

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (2/15):**

BUTTER: Grade AA closed at \$1.6050. The weekly average for Grade AA is \$1.5810 (+.0260).

CHEESE: Barrels closed at \$1.6300 and 40# blocks at \$1.6750. The weekly average for barrels is \$1.6080 (+.0600) and blocks, \$1.6670 (+.0200).

BUTTER HIGHLIGHTS: Butter production is strong across all regions. Ample cream is reported in the West and Central regions, with increased cream available in the Northeast following winter storm Nemo. Most manufacturers in all regions are building inventories. Bulk butter in the Northeast is selling 4 to 14 cents over market and up to 7 cents over market in the Central region. Western bulk butter is often also selling for a premium price. Wednesday CME AA butter closed up for the first price movement in two weeks. Exports of butter and milkfat for January - December 2012 total 107.2 million pounds, down 24% from the previous year. The butter and milkfat exports account for 5.8% of butter production in the U.S. for the year. According to the FAS, quota imports of butter for January 2013 total 0.8 million pounds, 47.2% more than the same period in 2012. January imports for 2013 account for 5.3% of the yearly total quota. Imports of High-Tier butter (above quota and with a penalty) are 87,640 pounds, significantly higher than last year's high tier import of 9,932 pounds for January. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 524,700 pounds (238 metric tons) of butter. The product will be delivered February through July 2013.

CHEESE HIGHLIGHTS: Cheese prices continued to show strength this week. Last week's higher weekly average price was reinforced this week with continued price strength. Barrel prices showed the strongest recovery as the spread between barrels and blocks returned to a more typical margin. Some increased sales activity was noted as more buyers returned to the market to replenish supplies. Some increased milk supplies are available for manufacturing and cheese plants are taking some of that volume. Cheese inventories at manufacturers are described as manageable with export sales helping to balance sales. The CWT program announced assistance for export sales of 2.3 million pounds this week. Export sales volumes for 2012 from FAS were reported to total 573.3 million pounds, up 16% from the previous year, a new record volume. Exports accounted for 5.3% of total US cheese production for the year. At the CME Group on Friday, barrels closed at \$1.6300 up \$.0700 from last weeks close. Blocks closed at \$1.6750 up \$.0250 from last Friday's close.

FLUID MILK: Weather conditions for milk production in CALIFORNIA have been near ideal for a number of weeks. There are now numerous reports of output pulling ahead of year ago numbers for the

first time in many months. Milk output in ARIZONA is being called steady. There was some moisture again over the weekend and temperatures are running about 6-13 degrees below normal for this season. Not bad conditions, but not all that conducive to much growth either. New Mexico milk production is flat. Conditions are a bit cooler again and this is not helping with milk flow. Cream markets remain on the weak side, but this week it is due more to some plant production problems in California versus having to move it out of state because of no interest. Milk production in the Pacific Northwest remains on a mostly steady keel. Milk volumes are following expected amounts with no handling problems reported in the region. Utah and Idaho temperatures moderated this week and there is a small increase in production as cows responded to more favorable weather conditions. Local manufacturers are able to process current supplies of milk and are seeing some increased supplies of milk from outside the region. Throughout the Central region, weather has been conducive to cow comfort this winter. Drought conditions are easing somewhat due to snowfall and rain received in the last two weeks. Some plant operators indicate their intake volumes started a slow decline during the last 1 - 2 weeks. Other processors note their intakes continue growing on a weekly basis. Milk haulers are reporting more milk per load is arriving at processing plants than in January. Cream supplies remain heavy in the East, due to volumes from Class I plants and yogurt manufacturers. A major winter storm hit the Northeast region, resulting in many trucks being unable to make it to farms, which caused some milk to be dumped. Manufacturing milk supplies marginally increased in the Mid-Atlantic region as milk was diverted from New England and the Northeast. Milk production in Florida continues to increase, but remains below year ago levels. Milk supplies are nearly in balance with demand in the Southeast region with only a few loads being shipped to auxiliary manufacturing facilities. Milk production continues to show marginal increases on a week to week basis. In all regions there are also more indications that ice cream plants are gearing up for the spring/summer season and buying more cream.

DRY PRODUCTS: Nonfat dry milk prices in the Central and Eastern regions decreased on the range, and are unchanged to lower on the mostly price series. Average prices for both the range and mostly series moved lower for Western low/medium heat powder. Buyers see no reason to make additional spot purchases while price averages continue to decline. Sellers noted that prices are quoted at the same level for both the Central and Western regions, not a normal occurrence. Central and Eastern dry buttermilk prices continued on their downward trend and declined for the fifth consecutive week with spot sales lowering the low

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CME GROUP CASH TRADING

COMMODITY	MONDAY FEB 11	TUESDAY FEB 12	WEDNESDAY FEB 13	THURSDAY FEB 14	FRIDAY FEB 15	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.5600 (N.C.)	\$1.5800 (+.0200)	\$1.6300 (+.0500)	\$1.6400 (+.0100)	\$1.6300 (-.0100)	:: (+.0700)	:: \$1.6080 (+.0600)
40# BLOCKS	\$1.6500 (N.C.)	\$1.6600 (+.0100)	\$1.6750 (+.0150)	\$1.6750 (N.C.)	\$1.6750 (N.C.)	:: (+.0250)	:: \$1.6670 (+.0200)
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.)	\$1.5125 (-.0075)	\$1.5125 (N.C.)	\$1.5050 (-.0075)	\$1.5050 (N.C.)	:: (-.0150)	:: \$1.5110 (-.0090)
BUTTER							
GRADE AA	\$1.5550 (N.C.)	\$1.5550 (N.C.)	\$1.5875 (+.0325)	\$1.6025 (+.0150)	\$1.6050 (+.0025)	:: (+.0500)	:: \$1.5810 (+.0260)

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

end of the range and sales based on various price indices lowering the upper end of the range. Domestic spot load interest is light. Trading was very light for Western buttermilk powder, where range prices were steady while the mostly series average was lower. Light spot trading is keeping dry whole milk prices unchanged to slightly lower on the top of the range for the week. The overall tone of dry whey markets is lower. Central and Western average of the mostly dry whey prices declined, as did the West and Northwest range. Dry whey production is active in the Northeast and Central regions, and steady in the West. Central and West whey protein concentrate 34% prices are unchanged on the range, and fractionally lower on the bottom of the mostly series this week. The dual nature of the lactose market continues this week. Both the range and mostly series are unchanged. Prices on spot loads of unground lactose are trending toward the low end the range. Higher mesh size spot loads are reportedly maintaining their market plus values and are less readily available. Pricing for both casein types is unchanged. The market undertone remains on the firm side.

INTERNATIONAL DAIRY MARKET NEWS (DMN):

WESTERN EUROPE OVERVIEW: Milk production across Western Europe is tending to follow recent patterns with limited weather or related stress across the region. Relatively high feed costs remain a concern for dairy producers attempting to grow output through supplemental feeding. Milk is showing incremental, seasonal growth. Total, overall volumes are projected to be below year ago levels in January and the trends are also reported to continue into February. German output is trending slightly higher than a year ago. Processors are finding adequate milk supplies to make products of first choice, but some milk declines resulting from early season conditions are now not allowing all product spectrums to be manufactured. An example would be casein output being below expected volumes in several countries. Overall, milk prices have been fairly stable. The Euro weakened during the past weeks, but has begun to strengthen against other currencies. The effects are having some impacts on restricting exports. High prices in relation to other exporting countries are also affecting the ability of the trade to move dairy products into international channels. There remains a good pull for internal demand of fresh and internal dairy products. Butter pricing is steady to slightly lower. The PSA butter program year goes through the end of February and the butter in storage will need to be out by then. The butter offerings have been readily absorbed into the market. Whole milk powder pricing remains high in relation to world markets and exports are minimal. The skim milk market pricing is more in line with competition and garnering internal and external interest. The dry whey market prices are tending lower, reflecting slower demand and competitive pricing in other exporting countries.

EASTERN EUROPE OVERVIEW: Milk production trends in Eastern Europe are steady to slightly lower. Milk output in Poland is being tempered with considerations being given to quota issues. The late in the year declines are pulling down the yearly and seasonal output forecast. Dairy product offerings are tending to be along expected volumes with pricing levels holding mostly steady.

OCEANIA OVERVIEW: NEW ZEALAND milk output trends continue to show milk volumes dropping and current trends pulling season to date total volumes lower. Milk is beginning to move below year ago marks. Expectations are that this will continue throughout the remainder of the season. Recent dry conditions in the North Island milk producing areas are impacting the milk flow there with some farmers drying off cows early. The full impact of the detection of DCD in NZ dairy products is still being assessed, but there have been few concerns beyond the initial story. **AUSTRALIAN** milk production is trending lower with the latest stats for December being down 1.3% versus a year earlier. The current milk flows are noted to be running at below year ago levels at this time with the total seasonal growth rate versus a year ago shrinking. The weather conditions of rains and flooding in the Northern Queensland region are severely impacting the dairy industry in that area, which is mainly servicing the fluid milk needs for the locale. Cattle, infrastructure and collection have all been affected. Overall, the effects on the total milk market are limited, yet impactful for those in the areas. Elsewhere, hotter and dryer weather conditions in the major milk producing regions of Victoria and New South Wales are impacting milk yields and output to a limited extent. Dairy -1A-

product pricing trends are steady to slightly firm. With declining milk supplies at or below seasonal trends, processing schedules are being aligned to make products of greatest needs. g/Dt: At the February 5th 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%. The next event, #86, will be on February 19. Butter will trade for the first time.

FEBRUARY MILK SUPPLY AND DEMAND ESTIMATES

(WAOB): The milk production forecast for 2013 is raised. Milk cow numbers are raised because USDA's *Cattle* report indicated that the number of cows on January 1 was about unchanged from 2012. Milk per cow forecasts are raised because last quarter-2012 estimates were higher than expected and lower forecast feed costs support higher milk yields in 2013. Fat-basis trade estimates for 2013 are unchanged. The skim-solids export estimate for 2013 is raised largely on expectations of stronger nonfat dry milk (NDM) shipments, but the import forecast is unchanged. Milk production estimates for 2012 are raised, reflecting end-of-year production data. Dairy trade estimates for 2012 reflect the pace of trade through November. Cheese prices are unchanged from last month, but the price range is narrowed. NDM and whey prices are raised reflecting stronger demand, but the butter price is lowered. Despite a higher whey price, the forecast Class III price is unchanged although the range is tightened. Lower butter prices are more than offset by higher NDM prices resulting in a slightly higher forecast Class IV price. The range of all milk price for 2013 is narrowed to \$18.90 to \$19.70.

FEDERAL MILK ORDER MARKETING AND UTILIZATION

2012 ANNUAL SUMMARY (DAIRY PROGRAMS): During 2012, more than 122.3 billion pounds of milk were received from producers. This total annual volume of milk is 3.8% lower than the 2011 total annual volume. There were volumes of milk not pooled due to intraorder disadvantageous price relationships in both years. More than 43.4 billion pounds of producer milk were used in Class I products, 2.3% lower than the previous year. The all-market average Class utilization percentages were: Class I = 35%, Class II = 14%, Class III = 39% and Class IV = 12%. The 2012 weighted average statistical uniform price was \$18.05, \$1.82 lower than the 2011 weighted average statistical uniform price.

NOVEMBER MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA (AMS & CDFR):

In November 2012, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$22.19, up \$0.64 from the October 2012 average, and up \$1.60 from the November 2011 average. The component tests of producer milk in November 2012 were: butterfat, 3.85%; protein, 3.19%; and other solids, 5.72%. On an individual reporting area basis, mailbox prices increased in all Federal milk order reporting areas except Minnesota when compared to the previous month. Mailbox prices in November 2012 ranged from \$24.04 in Florida to \$20.36 in New Mexico.

CME GROUP

MONDAY, FEBRUARY 11, 2013

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5600; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.5100; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.5200
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, FEBRUARY 12, 2013

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.6500, 1 @ \$1.6550; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.5800; 1 CAR 40# BLOCKS @ \$1.6600; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.5100; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.5125
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.5550; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.5550; LAST OFFER UNCOVERED: NONE

WEDNESDAY, FEBRUARY 13, 2013

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.6700; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6300; 1 CAR 40# BLOCKS @ \$1.6750; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 6 CARS GRADE AA: 1 @ \$1.5600, 1 @ \$1.5625, 1 @ \$1.5675, 1 @ \$1.5700, 2 @ \$1.5775; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.5875; LAST OFFER UNCOVERED: NONE

THURSDAY, FEBRUARY 14, 2013

CHEESE -- SALES: 2 CARS BARRELS @ \$1.6400; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.6750; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6400
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$1.5050; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.4950; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.6025; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.6025; LAST OFFER UNCOVERED: NONE

FRIDAY, FEBRUARY 15, 2013

CHEESE -- SALES: 1 CAR BARRELS @ \$1.6300; 1 CAR 40# BLOCKS @ \$1.6750; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6300; 1 CAR 40# BLOCKS @ \$1.6500; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.4800; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.6025; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.6050; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.6100

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 9 sessions. Butter production expanded this week as increased volumes of cream moved to churns following winter storm Nemo that hit New England. Current production consists of all varieties in bulk and print. A majority of manufacturers have expanding inventories, except for a few that are churning only to fill orders. Domestic demand remains steady for this time of year. Export demand remains especially strong and accounts for recent increases seen in the bulk butter price. 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. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 524,700 pounds (238 metric tons) of butter. The product will be delivered February through July 2013.

CENTRAL

Grade AA butter prices at the CME Group were unchanged from last week's finish, \$1.5550, through Tuesday. On Wednesday, prices moved higher on active sales and bids, closing at \$1.5875. Central butter production continues on the strength of ample cream supplies within and outside the region. Ice cream mix and regular ice cream production facility operators are scheduling heavier production days as the spring approaches, which is slowly shifting some weekly cream volumes away from churning. Bulk butter contract sales are steady, with no reported pushback from buyers. Manufacturers are building bulk butter inventories with confidence.

Bulk sale prices range up to 7 cents over market. Retail butter demand is light on firmer pricing. Retail prices in the Central region during the last two weeks ranged from \$1.98 – \$3.99 compared to \$1.49 - \$2.66 two weeks ago. Foreign Agricultural Service report shows January – December 2012 exports of butter total 107.2 million pounds, a 24% decrease compared to the same period last year. Saudi Arabia topped all foreign destinations for U.S. butter, importing 36.7 million pounds. This is a 27% increase compared to 2011. Other leading butter destinations, volumes, and changes from 2011 include Iran, 14.5 (+129%); Morocco, 8.3 million pounds (unchanged); Mexico, 7.1 million pounds (-52%); and Egypt, 6.8 million pounds (-16%). Export bids for .5 million pounds of butter were announced by Cooperations Working Together (CWT). Butter will be delivered to buyers in Asia, the Middle East and North Africa. CWT will issue export bonuses to the bidders once deliveries are confirmed. The deliveries are currently scheduled from February to July. This brings CWT's 2013 total butter export obligations to 10.3 million pounds.

WEST

Western butter prices continued the move to higher prices this week. The weekly average price at the CME Group has moved higher for the past four weeks. Butter manufacturers are running heavy schedules to clear ample cream supplies. Excess cream from the West is moving out of the region at discounted prices. Butter producers are content to inventory butter for use later in the year. Retail and club store sales are good in anticipation of Easter features. Buyers are expressing interest in securing additional

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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 09, 2013	1.5182 4,481,746	1.6784 11,045,593	1.6063 11,396,230	0.6466 6,430,239	1.5731 12,487,089

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

CME GROUP

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supplies, but are reluctant to pay premiums for the product. Contract prices for bulk butter range from 3 cents under to 5 cents under the market, based on the CME with various time frames and averages used. Spot prices for bulk butter are often running at a premium to complete sales. Butter prices at the CME Group exchange are higher as Wednesday's close is up \$.0325 to \$1.5875. This is the first price movement for the past two weeks. Buyers were active on Wednesday with six loads sold at the exchange and seven loads for the week. According to the Foreign Agricultural Service, exports of butter and milkfat for January - December 2012 total 107.2 million pounds, down 24% from the previous year. Saudi Arabia, at 36.7 million pounds for the year, is the largest importer with a 27% increase above 2011. The butter and milkfat exports account for 5.8% of butter production in the U.S. for the year. According to the FAS, quota imports of butter for January 2013 total 0.8 million pounds, 47.2% more than the same period in 2012. January imports for 2013 account for 5.3% of the yearly total quota. Imports of High-Tier butter (above quota and with a penalty) are 87,640 pounds, significantly higher than last year's high tier import of 9,932 pounds for January.

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

	(Million Lb.)	% Change From 1 Year Ago
Dec. Total	7.7	+ 6
Total, Jan - Dec.	107.2	- 24
1 Saudi Arabia	36.7	+ 27
2 Iran	14.5	+ 129
3 Morocco	8.3	unchanged
4 Mexico	7.1	- 52
5 Egypt	6.8	- 16

2013 U.S. Butter Imports (USDA-FAS)

	Million Lb.)	% Change From 1 Year Ago	% of Yearly Quota
Jan Quota Imports	0.82	+ 47.2	5.3
Jan. High Tier	.09	+ 782.4	N.A.

CHEESE MARKETS

NORTHEAST

Cheese prices on the CME Group advanced Tuesday with barrels increasing \$0.0200 to close at \$1.5800 and blocks up \$0.0100 to close at \$1.6600. Barrel prices have increased in 5 of the last 6 sessions, netting a price increase of \$0.0475. Blocks have only seen 3 increases in the last 6 sessions, netting a gain of \$0.0150. Cheese production continues to be active with most operations on 6-7 day production schedule. Most cheese plants are adding to inventories with the exception of a few mozzarella plants that have had good orders, which reduced inventories. Domestic demand has improved as the general downward trend in cheese prices over the last few weeks has prompted some end users, that have worked inventories lower and held off purchases for lower prices, to make purchases to replenish supplies. Export demand remains fairly good supported by incentive programs. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 2.344 million pounds (1,063 metric tons) of Cheddar and Monterey Jack cheese. The product will be delivered February through July 2013.

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

Cheddar 40# Block	:	2.0475-2.3325
Process 5# Sliced	:	1.7675-2.2475
Muenster	:	2.0675-2.4275
Grade A Swiss Cuts 10 - 14#	:	3.5900-3.9125

MIDWEST

Wednesday brought more upward CME daily price movement than has occurred in a while. The 9 cent spread between blocks and barrels after Monday's close narrowed to \$.0450, with blocks moving up to \$1.6750 and barrels up 5 cents to \$1.6300. Prior to Wednesday's price move, industry discussion focused on last week's cheese weekly averages turning positive, following four consecutive weeks of negative average price movement. The magnitude of week-to-week price change this year slowed to the smallest level of 2013 last week. For a number of cheese manufacturers, this was a sign of a developing market consensus as to where the seasonal price floor is. Another market participant while acknowledging these trends, characterized the market early this week as "Bearish with Bullish concerns [having] definite upside potential". Wednesday seems to have released the bulls. During this transition period, there is variety among cheese manufacturers as to how they are proceeding. Over recent weeks, a number of manufacturers have commented that retail orders slowed when markets trended down. Retailers were believed to be awaiting lower price averages to buy. Nevertheless, last week's upward trending cheese price average has yet to generate any noticeable widespread uptick in retail orders this week. One explanation is that many retailers "may be waiting to see if the price strength is real", knowing that "there is plenty of cheese around". A few manufacturers noted an increase in cheese orders this week, at least for processed cheese. Mozzarella is viewed as moving "okay". Some manufacturers are at ease with cheese inventory levels, meaning able to fill orders that might arise, but not worried about selling what is in storage. Yet other manufacturers offered discounts to move blocks and barrels in reaction to strong cheese production volume. Another manufacturer with plant capacity used only to accommodate heavier milk flows, opened that capacity this week to produce cheddar barrels

for committed buyers. Other cheese plants are diverting milk from cheese production into butter and nonfat dry milk. The region's first comment from a cheese manufacturer this month noting a "slight" drop in milk intakes occurred in Iowa this week. The situation this week is very mixed. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 2.344 million pounds (1,063 metric tons) of Cheddar and Monterey Jack cheese. The product will be delivered February through July 2013. For the year-to-date, CWT has assisted member cooperatives in selling 21.656 million pounds of cheese.

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

Process American 5# Loaf	:	1.7400-2.4450
Brick And/Or Muenster 5#	:	2.0350-2.5950
Cheddar 40# Block	:	2.0350-2.9075
Monterey Jack 10#	:	2.0050-2.9075
Blue 5#	:	2.3000-3.2850
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8800-3.0075
Grade A Swiss Cuts 6 - 9#	:	3.1100-3.2275

WEST

Western wholesale cheese prices moved higher as the weekly CME Group average increased for the first time since the first week of the new-year. Cheese production schedules are higher as some increased volumes of milk are available for manufacturing. Some producers in California were surprised to report milk volumes were once again above year ago levels. Retail demand is good with some increased orders for Easter specials. The CWT program assisted with sales of 2.3 million pounds of cheese for export this week. Cheese prices at the CME Group for Tuesday and Wednesday settled higher for barrels and blocks. Barrels closed Wednesday \$.0500 higher at \$1.6300 and blocks closed up \$.0150 at \$1.6750. Prices have firmed on light sales as buyers and sellers look to secure common ground. Barrel prices moved higher, reducing the spread between blocks and barrels to more traditional levels. According to FAS, exports of cheese and curd for January - December 2012 total 573.3 million pounds, a new record up 16% from the previous year. The exports account for 5.3% of total cheese production in the U.S. for January - December 2012. Mexico is the largest importer of cheese with 144.3 million pounds for the year or 25.2% of U.S. cheese exports. According to FAS, quota imports of cheese for January 2013 total 9.9 million pounds, down 10.6% from a year ago. The imports stand at 3.3% of the annual quota. Imports of High-Tier cheese (above quota and with a penalty) for the same period are estimated to total 1.8 million pounds, down 22.4% compared to imports for January of 2012. Imports of quota Swiss cheese for January 2013 total 2.5 million pounds, down 16.6% from last year. The two main countries for the Swiss imports are Norway and Finland, and they accounted for 1.0 million pounds or 40.0% of the year's total import of Swiss.

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

Process 5# Loaf	:	1.6750-1.9325
Cheddar 40# Block	:	1.7675-2.1200
Cheddar 10# Cuts	:	1.9475-2.1675
Monterey Jack 10#	:	1.9575-2.1175
Grade A Swiss Cuts 6 - 9#	:	3.1675-3.5975

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CHEESE MARKETS

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FOREIGN

The weekly average CME Group block price increased, reversing a 4 week downward trend and raised domestic wholesale foreign type cheese prices by \$0.0025. Swiss cut varieties and import cheeses were unchanged. Cheese imports declined overall in January with a majority of the various cheese classifications showing declines when compared to January 2012 imports. A stronger U.S. dollar compared to the Euro and the looming possibility of a Longshoreman's strike, contributed to the downturn in import volumes. According to FAS, imports of high tier and quota Italian-type cheese for January totaled 1.3 million pounds, down 34.6% compared to January 2012. Imports of quota Italian-type cheese for January totaled 0.6 million pounds, 15.9% less than January 2012 and 2.1% of the annual quota. Imports of high tier Italian-type cheese in January, totaled 0.7 million pounds, 45.2% less than January, 2012. Quota imports of Swiss/Emmentaler varieties for January 2013 totaled 2.5 million pounds, 16.6% less than January 2012.

USDA-FAS SEEKING PUBLIC COMMENT: The U.S. Department of Agriculture's Foreign Agricultural Service (FAS) announced that it is seeking comments on the Dairy Tariff-Rate Import Quota Licensing Program. Comments on the program must be received on or before April 8. The request for public comments is published in the Feb. 5, 2013, *Federal Register* and may be accessed online at <http://www.gpo.gov/fdsys/pkg/FR-2013-02-06/pdf/2013-02530.pdf>.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.1875-3.6750*
Gorgonzola	: 3.4900-6.1900	: 2.6900-3.1450*
Parmesan (Italy)	: -0-	: 3.5775-5.6675*
Provolone (Italy)	: 3.4400-5.4500	: 2.2300-2.3875*
Romano (Cows Milk)	: -0-	: 3.3775-5.5275*
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.

2012 U.S. Cheese and Curd Exports, (USDA-FAS)

	(Million Lb.)	% Change From 1 Year Ago
Dec. Total	46.1	+ 2
Total Jan.-Dec.	573.3	+ 16
1 Mexico	144.3	+ 36
2 South Korea	87.0	+ 12
3 Japan	57.0	+ 13
4 Canada	30.7	+ 25
5 Saudi Arabia	25.0	+ 3

2013 U.S. Cheese Imports (USDA-FAS)

	(Million Lb.)	% Change From 1 Year Ago	% of Yearly
Quota			
Jan. Quota Imports	9.9	- 10.6	3.3
Jan. High Tier	1.8	- 22.4	N.A.

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

	:	
02/11/13	11,366	: 118,512
02/01/13	11,947	: 118,060
CHANGE	-581	: 452
% CHANGE	-5	: 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	41	0	20	0	133
SOUTHEAST STATES	0	0	0	0	0	0

A major winter storm hit the Northeast region, dumping more than 30 inches of snow on over 40 cities and towns in New England. Connecticut, Massachusetts and the coastal regions of Maine were hardest hit. Many trucks were unable to make it to farms, which caused some milk to be dumped. Power outages were also a problem with some areas not returning to the power grid until late Monday. Class I demand is strong as many dairy shelves were depleted prior to the storm. Some delays in dairy product delivery have been experienced as numerous roads remain congested with snow removal efforts. New York and Pennsylvania did not get the brunt of the storm and dairy operations were only marginally affected. Manufacturing milk supplies marginally increased in the Mid-Atlantic region as milk was diverted from New England and the Northeast. Dairy plant operations quickly returned to normal following the weekend. Milk production in Florida continues to increase, but remains below year ago levels. Some producers are indicating they are not inclined to change feed ratios to optimize the flush, due to feed supply constraints. Hay has increased in price and rainfall totals are insufficient to prompt a steady regrowth of hay. Export spot loads moving out of state this week totaled 41. Milk supplies are nearly in balance with demand in the Southeast region with only a few loads being shipped to auxiliary manufacturing facilities. Milk production continues to show marginal increases on a week to week basis. Class I demand in the region is steady. Cream supplies remain heavy in the East, due to volumes from Class I plants and yogurt manufacturers. The combination of the two cream streams quickly surpasses demand, necessitating loads be moved out of region in order to find a home. Demand for cream has improved somewhat, but not enough to dent the oversupply situation. Some increased cream demand was noted from cream cheese, ice cream and bottled cream manufacturers. Significant volumes of cream continue to flow to churns. Multiples moderated this week in a range of 1.00-1.16, with the lower end of the range reflective of those loads shipped out of region. Demand for condensed skim remains flat with only some slight increases coming from Class II production. A majority of condensed skim volumes continue to flow to dryers. Spot load sales activity remains light.

MIDWEST

Throughout the Central region, weather has been conducive to cow comfort this winter. Drought conditions are easing somewhat due to snowfall and rain received in the last two weeks. Some areas in the far South expect corn will be in the ground in the next few weeks. Farm milk intakes diverged somewhat this week. Some plant operators indicate their intake volumes started a slow decline during the last 1 – 2 weeks. Other processors note their intakes continue growing on a weekly basis. Milk haulers are reporting more milk per load is arriving at processing plants than in January. Spot milk loads in the Central region are readily available from several sources this week, but interest for loads is light and price driven. Spot load prices are stuck below Class. Cheese manufacturers are buying spot load volumes sparingly, only to improve plant efficiencies by running vats at capacity on a shift by shift basis. Other manufacturers are transferring milk between plants to optimize operations. Class II cream prices are mostly steady for the week. Ice cream mix and regular ice cream production is increasing slightly from week to week. Slightly higher demand from cream cheese operators is also noted as production gears up for holiday demand. Those increases offset some decreases this week at yogurt plants on hiatus for maintenance. Production of aerated cream and sour cream is steady, with higher cream demand for those products expected at the start of March.

WEST

Weather conditions for milk production in CALIFORNIA have been near ideal for a number of weeks. There are now numerous reports of output pulling ahead of year ago numbers for the first time in many months. This has caught some contacts by surprise because of the ongoing negative financials at the farm level. Some manufacturers are indicating that the increased milk supply is causing changes in the product mix. Hay supplies and dairy markets are receiving a good review at a major dairy/farm show this week in California. Exports of alfalfa hay according to FAS probably set a monthly record in December. The total for 2012 is 1.76 million metric tons, about 10% more than 2011 and a new annual record. Milk output in ARIZONA is being called steady. There was some moisture again over the weekend and temperatures are running about 6-13 degrees below normal for this season. Not bad conditions, but not all that conducive to much growth either. NEW MEXICO milk production is flat. Conditions are a bit cooler again and this is not helping with milk flow. CREAM markets remain on the weak side, but this week it is due more to some plant production problems in California versus having to move it out of state because of no interest. There are also more indications that ice cream plants are gearing up for the spring/summer season and buying more cream. The butter price for Grade AA at the CME Group closed at \$1.5875 on Wednesday, February 13, up 3 1/4 cents from a week earlier. The price had held steady for 10 trading sessions before Wednesday. Contacts were indicating that buyers wanted to own some butter and that the CME was the best option for them in the short run as many manufacturers continue to hold butter with confidence. Cream multiples are about steady in the 90 to 122 range, and vary depending on basing points and averages. Milk production in the PACIFIC NORTHWEST remains on a mostly

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 -	1.6950-1.8038
F.O.B. producing plants: Upper Midwest -	1.8349-1.8816

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

FLUID MILK AND CREAM

CONTINUED FROM PAGE 4

steady keel. Milk volumes are following expected amounts with no handling problems reported in the region. The weather has been conducive to increased cow comfort with warmer days and cool nights. Dairy farmers are encouraged by cheese and butter prices showing some strength at the CME Group. Dairies are taking time to assess plans for spring and summer of 2013 by inventorying feed supplies and making plans for planting of feed crops. UTAH and IDAHO temperatures moderated this week and there is a small increase in production as cows responded to more favorable weather conditions. Local manufacturers are able to process current supplies of milk and are seeing some increased supplies of milk from outside the region.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Nonfat dry milk prices in the Central region are decreased on the range, and are unchanged to lower on the mostly price series. Contract sales volumes are steady, but manufacturers and brokers report buyer interest outside of contracts is unmotivated at this time. Nonfat dry milk inventory buildup within the Central region and throughout the country is pushing prices lower, thus, buyers are in no hurry to establish positions on NDM. Nonfat dry milk production is steady to higher, with a few operations shuttling increasing farm milk volumes away from cheese production and toward butter/powder production. Sales of condensed skim into Class III plants are limited as few cheese plants are trying to enhance vat production at this time, due to current cheese holdings and an unsettled cheese market. Sales of condensed skim into ice cream/mix manufacturers are steady to increasing seasonally. One large yogurt plant, though, is on hiatus for most of this week, which is sending condensed skim back toward balancing plants and into NDM inventory.

EAST: Nonfat dry milk prices moved lower this week as spot sales and sales based on various price indices, moved the price ranges lower. A major winter storm in the Northeast region caused numerous loads of milk to be redirected to powder plants, which added to the already heavy manufacturing supplies and drying schedules. The increase in production added to manufacturer's inventories. Demand remains weak as numerous end users are waiting for prices to adjust to the, more than ample, supply situation. Some manufacturers are making a few spot market sales below contract pricing to reduce inventories. The market undertone remains weak.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.4900 - 1.6250 MOSTLY: 1.5000 - 1.6100
 HIGH HEAT: 1.6200 - 1.6750

U.S. NDM Exports, H.S. Code 0402100000(FAS)		
	2012 Exports (Million Lb.)	% Change From 1 Year Ago
December Total	71.5	- 3
TOTAL, JAN - DEC	980.4	+ 2
1 Mexico	432.4	+ 13
2 Philippines	100.3	- 11
3 Indonesia	69.2	- 30
4 Vietnam	53.6	- 42
5 Malaysia	36.4	- 29

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
February 8	\$1.5664	5,952,057	0
February 1	\$1.5514	10,203,467	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.

NONFAT DRY MILK - WEST

Average prices for both the range and mostly series moved lower for Western low/medium heat powder. Market activity continues to be slower than anticipated or planned by manufacturers. Buyers see no reason to make additional spot purchases as price averages continue to decline. Contract shipments are generally on schedule. Sellers noted that prices are quoted at the same level for both the Central and Western regions, not a normal occurrence. Production of powder is often heavier than planned and more areas are noting that milk receipts are now moving ahead of last year for the first time in many months. Exports of powder during 2012 total 980 million pounds, up 2% from 2011. Exports have continued to move higher over the past few years. Prices for high heat powder are steady in a lightly tested market. Only contract sales are noted in this weak market.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.4600 - 1.5775 MOSTLY: 1.5000 - 1.5425
 HIGH HEAT: 1.5800 - 1.6825

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices in the Central region are unchanged to lower for the week. Contract sales are steady into bakery and snack accounts at seasonal volumes. Domestic spot load interest is light. Some manufacturers, though, are finalizing sales of multiple loads into other North American countries. Dry buttermilk production in the Central region is mostly unchanged due to ample cream volumes clearing through the region. Condensed buttermilk continues to be absorbed within internal operations for some manufacturers, which is moderating their inventory buildup.

EAST: Prices for dry buttermilk continued on their downward trend and declined for the fifth consecutive week with spot sales lowering the low end of the range and sales based on various price indices lowering the upper end of the range. Cream continues to flow in significant volumes to churns in the East, maintaining, if not increasing, dry buttermilk production. Demand remains weak as end users are able to meet their production schedules with their contracted supplies. The softer nonfat dry milk market also adds to the dry buttermilk weakness as buyers are not inclined to purchase additional supplies on a downward trending market. Current production is moving through contracts and adding to inventories.

F.O.B. CENTRAL/EAST: 1.3800 - 1.4800

DRY BUTTERMILK - WEST

Trading was very light for Western buttermilk powder. Lower prices are doing very little to stimulate additional buying interest. Range prices were steady while the mostly series average was lower. Weak NDM prices are also negatively impacting buttermilk powder markets. Some manufacturers are hopeful that spring weather patterns may stimulate some seasonal demand. The market is really untested with a weak undertone.

F.O.B. WEST: 1.4000 - 1.4750 MOSTLY: 1.4000 - 1.4600

DRY WHOLE MILK - NATIONAL

Light spot trading is keeping dry whole milk prices unchanged to slightly lower on the top of the range for the week. Most sales completions stem from contract agreements. Production is intermittent at most locations.

F.O.B. PRODUCING PLANT: 1.6500 - 1.7975

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 retreated on the mostly price series on a weak market. Some Central manufacturers report dwindling inquiries for spot market dry whey loads on a week to week basis. Many manufacturers continue clearing dry whey at prices below their normal market position, to help manage dry whey inventories. Dry whey production is active at many Central locations. Some manufacturers indicate that although cheese sales are sluggish, milk intakes continue clearing through cheese production because spot milk interest is weak and some producers do not have alternative end products. With price pressure also building on the whey protein and whey isolate markets, some market participants anticipate greater volumes of whey solids will clear through commodity dry whey markets. ANIMAL FEED DRY WHEY prices are unchanged to lower on a weak market. Several edible dry whey manufacturers are offering into the animal feed market at prices below the top end of the animal feed whey market. Animal feed blenders continue to monitor their input inventories of whey as they anticipate offers from manufacturers and resellers will continue for the near to mid-term.

F.O.B. CENTRAL: .5500 - .7000 MOSTLY: .5700 - .6300
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4400 - .6200

DRY WHEY - NORTHEAST

Dry whey prices moved lower this week as spot sales and sales based on various price indices moved lower. Dry whey production remains very active with a majority of cheese makers on 6-7 day production schedules. Inventories are expanding for most manufacturers. Some buyers are holding off delivery of contract loads, feeling prices will adjust soon to the heavier supplies being carried by manufacturers. Demand has also been affected by a decline in exports, due to the beginning of the Chinese New Year and the typical seasonal decline in shipments. Most end users are purchasing for immediate needs only, unwilling to take a market position in a market showing bearish tendencies. Resale offers on multiple loads are priced at the low end of the range, adding to the already weak undertone.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5400 - .6975

DRY WHEY - WEST

Western dry whey prices adjusted fractionally due to various contract indices. The range narrowed its full spread and the mostly series was lower on the top end. Domestic and export prices continue to vary significantly with increasing activity to lower the contracted domestic price. Whey production is steady as cheese production is reported to be mostly steady. The overall tone of the market is lower as buyers of whey are looking to reduce price levels to align with other international competitors. Sales to China are reported to be slow while they celebrate their New Year. According to the Foreign Agricultural Service, exports of dried whey for January - December 2012 total 478.7 million pounds, down 13% from the same period in 2011. The exports account for 47.5% of the total dry whey production in the U.S. for the year. China remains the leader in U.S. export destination for whey. The top five importing countries accounted for 284.1 million pounds or 59.3% of the exports for the year.

NONHYGROSCOPIC: .5200 - .6675 MOSTLY: .5300 - .6275

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

	2012 Exports (Million Lb.)	% Change From 1 Year Ago
December Total	32.3	- 40
TOTAL, JAN - DEC	478.7	- 13
1 China	117.2	+ 1
2 Mexico	56.0	- 34
3 Canada	43.7	- 15
4 Japan	36.7	- 16
5 Indonesia	30.5	- 23

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Central and West whey protein concentrate 34% prices are unchanged on the range, and fractionally lower on the bottom of the mostly series this week. Sale volumes of whey protein concentrate 34% are steady to somewhat lower into feed blenders due to some competition with off specification nonfat dry milk being offered into the marketplace. The first steps in fresh demand from international infant formula manufacturers emerged this week. Preliminary reviews of specifications and sample testing are expected to begin in the near future. WPC 34% production is steady at most locations.

F.O.B. EXTRA GRADE 34% PROTEIN:1.1500 - 1.3200 MOSTLY: 1.2300 - 1.2700

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

	2012 Exports (Million Lb.)	% Change From 1 Year Ago
December Total	17.6	- 4
TOTAL, JAN - DEC	266.6	+ 14
1 China	101.4	- 6
2 Mexico	39.8	+ 44
3 Canada	34.2	- 1
4 Vietnam	14.7	+ 174
5 Japan	13.8	- 7

LACTOSE - CENTRAL AND WEST

The dual nature of the lactose market continues this week. Both the range and mostly series are unchanged. Prices on spot loads of unground lactose are trending toward the low end the range. Higher mesh size spot loads are reportedly maintaining their market plus values and are less readily available. Some manufacturers are not offering spot loads to the market; other manufacturers are clearing loads steadily through that venue. No changes are noted on weekly lactose production. Inventories are unchanged to somewhat lower as multiple load spot sales move to brokers and end users. Foreign Agricultural Service(FAS) reports that cumulative 2012 lactose exports under Schedule B code 1702110000, anhydrous, >99% solids, totaled 376.5 million pounds. This is a decrease in exports of 12% compared to 2011. However, the average price for exported lactose, according to FAS figures, was \$0.86 per pound in 2012 compared to \$0.55 per pound in 2011. China (84.6 million pounds, +16%), New Zealand (63.6 million pounds, -27%) and Mexico (51.2 million pounds, -8%) were the top three destinations for lactose exports in 2012, accounting for 53% of lactose exports.

Including spot sales and up to 3 month contracts.

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

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

	2012 Exports (Million Lb.)	% Change From 1 Year Ago
December Total	32.2	- 5
TOTAL, JAN - DEC	376.5	- 12
1 China	84.6	+ 16
2 New Zealand	63.6	- 27
3 Mexico	51.2	- 8
4 Japan	30.3	- 10
5 Brazil	21.2	+ 14

CASEIN - NATIONAL

Pricing for both casein types is unchanged. The market undertone remains on the firm side. Contract loads are moving along planned levels. There are concerns about future product availability and pricing points. Price quotes are mainly higher for Q2. Milk production declines and product mix decisions in casein producing countries are being watched with concerns about casein and caseinates availability in the future.

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 DAIRY COWS	2013 CUMULATIVE DAIRY COWS	2012 WEEKLY DAIRY COWS	2012 CUMULATIVE DAIRY COWS
01/26/2013	64.7	257.1	59.2	240.9

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)

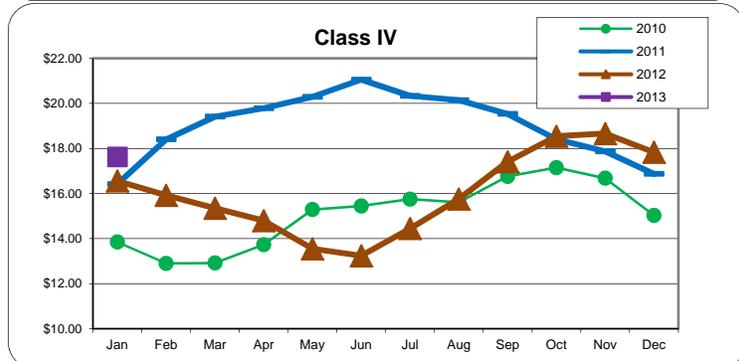
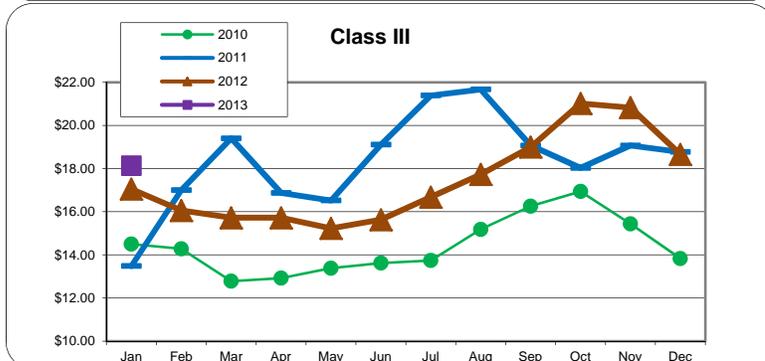
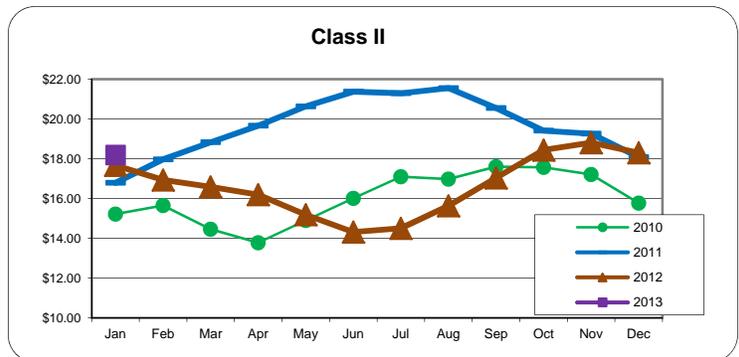
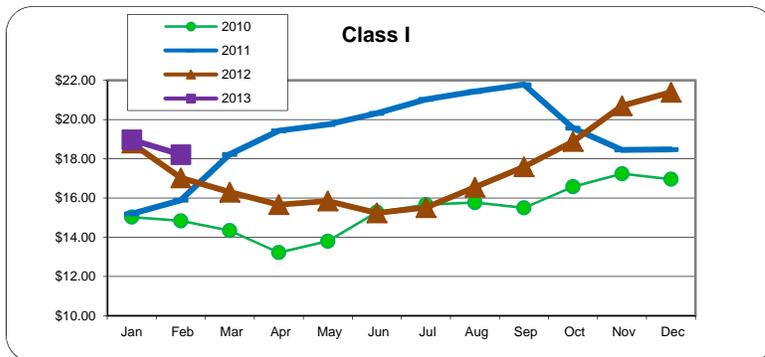
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03
2011	16.42	18.40	19.41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



INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered February 4 - 15, 2013

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: Milk production across Western Europe is tending to follow recent patterns with limited weather or related stress across the region. Relatively high feed costs remain a concern for dairy producers attempting to grow output through supplemental feeding. Milk is showing incremental, seasonal growth. Total, overall volumes are projected to be below year ago levels in January and the trends are also reported to continue into February. German output is trending slightly higher than a year ago. Processors are finding adequate milk supplies to make products of first choice, but some milk declines resulting from early season conditions are now not allowing all product spectrums to be manufactured. An example would be casein output being below expected volumes in several countries. Overall, milk prices have been fairly stable. The Euro weakened during the past weeks, but has begun to strengthen against other currencies. The effects are having some impacts on restricting exports. High prices in relation to other exporting countries are also affecting the ability of the trade to move dairy products into international channels. There remains a good pull for internal demand of fresh and internal dairy products. Butter pricing is steady to slightly lower. The PSA butter program year goes through the end of February and the butter in storage will need to be out by then. The butter offerings have been readily absorbed into the market. Whole milk powder pricing remains high in relation to world markets and exports are minimal. The skim milk market pricing is more in line with competition and garnering internal and external interest. The dry whey market prices are tending lower, reflecting slower demand and competitive pricing in other exporting countries.

BUTTER/BUTTEROIL: European butter prices are steady to trending slightly lower. The impact of the market price change is mainly internal country changes with prices too high to work into export destinations. In addition, the Euro weakened slightly compared to the U.S. Dollar in conversion. Regular export business for packaged and premium butter brands are moving along planned levels. PSA butter stocks drawdown continues as the end of the program year approaches at the end of February. The butter stocks are creating no issues as they enter the market. Internal, local needs are fair to good for print/packaged butter and the supplemental stocks are readily absorbed. Butteroil prices were adjusted slightly lower and reflect the decline in fat values of butter. The butteroil trade into internal markets is very limited as prices are well above the pricing levels for AMF in Oceania and on the g/DT auction. Buying interest for EU sourced product is very light. Production remains limited.

82% BUTTERFAT:	4,300 - 4,600
99% BUTTERFAT:	4,800 - 5,300

SKIM MILK POWDER (SMP): European skim milk powder prices are slightly lower on the bottom end of the range to slightly higher on the top end of the range. The underlying market tone is generally stable to slightly firm. Demand is fair to good for current offerings, serving both an internal and export account base. International interest is fair for the current time. Current pricing in other exporting countries makes them more favorable at this time. Export tenders are expected to be let soon

that will factor into the future production and sales of EU powder production and sales. Some manufacturers are favoring making SMP/butter versus WMP. Production of SMP is steady to slightly higher with seasonal gains in the milk supplies working into more SMP being made. Holdings are steady with adequate stocks to service orders on the books. European SMP offered at the February 5th g/DT trading event traded at \$3435/MT for March and from \$3,460-3,495 per MT for April shipment.

1.25% BUTTERFAT:	3,425 - 3,750
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SWEET WHEY POWDER: European dry whey prices declined and the market tone is weaker. Buyer demand has slowed from local feed and food accounts as buyers sense more uneasiness in the whey complex. Export buyers continue to find offering prices too high for their current interest levels. Other buyers are looking for lower priced whey in the U.S. The high Euro values are keeping EU sourced product prices higher into the export arena. Lower quotes are also taking place. Production of dry whey is active as milk supplies move to cheese and whey processing facilities. Whey stocks are ample to long for current needs.

NONHYGROSCOPIC:	1,175 - 1,425
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WHOLE MILK POWDER (WMP): European whole milk powder prices are unchanged and mainly stable. Sales activity is fair for local accounts, but limited into the export channels. Current pricing levels and the high Euro both work against making export sales work. Prices remain high when compared to Oceania sourced product. Traders and handlers are hoping to secure sales of WMP into an upcoming tender. Region production is steady to lighter and being adjusted to match upcoming needs. Stocks are generally on the light side with adequate holdings to service existing business.

26% BUTTERFAT:	3,900 - 4,200
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EASTERN OVERVIEW: Milk production trends in Eastern Europe are steady to slightly lower. Milk output in Poland is being tempered with considerations being given to quota issues. The late in the year declines are pulling down the yearly and seasonal output forecast. Dairy product offerings are tending to be along expected volumes with pricing levels holding mostly steady.

**Exchange rates for selected foreign currencies:
February 11, 2013**

.2002 Argentina Peso	.0106 Japan Yen
1.0255 Australian Dollar	.0785 Mexican Peso
.9952 Canadian Dollar	.8352 New Zealand Dollar
1.3405 Euro	.3229 Polish Zloty
.0185 India Rupee	

To compare the value of 1 US Dollar to Mexican Pesos:
(1/.0785) = 12.7389 Mexican Pesos.
Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered February 11 - 15, 2013

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.

OCEANIA OVERVIEW: NEW ZEALAND milk output trends continue to show milk volumes dropping and current trends pulling season to date total volumes lower. Milk is beginning to move below year ago marks. Expectations are that this will continue throughout the remainder of the season. Recent dry conditions in the North Island milk producing areas are impacting the milk flow there with some farmers drying off cows early. The full impact of the detection of DCD in NZ dairy products is still being assessed, but there have been few concerns beyond the initial story.

AUSTRALIAN milk production is trending lower with the latest stats for December being down 1.3% versus a year earlier. The current milk flows are noted to be running at below year ago levels at this time with the total seasonal growth rate versus a year ago shrinking. The weather conditions of rains and flooding in the Northern Queensland region are severely impacting the dairy industry in that area, which is mainly servicing the fluid milk needs for the locale. Cattle, infrastructure and collection have all been affected. Overall, the effects on the total milk market are limited, yet impactful for those in the areas. Elsewhere, hotter and dryer weather conditions in the major milk producing regions of Victoria and New South Wales are impacting milk yields and output to a limited extent. Dairy product pricing trends are steady to slightly firm. With declining milk supplies at or below seasonal trends, processing schedules are being aligned to make products of greatest needs. g/Dt: At the February 5th 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%. The next event, #86, will be on February 19. Butter will trade for the first time.

BUTTER: Butter market pricing in Oceania is steady to slightly higher. Demand is light to moderate with most orders committed by established contractual arrangements and limited new business has transpired to test the market. Producer offerings remain on the light side and current production is filling orders. Butter output is declining seasonally along with the milk intakes. Butter demand to domestic accounts in Australia is steady and taking expected volumes of butter. Gains in the AMF market at the gDT auction helped to buoy or increase butter pricing. At the February 5th gDT auction, AMF prices averaged \$3499/MT for the nearby March trading month, +9.1% from the prior event. The price averages \$3500/MT, for all contract periods, +7.2%. Butter will be offered for the first time at the February 19th gDT event 86.

82% BUTTERFAT: 3,200 - 3,800

SKIM MILK POWDER (SMP): Oceania skim milk powder prices are trending higher this reporting period, given a slightly upwards boost off the gDT auction for NZ sourced SMP. Additionally, fair to good demand is present from existing accounts. Milk supplies are tightening and drying schedules for SMP are impacted and tending to be lower. Offerings are lower than in recent weeks. International buyer interest is uneven. Strong local currency values are limiting returns on some export sales, although there are some tempering effects with sales based on U.S. Dollar terms. SMP pricing at the February 5th g/DT event for all contracting periods averaged \$3,554 per MT, up 0.5% from the previous average. For the nearby trading in Contract period 2, (April 2013), prices ranged from \$3,710 to \$3,760 for NZ sourced product. Prices were \$400 over U.S. sourced product and \$250 over European sourced SMP when comparing across the lowest priced categories.

1.25% BUTTERFAT: 3,350 - 3,800

CHEDDAR CHEESE: Oceania cheddar cheese prices are steady. There is limited developing news to shift the market trend. Some traders are stating they feel the market may floor at current pricing points. The market test is limited as seasonal milk supplies trend downwards. Most producers are at good, comfortable levels with holdings under no pressure. Some customers have pulled less than thought. There is a good domestic demand pull in Australia.

39% MAXIMUM MOISTURE: 3,800 - 4,200

WHOLE MILK POWDER (WMP): Oceania WMP prices are steady to higher. Gains at the most recent gDT event are pulling pricing levels higher. Trading interest is fair to good for the seasonally declining offerings. Traders and handlers are finding lighter demand. The production runs are slowing as milk supplies trend lower. Processing plant schedules are being reduced and generally matching production forecasts. Stocks are generally in good balance. An upcoming export tender is expected to pull part of the needs for WMP from the region. At the February 5th gDT event, WMP pricing across all contracting periods was up 5.4% at \$3468 per MT. Contract 2 (April 2013) pricing averaged \$3446 per MT, up 5.8%.

26% BUTTERFAT: 3,250 - 3,700

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered February 11 - 15, 2013

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US\$/MT	Global/Dairy Trading (g/DT) Event 85 Recap - February 5, 2013													
	Contract 1 Mar-13		Contract 2 Apr-13		Contract 3 May-13		Contract 4 Jun-13		Contract 5 Jul-13		Contract 6 Aug-13		All Contracts	
Anhydrous Milk Fat	n.a.	\$3,499	9.1%	\$3,505	5.3%	\$3,499	7.6%	\$3,493	5.2%	\$3,509	0.1%	\$3,500	7.2%	
Buttermilk Powder	n.a.	\$3,530	3.7%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$3,530	3.7%	
Cheddar	n.a.	\$3,506	1.0%	\$3,562	-0.7%	\$3,514	-1.6%	n.a.	n.a.	n.a.	n.a.	\$3,525	-0.1%	
Lactose	n.a.	n.a.	n.a.	n.a.	n.a.	\$1,800	n.a.	n.a.	n.a.	n.a.	n.a.	\$1,800	n.a.	
Milk Protein Concentrate	n.a.	\$6,070	1.7%	\$6,095	0.3%	\$6,045	1.3%	n.a.	n.a.	n.a.	n.a.	\$6,070	1.2%	
Rennet Casein	n.a.	\$8,783	3.2%	\$8,778	3.4%	\$8,712	3.5%	n.a.	n.a.	n.a.	n.a.	\$8,766	3.3%	
Skim Milk Powder	\$3,353	-4.4%	\$3,538	0.2%	\$3,703	3.0%	\$3,687	2.5%	\$3,665	2.5%	\$3,648	3.7%	\$3,554	0.5%
Whole Milk Powder	\$3,517	n.a.	\$3,446	5.8%	\$3,459	4.5%	\$3,500	5.5%	\$3,454	4.4%	n.a.	\$3,468	5.4%	

Average price US\$/MT and % change in indices from previous event.

US\$/Pound	Global/Dairy Trading (g/DT) Event 85 Recap - February 5, 2013													
	Contract 1 Mar-13		Contract 2 Apr-13		Contract 3 May-13		Contract 4 Jun-13		Contract 5 Jul-13		Contract 6 Aug-13		All Contracts	
Anhydrous Milk Fat	n.a.	\$1.5871	9.1%	\$1.5899	5.3%	\$1.5871	7.6%	\$1.5844	5.2%	\$1.5917	0.1%	\$1.5876	7.2%	
Buttermilk Powder	n.a.	\$1.6012	3.7%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$1.6012	3.7%	
Cheddar	n.a.	\$1.5903	1.0%	\$1.6157	-0.7%	\$1.5939	-1.6%	n.a.	n.a.	n.a.	n.a.	\$1.5989	-0.1%	
Lactose	n.a.	n.a.	n.a.	n.a.	n.a.	\$0.8165	n.a.	n.a.	n.a.	n.a.	n.a.	\$0.8165	n.a.	
Milk Protein Concentrate	n.a.	\$2.7533	1.7%	\$2.7647	0.3%	\$2.7420	1.3%	n.a.	n.a.	n.a.	n.a.	\$2.7533	1.2%	
Rennet Casein	n.a.	\$3.9839	3.2%	\$3.9817	3.4%	\$3.9517	3.5%	n.a.	n.a.	n.a.	n.a.	\$3.9762	3.3%	
Skim Milk Powder	\$1.5209	-4.4%	\$1.6048	0.2%	\$1.6797	3.0%	\$1.6724	2.5%	\$1.6624	2.5%	\$1.6547	3.7%	\$1.6121	0.5%
Whole Milk Powder	\$1.5953	n.a.	\$1.5631	5.8%	\$1.5690	4.5%	\$1.5876	5.5%	\$1.5667	4.4%	n.a.	\$1.5731	5.4%	

Average price US\$/pound and % change from previous event.

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	01/31	02/01	02/04	02/05	02/06	02/07	02/08	02/11	02/12	02/13
CME - CLASS III MILK FUTURES (Pit-Traded)										
FEB 13	17.20 (3419) 30	17.18 (3215) 24	17.12 (3337) 3	17.12 (3358) 0	17.26 (3351) 0	17.22 (3299) 0	17.24 (3274) 0	17.20 (3232) 0	17.25 (3238) 0	17.23 (3216) 0
MAR 13	16.98 (3423) 93	17.26 (3486) 21	17.10 (3489) 14	16.99 (3507) 0	17.38 (3517) 0	17.39 (3620) 0	17.42 (3663) 0	17.20 (3688) 0	17.41 (3670) 5	17.44 (3633) 0
APR 13	17.10 (2455) 59	17.41 (2478) 0	17.33 (2521) 0	17.25 (2534) 0	17.65 (2576) 1	17.58 (2632) 0	17.64 (2679) 0	17.47 (2743) 0	17.64 (2747) 5	17.66 (2739) 10
MAY 13	17.59 (1988) 12	17.89 (1979) 0	17.86 (1986) 0	17.82 (2003) 0	18.17 (2018) 1	18.10 (2054) 0	18.02 (2084) 0	17.80 (2103) 2	17.90 (2104) 5	17.92 (2117) 0
JUN 13	18.08 (1674) 12	18.27 (1669) 0	18.26 (1680) 0	18.25 (1679) 0	18.59 (1663) 1	18.58 (1683) 0	18.46 (1698) 0	18.29 (1714) 2	18.28 (1699) 5	18.30 (1708) 0
JUL 13	18.30 (1220) 0	18.40 (1232) 0	18.49 (1230) 1	18.49 (1227) 0	18.70 (1229) 0	18.62 (1247) 0	18.52 (1272) 0	18.39 (1278) 2	18.52 (1285) 5	18.55 (1299) 0
AUG 13	18.47 (1261) 0	18.50 (1267) 0	18.57 (1264) 1	18.57 (1265) 0	18.73 (1276) 0	18.65 (1280) 0	18.56 (1280) 0	18.52 (1287) 2	18.62 (1308) 5	18.62 (1324) 0
SEP 13	18.54 (1046) 0	18.57 (1057) 0	18.65 (1060) 1	18.61 (1070) 0	18.72 (1075) 0	18.69 (1098) 0	18.57 (1100) 0	18.54 (1108) 2	18.66 (1118) 5	18.63 (1134) 0
OCT 13	18.40 (914) 23	18.38 (920) 0	18.42 (928) 30	18.35 (936) 0	18.55 (931) 0	18.42 (937) 0	18.44 (946) 0	18.36 (961) 0	18.40 (979) 5	18.40 (991) 5
NOV 13	18.18 (904) 11	18.17 (906) 0	18.22 (908) 30	18.20 (911) 0	18.26 (904) 0	18.24 (922) 0	18.22 (932) 0	18.20 (946) 0	18.21 (964) 5	18.24 (981) 5
CME - CLASS IV MILK FUTURES (Pit-Traded)										
FEB 13	17.60 (182) 0	17.60 (182) 0	17.60 (182) 0	17.60 (182) 0	17.55 (182) 0	17.55 (182) 0	17.55 (182) 0	17.55 (182) 0	17.55 (182) 0	17.55 (182) 0
MAR 13	17.97 (203) 0	17.97 (203) 0	17.97 (203) 1	17.97 (203) 0	17.97 (203) 0	17.90 (215) 0	17.90 (215) 0	17.90 (215) 0	17.87 (215) 0	17.87 (215) 0
APR 13	18.22 (229) 0	18.22 (229) 0	18.22 (234) 4	18.05 (241) 9	18.05 (246) 1	18.05 (264) 0	18.05 (264) 0	18.05 (264) 0	18.05 (264) 0	18.10 (264) 0
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
FEB 13	154.50 (433) 4	154.50 (433) 0	154.50 (433) 2	154.50 (433) 0	154.00 (433) 3	154.00 (433) 0	154.05 (433) 0	154.05 (433) 0	154.25 (433) 0	154.50 (433) 5
MAR 13	161.25 (347) 2	161.25 (347) 0	161.25 (347) 0	161.20 (347) 0	160.00 (361) 29	160.63 (367) 9	160.00 (377) 10	160.00 (378) 1	160.50 (385) 7	161.50 (391) 8
APR 13	164.00 (330) 2	164.00 (330) 6	163.75 (336) 6	162.75 (339) 15	162.50 (337) 17	162.90 (337) 2	162.75 (341) 11	162.75 (340) 5	164.25 (347) 13	165.00 (345) 5
CME - NONFAT DRY MILK FUTURES (Pit-Traded)										
FEB 13	154.50 (89) 0	154.50 (89) 0	154.50 (89) 0	154.50 (89) 0	154.50 (89) 0	154.25 (89) 0	154.25 (89) 0	154.25 (89) 0	154.25 (89) 0	154.25 (89) 0
MAR 13	155.00 (150) 0	155.00 (150) 0	155.00 (150) 0	154.00 (153) 0	154.00 (155) 0	154.00 (154) 0	154.00 (158) 0	153.85 (158) 0	153.00 (158) 0	153.00 (158) 0
APR 13	156.25 (185) 0	156.25 (185) 0	156.25 (189) 0	155.00 (200) 0	155.00 (200) 0	155.00 (214) 0	154.90 (214) 0	154.75 (214) 0	154.00 (214) 0	153.50 (227) 0
CME - WHEY (Electronic-Traded)										
FEB 13	61.48 (218) 20	62.50 (218) 25	62.90 (219) 3	62.90 (217) 2	63.13 (222) 8	63.55 (222) 2	63.00 (223) 2	63.35 (224) 2	63.35 (224) 0	63.25 (227) 8
MAR 13	57.00 (286) 20	57.48 (277) 30	57.50 (273) 7	57.25 (267) 8	57.25 (270) 20	57.75 (280) 22	57.75 (280) 0	57.98 (303) 40	57.98 (305) 17	58.20 (312) 34
APR 13	54.25 (195) 17	54.43 (199) 13	54.43 (202) 5	53.98 (201) 3	53.95 (209) 9	54.50 (210) 4	55.38 (217) 8	55.23 (212) 49	55.20 (231) 20	55.50 (240) 20
CME - CHEESE CSC (Electronic-Traded)										
FEB 13	1.67 (849) 21	1.67 (852) 9	1.66 (852) 0	1.65 (856) 9	1.66 (855) 5	1.66 (855) 1	1.66 (855) 2	1.66 (855) 1	1.66 (855) 0	1.66 (856) 6
MAR 13	1.67 (1028) 56	1.70 (1029) 13	1.68 (1029) 3	1.68 (1047) 32	1.71 (1062) 19	1.71 (1131) 80	1.71 (1133) 4	1.69 (1129) 15	1.71 (1130) 11	1.71 (1129) 44
APR 13	1.71 (639) 11	1.73 (646) 22	1.72 (645) 3	1.72 (651) 28	1.76 (668) 24	1.75 (673) 15	1.75 (673) 1	1.74 (702) 42	1.75 (726) 44	1.75 (725) 27
MAY 13	1.76 (396) 8	1.78 (394) 16	1.78 (394) 0	1.78 (401) 19	1.80 (401) 2	1.81 (403) 14	1.80 (403) 0	1.77 (405) 8	1.78 (430) 40	1.79 (435) 7
JUN 13	1.79 (332) 0	1.81 (332) 0	1.81 (332) 0	1.81 (336) 11	1.85 (336) 10	1.85 (338) 34	1.85 (338) 10	1.82 (363) 25	1.81 (355) 33	1.82 (361) 6
JUL 13	1.82 (207) 5	1.83 (207) 0	1.83 (217) 10	1.84 (217) 0	1.86 (232) 15	1.85 (236) 16	1.85 (238) 7	1.83 (250) 14	1.83 (250) 0	1.85 (258) 8

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

FEBRUARY MILK SUPPLY AND DEMAND ESTIMATES

The milk production forecast for 2013 is raised. Milk cow numbers are raised as USDA's *Cattle* report indicated that the number of cows on January 1 was about unchanged from 2012. Milk per cow forecasts are raised as last quarter-2012 estimates were higher than expected and lower forecast feed costs support higher milk yields in 2013. Fat-basis trade estimates for 2013 are unchanged. The skim-solids export estimate for 2013 is raised largely on expectations of stronger nonfat dry milk (NDM) shipments, but the import forecast is unchanged. Milk production estimates for 2012 are raised, reflecting end-of-year production data. Dairy trade estimates for 2012 reflect the pace of trade through November. Cheese prices are unchanged from last month, but the price range is narrowed. NDM and whey prices are raised reflecting stronger demand, but the butter price is lowered. Despite a higher whey price, the forecast Class III price is unchanged although the range is tightened. Lower butter prices are more than offset by higher NDM prices resulting in a slightly higher forecast Class IV price. The range of all milk price for 2013 is narrowed to \$18.90 to \$19.70 per cwt.

U.S. MILK SUPPLY AND USE					
Commodity	2011	2012 Estimated		2013 Projected	
		January	February	January	February
BILLION POUNDS					
MILK					
PRODUCTION	196.2	200.0	200.3	199.9	201.0
FARM USE	1.0	1.0	1.0	1.0	1.0
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	10.8	10.9	10.9	10.8	11.9
MARKETINGS	195.3	199.0	199.3	198.9	200.0
IMPORTS	3.5	4.0	4.0	4.0	4.0
TOTAL COMMERCIAL SUPPLY	209.6	214.0	214.2	213.7	215.9
FAT BASIS USE					
COMMERCIAL EXPORTS	9.4	8.9	8.8	9.0	9.0
ENDING COMMERCIAL STOCKS	10.9	10.8	11.9	11.3	11.1
CCC NET REMOVALS ^{1/}	0.0	0.0	0.0	0.0	0.0
COMMERCIAL USE ^{2/}	189.2	194.3	193.5	193.4	195.7
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	12.2	11.8	11.8	11.1	12.0
MARKETINGS	195.3	199.0	199.3	198.9	200.0
IMPORTS	5.3	5.7	5.7	5.4	5.4
TOTAL COMMERCIAL SUPPLY	212.7	216.6	216.8	215.4	217.4
SKIM-SOLIDS BASIS USE					
COMMERCIAL EXPORTS	32.5	33.7	33.5	33.6	33.7
ENDING COMMERCIAL STOCKS	11.8	11.1	12.0	11.7	11.6
CCC NET REMOVALS ^{1/}	0.0	0.0	0.0	0.0	0.0
COMMERCIAL USE ^{2/}	168.3	171.7	171.4	170.1	172.1
MILLION POUNDS					
CCC PRODUCT NET REMOVALS ^{1/}					
BUTTER	0	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/} Domestic commercial use only.

Continued on page 11

FEBRUARY MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2011	2012 Projected		2013 Projected	
		January	February	January	February
DOLLARS PER POUND					
PRODUCT PRICES ¹					
CHEESE	1.8246	1.7076	1.7076	1.710-1.790	1.715-1.785
BUTTER	1.9498	1.5943	1.5943	1.535-1.645	1.535-1.635
NONFAT DRY MILK	1.5058	1.3279	1.3279	1.455-1.515	1.465-1.525
DRY WHEY	0.5325	0.5935	0.5935	0.610-0.640	0.615-0.645
DOLLARS PER CWT					
MILK PRICES ^{2/}					
CLASS III	18.37	17.44	17.44	17.65-18.45	17.70-18.40
CLASS IV	19.04	16.01	16.01	16.90-17.80	17.00-17.80
ALL MILK ^{3/}	20.14	18.53	18.51	18.85-19.65	18.90-19.60
QUARTERLY					
	2012 IV	2013 I ^{4/}	2013 II ^{4/}	2013 III ^{4/}	2013 IV ^{4/}
BILLION POUNDS					
MILK PRODUCTION	49.1	50.1	51.7	49.7	49.5
DOLLARS PER CWT.					
ALL MILK PRICE ^{2/3/}	21.47	19.05-19.35	18.75-19.35	18.90-19.80	19.00-20.00
CLASS III PRICE ^{2/}	20.17	17.30-17.60	17.80-18.40	18.05-18.95	17.65-18.65
CLASS IV PRICE ^{2/}	18.34	17.35-17.75	17.20-17.90	16.85-17.85	16.60-17.70

^{1/} Simple average of monthly prices calculated from AMS (formerly 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-515, February 8, 2013.* 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].

FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY, ANNUAL 2012

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for 2012 have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During 2012, more than 122.3 billion pounds of milk were received from producers. This total annual volume of milk is 3.8 percent lower than the 2011 total annual volume. There were volumes of milk not pooled due to intraorder disadvantageous price relationships in both years. More than 43.4 billion pounds of producer milk were used in Class I products, 2.3 percent lower than the previous year. The all-market average Class utilization percentages were: Class I = 35%, Class II = 14%, Class III = 39% and Class IV = 12%. The 2012 weighted average statistical uniform price was \$18.05 per cwt., \$1.82 per cwt. lower than the 2011 weighted average statistical uniform price.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE YEAR 2012										
FEDERAL MILK ORDER MARKETING AREA 1/	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE 2/ \$ PER CWT.
		TOTAL	CHANGE FROM PREV. YEAR 3/	TOTAL	CHANGE FROM PREV. YEAR 3/	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			
Northeast (Boston)	001	24,695.3	1.1	9,801.9	-3.0	40	26	24	10	18.62
Appalachian (Charlotte)	005	5,862.6	-4.6	3,985.2	-5.5	68	15	7	10	19.69
Florida (Tampa)	006	2,889.8	-1.3	2,439.3	-1.3	84	9	2	5	21.95
Southeast (Atlanta)	007	6,793.6	-4.0	4,483.1	-2.2	66	10	16	8	20.03
Upper Midwest (Chicago)	030 4/	30,683.9	-6.6	3,818.1	-10.2	12	5	79	4	17.36
Central (Kansas City)	032 4/	13,388.6	-4.2	4,875.0	8.7	36	13	34	17	17.21
Mideast (Cleveland)	033 4/	16,805.8	5.2	6,217.6	-2.1	37	19	30	14	17.54
Pacific Northwest (Seattle)	124 4/	6,718.7	-16.5	2,189.3	-2.2	33	7	29	31	17.09
Southwest (Dallas)	126 4/	9,994.2	-11.3	4,282.8	-2.3	43	12	32	13	18.22
Arizona (Phoenix)	131 4/	4,555.9	0.6	1,399.8	-1.0	31	8	25	36	17.51
ALL MARKET AVERAGE OR TOTAL	4/	122,388.4	-3.8	43,492.2	-2.3	35	14	39	12	18.05

1/ Names in parentheses are the major city in the principal pricing point of the market.

2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

3/ Year over year comparisons were adjusted for the 2012 leap year.

4/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform price in these markets, handlers elected not to pool an estimated 13.333 billion pounds of milk that normally would have been associated with these markets. In 2011, the estimated not pooled volume of milk was 5.402 billion pounds, occurring in order numbers 030, 032, 033, 124, and 126. After adjusting for non pooled milk, the year-to-year percent change is -2.3%.

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

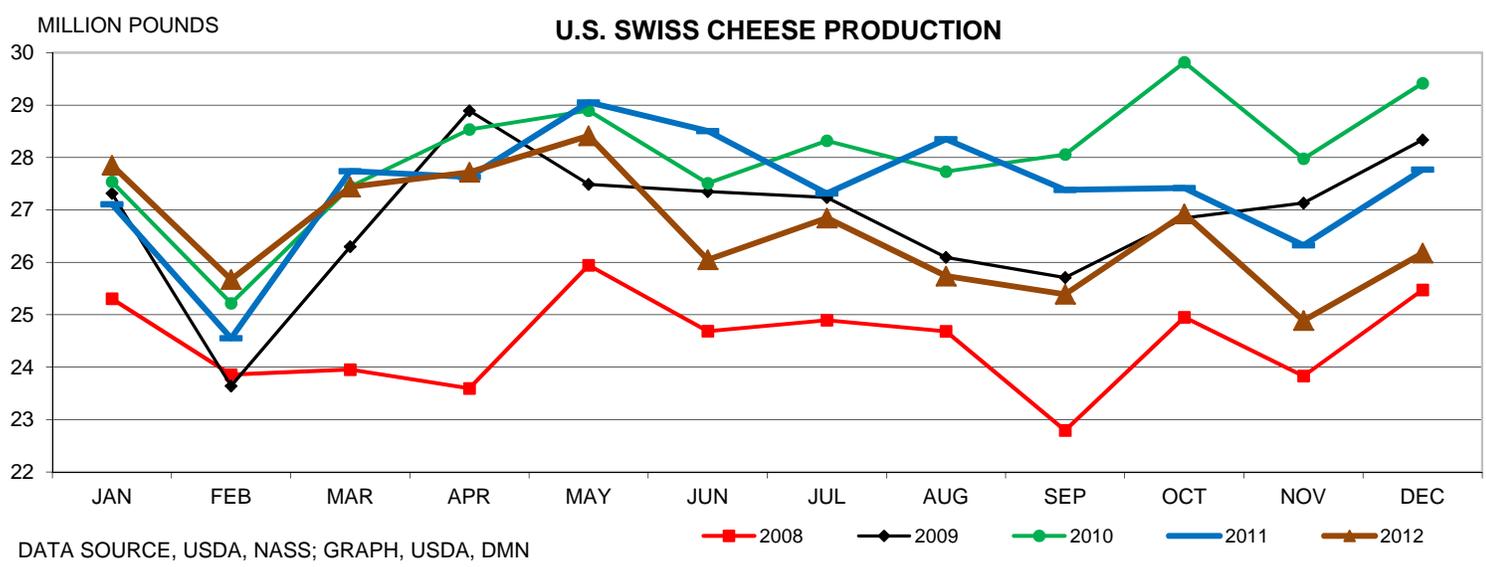
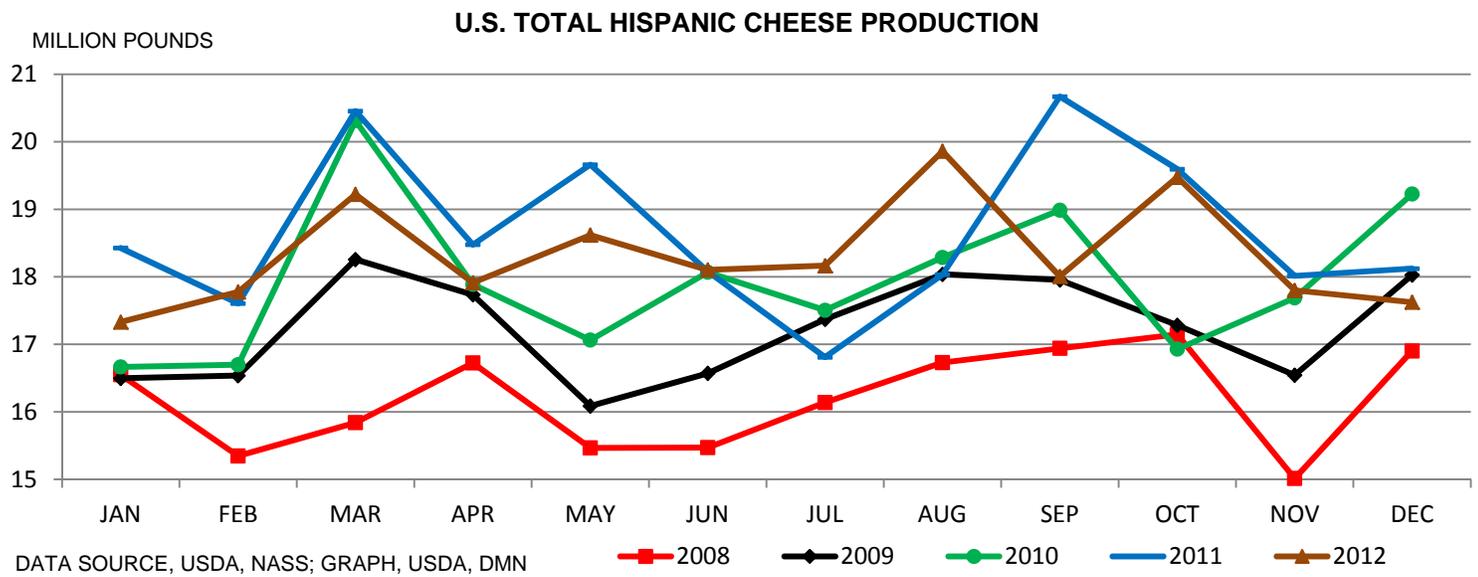
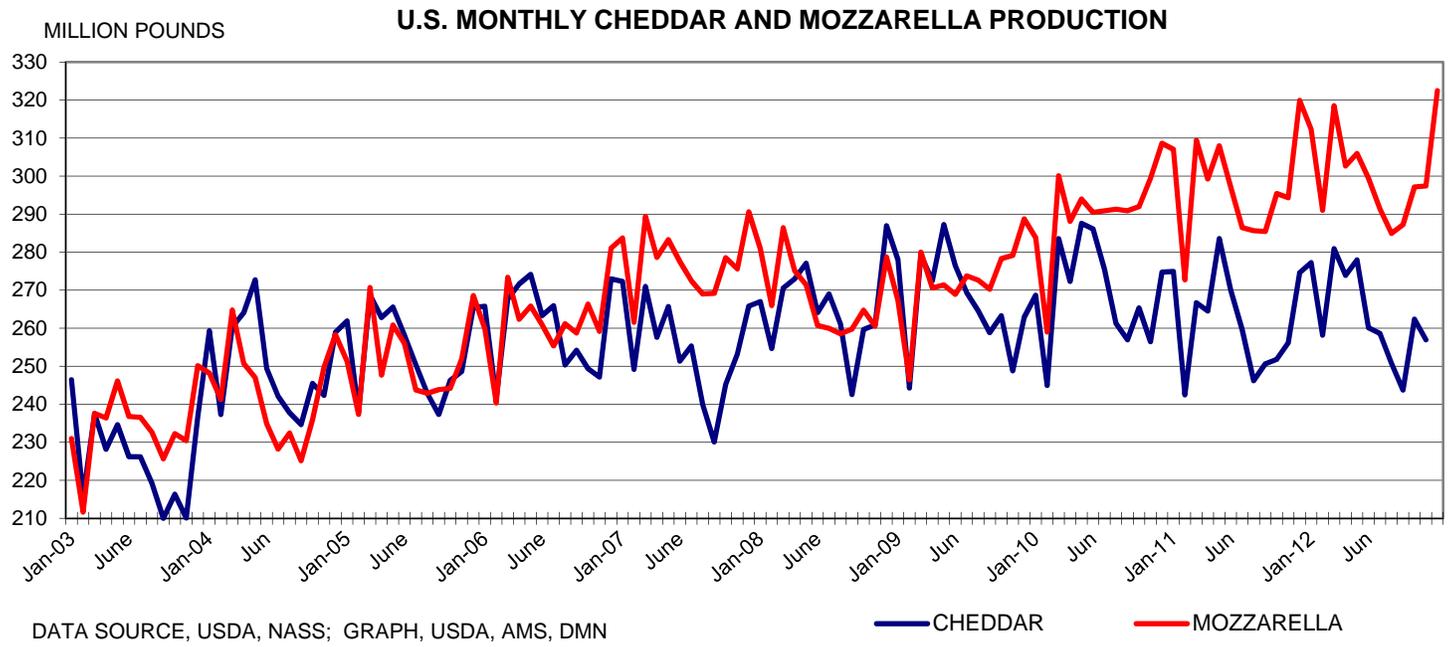
MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, NOVEMBER 2012, WITH COMPARISONS

In November 2012, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$22.19 per cwt., up \$0.64 from the October 2012 average, and up \$1.60 from the November 2011 average. The component tests of producer milk in November 2012 were: butterfat, 3.85%; protein, 3.19%; and other solids, 5.72%. On an individual reporting area basis, mailbox prices increased in all Federal milk order reporting areas except Minnesota when compared to the previous month. Mailbox prices in November 2012 ranged from \$24.04 in Florida to \$20.36 in New Mexico.

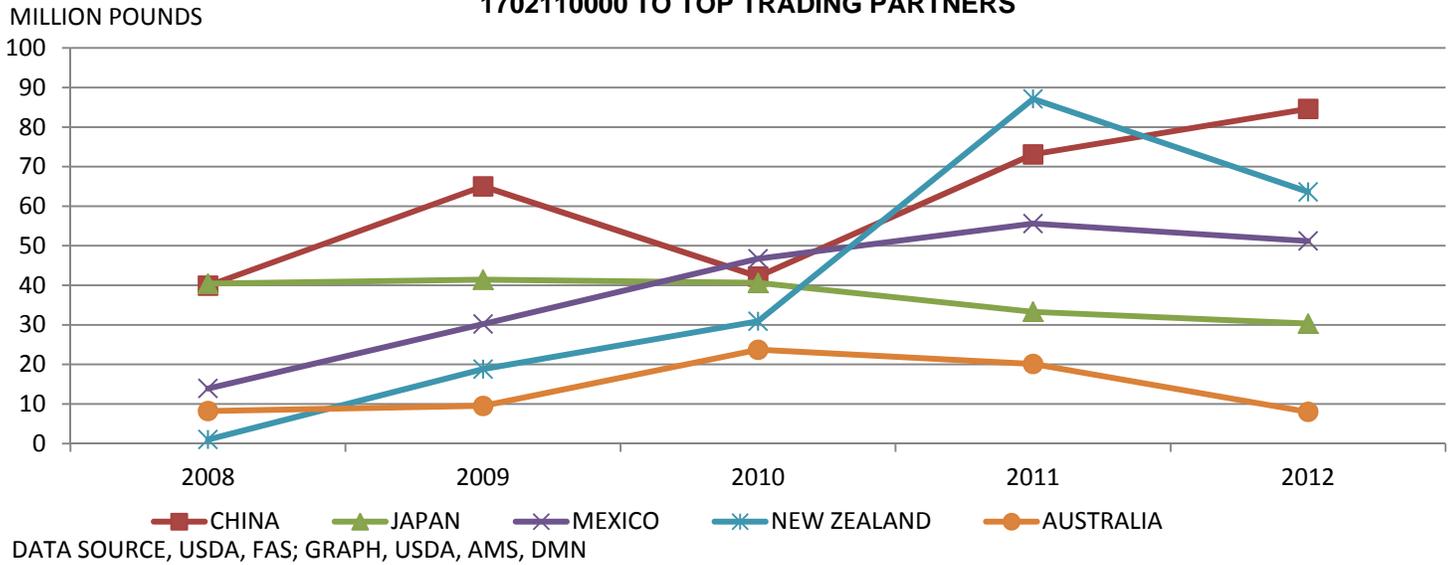
Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	November 2011	October 2012	November 2012
	Dollars per hundredweight		
New England States <u>3/</u>	21.36	22.42	23.26
New York	19.99	21.45	22.21
Eastern Pennsylvania <u>4/</u>	21.00	21.61	22.36
Appalachian States <u>5/</u>	21.57	21.74	23.11
Southeast States <u>6/</u>	22.26	22.22	23.11
Southern Missouri <u>7/</u>	20.63	20.70	21.23
Florida	23.68	23.83	24.04
Western Pennsylvania <u>8/</u>	21.05	21.83	22.71
Ohio	20.35	21.22	22.19
Indiana	20.46	20.44	21.72
Michigan	20.19	20.45	21.12
Wisconsin	21.08	22.77	22.91
Minnesota	21.24	22.96	22.72
Iowa	20.95	22.12	22.71
Illinois	21.31	22.38	22.93
Corn Belt States <u>9/</u>	20.07	21.24	21.50
Western Texas <u>10/</u>	19.29	20.24	20.98
New Mexico	18.19	19.39	20.36
Northwest States <u>11/</u>	20.32	21.18	21.81
All Federal Order Areas <u>12/</u>	20.59	21.55	22.19
California <u>13/</u>	18.64	19.40	19.71

1/ Areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. 2/ Net pay prices received by dairy farmers for milk. Prices reflect all payments received for milk sold and all costs associated with marketing the milk. Prices are weighted averages of the prices reported for all orders receiving milk from the reporting area and are reported at the average butterfat tests. Prices do not include any Milk Income Loss Contract (MILC) payments, but do include, for the most part, the assessment under the Cooperatives Working Together (CWT) program. 3/ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont. 4/ Includes all counties to the east of those listed in 8/. 5/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 6/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 7/ Includes the counties Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry, and all those to the south of these. 8/ The counties of Warren, Elk, Clearfield, Indiana, Westmoreland, and Fayette, and all those counties to the west of these. 9/ Includes Kansas, Nebraska, and the Missouri counties to the north of those listed in 7/. 10/ Includes all counties to the west of Fanin, Hunt, Van Zandt, Henderson, Houston, Cherokee, Nacogdoches, and Shelby. 11/ Includes Oregon and Washington. 12/ Weighted average of prices for all selected reporting areas. California is simple average. 13/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

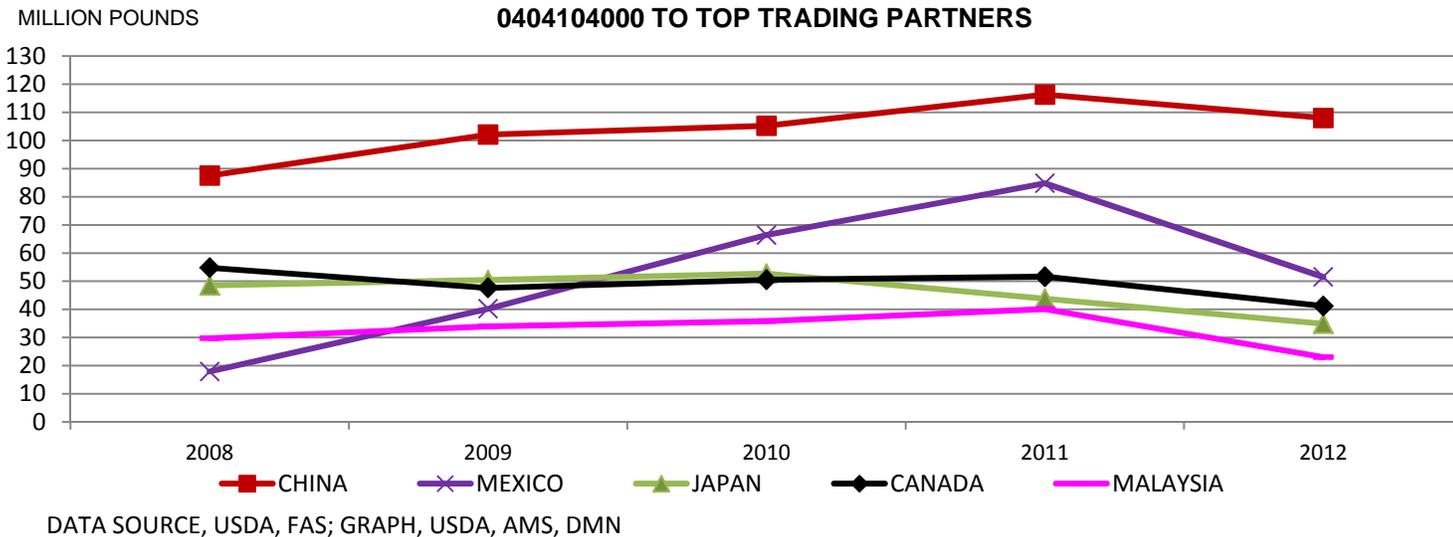
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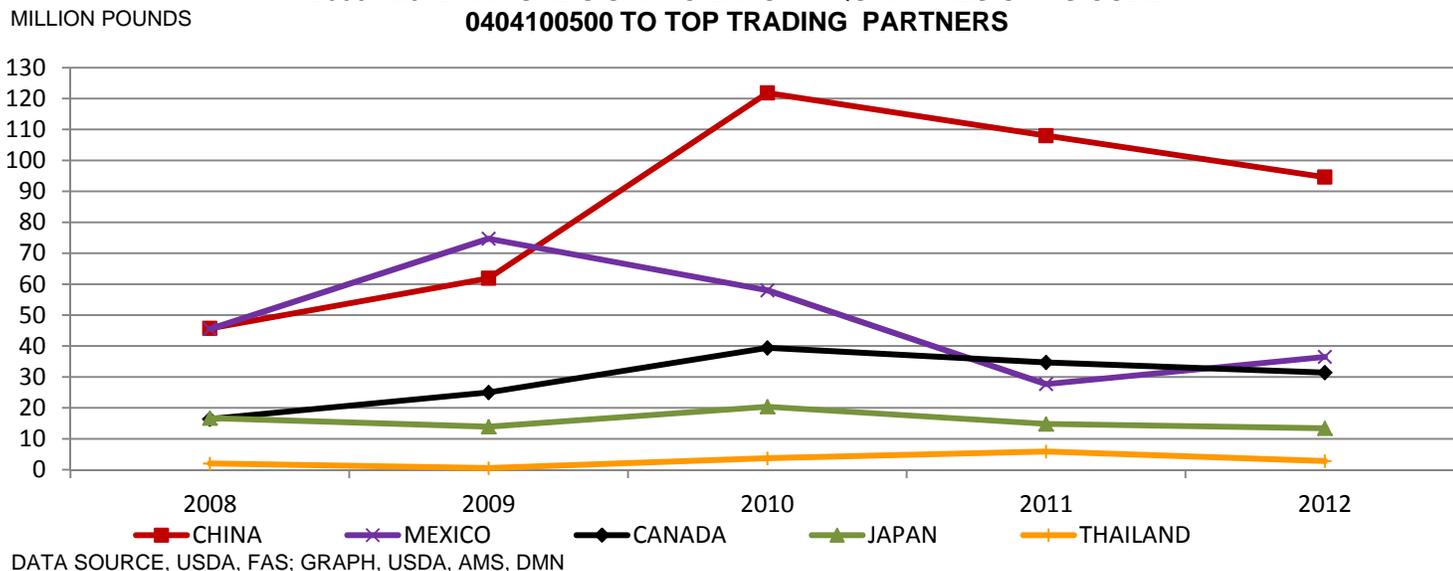
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