

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (04/15):**

**BUTTER:** Grade AA closed at \$2.0000. The weekly average for Grade AA is \$1.9895 (+.0180).

**CHEESE:** Barrels closed at \$1.6250 and 40# blocks at \$1.6275. The weekly average for barrels is \$1.5970 (+.0675) and blocks, \$1.6220 (+.0425).

**BUTTER HIGHLIGHTS:** During the week, the CME Group cash butter price increased to \$2.00, reaching the \$2.00 mark for the first time since March 31. Increased production of holiday specialties such as dips, whipping, and sour cream used larger cream volumes, reducing churn supplies. With most holiday butter orders filled and shipped, a larger share of the butter churned is again being packaged as bulk. Export interest in butter and milkfat continues. Butter and milkfat exports during February totaled 14.2 million pounds, up 162% from February 2010. Cumulative two month 2011 butter and milkfat exports total 23.4 million pounds, nearly twice the 2010 level.

**CHEESE HIGHLIGHTS:** The cheese market has firmed and prices have rebounded since April 7 at the CME Group cash cheese market. Buyers have returned to rebuild stocks depleted during the falling market. Process movement, generally stronger in warmer months, has improved at current price levels. Some extra promotions may still occur on process for Memorial Day. High price gas could impact process and natural orders from summer vacation locations. Cheddar and hard Italian variety orders for aging program use have increased. Mozzarella is showing some impact from spring/holiday breaks and the usual warm weather slowdown in some areas. From FAS data, cheese exports for February 2011 totaled 43.9 million pounds, about twice the February 2010 level. Cumulative January - February exports total 85.4 million pounds, nearly twice 2010 levels. Cheese production is steady to heavier, particularly for specialty varieties that are made to order.

**FLUID MILK:** California milk output is trending higher on a weekly basis across the state with the biggest gains seen in the far south and Central Valley. New Mexico milk production trends are mostly steady. Conditions are generally favorable for milk production, yet the high cost of inputs are squeezing margins. Arizona milk output is steady this week at what is thought to be the seasonal peak for the year. Milk supplies are increasing slowly in the Pacific Northwest. Flashes of spring weather are mixed with cold and rain. Temperatures are ideal for cow comfort. UTAH and IDAHO weather is cool and wet in many cases as spring is slow to develop. Milk supplies are slow to show much increase and processors are able to handle current volumes. In the Central Region, class I interest was steady to occasionally higher. Fluid use continues to be affected by which schools are in session and which are out on break. Milk volumes are increasing through northern and middle sections of the region. In parts of Texas, the annual peak may already be past for the year though intakes remain above year ago levels. Milk production increases in the Northeast are along the seasonal trend, but manufacturers are not seeing those

increases and are wondering where the increases in milk production are headed. Most contacts speculate increases in yogurt production and other Class II manufacturing are absorbing current increases in the milk supply.

**DRY PRODUCTS:** Western low/medium heat NDM prices are steady to higher while the Central NDM market is steady and fairly quiet with little price change. In the East, the upper end of the mostly range declined while other ranges were unchanged. The Central buttermilk market is steady and in the East, prices are unchanged in light trading. Western dry buttermilk prices are slightly higher on the bottom end of the range and mostly series. The whole milk market is steady. Western dry whey prices are steady to firm and Central dry whey prices are mostly steady. Northeast whey prices are unchanged. Whey protein concentrate 34% prices are unchanged. The lactose price series continued to make adjustments for the second quarter contract pricing. The full range is generally unchanged while the mostly series showed firm pricing as the lower part of the range narrowed.

**INTERNATIONAL DAIRY MARKET NEWS (DMN):** The **European** milk production season is off to a positive start in most regions. Weather conditions have been very typical for early spring with warm temperatures and dry conditions quickly displaced by cooler/wet conditions. Milk producers are now in a new milk quota year, thus the milk flow is steadily increasing. Milk production is quite strong in some countries with output reported to be as much as 4% higher in the UK and 8% higher in France when compared to last year at this time. Overall, milk volumes are running heavier throughout Europe when compared to the previous year. Milk production typically peaks in Western Europe about mid-May and it appears that is on track for this year. Traders and handlers are stating that domestic and international buyer interest is mixed. Many traders feel that some buyers are standing back from the market until prices become more stable and a direction is once again established. As milk volumes increase, stocks of manufactured dairy products are also on the increase. At this point in the season, much of early production is committed. At the April 7 Management Committee meeting, 492 MT of intervention skim milk powder were tendered at prices ranging 1,900 - 2,021 Euros (about \$2,736 - 2,910) per MT and all offers were rejected. There are about 50,000 MT of intervention powder available for possible sale. The Private Storage Aid (PSA) scheme for butter has been open since March 1 and through April 3, slightly more than 18,300 MT of butter have cleared to the program. In **New Zealand**, milk producers are finishing off the current season with confidence. The milking herd is in good condition, feed supplies are good for upcoming winter needs, and the outlook for next season is positive. **Australian** producers are also looking forward to the new

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**CME GROUP CASH TRADING**

COMMODITY	MONDAY APR 11	TUESDAY APR 12	WEDNESDAY APR 13	THURSDAY APR 14	FRIDAY APR 15	WEEKLY CHANGE*	WEEKLY AVERAGE#
<b>CHEESE</b>							
BARRELS	\$1.5425 (+.0025)	\$1.5900 (+.0475)	\$1.5975 (+.0075)	\$1.6300 (+.0325)	\$1.6250 (-.0050)	:: (+.0850)	:: \$1.5970 (+.0675)
40# BLOCKS	\$1.6000 (+.0100)	\$1.6275 (+.0275)	\$1.6275 (N.C.)	\$1.6275 (N.C.)	\$1.6275 (N.C.)	:: (+.0375)	:: \$1.6220 (+.0425)
<b>NONFAT DRY MILK</b>							
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	\$1.6700 (N.C.)	\$1.6700 (N.C.)	\$1.6600 (-.0100)	\$1.6200 (-.0400)	\$1.6200 (N.C.)	:: (-.0500)	:: \$1.6480 (-.0240)
<b>BUTTER</b>							
GRADE AA	\$1.9725 (N.C.)	\$1.9800 (+.0075)	\$1.9975 (+.0175)	\$1.9975 (N.C.)	\$2.0000 (+.0025)	:: (+.0275)	:: \$1.9895 (+.0180)

NATIONAL DAIRY MARKET NEWS AT A GLANCE

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season with confidence. Current year milk production in New Zealand is projected to be up between 1 - 2% when compared to last year with Australian production projected to be around a 1% increase. Most traders and handlers feel that the market is well balanced for the upcoming winter period. Stocks are declining, but sufficient volumes are anticipated to fulfill contract commitments. Most suppliers indicate that stock levels will be minimal once the new milk production season resumes. At the April 5 g/DT event, prices were mixed, with anhydrous milk fat and whole milk power prices edging lower while skim milk powder prices generally firmed. The average prices covering all contracting period and the percentage change from the previous event are: anhydrous milk fat, \$5,985 per MT, -1.7%; skim milk powder \$3,763, +1.5%; and whole milk powder, \$3,878, -5.6%. Again no buttermilk powder was offered or sold.

**DAIRY OUTLOOK (ERS):** Feed prices are expected to remain high by historic standards. Corn prices are forecast at \$5.20 to \$5.60 a bushel in 2010/11. Milk equivalent imports are forecast at 3.7 billion pounds for the year on a fats basis and 4.8 billion pounds on a skim-solids basis. Imports on a skim-solids basis are virtually unchanged from 2010. Milk equivalent exports on a fats basis are forecast to total 7 billion pounds for 2011; this is a decline from 2010's totals, but the April 2011 forecast was increased from the March forecast based on stronger than expected exports of butterfat and cheese. Major dairy product prices are expected to go higher in 2011 compared with 2010, but 2011 price forecasts for cheese and butter were revised downward this month from the March forecast. Both cheese and butter prices have weakened recently, and cheese stocks have been relatively high. NDM prices are virtually unchanged from last month's forecast, based on expected continued strong exports. Cheese prices are forecast to average \$1.665 to \$1.715 per pound for the year, and NDM

prices are projected to average \$1.375 to \$1.415 per pound. The butter price is expected to average \$1.735 to \$1.815 per pound for the year. Whey prices are forecast to average 41.0 to 44.0 cents per pound. High NDM prices may be providing some support for whey prices. Milk price forecasts will be higher this year than last, but the Class III price forecast was lowered slightly this month from March projections. The Class IV price, raised fractionally from last month based on stronger NDM prices, is estimated to average \$17.05 to \$17.65 per cwt. This will average above the Class III price, which is expected to average \$16.10 to \$16.60 per cwt. The all milk price is forecast to average \$18.15 to \$18.65 per cwt. in 2011.

**MAILBOX MILK PRICES (AMS & CDF):** In January 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$16.66, down \$0.21 from the previous month average, and up \$0.50 from January 2010. The component tests of producer milk in January 2011 were: butterfat, 3.83%; protein, 3.14%; and other solids, 5.74%. On an individual reporting area basis, mailbox prices decreased from the previous month in all Federal milk order reporting areas except New England States, New York, Eastern Pennsylvania, Western Pennsylvania, and Corn Belt States. Mailbox prices in January 2011 ranged from \$19.69 in Florida to \$14.72 in New Mexico.

**FEBRUARY FLUID MILK SALES (AMS):** During February, about 4.2 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.9% lower than February 2010. After adjusting for calendar composition, sales in February 2011 were 1.9% lower than February 2010. Estimated sales of total conventional fluid milk products decreased 2.6% from February 2010 and estimated sales of total organic fluid milk products increased 23.0% from a year earlier.

CME GROUP

MONDAY, APRIL 11, 2011

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5425; 4 CARS 40# BLOCKS @ \$1.6000; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.6700  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.9725; LAST OFFER UNCOVERED: NONE

TUESDAY, APRIL 12, 2011

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5900; 2 CARS 40# BLOCKS @ \$1.6275; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.6700  
 BUTTER -- SALES: 8 CARS GRADE AA: 2 @ \$1.9725, 2 @ \$1.9750, 4 @ \$1.9800; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.9800; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.9850

WEDNESDAY, APRIL 13, 2011

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5975; 2 CARS 40# BLOCKS @ \$1.6275; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.6600  
 BUTTER -- SALES: 6 CARS GRADE AA: 1 @ \$2.0000, 1 @ \$1.9950, 4 @ \$1.9975; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

THURSDAY, APRIL 14, 2011

CHEESE -- SALES: 1 CAR BARRELS @ \$1.6300; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6300; 2 CARS 40# BLOCKS @ \$1.6275; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$1.6200; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.6000; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 5 CARS GRADE AA: 2 @ \$1.9975, 1 @ \$1.9950, 2 @ \$1.9975; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.0000

FRIDAY, APRIL 15, 2011

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6250  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.6200  
 BUTTER -- SALES: 6 CARS GRADE AA: 1 @ \$1.9975, 2 @ \$2.0000, 1 @ \$2.0025, 2 @ \$2.0000; LAST BID UNFILLED: 3 CARS GRADE AA @ \$2.0000; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.0100

BUTTER MARKETS

NORTHEAST

The butter price on the CME Group advanced \$.0075 Tuesday and closed at \$1.9800. Trading has been very active recently with 29 loads transacted in the last 5 trading sessions. Butter production and domestic demand have slowed with the bulk of Easter orders manufactured and shipped. Production is geared to current orders or as cream supplies dictate. Inventories are being added to in some areas. Export demand remains fairly strong. Cream demand has declined as cream cheese and butter are past their heavy Easter production schedules and ice cream has yet to significantly increase production. The range for cream multiples contracted this week, ranging from 123-130. 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 increased 2 cents to settle at \$1.9975 at midweek. Many butter producers and handlers were surprised at the strength of the cash market at this time. Many anticipated that the cash price would have declined further versus increase. Many still speculate that the cash will dip into the \$1.80's as the spring milk flush develops. During the past week, churning activities have fluctuated higher and lower with butter producers still cautious with their additional cream purchases. Some additional butter is clearing to inventory as current churning activity is often outpacing butter demand. Orders for upcoming Easter/Passover needs have eased this week as most orders have been placed and shipped. Some last minute fill-in orders are anticipated, but for the most part, holiday orders are completed. Butter producers and handlers were quite pleased with the strength of butter orders for this holiday season. It appears that retail consumers are maintaining positive purchasing patterns even though shelf prices are higher than usual for this time of the year. Retail buyers are indicating that retail promotional activity is appearing at varying levels throughout the Central part of the country with additional features scheduled for next week. Food service orders have slowed as holiday needs have basically been filled. Bulk butter prices range from 2 - 4 cents over various pricing bases and averages per pound.

WEST

The CME Group butter price for Wednesday is \$.0175 higher at \$1.9975. Prices for the week are \$.0250 higher. Sales of butter at the CME Group exchange have been active this week with fourteen loads sold. Butter prices in the West have begun to firm up as supplies remain historically tight. Current production is sufficient for immediate needs and manufacturers are busy shipping the last of Easter holiday orders. Churns are operating busy schedules to handle available cream. Excess production above orders is being placed in inventory for use later in the year. Demand is adequate to good for supplies. According to the CME Group, weekly butter stocks in CME approved warehouses decreased (-900,000 pounds) to a warehouse adjusted 22.4 million pounds. The total of 22.4 million pounds compares to 57.8 million pounds in 2010 and 76.6 million pounds in the comparable week in 2009. The current total in storage is 23% of the 5 year average. 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 Foreign Agricultural Service, exports of butter and milkfat for January-February 2011 total 23.4 million pounds, up 97% from January-February 2010. The exports account for 7.4% of butter production in the U.S. for January-February 2011.

U.S. Butter and Milkfat Exports, (USDA-FAS)

	2011 Exports	% Change From
	Monthly Exports	
February	14.2	+ 162
	Jan.- Feb. (Million Lb.)	1 Year Ago
World	23.4	+ 97
Saudi Arabia	5.9	+ 16
Mexico	2.3	+ 544
Morocco	2.3	+ 180
Egypt	2.1	+ 360
Denmark	2.1	None

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

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
April 9	1.6897 12,874,142	1.6971 8,913,967	1.5617 17,286,487	2.0036 4,740,812	0.4666 6,355,575

## CHEESE MARKETS

## NORTHEAST

Cheese prices on the CME Group reversed their recent downward trend Friday and have advanced in each of the last 3 trading sessions. On Tuesday barrels advanced \$.0475 and closed at \$1.5900, while blocks advanced \$.0275 and closed at \$1.6275. In the last 3 trading sessions barrels have increased \$.0800 and blocks have increased \$.0525. The recent price advances were not strong enough to keep the CME weekly price averages from declining and resulted in lower wholesale prices for all varieties, except Swiss Cuts which remained unchanged. Cheese production continues to be steady in the Northeast. Orders and sales have picked up for mozzarella and aged cheddar. Increased volumes of cheddar cheese continue to move into aging programs. Cream cheese production is slowing as the bulk of Easter orders have been filled. In the latest Foreign Agricultural Statistics report, January-February 2011 exports of cheese and curd from the United States totaled 85.4 million pounds, a 99% increase compared to the same period in 2010.

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

Cheddar 40# Block	:	1.8975-2.1725
Process 5# Sliced	:	1.6375-1.9475
Muenster	:	1.9175-2.1225
Grade A Swiss Cuts 10 - 14#	:	3.4025-3.7250

## MIDWEST

The CME Group cash cheese prices have quickly recovered from the recent low on April 7. The concern is that prices may rebound too fast and/or too high and cause another boom/bust price cycle and could result in erratic sales. Orders have increased for many packages as buyers replenish stocks depleted during the recent declines. Buyers on weekly averages are generally more aggressive (due to larger cumulative decline) than buyers on monthly averages. Hard Italian customers are aggressively rebuilding aging programs at current prices. Cheddar aging programs are also accumulating product though gaps in ages will be likely this fall. Process interest is steady to generally improved as buyers stock up for typically stronger warmer weather sales and Memorial Day promotions. As evidenced in the FAS data, cheese export for both January and February 2011 remain strong, both about twice the comparable levels in 2010. Milk intakes are continuing to grow seasonally and output is increasing. Plant schedules are generally heavier except those operations adjusting schedules to take in the cheese conference this week.

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

Process American 5# Loaf	:	1.8900-2.1700
Brick And/Or Muenster 5#	:	2.0900-2.3100
Cheddar 40# Block	:	2.0900-2.8650
Monterey Jack 10#	:	2.0525-2.8650
Blue 5#	:	2.4075-3.0300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9225-2.9650
Grade A Swiss Cuts 6 - 9#	:	2.8900-3.3300

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

	BUTTER	:	CHEESE
		:	
04/11/11	8,272	:	126,539
04/01/11	7,608	:	126,483
CHANGE	664	:	56
% CHANGE	9	:	N.C.

## WEST

Cheddar barrels on Wednesday at the CME Group are up \$.0075 at \$1.5975. 40 pound blocks are unchanged Wednesday at \$1.6275. For the week so far, barrels are \$.0575 higher and blocks are \$.0375 higher. Sales of barrels and blocks are nonexistent this week with no sales reported. Wholesale cheese prices are steady to lower in most cases. The lower prices have increased demand for bulk cheese purchases and inventories are moving towards processors. Some large sales are reported from manufacturers. Prices at the CME Group are bidding higher this week causing buyers to consider additional purchases. Increased volumes are reported to be entering aging programs. Natural cheese sales are steady and are clearing much of the current production. Excess volumes of cheese are entering the export market. CWT assistance is aiding export sales where applicable. According to FAS, exports of cheese and curd for January-February 2011 total 85.4 million pounds, up 99% from January-February 2010. The exports account for 5% of total cheese production in the U.S. for the period. Mexico was the largest importer of cheese with 19.4 million pounds or 22.7% of U.S. cheese exports.

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

Process 5# Loaf	:	1.6550-1.9125
Cheddar 40# Block	:	1.7075-2.0600
Cheddar 10# Cuts	:	1.8875-2.1075
Monterey Jack 10#	:	1.8975-2.0575
Grade A Swiss Cuts 6 - 9#	:	2.9800-3.4100

## FOREIGN

The CME Group average block price declined, despite a late week rally, resulting in lower wholesale prices for all domestic varieties. Imported varieties and domestic Swiss Cut prices were unchanged. Swiss cheese makers had very good sales last month in the Northeast and are currently increasing production, attempting to replenish inventories.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-4.6900	: 2.0375-3.5250*
Gorgonzola	: 3.6900-6.3900	: 2.5400-2.8000*
Parmesan (Italy)	: -0-	: 3.1550-3.5700*
Provolone (Italy)	: 3.4400-6.2900	: 2.0800-2.2375*
Romano (Cows Milk)	: -0-	: 3.2275-5.3700*
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-	: 3.4950-3.8175
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

\* = Price change.

## U.S. Cheese and Curd Exports, (USDA-FAS)

2011 Exports % Change From  
(Million Lb.)

	Monthly Exports	
	February	Jan.- Feb.
World	43.9	+ 102
Mexico	19.4	+ 70
South Korea	16.2	+ 279
Japan	7.1	+ 39
Saudi Arabia	3.5	+ 199
Egypt	3.4	+ 574

## 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	280	0	203
SOUTHEAST STATES	0	0	0	0	0	0

Milk production increases in the Northeast are along the seasonal trend, but manufacturers are not seeing those increases and are wondering where the increases in milk production are headed. Most contacts speculate increases in yogurt production and other Class II manufacturing are absorbing current increases in the milk supply. Weather conditions in the Northeast remain wet and soggy slowing spring plowing and other field work. Field conditions in the Mid Atlantic are also wet and limiting field work opportunities. Milk production has increased, but like the Northeast, manufacturers are not seeing those increases. Though concerned about future milk volumes, manufacturers in the Northeast and Mid-Atlantic regions indicate current milk supplies are in balance with demand. Class I demand is steady at best in the Northeast and Mid-Atlantic regions. The beginning spring flush milk intakes in the Southeast are not increasing to the degree they have in previous years. Current milk production is mostly in balance with demand. Class I demand is weakening from prior weeks as Easter and related school closures approach. Milk production in Florida is continuing at near peak flush levels as warmer daytime temps have been offset with low humidity and cool evening temperatures, maintaining fairly good cow comfort levels. Pasture conditions continue to improve with a majority of the pastures rated as 55% fair and 25% good. Cream demand has declined as cream cheese and butter are past their heavy Easter production schedules and ice cream production has yet to increase to a level that would offset those declines. The range for cream multiples contracted this week, ranging from 123-130. Most condensed skim supplies are moving through contracts with limited spot market activity, as supplies are mostly in balance with contract demand. Some manufacturers continue to limit spot load sales of condensed skim in order to channel more volumes to the dryers as a way to catch 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	-	2.4249-2.5629
F.O.B. producing plants: Upper Midwest	-	2.4249-2.5630

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.52 - 1.58
Northeast - Class III - spot prices	- 1.45 - 1.52

## MIDWEST

Class I interest was steady to occasionally higher. Fluid use continues to be affected by which schools are in session and which are out on break. Class II production was higher from retail and food service accounts preparing holiday specialty products such as dips, sour and whipping cream as well as dips. Depending on movement, some manufacturers expect to see another strong week for Class II holiday items through around midweek (April 20). A little surge has been noted from some ice cream/mix accounts, either holiday related or where warmer temperatures stimulated movement. Churning

remained solid though most holiday orders have been made and shipped. Some current production continues to go into print but probably more butter is being packaged as bulk for later year use. Cheese interest is a bit uneven, generally stronger where orders have increased with the lower cheese prices though a bit lighter for some others. Spot manufacturing milk prices are steady to higher on a very light test. Milk volumes are increasing through northern and middle sections of the region. In parts of Texas, the annual peak may already be past for the year though intakes remain above year ago levels. Manufacturing plant schedules are generally steady to heavier as a result. Manufactured product yields remain strong seasonally. Planting delays are common in many northern states as conditions remain wet and cool. Some areas still need to green and/or firm up before cattle hit pastures. Drought conditions continue in parts of Texas and nearby states.

## WEST

The May 2011 Class 1 prices in CALIFORNIA range from \$20.92 in the north to \$21.17 in the south. The statewide average Class 1 price based on production is \$20.92. The average is \$0.76 lower than April 2011 but \$5.53 more than May 2010. CALIFORNIA milk output is trending higher on a weekly basis across the state with the biggest gains seen in the far south and Central Valley. Conditions are favorable for cows and new crop alfalfa and green chop are available. Increasing feed costs continue to concern producers. Processing plants are running on sometimes-sporadic schedule with the biggest impact being that some cheese plants are taking less milk because of maintenance/inventory issues. Any extra milk is moving to butter/powder plants. There is capacity in the state to handle current and expected milk volumes this year. NEW MEXICO milk production trends are mostly steady. Conditions are generally favorable for milk production, yet the high cost of inputs are squeezing margins. With higher corn, soybean, and hay prices, there are limited desires to increase milk output. Processing plants are running along expected level with limited shifting of milk being made. The declining cheese market impacted buying interest. ARIZONA milk output is steady this week at what is thought to be the seasonal peak for the year. The typical peak in daily intakes usually occurs in mid April. Weather conditions have been comfortable for milk cows across the state, but temperatures are forecast to increase in the coming week. CREAM market trends have moderated over the past week. Butter prices are trending slightly higher with multiples and overages holding steady. Demand for cream has slipped for higher class products. Producers are slowing or shutting down more holiday type outputs. Cream demand from cheese producers is light. Butter output is moderate to seasonally heavy. The CME Group, Grade AA butter price closed at \$1.9975 on Wednesday, April 13, up 2.5 cents from a week ago. Multiples for cream are holding steady in the range of 105-123 and vary based on class usage and basing point. Milk supplies are increasing slowly in the PACIFIC NORTHWEST. Flashes of spring weather are mixed with cold and rain. Temperatures are ideal for cow comfort. Dairy farmers are awaiting warmer temperatures to kickstart pastures and new crop alfalfa. Milk handlers in the region are especially busy on weekends clearing current milk inventories. Class I sales are mostly steady with manufacturing milk abundant for late week processing. UTAH and IDAHO weather is cool and wet in many cases as spring is slow to develop. Dairy farmers are looking to begin spring field work, but nature is keeping them waiting. Feed costs continue to weigh heavily on dairy farms. Forage supplies are tight. Milk supplies are slow to show much increase and processors are able to handle current volumes.

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:** The NDM market is steady and remains fairly quiet as prices are little changed. Many buyers have slowed purchases to await additional market developments under the expectation that production and offerings are likely to increase further later in the second quarter. Drying schedules are generally heavier with some effort to reduce high heat production until volumes being dried decline sufficiently to allow adequate production time.

**EAST:** Price ranges for nonfat dry milk adjusted marginally this week with the upper end of the mostly range declining, other ranges were unchanged. Production remains steady to slightly higher, compared to recent weeks. Manufacturers are attempting to increase drying schedules, by limiting spot market condensed skim sales in order to catch up on contracts and/or build supplies for future commitments. Drying schedules are allowing for both low and high heat production. Most current low heat supplies are committed with little available for the spot market. High heat drying schedules have increased and are moving through contracts as well as adding to inventories. Brokers reported light trading this week as current offers met price resistance from prospective buyers. Demand has weakened as numerous buyers are taking a wait and see attitude and desire a clearer picture of the market prior to purchasing additional loads.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.5500 - 1.7500 MOSTLY: 1.5500 - 1.6200  
 HIGH HEAT: 1.6000 - 1.8200

**U.S. NDM Exports, H.S. Code 0402100000(FAS)**

	2011 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN - FEB	164.8	+ 163
1 Mexico	44.7	+ 60
2 Indonesia	25.8	+ 979
3 Vietnam	21.4	+ 288
4 Philippines	20.4	+ 75
5 Malaysia	11.0	+1,384
February Total	78.7	+ 232

**NONFAT DRY MILK - WEST**

Western low/medium heat NDM prices are steady to higher. The market tone has steadied. Current demand is limited on spot ordering; yet with good movement clearing past orders of NDM and SMP. Export numbers bear out the good demand. According to FAS, U.S. exports of NDM/SMP during January-February totaled 164.8 million pounds, up 163% from a year ago. New export interest is evident in the marketplace, yet with U.S. prices pulling even with world pricing; buyers are price shopping before placing new orders. Current production of both NDM and SMP are increasing and are above year ago levels. Milk production is increasing and more milk is in the butter/powder output side. Pricing indices are also moving higher and reflecting past higher transaction prices in those series. The CME Group NDM markets closed at midweek at \$1.8000 for Extra Grade and \$1.6600 for Grade A, yet with no sales. High heat prices are slightly higher. Demand is fair to good for the current market. Most needs are being filled on a timely basis. Additional loads are being offered to current customers at premium prices still.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.5000 - 1.6500 MOSTLY: 1.5500 - 1.5900  
 HIGH HEAT: 1.5800 - 1.7900

**DRY BUTTERMILK - CENTRAL AND EAST**

**CENTRAL:** The buttermilk market is steady. Occasional spot loads continue to clear though most spot buyers are currently taking just a short term view and watching for additional developments in the NDM and skim milk powder markets. Manufacturers are trying to build inventory to meet commitments later in the year. As milk intakes increase seasonally, dryer time will be more limited for drying buttermilk as more time will be used to dry condensed skim.

**EAST:** Eastern dry buttermilk prices remained unchanged this week in light trading. Condensed buttermilk sales continue to increase to ice cream and ice cream mix manufacturers, limiting dry buttermilk production. Most supplies are moving through contracts with only small volumes making their way to the spot market or adding to inventories. Demand for dry buttermilk is flat as numerous brokers and buyers await a clearer picture of the market before making additional purchases.

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

**DRY BUTTERMILK - WEST**

Western dry buttermilk prices are trending slightly higher on the bottom ends of both the range and mostly series. The impact is that the trading range has narrowed as any higher priced offerings are not garnering sales. Buyer interest is fair for the current limited offerings. Production levels are active to process buttermilk solids and match high levels of butter output. Dry buttermilk stocks are adequate to fill needs.

F.O.B. WEST: 1.4600 - 1.5400 MOSTLY: 1.5000 - 1.5200

**DRY WHOLE MILK - NATIONAL**

The whole milk market is steady. Production is lighter seasonally as most producers have reduced whole milk drying to be able to dry more NDM and Skim milk powder through the spring peak milk intake period. Some operations are looking forward to the third and fourth quarter to boost whole milk production. Current shipments are mainly from inventory.

F.O.B. PRODUCING PLANT: 1.8200 - 2.0400

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
April 8	\$1.5170	12,532,456	0
April 1	\$1.5185	13,065,367	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**

Central dry whey prices are mostly steady. Prices across the range were higher as contract pricing based off of various indices increased. Contract activity was responsible for the bulk of trading as spot loads of dry whey are difficult to source. Dry whey producers report that lack of product is limiting sales. Delays in delivery of contracted orders are not uncommon. Demand is good for available supplies. Resale activity was steady to lighter in some cases as buyers are reluctant to source product at the higher end of the market. Buyers are filling immediate needs and remain cautious as to building inventory at current prices. Increased cheese production from the spring flush would be welcomed by manufacturers to catch up on orders and build some inventory. ANIMAL FEED DRY WHEY is mostly steady with a firm undertone. Demand is good for available supplies. Contract fulfillment is accounting for the bulk of the trade with spot load availability tight. Overall supplies are also reported tight as some manufacturers are behind in scheduled deliveries. According to the Foreign Agricultural Service, exports of dried whey for January-February 2011 total 85.2 million pounds, up 3% from January-February 2010. The exports account for 49.3% of the total whey production in the U.S. for January-February.

F.O.B. CENTRAL: .4000 - .5125 MOSTLY: .4150 - .4700  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3050 - .4525

**DRY WHEY - NORTHEAST**

Whey prices in the East were unchanged this week. Dry whey production remains steady and supplies are very tight with most current production moving through contracts. Buyers on the spot market are finding the product difficult to source with resale prices up to \$.7500, giving the dry whey market a very firm undertone. Domestic and export demand remain very good.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .4575 - .5550

**DRY WHEY - WEST**

Western dry whey prices are steady to firm. Price movement was fractionally higher for the range and mostly series. Spot market activity was reported light with contract fulfillment continuing to be the focus of most production. Export demand is good. Whey producers report tight supplies and some delays in deliveries of contracted loads. Demand for whey exceeds current supply in many cases. Spot offerings are clearing quickly when available. According to the Foreign Agricultural Service, exports of dried whey for January-February 2011 total 85.2 million pounds, up 3% from January-February 2010. The exports account for 49.3% of the total whey production in the U.S. for January-February. The top five importing countries accounted for 50.3 million pounds or 59% of the exports for January-February 2011.

NONHYGROSCOPIC: .4525 - .6000 MOSTLY: .4550 - .5200

**U.S. Dry Whey Exports, H.S. Code 0404104000(FAS)**

	2011 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN - FEB	85.2	+ 3
1 China	12.7	- 26
2 Mexico	11.1	+ 24
3 Japan	9.8	- 23
4 Malaysia	9.1	+ 12
5 Indonesia	7.5	+ 157
February Total	42.0	+ 5

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Whey protein concentrate 34% prices are unchanged. The market tone is described by most to be firm. Contract loads are making up the bulk of transactions reported with spot load availability tight. In some cases, buyers are requesting extra loads if possible. Buyers outside of contract purchasers are experiencing difficulties in sourcing product at times. According to the Foreign Agricultural Service, exports of whey protein concentrate for January-February 2011 total 38.1 million pounds, down 20% from the same period in 2010. The largest importer of U.S. WPC production is China with 16.1 million pounds or 42.3% of this year's export trade.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.1500 - 1.5800 MOSTLY: 1.1800 - 1.5100

**U.S. WPC 34% Exports, H.S. Code 0404100500(FAS)**

	2011 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN - FEB	38.1	- 20
1 China	16.1	- 8
2 Mexico	6.5	- 55
3 Canada	6.1	+ 1
4 Japan	3.3	- 5
February Total	14.8	- 35

**LACTOSE - CENTRAL AND WEST**

The lactose price series continued to make adjustments for second quarter contract pricing. The full range is generally unchanged, while the mostly series showed firm pricing as the lower part of that range narrowed. Manufacturers continue to reflect stronger pricing for quarterly contracts compared to the first quarter. Spot sales of lactose are said to clear easily. Other producers report that available supplies for second quarter sales are being held with confidence. Best demand is said to be for higher mesh product, although all mesh sizes are being utilized. The situation in Japan is fueling speculation that they may need to import pork and that could increase demand for lower mesh lactose for animal feed formulations. According to the Foreign Agricultural Service, exports of lactose for January-February 2011 total 76.7 million pounds, up 33.1 million pounds (76%) from the same period in 2010. China is the largest importer of U.S. lactose with 14.7 million pounds for January-February 2011. That amount is nearly three times last year's amount for the same time period.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .3500 - .5400 MOSTLY: .4200 - .4800

**U.S. Lactose Exports, H.S. Code 1702110000(FAS)**

	2011 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN - FEB	76.7	+ 76
1 China	14.7	+ 287
2 New Zealand	12.2	+ 186
3 Mexico	8.2	+ 49
4 Brazil	6.6	+ 43
5 Japan	5.9	+ 10
February Total	40.0	+ 98

**CASEIN - NATIONAL**

Casein markets and prices remain firm. The start of a new pricing quarter has realized significantly higher prices than the previous quarter. Domestic buyers were fully aware of the strength in casein markets during the past few months. Supply availability, or possibly lack of, continues to be at the forefront of conversations between suppliers and buyers. More buyers are returning to longer term contracts versus spot purchases. The production season in the Oceania region is now over, thus Oceania commitments are being filled from recent production. The European production season is just getting underway. At this point, casein producers remain optimistic about the upcoming season, but as has happened in recent years, casein production projections can be impacted quickly by the demand for milk for other manufactured dairy products.

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: 4.7600 - 5.1400  
ACID: 4.7000 - 5.1200

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

	FOR THE WEEK OF APRIL 11 - 16, 2011			CUMULATIVE TOTALS		UNCOMMITTED INVENTORIES	
	TOTAL PURCHASES	CONTRACT ADJUSTMENTS	ADJUSTED PURCHASES	SINCE 10/01/10	SAME PERIOD LAST YEAR	WEEK ENDING 04/08/11	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 03/26/11 & Comparable Week 2010**

Regions* (000 HEAD)	U.S. TOTAL										% DAIRY OF ALL			
	1	2	3	4	5	6	7	8	9	10	WEEK	SINCE JAN 1	WEEK	SINCE JAN 1
2011-Dairy	N.A.	0.6	8.3	3.1	18.6	4.6	N.A.	N.A.	15.1	4.0	56.2	789.7	47.6	49.0
2010-Dairy	N.A.	0.6	7.5	2.2	17.1	4.1	0.3	N.A.	16.9	4.4	54.3	721.8	46.9	45.5
2011-All cows	0.1	0.7	10.4	13.5	29.5	22.5	N.A.	N.A.	17.3	6.8	118.1	1,612.3		
2010-All cows	N.A.	0.7	9.4	12.6	31.0	17.6	14.1	N.A.	19.2	7.3	115.9	1,585.0		

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

**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

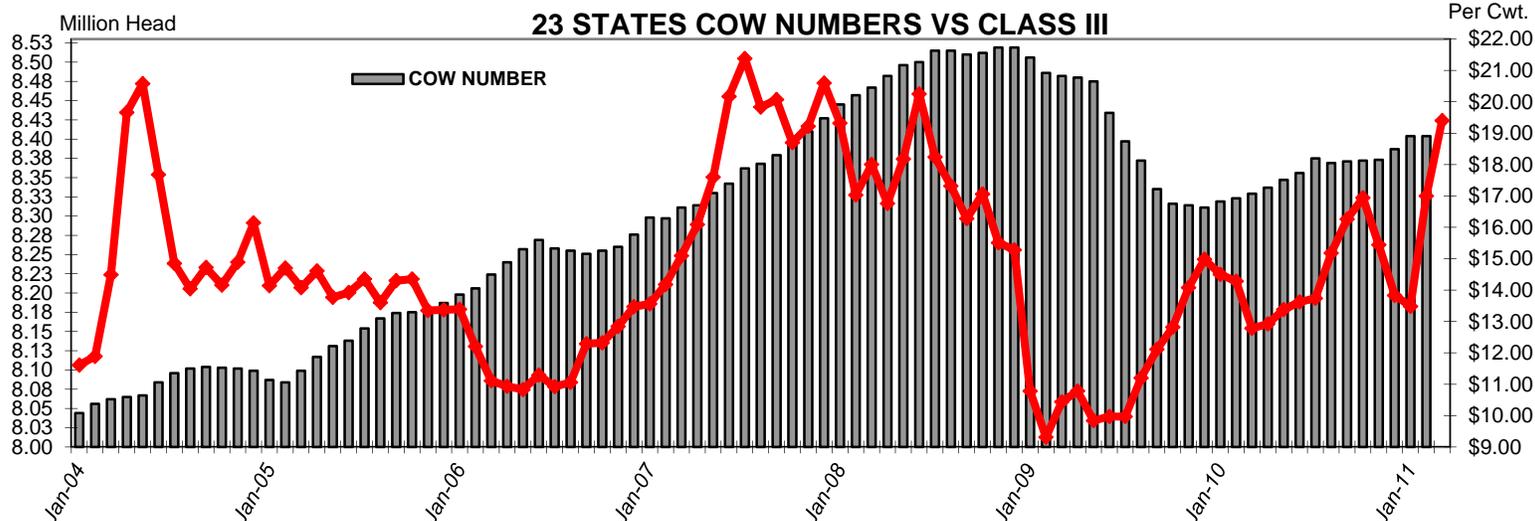
**CLASS IV MILK PRICES, (3.5% BF)**

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 April 4—15, 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 is off to a positive start in most all regions. Weather conditions have been very typical for early spring with warm temperatures and dry conditions quickly displaced by cooler/wet conditions. Once warmer temperatures become the norm, pasture growth will quickly respond and spring grazing will be reflected in increased milk volumes. Milk producers are now in a new milk quota year, thus the milk flow is steadily increasing. Milk production is quite strong in some countries with output reported to be as much as 4% higher in the UK and 8% higher in France when compared to last year at this time. Overall, milk volumes are running heavier throughout Europe when compared to the previous year. Milk production typically peaks in Western Europe about mid May and it appears that all is on track for this to occur again this year. Traders and handlers are stating that domestic and international buyer interest is mixed. Many traders feel that some buyers are standing back from the market until prices become more stable and a direction is once again established. As milk volumes increase, stocks of manufactured dairy products are also on the increase. At this point in the season, much of early production is committed. In recent months, some international milk powder inquiries have not developed as positively as traders and handlers had anticipated, thus there is potentially some additional uncommitted volumes within Europe. Although there may be some additional powder stocks in Europe, traders and handlers are not overly concerned at this time. At the April 7 Management Committee meeting, 492 MT of intervention skim milk powder were tendered at prices ranging 1,900 - 2,021 Euros (about \$2,736 - 2,910) per MT and all offers were rejected. There are about 50,000 MT of intervention powder available for possible sale. The Private Storage Aid (PSA) scheme for butter has been open since March 1 and through April 3, slightly more than 18,300 MT of butter have cleared to the program. The Commission is now meeting only once a month, thus the next meeting will be held on May 5.

**BUTTER/BUTTEROIL:** European butter markets and prices remain firm. Traders and handlers indicate that sales are slow in developing from both domestic and international buyers. European butter stocks are starting to build as the milk production season continues to develop. Manufacturers and handlers are stating that new stocks are sufficient to meet current needs with surplus clearing to inventory at this time. Some manufacturers are stating that early production appears to be outpacing demand, but manufacturers are not overly concerned with uncommitted volumes. The Private Storage Aid (PSA) scheme for butter has been open since March 1 and through April 3, slightly more than 18,300 MT of butter have cleared to the program.

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

**SKIM MILK POWDER (SMP):** European skim milk powder markets are mixed. The overall tone to the market is firm, although prices have adjusted lower and are more reflective of other international quotations. Skim volumes are increasing as the European milk production season develops. Recent skim milk powder inquiries did not generate as much buyer interest as some traders and handlers had projected, thus uncommitted stocks are available for renewed buyer interest. At the April 7 Management Committee meeting, 492 MT of intervention skim milk powder were tendered at prices ranging 1,900 - 2,021 Euros (about \$2,736 - 2,910) per MT and all offers were rejected. There are about 50,000 MT of intervention powder available for possible sale.

1.25% BUTTERFAT: 3,325 - 3,700

**WHOLE MILK POWDER (WMP):** European whole milk powder markets and prices are weak. Prices are trending lower as stocks become more available. Traders and handlers are indicating that buying interest is limited. Many traders feel that buyers are stepping away from the market as prices trend lower and will return once prices stabilize or needs warrant. Manufacturers and handlers are not under any pressure to sell at this time, although there are uncommitted volumes available for sale. Recent international milk powder inquiries did not generate as much interest as some European manufacturers had anticipated, thus uncommitted stocks and projected future production are available.

26% BUTTERFAT: 4,350 - 4,640

**SWEET WHEY POWDER:** Whey markets and prices in Europe are firm. As milk production increases in Europe, cheese production is also building. Whey volumes are being generated which are clearing to a domestic market, but are slow internationally. Often price continues to limit international participation. Animal feed whey buyers are often not locating sufficient animal feed whey powder volumes, thus some are reaching into the edible market to round out their needs.

NONHYGROSCOPIC: 1,275 - 1,375

**EASTERN OVERVIEW:** Milk production in Eastern Europe still remains seasonally low, although increases are being reported in Poland and the Baltics. Typically, production in this region is 4 - 6 weeks behind Western Europe, thus peak levels will not be attained until mid to later June. Manufacturers and handlers are ready to receive milk in the region as winter maintenance is generally completed and processing facilities are ready to go. Traders report that buyer inquiries have been and continue to be received, although no significant sales or commitments are being reported.

Exchange rates for selected foreign currencies: April 11, 2011

1.0489 Canadian Dollar	.0225 Indian Rupee
.2470 Argentina Peso	.7792 New Zealand Dollar
.0852 Mexican Peso	1.0489 Australian Dollar
.3633 Polish Zloty	.0118 Japanese Yen
	1.4428 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0852)  
= 11.7371 Mexican Pesos. Source: "Wall Street Journal"

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered APRIL 4—15, 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 year in the Oceania region is winding down seasonally, but for the most part, is extending into the fall a little further than projected. In New Zealand, milk producers are finishing off the current season with confidence. The milking herd is in good condition, feed supplies are good for upcoming winter needs, and the outlook for next season is positive. Australian producers are also looking forward to the new season with confidence. Many of the same positive factors are in play for Australian producers as they are for their New Zealand neighbors. Australian producers will be coming off of a season that has shown slight growth over the previous year, with optimism of continued growth in the new year. It will take Australian producers a few years to really realize a turnaround within their dairy industry, but for the time being, all systems are go. Current year milk production in New Zealand is projected to be up between 1 - 2% when compared to last year with Australian production projected to be around a 1% increase. Producers and milk handlers indicate that production would have probably been higher in both countries if drought conditions in New Zealand and heavy rainfall in Australia had not occurred. But, all in all, most in the dairy industry are pleased with the current season as it comes to a close in the final few months. Most traders and handlers feel that the market is well balanced for the upcoming winter period. Stocks are declining, but sufficient volumes are anticipated to fulfill contract commitments. Most suppliers indicate that stock levels will be minimal once the new milk production season resumes. At the April 5 g/DT event, prices were mixed, with anhydrous milk fat and whole milk powder prices edging lower while skim milk powder prices generally firmed. The average prices covering all contracting period and the percentage change from the previous event are: anhydrous milk fat, \$5,985 per MT, -1.7%; skim milk powder \$3,763, +1.5%; and whole milk powder, \$3,878, -5.6%. Again no buttermilk powder was offered or sold. The next trading event will be on Tuesday, April 19.

**BUTTER:** Oceania butter markets are unsettled with prices unchanged to lower. Butterfat has been and remains limited in both New Zealand and Australia. Churning schedules are seasonally declining as the milk production season comes to an end. Some butter/powder producers are indicating that end of season butter production is somewhat stronger than earlier projected with overall milk production extending a little further into the fall. Some manufacturers and handlers are calling the market balanced as supplies are basically in line with need. Traders feel that stocks are adequate to fulfill end of season commitments and sufficient for upcoming winter needs. At the April 5 g/DT event, anhydrous milk fat prices averaged \$5,985 per MT, -1.7% when compared to the previous all contract average. For near term (June) contracts, the price averaged \$5,958, -2.8% when compared to the previous near term contract; July - September contracts averaged \$6,115, -1.0%; with October - December contracts averaging \$5,914, -0.7%.

82% BUTTERFAT:

4,600 - 5,000

**SKIM MILK POWDER (SMP):** Skim milk powder markets are steady to firmer, with prices unchanged to slightly higher. Traders and handlers indicate that the strength in the market is probably due to the results of the most recent g/DT event. At the April 5 g/DT event, skim milk powder averaged \$3,763 per MT, +1.5% from the previous all contract average. The near term (June) contracts averaged \$3,980 per MT, +6.7% when compared to the previous near term contract. For contract period #2 (July - September), prices averaged \$3,770, +1.5% with contract period #3 (October - December) averaging \$3,625 per MT, -8.5%. Traders and handlers are stating that sales activity out of the Oceania region is basically quiet with shipments continuing to ongoing customers. Some traders are speculating that the strength at the recent g/DT might be from buyers that are seeking specific sourced purchases that they are not able to procure on the open market. As the fall season unfolds and the winter season nears, handlers are projecting that powder supplies will be sufficient to carry them until the new milk production season resumes. Powder stocks will be available for known needs with virtually no skim milk powder available for additional or spot buyer interest.

1.25% BUTTERFAT:

3,400 - 3,975

**WHOLE MILK POWDER (WMP):** Oceania whole milk powder markets are weaker with prices also lower, but often not to the extent of the results of the most recent global Dairy Trading event (g/DT). At the April 5 g/DT event, whole milk powder prices averaged \$3,878 per MT, down 5.6% when compared to the previous all contracts average. Near term contracts (June) averaged \$3,984, -7.9%; July - September contracts averaged \$3,916, -9.2%; and October - December contracts averaged \$3,800, -2.1%. The next trading event will be held on Tuesday, April 19. Many traders and handlers are indicating that as the milk production season winds down and stocks become less available, decreasing prices to trading event levels is not warranted. Whole milk powder drying schedules are declining as milk volumes decrease. At this point, most powder producers are indicating that as the end of the production season nears, powder stocks should be sufficient to meet commitments with minimal volumes available for additional or spot buyer interest.

26% BUTTERFAT:

3,900 - 4,300

**CHEDDAR CHEESE:** Oceania cheese markets and prices are generally steady. Cheese production in the Oceania region is declining seasonally, thus most future shipments will be filled from recent production. Traders and handlers are indicating that negotiations are ongoing for upcoming 3rd quarter needs. At this point, most negotiations are developing along anticipated trends, but increased buying patterns might be developing, especially for some Japanese buyers. Traders are indicating that consumer confidence is being challenged in Japan, thus imported food items are becoming more desirable. Industrial cheddar cheese will be offered on the g/DT trading platform from July 19. Industrial cheddar is a dairy ingredient that requires further processing.

39% MAXIMUM MOISTURE:

4,300 - 4,500

APRIL 5, 2011 Global/Dairy Trading (g/DT) event recap US \$ per metric ton				
Average prices and Changes in price Indices from Previous event	Contract #1 June 2011	Contract #2 July - September 2011	Contract #3 October- December 2011	All Contracts
Anhydrous Milk Fat	\$5,958	\$6,115	\$5,914	\$5,985
	-2.8%	-1.0%	-0.7%	-1.7%
Buttermilk Powder	N.A.	N.A.	N.A.	N.A.
	N.A.	N.A.	N.A.	N.A.
Skim Milk Powder	\$3,980	\$3,770	\$3,625	\$3,763
	6.7%	1.5%	-8.5%	1.5%
Whole Milk Powder	\$3,984	\$3,916	\$3,800	\$3,878
	-7.9%	-9.2%	-2.1%	-5.6%

**CHICAGO MERCANTILE EXCHANGE FUTURES**

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

Month	03/31	04/01	04/04	04/05	04/06	04/07	04/08	04/11	04/12	04/13
<b>CME - CLASS III MILK FUTURES (Pit-Traded)</b>										
MAR 11	19.46 (7455) 0	19.40 (6620) 0								
APR 11	16.71 (5496) 0	16.65 (5586) 1	16.52 (5540) 0	16.54 (5353) 0	16.63 (5337) 0	16.59 (5258) 0	16.71 (5282) 0	16.78 (5321) 0	16.75 (5471) 1	16.74 (5453) 0
MAY 11	16.70 (5281) 0	16.58 (5491) 1	16.20 (5413) 0	16.25 (5528) 15	16.45 (5534) 0	16.70 (5609) 0	17.08 (5658) 2	17.25 (5659) 3	17.09 (5667) 7	16.94 (5673) 0
JUN 11	16.86 (4233) 0	16.70 (4255) 1	16.49 (4216) 0	16.48 (4199) 0	16.65 (4240) 12	16.88 (4196) 0	17.34 (4243) 2	17.65 (4284) 5	17.64 (4304) 7	17.51 (4369) 0
JUL 11	17.40 (3095) 3	17.32 (3112) 1	17.00 (3127) 0	16.97 (3153) 0	17.15 (3157) 12	17.40 (3167) 0	17.70 (3197) 2	17.99 (3253) 5	17.90 (3332) 7	17.82 (3359) 0
AUG 11	17.70 (3007) 3	17.70 (3023) 1	17.45 (3026) 0	17.47 (3041) 0	17.60 (3051) 12	17.75 (3067) 0	17.88 (3099) 5	17.95 (3129) 8	17.85 (3157) 7	17.81 (3176) 1
SEP 11	17.78 (2986) 3	17.72 (2999) 1	17.59 (3027) 0	17.64 (3052) 0	17.68 (3051) 12	17.83 (3069) 0	17.95 (3092) 2	18.05 (3118) 5	17.95 (3136) 7	17.91 (3157) 0
OCT 11	17.44 (2740) 3	17.43 (2744) 1	17.30 (2752) 0	17.35 (2751) 0	17.41 (2761) 12	17.52 (2774) 0	17.65 (2810) 3	17.67 (2813) 5	17.64 (2831) 7	17.62 (2854) 0
NOV 11	16.87 (2455) 3	16.79 (2474) 1	16.70 (2488) 0	16.74 (2499) 0	16.80 (2512) 12	16.92 (2528) 0	17.00 (2557) 2	17.02 (2567) 2	16.94 (2573) 5	16.94 (2590) 0
<b>CME - CLASS IV MILK FUTURES (Pit-Traded)</b>										
MAR 11	19.60 (234) 0	19.41 (234) 0								
APR 11	20.01 (397) 0	20.01 (399) 2	20.01 (399) 0	20.01 (399) 0	20.01 (399) 0	20.00 (399) 0	20.00 (399) 0	20.00 (399) 0	20.00 (399) 0	20.00 (399) 0
MAY 11	19.86 (408) 0	19.86 (410) 2	19.75 (410) 0	19.46 (415) 0	19.20 (416) 0	19.30 (416) 0	19.50 (421) 0	19.65 (424) 3	19.75 (437) 0	19.75 (437) 0
<b>CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)</b>										
MAR 11	206.50 (514) 0	205.91 (559) 0								
APR 11	202.00 (575) 0	200.50 (575) 2	199.25 (575) 1	197.98 (577) 7	197.98 (577) 0	198.00 (577) 7	198.50 (572) 6	198.75 (572) 0	198.75 (572) 0	200.00 (570) 2
MAY 11	196.50 (431) 0	196.00 (435) 6	195.50 (437) 8	194.25 (436) 10	194.00 (439) 3	194.00 (439) 0	193.75 (448) 21	196.08 (448) 0	196.08 (448) 0	196.10 (448) 0
<b>CME - NONFAT DRY MILK FUTURES (Pit-Traded)</b>										
MAR 11	151.50 (255) 0	149.45 (255) 0								
APR 11	160.00 (288) 0	159.00 (345) 0	158.00 (345) 1	158.00 (345) 0	156.53 (345) 0	156.53 (346) 0	156.53 (346) 0	157.25 (346) 0	157.25 (346) 0	157.25 (346) 0
MAY 11	160.00 (301) 0	158.00 (328) 0	157.50 (328) 0	157.50 (328) 0	157.50 (328) 0	157.50 (328) 0	157.50 (321) 0	157.50 (321) 0	158.00 (321) 0	159.50 (319) 0
<b>CME - WHEY (Electronic-Traded)</b>										
MAR 11	45.25 (297) 0	45.78 (297) 0								
APR 11	45.50 (419) 57	46.50 (432) 15	46.45 (432) 0	46.00 (432) 0	45.75 (432) 13	45.75 (432) 0	48.00 (432) 12	48.00 (432) 0	47.95 (432) 0	48.00 (432) 4
MAY 11	47.50 (393) 3	47.00 (393) 0	46.50 (393) 2	46.00 (393) 3	46.00 (399) 14	46.00 (395) 0	47.05 (400) 6	47.05 (400) 0	47.20 (400) 0	47.50 (400) 0
<b>CME - CHEESE CSC (Electronic-Traded)</b>										
MAR 11	1.98 (360) 0	1.97 (360) 0								
APR 11	1.69 (357) 0	1.68 (357) 1	1.68 (358) 1	1.68 (358) 0	1.68 (358) 0	1.68 (358) 0	1.68 (358) 0	1.69 (358) 0	1.69 (358) 0	1.69 (358) 0
MAY 11	1.68 (254) 9	1.68 (259) 6	1.65 (260) 3	1.65 (260) 0	1.66 (260) 0	1.69 (260) 0	1.72 (260) 0	1.74 (260) 0	1.72 (261) 1	1.71 (262) 1
JUN 11	1.70 (358) 8	1.69 (359) 2	1.67 (359) 2	1.67 (359) 0	1.69 (359) 0	1.71 (359) 6	1.75 (359) 0	1.78 (360) 1	1.78 (360) 0	1.78 (364) 6
JUL 11	1.75 (131) 0	1.76 (140) 9	1.74 (140) 0	1.73 (141) 1	1.73 (141) 0	1.76 (141) 0	1.79 (141) 0	1.82 (139) 3	1.82 (139) 1	1.82 (139) 0
AUG 11	1.79 (106) 8	1.79 (106) 0	1.79 (106) 0	1.79 (107) 1	1.79 (107) 0	1.80 (107) 0	1.80 (107) 0	1.81 (107) 2	1.81 (107) 0	1.81 (107) 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.

## THE DAIRY OUTLOOK

### Milk Production Continues To Advance Despite High Feed Prices; Rising Domestic Commercial Use and Exports Maintain Demand and Prices

Feed prices are expected to remain high by historic standards. Corn prices are forecast at \$5.20 to \$5.60 a bushel in 2010/11. Corn producers indicated intentions to plant 4 million acres more corn according to the *Prospective Plantings* report released last month. The forecast corn price is well below reported spot prices in central Illinois. This is because USDA forecasts reflect expected National Agricultural Statistics Service (NASS) prices received by farmers. Early season forward contracting of corn prices means the NASS farm price lags prevailing cash market prices. Soybean meal prices are forecast to average \$340 to \$360 a ton for 2010/2011. Soybean acreage is expected to be down slightly this spring from last year's record. Last month's quarterly grain stocks report showed corn stocks down 15 percent from last year and soybean stocks also down by only 2 percent from last year. Overall, the feed situation is likely to remain tight in 2011, keeping prices firm. The expected expanded planting of field crops could support higher alfalfa hay prices. The outcome for dairy producers is continued high feed prices.

The latest *Milk Production* report shows U.S. milk cow numbers for January and February in surveyed States above the corresponding period last year, as is milk per cow. In contrast, the *Livestock Slaughter* report shows dairy cow slaughter continuing ahead of a year ago, and high manufactured beef prices have increased prices for cull cows. These data suggest that replacements exceed culls nationally and that freshening of the national herd continues. The U.S. dairy herd will likely increase fractionally in 2011 to 9.165 million head, up from 9.117 million last year. Milk per cow is also forecast to rise this year, but by only a near-trend 1 percent compared with a 2.8 percent year-over-year increase last year. The small increases in herd size and milk per cow will move up production to 195.9 billion pounds of milk in 2011.

Milk equivalent imports are forecast at 3.7 billion pounds for the year on a fats basis and 4.8 billion pounds on a skim-solids basis. Imports on a skim-solids basis are virtually unchanged from 2010. Milk equivalent exports on a fats basis are forecast to total 7 billion pounds for 2011; this is a decline from 2010's totals, but the April 2011 forecast was increased from the March forecast based on stronger than expected exports of butterfat and cheese. Milk equivalent exports on a skim-solids basis are forecast at 31.3 billion pounds, a small decline from 2010. The April skim-solids export forecast was increased from the March forecast due to the high level of nonfat dry milk (NDM) shipments registered in January. For the second half of 2011, exports may weaken relative to the first half as increased competition from Oceania is expected to erode the competitive U.S. position. Nevertheless, the relative weakness of the U.S. dollar and strong global demand will help maintain exports at a strong pace.

Domestic commercial use is expected to rise on both a fats and skim-solids basis in 2011. Expected continued economic recovery underpins the forecasts. Commercial use on a fats basis is forecast to rise by nearly 1.8 percent in 2011 over 2010, the strongest year-over-year rise since 2006. Skim-solids commercial use is set to rise by 2.7 percent in 2011 after falling by an equal amount in 2010, making skim-solids commercial use in 2011 the same as in 2009.

Major dairy product prices are expected to go higher in 2011 compared with 2010, but 2011 price forecasts for cheese and butter were revised downward this month from the March forecast. Both cheese and butter prices have weakened recently, and cheese stocks have been relatively high. NDM prices are virtually unchanged from last month's forecast, based on expected continued strong exports. Cheese prices are forecast to average \$1.665 to \$1.715 per pound for the year, and NDM prices are projected to average \$1.375 to \$1.415 per pound. The butter price is expected to average \$1.735 to \$1.815 per pound for the year. Whey prices are forecast to average 41.0 to 44.0 cents per pound. High NDM prices may be providing some support for whey prices. Milk price forecasts will be higher this year than last, but the Class III price forecast was lowered slightly this month from March projections. The Class IV price, raised fractionally from last month based on stronger NDM prices, is estimated to average \$17.05 to \$17.65 per cwt. This will average above the Class III price, which is expected to average \$16.10 to \$16.60 per cwt. The all milk price is forecast to average \$18.15 to \$18.65 per cwt. in 2011.

Any questions or requests for more information can be directed to Roger Hoskin at (202) 694-5148.

**Source:** U. S. Department of Agriculture. Economic Research Service. *Livestock, Dairy, and Poultry Outlook (LDP-M-201)*. April 14, 2011.

## FEBRUARY FLUID MILK SALES

During February, about 4.2 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.9 percent lower than February 2010. After adjusting for calendar composition, sales in February 2011 were 1.9 percent lower than February 2010. Estimated sales of total conventional fluid milk products decreased 2.6 percent from February 2010 and estimated sales of total organic fluid milk products increased 23.0 percent from a year earlier.

**Editor's Note:** Additional data can be found at <http://www.ams.usda.gov/AMSV1.0/FluidMilkSalesDataMonthlyandYearToDate>.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,  
FEBRUARY 2011, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	February	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Whole Milk	1,076	2,288	-4.0	-2.7
Flavored Whole Milk	42	85	-0.9	-1.7
Reduced Fat Milk (2%)	1,428	3,032	-2.9	-2.2
Low Fat Milk (1%)	560	1,183	-0.5	0.2
Fat-Free Milk (Skim)	621	1,306	-3.8	-3.0
Flavored Fat-Reduced Milk	351	721	1.6	2.2
Buttermilk	38	77	3.9	2.5
Total Conventional Milk Products 5/	4,121	8,701	-2.6	-1.8
Organic Whole Milk	38	80	30.3	29.7
Organic Reduced Fat Milk	45	94	3/	3/
Organic Low Fat Milk	31	64	3/	3/
Organic Fat-Free Milk (Skim)	36	75	3/	3/
Organic Flavored Milk	7	15	3/	3/
Organic Fat-Reduced Milk 4/	119	248	20.9	21.6
Total Organic Milk Products	157	328	23.0	23.5
Total Fluid Milk Products 5/	4,278	9,029	-1.9	-1.1
Total Fluid Milk Products Adjusted 5/ 6/	4,278	9,092	-1.9	-1.0

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

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS  
AND CALIFORNIA, FEBRUARY 2011, WITH COMPARISONS 1/

Area (Order Number)	Sales		Change from: 2/	
	February	Year to Date	Previous Year	Year to Date
	Mil. Lbs.		Percent	
Northeast (001)	714	1,511	-4.5	-1.7
Appalachian (005)	279	595	-2.5	-1.8
Southeast (007)	393	834	-1.4	-1.2
Florida (006)	236	499	-2.7	-2.2
Mideast (033)	480	1,007	-3.3	-3.4
Upper Midwest (030)	343	718	-0.5	-0.4
Central (032)	362	765	-0.3	0.1
Southwest (126)	356	759	-1.2	0.5
Arizona (131)	97	202	3.3	2.5
Pacific Northwest (124)	174	366	2.1	1.4
California (---)	502	1,051	-1.0	-0.7

1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 5/ above for the products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis.

**Source:** U.S. Department of Agriculture. California Department of Food and Agriculture. Milk Stabilization Branch. *California Dairy Information Bulletin*, March, 2011.

### MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, JANUARY 2011, WITH COMPARISONS

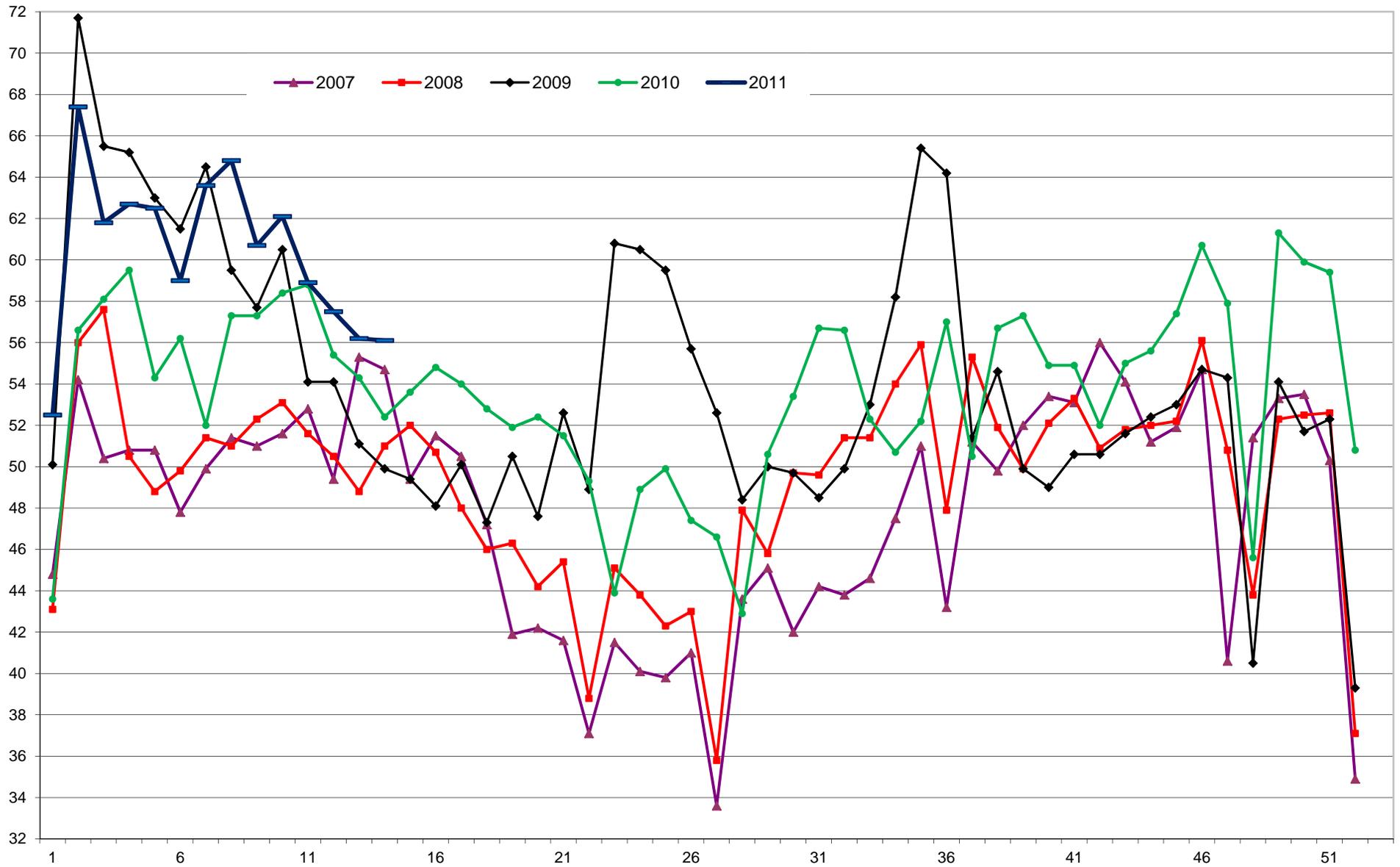
In January 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$16.66 per cwt., down \$0.21 from the previous month average, and up \$0.50 from January 2010. The component tests of producer milk in January 2011 were: butterfat, 3.83%; protein, 3.14%; and other solids, 5.74%. On an individual reporting area basis, mailbox prices decreased from the previous month in all Federal milk order reporting areas except New England States, New York, Eastern Pennsylvania, Western Pennsylvania, and Corn Belt States. Mailbox prices in January 2011 ranged from \$19.69 in Florida to \$14.72 in New Mexico.

Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	January 2010	December 2010	January 2011
	Dollars per hundredweight		
New England States <u>3/</u>	17.03	18.02	18.09
New York	15.97	16.80	16.83
Eastern Pennsylvania <u>4/</u>	16.68	17.68	17.72
Appalachian States <u>5/</u>	17.76	18.98	18.71
Southeast States <u>6/</u>	18.15	19.31	18.77
Southern Missouri <u>7/</u>	16.17	17.23	16.67
Florida	19.02	20.01	19.69
Western Pennsylvania <u>8/</u>	16.76	17.65	17.68
Ohio	16.92	18.00	17.90
Indiana	16.42	17.81	17.69
Michigan	16.08	16.99	16.87
Wisconsin	16.05	16.39	16.01
Minnesota	15.76	15.99	15.93
Iowa	16.16	16.84	16.76
Illinois	16.52	17.34	17.12
Corn Belt States <u>9/</u>	15.76	16.47	16.58
Western Texas <u>10/</u>	15.63	16.40	15.63
New Mexico	14.72	15.54	14.72
Northwest States <u>11/</u>	15.42	15.94	15.93
All Federal Order Areas <u>12/</u>	16.16	16.87	16.66
California <u>13/</u>	14.12	14.62	15.31

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."

### Weekly Dairy Cow Slaughter under Federal Inspection

1,000 HEAD



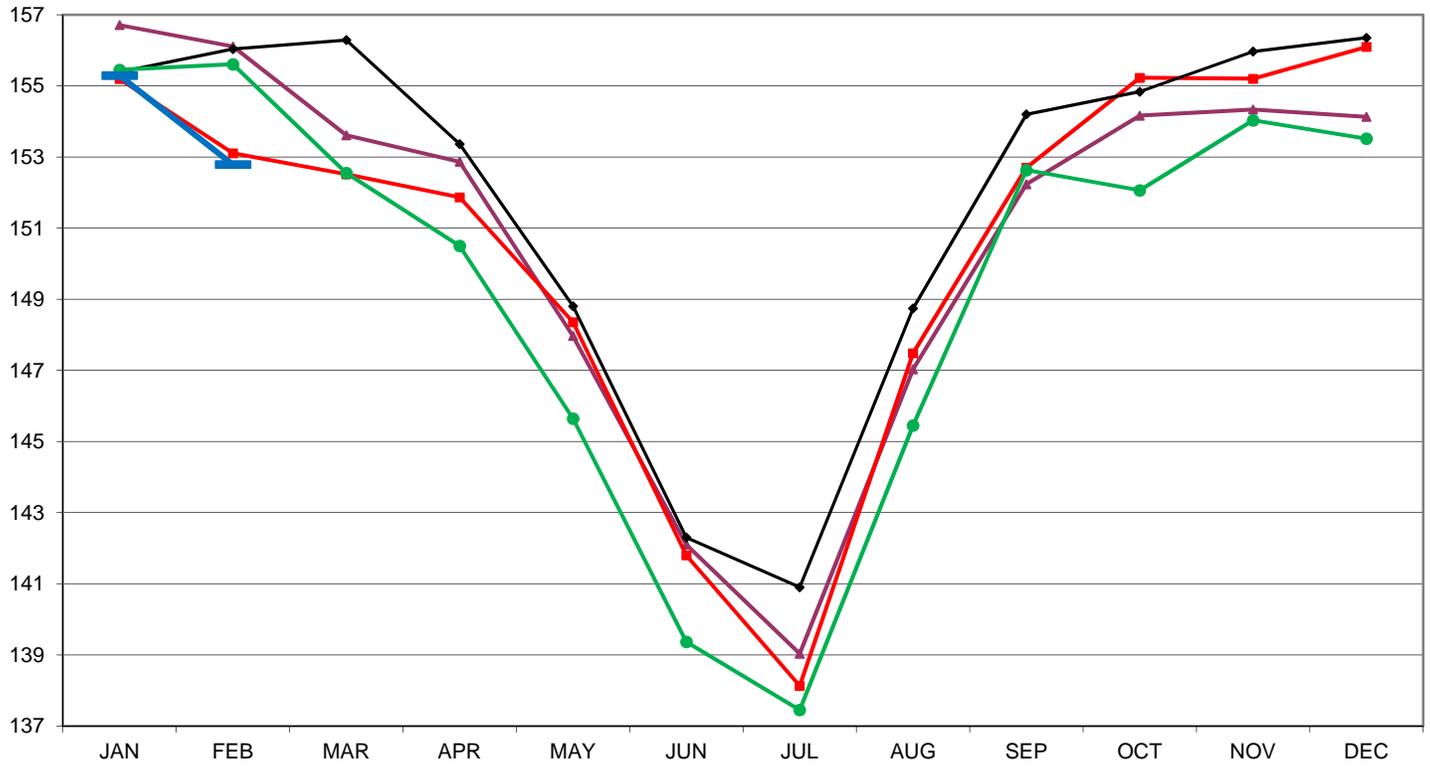
Source: LIVESTOCK MN/NASS, Graph DMN

Week Number

DATA THROUGH 04/02/2011

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

MILLION POUNDS

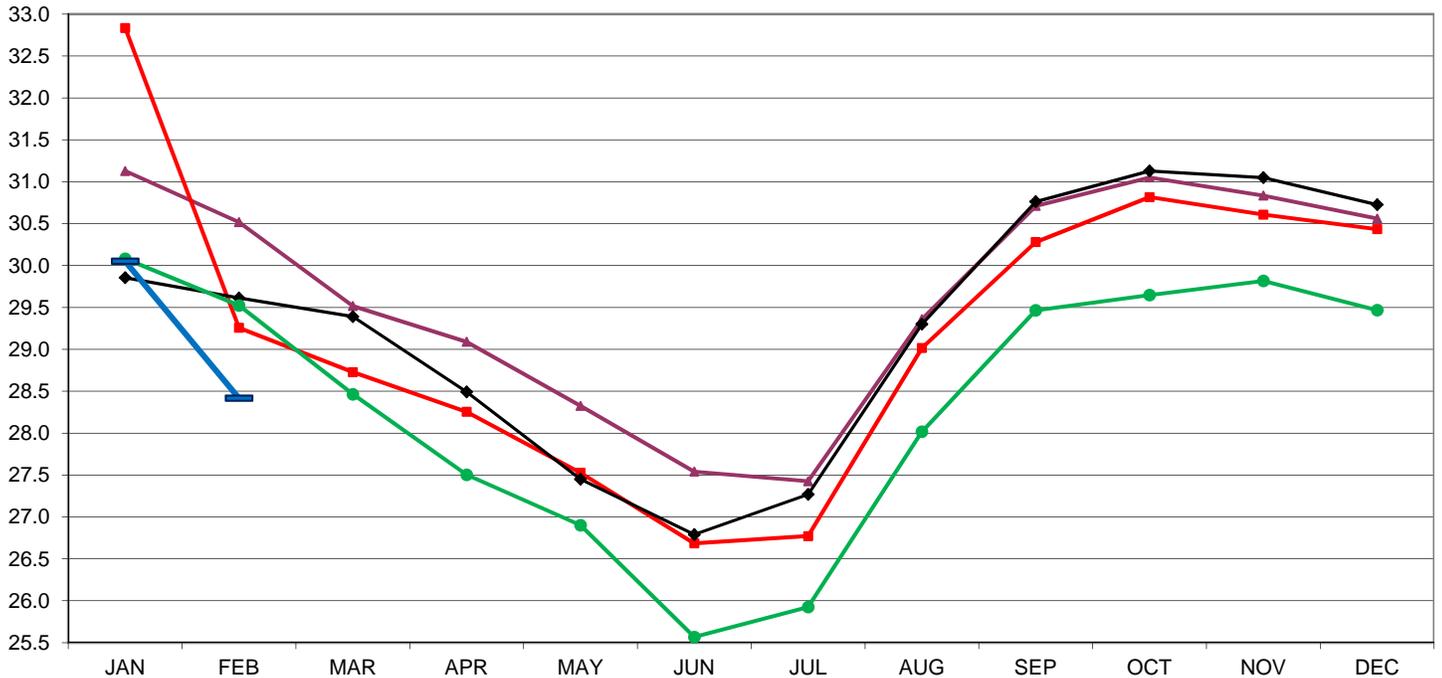


DATA: DAIRY PROGRAMS & CDFA, GRAPH BY DMN

2007 2008 2009 2010 2011

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

%



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

2007 2008 2009 2010 2011

# DAIRY MARKET NEWS

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