

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (02/17):**

**BUTTER:** Grade AA closed at \$1.4150. The weekly average for Grade AA is \$1.4005 (-.0420).

**CHEESE:** Barrels closed at \$1.4800 and 40# blocks at \$1.4875. The weekly average for barrels is \$1.4780 (-.0110) and blocks, \$1.4820 (+.0050).

**BUTTER HIGHLIGHTS:** The CME cash butter price dipped to the lowest level in nearly two years this week, but firmed later in the week to close at \$1.4150. Churning schedules across the country remain seasonally strong as cream supplies remain readily available to churns. Often, cream continues to move from one region to another to find churning capacity or willing buyers. Often, current churning activity is surpassing demand, thus clearances to inventory continue. Again this week, Cooperatives Working Together (CWT) announced the acceptance of export assistance requests for nearly 4.5 million pounds of butter for shipment now through June 2012. The announcement also included cheese assistance with the destinations for the various dairy products being: Asia, Central America, the Middle East, and Northern Africa. Within the past three weeks, 18.9 million pounds of butter have received export assistance through CWT. According to the Foreign Agricultural Service, exports of butter and milkfat for January-December 2011 totaled 140.3 million pounds, up 12% or 15.2 million pounds from the twelve month comparable period in 2010. Saudi Arabia is the largest importer with a 26% increase (+6.0 million pounds) above last year's amount. Japan moved into the top five export destinations for U.S. butter this year with a large increase. Butter and milkfat exports accounted for 7.8% of butter production in the U.S. for calendar year 2011.

**CHEESE HIGHLIGHTS:** Cheese prices continue to languish in a fairly narrow range this week. Blocks are showing some strength this week with moderate to active trading. Barrels are uneven with light trade activity. Barrels closed Friday unchanged to end the week at \$1.4800. Blocks were unchanged to finish the week at \$1.4875. Barrels and blocks have traded in a range of \$1.4750 and \$1.5100 since January 20 of this year. The bulk of sales activity at the CME Group has alternated on a weekly basis between both types for the last four weeks. Cheese production remains at above expected levels as increased milk supplies are available and being offered at discounts in some cases. Buyers are attempting to determine if this is the "bottom" for the near term and whether to increase orders or wait for lower prices. This wait and see attitude is increasing inventories at some cheese plants. Cooperatives Working Together (CWT) continues to assist members with export orders and have committed to 23.2 million pounds so far this year. Export information from last year was released and confirmed a record amount of cheese (494.5 million pounds, +29%) moved out of the country.

**FLUID MILK:** Milk production trends across the country are generally more enhanced this year than in previous years for this time of the season.

Much of the strength is being attributed to a fairly mild winter. Higher than usual temperatures and limited moisture/snowfall are two factors that are contributing to cow comfort during the winter months. Increasing milk volumes are being met with some challenges. Typically, milk moves from one area to another to find processing capacity, but already, some milk and components are having a hard time finding available capacity. Class I sales are typical for this time of the month, although some stronger demand did occur in the Central region where late winter storms sent consumers to stores for bottled milk and other food staples. Cream markets are weak as surplus volumes move from one region to another to locate processing capacity or willing buyers. Often this cream is ending up in the churn as Class II demand remains low.

**DRY PRODUCTS:** Overall, dry product markets and prices are weaker with buyers stepping back from markets or negotiating lower prices until stability is re-established. Nonfat dry milk markets are weak with prices generally trending lower. Low heat powder production is strong as dryers process increasing volumes of milk across the country. High heat powder production, when occurring, is often limited to midweek processing schedules. Some producers are trying to build stocks of high heat for future needs before dryer times become devoted entirely to low heat output. Dry buttermilk markets and prices are weak. Strong churning activity is keeping buttermilk volumes readily available with drying schedules generally keeping pace with condensed buttermilk output. Whey powder markets are weak with prices unchanged to generally lower. Manufacturers are often noting increasing dry whey production, on a week to week basis, due to steadily increasing volumes of milk available to Class III facilities.

**INTERNATIONAL DAIRY MARKET OVERVIEW (DMN):** Winter has arrived in Europe. During the past two weeks, very low temperatures have been reported in many Western European cities and regions. Temperatures dipped to very low levels, often lower than usual, but not as low as areas of Eastern Europe where temperatures reached record lows. In **Western Europe**, milk producers and handlers report that the cold temperatures did impact the milk flow, but many feel that the season is so new, that this situation should have limited negative impact on overall milk output. Milk producers, especially those that are closely monitoring their milk output due to quota limitations, are stating that the cold snap may slow the momentum that was developing for the new season and should help with overages in countries such as Austria, Denmark, Germany, and possibly Ireland. Producers in these countries have about 6 weeks left to monitor and manage their milk sales before the March 31 quota year end arrives. Winter

CONTINUED ON PAGE 1A

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

INTERNATIONAL DAIRY MARKET NEWS (PAGES 8 - 8B)  
DAIRY FUTURES (PAGE 9)  
RELEASE DATES FOR FEDERAL MILK ORDER PRICE DATA (PAGE 10)  
DAIRY PRODUCT MANDATORY REPORTING PROGRAM ANNOUNCEMENT  
(PAGE 11)

DECEMBER FLUID MILK SALES (PAGE 12)  
NOVEMBER MAILBOX MILK PRICES (PAGE 13)  
FMMO MARCH ADVANCE PRICING (PAGE 14)  
DAIRY GRAPHS (PAGE G1-G2)

CME GROUP CASH TRADING

COMMODITY	MONDAY FEB 13	TUESDAY FEB 14	WEDNESDAY FEB 15	THURSDAY FEB 16	FRIDAY FEB 17	:: ::	WEEKLY CHANGE*	:: ::	WEEKLY AVERAGE#
<b>CHEESE</b>									
BARRELS	\$1.4750 (-.0100)	\$1.4750 (N.C.)	\$1.4800 (+.0050)	\$1.4800 (N.C.)	\$1.4800 (N.C.)	:: ::	(-.0050)	:: ::	\$1.4780 (-.0110)
40# BLOCKS	\$1.4750 (N.C.)	\$1.4800 (+.0050)	\$1.4800 (N.C.)	\$1.4875 (+.0075)	\$1.4875 (N.C.)	:: ::	(+.0125)	:: ::	\$1.4820 (+.0050)
<b>NONFAT DRY MILK</b>									
EXTRA GRADE	\$1.2975 (N.C.)	\$1.2975 (N.C.)	\$1.2975 (N.C.)	\$1.2975 (N.C.)	\$1.2975 (N.C.)	:: ::	(N.C.)	:: ::	\$1.2975 (N.C.)
GRADE A	\$1.3350 (N.C.)	\$1.3350 (N.C.)	\$1.3350 (N.C.)	\$1.3275 (-.0075)	\$1.2925 (-.0350)	:: ::	(-.0425)	:: ::	\$1.3250 (-.0090)
<b>BUTTER</b>									
GRADE AA	\$1.3925 (-.0400)	\$1.4000 (+.0075)	\$1.3975 (-.0025)	\$1.3975 (N.C.)	\$1.4150 (+.0175)	:: ::	(-.0175)	:: ::	\$1.4005 (-.0420)

CHEESE: carload = 40,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. \*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week.

Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/DAIRYMARKETNEWS.

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

conditions continue, but warmer temps are being reported. A new Intervention and PSA year will soon begin. As of March 1, Intervention will open. No product cleared to the program last year, but approximately 43,000 MT of skim milk powder are still in intervention possession, but the powder has been committed to the Most Deprived Persons Feeding Program for distribution. A significant portion of intervention skim milk powder has already cleared to this program with the balance of the holdings scheduled to clear within the new intervention year. Again, traders and handlers are not expecting any significant, if any, volume of skim to clear during the upcoming open season. Also on March 1, PSA for butter will open. This program will remain open until August 15, at which time, butter offered to the program can be withdrawn. The contractual storage period for the butter is 90 - 210 days, depending on the time the butter entered the program. Fixed cost storage aid per ton will be 14.88 Euros per ton and per day contractual storage aid per ton will be 0.26 Euros per ton. Both of these aids have been reduced from last year. Traders and handlers are reporting that sales activity is slow. Many are attributing this trend to weaker prices and buyers are standing back from the market place when possible until the market situation stabilizes. Cold/winter weather conditions prevailed over much of Eastern Europe during the past two weeks. Milk producers and handlers report that a negative impact on milk production will be little felt as overall milk output in this region was already at seasonally low levels. For those producers that were starting to realize output increases, the winter conditions slowed development. Traders and handlers report that sales activity has slowed. Buyers are cautious with their purchases as prices adjust, often lower. Stocks of previous year production continue to be available for immediate or near term shipment. Milk production continues to edge lower in both New Zealand and Australia, although in many instances, volumes are maintaining higher levels than projected. In New Zealand, mild weather patterns are contributing to prolonged milk output on the downside of the season. Milk producers and handlers are pleased with the additional milk volumes and manufacturing facilities are able to maintain fairly full production schedules. As milk volumes decline, casein output is drawing to a close. Casein production is the last product to resume production on the upside of the milk production season and is the first to cease production on the downside. Outside of some year round caseinate output, casein is basically done for the year. Casein producers indicate that output was extended a little longer this year as milk flow on the downside of the season was positive. New Zealand milk producers and handlers are adjusting their annual milk output projections to be a little stronger than previously projected and are now setting those levels to be 4 - 5% ahead of last season. In Australia, the milk flow for this time of the season is stronger than anticipated. Producers and handlers are also adjusting their annual projections to be in the 3 - 4% higher range. Recent flooding conditions in Queensland and Northern New South Wales are not having an impact on milk output in the Victoria region. Moisture in Victoria remains readily sufficient and in some regions within Victoria, Gippsland, farmers continue to struggle with wet conditions which have negatively impacted milk output for most of the current season. Manufacturers and handlers of dairy products are indicating that stocks are basically fully committed to contractual and known needs. Manufacturers are also stating that the positive milk flow at this time is providing some cushion to the supply/demand balance, but also state that significant uncommitted stocks are not expected to be generated. During the g/DT auction #62 on February 15, basically all contract average prices were lower, with exception of casein.

**DECEMBER FLUID MILK SALES (AMS):** During December, 4.6 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 3.3% lower than December 2010. After adjusting for calendar composition, sales in December 2011 were 3.9% lower than December 2010. Estimated sales of total conventional fluid milk products decreased 3.7% from December 2010 and estimated sales of total organic fluid milk products increased 8.1% from a year earlier.

**MAILBOX MILK PRICES (AMS & CDFA):** In November 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$20.55 per cwt., up \$0.45 from the previous month's average, and up \$2.33 from November 2010. The component tests of producer milk in November 2011 were: butterfat, 3.82%; protein, 3.20%; and other solids, 5.73%. On an individual

reporting area basis, mailbox prices increased in 13 areas, and remained the same in the Southern Missouri reporting area when compared to the previous month. Mailbox prices in November 2011 ranged from \$23.68 in Florida to \$17.82 in New Mexico.

**FEDERAL MILK ORDER ADVANCE PRICES HIGHLIGHTS (DAIRY PROGRAMS):** Under the Federal milk order pricing system, the Class I base price for March 2012 is \$16.30 per cwt. This price is derived from the Class III skim milk pricing factor of \$10.96 and the advanced butterfat pricing factor of \$1.6355. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. Compared to February 2012, the Class I base price decreased \$0.73 per cwt. For selected consumer products, the price changes are: whole milk (3.25% milk fat), -\$0.71 per cwt., -\$0.061 per gallon; reduced fat milk (2%), -\$0.62 per cwt., -\$0.053 per gallon; fat-free (skim milk), -\$0.50 per cwt., -\$0.043 per gallon. Class II Price Information. The advanced Class IV skim milk pricing factor is \$10.92. Thus, the Class II skim milk price for March is \$11.62 per cwt., and the Class II nonfat solids price is \$1.2911. Product Price Averages. The two-week product price averages for March are: butter \$1.5220, nonfat dry milk \$1.3930, cheese \$1.5553, and dry whey \$0.6531.

CME GROUP

MONDAY, FEBRUARY 13, 2012

CHEESE -- SALES: 1 CAR BARRELS @ \$1.4750; 1 CAR 40# BLOCKS @ \$1.4750; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 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 @ \$1.3925

TUESDAY, FEBRUARY 14, 2012

CHEESE -- SALES: 3 CARS 40# BLOCKS @ \$1.4750; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.4800; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.4900  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 5 CARS GRADE AA: 1 @ \$1.3950, 2 @ \$1.3975, 2 @ \$1.4000; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.3900; LAST OFFER UNCOVERED: NONE

WEDNESDAY, FEBRUARY 15, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.4800; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.3350  
 BUTTER -- SALES: 5 CARS GRADE AA: 3 @ \$1.4000, 2 @ \$1.3975; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

THURSDAY, FEBRUARY 16, 2012

CHEESE -- SALES: 2 CARS BARRELS @ \$1.4800; 9 CARS 40# BLOCKS: 2 @ \$1.4825, 3 @ \$1.4850, 2 @ \$1.4825, 2 @ \$1.4875; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.4800; 2 CARS 40# BLOCKS @ \$1.4850; LAST OFFER UNCOVERED: 2 CARS 40# BLOCKS @ \$1.4900  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.3275  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.4000

FRIDAY, FEBRUARY 17, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.4875; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2925  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 5 CARS GRADE AA @ \$1.4150; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

The butter price on the CME Group advanced \$0.0075 on Tuesday and closed at \$1.4000. This is the first price increase since January 9, when the price was raised to \$1.6400. Tuesday's increase followed a 4 cent decline registered on Monday. Trading has picked up with 8 sales transacted in the last 5 sessions. It should be noted that February is the last month that old crop butter, butter made prior to December 1, 2011, can be transacted on the CME Group. Cream continues to be readily available this week with significant volumes headed towards churns. Butter production is steady at increased levels with numerous plants churning at near capacity. All varieties of butter, bulk, print, salted, unsalted and 82% are being produced. Domestic demand for butter remains steady for this time of year with some marginal increase in branded orders. Export interest is improving, because of declining prices and export assistance. Cooperatives Working Together (CWT) announced Monday the acceptance of 36 requests for export assistance to sell 4.5 million pounds of butter and 6.2 million pounds of cheese to customers in Asia, Central America, the Middle East and North Africa. Product will be delivered from February through June, 2012. To date in 2012, CWT has assisted member cooperatives to export 18.9 million pounds of butter. Current bulk butter prices range from 4-8 cents over the market based on the CME Group with various time frames and averages used. The latest Foreign Agricultural Service report shows 2011 exports of butter total 140.3 million pounds, a 12% increase over 2010. The 2011 butter exports were the highest export total since 2008 when 198.9 million pounds of butter were exported.

CENTRAL

During the past week, the CME cash butter prices declined 4 3/4 cents, increased 3/4 cent, and then declined 1/4 cent at midweek to settle at \$1.3975. During the past 5 trading days, the cash price declined to the lowest level in nearly 2 years (\$1.3925). Churning schedules remain seasonally strong as cream supplies remain readily available from local and out of region sources. Current churning activity is often surpassing demand, thus clearances to inventory continue and stocks are increasing. Export activity continues to be reported, aided by CWT export assistance. For the third week in a row, export assistance has been awarded for 4.5 million pounds of butter. Shipment of this butter will occur from now through June 2012. Since CWT butter assistance resumed, 18.9 million pounds of butter have received assistance. Domestic butter demand is mixed. Some traders and handlers indicate that good orders are being maintained, while others indicate that orders are fair. More discussion and orders are developing for upcoming Easter/Passover needs. Some retail buyers are reporting that they are scheduling feature activity prior to the holiday period. Some buyers continue to exercise caution when placing orders while others

are willing to purchase at current price levels. Butter stocks are readily available for current and future needs. Bulk butter prices range from flat to 3 cents over various pricing bases and averages per pound.

WEST

Western butter prices are continuing the weak trend that has marked trading since mid-January. Lower prices have increased interest from end users as buyers try to determine when to place any additional orders. Print sales are increasing for retail accounts as Easter orders are beginning to surface. Churns in the West are very busy handling unexpected volumes of cream. The CWT program continued to assist sales into the export market. Wednesday's close on the CME Group exchange for butter was \$.0025 lower at \$1.3975. Activity at the exchange has been uneven so far this week. Early week prices have moved both higher and lower. Trading volume this week has increased to ten loads by midweek after weeks of light sales. That is the largest weekly sales activity since mid-December 2011. Prices for bulk butter range from even to \$.0800 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-December 2011 total 140.3 million pounds, up 12%, or 15.2 million pounds, from January-December 2010. Saudi Arabia is the largest importer with a 26% increase (+6.0 million pounds) above last year's amount. Japan moved into the top five export destinations this year with a large increase in imports of U.S. butter. The butter and milkfat exports account for 7.8% of butter production in the U.S. for January-December 2011.

2011 U.S. Butter and Milkfat Exports, (USDA-FAS)  
 (Million Lb.) % Change From

	Monthly Exports	1 Year Ago
December	7.3	- 26
	Jan.- Dec	1 Year Ago
World	140.3	+ 12
Saudi Arabia	28.8	+ 26
Mexico	15.0	- 38
Canada	12.4	+ 46
Japan	0.9	+2,430
Morocco	8.3	- 3

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

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
February 11, 2012	1.5311 10,885,519	1.5294 12,230,136	1.4039 15,793,617	1.4991 4,269,729	0.6414 9,655,720

## CHEESE MARKETS

## NORTHEAST

Cheese prices on the CME Group were mixed Tuesday with barrels unchanged and closing at \$1.4750, while blocks advanced \$0.0050 to close at \$1.4800. Though CME Group cheese prices have not varied greatly in the last 7 sessions, barrels ranging \$1.4750-\$1.5050 and blocks ranging \$1.4750-\$1.4800, trading has been fairly active with 30 loads of barrels and 13 loads of blocks transacted. Cheese production has leveled off from recent increases. Inventories are increasing as sales remain sluggish. Cheese makers are increasing the amount of cheese they're putting into aging programs. There continues to be good export interest. Cooperatives Working Together (CWT) announced Monday the acceptance of 36 requests for export assistance to sell 6.2 million pounds of cheese and 4.5 million pounds of butter to customers in Asia, Central America, the Middle East and North Africa. Product will be delivered from February through June, 2012. To date in 2012, CWT has assisted member cooperatives to export 23.2 million pounds of cheese. According to Foreign Agricultural Statistics, 2011 exports of cheese and curd from the United States totaled 494.5 million pounds, the highest export total on record and a 29% increase over 2010.

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

Cheddar 40# Block	:	1.8800-2.1650
Process 5# Sliced	:	1.7100-1.8300
Muenster	:	1.9000-2.2600
Grade A Swiss Cuts 10 - 14#	:	3.6025-3.9250

## MIDWEST

Uncertainty is the theme which prevails in the Midwest cheese industry this week. Manufacturers are uncertain whether there will be a spring flush in milk production which will significantly add to already unusually high milk production volumes. Some cheese manufacturers, already running 7 days a week at nearly full capacity to handle milk volume, are uncertain how they will handle increased milk production if that occurs. Some manufacturers are uncertain whether exports will sufficiently increase to help move production. Some buyers are uncertain whether cheese prices have reached the lower end of expectations and are holding back from buying on that basis. There is some thought that cheese prices are near the short-term bottom, while other people are equally certain that prices are temporarily holding, before they will then move even lower. Milk supplies remain strong throughout the region. Surplus milk has been reported as occasionally selling at \$4.00 below class in Wisconsin and up to \$5.00 below elsewhere in the Midwest. Some manufacturers report increased cheese sales to brokers to help clear production, but little sales increase with continuing contractual customers. Cheese going into aging programs presents a mixed picture. Current prices have motivated movement of some cheese into aging programs due to a belief that markets may be near a low price. Other sources which regularly maintain aging programs, have not adjusted planned volume in reaction to prices, believing that maintaining a planned aging program is a better long-term practice because in the shorter term, "you can rarely find the bottom". Heavy volume of barrel sales last week, 29 carloads, moved CME barrel prices into a trading pattern; down then up then down then back up by mid this week to \$1.4800. Blocks also seem to be seeking a direction, moving down last week then up by Wednesday this week back to the same closing price as last week Monday, \$1.4800. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell a total of 6.237 million pounds (2,829 metric tons) of Cheddar and Monterey Jack cheese. The product will be delivered February through June 2012.

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

Process American 5# Loaf	:	1.8475-2.3600
Brick And/Or Muenster 5#	:	1.9825-2.4400
Cheddar 40# Block	:	1.9825-2.8650
Monterey Jack 10#	:	1.9525-2.8650
Blue 5#	:	2.2475-3.1300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8275-2.9650
Grade A Swiss Cuts 6 - 9#	:	3.0125-3.3300

## WEST

Western wholesale cheese prices are weaker as activity on the CME Group is showing no serious direction. The market is trading in a range from \$1.4750 to \$1.5100 since the last week of January for both blocks and barrels. Cheese plants are encountering increased milk or milk solid offerings. Plants are watching inventory volumes and have slowed production schedules in some cases. Sales are reported as moderate in most cases with mozzarella sales slower than hoped. CWT assistance is continuing to help with some export movement. Cash trading of cheese at the CME Group on Wednesday was unchanged for blocks at \$1.4800 and up \$.0050 for barrels to \$1.4800. Barrel prices are uneven and blocks have firmed by midweek. Sales of barrels at midweek are light with only one sale reported and are also light for blocks with four sales by Wednesday's close. According to FAS, exports of cheese and curd for January-December 2011 total 494.5 million pounds, up 29% (+112.1 million pounds) from January-December 2010. The exports account for 4.7% of total cheese production in the U.S. for the period. Mexico continued to be the largest importer of cheese with 106.4 million pounds or 21.5% of U.S. cheese exports.

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

Process 5# Loaf	:	1.6150-1.8725
Cheddar 40# Block	:	1.6025-1.9550
Cheddar 10# Cuts	:	1.7825-2.0025
Monterey Jack 10#	:	1.7925-1.9525
Grade A Swiss Cuts 6 - 9#	:	3.1800-3.6100

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

	2011 Exports (Million Lb.)	% Change From
	Monthly Exports	1 Year Ago
December	44.8	+ 2
	Jan. - Dec.	1 Year Ago
Cumulative World	494.5	+ 29
Mexico	106.4	- 1
South Korea	77.4	+ 82
Japan	50.4	+ 54
Canada	24.6	- 3
Saudi Arabia	24.3	+ 58

CONTINUED ON PAGE 3A

## CHEESE MARKETS

CONTINUED FROM PAGE 3

## FOREIGN

The weekly average block price on the CME Group declined again this week, causing a 2 cent decline in domestic wholesale prices. Prices for Swiss cuts were unchanged. The increase in US milk production, stemming from the mild winter weather, has brought about increased production for most domestic varieties of foreign type cheese. Lower priced Swiss cheese imports continue to be a drag on domestic Swiss cheese sales. Reviewing Italian type cheese imports for 2011, High Tier imports increased 7% over 2010 levels and made up 49% of the Italian type cheese imports for 2011.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.0200-3.5075*
Gorgonzola	: 3.6900-6.3900	: 2.5225-2.7825*
Parmesan (Italy)	: -0-	: 3.1425-3.6975*
Provolone (Italy)	: 3.4400-6.3900	: 2.0625-2.2200*
Romano (Cows Milk)	: -0-	: 3.2100-5.3600*
Sardo Romano (Argentine)	: 2.8500-3.9800	: -0-
Reggianito (Argentine)	: 3.2900-4.2400	: -0-
Jarlsberg-(Brand)	: 2.9500-4.9900	: -0-
Swiss Cuts Switzerland	: -0-	: 3.6950-4.0175
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	133	0	91	0	160
SOUTHEAST STATES	0	0	0	0	0	0

The mild winter of 2012 continues to prompt increased milk production and adds to manufacturing milk supplies in the Northeast and Mid-Atlantic regions. Class I demand continues to be at levels below expectations for most balancing plants. Milk is moving into the Mid-Atlantic region from the Southeast and the Midwest at discounted prices. Maintenance projects have been completed at a couple of plants, expanding the region's overall manufacturing capacity. Florida's milk production continues to rise in spite of tighter hay supplies and declining pasture conditions, caused by the continuing drought. The US Drought Monitor has increased the percentage of Florida that is experiencing severe, extreme, or exceptional drought to 53%. Rains over southern portions of the state improved some pastures, but 90% of the state's pastures remain rated as either in poor or fair condition. Producers are continuing to seek additional hay supplies, due to the ongoing drought. Class I demand has declined, increasing export spot loads this week to 133. The Southeast region also continues to see additional milk production increases. Class I demand saw some increases in those areas that experienced winter storm conditions earlier in the week. That same winter storm deteriorated road conditions and caused some shipping delays. The additional milk supply has prompted the utilization of a few auxiliary manufacturing facilities. Cream supplies are as heavy as last week, but are being better handled due to increased demand. Cream cheese makers are now in their kosher production runs in preparation for the Passover holiday. Ice cream manufacturers are also expanding their production schedules. 2012 looks to be a better year for ice cream production, because of lower prices for cream, cocoa, sugar and other sweeteners. The 4 cent decline in the CME Group butter price on Monday has some cream users holding off purchases for next week's likely lower average price. Cream multiples range from 110 to 125 with most of the trading occurring at the lower end of the range. Condensed skim supplies remain heavy with limited spot sales activity. Class II demand continues to increase in some areas with good pulls from yogurt manufacturers and increased pulls from ice cream makers. Class IV production remains at increased levels.

## 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 -	1.5868-1.8031
F.O.B. producing plants: Upper Midwest -	1.5146-1.7454

## PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

## F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.45 - 1.50
Northeast - Class III - spot prices -	1.41 - 1.46

## MIDWEST

Central region milk handlers report farm milk pickups are steadily growing, running slightly ahead of the usual timing of seasonal increases. Class I use is level in most parts of the Central region, but higher in the Ozarks area. Recent late winter storms sent those consumers to the stores for bottled milk and other staples late last week. Spot loads of milk from the East are clearing into the Central region to find processing room. Pricing on those loads is reportedly displacing some in-area spot milk loads. Some Central spot loads cleared with a range of +\$.50 to -\$4 above/below Class. Central handlers are shifting milk loads from plant to plant, usually finding processing room somewhere within their normal milk outlets. Nonfat dry milk production is unchanged to higher at most plants, although some capacity is untapped. Sales of condensed skim, on both contract and spot bases, are easing the pressure on dryers in some locations as Class II manufacturing steps up seasonally. Cream availability is mostly steady in

the Central region. East spot cream loads are flowing to Central churns, also, with some price adjustments to accommodate the transportation charges. Churns are actively clearing cream intakes. Competition between cheese plants for farm milk contracts with dairy producers is heating up again in the Central region, with procurement premiums reportedly running above \$2/cwt in some areas.

## WEST

Milk production trends show that the CALIFORNIA milk production is building on a week-to-week basis and that total levels are several percentage points above a year ago. Conditions have been mostly favorable for milk cows. Wet weather is occurring this week over the Central Valley, projected to have limited impact on the milk flow. The overall milk supply levels are taxing the processing plants in the state, even more pronounced because there are limited outlets in nearby states for milk and components. Processors are able to deal with the current supplies, but they are losing flexibility and having to opt for throughput versus ideal product schedules. Class 1 needs are along projected levels. The March 2012 Class 1 prices in CALIFORNIA range from \$17.60 in the north to \$17.87 in the south. The statewide average Class 1 price based on production is \$17.62. The average is \$0.92 lower than February 2012 and \$1.64 less than March 2011. ARIZONA milk output remains strong at the farm level. Processing plants are working at capacity levels on extended schedules to handle the building milk supplies. Handlers are finding few outlets for fluid milk, condensed skim, and cream. Weather conditions have cooled, but are dry and good for the milking herds. NEW MEXICO milk production trends are steady to higher. Plants are back to normal schedules after some planned maintenance and are able to handle the current milk supplies. Milk shipments out of the state are generally limited to contract minimum levels because of the availability of milk in those local markets. Class I needs are steady. Western CREAM markets remain weak. The overall environment is characterized by heavy supplies and light demand. Cream offerings are available from most sources in the region and pricing levels are under pressure. Lower butter prices and averages as well as weak multiples play into lower cream values. Higher-class item production is slow to develop. Cream shipments are heavy into butter plants. At the CME Group, Grade AA butter closed at \$1.3975 on Wednesday, February 15, down 4.25 cents from a week earlier. Creams multiples remain weak, ranging from 98-118 and vary based on class usage and basing points. Milk production in the PACIFIC NORTHWEST continued to be above year ago levels. Favorable weather has contributed to higher than expected levels for this time of year. Current milk volumes are being processed within the region and are described as manageable. Fluid sales of Class I milk are following anticipated patterns. Cheese, butter and powder manufacturing facilities are operating at higher than expected levels. UTAH and IDAHO are also enjoying mild winter weather. Dairy farmers are balancing feed supplies and costs against lower anticipated milk prices. Break evens for milk will be harder to maintain. Replacement heifer prices are reported to be steady with a recent auction reporting top heifer prices at \$1650/head with the top 50 averaging \$1460. Cull cow prices are higher than year ago and helping to reduce margins for replacing cows. Milk pooled on the Pacific Northwest Order 124 totaled 701.1 million pounds in January 2012; approximately 630 producers delivered milk to the market. The average daily delivery per producer was 35,900 pounds. Class I utilization was 194.6 million pounds and accounted for 27.8 percent of producer milk. The producer price differential (PPD) for the Pacific Northwest Order was \$0.71 per cwt., resulting in a statistical uniform price of \$17.76 per cwt. The statistical uniform price for the Pacific Northwest Order was \$0.29 below last month, and \$2.19 above the same month last year, an increase of 14.1 percent.

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:** Nonfat dry milk prices in the Central region are mostly lower as contract prices adjust to variable indices and spot load prices reflect current price pressures in the market. The market tone is weak. Both resellers and manufacturers commented on finding some price resistance at the prior week's prices. Modest price adjustments, especially on block purchases, encouraged clearance of some F.O.B. spot sales. Some resales cleared at lower prices than F.O.B. prices as resellers monitor their inventories while honoring contracts with suppliers. Interest in obtaining nonfat dry milk is mostly geared toward near term need fulfillment by end users. Nonfat dry milk production is steady to higher at most locations, with dryer schedules closing in on maximum weekly capacities at a few locations. Some plants are clearing condensed skim loads to cheese manufacturing as a way of decreasing demand on the NDM drying schedules.

**EAST:** Spot sales and contract price formulations combined to move low and high heat nonfat dry milk prices lower this week. Milk production increases continue to expand manufacturing milk volumes, which in turn are keeping dryers very active. Current milk volumes are keeping plant managers focused on low heat production in order to more readily clear their increased milk supplies. Some high heat NDM continues to be produced when milk volumes allow, usually at mid-week. Current production is adding to inventories. Some manufacturers are offering loads at price discounts under contracts in the attempt to reduce inventories. Domestic demand continues to be slow as buyers and end users hold off major purchases in the downward trending market. According to FAS, 2011 U.S. nonfat dry milk exports totaled 960.5 million pounds, 13% above the previous year's total.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.2800 - 1.4700 MOSTLY: 1.3300 - 1.4300  
 HIGH HEAT: 1.4450 - 1.5150

**U.S. NDM Exports, H.S. Code 0402100000 (FAS)**  
 2011 Exports % Change From  
 (Million Lb.) 1 Year Ago

December Total	74.2	- 1
TOTAL, JAN - DEC	960.5	+13
1 Mexico	382.7	+51
2 Philippines	113.7	+ 5
3 Indonesia	98.4	+ 4
4 Vietnam	92.3	+24
5 Malaysia	51.4	+15

**NONFAT DRY MILK - WEST**

Western low/medium heat nonfat dry milk prices continue to trend lower for both the range and mostly series. The market tone is weaker. Spot market offerings are being lowered to attempt at stimulating buyer interest. Index pricing levels are bouncing lower and higher in recent weeks. Resale offering prices are being discounted to move holdings. Overall, market activity was very light during the week with some trade contacts stating the phones are quiet. Domestic interest is subdued because of low interest from cheese producers and because many brokers have holdings that they are not able to move to their customers. Export interest has slowed into most areas the U.S. has seen recent market activity. Pricing levels, market projections, competition, exchange rates, and timing, are some of the factors playing into the current export market situation. Current drying schedules continue to move higher to balance the supplies of milk and condensed skim in the region. Processors are not able to find adequate outlets for milk and components. Western high heat prices are lower on the bottom end of the range. Demand conditions are fair to good with some seasonal buyers in the market for their needs. Demand outside of those needs is light. The general weaker undertone of the low heat market is having an impact on the high heat market tone and pricing levels. High heat production is light to

moderate. Some producers are trying to build stocks of high heat for future needs before dryer times become devoted only to low heat.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.2800 - 1.4050 MOSTLY: 1.3000 - 1.3750  
 HIGH HEAT: 1.3800 - 1.5100

**DRY BUTTERMILK - CENTRAL AND EAST**

**CENTRAL:** Prices for Central buttermilk are unchanged to lower on a weak market. With readily available Central cream supplies and spot loads clearing into the region from the East and West, butter making is in high gear at most churns. Condensed buttermilk sales to ice cream plants are idling, pegged at keeping late winter ice cream needs fulfilled without building inventory that has to be stored off premises. Dry buttermilk production is steady at most locations and plants indicate dryers are keeping up with condensed buttermilk output. Sales activity is lagging as buyers wait for possible further price adjustments.

**EAST:** Dry buttermilk prices continue to decline as spot sales and contract formulations lowered prices on the upper end of the range. Production of dry buttermilk continues at increased levels as readily available cream supplies keep churning schedules very active. Current production is adding to inventories. Supplies are moving through contracts with limited spot market activity. Domestic demand continues to be slow as baking product manufacturers are not yet ready to increase production. The downward trend of the market has potential buyers taking a wait and see attitude to see if prices will continue to decline. The market undertone remains weak.

F.O.B. CENTRAL/EAST: 1.2600 - 1.3500

**DRY BUTTERMILK - WEST**

Dry buttermilk prices are lower and the market tone remains weak. Offering prices are being reduced to stimulate interest and move excess inventory that has been built due to increased production and lower demand. Buyers remain reluctant to make purchases in the current market environment with additional pressure noted on nonfat dry milk and butterfat markets. Seasonal buyers are taking contracted volumes but are not seeking additional loads. Buttermilk solids are heavy coming off the churns, but drying schedules are expected to be lower as dryer times become devoted to nonfat dry milk. Condensed buttermilk sales are slow to gain momentum. Dry buttermilk stocks are moderate to heavy.

F.O.B. WEST: 1.2300 - 1.3250 MOSTLY: 1.2600 - 1.3000

**DRY WHOLE MILK - NATIONAL**

With recent declines in the market value of nonfat solids and butterfat solids linked to dry whole milk components, the dry whole milk price shifted slower. Spot sale activity increased moderately this week compared to last week, aided by price adjustments. Production is variable from plant to plant, and dependent on overall farm milk intakes. A few plants are running stronger production schedules on dry whole milk this week, while other plants concentrate on clearing condensed skim. Dry whole milk inventories are steady to building.

F.O.B. PRODUCING PLANT: 1.6500 - 1.7300

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
February 10	\$1.3790	10,666,725	0
February 3	\$1.3621	19,693,582	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 unchanged to lower on a mixed market, with block sales capturing price discounts from one or two Central manufacturers. Several manufacturers note increasing dry whey production, on a week to week basis, due to steadily increasing volumes of milk available to Class III facilities. Buyer interest outside of contract relationships is light as downside price risk is a concern. ANIMAL FEED DRY WHEY prices, F.O.B., are steady. Many end users report resale offers on edible dry whey are increasing in volume and frequency and often include price incentives. With edible dry whey suddenly improving in availability, and that market being mixed, animal feed dry whey users are not in a hurry to rebuild input inventories.

F.O.B. CENTRAL: .5000 - .7550 MOSTLY: .6900 - .7200  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .5200 - .6925

**DRY WHEY - NORTHEAST**

Dry whey prices declined on the upper end of the range as contact formulations pushed prices lower. Cheese and dry whey production remain steady with recent weeks. Numerous contacts are feeling uneasy and uncertain about current market conditions and trends. Resale loads are being offered under contract prices as some brokers are rotating inventories. Whey futures are trending higher, while contracts, spot sales and resale prices are trending lower giving numerous industry contacts the outlook that prices will settle out somewhere in between the current market and the futures prices. The uncertainty and uneasiness in the market is rooted in the discounted prices, whether spot or resale, being mentioned in other regions. Demand for dry whey remains sluggish as most baking product manufacturers still consider it too soon to increase production for the Easter holiday. Ice cream production is increasing in some areas, those manufacturers are holding off major purchases in hopes that prices will move lower. Eastern dry whey manufacturers have increased inventories, but remain comfortable and do not feel they are burdensome. Export demand remains soft. Dutch prices released this week had Edible Grade Whey priced at \$0.5372 in U.S. Dollars. The market undertone is steady to weak. According to FAS, 2011 U.S. dry whey exports totaled 551 million pounds, 1% below the previous year's total.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .7000 - .7325

**DRY WHEY - WEST**

Western whey markets are lower as both the range and mostly series adjusted lower following some spot sales and contract sales adjustments. Contract sales are making up the bulk of this week's transactions, but there are reports of some pushback from buyers. Increased cheese production is resulting in more whey product manufacturing. Lower spot prices are appearing into both export and domestic markets. There are increased reports of brokers lowering prices to move product. Following a lengthy period of tight supplies, there appears to be additional product being offered at lower rates for bulk buyers. According to the Foreign Agricultural Service, exports of dried whey for January-December 2011 total 551.0 million pounds, down 1% from January-December 2010. The exports account for 54.6% of the total dry whey production in the U.S. for January-December. The top five importing countries accounted for 336.6 million pounds or 61.0% of the exports for January-December 2011.

NONHYGROSCOPIC: .4850 - .7125 MOSTLY: .6500 - .6925

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

	2011 Exports (Million Lb.)	% Change From 1 Year Ago
December Total	54.1	+ 16
TOTAL, JAN - DEC	551.0	- 1
1 China	116.3	+ 11
2 Mexico	84.8	+ 28
3 Canada	51.6	+ 2
4 Japan	43.8	- 17
5 Malaysia	40.1	+ 12

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

National whey protein concentrate 34% prices are unchanged on the mostly. The bottom of the range moved fractionally lower on spot sales. The WPC 34% market is coasting, according to some in the industry, with the momentum of contract sales and intermittent spot load availability keeping WPC 34% moving. The staying power of these conditions is questioned by some market participants, as abundant milk supplies currently are encouraging/necessitating increased cheese production as well as higher production of whey stream products. Manufacturers' stocks are variable. Resale prices are reportedly chipping away at price premiums to keep stocks on hand at comfortable levels.

F.O.B. EXTRA GRADE 34% PROTEIN:1.4975 - 1.6675 MOSTLY: 1.5100 - 1.5450

**U.S. WPC ≤ 80% Exports, H.S. Code 0404100500(FAS)**

	2011 Exports (Million Lb.)	% Change From 1 Year Ago
December Total	18.4	- 27
TOTAL, JAN - DEC	234.3	- 16
1 China	108.0	- 11
2 Canada	34.7	- 12
3 Mexico	27.7	- 52
4 Japan	14.8	- 27
5 Thailand	5.9	+ 60

**LACTOSE - CENTRAL AND WEST**

Spot sales of lactose lowered the bottom and raised the top of the range price series this week, while the mostly price series is steady. Some manufacturers report stronger interest from some customers who previously dabbled in lactose use. Demand for lactose is steady to higher from several established customers as rate of use calculations used in figuring weekly/monthly contract volume needs may have underestimated actual production needs, due to active end product sales. While it is too early for Q2 formal discussions, there are undercurrents of buyers considering cutting input costs by reformulating away from lactose. For manufacturers, the demand from both domestic and offshore buyers is keeping inventories light.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .7600 - 1.0000 MOSTLY: .8200 - .9000

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

	2011 Exports (Million Lb.)	% Change From 1 Year Ago
December Total	33.8	- 5
TOTAL, JAN - DEC	426.5	+ 19
1 New Zealand	87.1	+ 181
2 China	73.1	+ 73
3 Mexico	55.6	+ 19
4 Japan	33.3	- 18
5 Australia	20.1	- 15

**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.

---

**CONTINUED FROM PAGE 6****CASEIN - NATIONAL**

Casein markets are unsettled with prices unchanged to lower. New reports of lower priced rennet occurred this week. Domestic buyers continue to question suppliers on the stability of current prices as the Oceania production season comes to an end and the European season is about to resume. Domestic buyers surmise that weakness is probably the conclusion versus strength. At this point, most domestic buyers are getting their contractual commitments on a timely basis. In the Oceania region, the casein production season has basically ended for the year, but producers do indicate that milk volumes were a little longer than projected on the downside of the season which generated a little extra cushion for their supply/demand balance. In Europe, the recent cold/winter weather patterns did slow milk production development, thus casein output might be slower to develop.

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:	4.3000 - 4.9000
ACID:	4.8200 - 5.1000

---



## INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered February 6 - 17, 2012

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 OVERVIEW:** Winter has arrived in Europe. During the past two weeks, very low temperatures have been reported in many Western European cities and regions. Temperatures dipped to very low levels, often lower than usual, but not as low as areas of Eastern Europe where temperatures reached record lows. In Western Europe, milk producers and handlers report that the cold temperatures did impact the milk flow, but many feel that the season is so new, that this situation should have limited negative impact on overall milk output. Milk producers, especially those that are closely monitoring their milk output due to quota limitations, are stating that the cold snap may slow the momentum that was developing for the new season and should help with overages in countries such as Austria, Denmark, Germany, and possibly Ireland. Producers in these countries have about 6 weeks left to monitor and manage their milk sales before the March 31 quota year end arrives. Winter conditions continue, but warmer temps are being reported. A new Intervention and PSA year will soon begin. As of March 1, Intervention will open. No product cleared to the program last year, but approximately 43,000 MT of skim milk powder are still in intervention possession, but the powder has been committed to the Most Deprived Persons Feeding Program for distribution. A significant portion of intervention skim milk powder has already cleared to this program with the balance of the holdings scheduled to clear within the new intervention year. Again, traders and handlers are not expecting any significant, if any, volume of skim to clear during the upcoming open season. Also on March 1, PSA for butter will open. This program will remain open until August 15, at which time, butter offered to the program can be withdrawn. The contractual storage period for the butter is 90 - 210 days, depending on the time the butter entered the program. Fixed cost storage aid per ton will be 14.88 Euros per ton and per day contractual storage aid per ton will be 0.26 Euros per ton. Both of these aids have been reduced from last year. Traders and handlers are reporting that sales activity is slow. Many are attributing this trend to weaker prices and buyers are standing back from the market place when possible until the market situation stabilizes.

**BUTTER/BUTTEROIL:** The bitterly cold temperatures recorded in Europe during the past few weeks have slowed milk production development, but many feel that it is still early in the new production season to have a significant negative impact. Butter production has been and remains seasonally low, but is showing signs of increases. The cold snap, did slow milk volumes through butter operations, but butter producers are indicating that this trend is not significant enough for them to be concerned at this time. On March 1, PSA for butter will open. This program will remain open until August 15, at which time, butter offered to the program can be withdrawn. The contractual storage period for the butter is a minimum of 90 days up to 210 days, depending on the time the butter entered the program. Fixed cost storage aid per ton will be 14.88 Euros and per day contractual storage aid per ton will be 0.26 Euros. Both of these aids are lower than last year.

82% BUTTERFAT: 4,225 - 4,475  
99% BUTTERFAT: 4,750 - 5,050

**SKIM MILK POWDER (SMP):** European skim milk powder markets are generally steady with prices unchanged to slightly lower. Traders and handlers are reporting that international sales

activity has slowed. Many feel that this market inactivity is being attributed to buyers taking a wait and see attitude before placing additional orders. Manufacturers and handlers are indicating that new production is slowly increasing, but the recent cold/winter weather patterns have slowed milk production development, thus drying schedules. Uncommitted stocks are available and handlers are very interested in negotiating sales. As of March 1, a new Intervention year will begin. No product cleared to the program last year, but approximately 43,000 MT of skim milk powder are still in intervention possession, but the powder has been committed to the Most Deprived Persons Feeding Program for distribution. A significant portion of intervention skim milk powder has already cleared to this program with the balance of the holdings scheduled to clear this year. Again, traders and handlers are not expecting any significant, if any, volume of skim to clear during the upcoming open season.

1.25% BUTTERFAT: 2,900 - 3,125

**WHOLE MILK POWDER (WMP):** European whole milk powder markets are generally steady although prices did firm. New whole milk powder production is slow to develop. Recent cold temperatures and winter weather conditions did slow milk output, thus developing powder production. Traders and handlers state that new production is limited, but inventoried stocks are available for immediate needs. International sales are reported to be lighter than in recent weeks.

26% BUTTERFAT: 3,700 - 3,825

**SWEET WHEY POWDER:** European whey powder markets and prices are weak. Traders and handlers are indicating that although international whey prices are trending lower, European volumes remain competitive and buyers are looking to this region for their needs. Traders are stating that international sales are slowing, which is often typical when prices are trending lower. For the most part, whey stocks are in a comfortable supply/demand balance.

NONHYGROSCOPIC: 1,200 - 1,350

**EASTERN OVERVIEW:** Cold/winter weather conditions prevailed over much of Eastern Europe during the past two week. Milk producers and handlers report that a negative impact on milk production will be little felt as overall milk output in this region was already at seasonally low levels. For those producers that were starting to realize output increases, the winter conditions slowed development. Traders and handlers report that sales activity has slowed. Buyers are cautious with their purchases as prices adjust, often lower. Stocks of previous year production continue to be available for immediate or near term shipment.

Exchange rates for selected foreign currencies: February 13, 2012

1.0003 Canadian Dollar	.0204 Indian Rupee
.2302 Argentina Peso	.8340 New Zealand Dollar
.0788 Mexican Peso	1.0732 Australian Dollar
.3156 Polish Zloty	.0129 Japanese Yen
	1.3187 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0788) = 12.6904 Mexican Pesos. Source: "Wall Street Journal"

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered February 6 - 17, 2012

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.

**OVERVIEW:** Milk production continues to edge lower in both New Zealand and Australia, although in many instances, volumes are maintaining higher levels than projected. In New Zealand, mild weather patterns are contributing to prolonged milk output on the downside of the season. Milk producers and handlers are pleased with the additional milk volumes and manufacturing facilities are able to maintain fairly full production schedules. As milk volumes decline, casein output is drawing to a close. Casein production is the last product to resume production on the upside of the milk production season and is the first to cease production on the downside. Outside of some year round caseinate output, casein is basically done for the year. Casein producers indicate that output was extended a little longer this year as milk flow on the downside of the season was positive. New Zealand milk producers and handlers are adjusting their annual milk output projections to be a little stronger than previously projected and are now setting those levels to be 4 - 5% ahead of last season. In Australia, the milk flow for this time of the season is stronger than anticipated. Producers and handlers are also adjusting their annual projections to be in the 3 - 4% higher range. Recent flooding conditions in Queensland and Northern New South Wales are not having an impact on milk output in the Victoria region. Moisture in Victoria remains readily sufficient and in some regions within Victoria, Gippsland, farmers continue to struggle with wet conditions which have negatively impacted milk output for most of the current season. Manufacturers and handlers of dairy products are indicating that stocks are basically fully committed to contractual and known needs. Manufacturers are also stating that the positive milk flow at this time is providing some cushion to the supply/demand balance, but also state that significant uncommitted stocks are not expected to be generated. During the g/DT auction #62 on February 15, basically all contract average prices were lower, with exception of casein. For skim milk powder (U.S. sourced) contract #1 (March), the price averaged \$2,830 per MT, 6.1% less than the previous auction. Contract #2 (April) average prices and changes from the previous session are: anhydrous milk fat, \$3,406/MT, -10.6%; no buttermilk powder was traded; skim milk powder, \$3,246, -2.4%; whole milk powder, \$3,386, -2.9%; milk protein concentrate \$5,470/MT +4.8%; rennet casein \$7,735/MT +2.0%; and cheddar \$3,503/MT, -2.0%.

**BUTTER:** Oceania butter markets and prices are generally holding steady. Some handlers are stating that current butter prices are under pressure and that weakness might be forthcoming. Churning activity continues to edge lower as milk volumes decline seasonally. Traders and handlers are indicating that supplies of butter are sufficient for known and contractual needs with uncommitted volumes limited. At the February 15th g/DT event, anhydrous milk fat traded lower. For near term (April) contract #2, anhydrous averaged \$3,406 per MT, down 10.6% from the previous event, 10.8% lower for May - July deliveries and 4.8% lower than August - October shipments.

82% BUTTERFAT:

3,700 - 4,100

**SKIM MILK POWDER (SMP):** Declining milk production in both New Zealand and Australia is contributing to lower skim milk powder output. Although milk volumes are declining, powder producers are indicating that output is stronger than anticipated for this time of the season. Stocks of powder are adequate for contractual needs with surplus/uncommitted volumes virtually not available.

Current market conditions are generally steady with prices unchanged to lower. At the February 15th g/DT event, the average price skim milk powder for all contracting periods was \$3,259 per MT, down 2.6%. U.S. sourced skim milk powder averaged \$2,830 per MT, 6.1% lower than the previous contract #1 price. Average prices per metric ton for Oceania sourced powder for the balance of the three contracting periods were also all lower: Contract #2 (April), \$3,246, -2.4%; Contract #3 (May - July), \$3,391, -2.7%; and Contract #4 (August - October), \$3,473, -0.5%.

1.25% BUTTERFAT:

3,200 - 3,500

**CHEDDAR CHEESE:** Oceania cheddar cheese markets are generally steady with prices unchanged to slightly higher. Traders and handlers are indicating that the market tone is not firm, although a slightly higher price was reported during the current survey period. Cheese production is generally in line with projections as milk volumes edge lower. Overall positive milk production trends on the downside of the season are providing good milk volumes for all manufactured dairy products, including cheese output. Cheese traders and handlers are indicating that cheese stocks are adequate for contractual and known needs. Cheese shipments are maintaining contractual commitments.

39% MAXIMUM MOISTURE:

3,775 - 4,500

**WHOLE MILK POWDER (WMP):** Whole milk powder markets and prices are generally steady with prices unchanged to slightly lower. As milk volumes decline seasonally, whole milk powder production within the region is holding strong. Manufacturers are indicating that overall milk volumes are heavier than anticipated and the additional milk volume is welcomed. Milk volumes and manufacturing output are running heavier than anticipated for this time of the season and manufacturers and handlers are indicating that the additional milk is providing a little cushion between supply/demand. Although a little extra powder is being generated, traders and handlers are still projecting that limited, if any, uncommitted volumes will be available for spot buyer interest. Whole milk powder, for all contracting periods, averaged \$3,421 per MT, -3.0% at the February 15th g/DT event. April contracts averaged \$3,386 per MT, 2.9% lower when compared to the previous contract average; May - July contracts averaged \$3,446, 4.8% lower; while August - October contracts averaged \$3,586, 3.8% higher.

26% BUTTERFAT:

3,400 - 3,700

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered February 6 - 17, 2012

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.

FEBRUARY 15, 2012 Global/Dairy Trading (g/DT) event 62 recap US \$ per metric ton										
Average prices and Changes in price Indices from Previous event	Contract #1		Contract #2		Contract #3		Contract #4		All Contracts	
	March 2012		April 2012		May - July 2012		August - October 2012			
Anhydrous Milk Fat	N.A.	N.A.	\$3,406	-10.6%	\$3,632	-10.8%	\$4,110	-4.8%	\$3,546	-10.5%
Buttermilk Powder	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Skim Milk Powder	\$2,830	-6.1	\$3,246	-2.4%	\$3,391	-2.7%	\$3,473	-0.5%	\$3,259	-2.6%
Whole Milk Powder	N.A.	N.A.	\$3,386	-2.9%	\$3,446	-4.8%	\$3,586	+3.8%	\$3,421	-3.0%
Milk Protein Concentrate	N.A.	N.A.	\$5,470	+4.8%	\$5,660	-5.5%	N.A.	N.A.	\$5,571	-0.8%
Rennet Casein	N.A.	N.A.	\$7,735	+2.0%	\$7,725	+0.1%	N.A.	N.A.	\$7,730	+1.1%
Cheddar	N.A.	N.A.	\$3,503	-2.0%	\$3,608	-2.6%	N.A.	N.A.	\$3,559	-2.3%

**CHICAGO MERCANTILE EXCHANGE FUTURES**

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

Month	02/02	02/03	02/06	02/07	02/08	02/09	02/10	02/13	02/14	02/15
<b>CME - CLASS III MILK FUTURES (Pit-Traded)</b>										
JAN 12	17.09 (4329) 0	17.05 (4246) 0								
FEB 12	16.15 (5478) 0	16.15 (5535) 0	16.15 (5565) 8	16.08 (5569) 0	16.06 (5569) 0	16.09 (5599) 0	16.08 (5449) 0	16.07 (5537) 0	16.10 (5547) 0	16.12 (5520) 0
MAR 12	15.82 (5857) 0	15.89 (5850) 0	15.88 (5856) 5	15.61 (5891) 0	15.46 (5975) 3	15.57 (5963) 0	15.63 (5992) 3	15.41 (6114) 0	15.54 (6123) 0	15.77 (6149) 0
APR 12	15.89 (3533) 1	15.94 (3569) 0	16.03 (3579) 5	15.75 (3578) 0	15.68 (3660) 7	15.71 (3716) 0	15.80 (3741) 0	15.57 (3843) 10	15.73 (3852) 0	15.88 (3908) 0
MAY 12	16.37 (3025) 0	16.42 (3049) 0	16.48 (3050) 5	16.32 (3053) 0	16.22 (3095) 5	16.10 (3103) 2	16.12 (3128) 0	15.92 (3149) 10	15.99 (3239) 0	16.12 (3283) 0
JUN 12	16.66 (2579) 0	16.67 (2594) 0	16.71 (2603) 5	16.64 (2601) 0	16.57 (2632) 6	16.47 (2658) 4	16.46 (2689) 0	16.25 (2741) 0	16.16 (2768) 0	16.22 (2783) 0
JUL 12	16.95 (1947) 0	16.95 (1967) 5	16.88 (1977) 0	16.85 (1982) 0	16.75 (2049) 6	16.67 (2083) 2	16.65 (2101) 0	16.48 (2161) 0	16.36 (2179) 0	16.40 (2189) 0
AUG 12	17.05 (1936) 0	16.97 (1953) 5	16.94 (1957) 0	16.94 (1964) 0	16.89 (1991) 1	16.75 (2018) 2	16.73 (2045) 0	16.62 (2075) 0	16.53 (2110) 0	16.55 (2119) 0
SEP 12	17.09 (1876) 0	17.08 (1884) 5	17.01 (1887) 0	17.03 (1897) 0	16.95 (1911) 1	16.82 (1930) 2	16.80 (1941) 0	16.62 (1953) 0	16.57 (1966) 0	16.60 (1982) 0
OCT 12	17.01 (1601) 0	16.97 (1612) 0	16.97 (1612) 0	16.98 (1629) 0	16.93 (1644) 1	16.83 (1656) 2	16.83 (1659) 0	16.65 (1669) 0	16.53 (1695) 0	16.60 (1707) 0
<b>CME - CLASS IV MILK FUTURES (Pit-Traded)</b>										
JAN 12	16.65 (327) 0	16.56 (332) 0								
FEB 12	16.04 (333) 0	16.04 (333) 0	16.04 (333) 0	16.04 (333) 0	16.00 (333) 0	16.00 (333) 0	16.00 (333) 0	16.00 (333) 0	15.99 (333) 0	15.99 (333) 0
MAR 12	16.20 (320) 0	16.20 (320) 0	16.20 (320) 0	15.84 (320) 0	15.75 (320) 0	15.75 (320) 0	15.75 (320) 0	15.75 (320) 0	15.75 (320) 0	15.75 (320) 0
<b>CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)</b>										
JAN 12	158.20 (626) 0	159.00 (603) 0								
FEB 12	148.50 (648) 8	149.05 (648) 4	149.05 (640) 11	147.03 (624) 24	147.50 (633) 13	147.25 (634) 1	147.50 (634) 0	148.00 (635) 3	148.00 (634) 8	148.00 (634) 0
MAR 12	153.50 (778) 10	152.50 (777) 34	150.00 (775) 15	148.50 (783) 20	148.00 (797) 21	148.00 (797) 2	148.00 (797) 0	148.50 (819) 54	148.00 (819) 6	147.50 (827) 9
<b>CME - NONFAT DRY MILK FUTURES (Pit-Traded)</b>										
JAN 12	139.75 (126) 0	139.42 (126) 0								
FEB 12	135.75 (217) 0	135.75 (217) 0	135.75 (217) 0	135.75 (217) 0	135.90 (217) 0	135.90 (217) 0	136.00 (217) 0	136.00 (217) 0	136.00 (217) 0	136.35 (217) 0
MAR 12	135.00 (147) 0	135.00 (148) 0	135.00 (152) 0	135.00 (149) 0	134.50 (175) 0	132.75 (204) 0	132.50 (205) 0	132.75 (205) 0	132.75 (206) 0	132.75 (206) 0
<b>CME - WHEY (Electronic-Traded)</b>										
JAN 12	69.40 (430) 0	68.76 (429) 0								
FEB 12	65.00 (474) 51	63.50 (464) 33	63.50 (464) 1	64.25 (464) 1	64.23 (463) 1	64.50 (464) 6	64.50 (464) 0	64.50 (464) 0	64.50 (463) 1	64.50 (461) 2
MAR 12	58.75 (481) 47	56.25 (444) 123	58.00 (444) 13	57.73 (442) 4	56.93 (444) 4	56.25 (444) 4	57.00 (460) 27	57.00 (457) 4	57.50 (457) 5	58.75 (453) 39
<b>CME - CHEESE CSC (Electronic-Traded)</b>										
JAN 12	1.61 (1106) 0	1.61 (1106) 0								
FEB 12	1.55 (1133) 4	1.55 (1102) 31	1.55 (1102) 0	1.55 (1102) 0	1.54 (1100) 8	1.54 (1100) 2	1.54 (1100) 0	1.54 (1100) 3	1.54 (1100) 5	1.54 (1100) 1
MAR 12	1.55 (1242) 17	1.56 (1248) 22	1.56 (1270) 37	1.54 (1308) 43	1.52 (1319) 38	1.54 (1324) 19	1.54 (1324) 6	1.52 (1331) 51	1.52 (1335) 4	1.54 (1337) 48
APR 12	1.62 (959) 11	1.62 (961) 4	1.61 (965) 20	1.59 (1035) 70	1.57 (1058) 72	1.57 (1053) 26	1.58 (1053) 3	1.56 (1077) 44	1.57 (1077) 8	1.59 (1087) 37
MAY 12	1.67 (727) 23	1.66 (722) 7	1.66 (727) 32	1.65 (747) 26	1.63 (771) 60	1.62 (772) 44	1.62 (777) 10	1.61 (814) 45	1.61 (817) 5	1.62 (817) 16
JUN 12	1.69 (547) 13	1.71 (547) 0	1.70 (549) 16	1.69 (549) 17	1.68 (564) 30	1.67 (575) 13	1.67 (585) 10	1.65 (613) 35	1.65 (618) 5	1.64 (635) 28

<sup>1/</sup> 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.

**Release Dates Federal Milk Order Price Data**

Listed below are the release dates for the Federal milk order program for price data applicable to April 2012 through September 2012. The advanced prices and pricing factors will be released at 3:00 p.m. EST/EDST no later than the 23<sup>rd</sup> of the preceding month. If the release date does not fall on the 23<sup>rd</sup> the most current release preceding the 23<sup>rd</sup> will be used in the price calculation. Likewise, the class and component prices will be released at 3:00 p.m. EST/EDST no later than the 5<sup>th</sup> of the following month. If the release date does not fall on the 5<sup>th</sup> the most current release preceding the 5<sup>th</sup> will be used in the price calculation.

Month to Which Prices Apply	Advanced Prices and Pricing Factors		Class and Component Prices	
	Release Date	Time Period of AMS Prices <u>1/</u>	Release Date	Time Period of AMS Prices <u>1/</u>
<b>2012</b>				
April			May 2	3/31, 4/7, 14, 21, 28
May	Apr. 18	4/7, 14	May 31	5/5, 12, 19, 26
June	May 23	5/12, 19	Jul. 5	6/2, 9, 16, 23, 30
July	Jun. 20	6/9, 16	Aug. 1	7/7, 14, 21, 28
August	Jul. 18	7/7, 14	Aug. 29	8/4, 11, 18, 25
September	Aug. 22	8/11, 18	Oct. 3	9/1, 8, 15, 22, 29

1/ Weekly sales periods, ending on the indicated date, that are included in the applicable average. Information for the week usually is released by AMS on Wednesday of the following week.

USDA/AMS/DA/MIB  
February 15, 2012



# PROGRAM ANNOUNCEMENT

## AGRICULTURAL MARKETING SERVICE

United States Department of Agriculture | 1400 Independence Ave., SW | Room 4512-S  
Washington, DC 20250 | (202) 720-8998 | <http://www.ams.usda.gov>



AMS No. 020-12  
Sam Jones-Ellard (202) 617-7212  
[Samuel.Jones@ams.usda.gov](mailto:Samuel.Jones@ams.usda.gov)

### USDA Issues Final Rule Amending Dairy Product Mandatory Reporting Program

WASHINGTON, Feb. 14, 2012 – The U. S. Department of Agriculture has issued a final rule amending the Dairy Product Mandatory Reporting Program as required by law.

The Mandatory Price Reporting Act of 2010 amends the Agricultural Marketing Act of 1946 to provide for the establishment of an electronic reporting system for manufacturers to report dairy product sales information for specific dairy products. The amendment further states that the Secretary shall publish the information obtained for the preceding week not later than 3:00 p.m. Eastern Time on Wednesday of each week.

“This market reporting program benefits dairy producers, processors, retailers, and consumers,” said Robert Keeney, acting administrator of the Agricultural Marketing Service. “This change will provide dairy farmers with more timely information and streamline our process for reporting dairy product sales information.”

This final rule includes regulatory changes for implementing the provisions of the Act. It transfers applicable data collection responsibilities from the National Agricultural Statistics Service to the Agricultural Marketing Service (AMS).

Manufacturers that process and market less than one million pounds of the specific dairy products per year are exempt from the reporting requirements. USDA uses the sales data reported to determine minimum class prices for milk marketed through the Federal Milk Marketing Order Program.

For additional information on the Dairy Product Mandatory Reporting Program, including the schedule of reports, please visit [www.ams.usda.gov/AMSV1.0/DairyProductMandatoryReporting](http://www.ams.usda.gov/AMSV1.0/DairyProductMandatoryReporting).

The final rule will appear in the Feb. 15, 2012 *Federal Register*.

For additional information about the final rule, contact Joe Gaynor; Market Information Branch Chief, Dairy Programs, AMS, USDA, STOP-0232 Room 2977, 1400 Independence Ave., SW, Washington, DC 20250-0232; phone (202) 720-9351; or e-mail at [Joseph.Gaynor@ams.usda.gov](mailto:Joseph.Gaynor@ams.usda.gov).

#

Get the latest Agricultural Marketing Service news at <http://www.ams.usda.gov/news> or follow us on Twitter @USDA\_AMS. You can also read about us on the [USDA blog](#). USDA is an equal opportunity provider, employer and lender. To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Ave., S.W., Washington, DC 20250-9410, or call (800) 795-3272 (Voice) or (202) 720-6382 (TDD).

## DECEMBER FLUID MILK SALES

During December, 4.6 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 3.3 percent lower than December 2010. After adjusting for calendar composition, sales in December 2011 were 3.9 percent lower than December 2010. Estimated sales of total conventional fluid milk products decreased 3.7 percent from December 2010 and estimated sales of total organic fluid milk products increased 8.1 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,  
DECEMBER 2011, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	December	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Whole Milk	1,194	13,689	-5.3	-3.1
Flavored Whole Milk	46	525	-5.9	-5.7
Reduced Fat Milk (2%)	1,579	18,191	-3.5	-1.9
Low Fat Milk (1%)	602	7,096	0.9	0.7
Fat-Free Milk (Skim)	641	7,717	-5.3	-3.7
Flavored Fat-Reduced Milk	294	3,814	-2.8	-2.4
Buttermilk	43	481	-2.6	0.2
Total Conventional Milk Products 5/	4,459	51,665	-3.7	-2.3
Organic Whole Milk	44	498	5.0	14.9
Organic Reduced Fat Milk	55	598	3/	3/
Organic Low Fat Milk	38	423	3/	3/
Organic Fat-Free Milk (Skim)	38	458	3/	3/
Organic Flavored Milk	6	90	3/	3/
Organic Fat-Reduced Milk 4/	138	1,575	9.1	14.2
Total Organic Milk Products	182	2,074	8.1	14.3
Total Fluid Milk Products 5/	4,641	53,739	-3.3	-1.8
Total Fluid Milk Products Adjusted 5/ 6/	4,575	53,724	-3.9	-1.7

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> Report contact: Daniel Manzoni, [Daniel.manzoni@ams.usda.gov](mailto:Daniel.manzoni@ams.usda.gov) or 202-720-2352

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

Area (Order Number)	Sales		Change from: 2/	
	December	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Northeast (001)	798	9,109	-4.7	-2.1
Appalachian (005)	305	3,580	-4.2	-1.7
Southeast (007)	414	4,898	-4.6	-2.2
Florida (006)	251	2,900	-3.2	-2.6
Mideast (033)	522	5,985	-3.8	-2.3
Upper Midwest (030)	365	4,221	-4.4	-2.4
Central (032)	401	4,548	-1.4	-0.2
Southwest (126)	387	4,476	-1.0	-0.7
Arizona (131)	100	1,179	-3.5	-1.1
Pacific Northwest (124)	192	2,214	-0.7	-0.5
California (---)	534	6,330	-2.3	-2.0

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*, December 2011.

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

In November 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$20.55 per cwt., up \$0.45 from the previous month's average, and up \$2.33 from November 2010. The component tests of producer milk in November 2011 were: butterfat, 3.82%; protein, 3.20%; and other solids, 5.73%. On an individual reporting area basis, mailbox prices increased in 13 areas, decreased in 5 areas, and remained the same in the Southern Missouri reporting area when compared to the previous month. Mailbox prices in November 2011 ranged from \$23.68 in Florida to \$17.82 in New Mexico.

Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	November 2010	October 2011	November 2011
	Dollars per hundredweight		
New England States <u>3/</u>	19.37	21.26	21.36
New York	18.14	19.90	19.99
Eastern Pennsylvania <u>4/</u>	18.97	20.93	21.00
Appalachian States <u>5/</u>	20.19	21.80	21.57
Southeast States <u>6/</u>	20.65	22.65	22.26
Southern Missouri <u>7/</u>	18.71	20.63	20.63
Florida	21.54	24.39	23.68
Western Pennsylvania <u>8/</u>	19.05	20.99	21.05
Ohio	19.25	21.03	20.35
Indiana	19.00	20.59	20.46
Michigan	17.96	20.13	20.19
Wisconsin	17.82	20.13	21.08
Minnesota	17.23	20.08	21.24
Iowa	18.31	20.24	20.95
Illinois	18.79	20.75	21.31
Corn Belt States <u>9/</u>	18.27	19.82	20.07
Western Texas <u>10/</u>	17.71	18.40	19.02
New Mexico	16.84	17.18	17.82
Northwest States <u>11/</u>	17.56	19.66	20.32
All Above Reported Areas <u>12/</u>	18.22	20.10	20.55
California <u>13/</u>	15.62	17.89	18.64

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."  
Report Contact: Randal Stoker, [randal.stoker@usda.gov](mailto:randal.stoker@usda.gov) or 202-690-1932

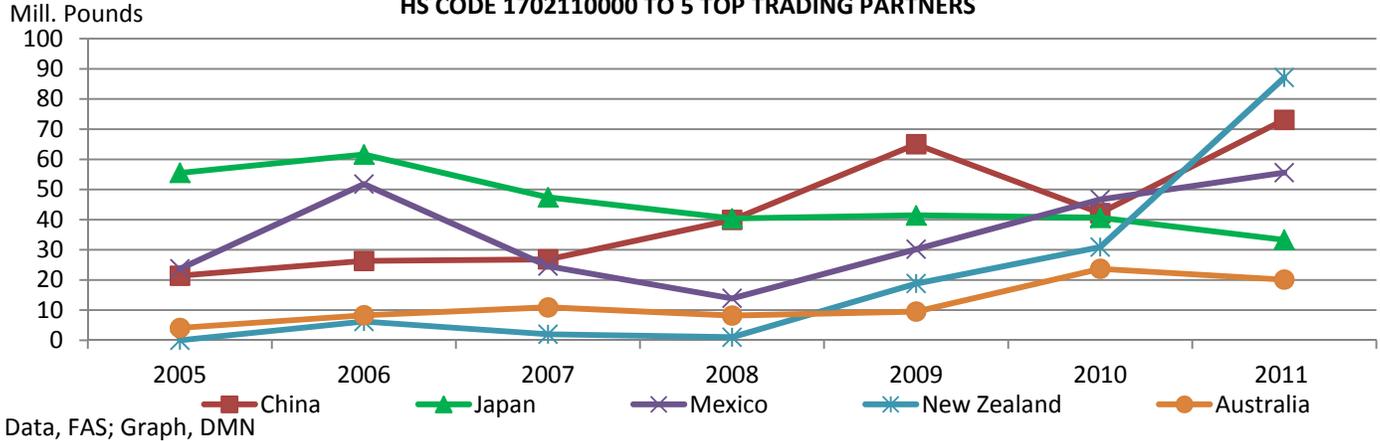
FEDERAL MILK ORDER ADVANCE PRICES, MARCH

**Class I Base Price.** Under the Federal milk order pricing system, the Class I base price for March 2012 is \$16.30 per cwt. This price is derived from the Class III skim milk pricing factor of \$10.96 and the advanced butterfat pricing factor of \$1.6355. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Comparison to Previous Month.** Compared to February 2012, the Class I base price decreased \$0.73 per cwt. For selected consumer products, the price changes are: whole milk (3.25% milk fat), -\$0.71 per cwt., -\$0.061 per gallon; reduced fat milk (2%), -\$0.62 per cwt., -\$0.053 per gallon; fat-free (skim milk), -\$0.50 per cwt., -\$0.043 per gallon. **Class II Price Information.** The advanced Class IV skim milk pricing factor is \$10.92. Thus, the Class II skim milk price for March is \$11.62 per cwt., and the Class II nonfat solids price is \$1.2911. **Product Price Averages.** The two-week product price averages for March are: butter \$1.5220, nonfat dry milk \$1.3930, cheese \$1.5553, and dry whey \$0.6531.

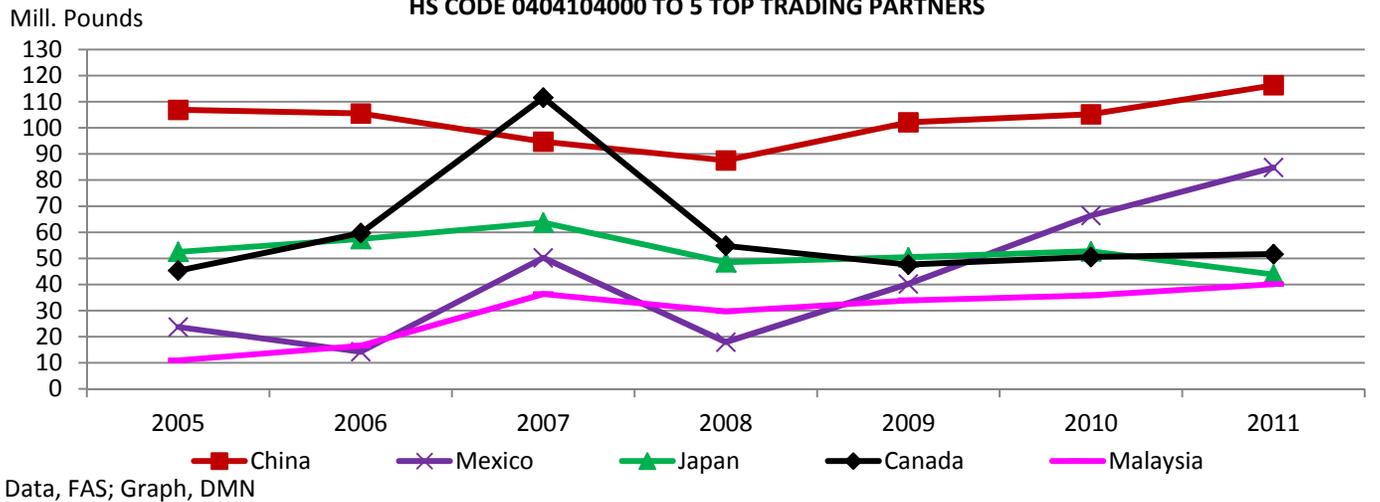
FEDERAL MILK ORDER CLASS I PRICE INFORMATION <sup>1/ 2/</sup>				
March 2012				
Federal Milk Order Marketing Area <sup>3/</sup>	Order Number	Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) <sup>4/</sup>	001	19.55	14.21	1.6680
Appalachian (Charlotte) <sup>5/ 6/</sup>	005	19.70	14.36	1.6695
Southeast (Atlanta) <sup>6/ 7/</sup>	007	20.10	14.76	1.6735
Florida (Tampa) <sup>6/ 8/</sup>	006	21.70	16.36	1.6895
Midwest (Cleveland) <sup>9/</sup>	033	18.30	12.96	1.6555
Upper Midwest (Chicago) <sup>10/</sup>	030	18.10	12.76	1.6535
Central (Kansas City) <sup>11/</sup>	032	18.30	12.96	1.6555
Southwest (Dallas) <sup>12/</sup>	126	19.30	13.96	1.6655
Arizona (Phoenix)	131	18.65	13.31	1.6590
Pacific Northwest (Seattle) <sup>13/</sup>	124	18.20	12.86	1.6545
All-Market Average		19.19	13.85	1.6644

<sup>1/</sup> To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 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 markets. <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.

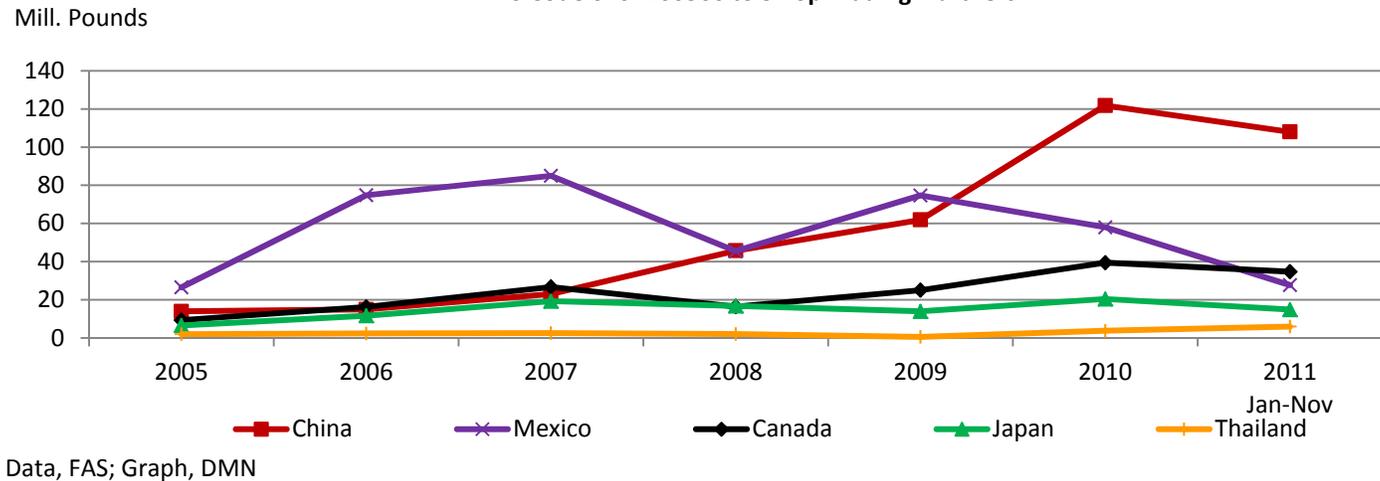
2005 - 2011 ANNUAL LACTOSE EXPORT QUANTITIES OF HS CODE 1702110000 TO 5 TOP TRADING PARTNERS

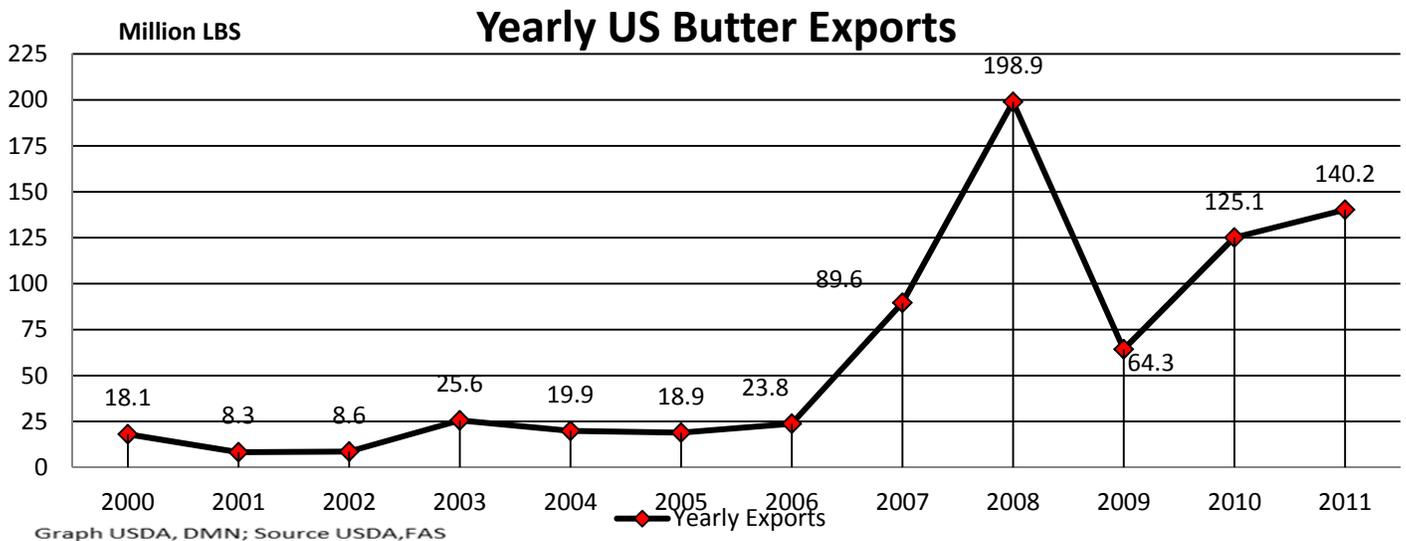
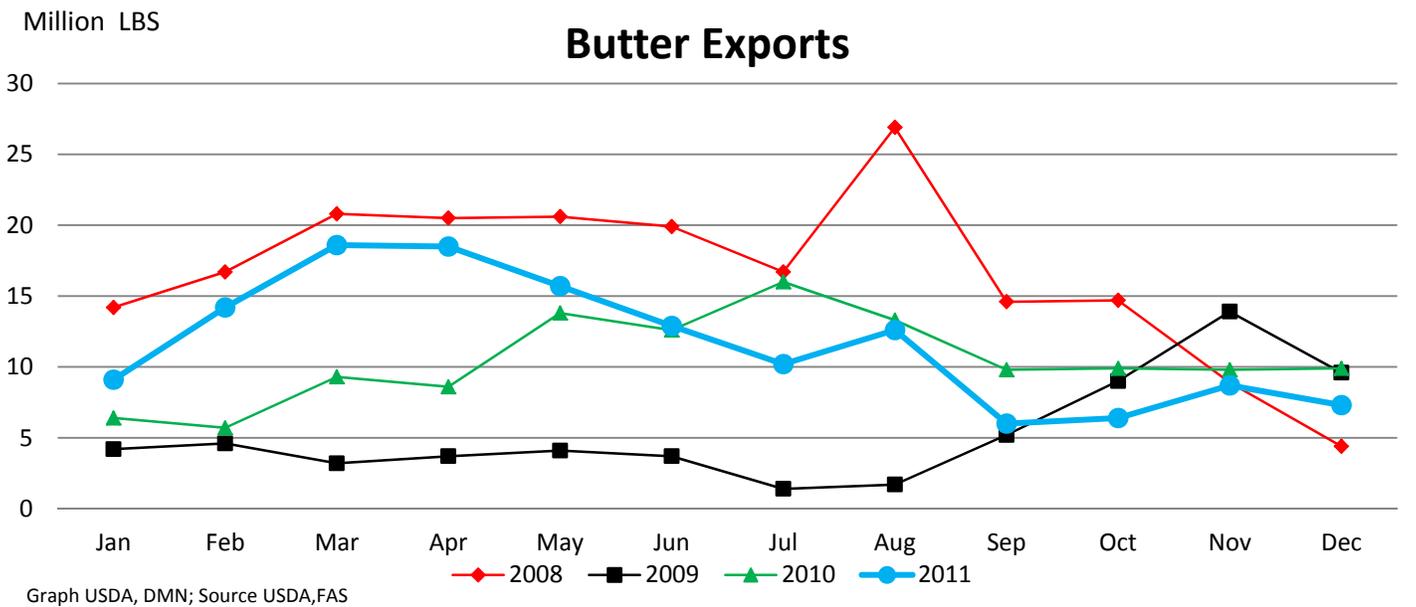
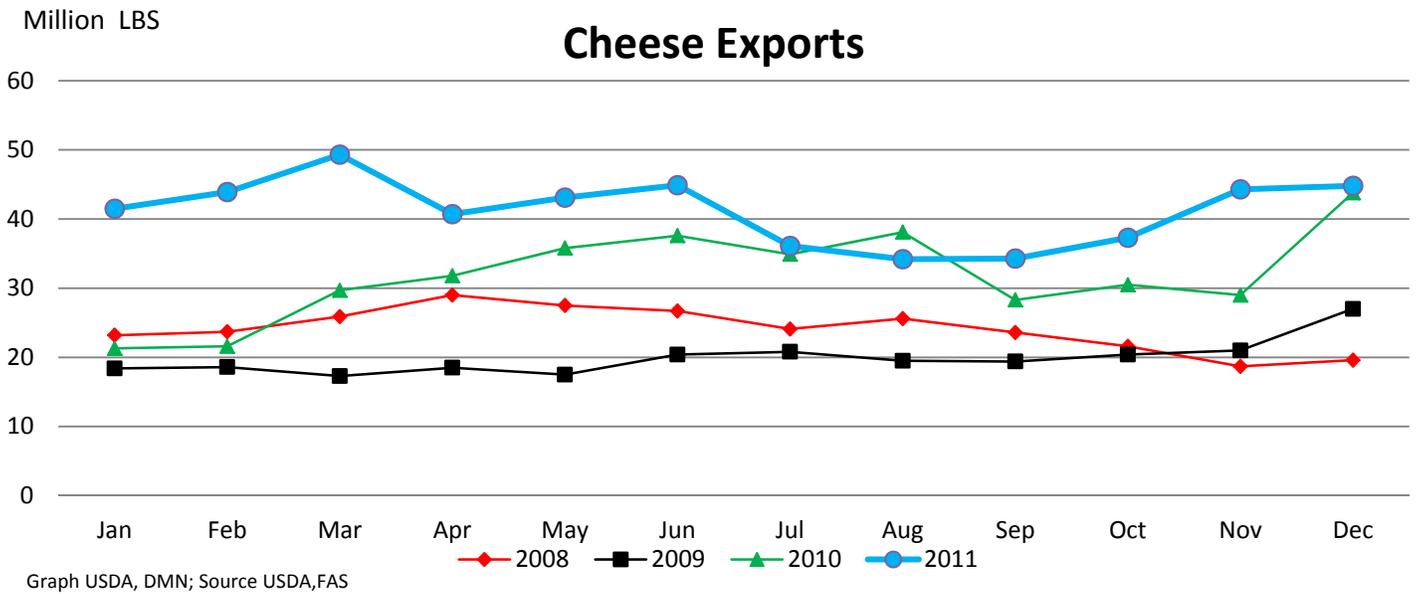


2005 - 2011 ANNUAL DRY WHEY EXPORT QUANTITIES OF HS CODE 0404104000 TO 5 TOP TRADING PARTNERS



2005 - 2011 Annual WPC Export Quantities of HS Code 0404100500 to 5 Top Trading Partners





# DAIRY MARKET NEWS

---

**GENERAL NUMBER**  
(608) 278-4200

**VOLUME:** 79

**REPORT:** 07

Elizabeth Frederick  
(608) 278-4150  
Elizabeth.Frederick@AMS.USDA.GOV

**DATE:** 02/17/2012

**EAST**

Rick Whipp  
(608) 278-4151  
Rick.Whipp@AMS.USDA.GOV

**INTERNATIONAL**

Steven Schneeberger  
(608) 278-4154  
Steven.Schneeberger@AMS.USDA.GOV

**CENTRAL/WEST**

Janet Linder  
(608) 278-4157  
Janet.Linder@AMS.USDA.GOV

**ORGANIC**

Eric Graf  
(608) 278-4153  
Eric.Graf@AMS.USDA.GOV

**SOUTHWEST**

Butch Speth  
(608) 278-4152  
Butch.Speth@AMS.USDA.GOV

**INTERNET ADDRESS**

[www.ams.usda.gov/DairyMarketNews](http://www.ams.usda.gov/DairyMarketNews)

**NORTHWEST/MOUNTAIN**

Bob Hunter  
(608) 278-4158  
Robert.Hunter@AMS.USDA.GOV

**MARKET NEWS PORTAL**

[www.marketnews.usda.gov](http://www.marketnews.usda.gov)

**NATIONAL SUPERVISOR**

Donald Nelson  
(608) 278-4156  
DonaldO.Nelson@AMS.USDA.GOV

**RECORDED INFORMATION SYSTEM**

(608) 278-4142

**FAX**

(608) 278-4141

---

USDA, Dairy Market News  
2920 Marketplace Drive, STE 202  
Fitchburg, WI 53719-5337