

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (04/13):**

**BUTTER:** Grade AA closed at \$1.4250. The weekly average for Grade AA is \$1.4260 (-.0184).

**CHEESE:** Barrels closed at \$1.4600 and 40# blocks at \$1.4875. The weekly average for barrels is \$1.4495 (-.0118) and blocks, \$1.4875 (-.0019).

**BUTTER HIGHLIGHTS:** The CME Group cash butter price continued to ease during the week and closed the trading week at \$1.4250. Churning schedules across the country were very active late last week, over the recent holiday weekend, and into this week, but now have slowed somewhat. Class II cream demand has declined considerably compared to weeks prior to the holiday. Most cream handlers were anticipating the decline, but were also hopeful that Class II ice cream needs might absorb a good portion of this cream volume. It appears that some ice cream output continues, but not at a pace that would readily absorb available cream volumes. Many ice cream producers are indicating that their production lines are often running heavier than is usually the case for this time of the season, but recent very favorable temperatures and weather patterns have encouraged ice cream and soft service consumption. Butter orders slowed this week as buyers assess their holiday carryover volumes before returning to the marketplace. For those that are re-ordering, often their orders are being placed for short term or immediate needs. Food service orders are also lighter this week as buyers assess their needs. Cooperatives Working Together (CWT) assisted butter exports last week totaling 3.7 million pounds (1,697 MT).

**CHEESE HIGHLIGHTS:** Increased milk supplies across the country continue to push cheese production. Many plants are operating at or near capacity to handle the extra offered supplies. Some milk is being offered to cheese plants at a discount to move the supply. Cheese inventories are building, although export sales have helped to move some excess product. February monthly average prices for barrels and blocks were around 29 cents lower than last year's price. Cheese prices had traded in a narrow band for the previous two weeks. This week saw a 5 ¼ cent drop for barrels on Thursday at the CME Group. Friday's closing trade for the week saw a quick return back up the 5 ¼ cents on five sales. Sales activity at the exchange saw 18 loads of barrels traded this week, while blocks reported no sales. The week's close for barrels on Friday was \$1.4600 and blocks closed at \$1.4875.

**FLUID MILK:** Milk production continues to build in the East and Central regions of the nation. California and the Pacific Northwest saw steady to slightly higher milk supplies. Arizona and Florida are the only states to have declining milk production, having recently reached their seasonal peak. Fluid milk sales are mostly steady and continue to underperform compared to year ago Class I sales. Processing capacity is being stretched nationwide in order to handle the increases in the milk supply. Numerous plants have to take on the costly task of shipping milk and components to out of state and/or out of region plants with available processing capacity. Cream supplies remain heavy with significant surplus volumes' going to butter churns. There has been a shift away from cream based holiday items towards ice cream, but the full ramp up to ice cream production has yet to occur.

**DRY PRODUCTS:** Nonfat dry milk prices are lower on a weak market. Milk processors are operating at near capacity to handle the strong farm milk intakes. The market undertone remains weak. Dry buttermilk continues to trend lower in light to moderate trading. Dry buttermilk production is active as significant volumes of surplus cream are moving to Class IV plants. The market undertone is weak. Prices for dry whole milk are lower as price pressure builds on the nonfat and butterfat components of this product. Dry whey prices are unchanged to lower. The market is still exhibiting weakness due to larger inventories finding their way to the spot market. Heavier than usual milk supplies to cheese plants, have increased the whey stream supply. Demand from ice cream manufacturers is helping clear some supplies. Prices for whey protein concentrate 34% moved lower on the mostly price series. Despite the cooperation between manufacturers and brokers to clear WPC 34% according to contract terms, higher than anticipated milk intakes/cheese production/WPC 34% production at some locations prompted some manufacturers to enter the spot market during the last few weeks. Lactose prices moved higher. The market tone is somewhat mixed as lactose spot load availability from manufacturers and resellers is variable.

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CME GROUP CASH TRADING

COMMODITY	MONDAY APR 09	TUESDAY APR 10	WEDNESDAY APR 11	THURSDAY APR 12	FRIDAY APR 13	WEEKLY CHANGE*	WEEKLY AVERAGE#
<b>CHEESE</b>							
BARRELS	\$1.4600 (N.C.)	\$1.4600 (N.C.)	\$1.4600 (N.C.)	\$1.4075 (-.0525)	\$1.4600 (+.0525)	(N.C.)	\$1.4495 (-.0118)
40# BLOCKS	\$1.4875 (N.C.)	\$1.4875 (N.C.)	\$1.4875 (N.C.)	\$1.4875 (N.C.)	\$1.4875 (N.C.)	(N.C.)	\$1.4875 (-.0019)
<b>NONFAT DRY MILK</b>							
EXTRA GRADE	\$1.2575 (N.C.)	\$1.2575 (N.C.)	\$1.2575 (N.C.)	\$1.2075 (-.0500)	\$1.1825 (-.0250)	(-.0750)	\$1.2325 (-.0250)
GRADE A	\$1.2675 (N.C.)	\$1.2675 (N.C.)	\$1.2675 (N.C.)	\$1.2175 (-.0500)	\$1.1925 (-.0250)	(-.0750)	\$1.2425 (-.0250)
<b>BUTTER</b>							
GRADE AA	\$1.4300 (N.C.)	\$1.4250 (-.0050)	\$1.4250 (N.C.)	\$1.4250 (N.C.)	\$1.4250 (N.C.)	(-.0050)	\$1.4260 (-.0184)

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

The European 2011 - 2012 milk quota year has ended and the new year began April 1. For 2011 - 2012, it appears that milk volumes in Austria and Germany surpassed quota levels with a few other countries on the border line. For the most part, milk handlers are not reporting milk marketing withholdings prior to the end of the recent quota year to maintain under quota levels, thus not a larger volume in early April. Milk production trends in **Western Europe** remain positive throughout most of Europe. Weather conditions have been favorable with mild temperatures and scattered rainfall. Milk producers are indicating that early spring weather patterns are nearly ideal for cow comfort and milk production development. Pastures are greening very well. Traders and handlers of manufactured dairy products are stating that volumes are increasing, although overall sales activity remains slow. Some international buyers are returning to the marketplace, but remain cautious with their purchases. For those buyers, hesitancy continues to be exercised with purchases mainly for short term or immediate needs, although buyers are already looking forward to third quarter needs. As milk volumes increase, so is manufacturing. Much of current production is clearing to inventory with internal or domestic sales clearing typical volumes for this time of the season. Overall, prices for most manufactured dairy products are easing and in some instances, starting to align themselves with other international offerings. As milk production expands, manufacturing increases and overall sales remain slow and inventories continue to build. Butter continues to clear to PSA and is running about double the level last year at this time. The Dairy Management Committee will be meeting next week on the 19th and updated PSA figures will be released. Milk production trends in **Eastern Europe** appear to also be developing on a positive basis. Although temperatures are cool, overall weather patterns are positive for early milk production development. Milk volumes remain seasonally low, but manufacturing facilities are starting to gear up to process an increasing milk flow. Stocks of new products are limited, although volumes are starting to be generated. Traders and handlers are indicating that buyer interest remains limited, but some buyers at least are starting to shop, especially for third quarter needs. Buyers had been standing back from the marketplace for quite some time and now are returning. Milk production continues to trend seasonally lower in New Zealand and Australia, but is finishing the season in a very positive fashion. The additional, unforeseen, milk volumes are providing additional late season manufacturing that is providing some cushioning to supply/demand balance. In most instances, this late season output is clearing the marketplace with minimal problems. In **New Zealand**, late summer and early fall weather patterns are quite conducive to milk output. Sufficient moisture, mild temperatures, and sunny days are providing for good pasture growth as the season winds down. Milk output on both the North and South Islands is running stronger than the previous year with output for the country running very near 10% ahead of last season. Much of this growth is being attributed to the strength at the end of the season. In **Australia**, weather conditions remain quite favorable for early fall. The heavy rainfall about 6 weeks ago and subsequent flooding in Northern regions of Victoria has ended. Water levels in the affected area did not dissipate quickly, but now most of the water is gone, but farmers now have to deal with the after effects. Standing water for much of this time has greatly impacted pasture and paddock conditions. Most of the paddocks will need to be reseeded, thus limiting grazing opportunities for the balance of this season. Although this Northern

Victoria region was negatively impacted by flooding and subsequent milk production disruptions, overall milk output in Australia continues to register about a 4% increase over last season. Traders and handlers are indicating that sales activity is quiet and most market activity is centered around previous commitments. At the April 3 g/DT event, outside of skim and whole milk powder, all product price averages were higher. At this event, two new suppliers offered product on the auction. Skim milk powder was also offered from Europe and lactose was offered from Australia. Within the next week or so, the g/DT platform will announce the results of a formal rule change proposal pertaining to an adjustment to contract shipping periods effective May 1. Since the event started in 2008, a mix of contracts involving one and three month shipment periods were available. The new proposal would make six monthly contracting periods and would run consecutively beginning with the month following any given event. This proposed rule change will potentially make it easier for buyers and sellers to manage their purchases and commitments.

**APRIL MILK SUPPLY AND DEMAND ESTIMATES**

**(WAOB):** The milk production forecast for 2012 is raised on increased milk cow numbers and gains in milk per cow. The skim solids import forecast is raised. The fat-basis export forecast is reduced on lower butter exports, but skim solids exports are forecast higher on stronger nonfat dry milk (NDM) sales. Ending stock forecasts are raised on both a fat and skim-solids basis. With higher forecast 2012 milk production and weaker than expected product demand, price forecasts for cheese, butter, NDM, 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 \$17.25- \$17.75.

**FEBRUARY FLUID MILK SALES (AMS):** During February, 4.3 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.2% higher than February 2011. After adjusting for calendar composition, sales in February 2012 were 3.4% lower than February 2011. Estimated sales of total conventional fluid milk products decreased 0.2% from February 2011 and estimated sales of total organic fluid milk products increased 11.2% from a year earlier.

## CME GROUP

MONDAY, APRIL 9, 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: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4200; LAST OFFER UNCOVERED: NONE

TUESDAY, APRIL 10, 2012

CHEESE -- SALES: 6 CARS BARRELS @ \$1.4600; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.4500; 1 CAR 40# BLOCKS @ \$1.4875; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4700  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.4250; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4200; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$1.4250

WEDNESDAY, APRIL 11, 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 @ \$1.4250; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4200; LAST OFFER UNCOVERED: NONE

THURSDAY, APRIL 12, 2012

CHEESE -- SALES: 7 CARS BARRELS: 2 @ \$1.4600, 1 @ \$1.4300, 1 @ \$1.4100, 3 @ \$1.4075; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.4000; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR EXTRA GRADE @ \$1.2075; 1 CAR GRADE A @ \$1.2175  
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.4250; LAST BID UNFILLED: 3 CARS GRADE AA @ \$1.4250; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.4350

FRIDAY, APRIL 13, 2012

CHEESE -- SALES: 5 CARS BARRELS @ \$1.4600; LAST BID UNFILLED: 5 CARS BARRELS @ \$1.4600; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4700  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR EXTRA GRADE @ \$1.1825; 1 CAR GRADE A @ \$1.1925  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4200; LAST OFFER UNCOVERED: NONE

## BUTTER MARKETS

## NORTHEAST

The CME Group butter price declined \$0.0050 Tuesday and closed at \$1.4250. The butter price has declined \$0.0375 over the previous 6 trading sessions. Cream continues to be readily available following the increases in milk production with significant volumes going to churns. Butter production continues to increase, due to the increasing cream supply, expanding inventories. Domestic demand has returned to normal seasonal levels with some areas noting fairly good food service demand. Export demand continues to be good, prompted by export assistance. Cooperatives Working Together (CWT) has accepted 14 requests for export assistance to sell 4.063 million pounds of butter and 3.741 million pounds of Cheddar and Monterey Jack cheese to customers in Asia, the Caribbean, the Middle East and North Africa. Delivery of product will be from April through October 2012. To date in 2012, CWT has assisted with 37.4 million pounds in export butter sales. Current bulk butter prices range from 2-8 cents over the market based on the CME Group with various time frames and averages used. DAIRY PRODUCTS: According to NASS, cumulative 2012 butter production through February (unadjusted for the extra production day in February 2012) was 11.1% above cumulative year production for the same period for 2011. February's monthly U.S. butter production (unadjusted for the extra production day in February 2012) totaled 170.1 million pounds, down 5.8% from January, but 13.9% more compared to February 2011. Atlantic region butter production in February (unadjusted for the extra production day in February 2012) totaled 18.1 million pounds, down 11.3% from January, but 18.5% more than February 2011.

## CENTRAL

During the past holiday shortened (4 day) trading period, the CME cash butter price has declined \$0.0125 to settle at \$1.4250 at midweek. With the cash price easing slightly, compared to the previous week, some butter producers and handlers are questioning if this is the bottom of the market for a while. Some continue to indicate that it is still early to speculate that this is the bottom of the market with peak milk production still in the future for much of the Midwest. Churning schedules are seasonally strong and in many instances, butter churns are already running at or very near capacity levels. Cream offerings leading up to the Easter/Passover weekend were heavy and most butter operations were often able to negotiate their additional cream purchases to keep surplus volumes moving. Churning outpaced demand, thus much of holiday production ended up enhancing inventories. Butter demand late last week and early this week was slow, but is starting to pick up the pace by midweek. Much of current butter demand is for fill-in orders following the holiday. Most buyers are indicating that they will be placing much lighter orders now that the Easter/Passover need has been filled. Retailers are also stating that butter feature activity in recent weeks was very good and cleared heavy volumes of print butter.

Food service orders have also slowed this week and are projected to be very similar to buying periods following the spring holiday. Many restaurant and food service buyers do indicate that overall traffic flow through their operations has been more favorable this year than in recent years and are attributing this trend to favorable winter/early spring weather patterns. The CWT program continues to extend butter export assistance. Last week, nearly 4.1 million pounds (1,843 MT) of domestically produced butter received export assistance through the CWT program. This butter will be exported now through October 2012. Bulk butter prices range from flat to 3 cents over various pricing bases and averages per pound.

## WEST

Western butter prices are slightly lower this week. Weekly average prices continue to move lower, but the pace has slowed recently. The market tone is weak as buyers wait to see if post Easter orders continue to move product from inventory. Sales for the holiday were good for club stores and into retail. Restaurant sales have begun to show some improvement. Production of butter is currently building stocks although some report good movement of print butter. Bulk buyers are showing more interest in purchasing for storage programs. Prices for bulk butter range from even to \$.0500 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 unchanged at \$1.4250. The trade on Wednesday was light with one sale of butter at the unchanged price. There was a lower unfilled bid. Sales have been light with only two sales reported by midweek. CME Group average price for March 2012 for butter is \$1.4895 compared to \$2.0863 for March 2011.

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

	(Million Lb.) Monthly Exports	% Change From 1 Year Ago
February	8.3	- 42
	Feb.	1 Year Ago
Cumulative World	(Million Lb.) 14.9	- 36
Saudi Arabia	5.2	- 12
Iran	3.4	NA
Egypt	1.3	- 37
Canada	0.8	- 13
Morocco	0.5	- 77

## NATIONAL DAIRY PRODUCTS SALES REPORT

## U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
April 7, 2012	1,4753 2,845,894	1,5431 11,250,617	1,5415 9,454,812	0,6133 6,193,970	1,2605 22,270,600

Further data and revisions may be found on the internet at: <http://www.ams.usda.gov/AMSV1.0/getfile?dDocName=STELPRDC5097723>

## CHEESE MARKETS

## NORTHEAST

CME Group cheese prices were unchanged Tuesday with barrels closing at \$1.4600 and blocks closing at \$1.4875. Cheese prices have been holding steady with only marginal fluctuations of a quarter cent up or down for over the past 2 weeks. Trading has also been light with barrels trading 10 loads in the last 10 trading sessions and blocks trading 7 loads. Increases in the milk supply are forcing cheese makers to expand production to near capacity levels. Cheese production quickly exceeds demand and inventories are expanding. Domestic demand has dropped off after the holiday, but export interest remains fairly good. Cooperatives Working Together (CWT) has accepted 14 requests for export assistance to sell 3.741 million pounds of Cheddar and Monterey Jack cheese and 4.063 million pounds of butter to customers in Asia, the Caribbean, the Middle East and North Africa. Delivery of product will be from April through October 2012. To date in 2012, CWT has assisted with 41.6 million pounds in export cheese sales.

DAIRY PRODUCTS: According to the latest NASS report, (unadjusted for the extra production day in February) 2012 total cheese production for February in New York was 58.4 million pounds, 6.7% less than January, but 6.5% more than February, 2011. Pennsylvania produced 34.1 million pounds in February, 3.2% less than one month earlier, but 10.2% more than one year ago. Vermont produced 10.0 million pounds, 7.5% less than last month, but 15.2% more than February 2011. The total of all cheese production for February (unadjusted) in the Atlantic region was 110.8 million pounds, down 4.9% from January, but 9.0% more compared to the same period last year. Atlantic region cheese production accounted for 12.9% of total U.S. production. Total U.S. cheese production in February (unadjusted) totaled 857.8 million pounds, 5.8% less than January, but 6.2% more than February 2011. Cumulative 2012 U.S. Cheese production through February (unadjusted for the extra production day in February) was 4.4% greater than comparable 2011 production. Focusing on Italian cheese, (unadjusted for the extra production day in February) New York in February 28.2 million pounds, 8.5% less than January, but 4.2% more than February 2011. Pennsylvania produced 21.8 million pounds in February, 7.0% less than January, but 8.0% more than February 2011. The Atlantic region in February, (unadjusted) produced 56.6 million pounds of Italian cheese, 6.5% less than January, but 7.1% more than the same period last year.

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

Cheddar 40# Block	:	1.8925-2.1775
Process 5# Sliced	:	1.6825-1.8025
Muenster	:	1.9125-2.2725
Grade A Swiss Cuts 10 - 14#	:	3.2950-3.6175

## MIDWEST

Milk supplies continue to increase and cheese manufacturing approaching capacity has resulted. Even discounted milk offers are not accepted in some areas because machinery, men and women can only work so many hours before needing a break. A number of manufacturers are dedicating extra effort to moving product out, to work toward an acceptable inventory balance. CME trading through Wednesday has kept price movement minimal with relatively light sales volume in recent sessions. Many decision makers

in the U.S. Cheese industry will be away from their offices and plants attending the International Cheese Technology Expo in Milwaukee beginning Tuesday evening, which may affect the volume of last minute activity for the week. NASS reports that total Central region cheese production (unadjusted for the added day) during February 2012, 385.4 million pounds, was 44.9% of the national total, up slightly from 44.7% one year earlier. February 2012 total cheese production and percentage of the total for the six separately listed Central states, in descending volume, includes Wisconsin, 211.7 million pounds, 65.0%; Minnesota, 51.1 million Grade A pounds, 15.7%; South Dakota, 22.5 million pounds, 6.9%; Iowa, 19.5 million pounds, 6.0%; Ohio, 16.1 million pounds, 5.0%; and Illinois, 4.9 million pounds, 1.5%. The Central Region during February 2012, produced 48.8% of the nation's American cheese, 49.7% of Cheddar, 40.1% of Total Italian, and 34.2% of Mozzarella. Total national cheese output for February 2012 was 858 million pounds, 6.2% above February 2011 but 5.8% below January 2012. Cooperatives Working Together (CWT) has accepted 14 requests for export assistance to sell a total of 3.741 million pounds (1,697 metric tons) of Cheddar and Monterey Jack cheese to customers in Asia, the Caribbean, the Middle East and North Africa. During 2012, CWT assisted member cooperatives in making export sales of Cheddar, Monterey Jack and Gouda cheese totaling 41.6 million pounds.

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

Process American 5# Loaf	:	1.6550-2.3600
Brick And/Or Muenster 5#	:	1.8800-2.4400
Cheddar 40# Block	:	1.8800-2.8650
Monterey Jack 10#	:	1.8500-2.8650
Blue 5#	:	2.1450-3.1300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7250-2.9650
Grade A Swiss Cuts 6 - 9#	:	2.7050-3.0225

## WEST

Western wholesale cheese prices are mostly unchanged. Increased milk production in the West has added to cheese manufacturing. The increased inventories are moving well as the price remains well below a year ago. The current price has helped to improve export sales. Additional help from the CWT program assisted in sales of 3.7 million pounds of cheese this week. Current stocks are said to be manageable. 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 \$1.4875. The price at the CME Group has been steady for the week. Tuesday's market saw sales of six loads of barrels at steady money. There have been no sales of blocks so far this week. The CME Group monthly average price for March 2012 for barrels is \$1.5152 compared to March 2011 at \$1.8049. Blocks averaged \$1.5193 for March 2012 compared to \$1.8125 for last year.

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

Process 5# Loaf	:	1.5875-1.8450
Cheddar 40# Block	:	1.6150-1.9675
Cheddar 10# Cuts	:	1.7950-2.0150
Monterey Jack 10#	:	1.8050-1.9650
Grade A Swiss Cuts 6 - 9#	:	2.8725-3.3025

## CHEESE MARKETS

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## FOREIGN

The weekly average CME Group block cheese price made a marginal increase in a holiday shortened week of trading. Domestic wholesale cheese prices held steady as the marginal increase was not enough to push prices higher. Swiss cheese and all varieties of imported cheeses were also unchanged. The spring flush continues to expand, increasing milk flows to cheese plants, increasing cheese production and adding to inventories.

DAIRY PRODUCTS: According to the latest NASS report, (unadjusted for the extra production day in February) domestic Parmesan production during February 2012 totaled 23.8 million pounds, 17.1% less than January, but 4.3% more than February 2011. Provolone production during February totaled 28.3 million pounds, 1.4% less than January, but 4.8% more than February 2011. Romano production during February 2012 totaled 3.4 million pounds, 2.3% more than January, but 9.2% less than February 2011. Swiss production during February 2012 totaled 25.7 million pounds, 7.8% less than January, but 4.6% more than February 2011.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.0325-3.5200
Gorgonzola	: 3.6900-6.3900	: 2.5350-2.7950
Parmesan (Italy)	: -0-	: 3.1550-3.7100
Provolone (Italy)	: 3.4400-6.1800	: 2.0750-2.2325
Romano (Cows Milk)	: -0-	: 3.2225-5.3725
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-	: 3.3875-3.7100
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
04/09/12	8,427	132,185
04/01/12	8,178	133,301
CHANGE	249	-1,116
% CHANGE	3	-1

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

	2012 Exports (Million Lb.)	% Change From
	Monthly Exports	1 Year Ago
February	45.4	+ 3
	Cumulative	1 Year Ago
World	Feb. 88.2	+ 3
Mexico	20.2	+ 4
South Korea	11.3	- 30
Japan	9.0	+ 26
Saudi Arabia	5.4	+ 53
Australia	5.1	+ 140

## FLUID MILK AND CREAM

## EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	250	0	230	0	280
SOUTHEAST STATES	0	0	0	0	0	0

Manufacturing milk supplies have reached levels comparable to the Christmas/New Year's holiday period in most areas of the Northeast and Mid-Atlantic regions. Class I demand has picked up after the holiday, but can only make a small dent in the milk supplies coming into manufacturing plants. The spring flush milk intakes are causing unloading delays with some delays reportedly reaching 24 hours. Manufacturing plants are at or near capacity with the real possibility of additional milk volumes in the coming weeks. Florida is the only area that has seen milk production declines, due to periods of hot humid weather, but a cool front moved through the state earlier this week causing some bounce back in milk production. Class I demand has increased significantly after the Easter holiday. Hay supplies remain tight with forages and pastures becoming increasingly dry, because of heat, wind and lack of rain. Spot loads of milk exported out of state this week totaled 250. Milk supplies in the Southeast continue to maximize utilization of all auxiliary manufacturing plants. Milk production continues to increase in the region. Class I demand remains flat, but is expected to increase next week when all schools are back in session. Hauling logistics are becoming a problem as unloading delays are occurring at numerous manufacturing plants. Cream supplies continue to be readily available and demand has decreased for most cream based dairy products. Large volumes of cream are being channeled to churns. Spot market activity for cream is very light as most manufacturers have adequate supplies via their contracts. Cream spot loads are having a difficult time finding a home. Demand for cream is very erratic and very dependent on day of the week. Cream multiples were in a wide range this week, due to the erratic demand and ranged from 105-130 with bottled cream responsible for the upper end of the range. Cooler weather in the Northeast has reduced the prospect of increased ice cream production. Demand for condensed skim milk remains very sluggish. Many Class II and III manufacturers have adequate supplies through contracts and will only take additional loads providing they have price discounts with some discounts below Class prices. DAIRY PRODUCTS: According to NASS, ice Cream production in the Atlantic region for February (unadjusted for the extra production day in February 2012) totaled 12.5 million gallons, 7.6% less than January and 2.1% less than February 2011. U.S. Yogurt production (plain and flavored) for February (unadjusted for the extra production day in February 2012) totaled 365.3 million pounds, down 6.7% from January, but 4.5% more than for the same period last year.

## 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 -	1.5015-1.8590
F.O.B. producing plants: Upper Midwest -	1.6755-1.8199

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

## F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.18 - 1.41
Northeast - Class III - spot prices -	1.15 - 1.37

## MIDWEST

No letup in Central farm milk production is in sight for the near term, according to many milk handlers. Farm milk intakes continue to build in most areas of the Central region, especially in the North Central area. Fluid milk sales are mostly steady and continue to underperform

compared to year ago Class I sales. Some bottlers point to lower sales into school lunch programs as part of the reason that overall bottled milk sales are lower for 2012. Central milk marketers indicate pricing competition for placing milk in processing facilities is increasing rapidly because of spot milk and/or condensed skim loads migrating into the Central region from the East and West. Central spot milk loads are reportedly clearing at prices ranging from \$3 to \$5 below Class, but interregional spot load prices reportedly found processing room when prices dipped below the -\$5 mark. Various Central cheese plants indicate they are offering the spot loads of milk because of stagnant cheese orders and farm milk intakes outpacing projections. Some reports indicate a few milk loads in the Central region were unable to find processing room after equipment problems at one plant. Spot cream load availability is mostly steady this week. Multiples regained a few points over last week's prices on the high side of the range because of plant restarts after the holiday weekend. Multiples trended lower as the week progressed, with a full weekly range of 1.15 - 1.26. Cream sales into Class II edged modestly higher at a few facilities, but the full ramp up of ice cream production has yet to occur.

## WEST

CALIFORNIA milk production is mostly steady to slightly higher. There are some impacts likely being seen because of coops implementing producer base plans. While some processors are receiving less milk; others are reporting they are receiving more milk. Adjustments in feeding rations are causing some herds to make less milk; others are receiving new green chop and seeing milk output pop. If there is an opportunity in the base plans scenarios, there is a way. Processing plants in the state are working on extended schedules to process the milk supplies. Shipment of milk and components to out of state plants are being utilized. The task is costly with high tanker freight rates. Class 1 demand is mostly steady after recent holidays and school recesses. The May 2012 Class 1 prices in CALIFORNIA range from \$16.94 in the north to \$17.21 in the south. The statewide average Class 1 price based on production is \$16.96. The average is \$0.27 lower than April 2012 and \$3.96 less than May 2011. ARIZONA milk output is trending slightly lower and retreating from what likely was the seasonal peak recorded early in the week. Processing capacity is being stretched to handle the milk supplies. Class I demand is flat. CREAM markets are unsettled. Buying interest is light to fair. There has been a shift away from holiday items towards ice cream demand, yet the ice cream pull is lighter than projected. Cream supplies remain heavy in other regions and freight rates are making shipping cream longer distances more challenging. Surplus cream continues to end up at the butter churns, where butter production is seasonally heavy. The CME Group, Grade AA butter price closed at \$1.4250 on Wednesday, down 1.25 cents from last week. Cream multiples are under some pressure and moved lower to range 105-122 and vary based on class usage and basing points. Milk handlers were busy in the PACIFIC NORTHWEST over the Easter holiday weekend with some extra supplies. There were some Class II plants that were dark for the holiday weekend and some additional supplies were moved to various Class III and IV facilities. Some milk continues to move out of the region due to repairs to a powder drying plant. Class I demand is expected to increase now that schools are back in session after "spring break". UTAH and IDAHO manufacturing plants were also busy during the holiday weekend. Milk supplies are above year ago and some extra milk is moving to the region for processing. As spring weather is arriving in the region, dairy farmers are looking at feed supplies and assessing production plans for summer. Many farmers are content to put any expansion plans on hold until milk prices begin to show some improvement. Those farmers that are planning on exiting the dairy business in the near future are finding very favorable cull cow prices and decent demand for replacement cows.

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 lower on a weak market. Buyer interest is light as the expectation is that time is on the side of buyers able to hold off on sizeable purchases. Spot market activity is centered around sales volumes less than blocks. With the historical farm milk production apex still several weeks away for most areas of the Central region, processors expect tight schedules for dryers and condensed skim load outs throughout that time period. Some spot loads of condensed skim and/or farm milk are putting on miles while looking for processing room as plants near capacity on a day to day operational basis. A few Central farm milk loads reportedly were not picked up as processors notified dairy producers that equipment problems held up timely processing of milk already delivered to some plants. Central milk processors are maximizing dryer schedules to handle the strong farm milk intakes in the region. Nonfat dry milk inventories are building steadily and holdings are ahead of schedule for several manufacturers, reportedly leading to some discussions on finding additional warehouse space. Various plants with options to use condensed skim for cheese production indicate they continue to do so to utilize milk intakes.

**EAST:** Increases in milk supplies are prompting increases in drying schedules, which are adding to nonfat dry milk inventories. The expanding NDM inventories combined with decreased demand have moved prices lower this week. Manufacturing plants in the East are operating at or near capacity as milk levels are comparable to the Christmas/New Year's holiday period. Demand for NDM has declined as many buyers are purchasing for immediate needs only, unwilling to expand inventories on a downward trending market. Manufacturing facilities are forced into low heat NDM production in order to more quickly clear their increasing, and often burdensome, milk supply. Inventories for high heat NDM are becoming tighter due to lack of production and increased demand from baking manufacturers. Some manufacturers are offering price discounts for multiple load low heat NDM orders. The market undertone remains very weak.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.1250 - 1.3700 MOSTLY: 1.1700 - 1.3200  
 HIGH HEAT: 1.3100 - 1.4175

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

	2012 Exports (Million Lb.)	% Change From 1 Year Ago
February Total	87.7	+ 11
TOTAL, JAN - FEB	173.0	+ 5
1 Mexico	69.7	+ 56
2 Philippines	16.4	- 20
3 Indonesia	15.3	- 41
4 Vietnam	11.0	- 48
5 Egypt	8.2	+ 66

**NONFAT DRY MILK - WEST**

Western low/medium heat nonfat dry milk prices continue to trend lower. The market undertone remains weak. The impact of the timing of the new National Dairy Products Sales Report from USDA/AMS now being released on Wednesday afternoon is being assessed. The predecessor USDA/NASS report covering the same

time period was released on Friday mornings. Buyers and sellers utilizing the price as a contracting index are watching to see what effect, if any, the earlier release will have on the marketing cycles. While all the information on the changes has been public and known, the execution of changes in the market place seem to always have a learning curve. Milk production remains heavy in the region and processing plants are operating on extended schedules to handle the supplies. Demand for NDM is uneven. Buyer interest is stimulated at the lower ends of the pricing range and mostly series. Export demand is fair to good, but very price sensitive. Producers' stocks are moderate to heavy. High heat prices are trending lower with the market tone weaker. Buying interest is light to fair for seasonal needs. Some buyers are taking minimums as the market prices are trending lower. Production runs are steady to lighter as processors make more low heat to handle the milk and condensed skim intakes. Stocks are moderate and available.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.1300 - 1.3450 MOSTLY: 1.1700 - 1.3000  
 HIGH HEAT: 1.2900 - 1.3900

**DRY BUTTERMILK - CENTRAL AND EAST**

**CENTRAL:** Dry buttermilk prices are lower on a weaker market. Spot market interest is light as various end users cycle through seasonal production schedules. Dry buttermilk production is active at several locations across the Central region as the number of cream loads moving to Class IV plants is steady from the Central region and being augmented by both Western and Eastern cream loads. Sales of condensed buttermilk into a few Class II plants increased this week as those plants begin the gradual ramp up in production for novelty frozen desserts and ice cream seasonal flavors.

**EAST:** Dry buttermilk continues to be pressured lower as inventories build. Heavy excess cream supplies have nowhere to go, but to the churn and ultimately increasing dry buttermilk production and inventories. Spot market activity is very light with many potential buyers taking a wait and see attitude, thinking prices may be pressured lower as inventories build. Cooler weather in the Northeast has lessened the demand for condensed buttermilk for ice cream mix manufacturing. The market undertone remains weak.

F.O.B. CENTRAL/EAST: 1.0950 - 1.2825

**DRY BUTTERMILK - WEST**

Pricing for Western dry buttermilk continues to trend lower in light to moderate trading. The market tone is weak. There is spillover weakness on a protein basis from the nonfat dry milk market. Some dry buttermilk is being discounted to generate buying interest. Other producers are selling some additional loads at discount to keep stocks from building. The production cycle remains heavy. Despite heavy milk intakes, dryer times remain available for buttermilk production. Cream supplies are heavy in the region and butter churning is very active. Sales of condensed buttermilk are uneven with some uptick in interest from ice cream producers. Stocks of dry buttermilk are moderate to heavy and available from most sources.

F.O.B. WEST: 1.1100 - 1.2300 MOSTLY: 1.1500 - 1.2000

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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.

CONTINUED FROM PAGE 5

DRY WHOLE MILK - NATIONAL

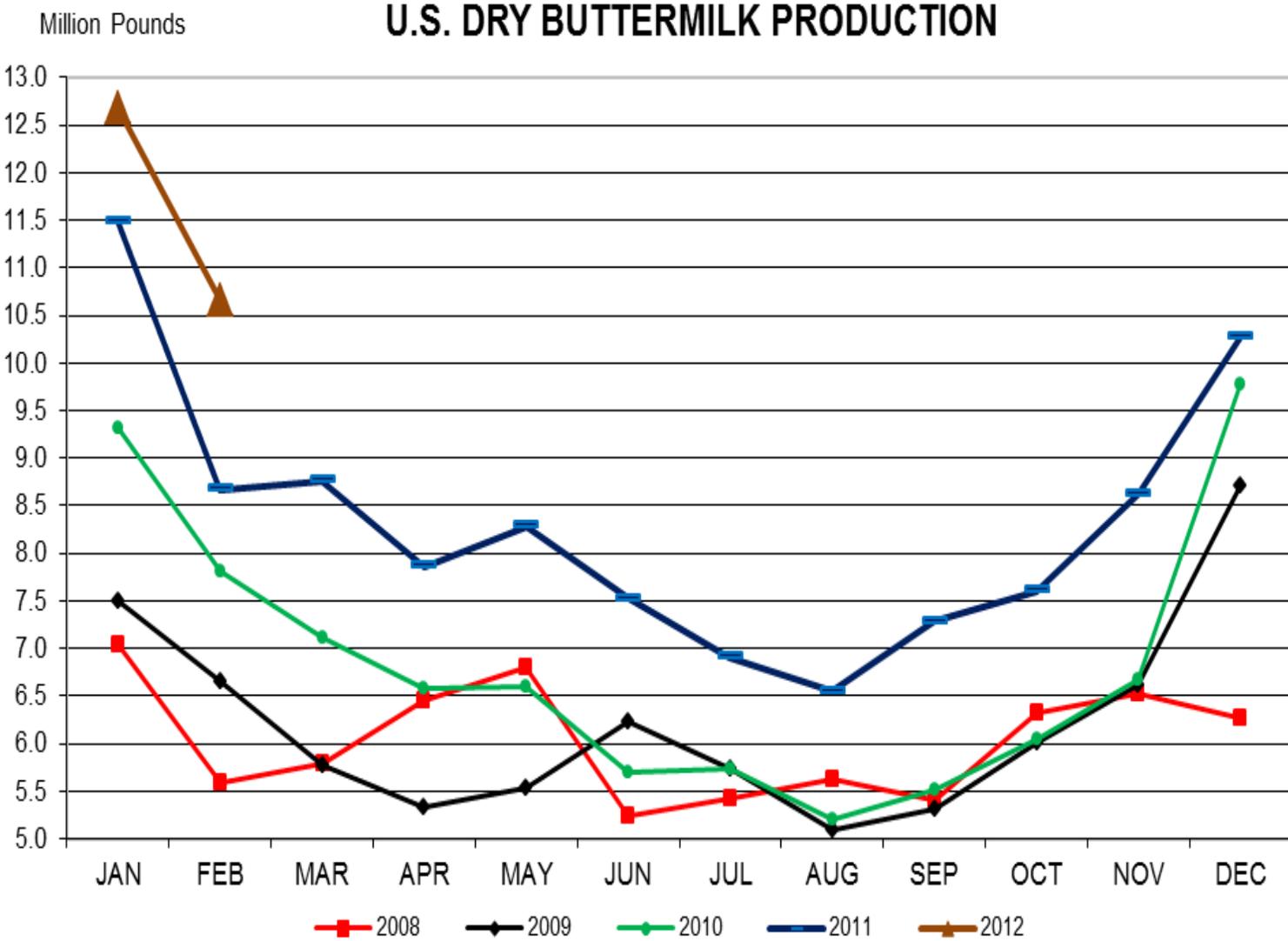
Prices for dry whole milk are lower as price pressure builds on the nonfat and butterfat components of this product. Active production is noted only by one or two plants that have time in their drying schedules. Other plants indicate that the continuing high volumes of farm milk intakes provide few opportunities to run dry whole milk, which slows the clearing rate of plant intakes.

F.O.B. PRODUCING PLANT: 1.5300 - 1.5500

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
April 6	\$1.2980	14,814,431	0
March 30	\$1.3180	13,479,968	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.



4/5/2012 - Graph USDA, DMN; Source USDA, NASS

**WHEY, WPC 34%, LACTOSE & CASEIN**

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

**DRY WHEY - CENTRAL**

Central dry whey prices are unchanged to lower on a weak market. Some spot price sales below established contract prices cleared some portions of manufacturers' current inventories, but for most Central dry whey manufacturers, dry whey production continues above projected volumes. Most buyers are disinterested in obtaining dry whey unless prices reflect the current market condition of strong supplies. This holds true in the resale market also, and various resellers indicate that to manage holdings, some resale prices trended lower this week. Dry whey production is steady at most locations, higher at a few locations as farm milk intakes allow for additional cheese making. The number of milk loads available to Central cheese plants increased this week as farm milk intakes rose within the Central region. In some instances, though, the discounted milk loads originated outside the Central region and found processing room within the region through pricing adjustments.

F.O.B. CENTRAL: .3000 - .6200 MOSTLY: .5000 - .6000  
 F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4300 - .5000

**DRY WHEY - NORTHEAST**

Increasing milk volumes, channeled to cheese production, are increasing dry whey production and inventories and pressuring prices lower. Spot sales and index purchases moved prices 2 cents lower on both ends of the range this week. Domestic demand has declined as buyers continue to purchase for immediate needs only, waiting to see if the downward price trends will continue. Some manufacturers are offering discounts on multiple load sales in order to clear some inventory. Numerous manufacturers, brokers and buyers have an uncertain view of the market, brought about by wide price ranges and mixed pricing trends, all in the face of increased production and inventories. The overall market undertone is weak.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5600 - .6400

**DRY WHEY - WEST**

Western dry whey prices continued to show weakness this week. Prices have moved lower following various pricing indices tied to contract sales. Overall, whey prices have moderated from some of the more drastic reductions from previous weeks. The market is still exhibiting weakness due to larger inventories finding their way to the spot market. Heavier than usual milk supplies to cheese plants have increased the whey stream supply. Demand from ice cream manufacturers is helping to clear supplies, but is still uneven. The lower prices have created more demand from animal feed manufacturers. The March 2012 Dairy Market News monthly average price for Western dry whey range was \$0.4675 compared to \$0.5147 for March 2011; the Western dry whey mostly series averaged \$.5379 compared to \$.4837 a year ago.

NONHYGROSCOPIC: .3000 - .6100 MOSTLY: .4800 - .5525

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

	2012 Exports (Million Lb.)	% Change From 1 Year Ago
February Total	37.1	- 12
TOTAL, JAN - FEB	85.2	N.C.
1 Mexico	20.9	+ 88
2 China	14.8	+ 16
3 Japan	7.5	- 23
4 Canada	6.9	+ 12
5 Malaysia	5.2	- 43

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices for whey protein concentrate 34% moved lower on the mostly price series while the range series is steady. Manufacturers, brokers and traders indicate they are honoring existing delivery schedules for their F.O.B. based WPC 34% contract loads with some additional loads also being conveyed under contract agreements. Despite the cooperation between manufacturers and brokers to clear WPC 34% according to contract terms, higher than anticipated milk intakes/cheese production/WPC 34% production at some locations prompted some manufacturers to enter the spot market during the last few weeks. These F.O.B. spot load offers reportedly encountered strong price competition from nonfat dry milk and as well as slightly downgraded WPC-type products. So, even though the various brands of WPC 34% have a solid customer following, standard pricing formulas are being modified to encourage F.O.B. WPC 34% spot sales. In addition, some resale loads of edible WPC 34% from overstocked end users and some resellers are competitively priced compared to same-brand F.O.B. based spot loads. Despite offers of WPC 34% coming from many directions, some end users are purchasing inputs with a short term perspective at this time. There is general expectation in the marketplace that WPC 34% prices will trend lower in the near term, therefore, buyers can afford to wait before acquiring mid to long term needs. WPC 34% production is active at most facilities as farm milk production continues to outpace projections for 2012 thus far.

F.O.B. EXTRA GRADE 34% PROTEIN:1.2000 - 1.6100 MOSTLY: 1.3600 - 1.4900

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

	2012 Exports (Million Lb.)	% Change From 1 Year Ago
February Total	14.0	- 6
TOTAL, JAN - FEB	26.4	- 31
1 China	5.8	- 64
2 Canada	4.2	- 30
3 Mexico	3.2	- 51
4 Japan	2.8	- 16
5 South Korea	1.9	+ 490

**LACTOSE - CENTRAL AND WEST**

The top ends of both the range and mostly price series for Central and West increased this week as market plus contracts activate. Despite this, the market tone is somewhat mixed as lactose spot load availability from manufacturers and resellers is variable. Spot loads of 100+ mesh lactose, F.O.B., remain tight, but there is increased availability of unground lactose on the secondary market. Interest from buyers in the secondary market is fair to light because in some cases, lower prices and increased availability of dairy products able to substitute for lactose are satisfying the needs of some buyers in that market.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL:8600 - 1.0050 MOSTLY: .8900 - .9400

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

	2012 Exports (Million Lb.)	% Change From 1 Year Ago
February Total	26.6	- 33
TOTAL, JAN - FEB	59.4	- 23
1 China	13.0	- 11
2 New Zealand	10.6	- 13
3 Mexico	8.3	+ 1
4 Japan	4.1	- 32
5 Australia	3.1	- 29

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.

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

Casein markets and prices are generally steady as the second quarter of 2012 begins. Suppliers and handlers of casein indicate that supply/demand is in balance. Oceania sourced volumes are available from inventoried stock generated earlier in the season, while European sourced product is just being generated. Reports indicate that European milk production is getting a good start to the season with volumes generally running heavier than last year at this time. Although still early, some casein is being generated, but not yet at full seasonal levels. European manufacturers are very optimistic about the upcoming casein season, but most continue to caution buyers that they will be gearing their output to known contractual needs, with minimal uncommitted volumes available for spot or additional needs.

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 - 4.7000
ACID:	4.6000 - 4.9000

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**EVAPORATED MILK - NATIONAL**

Canned evaporated milk production during February 2012 (unadjusted for the extra production day in February 2012) totaled 30.3 million pounds, a 29.0% decrease in production from January 2012 and 23.5% lower than February 2011. Manufacturers' end-of-month stocks totaled 49.1 million pounds, 1.0% lower than last month but 0.5% higher than one year ago.



## INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered April 2 - 13, 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 has ended and the new year began April 1. For 2011 - 2012, it appears that milk volumes in Austria and Germany surpassed quota levels with a few other countries on the border line. For the most part, milk handlers are not reporting milk marketing withholdings prior to the end of the recent quota year to maintain under quota levels, thus not a larger volume in early April. Milk production trends remain positive throughout most of Europe. Weather conditions have been favorable with mild temperatures and scattered rainfall. Milk producers are indicating that early spring weather patterns are nearly ideal for cow comfort and milk production development. Pastures are greening very well. Traders and handlers of manufactured dairy products are stating that volumes are increasing, although overall sales activity remains slow. Some international buyers are returning to the marketplace, but remain cautious with their purchases. For those buyers, hesitancy continues to be exercised with purchases mainly for short term or immediate needs, although buyers are already looking forward to third quarter needs. As milk volumes increase, so is manufacturing. Much of current production is clearing to inventory with internal or domestic sales clearing typical volumes for this time of the season. Overall, prices for most manufactured dairy products are easing and in some instances, starting to align themselves with other international offerings. As milk production expands, manufacturing increases and overall sales remain slow and inventories continue to build. Butter continues to clear to PSA and is running about double the level last year at this time. The Dairy Management Committee will be meeting next week on the 19th and updated PSA figures will be released.

**BUTTER/BUTTEROIL:** European butter markets and prices are weak. Milk production is increasing seasonally and so are churning activities. Traders are indicating that although not quite there yet, European prices are trending towards other international offering price levels, which may encourage international buyers to once again look to this market for their needs. As the milk production season develops, churning activities are expanding, but often are surpassing current demand. With this supply/demand imbalance, clearances to inventory and PSA are increasing. Many butter producers are clearing excess butter to PSA with the hope that when they retrieve this stock, marketing conditions may be more robust. Unofficial reports indicate that clearances to PSA are running nearly double the volume last year at this time. Official figures will be released next week as the Dairy Commission meets on April 19.

82% BUTTERFAT: 3,400 - 3,850  
99% BUTTERFAT: 4,050 - 4,475

**SKIM MILK POWDER (SMP):** European skim milk powder markets and prices are weak. Powder production is building seasonally as milk volumes increase. Traders and handlers are stating that buying interest is starting to pick up, especially from international buyers that had stepped back from the marketplace until now. Although international buyers are more present in the market, significant sales are not being reported. Most sales activity is limited to short term needs and buyers continue to exercise caution with their purchases. Many buyers are looking forward to third quarter needs.

1.25% BUTTERFAT: 2,575 - 2,775

**WHOLE MILK POWDER (WMP):** Whole milk powder markets and prices are weak in Europe with some traders and handlers speculating that prices might be nearing the bottom of recent weakening trends. Whole milk powder production is increasing as the milk flow builds. Traders report that sales activity has been slow, but speculate that if potential buyers feel that prices might be at low levels, sales might rebound. Stocks of whole milk powder are seasonally low, but are increasing as the milk flow develops. Much of current production is still uncommitted, but manufacturers and handlers are optimistic that sales will resume and inventory levels will be manageable.

26% BUTTERFAT: 3,350 - 3,425

**SWEET WHEY POWDER:** Whey markets in Europe are weak with prices generally trending lower. Cheese production is building as milk volumes increase, thus is whey output. Currently, whey powder is generally being absorbed within an internal or domestic market, with international sales slow. Traders and handlers are reporting that sales activity is starting to increase and is projected to continue to build as European whey powder volumes become more available and prices may ease further.

NONHYGROSCOPIC: 1,025 - 1,250

**EASTERN OVERVIEW:** Milk production trends in Eastern Europe appear to also be developing on a positive basis. Although temperatures are cool, overall weather patterns are positive for early milk production development. Milk volumes remain seasonally low, but manufacturing facilities are starting to gear up to process an increasing milk flow. Stocks of new products are limited, although volumes are starting to be generated. Traders and handlers are indicating that buyer interest remains limited, but some buyers at least are starting to shop, especially for third quarter needs. Buyers had been standing back from the marketplace for quite some time and now are returning.

Exchange rates for selected foreign currencies: April 9, 2012

1.0024 Canadian Dollar	.0196 Indian Rupee
.2288 Argentina Peso	.8216 New Zealand Dollar
.0771 Mexican Peso	1.0313 Australian Dollar
.3141 Polish Zloty	.0123 Japanese Yen
	1.3106 Euro

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0771) = 12.9702 Mexican Pesos. Source: "Wall Street Journal"

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered April 2 - 13, 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 finishing the season in a very positive fashion. The additional, unforeseen, milk volumes are providing additional late season manufacturing that is providing some cushioning to supply/demand balance. In most instances, this late season output is clearing the marketplace with minimal problems. In New Zealand, late summer and early fall weather patterns are quite conducive to milk output. Sufficient moisture, mild temperatures, and sunny days are providing for good pasture growth as the season winds down. Milk output on both the North and South Islands is running stronger than the previous year with output for the country running very near 10% ahead of last season. Much of this growth is being attributed to the strength at the end of the season. In Australia, weather conditions remain quite favorable for early fall. The heavy rainfall about 6 weeks ago and subsequent flooding in Northern regions of Victoria has ended. Water levels in the affected area did not dissipate quickly, but now most of the water is gone, but farmers now have to deal with the after effects. Standing water for much of this time has greatly impacted pasture and paddock conditions. Most of the paddocks will need to be re-seeded, thus limiting grazing opportunities for the balance of this season. Although this Northern Victoria region was negatively impacted by flooding and subsequent milk production disruptions, overall milk output in Australia continues to register about a 4% increase over last season. Traders and handlers are indicating that sales activity is quiet and most market activity is centered around previous commitments. At the April 3 g/DT event, outside of skim and whole milk powder, all product price averages were higher. At this event, two new suppliers offered product on the auction. Skim milk powder was also offered from Europe and lactose was offered from Australia. Within the next week or so, the g/DT platform will announce the results of a formal rule change proposal pertaining to an adjustment to contract shipping periods effective May 1. Since the event started in 2008, a mix of contracts involving one and three month shipment periods were available. The new proposal would make six monthly contracting periods and would run consecutively beginning with the month following any given event. This proposed rule change will potentially make it easier for buyers and sellers to manage their purchases and commitments.

**BUTTER:** Oceania butter markets are mixed with prices adjusting higher and lower. Although the market tone is mixed, the undertone is weak. Current churning activity is winding down seasonally, but often, heavier than anticipated milk and cream volumes are pushing churning schedules a little further. Most butter producers are pleased with the extra production as this is providing some cushion with the supply/demand balance at the end of the season. Butter handlers are indicating that the extra production will be able to be absorbed within operations, thus basically no uncommitted butter volumes will be available for sport buyer inquiries.

82% BUTTERFAT:

3,500 - 3,900

**SKIM MILK POWDER (SMP):** The Oceania skim milk powder market is unsettled and the market undertone is weak. Prices are unchanged to lower. The milk production season is winding down in the region, but is running heavier than projected for this time of the season. Decision making on how to process this additional vol-

ume is present. Often this milk is clearing to dryers to generate skim or whole milk powder. Much of this additional skim production is cushioning the supply/demand situation at the end of the season. In instances, some of the additional powder will be offered on the g/DT trading platform. At the April 3 g/DT event, skim milk powder averaged \$3,344 per MT for all contracting periods. U.S. sourced low heat regular powder was offered and sold for both contract periods 1 and 2 (May and June) deliveries for the first time and averaged \$2,715 per MT. Also at the April 3 event, European sourced low heat regular skim milk powder was offered for the first time and averaged \$2,720 per MT for contract 2 (June) deliveries. Second contracting period (June) prices for European and U.S. sourced volumes compare to \$3,145 per MT for skim milk sourced from New Zealand.

1.25% BUTTERFAT:

3,000 - 3,300

**CHEDDAR CHEESE:** Oceania cheese markets are generally steady, although prices are mixed. The milk production season in the region is winding down, but is ending stronger than in recent years. Due to the positive end of the season, some milk volumes continue to clear to cheese output at a higher rate than projected, thus late season cheese output is cushioning the supply/demand balance. Most cheese operations are working on reduced production schedules while some operations are already shuttered for the season.

39% MAXIMUM MOISTURE:

3,250 - 4,250

**WHOLE MILK POWDER (WMP):** Oceania whole milk powder markets are generally weaker, with prices unchanged to lower. Powder production at this time of the season is declining, but is running heavier than anticipated. In most instances and when possible, late season milk volumes are being directed towards the dryer, thus skim and whole milk output is stronger. Many producers are willing to take on the additional volumes of milk and generate whole milk powder which is providing a supply/demand cushion at the end of the production season. Some manufacturers are stating that they are clearing this extra powder through markets such as the g/DT platform. At the April 3 g/DT event #65, whole milk powder prices averaged \$3,227 per MT for all contracting periods, down 2.8% from the previous event average. All prices during the various shipment periods declined 2.1% - 3.2%.

26% BUTTERFAT:

3,225 - 3,600

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered April 2 - 13, 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.

APRIL 3, 2012 Global/Dairy Trading (g/DT) event 65 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	
	May 2012		June 2012		July - September 2012		October - December 2012			
Anhydrous Milk Fat	N.A.	N.A.	\$3,390	+8.1%	\$3,767	+7.9%	\$4,125	+11.8%	\$3,583	+8.3%
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	\$2,745	-1.8%	\$3,024	-1.8%	\$3,330	+0.9%	\$3,344	+3.3%	\$3,078	-0.8%
Whole Milk Powder	N.A.	N.A.	\$3,211	-3.2%	\$3,205	-2.1%	\$3,342	-2.1%	\$3,227	-2.8%
Milk Protein Concentrate	N.A.	N.A.	\$4,705	+13.1%	N.A.	N.A.	N.A.	N.A.	\$4,705	+13.1%
Rennet Casein	N.A.	N.A.	\$7,290	+13.8%	N.A.	N.A.	N.A.	N.A.	\$7,290	+13.8%
Cheddar	N.A.	N.A.	\$3,244	+4.7%	\$3,974	+26.5%	N.A.	N.A.	\$3,371	+13.2%
Lactose	N.A.	N.A.	N.A.	N.A.	\$1,930	N.A.	N.A.	N.A.	\$1,930	N.A.

**CHICAGO MERCANTILE EXCHANGE FUTURES**

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

Month	03/29	03/30	04/02	04/03	04/04	04/05	04/06	04/09	04/10	04/11
<b>CME - CLASS III MILK FUTURES (Pit-Traded)</b>										
MAR 12	15.64 (6010) 0	15.72 (5582) 0								
APR 12	15.62 (5132) 4	15.66 (5102) 39	15.84 (5072) 23	15.87 (5018) 14	15.71 (4819) 0	15.50 (4804) 0	15.50 (4804) 0	15.62 (4794) 0	15.64 (4779) 5	15.60 (4756) 0
MAY 12	15.29 (4206) 4	15.66 (4201) 37	15.81 (4247) 22	15.59 (4339) 5	15.47 (4409) 0	15.31 (4418) 2	15.31 (4418) 0	15.31 (4527) 0	15.36 (4528) 5	14.88 (4562) 10
JUN 12	15.52 (3599) 0	15.91 (3587) 2	16.03 (3593) 0	15.81 (3659) 0	15.58 (3677) 0	15.35 (3708) 0	15.35 (3708) 0	15.29 (3682) 0	15.30 (3675) 5	14.97 (3722) 5
JUL 12	16.12 (2639) 0	16.40 (2613) 2	16.42 (2618) 0	16.36 (2652) 0	16.22 (2685) 0	16.03 (2791) 0	16.03 (2791) 0	15.95 (2799) 0	15.94 (2831) 0	15.70 (2867) 0
AUG 12	16.65 (2562) 0	16.76 (2588) 2	16.87 (2590) 0	16.87 (2613) 0	16.83 (2609) 0	16.65 (2638) 0	16.65 (2638) 0	16.56 (2664) 0	16.56 (2666) 0	16.37 (2707) 0
SEP 12	16.73 (2279) 0	16.78 (2292) 2	16.75 (2303) 0	16.85 (2292) 0	16.84 (2304) 0	16.74 (2310) 0	16.74 (2310) 0	16.64 (2314) 0	16.65 (2319) 0	16.50 (2363) 0
OCT 12	16.66 (2113) 0	16.66 (2112) 2	16.67 (2113) 0	16.71 (2120) 0	16.71 (2128) 0	16.67 (2150) 0	16.67 (2150) 0	16.60 (2156) 0	16.60 (2157) 0	16.50 (2169) 0
NOV 12	16.46 (1900) 0	16.51 (1964) 2	16.55 (1965) 0	16.55 (1966) 0	16.55 (1967) 0	16.52 (1981) 0	16.52 (1981) 0	16.54 (1984) 0	16.55 (1983) 0	16.46 (1995) 0
DEC 12	16.43 (1854) 0	16.46 (1857) 2	16.45 (1857) 0	16.49 (1858) 0	16.52 (1862) 0	16.50 (1873) 0	16.50 (1873) 0	16.51 (1872) 0	16.53 (1873) 0	16.45 (1864) 0
<b>CME - CLASS IV MILK FUTURES (Pit-Traded)</b>										
MAR 12	15.41 (354) 0	15.35 (381) 0								
APR 12	14.91 (327) 0	14.75 (327) 0	14.75 (327) 0	14.75 (335) 0	14.80 (338) 0	14.80 (338) 0	14.80 (338) 0	14.85 (338) 0	14.85 (338) 0	14.85 (338) 0
MAY 12	14.90 (274) 0	14.80 (277) 0	14.80 (277) 0	14.77 (277) 0	14.77 (277) 0	14.77 (277) 0	14.77 (277) 0	14.77 (277) 0	14.80 (282) 0	14.80 (282) 0
<b>CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)</b>										
MAR 12	143.50 (833) 0	143.47 (832) 0								
APR 12	140.00 (731) 12	141.25 (731) 4	142.50 (731) 8	142.50 (731) 2	142.00 (731) 1	142.00 (731) 0	142.00 (731) 0	142.00 (746) 0	142.75 (746) 1	143.50 (747) 7
MAY 12	141.75 (626) 12	141.75 (625) 6	142.50 (617) 17	143.00 (616) 1	142.75 (616) 5	142.75 (616) 0	142.75 (616) 0	142.75 (616) 1	143.00 (618) 16	143.50 (627) 21
<b>CME - NONFAT DRY MILK FUTURES (Pit-Traded)</b>										
MAR 12	133.00 (198) 0	133.10 (198) 0								
APR 12	126.75 (256) 0	126.75 (256) 0	126.75 (256) 0	126.75 (259) 0	128.50 (258) 0	127.75 (258) 0	127.75 (258) 0	127.75 (258) 0	127.50 (258) 0	127.50 (260) 0
MAY 12	127.00 (268) 0	127.00 (268) 0	126.00 (276) 0	126.00 (280) 0	126.00 (292) 0	125.00 (296) 0	125.00 (296) 0	125.00 (296) 0	125.00 (296) 0	125.00 (296) 0
<b>CME - WHEY (Electronic-Traded)</b>										
MAR 12	60.03 (467) 1	61.07 (463) 0								
APR 12	57.48 (382) 0	58.50 (385) 15	58.90 (398) 25	58.00 (399) 2	57.95 (399) 25	53.95 (394) 8	53.95 (394) 0	54.50 (394) 1	54.50 (394) 1	54.00 (387) 15
MAY 12	49.75 (384) 0	51.50 (382) 11	53.50 (388) 50	53.50 (391) 5	53.50 (392) 7	49.50 (393) 24	49.50 (393) 0	50.00 (392) 5	49.25 (391) 6	48.50 (388) 27
<b>CME - CHEESE CSC (Electronic-Traded)</b>										
MAR 12	1.52 (1390) 0	1.53 (1305) 0								
APR 12	1.54 (1335) 3	1.54 (1335) 0	1.55 (1334) 73	1.57 (1326) 3	1.56 (1333) 10	1.56 (1333) 0	1.56 (1333) 0	1.56 (1333) 0	1.56 (1333) 0	1.55 (1333) 30
MAY 12	1.55 (1508) 3	1.58 (1507) 7	1.57 (1518) 15	1.56 (1526) 15	1.55 (1530) 23	1.55 (1548) 36	1.55 (1548) 0	1.55 (1554) 19	1.55 (1553) 1	1.52 (1563) 19
JUN 12	1.58 (1191) 2	1.62 (1191) 7	1.62 (1191) 6	1.62 (1197) 11	1.59 (1224) 31	1.58 (1229) 50	1.58 (1229) 0	1.58 (1234) 12	1.58 (1237) 8	1.54 (1243) 17
JUL 12	1.66 (802) 6	1.66 (803) 2	1.68 (806) 7	1.68 (808) 7	1.68 (834) 38	1.66 (870) 49	1.66 (870) 0	1.66 (881) 11	1.65 (898) 25	1.63 (912) 24
AUG 12	1.71 (773) 4	1.72 (770) 4	1.72 (767) 10	1.73 (771) 13	1.74 (773) 10	1.73 (796) 27	1.73 (796) 0	1.72 (799) 7	1.71 (800) 2	1.70 (808) 19

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

APRIL MILK SUPPLY AND DEMAND ESTIMATES

The milk production forecast for 2012 is raised on increased milk cow numbers and gains in milk per cow. The skim solids import forecast is raised. The fat-basis export forecast is reduced on lower butter exports, but skim solids exports are forecast higher on stronger nonfat dry milk (NDM) sales. Ending stock forecasts are raised on both a fat and skim-solids basis. With higher forecast 2012 milk production and weaker than expected product demand, price forecasts for cheese, butter, NDM, 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 \$17.25- \$17.75 per cwt.

U.S. MILK SUPPLY AND USE					
Commodity	2010	2011 Estimated		2012 Projected	
		March	April	March	April
<b>BILLION POUNDS</b>					
MILK					
PRODUCTION	192.8	196.2	196.2	199.7	201.1
FARM USE	1.0	1.0	1.0	1.0	1.0
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	11.3	10.9	10.9	11.0	11.0
MARKETINGS	191.9	195.3	195.3	198.7	200.2
IMPORTS	4.1	3.5	3.5	3.3	3.3
TOTAL COMMERCIAL SUPPLY	207.3	209.7	209.7	213.0	214.5
FAT BASIS USE					
COMMERCIAL EXPORTS	8.3	9.5	9.5	8.6	8.4
ENDING COMMERCIAL STOCKS	10.9	11.0	11.0	11.6	11.8
CCC NET REMOVALS <u>1/</u>	0.2	0.0	0.0	0.0	0.0
COMMERCIAL USE <u>2/</u>	187.8	189.2	189.2	192.8	194.3
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	11.3	12.3	12.3	11.9	11.9
MARKETINGS	191.9	195.3	195.3	198.7	200.2
IMPORTS	4.8	5.3	5.3	5.1	5.4
TOTAL COMMERCIAL SUPPLY	208.0	212.8	212.8	215.8	217.5
SKIM-SOLIDS BASIS USE					
COMMERCIAL EXPORTS	32.1	34.1	34.1	32.3	32.8
ENDING COMMERCIAL STOCKS	12.3	11.9	11.9	11.9	12.0
CCC NET REMOVALS <u>1/</u>	0.0	0.0	0.0	0.0	0.0
COMMERCIAL USE <u>2/</u>	164.1	166.8	166.8	171.6	172.7
<b>MILLION POUNDS</b>					
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

APRIL MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2010	2011 Estimated		2012 Projected	
		March	April	March	April
<b>DOLLARS PER POUND</b>					
PRODUCT PRICES <u>1/</u>					
CHEESE	1.5230	1.8246	1.8246	1.600-1.660	1.590-1.640
BUTTER	1.7020	1.9498	1.9498	1.510-1.600	1.490-1.570
NONFAT DRY MILK	1.1690	1.5058	1.5058	1.345-1.395	1.300-1.340
DRY WHEY	0.372	0.5325	0.5325	0.570-0.600	0.550-0.580
<b>DOLLARS PER CWT</b>					
MILK PRICES <u>2/</u>					
CLASS III	14.41	18.37	18.37	16.35-16.95	16.10-16.60
CLASS IV	15.09	19.04	19.04	15.85-16.55	15.35-15.95
ALL MILK <u>3/</u>	16.26	20.14	20.14	17.60-18.20	17.25-17.75
<b>QUARTERLY</b>					
	2011 IV	2012 I <u>4/</u>	2012 II <u>4/</u>	2012 III <u>4/</u>	2012 IV <u>4/</u>
<b>BILLION POUNDS</b>					
MILK PRODUCTION	48.7	50.9	51.7	49.5	49.1
<b>DOLLARS PER CWT.</b>					
ALL MILK PRICE <u>2/</u> <u>3/</u>	20.03	18.03	16.30-16.70	16.90-17.60	17.70-18.70
CLASS III PRICE <u>2/</u>	18.62	16.28	15.45-15.85	16.35-17.05	16.30-17.30
CLASS IV PRICE <u>2/</u>	17.72	15.94	14.70-15.20	15.20-16.00	15.55-16.65

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-505, April 10, 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].

## CORRECTED 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 3.3 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	<b>-3.3</b>	<b>-3.3</b>
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	<b>12.6</b>	<b>12.6</b>
Total Organic Milk Products	193	193	<b>12.5</b>	<b>12.5</b>
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/ **Note: Figures in bold print are revisions.** 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](mailto: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/

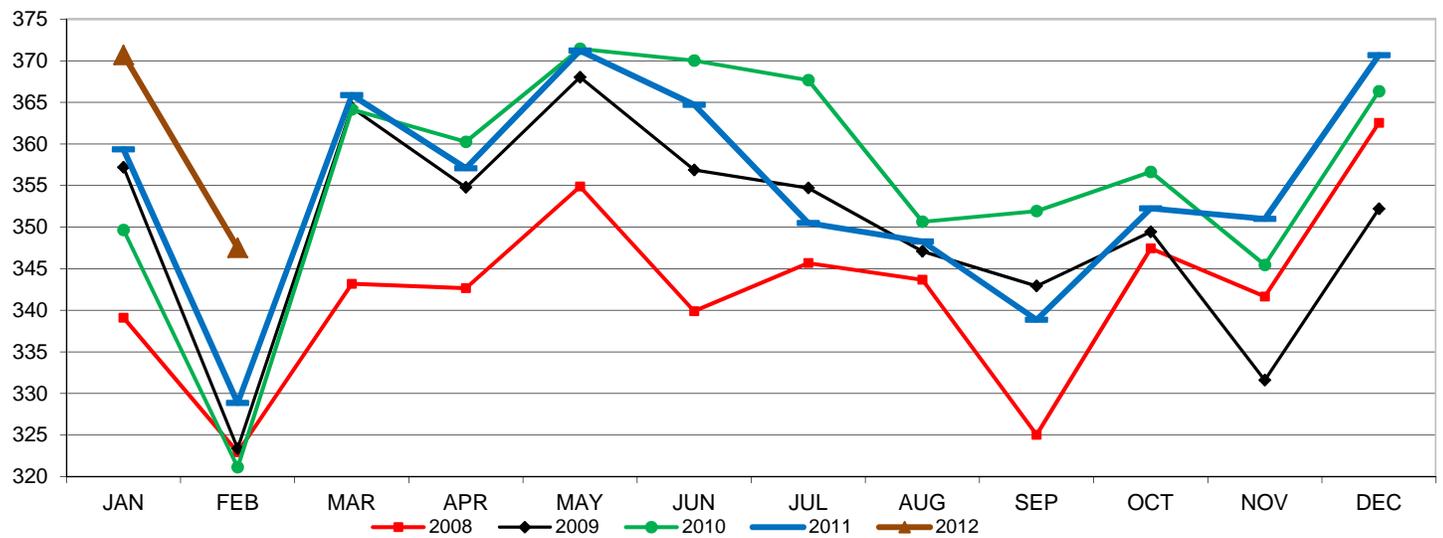
Area (Order Number)	Sales		Change from: 2/	
	January	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Northeast (001)	779	779	-2.3	-2.3
Appalachian (005)	306	306	-3.3	-3.3
Southeast (007)	423	423	-4.3	-4.3
Florida (006)	255	255	-2.7	-2.7
Mideast (033)	519	519	-1.5	-1.5
Upper Midwest (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.

**U.S. TOTAL AMERICAN-TYPE CHEESE PRODUCTION**

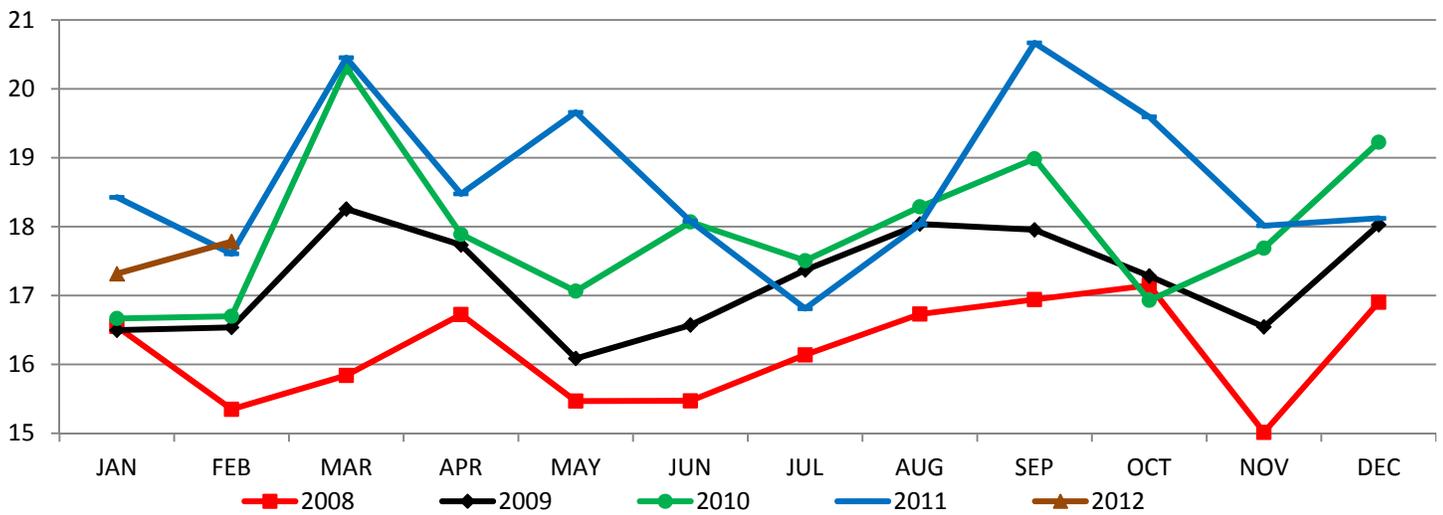
MILLION POUNDS



DATA SOURCE USDA, NASS; GRAPH, USDA, DMN

**U.S. TOTAL HISPANIC CHEESE PRODUCTION**

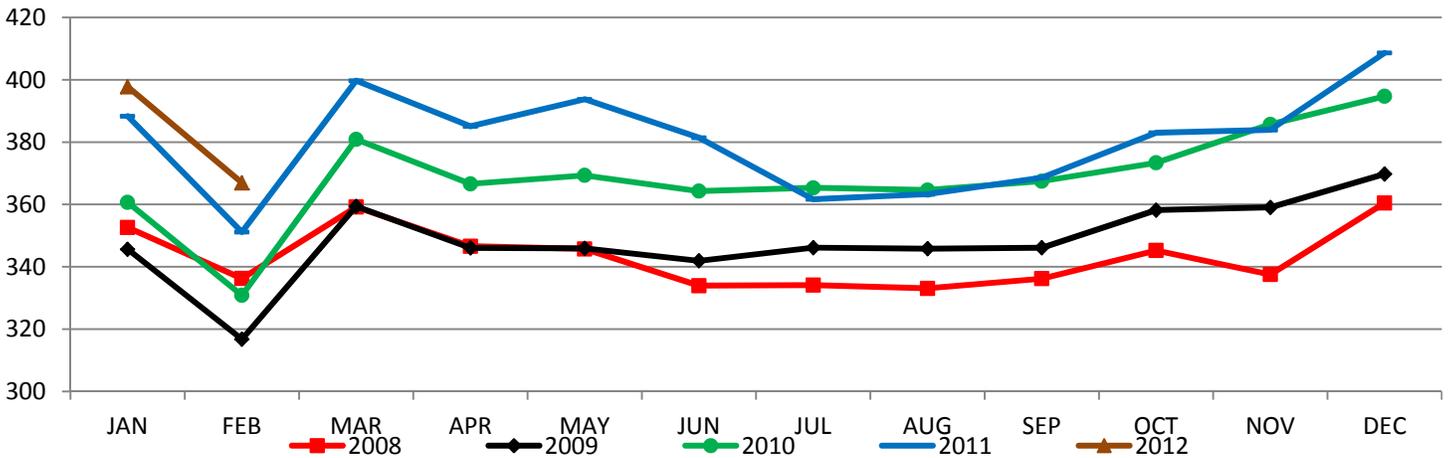
MILLION POUNDS



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

**U.S. TOTAL ITALIAN-TYPE CHEESE PRODUCTION**

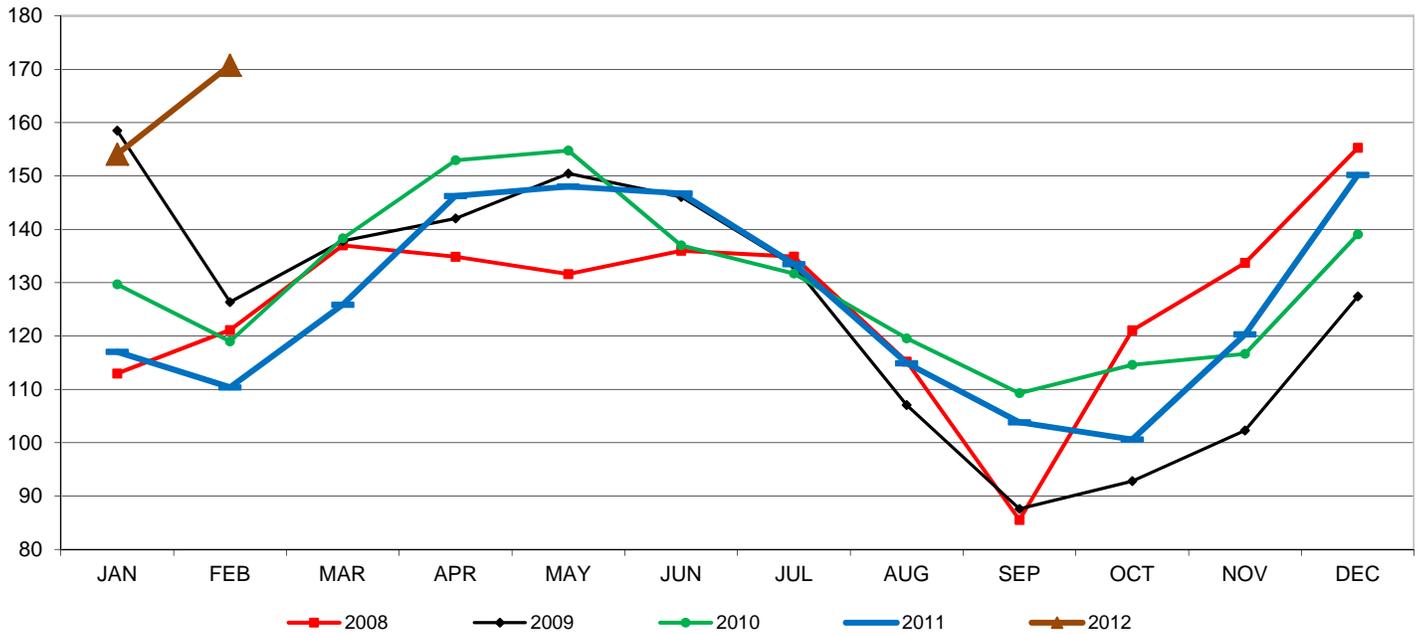
MILLION POUNDS



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

### U.S. NONFAT DRY MILK (NDM) PRODUCTION, HUMAN

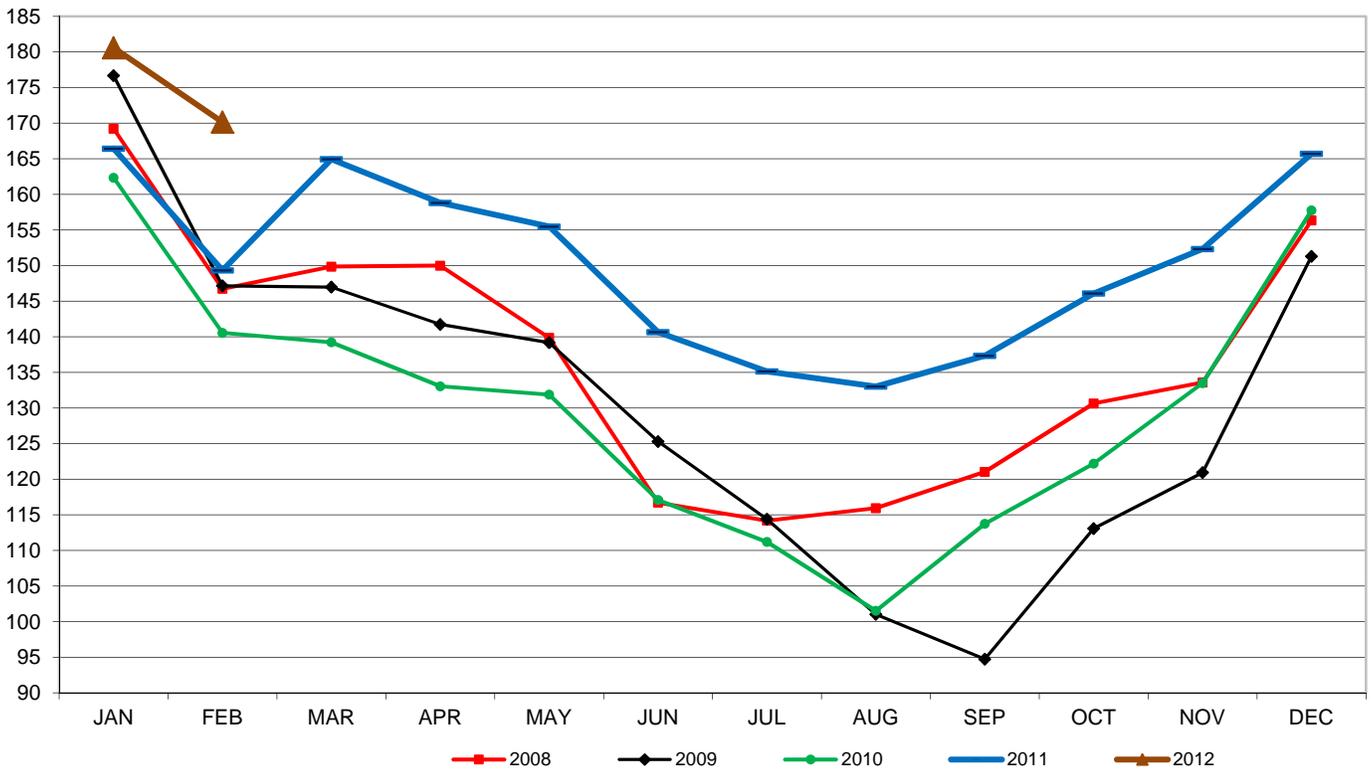
Million Pounds



Graph USDA, DMN; Source: NASS Data

### U.S. BUTTER PRODUCTION

Million Pounds



Graph USDA, DMN; Source USDA, NASS

# DAIRY MARKET NEWS

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