

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (3/14):**

**BUTTER:** Grade AA closed at \$1.8800. The weekly average for Grade AA is \$1.8840 (+.0040).

**CHEESE:** Barrels closed at \$2.2625 and 40# blocks at \$2.3625. The weekly average for barrels is \$2.2755 (+.0695) and blocks, \$2.3315 (+.0785).

**BUTTER HIGHLIGHTS:** Butter manufacturers are busy fulfilling good export orders, especially in the West, along with increased domestic retail demand for the upcoming Passover and Easter holidays. The market tone is firm as several butter makers are unable to grow inventories due to better than seasonal demand. Stocks of butter are light to moderate. Bulk butter prices in the Northeast range 5-8 cents over the market, in the Central region from market to 12 cents over, and in the West from 2 cents over to 4 cents under, based on the CME Group and various indexes. Grade AA butter at the CME Group closed lower Friday to \$1.8800, unchanged from last Friday's close. This week, Cooperatives Working Together (CWT) assisted on 1.355 million pounds of 82% butter for export. According to the Foreign Agricultural Service, exports of butter during January 2014 totaled 22.4 million pounds, a 136% increase from a year ago.

**CHEESE HIGHLIGHTS:** Increased milk supplies are helping to increase cheese production. Good demand from domestic buyers is credited with keeping block supplies tight. Buyers are looking to acquire inventory for Easter/Passover demand. Export demand continues to move a larger percentage of cheese stocks out of the country. FAS reported January U.S. cheese exports of 70.8 million pounds, up 46% from January 2013. This week at the CME Group, barrels closed at \$2.2625, up 1.25 cents and 40# blocks at \$2.3625, up 7 cents. The spot block price is being bid higher with Friday's close reaching a new record high of \$2.3625.

**FLUID MILK:** Milk production varies, being steady in Florida and California, increasing in much of the rest of the West and Central states, but easing in the Northeast. Wintery weather in the Southeast hampered milk going into and out of bottling and manufacturing plants. Frozen dessert/ice cream manufacturing activity continues to increase in all regions, contributing to stronger cream demand. Bottling demand generally varies from lower, to mostly steady. Sporadic spring break schedules are affecting school and retail demand. In some areas this is leaving more milk for cheese manufacturing. Processing capacity is readily available for current

milk supplies.

**DRY PRODUCTS:** The nonfat dry milk market tone is steady in the West but mixed in the East and Central regions. International demand is active in all regions. Western dry buttermilk prices are unchanged to higher on a firm market, while the Central and Eastern market tone is weakening, with moderate to light demand. Dry whole milk prices are unchanged to lower on a mixed market with active international interest but steady to building inventories. Dry whey prices strengthened and the market tone is firm. Inventories are tighter with limited spot market availability. Domestic demand is steady to good with good export demand, except in the Central region where export demand is steady to lower. Whey protein concentrate 34% interest is active but spot load availability is light to moderate. The lactose market tone is mixed, with steady to higher production. Casein pricing is mostly steady.

**INTERNATIONAL DAIRY MARKET NEWS (DMN):**  
**EUROPE: WESTERN OVERVIEW:** Milk production patterns continue to show increases at levels averaging around 4% higher than a year ago for Western Europe. The percentage change is high in part because of poor, prolonged weather conditions and lower milk receipts a year ago. This year, weather conditions remain very conducive to milk growth. Higher milk prices and milk premiums continue to provide incentives to increase milk output, even when weighed against any quota penalties. The higher milk supplies are stretching plant capacities, making it harder to find processing room as the milk intakes move towards the seasonal peak levels. Dairy product prices are trending steady to lower and reflect additional offerings and some softening of demand. The higher Euro values are making exporting values higher and exporting more challenging. However, world buyers are looking to the E.U. to secure certain dairy products as there are seasonal limitations from other supplying countries.

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**CME GROUP CASH TRADING**

COMMODITY	MONDAY MAR 10	TUESDAY MAR 11	WEDNESDAY MAR 12	THURSDAY MAR 13	FRIDAY MAR 14	:: ::	WEEKLY CHANGE*	:: ::	WEEKLY AVERAGE#
CHEESE BARRELS	\$2.2700 (+.0200)	\$2.2850 (+.0150)	\$2.2850 (N.C.)	\$2.2750 (-.0100)	\$2.2625 (-.0125)	:: ::	(+.0125)	:: ::	\$2.2755 (+.0695)
40# BLOCKS	\$2.3000 (+.0075)	\$2.3200 (+.0200)	\$2.3250 (+.0050)	\$2.3500 (+.0250)	\$2.3625 (+.0125)	:: ::	(+.0700)	:: ::	\$2.3315 (+.0785)
NONFAT DRY MILK GRADE A	\$2.0400 (N.C.)	\$2.0400 (N.C.)	\$2.0400 (N.C.)	\$2.0400 (N.C.)	\$2.0400 (N.C.)	:: ::	(N.C.)	:: ::	\$2.0400 (+.0075)
BUTTER GRADE AA	\$1.8850 (+.0050)	\$1.8850 (N.C.)	\$1.8850 (N.C.)	\$1.8850 (N.C.)	\$1.8800 (-.0050)	:: ::	(N.C.)	:: ::	\$1.8840 (+.0040)

NATIONAL DAIRY MARKET NEWS AT A GLANCE

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**EASTERN OVERVIEW:** Milk production in Eastern Europe is trending higher for many countries. Output is higher and above year ago levels in Poland. New information is limited from other countries. Dairy product manufacturing is increasing and offerings are being made available to local buyers and into the export channels. Demand is uneven as buyers assess needs against pricing.

**OCEANIA OVERVIEW:** **AUSTRALIAN** milk production is generally stable with recent weeks. Weather conditions are tracking at dryer than normal patterns across much of the dairy regions. Supplemental watering and irrigation are being utilized to compensate for rainfall shortages and to keep pastures and crops in decent shape. The impact of high milk prices is aiding dairy farmers by offsetting input costs. A trade source is noting the record difference between Australian and New Zealand milk prices. According to Dairy Australia, January 2014 milk production in Australia was 3.1% above January 2013. The state changes from a year earlier are: New South Wales, -3.0%; Victoria, +4.8%; Queensland, -4.2%; South Australia, -6.2%; Western Australia, -3.6% and Tasmania +9.7%. Australia's milk production season to date is -2.2%, compared to last season. Dairy Australia states exports for the July-January period total 425.4 thousand tons, down 9.6% from the year ago period. The largest export categories are skim milk powders (SMP) and whole milk powders (WMP). The total value of export is 19.6% higher over the prior year period. The highest value items are WMP and SMP. **NEW ZEALAND** Milk production trends remain well above year ago marks and are indicated to be tracking nearly 5% higher for the season through February. February trade indications are tracking 10.6% higher than during the same month in 2013. Another seasonal forecast by a financial institution is projecting a 10% increase. Production is being tempered by dry conditions on the North Island. Higher pay prices for milk are providing an incentive for farmers to keep cows in the string longer. The forecasted milk price for the current season was increased by 35 cents to NZ\$8.65/kilogram of milk solids, a new record high price. The higher price is a result of sustained high commodity pricing and good demand for milk powders from global accounts, most notably from China. Areas of Waikato and other parts of the North Island are indicated to be in drought like conditions, even though there is no official drought declaration. News reports are that some dairy farmers dried off herds due to dry conditions of pastures. Yet other farmers are utilizing the higher milk prices to offset higher production costs of buying supplemental feed. Additionally, feed, hay, and silage supplies are in greater supply than a year ago. Holdings of dairy products are trending lower seasonally as the milk production season winds down and the product mix is shifted to products of greatest needs and those needed to maintain carryover stocks. Demand remains fair to good across product categories.

**MARCH MILK SUPPLY AND DEMAND ESTIMATES (WAOB):** The milk production forecast for 2014 is unchanged from last month, but historical data are adjusted to reflect revised data for 2012 and 2013. Fat-basis exports for 2014 are raised on higher sales of cheese and butter. Skim-solid exports are unchanged as lower lactose and weaker-than-expected early year sales of nonfat dry milk (NDM) offset gains in cheese. Fat-basis imports are unchanged. Skim-solid imports are raised on strong demand for milk protein concentrates. Product price forecasts for cheese, butter, NDM, and whey are higher, supported by strong demand and price strength to date. Class III and Class IV prices are raised on higher product prices. The all milk price is forecast at \$21.40 to \$22.00.

**DECEMBER MAILBOX MILK PRICES (AMS & CDFA):** In December 2013, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$22.04, up \$0.39 from the November 2013 average, and up \$0.54 from the December 2012 average. The component tests of producer milk in December 2013 were: butterfat, 3.88%; protein, 3.23%; and other solids, 5.72%. 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 December 2013 ranged from \$24.68 in Florida to \$19.99 in New Mexico.

CME GROUP

MONDAY, MARCH 10, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.2700; 1 CAR 40# BLOCKS @ \$2.3000; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$2.0400  
 BUTTER -- SALES: 6 CARS GRADE AA: 4 @ \$1.8700, 1 @ \$1.8800, 1 @ \$1.8850; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, MARCH 11, 2014

CHEESE -- SALES: 2 CARS BARRELS @ \$2.2850; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$2.3200; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$2.0300; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.9000

WEDNESDAY, MARCH 12, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$2.3250; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: 2 CARS GRADE A @ \$2.0400; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$2.0500  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.8750; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.9000

THURSDAY, MARCH 13, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: 2 CARS 40# BLOCKS @ \$2.3500; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$2.2750  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$2.0500  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$1.9000

FRIDAY, MARCH 14, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: 2 CARS 40# BLOCKS @ \$2.3625; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$2.2625  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$2.0000; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$2.0600  
 BUTTER -- SALES: 2 CARS GRADE AA @ \$1.8750; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.8800; LAST OFFER UNCOVERED: 3 CARS GRADE AA @ \$1.8850

BUTTER MARKETS

NORTHEAST

Butter production has settled somewhat from the previous week, as cream supplies become tighter due to increases in Class II production and forthcoming Easter holiday demand. Some manufacturers anticipate completing production schedules for holiday specialty butter by end of week. Inventories are mixed in the region. Some butter makers favor adding to supplies, while others ship loads out as soon as possible. The demand for both print and bulk is strong. Prices for bulk butter range from 5-8 cents over the market, based on CME Group with various time frames and averages used. The butter price on the CME Group was unchanged on Tuesday and closed at \$1.8850. According to Foreign Agricultural Service, January 2014 U.S. exports of butter and milkfat totaled 22.4 million pounds, a 136% increase from last year.

CENTRAL

Many butter churns are full as churn operators gear up for Easter retail and food service orders. The market tone is firm as domestic demand is strengthening and international interest remains very good. Some butter manufacturers are busy finishing up 82% unsalted export orders so they can focus on domestic commitments. Inventories of butter are light to moderate as some manufacturers are unable to grow stocks with current interest. Bulk butter prices increased on improved demand and limited supplies, ranging from market to 12 cents over the market, based on the CME Group and

various indices. The Grade AA butter price at the CME Group closed unchanged Wednesday at \$1.8850, a 0.5 cent increase from last Wednesday's close. This week, Cooperatives Working Together (CWT) assisted on 1.355 million pounds of 82% butter for export. According to the Foreign Agricultural Service, exports of butter during January 2014 totaled 22.4 million pounds, a 136% increase from a year ago.

WEST

Western butter prices are steady to firm this week. Increased milk production is helping to increase cream supplies. Butter manufacturers are busy with both retail contract fulfillment and making 82% butter for export obligations. Exports continue to make up an increasing percentage of sales for various Western producers. Good international demand from both regular customers and new clients is fueling the additional sales. Domestic sales are increasing as retailers add to orders for upcoming Passover/Easter holidays. Butter stocks are adequate for current demand, but some producers are noting that they are not building inventories as would be expected at this time of year. According to FAS, U.S. exports of butter and milkfat for January 2014 total 22.4 million pounds, up 136% or 12.9 million pounds from January 2013.

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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
March 8, 2014	1.8242 2,799,829	2.1878 12,535,181	2.2148 8,630,241	0.6481 6,078,308	2.1032 16,822,501

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The butter and milkfat exports equate to 12.3% of butter production in the U.S. for January 2014. Wednesday's butter price at the CME Group is unchanged at \$1.8850. The market moved \$.0050 higher on Monday with six loads being sold. The market held steady on Tuesday and Wednesday with no sales reported. 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.

## 2014 U.S. Butter and Milkfat Exports, (USDA-FAS)

	(Million Lb.)	% Change From 1 Year Ago
Total, Jan	22.4	+ 136
1 Saudi Arabia	4.4	- 15
2 Morocco	3.1	*+ 1236
3 Ukraine	2.6	**
4 Egypt	2.5	+ 728
5 Iran	2.2	- 2

\*There were .2 million pounds to Morocco last year in Jan.

\*\*There were no exports to Ukraine last year in Jan.

## CHEESE MARKETS

## NORTHEAST

Northeast cheese production is steady. Some volumes continue to be channeled into cheddar aging programs. As cheese makers look to fulfill near term export commitments, some plants are maintaining 7 day production schedules. Export activity remains strong. Domestic demand is good leading up to the Easter holiday. The weekly average cheese prices, on the CME Group, saw both block and barrel move higher. Over the past 13 trading sessions, 40# block cheese has generated no sales, as prices moved higher on the strength of unfulfilled bids. Wholesale prices for 40# block and Muenster increased by \$0.0475, while processed 5# sliced moved up by \$0.0150. Prices for Swiss cheese increased \$0.0125. According to Foreign Agricultural Service, January 2014 U.S. exports of cheese and curd totaled 70.8 million pounds, a 46% increase from last year.

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

Cheddar 40# Block	: 2.6475-2.9325
Process 5# Sliced	: 2.4275-2.9075
Muenster	: 2.6675-3.0275
Grade A Swiss Cuts 10 - 14#	: 3.5500-3.8725

## MIDWEST

Demand for cheese remains strong, both domestic and export. Production is steady to increasing. Some plants facing higher orders are using NDM and condensed skim to enhance production. Cheese manufacturers with contracted milk supplies from producers generally feel comfortable with the volume of milk being received. Some recent daily variation in volume was noted, but on a weekly basis there seems to be the right amount of milk. Cheese plants that procure milk from suppliers note more variation. Some of these plants have ordered increased milk over the past week while others have kept orders about the same. There is a widespread feeling that milk supplies will continue to seasonally increase. Information about block and barrel availability varies. Some people have commented on blocks being somewhat tighter than barrels, while other sources feel barrels are harder to find. CME trading through Wednesday leaves blocks and barrels under 4 cents from record price highs, reached the first week of February. Blocks closed Wednesday at \$2.3250 and barrels at \$2.2850. A few people commented about whether prices will sustain these levels, but the totality of current demand leaves overall ordering strong. Wholesale prices adjusted upward, with Swiss up \$.0125, process up \$.0150, and the remaining varieties up \$.0475.

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

Process American 5# Loaf	: 2.3050-2.6650
Brick And/Or Muenster 5#	: 2.6275-3.0525
Cheddar 40# Block	: 2.3325-2.7500
Monterey Jack 10#	: 2.6025-2.8075
Blue 5#	: 2.8950-3.8825
Mozzarella 5 - 6# (Low Moisture, Part Skim)	: 2.4725-3.3675
Grade A Swiss Cuts 6 - 9#	: 3.0675-3.1850

## WEST

Western cheese plants are seeing increased milk supplies as milk production builds seasonally. The increased production is welcomed as stocks are tight. Good export demand continues to keep inventories tight with some plants reporting being close to sold out for current sales. Domestic retail demand is good as retailers look to secure supplies for upcoming Easter/Passover demand. Spot loads of barrels and blocks are increasingly hard to find. According to FAS, exports of cheese and curd for January 2014 total 70.8 million pounds, up 46% (22.4 million pounds) from January 2013. Cheese and curd exports for the period equate to 7.4% of U.S. cheese production. Wednesday, at the CME Group, barrels closed unchanged at \$2.2850. Blocks closed \$.0050 higher at \$2.3250. Barrels were higher the first two days of trading this week. There were two sales of barrels on Tuesday. Blocks have moved higher each day this week on higher bids with no sales.

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

Process 5# Loaf	: 2.3350-2.5925
Cheddar 40# Block	: 2.3700-2.7225
Cheddar 10# Cuts	: 2.5500-2.7700
Monterey Jack 10#	: 2.5600-2.7200
Grade A Swiss Cuts 6 - 9#	: 3.1275-3.5575

## 2014 U.S. Cheese and Curd Exports, (USDA-FAS)

	(Million Lb.)	% Change From 1 Year Ago
Total Jan.	70.8	+ 46
1 Mexico	16.4	+ 38
2 South Korea	10.2	+ 36
3 Japan	6.5	+ 3
4 Australia	4.2	+ 142
5 Saudi Arabia	3.9	+ 91

## FOREIGN

Increases in farm milk production and strong export demand is expected to advance EU cheese production. EU cheese prices for Gouda and cheddar are reported lower this week. The CME weekly average block prices increased last week. Wholesale prices for domestic foreign type cheese rose by \$0.0475, while Swiss Cuts wholesale prices increased \$0.0125. Imported cheese prices remain unchanged.

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## CHEESE MARKETS

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## FOREIGN

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.7875-4.2750*
Gorgonzola	: 3.6900-6.9700	: 3.2900-3.7025*
Parmesan (Italy)	: -0-	: 4.1775-6.2675*
Provolone (Italy)	: -0-	: 2.8300-2.9875*
Romano (Cows Milk)	: -0-	: 3.9775-6.1275*
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-	: 3.6475-3.9700*
Swiss Cuts Finnish	: 2.6700-2.9300	: -0-

\* = Price change.

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

BUTTER : CHEESE

		:	
03/10/14	17,194	:	89,447
03/01/14	14,756	:	90,985
CHANGE	2,438	:	-1,538
% CHANGE	17	:	-2

## FLUID MILK AND CREAM

## EAST

## SPOT SHIPMENTS OF GRADE A MILK INTO OR OUT OF FLORIDA &amp; SOUTHEASTERN STATES

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	70	0	140	0	63
SOUTHEAST STATES	0	0	0	0	0	0

The past weekend saw a continuation of wintery weather in the Southeast as the region experienced snow, ice, and slippery roads. Some distribution channels experienced delays that hampered pickups and deliveries to/from bottling and manufacturing plants. Class I demand is leveling off in most of the Southeast and Mid-Atlantic regions. With additional loads being channeled to balancing plants, manufacturing milk supplies are reported as balanced to increasing. Northeast milk volumes have eased from last week. Florida's farm production has leveled off. Class I demand is expected to decrease as spring breaks start over the next four weeks. This week, Florida exported 70 spot loads. Cream supplies are not as available this week, with some manufacturers reporting that loads are hard to find. Interest from ice cream manufacturers continues to develop. Increases in cream cheese and holiday kosher production are causing tightness in cream supplies and higher multiples. **Cream multiples for all** classes ranged 1.20-1.32, varying depending on need and day of the week. The CME Group butter price closed Wednesday at \$1.8850, unchanged from the previous session. **Condensed skim** sales are active as ice cream production picks up and yogurt demand continues its' pull on supplies.

## 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 -	2.2560-2.4816
F.O.B. producing plants: Upper Midwest -	2.3124-2.4064

## PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

## F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	2.12-2.15
Northeast - Class III - spot prices -	2.03-2.06

## MIDWEST

Warmer temperatures in the Central region contributed to improved milk production rates as the cows were able to convert more feed energy towards milk production, which had previously been used for body warmth. Additional milk supplies are becoming available with most milk spot load prices ranging from Class to \$2.00 over Class. Bottling orders are mixed as some educational institutions are on spring break resulting in sluggish orders while a few milk processors experienced increased sales. Class II demand increased with many manufacturers preparing for Easter. **Class II cream multiples narrowed this week, ranging from 1.23 to 1.28.** Cream supplies firmed up as cream cheese manufacturers stepped up cream order volumes while many butter churn operators maintained or increased churn rates. Ice cream makers are slowly increasing production rates. Demand for ice cream is marginally improving as the temperatures increase. Class III interest is steady to higher with Easter orders coming in. The weekly *Cow Slaughter under Federal Inspection Report* shows U.S. dairy cow slaughter for the week ending on February 22, 2014 at 58,400 head, 6,000 head or 9.3% less than the comparable week a year ago.

## WEST

Farm milk production in CALIFORNIA is mostly steady. One or two facility managers noted milk intakes wavered slightly this week, compared to one week ago. At this point, it is too soon to tell if these fluctuations signal the peak of the flush, or just weather-related variances. Class 1 demand is light to moderate, with seasonality influencing current orders. Demand for stick/cone/cup novelties is heading up as theme and sports parks extend hours and offer spring events. Ice cream and frozen dessert manufacturers are taking in a few more loads of milk and cream on a weekly basis to accommodate increased orders. The April 2014 Class 1 prices in CALIFORNIA range from \$24.88 in the north to \$25.15 in the south. The statewide average Class 1 price based on production is \$24.89. That production average price is \$0.51 lower than March 2014, but \$5.38 higher than April 2013. Milk producers in NEW MEXICO continue to add loads to the daily totals. Milk handlers are finding processing capacity within the state for this milk, along with handling milk loads from other states. Bottler orders are trending lower. Sales into Class II are variable as some ice cream plants are increasing bulk runs while other Class II plants are completing scheduled maintenance projects. CREAM multiples in the Western region are steady. Cream multiples range from 1.00 – 1.22, depending on Class usage and basing points. Cream processors report the diversification in cream end products is allowing a handful of Western milk processors to increase returns for cream by channeling it into international butter varieties and concentrated butterfat products. Frozen dessert/novelty/bulk ice cream manufacturers are starting the seasonal ramp up in production, and seeking out more cream loads through the F.O.B. and resale markets. At the CME Group, Grade AA butter closed on Wednesday at \$1.8850, one-half cent higher than one week ago. Milk production in the PACIFIC NORTHWEST is increasing along seasonally expected amounts. Most production facilities are operating smoothly with no problems in moving milk. Some of the additional supplies are being credited to dairies keeping cows in the milking line longer to take advantage of current farm milk prices. Mild weather across much of the region is another positive to increasing milk supplies. Improved profits from dairies are increasing demand for replacement heifers. A recent dairy heifer auction in Central Washington reported firm to higher prices with good demand. Springing heifers sold in a range of \$1650-\$2000 per head. Milk production in IDAHO and UTAH is increasing, but still remains short of full manufacturing needs. Seasonal increases in milk production are being aided by milk being brought in from out of the region. Dairies hoping to build herd numbers are meeting increased demand from both slaughter buyers and other dairies. Recent replacement heifer auctions in the region are reporting significantly higher prices. Replacement heifer quotes are \$100-\$200 higher per head than as recent as a month ago.

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 mostly unchanged except the bottom of the range moved lower on F.O.B. spot load sales. The market tone is mixed as some NDM inventories are becoming available as manufacturers dry additional amounts of available milk supplies, while a few others reduce drying rates for other higher-end products. Demand domestically is mostly steady, but improving as some cheesemakers are using additional supplies. International interest is good with export orders being the main focus for a few manufacturers. Inventories of low/medium heat NDM are mixed depending manufacturer’s drying priorities and commitments. HIGH HEAT NDM prices widened resulting from F.O.B spot sales and a variety of indexes. The market tone is steady. Most of manufacturer’s high heat production is spoken for. Grade A NDM at the CME Group closed unchanged at \$2.0400 Wednesday, up 1.25 cents since last Wednesday. According to the Foreign Agricultural Service, exports of NDM during January 2014 totaled 85.5 million pounds, a 22% increase from a year ago.

**EAST:** Prices for low/medium heat nonfat dry milk moved lower on the bottom of the range. The mostly series prices are unchanged. Price changes for nonfat dry milk result from adjustments based on price indices and F.O.B spot sales prices. Production is mixed in the region. Some balancing operations have reduced drying schedules as yogurt production in the region is pulling on condensed skim supplies. Some manufacturers are holding inventories at levels sufficient for meeting commitments, with very few volumes being manufactured for spot purchases. Export demand is active. The market tone is steady. High heat nonfat dry milk saw prices decline at the bottom and increase at the top of the range. Some plants are primarily producing high heat nonfat dry milk. Inventories are light, with supplies available for existing contracts. According to Foreign Agricultural Service, January 2013 U.S. exports of Nonfat Dry Milk totaled 85.5 million pounds, a 22% increase from last year.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 2.0300 - 2.1700 MOSTLY: 2.0600 - 2.1500  
 HIGH HEAT: 2.1500 - 2.2250

**NONFAT DRYMILK - WEST**

Prices for Western low/medium heat nonfat dry milk are mostly steady. Occasional F.O.B. loads moved the range lower, but the majority of sales are occurring within a narrow channel within the mostly. The market tone is steady. Interest is active for F.O.B. spot loads as they become available as many buyers continue to purchase only for near term needs. International demand is active, with some producers successfully participating in recent tenders. Resellers and end users are looking for the next contracting opportunity, but most aren’t willing to commit at this time. Western milk clearing into balancing plants is steady to lower in some areas. Dairy producers aren’t sure if recent lower milk volumes on a week to week basis signal that the peak of the flush season is over, or if the current wobble in the milk production trend is weather related. Some manufacturers are dividing production times along the NDM/SMP demarcation to maximize efficiencies, while also taking some production time to replenish high heat NDM supplies. High heat NDM prices are higher and lower on a mixed market. Sales activity is light to moderate.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 2.0100 - 2.1350 MOSTLY: 2.0500 - 2.1050  
 HIGH HEAT: 2.1375 - 2.2200

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

	2013 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN	85.5	+ 22
1 Mexico	29.6	- 8
2 Philippines	15.5	+ 232
3 Indonesia	8.5	+ 13
4 Malaysia	6.8	+ 64
5 China	5.5	+ 666

**DRY BUTTERMILK - CENTRAL AND EAST**

**CENTRAL:** Dry buttermilk prices decreased with a two tier market due to various indices and F.O.B spot load activity. The market tone is weakening as some manufacturers are building inventories. Domestic demand for dry buttermilk is moderate to light as buyers are experiencing price advantages purchasing condensed buttermilk. Export sales are moderate with some slowing interest. Stocks are mixed with a few manufacturers low on inventories

**EAST:** Dry buttermilk saw prices decline by \$0.0100, on the bottom of the range. Production of dry buttermilk is mixed, with cream supplies at some balancing plants being pulled from churns as Class II demand increases. Tight inventories have limited spot offerings. Most purchases are contract transactions, with some buyers waiting to see if prices will move lower. Domestic and export demand is moderate. The market undertone is steady.

F.O.B. CENTRAL/EAST: 1.8200 - 2.0100

**DRY BUTTERMILK - WEST**

Western dry buttermilk prices are unchanged to higher on a firm market. Buyer interest outside of contracts is steady for light offerings from manufacturers. Spot buyers are content to shop on an as-needed basis to keep facilities running from week to week. Few buyers express interest in signing long-term contracts at current prices, although some new monthly contracts will activate as of April 1. Market participants are optimistic regarding a much-awaited reversal in price trends within the quarter. Conversely, manufacturers report current dry buttermilk stocks are light and there currently aren’t any indications of prices requiring discounts to move finished dry buttermilk loads. Production of dry buttermilk powder in the West is steady. Some liquid buttermilk is clearing regularly to feed end uses as a means of optimizing NDM and SMP production.

F.O.B. WEST: 1.9100 - 1.9950 MOSTLY: 1.9300 - 1.9600

CONTINUED ON PAGE 5A

## NONFAT DRY MILK, BUTTERMILK &amp; WHOLE MILK

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

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**CONTINUED FROM PAGE 5****DRY WHOLE MILK - NATIONAL**

Dry whole milk prices are unchanged to lower on a mixed market. U.S. nonfat prices are also mixed, with some lower prices recorded this week. Butterfat prices are mostly steady. Active international interest supported the top of the current price range, but some sales to domestic buyers cleared at lower prices. Inquiries from international buyers are occurring with increasing frequency for a few manufacturers. Dry whole milk inventories are steady to building incrementally, with contract fulfilment as the top priority for many manufacturers.

F.O.B. PRODUCING PLANT: 2.0500 - 2.2500

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**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES
March 7	\$2.0594	8,535,939
February 28	\$2.0268	7,781,712

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 based on various indices. Activity in the resale market picked up as resellers look to move inventory on hand while end users replenish stocks. The market tone is firm as dry whey manufacturers have little excess supplies to offer in the spot market. Production rates for dry whey are steady to slightly higher as cheese orders continue to pick up. Demand domestically is good, but buyers are having some difficulty finding supplies. International interest is steady to lower as a few countries are backing off on export orders. Stocks of dry whey are light. ANIMAL FEED WHEY prices are unchanged with limited activity in the F.O.B. spot market. The market tone is steady. Domestic demand is steady with end users getting contracted loads on time. Inventories of feed whey are low. According to the Foreign Agricultural Service, exports of dry whey during January 2014 totaled 40.8 million pounds, a 1% decrease from a year ago.

F.O.B. CENTRAL: .6125 - .6825 MOSTLY: .6125 - .6325  
 F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4600 - .5925

**DRY WHEY - NORTHEAST**

Northeast dry whey prices continue to move higher with indices and F.O.B. spot pricing methods. With the recent upswing in pre-Easter holiday cheese volumes, dry whey is seeing marginal increases in production. Inventories are tight. Nearly all new production is through contracts. Opportunities for additional loads are mostly available through resale outlets, as spot offering are very limited. The market undertone is firm with good domestic and export demand. According to Foreign Agricultural Service, January 2014 U.S. exports of dry whey totaled 40.8 million pounds, a 1% decrease from last year.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6450 - .6900

**DRY WHEY - WEST**

Western dry whey prices are higher. The market is firm with tighter supplies being reported. Whey production levels are mostly steady compared to recent production, but are well below year ago levels. Much of the difference is increased production of whey protein concentrate products. Cheese production is increasing seasonally, but much of the whey stream is being directed towards the concentrated whey markets. Domestic demand for whey is steady. Export interest for whey is good with much of the Western whey entering the export market. Higher whey prices are being noted as hindering some negotiations, but end users are not pushing back yet on contract deliveries. Availability of spot loads for domestic use is tightening. According to the Foreign Agricultural Service, U.S. exports of dry whey for January 2014 total 40.8 million pounds, down 1% (.435 million pounds) from January of 2013. The exports equate to 58.3% of the total dry whey production in the U.S. for January 2014.

NONHYGROSCOPIC: .6250 - .6625 MOSTLY: .6300 - .6600

	U.S. Dry Whey Exports, 2014 Exports (Million Lb.)	H.S. Code 0404104000(FAS)	% Change From 1 Year Ago
January Total	40.8		- 1
TOTAL, JAN	40.8		- 1
1 China	10.9		- 25
2 Mexico	6.3		+ 267
3 Canada	4.1		- 14
4 Japan	4.0		+ 11
5 Philippine	2.0		+ 4

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Whey protein concentrate 34% prices shifted fractionally lower on the top of the range, and 4 cents lower on the bottom of the range. However, the greater number of variably priced loads that cleared this week continued to post values within the mostly range. Interest for WPC 34% F.O.B. loads is active and pricing is related to product certifications and planned end uses. Availability of F.O.B. WPC 34% spot loads is light to moderate. Some cream cheese manufacturers are expanding their search for available WPC 34% loads to include resellers and other end users, as they were unable to fully contract all their projected WPC 34% needs at the beginning of the year. Production of whey protein concentrate 34% is unchanged to slightly improving as cheese manufacturers respond to active buying interest for various Italian and American-style cheeses.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.5500 - 1.9600 MOSTLY: 1.6900-1.8475

	U.S. WPC ≤ 80% Exports, 2014 Exports (Million Lb.)	H.S. Code 0404100500(FAS)	% Change From 1 Year Ago
January Total	16.2		- 15
TOTAL, JAN	16.2		- 15
1 China	4.6		+ 45
2 Mexico	4.0		- 36
3 Canada	2.9		+ 7
4 Singapore	1.1		+ 298
5 Indonesia	0.6		+ 160

**LACTOSE - CENTRAL AND WEST**

Prices on lactose are unchanged to higher on the range price series, but unchanged on the mostly. The market tone is mixed. A fresh influx of inquiries from off-shore buyers arrived this week, primarily focusing on 100 mesh or lower lactose. Although the requests for quotes seemed to arrive suddenly, several manufacturers report these inquiries are the results of ongoing communications and marketing efforts aimed at international buyers. Lactose production is steady to higher, depending on availability of manufacturing milk from region to region. Lactose inventories are variable. Higher mesh lactose (>100) is tight. Unground lactose inventories are comparatively higher, but manufacturers are finding interested buyers in North and South America and Oceania.

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

**WHEY, WPC 34%, LACTOSE & CASEIN**

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

**CONTINUED FROM PAGE 6****U.S. Lactose Exports, H.S. Code 1702110000(FAS)**

	2014 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN	41.2	+ 3
1 New Zealand	7.3	- 15
2 Mexico	5.4	+ 15
3 Indonesia	4.4	+ 136
4 Japan	4.2	+ 8
5 China	2.7	- 47

**CASEIN - NATIONAL**

Casein pricing is mostly steady. The trade is looking ahead to Q2 negotiations. The sentiment is that offerings will be light to adequate to service needs. Supplies from Oceania are more measured in part because of fair to good demand from other countries for their product and due to the utilization of milk in other dairy products for maximum returns. The milk production season is starting strong in Europe, but whether the product mix will include additional casein is being debated. Top E.U casein exporting countries (Ireland, France, Netherlands, and Germany) are seeing increases in milk production over a year ago. In the U.S., there is some open demand that is not covered. Many buyers remain cautious at current pricing levels. They do not want to hold stocks or have contracted pricing in place at high levels, should the pricing trends turn. Yet, they need to have some volumes committed to maintain operations.

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

U.S. Dairy Cow Slaughter (000 head) under Federal Inspection & Comparable Week 2013

WEEK ENDING	WEEKLY DAIRY COWS	2014 CUMULATIVE DAIRY COWS	2013 WEEKLY DAIRY COWS	2013 CUMULATIVE DAIRY COWS
02/22/2014	58.4	470.0	64.4	517.3

WEBSITE: [http://www.ams.usda.gov/mnreports/sj\\_ls714.txt](http://www.ams.usda.gov/mnreports/sj_ls714.txt)

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2009	10.78	9.31	10.44	10.78	9.84	9.97	9.97	11.20	12.11	12.82	14.08	14.98
2010	14.50	14.28	12.78	12.92	13.38	13.62	13.74	15.18	16.26	16.94	15.44	13.83
2011	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67	19.07	18.03	19.07	18.77
2012	17.05	16.06	15.72	15.72	15.23	15.63	16.68	17.73	19.00	21.02	20.83	18.66
2013	18.14	17.25	16.93	17.59	18.52	18.02	17.38	17.91	18.14	18.22	18.83	18.95

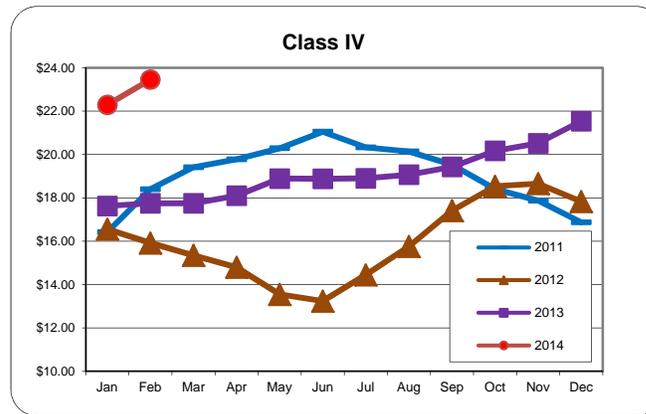
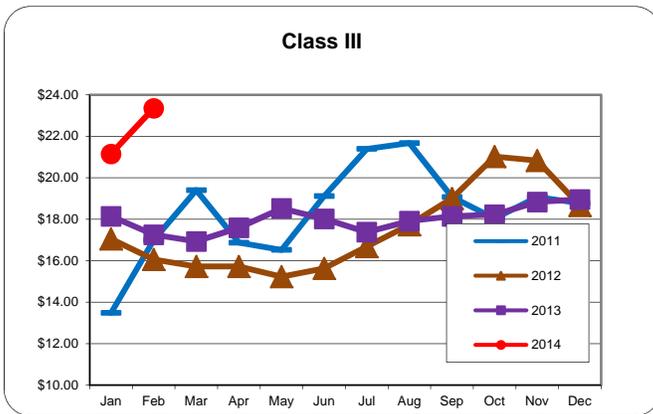
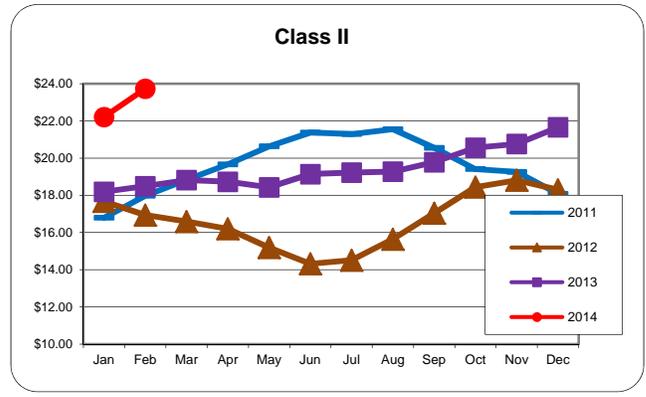
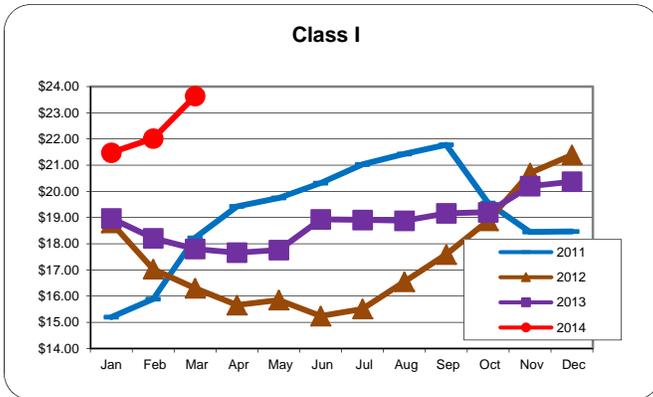
CLASS IV MILK PRICES (3.5%)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03
2011	16.42	18.40	19.41	19.78	20.29	21.05	20.33	20.14	19.53	18.41	17.87	16.87
2012	16.56	15.92	15.35	14.80	13.55	13.24	14.45	15.76	17.41	18.54	18.66	17.83
2013	17.63	17.75	17.75	18.10	18.89	18.88	18.90	19.07	19.43	20.17	20.52	21.54

FEDERAL MILK ORDER CLASS PRICES FOR 2014 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	21.48	22.02	23.64									
II	22.21	23.73										
III	21.15	23.35										
IV	22.29	23.46										

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



## INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered March 03 – 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:** Milk production patterns continue to show increased milk supplies at levels averaging around 4% higher than a year ago for Western Europe. The percentage change is high in part because of poor, prolonged weather conditions and lower milk receipts a year ago. This year, weather conditions remain very conducive to milk growth. Higher milk prices and milk premiums continue to provide incentives to increase milk output, even when weighed against any quota penalties. The higher milk supplies are stretching plant capacities, making it harder to find processing room as the milk intakes move towards the seasonal peak levels. Dairy product prices are trending steady to lower and reflect additional offerings and some softening of demand. The higher Euro values are making exporting values higher and exporting more challenging. However, world buyers are looking to the E.U. to secure certain dairy products as there are seasonal limitations from other supplying countries.

**BUTTER/BUTTEROIL:** Butter pricing is slightly lower but described as more stable. Some traders are sensing the market has put in a floor after declining for several weeks. Butter production is trending higher, with butter makers processing available fat supplies. Exports of butter remain light with current pricing the main issue when compared to other exporting regions. Higher Euro values are also working against exporters. The relative high pricing is still able to work for branded and packaged butter. Domestic demand is fair to good. Holdings are often being built. Butteroil pricing is lower, being adjusted on a per unit of fat basis. Exporting is limited with better pricing for AMF being traded in other regions. Production of butteroil remains light and is most often servicing established accounts.

82% BUTTERFAT: 4,675 - 5,150  
99% BUTTERFAT: 5,900 - 6,500

**SKIM MILK POWDER (SMP):** European pricing for skim milk powders continues to trend lower. Demand is fair to good into export channels. Pricing and availability are considerations to complete international sales. E.U. pricing has been trending lower, yet the higher Euro values are working against sellers. Near term offerings are often tight but stocks are building. Increased offerings are being made for May/June shipments. Production remains heavy at seasonally high volumes. Additional loads of condensed skim are being offered at value pricing on a solids basis, yet the issue is finding dryer space to utilize the offerings.

1.25% BUTTERFAT: 4,300 - 4,600

**WHOLE MILK POWDER (WMP):** Whole milk powder prices are slightly lower. Relatively high pricing points and the stronger Euro are making exporting more challenging. Slightly lower sentiment in Asian demand is tempering the market tone. Other buyers are looking at the opportunities created by lower pricing. Demand is fair for WMP from European sources. Production remains active around heavy milk production. Supplies are adequate for current needs and producers are working to build holdings to service future needs.

26% BUTTERFAT: 4,925 - 5,250

**SWEET WHEY POWDER:** Whey prices are unchanged to slightly lower. Whey production is steady to higher. Cheese output is trending higher seasonally and the milk supplies are growing in major countries. There are additional offerings of condensed whey solids. Some of these are going to higher valued whey products and others are going into feed applications. The limitations are competition and availability of dryer time. Demand is fair to good. Export buyers are competing with lower priced offerings from the U.S.

NONHYGROSCOPIC: 1,300 - 1,500

**EASTERN OVERVIEW:** Milk production in Eastern Europe is trending higher for many countries. Output is higher and above year ago levels in Poland. New information is limited from other countries. Dairy product manufacturing is increasing and offerings are being made available to local buyers and into the export channels. Demand is uneven as buyers assess needs against pricing.

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

.1272 Argentina Peso	.0097 Japan Yen
.9021 Australian Dollar	.0757 Mexican Peso
.9005 Canadian Dollar	.8472 New Zealand Dollar
1.3877 Euro	.3294 Poland Zloty
.0164 India Rupee	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0757) = 13.2100 Mexican Pesos. Source: "Wall Street Journal"

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered March 03 - 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.

**OCEANIA OVERVIEW:** AUSTRALIAN milk production is generally stable with recent weeks. Weather conditions are tracking at dryer than normal patterns across much of the dairy regions. Supplemental watering and irrigation are being utilized to compensate for rainfall shortages and to keep pastures and crops in decent shape. The impact of high milk prices is aiding dairy farmers by offsetting input costs. A trade source is noting the record difference between Australian and New Zealand milk prices. According to Dairy Australia, January 2014 milk production in Australia was 3.1% above January 2013. The state changes from a year earlier are: New South Wales, -3.0%; Victoria, +4.8%; Queensland, -4.2%; South Australia, -6.2%; Western Australia, -3.6% and Tasmania +9.7%. Australia's milk production season to date is -2.2%, compared to last season. Dairy Australia states exports for the July-January period total 425.4 thousand tons, down 9.6% from the year ago period. The largest export categories are skim milk powders (SMP) and whole milk powders (WMP). The total value of export is 19.6% higher over the prior year period. The highest value items are WMP and SMP.

**NEW ZEALAND** Milk production trends remain well above year ago marks and are indicated to be tracking nearly 5% higher for the season through February. February trade indications are tracking 10.6% higher than during the same month in 2013. Another seasonal forecast by a financial institution is projecting a 10% increase. Production is being tempered by dry conditions on the North Island. Higher pay prices for milk are providing an incentive for farmers to keep cows in the string longer. The forecasted milk price for the current season was increased by 35 cents to NZ\$8.65/kilogram of milk solids, a new record high price. The higher price is a result of sustained high commodity pricing and good demand for milk powders from global accounts, most notably from China. Areas of Waikato and other parts of the North Island are indicated to be in drought like conditions, even though there is no official drought declaration. News reports are that some dairy farmers dried off herds due to dry conditions of pastures. Yet other farmers are utilizing the higher milk prices to offset higher production costs of buying supplemental feed. Additionally, feed, hay, and silage supplies are in greater supply than a year ago. Holdings of dairy products are trending lower seasonally as the milk production season winds down and the product mix is shifted to products of greatest needs and those needed to maintain carryover stocks. Demand remains fair to good across product categories. At the March 4 GDT event #111, average prices ranged from 5.8% lower to 3.9% 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, \$5,126 -3.5%; butter, \$4,746 +3.9%; buttermilk powder, \$4,792 -5.8%; cheddar cheese, \$4,837 +0.7%; lactose, not sold; milk protein concentrate, \$8,524 -3.3%; rennet casein, \$11,791 +2.9%; skim milk powder, \$4,658 -3.9%; and whole milk powder, \$4,703 -5.7%.

**BUTTER:** Butter prices are higher, reflecting strength and the limited offerings into the export market. Some buyers are looking to securing AMF offerings, which are currently at better pricing points on per unit of fat basis than butter. Butter production levels are trending lower. Holdings are tightening, with limited volumes available for new export business. Handlers are servicing existing orders on the books. At the March 4 GDT event 111, NZ unsalted butter averaged \$5,055/MT for the May contracts, and all regions

\$4,746/MT for all contract periods, +3.9%. AMF prices averaged \$5,068/MT for the May contracts, -4.3% from the prior event. For all contract periods, the AMF price average was \$5,126/MT, -3.5%.

82% BUTTERFAT: 4,500 - 5,050

**SKIM MILK POWDER (SMP):** Oceania SMP pricing trends are steady and the market tone is slightly unsettled. Competition with offerings from the U.S. and Europe are in marketplace, yet those are not having an impact on the Oceania pricing to any great extent. Demand is good from the normal customer base with sustained interest from infant formula and nutraceutical manufacturers. SMP production is slowing seasonally. Pricing continues to support SMP/fat manufacturing, yet the timing of the season is dictating making products that are needed to fill contracted and anticipated needs. Producers are staging holdings to be able to service current and future orders during the upcoming low point of the milk production cycle. At the March 4th GDT event 111, SMP for all regions and contracting periods averaged \$4,658 per MT, -3.9%. For trading in contract period 2, May 2014, prices averaged \$4,880 for NZ sourced medium heat product, down \$275 from the prior event. For May sales, the price gap between NZ and U.S. sourced MH SMP, at \$4,365, was \$515/MT.

1.25% BUTTERFAT: 4,700 - 5,250

**CHEDDAR CHEESE:** Oceania cheese markets and pricing are tending to be steady to lower. Marketings are moving along planned levels. Production is light and supplies generally adequate to service domestic needs and to stage limited cheese for export orders. Demand is indicated to be mostly steady. Better cheese availability from the U.S. and E.U. is creating more challenges to service international customers.

39% MAXIMUM MOISTURE: 4,900 - 5,300

**WHOLE MILK POWDER (WMP):** Oceania whole milk powder prices are trending lower to sharply lower. Declines in the auction price values were spilling over into cash and contract market pricing. Demand became uneven with some buyers drawing back as they assess market news against their needs. Offerings are tightening down in the region. Producers are attempting to keep milk flowing to production plants to make WMP to fill established orders and to have product on hold for future needs. Holdings are generally limited or committed. At the March 4th GDT event 111, the WMP pricing index, across all contracting periods, averaged \$4,703 per MT, down 5.7% compared to the prior event. For contract periods 2 and 3, May and June 2014, NZ regular WMP averaged \$4,645 and \$4,650 per MT.

26% BUTTERFAT: 4,600 - 5,250

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

US\$/MT	Global/Dairy Trading (g/DT) Event 111 Recap - March 4, 2014													
	Contract 1		Contract 2		Contract 3		Contract 4		Contract 5		Contract 6		All Contracts	
	Apr-14		May-14		Jun-14		Jul-14		Aug-14		Sep-14			
Anhydrous Milk Fat	n.a.	\$5,068	-4.3%	\$5,115	-4.2%	\$5,305	-1.5%	\$5,314	1.6%	\$5,400	n.a.	\$5,126	-3.5%	
Butter	\$4,250	1.8%	\$4,975	6.9%	\$4,834	3.1%	\$4,825	-4.4%	n.a.	n.a.	n.a.	\$4,746	3.9%	
Buttermilk Powder	n.a.	\$4,718	-6.5%	\$5,230	-4.1%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$4,792	-5.8%	
Cheddar	n.a.	\$4,872	1.9%	\$4,722	-0.9%	\$4,990	1.1%	n.a.	n.a.	n.a.	n.a.	\$4,837	0.7%	
Lactose	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Milk Protein Concentrate	n.a.	\$8,565	-1.6%	\$8,460	-5.4%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$8,524	-3.3%	
Rennet Casein	n.a.	\$11,791	2.9%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$11,791	2.9%	
Skim Milk Powder	\$4,372	-1.1%	\$4,719	-3.9%	\$4,768	-4.4%	\$4,635	-4.9%	\$4,615	-5.0%	\$4,586	-3.9%	\$4,658	-3.9%
Whole Milk Powder	\$4,644	-6.7%	\$4,670	-6.1%	\$4,686	-6.5%	\$4,843	-3.5%	\$5,057	-1.8%	\$5,027	n.a.	\$4,703	-5.7%

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

US\$/Pound	Global/Dairy Trading (g/DT) Event 111 Recap - March 4, 2014													
	Contract 1		Contract 2		Contract 3		Contract 4		Contract 5		Contract 6		All Contracts	
	Apr-14		May-14		Jun-14		Jul-14		Aug-14		Sep-14			
Anhydrous Milk Fat	n.a.	\$2.2988	-4.3%	\$2.3201	-4.2%	\$2.4063	-1.5%	\$2.4104	1.6%	\$2.4494	n.a.	\$2.3251	-3.5%	
Butter	\$1.9278	1.8%	\$2.2566	6.9%	\$2.1927	3.1%	\$2.1886	-4.4%	n.a.	n.a.	n.a.	\$2.1528	3.9%	
Buttermilk Powder	n.a.	\$2.1401	-6.5%	\$2.3723	-4.1%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$2.1736	-5.8%	
Cheddar	n.a.	\$2.2099	1.9%	\$2.1419	-0.9%	\$2.2634	1.1%	n.a.	n.a.	n.a.	n.a.	\$2.1940	0.7%	
Lactose	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	
Milk Protein Concentrate	n.a.	\$3.8851	-1.6%	\$3.8374	-5.4%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$3.8665	-3.3%	
Rennet Casein	n.a.	\$5.3484	2.9%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$5.3484	2.9%	
Skim Milk Powder	\$1.9831	-1.1%	\$2.1405	-3.9%	\$2.1628	-4.4%	\$2.1024	-4.9%	\$2.0934	-5.0%	\$2.0802	-3.9%	\$2.1129	-3.9%
Whole Milk Powder	\$2.1065	-6.7%	\$2.1183	-6.1%	\$2.1256	-6.5%	\$2.1968	-3.5%	\$2.2938	-1.8%	\$2.2802	n.a.	\$2.1333	-5.7%

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

## CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	02/27	02/28	03/03	03/04	03/05	03/06	03/07	03/10	03/11	03/12
<b>CME - CLASS III MILK FUTURES (Pit-Traded)</b>										
FEB 14	23.19 (5115) 10	23.18 (5092) 3	23.20 (4994) 3	23.18 (4998) 0	23.35 (4545) 0					
MAR 14	22.23 (5010) 5	22.15 (5007) 45	21.89 (4973) 1	22.10 (4979) 2	22.20 (4975) 10	22.60 (4937) 0	22.65 (4675) 0	22.86 (4794) 3	22.90 (4846) 0	22.91 (4877) 0
APR 14	20.97 (3995) 5	20.85 (4045) 53	20.26 (4110) 2	20.26 (4162) 3	20.54 (4233) 0	21.21 (4354) 6	21.25 (4471) 6	21.42 (4523) 3	21.39 (4563) 0	21.46 (4561) 10
MAY 14	20.21 (3423) 3	20.07 (3476) 36	19.67 (3530) 10	19.61 (3525) 4	19.91 (3556) 0	20.25 (3570) 9	20.25 (3672) 6	20.35 (3719) 10	20.10 (3798) 18	20.03 (3882) 25
JUN 14	20.07 (3004) 3	19.94 (3026) 39	19.67 (3093) 11	19.57 (3133) 6	19.70 (3147) 0	19.98 (3174) 5	20.01 (3266) 11	20.10 (3288) 9	19.92 (3309) 18	19.80 (3348) 30
JUL 14	19.64 (2022) 3	19.73 (2035) 37	19.57 (2046) 10	19.46 (2058) 4	19.50 (2072) 0	19.70 (2110) 1	19.80 (2142) 6	19.89 (2176) 14	19.79 (2190) 20	19.70 (2207) 20
AUG 14	19.35 (1869) 3	19.43 (1872) 31	19.37 (1893) 10	19.28 (1900) 4	19.35 (1911) 0	19.45 (1939) 0	19.59 (1946) 6	19.69 (1971) 14	19.60 (1990) 21	19.51 (2017) 30
SEP 14	19.20 (1812) 3	19.10 (1822) 31	19.11 (1870) 10	19.06 (1874) 4	19.12 (1884) 10	19.20 (1891) 0	19.34 (1915) 6	19.42 (1932) 9	19.33 (1941) 18	19.25 (1960) 30
OCT 14	18.95 (1481) 4	18.89 (1496) 21	18.88 (1513) 2	18.84 (1547) 0	18.92 (1552) 0	19.01 (1568) 0	19.15 (1600) 6	19.21 (1611) 9	19.15 (1621) 18	19.08 (1638) 20
NOV 14	18.59 (1378) 4	18.55 (1388) 22	18.59 (1400) 0	18.55 (1432) 2	18.63 (1441) 0	18.64 (1459) 0	18.77 (1483) 6	18.88 (1497) 9	18.82 (1520) 18	18.82 (1537) 20
<b>CME - CLASS IV MILK FUTURES (Pit-Traded)</b>										
FEB 14	23.44 (1581) 0	23.44 (1581) 0	23.47 (1581) 0	23.47 (1581) 0	23.46 (1514) 0					
MAR 14	23.11 (1718) 0	23.12 (1718) 0	23.14 (1720) 0	23.16 (1720) 0	23.18 (1717) 0	23.24 (1712) 0	23.35 (1723) 0	23.40 (1683) 0	23.40 (1683) 0	23.40 (1694) 0
APR 14	22.94 (1671) 0	23.03 (1693) 34	22.80 (1722) 13	22.56 (1727) 0	22.68 (1729) 0	22.95 (1728) 0	23.00 (1726) 3	23.00 (1735) 0	23.02 (1738) 1	23.12 (1744) 0
<b>CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)</b>										
FEB 14	183.23 (839) 0	183.23 (839) 0	183.23 (839) 0	183.23 (839) 0	183.20 (778) 0					
MAR 14	181.00 (1221) 30	183.00 (1217) 30	182.00 (1226) 14	183.45 (1234) 12	183.45 (1236) 2	183.45 (1236) 0	184.70 (1228) 11	184.00 (1229) 1	183.50 (1242) 18	182.98 (1243) 19
APR 14	182.00 (1039) 41	183.00 (1091) 73	181.55 (1097) 21	183.48 (1098) 14	184.00 (1102) 7	184.95 (1104) 4	186.98 (1112) 24	186.73 (1118) 51	186.70 (1107) 21	186.00 (1115) 11
<b>CME - NONFAT DRY MILK FUTURES (Pit-Traded)</b>										
FEB 14	207.85 (579) 0	207.85 (579) 0	207.85 (580) 0	207.50 (579) 0	207.83 (551) 0					
MAR 14	206.00 (684) 0	205.63 (685) 0	204.65 (702) 0	205.00 (701) 0	205.00 (691) 0	206.25 (690) 0	206.25 (690) 0	206.25 (695) 0	206.50 (695) 0	207.50 (708) 0
APR 14	202.75 (756) 0	202.75 (764) 0	201.48 (775) 0	199.30 (795) 0	200.00 (802) 0	202.00 (799) 0	202.00 (788) 0	200.88 (783) 0	201.28 (781) 4	203.50 (768) 0
<b>CME - WHEY (Electronic-Traded)</b>										
FEB 14	62.88 (279) 0	62.88 (279) 0	62.88 (279) 0	62.88 (279) 0	63.14 (310) 0					
MAR 14	63.75 (352) 4	64.18 (357) 6	63.98 (357) 0	62.95 (358) 3	62.95 (358) 0	63.53 (358) 0	64.00 (358) 2	64.00 (358) 0	64.05 (358) 6	64.15 (358) 0
APR 14	63.50 (302) 17	63.00 (305) 3	63.00 (307) 2	62.00 (311) 5	62.00 (320) 9	63.50 (326) 12	63.50 (329) 3	63.50 (329) 0	62.90 (332) 3	63.15 (340) 14
<b>CME - CHEESE CSC (Electronic-Traded)</b>										
FEB 14	2.27 (1063) 0	2.27 (1063) 0	2.27 (1063) 0	2.27 (1063) 0	2.29 (1126) 0					
MAR 14	2.17 (1263) 20	2.16 (1257) 17	2.14 (1263) 9	2.16 (1268) 9	2.16 (1268) 0	2.19 (1268) 2	2.21 (1267) 1	2.23 (1267) 0	2.23 (1267) 0	2.24 (1267) 0
APR 14	2.04 (1188) 27	2.03 (1194) 11	1.98 (1276) 101	1.97 (1268) 70	2.00 (1283) 40	2.06 (1299) 23	2.07 (1319) 22	2.08 (1327) 10	2.08 (1332) 21	2.09 (1329) 29
MAY 14	1.97 (1086) 14	1.97 (1103) 21	1.93 (1167) 82	1.92 (1177) 44	1.95 (1190) 38	1.96 (1201) 26	1.97 (1233) 43	1.99 (1243) 15	1.97 (1249) 18	1.95 (1262) 56
JUN 14	1.96 (924) 17	1.96 (935) 13	1.92 (957) 31	1.91 (971) 33	1.92 (978) 50	1.94 (994) 24	1.95 (1012) 30	1.96 (1012) 5	1.95 (1038) 43	1.94 (1053) 55
JUL 14	1.94 (694) 6	1.94 (707) 13	1.93 (738) 31	1.91 (760) 22	1.92 (765) 16	1.92 (789) 33	1.94 (797) 27	1.94 (797) 4	1.94 (797) 0	1.93 (828) 41

<sup>1/</sup> At the CME open interest for milk -- 200,000 pounds per contract.)

MARCH MILK SUPPLY AND DEMAND ESTIMATES

The milk production forecast for 2014 is unchanged from last month, but historical data are adjusted to reflect revised data for 2012 and 2013. Fat-basis exports for 2014 are raised on higher sales of cheese and butter. Skim-solid exports are unchanged as lower lactose and weaker-than-expected early year sales of nonfat dry milk (NDM) offset gains in cheese. Fat-basis imports are unchanged. Skim-solid imports are raised on strong demand for milk protein concentrates. Product price forecasts for cheese, butter, NDM, and whey are higher, supported by strong demand and price strength to date. Class III and Class IV prices are raised on higher product prices. The all milk price is forecast at \$21.40 to \$22.00 per cwt.

U.S. MILK SUPPLY AND USE					
Commodity	2012	2013 Estimated		2014 Projected	
		February	March	February	March
<b>BILLION POUNDS</b>					
MILK					
PRODUCTION	200.5	201.2	201.2	205.7	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	11.1	11.2
MARKETINGS	199.6	200.2	200.3	204.7	204.7
IMPORTS	4.1	3.7	3.7	3.7	3.7
TOTAL COMMERCIAL SUPPLY	214.5	216.2	216.2	219.5	219.6
FAT BASIS USE					
COMMERCIAL EXPORTS	8.8	12.4	12.4	11.5	12.4
ENDING COMMERCIAL STOCKS	12.2	11.1	11.2	11.9	11.1
CCC NET REMOVALS <sup>1/</sup>	0.0	0.0	0.0	0.0	0.0
COMMERCIAL USE <sup>2/</sup>	193.5	192.6	192.6	196.2	196.1
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	11.8	12.4	12.4	11.6	11.6
MARKETINGS	199.6	200.2	200.3	204.7	204.7
IMPORTS	5.7	5.3	5.3	5.2	5.3
TOTAL COMMERCIAL SUPPLY	217.1	217.9	217.9	221.5	221.7
SKIM-SOLIDS BASIS USE					
COMMERCIAL EXPORTS	33.3	38.6	38.6	38.2	38.2
ENDING COMMERCIAL STOCKS	12.4	11.6	11.6	12.0	11.9
CCC NET REMOVALS <sup>1/</sup>	0.0	0.0	0.0	0.0	0.0
COMMERCIAL USE <sup>2/</sup>	171.4	167.7	167.7	171.3	171.6
<b>MILLION POUNDS</b>					
CCC PRODUCT NET REMOVALS <sup>1/</sup>					
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.

<sup>1/</sup> Includes products exported under the Dairy Export Incentive Program.

<sup>2/</sup> Domestic commercial use only.

Continued on page 11

MARCH MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2012	2013 Estimated		2014 Projected	
		February	March	February	March
<b>DOLLARS PER POUND</b>					
PRODUCT PRICES <sup>1</sup>					
CHEESE	1.7076	1.7683	1.7683	1.815-1.885	1.860-1.920
BUTTER	1.5943	1.5451	1.5451	1.550-1.650	1.605-1.695
NONFAT DRY MILK	1.3279	1.7066	1.7066	1.785-1.845	1.825-1.875
DRY WHEY	0.5935	0.5902	0.5902	0.560-0.590	0.580-0.610
<b>DOLLARS PER CWT</b>					
MILK PRICES <sup>2/</sup>					
CLASS III	17.44	17.99	17.99	18.35-19.05	18.95-19.55
CLASS IV	16.01	19.05	19.05	19.80-20.60	20.35-21.05
ALL MILK <sup>3/</sup>	18.53	20.01	20.01	20.85-21.55	21.40-22.00
<b>QUARTERLY</b>					
	2013 IV	2014 I <sup>4/</sup>	2014 II <sup>4/</sup>	2014 III <sup>4/</sup>	2014 IV <sup>4/</sup>
<b>BILLION POUNDS</b>					
MILK PRODUCTION	49.3	50.9	52.7	50.8	51.3
<b>DOLLARS PER CWT.</b>					
ALL MILK PRICE <sup>2/3/</sup>	21.43	24.15-24.35	22.20-22.70	20.00-20.80	19.20-20.20
CLASS III PRICE <sup>2/</sup>	18.67	22.20-22.40	19.70-20.20	17.55-18.35	16.30-17.30
CLASS IV PRICE <sup>2/</sup>	20.74	22.85-23.15	21.20-21.80	19.35-20.25	18.05-19.15

<sup>1/</sup> 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>.”

<sup>2/</sup> 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.

<sup>3/</sup> Does not reflect any deductions from producers as authorized by legislation.

<sup>4/</sup> Projection.

**Source:** U.S. Department of Agriculture. World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates, WASDE-527, March 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].

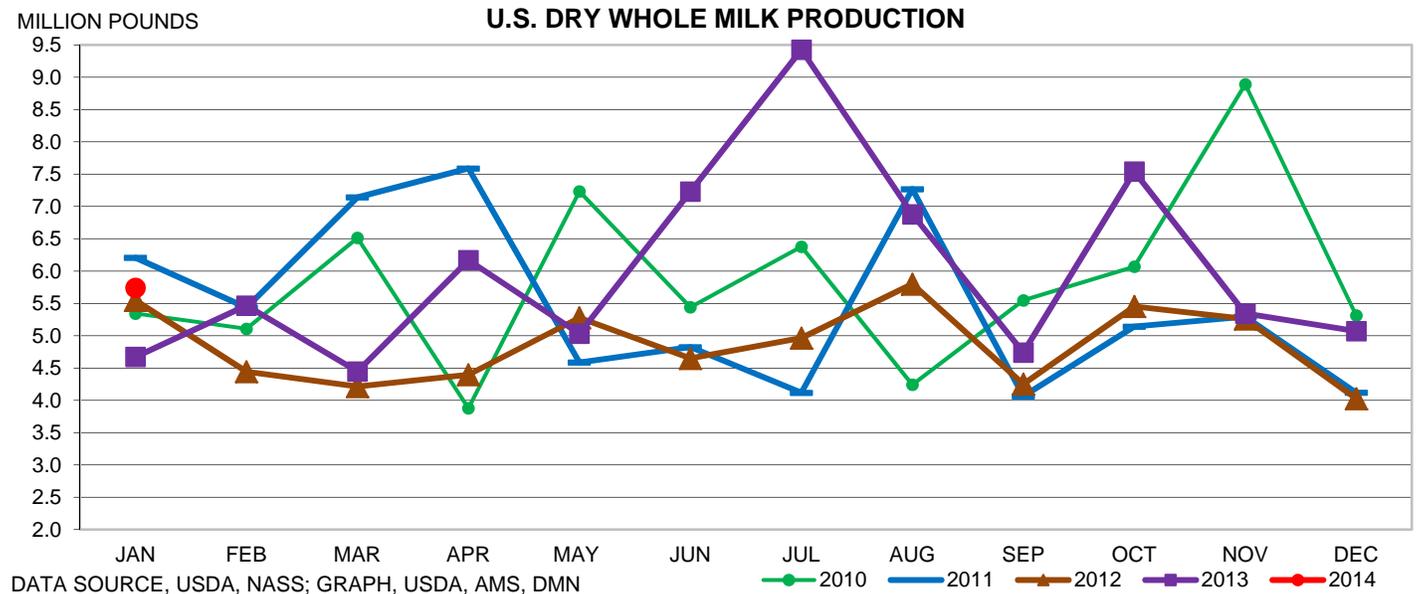
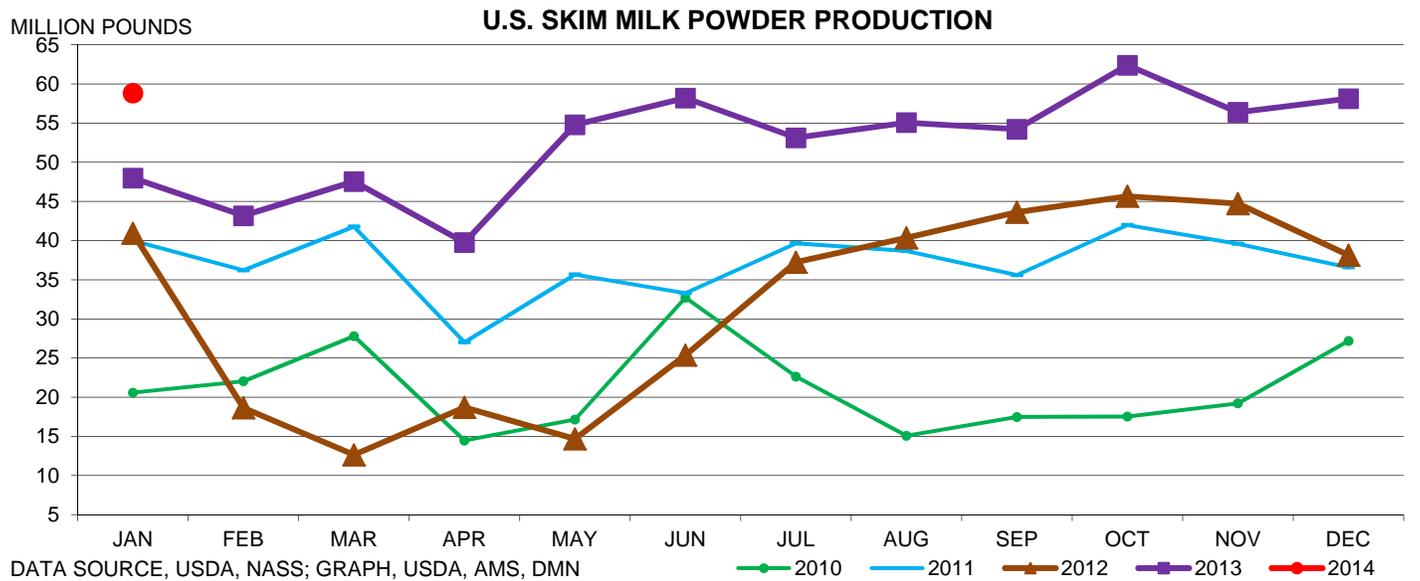
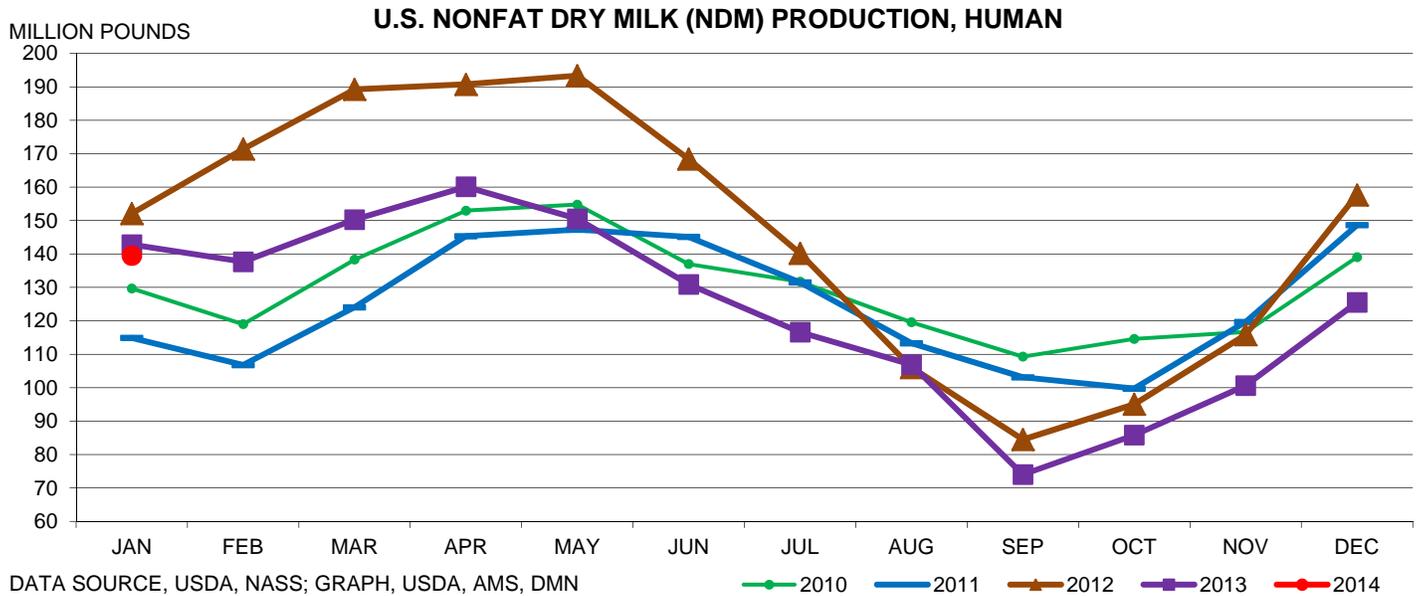
**MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, DECEMBER 2013, WITH COMPARISONS**

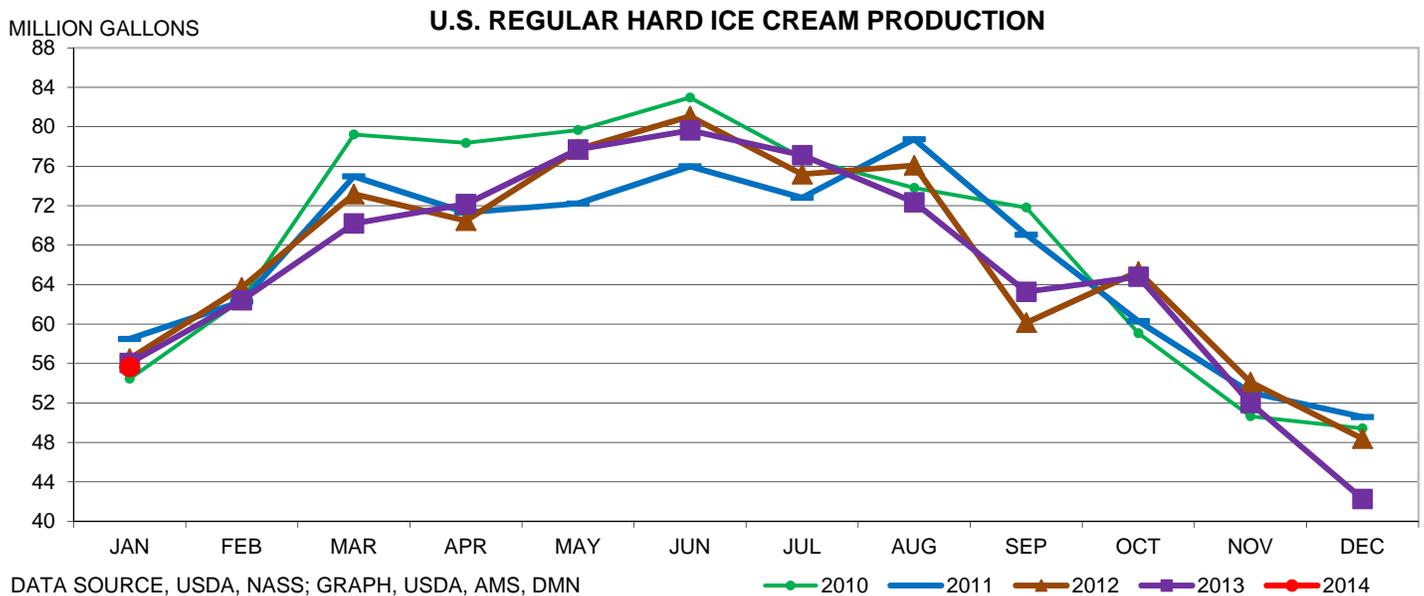
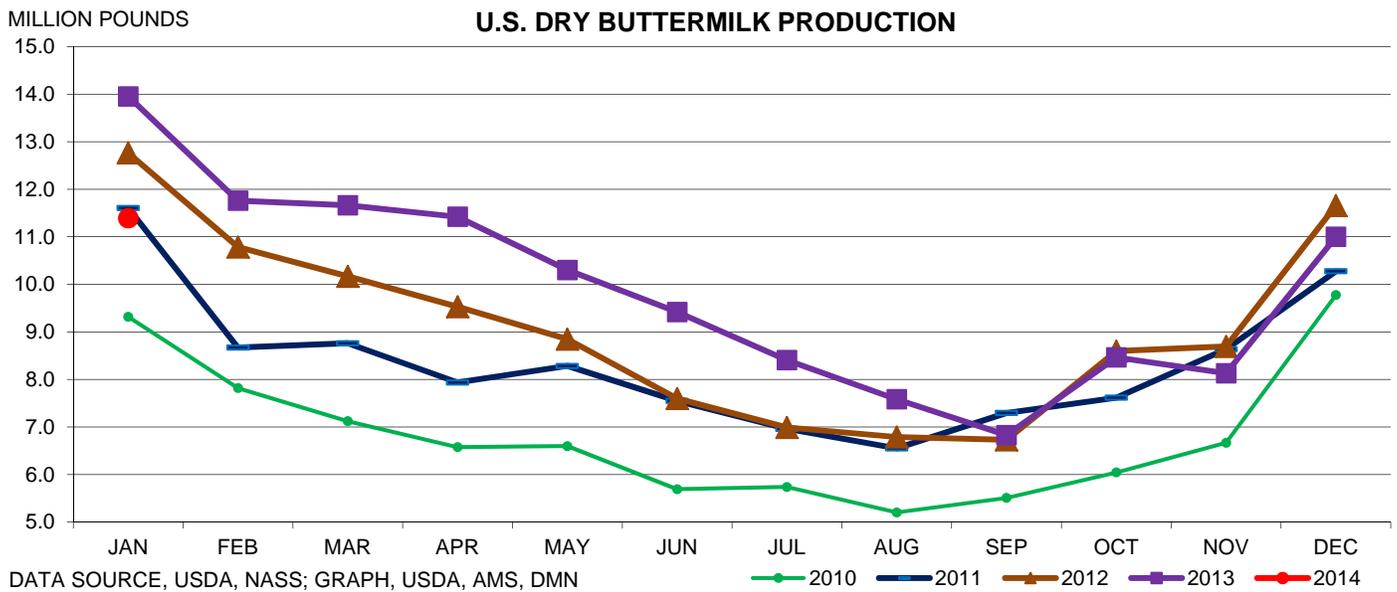
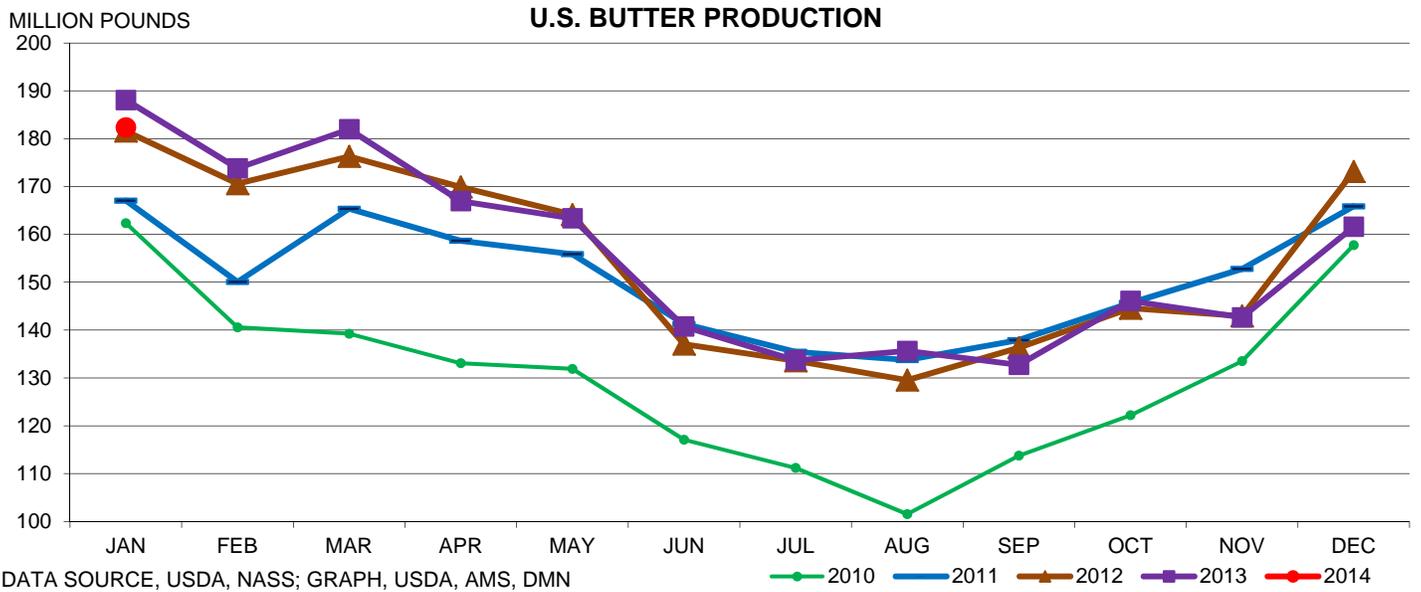
In December 2013, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$22.04 per cwt., up \$0.39 from the November 2013 average, and up \$0.54 from the December 2012 average. The component tests of producer milk in December 2013 were: butterfat, 3.88%; protein, 3.23%; and other solids, 5.72%. 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 December 2013 ranged from \$24.68 in Florida to \$19.99 in New Mexico.

Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	December 2012	November 2013	December 2013
	Dollars per hundredweight		
New England States <u>3/</u>	22.45	23.14	23.72
New York	21.33	22.11	22.58
Eastern Pennsylvania <u>4/</u>	21.43	22.21	22.73
Appalachian States <u>5/</u>	22.50	23.14	23.52
Southeast States <u>6/</u>	23.11	23.50	23.69
Southern Missouri <u>7/</u>	21.06	22.45	22.80
Florida	24.04	24.57	24.68
Western Pennsylvania <u>8/</u>	21.51	22.05	22.37
Ohio	21.76	22.06	22.53
Indiana	20.91	21.47	21.91
Michigan	20.74	21.24	21.72
Wisconsin	22.80	21.50	21.76
Minnesota	22.60	21.39	21.61
Iowa	21.79	21.87	22.25
Illinois	22.15	21.98	22.27
Corn Belt States <u>9/</u>	20.26	20.92	21.13
Western Texas <u>10/</u>	19.91	20.70	21.12
New Mexico	18.95	19.61	19.99
Northwest States <u>11/</u>	20.50	21.45	22.09
<b>All Federal Order Areas <u>12/</u></b>	<b>21.50</b>	<b>21.65</b>	<b>22.04</b>
California <u>13/</u>	18.48	19.94	20.60

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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# DAIRY MARKET NEWS

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