

NATIONAL DAIRY MARKET AT A GLANCE**CME GROUP CASH MARKETS (04/16):**

BUTTER: Grade AA closed at \$1.5600. The weekly average for Grade AA is \$1.5370 (+.0400).

CHEESE: Barrels closed at \$1.3650 and 40# blocks at \$1.3975. The weekly average for barrels is \$1.3880 (-.0505) and blocks, \$1.4295 (-.0580).

BUTTER HIGHLIGHTS: The CME cash butter price remains firm and increased to \$1.5600, the highest level since November 2008. Churning schedules across the country remain active and fully dependent on cream availability. Ice cream and ice cream mix production are increasing seasonally thus absorbing more cream volumes. Most butter producers are taking advantage of any surplus cream offerings and putting excess butter volumes into inventory for future use. Butter demand is somewhat stronger this week as buyers return to the marketplace following the recent holiday period. Although butter orders are increasing, buyers are cautious with their orders as prices firm. Buyers speculate that the current strength in the cash butter market will not sustain itself as the spring milk flush develops. Exports of butter from the U.S. during January and February total 11.9 million pounds, 36% higher than the comparable two months in 2009. Saudi Arabia was the destination of most exports (5.1 million pounds) followed by Morocco and Russia.

CHEESE HIGHLIGHTS: CME Group cash cheese prices continued to decline this week. This week the CME Group weekly average for blocks is \$1.4295 per pound and barrels \$1.3880. For the comparable week in 2009, blocks averaged \$1.2556 and barrels \$1.1190. In 2008, blocks averaged \$1.8085 and barrels \$1.7435. Cheese offerings are available on regular varieties and lead times are around normal for specialties. Orders were steady to occasionally improved for school/university related business though steady to generally slower on commercial accounts. Most packagers have line time available. Cheese production is generally increasing seasonally as milk volumes increase though reduced milk components at least partially offset the larger volume. According to FAS, exports of cheese and curd for January-February 2010 total 42.8 million pounds, up 16% from last year. The exports equate to 2.6% of total U.S. cheese production. Also from FAS, March 2010 quota cheese imports total 13.7 million pounds, down 2.8 million pounds (-17%) from March 2009. January through March 2010 imports total 31.6 million pounds, down 23.1 million pounds (-42%) from last year. High tier cheese imports for the first quarter of 2010 totals 2.9 million pounds, off 2.0 million pounds (-41%) from last year.

FLUID MILK: Farm milk production is increasing as the spring season advances. Enough forage growth has occurred in some regions to allow cows on pastures. Fluid milk demand is flexible, with some areas noting demand increases as students return to classrooms or from retail specials, while other areas report sales as sluggish. All regions are experiencing an increase in manufacturing milk supplies. Some plants in the East are running at top output, while Central and Western plants still have capacity to spare. Condensed skim and cream sales are active as ice cream producers are pulling loads more heavily to build inventory and meet current commitments. Lower prices on purchased feed in most regions are aiding farm cash flows.

DRY PRODUCTS: Several dry product range or mostly price series registered increases this week, with the exceptions being Central and Northeast whey and lactose. NDM low/medium heat prices are higher and some Eastern NDM inventory is being pulled into the holdings of some marketing agencies prior to the exit of one or two Eastern processors. This is tightening supplies in that region. NDM production is on the rise, with plants in the East close to maximum output. Other regions have untapped capacity. Dry buttermilk production is mostly higher, although the demand from ice cream manufacturers is cutting into the volumes moving to the dryers. Prices moved higher and the market is firm. The dry whole milk market is firm and supplies limited for spot market offers. Dry whey markets are steady to mixed. Increased cheese orders, which followed on the heels of the bullish cheese market of the past few weeks, boosted cheese production and the resultant whey stream. Although condensed whey sales cleared some of the additional whey, dry whey loads moved through the spot market and some price discounting occurred. The lactose range widened this week as spot market activity on coarser mesh size product cleared inventory from a few producers' warehouses, allowing them to start with a cleaner slate in the weeks to come. The lactose mostly market moved fractionally lower. Whey protein concentrate 34% prices are unchanged on the mostly price series. Contracts are moving steadily, but buyer price resistance is evident in the market on the few F.O.B. loads being offered. Canadian WPC 34% is offering a price-competitive option to buyers.

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CASH TRADING**

PRODUCT	MONDAY APRIL 12	TUESDAY APRIL 13	WEDNESDAY APRIL 14	THURSDAY APRIL 15	FRIDAY APRIL 16	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.4200 (-.0200)	\$1.3875 (-.0325)	\$1.3850 (-.0025)	\$1.3825 (-.0025)	\$1.3650 (-.0175)	(-.0750)	\$1.3880 (-.0505)
40# BLOCKS	\$1.4700 (-.0275)	\$1.4350 (-.0350)	\$1.4325 (-.0025)	\$1.4125 (-.0200)	\$1.3975 (-.0150)	(-.1000)	\$1.4295 (-.0580)
BUTTER GRADE AA	\$1.5000 (N.C.)	\$1.5050 (+.0050)	\$1.5600 (+.0550)	\$1.5600 (N.C.)	\$1.5600 (N.C.)	(+.0600)	\$1.5370 (+.0400)

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

INTERNATIONAL OVERVIEW (DMN): The **Oceania** milk production season continues to wind down at varying rates. In **New Zealand**, the end of the milk production season has quickly deteriorated and most manufacturers and handlers are very concerned about fulfilling end of season commitments. Lack of late season moisture on the North Island is the major factor contributing to the downturn in milk output. On the North Island, milk output is down as much 30 – 40% when compared to last year at this time. Milk handlers are stating that this drop-off is 4 – 6 weeks earlier than usual. On the South Island, conditions are not as bad although this region is not the significant milk producing region of New Zealand. Output continues to run ahead of last year in the Central part of the island but is starting to trail last season in lower regions of the South Island. With this sharp decline in late season production, milk handlers are now hopeful that annual milk output will hold at levels of last year and not fall below. More farmers are adjusting their milking schedules to once a day and they are drying off their herds earlier than usual. They indicate that this will reduce their cash flow, but feel that this is better than trying to maintain production under adverse conditions. In **Australia**, the milk production season continues to wind down, but reports indicate that the end of the season is still favorable. Although milk production, on an annual basis, is down 6.4% for eight months (July – February), some milk handlers continue to project annual output to be about 4% lower than last season. Others state that with only four months left of the season, significant milk output will be needed and many are doubtful that a 2+ percent gain, to get it up to a negative 4% annual decline, can be realized at this time of the production cycle. As milk volumes decline at varying rates, manufactured dairy product handlers are very concerned about meeting end of season commitments. Many suppliers are reviewing existing supply commitments that have yet to be contracted to identify possible milk reallocation options. At the April 6th global/Dairy Trading event, average milk powder and anhydrous milk fat prices increased over 20%. For anhydrous milk fat, the average price for the three shipment periods was \$4,837 per MT, up 21.9% from the previous month. For skim milk powder, the average price was \$3,672 per MT (+25.5%). Whole milk powder averaged \$3,969 per MT (+21.0%). Traders and handlers were anticipating firmer prices at the most recent trading event, but were surprised at the sharp increase realized. Many are now analyzing what affect these prices are having on current and future prices. Many indicate that they are firming their prices, but generally not to levels of the trading event. Most speculate that these sharp increases will not be sustained and anticipate lower prices within the month. Product availability in Oceania is being closely monitored as the end of the milk production season nears. New Zealand suppliers are in the tightest position with Australian suppliers a little more comfortable. With the current volatility in the marketplace, many buyers are resisting asking prices and are taking a break until stability returns. The **European** milk production season is increasing seasonally, although 4 – 6 weeks

later than usual. Milk producers and handlers are stating that a cold and snowy winter season extended further into the early months of the new year which is not usually the case. Although total milk output continues to trail last season at this time, recent weather patterns are now contributing to steady production increases. The new milk quota year began on April 1 and with the slow start to the milk production season, very limited volumes of milk, if any at all, were withheld from the market during the later days of March to maintain quota guidelines. In years past, early April milk receipts jumped in some countries, but this was not the situation this year. In many instances, pasture growth is slow and grazing is still a few weeks away. European traders and handlers indicate that new dairy product availability is building, but often lighter than desired for this time of the season. Strong domestic demand for fresh dairy products is limiting volumes available for an international market at this time. European traders are closely monitoring and analyzing what impact the sharply higher values for various dairy products realized at the recent global/Dairy Trading event may have on European supplies. Most traders state that prices are higher, but not by the 20 – 25% recorded at the trading event. At the most recent Dairy Management Committee meeting on April 8th, no significant dairy issues were addressed or changed. There were a few offers for tender refunds for skim milk powder and butter but these were all rejected. Common refunds remain at zero. The private storage aid scheme (PSA) for butter opened in March and during the first month, under 10,000 MT of butter cleared to the program. Also, intervention opened in March and no butter or skim milk powder has been offered to the program thus far. Last year at this time, maximum levels of intervention were filled for butter and subsequent offerings were being accepted under a tendering system. Skim milk powder offerings were at 97,350 MT of the maximum 109,000 MT.

MAILBOX MILK PRICES (AMS & CDFA): In January 2010, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$16.16, down \$0.21 from the previous month average, but up \$2.39 from January 2009. The component tests of producer milk in January 2010 were: butterfat, 3.76%; protein, 3.11%; and other solids, 5.73%. On an individual reporting area basis, mailbox prices increased in Appalachian States, Southeast States, Southern Missouri, Florida, Western Pennsylvania, Ohio, Indiana, Western Texas, and New Mexico; unchanged in Eastern Pennsylvania and decreased in all other Federal milk order reporting areas. Mailbox prices ranged from \$19.02 in Florida to \$14.72 in New Mexico.

CME GROUP

MONDAY, APRIL 12, 2010

CHEESE — SALES: 4 CARS BARRELS: 3 @ \$1.4250, 1 @ \$1.4225; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4000; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4200; 1 CAR 40# BLOCKS @ \$1.4700
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2650
 BUTTER — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, APRIL 13, 2010

CHEESE — SALES: 4 CARS BARRELS: 1 @ \$1.4000, 1 @ \$1.3975, 1 @ \$1.3950, 1 @ \$1.3900; 1 CAR 40# BLOCKS @ \$1.4400; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.3875; 1 CAR 40# BLOCKS @ \$1.4350
 NONFAT DRY MILK — SALES: 1 CAR GRADE A @ \$1.2650; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.2675; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2800
 BUTTER — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.5050; LAST OFFER UNCOVERED: NONE

WEDNESDAY, APRIL 14, 2010

CHEESE — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.3850; 1 CAR 40# BLOCKS @ \$1.4325
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: 4 CARS GRADE AA: 1 @ \$1.5250, 1 @ \$1.5350, 1 @ \$1.5450, 1 @ \$1.5550; LAST BID UNFILLED: 5 CARS GRADE AA @ \$1.5600; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.5700

THURSDAY, APRIL 15, 2010

CHEESE — SALES: 2 CARS BARRELS @ \$1.3850; 1 CAR 40# BLOCKS @ \$1.4150; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.3775; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.3825; 1 CAR 40# BLOCKS @ \$1.4125
 NONFAT DRY MILK — SALES: NONE; LAST BID UNFILLED: 1 CAR EXTRA GRADE @ \$1.2075; 1 CAR GRADE A @ \$1.2750; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.5600; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.5750

FRIDAY, APRIL 16, 2010

CHEESE — SALES: 3 CARS BARRELS: 2 @ \$1.3725, 1 @ \$1.3675; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.3650; 1 CAR 40# BLOCKS @ \$1.3975
 NONFAT DRY MILK — SALES: 2 CARS GRADE A @ \$1.2900; LAST BID UNFILLED: 1 CAR EXTRA GRADE @ \$1.2100; 1 CAR GRADE A @ \$1.2925; LAST OFFER UNCOVERED: NONE
 BUTTER — SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.5600; LAST OFFER UNCOVERED: NONE

CME GROUP CASH NONFAT DRY MILK: Extra Grade closed the week at \$1.2100 and Grade A at \$1.2925. The last price change for Extra Grade was on 04/16/10 and Grade A was on 4/16/10. The weekly average for Extra Grade is \$1.1975 (+.0235) and Grade A is \$1.2735 (+.0285).

BUTTER MARKETS

NORTHEAST

The CME Group butter price advanced a half cent on Tuesday and closed at \$1.5050. This is the second highest price of the year, only eclipsed by the \$1.5250 price reached on January 15. The current price is \$.3025 higher than the level reached a year ago on the same date. Churns are active as cream supplies are increasing due to the spring flush. One plant is opting to sell cream in the current multiple range, rather than make butter. Current butter production is moving through contracts and adding to inventories. Current butter inventories are lagging behind year ago levels and manufacturers are comfortable adding to their inventories. Additional support for the butter market has come from a Canadian tender, which closes April 14. The tender is for 500 metric tons, or 1.1 million lbs., of salted or unsalted butter, to be delivered on or before July 31. The Foreign Agricultural Service reports January-February 2010 exports of butter total 11.9 million pounds, a 36% increase compared to the same period last year. Leading destinations for U.S. butter are Saudi Arabia at 5.1 million pounds, up 54% from a year ago, Russia at 704 thousand pounds, compared to zero exports a year ago, and Morocco at 804 thousand pounds, compared to zero exports a year ago. These three countries accounted for 55.6% of the total U.S. Butter exports. Prices for bulk butter range 4-6 cents over the market, based on the CME Group with various time frames and averages used.

bases and averages per pound.

CENTRAL

The cash butter price at the CME is firm and has increased 6 1/4 cents within the past five trading sessions to settle at \$1.5600 at midweek. This is the highest cash price since November 2008. This price compares to \$1.2025 last year at this time and \$1.3875 in 2008. Some butter handlers are speculating that the current firm price trend is not supply/demand driven, but other marketing and trading factors may be influencing current trends. Churning schedules in the Central part of the country are seasonally active, although lighter than many butter producers desire. Firm cream prices and tighter supplies are causing a slowing of churning activity. With recent price strength at the CME, some butter producers are not aggressively churning for future needs, while others feel that they better continue to generate surplus butter stocks for future use. Many butter producers anticipate that cream supplies will be less available this fall than in recent years, thus generating butter

at this time for use during the second half of 2010 is what should be done. Current butter demand is increasing once again following the recent holiday period. Buyers are cautious with their purchases as prices firm. Many buyers are speculating that butter prices will ease as the spring milk flush develops, but butter suppliers state that this year is developing into one not seen before and that easing prices might not be in the works. 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 \$.0550 to \$1.5600. Sales activity is moderate with four loads sold on Wednesday with five bids unfilled. The butter price has remained steady or appreciated at the CME Group since March 15, 2010. Butter manufacturers continue to aggressively pursue available cream supplies for churning. Futures prices are at a premium to cash currently and encouraging producers to put extra stocks away for needs later in the year. Export inquiries are reported to be good as prices show strength. Domestic needs are being met with the most demand into retail accounts for print. Food service accounts continue to lag as the economy recovers. Butter stocks are tighter than usual for this time of year. According to the CME Group, weekly butter stocks increased 2.35 million pounds last week to stand at 57.8 million pounds. This is the second consecutive week of upward storage numbers. This total compares to 76.6 million pounds in 2009 and 119.1 million pounds in the comparable week in 2008. Stocks in storage at the CME Group have not been this low since 2001 for this date. According to the Foreign Agricultural Service, exports of butter and milkfat for January-February 2010 total 11.9 million pounds, up 36% from January-February 2009. The top three export destinations, their volume and change from last year are as follows: Saudi Arabia 5.1 million pounds, +54%; Morocco 804,000 pounds, no sales reported last year; Russia 703,800 pounds, no sales were reported last year. Other significant sales were, Canadian sales of 682,000 pounds, were up 51%; United Arab Emirates sales of 432,000 pounds, were more than five times last year, +406%; and Egyptian sales of 461,200 pounds, no sales were reported last year for January-February. The top three countries accounted for 55.6% of the exports for the period. The exports account for 3.9% of production in the U.S. for January-February. Prices for bulk butter range from flat to 3 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
APRIL 10	1,3166	1,3598	1,1111	1,4749	0.3634
	10,420,282	10,806,440	22,145,419	4,650,086	12,286,575

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

Cheese prices on the CME Group began declining Friday and have continued to decline through Tuesday's trade with barrels closing at \$1.3875 and blocks at \$1.4350. The last three trading sessions have seen barrels decline \$.0675 and blocks decline \$.0750. Compared to a year ago barrels are \$.2325 higher and blocks are \$.2150 higher. The recent declines were the first declines in 19 trading sessions for blocks and the first in 24 trading sessions for barrels. Cheese production has increased with the influx of increased milk volumes due to the spring flush. Heavy milk volumes continue to necessitate the utilization of auxiliary cheese plants to handle the increased volumes. Mozzarella and cheddar sales are steady and surprisingly, cream cheese sales are fairly active for the post holiday period. In the latest Foreign Agricultural Statistics report, January-February 2010 exports of cheese and curd from the United States totaled 42.8 million pounds, a 16% increase from the same period in 2009. Leading destinations, amounts shipped, and percent changes in amounts shipped compared to the same time period last year include: Mexico, 11.4 million pounds (-26%); Japan, 5.1 million pounds (+135%); South Korea, 4.3 million pounds (+3%); and Canada, 3.3 million pounds (+19%). These four countries account for 56.2% of the total U.S. cheese exports.

Cheese prices at the CME Group this week were lower each day. After increasing for 10 consecutive sessions, the market has gone down for 4 sessions since Friday, April 9. Barrels on Wednesday were down \$.0025 to \$1.3850. Prices on 40 lb. Blocks were \$.0025 lower to \$1.4325 on Wednesday. Barrels were lower on moderate sales of 8 loads this week. Blocks had light sales, with only one sale this week. Barrels have lost \$.0700 in the last four trading periods, while Blocks lost \$.0775 in the same period. The tenor of the market has changed as prices began to retreat this week. Current stocks are above year ago levels and buyers are waiting to see how the market will discount current inventories. Production in the West remains busy as the spring flush is increasing available milk supplies to plants. Contract needs are being met, with available spot offerings encountering some resistance as to price. According to FAS, exports of cheese and curd for January-February 2010 total 42.8 million pounds, up 16% from January-February 2009. The exports account for 2.6% of total cheese production in the U.S. for the period. The top four export destinations, their volumes and the change from last year are as follows: Mexico 11.4 million pounds, -26%; Japan 5.1 million pounds, +135%; South Korea 4.3 million pounds, +3%; and Canada 3.3 million pounds, +19%. These four destinations accounted for 56.3% of the January-February exports.

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

Cheddar 40# Block	:	1.8150-2.0900
Process 5# Sliced	:	1.5300-1.8400
Muenster	:	1.8350-2.0325
Grade A Swiss Cuts 10 - 14#	:	3.1375-3.4600

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

Process 5# Loaf	:	1.5625-1.8200
Cheddar 40# Block	:	1.6200-1.9725
Cheddar 10# Cuts	:	1.8000-2.0200
Monterey Jack 10#	:	1.8100-1.9700
Grade A Swiss Cuts 6 - 9#	:	2.6850-3.1150

MIDWEST

The cheese market is continuing to decline after reaching a temporary peak last week. Orders are mixed, ranging from somewhat improved after recent slow weeks with schools closed for breaks, to slower where buyers are again holding off for lower prices. Most packaging/processing plants are still having difficulty filling a 40 hour week. The holiday/vacation break and the reduction in Class I use left more milk for manufacturing the past few weeks. Any extra cheddar produced still has time "left on the clock" to be offered on the CME Group cash cheese market. Mozzarella demand is steady to lighter where schools are closer to closing for the summer. Process is steady at best though demand normally improves for the summer grilling and travel seasons. Offerings are available on regular varieties and manufacturers welcome orders for specialties. The CWT announced a second consecutive weekly export assistance deal for 3.5 million pounds to facilitate exports with the 3 week total now at 9 million pounds. Cheese production is steady to slightly higher. In grazing areas, generally south of Wisconsin, fluid intakes are higher but cheese yields are offset by lower components.

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

Process American 5# Loaf	:	1.7975-1.9775
Brick And/Or Muenster 5#	:	1.9600-1.9975
Cheddar 40# Block	:	1.8000-2.5650
Monterey Jack 10#	:	1.8900-2.5650
Blue 5#	:	2.2875-2.6800
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8300-2.6650
Grade A Swiss Cuts 6 - 9#	:	2.5100-3.3300

FOREIGN

The CME Group weekly average price for block cheese advanced \$.1050. The significant increase advanced price levels for all domestic varieties of foreign-type cheese, with the exception of Swiss Cuts Switzerland, which remained unchanged. It should be noted, that since the release of the weekly average and its corresponding price increase, trading on the CME Group for block cheese has resulted in a price decline of \$.0750. This decline will most likely result in lower wholesale cheese prices next week. Imported cheese varieties were unchanged.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.3900	: 1.9550-3.4425*
Gorgonzola	: 3.6900-6.6900	: 2.4575-2.7175*
Parmesan (Italy)	: -0-	: 3.3625-3.5650*
Provolone (Italy)	: 3.4400-5.9900	: 1.9975-2.1550*
Romano (Cows Milk)	: -0-	: 3.1450-5.2875*
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-	: 3.2300-3.5525
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
04/12/10	11,249	: 131,829
04/01/10	11,157	: 125,771
CHANGE	92	: 6,058
% CHANGE	1	: 5

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	203	0	220	0	189
SOUTHEAST STATE	0	0	0	0	0	0

Milk production continues to increase in most parts of the East as the flush expands and strengthens. Manufacturing milk supplies are heavy and are compounded by sluggish Class I sales. Balancing plants in the Northeast and Mid Atlantic regions are described as "maxed out" and "running flat out" as they deal with heavy milk volumes. Unloading delays are occurring on weekends and with any interruptions in manufacturing. Dryers are running heavy with nearly exclusive production of low heat non fat dry milk to better handle the increased volumes. A plant experiencing drying interruptions last week has nearly caught up with milk intakes. Heavy milk volumes in the Southeast are continuing, but are not as burdensome as last week as milk moving out of region to regular customers has increased. Auxiliary seasonal cheese plants continue to be utilized to assist with the increased supplies. Florida has seen some increase in Class I demand as features have prompted increased sales. Shipments out of state were down from last week, but remain above 200 loads. Cream sales remain strong supported by increased ice cream and continuing cream cheese production. Multiples are generally 130-135 with end of week sales dipping to 127. A few early week sales have been noted as high as 140. Increased volumes of condensed skim are moving through contracts as Class II and cheese production has increased.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. PRODUCING PLANTS: NORTHEAST	-	1.9012-2.0508
F.O.B. PRODUCING PLANTS: UPPER MIDWEST	-	1.9311-1.9910

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:		
NORTHEAST - CLASS II - INCLUDES MONTHLY FORMULA PRICES	-	1.10 - 1.14
NORTHEAST - CLASS III - SPOT PRICES	-	1.00 - 1.05

M I D W E S T

Class I interest was spotty; an increase in institutional demand due to the return of students to schools was offset by often sluggish retail interest. Class II products were uneven, from improved to slower. A surge in orders for a specialty product tightened milk supplies for a couple of handlers this week. Manufacturing milk demand was generally good though the supply was limited. The early prospect for next week is not as positive for manufacturing milk demand. Some improved interest was noted for condensed skim to replace NDM use in cheese vats and in some other products. Manufacturing plants are operating on heavy spring schedules through most of the region. Cream supplies are tighter as components in incoming milk receipts are lower, aided by the increase in grazing in some areas. Ice cream and mix production remains generally good as makers try to build inventory

and cover orders, sparked by generally warmer early spring temperatures. Churning is lighter seasonally and heaviest on weekends when demand from other users is lighter. More spring tillage is occurring with good progress in seeding small grains and alfalfa though heavier ground remains wet in low areas. Low soil temperature may be slowing corn planting yet. Some pasturing is occurring and lawns are mowed for the first time. A little further south, pasture growth is farther along and a larger increase is noted in milk receipts though components are lower in grazing areas. Most areas are showing seasonal increases in volumes though CWT or herd/producer culling can be affecting results in various locations.

W E S T

According to the CDFR, the statewide average Class 1 price in California for May (based on production) is \$15.39. The Northern California price is \$15.37 and the Southern price is \$15.64. The average price, \$15.39, is \$1.00 higher than April and \$2.68 higher than last year. Class 1 prices have fallen for three consecutive months, since the high in January of \$18.24, until the increase from April to May. CALIFORNIA milk production is increasing seasonally. Production levels are even with last year's amounts to 1 - 2% lower in some areas. Regional manufacturing capacity is easily handling available supplies. Weather conditions are favorable for milk production increases and new crop forage supplies should augment production. Cheaper feed costs are helping farmers to service debt. Cull cow prices have increased and some producers are replacing older animals with heifers. ARIZONA's spring flush is nearing its end. Milk supplies are currently near last year's levels. Class I sales are returning to normal as schools are back in session. NEW MEXICO has enjoyed favorable weather for milk production. Fresh forage supplies combined with the spring flush have increased milk receipts in the state. Plants are handling local supplies of milk and running on normal schedules. Increased product prices have raised optimism for farmers. CREAM prices in the West are steady to firm as there appears to be a good appetite for milkfat. Butter churns are operating busy schedules to try and build inventories for later in the year. CME Group butter prices are 6.5 cents higher than a week ago with a 5.5 cent one day jump on Wednesday. Cream multiples are steady to firm and range 115 - 127 and vary depending on class usage and basing points. Short bought cream users are meeting higher prices. The PACIFIC NORTHWEST saw spring weather in the region. Farmers are beginning to plant early crops and cattle are seeing more pasture. Hay production for the new season has yet to begin and prices for forages are not determined yet. Milk supplies are increasing and Class I usage is returning to normal after Spring Break. UTAH and IDAHO milk production levels are at comparable levels with last year. Spring weather has encouraged some early fieldwork and negotiations over feed supplies are being worked on. Milk producers continue to search for any breaks in costs. Manufacturing capacity is easily handling local milk supplies with some plants looking for extra supplies.

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: Central nonfat dry milk prices are mostly higher on a firming market. Production is steady to increasing at most locations, although sales of condensed skim into Class III plants are stronger for the week due to pricing advantages compared to nonfat dry milk. These condensed skim sales are taking some dry solids out of the near term production equation. Producers in the region report interest is steady for low and medium heat NDM, with some spillover interest reported due to light availability of Western NDM. Brokers have inked some spot deals despite multiple cents price increases from last week to this week, which may indicate end users concerns for meeting production needs in the next few weeks. Foreign Agricultural Service reports that February 2010 exports of nonfat dry milk under Schedule B code 0402100000 total 33.9 million pounds, about an 18% increase compared to January 2010, and a 22% increase from February 2009. Cumulative 2010 exports total 62.7 million pounds, an 18% decrease from the same time span of 2009. Total exports for 2010, and percent change in amounts exported compared to 2009 are: Mexico, 28.0 million pounds (+34%), Philippines, 11.6 million pounds (-21%) and Vietnam, 5.5 million pounds (+93%). These countries are the top three destinations for nonfat dry milk thus far in 2010, accounting for 72% of the total nonfat dry milk exports.

EAST: Eastern nonfat dry milk prices were unchanged with limited spot sale activity. The market tone is firm, supported by good to very good export and domestic demand. Good domestic demand is attributed to increased Class II production. Drying is very active as plants attempt to keep up with increased milk volumes due to the flush. Production is primarily focused on low heat NDM, which allows plants to more readily clear increasing milk volumes. Current production is moving through contracts and adding to inventories. Manufacturers are holding inventories with confidence and view the market as bullish.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.1800 - 1.3000 MOSTLY: 1.1900 - 1.2600
 HIGH HEAT: 1.2600 - 1.3300

NONFAT DRY MILK - WEST

Nonfat dry milk prices were higher across the board this week. The market continues to move to higher price levels. Buyers are reflecting on last week's Fonterra auction of SMP at sharply higher levels. Production is moving higher as the spring flush moves across the region. As milk supplies increase, production schedules are busy, allowing backed up orders to be filled. Contracts are being met with some additional product available. Producers are pricing product higher on spot markets and some are content to build inventory. Buyers are looking to buy ahead in some cases. Export demand is also increasing. For January-February 2010, FAS reports exports of NDM/SMP at 62.7 million pounds, compared to 76.2 million pounds for January-February 2009, -18%. The top 5 countries for exports for January-February 2010 (in million pounds with changes from January-February 2009) are: Mexico, 28.0, +34%; Philippines, 11.6, -21%; Vietnam 5.5, +93%; Dominican Republic, 3.1, +236%; and Japan, 2.6, -24%. The top five countries account for 81.1% of the total exports during the period. The January-February exports account for 25.5% of the NDM/SMP production for the period.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.0950 - 1.2500 MOSTLY: 1.1250 - 1.2200
 HIGH HEAT: 1.1350 - 1.3000

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk production is steady to lower in the region, with sales of condensed buttermilk into Class II plants stripping away some drying opportunities. Class II use of condensed buttermilk is moving higher seasonally. Availability of dry buttermilk in the Central region is tight, and several manufacturers are content to build inventory for contract needs and possible future spot sales.

EAST: Dry buttermilk prices in the East are steady to firm with limited spot sale activity. Churning is active as cream supplies have increased with the flush. Some condensed buttermilk is being diverted from the dryers and sold directly to ice cream producers. The dry buttermilk market has a firm undertone supported by the strength in the NDM market. Current production is moving through current contracts and adding to inventories. Producers are comfortable with increasing inventories due to the strength of the current market.

F.O.B. CENTRAL/EAST: .9800 - 1.1400

DRY BUTTERMILK - WEST

Western dry buttermilk prices were higher this week. Interest in acquiring inventory for buyers and brokers was markedly better this week. As NDM prices have increased recently, demand for buttermilk has gone up. Drying schedules are active as butter production continues to be a priority in many areas. Spot supplies are light as most inventory goes to contracted orders. Reseller prices were sharply higher in some instances.

F.O.B. WEST: .9600 - 1.1200 MOSTLY: .9600 - 1.0200

DRY WHOLE MILK - NATIONAL

Production of dry whole milk is infrequent at most locations as milk processors are focusing on clearing daily farm milk intakes in a timely fashion and favoring nonfat dry milk production in that process. Dry whole milk inventories are reported as tight. Various brokers and traders indicate that availability of both domestic and imported product is slim enough to be causing some concern for meeting upcoming near term needs through spot market purchasing.

According to the Foreign Agricultural Service, January - February 2010 dry whole milk and cream exports under Schedule B code 0402210000 increased about 71% compared to the same time period in 2009 and total about 7.0 million pounds. February 2010 exports total 3.8 million pounds, about 4 times the amount exported in February 2009. Mexico (4.2 million pounds) is the top destination for dry whole milk and cream exports in 2010, accounting for 60% of the total dry whole milk and cream exports thus far.

F.O.B. PRODUCING PLANT: 1.4300 - 1.5500

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
April 9	\$1.0704	15,162,936	0
April 2	\$1.0501	16,164,760	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 both higher and lower on a mixed market. Manufacturer inventories are variable and influencing spot market pricing considerations at some locations. Active cheese ordering during the last two weeks boosted whey stream volumes and several manufacturers increased whey drying to accommodate those additional liquid volumes. Improved dry whey sales into various Far East accounts are accounting for some heightened spot sale activity. Availability of condensed whey loads were higher at the end of last week into the beginning of this week, and reportedly cleared readily. ANIMAL FEED WHEY prices are lower, reflecting the influence of the edible whey market changes. Some additional downgraded edible material has reportedly moved into this market sector, increasing the availability of this product type. Foreign Agricultural Service reports that February 2010 dried whey exports under Schedule B code 0404104000 totaled 40.2 million pounds, about a 5% decrease compared to exports of the previous month, but 14% higher than February 2009 exports. Cumulative 2010 exports through February 2010 total 82.5 million pounds, an increase of about 24% compared to the same time span of 2009. The three largest U.S. export markets for dried whey, total exports for January – February 2010, and percent change in amounts exported compared to the same 2009 timeframe are: China, 17.3 million pounds (+28%); Japan, 12.6 million pounds (-5%); and Mexico, 9.0 million pounds (+84%). Exports to those three countries account for about 47% of all U.S. dried whey exported during the first two months of 2010.

F.O.B. CENTRAL: .3100 - .3800 MOSTLY: .3250 - .3650
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2475 - .3325

DRY WHEY - NORTHEAST

Northeast dry whey prices declined this week in fairly active spot market sales activity. Production of dry whey has increased as cheese production has picked up due to the seasonal increase in milk supplies. Demand for dry whey has increased with the increase in ice cream and mix production. Market prices and trends are fluctuating as increases in supply and demand work against each other and either pressure or support the market, resulting in an overall unsettled market tone. The latest Foreign Agricultural Statistics report shows 82.6 million pounds dry whey were exported from the United States during January-February 2010, up 24% from January-February 2009. Leading world regional destinations, amounts shipped, and year to year percentage changes in amounts shipped are as follows: East Asia, 34.2 million pounds (+3%); Southeast Asia, 25.9 million pounds (+82%); and North America, 15.1 million pounds (+8%). These three regions comprised 91.1% of the total exports for January-February 2010.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3625 - .4175

DRY WHEY - WEST

Western whey prices for the week were mostly steady. The range price series was weaker with some export sales on the lower end. Domestic trading was mostly steady. Production is increasing as overall milk volumes begin to increase. Stocks are adequate for contracted needs. Inquiries for extra spot loads have been increasing.

DRY WHEY - WEST CONTINUED ON PAGE 6A

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

The whey protein concentrate 34% market is mixed, finding support in the recent uptick in the NDM markets but also encountering some price resistance from various buyers on the spot market and price competition from Canadian manufacturers reportedly clearing product into the States at the +/- \$.72 range. WPC 34% production is variable for the week. Cheese sales reportedly rebounded during the last two weeks as buyers attempted to beat the market and placed more cheese orders. This bolstered possible WPC 34% production, and various plants did send additional WPC 34% to the dryers. Edible whey protein concentrate 34% contract sales are level and manufacturers are not dealing with load push back. Spot load availability is uneven as producer inventories are reported as mostly comfortable. A few animal feed blenders with surplus WPC 34% on hand have offered loads to the spot market, but interest is light. Foreign Agricultural Service reports that during February 2010, exports of WPC 34% under Schedule B code 0404100500 totaled 22.9 million pounds, a 7% decrease from January 2010 but a 36% increase from February 2009. Exports to China (9.1 million pounds), Mexico (6.3 million pounds) and Canada (3.3 million pounds) accounted for 81% of all the WPC 34% exported during the month. Cumulative 2010 exports total 47.5 million pounds, an increase of about 76% compared to 2009.

F.O.B. EXTRA GRADE 34% PROTEIN: .8500 - .9750 MOSTLY: .8925 - .9275

LACTOSE - CENTRAL AND WEST

Prices are unchanged to lower for the edible, non pharmaceutical lactose mostly and range series. Additional contracts were finalized during the last week as various buyers felt the market had bottomed out for this cycle. Some loads cleared through spot sales at prices showing a discount to the previous market, allowing one or two manufacturers to push the "reset" button for stocks on hand. Some producers anticipate being able to fulfill spot market inquiries intermittently on various mesh sizes of lactose, but other manufacturers are in a fully committed to oversold inventory position on near term production. A few brokers indicate spot market lactose loads are more difficult to locate than anticipated for the color, quality, and mesh size needed. Some producers who offer 200+ mesh sizes indicate delays in shipping may occur as that type of lactose product is in short supply. Spot market interest is reportedly higher from the Far East, especially China. A few producers speculate that some buyers from China were waiting out the market, and are now returning to the spot market. Foreign Agricultural Service reports that February lactose exports under Schedule B code 1702110000, anhydrous, >99% solids, totaled 20.1 million pounds. This is an increase in exports of 7% compared to February 2009 but a 14% decrease from January 2010 export quantities. Cumulative 2010 exports through February total 43.6 million pounds, a 26% increase from the same time span in 2009. Mexico (5.5 million pounds, +45%), Japan (5.4 million pounds, +54%) and Brazil (4.6 million pounds, +52%) are the top three destinations for lactose exports thus far in 2010, accounting for 36% of lactose exports. February 2010 exports to China, which has frequently been one of the top three monthly export destinations, totaled .9 million pounds, the lowest monthly export total to that country in 29 months (September, 2007).

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .2000 - .4400 MOSTLY: .3100 - .3600

CASEIN - NATIONAL

Casein markets are firm with prices holding steady. Domestic buyers continue to question suppliers on product availability. In New Zealand, the milk production season is coming to a close earlier than usual and is 4 – 6 weeks behind in Europe. These are the leading factors for concern at this time.

CASEIN-NATIONAL CONTINUED ON PAGE 6A

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 - WEST CONTINUED

According to FAS, exports of whey for January-February total 82.5 million pounds, up 24% from January-February 2009. The exports account for 50.4% of the total whey production in the U.S. for January-February. The top five export destinations, their volumes and change from last year are as follows: China 17.3 million pounds, +28%; Japan 12.6 million pounds, -5%; Mexico 9.0 million pounds, +84%; Malaysia 8.2 million pounds, +84%; and Canada 6.1 million pounds, -32%. These five countries accounted for 53.2 million pounds or 64.4% of the exports for January-February.

NONHYGROSCOPIC: .3500 - .4300 MOSTLY: .3800 - .4200

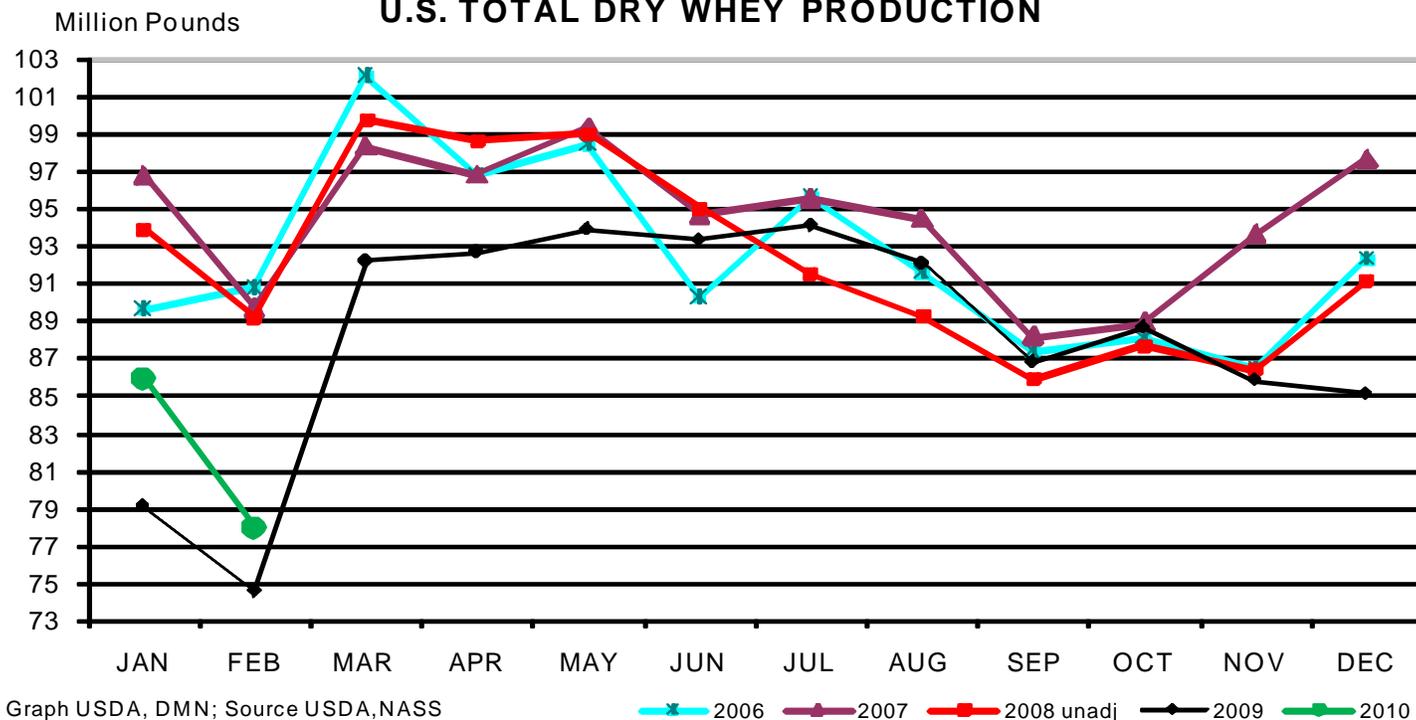
CASEIN-NATIONAL CONTINUED

Oceania suppliers indicate that late season milk production changes are a concern for them. Casein production is lighter than projected thus suppliers are closely monitoring their commitments and future needs. In instances, suppliers are stating that hopefully negotiations between buyers and themselves can occur which will address concerns on both sides. In Europe, the casein production season is off to a slower start than desired. A cold and wet winter slowed milk production growth which is impacting most all manufactured dairy products including casein. In recent days, more positive signs of steady growth in milk output are being reported, thus manufacturers are welcoming the increase.

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: 3.6000 - 4.2000
ACID: 3.6000 - 4.1500

U.S. TOTAL DRY WHEY PRODUCTION



CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF APRIL 12 - 16, 2010			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/09	SAME PERIOD LAST YEAR	WEEK ENDING 04/09/10	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	218,219,205	-0-	-0-
TOTAL	-0-	-0-	-0-	132,276	218,219,205	-0-	-0-

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

	MILKFAT* BASIS	SKIM** SOLIDS		MILKFAT* BASIS	SKIM** SOLIDS
WEEK OF APRIL 12 - 16, 2010 =	0.0	0.0	COMPARABLE PERIOD IN 2009 =	1.5	77.1
CUMULATIVE SINCE OCTOBER 1, 2009 =	0.0	1.5	CUMULATIVE SAME PERIOD LAST YEAR =	149.1	2,540.6
CUMULATIVE JAN. 1 - APR. 16, 2010 =	0.0	0.0	COMPARABLE CALENDAR YEAR 2009 =	123.9	1,207.1

* 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 APRIL 12 - 16, 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	218,219,205	100.0	100.0
EAST	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	4,639,010	-0-	-0-	132,276	218,219,205	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 03/27/10 & 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	7.5	2.2	17.1	4.1	0.3	N.A.	16.9	4.4	54.3	721.7	46.9	45.5
2009-Dairy	N.A.	0.5	7.2	2.8	16.3	3.5	0.4	N.A.	14.5	4.4	51.1	778.5	47.1	49.5
2010-All cows	N.A.	0.7	9.4	12.6	31.0	17.6	14.1	N.A.	19.2	7.3	115.8	1,584.8		
2009-All cows	N.A.	0.5	9.0	12.0	29.9	16.4	13.1	N.A.	16.8	7.2	108.4	1,572.0		

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.

CANADIAN DAIRY BREEDING FEMALE IMPORTS

WEEK ENDING	WEEKLY TOTAL	2010 CUMULATIVE TOTAL	SOURCE: USDA, APHIS
APRIL 3	282	3,884	

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	14.46									
III	14.50	14.28	12.78									
IV	13.85	12.90	12.92									

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 April 5 - 16, 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: The European milk production season is increasing seasonally, although 4–6 weeks later than usual. Milk producers and handlers are stating that a cold and snowy winter season extended further into the early months of the new year which is not usually the case. Although total milk output continues to trail last season at this time, recent weather patterns are now contributing to steady production increases. The new milk quota year began on April 1 and with the slow start to the milk production season, very limited volumes of milk, if any at all, were withheld from the market during the later days of March to maintain quota guidelines. In years past, early April milk receipts jumped in some countries, but this was not the situation this year. In many instances, pasture growth is slow and grazing is still a few weeks away. European traders and handlers indicate that new dairy product availability is building, but often lighter than desired for this time of the season. Strong domestic demand for fresh dairy products is limiting volumes available for an international market at this time. European traders are closely monitoring and analyzing what impact the sharply higher values for various dairy products realized at the recent global/Dairy Trading event may have on European supplies. Most traders state that prices are higher, but not by the 20–25% recorded at the trading event. At the most recent Dairy Management Committee meeting on April 8th, no significant dairy issues were addressed or changed. There were a few offers for tender refunds for skim milk powder and butter but these were all rejected. Common refunds remain at zero. The private storage aid scheme (PSA) for butter opened in March and during the first month, under 10,000 MT of butter cleared to the program. Also, intervention opened in March and no butter or skim milk powder has been offered to the program thus far. Last year at this time, maximum levels of intervention were filled for butter and subsequent offerings were being accepted under a tendering system. Skim milk powder offerings were at 97,350 MT of the maximum 109,000 MT.

BUTTER/BUTTEROIL: European butter and anhydrous markets are firm with prices generally higher. A slow start to the milk production season is limiting fresh butter stocks. Traders and handlers state that butter is tight. Reports of imports from the U.S. are occurring. At this point, market activity is centered around a fresh domestic market with international trade non-existent at this time.

82% BUTTERFAT:	4,000 - 4,350
99% BUTTERFAT:	4,750 - 5,150

WHOLE MILK POWDER (WMP): European whole milk powder markets and prices are firm. Recent price strength at the global/Dairy Trading event in Oceania is giving strength to European prices. Although the GDT event realized a 21% increase over the previous trading average, European prices did not firm as much. The milk production season is getting a slower than desired start, thus when possible, milk is being directed toward cheese output, limiting powder production. Manufacturers and handlers are now stating that milk volumes are picking up and more milk is starting to clear to the dryer.

26% BUTTERFAT:	3,375 - 3,750
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European comments continued on page 8A

OCEANIA

OVERVIEW: The Oceania milk production season continues to wind down at varying rates. In New Zealand, the end of the milk production season has quickly deteriorated and most manufacturers and handlers are very concerned about fulfilling end of season commitments. Lack of late season moisture on the North Island is the major factor contributing to the downturn in milk output. On the North Island, milk output is down as much 30–40% when compared to last year at this time. Milk handlers are stating that this drop off is 4–6 weeks earlier than usual. On the South Island, conditions are not as bad although this region is not the significant milk producing region of New Zealand. Output continues to run ahead of last year in the Central part of the island but is starting to trail last season in lower regions of the South Island. With this sharp decline in late season production, milk handlers are now hopeful that annual milk output will hold at levels of last year and not fall below. More farmers are adjusting their milking schedules to once a day and they are drying off their herds earlier than usual. They indicate that this will reduce their cash flow, but feel that this is better than trying to maintain production under adverse conditions. In Australia, the milk production season continues to wind down, but reports indicate that the end of the season is still favorable. Although milk production, on an annual basis, is down 6.4% for eight months (July–February), some milk handlers continue to project annual output to be about 4% lower than last season. Others state that with only four months left of the season, significant milk output will be needed and many are doubtful that a 2+ percent gain, to get it up to a negative 4% annual decline, can be realized at this time of the production cycle. As milk volumes decline at varying rates, manufactured dairy product handlers are very concerned about meeting end of season commitments. Many suppliers are reviewing existing supply commitments that have yet to be contracted to identify possible milk reallocation options. At the April 6th global/Dairy Trading event, average milk powder and anhydrous milk fat prices increased over 20%. For anhydrous milk fat, the average price for the three shipment periods was \$4,837 per MT, up 21.9% from the previous month. Near term shipments (June) averaged \$4,976 (+24.2%); Jul–Sept shipments averaged \$4,854 (+22.1%); and for Oct–Dec averaged \$4,691 (+20.8%). For skim milk powder, the average price was \$3,672 per MT (+25.5%). Near term shipments averaged \$3,847 (+36.2%); Jul–Sep, \$3,964 (+26.1%); and Oct–Dec, \$3,421 (+16.9%). Whole milk powder averaged \$3,969 per MT (+21.0%). Near term shipments averaged \$4,092 (+24.3%); Jul–Sep, \$4,061 (+21.7%); and Oct–Dec, \$3,773, (+17.8%). Traders and handlers were anticipating firmer prices at the most recent trading event, but were surprised at the sharp increase realized. Many are now analyzing what affect these prices are having on current and future prices. Many indicate that they are firming their prices, but generally not to levels of the trading event. Most speculate that these sharp increases will not be sustained and anticipate lower prices within the month. Product availability in Oceania is being closely monitored as the end of the milk production season nears. New Zealand suppliers are in the tightest position with Australian suppliers a little more comfortable. With the current volatility in the marketplace, many buyers are resisting asking prices and are taking a break until stability returns.

BUTTER: Oceania butter markets are firm, although prices are generally holding steady. The milk production season is coming to an end quickly in New Zealand with Australian output declining not as quickly, thus butter production is mixed. In New Zealand, milk is being directed, when possible, to products of most need. At this point, all products are limited, thus it is a scramble to figure which way to go. In Australia, butter production continues to decline, but is somewhat stronger than usual for this time of the season.

82% BUTTERFAT:	3,600 - 4,000
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Oceania comments continued on page 8A

INTERNATIONAL DAIRY MARKET NEWS

Information gathered April 5 - 16, 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

European comments continued from page 8

SWEET WHEY POWDER: European whey powder markets and prices are mixed. Cheese production remains seasonally strong for the early part of the new milk production season. Demand for cheese remains strong, thus the push to clear milk through these channels versus others is occurring at this time. Whey volumes are available, although internal demand is keeping these volumes moving.

NONHYGROSCOPIC: 950 - 1,100

SKIM MILK POWDER (SMP): European skim milk powder markets and prices are firm. Prices are higher, but not as much as the 25% realized at the recent global/Dairy Trading event in the Oceania region. Many traders speculate that trading at the next event will ease somewhat. Volatility is the key word in the marketplace at this time. With prices spiking as they have, buyers are often backing away from the marketplace until the unsettled situation stabilizes or becomes more understood. Currently, European skim milk powder supplies are limited, thus minimal sales activity is occurring outside of a domestic market. European traders are awaiting the results of a recent milk powder tender and wondering what level of participation they might get.

1.25% BUTTERFAT: 2,800 - 3,300

EASTERN OVERVIEW: Milk production growth in Eastern Europe continues to lag last year at this time. Typically, milk volumes in this region would be on the increase, but late cold winter weather patterns have slowed the arrival of spring. Trader and handlers of manufactured dairy products indicate that supply availability is limited at this time, but anticipate this situation to quickly remedy itself once spring weather patterns return. At this time, most sales activity is centered around a domestic market. Some Eastern traders are wondering if they will get any part of a recent milk powder tender that was due earlier this week.

OCEANIA

Oceania comments continued from page 8

CHEDDAR CHEESE: Oceania cheese markets are generally steady with prices unchanged to higher. Recent strength in most manufactured dairy product markets is giving strength to the cheese market. Milk production is trending lower seasonally with New Zealand's output sharply lower. This is causing milk handlers to direct available milk volumes to products of most need or best return.

39% MAXIMUM MOISTURE: 3,800 - 4,100

SKIM MILK POWDER (SMP): Skim milk powder markets are firm with prices higher to sharply higher than recent weeks. The recent round of global/Dairy Trading concluded on April 6 at an average price \$3,672 per MT, 25.5% higher than the previous average. The near term shipment average price for Jun was up 36.2% at \$3,847; Jul - Sep shipment period averaged \$3,964, (+26.1%); and Oct - Dec shipments averaging \$3,421 (+16.9%). These sharply higher prices put traders and handlers in a tail spin trying to figure out what they should be doing with their prices. Basically for all, prices are higher, but some traders and handlers did not adjust their prices as high as the trading event revealed. Buyers are stating that there is too much volatility in the current market, thus many are backing away from current sales activity until a more stable situation occurs.

1.25% BUTTERFAT: 3,300 - 3,800

WHOLE MILK POWDER (WMP): Whole milk powder markets are firm with prices generally higher. Following the recent global/Trading event early in the month, market conditions and understanding of the market are very mixed. The trading event realized an average whole milk powder price of \$3,969 per MT, 21.0% higher than the previous month's average. The average near term June shipment average is \$4,092 24.3% higher than the previous near term average price. July - September shipments averaged \$4,061, (+21.7%) and October - December shipments averaged \$3,773 (+17.8%). Current supplies of Oceania whole milk powder are in very close balance to short of full needs. Greatly reduced milk production in New Zealand, earlier than projected, is causing suppliers to closely review obligations and future commitments.

26% BUTTERFAT: 3,400 - 4,000

Exchange rates for selected foreign currencies: April 12, 2010

.9966 Canadian Dollar	.0225 Indian Rupee
.2581 Argentina Peso	.7121 New Zealand Dollar
.0822 Mexican Peso	.9283 Australian Dollar
.3516 Polish Zloty	.0107 Japanese Yen
	1.3584 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0822) = 12.1655 Mexican Pesos. Source: "Wall Street Journal"

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	04/01	04/02	04/05	04/06	04/07	04/08	04/09	04/12	04/13	04/14
CME - CLASS III MILK FUTURES (Pit-Traded)										
MAR 10	12.78 (4122) 0	12.78 (3758) 0								
APR 10	12.72 (4701) 0	12.72 (4701) 0	12.83 (4697) 0	12.85 (4580) 0	12.85 (4457) 1	12.83 (4466) 0	12.81 (4456) 0	12.85 (4457) 0	12.81 (4464) 0	12.84 (4449) 0
MAY 10	13.28 (4491) 2	13.28 (4491) 0	13.48 (4476) 0	13.90 (4488) 7	13.82 (4491) 1	13.74 (4531) 0	13.75 (4572) 0	13.53 (4691) 0	13.00 (4684) 0	13.08 (4664) 0
JUN 10	14.00 (3842) 0	14.00 (3842) 0	14.07 (3900) 3	14.40 (3921) 0	14.32 (3906) 1	14.10 (4031) 0	13.77 (4111) 0	13.60 (4185) 2	13.12 (4242) 0	13.30 (4338) 0
JUL 10	14.49 (2761) 0	14.49 (2761) 0	14.55 (2806) 0	14.91 (2757) 0	14.75 (2780) 1	14.52 (2856) 0	14.35 (2884) 0	14.15 (2920) 0	13.65 (3025) 0	13.91 (3042) 0
AUG 10	14.80 (2703) 0	14.80 (2703) 0	14.82 (2702) 0	15.15 (2743) 1	15.06 (2740) 1	14.95 (2750) 0	14.86 (2755) 0	14.72 (2787) 0	14.32 (2852) 0	14.53 (2869) 0
SEP 10	15.08 (2563) 0	15.08 (2563) 0	15.05 (2572) 0	15.30 (2599) 1	15.24 (2641) 7	15.10 (2662) 0	15.10 (2672) 0	15.05 (2676) 0	14.74 (2717) 0	14.94 (2732) 0
OCT 10	14.94 (2354) 0	14.94 (2354) 0	14.90 (2360) 0	15.18 (2381) 0	15.10 (2407) 2	15.03 (2430) 0	15.06 (2442) 2	15.04 (2452) 0	14.74 (2493) 0	14.98 (2515) 0
NOV 10	14.87 (2351) 4	14.87 (2351) 0	14.78 (2351) 0	14.95 (2384) 0	14.90 (2387) 2	14.80 (2400) 0	14.74 (2412) 1	14.75 (2420) 0	14.51 (2441) 1	14.71 (2445) 0
CME - CLASS IV MILK FUTURES (Pit-Traded)										
MAY 10	13.73 (60) 0	13.73 (60) 0	13.73 (60) 0	13.73 (60) 0	13.73 (60) 0	13.73 (60) 0	13.73 (60) 0	13.85 (60) 0	13.85 (60) 0	13.87 (60) 0
JUN 10	14.33 (35) 0	14.33 (35) 0	14.48 (35) 0	14.50 (39) 0	14.50 (39) 0	14.50 (39) 0	14.50 (39) 0	14.67 (39) 0	14.80 (39) 0	14.80 (40) 0
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
MAR 10	144.00 (491) 0	143.88 (457) 0								
APR 10	147.50 (434) 3	147.50 (434) 0	147.50 (434) 5	147.50 (434) 0	148.00 (434) 5	149.00 (428) 7	148.75 (429) 5	148.00 (429) 0	148.00 (429) 0	148.00 (429) 0
MAY 10	149.50 (475) 0	149.50 (475) 0	150.00 (477) 15	151.00 (479) 4	153.00 (479) 0	154.00 (564) 107	153.00 (564) 10	153.00 (564) 0	153.00 (564) 0	155.00 (564) 0
JUN 10	150.75 (481) 1	150.75 (481) 0	151.50 (486) 5	155.00 (486) 2	155.00 (486) 0	155.25 (511) 29	156.00 (514) 3	156.00 (517) 3	156.25 (531) 16	157.75 (532) 1
JUL 10	153.25 (455) 0	153.25 (455) 0	153.50 (457) 2	154.50 (457) 5	155.00 (457) 0	155.00 (472) 15	156.00 (468) 7	156.00 (465) 6	156.25 (465) 2	158.50 (475) 15
CME - NONFAT DRY MILK FUTURES (Pit-Traded)										
MAR 10	105.00 (141) 0	104.54 (141) 0								
APR 10	109.00 (176) 0	109.00 (176) 0	109.00 (176) 0	109.00 (176) 0	109.00 (176) 0	109.00 (176) 0	109.00 (176) 0	109.00 (176) 0	109.00 (176) 0	109.00 (176) 0
MAY 10	111.00 (182) 0	111.00 (182) 0	111.00 (182) 0	111.00 (182) 0	111.00 (182) 0	111.00 (182) 0	111.00 (182) 0	111.00 (182) 0	111.00 (182) 0	111.00 (182) 0
JUN 10	120.00 (192) 0	120.00 (192) 0	119.00 (192) 0	119.00 (192) 0	119.00 (192) 0	119.00 (192) 0	119.00 (192) 0	119.00 (192) 0	120.00 (199) 0	120.00 (199) 0
CME - WHEY (Electronic-Traded)										
MAR 10	37.58 (286) 0	37.61 (283) 0								
APR 10	34.00 (298) 3	34.00 (298) 0	34.53 (298) 0	34.70 (298) 0	34.75 (298) 0	35.25 (298) 0	36.50 (298) 17	37.50 (298) 15	37.00 (298) 0	37.00 (298) 0
MAY 10	32.50 (292) 2	32.50 (292) 0	32.50 (292) 0	33.00 (292) 0	33.00 (292) 0	34.50 (292) 0	35.00 (292) 10	34.85 (292) 1	35.00 (292) 1	35.00 (292) 0
JUN 10	32.00 (274) 0	32.00 (274) 0	32.00 (274) 0	32.50 (274) 1	32.50 (274) 0	32.50 (279) 9	33.00 (279) 14	33.00 (283) 5	33.00 (283) 1	33.00 (283) 0
JUL 10	32.00 (186) 3	32.00 (186) 0	32.00 (186) 0	32.20 (186) 0	32.50 (186) 0	32.50 (191) 12	33.50 (191) 14	33.50 (191) 0	33.50 (191) 3	33.50 (192) 1

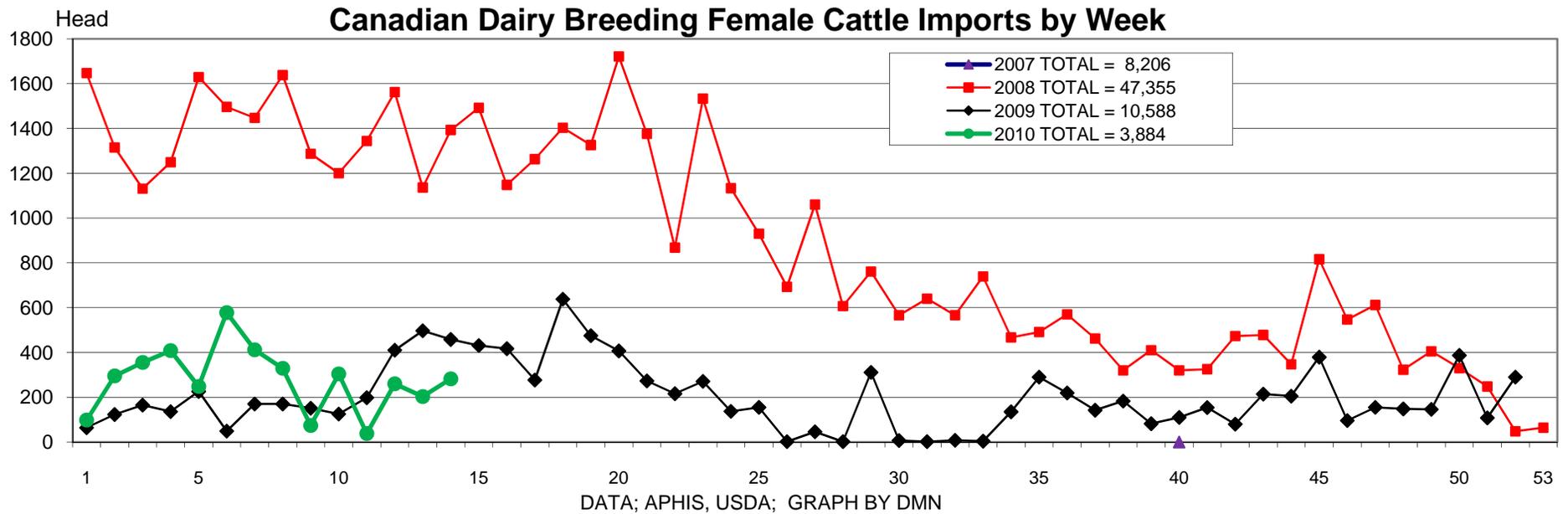
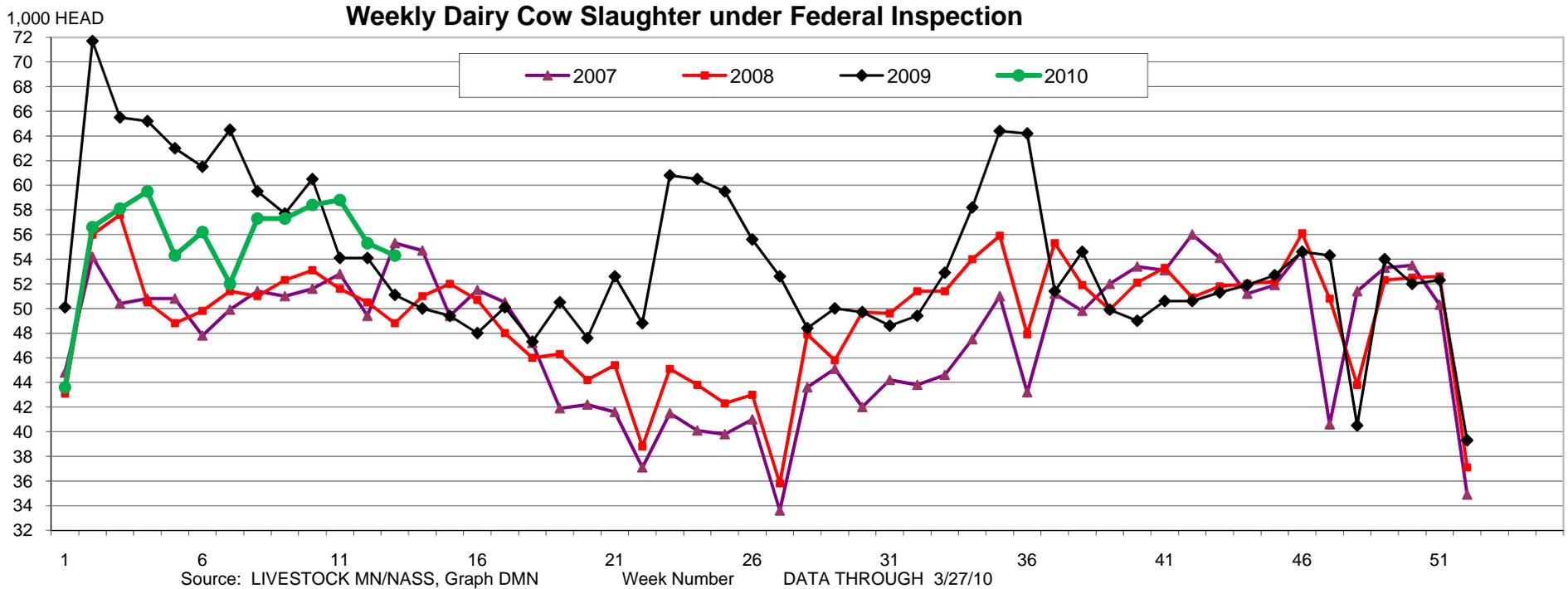
^{1/} At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-250-3208.

**MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS
AND CALIFORNIA, JANUARY 2010**

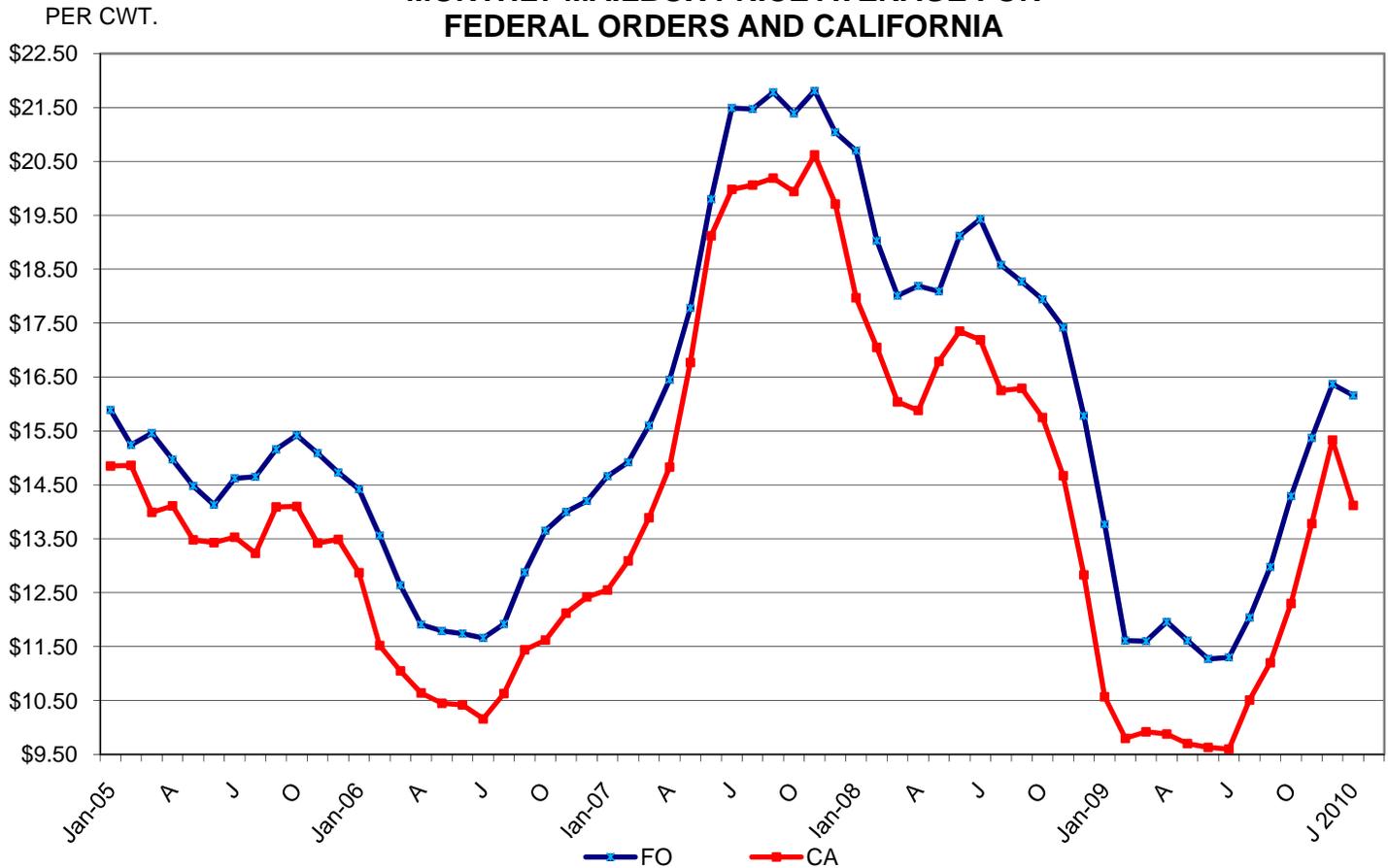
In January 2010, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$16.16 per cwt., down \$0.21 from the previous month average, but up \$2.39 from January 2009. The component tests of producer milk in January 2010 were: butterfat, 3.76%; protein, 3.11%; and other solids, 5.73%. On an individual reporting area basis, mailbox prices increased in Appalachian States, Southeast States, Southern Missouri, Florida, Western Pennsylvania, Ohio, Indiana, Western Texas, and New Mexico; unchanged in Eastern Pennsylvania and decreased in all other Federal milk order reporting areas. Mailbox prices ranged from \$19.02 in Florida to \$14.72 in New Mexico.

Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	January 2009	December 2009	January 2010
	Dollars per hundredweight		
New England States <u>3/</u>	14.95	17.06	17.03
New York	13.94	16.01	15.97
Eastern Pennsylvania <u>4/</u>	14.45	16.68	16.68
Appalachian States <u>5/</u>	16.55	17.38	17.76
Southeast States <u>6/</u>	17.05	17.75	18.15
Southern Missouri <u>7/</u>	14.98	15.85	16.17
Florida	18.39	18.64	19.02
Western Pennsylvania <u>8/</u>	14.37	16.63	16.76
Ohio	14.83	16.84	16.92
Indiana	14.86	16.35	16.42
Michigan	13.76	16.10	16.08
Wisconsin	12.94	16.61	16.05
Minnesota	12.77	16.58	15.76
Iowa	13.60	16.70	16.16
Illinois	13.38	16.72	16.52
Corn Belt States <u>9/</u>	13.61	16.01	15.76
Western Texas <u>10/</u>	12.98	15.49	15.63
New Mexico	12.25	14.53	14.72
Northwest States <u>11/</u>	12.75	16.00	15.42
All Federal Order Areas <u>12/</u>	13.77	16.37	16.16
California <u>13/</u>	10.57	15.33	14.12

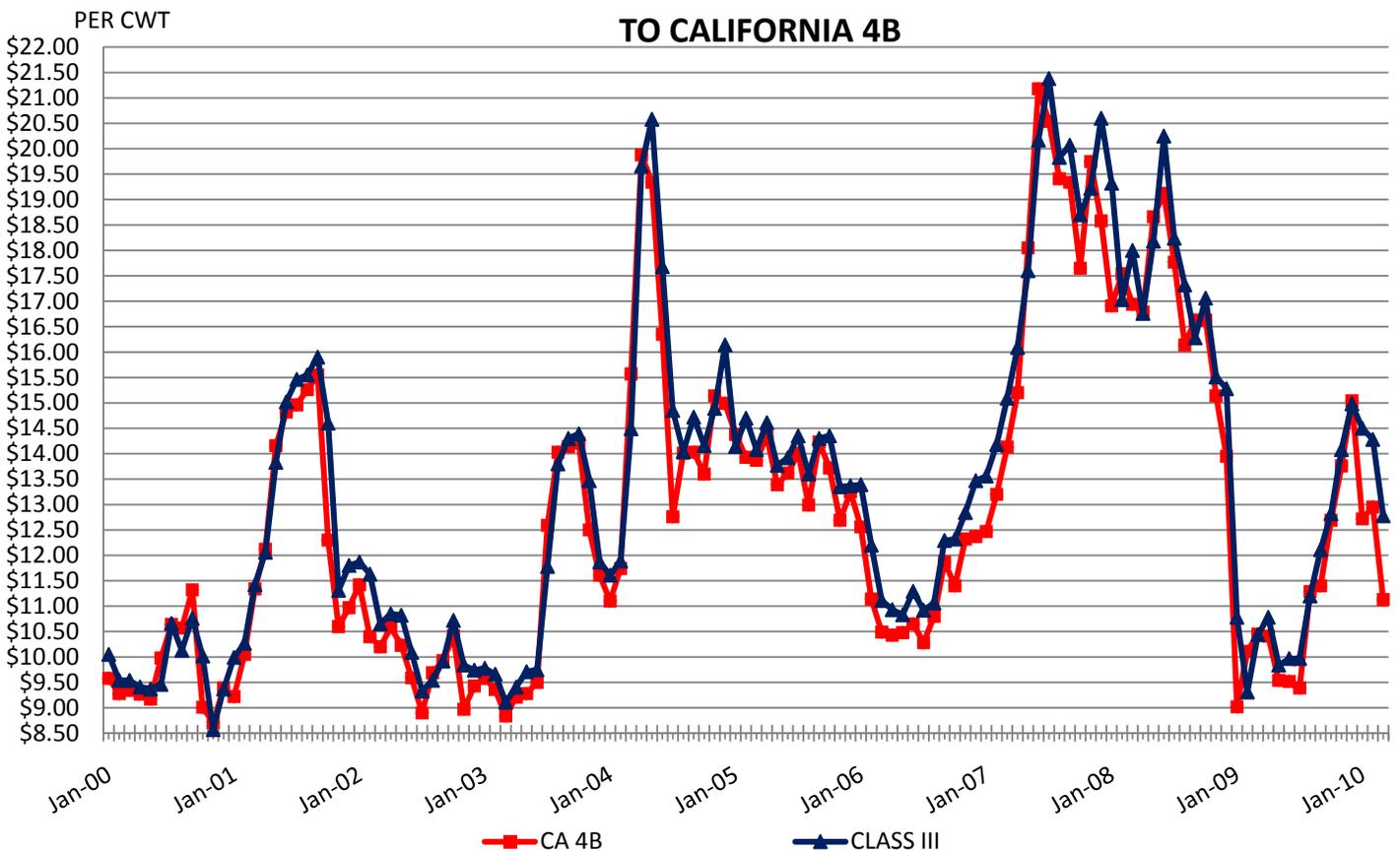
1/ Information is shown for those areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. The price shown is the weighted average of the prices reported for all orders that received milk from the area. 2/ Net pay price received by dairy farmers for milk. Includes all payments received for milk sold and all costs associated with marketing the milk. Price is a weighted average for the reporting area and is reported at the average butterfat test. Mailbox price does not include any Milk Income Loss Contract (MILC) payments. Mailbox price does include, for the most part, the applicable per cwt. assessment under the Cooperatives Working Together (CWT) program. 3/ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. 4/ All the counties to the east of those listed in 8/. 5/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 6/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 7/ The counties of Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry and all those to the south of these. 8/ The counties of Warren, Elk, Clearfield, Indiana, Westmoreland, and Fayette, and all those to the west of these. 9/ Includes Kansas, Nebraska and the Missouri counties to the north of those listed in 7/. 10/ All counties to the west of Fanin, Hunt, Van Zandt, Henderson, Anderson, Houston, Cherokee, Nacogdoches, and Shelby. 11/ Includes Oregon and Washington. 12/ Weighted average of the information for all selected reporting areas in Federal milk orders. 13/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."



MONTHLY MAILBOX PRICE AVERAGE FOR FEDERAL ORDERS AND CALIFORNIA



FEDERAL ORDER CLASS III PRICES COMPARED TO CALIFORNIA 4B



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