

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (03/30):**

BUTTER: Grade AA closed at \$1.4625. The weekly average for Grade AA is \$1.4980 (-.0245).

CHEESE: Barrels closed at \$1.4600 and 40# blocks at \$1.4900. The weekly average for barrels is \$1.4600 (-.1230) and blocks, \$1.4905 (-.0995).

BUTTER HIGHLIGHTS: The CME Group cash butter price started to ease at midweek, declining 6 cents by Friday to close the week at \$1.4625. Churning schedules across the country remain active although cream supplies are less available than they have been. Declining cream volumes for churning are being attributed to increased Class II cream based holiday type items and increasing ice cream and ice cream mix production. Typically, ice cream production does not increase at this time of the year, but with mild weather pattern prevailing over much of the country, ice cream consumption is getting an earlier than usual shot in the arm. Many butter producers anticipate that cream offerings will increase in the coming week as Class II holiday item production declines and some Class II operations will adjust their production schedules due to the upcoming holiday weekend. Churning capacity should be sufficient to handle the additional cream volume with minimal problems. Good Easter/Passover orders are basically in the books and current sales activity is centered around last minute fill-in needs. Retail features are being reported in many markets and will continue into next week. Food service orders have been good, but are trending lower as upcoming holiday needs are filled. Cooperatives Working Together (CWT) continues to assist in the export of butter with nearly 1.9 million pounds receiving assistance last week. Thus far this calendar year, CWT has assisted in the export of 32.2 million pounds of butter.

CHEESE HIGHLIGHTS: Last Friday's sharp drop in cheese prices was not enough to move prices lower for this week's cheese trade. It did serve as a sharp reminder that lower prices were possibly around the corner. Buyers were willing to wait this week to see if the price drop continued and put off excess purchases. Heavy milk supplies continue to move to cheese plants. Some discounted milk found cheese plants while others were content to use their contracted supplies. The NASS Cold Storage report for February 2012 found natural cheese in storage across the U.S. to be at 987.4 million pounds, 1% more than last month, but 5% less than a year ago. Cooperatives Working Together (CWT) assisted in export sales of 2.84 million

pounds of cheese this week. Cheese sales at the CME Group were slow early, yet Thursday saw 4 sales of blocks and 3 sales of barrels. Friday's cash close for barrels at the CME Group ended at \$1.4600, unchanged from last Friday. Blocks ended the week at \$1.4900, down 1/2 cent from the previous Friday close.

FLUID MILK: Milk production remains high and continues to increase throughout most of the nation. Florida's milk production is past peak levels as weather has become increasingly hot and humid. The nation's strong milk production trends have milk handlers exploring all options to find processing room. Some processors are moving milk and components to other regions to alleviate some of the pressure on their plants. The big news in California is centered on what effects the implementation of assessments/penalties for producers' milk marketed volumes over their established base. Dairy farmers in the Northwest are becoming aware that some coops are also considering variable pricing, at least in the short term for milk production above their current basis. Cream markets are unsettled. Supplies are heavier than in recent weeks as Easter production schedules are winding down. The best interest for cream is coming from ice cream producers. Many dairy farmers across the country are scrutinizing feed and hay supplies as they measure needs before first crop forages become available.

DRY PRODUCTS: Nonfat dry milk prices are mostly lower as the market continues to search for a floor. Drying schedules are heavy to process the high volumes of milk headed to dryers. Plants are running at or near capacity with the volumes challenging processors. Buyer sentiment has softened as price trends have weakened and as offering volumes have increased. Dry buttermilk prices are trending lower as the market continues to weaken. Production levels have increased in most parts of the country with the exception of some areas in the Central region. Buyer interest is light to fair for the current heavy buildup of powder. Dry whey prices weakened across the nation this week. The market tone is somewhat unsettled as evidenced by the wide price spreads. Production schedules are heavy in the West, while steady in the Central and Eastern regions. Whey protein concentrate 34% prices decreased this week. Fewer spot transactions were noted between end users and approved suppliers, eroding some support for the tops of the price series. Lactose prices are steady and the market tone is steady to firm.

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

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CME GROUP CASH TRADING

COMMODITY	MONDAY MAR 26	TUESDAY MAR 27	WEDNESDAY MAR 28	THURSDAY MAR 29	FRIDAY MAR 30	:: ::	WEEKLY CHANGE*	:: ::	WEEKLY AVERAGE#
CHEESE						::		::	
BARRELS	\$1.4600 (N.C.)	\$1.4600 (N.C.)	\$1.4600 (N.C.)	\$1.4600 (N.C.)	\$1.4600 (N.C.)	::	(N.C.)	::	\$1.4600 (-.1230)
40# BLOCKS	\$1.4925 (-.0025)	\$1.4900 (-.0025)	\$1.4900 (N.C.)	\$1.4900 (N.C.)	\$1.4900 (N.C.)	::	(-.0050)	::	\$1.4905 (-.0995)
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 (N.C.)
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 (N.C.)
BUTTER						::		::	
GRADE AA	\$1.5225 (N.C.)	\$1.5225 (N.C.)	\$1.5050 (-.0175)	\$1.4775 (-.0275)	\$1.4625 (-.0150)	::	(-.0600)	::	\$1.4980 (-.0245)

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**INTERNATIONAL DAIRY MARKET OVERVIEW(DMN):**

The European 2011 - 2012 milk quota year is coming to an end at the end of March. Reports are indicating that there are probably two countries that are experiencing over quota volumes, Austria +4% and Germany +0.7%. Some countries are very near quota levels with most well below. Late winter and early spring weather patterns throughout **Western Europe** have been very positive for a strong start to the new milk production season, thus it has been a challenge for those producers near quota levels to maintain their output until now. Total milk volumes are reported to be running much stronger this year when compared to last year. This trend is not only occurring in Europe, but also in other international dairy markets. The Oceania milk production season is winding down, but is having a positive finish to the current season with milk volumes up 4% in Australia and 9% in New Zealand when compared to the previous season. U.S. output is also running much stronger than the previous year with February output running 4.6% ahead of a year ago in the 23 surveyed states. As milk production increases in Europe, manufacturing schedules are also on the increase. It is still early in the new season, thus plant capacity is not a problem, but some milk handlers are keeping a close eye on milk volumes as they increase seasonally. Traders and handlers are indicating that stocks of manufactured dairy products are available for domestic and international buyer interest. Some international sales are being reported, but for the most part, sales activity is occurring for an internal market. The upcoming Easter holiday is pulling additional milk volumes into fresh product production for holiday needs, especially cream based products. Butter churning activity is building seasonally and clearances of butter stocks to PSA are increasing. At the March 22 Dairy Management Committee meeting, published data indicated that nearly 21,000 MT of butter have cleared to the program since it opened on March 1. This volume compares to 14,100 MT in 2011 and 5,400 MT in 2010. Milk production increases in **Eastern Europe** are being reported, but not at the pace of Western counterparts. Typically, this region lags Western regions by 6 weeks or so, although signs of increases are occurring which are earlier than in recent years. Stocks of manufactured dairy products are available and often priced lower than Western offerings. Traders and handlers are hopeful that international buyer interest will resume as milk volumes and finished product volumes increase. Milk production continues to trend seasonally lower in New Zealand and Australia, but is running heavier than last year at this time. Manufacturers and handlers are indicating that the extra milk volume at the end of the season is providing a cushion of manufactured dairy products that was not anticipated. In **New Zealand**, good late summer/early fall weather patterns are contributing to a strong finish to the current milk production season. Reports are indicating that milk volumes are running about 9% ahead of last year. The extra milk flow is providing additional volumes for manufacturing and much of this extra manufactured product is ending up on the g/DT trading platform. In **Australia**, weather conditions remain quite favorable for late summer. The heavy rainfall earlier this month and subsequent flooding in Northern regions of Victoria has impacted between 150 and 200 farms. Although the heavy rainfall has ceased, early autumn rainfall continues to be reported. Much of the problem at this time is the dissipation of the water. This region is quite flat, thus water runoff is slow to occur. The extent of the flooding damage is still unclear, but for many farmers, pastures and grazing paddocks will need to be reseeded once water levels disperse. Some of the farmers that had to move their herds to high ground are starting to return to their operations, but pastures and paddocks remain wet. Although flooding conditions impacted nearly 200 farms in this region, milk handlers and manufacturers indicate

that no significant negative impact is expected to come out of the situation. Milk production in Australia continues to run over 4% higher than last year at this time. Prices for manufactured dairy products in the Oceania region are trending lower. At the March 20 g/DT event, all products averaged lower to sharply lower prices.

CONSUMER PRICE INDEX (BLS): The February 2012 CPI for all food is 232.5, up 3.9% from February 2011. The dairy products index is 219.4, up 7.8% from a year ago. The following are the February to February changes for selected products: fresh whole milk is +7.1%; cheese, +10.0%; and butter, -3.6%.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products for 2011 totals 198.4 billion pounds, 1.5% above 2010. Comparing disappearance levels with year earlier levels: butter is +10.9%; American cheese, +0.6%; other cheese, +4.2%; NDM, -3.4%; and fluid milk products, -1.8%.

MARCH AGRICULTURAL PRICES HIGHLIGHTS (NASS):

The All Milk price received by farmers was \$17.40 in March, down \$0.30 from February 2012 and down \$3.00 from March 2011. Alfalfa hay price was \$201.00 in March, up \$59.00 from March 2011. Corn price was \$6.48 in March, up \$0.95 from March 2011. Soybean price was \$13.10 in March, up \$0.40 from March 2011. The milk-feed price ratio was 1.48 in March, down 0.64 from March 2011. The index of prices received by farmers for dairy products during the month of March 2012 was down 3 points to 133. Compared with March 2011, the index was down 23 points (14.7%). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in March 2012 was up 1 point to 210. Compared with March 2011, the index was up 9 points (4.5%).

APRIL ANNOUNCED COOPERATIVE CLASS I PRICES

(FMMO): For April 2012, the all-city average announced cooperative Class I price was \$20.79 per cwt., \$2.49 higher than the Federal milk order (FMO) Class I price average for these cities. The April 2012 Cooperative Class I price was \$0.61 lower than the March 2012 price. The April 2012 Federal order Class I price was \$0.64 lower than the March 2012 price. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.50 in Phoenix, AZ, to \$4.29 in Miami, FL. For April 2011, the all-city average announced cooperative Class I price was \$24.64, \$2.57 higher than the Federal order Class I price average for these cities. Note: For most cities, the Announced Cooperative Class I Price now includes premiums paid for milk produced without rBST.

MARCH CLASS AND COMPONENT PRICES (DAIRY

PROGRAMS): The March Class II, III, and IV prices and changes from February are: Class II \$16.94, -\$0.35; Class III \$16.06, -\$0.34; and Class IV \$15.92, -\$0.57. Under the Federal milk order pricing system, the butterfat price for March 2012 is \$1.5297 per pound. Thus, the Class II butterfat price is \$1.5367. The protein and other solids prices for March are \$2.6571 and \$0.4239 per pound, respectively. These component prices set the Class III skim milk price at \$10.74 per cwt. The March Class IV skim milk price is \$10.36 which is derived from the nonfat solids price of \$1.1516 per pound. The product price averages for March are: butter \$1.4347, nonfat dry milk \$1.3310, cheese \$1.5248, and dry whey \$0.6107.

CME GROUP

MONDAY, MARCH 26, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.4925
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, MARCH 27, 2012

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.4925; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.4900
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.2450; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

WEDNESDAY, MARCH 28, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4500; 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 @ \$1.5050

THURSDAY, MARCH 29, 2012

CHEESE -- SALES: 3 CARS BARRELS @ \$1.4600; 4 CARS 40# BLOCKS @ \$1.4900; LAST BID UNFILLED: 3 CARS BARRELS @ \$1.4600; LAST OFFER UNCOVERED: 1 CAR 40#
 BLOCKS @ \$1.4900
 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 @ \$1.4775

FRIDAY, MARCH 30, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: 3 CARS BARRELS @ \$1.4600; 1 CAR 40# BLOCKS @ \$1.4900; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4025; LAST OFFER UNCOVERED: 3 CARS GRADE AA @ \$1.4625

BUTTER MARKETS

NORTHEAST

The CME Group butter price was unchanged on Tuesday and closed at \$1.5225. The butter price has remained unchanged for the last 6 trading sessions. The weekly average butter price was \$1.5225, \$0.5425 below the 2011 price of \$2.0650 for the same week. Butter makers continue to operate churns at increased levels as they fill current orders. Domestic and export demand is good. Private label and food service orders continue at increased levels, supporting domestic demand, while export interest remains strong, due to the efforts of export assistance programs. The good demand has limited butter inventories in the East. Cooperatives Working Together (CWT) has accepted 13 requests for export assistance to sell 1.884 million pounds of butter and 2.84 million pounds of Cheddar to customers in Asia, Central America, the Middle East and Africa. Delivery of product will be from March through September 2012. According to the latest NASS Cold Storage report, butter in storage on February 29, totaled 205.3 million pounds, 34.9 million pounds more (+21%) than the prior month stocks and 66.6 million pounds more (+48%) than February 2011 stocks. Current bulk butter prices range from 4-8 cents over the market based on the CME Group with various time frames and averages used.

CENTRAL

The CME cash butter price held until midweek when the price declined 1 3/4 cents to \$1.5050. Many butter producers and handlers feel that this is the start of the AA cash price easing. Some are surprised that the price is easing already, but also indicate that most holiday orders are in the books. Current churning schedules remain active. Cream supplies are mixed. Some butter producers are indicating that cream offerings remain as they have been during the past few weeks, while others are indicating that offerings are increasing. Butter demand has

slowed as most Easter/Passover orders have been placed and shipped. Current sales activity is centered around immediate/fill-in orders. Retail features are more prevalent this week than in recent weeks and are projected to remain so into the holiday weekend. Food service orders have been good, but have also slowed as most upcoming holiday needs have been filled. The CWT program continues to extend butter export assistance. Last week, 855 metric tons (1.9 million pounds) of domestically produced butter received export assistance through the CWT program. This butter will be exported now through September 2012. Since the start of 2012, the CWT program has assisted in the export of 32.2 million pounds of butter. Bulk butter prices range from flat to 3 cents over various pricing bases and averages per pound.

WEST

Western butter prices continue to trade in a narrow range. Heavy production schedules due to increased milk supplies are building inventories. The CWT program is continuing to support export sales with butter assistance totaling 32.2 million pounds so far this year. Print butter sales for the Easter holiday are slowing, although orders are still being shipped. Increased interest for cream and fat from the ice cream industry has helped to slow butter manufacturing. Prices for bulk butter range from even to \$.0400 cents under the market, based on the CME with various time frames and averages used. Wednesday's close on the CME Group exchange for butter is \$.0175 lower at \$1.5050. Butter was offered to the market with no buyers on Wednesday. There have been no sales on butter at the Exchange for the last six sessions. According to the NASS *Cold Storage* report, stocks of butter as of February 29, 2012, total 205.3 million pounds, +48% or 66.6 million pounds more than February of last year. Stocks were 21% higher or 35.0 million pounds more than 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 24, 2012	1.5135 9,569,646	1.5549 9,924,835	1.3043 27,690,380	1.4519 6,594,422	0.6113 8,184,903

CHEESE MARKETS

NORTHEAST

Cheese prices on the CME Group were mixed Tuesday with barrels unchanged and closing at \$1.4600 and blocks declining \$0.0025 to close at \$1.4900. Friday's declines of \$0.1650 on barrels and \$0.1400 on blocks caught many in the industry off guard. Easter orders are in and made and demand has slowed. Some cheese makers are building mozzarella inventories for later in the year, while others are moving cheddar into aging programs. Cheese export interest continues, prompted by export assistance programs. Cooperatives Working Together (CWT) has accepted 13 requests for export assistance to sell 2.84 million pounds of Cheddar and 1.884 million pounds of butter to customers in Asia, Central America, the Middle East and Africa. Delivery of product will be from March through September 2012. The latest NASS Cold Storage report shows stocks of natural cheese in cold storage as of February 29, 2012 totaled 987.4 million pounds, 1% more than one month ago, but 5% less than one year ago. A majority of the holdings are in the form of American cheese (61.4%) totaling 606.3 million pounds, 1% less than the amount one month ago and 2% less than one year ago. The next highest natural cheese holdings in cold storage are in the form of Other Natural Cheese, (35.9%) totaling 354.1 million pounds, 4% more than one month ago, but 7% less from one year ago. Swiss cheese accounts for 2.7% of holdings at 27.0 million pounds, 4% more than one month ago, but 22% less than one year ago.

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

Cheddar 40# Block	:	1.9925-2.2775
Process 5# Sliced	:	1.8025-1.9225
Muenster	:	2.0125-2.3725
Grade A Swiss Cuts 10 - 14#	:	3.4075-3.7300

MIDWEST

The steady gradual increase in cheese prices over recent weeks abruptly reversed course last Friday with 11 sales of barrels and uncovered offers of blocks. The price of both blocks and barrels moved down by multiples more than any single day of 2012 so far, $-\$0.1650$ for barrels and $-\$0.1400$ for blocks. This sharp one day decline tempered the weekly average but was not enough to take the change in the average into negative territory. However, as a buyer noted, this week's average will likely drop reflecting last Friday's price movement, barring any similar abrupt increase. This expectation is causing some delay in ordering by entities which price based on weekly averages. A cheese manufacturer expressed preference for a big price adjustment if it was going to occur, to be made in a large price jump, decisively signaling an adjustment, rather than relatively small "hard to read" increments. Prices have now moved closer to average on a five year basis. For barrels and blocks looking back five years, the CME weekly average for the twelfth week of each year, which last week was, has been lower in two years and higher in two years. Last week's average for both barrels and blocks remains above the five year weekly average, which is \$1.5032 for barrels compared with \$1.5830 this year, and \$1.5179 for blocks compared with \$1.5900 this year. However, through this Tuesday's trading with three days to go for the week, the average for this week so far is slightly lower than the five year average for both barrels and blocks. Many cheese plants are operating at capacity or very close to capacity. The same story about heavy milk

supplies seeking a home continues for another week. Many plants are not able to accept more milk even at a discount. A few plants have purchased discounted surplus milk, which has driven overall cheese production even closer to regional capacity. Sales reports are uneven among manufacturers. Some feel output is moving out acceptably but others are disappointed with sales, resulting in some inventory build-up. The general sentiment over recent weeks of there being "a lot of cheese" was quantified just prior to last week's CME price decline. Late last Thursday data was released showing cheese stocks in cold storage regionally are higher than last month. NASS Cold Storage data for the East North Central Region (Wisconsin, Michigan, Ohio, Illinois and Indiana), reveals that regional American cheese Cold Storage as of February 29, 2012, 261.8 million pounds, was 103% of month earlier but even with February 28, 2011. The regional category Other cheese Cold Storage February 29, 2012, 268.9 million pounds, was 103% of month earlier and 104% of February 28, 2011. Nationally, total natural cheese stocks in refrigerated warehouses on February 29, 2012, 987.4 million pounds, were up 1% from the previous month and down 5% from one year earlier. Cooperatives Working Together (CWT) has accepted 13 requests for export assistance to sell a total of 1,288 metric tons (2.840 million pounds) of Cheddar cheese. The product will be delivered March through September 2012. So far this year CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack and Gouda cheese totaling 37.0 million pounds.

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

Process American 5# Loaf	:	1.7750-2.3600
Brick And/Or Muenster 5#	:	1.9800-2.4400
Cheddar 40# Block	:	1.9800-2.8650
Monterey Jack 10#	:	1.9500-2.8650
Blue 5#	:	2.2450-3.1300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8250-2.9650
Grade A Swiss Cuts 6 - 9#	:	2.8175-3.1350

WEST

Wholesale cheese prices for the Western region are higher as weekly average prices have yet to adjust for last Friday's lower price at the CME Group. The spot cheese market is slow to develop this week as buyers wait for expected lower weekly averages. Heavy milk supplies continue to be directed to cheese plants. Manufacturers report inventories above recent levels, though not burdensome. Export sales have helped to reduce supplies, especially with CWT assistance. Wednesday's close at the CME Group for cheese was unchanged for barrels at \$1.4600. Blocks were also unchanged for the day, closing at \$1.4900. Barrels had an unfilled bid on Wednesday at \$1.4500 while blocks were quiet. Tuesday saw the only sale of cheese at the exchange so far this week with one load of blocks trading hands. According to NASS, *Cold Storage* stocks of cheese (total) at the end of February 2012 are 987.4 million pounds, down 5% or 47.9 million pounds less than February 2011. American stocks were down 2%, and Other Natural stocks were 7% lower than last year. Swiss stocks at the end of February total 27.0 million pounds, down 22% or 7.6 million pounds less than February 2011.

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CHEESE MARKETS

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WESTERN

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

Process 5# Loaf	:	1.7075-1.9650
Cheddar 40# Block	:	1.7150-2.0675
Cheddar 10# Cuts	:	1.8950-2.1150
Monterey Jack 10#	:	1.9050-2.0650
Grade A Swiss Cuts 6 - 9#	:	2.9850-3.4150

FOREIGN

The CME Group block cheese price declined 14 cents on Friday; however that decline did not keep the weekly average block price from increasing. As a result of the increase, domestic wholesale prices advanced \$0.0550. Milk production continues to increase across the US, channeling more milk into cheese production. Numerous cheese makers have increased production of hard Italian type cheeses for aging programs.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.1325-3.6200*
Gorgonzola	: 3.6900-6.3900	: 2.6350-2.8950*
Parmesan (Italy)	: -0-	: 3.2550-3.8100*
Provolone (Italy)	: 3.4400-6.1800	: 2.1750-2.3325*
Romano (Cows Milk)	: -0-	: 3.3225-5.4725*
Sardo Romano (Argentine)	: 2.8500-3.9800	: -0-
Reggianito (Argentine)	: 3.2900-4.1900	: -0-
Jarlsberg-(Brand)	: 2.9500-5.2900	: -0-
Swiss Cuts Switzerland	: -0-	: 3.5000-3.8225
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

* = Price change.

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

	BUTTER	:	CHEESE
03/19/12	9,224	:	134,540
03/01/12	8,277	:	135,544
CHANGE	947	:	-1,004
% CHANGE	11	:	-1

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	210	0	280
SOUTHEAST STATES	0	0	0	0	0	0

Milk production continues to increase in the Northeast region, due to the mild spring weather. Dairy producer inventories of feed and grain are declining and tight cash flows are limiting their ability to purchase additional supplies. Manufacturing plant managers in the Mid-Atlantic region are commenting that the spring flush is beginning. The flush period is starting approximately 4 weeks early and may be extended as cows usually calve in late April and early May. Class I demand continues to be sluggish as numerous schools are cycling through their spring break periods. In Florida, hot humid weather is beginning to settle in, lowering cow comfort levels and beginning to lower milk production. The decrease in milk production lowered the number of exported loads to 190. Class I demand is steady with last week. Feed and hay supplies are tight and purchasing additional supplies are expensive. Drought conditions continue to limit forage growth with many pastures not yet suitable for grazing. Increased milk production in the Southeast has maximized auxiliary manufacturing plants to the fullest extent possible. Minor delays in unloading have occurred at some plants. Milk production has yet to reach peak levels and Class I demand remains flat. Cream demand is very erratic and depends greatly on day of the week and source of the need. Easter product pulls are winding down, but there were some purchases of spot loads for last minute orders. Demand for cream from cream cheese and ice cream mix manufacturers comprise the strongest domestic pulls. Some butter makers have gone out on the spot market to secure additional cream supplies to fill their export orders. Because of the erratic demand, cream multiples were in a wide range from 115 to 135. Condensed skim supplies continue to be very heavy with heavy volumes going to Class IV production. The demand for skim solids remains weak. Trading on the spot market is increasing as some manufacturers discount loads to both Class II and III buyers in order to alleviate some of their increased milk volumes. With Friday's announcement of the Advanced Prices, the Class II Nonfat Solids price declined \$0.0589, compared to the previous month to \$1.2322 and effectively reduced prices paid for condensed skim milk spot loads.

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 -	1.7509-2.0554
F.O.B. producing plants: Upper Midwest -	1.8270-1.9031

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.33 - 1.42
Northeast - Class III - spot prices -	1.31 - 1.40

MIDWEST

Farm milk production continues the upward trend in most Central areas. Mild weather conditions supporting cow comfort throughout the region are translating into topped off milk loads leaving the farms. The strong milk production trends have milk handlers exploring all options to find processing room. Within the Central region, changes in Class I supply agreements in some states reportedly resulted in a number of milk loads that historically clear to Class I instead transitioning to Class III use. Cream availability loosened this week compared to last week. Speculative butter production is off the to-do list for most Central churners as the butter market is perceived to have some near term downside risk. Multiples coalesced in the low to mid 1.20's for early to

mid week sales. Condensed skim spot interest decreased this week due to increased availability from both Central and Western sources. Some Western condensed skim cleared into Class II Central plants to find processing space and was priced competitively compared to Central loads. Central processors expect milk handling to continue at near capacity levels over the next few weeks as various plants cycle out of production due to regularly scheduled maintenance shutdowns that range from a few hours to a full week.

WEST

CALIFORNIA milk production remains at high, seasonal levels. Some areas had a slight, mostly welcomed, dip in output because of the effects of recent wet weather conditions. Processing plants are working well on long schedules to handle the milk supplies. Some processors are moving milk and components out of state to alleviate the pressure on local plants. The big news is centered on what effects the implementation of assessments/penalties for producers' milk marketed volumes over their established base. Some plans have more details made public than others. The bottom line is that the milk supply growth is heavier than plant capacity and will be more problematic at the seasonal peak. February 2012 POOL RECEIPTS of milk in CALIFORNIA total 3.41 billion pounds, 12.5% higher than last year (8.6% when adjusted for extra day in February 2012), according to CDFA. The February blend price, at a fat test of 3.74%, is \$15.48, \$1.14 lower than January and \$2.42 less than February 2011. The percentage of receipts used in Class I products is 13.3%. The February quota price is \$16.29 and the over quota price is \$14.59. These prices are \$0.96 lower than January and \$2.15 lower than a year ago. (NOTE: Decisions whether to/not to pool milk affect receipts and comparisons reported.) ARIZONA milk output is trending higher and resuming at the levels of a few weeks ago. The expectations are that the milk supplies will hit the seasonal peak within the next few weeks. Temperatures and conditions have returned to normal levels. Plants are working on heavy schedules to handle the milk intakes. Class I needs are uneven. NEW MEXICO milk production continues to trend seasonally higher. Processing plants are adding to schedules to process additional milk supplies. Class I sales are indicated to be higher, thought to reflect schools returning from spring breaks. Milk shipments outside of the state are limited to contracted volumes. CREAM markets are unsettled. Overall, supplies are heavy. Demand is fair to good through midweek. More interest is noted from ice cream producers both within and outside of the region. Butter producers are willing to take more cream to fill current needs. There are concerns about where the butter market will land once upcoming holiday orders are filled. The CME Group, Grade AA butter price closed at \$1.5050 on Wednesday, down 1.75 cents from last week. Cream multiples are trending slightly higher, ranging 108-123 and vary based on class usage and basing points. Milk production in the PACIFIC NORTHWEST continues to run well above year ago levels. Milk handlers are busy routing milk to plants with available capacity. Both Class III and IV plants are busy with added supplies. A drying plant in Washington is running at reduced levels as repairs continue. Most of the milk is being moved to other plants in the region to handle the surplus milk. Some of the milk is being moved out of the region. Dairy farmers in the Northwest are aware that some coops are considering instituting variable pricing, at least for the short term for milk production above their current basis. Anticipated spring like weather has arrived in UTAH and IDAHO. Milk production is above year ago levels. Manufacturing capacity in the region is handling the milk solids with plants operating busy schedules. Dairy farmers are looking at feed supplies as they measure needs before first crop forages are available. Excellent cull dairy cow prices are contributing to higher culling rates. Cows are being replaced with heifers at advantageous ratios. Replacement heifers at recent auctions in the region were priced from \$1300-\$1600 per head.

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: Central nonfat dry milk prices are mostly lower as this market continues to search for a floor. With steady to higher farm milk intakes at many plants throughout the Central region, NDM production is pinned near capacity at most locations. A new plant slated to ramp up farm milk intakes within the next few weeks is expected to provide some relief to NDM processing schedules within the region. Various plants indicate Monday – Friday sales of condensed skim are maxed out based on load out schedules. Interest outside of contracts is light. Competitively priced condensed skim from Western sources reportedly cleared into Central Class II plants as some ice cream operations increase production schedules. For farm milk intakes, a few plants report delays occurring and wait times being extended. These extended wait times also translate into difficulties locating milk transportation equipment and drivers on a timely basis. Most plants are concentrating on low heat nonfat dry milk but a few plants are scheduling high heat production intermittently to rebuild their inventories for contract fulfillment.

EAST: Inventory increases of nonfat dry milk are pressuring prices lower. The spring flush is on in the Southeast and beginning in the Mid-Atlantic region with milk production continuing to rise in the Northeast. The increased milk production is quickly exceeding demand and significantly expanding manufacturing milk supplies and drying schedules. Manufacturing facilities are focusing on low heat NDM production in order to more quickly clear their increased milk supply. Inventories of nonfat dry milk are rapidly increasing with some manufacturers offering price discounts on the spot market in order to lower inventories. Export demand remains fairly good, but export sales are not at the volume to avert inventory expansion. Prospective domestic buyers are buying for immediate needs only, anticipating future price declines. The market undertone remains very weak.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.2000 - 1.3975 MOSTLY: 1.2100 - 1.3300
 HIGH HEAT: 1.3500 - 1.4475

NONFAT DRY MILK - WEST

Pricing levels for Western low/medium heat nonfat dry milk continue to trend lower. The market undertone remains weak. Drying schedules are heavy to process the high milk output in the region. Plants are running at or near capacity and the volumes are challenging processors. Domestic demand is light to moderate and uneven. Some buyers are in the market for block purchases and are bidding at levels they perceive as a good buy based on current and future considerations. There are also plentiful offerings of milk and condensed skim that are often discounted to buyers that are competing for NDM needs. Export interest for NDM and SMP is light for new business. Pricing trends are lower in other countries. The buyer sentiment has softened as pricing trends have weakened and as offering volumes have increased. Western high heat nonfat dry milk pricing trends continue to move lower. Production levels are uneven and depend on dryer times available. Demand is steady from regular accounts and light for any spot orders. Stocks are light to moderate and available for trade needs.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.1500 - 1.3475 MOSTLY: 1.1800 - 1.3200
 HIGH HEAT: 1.3100 - 1.3900

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices in the Central region are unchanged to lower on a weaker market. Cream availability in the Central region improved compared to last week. Multiples continue to support the low

– mid 1.20’s, with a few higher multiples occurring occasionally due to delivery timing. Churning activity is steady at some plants, lower at others. With the push for Easter production in the rear view mirror, some churning operations are passing up spot cream offers. Current mandatory production is reportedly adequate to meet near term, slower butter orders and the incentive to rebuild butter inventories with spot cream on a speculative basis is limited. More cream loads are moving to Class II end uses. Dry buttermilk production is steady at some plants, but lower at other facilities because of the pressures on the butter market. Dry buttermilk interest is mostly contract based, but a few manufacturers report some end users are clearly interested in product, but want a discount to the current market to finalize sales.

EAST: Prices for dry buttermilk are pressured lower as inventories continue to build. Butter production continues to be very active as numerous plants fill export orders and some last minute Easter orders. The increases in butter production have brought about increases in dry buttermilk production. Current production is moving through contracts and adding to supplies. Spot sales activity remains light as many prospective buyers continue to purchase hand to mouth, waiting for dry dairy product prices to move lower. Some condensed buttermilk is being sold to ice cream mix manufacturers. Domestic and export demand for dry buttermilk has declined as competition has increased from lower priced alternative products. The market undertone remains weak.

F.O.B. CENTRAL/EAST: 1.1800 - 1.3300

DRY BUTTERMILK - WEST

Prices are lower and the market tone trends are weaker for Western dry buttermilk. Buyer interest in the market is light to fair for the current heavy buildup of powder. Production levels remain high and continue to reflect the heavy butter production trends. Processors are finding dryer times tighter, but are able to process the buttermilk solids that are not moving in condensed form. The weaker trend in the nonfat dry milk market continues to spill into the dry buttermilk market. Buyers see the protein values slipping lower and many are taking only needs and contracted volumes, but not interested in taking a position unless the price is right. Producers' stock levels are moderate to heavy.

F.O.B. WEST: 1.1300 - 1.2500 MOSTLY: 1.1800 - 1.2200

DRY WHOLE MILK - NATIONAL

Prices for dry whole milk are unchanged to slightly lower. Interest from end users with contract based supply agreements is steady. For several plants, farm milk intakes are at capacity levels on a daily and weekly basis, leaving no dryer time to focus on dry whole milk production, but other plants are actively drying dry whole milk.

F.O.B. PRODUCING PLANT: 1.5800 - 1.6200

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
March 23	\$1.3013	26,432,626	0
March 16	\$1.3439	16,578,307	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 decreased this week to reflect contracts with adjustable bases resetting to include lower basis prices as well as intermittent spot sales at lower prices. Various manufacturers report it is tough to generate interest in spot market loads as buyers remain committed to buying on a just in time basis. For some manufacturers, attempts to finalize second quarter contract agreements are on hold for the near term as some buyers feel time is on their side as the dry whey market seeks a new floor. For many buyers, such as feed blenders, the overriding concern is to keep dry whey inventories in line with finished product sales needs. Dry whey production is mostly steady at Central facilities. Availability of condensed whey improved from last week as farm milk continues to be readily available to Class III plants. A few cheese/dry whey plants are opting for increased condensed whey sales to keep dry whey inventories in check. ANIMAL FEED DRY WHEY prices are unchanged to lower on a weaker market. Manufacturers' inventories are reportedly light, and animal feed dry whey end users are keeping their own input holdings at minimal levels while keeping blending operations functioning.

F.O.B. CENTRAL: .3000 - .6675 MOSTLY: .5700 - .6300
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4700 - .5400

DRY WHEY - NORTHEAST

Prices for dry whey were mixed with the overall effect having the average of the range move lower. Production of dry whey remains fairly steady with recent weeks with some increases as cheese production has expanded in some areas, due to increased milk volumes. Domestic demand for dry whey has increased marginally as ice cream production has increased. Overall, production of dry whey is exceeding demand and inventories are increasing. Product is moving through contracts with some manufacturers being flexible on price and willing to entertain lower priced bids as they attempt to keep their inventories at manageable levels. The market is still feeling the effects of recent price declines in other regions with some potential buyers remaining on the sidelines or only buying hand to mouth, believing prices might decline in the future.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6000 - .6900

DRY WHEY - WEST

Western dry whey prices are weaker in both price series this week. The low end of both series was steady while the upper end was lower due to adjustments in moving price indices. The market tone is somewhat unsettled as evidenced by the wide price spread. Cheese plants in the West are dealing with heavy production schedules and whey solids are plentiful. Increased interest from ice cream accounts is helping to clear inventories. Stocks are mostly in balance with some spot loads finding their way to the market at near steady prices.

NONHYGROSCOPIC: .3000 - .6225 MOSTLY: .4800 - .5625

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices on the range and mostly series decreased this week as reports of availability of spot loads of increased WPC 34% and finalized spot sales work through the marketplace. Fewer spot transactions were noted between end users and approved suppliers, thus eroding some support for the tops of the range and mostly price series. In contrast, some U.S. WPC 34% manufacturers' representatives attending Southeast Asia dairy ingredient shows indicate interest is growing from some buyers to switch U.S. suppliers for their WPC 34% needs. With many U.S. manufacturers closely matching production and current contract needs, modifying the customer base may end up being a pricing decision. Production is variable, with some plants opting to sell additional condensed WPC 34% loads on the spot market to manage inventories. Interest in condensed WPC 34% is reportedly steady from snack industry end users as well as manufacturers of WPC 80% and other higher protein whey products. Other plants indicate WPC 34% production is steady to higher due to strong cheese production and active drying schedules.

F.O.B. EXTRA GRADE 34% PROTEIN:1.2000 - 1.6400 MOSTLY: 1.4500 - 1.5200

LACTOSE - CENTRAL AND WEST

The range and mostly price series for lactose, Central and West, are steady. More Q2 contracts were finalized this week. Pricing trends reportedly continue the steady to firm tone of the current market. A few regular contract buyers are delaying decisions until April, although the availability of full quantity needs from preferred suppliers may be in question by then. Interest from several buyers/end users in China to switch lactose suppliers is reportedly growing as lactose quality issues are reportedly affecting end product quality. With several U.S. manufacturers close to maximized on contracts of projected Q2 lactose production, there appears to be limited opportunities to add new customers. Manufacturers' current inventories are variably reported as steady to building slowly, depending on cheese manufacturing schedules. A few plants report regular milk intakes continue to surpass expectations. Interest from the bottled milk sector remains sluggish, thus some Class III plants are sending more milk to the vats.

Including spot sales and up to 3 month contracts.
F.O.B. EDIBLE, NON PHARMACEUTICAL.7400 - .9950 MOSTLY: .8200 - .9000

CASEIN - NATIONAL

Casein markets and prices are weak. Domestic buyers are indicating that second quarter prices will be lower, but not as weak as previously anticipated. The withdrawal of exportable casein volumes from a major producing country continues to loom over the marketplace. Traders and handlers feel that if these casein sourced volumes become available internationally, prices for other international offerings will probably decline quite sharply. Currently, the European milk production season continues to expand on a positive basis, thus the outlook for casein production during the upcoming season is also very favorable. Most European manufacturers continue to indicate that they will be gearing their upcoming production to known needs, with minimal uncommitted stock available for spot buyer interest. Oceania sourced products continue to be reported as sufficient for contractual commitments. Oceania uncommitted volumes are limited.

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

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS EFFECTIVE NOVEMBER 1, 2009

BUTTER Bulk \$1.05 per pound; **CHEESE** 40# Blocks \$1.13 per pound; 500# Barrels \$1.10; **NONFAT DRY MILK** \$.80 per pound

The CCC Purchase table will no longer be shown unless purchases occur. Last CCC purchase: October 2009.

U.S. Dairy Cow Slaughter (000 head) under Federal Inspection & Comparable Week 2010

WEEK ENDING	WEEKLY DAIRY COWS	2012 CUMULATIVE DAIRY COWS	2011 WEEKLY DAIRY COWS	2011 CUMULATIVE DAIRY COWS
03/10/2012	67.0	618.2	58.7	623.5

WEBSITE

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

CLASS III MILK PRICES (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	19.32	17.03	18.00	16.76	18.18	20.25	18.24	17.32	16.28	17.06	15.51	15.28
2009	10.78	9.31	10.44	10.78	9.84	9.97	9.97	11.20	12.11	12.82	14.08	14.98
2010	14.50	14.28	12.78	12.92	13.38	13.62	13.74	15.18	16.26	16.94	15.44	13.83
2011	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67	19.07	18.03	19.07	18.77

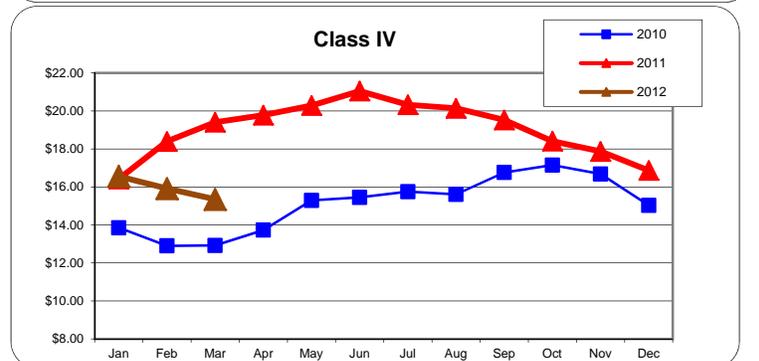
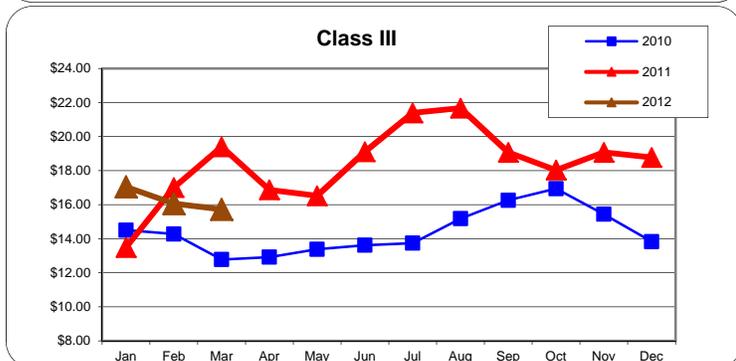
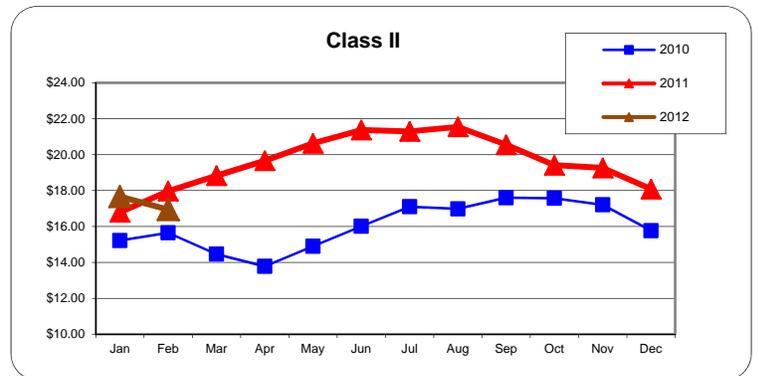
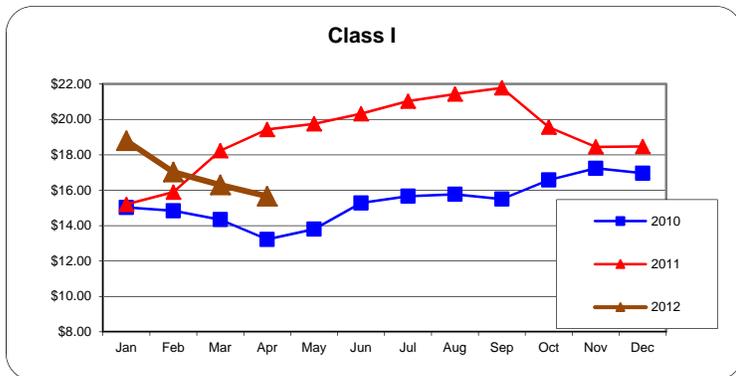
CLASS IV MILK PRICES (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03
2011	16.42	18.40	19.41	19.78	20.29	21.05	20.33	20.14	19.53	18.41	17.87	16.87

FEDERAL MILK ORDER CLASS PRICES FOR 2012 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	18.80	17.03	16.30	15.66								
II	17.67	16.94	16.59									
III	17.05	16.06	15.72									
IV	16.56	15.92	15.35									

1/ Specific order differentials to be added to this base price can be found by going to: www.ams.usda.gov/DairyMarketingStatistics; then select "Prices"; and then select "Principal Pricing Points."



INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered March 19 - 30, 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: The European 2011 - 2012 milk quota year is coming to an end at the end of March. Reports are indicating that there are probably two countries that are experiencing over quota volumes, Austria +4% and Germany +0.7%. Some countries are very near quota levels with most well below. Late winter and early spring weather patterns throughout Western Europe have been very positive for a strong start to the new milk production season, thus it has been a challenge for those producers near quota levels to maintain their output until now. Total milk volumes are reported to be running much stronger this year when compared to last year. This trend is not only occurring in Europe, but also in other international dairy markets. The Oceania milk production season is winding down, but is having a positive finish to the current season with milk volumes up 4% in Australia and 9% in New Zealand when compared to the previous season. U.S. output is also running much stronger than the previous year with February output running 4.6% ahead of a year ago in the 23 surveyed states. As milk production increases in Europe, manufacturing schedules are also on the increase. It is still early in the new season, thus plant capacity is not a problem, but some milk handlers are keeping a close eye on milk volumes as they increase seasonally. Traders and handlers are indicating that stocks of manufactured dairy products are available for domestic and international buyer interest. Some international sales are being reported, but for the most part, sales activity is occurring for an internal market. The upcoming Easter holiday is pulling additional milk volumes into fresh product production for holiday needs, especially cream based products. Butter churning activity is building seasonally and clearances of butter stocks to PSA are increasing. At the March 22 Dairy Management Committee meeting, published data indicated that nearly 21,000 MT of butter have cleared to the program since it opened on March 1. This volume compares to 14,100 MT in 2011 and 5,400 MT in 2010.

BUTTER/BUTTEROIL: European butter markets and prices are weak. Milk production continues to expand seasonally on a positive trend, thus is churning activity. Although European prices often remain higher than U.S. or Oceania sourced butter, Europeans are hopeful that the weakening trend might encourage international buyers to once again look to this region for their butter needs. Currently, most sales are centered around an internal or domestic need. European domestic butter sales have been and continue to be influenced by the upcoming Easter holiday. Increasing butter output continues to generate uncommitted butter stocks which are clearing to private and PSA inventory programs. Since March 1, butter has been clearing to PSA. At the March 22 Dairy Management Committee meeting, published data indicated that nearly 21,000 MT of butter have cleared to the PSA program since it opened earlier this month. This volume compares to 14,100 MT in 2011 and 5,400 MT in 2010.

82% BUTTERFAT: 3,850 - 4,025
99% BUTTERFAT: 4,500 - 4,600

powder market is weak as prices trend lower. Manufacturers and handlers are indicating that milk volumes are heavier than usual for this time of the year and driers are operating on much heavier schedules than are typical. Stocks of skim milk powder are increasing as sales activity is basically centered around an internal or domestic market. New international sales are being reported, although lighter than many suppliers anticipated. Shipments of skim milk powder from the tender finalized late in 2011 are winding down. Some traders and handlers are speculating that, for the time being, skim prices might be at or very near bottom levels.

1.25% BUTTERFAT: 2,675 - 2,900

WHOLE MILK POWDER (WMP): European whole milk powder markets are mixed, although the undertone is weak. Prices are unchanged to lower. Seasonally increasing milk volumes are clearing to all possible manufacturing outlets at heavier levels than are typical for this time of the season. Whole milk output is running well ahead of last year at this time. Manufacturers and handlers are indicating that sales activity is occurring, but basically limited to an internal market. International sales are slow. Most traders and handlers are speculating that international buyers are cautious with their purchases and holding off until prices stabilize.

26% BUTTERFAT: 3,400 - 3,650

SWEET WHEY POWDER: European whey powder markets are generally steady, although prices are easing, especially on higher price quotes. Cheese production remains seasonally active, thus whey powder volumes are increasing. For the most part, whey sales are limited to an internal market with international sales slower than in past weeks. Stocks of powder are in reasonable balance at this time, but increasing cheese output will enhance available offerings.

NONHYGROSCOPIC: 1,100 - 1,325

EASTERN OVERVIEW: Milk production increases in Eastern Europe are being reported, but not at the pace of Western counterparts. Typically, this region lags Western regions by 6 weeks or so, although signs of increases are occurring which are earlier than in recent years. Stocks of manufactured dairy products are available and often priced lower than Western offerings. 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 26, 2012

1.0092 Canadian Dollar	.0196 Indian Rupee
.2290 Argentina Peso	.8232 New Zealand Dollar
.0790 Mexican Peso	1.0534 Australian Dollar
.3234 Polish Zloty	.0121 Japanese Yen
	1.3358 Euro

SKIM MILK POWDER (SMP): European milk production is increasing seasonally, thus is butter/powder output. The skim

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

Information gathered March 19 - 30, 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 trend seasonally lower in New Zealand and Australia, but is running heavier than last year at this time. Manufacturers and handlers are indicating that the extra milk volume at the end of the season is providing a cushion of manufactured dairy products that was not anticipated. In New Zealand, good late summer/early fall weather patterns are contributing to a strong finish to the current milk production season. Reports are indicating that milk volumes are running about 9% ahead of last year. The extra milk flow is providing additional volumes for manufacturing and much of this extra manufactured product is ending up on the g/DT trading platform. In Australia, weather conditions remain quite favorable for late summer. The heavy rainfall earlier this month and subsequent flooding in Northern regions of Victoria has impacted between 150 and 200 farms. Although the heavy rainfall has ceased, early autumn rainfall continues to be reported. Much of the problem at this time is the dissipation of the water. This region is quite flat, thus water runoff is slow to occur. The extent of the flooding damage is still unclear, but for many farmers, pastures and grazing paddocks will need to be reseeded once water levels disperse. Some of the farmers that had to move their herds to high ground are starting to return to their operations, but pastures and paddocks remain wet. Although flooding conditions impacted nearly 200 farms in this region, milk handlers and manufacturers indicate that no significant negative impact is expected to come out of the situation. Milk production in Australia continues to run over 4% higher than last year at this time. Prices for manufactured dairy products in the Oceania region are trending lower. At the March 20 g/DT event, all products averaged lower to sharply lower prices.

BUTTER: Oceania butter markets and prices are generally holding unchanged, but the market undertone is weak. The milk production season in the region is winding down, although strong milk volumes at the end of the season are providing some additional milk to butter/powder plants. This extra milk and subsequent butter production at the end of the season is providing a little cushion to the supply/demand balance, although manufacturers and handlers of butter are not indicating that there are significant uncommitted volumes of butter available. At the March 20th g/DT event, the all contract price average for anhydrous milk fat declined 9.5% to \$3,284 per MT.

82% BUTTERFAT:

3,300 - 4,000

SKIM MILK POWDER (SMP): Skim milk powder markets and prices are generally holding steady in the Oceania regions, although the undertone is weak. Powder production is declining seasonally, although heavier than projected milk volumes at the end of the season are providing additional milk volumes to the driers. This additional milk is welcomed and this is providing a little cushion to the end of the season supply/demand balance. In New Zealand, this additional milk/powder is often clearing the marketplace with heavier offerings on the g/DT platform. At the March 20th g/DT event, the all contract price average was \$3,125, down 2% from the previous event. The near term contract (April) and U.S. sourced powder averaged \$2,786, up 1.1% from two weeks earlier.

1.25% BUTTERFAT:

3,000 - 3,400

CHEDDAR CHEESE: Cheese production in the Oceania region is winding down seasonally. The market tone and prices are steady to weaker. Traders and handlers are indicating that overall cheese stocks are basically in balance with demand and prices are adjusting to maintain competitive market share with other international offerings.

39% MAXIMUM MOISTURE:

3,500 - 4,400

WHOLE MILK POWDER (WMP): Oceania whole milk powder markets and prices are weak. Stocks of Oceania whole milk powder are in balance with needs and with heavier late season milk production, some additional whole milk powder is being generated which was not projected. Some of this late season powder production is clearing the marketplace through heavier offerings at the g/DT event, while other volumes are being maintained to cushion the supply/demand balance. At the most recent g/DT event on March 20, the all contract whole milk powder price average was \$3,316 per MT, down 2.6% when compared to the previous all contract price two week earlier.

26% BUTTERFAT:

3,300 - 3,600

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered March 19 - 30, 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 20, 2012 Global/Dairy Trading (g/DT) event 64 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.	\$3,148	-9.5%	\$3,457	-10.0%	\$3,690	-6.2%	\$3,284	-9.5%
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	\$2,786	+1.1%	\$3,105	-2.9%	\$3,286	-0.1%	\$3,243	-3.4%	\$3,125	-2.0%
Whole Milk Powder	N.A.	N.A.	\$3,316	-1.5%	\$3,268	-6.8%	\$3,397	-1.2%	\$3,316	-2.6%
Milk Protein Concentrate	N.A.	N.A.	\$4,160	-15.0%	\$4,565	-15.0%	N.A.	N.A.	\$4,345	-15.0%
Rennet Casein	N.A.	N.A.	\$6,412	-14.9%	\$6,717	-10.7%	N.A.	N.A.	\$6,545	-12.9%
Cheddar	N.A.	N.A.	\$3,094	-10.6%	\$3,130	-11.8%	N.A.	N.A.	\$3,114	-11.3%

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	03/15	03/16	03/19	03/20	03/21	03/22	03/23	03/26	03/27	03/28
CME - CLASS III MILK FUTURES (Pit-Traded)										
MAR 12	15.51 (6096) 0	15.61 (6111) 0	15.63 (6101) 0	15.64 (6098) 0	15.64 (6125) 0	15.63 (5996) 0	15.63 (6011) 0	15.64 (6012) 0	15.64 (6000) 0	15.64 (6000) 0
APR 12	15.95 (4745) 1	15.82 (4815) 0	15.84 (4832) 0	15.89 (4899) 2	16.26 (4829) 1	16.31 (4881) 0	15.68 (4869) 0	15.61 (4908) 8	15.40 (5041) 0	15.75 (5176) 0
MAY 12	15.64 (3835) 0	15.50 (3942) 0	15.30 (4032) 0	15.24 (4129) 0	15.55 (4105) 1	15.21 (4201) 0	15.11 (4230) 2	15.34 (4108) 11	15.10 (4098) 7	15.45 (4143) 0
JUN 12	15.96 (3283) 0	15.88 (3346) 0	15.68 (3390) 0	15.56 (3470) 0	15.86 (3439) 1	15.54 (3478) 0	15.44 (3538) 2	15.60 (3555) 1	15.47 (3568) 7	15.64 (3573) 0
JUL 12	16.58 (2477) 0	16.46 (2480) 0	16.28 (2504) 0	16.10 (2546) 0	16.31 (2569) 1	16.11 (2576) 0	15.98 (2590) 0	16.12 (2595) 1	16.02 (2600) 20	16.14 (2617) 6
AUG 12	16.95 (2379) 0	16.78 (2386) 0	16.73 (2390) 0	16.59 (2402) 0	16.66 (2416) 1	16.65 (2428) 0	16.48 (2505) 0	16.55 (2503) 1	16.50 (2505) 20	16.65 (2523) 6
SEP 12	16.90 (2269) 0	16.79 (2276) 0	16.75 (2275) 0	16.74 (2274) 0	16.80 (2275) 0	16.78 (2274) 0	16.66 (2272) 0	16.75 (2272) 1	16.75 (2267) 13	16.75 (2278) 6
OCT 12	16.80 (2068) 0	16.74 (2077) 0	16.74 (2077) 0	16.80 (2076) 0	16.83 (2083) 0	16.70 (2091) 0	16.65 (2098) 0	16.73 (2092) 1	16.75 (2093) 13	16.73 (2110) 6
NOV 12	16.50 (1860) 0	16.44 (1870) 0	16.44 (1870) 0	16.37 (1868) 0	16.43 (1872) 0	16.41 (1880) 0	16.44 (1880) 0	16.44 (1882) 1	16.46 (1888) 13	16.49 (1899) 6
DEC 12	16.50 (1771) 0	16.42 (1780) 0	16.38 (1780) 0	16.38 (1781) 0	16.45 (1785) 0	16.42 (1799) 0	16.41 (1808) 0	16.41 (1810) 1	16.42 (1821) 13	16.45 (1836) 6
CME - CLASS IV MILK FUTURES (Pit-Traded)										
MAR 12	15.48 (354) 0	15.48 (354) 0	15.48 (354) 0	15.48 (354) 0	15.48 (354) 0	15.48 (354) 0	15.48 (354) 0	15.48 (354) 0	15.48 (354) 0	15.48 (354) 0
APR 12	14.98 (327) 0	14.99 (327) 0	14.99 (327) 0	14.99 (327) 0	14.99 (327) 0	14.99 (327) 0	14.99 (327) 0	14.99 (327) 0	14.99 (327) 0	14.99 (327) 0
MAY 12	15.05 (279) 0	15.06 (279) 0	15.06 (279) 0	15.06 (279) 0	15.06 (279) 0	15.06 (279) 0	15.06 (279) 0	15.06 (279) 0	15.15 (279) 0	15.15 (275) 0
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
MAR 12	143.00 (831) 2	143.00 (830) 2	143.00 (833) 3	143.00 (833) 0	143.00 (833) 0	143.00 (833) 0	143.03 (833) 0	143.28 (833) 0	143.30 (833) 0	143.50 (833) 0
APR 12	147.75 (695) 9	147.75 (696) 3	149.25 (697) 5	147.00 (698) 7	148.00 (698) 2	146.50 (696) 3	145.00 (685) 11	145.05 (735) 0	145.05 (735) 0	145.00 (732) 6
MAY 12	150.00 (606) 2	150.00 (612) 6	151.00 (615) 4	149.50 (628) 18	149.50 (628) 3	149.50 (629) 11	147.00 (638) 12	148.00 (633) 10	148.25 (631) 4	146.75 (626) 16
CME - NONFAT DRY MILK FUTURES (Pit-Traded)										
MAR 12	135.00 (208) 0	135.00 (208) 0	135.00 (208) 0	135.00 (208) 0	135.00 (208) 0	135.00 (208) 0	134.00 (208) 0	134.00 (208) 0	134.00 (207) 0	133.00 (204) 0
APR 12	127.75 (242) 0	127.75 (242) 0	127.75 (242) 0	127.75 (242) 0	127.75 (242) 0	127.75 (242) 0	127.75 (242) 0	127.75 (242) 0	127.75 (242) 0	127.00 (254) 0
MAY 12	127.00 (230) 0	127.00 (230) 0	127.00 (230) 0	127.00 (230) 0	127.00 (232) 0	127.00 (232) 0	127.00 (232) 0	127.00 (232) 0	128.00 (247) 0	127.00 (265) 0
CME - WHEY (Electronic-Traded)										
MAR 12	58.15 (451) 4	60.75 (452) 6	60.75 (452) 0	60.75 (452) 0	60.00 (453) 1	60.33 (471) 37	60.50 (469) 2	60.50 (467) 0	60.50 (467) 0	60.75 (467) 1
APR 12	56.50 (354) 6	57.75 (366) 33	57.48 (369) 3	57.00 (369) 1	57.48 (368) 6	58.00 (366) 16	57.33 (373) 11	56.95 (377) 6	56.75 (380) 4	57.95 (382) 4
MAY 12	50.00 (304) 3	52.50 (308) 15	52.50 (309) 1	50.93 (326) 21	51.50 (323) 6	51.45 (334) 17	48.00 (386) 54	48.55 (382) 26	48.55 (384) 4	49.75 (384) 2
CME - CHEESE CSC (Electronic-Traded)										
MAR 12	1.52 (1391) 2	1.53 (1392) 5	1.53 (1392) 0	1.53 (1392) 0	1.52 (1393) 1	1.52 (1394) 6	1.52 (1390) 4	1.52 (1390) 0	1.52 (1390) 0	1.52 (1390) 0
APR 12	1.58 (1323) 25	1.55 (1361) 49	1.57 (1371) 13	1.56 (1371) 4	1.61 (1362) 14	1.60 (1363) 15	1.54 (1341) 45	1.55 (1324) 76	1.52 (1338) 20	1.55 (1337) 1
MAY 12	1.58 (1127) 13	1.56 (1136) 25	1.53 (1189) 57	1.54 (1245) 81	1.57 (1223) 28	1.53 (1272) 70	1.54 (1482) 306	1.56 (1511) 69	1.53 (1508) 16	1.56 (1506) 2
JUN 12	1.63 (1052) 36	1.61 (1068) 32	1.60 (1078) 22	1.58 (1134) 68	1.61 (1131) 12	1.58 (1138) 19	1.58 (1185) 58	1.59 (1191) 19	1.58 (1192) 3	1.58 (1192) 2
JUL 12	1.69 (776) 45	1.69 (776) 0	1.67 (778) 11	1.65 (786) 26	1.66 (785) 7	1.64 (789) 13	1.65 (807) 25	1.65 (797) 27	1.65 (798) 9	1.66 (799) 2
AUG 12	1.72 (734) 6	1.72 (738) 4	1.71 (738) 4	1.70 (739) 4	1.70 (739) 1	1.70 (748) 25	1.71 (782) 43	1.71 (775) 22	1.70 (772) 17	1.71 (770) 16

^{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.

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

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish, and Eggs	
	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/	CPI 2/	Pct. Chg. 3/
DEC 2011	231.3	4.7	218.5	8.1	212.9	9.5	223.4	7.8	199.6	1.9	228.9	7.9
JAN 2012	232.7	4.4	220.5	9.0	213.2	10.0	227.3	10.3	207.1	2.2	229.8	7.2
FEB 2012	232.5	3.9	219.4	7.8	210.9	7.1	226.3	10.0	202.3	-3.6	228.6	5.8
U.S. City Average Retail Prices												
Month	Whole Milk 4/		Butter 5/		Process Cheese 6/		Natural Cheese 7/		Ice Cream 8/			
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	Dollars											
DEC	3.565	3.318	3.320	3.416	4.303	3.797	5.430	4.933	5.251	4.584		
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
JAN	3.583	3.301	3.501	3.526	4.396	3.758	5.717	5.143	5.290	4.740		
FEB	3.520	3.357	3.467	3.670	4.262	3.734	5.598	5.023	5.030	4.990		

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

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS—NOVEMBER 2011-JANUARY 2012 AND YEAR-TO-DATE 2010-2011 1/

Item	Nov.-Jan. 2010/11	Percent change 2/	Nov.-Jan. 2011/12	Percent change 2/	Jan.-Dec. 2010	Percent change 2/	Jan.-Dec. 2011	Percent change 2/
	Million Pounds							
MILK								
Production	48,338	3.1	49,379	2.2	193,118	2.0	196,245	1.6
Marketings	48,096	3.2	49,136	2.2	192,162	2.0	195,277	1.6
Beginning Commercial Stocks 3/	11,640	-7.7	11,744	0.9	11,334	12.8	10,927	-3.6
Imports 3/	829	-17.7	1,089	31.4	3,098	-23.6	3,220	3.9
Total Supply 4/	60,565	0.6	61,969	2.3	206,594	2.1	209,424	1.4
Ending Commercial Stocks 3/	11,791	-3.7	12,301	4.3	10,927	-3.2	10,983	0.5
Net Removals 3/	0	100.0	0	0.0	112	-84.1	0	-100.0
Commercial Disappearance 4/	48,774	2.4	49,668	1.8	195,555	2.7	198,441	1.5
SELECTED PRODUCTS 5/								
Butter	451.1	1.2	474.4	5.2	1,629.0	3.9	1,806.7	10.9
American Cheese	1,088.6	6.0	1,104.5	1.5	4,265.9	1.7	4,292.2	0.6
Other Cheese	1,679.9	6.1	1,746.9	4.0	6,390.8	4.1	6,661.6	4.2
Nonfat Dry Milk	401.6	31.8	408.3	1.7	1,548.8	15.0	1,496.7	-3.4
Fluid Milk Products 6/	14,259.6	0.2	13,844.8	-2.9	54,696.0	-1.4	53,738.5	-1.8

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

MARCH AGRICULTURAL PRICES HIGHLIGHTS

The All Milk price received by farmers was \$17.40 in March, down \$0.30 from February 2012 and down \$3.00 from March 2011. Alfalfa hay price was \$201.00 in March, up \$59.00 from March 2011. Corn price was \$6.48 in March, up \$0.95 from March 2011. Soybean price was \$13.10 in March, up \$0.40 from March 2011. The milk-feed price ratio was 1.48 in March, down 0.64 from March 2011.

The index of prices received by farmers for dairy products during the month of March 2012 was down 3 points to 133. Compared with March 2011, the index was down 23 points (14.7 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in March 2012 was up 1 point to 210. Compared with March 2011, the index was up 9 points (4.5 percent).

SELECTED MILK PRICES, MILK COWS, AND FEED PRICES, SELECTED STATES AND U.S., MARCH 2012 WITH COMPARISONS

State	All-Milk price 1/ 2/				Alfalfa hay, baled		Corn		Soybeans	
	Dollars per cwt.				Dollars per ton		Dollars per bushel		Dollars per bushel	
	February		March		March		March		March	
	2011	2012	2011	2012 3/	2011	2012 3/	2011	2012 3/	2011	2012 3/
AZ	18.30	17.10	19.90	16.50	180.00	260.00	---	---	---	---
CA	18.01	15.90	18.62	16.00	240.00	245.00	---	---	---	---
CO	18.90	18.10	20.30	17.50	140.00	255.00	5.21	6.47	---	---
ID	17.90	16.90	18.70	16.70	157.00	210.00	---	---	---	---
IN	19.70	18.30	21.10	17.60	---	---	5.80	6.73	---	---
IA	19.30	18.30	20.70	17.60	118.00	149.00	5.32	6.40	12.40	13.10
MI	19.20	18.50	21.10	17.90	105.00	110.00	5.84	6.35	12.20	13.10
MN	19.50	18.60	20.90	18.40	110.00	145.00	5.25	6.30	12.50	13.00
NM	18.50	16.30	20.30	16.20	180.00	301.00	---	---	---	---
NY	19.60	19.00	21.30	18.10	140.00	160.00	---	---	---	---
OH	20.40	19.10	22.10	18.30	162.00	192.00	5.95	6.65	---	---
PA	20.70	19.60	22.00	18.70	159.00	228.00	6.88	7.10	---	---
TX	19.90	17.80	21.60	17.50	190.00	276.00	5.45	7.24	---	---
WA	19.40	18.00	21.10	17.50	140.00	245.00	---	---	---	---
WI	19.20	18.30	21.00	17.90	105.00	125.00	5.60	6.23	12.00	12.90
U.S.	19.10	17.70	20.40	17.40	142.00	201.00	5.53	6.48	12.70	13.10

1/ Prices are shown at reported butterfat test. 2/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies.

3/ Preliminary.

MILK-FEED PRICE RATIO, SELECTED STATES AND U.S., MARCH 2012 WITH COMPARISONS

Milk-feed: pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk 1/			
State 2/	March 2011	February 2012	March 2012 3/
IA	2.32	1.76	1.66
MI	2.32	1.93	1.83
MN	2.40	1.88	1.76
OH	2.11	1.62	1.56
WI	2.37	1.88	1.80
U.S.	2.12	1.55	1.48

1/ The price of commercial prepared dairy feed is based on current United States prices received for corn, soybeans, and alfalfa. The modeled feed uses 51 percent corn, 8 percent soybeans, and 41 percent alfalfa hay. 2/ Available states that provided all necessary data to compute milk feed price ratios.

3/ Preliminary.

GENERAL PRICE MEASURES, U.S., MARCH 2012 WITH COMPARISONS

Item	March 2011	February 2012	March 2012 1/
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for dairy products	156	136	133
Prices paid by farmers for commodities and services, interest taxes, and wage rates	201	209	210

1/ Preliminary.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Agricultural Prices, March 2012*.

**ANNOUNCED COOPERATIVE CLASS I PRICES FOR SELECTED CITIES IN FEDERAL MILK ORDERS,
APRIL 2012, WITH COMPARISONS 1/**

For April 2012, the all-city average announced cooperative Class I price was \$20.79 per cwt., \$2.49 higher than the Federal milk order (FMO) Class I price average for these cities. The April 2012 Cooperative Class I price was \$0.61 lower than the March 2012 price. The April 2012 Federal order Class I price was \$0.64 lower than the March 2012 price. On an individual city basis, the difference between the Federal order and announced cooperative Class I price ranged from \$.50 in Phoenix, AZ, to \$4.29 in Miami, FL. For April 2011, the all-city average announced cooperative Class I price was \$24.64, \$2.57 higher than the Federal order Class I price average for these cities. Note: For most cities, the Announced Cooperative Class I Price now includes premiums paid for milk produced without rBST.

City	APRIL 2012		
	Announced Cooperative Class I Price	Federal Milk Order Class I Price	Difference
	Dollars per hundredweight, 3.5% butterfat		
Atlanta, GA	22.84	19.46	3.38
Baltimore, MD	20.33	18.66	1.67
Boston, MA	20.71	18.91	1.80
Charlotte, NC	22.51	19.06	3.45
Chicago, IL	21.08	17.46	3.62
Cincinnati, OH	20.77	17.86	2.91
Cleveland, OH	20.57	17.66	2.91
Dallas, TX	19.48	18.66	0.82
Denver, CO	19.64	18.21	1.43
Des Moines, IA	20.21	17.46	2.75
Detroit, MI	20.34	17.46	2.88
Hartford, CT	20.61	18.81	1.80
Houston, TX	20.73	19.26	1.47
Indianapolis, IN	20.57	17.66	2.91
Kansas City, MO	19.90	17.66	2.24
Louisville, KY	21.21	17.96	3.25
Memphis, TN	21.81	18.56	3.25
Miami, FL	25.95	21.66	4.29
Milwaukee, WI	21.03	17.41	3.62
Minneapolis, MN	19.94	17.36	2.58
New Orleans, LA	21.71	19.46	2.25
Oklahoma City, OK	20.46	18.26	2.20
Omaha, NE	19.96	17.51	2.45
Philadelphia, PA	21.89	18.71	3.18
Phoenix, AZ	18.51	18.01	0.50
Pittsburgh, PA	21.54	17.76	3.78
St. Louis, MO	20.05	17.66	2.39
Seattle, WA	18.37	17.56	0.81
Springfield, MO	20.76	18.06	2.70
Washington, DC	20.33	18.66	1.67
Wichita, KS	19.84	17.86	1.98
Simple Average	20.79	18.30	2.49

1/ This table contains information from the Class I price announcements sent by the major cooperatives in each city market to all handlers who buy milk from them. These over-order prices include charges for various services performed by the cooperative. In some instances, these over-order prices may not include all credits that may be allowed. These prices have not been verified as having been actually paid by handlers.

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

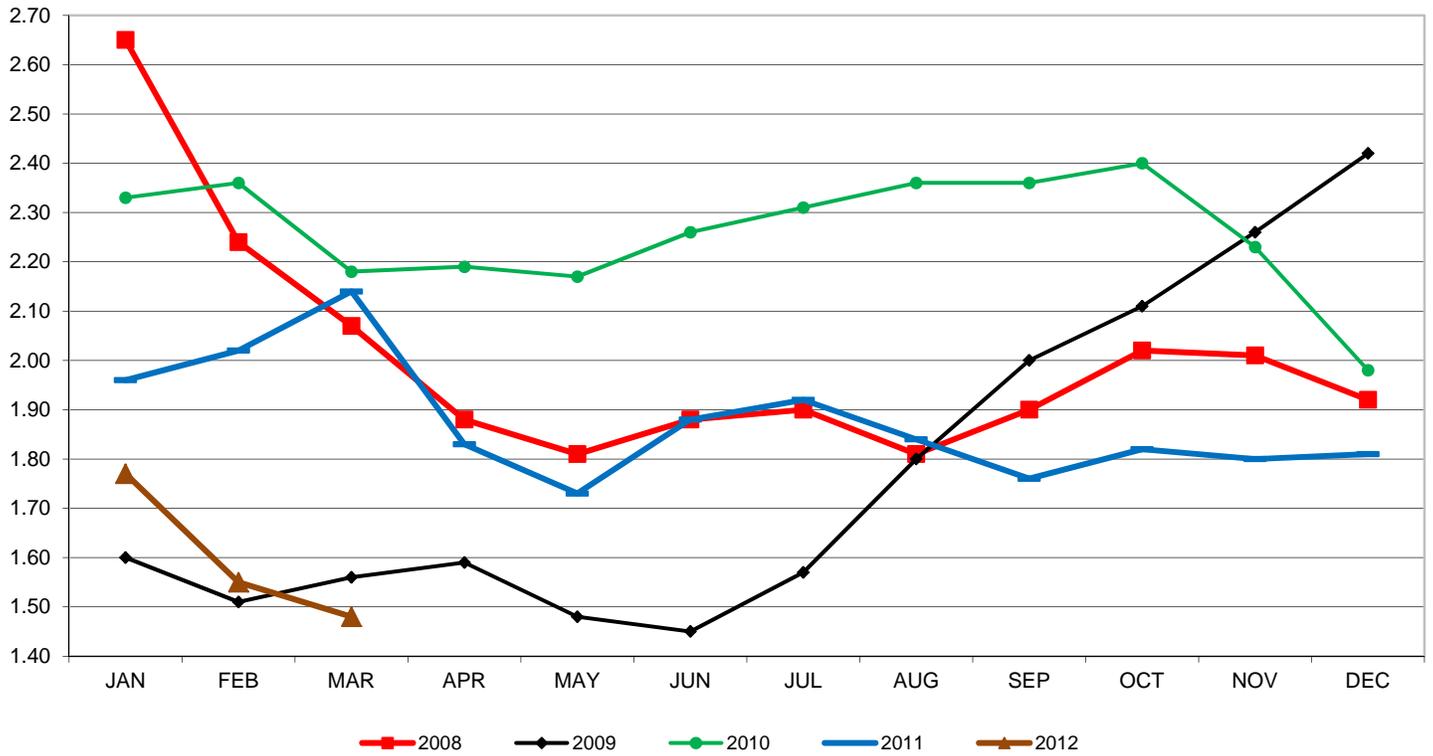
FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, MARCH

Component Price Information: Under the Federal milk order pricing system, the butterfat price for March 2012 is \$1.5297 per pound. Thus, the Class II butterfat price is \$1.5367. The protein and other solids prices for March are \$2.6571 and \$0.4239 per pound, respectively. These component prices set the Class III skim milk price at \$10.74 per cwt. The March Class IV skim milk price is \$10.36 which is derived from the nonfat solids price of \$1.1516 per pound.
Product Price Averages: The product price averages for March are: butter \$1.4347, nonfat dry milk \$1.3310, cheese \$1.5248, and dry whey \$0.6107.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT ^{1/} _{2/}						
FEDERAL MILK ORDER MARKETING AREAS ^{3/}	ORDER NUMBER	MARCH 2012				APRIL 2012
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) ^{4/}	001	19.55	16.59	15.72	15.35	18.91
Appalachian (Charlotte) ^{5/} ^{6/}	005	19.70	16.59	15.72	15.35	19.06
Southeast (Atlanta) ^{6/} ^{7/}	007	20.10	16.59	15.72	15.35	19.46
Florida (Tampa) ^{6/} ^{8/}	006	21.70	16.59	15.72	15.35	21.06
Midwest (Cleveland) ^{9/}	033	18.30	16.59	15.72	15.35	17.66
Upper Midwest (Chicago) ^{10/}	030	18.10	16.59	15.72	15.35	17.46
Central (Kansas City) ^{11/}	032	18.30	16.59	15.72	15.35	17.66
Southwest (Dallas) ^{12/}	126	19.30	16.59	15.72	15.35	18.66
Arizona (Phoenix)	131	18.65	16.59	15.72	15.35	18.01
Pacific Northwest (Seattle) ^{13/}	124	18.20	16.59	15.72	15.35	17.56
All-Market Average	---	19.19	16.59	15.72	15.35	18.55

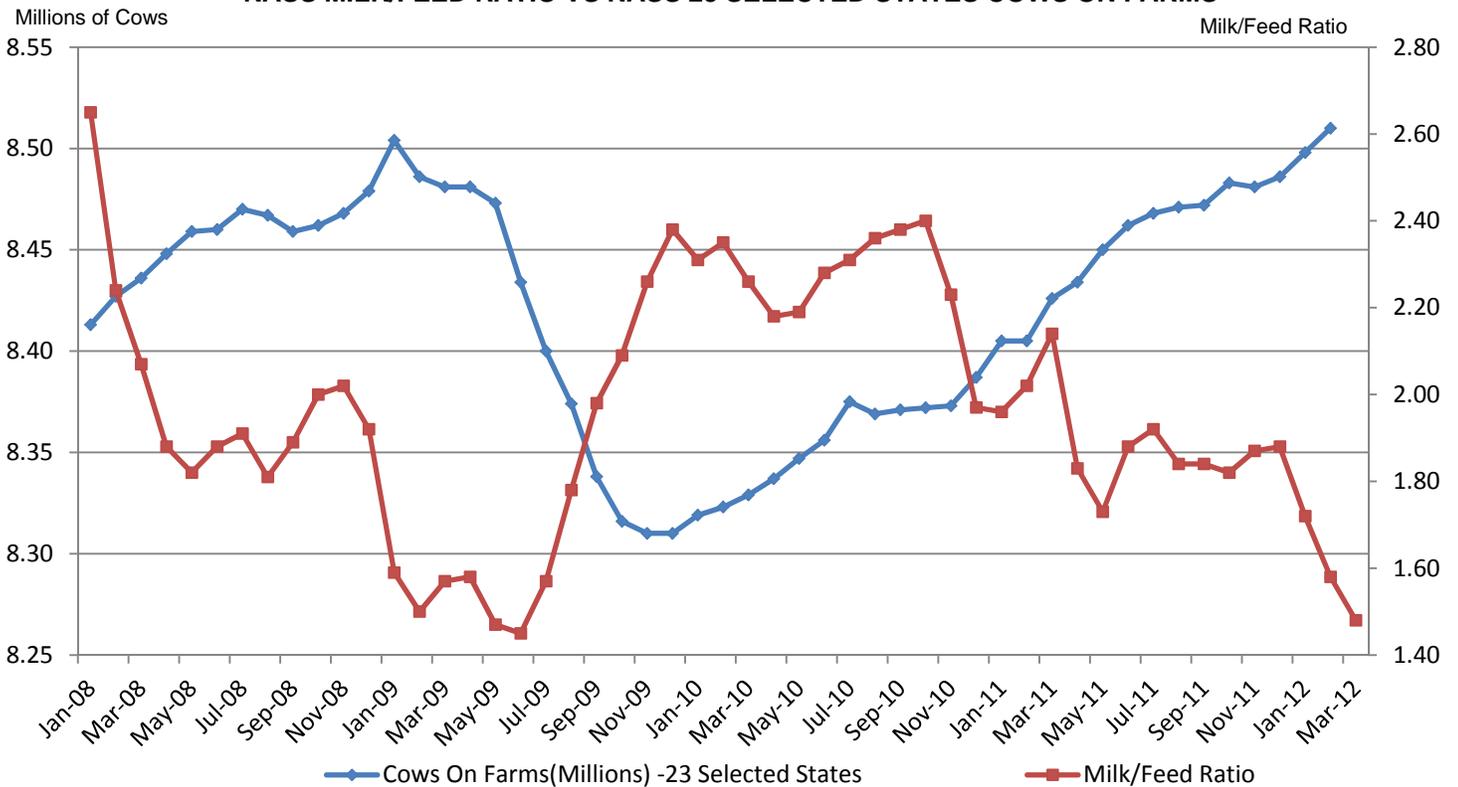
^{1/} To convert the Class I price per 100 pounds to the Class I price per gallon, divide 11.63--the approximate number of gallons in 100 pounds of milk.
^{2/} Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.
^{3/} Names in parentheses are the major city in the principal pricing point of the market.
^{4/} 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.
^{5/} Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10.
^{6/} Effective May 1, 2008, the Class I price surface in these orders were temporarily adjusted.
^{7/} Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90; Nashville, minus \$0.90; and Springfield, MO, minus \$1.40.
^{8/} Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40.
^{9/} Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.
^{10/} Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.
^{11/} 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.
^{12/} 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.
^{13/} Class I prices at other cities are: Portland, same; and Spokane, same.

MILK FEED PRICE RATIO



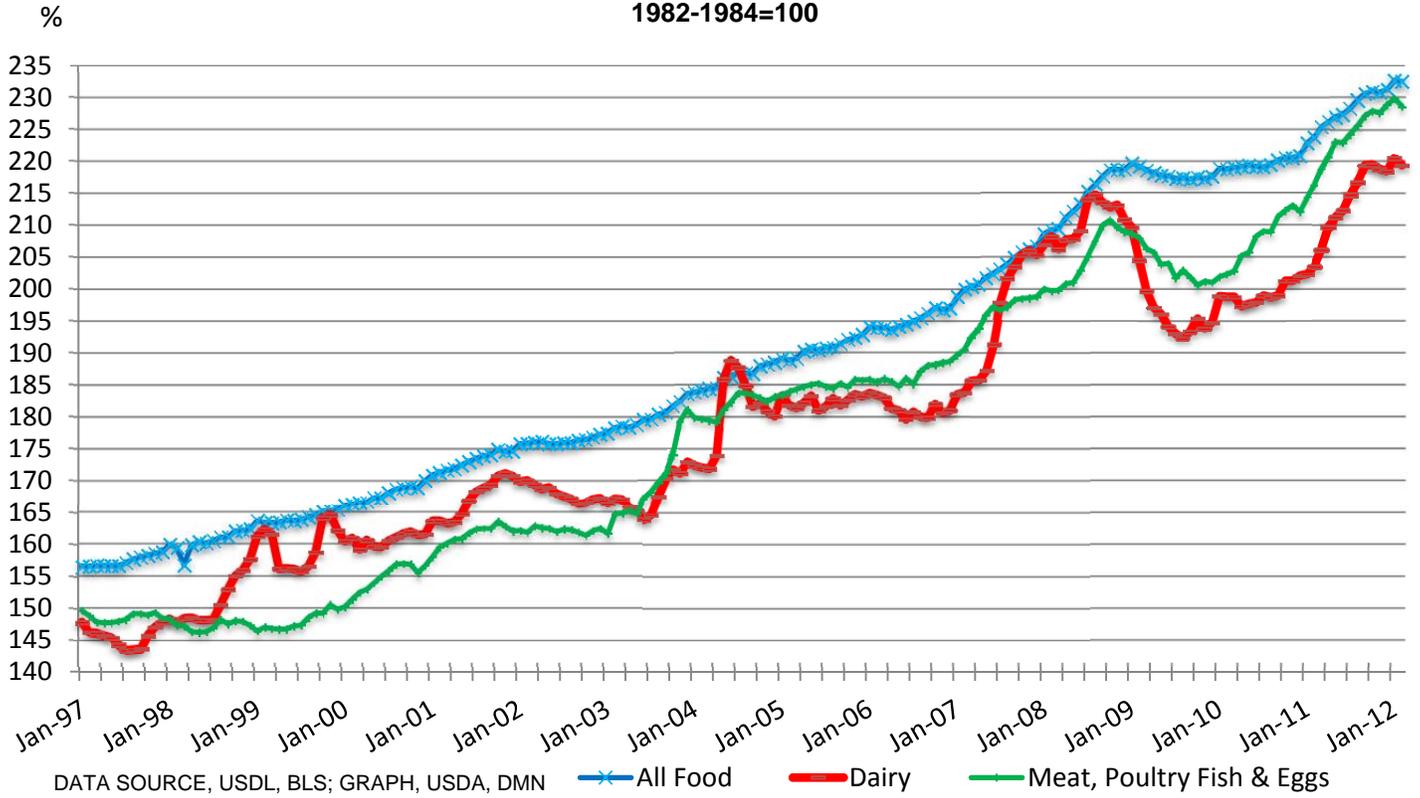
DATA SOURCE, USDA, NASS ; GRAPH, USDA, DMN

NASS MILK/FEED RATIO VS NASS 23 SELECTED STATES COWS ON FARMS

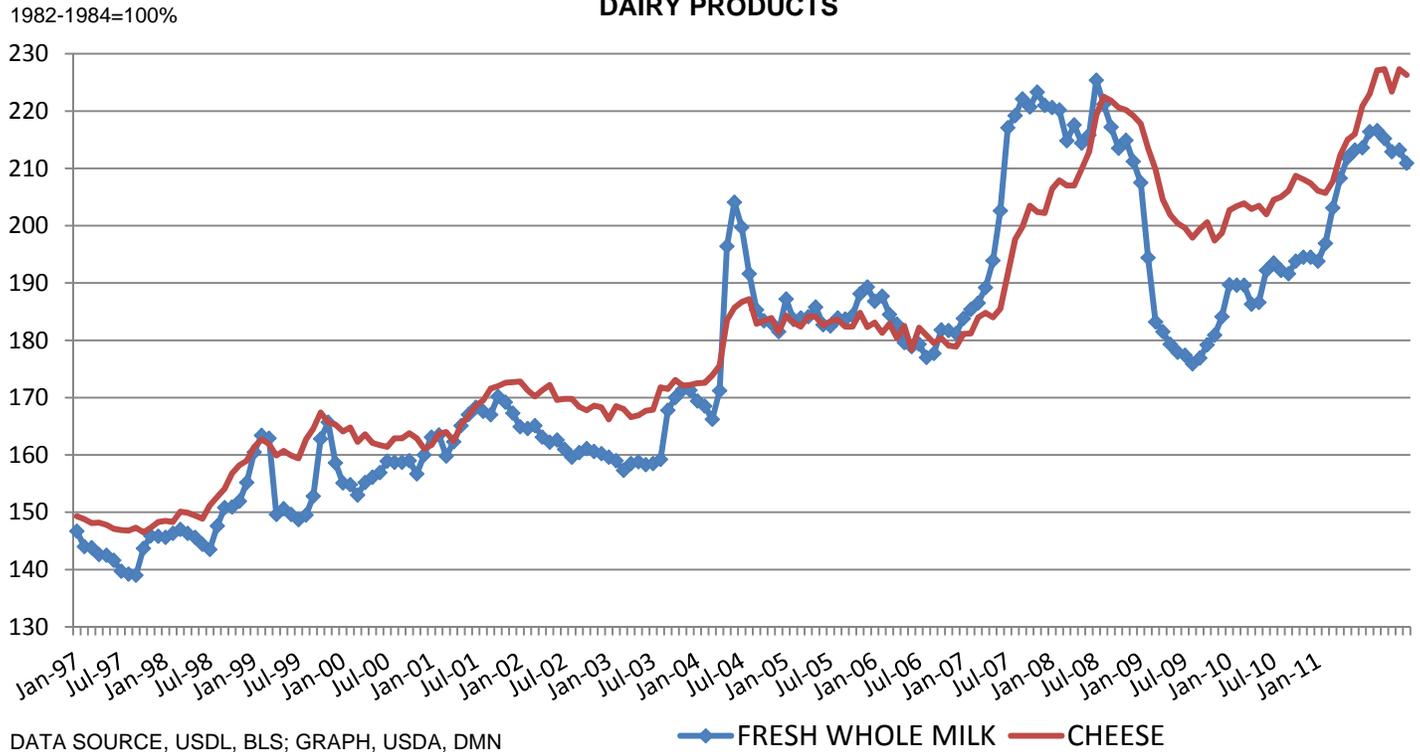


DATA SOURCE, USDA, NASS; GRAPH, USDA, DMN

**CONSUMER PRICE INDEX
1982-1984=100**



**CONSUMER PRICE INDEX
DAIRY PRODUCTS**



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