

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (03/16):**

BUTTER: Grade AA closed at \$1.5150. The weekly average for Grade AA is \$1.5005 (+.0505).

CHEESE: Barrels closed at \$1.5825 and 40# blocks at \$1.5825. The weekly average for barrels is \$1.5555 (+.0830) and blocks, \$1.5345 (+.0580).

BUTTER HIGHLIGHTS: Butter prices are moving higher in the short term. The CME Group, Grade AA butter price closed at \$1.5150 on Friday, up 6.5 cents from a week ago. Trading activity has been more active with 26 loads sold this week. The trade sentiment is mixed as to the length and extent of the price run up. Production levels remain heavy as processors handle the seasonally building milk and cream supplies. Interest for print butter is good as buyers are seeing increased retail interest. Featuring activity has been active and pricing levels are lower than a year ago. Retail sales are indicated to be increasing. Demand has also been good for bulk butter, often from buyers seeking to secure a physical hedge at current pricing levels. The overall supply of butter is moderate to heavy. There are better pulls this week for cream based, higher-class items ahead of the Easter and Passover holiday demand. In addition, cream shipments to ice cream plants have improved and taking increased volumes. This week, Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 0.827 million pounds of butter.

CHEESE HIGHLIGHTS: Cheese production across the United States continues to surpass year ago levels. Increased milk production is pushing surplus milk to cheese plants. There is some pushback from manufacturers as their inventories are building. Spot loads of milk are being discounted to clear to some facilities. Export sales are helping to move some of the excess production. The CWT (Cooperatives Working Together) program accepted another round of requests from members for assistance in exporting 771 metric tons of cheese this week. Prices for cheese at the CME Group this week were significantly higher as bids for both barrels and blocks moved prices higher. As of Friday's close, barrels advanced 8 cents to \$1.5825 and blocks were 9 cents higher at \$1.5825. No sales were reported all week as sellers chose to wait on sales at the exchange.

FLUID MILK: Milk production is very strong for this time of year almost everywhere, helped by mild weather. In the Central

region, milk supplies surged. California milk output remains at levels well above a year ago. Arizona milk output is heavy and is taxing plant capacity. Milk production in the Pacific Northwest continues to track ahead of the seasonal trend. Milk output in Utah and Idaho is near to slightly ahead of expected seasonal trends. Florida's milk production is near the seasonal peak and in the Southeast, at flush levels. Northeast and Mid-Atlantic milk production continues to increase. The volume of milk is challenging manufacturing plant capacity in a number of areas.

DRY PRODUCTS: Nonfat dry milk prices are lower in the east and central regions, driven by heavy milk production and supplies. In the west, low/medium heat nonfat dry milk prices are trending lower at light to moderate levels. Eastern and western dry buttermilk prices moved lower. Central dry buttermilk prices declined on the low end of the range. Prices for dry whole milk were mostly steady with a wider range of prices. Dry whey central prices are slightly lower on a weaker market. Northeast dry whey prices saw marginal declines on the upper end of the range. The Western whey powder range held steady while the mostly price series narrowed. Whey protein concentrate prices are mostly steady. Lactose prices are unchanged. Casein markets are generally unchanged with prices holding steady.

INTERNATIONAL DAIRY MARKET OVERVIEW (DMN): Milk production trends in both New Zealand and Australia continue to run positive when compared to last year at this time. Weather patterns in both countries have been favorable, except for heavy rainfall and flooding in northern regions of Victoria in Australia. In **New Zealand**, milk output is quite positive compared to a year ago. Milk producers and handlers are attributing the positive season to a number of factors: good end to the 2010 - 2011 season; a strong start to the 2011 - 2012 season; good weather patterns for much of the current season; and production on the downside of the peak stronger than projected. In **Australia**, many of the positive factors that New Zealand experienced during the current season are also mirrored in Australia. Milk producers and handlers continue to project a strong 3% annual increase with 4% plus possible. The recent heavy rainfall and flooding in New South Wales has reached Northern regions of Victoria.

Continued on Page 1A

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

INTERNATIONAL DAIRY MARKET NEWS (PAGES 8-8B)
DAIRY FUTURES (PAGE 9)
MARCH MILK SUPPLY AND DEMAND ESTIMATES (PAGES 10-11)
JANUARY FLUID MILK SALES (PAGE 12)

DECEMBER MAILBOX PRICES (PAGE 13)
ANNUAL PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS (PAGE 14)
DAIRY GRAPHS (PAGE G1-G2)

CME GROUP CASH TRADING

COMMODITY	MONDAY MAR 12	TUESDAY MAR 13	WEDNESDAY MAR 14	THURSDAY MAR 15	FRIDAY MAR 16	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.5075 (+.0050)	\$1.5525 (+.0450)	\$1.5525 (N.C.)	\$1.5825 (+.0300)	\$1.5825 (N.C.)	:: (+.0800)	:: \$1.5555 (+.0830)
40# BLOCKS	\$1.4925 (N.C.)	\$1.5075 (+.0150)	\$1.5075 (N.C.)	\$1.5825 (+.0750)	\$1.5825 (N.C.)	:: (+.0900)	:: \$1.5345 (+.0580)
NONFAT DRY MILK							
EXTRA GRADE	\$1.2575 (N.C.)	\$1.2575 (N.C.)	\$1.2575 (N.C.)	\$1.2575 (N.C.)	\$1.2575 (N.C.)	:: (N.C.)	:: \$1.2575 (-.0040)
GRADE A	\$1.2675 (N.C.)	\$1.2675 (N.C.)	\$1.2675 (N.C.)	\$1.2675 (N.C.)	\$1.2675 (N.C.)	:: (N.C.)	:: \$1.2675 (-.0020)
BUTTER							
GRADE AA	\$1.4675 (+.0175)	\$1.4975 (+.0300)	\$1.5075 (+.0100)	\$1.5150 (+.0075)	\$1.5150 (N.C.)	:: (+.0650)	:: \$1.5005 (+.0505)

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

Estimates are that about 120 - 150 farms are being affected by varying levels of water. Some farming operations have had to move their entire herds to higher ground while other are able to maintain their operations, but pastures and paddocks are often very wet and water logged. Although these farms are experiencing negative milk production conditions, overall milk volumes are not suffering significantly. As a whole, Australian milk handlers feel that production trends will not be severely impacted by these conditions and the overall annual outlook will remain positive. Farmers in the affected areas are indicating that it may take a number of weeks before water levels recede and pastures dry out. Prices for manufactured dairy products in the Oceania region are trending lower. Traders and handlers are indicating that order books are in good shape as the milk production season comes to an end. Many are stating that stronger milk production trends at the end of the season are providing a little cushion to the supply situation, but significant uncommitted stocks are not being reported. At the March 6th g/DT event, outside of anhydrous milk fat, all commodities traded and contracting periods were basically weaker. Weather conditions in **Western Europe** are more spring like than late winter. Outside of the cold snap throughout Europe a month or so ago, the winter season has been quite mild. Milk producers and handlers are stating that noticeable production increases are occurring ahead of typical trends. The milk quota year has another two weeks to go before the March 31 end. At this point, there are two countries that will probably be over quota (Germany and Austria) with other countries on the border line (Denmark, the Netherlands, Ireland, and Italy). At this point, increasing milk volumes are being handled with minimal problems and milk is clearing to most all products at low seasonal levels. No particular product is getting a stronger milk volume tilt than another. Intervention and PSA for butter opened on March 1. No butter or skim milk powder stocks have cleared to intervention and most within the industry feel that neither of these two products will clear unless commercial pricing declines during the open season (March - August). No official volume figures have been released at this time, but producers and handlers indicate that butter volumes are clearing to PSA. Butter producers and handlers are speculating that total PSA volumes will be comparable to last season. Manufacturers and handlers of dairy products are indicating that overall demand is limited to domestic or internal markets. International buyer interest is slow. Traders and handlers are hopeful that buyer interest will resume as European milk production increases seasonally and product is more available to potential buyers. Overall, prices are trending lower with traders and handlers unsure as to how far current prices might trend. Signs of seasonal milk production increases continue to be reported in **Eastern Europe**. Although cool, temperatures have increased considerably from record low levels of a few weeks ago. Milk producers and handlers are reporting that milk volumes remain at or near seasonal low levels, but reports of increases are occurring each week. Stocks of manufactured dairy products are limited, but traders and handlers are hopeful that international buyer interest will resume as milk volumes and finished product volumes increase.

MAILBOX MILK PRICES (AMS & CDFA): In December 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$20.05, down \$0.54 from the previous month's revised average, and up \$1.83 from December 2010. The component tests of producer milk in December 2011 were: butterfat, 3.82%; protein, 3.18%; and other solids, 5.74%. On an individual reporting area basis, mailbox prices increased in the Ohio area and decreased in the other 18 areas when compared to the previous month. Mailbox prices in December 2011 ranged from \$23.05 in Florida to \$18.03 in New Mexico.

MARCH MILK SUPPLY AND DEMAND ESTIMATES (WAOB): The milk production forecast for 2012 is raised. Milk cow numbers are raised as herds are increasing more rapidly than expected. Although herds are expected to decline from 2011 in the second half of the year, the rate will be less than previously expected. Mild weather in the early part of the year is also supporting higher levels of milk production. Import and export forecasts are unchanged. Changes in 2011 estimates of supply and use reflect revised annual stocks data and December trade data. With higher forecast 2012 milk production, prices for cheese, butter, nonfat dry milk, and whey are lowered. As a result, both Class III and Class IV price forecasts are reduced from last month. The all milk price for 2012 is lowered to \$17.60-\$18.20.

JANUARY FLUID MILK SALES (AMS): During January, 4.6 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 2.7 percent lower than January 2011. After adjusting for calendar composition, sales in January 2012 were 2.7 percent lower than January 2011. Estimated sales of total conventional fluid milk products decreased 5.5 percent from January 2011 and estimated sales of total organic fluid milk products increased 18.3 percent from a year earlier.

CME GROUP

MONDAY, MARCH 12, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5075; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2675
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.4675; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4650; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.4750

TUESDAY, MARCH 13, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5525; 1 CAR 40# BLOCKS @ \$1.5075; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.4975; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4975; LAST OFFER UNCOVERED: NONE

WEDNESDAY, MARCH 14, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 13 CARS GRADE AA: 1 @ \$1.4975, 4 @ \$1.4875, 1 @ \$1.4850, 5 @ \$1.4875, 2 @ \$1.4950; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.5075;
 LAST OFFER UNCOVERED: NONE

THURSDAY, MARCH 15, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5825; 1 CAR 40# BLOCKS @ \$1.5825; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.2675; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 10 CARS GRADE AA: 1 @ \$1.5125, 1 @ \$1.5275, 2 @ \$1.5325, 1 @ \$1.5225, 2 @ \$1.5150, 1 @ \$1.5100, 1 @ \$1.5075, 1 @ \$1.5100; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.5150; LAST OFFER UNCOVERED: NONE

FRIDAY, MARCH 16, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.5100; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.5150; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

The butter price on the CME Group increased 3 cents Tuesday to close at \$1.4975. Butter prices have increased \$0.0475 in the last 2 trading session after holding steady at \$1.4500 in the previous 5 trading sessions. There are concerns by numerous butter makers that the price increases may bring about a decline in export interest. Domestic demand is increasing as the Passover and Easter holidays approach. Private label orders have especially increased, as of late. Butter production is very active. Butter inventories in the East are declining with the uptick in domestic demand and recent export orders. Cooperatives Working Together (CWT) has accepted 15 requests for export assistance to sell 0.827 million pounds of butter and 1.700 million pounds of Cheddar and, Monterey Jack cheese to customers in Asia, the Middle East and North Africa. Delivery of product will be from March through August 2012.

CENTRAL

The CME cash butter price has increased 5 3/4 cents this week to settle at \$1.5075 at midweek. Many are questioning the strength at this time with most speculating that upcoming Easter/Passover needs is the main impetus to the strength. Although the cash price is firm, many traders and handlers are speculating that this price will ease following the upcoming holiday. Current churning schedules remain active. Many butter producers are indicating that butter demand is strong for upcoming holiday needs and some suppliers are stating that orders are heavier for other than holiday needs. Scheduled retail feature activity during the next three weeks will potentially clear good volumes of print butter. Export butter demand has been quite active thus far in 2012. The CWT program continues to extend export assistance. Thus far in 2012, the CWT program has assisted in exporting 28 million pounds of butter. Some butter exporters are indicating that international buyer interest may be easing somewhat. Many are attributing this weakening demand trend to firm cash prices. Bulk butter prices range from flat to 3 cents over various pricing bases and averages per pound.

2012 U.S. Butter and Milkfat Exports, (USDA-FAS)

	(Million Lb.) Monthly Exports	% Change From 1 Year Ago
January	6.6	- 27
Saudi Arabia	3.0	+ 27
Iran	1.1	*
Canada	0.4	- 47
Egypt	0.3	- 73
Morocco	0.3	- 46
* No Exports in 2011		

WEST

Butter production remains on the heavy side as plenty of cream continues to be available for churning. It is not quite as heavy as a few weeks ago because of increasing output of Class II products and the general spring upturn in demand related to the upcoming holidays. Manufacturers indicate that demand for both bulk and prints is good. With the base price as low as it is this year compared to last year, contacts expect that more features will be available this year and they will move more butter. Butter trading at the CME Group has picked up this week after being very quiet last week. Sales reached 15 cars through Wednesday of this week with the price up 5 3/4 cents to close at \$1.5075. Contacts indicate that the increases are probably related to the upcoming holiday and may be short lived. Prices for bulk butter range from even to 4 cents under the market based on the CME Group exchange price for butter with various time frames and averages used. According to the Foreign Agricultural Service, exports of butter and milkfat for January 2012 total 6.6 million pounds, down 27%, or 2.5 million pounds, from January 2011. Saudi Arabia is the largest importer with a 27% increase (+0.6 million pounds) above last year's amount. Iran was identified as the second largest importer for the year with 1.1 million pounds. The butter and milkfat exports account for 3.7% of butter production in the U.S. for January 2012.

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

WEEK ENDING	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	NDM	BUTTER	DRY WHEY
March 10, 2012	1.4926 9,911,631	1.5146 11,239,556	1.3410 22,506,938	1.4150 4,109,948	0.6193 7,924,406

CHEESE MARKETS

NORTHEAST

CME Group cheese prices advanced Tuesday with barrels increasing \$0.0450 to close at \$1.5525 and blocks increasing \$0.0150 to close at \$1.5075. Cheese prices have been on an upward trend in the last 5 trading sessions with barrels up \$0.0950 and blocks up \$0.0475. Increases in milk production continue to prompt increases in cheese production. Cheese supplies are building, but an uptick in holiday cheese orders has helped limit the rate of inventory expansion. Some cheddar plants have increased the volumes going into aging programs. Export interest remains fairly good when assistance is provided. Cooperatives Working Together (CWT) has accepted 15 requests for export assistance to sell 1.700 million pounds of Cheddar and, Monterey Jack cheese and 0.827 million pounds of butter to customers in Asia, the Middle East and North Africa. Delivery of product will be from March through August 2012.

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

Cheddar 40# Block	: 1.8800-2.1650
Process 5# Sliced	: 1.6925-1.8125
Muenster	: 1.9000-2.2600
Grade A Swiss Cuts 10 - 14#	: 3.4075-3.7300

MIDWEST

Disappointing retail cheese sales are mentioned across the spectrum of the cheese industry as an area of some concern. There is some feeling that name branded cheese pricing strategy is a big factor. Rather than reducing the case price to retailers, brands have opted to feature occasional price promotions to move product. This has resulted in retailers feeling less pressure to reduce standard prices of private label cheese, which tends to play off standard prices of brand cheese. Overall, this has resulted in a somewhat higher normal pricing level across both brand and private label cheese, which increasingly is cited as inhibiting retail sales at a time when there seems to be more cheese to be sold. This represents a clash of conflicting strategies related to demand elasticity, one side believing that holding higher margins even with lower sales is optimal, while the other side believes that achieving more sales at slightly lower prices will net higher profitability overall. Retail pizza sales have been unexpectedly slow in recent weeks altering schedules of some pizza manufacturing lines by shutting down some previously planned production for the next several weeks. This will reduce the need for Mozzarella. Cheese manufacturers now face the quandary of how to handle the milk which they had expected to require for manufacturing the canceled Mozzarella orders. With milk supplies already higher than had been expected, this presents an additional challenge. With sluggish retail sales and continuing heavy cheese manufacturing, inventories reportedly continue to build. Many manufacturers cite this factor but so far, there is not much expression of concern that inventory levels are burdensome. CME activity generated no cheese sales over the five trading days beginning last Thursday through this Wednesday, yet prices advanced during this stretch for both blocks and barrels on the strength of unfilled bids. Some cheese manufacturers and buyers express frustration that cash markets are reacting more to futures markets than current cheese production and retail sales factors. Cooperatives Working Together (CWT) this week announced accepting requests for export assistance to sell a total of 1.700 million pounds (771 metric tons) of Cheddar and Monterey Jack cheese. The product will be delivered March through August 2012. During 2012, CWT has assisted export sales of Cheddar, Monterey Jack and Gouda cheese totaling 30.4 million pounds. Even so, some manufacturers who have exported cheese routinely for a number of years, express their perspective that cheese export sales this year seem "slow".

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

Process American 5# Loaf	: 1.8300-2.3600
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#	: 2.8175-3.1350

WEST

Cheese production in the region remains heavier than projections due to milk supplies coming on faster than anticipated. Plant stocks are heavier than desired at some locations, but others indicate that they think they have things under control for the time being. Prices at the CME Group were strong early in the week, but became steady at mid-week. Barrels closed on Wednesday at \$1.5525, up 5 cents on the week. Blocks were up 1 1/2 cents this week to close Wednesday at \$1.5075. No trades were reported with the increases due to bids. According to FAS, exports of cheese and curd for January 2012 total 42.8 million pounds, up 3% (+1.3 million pounds) from January 2011. The exports account for 4.7% of total cheese production in the U.S. for the period. Mexico continued to easily be the largest importer of cheese with 9.7 million pounds or 22.6% of U.S. cheese exports.

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

Process 5# Loaf	: 1.5975-1.8550
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#	: 2.9850-3.4150

FOREIGN

The CME Group weekly average block price declined, resulting in a \$0.0025 decline in domestic wholesale prices. Prices for domestic wholesale Swiss cuts were unchanged. Milk supplies continue to increase, forcing Swiss cheese plants to increase production and add to already heavy inventories. Some Swiss cheese makers have noted marginal increases in orders as the upcoming Passover and Easter holidays approach.

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-	: 3.5000-3.8225
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

* = Price change.

CONTINUED ON PAGE 3A

CHEESE MARKETS

CONTINUED FROM PAGE 3

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

	2012 Exports (Million Lb.)	% Change From
	Monthly Exports	1 Year Ago
January	42.8	+ 3
Cumulative	Jan.	1 Year Ago
World	42.8	+ 3
Mexico	9.7	+ 4
Japan	4.4	+ 67
South Korea	4.3	- 49
Saudi Arabia	3.3	+ 114
Australia	3.2	+ 214

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

	:	
03/12/12	8,776	: 135,890
03/01/12	8,277	: 135,544
CHANGE	499	: 346
% CHANGE	6	: 0

FLUID MILK AND CREAM

EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	190	0	110	0	250
SOUTHEAST STATES	0	0	0	0	0	0

Mild weather continues to prompt increases in milk production and, when combined with the continued sluggishness in Class I demand, have resulted in heavier milk volumes going into manufacturing plants in the Northeast and Mid-Atlantic regions. Manufacturers have noted the heavy supply of milk has caused increased production of Class III and Class IV dairy products, expanding inventories to undesired levels. Florida's milk production is quickly increasing to its seasonal peak. Class I demand has declined as some schools have begun their spring break periods, causing exported spot loads to increase to 190. Drought conditions prevail, but some recent rains and warm weather have begun to green up pastures and prompt forage growth. Milk production in the Southeast has increased to flush levels with the peak of the flush still a few weeks out. The resulting heavy manufacturing milk supplies are causing all auxiliary manufacturing facilities to be heavily utilized. Some schools and universities have begun their spring breaks, lowering already sluggish, Class I demand. Demand for cream increased this week as numerous manufacturers increased production ahead of the Passover and Easter holidays. The increase in demand caused some tightness in supplies and higher multiples early in the week, but quickly receded as the cream supply is more than adequate to meet current demand. Cream supplies continue to grow with the seasonal milk production increases. The unseasonably warm weather in some areas has prompted some earlier than anticipated increases in ice cream and ice cream mix production. Cream multiples range from 120 to 130 with some sales above and below the range depending on need and day of the week. Condensed skim supplies are very heavy and quickly exceed demand needs. A major plant is conducting maintenance on a dryer, causing some loads of condensed skim to be relocated. Yogurt production continues to be very active, along with some increases in ice cream manufacturing. Condensed spot sale activity has picked up as some plants have moved a few loads at a discount in order to assist clearing their heavier milk supply.

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 -	1.7400-1.8850
F.O.B. producing plants: Upper Midwest -	1.7110-1.8125

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.43 - 1.48
Northeast - Class III - spot prices -	1.36 - 1.41

MIDWEST

The surge in milk supplies for the Central region continued this week. Unseasonably warm weather arrived across the Midwest bringing daily high temperatures into the 70's and setting records. Milk handlers at times are scrambling to find manufacturing homes for the increased milk supplies. Some imported supplies are finding their way to the Central area from the South and West. Class I needs are less than expected with the unusual weather and adding to supplies. Cheese plants are pushing some loads back. Increased demand for Class II usage is welcomed to clear cream. New ice cream production is beginning to pull cream supplies along with increased demand from cream cheese manufacturers for the upcoming Easter holiday. Cream

multiples were mostly steady although time pressures did decrease multiples on a few finalized cream prices during the week. Increased Class II production needs helped to firm some cream multiples. A few plant operators noted Central spot milk loads are available, with prices ranging from flat Class to -\$2.50. The bump up in spot milk availability was anticipated by several plants as one or two plants informed supply plants they would be offline this week for regularly scheduled maintenance. Nonfat dry milk production is steady at most plants, higher at others that are dealing with rerouted milk loads.

WEST

CALIFORNIA milk output continues to increase on a week-to-week basis and remains at levels well above a year ago. The upward trend is helped by favorable weather conditions and adequate feed supplies. New crop alfalfa is available from the Imperial Valley, yet is variable quality and expensive. Corn prices remain at high levels. Producers who are buying feed on the spot market are feeling the impact more than those who have feed prices contracted and hedged. Processing plants are running on heavy schedules to process the milk supplies. Shipments out of state are limited and challenging because of the minimum price needed and the high hauling rates. The April 2012 Class 1 prices in CALIFORNIA range from \$17.21 in the north to \$17.48 in the south. The statewide average Class 1 price based on production is \$17.23. The average is \$0.39 lower than March 2012 and \$4.45 less than April 2011. ARIZONA milk output and volumes remain heavy. Plant capacity is being taxed to handle the milk supplies. Farm level conditions are very favorable for the milk cows and they are still responding by making more milk. Class I needs are uneven. NEW MEXICO milk production trends are increasing. Conditions are good for making milk across the state with weather seasonally favorable. Plants are running on longer schedules this week as some Class I milk needs are lower with schools and colleges taking spring breaks. The variable schedules will create uneven Class I demand for the next three weeks. The Western CREAM market is slightly firm. Demand for cream is improving across product categories. In addition, basing points and multiples are trending higher. Cream movement into higher-class products is building up as producers fill orders for holiday items. In addition, there is a stronger pull from local and out of region ice cream producers. The CME Group butter price closed at \$1.5075 on Wednesday, up 5.75 cents from last week and 11 cents higher than two weeks ago. Cream multiples are steady at 106-123 and vary based on class usage and basing points. Milk production in the PACIFIC NORTHWEST continues to track ahead of the seasonal trend. With the region losing one dryer for an extended period of time, milk is and will be moving around in the region and outside the region to find a processing home through the normal spring flush. Contacts indicate that the plan should be able to handle the milk flow. Manufacturers are monitoring high heat NDM supplies for upcoming needs knowing that dryer time will be at a premium all spring and that planning ahead is critical. Expectations are that there will be plenty of water in the region for the upcoming crop year due to excellent snow in the mountains. However, there is still quite a lot of concern being expressed about hay supplies available until the new crop comes in and what acreage will be doing this spring. Until new crop begins to come in, finding hay supplies seems to be more important than price. Some spring rains are helping alfalfa and winter wheat come out of dormancy in UTAH and IDAHO. Most reports indicate very little winter kill. Surveys indicate that the snow pack is in the 80-90% range which means not much concern for irrigation water this year. Milk output in the region is near, to slightly ahead of expected seasonal trends. Some plants in the region are helping to process milk from surplus offerings due to the plant problem in Washington.

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 are lower this week. Demand is soft. The perception of increased supplies is weighing on the market. Heavy milk supplies are in fact adding to inventories. Condensed skim sales into Class II needs are helping to alleviate some drying of solids. Butter/powder production facilities are claiming much of the available added milk solids. Manufacturers are resisting sharp discounts, while spot buyers are willing to wait for anticipated lower prices. Contract sales are following lower pricing indices but are lagging behind what large buyers are expecting for block sales. January export sales are reported slightly lower (-1%) than year ago levels.

EAST: Prices for nonfat dry milk moved significantly lower for low heat and marginally lower for high heat. The overriding factor pressuring the market lower is the increase in milk production, resulting in production increases of nonfat dry milk. Milk production in the Southeastern region is at flush levels with the peak still a few weeks out. Other regions in the East are also receiving increased milk volumes. Milk volumes heading to dryers are very heavy with manufacturers primarily focused on low heat production to more readily clear their increasing milk supply. Manufacturers are offering spot loads at significant discounts below contract pricing in order to clear some of their expanding inventory. Some contract buyers are purchasing discounted spot loads to cost average their inventory. Other potential buyers remain on the sidelines waiting for prices to move lower. The definitive lower market trend is increasing buyer interest. Domestic and export demand remain weak.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 1.2000 - 1.4300 MOSTLY: 1.2300 - 1.3900
HIGH HEAT: 1.3800 - 1.4750

U.S. NDM Exports, H.S. Code 0402100000 (FAS)		
	2012 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN	85.3	- 1
1 Mexico	33.2	+ 51
2 Indonesia	9.4	- 33
3 Philippines	8.1	- 34
4 Vietnam	4.8	- 50
5 Malaysia	4.6	- 19

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices are trending lower at light to moderate trading levels. The market tone remains weak for domestic and export trading. Production levels are active and heavy in the region to process available milk and condensed skim. Most states are seeing milk production running above year ago levels. The impact is keeping dryers full earlier than expected and at levels higher than projected. The additional volumes of NDM coming off the dryers are creating more inventories than planned. Buyers are bidding lower prices for blocks of powder, but not securing agreements. The resale market is also trending weaker. Some sellers are just looking to clear holdings and taking the initial hit on price to make a deal happen. High heat prices are trending lower, reflecting lower pricing trends. Pricing levels are also being affected by the weaker low heat market prices. Buying interest is variable. Some buyers are pulling regular needs. Others are buying uneven volumes, trying to balance needs versus price. Stocks are light to moderate and adequate for trade needs. FAS export data for NDM/SMP show January 2012 exports at 85.3 million pounds, down 1% from the same month in 2011.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 1.2000 - 1.3900 MOSTLY: 1.2200 - 1.3400
HIGH HEAT: 1.3300 - 1.4250

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Prices for Central dry buttermilk declined on the low end of the range this week. Contracted volumes are clearing with spot load demand light. Demand for condensed buttermilk showed some increased interest and helped to clear supplies from drying facilities. Warmer weather across the Midwest added to needs from ice cream mix producers. Heavy butter production has increased some dry buttermilk inventories.

EAST: Dry buttermilk prices moved lower this week in light trading. The uptick in butter production, prompted by good export and seasonal domestic demand, has increased dry buttermilk production. Supplies are moving through contracts at increased volumes, but spot sales activity remains light. Beautiful, warm, spring like, weather has increased soft serve ice cream sales and the demand for buttermilk from ice cream mix manufacturers. Inventories of dry buttermilk continue to expand, but at a slower rate than in recent weeks. Potential buyers continue to hold off purchases beyond immediate needs, thinking the lower NDM market may move dry buttermilk prices lower. The market undertone remains weak.

F.O.B. CENTRAL/EAST: 1.2000 - 1.3425

DRY BUTTERMILK - WEST

Prices continue to trend lower for Western dry buttermilk. The market tone remains weak. Trading activity is light to moderate. Best movement is noted on contract sales. Spot interest is uneven with buyers shopping for the best price before attempting to secure product. Drying schedules remain active to handle the influx of buttermilk solids coming off the butter churns. Dryer times are tightly scheduled and still able to accommodate drying buttermilk. Demand for condensed buttermilk is improving into ice cream accounts. Dry buttermilk stocks remain heavy.

F.O.B. WEST: 1.2000 - 1.2900 MOSTLY: 1.2300 - 1.2850

DRY WHOLE MILK - NATIONAL

Prices for dry whole milk were mostly steady with a wider range of prices this week. Increased milk supplies are being diverted to manufacturing facilities and plants are using the opportunity to replenish supplies and are building inventory in many cases. Immediate demand for dry whole milk is lower in some cases as buyers are seeing lower nonfat solid component prices.

F.O.B. PRODUCING PLANT: 1.5800 - 1.6800

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
March 9	\$1.3445	13,976,893	0
March 2	\$1.3558	10,516,808	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

WHEY, WPC 34%, LACTOSE & CASEIN

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

DRY WHEY - CENTRAL

Dry whey, Central, prices are slightly lower on a weaker market. The market is unsettled as buyers and sellers adjust to lower reported prices from across the United States. Increased production of whey has added to price uncertainties. Export sales for January were reported to be good with volumes 11% above a year ago. Spot load sales clearing to export markets reportedly required price adjustments to push agreements through. Some manufacturers are offering spot market loads that combine near term delivery with delayed pricing as a method of reducing possible downside price risk to buyers. Some adjustments have also reportedly been made to standard price premiums for spot loads as a way of managing F.O.B. inventories.

ANIMAL FEED DRY WHEY PRICES decreased slightly as various pricing indices declined.

F.O.B. CENTRAL: .3000 - .6875 MOSTLY: .6050 - .6400
 F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4800 - .6100

DRY WHEY - NORTHEAST

Dry whey prices saw marginal declines on the upper end of the range as prices based on price indices moved lower. The low end of the range held steady on multiple spot load sales. Dry whey remained readily available again this week, but recent multiple load sales have significantly reduced inventory levels at plants with burdensome supplies. Some buyers continue to delay contracted loads in hopes the market will continue its recent downward trend. Trading activity was consistent with the previous week's pace. Production of dry whey has increased marginally, following increases in cheese production. Some plants wanting to limit dry whey production are offering more loads of condensed whey on the spot market. The uncertainty in the dry whey market remains, but more and more members of the industry are coming to the understanding/opinion that the recent market declines were an adjustment in prices, rather than a continuing decline in prices. There were less resale offers this week compared to last, an indication that owners of dry whey are more comfortable with their current inventories. Domestic demand is improved from last week as prospective buyers believe they have a clearer picture of the market.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5000 - .6875

DRY WHEY - WEST

The Western whey powder range held steady while the mostly price series narrowed. Some of the unsettledness in the market noted over the past few weeks has dissipated. Some buyers and sellers are becoming more comfortable with the present market and trading activity is improving for some manufacturers. Other contacts note that interest has backed off and they are not as sure about the market stability. Discussions continue to be noted on export possibilities to the Far East on a current tender. There remains a difference of opinion where the powder will be sourced even so far as to the region of the world. Domestic inventory levels range from comfortable to trying to move some powder with age on it. Production at many locations is higher than anticipated. According to the Foreign Agricultural Service, exports of dried whey for

January 2012 total 48.1 million pounds, up 11% from January 2011. The exports account for 50.6% of the total dry whey production in the U.S. for January. The top five importing countries accounted for 32.6 million pounds or 67.8% of the exports for January 2012.

NONHYGROSCOPIC: .3000 - .6350 MOSTLY: .5000 - .6100

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

	2012 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN	48.1	+ 11
1 Mexico	14.1	+ 105
2 China	6.7	+ 23
3 Japan	4.4	+ 13
4 Canada	4.0	+ 10
5 Brazil	3.4	+ 675

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Central whey protein concentrate prices are mostly steady. Prices range from weak to firm. Spot sales from approved manufacturers constitute the upper range of sales. Sales of condensed WPC 34% loads into snack type food operations are steady to higher from some manufacturers and keeping inventories light at those locations. Other plants indicate spot load availability has improved from week to week. Spot sale activity is mostly taking place within the secondary market as resellers work to avoid taking strong positions on WPC 34% above contract commitments. With some pushback from second tier buyers, special emphasis is being placed on keeping loads from settling into any warehouse for an extended visit. Buyers are looking to lower costs by using lower priced nonfat dry milk instead of WPC 34% if possible in feed blending formulations. This is adding to lower price pressure. January export sales are reported significantly lower than the same time a year ago.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.4000 - 1.6700 MOSTLY: 1.5000 - 1.5400

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

	2012 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN	12.4	- 47
1 China	3.0	- 75
2 Canada	2.1	- 39
3 Japan	1.3	- 9
4 Mexico	1.2	- 65
5 South Korea	1.0	+ 862

CONTINUED ON PAGE 6A

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**LACTOSE - CENTRAL AND WEST**

Lactose prices are unchanged. Contract negotiations are ongoing with both domestic and international customers. Demand for high quality lactose for infant formula production continues to drive the upper end of the market. For some domestic end users, formulas and/or standard of identity requirements remove some of the options for decreasing lactose use. Off shore manufacturers, particularly in confectionary-type operations, indicate the opportunity to replace lactose with another ingredient with a lower input cost is driving some of the Q2 pricing/supply discussions. Various manufacturers note off shore buyers seem hesitant to agree to contracts that carry higher price premiums than in Q1.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL.7900 - .9950 MOSTLY: .8200 - .9000

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

	2012 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN	32.8	- 11
1 New Zealand	7.8	+ 39
2 China	6.3	+ 32
3 Mexico	4.5	+ 25
4 Australia	2.0	- 25
5 India	2.0	+ 143

CASEIN - NATIONAL

Casein markets are generally unchanged with prices holding steady at this time. Many buyers are indicating that the market undertone is unsettled and weak and are speculating that prices will ease in the second quarter. The Oceania casein production season has ended, thus commitments from this regions are being filled from inventoried stock. Oceania suppliers are indicating that order books in this region are in good balance with supply. The European milk production season is just getting underway, thus new casein output is limited. Early indications are that the milk production season is developing very positively, thus casein producers and handlers are very optimistic about the upcoming season. Current European commitments continue to be filled from inventoried stock which is nearing seasonal low levels. New volumes will soon become available.

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 March 5 - 16, 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: Weather conditions in Western Europe are more spring like than late winter. Outside of the cold snap throughout Europe a month or so ago, the winter season has been quite mild. Milk producers and handlers are stating that noticeable production increases are occurring ahead of typical trends. The milk quota year has another two weeks to go before the March 31 end. At this point, there are two countries that will probably be over quota (Germany and Austria) with other countries on the border line (Denmark, the Netherlands, Ireland, and Italy). At this point, increasing milk volumes are being handled with minimal problems and milk is clearing to most all products at low seasonal levels. No particular product is getting a stronger milk volume tilt than another. Intervention and PSA for butter opened on March 1. No butter or skim milk powder stocks have cleared to intervention and most within the industry feel that neither of these two products will clear unless commercial pricing declines during the open season (March - August). No official volume figures have been released at this time, but producers and handlers indicate that butter volumes are clearing to PSA. Butter producers and handlers are speculating that total PSA volumes will be comparable to last season. Manufacturers and handlers of dairy products are indicating that overall demand is limited to domestic or internal markets. International buyer interest is slow. Traders and handlers are hopeful that buyer interest will resume as European milk production increases seasonally and product is more available to potential buyers. Overall, prices are trending lower with traders and handlers unsure as to how far current prices might trend.

BUTTER/BUTTEROIL: European butter markets and prices are generally weak. Traders and handlers are speculating that the weakness is occurring due to lower prices elsewhere in the international marketplace and Europeans want to be price competitive as the new production season develops. Currently, churning activity remains low. This process will increase as milk and cream volumes increase. Traders and handlers indicate that sales activity is basically limited to internal needs with international buyers looking elsewhere for their needs at this time. PSA for butter opened on March 1 and reports of butter clearing to the program are occurring. No official volumes are known yet, but producers and handlers are speculating that figures will be released next week when the Commission convenes for their monthly meeting.

82% BUTTERFAT:	3,900 - 4,300
99% BUTTERFAT:	4,550 - 4,875

SKIM MILK POWDER (SMP): Skim milk powder markets in Europe are weak and prices are lower. The new milk production season is just getting underway and butter/powder output is increasing. Many European traders and handlers are indicating that European prices are easing to levels of other international offerings. Most are speculating that lower prices will entice international buyers to look more actively to this market for second quarter needs. Intervention for skim milk powder opened on March 1. Traders and handlers do not anticipate any powder to clear to the program during the open season, unless skim prices dip sharply. During the past year, no powder cleared to intervention. Some previously procured powder remains in intervention warehouses, but this powder has been fully committed to the Most Deprived Persons Feeding Program for upcoming distribution.

1.25% BUTTERFAT:	2,750 - 2,925
------------------	---------------

WHOLE MILK POWDER (WMP): European whole milk powder markets are weak and prices are easing. The new milk production season is on the increase and milk volumes rising. Whole milk powder driers are gearing up for the upcoming season, but are operating at minimal levels at this time. Traders and handlers are indicating that whole milk powder volumes are available from last season, thus buyer interest is being satisfied at this time. Traders are reporting that buyers are looking to second quarter needs with this buyer interest projected to increase as new stock volumes build. Although European prices are often higher than international buyers are willing to pay, the current weak tone to the European market might encourage buyers to look more closely to European suppliers.

26% BUTTERFAT:	3,400 - 3,700
----------------	---------------

SWEET WHEY POWDER: The European whey powder market and prices are weak. Cheese production is building seasonally as milk volumes increase, thus whey volumes are also on the increase. Traders and handlers are indicating that international sales activity continues, but has eased from earlier in the year. Traders are stating that whey prices have fluctuated considerably in recent weeks with much of this being attributed to the Euro/dollar relationship.

NONHYGROSCOPIC:	1,100 - 1,350
-----------------	---------------

EASTERN OVERVIEW: Signs of seasonal milk production increases continue to be reported. Although cool, temperatures have increased considerably from record low levels of a few weeks ago. Milk producers and handlers are reporting that milk volumes remain at or near seasonal low levels, but reports of increases are occurring each week. Stocks of manufactured dairy products are limited, but traders and handlers are hopeful that international buyer interest will resume as milk volumes and finished product volumes increase.

Exchange rates for selected foreign currencies: March 12, 2012

1.0076 Canadian Dollar	.0200 Indian Rupee
.2300 Argentina Peso	.8180 New Zealand Dollar
.0790 Mexican Peso	1.0517 Australian Dollar
.3203 Polish Zloty	.0122 Japanese Yen
	1.3155 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0790) = 12.6582 Mexican Pesos. Source: "Wall Street Journal"

Information gathered March 5 - 16, 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 trends in both New Zealand and Australia continue to run positive when compared to last year at this time. Weather patterns in both countries have been favorable, except for heavy rainfall and flooding in northern regions of Victoria in Australia. In New Zealand, milk output is quite positive compared to a year ago. Milk producers and handlers are attributing the positive season to a number of factors: good end to the 2010 - 2011 season; a strong start to the 2011 - 2012 season; good weather patterns for much of the current season; and production on the downside of the peak stronger than projected. In Australia, many of the positive factors that New Zealand experienced during the current season are also mirrored in Australia. Milk producers and handlers continue to project a strong 3% annual increase with 4% plus possible. The recent heavy rainfall and flooding in New South Wales has reached Northern regions of Victoria. Estimates are that about 120 - 150 farms are being affected by varying levels of water. Some farming operations have had to move their entire herds to higher ground while other are able to maintain their operations, but pastures and paddocks are often very wet and water logged. Although these farms are experiencing negative milk production conditions, overall milk volumes are not suffering significantly. As a whole, Australian milk handlers feel that production trends will not be severely impacted by these conditions and the overall annual outlook will remain positive. Farmers in the affected areas are indicating that it may take a number of weeks before water levels recede and pastures dry out. Prices for manufactured dairy products in the Oceania region are trending lower. Traders and handlers are indicating that order books are in good shape as the milk production season comes to an end. Many are stating that stronger milk production trends at the end of the season are providing a little cushion to the supply situation, but significant uncommitted stocks are not being reported. At the March 6th g/DT event, outside of anhydrous milk fat, all commodities traded and contracting periods were basically weaker.

BUTTER: Oceania butter production is declining seasonally, although finishing the season at higher levels than anticipated. Prices are steady to generally lower. Traders and handlers are indicating that their orders books are in good shape as the milk production season winds down. Some butter producers are experiencing a stronger than projected end to the production season, thus some additional butter is being generated that surpasses order book needs. Traders and handlers are stating that this additional butter volume is not significant, although some price negotiations may be needed to clear the volume to regular and ongoing customer needs. At the March 6th g/DT, anhydrous milk fat prices averaged \$3,631 per MT for all contracting periods. This average (+3.7%) was the first strength in prices for quite some time.

SKIM MILK POWDER (SMP): Oceania skim milk powder markets are weaker with prices trending lower, both commercially and at the recent g/DT event. Traders and handlers are indicating that much of the weakness is being attributed to lower prices from other international sources. The Oceania milk production season is winding down, although the milk flow remains higher than previously projected, thus butter/powder output remains active. At the March 6 g/DT event, for all contracting periods, skim milk powder averaged \$3,194 per MT, 1.9% lower than the previous all contract average. U.S. sourced powder averaged \$2,765 per MT, -3.2% from the previous near term (April) contract. Oceania sourced skim milk for later contracting periods (May - November) was also lower, but averaged \$450 to nearly \$600 higher per MT.

1.25% BUTTERFAT:

3,000 - 3,400

CHEDDAR CHEESE: Oceania cheddar cheese markets and prices are generally unchanged. The milk production season is winding down in the region, thus is cheese output. Manufacturers and handlers are indicating that cheese output is keeping pace with known needs. Cheese traders are stating that their order books are in good balance with end of season output and cheese volumes should be sufficient to carry them through the upcoming low point of the milk production season.

39% MAXIMUM MOISTURE:

3,500 - 4,400

WHOLE MILK POWDER (WMP): Whole milk powder markets and prices in the Oceania region are steady to weak. The milk production season is winding down in the region, thus is whole milk output. Although milk output is on the downside of the season, late season milk volumes are heavier than anticipated, thus some additional whole milk powder is being generated. Most traders and handlers are using this unexpected volume to cushion their order books. Although additional whole milk powder is being generated, no significant uncommitted volumes are being reported. At the March 6th g/DT event, whole milk powder prices averaged \$3,409 per MT for all contracting period. This average was 0.3% lower than the previous all contract average.

26% BUTTERFAT:

3,375 - 3,650

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered March 5 - 16, 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.

MARCH 6, 2012 Global/Dairy Trading (g/DT) event 63 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	
	April 2012		May 2012		Jun - Aug 2012		Sep - Nov 2012			
Anhydrous Milk Fat	N.A.	N.A.	\$3,453	+2.2%	\$3,864	+6.3%	\$3,935	-4.3%	\$3,631	+3.7%
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	\$2,765	-3.2	\$3,207	-1.4%	\$3,291	-2.7%	\$3,354	-2.6%	\$3,194	-1.9%
Whole Milk Powder	N.A.	N.A.	\$3,366	-0.6%	\$3,512	+1.9%	\$3,453	-3.5%	\$3,409	-0.3%
Milk Protein Concentrate	N.A.	N.A.	\$4,895	-10.5%	\$5,370	-5.1%	N.A.	N.A.	\$5,131	-7.6%
Rennet Casein	N.A.	N.A.	\$7,529	-2.4%	\$7,510	-2.5%	N.A.	N.A.	\$7,519	-2.5%
Cheddar	N.A.	N.A.	\$3,458	-1.0%	\$3,539	-1.5%	N.A.	N.A.	\$3,497	-1.3%

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	03/01	03/02	03/05	03/06	03/07	03/08	03/09	03/12	03/13	03/14
CME - CLASS III MILK FUTURES (Pit-Traded)										
FEB 12	16.07 (5432) 0	16.06 (5129) 0								
MAR 12	15.48 (6025) 33	15.36 (6043) 0	15.19 (6064) 5	15.25 (6063) 1	15.35 (6093) 0	15.36 (6263) 0	15.42 (6293) 0	15.45 (6245) 0	15.49 (6138) 0	15.50 (6134) 3
APR 12	15.60 (4473) 39	14.99 (4515) 7	14.24 (4771) 5	14.89 (4695) 0	15.09 (4735) 2	15.24 (4734) 0	15.24 (4775) 1	15.46 (4682) 2	15.48 (4675) 14	15.69 (4664) 8
MAY 12	15.48 (3428) 0	14.95 (3532) 2	14.20 (3701) 0	14.86 (3746) 0	15.05 (3737) 0	15.27 (3748) 0	15.21 (3766) 0	15.46 (3775) 0	15.24 (3783) 0	15.37 (3796) 3
JUN 12	15.82 (3044) 3	15.49 (3061) 0	14.84 (3167) 2	15.44 (3174) 0	15.51 (3184) 0	15.68 (3213) 0	15.64 (3220) 0	15.80 (3219) 0	15.66 (3267) 0	15.73 (3258) 3
JUL 12	16.14 (2368) 3	15.95 (2371) 0	15.42 (2462) 0	15.88 (2465) 0	15.97 (2453) 0	16.19 (2453) 7	16.17 (2454) 0	16.28 (2444) 0	16.16 (2451) 0	16.26 (2462) 3
AUG 12	16.32 (2329) 3	16.22 (2342) 0	15.90 (2344) 0	16.27 (2348) 0	16.28 (2367) 0	16.48 (2380) 7	16.42 (2381) 0	16.52 (2381) 0	16.50 (2389) 0	16.66 (2392) 0
SEP 12	16.38 (2205) 3	16.34 (2218) 0	16.18 (2241) 0	16.34 (2240) 0	16.40 (2251) 0	16.49 (2256) 7	16.50 (2256) 0	16.57 (2256) 0	16.69 (2263) 0	16.78 (2266) 0
OCT 12	16.37 (1956) 3	16.31 (1982) 0	16.20 (2025) 0	16.34 (2032) 0	16.40 (2034) 0	16.47 (2037) 0	16.47 (2037) 0	16.50 (2036) 0	16.55 (2054) 0	16.71 (2059) 0
NOV 12	16.27 (1780) 0	16.24 (1794) 0	16.11 (1819) 0	16.17 (1825) 0	16.18 (1827) 0	16.25 (1828) 0	16.28 (1828) 0	16.30 (1835) 0	16.30 (1846) 0	16.36 (1852) 0
CME - CLASS IV MILK FUTURES (Pit-Traded)										
FEB 12	15.99 (340) 0	15.92 (370) 0								
MAR 12	15.43 (320) 0	15.43 (320) 0	15.41 (320) 0	15.39 (320) 0	15.39 (320) 0	15.39 (320) 0	15.40 (350) 0	15.40 (350) 0	15.42 (350) 0	15.42 (350) 0
APR 12	15.20 (323) 0	15.20 (323) 0	15.20 (323) 0	14.95 (323) 0	14.95 (323) 0	14.95 (323) 0	14.95 (323) 0	14.95 (323) 0	14.95 (324) 0	14.95 (327) 0
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
FEB 12	147.00 (632) 0	147.12 (620) 0								
MAR 12	145.48 (824) 15	143.00 (825) 2	142.50 (823) 15	142.03 (820) 3	143.00 (820) 2	143.00 (821) 1	143.00 (831) 10	143.00 (831) 0	143.00 (829) 3	143.00 (829) 0
APR 12	151.75 (629) 7	151.00 (631) 3	150.00 (630) 6	148.25 (640) 12	147.75 (645) 7	147.75 (648) 5	145.53 (653) 54	145.53 (662) 20	145.75 (681) 22	146.70 (688) 36
CME - NONFAT DRY MILK FUTURES (Pit-Traded)										
FEB 12	138.00 (222) 0	137.92 (222) 0								
MAR 12	131.00 (208) 0	131.00 (208) 0	131.00 (208) 0	131.00 (208) 0	131.50 (208) 0	131.50 (208) 0	134.00 (208) 0	134.75 (214) 0	134.75 (211) 0	134.75 (211) 0
APR 12	126.00 (242) 0	126.00 (242) 0	126.00 (242) 0	126.00 (242) 0	126.00 (242) 0	126.00 (242) 0	126.25 (242) 0	127.00 (242) 0	127.00 (242) 0	127.00 (242) 0
CME - WHEY (Electronic-Traded)										
FEB 12	64.48 (453) 0	64.00 (453) 0								
MAR 12	58.00 (437) 0	56.00 (439) 35	55.50 (441) 6	57.00 (438) 15	58.00 (440) 2	57.50 (444) 7	58.28 (443) 32	57.25 (444) 2	57.53 (450) 10	58.00 (450) 1
APR 12	51.00 (337) 25	49.50 (343) 23	46.50 (342) 20	48.45 (340) 19	49.95 (340) 5	49.95 (342) 13	51.50 (342) 19	52.50 (342) 2	52.50 (353) 43	53.00 (354) 2
CME - CHEESE CSC (Electronic-Traded)										
FEB 12	1.54 (1086) 0	1.54 (1086) 0								
MAR 12	1.53 (1370) 0	1.52 (1383) 23	1.51 (1390) 15	1.51 (1389) 12	1.52 (1389) 5	1.52 (1391) 2	1.51 (1393) 16	1.51 (1393) 0	1.52 (1391) 8	1.52 (1391) 0
APR 12	1.57 (1217) 22	1.52 (1234) 22	1.46 (1285) 71	1.51 (1285) 0	1.53 (1284) 1	1.55 (1279) 5	1.54 (1279) 0	1.55 (1280) 2	1.55 (1330) 55	1.57 (1329) 4
MAY 12	1.57 (964) 11	1.54 (1030) 73	1.48 (1064) 50	1.52 (1064) 2	1.55 (1063) 6	1.57 (1067) 6	1.57 (1067) 0	1.57 (1069) 7	1.57 (1098) 32	1.56 (1130) 56
JUN 12	1.61 (888) 10	1.60 (924) 60	1.54 (1023) 136	1.60 (1010) 20	1.60 (1023) 23	1.61 (1030) 10	1.61 (1031) 2	1.61 (1033) 9	1.61 (1045) 44	1.61 (1047) 4
JUL 12	1.66 (594) 5	1.66 (624) 35	1.63 (726) 110	1.66 (738) 17	1.67 (749) 26	1.67 (752) 6	1.67 (754) 2	1.68 (756) 4	1.67 (762) 16	1.67 (762) 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.

MARCH MILK SUPPLY AND DEMAND ESTIMATES

The milk production forecast for 2012 is raised. Milk cow numbers are raised as herds are increasing more rapidly than expected. Although herds are expected to decline from 2011 in the second half of the year, the rate will be less than previously expected. Mild weather in the early part of the year is also supporting higher levels of milk production. Import and export forecasts are unchanged. Changes in 2011 estimates of supply and use reflect revised annual stocks data and December trade data. With higher forecast 2012 milk production, prices for cheese, butter, nonfat dry milk, and whey are lowered. As a result, both Class III and Class IV price forecasts are reduced from last month. The all milk price for 2012 is lowered to \$17.60-\$18.20 per cwt.

U.S. MILK SUPPLY AND USE					
Commodity	2010	2011 Estimated		2012 Projected	
		February	March	February	March
BILLION POUNDS					
MILK					
PRODUCTION	192.8	196.2	196.2	199.0	199.7
FARM USE	1.0	1.0	1.0	1.0	1.0
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	11.3	10.9	10.9	10.9	11.0
MARKETINGS	191.9	195.2	195.3	198.0	198.7
IMPORTS	4.1	3.5	3.5	3.3	3.3
TOTAL COMMERCIAL SUPPLY	207.3	209.7	209.7	212.1	213.0
FAT BASIS USE					
COMMERCIAL EXPORTS	8.3	9.5	9.5	8.6	8.6
ENDING COMMERCIAL STOCKS	10.9	10.9	11.0	11.5	11.6
CCC NET REMOVALS <u>1/</u>	0.2	0.0	0.0	0.0	0.0
COMMERCIAL USE <u>2/</u>	187.8	189.3	189.2	192.0	192.8
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	11.3	12.3	12.3	11.8	11.9
MARKETINGS	191.9	195.2	195.3	198.0	198.7
IMPORTS	4.8	5.4	5.3	5.1	5.1
TOTAL COMMERCIAL SUPPLY	208.0	212.9	212.8	214.9	215.8
SKIM-SOLIDS BASIS USE					
COMMERCIAL EXPORTS	32.1	34.1	34.1	32.3	32.3
ENDING COMMERCIAL STOCKS	12.3	11.8	11.9	12.1	11.9
CCC NET REMOVALS <u>1/</u>	0.0	0.0	0.0	0.0	0.0
COMMERCIAL USE <u>2/</u>	164.1	167.0	166.8	170.5	171.6
MILLION POUNDS					
CCC PRODUCT NET REMOVALS <u>1/</u>					
BUTTER	8	0	0	0	0
CHEESE	0	0	0	0	0
NONFAT DRY MILK	0	0	0	0	0
DRY WHOLE MILK	0	0	0	0	0

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

Continued on page 11

MARCH MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2010	2011 Estimated		2012 Projected	
		February	March	February	March
DOLLARS PER POUND					
PRODUCT PRICES <u>1/</u>					
CHEESE	1.5226	1.8246	1.8246	1.610-1.680	1.600-1.660
BUTTER	1.7020	1.9498	1.9498	1.570-1.670	1.510-1.600
NONFAT DRY MILK	1.1687	1.5058	1.5058	1.360-1.420	1.345-1.395
DRY WHEY	0.3716	0.5325	0.5325	0.615-0.645	0.570-0.600
DOLLARS PER CWT					
MILK PRICES <u>2/</u>					
CLASS III	14.41	18.37	18.37	16.70-17.40	16.35-16.95
CLASS IV	15.09	19.04	19.04	16.25-17.05	15.85-16.55
ALL MILK <u>3/</u>	16.26	20.14	20.14	18.00-18.70	17.60-18.20
QUARTERLY					
	2011 IV	2012 I <u>4/</u>	2012 II <u>4/</u>	2012 III <u>4/</u>	2012 IV <u>4/</u>
BILLION POUNDS					
MILK PRODUCTION	48.7	50.6	51.2	49.1	48.8
DOLLARS PER CWT.					
ALL MILK PRICE <u>2/</u> <u>3/</u>	20.03	17.90-18.10	16.50-17.00	17.40-18.20	18.55-19.55
CLASS III PRICE <u>2/</u>	18.62	16.05-16.25	15.50-16.00	16.70-17.50	17.15-18.15
CLASS IV PRICE <u>2/</u>	17.72	15.85-16.15	15.30-15.90	16.05-16.95	16.20-17.30

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

Source: U.S. Department of Agriculture. World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates, WASDE-504, March 9, 2012.* Approved by the Interagency Commodity Estimates Committee [members for Dairy are: Shayle Shagam, Chairperson, WAOB; Jerry Cessna, AMS; Paul Kiendl, FAS; Roger Hoskin, ERS; and Milton Madison, FSA].

JANUARY FLUID MILK SALES

During January, 4.6 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 2.7 percent lower than January 2011. After adjusting for calendar composition, sales in January 2012 were 2.7 percent lower than January 2011. Estimated sales of total conventional fluid milk products decreased 5.5 percent from January 2011 and estimated sales of total organic fluid milk products increased 18.3 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,
JANUARY 2012, WITH COMPARISONS 1/**

Product Name	Sales		Change from: 2/	
	January	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Whole Milk	1,157	1,157	-4.6	-4.6
Flavored Whole Milk	40	40	-5.8	-5.8
Reduced Fat Milk (2%)	1,550	1,550	-3.4	-3.4
Low Fat Milk (1%)	639	639	2.5	2.5
Fat-Free Milk (Skim)	652	652	-4.8	-4.8
Flavored Fat-Reduced Milk	372	372	0.2	0.2
Buttermilk	40	40	1.0	1.0
Total Conventional Milk Products 5/	4,452	4,452	-5.5	-5.5
Organic Whole Milk	48	48	12.2	12.2
Organic Reduced Fat Milk	58	58	18.5	18.5
Organic Low Fat Milk	41	41	23.7	23.7
Organic Fat-Free Milk (Skim)	39	39	-0.3	-0.3
Organic Flavored Milk	7	7	-10.1	-10.1
Organic Fat-Reduced Milk 3/	145	145	29.9	29.9
Total Organic Milk Products	193	193	18.3	18.3
Total Fluid Milk Products 4/	4,645	4,645	-2.7	-2.7
Total Fluid Milk Products Adjusted 4/ 5/	4,697	4,697	-2.7	-2.7

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/ Total of organic reduced fat, lowfat, skim, flavored, and miscellaneous milk products combined. 4/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 5/ 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 or 202-720-2352

**PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS
AND CALIFORNIA, JANUARY 2012, WITH COMPARISONS 1/**

Area (Order Number)	Sales		Change from: 2/	
	January	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Northeast (001)	779	779	-2.3	-2.3
Appalachian (005)	306	306	-3.3	-3.3
Southeast (007)	423	423	-4.3	-4.3
Florida (006)	255	255	-2.7	-2.7
Mideast (033)	519	519	-1.5	-1.5
Upper Midwest (030)	366	366	-2.3	-2.3
Central (032)	399	399	-0.9	-0.9
Southwest (126)	394	394	-2.3	-2.3
Arizona (131)	105	105	-0.5	-0.5
Pacific Northwest (124)	190	190	-0.6	-0.6
California (---)	537	537	-5.8	-5.8

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, January 2012.*

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

In December 2011, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$20.05 per cwt., down \$0.54 from the previous month's revised average, and up \$1.83 from December 2010. The component tests of producer milk in December 2011 were: butterfat, 3.82%; protein, 3.18%; and other solids, 5.74%. On an individual reporting area basis, mailbox prices increased in the Ohio area and decreased in the other 18 areas when compared to the previous month. Mailbox prices in December 2011 ranged from \$23.05 in Florida to \$18.03 in New Mexico.

Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	December 2010	November 2011	December 2011
	Dollars per hundredweight		
New England States <u>3/</u>	18.02	21.36	20.68
New York	16.80	19.99	19.35
Eastern Pennsylvania <u>4/</u>	17.68	21.00	20.19
Appalachian States <u>5/</u>	18.98	21.57	20.66
Southeast States <u>6/</u>	19.31	22.26	21.62
Southern Missouri <u>7/</u>	17.23	20.63	19.45
Florida	20.01	23.68	23.05
Western Pennsylvania <u>8/</u>	17.65	21.05	20.32
Ohio	18.00	20.35	20.75
Indiana	17.81	20.46	19.68
Michigan	16.99	20.19	19.94
Wisconsin	16.39	21.08	20.69
Minnesota	15.99	21.24	20.52
Iowa	16.84	20.95	20.19
Illinois	17.34	21.31	20.60
Corn Belt States <u>9/</u>	16.47	20.07	19.25
Western Texas <u>10/</u>	16.40	19.29 *	18.76
New Mexico	15.54	18.19 *	18.03
Northwest States <u>11/</u>	15.94	20.32	19.59
All Federal Order Areas <u>12/</u>	16.87	20.59 *	20.05
California <u>13/</u>	14.62	18.64	17.09

* Revised

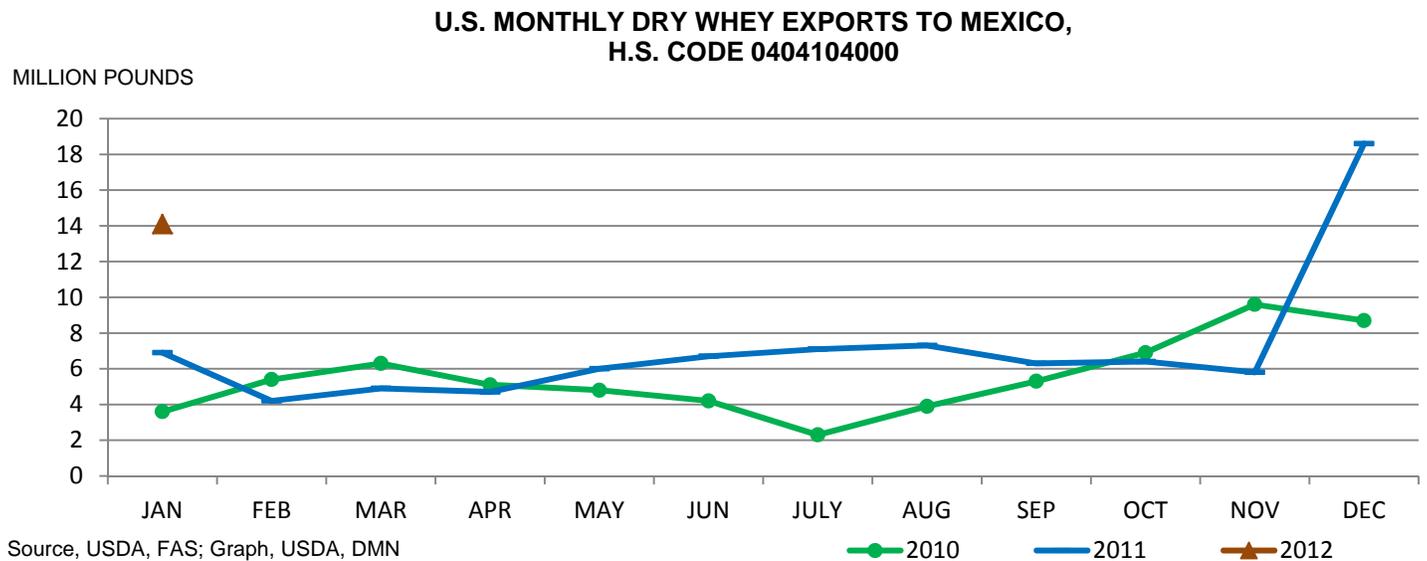
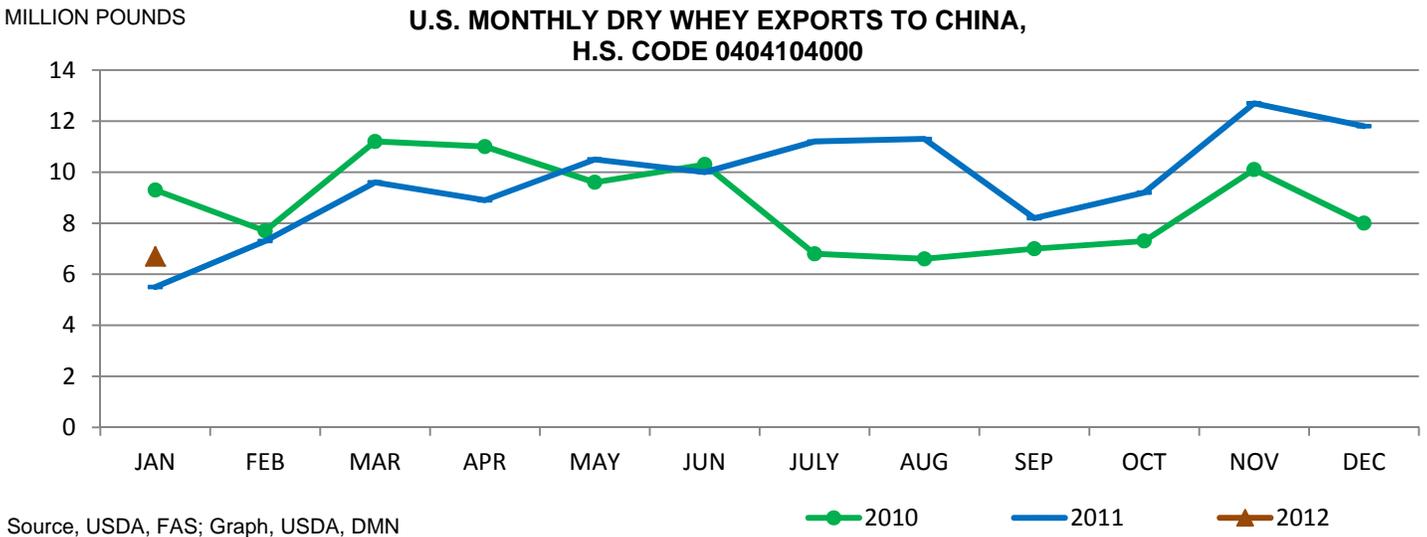
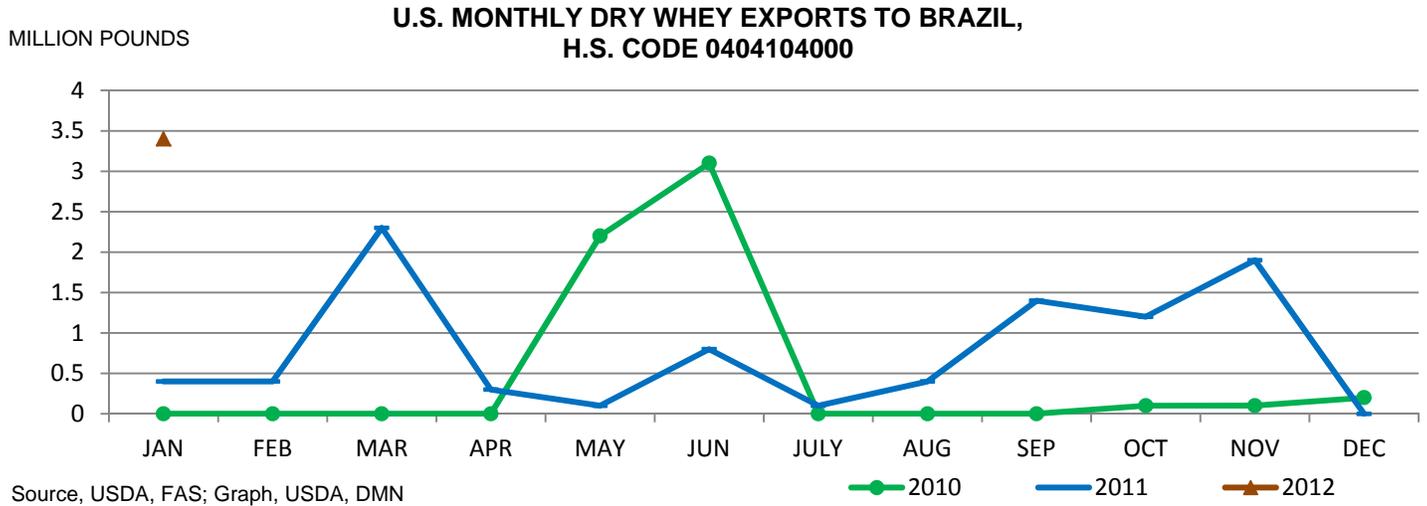
1/ Areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. 2/ Net pay prices received by dairy farmers for milk. Prices reflect all payments received for milk sold and all costs associated with marketing the milk. Prices are weighted averages of the prices 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. California is simple average. 13/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

Report Contact: Randal Stoker, randal.stoker@usda.gov or 202-690-1932

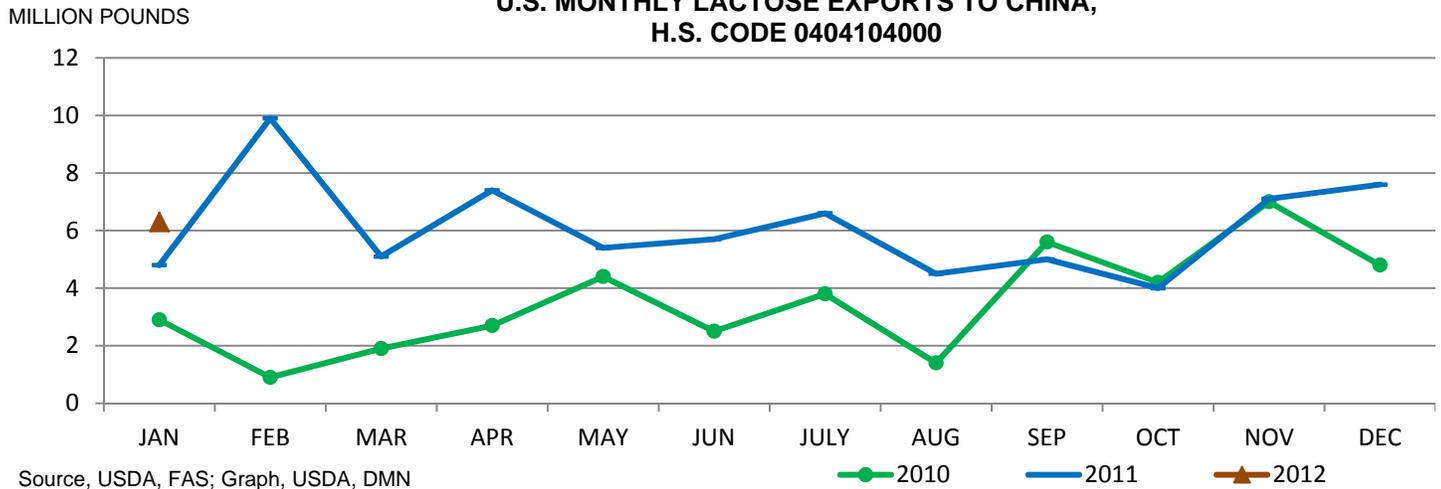
Summary of Packaged Sales of Total Fluid Milk Products in Federal Milk Order Marketing Areas, California, and Total U.S., by Month, 2011

Month	Fluid milk sales by marketing area											Estimated Total U.S. 1/
	Northeast	Appalachian	Southeast	Florida	Mideast	Upper Midwest	Central	Southwest	Arizona	Pacific Northwest	California	
	Million pounds											
Jan	797	317	441	262	526	375	403	403	105	191	550	4,751
Feb	714	279	393	236	480	343	362	356	97	174	502	4,278
Mar	797	315	428	258	522	370	391	386	101	193	560	4,696
Apr	748	294	403	245	504	360	382	373	100	184	520	4,471
May	758	298	401	237	495	348	368	371	96	187	537	4,451
Jun	712	273	371	223	448	323	339	338	87	173	512	4,120
Jul	711	282	373	228	457	321	348	338	93	174	501	4,150
Aug	751	310	428	239	498	345	386	376	101	179	494	4,501
Sep	771	301	417	235	509	358	387	379	97	184	528	4,528
Oct	779	302	416	244	513	358	390	385	100	191	548	4,593
Nov	773	304	414	242	509	356	391	383	102	191	529	4,559
Dec	798	305	414	251	522	365	401	387	100	192	534	4,641
Total 2/	9,109	3,580	4,898	2,900	5,985	4,221	4,548	4,476	1,179	2,214	6,315	53,739

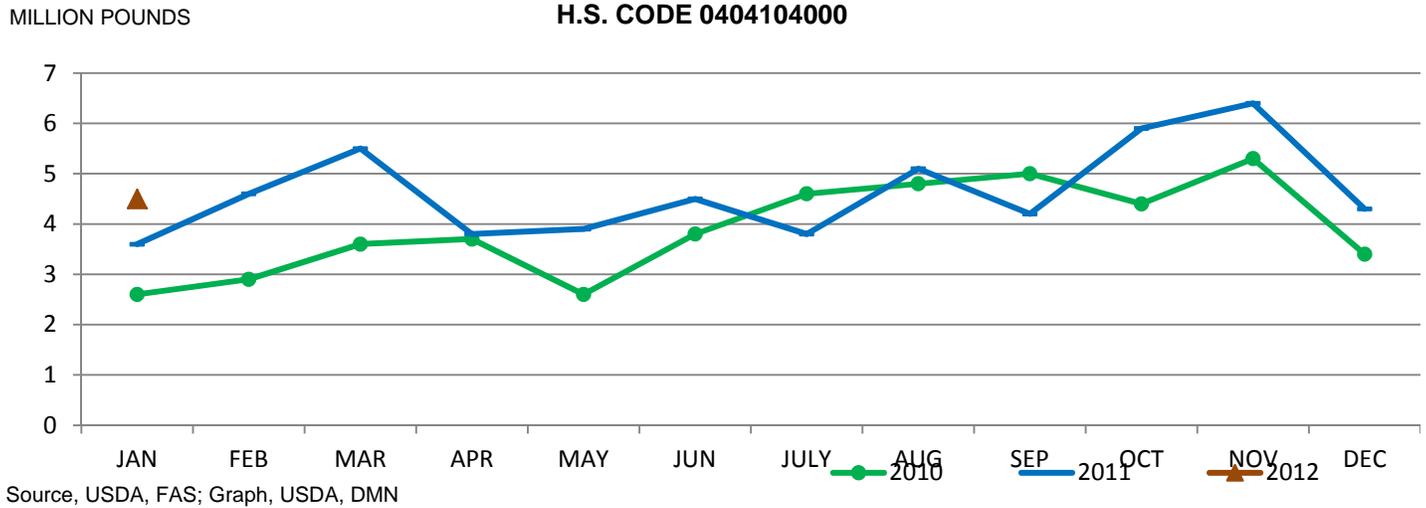
1/ These figures are based on the consumption of fluid milk products in Federal milk order marketing areas and California, which represents approximately 92% of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8% of sales from the Federal milk order and California data. The procedure used for estimating U.S. fluid milk sales by the Agricultural Marketing Service is different from that used by the Economic Research Service (ERS) of USDA. Consequently, the annual figures here may differ from the annual figures published by ERS. Fluid milk products include: plain, flavored, and organic whole milk, plain, flavored, and organic fat-reduced milk, buttermilk, eggnog, and miscellaneous fluid milk products. 2/ Estimated total includes the remaining 8% outside of Federal milk orders and California. 3/ May not add due to rounding.
 Report contact: Daniel Manzoni, Daniel.manzoni@ams.usda.gov or 202-720-2352.



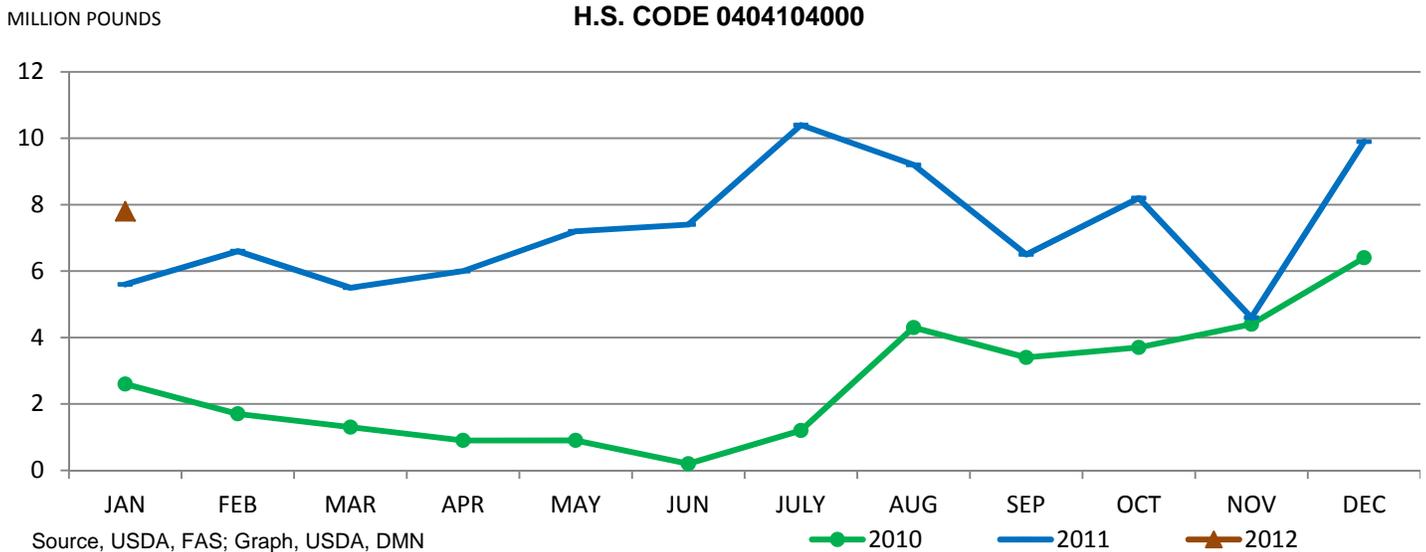
**U.S. MONTHLY LACTOSE EXPORTS TO CHINA,
H.S. CODE 0404104000**



**U.S. MONTHLY LACTOSE EXPORTS TO MEXICO,
H.S. CODE 0404104000**



**U.S. MONTHLY LACTOSE EXPORTS TO NEW ZEALAND,
H.S. CODE 0404104000**



DAIRY MARKET NEWS

GENERAL NUMBER
(608) 278-4200

VOLUME: 79

REPORT: 11

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

DATE: 03/16/2012

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

NORTHWEST/MOUNTAIN

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

MARKET NEWS PORTAL

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