

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (02/25):**

**BUTTER:** Grade AA closed at \$2.0200. The weekly average for Grade AA is \$2.0100 (-.0365).

**CHEESE:** Barrels closed at \$1.9500 and 40# blocks at \$1.9875. The weekly average for barrels is \$1.9463 (+.0398) and blocks, \$1.9850 (+.0415).

**BUTTER HIGHLIGHTS:** The CME cash butter price held steady early in this holiday shortened trading week, but firmed to close the week at \$2.0200. Churning activity across the country is seasonally active, although most butter producers remain cautious with their cream purchases at current price levels. Churning activity often surpasses demand, thus clearances to inventory continue. Butter inventories continue to build even at higher than desired price levels. Some butter producers are selling cream rather than churning to better manage a higher valued inventory than desired. Some domestic unsalted butter is being generated to fill ongoing international buyer interest. Domestic butter demand is holding fairly steady at good levels. Butter producers and handlers are surprised at the good order activity occurring from retail and food service buyers. Retail buyers are stating that it appears that higher shelf prices at retail are not having a significant negative impact on consumer purchasing patterns. Some retail feature activity is being reported across the country with additional features being developed for the upcoming Lenten/Passover holiday period.

**CHEESE HIGHLIGHTS:** Prices moved mostly higher on the CME Group cash market. The cash market encountered more resistance through increased cheese availability. Plant cheese supplies and offerings are growing. Demand has slowed with the higher prices. Buyers using monthly averages have built cushion stocks before month end and will likely be less active in March. Mozzarella movement has remained solid as March is usually a stronger pizza sales month. Cheese production is generally steady to slightly higher seasonally. Most plants are using condensed skim to fortify cheese vats due to high comparable NDM prices and tight supplies.

**FLUID MILK:** Milk production is increasing across most regions of the country with rates building at a faster pace in more southern states. Weather condition have moderated and created a more orderly environment for milk shipments. Higher dairy commodity prices are translating into higher milk prices. The other side of the equation is that input costs continue to rise for feed, hay, and fuel, which serves to compress margins. Higher beef prices are allowing producers to sell marginal cows and still afford better replacements. There are more reports of cows being added to herds. Class I demand has increased in the Midwest due to recent winter storms with some declines in the Southeast. Class I utilization in the rest of the country has return to projected levels. Cream prices are trending lower mainly as a result of lower butter prices and indices with some multiples also declining. Condensed skim interest remains strong from buyers, especially when prices are below solid's equivalent values of nonfat dry milk.

**DRY PRODUCTS:** Nonfat dry milk prices continue to trend higher, although the increases on the top end of the range are slowing. The market tone is firm. Buyers are more cautious about making purchases at the top of the range. Producer offerings are light into the spot market with many producers committed to contracted volumes for domestic and export avenues. Dry whey prices are steady to firm. Most current production is moving through contracts with limited volumes testing the spot market. Resale loads are trading above the reported ranges. The dry buttermilk market prices moved higher in light trading with the best demand in the Central and East. Whey protein concentrate 34% pricing continues to move higher in a firm market. Demand is good as buyers search to fill dairy protein needs. Lactose prices are mostly steady and loads are clearing readily. More non-traditional buyers are searching for blending products and putting lactose into formulations.

**ORGANIC DAIRY MARKET OVERVIEW (DMN):** Total Organic Milk Products sales for December 2010 are up 23.4% from previous year sales and up 13.1% for 2010 compared with 2009. December 2010 sales were 169 million pounds and for the year, 1.812 billion pounds. Of this report's organic milk ads, the clear lead in numbers of ads goes to 8 ounce containers, continuing a constantly increasing number for each report since 2011 began. In fact, this report's number of ad placements in 8 ounce containers is the greatest number for any two week period since the reporting series began during the Fall of 2009. The national weighted average advertised price for 8 ounce organic milk is \$1.00, up from 92 cents two weeks ago and 85 cents four weeks ago. The national weighted average advertised price for half gallons of organic milk declined 17 cents to \$3.51. The price range shifted upward at the bottom by 20 cents to \$2.99, but remained unchanged at the top, \$3.99. There were no ads for organic gallons and hence, there are no prices to report.

**JANUARY COLD STORAGE (NASS):** On January 31, 2011, U.S. cold storage holdings of butter totaled 118.9 million pounds, 46% more than a month ago, and 29% less than last year. Natural American cheese holdings total 639.0 million pounds, up 1% compared to a month ago, and 9% more than a year ago. Total cheese stocks were 1.05 billion pounds, 0.4% more than last month, and 7% more than January 2010 levels.

**DECEMBER FLUID MILK SALES (AMS):** During December, about 4.8 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.3% lower than December 2009. After adjusting for calendar composition, sales in December 2010 were 1.8% lower than December 2009. Estimated sales of total conventional fluid milk products decreased 2.0% from December 2009 and estimated sales of total organic fluid milk products increased 23.4% from a year earlier.

CONTINUED ON PAGE 1A

\*\*\*\*\*SPECIALS THIS ISSUE\*\*\*\*\*

ORGANIC DAIRY MARKET NEWS (PAGE 8)  
JANUARY COLD STORAGE HOLDINGS (PAGES 9-10)  
DECEMBER FLUID MILK SALES (PAGE 11)  
JANUARY MILK PRODUCTION (PAGE 12)

2010 ANNUAL MILK PRODUCTION (PAGE 13)  
MARCH COOP CLASS I PRICES (PAGE 14)  
DAIRY GRAPHS (PAGES G1 - G3)

CME GROUP CASH TRADING

COMMODITY	MONDAY FEB 21	TUESDAY FEB 22	WEDNESDAY FEB 23	THURSDAY FEB 24	FRIDAY FEB 25	WEEKLY CHANGE*	WEEKLY AVERAGE#
<b>CHEESE</b>							
BARRELS	CME CLOSED	\$1.9450 (+.0275)	\$1.9400 (-.0050)	\$1.9500 (+.0100)	\$1.9500 (N.C.)	:: (+.0325)	:: (+.0398)
40# BLOCKS		\$1.9825 (+.0275)	\$1.9850 (+.0025)	\$1.9850 (N.C.)	\$1.9875 (+.0025)	:: (+.0325)	:: (+.0415)
<b>NONFAT DRY MILK</b>							
EXTRA GRADE		\$1.8000 (N.C.)	\$1.8000 (N.C.)	\$1.8000 (N.C.)	\$1.8000 (N.C.)	:: (N.C.)	:: (+.0175)
GRADE A		\$1.8325 (+.0025)	\$1.8325 (N.C.)	\$1.8325 (N.C.)	\$1.8325 (N.C.)	:: (+.0025)	:: (+.0210)
<b>BUTTER</b>							
GRADE AA		\$2.0050 (N.C.)	\$2.0050 (N.C.)	\$2.0100 (+.0050)	\$2.0200 (+.0100)	:: (+.0150)	:: (-.0365)

NATIONAL DAIRY MARKET NEWS AT A GLANCE

## CONTINUED FROM PAGE 1

**MARCH ANNOUNCED COOPERATIVE CLASS I PRICES (AMS):**

For March 2011, the all-city average announced cooperative Class I price was \$23.38 per cwt., \$2.51 higher than the Federal milk order (FMO) Class I price average for these cities. The March cooperative Class I price was \$2.34 higher than the February price. The March Federal order Class I price was also \$2.34 higher than the February price. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.51 in Phoenix, AZ, to \$4.05 in Miami, FL. For March 2010, the all-city average announced cooperative Class I price was \$19.49, also \$2.51 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.

**JANUARY MILK PRODUCTION (NASS):** Milk production in the 23 major States during January totaled 15.2 billion pounds, up 2.7% from January 2010. Production per cow averaged 1,813 pounds for January, 29 pounds (1.6%) above January 2010. The number of cows on farms was 8.40 million head, 82,000 head (1.0%) more than January 2010, and 14,000 head more than December 2010.

**ANNUAL 2010 MILK PRODUCTION (NASS):** U.S. milk production for the 50 states in 2010 totaled 192.8 billion pounds, up 1.8% from 2009 levels. Cow numbers averaged 9.12 million head, down 0.9% from a year ago. Milk per cow averaged 21,149 pounds, up 2.8% from 2009 levels.

## CME GROUP

MONDAY, FEBRUARY 21, 2011

HOLIDAY—NO TRADING

TUESDAY, FEBRUARY 22, 2011

CHEESE -- SALES: 3 CARS 40# BLOCKS: 2 @ \$1.9650, 1 @ \$1.9800; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.9450; 2 CARS 40# BLOCKS @ \$1.9825; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$1.8325; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.8400  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.9500; LAST OFFER UNCOVERED: NONE

WEDNESDAY, FEBRUARY 23, 2011

CHEESE -- SALES: 2 CARS BARRELS @ \$1.9450; 1 CAR 40# BLOCKS @ \$1.9850; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.9400  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.8350  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.9500; LAST OFFER UNCOVERED: NONE

THURSDAY, FEBRUARY 24, 2011

CHEESE -- SALES: 8 CARS BARRELS: 3 @ \$1.9400, 2 @ \$1.9450, 1 @ \$1.9475, 2 @ \$1.9500; 7 CARS 40# BLOCKS: 1 @ \$1.9825, 1 @ \$1.9850, 2 @ \$1.9825, 1 @ \$1.9800, 1 @ \$1.9825, 1 @ \$1.9850; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.9850  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.8325  
 BUTTER -- SALES: 4 CARS GRADE AA: 3 @ \$2.0050, 1 @ \$2.0100; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.9500; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.0200

FRIDAY, FEBRUARY 25, 2011

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.9850, 1 @ \$1.9875; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.9400; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.9900  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.8350  
 BUTTER -- SALES: 3 CARS GRADE AA: 2 @ \$2.0100, 1 @ \$2.0200; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.0100; LAST OFFER UNCOVERED: NONE

## BUTTER MARKETS

## NORTHEAST

Coming off the President's Day holiday, the CME Group butter price held steady Tuesday and closed at \$2.0050. The butter price declined \$.0850 in the previous 5 trading sessions. Cream availability continues to be "sloppy" with numerous loads hunting for homes. Some manufacturing plants continue to make butter and build inventories, rather than sell cream at lower multiples. Multiples ranged from 110-127 with most transactions in the 115-122 range. Most plant managers are scheduling production of both salted and unsalted varieties of butter. Export butter interest remains good. Domestic butter demand is fairly steady with some plants beginning to prep for their Easter production runs. Prices for bulk butter range from 2-8 cents over the market, based on the CME Group with various time frames and averages used. According to the latest NASS Cold Storage report, butter in storage on January 31, totaled 118.9 million pounds, 37.2 million pounds (46%) more than the prior month stocks, but 49.2 million pounds (29%) less than January 2010 stocks.

## CENTRAL

The CME Group cash butter price declined 8 ½ cents last week to settle at \$2.0050 at weeks' end and remains at that level through midweek this week. Churning activity in the Central part of the country is seasonally active, although butter producers remain cautious with their additional cream purchases. Churning activity often surpasses demand, thus clearances to inventory continue. Butter inventories continue to build even at higher than desired price levels. Many are cautious with their inventory clearances but also realize that they need to replenish lighter than usual inventory levels. Butter demand remains steady at better levels than many butter producers anticipated. Retail buyers are indicating that overall butter sales are about steady for this time of the season, even though shelf prices are considerably higher than they typically have been for this time of the season. Some

scattered retail feature activity is being reported in the Central part of the country with promotions running 2 1# prints for \$5.00 while some stores are pricing butter at under \$2.50 per pound on a regular basis. Retailers are preparing for the upcoming Lenten/Passover season with additional feature activity scheduled. Food service buyers continue to place typical orders for this time of the year. Bulk butter prices range from 0 - 2 cents over various pricing bases and averages per pound.

## WEST

The CME Group butter price for Wednesday is unchanged at \$2.0050. After declining each day last week, the market has been steady this week. Sales have been limited with no sales reported so far this week. Western butter manufacturers continue to slowly build inventories for use later in the year. Churns are reluctant to increase supplies at current price levels and are selling cream in some instances rather than churning butter. Lower prices have slowed bulk butter demand as buyers wait to see if the market will continue to decline. Demand at the retail level continues along expected lines with no apparent pushback at these prices. Export demand is increasing the manufacture of unsalted product in some cases. According to the CME Group, weekly butter stocks in CME approved warehouses had a net positive movement of 2.2 million pounds last week to a warehouse adjusted 22.7 million pounds. The total of 22.7 million pounds compares to 56.7 million pounds in 2010 and 69 million pounds in the comparable week in 2009. Prices for bulk butter range from even to 3 cents under the market, based on the CME with various time frames and averages used. According to the NASS Cold Storage report, stocks of butter as of January 31, 2011, total 118.9 million pounds, -29% or 49.2 million pounds less than January last year. Stocks were 46% higher or 37.2 million pounds more than December 2010.

**NASS DAIRY PRODUCT PRICES**  
 U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
February 19	1.7850 9,313,288	1.8088 8,464,644	1.3938 18,128,348	2.0792 2,473,486	0.4350 10,205,610

## CHEESE MARKETS

## NORTHEAST

Trading on the CME Group saw barrels and blocks increase \$.0275 on Tuesday with barrels closing at \$1.9450 and blocks closing at \$1.9825. In the 5 trading sessions prior to Tuesday's trade, barrels increased \$.0175 and blocks advanced \$.0400. The recent price increases resulted in higher wholesale prices for all varieties with the exception of Swiss Cuts which were unchanged. Cheese makers continue to purchase increased volumes of condensed skim for production, due to difficulties sourcing nonfat dry milk and/or in lieu of higher priced nonfat dry milk. Cheese production is steady with good orders and sales limiting additions to inventories. Demand continues to be good for mozzarella, provolone, aged cheddar and flavored cheeses. The latest NASS Cold Storage report shows stocks of natural cheese in cold storage as of January 31, 2011 totaled 1.05 billion pounds, slightly more (0.4%) than one month ago and 7% higher than one year ago. A majority of the holdings are in the form of American cheese (60.8%) totaling 639.0 million pounds, 1% more than the amount one month ago and 9% higher than one year ago. The next highest natural cheese holdings in cold storage are in the form of Other Natural Cheese, (35.8%) totaling 376.4 million pounds, 2% less than one month ago, but 3% more than one year ago. Swiss cheese accounts for 3.4% of holdings at 36.3 million pounds, 15% more than one month ago and 39% more than one year ago.

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

Cheddar 40# Block	:	2.2600-2.5350
Process 5# Sliced	:	2.0125-2.3225
Muenster	:	2.2800-2.4850
Grade A Swiss Cuts 10 - 14#	:	3.0525-3.3750

## MIDWEST

The cheese market may be nearing a short term peak. Bulk cheese producers and some marketers are offering any extra product, fearful of having extra high priced inventory when prices start to decline. New orders have slowed. Some customers, under monthly pricing schemes, may still be building inventory prior to next month's higher averages. Natural interest remains stronger than process. Mozzarella interest remains good as pizza demand, depending on segment, remains strong. Expensive and limited supplies of NDM are forcing plants to use more condensed skim when standardizing cheese vats. Aging program inventory building has slowed. International cheese interest at current market prices has slowed. Cheese production is steady to lighter though slower butter interest may limit milk shifting from cheese production.

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

Process American 5# Loaf	:	1.9200-2.4575
Brick And/Or Muenster 5#	:	2.0600-2.4525
Cheddar 40# Block	:	1.9000-2.5650
Monterey Jack 10#	:	1.9900-2.5650
Blue 5#	:	2.7200-2.7800
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9800-2.6650
Grade A Swiss Cuts 6 - 9#	:	2.7400-3.3300

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

BUTTER	:	CHEESE
	:	
02/21/11	7,033	: 129,008
02/01/11	4,506	: 127,109
CHANGE	2,527	: 1,899
% CHANGE	56	: 1

## WEST

Cheddar Barrels on Wednesday at the CME Group are down \$.0050 at \$1.9400. 40 Pound Blocks are \$.0025 higher Wednesday at \$1.9850. For the week, Barrels are \$.0225 higher and Blocks are \$.0300 higher. Blocks continue to increase on a daily basis since January 21. Barrels exhibited their first decrease since January 19. Sales activity has been moderate to light with two loads of Barrels sold and four loads of Blocks this week. Wholesale prices for Western cheese have been on a month long rise. This week saw the first respite from daily increases. Producers report overall sales have not been affected by the increased prices. Large buyers of cheese are cautious and buying to fill immediate needs rather than stockpiling inventory. Demand appears mostly steady as the bulk of production is geared to contracted needs. Export sales are being assisted through the CWT program for eligible manufacturers. Production schedules are geared to maximize plant capacities in most cases. Inventories continue to clear and are not burdensome. According to NASS, Cold Storage stocks of cheese (total) at the end of January 2011 are 1,051.7 million pounds, up 7% or 70.1 million pounds from last year. American stocks were up 9%, and Other Natural stocks were 3% higher than last year. Swiss stocks at the end of January total 36.3 million pounds, up 39% or 10.1 million pounds more than January 2010.

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

Process 5# Loaf	:	2.0325-2.2900
Cheddar 40# Block	:	2.0700-2.4225
Cheddar 10# Cuts	:	2.2500-2.4700
Monterey Jack 10#	:	2.2600-2.4200
Grade A Swiss Cuts 6 - 9#	:	2.6300-3.0600

## FOREIGN

The CME Group block cheese price advanced \$.0275 Tuesday, coming off the President's Day holiday and closed at \$1.9825. The block cheese price rose 4 cents in the 5 trading sessions prior to Tuesday's trade. Recent price increases have resulted in higher wholesale prices for all domestic varieties with the exception of Swiss Cuts, which remained unchanged. Domestic Swiss production in the Northeast remains steady, supported by fairly good sales activity.

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

	:	NEW YORK	
VARIETY	:	IMPORTED	: DOMESTIC
	:		
Blue	:	2.6400-4.6900	: 2.4000-3.8875*
Gorgonzola	:	3.6900-5.9900	: 2.9025-3.1625*
Parmesan (Italy)	:	-0-	: 3.7400-3.9325*
Provolone (Italy)	:	3.4400-5.8900	: 2.4425-2.6000*
Romano (Cows Milk)	:	-0-	: 3.5900-5.7325*
Sardo Romano (Argentina)	:	2.8500-3.6900	: -0-
Reggianito (Argentina)	:	3.2900-3.8300	: -0-
Jarlsberg-(Brand)	:	2.9500-4.6900	: -0-
Swiss Cuts Switzerland	:	-0-	: 3.1450-3.4675
Swiss Cuts Finnish	:	2.5900-2.8500	: -0-

\* = Price change.

## FLUID MILK AND CREAM

## EAST

SPOT SHIPMENTS OF GRADE A MILK INTO OR OUT OF FLORIDA &amp; SOUTHEASTERN STATES

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	180	0	160	0	116
SOUTHEAST STATES	0	0	0	0	0	0

Manufacturing milk supplies are increasing in the Northeast and Mid-Atlantic regions due to milk production increases along the seasonal trend and also due to the leveling off of Class I demand. The Southeast region and Florida have experienced fairly significant declines in Class I demand with no specific reasons given for the downturns. Milk production in Florida is increasing as it escalates to its usual seasonal peak in March. Warm weather has improved pastures somewhat, but drought conditions continue in many areas of Florida, hampering any major improvement in pasture conditions with 44% reported as poor. Producers continue to supplement feed rations with hay, due to the poor pasture conditions, but also as a way to keep their feed costs in check. Export spot shipments this week totaled 180 loads. Cream availability remains "sloppy" this week with numerous loads hunting for homes. Some manufacturing plants are opting to make butter rather than sell cream at lower multiples. Multiples ranged from 110-127 with most transactions in the 115-122 range. Demand for condensed skim remains very good as cheese makers continue to have difficulty sourcing nonfat dry milk and/or are making additional purchases of condensed skim in lieu of higher priced nonfat dry milk. According to NASS, national milk production for January 2011 in the 23 reported states totaled 15.2 billion pounds, up 2.7% from January, 2010. Milk production increased in 4 of the 5 listed states in the Eastern region and as a region, increased production 3.0% over the same period last year at 2,532 million pounds. The 5 states showed the following percentage changes in milk production from January 2010 to January 2011 and total milk production this January: Florida, +8.8%, 197 million pounds; New York, +4.4%, 1,083 million pounds; Pennsylvania, +1.0%, 891 million pounds; Vermont, +2.4%, 217 million pounds; and Virginia, -1.4%, 144 million pounds. Milk cow numbers for January 2011 increased in 3 of the 5 listed states of the Eastern region with the remaining 2 states unchanged. The region increased by 6,000 head or 0.4% compared to the same period last year. Individual state cow numbers compared to January 2010 and cows remaining as of this January are: Florida, 3,000 increase, 115,000 remaining; New York, unchanged, 610,000 remaining; Pennsylvania, 2,000 increase, 543,000 remaining; Vermont, 1,000 increase, 135,000 remaining; and Virginia, unchanged, 95,000 remaining.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, DOLLARS PER LB. BUTTERFAT:

F.O.B. producing plants: Northeast	-	2.2511-2.5990
F.O.B. producing plants: Upper Midwest	-	2.3258-2.4967

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices	-	1.42 - 1.49
Northeast - Class III - spot prices	-	.94 - 1.04

## MIDWEST

Class I sales were bolstered by retail feature activity before the higher March Class I prices. Winter school vacations, whether planned or unplanned, impacted fluid interest in some states. Recent butter price declines on the CME Group cash market had many buyers making spot cream purchases based on "market date of ship" rather than on last week's CME Group butter average to reduce the cost. Spot cream interest for other uses is still too soft to limit churning though some churns are limiting production to regular contracted volumes. Current cream prices continue to slow interest from other users such as ice cream. Condensed

skim interest continues strong with buyers paying premiums to secure volumes. Condensed skim use in standardizing cheese vats was particularly good though it limited NDM drying schedules. Slower cream interest is making Class IV milk use slightly less attractive compared to Class III. Manufacturing milk interest is steady and often unsatisfied. Spot buyers expect March Class III prices to be higher and are unwilling to pay as high a premium, at least early in the month, for March milk. Manufacturers seem less aggressive in the search for extra milk as cheese demand is generally slowing. Milk intakes are generally steady to occasionally higher across the region. Milk components are fairly steady though some locations note some elevations in somatic cell counts. In Southern states, it is likely that cows have yet to fully recover from health issues caused by the recent severe weather.

## WEST

According to NASS, 2010 Annual Milk Production for the United States totals 192.8 billion pounds, up 1.8% or 3.5 billion pounds from 2009. Annual milk production per cow for the United States was 21,149 pounds, 576 pounds (+2.8%) more than 2009. Milk cow numbers nationally stood at 9.12 million cows down 86,000 head compared to 2009. 2010 milk production for selected Western states is as follows: Arizona +1.8%, California +2.2%, Colorado -0.8%; Idaho +5.2%, New Mexico -0.3%, Oregon +6.7%, Utah +2.9%, and Washington +6.1%. According to NASS, January Milk Production for the 23 surveyed states totals 15.2 billion pounds, up 2.7% or 395 million pounds from last year. Monthly milk production per cow for the 23 surveyed states was 29 pounds more than January 2010. CALIFORNIA milk production is trending slightly higher on a weekly basis. There is more optimism at the farm level as producers see higher dairy commodity prices beginning to impact milk prices. Margins are being watched as well, with feed costs and fuel costs causing more concerns. Weather is mostly moderate in the state and along expectations, causing no problems. Plants are running well and processing available milk supplies. New crop hay harvesting is hampered by freezes and rain forecasts. Prices are moving higher and are above year ago levels. NEW MEXICO milk production is steady to higher and above year ago levels. The impact of adverse conditions a few weeks back are over at both the farm and processing plants. There are reports of more cows being added to the dairy herds. Class I demand has returned to projected levels. CREAM prices are trending slightly lower and reflect lower butter prices and indices. The impact of lower butter prices has stimulated higher demand from ice cream accounts. Cream is available and often where it ends up is based on whether buyers want to pay the price and also trucking costs are more of a concern as higher diesel prices are being passed along as higher fuel surcharges. Cream is more available as milk output is trending higher and fat content is increasing seasonally. The CME Grade AA butter price was 5 cents lower than a week ago at a \$2.0050 close on Wednesday, February 23. Cream multiples are slightly lower on the top end of the 100-120 range and vary based on class usage and basing point. Weather conditions in the PACIFIC NORTHWEST followed seasonal norms. Milk production in the region is slightly above last year as dairy farmers have increased herd size and production per cow. Class I usage is normal and following expected patterns for this time of year. Milk processing plants are able to handle local production with most milk remaining in the region. Manufacturing plants are reporting good yields of milk solids. UTAH and IDAHO are also experiencing increased production. Milk handlers did not report any transportation issues as the weather followed typical spring conditions. As dairy farmers are showing increased interest in expanding herds, prices for replacement heifers at auctions in the area are increasing. A recent auction in Idaho had the top heifer at \$1685, with the top 50 average at \$1540. Average prices have increased \$100-\$200 per animal since the first of the year in many cases.

## NONFAT DRY MILK, BUTTERMILK &amp; WHOLE MILK

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

**NONFAT DRY MILK - CENTRAL AND EAST**

**CENTRAL:** Nonfat dry milk prices are higher on the range, unchanged on the mostly price series. The market is firm. Spot load availability improved for the week from a few manufacturers. Various spot load buyers credit old fashioned persistence for their recent purchasing successes as there have been few indications from manufacturers that spot load availability was improving for the near term. Contract-based loads of Western NDM continue to fill some supply gaps in the Central region. Central NDM production is mostly steady for the week and generally scheduled over the weekend. Early and midweek Class III spot and contract sales of condensed skim are moving to good interest.

**EAST:** Prices for nonfat dry milk held mostly steady this week with only a marginal price increase on the low end of the low heat range. The spot market activity remains light with resale transactions accounting for most of the trading activity. Low heat nonfat dry milk resale prices appear to have leveled off at the \$1.85-\$1.90 range. Nonfat dry milk production is limited as condensed skim sales continue at increased volumes to cheese makers. Both low and high heat varieties of nonfat dry milk are being produced on limited schedules. Supplies are very tight as some manufacturers attempt to catch up on their contract commitments. Users are having difficulty sourcing product with brokers sourcing product for only their largest accounts and preferred customers. Demand for nonfat dry milk remains very good with those looking for additional loads having to look outside the region.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.4400 - 1.8500 MOSTLY: 1.4500 - 1.7500  
 HIGH HEAT: 1.4500 - 1.8500

**NONFAT DRY MILK - WEST**

Low/medium heat nonfat dry milk prices continue to trend higher and the market tone is steady to firm. As Western pricing movement begins to slow down at the top end of the range, buyers are beginning to show some signs of notice. Buyer interest is fair for current offerings and for resale offerings. Producer offerings remain limited with contracted and export commitments tempering availability. Some buyers are looking for condensed skim, but those offering beyond contracted amounts are often limited. Buying interest is also reported as good for skim milk powder. The CME Group pricing continues to trend higher and closed at midweek at \$1.8000 for Extra Grade and \$1.8325 for Grade A. Western high heat prices are higher. The market tone is firm in limited trading beyond contracted volumes. Seasonal demand appears light and is met with limited offerings. Stocks remain on the low side of needs.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.3500 - 1.8500 MOSTLY: 1.4500 - 1.7900  
 HIGH HEAT: 1.4000 - 1.7000

**DRY BUTTERMILK - CENTRAL AND EAST**

**CENTRAL:** Light spot market availability and strong demand sparked higher prices for Central dry buttermilk this week. Churning is steady to higher at those operations with locked in butter commitments. This is prompting production of higher volumes of condensed buttermilk, which is clearing both to the dryers and into Class II end uses.

**EAST:** Dry buttermilk prices in the East moved higher this week. The buttermilk market continues to follow the strength of the nonfat dry milk market. Cream availability has increased churning schedules, but increases in dry buttermilk production have been marginal, due to increased condensed buttermilk sales to ice cream concerns. A majority of current production supplies are moving through contracts with some increases to inventories. Supplies are not as tight as in recent weeks. Spot market activity remains very light in the East.

F.O.B. CENTRAL/EAST: 1.3500 - 1.6500

**DRY BUTTERMILK - WEST**

Western dry buttermilk prices continue to trend higher in light trading. The market tone is still firm. The market is not fully tested as many buyers are limiting purchases to contracted amounts and are not seeking to have extra. There is not much of a speculative market happening either, in spite of likely higher future prices when current buttermilk prices are compared to other dairy protein prices. The lack of powder available is the likely cause. Drying schedules are mixed and vary depending on butter output. Dry buttermilk stocks remain light.

F.O.B. WEST: 1.3300 - 1.5400 MOSTLY: 1.3900 - 1.4500

**DRY WHOLE MILK - NATIONAL**

Prices for dry whole milk are unchanged to higher for the week. Contract loads account for a majority of the transactions. Much of the active spot market interest is unfulfilled due to light dry whole milk availability outside of contract commitments. A few manufacturers are responding to active spot market interest by firming up new contracts for near term production.

F.O.B. PRODUCING PLANT: 1.7500 - 2.0400

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
February 18	\$1.3293	14,124,437	0
February 11	\$1.3120	15,601,007	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**

Dry whey spot load availability is variable for the week, with some manufacturers concentrating on contract fulfillment and others sending a few loads to the spot market. Some end users indicate a few 2010 contract loads have yet to be delivered and information on when those loads could be expected is hazy. Various end users report that the lack of dry whey supplies has, in some cases, created production line bottlenecks. Without adequate input supplies, a few operations are considering options for altering production line schedules. Some market participants report they are trying to plan for future operations by considering different formulations that could tap into the full suite of dry products available from the whey stream complex. Planning is a difficult task, as the buyers reportedly are trying to fit together what has been described as a puzzle with many pieces, and the size of each piece seems to change from week to week. Some market participants shared they are trying to determine the correct fit for prices and availability of: dry whey, various types of dairy product solids with protein less than 11%, WPC 34%, WPC with protein concentrations above 34%, milk futures, whey futures, and energy prices. The ANIMAL FEED DRY WHEY market is firm, with the bottom of the range adjusting higher. Spot loads of edible condensed whey, which many animal feed whey drying operations use, are readily moving into edible applications which can generate better returns to the condensed whey sellers.

F.O.B. CENTRAL: .3600 - .5800 MOSTLY: .3700 - .4175  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2750 - .3800

**DRY WHEY - NORTHEAST**

Dry whey prices moved higher in the Northeast as supplies remain very tight and difficult to source. Current production is steady with most supplies moving through contracts. Resale activity comprises the bulk of the trading activity with the top prices reportedly between 65 and 70 cents. Those looking for additional product are looking outside the region and often paying prices significantly above the range. Domestic and export demand remains good supporting the market's firm undertone.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .4075 - .4325

**DRY WHEY - WEST**

Western dry whey prices are steady to firm this week. The market remains tight for spot loads. Most production of dry whey is geared to contract fulfillment. Inventories of whey are lighter than expected and contract deliveries are delayed in some cases. Demand for spot loads is good to very good. Resale loads are clearing quickly at prices above the mostly range in many cases. Export demand remains good for available product. Higher returns for dry whey are causing some manufacturers to consider increased production schedules.

NONHYGROSCOPIC: .4050 - .6700 MOSTLY: .4400 - .5150

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Whey protein concentrate 34% spot market availability is light and the market is firm. The range price series is unchanged while the mostly price series adjusted to include contract pricing based on various indices. WPC 34% production at most locations is steady to improving, with upticks in milk intakes at some Class III locations yielding more whey solids. Some buyers indicate contract load deliveries of WPC 34% are behind schedule by 4 to 6 weeks.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.0200 - 1.4500 MOSTLY: 1.0300 - 1.1200

**LACTOSE - CENTRAL AND WEST**

The lactose range price series moderated slightly based on contract sales, while the mostly price series is unchanged. Lactose spot market participants report lactose loads of various mesh sizes cleared readily this week to steady interest. Light availability of other dairy products traditionally used for blending, such as dry whey, is prompting end users from both edible and animal feed accounts to look to the lactose market to fill some portion of current production needs. This group of non-traditional buyers is lending support to the lactose market as they try to secure lactose for current/near term/mid term production needs.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .3100 - .4600 MOSTLY: .3300 - .3900

**CASEIN - NATIONAL**

Domestic casein markets and prices remain firm. Domestic buyers continue to question suppliers on supply availability. At this point, Oceania suppliers remain optimistic about their supply commitments. The recent earthquake, on the South Island of New Zealand, may disrupt near term shipments, but for the most part, suppliers indicate that no significant negative impact should occur. The European production season is just getting underway, thus it is too early to speculate about problems with European supply commitments. Seasonal milk and casein production projections are positive.

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: 4.1400 - 4.4500  
ACID: 4.2800 - 4.5000

**EVAPORATED MILK - NATIONAL**

On February 17, 2010, the Kansas City Commodity Office announced the awarding of two contracts for a total of 4,736,880 pounds of evaporated milk under solicitation number EVD3-021. The evaporated milk, packed in 24/12 oz. cans, is scheduled for April - June 2011 deliveries at various locations throughout the country. Accepted prices ranged from \$0.5785 - \$0.7494/lb. No further bids will be considered under this solicitation number.

**CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)**

	FOR THE WEEK OF FEBRUARY 21 - 25, 2011			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL	CONTRACT	ADJUSTED	SINCE	SAME PERIOD	WEEK ENDING	SAME PERIOD
	PURCHASES	ADJUSTMENTS	PURCHASES	10/01/10	LAST YEAR	02/18/11	LAST YEAR
<b>BUTTER</b>							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>CHEESE</b>							
Block	-0-	-0-	-0-	-0-	-0-	-0-	-0-
Barrel	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	-0-	-0-	-0-
<b>NONFAT DRY MILK</b>							
Nonfat	-0-	-0-	-0-	-0-	132,276	-0-	-0-
<b>TOTAL</b>	-0-	-0-	-0-	-0-	132,276	-0-	-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 02/05/11 & Comparable Week 2010**

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
2011-Dairy	N.A.	0.6	8.6	4.0	17.2	4.1	N.A.	N.A.	18.9	3.7	59.0	365.9	48.3	48.0
2010-Dairy	N.A.	0.5	6.9	3.2	17.5	4.7	0.6	N.A.	17.6	3.7	56.2	328.3	47.5	43.7
2011-All cows	0.1	0.7	10.7	14.9	29.3	20.8	N.A.	N.A.	21.8	6.7	122.1	762.5		
2010-All cows	N.A.	0.6	8.7	12.0	33.4	17.1	14.7	N.A.	20.4	7.4	118.2	751.4		

**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.

**CLASS III MILK PRICES, (3.5% BF)**

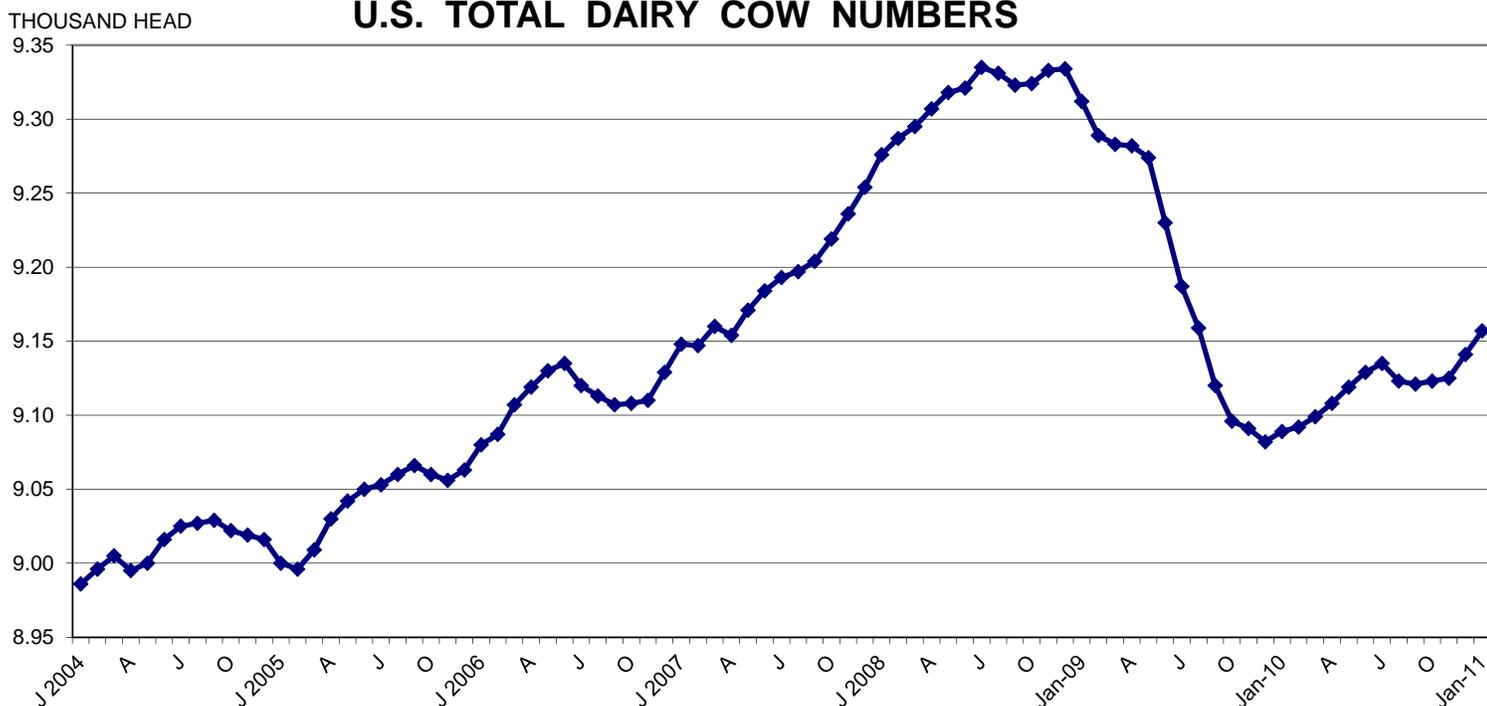
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2007	13.56	14.18	15.09	16.09	17.60	20.17	21.38	19.83	20.07	18.70	19.22	20.60
2008	19.32	17.03	18.00	16.76	18.18	20.25	18.24	17.32	16.28	17.06	15.51	15.28
2009	10.78	9.31	10.44	10.78	9.84	9.97	9.97	11.20	12.11	12.82	14.08	14.98
2010	14.50	14.28	12.78	12.92	13.38	13.62	13.74	15.18	16.26	16.94	15.44	13.83

**FEDERAL MILK ORDER CLASS PRICES FOR 2011 (3.5% BF)**

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	15.20	15.89	18.23									
II	16.79											
III	13.48											
IV	16.42											

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

**U.S. TOTAL DAIRY COW NUMBERS**



ORGANIC DAIRY MARKET NEWS

Information gathered February 14—25, 2011

ORGANIC DAIRY FLUID OVERVIEW

AMS reports Total Organic Milk Products sales for December 2010 are up 23.4% from previous year sales and up 13.1% for 2010 compared with 2009. December 2010 sales were 169 million pounds and for the year, 1.812 billion pounds.

Organic Whole Milk sales for December 2010 were up 28.5% compared with December 2009 and up 16.7% for 2010 compared with 2009. December 2010 sales were 42 million pounds and 2010 sales were 433 million pounds.

This contrasts with a 1.8% December 2010 decline for Total Fluid Milk Products Adjusted (which includes organic and non-organic) compared with December 2009. Full year 2010 Total Fluid Milk Products sales are down 1.5%. This total Fluid Milk products data is adjusted for calendar year composition.

Itemized data compared with prior reporting periods is not yet available for organic categories reduced fat milk, low fat milk, fat-free milk, flavored milk or fat-reduced milk because data analysis recently expanded these categories and data for a full year has not yet accumulated.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, DECEMBER 2010, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	December	Y-T-D	Prev Yr.	Y-T-D
	Mil. Lbs.		Percent	
Whole Milk	1,260	14,134	-2.2	-5.4
Flavored Whole Milk	49	556	-3.5	-4.1
Reduced Fat Milk (2%)	1,637	18,546	-2.1	-0.6
Low Fat Milk (1%)	597	7,049	-0.6	2.3
Fat-Free Milk (Skim)	677	8,010	-2.2	-1.4
Flavored Fat-Reduced Milk	302	3,898	-3.0	1.1
Buttermilk	44	479	-1.5	-18.7
Tot. Conv. Milk Products	4,629	52,861	-2.0	-1.8
Organic Whole Milk	42	433	28.5	16.7
Organic Reduced Fat Milk	49	3/	3/	3/
Organic Low Fat Milk	33	3/	3/	3/
Organic Fat-Free Milk (Skim)	37	3/	3/	3/
Organic Flavored Milk	7	3/	3/	3/
Organic Fat-Reduced Milk 4/	126	1,379	21.8	12.0
Tot. Organic Milk Products.	169	1,812	23.4	13.1
Tot. Fluid Milk Prod. 5/	4,797	54,673	-1.3	-1.4
Tot Fluid Milk Prod Adj 5/6/	4,759	54,627	-1.8	-1.5

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see 4/. 3/ Volume figures are not available for the previous year or all earlier months. Percentage changes are based on combined data under Organic Fat-Reduced Milk. 4/ Total of organic reduced fat, lowfat, skim, flavored, and miscellaneous milk products combined. 5/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 6/ Sales volumes and percent changes have been adjusted for calendar composition; see <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELDEV3023272>

ORGANIC DAIRY RETAIL OVERVIEW

MONTHLY RETAIL MILK PRICE COMPARISON FOR 30 CITIES:

Retail half gallon organic reduced fat (2%) milk prices are surveyed monthly in the 30 City Series. Comparing the February 2010 average price in each city with February 2011, in 2011, 14 cities are higher, 13 are lower, and 3 are the same.

Denver, at \$2.88, is the city with prices most below one year ago, being 56 cents lower. Denver also has the lowest February 2011 price of any city, which has been true every month since April, 2010.

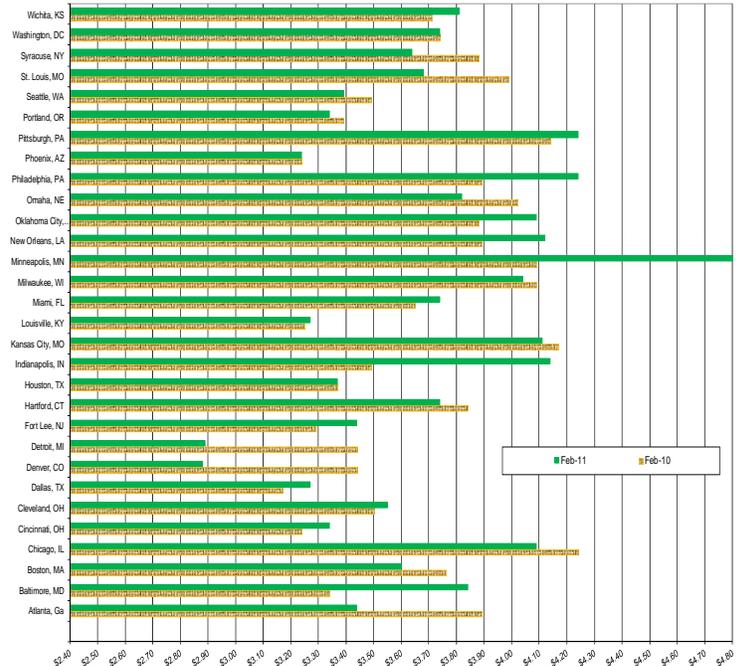
Minneapolis, at \$4.99, is the city with prices most above one year ago, being 90 cents higher. For this February, Minneapolis also has the highest

price of any city, which has occurred every month since March, 2010.

The overall February 2011 average price for the 30 cities combined is 2 cents higher than the combined average for February 2010.

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.

Half Gallon Organic 2% Milk Price Change: February 2010 - February 2011



NATIONALLY ADVERTISED PRICE COMPARISON:

Organic milk remained the overwhelming focus of organic dairy advertising and the volume of ads remained similar to the last four reporting periods. This report, 2,622 of 9,210 surveyed newspaper weekly supermarket ads had organic dairy content. This is nearly the same as 2,361 two weeks ago, 2,426 four weeks ago and 2,253 six weeks ago.

Information presented is compiled from newspaper supermarket ads for the period February 12, 2011 to February 24, 2011, identifying weekly "specials" and containing organic dairy content. Surveyed ads reflect advertised "specials" and not the range of supermarket cooler prices.

**Regional Organic Dairy Ad Trends – Current Period.** The Northeast returned from being one of the two regions with the least organic dairy advertising for the prior two reports, by placing second this week, with 24.7% of organic ads identified in the national survey. However, the Southwest, the other region with the least percentage of organic dairy ads for the prior two reports, this period had zero organic dairy ads. Remaining regions and percentages of ads include: Midwest, 29.4%; Southeast, 21.2%; South Central, 17.2%; and Northwest, 7.6%.

Regional Organic Dairy Ads As A Percentage of Total Surveyed National Organic Dairy Ads 2011 - Reporting Week 8



ORGANIC DAIRY MARKET NEWS

Information gathered February 14—25, 2011

CONTINUED FROM PAGE 8

**Product Emphasis.** Organic milk ads continued the 2011 trend of dominating organic dairy newspaper advertising. Also continuing is the domination of organic milk ads by ads for organic milk in 8 ounce aseptic containers.

This report's 1,807 organic milk ad placements are less than 2,390 two weeks ago but more than 1,784 four weeks ago, and 2,099 six weeks ago. Of this report's organic milk ad placements, the clear lead goes to 8 ounce containers, with 1,574 ad placements, continuing a constantly increasing number for each report since 2011 began. In fact, this report's number of ad placements for 8 ounce containers is the greatest number for any two week period since the reporting series began during the Fall of 2009.

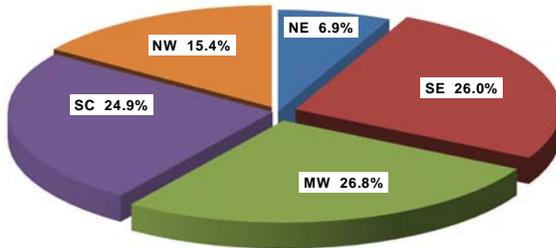
Half gallon ad placements declined to 233 from 835 two weeks ago, also below 437 four weeks ago.

There were no ad placements for gallons of organic milk. Gallons placements two weeks ago were 115, up slightly from 80 four weeks ago but well below 491 six weeks ago.

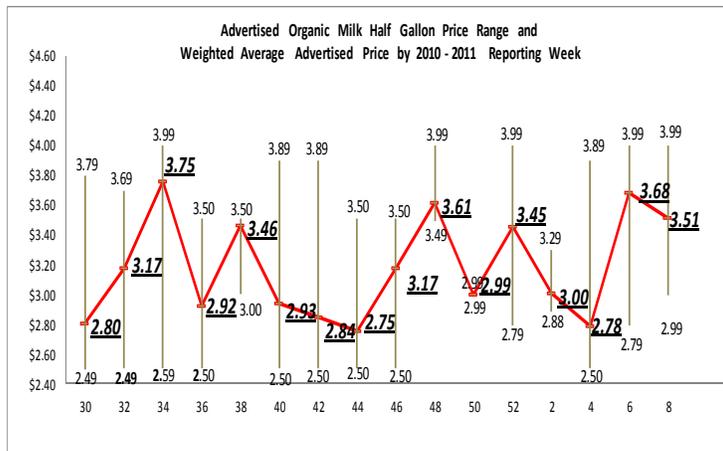
Yogurt ad placements this week numbered 658, up from 416 two weeks ago but down from 713 four weeks ago.

Milk. Organic milk ads appeared in every region except the Southwest. Regional percentages of total organic milk newspaper advertising include: Midwest, 26.8%; Southeast, 26.0; South Central, 24.9%; Northwest, 15.4%; and Northeast, 6.9%.

**ORGANIC MILK FEATURES**  
Regional % of Surveyed National Supermarket Ads  
Report Week 8, 2011



**Half Gallons.** The national weighted average advertised price for half gallons of organic milk declined 17 cents to \$3.51. The price range shifted upward at the bottom by 20 cents to \$2.99, but remained unchanged at the top, \$3.99.



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

**HALF GALLON ORGANIC MILK ADS**  
REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION %	WTD. AV. ADV. PRICE \$	
NE	53.6	3.76
SE	----	----
MW	12.0	2.99
SC	----	----
SW	----	----
NW	34.3	3.29
US		3.51

**Gallons.** There were no ad placements for organic gallons and hence, there are no prices to report.

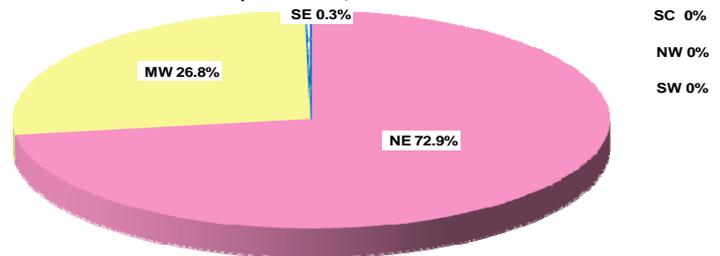
**8 Ounce Milk.** The national weighted average advertised price for 8 ounce organic milk is \$1.00, up from 92 cents two weeks ago and 85 cents four weeks ago.

**8 OUNCE ORGANIC MILK ADS**  
REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

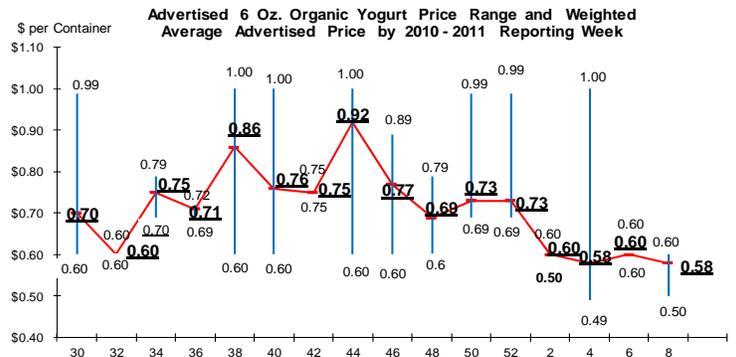
REGION %	WTD. AV. ADV. PRICE \$	
NE	----	----
SE	29.8	1.00
MW	29.0	1.00
SC	28.6	1.00
SW	----	----
NW	12.6	1.00
US		1.00

**Yogurt.** Three of six regions had organic yogurt ads, although the Southeast was in a distant third compared with the other regions. This report, the Northeast had 72.9% of organic yogurt ads; the Midwest, 26.8%; and the Southeast, 0.3%.

**ORGANIC YOGURT FEATURES**  
Regional % of Surveyed National Newspaper Ads  
Report Week 8, 2011



The weighted average advertised price for yogurt in six ounce containers declined 2 cents to 58 cents. This is the fourth consecutive reporting period where the national average advertised price alternated a two cent up/down movement pattern.



## ORGANIC DAIRY MARKET NEWS

Information gathered February 14—25, 2011

## CONTINUED FROM PAGE 8-A

6 OUNCE ORGANIC YOGURT ADS  
REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION %	WTD. AV. ADV. PRICE \$
NE 72.6	0.57
SE 0.3	0.60
MW 26.7	0.60
SC ----	----
SW ----	----
NW ----	----
US	0.59

This reporting period, there were also 196 ad placements for 5.3 ounce containers of Greek Yogurt priced \$1.00, all in the Northeast. There were also 71 ads for yogurt in 32 ounce containers, all priced at \$3.09, 69 in the Northeast and 2 in the Southeast.

**Butter.** Organic 1 lb. butter newspaper retail ad placements totaled 79, all in the same 79 Southeastern stores as two, four and six weeks ago. The advertised price this report, \$4.99, is up 20 cents from two weeks ago. No ads appeared for organic dairy products other than milk, yogurt and butter.

## SUPERMARKET PRICE COMPARISON:

**Madison, Wisconsin Prices.** Non-advertised organic milk, yogurt, butter and cheese prices in a range of food stores in Madison, Wisconsin are compared for this two week period.

Madison stores included a big-box sized local supermarket; 2 regional chain supermarkets; a smaller but full product line food market; and 2 natural food stores; a national discount big box chain store also selling food; and a large local cooperative grocery store.

Organic milk available in Madison stores included 2 national brands, 4 private label store brands, and 3 small local or near-by creamery brands, one featuring non-homogenized milk. Cheese available included 2 national brands, 2 store brands, and cheese from 5 other cheesemakers.

ORGANIC MILK, YOGURT, CHEESE & BUTTER PRICE RANGE  
2011 REPORTING WEEK 8

	MADISON, WI		
	LOW	HIGH	RANGE
<b>(In Dollars)</b>			
<b>GALLONS:</b>			
Whole	4.49*	6.49	2.00
Reduced Fat (2%)	4.49*	6.49	2.00
Low Fat (1%)	4.49*	6.49	2.00
Nonfat (Skim)	4.49*	6.49	2.00
<b>HALF GALLONS:</b>			
Whole	3.00	4.19	1.19
Reduced Fat (2%)	3.00*	4.19	1.19
Low Fat (1%)	3.00*	4.19	1.19
Nonfat (Skim)	3.00*	4.19	1.19
<b>CHOCOLATE HALF GALLON:</b>			
	3.39	5.69	2.30
<b>YOGURT</b>			
	.79	1.59	0.80
<b>CHEESE – 8 OUNCE BLOCKS:</b>			
Mozzarella	3.59*	5.75	2.16
Mild Cheddar	4.99*	5.99	1.00
Monterey Jack	4.99*	5.99	1.00
Pepper Jack	3.59	5.99	2.40
<b>CHEESE – 6 OUNCE STRING</b>			
Mozzarella	3.00*	5.09	2.09
Colby Jack	3.89	5.09	1.20
<b>BUTTER – 1 POUND</b>			
	4.79	6.19	1.40

\* = Price change from prior reporting period

This report, all price changes occurred at the bottom of the price range. There were changes in the bottom of the range for all gallon varieties of milk, which are all 70 cents lower than last period. Three of the four varieties of non-flavored half gallons increased 13 cents at the bottom of the range. Cheese was a mixed situation, again with all changes at the bottom of the range; two higher and two lower.

## ORGANIC GRAIN AND FEEDSTUFF MARKETS:

Compared to two weeks ago, national organic grain and feedstuff prices were yet again higher with good demand reported for feed grade grains. Moderate supplies of corn and soybeans were reported in the Upper Midwest, while tight supplies of corn were reported in the Eastern Cornbelt. Food grade soybeans traded mostly steady to \$1.00 higher per bushel this period, with light to moderate demand. Feed grade corn contracts were higher. Many farmers in the Upper Midwest who have experienced heavy snowfall this winter are hoping that spring moisture will be minimal this year, and that melting snow will cause minimal flooding, if any.

Eastern organic grain and feedstuff prices were mostly steady, with feed grade corn higher. Trading activity was light to moderate for this reporting period. Tight supplies and strong demand helped to lift corn prices higher.

Midwest organic grain and feedstuff prices were mostly higher. Feed grade grains continue to rise on the spot market as the conventional market rises on the Chicago Board of Trade. Some grain buyers are in the beginning stages of their 2011 crop contracts, with some waiting for the end of the organic conference season to assure they are fully informed of many producers' plans for the upcoming planting season.

Additional livestock and grain market news information is available at: [www.ams.usda.gov/LSMarketNews](http://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	DEC 31, 2008	DEC 31, 2009	REVISED DEC 31, 2010	JAN 31, 2009	JAN 31, 2010	JAN 31, 2011
Butter	118,962	133,022	81,695	176,526	168,092	118,926
Cheese, Natural American	538,105	584,981	630,789	533,402	588,186	638,982
Cheese, Swiss	22,589	24,791	31,492	23,148	26,188	36,325
Cheese, Other Natural	291,266	356,986	385,645	325,826	367,234	376,417
Total Cheese	851,960	966,758	1,047,926	882,376	981,608	1,051,724

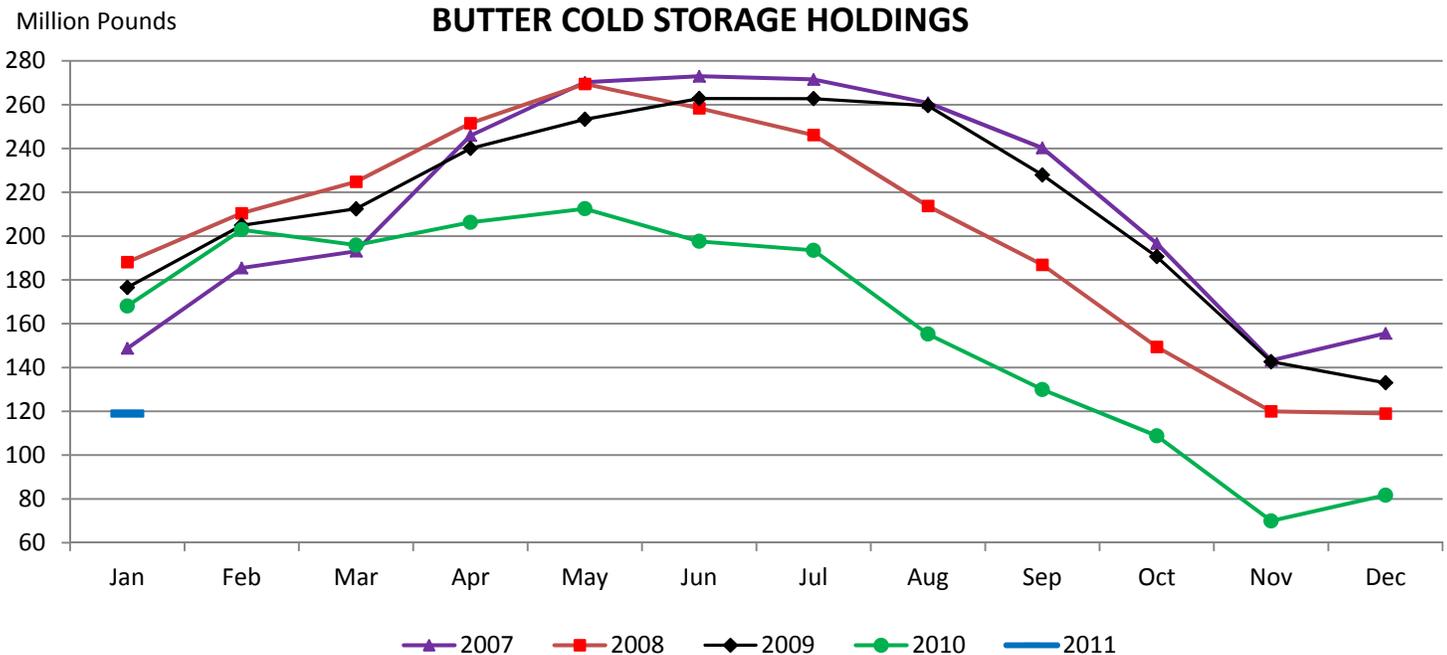
  

U.S. GOVERNMENT OWNED COLD STORAGE HOLDINGS						
COMMODITY	DEC 31, 2008	DEC 31, 2009	REVISED DEC 31, 2010	JAN 31, 2009	JAN 31, 2010	JAN 31, 2011
Butter	#	#	#	#	#	#
Natural American Cheese	#	#	#	#	#	#

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

JANUARY STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2009	2010	2011	2009	2010	2011	2009	2010	2011
New England	34,664	38,627	39,844	---	---	---	500	661	717
Middle Atlantic	41,285	34,718	50,483	---	---	---	12,167	19,771	17,755
East North Central	212,587	248,677	262,568	---	---	---	200,744	245,460	259,095
West North Central	90,782	96,075	108,396	---	---	---	69,297	69,886	63,951
South Atlantic	4,849	6,112	668	---	---	---	292	153	6,249
East South Central	2,145	2,185	2,785	---	---	---	2,896	2,498	148
West South Central	3,521	2,667	5,388	---	---	---	1,169	1,376	1,158
Mountain	49,797	51,638	66,148	---	---	---	7,416	6,852	5,675
Pacific	93,772	107,487	102,702	---	---	---	31,345	20,577	21,669
TOTAL	533,402	588,186	638,982	176,526	168,092	118,926	325,826	367,234	376,417

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



COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2010 TO DATE

Month	Butter		Natural American Cheese		Nonfat Dry Milk					
	Commercial		Commercial		Total <u>1/</u>		Commercial		Government	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	Million Pounds		Million Pounds		Million Pounds					
January	119	168	639	588	NA	272	NA	138	NA	134
February		203		599		195		152		47
March		196		602		174		148		26
April		206		610		160		152		8
May		212		615		154		148		6
June		198		627		176		174		2
July		194		639		198		194		4
August		155		634		166		164		2
September		130		637		141		139		2
October		109		639		124		124		0
November		70		625		128		128		0
December		82		631		144		144		0

NA = Not available.

1/ Includes instant nonfat dry milk.

**SOURCE:** "Cold Storage," (February 2011) and "Dairy Products," (February 2011), Agricultural Statistics Board, National Agricultural Statistics Service; and "Summary of Processed Commodities in Store," Farm Service Agency.

**DECEMBER FLUID MILK SALES**

During December, about 4.8 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.3 percent lower than December 2009. After adjusting for calendar composition, sales in December 2010 were 1.8 percent lower than December 2009. Estimated sales of total conventional fluid milk products decreased 2.0 percent from December 2009 and estimated sales of total organic fluid milk products increased 23.4 percent from a year earlier.

**Editor's Note:** Additional data can be found at <http://www.ams.usda.gov/AMSV1.0/FluidMilkSalesDataMonthlyandYeartoDate>. Some data for February-September 2010 have been revised due to changes in the information from some reporting areas.

**ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, DECEMBER 2010, WITH COMPARISONS 1/**

Product Name	Sales		Change from: 2/	
	December	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk	1,260	14,134	-2.2	-5.4
Flavored Whole Milk	49	556	-3.5	-4.1
Reduced Fat Milk (2%)	1,637	18,546	-2.1	-0.6
Low Fat Milk (1%)	597	7,049	-0.6	2.3
Fat-Free Milk (Skim)	677	8,010	-2.2	-1.4
Flavored Fat-Reduced Milk	302	3,898	-3.0	1.1
Buttermilk	44	479	-1.5	-18.7
Total Conventional Milk Products 5/	4,629	52,861	-2.0	-1.8
Organic Whole Milk	42	433	28.5	16.7
Organic Reduced Fat Milk	49	3/	3/	3/
Organic Low Fat Milk	33	3/	3/	3/
Organic Fat-Free Milk (Skim)	37	3/	3/	3/
Organic Flavored Milk	7	3/	3/	3/
Organic Fat-Reduced Milk 4/	126	1,379	21.8	12.0
Total Organic Milk Products	169	1,812	23.4	13.1
Total Fluid Milk Products 5/	4,797	54,673	-1.3	-1.4
Total Fluid Milk Products Adjusted 5/ 6/	4,759	54,627	-1.8	-1.5

1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; see 4/. 3/ Volume figures are not available for the previous year or all earlier months. Percentage changes are based on combined data under Organic Fat-Reduced Milk. 4/ Total of organic reduced fat, lowfat, skim, flavored, and miscellaneous milk products combined. 5/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 6/ Sales volumes and percent changes have been adjusted for calendar composition; see <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELDEV3023272>

**PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS AND CALIFORNIA, DECEMBER 2010, WITH COMPARISONS 1/**

Area (Order Number)	Sales		Change from: 2/	
	December	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	837	9,306	-1.1	-1.7
Appalachian (005)	318	3,642	0.7	1.0
Southeast (007)	434	5,032	3/	3/
Florida (006)	259	2,950	3/	3/
Mideast (033)	543	6,127	-2.0	-1.5
Upper Midwest (030)	382	4,326	-1.4	-0.9
Central (032)	406	4,555	-1.0	-2.5
Southwest (126)	391	4,507	-1.2	0.0
Arizona (131)	103	1,192	-1.6	-1.4
Pacific Northwest (124)	194	2,226	-1.3	0.1
California (---)	546	6,436	-3.6	-3.4

1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 5/ above for the products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis; see 2/ above.3/ Percentages are not available because 2009 data are being re-estimated.

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

## JANUARY MILK PRODUCTION

Milk production in the 23 major States during January totaled 15.2 billion pounds, up 2.7 percent from January 2010. December revised production at 15.0 billion pounds, was up 2.7 percent from December 2009. The December revision represented a decrease of 17 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,813 pounds for January, 29 pounds above January 2010.

The number of cows on farms in the 23 major States was 8.40 million head, 82,000 head more than January 2010, and 14,000 head more than December 2010.

## JANUARY 2011 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	2010	2011	2010	2011	2010	2011	% CHANGE FROM 2010
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	169	185	2,055	2,015	347	373	7.5
CA	1,760	1,749	1,915	1,940	3,370	3,393	0.7
CO	116	123	1,930	1,975	224	243	8.5
FL	112	115	1,615	1,715	181	197	8.8
ID	551	574	1,860	1,880	1,025	1,079	5.3
IL	101	98	1,615	1,660	163	163	---
IN	169	172	1,680	1,705	284	293	3.2
IA	214	210	1,735	1,775	371	373	0.5
KS	116	123	1,765	1,800	205	221	7.8
MI	354	362	1,920	1,945	680	704	3.5
MN	470	470	1,645	1,640	773	771	-0.3
MO	102	95	1,220	1,240	124	118	-4.8
NM	318	323	2,015	2,105	641	680	6.1
NY	610	610	1,700	1,775	1,037	1,083	4.4
OH	272	270	1,600	1,630	435	440	1.1
OR	115	120	1,690	1,680	194	202	4.1
PA	541	543	1,630	1,640	882	891	1.0
TX	410	425	1,805	1,875	740	797	7.7
UT	84	87	1,795	1,760	151	153	1.3
VT	134	135	1,580	1,605	212	217	2.4
VA	95	95	1,535	1,515	146	144	-1.4
WA	246	252	1,980	1,975	487	498	2.3
WI	1,260	1,265	1,720	1,740	2,167	2,201	1.6
23 STATE TOTAL	8,319	8,401	1,784	1,813	14,839	15,234	2.7

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

**SOURCE:** "Milk Production," (February 2011), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

## ANNUAL MILK COWS AND MILK PRODUCTION, 2009 AND 2010

STATE	MILK COWS <sup>1/</sup>		MILK PER COW <sup>2/</sup>		MILK PRODUCTION <sup>2/</sup>		
	2009	2010	2009	2010	2009	2010	CHANGE FROM 2009
	1,000 HEAD		POUNDS		MILLION POUNDS		PERCENT
AL	11	11	14,909	14,455	164	159	-3.0
AK	0.6	0.6	10,000	11,833	6	7.1	18.3
AZ	177	177	23,028	23,441	4,076	4,149	1.8
AR	13	12	12,692	12,833	165	154	-6.7
CA	1,796	1,754	22,000	23,025	39,512	40,385	2.2
CO	123	119	23,081	23,664	2,839	2,816	-0.8
CT	19	19	18,579	19,263	353	366	3.7
DE	6	5.3	17,000	16,981	102	90	-11.8
FL	115	114	18,070	18,658	2,078	2,127	2.4
GA	77	78	18,182	17,885	1,400	1,395	-0.4
HI	1.5	1.9	14,200	13,316	21.3	25.3	18.8
ID	550	564	22,091	22,658	12,150	12,779	5.2
IL	102	100	18,873	19,170	1,925	1,917	-0.4
IN	168	169	20,137	20,320	3,383	3,434	1.5
IA	215	209	20,367	20,751	4,379	4,337	-1.0
KS	118	119	21,085	21,000	2,488	2,499	0.4
KY	84	78	14,190	14,833	1,192	1,157	-2.9
LA	23	20	11,870	11,750	273	235	-13.9
ME	33	32	18,061	18,344	596	587	-1.5
MD	55	54	18,255	18,537	1,004	1,001	-0.3
MA	14	14	17,571	17,429	246	244	-0.8
MI	355	358	22,445	23,260	7,968	8,327	4.5
MN	469	470	19,230	19,366	9,019	9,102	0.9
MS	18	17	13,889	13,118	250	223	-10.8
MO	107	99	14,654	14,596	1,568	1,445	-7.8
MT	15	14	19,933	20,643	299	289	-3.3
NE	61	59	19,672	19,797	1,200	1,168	-2.7
NV	28	28	21,821	22,143	611	620	1.5
NH	15	15	19,533	19,867	293	298	1.7
NJ	9	8	17,889	17,500	161	140	-13.0
NM	325	321	24,320	24,551	7,904	7,881	-0.3
NY	619	611	20,071	20,807	12,424	12,713	2.3
NC	45	44	19,644	19,591	884	862	-2.5
ND	23	21	16,739	18,286	385	384	-0.3
OH	277	271	18,744	19,446	5,192	5,270	1.5
OK	59	56	16,983	17,125	1,002	959	-4.3
OR	114	118	19,719	20,331	2,248	2,399	6.7
PA	545	541	19,360	19,841	10,551	10,734	1.7
RI	1.1	1.1	17,818	17,727	19.6	19.5	-0.5
SC	17	16	19,000	17,875	323	286	-11.5
SD	94	92	20,128	20,478	1,892	1,884	-0.4
TN	56	52	16,232	16,346	909	850	-6.5
TX	423	413	20,898	21,375	8,840	8,828	-0.1
UT	84	85	21,036	21,400	1,767	1,819	2.9
VT	135	136	18,289	18,544	2,469	2,522	2.1
VA	96	95	18,083	18,095	1,736	1,719	-1.0
WA	240	251	23,171	23,510	5,561	5,901	6.1
WV	11	10	14,727	15,700	162	157	-3.1
WI	1,257	1,262	20,079	20,630	25,239	26,035	3.2
WY	5.5	6	19,036	20,067	104.7	120.4	15.0
U.S. <sup>3/</sup>	9,203	9,117	20,573	21,149	189,334	192,819	1.8

<sup>1/</sup> Average number during year, excluding heifers not yet fresh. <sup>2/</sup> Excludes milk sucked by calves. <sup>3/</sup> Will not add due to rounding.

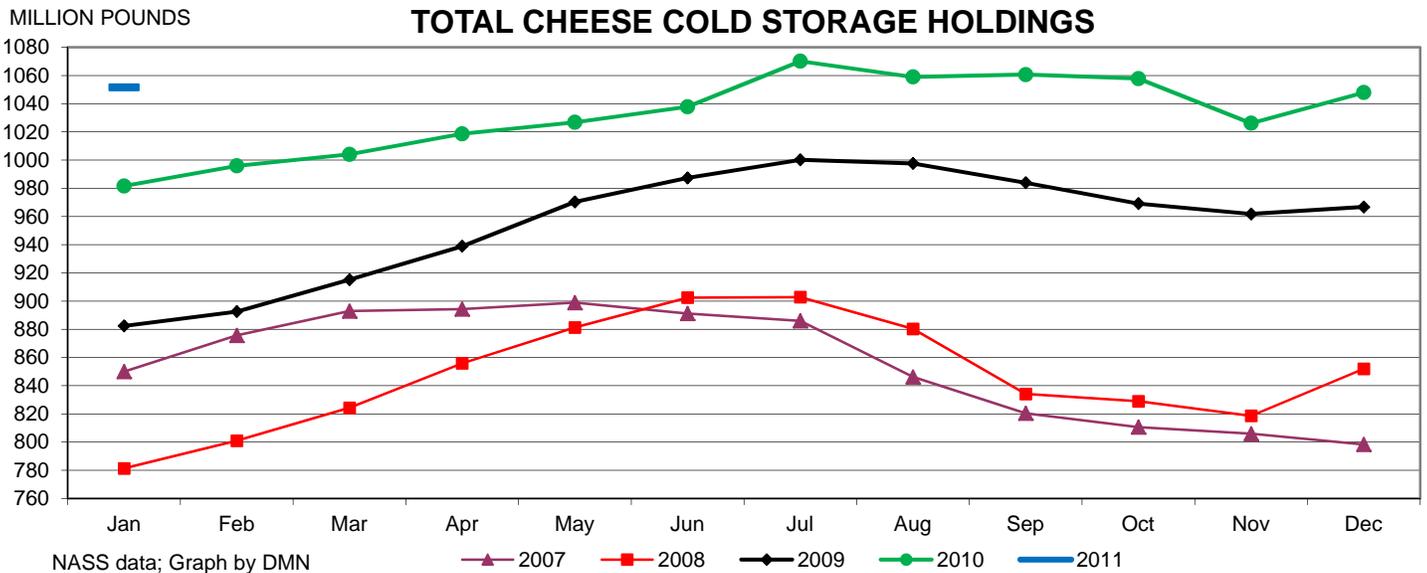
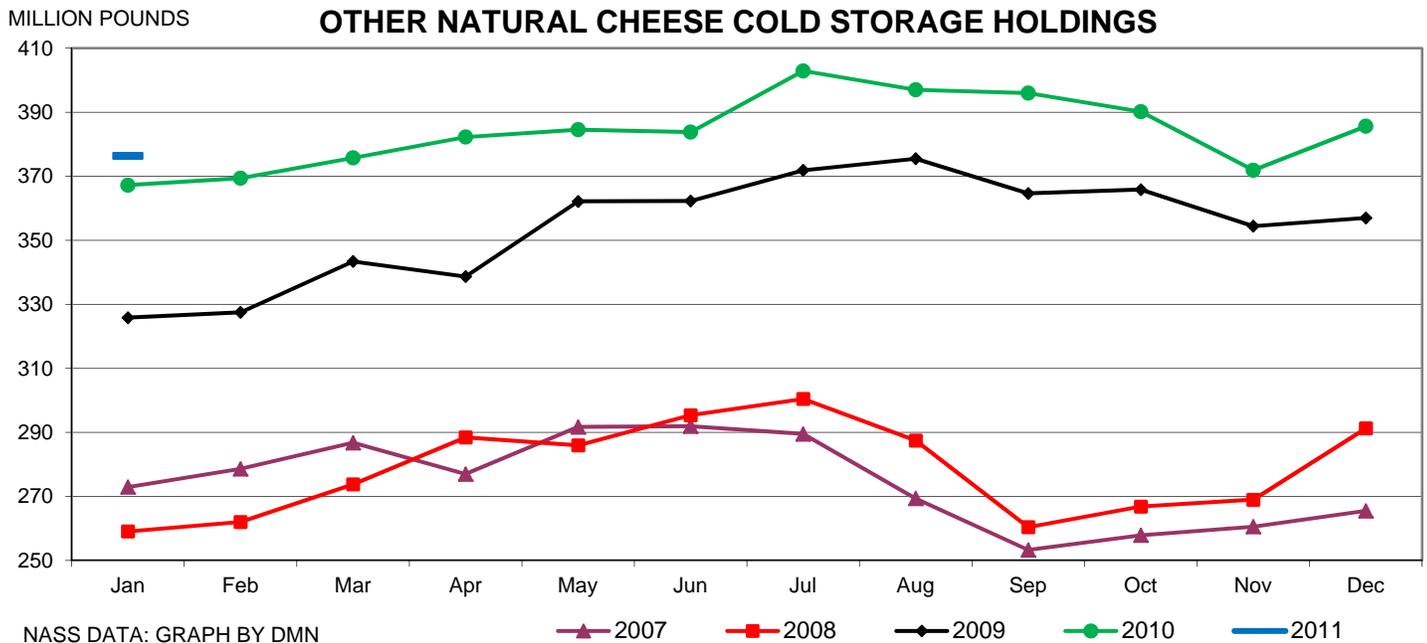
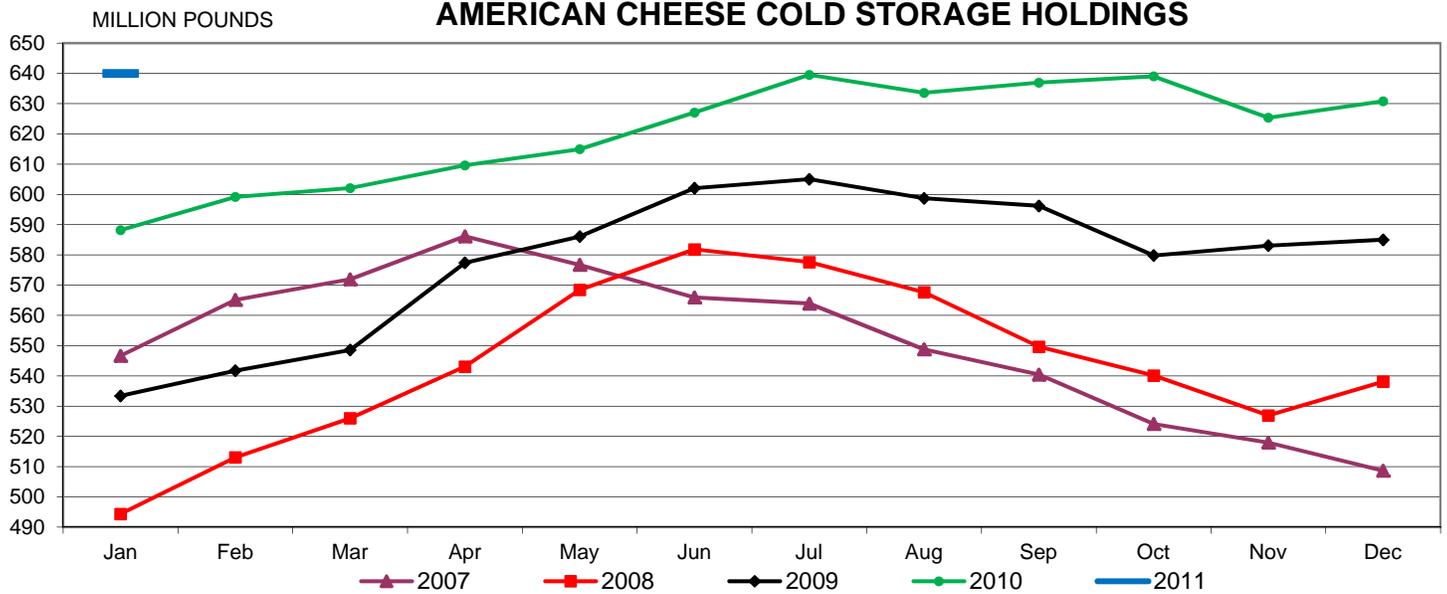
SOURCE: "Milk Production," (February 2011), Agricultural Statistics Board, National Agricultural Statistics Service, U.S. Department of Agriculture.

**ANNOUNCED COOPERATIVE CLASS I PRICES FOR SELECTED CITIES IN FEDERAL MILK ORDERS,  
MARCH 2011, WITH COMPARISONS 1/**

For March 2011, the all-city average announced cooperative Class I price was \$23.38 per cwt., \$2.51 higher than the Federal milk order (FMO) Class I price average for these cities. The March cooperative Class I price was \$2.34 higher than the February price. The March Federal order Class I price was also \$2.34 higher than the February price. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.51 in Phoenix, AZ, to \$4.05 in Miami, FL. For March 2010, the all-city average announced cooperative Class I price was \$19.49, also \$2.51 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.

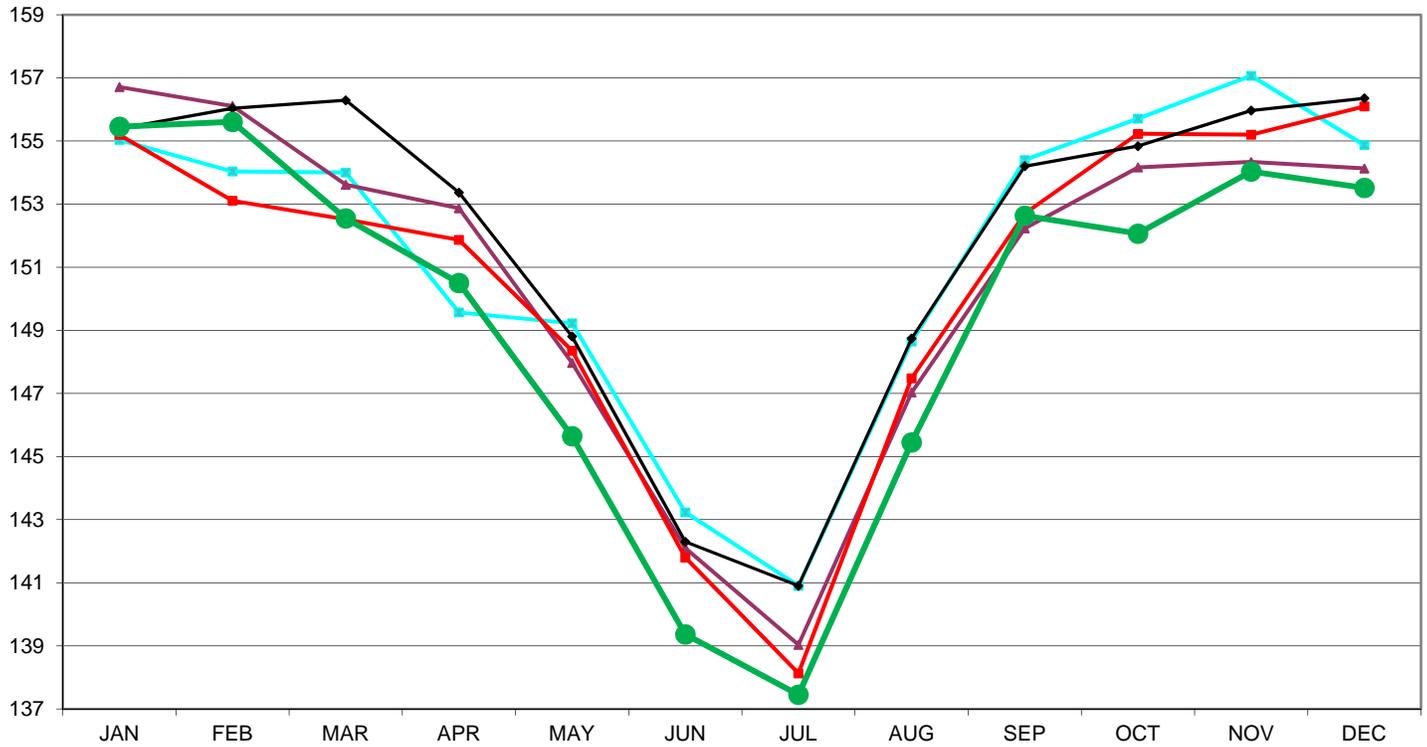
City	March 2011		
	Announced Cooperative Class I Price	Federal Milk Order Class I Price	Difference
	Dollars per hundredweight, 3.5% butterfat		
Atlanta, GA	25.17	22.03	3.14
Baltimore, MD	22.90	21.23	1.67
Boston, MA	22.98	21.48	1.50
Charlotte, NC	24.84	21.63	3.21
Chicago, IL	23.60	20.03	3.57
Cincinnati, OH	23.55	20.43	3.12
Cleveland, OH	23.35	20.23	3.12
Dallas, TX	23.22	21.23	1.99
Denver, CO	22.18	20.78	1.40
Des Moines, IA	22.75	20.03	2.72
Detroit, MI	23.12	20.03	3.09
Hartford, CT	22.88	21.38	1.50
Houston, TX	24.02	21.83	2.19
Indianapolis, IN	23.35	20.23	3.12
Kansas City, MO	22.44	20.23	2.21
Louisville, KY	23.54	20.53	3.01
Memphis, TN	24.14	21.13	3.01
Miami, FL	28.28	24.23	4.05
Milwaukee, WI	23.55	19.98	3.57
Minneapolis, MN	22.26	19.93	2.33
New Orleans, LA	25.04	22.03	3.01
Oklahoma City, OK	22.85	20.83	2.02
Omaha, NE	22.50	20.08	2.42
Philadelphia, PA	24.28	21.28	3.00
Phoenix, AZ	21.09	20.58	0.51
Pittsburgh, PA	23.73	20.33	3.40
St. Louis, MO	22.84	20.23	2.61
Seattle, WA	20.92	20.13	0.79
Springfield, MO	23.15	20.63	2.52
Washington, DC	22.90	21.23	1.67
Wichita, KS	22.29	20.43	1.86
Simple Average	23.38	20.87	2.51

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. In some instances, these over-order prices may not include all credits that may be allowed. These prices have not been verified as having been actually paid by handlers.



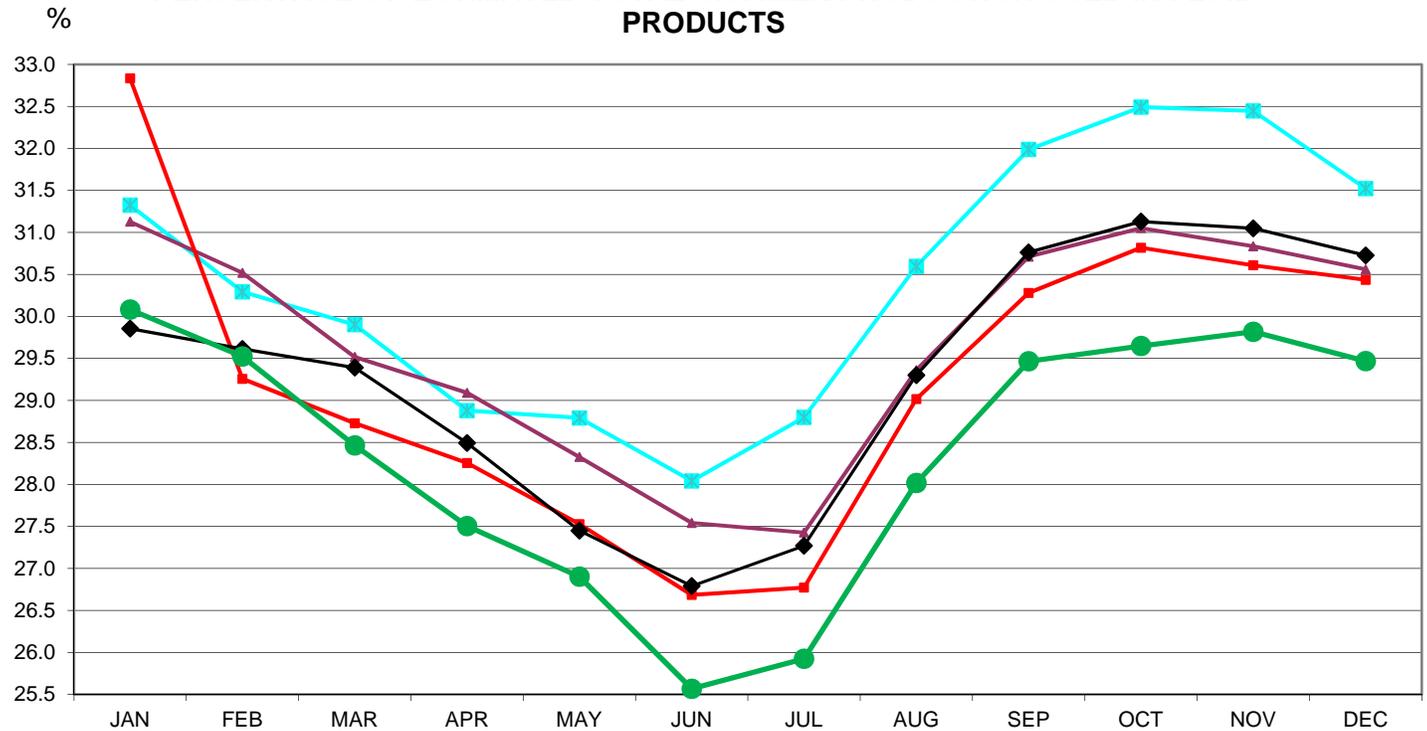
**ESTIMATED DAILY AVERAGE U.S. PACKAGED FLUID PRODUCT SALES**

MILLION POUNDS



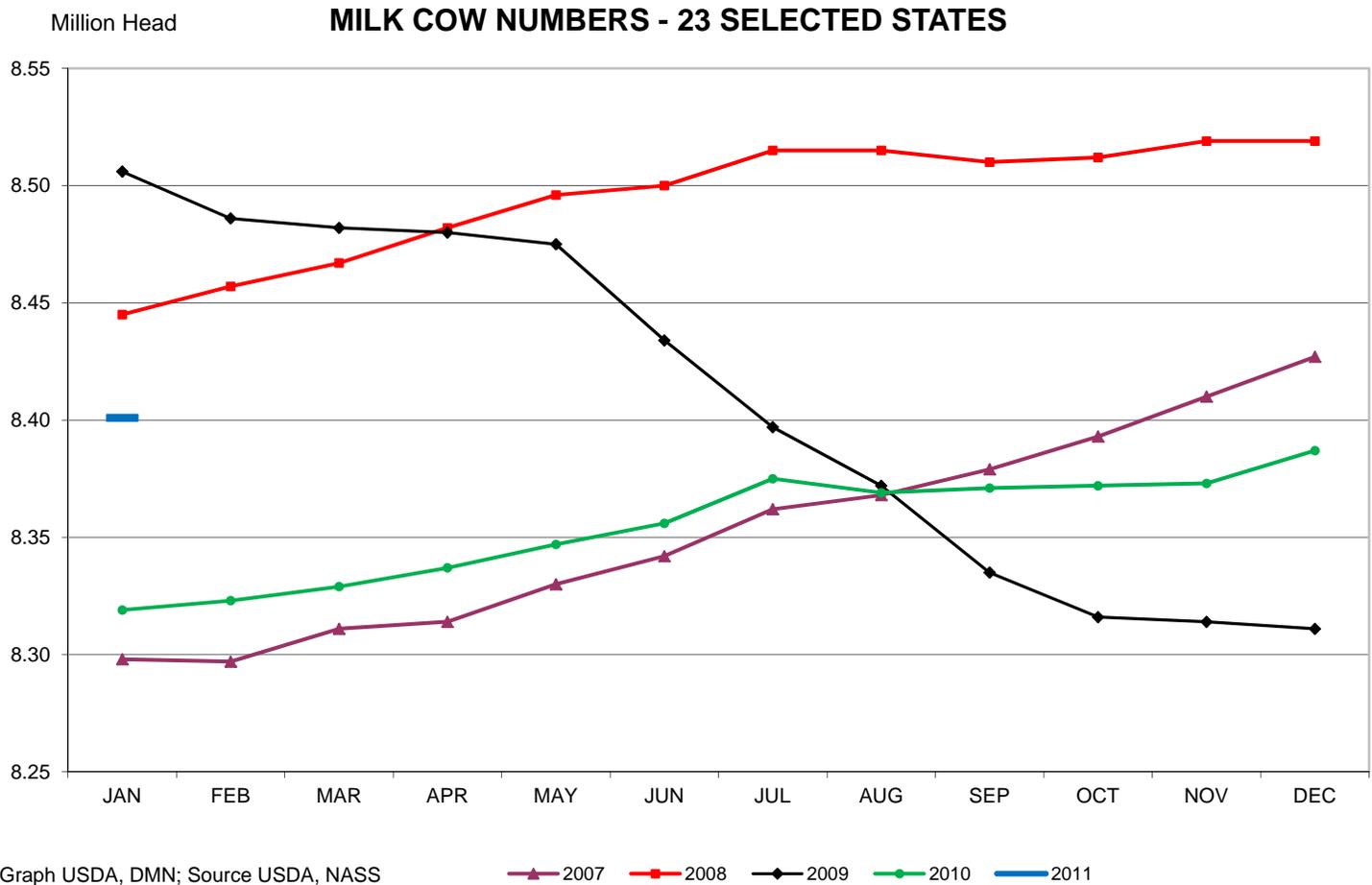
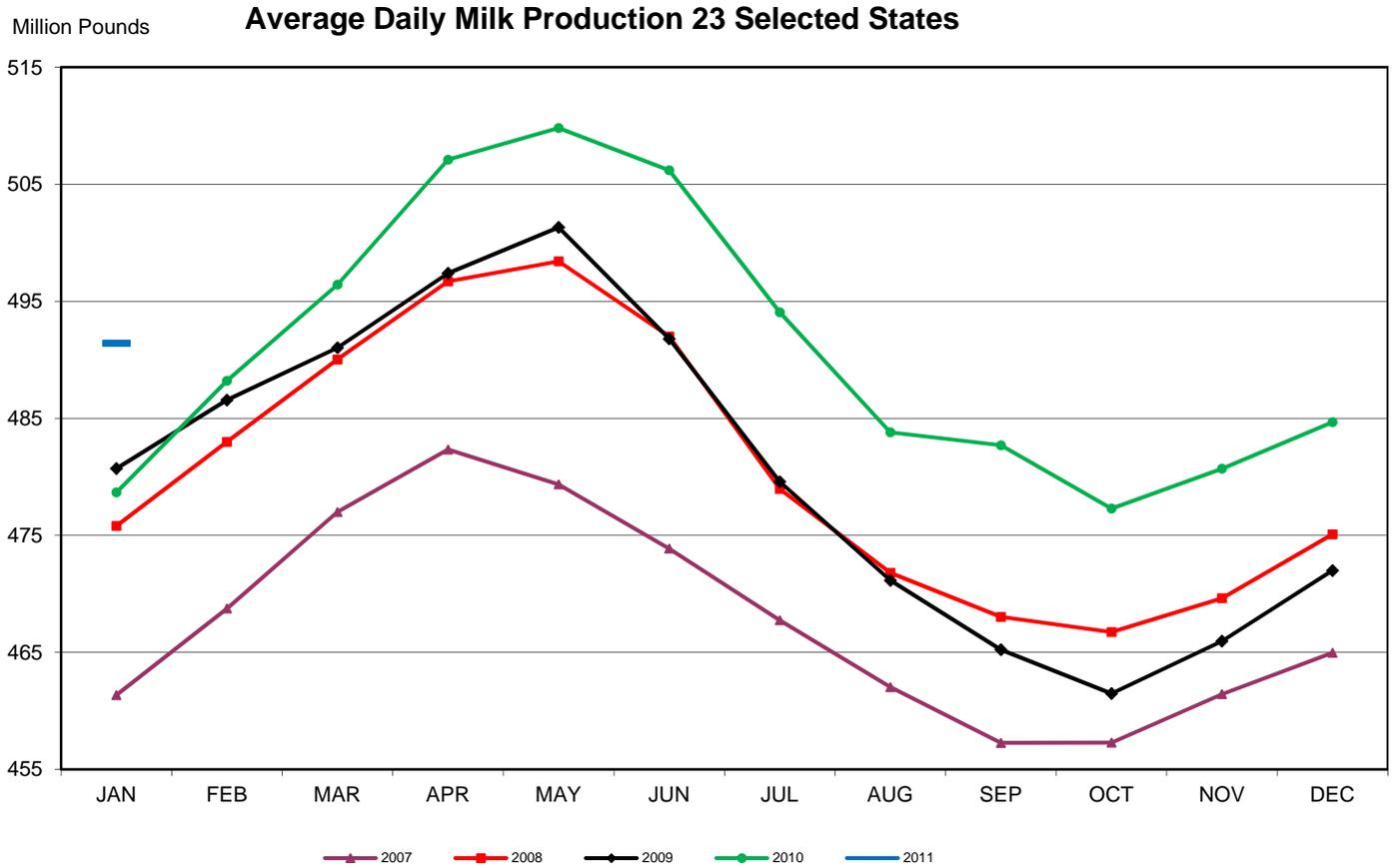
DATA: DAIRY PROGRAMS & CDFA, GRAPH BY DMN

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



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

2006 2007 2008 2009 2010



# DAIRY MARKET NEWS

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