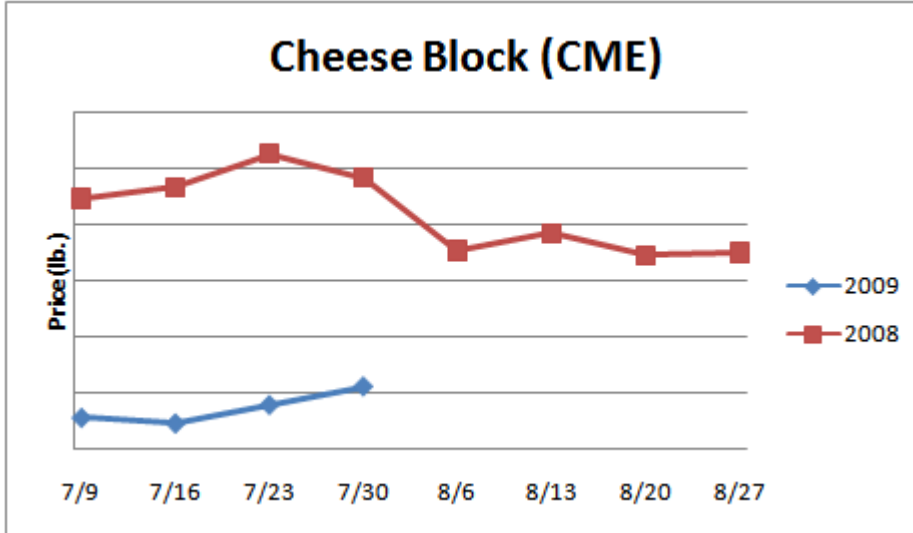


Dairy Report

Dairy- June dairy cow slaughter was the 2nd largest for any month this decade. A 2nd 2009 CWT subsidized herd retirement issue is underway which could boost slaughter over the next few months. This should lead to notable milk output declines which are bullish for the dairy markets. CME block cheese is trading at its highest level in 3 months. Charts suggest that additional cheese market increases are likely but the markets could struggle to move past \$1.30. New Zealand continues to sell butter on the international market sub \$.90 a pound. The US butter market is weak.



	<u>Market Trend</u>	<u>Supplies</u>	<u>Price vs. Last Year</u>
Cheese Barrels- CME	Increasing	Good	Lower
Cheese 40 lb Blocks- CME	Increasing	Good	Lower
American Cheese	Increasing	Good	Lower
Cheddar Cheese	Steady	Good	Lower
Mozzarella Cheese	Increasing	Good	Lower
Provolone Cheese	Increasing	Good	Lower
Parmesan Cheese	Increasing	Good	Lower
Butter- One lb Solids	Decreasing	Good	Lower
Nonfat Dry Milk	Steady	Good	Lower
Whey, Dry	Increasing	Good	Higher
Class I Milk Base	Steady	Good	Lower
Class II Cream (Heavy Cream)	Increasing	Good	Lower
Class III Milk- CME	Increasing	Good	Lower
Class IV Milk- CME	Steady	Good	Lower

*This data and these comments are provided for information purposes only and are not intended to be used for specific trading strategies. Past financial results are not necessarily indicative of future performance. Any examples given are strictly hypothetical and no representation is being made that a person will or is likely to achieve profits or losses similar to those examples. Neither the information, nor any opinion expressed constitutes a solicitation to buy or sell futures or options on futures contracts or OTC products. Covered parties (as defined below) shall not be liable for any direct, indirect, incidental, special or consequential damages of any kind, whatsoever (including attorney's fees and lost profits or savings) in any way due to, resulting from, or arising in connection with the Market Trends Report, including its content, regardless of any negligence of the covered party including but not limited to technical inaccuracies and typographical errors. "Covered Parties" is defined as American Restaurant Association Inc., ARA Trading and the employees of both companies. Commodity trading involves risks, and you should fully understand those risks before trading. © 2007 American Restaurant Association Inc. This publication is protected under U.S. copyright law. Please do not redistribute without permission. Thank you.