

NATIONAL DAIRY MARKET AT A GLANCE**CME GROUP CASH MARKETS (02/19):**

BUTTER: Grade AA closed at \$1.3600. The weekly average for Grade AA is \$1.3513 (+.0093).

CHEESE: Barrels closed at \$1.3775 and 40# blocks at \$1.4125. The weekly average for barrels is \$1.4013 (-.0637) and blocks, \$1.4413 (-.0577).

BUTTER HIGHLIGHTS: At the CME Group, the Grade AA butter price closed at \$1.3600 on Friday, following recent patterns of pricing levels moving higher and lower on a daily basis. Many manufacturers and handlers state that they wish the price would settle at one level versus fluctuate as it has over the past month. Within the past month, the cash price reached \$1.5250 as a high and dipped to \$1.3100 with adjustments basically occurring on a daily basis. Part of the current fluctuation is related to the "new crop" butter rules in which only butter produced after December 1, 2009, can be traded at the CME Group after March 1, 2010. Churning schedules remain seasonally active with cream supplies moderate to heavy. Eastern ice cream plants are pulling more cream. Butter producers indicate that buyer interest ranges from steady to improved. Orders are stronger for deliveries over the next few weeks as retail and food service outlets prepare for the upcoming Easter/Passover holiday period. Export interest is evident in the marketplace, but new sales are limited. Butter stocks are readily available for buyer interest with current churning schedules often keeping pace with demand. Most handlers state that they are not reaching too far into inventory to fill orders. According to the FAS, exports of butter and milkfat for calendar year 2009 total 64.3 million pounds, down 68% from the same period in 2008. Exports accounted for 4.1% of total 2009 U.S. butter production.

CHEESE HIGHLIGHTS: CME Group cash cheese market prices have declined as volumes traded increased sharply from last week. Weakness in other dairy product prices has spilled onto cheese. Demand is light to fair. Overall offerings are increasing and lead time on orders is no more than normal. Cheese production is generally steady to higher seasonally though some operations are trying to limit production to slow inventory growth. The Kansas City Commodity Office announced the purchase of 163,800 pounds of reduced fat cheddar for March - December delivery at \$2.39 per pound under Solicitation PDP-AGAP1-003 under the FY 2010 Agriculture Appropriations Act. The combined total expenditures under Solicitations 001 - 003 total \$59.751 million out of \$60 million budgeted. According to the FAS, 2009 exports of cheese and curd totals 239.2 million pounds, down 50.1 million pounds (-17%) from

2008. The 2009 exports equate to 2.4% of U.S. total cheese production.

FLUID MILK: Class I demand has returned to more normal patterns after recent large winter storms through a number of states generated extra fluid demand and disrupted manufacturing and shipping schedules. As a result, manufacturing schedules are frequently higher. Some improvement was noted in cream demand from cream cheese producers for the upcoming holidays as well as products such as dips for snacking while watching the Olympics and other events. Milk receipts are steady to slightly higher through most of the country. Snow and freezing temperatures in several Southern states, including Florida, have not been conducive to milk production and pastures.

DRY PRODUCTS: The NDM market remains weak with prices generally lower. Manufacturers are trying to move product as buyers wait for possible additional price declines. Buyers are trying to minimize inventory and are just buying to cover short term needs. Supplies are accumulating for many producers. According to FAS, U.S. 2009 NDM/SMP exports totaled 548.6 million pounds, down 313.8 million pounds (-27%) from 2008. Exports equate to 32% of 2009 U.S. production versus 46% in 2008. Buttermilk is also weak as the carryover from the NDM market slows interest. Drying schedules remain seasonally active and inventories are growing. The whey market is also under pressure due to the weakness of other powders. Exports are slower due to container shortages and the Chinese New Year. Drying is steady to lighter as some firms reduce cheese production to limit inventory growth. Buyers are mostly content to just cover short term needs. According to FAS, 2009 dried whey exports totaled 455.1 million pounds, up 11.2 million pounds (3%) from 2008. Exports amounted to 42% of 2009 U.S. total dry whey production. The WPC-34% is unsettled as offerings increase. Condensed WPC supplies are also more available. Contracted loads are moving but spot interest is variable. Lactose prices are generally unchanged. Some producers have product to offer while others remain behind on deliveries.

INTERNATIONAL OVERVIEW (DMN): Oceania milk production continues to decline, but milk producers and handlers are optimistic about the balance of the season. Although some dairying regions in both Australia and New Zealand have battled with lack of moisture during the current season, the outlook for the balance of the season is more positive. Varying moisture levels are

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**CME GROUP
CASH TRADING**

PRODUCT	MONDAY FEBRUARY 15	TUESDAY FEBRUARY 16	WEDNESDAY FEBRUARY 17	THURSDAY FEBRUARY 18	FRIDAY FEBRUARY 19	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	CME	\$1.4250 (-.0200)	\$1.4150 (-.0100)	\$1.3875 (-.0275)	\$1.3775 (-.0100)	(-.0675)	\$1.4013 (-.0637)
40# BLOCKS	CLOSED	\$1.4800 (-.0250)	\$1.4450 (-.0350)	\$1.4275 (-.0175)	\$1.4125 (-.0150)	(-.0925)	\$1.4413 (-.0577)
BUTTER							
GRADE AA	NO TRADING	\$1.3300 (-.0100)	\$1.3350 (+.0050)	\$1.3800 (+.0450)	\$1.3600 (-.0200)	(+.0200)	\$1.3513 (+.0093)

CHEESE: carload = 40,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week.
Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/DAIRYMARKETNEWS.

NATIONAL DAIRY MARKET AT A GLANCE

causing pasture growth to be irregular in many areas, although favorably priced feed costs may encourage dairy producers to feed heavier volumes of supplemental grains which typically enhances milk output. Milk producers and handlers in New Zealand are revising their seasonal projections and now anticipate that total milk output for the year will be about 1% above last year levels. In Australia, rainfall has been reported in many of the dairy regions of the country during recent days. This will help with pasture growth, but summer temperatures can quickly diminish moisture levels. In Australia, official December milk production figures were recently released which indicated that output was down 9.6% when compared to last December. Cumulatively, for the first six months of the season (July - December), milk production was trailing last season by 6.2%. Although cumulative figures are presently in the 6% below last season range, many milk handlers are projecting that the final figure for the entire year will be better and are projecting cumulative 2009 - 2010 milk production to be more in the 4% below last season range. Manufacturers and handlers of dairy products continue to adjust prices to remain competitive with other international prices. Although prices are trending lower, manufacturers report that surplus stocks are limited for spot buyers. International buyer interest for Oceania traders and handlers has slowed as the Chinese New Year is being observed at this time. They anticipate that buyer interest will remain slow for the balance of this week, but will start to gain momentum next week. Traders and handlers are awaiting the results on the upcoming global/Dairy Trading event on March 2. Whole milk powder and anhydrous milk fat continue to be traded with skim milk powder coming onto the platform for the first time at the March 2 event. Cold temperatures throughout many areas of Europe are limiting milk production growth to levels that are lower than last year at this time. Although milk output is lower than last season, most milk handlers are not overly concerned and state that growth will occur when weather conditions are more favorable. Many state that this will probably push peak level attainment to a little later in the spring which should be no problem. Many traders and handlers are closely monitoring the outcome of a recent milk powder tender for March - May delivery. No specific volumes are known, but traders speculate that between 30,000 and 50,000 MT of a combination of skim and whole milk powder are being sought. They are also speculating, that with the near term delivery period, much of the powder will probably be sourced from Europe. The end of the current open season intervention year is February 28 with the new season beginning on March 1. Traders and handlers expect that in the short term, no intervention purchases will occur. The new year program will run for 6 months (March - August) with intervention price levels of 1,698 Euros per MT for skim milk powder and 2,217.5 Euros per MT for butter being unchanged from last season. Maximum levels of 30,000 MT of butter and 109,000 MT of skim milk powder could be purchased at prevailing intervention levels. Current market conditions are at a

completely different stage than they were last year at this time. Last year, purchases for both butter and skim milk powder were heavy once the program was open with butter attaining maximum levels very quickly with skim milk powder attaining maximum levels a while later. Also last year, the open season was extended to include a full twelve months versus the traditional 6 months. At the February 18th Dairy Management Committee meeting, no significant dairy adjustments were reported and export refunds were unchanged at zero. In Eastern Europe, winter weather conditions continue and milk production remains seasonally low. It will be a month or so before noticeable increases are reported from this region. Eastern European manufacturers and handlers are wondering how involved they may be with the recently announced milk powder tender, especially due to the near term delivery period of March - May. They feel that they will be in a better position to fill needs during the end of the shipment period versus early in March.

DECEMBER FLUID MILK SALES (DAIRY PROGRAMS & CDF): During December, about 4.9 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.1% lower than December 2008. After adjusting for calendar composition, sales in December 2009 were 0.6% higher than December 2008. On an individual product basis, after adjusting for calendar composition, sales of flavored whole milk, reduced fat milk (2%), low fat milk (1%), fat-free (skim) milk, and flavored fat-reduced milk increased from December 2008, while sales of whole milk, organic whole milk, organic fat-reduced milk, and buttermilk decreased from a year earlier.

JANUARY PRICE AND POOL SUMMARY (DAIRY PROGRAMS): During January, about 10.7 billion pounds of milk were received from producers. This volume of milk is 0.9% lower than the January 2009 volume. About 3.9 billion pounds of producer milk were used in Class I products, 2.2% lower than the previous year. Calendar composition likely had a negative impact on milk used in Class I in 2010 compared to 2009. The all-market average Class utilization percentages were: Class I = 36%, Class II = 11%, Class III = 42% and Class IV = 11%. The weighted average statistical uniform price was \$15.65, \$0.03 lower than last month and \$2.31 higher than last year.

FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS): Under the Federal milk order pricing system, the base price for Class I milk for March 2010 is \$14.34, down \$0.50 from February. This price is derived from the advanced Class III skim milk pricing factor of \$9.60 and the advanced butterfat pricing factor of \$1.4515 per pound. Class I differentials specific to each county are added to the base price to determine the Class I price. The Class II skim milk price for March is \$9.39 and the Class II nonfat solids price is \$1.0433 per pound. The following are the two-week product price averages: butter \$1.3701, nonfat dry milk \$1.1431, cheese \$1.5174, and dry whey \$0.3928.

CME GROUP

MONDAY, FEBRUARY 15, 2010

CME CLOSED, NO TRADING

TUESDAY, FEBRUARY 16, 2010

CHEESE — SALES: 5 CARS BARRELS: 2 @ \$1.4450, 1 @ \$1.4425, 1 @ \$1.4350, 1 @ \$1.4250; 7 CARS 40# BLOCKS: 4 @ \$1.5050, 1 @ \$1.5000, 1 @ \$1.4950, 1 @ \$1.4900; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4150; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4425; 1 CAR 40# BLOCKS @ \$1.4800
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: 3 CARS GRADE AA: 2 @ \$1.3250, 1 @ \$1.3300; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.3300; LAST OFFER UNCOVERED: NONE

WEDNESDAY, FEBRUARY 17, 2010

CHEESE — SALES: 4 CARS 40# BLOCKS: 1 @ \$1.4700, 2 @ \$1.4600, 1 @ \$1.4550; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4150; 1 CAR 40# BLOCKS @ \$1.4450
 NONFAT DRY MILK — SALES: 1 CAR GRADE A @ \$1.1200; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: 3 CARS GRADE AA: 2 @ \$1.3300, 1 @ \$1.3350; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.3350; LAST OFFER UNCOVERED: NONE

THURSDAY, FEBRUARY 18, 2010

CHEESE — SALES: 5 CARS BARRELS @ \$1.3875; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.3875; 1 CAR 40# BLOCKS @ \$1.4275
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: 18 CARS GRADE AA: 1 @ \$1.3400, 1 @ \$1.3450, 1 @ \$1.3475, 1 @ \$1.3525, 1 @ \$1.3550, 1 @ \$1.3600, 1 @ \$1.3725, 1 @ \$1.3800, 1 @ \$1.3750, 1 @ \$1.3825, 1 @ \$1.3900, 1 @ \$1.3875, 1 @ \$1.3850, 3 @ \$1.3800, 1 @ \$1.3850, 1 @ \$1.3800; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.3975

FRIDAY, FEBRUARY 19, 2010

CHEESE — SALES: 2 CARS BARRELS @ \$1.3775; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.3700; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.4125
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: 4 CARS GRADE AA: 1 @ \$1.3800, 1 @ \$1.3750, 1 @ \$1.3700, 1 @ \$1.3600; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.3900

CME GROUP CASH NONFAT DRY MILK: Extra Grade closed the week at \$1.2400 and Grade A at \$1.1200. The last price change for Extra Grade was on 01/26/10 and Grade A was on 2/17/10. The weekly average for Extra Grade is \$1.2400 (N.C.) and Grade A is \$1.1163 (+.0143).

BUTTER MARKETS

NORTHEAST

The CME Group butter price moved lower after the extended holiday weekend. Butter closed one cent lower Tuesday, at \$1.3300. Ice cream plants are coming back into production, pulling more cream, after some plants were closed due to the recent winter storms. Cream multiples are holding steady with last week, ranging from 115 to 128. Churning remains seasonally active, with some plants planning kosher production runs in the near future. Export interest is weakening as the dollar has recently strengthened. Butter inventories are building, with Easter orders expected to arrive soon. Foreign Agricultural Service report shows January – December 2009 exports of butter total 64.3 million pounds, a 68% decrease compared to the same period last year. Leading destinations for U.S. butter are Saudi Arabia at 21.3 million pounds, up 13% from a year ago, Egypt at 10 million pounds, down 47% from a year ago, and Mexico at 8.3 million pounds, down 42%. These three countries accounted for 61.3% of the total U.S. Butter exports. Prices for bulk butter range from 3-6 cents over the market, based on the CME Group with various time frames and averages used.

CENTRAL

Butter markets remain mixed as the cash butter price at the CME continues to adjust higher and lower. Since last Wednesday, the cash prices declined 2 cents, but increased 1/2 cent at midweek this week to settle at \$1.3350. Many manufacturers and handlers state that they wish the price would settle at one level versus fluctuate as it has over the past month. Within the past month, the cash price reached \$1.5250 as a high and dipped to \$1.3100 with adjustments basically occurring on a daily basis. Churning schedules remain seasonally active. Cream volumes are sufficient to maintain steady production schedules. Butter producers indicate that buyer interest ranges from steady to improved. Orders are stronger for deliveries over the next few weeks as retail and food service outlets prepare for the upcoming Easter/Passover holiday

period. Some food service buyers indicated that many of their restaurants reported a stronger traffic flow over the past Valentine’s Day holiday weekend, which was encouraging. Many are hopeful that this is a sign of recovery from comparables in 2009. Butter stocks are readily available for buyer interest with current churning schedules often keeping pace with demand. Most handlers state that they are not reaching too far into inventory to fill orders. Spot bulk butter prices range from 2 - 4 cents over various pricing bases and averages per pound.

WEST

Wednesday’s butter trading at the CME Group closed up 1/2 cent at \$1.3350. The market was closed on Monday for the Presidents Day holiday and was mixed for the first two trading days of the week. Sales volumes were light to moderate with three sales recorded each day. Butter markets continue to trade steady to weak at the CME Group. The market tone is unsettled as buyers and sellers try to assess the direction of the market. Churns continue to operate on busy schedules. Contract sales are easily covered and excess production is going to storage or being offered on the spot market. Retail orders are good as groceries choose to feature butter for Easter promotions. Stocks continue to build in a seasonal pattern. According to the FAS, exports of butter and milkfat for the 2009 calendar year total 64.3 million pounds, down 68% from the same period in 2008. This exported volume accounts for 4.1% of total U.S. butter production for the period. The top three export destinations, the volumes shipped, and the change from last year are as follows: Saudi Arabia 21.3 million pounds, +13%; Egypt 10 million pounds, -47%; and Mexico 8.3 million pounds, -42%. These three countries accounted for 61.4% of the exports for the year. In 2008, Japan and Russia received a total of 63.8 million pounds of U.S. butter exports. For 2009, their combined butter purchases were 2.1 million pounds. Prices for bulk butter range from 1 to 5 cents under the market, based on the CME with various time frames and averages used.

NASS DAIRY PRODUCT PRICES

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
FEBRUARY 13	1,5024	1,5098	1,1417	1,3503	0,3960
	10,228,367	9,014,288	12,603,624	3,768,257	10,512,461

Further data and revisions may be found on the internet at: <http://usda.mannlib.cornell.edu/MannUsda/viewDocumentInfo.do?documentID=1450>

NORTHEAST

CHEESE MARKETS

WEST

CME Group cheese prices opened the week lower following the extended holiday weekend. Barrels closed Tuesday, two cents lower at \$1.4250 and blocks two and a half cents lower at \$1.4800. The weekly averages were mixed as barrels declined one cent and blocks were unchanged. Cheese production remains fairly steady. Sales for current cheddar cheese are sluggish and inventories are building. Sales for aged cheese remain seasonally steady. Kosher cream cheese production continues in preparation for the Passover holiday. In the latest Foreign Agricultural Statistics report, January-December 2009 exports of cheese and curd from the United States totaled 239.2 million pounds, a 17% decrease from the same period in 2008. Leading destinations, amounts shipped, and percent changes in amounts shipped compared to the same time period last year include: Mexico, 88.4 million pounds (+9); South Korea, 24 million pounds (-16%); Canada, 22.6 million pounds (-9%) and Japan, 15.5 million pounds (-25%). These four countries account for 62.9% of the total U.S. cheese exports.

Prices on 40 lb. Blocks at the CME Group on Wednesday were \$.0350 lower at \$1.4450. Barrel prices were \$.0100 lower at \$1.4150. The market was closed for the Presidents Day holiday on Monday. Barrels have closed lower for the last four consecutive trading sessions. Trading activity has been uneven for barrels with unfilled offers lowering the market twice. Blocks have lost 6 cents in the last two trading sessions on moderate trading of 11 sales. Cheese prices are showing weakness at the CME Group. Production levels remain steady compared to recent weeks. Plants are operating on heavy schedules. Demand remains good for contracts with excess supplies meeting some resistance from buyers trying to determine optimum pricing opportunities. Supplies of barrels are reported to be building. According to the FAS, exports of cheese and curds for 2009 total 239.2 million pounds, -17% or 50.1 million pounds from 2008. The exports account for 2.4% of total cheese production in the U.S. The top four export destinations, the volumes shipped, and the change from the previous year are as follows: Mexico 88.4 million pounds, +9%; South Korea 24 million pounds, -16%; Canada 22.6 million pounds, -9%; and Japan 15.5 million pounds, -25%. These four countries accounted for 62.9% of the exports for 2009.

WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Cheddar 40# Block	:	1.8250-2.1000
Process 5# Sliced	:	1.5575-1.8675
Muenster	:	1.8450-2.0425
Grade A Swiss Cuts 10 - 14#	:	3.2175-3.5400

WHOLESALE SELLING PRICES: DELIVERED, DOLLARS PER POUND
(1000 - 5000 POUNDS MIXED LOTS)

Process 5# Loaf	:	1.5900-1.8475
Cheddar 40# Block	:	1.6300-1.9825
Cheddar 10# Cuts	:	1.8100-2.0300
Monterey Jack 10#	:	1.8200-1.9800
Grade A Swiss Cuts 6 - 9#	:	2.7650-3.1950

MIDWEST

The Midwest cheese market remains under pressure. Offered volumes on the CME Group are on the rise as commercial sales struggle for many producers and packagers. Current orders are often light. Many 2010 cheese promotions have not been as attractive to consumers as last years' and sales have not seen a similar response. Increasing inventories for some producers reportedly have more operations looking to reduce cheese production if extra milk can be moved. Also, the winter weather has caused transportation delays and "hiccups" in cheese and fluid demand where winter storms have been more pronounced, though not as much as more northern states that are better equipped to handle heavy snow. Current milk intakes remain above year ago levels in traditional upper Midwest dairy areas though the change over year ago may be narrowing in some areas. Having financing for 2010 remains a concern for many milk producers after the large equity loss in 2009.

FOREIGN

Domestic wholesale cheese prices were mostly steady, following the unchanged weekly average CME Group block price. Some cheese importers adjusted their prices, resulting in price increases of some of imported varieties. Prices for domestic Swiss cuts were steady.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED,
DOLLARS PER POUND (1000 - 5000 POUNDS MIXED LOTS)

Process American 5# Loaf	:	1.8250-2.0050
Brick And/Or Muenster 5#	:	2.0075-2.1500
Cheddar 40# Block	:	1.9800-2.5650
Monterey Jack 10#	:	1.9725-2.5650
Blue 5#	:	2.2975-2.8700
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8425-2.6650
Grade A Swiss Cuts 6 - 9#	:	2.5900-3.3300

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.3900*	: 1.9650-3.4525
Gorgonzola	: 3.6900-6.6900	: 2.4675-2.7275
Parmesan (Italy)	: -0-	: 3.3725-3.5750*
Provolone (Italy)	: 3.4400-5.9900*	: 2.0075-2.1650
Romano (Cows Milk)	: -0-	: 3.1550-5.2975
Sardo Romano (Argentine)	: 2.8500-3.6900	: -0-
Reggianito (Argentine)	: 3.2900-3.5300	: -0-
Jarlsberg-(Brand)	: 2.9500-4.6900	: -0-
Swiss Cuts Switzerland	: -0-	: 3.3100-3.6325
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

* = Price change.

**WEEKLY COLD STORAGE HOLDINGS-SELECTED STORAGE CENTERS
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS**

BUTTER : CHEESE

	:	:
02/15/10	10,108	: 139,566
02/01/10	8,498	: 121,257
CHANGE	1,610	: 18,309
% CHANGE	19	: 15

FLUID MILK AND CREAM

E A S T

Spot shipments of Grade A milk into or out of Florida and other Southeastern states

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	100	0	118	0	98
SOUTHEAST STATE	0	0	0	0	0	0

In the Northeast region, Class I demand has leveled off, resulting in increased milk supplies for manufacturing plants. Snowfalls in western Pennsylvania, early in the week, interrupted farm pick ups, plant deliveries and closed some schools. The Mid Atlantic region is returning to normal seasonal production schedules, after last week's record snowfalls. Bottling plants are getting caught up on deliveries and Class II production is picking up after some plants closed due to last week's storms. Most farm pick ups and plant deliveries have returned to regular schedules. Southeast Class I supplies have leveled off and regular scheduled deliveries are resuming after last week's snows and slippery road conditions. There were no spot loads of milk moving in or out of the region. Florida is experiencing an unusually cool/cold winter, with temperatures averaging 6 to 12 degrees below normal. Snowfalls were noted across the panhandle and freezing temperatures reached as far south as Orlando. A majority of pastures remain in only fair and/or poor condition, due to the cold damp weather. Class I demand and sales are flat. Ice cream and yogurt production have increased as significant features have stimulated demand. One hundred loads were moved out of Florida this week. Cream is readily available, with some tightness noted in those areas where ice cream plants are coming back into production after being closed due to the recent storms. Multiples are mostly steady with last week, ranging from 115 to 128. Churns are seasonally active, with inventories building in preparation for Easter holiday orders. Kosher runs are also being scheduled in the near future. Condensed skim spot sales picked up this week as Class II production runs returned to regular schedules after being interrupted by the recent storms.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, \$ PER LB BUTTERFAT

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.5433-1.7177
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.5830-1.6775

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:	
NORTHEAST - CLASS II - INCLUDES MONTHLY FORMULA PRICES	- 1.37 - 1.41
NORTHEAST - CLASS III - SPOT PRICES	- 1.24 - 1.30

M I D W E S T

Class I interest is uneven, depending on recent storm tracks, scattered school closings, and retail promotional activity. In general, milk volumes are ample for needs, especially with recent price pressure on cheese and powder prices. Plant inventories of finished products are mostly on the rise as buyers typically minimize purchases with falling prices. Reports of at least fractional discounts on manufacturing milk sales are noted though prices from regular sources are steady to fractionally lower on a very light test. Spot milk interest is light, as more operations would rather sell some than use or buy it. Interest is very light in northern sections for adding new producers before summer. Cream interest is mixed due to recent winter weather production time

losses at some plants. A slight increase in cream cheese production for Lent/Passover also required extra cream. However, overall cream demand remains sluggish. The Olympics has generated increased interest in products like dips. Churning remains active in the region though reports indicate producers are slowing sales as the sale "window" for selling "old crop" butter (produced before December 1, 2009) on the CME Group cash butter market closes on March 1. Mechanical problems with one churn pushed more cream on the market. Milk intakes are generally steady to slightly higher seasonally in northern and central sections of the region. Winter weather in central and southern sections generally is not known to be conducive to warm weather products such as ice cream as well as transportation schedules.

W E S T

CALIFORNIA milk production is often "flat" after showing some declines in recent weeks. Weather conditions have been sporadic across the state, but, in general, cows are acclimated to what is happening. Milk volumes are adequate to long when compared to demand for finished dairy products at the current pricing levels. Processors are running on expected levels and clearing milk supplies. Bottled milk sales are steady with only slight variations noted. ARIZONA milk production trends continue to move slightly higher on a week to week basis, while closing the gap from a year ago. Solids levels of incoming milk are building slowly. The increases are helping to improve yields of dairy products. There are few issues affecting processing plants. The fluid market is showing a steady demand with recent weeks. Very little is happening that is impacting usage. The CREAM markets remain on the weak side. Supplies are moderate to heavy in the West. Production of ice cream is steady at moderate levels for the calendar. Production of cream based items is limited yet for the upcoming holidays. Surplus cream is continuing to clear to butter churns. The CME butter price closed at \$1.3350 on Wednesday, February 17, down 1.5 cents from a week ago. The CME price and basing points continue to fluctuate; while multiples are unchanged and range 110-120 FOB and vary depending on class usage and basing points. Warmer weather has entered the PACIFIC NORTHWEST for the week. The spring like weather has firmed up cow yards and helped to dry out some areas that had above normal moisture. Use of straw to bed yards has been reduced and helps to contain costs of production. Milk production levels remain near year ago. Handlers are not experiencing any difficulties due to weather conditions. Cow comfort levels are good and milk production reflects this. The breakeven milk price is below year ago levels, yet many farmers are still in distressed financial positions. Forage supplies are adequate with high quality hay harder to find. Many farmers are buying hay on an as needed basis. The early hay harvest in California has been delayed due to rains and may affect premium quality hay supplies if the weather persists. Milk quality remains high with solids above normal. UTAH and IDAHO had typical weather patterns for the week. Receipts of milk are near year ago levels. Handlers are experiencing no winter weather difficulties. Most manufacturing plants are operating at comfortable levels to fulfill contracted obligations. Fat and protein levels are increasing seasonally. Bottled milk interest is at seasonal norms. Milk features have increased some retail orders. Farmers continue to have conversations with agricultural lenders as to financing for spring and summer.

NDM, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Nonfat dry milk prices in the Central region are both higher and lower on the range price series and lower on the mostly price series. Price pressure from the Western NDM market continues to bear upon the Central/East price series, and some product from the West is filling Central demand. Production is unchanged in some locations, lower in others, depending on condensed skim sales and production of various other dairy protein based products. Sales of condensed skim into some Class II plants are steady to higher for the week. Nonfat dry milk inventories are building. Contract loads are shipping without interruption. Most resellers indicate that buyers are cautious on purchasing decisions and LTL sales are inching higher as end users find ways to match up near term production schedules and just-in-time buying strategies. Availability of lower priced, older product is rumored, but sales into the Central region are unconfirmed.

EAST: Manufacturing milk supplies have increased as Class I demand has leveled off, resulting in increased drying schedules and NDM production. Manufacturing milk supply volumes are dictating low heat and high heat production, low heat production when supplies are heavy and high heat production during lighter volumes. Spot market activity remains light. Most of the market trading involves resale activity, as traders are working their inventories lower, at prices below current market levels and often at a loss. Some traders are selling their inventories in smaller lots to minimize losses. Export demand has weakened as a result of the recent strengthening of the dollar. Foreign Agricultural Service reports that December 2009 exports of nonfat dry milk under Schedule B code 0402100000 total 14.5 kilotons (kt), about a 27.0% decrease compared to November 2009, and a 29% decrease from December 2008. Cumulative 2009 exports total 248.8 kt, a 36% decrease from 2008. Total exports to the top 3 destinations for 2009, and percent change in amounts exported compared to 2008 are: Mexico, 106.2 kt (-10%), Philippines, 27.5 kt (-45%) and Indonesia, 21.4 kt (-53%) are the top three destinations for nonfat dry milk thus far in 2009, accounting for 62% of the total nonfat dry milk exports.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 1.1000 - 1.2700 MOSTLY: 1.1500 - 1.2600
HIGH HEAT: 1.1900 - 1.3700

NONFAT DRY MILK - WEST

Pricing levels are slightly lower for the range, while the mostly price series was unchanged. The market tone remains weak and untested. General trade comments are that the weaker NDM complex has in essence cast a weaker tone over many dry dairy proteins and caused buying interest to slow. NDM demand remains light with buyers exploring options. Most buyers are attempting to keep stock levels low. End users and resellers are attempting to clear extra holdings of NDM and are willing to take losses to move. Current export interest remains slow with some potential considerations. The trade is assessing an international export tender and gauging whether the U.S. will capture any of the business. While freight, timing, and special requirement issues work against possible sales; there are question whether EU product would be offered lower than the current intervention pricing levels when season offerings could begin after March 1. High heat pricing is slightly lower with a weaker market tone. Lower pricing within the range is common as sellers adjust prices. Production is steady to lower and output is being dialed in; so that producers are not holding excess inventories in a weaker market with declining pricing trends. Stocks are generally light. According to FAS, exports of NDM/SMP for calendar year 2009 total 548.6 million pounds, down 313.8 million pounds or 27% from the 862.4 million pounds exported in 2008. Exports as a percentage of total U.S. NDM/SMP production were 32.1% in 2009 and 45.6% in 2008. For 2009, the top five export destinations with percentage change from 2008 were: Mexico,

234.1 million pounds, -63%; Philippines 60.7 million pounds, +25%; Indonesia 47.1 million pounds +44%; Vietnam 35.7 million pounds, +438%; and Algeria 27.6 million pounds, -37%.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 1.0000 - 1.1800 MOSTLY: 1.0400 - 1.1000
HIGH HEAT: 1.1100 - 1.3300

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: The dry buttermilk market is transitioning lower as it responds to NDM market trends and steady to higher inventories in the region. Spot market interest is reportedly lower and some buyers indicate they are hesitant to purchase more than the quantities that will meet short term needs in this type of market. Butter making and buttermilk drying are unchanged to slightly lower this week as various plants deal with regularly scheduled maintenance. Intakes are well within regional plant capacities.

EAST: Cream supplies, for the most part, are readily available and plants are in pre-production for the Easter and Passover holidays. Dry buttermilk production is steady due to seasonally active churns. Supplies are filling current contracts and inventories are building. Spot market activity is light as most traders are out of the market, resulting in limited demand and giving the market a weak undertone.

F.O.B. CENTRAL/EAST: 1.0000 - 1.2325

DRY BUTTERMILK - WEST

Western dry buttermilk prices moved sharply lower as the market tone further weakened. Buying interest has slowed and generally stimulated only by lower prices. Buyers are not looking to secure any extra buttermilk loads in the current weak environment. Weakening NDM pricing levels are spilling over into the dry buttermilk complex. Production is active and reflects steady to higher butter production. Stocks remain moderate to heavy.

F.O.B. WEST: .8800 - 1.0300 MOSTLY: .9100 - .9800

DRY WHOLE MILK - NATIONAL

The dry whole milk market is unchanged to slightly higher at the bottom of the range for the week. Availability of F.O.B. spot loads is infrequent. Production continues to be a function of contract needs, milk supplies, and weather related transportation issues. According to the Foreign Agricultural Service, January - December 2009 dry whole milk and cream exports under Schedule B code 0402210000 decreased about 55% compared to the same time period in 2008 and total about 14.3 kilotons (kt). December 2009 exports total 1.8 kt, a 24% increase from one month ago, but a 25% decrease from December 2008. December 2009 exports were at the second highest monthly total for the year, trailing only April 2009 exports of 2.0 kt. Mexico (9.3 kt) is the top destination for dry whole milk and cream exports in 2009, accounting for 65% of the total dry whole milk and cream exports.

F.O.B. PRODUCING PLANT: 1.3600 - 1.5200

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
February 12	\$1.1045	7,075,566	0
February 5	\$1.1088	5,006,607	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

WHEY, WPC 34%, LACTOSE & CASEIN

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY - CENTRAL

Central region dry whey prices are unchanged to slightly higher on an unsettled market. Premiums to the Central mostly price series are not setting a decided pattern, decreasing as a few producers work at clearing some inventory that accumulated over the last few weeks, and holding steady from some manufacturers. Some manufacturers report sales into various Asian countries have been lower for the last few weeks, with the Chinese New Year put forward as one possible reason for the decrease in shipments moving to that region. Container shortages are also intermittently adding days onto regularly scheduled shipping dates. A few Central cheese/dry whey producers are on less than seven days per week production schedules as soft cheese orders continue to dictate the amount of whey output possible on a week to week basis. Foreign Agricultural Service reports that December 2009 dried whey exports under Schedule B code 0404104000 totaled 17.1 kilotons (kt), about a 20% decrease compared to exports of the previous month 10% higher than one year ago. Cumulative 2009 exports through December 2009 total 206.4 kt, an increase of about 2.5% compared to 2008. The three largest 2009 U.S. export markets for dried whey, total exports for January - December 2009, and percent change in amounts exported compared to 2008 are: China, 46.3 kt (+17%); Japan, 22.8 kt (+4%); and Canada, 21.8 kt (-12%). Exports to those three countries account for about 44% of all U.S. dried whey exported during 2009.

F.O.B. CENTRAL: .3400 - .4150 MOSTLY: .3675 - .3875
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2200 - .3700

DRY WHEY - NORTHEAST

The price range for dry whey narrowed this week and as a result increased the average price by a quarter cent, in the face of weakening dry dairy product markets. Supplies of extra grade whey were limited in some areas as plants attempted to catch up with previous delayed contract deliveries, which helped support prices, in limited trading. Some plants were shipping condensed whey in from the Midwest to aid in getting current with contracts. Some traders are working inventories lower by selling product, some with age, at discounted prices. Whey production remains fairly steady with supplies moving through contracts, with limited additions to inventories. Recent export activity also helped insulate the dry whey market from the lower prices and weak undertones in other dry dairy product markets. The latest Foreign Agricultural Statistics report shows 455.1 million pounds dry whey were exported from the United States during the January - December 2009 time span, up 3% from the same time span of 2008. Leading world regional destinations, amounts shipped, and year to year percentage changes in amounts shipped are as follows: East Asia, 194.3 million pounds (+10%); Southeast Asia, 125.2 million pounds (+2%); and North America, 88.2 million pounds (+21%). These three regions comprised 89.6% of the total exports from January to December, 2009.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3575 - .4025

DRY WHEY - WEST

This week's whey markets remained mostly steady. The full range of prices narrowed slightly. Contracted obligations constituted most of the trade for the week. The open market is said to be under pressure to lower and follow the NDM market pricing. China remains on the sideline due to the New Year Holiday and thus more product is being offered in some cases. Resellers are offering discounted prices to some export accounts. Buyers are content to fill immediate needs, but feel no pressure to seek additional supplies. Whey production levels are steady to good as cheese plants are operating at near full schedules. Stocks are sufficient to fill needs to meet current orders. FAS reports exports of dried whey for 2009 total 455.1 million pounds, 3% or 11.2 million pounds more than 2008. This volume of exports amounts to 42.1% of total dry whey production in the U.S. for 2009. The top six export destinations, the volume shipped and the change from the previous year are as follows: China 102.1 million pounds, +17%; Japan 50.4 million pounds, +4%; Canada 48 million pounds, -12%; Mexico 40.2 million pounds, +125%; Malaysia 33.9 million pounds, +14%; and South Korea 29.4 million pounds, +10%. These six countries account for 66.8% of the total exports.

NONHYGROSCOPIC: .3750 - .4300 MOSTLY: .3900 - .4200

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Central and West whey protein concentrate 34% prices are unchanged to lower on a mixed market. Offers from resellers are more numerous according to some buyers and competitively priced compared to offers from manufacturers. Some producers with multiple outlet choices for milk are sending more milk into butter and NDM versus cheese production because of somewhat weak cheese sales. This is curtailing WPC 34% production at a few locations and moderating WPC 34% inventories at those facilities. Contract loads of WPC 34% are shipping steadily and most producers indicate buyers are willing to accept loads as scheduled. Availability of additional spot loads of condensed WPC 34% are more numerous in some locations. Interest is variable, as potential buyers indicate either internal whey streams are sufficient to meet current needs or the offered condensed WPC 34% loads may differ from required specifications. Foreign Agricultural Service reports that during December 2009, exports of WPC 34% under Schedule B code 0404100500 totaled 9.9 kilotons (kt), a 12% decrease from November 2009 but about double the exports of December 2008. Exports to China (3.7 kt), Mexico (1.9 kt) and Canada (1.9 kt) accounted for 74% of all the WPC 34% exported during the month. Cumulative 2009 exports total 92.2 kt, an increase of about 29% compared to 2008. Mexico (33.9 kt, +64%), China (28.0 kt, +35.3%), and Canada (11.5 kt., +15.4%) and are the top three destinations for WPC 34% 2009, accounting for 80% of exports.

F.O.B. EXTRA GRADE 34% PROTEIN: .8500 - 1.0000 MOSTLY: .9125 - .9475

LACTOSE - CENTRAL AND WEST

Lactose prices are mostly unchanged. Spot offerings to the market are available from a few manufacturers as inventory control remains a priority. However, a few producers remain sidelined from the spot market due to either contract fulfillment commitments or the decision to hold product for near term and second quarter needs. Some end users report product has been readily available above contract volumes from a few chosen lactose manufacturers, while other end users report some delays in receiving contract product. Some resale product is reportedly also coming to the spot market at prices below the market. Color, mesh size and age of product remain considerations for some end users. Foreign Agricultural Service reports that December lactose exports under Schedule B code 1702110000, anhydrous, >99% solids, totaled 10.0 kilotons (kt). This is a decrease in exports of 10% compared to November 2009 but a 22% increase from December 2008 export quantities. Cumulative 2009 exports through December total 123.9 kt, a 30% increase from 2008. Total exports to the top 3 destinations for 2009, and percent change in amounts exported compared to 2008 are: China (29.5 kt, +63.2%), Japan (18.8 kt., +2.4%) and Mexico (13.7 kt, +217%). Those destinations account for 50% of lactose exports.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .3000 - .4500 MOSTLY: .3300 - .3700

CASEIN - NATIONAL

Casein markets and prices are little changed from recent weeks. Domestic buyers are stating that they are getting their contracted volumes, but also state that spot availability is limited. Spot offerings are available in the market place, although often, these offering are sourced from areas that are not regular supply sources for buyers. The casein production season in Oceania is winding down but maintaining levels that are not dropping off sharply. In Europe, the production season is still developing with new production still very limited.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.5000 - 4.2500
ACID: 3.5000 - 4.2000

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF FEBRUARY 15 - 19, 2010			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/09	SAME PERIOD LAST YEAR	WEEK ENDING 02/12/10	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	4,554,376	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	4,554,376	-0-	-0-
CHEESE							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-
NONFAT DRY MILK							
Nonfat	-0-	-0-	-0-	132,276	174,669,738	-0-	-0-
TOTAL	-0-	-0-	-0-	132,276	174,669,738	-0-	-0-

MILK EQUIVALENT, FAT SOLIDS BASIS, OF ADJUSTED PURCHASES (MILLION POUNDS)

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF FEBRUARY 15 - 19, 2010 =	0.0	0.0	COMPARABLE PERIOD IN 2009 =	10.5	54.4
CUMULATIVE SINCE OCTOBER 1, 2009 =	0.0	1.5	CUMULATIVE SAME PERIOD LAST YEAR =	137.7	2,033.7
CUMULATIVE JAN. 1 - FEB. 19, 2010 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2009 =	112.5	700.2

* Factors used for Fat Solids Basis - Butter times 21.80; Cheese times 9.23; and Nonfat Dry Milk times 0.22
 **Factors used for Skim Solids Basis - Butter times 0.12; Cheese times 9.90; and Nonfat Dry Milk times 11.64

CCC ADJUSTED PURCHASES FOR THE WEEK OF FEBRUARY 15 - 19, 2010 (POUNDS)

REGION	BUTTER		CHEESE		NONFAT DRY MILK	
	BULK	BLOCK	BARREL	NONFORTIFIED		
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	-0-	-0-	-0-	-0-	-0-
EAST	-0-	-0-	-0-	-0-	-0-	-0-

CCC ADJUSTED PURCHASES SINCE 10/1/09 AND SAME PERIOD LAST YEAR (POUNDS) AND MILK EQUIVALENT AS A PERCENT OF TOTAL

REGION	BUTTER		CHEESE		NONFAT DRY MILK		MILK EQUIVALENT (%)	
	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09	2009/10	2008/09
CENTRAL	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
WEST	-0-	4,554,376	-0-	-0-	132,276	174,669,738	100.0	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	4,554,376	-0-	-0-	132,276	174,669,738	100.0	100.0

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS EFFECTIVE NOVEMBER 1, 2009

BUTTER Bulk \$1.05 per pound

CHEESE 40# Blocks \$1.13 per pound; 500# Barrels \$1.10

NONFAT DRY MILK \$.80 per pound

U.S. Dairy & Total Cow Slaughter under Federal Inspection, by Regions, for Week Ending 01/30/10 & Comparable Week 2008

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
2010-Dairy	N.A.	0.6	6.9	3.0	16.8	3.9	0.4	N.A.	18.1	3.2	54.3	272.1	43.1	43.0
2009-Dairy	N.A.	0.5	7.5	3.4	18.3	6.7	0.6	N.A.	19.4	4.9	63.0	315.5	48.8	49.7
2010-All cows	N.A.	0.7	8.6	13.6	31.9	23.5	14.4	N.A.	22.2	7.6	126.0	633.1		
2009-All cows	N.A.	0.6	9.4	14.0	35.1	22.5	13.8	N.A.	21.4	8.2	129.1	635.3		

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CANADIAN DAIRY BREEDING FEMALE IMPORTS

WEEK ENDING	WEEKLY TOTAL	2010 CUMULATIVE TOTAL	SOURCE: USDA, APHIS
FEBRUARY 6, 2010	578	1,982	

CLASS III MILK PRICES, (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2006	13.39	12.20	11.11	10.93	10.83	11.29	10.92	11.06	12.29	12.32	12.84	13.47
2007	13.56	14.18	15.09	16.09	17.60	20.17\$	21.38	19.83	20.07	18.70	19.22	20.60
2008	19.32	17.03	18.00	16.76	18.18	20.25	18.24	17.32	16.28	17.06	15.51	15.28
2009	10.78	9.31	10.44	10.78	9.84	9.97	9.97	11.20	12.11	12.82	14.08	14.98

FEDERAL MILK ORDER CLASS PRICES FOR 2010 (3.5% BF)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	15.03	14.84	14.34									
II	15.22											
III	14.50											
IV	13.85											

1/ Specific order differentials to be added to this base price can be found by going to: www.ams.usda.gov/DairyMarketingStatistics; then select "Prices"; and then select "Principal Pricing Points." \$ Revised

INTERNATIONAL DAIRY MARKET NEWS

Information gathered February 08 - 19, 2010

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN AND EASTERN EUROPE

WESTERN OVERVIEW: Cold temperatures throughout many areas of Europe are limiting milk production growth to levels that are lower than last year at this time. Although milk output is lower than last season, most milk handlers are not overly concerned and state that growth will occur when weather conditions are more favorable. Many state that this will probably push peak level attainment to a little later in the spring which should be no problem. Many traders and handlers are closely monitoring the outcome of a recent milk powder tender for March – May delivery. No specific volumes are known, but traders speculate that between 30,000 and 50,000 MT of a combination of skim and whole milk powder are being sought. They are also speculating, that with the near term delivery period, much of the powder will probably be sourced from Europe. The end of the current open season intervention year is February 28 with the new season beginning on March 1. Traders and handlers expect that in the short term, no intervention purchases will occur. The new year program will run for 6 months (March – August) with intervention price levels of 1,698 Euros per MT for skim milk powder and 2,217.5 Euros per MT for butter being unchanged from last season. Maximum levels of 30,000 MT of butter and 109,000 MT of skim milk powder will be purchased at prevailing intervention levels. Current market conditions are at a completely different stage than they were last year at this time. Last year, purchases for both butter and skim milk powder were heavy once the program was open with butter attaining maximum levels very quickly with skim milk powder attaining maximum levels a while later. Also last year, the open season was extended to include a full twelve months versus the traditional 6 months. At the February 18th Dairy Management Committee meeting, no significant dairy adjustments were reported and export refunds were unchanged at zero.

BUTTER/BUTTEROIL: European butter markets remain weak, although price declines of recent weeks have slowed. Milk production is seasonally increasing in Europe, thus butter output is slowly gaining momentum. Butter markets are at a completely different stage than they were last year at this time. Last year, offerings to intervention were heavy when the season opened on March 1 and quickly attained the 30,000 MT maximum levels to receive full intervention value and continued to grow to levels that are currently in intervention hands. This year, with the new year beginning March 1, commercial prices are higher than intervention levels, thus no offerings are projected to clear for the near term.

82% BUTTERFAT: 3,700-3,950
99% BUTTERFAT: 4,000-4,250

WHOLE MILK POWDER (WMP): European whole milk powder markets are unsettled with prices unchanged to lower. Many European buyers continue to adjust their prices to be competitive and more reflective of the average price from the global/Dairy Trading event earlier in the month in the Oceania region. Many European traders and handlers are wondering how much of the recently announced milk powder tender will be filled from European sources. No total volumes are known at this time, but some are speculating that between 30,000 and 50,000 MT of milk powder (split between skim and whole milk) might be being sought. Near term delivery dates are being stated (March – May) which may limit outside of Europe competition.

26% BUTTERFAT: 3,250-3,425

OCEANIA

OVERVIEW: Oceania milk production continues to decline, but milk producers and handlers are optimistic about the balance of the season. Although some dairying regions in both Australia and New Zealand have battled with lack of moisture during the current season, the outlook for the balance of the season is more positive. Varying moisture levels are causing pasture growth to be irregular in many areas, although favorably priced feed costs may encourage dairy producers to feed heavier volumes of supplemental grains which typically enhances milk output. Milk producers and handlers in New Zealand are revising their seasonal projections and now anticipate that total milk output for the year will be about 1% above last year levels. In Australia, rainfall has been reported in many of the dairy regions of the country during recent days. This will help with pasture growth, but summer temperatures can quickly diminish moisture levels. In Australia, official December milk production figures were recently released which indicated that output was down 9.6% when compared to last December. Cumulatively, for the first six months of the season (July – December), milk production was trailing last season by 6.2%. Although cumulative figures are presently in the 6% below last season range, many milk handlers are projecting that the final figure for the entire year will be better and are projecting cumulative 2009 – 2010 milk production to be more in the 4% below last season range. Manufacturers and handlers of dairy products continue to adjust prices to remain competitive with other international prices. Although prices are trending lower, manufacturers report that surplus stocks are limited for spot buyers. International buyer interest for Oceania traders and handlers has slowed as the Chinese New Year is being observed at this time. They anticipate that buyer interest will remain slow for the balance of this week, but will start to gain momentum next week. Traders and handlers are awaiting the results on the upcoming global/Dairy Trading event on March 2. Whole milk powder and anhydrous milk fat continue to be traded with skim milk powder coming onto the platform for the first time at the March 2 event.

BUTTER: Oceania butter markets are generally steady with prices unchanged to lower. Churning activity is seasonally active, although trending lower. Anhydrous milk fat demand remains active, thus limiting cream volumes for butter production. Traders and handlers indicate that supplies of butter are in close balance with some stocks available on a biddable spot basis.

82% BUTTERFAT: 3,500 - 3,800

CHEDDAR CHEESE: Oceania cheese markets are generally steady although prices eased slightly on the low end of the reported range. Sales activity has slowed as the Chinese New Year has many buyers observing the holiday. Traders and handlers anticipate that buyer interest will resume next week. For the most part, cheese stocks are sufficient to maintain scheduled deliveries. This holiday period allows Oceania cheese producers to generate a little additional stock as shipments into those regions have also slowed.

39% MAXIMUM MOISTURE: 3,700 - 4,300

OCEANIA COMMENTS AND CURRENCIES
CONTINUED ON PAGE 8A

WESTERN AND EASTERN EUROPEAN COMMENTS
CONTINUED ON PAGE 8A

INTERNATIONAL DAIRY MARKET NEWS

Information gathered February 08 - 19, 2010

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WESTERN AND EASTERN EUROPE

OCEANIA

 WESTERN AND EASTERN EUROPEAN COMMENTS
 CONTINUED FROM PAGE 8

 OCEANIA COMMENTS AND CURRENCIES
 CONTINUED ON PAGE 8

SWEET WHEY POWDER: European whey powder markets and prices are generally steady. Cheese production is gaining strength seasonally, thus whey volumes are also on the rise. European priced whey offerings are not attracting too much international buyer interest, but some traders and handlers are projecting that prices will ease as the milk and cheese production season develops.

NONHYGROSCOPIC: 950 - 1,050

SKIM MILK POWDER (SMP): European skim milk powder markets and prices remain weak, although market prices are well above intervention levels of 1698 Euros per MT. The current intervention year will come to a close on February 28 and the new year will begin on March 1. Maximum levels of 109,000 MT will be in place to receive full restitution. Last year, unsettled market conditions caused the Commission to extend the open season time period for a full 12 months with this year's season reverting back to the traditional 6 month open season (March – August). Most traders and handlers project that on the short term, no intervention purchases will occur. Many European traders and handlers are curious as to what part of a recent milk powder tender will be sourced out of Europe. Many are speculating that Europe will be a major source for powder, especially due to the short delivery time period (March – May) that is being stated.

1.25% BUTTERFAT: 2,600 - 2,750

EASTERN OVERVIEW: In Eastern Europe, winter weather conditions continue and milk production remains seasonally low. It will be a month or so before noticeable increases are reported from this region. Eastern European manufacturers and handlers are wondering how involved they may be with the recently announced milk powder tender, especially due to the near term delivery period of March – May. They feel that they will be in a better position to fill needs during the end of the shipment period versus early in March.

SKIM MILK POWDER (SMP): Skim milk powder prices are generally unchanged with an unsettled market tone. Traders and handlers are awaiting the outcome of the first skim milk powder traded at the global/Dairy Trading event March 2. Many indicate that this trading will help them evaluate current and future markets. The volumes that will be offered at the event are still unclear, but many feel that they will be sufficient enough to provide some market insight. Traders and handlers state that it appears that international price weakness of recent weeks has slowed. They indicate that some Oceania prices are right in line with other international markets. Traders also are very curious at what price levels a recently announced milk powder tender will be at. Being a very near term shipment period (Mar – May) may discourage Oceania sourced powder to be offered, although supplies in other international markets might be used by Oceania based companies.

1.25% BUTTERFAT: 2,500 - 3,000

WHOLE MILK POWDER (WMP): Oceania whole milk powder markets and prices remain weak. Following the most recent global/Dairy Trading event, many Oceania traders and handlers adjusted their current spot prices to be more reflective of the average prices recorded at the February 2 event. In most instances, current offerings are being priced under this average.

26% BUTTERFAT: 3,000 - 3,250

Exchange rates for selected foreign currencies: February 15, 2010

.9532 Canadian Dollar	.0216 Indian Rupee
.2595 Argentina Peso	.6975 New Zealand Dollar
.0773 Mexican Peso	.8889 Australian Dollar
.3372 Polish Zloty	.0111 Japanese Yen
	1.3601 Euro

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.0773) = 12.9366$ Mexican Pesos. Source: "Wall Street Journal"

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	02/04	02/05	02/08	02/09	02/10	02/11	02/12	02/15	02/16	02/17
CME - CLASS III MILK FUTURES (Pit-Traded)										
JAN 10	14.48 (4204) 0	14.50 (4021) 0								
FEB 10	14.05 (3998) 1	14.10 (4009) 0	14.14 (4004) 0	14.19 (3949) 0	14.30 (3671) 0	14.24 (3648) 1	14.25 (3622) 0	NO TRADING	14.20 (3623) 0	14.18 (3586) 0
MAR 10	13.57 (3820) 5	13.55 (3767) 5	13.55 (3784) 0	13.67 (3749) 1	14.14 (3703) 5	13.96 (3615) 0	13.77 (3639) 0		13.51 (3666) 3	13.31 (3590) 0
APR 10	13.36 (3502) 11	13.24 (3500) 12	13.18 (3548) 6	13.30 (3556) 4	13.82 (3504) 6	13.60 (3473) 6	13.50 (3486) 20		13.11 (3523) 5	13.05 (3630) 11
MAY 10	13.55 (2854) 11	13.40 (2855) 12	13.28 (2857) 6	13.37 (2864) 0	13.90 (2830) 5	13.62 (2844) 6	13.49 (2876) 5		13.22 (2946) 5	13.13 (3040) 11
JUN 10	14.21 (2332) 10	14.00 (2375) 12	13.89 (2385) 7	13.89 (2393) 0	14.25 (2416) 9	13.95 (2483) 6	13.88 (2515) 0		13.62 (2591) 5	13.47 (2683) 11
JUL 10	15.00 (1881) 10	14.76 (1907) 12	14.64 (1929) 6	14.62 (1961) 0	15.01 (1947) 5	14.69 (1978) 6	14.56 (2019) 0		14.19 (2106) 5	14.07 (2138) 11
AUG 10	15.25 (1940) 10	15.06 (1987) 12	14.98 (1999) 6	14.92 (2013) 0	15.37 (2012) 5	15.19 (2009) 6	15.15 (2013) 0		14.80 (2027) 2	14.74 (2036) 6
SEP 10	15.52 (1838) 10	15.37 (1885) 12	15.36 (1913) 6	15.32 (1933) 10	15.69 (1953) 16	15.50 (1960) 1	15.47 (1986) 22		15.30 (2015) 19	15.22 (2024) 6
CME - CLASS IV MILK FUTURES (Pit-Traded)										
MAY 10	13.30 (60) 0	13.15 (60) 0	13.26 (60) 0	13.26 (60) 0	13.26 (60) 0	13.26 (60) 0	13.35 (60) 0	NO TRADING	13.35 (60) 0	13.25 (60) 0
JUN 10	13.73 (30) 0	13.90 (30) 0	13.90 (30) 0	13.90 (30) 0	13.90 (30) 0	13.90 (30) 0	13.90 (30) 0		13.90 (30) 0	13.80 (35) 0
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
JAN 10	136.00 (370) 0	136.10 (370) 01								
FEB 10	135.25 (379) 0	134.00 (379) 1	134.00 (379) 0	134.00 (379) 4	134.00 (379) 0	134.00 (379) 0	134.25 (379) 0	NO TRADING	134.25 (379) 0	134.25 (379) 0
MAR 10	143.00 (469) 20	142.00 (476) 14	142.50 (479) 8	145.00 (478) 9	145.00 (478) 10	144.50 (479) 1	142.98 (494) 20		142.00 (502) 18	141.50 (503) 44
APR 10	146.03 (384) 0	145.00 (388) 17	145.00 (388) 0	147.00 (390) 8	147.00 (391) 3	147.25 (393) 2	146.25 (395) 9		144.50 (397) 2	144.00 (389) 9
MAY 10	147.00 (354) 0	147.00 (354) 0	147.00 (354) 0	148.00 (354) 0	149.00 (354) 0	150.00 (354) 8	148.98 (373) 25		148.50 (375) 3	147.00 (383) 8
CME - NONFAT DRY MILK FUTURES (Pit-Traded)										
JAN 10	118.90 (116) 0	119.29 (116) 0								
FEB 10	108.50 (112) 0	108.50 (112) 0	108.50 (112) 0	108.50 (112) 0	108.50 (112) 0	108.50 (112) 0	108.50 (112) 0	NO TRADING	108.50 (112) 0	108.50 (112) 0
MAR 10	107.50 (109) 0	107.50 (109) 0	107.50 (109) 0	107.50 (109) 0	107.50 (109) 0	107.50 (109) 0	107.50 (109) 0		106.50 (109) 0	106.50 (111) 0
APR 10	108.00 (112) 0	108.00 (112) 0	108.00 (112) 0	108.00 (112) 0	108.00 (112) 0	108.00 (112) 0	108.00 (112) 0		108.00 (112) 0	106.00 (112) 0
CME - WHEY (Electronic-Traded)										
JAN 10	38.25 (323) 0	38.80 (323) 0								
FEB 10	36.00 (328) 1	37.00 (328) 2	37.00 (328) 1	36.75 (328) 1	37.25 (330) 3	37.55 (331) 1	38.25 (331) 17	NO TRADING	38.25 (331) 0	38.25 (331) 0
MAR 10	31.00 (275) 0	32.00 (275) 2	32.00 (279) 4	32.00 (279) 0	33.50 (280) 5	33.50 (280) 0	33.50 (280) 0		33.50 (282) 2	33.25 (282) 0
APR 10	28.75 (261) 9	30.00 (261) 4	27.50 (261) 1	28.00 (262) 2	29.75 (268) 7	29.55 (270) 4	29.50 (271) 3		29.00 (276) 8	29.00 (281) 22
MAY 10	27.50 (216) 9	28.25 (220) 6	28.00 (220) 0	27.00 (220) 1	28.25 (226) 6	28.53 (227) 6	28.75 (228) 3		27.00 (233) 7	27.50 (240) 8

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-250-3208.

DECEMBER FLUID MILK SALES

During December, about 4.9 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.1 percent lower than December 2008. After adjusting for calendar composition, sales in December 2009 were 0.6 percent higher than December 2008. On an individual product basis, after adjusting for calendar composition, sales of flavored whole milk, reduced fat milk (2%), low fat milk (1%), fat-free (skim) milk, and flavored fat-reduced milk increased from December 2008, while sales of whole milk, organic whole milk, organic fat-reduced milk, and buttermilk decreased from a year earlier.

Editor's Note: Additional data can be found at <http://www.ams.usda.gov/AMSV1.0/FluidMilkSalesDataMonthlyandYeartoDate>. Some data for 2008 and January- March 2009 have been revised due to changes in the information from some reporting areas.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,
DECEMBER 2009, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	December	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk	1,294	14,956	-3.2	-1.1
Flavored Whole Milk	51	581	0.1	-2.5
Organic Whole Milk	33	371	-10.2	-2.3
Reduced Fat Milk (2%)	1,677	18,669	3.3	2.0
Low Fat Milk (1%)	602	6,895	4.4	3.2
Fat-Free Milk (Skim)	693	8,128	0.1	-0.5
Flavored Fat-Reduced Milk	311	3,855	3.2	3.3
Organic Fat-Reduced Milk	104	1,231	-6.8	-2.7
Buttermilk	45	590	-42.7	4.8
Total Fluid Milk Products 3/	4,874	55,486	-0.1	0.8
Total Fluid Milk Products Adjusted 3/ 4/	4,862	55,484	0.6	1.1

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see 4/. 3/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 4/ Sales volumes and percent changes have been adjusted for calendar composition; see <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELDEV3023272>

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS
AND CALIFORNIA, DECEMBER 2009, WITH COMPARISONS 1/

Area (Order Number)	Sales		Change from: 2/	
	December	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	847	9,463	-0.4	-0.3
Appalachian (005)	329	3,645	6.1	1.5
Southeast (007)	442	5,122	-0.8	-0.4
Florida (006)	253	2,955	3.3	4.1
Mideast (033)	554	6,221	1.6	2.2
Upper Midwest (030)	387	4,364	-1.4	-1.5
Central (032)	410	4,672	-2.4	-0.5
Southwest (126)	396	4,507	5.5	3.2
Arizona (131)	105	1,209	1.7	1.5
Pacific Northwest (124)	197	2,227	-0.2	1.7
California (---)	565	6,662	-6.3	0.5

1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 3/ above for the products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis; see 2/ above.

SOURCE: Monthly reports filed by milk processors subject to the provisions of the applicable Federal milk order, AMS, USDA, and *California Dairy Information Bulletin*, California Agricultural Statistics Service and Milk Stabilization Branch.

**2009 Total Cow Slaughter Under Federal Inspection - U. S. Total
(thousand head)**

Week Ending	Dairy Cows	All Cows	Dairy as Percent of All	Week Ending	Dairy Cows	All Cows	Dairy as Percent Of All
Jan 3	50.1	98.7	50.8	Jul 4	52.6	105.1	50.0
10	71.7	136.0	52.7	11	48.4	109.9	44.0
17	65.5	136.8	47.9	18	50.0	116.2	43.0
24	65.2	134.7	48.4	25	49.7	115.2	43.1
31	63.0	129.1	48.8	Aug 1	48.6	111.0	43.8
Feb 7	61.5	123.0	50.0	8	49.4	110.6	44.7
14	64.5	128.1	50.4	15	52.9	117.3	45.1
21	59.5	120.9	49.2	22	58.2	121.2	48.0
28	58.0	114.8	50.5	29	64.4	124.0	51.9
Mar 7	60.5	118.5	51.1	Sep 5	64.2	128.9	49.8
14	54.1	112.3	48.2	12	51.4	103.6	49.6
21	54.1	111.2	48.7	19	54.6	116.4	46.9
28	51.1	108.4	47.1	26	49.9	115.5	43.2
Apr 4	50.0	104.3	47.9	Oct 3	49.0	114.9	42.6
11	49.4	105.2	47.0	10	50.6	120.3	42.1
18	48.0	106.4	45.1	18	50.6	119.7	42.3
25	50.1	109.7	45.7	24	51.3	127.1	40.4
May 2	47.3	110.6	42.8	31	51.9	130.4	39.8
9	50.5	113.0	44.7	Nov 7	52.7	135.1	39.0
16	47.6	110.4	43.1	14	54.6	141.5	38.6
23	52.6	117.7	44.7	21	54.3	135.7	40.0
30	48.8	104.5	46.7	28	40.5	101.6	39.9
Jun 6	60.8	123.6	49.2	Dec 5	54.0	127.9	42.2
13	60.5	119.3	50.7	12	52.0	122.3	42.5
20	59.5	115.9	51.3	19	52.3	123.9	42.2
27	55.6	111.4	49.9	26	39.3	93.6	42.0

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service and the National Agricultural Statistics Service, all of USDA.

FEDERAL MILK ORDER PRICE AND POOL SUMMARY, JANUARY

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for January have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During January, about 10.7 billion pounds of milk were received from producers. This volume of milk is 0.9 percent lower than the January 2009 volume. About 3.9 billion pounds of producer milk were used in Class I products, 2.2 percent lower than the previous year. Calendar composition likely had a negative impact on milk used in Class I in 2010 compared to 2009. The all-market average Class utilization percentages were: Class I = 36%, Class II = 11%, Class III = 42% and Class IV = 11%. The weighted average statistical uniform price was \$15.65 per cwt., \$0.03 lower than last month and \$2.31 higher than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JANUARY 2010										
FEDERAL MILK ORDER MARKETING AREA <u>1/</u>	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE <u>2/</u>
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	1,959.7	-2.9	855.3	-4.0	44	21	22	13	16.26
Appalachian (Charlotte)	005	511.9	-1.4	357.5	-2.0	70	15	5	10	17.31
Southeast (Atlanta)	007	596.9	-1.6	410.1	-0.8	69	7	14	10	17.60
Florida (Tampa)	006	264.9	-7.5	226.4	-3.1	85	7	1	7	19.42
Mideast (Cleveland)	033	1,415.8	1.7	585.2	-1.1	41	18	33	8	15.30
Upper Midwest (Chicago)	030 <u>3/</u>	2,880.3	4.7	373.5	-3.4	13	3	81	3	14.76
Central (Kansas City)	032 <u>3/</u>	1,145.6	6.6	365.8	-1.9	32	10	36	22	14.88
Southwest (Dallas)	126	881.0	-19.1	371.5	-2.0	42	9	42	7	16.10
Arizona (Phoenix)	131	356.8	-2.9	119.1	2.8	33	7	27	33	15.21
Pacific Northwest (Seattle)	124	685.5	-0.9	193.0	-1.2	28	6	38	28	14.88
ALL MARKET AVERAGE OR TOTAL	<u>3/</u>	10,698.2	-0.9	3,857.4	-2.2	36	11	42	11	15.65

1/ Names in parentheses are the major city in the principal pricing point of the market.

2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform price in these markets, handlers elected not to pool an estimated 40 million pounds of milk that normally would have been associated with these markets. In January 2009, the estimated not pooled volume of milk was 20 million pounds, occurring in Order No. 030. After adjusting for not-pooled milk, the year-to-year percent change is -0.8%.

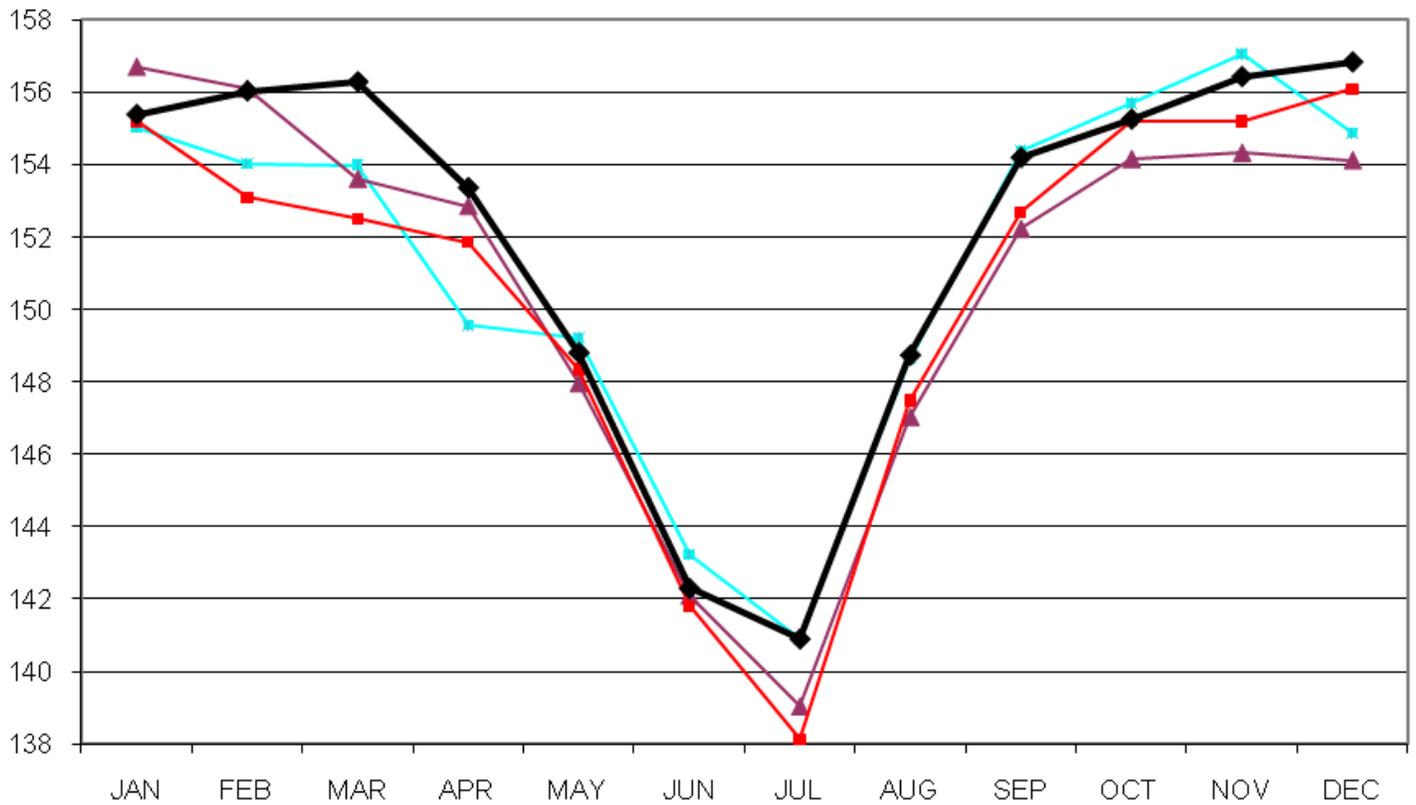
FEDERAL MILK ORDER ADVANCE PRICES, MARCH

Class I Base Price. Under the Federal milk order pricing system, the Class I base price for March 2010 is \$14.34 per cwt. This price is derived from the Class III skim milk pricing factor of \$9.60 and the advanced butterfat pricing factor of \$1.4515. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Comparison to Previous Month.** Compared to February 2010, the Class I base price decreased \$0.50 per cwt. For selected consumer products, the price changes are: whole milk (3.25% milk fat), -\$0.51 per cwt., -\$0.044 per gallon; reduced fat milk (2%), -\$0.57 per cwt., -\$0.049 per gallon; fat-free (skim milk), -\$0.64 per cwt., -\$0.055 per gallon. **Class II Price Information.** The advanced Class IV skim milk pricing factor is \$8.69. Thus, the Class II skim milk price for March is \$9.39 per cwt., and the Class II nonfat solids price is \$1.0433. **Product Price Averages.** The two-week product price averages for March are: butter \$1.3701, nonfat dry milk \$1.1431, cheese \$1.5174, and dry whey \$0.3928.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION ^{1/ 2/}				
March 2010				
Federal Milk Order Marketing Area ^{3/}	Order Number	Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) ^{4/}	001	17.59	12.85	1.4840
Appalachian (Charlotte) ^{5/ 6/}	005	17.74	13.00	1.4855
Southeast (Atlanta) ^{6/ 7/}	007	18.14	13.40	1.4895
Florida (Tampa) ^{6/ 8/}	006	19.74	15.00	1.5055
Mideast (Cleveland) ^{9/}	033	16.34	11.60	1.4715
Upper Midwest (Chicago) ^{10/}	030	16.14	11.40	1.4695
Central (Kansas City) ^{11/}	032	16.34	11.60	1.4715
Southwest (Dallas) ^{12/}	126	17.34	12.60	1.4815
Arizona (Phoenix)	131	16.69	11.95	1.4750
Pacific Northwest (Seattle) ^{13/}	124	16.24	11.50	1.4705
All-Market Average		17.23	12.49	1.4804

^{1/} To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63--the approximate number of gallons in 100 pounds of milk. ^{2/} Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. ^{3/} Names in parentheses are the major city in the principal pricing point of the markets. ^{4/} Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25, and Washington, DC, minus \$0.25. ^{5/} Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10. ^{6/} Effective May 1, 2008, the Class I price surface in these orders were temporarily adjusted. ^{7/} Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90; Nashville, minus \$0.90; and Springfield, MO, minus \$1.40. ^{8/} Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40. ^{9/} Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. ^{10/} Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10. ^{11/} Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55. ^{12/} Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. ^{13/} Class I prices at other cities are: Portland, same; and Spokane, same.

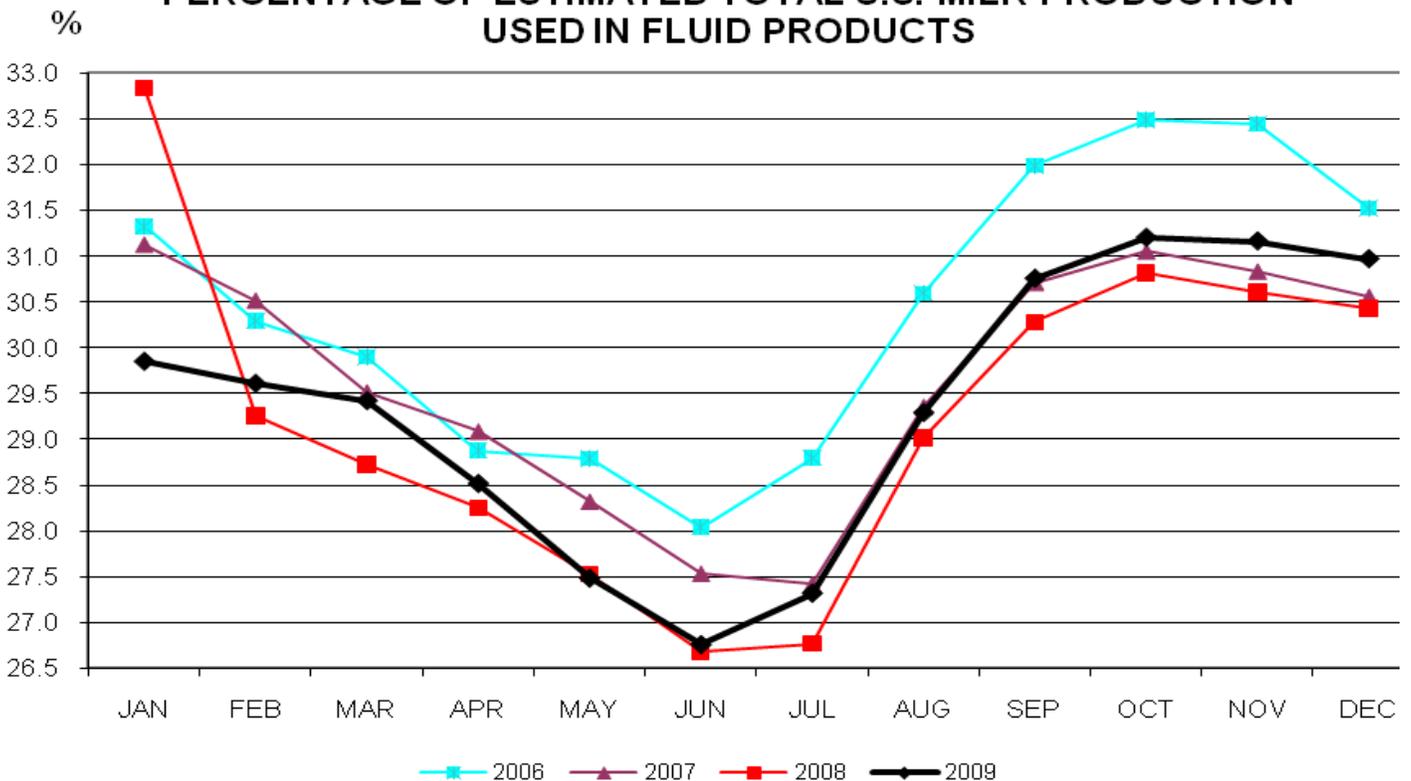
MILLION POUNDS **ESTIMATED DAILY AVERAGE U.S. PACKAGED FLUID PRODUCT SALES**



DATA: DAIRY PROGRAMS & CDFA, GRAPH BY DMN

2006 2007 2008 2009

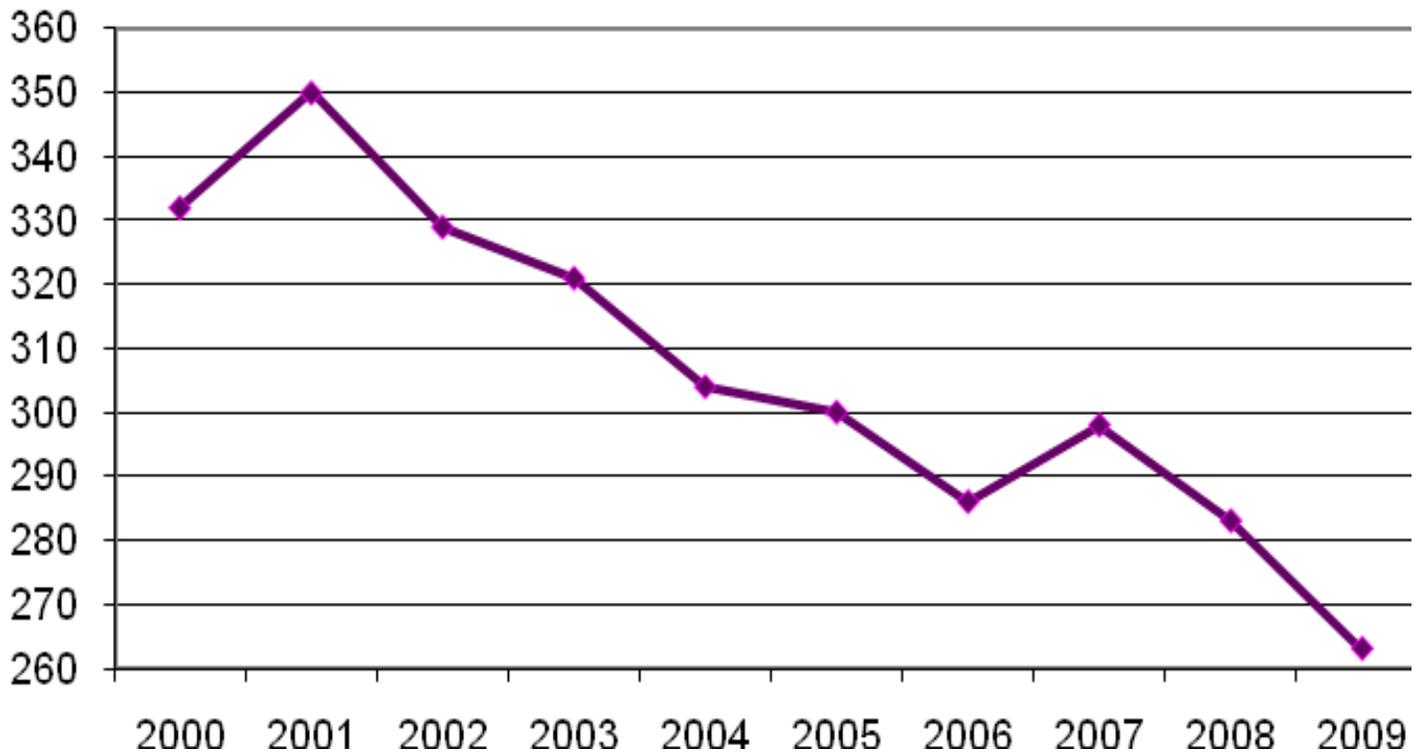
PERCENTAGE OF ESTIMATED TOTAL U.S. MILK PRODUCTION USED IN FLUID PRODUCTS



SOURCE: NASS US MILK PRODUCTION, AMS DAIRY PROGRAMS AND CDFA FLUID SALES DATA

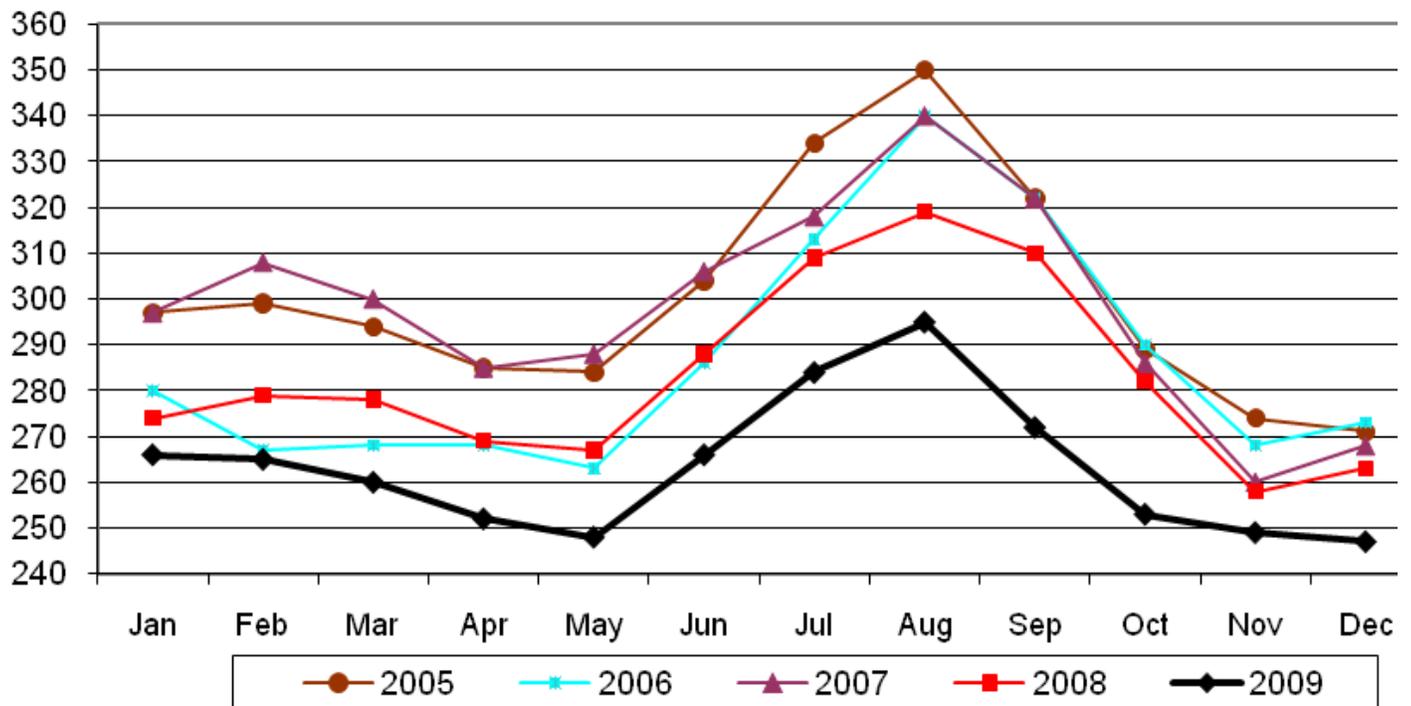
ANNUAL SIMPLE AVERAGE SOMATIC CELL COUNT OF PRODUCER MILK IN FEDERAL ORDERS

(000's)



Average Somatic Cell Count of Producer Milk in Four Federal Milk Orders Combined

Thousands



Federal Orders included are: 30, 32, 33, 126

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