

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (5/10):**

BUTTER: Grade AA closed at \$1.6100. The weekly average for Grade AA is \$1.6280 (-.0530).

CHEESE: Barrels closed at \$1.7225 and 40# blocks at \$1.8450. The weekly average for barrels is \$1.7300 (+.0450) and blocks, \$1.8695 (-.0240).

BUTTER HIGHLIGHTS: Butter prices have shown weakness this week and the weekly average is down. Northeast butterfat levels remain good and cream supplies continue to increase, adding to cream volumes going to churns. Butter production continues to expand with increased bulk butter production adding to inventories. Central churns are active throughout the region, benefitting from slow cream demand from Class II operations. Various manufacturers indicate butter inventories are steady to building. Western wholesale butter prices tied to the CME Group spot market moved lower again this week. The market tone for bulk butter is weak due to increased inventories reported in storage. Manufacturers appear content with current inventories and continue to operate churns at higher than expected rates. Western 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. Northeast bulk butter prices for this week and are 4-8 cents over the market. Central bulk butter pricing is unsettled as a result of price declines on the CME Group trading site during recent weeks. Bulk butter prices range from -3 to +2 cents, according to market participants. NASS's Dairy Products report showed national March butter production totaled 183.6 million pounds, the highest production weight for any March, based on available NASS records covering 1919 - 2013. According to the Foreign Agricultural Service, exports of butter and milkfat for January-March 2013 total 33.6 million pounds, up 20% or 5.6 million pounds from the same period a year ago. The butter and milkfat exports account for 6.2% of butter production in the U.S. for the year. Please note a correction to last week's Butter Highlights. The correct butter production in March this year is 183.6 million pounds.

CHEESE HIGHLIGHTS: Cheese prices are uneven this week. Blocks and barrels are taking independent routes to find a new equilibrium. Wholesale prices were higher for blocks last week, while barrel prices were lower. At one point, the spread was 23 cents. Spot prices at the CME Group this week reflected the pricing uncertainty as the market moved both higher and lower. According to the latest NASS Dairy Products report, cheese production levels for the year are slightly higher than last year. Inventories of cheese are increasing but are not considered to be heavy at this time. Domestic demand for block cheese is reported to be good with export demand helping to clear inventory. Barrel demand is uneven with stocks reported to be in a longer position. As block prices have moved higher, export sales have slowed, reflecting the increased cost. Export sales for January-March 2013 are up 8% from the same period a year ago. They currently account for 5.6% of total U.S. cheese production. Trading at the CME Group this week narrowed the spread to 12.25 cents between blocks and barrels. Blocks were lower this week with barrels near steady to weak. Barrels closed the week at \$1.7225 and blocks finished Friday at

\$1.8450. Barrels are down 0.75 cents from last Friday and blocks are down 6.5 cents.

FLUID MILK: Milk production is at or just past the seasonal peak in the Mid-Atlantic region and is increasing rapidly in the Northeast region. Milk volumes going to balancing plants are heavy, but not burdensome. Weather has been great in both regions this past week. Milk production in Florida increased this week as mild weather improved cow comfort levels. Recent rains have improved some pastures and forage regrowth, but more is needed. Producers continue to be faced with high hay prices and fairly tight feed rations. Eastern cream supplies are very heavy as butterfat levels remain high, adding to cream volumes coming from Class I plants and the seemingly ever increasing yogurt production. Cream multiples for all Classes moved lower and ranged 1.10-1.28 with out of region shipments at the low end of the range. Central region farm milk production is variable. Processors in the East Central area report milk pickups and intakes moved slightly higher as warm weather settled across the area. Other states report milk intakes are holding steady. Spot milk prices range from \$2.75 under to \$1 over Class. Cream demand from Class II plants is steady to moderately higher. Class II cream multiples range from 1.21 - 1.26 for the week. Some Eastern cream loads cleared into Central region churns this week, with multiples below those of Class II. California's milk flow is being called steady and being handled with no problems by manufacturing plants. The April 4a price (butter/powder) in CALIFORNIA is \$18.02, up \$0.15 from March and \$3.30 higher than last year. This compares to the Federal Order Class IV price for April at \$18.10. The April 4b price (cheese) is \$16.92, \$1.90 higher than March and \$3.49 more than last year. This compares to the Federal Order Class III price for March at \$17.59. According to the CALIFORNIA USDA hay report, the first cut of hay is mostly done in the state with more hay, therefore, available for sale. The entire state slipped further into drought last week, even with some late week shower activity. Very little, if any, cream has to leave California. Most of the cream continues to clear to churns. Weather fronts have also cooled off conditions in ARIZONA. Temperatures have been just in the 80s and low 90s. It may be into next week before the 100s arrive again. Conditions have been very windy. Milk does continue to decline from the seasonal peak. Temperatures in New Mexico were way below normal late last week. They are back into a more normal range this week. Fat tests on incoming milk in the region are declining along normal patterns. They were in the 4.0-4.1% back in March and are now down to 3.2-3.3%. Milk output is seasonal. Warm days and cool nights are helping to build milk production in the Pacific Northwest, leading to increased production. Dairies in central Washington are building herd numbers as feed costs become more favorable. The added production in the region has some milk shipments out of the area being reported. Utah and Idaho milk supplies are still increasing marginally as they build towards spring flush. First cutting of forages will begin soon and should help to raise production. Processing capacity in the region is above current production

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CME GROUP CASH TRADING

COMMODITY	MONDAY MAY 06	TUESDAY MAY 07	WEDNESDAY MAY 08	THURSDAY MAY 09	FRIDAY MAY 10	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.7350 (+.0050)	\$1.7350 (N.C.)	\$1.7350 (N.C.)	\$1.7225 (-.0125)	\$1.7225 (N.C.)	:: (-.0075)	:: \$1.7300 (+.0450)
40# BLOCKS	\$1.9150 (+.0050)	\$1.8650 (-.0500)	\$1.8650 (N.C.)	\$1.8575 (-.0075)	\$1.8450 (-.0125)	:: (-.0650)	:: \$1.8695 (-.0240)
NONFAT DRY MILK							
EXTRA GRADE	\$1.7000 (N.C.)	\$1.7000 (N.C.)	\$1.7000 (N.C.)	\$1.7000 (N.C.)	\$1.7000 (N.C.)	:: (N.C.)	:: \$1.7000 (N.C.)
GRADE A	\$1.7475 (N.C.)	\$1.7300 (-.0175)	\$1.7000 (-.0300)	\$1.7000 (N.C.)	\$1.7000 (N.C.)	:: (-.0475)	:: \$1.7155 (-.0420)
BUTTER							
GRADE AA	\$1.6450 (-.0050)	\$1.6375 (-.0075)	\$1.6300 (-.0075)	\$1.6175 (-.0125)	\$1.6100 (-.0075)	:: (-.0400)	:: \$1.6280 (-.0530)

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

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and milk is moving into the area. U.S. alfalfa hay exports in March 2013 set a record at 189,553 metric tons. It was the sixth consecutive month over 150,000 metric tons according to FAS.

DRY PRODUCTS: Both Central nonfat dry milk price series narrowed this week as pricing bases shifted higher and spot sale prices retreated. Some Western NDM resale loads reportedly filled Central demand this week at competitive delivered prices. Northeastern price ranges for low and high heat nonfat dry milk narrowed this week with the net result increasing the average price points. The price range narrowed for low/medium heat Western nonfat dry milk, with the low end sharply higher and the high end slightly lower. The mostly series moved higher. The trade indicates that the market continues to have a firm undertone, but it is not as aggressive and neither buyers nor sellers have much of a sense of urgency now to be active in the market. Foreign Agricultural Service reports nonfat dry milk exports included in H.S. Code 0402100000 total 233.0 million pounds for 2013, through March. This is a 10% decrease in nonfat dry milk exports compared to 2012. March monthly exports compared to one year ago are unchanged, totaling 86.6 million pounds. NASS's Dairy Products report shows production of human food nonfat dry milk during March 2013 totaled 146.1 million pounds, up 6.1% from February 2013 production but 22.8% lower than March 2012 total. Prices for Central dry buttermilk are mixed as the bottom of the range dropped 9 cents and the top of the range gained 2 cents. Eastern dry buttermilk spot sales lowered the low end of the range, while sales based on various price indices moved the upper end of the range higher. In relatively light trading, the Western dry buttermilk price range became wider this week while the mostly series moved higher. Powder production is seasonally heavy due to much of the available cream supplies entering the churns in the region. NASS Dairy Products reports production of dry buttermilk during March 2013 totaled 12.2 million pounds, 4.1% more than one month and 20.3% more than the March total. Cumulative 2012 dry buttermilk production totals 37.9 million pounds, 13.3% more than during the same time span of 2012. Prices for dry whole milk are lower and higher on a mixed market. While supplies are tight, prices on butterfat solids are lower and nonfat solids values are under pressure. NASS's Dairy Products report shows dry whole milk production during March 2013 totaled 4.4 million pounds, down 18.6% from February 2013 but 5.6% higher than the March 2012 total. Cumulative 2013 production totals 14.6 million pounds, a 2.7% increase from 2012 production during the same time period. Central dry whey prices moved lower on both ends of the range price series and on the bottom of the mostly. The market is mixed. Northeast dry whey prices experienced a downturn on the upper end of the range as sales based on various price indices moved lower, while spot sales marginally firmed the low end of the range. Western dry whey prices firmed this week as export sales were reported higher. The market was higher on the bottom of both the full range and mostly price series. Export prices had been trading at a discount to domestic sales and that gap has narrowed. NASS's Dairy Products report shows production of human food dry whey in March 2013 totaled 79.5 million pounds, 7.8% higher than one month ago but 4.2% lower than the March 2012 total. Foreign Agricultural Service reports dry whey exports included in H.S. Code 0404104000 total 116.5 million pounds for 2013, through March. This is an 8% decrease in dry whey exports compared to 2012. Central and West whey protein concentrate 34% prices are mostly higher on a firming market. Spot loads from manufacturers are more difficult to obtain, with potential buyers indicating they have to place many calls to come up with a single spot load from a producer. The NASS Dairy Products report shows production of Human and Animal WPC (25.0-49.9% Protein) during March 2013 totaled 17.3 million pounds, 8.1% higher than one month ago, but 17.5% lower than the March 2012 total. Central and West lactose prices are unchanged to lower on the range, and unchanged on the mostly series on a mixed market. NASS's Dairy Products report shows human and animal lactose production during March 2013 increased 17.5% compared to February 2013 to 91.9 million pounds and increased 1.1% compared to the March 2012 total. Cumulative 2013 lactose production totals 258.7 million pounds, unchanged from the same time span in 2012. Buyer interest is fair to good for the current supplies.

INTERNATIONAL DAIRY MARKET NEWS (DMN): EUROPEAN OVERVIEW: WESTERN OVERVIEW: Milk production in the EU-27 in March was 2.3% less than a year earlier. Currently, output is beginning to develop at incrementally higher levels across most countries in Western Europe. Weather conditions have been more seasonal. Temperatures are warmer and drier periods have materialized. The change is allowing for pasture growth and more intense grazing. Hay crop growth is also being welcomed as farmers seek to utilize the new season's crop. The patterns are about four weeks behind

normal. As milk output builds, processing plants are increasing production schedules. There is a diverse product mix. Trade sources are stating that weekly milk production levels are above a year ago in several countries that have been tracking below a year ago for many months. The concern is that the peak will be reached sooner than normal and not last. Fluid milk demand and interest for domestic consumer products are steady to higher. Dairy product prices are steady to lower, reflecting softness in international markets. The changes follow sharply higher prices in recent months. Buyers are more comfortable with short-term positions and are less aggressive. Private Storage Assistance (PSA) butter intakes in the EU are running at about 57% of last year's level, totaling 34,500 MT from March 1 to the first week of May. **EASTERN OVERVIEW:** Eastern European milk production ranges from slightly lower to higher than a year ago. Incremental increases are being noted as seasonal patterns develop. Plant schedules are being increased to handle the milk growth. March milk production in Poland was down 1% versus a year earlier. **OCEANIA OVERVIEW: NEW ZEALAND** milk production trends continue to lower and total volumes are tracking below year ago levels. The milk season is winding down and coming to a harder close than normal year projections. The effects of the lower milk output this season and impacts on finished dairy products have mostly been absorbed by the market. The implications of the recent rainfalls are limited on current milk output. The decisions made to cull or dry off cows are not changeable, so those categories are not going to see any influences because of the rains. The positives are that farmers are able to position cows to have better conditioning for next season, along with allowing pastures to be in better shape. Rains have been common over much of the North Island. News reports are indicating flooding in various areas. Yet, some areas remain drier than normal. Producers are making plans to best utilize their existing feed stocks during the off season. Currently, processing plants are running on reduced schedules and processors are closing down plants in incremental ordering to facilitate the decline in milk receipts. Total season milk projections are now expected to be around to slightly lower than last season's mark. **AUSTRALIAN** milk production is trending lower and tracking at levels below year ago marks. While conditions have stabilized in April and brought more normalcy to the milk production curve, there are concerns about getting the herds and pastures in shape for next season. Farmers are feeding supplemental feedstuffs to augment the feed shortages. The impact of weather, feed costs, and time of season, are all playing a role in the declining milk receipts. Milk price step ups are being seen, helping financials at the farm levels and providing a bearish tone to the upcoming season. Processing plants are scaling back and focusing on local, consumer products and export products of greatest needs/values to satisfy customer demand and maximize returns. Other processors are catching up on past orders. Dairy product prices are retreating from recent seasonal high levels. Demand became more uneven as the pricing levels reached higher points. Buyers are less aggressive in pushing prices and the drop in demand was expected as near-term coverage became more common and buyers were reluctant to be in the market at the high prices. Any concerns about Chinese import restrictions are generally being allayed. There were sharp increases in import levels ahead of the new regulations on May 1. The bulk of the New Zealand season has passed.

COMMERCIAL DISAPPEARANCE (ERS, AMS): Commercial disappearance of dairy products from December 2012 through February 2013 totals 47.4 billion pounds, 0.6% below the same period a year ago. Comparing disappearance levels with year earlier levels: butter is +3.1%; American cheese, -1.3%; other cheese, -0.1%; NDM, -20.0% and fluid milk products, -2.3%.

MARCH 2013 DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 183.6 million pounds, 4.2% above March 2012 and 5.6% above February 2013. American Type Cheese production totaled 383.5 million pounds, 1.4% above March 2012 and 10.6% above February 2013. Total Cheese output (excluding cottage cheese) was 954.3 million pounds, 0.2% below March 2012 but 11.5% above February 2013. Nonfat Dry Milk production, for human food, totaled 146.1 million pounds, was 22.8% below March 2012 but 6.1% above February 2013. Dry Whey production, for human food, was 79.5 million pounds, 4.2% below March 2012 but 7.8% above February 2013. Ice Cream (hard) production totaled 69.5 million gallons, 5.1% below March 2012 but 11.3% above January 2013.

CROP PROGRESS (NASS): Corn plantings as of May 5, 2013 compared with May 5 2012 in selected states are: Colorado, 12% compared with 53%; Illinois, 7% compared with 88%; Indiana, 8% compared with 82%; Iowa, 8% compared with 62%; North Dakota, 1% compared with 52%; Ohio, 7% compared with 76%; and the total of 18 states which planted 92% of the 2012 corn crop, 12% compared with 69%.

CME GROUP

MONDAY, MAY 6, 2013
 CHEESE -- SALES: 4 CARS BARRELS: 1 @ \$1.7325, 3 @ \$1.7350; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.9150; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7400
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.7300; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.7500
 BUTTER -- SALES: 4 CARS GRADE AA: 3 @ \$1.6500, 1 @ \$1.6450; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.6450; LAST OFFER UNCOVERED: 4 CARS GRADE AA @ \$1.6500

TUESDAY, MAY 7, 2013
 CHEESE -- SALES: 1 CAR BARRELS @ \$1.7325; 8 CARS 40# BLOCKS: 1 @ \$1.9150, 1 @ \$1.9175, 1 @ \$1.9150, 1 @ \$1.9000, 2 @ \$1.8500, 2 @ \$1.8650; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7350; 2 CARS 40# BLOCKS @ \$1.8600; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 2 CARS GRADE A @ \$1.7300; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.7150; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.7300
 BUTTER -- SALES: 5 CARS GRADE AA: 2 @ \$1.6450, 1 @ \$1.6400, 2 @ \$1.6375; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.6350; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.6375

WEDNESDAY, MAY 8, 2013
 CHEESE -- SALES: 3 CARS 40# BLOCKS: 1 @ \$1.8700, 1 @ \$1.8675, 1 @ \$1.8650; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7350; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$1.7000; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.6700; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 4 CARS GRADE AA: 1 @ \$1.6375, 1 @ \$1.6350, 1 @ \$1.6325, 1 @ \$1.6300; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.6275; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.6350

THURSDAY, MAY 9, 2013
 CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.7300, 1 @ \$1.7225; 3 CARS 40# BLOCKS: 1 @ \$1.8625, 1 @ \$1.8600, 1 @ \$1.8575; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.6800; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 4 CARS GRADE AA: 1 @ \$1.6200, 3 @ \$1.6175; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.6175; LAST OFFER UNCOVERED: NONE

FRIDAY, MAY 10, 2013
 CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.8450; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7300
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.6800; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.7300
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.6100; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.6025; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$1.6200

BUTTER MARKETS

NORTHEAST

The CME Group butter price declined \$0.0075 Tuesday and closed at \$1.6375. Butter prices have declined in each of the last 4 trading sessions for a net decline of \$0.0525. Spring has sprung, pastures are opening, cow comfort levels are increasing, butterfat levels remain good and cream supplies continue to increase, adding to cream volumes going to churns. Butter production continues to expand with increased bulk butter production adding to inventories. Production of 82% unsalted butter continues as a few plants continuing to fill export orders. Domestic demand for butter remains normal for this time of year, while export interest remains fairly good. Current bulk butter prices for this week and are 4-8 cents over the market on the CME Group with various time frames and averages used.

DAIRY PRODUCTS: According to NASS, cumulative 2012 butter production through March was 3.2% above cumulative year production for the same period for 2012. March's monthly U.S. butter production totaled 183.6 million pounds, up 5.69% from February and 4.2% higher compared to March 2012. Atlantic region butter production in March totaled 18.7 million pounds, up 0.6% from February and 16.3% more than March 2012.

CENTRAL

Central churns are active throughout the region, benefitting from slow cream demand from Class II operations. Various manufacturers indicate butter inventories are steady to building. NASS's Dairy Products report showed national March butter production totaled 183.6 million pounds, the highest production weight for any March, based on available NASS records covering 1919 - 2013. Central butter production totaled 73.9 million pounds during March 2013, a 10% increase from one year ago. This is also the highest weight of butter production in the Central region for any March, according to NASS records that include 2005 - 2013. Bulk butter pricing is unsettled as a result of price declines on the CME Group trading site during recent weeks. Bulk butter prices range from -3 to +2 cents, according to

market participants. Trading at the CME showed 4, 5, and 4 cars selling from Monday to Wednesday, respectively. Closing prices fell each day, with a net decline of 2 cents by Wednesday.

WEST

Western wholesale butter prices tied to the CME Group spot market moved lower again this week. The market tone for bulk butter is weak due to increased inventories reported in storage. Retail sales into grocery and club stores are steady with good demand. Export sales are above year ago levels. Cream supplies are heavier than expected as ice cream plants are still building towards higher production. Manufacturers appear content with current inventories and continue to operate churns at higher than expected rates. According to the NASS *Dairy Products* report, March butter production for the U.S. totals 183.6 million pounds, up 4.2% or 7.3 million pounds from March of 2012. Cumulative output for the year for the U.S. is 545.5 million pounds, up 3.2% or 17.1 million pounds from the same period in unadjusted 2012. March output in the Western region totals 91.0 million pounds, down 2.2% or 2.0 million pounds less than March of 2012. The West produced 49.6% of the butter in the U.S. in March. According to the Foreign Agricultural Service, exports of butter and milkfat for January-March 2013 total 33.6 million pounds, up 20% or 5.6 million pounds from the same period a year ago. Saudi Arabia, at 15.7 million pounds for the year, is the largest importer with a 57% increase above 2012. The butter and milkfat exports account for 6.2% of butter production in the U.S. for the year. Butter prices at the CME Group exchange on Wednesday are \$.0075 lower at \$1.6300. The market has moved lower each day this week and is currently 2 cents lower than last Friday's close and 6 cents lower than a week ago on Wednesday. Sales of butter at the exchange are moderate to active as the price retreats. There have been 13 loads reported sold by Wednesday. 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.

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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
May 4, 2013	1.7161 3,205,349	1.8568 10,936,253	1.7630 9,929,940	0.5809 8,276,788	1.6049 21,574,926

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

	(Million Lb.)	% Change From 1 Year Ago
Mar. Total	13.7	+ 5
Total, Jan - Mar.	33.6	+ 20
1 Saudi Arabia	15.7	+ 57
2 Iran	6.7	+ 32
3 Egypt	2.0	- 7
4 UAE	1.7	*
5 Morocco	1.0	- 58

*UAE purchases Jan. - Mar. 2012 were only 94,500 pounds

CHEESE MARKETS

NORTHEAST

Cheese prices on the CME Group were mixed Tuesday as barrels held steady and closed at \$1.7350, while blocks registered their largest decline of the year, dropping \$0.0500 to close at \$1.8650. Tuesday's trading lowered the spread between barrels and blocks to 13 cents, which is the lowest it's been since April 23. Last week's trading on the CME Group saw the weekly average price for barrels decline, while advancing for blocks. The net result saw wholesale prices for cheddar blocks and Muenster increase \$0.0275, while Process 5# sliced cheese decreased \$0.0375. Wholesale prices for Swiss cuts declined \$0.0375 following last Wednesday's Class III milk price release. Cheese production continues to be strong as seasonal milk production increases are channeling more milk to cheese plants. Cheese inventories are building, which is typical for this time of year. Some cheese makers are increasing their inventories of cheese going into aging programs. Domestic demand for cheese remains fairly good with good pulls from retail chains and pizza makers. Most cheese makers in the region are very comfortable with their expanding inventories and look to build more to cover their needs for later in the year when milk supplies and cheese production schedules may be limited. Export interest for cheese remains fairly good, but volumes going for export have declined over the past few weeks.

DAIRY PRODUCTS: According to the latest NASS report, total cheese production for March in New York was 64.3 million pounds, 9.6% more than February, but 9.4% less than March 2012. Pennsylvania produced 40.3 million pounds in March, 16.2% more than one month earlier and 13.4% more than one year ago. Vermont produced 10.7 million pounds, 1.3% more than last month and 6.6% more than March 2012. The total of all cheese production for March in the Atlantic region was 124.6 million pounds, up 12.3% from February, but 1.8% less compared to the same period last year. Atlantic region cheese production accounted for 13.1% of total U.S. production. Total U.S. cheese production in March totaled 954.3 million pounds, 11.5% more than February, but 0.2% less than March 2012. Cumulative 2013 U.S. Cheese production was 0.6% greater than 2012. Focusing on Italian cheese, New York production in March totaled 32.5 million pounds, 14.0% more than February, but 4.3% less than March 2012. Pennsylvania produced 25.9 million pounds in March, 15.8% more than February and 22.3 more than March 2012. The Atlantic region in March, produced 65.6 million pounds of Italian cheese, 16.2% more than February and 3.4% more than last year.

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

Cheddar 40# Block	:	2.2925-2.5775
Process 5# Sliced	:	1.9075-2.3875
Muenster	:	2.3125-2.6725
Grade A Swiss Cuts 10 - 14#	:	3.3925-3.7150

MIDWEST

Many cheese manufacturers have cheese stock volume they describe as "increasing". While there does not seem to be any sign of alarm, the reality of the situation has led to some plants incrementally notching production back. This has also led to some milk being offered for sale for as much as \$2.75 under, mostly for drying, up to \$1.00 over to a few specialty cheese manufacturers.

Cheese retail sales are "not good" in the view of at least one large manufacturer. That, coupled with the intrinsic uncertainty in market prices still adjusting from a near record block-barrel price spread last Wednesday of 23 cents, leaves many retail customers hesitant about committing to new purchases, at least until either the price uncertainty or sales sluggishness factor improves. By this Tuesday the price spreads had narrowed to 13 cents where it remains Wednesday. That price spread is still expected to narrow further, with the timing of price movement and what combination of block versus barrel price change remaining the unanswered questions. A number of manufacturers believe that some large cheese orders are in the contemplation of buyers who are awaiting more clarity in market prices and price movement before committing. According to Dairy Products, total national March 2013 cheese production, 954 million pounds, is slightly below March 2012 but 11.5% above February this year. Total cheese production for March in the listed Central Region states, 375 million pounds, is up 12.2% from February and 2.4% over March last year. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 1.896 million pounds (860 metric tons) of Cheddar, Gouda and Monterey Jack cheese to customers in Asia, North Africa and the Middle East. The product will be delivered May through November 2013. Year-to-date CWT has assisted member cooperatives in selling 52.877 million pounds of cheese. These sales are the equivalent of 1.617 billion pounds of milk on a milkfat basis.

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

Process American 5# Loaf	:	1.8800-2.5850
Brick And/Or Muenster 5#	:	2.2800-2.7275
Cheddar 40# Block	:	2.2800-3.1525
Monterey Jack 10#	:	2.2500-3.1525
Blue 5#	:	2.5425-3.5300
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.1225-3.2525
Grade A Swiss Cuts 6 - 9#	:	2.9125-3.0300

WEST

Wholesale prices for Western cheese were mixed this week. Cheddar barrels were lower as the weekly average CME price was nearly four cents lower. Conversely, block cheese prices were higher on the average for the week. Barrel cheese supplies are still felt to be long. Block cheese inventories are more manageable with supplies felt to be in balance for needs. Block cheese volume is being aided by export sales. The CWT program has accepted bids for 1.9 million pounds of cheese for the export market this week. According to the NASS Dairy Products report, total cheese production in the U.S. in March reached 954.3 million pounds, down 0.2% or 1.9 million pounds from March of 2012. Cumulative total cheese output for the U.S. for the year is 2.7 billion pounds, up 0.6% or 16.2 million pounds from unadjusted 2012. March total cheese production in the Western region was 395.5 million pounds, down 0.9% or 3.7 million pounds from March 2012. The West produced 41.4% of all the cheese in the U.S. in March. Swiss output for the U.S. in March is 24.4 million pounds, down 10.7% or 2.9 million pounds from a year ago. According to FAS, exports of cheese and curd for

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CHEESE MARKETS

CONTINUED FROM PAGE 3

January-March 2013 total 154.4 million pounds, up 8% from the same period a year ago. The exports account for 5.6% of total cheese production in the U.S. for January-March of 2013. Mexico is the largest importer of cheese with 34.0 million pounds so far this year or 22.0% of U.S. cheese exports. The barrel cheese price at the CME Group was unchanged on Wednesday at \$1.7350. Blocks also closed unchanged at \$1.8650. At midweek, barrels are a half cent higher, while blocks are four and a half cents lower. This is helping to narrow an unusually large spread between the two. Sales of barrels are light to moderate with five loads sold by midweek. The sales for blocks are moderate with eleven sales reported as of Wednesday.

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

Process 5# Loaf	:	1.8150-2.0725
Cheddar 40# Block	:	2.0125-2.3650
Cheddar 10# Cuts	:	2.1925-2.4125
Monterey Jack 10#	:	2.2025-2.3625
Grade A Swiss Cuts 6 - 9#	:	2.9700-3.4000

FOREIGN

The weekly average block price on the CME Group advanced last week and increased domestic wholesale foreign type cheese prices by \$0.0275. Domestic Swiss cuts declined 0.0375 as a result of the Class III milk price release last Wednesday. Import cheese prices were unchanged. **DAIRY PRODUCTS:** According to the latest NASS report, domestic Parmesan production during March totaled 25.4 million pounds, 0.6% more than February, but 8.6% less than March 2012. Provolone production during March totaled 29.4 million pounds, 7.3% more than February, but 3.6% less than March 2012. Romano production during March totaled 5.1 million pounds, 3.9% more than February and 23.7% more than March 2012. Swiss production during March totaled 24.4 million pounds, 4.2% more than February, but 10.7% less than March 2012.

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

	:	NEW YORK	
VARIETY	:	IMPORTED	DOMESTIC
	:		
Blue	:	2.6400-5.2200	2.4325-3.9200*
Gorgonzola	:	3.4900-6.4700	2.9350-3.3900*
Parmesan (Italy)	:	-0-	3.8225-5.9125*
Provolone (Italy)	:	3.4400-5.4500	2.4750-2.6325*
Romano (Cows Milk)	:	-0-	3.6225-5.7725*
Sardo Romano (Argentina)	:	2.8500-3.6900	-0-
Reggianito (Argentina)	:	3.2900-4.4600	-0-
Jarlsberg-(Brand)	:	2.9500-5.2900	-0-
Swiss Cuts Switzerland	:	-0-	3.4900-3.8125*
Swiss Cuts Finnish	:	2.5900-2.8500	-0-

* = Price change.

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

		BUTTER	:	CHEESE
			:	
05/06/13	16,768	:	113,010	
05/01/13	16,285	:	112,267	
CHANGE	483	:	743	
% CHANGE	3	:	1	

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

	(Million Lb.)	% Change From 1 Year Ago
Mar. Total	58.3	+ 5
Total Jan.-Mar.	154.4	+ 8
1 Mexico	34.0	+ 2
2 South Korea	23.5	+ 12
3 Japan	21.5	+ 37
4 Australia	7.1	+ 14
5 Canada	6.9	+ 3

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	130	0	130	0	220
SOUTHEAST STATES	0	0	0	0	0	0

Milk production is at or just past the seasonal peak in the Mid-Atlantic region and is increasing rapidly in the Northeast region. Milk volumes going to balancing plants are heavy, but not burdensome. Class I demand remains steady with last week. Weather has been great in both regions this past week and allowed farmers to pursue tilling and planting operations at full speed. Corn planting in Pennsylvania is 28% completed and is near the 5 year average of 29%. Pastures are greening up and opening up for grazing with a majority of pasture conditions in both regions being rated as either fair or good. Milk production in Florida increased this week as mild weather improved cow comfort levels. Class I demand continues to decline as Universities are completing their spring terms. Recent rains have improved some pastures and forage regrowth, but more is needed. Producers continue to be faced with high hay prices and fairly tight feed rations. Milk production increases combined with lower Class I demand caused 130 spot loads to be exported this week. Milk supplies are nearly in balance with demand in the Southeast region. Manufacturing milk supplies are approaching contract minimums. Class I demand showed some marginal increases this week as some plants added on a few loads. Frequent rains in Tennessee have delayed corn planting operations and are considered to be 2 weeks behind the normal seasonal planting schedule with 56% of the corn planted, compared to the 5 year average of 75%. Cream supplies are very heavy as butterfat levels remain high, adding to cream volumes coming from Class I plants and the seemingly ever increasing yogurt production. Demand for cream has fallen flat as ice cream production is yet to be in full swing and demand from cream cheese remains steady at best. Current supplies quickly exceed demand with many loads having trouble finding a home, requiring out of region discount sales. **Cream multiples for all Classes** moved lower and ranged 1.10-1.28 with out of region shipments at the low end of the range. Condensed skim demand has improved with some spot sales to ice cream and cheese plants. Some cheese makers are purchasing condensed skim in lieu of the higher priced nonfat dry milk for fortification purposes. Increases in condensed skim supplies, due to seasonal milk production increases, are exceeding demand and forcing significant volumes to be channeled to Class IV production. Dairy Products: According to NASS, ice Cream production in the Atlantic region for March totaled 13.0 million gallons, 8.3% more than February, but 6.7% less than March 2012. U.S. Yogurt production (plain and flavored) for March totaled 421.3 million pounds, up 17.3% from February and 4.4% more than March 2012. Cumulative 2013 production through March totaled 1,175.4 million pounds, 2.0% higher than through March 2012. According to the annual 2012 Dairy Products report, released last week, total 2012 yogurt production in the Eastern region was 1,297.2 million pounds, an increase of 223 million pounds or 17.2%.

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 -	1.9332-2.1517
F.O.B. producing plants: Upper Midwest -	2.0340-2.1181

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.50 - 1.58
Northeast - Class III - spot prices -	1.30 - 1.45

MIDWEST

Central region farm milk production is variable. Processors in the East Central area report milk pickups and intakes moved slightly higher as warm weather settled across the area. Other states report milk intakes are holding steady. Milk loads traded more actively this week compared to last week. Some commodity cheese plants reportedly sold milk loads to temper further build up in cheese inventories during an unstable market. Those milk loads generally moved into specialty cheese operations. Bottlers also released a few loads into the spot market as fluid milk sales decline seasonally. Some Class IV plants also cleared milk to nearby drying operations as intakes approach capacity. Spot milk prices range from \$2.75 under to \$1 over Class. Cream demand from Class II plants is steady to moderately higher, with those operations that switch between packaging national and private brands claiming the majority of cream in the region. Manufacturers indicate inventories of individual novelties and multiple serving containers are ample for near term demand, and they are hopeful the arrival of warm weather will spur consumer interest. Several grocery chains in the Central region are featuring ice cream/frozen dessert items this week. Class II cream multiples range from 1.21 – 1.26 for the week. Some Eastern cream loads cleared into Central region churns this week, with multiples below those of Class II. Planters were rolling in many areas of the North Central region during a welcome span of warm, dry days, but there are notable exceptions to this in western Iowa, the Dakotas, and Illinois. For the week ending May 5, those states showed only 2 days suitable for field work and topsoil moisture is in surplus in many areas according to NASS's map showing Days Suitable for Fieldwork and Topsoil Moisture at http://www.nass.usda.gov/Charts_and_Maps/Crop_Progress_&_Condition/soilmap.asp.

WEST

Temperatures have been much more moderate as a storm front moved through CALIFORNIA. High temperatures were about 9 degrees below normal and lows are still reasonable so that cow stress was minimal. Moisture was generally limited, but it was enough to help with the fire situation. The milk flow is being called steady and being handled with no problems by manufacturing plants. The April 4a price (butter/powder) in CALIFORNIA is \$18.02, up \$0.15 from March and \$3.30 higher than last year. This compares to the Federal Order Class IV price for April at \$18.10. The April 4b price (cheese) is \$16.92, \$1.90 higher than March and \$3.49 more than last year. This compares to the Federal Order Class III price for March at \$17.59. U.S. alfalfa hay exports in March 2013 set a record at 189,553 metric tons. It was the sixth consecutive month over 150,000 metric tons according to FAS. The UAE, China and Japan were the top three destinations.

CONTINUED FROM PAGE 4

WEST (CONTINUED)

According to the CALIFORNIA USDA hay report, the first cut of hay is mostly done in the state with more hay, therefore, available for sale. The entire state slipped further into drought last week, even with some late week shower activity. The California Water Resources report indicates the snow pack is only 17% of normal. Aphids in the southern part of the state are becoming much more of a problem with hay yields down 30-80%. Hay prices FOB in the northern San Joaquin Valley are about \$234 for supreme alfalfa hay and \$220 for premium. The first Pasture and Range Condition report of the season was issued by NASS this week. It indicates conditions remain very dry in the Southwest. For the 48 States, 36% of range and pastures were in very poor or poor shape as of May 5. Looking at the same category for selected Western states indicates: Arizona stands at 46%, California 55%, Colorado 76%, Nevada 40%, and New Mexico 91%. The comparable figure for the 48 States in 2012 was 17%. At the CME Group, Grade AA butter pricing closed at \$1.63 on Wednesday, May 8, down 6 cents from a week earlier. CREAM multiples range 1.04 to 1.25. Very little, if any, cream has to leave California. Most of the cream continues to clear to churns. Weather fronts have also cooled off conditions in ARIZONA. Temperatures have been just in the 80s and low 90s. It may be into next week before the 100s arrive again. Conditions have been very windy. Milk does continue to decline from the seasonal peak. Temperatures in NEW MEXICO were way below normal late last week. They are back into a more normal range this week. First cutting hay is starting to be made, but some are waiting until next week because of the chance of showers until Monday. Fat tests on incoming milk in the region are declining along normal patterns. They were in the 4.0-4.1% back in March and are now down to 3.2-3.3%. Contacts note a strong pattern over the last 3-4 years. Milk output is seasonal. Warm days and cool nights are helping to build milk production in the PACIFIC NORTHWEST. The favorable weather is adding to cow comfort levels and resulting in increased production. Dairies in central Washington are building herd numbers as feed costs become more favorable. The added production in the region has some milk shipments out of the area being reported. A recent special spring heifer auction in the area had springing heifer prices for Supreme grade animals ranging from \$1200-1375 per head. UTAH and IDAHO milk supplies are still increasing marginally as they build towards spring flush. First cutting of forages will begin soon and should help to raise production. Processing capacity in the region is above current production and milk is moving into the area.

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: Both Central nonfat dry milk price series narrowed this week as pricing bases shifted higher and spot sale prices retreated. Buyer interest for nonfat dry milk loads is price driven. Several buyers indicated they snapped up loads through the trade rather than through manufacturers because resellers were offering lower prices on loads dated during the current quarter. Some Western NDM resale loads reportedly filled Central demand this week at competitive delivered prices. NDM production is very active in the region, with some plants now processing at daily capacity volumes. Manufacturers' inventories are building steadily. According to NASS, NDM production in the Central region totaled 25.6 million pounds during March 2013, 2.9% less than one month ago, but 46.6% more than the March 2012 total. Cumulative nonfat dry milk production for 2012 in the Central region totals 78.5 million pounds, 56.5% higher compared to 2012 production during the same time span. Foreign Agricultural Service reports nonfat dry milk exports included in H.S. Code 0402100000 total 233.0 million pounds for 2013, through March. This is a 10% decrease in nonfat dry milk exports compared to 2012. March monthly exports compared to one year ago are unchanged, totaling 86.6 million pounds. The April 2013 Dairy Market News average of the mostly price series for Central and East nonfat dry milk, low/medium heat, was \$1.6288 compared to \$1.5217 one month ago and \$1.2319 in April 2012. The March 2013 Dairy Market News average of the range price series for Central and East nonfat dry milk, high heat, was \$1.6777 compared to \$1.6396 one month ago and \$1.3524 in April 2012.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of human food NONFAT DRY MILK during March 2013 totaled 146.1 million pounds, up 6.1% from February 2013 production but 22.8% lower than March 2012 total. Cumulative nonfat dry milk production for 2013 totals 426.6 million pounds, 17.2% lower than 2012 production during the same time span. Month ending stocks, at 213.9 million pounds, are 5.2% lower than a month ago, but 1.7% higher than one year ago. March 2013 production of SKIM MILK POWDERS, which includes protein standardized and blended product, totaled 47.5 million pounds, 10.1% higher than one month ago and 276.2% more than the March 2012 total. Cumulative 2012 skim milk powder production totals 138.7 million pounds, a 96.5% increase in production compared to production during the same time span in 2012.

EAST: Price ranges for low and high heat nonfat dry milk narrowed this week with the net result increasing the average price points. The major impetus for the increases in the average prices were sales based on various price indices, which increased the low ends of the ranges. Domestic spot sales activity moderated this week, resulting in some marginal downward price adjustments. Most buyers have increased supplies over the recent weeks and are now taking a wait and see attitude, preferring a clearer picture of the market prior to additional purchases. Export interest remains fairly good, but sales have also moderated. Production of nonfat dry milk remains very active as seasonal milk production increases are maintaining heavy manufacturing milk volumes going to dryers. Most manufacturers are in production of low heat in order to more readily clear increased milk volumes, but a few plants have been able to schedule some high heat runs. Many market participants remain uncertain of the overall market picture, due to the contrasting factors of the bullish export demand and heavy seasonal production. The market undertone remains steady to cautiously firm.

ATLANTIC REGION DAIRY PRODUCTS: The latest NASS Dairy Products report indicates nonfat dry milk production for March in the Atlantic region totaled 21.9 million pounds, 15.0% of the nation's total. The Atlantic region production was 1.0% less than one year ago, but 14.2% more than the previous month.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.6800 - 1.7500 MOSTLY: 1.7000 - 1.7400
 HIGH HEAT: 1.7200 - 1.7800

U.S. NDM Exports, H.S. Code 0402100000 (FAS)	2013 Exports	
	(Million Lb.)	% Change From 1 Year Ago
March Total	86.6	N.C.
TOTAL, JAN - MAR	233.9	- 10
1 Mexico	98.1	- 9
2 Indonesia	24.4	- 3
3 Philippines	22.3	- 4
4 Vietnam	19.9	+ 21
5 Malaysia	14.2	+ 29

NONFAT DRY MILK - WEST

The price range narrowed for low/medium heat Western powder with the low end sharply higher and the high end slightly lower. The mostly series moved higher. The trade indicates that the market continues to have a firm undertone, but it is not as aggressive and neither buyers nor sellers have much of a sense of urgency now to be active in the market. Most are waiting for new market factors to influence the direction and magnitude of future changes. Indications continue that the U.S. remains the primary source for those in the world searching for good quality dairy proteins at this time. Production is seasonally heavy in the West, but plants are operating on normal, planned schedules. Many are deciding to concentrate on making SMP for the export market versus NDM for the domestic or export market. **DAIRY PRODUCTS:** According to the NASS Dairy Products report, NDM production for the U.S. in March totals 146.1 million pounds, down 22.8% from last year. Cumulative output for the first 3 months of the year totals 426.6 million pounds, down 16.8% from the unadjusted total for 2012. Stocks at the end of March are 213.9 million pounds, up 1.7% from March 2012. Production of NDM in the Western region in March was 98.6 million pounds, down 34.1% from last year. Output of SMP (generally for export channels) totals 47.5 million pounds, more than 3 1/2 times higher than last year. This fact fits into the trend of more exporting of dairy protein sources because of a shortage for current needs. Cumulative output for the first 3 months of 2013 totals 138.7 million pounds, up 92.1% from last year. Exports of NDM for the first three months of the year total 233.9 million pounds, down 10% from last year. The leading export destination is Mexico and that accounts for 42% of this total.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.6000 - 1.7800 MOSTLY: 1.6500 - 1.7500
 HIGH HEAT: 1.6600 - 1.8500

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NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

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DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Prices for Central dry buttermilk are mixed as the bottom of the range dropped 9 cents and the top of the range gained 2 cents. Heavy users of dry buttermilk indicate manufacturers shaved prices on May fixed price contracts to help moderate inventories through the month as well as to incorporate recent valuation decreases in the butterfat component. Dry buttermilk production is reported at seasonal levels as ice cream manufacturers ramp up intakes on condensed buttermilk. The April 2013 Dairy Market News average of the range price series for Central and East dry buttermilk was \$1.4862 compared to \$1.3821 one month ago and \$1.1939 in April 2012.

DAIRY PRODUCTS: NASS Dairy Products reports production of dry buttermilk during March 2013 totaled 12.2 million pounds, 4.1% more than one month and 20.3% more than the March total. Cumulative 2012 dry buttermilk production totals 37.9 million pounds, 13.3% more than during the same time span of 2012. Month ending stocks of dry buttermilk, at 19.7 million pounds, are 14.6% lower than one month ago and 12.7% lower than one year ago.

EAST: The price range for dry buttermilk expanded this week as spot sales lowered the low end of the range, while sales based on various price indices moved the upper end of the range higher. Cream supplies are heavy in the East with significant volumes going to churns, and as a result dry buttermilk production has increased. Current production is adding to supplies. Spot sales remain fairly light, but interest has improved as ice cream manufacturers are preparing to increase production. Most manufacturers are comfortable with their expanding supplies with the expectation that warmer weather will increase ice cream production and dry buttermilk demand. The increases in production have given the market a steady to weak undertone.

F.O.B. CENTRAL/EAST: 1.4500 - 1.6200

DRY BUTTERMILK - WEST

In relatively light trading, the price range became wider this week while the mostly series moved higher. Powder production is seasonally heavy due to much of the available cream supplies entering the churns in the region. Sales of condensed buttermilk are seasonally improving, but slowly. Most contacts indicate that the demand side of the market seems to be a few weeks slower than normal. Producer stocks of powder are held with confidence. **DAIRY PRODUCTS:** According to the NASS Dairy Products report, buttermilk powder production in March totals 12.2 million pounds, up 20.3% from March of 2012. Stocks of powder at the end of the month are 19.7 million pounds, down 12.7% from last year.

F.O.B. WEST: 1.4000 - 1.5800 MOSTLY: 1.5000 - 1.5200

DRY WHOLE MILK - NATIONAL

Prices for dry whole milk are lower and higher on a mixed market. While supplies are tight, prices on butterfat solids are lower and nonfat solids values are under pressure. Various producers indicate demand from confectionary accounts and other end uses is steady to higher as production of candy for fall holidays is underway. Dry whole milk production is higher at some locations where intermittent scheduling of whole milk powder is on the increase. The April 2013 Dairy Market News average of the range price series for dry whole milk was \$1.8409 compared to \$1.7270 one month ago and \$1.5480 in April 2012.

DAIRY PRODUCTS: NASS's Dairy Products report shows dry whole milk production during March 2013 totaled 4.4 million pounds, down 18.6% from February 2013 but 5.6% higher than the March 2012 total. Cumulative 2013 production totals 14.6 million pounds, a 2.7% increase from 2012 production during the same time period. Month ending stocks, at 3.7 million pounds, are 46.1% lower than one month ago and 46.7% lower than one year ago.

F.O.B. PRODUCING PLANT: 1.7800 - 2.0000

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
May 3	\$1.5542	15,242,919	0
April 26	\$1.5440	10,708,743	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 moved lower on both ends of the range price series and on the bottom of the mostly. The market is mixed. Various manufacturers indicate they are clearing some dry whey loads to avoid sending inventories to outside warehouses. The uncharacteristic, below market prices from these few manufacturers are expected to be short lived. Other producers have comfortable dry whey inventories and are pricing at market plus. Export sales are rising steadily, which is helping manufacturers manage stocks on hand. Sales into ice cream and ice cream mix are somewhat below seasonal norms, according to market participants. Sales into animal feed blending accounts utilizing edible dry whey are active, with blenders balancing out purchases of off spec NDM and other higher dairy protein products with F.O.B. spot loads of whey. ANIMAL FEED DRY WHEY prices are unchanged. Production is steady to higher, with some toll drying sending weekly totals higher. Human food dry whey production during March 2013 in the Central region totaled 45.2 million pounds. This dry whey production is 14.8% higher than one month ago, and 11.0% higher than the March 2012 total. Cumulative 2013 human food dry whey production in the Central region totals 127.0 million pounds, 7.2% higher than 2012 production during the same time span. The April 2013 Dairy Market News average of the mostly price series for Central dry whey was \$0.5402 compared to \$0.5538 one month ago and \$0.5446 in April 2012. The March 2013 Dairy Market News average of the range price series for ANIMAL FEED Central milk replacer dry whey was \$0.4672 compared to \$0.4864 one month ago and \$0.4650 in April 2012. Foreign Agricultural Service reports dry whey exports included in H.S. Code 0404104000 total 116.5 million pounds for 2013, through March. This is an 8% decrease in dry whey exports compared to 2012. March monthly exports compared to one year ago decreased 6%, totaling 39.1 million pounds. Although year to date exports to China, Canada and Japan are above one year ago totals, exports to Mexico fell 77%, accounting for a decrease of over 19 million pounds during the respective 2013 and 2012 January - March spans.

DAIRY PRODUCTS: NASS's Dairy Products report shows production of HUMAN FOOD dry whey in March 2013 totaled 79.5 million pounds, 7.8% higher than one month ago but 4.2% lower than the March 2012 total. Month ending stocks of HUMAN FOOD dry whey totaled 73.7 million pounds, 12.8% more than one month ago and 48.8% more than one year ago. Production of ANIMAL FEED dry whey during March 2013 totaled 4.6 million pounds, 37.3% more than one month ago but 9.1% less than the March 2012 total. ANIMAL FEED dry whey month ending stocks totaled 3.6 million pounds, 4.3% lower than one month ago and 7.2% lower than one year ago.

F.O.B. CENTRAL: .4700 - .6200 MOSTLY: .5150 - .5650
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4075 - .5400

DRY WHEY - NORTHEAST

Dry whey prices experienced a downturn on the upper end of the range as sales based on various price indices moved lower, while spot sales marginally firmed the low end of the range. Seasonal increases in milk production are maintaining strong volumes of milk going to cheese plants and keeping dry whey production steady. Domestic demand for dry whey has softened as numerous buyers have recently purchased additional supplies. Market activity has

slowed considerably as most domestic buyers now require price discounts to be prompted to purchase additional volumes, while sellers are currently not inclined to extend discounts. Export interest remains good, but is showing signs of slowing following a period of increased market activity. Some manufacturers continue to use the export market and sales as a way to manage their inventories. The market undertone has weakened compared to previous weeks' activity. The April 2013 Dairy Market News average of the price series for Northeast dry whey was \$0.5792 compared to \$0.5899 one month ago and \$0.6039 in April 2012.

DAIRY PRODUCTS: The latest NASS Dairy Products report shows production of dry whey for human consumption for the nation in March, totaled 79.5 million pounds, 4.2% below year ago levels, but 7.8% more than February. The Atlantic region totaled 18.4 million pounds, or 23.1% of the nation's total. The Atlantic region production was 15.8% less than March 2012, but up 8.8% compared to the previous month. March 31 dry whey for human consumption stocks, at 73.7 million pounds, are 48.8% above year ago levels and 12.8% more than February.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5450 - .6150

DRY WHEY - WEST

Western dry whey prices firmed this week as export sales were reported higher. The market was higher on the bottom of both the full range and mostly price series. The top of both series firmed slightly. Export prices had been trading at a discount to domestic sales and that gap has narrowed. Good export interest, combined with domestic demand, has spurred the higher prices. Whey production and stocks are behind year ago levels, but product is available from both manufacturers and brokers. Sweet whey production is lower as competing protein concentrates increased their share of the whey stream. According to the NASS Dairy Products report, edible U.S. whey production in March totals 79.5 million pounds, down 4.2% (-3.5 million pounds) from March of last year. The Western region produced 16.0 million pounds of whey in March, down 22.0% (-4.5 million pounds) from last year. The West produced 20.1% of the whey in the U.S. in March. Cumulative U.S. total dry whey production for the year is 251.8 million pounds, down 7.9% or 21.6 million pounds from the unadjusted period in 2012. Manufacturers' stocks at the end of March for edible whey are 73.7 million pounds, up 48.8% from last year's unadjusted total. According to the Foreign Agricultural Service, exports of dried whey for January-March 2013 total 116.5 million pounds, down 8% (10.5 million pounds) from the unadjusted same period a year ago. The exports account for 46.3% of the total dry whey production in the U.S. for January-March 2013. China remains the leading U.S. export destination for whey with 29.8% of the total U.S. whey export market. Chinese imports of U.S. whey this year are currently 35% above year ago amounts.

NONHYGROSCOPIC: .5600 - .6250 MOSTLY: .5600 - .6050

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

	2013 Exports (Million Lb.)	% Change From 1 Year Ago
March Total	39.1	- 6
TOTAL, JAN - MAR	116.5	- 8
1 China	34.7	+ 35
2 Canada	12.8	+ 18
3 Japan	9.9	+ 7
4 Indonesia	8.7	+ 38
5 Philippines	6.6	+ 35

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Central and West whey protein concentrate 34% prices are mostly higher on a firming market. Spot loads from manufacturers are more difficult to obtain, with potential buyers indicating they have to place many calls to come up with a single spot load from a producer. Sales into the export market, especially Southeast Asia/China are ramping up swiftly, according to several manufacturers. Production is steady and inventories are light. The April 2013 Dairy Market News average of the mostly price series for whey protein concentrate 34% Central and West was \$1.2378 compared to \$1.2150 one month ago and \$1.4195 in April 2012.

DAIRY PRODUCTS: The NASS Dairy Products report shows production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during March 2013 totaled 17.3 million pounds, 8.1% higher than one month ago, but 17.5% lower than the March 2012 total. Cumulative WPC 34% HUMAN AND ANIMAL WPC (25.0 -49.9% PROTEIN) production for 2013 totals 51.4 million pounds, 18.5% lower than 2012 production during the same time span. Manufacturers' end-of-month stocks of HUMAN AND ANIMAL WPC (25.0 - 49.9% PROTEIN) totaled 26.4 million pounds, unchanged from one month ago but 6.0% lower than one year ago.

F.O.B. EXTRA GRADE 34% PROTEIN:1.2400 - 1.4100 MOSTLY:1.2400 - 1.3000

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

	2013 Exports (Million Lb.)	% Change From 1 Year Ago
March Total	19.1	- 1
TOTAL, JAN - MAR	56.8	+ 24
1 Mexico	17.5	+ 302
2 China	9.2	- 39
3 Canada	8.1	+ 34
4 Australia	3.0	+ 134
5 Taiwan	2.9	+ 769

LACTOSE - CENTRAL AND WEST

Lactose prices are unchanged to lower on the range, and unchanged on the mostly series on a mixed market. May monthly pricing for several producers notched some gains, while some F.O.B. spot loads cleared at lower prices. Market participants indicate the dividing line between firm and soft markets could be loosely defined as lying between unground lactose and 200 mesh and higher

lactose, but that is not the entire situation. There seems to be agreement that stocks of higher mesh lactose are limited and few loads are available for spot market sales. For unground lactose, spot load availability is variable. Some manufacturers report they are out of the spot market as they are sold out or over sold for the balance of this quarter. Other producers are clearing spot loads of unground lactose into domestic and international markets at prices within the mostly price series. Sales into confectionary accounts are reportedly increasing as chocolate base manufacturers gear up for Halloween candy production. Producers relate the successful marketing of their loads to qualities of their unground lactose as well as plant/process certifications. Conversely, a few other producers indicate they have unground lactose in various packaging styles, but buyers are reluctant to bid, and in some cases, have pushed back on offers priced moderately above the bottom of the range. Some manufacturers' spot sale prices represent proactive management of near term inventories. The April 2013 Dairy Market News average of the mostly price series for Central and West lactose was \$0.6439, compared to \$0.6838 one month ago. The average price one year ago was \$0.9126.

DAIRY PRODUCTS: NASS's Dairy Products report shows HUMAN and ANIMAL lactose production during March 2013 increased 17.5% compared to February 2013 to 91.9 million pounds and increased 1.1% compared to the March 2012 total. Cumulative 2013 lactose production totals 258.7 million pounds, unchanged from the same time span in 2012. Month ending stocks, at 90.9 million pounds, are 1.8% higher than one month ago, and 21.9% higher than one year ago.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL.4500 - .7500 MOSTLY: .5800 - .7100

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

	2013 Exports (Million Lb.)	% Change From 1 Year Ago
March Total	38.6	+ 5
TOTAL, JAN - MAR	120.3	+ 25
1 New Zealand	23.9	+ 30
2 China	18.0	- 17
3 Mexico	13.9	+ 18
4 Japan	9.8	+ 48
5 Brazil	8.8	+ 66

CASEIN - NATIONAL

Prices for both casein types are steady. The market tone is slightly firmer within the range. Buyer interest is fair to good for the current supplies. Casein utilization is along planned levels. Higher milk production is now noted in casein producing countries in the EU.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 4.3500 - 4.7000
ACID: 4.6000 - 4.9500

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	
04/20/2013	62.3	1,028.1		57.0	982.3	

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)

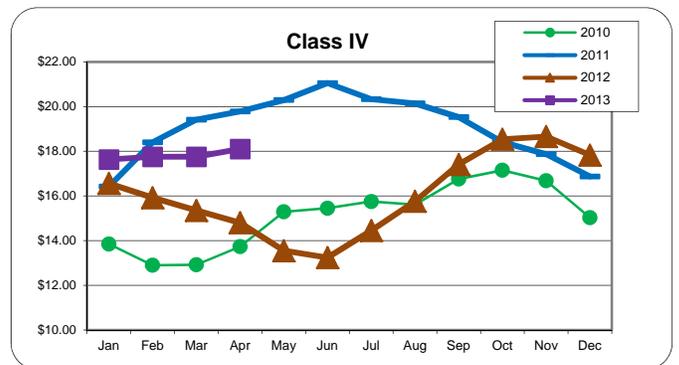
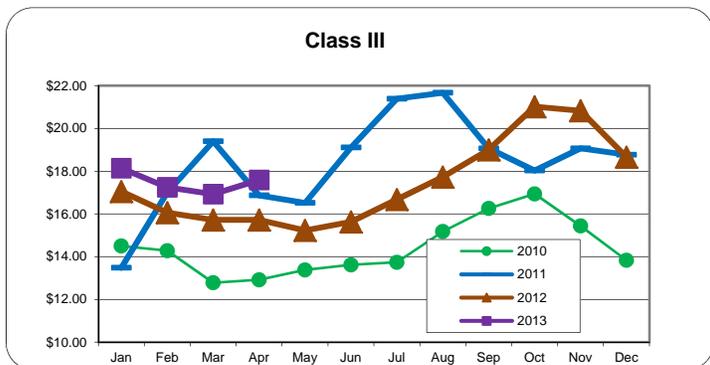
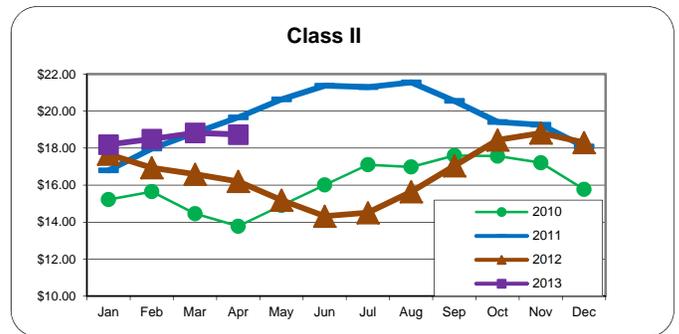
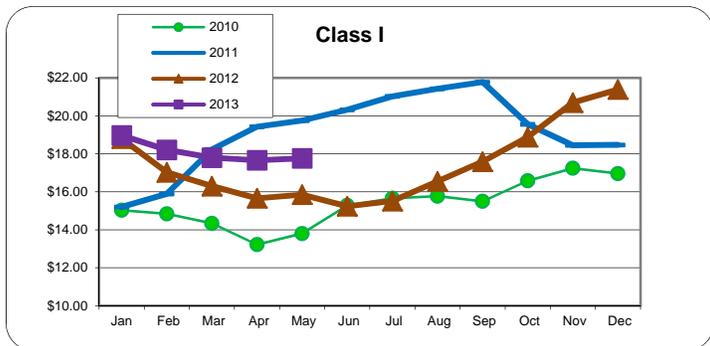
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03
2011	16.42	18.40	19.41	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	17.66	17.76							
II	18.19	18.49	18.82	18.73								
III	18.14	17.25	16.93	17.59								
IV	17.63	17.75	17.75	18.10								

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 April 29 - May 10, 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 in the EU-27 in March was 2.3% less than a year earlier. Currently, output is beginning to develop at incrementally higher levels across most countries in Western Europe. Weather conditions have been more seasonal. Temperatures are warmer and drier periods have materialized. The change is allowing for pasture growth and more intense grazing. Hay crop growth is also being welcomed as farmers seek to utilize the new season's crop. The patterns are about four weeks behind normal. As milk output builds, processing plants are increasing production schedules. There is a diverse product mix. Trade sources are stating that weekly milk production levels are above a year ago in several countries that have been tracking below a year ago for many months. The concern is that the peak will be reached sooner than normal and not last. Fluid milk demand and interest for domestic consumer products are steady to higher. Dairy product prices are steady to lower, reflecting softness in international markets. The changes follow sharply higher prices in recent months. Buyers are more comfortable with short-term positions and are less aggressive. Private Storage Assistance (PSA) butter intakes in the EU are running at about 57% of last year's level, totaling 34,500 MT from March 1 to the first week of May.

BUTTER/BUTTEROIL: Butter prices are steady to trending lower off the top end of the range. There are some pricing pressures in the world markets and local prices were being adjusted. The market tone is steady to weaker. Buyers are more cautious, often in a waiting pattern. There is good demand for cream and butter into domestic markets. Print butter interest is good. Higher retail prices are being noted in Europe. Exports are being restricted because of the relative high market prices in the EU and the available, lower priced offerings from other regions. Current production levels are seasonally active, picking up where milk and cream receipts are improving. Private Storage Assistance (PSA) butter intakes are running at about 57% of last year's level, totaling 34,500 MT from March 1 to the first week of May. European butteroil prices did not change. The market tone is quiet with little activity occurring on production and sales. World AMF pricing is tending to be lower than the butteroil levels out of Europe.

82% BUTTERFAT: 4,900 - 5,300
99% BUTTERFAT: 5,500 - 6,100

SKIM MILK POWDER (SMP): European skim milk powder prices are trending lower. The market undertone is unsettled to weaker with buying interest less aggressive than in recent weeks. Lower prices in the Oceania region and the backing off on demand are noted. Buyers have more coverage and are more comfortable with current positions. There is reluctance on negotiating for Q3 and later needs. Production levels are mainly steady across Europe. Some regions are receiving and processing additional milk supplies. Holdings of traders/handlers are at light to moderate levels. European SMP offered at the May 1 gDT trading event traded at \$3,925 - 4,220 per MT for July shipment.

1.25% BUTTERFAT: 3,900 - 4,300

SWEET WHEY POWDER: The price range for European whey is unchanged, yet several pricing points were lower within the range. The market tone is described as quiet. Export demand is uneven and has slowed from recent weeks. Buying interest is light to fair and buyers are not aggressive in securing additional whey holdings, especially at high pricing levels. Whey production is steady with active cheese making. Whey stocks are mainly light to moderate. The feed whey market pricing is lower and the market tone continues to trend weaker.

NONHYGROSCOPIC: 1,300 - 1,525

WHOLE MILK POWDER (WMP): European WMP prices are steady to lower. Buying interest has slowed in recent weeks. Export interest is lighter as some buyers have near term needs met and are willing to wait. Longer-term needs are being assessed. Other buyers are tending to be more hopeful of lower pricing prospects as the season progresses. Some buying countries are being priced out of the market at current levels. They are either placing a hold on buying or searching for alternatives and blends. WMP offerings from other world suppliers are tight. Current production is trending steady to slightly higher. Holdings are in tight positions.

26% BUTTERFAT: 4,500 - 5,000

EASTERN OVERVIEW: Eastern European milk production ranges from slightly lower to higher than a year ago. Incremental increases are being noted as seasonal patterns develop. Plant schedules are being increased to handle the milk growth. March milk production in Poland was down 1% versus a year earlier.

**Exchange rates for selected foreign currencies:
May 6, 2013**

.1921 Argentina Peso	.0101 Japan Yen
1.0253 Australian Dollar	.0826 Mexican Peso
.9932 Canadian Dollar	.8515 New Zealand Dollar
1.3076 Euro	.3151 Polish Zloty
.0185 India Rupee	

To compare the value of 1 US Dollar to Mexican Pesos:
(1/.0826) = 12.1065 Mexican Pesos.
Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered April 29 - May 10, 2013

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OCEANIA OVERVIEW: NEW ZEALAND milk production trends continue to lower and total volumes are tracking below year ago levels. The milk season is winding down and coming to a harder close than normal year projections. The effects of the lower milk output this season and impacts on finished dairy products have mostly been absorbed by the market. The implications of the recent rainfalls are limited on current milk output. The decisions made to cull or dry off cows are not changeable, so those categories are not going to see any influences because of the rains. The positives are that farmers are able to position cows to have better conditioning for next season, along with allowing pastures to be in better shape. Rains have been common over much of the North Island. News reports are indicating flooding in various areas. Yet, some areas remain drier than normal. Producers are making plans to best utilize their existing feed stocks during the off season. Currently, processing plants are running on reduced schedules and processors are closing down plants in incremental ordering to facilitate the decline in milk receipts. Total season milk projections are now expected to be around to slightly lower than last season's mark. **AUSTRALIAN** milk production is trending lower and tracking at levels below year ago marks. While conditions have stabilized in April and brought more normalcy to the milk production curve, there are concerns about getting the herds and pastures in shape for next season. Farmers are feeding supplemental feedstuffs to augment the feed shortages. The impact of weather, feed costs, and time of season, are all playing a role in the declining milk receipts. Milk price step ups are being seen, helping financials at the farm levels and providing a bearish tone to the upcoming season. Processing plants are scaling back and focusing on local, consumer products and export products of greatest needs/values to satisfy customer demand and maximize returns. Other processors are catching up on past orders. Dairy product prices are retreating from recent seasonal high levels. Demand became more uneven as the pricing levels reached higher points. Buyers are less aggressive in pushing prices and the drop in demand was expected as near-term coverage became more common and buyers were reluctant to be in the market at the high prices. Any concerns about Chinese import restrictions are generally being allayed. There were sharp increases in import levels ahead of the new regulations on May 1. The bulk of the New Zealand season has passed. **gDT:** At the May 1st gDT session #91, average prices were trending mostly lower. The all contracts price averages (US\$ per MT) and percent changes from the previous average are: anhydrous milk fat, \$4,675 -5.2%; butter, \$4,409 -6.7%; buttermilk powder, \$4,500 -3.3%; cheddar cheese, \$4,800 +3.4%; lactose, not traded; milk protein concentrate, not traded; rennet casein, \$9,745 -3.1%; skim milk powder, \$4,280 -9.5%; and whole milk powder, \$4,721 -10.2%.

BUTTER: Oceania butter prices trended lower from the prior period's report. Indications are weaker for butterfat with both butter and AMF prices lower at the latest gDT event. Offering prices are lower within the region. Demand is at light to moderate levels. Volumes are moving out under arrangements, but new interest is more subdued. Some buyers are concerned about the relative high levels and do not want to over position holdings. With milk production declining seasonally and additionally impacted by dry conditions, milkfat quantities are in tighter positions. Offering volumes of butter and AMF are light. Consumer products are taking the bulk of fat

offerings in Australia. At the May 1 gDT event, butter averaged \$4,575/MT for the July contracts, -1.4%, and \$4,409/MT for all contract periods, -6.7%. AMF prices averaged \$4,795/MT for the nearby July contracts, -4.5% from the prior event. The AMF price average was \$4,675/MT for all contract periods, -5.2%.

82% BUTTERFAT: 4,200 - 4,600

SKIM MILK POWDER (SMP): Pricing trends for Oceania SMP are lower, reversing the upward direction of recent months. The market tone is tending to be unsettled. Demand has backed off with buyers having coverage or less willing to hold SMP at current prices. The price corrections are welcomed by buyers, yet the questions remain on current availability of additional powder and what demand has been idled because of the pricing levels. Drying schedules are seasonally lower and are additionally affected by lower milk receipts caused by the past dry conditions. Traders and handlers are strategically working holdings to service sales on the books. Offerings are seasonally light. The pricing gap between NZ medium heat SMP and for U.S. and European SMP continues to narrow. For July sales, the gap is now \$995/MT for U.S. MH SMP and \$1,185/MT for E.U. MH SMP. At the May 1 gDT event, SMP for all contracting periods averaged \$4,280 per MT, down 9.5%. For the nearby trading in contract period 2, (July 2013), prices averaged \$5,110 for NZ sourced medium heat product.

1.25% BUTTERFAT: 4,200 - 5,200

CHEDDAR CHEESE: Cheddar cheese price are relatively stable, trading in a wide range. Offerings are light to moderate and generally filling current needs. Demand is light to fair, yet less aggressive than in recent weeks. Many buyers have covered positions for nearby needs and are positioned for maturation programs. Demand is along expectations to Asia. Internal demand is fair to good. Production has slowed with the declining, seasonal milk supplies.

39% MAXIMUM MOISTURE: 4,200 - 5,000

WHOLE MILK POWDER (WMP): Oceania whole milk powder prices moved lower this reporting period. Following months of price buildup to historically high levels, the easing of the market prices is bringing still more questions than answers. Has the market reached the top? Did the fact that the May 1 holidays in several countries stifle normal demand? Have buyers reached to other countries for supplies? The production season is winding down in a tighter and quicker fashion than projected. The end of season volumes are lighter than thought because of the drought in the North Island of New Zealand and general dry conditions in other dairy regions of Oceania. Supplies of WMP are expected to remain tight into the new season. Demand slowed at the higher prices and buyers are in tune with the market as they assess the declining pricing levels. At the May 1 gDT event, the WMP pricing index, across all contracting periods averaged \$4,721 per MT, down 10.2%. Contract 2 (July 2013) pricing averaged \$6,001 per MT, down 4.8%.

26% BUTTERFAT: 4,800 - 5,500

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered April 29 - May 10, 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 91 Recap - May 1, 2013												
	Contract 1 Jun-13		Contract 2 Jul-13		Contract 3 Aug-13		Contract 4 Sep-13		Contract 5 Oct-13		Contract 6 Nov-13		All Contracts
Anhydrous Milk Fat	n.a.	\$4,795	-4.5%	\$4,791	-5.9%	\$4,629	-10.1%	\$4,411	-5.8%	\$4,463	-2.3%	\$4,675	-5.2%
Butter	n.a.	\$4,575	-1.4%	\$4,225	-11.6%	\$4,250	-15.0%	n.a.	n.a.	n.a.	n.a.	\$4,409	-6.7%
Buttermilk Powder	n.a.	\$4,500	-3.3%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$4,500	-3.3%
Cheddar	n.a.	\$4,800	3.4%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$4,800	3.4%
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.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Rennet Casein	n.a.	\$9,745	-3.1%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$9,745	-3.1%
Skim Milk Powder	\$4,005	-4.7%	\$4,224	-8.1%	\$4,800	-13.1%	\$4,404	-14.2%	\$4,276	-12.6%	n.a.	\$4,280	-9.5%
Whole Milk Powder	n.a.	\$6,001	-4.8%	\$5,517	-8.8%	\$4,596	-23.8%	\$4,518	-7.6%	\$4,567	-5.7%	\$4,721	-10.2%

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

US\$/Pound	Global/Dairy Trading (g/DT) Event 91 Recap - May 1, 2013												
	Contract 1 Jun-13		Contract 2 Jul-13		Contract 3 Aug-13		Contract 4 Sep-13		Contract 5 Oct-13		Contract 6 Nov-13		All Contracts
Anhydrous Milk Fat	n.a.	\$2.1750	-4.5%	\$2.1732	-5.9%	\$2.0997	-10.1%	\$2.0008	-5.8%	\$2.0244	-2.3%	\$2.1206	-5.2%
Butter	n.a.	\$2.0752	-1.4%	\$1.9164	-11.6%	\$1.9278	-15.0%	n.a.	n.a.	n.a.	n.a.	\$1.9999	-6.7%
Buttermilk Powder	n.a.	\$2.0412	-3.3%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$2.0412	-3.3%
Cheddar	n.a.	\$2.1773	3.4%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$2.1773	3.4%
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.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Rennet Casein	n.a.	\$4.4203	-3.1%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$4.4203	-3.1%
Skim Milk Powder	\$1.8167	-4.7%	\$1.9160	-8.1%	\$2.1773	-13.1%	\$1.9976	-14.2%	\$1.9396	-12.6%	n.a.	\$1.9414	-9.5%
Whole Milk Powder	n.a.	\$2.7220	-4.8%	\$2.5025	-8.8%	\$2.0847	-23.8%	\$2.0494	-7.6%	\$2.0716	-5.7%	\$2.1414	-10.2%

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

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	04/25	04/26	04/29	04/30	05/01	05/02	05/03	05/06	05/07	05/08
CME - CLASS III MILK FUTURES (Pit-Traded)										
APR 13	17.60 (3021) 0	17.62 (3009) 0	17.60 (3003) 0	17.60 (2996) 0	17.59 (2600) 0					
MAY 13	18.65 (4357) 0	18.70 (4369) 18	18.62 (4332) 3	18.67 (4167) 7	18.65 (4126) 19	18.69 (4158) 0	18.70 (4139) 0	18.68 (4072) 0	18.56 (4069) 0	18.59 (3977) 0
JUN 13	19.03 (3078) 0	19.26 (3071) 0	19.58 (3202) 5	19.54 (3336) 4	19.45 (3381) 22	19.31 (3425) 0	18.91 (3659) 0	18.86 (3711) 0	18.52 (3678) 0	18.34 (3725) 4
JUL 13	19.31 (2684) 0	19.45 (2714) 0	19.59 (2765) 3	19.50 (2802) 0	19.44 (2802) 0	19.34 (2804) 0	19.14 (2825) 0	19.10 (2842) 0	18.78 (2884) 0	18.80 (2892) 4
AUG 13	19.28 (2517) 0	19.39 (2532) 0	19.50 (2589) 3	19.40 (2611) 0	19.40 (2616) 0	19.36 (2613) 0	19.20 (2612) 0	19.20 (2628) 0	18.91 (2646) 0	18.96 (2657) 9
SEP 13	19.24 (2067) 0	19.30 (2089) 0	19.35 (2111) 3	19.25 (2133) 0	19.28 (2145) 0	19.30 (2161) 0	19.23 (2169) 0	19.17 (2179) 0	19.02 (2185) 0	19.10 (2250) 9
OCT 13	18.90 (1735) 0	18.92 (1745) 10	18.96 (1754) 3	18.89 (1768) 0	18.85 (1770) 0	18.90 (1785) 0	18.88 (1786) 0	18.82 (1794) 0	18.70 (1799) 0	18.82 (1809) 8
NOV 13	18.58 (1642) 0	18.53 (1658) 0	18.54 (1667) 37	18.50 (1668) 0	18.50 (1668) 0	18.52 (1671) 0	18.52 (1667) 0	18.46 (1670) 0	18.38 (1673) 0	18.45 (1688) 8
DEC 13	18.19 (1545) 0	18.13 (1553) 0	18.15 (1560) 52	18.13 (1567) 0	18.16 (1572) 0	18.15 (1575) 0	18.17 (1575) 0	18.12 (1579) 0	18.08 (1582) 0	18.06 (1587) 8
JAN 14	17.73 (427) 0	17.75 (429) 0	17.75 (429) 0	17.75 (429) 0	17.75 (429) 0	17.80 (430) 0	17.80 (430) 0	17.79 (430) 0	17.79 (430) 0	17.65 (438) 0
CME - CLASS IV MILK FUTURES (Pit-Traded)										
APR 13	18.30 (284) 0	18.30 (284) 0	18.30 (284) 0	18.30 (284) 0	18.10 (284) 0					
MAY 13	18.81 (310) 0	18.85 (310) 0	18.85 (310) 0	18.85 (310) 0	18.85 (310) 0	18.99 (310) 0	18.93 (310) 0	19.08 (310) 0	19.07 (315) 0	19.07 (315) 0
JUN 13	19.70 (276) 1	19.70 (276) 0	19.70 (276) 3	19.70 (276) 0	19.70 (276) 0	19.70 (280) 10	19.70 (280) 0	19.70 (280) 0	19.70 (280) 0	19.68 (283) 4
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
APR 13	169.00 (403) 16	168.75 (403) 5	169.00 (403) 7	169.00 (403) 0	167.66 (401) 0					
MAY 13	172.50 (626) 0	172.00 (632) 7	172.00 (632) 0	172.33 (632) 0	173.00 (632) 2	171.00 (639) 31	167.68 (655) 23	168.00 (656) 1	167.20 (659) 3	167.20 (659) 0
JUN 13	174.75 (647) 4	174.75 (651) 5	174.75 (651) 0	175.00 (653) 2	175.00 (655) 5	173.00 (649) 34	171.00 (658) 20	171.00 (661) 8	169.75 (661) 5	167.50 (658) 17
CME - NONFAT DRY MILK FUTURES (Pit-Traded)										
APR 13	153.03 (287) 0	153.03 (287) 0	153.03 (287) 0	153.03 (287) 0	153.12 (287) 0					
MAY 13	159.33 (245) 0	160.03 (245) 0	160.03 (245) 0	160.03 (245) 0	160.03 (245) 0	162.00 (245) 0	163.25 (246) 0	164.78 (242) 0	165.00 (242) 0	165.00 (242) 0
JUN 13	168.00 (292) 0	168.00 (292) 0	168.00 (292) 0	168.25 (294) 0	168.25 (294) 0	169.00 (293) 0	169.53 (293) 0	169.53 (293) 0	170.00 (293) 0	169.75 (293) 0
CME - WHEY (Electronic-Traded)										
APR 13	58.20 (266) 0	58.20 (266) 0	58.20 (266) 0	58.20 (266) 0	57.41 (266) 0					
MAY 13	56.50 (271) 0	56.50 (271) 0	57.93 (271) 1	58.75 (271) 1	58.00 (261) 12	57.75 (261) 0	57.75 (261) 0	57.75 (261) 0	57.75 (261) 0	57.25 (262) 4
JUN 13	59.25 (197) 1	59.25 (197) 0	59.25 (197) 0	59.75 (197) 0	58.75 (201) 4	57.75 (202) 7	57.25 (204) 5	57.00 (205) 3	56.50 (212) 7	56.50 (220) 16
CME - CHEESE CSC (Electronic-Traded)										
APR 13	1.73 (1100) 1	1.73 (1100) 0	1.73 (1100) 0	1.73 (1100) 0	1.73 (1063) 0					
MAY 13	1.84 (1043) 1	1.84 (1043) 0	1.84 (1042) 11	1.84 (993) 54	1.83 (979) 21	1.84 (979) 7	1.84 (979) 0	1.84 (977) 2	1.84 (977) 2	1.83 (977) 7
JUN 13	1.86 (670) 5	1.88 (668) 4	1.91 (667) 2	1.91 (666) 4	1.90 (666) 7	1.90 (667) 2	1.86 (670) 39	1.86 (687) 35	1.83 (696) 53	1.81 (738) 74
JUL 13	1.88 (489) 15	1.90 (487) 1	1.90 (487) 0	1.91 (487) 1	1.90 (487) 5	1.90 (494) 8	1.88 (507) 18	1.88 (513) 6	1.86 (530) 28	1.86 (532) 2
AUG 13	1.88 (446) 7	1.89 (445) 3	1.89 (445) 3	1.90 (445) 0	1.90 (446) 12	1.90 (451) 5	1.89 (465) 20	1.88 (466) 21	1.87 (483) 30	1.86 (495) 32
SEP 13	1.89 (397) 1	1.89 (391) 0	1.89 (391) 0	1.89 (391) 5	1.89 (394) 5	1.89 (394) 8	1.89 (394) 2	1.89 (394) 3	1.88 (413) 26	1.87 (434) 21

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

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

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish, and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
JAN 2013	236.3	1.6	220.3	-0.1	217.4	2.0	223.8	-1.5	199.7	-3.5	232.5	1.2
FEB 2013	236.3	1.6	219.5	0.1	217.0	2.9	223.8	-1.1	198.6	-1.8	233.0	1.9
MAR 2013	236.3	1.5	218.1	-0.5	214.5	1.9	222.9	-1.3	197.1	1.0	233.3	1.2
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}			
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	Dollars											
JAN	3.526	3.583	N/A	3.501	4.258	4.396	5.832	5.717	5.263	5.290		
FEB	3.480	3.520	N/A	3.467	4.238	4.262	5.936	5.598	5.184	5.030		
MAR	3.431	3.499	N/A	3.180	4.207	4.316	5.736	5.659	5.089	5.090		

N/A = Not available. ^{1/} "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. ^{2/} The standard reference base period for these indexes is 1982-1984 = 100. ^{3/} Percent change over previous year. ^{4/} Per gallon. ^{5/} Per pound. Grade AA, salted, stick butter. ^{6/} Per pound, any size and type of package. ^{7/} Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc). ^{8/} Per 1/2 gallon prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS – DECEMBER-FEBRUARY 2011-2013 AND YEAR-TO-DATE 2011-2012 ^{1/}

Item	Dec.-Feb. 2011/12	Percent change ^{2/}	Dec.-Feb. 2012/13	Percent change ^{2/}	Jan.-Dec. 2011	Percent change ^{2/}	Jan.-Dec. 2012	Percent change ^{2/}
	Million Pounds							
MILK								
Production	49,879	4.1	49,645	-0.5	195,674	1.3	200,284	2.1
Marketings	49,633	4.2	49,401	-0.5	194,686	1.3	199,297	2.1
Beginning Commercial Stocks ^{3/}	10,567	0.5	11,296	6.9	10,927	-3.6	10,983	0.5
Imports ^{3/}	943	31.8	1,139	20.9	3,220	3.9	3,673	13.8
Total Supply ^{4/}	61,143	3.8	61,836	1.1	208,833	1.1	213,953	2.0
Ending Commercial Stocks ^{3/}	13,466	11.8	14,450	7.3	10,983	0.5	12,194	11.0
Net Removals ^{3/}	0	0.0	0	0.0	0	-100.0	0	0.0
Commercial Disappearance ^{4/}	47,677	1.8	47,386	-0.6	197,850	1.2	201,759	1.7
SELECTED PRODUCTS ^{5/}								
Butter	416.4	1.9	429.1	3.1	1,809.9	11.0	1,844.4	1.6
American Cheese	1,065.5	0.9	1,051.5	-1.3	4,271.1	0.1	4,369.4	2.0
Other Cheese	1,678.6	5.0	1,676.4	-0.1	6,670.2	4.4	6,795.8	1.6
Nonfat Dry Milk	424.9	16.4	339.8	-20.0	1,494.6	-3.6	1,766.7	17.9
Fluid Milk Products ^{6/}	13,598.5	-2.7	13,140.2	-2.3	53,714.2	-1.9	52,850.7	-1.9

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

Source: U.S. Department of Agriculture. Economic Research Service. Agricultural Marketing Service. Fluid Milk Products.

MARCH 2013 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 183.6 million pounds, 4.2 percent above March 2012 and 5.6 percent above February 2013. **AMERICAN TYPE CHEESE** production totaled 383.5 million pounds, 1.4 percent above March 2012 and 10.6 percent above February 2013. **TOTAL CHEESE** output (excluding cottage cheese) was 954.3 million pounds, 0.2 percent below March 2012 but 11.5 percent above February 2013. **NONFAT DRY MILK** production, for human food, totaled 146.1 million pounds, 22.8 percent below March 2012 but 6.1 percent above February 2013. **DRY WHEY** production, for human food, was 79.5 million pounds, 4.2 percent below March 2012 but 7.8 percent above February 2013. **ICE CREAM** (hard) production totaled 69.5 million gallons, 5.1 percent below March 2012 but 11.3 percent above January 2013.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	MAR 2013	PERCENT CHANGE FROM:			PRODUCT	MAR 2013	PERCENT CHANGE FROM:		
	1,000 LBS.	MAR 2012	FEB 2013	YEAR TO DATE ^{1/}		1,000 LBS.	MAR 2012	FEB 2013	YEAR TO DATE ^{1/}
BUTTER	183,622	4.2	5.6	3.2	YOGURT (PLAIN AND FLAVORED)	421,322	4.4	17.3	2.0
CHEESE					DRY WHEY, HUMAN FOOD	79,528	-4.2	7.8	---
AMERICAN TYPES ^{2/}	383,540	1.4	10.6	1.5	DRY WHEY, ANIMAL FEED	4,552	-9.1	37.3	---
CHEDDAR	281,811	2.6	12.1	1.8	DRY WHEY, TOTAL ^{3/}	84,080	-4.5	9.1	-7.9
OTHER AMERICAN	101,729	-1.8	6.7	---	REDUCED LACTOSE AND MINERALS				
BRICK & MUENSTER	13,234	-0.2	11.9	---	HUMAN FOOD	2,743	-18.1	10.1	---
CREAM & NEUFCHATEL	60,570	-13.4	-4.8	---	ANIMAL FEED	4,878	-5.9	8.1	---
HISPANIC	19,433	-0.9	4.4	---	LACTOSE, HUMAN FOOD & ANIMAL FEED	91,861	1.1	17.5	-0.1
TOTAL ITALIAN TYPES	415,791	1.3	15.2	-0.6	WHEY PROTEIN CONCENTRATE				
MOZZARELLA	326,397	2.5	17.0	-0.5	HUMAN FOOD ^{4/}	36,655	-0.1	8.5	---
OTHER ITALIAN	89,394	-2.9	9.1	---	ANIMAL FEED ^{5/}	922	-63.7	84.4	---
SWISS	24,402	-10.7	4.2	---	TOTAL ^{6/}	37,577	-4.2	9.6	-3.6
ALL OTHER TYPES	15,689	10.4	24.6	---	25.0-49.9 PERCENT ^{10/}	17,273	-17.5	8.1	---
TOTAL	954,335	-0.2	11.5	0.6	50.0-89.9 PERCENT ^{10/}	20,304	11.1	10.9	---
COTTAGE CHEESE, CURD ^{3/}	32,871	-9.1	2.4	---	WHEY PROTEIN ISOLATES ^{11/}	7,636	27.2	11.4	---
COTTAGE CHEESE, CREAM ^{4/}	26,655	-0.8	6.6	-1.2					
COTTAGE CHEESE, LOWFAT ^{5/}	31,484	-3.4	2.4	-2.7	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
DRY BUTTERMILK	12,235	20.3	4.1	---	ICE CREAM (HARD)	69,457	-5.1	11.3	-2.8
DRY WHOLE MILK	4,448	5.6	-18.6	---	ICE CREAM, LOWFAT (HARD)	19,159	-2.4	21.4	---
MILK PROTEIN CONC. (MPC), TOTAL ^{6/}	11,534	7.8	23.3	---	ICE CREAM, LOWFAT (SOFT)	21,360	-21.6	30.8	---
NONFAT DRY MILK (NDM), HUMAN	146,091	-22.8	6.1	-16.8	ICE CREAM, LOWFAT (TOTAL)	40,519	-13.6	26.2	-13.8
SKIM MILK POWDERS (SMP) ^{7/}	47,546	27.2	10.1	92.1	SHERBET, HARD	4,304	-2.6	30.5	-1.9
SOUR CREAM	105,698	-2.6	11.3	-0.3	FROZEN YOGURT (TOTAL)	6,757	1.1	17.4	-14.3

MANUFACTURERS' STOCKS, END OF MONTH ^{12/}							
PRODUCT	MAR 2013	PERCENT OF:		PRODUCT	MAR 2013	PERCENT OF:	
	1,000 LBS.	MAR 2012	FEB 2013		1,000 LBS.	MAR 2012	FEB 2013
DRY WHEY, HUMAN FOOD	73,676	48.8	12.8	WHEY PROTEIN CONCENTRATE			
DRY WHEY, ANIMAL FEED	3,552	-7.2	-4.3	HUMAN FOOD ^{9/}	56,300	22.7	2.7
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL ^{13/}	6,222	-18.5	7.2	ANIMAL FEED ^{9/}	1,588	-8.3	16.0
LACTOSE, HUMAN FOOD & ANIMAL FEED	90,941	21.9	1.8	TOTAL ^{9/}	57,888	21.6	3.0
DRY BUTTERMILK	19,655	-12.7	-14.6	25.0-49.9 PERCENT ^{10/}	26,365	-6.0	0.0
NONFAT DRY MILK (NDM), HUMAN FOOD	213,925	1.7	-5.2	50.0-89.9 PERCENT ^{10/}	31,523	61.1	5.7
				WHEY PROTEIN ISOLATES ^{11/}	10,883	28.8	5.8

^{1/} 2013 cumulative as percent change of 2012 cumulative. ^{2/} Includes Cheddar, Colby, Monterey and Jack. ^{3/} Mostly used for processing into cream or lowfat cottage cheese. ^{4/} Fat content 4 percent or more. ^{5/} Fat content less than 4 percent. ^{6/} Dry milk protein concentrate, 40-89.9 percent. ^{7/} Includes protein standardized and blends. ^{8/} Excludes all modified dry whey products. ^{9/} Whey protein concentrate, 25.0 to 89.9 percent. ^{10/} Whey protein concentrate, human and animal. ^{11/} Whey protein isolates, 90.0 percent or greater. ^{12/} Stocks held by manufacturers at all points and in transit. ^{13/} Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

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

DAIRY PRODUCTS 2012 SUMMARY

Butter production in the United States during 2012 totaled 1.86 billion pounds, 2.8 percent above 2011. California accounted for 35.2 percent of the production.

Total cheese production, excluding cottage cheeses, was 10.9 billion pounds, 2.8 percent above 2011 production. Wisconsin was the leading State with 25.6 percent of the production, followed by California with 20.6 percent and Idaho with 7.9 percent.

American type cheese production was 4.36 billion pounds, 3.1 percent above 2011 and accounted for 40.0 percent of total cheese in 2012. Wisconsin was the leading State with 19.0 percent of production, followed by Idaho with 13.9 percent and California with 13.7 percent.

Italian varieties, with 4.63 billion pounds were 1.1 percent above 2011 production and accounted for 42.5 percent of total cheese in 2012. Mozzarella accounted for 78.0 percent of the Italian production followed by Provolone with 7.7 percent and Parmesan with 6.4 percent. California was the leading State in Italian cheese production with 30.7 percent of the production, followed by Wisconsin with 30.3 percent and New York with 7.9 percent.

Ice cream, Regular totaled 899 million gallons, up 1.2 percent from 2011. Lowfat ice cream, at 467 million gallons, was up 12.3 percent.

Nonfat dry milk for human food totaled 1.76 billion pounds, up 17.7 percent from 2011. California was the leading state with 47.1 percent of the production. Skim milk powders totaled 381 million pounds, down 14.7 percent.

Dry whey, total production, at 999 million pounds, was down 1.1 percent from 2011. Lactose, Human and Animal production was 1.03 billion pounds, up 2.6 percent.

Dairy Plants: During 2012, there were 1,288 dairy plants in the U.S. manufacturing one or more dairy products, 10 more than in 2011.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. *Dairy Products 2012 Summary, April 2013.*

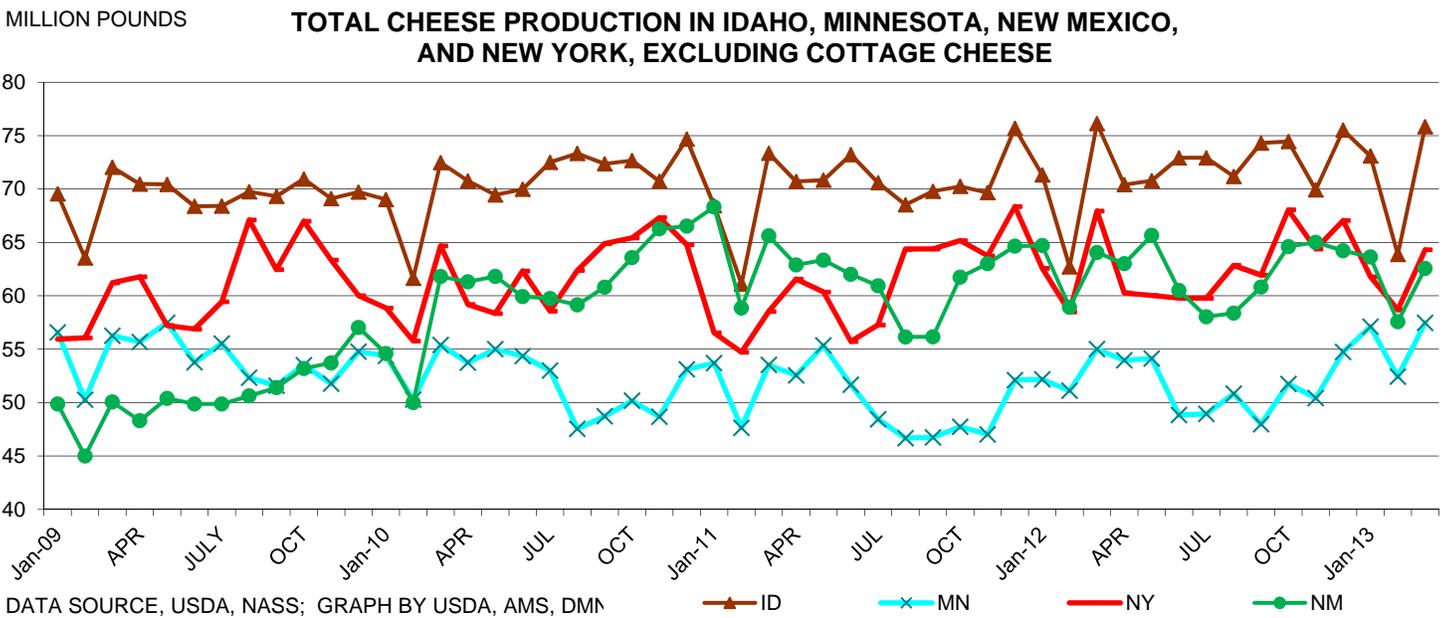
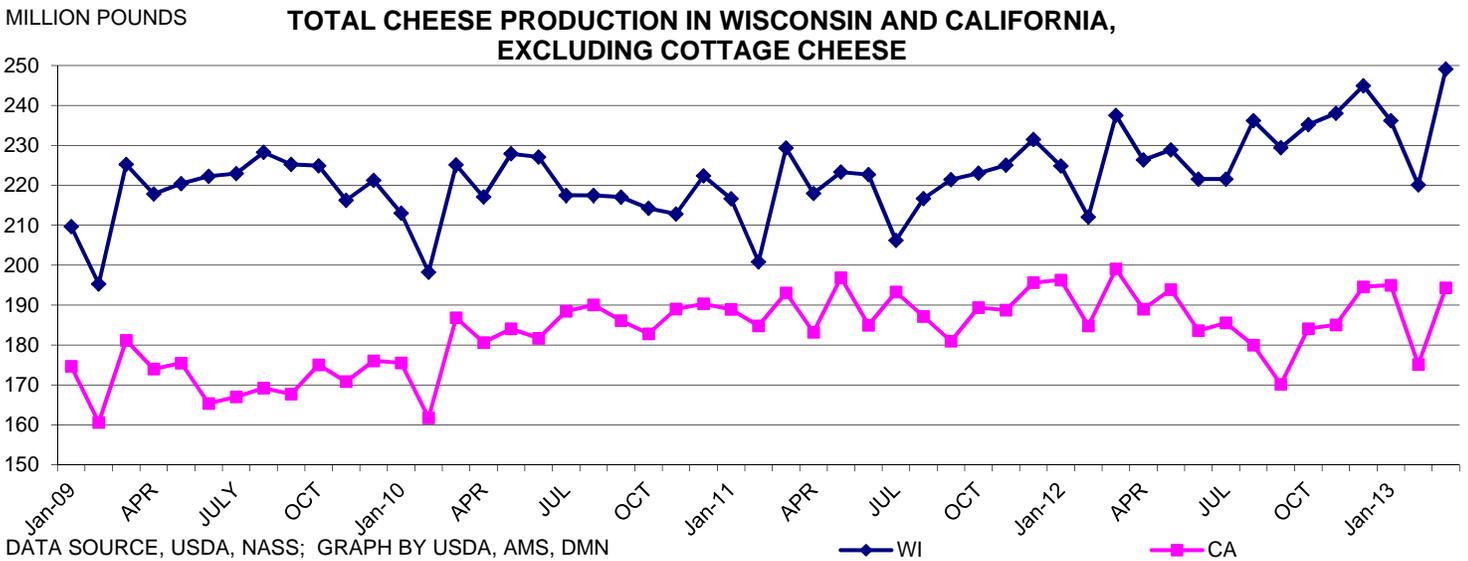
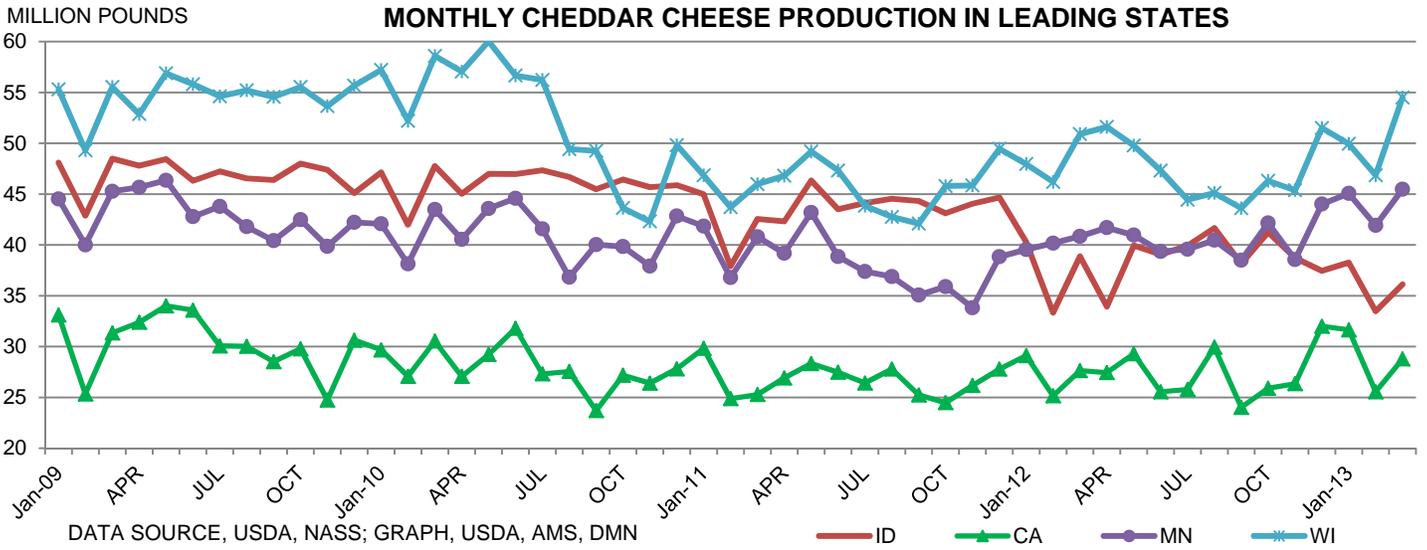
**ANNUAL PRODUCTION OF SELECTED DAIRY PRODUCTS AND NUMBER OF PLANTS MANUFACTURING THESE PRODUCTS,
UNITED STATES, 2011 AND 2012**

Product	2011 Revised		2012		Change from 2011 Percent
	Plants	Production	Plants	Production	
	<u>Number</u>	<u>1,000 pounds</u>	<u>Number</u>	<u>1,000 pounds</u>	
Butter	85	1,809,751	82	1,859,554	2.8
Cheese Types:					
Cheddar	212	3,096,350	214	3,146,665	1.6
Other American ^{1/}	134	1,130,320	138	1,211,812	7.2
Total American	224	4,226,670	228	4,358,477	3.1
Swiss	58	329,145	61	320,599	-2.6
Muenster	41	146,585	42	152,630	4.1
Mozzarella	124	3,574,428	125	3,612,000	1.1
Other Italian	42	66,800	43	71,659	7.3
Total Italian	190	4,585,327	187	4,633,627	1.1
Cream & Neufchatel	34	714,594	31	807,741	13.0
Hispanic	66	224,396	66	224,259	-0.1
Total ^{2/}	514	10,595,006	523	10,890,144	2.8
Cottage Cheese, Curd ^{3/}	64	423,683	63	424,099	0.1
Cottage Cheese, Creamed ^{4/}	66	322,099	63	323,228	0.4
Cottage Cheese, Lowfat ^{5/}	62	381,499	59	386,111	1.2
Canned Evaporated &					
Condensed Whole Milk ^{6/}	6	494,853	6	470,615	-4.9
Dry Whole Milk	12	65,787	11	58,132	-11.6
Milk Protein Concentrate, Total ^{7/}	6	94,489	6	102,318	8.3
Nonfat Dry Milk, Human	48	1,499,477	51	1,764,449	17.7
Skim Milk Powders ^{8/}	9	446,017	13	380,672	-14.7
Dry Buttermilk	26	100,138	25	109,132	9.0
Sour Cream	113	1,255,008	109	1,281,445	2.1
Yogurt (Plain & Flavored)	130	4,271,395	131	4,415,577	3.4
Condensed Whey, Solids Content, Human Food ^{9/}	12	98,692	11	99,556	0.9
Dry Whey Products					
Dry Whey, Human	32	950,863	33	945,878	-0.5
Dry Whey, Animal	25	59,254	23	52,947	-10.6
Reduced Lactose and Minerals, Total	8	88,253	8	89,940	1.9
Lactose Total	30	1,000,201	31	1,026,126	2.6
Whey Protein Concentrate					
Human Food ^{10/}	37	398,862	39	412,454	3.4
Animal Feed ^{10/}	17	32,076	16	28,630	-10.7
Total ^{10/}	N/A	430,938	N/A	441,084	2.4
25.0-49.9 Pct ^{11/}	24	241,465	24	237,043	-1.8
50.0-89.9 Pct ^{11/}	25	189,473	25	204,041	7.7
Protein Isolates ^{12/}	14	60,511	14	64,806	7.1
Frozen Products	<u>Number</u>	<u>1,000 pounds</u>	<u>Number</u>	<u>1,000 pounds</u>	<u>Percent</u>
Ice Cream, Regular	N/A	888,378	N/A	899,425	1.2
Ice Cream, Lowfat ^{13/}	N/A	415,465	N/A	466,590	12.3
Sherbet	N/A	45,387	N/A	46,000	1.4
Yogurt	N/A	62,715	N/A	73,999	18.0

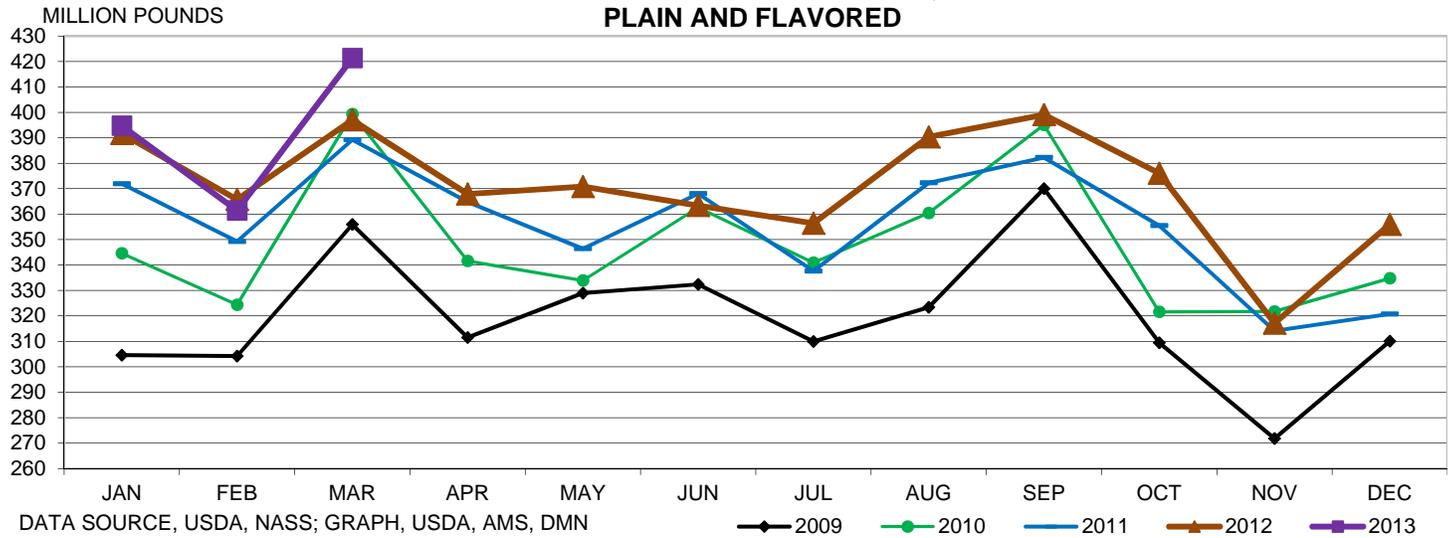
N/A = Not available.

^{1/} Includes Colby, Monterey and Jack. ^{2/} Excluding cottage cheese. ^{3/} Mostly used for processing into creamed or lowfat cottage cheese. ^{4/} Fat content 4.0 percent or more. ^{5/} Fat content less than 4.0 percent, mostly 0.5 to 2.0 fat. ^{6/} Combined to avoid disclosing individual plant operations. ^{7/} Dry milk protein concentrate, 40.0-89.9 percent. ^{8/} Includes protein standardized and blends. ^{9/} Final marketable product only. Does not include quantity used or shipped to another plant for further processing into dry whey or modified dry whey products. ^{10/} Whey Protein Concentrate, 25.0 to 89.9 percent. ^{11/} Whey Protein Concentrate, Human and Animal. ^{12/} Whey Protein Isolate, 90.0 percent or higher. ^{13/} Includes freezer-made milkshake.

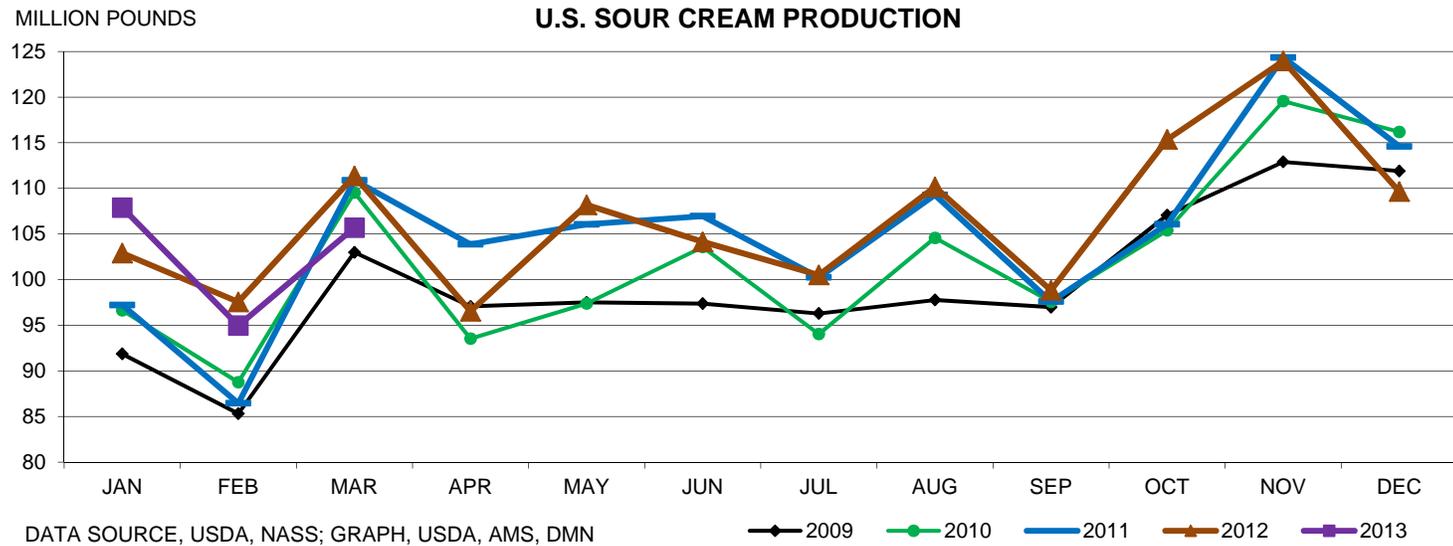
Source: U.S. Department of Agriculture. National Agricultural Statistics Service. *Dairy Products 2012 Summary, April 2013.*



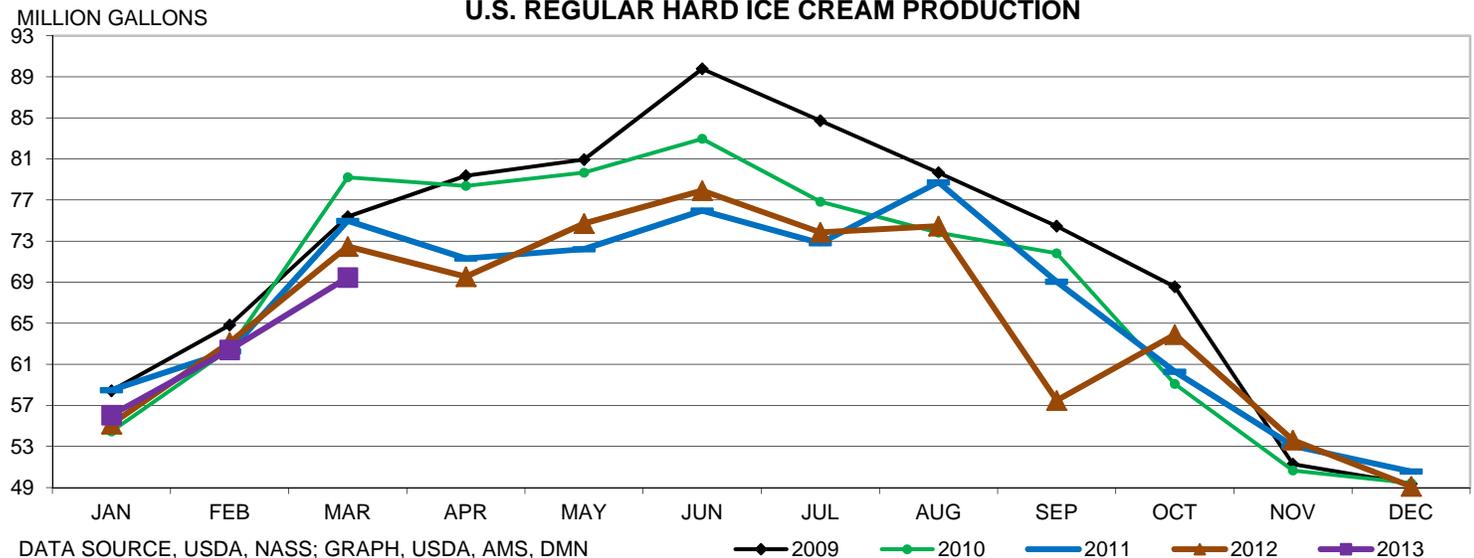
U.S. YOGURT PRODUCTION, PLAIN AND FLAVORED



U.S. SOUR CREAM PRODUCTION



U.S. REGULAR HARD ICE CREAM PRODUCTION



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