

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (2/14):**

BUTTER: Grade AA closed at \$1.7700. The weekly average for Grade AA is \$1.7640 (-.1020).

CHEESE: Barrels closed at \$2.0625 and 40# blocks at \$2.1050. The weekly average for barrels is \$2.1035 (-.1895) and blocks, \$2.1100 (-.2115).

BUTTER HIGHLIGHTS: Butter churn operators throughout the regions were able to take advantage of heavy cream supplies to maintain or increase churn rates. Lower butter prices have increased domestic demand, while international interest remains active. Many butter manufacturers have light inventories and look to rebuild stocks. Bulk butter prices were unchanged in the Northeast ranging 5 to 8 cents over the market, lower in the Central from market to 10 cents over, and increased in West ranging 4 under to 2 cents over, based on the CME. Grade AA butter price at the CME Group closed unchanged Friday at \$1.7700, 5 cents lower than last Friday. This week, Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 1.645 million pounds of butter. According to the Foreign Agricultural Service, exports of butter and milkfat during December totaled 22.6 million pounds, a 182% increase from a year ago. Cumulative U.S. exports for 2013 were 202.7 million pounds, 89% higher than in 2012. U.S. butter quota imports were down 61.5% from a year ago for December to 1.25 million pounds. Cumulative 2013 U.S. quota imports totaled 10.88 million pounds, 20.6% lower than 2012.

CHEESE HIGHLIGHTS: After reaching new record high prices last week for both barrels and blocks at the CME Group, the market turned lower this week. Indications of lower prices began last week, but significant retraction began in earnest this week. The sharply higher gains of January and early February have moved back to levels seen in early January. Buyers and sellers had been waiting for the lower trend as demand typically falls off after the new year. Lower prices have brought increased interest from brokers and end users, but participants from both the manufacturing and the buying side of the equation are looking for clearer signals as to the extent of the market's correction. Cheese production is increasing slowly across the country as increased supplies of milk begin to make their way to manufacturing plants. Butter/powder manufacturers continue to hold a premium to cheese plants when accessing spot milk loads. Quota imports of cheese for 2013 were 170.2 million pounds, down 12%

from 2012. Exports for 2013 were 697.9 million pounds, up 22% from the previous year. Export demand is being aided by support from the Cooperatives Working Together program. Barrel cheese at the CME Group on Friday closed at \$2.0625, down \$.1425 from the previous Friday. Blocks closed the week at \$2.1050, down \$.1275 from last Friday.

FLUID MILK: Milk production is moving higher across most of the nation despite adverse weather conditions. Cooperatives in California report increases resulting from dairy farmers managing dairy rations and keeping some dairy cows in the milking string longer than usual. Dairy producers in the East expect a falloff in milk volumes as snow and ice storms affect cow comfort level. The Pacific Northwest experienced snow and rain causing transportation problems for milk handlers. Midwest producers noted steady to slightly higher milk production. According to producers in the Southwest, milk production conditions in the region are perfect. Bottling demand is steady to seasonally lower across most parts of the country, while retail purchases rose somewhat higher in the East due to wintery weather conditions. California cream demand is light to steady as some frozen dessert producers hold down their cream demand. Midwest demand picked up while cream interest in the West is lighter as demand from higher Class end users is slow to emerge.

DRY PRODUCTS: The tone of dry dairy product markets varies by commodity. The low heat nonfat dry milk market is mixed. Index based transactions recorded some increases, but spot market buyers are following just in time purchasing strategies and pushing back on customary overages. Production is active in the Central and West, but lower in the East as milk shifts to bottling to accommodate storm-related higher demand. High heat nonfat dry milk prices firmed in the West as contract prices followed increases on various indices, but Central and East prices shifted lower. Central and East dry buttermilk prices are variable, with lower and higher prices recorded for the week. Domestic demand is showing some price resistance. The West dry buttermilk market is tight, but some manufacturers acknowledge prices stepped lower to maintain buyer interest in the near term.

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CME GROUP CASH TRADING

COMMODITY	MONDAY FEB 10	TUESDAY FEB 11	WEDNESDAY FEB 12	THURSDAY FEB 13	FRIDAY FEB 14	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE							
BARRELS	\$2.1500 (-.0550)	\$2.1800 (+.0300)	\$2.0625 (-.1175)	\$2.0625 (N.C.)	\$2.0625 (N.C.)	:: (-.1425)	:: \$2.1035 (-.1895)
40# BLOCKS	\$2.1300 (-.1025)	\$2.1050 (-.0250)	\$2.1050 (N.C.)	\$2.1050 (N.C.)	\$2.1050 (N.C.)	:: (-.1275)	:: \$2.1100 (-.2115)
NONFAT DRY MILK							
GRADE A	\$2.0175 (N.C.)	\$2.0475 (+.0300)	\$2.0550 (+.0075)	\$2.0200 (-.0350)	\$2.0200 (N.C.)	:: (+.0025)	:: \$2.0320 (+.0170)
BUTTER							
GRADE AA	\$1.7650 (-.0550)	\$1.7650 (N.C.)	\$1.7500 (-.0150)	\$1.7700 (+.0200)	\$1.7700 (N.C.)	:: (-.0500)	:: \$1.7640 (-.1020)

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

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

Firm dry whey prices are emerging throughout the West, Central and Northeast regions. The uptick in prices was spurred by a combination of steady export interest, lower cheese production in some areas, and Class I demand diverting some milk away from cheese vats. The lactose market is steady and prices are unchanged. Lower mesh size lactose is available outside of contracts while supplies of higher mesh size lactose are tight and generally committed to contract fulfillment. Whey protein concentrate 34% prices and the market tone are mixed. Availability of WPC 34% outside of contracts is tight from some manufacturers, but steady from a few producers with lower volumes committed to contracts. Buyers are shopping for near term needs.

INTERNATIONAL DAIRY MARKET NEWS (DMN): WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW:

Current Western Europe milk production continues to increase at volumes well above year ago levels. Mild winter weather, higher milk prices, herd expansion, moderate to lower feed costs and strong global demand for milk powders have all combined to support milk production increases. Production levels in some areas of Europe are approaching or exceeding year ago peak levels. ZMB Dairy World reported December milk production in the EU-28 up 4.6%, compared to the same period last year. Changes in December milk output from a year ago for selected countries are: Ireland, +26.2%; Netherlands, +5.4%; Germany, +3.9%; and France +5.0%. Recently, farmers in the southern portions of the UK have been beset with storms and flooding with additional rains and heavy winds forecast in the coming days. The National Farmers Union of England and Wales is attempting to coordinate efforts to move livestock to safety and provide dry feed. The significant increases in milk production have milk powder manufacturers drying at or near capacity levels. Milk production volumes are projected to increase towards the seasonal peak, in April-May, and will surpass milk powder manufacturing capacities, despite expected increases in drying capacities. Cheese production is expected to cover the additional manufacturing needed to process the additional milk volumes. Milk powder export demand is improving as powder production declines in the southern hemisphere. Butter prices showed the greatest decline in price as supplies have exceeded demand.

EASTERN OVERVIEW: Eastern European milk production for 2013 did not reflect the increases seen in the west. The Czech Republic, Croatia, Slovakia and Slovenia all reported milk production declines compared to the previous year. Poland saw only a marginal increase, 0.8%, compared to the previous year. Severe winter weather has reduced milk production in some regions with heavy snows and a major ice storm in Slovenia. Cheese and butter manufacturers continue to receive good export interest.

OCEANIA OVERVIEW: **AUSTRALIAN** milk production continues to be suppressed by bouts of extreme heat and dry weather. The breaks between the various heat waves have offered some bounce back in production, but the continuing cycle of heat has accelerated production declines. Numerous wild fires have periodically interfered with some milk shipments, due to intense smoke limiting visibility and closing highways. Milk production is hanging on in northern Victoria where irrigation systems are maintaining pastures and also due to supplemental feeding to help extend the production season. Those areas without irrigation have very limited or no pastures for cattle. According to Dairy Australia, December milk production in Australia was 1.4% above December 2012. The state changes from a year earlier are: New South Wales, -1.6%; Victoria, +2.3%; Queensland, -2.4%; South Australia, -3.6%; Western Australia, -3.7% and Tasmania

+5.2%. Australia's milk production season to date is -3.0%, compared to last season. Dairy Australia has also summarized exports for the July-December period, showing total export tonnage down 11.8%. The decline in tonnage was offset by a rise in total value with an increase of 15.8%. Milk powder demand remains good and continues to be the dominate factor in the dairy markets.

NEW ZEALAND milk production continues to be well above year ago levels. Weather conditions have been supportive of milk production, especially on the South Island. The North Island is dry in some areas, which is not unusual for this time of year. Some producers have implemented supplemental forage feeding in order to maximize their late season production. Overall, the production season looks to end strong for most producers. The gains in late season production, over last year, are allowing manufacturers to more confidently manage and build stocks for the upcoming carryover period. Global demand for milk powders remains strong. China's trading activity is slowly coming back following the New Year's holiday. Butteroil and milk powder prices have reached levels, where some prospective buyers are considering alternative products.

JANUARY 1 MILK COW INVENTORY (NASS): The number of milk cows in the United States as of January 1, 2014, totaled 9.2 million head, unchanged from January 1, 2013. Milk cow replacement heifers totaled 4.5 million head, unchanged from January 1, 2013. The number of milk cow replacement heifers per 100 milk cows on January 1, 2014 was 49.3, down 0.2% from January 1, 2013. Milk cow replacement heifers expected to calve during the year totaled 2.99 million head, up 2% from January 1, 2013.

FEBRUARY MILK SUPPLY AND DEMAND ESTIMATES

(WAOB): The milk production forecast for 2014 is raised from last month on expected higher cow numbers in the second half of the year. USDA's *Cattle* report estimated dairy replacement heifers expected to calve during 2014 were up about 2% from a year ago, while the number of milk cows was fractionally below a year ago. Strong returns resulting from higher milk prices and moderate feed costs are expected to boost expansion later in the year. Milk per cow is unchanged. Fat-basis exports for 2014 are raised on increased sales of butter and cheese. Skim-solids exports are lowered mostly on reduced exports of lactose. Fat and skim-solids imports are unchanged. For 2013, supply and use estimates are updated based on data for December. Product price forecasts for cheese, butter, and whey are higher, supported by strong demand and price strength to date. Nonfat dry milk (NDM) is lower for 2014 on expectations of competition from other exporters in second-half 2014. The Class III price is raised on higher cheese and whey prices. The Class IV price is down as lower NDM more than offsets greater butter. The all milk price is forecast at \$20.85-21.55.

MAILBOX MILK PRICES (AMS & CDFA): In November 2013, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$21.65, up \$0.82 from the October 2013 average, and down \$0.62 from the November 2012 average. The component tests of producer milk in November 2013 were: butterfat, 3.87%; protein, 3.24%; and other solids, 5.71%. On an individual reporting area basis, mailbox prices increased in all Federal milk order reporting areas when compared to the previous month. Mailbox prices in November 2013 ranged from \$24.57 in Florida to \$19.61 in New Mexico.

CME GROUP

MONDAY, FEBRUARY 10, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$2.1500; 2 CARS 40# BLOCKS @ \$2.1300
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$2.0125; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 8 CARS GRADE AA: 2 @ \$1.8000, 1 @ \$1.7900, 1 @ \$1.7875, 1 @ \$1.7800, 3 @ \$1.7650; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.7500; LAST OFFER UNCOVERED: NONE

TUESDAY, FEBRUARY 11, 2014

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$2.1500, 1 @ \$2.1800; 12 CARS 40# BLOCKS: 3 @ \$2.0900, 5 @ \$2.1000, 2 @ \$2.1025, 2 @ \$2.1050; LAST BID UNFILLED: 4 CARS 40# BLOCKS @ \$2.1025; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 4 CARS GRADE A: 2 @ \$2.0400, 2 @ \$2.0475; LAST BID UNFILLED: 2 CARS GRADE A @ \$2.0400; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$2.0600
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$1.7700

WEDNESDAY, FEBRUARY 12, 2014

CHEESE -- SALES: 14 CARS BARRELS: 2 @ \$2.0775, 2 @ \$2.0700, 2 @ \$2.0650, 8 @ \$2.0625; 12 CARS 40# BLOCKS @ \$2.1050; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.0500; 2 CARS 40# BLOCKS @ \$2.1000; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$2.0550; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$2.0700
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.7500; LAST BID UNFILLED: 3 CARS GRADE AA @ \$1.7500; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.7700

THURSDAY, FEBRUARY 13, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 6 CARS GRADE A: 2 @ \$2.0550, 1 @ \$2.0400, 1 @ \$2.0300, 2 @ \$2.0200; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS GRADE A @ \$2.0200
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.7700; LAST OFFER UNCOVERED: NONE

FRIDAY, FEBRUARY 14, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.0600; 1 CAR 40# BLOCKS @ \$2.0900; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$2.0200; LAST OFFER UNCOVERED: 2 CARS GRADE A @ \$2.0500
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.7700; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.7900

BUTTER MARKETS

NORTHEAST

Butter production is steady to higher. Creams supplies are heavy as some butter makers reported significant volumes going to the churns, as they rebuild their inventories. Butter demand is improving. Export of 82% is steady. The CME Group butter price on Tuesday was unchanged, and closed at \$1.7650. The domestic bulk butter price, based on the CME group price, ranges 5-8 cents over the market, using various time frames and averages. This week, Cooperatives Working Together (CWT) has accepted requests for export assistance for 1.645 million pounds of butter. The product will be delivered from February through June 2014.

CENTRAL

Bulk butter supplies have been limited in the spot market, causing some butter manufacturers to resort to the CME Group to obtain product and/or take on additional cream supplies available to meet contract obligations. A few butter churn operators even turned away some cream supplies due to production capacity constraints. Many butter makers are operating at steady to higher levels. The market tone is mixed, the drop in butter prices resulted in additional sale orders for some while dropping for others as some buyers are waiting to see where the bottom will be. Demand domestically is mixed, while international interest is active. Inventories of butter are light with many manufacturers looking to rebuild stocks. Bulk butter prices were lower, ranging from market to 10 cents over the market, based on the CME. CME butter buyers noted most of the product being sold on the CME is new product, which is unusual compared to seasonal trends of unloading older product during February before the new crop rule takes effect in March. The Grade AA butter price at the CME Group closed lower Wednesday to \$1.7500, down 13 cents from last Wednesday. The butter price has dropped or been unchanged in seven straight trading sessions. This

week, Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 1.645 million pounds of butter. According to the Foreign Agricultural Service, exports of butter during December totaled 22.6 million pounds, a 182% increase from a year ago. Cumulative U.S. exports for 2013 were 202.7 million pounds, 89% higher than in 2012. U.S. butter quota imports were down 61.5% from a year ago for December to 1.25 million pounds. Cumulative 2013 U.S. quota imports totaled 10.88 million pounds, 20.6% lower than 2012.

WEST

Western butter prices continued to show a weaker undertone. Increased cream supplies are helping manufacturers to fill domestic needs for print butter. The lower prices have increased inquiries from bulk buyers also. Butter churns remain busy filling previously committed export sales. Manufacturers report that the good orders are making it difficult to build inventories for later use. This week the Cooperatives Working Together program accepted requests for assistance with the sales of 1.6 million pounds of butter for export. Butter prices at the CME Group at midweek are lower. The market is continuing last week's lower trends. Monday's close was 5.5 cents lower at \$1.7650. On Wednesday, the market was 1.5 cents lower at \$1.7500. Sales were active with the lower prices and nine loads were sold by Wednesday's close. Prices for bulk butter range from 2 cents over the market to 4 cents under, based on the CME with various time frames and averages used. According to FAS, quota imports of butter for 2013 total 10.88 million pounds, down 20.6% from 2012. According to FAS, U.S. exports of butter and milkfat for 2013 total 202.7 million pounds, up 89% or 95.3 million

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NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
February 8, 2014	1.8353 4,079,855	2.2781 9,274,891	2.3016 10,350,172	0.6200 6,691,268	2.0692 23,417,968

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pounds from 2012. The butter and milkfat exports equate to 10.9% of butter production in the U.S. for 2013. Exports for December amounted to 22.6 million pounds, up 182% from December 2012.

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

	(Million Lb.)	% Change From 1 Year Ago	% of Yearly
Quota			
Dec Quota Imports	1.25	- 61.5	8.1
Jan. - Dec			
High Tier	.52	+ 29.1	N.A.
Quota Imports	10.88	- 20.6	70.7

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

	(Million Lb.)	% Change From 1 Year Ago
Dec. Total	22.6	+ 182
Total, Jan - Dec	202.7	+ 89
1 Saudi Arabia	42.3	+ 15
2 Iran	26.0	+ 80
3 Morocco	18.1	+ 111
4 Ukraine	18.0	*
5 Egypt	15.4	+ 128

*There were no exports to the Ukraine last year

CHEESE MARKETS

NORTHEAST

Cheese production has slowed. Some manufacturers are looking to restock and clear volumes into aging programs. Inventories are increasing with sluggish sales, as cheese buyers take a step back. As cheese prices retreat, some cheese makers express optimism the trend could enhance retail purchases. Export interests are steady. The market tone is tentative. The CME Group, weekly average cheese prices saw declines for both blocks and barrels last week. Wholesale Northeast prices for 40# block and muenster fell by \$0.0150, while price for process 5# sliced fell \$0.0050. Grade A Swiss Cuts 10–14# prices increased by \$0.0700, resulting from Class III price adjustments. Cooperative Working Together (CWT) has accepted requests for export assistance to sell 4.006 million pounds of cheese. The product will be delivered in February through June 2014. U.S. cheese quota imports totaled 170.2 million pounds in 2013, down 12.4% from 2012. U.S. cheese and curd exports totaled 697.9 million pounds in 2013, up 22.0% from 2012.

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

Cheddar 40# Block	: 2.7150-3.0000
Process 5# Sliced	: 2.5150-2.9950
Muenster	: 2.7350-3.0950
Grade A Swiss Cuts 10 - 14#	: 3.5375-3.8600

MIDWEST

By Wednesday, CME cash cheese prices had reverted back to levels last reached early during the second week of the year, with barrels closing at \$2.0625 and blocks at \$2.1050. Potential Midwest cheese buyers who until late last week were described as holding back purchases while awaiting anticipated price declines, are now generally still waiting – now until they have confidence that the recent sharp price declines have stabilized. That has led to some cheese manufacturers adjusting production schedules as close to immediate ordering as they can. Many buyers would like to restock inventories, but are patient enough to step back and wait until they have confidence that there is a new price equilibrium. Cheese orders beyond current needs are not very common this week, resulting in some indications of manufacturer inventories building. Midwest milk supplies are called sufficient or good by most cheese manufacturers, even with the lingering, unusually cold weather. Manufacturers capable of manufacturing either blocks or barrels, seem not to have a preference at this time beyond the scope of existing orders. Mozzarella manufacturers report that orders are soft. Some manufacturers believe that recent price levels have been hurting the bottom line of mozzarella buyers in particular, also leading to softness in ordering. There is ample availability of blocks in the spot market. Wholesale prices for Swiss increased by \$.0700 while process decreased by \$.0050 and the remaining varieties listed below declined by \$.0150.

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

Process American 5# Loaf	: 2.3925-2.7525
Brick And/Or Muenster 5#	: 2.6950-3.1200
Cheddar 40# Block	: 2.4000-2.8175
Monterey Jack 10#	: 2.6700-2.8750
Blue 5#	: 2.9625-3.9500
Mozzarella 5 - 6# (Low Moisture, Part Skim)	: 2.5400-3.4350
Grade A Swiss Cuts 6 - 9#	: 3.0550-3.1725

WEST

After reaching record high prices, cheese prices are moving lower. Western wholesale prices for barrels were lower this week as weekly averages were lower for the first time in five weeks. Blocks were lower for the first time in eight weeks. Buyers and sellers are now assessing where the market will find stability again. Some buyers who had waited for lower prices are showing increased interest in purchasing additional supplies. Export demand continues to show strength as U.S. prices become more competitive with world prices. Adding to export demand, this week the Cooperatives Working Together program announced assistance with sales of 4 million pounds of cheese for sales into June 2014. Cheese production in the West is building with increased milk supplies in much of the region. Cheese stocks in the West are reported to be adequate for most needs. In reaction to lower block prices, prices for barrel cheese at the CME Group closed sharply lower on Wednesday. Wednesday's close on barrels was \$.1175 lower to \$2.0625. Monday and Tuesday saw blocks trade a combined 12.75 cents lower. Blocks closed unchanged on Wednesday at \$2.1050. The lower prices brought increased sales at the exchange as 40 loads were sold by Wednesday. According to FAS, quota imports of cheese for 2013 total 170.2 million pounds, down 12.4% from 2012. The imports are at 56.9% of the annual quota. Imports of High-Tier cheese (above quota and with a penalty) for 2013 are estimated to total 27.3 million pounds, up 2.1% compared to imports for 2012. According to FAS, exports of cheese and curd for 2013 total 697.9 million pounds, up 22% (125 million pounds) from 2012. Cheese and curd exports for 2013 equate to 6.3% of U.S. total cheese production. Exports for December 2013 totaled 68.5 million pounds, 49% higher than a year ago.

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

Process 5# Loaf	: 2.4225-2.6800
Cheddar 40# Block	: 2.4375-2.7900
Cheddar 10# Cuts	: 2.6175-2.8375
Monterey Jack 10#	: 2.6275-2.7875
Grade A Swiss Cuts 6 - 9#	: 3.1150-3.5450

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CHEESE MARKETS

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FOREIGN

Cheese sales have slowed, which is typical for this time of year. The harsh, cold winter conditions in many areas of the country have contributed to the decline in cheese sales. Many buyers are holding off purchases until warmer weather arrives and consumer demand improves. Wholesale prices declined \$0.0150 for the first time in 8 weeks for domestic foreign type cheeses, shadowing the decline in the weekly block price on the CME Group. Domestic Swiss cheese prices increased 7 cents, following the Class III price release last Wednesday. Imported cheese prices were unchanged. According to FAS, total quota cheese imports for 2013 totaled 170.2 million pounds, down 12.4% from 2012.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.8550-4.3425*
Gorgonzola	: 3.6900-6.9700	: 3.3575-3.7700*
Parmesan (Italy)	: -0-	: 4.2450-6.3350*
Provolone (Italy)	: -0-	: 2.8975-3.0550*
Romano (Cows Milk)	: -0-	: 4.0450-6.1950*
Sardo Romano (Argentine)	: 2.8500-3.6900	: -0-
Reggianito (Argentine)	: 3.2900-4.5600	: -0-
Jarlsberg-(Brand)	: 2.9500-5.6300	: -0-
Swiss Cuts Switzerland	: -0-	: 3.6350-3.9575*
Swiss Cuts Finnish	: 2.6700-2.9300*	: -0-

* = Price change.

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

	(Million Lb.)	% Change From 1 Year Ago	% of Yearly Quota
Dec Quota Imports	17.0	- 47.9	5.7
Jan - Dec High Tier	27.3	+ 2.1	N.A.
Quota Imports	170.2	- 12.4	56.9

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

	(Million Lb.)	% Change From 1 Year Ago
Dec. Total	68.5	+ 49
Total Jan.-Dec.	697.9	+ 22
1 Mexico	181.3	+ 26
2 South Korea	108.5	+ 25
3 Japan	68.7	+ 21
4 Canada	31.6	+ 3
5 Australia	26.7	+ 9

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

	:	
02/10/14	10,436	: 92,911
02/01/14	9,614	: 94,026
CHANGE	822	: -1,115
% CHANGE	9	: -1

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	70	0	80	0	41
SOUTHEAST STATES	0	0	0	0	0	0

The Mid-Atlantic and Southeast are set to encounter another winter storm blast. The storms are expected to cause wide spread disruptions and major delays, with pick-ups and deliveries, as milk haulers face unsafe icy and snow covered roads. Manufacturing milk supplies have been scaled back, even with some plants already below their expected levels, due to backlog from previous weeks' winter storms. Class I demand has led to increases in intake volumes at most bottling plants, with some plants having as many as 32 loads added. Farm production is increasing across the Southeast but expected to flatten with the increase in cow discomfort level, as episodes of cold winter temperatures take effect. The Northeast is also experiencing winter storms but without major transportation issues. Manufacturing milk supplies in the Northeast are adequate for the Class I demand. Production levels are on the upswing in Florida. Some bottlers expressed concern, as the storm shut down several processing plants. Cold weather conditions in the North are increasing the number of seasonal residents into Florida and as a result Class I demand is on the strong side. There were 70 loads exported due to the winter storm's impact. Cream supplies are substantial in the region. Spot cream sales are light, with most volumes being cleared through contracts. **Cream multiples for all classes** ranged from 1.15-1.27. Manufacturers expect a slowing demand to improve as they look ahead to customer Passover dairy needs. Demand for **condensed skim milk** remains mixed. Buyer interest is being deterred in some instances by current prices. Supplies of condensed skim milk are ample in the region

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 -	2.1459-2.3698
F.O.B. producing plants: Upper Midwest -	2.2019-2.3885

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	2.07-2.10
Northeast - Class III - spot prices -	1.86-1.89

MIDWEST

Milk production is steady to slightly higher, but remains below expectations. Producers noted some cows had frozen teats leading to evaluated somatic cell count levels. Nutrition is a concern as current silage is not providing as much energy to the cows as previous crops. Cows are consuming more feed, with additional feed energy going towards body maintenance to keep warm to combat current low temperatures. Some additional milk supplies became available this week and milk spot load prices retreated with majority of the prices going for Class to around \$2.00 over Class. Fluid demand is steady, with a few processors experiencing slower sales.

Class II product demand picked up this week with notably higher condensed skim interest along with cottage cheese and yogurt. **Class II cream multiples moved slightly higher, ranging 1.18 to 1.28.** Butter churn operators took on additional cream supplies available this week as they look to fill international and upcoming Easter commitments. Some ice cream manufacturers ramped up production levels, while others remain on the sidelines waiting to see what the butter prices will do. Class III interest is steady with buyers in a hand-to-mouth purchasing approach.

WEST

Milk production conditions in the SOUTHWEST region are perfect according to dairy producers. Cows are responding to comfortable temperatures and adequate rations. CALIFORNIA farm milk production continues increasing throughout the state. Dairy cooperatives report the current strong production trend is likely a result of a combination of actions by dairy farmers. These actions include managing dairy rations and keeping some dairy cows in the milking string a little longer than usual. At current milk prices, some farmers report older cows and others at the usual end of their annual milk production cycle are still covering the cost of their upkeep. Demand from bottlers is steady to slightly lower, depending on location. Demand for condensed skim and cream is light to steady from Class 3. Cream sellers indicate Southern California frozen dessert producers are holding in their cream demand, while manufacturers in the North are still in the shoulder season of ice cream demand and production. The March 2014 Class 1 prices in CALIFORNIA range from \$25.38 in the north to \$25.65 in the south. The statewide average Class 1 price based on production is \$25.40. That production average price is \$2.27 higher than February 2014 and \$6.06 higher than March 2013. While milk production in NEW MEXICO is continuing a steady climb, transportation problems plagued parts of the state during the last 7 – 10 days. Drivers and transportation equipment were tied up longer than usual as driving conditions took a toll on schedules. Processors are still receiving outside milk from a few bottling operations, as well as additional pushback from internal fluid accounts. Some milk loads traveled across state lines to find manufacturing capacity. ARIZONA dairy producers report farm milk production is maintaining the upward trend as climate conditions are favorable. Processors report component values are steady to improving as extreme heat is not an issue at present. Bottler demand is seasonally lower. Class II demand is steady for the week as various operators switch to new products for the upcoming quarter. Various manufacturers report February Class II production is at predicted levels to meet near term demand, but expectations are that March/April demand for condensed skim and butterfat will notch higher. A few cheese operations decreased vats this week in response to weaker demand. Butter/powder operations are actively clearing the balance of milk supplies.

CONTINUED ON PAGE 4A

FLUID MILK AND CREAM

CONTINUED FROM PAGE 4

The Western CREAM multiple full range moved lower, 1.08 – 1.22, depending on Class usage and basing points. Cream interest was lighter compared to last week and sellers note demand from some higher Class end users is slow to emerge. Some churn operators note spot cream pricing declined throughout the week as it became evident that frozen dessert, aerated cream and sour cream manufacturers were content with contract loads this week. At the CME Group, Grade AA butter closed on Wednesday at \$1.75, a 13 cent decrease from one week ago. Winter weather moved into the PACIFIC NORTHWEST early in the week. Snow and rains across much of the region were welcomed, although some transportation problems for milk handlers occurred during the peak of the storm. The Portland, OR region was hit with snow and ice and tied up roads for a couple of days. Rains have continued across the region throughout the week, with mountain snowpacks increasing. Milk production continues to increase seasonally. UTAH and IDAHO milk production is also showing increases. Lower feed costs are encouraging dairies to hold onto cows longer and still remain profitable. Milk supplies in the region continue to fall short of manufacturing demand. Milk and milk solids are being imported into some manufacturing plants to help fill production schedules. Rains and snow are also helping ease worries over irrigation supplies for the upcoming season.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices for LOW/MEDIUM HEAT nonfat dry milk are higher due to some indices changes, but many spot load sales were closer to the bottom of the mostly price series. The market tone is steady with many buyers in a “wait and see” approach, while others are catching up on loads. Production levels are steady to higher as a few manufacturers were able to obtain extra milk supplies. Domestic demand is mixed while export sales are active. Low/medium heat NDM supplies are steady to higher. Grade A NDM price on the CME Group closed Wednesday at \$2.0550, a 3.75 cent increase since last Friday’s close. HEAT HEAT NDM prices moved lower; most of the sale transactions are closer to the top of the range. The market tone is steady with moderate demand. Manufacturers of high heat are producing at steady to higher levels. Inventories are limited.

EAST: Prices for low/medium heat moved higher. The mostly series increased \$0.0175 on the upper end. Production of low/medium heat nonfat dry milk is mixed in the region. Milk supplies are tight for some manufacturers, as significant volumes of milk are being diverted to bottling plants to meet the increasing Class I demand, due to influences of winter storms. Demand is good, with some hand to mouth activity. The market tone is steady. Prices for high heat are lower. Production of high heat is limited in the region this week. U.S. nonfat dry milk exports totaled 1.2 billion pounds in 2013, up 25% from 2012.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 2.0500 - 2.1525 MOSTLY: 2.0500 - 2.1325
HIGH HEAT: 2.0900 - 2.2025

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

	2013 Exports (Million Lb.)	% Change From 1 Year Ago
December Total	97.5	+ 36
TOTAL, JAN - DEC	1,223.0	+ 25
1 Mexico	402.4	- 7
2 China	133.8	+ 293
3 Philippines	127.2	+ 26
4 Indonesia	124.0	+ 78
5 Vietnam	82.0	+ 53

NONFAT DRY MILK - WEST

Prices for Western nonfat dry milk are higher on the range, and steady to higher on the mostly. The market is mixed. Several issues affect NDM market tone: manufacturing milk availability, year to date NDM production, unfilled NDM Q1 – Q2 needs, and contract bases. Farm milk production is steadily increasing in the west. According to some milk processors, farm milk production increases are well above projections for this time of year. Many manufacturers are ahead of projected NDM production because of strong milk intakes. Q1 – Q2 NDM needs remain unfilled for some end users, but during the last 6 – 9 months, many buyers have learned to operate on a just in time basis and are prepared to buy sparingly until price trends reverse. Lastly, variable price bases kicked some contract prices higher this week, but sellers note a few end users are pushing back on contracts carrying higher index-based pricing.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 1.9975 - 2.1325 MOSTLY: 2.0500 - 2.0950
HIGH HEAT: 2.0800 - 2.1625

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices are mixed based on spot sales activity and various indices. The market tone is mixed as more offers are showing up in the spot and resale market, while some manufacturers are focusing on fulfilling contract commitments. Current production rates are steady to higher. Demand domestically is mostly steady, but showing some signs of slowing with price resistance present. Many buyers are only purchasing enough supplies to meet orders. Inventories are steady to building.

EAST: Prices for dry buttermilk are mixed with a widening range. Production of dry buttermilk is steady to higher. Some manufacturers’ inventories are improving with increased churning. The demand for dry buttermilk is weakening, as some buyers in the region temper their purchases according to their immediate needs. As prices move closer to international prices, some manufacturers are anticipating exports to slow. The market undertone is steady.

F.O.B. CENTRAL/EAST: 1.8500 - 2.0225

DRY BUTTERMILK - WEST

Dry buttermilk prices are unchanged to lower on the range and mostly series. The market tone is mixed. Some market participants note the market feel of Q1 2014 is different than in past years. Q1 is historically lighter in demand for dry buttermilk than Q2 – Q3, but F.O.B. spot offers to the domestic market this quarter are surfacing only intermittently. This is being interpreted as a sign of light supplies being held by manufacturers. Demand for dry buttermilk from Mexico is active, and this interest is reportedly tied to the comparatively higher price of nonfat dry milk. Dry buttermilk loads are reportedly clearing into Mexico on both contract and spot bases. Butter production is active at several plants as cream demand from ice cream/frozen novelty manufacturers is still in off-peak mode. Dry buttermilk production is being scheduled regularly at butter/powder plants.

F.O.B. WEST: 1.9000 - 1.9600 MOSTLY: 1.9250 - 1.9350

DRY WHOLE MILK - NATIONAL

Dry whole milk prices are unchanged to lower on a mixed market. Market participants indicate the recent shifts in market conditions for butterfat and nonfat solids are reaching into pricing for dry whole milk. Dry whole milk prices are looking for the next level of support. Production is irregular from manufacturer to manufacturer depending on dryer schedules and contract fulfillment needs. Cooperatives Working Together (CWT) announced acceptance of export assistance for whole milk powder totaling 180,779 pounds. Loads are slated for delivery between February and June of 2014. This brings CWT’s total 2014 whole milk powder export obligations to 0.7 million pounds.

F.O.B. PRODUCING PLANT: 2.0700 - 2.1500

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES
February 7	\$2.0452	11,731,945
January 31	\$2.0243	10,967,750

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

Prices for DRY WHEY increased on the range and the mostly price series based on movements of indices along with higher F.O.B spot sale prices. Dry whey availability is tightening as manufacturers contracted larger volumes this year, reducing availability in the spot market. Recent high cheese prices caused many cheese/dry whey makers to cut back on production rates, forcing many to focus current light inventories on contract commitments only. Domestic demand is steady and international interest is active. Resellers noted moving loads readily on back to back transactions. End users are experiencing delayed shipping on some orders. According to the Foreign Agricultural Service, exports of U.S. dry whey during December 2013 totaled 39.7 million pounds, 23% higher than a year ago. Cumulative U.S. exports for 2013 were 522.6 million pounds, a 9% increase compared to 2012. ANIMAL FEED WHEY prices moved higher with increased F.O.B. spot sale activity. Some manufacturers updated equipment to produce higher end whey products, resulting in lower animal feed whey production rates. Demand domestically is steady. Stocks of animal feed whey are low.

F.O.B. CENTRAL: .5825 - .6525 MOSTLY: .5975 - .6175
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4400 - .5700

DRY WHEY - NORTHEAST

Price for dry whey moved up by \$0.0100 on both ends of the range. Dry whey is being manufactured at reduced levels in the region. Inventories are adequate for meeting contractual commitments. Domestic demand is good, with buyers finding it difficult to purchase dry whey through spot sales. The dry whey market tone is unsettled, as price resistance is prompting some market participants to wait on the market to stabilize. U.S. dry whey exports totaled 522.6 million pounds in 2013, up 9.0% from 2012.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6200 - .6700

DRY WHEY - WEST

Western dry whey prices are marginally higher. The market tone is closer to mostly steady as higher prices are meeting increasing resistance domestically. The export market is holding steady with reports of lower priced product being offered from the EU. Domestic demand is seasonally good with buyers making purchases at current levels. Whey production is reported to be mostly steady and stocks are adequate for contract fulfillment. Spot loads are also available from resellers. According to the Foreign Agricultural Service, U.S. exports of dry whey for 2013 total 522.6 million pounds, up 9% (44.6 million pounds) from 2012. The exports equate to 56% of the total dry whey production in the U.S. for 2013.

NONHYGROSCOPIC: .5975 - .6425

MOSTLY: .5975 - .6325

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

	2013 Exports (Million Lb.)	% Change From 1 Year Ago
December Total	39.7	+ 23
TOTAL, JAN - DEC	522.6	+ 9
1 China	170.3	+ 46
2 Canada	46.9	+ 7
3 Mexico	45.4	- 19
4 Japan	39.6	+ 8
5 Indonesia	31.1	+ 2

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate prices are steady on the mostly, but lower and higher on the range. The market tone is mixed. Manufacturers report F.O.B. spot interest is steady from established contract buyers looking for additional loads. Spot load availability is light from many manufacturers, but steady from a few producers with lower volumes committed to contracts. A handful of producers are offering new contracts for WPC 34%. Interest is described as slow to develop. Producers are working through the concerns of potential buyers and developing contract offers that share risk and reward. Established contract customers are occasionally seeking relief in pricing premiums with some success, pointing to the recent slight wobble in nonfat dry milk prices noted in some venues. WPC 34% production is uneven as some plants reduce cheese production to match declining cheese orders as the cheese market resets. In addition, a few plant operators are dividing production time between WPC 34% and higher protein products.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.6100-2.0100 MOSTLY: 1.7250-1.8450

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

	2013 Exports (Million Lb.)	% Change From 1 Year Ago
December Total	22.5	+ 28
TOTAL, JAN - DEC	254.7	- 4
1 China	83.4	- 18
2 Mexico	58.8	+ 48
3 Canada	34.5	N.C.
4 Japan	11.0	- 20
5 Australia	8.0	+ 116

CONTINUED ON PAGE 6A

WHEY, WPC 34%, LACTOSE & CASEIN

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

CONTINUED FROM PAGE 6

LACTOSE - CENTRAL AND WEST

Prices for lactose are unchanged on the range and mostly price series on a steady market. The dynamics of the two tier market are basically unchanged. There is moderate availability of unground – 100 mesh lactose outside of contracts but limited supplies of 100+ mesh lactose F.O.B. spot loads. Lactose production is uneven as volatility in the cheese market translates into lower cheese demand for some manufacturers. Conversely, a few plant managers report production of some varieties of whey protein concentrates is yielding additional lactose for the volumes of liquid whey being processed.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .4100-.7200 MOSTLY: .5400-.6500

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

	2013 Exports (Million Lb.)	% Change From 1 Year Ago
December Total	35.3	+ 10
TOTAL, JAN - DEC	484.1	+ 29
1 China	84.3	N.C.
2 New Zealand	68.5	+ 8
3 Mexico	65.3	+ 27
4 Japan	37.7	+ 24
5 Brazil	29.8	+ 41

CASEIN - NATIONAL

Pricing for both casein types is unchanged. The market tone remains firm with limited additional trading occurring to test the market. Some buyers are steadfast and tending to run hand-to-mouth at current pricing levels, with concerns about the possibility of market price reversal in the future. The waiting game has caused several buyers to pony up more money as prices have moved higher, at levels above where contracted prices were offered in 2013 for the Q1. Casein supplies are limited and filling contracted volumes. Trade comments are noting higher milk production in Europe and speculating on the volumes of casein that will be made at peak season. Firms are maxing out SMP output to meet export demand.

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: 4.9000 - 5.2000
 ACID: 5.0000 - 5.4000

INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered February 3 – 14, 2014

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: Current Western Europe milk production continues to increase at volumes well above year ago levels. Mild winter weather, higher milk prices, herd expansion, moderate to lower feed costs and strong global demand for milk powders have all combined to support milk production increases. Production levels in some areas of Europe are approaching or exceeding year ago peak levels. ZMB Dairy World reported December milk production in the EU-28 up 4.6%, compared to the same period last year. Changes in December milk output from a year ago for selected countries are: Ireland, +26.2%; Netherlands, +5.4%; Germany, +3.9%; and France +5.0%. Recently, farmers in the southern portions of the UK have been beset with storms and flooding with additional rains and heavy winds forecast in the coming days. The National Farmers Union of England and Wales is attempting to coordinate efforts to move livestock to safety and provide dry feed. The significant increases in milk production have milk powder manufacturers drying at or near capacity levels. Milk production volumes are projected to increase towards the seasonal peak, in April-May, and will surpass milk powder manufacturing capacities, despite expected increases in drying capacities. Cheese production is expected to cover the additional manufacturing needed to process the additional milk volumes. Milk powder export demand is improving as powder production declines in the southern hemisphere. Butter prices showed the greatest decline in price as supplies have exceeded demand.

BUTTER/BUTTEROIL: European butter prices moved lower this period as cream supplies are prompting butter production increases above current demand levels. Domestic demand has softened, which has increased available supplies for exports. The lower prices have made European butter more competitive internationally with improved export interest coming from the Middle East and Russia. The market is experiencing an increase in the number of buyers, who are purchasing in smaller lots, unwilling to greatly expand supplies on a downward trending market. Export interest has increased as Middle Eastern countries are looking to expand supplies prior to Ramadan. PSA supplies are nearly depleted and are no longer a major factor in the market. There is uncertainty as to how excess butter supplies will be managed in 2014. The European Commission has indicated that the private storage program will not be active in 2014. The lack of a PSA program will most likely lead to a more flexible market as storage volumes can be accessed as the butter manufacturer dictates, whereas previously, PSA supplies were locked in for a number of months. Butteroil prices remain significantly above international price and are only receiving limited export interest.

82% BUTTERFAT: 4,625 - 5,475
99% BUTTERFAT: 6,525 - 6,625

SKIM MILK POWDER (SMP): Prices for skim milk powder continued to firm, supported by strong export demand. Production is increasing as milk volumes expand. The increases in milk production and the strong SMP market have most dryers operating at near capacity. Being near drying capacity so early in the year has raised concerns about how to handle milk volumes when production

is heaviest during April and May. First quarter SMP production is nearly sold out with spot sales for immediate delivery requiring premiums to complete the sale. Negotiations are ongoing for Q2 with the unusual situation, in some cases, of having prices higher than Q1. Good export interest is coming from Asia and also from the Middle East as those countries are building stocks ahead of Ramadan.

1.25% BUTTERFAT: 4,475 - 4,825

WHOLE MILK POWDER (WMP): Whole milk powder prices were fairly stable with only marginal declines on the low end of the range. The declines occurred as some manufacturers have switched to WMP production, due to declining cream prices, and are providing WMP price discounts to induce sales. Negotiations are ongoing for Q2 deliveries. Export demand is improving as production in the southern hemisphere has declined.

26% BUTTERFAT: 4,950 - 5,300

SWEET WHEY POWDER: The sweet dry whey market was mixed with an expanding price range. Margins are good for whey manufacturers as liquid whey volumes are readily available and prices have declined. Production is strong as many manufacturers are near their drying capacity. Export demand has improved, compared to the close of 2013, with good interest coming from Asia. Feed grade whey demand has declined as most EU buyers are covered.

NONHYGROSCOPIC: 1,325 - 1,550

EASTERN OVERVIEW: Eastern European milk production for 2013 did not reflect the increases seen in the west. The Czech Republic, Croatia, Slovakia and Slovenia all reported milk production declines compared to the previous year. Poland saw only a marginal increase, 0.8%, compared to the previous year. Severe winter weather has reduced milk production in some regions with heavy snows and a major ice storm in Slovenia. Cheese and butter manufacturers continue to receive good export interest.

**Exchange rates for selected foreign currencies:
February 10, 2014**

.1280 Argentina Peso	.0098 Japan Yen
.8949 Australian Dollar	.0750 Mexican Peso
.9042 Canadian Dollar	.8267 New Zealand Dollar
1.3645 Euro	.3264 Polish Zloty
.0161 India Rupee	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0750) = 13.3333 Mexican Pesos. Source: "Wall Street Journal"

Information gathered February 3 - 14, 2014

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.

AUSTRALIAN milk production continues to be suppressed by bouts of extreme heat and dry weather. The breaks between the various heat waves have offered some bounce back in production, but the continuing cycle of heat has accelerated production declines. Numerous wild fires have periodically interfered with some milk shipments, due to intense smoke limiting visibility and closing highways. Milk production is hanging on in northern Victoria where irrigation systems are maintaining pastures and also due to supplemental feeding to help extend the production season. Those areas without irrigation have very limited or no pastures for cattle. According to Dairy Australia, December milk production in Australia was 1.4% above December 2012. The state changes from a year earlier are: New South Wales, -1.6%; Victoria, +2.3%; Queensland, -2.4%; South Australia, -3.6%; Western Australia, -3.7% and Tasmania +5.2%. Australia's milk production season to date is -3.0%, compared to last season. Dairy Australia has also summarized exports for the July-December period, showing total export tonnage down 11.8%. The decline in tonnage was offset by a rise in total value with an increase of 15.8%. Milk powder demand remains good and continues to be the dominate factor in the dairy markets. **NEW ZEALAND** milk production continues to be well above year ago levels. Weather conditions have been supportive of milk production, especially on the South Island. The North Island is dry in some areas, which is not unusual for this time of year. Some producers have implemented supplemental forage feeding in order to maximize their late season production. Overall, the production season looks to end strong for most producers. The gains in late season production, over last year, are allowing manufacturers to more confidently manage and build stocks for the upcoming carryover period. Global demand for milk powders remains strong. China's trading activity is slowly coming back following the New Year's holiday. Butteroil and milk powder prices have reached levels, where some prospective buyers are considering alternative products.

BUTTER: Oceania butter prices moved higher on the upper end of the range and more than offset some marginal declines on the low end of the range. Lower priced Oceania butter, compared to Europe and until recently the U.S., continues to draw good export interest. Export activity continues to reflect a two tiered market with higher prices for product destined for Russia, while pricing for the Middle East and North Africa is represented by mid-range and lower range pricing respectively. Available supplies are relatively tight with most manufacturers comfortable with their current inventories as most Q2 sales with repeat customers are on the books. Production continues to focus on covering nearby commitments and building stocks for future needs. At the February 4 GDT event 109, butter averaged \$4,905/MT for the April contracts, and \$4,745/MT for all contract periods, +2.6%. AMF prices averaged \$5,499/MT for the April contracts, -2.2% from the prior event. For all contract periods, the AMF price average was \$5,569/MT, -1.2%.

82% BUTTERFAT:

4,400 - 5,025

SKIM MILK POWDER (SMP): The SMP market in Oceania held steady with only minor price fluctuations within the range. Global demand remains strong with supplies tight. Most supplies in the near term are committed. Some buyers are buying hand to mouth, hoping for the possibility of increased supplies and lower prices coming from the northern hemisphere. U.S. milk and SMP production have been below expectations and have not factored greatly into the supply side of the global SMP pricing equation. China is slowly coming back into the market following the New Year's holiday. Export interest remains active from Southeast Asia, the Middle East and North Africa. At the February 4th GDT event 109, SMP for all regions and contracting periods averaged \$4,746 per MT, N.C. For trading in contract period 2, April 2014, prices averaged \$5,055 for NZ sourced medium heat product, up \$10 from the prior event. For April sales, the price gap between NZ and U.S. sourced MH SMP, at \$4,525, was \$530/MT.

1.25% BUTTERFAT:

4,700 - 5,300

CHEDDAR CHEESE: Cheddar cheese prices increased significantly this period as cheese makers needed higher returns to justify production, in lieu of diverting milk volumes to other, more lucrative, dairy product production. Export demand has increased with more interest coming from South Korea, Japan and Russia. Most supplies are committed through Q1 with limited availability in Q2.

39% MAXIMUM MOISTURE:

5,000 - 5,500

WHOLE MILK POWDER (WMP): Whole milk powder prices have declined marginally on the upper end of the range. Demand has softened as China has been slow to re-enter the market after the New Year's holiday. There continues to be good interest coming from Southeast Asia and the Middle East with some buyers looking to cover future, as well as current, needs. Some prospective buyers in North Africa are considering alternative products. The relative strength in the skim milk powder, butter and cheese markets has caused some milk volumes to be diverted away from whole milk powder production. This situation has tightened up available supplies in the region. At the February 4th GDT event, the WMP pricing index, across all contracting periods, averaged \$5,005 per MT, up 1.4% compared to the prior event. For contract periods 2 and 3, April and May 2014, NZ regular WMP averaged \$4,955 and \$5,030 per MT, respectively.

26% BUTTERFAT:

4,950 - 5,300

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

US\$/MT	Global/Dairy Trading (g/DT) Event 109 Recap - February 4, 2014													
	Contract 1 Mar-14		Contract 2 Apr-14		Contract 3 May-14		Contract 4 Jun-14		Contract 5 Jul-14		Contract 6 Aug-14		All Contracts	
Anhydrous Milk Fat	n.a.	\$5,499	-2.2%	\$5,644	-0.9%	\$5,647	1.2%	\$5,706	0.2%	\$5,950	2.7%	\$5,569	-1.2%	
Butter	\$4,355	-1.8%	\$4,838	1.1%	\$4,905	5.9%	\$5,025	7.4%	n.a.	n.a.	n.a.	\$4,745	2.6%	
Buttermilk Powder	n.a.	\$4,723	-2.5%	\$5,285	3.5%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$4,775	-1.2%	
Cheddar	n.a.	\$4,944	-6.4%	\$4,905	-4.1%	\$4,956	-1.0%	n.a.	n.a.	n.a.	n.a.	\$4,935	-4.3%	
Lactose	n.a.	n.a.	n.a.	\$1,780	n.a.	\$1,780	-2.7%	n.a.	n.a.	n.a.	n.a.	\$1,780	-2.7%	
Milk Protein Concentrate	n.a.	\$9,390	-2.6%	\$9,285	-4.0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$9,334	-3.3%	
Rennet Casein	n.a.	\$11,876	-3.7%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$11,876	-3.7%	
Skim Milk Powder	\$4,478	-0.8%	\$4,789	0.6%	\$4,753	-1.1%	\$4,704	-0.1%	\$4,918	0.9%	\$4,838	-0.8%	\$4,746	0.0%
Whole Milk Powder	\$4,971	0.3%	\$4,987	1.4%	\$5,061	1.8%	\$5,027	0.9%	\$5,059	-0.1%	n.a.	\$5,005	1.4%	

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

US\$/Pound	Global/Dairy Trading (g/DT) Event 109 Recap - February 4, 2014													
	Contract 1 Mar-14		Contract 2 Apr-14		Contract 3 May-14		Contract 4 Jun-14		Contract 5 Jul-14		Contract 6 Aug-14		All Contracts	
Anhydrous Milk Fat	n.a.	\$2.4943	-2.2%	\$2.5601	-0.9%	\$2.5615	1.2%	\$2.5882	0.2%	\$2.6989	2.7%	\$2.5261	-1.2%	
Butter	\$1.9754	-1.8%	\$2.1945	1.1%	\$2.2249	5.9%	\$2.2793	7.4%	n.a.	n.a.	n.a.	\$2.1523	2.6%	
Buttermilk Powder	n.a.	\$2.1423	-2.5%	\$2.3973	3.5%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$2.1659	-1.2%	
Cheddar	n.a.	\$2.2426	-6.4%	\$2.2249	-4.1%	\$2.2480	-1.0%	n.a.	n.a.	n.a.	n.a.	\$2.2385	-4.3%	
Lactose	n.a.	n.a.	n.a.	\$0.8074	n.a.	\$0.8074	-2.7%	n.a.	n.a.	n.a.	n.a.	\$0.8074	-2.7%	
Milk Protein Concentrate	n.a.	\$4.2593	-2.6%	\$4.2116	-4.0%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$4.2339	-3.3%	
Rennet Casein	n.a.	\$5.3869	-3.7%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$5.3869	-3.7%	
Skim Milk Powder	\$2.0312	-0.8%	\$2.1723	0.6%	\$2.1559	-1.1%	\$2.1337	-0.1%	\$2.2308	0.9%	\$2.1945	-0.8%	\$2.1528	0.0%
Whole Milk Powder	\$2.2548	0.3%	\$2.2621	1.4%	\$2.2957	1.8%	\$2.2802	0.9%	\$2.2947	-0.1%	n.a.	\$2.2703	1.4%	

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

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	01/30	01/31	02/03	02/04	02/05	02/06	02/07	02/10	02/11	02/12
CME - CLASS III MILK FUTURES (Pit-Traded)										
JAN 14	21.11 (4314) 0	21.12 (4355) 0	21.11 (4351) 0	21.12 (4333) 0	21.15 (3815) 0					
FEB 14	23.29 (4965) 2	23.11 (5042) 74	22.81 (4906) 6	22.84 (4903) 7	23.08 (4884) 0	23.21 (5169) 0	22.87 (5156) 2	22.89 (5097) 0	23.15 (5119) 0	23.10 (5251) 0
MAR 14	21.53 (4040) 9	21.47 (4166) 35	20.82 (4133) 5	20.52 (4139) 7	20.83 (4141) 44	21.05 (4182) 9	20.72 (4328) 8	20.50 (4446) 3	20.99 (4528) 2	20.81 (4592) 0
APR 14	20.06 (3157) 2	20.04 (3212) 20	19.47 (3221) 0	19.41 (3205) 0	19.62 (3196) 10	19.69 (3221) 3	19.44 (3267) 8	19.32 (3274) 3	19.59 (3297) 2	19.65 (3283) 0
MAY 14	19.20 (2760) 2	19.20 (2768) 41	18.88 (2768) 0	18.82 (2766) 0	18.95 (2787) 10	18.96 (2822) 3	18.81 (2842) 8	18.77 (2868) 3	19.00 (2870) 2	19.14 (2876) 0
JUN 14	18.87 (2470) 2	18.88 (2483) 34	18.70 (2511) 0	18.75 (2520) 0	18.80 (2520) 0	18.85 (2536) 3	18.78 (2591) 8	18.75 (2617) 3	18.85 (2670) 2	18.95 (2675) 1
JUL 14	18.75 (1567) 2	18.73 (1570) 13	18.60 (1577) 0	18.72 (1614) 0	18.75 (1637) 0	18.81 (1667) 3	18.82 (1788) 7	18.75 (1809) 0	18.79 (1821) 2	18.84 (1826) 1
AUG 14	18.59 (1447) 2	18.64 (1453) 16	18.50 (1481) 0	18.60 (1505) 0	18.61 (1518) 0	18.66 (1538) 3	18.70 (1593) 7	18.59 (1604) 0	18.63 (1651) 2	18.68 (1662) 1
SEP 14	18.40 (1320) 2	18.46 (1326) 15	18.42 (1367) 0	18.57 (1416) 0	18.63 (1425) 0	18.62 (1450) 0	18.58 (1489) 7	18.49 (1517) 0	18.56 (1545) 2	18.58 (1548) 1
OCT 14	18.13 (1068) 2	18.17 (1070) 13	18.08 (1103) 0	18.25 (1138) 0	18.27 (1144) 0	18.30 (1166) 0	18.27 (1215) 10	18.21 (1235) 0	18.29 (1239) 2	18.29 (1273) 1
CME - CLASS IV MILK FUTURES (Pit-Traded)										
JAN 14	22.23 (1356) 0	22.23 (1355) 0	22.23 (1355) 0	22.23 (1355) 0	22.29 (1235) 0					
FEB 14	23.30 (1589) 2	23.26 (1588) 0	23.18 (1588) 0	23.12 (1589) 0	23.10 (1589) 0	23.11 (1587) 0	23.18 (1575) 0	23.18 (1575) 0	23.17 (1575) 0	23.28 (1587) 0
MAR 14	23.16 (1668) 2	23.11 (1667) 0	22.90 (1666) 0	22.81 (1666) 0	22.55 (1692) 0	22.59 (1694) 7	22.59 (1695) 0	22.60 (1704) 5	22.74 (1721) 8	22.84 (1728) 1
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
JAN 14	163.50 (691) 55	163.50 (696) 0	163.50 (696) 0	163.50 (696) 0	164.75 (691) 0					
FEB 14	187.75 (828) 75	186.00 (835) 20	186.00 (832) 18	185.50 (838) 20	183.00 (843) 28	182.80 (843) 0	182.80 (842) 1	181.95 (846) 22	181.70 (841) 16	182.50 (836) 7
MAR 14	183.50 (907) 73	183.00 (915) 11	181.50 (926) 19	181.23 (948) 27	178.00 (993) 67	175.00 (1014) 28	174.00 (1034) 49	172.00 (1055) 31	173.98 (1088) 53	174.00 (1101) 22
CME - NONFAT DRY MILK FUTURES (Pit-Traded)										
JAN 14	202.93 (473) 0	202.60 (474) 0	202.60 (474) 0	202.60 (473) 0	203.35 (500) 0					
FEB 14	203.20 (594) 0	203.00 (596) 0	202.50 (598) 0	202.50 (593) 0	203.00 (597) 0	204.05 (597) 0	204.30 (597) 0	204.30 (597) 6	204.30 (597) 0	206.25 (591) 0
MAR 14	204.48 (706) 0	203.75 (708) 0	202.23 (702) 0	200.50 (718) 0	200.85 (767) 0	202.50 (765) 0	203.25 (748) 20	203.05 (751) 6	203.43 (744) 0	205.00 (735) 0
CME - WHEY (Electronic-Traded)										
JAN 14	59.78 (267) 0	59.78 (267) 0	59.88 (267) 0	59.88 (267) 0	60.25 (295) 0					
FEB 14	62.75 (278) 4	62.73 (278) 0	62.73 (278) 3	62.73 (278) 0	62.73 (278) 0	62.73 (278) 0	62.73 (278) 0	62.95 (280) 2	62.95 (280) 0	62.95 (280) 0
MAR 14	63.28 (320) 1	61.50 (323) 13	60.88 (320) 23	60.88 (320) 0	60.08 (329) 11	62.00 (332) 4	61.50 (334) 5	61.50 (340) 14	61.50 (340) 0	61.50 (340) 0
CME - CHEESE CSC (Electronic-Traded)										
JAN 14	2.08 (1172) 1	2.08 (1172) 0	2.08 (1172) 0	2.08 (1172) 0	2.08 (1225) 0					
FEB 14	2.29 (1065) 15	2.27 (1065) 1	2.24 (1064) 25	2.23 (1056) 14	2.26 (1056) 1	2.28 (1065) 10	2.26 (1067) 3	2.24 (1069) 6	2.27 (1069) 0	2.27 (1069) 0
MAR 14	2.10 (1052) 20	2.10 (1175) 133	2.04 (1187) 62	2.02 (1202) 44	2.04 (1230) 62	2.06 (1249) 26	2.04 (1245) 23	2.00 (1248) 89	2.05 (1247) 11	2.04 (1257) 31
APR 14	1.94 (993) 4	1.96 (1007) 34	1.90 (1026) 19	1.90 (1019) 31	1.93 (1023) 21	1.93 (1019) 10	1.91 (1033) 26	1.89 (1031) 34	1.91 (1031) 35	1.92 (1046) 36
MAY 14	1.88 (868) 10	1.88 (872) 7	1.85 (886) 67	1.84 (886) 26	1.85 (891) 11	1.86 (891) 2	1.86 (892) 7	1.85 (916) 36	1.87 (921) 8	1.86 (926) 8
JUN 14	1.85 (787) 3	1.85 (791) 5	1.83 (798) 21	1.83 (798) 1	1.85 (798) 0	1.85 (802) 6	1.85 (809) 9	1.85 (828) 20	1.86 (840) 15	1.86 (840) 1

^{1/} At the CME open interest for milk -- 200,000 pounds per contract.)

JANUARY 1 MILK COW INVENTORY SUMMARY

The number of milk cows in the United States as of January 1, 2014, totaled 9.2 million head, unchanged from January 1, 2013. Milk cow replacement heifers totaled 4.5 million head, unchanged from January 1, 2013. The number of milk cow replacement heifers per 100 milk cows on January 1, 2014 was 49.3, down 0.2 percent from January 1, 2013. Milk cow replacement heifers expected to calve during the year totaled 2.99 million head, up 2 percent from January 1, 2013.

MILK COW INVENTORY: Number by Class, January 1, 2013-2014

State	Milk Cows that Have Calved		Heifers for Milk Cow Replacement		State	Milk Cows that Have Calved		Heifers for Milk Cow Replacement	
	2013	2014	2013	2014		2013	2014	2013	2014
	1,000 Head					1,000 Head			
AL	9.0	9.0	4.0	4.0	NE	55.0	53.0	20.0	23.0
AK	0.4	0.3	0.2	0.1	NV	29.0	29.0	9.0	9.0
AZ	190.0	192.0	73.0	77.0	NH	13.5	13.5	6.5	7.0
AR	9.0	8.0	7.0	5.0	NJ	7.0	7.0	4.0	3.5
CA	1,780.0	1,780.0	780.0	750.0	NM	320.0	323.0	125.0	120.0
CO	135.0	140.0	85.0	100.0	NY	610.0	615.0	320.0	355.0
CT	18.0	19.0	9.0	9.0	NC	46.0	45.0	23.0	20.0
DE	4.5	4.7	3.0	2.6	ND	18.0	17.0	13.0	10.0
FL	122.0	123.0	35.0	35.0	OH	270.0	267.0	125.0	130.0
GA	80.0	80.0	28.0	25.0	OK	46.0	45.0	20.0	20.0
HI	2.1	2.2	2.0	1.0	OR	123.0	124.0	68.0	60.0
ID	580.0	565.0	310.0	260.0	PA	535.0	530.0	310.0	315.0
IL	98.0	96.0	48.0	45.0	RI	0.9	0.9	0.5	0.5
IN	174.0	178.0	56.0	70.0	SC	16.0	16.0	7.0	6.0
IA	205.0	205.0	120.0	120.0	SD	92.0	95.0	55.0	50.0
KS	132.0	136.0	100.0	100.0	TN	48.0	46.0	25.0	30.0
KY	72.0	68.0	50.0	45.0	TX	435.0	440.0	200.0	220.0
LA	16.0	15.0	5.0	5.0	UT	90.0	95.0	50.0	46.0
ME	32.0	30.0	15.5	17.0	VT	134.0	132.0	59.0	56.0
MD	51.0	50.0	29.0	25.0	VA	94.0	93.0	35.0	40.0
MA	12.5	12.0	6.0	7.5	WA	264.0	266.0	109.0	122.0
MI	377.0	381.0	157.0	159.0	WV	10.0	9.0	5.0	5.0
MN	465.0	460.0	280.0	280.0	WI	1,270.0	1,270.0	700.0	680.0
MS	14.0	13.0	7.0	6.0	WY	6.0	6.0	4.0	4.0
MO	93.0	90.0	40.0	50.0	U.S.	9,217.9	9,208.6	4,550.7	4,539.2
MT	14.0	14.0	8.0	9.0					

SOURCE: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Cattle, February 2014.*

FEBRUARY MILK SUPPLY AND DEMAND ESTIMATES

The milk production forecast for 2014 is raised from last month on expected higher cow numbers in the second half of the year. USDA's *Cattle* report estimated dairy replacement heifers expected to calve during 2014 were up about 2 percent from a year ago, while the number of milk cows was fractionally below a year ago. Strong returns resulting from higher milk prices and moderate feed costs are expected to boost expansion later in the year. Milk per cow is unchanged. Fat-basis exports for 2014 are raised on increased sales of butter and cheese. Skim-solids exports are lowered mostly on reduced exports of lactose. Fat and skim-solids imports are unchanged. For 2013, supply and use estimates are updated based on data for December. Product price forecasts for cheese, butter, and whey are higher, supported by strong demand and price strength to date. Nonfat dry milk (NDM) is lower for 2014 on expectations of competition from other exporters in second-half 2014. The Class III price is raised on higher cheese and whey prices. The Class IV price is down as lower NDM more than offsets greater butter. The all milk price is forecast at \$20.85-21.55 per cwt.

U.S. MILK SUPPLY AND USE					
Commodity	2012	2013 Estimated		2014 Projected	
		January	February	January	February
BILLION POUNDS					
MILK					
PRODUCTION	200.3	201.3	201.2	205.6	205.7
FARM USE	1.0	1.0	1.0	1.0	1.0
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	10.9	12.2	12.2	11.5	11.1
MARKETINGS	199.4	200.3	200.2	204.7	204.7
IMPORTS	4.1	3.8	3.7	3.7	3.7
TOTAL COMMERCIAL SUPPLY	214.3	216.4	216.2	219.9	219.5
FAT BASIS USE					
COMMERCIAL EXPORTS	8.8	12.2	12.4	11.2	11.5
ENDING COMMERCIAL STOCKS	12.2	11.5	11.1	11.6	11.9
CCC NET REMOVALS ^{1/}	0.0	0.0	0.0	0.0	0.0
COMMERCIAL USE ^{2/}	193.3	192.7	192.6	197.1	196.2
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	11.8	12.4	12.4	11.8	11.6
MARKETINGS	199.4	200.3	200.2	204.7	204.7
IMPORTS	5.7	5.2	5.3	5.2	5.2
TOTAL COMMERCIAL SUPPLY	216.9	217.9	217.9	221.6	221.5
SKIM-SOLIDS BASIS USE					
COMMERCIAL EXPORTS	33.3	38.7	38.6	38.5	38.2
ENDING COMMERCIAL STOCKS	12.4	11.8	11.6	12.0	12.0
CCC NET REMOVALS ^{1/}	0.0	0.0	0.0	0.0	0.0
COMMERCIAL USE ^{2/}	171.2	167.4	167.7	171.1	171.3
MILLION POUNDS					
CCC PRODUCT NET REMOVALS ^{1/}					
BUTTER	0	0	0	0	0
CHEESE	0	0	0	0	0
NONFAT DRY MILK	0	0	0	0	0
DRY WHOLE MILK	0	0	0	0	0

NOTE: Totals may not add due to rounding.

^{1/} Includes products exported under the Dairy Export Incentive Program.

^{2/} Domestic commercial use only.

Continued on page 12

FEBRUARY MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2012	2013 Estimated		2014 Projected	
		January	February	January	February
DOLLARS PER POUND					
PRODUCT PRICES ¹					
CHEESE	1.7076	1.7683	1.7683	1.760-1.840	1.815-1.885
BUTTER	1.5943	1.5451	1.5451	1.515-1.625	1.550-1.650
NONFAT DRY MILK	1.3279	1.7066	1.7066	1.805-1.865	1.785-1.845
DRY WHEY	0.5935	0.5902	0.5902	0.550-0.580	0.560-0.590
DOLLARS PER CWT					
MILK PRICES ^{2/}					
CLASS III	17.44	17.99	17.99	17.80-18.60	18.35-19.05
CLASS IV	16.01	19.05	19.05	19.80-20.70	19.80-20.60
ALL MILK ^{3/}	18.53	19.99	20.01	20.60-21.40	20.85-21.55
QUARTERLY					
	2013 IV	2014 I ^{4/}	2014 II ^{4/}	2014 III ^{4/}	2014 IV ^{4/}
BILLION POUNDS					
MILK PRODUCTION	49.4	51.0	52.6	50.8	51.3
DOLLARS PER CWT.					
ALL MILK PRICE ^{2/3/}	21.43	23.35-23.65	21.45-22.05	19.55-20.45	18.95-19.95
CLASS III PRICE ^{2/}	18.67	21.15-21.45	18.95-19.55	17.20-18.10	16.15-17.15
CLASS IV PRICE ^{2/}	20.74	22.20-22.60	20.60-21.30	18.65-19.65	17.85-18.95

^{1/} Simple average of monthly prices calculated from AMS weekly weighted average prices published in the National Dairy Products Sales Report located at: <http://www.ams.usda.gov/AMSV1.0/DairyProductMandatoryReporting>.”

^{2/} Annual and quarterly Class III and Class IV prices are the simple average of monthly minimum Federal order milk prices paid by regulated plants for milk used in the respective classes. All milk price is the simple average of monthly prices received by farmers for milk at average test.

^{3/} Does not reflect any deductions from producers as authorized by legislation.

^{4/} Projection.

Source: U.S. Department of Agriculture. World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates, WASDE-526, February 10, 2014*. Approved by the Interagency Commodity Estimates Committee [members for Dairy are: Shayle Shagam, Chairperson, WAOB; Jerry Cessna, AMS; Paul Kiendl, FAS; Roger Hoskin, ERS; and Milton Madison, FSA].

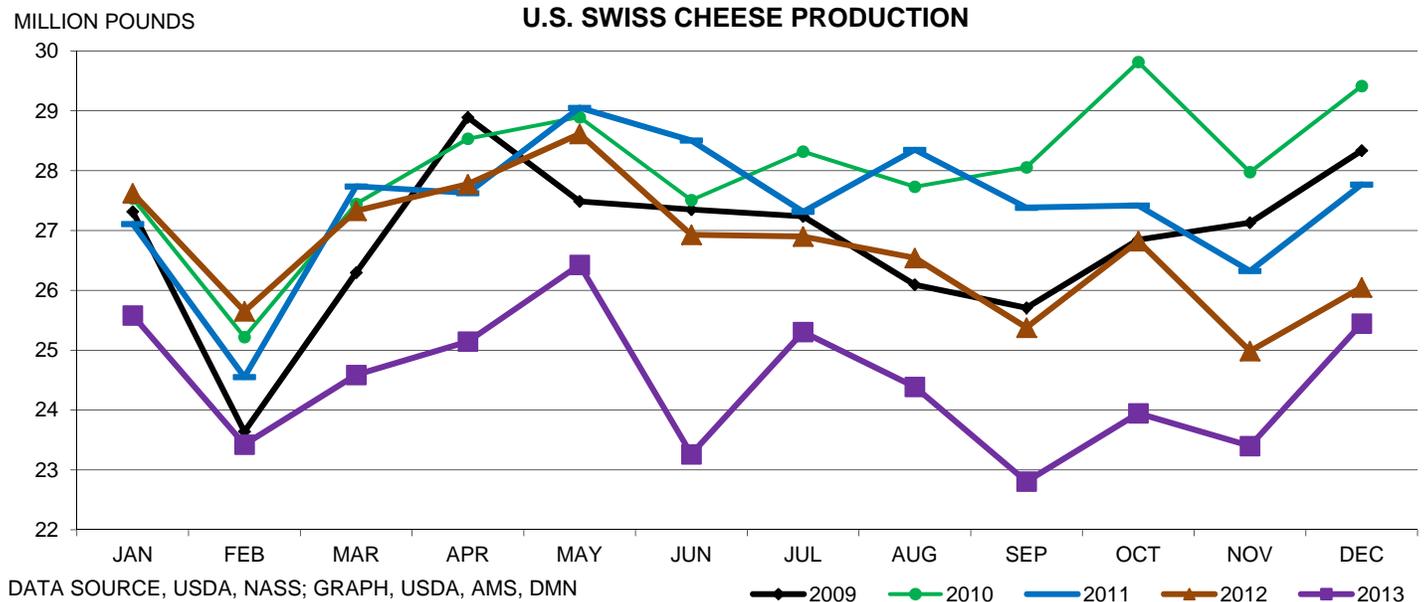
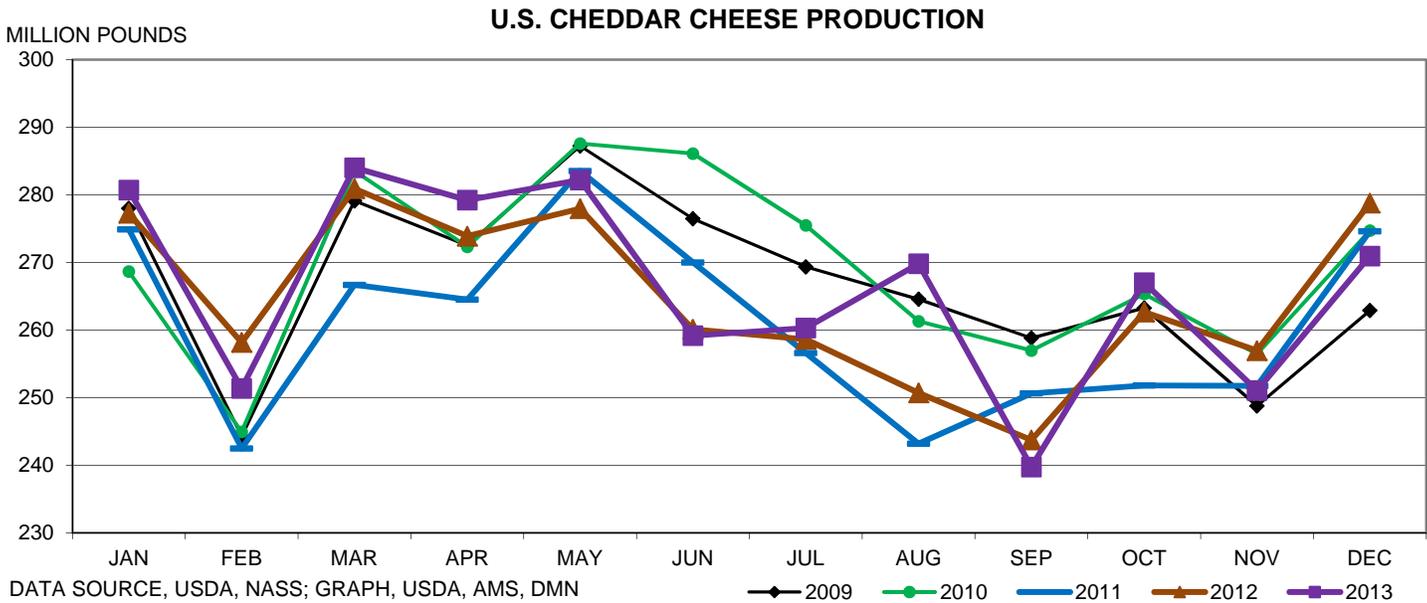
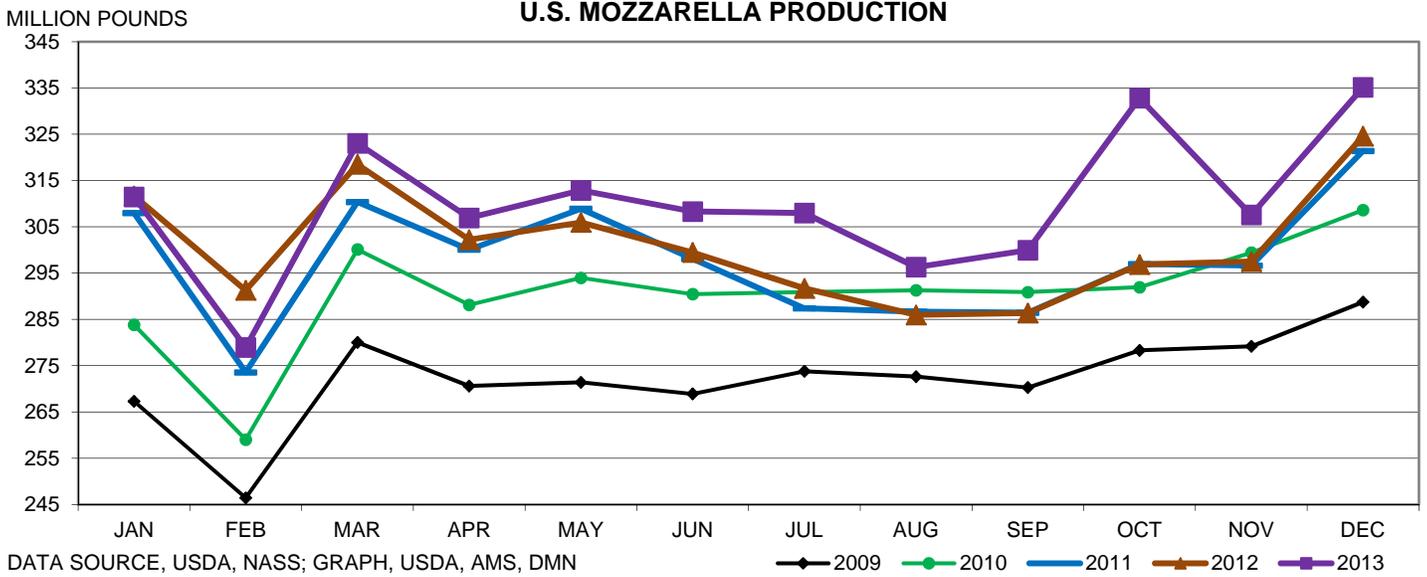
MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, NOVEMBER 2013, WITH COMPARISONS

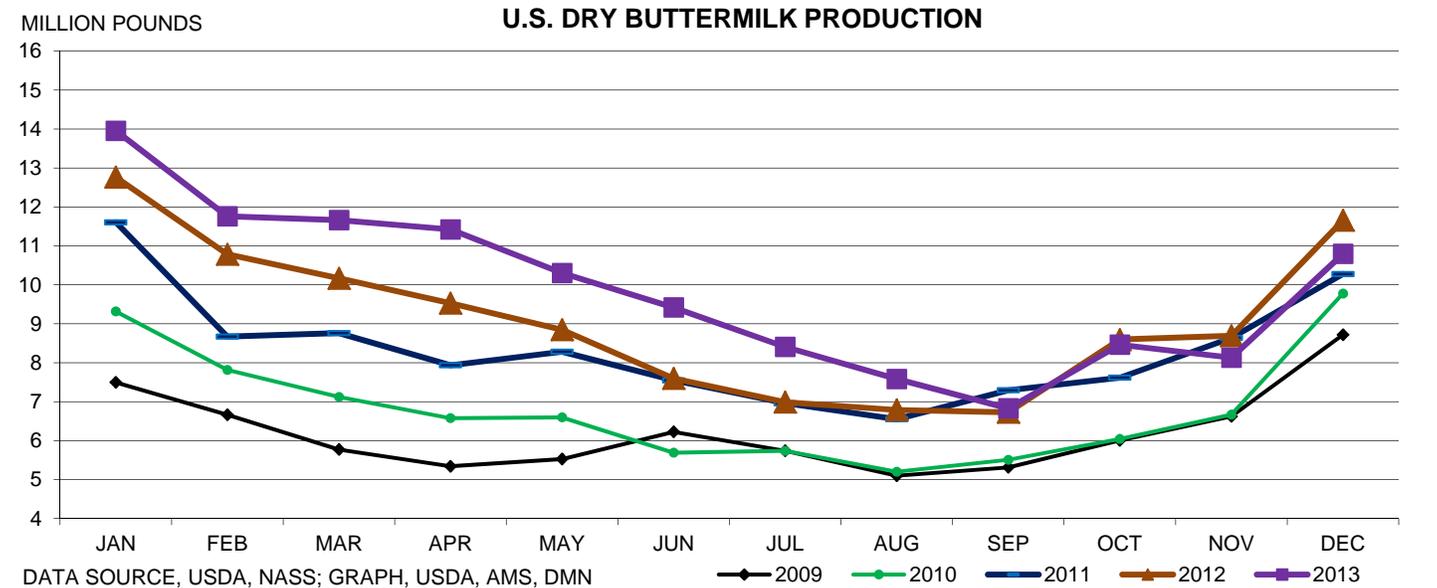
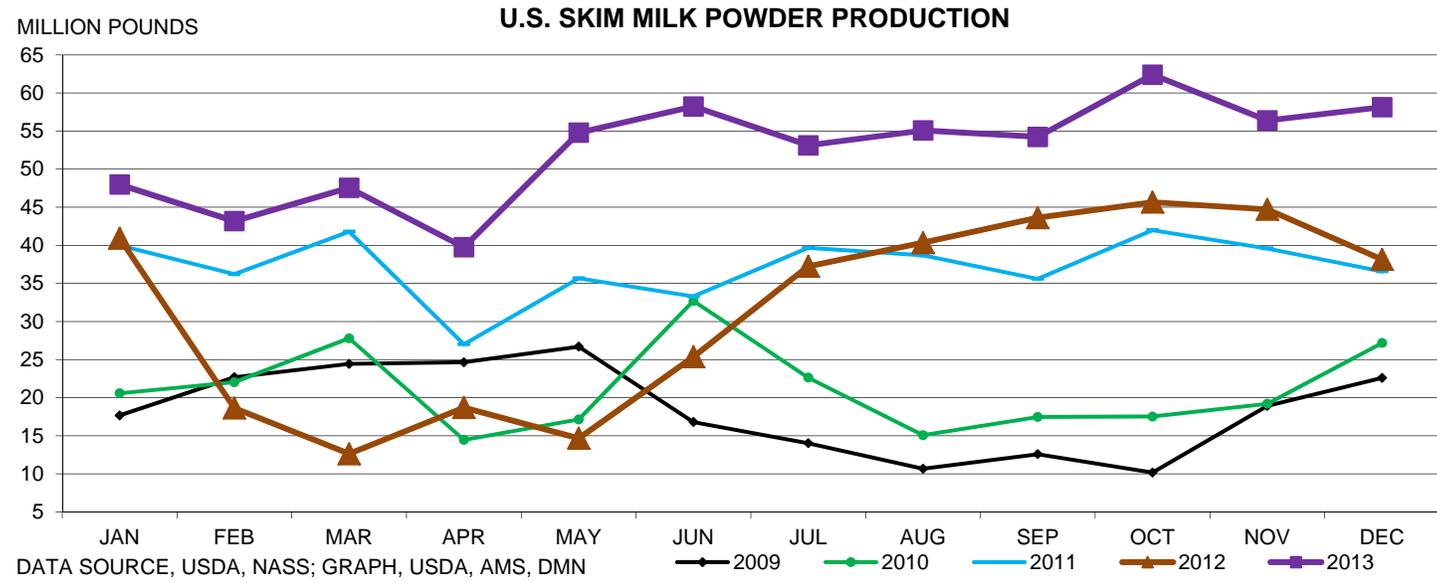
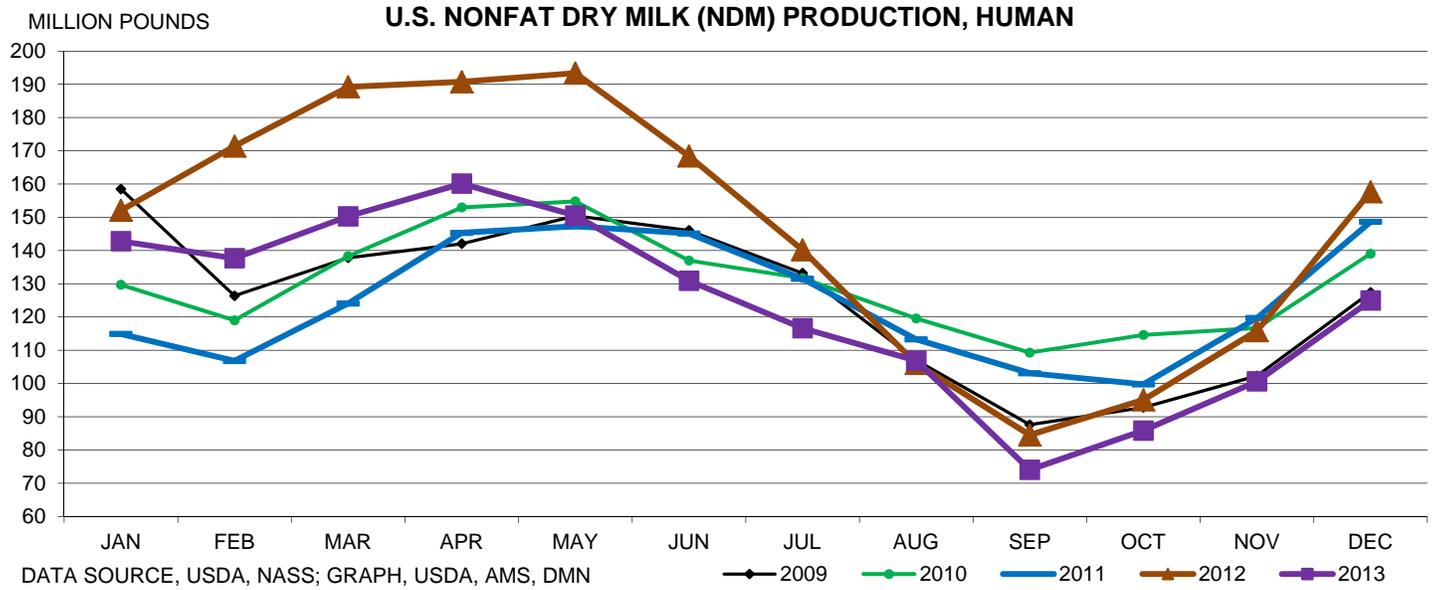
In November 2013, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$21.65 per cwt., up \$0.82 from the October 2013 average, and down \$0.62 from the November 2012 average. The component tests of producer milk in November 2013 were: butterfat, 3.87%; protein, 3.24%; and other solids, 5.71%. On an individual reporting area basis, mailbox prices increased in all Federal milk order reporting areas when compared to the previous month. Mailbox prices in November 2013 ranged from \$24.57 in Florida to \$19.61 in New Mexico.

Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	November 2012	October 2013	November 2013
	Dollars per hundredweight		
New England States <u>3/</u>	23.26	22.42	23.14
New York	22.21	21.38	22.11
Eastern Pennsylvania <u>4/</u>	22.36	21.49	22.21
Appalachian States <u>5/</u>	23.38	21.85	23.14
Southeast States <u>6/</u>	24.08	22.16	23.50
Southern Missouri <u>7/</u>	22.27	21.91	22.45
Florida	25.43	23.89	24.57
Western Pennsylvania <u>8/</u>	22.71	21.27	22.05
Ohio	22.19	21.33	22.06
Indiana	21.82	20.76	21.47
Michigan	21.12	20.51	21.24
Wisconsin	22.91	20.64	21.50
Minnesota	22.72	20.57	21.39
Iowa	22.71	21.03	21.87
Illinois	23.02	21.08	21.98
Corn Belt States <u>9/</u>	21.89	20.06	20.92
Western Texas <u>10/</u>	20.98	19.85	20.70
New Mexico	20.36	18.87	19.61
Northwest States <u>11/</u>	21.81	20.73	21.45
All Federal Order Areas <u>12/</u>	22.27	20.83	21.65
California <u>13/</u>	19.71	19.26	19.94

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

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