

NATIONAL DAIRY MARKET AT A GLANCE**CME GROUP CASH MARKETS (03/26):**

BUTTER: Grade AA closed at \$1.4900. The weekly average for Grade AA is \$1.4800 (+.0240).

CHEESE: Barrels closed at \$1.3125 and 40# blocks at \$1.3250. The weekly average for barrels is \$1.2805 (+.0175) and blocks, \$1.2870 (+.0190).

BUTTER HIGHLIGHTS: The CME cash butter price has increased over the past week and closed the week at \$1.4900. Churning activity across the country is more active this week as cream supplies became more available to many butter producers. Much Class II holiday cream based product production has eased with the upcoming Easter/Passover holiday period just a week away, although some ice cream producers are enhancing their output. Butter producers that are actively churning are filling last minute retail and food service orders, but the majority of current production is clearing to inventory for use later this summer and fall with confidence. In many instances, butter producers are trying to replenish inventories that are lower than desired for this time of the season when compared to recent years. Butter producers indicate that generally from this time forward, cream supplies will become more competitive as ice cream producers increase their output. Butter stocks are readily available for current buyer interest with Easter/Passover orders now in place. Some last minute fill-in orders are being reported, but for the most part, Easter/Passover orders are finished.

CHEESE HIGHLIGHTS: CME Group cash cheese prices rebounded this week, blocks recovering 5.5 cents since last Friday to \$1.3250 and 4.75 cents on barrels to \$1.3125. The increases are likely to push some buyers to make purchases in case of further increases. Some increases in bulk cheese orders have occurred though not enough to generate overtime at packagers except for those working ahead of a shortened holiday week. While some cheese is reported to be put into storage as a physical hedge against higher prices, some skepticism is noted concerning sizeable price increases until after summer heat reduces milk production. Cheese production is increasing seasonally as milk intakes increase seasonally.

FLUID MILK: Common regional patterns are that milk output is rising seasonally and that school spring breaks are disrupting Class I needs. In the Southwest, milk production is trending higher with overall levels remaining below a year ago. Weather conditions are favorable for cow comfort. In the Northwest and in Utah and Idaho, milk output is building and at levels above a year ago. Low milk prices continue to affect feeding decisions in the West. In the Midwest, the milk supply is increasing and plant schedules are very active. In the Southeast, manufacturing plants are running full to process

the increased milk supplies. Indications are that Florida output has passed the seasonal peak and weekly levels are showing declines. The spring flush is slower to develop in the Northeast with only slight gains in milk noted.

DRY PRODUCTS: Nonfat dry milk prices are higher and the market tone has firmed as supplies have tightened over past weeks with good clearances to domestic and export accounts. Current supplies are adequate to fill contract orders, but the spot market has tightened. Dry buttermilk prices have also moved slightly to sharply higher, reflecting changes in the NDM market and also the tightened supplies of dry buttermilk. Dry whey markets are unsettled with a weaker market tone developing. Lower priced export sales were transacted. Some suppliers have more offerings they are looking to clear. Whey protein concentrate prices are unchanged, but pressure remains in the market from competitively priced nonedible NDM for feed applications. Lactose prices are steady with a lightly tested spot market. Current negotiations for second quarter contracts are taking place.

ORGANIC DAIRY MARKET OVERVIEW: The trend reported two weeks ago of the organic milk supply "tightening slightly" continues. A potentially longer term indicator for the sector is a processor asking some producers in the East to increase volume. Shorter term, supply has been reported as tightening in both the Midwest and East in more quarters than two weeks ago. Organic milk is being purchased on the spot market by some processors. This contrasts with the situation in the West. There, various measures are undertaken by some processors to influence producers to reduce organic milk volume. Retail half gallon organic reduced fat (2%) milk prices as well as half gallon whole milk prices in the 30 City Series increased in 8 cities, fell in 4 cities, and remained unchanged in 18 cities. For each type of milk, the largest increase was 70 cents in Indianapolis, taking prices to \$4.19, still short of Chicago, the highest priced city at \$4.39. Cincinnati experienced the largest decrease, 34 cents, taking the retail price to \$2.90. The simple average of all 30 cities increased 6 cents to \$3.74 for both reduced fat (2%) milk and whole milk. Comparing organic reduced fat (2%) organic and non-organic milk during the March survey, the simple average price for organic milk in the 30 cities was 57 cents higher than non-organic milk. However, in New Orleans, unlike in any other city, organic milk was priced 7 cents lower than non organic milk: \$3.89 versus \$3.96. This is the second consecutive month during which organic whole and fat reduced (2%) milk in New Orleans was priced lower than non-organic milk. The largest organic premium was in Denver, \$1.18. For the period March 13 through March 26, 2010, the

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**CME GROUP
CASH TRADING**

PRODUCT	MONDAY MARCH 22	TUESDAY MARCH 23	WEDNESDAY MARCH 24	THURSDAY MARCH 25	FRIDAY MARCH 26	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.2650 (N.C.)	\$1.2650 (N.C.)	\$1.2725 (+.0075)	\$1.2875 (+.0150)	\$1.3125 (+.0250)	(+.0475)	\$1.2805 (+.0175)
40# BLOCKS	\$1.2700 (N.C.)	\$1.2700 (N.C.)	\$1.2800 (+.0100)	\$1.2900 (+.0100)	\$1.3250 (+.0350)	(+.0550)	\$1.2870 (+.0190)
BUTTER GRADE AA	\$1.4750 (+.0050)	\$1.4750 (N.C.)	\$1.4800 (+.0050)	\$1.4800 (N.C.)	\$1.4900 (+.0100)	(+.0200)	\$1.4800 (+.0240)

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

number of surveyed newspaper ads containing organic dairy content decreased to the lowest level in 2010, 2,125 ads, 23.3% of 9,124 total ads surveyed. The number of ads for organic half gallons, 987, remained the single most advertised organic dairy product. Nevertheless, this is a drop from 2,260 ads two weeks ago. This period, the weighted average advertised price for half gallons of organic milk increased to \$3.62, 53 cents higher than two weeks ago and the highest price since this report began last fall.

COLD STORAGE (NASS): On February 28, U.S. cold storage holdings of butter totaled 198.1 million pounds, +17.7% from a month ago, but -3.3% from a year ago. Natural American cheese holdings total 597.0 million pounds, 1.6% more than a month ago and 10.2% higher than a year ago. Total cheese stocks were 983.6 million pounds, 1.1% more than last month and 10.2% more than last year.

APRIL ANNOUNCED COOPERATIVE CLASS I PRICES (FMMO): For April 2010, the all-city average announced cooperative Class I price was \$18.44 per cwt., \$2.58 higher than the Federal milk order (FMO) Class I price average for these cities. The April cooperative Class I price was \$1.03 lower than the March price, while the Federal order Class I price was \$1.12 lower. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.50 in Phoenix, AZ, to \$4.40 in Miami, FL. For April 2009, the all-city average announced cooperative Class I price was \$15.35, \$2.35 higher than the Federal order Class I price average for these cities. Note: For most cities, the Announced Cooperative Class I Price now includes premiums paid for milk produced without rBSt.

CME GROUP

MONDAY, MARCH 22, 2010

CHEESE — SALES: 7 CARS BARRELS @ \$1.2650; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.2600; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.1150; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: 1 CAR GRADE AA @ \$1.4750; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4725; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.4800

TUESDAY, MARCH 23, 2010

CHEESE — SALES: 5 CARS BARRELS: 1 @ \$1.2675, 4 @ \$1.2650; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.2650; 1 CAR 40# BLOCKS @ \$1.2700; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.1250; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: 1 CAR GRADE AA @ \$1.4725; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4750; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.4800

WEDNESDAY, MARCH 24, 2010

CHEESE — SALES: 8 CARS BARRELS @ \$1.2725; 6 CARS 40# BLOCKS: 4 @ \$1.2825, 2 @ \$1.2800; LAST BID UNFILLED: 3 CARS BARRELS @ \$1.2700; 2 CARS 40# BLOCKS @ \$1.2750; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.1350; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4800; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.4850

THURSDAY, MARCH 25, 2010

CHEESE — SALES: 6 CARS BARRELS @ \$1.2875; 2 CARS 40# BLOCKS @ \$1.2875; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.2875; 2 CARS 40# BLOCKS @ \$1.2900; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.1450; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: 2 CARS GRADE AA @ \$1.4800; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.4775; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.4850

FRIDAY, MARCH 26, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.3125; 2 CARS 40# BLOCKS @ \$1.3250; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK — SALES: 1 CAR GRADE A @ \$1.1500; LAST BID UNFILLED: 5 CARS GRADE A @ \$1.1500; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: 1 CAR GRADE AA @ \$1.4900; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4800; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.5000

CME GROUP CASH NONFAT DRY MILK: Extra Grade closed the week at \$1.1200 and Grade A at \$1.1500. The last price change for Extra Grade was on 03/02/10 and Grade A was on 3/26/10. The weekly average for Extra Grade is \$1.1200 (N.C.) and Grade A is \$1.1340 (+.0200).

BUTTER MARKETS

FEBRUARY BUTTER COLD STORAGE

As of February 28, 2010, U.S. holdings of butter totaled 198.1 million pounds, 3.3% lower than last February, but 17.7% higher than last month.

NORTHEAST

The CME Group butter prices have rebounded \$.0250 the past week, after recent declines, closing Tuesday at \$1.4750. Demand for cream remains strong going into the week prior to Passover. Domestic butter demand is decreasing as most holiday related orders have been filled, but there continues to be some export interest. Cream supplies have increased in the East as some areas, especially in the Mid Atlantic region, are in the early stages of the spring flush. Churning schedules have increased in those areas with increased cream supplies. Butter supplies are moving through contracts with a majority of current production adding to inventories. The latest NASS Cold Storage report released Monday; shows butter in storage in all warehouses on February 28 totaling 198.1 million pounds, 29.8 million pounds (18%) more than the prior month stocks but 3% less than February 2009 stocks. Prices for bulk butter range from 4-6 cents over the market, based on the CME Group with various time frames and averages used.

CENTRAL

The cash butter price at the CME has strengthened 3 cents since last Wednesday to settle at \$1.4800 at midweek. Cream supplies have been competitive over the past few weeks as Class II cream based product production was heavy in preparation of the Easter/Passover holiday. Now that much of this production has eased, cream supplies are somewhat more available to butter producers. Most butter producers are more than willing to take advantage of the offerings, especially if favorably priced. Although butter orders have slowed, many butter producers are churning and clearing

production to inventory for use later in the year with confidence. Butter orders have slowed as most stock is in place for upcoming shoppers' needs. During the next week to 10 days, retailers indicate that they will be running butter features. Food service needs have also now been placed and restaurants are ready for holiday diners. 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 \$.0050 to \$1.4800. Butter prices at the exchange are 3 cents higher than last Wednesday's market. Trading volumes were moderate with six sales reported since last Wednesday. Butter churning continues at a heavy pace as producers hope to build inventories for use later in the year. Butter futures are at a premium to the current cash market for summer and fall months. Nearby demand remains good to retail and food club accounts to fulfill last minute holiday needs. Supplies of butter are adequate for immediate needs. Overall supplies in storage lag behind levels of recent years and are adding to producer's desire to build stocks. According to the NASS *Cold Storage* report, stocks of butter as of February 28, 2010, total 198.1 million pounds, -3% or 6.9 million pounds less than February last year. Stocks were 18% higher or 29.8 million pounds more than January 2010. According to the CME Group, weekly butter stocks decreased by 1.7 million pounds last week to stand at 57.7 million pounds. This is the third week in a row for stocks in storage to be lowered. This total compares to 74.6 million pounds in 2009 and 121 million pounds in the comparable week in 2008. The last time butter stocks in storage at the CME Group for the comparable week were below 57.7 million pounds was 2001. Prices for bulk butter range from flat to 4 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
MARCH 20	1.3344 10,483,691	1.3018 9,755,640	1.0446 29,957,988	1.4569 4,810,971	0.3703 9,961,170

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

Barrel and block cheese prices on the CME Group have held steady after both advanced \$.0025 on Friday, closing Tuesday at \$1.2650 for barrels and \$1.2700 for blocks. Friday's block price increase was the first price increase since February 11, when it rose \$.0050 and closed at \$1.5050. Entering the last week prior to Passover, cream cheese production remains surprisingly strong. Recent national pizza features have resulted in increased mozzarella sales. Some recent export mozzarella sales have also been reported. The latest NASS Cold Storage report shows stocks of natural cheese in cold storage as of February 28, 2010 total 983.6 million pounds, 1% above one month ago and 10% higher than one year ago. A majority of the holdings are in the form of American cheese (60.7%) totaling 597.0 million pounds, 2% above one month ago and 10% higher than one year ago. The next highest natural cheese holdings in cold storage are in the form of Other Natural Cheese, (36.5%) totaling 358.9 million pounds, unchanged from one month ago, and 10% higher than one year ago. Swiss cheese accounts for 2.8% of holdings at 27.7 million pounds, 6% more than one month ago and 19% more than one year ago.

At the CME Group this week, prices for barrels and blocks continued to trade in a narrow range. Barrels on Wednesday were up \$.0075 to \$1.2725. Prices on 40 lb. Blocks were \$.0100 higher to \$1.2800. Prices at the CME Group have been steady to higher for the last nine trading sessions. Barrel sales this week have accounted for 20 loads over three days, while 40 lb. Blocks had sales on Wednesday of 6 loads. While far from a trend, recent price increases have increased sales and have buyers assessing current and future needs at these price levels. Interest from large processors is reported to be increasing. Manufacturers continue to run schedules to try and maximize plant efficiencies without building excessive inventory. Retail sales have been good as Easter/Passover needs are met along with volumes for "March Madness" parties. Recent promotions and product changes from pizza chains have increased sales into that sector. Stocks remain above year ago levels, yet are not described as burdensome. According to NASS, Cold Storage stocks of cheese (total) at the end of February 2010 are 983.6 million pounds, up 10% or 91.1 million pounds from last year. American stocks were up 10%, and Other Natural stocks were also 10% higher. Swiss stocks at the end of February total 27.7 million pounds, up 19% or 4.4 million pounds higher from a year ago.

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

Cheddar 40# Block	:	1.5950-1.8700
Process 5# Sliced	:	1.3550-1.6650
Muenster	:	1.6150-1.8125
Grade A Swiss Cuts 10 - 14#	:	3.1625-3.4850

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

Process 5# Loaf	:	1.3875-1.6450
Cheddar 40# Block	:	1.4000-1.7525
Cheddar 10# Cuts	:	1.5800-1.8000
Monterey Jack 10#	:	1.5900-1.7500
Grade A Swiss Cuts 6 - 9#	:	2.7100-3.1400

MIDWEST

The cheese market is slightly improved as price stability at lower prices has caused at least a few buyers to return to the market. Early reaction to orders has been less than stellar at some operations, more in the just slightly improved category. With continued heavy milk production and large volumes of product in storage, buyers lack the pressure to purchase for more than the short term, shorter shelf life, and specialty products. Planning continues on extra promotions though most are ready for Memorial Day as Lenten/Passover and tournament pizza cheese, mainly mozzarella, have been shipped previously. Process interest is steady to somewhat improved as warmer weather stimulates grilling. Barrel interest is steady to improved with some loads still being stored for use later in the year. Cheese production is steady to heavier seasonally. Components are steady to slightly lower seasonally. In some areas, generally south of Wisconsin, grazing has resumed, causing milk volumes to increase while cheese yields are lower.

FOREIGN

For the fifth consecutive week, the CME Group weekly average block price declined, resulting in lower wholesale prices for domestic foreign type cheeses with the exception of Swiss cuts. Imported wholesale cheeses prices remained unchanged.

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

Process American 5# Loaf	:	1.6225-1.9100
Brick And/Or Muenster 5#	:	1.7775-2.1000
Cheddar 40# Block	:	1.7975-2.5650
Monterey Jack 10#	:	1.7425-2.5650
Blue 5#	:	2.0675-2.8200
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6125-2.6650
Grade A Swiss Cuts 6 - 9#	:	2.5350-3.3300

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.3900	: 1.7350-3.2225*
Gorgonzola	: 3.6900-6.6900	: 2.2375-2.4975*
Parmesan (Italy)	: -0-	: 3.1425-3.3450*
Provolone (Italy)	: 3.4400-5.9900	: 1.7775-1.9350*
Romano (Cows Milk)	: -0-	: 2.9250-5.0675*
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-	: 3.2550-3.5775
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

03/22/10	11,990	:	125,034
03/01/10	10,638	:	141,019
CHANGE	1,352	:	-15,985
% CHANGE	13	:	-11

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	160	0	129	0	140
SOUTHEAST STATE	0	0	0	0	0	0

Mild spring weather has brought about the early stages of the spring flush to most areas in the East with the exception of the upper Northeast and those areas at higher elevations. The Mid Atlantic and Southeast regions are enjoying mild weather conditions, prompting greener pastures and significant milk production increases. Manufacturing plants in the Southeast are running full schedules to assist with the increased milk supplies. Florida has passed the peak in the flush. The cool spring weather and poor pasture conditions have limited Florida's peak milk production. Class I demand has declined in all regions as many schools and universities are on spring break. The increases in production and declines in Class I demand have resulted in additional manufacturing supplies, the bulk of which are being channeled to Class IV production. Cream supply increases have been offset by surprisingly strong cream demand for the week prior to Passover. The good demand is attributed to continued cream cheese production and last minute spot orders for the upcoming holidays. Multiples have narrowed this week, ranging from 128 to 135. Condensed skim is moving through contracts with some increases in Class II as yogurt production has increased as well as marginal increases in ice cream production. Condensed skim Class III prices are unchanged due to the lack of spot sale activity. According to "Milk Production" (NASS), national milk production for February 2010 in the 23 reported states totaled 13.6 billion pounds, up 0.1% from February, 2009. Milk production declined in 3 of the 5 listed states of the Eastern region and as a region declined 0.8% or 19 million pounds. The 5 states showed the following percentage changes in milk production from February 2009 to February 2010 and total milk production this February: Florida, -5.0%, 171 million pounds; New York, -0.7%, 952 million pounds; Pennsylvania, +0.1%, 822 million pounds; Vermont, +0.5%, 193 million pounds; and Virginia, -3.6, 133 million pounds. Milk cow numbers for February 2010 declined in all 5 listed states of the eastern region and the region declined by 32,000 head or 2.1% compared to the same period last year. Individual state decreases in cow numbers from February 2009 and cows remaining as of this February are: Florida, 5,000 decline, 112,000 remaining; New York, 13,000 decline, 610,000 remaining; Pennsylvania, 10,000 decline, 541,000 remaining; Vermont, 2,000 decline, 134,000 remaining; and Virginia, 2,000 decline, 95,000 remaining.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.8636-1.9556
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.8637-1.9074

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:		
NORTHEAST - CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	1.10 - 1.12
NORTHEAST - CLASS III - SPOT PRICES	-	1.20 - 1.24

M I D W E S T

Fluid sales in the region remain erratic with some slow, others good. With schools and universities out on a spring/holiday break different weeks, extra variability occurs in more locations. So far, fluid customers/handlers have done little planning for the expected heavier milk diversions around holiday school break though some may be offset with early month promotions using a lower April Class I price. Production of dips, sour cream, and whipped cream seems to be holding up at better than average amounts, speculated to be for basketball

party snacking and/or for the upcoming holidays. Ice cream production is steady to heavier with product prepared for holiday use and some inventoried for summer. Churning was steady to lighter as the big push for Lenten/Passover is mostly finished. Stores continue to run promotions on butter, both store brand and occasionally branded. More of the butter for domestic use is being produced as bulk butter for use later in the year though some continues to be churned for export. Butter interest is good as buyers try to build inventory for fall. Manufacturing milk interest is uneven, with some recent sellers reversing course and even looking for a few loads to help with orders. Spot manufacturing milk prices are steady to occasionally higher than in recent weeks. Plant schedules are very active seasonally in the upper Midwest. Milk supplies remain ample through most of the region with upper and many central parts of the region still showing increases in intakes over a year ago while Missouri and Texas are lower, generally due to fewer cows than last February. Grazing is increasing seasonally in central states. While the snow has disappeared in northern states, grass growth remains slow and pastures are likely still too soft. Some manure hauling and corn harvest is continuing as conditions allow. Some winter wheat fields have also been fertilized.

W E S T

CALIFORNIA milk production is increasing in the southern and central areas of the state. However, there are reports of lower than expected solids levels in the milk, which is affecting product yields. More green chop feed is being fed to milk cows. Temperatures have been near ideal for milking cows in most areas. Plants have capacity to handle the current milk supply and the expectations remain that there will be no processing issues during the flush this year. ARIZONA milk output is trending higher along seasonal levels and is building towards the peak levels. Sporadic Class I orders are noted from school accounts with steady retail orders coming in. NEW MEXICO milk production is building seasonally. Weather conditions have been favorable for cows and limiting stress. Alfalfa hay demand is light from the dairy farm sector and bidding prices are lower than growers like. Processing plants are taking expected levels of milk and increased capacity is keeping more milk local. The call for Class I milk is fair to moderate. Western CREAM markets are generally firm with good demand noted across product categories. There is a better pull of cream into ice cream production for plants locally and out of region. Holiday orders for higher class items have been fair to good, although many of those are beginning to decline as the spring holiday orders are being finalized. Butter churning remains active to process available cream supplies and is filling orders. CME Group butter prices have gained back 3 cents over the past week to close at \$1.4500 on Wednesday, March 24. Cream multiples have leveled off and range 114-124 FOB and vary depending on class usage and basing points. Milk production in the PACIFIC NORTHWEST has increased. Washington reported 6,000 more milk cows than a year ago for February. Production per cow increased 75 pounds as more heifers are added to the herd and poorer producers are culled. Oregon cow numbers are equal to last year with production per cow 50 pounds higher. Temperatures have been ideal for cow comfort and milk production. Class I needs are somewhat reduced as schools begin spring break. Manufacturing plants are moving extra supplies with no capacity problems reported. UTAH and IDAHO milk production is higher than year ago figures. Utah production was up fractionally while Idaho was up 3.7% compared to a year ago. Utah lost cow numbers, but increased production per cow, while Idaho increased cow numbers and production per cow. Increased milk supplies are welcomed by manufacturers and are being easily handled. Replacement heifer prices at auction in Idaho were mostly steady to weak. The top 50 heifers at one sale averaged \$1340. A Utah auction had a top 25 heifer average of \$1220. Hay prices for spring have yet to be negotiated. Farmers face tough economic situations with break evens difficult to attain at current milk price levels. Balancing feed needs with available purchasing power is becoming a constant factor.

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: Prices are firmer on the Central nonfat dry milk low/medium heat mostly price series. Demand is steady to building. Both producers and resellers indicate Class III end users are buying more heavily and earlier in the production year compared to their historical patterns. Current NDM prices may be lower than what was penciled in for portions of 2010 input costs, presenting an opportunity to protect against higher NDM prices during the next few months. Low heat NDM production is steady to higher, depending on intakes and condensed skim sales activities. Inventories are steady to building, however a certain part of production is slated for contract fulfillment during the next few months. Therefore, producers are building inventories with confidence and generally clearing light load quantities versus blocks of loads into the spot market.

EAST: Prices for low heat NDM are firming in the mostly range, while high heat NDM has declined. Demand for low heat NDM in East has increased. Some manufacturers have reduced inventories by moving increased volumes through contracts as major end users are replenishing their supplies. Traders have also replenished their inventories, believing prices have recently reached their low point and are now beginning to increase. NDM production has increased with many areas in the East in the early stages of the spring flush and adding to manufacturing milk supplies. Reduced Class I demand, due to schools and universities on spring break, is also adding to manufacturing milk supplies. Heavy weekend milk volumes are restricting some manufacturers to only low heat NDM production.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.0800 - 1.1650 MOSTLY: 1.1200 - 1.1500
 HIGH HEAT: 1.1800 - 1.2650

NONFAT DRY MILK - WEST

Prices are trending moderately higher for Western low/medium heat nonfat dry milk. The market tone is firming as offerings are lighter and sales prices are moving higher. Many producers have cleared part of their inventories and have raised prices as their positions improved. Some buyers are noting prices early in the week are often higher when they go back to secure additional loads. Production levels are trending higher and are along seasonal expectations. There are concerns that milk solids are running lower than expected and affecting finished product yields. The biggest reason is feeding decisions at the farm level. Stocks are light to moderate and are in better shape than in recent weeks. High heat prices are steady to moving higher at the bottom of the range. The market tone is firming. Price changes may not be as reflective on the low heat market because there was some disconnect from the declining low heat market. Tighter supplies of high heat were common during the decline and remain. Drying remains light with high heat being made for contracted commitments and light spot sales. Buyers are not aggressively in the market and find limited additional offerings. Producers' stocks are mostly light.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.0500 - 1.1500 MOSTLY: 1.0700 - 1.1200
 HIGH HEAT: 1.0850 - 1.2300

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk demand is steady to higher and inventories in the Central region are tight. Prices are unchanged to lower. Manufacturers are churning for both the domestic and international markets. Buttermilk drying is active as seasonally stronger sales of condensed buttermilk to Class II end users are still a few weeks away. Dry buttermilk inventories are growing incrementally and most manufacturers are striving to reach a level of holdings that will help them meet higher contract demands in the next few months. Spot market offers from manufacturers are infrequent.

EAST: Prices for dry buttermilk are firming in the East, supported by the firmer low heat NDM market. Demand has improved as Class II production has increased. Production of dry buttermilk has declined as more condensed buttermilk is moving to ice cream manufacturers and other manufacturers have reduced their churning schedules, because they have all but finished their holiday orders. Current production supplies are moving through contracts and inventories are being worked lower with some increased spot market activity.

F.O.B. CENTRAL/EAST: .9200 - 1.0950

DRY BUTTERMILK - WEST

Dry buttermilk prices in the West are sharply higher with a firmer market tone developing. Higher trading prices for nonfat dry milk are a major factor in helping to bolster dry buttermilk prices. Marketing activity has increased and commitments have been made that have tightened current and future offerings. Drying schedules for dry buttermilk are mainly steady with recent weeks as producers work through solids generated from seasonally active butter churning. Usage of condensed buttermilk are slow to develop and solids are moving to the dryers. Producers' stocks of dry buttermilk are mostly light to moderate and have come into better balance.

F.O.B. WEST: .8800 - .9500 MOSTLY: .9000 - .9300

DRY WHOLE MILK - NATIONAL

Whole dry milk prices are unchanged, and reports indicate supplies are tight. Most transactions are contract driven but a few spot load purchases firmed up. Production is intermittent.

F.O.B. PRODUCING PLANT: 1.4400 - 1.5500

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
March 19	\$1.0298	20,375,278	0
March 12	\$1.0196	12,723,537	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

Prices on the Central dry whey market are unchanged to lower and the market undertone is weaker. Spot market interest from various buyers is light as they seem content to test the market by nipping away at spot prices offered by some manufacturers, but finalized F.O.B. sales are infrequent. With inventory building up at a few locations, one or two manufacturers are said to be making open ended offers of product, asking prospective buyers to set pricing, but interest is still light. Resellers are also encountering price resistance and the prices needed to solidify sales are reported to be in the range of 2 to 6 cents below the market. Dry whey demonstrating sought after quality and functionality characteristics is providing opportunities for some manufacturers to maintain premiums to the market. Dry whey production is increasing at many locations as milk intakes creep higher seasonally. Contract load movement of dry whey is steady for many manufacturers. ANIMAL FEED DRY WHEY prices adjusted lower as this product is also running into competition from nonedible NDM being offered into the animal feed market. Supplies are described as tight from various manufacturers.

F.O.B. CENTRAL: .3000 - .3975 MOSTLY: .3525 - .3800
 F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2500 - .3550

DRY WHEY - NORTHEAST

The Northeast dry whey price range has widened with the average price moving higher. Demand for whey is good and spot market activity has increased as end users and brokers are replenishing their inventories. Some regular contracted buyers have shown interest in acquiring additional loads. Production remains fairly steady and supplies are tight. There continues to be good export interest for dry whey.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3875 - .4350

DRY WHEY - WEST

Whey markets were unsettled with light spot activity. The range experienced movement on both ends as sales were reported into the export market at reduced prices. Most of the trade was at steady prices, although the upper limit of the range was increased on spot sales to a short bought customer. The mostly range lowered on added export sales. Whey supplies are mostly adequate for contract needs although some reported trying to catch up to orders. Domestic spot needs are being addressed on an as needed basis. Spot export markets showed some weakness to make sales happen.

NONHYGROSCOPIC: .3450 - .4375 MOSTLY: .3800 - .4200

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Availability of competitively priced nonedible NDM continues to overshadow the WPC 34% resale spot market. Offers of whey protein concentrate 34% from resellers are reported to be more numerous this week, and various contacts indicate prices on resale loads are trending lower. However, several manufacturers report contract loads continue to move well and the need to offer loads to the spot market, based on inventories, is not pressing. The lack of sales from manufacturers outside the current range is keeping both the range and mostly price series confined in a narrow channel. Prices are steady.

F.O.B. EXTRA GRADE 34% PROTEIN: .8300 - .9800 MOSTLY: .8975 - .9275

LACTOSE - CENTRAL AND WEST

Prices on lactose are steady and spot load offers from manufacturers are scant as most are working on finalizing monthly or second quarter contracting. Inventories are building to meet demand for upcoming contracts. Some end users indicate that the recent decline in sugar prices has translated into slightly lower demand for lactose, particularly from the confectionary industry. However, demand for lactose on a contract basis seems mostly steady from first to second quarter, as many buyers do place value on having product of known quality and steady availability. In addition, some producers indicate a few new buyers are hoping to secure contracts for the second quarter. Sales into the feed industry are reportedly lower. Industry participants speculate availability of other dairy based carbohydrates at competitive price levels may be cooling demand from that sector.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .2700 - .4400 MOSTLY: .3300 - .3700

CASEIN - NATIONAL

Casein markets and prices are holding steady as the end of a pricing quarter comes to a close. Domestic buyers are indicating that suppliers are able to keep current with their needs. Oceania supplies are now being filled from inventories that were generated during the just completed production season, while European suppliers are working from low inventories of last season and anticipating a positive new production season, just underway. Milk production increases in Europe are lagging previous years, thus casein output is also slow in getting started. It is still early in the season but European suppliers remain optimistic about the upcoming production season, but also indicate that their production volumes are going to be much closer to known needs versus full out and carrying uncommitted volumes.

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 MARCH 22 - 26, 2010			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/09	SAME PERIOD LAST YEAR	WEEK ENDING 03/19/10	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	4,639,010	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	4,639,010	-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	205,384,719	-0-	-0-
TOTAL	-0-	-0-	-0-	132,276	205,384,719	-0-	-0-

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF MARCH 22 - 26, 2010 =	0.0	0.0	COMPARABLE PERIOD IN 2009 =	1.4	73.5
CUMULATIVE SINCE OCTOBER 1, 2009 =	0.0	1.5	CUMULATIVE SAME PERIOD LAST YEAR =	146.3	2,391.2
CUMULATIVE JAN. 1 - MAR. 26, 2010 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2009 =	121.1	1,057.7

* 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 MARCH 22 - 26, 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-	4,639,010	-0-	-0-	132,276	205,384,719	100.0	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	4,639,010	-0-	-0-	132,276	205,384,719	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 03/06/10 & 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	7.2	2.4	18.5	4.9	0.3	N.A.	18.7	4.2	58.4	553.3	47.1	45.1
2009-Dairy	N.A.	0.6	7.4	2.8	18.0	5.0	0.6	N.A.	18.7	6.0	60.5	619.2	51.3	49.9
2010-All cows	N.A.	0.7	9.0	12.8	34.6	20.3	14.3	N.A.	21.1	7.3	124.1	1,226.9		
2009-All cows	N.A.	0.6	9.2	10.1	32.6	21.1	12.8	N.A.	20.2	7.9	117.9	1,240.1		

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
March 13, 2010	38	3,139	

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	13.22								
II	15.22	15.65										
III	14.50	14.28										
IV	13.85	12.90										

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

ORGANIC DAIRY MARKET NEWS

Information gathered March 15 - 26, 2010

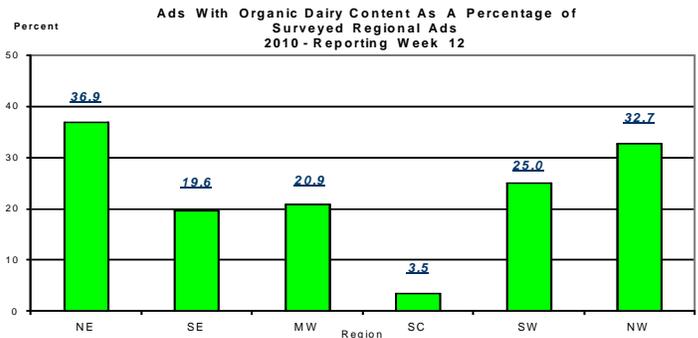
ORGANIC DAIRY RETAIL OVERVIEW

MONTHLY RETAIL MILK PRICE COMPARISON FOR 30 CITIES:

Organic Monthly Retail Price Change. Retail half gallon organic reduced fat (2%) milk prices as well as half gallon whole milk prices in the 30 City Series increased in 8 cities, fell in 4 cities, and remained unchanged in 18 cities. For each type of milk, the largest increase was 70 cents in Indianapolis, taking prices to \$4.19, still short of Chicago, the highest priced city at \$4.39. Cincinnati experienced the largest decrease, 34 cents, taking the retail price to \$2.90. The simple average of all 30 cities increased 6 cents to \$3.74 for both reduced fat (2%) milk and whole milk.

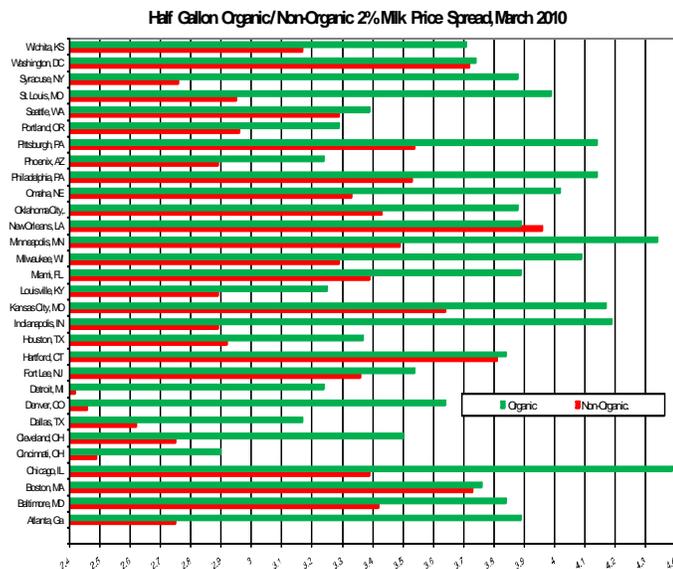
Organic / Non-Organic Milk Price Spread. Comparing organic reduced fat (2%) organic and non-organic milk during the March survey, the simple average price for organic milk in the 30 cities was 57 cents higher than non-organic milk. However, in New Orleans, unlike in any other city, organic milk was priced 7 cents lower than non organic milk: \$3.89 versus \$3.96. This is the second consecutive month during which organic whole and fat reduced (2%) milk in New Orleans was priced lower than non-organic milk. The largest organic premium was in Denver, \$1.18.

Comparing organic whole milk and non-organic whole milk for March, New Orleans was also the only city with organic milk priced lower, 7 cents. There was a slightly lower simple average premium comparing all cities than with reduced fat (2%), 52 cents.



Product Emphasis. Recognizing that some ads with organic dairy content feature more than 1 organic dairy product, organic milk topped the count with 1,867 total ad listings. This included 987 for half gallons, 486 for gallons, 314 for 3 quart containers, and 80 for 8 ounce containers. Organic yogurt was a close second, with 1,450 total ad listings. The listings included 501 for 6 ounce containers, 277 for 32 ounce containers, 197 each for 5.3 ounce containers and 4 ounce baby yogurt, followed by 139 each for 4 ounce kids' yogurt and 2 ounce squeezable tubes of yogurt. Remaining ad listings were for: 6 ounce string mozzarella, 158; 1 pound boxes of butter, 79; half and half, 58; and 8 ounce bars of cream cheese, 58.

Organic milk ads appeared in each region. Of total milk ads, the greatest concentration was in the Southwest, 36.2% followed by the Northeast with 26.2%. The other regions were: Northwest, 15.1%; Southeast, 13.8%; Midwest, 6.4%; and South Central, 2.3%.



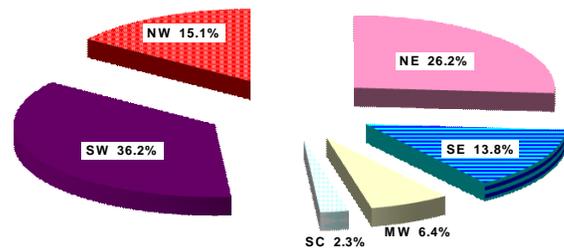
This comparison is derived from prices collected by Federal Milk Market Administrators during the first non-Friday or weekend 10 days of each month in 1 outlet of each of the 2 largest food store chains on 30 cities or metropolitan areas. The price listed represents the simple average of the 2 prices.

NATIONALLY ADVERTISED PRICE COMPARISON:

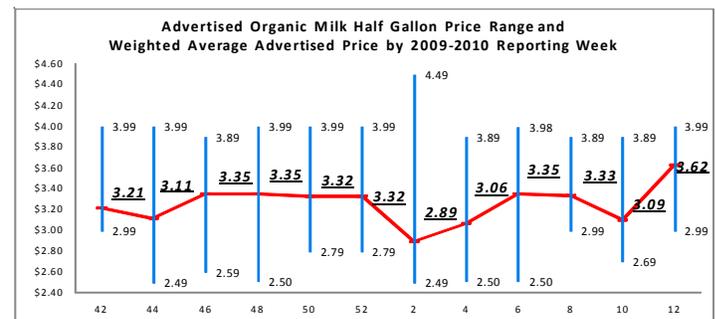
For the period March 13 through March 26, 2010, the number of surveyed newspaper ads containing organic dairy content decreased to the lowest level in 2010, 2,125 ads, 23.3% of 9,124 total ads surveyed. Non-organic milk and/or dairy products continue to appear in nearly 100% of surveyed ads.

The regional organic ad percentage of total ads also fell in each of the 6 regions. Unlike two weeks ago when the Midwest and Southwest regions led in organic dairy ad concentration with 56.7% and 76.2% respectively, the Northeast led this period with 36.9%. The organic dairy ad percentage of total surveyed ads for other regions is: Northwest, 32.7%; Southwest, 25%; Midwest, 20.9%; Southeast, 19.6%; and South Central Region, 3.5%.

ORGANIC MILK FEATURES
Regional % of Surveyed National Supermarket Ads
Report Week 12, 2010 Survey



Half Gallons. The number of ads for organic half gallons, 987, remained the single most advertised organic dairy product. Nevertheless, this is a drop from 2,260 ads two weeks ago. This period, the weighted average advertised price for half gallons of organic milk increased to \$3.62, 53 cents higher than two weeks ago and the highest price since this report began last Fall. The increase was also the greatest two week increase since this reporting series began. The top of the range increased 10 cents to \$3.99 while the bottom increased 30 cents to \$2.99. The reduced offerings of milk toward the lower end of the price range drove the increased average advertised price.



CONTINUED ON PAGE 8-A

ORGANIC DAIRY MARKET NEWS

Information gathered March 15 - 26, 2010

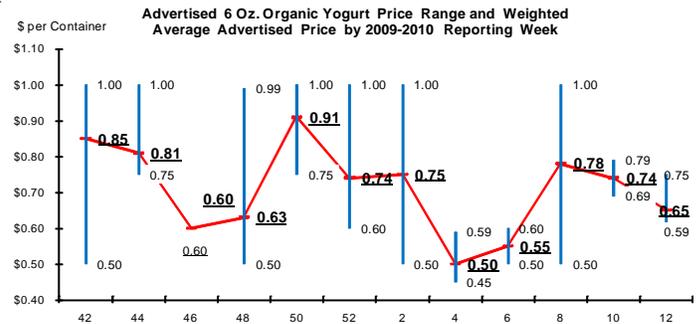
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The following chart shows the percentage of total organic half gallon organic milk ads by region and the regional weighted average advertised price.

ORGANIC HALF GALLON MILK ADS REGIONAL PERCENTAGE AND AVERAGE ADVERTISED RETAIL PRICE WEEK 12

Region	Price	Percentage
Northeast	\$3.61	42.5%
Southeast	\$3.89	13.5%
Midwest	\$3.71	12.2%
South Central	—	0%
Southwest	\$3.50	31.8%
Northwest	—	0%

Gallons. The weighted average advertised price for organic milk gallons increased 6 cents to \$5.49. Unlike two weeks ago when the range was \$1.11, there was no range this week – all offerings were \$5.49. Ad numbers for organic gallons increased slightly to 486 from 374 from two weeks ago. The regional distribution of gallon ads was: Northeast, 14.2%; Southeast, 25.5%; Midwest, 0%; South Central, 8.8%; Southwest, 9.9%; and Northwest, 41.6%. The reason that the Northwest dominated gallon ads with 41.6% but had zero half gallon ads is not certain although all Northwest gallon ads were run by a single grocery chain for its' store brand of milk.



Butter. Organic butter in 1 pound boxes was advertised in all ads at \$4.99. All 79 ads were in the Southeast.

Half and Half. Half and half was advertised in 58 Northeastern ads at \$3.49 a quart, the same price as two weeks ago.

Cream Cheese. Also a Northeast placement, there were 58 ads for organic cream cheese pints priced at \$2.49, unchanged in price from two weeks ago.

Cheese. This week there were 58 ads in the Northeast for 6 ounce Mozzarella string cheese priced at \$3.99.

SUPERMARKET PRICE COMPARISON:

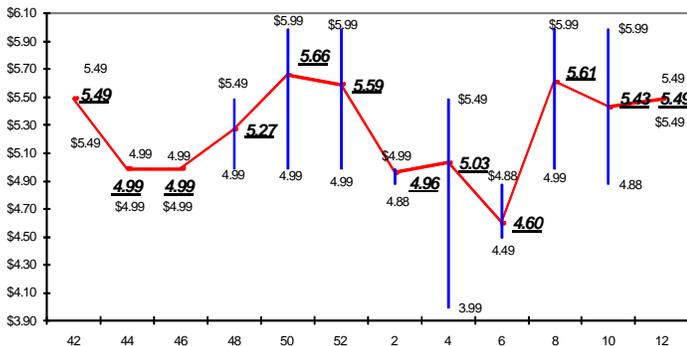
Madison Prices. Non-advertised organic milk sold in a range of food stores in Madison, Wisconsin is compared for the period February 13 through March 26, 2010.

Prices are compared for organic milk in both 1 gallon and 1/2 gallon sizes of whole milk; reduced fat (2%); lowfat (1%); nonfat (skim); and 1/2 gallons of chocolate milk.

As in past weeks, stores included a big-box sized local supermarket; 2 regional chain supermarkets; a smaller but full product line food market targeting university students; and 2 natural food stores; a national discount chain store also selling food; and a large local cooperative grocery store. Milk available at the range of stores included 2 national brands, 4 private label store brands, and 3 small local or near-by creamery brands.

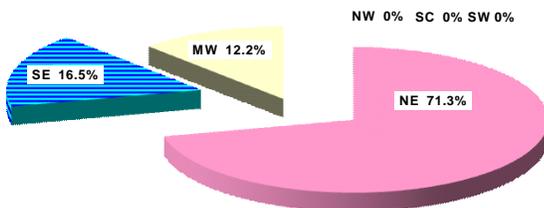
Both the highest and lowest prices were for national brands of organic milk. The highest prices were found at a regional supermarket and the lowest at a big box supermarket. The price spread was highest for half gallons of chocolate milk and tied for second highest for both whole milk gallons and half gallons.

Advertised Organic Milk Gallon Range and Weighted Average Advertiser Price by 2009 -2010 Reporting Week



Yogurt. The shifting regional yogurt ad emphasis decisively moved the Northeast into first place with 71.3% of all organic yogurt ads. This contrasts with two weeks ago when the Northeast had 16.4% of ads and the Southwest led with 41.9%. Only two other regions had organic yogurt ads this two week period, The Southeast, with 16.5% and the Midwest, with 12.2%.

ORGANIC YOGURT FEATURES Regional % of Surveyed National Supermarket Newspaper Ads Report Week 12, 2010



The weighted average advertised price of 6 ounce yogurt, 65 cents, represents an average 9 cents lower than two weeks ago. The range was 15 cents; with a top of range price of 75 cents, 4 cents below two weeks ago and a bottom range price of 59 cents, 10 cents below two weeks ago.

ORGANIC MILK PRICE RANGE – REPORTING WEEK 12 MADISON, WISCONSIN

	LOW	HIGH	RANGE
	(In Dollars)		
GALLONS:			
Whole	5.39	7.29	1.90
2%	5.39	6.75	1.36
1%	5.39	6.75	1.36
Nonfat	5.39	6.75	1.36
HALF GALLONS:			
Whole	3.39	5.29	1.90
2%	3.19	4.39	1.20
1%	3.39	5.29	1.90
Nonfat	3.09	4.39	1.20
CHOCOLATE HALF GALLON:	3.39	5.59	2.20

Anaheim, California Prices. Dairy Market News this two week period also surveyed organic milk sold in the Anaheim, California area: in an outlet of each of the three dominant supermarket chains operating in the area; an outlet of each of two national natural food store chains; a local “discount food warehouse”; and an outlet of a national discount chain store.

ORGANIC DAIRY MARKET NEWS

Information gathered March 15 - 26, 2010

CONTINUED FROM PAGE 8-A

For gallons, the highest price was for the milk of a California-based creamery brand and the lowest price was for a private label brand. For half gallons, the highest price was for a national brand and the lowest varied between a national discount chain and a natural food store brand.

**ORGANIC MILK PRICE RANGE – REPORTING WEEK 12
ANAHEIM AREA, CALIFORNIA**

	<u>LOW</u>	<u>HIGH</u>	<u>RANGE</u>
	(In Dollars)		
GALLONS:			
Whole	5.49	6.99	1.50
2%	5.99	5.99	0
1%	5.49	6.99	1.50
Nonfat	5.49	6.39	1.50
HALF GALLONS:			
Whole	3.19	4.99	1.80
2%	3.19	4.99	1.80
1%	3.29	3.99	1.70
Nonfat	3.19	3.99	1.80
CHOCOLATE HALF GALLON:	3.69	5.39	1.70

Anaheim Bottling Plant Locations. The bottling plant to store distance for organic milk sold in the Anaheim area was determined by comparing plant identification numbers on milk cartons with the Food and Drug Administration Interstate Milk Shippers List.

Eleven plants provide milk for the surveyed Anaheim area stores. Milk travels from plant locations varying between 27 miles and 1,441 miles. However, 4 of the 9 plants, all within 40 miles or less of stores, bottle 50.0% of the milk shelf placements. Percentages of milk bottled longer distances away include: 1,441 miles, 5%; 930 miles, 2.5%; 548 miles, 10%. All other milk is bottled no more than 400 miles from surveyed stores.

ORGANIC DAIRY FLUID OVERVIEW

The trend reported two weeks ago of the organic milk supply “tightening slightly” continues. A potentially longer term indicator for the sector is a processor asking some producers in the East to increase volume. Shorter term, supply has been reported as tightening in both the Midwest and East in more quarters than two weeks ago.

Organic milk is being purchased on the spot market by some processors. This contrasts with the situation in the West. There, various measures are undertaken by some processors to influence producers to reduce organic milk volume.

Organic grain and feedstuff information is available at www.ams.usda.gov/LSMarketNews.

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated

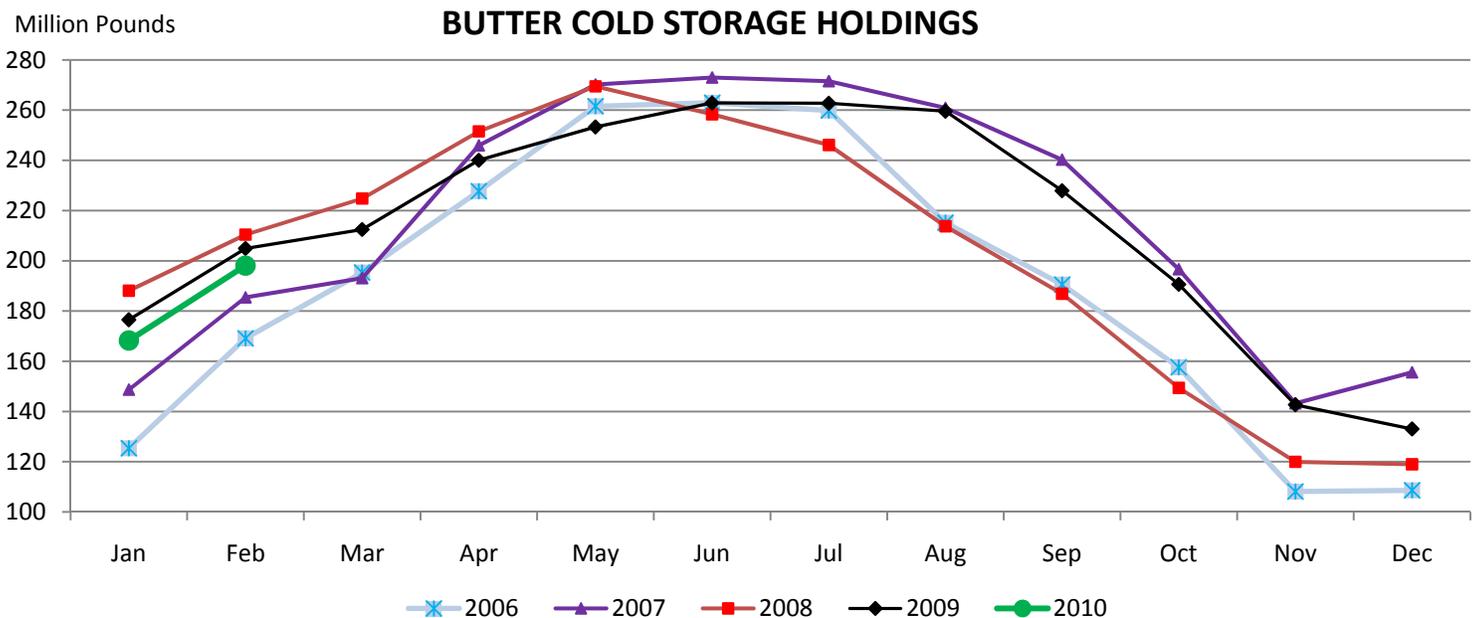
U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	JAN 31, 2008	JAN 31, 2009	REVISED JAN 31, 2010	FEB 29, 2008	FEB 28, 2009	FEB 28, 2010
Butter	188,072	176,526	168,248	210,422	204,927	198,071
Cheese, Natural American	494,376	533,402	587,740	513,073	541,739	597,001
Cheese, Swiss	27,939	23,148	26,188	25,891	23,322	27,727
Cheese, Other Natural	259,048	325,826	359,211	262,028	327,480	358,894
Total Cheese	781,363	882,376	973,139	800,992	892,541	983,622

U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
COMMODITY	2008	2009	2010	2008	2009	2010
Butter	#	#	#	#	#	#
Natural American Cheese	#	#	#	#	#	#

#Beginning with the February 22, 2008, Cold Storage release, NASS discontinued published estimates for government owned butter and cheese due to data quality.

FEBRUARY STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
New England	36,009	35,257	39,081	---	---	---	185	412	618
Middle Atlantic	46,155	43,245	35,423	---	---	---	13,217	12,453	19,715
East North Central	238,991	207,372	255,895	---	---	---	157,314	207,204	240,231
West North Central	80,630	100,885	97,296	---	---	---	55,799	64,861	70,084
South Atlantic	4,736	4,693	6,621	---	---	---	81	261	105
East South Central	275	2,245	1,976	---	---	---	2,853	2,648	2,426
West South Central	3,668	5,742	2,906	---	---	---	969	1,268	1,048
Mountain	26,958	49,218	54,879	---	---	---	4,092	6,609	6,866
Pacific	75,651	93,082	102,924	---	---	---	27,518	31,764	17,801
TOTAL	513,073	541,739	597,001	210,422	204,927	198,071	262,028	327,480	358,894

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2009 TO DATE

Month	Butter <u>1/</u>		Natural American Cheese <u>1/</u>		Nonfat Dry Milk					
	Commercial		Commercial		Total <u>2/</u>		Commercial		Government	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	Million Pounds		Million Pounds		Million Pounds					
January	168	177	588	533	272	301	138	204	134	97
February	198	205	597	542		313		189		124
March		212		549		358		187		171
April		240		577		370		175		195
May		253		586		395		190		205
June		263		602		196		196		NA
July		263		605		398		173		225
August		260		599		364		142		222
September		228		596		324		121		203
October		191		580		270		89		181
November		143		583		285		114		171
December		133		585		289		132		157

NA - Not available.

1/ NASS discontinued publishing estimates for government owned butter and cheese. 2/ Includes instant nonfat dry milk.

SOURCE: "Cold Storage," Co St 1 (3-10) and "Dairy Products," Da 2-6 (3-10), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

Measures of Growth in Federal Milk Order Markets, Selected Years, 1947-2009

Year	Number of markets <u>1/</u>	Population of Federal milk marketing areas	Number of handlers <u>1/</u>	Number of producers <u>2/</u>	Receipts of producer milk <u>3/</u>	Producer milk used in Class I	Percentage of producer milk used in Class I	Prices at 3.5% butterfat content <u>2/</u>		Receipts as percentage of milk sold to plants and dealers		Daily deliveries of milk per producer	Gross value of receipts of producer milk <u>4/</u>	
								Class I	Blend	Fluid grade	All milk		Per producer	All producers
	Number	1,000	Number	Number	Million pounds		Percent	Dol. per cwt.		Percent		Pounds	Dollars	1,000 dol.
1947	29	---	991	135,830	14,980	9,808	65.5	4.65	4.34	---	21	302	5,024	682,407
1950	39	---	1,101	156,584	18,660	11,000	58.9	4.51	3.93	41	25	326	4,914	769,442
1955	63	46,963	1,483	188,611	28,948	18,032	62.3	4.67	4.08	51	32	420	6,510	1,227,815
1960	80	88,818	2,259	189,816	44,812	28,758	64.2	4.88	4.47	64	43	648	10,482	1,989,615
1965	73	102,351	1,891	158,077	54,444	34,561	63.5	4.93	4.31	70	48	944	15,300	2,418,526
1970	62	125,721	1,588	143,411	65,104	40,063	61.5	6.74	5.95	79	59	1,244	27,636	3,963,311
1975	56	150,666	1,315	123,855	69,249	40,106	57.9	9.36	8.64	78	63	1,532	49,233	6,097,768
1980	47	164,908	1,091	117,490	83,998	41,034	48.9	13.77	12.86	80	67	1,954	93,685	11,007,001
1985	44	176,440	884	116,765	97,762	42,201	43.2	13.88	12.61	80	70	2,294	107,871	12,595,522
1990	42	195,841	753	100,397	102,396	43,783	42.8	15.55	13.78	77	70	2,796	142,324	14,289,567
1991	40	198,409	722	100,267	103,252	45,033	43.6	13.30	12.11	76	71	2,821	121,479	12,180,354
1992	40	200,530	698	97,803	107,947	44,914	41.6	14.57	13.12	77	73	3,017	146,452	14,323,698
1993	38	199,604	675	92,934	103,979	44,805	43.1	14.19	12.89	73	69	3,073	145,350	13,507,974
1994	38	201,561	629	91,397	107,811	44,866	41.6	14.75	13.16	75	71	3,232	156,253	14,281,193
1995	33	207,548	571	88,717	108,548	45,004	41.5	14.19	12.79	75	71	3,350	157,754	13,995,454
1996	32	209,599	570	82,947	104,501	45,479	43.5	16.19	14.64	72	69	3,442	187,713	15,570,261
1997	31	208,379	570	78,422	105,224	44,917	42.7	14.36	13.10	71	69	3,676	178,424	13,992,366
1998	31	210,484	522	72,402	99,223	44,968	45.3	16.14	14.92	66	64	3,755	202,770	14,681,340
1999	31	212,118	487	69,008	104,479	45,216	43.3	16.24	14.09	67	65	4,148	216,794	14,960,544
2000	11	228,899	346	69,590	116,920	45,989	39.3	14.24	12.11	72	70	4,590	207,913	14,468,892
2001	11	231,487	350	66,423	120,223	45,887	38.2	16.96	14.90	75	73	4,959	275,642	18,308,968
2002	11	234,256	338	63,856	125,546	46,043	36.7	13.69	11.91	77	76	5,387	239,520	15,294,802
2003	11	236,180	331	58,110	110,581	45,843	41.5	14.10	12.12	67	65	5,178	242,066	14,066,672
2004	10	234,825	306	52,341	103,048	44,939	43.6	17.56	15.74	62	61	5,352	324,119	16,965,368
2005	10	238,428	302	53,036	114,682	44,570	38.9	17.13	15.07	66	65	5,904	334,626	17,747,577
2006	10	239,142	314	52,725	120,618	45,304	37.6	14.59	12.86	68	67	6,264	303,429	15,998,288
2007	10	241,000	312	49,782	114,407	45,226	39.5	20.81	19.19	63	62	6,297	452,097	22,507,219
2008	10	242,988	333	47,859	115,867	44,989	38.8	20.78	18.24	62	61	6,613	455,149	21,782,959
2009	10	245,445	322	46,677	123,430	46,677	36.7	14.40	12.44	66	66	7,245	339,698	15,856,077

1/ End of year. The number of markets peaked at 83 in 1962. The number of handlers peaked at 2,314 in 1961.

2/ Average for year. The number of producers peaked at 192,947 in 1961.

3/ Beginning in 1989, due to disadvantageous price situations in some markets, handlers elected not to pool milk that normally would have been associated with the order. This has reduced, sometimes substantially, the volume of producer milk receipts reported for some markets. This can also affect significantly the comparability of other "Measures of Growth" based on this statistic.

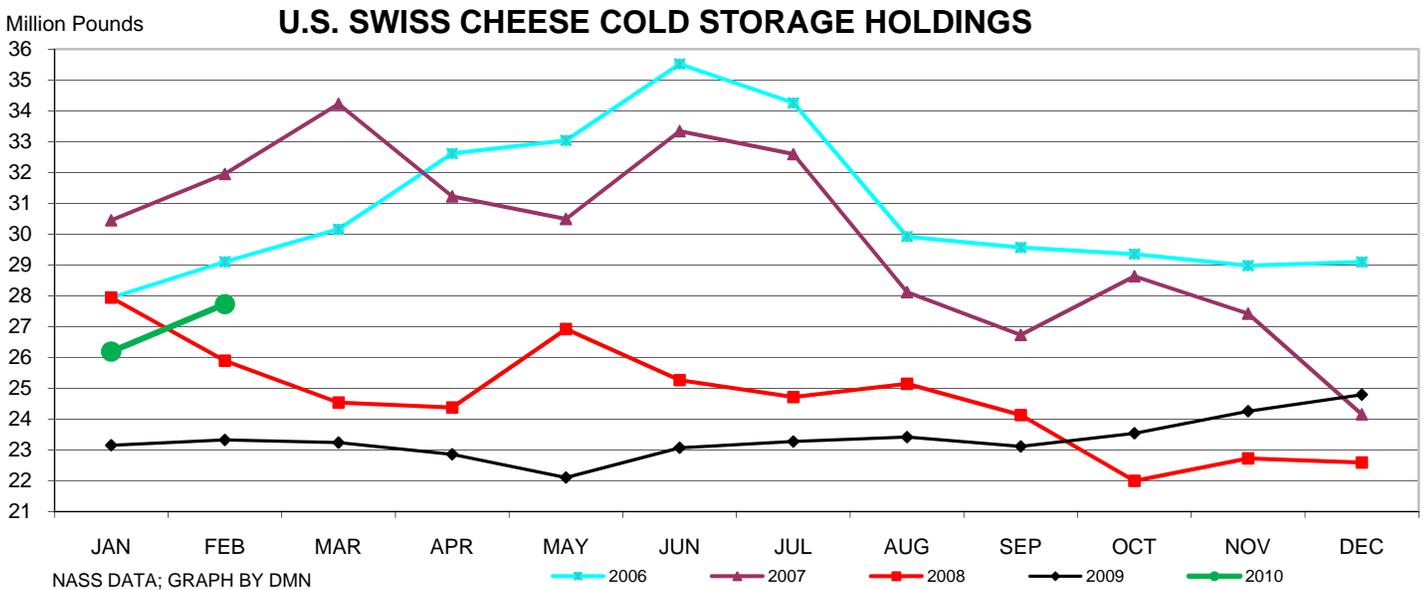
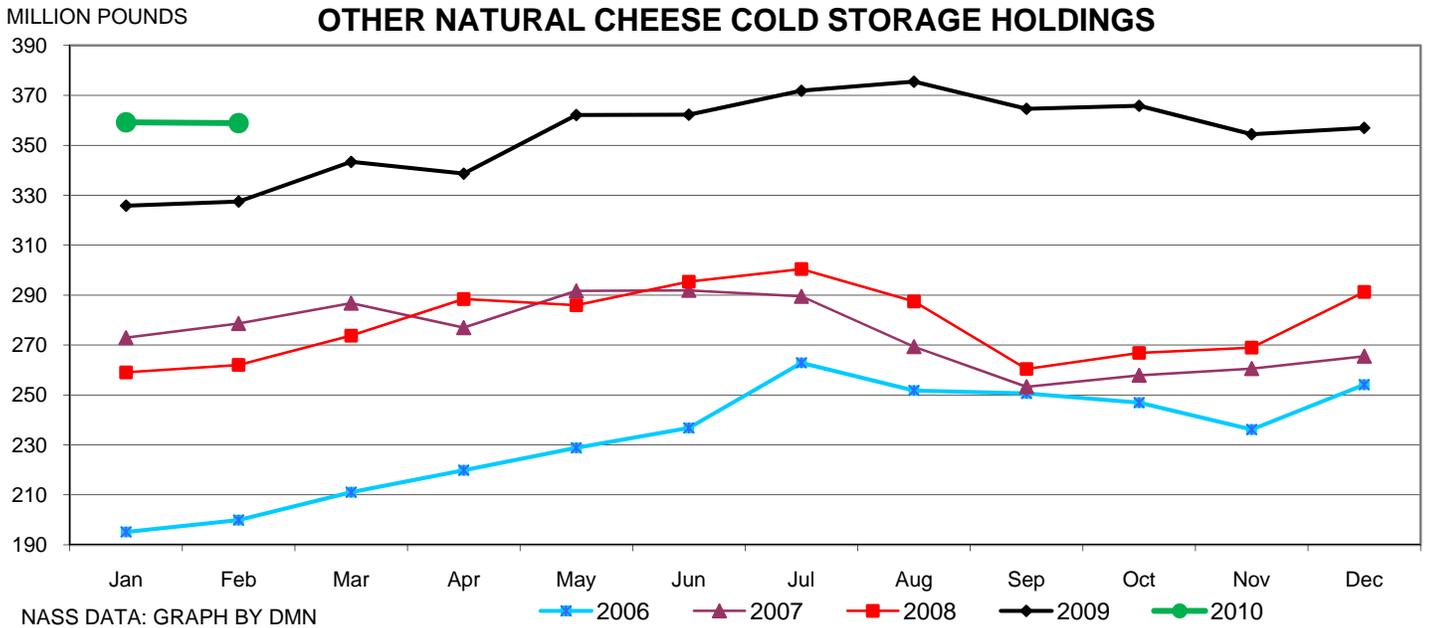
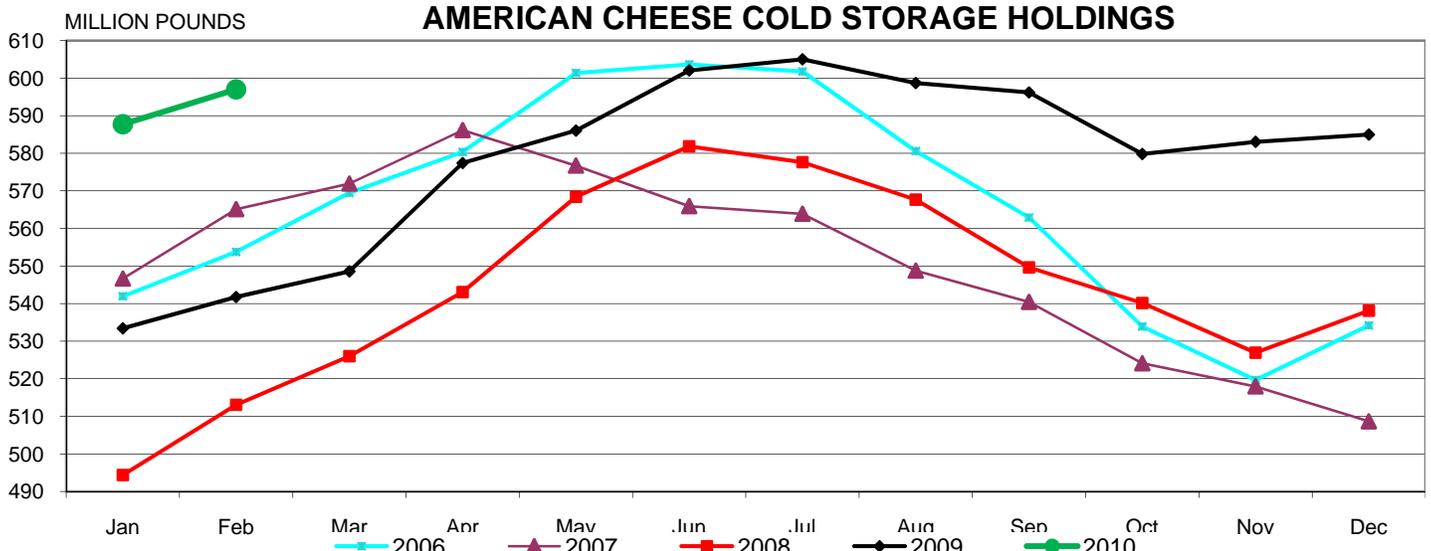
4/ Based on blend (uniform) price adjusted for the butterfat content, and in later years, other milk components of producer milk.

**ANNOUNCED COOPERATIVE CLASS I PRICES FOR SELECTED CITIES IN FEDERAL MILK ORDERS,
APRIL 2010, WITH COMPARISONS 1/**

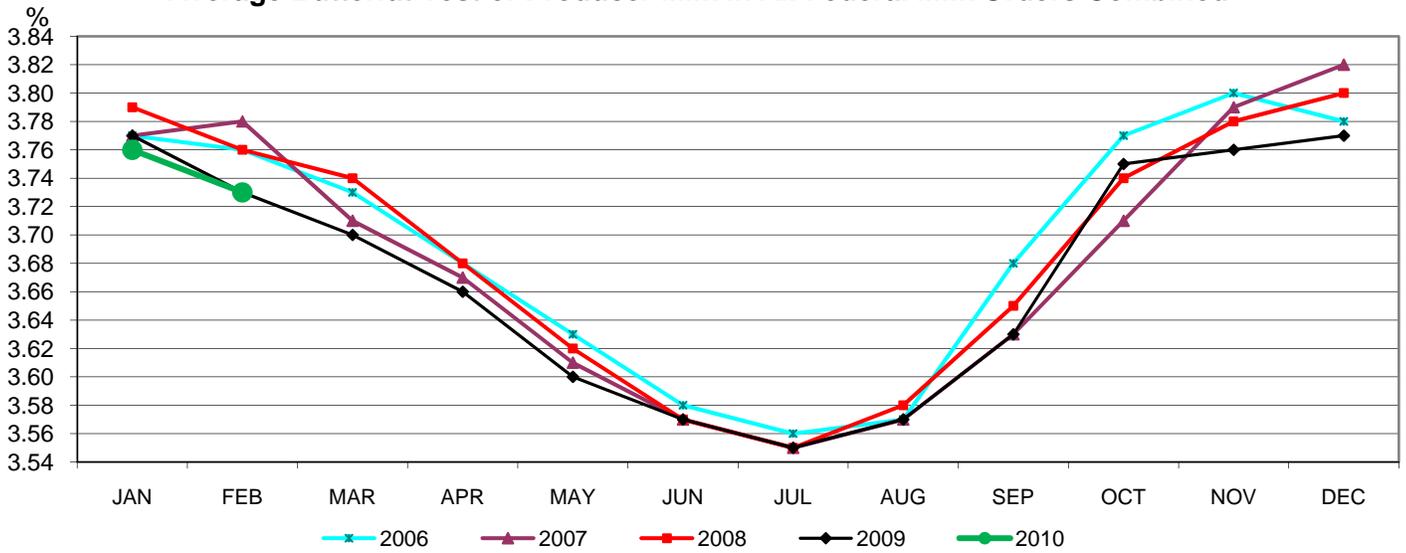
For April 2010, the all-city average announced cooperative Class I price was \$18.44 per cwt., \$2.58 higher than the Federal milk order (FMO) Class I price average for these cities. The April cooperative Class I price was \$1.03 lower than the March price, while the Federal order Class I price was \$1.12 lower. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.50 in Phoenix, AZ, to \$4.40 in Miami, FL. For April 2009, the all-city average announced cooperative Class I price was \$15.35, \$2.35 higher than the Federal order Class I price average for these cities. Note: For most cities, the Announced Cooperative Class I Price now includes premiums paid for milk produced without rBST.

City	April 2010		
	Announced Cooperative Class I Price	Federal Milk Order Class I Price	Difference
	Dollars per hundredweight, 3.5% butterfat		
Atlanta, GA	20.75	17.02	3.73
Baltimore, MD	17.89	16.22	1.67
Boston, MA	17.67	16.47	1.20
Charlotte, NC	19.86	16.62	3.24
Chicago, IL	18.54	15.02	3.52
Cincinnati, OH	18.49	15.42	3.07
Cleveland, OH	18.29	15.22	3.07
Dallas, TX	18.07	16.22	1.85
Denver, CO	17.28	15.77	1.51
Des Moines, IA	17.70	15.02	2.68
Detroit, MI	18.06	15.02	3.04
Hartford, CT	17.87	16.37	1.50
Houston, TX	18.87	16.82	2.05
Indianapolis, IN	18.29	15.22	3.07
Kansas City, MO	17.39	15.22	2.17
Louisville, KY	18.56	15.52	3.04
Memphis, TN	20.06	16.12	3.94
Miami, FL	23.62	19.22	4.40
Milwaukee, WI	18.49	14.97	3.52
Minneapolis, MN	17.20	14.92	2.28
New Orleans, LA	20.96	17.02	3.94
Oklahoma City, OK	18.22	15.82	2.40
Omaha, NE	17.45	15.07	2.38
Philadelphia, PA	19.59	16.27	3.32
Phoenix, AZ	16.07	15.57	0.50
Pittsburgh, PA	18.45	15.32	3.13
St. Louis, MO	17.79	15.22	2.57
Seattle, WA	15.90	15.12	0.78
Springfield, MO	18.02	15.62	2.40
Washington, DC	17.89	16.22	1.67
Simple Average	18.44	15.86	2.58

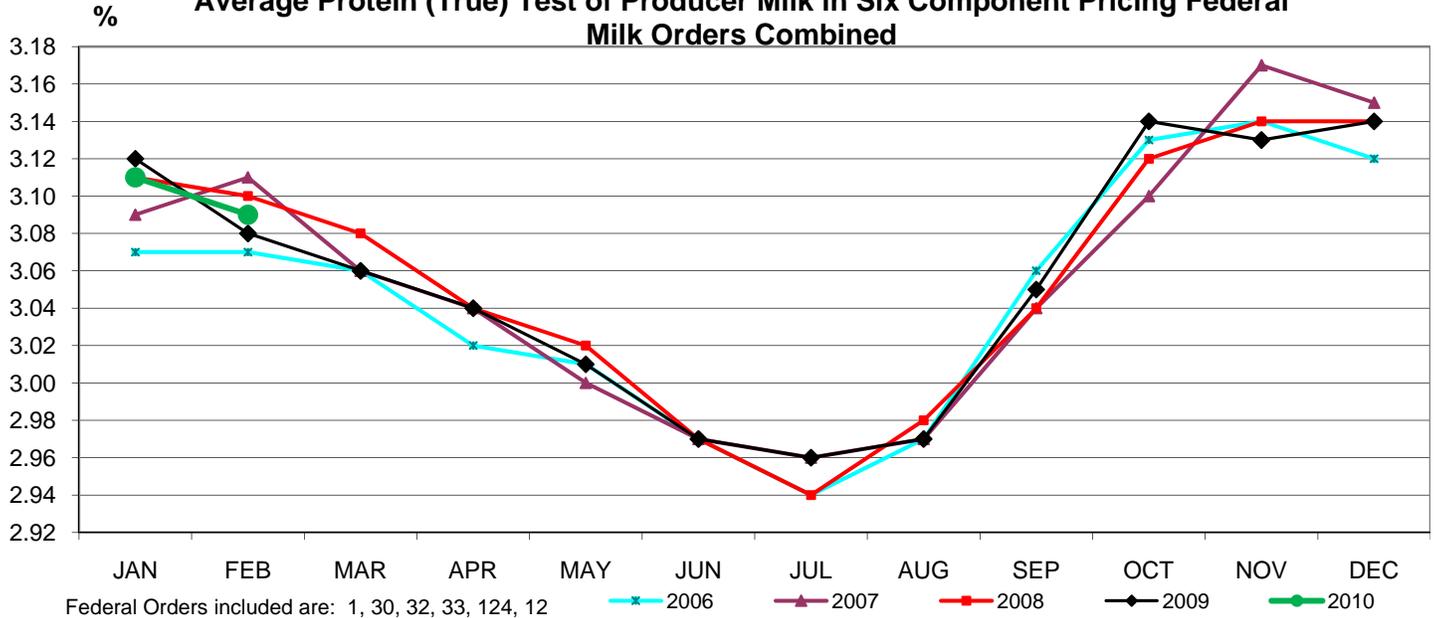
1/ This table contains information from the Class I price announcements sent by the major cooperatives in each city market to all handlers who buy milk from them. These over-order prices include charges for various services performed by the cooperative.



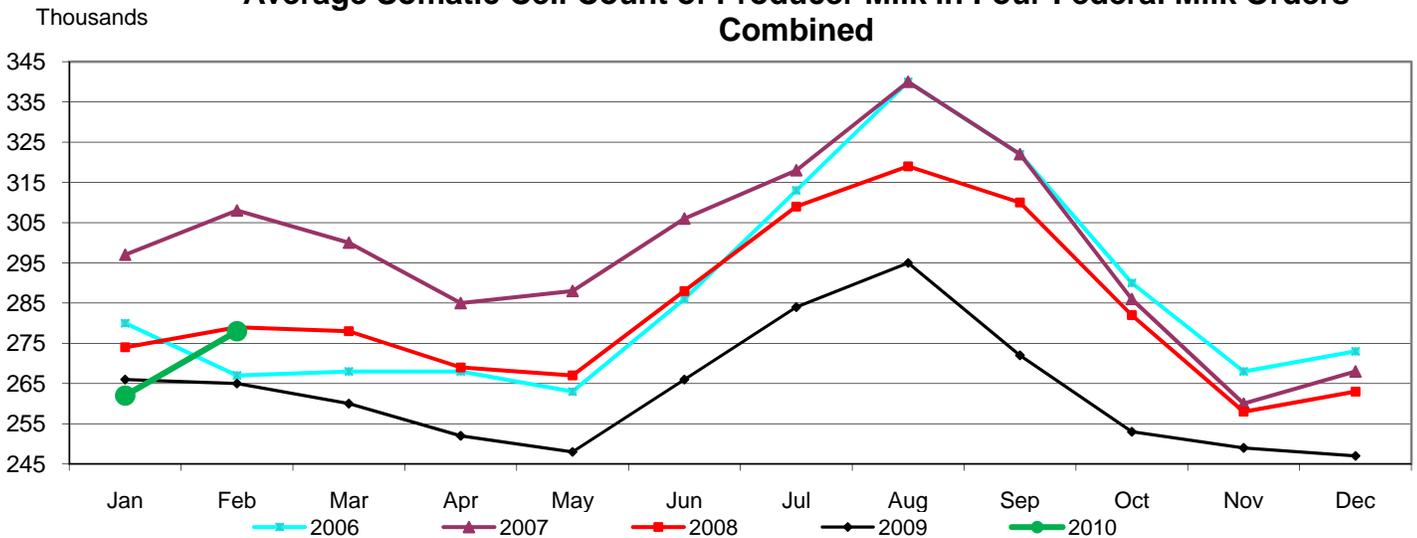
Average Butterfat Test of Producer Milk in All Federal Milk Orders Combined



Average Protein (True) Test of Producer Milk in Six Component Pricing Federal Milk Orders Combined



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



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

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