

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (04/01):**

**BUTTER:** Grade AA closed at \$1.9900. The weekly average for Grade AA is \$2.0270 (-.0380).

**CHEESE:** Barrels closed at \$1.5725 and 40# blocks at \$1.5950. The weekly average for barrels is \$1.6145 (-.0585) and blocks, \$1.6435 (+.0080).

**BUTTER HIGHLIGHTS:** During the week, the CME cash butter price decreased to \$1.9900, the lowest point since early January of this year. The current cash price compares to \$1.4950 last year at this time and \$1.1800 in 2009. Churning schedules are seasonal and, in instances, increasing as cream volumes become more available. Butter producers are anticipating that cream volumes may tighten during the next few weeks as Class II product production increases for upcoming holiday cream based products. Butter producers remain cautious with their inventory management as the cash butter price remains much higher than typically is the case for this time of the season. Domestic butter orders have been stronger than many producers and handlers anticipated. Retailers and food service outlets are preparing for the upcoming holiday period with some feature activity at retail already occurring and will continue during the next 2 - 3 weeks. Butter continues to clear the country to international markets, but this buyer interest is easing.

**CHEESE HIGHLIGHTS:** The cheese market is unsettled to weak. A premature attempt to stimulate demand by pushing prices higher early in the week collapsed under the weight of the large volume of offerings brought to the CME cash cheddar market. At the end, prices finished the April 1 session both under \$1.60 and below the March 25 closes. Current interest remains relatively light. Buyers on monthly average purchases from the CME Group will see about a 6 cent decline in process products and 9 cents in most natural from February. However, March based prices are nearly 32 cents higher on process and 30 cents higher on most natural than those based on the January average. Buyers using the weekly average may be more inclined to return as prices settle soon. With still sluggish bulk cheese sales and steady to higher cheese production, plant inventories are not falling. Plant operators are trying various ways to slow inventory building such as reducing condensed skim or NDM use.

**FLUID MILK:** Milk receipts across the country are steady to higher. Florida is holding near annual peak levels. Fluid demand is

mixed; generally lower, though higher in areas where schools are back in session after spring break. As a result, manufacturing schedules are steady to higher overall. Florida continues to export surplus fluid volumes out of the region, at a larger volume than both last week and the comparable week in 2010 due to lighter fluid needs and higher 2011 production.

**DRY PRODUCTS:** The NDM market is steady to weak. Many buyers and sellers are waiting for additional market direction before reordering, especially due to lower international prices for skim milk powder. Slower cheese sales and lower cheese prices have some cheese makers reducing the use of condensed skim and NDM to fortify vats. Drying schedules are steady to heavier seasonally. The buttermilk market is generally steady though some price adjustments were noted. Slower condensed buttermilk use by ice cream accounts has caused some producers to dry larger volumes of buttermilk and build inventory for later year use. Whey prices were uneven, moving both higher and lower, generally reducing the size of the ranges. Most current production continues to center on filling contracted volumes with spot activity limited mainly to resale loads. Weaker European whey prices are also pressuring the market, including resale loads. WPC prices are mostly unchanged and most activity is centered on filling contracted volumes more than on spot activity. Lactose prices seem higher for the second quarter compared to the end of the current one. The limited volume of spot offerings limits spot sales.

**INTERNATIONAL DAIRY MARKET NEWS (DMN):** The milk production season in the Oceania region is winding down quite rapidly. In **New Zealand**, milk output is declining to the point that farmers are reducing their daily milkings to one and starting the drying off period. Milk solids are down about 2% from projection with overall production running about 1% ahead of last year, much lower than earlier projections. As the season winds down, milk processors and handlers are quite optimistic about the upcoming winter season and the condition of the milking herd. In **Australia**, the milk production season is declining to the point that many milk producers and handlers are already looking forward to the new season that will

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CME GROUP CASH TRADING

COMMODITY	MONDAY MAR 28	TUESDAY MAR 29	WEDNESDAY MAR 30	THURSDAY MAR 31	FRIDAY APR 01	WEEKLY CHANGE *	WEEKLY AVERAGE #
CHEESE							
BARRELS	\$1.6525 (+.0125)	\$1.6250 (-.0275)	\$1.6175 (-.0075)	\$1.6050 (-.0125)	\$1.5725 (-.0325)	:: (-.0675)	:: \$1.6145 (-.0585)
40# BLOCKS	\$1.7000 (+.0725)	\$1.6650 (-.0350)	\$1.6325 (-.0325)	\$1.6250 (-.0075)	\$1.5950 (-.0300)	:: (-.0325)	:: \$1.6435 (+.0080)
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	\$1.7500 (N.C.)	\$1.7500 (N.C.)	\$1.7350 (-.0150)	\$1.7000 (-.0350)	\$1.7000 (N.C.)	:: (-.0500)	:: \$1.7270 (-.0290)
BUTTER							
GRADE AA	\$2.0800 (+.0050)	\$2.0650 (-.0150)	\$2.0000 (-.0650)	\$2.0000 (N.C.)	\$1.9900 (-.0100)	:: (-.0850)	:: \$2.0270 (-.0380)

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CONTINUED FROM PAGE 1**

resume in July/August. Good moisture levels and a milking herd that is in good condition are two factors that are positive for dairying in Australia for the future. These factors are contributing to a 2011 - 2012 production projection to be slightly higher than the present year. Milk producers are stating that it will take a few positive years before the Australian dairy industry will realize a turn-around. Japan is a major market for Oceania sourced dairy products. At this point, shipments are on schedule with ports of entry the most challenging for some traders. The next g\DT event will be on Tuesday, April 5. Traders and handlers have mixed opinions on the outcome of the upcoming event. Some feel that there will be further weakness while others feel that average auction price levels are within range of other international offering prices. The **European** milk production season continues to develop. The 2010 - 2011 milk quota yearend is March 31 and for most countries, milk volumes are under quota levels. There are a few countries that are over or are in jeopardy of surpassing quota limits. The extent of overages is still unknown. The new milk quota year will begin on April 1 with most all countries receiving a 1% increase except Italy. For the 2010 - 2011 milk quota year, Italy received all of their remaining quota volumes in that year. The European milk quota program will expire on March 31 of the 2014 - 2015 year. As the 2011 - 2012 milk production season develops, milk producers and handlers remain very optimistic about the upcoming season. The European Dairy Commission has not met during the past two weeks and will meet once again on Thursday, April 7. The Commission has been meeting twice a month for an extended period of time and will now reduce their meeting schedules to once a month (first Thursday of a month). At the last Management Committee meeting, no intervention skim milk powder was sold back to the trade and many in the industry feel these sales are probably over as commercial skim prices ease and stocks increase. There are about 50,000 MT of intervention powder available for possible sale. The PSA program for butter opened on March 1 and through March 17, about 11,000 MT of butter have cleared to the program.

**JANUARY FEDERAL MILK MARKETING OVER-ORDER CHARGES (AMS):** For January 2011, the all reporting areas combined average over-order charge on producer milk used in Class I was \$2.12, down \$0.06 from the December 2010 average. Ninety-one percent of the producer milk used in Class I carried an over-order charge. On an individual order basis, Class I over-order charges ranged from \$0.81 in the Pacific Northwest to \$2.84 in the Southeast. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.13, down \$0.01 from the December 2010 average. Seventy-six percent of the producer milk used in Class II carried an over-order charge.

**CONSUMER PRICE INDEX (BLS):** The February CPI for all food is 223.8, up 2.3% from February 2010. The dairy products index is 203.5, up 2.4% from a year ago. The following are the February to February changes for selected products: fresh whole milk is +3.9%; cheese, +1.1%; and butter, +23.3%.

**COMMERCIAL DISAPPEARANCE (ERS, AMS):** Commercial disappearance of dairy products during the 2010 totaled 195.6 billion pounds, 2.7% above 2009. Comparing disappearance levels with year earlier levels: butter is +3.9%; American cheese, +1.7%; other cheese, +4.1%; NDM, +15.0%; and fluid milk products, -1.4%.

**MARCH AGRICULTURAL PRICES HIGHLIGHTS:** The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in March 2011 advanced 2 points to 199. Compared with March 2010, the index was up 19 points (10.6%). The index of prices received by farmers for dairy products advanced 10 points during the month of March 2011 to 156. Compared with March 2010, the index was up 43 points (38.1%). The All Milk price received by farmers in March was \$20.40, up \$1.30 from February.

**CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):** The following are the March 2011 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$18.83 (+\$0.86), Class III \$19.40 (+\$2.40), and Class IV \$19.41 (+\$1.01). Product price averages used in computing Class prices are: butter \$2.0591, NDM \$1.4945, cheese \$1.9722, and dry whey \$0.4578. The Class II butterfat price is \$2.2929 and the Class III/IV butterfat price is \$2.2859. Further information may be found at: [www.ams.usda.gov/AMSV1.0/PriceFormulas2011](http://www.ams.usda.gov/AMSV1.0/PriceFormulas2011)

## CME GROUP

MONDAY, MARCH 28, 2011

CHEESE -- SALES: 1 CAR BARRELS @ \$1.6400; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6525; 1 CAR 40# BLOCKS @ \$1.7000; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 3 CARS GRADE AA: 1 @ \$2.0750, 2 @ \$2.0800; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.0900

TUESDAY, MARCH 29, 2011

CHEESE -- SALES: 1 CAR BARRELS @ \$1.6525; 8 CARS 40# BLOCKS: 4 @ \$1.7000, 2 @ \$1.6975, 1 @ \$1.6900, 1 @ \$1.6825; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 10 CARS BARRELS @ \$1.6250; 1 CAR 40# BLOCKS @ \$1.6650  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.0650

WEDNESDAY, MARCH 30, 2011

CHEESE -- SALES: 6 CARS 40# BLOCKS: 1 @ \$1.6475, 1 @ \$1.6400, 4 @ \$1.6350; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5900; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6175; 1 CAR 40# BLOCKS @ \$1.6325  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.7350  
 BUTTER -- SALES: 8 CARS GRADE AA @ \$2.0000; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

THURSDAY, MARCH 31, 2011

CHEESE -- SALES: 21 CARS 40# BLOCKS: 1 @ \$1.6325, 20 @ \$1.6300; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5800; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6050; 10 CARS 40# BLOCKS @ \$1.6250  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.7000  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE AA @ \$2.0000; LAST OFFER UNCOVERED: NONE

FRIDAY, APRIL 1, 2011

CHEESE -- SALES: 1 CAR BARRELS @ \$1.5800; 4 CARS 40# BLOCKS: 1 @ \$1.6050, 3 @ \$1.6000; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5600; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5725; 5 CARS 40# BLOCKS @ \$1.5950  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR EXTRA GRADE @ \$1.6650; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 6 CARS GRADE AA @ \$2.0000; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.9700; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.9900

## BUTTER MARKETS

## NORTHEAST

Butter prices on the CME Group increased \$.0050 on Monday and then declined \$.0150 Tuesday and closed at \$2.0650. Current butter prices have many manufacturers and marketers unsure of their market strategies. Most manufacturers are making butter only to fill current orders, preferring not to build large inventories at current price levels with the spring flush coming on. However, there is the countervailing concern of low inventories and tight supplies. To provide a point of contrast the CME Group butter price on this date one year ago was \$1.4900. Cream demand has weakened, resulting in some marginal increases in churning and additions to inventory. Cream multiples were unchanged from last week and ranged from 125-132 with some departures dependent on time, location and need. Prices for bulk butter range from 5-8 cents over the market, based on the CME Group with various time frames and averages used.

## CENTRAL

During the past week, the CME Group cash butter price firmed to \$2.0800 by Monday of this week, but decline Tuesday and Wednesday to settle at \$2.0000 at midweek. This cash price is the lowest since January 6 of this year and compares to \$1.4900 last year at this time and \$1.1800 in late March 2009. Churning activity is seasonally active, but butter producers remain very cautious with their cream purchases. Most butter producers are churning for current and near term needs, with some surplus clearing to inventory. Clearances have been much lighter during the first quarter of the year than in recent memory. Typically, the first quarter of the year is a time when butter inventories build at a more rapid pace. This year, butter producers and handlers have been very perplexed with their inventory management decisions, as the cash price has maintained a much higher level for the entire quarter than ever before. Most butter producers feel that the over \$2.0000 cash butter price level will not sustain itself as milk production heads into the spring flush period. Many are now wondering if Tuesday's and Wednesday's weak trend will continue. Butter orders have

maintained themselves at fairly good levels. Retail and food service orders have been stronger than many producers and handlers anticipated, but are lagging previous years, prior to the Easter/Passover holiday period. Retail promotional activity is scheduled at various times and locations during the next few weeks. This week, butter is being priced and promoted at \$1.9900 per pound at a Central convenience store chain. 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 \$.0650 lower at \$2.0000. Monday's firming of the market by \$.0050 was followed with two days of lower markets that have lowered the price from \$2.0800 to \$2.0000. Wednesday's lower price prompted sales of eight loads. Sales on the CME Group exchange continue to be active over the last two weeks. Western butter prices continue to follow an uncertain path. Prices have seesawed between \$2.0000 to \$2.1200 over the past few weeks. That level of pricing is significantly above year ago levels during the same period. Year ago prices ranged \$1.3990-\$1.4800. Holiday butter orders are currently being filled and shipped. Print butter sales into retail accounts are moving along expected levels. Buyers looking for purchases beyond holiday needs are cautious. Cream supplies are beginning to slowly increase and churns are utilizing excess production to build inventory or offer product to the export market. 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 decreased marginally (-100,000 pounds) to a warehouse adjusted 22.5 million pounds. The total of 22.5 million pounds compares to 55.2 million pounds in 2010 and 75.1 million pounds in the comparable week in 2009.

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

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
March 26	1.9192 10,847,938	1.9078 8,604,241	1.5183 16,612,451	2.0659 3,265,529	0.4584 8,722,571

**CHEESE MARKETS**

**NORTHEAST**

Friday's close on the CME Group resulted in another week of significant declines to the weekly average prices with blocks declining \$.1230 and barrels declining \$.1075. The recent weekly average price declines resulted in lower wholesale prices for all varieties with the exception of Swiss Cuts which remained unchanged. Both barrels and blocks advanced Monday and then declined Tuesday with barrels declining \$.0275 and closed at \$1.6250, while blocks declined \$.0350 and closed at \$1.6650. Cheese production in the Northeast is steady. Mozzarella and aged cheddar are moving well. Cream cheese is also in good demand ahead of the upcoming Easter holiday.

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

Cheddar 40# Block	:	1.9550-2.2300
Process 5# Sliced	:	1.7800-2.0900
Muenster	:	1.9750-2.1800
Grade A Swiss Cuts 10 - 14#	:	3.0125-3.3350

**MIDWEST**

The cheese market is unsettled. An early week (March 28) rebound in cheese prices on the CME Group cash cheese market may have been premature as current spot demand has still not returned. The push may have been just to get "market watcher" customers off the fence and back reordering if prices started to rebound. Some traders feel prices may yet decline further but are taking a "wait and see" approach until the real price floor has been reached. Most plant inventories are heavy and generally still accumulating. Offerings of #1 and downgraded product continue to be made to bulk buyers. Most process, chunk, and slice lines do not need overtime to fill orders. Lent is a traditionally stronger cream cheese sales period so production has increased. Milk intakes in Texas are at least around peak levels and manufacturing schedules have increased to handle the extra milk. In traditional Midwestern dairy areas, milk volumes are generally higher seasonally with many plants having capacity to run more volumes if needed. Cheese yields remain seasonally strong for March.

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

Process American 5# Loaf	:	2.0325-2.2250
Brick And/Or Muenster 5#	:	2.1475-2.3100
Cheddar 40# Block	:	2.1475-2.8650
Monterey Jack 10#	:	2.1100-2.8650
Blue 5#	:	2.4650-3.0300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9800-2.9650
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

	:	
03/28/11	7,498	: 127,009
03/01/11	6,412	: 128,070
CHANGE	1,086	: -1,061
% CHANGE	17	: -1

**WEST**

Cheddar Barrels on Wednesday at the CME Group are \$.0075 lower, at \$1.6175. 40 Pound Blocks are \$.0325 lower Wednesday at \$1.6325. For the week so far, Barrels are \$.0225 lower and Blocks are \$.0050 higher. Sales of Barrels are light this week with two sales reported. Blocks are seeing moderate to heavy sales for the week with 14 sales. Barrels and Blocks reverted back to a more typical pattern on Monday when Blocks rose above the Barrel price. Western cheese prices continued to retreat albeit at a slower pace. Wholesale prices weakened again except for Swiss which remained steady. Buyers are trying to determine how far the market will move and are delaying purchases in some instances as different pricing indices' come into play. Contract sales are moving along expected lines. Bulk cheese users are taking advantage of lower prices to inventory product for future use and put lower priced product into aging programs. The lower prices have also increased export inquiries. Stocks of cheese are heavy, but are at manageable levels currently.

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

Process 5# Loaf	:	1.7975-2.0550
Cheddar 40# Block	:	1.7650-2.1175
Cheddar 10# Cuts	:	1.9450-2.1650
Monterey Jack 10#	:	1.9550-2.1150
Grade A Swiss Cuts 6 - 9#	:	2.5900-3.0200

**FOREIGN**

The CME Group average block price continued to decline last week, down \$.1230. In the last two weeks, the weekly average block price has declined \$.3790. The recent declines resulted in lower wholesale prices for all varieties with the exception of Swiss Cuts, which remained unchanged. Imported varieties also remained unchanged.

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

	:	NEW YORK	
VARIETY	:	IMPORTED	: DOMESTIC
	:		:
Blue	:	2.6400-4.6900	: 2.0950-3.5825*
Gorgonzola	:	3.6900-6.3900	: 2.5975-2.8575*
Parmesan (Italy)	:	-0-	: 3.2125-3.6275*
Provolone (Italy)	:	3.4400-6.2900	: 2.1375-2.2950*
Romano (Cows Milk)	:	-0-	: 3.2850-5.4275*
Sardo Romano (Argentine)	:	2.8500-3.6900	: -0-
Reggianito (Argentine)	:	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 &amp; SOUTHEASTERN STATES

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	280	0	260	0	190
SOUTHEAST STATES	0	0	0	0	0	0

Spring has not yet sprung in the Northeast as unseasonably cold weather continues and limits milk production increases. Milk supplies are in balance with demand in the Northeast. Milk production in the Mid-Atlantic region is gradually increasing and adding to the manufacturing milk supply. Class I demand is steady to flat in the Northeast and Mid-Atlantic regions as the first round of school and college spring breaks has concluded with the second round of breaks occurring around the Easter holiday. The spring flush is on and milk intakes are increasing in the Southeast with nearly all auxiliary cheese plants being utilized to assist with the additional milk volumes. Class I sales are down which is typical as the month comes to a close and is another indication of the tough economic times retail consumers are experiencing. Milk production in Florida continues at peak levels and above year ago levels as cooling rains are providing increased cow comfort and improving pastures. Class I sales are down as a result of the typical end of month trend, but also as a result of increased nondairy beverage consumption by consumers as the spring weather has warmed. Cream demand declined this week as ice cream production has slowed due to the cool spring weather and the expected plant closure in the East. Cream cheese production has also slowed in some areas as nearly all kosher runs have finished. Cream multiples were unchanged from last week and ranged from 125-132 with some departures dependent on time, location and need. Condensed skim continues to move well through contracts to Class II and III concerns, but spot load sales have slowed, channeling more condensed skim to the dryers as some plants focus on catching up on their nonfat dry milk contracts and/or building inventories for future commitments.

## 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	-	2.5812-2.7258
F.O.B. producing plants: Upper Midwest	-	2.5400-2.6019

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices	-	1.55-1.62
Northeast - Class III - spot prices	-	1.23-1.33

## MIDWEST

Class I demand was generally about average though some extra promotional activity late last week moved an increased volume. Class II interest is steady to just occasionally improved. Warmer weather has stimulated ice cream/mix production at some locations, some being produced just for the upcoming holiday(s) and some for warm weather coverage. Cream supplies remain at least adequate. Churning is active. Weakness in butter price at the CME Group cash market is putting a damper on some cream buyers due to the prospect of possible lower cream prices next week. Much of the butter being currently produced continues to be put up as print for seasonal holiday orders. Condensed skim for cheese interest is mixed, generally slower where plant operators are trying to keep cheese inventories from growing too fast. Spot manufacturing milk prices are being pressured by increased offerings and sluggish cheese sales with smaller premiums and some discounts reported on a limited test. The big topic of discussion in the upper Midwest is March 29 announced antitrust settlement by Dean Foods with the Justice Department to sell their Waukesha, WI bottling plant. The discussion centers on whom, if anyone, might be interested in a fluid plant. Milk intakes are increasing seasonally though in southernmost areas like Texas, intakes are around peak levels.

Weather remains at issue in northern region where some areas received over 12 inches of snow. The green up of winter wheat in northern areas remain slow as temperatures often start overnight in the teens and 20s. Most fields are also soft with moisture levels high as indicated by the high spring flood risk potential.

## WEST

According to the NASS Agricultural Prices report for March, mid-month U.S. prices for baled alfalfa hay were \$136/ton, \$23/ton more than last year. Prices for selected Western states and the change from last year are as follows: Arizona \$155, +\$40; California \$209, +\$91; Colorado \$140, +\$20; Idaho \$157, +\$50; Nevada \$151, +\$50; New Mexico \$164, +\$17; Oregon \$168, +\$52; Utah \$116, +\$16; and Washington \$140, +\$25. Month to month price changes for the region were mostly up \$3.00-\$10.00 per ton as old crop hay is used up. For the United States, alfalfa prices went up \$9.00 per ton from February's value to \$136 per ton. February 2011 POOL RECEIPTS of milk in CALIFORNIA total 3.03 billion pounds, 7.1% higher than last year, according to CDFA. The February blend price, at a fat test of 3.78%, is \$17.90, \$2.26 higher than January and \$4.01 more than February 2010. The percentage of receipts used in Class 1 products 14.7%. The February quota price is \$18.44 and the over quota price is \$16.74. These prices are \$2.32 higher than January and \$3.63 more than a year ago. CALIFORNIA milk production is trending slightly higher on a weekly basis. Overall, weather conditions are improved after a long period of wet weather and are favorable for milk cows. Increases are greatest in Southern California through the Central Valley, where new crop haying and green chop are being fed to cows. Haying has resumed in the southern Central Valley and Southern parts of the state. Hay prices remain substantially higher than year ago levels. Other feeds and grains are relatively high priced and continue to squeeze margins. The far northern milk producing areas are slowly increasing with pastures not yet able to be utilized. NEW MEXICO milk output continues to trend higher on a daily average basis and is ahead of last year. Farm level conditions are currently good for milking cows, although high production costs remain an issue. Processing plants are receiving more milk as intakes increase. Class I demand is increasing as more schools return from spring breaks and those milk needs are met. ARIZONA milk production is increasing and is at levels above a year ago. The flow is approaching the seasonal peak in the state. Plant schedules are active to process available milk supplies. Fluid milk needs are mainly local and increasing to fill school pipelines restarting after spring breaks. CREAM markets are unsettled to weaker this week. The midweek decline in butter price at the CME Group created some anticipation among buyers looking for cream needs. At the CME Group, the Grade AA butter price closed at \$2.0000 on Wednesday, March 30, down 6 cents from a week ago. Active production of higher class, cream based items, such as sour cream, cream cheese, dips and similar, is noted ahead of the Easter/Passover holiday demand for retail and food service accounts. Butter production remains moderate to heavy. Cream multiples are lower, ranging 105-125 and vary based on class usage and basing point. Milk production in the PACIFIC NORTHWEST is increasing along seasonally expected volumes. Dairy farmers are hoping for increased sun and warm weather to green up pastures and to signal the start of fresh forages. Spring is slower to arrive than many had hoped for. Hay supplies in the West are tight and prices are increasing. USDA's Prospective Plantings report shows hay intended for harvest for 2011 to be reduced in most of the Western states. This will mean even tighter supplies for the upcoming season. UTAH and IDAHO are seeing increased milk production as dairy farmers continue to build the herd in the region. The weather is improving and cow comfort levels are good. Dairy processing plants within the region are able to handle the increased production. Increased hay prices due to tight supplies have farmers anticipating new crop forages. Reports of hay acreage switching to wheat production will negatively influence forage supplies. High feed costs due to forage and grain prices are expected to test dairy farmer's abilities to remain profitable.

## 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:** Prices for Central NDM are steady to slightly lower and the market undertone seems weaker. Many brokers and traders indicate interest for both low and high heat NDM is idling, with buyers waiting for emergence of a clearer market direction before pursuing the next round of purchases. Resellers and end users are referencing recent price decreases in the Oceania and European markets, which may be foreshadowing price trends in the near term for the domestic NDM market. Demand for condensed skim above contract agreements is steady to lighter at several processing plants. Production of NDM in the Central region is active, with low heat NDM claiming most of the condensed skim. Manufacturers' inventories are building steadily. Plants are scheduling high heat production based on near term contract needs and current inventories.

**EAST:** Price ranges for nonfat dry milk moderated this week. Trading in the East is light with a mixed market tone. Demand has declined as brokers are indicating that buyers are taking a "wait and see" approach to the market and want a clearer picture of market conditions prior to any additional major purchases. Some regional manufacturers are limiting spot sales of condensed skim or discontinuing sales altogether in order to channel additional volumes to dryers, in the attempt to catch up on contracts and/or build inventories in order to ensure supplies for future commitments.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.5200 - 1.8000 MOSTLY: 1.5300 - 1.6900  
 HIGH HEAT: 1.5600 - 1.8500

**NONFAT DRY MILK - WEST**

Western low/medium heat nonfat dry milk pricing series has narrowed with the low end of the range increasing and the top end declining. The market tone is steady to slightly firm. Pricing indices are trending higher and are generally expected to continue upwards based on historical performance and the nature of reporting information into the establishment of those prices. The top ends of the range and mostly series are lower, reflecting lower trading prices as buyers' enthusiasm has slowed. That trend in the resale market has also been seen. Lower world prices for SMP are also factoring into buying and holding positions of domestic and international accounts. Sharply declining cheese prices have lessened demand for NDM and condensed skim to be used in cheese production. The CME Group NDM markets closed at midweek at \$1.8000 for Extra Grade and \$1.7350 for Grade A, yet no sales have taken place. Contacts are noting that some customers are asking for documentation on sourcing of a variety of items such as ingredients and packaging, to verify that those are not sourced from areas experiencing radiation due to recent world events. Western high heat NDM prices are slightly higher. The market tone is steady to firm. Buying interest is fair for current offerings with little action noted in direct spot trading. Production is steady and mainly made to order or projection. Stocks are light.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.4600 - 1.6500 MOSTLY: 1.5350 - 1.5850  
 HIGH HEAT: 1.5500 - 1.7700

**DRY BUTTERMILK - CENTRAL AND EAST**

**CENTRAL:** Dry buttermilk prices in the Central region are unchanged. Demand is steady. As churning activity ramps up to meet recent holiday-related butter orders, dry buttermilk production is also increasing. Many plant managers indicate dry buttermilk holdings are building comfortably and are adequate for upcoming contact fulfillment needs.

**EAST:** Eastern dry buttermilk prices were unchanged this week in a mixed and lightly traded market. Condensed buttermilk sales have declined as ice cream makers have limited their production schedules, resulting in additional volumes going to the dryer. Most current supplies are being moved through contracts with only small volumes making their way to the spot market. Demand has lessened as buyers await a clearer market picture prior to making additional purchases.

F.O.B. CENTRAL/EAST: 1.3650 - 1.6200

**DRY BUTTERMILK - WEST**

Dry buttermilk prices are mostly steady with the range narrowing slightly. The market tone is steady to slightly firm. Overall, the market is only minimally tested. Most current producer spot offerings are on the light side, with product moving out under contract. The resale market has backed off with offering prices near plant pricing levels. Output of dry buttermilk remains active with moderate to heavy butter churning creating a steady flow of buttermilk solids for processing. Inventory levels of dry buttermilk are light to moderate.

F.O.B. WEST: 1.4300 - 1.5400 MOSTLY: 1.4800 - 1.5200

**DRY WHOLE MILK - NATIONAL**

Prices for dry whole milk are steady and spot load availability is light. As farm milk intakes trend higher, facilities indicate their main focus is clearing intakes as quickly as possible through condensed skim sales and NDM production. Steady dry whole milk production is slated for the post flush season at those plants with regular milk intakes and geared to contract fulfillment.

F.O.B. PRODUCING PLANT: 1.8200 - 1.9500

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
March 25	\$1.4940	12,199,973	0
March 18	\$1.4694	13,649,133	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 dry whey range price series adjusted higher on the bottom, while the top of the range retreated. F.O.B. spot market sales were unavailable to sustain \$.6350 on the top of the range. The bottom of the mostly price series moved higher. Product offers are stemming mostly from the reseller community. Various buyers indicate prices on offered reseller spot loads are reflecting a slight weakening in the marketplace, with the mid \$.60's representing the high side of resale offers this week. With the European dry whey market retreating from recent price levels, various market participants recognize that could exert some pressure on the overall U.S. whey market. Several Central dry whey manufacturers indicate their focus is pointed toward contract fulfillment, with limited involvement in the near term spot market anticipated. Inquiries continue to stream in, though, from both established and new customers. ANIMAL FEED DRY WHEY for the Central region moved higher, reflecting strong demand. Various operations that focus on animal feed dry whey indicate availability of whey stream solids is tight.

F.O.B. CENTRAL: .4000 - .5700 MOSTLY: .4150 - .4700  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3050 - .4350

**DRY WHEY - NORTHEAST**

Whey prices moderated somewhat after significant increases last week. Formulated contracted prices moved the low end of the range higher, while spot sales by manufacturers moved the upper end of the range slightly lower. Dry whey production is steady and supplies are very tight with most current production volumes moving through contracts. Buyers on the spot market are finding the product difficult to source, causing the occasional available spot load to bring top of the range prices. Some re-sellers were also offering whey in the top price vicinity. Domestic and export demand remains very good.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .4500 - .6100

**DRY WHEY - WEST**

Western whey prices were unsettled this week. The full range of prices narrowed with the bottom moving up and the top showing weakness. The mostly price range was steady overall. Domestic whey availability is described as tight in most cases. Manufacturers are mostly gearing production schedules to fill contracted needs with little product available for spot sales. Resale loads of whey are still garnering a premium with most sales reported at the higher end of the range. European whey prices are comparable to domestic spot prices and have reduced demand in some cases to that market. Exports to the Pacific Rim continue to fuel demand for Western whey. Transportation costs are increasing and are influencing decisions as to sourcing of whey in some cases.

NONHYGROSCOPIC: .4450 - .6100 MOSTLY: .4500 - .5200

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

The market tone remains firm for WPC 34%. Contract-based transactions represent most of the product movement this week, although interest in obtaining spot loads is active. Chances to obtain F.O.B. based spot loads are intermittent and persistence has paid off for some buyers in reaching out to potential sources on a regular basis. Various market participants theorize that the near term market for WPC 34% could get choppy as prices for that commodity trend toward an intersection with NDM and dry buttermilk. WPC 34% production is variable, depending on milk available to cheese making facilities and end product goals of facilities with variable production abilities.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.1500 - 1.5800 MOSTLY: 1.1800 - 1.4500

**LACTOSE - CENTRAL AND WEST**

Many lactose manufacturers indicate Q1 shipments are wrapping up this week and prices for Q2 contracts will be implemented next week. Indications are that Q2 prices are firmer compared to Q1. Demand is steady to higher for lactose of all mesh sizes from edible and feed sectors. Spot market activity is light due to limited F.O.B. offerings.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .3100 - .5200 MOSTLY: .3500 - .4500

**CASEIN - NATIONAL**

Casein markets and prices are firm. This is the final reporting period for the low point of the reported range to appear. This price range reflects quarterly contracts which were priced considerably lower early in the quarter than end of quarter spot prices. Future pricing remains firm. Domestic buyers continue to question supply availability, especially as prices continue to firm. Suppliers remain confident that they will be able to fulfill contractual commitments, but are less confident with their spot availability. Prior to the increase in prices, buyers were reverting back to spot purchases versus longer term contractual commitments, but are now once again entering into longer term contracts. The Oceania production season is over and commitments are being filled from inventoried stock. The European season is just getting underway and manufacturers remain confident with their production forecasts and commitments.

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 28 - APRIL 1			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/10	SAME PERIOD LAST YEAR	WEEK ENDING 03/25/11	SAME PERIOD 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 03/12/11 & 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.	0.5	8.5	3.5	19.5	5.1	N.A.	N.A.	16.4	3.3	58.9	676.0	49.7	49.1
2010-Dairy	N.A.	0.7	8.2	2.7	18.5	4.8	0.3	N.A.	18.3	3.7	58.8	612.1	47.3	45.3
2011-All cows	0.1	0.6	10.6	13.1	30.8	20.6	N.A.	N.A.	18.6	6.1	118.4	1,377.9		
2010-All cows	N.A.	0.8	10.3	13.0	34.6	20.8	14.2	N.A.	20.9	6.0	124.4	1,351.3		

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

**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

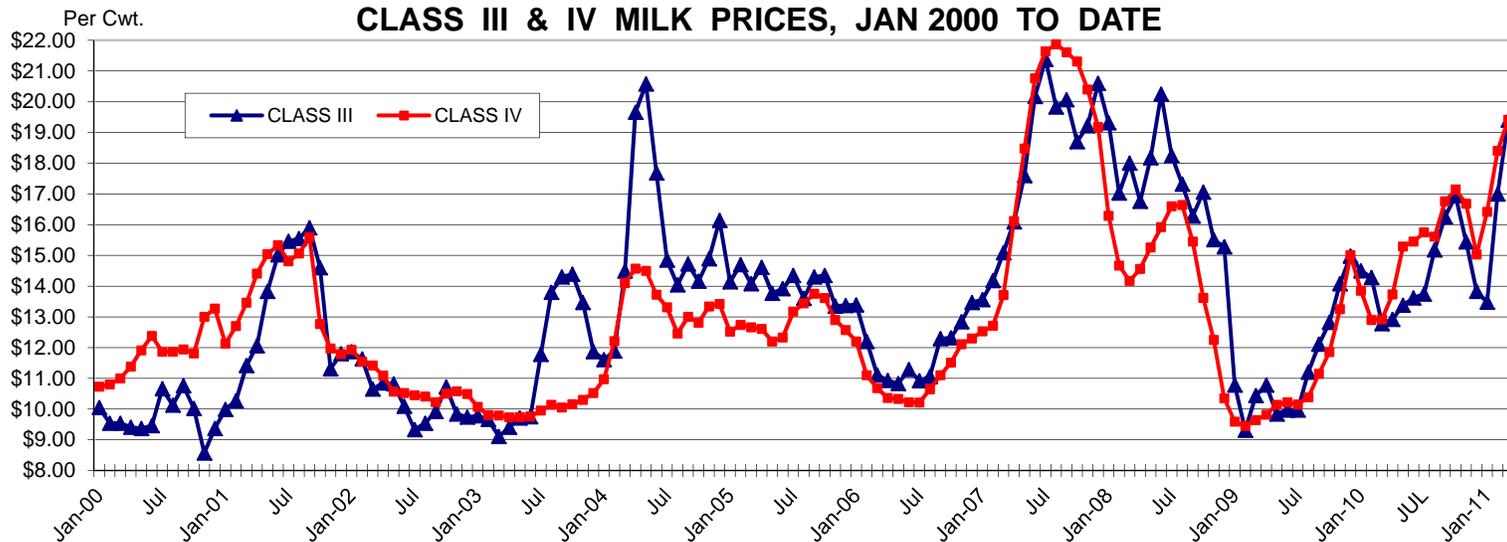
**CLASS IV MILK PRICES, (3.5% BF)**

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2007	12.53	12.71	13.71	16.12	18.48	20.76	21.64	21.87	21.61	21.31	20.40	19.18
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03

**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	19.43								
II	16.79	17.97	18.83									
III	13.48	17.00	19.40									
IV	16.42	18.40	19.41									

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



## INTERNATIONAL DAIRY MARKET NEWS—EUROPE

Information gathered March 21—April 1, 2011

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

## WESTERN AND EASTERN EUROPE

**WESTERN OVERVIEW:** The European milk production season continues to develop. The 2010 - 2011 milk quota yearend is March 31 and for most countries, milk volumes are under quota levels. There are a few countries (Denmark, The Netherlands, Cyprus, Austria, Belgium, Ireland, and Luxemburg) that are over or are in jeopardy of surpassing quota limits. The extent of overages is still unknown. Overall production for the 2010 - 2011 year is reported to be trialing the previous season. The new milk quota year will begin on April 1 with most all countries receiving a 1% increase except Italy. For the 2010 - 2011 milk quota year, Italy received all of their remaining quota volumes in that year, thus are within quota limits for the first time in many years. The European milk quota program will expire on March 31 of the 2014 - 2015 year. As the 2011 - 2012 milk production season develops, weather conditions are quite favorable for early season increases. Milk producers and handlers remain very optimistic about the upcoming season. Dairy manufacturers are receiving and processing milk volumes in an orderly fashion and milk is clearing to most all products as projected. The European Dairy Commission has not met during the past two weeks and will meet once again on Thursday, April 7. The Commission has been meeting twice a month for an extended period of time and will now reduce their meeting schedules to once a month (first Thursday of a month). At the last Management Committee meeting, no intervention skim milk powder was sold back to the trade and many in the industry feel these sales are probably over as commercial skim prices ease and stocks increase. There are about 50,000 MT of intervention powder available for possible sale. The PSA program for butter opened on March 1 and through March 17, about 11,000 MT of butter have cleared to the program. Offerings into this program are held for a minimum of 180 days, thus early offerings will be eligible for removal in early September.

**BUTTER/BUTTEROIL:** European butter markets and prices are generally unchanged, although a weaker undertone is developing. The European milk production season is well underway in Western Europe, while still seasonally low in Eastern Europe. Churning activity is building in all regions as milk volumes increase. New crop butter is available for immediate and future needs. Traders and handlers indicate that international butter sales are limited with domestic sales fairly strong as butter for upcoming holiday needs are filled. The PSA program for butter opened on March 1 and through March 17, about 11,000 MT of butter have cleared to the program. Offerings into this program are held for a minimum of 180 days, thus early offerings will be eligible for removal in early September.

82% BUTTERFAT: 5,500 - 5,800  
99% BUTTERFAT: 6,050 - 6,400

**SKIM MILK POWDER (SMP):** European skim milk powder markets are weak and prices are lower. Although Europe does not have abundant skim milk powder supplies, volumes are increasing as the milk production season develops. Traders and handlers indicate that buyer interest is quiet at this time as many buyers appear to be stepping back from the market until the current weakening trend stabilizes. Overall, skim milk powder prices are easing internationally, thus European traders feel that prices may ease further before they stabilize. Within a recent milk powder tender, European manufacturers and handlers were surprised at the volume of skim milk powder they did not get. In recent tenders, volumes were earmarked early for shipment during the upcoming flush production season, but at this time, some potential additional supplies should be available for other buyer interest.

1.25% BUTTERFAT: 3,375 - 4,000

**WHOLE MILK POWDER (WMP):** European whole milk powder markets and prices are weaker. The milk production season is underway in Western Europe, while still at seasonally low levels in Eastern Europe. Milk volumes are clearing through driers and stocks are available for both domestic and international buyers. Traders and handlers are stating that international buyer interest is quiet, typical for a time when prices are trending lower.

\*\*PRICE RANGE CORRECTION FOR REPORT #11 SHOULD READ \$4,600 - 5,000)\*\*

26% BUTTERFAT: 4,550 - 4,925\*\*

**SWEET WHEY POWDER:** European whey powder markets are unsettled with prices both higher and lower. As European milk volumes increase seasonally, cheese production is on the rise. Whey volumes are becoming more available as edible and feed buyers are in the market for available stocks. Some feed buyers are reaching into the edible market to secure needed volumes. Traders and handlers feel that whey volumes will be available for both a domestic and an international buyer. Current firm pricing is limiting international sales activity.

NONHYGROSCOPIC: 1,250 - 1,350

**EASTERN OVERVIEW:** The Eastern European milk production season is showing more signs of seasonal increases. Milk output in this region typically trails Western European production trends by 4 - 6 weeks. At this point, low volumes of milk are clearing through manufacturing facilities, thus generation of new stock is minimal. Traders and handlers in Eastern Europe are indicating that buyer interest is limited. Many feel that buyers are stepping back from the market as prices trend lower, but they also feel that buyers will probably not be absent from the market too long as most are in need of supplies. Eastern European suppliers are indicating that they should be able to fulfill early buying interest as they did not get as big a share in a recent milk powder tender as they anticipated.

Exchange rates for selected foreign currencies: March 28, 2011

1.0239 Canadian Dollar	.0223 Indian Rupee
.2472 Argentina Peso	.7521 New Zealand Dollar
.0836 Mexican Peso	1.0256 Australian Dollar
.3525 Polish Zloty	.0122 Japanese Yen
	1.4093 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0836) = 11.9617 Mexican Pesos. Source: "Wall Street Journal"

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered March 21—APRIL 1, 2011

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

## OCEANIA

The milk production season in the Oceania region is winding down quite rapidly. In New Zealand, milk output is declining to the point that farmers are reducing their daily milkings to one and starting the drying off period. During the second half of the current milk production season, adverse weather patterns greatly influenced the milk flow in December and January on the North Island, but much needed rainfall occurred in late January and February to ease the situation. Much of the milk production momentum that was lost at that time was not recovered, but milk handlers are pleasantly surprised at how the end of the season has developed. Milk solids are down about 2% from projection with overall production running about 1% ahead of last year, much lower than earlier projections. As the season winds down, milk processors and handlers are quite optimistic about the upcoming winter season and the condition of the milking herd. Warm temperatures and good moisture for early fall are two positive factors heading into the winter season. In Australia, the milk production season is declining to the point that many milk producers and handlers are already looking forward to the new season that will resume in July/August. Good moisture levels and a milking herd that is in good condition are two factors that are positive for dairying in Australia for the future. These factors are contributing to a 2011 - 2012 production projection to be slightly higher than the present year. Milk producers are stating that it will take a few positive years before the Australian dairy industry will realize a turn-around. For the most part, stocks of manufactured dairy products are sufficient for end of contract shipments and winter needs. Some spotty surplus might be available, but for the most part, Oceania suppliers are stating that spot buyer inquires will probably go unfilled at this time. Japan is a major market for Oceania sourced dairy products. At this point, shipments are on schedule with ports of entry the most challenging for some traders. With March having nearly 5 full weeks, the next g\DT event will be on Tuesday, April 5. Traders and handlers have mixed opinions on the outcome of the upcoming event. Some feel that there will be further weakness while others feel that average auction price levels are within range of other international offering prices.

**BUTTER:** Oceania butter markets and prices are generally unchanged, although a softer undertone is developing. The milk production season is coming to an end, thus fresh butter production is also on the decline. Traders and handlers are indicating that stocks are sufficient for known commitments during the upcoming winter months or for the balance of acknowledged contracts. Many butter producers have had to deal with unsettling production glitches during the current year (drought conditions in New Zealand, excessive moisture in Australia, and a milk production season that did not attain projected levels), but overall, is finishing the year in fairly good shape. End of season butter stocks are basically fully committed, although some handlers are stating that some minimal uncommitted stocks might be available.

82% BUTTERFAT:

4,600 - 5,200

**SKIM MILK POWDER (SMP):** Skim milk powder markets and prices in the Oceania region are weaker. At the most recent g\DT event (March 15), skim milk powder prices averaged 4.6% lower than the previous event. This trend caused current buyers to step back from the market somewhat to see if this weakening trend continued. This weakening trend is causing some Oceania traders to discount their current offerings to maintain product movement. Buyers remain cautious to not jump too quickly into the market and are holding off until the results of the next g\DT event (Tuesday, April 5) are known. Traders and handlers have mixed opinions on which direction the next event will take. Some feel that further weakness will occur, while others feel that current Oceania price levels are at or nearing other international quotations.

1.25% BUTTERFAT:

3,400 - 3,800

**WHOLE MILK POWDER (WMP):** Oceania whole milk powder markets are generally holding steady, but prices have trended lower over the past 2 - 3 weeks. Oceania traders and handlers indicate that weakness at the recent g\DT events has caused commercial prices to ease also and many feel that they are now in line with other international offerings. The milk production season is winding down, thus is whole milk powder output. Traders and handlers feel that late season powder production, coupled with unshipped stock, should be sufficient to carry them through the winter months or for the balance of their contractual commitments.

26% BUTTERFAT:

4,300 - 4,700

**CHEDDAR CHEESE:** Oceania cheese markets are generally steady at unchanged prices. Japan is a major market for Oceania cheese and at this time, shipments are being maintained as scheduled. Some ports of entry, following the recent earthquake and tsunami, are still unable to receive shipments, thus imports into the country are being diverted to other open ports. Oceania traders and handlers have limited information on the total impact of the recent disaster and its' impact on dairy imports. Radiation effects continue to be a concern for Japanese citizens and the impact this may be having on domestically generated food supplies, thus increasing interest by consumers for imported food items. Oceania suppliers feel, although not yet, that possibly Oceania sourced dairy products might be in greater demand in coming months. At this point, most current supply is fully committed and additional supply inquiries may only possibly be filled during the upcoming 2011 - 2012 milk production season which will resume in July/August.

39% MAXIMUM MOISTURE:

4,300 - 4,500

There was no Global Dairy Trading (g\DT) event during the past two (2) weeks. The next event will be held on Tuesday, April 5 and will be summarized in Report #15.

**CHICAGO MERCANTILE EXCHANGE FUTURES**

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

Month	03/17	03/18	03/21	03/22	03/23	03/24	03/25	03/28	03/29	03/30
<b>CME - CLASS III MILK FUTURES (Pit-Traded)</b>										
MAR 11	19.55 (7182) 0	19.50 (7202) 0	19.46 (7156) 0	19.46 (7145) 1	19.46 (7124) 0	19.45 (7069) 0	19.44 (7112) 0	19.44 (7288) 0	19.46 (7497) 0	19.44 (7468) 0
APR 11	16.79 (5688) 17	16.65 (5615) 0	16.54 (5672) 9	16.44 (5695) 1	16.35 (5723) 0	16.57 (5785) 0	16.79 (5672) 0	17.04 (5536) 0	16.76 (5517) 0	16.65 (5518) 0
MAY 11	16.60 (4984) 8	16.48 (5014) 0	16.43 (5159) 0	16.18 (5109) 1	16.17 (5072) 0	16.70 (5041) 4	17.22 (5076) 0	17.44 (5164) 0	16.84 (5159) 0	16.63 (5206) 0
JUN 11	16.45 (3982) 1	16.49 (3988) 3	16.50 (4008) 0	16.38 (4096) 1	16.43 (4134) 0	16.76 (4134) 5	17.15 (4208) 2	17.29 (4175) 4	16.86 (4239) 0	16.70 (4224) 0
JUL 11	16.80 (2803) 1	16.95 (2865) 0	16.95 (2889) 0	17.10 (2954) 1	17.16 (3015) 7	17.37 (3056) 7	17.65 (3060) 2	17.65 (3063) 2	17.37 (3081) 0	17.22 (3097) 5
AUG 11	17.05 (2703) 0	17.24 (2723) 0	17.29 (2733) 0	17.34 (2779) 1	17.48 (2836) 13	17.62 (2904) 6	17.69 (2917) 2	17.76 (2944) 2	17.50 (2990) 0	17.50 (2987) 5
SEP 11	17.15 (2728) 0	17.30 (2752) 0	17.30 (2764) 0	17.40 (2804) 1	17.49 (2844) 16	17.70 (2903) 6	17.79 (2943) 2	17.81 (2955) 2	17.68 (2956) 0	17.60 (2989) 5
OCT 11	16.99 (2514) 0	17.15 (2546) 0	17.20 (2551) 0	17.27 (2587) 1	17.40 (2610) 7	17.40 (2630) 4	17.50 (2662) 0	17.45 (2677) 3	17.35 (2719) 0	17.30 (2727) 5
NOV 11	16.45 (2346) 0	16.56 (2353) 0	16.55 (2361) 0	16.57 (2377) 1	16.65 (2401) 6	16.68 (2418) 5	16.81 (2419) 0	16.81 (2421) 7	16.78 (2424) 0	16.73 (2429) 5
<b>CME - CLASS IV MILK FUTURES (Pit-Traded)</b>										
MAR 11	19.75 (234) 0	19.66 (234) 0	19.66 (234) 0	19.66 (234) 0	19.66 (234) 0	19.66 (234) 0	19.66 (234) 0	19.60 (234) 0	19.60 (234) 0	19.60 (234) 0
APR 11	20.00 (382) 0	20.00 (382) 0	20.00 (390) 8	20.00 (396) 6	20.07 (397) 0	20.08 (397) 0	20.11 (397) 0	20.21 (397) 0	20.21 (397) 0	20.01 (397) 0
MAY 11	19.85 (384) 0	19.85 (384) 0	19.79 (395) 8	19.90 (404) 6	20.00 (407) 0	20.00 (408) 0	20.00 (408) 0	20.09 (408) 0	20.09 (408) 0	19.99 (408) 0
<b>CME – CASH SETTLED BUTTER FUTURES (Electronic-Traded)</b>										
MAR 11	207.45 (527) 0	207.43 (527) 0	207.40 (527) 0	207.25 (527) 0	206.70 (527) 0	206.60 (527) 0	206.50 (516) 12	206.50 (514) 2	206.50 (514) 0	206.50 (514) 0
APR 11	203.75 (519) 0	203.75 (519) 0	200.95 (519) 1	202.50 (520) 1	203.45 (523) 13	203.25 (528) 13	203.53 (533) 21	203.53 (533) 0	203.50 (559) 54	200.50 (575) 16
MAY 11	196.00 (392) 12	195.90 (394) 12	197.93 (396) 3	198.00 (410) 15	198.25 (414) 17	198.50 (414) 3	199.50 (414) 0	199.75 (414) 0	200.00 (423) 11	196.50 (431) 9
<b>CME – NONFAT DRY MILK FUTURES (Pit-Traded)</b>										
MAR 11	150.50 (233) 0	150.55 (239) 0	150.78 (239) 0	152.00 (241) 0	153.25 (252) 0	153.25 (251) 0	151.50 (255) 0	151.50 (255) 0	151.50 (255) 0	151.50 (255) 0
APR 11	157.00 (228) 0	157.00 (228) 0	157.03 (228) 0	159.00 (232) 0	160.00 (234) 0	160.00 (244) 0	160.25 (246) 0	160.00 (271) 0	160.00 (271) 0	160.00 (276) 0
MAY 11	159.00 (258) 0	159.05 (259) 0	159.05 (260) 0	160.00 (261) 0	160.50 (261) 0	160.50 (281) 0	160.50 (281) 0	160.50 (281) 0	160.50 (291) 0	160.50 (294) 0
<b>CME – WHEY (Electronic-Traded)</b>										
MAR 11	47.48 (295) 1	47.00 (295) 1	46.75 (295) 1	46.50 (295) 1	46.50 (295) 0	46.50 (295) 0	45.00 (297) 14	45.25 (297) 0	45.25 (297) 0	45.25 (297) 0
APR 11	48.00 (341) 26	47.00 (342) 1	47.00 (342) 0	47.00 (342) 0	46.95 (345) 7	47.25 (358) 15	47.00 (356) 22	46.75 (362) 6	46.25 (362) 0	45.50 (363) 1
MAY 11	48.00 (360) 49	47.68 (373) 15	47.50 (392) 20	47.00 (392) 2	48.00 (388) 10	48.50 (394) 10	48.00 (394) 10	48.00 (394) 0	48.00 (394) 0	48.00 (394) 0
<b>CME – CHEESE CSC (Electronic-Traded)</b>										
MAR 11	1.98 (327) 4	1.98 (327) 1	1.98 (328) 1	1.97 (331) 9	1.97 (331) 0	1.97 (331) 0	1.98 (357) 26	1.98 (360) 3	1.98 (360) 0	1.98 (360) 0
APR 11	1.68 (344) 1	1.69 (357) 14	1.67 (358) 2	1.67 (358) 0	1.66 (359) 11	1.67 (357) 4	1.69 (357) 0	1.70 (357) 0	1.69 (358) 6	1.69 (357) 5
MAY 11	1.66 (234) 8	1.66 (248) 16	1.65 (249) 1	1.63 (253) 10	1.63 (257) 4	1.67 (255) 5	1.72 (255) 0	1.73 (255) 0	1.68 (258) 3	1.66 (258) 1
JUN 11	1.64 (316) 1	1.65 (319) 4	1.66 (319) 1	1.66 (348) 30	1.66 (348) 0	1.69 (349) 2	1.72 (348) 1	1.75 (350) 7	1.71 (351) 2	1.69 (351) 1
JUL 11	1.69 (126) 0	1.72 (127) 5	1.72 (127) 0	1.72 (127) 3	1.72 (127) 0	1.72 (127) 0	1.76 (127) 1	1.77 (131) 7	1.75 (131) 0	1.75 (131) 0
AUG 11	1.71 (102) 0	1.74 (102) 6	1.74 (102) 0	1.74 (102) 0	1.74 (102) 0	1.74 (102) 0	1.77 (102) 0	1.81 (106) 5	1.79 (106) 0	1.79 (106) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-278-4142.

MONTHLY SUMMARY AND AVERAGES FOR MARCH 2011 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	:REPORT NUMBER 9	:REPORT NUMBER 10	:REPORT NUMBER 11	:REPORT NUMBER 12	:REPORT NUMBER 13	2011	2010
	:-----	:-----	:-----	:-----	:-----	Average	Average
	: MAR 01 - 04	: MAR 07 - 11	: MAR 14 - 18	: MAR 21 - 25	: MAR 28 - 31	or Total	or Total

CHEESE

WISCONSIN (WSP, Delivered, LTL)

-- Process American 5# Loaf	:: 2.1700 - 2.4975	:: 2.1700 - 2.5175	:: 2.1700 - 2.5250	:: 2.1400 - 2.3325	:: 2.0325 - 2.2250	:: 2.2821	: 1.7717
-- Brick And/Or Muenster 5#	:: 2.3100 - 2.4950	:: 2.3100 - 2.5125	:: 2.3100 - 2.5250	:: 2.2700 - 2.3100	:: 2.1475 - 2.3100	:: 2.3530	: 1.9483
-- Cheddar 40# Block	:: 2.1500 - 2.5650	:: 2.1500 - 2.5650	:: 2.1500 - 2.8650	:: 2.1500 - 2.8650	:: 2.1475 - 2.8650	:: 2.4486	: 2.1988
-- Monterey Jack 10#	:: 2.2400 - 2.5650	:: 2.2400 - 2.5650	:: 2.2400 - 2.8650	:: 2.2325 - 2.8650	:: 2.1100 - 2.8650	:: 2.4817	: 2.1724
-- Blue 5#	:: 2.8125 - 3.0300	:: 2.8300 - 3.0300	:: 2.8425 - 3.0300	:: 2.5875 - 3.0300	:: 2.4650 - 3.0300	:: 2.8717	: 2.4533
-- Mozzarella 5 - 6#	:: 2.2300 - 2.6650	:: 2.2300 - 2.6650	:: 2.2300 - 2.9650	:: 2.1025 - 2.9650	:: 1.9800 - 2.9650	:: 2.5032	: 2.1574
-- Grade A Swiss Cuts 6 - 9#	:: 2.7400 - 3.3300	:: 2.7000 - 3.3300	:: 2.7000 - 3.3300	:: 2.7000 - 3.3300	:: 2.7000 - 3.3300	:: 3.0185	: 2.9385

NORTHEAST (WSP, Delivered, LTL)

-- Cheddar 40# Block	:: 2.3025 - 2.5775	:: 2.3200 - 2.5950	:: 2.3325 - 2.6075	:: 2.0775 - 2.3525	:: 1.9550 - 2.2300	:: 2.3410	: 1.7699
-- Process 5# Sliced	:: 2.0525 - 2.3625	:: 2.0725 - 2.3825	:: 2.0800 - 2.3900	:: 1.8875 - 2.1975	:: 1.7800 - 2.0900	:: 2.1346	: 1.5275
-- Muenster	:: 2.3225 - 2.5275	:: 2.3400 - 2.5450	:: 2.3525 - 2.5575	:: 2.0975 - 2.3025	:: 1.9750 - 2.1800	:: 2.3260	: 1.7511
-- Grade A Swiss Cuts 10 - 14#	:: 3.0525 - 3.3750	:: 3.0125 - 3.3350	:: 3.0125 - 3.3350	:: 3.0125 - 3.3350	:: 3.0125 - 3.3350	:: 3.1807	: 3.3357

WEST COAST (WSP, Delivered, LTL)

-- Process 5# Loaf	:: 2.0725 - 2.3300	:: 2.0925 - 2.3500	:: 2.1000 - 2.3575	:: 1.9050 - 2.1625	:: 1.7975 - 2.0550	:: 2.1273	: 1.5338
-- Cheddar 40# Block	:: 2.1125 - 2.4650	:: 2.1300 - 2.4825	:: 2.1425 - 2.4950	:: 1.8875 - 2.2400	:: 1.7650 - 2.1175	:: 2.1897	: 1.6136
-- Cheddar 10# Cuts	:: 2.2925 - 2.5125	:: 2.3100 - 2.5300	:: 2.3225 - 2.5425	:: 2.0675 - 2.2875	:: 1.9450 - 2.1650	:: 2.3035	: 1.7274
-- Monterey Jack 10#	:: 2.3025 - 2.4625	:: 2.3200 - 2.4800	:: 2.3325 - 2.4925	:: 2.0775 - 2.2375	:: 1.9550 - 2.1150	:: 2.2835	: 1.7074
-- Grade A Swiss Cuts 6 - 9#	:: 2.6300 - 3.0600	:: 2.5900 - 3.0200	:: 2.5900 - 3.0200	:: 2.5900 - 3.0200	:: 2.5900 - 3.0200	:: 2.8120	: 2.9370

FLUID PRODUCTS

SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)

-- Northeast - f.o.b	:: 2.4522 - 2.5728	:: 2.5437 - 2.7522	:: 2.7136 - 2.8620	:: 2.6362 - 2.7839	:: 2.5812 - 2.7258	:: 2.6693	: 1.8856
-- Upper Midwest - f.o.b	:: 2.3432 - 2.5452	:: 2.5144 - 2.5975	:: 2.5652 - 2.6712	:: 2.5730 - 2.7839	:: 2.5400 - 2.6019	:: 2.5793	: 1.8452

PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.

-- Class II	:: 1.42 - 1.49	:: 1.42 - 1.49	:: 1.42 - 1.49	:: 1.55 - 1.62	:: 1.55 - 1.62	:: 1.5059	: 1.1752
-- Class III	:: 0.94 - 1.04	:: 1.23 - 1.33	:: 1.23 - 1.33	:: 1.23 - 1.33	:: 1.23 - 1.33	:: 1.2296	: 1.2352

MONTHLY SUMMARY AND AVERAGES FOR MARCH 2011 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 9	REPORT NUMBER 10	REPORT NUMBER 11	REPORT NUMBER 12	REPORT NUMBER 13	2011	2010
	MAR 01 - 04	MAR 07 - 11	MAR 14 - 18	MAR 21 - 25	MAR 28 - 31	or Total	or Total

DRY PRODUCTS

NONFAT DRY MILK

-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 1.4400 - 1.9000	:: 1.4600 - 1.8500	:: 1.4700 - 1.8500	:: 1.4700 - 1.8500	:: 1.5200 - 1.8000	:: 1.6607	:: 1.1175
-- Mostly	:: 1.4800 - 1.7800	:: 1.4800 - 1.7800	:: 1.4800 - 1.7500	:: 1.4800 - 1.7500	:: 1.5300 - 1.6900	:: 1.6200	:: 1.1130
-- High Heat	:: 1.5100 - 1.9000	:: 1.5100 - 1.9000	:: 1.5100 - 1.9000	:: 1.5100 - 1.9000	:: 1.5600 - 1.8500	:: 1.7050	:: 1.2384
-- West (f.o.b.)							
-- Low/Medium Heat	:: 1.3600 - 1.8500	:: 1.3900 - 1.7200	:: 1.4000 - 1.7500	:: 1.4300 - 1.7300	:: 1.4600 - 1.6500	:: 1.5735	:: 1.0837
-- Mostly	:: 1.4700 - 1.7500	:: 1.4800 - 1.6800	:: 1.4800 - 1.6500	:: 1.5000 - 1.6300	:: 1.5350 - 1.5850	:: 1.5752	:: 1.0661
-- High Heat	:: 1.4200 - 1.7200	:: 1.4500 - 1.7600	:: 1.4500 - 1.7600	:: 1.5000 - 1.7600	:: 1.5500 - 1.7700	:: 1.6139	:: 1.1538

WHEY POWDER (Nonhygroscopic)

-- Central (f.o.b.)	:: 0.3600 - 0.5900	:: 0.3600 - 0.5800	:: 0.3700 - 0.4900	:: 0.3700 - 0.6350	:: 0.4000 - 0.5700	:: 0.4718	:: 0.3529
-- Mostly	:: 0.3725 - 0.4225	:: 0.3725 - 0.4225	:: 0.3800 - 0.4500	:: 0.4000 - 0.4700	:: 0.4150 - 0.4700	:: 0.4173	:: 0.3707
-- West (f.o.b.)	:: 0.4050 - 0.5775	:: 0.4050 - 0.5775	:: 0.4075 - 0.6500	:: 0.4250 - 0.6400	:: 0.4450 - 0.6100	:: 0.5147	:: 0.3997
-- Mostly	:: 0.4400 - 0.5150	:: 0.4500 - 0.5200	:: 0.4500 - 0.5200	:: 0.4500 - 0.5200	:: 0.4500 - 0.5200	:: 0.4837	:: 0.4024
-- Northeast (f.o.b.)	:: 0.4075 - 0.4325	:: 0.4125 - 0.4375	:: 0.4125 - 0.4400	:: 0.4300 - 0.6500	:: 0.4500 - 0.6100	:: 0.4677	:: 0.3994

WHEY PROTEIN CONCENTRATE

-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 1.0200 - 1.2750	:: 1.0500 - 1.5700	:: 1.1500 - 1.4900	:: 1.1500 - 1.5700	:: 1.1500 - 1.5800	:: 1.3043	:: 0.9072
-- Mostly	:: 1.0300 - 1.1300	:: 1.0700 - 1.3000	:: 1.1800 - 1.4000	:: 1.1800 - 1.4500	:: 1.1800 - 1.4500	:: 1.2404	:: 0.9130

ANIMAL FEED - WHEY

-- Central (f.o.b.)							
-- Milk Replacer	:: 0.2750 - 0.3800	:: 0.2750 - 0.3800	:: 0.2800 - 0.4000	:: 0.2800 - 0.4000	:: 0.3050 - 0.4350	:: 0.3403	:: 0.2976

BUTTERMILK (Min. 30% protein)

-- Central And East (f.o.b.)	:: 1.4100 - 1.6500	:: 1.4100 - 1.6500	:: 1.3650 - 1.6500	:: 1.3650 - 1.6200	:: 1.3650 - 1.6200	:: 1.5104	:: 1.0192
-- West (f.o.b.)	:: 1.3800 - 1.5400	:: 1.4000 - 1.5600	:: 1.4000 - 1.5600	:: 1.4200 - 1.5600	:: 1.4300 - 1.5400	:: 1.4796	:: 0.9062
-- Mostly	:: 1.4200 - 1.4700	:: 1.4400 - 1.5000	:: 1.4600 - 1.5000	:: 1.4800 - 1.5200	:: 1.4800 - 1.5200	:: 1.4796	:: 0.8976

WHOLE MILK POWDER

-- National (f.o.b.)	:: 1.7500 - 2.0400	:: 1.8100 - 2.0600	:: 1.8200 - 2.0400	:: 1.8200 - 1.9500	:: 1.8200 - 1.9500	:: 1.9074	:: 1.4809
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LACTOSE

-- Central And West (f.o.b.)	:: 0.2900 - 0.5200	:: 0.3100 - 0.5200	:: 0.3100 - 0.5200	:: 0.3100 - 0.5200	:: 0.3100 - 0.5200	:: 0.4133	:: 0.3547
-- Mostly	:: 0.3300 - 0.4000	:: 0.3300 - 0.4150	:: 0.3300 - 0.4150	:: 0.3500 - 0.4500	:: 0.3500 - 0.4500	:: 0.3820	:: 0.3484

CASEIN - Edible - National (f.o.b.)

-- Nonrestricted - Rennet	:: 4.1400 - 4.6000	:: 4.1400 - 4.9000	:: 4.1400 - 4.9000	:: 4.1400 - 4.9000	:: 4.1400 - 4.9000	:: 4.4939	:: 3.8783
-- Nonrestricted - Acid	:: 4.2800 - 4.6500	:: 4.2800 - 4.8500	:: 4.2800 - 4.8500	:: 4.2800 - 4.8500	:: 4.2800 - 4.8500	:: 4.5476	:: 3.8533

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CME GROUP AVERAGES FOR MARCH 2011

COMMODITY	::REPORT NUMBER 9 :: MAR 1 - 4	::REPORT NUMBER 10 :: MAR 7 - 11	::REPORT NUMBER 11 :: MAR 14 - 18	::REPORT NUMBER 12 :: MAR 21 - 25	::REPORT NUMBER 13 :: MAR 28 - 31	2011 * Average	2010 * Average
<b>BUTTER*</b>							
-- GRADE AA							
--Monday	::	:: 2.1200	:: 2.1200	:: 2.0600	:: 2.0800	::	:
--Tuesday	:: 2.0225	:: 2.1200	:: 2.1200	:: 2.0600	:: 2.0650	::	:
--Wednesday	:: 2.1150	:: 2.1200	:: 2.1175	:: 2.0600	:: 2.0000	::	:
--Thursday	:: 2.1150	:: 2.1200	:: 2.1175	:: 2.0700	:: 2.0000	::	:
--Friday	:: 2.1175	:: 2.1200	:: 2.0700	:: 2.0750	::	:: 2.0863	: 1.4641
--Weekly Average**	:: 2.0780	:: 2.1200	:: 2.1090	:: 2.0650	::	::	:
<b>CHEESE*</b>							
-- BARRELS							
--Monday	::	:: 1.9800	:: 1.9125	:: 1.7000	:: 1.6525	::	:
--Tuesday	:: 1.9525	:: 1.9800	:: 1.8500	:: 1.7000	:: 1.6250	::	:
--Wednesday	:: 1.9625	:: 1.9800	:: 1.7400	:: 1.6850	:: 1.6175	::	:
--Thursday	:: 1.9800	:: 1.9650	:: 1.7000	:: 1.6400	:: 1.6050	::	:
--Friday	:: 1.9800	:: 1.9650	:: 1.7000	:: 1.6400	::	:: 1.8049	: 1.2782
--Weekly Average**	:: 1.9655	:: 1.9740	:: 1.7805	:: 1.6730	::	::	:
-- 40# BLOCKS							
--Monday	::	:: 2.0200	:: 1.8800	:: 1.6500	:: 1.7000	::	:
--Tuesday	:: 1.9950	:: 2.0125	:: 1.8200	:: 1.6500	:: 1.6650	::	:
--Wednesday	:: 2.0000	:: 2.0125	:: 1.7150	:: 1.6250	:: 1.6325	::	:
--Thursday	:: 2.0075	:: 2.0125	:: 1.6925	:: 1.6250	:: 1.6250	::	:
--Friday	:: 2.0200	:: 2.0150	:: 1.6850	:: 1.6275	::	:: 1.8125	: 1.2976
--Weekly Average**	:: 2.0030	:: 2.0145	:: 1.7585	:: 1.6355	::	::	:
<b>NONFAT DRY MILK*</b>							
-- EXTRA GRADE							
--Monday	::	:: 1.8000	:: 1.8000	:: 1.8000	:: 1.8000	::	:
--Tuesday	:: 1.8000	:: 1.8000	:: 1.8000	:: 1.8000	:: 1.8000	::	:
--Wednesday	:: 1.8000	:: 1.8000	:: 1.8000	:: 1.8000	:: 1.8000	::	:
--Thursday	:: 1.8000	:: 1.8000	:: 1.8000	:: 1.8000	:: 1.8000	::	:
--Friday	:: 1.8000	:: 1.8000	:: 1.8000	:: 1.8000	::	:: 1.8000	: 1.1278
--Weekly Average**	:: 1.8000	:: 1.8000	:: 1.8000	:: 1.8000	::	::	:
-- GRADE A							
--Monday	::	:: 1.8150	:: 1.7900	:: 1.7700	:: 1.7500	::	:
--Tuesday	:: 1.8225	:: 1.8150	:: 1.7900	:: 1.7600	:: 1.7500	::	:
--Wednesday	:: 1.8150	:: 1.8150	:: 1.7900	:: 1.7500	:: 1.7350	::	:
--Thursday	:: 1.8150	:: 1.8100	:: 1.7900	:: 1.7500	:: 1.7000	::	:
--Friday	:: 1.8150	:: 1.7900	:: 1.7900	:: 1.7500	::	:: 1.7816	: 1.1263
--Weekly Average**	:: 1.8180	:: 1.8090	:: 1.7900	:: 1.7560	::	::	:

\* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

\*\* Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

**OVER-ORDER CHARGES ON PRODUCER MILK, BY CLASS OF UTILIZATION,  
BY FEDERAL MILK ORDER MARKETING AREA, JANUARY 2011 1/**

For January 2011, the all reporting areas combined average over-order charge on producer milk used in Class I was \$2.12 per cwt., down \$0.06 from the December 2010 average. Ninety-one percent of the producer milk used in Class I carried an over-order charge. On an individual order basis, Class I over-order charges ranged from \$0.81 in the Pacific Northwest to \$2.84 in the Southeast. For producer milk used in Class II, the all reporting areas combined average over-order charge was \$1.13 per cwt., down \$0.01 per cwt. from the December 2010 average. Seventy-six percent of the producer milk used in Class II carried an over-order charge.

Federal Milk Order Marketing Area 2/	Order Number	Weighted Average of Over-Order Charges Spread Over Total Class I Milk 1/	Weighted Average of Over-Order Charges Spread Over Total Class II Milk 1/
		\$/cwt	
Appalachian	005	2.52	1.87
Southeast	007	2.84	2.37
Florida	006	2.72	0.31
Mideast	033	2.36	1.69
Upper Midwest	030	2.50	1.31
Central	032	2.42	1.22
Pacific Northwest	124	0.81	0.64
All Reporting Areas Combined 3/		2.12	1.13

1/ Figures are weighted averages of all the over-order charges applicable to any volume of milk used in the respective class spread over 100 percent of the producer milk used in that class. Includes some producer milk for which there was no over-order charge.

2/ Information is available for all Federal milk marketing areas except the Northeast and Southwest. See 3/.

3/ Figures are weighted averages of the available individual marketing area data; includes information for the Arizona order which is administratively confidential.

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE <sup>1/</sup>

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish, and Eggs	
	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>
DEC 2010	220.9	1.5	202.1	3.7	194.5	5.6	207.4	4.3	196.0	21.9	212.0	5.5
JAN 2011	222.9	1.8	202.3	1.7	193.8	2.2	206.1	1.7	202.6	19.6	214.3	6.2
FEB 2011	223.8	2.3	203.5	2.4	196.9	3.9	205.7	1.1	209.9	23.3	216.2	6.8
U.S. City Average Retail Prices												
Month	Whole Milk <sup>4/</sup>		Butter <sup>5/</sup>		Process Cheese <sup>6/</sup>		Natural Cheese <sup>7/</sup>		Ice Cream <sup>8/</sup>			
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009		
Dollars												
DEC	3.318	3.105	3.416	2.668	3.797	3.858	4.933	4.552	4.584	4.234		
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010		
JAN	3.301	3.236	3.526	2.778	3.758	3.875	5.143	4.720	4.740	4.483		
FEB	3.357	3.203	3.670	2.838	3.734	3.943	5.023	4.608	4.990	4.388		

<sup>1/</sup> "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. <sup>2/</sup> The standard reference base period for these indexes is 1982-1984 = 100. <sup>3/</sup> Percent change over previous year. <sup>4/</sup> Per gallon. <sup>5/</sup> Per pound. Grade AA, salted, stick butter. <sup>6/</sup> Per pound, any size and type of package. <sup>7/</sup> Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc.). <sup>8/</sup> Per 1/2 gallon prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—NOVEMBER 2010-JANUARY 2011 AND YEAR-TO-DATE 2009-2010 <sup>1/</sup>

Item	Nov.-Jan. 2009/10	Percent change <sup>2/</sup>	Nov.-Jan. 2010/11	Percent change <sup>2/</sup>	Jan.-Dec. 2009	Percent change <sup>2/</sup>	Jan.-Dec. 2010	Percent change <sup>2/</sup>
	Million Pounds							
<b>MILK</b>								
Production	46,863	0.3	48,381	3.2	189,320	-0.1	193,118	2.0
Marketings	46,613	0.3	48,139	3.2	188,308	-0.1	192,162	2.0
Beginning Commercial Stocks <sup>3/</sup>	12,611	22.8	11,640	-7.7	10,045	-3.0	11,334	12.8
Imports <sup>3/</sup>	1,007	-34.2	829	-17.7	4,057	3.2	3,098	-23.6
Total Supply <sup>4/</sup>	60,231	4.1	60,608	0.6	202,410	0.0	206,594	2.1
Ending Commercial Stocks <sup>3/</sup>	12,246	6.2	11,790	-3.7	11,284	12.3	10,927	-3.2
Net Removals <sup>3/</sup>	419	498.6	0	-100.0	703	2,829.2	112	-84.1
Commercial Disappearance <sup>4/</sup>	47,616	2.0	48,818	2.5	190,423	-1.2	195,555	2.7
<b>SELECTED PRODUCTS <sup>5/</sup></b>								
Butter	445.9	-2.0	451.2	1.2	1,567.6	-8.1	1,629.0	3.9
American Cheese	1,026.5	-4.2	1,092.0	6.4	4,193.4	3.4	4,265.0	1.7
Other Cheese	1,583.8	8.0	1,672.5	5.6	6,138.9	1.2	6,390.8	4.1
Nonfat Dry Milk	304.8	2.2	401.1	31.6	1,346.2	-2.0	1,548.8	15.0
Fluid Milk Products <sup>6/</sup>	14,232.2	-0.6	14,231.4	0.0	55,445.0	1.0	54,673.1	-1.4

<sup>1/</sup> Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports. <sup>2/</sup> From year earlier on a daily average basis. <sup>3/</sup> Milk-equivalent, milkfat basis. <sup>4/</sup> Totals may not add because of rounding. <sup>5/</sup> Commercial disappearance in product pounds. <sup>6/</sup> Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition. **SOURCE:** Economic Research Service, USDA. Fluid milk products - Agricultural Marketing Service, USDA.

## MARCH AGRICULTURAL PRICES HIGHLIGHTS

The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in March 2011 advanced 2 points to 199. Compared with March 2010, the index was up 19 points (10.6 percent). The index of prices received by farmers for dairy products advanced 10 points during the month of March 2011 to 156. Compared with March 2010, the index was up 43 points (38.1 percent).

The All Milk price received by farmers in March was \$20.40, up \$1.30 from February.

## SELECTED MILK PRICES, COWS AND DAIRY FEED PRICES, SELECTED STATES AND U.S., MARCH 2011 WITH COMPARISONS

STATE	All-milk price <u>1/</u> <u>2/</u>				Milk cows <u>3/</u>		Cows <u>4/</u>		Alfalfa hay, baled	
	Dollars per cwt.		Dollars per cwt.		Dollars per head		Dollars per cwt.		Dollars per ton	
	FEBRUARY		MARCH		MARCH		MARCH		MARCH	
	2011	2010	2011 <u>5/</u>	2010	2011 <u>5/</u>	2010	2011	2010	2011 <u>5/</u>	2010
CA	18.01	14.22	18.40	13.32	PRICES PUBLISHED JANUARY, APRIL, JULY AND OCTOBER	---	54.00	209.00	118.00	
ID	17.90	14.10	20.00	13.10		---	56.70	157.00	107.00	
MI	19.20	16.70	21.20	15.70		---	54.00	105.00	140.00	
MN	19.50	15.90	20.40	14.60		---	54.80	110.00	125.00	
NM	18.50	15.50	19.70	14.50		---	59.10	164.00	147.00	
NY	19.60	16.80	21.30	16.10		---	---	140.00	155.00	
PA	20.70	18.10	22.50	17.00		---	50.00	159.00	160.00	
TX	19.90	16.80	21.00	15.80		---	51.50	190.00	183.00	
WA	19.40	15.30	21.10	14.40		---	---	140.00	115.00	
WI	19.20	16.00	21.00	14.70		---	51.80	100.00	120.00	
U.S.	19.10	15.90	20.40	14.80	---	53.50	136.00	113.00		

1/ Prices are shown at reported butterfat test. 2/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 3/ Animals sold for dairy herd replacement only. 4/ NASS discontinued prices beginning January 2011. 5/ Preliminary.

## MILK AND OTHER GENERAL PRICE MEASURES, U.S., MARCH 2011 WITH COMPARISONS

ITEM	MARCH 2010	FEBRUARY 2011	MARCH 2011 <u>1/</u>
<b>PRICES RECEIVED BY FARMERS</b> , dol. per cwt., at reported butterfat test: <u>2/</u>			
All milk	14.80	19.10	20.40
Fluid grade milk <u>3/</u>	---	---	---
Manufacturing grade milk <u>3/</u>	---	---	---
<b>INDEX NUMBERS</b> (1990-92=100):			
Prices received by farmers for all farm products	141	170	174
Prices received by farmers for dairy products	113	146	156
Prices paid by farmers for commodities and services, interest taxes, and wage rates	180	197	199
Prices paid by farmers for production items	184	205	208
Prices paid by farmers for feed	175	224	228
<b>MILK FEED PRICE RATIO:</b> Pounds of 16% Mixed Dairy Feed equal in value to one pound of milk <u>4/</u>	2.18	2.02	2.18

1/ Preliminary. 2/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies.

3/ NASS discontinued prices beginning January 2011. 4/ The price of commercial prepared dairy feed is based on current United States prices received for corn, soybeans, and alfalfa. The modeled feed uses 51 percent corn, 8 percent soybeans, and 41 percent alfalfa.

**SOURCE:** "Agricultural Prices," (March 2011), Agricultural Statistics Board, National Agricultural Statistics Service, USDA.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, MARCH

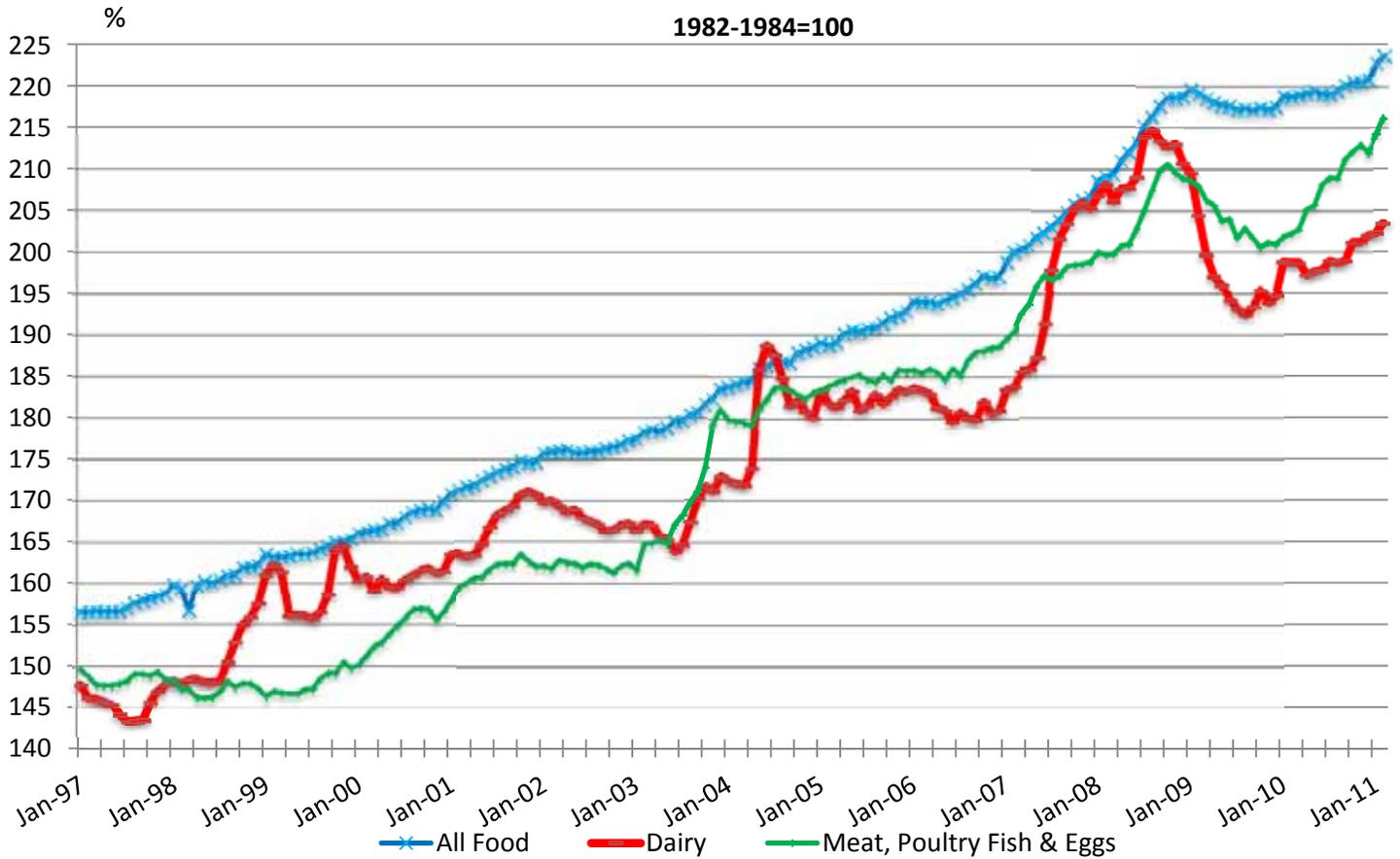
**Component Price Information:** Under the Federal milk order pricing system, the butterfat price for March 2011 is \$2.2859 per pound. Thus, the Class II butterfat price is \$2.2929. The protein and other solids prices for March are \$3.3024 and \$0.2665 per pound, respectively. These component prices set the Class III skim milk price at \$11.81 per cwt. The March Class IV skim milk price is \$11.82 which is derived from the nonfat solids price of \$1.3134 per pound.  
**Product Price Averages:** The product price averages for March are: butter \$2.0591, nonfat dry milk \$1.4945, cheese \$1.9722, and dry whey \$0.4578.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT <sup>1/</sup> <sub>2/</sub>						
FEDERAL MILK ORDER MARKETING AREAS <sup>3/</sup>	ORDER NUMBER	MARCH 2011				APRIL 2011
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) <sup>4/</sup>	001	21.48	18.83	19.40	19.41	22.68
Appalachian (Charlotte) <sup>5/</sup> <sub>6/</sub>	005	21.63	18.83	19.40	19.41	22.83
Southeast (Atlanta) <sup>6/</sup> <sub>7/</sub>	007	22.03	18.83	19.40	19.41	23.23
Florida (Tampa) <sup>6/</sup> <sub>8/</sub>	006	23.63	18.83	19.40	19.41	24.83
Midwest (Cleveland) <sup>9/</sup>	033	20.23	18.83	19.40	19.41	21.43
Upper Midwest (Chicago) <sup>10/</sup>	030	20.03	18.83	19.40	19.41	21.23
Central (Kansas City) <sup>11/</sup>	032	20.23	18.83	19.40	19.41	21.43
Southwest (Dallas) <sup>12/</sup>	126	21.23	18.83	19.40	19.41	22.43
Arizona (Phoenix)	131	20.58	18.83	19.40	19.41	21.78
Pacific Northwest (Seattle) <sup>13/</sup>	124	20.13	18.83	19.40	19.41	21.33
All-Market Average	---	21.12	18.83	19.40	19.41	22.32

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

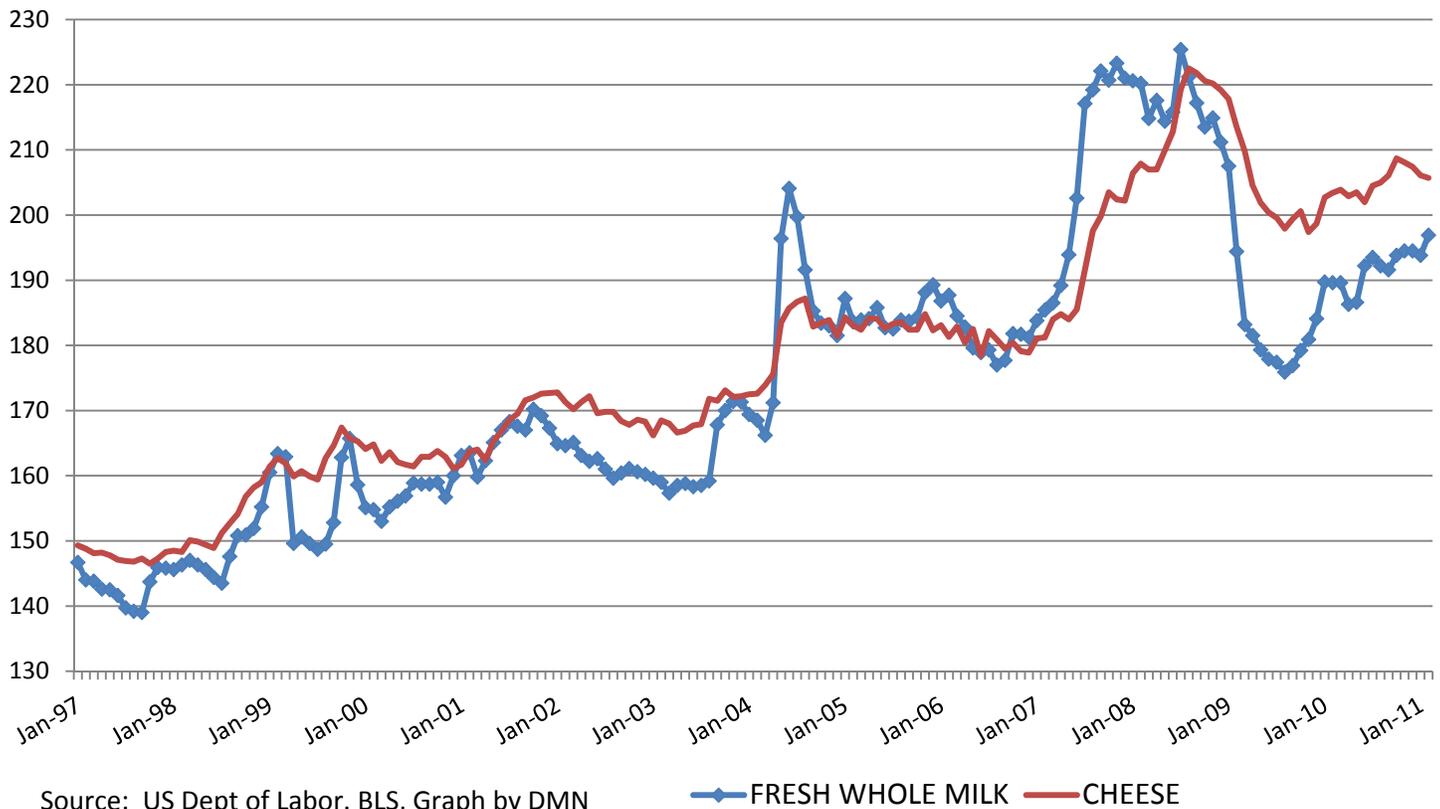
### CONSUMER PRICE INDEX

1982-1984=100



### CONSUMER PRICE INDEX DAIRY PRODUCTS

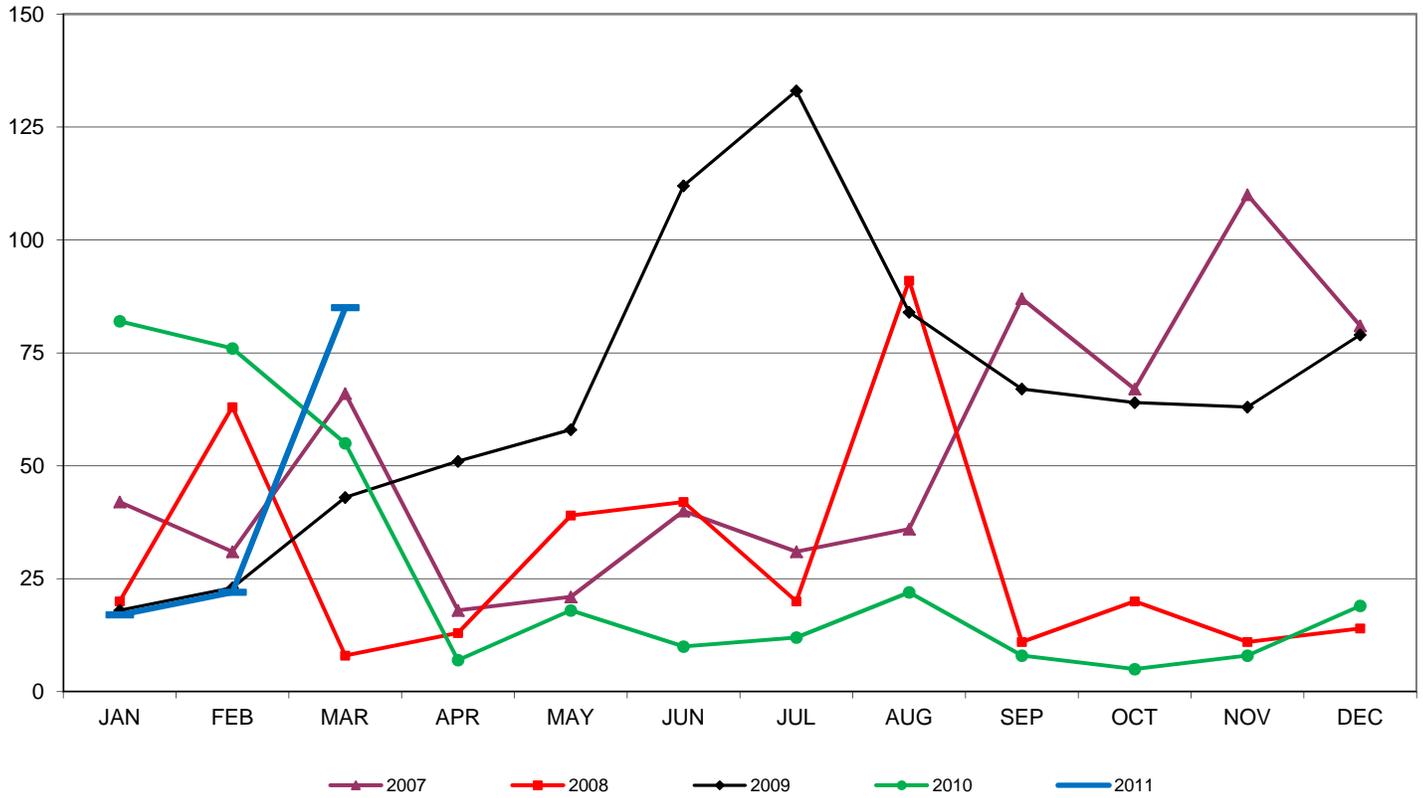
1982-1984=100  
%



Source: US Dept of Labor. BLS, Graph by DMN

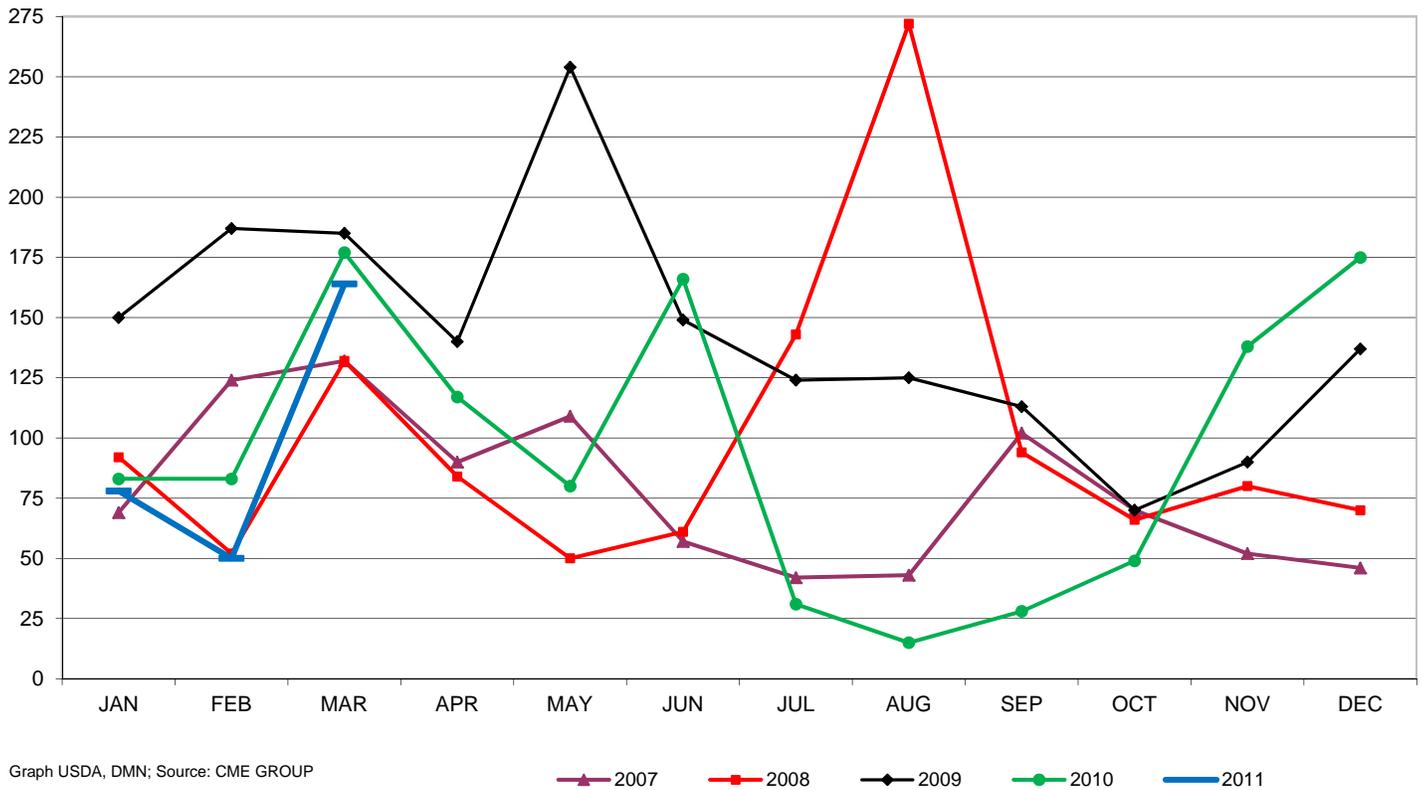
LOADS

**CME GROUP CASH BUTTER MONTHLY SALES**



**CME Group Monthly Cash Cheese Sales  
Blocks and Barrels Combined**

Loads



Graph USDA, DMN; Source: CME GROUP

# DAIRY MARKET NEWS

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