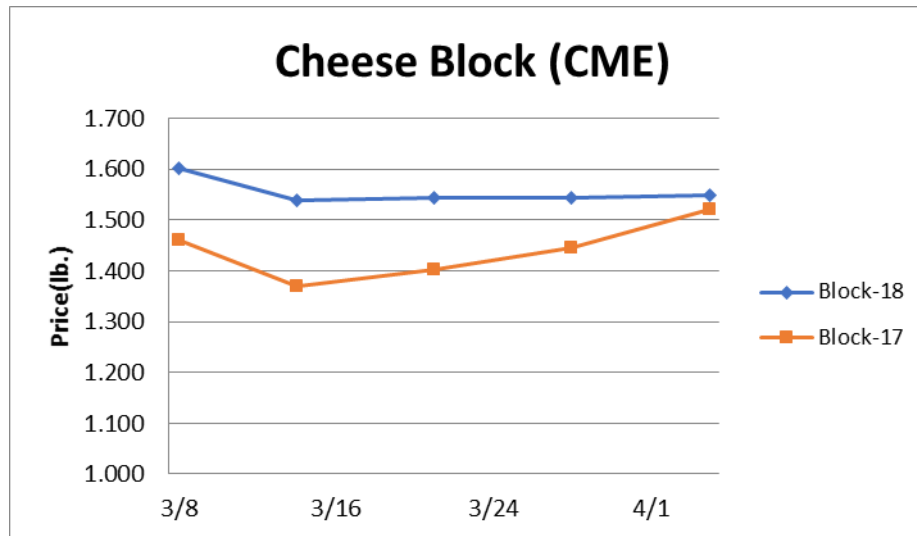


Dairy

The CME cheese markets remain relatively range-bound due in part to solid U.S. output and ample supplies. Seasonally expanding milk and dairy product output are expected to temper any upside in cheese prices in the coming weeks. Yet, solid exports are likely to temper the downside risk for cheese. Longer-term, burdensome world skim milk powder and nonfat dry milk inventories should mitigate any upside moves in the cheese markets. The butter market has been fairly range-bound as well. CME butter prices may have a hard time getting below \$2/lb. for the next several months.

Product Description	Market Trend	Supplies	Price vs. Last Year
Cheese Barrels (CME)	Decreasing	Good	Lower
Cheese Blocks (CME)	Increasing	Good	Higher
American Cheese	Decreasing	Good	Higher
Cheddar Cheese (40 lb)	Decreasing	Good	Higher
Mozzarella Cheese	Decreasing	Good	Higher
Provolone Cheese	Steady	Good	Same
Parmesan Cheese	Decreasing	Good	Higher
Butter (CME)	Increasing	Good	Higher
Nonfat Dry Milk	Steady	Ample	Lower
Whey, Dry	Decreasing	Good	Lower
Class I Base	Steady	Good	Lower
Class II Cream, heavy	Decreasing	Good	Higher
Class III Milk (CME)	Increasing	Good	Lower
Class IV Milk (CME)	Increasing	Good	Lower



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