

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (2/08):**

BUTTER: Grade AA closed at \$1.5550. The weekly average for Grade AA is \$1.5550 (+.0200).

CHEESE: Barrels closed at \$1.5600 and 40# blocks at \$1.6500. The weekly average for barrels is \$1.5480 (+.0065) and blocks, \$1.6470 (+.0020).

BUTTER HIGHLIGHTS: With churns active in all regions and manufacturers making butter for inventory with confidence, and with some customers also seeking additional volumes, there is still cream moving from the West and East to the Central region. Eastern spot cream loads clearing into the Central region this week carried multiples in the low 1.10's. Prices range from 1.5 to 4 cents over market. Northeast bulk butter prices remain strong and range from 4 to 14 cents over the market based on the CME Group with various time frames and averages used. Western prices for bulk butter range from flat to 4 cents under the market. Advertised U.S. butter prices from the National Dairy Retail Report showed a weighted average price of \$2.80 per pound compared to \$2.63 two weeks ago. Nationally, the numbers of butter ads are nearly equal with two weeks ago. According to NASS, cumulative 2012 butter production at 1,857.1 million pounds was 2.6% above cumulative production for 2011. December's monthly U.S. butter production totaled 173.2 million pounds, up 20.9% from November and 4.4% higher compared to December 2011. The Kansas City Commodity Office issued Bid Invitation Number 2000001644 on February 5, 2013 for salted butter packaged in 36/1pound cartons totaling 246,240 pounds. Deliveries are due between April and June 2013. Offers are due February 12, 2013. More information on offer specifications may be obtained at: <http://www.fsa.usda.gov/FSA/>

CHEESE HIGHLIGHTS: Cheese prices began to show some strength this week after a month of lower prices. Spot trading at the CME Group was mixed this week with slightly higher prices as the week progressed. There continues to be a large spread between barrel and block pricing as barrels are trading more than blocks at the exchange. Cheese production is higher than year ago levels across much of the country. Western manufacturers are running at near equal to last year due to tighter milk supplies. Lower prices have increased interest from buyers looking to put cheese into aging programs as well as acquire product for processing. Export sales are being assisted through the CWT program as bids for 4.7 million pounds of cheese were accepted this week. Although prices have come down over the last month, CME Group monthly averages for January are over 10 cents higher than year

ago for barrels and over 14 cents higher for blocks. Friday at the CME Group, barrels closed at \$1.5600 up \$.0175 from the previous week and blocks closed at \$1.6500 up \$.0050.

FLUID MILK: Milk production remains strong in the Northeast and Mid-Atlantic regions. Additional Class I demand and shipments were occurring ahead of a late in the week blizzard. Some areas in the Northeast are forecast to receive feet of snow. Those levels will restrict milk deliveries from the farms to plants and provide transportation headaches for all other marketing segments. Milk output is increasing in Florida and other Southeastern states. Cream supplies are heavy in East with multiples under pressure. Midwestern milk production trends remain strong and shipments of excess loads are finding a weak demand. Pricing of milk under Class in the \$1-3 range are noted. Milk output is steady in the Southwest. California is still tracking a few percentage points behind year ago levels. Arizona milk cows have been impacted by recent wet conditions and the seasonal peak is projected to be in the near future. Milk production in the Pacific Northwest is steady to up slightly. Plants are handling the milk supply with no issues noted. The milk supplies are mostly steady with recent weeks and along projection in Utah and Idaho.

DRY PRODUCTS: The dry dairy product complex is under some pricing pressure with most values being down this week. Nonfat dry milk pricing is lower. Demand has slowed and offerings are available from producers and resale sources. Production is active. Supplies are building and prices are trending downwards as producers offer discounts to stimulate buyer interest. Dry whey prices are mixed with spot trading moving lower whereas index based pricing moved higher. Lower pricing is reported for the export market. Offerings of dry whey are increasing, especially where more milk is moving into the cheese plants. Whey protein concentrate pricing is steady to slightly lower. Demand is uneven and often lighter than current offering volumes. The lactose market is unsettled and tending to be bimodal. Spot pricing is under pressure and offering prices are lower. The contract prices are buoying the top of the price range. Offerings are increasing and not being readily absorbed.

ORGANIC DAIRY MARKET OVERVIEW: The national weighted average advertised price of organic milk half gallons, \$3.75, is 18 cents higher than two weeks ago. The price range, \$2.59 to \$4.99, decreased 40 cents on the bottom of the price range and was unchanged on the top. This period, nearly 80% of ads are for national brands with the balance for store brands. Store brands have the lowest advertised

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

ORGANIC DAIRY MARKET NEWS (PAGES 8 - 8B)
DECEMBER DAIRY PRODUCTS (PAGE 9)
JANUARY 1 MILK COW INVENTORY (PAGE 10)

GRAPHS (PAGES G1 - G2)
NATIONAL DAIRY RETAIL REPORT (attached)

CME GROUP CASH TRADING

COMMODITY	MONDAY FEB 04	TUESDAY FEB 05	WEDNESDAY FEB 06	THURSDAY FEB 07	FRIDAY FEB 08	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.5325 (-.0100)	\$1.5425 (+.0100)	\$1.5500 (+.0075)	\$1.5550 (+.0050)	\$1.5600 (+.0050)	:: (+.0175)	:: \$1.5480 (+.0065)
40# BLOCKS	\$1.6450 (N.C.)	\$1.6450 (N.C.)	\$1.6475 (+.0025)	\$1.6475 (N.C.)	\$1.6500 (+.0025)	:: (+.0050)	:: \$1.6470 (+.0020)
NONFAT DRY MILK							
EXTRA GRADE	\$1.5600 (N.C.)	\$1.5600 (N.C.)	\$1.5600 (N.C.)	\$1.5600 (N.C.)	\$1.5600 (N.C.)	:: (N.C.)	:: \$1.5600 (N.C.)
GRADE A	\$1.5200 (N.C.)	\$1.5200 (N.C.)	\$1.5200 (N.C.)	\$1.5200 (N.C.)	\$1.5200 (N.C.)	:: (N.C.)	:: \$1.5200 (-.0060)
BUTTER							
GRADE AA	\$1.5550 (N.C.)	\$1.5550 (N.C.)	\$1.5550 (N.C.)	\$1.5550 (N.C.)	\$1.5550 (N.C.)	:: (N.C.)	:: \$1.5550 (+.0200)

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

price, \$2.59, and national brands have the highest, \$4.99. The weighted average advertised price for national brands is \$3.89 and for store brands, \$3.22. The current national organic half gallon milk weighted average advertised price of \$3.75 compared with the weighted average advertised price for non-organic half gallons, \$2.17, yields an organic-conventional half-gallon milk advertised price spread of \$1.58, compared with \$1.56 two weeks ago. The 2012 average spread was \$1.24. Ads for 4-6 ounce organic yogurt ranged in price from 50 cents to 63 cents, with a national weighted average advertised price of \$.58. Organic dairy advertising volume has opened 2013 stronger than volume during most of the last three months of 2012. This period's ad volume is 42% over the average for all of last year. Milk is the largest category of organic dairy ads this period, with 69% of the total. That is the highest percentage this year and higher than last year's average, 57%. Yogurt is second, with 24% of ads, followed by butter and cheese, each tied at 3%.

RETAIL DAIRY MARKET NEWS: Ad features centered on football themes with the dairy case well represented, seeking shoppers who were planning and attending Super Bowl parties. Cream cheese ads were nearly triple the rate of two weeks ago, while sour cream ads were nearly double. Ice cream ads were 17% higher. Total cheese category ads were 13% higher. Many grocer ads also contained tie in recipes for dairy ingredients and had dairy ads in areas of high visibility. U.S. average butter prices for one-pound packs were \$2.80 this period, up 17 cents from two weeks ago. Cheese shreds in 8 oz. packs averaged \$2.46, up two cents. Cream cheese in 8 oz. packs was \$1.60, up 21 cents. Ice cream in 48-64 oz. packs was \$3.11, up 9 cents. Milk gallons averaged \$2.95, up 5 cents. Sour cream in 16 oz. packs was \$1.64, up 11 cents. In 4-6 oz. packs, Greek yogurt averaged 99 cents, down 2 cents; while regular yogurt was 51 cents, up 1 cent. The national weighted average advertised conventional milk price for half gallons this period, \$2.17, increased 16 cents from two weeks ago, following a 29 cent decrease two weeks before that. Organic half gallon prices averaged \$3.75, up 18 cents from two weeks ago, following a 28 cent increase four weeks ago. The resulting organic-conventional half-gallon price spread is \$1.58, up 2 cents from two weeks ago. The 2012 average price spread was \$1.24.

INTERNATIONAL UPDATE (DMN): At the February 5 g/DT session #85, average prices for most products traded and contracting periods were mostly steady to firm. Average prices across all contracting periods and individual products ranged from 0.1% lower to 7.2% higher. The product price averages (per MT) and percent changes from the previous average are: anhydrous milk fat, \$3,500, +7.2%; buttermilk powder, \$3,530, +3.7%; cheddar cheese, \$3,525, -0.1%; lactose, \$1,800, n.a.; milk protein concentrate, \$6,070, +1.2%; rennet casein, \$8,766, +3.3%; skim milk powder, \$3,554, +0.5%; and whole milk powder, \$3,468, +5.4%.

DECEMBER 2012 DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 173.2 million pounds, 4.4% above December 2011 and 20.9% above November 2012. American type cheese production totaled 378.3 million pounds, 2.6% above December 2011 and 4.2% above November 2012. Total cheese output (excluding cottage cheese) was 949.3 million pounds, 2.0% above December 2011 and 3.8% above November 2012. Nonfat dry milk production, for human food, totaled 157.3 million pounds, 4.7% above December 2011 and 35.8% above November 2012. Dry whey production, for human food, was 84.1 million pounds, 8.6% above December 2011 and 21.1% above November 2012. Ice cream (hard) production totaled 49.1 million gallons, 2.9% below December 2011 and 8.4% below November 2012.

JANUARY 1 MILK COW INVENTORY SUMMARY (NASS): The number of milk cows in the United States as of January 1, 2013, totaled 9.2 million head, unchanged from January 1, 2012. Milk cow replacement heifers totaled 4.6 million head, down 2% from January 1, 2012. The number of milk cow replacement heifers per 100 milk cows on January 1, 2012 was 49.4, down 1.4% from January 1, 2012. Milk cow replacement heifers expected to calve during the year totaled 2.93 million head, down 4% from January 1, 2012.

CME GROUP

MONDAY, FEBRUARY 4, 2013

CHEESE -- SALES: 3 CARS BARRELS: 2 @ \$1.5425, 1 @ \$1.5325; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5400
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.5000; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, FEBRUARY 5, 2013

CHEESE -- SALES: 1 CAR BARRELS @ \$1.5425; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5325; 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 @ \$1.5650

WEDNESDAY, FEBRUARY 6, 2013

CHEESE -- SALES: 3 CARS BARRELS @ \$1.5500; 1 CAR 40# BLOCKS @ \$1.6450; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5500; 1 CAR 40# BLOCKS @ \$1.6475; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5600
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 2 CARS GRADE AA @ \$1.5550; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$1.5600

THURSDAY, FEBRUARY 7, 2013

CHEESE -- SALES: NONE; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.5550; 1 CAR 40# BLOCKS @ \$1.6450; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.5100; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

FRIDAY, FEBRUARY 8, 2013

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.6500; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5600; 1 CAR 40# BLOCKS @ \$1.6475; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.6600
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.5100; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 2 CARS GRADE AA @ \$1.5550; LAST BID UNFILLED: 3 CARS GRADE AA @ \$1.5550; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

The butter price on the CME Group was unchanged Tuesday and closed at \$1.5550. The butter price has held steady in light trading in the last 4 trading sessions, after increasing 5 cents and trading 11 loads last Wednesday. Cream supplies continue to be readily available in the region with churns operating at increased schedules. Demand for butter is steady with good domestic print and bulk orders for this time of year. Export demand continues to be fairly good prompting increased production of 82% unsalted butter. Current bulk butter prices remain strong and range from 4-14 cents over the market based on the CME Group with various time frames and averages used. According to NASS, cumulative 2012 butter production at 1,857.1 million pounds was 2.6% above cumulative production for 2011. December's monthly U.S. butter production totaled 173.2 million pounds, up 20.9% from November and 4.4% higher compared to December 2011. Atlantic region butter production in December totaled 17.5 million pounds, up 44.2% from November and 8.0% more than 2011.

CENTRAL

Eastern spot cream loads continue to clear into the Central region this week, with multiples in the low 1.10's. Those cream loads as well as cream loads from Central region sources are keeping churns active. Butter prices are still at a value where manufacturers and some large volume buyers feel it makes financial sense to make/buy and hold. Bulk butter availability is reportedly lower. Prices range from 1.5 to 4 cents over market. Trading activity at the CME Group is light through Wednesday, with 2 cars clearing. Prices are unchanged at \$1.5550. The Kansas City Commodity Office issued Bid Invitation Number 2000001644 on February 5, 2013 for salted butter packaged in 36/1pound cartons totaling 246,240 pounds. Deliveries are due between April and June 2013. Offers are due February 12, 2013. More information on offer specifications may be obtained at: <http://www.fsa.usda.gov/FSA/> According to NASS, butter production in the Central region totaled 69.5 million pounds during December 2012, 23.7% more than one month ago, and 9.1% more than one year ago.

WEST

Western butter prices are mostly steady this week after moving higher on the CME Group last week. Retail accounts continue to purchase with some interest in additional volumes. Manufacturers are content to fill contracted needs at current prices but in some cases, additional purchases are at a premium. Cream is available in the region and is headed to churns in the West with some being directed out of the area. Butter churns in December increased production considerably after six months of below previous years' levels. The increased production has continued into the first quarter of 2013. Stocks of butter are increasing, but manufacturers are content to inventory butter for use later in the year. Prices for bulk butter range from flat to 4 cents under the market, based on the CME with various time frames and averages used. According to the NASS *Dairy Products* report, December butter production for the U.S. totals 173.2 million pounds, up 4.4% or 7.3 million pounds from December of 2011. The increased production in December was the first increase compared to the previous month in the last six months. Cumulative output for the year for the U.S. is 1,857.1 million pounds, up 2.6% or 47.3 million pounds from the same period in 2011. December's heavy production was sufficient to show a net gain for the year after months of lower production. December output in the Western region totals 86.1 million pounds, up 0.2% or 0.2 million pounds more than December of 2011. The West produced 49.7% of the butter in the U.S. in December. Wednesday's close on the CME Group exchange for butter is unchanged at \$1.5550. Prices have remained unchanged for the last five trading sessions after last Wednesday's 5 cent jump. Sales activity this week was limited to two sales on Wednesday. CME Group average price for January 2013 for butter is \$1.4933 compared to \$1.5831 for January 2012. Advertised U.S. butter prices from the National Dairy Retail Report showed a weighted average price of \$2.80 per pound compared to \$2.63 two weeks ago. Nationally, the number of butter ads are nearly equal with two weeks ago. Western advertised prices ranged from \$2.50-3.29 per pound, the same as two weeks ago. The weighted average for butter in the Northwest was \$2.50 and the Southwest was \$2.88.

NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
February 02, 2013	1.5117 3,963,335	1.7007 11,039,133	1.6563 9,204,908	0.6476 7,437,620	1.5378 29,398,338

Further data and revisions may be found on the internet at: <http://www.ams.usda.gov/AMSV1.0/DairyProductMandatoryReporting>

CHEESE MARKETS

NORTHEAST

Cheese prices on the CME Group were mixed Tuesday with barrels increasing \$0.0100 to close at \$1.5425, while blocks held unchanged at \$1.6450. Barrel prices have been mixed over the last 6 trading sessions with 3 session increases and 3 declines, resulting in a net loss of \$0.0275. Trading was also active with 16 loads of barrels transacted during the same period. Blocks have only seen 2 loads traded in the last 8 sessions, while prices have remained unchanged. Cheese production remains on 6-7 day production schedules with production adding to inventories. Demand has weakened with cheese makers hoping promotions will prompt increased sales ahead of Easter. Aging programs continue to build as cheddar supplies are ample. Exporters are relieved to hear of a tentative agreement, which if ratified, would avert a Longshoreman's strike on the East and Gulf coasts. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 4.696 million pounds (2,130 metric tons) of Cheddar, Gouda and Monterey Jack cheese. The product will be delivered February through July 2013.

Dairy Products: According to the latest NASS report, total cheese production for December in New York was 66.9 million pounds, 3.9% more than November, but 2.1% less than December, 2011. Pennsylvania produced 35.0 million pounds in December, 8.5% more than one month earlier, but 0.1% less than one year ago. Vermont produced 11.2 million pounds, 9.3% less than last month, but 10.3% more than December 2011. The total of all cheese production for December in the Atlantic region was 122.5 million pounds, up 3.6% from November and 0.1% 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 December totaled 949.3 million pounds, 3.8% more than November and 2.0% more than December 2011. Cumulative 2012 U.S. Cheese production was 2.5% greater than 2011 production. Focusing on Italian cheese, New York production in December totaled 32.1 million pounds, 7.9% more than November, but 5.0% less than December 2011. Pennsylvania produced 22.3 million pounds in December, 20.1% more than November and 1.1% more than December. The Atlantic region in December, produced 61.7 million pounds of Italian cheese, 9.8% more than November, but 1.6% less than last year.

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

Cheddar 40# Block	:	2.0450-2.3300
Process 5# Sliced	:	1.7600-2.2400
Muenster	:	2.0650-2.4250
Grade A Swiss Cuts 10 - 14#	:	3.5900-3.9125

MIDWEST

Cheese price news this year has been "down more than up", in the view of one manufacturer, and that perspective is typical of much discussion. In historical context though, over five years, prices at this point of the year were lower in 2009, 2010 and 2012. Block prices, unchanged for the last nine trading sessions, finally increased \$.0025 Wednesday to \$1.6475. Of some concern is the recent magnitude of the price spread between blocks and barrels, which has not been below \$.0500 for the last fourteen trading sessions through this Wednesday, ranging up to \$.1150. Wednesday the spread dropped to \$.0975, after six closes above \$.1025. The universal view is that this price spread is "unsustainable". General

talk aside, most manufacturers' frustration comes not from wondering whether cheese prices will move up in coming months, which is expected, "but when and by how much". This year, the factors of weather and drought affecting milk supplies relate to uncertainty about feed and forage prices, the potential for exports, as well as retail sales. For now, cheese manufacturers expect to "keep going" and await clearer signs of the magnitude and timing of these over-riding factors. Complicating efforts to "keep going", the volume of cheese manufactured is causing some "push back" from cutters and wrappers, who are increasingly struggling to keep current with volumes and schedules. Another factor in some Midwest plants is Mozzarella sales backing up more than other varieties, causing unexpected Mozzarella price weakness, particularly related to Cheddar which at least can be aged longer when sales slow below production. Cheese retail advertising volume reported in the National Dairy Retail Report is up 13% from two weeks ago. The Midwest is consistent with national patterns for the two most advertised cheese package sizes as a percentage of total cheese ads: 8 ounce shredded (45% nationally and 40% Midwest); and 8 ounce blocks (26% nationally and 37% Midwest). Almost all remaining Midwest cheese ads are for 1 pound shredded (21%) while nationally that category has under 9% of ads and just over 12% for 1 pound block which doesn't reach 2% in the Midwest. Ads for 2 pound blocks are insignificant nationally and non-existent in the Midwest. Most average advertised cheese prices in the Midwest are lower than the national average. The weighted average advertised price of 8 ounce shredded increased nationally 2 cents to \$2.46, 30 cents higher than the Midwest; 8 ounce blocks declined nationally 12 cents to \$2.28, 16 cents higher than in the Midwest; 1 pound shredded increased nationally 29 cents to \$4.19, 74 cents higher than in the Midwest; 1 pound blocks increased nationally 23 cents to \$4.31, 18 cents lower than in the Midwest; and 2 pound blocks decreased nationally 59 cents to \$5.93. Nationally, total cumulative 2012 cheese production through December, nearly 10.9 billion pounds, is 2.5% ahead of cumulative 2011 production. Total Central Region cheese production for December, 429.6 million pounds, a 3.2% increase, lags the national percentage increase from November, as well as lagging both the Atlantic and Western region percentage increases. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 4.696 million pounds (2,130 metric tons) of Cheddar, Gouda and Monterey Jack cheese to customers in Asia, the Middle East, North Africa and South America. The product will be delivered February through July 2013. For the year-to-date, CWT has assisted member cooperatives in exporting 19.3 million pounds of cheese.

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

Process American 5# Loaf	:	1.7325-2.4375
Brick And/Or Muenster 5#	:	2.0325-2.5925
Cheddar 40# Block	:	2.0325-2.9050
Monterey Jack 10#	:	2.0025-2.9050
Blue 5#	:	2.2975-3.2825
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8775-3.0050
Grade A Swiss Cuts 6 - 9#	:	3.1100-3.2275

CONTINUED ON PAGE 3A

CHEESE MARKETS

CONTINUED FROM PAGE 3

WEST

Western wholesale cheese prices are lower this week as the CME Group weekly average price moved lower again last week. Buyers are purchasing for immediate needs with many trying to determine if the market has found a plateau. Production schedules are trying to match demand with slightly larger supplies. The lower prices have increased interest for export. The CWT program accepted bids to assist with 4.7 million pounds of export cheese through July of 2013 this week. According to the NASS *Dairy Products* report, total cheese production in the U.S. in December reached 949.3 million pounds, up 2.0% or 18.7 million pounds from last year. Cumulative total cheese output for the U.S. for the year is 10.9 billion pounds, up 2.5% or 264.0 million pounds from 2011. December total cheese production in the Western region was 397.2 million pounds, down 0.2% or 0.8 million pounds from December 2011. The West produced 41.8% of all the cheese in the U.S. in December. Swiss output for the U.S. in December is 26.2 million pounds, down 5.7% or 1.6 million pounds from last year. Advertised U.S. cheese prices as reported in the National Dairy Retail Report showed prices unevenly mixed. Featuring for cheese for the two week period showed both higher and lower numbers of ads for various package sizes. The most heavily advertised category of 8 oz. shred cheese was 2 cents higher on a weighted avg. price than two weeks ago at \$2.46 per package. In the West, prices ranged from \$4.69-8.99 per package for the 2 pound block package. Cheese prices at the CME Group for Wednesday settled higher for barrels and blocks. Barrels closed \$.0075 higher at \$1.5500 and blocks closed up \$.0025 at \$1.6475. Barrel prices have moved higher and lower this week as buyers attempt to determine market direction. Blocks and barrels continue to have an unusually large price spread. Barrel sales are moderate this week with seven loads sold, while blocks had only one sale so far this week. The CME Group monthly average price for January 2013 for barrels is \$1.6388 compared to January 2012 at \$1.5358. Blocks averaged \$1.6965 for January 2013 compared to \$1.5546 for the previous year.

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

Process 5# Loaf	:	1.6675-1.9250
Cheddar 40# Block	:	1.7650-2.1175
Cheddar 10# Cuts	:	1.9450-2.1650
Monterey Jack 10#	:	1.9550-2.1150
Grade A Swiss Cuts 6 - 9#	:	3.1675-3.5975

FOREIGN

The weekly average CME Group block price declined for the fourth consecutive week, lowering domestic wholesale foreign type cheese prices by \$0.0075. Swiss cut varieties declined \$0.2475 following the release of the Class III price Wednesday. Import cheese prices were unchanged. Cheese importers were greatly relieved to hear that a tentative agreement has been reached with the Longshoreman's Union. Over the last 2-3 months the US dollar has been weakening against the Euro, which results in higher prices paid by importers. This situation may prompt some importers to adjust their prices in the near term.

Dairy Products: According to the latest NASS report, domestic Parmesan production during December totaled 25.3 million pounds, 2.1% more than November, but 4.9% less than December 2011. Provolone production during December totaled 28.2 million pounds, 2.7% less than November and 0.1% less than December 2011. Romano production during December totaled 3.3 million pounds, 3.9% less than November and 9.9% less than December 2011. Swiss production during December totaled 26.2 million pounds, 5.2% more than November, but 5.7% less than December 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	: 2.1850-3.6725*
Gorgonzola	: 3.4900-6.1900	: 2.6875-3.1425*
Parmesan (Italy)	: -0-	: 3.5750-5.6650*
Provolone (Italy)	: 3.4400-5.4500	: 2.2275-2.3850*
Romano (Cows Milk)	: -0-	: 3.3750-5.5250*
Sardo Romano (Argentine)	: 2.8500-3.6900	: -0-
Reggianito (Argentine)	: 3.2900-4.3900	: -0-
Jarlsberg-(Brand)	: 2.9500-5.2900	: -0-
Swiss Cuts Switzerland	: -0-	: 3.6875-4.0100*
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

	:	
02/04/13	12,074	: 118,438
02/01/13	11,947	: 118,060
CHANGE	127	: 378
% CHANGE	1	: 0

FLUID MILK AND CREAM

EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	20	0	0	0	91
SOUTHEAST STATES	0	0	0	0	0	0

Manufacturing milk supplies are increasing slightly in the Mid-Atlantic and Northeast regions as Class I demand has leveled off, following some storm related increases. Milk production remains strong in both regions with good component levels. Milk production in Florida continued to increase this week as moderating temperatures improved cow comfort levels. A weakening of Class I demand prompted 20 spot loads of milk to be exported. Producers are continuing with supplemental hay feeding, due to the worsening drought. Milk production increases are expanding throughout the Southeast region. Supplies are marginally above demand needs and with some loads being shipped to auxiliary manufacturing facilities. Load rejections, due to high aflatoxin levels, were again a problem in some areas. Cream supplies are at levels that quickly overwhelm demand, which necessitates numerous loads be shipped out of region in order to find a home. Demand for cream is weak, but is showing signs of improving. Cream cheese production is just beginning to pick up as cream cheese manufacturers build inventories ahead of Passover and Easter. Ice cream production has also picked up in the Northeast. The oversupply situation and spotty demand has widened the multiples to 100-117, with the lower end of the range reflective of those loads shipped out of region and the high end supported by improved localized demand in New England. Demand for condensed skim remains lackluster and weak. Most manufacturers are able to manufacture what they need with their contracted condensed skim volumes. The Class III nonfat solids price, used to price spot loads of condensed skim, marginally declined as a result of Wednesday's Class III price release. The marginal decline is not expected to increase spot load sales. Spot load sales are limited, and as a result, significant volumes of condensed skim continue to flow to Class IV production. According to NASS, ice Cream production in the Atlantic region for December totaled 10.6 million gallons, 2.7% less than November and 9.4% less than December 2011. U.S. Yogurt production (plain and flavored) for December totaled 355.9 million pounds, up 12.2% from November and 11.0% more than for the same period last year. Cumulative 2012 production totaled 4,451.2 million pounds, 4.2% higher than 2011.

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 -	1.6271-1.7960
F.O.B. producing plants: Upper Midwest -	1.8113-1.8574

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.56 - 1.61
Northeast - Class III - spot prices -	1.54 - 1.59

MIDWEST

Milk haulers and processors report the story on farm milk in the Central region is unchanged: strong production, weak demand for spot loads. At least one plant is trying to place multiple February milk loads, but there are few takers. Some plants indicate there is

no room for outside milk as the operations are completely involved with processing milk from their regular suppliers. Spot milk prices remain in the same narrow channel of previous weeks, \$1 - \$3 under Class. Spot cream loads are also readily available. Class II production is steady to slightly higher as a few ice cream production facilities reopen. Multiples for Class II cream notched higher on the bottom, but remained steady on the top, ranging from 1.18 - 1.21. Class IV cream prices continue flat, reportedly well below the approximate 1.24/1.25 multiple breakeven level. Butter production is active at several Central churns. Some uptick in Class III cream demand from cream cheese manufacturer is noted this week, and cream sellers expect Class III demand will increase steadily throughout late February and early March. During those weeks, manufacturers will be producing cream based consumer goods for the spring holidays.

WEST

CALIFORNIA milk production is mostly steady compared with recent weeks and continues to trend slightly lower than year ago levels. The dairy economy impacts at the farm level remain in play, with dispersals continuing and other producers right sizing the milking herd to balance off the lower producing cows. The high beef prices for cull animals are welcomed and positive to help with cash flow for replacement animals. Milk handling is generally fair to good with some milk moving around as some processing plants take downtime for maintenance. Fluid milk needs are uneven with some account needs trending lower than expectations, thereby putting more milk into other products. The January 4a price (butter/powder) in CALIFORNIA is \$17.08, down \$0.39 from December but \$0.90 higher than last year. This compares to the Federal Order Class IV price for January at \$17.63. The January 4b price (cheese) is \$15.84, \$0.46 lower than December but \$1.61 more than last year. This compares to the Federal Order Class III price for January at \$18.14. ARIZONA milk output is flat, but processors indicate that the seasonal peak has not yet occurred. Recent wet weather conditions likely are playing out in tempering milk growth. Plants are operating well with some milk being moved around because of Class price changes in February. Class I sales are steady and becoming consistent with expectations. CREAM markets remain on the weak side of normal and are characterized by moderate to heavy supplies, light demand from buyers who do not want to pay much, and heavy butter production. Demand from higher class items has slipped after recent buildups around the Super Bowl. Dairy products were heavily featured in retail grocery store ads in recent weeks in the region. The butter price for Grade AA at the CME Group closed at \$1.5550 on Wednesday, February 6, unchanged from a week earlier. Cream multiples are slightly improved in the 90 to 122 range, and vary depending on basing points and averages. Temperatures in the PACIFIC NORTHWEST were moderate this week with no problems reported in handling of milk supplies. Milk volumes are mostly steady to up slightly in the region. Processing capacity in the region is sufficient to handle current supplies with minimal difficulties. Dairy farmers continue to face high feed costs, which in light of steady to weak milk prices, do not encourage herd expansion. UTAH and IDAHO weather conditions were milder with mostly seasonal temperatures. Recent cold weather had held production back slightly, but production levels are mostly along expected lines. Dairy farmers are maintaining herd numbers with most content to continue the status quo at current milk prices. Increased milk demand in the region has yet to significantly influence farm milk prices.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Nonfat dry milk prices in the Central region held steady on the bottom of the range and mostly, but the top of each price series stepped lower. The market tone is weak. Manufacturers indicate they do receive inquiries for blocks of loads, but price remains the stumbling block for buyers to take positions on NDM. Many users are shopping in the resale market, where NDM prices are reportedly lower than through direct purchases from manufacturers. Milk production in the Central region has not faltered during this winter ramp up to the flush and NDM manufacturers indicate they continue to fill out dryer schedules to match farm milk intakes and condensed skim volumes. Producers' NDM inventories are building seasonally. The January 2013 Dairy Market News average of the mostly price series for Central and East nonfat dry milk, low/medium heat, was \$1.5679 compared to \$1.5678 one month ago and \$1.4302 in January 2012. The January 2013 Dairy Market News average of the range price series for Central and East nonfat dry milk, high heat, was \$1.6592 compared to \$1.6629 one month ago and \$1.5243 in January 2012. According to NASS, NDM production in the Central region totaled 27.0 million pounds during December 2012, 25.0% more than one month ago, and 48.6% more than one year ago. Cumulative nonfat dry milk production for 2012 in the Central region totals 258.8 million pounds, 61.9% higher compared to 2011 production during the same time span.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of human food NONFAT DRY MILK during December 2012 totaled 157.3 million pounds, up 35.8% from November 2012 production and 4.7% higher than December 2011. Cumulative nonfat dry milk production for 2012 totals 1,780.7 million pounds, 17.6% higher than 2011 production during the same time span. Month ending stocks, at 180.4 million pounds, are 42.2% higher than a month ago, and 9.1% higher than one year ago. December 2012 production of SKIM MILK POWDERS, which includes protein standardized and blended product, totaled 38.1 million pounds, 14.7% less than one month ago but 4.3% more than one year ago. Cumulative 2012 skim milk powder production totals 375.7 million pounds, a 15.8% decrease in production compared to production during the same time span in 2011.

EAST: Low heat nonfat dry milk prices moved lower this week, while high heat prices were mixed in a narrowing range. Milk production increases are adding to condensed skim milk volumes heading to the dryers, increasing nonfat dry milk production. Demand remains lackluster and sluggish as end users are resisting purchases in what they feel is a downward trending market in the near term. Some manufacturers are viewing the market in the long term and see NDM production and supplies tightening in the 2nd and 3rd quarters and therefor are comfortable with their current inventory levels. The result of this situation is light market activity with limited spot sales. What spot sale activity there is can be attributed to manufacturers attempting to balance their expanded inventories. Spot sales and resale prices remain under contract pricing, which helps sustain the market's a weak undertone.

Atlantic Dairy Products - The latest NASS Dairy Products report indicates nonfat dry milk production for December in the Atlantic region totaled 20.6 million pounds, 13.1% of the nation's total. The Atlantic region production was 8.9% more than one year ago and 68.4% more than the previous month.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.5000 - 1.6375 MOSTLY: 1.5100 - 1.6100
 HIGH HEAT: 1.6300 - 1.6875

NONFAT DRY MILK - WEST

Western low/medium heat NDM prices are lower and the market undertone is weaker. The impact of heavier production and stocks is not being offset with corresponding demand. Buyers are reluctant to make purchases and are being offered lower prices in the resale market. Drying remains active in the region to process available milk and skim intakes. Export interest is slow to fair to emerge for new business. U.S. skim milk powder pricing on the gDT auction was lower from two weeks ago. There are hopes that the U.S. can be a source supplier for an upcoming tender. The weaker U.S. Dollar could make U.S. sourced powders more competitive. Domestic demand is uneven. Regular account business is fair. Cheese makers are reluctant to take additional solids, especially in the Midwest, where milk supplies and offerings are more abundant. The high heat NDM market is also trending lower. Offering prices are being affected by the declining low heat market. Demand is seasonally fair with good interest from food mix and bakery accounts. Production runs remain sporadic with product being made to order. Stocks are generally in good balance.

Dairy Products: U.S. NDM production in December 2012 totaled 157.3 million pounds, 4.7% more than last year and 35.8% more than November. Calendar year 2012 cumulative NDM output totals 1.78 billion pounds, up 17.6% (unadjusted for leap day in 2012) or 266.3 million pounds from 2011. NDM production in the West region in December totaled 109.7 million pounds, down 3.0% from last year. The West produced 70% of the U.S. total in December. U.S. manufacturers' stocks of NDM at the end of December were 180.4 million pounds, 9.1% more than a year earlier and 42.2% more than November 2012. U.S. skim milk powder (SMP) production in December totaled 38.1 million pounds, 4.3% more than last year but 14.7% less than November. Calendar year 2012 cumulative SMP output totals 375.7 million pounds, down 15.8% (unadjusted) or 70.3 million pounds from a year earlier.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.4600 - 1.5900 MOSTLY: 1.4900 - 1.5575
 HIGH HEAT: 1.5800 - 1.6825

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Central dry buttermilk prices retreated under pressure from growing manufacturers' dry buttermilk inventories and continuing active production schedules. The market tone is weak. Many producers indicate the demand for condensed buttermilk is light into Class II contract sales, but some manufacturers are managing to funnel a portion of internal condensed buttermilk supplies away from dryers and into process cheese and/or frozen dessert-type end products. At other locations, dry buttermilk production is active alongside heavy clearing of cream through the churns. Dry buttermilk inventories are growing seasonally, but butter/dry buttermilk producers anticipate the call for cream into Classes II and III will rise rapidly in the next few weeks as production of holiday related consumer products increase. The growth in dry buttermilk inventories is expected to level out during those weeks. The January 2013 Dairy Market News average of the range price series for Central and East dry buttermilk was \$1.5174 compared to \$1.5955 one month ago and \$1.3338 in January 2012.

CONTINUED ON PAGE 5A

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

CALIFORNIA MANUFACTURING PLANTS - NDM

DRY BUTTERMILK - CENTRAL AND EAST (continued)

DAIRY PRODUCTS: NASS *Dairy Products* reports production of dry buttermilk during December 2012 totaled 11.7 million pounds, 34.1% more than one month ago and 13.4% more than production one year ago. Cumulative 2012 dry buttermilk production totals 109.3 million pounds, 9.1% more than during the same time span of 2011. Month ending stocks of dry buttermilk, at 18.1 million pounds, are 37.8% higher than one month ago and 19.0% higher than one year ago.

EAST: Prices for dry buttermilk declined again this week as supplies continue to build. Cream is in a state of oversupply in the East, causing increases in churning schedules, and as a result, expanded dry buttermilk production. Demand is weak as most end users are buying for immediate needs only. Some buyers are delaying contract deliveries, thinking prices will move lower in the near term. The weakness in demand is exemplified by the general lack of spot or resale activity. Current production is moving through contracts and adding to inventories. Lower priced spot sales on the nonfat dry milk market, also add to the weak undertone in the dry buttermilk market.

F.O.B. CENTRAL/EAST: 1.3800 - 1.5000

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
February 1	\$1.5514	10,203,467	0
January 25	\$1.5305	12,892,211	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.

DRY BUTTERMILK - WEST

Western dry buttermilk prices are trending lower. The market tone is weaker. Producer offerings are moderate to heavy. Demand is generally light with buyers reluctant to make purchases. The weaker spot and resale offerings of NDM are competitive with dry buttermilk and hindering dry buttermilk interest. Drying schedules are active to process available buttermilk solids. Stocks are heavy. Buttermilk powder production in December 2012 for the U.S. totals 11.7 million pounds, up 13.4% from last year. Buttermilk stocks at the end of December were 18.1 million pounds, 19.0% higher than a year ago and 37.8% more than a month earlier.

F.O.B. WEST: 1.4000 - 1.4750 MOSTLY: 1.4000 - 1.4725

DRY WHOLE MILK - NATIONAL

Dry whole milk prices are unchanged for the week. Interest is light into domestic accounts. Interest from some North American end users is steady to higher following last week's price decreases. The January 2013 Dairy Market News average of the range price series for dry whole milk was \$1.7714 compared to \$1.7900 one month ago and \$1.7650 in January 2012.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows dry whole milk production during December 2012 totaled 4.2 million pounds, down 20.3% from November 2012, but 0.8% higher than December 2011. Cumulative total dry whole milk production for 2012 totals 58.3 million pounds, 11.4% less than 2011 production during the same time span.

F.O.B. PRODUCING PLANT: 1.6500 - 1.8000

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 held steady at the bottom of the range, but the bottom of the mostly stepped lower this week. The top of the range rose in response to variable index pricing. Manufacturers' dry whey stocks on hand started out high in the beginning of the year. December 2012 dry whey stocks were the highest end of the year holdings since December 2008. Since the beginning of 2013, the overall market tone has been weak, based on heavy production, building inventories, and light demand. Dry whey production is active throughout the region as farm milk intakes continue at volumes higher than last year. Human food dry whey production during December 2012 in the Central region totaled 39.3 million pounds. This dry whey production is 11.0% higher than one month ago, but 2.1% lower than one year ago. Cumulative 2012 human food dry whey production in the Central region totals 456.3 million pounds, 1.1% lower than 2011 production during the same time span. The January 2013 Dairy Market News average of the mostly price series for Central dry whey was \$0.6298 compared to \$0.6410 one month ago and \$0.7048 in January 2012. The January 2013 Dairy Market News average of the range price series for ANIMAL FEED Central milk replacer dry whey was \$0.5448 compared to \$0.5528 one month ago and \$0.5902 in January 2012.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of HUMAN FOOD dry whey during December 2012 totaled 84.1 million pounds, 21.1% higher than November 2012 and 8.6% higher than production 1 year ago. December ending stocks of HUMAN FOOD dry whey totaled 52.9 million pounds, 47.2% higher than 1 month ago and 25.5% higher than one year ago. Production of ANIMAL FEED dry whey during December 2012 totaled 4.4 million pounds, 34.7% more than one month ago but 20.9% less than the production of December 2011. ANIMAL FEED dry whey month ending stocks totaled 3.4 million pounds, 27.4% more than one month ago but 17.4% less than the stocks of one year ago.

F.O.B. CENTRAL: .5500 - .7000 MOSTLY: .5900 - .6450
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4400 - .6275

DRY WHEY - NORTHEAST

Dry whey prices moved marginally higher this week as sales based on various price indices increased the upper end of the range and spot sales increased the low end of the range. The price increase on the upper end of the range is somewhat out of step with the rest of the market. A majority of the market activity is under contract pricing, which comprises the upper end of the price range. Also, some buyers are holding off contract deliveries in the early part of the month with the outlook that supplies will pressure prices lower. Dry whey production remains strong as most cheese makers are operating on 6-7 day production schedules. Demand remains sluggish with most end users purchasing for immediate needs only, unwilling to take a market position in a supply heavy market. Resale activity continues to provide another indication of the markets weak undertone with limited sales in the mid to upper \$0.50's. The January 2013 Dairy Market News average of the price series for Northeast dry whey was \$0.6420 compared to \$0.6828 one month ago and \$0.7318 in January 2012.

Dairy Products: The latest NASS Dairy Products report shows production of dry whey for human consumption for the nation in

December, totaled 84.1 million lbs., 21.1% higher than the previous month and 8.6% higher compared to the same month one year ago. The Atlantic region totaled 21.0 million pounds, or 24.9% of the nation's total. The Atlantic region production was 0.3% less than one year ago, but 9.4% more than the previous month.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5500 - .7025

DRY WHEY - WEST

Western dry whey prices are mixed for the full range of prices and lower over the mostly series. The market continues to operate on a two tier system of domestic versus export pricing. Various contract indices moved higher and raised the upper end of the range slightly higher, while export markets exhibited weakness. Increased whey production over the past two months is increasing manufacturers' stocks along with stocks held by brokers. The higher stocks and lower whey futures have combined to encourage holders of whey to market more aggressively. According to the NASS *Dairy Products* report, edible U.S. whey production in December totals 84.1 million pounds, up 8.6% (+6.7 million pounds) from last year. The Western region produced 23.9 million pounds of whey in December, up 46.6% (+7.6 million pounds) from last year. The West produced 28.3% of the whey in the U.S. in December. Cumulative U.S. total dry whey production for the year is 1,008.5 million pounds, down 0.2% or 1.6 million pounds from the same period in 2011. Manufacturers' stocks at the end of December for edible whey are 52.9 million pounds, up 25.5% from last year.

NONHYGROSCOPIC: .5150 - .6700 MOSTLY: .5300 - .6300

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices for whey protein concentrate 34% are steady on the range price series, and unchanged to slightly lower on the bottom of the mostly price series. Availability of WPC 34% F.O.B. spot loads is steady. Multiple loads clear from one manufacturer one week, then other loads become available from another manufacturer the following week. As some manufacturers adjust to lower contract volume demands, the near term expectation by market participants is that F.O.B. spot loads of WPC 34% will be regularly available in the near term. In contrast to that, a few manufacturers are behind on fulfilling WPC 34% contracts because of manufacturing problems as well as demand from condensed WPC 34% buyers. Light inventories are keeping these manufacturers out of the spot market. Whey protein concentrate 34% production is active at many facilities throughout the country due to strong milk production and cheese manufacturing. The January 2013 Dairy Market News average of the mostly price series for whey protein concentrate 34% Central and West was \$1.2606 compared to \$1.2483 one month ago and \$1.5239 in January 2012.

DAIRY PRODUCTS: The NASS *Dairy Products* report shows production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during December 2012 totaled 19.5 million pounds, 0.9% more than one month ago but 7.6% lower than production of one year ago. Cumulative total WPC production for 2012 totals 238.3 million pounds, 1.3% less than 2011 production during the

CONTINUED ON PAGE 6A

WHEY, WPC 34%, LACTOSE & CASEIN

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

CONTINUED FROM PAGE 6

same time span. Manufacturers' end-of-month stocks of HUMAN AND ANIMAL WPC (25.0 – 49.9% PROTEIN) totaled 25.2 million pounds, 2.0% less than November 2012, but 13.4% more than the stocks of December 2011.

F.O.B. EXTRA GRADE 34% PROTEIN:1.1500 - 1.3200 MOSTLY:1.2375 - 1.2700

LACTOSE - CENTRAL AND WEST

Lactose prices are unchanged on the mostly price series while the bottom and top of the range decreased slightly. The lactose market is trending toward bimodality, evidenced by spot loads of lactose being readily available from several domestic manufacturers at below market prices, and other manufacturers indicating their domestic and international sales are steady and pricing firm. A few manufacturers remarked on the durability of demand from Southeast Asian lactose market participants is both surprising and helping to support exports of high quality lactose loads. Lactose production continues at many plants at seasonal levels, bolstered by strong farm milk availability and cheese production. The January 2013 Dairy Market News average of the mostly price series for Central and West lactose was \$0.7314, compared to \$0.7718 one month ago. The average price one year ago was \$0.8552. NASS's *Dairy Products* report shows HUMAN and ANIMAL lactose production during December 2012 increased 8.6% compared to November 2012 to 87.6 million pounds and increased 3.1% compared to December 2011 production. Cumulative 2012 lactose production totals 1,030.0 million pounds, 3.0% more than during the same time span in 2011. Month ending stocks, at 91.8 million pounds, are 5.1% higher than one month ago and 34.3% higher than one year ago.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .4600 - .9000 MOSTLY: .6500 - .8000

CASEIN - NATIONAL

Pricing ranges are trending higher for both acid and rennet casein. The availability of both types is adequate to fill contract commitments but is tight for any spot needs. Offering prices are being quoted higher for later in the year needs and competition for available supplies is increased from other countries. There are some concerns about future supply levels with milk production trends being lower for major casein producing countries in the EU. The New Zealand milk season is moving declining off the shoulder and casein production is indicated to be trending lower. The February 5th gDT auction results for rennet ranged from \$3.9517-3.9839 for March - May 2013 delivery.

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:	3.9000 - 4.6000
ACID:	4.5000 - 4.8500

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 2012

WEEK ENDING	WEEKLY	2013	2012 WEEKLY	2012
	DAIRY COWS	CUMULATIVE DAIRY COWS	DAIRY COWS	CUMULATIVE DAIRY COWS
01/19/2013	68.8	192.4	60.9	181.7

WEBSITE: http://www.ams.usda.gov/mnreports/sj_ls714.txt

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
2012	17.05	16.06	15.72	15.72	15.23	15.63	16.68	17.73	19.00	21.02	20.83	18.66

CLASS IV MILK PRICES (3.5% BF)

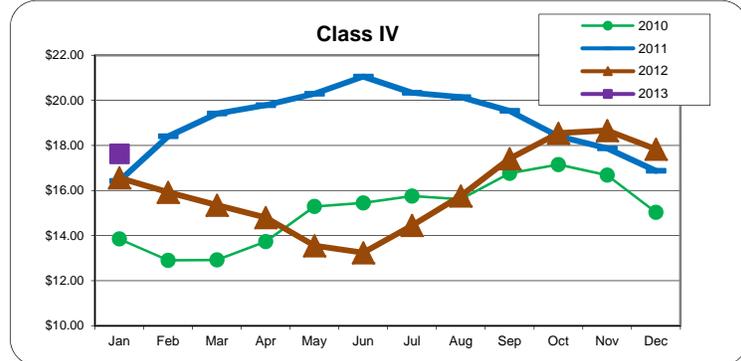
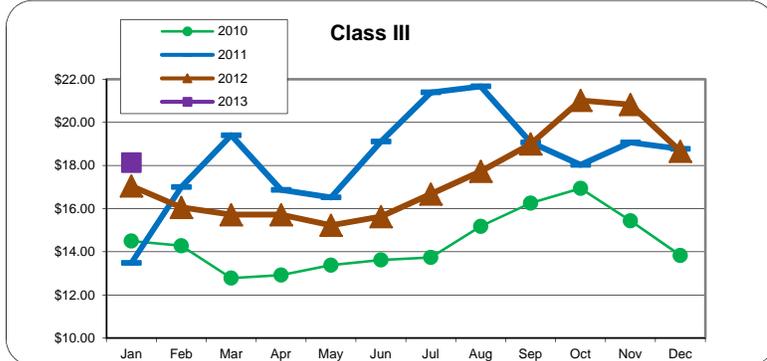
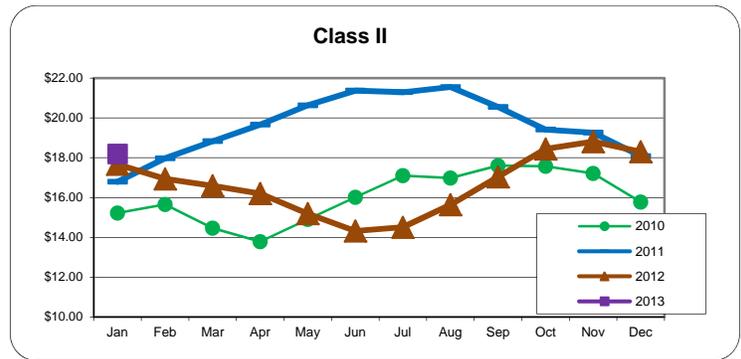
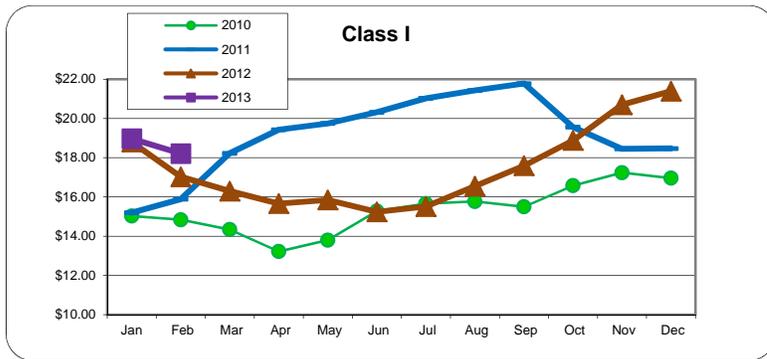
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03
2011	16.42	18.40	19.41	19.78	20.29	21.05	20.33	20.14	19.53	18.41	17.87	16.87
2012	16.56	15.92	15.35	14.80	13.55	13.24	14.45	15.76	17.41	18.54	18.66	17.83

FEDERAL MILK ORDER CLASS PRICES FOR 2013 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	18.97	18.21										
II	18.19											
III	18.14											
IV	17.63											

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."



ORGANIC DAIRY MARKET NEWS

Information gathered January 28 - February 8, 2013

ORGANIC DAIRY FLUID OVERVIEW

While organic fluid milk bottling for retail sales continues to be the largest category use of organic milk, organic butter manufacturing is increasingly drawing from the organic milk supply. Organic cream is readily available to butter manufacturers this week. The growing demand for organic butter has led to attention by some manufacturers to expanding manufacturing capacity. Organic butter demand is expanding beyond the expected retail demand, to demand for butter used for making organic candy, as well as an ingredient in other organic food.

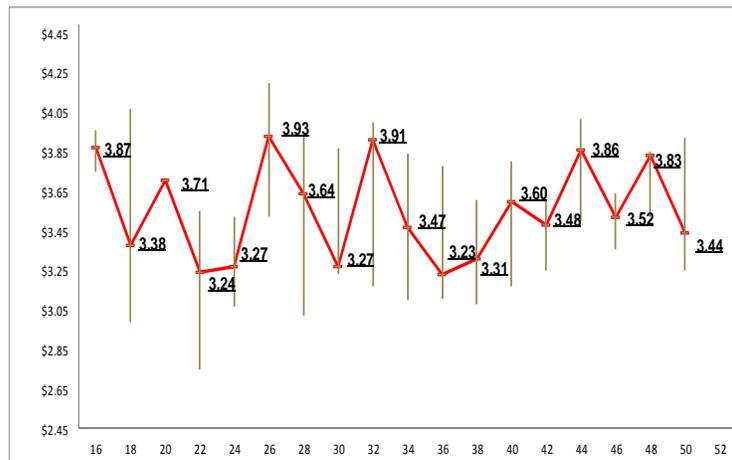
ORGANIC DAIRY RETAIL OVERVIEW

2012 ADVERTISED 1/2 GALLON ORGANIC MILK PRICES

Data began being collected identifying organic milk half gallon advertised pricing by region, as well as nationally, during the spring of 2012. For each region and nationally, weighted average advertised prices for all milk ads and regional ads, separately for store brands, national brands, and combined store-national brands is available.

Looking back over 2012, the following graph shows the bi-weekly weighted average advertised price nationally (horizontal red line), as well as the price range comparing the weighted average advertised price for national brands, and store brands (vertical blue line). Typically the national brand is the high price and the store brand is the lower price.

2012 Annual Organic Half Gallon Milk National Bi-Weekly Weighted Average Advertised Prices: National Brand, Store Brand and Combined



Averaged over the entire year for all ads, the cumulative annual weighted average advertised price for national brands is \$3.73 and for store brands, \$3.22. There were slightly more ads throughout the year for store brands than national brands.

Regional weighted average advertised prices varied. The following graph shows the weighted annual average advertised price for each of the six regions.

2012 Annual Organic Half Gallon Milk Regional Weighted Average Advertised Prices



NATIONALLY ADVERTISED PRICE COMPARISON

Organic Dairy Overview. Organic dairy advertising volume has opened 2013 stronger than volume during most of the last three months of 2012. This period’s ad volume is 42% over the average for all of last year. Milk is the largest category of organic dairy ads this period, with 69% of the total. That is the highest percentage this year and higher than last year’s average, 57%. Yogurt is second, with 24% of ads, followed by butter and cheese, each tied at 3%.

Advertising information presented is compiled from nearly 16,000 surveyed newspaper supermarket ads for the period January 26, 2013, to February 8, 2013, identifying weekly “specials” and containing organic dairy content. Surveyed ads reflect advertised “specials” and not the range of non-advertised supermarket cooler prices.

Complete results of this bi-weekly survey providing additional graphs, tables, and regional delineation, can be accessed at: <http://www.ams.usda.gov/mnreports/dybretail.pdf>

Regional Organic Dairy Ad Trends. Ad volume increased in the Northeast by 37% and the Northwest by 101% from two weeks ago, but declined in the remaining regions. The percentage increase in the Northwest is mitigated in overall impact by the relatively low volume of ads in that region last period compared to other regions.

Organic Milk. The vast majority of the organic milk ads are for half gallons, with ads for gallons being about 10% of half gallon ad volume. Ads for 8 ounce containers of organic milk are under 1% of total organic milk ads.

Organic Milk Half Gallons. The national weighted average advertised price of organic milk half gallons, \$3.75, is 18 cents higher than two weeks ago. The price range, \$2.59 to \$4.99, decreased 40 cents on the bottom of the price range and was unchanged on the top. This period, nearly 80% of ads are for national brands with the balance for store brands. Store brands have the lowest advertised price, \$2.59, and national brands have the highest, \$4.99. The weighted average advertised price for national brands is \$3.89 and for store brands, \$3.22.

ORGANIC DAIRY MARKET NEWS

Information gathered January 28 - February 8, 2013

CONTINUED FROM PAGE 8

Organic - Conventional Milk Half Gallon Price Spread. The current national organic half gallon milk weighted average advertised price of \$3.75 compared with the weighted average advertised price for non-organic half gallons, \$2.17, yields an organic-conventional half-gallon milk advertised price spread of \$1.58, compared with \$1.56 two weeks ago. The 2012 average spread was \$1.24.

Organic Yogurt. Organic yogurt ads for 4-6 ounce organic yogurt comprise about 75% of organic yogurt ads, followed by 32 ounce organic yogurt with 13% and 4-6 ounce organic Greek yogurt with 12%. All organic yogurt ads are for national brands. Ads for 4-6 ounce organic yogurt ranged in price from 50 cents to 63 cents, with a national weighted average advertised price of \$.58.

1 Pound Organic Butter. All ads are in the Northeast for a national brand priced \$4.29. Ad volume this period is about 25% of the average for 2012 and even further below ad volume during this year to date.

Organic Cheese – 8 ounce blocks. All ads are in the Northeast for a national brand priced \$3.99.

SUPERMARKET PRICE COMPARISON:

Madison, Wisconsin Prices. Non-advertised organic milk, yogurt, butter and cheese prices in a range of food stores in Madison, Wisconsin are compared for this two week period. Stores included a big-box sized local supermarket; 2 regional chain supermarkets; a smaller but full product line food market; and 2 natural food stores; a national discount big box chain store also selling food; and a large local cooperative grocery store. Organic milk available included 2 national brands, 4 private label store brands, and 3 small local or near-by creamery brands, one featuring non-homogenized milk. Cheese available included 2 national brands, 2 store brands, and cheese from 5 other cheese makers.

INFORMATION GATHERED 01/28/2013 - 02/08/2013

**ORGANIC MILK, YOGURT, CHEESE, BUTTER PRICE RANGE
2013 REPORTING WEEK 6**

	MADISON, WISCONSIN		
	LOW	HIGH	RANGE
FLUID MILK			
MILK - gallon			
Whole	5.79*	6.79	1.00*
Reduced fat (2%)	5.79*	6.79	1.00*
Low fat (1%)	5.79*	6.79	1.00*
Nonfat (Skim)	5.79*	6.79	1.00*
MILK - half gallon			
Whole	3.99*	4.89	0.90*
Reduced fat (2%)	3.99*	4.89	0.90*
Low fat (1%)	3.99*	4.89	0.90*
Nonfat (Skim)	3.99*	4.89	0.90*
FLAVMILK - half gallon			
All fat tests	3.09	5.69	2.60
YOGURT			
Yogurt - 4-6 oz			
Yogurt	0.79	1.29	0.50

CHEESE

Cheese - 8 oz block
Mozzarella
Mild Cheddar
Monterey Jack
Pepper Jack

	LOW	HIGH	RANGE
Mozzarella	3.40	5.75	2.35
Mild Cheddar	3.79	5.99	2.20
Monterey Jack	3.79	5.99	2.20
Pepper Jack	3.89	5.99	2.10

Cheese - 6 oz string
Mozzarella
Colby Jack

	LOW	HIGH	RANGE
Mozzarella	3.99	5.09	1.10
Colby Jack	3.89	4.99	1.10

BUTTER

Butter - 1 Pound

	LOW	HIGH	RANGE
Butter - 1 Pound	4.79*	6.19	1.40*

* = Price change from prior reporting period.

ORGANIC GRAIN AND FEEDSTUFF MARKETS:

National organic grains and feedstuffs were mostly steady on lackluster trading. The feed grade corn price average was steady to weak, with the bulk of the trading occurring between the 13.00-14.00/ bushel. Food grade corn and soybean continued to be hard to come by because most of the 2012 crop was contracted. We are starting to see some New Crop food grade soybean contracts being discussed. Farmers' inventories remained mixed, with some being cleaned up and other still holding out for higher prices. However, demand was light while buyers take advantage of their contracted orders to help meet their current needs. Note: California North Inter-Mountain Alfalfa Good 240.00. Additional livestock and grain market news information is available at:

<http://www.ams.usda.gov/mnreports/lbfnof.pdf>

DECEMBER 2012 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 173.2 million pounds, 4.4 percent above December 2011 and 20.9 percent above November 2012. **AMERICAN TYPE CHEESE** production totaled 378.3 million pounds, 2.6 percent above December 2011 and 4.2 percent above November 2012. **TOTAL CHEESE** output (excluding cottage cheese) was 949.3 million pounds, 2.0 percent above December 2011 and 3.8 percent above November 2012. **NONFAT DRY MILK** production, for human food, totaled 157.3 million pounds, 4.7 percent above December 2011 and 35.8 percent above November 2012. **DRY WHEY** production, for human food, was 84.1 million pounds, 8.6 percent above December 2011 and 21.1 percent above November 2012. **ICE CREAM** (hard) production totaled 49.1 million gallons, 2.9 percent below December 2011 and 8.4 percent below November 2012.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	DEC 2012	PERCENT CHANGE FROM:			PRODUCT	DEC 2012	PERCENT CHANGE FROM:		
	1,000 LBS.	DEC 2011	NOV 2012	YEAR TO DATE 1/		1,000 LBS.	DEC 2011	NOV 2012	YEAR TO DATE 1/
BUTTER	173,201	4.4	20.9	2.6	SOUR CREAM	110,045	-4.0	-11.2	1.9
CHEESE					YOGURT (PLAIN AND FLAVORED)	355,917	11.0	12.2	4.2
AMERICAN TYPES 2/	378,332	2.6	4.2	2.6	DRY WHEY, HUMAN FOOD	84,141	8.6	21.1	---
CHEDDAR	273,181	1.0	6.3	1.3	DRY WHEY, ANIMAL FEED	4,445	-20.9	34.7	---
OTHER AMERICAN	105,151	6.9	-1.0	---	DRY WHEY, TOTAL 8/	88,586	6.6	21.7	-0.2
BRICK & MUENSTER	16,063	20.3	20.9	---	REDUCED LACTOSE AND MINERALS				
CREAM & NEUFCHATEL	67,626	8.2	-14.1	---	HUMAN FOOD	2,260	-17.0	20.0	---
HISPANIC	17,624	-4.0	-1.0	---	ANIMAL FEED	5,309	1.1	5.3	---
TOTAL ITALIAN TYPES	409,115	-0.1	6.4	1.2	LACTOSE, HUMAN FOOD & ANIMAL FEED	87,605	3.1	8.6	3.0
MOZZARELLA	322,483	0.6	8.4	1.3	WHEY PROTEIN CONCENTRATE				
OTHER ITALIAN	86,632	-2.7	-0.7	---	HUMAN FOOD 9/	35,810	-3.6	5.0	---
SWISS	26,176	-5.7	5.2	---	ANIMAL FEED 9/	2,742	27.2	52.5	---
ALL OTHER TYPES	18,193	28.1	35.2	---	TOTAL 9/	38,552	-1.9	7.4	2.5
TOTAL	949,260	2.0	3.8	2.5	25.0-49.9 PERCENT 10/	19,512	-7.6	0.9	---
COTTAGE CHEESE, CURD 3/	34,192	6.9	8.7	---	50.0-89.9 PERCENT 10/	19,040	4.8	15.0	---
COTTAGE CHEESE, CREAM 4/	23,479	1.4	-5.2	-2.2	WHEY PROTEIN ISOLATES 11/	5,200	-1.9	-6.0	---
COTTAGE CHEESE, LOWFAT 5/	27,634	0.1	-1.5	1.1	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
CANNED EVAP & CONDSO WHOLE MILK	(D)	(X)	(X)	---	ICE CREAM (HARD)	49,104	-2.9	-8.4	-1.8
DRY BUTTERMILK	11,657	13.4	34.1	---	ICE CREAM, LOWFAT (HARD)	10,460	-11.4	-4.4	---
DRY WHOLE MILK	4,151	0.8	-20.3	---	ICE CREAM, LOWFAT (SOFT)	13,376	-13.2	-6.1	---
MILK PROTEIN CONC. (MPC), TOTAL 6/	9,700	29.6	11.5	---	ICE CREAM, LOWFAT (TOTAL)	23,836	-12.5	-5.4	-3.5
NONFAT DRY MILK (NDM), HUMAN	157,285	4.7	35.8	17.6	SHERBET, HARD	2,515	5.5	-0.6	-3.8
SKIM MILK POWDERS (SMP) 7/	38,138	4.3	-14.7	-15.8	FROZEN YOGURT (TOTAL)	3,160	-22.0	-8.1	1.2

MANUFACTURERS' STOCKS, END OF MONTH 12/

PRODUCT	DEC 2012	PERCENT OF:		PRODUCT	DEC 2012	PERCENT OF:	
	1,000 LBS.	DEC 2011	NOV 2012		1,000 LBS.	DEC 2011	NOV 2012
DRY WHEY, HUMAN FOOD	52,893	25.5	47.2	WHEY PROTEIN CONCENTRATE			
DRY WHEY, ANIMAL FEED	3,429	-17.4	27.4	HUMAN FOOD 9/	50,121	25.1	1.9
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 13/	5,501	10.6	1.1	ANIMAL FEED 9/	2,344	38.5	3.4
LACTOSE, HUMAN FOOD & ANIMAL FEED	91,835	34.3	5.1	TOTAL 9/	52,465	25.6	1.9
CANNED EVAP & CONDSO WHOLE MILK	(D)	(X)	(X)	25.0-49.9 PERCENT 10/	25,209	13.4	-2.0
DRY BUTTERMILK	18,058	19.0	37.8	50.0-89.9 PERCENT 10/	27,256	39.5	5.8
NONFAT DRY MILK (NDM), HUMAN FOOD	180,404	9.1	42.2	WHEY PROTEIN ISOLATES 11/	9,177	32.9	7.9

(D) = Withheld to avoid disclosing data for individual operations.

(X) = Not applicable.

1/ 2012 cumulative as percent change of 2011 cumulative. 2/ Includes Cheddar, Colby, Monterey and Jack. 3/ Mostly used for processing into cream or lowfat cottage cheese. 4/ Fat content 4 percent or more. 5/ Fat content less than 4 percent. 6/ Dry milk protein concentrate, 40-89.9 percent. 7/ Includes protein standardized and blends. 8/ Excludes all modified dry whey products. 9/ Whey protein concentrate, 25.0 to 89.9 percent. 10/ Whey protein concentrate, human and animal. 11/ Whey protein isolates, 90.0 percent or greater. 12/ Stocks held by manufacturers at all points and in transit. 13/ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Dairy Products, February 2013.*

JANUARY 1 MILK COW INVENTORY SUMMARY

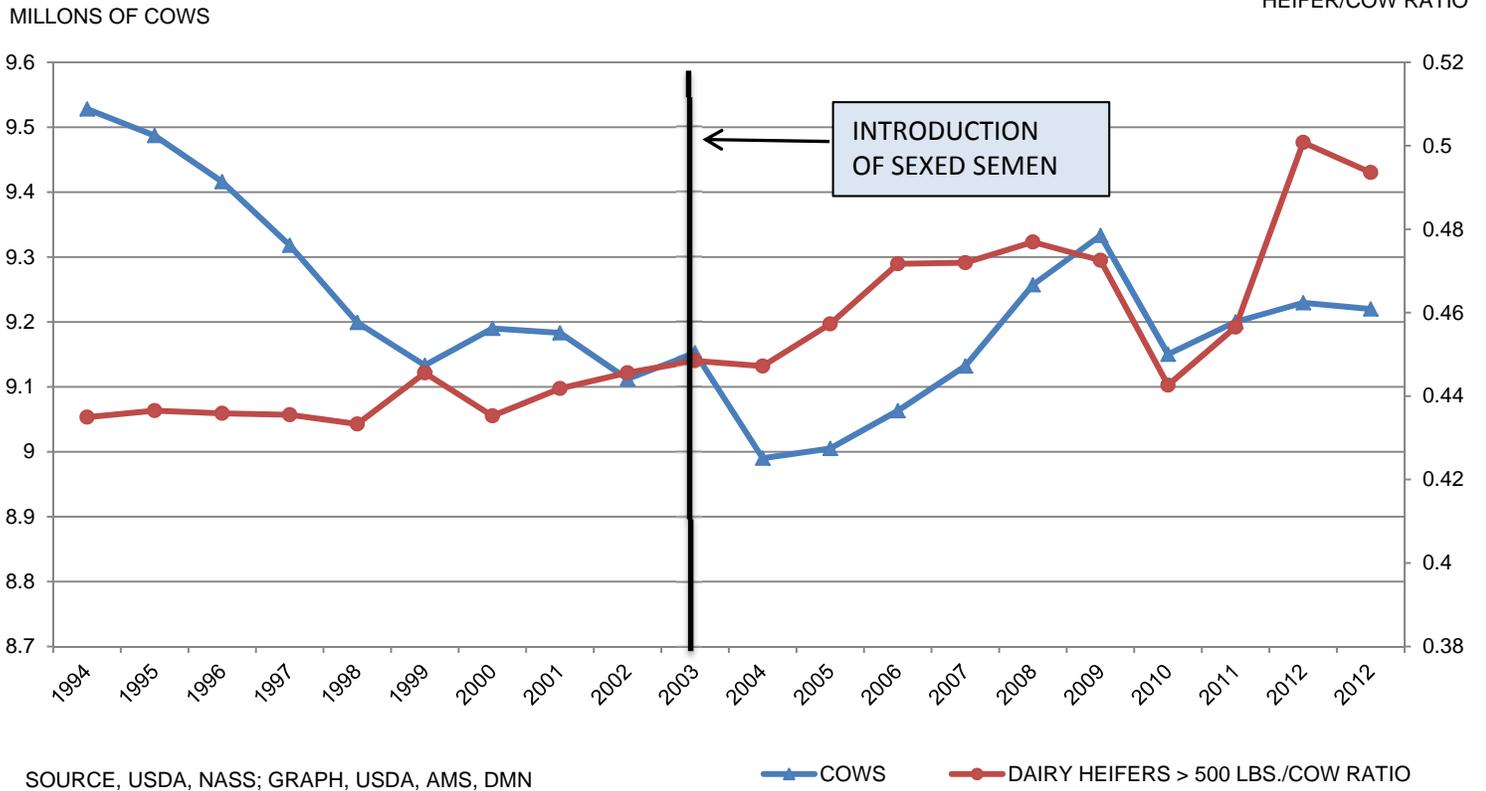
The number of milk cows in the United States as of January 1, 2013, totaled 9.2 million head, unchanged from January 1, 2012. Milk cow replacement heifers totaled 4.6 million head, down 2 percent from January 1, 2012. The number of milk cow replacement heifers per 100 milk cows on January 1, 2012 was 49.4, down 1.4 percent from January 1, 2012. Milk cow replacement heifers expected to calve during the year totaled 2.93 million head, down 4 percent from January 1, 2012.

MILK COW INVENTORY: Number by Class, January 1, 2012-2013

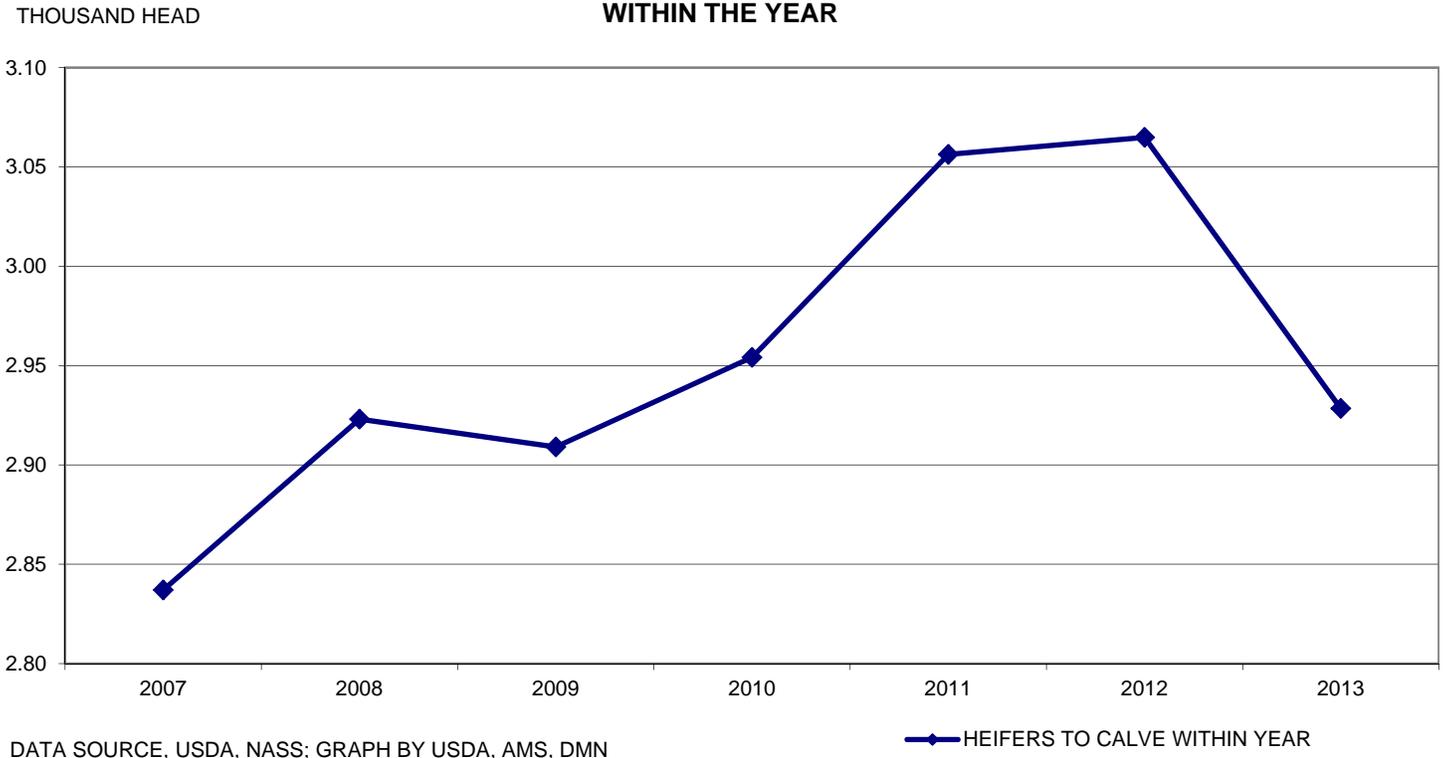
State	Milk Cows that Have Calved		Heifers for Milk Cow Replacement		State	Milk Cows that Have Calved		Heifers for Milk Cow Replacement	
	2012	2013	2012	2013		2012	2013	2012	2013
	1,000 Head					1,000 Head			
AL	10.0	9.0	6.0	4.0	NE	56.0	55.0	15.0	20.0
AK	0.5	0.4	0.2	0.2	NV	29.0	29.0	10.0	9.0
AZ	190.0	190.0	70.0	73.0	NH	14.0	13.5	6.5	6.5
AR	11.0	9.0	5.0	7.0	NJ	7.5	7.0	4.0	4.0
CA	1780.0	1780.0	840.0	780.0	NM	335.0	320.0	120.0	125.0
CO	131.0	135.0	75.0	85.0	NY	610.0	610.0	75.0	68.0
CT	18.5	18.0	9.5	9.0	NC	45.0	46.0	315.0	310.0
DE	5.0	4.5	3.3	3.0	ND	18.0	18.0	0.5	0.5
FL	120.0	122.0	35.0	35.0	OH	270.0	270.0	6.0	7.0
GA	78.0	80.0	31.0	28.0	OK	52.0	46.0	35.0	55.0
HI	1.9	2.1	1.0	2.0	OR	123.0	123.0	65.0	75.0
ID	581.0	580.0	300.0	310.0	PA	540.0	535.0	310.0	315.0
IL	99.0	100.0	47.0	48.0	RI	1.1	0.9	0.5	0.5
IN	175.0	174.0	70.0	56.0	SC	16.0	16.0	7.0	6.0
IA	205.0	205.0	160.0	120.0	SD	90.0	92.0	25.0	35.0
KS	123.0	132.0	85.0	100.0	TN	50.0	48.0	30.0	25.0
KY	75.0	72.0	45.0	50.0	TX	435.0	435.0	210.0	200.0
LA	18.0	16.0	6.0	5.0	UT	90.0	90.0	53.0	50.0
ME	32.0	32.0	16.0	15.5	VT	133.0	134.0	54.0	59.0
MD	52.0	51.0	28.0	29.0	VA	96.0	94.0	40.0	35.0
MA	12.0	12.5	6.0	6.0	WA	263.0	264.0	120.0	109.0
MI	371.0	377.0	158.0	157.0	WV	10.0	10.0	5.0	5.0
MN	465.0	465.0	285.0	280.0	WI	1265.0	1270.0	690.0	700.0
MS	14.0	14.0	7.0	7.0	WY	6.0	6.0	5.0	4.0
MO	93.0	93.0	40.0	40.0	U.S.	9229.5	9219.9	4622.0	4550.7
MT	14.0	14.0	8.0	8.0					

SOURCE: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Cattle, February 2012.*

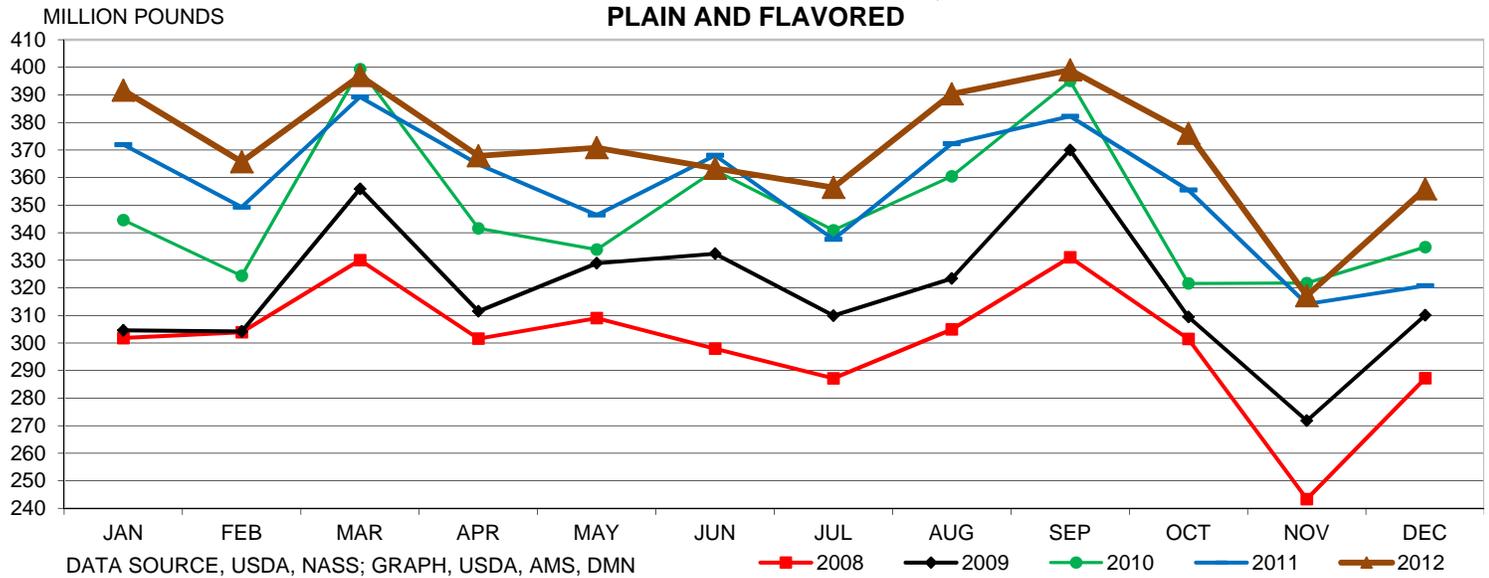
1/1/2013 U.S. DAIRY COW INVENTORY AND DAIRY HEIFER/COW RATIO



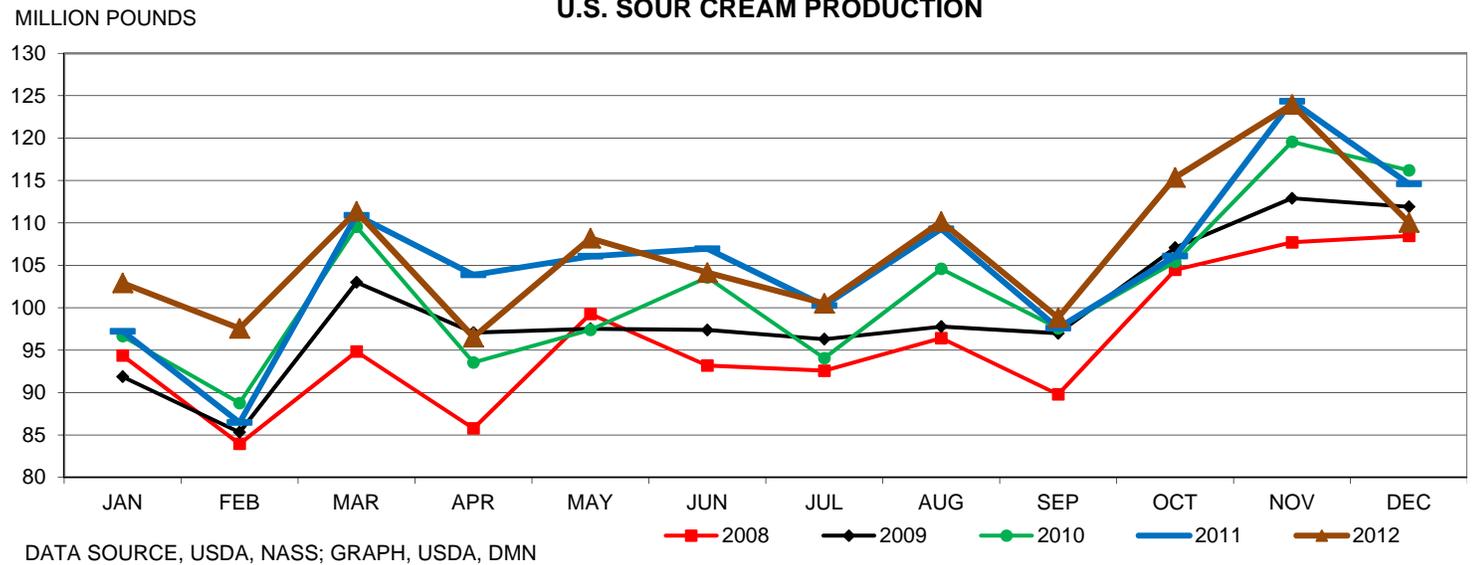
DAIRY REPLACEMENT HEIFERS EXPECTED TO CALVE WITHIN THE YEAR



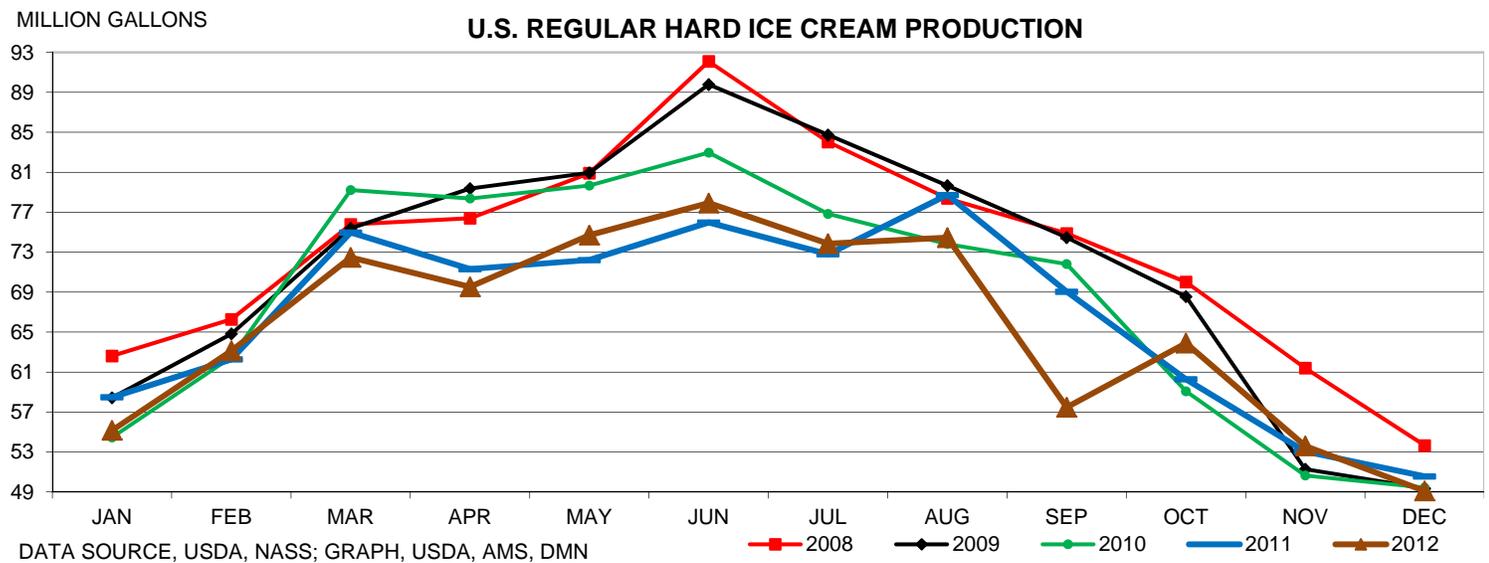
U.S. YOGURT PRODUCTION, PLAIN AND FLAVORED



U.S. SOUR CREAM PRODUCTION



U.S. REGULAR HARD ICE CREAM PRODUCTION



DAIRY MARKET NEWS

GENERAL NUMBER
(608) 278-4200

VOLUME: 80

REPORT: 06

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

DATE: 02/08/2013

EAST

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

INTERNATIONAL

Butch Speth
(608) 278-4154
Butch.Speth@AMS.USDA.GOV

CENTRAL/WEST

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

ORGANIC

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

SOUTHWEST

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

INTERNET ADDRESS

www.ams.usda.gov/DairyMarketNews

NORTHWEST/MOUNTAIN

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

MARKET NEWS PORTAL

www.marketnews.usda.gov

NATIONAL SUPERVISOR

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

RECORDED INFORMATION SYSTEM

(608) 278-4142

FAX

(608) 278-4141

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



Dairy Market News Branch

Agricultural
Marketing
Service

National Dairy Retail Report

Websites: <http://www.marketnews.usda.gov/portal/da> and <http://www.ams.usda.gov/mnreports/dybretail.pdf>

Volume 80- Number 6

Issued Biweekly

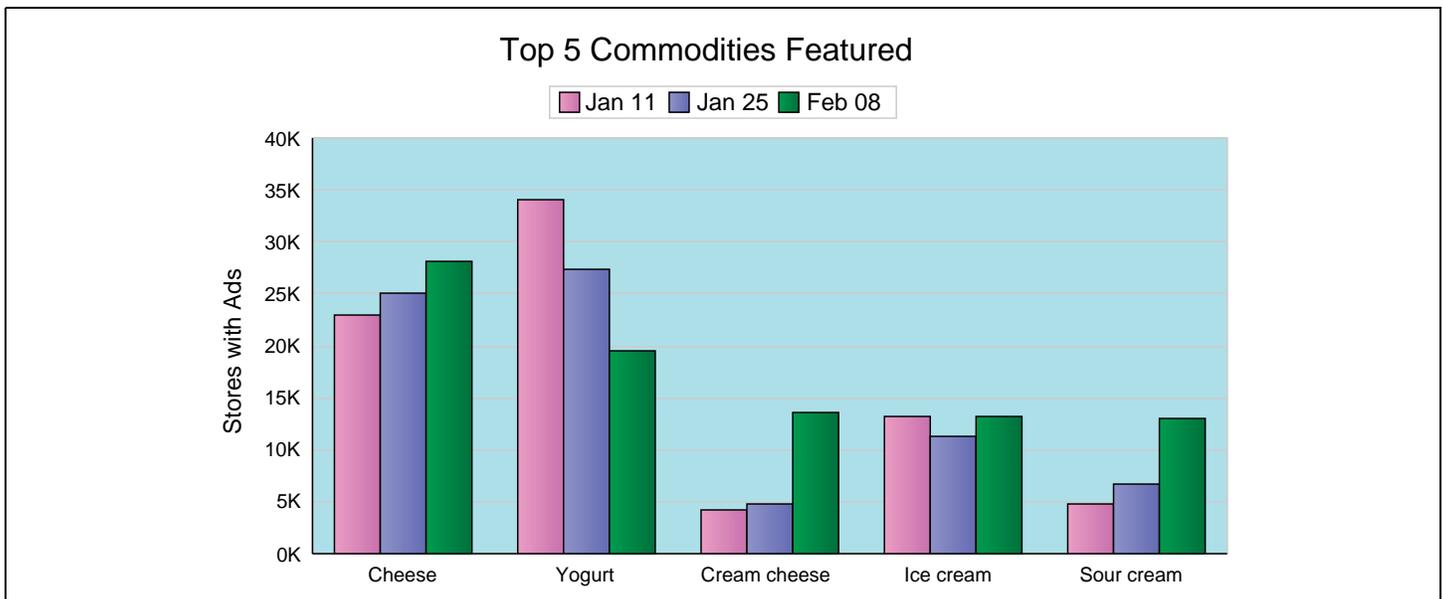
Thursday, February 7, 2013

Advertised Prices for Dairy Products at Major Retail Supermarket Outlets 01/28 to 02/08

Ad features centered on football themes and the dairy case was well represented, seeking shoppers who were planning and attending Super Bowl parties. Cream cheese ads were nearly triple the rate of two weeks ago, while sour cream ads were nearly double. Ice cream ads were 17% higher. Total cheese category ads were 13% higher. Many grocer ads also contained tie in recipes for dairy ingredients and had dairy ads in areas of high visibility.

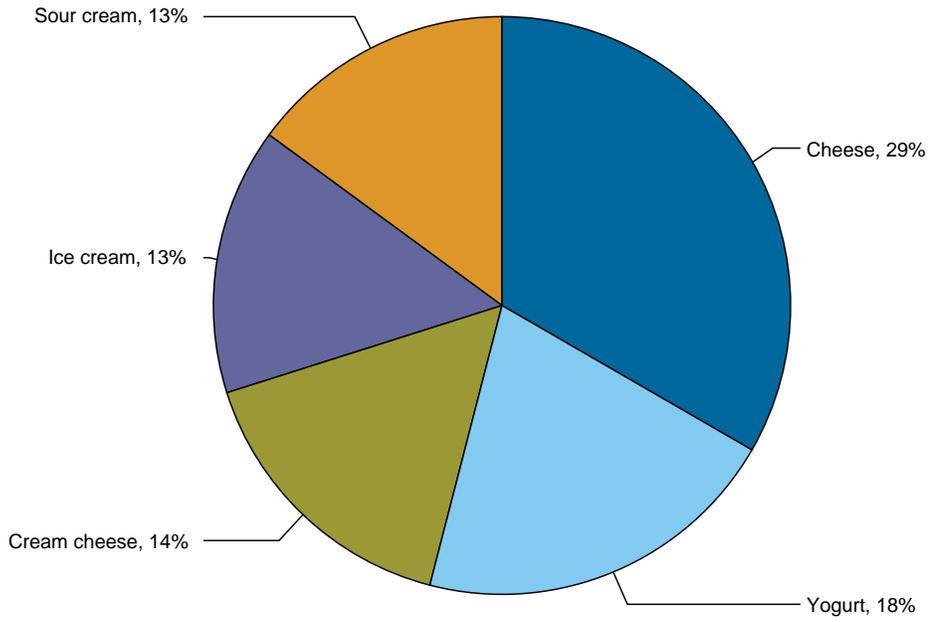
U.S. average butter prices for one-pound packs were \$2.80 this period, up 17 cents from two weeks ago. Cheese shreds in 8 oz. packs averaged \$2.46, up two cents. Cream cheese in 8oz. packs was \$1.60, up 21 cents. Ice cream in 48-64 oz. packs was \$3.11, up 9 cents. Milk gallons averaged \$2.95, up 5 cents. Sour cream in 16 oz. packs was \$1.64, up 11 cents. In 4-6 oz. packs, Greek yogurt averaged 99 cents, down 2 cents; while regular yogurt was 51 cents, up 1 cent.

The national weighted average advertised conventional milk price for half gallons this period, \$2.17, increased 16 cents from two weeks ago, following a 29 cent decrease two weeks before that. Organic half gallon prices averaged \$3.75, up 18 cents from two weeks ago, following a 28 cent increase four weeks ago. The resulting organic-conventional half-gallon price spread is \$1.58, up 2 cents from two weeks ago. The 2012 average price spread was \$1.24.

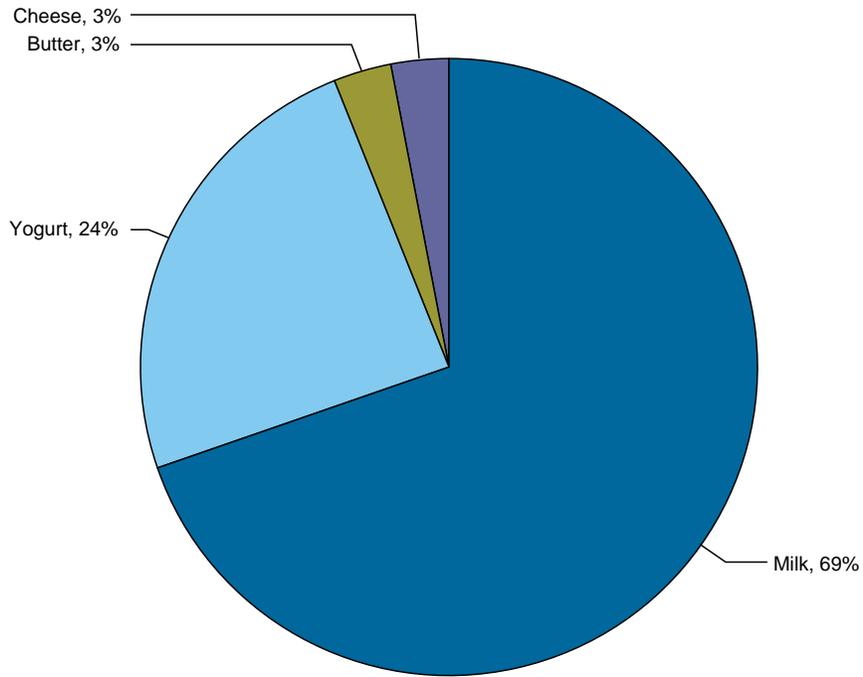


1 -- Dairy Market News surveys more than 150 retailers, comprising nearly 16,000 individual stores, with online weekly advertised features.
2 -- Date range reflects two-week period, however only one data collection per retailer is made during the period.

Top 5 Percentage of Total Conventional Ads



Top 5 Percentage of Total Organic Ads





NATIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		TWO WEEKS AGO	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	3275	2.80	3249	2.63
Cheese	Natural Varieties	8 oz block	7339	2.28	8863	2.40
Cheese	Natural Varieties	1 # block	3432	4.31	2299	4.08
Cheese	Natural Varieties	2 # block	2212	5.93	210	6.52
Cheese	Natural Varieties	8 oz shred	12426	2.46	12694	2.44
Cheese	Natural Varieties	1 # shred	2402	4.19	614	3.90
Cottage cheese		16 oz	2413	1.66	3909	1.75
Cream cheese		8 oz	13636	1.60	4800	1.39
Flavored milk	All fat tests	half gallon	234	2.23	862	1.90
Flavored milk	All fat tests	gallon	226	3.56	379	3.43
Ice cream		48-64oz	13160	3.11	11233	3.02
Milk	All fat tests	half gallon	210	2.17	2115	2.01
Milk	All fat tests	gallon	4666	2.95	4356	2.90
Sour cream		16 oz	12941	1.64	6658	1.53
Yogurt	Greek	4-6 oz	7759	.99	14827	1.01
Yogurt	Greek	32 oz	31	4.99	2992	3.16
Yogurt	Yogurt	4-6 oz	6050	.51	5930	.50
Yogurt	Yogurt	32 oz	3905	2.08	2206	2.37

REGIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	1.99-3.99	1420	3.27	2.00-2.50	451	2.22	1.98-3.99	996	2.46
Cheese	Natural Varieties	8 oz block	1.99-3.59	3274	2.37	1.67-2.79	991	2.20	1.33-2.99	1089	2.12
Cheese	Natural Varieties	1 # block	2.99-3.99	1802	3.92	2.99-5.00	340	3.60	3.99-4.99	52	4.49
Cheese	Natural Varieties	2 # block	5.00-8.99	494	7.79	5.00	103	5.00			
Cheese	Natural Varieties	8 oz shred	1.50-3.50	3374	2.53	1.67-2.99	2223	2.46	1.33-2.99	1159	2.16
Cheese	Natural Varieties	1 # shred	3.99	504	3.99	2.99-5.00	476	4.34	2.99-4.99	625	3.45
Cottage cheese		16 oz	1.67-2.69	512	2.28	1.25	34	1.25	1.25-2.19	583	1.59
Cream cheese		8 oz	1.15-2.00	2217	1.66	0.99-1.99	3837	1.66	0.99-2.00	1525	1.49
Flavored milk	All fat tests	half gallon	2.50	46	2.50				1.45-1.47	60	1.46
Flavored milk	All fat tests	gallon							2.99-3.88	226	3.56
Ice cream		48-64oz	2.50-3.99	3219	2.99	2.49-4.50	1404	3.60	1.99-3.99	2102	3.19
Milk	All fat tests	half gallon	2.99	46	2.99	1.77	126	1.77			
Milk	All fat tests	gallon	3.99	741	3.99	2.98-3.99	542	3.18	1.99-2.99	1000	2.40
Sour cream		16 oz	1.49-2.00	3032	1.68	1.25-2.00	2006	1.59	0.98-2.00	1436	1.53
Yogurt	Greek	4-6 oz	0.75-1.25	2564	.99	0.75-1.00	2281	.98	1.00	479	1.00
Yogurt	Greek	32 oz							4.99	31	4.99
Yogurt	Yogurt	4-6 oz	0.45-0.79	2257	.52	0.40-0.50	459	.48	0.40-0.50	964	.50

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Yogurt	Yogurt	32 oz	2.49-2.69	284	2.57	1.98-2.61	1873	2.33	1.49-2.33	693	1.90

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	1.99	36	1.99	2.50-3.29	132	2.88	2.50	240	2.50
Cheese	Natural Varieties	8 oz block	1.67-3.00	1072	2.28	1.88-2.50	596	2.24	1.99-2.50	317	2.05
Cheese	Natural Varieties	1 # block	5.00	718	5.00	3.29-5.49	283	5.04	3.88-5.49	237	5.25
Cheese	Natural Varieties	2 # block				5.00-8.99	1580	5.44	4.69	35	4.69
Cheese	Natural Varieties	8 oz shred	1.67-2.99	1350	2.51	1.48-3.79	3253	2.50	1.99-3.99	1067	2.44
Cheese	Natural Varieties	1 # shred	2.99-5.00	770	4.86	3.29	27	3.29			
Cottage cheese		16 oz	1.25-1.50	336	1.35	1.25-1.99	839	1.45	1.50-2.39	109	1.74
Cream cheese		8 oz	0.99-1.79	1698	1.57	0.99-2.00	3071	1.54	1.15-2.19	1288	1.61
Flavored milk	All fat tests	half gallon				2.50	128	2.50			
Ice cream		48-64oz	1.98-4.99	1839	3.46	2.48-3.50	3571	2.88	2.50-3.00	1025	2.88
Milk	All fat tests	half gallon				2.50	38	2.50			
Milk	All fat tests	gallon	2.19-3.00	446	2.45	1.67-3.45	1320	3.02	2.49-3.29	617	2.58
Sour cream		16 oz	1.25-2.00	1475	1.57	0.99-1.99	3352	1.69	1.39-1.79	1640	1.71
Yogurt	Greek	4-6 oz	1.00	755	1.00	1.00	1478	1.00	1.00	202	1.00
Yogurt	Yogurt	4-6 oz	0.47-0.55	688	.50	0.40-0.69	1516	.51	0.50-0.67	166	.56
Yogurt	Yogurt	32 oz	1.49-2.49	143	1.79	1.49-2.49	752	1.57	1.49-1.99	160	1.74

NATIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		TWO WEEKS AGO	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	235	4.29	1522	3.99
Cheese	Natural Varieties	8 oz block	235	3.99	195	2.50
Cheese	Natural Varieties	8 oz shred			195	2.50
Cottage cheese		16 oz			57	3.99
Flavored milk	All fat tests	half gallon			232	3.99
Milk	All fat tests	half gallon	4601	3.75	3132	3.57
Milk	All fat tests	gallon	461	6.51		
Milk	All fat tests	8 oz UHT	34	1.00	1929	1.01
Sour cream		16 oz			57	2.99
Yogurt	Greek	4-6 oz	206	1.10	273	1.34
Yogurt	Yogurt	4-6 oz	1335	.58		
Yogurt	Yogurt	32 oz	235	2.99	986	3.03

REGIONAL -- ORGANIC DAIRY PRODUCTS



Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	4.29	235	4.29						
Cheese	Natural Varieties	8 oz block	3.99	235	3.99						
Milk	All fat tests	half gallon	3.99-4.29	478	4.08	2.99-4.29	227	3.58	2.99-4.49	505	3.74
Milk	All fat tests	gallon				5.99-6.79	398	6.51	6.49	63	6.49
Milk	All fat tests	8 oz UHT							1.00	34	1.00
Yogurt	Greek	4-6 oz	1.25	56	1.25	1.00	124	1.00	1.25	26	1.25
Yogurt	Yogurt	4-6 oz	0.50-0.60	1033	.57	0.60-0.63	302	.61			
Yogurt	Yogurt	32 oz	2.99	235	2.99						

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Milk	All fat tests	half gallon	2.59-4.99	830	3.22	3.50-4.39	1775	3.98	2.99-3.79	786	3.66

NATIONAL -- CONVENTIONAL DAIRY PRODUCTS

NATIONAL BRANDS vs STORE BRANDS

Commodity	Type	Pack Size	NATIONAL BRANDS				STORE BRANDS			
			Low Price	High Price	Stores with Ads	Wtd Avg Price	Low Price	High Price	Stores with Ads	Wtd Avg Price
Butter		1 #	2.50	3.99	1652	3.44	1.98	2.75	1623	2.14
Cheese	Natural Varieties	8 oz block	1.50	3.59	5065	2.33	1.33	2.79	2274	2.16
Cheese	Natural Varieties	1 # block	2.99	5.49	1047	4.50	2.99	5.00	2385	4.22
Cheese	Natural Varieties	2 # block	5.00	8.99	316	7.11	4.69	8.99	1896	5.73
Cheese	Natural Varieties	8 oz shred	1.48	3.99	9402	2.55	1.33	2.50	3024	2.21
Cheese	Natural Varieties	1 # shred	4.99	4.99	26	4.99	2.99	5.00	2376	4.18
Cottage cheese		16 oz	1.49	2.50	442	1.80	1.25	2.69	1971	1.63
Cream cheese		8 oz	.99	2.19	8306	1.58	1.00	2.00	5330	1.62
Flavored milk	All fat tests	half gallon	1.45	2.50	77	2.08	1.47	2.50	157	2.31
Flavored milk	All fat tests	gallon	3.69	3.69	94	3.69	2.99	3.88	132	3.46
Ice cream		48-64oz	2.00	4.99	9137	3.10	1.98	4.50	4023	3.15
Milk	All fat tests	half gallon	2.99	2.99	46	2.99	1.77	2.50	164	1.94
Milk	All fat tests	gallon	3.99	3.99	149	3.99	1.67	3.99	4517	2.91
Sour cream		16 oz	1.39	2.00	5788	1.75	.98	1.99	7153	1.56
Yogurt	Greek	4-6 oz	1.00	1.25	5547	1.00	.75	1.00	2212	.96
Yogurt	Greek	32 oz	4.99	4.99	31	4.99				
Yogurt	Yogurt	4-6 oz	.45	.79	4219	.52	.40	.69	1831	.48
Yogurt	Yogurt	32 oz	1.49	2.49	2026	1.78	1.98	2.69	1879	2.41

Wtd Avg - Simple weighted average

NATIONAL -- ORGANIC DAIRY PRODUCTS

NATIONAL BRANDS vs STORE BRANDS

			NATIONAL BRANDS				STORE BRANDS			
Commodity	Type	Pack Size	Low Price	High Price	Stores with Ads	Wtd Avg Price	Low Price	High Price	Stores with Ads	Wtd Avg Price
Butter		1 #	4.29	4.29	235	4.29				
Cheese	Natural Varieties	8 oz block	3.99	3.99	235	3.99				
Milk	All fat tests	half gallon	2.99	4.99	3636	3.89	2.59	3.50	965	3.22
Milk	All fat tests	gallon	5.99	6.79	461	6.51				
Milk	All fat tests	8 oz UHT	1.00	1.00	34	1.00				
Yogurt	Greek	4-6 oz	1.00	1.25	206	1.10				
Yogurt	Yogurt	4-6 oz	.50	.63	1335	.58				
Yogurt	Yogurt	32 oz	2.99	2.99	235	2.99				

REGIONAL DEFINITIONS

As used in this report, regions include the following states:

NORTHEAST U.S.	Connecticut, Delaware, Massachusetts, Maryland, Maine, New Hampshire, New jersey, New York, Pennsylvania, Rhode Island and Vermont
SOUTHEAST U.S.	Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia
MIDWEST U.S.	Iowa, Illinois, Indiana, Kentucky, Michigan, Minnesota, North Dakota, Nebraska, Ohio, South Dakota and Wisconsin
SOUTH CENTRAL U.S.	Arkansas, Colorado, Kansas, Louisiana, Missouri, New Mexico, Oklahoma, and Texas
SOUTHWEST U.S.	Arizona, California, Nevada and Utah
NORTHWEST U.S.	Idaho, Montana, Oregon, Washington, and Wyoming
NATIONAL	Continental United States