

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (03/11):**

BUTTER: Grade AA closed at \$2.1200. The weekly average for Grade AA is \$2.1200 (+.0420).

CHEESE: Barrels closed at \$1.9650 and 40# blocks at \$2.0150. The weekly average for barrels is \$1.9740 (+.0085) and blocks, \$2.0145 (+.0115).

BUTTER HIGHLIGHTS: Early in the week, the CME cash butter price increased 1/4 cent to \$2.1200 and closed the week unchanged. Most butter producers and handlers continue to question their inventory management strategies. Many remain cautious with their cream acquisitions and production schedules while others are more comfortable and are forging ahead. Domestic butter producers continue to indicate that international buyer inquiries are still occurring. Some butter producers are generating butter for known international sales, while others are churning for current needs with inventory enhancement occurring, but often at a slower pace than many desire. Butter producers and handlers have never had to deal with this high of a cash butter price at this time of the year when inventory building typically occurs. Many feel that butter prices will probably maintain higher levels than usual for much of the year, but remain cautious with their strategies. Current domestic butter orders are holding up quite well. Retailers continue to report scattered retail feature activity which is clearing good volumes of butter. Food service orders are generally in line with previous years at this time. Upcoming Easter/Passover orders continue to develop, but for the most part, are completed and appear to be strong, stimulated by scheduled retail feature activity near the holiday period.

CHEESE HIGHLIGHTS: Cheese prices declined from recent peaks on the CME Group cash cheese market. Overall, cheese movement has slowed as higher prices move through the marketing system. Most packaging and processing plants are operating on lighter schedules. Inventories are accumulating at many plants. Cream cheese output is higher seasonally for holiday use. Cheese production is generally steady to higher seasonally. Plant intakes were affected by additional heavy snow in the Northeast where trucking had already been slowed. Cheese yields remain strong seasonally.

FLUID MILK: Milk production across the nation is increasing along the seasonal trend with production in Florida and the Pacific Northwest above year ago levels. Milk transports in New England

were delayed as another major storm hit the region this week. Overall, Class I demand is at seasonal levels with some declines noted in the West as some schools and colleges are beginning spring breaks. Cream demand is improving in the East, remaining strong in the Midwest and fair to good in the West. Condensed skim interest remains strong for manufacturing and fluid product use.

DRY PRODUCTS: Nonfat dry milk prices are mostly unchanged in the Central and Eastern regions on a market with mixed undertones, while Western prices at the top of the range moved lower. Resale prices have leveled off and in some regions weakened as some brokers/resellers were clearing part of their holdings. Dry buttermilk prices are steady to higher with a firm market undertone. Dry whey prices are steady to higher in a firm market, supported by tight supplies. Prices for whey protein concentrate 34% moved higher with fresh production filling contracts and/or clearing directly to end users. Lactose prices adjusted higher on a steady to firm market. Producers indicate buyers beyond their usual customer list are trying to secure product for the balance of the year.

ORGANIC DAIRY MARKET OVERVIEW (DMN): The national weighted average advertised price for half gallons of organic milk declined 73 cents to \$2.78. The price range shifted downward at the bottom by 49 cents to \$2.50, but remained unchanged at the top, \$3.99. The weighted average advertised price for gallons is \$4.80, with a \$2.00 range; \$5.99 at the top and \$3.99 at the bottom. This week's range high and low have each been reached in various other reporting periods, but never in the same week, making this the greatest price range for gallon organic milk prices since this reporting series began in the Fall of 2009. Organic milk ads continued the 2011 trend of dominating organic dairy newspaper advertising. Also continuing is the domination of newspaper organic milk ads by ads for organic milk in 8 ounce containers. This report's 3,701 organic milk newspaper ads are the highest number during 2011 and higher than twenty-three of the twenty-six reporting periods of 2010. Ads for organic milk in 8 ounce containers continue to set new records, breaking the previous record set only two weeks ago for the highest number since this reporting series began during the Fall of 2009. In

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CME GROUP CASH TRADING

COMMODITY	MONDAY MAR 07	TUESDAY MAR 08	WEDNESDAY MAR 09	THURSDAY MAR 10	FRIDAY MAR 11	WEEKLY CHANGE	AVERAGE
CHEESE							
BARRELS	\$1.9800 (N.C.)	\$1.9800 (N.C.)	\$1.9800 (N.C.)	\$1.9650 (-.0150)	\$1.9650 (N.C.)	:: (-.0150)	:: \$1.9740 (+.0085)
40# BLOCKS	\$2.0200 (N.C.)	\$2.0125 (-.0075)	\$2.0125 (N.C.)	\$2.0125 (N.C.)	\$2.0150 (+.0025)	:: (-.0050)	:: \$2.0145 (+.0115)
NONFAT DRY MILK							
EXTRA GRADE	\$1.8000 (N.C.)	\$1.8000 (N.C.)	\$1.8000 (N.C.)	\$1.8000 (N.C.)	\$1.8000 (N.C.)	:: (N.C.)	:: \$1.8000 (N.C.)
GRADE A	\$1.8150 (N.C.)	\$1.8150 (N.C.)	\$1.8150 (N.C.)	\$1.8100 (-.0050)	\$1.7900 (-.0200)	:: (-.0250)	:: \$1.8090 (-.0090)
BUTTER							
GRADE AA	\$2.1200 (+.0025)	\$2.1200 (N.C.)	\$2.1200 (N.C.)	\$2.1200 (N.C.)	\$2.1200 (N.C.)	:: (+.0025)	:: \$2.1200 (+.0420)

NATIONAL DAIRY MARKET NEWS AT A GLANCE

contrast, organic yogurt newspaper ad numbers were lower than two of four reports during 2011 as well as any 2010 report.

MARCH MILK SUPPLY AND DEMAND ESTIMATES

(WAOB): The milk production forecast for 2011 is reduced from last month. Relatively high milk prices and increased supplies of replacement heifers are expected to encourage further increases in the cow herd through much of the year, but the rate of increase in milk per cow is forecast slower than last month. Exports are forecast higher as global nonfat dry milk and cheese demand remains strong with tight supplies in competitor markets expected through the first half of 2011. Estimates of 2010 milk production are adjusted to reflect data revisions. Dairy product prices are forecast higher this month on strong early year prices. Strong international demand and improving domestic demand will support prices for most products. Currently, tight butter stocks are also helping support butter prices. Class III and Class IV price forecasts are raised to reflect higher product prices. The all milk price is forecast to average \$18.10 to \$18.70 per cwt. for 2011.

MAILBOX MILK PRICES (AMS & CDF): In December 2010, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$16.87 per cwt., down \$1.35 from the previous month average, and up \$0.50 from December 2009. The component tests of producer milk in December 2010 were: butterfat, 3.85%; protein, 3.16%; and other solids, 5.73%. On an individual reporting area basis, mailbox prices decreased from the previous month in all Federal milk order reporting areas. Mailbox prices in December 2010 ranged from \$20.01 in Florida to \$15.54 in New Mexico.

CME GROUP

MONDAY, MARCH 7, 2011

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS GRADE A @ \$1.8150
 BUTTER -- SALES: 8 CARS GRADE AA: 4 @ \$2.1175, 4 @ \$2.1200; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.1175; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.1300

TUESDAY, MARCH 8, 2011

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$2.0125; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.9800; 1 CAR 40# BLOCKS @ \$2.0125
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.8150
 BUTTER -- SALES: 4 CARS GRADE AA @ \$2.1200; LAST BID UNFILLED: 3 CARS GRADE AA @ \$2.1200; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.1300

WEDNESDAY, MARCH 9, 2011

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$2.0125; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 3 CARS BARRELS @ \$1.9800
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS GRADE A @ \$1.8150
 BUTTER -- SALES: 4 CARS GRADE AA @ \$2.1200; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.1300

THURSDAY, MARCH 10, 2011

CHEESE -- SALES: 4 CARS BARRELS: 2 @ \$1.9750, 1 @ \$1.9725, 1 @ \$1.9650; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.9600; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.9800
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.8100
 BUTTER -- SALES: 6 CARS GRADE AA @ \$2.1200; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

FRIDAY, MARCH 11, 2011

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$2.0150; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.9800
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.6500; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.7900
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.1200

BUTTER MARKETS

NORTHEAST

The CME Group butter price was unchanged Tuesday and closed at \$2.1200. Butter prices have increased \$.1150 since the President's Day holiday on February 21. Cream demand improved again this week as cream cheese makers increase their production schedules in preparation for the Passover holiday. Multiples moved higher and ranged from 122-132, mostly 125-130. The higher cream multiples prompted some manufacturing plants to sell cream rather than make butter. Other manufacturers made butter for current orders with some additions to inventories. Higher butter prices on the CME Group have sparked interest for existing butter inventories as Easter is less than 7 weeks out. Export butter interest continues to be good. Prices for bulk butter range from 5-8 cents over the market, based on the CME Group with various time frames and averages used. According to NASS, January 2011 monthly U.S. butter production totaled 167.0 million pounds, up 5.4% from December and 2.7% more when compared to January 2010. Atlantic region butter production in January 2011 totaled 17.9 million pounds, up 3.2% from December and 12.3% more than January, 2010. According to ERS, commercial disappearance of butter for 2010 totaled 1,629.0 million pounds, up 3.9% compared to 2009.

CENTRAL

The CME Group cash butter price firmed slightly to \$2.1200 early in the week and remains unchanged at midweek. Most butter producers and handlers continue to question their inventory management strategies. Many remain cautious with their cream acquisitions and production schedules while others are more comfortable and are forging ahead. Domestic butter producers continue to indicate that international buyer inquiries are still occurring. Some butter producers are generating butter for known international sales, while others are churning for current needs with inventory enhancement occurring, but at a slower pace than many desire. Butter producers and handlers have never had to deal with this high of a cash butter price at this time of the year when inventory building typically occurs. Many feel that butter prices will probably maintain higher levels than usual for much of the year, but remain cautious with their strategies.

Current domestic butter orders are holding up quite well. Retailers continue to report scattered retail feature activity which is clearing good volumes of butter. Food service orders are generally in line with previous years at this time. Upcoming Easter/Passover orders continue to develop, but for the most part, are completed and appear to be strong, stimulated by scheduled retail feature activity near the holiday period. Bulk butter prices range from 0 - 2 cents over various pricing bases and averages per pound.

WEST

The butter price has held steady at \$2.12 per pound for the three trading sessions so far this week with 16 cars of butter sold. The midweek price is 0.5 cents higher than a week ago. Butter production is seasonally active and generally trending slightly higher. Butter demand is fair to good for current offerings. Print demand is good with good pulls noted from retail and club store accounts. Placements are taking place ahead of Easter/Passover needs. There are more concerns about pricing levels of ad features around the holiday periods and to what impact higher butter prices will have on future butter sales. Consumer demand is mixed with the biggest impact noted on branded print butter. Food service demand is steady. Higher butter prices are just one of the increased ingredient costs (grains/meat/cheese/etc.) being realized by the food service community. Prices for bulk butter range from 1 cent over to 3 cents under the market, based on the CME with various time frames and averages used. According to the CME Group, weekly butter stocks in CME approved warehouses increased 1.4 million pounds to a warehouse adjusted 27.7 million pounds. A readjustment in the number of warehouses from 74 back to 81 was noted, the same number as 2 weeks ago. The 27.7 million pound of stocks compares to 59.9 million pounds in 2010 and 77.2 million pounds in the comparable week in 2009. According to the NASS Dairy Products report, January butter production for the U.S. totals 166.5 million pounds, up 2.7% or 4.5 million pounds from January of last year. Production was up 5.4% or 8.5 million pounds from December 2010. Output in the Western region totals 81.4 million pounds, up 0.6% or 500,000 pounds more than January 2010. The West produced 48.9% of the butter in the U.S. in January.

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

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
March 5	1.9432 10,993,683	1.9388 8,541,663	1.4730 20,169,358	2.0115 5,031,991	0.4599 10,890,101

CHEESE MARKETS

NORTHEAST

Trading on the CME Group Tuesday saw barrels close unchanged at \$1.9800, while blocks declined for the first time since January 19 (31 trading sessions) and closed down \$.0075 to \$2.0125. Recent price increases have resulted in higher wholesale prices for all varieties with the exception of Swiss Cuts, which declined 4 cents as a result of updated Class III prices released Friday. Cheese production was interrupted in some areas of the Northeast, especially New England, where a major winter storm dumped as much as 3 feet of snow. Cheese makers continue to purchase increased volumes of condensed skim in lieu of higher priced nonfat dry milk. Most cream cheese manufacturers are starting to work overtime to fill kosher orders for Passover. Demand remains good for mozzarella, provolone and aged cheddar cheese. According to the latest NASS report, the total of all cheese production for January in the Atlantic region was 109.7 million pounds, down 7.8% from December and 0.3% less compared to the same period last year. Atlantic region cheese production accounted for 12.4% of total U.S. production. Total U.S. cheese production in January 2011 was 883.4 million pounds, 2.7% less than December, but 5.0% more than January 2010. Focusing on Italian cheese, in January, New York produced 30.6 million pounds, 10.8% less than December and 1.0% less than January 2010. Pennsylvania produced 23.6 million pounds in January 2011, 3.6% more than December and 2.3% more than January 2010. According to ERS, Commercial Disappearance of American cheese for 2010 totaled 4,264.4 million pounds, up 1.7% compared to 2009. Disappearance of Other Cheese totaled 6,388.9 million pounds, up 4.1% from 2009.

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

Cheddar 40# Block	:	2.3200-2.5950
Process 5# Sliced	:	2.0725-2.3825
Muenster	:	2.3400-2.5450
Grade A Swiss Cuts 10 - 14#	:	3.0125-3.3350

MIDWEST

The block price declined on March 8 at the CME Group cash cheese market. This is the first decline in the block price since January 19, when it declined to \$1.50. Cheese offerings are starting to accumulate at the plant level. A few traders expressed the expectation that CME Group cheese offerings could rise soon as manufacturers move cheese from storage for cash. Most buyers are wary about building inventory at prices around \$2.00 per pound. A few branded product packagers have announced significant retail price increases that will likely slow sales when they become effective. Regardless, orders from buyers using monthly averages are sharply below February levels. Planned promotions on branded product, including process, still has some operations running on heavier schedules, but these are more the exception. Few buyers are interested in adding to aging programs at current prices. New export interest in cheese is quiet due to current prices. Seasonally high milk components continue to generate good cheese yields.

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

Process American 5# Loaf	:	2.1700-2.5175
Brick And/Or Muenster 5#	:	2.3100-2.5125
Cheddar 40# Block	:	2.1500-2.5650
Monterey Jack 10#	:	2.2400-2.5650
Blue 5#	:	2.8300-3.0300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.2300-2.6650
Grade A Swiss Cuts 6 - 9#	:	2.7000-3.3300

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

	BUTTER	:	CHEESE
03/07/11	6,812	:	128,010
03/01/11	6,412	:	128,070
CHANGE	400	:	-60
% CHANGE	6	:	N.C.

WEST

Pricing levels at the CME Group remain mostly firm with barrels closing at \$1.9800 and Blocks at \$2.0125 at midweek. At these levels, buyers are often a little more cautious about making purchases beyond nearby needs. New export deals have slowed at these pricing levels, especially outside of subsidized sales. Cheddar demand is steady domestically. Swiss interest is slightly lower along expected levels. Mozzarella demand is fair to good with steady volumes clearing. Cheese production in the West is mostly steady and reflecting the milk supply. Plants are running on expected schedules with no big issues reported. According to the NASS Dairy Products report, total cheese production in the U.S. in January reached 883.4 million pounds, up 5% or 41.8 million pounds from last year. January total cheese production in the Western region was 380.2 million pounds, up 8.2% or 28.8 million pounds from January 2010. The West produced 43% of all the cheese in the U.S. in January. Swiss output for the U.S. in January is 27 million pounds, down 0.6% or 165 thousand pounds from last year.

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

Process 5# Loaf	:	2.0925-2.3500
Cheddar 40# Block	:	2.1300-2.4825
Cheddar 10# Cuts	:	2.3100-2.5300
Monterey Jack 10#	:	2.3200-2.4800
Grade A Swiss Cuts 6 - 9#	:	2.5900-3.0200

FOREIGN

The CME Group block cheese price on Tuesday declined for the first time since January 19 (31 trading sessions) and closed down \$.0075 to \$2.0125. Recent price increases have resulted in higher wholesale prices for all domestic varieties with the exception of Swiss Cuts, which declined 4 cents as a result of Friday's updated Class III price. Some adjustments were made in various import varieties due to changes in the U.S. Dollar and Euro differential. According to the latest NASS report, domestic Parmesan production during January 2011 totaled 18.9 million pounds, 5.8% more than December, but 10.1% less than January 2010. Provolone production during January totaled 26.7 million pounds, 8.9% less than December and 1.2% less than January 2010. Romano production during January 2011 totaled 2.8 million pounds, 8.4% less than December and 0.1% less than January 2010. Swiss production during January 2011 totaled 27.0 million pounds, 8.0% less than December and 0.6% less than January 2010.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
	:	:
Blue	: 2.6400-4.6900	: 2.4600-3.9475*
Gorgonzola	: 3.6900-6.3900*	: 2.9625-3.2225*
Parmesan (Italy)	: -0-	: 3.5775-3.9925*
Provolone (Italy)	: 3.4400-6.2900*	: 2.5025-2.6600*
Romano (Cows Milk)	: -0-	: 3.6500-5.7925*
Sardo Romano (Argentina)	: 2.8500-3.6900	: -0-
Reggianito (Argentina)	: 3.2900-3.8300	: -0-
Jarlsberg-(Brand)	: 2.9500-4.8900*	: -0-
Swiss Cuts Switzerland	: -0-	: 3.1050-3.4275*
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 & SOUTHEASTERN STATES

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	170	0	220	0	90
SOUTHEAST STATES	0	0	0	0	0	0

Milk transports were delayed this week in the Northeast as another major storm hit the region. Snow falls in some areas of New England exceeded 3 feet causing some producers to dump milk. Class I demand increases, due to the storm, were unmet due to transportation difficulties. Milk production in the Mid-Atlantic region is gradually increasing and adding to the manufacturing milk supply. In the Southeast region, wet sloppy weather continues in Kentucky and Tennessee causing some flooding and some milk quality issues. Class I demand has increased in some areas. The rains and warmer weather are beginning to green up pastures in the Southeast, which is providing some relief from the high feed costs. According to the U.S. Drought Monitor, drought conditions cover 85% of Florida and are extreme along the Eastern coast. Supplemental hay feeding continues as pasture conditions have not improved with 39% rated as poor to very poor and 45% fair. Herd sizes and milk production continue to increase in Florida with some areas noting production 5-6% higher than this time last year. Some increases in Class I demand have decreased the number of export loads to 170 this week. Cream demand continues to improve as cream cheese makers are beginning to work overtime to fill their kosher orders for Passover. Multiples ranged 122-132, mostly from 125-130. Condensed skim continues to move well through contracts to Class II and III concerns with additional spot loads being sold to cheese makers in lieu of higher priced nonfat dry milk. According to NASS, ice cream production in the Atlantic region in January totaled 11.0 million gallons, 1.6% more than December, but 17.7% less than January 2010. Pennsylvania's ice cream production for January totaled 3.0 million gallons, up 7.1% from December and 39.1% more than one year ago. Yogurt production (plain and flavored) for January totaled 359.2 million pounds, up 5.1% from December and 5.9% higher compared to the same period last year.

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	-	2.5437-2.7522
F.O.B. producing plants: Upper Midwest	-	2.5144-2.5975

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	-	1.23 - 1.33

MIDWEST

Class I demand is at seasonal levels, between higher March Class I prices and spring break, milk is just not being heavily promoted as the beverage of choice. Cream interest remained strong as buyers try to beat the likely higher cream prices next week. Cream multiples were steady to higher. Ice cream and mix interest was a little stronger. Dip and sour cream production was nothing out of the ordinary this week. Interest from most churns was solid, between upcoming Lenten season orders for print and continuing export interest for butterfat. Condensed skim interest remains very

strong for manufacturing and fluid product use, impacting NDM drying schedules. Manufacturing milk interest is about steady as some operations continue to look for extra while seemingly, even more operators were trying to cut back a bit on manufacturing milk. Manufacturing plant schedules are steady to higher on patron milk receipts. Due to continued strong components, manufacturing yields remains at very good seasonal levels. Milk intakes are steady to slightly higher seasonally. Stronger milk prices, along with still high feed costs, have some producers adding cows and/or pushing cows a little harder for higher production.

WEST

CALIFORNIA milk production patterns are mostly steady to higher. Some areas are trailing slightly behind last year's level. Processing plants are running along planned schedules. There is a balanced demand for all dairy products and finished product prices have become more equally valued, leaving processors to make products for demand and not having any issues with varied classified prices. Windy conditions were prevalent over areas of NEW MEXICO with a limited impact noted on milk production. Few issues are reported at plants. The seasonal winds are often more of a nuisance than a factor for most dairies and plants. Milk production in ARIZONA is steady to slightly higher. Warmer weather is creating better milk producing conditions across the state. Class I needs are steady to slightly lower with some schools and colleges beginning spring breaks. CREAM prices are higher. Butter prices are moving higher and slight increases are noted in basing points and overages. Demand for cream is fair to good across the various classes of dairy products. The CME Grade AA butter price is 0.5 cents higher and closed at \$2.1200 on Wednesday, March 9. Cream multiples range 103-123 and vary based on class usage and basing point. Weather in the PACIFIC NORTHWEST followed typical early spring patterns with rain in the lower elevations and snow in the mountains. Milk production continued at above year ago levels. Manufacturers within the region were able to handle the available supplies within the region. Dairy farmers are increasingly optimistic as mailbox prices are increasing. Higher feed costs are tempering hoped for profits. UTAH and IDAHO experienced varied weather conditions over the week. Snow, rain, and winds were mixed with some early hints of warmer weather. Milk supplies in the area are being utilized by manufacturers along expected patterns. Hay supplies in the region are tight in many cases and prices for premium dairy hay are on the rise. Feed ration prices are being balanced against higher milk prices to maintain profitability. Replacement heifer prices within the region are mostly steady for the month. Top replacement heifers ranged \$1560 - \$1675 with average heifers from \$1265 - \$1530.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices for Central nonfat dry milk are mostly unchanged on a market with mixed undertones. Contract loads from producers are shipping variably, from timely to with limited delays, and spot market offerings vary from manufacturer to manufacturer. Various buyers report that the tone of the resale market has shifted somewhat from last week, which seemed representative of a seller's market. Now, some resellers are reaching beyond their usual stable of buyers with NDM offers. Buyers are interpreting those reselling efforts as a signal that brokers/resellers want to clear current inventories prior to any marked shift in market conditions. Some buyers describe the NDM market as having reached a price saturation point, and anticipate NDM prices will weaken in the near term. However, that anticipation of lower prices in the next few weeks is countered by market participants noting that domestic NDM prices are currently below the world price. That, coupled with a comparatively weak dollar, could enhance export interest for NDM, and support current NDM prices. The February 2011 Dairy Market News monthly average for the Central/East nonfat dry milk, low/medium heat, mostly price series is \$1.5703/lb. compared to \$1.3489/lb. in January 2011 and \$1.2050/lb. in February 2010. The February 2011 Dairy Market News monthly average for the Central/East nonfat dry milk, high heat price series is \$1.6221/lb. compared to \$1.4298/lb. in January 2011 and \$1.2938/lb. in February 2010.

EAST: Prices for nonfat dry milk held steady this week in the East. Continued condensed skim sales to Class II and III concerns are limiting milk volumes going to the dryers. Current supplies are tight and moving through contracts with little available for the spot market as some manufacturers attempt to catch up on their contract commitments. Resale transactions account for most of the trading activity. Low heat nonfat dry milk resale prices appear to have leveled off in the \$1.75-\$1.80 range. Both low and high heat varieties of nonfat dry milk are being produced on limited schedules. Demand for nonfat dry milk remains 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: 1.4600 - 1.8500 MOSTLY: 1.4800 - 1.7800
 HIGH HEAT: 1.5100 - 1.9000

NONFAT DRY MILK - WEST

The Western low/medium heat nonfat dry milk market tone remained unsettled again this week. Pricing levels at the top ends of both the range and mostly series are lower. The changes reflect a softening of the highest pricing levels being tested. Buyers are becoming more reluctant to pay the top prices. Some were able to find alternatives in the resale market where some sellers were clearing part of their holdings. Other buyers were not finding any demand at those levels and were not in the market. In addition, declines in some international market prices were being noted. Weekly, domestic pricing indices continue to increase as higher valued sales are included in those calculations. Despite the CME Group NDM markets closing at midweek at \$1.8000 for Extra Grade and \$1.8150 for Grade A, there have been no sales that would reflect in the DMN pricing series. Pricing levels for Western high heat moved higher. The market tone is steady to firm. The pricing spreads for the NDM series are wide, but the market price for high heat is beginning to gain back its premium structure over low heat. High heat spot offerings are light. Demand is light to fair and pulling expected volumes.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.3900 - 1.7200 MOSTLY: 1.4800 - 1.6800
 HIGH HEAT: 1.4500 - 1.7600

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: The dry buttermilk market in the Central region is steady. Milk intakes are steady to higher, seasonally, and various plants report churning schedules are increasing to keep pace with cream availability. Cream interest is reportedly lagging from some frozen dessert accounts. These accounts may be waiting for price breaks on the cream markets indexed to the cash butter markets. Dry buttermilk production is steady to higher at many locations, but Central inventories are described as closely aligned with near term contract needs. Thus, offers to the spot market are light to intermittent. The February 2011 Dairy Market News monthly average for the Central/East dry buttermilk price series is \$1.4150/lb. compared to \$1.2690/lb. in January 2011 and \$1.1508/lb. in February 2010.

EAST: Dry buttermilk prices in the East held steady in a firm market this week. Dry buttermilk production has declined as churning schedules have been reduced and sales of condensed buttermilk to ice cream concerns have increased. Support in the buttermilk market is derived from the tight supplies of buttermilk and also from the continued strength in the nonfat dry milk market. A majority of current production supplies are moving through contracts with very little available for the spot market.

F.O.B. CENTRAL/EAST: 1.4100 - 1.6500

DRY BUTTERMILK - WEST

Pricing levels for dry buttermilk in the West are higher and the market tone is firm. Producer offerings increased this week. Demand is fair to good and mainly able to be filled from the producer level. The resale trade is limited currently. Part of this is attributed to less intense NDM pricing from direct and other sources. Production levels are active and increasing slightly where more butter is being produced. Dry buttermilk stocks are mainly at light to occasionally moderate levels.

F.O.B. WEST: 1.4000 - 1.5600 MOSTLY: 1.4400 - 1.5000

DRY WHOLE MILK - NATIONAL

Dry whole milk prices are higher on a firm market. Interest is active for F.O.B. spot load offerings, and a few plants are building inventories for near term spot interest. The February 2011 Dairy Market News monthly average for the dry whole milk - national price series is \$1.8413/lb. compared to \$1.6943/lb. in January 2011 and \$1.4295/lb. in February 2010.

F.O.B. PRODUCING PLANT: 1.8100 - 2.0600

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
March 4	\$1.4150	13,557,078	0
February 25	\$1.3605	13,854,271	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

The Central dry whey mostly price series is unchanged. Resales of dry whey loads are slightly more frequent this week, according to buyers in several market sectors, with prices reported as steady to slightly lower, ranging from \$0.58 - \$.65. Whether the dry whey market has reached the top of this price cycle is a topic of conversation. Some producers are reportedly reducing contract load shipments for the next three months due to oversold inventory conditions. Various market participants speculate that the unfilled contract demand generated by those shortfalls in deliveries could migrate to the spot market and lend support to the Central dry whey market. Other dry whey buyers and sellers, though, tie expectations of weaker dry whey prices to the dry whey futures market, in which prices are trending lower for the second half of the year. ANIMAL FEED DRY WHEY prices are steady. Spot loads are intermittently available from some edible dry whey producers. Animal feed whey drying facilities that typically provide an outlet for condensed whey solids are at a disadvantage competing for spot loads of liquid or condensed whey due to the strong edible dry whey market and dearth of condensed whey spot loads. A few animal feed dry whey end users indicate they are extending their search for animal feed dry whey outside the Central region for the second quarter. The February 2011 Dairy Market News monthly average for the Central dry whey mostly price series is \$0.3905/lb. compared to \$0.3765/lb. in January 2011 and \$0.3782/lb. in February 2010. The February 2011 Dairy Market News monthly average for the Animal Feed – Central Milk Replacer price series is \$0.3246/lb. compared to \$0.3238/lb. in January 2011 and \$0.2950/lb. in February 2010.

F.O.B. CENTRAL: .3600 - .5800 MOSTLY: .3725 - .4225
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2750 - .3800

DRY WHEY - NORTHEAST

Dry whey prices moved higher this week in the Northeast on contract pricing. Supplies continue to be very tight and difficult to source. Current production was interrupted this week as a winter storm moved through the Northeast causing transportation delays. A majority of supplies are moving through contracts with some manufacturers behind on their contract commitments. Dry whey users looking for additional supplies are having limited success via resales with the top prices reportedly between 62 and 68 cents. Domestic and export demand remain good supporting the market's firm undertone. The February 2011 Dairy Market News average of the price series for Northeast dry whey was \$0.4146 compared to \$0.4017 one month ago and \$0.3807 in February 2010.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .4125 - .4375

DRY WHEY - WEST

Western dry whey prices are mostly steady on the range to slightly higher in the mostly series. The overall market tone is firm with available product in very tight hands. Manufacturers are moving product to fill contracted needs with limited activity in the spot market. Supplies are mostly committed. Scheduled maintenance at one manufacturer is expected to further tighten near term supplies. Some resellers with available supplies are selling whey reportedly in the \$.60's. Increased production of higher protein whey products is limiting traditional sweet whey supplies.

NONHYGROSCOPIC: .4050 - .5775 MOSTLY: .4500 - .5200

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices in both whey protein concentrate 34% price series moved higher this week. The WPC 34% mostly price series is now bimodal in nature, with the bottom of the mostly representative of contract pricing and the top of the mostly representative of spot market activity. Spot market sales information gathered this week indicates some producers are actively testing the spot market for the next level of price resistance. WPC 34% production is unchanged at most locations. Fresh production of WPC 34% is either destined for contract fulfillment or is clearing readily direct-to-end user or through reseller channels to active spot market interest. One or two end users who lost inventories due to recent weather related problems are reportedly re-entering the WPC 34% market, via the spot market. The February 2011 Dairy Market News monthly average for the Central and West whey protein concentrate 34% mostly price series is \$1.0597/lb. compared to \$1.0233/lb. in January 2011 and \$0.9307/lb. in February 2010.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.0500 - 1.5700 MOSTLY: 1.0700 - 1.3000

LACTOSE - CENTRAL AND WEST

The top of the lactose mostly price series is adjusted higher on a steady to firm market. Q2 negotiations continue, with active interest from edible and animal feed sectors. Producers indicate buyers beyond their usual customer list are trying to secure lactose for the balance of the year. With lactose annual volume agreements in place between many producers and buyers, and some producers currently allocating lactose among their existing customers due to light holdings, only a few producers indicate they are selectively adding customers. New customers preferring long term business relationships may experience a favored status among the pool of potential customers. A few cheese/lactose plants indicate steady to higher interest in private label cheese has increased orders into their plants, which has allowed marginally higher lactose production and sporadic opportunities for spot market participation. The February 2011 Dairy Market News monthly average for the Central and West edible, non-pharmaceutical lactose mostly price series is \$0.3603/lb. compared to \$0.3521/lb. in January 2011 and \$0.3500/lb. in February 2010.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .3100 - .5200 MOSTLY: .3300 - .4150

CASEIN – NATIONAL

Casein markets and prices remain very firm. Many domestic buyers are stating that higher prices are being quoted for second and third quarter. Supply availability continues to be a significant concern of domestic buyers. Some industrial casein buyers have lost their supply source and are reaching into edible supplies to fulfill their industrial needs, further tightening edible availability. An announcement from New Zealand this week indicated that at the May 17 Global Dairy Trading (g/DT) event, milk protein concentrate and rennet casein will be added to the trading platform. Domestic buyers will be monitoring this opportunity with much interest.

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 - 4.9000
ACID: 4.2800 - 4.8500

CCC PURCHASES OF DAIRY PRODUCTS (POUNDS)

	FOR THE WEEK OF MARCH 7 - 11, 2011			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/10	SAME PERIOD LAST YEAR	WEEK ENDING 03/04/11	SAME PERIOD LAST YEAR
BUTTER							
Bulk	-0-	-0-	-0-	-0-	-0-	-0-	-0-
TOTAL	-0-	-0-	-0-	-0-	-0-	-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-	-0-	132,276	-0-	-0-
TOTAL	-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 02/19/11 & 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	9.1	4.0	21.6	6.6	N.A.	N.A.	17.4	3.7	64.8	494.3	51.3	49.0
2010-Dairy	N.A.	0.5	6.2	3.0	18.2	5.1	0.3	N.A.	18.5	3.9	57.3	437.6	48.6	44.8
2011-All cows	0.1	0.7	11.4	15.0	33.6	21.6	N.A.	N.A.	20.7	5.9	126.2	1,008.1		
2010-All cows	N.A.	0.6	7.8	13.2	33.6	16.4	14.4	N.A.	20.8	7.2	117.9	975.8		

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)

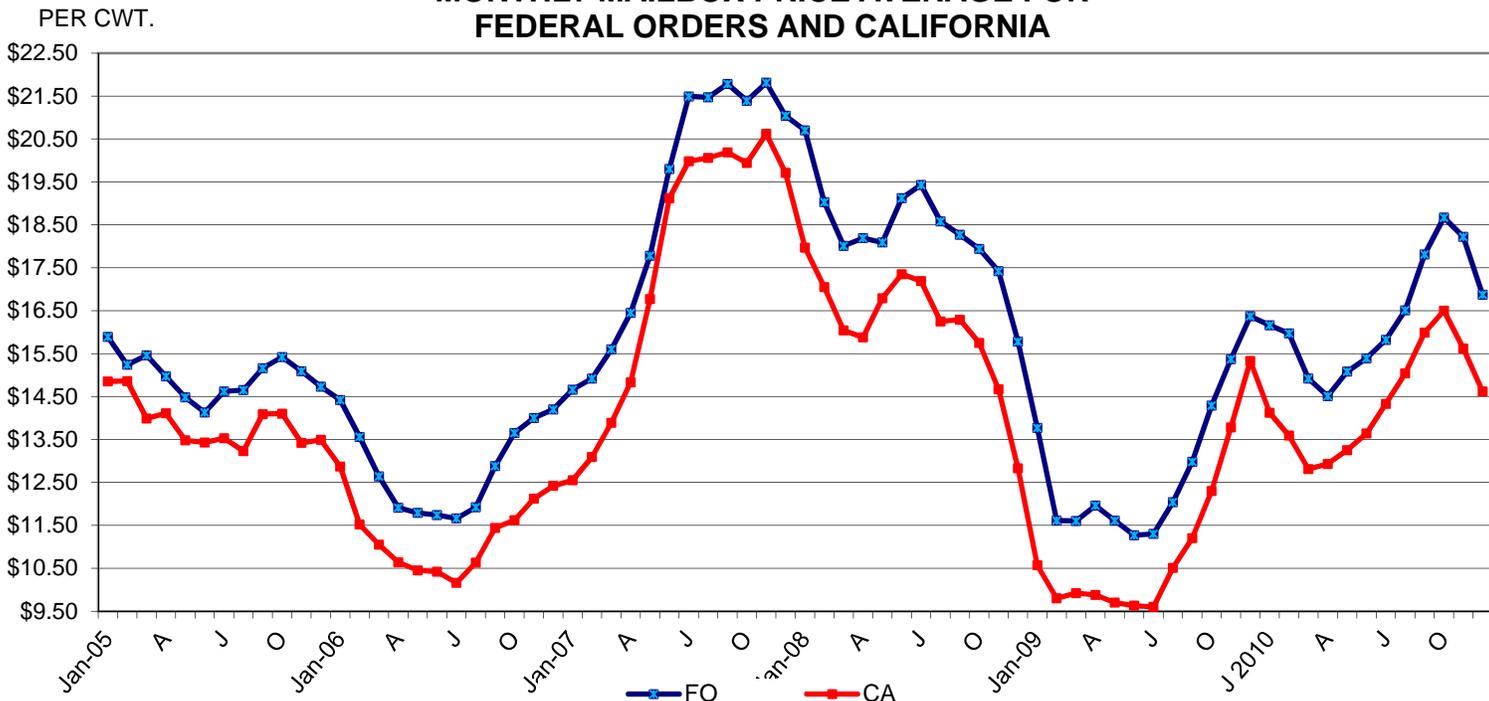
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2007	13.56	14.18	15.09	16.09	17.60	20.17	21.38	19.83	20.07	18.70	19.22	20.60
2008	19.32	17.03	18.00	16.76	18.18	20.25	18.24	17.32	16.28	17.06	15.51	15.28
2009	10.78	9.31	10.44	10.78	9.84	9.97	9.97	11.20	12.11	12.82	14.08	14.98
2010	14.50	14.28	12.78	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	17.97										
III	13.48	17.00										
IV	16.42	18.40										

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

MONTHLY MAILBOX PRICE AVERAGE FOR FEDERAL ORDERS AND CALIFORNIA



ORGANIC DAIRY MARKET NEWS

Information gathered February 28 - March 11, 2011

ORGANIC DAIRY FLUID OVERVIEW

The trend of increasing organic fluid milk products sales is leading to some processor switching by producers. Many processors, particularly national brand processors, are actively recruiting new producers. The growing consumer interest in local or regionally produced and branded milk is also a significant factor in some urban markets. For example, some brands processing and marketing New York produced organic milk marketed as such, have achieved retail sales well beyond expectations in some major Eastern urban markets. In New York City, increased sales of New York organic milk in recent months have been about 300% higher than expected and sales continue to increase. The resonance with urban consumers in large cities of marketing organic milk with the local or state connection has generated interest which surprises even some processors, who report receiving numerous regular e-mail inquiries and calls seeking more information about where the organic farms are located as well as more details about organic farming. There have been a number of group trips organized resulting in New York City consumers traveling three hours into New York State to visit organic farms, leading to social media campaigns encouraging other consumers to support local organic farms. All of this is believed to be a factor contributing to sales growth exceeding expectations by so much. Now, New York based brands are also expanding new lines of organic yogurt especially targeted at big city Eastern markets. The expected increased demand for organic milk for yogurt manufacturing is causing processors to seek new organic producers.

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON:

A shorthand summary for this report is nearly record high organic dairy ad numbers as well as organic milk ad numbers, contrasted with nearly record low numbers of organic yogurt ads.

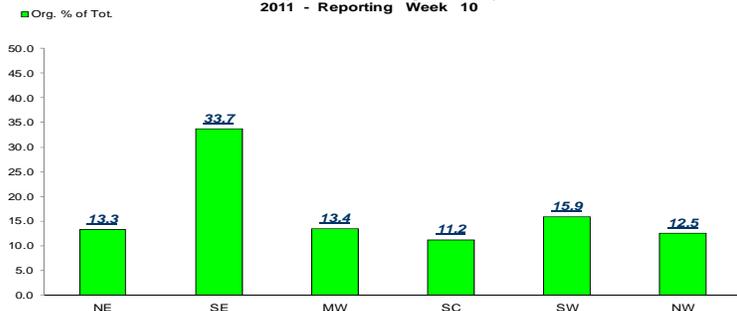
The volume of organic dairy newspaper advertising increased significantly this reporting period, as did the number of ad placements for organic milk. In contrast, organic yogurt ad placement numbers were lower than two of four reports during 2011 as well as any 2010 report.

This report, 4,212 of 9,210 surveyed newspaper weekly supermarket ads had organic dairy content, among the highest number for any two week period beginning in 2010 to now. The four prior 2011 reports each varied between finding 2,622 and 2,252 ads. As for 2010, this report's total organic ad count contained more organic dairy ads than any two week period during 2010 except three, which contained only slightly more organic dairy ads.

Information presented is compiled from newspaper supermarket ads for the period February 26, 2011 to March 10, 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 Southeast firmly dominates all other regions in organic dairy advertising this report, having over twice the percentage of total national ads, 33.7%, as the next highest region, the Southwest, with 15.9%. Remaining regions and percentages of ads include: Midwest, 13.4%; Northeast, 13.3%; Northwest, 12.5%; and South Central, 11.2%.

Regional Organic Dairy Ads As A Percentage of Total Surveyed National Organic Dairy Ads 2011 - Reporting Week 10



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 3,701 organic milk ad placements are the highest number during 2011 and higher than twenty-three of the twenty-six reporting periods of 2010.

Ads for organic milk in 8 ounce containers continue to set new records for higher numbers. Of this report's organic milk ad placements, the clear lead for the fourth consecutive report goes to ads for 8 ounce containers, with 2,044, breaking the previous record set only two weeks ago for the highest number of ad placements since this reporting series began during the Fall of 2009.

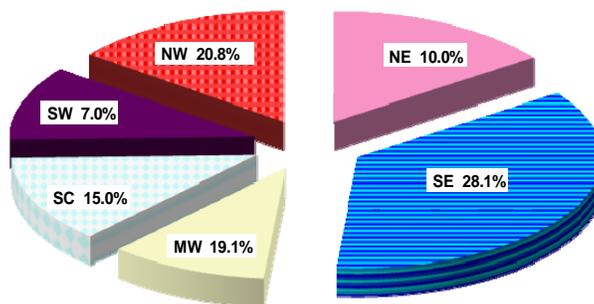
Half gallon ad placements rebounded to the highest level during 2011, 1,374, nearly six times more than two weeks ago.

Gallon organic milk ad placements returned this report, with 283, the second highest number during 2011. There were no ad placements for gallons of organic milk two weeks ago.

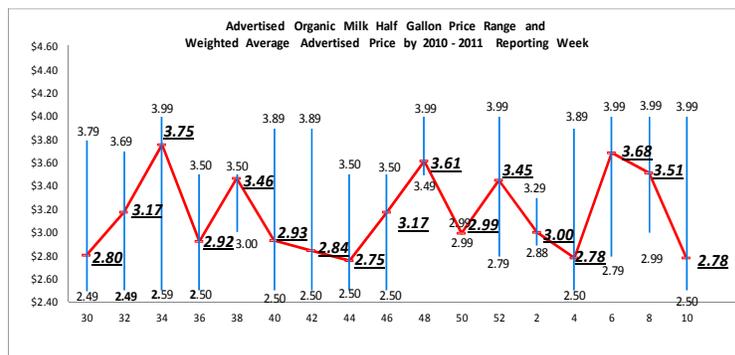
Yogurt ad placements this week numbered 445, down from 658 two weeks ago, up from 416 four weeks ago but down from 713 six weeks ago.

Milk. Organic milk ads appeared in every region. Regional percentages of total organic milk newspaper advertising include: Southeast, 28.1%; Northwest, 20.8%; Midwest, 19.1%; South Central, 15.0%; Northeast, 10.0%; and Southwest, 7.0%.

ORGANIC MILK FEATURES
Regional % of Nationally Surveyed Supermarket Ads
Report - Week 10, 2011



Half Gallons. The national weighted average advertised price for half gallons of organic milk declined 73 cents to \$2.78. The price range shifted downward at the bottom by 49 cents to \$2.50, but remained unchanged at the top, \$3.99. Lower bottom range prices, in greater numbers than last report, generated the lower average.



The following table shows the percentage of national half gallon organic milk ads by region and the regional weighted average advertised price. The fact of the Southwest having nearly one-third of half gallon organic milk ad placements is more noteworthy because there were no half-gallon ads in the region two weeks ago.

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

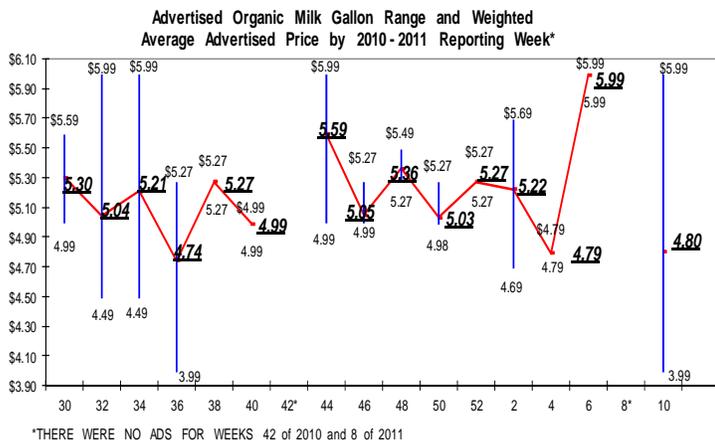
REGION	%	WTD. AV. ADV. PRICE \$
NE	25.5	3.47
SE	03.3	2.50
MW	02.0	3.69
SC	17.2	2.50
SW	29.2	2.50
NW	22.8	2.52
US		2.78

ORGANIC DAIRY MARKET NEWS

Information gathered February 28 - March 11, 2011

CONTINUED FROM PAGE 8

Gallons. There were 283 ad placements for organic gallons in contrast with none two weeks ago. This report's national weighted average advertised price is \$4.80, with a \$2.00 range; \$5.99 at the top and \$3.99 at the bottom. This week's range high and low have each been reached in various other reporting periods, but never in the same week, making this is the greatest price range for gallon organic milk prices since this reporting series began in the Fall of 2009. Parenthetically, the current half gallon price range has been exceeded a number of times previously, so there is no parallel between the historic magnitude of the gallon and half gallon range.



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

GALLON ORGANIC MILK ADS

REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE \$
NE	40.6	5.99
SE	----	----
MW	----	----
SC	07.4	3.99
SW	----	----
NW	51.9	2.52
US		2.78

8 Ounce Milk. The national weighted average advertised price for 8 ounce organic milk is \$0.996, just below \$1.00 two weeks ago.

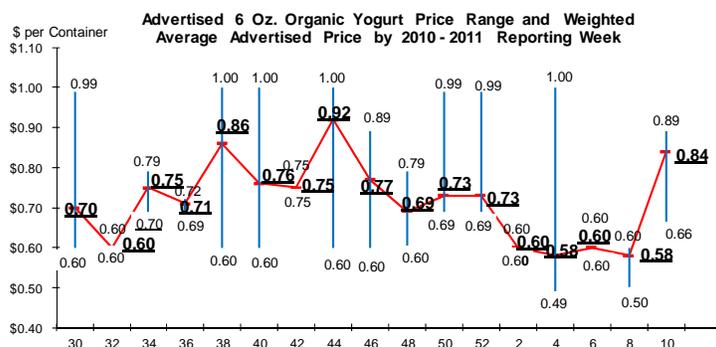
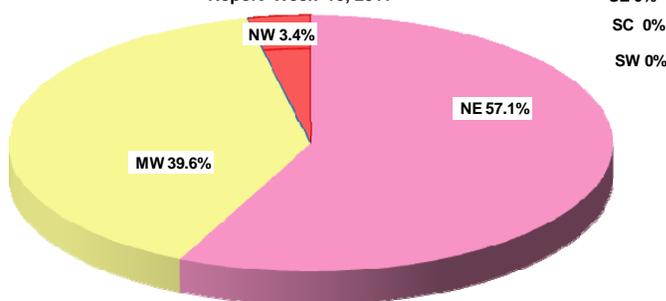
8 OUNCE ORGANIC MILK ADS

REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE \$
NE	04.7	1.00
SE	63.4	0.99
MW	17.7	1.00
SC	10.4	1.00
SW	----	----
NW	03.9	1.00
US		0.996

Yogurt. Three of six regions had organic yogurt ads, although the Northwest was in a distant third compared with the other regions. This report, the Northeast had 57.1% of organic yogurt ads; the Midwest, 39.6%; and the Northwest, 3.4%.

ORGANIC YOGURT FEATURES
Regional % of Surveyed National Newspaper Ads
Report Week 10, 2011



The only ad placements for organic yogurt in six ounce containers were in the Northeast, with a weighted average advertised price for yogurt in six ounce containers of 84 cents, 26 cents higher than two weeks ago. This is the highest average since last November.

6 OUNCE ORGANIC YOGURT ADS

REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE \$
NE	100.0	0.84
SE	----	----
MW	----	----
SC	----	----
SW	----	----
NW	----	----
US		0.84

This reporting period, there were also 176 ad placements for 5.3 ounce containers of Greek Yogurt priced \$1.25, all in the Midwest. There were also 15 ads for yogurt in 32 ounce containers, all priced at \$2.99, all in the Northwest. The last time this survey found organic yogurt newspaper ads in the Northwest was the first week of October, 2010.

Butter. Organic 1 lb. butter newspaper retail ad placements totaled 79, all in the same 79 Southeastern stores as two, four six, and eight weeks ago. The advertised price this report, \$4.99, unchanged from two weeks ago.

Half and Half. Organic half and half in 32 ounce containers was advertised by 15 stores in the Northwest at an advertised price of \$3.29. The last time organic half and half ads appeared was the last week of 2010 and the advertised price then for a 32 ounce container was \$3.79, 50 cents higher than the advertised price this report.

No ads appeared for organic dairy products other than milk, yogurt, butter and half and half.

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.

CONTINUED ON PAGE 8-B

ORGANIC DAIRY MARKET NEWS

Information gathered February 28 - March 11, 2011

CONTINUED FROM PAGE 8-A

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.

A table summarizing the survey results follows:

**ORGANIC MILK, YOGURT, CHEESE & BUTTER PRICE RANGE
2011 REPORTING WEEK 10**

MADISON, WI
LOW HIGH RANGE
(In Dollars)

GALLONS:

Whole	5.19*	6.49	1.30
Reduced Fat (2%)	5.19*	6.49	1.30
Low Fat (1%)	5.19*	6.49	1.30
Nonfat (Skim)	5.19*	6.49	1.30

HALF GALLONS:

Whole	2.99*	4.19	1.20
Reduced Fat (2%)	2.99*	4.19	1.20
Low Fat (1%)	2.99*	4.19	1.20
Nonfat (Skim)	2.99*	4.19	1.20

CHOCOLATE HALF GALLON:

	3.39	5.69	2.30
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YOGURT

	.50*	1.59	1.09
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CHEESE – 8 OUNCE BLOCKS:

Mozzarella	3.59	5.75	2.16
Mild Cheddar	3.89*	5.99	2.11
Monterey Jack	4.99*	5.99	1.00
Pepper Jack	3.59	5.99	2.40

CHEESE – 6 OUNCE STRING

Mozzarella	3.00*	5.09	2.09
Colby Jack	3.89	5.39*	1.40

BUTTER – 1 POUND

	4.75*	6.19	1.44
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*=Price change from prior reporting period

This report, all except one of the price changes occurred at the bottom of the price range. Of the changes at the bottom of the range, only gallons increased, to \$5.19 from \$4.49. The other bottom of the range changes were decreases, including half gallons declining 1 cent to \$2.99, yogurt declining 29 cents to 50 cents, butter declining 4 cents to \$4.79, and mild cheddar declining \$1.10 to \$3.89. The sole price change at the top of the range was for Colby Jack 6 ounce string cheese, increasing 20 cents to \$5.39.

ORGANIC GRAIN AND FEEDSTUFF MARKETS:

Compared to two weeks ago, national organic grain and feedstuff prices were mostly higher yet again, with good demand reported for feed grade grains in moderate supply. Barley prices were sharply higher this period, due to rising corn costs and farmers trying to find a less expensive source of protein for livestock. Feed grade hard red winter wheat trade was noted this period, although an accurate test of the market was not established. Food grade wheat trade was minimal this reporting period, while food grade soybean trade increased with slightly higher prices.

Eastern organic grain and feedstuff prices were higher with feed grade corn sharply higher. Trading activity was light to moderate but many producers are unwilling to sell at current prices. That has influenced higher grain values. Strong demand from the poultry industry continues to strengthen corn prices.

Midwest organic grain and feedstuffs were mostly higher. The conventional market continues to drive corn prices, with many farmers holding their corn in hopes for higher prices still. Feed grade soybean prices were firm, while food grade soybeans were slightly higher. Demand for all grains was moderate to good this reporting period, with the barley market experiencing the greatest rise in price, following the corn market. More farmers are reportedly looking to other sources of protein to substitute for higher priced corn.

Additional livestock and grain market news information is available at: www.ams.usda.gov/LSMarketNews.

MARCH MILK SUPPLY AND DEMAND ESTIMATES*

The milk production forecast for 2011 is reduced from last month. Relatively high milk prices and increased supplies of replacement heifers are expected to encourage further increases in the cow herd through much of the year, but the rate of increase in milk per cow is forecast slower than last month. Exports are forecast higher as global nonfat dry milk and cheese demand remains strong with tight supplies in competitor markets expected through the first half of 2011. Estimates of 2010 milk production are adjusted to reflect data revisions. Dairy product prices are forecast higher this month on strong early year prices. Strong international demand and improving domestic demand will support prices for most products. Currently, tight butter stocks are also helping support butter prices. Class III and Class IV price forecasts are raised to reflect higher product prices. The all milk price is forecast to average \$18.10 to \$18.70 per cwt. for 2011.

U.S. MILK SUPPLY AND USE					
Commodity	2009	2010 Estimated		2011 Projected	
		February	March	February	March
BILLION POUNDS					
MILK					
PRODUCTION	189.3	192.7	192.8	196.1	196.0
FARM USE	1.0	1.0	1.0	1.0	1.0
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	10.1	11.3	11.3	10.8	10.9
MARKETINGS	188.3	191.8	191.9	195.2	195.1
IMPORTS	5.6	4.1	4.1	3.9	3.9
TOTAL COMMERCIAL SUPPLY	204.0	207.2	207.3	209.9	209.9
FAT BASIS USE					
COMMERCIAL EXPORTS	4.5	8.1	8.3	6.4	6.7
ENDING COMMERCIAL STOCKS	11.3	10.8	10.9	11.2	11.4
CCC NET REMOVALS <u>1/</u>	0.7	0.2	0.2	0.0	0.0
COMMERCIAL USE <u>2/</u>	187.3	188.1	187.8	192.3	191.8
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	10.9	11.3	11.3	12.1	12.3
MARKETINGS	188.3	191.8	191.9	195.2	195.1
IMPORTS	5.5	4.8	4.8	4.7	4.7
TOTAL COMMERCIAL SUPPLY	204.7	207.9	208.0	211.9	212.0
SKIM-SOLIDS BASIS USE					
COMMERCIAL EXPORTS	22.4	32.1	32.1	30.7	31.1
ENDING COMMERCIAL STOCKS	11.3	12.1	12.3	12.0	12.3
CCC NET REMOVALS <u>1/</u>	2.9	0.0	0.0	0.0	0.0
COMMERCIAL USE <u>2/</u>	168.6	164.2	164.1	169.2	168.6
MILLION POUNDS					
CCC PRODUCT NET REMOVALS <u>1/</u>					
BUTTER	30	8	8	0	0
CHEESE	3	0	0	0	0
NONFAT DRY MILK	248	0	0	0	0
DRY WHOLE MILK	0	0	0	0	0

NOTE: Totals may not add due to rounding. 1/ Includes products exported under the Dairy Export Incentive Program.

2/ Includes commercial exports.

Continued on page 10

MARCH MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2009	2010 Projected		2011 Projected	
		February	March	February	March
DOLLARS PER POUND					
PRODUCT PRICES <u>1/</u> CHEESE	1.2963	1.5226	1.5226	1.640-1.710	1.695-1.755
BUTTER	1.2094	1.7020	1.7020	1.710-1.810	1.735-1.825
NONFAT DRY MILK	0.9222	1.1687	1.1687	1.345-1.405	1.365-1.415
DRY WHEY	0.2584	0.3716	0.3716	0.400-0.430	0.400-0.430
DOLLARS PER CWT					
MILK PRICES <u>2/</u> CLASS III	11.36	14.41	14.41	15.80-16.50	16.35-16.95
CLASS IV	10.89	15.09	15.09	16.70-17.50	16.95-17.65
ALL MILK <u>3/</u>	12.83	16.29	16.29	17.70-18.40	18.10-18.70
QUARTERLY					
	2010 IV	2011 I <u>4/</u>	2011 II <u>4/</u>	2011 III <u>4/</u>	2011 IV <u>4/</u>
BILLION POUNDS					
MILK PRODUCTION	47.5	48.6	50.5	48.6	48.3
DOLLARS PER CWT.					
ALL MILK PRICE <u>2/</u> <u>3/</u>	17.70	18.40-18.60	19.15-19.65	17.70-18.50	17.15-18.15
CLASS III PRICE <u>2/</u>	15.40	16.45-16.65	17.40-17.90	16.10-16.90	15.45-16.45
CLASS IV PRICE <u>2/</u>	16.29	18.00-18.30	17.90-18.50	16.50-17.40	15.45-16.55

1/ Simple average of monthly prices calculated by AMS from NASS weekly average dairy product prices for class price computations. Details may be found by going to <http://www.ams.usda.gov/DairyMarketStatistics>; then select "Prices;" then select "Description." 2/ Annual and quarterly Class III and Class IV prices are the simple average of monthly minimum Federal order milk prices paid by regulated plants for milk used in the respective classes. All milk price is the simple average of monthly prices received by farmers for milk at average test. 3/ Does not reflect any deductions from producers as authorized by legislation. 4/ Projection.

* The World Agricultural Supply and Demand Estimates were approved by the Interagency Commodity Estimates Committee. The members for Dairy are: Shayle Shagam, Chairperson, WAOB; Jerry Cessna, AMS; Paul Kiendl, FAS; Roger Hoskin, ERS; and Milton Madison, FSA.

SOURCE: "World Agricultural Supply and Demand Estimates," WASDE-492, World Agricultural Outlook Board, USDA, March 10, 2011.

MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, DECEMBER 2010, WITH COMPARISONS

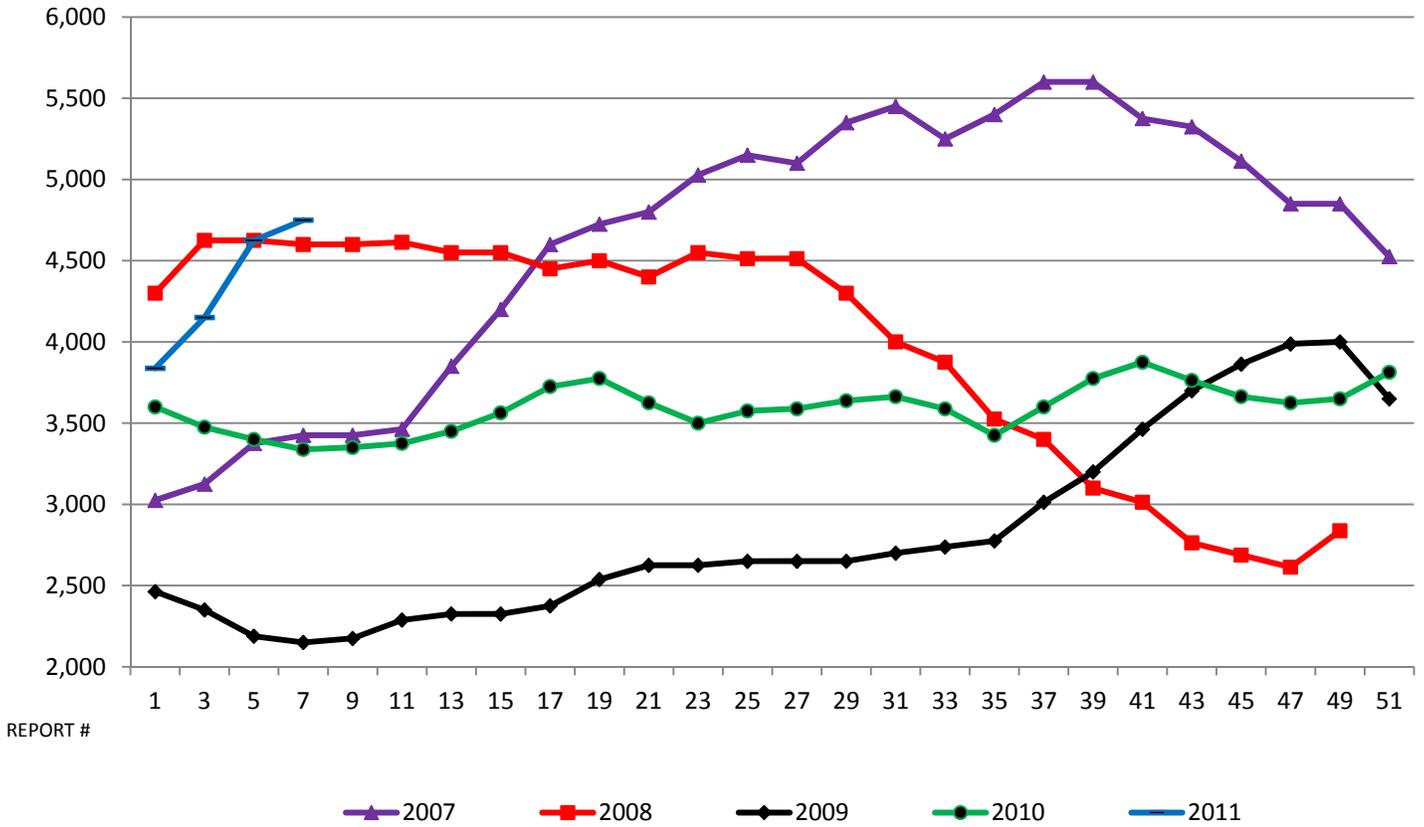
In December 2010, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$16.87 per cwt., down \$1.35 from the previous month average, and up \$0.50 from December 2009. The component tests of producer milk in December 2010 were: butterfat, 3.85%; protein, 3.16%; and other solids, 5.73%. On an individual reporting area basis, mailbox prices decreased from the previous month in all Federal milk order reporting areas. Mailbox prices in December 2010 ranged from \$20.01 in Florida to \$15.54 in New Mexico.

Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	December 2009	November 2010	December 2010
	Dollars per hundredweight		
New England States <u>3/</u>	17.06	19.37	18.02
New York	16.01	18.14	16.80
Eastern Pennsylvania <u>4/</u>	16.68	18.97	17.68
Appalachian States <u>5/</u>	17.38	20.19	18.98
Southeast States <u>6/</u>	17.75	20.65	19.31
Southern Missouri <u>7/</u>	15.85	18.71	17.23
Florida	18.64	21.54	20.01
Western Pennsylvania <u>8/</u>	16.63	19.05	17.65
Ohio	16.84	19.25	18.00
Indiana	16.35	19.00	17.81
Michigan	16.10	17.96	16.99
Wisconsin	16.61	17.82	16.39
Minnesota	16.58	17.23	15.99
Iowa	16.70	18.31	16.84
Illinois	16.72	18.79	17.34
Corn Belt States <u>9/</u>	16.01	18.27	16.47
Western Texas <u>10/</u>	15.49	17.71	16.40
New Mexico	14.53	16.84	15.54
Northwest States <u>11/</u>	16.00	17.56	15.94
All Federal Order Areas <u>12/</u>	16.37	18.22	16.87
California <u>13/</u>	15.33	15.62	14.62

1/ Areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. 2/ Net pay prices received by dairy farmers for milk. Prices reflect all payments received for milk sold and all costs associated with marketing the milk. Prices are weighted averages of the prices reported for all orders receiving milk from the reporting area and are reported at the average butterfat tests. Prices do not include any Milk Income Loss Contract (MILC) payments, but do include, for the most part, the assessment under the Cooperatives Working Together (CWT) program. 3/ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont. 4/ Includes all 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/ Includes the counties 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 counties to the west of these. 9/ Includes Kansas, Nebraska, and the Missouri counties to the north of those listed in 7/. 10/ Includes all counties to the west of Fanin, Hunt, Van Zandt, Henderson, Houston, Cherokee, Nacogdoches, and Shelby. 11/ Includes Oregon and Washington. 12/ Weighted average of prices for all selected reporting areas. 13/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

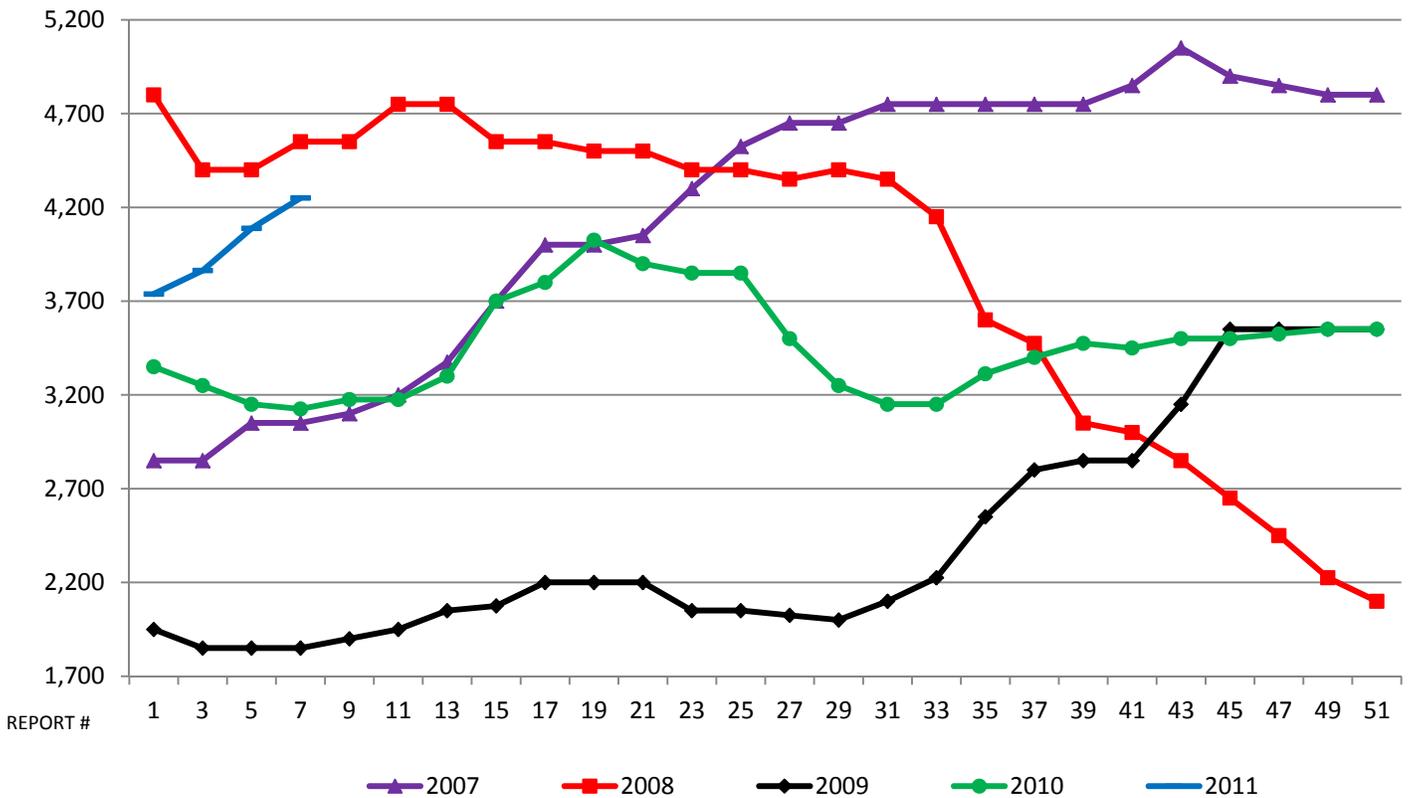
\$US PER POUND

EUROPEAN WHOLE MILK POWDER PRICES

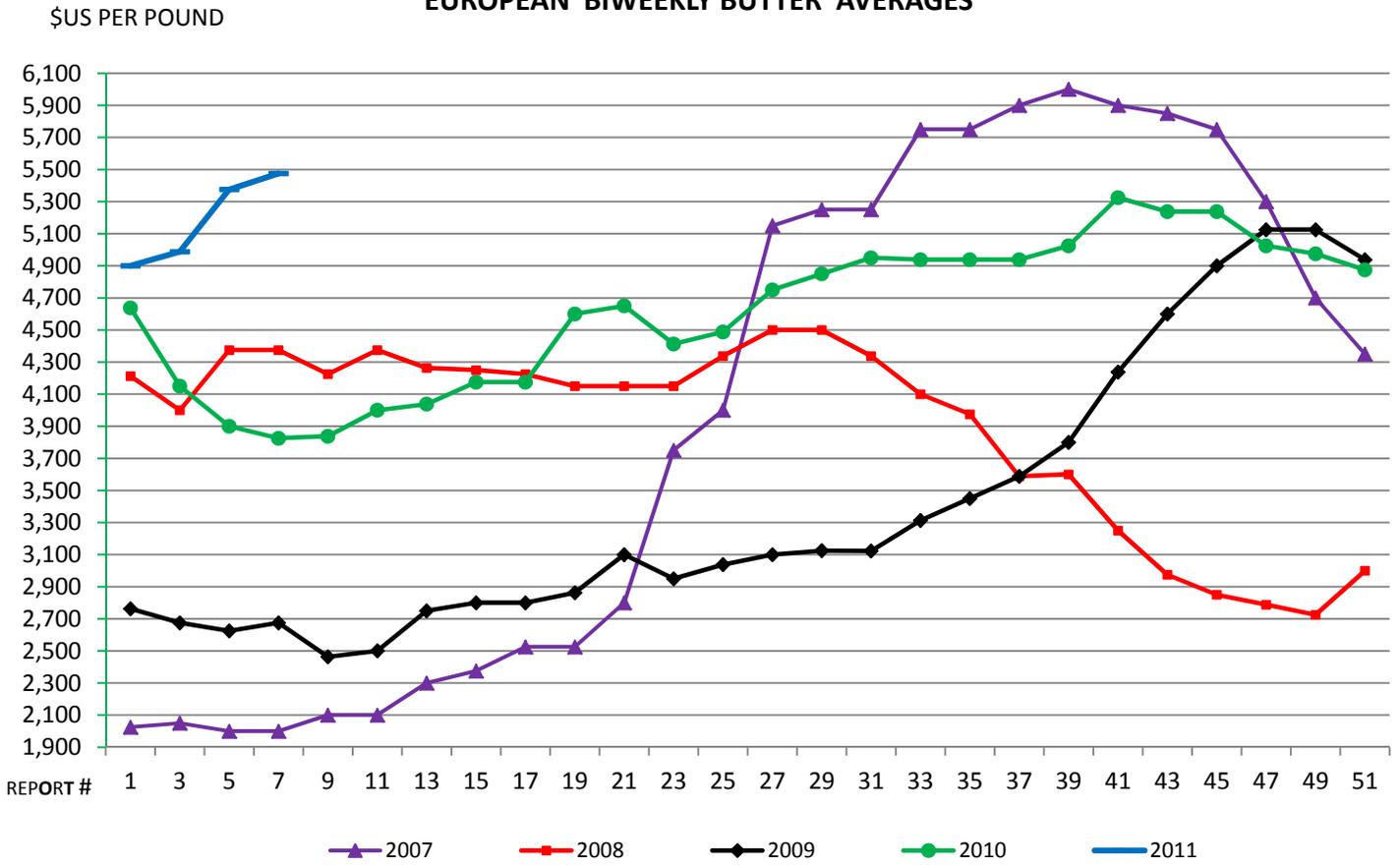


\$US PER POUND

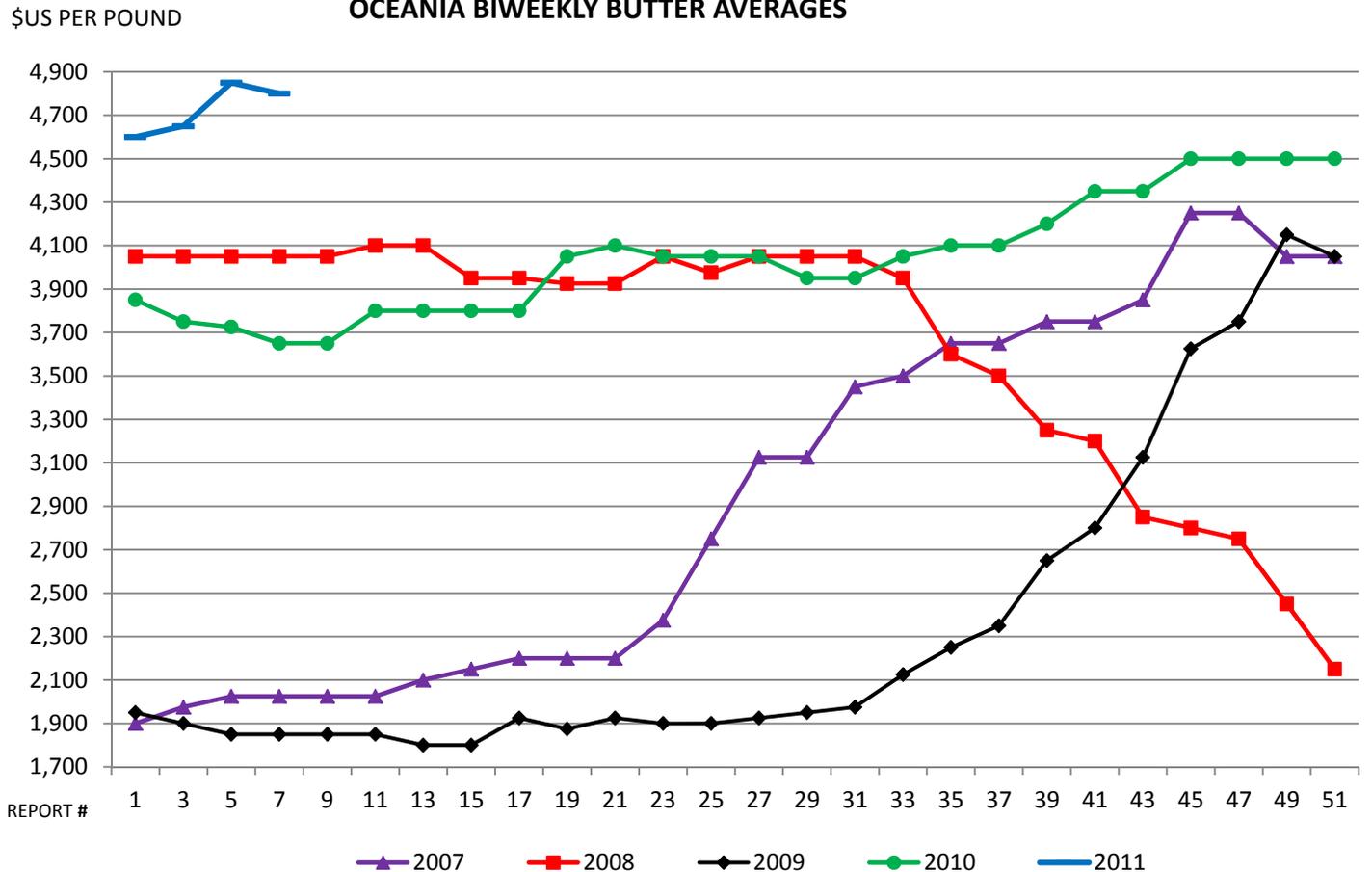
OCEANIA WHOLE MILK POWDER



EUROPEAN BIWEEKLY BUTTER AVERAGES



OCEANIA BIWEEKLY BUTTER AVERAGES



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