

NATIONAL DAIRY MARKET NEWS AT A GLANCE

CME GROUP CASH MARKETS (2/21):

BUTTER: Grade AA closed at \$1.7850. The weekly average for Grade AA is \$1.7763(+.0123).

CHEESE: Barrels closed at \$2.1575 and 40# blocks at \$2.1625. The weekly average for barrels is \$2.1006 (-.0029) and blocks, \$2.1269 (+.0169).

BUTTER HIGHLIGHTS: Many butter manufacturers' production levels were higher due to increasing seasonal milk supplies and improving cream supply availability in the West; at the same time cream supplies are heavy in the Central and Northeast regions. The market tone is steady with many butter makers who have the capabilities of making 82% focusing on steady export sales, while others are filling improving domestic retail orders. Butter stocks are steady to higher. Bulk butter prices remained 5 to 8 cents over the market in the Northeast, lower in the Central ranging market to 8 cents over, and unchanged in the West ranging from 4 under to 2 cents over, based on the CME Group. The Grade AA butter price at the CME Group went higher Friday, closing at \$1.7850, 1.5 cents higher than last Friday's close. The DMN *National Dairy Retail Report* noted the national weighted average advertised price for a 1 lb. package of butter was \$2.57, a 40 cent decrease from two weeks ago and 31 cents lower than a year ago. Retail butter prices ranged from \$1.99 to \$3.49. The number of ads nationally, 5,330 ads, decreased by 1,287 ads or 24% this period. Cooperatives Working Together (CWT) accepted additional export assistance requests for a total of 0.849 million pounds of 82% butter this week. 2014 year-to-date, CWT has assisted in selling 6.244 million pounds of butter in the international market.

CHEESE HIGHLIGHTS: Cheese markets are unsettled this week. Record high prices have retreated and buyers are determining when and at what price level the market will stabilize. Buyers have been cautious over recent weeks about purchasing above immediate needs. That built up demand moved available spot supplies fairly quickly this week. Spot trading on the CME Group this week saw prices firming again. Cheese production is increasing with more milk available in many parts of the country. Cheese plants are concentrating on satisfying contract orders and are reluctant to build inventories. Export demand is good with plants continuing to satisfy the relatively newfound customer base. The Cooperatives Working Together (CWT) program assisted this week with export sales of 4.149 million pounds of cheese for delivery from February through June

2014. Cheese stocks are tighter for cheddar, but are said to be adequate for current demand. At the CME Group this week barrels closed Friday at \$2.1575, up 9.5 cents from last Friday. Blocks closed at \$2.1625, up 5.75 cents from last week's close.

FLUID MILK: Milk production is increasing as weather conditions improve across some parts of the country. Milk production in New Mexico is firm with optimal temperatures for day and nighttime cow comfort levels. Florida saw steady milk production as unusually cold weather changed to warmer seasonal temperatures. While milk production improves at the farm level, haulers in the Central region are experiencing transporting delays, caused by icy roads. Increases in milk production volumes are proving challenging as California processors are having concerns about surpassing state processing capacity. Some processors are looking for takers for surplus milk supplies. The demand for milk continues to outpace supplies in Utah and Idaho. Dairies are slow to build herds, due to higher prices for replacement heifers. Bottling demand is mixed across the regions. Bottle sales in the Southeast have flattened following strong Class I demand resulting from last week's snow storm. Cream supplies are reported readily available in parts of the country, with varying Class usage. Extra loads are being brokered to manufacturing plants in the East. Cream demand is expected to surge in the Southwest with upcoming interest from amusement and sports parks. The Central region's ice cream manufacturers are building inventories.

DRY PRODUCTS: Low heat nonfat dry milk saw steady to lower prices in the West. Other regions are holding steady to higher. The Central region saw production increase with rising demand for high heat nonfat dry milk. Producers in the West put high heat production on hold due to increased volumes of farm milk requiring timely processing. Overall, contract based transactions moved buttermilk prices throughout the regions. Prices for dry buttermilk are unchanged to lower in the Central and East regions as production increases in both regions due to active churning. Western buttermilk prices saw the mostly series shift higher. Production is active with increased milk intake volumes. Dry whey prices are up in all the regions. Domestic and export demand is active. Lactose prices are steady. A few buyers are expressing new interest in contracting some quantities for the near

Continued on page 1A

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

ORGANIC DAIRY MARKET NEWS (PAGES 8-8A)
 JANUARY MILK PRODUCTION (PAGE 9)
 MARCH FEDERAL ORDER ADVANCED PRICES (PAGE 10)

GRAPHS (PAGE GI)
 NATIONAL DAIRY RETAIL REPORT (ATTACHED)

CME GROUP CASH TRADING

COMMODITY	MONDAY FEB 17	TUESDAY FEB 18	WEDNESDAY FEB 19	THURSDAY FEB 20	FRIDAY FEB 21	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	NO	\$2.0675 (+.0050)	\$2.0675 (N.C.)	\$2.1100 (+.0425)	\$2.1575 (+.0475)	:: :: (+.0950)	:: :: \$2.1006 :: (-.0029)
40# BLOCKS	TRADING	\$2.1075 (+.0025)	\$2.1075 (N.C.)	\$2.1300 (+.0225)	\$2.1625 (+.0325)	:: :: (+.0575)	:: :: \$2.1269 :: (+.0169)
NONFAT DRY MILK GRADE A		\$2.0300 (+.0100)	\$2.0425 (+.0125)	\$2.0450 (+.0025)	\$2.0450 (N.C.)	:: :: (+.0250)	:: :: \$2.0406 :: (+.0086)
BUTTER GRADE AA	HOLIDAY	\$1.7700 (N.C.)	\$1.7700 (N.C.)	\$1.7800 (+.0100)	\$1.7850 (+.0050)	:: :: (+.0150)	:: :: \$1.7763 :: (+.0123)

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

NATIONAL DAIRY MARKET NEWS AT A GLANCE

Continued from page 1A

term. Production is higher with increased availability of manufacturing milk. Prices for whey protein concentrate 34% are unchanged to lower. Interest is steady from the edible food sector, but feed blenders are finding other buying opportunities within the whey market. Prices for acid and rennet casein are steady.

ORGANIC DAIRY MARKET NEWS (DMN): Last week USDA granted a temporary variance from the organic dairy grazing season requirement to organic dairy producers in the 53 of California's 58 counties that have been designated as primary natural disaster areas due to drought. Producers in the 53 counties with grazing plans that include grazing during February and March 2014, will not be required to graze or provide dry matter intake from pastures during those two months. Organic producers will be allowed to reduce their 2014 grazing season by the number of days that correspond to February and March in their grazing plan. The U.S. weighted average advertised price of organic milk half gallons is \$3.80, up 21 cents from the last reported period. One year ago the national average price was \$3.49. The national weighted average price for conventional half-gallon milk is \$1.98, resulting in an organic-conventional half-gallon price spread of \$1.82. Ad numbers for 8 ounce organic milk are at the highest level of 2014 and higher than any period since late September 2013. 8 ounce organic milk has a national weighted average advertised price of \$1.00, up 3 cents from two weeks ago. One year ago the average price was 93 cents. All ads in all regions had a \$1.00 price. The national weighted average advertised price of 4-6 ounce organic Greek yogurt is \$1.00, down 3 cents from two weeks ago. One year ago the weighted average advertised price was 93 cents. 4-6 ounce organic yogurt has an average price of \$.58, down 3 cents from two weeks ago and down 37 cents from one year ago.

NATIONAL DAIRY RETAIL REPORT (DMN): Milk, cheese, ice cream and butter category ad numbers are lower than two weeks ago, while yogurt and cottage cheese ad numbers are up. There are nearly 8 times more yogurt ads than cottage cheese ads. 4-6 ounce Greek yogurt ads lead the yogurt category. The weighted average advertised price, \$.94, is down 5 cents from 2 weeks ago and down 9 cents from a year ago. The bulk of remaining yogurt ads are for 4-6 ounce yogurt, with an average price of \$.50, down 2 cents from two weeks ago and down 1 cent from last year. 16 ounce cottage cheese has a weighted average price of \$2.04, up 6 cents from two weeks ago and up 19 cents from last year. The price range varied from \$1.00 in the Southwest and South Central regions, to \$2.99 in the Northeast. Ad numbers for 8 ounce shredded cheese, the most advertised cheese category, decreased by 28%. The average price, \$2.40, is up by 22 cents from two weeks ago and up by 2 cents from last year. The second largest cheese category, 8 ounce block, is down by 48% in ad numbers. The average price is \$2.32, up 2 cents from the last report and from last year. The national weighted average conventional milk price for half gallons is \$1.98 and for organic half-gallon milk, \$3.80. The organic-conventional half-gallon price spread is \$1.82, down 8 cents from the last period. One year ago the price spread was \$2.07.

INTERNATIONAL DAIRY NEWS UPDATE (DMN): At the February 18 GDT event #110, average prices ranged from 5.4% lower to 3.1% higher from the prior event across categories. The all contracts price averages (US\$ per MT) and percent changes from the previous average are: anhydrous milk fat, \$5,314 -4.5%; butter, \$4,586 -3.8%; buttermilk powder, \$5,355 +3.1%; cheddar cheese, \$4,845 -1.7%; lactose, N.C.; milk protein concentrate, \$8,824 -5.4%; rennet casein, \$11,461 -3.5%; skim milk powder, \$4,780 -0.1%; and whole milk powder, \$4,999 -0.3%.

JANUARY MILK PRODUCTION (NASS): Milk production in the 23 major States during January totaled 16.1 billion pounds, up -1A-

1.0% from January 2013. December revised production at 15.7 billion pounds, was down 0.3% from December 2012. The December revision represented a decrease of 19 million pounds or 0.1% from last month's preliminary production estimate. Production per cow in the 23 major States averaged 1,891 pounds for January, 17 pounds above January 2013. The number of milk cows on farms in the 23 major States was 8.51 million head, 7,000 head more than January 2013, and 6,000 head more than December 2013.

MARCH FEDERAL ORDER ADVANCED PRICES (FMMO): Under the Federal milk order pricing system, the base Class I price for March 2014 is \$23.64. This price is derived from the advanced Class III skim milk pricing factor of \$17.14 and the advanced butterfat pricing factor of \$2.0298. A Class I differential for each order's principle pricing point (county) is added to the base price to determine the Class I Price. The base Class I price increased \$1.62 when compared to the previous month of February 2014. For selected consumer products, the price changes are: whole milk (3.25% milk fat), \$0.133 per gallon; reduced fat milk (2%), \$0.102 per gallon; fat-free (skim milk), \$0.062 per gallon. The advanced Class IV skim milk pricing factor is \$17.14. Thus, the Class II skim milk price for March 2014 is \$17.67, and the Class II nonfat solids price is \$1.9633. The two-week product price averages for March 2014 are: butter \$1.8476, nonfat dry milk \$2.0718, cheese \$2.3213 and dry whey \$0.6238.

CME GROUP

MONDAY, FEBRUARY 17, 2014
CME CLOSED, HOLIDAY

TUESDAY, FEBRUARY 18, 2014

CHEESE -- SALES: 3 CARS BARRELS @ \$2.0675; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$2.1075; LAST OFFER UNCOVERED: NONE
NONFAT DRY MILK -- SALES: 6 CARS GRADE A: 1 @ \$2.0200, 2 @ \$2.0350, 1 @ \$2.0325, 2 @ \$2.0300; LAST BID UNFILLED: 1 CAR GRADE A @ \$2.0250; LAST OFFER UNCOVERED: NONE
BUTTER -- SALES: NONE; LAST BID UNFILLED: 3 CARS GRADE AA @ \$1.7700; LAST OFFER UNCOVERED: NONE

WEDNESDAY, FEBRUARY 19, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$2.0425; LAST OFFER UNCOVERED: NONE
BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.7900

THURSDAY, FEBRUARY 20, 2014

CHEESE -- SALES: 3 CARS BARRELS: 1 @ \$2.0825, 1 @ \$2.0900, 1 @ \$2.1025; 2 CARS 40# BLOCKS @ \$2.1250; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.1100; 1 CAR 40# BLOCKS @ \$2.1300; LAST OFFER UNCOVERED: NONE
NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE A @ \$2.0450; LAST OFFER UNCOVERED: NONE
BUTTER -- SALES: 14 CARS GRADE AA: 7 @ \$1.7700, 1 @ \$1.7725, 4 @ \$1.7700, 2 @ \$1.7800; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$1.7900

FRIDAY, FEBRUARY 21, 2014

CHEESE -- SALES: 2 CARS BARRELS @ \$2.1450; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.1575; 2 CARS 40# BLOCKS @ \$2.1625; LAST OFFER UNCOVERED: NONE
NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE A @ \$2.0400; LAST OFFER UNCOVERED: NONE
BUTTER -- SALES: 3 CARS GRADE AA: 1 @ \$1.7800, 1 @ \$1.7825, 1 @ \$1.7850; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.7875

BUTTER MARKETS

NORTHEAST

Butter production in the Northeast is at increased levels, with some churns running 6 day schedules. Some manufacturers report cream supplies as substantial and exceeding demand. Sellers are searching for buyers to purchase surplus cream loads as multiples decline. The domestic demand for butter is growing. Some butter makers are clearing high volumes of specialty product for contractual customers as the Easter holiday season approaches. International butter interests are increasing steadily following recent declines in butter prices and export assistance developments. The market tone is steady. According to the *National Dairy Retail Report*, the weighted average price for a 1 lb. package of butter in the Northeast was \$2.46, 11 cents less than the national weighted average price, and 39 cents lower than the regional price in the previous reporting period. Based on the CME Group price, domestic bulk butter prices range from 5-8 cents over the market, using various time frames and averages. Tuesday's CME Group daily cash close saw butter prices unchanged and closing at \$1.7700. This week, Cooperatives Working Together has accepted requests for export assistance to sell 848,780 pounds of 82% butter. The product will be delivered from February through April 2014.

CENTRAL

Many butter churn operators are churning heavily, taking advantage of plentiful cream supplies. Some butter manufacturers are focused on rebuilding stocks, while others with 82% production capabilities are busy filling export orders. The market tone is steady with domestic retail sales picking up and good international interest. Retail orders are beginning to go back to normal seasonal orders after large Q4 holiday orders. Bulk butter availability continues to be limited with most supplies spoken for in the near term. Bulk butter prices retreated, ranging market to 8 cents over the market, based on the CME Group. The Grade AA butter price at the CME Group closed unchanged Wednesday at \$1.7700, a 2 cent increase from last Wednesday. The

National Dairy Retail Report noted the weighted average advertised price for a 1 lb. package of butter in the Midwest was \$2.50, 41 cents lower than two weeks ago and 7 cents lower than the national price. Retail butter in the South Central was \$2.07, 97 cents less than two weeks ago and 50 cents lower than the national price. The national weighted average price was \$2.57, a 40 cent decrease from two weeks ago and 31 cents lower than a year ago. Cooperatives Working Together (CWT) accepted additional export assistance requests for a total of 0.849 million pounds of butter this week. 2014 year-to-date, CWT has assisted in selling 6.244 million pounds of butter in the international market.

WEST

Butter prices in the West are mixed. Wholesale prices tied to the CME Group weekly average are lower after last week's 10 cent plus decline. Spot sales this week at the exchange are closer to steady. Buyers and sellers are moving contracted inventories and waiting to determine the best time to move additional product. Butter production is steady to increasing as milk supplies in the West are building seasonally. Some of the fresh butter produced is being used to fill previously negotiated export orders. The Cooperatives Working Together (CWT) program assisted with sales for an additional 385 metric tons of butter this week for future delivery. According to the *National Dairy Retail Report*, U.S. butter showed a weighted average price of \$2.57 per pound compared to \$2.97 two weeks ago and \$2.88 a year ago. The number of butter ads was down 24% compared to two weeks ago. The weighted average price for butter in the Northwest was \$1.99 and \$2.55 in the Southwest. Western butter prices at the CME Group at midweek are steady. On Wednesday, the market was unchanged at \$1.7700. There have been no sales reported either day of trading in this holiday shortened week. 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.

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 15, 2014	1.8595 3,593,879	2.3216 9,006,366	2.3244 9,721,245	0.6283 5,540,421	2.0766 15,668,096

CHEESE MARKETS

NORTHEAST

Production has eased with some cheese maker emphasis on supplying contractual volumes. Buyers in the region are hesitant about making purchases, with concerns that cheese prices have not yet settled. Some contacts report the unusual winter weather conditions have significantly impacted food service sales. Export interest continues to drive demand in the cheese market. The market tone is steady. According to the *National Dairy Retail Report*, the weighted average price for 8 oz. cheese blocks in the Northeast was \$2.47, 15 cents higher than the national weighted average price and 17 cents more than the previous price report for the region. The weighted average price for 8 oz. shredded cheese in the Northeast was \$2.58, 18 cents above the national weighted average price and 12 cents more than the previous price report for the region. Wholesale Northeast prices for 40# block and Muenster fell by \$0.2125, while prices for process 5# sliced fell \$0.1900. The CME Group weekly average cheese prices retreated for the second consecutive week for both 40# blocks and barrels. Tuesday's CME Group daily cash closes saw cheese prices reverse directions with barrels moving up \$0.0075 to close at \$2.0675, while blocks advanced \$0.0050 to close at \$2.1075. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 4.149 million pounds of cheese. The product will be delivered from February through June 2014.

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

Cheddar 40# Block	: 2.5025-2.7875
Process 5# Sliced	: 2.3250-2.8050
Muenster	: 2.5225-2.8825
Grade A Swiss Cuts 10 - 14#	: 3.5375-3.8600

MIDWEST

There has been little movement in cheese prices this week – especially relative to last week. By Wednesday, barrels were up \$.0050 for the week to \$2.0675 and blocks up \$.0025 to \$2.11075. Mixed signals are coming from cheese manufacturers. Some report sales are up while others report that orders are average. Many manufacturers believe that there is pending strength in cheese orders once buyers resolve that relative price stability has developed. Cheese buyers are alert to signs that prices have stabilized as a signal to increase purchases. One cheese manufacturer believes that “a few more days with little price movement will lead to increased ordering.” Milk supplies available for cheese manufacturing are increasing. There is little evidence of manufacturers seeking out additional milk. One manufacturer commented “nobody in their right mind is looking for more milk.” The *National Dairy Retail Report* (DMN) found that Midwest ads for 8 ounce shredded cheese have a weighted average advertised price of \$2.51, 11 cents higher than the national average. The Midwest average is 58 cents above two weeks ago. For 8 ounce blocks in the Midwest, the average price is \$2.09, 23 cents lower than the national average. The Midwest average has decreased 8 cents from two weeks ago. National ad numbers for all cheese categories this period decreased by 29% from two weeks ago. Cooperatives Working Together (CWT) has accepted 21 requests for export assistance to sell 4.149 million pounds (1,882 metric tons) of Cheddar, Gouda and Monterey Jack cheese. The product will be delivered from February through April

2014. Year-to-date, CWT has assisted member cooperatives in selling 20.538 million pounds of cheese. Wholesale prices for Swiss remain unchanged while process decreased by \$.1900 and the remaining varieties listed below declined by \$.2125.

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

Process American 5# Loaf	: 2.2025-2.5625
Brick And/Or Muenster 5#	: 2.4825-2.9075
Cheddar 40# Block	: 2.1875-2.6050
Monterey Jack 10#	: 2.4575-2.6625
Blue 5#	: 2.7500-3.7375
Mozzarella 5 - 6# (Low Moisture, Part Skim)	: 2.3275-3.2225
Grade A Swiss Cuts 6 - 9#	: 3.0550-3.1725

WEST

Wholesale cheese prices based on the CME Group weekly average are sharply lower this week. After moving to record high prices, the market has moved lower for two consecutive weeks. Some buyers are looking at the new prices and determining whether to purchase additional supplies if and when they feel the market has found a new stability. Export sales, assisted by the Cooperatives Working Together (CWT) program, committed to sales of 4.15 million pounds of cheese for delivery from February through April 2014. Cheese production is increasing with additional milk supplies in the region. Advertised U.S. cheese prices as reported in the *National Dairy Retail Report* showed prices for packages of 8 oz. blocks (\$2.32 +.02), 1 lb. blocks (\$3.68 +.04), 2 lb. blocks (\$6.77 +.47) and 8 oz. shreds (\$2.40 +.22) were higher from two weeks ago. The 1 lb. shred package price was lower (\$3.91 -.69). Combined cheese advertising was down 29% from two weeks ago. The price for the 2 pound block in the West ranged from \$5.99-6.99 per package. The price for the 8 oz. shred package in the West ranged from \$2.32 - \$2.71. Prices for cheese at the CME Group on Wednesday closed unchanged. Barrels settled at \$2.0675 and blocks closed at \$2.1075. Three loads of barrels sold on Tuesday with no sales reported on Wednesday.

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

Process 5# Loaf	: 2.2325-2.4900
Cheddar 40# Block	: 2.2250-2.5775
Cheddar 10# Cuts	: 2.4050-2.6250
Monterey Jack 10#	: 2.4150-2.5750
Grade A Swiss Cuts 6 - 9#	: 3.1150-3.5450

CONTINUED ON PAGE 3A

CHEESE MARKETS

CONTINUED FROM PAGE 3

FOREIGN

Mild weather and higher milk prices in Europe have contributed to milk and cheese production increases. Current cheese production in Europe is rebuilding inventories and adding to aging programs. In the U.S., slow cheese sales and steady production lowered domestic foreign type cheese prices \$0.2125 and mirrored last week's significant price decline in the CME Group weekly average price for 40# blocks. Imported and Swiss cheese prices were unchanged.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.6425-4.1300*
Gorgonzola	: 3.6900-6.9700	: 3.1450-3.5575*
Parmesan (Italy)	: -0-	: 4.0325-6.1225*
Provolone (Italy)	: -0-	: 2.6850-2.8425*
Romano (Cows Milk)	: -0-	: 3.8325-5.9825*
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.

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

BUTTER : CHEESE

		:	
02/17/14	7,611	:	95,260
02/01/14	9,614	:	94,026
CHANGE	-2,003	:	1,234
% CHANGE	-21	:	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	39	0	70	0	57
SOUTHEAST STATES	0	0	0	0	0	0

Manufacturing milk supplies are mixed in the Northeast and Mid-Atlantic regions. Manufacturers are looking to recover from last week's snow storm. Some balancing plant operators reported milk supplies as still weakened due to the impact of last week's snow storm that sent anticipated loads to bottling plants because of increases in Class I demand. The Southeast region milk production is up as distribution improves following snow storms that blasted through the area last week. Bottling sales are reported as flat, while surplus loads are being channeled to other regions. Florida milk production is steady. Warm weather has replaced unusually cool temperatures with expectations cow comfort levels will improve. Class I sales are steady this week as bottlers' level off orders. Export shipments totaled 39 loads. Cream supplies are heavy with extra loads being brokered to manufacturing plants. Several Class II ice cream plants were closed for maintenance this week. Cream demand is strengthening with reported increases in churning activity and Class III cream cheese production. **Cream multiples for all classes ranged 1.15-1.23.** Condensed skim supplies are steady as Class I demand moves back to normal following multiple regional snow storms that pulled volumes away from some balancing plants. Most volumes are moving through contracts. Spot sales activity is limited.

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 -	2.0286-2.1697
F.O.B. producing plants: Upper Midwest -	2.1344-2.2579

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 processors noted milk production levels were improving at the farm. Icy road conditions throughout most of the region created some problems and lead to a few delays for milk truck haulers. This week more milk supplies started showing up in the spot market with prices going lower, ranging Class to \$1.50 over Class. Recent cutbacks in bottling orders have shifted additional supplies into Class II. **The bottom of the range of Class II cream multiples increased this week for a range of 1.21 to 1.28.** Cream supplies are heavy with a few butter churn operators turning away supplies because of production capacity constraints. Some cheese manufacturers are cutting back on production rates and reducing orders to milk processing plants, making extra milk supplies available for Class IV manufacturers. Many milk processors reported an increase in condensed skim production, and buyers are taking advantage of reduced prices being offered. Some ice cream manufacturers are building inventories.

The weekly *Cow Slaughter Under Federal Inspection Report* shows U.S. dairy cow slaughter for the week ending on February 1 at 53,900 head, down 9,300 head or 14.7% from the comparable week a year ago.

WEST

Dairy producers in CALIFORNIA report continuing gains in milk production. Processors acknowledge milk intakes are heading higher, and there are some concerns about surpassing state processing capacity in the next few weeks. At this point, manufacturers are focusing on end products with the least timely throughput. Average holding times are increasing, but all milk is clearing within allowed timeframes. In southern California, drought conditions continue. California's Farm Service Agency State Executive director announced funds are available through the Emergency Conservation Program (ECP). Acceptable use of ECP funds may include new or deepening livestock wells and other water related projects. The milk production trend in NEW MEXICO is firmly established and heading upward. Dairy producers report cow comfort is optimal, with daytime temperatures in the 70 - 80 degree range and nighttime readings in the 30 - 40 degree range. Dairy quality feed is available. Processors report sales into fluid accounts continue to drift lower as temperatures increase. Because of increasing milk intakes, some plant managers were looking for relief from out-of-state manufacturers. However, offers of loads have generally not found any takers. ARIZONA farm milk production is steady to higher. Processors report they are getting requests from out of state sellers to accept farm milk or condensed skim for manufacturing. Within Arizona, demand from Class I, II, and III accounts is lower. There is some expectation demand from those accounts will turn around after the start of next month. That leaves only Class IV operations to deal with Arizona milk intakes, and managers at those facilities report at this time they cannot accept milk from outside the state. Milk pooled on the Arizona Order 131 totaled 415.9 million pounds in January 2014. Class I utilization was 120.4 million pounds and accounted for 29.0% percent of producer milk. The uniform price was \$22.46 at 3.5% butterfat, \$1.12 above last month, and \$3.64 above one year ago. The Western CREAM multiple full range adjusted higher on the bottom of the range, with the full range being 1.13 – 1.22, depending on Class usage and basing points. Cream sellers note demand from frozen dessert manufacturers is steady, but approaching the point when demand will surge to meet upcoming interest from amusement and sports parks. Several churn operators report they are keeping cream loads and churning to meet upcoming contract needs for domestic and export butter. At the CME Group, Grade AA butter closed on Wednesday at \$1.77, a 2 cent increase from one week ago.

CONTINUED ON PAGE 4A

FLUID MILK AND CREAM

CONTINUED FROM PAGE 4

Windy, wet weather arrived in the PACIFIC NORTHWEST over the past week. High winds with heavy snow in the upper elevations caused some delays in moving milk around the region. No major problems were reported except for delays in delivering to processing plants. The wet weather is appreciated and the added snowfall will help to supply water for the upcoming growing season. Milk production continued to increase seasonally, but the cooler weather and storms did temper some of the recent increases. Milk pooled on the Pacific Northwest Order 124 totaled 727.1 million pounds in January 2014, 4.2% higher than the previous month. Class I utilization accounted for 25.1% of producer milk. Processing facilities in the Northwest are reporting no problems in handling the current milk volumes. UTAH and IDAHO milk production is increasing slowly. Demand for milk continues to outpace supplies for many manufacturers in the region. Dairies have been slow to build herds despite higher milk prices. Passage of the new Farm Bill is being taken as a good sign by dairies to look into increasing herd size. Higher prices for replacement heifers at recent auctions are slowing expansion, with many dairies keeping lower producing cows longer as a way to keep production up. Recent rains and snow in the mountains have brightened the outlook for moisture for spring plantings.

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: LOW/MEDIUM HEAT nonfat dry milk prices moved higher on the top of the range and mostly series as the result of contracts in place. The market tone is mixed on a quiet week with buyers and sellers unsure where the prices will go. Some NDM manufacturers dried additional supplies this week. Demand domestically is slowing and international interest is steady. Inventories are adequate with some manufacturers building stocks. The Grade A NDM price on the CME Group closed higher Wednesday to \$2.0425, but down 1.25 cents since last Wednesday. The prices for HIGH HEAT NDM increased with improved spot sale activity. Production rates of high heat NDM are higher, meeting the increased domestic demand. The market tone remains steady. Supplies of high heat are light to moderate

EAST: Prices for low/medium heat nonfat dry milk are steady to higher, with the upper end of the range rising marginally with contract price indices. The mostly series saw an increase of \$0.0075 at the upper end of the range. Production of nonfat dry milk is mixed, with some balancing plants still experiencing the effect of last week's surge in Class I demand on their milk supplies. Buyer interest is cautious, as buyers assess their near term needs. Some buyers are considering purchases of substitute product that can provide a price advantage. Nonfat dry milk inventories are tight. Domestic demand is mixed. Export demand is active. The market tone is steady. High heat nonfat dry milk orders are being fulfilled primarily with current inventory.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 2.0500 - 2.1575 MOSTLY: 2.0500 - 2.1400
 HIGH HEAT: 2.1000 - 2.2125

NONFAT DRY MILK - WEST

Western low heat nonfat dry milk prices are steady to lower on a mixed market. Production of low heat nonfat dry milk is active. A few manufacturers report the strong uptick in milk production is earlier and stronger than anticipated. A few manufacturers are looking for outlets for spot loads of milk or condensed skim as plant processing capacities have been reached. Interest in those spot loads is light to moderate. Some processors are stairstepping loads throughout the West to manage miles and hours in transit for each load. Prices for high heat NDM are higher on a firm market. Trading is light and mostly through contract transactions. Producers indicate high heat nonfat dry milk production is on hold due to increasing volumes of farm milk requiring timely processing. High heat NDM inventories are adequate for near term contract fulfillment.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.9800 - 2.1325 MOSTLY: 2.0500 - 2.0950
 HIGH HEAT: 2.1000 - 2.1800

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Prices for dry buttermilk retreated on the top of the range. The market tone is mixed as some dry buttermilk manufacturers cleared additional F.O.B spot loads, while others have little excess to offer. Many buttermilk makers have increased production rates due to higher churn rates of butter. Domestic demand is improved with some buyers having problems locating supplies. Stocks of dry buttermilk are light, with some manufacturers working to rebuild inventories.

EAST: Prices for East dry buttermilk are unchanged to lower. Dry buttermilk production levels in the region are increasing due to the active churning schedules of some manufacturers. Production volumes are primarily adding to inventories. Domestic demand is slowing as

buyers who are uncertain about purchases in the current market environment assume a hand to mouth position. Supplies are moving through contracts with limited spot market activity. The market undertone remains steady.

F.O.B. CENTRAL/EAST: 1.8500 - 2.0150

DRY BUTTERMILK - WEST

Western dry buttermilk prices are unchanged to higher on the range and mostly price series. The majority of transactions are contract based. Resellers report they are occasionally able to obtain F.O.B. spot loads and move those loads on back to back transactions. However, market participants note current pricing is not conducive to speculative purchasing. Dry buttermilk production is active as farm milk volumes clearing to butter/powder plants continue to increase seasonally. A few manufacturers are diverting fluid and/or condensed buttermilk loads to animal feed uses as dryer time is being reserved for NDM/SMP. Dry buttermilk inventories are steady to growing incrementally.

F.O.B. WEST: 1.9000 - 1.9700 MOSTLY: 1.9300 - 1.9500

DRY WHOLE MILK - NATIONAL

Prices for dry whole milk shifted higher across the range. The market tone is firm, with international demand supporting the uptick in prices. Dry whole milk production is steady to lower as several plant operators report their main focus right now is clearing farm milk intakes as quickly as possible. Dry whole milk inventories are steady.

F.O.B. PRODUCING PLANT: 2.1300 - 2.2000

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES
February 14	\$2.0360	8,121,113
February 7	\$2.0452	11,731,945

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

DRY WHEY prices moved higher this week as buyers had to pay premiums to secure what limited supplies were available. The market tone is firm with increased buyer interest to manufacturers and resellers, but some price resistance is present. Dry whey manufacturer production rates are steady to lower, leaving little excess in the spot market. The main reason for many reduced production rates is a result of the unsettled cheese market. Domestic buyers are taking extra loads when they can get it and export sales are steady to higher. Some end users are reporting to have a few contract loads being delayed for later shipment. Prices for ANIMAL FEED WHEY increased with higher F.O.B spot sales. The market tone is steady behind moderate demand and tight supplies. Production levels of animal feed whey are reduced.

F.O.B. CENTRAL: .5900 - .6625 MOSTLY: .6000 - .6225
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4400 - .5875

DRY WHEY - NORTHEAST

Northeast dry whey prices moved higher this week. Dry whey production is mixed in the region. Because of uncertainty, some buyers are making just-in-time purchases as they wait on the market conditions to become clearer. Inventories are sufficient, with heavy stocks reported in some manufacturing channels. Contractual orders are providing the bulk of the trades, with few spot trades. Some buyers are content with purchases of slightly older dry whey being offered below market value through resellers. Domestic demand for dry whey is steady. Export demand is increasing. The market tone is mixed.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6400 - .6750

DRY WHEY - WEST

Western dry whey prices are higher on the full range and mostly pricing series. Buyers are expressing concerns over the higher prices, but continue to purchase for immediate needs. The market tone is firm as whey protein prices remain a competitive buy compared to competing dairy protein sources. Increased milk supplies in the West are moving to cheese production. Dry whey production is mostly steady to higher with good demand from both domestic and export orders. Whey stocks are reported to be in balance with current orders.

NONHYGROSCOPIC: .6100 - .6450 MOSTLY: .6100 - .6400

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices for whey protein concentrate 34% are unchanged to lower on a steady to mixed market. Interest in F.O.B. spot loads is variable. Some pushback is occurring from buyers for loads carrying high premiums and a few manufacturers have accommodated requests for modified pricing. One or two end users are also finding resale opportunities for WPC 34% contract loads that are above immediate needs. Interest is steady from the edible food sector. Demand from animal feed blenders is lower as current prices for edible WPC 34% are generally outside the parameters for input costs. Feed blenders are also finding other buying opportunities within the whey protein market. WPC 34% production is trending seasonally higher as manufacturing milk availability increases.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.5500-1.9600 MOSTLY: 1.7200-1.8450

LACTOSE - CENTRAL AND WEST

Lactose prices are steady. Manufacturers with some extra loads of lower mesh size lactose are selling blocks readily into export markets. These sales are balancing inventories ahead of Q2 contract discussions. A few buyers who have predominantly shopped in the F.O.B. spot market are expressing fresh interest in contracting some quantities for the near term. Higher mesh size lactose is clearing into contracts. Interest from confectionary accounts is seasonally higher as production for fall holidays gets underway. Lactose production is higher, following seasonally increasing availability of manufacturing milk.

Including spot sales and up to 3 month contracts.
F.O.B. EDIBLE, NON PHARMACEUTICAL .4100-.7200 MOSTLY: .5400-.6500

CASEIN - NATIONAL

Acid and rennet casein prices are steady. Most transactions are contract related. Buyers are hesitant to extend positions on casein beyond contracted volumes at this time. Market participants note European milk production is increasing steadily. There are some expectations that a portion of that milk will clear into casein production and increase overall supplies. At the February 18th GDT auction, New Zealand rennet casein traded down 3.5%, averaging \$5.20.

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

ORGANIC DAIRY MARKET NEWS

Information gathered February 10 – 21, 2014

ORGANIC DAIRY FLUID OVERVIEW

Organic News: Organic producers in Maine are faring better than organic producers in some other areas as to feed availability and prices. A Maine based organic dairy cooperative reports that producer members continue to benefit from the state’s extended 2013 fall season, which yielded an extra hay cutting that continues to help keep organic milk production at good levels.

Organic corn to feed cattle is still in the \$10 to \$12 per bushel range in the Midwest. Expectations of lower average bushel weight are forming. Longer range apprehension hinges on projection for conventional corn prices falling in 2015, which will commensurately reduce prices of organic feed corn. Some producers worry that organic feed corn prices will fall below the point that will keep a number of growers financially able to continue to grow organic feed corn.

The situation in California’s drought stricken Marin and Sonoma Counties continues to cause concern. Some organic dairy producers say that last week’s rains were a relief, but the drought conditions continue. There are reports of 30 or more days of pasture growing season already lost due to the lack of rain. Silage crops already planted have grown more slowly than normal and will likely have a lower yield than normal. Purchased organic feed supplies are tight.

Some California organic dairy producers are bringing in feed and hay from as far away as Arizona and Montana. Montana hay delivered to Northern California can now cost \$350 a ton compared with \$200 to \$250 last year.

There are mixed reports as to organic dairy cattle. Some of the longer established organic dairy producers in the counties have no current plans to sell off animals as a result of the adverse conditions and resulting financial impact. But other organic producers in California have already sold cows because of the higher cost of feeding them, especially with distressed pastures.

Organic cattle are required to receive at least 30% of their dry matter intake, such as grasses, from a pasture at least 120 days a year. California North Bay producers report little pasture growth has developed yet, two months into the normal growing season there.

On February 12, USDA granted a temporary variance from the organic dairy grazing season requirement to organic dairy producers in the 53 of California’s 58 counties that have been designated as primary natural disaster areas due to drought.

Producers in the 53 counties with grazing plans that include grazing during February and March 2014, will not be required to graze or provide dry matter intake from pastures during those two months. Organic producers will be allowed to reduce their 2014 grazing season by the number of days that correspond to February and March in their grazing plan.

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON

Organic Dairy Overview. Organic newspaper ad numbers this period declined by 26% from two weeks ago, to the lowest level since late November. This decline reverses the pattern from 2010 through 2013, of ad numbers increasing during the fourth reporting period of the year. Conventional dairy ad numbers also declined but to a lesser percentage, -18%.

A significant factor was the decline in organic milk ad numbers to the lowest level since the first week of May last year. Organic milk

is generally the most advertised organic dairy product and hence, significantly influences cumulative organic dairy advertising for all products. The current relatively low number of organic milk ads is illustrated by observing that one year ago there were more organic milk ads than there are ads for all organic dairy products this period.

This period organic milk accounts for 55% of organic dairy ads, with organic yogurt 45%.

Advertising information presented is compiled from nearly 14,000 surveyed newspaper supermarket ads for the period February 10 to February 21, 2014, identifying weekly “specials” and containing organic dairy content. Surveyed ads reflect advertised “specials” and not the range of non-advertised supermarket cooler prices.

Complete results of this bi-weekly survey providing additional graphs, tables, and regional delineation, follow at the end of Dairy Market News, or can be accessed at: <http://www.ams.usda.gov/AMSV1.0/DairyRetailReport>

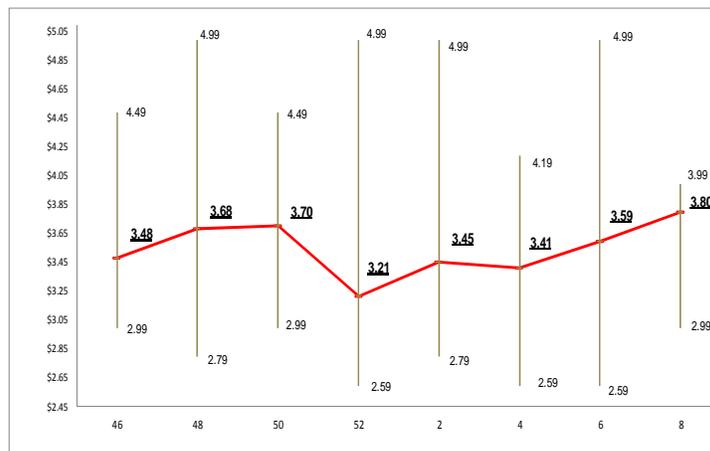
Regional Organic Dairy Ad Trends. Organic dairy ads appeared in all 6 regions. Regional ad numbers as a percentage of all organic dairy ads declined in the Midwest (-48%), Northeast (-31%), Southwest (-54%), Northwest (-27%) and South Central (-43%) regions, but doubled in the Southeast.

Organic Milk Half Gallons. Organic milk half gallon ad volume is down 68% from two weeks ago. Organic half gallon milk ad volume is lower than any period since the end of May, 2012.

The U.S. weighted average advertised price of organic milk half gallons is \$3.80, up 21 cents from the last reported period. One year ago the national average price was \$3.49.

The price range decreased \$1.00 at the top to \$3.99, and increased 40 cents at the bottom to \$2.99. The highest advertised price, \$3.99, is in the Northeast, Southeast, Southwest and South Central regions. The lowest advertised price, \$2.99, is in the Northwest.

Advertised Organic Milk Half Gallon Price Range and Weighted Average Advertised Price by 2013 - 2014 Week



Organic - Conventional Milk Half Gallon Price Spread. The national weighted average price for organic milk half gallons is \$3.80 and for conventional half-gallon milk, \$1.98. The organic-conventional half-gallon price spread is \$1.82, down 8 cents from the last period. One year ago the price spread was \$2.07.

Organic Milk Gallons. The national weighted average advertised price for organic gallons is \$5.30, up 21 cents from the last reporting period. One year ago there were no ads for organic milk gallons. Prices range from \$5.00 in the Northwest, to \$5.69 in the Northeast.

ORGANIC DAIRY MARKET NEWS

Information gathered February 10 – 21, 2014

CONTINUED FROM PAGE 8

Organic Milk 8 Ounce. 8 ounce organic milk has a national weighted average advertised price of \$1.00, up 3 cents from two weeks ago. One year ago the average price was 93 cents. All ads in all regions had a \$1.00 price.

Ad numbers for 8 ounce organic milk are at the highest level of 2014 and higher than any period since late September 2013.

Organic Yogurt. More than twice as many ads appear for organic Greek 4-6 ounce yogurt as for 4-6 ounce organic yogurt. Ad numbers for each are up from two weeks ago.

The national weighted average advertised price of 4-6 ounce organic Greek yogurt is \$1.00, down 3 cents from two weeks ago. One year ago the weighted average advertised price was 93 cents.

4-6 ounce organic yogurt has an average price of \$.58, down 3 cents from two weeks ago and down 37 cents from one year ago. Prices range from \$.44 to \$.89, with the lowest price in the Northeast and the highest in the Southwest.

SUPERMARKET PRICE COMPARISON:

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

ORGANIC MILK, YOGURT, CHEESE, BUTTER PRICE RANGE
2014 REPORTING WEEK 8

	MADISON, WISCONSIN		
	LOW	HIGH	RANGE
	(in Dollars)		
FLUID MILK			
MILK - gallon			
Whole	5.09	7.09	2.00
Reduced fat (2%)	5.09	7.09	2.00
Low fat (1%)	5.09	7.09	2.00
Nonfat (Skim)	5.09	7.09	2.00
MILK - half gallon			
Whole	3.79*	4.99	1.20*
Reduced fat (2%)	3.79*	4.99	1.20*
Low fat (1%)	3.79*	4.99	1.20*
Nonfat (Skim)	3.79*	4.99	1.20*
FLAVMILK - half gallon			
All fat tests	3.99	5.69	1.70
YOGURT			
Yogurt - 4-6 oz Yogurt	0.59	1.29	0.70
CHEESE			
Cheese - 8 oz block			
Mozzarella	4.10	5.99	1.89
Mild Cheddar	4.10	5.39	1.29
Monterey Jack	3.29	5.39	2.10
Pepper Jack	3.49	5.99	2.50

Cheese - 6 oz string**Mozzarella****Colby Jack**

LOW HIGH RANGE

3.99 5.09 1.10

3.89 5.69 1.80

BUTTER**Butter - 1 Pound**

4.99 6.39 1.40

* = Price change from prior reporting period.

ORGANIC GRAIN AND FEEDSTUFF MARKETS:

Prices for reported commodities are steady to slightly higher when compared to previously reported prices. Market activity is slow to moderate for all reported commodities. Demand for feed grade organic corn and soybeans is moderate to good. The supply of organic hay remains light. Trucking issues and weather delays continued to be a problem but are expected to improve over the next few weeks.

Additional livestock and grain market news information is available at: www.ams.usda.gov/LSMarketNews

JANUARY MILK PRODUCTION

Milk production in the 23 major States during January totaled 16.1 billion pounds, up 1.0 percent from January 2013. December revised production at 15.7 billion pounds, was down 0.3 percent from December 2012. The December revision represented a decrease of 19 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,891 pounds for January, 17 pounds above January 2013.

The number of milk cows on farms in the 23 major States was 8.51 million head, 7,000 head more than January 2013, and 6,000 head more than December 2013.

JANUARY 2014 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS ^{1/}		MILK PER COW ^{2/}		MILK PRODUCTION ^{2/}		
	2013	2014	2013	2014	2013	2014	% CHANGE FROM 2013
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	190	192	2,075	2,070	394	397	0.8
CA	1,780	1,781	1,945	2,035	3,462	3,624	4.7
CO	135	140	2,040	2,080	275	291	5.8
FL	122	123	1,730	1,725	211	212	0.5
ID	579	565	1,910	1,965	1,106	1,110	0.4
IL	97	96	1,730	1,670	168	160	-4.8
IN	175	178	1,850	1,850	324	329	1.5
IA	206	205	1,940	1,905	400	391	-2.3
KS	132	137	1,855	1,880	245	258	5.3
MI	378	381	2,060	2,070	779	789	1.3
MN	465	460	1,715	1,695	797	780	-2.1
MO	93	90	1,220	1,200	113	108	-4.4
NM	320	323	2,150	2,110	688	682	-0.9
NY	610	615	1,855	1,845	1,132	1,135	0.3
OH	271	267	1,725	1,725	467	461	-1.3
OR	123	124	1,675	1,735	206	215	4.4
PA	535	531	1,690	1,710	904	908	0.4
TX	435	440	1,880	1,920	818	845	3.3
UT	90	95	1,865	1,820	168	173	3.0
VT	134	132	1,650	1,690	221	223	0.9
VA	94	93	1,600	1,650	150	153	2.0
WA	264	267	1,985	1,995	524	533	1.7
WI	1,270	1,270	1,870	1,815	2,375	2,305	-2.9
23 STATE TOTAL	8,498	8,505	1,874	1,891	15,927	16,082	1.0

^{1/} Includes dry cows. Excludes heifers not yet fresh.

^{2/} Excludes milk sucked by calves.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Milk Production, February 2014.*

FEDERAL MILK ORDER ADVANCE PRICES, MARCH

Base Class I Price: Under the Federal milk order pricing system, the base Class I price for March 2014 is \$23.64 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$17.14 and the advanced butterfat pricing factor of \$2.0298. A Class I differential for each order's principle pricing point (county) is added to the base price to determine the Class I Price.

Comparison to Previous Month: The base Class I price increased \$1.62 per cwt when compared to the previous month of February 2014. For selected consumer products, the price changes are: whole milk (3.25% milk fat), \$1.55 per cwt., \$0.133 per gallon; reduced fat milk (2%), \$1.18 per cwt., \$0.102 per gallon; fat-free (skim milk), \$0.72 per cwt., \$0.062 per gallon.

Class II Price Information: The advanced Class IV skim milk pricing factor is \$17.14. Thus, the Class II skim milk price for March 2014 is \$17.67 per cwt., and the Class II nonfat solids price is \$1.9633.

Product Price Averages: The two-week product price averages for March 2014 are: butter \$1.8476, nonfat dry milk \$2.0718, cheese \$2.3213 and dry whey \$0.6238.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION ^{1/2/}				
Federal Milk Order Marketing Area ^{3/}	Order Number	March 2014		
		Class I Price (3.5%) \$ per cwt.	Class I Skim Milk Price \$ per cwt.	Class I Butterfat Price \$ per pound
Northeast (Boston) ^{4/}	001	26.89	20.39	2.0623
Appalachian (Charlotte) ^{5/ 6/}	005	27.04	20.54	2.0638
Florida (Tampa) ^{6/ 7/}	006	29.04	22.54	2.0838
Southeast (Atlanta) ^{6/ 8/}	007	27.44	20.94	2.0678
Upper Midwest (Chicago) ^{9/}	030	25.44	18.94	2.0478
Central (Kansas City) ^{10/}	032	25.64	19.14	2.0498
Mideast (Cleveland) ^{11/}	033	25.64	19.14	2.0498
Pacific Northwest (Seattle) ^{12/}	124	25.54	19.04	2.0488
Southwest (Dallas) ^{13/}	126	26.64	20.14	2.0598
Arizona (Phoenix)	131	25.99	19.49	2.0533
All-Market Average		26.53	20.03	2.0587

^{1/} To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63 - the approximate number of gallons in 100 pounds of milk.

^{2/} Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

^{3/} Names in parentheses are the major city in the principal pricing point of the markets.

^{4/} Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25, and Washington, DC, minus \$0.25.

^{5/} Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10.

^{6/} Effective May 1, 2008, the Class I price surface in these orders were temporarily adjusted.

^{7/} Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40.

^{8/} Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90; Nashville, minus \$0.90; and Springfield, MO, minus \$1.40.

^{9/} Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

^{10/} Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

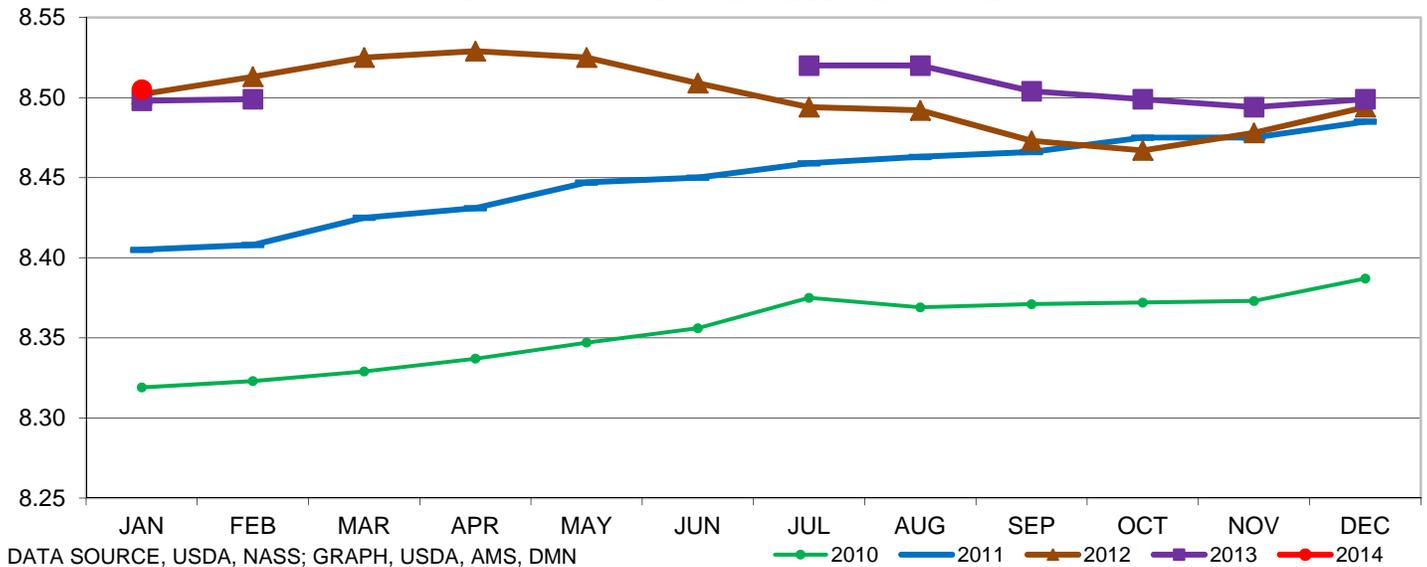
^{11/} Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

^{12/} Class I prices at other cities are: Portland, same; and Spokane, same.

^{13/} Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

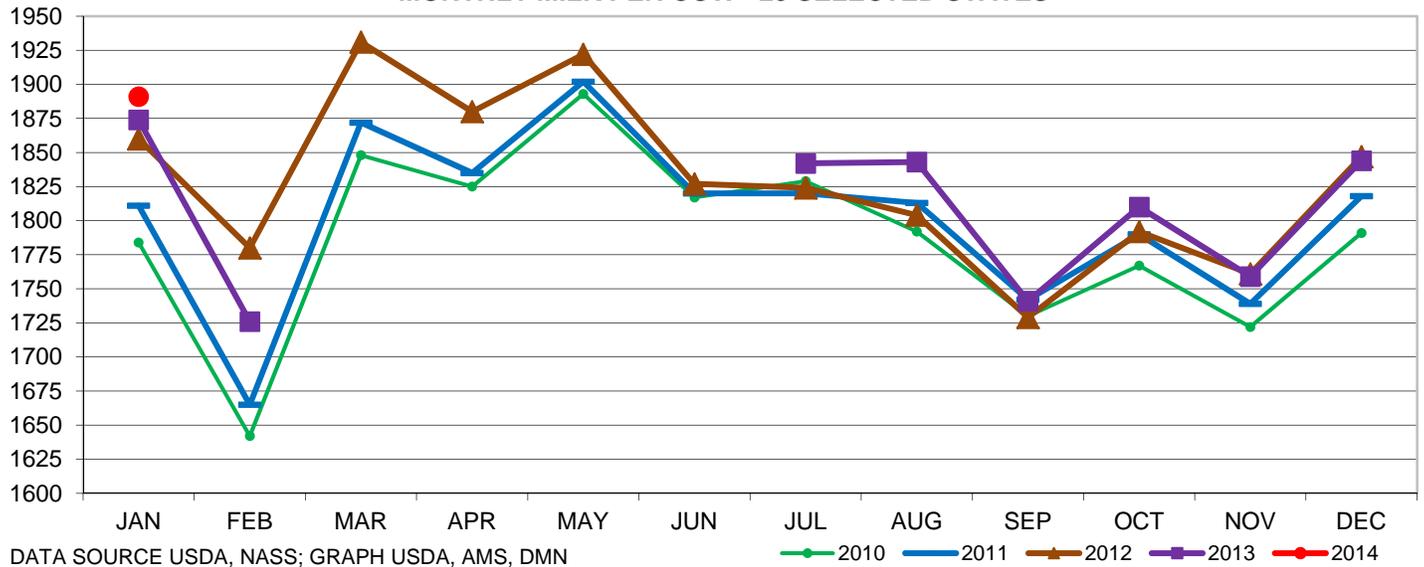
MILLION HEAD

MILK COW NUMBERS - 23 SELECTED STATES



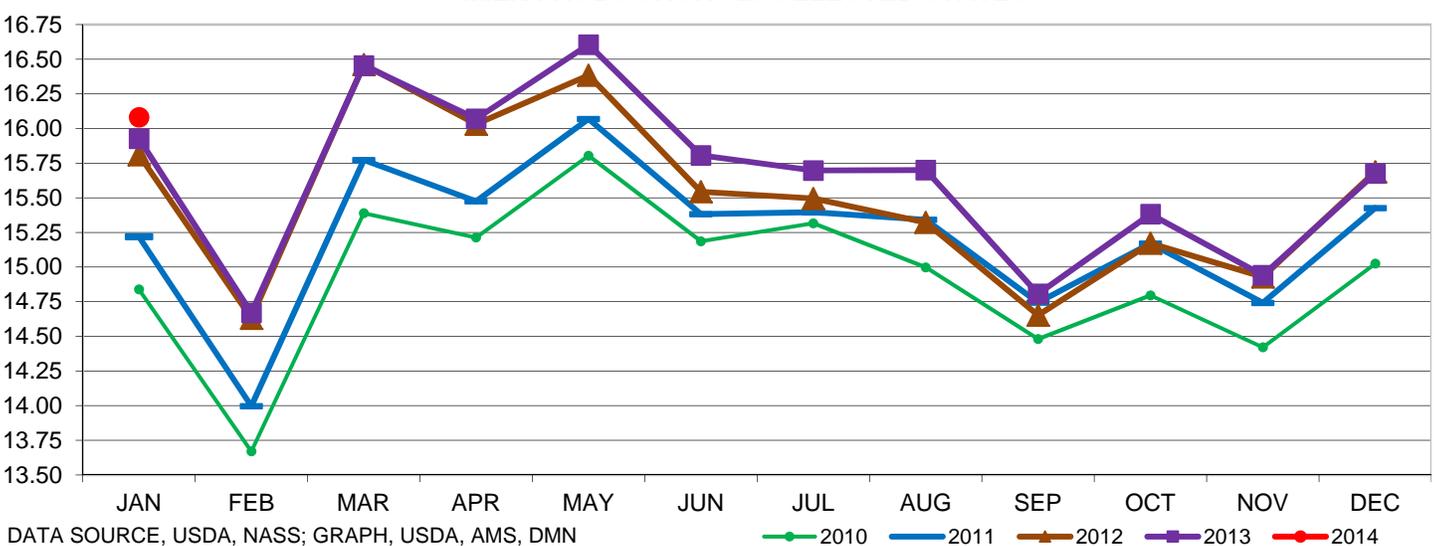
POUNDS

MONTHLY MILK PER COW - 23 SELECTED STATES



BILLION POUNDS

MILK PRODUCTION - 23 SELECTED STATES





Dairy Market News Branch

Agricultural
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National Dairy Retail Report

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Advertised Prices for Dairy Products at Major Retail Supermarket Outlets 02/10 to 02/21

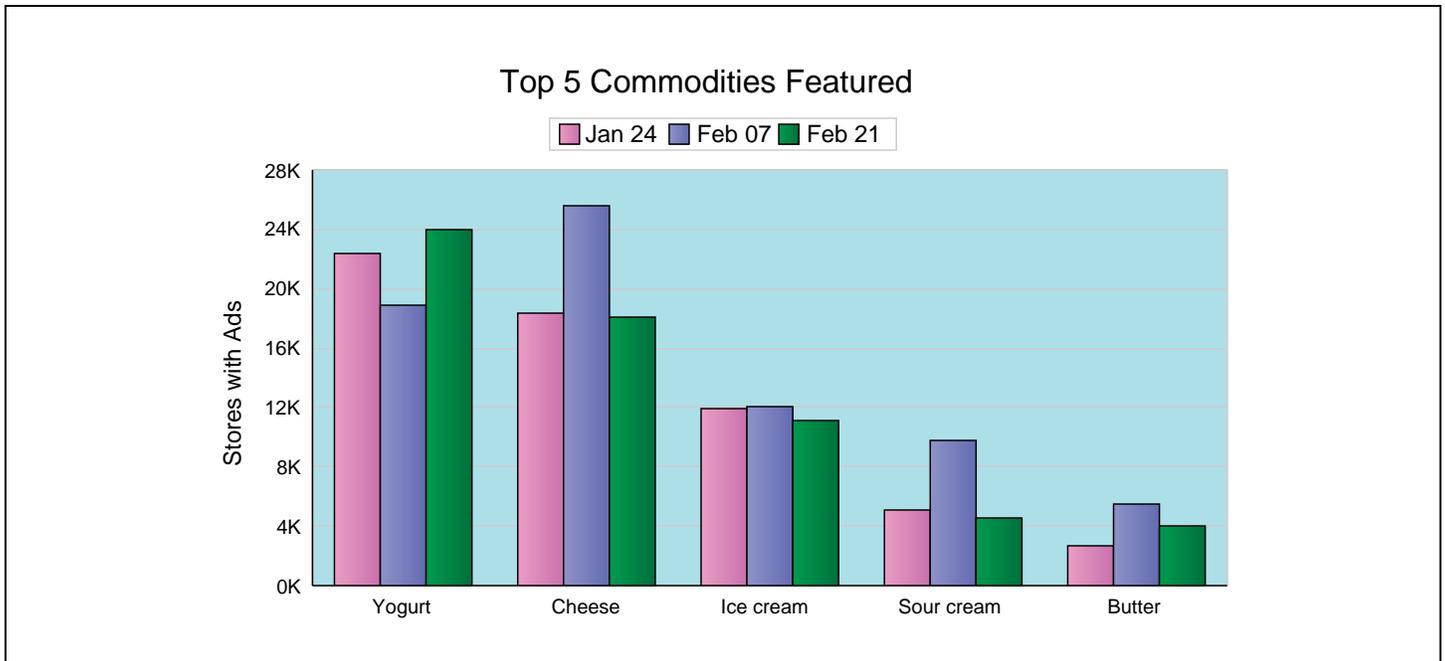
Milk, cheese, ice cream and butter category ad numbers are lower than two weeks ago, while yogurt and cottage cheese ad numbers are up.

There are nearly 8 times more yogurt ads than cottage cheese ads. 4-6 ounce Greek yogurt ads lead the yogurt category. The weighted average advertised price, \$.94, is down 5 cents from 2 weeks ago and down 9 cents from a year ago. The bulk of remaining yogurt ads are for 4-6 ounce yogurt, with an average price of \$.50, down 2 cents from two weeks ago and down 1 cent from last year.

16 ounce cottage cheese has a weighted average price of \$2.04, up 6 cents from two weeks ago and up 19 cents from last year. The price range varied from \$1.00 in the Southwest and South Central regions, to \$2.99 in the Northeast.

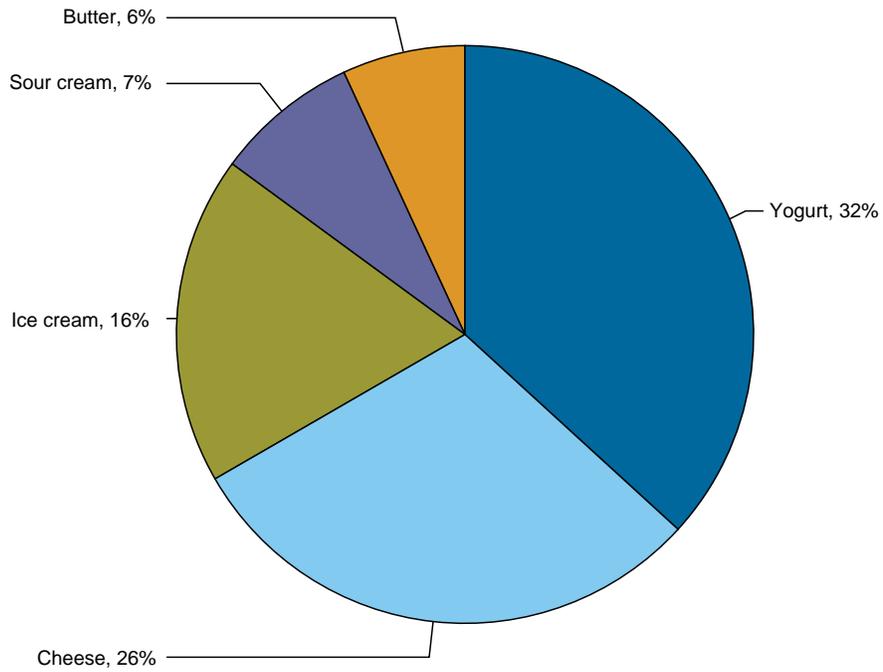
Ad numbers for 8 ounce shredded cheese, the most advertised cheese category, decreased by 28%. The average price, \$2.40, is up by 22 cents from two weeks ago and up by 2 cents from last year. The second largest cheese category, 8 ounce block, is down by 48% in ad numbers. The average price is \$2.32, up 2 cents from the last report and from last year.

The national weighted average conventional milk price for half gallons is \$1.98 and for organic half-gallon milk, \$3.80. The organic-conventional half-gallon price spread is \$1.82, down 8 cents from the last period. One year ago the price spread was \$2.07.

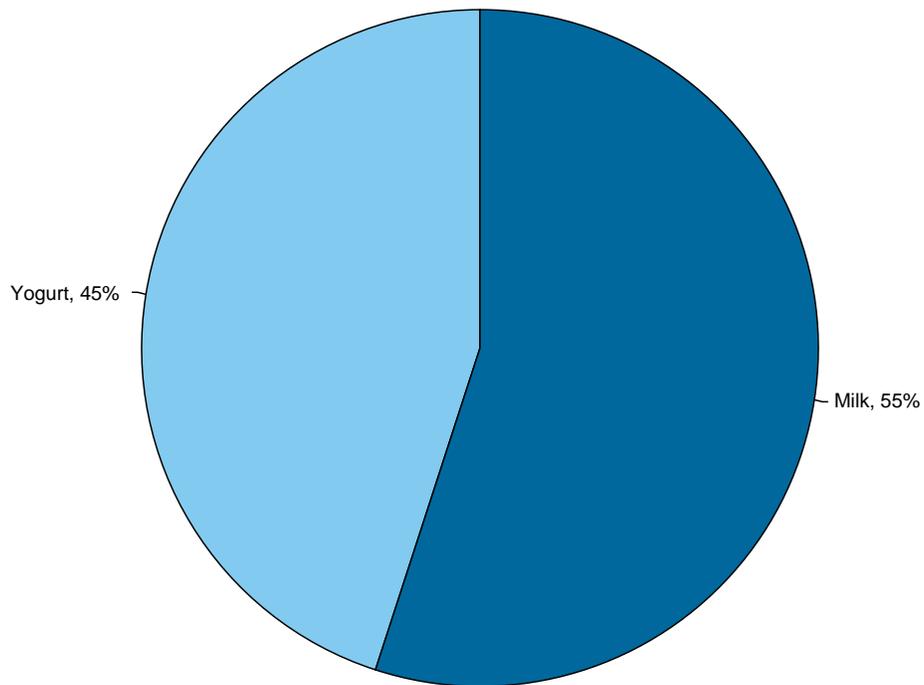


1 -- Dairy Market News surveys nearly 100 retailers, comprising over 14,000 individual stores, with online weekly advertised features.
2 -- Date range reflects two-week period, however only one data collection per retailer is made during the period.

Top 5 Percentage of Total Conventional Ads



Top 5 Percentage of Total Organic Ads





NATIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		TWO WEEKS AGO		LAST YEAR	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	4043	2.57	5330	2.97	6806	2.88
Cheese	Natural Varieties	8 oz block	5115	2.32	9782	2.30	6143	2.30
Cheese	Natural Varieties	1 # block	2126	3.68	1044	3.64	3232	3.95
Cheese	Natural Varieties	2 # block	1627	6.77	2302	6.30	62	6.77
Cheese	Natural Varieties	8 oz shred	8005	2.40	11153	2.18	10700	2.38
Cheese	Natural Varieties	1 # shred	1201	3.91	1296	4.60	1387	4.25
Cottage cheese		16 oz	2804	2.04	2599	1.98	3978	1.85
Cream cheese		8 oz	3669	1.22	8584	1.44	4312	1.71
Flavored milk	All fat tests	half gallon	857	2.63	123	2.99	276	2.17
Flavored milk	All fat tests	gallon	50	3.99	548	3.90	439	3.60
Ice cream		48-64oz	11176	3.13	12009	3.09	16767	3.14
Milk	All fat tests	half gallon	243	1.98	579	1.69	211	1.42
Milk	All fat tests	gallon	623	2.99	793	2.87	7014	3.00
Sour cream		16 oz	4612	1.62	9065	1.59	4434	1.43
Yogurt	Greek	4-6 oz	13811	.94	10003	.99	11223	1.03
Yogurt	Greek	32 oz	1171	4.84	112	4.99	1043	4.48
Yogurt	Yogurt	4-6 oz	5591	.50	6021	.52	7215	.51
Yogurt	Yogurt	32 oz	1113	3.12	1221	2.32	3152	2.10

REGIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	1.99-3.49	1309	2.46	3.00	1023	3.00	2.49-2.50	563	2.50
Cheese	Natural Varieties	8 oz block	1.99-3.29	1494	2.47	1.99-3.00	1337	2.30	1.88-2.50	956	2.09
Cheese	Natural Varieties	1 # block	3.49-3.99	251	3.74	2.99-3.99	207	3.50	3.29-3.49	179	3.42
Cheese	Natural Varieties	2 # block	6.99	112	6.99	6.99	58	6.99			
Cheese	Natural Varieties	8 oz shred	1.99-3.00	2687	2.58	1.99-3.00	1618	2.20	1.88-3.49	1032	2.51
Cheese	Natural Varieties	1 # shred				2.99-3.49	465	3.38	3.29-3.49	179	3.42
Cottage cheese		16 oz	1.98-2.99	1409	2.46	1.67-1.99	248	1.74	1.25-2.49	253	1.92
Cream cheese		8 oz	1.25-2.99	1508	1.49	0.89-1.50	1751	1.01			
Flavored milk	All fat tests	half gallon	2.19-3.29	589	2.56	3.29	66	3.29			
Ice cream		48-64oz	1.99-3.99	2436	3.01	2.49-4.99	2575	3.36	1.99-3.99	1690	2.97
Milk	All fat tests	half gallon	1.98	141	1.98	1.99	102	1.99			
Milk	All fat tests	gallon	3.00	54	3.00	2.99-3.19	363	3.06	2.49-2.69	156	2.57
Sour cream		16 oz	1.00-2.00	2104	1.50	1.29-2.00	1562	1.91	1.00-2.00	495	1.35
Yogurt	Greek	4-6 oz	0.80-1.25	3146	1.02	0.80-1.00	4004	.87	0.99-1.00	1154	1.00
Yogurt	Greek	32 oz	3.99-5.00	174	4.64						
Yogurt	Yogurt	4-6 oz	0.45-1.66	2276	.59	0.40-0.50	2004	.43	0.40-0.50	716	.43
Yogurt	Yogurt	32 oz	2.00-2.50	439	2.35				2.00-2.19	321	2.12

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	1.99-2.29	376	2.07	1.99-3.49	692	2.55	1.99	80	1.99
Cheese	Natural Varieties	8 oz block	1.67-2.50	589	2.20	1.99-2.50	739	2.44			
Cheese	Natural Varieties	1 # block	3.00-3.99	390	3.69	2.99-4.50	897	3.69	3.99	202	3.99
Cheese	Natural Varieties	2 # block	6.49-6.99	234	6.75	6.99	925	6.99	5.99	298	5.99
Cheese	Natural Varieties	8 oz shred	1.50-2.99	1529	2.23	1.99-2.50	857	2.32	1.99-2.99	282	2.71
Cheese	Natural Varieties	1 # shred				3.99-4.99	557	4.52			
Cottage cheese		16 oz	1.00-2.00	493	1.51	1.00-1.99	401	1.48			
Cream cheese		8 oz	1.50	70	1.50	0.99	222	.99	1.00	118	1.00
Flavored milk	All fat tests	half gallon							2.59	202	2.59
Flavored milk	All fat tests	gallon							3.99	50	3.99
Ice cream		48-64oz	2.50-4.99	1433	3.63	2.50-3.49	2294	2.96	2.50-3.79	748	2.72
Milk	All fat tests	gallon							3.79	50	3.79
Sour cream		16 oz				1.00-1.79	401	1.35	1.99	50	1.99
Yogurt	Greek	4-6 oz	0.79-1.00	1812	.92	0.79-1.00	2833	.91	0.79-1.25	862	1.00
Yogurt	Greek	32 oz				5.00	649	5.00	2.50-5.00	348	4.64
Yogurt	Yogurt	4-6 oz	0.50	71	.50	0.40-0.50	356	.47	0.40-0.60	168	.46
Yogurt	Yogurt	32 oz				5.00	353	5.00			

NATIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		TWO WEEKS AGO		LAST YEAR	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #			165	4.49	96	3.99
Milk	All fat tests	half gallon	849	3.80	2681	3.59	1963	3.49
Milk	All fat tests	gallon	530	5.30	508	5.09		
Milk	All fat tests	8 oz UHT	1007	1.00	342	.97	3628	.93
Sour cream		16 oz			703	1.99		
Yogurt	Greek	4-6 oz	1340	1.00	990	1.03	377	.93
Yogurt	Yogurt	4-6 oz	609	.58	506	.61	1483	.95
Yogurt	Yogurt	32 oz					607	3.41

REGIONAL -- ORGANIC DAIRY PRODUCTS



Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Milk	All fat tests	half gallon	3.99	56	3.99	3.49-3.99	201	3.80			
Milk	All fat tests	gallon	5.69	232	5.69						
Milk	All fat tests	8 oz UHT				1.00	58	1.00			
Yogurt	Greek	4-6 oz	1.00	270	1.00	1.00	869	1.00	0.99	201	.99
Yogurt	Yogurt	4-6 oz	0.44-0.50	264	.47	0.50	202	.50			

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Milk	All fat tests	half gallon	3.49-3.99	290	3.84	3.99	222	3.99	2.99	80	2.99
Milk	All fat tests	gallon							5.00	298	5.00
Milk	All fat tests	8 oz UHT	1.00	234	1.00	1.00	533	1.00	1.00	182	1.00
Yogurt	Yogurt	4-6 oz				0.89	143	.89			

Notice: Effective with Report 12, 2013, the tables breaking out information by national and store brands are no longer available.

REGIONAL DEFINITIONS

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

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

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