

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (3/15):**

BUTTER: Grade AA closed at \$1.6550. The weekly average for Grade AA is \$1.6370(+.0295).

CHEESE: Barrels closed at \$1.5900 and 40# blocks at \$1.6100. The weekly average for barrels is \$1.5865 (+.0270) and blocks, \$1.6030 (+.0310).

BUTTER HIGHLIGHTS: Western butter manufacturers are adding to inventories as cream is available. Some producers are reporting tighter supplies of cream this week. Central cream supplies receded slightly, with fewer Eastern cream spot loads cleared into the region. Central butter production, though, is still active. Several manufacturers are producing butter to fill international commitments coming due within the second quarter. Domestic demand in the East has increased ahead of the Easter/Passover holidays, prompting some increases in butter production. Current production is primarily focused on filling domestic market needs. Orders for butter are very good and working most inventories lower. Current bulk butter prices have declined on the upper end of the range and are 4-8 cents over the market. In the West, prices for bulk butter range from 3 cents under to 4 cents under the market. According to the Foreign Agricultural Service, exports of butter and milkfat for January 2013 total 9.5 million pounds, up 44% from January of 2012. Saudi Arabia, at 5.2 million pounds for the month, is the largest importer with a 71% increase above 2012. The butter and milkfat exports account for 5.1% of butter production in the U.S. for the year.

CHEESE HIGHLIGHTS: Cheese prices across the country have moved lower in recent weeks. The market trend reversed itself this week, as spot trading at the CME Group increased in response to the lower prices. Prices firmed in barrels and blocks for the week. Cheese production remains active with manufacturers surprised at volumes of milk available to the vats. Cheddar production in the Midwest and other parts of the country is reported to be strong with good sales reported. Retail sales are good with both the upcoming Easter/Passover period and promotions for "March Madness" being sighted as additional demand factors. Current inventories of cheese are reported to be comfortable. Some manufacturers are expressing concern about future world milk supplies and are developing their strategies for second quarter inventories. Export sales for January were reported to be 13% above year ago levels. Compared to the previous week at the CME Group, the weekly average price for barrels

was \$.0270 higher at \$1.5865. The weekly average for blocks was up \$.0310 and averaged \$1.6030.

FLUID MILK: Milk production in most areas of the nation is increasing along the seasonal trend. Florida's milk production has shown only incremental increases during this year's flush, compared to previous years, with high grain prices and drought being cited as the primary limiting factors. Various milk shipments continue to be rerouted in the East due to the discontinuation of some milk distribution agreements. Numerous contacts have expressed concern regarding NASS's announcement of discontinuing the monthly Milk Production report for FY13. Cream supplies remain heavy, but demand has increased seasonally. Cream cheese, butter and some ice cream production increases are primarily responsible for the increase in cream demand

DRY PRODUCTS: Dairy dry product inventories continue to expand in most areas of the country keeping prices under pressure. Nonfat dry milk prices moved lower. Buyer interest is increasing with some buyers indicating they see limited risk in expanding NDM holdings at prices near the low end of the market. Dry buttermilk prices moved lower across the nation with various market participants indicating price incentives are needed to increase buyer interest. Dry whey prices are mixed as formula bases pushed some variable contract pricing higher, while price discounts on spot sales moved the low end of the market lower. Export demand is increasing, and sellers are offering prices at the low end of the price series for large quantity purchases. Prices moved lower for whey protein concentrate 34% due to ample offerings of spot loads. Prices for lactose are mixed as market participants report conditions within the market are divided between mesh sizes.

INTERNATIONAL DAIRY MARKET NEWS (DMN): EUROPEAN OVERVIEW: Milk production trends for **Western European** countries are following recent patterns. Total output continues below year ago levels on weekly and monthly basis for the region as a whole. In January 2013, EU milk deliveries were 2.1% lower than during January 2012. German production was stable, Ireland was down 11.8%, the UK was down 5.3%, and France was down 4.2%. Weather patterns have been generally neutral and any impact minimal. Supplies, quality, and prices of feed, are all playing an impact on milk output.

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COMMODITY	MONDAY MAR 11	TUESDAY MAR 12	WEDNESDAY MAR 13	THURSDAY MAR 14	FRIDAY MAR 15	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.5825 (+.0025)	\$1.5825 (N.C.)	\$1.5875 (+.0050)	\$1.5900 (+.0025)	\$1.5900 (N.C.)	:: (+.0100)	:: \$1.5865 (+.0270)
40# BLOCKS	\$1.6025 (+.0025)	\$1.6025 (N.C.)	\$1.6000 (-.0025)	\$1.6000 (N.C.)	\$1.6100 (+.0100)	:: (+.0100)	:: \$1.6030 (+.0310)
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	\$1.4975 (N.C.)	\$1.4975 (N.C.)	\$1.4975 (N.C.)	\$1.4975 (N.C.)	\$1.5000 (+.0025)	:: (+.0025)	:: \$1.4980 (+.0005)
BUTTER							
GRADE AA	\$1.6300 (N.C.)	\$1.6300 (N.C.)	\$1.6300 (N.C.)	\$1.6400 (+.0100)	\$1.6550 (+.0150)	:: (+.0250)	:: \$1.6370 (+.0295)

CHEESE: carload = 40,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week.
Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/DAIRYMARKETNEWS.

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CONTINUED FROM PAGE 1A**

This week, Germany saw the return of snow and wintery weather. No impacts on milk deliveries were noted. Dairy product prices are steady to higher across reported categories, gaining momentum from events in other areas of the world. Dry conditions in Oceania have curtailed milk output and have been a contributing factor to higher dairy product prices. The EU is positioned to be an available supplier into international export market needs. Higher pricing points have also spilled over into the EU market. The PSA butter program received around 4,800 MT of butter into the program since starting on March 1st, the start of the new program year. The level is less than half the volume of a year ago and attributed to better pricing and commercial placement. **Eastern European** milk production levels are trailing year ago numbers. In January 2013, milk deliveries were 1.1% less than the same month a year early. Declines were noted in Poland, where concerns are noted about exceeding the milk quota. Dairy product offerings are adequate to meet current and contracted trade needs. **OCEANIA OVERVIEW:** The **NEW ZEALAND** milk production trend is moving lower seasonally and further pulled downwards because of dry conditions. A drought designation was declared for many regions of the North Island. Pasture conditions have deteriorated and the resulting lack of feed is causing a sharp decline in milk production. Supplemental feeding is being done on some farms to keep cows in milk. Some producers have moved to once per day milking or a longer than normal spacing of the milking times to cope. Other farmers are drying off cows earlier than planned. Additionally, cow slaughter rates are increasing for those who do not have the feed or resources to keep fully stocked. Processors, trade organizations, government agencies, and financial institutions, are offering advice and assistance for farmers affected by the drought conditions. Processing plants are running on reduced schedules with product needs influencing where the milk is being placed. **AUSTRALIAN** milk production is also being affected by hot and dry conditions in major output areas. Many locations are seeing record March consecutive days with temperatures above 30 degrees Celsius (86 degrees F). Cows are not fond of the hot conditions and pasture growth is being impacted. Current milk output is trailing year ago numbers. Milk prices are being stepped up by several processors due to improvements in dairy product prices and trading conditions. The high AUS Dollar rate continues to impact export returns for some traders. Dairy product prices for butter, SMP, WMP, and cheese are all sharply higher when compared to recent weeks. The impact of the drought conditions and the decline in milk receipts has created tighter supply conditions across product categories. Demand interest is fair to good with some buyers seeking to secure additional coverage. Many are not finding all the offerings that they desire.

MARCH MILK SUPPLY AND DEMAND ESTIMATES

(WAOB): The milk production forecast for 2013 is raised from last month largely due to a slower pace of herd reduction and higher first-quarter milk per cow. The 2013 fat-basis export forecast is raised largely on stronger shipments of butter. Skim-solid exports are raised based on greater nonfat dry milk (NDM). Imports are unchanged on both a fat and skim-solids basis. Changes in 2012 estimates of supply and use reflect revised annual data. Prices for cheese and whey are lowered based on expectations of increased production and moderate demand. The forecast butter price is unchanged from last month and the range is tightened. The forecast price of NDM is raised as stronger export demand is expected to support prices. The Class III price forecast is reduced from last month, reflecting weaker cheese and whey prices while Class IV is increased due to higher NDM prices. The all milk price for 2013 is raised to \$19.00-\$19.60 per cwt.

MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, DECEMBER 2012, WITH COMPARISONS (AMS & CDFA): In December 2012, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$21.50, down \$0.77 from the revised November 2012 average, and up \$1.45 from the December 2011 average. The component tests of producer milk in December 2012 were: butterfat, 3.85%; protein, 3.18%; and other solids, 5.75%. On an individual reporting area basis, mailbox prices decreased in all Federal milk order reporting areas when compared to the previous month. Mailbox prices in December 2012 ranged from \$24.04 in Florida to \$18.95 in New Mexico.

CME GROUP

MONDAY, MARCH 11, 2013

CHEESE -- SALES: 3 CARS BARRELS: 2 @ \$1.5800, 1 @ \$1.5825; 3 CARS 40# BLOCKS: 2 @ \$1.6000, 1 @ \$1.6025; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5750; 1 CAR 40# BLOCKS @ \$1.5900; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.6100
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$1.4975; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.4700; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.6300; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.6275; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.6400

TUESDAY, MARCH 12, 2013

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.6025; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.6025; LAST OFFER UNCOVERED: 2 CARS 40# BLOCKS @ \$1.6100
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.4700; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.5000
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.6300; LAST OFFER UNCOVERED: NONE

WEDNESDAY, MARCH 13, 2013

CHEESE -- SALES: 5 CARS 40# BLOCKS: 3 @ \$1.6025, 2 @ \$1.6000; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5875; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.6025
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.4700; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.6300; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.6250; LAST OFFER UNCOVERED: NONE

THURSDAY, MARCH 14, 2013

CHEESE -- SALES: 1 CAR BARRELS @ \$1.5875; 3 CARS 40# BLOCKS @ \$1.6000; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5900; 3 CARS 40# BLOCKS @ \$1.6000; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.6100
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE A @ \$1.4700; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.5000
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.6400; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.6375; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.6500

FRIDAY, MARCH 15, 2013

CHEESE -- SALES: 2 CARS 40# BLOCKS @ \$1.6100; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5800; 3 CARS 40# BLOCKS @ \$1.6000; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 2 CARS GRADE A @ \$1.5000; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.6550; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

The butter price on the CME Group held steady Tuesday and closed at \$1.6300. Recent price increases, 6 in the last 8 sessions for a total net gain of 8 cents, have not prompted an increase in trading with only 2 loads changing hands during the same period. Domestic demand has increased ahead of the Easter/Passover holidays, prompting some increases in butter production. Current production is primarily focused on filling domestic market needs. Orders for butter are very good and working most inventories lower. Export demand remains fairly good, but has declined in volume lately, causing some butter makers to lower their bulk price. Current bulk butter prices have declined on the upper end of the range and are 4-8 cents over the market on the CME Group with various time frames and averages used.

CENTRAL

Various cream buyers and end users report Class IV cream multiples firmed this week as Central cream supplies recede slightly. Also, fewer Eastern cream spot loads cleared into the Central region this week. A few Class II plants are pursuing cream more actively for ice cream, ice cream mix, and production runs on seasonal products. Butter production, though, is still active in the region. Several manufacturers are producing butter to fill international commitments coming due within the second quarter. Shipments of consumer-packaged butter to retailers are mostly complete for the upcoming holidays. CME Group Grade AA butter prices held steady through Wednesday at \$1.63.

WEST

Western butter prices are higher this week as the weekly average price at the CME Group recouped the previous week's loss. The market appears to be firming despite continuing heavy production schedules in the region. Manufacturers are adding to inventories as cream is available. Some producers are reporting tighter supplies of cream this week though. Demand for butter is good with promotions for Easter/Passover being filled. Futures prices at the CME Group are considered advantageous for buyers to increase their own inventories and orders are increasing in some instances. Butter stocks in the West continue to build with manufacturers comfortable with the increased inventories. Prices for bulk butter range from 3 cents under to 4 cents under the market, based on the CME with various time frames and averages used. Butter prices at the CME Group exchange are unchanged on Wednesday at \$1.6300. After last week's rally the market has remained unchanged so far this week. Sales activity is light with two loads sold at the exchange by midweek. According to the Foreign Agricultural Service, exports of butter and milkfat for January 2013 total 9.5 million pounds, up 44% from January of 2012. Saudi Arabia, at 5.2 million pounds for the month, is the largest importer with a 71% increase above 2012. The butter and milkfat exports account for 5.1% of butter production in the U.S. for the year.

2013 U.S. Butter and Milkfat Exports, (USDA-FAS)

Total, Jan	9.5	+ 44
1 Saudi Arabia	5.2	+ 71
2 Iran	2.3	+ 103
3 Bahamas	0.4	-
4 Egypt	0.3	- 4
5 Morocco	0.2	- 25

NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

<u>WEEK ENDING</u>	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
March 9, 2013	1.5764 4,112,307	1.6446 10,196,841	1.6245 9,630,487	0.6080 7,554,079	1.5304 16,442,542

CHEESE MARKETS

NORTHEAST

Cheese prices on the CME Group were unchanged Tuesday with barrels closing at \$1.5825 and blocks at \$1.6025. Both barrels and blocks have seen price increases in 4 of the last 6 sessions with barrels netting an increase of \$0.0425, while blocks have gained \$0.0525. Milk volumes going to cheese vats are keeping cheese makers on 6-7 day production schedules. Cheese inventories have seen limited expansion as demand for cheese has increased with the approach of the Easter/Passover holidays and the upcoming NCAA basketball tournament. Export demand continues to be fairly good.

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

Cheddar 40# Block	:	1.9725-2.2575
Process 5# Sliced	:	1.7800-2.2600
Muenster	:	1.9925-2.3525
Grade A Swiss Cuts 10 - 14#	:	3.5300-3.8525

MIDWEST

Cheddar manufacturing remains strong in the region. Some Wisconsin manufacturers are buying surplus milk at \$3 to \$5 under Class III to supplement contracted milk supplies so as to increase cheddar cheese production. In some cases, all projected production through this month has already been sold and sales into May have been committed. In some plants making Italian variety cheese, plants with committed milk supplies, slower interest from customers has led to selling milk to other plants for use in manufacturing cheddar. Last week after Monday's CME price decline, when blocks moved to the lowest level in many months, markets began moving in a positive direction into this week. Wednesday this week, blocks reversed course, declining \$.0025 to \$1.6000 while barrels kept climbing to \$1.5875. With uncertainty remaining concerning milk supplies during the next month or so, this run of price strength surprised some manufacturers. Other manufacturers more engaged in the export market, mentioned increasing concern with "growing drought in New Zealand" as well as firmer global dairy prices following the gDT auction last week Tuesday, as factors moving markets up. Even so, manufacturers involved with exporting cheese still expect market prices over the next month to be "choppy", while domestic milk production volume becomes more determined and plays against international markets.

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

Process American 5# Loaf	:	1.7525-2.4575
Brick And/Or Muenster 5#	:	1.9600-2.5200
Cheddar 40# Block	:	1.9600-2.8325
Monterey Jack 10#	:	1.9300-2.8325
Blue 5#	:	2.2225-3.2100
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8025-2.9325
Grade A Swiss Cuts 6 - 9#	:	3.0500-3.1675

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

BUTTER : CHEESE

	:	
03/11/13	12,364	: 115,799
03/01/13	12,381	: 116,734
CHANGE	-17	: -935
% CHANGE	-0	: -1

WEST

Wholesale cheese prices were lower in the West as the weekly average price from the CME Group moved lower. Cheese production in the region continued to be near full production schedules. Inventories of cheese are up slightly, but are not considered to be heavy. Retail sales are described as moderate with some increases due to upcoming holidays. Mozzarella sales are good with some pizza chains offering specials for "March Madness". Export sales are higher than year ago levels and are being aided by CWT assistance. Cheese prices at the CME Group for Wednesday were mixed. Barrels closed up \$.0050 to close at \$1.5875. Blocks closed down \$.0025 on Wednesday at \$1.6000. Trading activity this week was moderate to good for blocks with nine loads sold by Wednesday's close. Barrel activity was light to moderate with three loads trading by midweek. According to FAS, exports of cheese and curd for January 2013 total 48.4 million pounds, up 13% from the previous January. The exports account for 5.2% of total cheese production in the U.S. for January of 2013. Mexico is the largest importer of cheese with 11.9 million pounds for the month or 24.5% of U.S. cheese exports.

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

Process 5# Loaf	:	1.6875-1.9450
Cheddar 40# Block	:	1.6925-2.0450
Cheddar 10# Cuts	:	1.8725-2.0925
Monterey Jack 10#	:	1.8825-2.0425
Grade A Swiss Cuts 6 - 9#	:	3.1075-3.5375

2013 U.S. Cheese and Curd Exports, (USDA-FAS)

	(Million Lb.)	% Change From 1 Year Ago
Jan. Total	48.4	+ 13
1 Mexico	11.9	+ 23
2 South Korea	7.5	+ 72
3 Japan	6.4	+ 44
4 Canada	2.2	+ 34
5 Egypt	2.2	+ 119

FOREIGN

The weekly average CME Group block price declined for the third consecutive week and as a result domestic wholesale foreign type cheese prices decreased \$0.0250. Swiss cuts and imported varieties were unchanged. European cheese makers have increased their base prices for 2013 by 3-5%, due to in part to higher milk prices. The financial markets have seen a stronger U.S. dollar recently as compared to the Euro, which would counteract some of the base price increases. Cheese importers are currently reviewing their current price structures to see if adjustments are needed.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.1125-3.6000*
Gorgonzola	: 3.4900-6.1900	: 2.6150-3.0700*
Parmesan (Italy)	: -0-	: 3.5025-5.5925*
Provolone (Italy)	: 3.4400-5.4500	: 2.1550-2.3125*
Romano (Cows Milk)	: -0-	: 3.3025-5.4525*
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-	: 3.6275-3.9500
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

* = Price change.

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	63	0	70	0	190
SOUTHEAST STATES	0	0	0	0	0	0

Milk production continues to expand along the seasonal trend, adding to the already ample manufacturing milk supplies in the Northeast and Mid-Atlantic regions. Class I demand has leveled off and in some areas declined where schools are beginning their spring breaks. Various milk shipments continue to be rerouted to other plants in the Mid-Atlantic region, due to the discontinuation of some milk distribution arrangements. Some milk shipments have also been rerouted away from bottling to manufacturing plants, due to inspection issues. Florida's milk production has shown only incremental increases during this year's flush as compared to the significant upswings of previous years. High grain prices, causing a change in feed rations, and continuing drought are the major factors contributing to the limited flush this year. The increase of wildfires and sinkholes in the state are further evidence of the worsening drought. Class I demand increased this week, limiting milk exports to 63 spot loads. Milk production in the Southeast is increasing along the seasonal trend. Milk supplies are nearly in balance with Class I demand with only limited loads being shipped to manufacturing plants. Demand for cream has increased significantly ahead of the Easter/Passover holidays, so much so, that for the first time in several weeks no loads of cream are being shipped out of region. Multiples have moved higher as demand has increased and range 1.15-1.22. Cream cheese and butter production are primarily responsible for the increase in cream demand with a few additional loads going to increased soft serve ice cream production. Demand for condensed skim remains flat with most dairy product manufacturers covering their needs with contract supplies. Spot sales are light with a majority of the condensed skim volume going to Class IV production.

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 -	1.8486-1.9612
F.O.B. producing plants: Upper Midwest -	1.8326-1.9933

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

Contacts expressed concerns this week regarding the recent announcement by National Agricultural Statistics Service of suspension of the monthly Milk Production report, along with a wide variety of other reports affecting livestock, aquaculture and crops. NASS indicates this action is due to Sequestration. Market participants note that milk products in many variations are apt to be found in all U.S. households, but the same is less likely to be true of Mink or Austrian Winter Peas, thus, the impact of the suspension of the Milk Production report is expected to be wide spread. Various manufacturers, resellers and end users indicate they rely on the Milk Production report for forecasting activities on a wide range of dairy

commodities and that lack of information will pose problems for developing production and sales plans. Farm milk production is on track with seasonal projections in the Central region. Sales into bottling facilities are flat. Prices of spot loads of milk trended lower for some transactions, with volumes playing a part in pricing considerations. Prices ranging down to \$5 under Class were agreed to, to help clear milk from bottling and cheese plants into other cheese plants. Market participants indicate sales of Italian-type cheeses are slow, and some manufactures want to lighten cheese inventories on hand rather than continue building reserves. Cream handlers report supplies tightened in the Central region this week, although some East cream loads continue to find processing room in this region. Class II multiples recovered a few points on both the bottom and top of the range this week, settling between 1.14 - 1.23. Cream movement into Class II is steady to higher as ice cream/mix/novelty production moves seasonally higher.

WEST

Weather conditions are warming quickly this week in CALIFORNIA. Temperatures will be the warmest so far this year, into the 80 degree range. The rainfall last weekend was very spotty and not terribly significant. The storm did put some snow into the Sierras, but the pack remains at about 60% of normal in many areas. Water rationing is occurring again this year. Milk is increasing seasonally in the state, along normal trend lines. Most contacts report output is trailing year ago numbers. Many contacts are wondering what impact the upcoming lack of milk production information will have on market decision making. Plants are able to handle milk efficiently at this time of year. Some early clippings of new crop hay are beginning to show up in the market from the Imperial Valley area. Prices are generally around \$215-220/ton. It will be a few more weeks before the first cutting starts in earnest. Some water has been turned on hay fields in the Central Valley. The April 2013 Class 1 prices in CALIFORNIA range from \$19.49 in the north to \$19.77 in the south. The statewide average Class 1 price based on production is \$19.51. The average is \$0.17 higher than March 2013 and \$2.28 higher than April 2012. Conditions are also warming rapidly this week in ARIZONA and NEW MEXICO. Temperatures should be into the 90's in Arizona and into the 70's in New Mexico. Milk output is increasing along normal seasonal expectations. Plants are not having problems with any milk intakes at this time. CREAM markets are beginning to show some spring life. Supplies of cream remain heavy, but demand is picking up seasonally. This may be a short run issue related to the upcoming holiday, but it is certainly a factor now. Ice cream demand for cream remains slow at best. The Grade AA butter price at the CME Group closed at \$1.63 on Wednesday, March 13, up 1.5 cents from a week earlier. Multiples range from 1.00 to 1.20, and vary depending on basing points and averages. Production per cow for the U.S. in 2012 averaged 21,697 pounds according to the NASS Milk Production report. Looking at output per cow for selected Western States rank ordered is as follows: New Mexico 24,694; Arizona 23,979; Colorado 23,978; Washington 23,794; California 23,457; Idaho 23,376; Nevada 22,966; Utah 21,678; and Oregon 20,431. For comparison, Wisconsin stands at 21,436 and New York is 21,633.

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The PACIFIC NORTHWEST experienced mild temperatures with rain along the coastal areas. Milk production in the region is reported to be following expected volumes with no problems reported in the handling of the milk supply. Manufacturing plant capacity is sufficient to handle the current supply with ease. Contacts expressed some concern over the possibility of milk production reports being reduced and the impacts on balancing supplies and pricing of milk across the country. UTAH and IDAHO milk production is mostly steady as spring weather arrives. Cool nights with warm daytime temperatures are adding to cow comfort levels and are seen as a plus for production. Milk supplies are being processed easily within the region. Moisture levels in the mountains are reported to be sufficient for irrigation needs this summer. Dairies are preparing plans for anticipated feed needs for the upcoming growing season.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Central nonfat dry milk prices are lower. Some buyers are returning to the market, purchasing multiple loads as long as pricing incentives are available. Some of these buyers indicate they anticipate there is limited downside risk in building NDM holdings at prices hovering near the low end of the range. Nonfat dry milk inventories at manufacturers in the Central region continue to build steadily from week to week. Several Central manufacturers report low heat nonfat dry milk production is very active because of seasonally increasing farm milk intakes and limited interest in condensed skim outside of contract agreements. High heat production is intermittent. Inventories are geared toward fulfilling existing contracts.

EAST: Nonfat dry milk prices moved lower this 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. Milk production and manufacturing milk supplies continue to increase and as a result milk volumes going to dryers are also increasing. Inventory expansion has been limited by some fairly active spot sale activity and good export interest. Demand has improved marginally as some buyers are considering additional purchases, prompted by discounts with pricing at the low end of the range. Some buyers are feeling the market is near its low point. Though demand has improved, the heavy production schedules continue to provide the market with a weak undertone.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.4000 - 1.6325 MOSTLY: 1.4400 - 1.5800
 HIGH HEAT: 1.6250 - 1.6725

U.S. NDM Exports, H.S. Code 0402100000(FAS)
 2012 Exports % Change From
 (Million Lb.) 1 Year Ago

	2012 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN	69.8	- 18
1 Mexico	32.4	- 2
2 Vietnam	8.3	+ 74
3 Indonesia	7.5	- 20
4 Philippines	4.7	- 43
5 Malaysia	4.2	- 10

NONFAT DRY MILK - WEST

The price range for low/medium heat powder declined at the top end while the bottom held steady. The AOM ranges from steady to slightly weaker. A number of contacts indicate that they are feeling much better about the overall market than 2-3 weeks ago. Buyer interest is increasing and stocks are falling for some operations. Some are indicating that a partial cause may be the drought in New Zealand and the subsequent strength in the most recent g/DT auction. Others are not sure there will be any real direct impact on domestic markets anytime soon due to the Oceania situation. One Western contact did indicate that he is turning down bids this week that he would have accepted for low heat powder last week. Producer and reseller inventories are probably in better shape than a few weeks ago, but they do remain on the heavy side with lots of milk heading to butter/powder production. The spring milk flush is also still ahead of us so that many folks are cautioning to not get too excited just yet. The price range for high heat powder continues to

decline. Prices continue to adjust to indices and the weakness in other dairy proteins. Contracts are being filled in a normal fashion. Little spot interest is noted.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.4200 - 1.5900 MOSTLY: 1.4500 - 1.5250
 HIGH HEAT: 1.5300 - 1.6700

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Central dry buttermilk prices stepped lower on a weak market. Various market participants indicate pricing incentives are key to drumming up interest in dry buttermilk at this point. For some manufacturers, though, the good news is that ice cream and related production lines are ramping up and creating fresh interest in condensed buttermilk. With that renewed seasonal interest from Class II manufacturers, the steady increase in dry buttermilk holdings that began in January may moderate in the weeks to come.

EAST: Dry buttermilk prices moved lower with spot sales lowering the low end of the range and sales based on various price indices lowering the upper end of the range. Dry buttermilk production remains very active as butter production has experienced increased churning schedules ahead of the Easter/Passover holidays. Current production is adding to inventories. Demand continues to be sluggish as buyers are purchasing for immediate needs only, thinking there still may be some lower price movement in the near term. Some manufacturers are thinking the price declines are near their low point as warmer spring-like temperatures move northward, prompting increases in ice cream and baking product production. Declines in the nonfat dry milk market are adding to the weak market undertone.

F.O.B. CENTRAL/EAST: 1.2900 - 1.4300

DRY BUTTERMILK - WEST

The price range for Western buttermilk powder narrowed this week, while the AOM declined. Some contacts indicated they are seeing that a seasonal bottom to the market may be approaching. They see increased buyer interest seasonally and they are not as aggressive to move powder now. Other contacts still feel that inventories remain too heavy and production levels are still at the seasonal peak. This is often the case at this time of year as the market begins to seasonally transition. There is a steady to uncertain undertone to the market.

F.O.B. WEST: 1.3200 - 1.4200 MOSTLY: 1.3500 - 1.4100

DRY WHOLE MILK - NATIONAL

Prices for dry whole milk are unchanged to higher as rising butterfat values and international price announcements influence near term pricing. Manufacturers are scheduling dry whole milk production as needed for contract fulfillment.

F.O.B. PRODUCING PLANT: 1.6400 - 1.7900

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**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
March 8	\$1.5159	6,966,964	0
March 1	\$1.5288	18,841,328	0

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

WHEY, WPC 34%, LACTOSE & CASEIN

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

DRY WHEY - CENTRAL

Central dry whey prices are mixed as formula bases push some variable contract pricing higher and F.O.B. spot sales clear readily through price incentives. Contract and F.O.B. spot loads are shipping on time, with no transportation problems reported. Resellers and end users are now more willing to taking stronger positions on dry whey, as they are more confident of having short and mid-term value with minimal downside risk at the low end of the Central range. Dry whey production is steady to higher as some Central cheese plants are pushing higher milk intakes through their plants. Dry whey inventories are uneven as some recent sales helped rebalance stocks on hand and near term needs. ANIMAL FEED DRY WHEY prices shifted lower. Interest is mostly light as several feed blenders indicate they are taking contract loads but do not need additional spot animal feed dry whey loads. Some manufacturers continue to build bulk animal feed loads incrementally, with steady interest from established end users.

F.O.B. CENTRAL: .5100 - .6750 MOSTLY: .5200 - .5900
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4200 - .5700

DRY WHEY - NORTHEAST

Dry whey prices moved declined as spot sales lowered the low end of the range. Dry whey production remains very active as milk production increases are keeping cheese makers on 6-7 day production schedules. Current production is adding to inventories. Dry whey manufacturers are pricing multiple spot loads significantly under contract pricing in order to better manage inventories. Domestic demand for dry whey remains sluggish as numerous buyers are hesitant to purchase volumes beyond current needs, believing prices will be pressured lower in the near term. Export demand is fairly good with pricing for block sales at the low end of the range. The market undertone remains weak.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .4900 - .6750

DRY WHEY - WEST

Western dry whey prices are mixed with a mostly steady undertone. Whey production continues to run behind year ago levels, but manufacturers and brokers have sufficient inventories for spot trades. Cheese plants are operating at heavy schedules and whey stream products are available. Export demand is increasing, and sellers are offering prices at the lower end of pricing series for larger quantity purchases. The February 2013 Dairy Market News monthly average price for Western dry whey range was \$0.5894 compared to \$0.5836 for February 2012; the Western dry whey mostly series averaged \$.5747 compared to \$.6402 a year ago. According to the Foreign Agricultural Service, exports of dried whey for January 2013 total 41.2 million pounds, down 14% (6.9 million pounds) from January of 2012. The exports account for 47.3% of the total dry whey production in the U.S. for January. China remains the leader in U.S. export destinations for whey. The top five importing countries accounted for 27.6 million pounds or 67.0% of the exports for January.

NONHYGROSCOPIC: .5100 - .6550 MOSTLY: .5300 - .5925

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

	2012 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN	41.2	- 14
1 China	14.6	+ 118
2 Canada	4.8	+ 20
3 Japan	3.6	- 19
4 Korea, South	2.5	+ 227
5 United Kingdom	2.1	---

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices stepped lower for whey protein concentrate 34% due to ample offerings of F.O.B. spot loads within the marketplace. Spot load availability, though, is uneven when comparing from the manufacturer to manufacturer perspective. The few producers with extra loads are working toward establishing new strategic partnerships as needed to realign production and sales for the balance of the year. The variables of seasonal milk supplies and producers switching to other whey stream end products may also affect the duration of this weak market.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.1200 - 1.2600 MOSTLY: 1.1800 - 1.2400

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

	2012 Exports (Million Lb.)	% Change From 1 Year Ago
January Total	19.1	+ 54
1 Mexico	6.2	+ 437
2 China	3.2	+ 7
3 Canada	2.7	+ 25
4 Japan	1.7	+ 25
5 Korea, South	1.4	+ 43

LACTOSE - CENTRAL AND WEST

Prices for lactose are mixed. The bottom of the range regained some value while the top of the range and the both sides of the mostly shifted lower. Market participants report conditions within the lactose market are divided between mesh sizes. Manufacturers indicate 200 and higher mesh size stocks on hand are tight, with contract fulfillment as the focus. Unground and various mesh sizes up to 100 mesh size are more plentiful within the market as a whole, but spot load availability varies among producers. F.O.B. spot sales in recent weeks cleared substantial volumes of lactose for many manufacturers and for those operations, near term goals are now shifting to managing monthly and quarterly contracting activities. Lactose production is steady to higher as farm milk intakes into some cheese plants increase seasonally.

Including spot sales and up to 3 month contracts.
F.O.B. EDIBLE, NON PHARMACEUTICAL .4500 - .8500 MOSTLY: .6200 - .7500

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
January Total	40.0	+ 22
TOTAL, JAN	40.0	+ 22
1 New Zealand	8.5	+ 9
2 China	5.1	- 20
3 Mexico	4.7	+ 5
4 Japan	3.9	+ 122
5 Brazil	2.7	+ 112

CASEIN - NATIONAL

Acid and rennet casein price series are unchanged. The market tone is steady to firm. Contracting for second quarter 2013 is taking place as market participants attempt to lock in volumes and prices. There are concerns about product availability both due to milk output considerations in producing countries and because of better returns from other products versus the manufacture and sale of casein.

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
02/23/2013	64.4	517.3	61.1	490

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

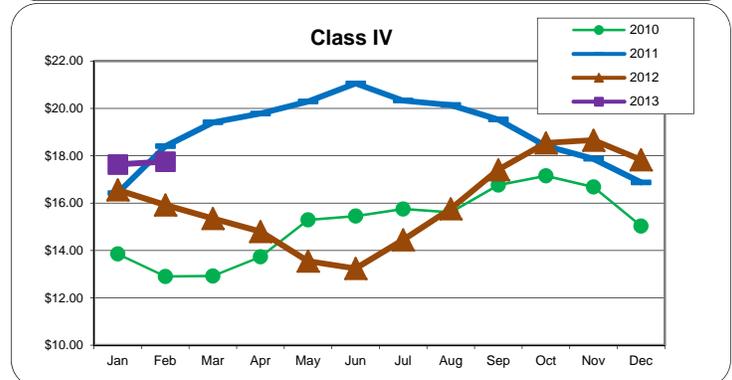
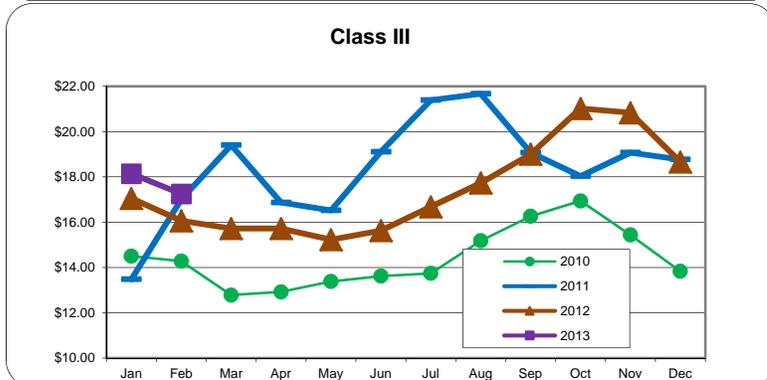
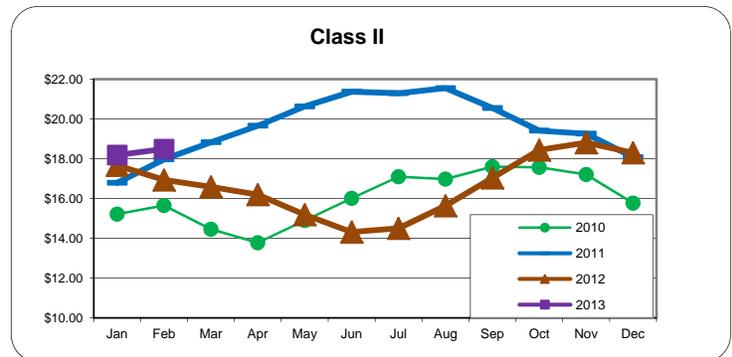
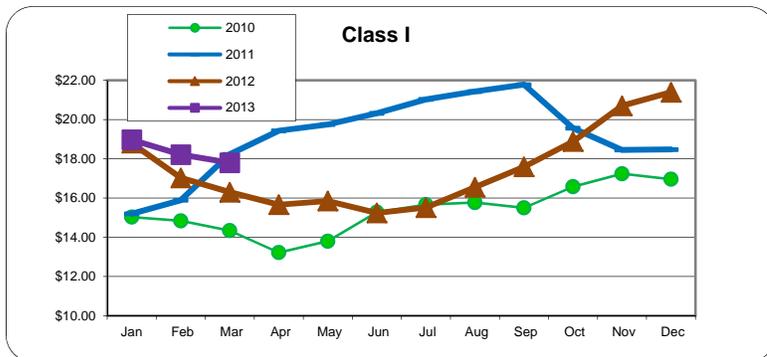
CLASS IV MILK PRICES (3.5% BF)

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	17.80									
II	18.19	18.49										
III	18.14	17.25										
IV	17.63	17.75										

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



INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered March 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 trends for Western European countries are following recent patterns. Total output continues below year ago levels on weekly and monthly basis for the region as a whole. In January 2013, EU milk deliveries were 2.1% lower than during January 2012. Germany production was stable, Ireland was down 11.8%, the UK was down 5.3%, and France was down 4.2%. Weather patterns have been generally neutral and any impact minimal. Supplies, quality, and prices of feed, are all playing an impact on milk output. This week, Germany saw the return of snow and wintery weather. No impacts on milk deliveries were noted. Dairy product prices are steady to higher across reported categories, gaining momentum from events in other areas of the world. Dry conditions in Oceania have curtailed milk output and have been a contributing factor to higher dairy product prices. The EU is positioned to be an available supplier into international export market needs. Higher pricing points have also spilled over into the EU market. The PSA butter program received around 4,800 MT of butter into the program since starting on March 1st, the start of the new program year. The level is less than half the volume of a year ago and attributed to better pricing and commercial placement.

BUTTER/BUTTEROIL: European butter prices are slightly higher this reporting period and the market has a changed tone to a steady to slightly firmer direction. The main driver in the world market for market tone is the dry conditions and higher fat prices in the Oceania region. Demand for EU butterfat has not changed much in recent weeks with export interest light because of the pricing levels. U.S. butter pricing is lower; whereas Oceania pricing has pulled near. However, the U.S. has supplies to offer and providing competition into the world market. Fat and packaged butter needs for local accounts have been active to satisfy upcoming holiday demand. Churning levels have been mostly steady to occasionally lower. There has been a slow start to the PSA program year. There have been about 4,800 MT offered into the program, about half of the volumes of a year ago. The major impacts are the pricing levels and product needs. Butteroil pricing trends are slightly higher and generally reflect the changes in fat values. There are limited production and sales for the category.

82% BUTTERFAT:	4,200 - 4,500
99% BUTTERFAT:	4,800 - 5,200

SKIM MILK POWDER (SMP): European skim milk prices are unchanged on the ends of the range, with some price movements higher within the range. The market tone has stabilized over the past several weeks, moving towards a more stable to slightly firm position. Higher pricing in the Oceania region is the big news across the world markets. The influence on the EU market is slowly being felt. Buyers have noticed the news in other regions and are assessing the situation. Demand is steady to higher as buyers are more inclined to begin to lock in needs. Export contracting from recent tenders could benefit EU suppliers. There is improving demand for Q2 contracting. SMP drying schedules are level. European SMP offered at the March 5th g/DT trading event traded at \$3,370-3,445 per MT for May shipment.

1.25% BUTTERFAT:	3,375 - 3,700
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SWEET WHEY POWDER: European whey prices are steady to slightly higher. The market undertone has become more stable and more firmness is noted. An improved demand is noted across buyer category. Export volumes are uneven, depending on pricing levels and customer locations. Internal country demand is fair and taking more volumes. The firmness in other dairy proteins is helping whey values. There is an active whey production as cheese output is fair to good. Demand is also good for feed whey offerings.

NONHYGROSCOPIC:	1,150 - 1,400
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WHOLE MILK POWDER (WMP): European whole milk powder prices have reversed course over recent weeks and have become steady to slightly higher. The market undertone has firmed. Tighter market supplies in other supplying countries in South America and Oceania have placed the EU in a position of being a major source of supply of WMP into the world market. Sharply higher prices at the latest gDT auction have narrowed the gap between Oceania pricing and EU pricing. The supply and demand factors have poised the EU to be a more active exporter. Export tender activity will be announced soon and the EU is expected to be a contributing supplier. WMP production is active, often providing the best, current returns for processors.

26% BUTTERFAT:	3,900 - 4,300
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EASTERN OVERVIEW: Eastern European milk production levels are trailing year ago numbers. In January 2013, milk deliveries were 1.1% less than the same month a year early. Declines were noted in Poland, where concerns are noted about exceeding the milk quota. Dairy product offerings are adequate to meet current and contracted trade needs.

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

.1971 Argentina Peso	.0104 Japan Yen
1.0281 Australian Dollar	.0797 Mexican Peso
.9748 Canadian Dollar	.8280 New Zealand Dollar
1.3046 Euro	.3149 Polish Zloty
.0184 India Rupee	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0797)
= 12.54705 Mexican Pesos.

Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered March 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.

OCEANIA OVERVIEW: The **NEW ZEALAND** milk production trend is moving lower seasonally and further pulled downwards because of dry conditions. A drought designation was declared for many regions of the North Island. Pasture conditions have deteriorated and the resulting lack of feed is causing a sharp decline in milk production. Supplemental feeding is being done on some farms to keep cows in milk. Some producers have moved to once per day milking or a longer than normal spacing of the milking times to cope. Other farmers are drying off cows earlier than planned. Additionally, cow slaughter rates are increasing for those who do not have the feed or resources to keep fully stocked. Processors, trade organizations, government agencies, and financial institutions, are offering advice and assistance for farmers affected by the drought conditions. Processing plants are running on reduced schedules with product needs influencing where the milk is being placed. **AUSTRALIAN** milk production is also being affected by hot and dry conditions in major output areas. Many locations are seeing record March consecutive days with temperatures above 30 degrees Celsius (86 degrees F). Cows are not fond of the hot conditions and pasture growth is being impacted. Current milk output is trailing year ago numbers. Milk prices are being stepped up by several processors due to improvements in dairy product prices and trading conditions. The high AUS Dollar rate continues to impact export returns for some traders. Dairy product prices for butter, SMP, WMP, and cheese are all sharply higher when compared to recent weeks. The impact of the drought conditions and the decline in milk receipts has created tighter supply conditions across product categories. Demand interest is fair to good with some buyers seeking to secure additional coverage. Many are not finding all the offerings that they desire. g/Dt: At the March 5th g/DT session #87, average prices for all products traded and contracting periods were higher to sharply higher. Average prices for all contracting periods and individual products ranged from 1.2% to 18.0% higher. The all contracts price averages (per MT) and percent changes from the previous average are: anhydrous milk fat, \$3,820, +4.9%; butter, \$4,081, +9.6%; buttermilk powder, \$4,200, +14.3%;

BUTTER: Oceania butter prices moved higher and the market tone is firm. Demand is fair to good for the current shorter offerings. The decline in milk production and uptick in cream utilization for domestic products tightened the fat supply into butter output. The Easter season provides a boost for domestic fat product categories. Butter holdings are in tighter positions. Traders/handlers are assessing the market conditions. In addition, AMF market prices are higher and supplies are being held with more confidence. Butter at the March 5th gDT event averaged \$4,035/MT for the May contracts, +7.2%, and \$4,081/MT for all contract periods, +9.6%. AMF prices averaged \$3,746/MT for the nearby May contract, +2.9% from the prior event. The price averages \$3,820/MT, for all contract periods, +4.9%.

82% BUTTERFAT: 3,800 - 4,200

SKIM MILK POWDER (SMP): Oceania skim milk powder pricing moved higher this reporting period. The market tone is firm and bolstered by increased pricing levels at the recent gDT event. Reduced production of SMP is common across the region and compounded because of reduced milk intakes due to dry conditions. Demand for SMP is fair to good. Supplies are available for current orders, but other buyers are seeking coverage. The increase in pricing has also spurred buyers into action. With milk production in Oceania declining seasonally, some of the buyers may have to look to other sources to fill needs for medium heat SMP. SMP pricing at the March 5th g/DT event for all contracting periods averaged \$3,759 per MT, up 4.6% from the previous average. For the nearby trading in contract period 2, (May 2013), prices averaged \$4,010 for NZ sourced medium heat product. May prices for NZ sourced medium heat SMP are \$520 above U.S. sourced product and \$740 over European sourced.

1.25% BUTTERFAT: 3,700 - 4,200

CHEDDAR CHEESE: Oceania cheddar cheese pricing is steady to slightly higher. The market is tighter with seasonal declines noted in offerings. In addition, the decline in milk production is also seeing less milk being placed into cheese plants. Supplies are indicated to be adequate to service accounts already on the books. Buying interest is fair and along expectations from international buyers. Internal demand has been fair to good and on par with expectations.

39% MAXIMUM MOISTURE: 3,950 - 4,250

WHOLE MILK POWDER (WMP): Prices are sharply higher for Oceania whole milk powder. Substantial gains were recorded at the gDT event, translating into both higher spot and contract pricing levels in the region. Demand is fair to good for the current limited offerings. Some buyers are short of needs and are looking for additional powder from other world suppliers. Other international pricing levels are moving higher for exports. Traders and handlers are assessing stock holdings and production forecasts against sales on the books. Production trends are lower. WMP is a favored product to make at current returns. At the March 5th gDT event, WMP pricing across all contracting periods was up 18.0%, averaging \$4,298 per MT. Contract 2 (May 2013) pricing averaged \$4,343 per MT, up 19.3%.

26% BUTTERFAT: 3,800 - 4,400

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered March 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.

US\$/MT	Global/Dairy Trading (g/DT) Event 87 Recap - March 5, 2013													
	Contract 1 Apr-13		Contract 2 May-13		Contract 3 Jun-13		Contract 4 Jul-13		Contract 5 Aug-13		Contract 6 Sep-13		All Contracts	
Anhydrous Milk Fat	n.a.	\$3,746	2.9%	\$3,793	4.0%	\$3,985	10.2%	\$4,042	9.6%	\$3,945	7.1%	\$3,820	4.9%	
Butter	n.a.	\$4,035	7.2%	\$4,120	11.7%	\$4,160	12.9%	n.a.	n.a.	n.a.	n.a.	\$4,081	9.6%	
Buttermilk Powder	n.a.	\$4,200	14.3%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$4,200	14.3%	
Cheddar	n.a.	\$3,769	6.8%	\$3,921	10.5%	\$3,981	9.2%	n.a.	n.a.	n.a.	n.a.	\$3,827	8.3%	
Lactose	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Milk Protein Concentrate	n.a.	\$6,890	11.3%	\$6,775	11.4%	\$6,460	10.2%	n.a.	n.a.	n.a.	n.a.	\$6,749	11.0%	
Rennet Casein	n.a.	\$8,916	1.0%	\$8,952	1.2%	\$8,918	1.4%	n.a.	n.a.	n.a.	n.a.	\$8,930	1.2%	
Skim Milk Powder	\$3,482	4.0%	\$3,705	3.9%	\$4,071	9.7%	\$3,903	5.3%	\$3,777	2.3%	\$3,773	4.3%	\$3,759	4.6%
Whole Milk Powder	\$4,360	n.a.	\$4,343	19.3%	\$4,300	17.3%	\$4,244	15.6%	\$4,223	13.1%	\$4,076	n.a.	\$4,298	18.0%

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

US\$/Pound	Global/Dairy Trading (g/DT) Event 87 Recap - March 5, 2013													
	Contract 1 Apr-13		Contract 2 May-13		Contract 3 Jun-13		Contract 4 Jul-13		Contract 5 Aug-13		Contract 6 Sep-13		All Contracts	
Anhydrous Milk Fat	n.a.	\$1.6992	2.9%	\$1.7205	4.0%	\$1.8076	10.2%	\$1.8334	9.6%	\$1.7894	7.1%	\$1.7327	4.9%	
Butter	n.a.	\$1.8303	7.2%	\$1.8688	11.7%	\$1.8870	12.9%	n.a.	n.a.	n.a.	n.a.	\$1.8511	9.6%	
Buttermilk Powder	n.a.	\$1.9051	14.3%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$1.9051	14.3%	
Cheddar	n.a.	\$1.7096	6.8%	\$1.7786	10.5%	\$1.8058	9.2%	n.a.	n.a.	n.a.	n.a.	\$1.7359	8.3%	
Lactose	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Milk Protein Concentrate	n.a.	\$3.1253	11.3%	\$3.0731	11.4%	\$2.9302	10.2%	n.a.	n.a.	n.a.	n.a.	\$3.0613	11.0%	
Rennet Casein	n.a.	\$4.0443	1.0%	\$4.0606	1.2%	\$4.0452	1.4%	n.a.	n.a.	n.a.	n.a.	\$4.0506	1.2%	
Skim Milk Powder	\$1.5794	4.0%	\$1.6806	3.9%	\$1.8466	9.7%	\$1.7704	5.3%	\$1.7132	2.3%	\$1.7114	4.3%	\$1.7051	4.6%
Whole Milk Powder	\$1.9777	n.a.	\$1.9700	19.3%	\$1.9505	17.3%	\$1.9251	15.6%	\$1.9155	13.1%	\$1.8489	n.a.	\$1.9496	18.0%

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

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	02/28	03/01	03/04	03/05	03/06	03/07	03/08	03/11	03/12	03/13
CME - CLASS III MILK FUTURES (Pit-Traded)										
MAR 13	16.98 (3475) 9	16.79 (3481) 4	16.82 (3509) 19	16.94 (3513) 1	16.99 (3518) 0	17.06 (3508) 0	17.03 (3492) 0	17.05 (3468) 0	16.99 (3447) 2	16.96 (3454) 0
APR 13	17.19 (3241) 9	17.13 (3341) 4	17.18 (3379) 19	17.36 (3452) 2	17.38 (3514) 0	17.23 (3572) 0	17.20 (3631) 0	17.12 (3642) 0	17.07 (3722) 0	17.00 (3762) 0
MAY 13	17.49 (2436) 0	17.43 (2432) 0	17.58 (2449) 0	17.81 (2536) 1	17.88 (2612) 0	17.80 (2662) 0	17.80 (2722) 0	17.73 (2737) 0	17.59 (2816) 0	17.48 (2813) 0
JUN 13	17.78 (1898) 0	17.72 (1905) 0	17.85 (1902) 5	18.18 (1917) 1	18.29 (1950) 0	18.16 (1988) 0	18.20 (2020) 0	18.14 (2034) 0	17.99 (2061) 0	17.88 (2106) 0
JUL 13	18.18 (1416) 0	18.12 (1473) 0	18.19 (1492) 5	18.49 (1515) 1	18.58 (1549) 0	18.52 (1597) 0	18.51 (1646) 0	18.49 (1654) 0	18.38 (1692) 0	18.34 (1704) 0
AUG 13	18.40 (1448) 0	18.33 (1471) 0	18.42 (1500) 5	18.65 (1530) 1	18.71 (1562) 0	18.72 (1600) 0	18.77 (1613) 0	18.74 (1645) 0	18.64 (1665) 0	18.56 (1684) 0
SEP 13	18.44 (1239) 0	18.42 (1260) 0	18.50 (1261) 5	18.75 (1299) 6	18.72 (1317) 0	18.74 (1344) 0	18.80 (1357) 0	18.77 (1361) 0	18.71 (1393) 0	18.65 (1403) 0
OCT 13	18.30 (1092) 0	18.26 (1094) 0	18.28 (1102) 5	18.50 (1114) 0	18.50 (1123) 0	18.52 (1137) 0	18.58 (1149) 0	18.55 (1156) 0	18.51 (1162) 0	18.44 (1166) 0
NOV 13	18.01 (1087) 0	18.06 (1096) 0	18.16 (1104) 5	18.30 (1110) 0	18.28 (1110) 0	18.29 (1116) 85	18.32 (1132) 0	18.30 (1138) 0	18.22 (1149) 0	18.24 (1170) 14
DEC 13	17.91 (1020) 0	17.87 (1033) 0	17.94 (1037) 0	18.10 (1052) 0	18.00 (1056) 0	17.99 (1048) 41	18.06 (1060) 0	18.06 (1061) 0	18.00 (1070) 0	18.01 (1094) 6
CME - CLASS IV MILK FUTURES (Pit-Traded)										
MAR 13	17.65 (215) 0	17.65 (215) 0	17.65 (215) 0	17.65 (215) 0	17.67 (216) 0	17.70 (215) 0	17.70 (215) 0	17.70 (215) 0	17.70 (215) 0	17.75 (215) 0
APR 13	17.75 (264) 0	17.75 (264) 0	17.75 (269) 0	17.84 (274) 11	17.84 (274) 0	17.92 (274) 0	18.15 (278) 5	18.15 (278) 0	18.15 (278) 0	18.15 (279) 0
MAY 13	17.84 (234) 0	17.84 (234) 0	17.84 (244) 0	17.95 (248) 11	18.00 (241) 0	18.10 (241) 0	18.40 (242) 5	18.40 (249) 0	18.38 (249) 0	18.38 (249) 0
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
MAR 13	158.15 (422) 0	158.15 (422) 0	158.48 (422) 1	158.50 (424) 2	158.50 (422) 2	158.60 (422) 0	159.00 (422) 0	159.00 (422) 0	159.03 (422) 0	159.03 (422) 0
APR 13	162.00 (380) 5	163.25 (376) 6	162.73 (377) 4	163.00 (379) 12	164.00 (379) 3	165.25 (381) 3	165.83 (381) 0	166.00 (383) 2	166.00 (383) 10	167.00 (386) 9
MAY 13	163.50 (381) 4	165.00 (382) 6	165.00 (390) 9	166.00 (393) 7	166.50 (396) 6	167.58 (404) 12	168.10 (404) 0	168.75 (406) 2	168.78 (409) 12	169.50 (412) 5
CME - NONFAT DRY MILK FUTURES (Pit-Traded)										
MAR 13	152.75 (158) 0	152.75 (158) 0	152.75 (158) 0	153.00 (158) 0	153.00 (156) 0	153.25 (156) 0	153.25 (156) 0	154.00 (157) 0	154.00 (157) 0	154.00 (157) 0
APR 13	151.25 (252) 0	151.25 (252) 0	151.50 (252) 0	152.25 (252) 0	152.25 (254) 0	152.75 (254) 0	154.00 (253) 0	154.00 (256) 0	154.00 (256) 0	154.00 (256) 0
MAY 13	151.50 (191) 0	151.50 (191) 0	151.50 (192) 0	152.00 (194) 0	152.98 (193) 0	152.98 (193) 0	154.10 (193) 0	155.00 (197) 0	155.00 (199) 0	155.00 (199) 0
CME - WHEY (Electronic-Traded)										
MAR 13	60.00 (301) 4	60.00 (300) 1	60.95 (295) 6	61.00 (300) 7	61.00 (299) 2	61.13 (302) 5	61.95 (303) 1	61.95 (303) 0	61.95 (303) 0	61.95 (303) 1
APR 13	56.13 (286) 10	56.03 (281) 8	57.00 (270) 24	57.93 (270) 14	57.50 (266) 21	58.25 (267) 7	58.25 (267) 4	58.50 (267) 3	58.48 (271) 10	58.50 (265) 6
MAY 13	54.50 (207) 15	54.75 (206) 2	55.05 (208) 3	55.43 (209) 1	55.00 (209) 5	55.25 (206) 10	55.25 (207) 1	55.00 (209) 7	55.00 (212) 7	55.00 (227) 24
CME - CHEESE CSC (Electronic-Traded)										
MAR 13	1.65 (1143) 6	1.63 (1149) 7	1.63 (1156) 35	1.64 (1159) 6	1.65 (1159) 10	1.65 (1160) 8	1.65 (1160) 2	1.65 (1160) 1	1.64 (1137) 27	1.64 (1137) 6
APR 13	1.70 (846) 35	1.69 (849) 36	1.69 (849) 8	1.71 (861) 22	1.72 (865) 13	1.69 (895) 39	1.68 (905) 32	1.68 (904) 4	1.68 (936) 44	1.66 (970) 30
MAY 13	1.73 (623) 4	1.73 (623) 7	1.74 (629) 6	1.73 (625) 22	1.78 (625) 1	1.77 (625) 2	1.77 (639) 15	1.76 (647) 13	1.74 (653) 65	1.73 (651) 23
JUN 13	1.77 (512) 7	1.76 (515) 8	1.77 (521) 6	1.80 (518) 26	1.82 (516) 4	1.81 (508) 13	1.80 (506) 12	1.80 (502) 9	1.78 (509) 18	1.78 (510) 6
JUL 13	1.81 (363) 25	1.80 (376) 17	1.80 (383) 9	1.83 (392) 18	1.84 (392) 3	1.85 (395) 4	1.83 (401) 10	1.83 (401) 0	1.83 (402) 5	1.83 (402) 0
AUG 13	1.83 (289) 4	1.83 (297) 8	1.83 (301) 4	1.86 (304) 9	1.86 (306) 3	1.86 (306) 0	1.86 (306) 0	1.86 (313) 7	1.86 (313) 0	1.86 (323) 10

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

MARCH MILK SUPPLY AND DEMAND ESTIMATES

The milk production forecast for 2013 is raised from last month largely due to a slower pace of herd reduction and higher first-quarter milk per cow. The 2013 fat-basis export forecast is raised largely on stronger shipments of butter. Skim-solid exports are raised based on greater nonfat dry milk (NDM). Imports are unchanged on both a fat and skim-solids basis. Changes in 2012 estimates of supply and use reflect revised annual data. Prices for cheese and whey are lowered based on expectations of increased production and moderate demand. The forecast butter price is unchanged from last month and the range is tightened. The forecast price of NDM is raised as stronger export demand is expected to support prices. The Class III price forecast is reduced from last month, reflecting weaker cheese and whey prices while Class IV is increased due to higher NDM prices. The all milk price for 2013 is raised to \$19.00-\$19.60 per cwt.

U.S. MILK SUPPLY AND USE					
Commodity	2011	2012 Estimated		2013 Projected	
		February	March	February	March
BILLION POUNDS					
MILK					
PRODUCTION	196.2	200.3	200.3	201.0	201.9
FARM USE	1.0	1.0	1.0	1.0	1.0
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	10.8	10.9	10.9	11.9	12.2
MARKETINGS	195.2	199.3	199.3	200.0	200.9
IMPORTS	3.5	4.0	4.1	4.0	4.0
TOTAL COMMERCIAL SUPPLY	209.5	214.2	214.3	215.9	217.1
FAT BASIS USE					
COMMERCIAL EXPORTS	9.4	8.8	8.8	9.0	9.4
ENDING COMMERCIAL STOCKS	10.9	11.9	12.2	11.1	11.1
CCC NET REMOVALS ^{1/}	0.0	0.0	0.0	0.0	0.0
COMMERCIAL USE ^{2/}	189.2	193.5	193.3	195.7	196.6
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	12.2	11.8	11.8	12.0	12.3
MARKETINGS	195.2	199.3	199.3	200.0	200.9
IMPORTS	5.3	5.7	5.7	5.4	5.4
TOTAL COMMERCIAL SUPPLY	212.6	216.8	216.9	217.4	218.6
SKIM-SOLIDS BASIS USE					
COMMERCIAL EXPORTS	32.5	33.5	33.3	33.7	34.4
ENDING COMMERCIAL STOCKS	11.8	12.0	12.3	11.6	11.6
CCC NET REMOVALS ^{1/}	0.0	0.0	0.0	0.0	0.0
COMMERCIAL USE ^{2/}	168.2	171.4	171.2	172.1	172.7
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

MARCH MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2011	2012 Projected		2013 Projected	
		February	March	February	March
DOLLARS PER POUND					
PRODUCT PRICES ¹					
CHEESE	1.8246	1.7076	1.7076	1.715-1.785	1.710-1.770
BUTTER	1.9498	1.5943	1.5943	1.535-1.635	1.540-1.630
NONFAT DRY MILK	1.5058	1.3279	1.3279	1.465-1.525	1.505-1.555
DRY WHEY	0.5325	0.5935	0.5935	0.615-0.645	0.600-0.630
DOLLARS PER CWT					
MILK PRICES ^{2/}					
CLASS III	18.37	17.44	17.44	17.70-18.40	17.55-18.15
CLASS IV	19.04	16.01	16.01	17.00-17.80	17.35-18.05
ALL MILK ^{3/}	20.14	18.53	18.51	18.90-19.60	19.00-19.60
QUARTERLY					
	2012 IV	2013 I ^{4/}	2013 II ^{4/}	2013 III ^{4/}	2013 IV ^{4/}
BILLION POUNDS					
MILK PRODUCTION	49.1	50.6	51.8	49.8	49.7
DOLLARS PER CWT.					
ALL MILK PRICE ^{2/3/}	21.47	19.30-19.50	18.65-19.15	18.95-19.75	19.00-20.00
CLASS III PRICE ^{2/}	20.17	17.25-17.45	17.50-18.00	17.90-18.70	17.60-18.60
CLASS IV PRICE ^{2/}	18.34	17.55-17.85	17.35-17.95	17.50-18.40	17.00-18.10

^{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-516, March 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].

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

In December 2012, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$21.50 per cwt., down \$0.77 from the revised November 2012 average, and up \$1.45 from the December 2011 average. The component tests of producer milk in December 2012 were: butterfat, 3.85%; protein, 3.18%; and other solids, 5.75%. On an individual reporting area basis, mailbox prices decreased in all Federal milk order reporting areas when compared to the previous month. Mailbox prices in December 2012 ranged from \$24.04 in Florida to \$18.95 in New Mexico.

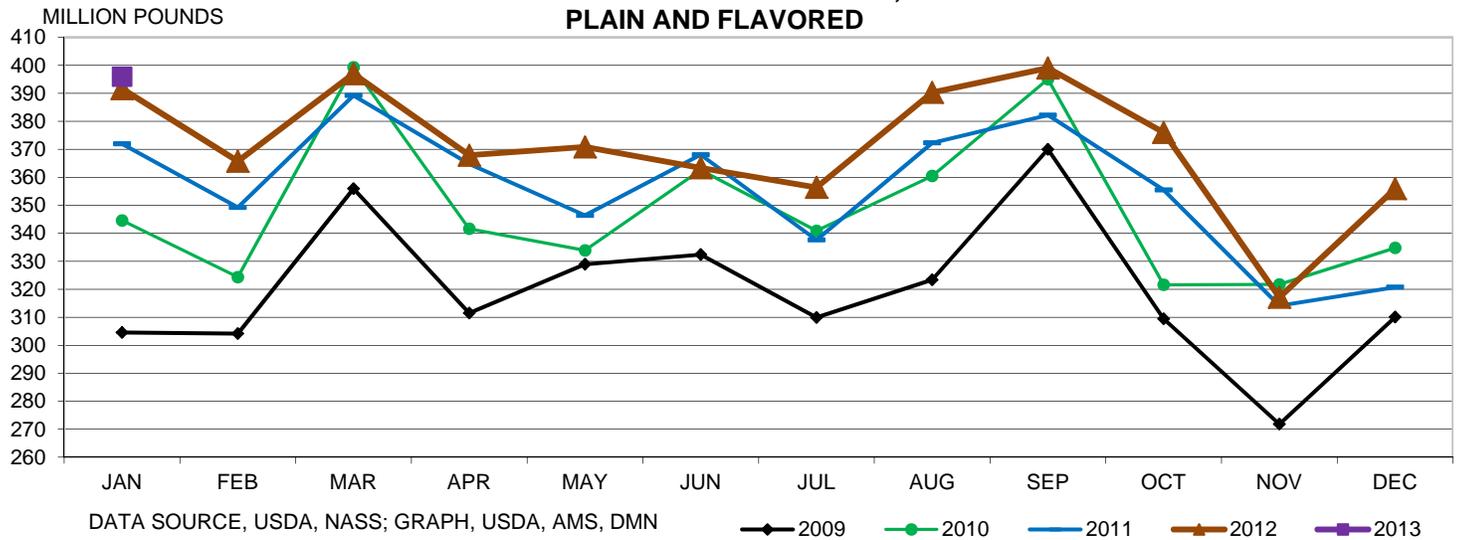
Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	December 2011	November 2012	December 2012
	Dollars per hundredweight		
New England States <u>3/</u>	20.68	23.26	22.45
New York	19.35	22.21	21.33
Eastern Pennsylvania <u>4/</u>	20.19	22.36	21.43
Appalachian States <u>5/</u>	20.66	23.38 *	22.50
Southeast States <u>6/</u>	21.62	24.08 *	23.11
Southern Missouri <u>7/</u>	19.45	22.27 *	21.06
Florida	23.05	25.43 *	24.04
Western Pennsylvania <u>8/</u>	20.32	22.71	21.51
Ohio	20.75	22.19	21.76
Indiana	19.68	21.82 *	20.91
Michigan	19.94	21.12	20.74
Wisconsin	20.69	22.91	22.80
Minnesota	20.52	22.72	22.60
Iowa	20.19	22.71	21.79
Illinois	20.60	23.02 *	22.15
Corn Belt States <u>9/</u>	19.25	21.89 *	20.26
Western Texas <u>10/</u>	18.76	20.98	19.91
New Mexico	18.03	20.36	18.95
Northwest States <u>11/</u>	19.59	21.81	20.50
All Federal Order Areas <u>12/</u>	20.05	22.27 *	21.50
California <u>13/</u>	17.09	19.71	18.48

* Revised data.

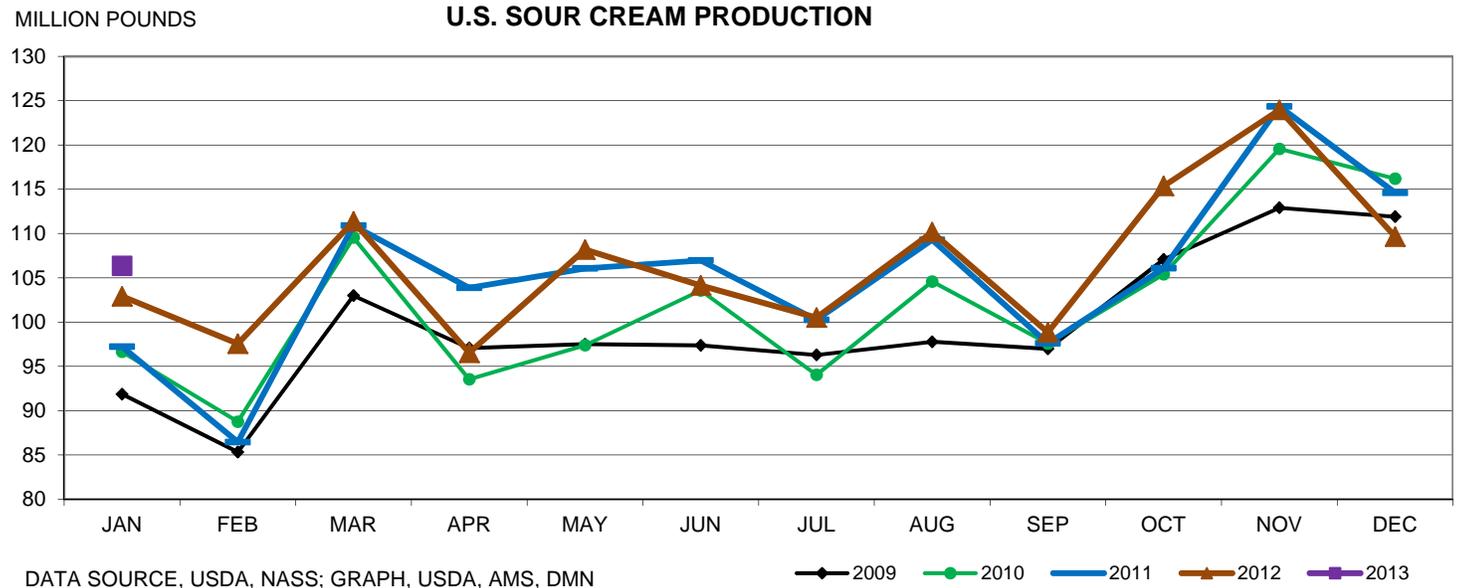
1/ Areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. 2/ Net pay prices received by dairy farmers for milk. Prices reflect all payments received for milk sold and all costs associated with marketing the milk. Prices are weighted averages of the prices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

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

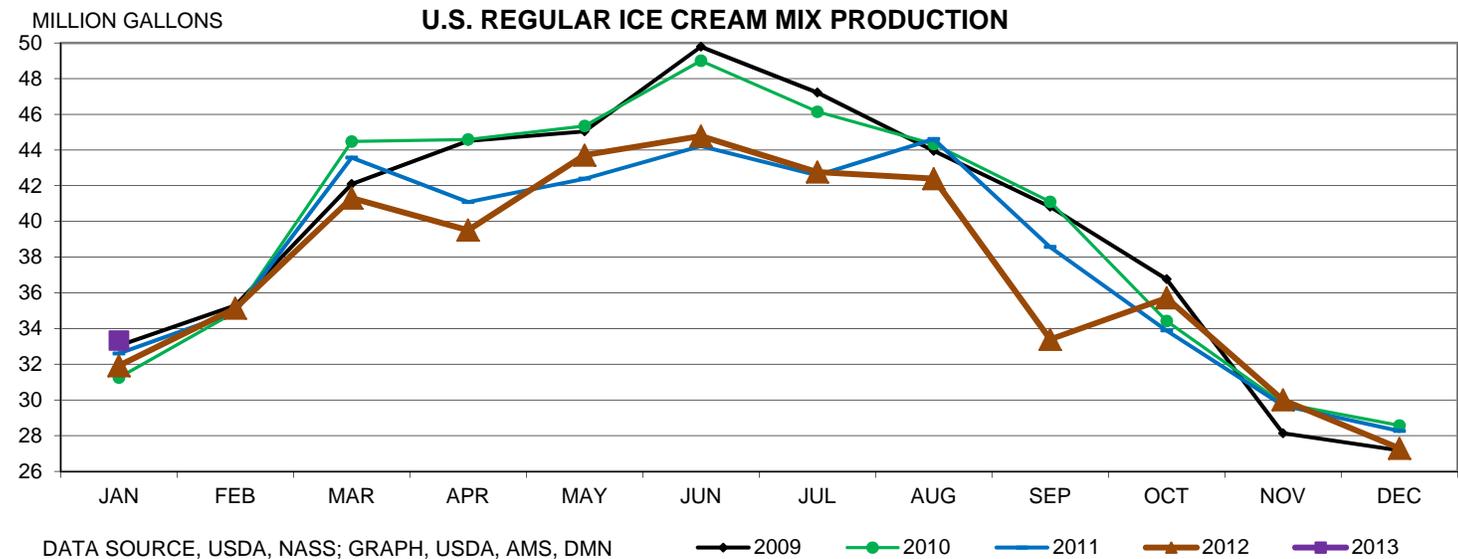
U.S. YOGURT PRODUCTION, PLAIN AND FLAVORED

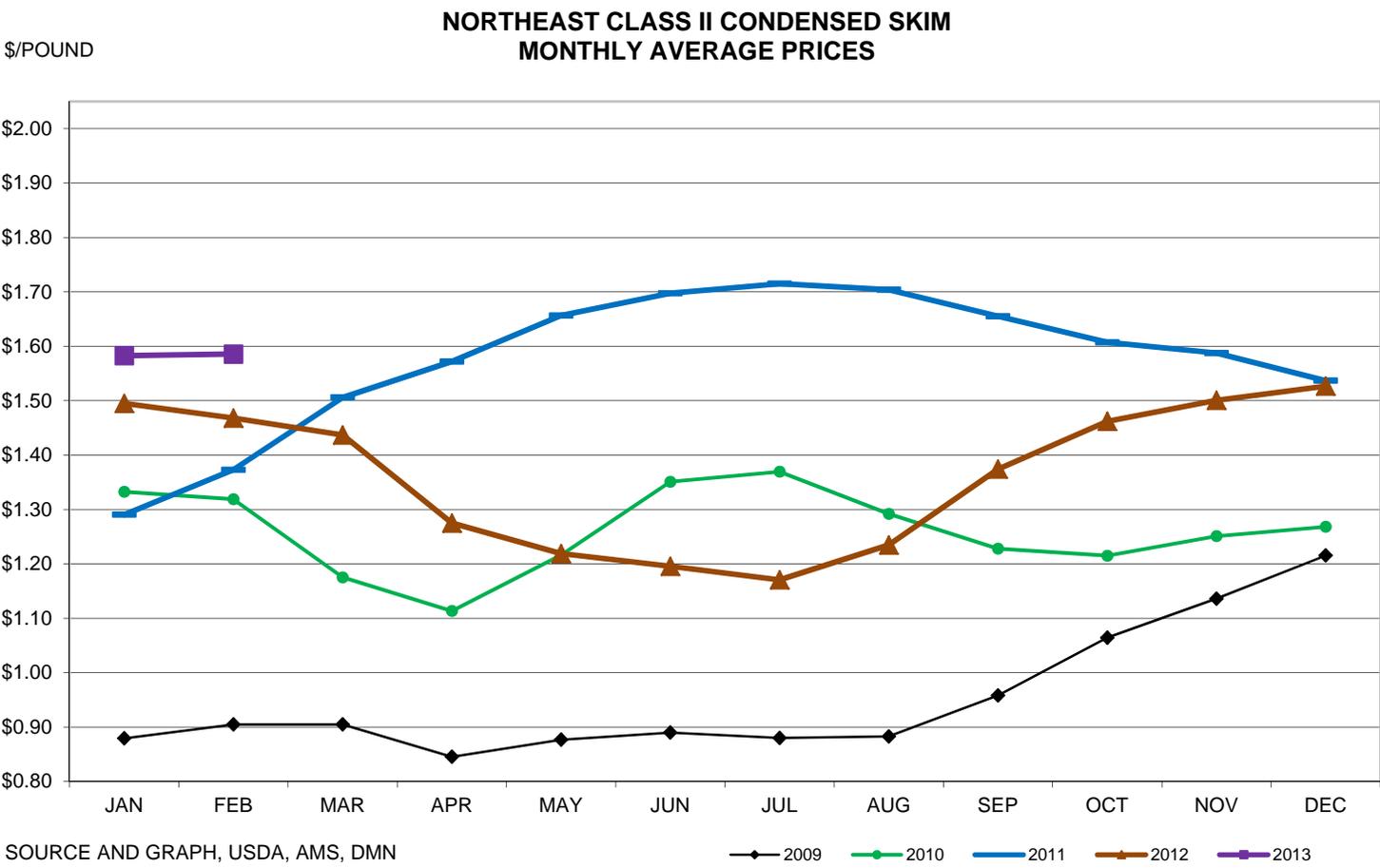
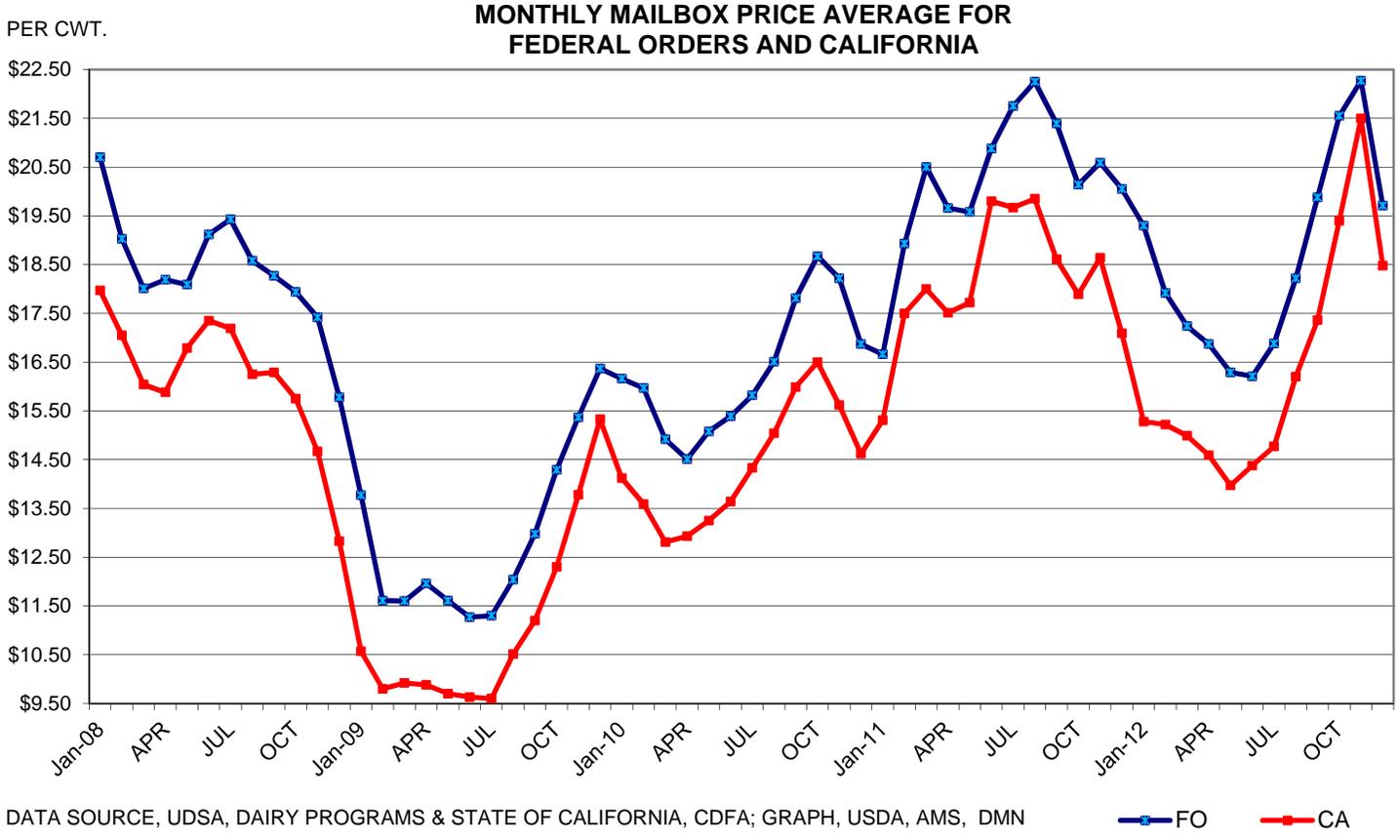


U.S. SOUR CREAM PRODUCTION



U.S. REGULAR ICE CREAM MIX PRODUCTION





DAIRY MARKET NEWS

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