

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (2/27)**

BUTTER: Grade AA closed at \$1.6950. The weekly average for Grade AA is \$1.6610 (-.0603).

CHEESE: Barrels closed at \$1.4925 and 40# blocks at \$1.5450. The weekly average for barrels is \$1.4855 (+.0005) and blocks, \$1.5450 (+.0037).

BUTTER HIGHLIGHTS: Butter prices are moving lower. Inventories are building for print butter. Retail demand has started to pick up as the spring holidays near. Due to higher milk volumes, churns have been running at or near capacity and available cream is being sent to the churns. Domestic butter demand is strong while export demand is weak. Bulk butter demand is strong. Bulk butter is available in the West, with pricing from 4.5 cents below to 1 cent over market. Bulk butter prices range from 2 to 6 cents over to market in the East and the Central is offering 6 cents over to market. The NASS Cold Storage report noted U.S. butter stocks as of January 31, 2015 were 148.1 million pounds stored in warehouses, up 43.4 million pounds from December 31. Friday at the CME Group, Grade AA butter closed at \$1.6950, down \$.0275 from a week ago.

CHEESE HIGHLIGHTS: More milk is going into cheese than would be typical at this time during recent years. Even with expectations of more milk production to handle soon during the Spring flush, cheese markets have been quite stable. The potential impact of uncertainty involving near future cheese production is minimized for the present as markets seem to reflect a comfortable balance between demand and supply of cheese. Manufacturers have strong cheese production schedules and cheese buyers are stepping up and adding to inventory levels. Buying interest is spread between retail buyers, brokers and resellers, as well as cut and wrap operations. Cheese is going into inventories for retail sale as well as aging programs. Inventories of domestic foreign type cheese have been increasing. European aged cheese varieties are in short supply and slow to rebuild, because of the slowdown in milk production. According to FAS, U.S. imports of high tier and quota Italian-type cheese for January totaled 1.8 million pounds, up 14% compared to January 2014. Friday on CME Group trading, barrels closed at \$1.4925, up \$.0075 from last Friday and 40# blocks closed at \$1.5450, unchanged from last Friday.

FLUID MILK: In the East, farm level milk production is steady to seasonally strong. Northeast production and demand is steady to seasonal despite inclement weather, however producers are concerned

with distribution delays. Further south, fluid milk demand is balanced in Florida and production is mostly level. Colder temperatures are also affecting dairy operations in the North Central, pulling milk production down slightly. Bottler demand is mixed, reflecting consumer interest. In the Northwest, production is steady to building slightly. This trend continues into Utah, Idaho, and the Southwest, where output moves higher on a weekly basis. California milk production is also building despite a missing boost expected from fresh feed. Sales to bottling plants are mixed, but suppliers anticipate increased sales in the coming week.

DRY PRODUCTS: Nonfat dry milk markets are unsettled as buyers and sellers attempt to gauge near term price trends in light of recent price swings. Production is steady to higher. Dry buttermilk prices are higher across the board. The market tone is firming. Dry whole milk prices are unchanged. Dry whey prices continue to move lower and the market tone is weak. Exporting remains difficult and plants are accumulating inventory. Prices for WPC 34% are mostly lower as production is ongoing. Lactose pricing shifted lower in a generally weak market. The dock slowdown at Western ports continues to impact exports. Casein prices are unchanged.

ORGANIC DAIRY MARKET NEWS (DMN): U.S. total sales of organic milk products ended 2014 up from the previous year, continuing a monthly trend that has generally prevailed in recent years with few exceptions. Total U.S. organic milk products sales as a percentage of total conventional milk products sales has trended up annually, from 1.92% in 2006 to 5.2% in 2014. The U.S. weighted average advertised price of organic milk half gallons is \$3.38, down 33 cents. One year ago the price was \$3.80. The U.S. weighted average advertised price of organic milk gallons is \$5.65, down \$1.33. One year ago the price was \$5.30. The U.S. average price for 8 ounce block organic cheese is \$3.90. The average price for 8 ounce shredded cheese is \$3.99. The U.S. weighted average price of organic Greek 4-6 ounce yogurt, \$1.20, is down 3 cents from last week but up 20 cents from one year ago. The spring flush of organic milk has begun earlier than expected in parts of the East. Processors report that organic milk intakes from a number of organic dairies in Pennsylvania and Maryland are showing volumes increased during the past week compared with previous weeks. The first signs of the flush had been expected to occur later in the season.

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CME GROUP CASH TRADING

COMMODITY	MONDAY FEB 23	TUESDAY FEB 24	WEDNESDAY FEB 25	THURSDAY FEB 26	FRIDAY FEB 27	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.4850 (N.C.)	\$1.4825 (-.0025)	\$1.4825 (N.C.)	\$1.4850 (+.0025)	\$1.4925 (+.0075)	:: (+.0075)	:: \$1.4855 (+.0005)
40# BLOCKS	\$1.5450 (N.C.)	\$1.5450 (N.C.)	\$1.5450 (N.C.)	\$1.5450 (N.C.)	\$1.5450 (N.C.)	:: (N.C.)	:: \$1.5450 (+.0037)
NONFAT DRY MILK							
GRADE A	\$1.0975 (-.0125)	\$1.0825 (-.0150)	\$1.1000 (+.0175)	\$1.0850 (-.0150)	\$1.1550 (+.0700)	:: (+.0450)	:: \$1.1040 (-.0535)
BUTTER							
GRADE AA	\$1.6700 (-.0525)	\$1.6425 (-.0275)	\$1.6425 (N.C.)	\$1.6550 (+.0125)	\$1.6950 (+.0400)	:: (-.0275)	:: \$1.6610 (-.0603)

NATIONAL DAIRY MARKET NEWS AT A GLANCE

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NATIONAL RETAIL REPORT-DAIRY (DMN): Advertised Prices at Major Retail Supermarket Outlets ending 02/27 to 03/05/2015:

National ad volumes for organic dairy products leveled off this week after significantly increasing last week, while ads for conventional dairy products increased 6%. National average prices for butter, cottage cheese, cream cheese and ice cream all moved lower this week. The national average advertised prices and their decreases compared to last week are; 1# butter \$2.77, down 41 cents; cottage cheese in 16 ounce containers \$1.70, down 14 cents; 8 ounce cream cheese \$1.87, down 7 cents and ice cream in 48-64 ounce containers \$3.05, down 24 cents. Greek 4-6 ounce yogurt ad volume is the highest ad volume of all other categories and sizes of yogurt. The average price of 4-6 ounce Greek yogurt, \$0.95, is down 5 cents from last week, but 1 cent higher than one year ago. Ads for 4-6 ounce yogurt have an average price of 48 cents, down 3 cents from last week and 2 cents from one year ago. The U.S. average price for 8 ounce cheese blocks, \$2.21, is 43 cents lower than one week ago, and 11 cents lower than a year ago, while 8 ounce shredded cheese at \$2.41 is down 5 cents from one week ago, but 1 cent higher from one year ago. The organic - conventional half gallon milk price spread is \$1.75, up \$0.05 from last week. The price spread is the difference between the national weighted average conventional milk price for half gallons, \$1.63, down 38 cents, and the average for organic half gallon milk, \$3.38, down 33 cents.

JANUARY MILK PRODUCTION (NASS): Milk production in the 23 major States during January totaled 16.5 billion pounds, up 2.1% from January 2014. Production per cow averaged 1,918 pounds for January, 17 pounds above January 2014. The number of milk cows was 8.62 million head, 103,000 head more than January 2014, and 8,000 head more than December 2014.

COLD STORAGE (NASS): On January 31, U.S. cold storage holdings of butter totaled 148.1 million pounds, up 41.4% from the previous month and up 2.9% from January 2014. Natural American cheese holdings total 632.5 million pounds, 0.8% more than the previous month and 0.3% more than January 2014. Total natural cheese stocks were 1.043 billion pounds, 2.4% more than last month and 2.7% more than January 2014.

JANUARY PRICE AND POOL HIGHLIGHTS (DYP PROGRAMS): During January, more than 11.9 billion pounds of milk were received from Federally pooled producers. This volume of milk is 7.2% higher than the January 2014 volume. Regulated handlers pooled 3.703 billion pounds of producer milk as Class I products, down 1.7% when compared to the previous year. Class I utilization decreased in 9 of the 10 Federal Milk Order Marketing areas. The all-market average Class utilization percentages were: Class I = 31%, Class II = 12%, Class III = 44%, and Class IV = 13%. The weighted average statistical uniform price was \$17.15 per cwt, down \$2.95 from last month and \$5.15 from last year.

CME GROUP

MONDAY, FEBRUARY 23, 2015

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.5450; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4950
 NONFAT DRY MILK -- SALES: 2 CARS GRADE A: 1 @ \$1.0800, 1 @ \$1.1000; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.0850; LAST OFFER UNCOVERED: 1 CAR
 GRADE A @ \$1.0975
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.6700; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.6700

TUESDAY, FEBRUARY 24, 2015

CHEESE -- SALES: 3 CARS BARRELS: 2 @ \$1.4850, 1 @ \$1.4825; 6 CARS 40# BLOCKS: 4 @ \$1.5450, 1 @ \$1.5475, 1 @ \$1.5450; LAST BID UNFILLED: 2 CARS
 BARRELS @ \$1.4750; 1 CAR 40# BLOCKS @ \$1.5450; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 5 CARS GRADE A @ \$1.0825; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 12 CARS GRADE AA: 10 @ \$1.6700, 1 @ \$1.6500, 1 @ \$1.6400; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.6425; LAST OFFER UNCOVERED: 1 CAR
 GRADE AA @ \$1.6800

WEDNESDAY, FEBRUARY 25, 2015

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.5450; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 7 CARS GRADE A: 1 @ \$1.0825, 6 @ \$1.1000; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.1000; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

THURSDAY, FEBRUARY 26, 2015

CHEESE -- SALES: NONE; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.4850; 1 CAR 40# BLOCKS @ \$1.5450; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 2 CARS GRADE A @ \$1.0850; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 6 CARS GRADE AA: 4 @ \$1.6450, 1 @ \$1.6475, 1 @ \$1.6500; LAST BID UNFILLED: 6 CARS GRADE AA @ \$1.6550; LAST OFFER UNCOVERED: NONE

FRIDAY, FEBRUARY 27, 2015

CHEESE -- SALES: 7 CARS BARRELS @ \$1.4850; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4925; 1 CAR 40# BLOCKS @ \$1.5450; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 19 CARS GRADE A: 1 @ \$1.1000, 2 @ \$1.1150, 1 @ \$1.1225, 3 @ \$1.1400, 1 @ \$1.1425, 10 @ \$1.1500, 1 @ \$1.1525; LAST BID
 UNFILLED: 2 CARS GRADE A @ \$1.1550; LAST OFFER UNCOVERED: 2 CARS GRADE A @ \$1.1700
 BUTTER -- SALES: 4 CARS GRADE AA: 2 @ \$1.6800, 1 @ \$1.6875, 1 @ \$1.6900; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.6950; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

Butter manufacturers are churning at seasonally high rates. Easter and Passover holiday production has begun and is expected to continue over the next few weeks. Inventories are mixed, with a few plants building supplies to back impending holiday sales. Some suppliers are looking to clear any butter that's eligible for sale on the CME, as the cutoff date for old butter trade is Friday, February 27. The current bulk butter prices for domestic sales are reported 2 to 6 cents over the market of the CME Group, with various time frames and averages used. Butter prices moved lower with 12 loads exchanging hands, as Tuesday's CME Group cash trading saw Grade AA butter close at \$1.6425, down \$0.0775 from a week ago. The market undertone remains unsettled. According to the DMN *National Retail Report-Dairy*, for February 20-26, the national weighted average advertised price for 1-pound butter is \$3.18, a \$0.44 drop from a week ago. The price in the Northeast is \$2.91, \$0.78 lower compared to a week ago. This week, the Southeast butter price is \$3.25, a decrease of \$1.23 compared to a week ago. COLD STORAGE: According to NASS, U.S. butter in storage on January 31, 2015 totaled 148.1 million pounds, 3% more than one year ago and 41% more than the previous month.

CENTRAL

Central butter prices are moving lower through midweek. Butter sales are increasing. Inventory levels are average and increasing. Demand is moving up as the spring holidays near. Cream levels are mixed as some reports indicate a tight market, while others are showing surplus. Bulk butter prices range from market to 6 cents over the market, with various time frames and averages used. According to the DMN *National Retail Report-Dairy*, the weighted average advertised price for a 1 lb. package of butter in the Midwest was \$3.20. The national weighted average price is \$3.18, a 44 cent

decrease from last week and 61 cents higher than a year ago. The NASS *Cold Storage* report noted U.S. butter stocks as of January 31, 2015 were 148.1 million pounds stored in warehouses, up 43.4 million pounds from December 31. The Grade AA butter price at the CME Group closed Wednesday at \$1.6425, a 7.75 cent decrease from last Wednesday.

WEST

Print butter demand remains good as staging for Easter/Passover retail needs are progressing. Bulk butter interest is uneven. Some buyers are cautious at current pricing levels, especially with the recent declines in pricing. Export demand is generally light. Pricing points and the level of the U.S. dollar are working against export opportunities. Bulk butter ranges from 4.5 cents under to 1 cent over the CME Group with various basing points. Butter production is steady to higher with cream movement into butter plants active. There is a decent call from higher Class products and butter producers are willing to make and hold butter. Spot cream market activity is fair to good and clearing up offerings. The DMN *National Retail Report-Dairy* ads for the week of February 20-26, shows the U.S. weighted average advertised retail price for a one pound pack of butter at \$3.18, down \$.44 from last week but \$.61 higher than a year ago. Butter ad prices averaged \$3.37 in the Southwest and \$3.27 in the Northwest. NASS reports butter stocks at 148.1 million pounds on January 31, up 41% from last month and up 3% from a year ago. The Grade AA butter price at the CME Group on Wednesday closed at \$1.6425, down \$.0775 from a week ago.

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 21, 2015	1,7119 4,550,956	1,5325 13,579,824	1,5282 10,377,959	.5106 8,849,602	1.0189 27,248,665

Further data and revisions may be found on the internet at: <http://www.ams.usda.gov/AMSV1.0/DairyProductMandatoryReporting>

CHEESE MARKETS

NORTHEAST

In general, cheese production is strong. Inventories are building on the strength of available milk supplies, as plants with the capacity run full 7 day schedules. Adequate interest is noted in both the retail and food service sectors, as orders are good through Easter. Swiss cheese sales are trending above expected levels. Export sales are light. The market maintains an unsettled tone. Last week, the weekly average cheese prices bounced back as blocks and barrels advanced. This week, the Northeast wholesale cheese prices for cheddar and muenster rose \$0.0100; process increased \$0.0025. The Grade A Swiss price is unchanged. Tuesday's CME Group daily cash prices saw barrels close at \$1.4825, down \$0.0025 from a week ago; blocks closed at \$1.5450, up \$0.0050 from a week ago. According to the DMN *National Retail Report-Dairy*, for February 20-26, the national weighted average advertised price for 8 oz. cheese blocks in the Northeast is \$2.54; 10 cents less than the national average and 11 cent more than a week ago. The Southeast 8 oz. block cheese price is \$2.88; 60 cents more than a week ago. COLD STORAGE: According to NASS, U.S. stocks of total natural cheese as of January 31, 2015 totaled 1.043 billion pounds, 3% more than a year ago and 2% more than the previous month. Other cheese totaled 387.7 million pounds, 8% more than a year ago, and 5% more than the previous month. Swiss cheese totaled 22.4 million pounds, 12% less than a year ago, but 5% more than the previous month.

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

Cheddar 40# Block	:	1.9400-2.2250
Process 5# Sliced	:	1.7100-2.1900
Muenster	:	1.9600-2.3100
Grade A Swiss Cuts 10 - 14#	:	3.8925-4.2150

MIDWEST

Midwest cheese markets are in a curious calm position. Even with more milk going into cheese than would be typical in past years, discounted milk being available, and expectations of more milk arriving soon during the Spring flush, cheese markets have been quite stable. The potential impact of uncertainty involving near future cheese production is minimized for the present as markets seem to reflect a comfortable balance between demand and supply of cheese. Manufacturers have strong cheese production schedules, but cheese buyers are stepping up and adding to inventory levels. Buying interest is spread between retail buyers, brokers and resellers, as well as cut and wrap operations. Cheese is going into inventories for retail sale as well as aging programs. Market prices are remaining quite stable as this buying process continues. Whatever impact the likely spring milk flush will have on cheese prices is not something that is curtailing cheese buying this week. There seems to be an interest among many buyers in possessing inventories and current price levels are leading to cheese changing hands. The likely fact that there will soon be more milk being made into cheese and thus, more cheese being offered, seems not to be slowing current production or cheese purchasing. Plants with varied dairy manufacturing options tend to continue favor directing milk into cheese vats over other product production. In the Midwest, if you want cheese you can find it and if you make cheese you can sell it. The *National Retail Report - Dairy* (DMN) found that February 20 to 26 Midwest ads for 8 ounce shredded cheese have a weighted average advertised price of \$2.28, 18 cents lower than the national average, \$2.46. One year ago the national average price was \$2.40. The Midwest price range is \$1.99 to \$2.50. For 8 ounce blocks, the Midwest average price is \$2.50, 14 cents lower than the national average price, \$2.64. One year ago the national average price was \$2.32. All Midwest ads are priced \$2.50. NASS reports that

January 31, 2015 East North Central region (Wisconsin, Illinois, Michigan, Indiana and Ohio) other cheese stocks were 103% of December 31, 2014, but 96% of January 31, 2014. East North Central region American cheese stocks were 101% of December 31, 2014 and 108% of January 31 2014. Total U.S. January 31, 2015 natural cheese stocks were 1.043 billion pounds, 103% of one year prior and 102% of the previous month. Total U.S. Swiss cheese stocks ending January 31, 2015, 22.4 million pounds, were 88% of one year previously but 105% of the previous month. Wisconsin wholesale prices for 1,000 to 5,000 pound mixed lots of process cheese increased \$.0025, Swiss is unchanged and the remaining varieties increased \$.0100. In CME Group cheese trading, barrels closed Wednesday this week at \$1.4825, down 1/4 cent from Wednesday last week and blocks closed at \$1.5450, up 1/2 cent.

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

Process American 5# Loaf	:	1.5925-1.9525
Brick And/Or Muenster 5#	:	1.9200-2.3450
Cheddar 40# Block	:	1.6250-2.0425
Monterey Jack 10#	:	1.8950-2.1000
Blue 5#	:	2.1875-3.1750
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7650-2.6600
Grade A Swiss Cuts 6 - 9#	:	3.4100-3.5275

WEST

Cheese production in the West is steady to slightly higher. Milk production trends are moving upwards on a weekly basis. There is good demand for other milk utilizations yet overall milk supplies are adequate for processor needs. Cheese sales are generally fair to good. Buyers are finding adequate offerings of cheese in the marketplace to fill needs. Some sellers of aged cheese (valued when prices were higher) are under pressure to lower pricing points. NASS reports U.S. total natural cheese stocks in refrigerated warehouses on January 31, 2015 at 1.043 billion pounds, up 2% from the previous month and up 3% from January 31, 2014. The DMN *National Retail Report-Dairy* for the week of February 20 - 26 shows the U.S. weighted average advertised retail price for an 8 ounce pack of natural shredded cheese is \$2.46, down \$.01 from last week but \$.06 higher than a year ago. Packs averaged \$2.51 in the Southwest and \$2.84 in the Northwest. Western wholesale prices moved slightly higher for process and natural varieties but are unchanged for Swiss. In CME Group cheese trading, barrels closed Wednesday this week at \$1.4825, down a 1/4 cent a week ago and blocks closed at \$1.5450, up 1/2 cent.

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

Process 5# Loaf	:	1.6075-1.8650
Cheddar 40# Block	:	1.6525-2.0975
Cheddar 10# Cuts	:	1.8325-2.0525
Monterey Jack 10#	:	1.8425-2.0025
Grade A Swiss Cuts 6 - 9#	:	3.4700-3.9000

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

	BUTTER	:	CHEESE
02/23/15	8,389	:	97,057
02/01/15	6,652	:	100,879
CHANGE	1,737	:	-3,822
% CHANGE	26	:	-4

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CHEESE MARKETS

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FOREIGN

Domestic foreign type cheese prices moved higher this week, while Swiss and imported cheese varieties were unchanged. Inventories of domestic foreign type cheese have been increasing. The NASS *Cold Storage* report showed January 2015 stocks of Other cheese, which is predominately made up of Italian type cheeses, was 5% higher than year ago levels. European aged cheese varieties are in short supply and slow to rebuild, because of the slowdown in milk production. According to FAS, U.S. imports of high tier and quota Italian-type cheese for January totaled 1.8 million pounds, up 14% compared to January 2014. Imports of quota Italian-type cheese for January totaled 1.0 million pounds, 58% more than January 2014 and 3.2% of the annual quota. Imports of high tier Italian-type cheese in January, totaled 0.8 million pounds, 13% less than January 2014. Imports of high tier and quota Swiss/Emmenthaler varieties for January 2015 totaled 4.0 million pounds, 67% more than last year.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.3800	: 2.0800-3.5675*
Gorgonzola	: 3.6900-6.4900	: 2.5875-3.2850*
Parmesan (Italy)	: -0-	: 3.4700-5.5600*
Provolone (Italy)	: -0-	: 2.1225-2.3750*
Romano (Cows Milk)	: -0-	: 3.2700-5.4200*
Sardo Romano (Argentine)	: 2.8500-4.4900	: -0-
Reggianito (Argentine)	: 3.2900-4.7500	: -0-
Jarlsberg-(Brand)	: 2.9500-6.2500	: -0-
Swiss Cuts Switzerland	: -0-	: 3.9900-4.3125
Swiss Cuts Finnish	: 2.6700-2.9300	: -0-

* = Price change.

FLUID MILK AND CREAM

EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	0	0	24	0	39
SOUTHEAST STATES	0	0	0	0	0	0

Northeast farm-level milk production is seasonally strong. Processors' milk intakes are heavy. Class I demand is steady. Mid-Atlantic milk production is steady to higher. Milk supplies clearing to manufacturing are ample. Class I demand is at seasonal levels. In the Southeast, milk production is steady. The region continues to encounter hampering winter conditions including bitter temperatures, snow, sleet, and freezing rain. Disruptions to milk distribution have consisted of 2 to 3 day delays in some instances. Milk production is steady, but producers are concerned about haulers' abilities to pick up loads. Retail milk sales are strong, as limited loads clear into manufacturing. This week, Florida's milk demand is balanced with no import or export spot loads. Class I demand rose slightly. Farm-level production is mostly level, due to a slight decline in cow comfort due to variations in temperatures. According to the NASS *Crop Progress & Condition Report*, for February 16-22, state temperatures ranged from 19 degrees at night to 86 degrees during the day from. Cream supplies are adequate. **Cream multiples for all Classes range 1.12-1.22**, marginally firmer on the lower end of the range compared to a week ago. Class II cream demand picked up with increased usage in cream cheese and ice cream production. A few spot loads are clearing to butter production. **Condensed skim** supplies are adequate. Dryer operations are processing heavy volumes to Class IV production. Class III spot demand is light, as processors note little need for additional condensed skim. According to the DMN *National Retail Report-Dairy*, for February 20-26, the U.S. weighted average advertised price for a gallon of milk was \$2.71, a \$0.73 decline compared to one week ago. **MILK PRODUCTION:** According to NASS, milk production in the 23 major States during January 2015 totaled 16.5 billion pounds, up 2.1% from one year ago. Statistics for selected Eastern states are as follows:

January 2015 Milk Production, (USDA-NASS)

	(Million Lb.)	% Change From 1 Year Ago
Florida	226	+ 1.3
New York	1,177	+ 3.7
Pennsylvania	930	+ 3.0
Vermont	226	+ 1.3
Virginia	153	N.C.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, DOLLARS PER LB. BUTTERFAT:

F.O.B. producing plants: Northeast -	1.9278-2.0990
F.O.B. producing plants: Upper Midwest -	2.0139-2.1688

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.06-1.10
Northeast - Class III - spot prices -	1.05-1.25

MID -WEST

Fluid milk production is nearing year ago levels due to the colder temperatures in most parts of the region. Some bottling plants are running at full production. Other bottlers are seeing lower demand. Current retail promotions are being used to increase sales. Cream levels are mixed. Ice cream manufacturers are increasing production levels as sales are starting to increase. **Cream multiples are mixed this week, ranging from 1.17 to 1.26.** The NASS *Milk Production* report noted U.S. average milk produced per cow in 2014 was 22,258 pounds, 442 pounds above 2013. The total U.S. annual milk production for 2014 was 206 billion pounds, 2.4% above 2013. The *Cow Slaughter under Federal Inspection* report shows the number of cattle slaughtered in January was 2.4 million, down 21,000 from December. According to DMN National Retail Report- Dairy, the national weighted average advertised price for the week of February 20 through February 26 for a gallon of milk was \$2.71 compared to \$2.99 a year ago and \$3.44 a week ago. In the Midwest, the advertised price for a gallon of milk was \$3.14.

WEST

CALIFORNIA milk production continues to build throughout the state, but some dairy producers report the expected bump from fresh feed has been minimal. This is reportedly related to feed quality. Some problems with rising somatic cell counts are also challenging herd managers. Sales to bottling plants are mostly steady. Ice cream and frozen mix plants are taking in some additional condensed skim to fulfill seasonal specialty manufacturing. January 2015 POOL RECEIPTS of milk in CALIFORNIA total 3.39 billion pounds, 4.0% lower compared to January last year, according to California Department of Food and Agriculture. The January Value at Test price is \$15.27, \$2.55 lower than December 2014 and \$6.88 lower than January 2014. The percentage of receipts used in Class I products is 14.0%. The January quota price is \$15.85 and the over quota price is \$14.15. These prices are \$2.37 lower than December 2014 and \$6.68 lower than a year ago. Intakes of farm milk by ARIZONA processors are higher as milk production notches seasonal increases. Some milk loads are stairstepping across the Southwest to find room at drying facilities. Bottler demand trended lower at the beginning of the week but suppliers anticipate an uptick in sales early next week, to coincide with March's lower Class I milk prices. Milk pooled on the Arizona Order 131 totaled 410.8 million pounds in January 2015. Class I utilization accounted for about 27.0% of producer milk. The uniform price was \$16.04, \$3.38 below last month, and \$6.42 below one year ago. Farm milk production in NEW MEXICO is strong and continues to build from week to week. Sales into bottling drifted lower this week as the pipeline is generally full at current volumes. Condensed skim and cream sales are also lower this week. Temperatures are variable as the season advances. Daytime temperatures are reaching the high 60s, but temperatures often fall below freezing at night. Active cream interest emerged from various market segments this week. Ice cream and aerated cream manufacturers have steady to modestly higher demand ahead of the holidays. Butter churn operators are also actively taking in spot cream loads to complete holiday print orders. Cream multiples shifted up from flat market pricing on the bottom of the range, while the top of the range is unchanged, 1.15 to 1.25. At the CME Group, Grade AA

CONTINUED TO PAGE 4A

FLUID MILK AND CREAM

CONTINUED FROM PAGE 4

butter closed Wednesday at \$1.6425, down \$.0775 compared to a week earlier. According to NASS, January milk production for the 23 selected states totals 16.5 billion pounds, 2.1% higher than one year ago. January milk production changes from one year ago for selected Western states are as follows: Arizona +3.0%, California -2.6%, Colorado +6.2%, Idaho +1.4%, New Mexico -1.9%, Oregon N.C., Utah +6.9% and Washington +2.0%. Milk production in Washington and Oregon is steady to building slightly. Processing plants are running on planned schedules with some milk being shopped and shipped around. Weather conditions have been mild and conducive for milk cow comfort. Milk output trends across Utah and Idaho continue to move higher on a weekly basis at levels above a year ago. Farm level conditions are fair to good for milk growth. Lower feed prices are helping offset the sting of lower milk prices. There is more optimism in the current environment where finished product prices have stabilized. Milk is being handled well with few complications. There is a good demand from Class II producers that are taking milk. Cheese plants are staying at or near capacity.

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 increased this week for Central region low/medium heat nonfat dry milk. The market tone is firm. The CME seems to be leveling out, decreasing through midweek. The high prices last week and the decrease in price so far this week has led to an unsettled market and hesitation from buyers. Product was tighter last week, but this week reports are showing more product availability. Production rates are steady and some manufacturers are at full capacity. HIGH HEAT prices are steady. Demand is starting to increase. Buyers are looking to start contract negotiations. Wednesday at the CME Group, Grade A NDM closed at \$1.1000, down \$.1000 from last Wednesday.

EAST: Nonfat dry milk prices are higher in the mostly series. There is limited spot market movement. Production is adequate to heavy as manufacturers clear available condensed skim volumes to drying. Some buyers are reluctant to purchase low/medium nonfat dry milk due to current market dynamics. Export demand is fair. The undertone varies as buyers/sellers attempt to gauge price volatility. Prices for high heat nonfat are steady. Production runs are intermittent. High heat nonfat needs are being met through contractual agreements. Limited volumes are being traded in the spot market. Some producers are anticipating an uptick in demand from holiday baking usage.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.0725 - 1.2050 MOSTLY: 1.1200 - 1.1625
 HIGH HEAT: 1.1500 - 1.2700

NONFAT DRY MILK - WEST

Prices on the Western low/medium heat nonfat dry milk range and mostly series narrowed the respective gap on each series. The market is unsettled. The recent volatility in prices has taken a wrecking ball to positional purchasing, according to some market participants. Most of the current trading represents satisfaction of back-to-back sales. International buyers, particularly from Mexico, also seem to be less interested in engaging in procurement talks as milk production in that country steps seasonally higher. Some resellers are expanding storage services to customers to help nurture relationships during this trying market. Production of low/medium heat nonfat dry milk is active throughout the Western region as available manufacturing milk volumes step seasonally higher. Some milk loads are clearing to dryers in other states, just to find processing time. High heat nonfat dry milk prices are higher on both ends of the range. Demand is moderate. Those buyers requiring high heat NDM from a specific plant report high heat prices are firming and specific branding will cost more.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.0250 - 1.1700 MOSTLY: 1.0700 - 1.1300
 HIGH HEAT: 1.1000 - 1.2575

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices are moving up. Supplies are tight. With the fluid milk intake levels still above year ago levels, drying plants are at full capacity, but mainly making nonfat dry milk. This is leading to discounts for condensed buttermilk. The market tone is firming. Demand is strong with moderate sales activity.

EAST: Dry buttermilk prices firmed as spot prices moved higher. Eastern dry buttermilk production is active. Condensed buttermilk is clearing to Class II production. Producers' dry buttermilk stocks are mixed but mostly moderate. Demand is fair; however, processors project an increase in sales with improving ice cream interest.

Contracted loads are being fulfilled but cash sales are not as active. Buyers, in general, are cautious with purchases as the market settles.

F.O.B. CENTRAL/EAST: .8700 - 1.0400

DRY BUTTERMILK - WEST

Prices for Western dry buttermilk are higher on a seemingly firmer market. Buyers are trying to work out whether support is truly emerging for dry buttermilk or if sellers are holding back offers to the market to tighten supply. In addition, the underlying support of the Grade A low heat nonfat dry milk market is uncertain as NDM prices have followed changing directions in the last 7 days of trading at the CME Group. Dry buttermilk production is ongoing at most facilities as bulk and print butter churning continues ahead of the spring holidays. Dry buttermilk stocks on hand are building steadily.

F.O.B. WEST: .8850 - 1.0100 MOSTLY: .8950 - .9225

DRY WHOLE MILK - NATIONAL

Dry whole milk prices are unchanged for the week. With unsettled trends in the nonfat dry milk markets, some support for firmer dry whole milk prices have ebbed. Inventories at manufacturing locations vary, running from comfortable to above what is needed for near term commitments. Drying schedules are light.

F.O.B. PRODUCING PLANT: 1.2700 - 1.6000

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES
February 20	\$.9985	13,141,466
February 13	\$1.0112	10,750,181

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

Whey prices are moving lower. Some manufacturers are offering discounts to decrease the high inventory levels. The market tone is weak on a quiet week. Production rates are steady. Domestic demand is fair to good and international interest is decreasing. ANIMAL FEED WHEY prices are steady. Production is lower. Demand is increasing into animal feed blending operations and limited supplies are available. Some end users are to purchasing supplemental edible whey.

F.O.B. CENTRAL: .4000 - .5775 MOSTLY: .4300 - .4800
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3000 - .5000

DRY WHEY - NORTHEAST

Dry whey prices dropped lower at the top of the range due to changes in pricing indices. Plants are continuing to accumulate inventory with active cheese production. Trading is mainly under supply contracts with limited spot market exchanges. The market has a weak undertone.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .4300 - .5775

DRY WHEY - WEST

Western dry whey prices are lower on the top of the range, but are unchanged for the mostly series. The market undertone remains weak, but is not fully tested. Exporting remains a struggle, and even as the port shipping situation eases, the backlog is expected to take time to move. Other factors such as availability of warehousing space, containers, and transportation, are concerns. Contacts were also expecting that higher valued and more perishable items would be cleared first before items like dry whey. General buying interest is light and mainly moving under supply contracts. Offerings are available from most producers and from the resale market. Stocks are moderate to heavy.

NONHYGROSCOPIC: .3800 - .5500 MOSTLY: .4200 - .4800

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices for whey protein concentrate 34% are mostly lower and the market is looking for a level of support. Mixed inventory conditions have a few manufacturers managing requests for FOB loads on a case by case basis while others are offering multiple loads to help clear heavier than planned holdings. Sales into specialized nutrition markets are general steady while sales into animal feed are lighter due to ready availability of alternative protein sources. Whey protein concentrate 34% production is ongoing. Producers are diverting some whey stream volumes away from higher protein products and into WPC 34% or dry whey, depending on capabilities, in a move to support prices in the higher protein markets.

F.O.B. EXTRA GRADE 34% PROTEIN: .8800 - 1.2500 MOSTLY: .9500 - 1.1875

LACTOSE - CENTRAL AND WEST

Prices for lactose shifted lower across the range and on the top of the mostly series. The market is generally weak. Some brokers and end users indicate loads are readily available outside of contracts from several sources. Many contacts describe the market as a buyer's market, with more loads available than domestic interest requires at this time. Export demand is tepid for March monthly loads, but some end users are signaling interest in long term fixed price contracting. For those offers, manufacturers' interests are, unsurprisingly, tepid. Contracting for Q2 is underway. However, some sellers report the dock slowdown has also impacted those conversations. Buyers are leery about being able to buy on a just in time basis when shipments are currently delayed by several weeks. Others are going ahead with Q2 fixed price contracts, with end users planning to work inventories and transportation methods around the oceangoing shipping delays. Although a tentative agreement is in place for west coast dockworkers, the only cure for the backlog of ships and containers is time. Lactose production is steady at many locations and inventories are increasing incrementally.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .1800 - .4100 MOSTLY: .2100 - .3275

CASEIN - NATIONAL

Prices for rennet and acid casein are unchanged this week. The market remains fairly quiet with a majority of the supplies moving under contract transactions. The expectation of lower than anticipated dairy supplies coming out of New Zealand and Europe has some buyers and end users reevaluating their market strategies. Negotiations are ongoing for Q2 with some reports of prices firming over the past few weeks. The firming SMP market supports the casein's steady to firm undertone. According to FAS, total 2014 U.S. imports of casein declined 8%, compared to 2013.

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

RENNET: 3.6500 - 4.0000
ACID: 3.7000 - 4.4000

	2014 U.S. Casein Imports (USDA-FAS)	
	(Million Lb.)	% Change From 1 Year Ago
Dec. Total	11.5	- 44
Total, Jan. - Dec.	168.4	- 8
New Zealand	62.8	- 6
Netherlands	35.4	+ 16
Ireland	16.1	+ 2
India	13.1	- 21
Uruguay	11.0	+ 162

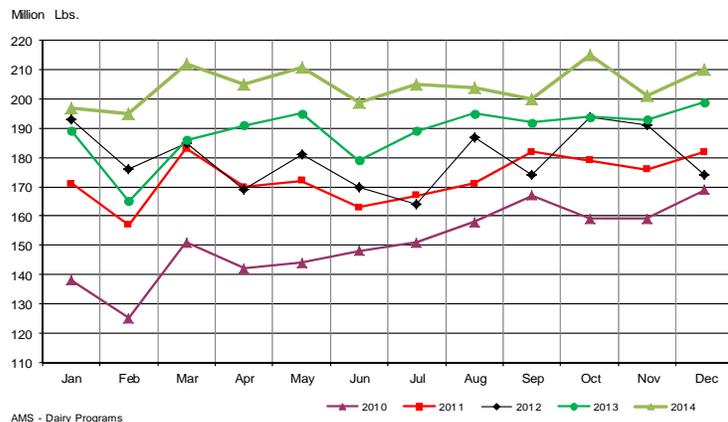
ORGANIC DAIRY MARKET NEWS

Information gathered February 16 - 27, 2015

ORGANIC DAIRY FLUID OVERVIEW

Milk Product Sales. U.S. total sales of organic milk products ended 2014 up from the previous year, continuing a monthly trend that has generally prevailed in recent years with few exceptions.

Estimated U.S. Sales of Total Organic Milk Products



AMS - Dairy Programs

Total U.S. organic milk products sales as a percentage of total conventional milk products sales has trended up annually, from 1.92% in 2006 to 5.2% in 2014. Annual specifics are as follows:

Year	% Change
2006	+1.92
2007	+2.56
2008	+3.05
2009	+2.89
2010	+3.32
2011	+3.86
2012	+4.09
2013	+4.38
2014	+5.19

Organic Milk Production. The spring flush of organic milk has begun earlier than expected in parts of the East. Processors report that organic milk intakes from a number of organic dairies in Pennsylvania and Maryland are showing volumes increased during the past week compared with previous weeks. The first signs of the flush had been expected to occur later in the season.

Balancing Organic Milk Supplies. Many processors report organic milk demand at an all-time high. It has become very challenging to maintain a well-rounded allocation program, one that satisfies retail demand for fluid organic milk but also supplies organic milk for manufacturing needs. Typically when organic milk supplies are insufficient, the milk goes to fluid retail sales and manufacturing suffers. That outcome is a fact of life in most regions.

Organic milk pay price competition has intensified, especially in the Northeast, where a growing number of regional processors have become established.

However, not every potential organic milk producer is equally desirable to processors. The efficiencies of collecting milk are very important, so existing route volumes weigh on processor decisions as to whether it is desirable to sign new producers in various locations, or encourage producers to convert to organic. Look for more shifting of producer's contracts as processors continue working to improve efficiencies of collecting milk.

Organic Cheese. Competition remains keen for organic Cheddar cheese in the West, used to manufacture organic products using cheese, such as in powders. The competition has intensified as retail advertising of organic cheddar has increased over the last year. Relatively few sources of organic cheddar manufactured in the West are offering significant volumes of cheese for sale, due to tight organic milk supplies. This week, organic cheddar manufactured in the West is selling to downstream manufacturers for \$4.40 a pound.

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON

Organic Dairy Overview. Organic dairy ad numbers and ad numbers for organic milk this week are similar to one year ago, but with significantly less focus on organic yogurt ads and significantly more on organic cheese ads. Organic dairy ad numbers are about average for 2015 but lower than the 2014 average. Organic cheese ads are the second highest level of 2015, in contrast with one year ago when there were no ads for organic cheese.

Organic milk accounted for 47% of organic dairy ads, organic cheese for 41%, organic yogurt for 10% and organic butter for 3%.

Advertising information presented is compiled from nearly 23,000 surveyed newspaper supermarket ads with prices valid from February 27 to March 5, 2015, 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 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>

Organic Milk Half Gallons. The U.S. weighted average advertised price of organic milk half gallons is \$3.38, down 33 cents. One year ago the price was \$3.80.

Prices range from \$2.50 in the Midwest and South Central Regions, to \$4.99 in the Southwest. Ads appeared in all regions except the Northwest.

The low price advertised in the Midwest is noteworthy because some supermarkets in the region are advising customers that supplies of organic milk sold in containers are very tight. What is also noteworthy is retailers featuring advertised prices lower than most other regions, for a product in short supply.

Organic Milk Gallons. The U.S. weighted average advertised price of organic milk gallons is \$5.65, down \$1.33. One year ago the price was \$5.30.

Prices range from \$3.98 in the Southeast to \$6.98 in the Southwest.

Organic Milk 8 Oz. The U.S. weighted average price is \$1.25. No ads appeared last week and one year ago the average price was \$1.00. All ads appear in the Northeast.

Organic Cheese. The U.S. average price for 8 ounce block organic cheese is \$3.90. No ads appeared last week or last year. The average price for 8 ounce shredded cheese is \$3.99. As with blocks, there were no ads last week or last year.

Organic Butter 1#. With a national average price of \$6.99, 1 pound organic butter has a price up \$2.00 from last week. There were no ads one year ago.

-CONTINUED ON PAGE 8A-

ORGANIC DAIRY MARKET NEWS

Information gathered February 16 - 27, 2015

-CONTINUED FROM PAGE 8-

Organic Yogurt. The U.S. weighted average price of organic Greek 4-6 ounce yogurt, \$1.20, is down 3 cents from last week but up 20 cents from one year ago.

Ads for 32 ounce organic yogurt have an average price of \$2.19. There were no ads last week or last year.

ORGANIC GRAIN AND FEEDSTUFF MARKETS: Prices are trending slightly higher for organic corn and mostly steady to lower for the balance of organic grains. Spot market activity has been slow to mostly moderate with the most interest in organic corn and soybeans. Demand for organic corn and soybeans is mostly moderate, with demand for organic wheat and smaller organic grains light to moderate. Current concerns involve quality and transportation issues. The effects of recent winter storms throughout the country have had a widespread negative influence on markets, as have ongoing challenges related to rail and ports.

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

January Milk Production

Milk production in the 23 major States during January totaled 16.5 billion pounds, up 2.1 percent from January 2014. December revised production at 16.3 billion pounds, was up 3.4 percent from December 2013. The December revision represented an increase of 14 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,918 pounds for January, 17 pounds above January 2014.

The number of milk cows on farms in the 23 major States was 8.62 million head, 103,000 head more than January 2014, and 8,000 head more than December 2014.

January 2015 Milk Cows and Milk Production, by States

State	Milk Cows ¹		Milk per Cow ²		Milk Production ²		Change from 2014
	2014	2015	2014	2015	2014	2015	
	<i>(thousands)</i>		<i>(pounds)</i>		<i>(million pounds)</i>		<i>(percent)</i>
AZ	192	195	2,070	2,095	397	409	3.0
CA	1,781	1,779	2,035	1,985	3,624	3,531	-2.6
CO	140	145	2,085	2,140	292	310	6.2
FL	123	124	1,810	1,825	223	226	1.3
ID	566	580	2,005	1,985	1,135	1,151	1.4
IL	95	94	1,675	1,700	159	160	0.6
IN	178	181	1,810	1,890	322	342	6.2
IA	205	210	1,905	1,950	391	410	4.9
KS	137	143	1,870	1,880	256	269	5.1
MI	381	403	2,045	2,120	779	854	9.6
MN	460	460	1,690	1,740	777	800	3.0
NM	323	323	2,110	2,070	682	669	-1.9
NY	615	616	1,845	1,910	1,135	1,177	3.7
OH	267	268	1,700	1,770	454	474	4.4
OR	124	125	1,735	1,720	215	215	---
PA	531	530	1,700	1,755	903	930	3.0
SD	95	100	1,820	1,880	173	188	8.7
TX	445	470	1,925	1,905	857	895	4.4
UT	95	96	1,840	1,950	175	187	6.9
VT	132	132	1,690	1,710	223	226	1.3
VA	93	93	1,650	1,650	153	153	---
WA	268	277	2,025	2,000	543	554	2.0
WI	1,270	1,275	1,825	1,880	2,318	2,397	3.4
23 State Total	8,516	8,619	1,901	1,918	16,186	16,527	2.1

¹ Includes dry cows. Excludes heifers not yet fresh.

² Excludes milk sucked by calves.

--- represents zero.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Milk Production, February 2015.*

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated

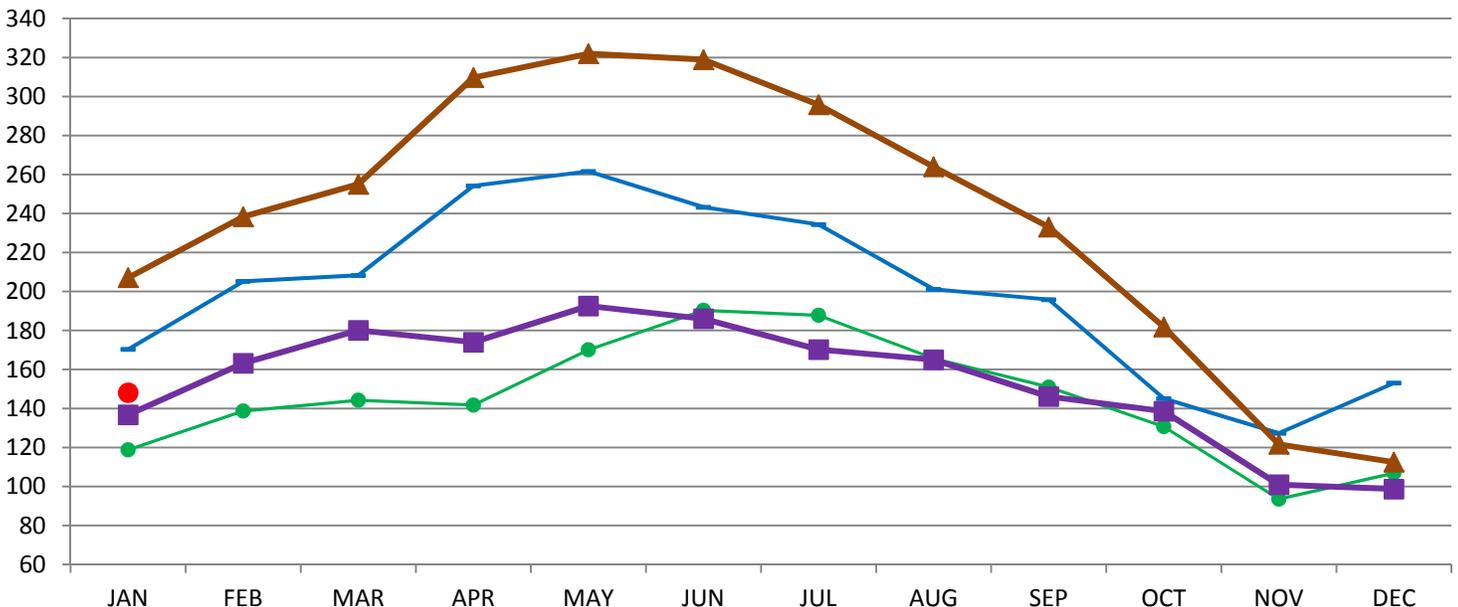
U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	DEC 31, 2012	DEC 31, 2013	REVISED DEC 31, 2014	JAN 31, 2013	JAN 31, 2014	JAN 31, 2015
Butter	153,027	112,467	104,728	207,075	143,890	148,092
Cheese, Natural American	635,590	618,265	627,769	643,184	630,820	632,484
Cheese, Swiss	31,747	24,688	21,282	30,401	25,421	22,411
Cheese, Other Natural	355,765	366,428	368,885	358,611	358,812	387,677
Total Cheese	1,023,102	1,009,381	1,017,936	1,032,196	1,015,053	1,042,572

JANUARY STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
New England	40,125	53,156	61,798	---	---	---	1,025	1,056	991
Middle Atlantic	42,935	66,099	67,514	---	---	---	17,526	15,108	21,855
East North Central	264,091	213,247	230,291	---	---	---	257,630	249,052	238,846
West North Central	112,800	111,622	100,452	---	---	---	31,145	41,197	47,025
South Atlantic	476	664	573	---	---	---	5,356	4,765	24,695
East South Central	3,991	3,174	5,347	---	---	---	13,950	9,341	9,086
West South Central	10,914	8,974	13,111	---	---	---	1,730	489	875
Mountain	59,750	54,837	52,625	---	---	---	5,389	2,787	2,315
Pacific	108,102	119,047	100,773	---	---	---	24,860	35,017	41,989
TOTAL	643,184	630,820	632,484	207,075	143,890	148,092	358,611	358,812	387,677

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

MILLION POUNDS

BUTTER COLD STORAGE HOLDINGS



DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN

—●— 2011 —■— 2012 —▲— 2013 —■— 2014 —●— 2015

Summary of Packaged Sales of Total Fluid Milk Products in Federal Milk Order Marketing Areas, California, and Total U.S., by Month, 2014

Month	Fluid Milk Sales by Marketing Area											Estimated Total U.S. ¹
	Northeast	Appalachian	Florida	Southeast	Upper Midwest	Central	Mideast	Pacific Northwest	Southwest	Arizona	California	
	<i>(million pounds)</i>											
Jan	766	304	254	416	353	392	507	180	403	103	513	4,556
Feb	690	263	222	370	313	346	444	160	352	90	464	4,036
Mar	750	278	238	388	334	362	471	171	369	95	503	4,302
Apr	686	262	229	381	324	353	451	167	370	92	498	4,145
May	717	266	227	378	329	347	462	171	374	90	498	4,196
Jun	650	245	204	345	288	315	411	160	324	83	450	3,776
Jul	667	261	212	356	304	329	428	161	342	86	470	3,930
Aug	670	272	223	389	307	352	462	159	354	92	487	4,095
Sep	697	269	220	386	328	359	454	166	376	90	490	4,167
Oct	745	286	233	401	343	374	478	173	390	93	516	4,382
Nov	705	271	225	379	323	358	463	166	378	89	477	4,167
Dec	764	283	237	394	338	373	486	174	369	95	504	4,365
Total ²	8,505	3,261	2,724	4,584	3,884	4,257	5,518	2,007	4,401	1,099	5,868	50,118

¹ These figures are based on the consumption of fluid milk products in Federal milk order marketing areas and California, which represents approximately 92% of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8% of sales from the Federal milk order and California data. The procedure used for estimating U.S. fluid milk sales by the Agricultural Marketing Service is different from that used by the Economic Research Service (ERS) of USDA. Consequently, the annual figures here may differ from the annual figures published by ERS. Fluid milk products include: plain, flavored, and organic whole milk, plain, flavored, and organic fat-reduced milk, buttermilk, eggnog, and miscellaneous fluid milk products. ² Estimated total includes the remaining 8% outside of Federal milk orders and California. Totals may not add due to rounding.

Report contact: Daniel Manzoni, Daniel.manzoni@ams.usda.gov or 202-720-2352.

Federal Milk Order Marketing and Utilization Summary, January 2015

Highlights. Handler reports of receipts and utilization under the Federal milk order system for January 2015 have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During January, more than 11.9 billion pounds of milk were received from Federally pooled producers. This volume of milk is 7.2 percent higher than the January 2014 volume. Regulated handlers pooled 3.703 billion pounds of producer milk as Class I products, down 1.7 percent when compared to the previous year. Class I utilization decreased in 9 of the 10 Federal Milk Order Marketing areas. The all-market average Class utilization percentages were: Class I = 31%, Class II = 12%, Class III = 44%, and Class IV = 13%. The weighted average statistical uniform price was \$17.15 per cwt, down \$2.95 from last month and \$5.15 from last year.

Price and Pool Statistics for Federal Milk Order Marketing Areas for the Month of January 2015

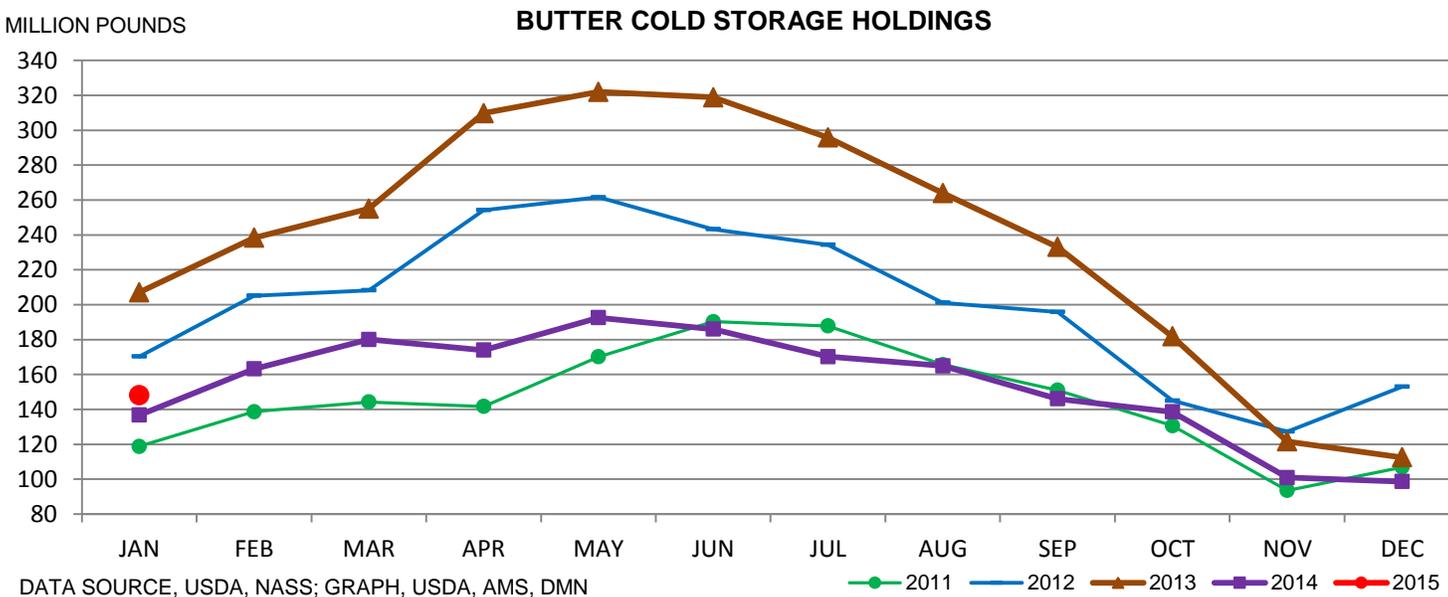
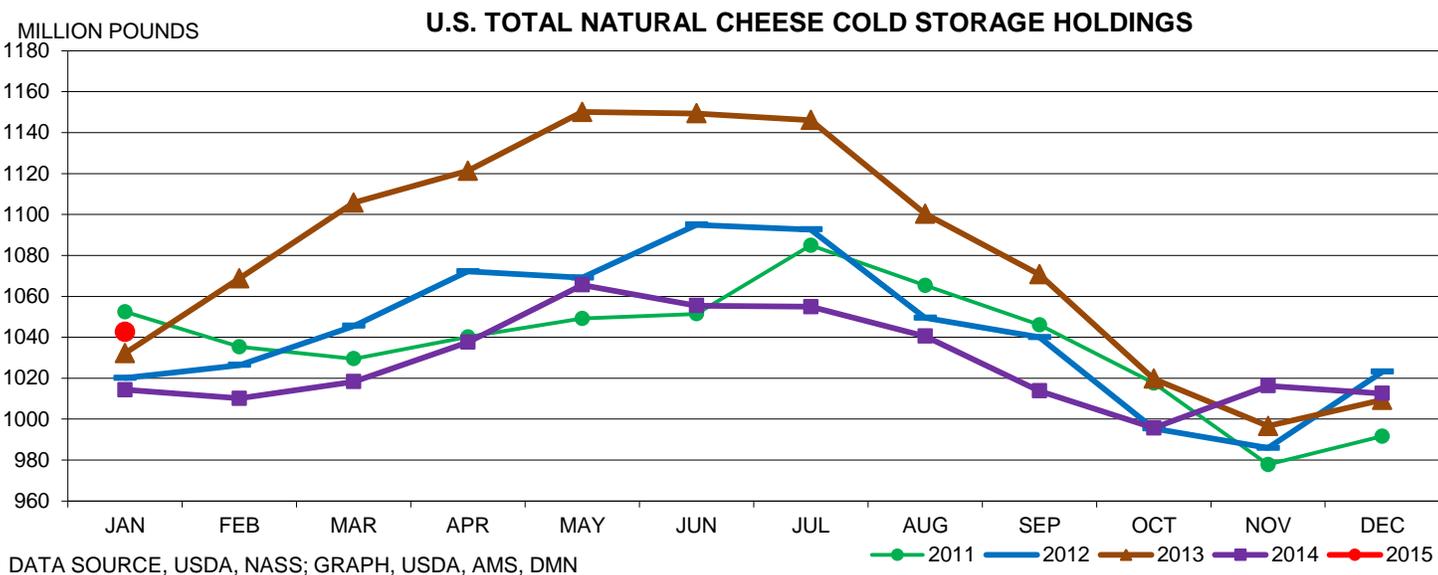
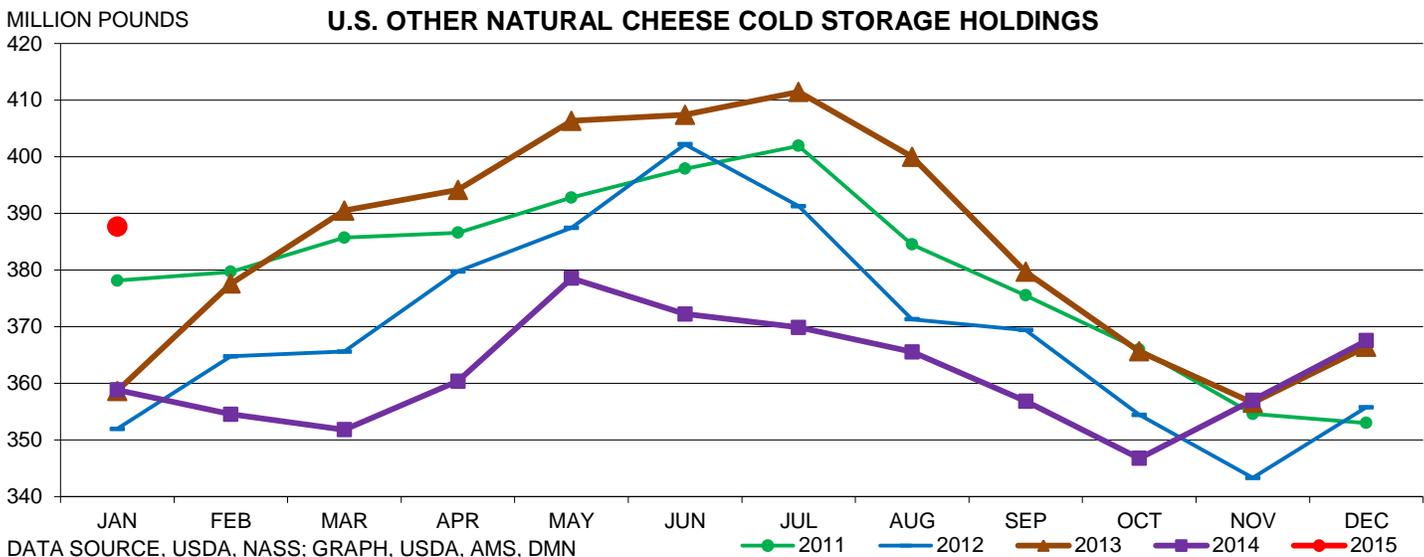
Federal Milk Order Marketing Area ¹	Order Number	Receipts of Producer Milk		Utilization of Producer Milk in Class I		Utilization of Producer Milk in All Classes				Uniform Price ²
		Total	Change from Prev. Year	Total	Change from Prev. Year	Class I	Class II	Class III	Class IV	
		<i>(million lbs)</i>	<i>(percent)</i>	<i>(million lbs)</i>	<i>(percent)</i>	<i>(percent)</i> ³				<i>(\$ per cwt)</i>
Northeast (Boston)	001	2,219.4	1.8	796.5	-2.2	36	22	23	19	17.57
Appalachian (Charlotte)	005	484.5	1.7	345.9	-0.4	71	14	3	11	19.60
Florida (Tampa)	006	248.7	-4.1	214.4	-2.7	86	10	1	3	22.21
Southeast (Atlanta)	007	462.5	-1.0	356.7	-2.3	77	13	3	7	20.39
Upper Midwest (Chicago)	030	3,108.8	8.3	317.0	-2.7	10	5	81	4	16.39
Central (Kansas City)	032	1,424.3	6.9	434.9	-0.5	31	9	47	14	16.54
Mideast (Cleveland)	033	1,689.0	27.8	559.3	-1.2	33	19	33	16	16.67
Pacific Northwest (Seattle)	124	580.0	-20.2	175.7	-3.8	30	7	25	37	15.84
Southwest (Dallas)	126	1,305.4	21.0	392.2	0.5	30	8	52	10	17.48
Arizona (Phoenix)	131	410.8	-1.2	110.8	-8.0	27	10	22	41	16.04
All Market Average or Total		11,933.4	7.2	3,703.4	-1.7	31	12	44	13	17.15

¹ Names in parentheses are the major city in the principal pricing point of the market.

² Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus

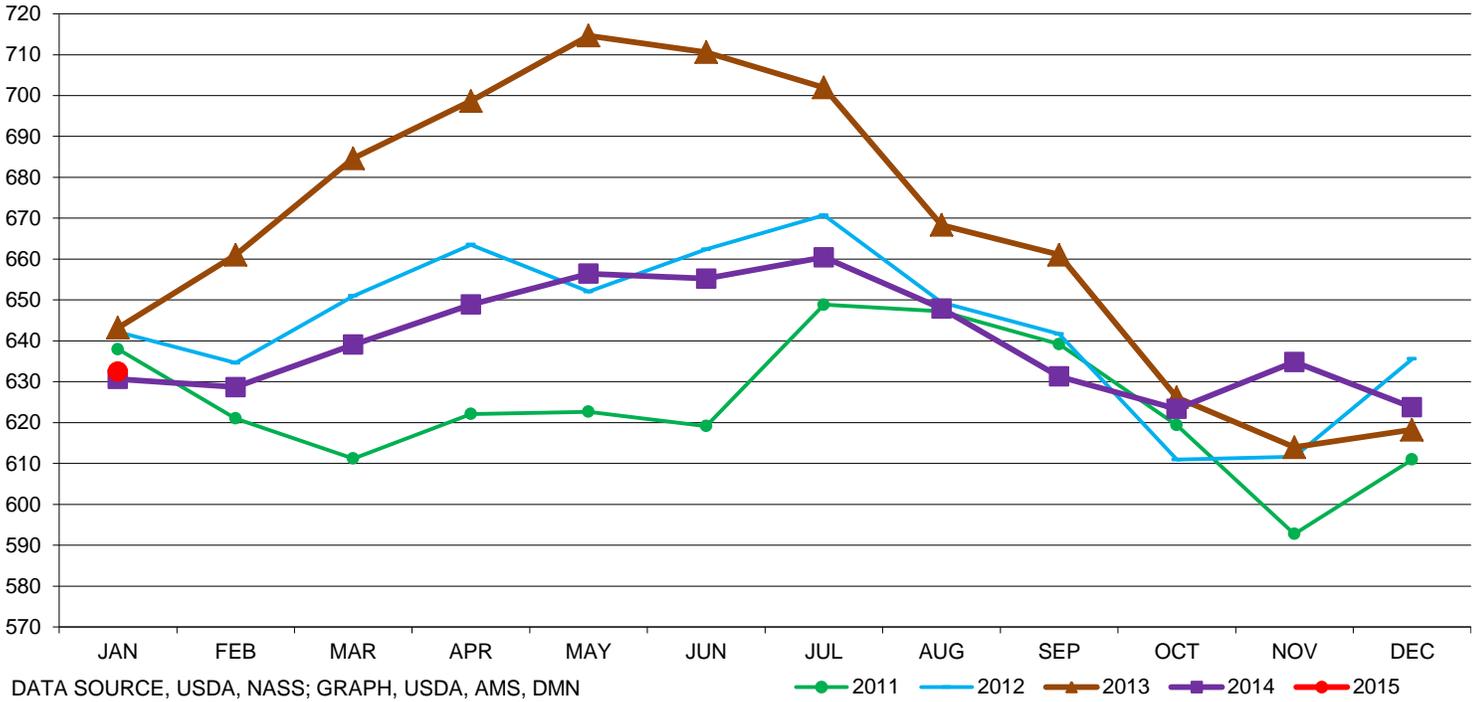
³ Totals may not add to 100 percent due to rounding.

Report Contact: Lorie Warren, lorie.warren@ams.usda.gov or 202-720-4405.



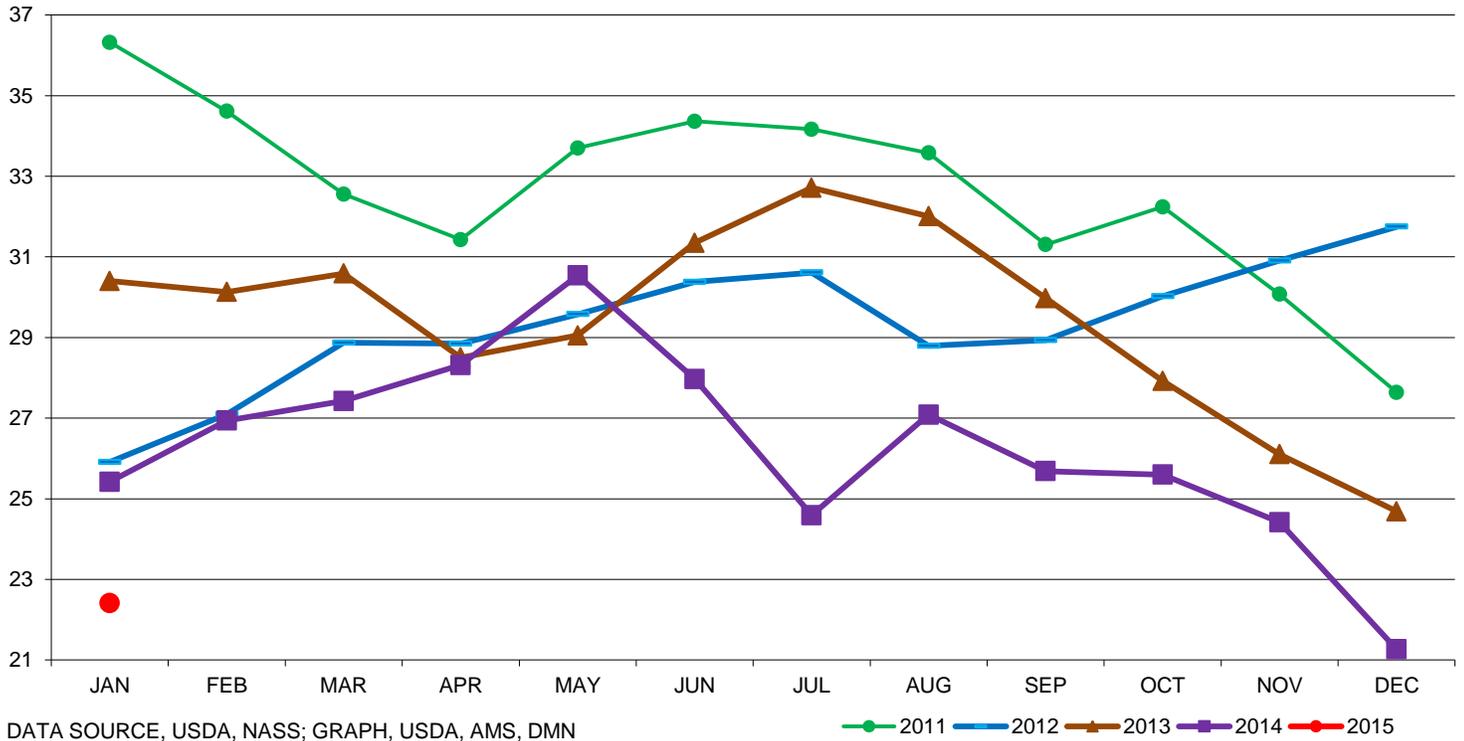
U.S. NATURAL AMERICAN CHEESE COLD STORAGE HOLDINGS

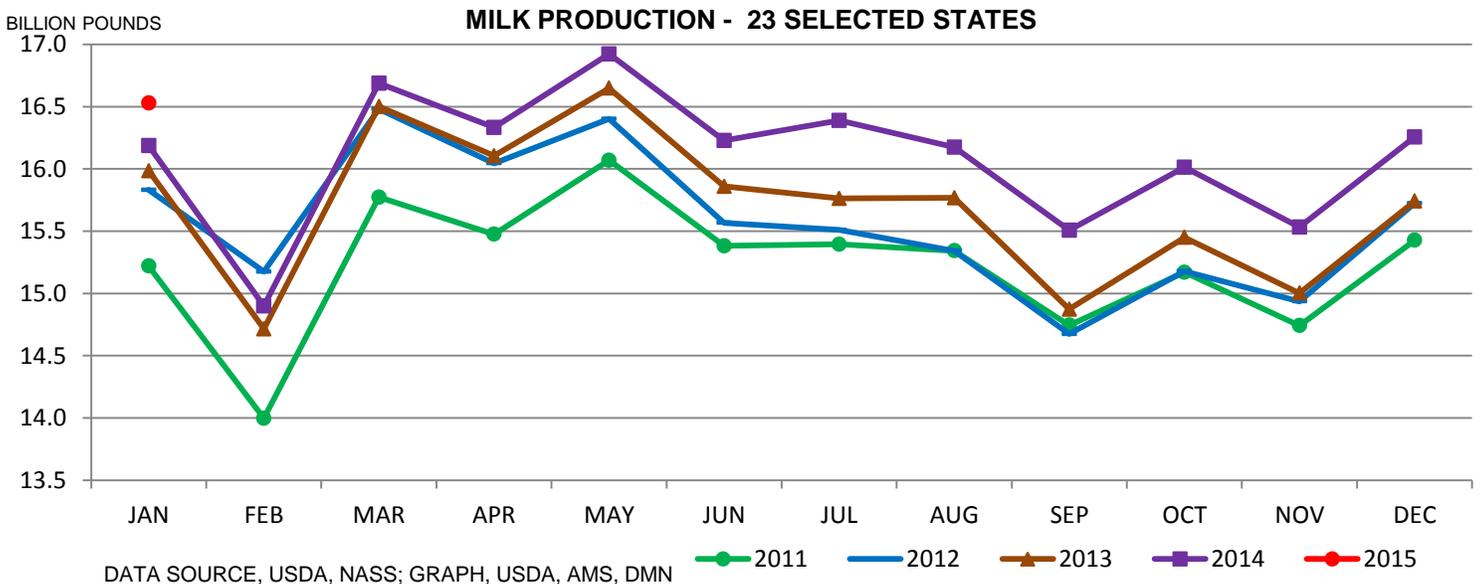
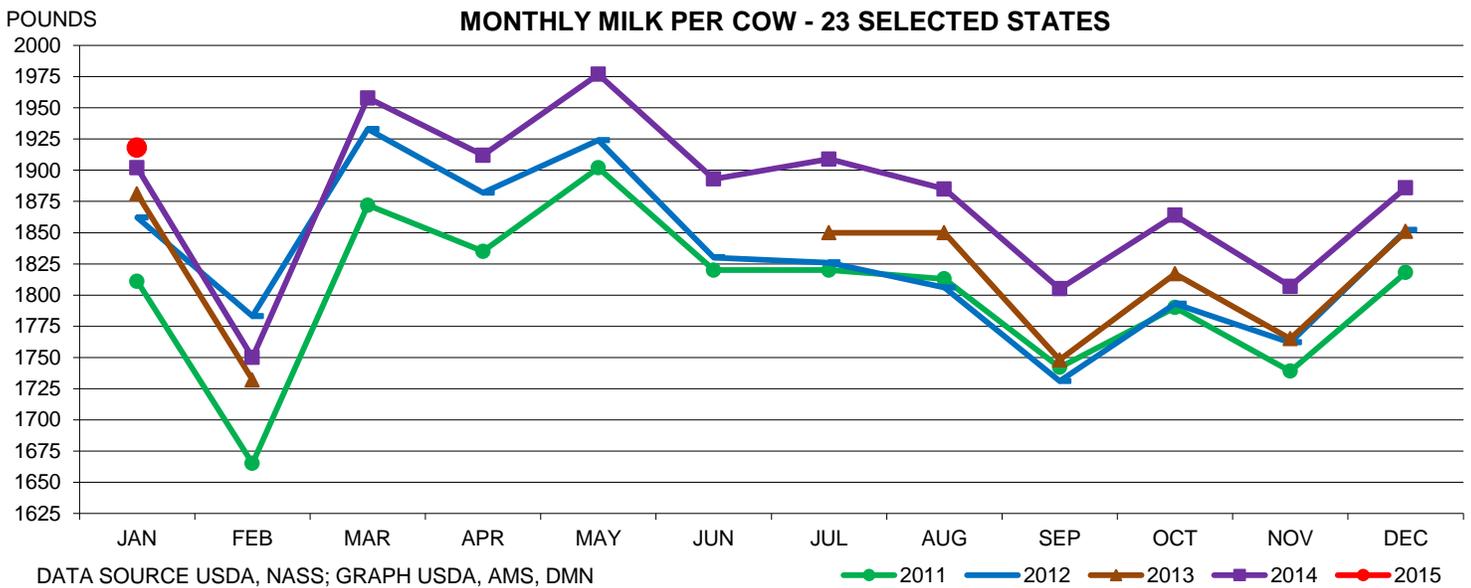
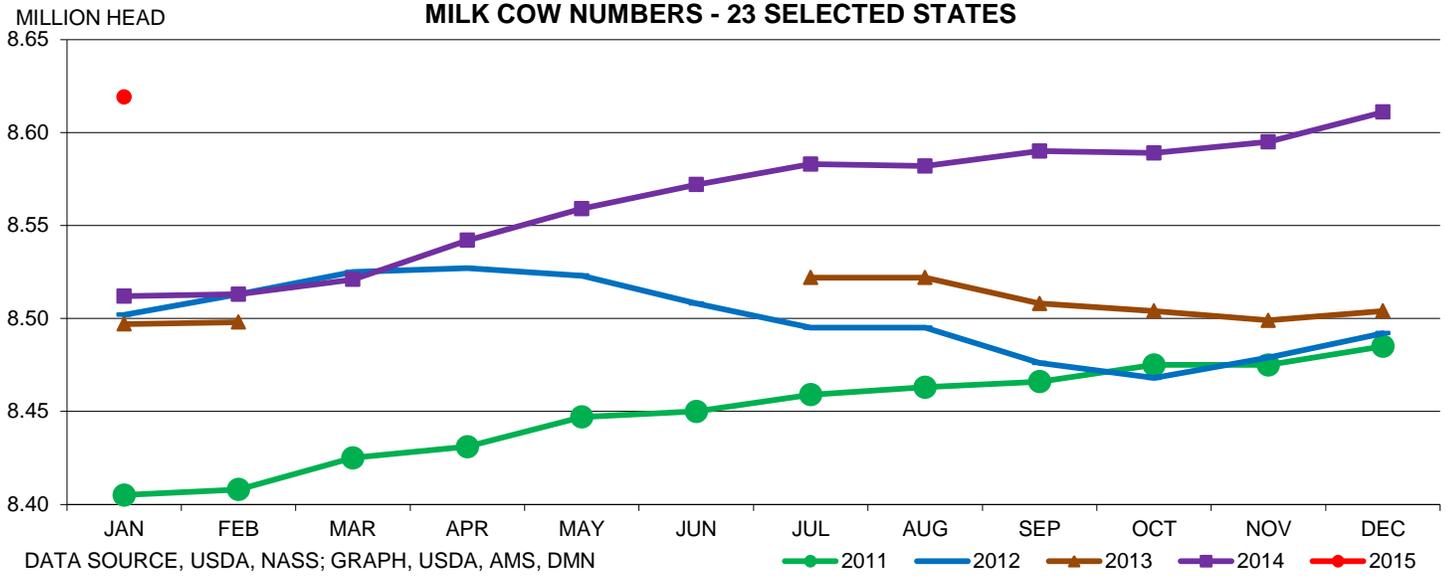
MILLION POUNDS



U.S. SWISS CHEESE COLD STORAGE HOLDINGS

MILLION POUNDS







Dairy Market News Branch

Agricultural
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National Retail Report - Dairy

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Issued Weekly

Friday, February 27, 2015

Advertised Prices for Dairy Products at Major Retail Supermarket Outlets ending during the period of 02/27/2015 to 03/05/2015

National ad volumes for organic dairy products leveled off this week after significantly increasing last week, while ads for conventional dairy products increased 6%.

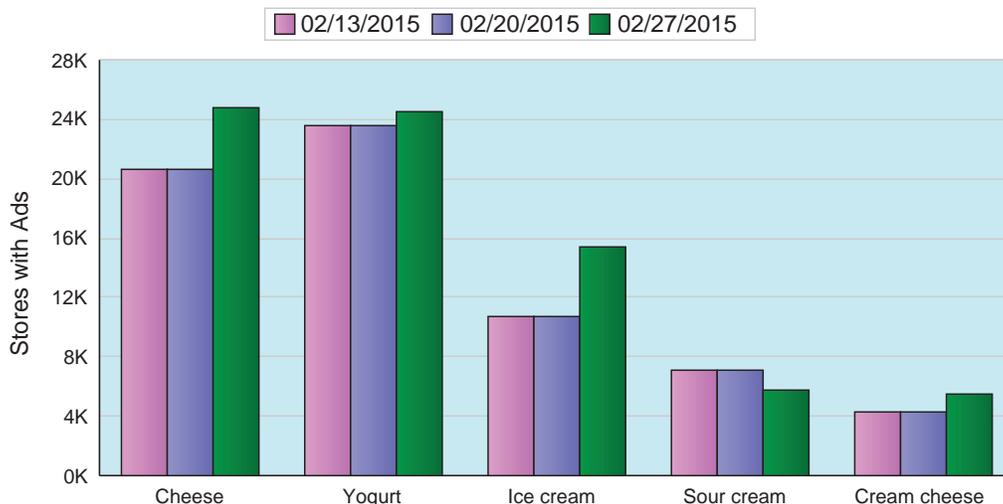
National average prices for butter, cottage cheese, cream cheese and ice cream all moved lower this week. The national average advertised prices and their decreases compared to last week are; 1# butter \$2.77, down 41 cents; cottage cheese in 16 ounce containers \$1.70, down 14 cents; 8 ounce cream cheese \$1.87, down 7 cents and ice cream in 48-64 ounce containers \$3.05, down 24 cents.

Greek 4-6 ounce yogurt ad volume is the highest ad volume of all other categories and sizes of yogurt. The average price of 4-6 ounce Greek yogurt, \$0.95, is down 5 cents from last week, but 1 cent higher than one year ago. Ads for 4-6 ounce yogurt have an average price of 48 cents, down 3 cents from last week and 2 cents from one year ago.

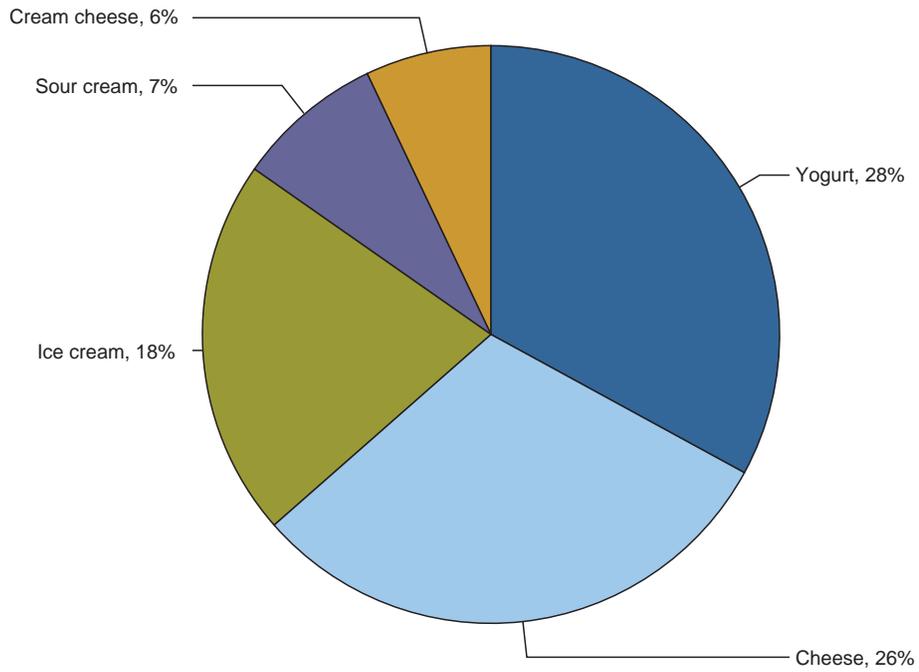
The U.S. average price for 8 ounce cheese blocks, \$2.21, is 43 cents lower than one week ago, and 11 cents lower than a year ago, while 8 ounce shredded cheese at \$2.41 is down 5 cents from one week ago, but 1 cent higher from one year ago.

The organic - conventional half gallon milk price spread is \$1.75, up \$0.05 from last week. The price spread is the difference between the national weighted average conventional milk price for half gallons, \$1.63, down 38 cents, and the average for organic half gallon milk, \$3.38, down 33 cents.

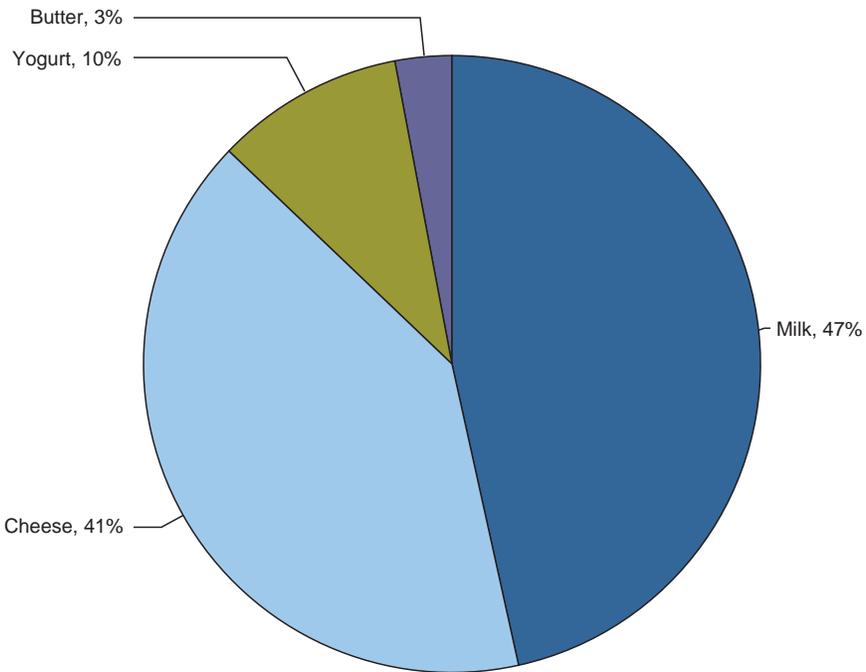
Top 5 Commodities Featured



Top 5 Percentage of Total Conventional Ads



Top 5 Percentage of Total Organic Ads





NATIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		LAST WEEK		LAST YEAR	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	3917	2.77	6892	3.18	4043	2.57
Cheese	Natural Varieties	8 oz block	6430	2.21	5840	2.64	5115	2.32
Cheese	Natural Varieties	1 # block	943	4.03	1888	4.13	2126	3.68
Cheese	Natural Varieties	2 # block	733	6.93	1557	7.86	1627	6.77
Cheese	Natural Varieties	8 oz shred	13629	2.41	9954	2.46	8005	2.40
Cheese	Natural Varieties	1 # shred	1163	3.86	1445	3.91	1201	3.91
Cottage cheese		16 oz	3494	1.70	2934	1.84	2804	2.04
Cream cheese		8 oz	5552	1.87	4192	1.94	3669	1.22
Flavored milk	All fat tests	half gallon	495	2.32	278	2.50	857	2.63
Flavored milk	All fat tests	gallon	119	2.50	769	2.69	50	3.99
Ice cream		48-64oz	15397	3.05	10718	3.29	11176	3.13
Milk	All fat tests	half gallon	994	1.63	1132	2.01	243	1.98
Milk	All fat tests	gallon	1073	3.27	2963	2.71	623	2.99
Sour cream		16 oz	5771	1.62	6978	1.66	4612	1.62
Yogurt	Greek	4-6 oz	13559	.95	12410	1.00	13811	.94
Yogurt	Greek	32 oz	556	4.09	1876	4.70	1171	4.84
Yogurt	Yogurt	4-6 oz	7616	.48	6891	.51	5591	.50
Yogurt	Yogurt	32 oz	2276	2.24	617	2.28	1113	3.12

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 #	2.99-3.99	1089	3.44	1.99-2.99	508	2.45	1.99	468	1.99
Cheese	Natural Varieties	8 oz block	1.66-2.99	1884	2.23	1.67-2.50	896	1.97	1.88-3.00	553	2.32
Cheese	Natural Varieties	1 # block	3.99	431	3.99	3.79	324	3.79	4.29	119	4.29
Cheese	Natural Varieties	2 # block	7.99	84	7.99						
Cheese	Natural Varieties	8 oz shred	1.66-3.00	2503	2.34	1.67-3.00	3891	2.45	1.88-3.00	2439	2.53
Cheese	Natural Varieties	1 # shred	3.29	255	3.29	3.29	227	3.29			
Cottage cheese		16 oz	1.50-2.99	1037	2.23	1.00-2.29	592	1.26	1.25-1.99	639	1.56
Cream cheese		8 oz	1.20-2.89	1450	1.85	1.49-2.50	1531	1.93	1.50-2.49	409	1.80
Flavored milk	All fat tests	half gallon	3.49	62	3.49	1.49	184	1.49	2.50	180	2.50
Flavored milk	All fat tests	gallon							2.50	119	2.50
Ice cream		48-64oz	1.98-3.67	3824	2.85	2.39-3.99	3707	2.87	2.49-3.99	3080	3.11
Milk	All fat tests	half gallon	2.00-2.79	199	2.25	1.00-1.98	471	1.27	1.50	119	1.50
Milk	All fat tests	gallon	3.49-3.99	246	3.62	2.59	90	2.59	2.79-3.50	288	3.15
Sour cream		16 oz	1.19-2.00	1830	1.64	1.00-2.00	656	1.27	1.25-1.50	922	1.35
Yogurt	Greek	4-6 oz	0.75-1.20	2719	1.01	0.80-1.00	2421	.93	0.75-1.25	2971	.95
Yogurt	Greek	32 oz	4.79	62	4.79	4.49	84	4.49			

Wtd Avg - Simple weighted average



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
Yogurt	Yogurt	4-6 oz	0.45-0.66	1706	.52	0.40-0.60	2057	.49	0.39-0.50	1595	.45
Yogurt	Yogurt	32 oz	1.97-2.79	512	2.46	1.97-2.28	1197	2.02	2.00	119	2.00

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 #	1.88-2.99	843	2.46	1.99-3.98	904	2.83	2.99	105	2.99
Cheese	Natural Varieties	8 oz block	1.66-2.50	1042	2.10	1.88-2.50	1345	2.36	1.89-2.50	710	2.27
Cheese	Natural Varieties	1 # block							4.99	69	4.99
Cheese	Natural Varieties	2 # block				4.99-7.99	483	6.51	6.99-7.99	166	7.62
Cheese	Natural Varieties	8 oz shred	1.25-2.50	2103	2.20	1.88-2.99	1853	2.50	1.89-2.98	840	2.38
Cheese	Natural Varieties	1 # shred	3.29-4.49	475	3.94	4.99	137	4.99	4.99	69	4.99
Cottage cheese		16 oz	1.25	351	1.25	1.25-1.89	514	1.63	1.25-2.29	361	1.71
Cream cheese		8 oz	1.25-2.50	623	1.75	1.49-3.29	1024	2.03	1.25-1.99	515	1.67
Flavored milk	All fat tests	half gallon							2.99	69	2.99
Ice cream		48-64oz	2.49-5.99	2007	3.36	1.99-4.99	2050	3.29	2.50-3.99	729	3.25
Milk	All fat tests	half gallon	2.19	139	2.19				1.39	66	1.39
Milk	All fat tests	gallon	2.98-3.39	207	3.24	3.99	137	3.99	2.50	105	2.50
Sour cream		16 oz	1.25-2.79	1464	1.67	1.25-2.79	634	2.16	1.50-1.99	265	1.76
Yogurt	Greek	4-6 oz	0.77-1.19	2475	.89	0.79-1.00	1922	.95	0.80-1.00	1051	.96
Yogurt	Greek	32 oz	3.98	305	3.98				3.69	105	3.69
Yogurt	Yogurt	4-6 oz	0.40-0.50	696	.44	0.40-0.50	1072	.48	0.38-0.50	490	.44
Yogurt	Yogurt	32 oz	1.99	99	1.99	2.99	244	2.99	2.49	105	2.49

NATIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		LAST WEEK		LAST YEAR	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	137	6.99	118	4.99		
Cheese	Natural Varieties	8 oz block	1034	3.90				
Cheese	Natural Varieties	8 oz shred	839	3.99				
Cream cheese		8 oz			59	3.19		
Milk	All fat tests	half gallon	823	3.38	2405	3.71	849	3.80
Milk	All fat tests	gallon	1216	5.65	221	6.98	530	5.30
Milk	All fat tests	8 oz UHT	118	1.25			1007	1.00
Sour cream		16 oz			59	4.49		

Wtd Avg - Simple weighted average



Yogurt	Greek	4-6 oz	315	1.20	1152	1.23	1340	1.00
Yogurt	Greek	32 oz			528	6.56		
Yogurt	Yogurt	4-6 oz			59	.60	609	.58
Yogurt	Yogurt	32 oz	141	2.19				

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
Cheese	Natural Varieties	8 oz block				3.50	195	3.50			
Milk	All fat tests	half gallon	3.49	84	3.49	3.29-3.49	324	3.43	2.50	137	2.50
Milk	All fat tests	gallon				3.98	195	3.98			
Milk	All fat tests	8 oz UHT	1.25	118	1.25						
Yogurt	Greek	4-6 oz	1.25	252	1.25						

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 #				6.99	137	6.99			
Cheese	Natural Varieties	8 oz block	3.99	235	3.99	3.99	604	3.99			
Cheese	Natural Varieties	8 oz shred	3.99	235	3.99	3.99	604	3.99			
Milk	All fat tests	half gallon	2.50	141	2.50	4.99	137	4.99			
Milk	All fat tests	gallon	5.79-6.19	235	6.00	5.99-6.98	497	6.35	5.29	289	5.29
Yogurt	Greek	4-6 oz	0.99	63	.99						
Yogurt	Yogurt	32 oz	2.19	141	2.19						

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

DAIRY MARKET NEWS

GENERAL NUMBER
(608) 278-4200

Elizabeth Frederick
(608) 278-4150
Elizabeth.Frederick@AMS.USDA.GOV

EAST
Daniel Johnson
(608) 278-4156
Daniel.Johnson@AMS.USDA.GOV

CENTRAL
Tara Herbst
(608) 278-4154
Tara.Herbst@AMS.USDA.GOV

SOUTHWEST
Janet Linder
(608) 278-4157
Janet.Linder@AMS.USDA.GOV

NORTHWEST/MOUNTAIN
Butch Speth
(608) 278-4152
Butch.Speth@AMS.USDA.GOV

NATIONAL SUPERVISOR
Butch Speth
(608) 278-4152
Butch.Speth@AMS.USDA.GOV

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DATE: 02/27/2015

INTERNATIONAL
Rick Whipp
(608) 278-4151
Rick.Whipp@AMS.USDA.GOV

ORGANIC
Eric Graf
(608) 278-4153
Eric.Graf@AMS.USDA.GOV

INTERNET ADDRESS
www.ams.usda.gov/DairyMarketNews

MARKET NEWS PORTAL
www.marketnews.usda.gov/mnp/da-home

RECORDED INFORMATION SYSTEM
(608) 278-4142

FAX
(608) 278-4141

USDA, Dairy Market News
2920 Marketplace Drive, STE 202
Fitchburg, WI 53719-5337