NATIONAL DAIRY MARKET NEWS AT A GLANCE

CME GROUP CASH MARKETS (3/07):
BUTTER: Grade AA closed at $1.8800. The weekly average for Grade AA is $1.8800 (+.0730).
CHEESE: Barrels closed at $2.2500 and 40# blocks at $2.2925. The weekly average for barrels is $2.2060 (+.0155) and blocks, $2.2530 (+.0470).

BUTTER HIGHLIGHTS: U.S. butter prices remain competitive with international prices fostering good export sales. The market tone is steady with supplies and retail orders gradually building. Additional cream supplies available in Q1 have allowed many butter churn operators to fulfill domestic and international needs, therefore using less bulk inventories. Production rates are steady to slightly higher. Current bulk butter prices are 5-8 cents over the market in the Northeast, market to 6 over in the Central, and from 2 cents over to 4 cents under in the West, based on the CME Group and various indexes. The DMN National Dairy Retail Report noted the national weighted average advertised price for a 1 pound package of butter was $2.91, a 34 cent increase from two weeks ago and 12 cents higher than a year ago. The most expensive advertised price was found in the Northeast at $3.99, while the lowest in the Northeast and South Central regions at $1.99. The NASS Dairy Products Report noted January 2014 butter production in the U.S. totaled 182.4 million pounds during January 2014, up 12.9% from a month ago, but down 3.0% from January 2013. At the CME Group, Grade AA butter closed at $1.8800 Friday, unchanged from last week's close. The CME Group monthly average price for February 2014 for Grade AA butter was $1.8047, compared to a year ago average of $1.5713. This week, Cooperatives Working Together (CWT) assisted on 3.142 million pounds of 82% butter for export.

CHEESE HIGHLIGHTS: Cheese prices moved higher this week. While short of February's record price levels, favorable demand continued to move prices higher. Domestic demand for retail is steady with some increased interest for process cheese. Mozzarella sales are also said to be increasing. Export demand is steady, with some additional forward sales receiving price assistance. Cheese production is increasing as milk supplies build seasonally across the country. Some Midwestern plants are buying surplus milk to increase production and fill orders. NASS's Dairy Products report put January 2014 total cheese production at 950.8 million pounds, 1.6% above January 2013, but 1.9% below December 2013. Block prices at the CME Group closed the week at $2.2925, 7 cents higher than last Friday's close. Barrels closed the week at $2.2500, 5 cents higher than a week ago.

FLUID MILK: Milk production is increasing across most of the country. There were no serious weather events affecting milk production or movement this week. More milk is moving through manufacturing plants as Class I sales are sluggish. Processors are ramping up production of Class II products as warmer weather moves into the U.S. Frozen dessert and ice cream accounts are increasing cream intakes, helping to keep cream supplies manageable. Butter/powder plants are seeing increased volumes of milk. Condensed skim sales are increasing. Manufacturers across the country are welcoming the increased milk supplies to augment inventories and to fill good export demand.

DRY PRODUCTS: Low/medium heat nonfat dry milk prices are mostly steady to higher. The market tone is becoming more unsettled as increased production levels are anticipated to increase availability. High heat NDM prices are higher as much of the production is tied to contract fulfillment and supplies are limited. Dry buttermilk prices are mixed as production increases are helping to meet obligations. Stocks of buttermilk are varied amongst manufacturers with the overall market supply tight. Increased sales of condensed buttermilk are being reported. Dry whole milk prices are unchanged to higher in some instances. Good international demand is being credited for the strong prices. Dry whey prices are higher as production is lower than expected. Total U.S. dry whey human grade production for January 2014 was down 20% from a year ago. Buyers are finding it harder to source spot loads in many parts of the country. Whey protein concentrate 34% prices are mixed. Increased production has more WPC 34% on the spot market, but buyers are often relying on proven manufacturers to meet product specifications. The lactose market is mostly steady. Product variability is reflected in the wide price range seen.

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

CME GROUP CASH TRADING

COMMODITY	MONDAY MAR 03	TUESDAY MAR 04	WEDNESDAY MAR 05	THURSDAY MAR 06	FRIDAY MAR 07	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	$2.1600 (-.0400)	$2.1275 (-.0325)	$2.2425 (+.1150)	$2.2500 (+.0075)	$2.2500 (N.C.)	(+.0500)	$2.2060 (+.0155)
40# BLOCKS	$2.2275 (+.0050)	$2.2275 (N.C.)	$2.2375 (+.0100)	$2.2800 (+.0425)	$2.2925 (+.0125)	(+.0700)	$2.2530 (+.0470)
NONFAT DRY MILK							
GRADE A	$2.0275 (-.0125)	$2.0275 (N.C.)	$2.0275 (N.C.)	$2.0400 (+.0125)	$2.0400 (N.C.)	(N.C.)	$2.0325 (-.0130)
BUTTER							
GRADE AA	$1.8800 (N.C.)	$1.8800 (N.C.)	$1.8800 (N.C.)	$1.8800 (N.C.)	$1.8800 (N.C.)	(N.C.)	$1.8800 (+.0730)

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

NATIONAL DAIRY MARKET NEWS AT A GLANCE

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ORGANIC DAIRY MARKET NEWS (DMN): Continuing dry weather in the West and Northwest has caused prices organic dairy producers in those areas typically pay for feed to increase. Unlike conventional milk pay prices, which can vary monthly, most organic producers independently contract over a longer term for the sale of organic milk, with contract prices generally not fluctuating much in recent years. Organic dairy farmers from the Western U.S. have mobilized to address the cost squeeze they face due to significantly higher production costs. Feed costs alone rose 81% over the last three years compared to only nominal increases in what is received for their organic milk. At an organic farming conference in LaCrosse, Wisconsin last week, a number of people were seeking information to help decide whether to initiate the process to obtain organic certification. As related to the organic dairy sector, weighing whether to grow organic forages and crops versus beginning organic dairy production, or what commitment to both made sense for them, was a focus of people attending who were interested in organic dairy. Some were seeking evidence to present to ag lenders to establish strength going forward of relatively higher pay prices for organic milk. The U.S. weighted average advertised price of organic milk half gallons is $3.52, down 28 cents from two weeks ago. One year ago the national average price was $3.40. The price range increased 60 cents at the top to $4.59, but decreased 20 cents at the bottom to $2.79. The highest advertised price, $4.59, is in the Southwest, where the lowest advertised price, $2.79, also appeared. The national weighted average advertised price for organic gallons is $5.85, up 55 cents from the last reporting period. One year ago the weighted average advertised price was $5.99. Prices range from $5.00 in the Northwest, to $6.79 in the Southwest. The national weighted average advertised price of 4-6 ounce organic Greek yogurt is $1.02, up 2 cents from two weeks ago. One year ago the weighted average advertised price was $1.13. Prices range from $0.99 to $1.25, with the lowest price in the Midwest and the highest in the Northeast. 4-6 ounce organic yogurt has an average price of $.50, down 8 cents from two weeks ago and down 21 cents from one year ago. All ads are priced $0.50 and all in the Northeast. Organic newspaper ad numbers this period increased slightly from two weeks ago, but are the second lowest level of 2014. Nevertheless, ad numbers exceed the same period in all other full years this data series has run, 2010 – 2013.

NATIONAL DAIRY RETAIL REPORT (DMN): Yogurt ads comprise the largest category of surveyed dairy ads and 32 ounce Greek yogurt stands out with much lower prices than recent weeks. The U.S. average advertised price is $2.71, well down from $4.84 two weeks ago and $4.61 a year ago. The price range is from $2.50 to $4.99. 4-6 ounce Greek yogurt ad volume comprises the majority of all yogurt ads, with an average advertised price of $.99, up 5 cents from two weeks ago but down 1 cent from this period last year. Cheese specials are close to year ago marks, despite wholesale prices being over $2.00 a pound and just coming off record highs. Ad numbers for 8 ounce shredded cheese, the most advertised cheese category, increased by 8%. The average price, $2.34, is down by 6 cents from two weeks ago but up by 4 cents from last year. The second largest cheese category, 8 ounce block, is up by 37% in ad numbers. The average price is $2.44, up 12 cents from the last report and 2 cents from this time last year. Flavored milk gallon ad numbers are up more than any product, over a thirteen fold increase, although the absolute number of ads is relatively low. At an average advertised price of $4.15, flavored milk gallons are 89 cents more than the average for conventional milk gallons. There are no ads for conventional milk half gallons but organic milk half-gallons have a weighted average advertised price of $3.52. That is down 28 cents from two weeks ago but up 12 cents from this period last year. This is the first report since the organic-conventional milk price spread series began almost two years ago, when there have been no ads for conventional half gallons of milk. Last year at this time the price spread was $1.63.

INTERNATIONAL DAIRY MARKET NEWS UPDATE (DMN): 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%.

FEBRUARY AGRICULTURAL PRICE HIGHLIGHTS (NASS): The All Milk price received by farmers was $24.70 in February, up $1.20 from January 2014, and up $5.20 from February 2013. The alfalfa hay price was $188.00 in February, down $30.00 from February 2013. Corn price was $4.47 in February, down $2.57 from February 2013. Soybean price was $13.10 in February, down $1.50 from February 2013. The milk-feed price ratio was 2.55 in February, up 1.03 from February 2013. The index of prices received by farmers for dairy products during the month of February 2014 was up 7 points to 106. Compared to February 2013, the index was down 3 points (-2.8%). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in February 2014 was down 8 points to 99. Compared with February 2013, the index was down 7 points (-6.6%).

JANUARY DAIRY PRODUCTS (NASS): BUTTER production was 182 million pounds, 3.0% below January 2013, but 12.9% above December 2013. **AMERICAN TYPE CHEESE** production totaled 380 million pounds, 1.1% above January 2013 and 0.7% above December 2013. **TOTAL CHEESE** output (excluding cottage cheese) was 951 million pounds, 1.6% above January 2013, but 1.9% below December 2013. **NONFAT DRY MILK** production, for human food, totaled 139.5 million pounds, 2.3% below January 2013, but 11.1% above December 2013. **DRY WHEY** production, for human food, was 69.0 million pounds, 20.0% below January 2013 and 14.7% below December 2013. **ICE CREAM** (hard) production totaled 55.7 million gallons, 0.7% below January 2013, but 31.0% above December 2013.

FEBRUARY CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the February 2014 prices under the Federal milk order pricing system and changes from the previous month: Class II $23.73 (+$1.52), Class III $23.35 (+$2.20), and Class IV $23.46 (+$1.17). Product price averages used in computing Class prices are: butter $1.8320, nonfat dry milk $2.0783, cheese $2.2864, and dry whey $0.6314. The Class II butterfat price is $2.0179, and the Class III/IV butterfat price is $2.0109.

CME GROUP

MONDAY, MARCH 3, 2014
CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ $2.2275; LAST OFFER UNCOVERED: 1 CAR BARRELS @ $2.1600
NONFAT DRY MILK -- SALES: 2 CARS GRADE A: 1 @ $2.0300, 1 @ $2.0275; LAST BID UNFILLED: 1 CAR GRADE A @ $2.0250; LAST OFFER UNCOVERED: 1 CAR GRADE A @ $2.0325
BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, MARCH 4, 2014
CHEESE -- SALES: 2 CARS BARRELS: 1 @ $2.1550, 1 @ $2.1400; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ $2.1275
NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ $2.0200; LAST OFFER UNCOVERED: NONE
BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

WEDNESDAY, MARCH 5, 2014
CHEESE -- SALES: 1 CAR BARRELS @ $2.2075; LAST BID UNFILLED: 1 CAR BARRELS @ $2.2425; 1 CAR 40# BLOCKS @ $2.2375; LAST OFFER UNCOVERED: NONE
NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ $2.0275; LAST OFFER UNCOVERED: 1 CAR GRADE A @ $2.0400
BUTTER -- SALES: 10 CARS GRADE AA @ $1.8800; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ $1.9000

THURSDAY, MARCH 6, 2014
CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ $2.2500; 1 CAR 40# BLOCKS @ $2.2800; LAST OFFER UNCOVERED: NONE
NONFAT DRY MILK -- SALES: 4 CARS GRADE A: 2 @ $2.0400, 1 @ $2.0300, 1 @ $2.0400; LAST BID UNFILLED: 1 CAR GRADE A @ $2.0300; LAST OFFER UNCOVERED: NONE
BUTTER -- SALES: 1 CAR GRADE AA @ $1.8800; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ $1.9000

FRIDAY, MARCH 7, 2014
CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ $2.2925; LAST OFFER UNCOVERED: NONE
NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
BUTTER -- SALES: 4 CARS GRADE AA: 2 @ $1.8800, 1 @ $1.8775, 1 @ $1.8800; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ $1.8800

BUTTER MARKETS

NORTHEAST

Butter production rates are increasing. Unexpected volumes of cream supplies have churns very busy at some plants in the region. Some butter makers are focused on fulfilling good export orders, while others are reportedly running heavy over the next 3 weeks to increase print volumes, with Passover in mind. Inventories are being built for existing and future needs. The market tone remains steady. The butter price on the CME Group was unchanged on Tuesday and closed at $1.8800. Trading picked up with 36 sales occurring during last week's sessions. Prices for bulk butter range from 5-8 cents over the market, based on CME Group with various time frames and averages used. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 3.142 million pounds of 82% unsalted butter. The product will be delivered March through June 2014. According to the *National Dairy Retail Report*, the weighted average price for a 1 lb. package of butter in the Northeast was $3.16, 25 cents more than the national weighted average price, and 70 cents higher than the previous reporting period.
DAIRY PRODUCTS: According to the *NASS*, January U.S. butter production totaled 182.4 million pounds, down 3.0% from January 2013 but 12.9% above December 2013. January output in the Atlantic region totals 20.5 million pounds, down 2.6% from January of 2013 but up 16.6% from last year.

CENTRAL

U.S. butter prices are running below most international prices, fostering active export sales, keeping several butter manufacturers busy making 82% unsalted butter. Butter churn operators are churning steadily as cream supplies are plentiful. Domestic retail demand is steady to improving. Some manufacturers were able to rebuild butter stocks to comfortable levels while others have limited inventories as they keep up with contracts. The DMN National Dairy Retail Report noted the weighted average advertised price for a 1 lb. package of butter in the South Central was $2.30, 23 cents higher than two weeks ago, but down 61 cents from the national price. The national weighted average price was $2.91, a 34 cent increase from two weeks ago and 12 cents higher than a year ago. The number of ads nationally, 3,460 ads, decreased 14% from the previous report. The NASS Dairy Products Report noted January 2014 butter production in the Central region totaled 71.2 million pounds, 19.6% higher than December, but 6.5% lower than a year ago. The Central region made 39% of U.S butter production in January. U.S. butter production totaled 182.4 million pounds during January 2014, up 12.9% from a month ago, but down 3.0% from January 2013. Current bulk butter prices range from market to 6 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 $1.88, up 10 cents from the previous Wednesday close. This marks the first week that butter sold on the CME must not have been produced or stored prior to December 1, 2013. The CME Group monthly average price for February 2014 for Grade AA butter was $1.8047, compared to a year ago price of $1.5713. Cooperatives Working Together (CWT) assisted on 3.142 million pounds of 82% butter for export this week, which will be delivered in March through June 2014.

WEST

Western butter prices are steady with a firm undertone. Prices tied to the CME Group weekly average price were higher. Butter production is increasing due to improved farm milk volumes. Domestic retail sales are steady. Export demand is good as prices are competitive with international prices. The Cooperatives Working Together program accepted requests for assistance with sales of 3.1 million pounds of butter this week for delivery in March through June 2014. Butter stocks are building slowly, but are often described as tighter than usual. According to the National Dairy Retail Report, U.S. butter showed a weighted average price of $2.91 per pound compared to $2.57 two weeks ago and $2.79 a year ago. The number of butter ads was down 14% compared to two weeks ago. The weighted average price for butter in the Northwest was $3.01 and $2.87 in the Southwest.

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NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING March 1, 2014	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
	1.8092	2.2303	2.2069	0.6425	2.0855
	3,947,808	9,521,750	8,863,699	6,669,670	19,260,147

Further data and revisions may be found on the internet at: http://www.ams.usda.gov/AMSv1.0/DairyProductMandatoryReporting

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According to the NASS *Dairy Products* report, January butter production for the U.S. totals 182.4 million pounds, down 3.0% (5.7 million pounds) from January 2013. January 2014 production was 12.9% higher (20.8 million pounds) than December of 2013. January output in the Western region totals 90.7 million pounds, down 0.3% or January output in the Western region totals 90.7 million pounds, down 0.3% or 200,000 pounds less than January 2013. The West produced 50% of the butter in the U.S. in January. Butter prices at the CME Group are unchanged through midweek. On Wednesday, the market closed at $1.8800 with sales of 10 loads. 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. The CME Group average price for February 2014 for butter was $1.8047 compared to $1.5713 for February 2013.

CHEESE MARKETS

NORTHEAST

Production continues at a steady to higher rate with available milk supplies. Process cheese volumes are increasing at some plants for the upcoming holiday. Inventories overall in the region are steady to improving but the levels of increases are marginal at some plants due to holiday cheese orders. Demand for domestic cheese is mixed. The weekly average cheese prices, on the CME Group, saw increases for both blocks and barrels last week. Northeast wholesale prices for 40# block and muenster increased by $0.0800, while prices for process 5# sliced increased by $0.0900. Swiss cheese prices remained unchanged. Export interests are active with support being provided. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell .783 million pounds of cheese. The product will be delivered March through June 2014. According to the *National Dairy Retail Report*, the weighted average price for 8 oz. cheese blocks in the Northeast was $2.36, 8 cents less than national weighted average price and 11 cents less than two weeks ago for the region. The weighted average price for 8 oz. shredded cheese in the Northeast was $2.55, 21 cents above the national weighted average price and 3 cents less than the previous price report for the region.
DAIRY PRODUCTS: According to *NASS*, U.S. total cheese production in January 2014 totaled 950.8 million pounds, 1.6% more than January 2013. In January, total cheese production in Atlantic region was 115.5 million pounds, 1.8% less than the same month last year. Total cheese production for New York in January was 61.1 million pounds, 1.1% less than one year ago, while Pennsylvania produced 36.2 million pounds in January, 1.4% less than one year ago. Vermont produced 10.5 million pounds in January, 1.0% more than last year.

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

Cheddar 40# Block	: 2.6000-2.8850
Process 5# Sliced	: 2.4125-2.8925
Muenster	: 2.6200-2.9800
Grade A Swiss Cuts 10 - 14#	: 3.5375-3.8600

MIDWEST

Some Wisconsin cheese plants are now running at capacity to meet demand and report being sold out. Producers opting to maintain steady production are generally drawing down inventory levels to meet demand. Orders have remained strong, even after markets saw prices strengthen. CME prices this week through Wednesday have increased, to $2.2425 for barrels and $2.2375 for blocks. Orders received in the Midwest include those from regular customers, as well as orders to meet cheddar demand not being met by some Western cheese producers facing reduced milk availability. Among regular buyers, there has been a noticeable increase in demand for hard Italian cheeses. Plants manufacturing mozzarella and provolone report stronger interest in mozzarella. Reports of cheese plants buying surplus milk on spot markets are not widespread, but sales are reported to be occurring at up to $1.50 over Class. Most cheese manufacturers expect milk supplies to continue to increase in coming weeks. The *National Dairy Retail Report* (DMN) found that Midwest ads for 8 ounce shredded cheese have a weighted average advertised price of $2.02, 32 cents lower than the national average. For 8 ounce blocks in the Midwest, the average price is $2.05, 39 cents lower than the national average. National ad numbers for all cheese categories this period decreased by 4% from two weeks ago. *Dairy Products* (NASS) reports that January 2014 total U.S. cheese production, 951 million pounds, is 1.6% above January 2013 but 1.9% below December 2013. Italian type cheese production totaled 418 million pounds, 4.6% above January 2013 but 1.2% below December 2013. American type cheese production totaled 380 million pounds, 1.1% above January 2013 and 0.7% above December 2013.

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

Process American 5# Loaf	: 2.2900-2.6500
Brick And/Or Muenster 5#	: 2.5800-3.0050
Cheddar 40# Block	: 2.2850-2.7025
Monterey Jack 10#	: 2.5550-2.7600
Blue 5#	: 2.8475-3.8350
Mozzarella 5 - 6# (Low Moisture, Part Skim)	: 2.4250-3.3200
Grade A Swiss Cuts 6 - 9#	: 3.0550-3.1725

WEST

Wholesale cheese prices in the West are higher. The market undertone is mixed as cheese prices look to establish a comfortable range for both buyers and sellers. Cheese production is steady to improving as increased milk supplies appear. Retail demand is good with buyers looking to fill contracted needs and often waiting for price breaks to make additional purchases. Export demand is mixed as the higher prices are close to international pricing. Cheese stocks are tight to adequate to fill contract needs, but are tighter for spot sales. Advertised U.S. cheese prices as reported in the *National Dairy Retail Report* showed prices for packages of 8 oz. blocks ($2.44 +.12), 1 lb. blocks ($4.03 +.35), and 1 lb. shred ($4.44 +.53) were higher. The 2 lb. block ($5.99 -.78) and 8 oz. shred ($2.34 -.06) packages were lower from two weeks ago. Combined cheese advertising was down 4% from two weeks ago. According to the NASS *Dairy Products* report, total cheese production in the U.S. in January reached 950.8 million pounds, up 1.6% (15.1 million pounds) from January 2013. January total cheese production in the Western region was 412.5 million pounds, up 4.5% (17.7 million pounds) from January 2013. The West produced 43% of all the cheese in the U.S. in January. Swiss output for the U.S. in January is 25.5 million pounds, down 0.4% from last January's production. Cheese prices at the CME Group on Wednesday closed higher. Barrels closed sharply higher after two days of lower prices. Barrels closed Wednesday at $2.2425, up $.1150. Blocks closed up $.0100 at $2.2375. Sales through midweek are light, with three loads of barrels sold and no blocks sold. The CME Group monthly average price for February 2014 for barrels is $2.1757 compared to February 2013 at $1.5880. Blocks averaged $2.1945 for February 2014 compared to $1.6420 for the previous year.

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CHEESE MARKETS

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West Cheese

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

Process 5# Loaf	: 2.3200-2.5775
Cheddar 40# Block	: 2.3225-2.6750
Cheddar 10# Cuts	: 2.5025-2.7225
Monterey Jack 10#	: 2.5125-2.6725
Grade A Swiss Cuts 6 - 9#	: 3.1150-3.5450

FOREIGN

Milk production in Europe is strong and has benefitted from a very mild winter. The increases in milk production are adding to milk volumes going to cheese vats and supplies are expanding. The US dollar has gained strength recently, when compared to the Euro and may give importers some advantage in their future purchases. Winter storms in the Northeast continue to contribute to shipping delays of imported cheeses. Domestic, foreign type cheese prices increased 8 cents, reflecting the gains made on the CME Group weekly average block price. Imported and Swiss cheese prices were unchanged. Recently, the U.S. Department of Agriculture's Foreign Agricultural Service (FAS) announced that it is seeking comments on the Dairy Tariff-Rate Import Quota (TRQ) Licensing Program. For dairy products subject to TRQs, an import license from FAS is generally required to bring in items at the low-tier tariff rate. Individuals must apply annually for a license from Sept. 1 to Oct. 15. Most of the basic features of the program regulations have not changed significantly since 1996. The program administrators request comments on all aspects of the program, such as ways to take advantage of new technologies and assure fair and competitive access to program benefits. Comments on the program must be received on or before March 7.

DAIRY PRODUCTS: According to NASS, domestic parmesan production during January totaled 24.2 million pounds, 19.4% less than a year ago. Provolone production during January totaled 31.0 million pounds, 12.1% more than a year ago. Romano production during January totaled 3.3 million pounds, 10.6% less than a year ago. Swiss production during January totaled 25.5 million pounds, 0.4% less than a year ago.

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

	NEW YORK	
VARIETY	IMPORTED	DOMESTIC
Blue	2.6400-5.2200	2.7400-4.2275*
Gorgonzola	3.6900-6.9700	3.2425-3.6550*
Parmesan (Italy)	-0-	4.1300-6.2200*
Provolone (Italy)	-0-	2.7825-2.9400*
Romano (Cows Milk)	-0-	3.9300-6.0800*
Sardo Romano (Argentine)	2.8500-3.6900	-0-
Reggianito (Argentine)	3.2900-4.5600	-0-
Jarlsberg-(Brand)	2.9500-5.6300	-0-
Swiss Cuts Switzerland	-0-	3.6350-3.9575
Swiss Cuts Finnish	2.6700-2.9300	-0-

* = Price change.

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

	BUTTER	CHEESE
03/03/14	15,220	90,665
03/01/14	14,756	90,985
CHANGE	464	-320
% CHANGE	3	-0

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	140	0	70	0	70
SOUTHEAST STATES	0	0	0	0	0	0

Milk production continues to increase in the Northeast and Mid-Atlantic regions. As bottling sales decline, loads are increasingly going to manufacturers in the region. Some manufacturers have increased Class III and Class IV production while expanding inventories as a result of the increased milk supplies. Manufacturing milk supplies in the Southeast are heavy resulting from increased milk production and sluggish Class I demand. Florida milk production is higher as warm weather and mild rain induces good cow comfort levels. Some producers are adding cows to their herds. This week the Class I sales were stronger. Strong surplus milk supplies saw 140 loads exported from Florida this week. Cream supplies are reported as tightening. Demand for cream has increased as numerous manufacturers increase production of Class II and Class III ahead of Easter and Passover. The unusual winter weather in the region has hampered anticipated ice cream and ice cream sales. Spot sales have seen increases in the upper end of the multiples range. The CME Group butter price closed Wednesday at $1.8800, unchanged from the previous session. **Cream multiples for all** classes ranged 1.15-1.30. Condensed skim supplies are steady. Yogurt production is active along with some increases in ice cream manufacturing. Condensed skim spot sales are limited with most activity resulting from contract transaction.
DAIRY PRODUCTS: According to NASS, hard ice cream production in the Atlantic region for January 2014 totaled 10.3 million gallons, 16.1% less than January 2013. U.S. yogurt production (plain and flavored) for January totaled 395.3 million pounds, up 0.1% from January 2013.

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 -	2.0780-2.3491
F.O.B. producing plants: Upper Midwest -	2.1865-2.3130

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 -	1.86-1.89

MIDWEST

Milk production rates are improving. Many producers are interested in learning the effects of the new Farm Bill and how it may impact the way they do business for the upcoming year. Milk supply availability is mixed as some buyers are seeing extra loads available, while loads are tight in other areas. The milk spot load prices reflect the availability with some marginal premiums around $1.50 over Class with a few buyers finding local discounts due to milk processing plant logistical issues. Bottling orders were steady as some extra milk supplies moved from Class I to other Classes. Class II demand is improving with St. Patrick's Day promotions increasing soft serve sales. Condensed skim interest is increasing with supplies moving readily. Class II manufacturers are beginning to ramp up production for Easter demand. **Class II cream multiples remained from 1.21 to 1.28.** Cream supplies are robust, leaving many butter churn operators filled on stocks with a few ice cream makers taking supplies as well. Many Class III manufacturers are mostly sticking to committed contracted milk loads with a few hand-to-mouth spot load purchases. The DMN February monthly average of the range price series for Upper Midwest Class II cream was $2.2562, compared to last February's price of $1.8512. The weekly *Cow Slaughter under Federal Inspection Report* shows U.S. dairy cow slaughter for the week ending on February 15, 2014 at 57,800 head, 7,800 head or 11.9% lower than the comparable week a year ago.

WEST

Milk processors report overall CALIFORNIA farm milk production is steady. While there were pockets of decreased milk production in areas inundated by the recent rains, other locations maintained the established week over week increase. Sales into bottling accounts are unchanged to lower. Account managers relate that bottled milk continues to face strong challenges from other California-related products, including drinks formulated from drupes and citrus fruits. Frozen dessert and ice cream accounts took more cream loads this week. Various ice cream manufacturers report they are starting their seasonal ramp up on production of variety bulk flavors as well as individual serving lines. Last week's rain brought some short term relief in terms of row crop water needs, but the drought remains in place throughout much of California. The latest U.S. Drought Monitor map from the National Drought Mitigation Center shows all parts of California experiencing drought. From last week to this week, the percent of California rated D4 (Exceptional Drought) declined from 26% to 22%. The February 4a price (butter/powder) in CALIFORNIA is $23.08, up $0.95 from January 2014 and $5.07 higher than last year. This compares to the Federal Order Class IV price for February $23.46. The February 4b price (cheese) is $21.14, $0.83 higher than last month, and $5.73 higher than last year. This compares to the Federal Order Class III price for February at $23.35. NEW MEXICO farm milk production is steady to higher with comfortable daytime temperatures and low humidity aiding cow comfort. Milk handlers report orders from bottling facilities are mostly lower for the week, but Class II picked up some of those loads. A few plants in New Mexico continue to take in surplus milk loads from out-of-state to ease manufacturing loads in those areas. ARIZONA milk production continues to trend higher. Milk haulers report drivers' schedules are tight and there is some concern about meeting required maximum on-farm milk holding times. Fluid demand is seasonally light. Grocers are actively running ads for fruit-based teas and drinks, and protein waters. Western CREAM multiples adjusted lower, with the full range being 1.00 – 1.22, depending on Class usage and basing points. Cream sellers report demand from ice cream and frozen dessert manufacturers stepped higher with the beginning of the new month. Churns are operating close to capacity in some locations. Cream loads are moving in all directions in the West as sellers maximize the use of drivers and vehicles. At the CME Group, Grade AA butter closed on Wednesday at $1.88, ten cents higher than one week ago.

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FLUID MILK AND CREAM

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Milk production in the PACIFIC NORTHWEST is increasing following seasonally expected patterns. No problems are being reported with handling of milk. Warm weather in the region is credited with some of the production increases. Rains along coastal areas and inland are welcomed for the upcoming growing season. Increased snowpack in the upper elevations will aid irrigation supplies. Favorable milk prices and lower feed costs are helping to keep cows in the milking herd longer to aid in the production increases. UTAH and IDAHO milk supplies are improving slowly with mild temperatures, but remain near year ago levels. Production is being hampered by lower dairy cow numbers in Idaho. Recent increases in pay prices to dairies in the region are hoped to help in rebuilding cow numbers. Ag lenders are hesitant to offer loans unless dairies are in a good financial position. Manufacturing demand is strong for available milk supplies with some milk coming from out of the region. According to the NASS *Agricultural Prices* report, February mid-month U.S. prices for baled alfalfa hay were $188/ton, $30/ton less than last year. Prices for selected Western states and the change from last year are as follows: Arizona $205, up $5; California $225, +13; Colorado $230, -$15; Idaho $200, unchanged; Nevada $213, +$8; New Mexico $245, -$15; Oregon $210, -$10; Utah $180, -$4 and Washington $185, -$45.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: LOW/MEDIUM HEAT nonfat dry milk prices moved higher based on index pricing, having a two tier price market between index and F.O.B spot sales. The resellers are managing inventories, sometimes taking a loss as most reseller loads are falling around the bottom of the mostly. The market tone is mixed as many buyers continue to purchase in a "hand-to-mouth" manner until they get a better feel for the market. Additional milk supplies are hitting the dryers making production rates steady to higher for many low/medium heat NDM manufacturers, while a few are reducing production levels in the favor of higher margin products such as milk protein concentrate. Domestic demand is steady for a relatively quiet week. International interest is improving. Stocks of low/medium heat NDM are mixed with some manufacturers growing inventories while others are in sold-out positions. Prices for high heat NDM increased based on various indices. The market tone is steady to firm as few supplies are available in the spot market. High heat manufacturers are focused on fulfilling contract commitments. Domestic demand is steady. The DMN February monthly average of the range price series for Central and East low/medium heat NDM was $2.1018, compared to last February's price of $1.5590. The average of the mostly price series for February 2014 was $2.0914, compared to $1.5505 a year ago. The February monthly average of the range price series for Central and East high heat was $2.1576, compared to $1.6488 in February 2013. The NASS *Dairy Products Report* noted January 2014 NDM human food production in the Central region totaled 22.4 million pounds, 12.7% higher than December, but 15.1% lower than a year ago. Total U.S. NDM human food production for January was 139.5 million pounds, up 11.1% from a month ago, but down 2.3% from January 2013. The Central region made 16% of the total production. Total U.S. NDM human food month ending stocks for January was 149.2 million pounds, 12.2% higher than December, but 24.7% lower than a year ago. January 2014 U.S. skim milk powder (SMP) production totaled 58.8 million pounds, up 1.1% from a month ago and up 22.6% from January 2013. At the CME Group, Grade A NDM closed unchanged Wednesday at $2.0275, 0.25 cents lower than last Wednesday. The CME Group monthly average price for February 2014 for Grade A NDM was $2.0329, compared to $1.5101 a year ago.

EAST: Nonfat dry milk prices in the East are higher across both the range and the mostly series. Production of nonfat dry milk is steady. Brokers/traders are receiving a lot of offers in the region and finding it harder to move loads. Some are reportedly content with having 4 to 6 weeks of inventory on the floor, as market uncertainty continues. Export demand remains active. Some manufacturers' primary focus is moving nonfat dry milk volumes through the export market. High heat nonfat dry milk prices moved higher. The market tone is steady to firm.

DAIRY PRODUCTS: According to *NASS*, U.S. total production of human food nonfat dry milk during January 2014 totaled 139.5 million pounds, 2.3% lower than one year ago. January 2014 U.S. production of skim milk powder, which include protein standardized and blended product, totaled 58.8 million pounds, 22.6% higher than one year ago. Atlantic Dairy Products - Nonfat dry milk (human) production for January in the Atlantic region totaled 19.5 million pounds, 6.1% more than one year ago.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	2.0500 - 2.1700	MOSTLY:	2.0600 - 2.1500
HIGH HEAT:			2.1600 - 2.2200

NONFAT DRY MILK - WEST

West low/medium heat nonfat dry milk prices are steady to higher on a firm market. Buyer demand is active for immediate needs, but interest in contracting for upcoming quarterly needs is light. Participants in the nonfat dry milk market expect some type of price adjustment in the near term, based on currently NDM production rates, but producers have yet to signal a willingness to offer contract prices with market adjusters or discounts to the market. Nonfat dry milk production is nearing capacity at several locations in the West. Condensed skim volumes clearing into SMP are lower as many operators are focusing on low/ medium heat NDM production as the most efficient end products for clearing intakes. Low/medium heat nonfat dry milk inventories are building. A portion of Western manufacturers note in-house storage is at capacity. High heat nonfat dry milk prices moved higher based on variable indices. According to NASS, NDM production in the West region totaled 97.6 million pounds during January 2014, 0.4% less than one year ago. This production is 70% of total January monthly production in the U.S. California produced 54.9 million pounds of NDM during January, 39% of total U.S. production. The February 2014 Dairy Market News average of the mostly price series for West low/ medium heat nonfat dry milk was $2.0725 compared to $2.0693 one month ago and $1.5175 one year ago. The February 2014 average price for West high heat nonfat dry milk was 2.1232 compared to $2.0874 one month ago and $1.6303 one year ago.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of human food NONFAT DRY MILK during January 2014 totaled 139.5 million pounds, down 2.3% from one year ago. Month ending stocks, at 149.2 million pounds, are 24.7% lower than one year ago. January 2014 production of SKIM MILK POWDERS, which includes protein standardized and blended product, totaled 58.8 million pounds, 22.6% higher than production of one year ago.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT:	2.0300 - 2.1350	MOSTLY:	2.0500 - 2.1050
HIGH HEAT:			2.1425 - 2.1950

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Prices for dry buttermilk moved lower behind increased F.O.B spot activity. The market tone is steady to lower as buyers are seeing more supplies in the spot market. Buttermilk manufacturers' production rates are mixed. Some manufacturers are drying less due to dryer priorities going to higher profit products and/or buyers' increased interest in condense form, while others are growing inventories. Domestic and international demand is steady. Inventories are at moderate levels for most, with a few manufacturers in sold-out positions. The DMN February monthly average of the range price series for Central and East dry buttermilk was $1.9338, compared to $1.4237 a year ago. The NASS *Dairy Products Report* noted January 2014 U.S dry buttermilk production totaled 11.4 million pounds, 3.6% higher than December, but 18.4% lower than a year ago. Total U.S. month ending stocks for January was 13.2 million pounds, 0.2% lower than a month ago and 39.4% lower than January 2013.

EAST: Dry buttermilk prices moved lower at the bottom of the range this week in light trading. Production is marginally higher, prompted by active export and improving seasonal domestic demand. Condensed buttermilk is being sold to ice cream manufacturers, limiting the volumes going to dryers. Dry buttermilk supplies are mostly moving through contracts with very few spot sales.

CONTINUED ON PAGE 5A

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.

CONTINUED FROM PAGE 5

DAIRY PRODUCTS: According to *NASS,* total U.S. production of dry buttermilk during January 2014 totaled 11.4 million pounds, 3.0% more than one month ago and 18.4% less than a year ago. Month ending stocks of dry buttermilk was at 13.2 million pounds, 0.2% lower than one month ago and 39.4% less than one year ago.

F.O.B. CENTRAL/EAST: 1.8300 - 2.0100

DRY BUTTERMILK - WEST

Dry buttermilk prices in the West are unchanged to higher on a firm market. Prices reflect F.O.B. spot sales, sales based on variable indices, and new monthly fixed contract prices. Manufacturers report inventories are tight. Interest is steady from contract and F.O.B. spot buyers, but spot load offers are limited. Dry buttermilk production is currently light to moderate, with some plants clearing fluid and condensed buttermilk to their dairy producers as a feed input. Dry buttermilk inventories are steady to lower as contract fulfillment is ongoing, but current contributions to inventories are intermittent. The February 2014 Dairy Market News average of the mostly price series for West dry buttermilk was $1.9367 compared to $1.8919 one month ago and $1.4266 one year ago.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows dry buttermilk production in the U.S. for January 2014 totals 11.4 million pounds, up 3.6% from one month ago, but down 18.4% from last year. Stocks at the end of January stand at 13.2 million pounds, a 0.2% decrease from one month ago, and a 39.4% decrease from one year ago.

F.O.B. WEST: 1.9100 - 1.9750 MOSTLY: 1.9300 - 1.9600

DRY WHOLE MILK - NATIONAL

Prices for dry whole milk are unchanged to higher on a steady to firm market. Although there have been some decreases in international dry whole milk prices, U.S. dry whole milk prices have a firm undertone supported by increasing butterfat and nonfat dry milk pricing. Domestic manufacturers indicate demand for whole milk powder is on the rise from North American and Southeast Asian buyers. Dry whole milk production schedules are intermittent and depend on milk intake volumes needing timely processing. The February 2014 Dairy Market News average of the price series for dry whole milk was $2.1367, compared to $2.1132 one month ago. The average price one year ago was $1.7215.

DAIRY PRODUCTS: NASS's Dairy Products report shows U.S. dry whole milk production during January 2014 totaled 5.7 million pounds, 13.2% higher than one month about and 22.9% higher than one year ago. Month ending stocks, at 6.8 million pounds, are 7.9% lower than one month ago, but 2.3% higher than one year ago.

F.O.B. PRODUCING PLANT: 2.1300 - 2.2500

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES
February 28	$2.0268	7,781,712
February 21	$2.0429	6,505,028

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

WHEY, WPC 34%, LACTOSE & CASEIN

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

DRY WHEY - CENTRAL

DRY WHEY prices moved higher with improved F.O.B spot sales activity. The market tone is firm as buyers are having difficulty securing product with current tight supplies. Dry whey manufacturers' production levels were steady to higher this week as a result of increased cheese output. Some dry whey production rates have been reduced due to shifting to higher profit whey products such as whey protein concentrates and whey protein isolates. Domestic demand is strong as sellers in the F.O.B. and resell markets are readily moving supplies on hand. International interest is steady with good export sales. Inventories of dry whey are limited. Prices for ANIMAL FEED WHEY increased. The market tone is firm with limited supplies available. Domestic demand is steady. The DMN February monthly average of the range price series for Central dry whey was $0.6193, compared to $0.6137 a year ago. The average of the mostly price series for February 2014 was $0.6040, compared to $0.5993 in February 2013. The February monthly average of the range price series for Central animal feed whey was $0.5101, compared to $0.5280 a year ago. The NASS *Dairy Products* report noted January 2014 dry whey human grade production in the Central region totaled 32.8 million pounds, 6.6% lower than December and 22.8% lower than a year ago. Total U.S dry whey human grade production for January was 69.0 million pounds, down 14.7% from a month ago and down 20.0% from January 2013. The Central region made 48% of the total production. Total U.S. dry whey human grade, month ending stocks for January was 54.9 million pounds, 11.3% lower than December and 7.7% lower than a year ago.

F.O.B. CENTRAL: .6050 - .6750 MOSTLY: .6050 - .6250
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4600 - .5925

DRY WHEY - NORTHEAST

Prices for dry whey moved higher with the inclusion of various spot and index pricing. Production is from steady to slightly increasing due to the uptick in seasonal cheese production, as milk supplies are readily available. Trading is light, with most orders being fulfilled through contracts. Dry whey inventories are limited. Domestic demand is increasing as baking manufacturers gear up for Easter holiday season. Export demand remains steady. The market is mixed as buyers and sellers adjust to the market uncertainties.
DAIRY PRODUCTS: According to NASS, total U.S. production of human food dry whey in January 2014 totaled 69.0 million pounds, 20.0% lower than last year. In the Atlantic region, January 2014 production of human food dry whey totaled 21.4 million pounds, 2.4% more than last year. January U.S. month ending stocks of human food dry whey totaled 54.9 million pounds, 7.7% less than last year.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6400 - .6825

DRY WHEY - WEST

Western dry whey prices are fractionally higher. The firm market undertone is being reinforced by tighter inventories of whey in the West. Dry whey production in the West saw significant declines in January. Although cheese production in the West for January was up 4.5% compared to last year, dry whey production was down 35.3% from a year ago. Whey stream products were directed towards WPC production versus dry whey manufacturing. Demand for whey for both export and domestic use is reported to be good. Higher prices are said to be worrisome, but buyers are still active in securing holdings. According to the NASS *Dairy Products* report, edible U.S. whey production in January 2014 totals 69.0 million pounds, down 20.0% (17.3 million pounds) from January 2013. The Western region produced 14.8 million pounds of human food dry whey in January, down 35.3% (8.1 million pounds) from a year ago. The West produced 21% of the human food dry whey in the U.S. in January. U.S. manufacturers' stocks at the end of January for total dry whey are 55.6 million pounds, down 13.2% (8.4 million pounds) from a year ago. The February 2014 Dairy Market News monthly average price for the Western dry whey range was $0.6242 compared to $0.5894 for February 2013; the Western dry whey mostly series averaged $.6201 compared to $.5747 a year ago.

NONHYGROSCOPIC: .6100 - .6575 MOSTLY: .6100 - .6525

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices for whey protein concentrate 34% are lower and higher on the range, and steady to higher on the mostly price series. The market tone is mixed. Demand is active for established brands with steady customers, while other brands are working through the process of building recognition and acceptance. F.O.B. spot load availability is light to moderate, with a few more loads of various brands clearing through the marketplace this week compared to last week. WPC 34% production is steady to increasing. Several WPC 34% producers report cheese orders are climbing and they are once again actively pushing milk through their systems. However, there is a time lag in filling WPC 34% contracts at some facilities due to the earlier decrease in cheese/WPC 34% production. Manufacturers' inventories are light to moderate, with contract fulfillment the main goal for many manufacturers. The February 2014 Dairy Market News average of the mostly price series for whey protein concentrate 34% Central and West was $1.7799 compared to $1.7663 one month ago and $1.2472 in February 2013.
DAIRY PRODUCTS: The NASS *Dairy Products* report shows U.S. production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during January 2014 totaled 26.5 million pounds, 1.9% lower than one month ago, but 46.2% higher than one year ago. Manufacturers' end-of-month stocks totaled 21.9 million pounds, 0.5% higher than one month ago, but 18.1% lower than one year ago.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.5900-1.9675 MOSTLY: 1.6900-1.8475

LACTOSE - CENTRAL AND WEST

Lactose prices are unchanged to lower on the range, and unchanged on the mostly price series. The market is primarily steady, but has a mixed undertone due to some increased availability of higher mesh size F.O.B. spot loads and a few lower priced unground – 100 mesh spot loads clearing this week. Also, trade sources indicate some F.O.B. spot loads of unground lactose have stayed in the marketplace for an extended period without clearing.

CONTINUED ON PAGE 6A

WHEY, WPC 34%, LACTOSE & CASEIN

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

CONTINUED FROM PAGE 6

Demand for lactose offerings is generally reflective of how loads meet required specifications for various end products as well as interested buyers knowing about available loads. Lactose production is generally higher as manufacturing milk availability is improving in the Central and West regions. Producers' lactose inventories vary, with several producers having very few loads to offer out. The February 2014 Dairy Market News average of the mostly price series for Central and West lactose was $0.5950, compared to $0.5952 one month ago. The average price one year ago was $0.7187. DAIRY PRODUCTS: NASS's *Dairy Products* report shows U.S. HUMAN and ANIMAL lactose production during January 2014 totaled 95.2 million pounds, a 3.6% increase from one month ago, and 7.4% higher than one year ago. Month ending stocks, at 101.3 million pounds, are 7.4% lower than one month ago, but 13.0% higher than one year ago.

Including spot sales and up to 3 month contracts.
F.O.B. EDIBLE, NON PHARMACEUTICAL .3800-.7200 MOSTLY: .5400-.6500

CASEIN - NATIONAL

Acid and rennet casein price series are holding mostly steady. Little activity is occurring outside of contracted sales for either casein type. Trade indications for Q2 are uneven. Some buyers are holding back on contracting volumes, concerned over the current high pricing points and not wanting to own and hold product at the peak. Others are looking for coverage to keep pace with expected needs. The pricing levels are generally steady to slightly higher on offerings in Q2. Eyes are on what European production levels will be in the coming months to supply U.S. trade needs.

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

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS

NOTICE: With the signing of the 2014 Farm Bill, the Dairy Product Price Support Program has been repealed. There will be no further data reported for the Program.

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
02/15/2014	57.8	411.6	65.6	452.9

WEBSITE: **http://www.ams.usda.gov/mnreports/sj_ls714.txt**
SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
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

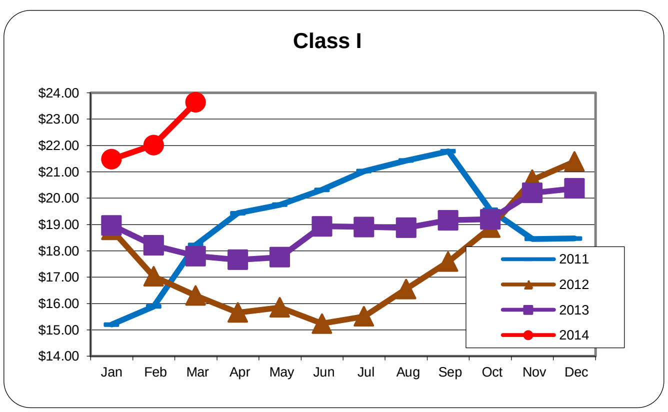
CLASS IV MILK PRCES (3.5%)

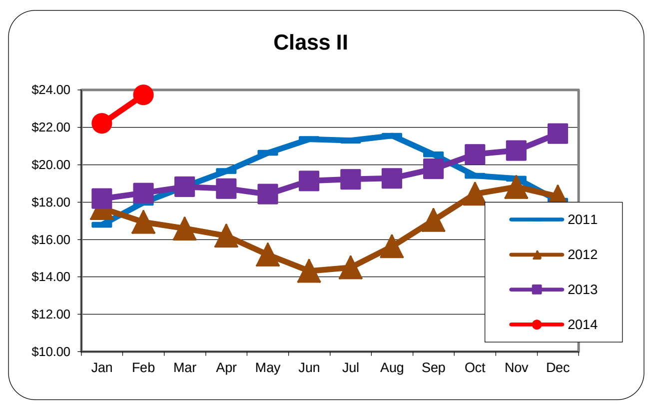
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03
2011	16.42	18.40	19.41	19.78	20.29	21.05	20.33	20.14	19.53	18.41	17.87	16.87
2012	16.56	15.92	15.35	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

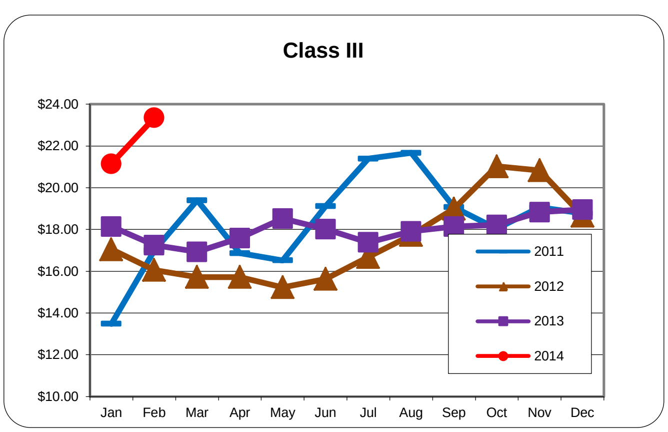
FEDERAL MILK ORDER CLASS PRICES FOR 2014 (3.5%)

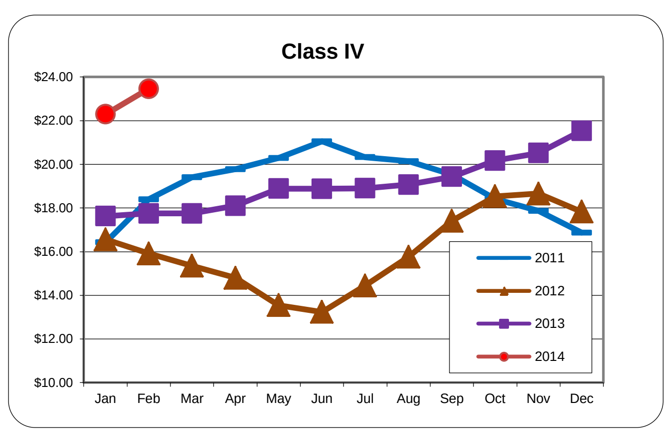
CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	21.48	22.02	23.64									
II	22.21	23.73										
III	21.15	23.35										
IV	22.29	23.46										

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









ORGANIC DAIRY MARKET NEWS

Information gathered February 24 – March 7, 2014

ORGANIC DAIRY FLUID OVERVIEW

Organic News. An organic farming conference in LaCrosse, Wisconsin last week drew over 3,400 people. A number of people attending were seeking information to help decide whether to initiate the process to obtain organic certification.

Many prospective organic producers specifically cited the recently passed Farm Bill, which included funds to cover some of the costs of obtaining organic certification.

As related to the organic dairy sector, weighing whether to grow organic forages and crops versus beginning organic dairy production, or what commitment to both made sense for them, was a focus of people attending who were interested in organic dairy. Some were seeking evidence to present to ag lenders to establish strength going forward of relatively higher pay prices for organic milk. Another topic of interest was information about aggregate organic milk flows between regions, which is more anecdotally available than through published data.

Continuing dry weather in the West and Northwest has caused prices organic dairy producers in those areas typically pay for feed to increase. Unlike conventional milk pay prices, which can vary monthly, most organic producers independently contract over a longer term for the sale of organic milk, with contract prices generally not fluctuating much in recent years.

Organic dairy farmers from the Western U.S. have mobilized to address the cost squeeze they face due to significantly higher production costs. Feed costs alone rose 81% over the last three years compared to only nominal increases in what is received for their organic milk, according to an organization representing most Western U.S. organic dairy producers.

A representative of the organization states that member producers need a 25 cent per half gallon increase in the producers' share of consumer milk sales, which would more evenly distribute the impact of significantly higher feed costs and not leave the entire cost increase with producers, nor would it increase the cost to consumers. Organic dairy producers are grateful for the strong support provided by consumers through their purchase of organic dairy products, but producers need 35% of the consumer dollar to make a decent living and to continue managing their farms organically. Currently the majority of retailers return just 25% of the consumer dollar to western producers of organic milk according to the organization of organic producers.

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON

Organic Dairy Overview. Organic newspaper ad numbers this period increased slightly from two weeks ago, but are the second lowest level of 2014. Nevertheless, ad numbers exceed the same period in all other full years this data series has run, 2010 – 2013.

Organic milk ads are at the second highest percentage of total organic dairy ads for 2014, 70%. Organic milk ad volume is up 34% from two weeks ago. Volume exceeds the corresponding period of 2013 and 2012, but lags 2011 and 2010.

Organic yogurt constitutes 25% of organic dairy ads and organic butter 5%.

Advertising information presented is compiled from nearly 14,000 surveyed newspaper supermarket ads for the period February 24 to March 7, 2014, identifying weekly "specials" and containing organic dairy content. Surveyed ads reflect advertised "specials" and not the range of non-advertised supermarket cooler prices.

Complete results of this bi-weekly survey providing additional graphs, tables, and regional delineation, follow at the end of Dairy Market News, or can be accessed at: http://www.ams.usda.gov/AMSv1.0/DairyRetailReport

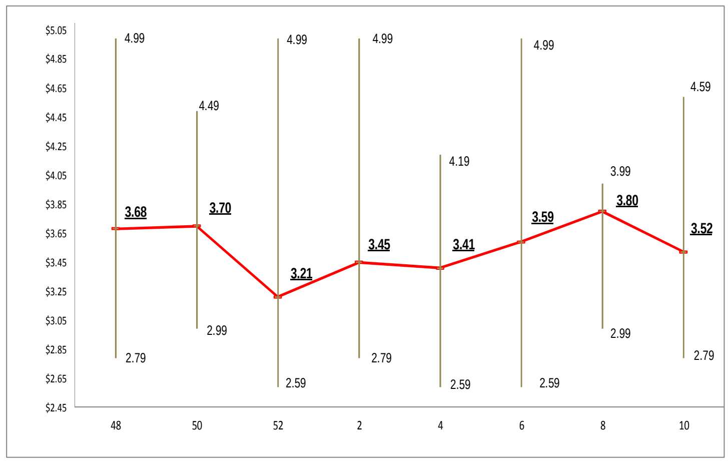
Regional Organic Dairy Ad Trends. Organic dairy ads appeared in all 6 regions. Regional ad numbers as a percentage of all organic dairy ads declined in the Northwest (-33%) and Northeast (-32%), but increased in the Midwest (+175%), South Central Region (+27%), Southwest (+12%), and Southeast (+9%).

Organic Milk Half Gallons. Organic milk half gallon ad volume is up from two weeks ago. Volume also exceeds ad numbers during the same period of each of the last four years.

The U.S. weighted average advertised price of organic milk half gallons is $3.52, down 28 cents from the last reported period. One year ago the national average price was $3.40.

The price range increased 60 cents at the top to $4.59, but decreased 20 cents at the bottom to $2.79. The highest advertised price, $4.59, is in the Southwest, where the lowest advertised price, $2.79, also appeared.

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



Organic-Conventional Milk Half Gallon Price Spread. Organic milk half-gallons' weighted average advertised price of $3.52 is down 28 cents from two weeks ago but up 12 cents from this period last year. This is the first report since the organic-conventional milk price spread series began almost two years ago, when there have been no ads for conventional half gallons of milk. Last year at this time the price spread was $1.63.

Organic Milk Gallons. The national weighted average advertised price for organic gallons is $5.85, up 55 cents from the last reporting period. One year ago the weighted average advertised price was $5.99. Prices range from $5.00 in the Northwest, to $6.79 in the Southwest.

Organic Milk 8 Ounce. 8 ounce organic milk has a national weighted average advertised price of $0.88, down from $1.00 two weeks ago. One year ago the average price was $1.00. All ads have an $0.88 price.

Organic Yogurt. Organic yogurt ad numbers are at the lowest level of the year and lower than the same point of 2013 and 2012. More than twice as many ads appear for organic Greek 4-6 ounce yogurt as for 4-6 ounce organic yogurt. Ad numbers for each are below those two weeks ago.

CONTINUED ON PAGE 8-A

ORGANIC DAIRY MARKET NEWS

Information gathered February 24 – March 7, 2014

CONTINUED FROM PAGE 8

The national weighted average advertised price of 4-6 ounce organic Greek yogurt is $1.02, up 2 cents from two weeks ago. One year ago the weighted average advertised price was $1.13. Prices range from $0.99 to $1.25, with the lowest price in the Midwest and the highest in the Northeast.

4-6 ounce organic yogurt has an average price of $.50, down 8 cents from two weeks ago and down 21 cents from one year ago. All ads are priced $0.50 and all in the Northeast.

1# Organic Butter. All 1 pound organic butter ads ran in the Southeast, all priced $4.49. One year ago the weighted average advertised price was $4.68.

SUPERMARKET PRICE COMPARISON:

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

INFORMATION GATHERED 02/24/2014 - 03/07/2014

ORGANIC MILK, YOGURT, CHEESE, BUTTER PRICE RANGE
2014 REPORTING WEEK 10

	MADISON, WISCONSIN LOW (in Dollars)	HIGH	RANGE
FLUID MILK			
MILK - gallon			
Whole	5.09	6.99*	1.90*
Reduced fat (2%)	5.09	6.99*	1.90*
Low fat (1%)	5.09	6.99*	1.90*
Nonfat (Skim)	5.09	6.99*	1.90*
MILK - half gallon			
Whole	3.99*	4.99	1.00*
Reduced fat (2%)	3.99*	4.99	1.00*
Low fat (1%)	3.99*	4.99	1.00*
Nonfat (Skim)	3.99*	4.99	1.00*
FLAVMILK - half gallon			
All fat tests	3.99	5.69	1.70
YOGURT			
Yogurt - 4-6 oz			
Yogurt	0.49*	0.99*	0.50*
CHEESE			
Cheese - 8 oz block			
Mozzarella	4.10	5.99	1.89
Mild Cheddar	4.10	.39	1.29
Monterey Jack	3.29	5.39	2.10
Pepper Jack	3.49	5.99	2.50
Cheese - 6 oz string			
Mozzarella	3.99	5.09	1.10
Colby Jack	3.89	5.69	1.80

	LOW	HIGH	RANGE
BUTTER			
Butter - 1 Pound	4.99	6.39	1.40

*** = Price change from prior reporting period.**

ORGANIC GRAIN AND FEEDSTUFF MARKETS:

Prices for reported commodities have remained mostly steady when compared to previously reported prices. Market activity is still fairly slow with limited spot market trading being reported. Demand for feed grade organic corn and soybeans is moderate while food grade demand for both organic corn and soybeans is good. The supply of organic hay remains light. Another major storm early this week continued to cause trucking issues but as more Spring like weather moves in over the next few days those issues are expected to disappear.

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

MONTHLY SUMMARY AND AVERAGES FOR FEBRUARY 2014 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 6 FEB 03 - 07	REPORT NUMBER 7 FEB 10 - 14	REPORT NUMBER 8 FEB 17 - 21	REPORT NUMBER 9 FEB 24 - 28		2014 Average or Total	2013 Average or Total
CHEESE							
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	2.3975 - 2.7575	2.3925 - 2.7525	2.2025 - 2.5625	2.2000 - 2.5600		2.4832	2.1225
-- Brick And/Or Muenster 5#	2.7100 - 3.1350	2.6950 - 3.1200	2.4825 - 2.9075	2.5000 - 2.9250		2.8154	2.3178
-- Cheddar 40# Block	2.4150 - 2.8325	2.4000 - 2.8175	2.1875 - 2.6050	2.2050 - 2.6225		2.5166	2.4740
-- Monterey Jack 10#	2.6850 - 2.8900	2.6700 - 2.8750	2.4575 - 2.6625	2.4750 - 2.6800		2.6804	2.4590
-- Blue 5#	2.9775 - 3.9650	2.9625 - 3.9500	2.7500 - 3.7375	2.7675 - 3.7550		3.3641	2.7953
-- Mozzarella 5 - 6#	2.5550 - 3.4500	2.5400 - 3.4350	2.3275 - 3.2225	2.3450 - 3.2400		2.8954	2.4465
-- Grade A Swiss Cuts 6 - 9#	2.9850 - 3.1025	3.0550 - 3.1725	3.0550 - 3.1725	3.0550 - 3.1725		3.0953	3.1818
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 40# Block	2.7300 - 3.0150	2.7150 - 3.0000	2.5025 - 2.7875	2.5200 - 2.8050		2.7654	2.1928
-- Process 5# Sliced	2.5200 - 3.0000	2.5150 - 2.9950	2.3250 - 2.8050	2.3225 - 2.8025		2.6657	2.0375
-- Muenster	2.7500 - 3.1100	2.7350 - 3.0950	2.5225 - 2.8825	2.5400 - 2.9000		2.8229	2.2503
-- Grade A Swiss Cuts 10 - 14#	3.4675 - 3.7900	3.5375 - 3.8600	3.5375 - 3.8600	3.5375 - 3.8600		3.6803	3.7643
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	2.4275 - 2.6850	2.4225 - 2.6800	2.2325 - 2.4900	2.2300 - 2.4875		2.4619	1.8338
-- Cheddar 40# Block	2.4525 - 2.8050	2.4375 - 2.7900	2.2250 - 2.5775	2.2425 - 2.5950		2.5216	1.9465
-- Cheddar 10# Cuts	2.6325 - 2.8525	2.6175 - 2.8375	2.4050 - 2.6250	2.4225 - 2.6425		2.6354	2.0603
-- Monterey Jack 10#	2.6425 - 2.8025	2.6275 - 2.7875	2.4150 - 2.5750	2.4325 - 2.5925		2.6154	2.0403
-- Grade A Swiss Cuts 6 - 9#	3.0450 - 3.4750	3.1150 - 3.5450	3.1150 - 3.5450	3.1150 - 3.5450		3.3116	3.3955
FLUID PRODUCTS							
SPOT PRICES OF CLASS II CREAM ($ per lb. butterfat)							
-- Northeast - f.o.b	2.1207 - 2.3858	2.1459 - 2.3698	2.0286 - 2.1697	2.0427 - 2.2203		2.1900	1.7330
-- Upper Midwest - f.o.b	2.2154 - 2.4047	2.2019 - 2.3885	2.1344 - 2.2579	2.1493 - 2.2737		2.2562	1.8512
PRICES OF CONDENSED SKIM - NORTHEAST ($ per lb. wet solids) - f.o.b.							
-- Class II	2.07 - 2.10	2.07 - 2.10	2.07 - 2.10	2.12 - 2.15		2.0982	1.5855
-- Class III	1.62 - 1.65	1.86 - 1.89	1.86 - 1.89	1.86 - 1.89		1.8118	1.5663

MONTHLY SUMMARY AND AVERAGES FOR FEBRUARY 2014 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 6 FEB 03 - 07	REPORT NUMBER 7 FEB 10 - 14	REPORT NUMBER 8 FEB 17 - 21	REPORT NUMBER 9 FEB 24 - 28	2014 Average or Total	2013 Average or Total
DRY PRODUCTS						
NONFAT DRY MILK						
-- Central And East (f.o.b.)						
-- Low/Medium Heat	2.0500 - 2.1400	2.0500 - 2.1525	2.0500 - 2.1575	2.0500 - 2.1650	2.1018	1.5590
-- Mostly	2.0500 - 2.1150	2.0500 - 2.1325	2.0500 - 2.1400	2.0500 - 2.1450	2.0914	1.5505
-- High Heat	2.1350 - 2.2050	2.0900 - 2.2025	2.1000 - 2.2125	2.1000 - 2.2150	2.1576	1.6488
-- West (f.o.b)						
-- Low/Medium Heat	1.9500 - 2.1250	1.9975 - 2.1325	1.9800 - 2.1325	1.9800 - 2.1325	2.0536	1.5291
-- Mostly	2.0450 - 2.0950	2.0500 - 2.0950	2.0500 - 2.0950	2.0500 - 2.1000	2.0725	1.5175
-- High Heat	2.0300 - 2.1500	2.0800 - 2.1625	2.1000 - 2.1800	2.1000 - 2.1900	2.1232	1.6303
WHEY POWDER (Nonhygroscopic)						
-- Central (f.o.b.)	0.5550 - 0.6500	0.5825 - 0.6525	0.5900 - 0.6625	0.5975 - 0.6675	0.6193	0.6137
-- Mostly	0.5675 - 0.6075	0.5975 - 0.6175	0.6000 - 0.6225	0.6000 - 0.6225	0.6040	0.5993
-- West (f.o.b.)	0.5950 - 0.6400	0.5975 - 0.6425	0.6100 - 0.6450	0.6100 - 0.6550	0.6242	0.5894
-- Mostly	0.5950 - 0.6300	0.5975 - 0.6325	0.6100 - 0.6400	0.6100 - 0.6475	0.6201	0.5747
-- Northeast (f.o.b.)	0.6100 - 0.6600	0.6200 - 0.6700	0.6400 - 0.6750	0.6200 - 0.6800	0.6463	0.6180
WHEY PROTEIN CONCENTRATE						
-- Central And West (f.o.b.)						
-- Extra Grade 34% Protein	1.6200 - 1.9725	1.6100 - 2.0100	1.5500 - 1.9600	1.6000 - 1.9600	1.7869	1.2255
-- Mostly	1.7250 - 1.8450	1.7250 - 1.8450	1.7200 - 1.8450	1.6900 - 1.8450	1.7799	1.2472
ANIMAL FEED - WHEY						
-- Central (f.o.b.)						
-- Milk Replacer	0.4375 - 0.5650	0.4400 - 0.5700	0.4400 - 0.5875	0.4500 - 0.5925	0.5101	0.5280
BUTTERMILK (Min. 30% protein)						
-- Central And East (f.o.b.)	1.8800 - 2.0025	1.8500 - 2.0225	1.8500 - 2.0150	1.8400 - 2.0100	1.9338	1.4237
-- West (f.o.b.)	1.9000 - 1.9700	1.9000 - 1.9600	1.9000 - 1.9700	1.9000 - 1.9725	1.9340	1.4263
-- Mostly	1.9250 - 1.9400	1.9250 - 1.9350	1.9300 - 1.9500	1.9300 - 1.9600	1.9367	1.4266
WHOLE MILK POWDER						
-- National (f.o.b.)	2.0750 - 2.1500	2.0700 - 2.1500	2.1300 - 2.2000	2.1300 - 2.2000	2.1367	1.7215
LACTOSE						
-- Central And West (f.o.b.)	0.4100 - 0.7200	0.4100 - 0.7200	0.4100 - 0.7200	0.4100 - 0.7200	0.5650	0.6745
-- Mostly	0.5400 - 0.6500	0.5400 - 0.6500	0.5400 - 0.6500	0.5400 - 0.6500	0.5950	0.7187
CASEIN - Edible - National (f.o.b.)						
-- Nonrestricted - Rennet	4.9000 - 5.2000	4.9000 - 5.2000	4.9000 - 5.2000	4.9000 - 5.2000	5.0500	4.2474
-- Nonrestricted - Acid	5.0000 - 5.4000	5.0000 - 5.4000	5.0000 - 5.4000	5.0000 - 5.4000	5.2000	4.6724

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CME GROUP AVERAGES FOR FEBRUARY 2014

COMMODITY	REPORT NUMBER 6 FEB 3 - 7	REPORT NUMBER 7 FEB 10 - 14	REPORT NUMBER 8 FEB 18 - 21	REPORT NUMBER 9 FEB 24 - 28		2014 * Monthly Average	2013 * Monthly Average
BUTTER*							
-- GRADE AA							
--Monday	1.8900	1.7650	1/	1.8000			
--Tuesday	1.8900	1.7650	1.7700	1.7950			
--Wednesday	1.8800	1.7500	1.7700	1.7800			
--Thursday	1.8500	1.7700	1.7800	1.7800			
--Friday	1.8200	1.7700	1.7850	1.8800		1.8047	1.5713
--Weekly Average**	1.8660	1.7640	1.7763	1.8070			
CHEESE*							
-- BARRELS							
--Monday	2.3200	2.1500	1/	2.1750			
--Tuesday	2.3200	2.1800	2.0675	2.1775			
--Wednesday	2.3200	2.0625	2.0675	2.2000			
--Thursday	2.3000	2.0625	2.1100	2.2000			
--Friday	2.2050	2.0625	2.1575	2.2000		2.1757	1.5880
--Weekly Average**	2.2930	2.1035	2.1006	2.1905			
-- 40# BLOCKS							
--Monday	2.3600	2.1300	1/	2.1825			
--Tuesday	2.3600	2.1050	2.1075	2.1900			
--Wednesday	2.3250	2.1050	2.1075	2.2150			
--Thursday	2.3300	2.1050	2.1300	2.2200			
--Friday	2.2325	2.1050	2.1625	2.2225		2.1945	1.6420
--Weekly Average**	2.3215	2.1100	2.1269	2.2060			
NONFAT DRY MILK*							
-- *** EXTRA GRADE							
-- GRADE A							
--Monday	2.0400	2.0175	1/	2.0475			
--Tuesday	2.0000	2.0475	2.0300	2.0700			
--Wednesday	2.0000	2.0550	2.0425	2.0300			
--Thursday	2.0175	2.0200	2.0450	2.0400			
--Friday	2.0175	2.0200	2.0450	2.0400		2.0329	1.5101
--Weekly Average**	2.0150	2.0320	2.0406	2.0455			

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.
** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.
*** NOTICE: Effective January 26, 2014, the Extra Grade NDM no longer trades.
1/ Holiday/CME Group Closed – no cash dairy trading at CME Group

FEBRUARY AGRICULTURAL PRICES HIGHLIGHTS

The All Milk price received by farmers was $24.70 in February, up $1.20 from January 2014, and up $5.20 from February 2013. Alfalfa hay price was $188.00 in February, down $30.00 from February 2013. Corn price was $4.47 in February, down $2.57 from February 2013. Soybean price was $13.10 in February, down $1.50 from February 2013. The milk-feed price ratio was 2.55 in February, up 1.03 from February 2013.

The index of prices received by farmers for dairy products during the month of February 2014 was up 7 points to 106. Compared to February 2013, the index was down 3 points (-2.8 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in February 2014 was down 8 points to 99. Compared with February 2013, the index was down 7 points (-6.6 percent).

SELECTED MILK PRICES, MILK COWS, AND FEED PRICES, SELECTED STATES AND U.S., FEBRUARY 2014 WITH COMPARISONS

State	All-Milk price 1/ 2/				Alfalfa hay, baled		Corn for Grain		Soybeans	
	Dollars per cwt.				Dollars per ton		Dollars per bushel		Dollars per bushel	
	January		February		February		February		February	
	2013	2014	2013	2014 3/	2013	2014 3/	2013	2014 3/	2013	2014 3/
AZ	19.20	22.60	18.60	23.70	200.00	205.00	---	---	---	---
CA	17.90	22.42	18.01	23.30	212.00	225.00	---	---	---	---
CO	20.30	23.00	19.80	24.20	245.00	230.00	7.26	4.56	---	---
ID	19.20	22.60	18.50	24.60	200.00	200.00	---	---	---	---
IN	20.50	23.90	20.10	24.90	---	---	7.38	4.50	---	---
IA	20.80	23.90	20.00	25.00	240.00	180.00	7.01	4.50	14.60	13.00
MI	20.40	23.50	19.90	24.50	235.00	175.00	6.92	4.30	13.60	13.20
MN	20.70	23.80	20.00	25.00	255.00	190.00	6.88	4.50	14.40	12.80
NM	19.00	22.50	18.40	23.70	260.00	245.00	---	---	---	---
NY	21.00	24.30	20.70	25.60	208.00	190.00	---	---	---	---
OH	21.20	24.10	20.90	25.10	230.00	185.00	7.18	4.50	---	---
PA	21.40	24.90	21.10	26.10	209.00	199.00	7.36	4.49	---	---
TX	20.30	24.40	19.80	25.50	242.00	247.00	7.17	4.98	---	---
WA	20.50	24.10	19.80	25.70	230.00	185.00	---	---	---	---
WI	20.50	23.80	19.70	24.90	260.00	195.00	7.03	4.50	14.40	13.00
U.S.	19.90	23.50	19.50	24.70	218.00	188.00	7.04	4.47	14.60	13.10

1/ Prices are shown at reported butterfat test. 2/ Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. 3/ Preliminary. 4/ Withheld to avoid disclosing data for individual operations.

MILK-FEED PRICE RATIO, SELECTED STATES AND U.S., FEBRUARY 2014 WITH COMPARISONS

Milk-feed: pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk 1/			
State 2/	February 2013	January 2014	February 2014 3/
IA	1.51	2.45	2.63
MI	1.54	2.60	2.64
MN	1.49	2.44	2.58
OH	1.58	2.50	2.61
WI	1.44	2.43	2.53
U.S.	1.52	2.46	2.55

1/ The price of commercial prepared dairy feed is based on current United States prices received for corn, soybeans, and alfalfa. The modeled feed uses 51 percent corn, 8 percent soybeans, and 41 percent alfalfa hay. 2/ Available states that provided all necessary data to compute milk feed price ratios. 3/ Preliminary.

GENERAL PRICE MEASURES, U.S., FEBRUARY 2014 WITH COMPARISONS

Item	February 2013	January 2014	February 2014 1/
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for dairy products	109	99	106
Prices paid by farmers for commodities and services, interest taxes, and wage rates	106	107	99

1/ Preliminary.

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

ANNUAL MILK COWS AND MILK PRODUCTION, 2012 AND 2013

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	2012	2013	2012	2013	2012	2013	CHANGE FROM 2012
	1,000 HEAD		POUNDS		MILLION POUNDS		PERCENT
AL	10.0	9.0	13,200	13,333	132.0	120.0	-9.1
AK	0.4	0.3	14,250	10,667	5.7	3.2	-43.9
AZ	188.0	190.0	23,979	23,626	4,508.0	4,489.0	-0.4
AR	10.0	9.0	13,300	11,667	133.0	105.0	-21.1
CA	1782.0	1780.0	23,457	23,178	41,801.0	41,256.0	-1.3
CO	134.0	137.0	23,978	24,248	3,213.0	3,322.0	3.4
CT	18.0	18.0	19,889	20,611	358.0	371.0	3.6
DE	4.9	4.8	19,143	19,521	93.8	93.7	-0.1
FL	123.0	123.0	19,024	19,374	2,340.0	2,383.0	1.8
GA	80.0	80.0	19,125	19,500	1,530.0	1,560.0	2.0
HI	2.0	2.2	14,200	13,409	28.4	29.5	3.9
ID	580.0	573.0	23,376	23,440	13,558.0	13,431.0	-0.9
IL	98.0	97.0	19,541	19,371	1,915.0	1,879.0	-1.9
IN	175.0	176.0	21,406	21,761	3,746.0	3,830.0	2.2
IA	205.0	208.0	22,010	22,144	4,512.0	4,606.0	2.1
KS	126.0	134.0	21,683	21,881	2,732.0	2,932.0	7.3
KY	74.0	71.0	15,135	15,155	1,120.0	1,076.0	-3.9
LA	17.0	16.0	13,059	12,875	222.0	206.0	-7.2
ME	33.0	31.0	18,576	19,548	613.0	606.0	-1.1
MD	51.0	50.0	19,196	19,440	979.0	972.0	-0.7
MA	12.0	13.0	18,250	17,692	219.0	230.0	5.0
MI	375.0	380.0	23,976	24,116	8,991.0	9,164.0	1.9
MN	465.0	464.0	19,512	19,698	9,073.0	9,140.0	0.7
MS	14.0	14.0	14,214	13,214	199.0	185.0	-7.0
MO	94.0	92.0	14,957	14,663	1,406.0	1,349.0	-4.1
MT	14.0	14.0	21,357	21,286	299.0	298.0	-0.3
NE	56.0	54.0	21,179	21,574	1,186.0	1,165.0	-1.8
NV	29.0	29.0	22,966	22,207	666.0	644.0	-3.3
NH	14.0	13.0	19,643	20,846	275.0	271.0	-1.5
NJ	7.0	7.0	18,571	18,143	130.0	127.0	-2.3
NM	330.0	323.0	24,694	24,944	8,149.0	8,057.0	-1.1
NY	610.0	610.0	21,623	22,080	13,190.0	13,469.0	2.1
NC	46.0	46.0	20,435	20,326	940.0	935.0	-0.5
ND	18.0	18.0	19,278	19,000	347.0	342.0	-1.4
OH	270.0	270.0	19,833	20,178	5,355.0	5,448.0	1.7
OK	48.0	45.0	17,688	17,556	849.0	790.0	-6.9
OR	123.0	123.0	20,431	20,439	2,513.0	2,514.0	---
PA	536.0	533.0	19,549	19,822	10,478.0	10,565.0	0.8
RI	1.0	0.9	18,300	19,000	18.3	17.1	-6.6
SC	16.0	16.0	17,250	16,500	276.0	264.0	-4.3
SD	92.0	94.0	21,391	21,521	1,968.0	2,023.0	2.8
TN	50.0	48.0	16,100	15,979	805.0	767.0	-4.7
TX	436.0	437.0	22,009	21,984	9,596.0	9,610.0	0.1
UT	91.0	92.0	22,341	22,130	2,033.0	2,036.0	0.1
VT	133.0	134.0	19,316	19,448	2,569.0	2,606.0	1.4
VA	96.0	95.0	17,990	18,337	1,727.0	1,742.0	1.0
WA	262.0	266.0	23,794	23,820	6,234.0	6,336.0	1.6
WV	10.0	10.0	15,800	15,200	158.0	152.0	-3.8
WI	1270.0	1271.0	21,436	21,693	27,224.0	27,572.0	1.3
WY	6.0	6.0	20,650	21,367	123.9	128.2	3.5
U.S. 3/	9233.0	9221.0	21,720	21,822	200,537.0	201,218.0	0.3

1/ Average number during year, excluding heifers not yet fresh. 2/ Excludes milk sucked by calves.

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

JANUARY 2014 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 182 million pounds, 3.0 percent below January 2013 but 12.9 percent above December 2013. **AMERICAN TYPE CHEESE** production totaled 380 million pounds, 1.1 percent above January 2013 and 0.7 percent above December 2013. **TOTAL CHEESE** output (excluding cottage cheese) was 951 million pounds, 1.6 percent above January 2013 but 1.9 percent below December 2013. **NONFAT DRY MILK** production, for human food, totaled 139.5 million pounds, 2.3 percent below January 2013 but 11.1 percent above December 2013. **DRY WHEY** production, for human food, was 69.0 million pounds, 20.0 percent below January 2013 and 14.7 percent below December 2013. **ICE CREAM** (hard) production totaled 55.7 million gallons, 0.7 percent below January 2013 but 31.0 percent above December 2013.

PRODUCTION OF DAIRY PRODUCTS

PRODUCT	JAN 2014	PERCENT CHANGE FROM:		
	1,000 LBS.	JAN 2013	DEC 2013	YEAR TO DATE 1/
BUTTER	182,359	-3.0	12.9	-3.0
CHEESE				
AMERICAN TYPES [2/]	380,415	1.1	0.7	1.1
CHEDDAR	277,915	-1.0	2.0	-1.0
OTHER AMERICAN	102,500	7.2	-2.9	---
BRICK & MUENSTER	12,855	-4.9	-16.7	---
CREAM & NEUFCHATEL	61,254	-14.0	-17.6	---
HISPANIC	20,121	3.0	2.7	---
TOTAL ITALIAN TYPES	418,402	4.6	-1.2	4.6
MOZZARELLA	332,032	6.6	-0.3	6.6
OTHER ITALIAN	86,370	-2.6	-4.5	---
SWISS	25,486	-0.4	1.7	---
ALL OTHER TYPES	32,231	9.5	-3.7	---
TOTAL	950,764	1.6	-1.9	1.6
COTTAGE CHEESE, CURD [3/]	32,132	-9.9	7.4	---
COTTAGE CHEESE, CREAM [4/]	25,085	-9.2	5.9	-9.2
COTTAGE CHEESE, LOWFAT [5/]	29,252	-12.5	4.0	-12.5
DRY BUTTERMILK	11,390	-18.4	3.6	---
DRY WHOLE MILK	5,742	22.9	13.2	---
MILK PROTEIN CONC. (MPC), TOTAL [6/]	9,655	0.4	-14.7	---
NONFAT DRY MILK (NDM), HUMAN	139,517	-2.3	11.1	-2.3
SKIM MILK POWDERS (SMP) [7/]	58,830	22.6	1.1	22.6
SOUR CREAM	107,947	0.1	-7.8	0.1

PRODUCT	JAN 2014	PERCENT CHANGE FROM:		
	1,000 LBS.	JAN 2013	DEC 2013	YEAR TO DATE 1/
YOGURT (PLAIN AND FLAVORED)	395,311	0.1	3.8	0.1
DRY WHEY, HUMAN FOOD	69,005	-20.0	-14.7	---
DRY WHEY, ANIMAL FEED	1,005	-77.1	20.8	---
DRY WHEY, TOTAL [8/]	70,010	-22.8	-14.3	-22.8
REDUCED LACTOSE AND MINERALS				
HUMAN FOOD	2,404	-0.5	-5.6	---
ANIMAL FEED	6,430	26.4	12.4	---
LACTOSE, HUMAN FOOD & ANIMAL FEED	95,215	7.4	3.6	7.4
WHEY PROTEIN CONCENTRATE				
HUMAN FOOD [9/]	44,904	25.2	0.9	---
ANIMAL FEED [9/]	419	-56.8	-29.6	---
TOTAL [9/]	45,323	23.1	0.5	23.1
25.0-49.9 PERCENT [10/]	26,486	46.2	-1.9	---
50.0-89.9 PERCENT [10/]	18,837	0.7	4.1	---
WHEY PROTEIN ISOLATES [11/]	8,027	22.8	2.4	---
FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
ICE CREAM (HARD)	55,659	-0.7	31.0	-0.7
ICE CREAM, LOWFAT (HARD)	15,183	-1.7	44.1	---
ICE CREAM, LOWFAT (SOFT)	12,480	-4.4	14.6	---
ICE CREAM, LOWFAT (TOTAL)	27,663	-2.9	29.1	-2.9
SHERBET, HARD	2,915	-2.7	35.1	-2.7
FROZEN YOGURT (TOTAL)	4,815	32.0	8.4	32.0

MANUFACTURERS' STOCKS, END OF MONTH 12/

PRODUCT	JAN 2014	PERCENT OF:	
	1,000 LBS.	JAN 2013	DEC 2013
DRY WHEY, HUMAN FOOD	54,871	-7.7	-11.3
DRY WHEY, ANIMAL FEED	690	-84.7	62.0
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL [13/]	8,408	57.5	6.2
LACTOSE, HUMAN FOOD & ANIMAL FEED	101,253	13.0	-7.4
DRY BUTTERMILK	13,184	-39.4	-0.2
NONFAT DRY MILK (NDM), HUMAN FOOD	149,190	-24.7	12.2

PRODUCT	JAN 2014	PERCENT OF:	
	1,000 LBS.	JAN 2013	DEC 2013
WHEY PROTEIN CONCENTRATE			
HUMAN FOOD [9/]	48,842	-9.9	1.4
ANIMAL FEED [9/]	966	-49.9	3.4
TOTAL [9/]	49,808	-11.3	1.5
25.0-49.9 PERCENT [10/]	21,877	-18.1	0.5
50.0-89.9 PERCENT [10/]	27,931	-5.1	2.2
WHEY PROTEIN ISOLATES [11/]	10,557	1.2	3.8

[1/] 2014 cumulative as percent change of 2013 cumulative. [2/] Includes Cheddar, Colby, Monterey and Jack. [3/] Mostly used for processing into cream or lowfat cottage cheese. [4/] Fat content 4 percent or more. [5/] Fat content less than 4 percent. [6/] Dry milk protein concentrate, 40-89.9 percent. [7/] Includes protein standardized and blends. [8/] Excludes all modified dry whey products. [9/] Whey protein concentrate, 25.0 to 89.9 percent. [10/] Whey protein concentrate, human and animal. [11/] Whey protein isolates, 90.0 percent or greater. [12/] Stocks held by manufacturers at all points and in transit. [13/] Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Dairy Products, March 2014.*

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, FEBRUARY

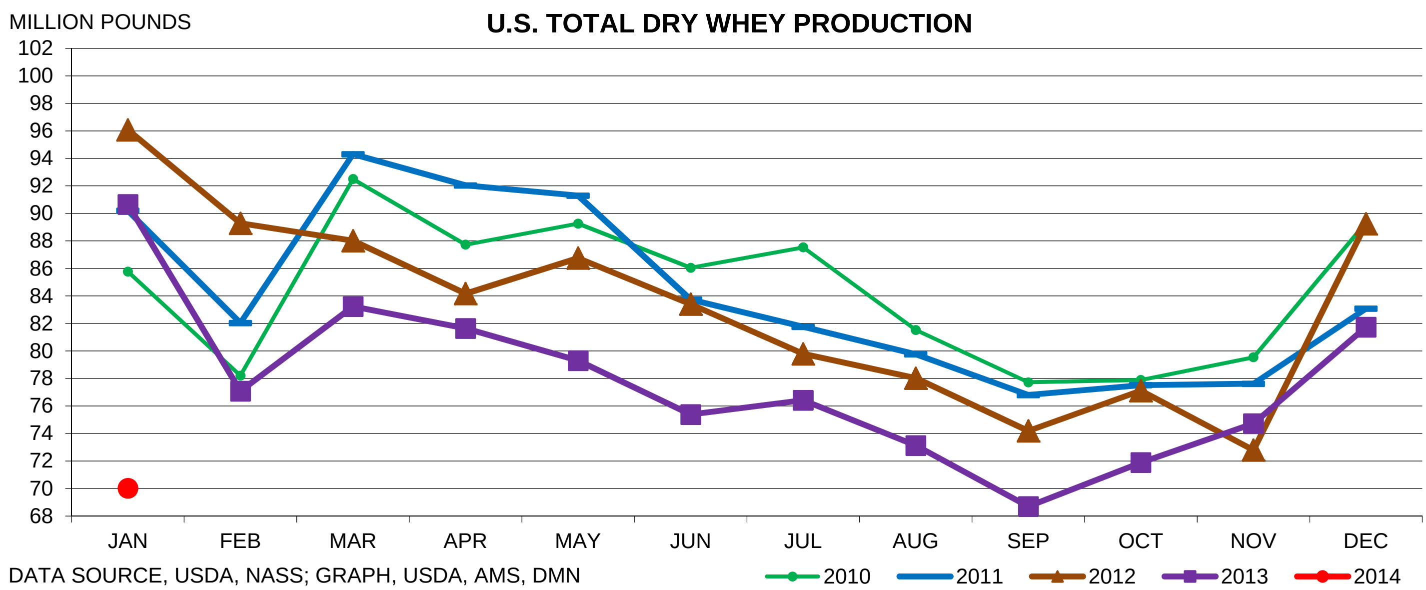
Component Price Information: Under the Federal milk order pricing system, the butterfat price for February 2014 is $2.0109 per pound. Thus, the Class II butterfat price is $2.0179. The protein and other solids prices for February are $4.6044 and $0.4453 per pound, respectively. These component prices set the Class III skim milk price at $16.90 per cwt. The February Class IV skim milk price is $17.02, which is derived from the nonfat solids price of $1.8914 per pound.

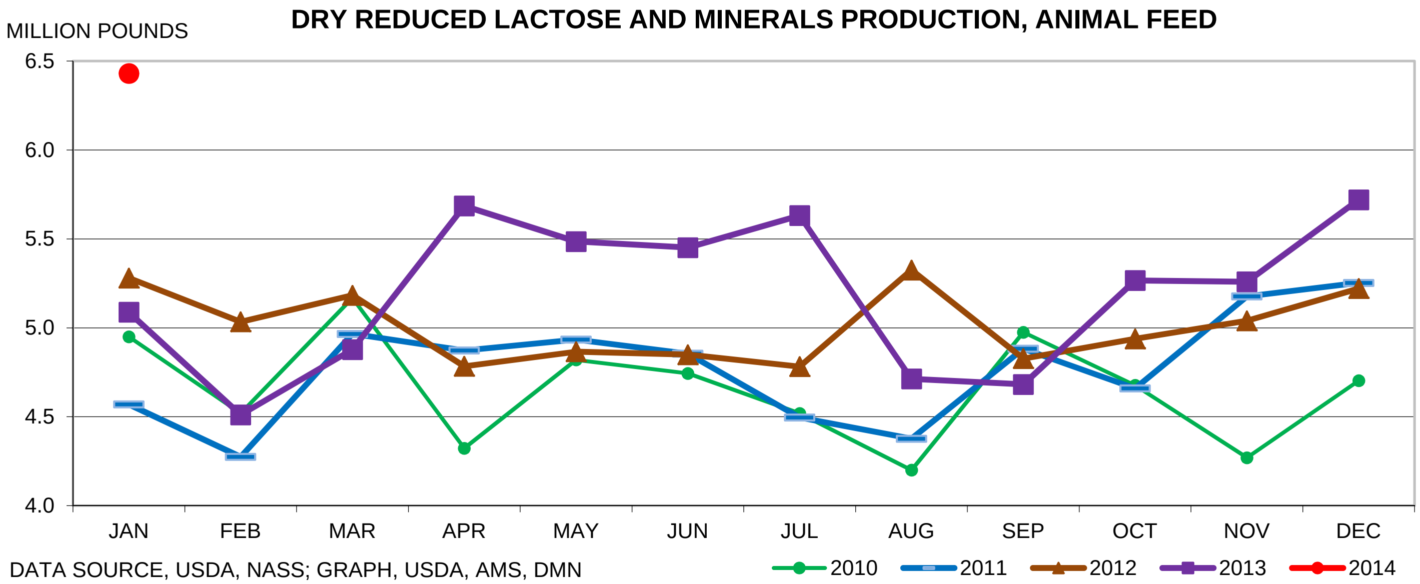
Product Price Averages: The product price averages for February are: butter $1.8320, nonfat dry milk $2.0783, cheese $2.2864, and dry whey $0.6314.

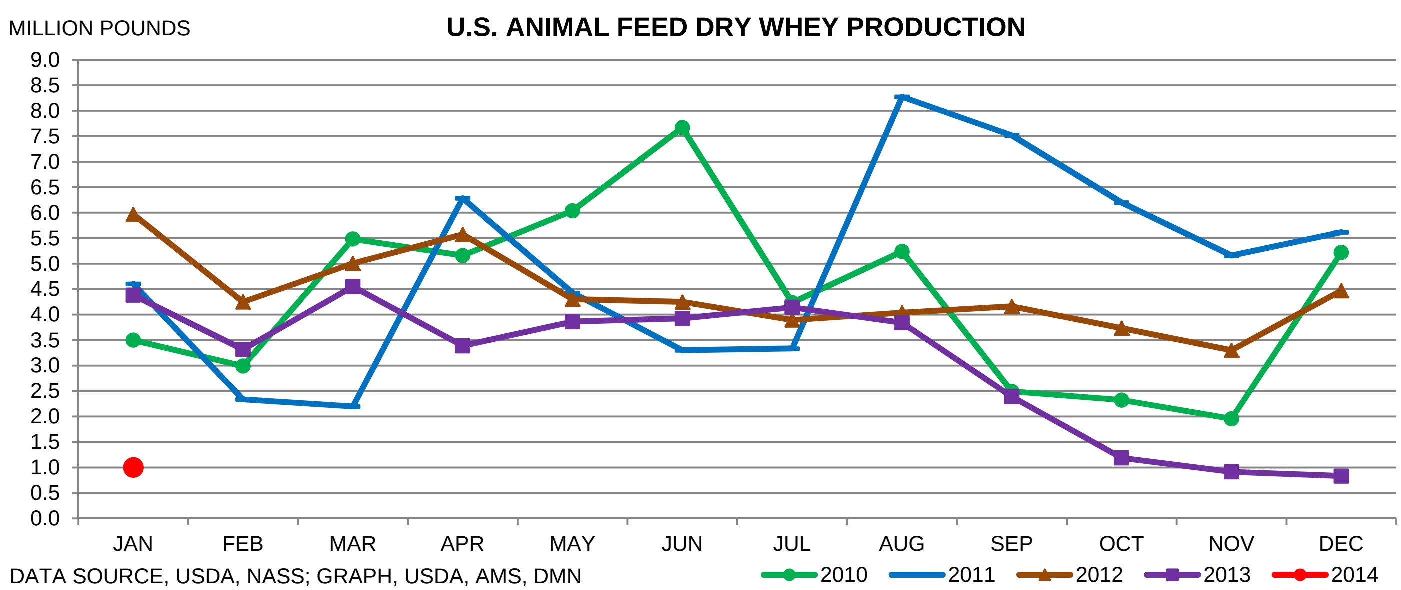
FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT [1/ 2/]

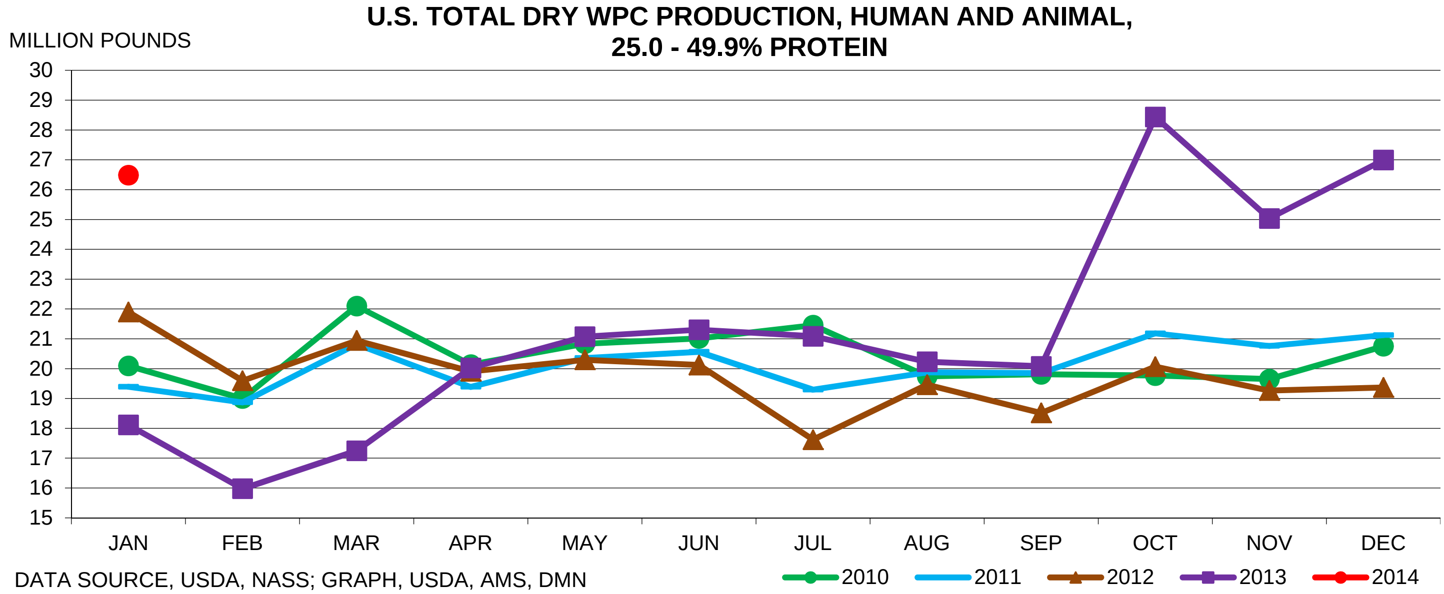
FEDERAL MILK ORDER MARKETING AREAS 3/	ORDER NUMBER	FEBRUARY 2014				MARCH 2014
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) [4/]	001	25.27	23.73	23.35	23.46	26.89
Appalachian (Charlotte) [5/ 6/]	005	25.42	23.73	23.35	23.46	27.04
Florida (Tampa) [6/ 7/]	006	27.42	23.73	23.35	23.46	29.04
Southeast (Atlanta) [6/ 8/]	007	25.82	23.73	23.35	23.46	27.44
Upper Midwest (Chicago) [9/]	030	23.82	23.73	23.35	23.46	25.44
Central (Kansas City) [10/]	032	24.02	23.73	23.35	23.46	25.64
Mideast (Cleveland) [11/]	033	24.02	23.73	23.35	23.46	25.64
Pacific Northwest (Seattle) [12/]	124	23.92	23.73	23.35	23.46	25.54
Southwest (Dallas) [13/]	126	25.02	23.73	23.35	23.46	26.64
Arizona (Phoenix)	131	24.37	23.73	23.35	23.46	25.99
All-Market Average	---	24.91	23.73	23.35	23.46	26.53

[1/] To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63 - the approximate number of gallons in 100 pounds of milk.
[2/] Note: The mandatory $0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.
[3/] Names in parentheses are the major city in the principal pricing point of the markets.
[4/] Class I prices at other cities are: New York City, minus $0.10; Philadelphia, minus $0.20; Baltimore, minus $0.25, and Washington, DC, minus $0.25.
[5/] Class I prices at other cities are: Knoxville, minus $0.20 and Louisville, minus $1.10.
[6/] Effective May 1, 2008, the Class I price surface in these orders were temporarily adjusted.
[7/] Class I prices at other cities are: Orlando, same; Miami, plus $0.60; and Jacksonville, minus $0.40.
[8/] Class I prices at other cities are: New Orleans, same; Memphis, minus $0.90; Nashville, minus $0.90; and Springfield, MO, minus $1.40.
[9/] Class I prices at other cities are: Milwaukee, minus $0.05; and Minneapolis, minus $0.10.
[10/] Class I prices at other cities are: Des Moines, minus $0.20; Omaha, minus $0.15; Oklahoma City, plus $0.60; St. Louis, same; and Denver, plus $0.55.
[11/] Class I prices at other cities are: Indianapolis, same; Cincinnati, plus $0.20; Pittsburgh, plus $0.10; and Detroit, minus $0.20.
[12/] Class I prices at other cities are: Portland, same; and Spokane, same.
[13/] Class I prices at other cities are: Houston, plus $0.60; San Antonio, plus $0.45; Albuquerque, minus $0.65; and El Paso, minus $0.75.


MILLION POUNDS
U.S. TOTAL DRY WHEY PRODUCTION
102
100
98
96
94
92
90
88
86
84
82
80
78
76
74
72
70
68
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN
2010 2011 2012 2013 2014


MILLION POUNDS
DRY REDUCED LACTOSE AND MINERALS PRODUCTION, ANIMAL FEED
6.5
6.0
5.5
5.0
4.5
4.0
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN
2010 2011 2012 2013 2014


MILLION POUNDS
U.S. ANIMAL FEED DRY WHEY PRODUCTION
9.0
8.5
8.0
7.5
7.0
6.5
6.0
5.5
5.0
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN
2010 2011 2012 2013 2014


U.S. TOTAL DRY WPC PRODUCTION, HUMAN AND ANIMAL,
25.0 - 49.9% PROTEIN
MILLION POUNDS
30
29
28
27
26
25
24
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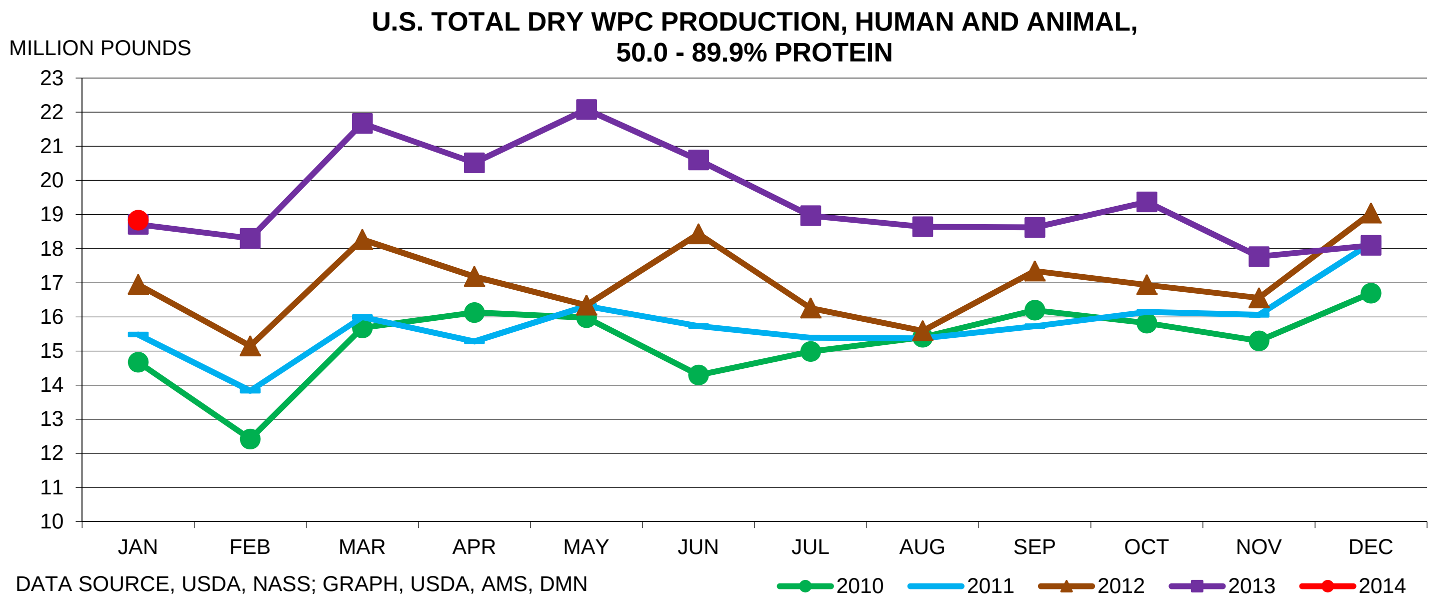
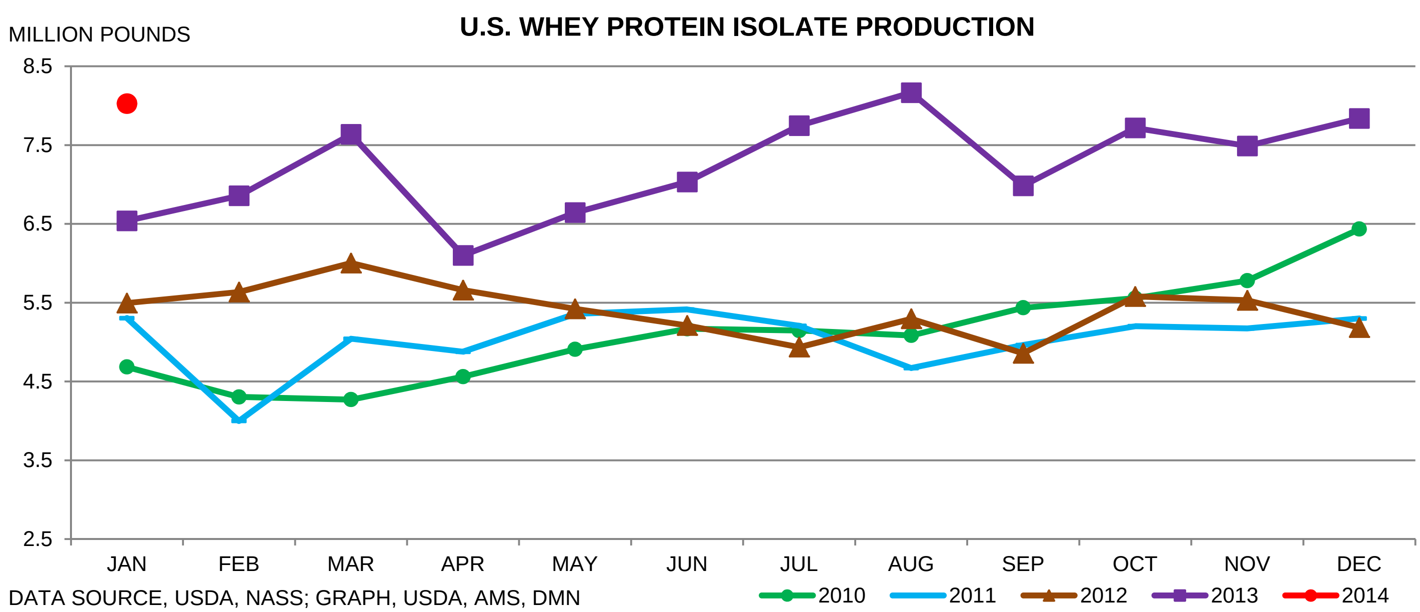
22
21
20
19
18
17
16
15
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN
2010 2011 2012 2013 2014


U.S. TOTAL DRY WPC PRODUCTION, HUMAN AND ANIMAL,
50.0 - 89.9% PROTEIN
MILLION POUNDS
23
22
21
20
19
18
17
16
15
14
13
12
11
10
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN
2010 2011 2012 2013 2014


U.S. WHEY PROTEIN ISOLATE PRODUCTION
MILLION POUNDS
8.5
7.5
6.5
5.5
4.5
3.5
2.5
JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC
DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN
2010 2011 2012 2013 2014

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U.S. DEPARTMENT OF AGRICULTURE – AGRICULTURAL MARKETING SERVICE – DAIRY PROGRAMS

Agricultural Marketing Service

Dairy Market News Branch

National Dairy Retail Report

Websites: http://www.marketnews.usda.gov/portal/da **and** http://www.ams.usda.gov/mnreports/dybretail.pdf

Volume 81- Number 10 Issued Biweekly Thursday, March 6, 2014

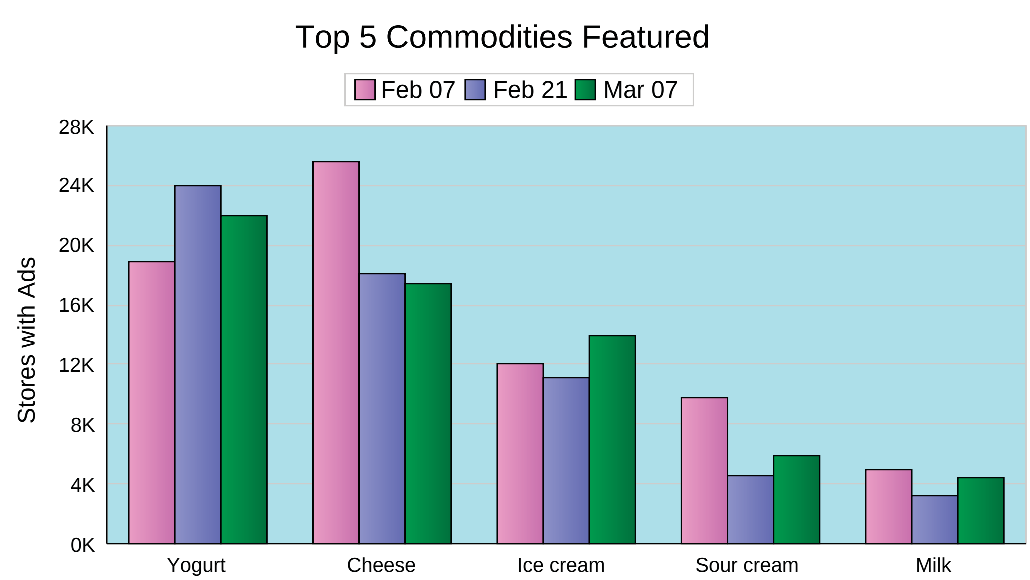
Advertised Prices for Dairy Products at Major Retail Supermarket Outlets 02/24 to 03/07

Yogurt ads comprise the largest category of surveyed dairy ads and 32 ounce Greek yogurt stands out with much lower prices than recent weeks. The U.S. average advertised price is $2.71, well down from $4.84 two weeks ago and $4.61 a year ago. The price range is from $2.50 to $4.99. 4-6 ounce Greek yogurt ad volume comprises the majority of all yogurt ads, with an average advertised price of $.99, up 5 cents from two weeks ago but down 1 cent from this period last year.

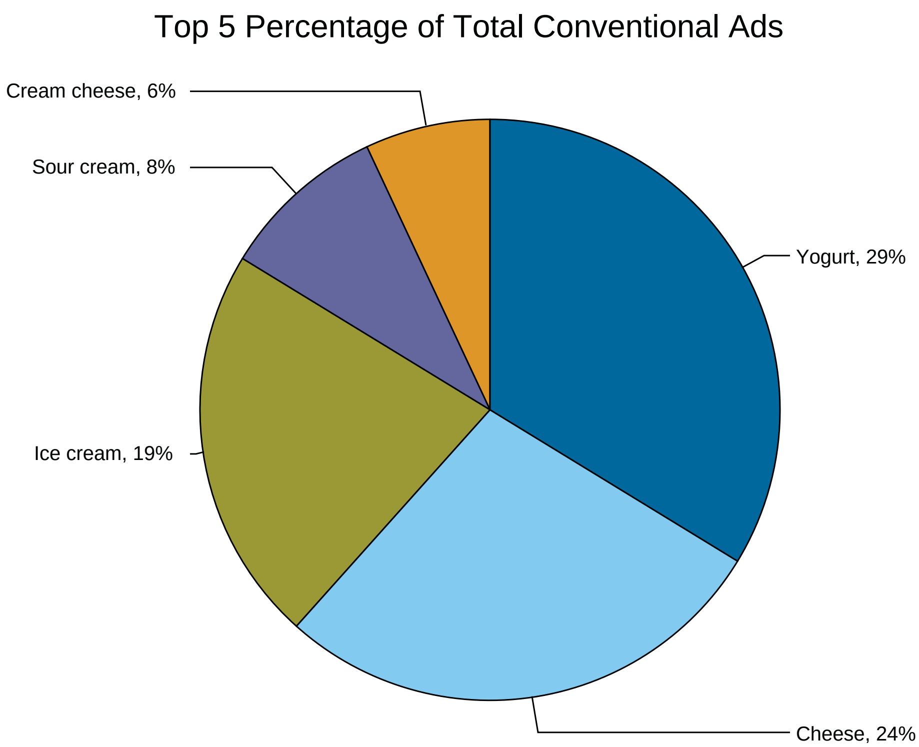
Cheese specials are close to year ago marks, despite wholesale prices being over $2.00 a pound and just coming off record highs. Ad numbers for 8 ounce shredded cheese, the most advertised cheese category, increased by 8%. The average price, $2.34, is down by 6 cents from two weeks ago but up by 4 cents from last year. The second largest cheese category, 8 ounce block, is up by 37% in ad numbers. The average price is $2.44, up 12 cents from the last report and 2 cents from this time last year.

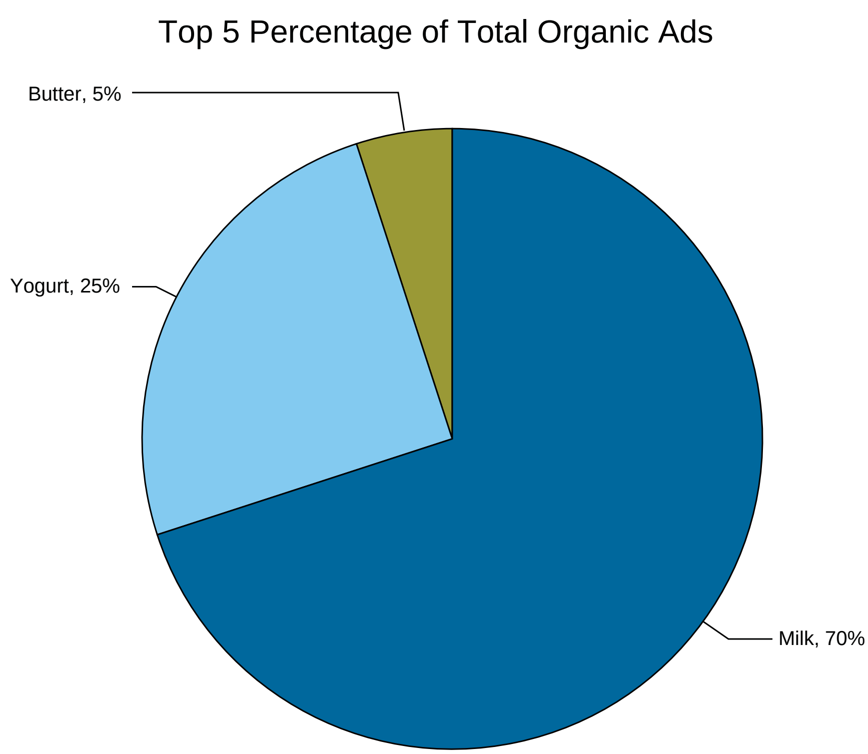
Flavored milk gallon ad numbers are up more than any product, over a thirteen fold increase, although the absolute number of ads is relatively low. At an average advertised price of $4.15, flavored milk gallons are 89 cents more than the average for conventional milk gallons.

There are no ads for conventional milk half gallons but organic milk half-gallons have a weighted average advertised price of $3.52. That is down 28 cents from two weeks ago but up 12 cents from this period last year. This is the first report since the organic-conventional milk price spread series began almost two years ago, when there have been no ads for conventional half gallons of milk. Last year at this time the price spread was $1.63.



1 **--** Dairy Market News surveys nearly100 retailers, comprising over 14,000 individual stores, with online weekly advertised features.
2 **--** Date range reflects two-week period, however only one data collection per retailer is made during the period.





Wtd Avg - Simple weighted average

NATIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		TWO WEEKS AGO		LAST YEAR	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	3460	2.91	4043	2.57	4453	2.79
Cheese	Natural Varieties	8 oz block	7013	2.44	5115	2.32	7170	2.42
Cheese	Natural Varieties	1 # block	991	4.03	2126	3.68	3700	3.62
Cheese	Natural Varieties	2 # block	118	5.99	1627	6.77	531	8.56
Cheese	Natural Varieties	8 oz shred	8684	2.34	8005	2.40	8338	2.30
Cheese	Natural Varieties	1 # shred	607	4.44	1201	3.91	2351	3.33
Cottage cheese		16 oz	2851	2.02	2804	2.04	3047	1.87
Cream cheese		8 oz	4287	1.64	3669	1.22	5878	1.64
Flavored milk	All fat tests	half gallon	1475	2.52	857	2.63	379	2.32
Flavored milk	All fat tests	gallon	723	4.15	50	3.99	1193	3.28
Ice cream		48-64oz	13893	3.04	11176	3.13	16340	3.10
Milk	All fat tests	half gallon			243	1.98	313	1.77
Milk	All fat tests	gallon	1194	3.26	623	2.99	4649	2.79
Sour cream		16 oz	5928	1.65	4612	1.62	6112	1.55
Yogurt	Greek	4-6 oz	12195	.99	13811	.94	12675	1.00
Yogurt	Greek	32 oz	1465	2.71	1171	4.84	584	4.61
Yogurt	Yogurt	4-6 oz	6440	.50	5591	.50	7872	.48
Yogurt	Yogurt	32 oz	737	2.17	1113	3.12	1308	2.36

REGIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	1.99-3.99	1105	3.16	2.50-3.50	1483	2.81			
Cheese	Natural Varieties	8 oz block	1.99-2.98	2383	2.36	1.99-3.00	1418	2.66	1.50-2.50	1008	2.05
Cheese	Natural Varieties	1 # block	3.49-4.99	520	4.20	3.50-3.99	300	3.67			
Cheese	Natural Varieties	8 oz shred	1.99-3.00	2748	2.55	1.99-2.50	2471	2.41	1.25-2.50	1427	2.02
Cheese	Natural Varieties	1 # shred	3.99-4.99	434	4.38				3.99	120	3.99
Cottage cheese		16 oz	1.99-2.99	1021	2.27	1.34-2.50	295	1.57	1.99-2.00	168	2.00
Cream cheese		8 oz	1.25-2.50	1285	1.73	1.50-2.19	1128	1.56	0.99-2.00	567	1.54
Flavored milk	All fat tests	half gallon	2.50	98	2.50	2.50	1212	2.50	2.69	165	2.69
Flavored milk	All fat tests	gallon				3.99	195	3.99			
Ice cream		48-64oz	1.88-4.50	3829	3.10	1.99-4.99	3450	2.80	2.25-3.99	1370	3.13
Milk	All fat tests	gallon	3.49-3.59	282	3.53	3.00-3.59	136	3.29	2.50-3.00	344	2.79
Sour cream		16 oz	1.33-2.50	2200	1.80	1.00-2.50	662	1.51	1.33-1.69	506	1.45
Yogurt	Greek	4-6 oz	0.88-1.00	2463	.99	0.79-1.00	4271	.99	0.88-1.00	1280	.99
Yogurt	Greek	32 oz	4.99	98	4.99	2.50	58	2.50			
Yogurt	Yogurt	4-6 oz	0.39-0.75	2811	.52	0.40-0.50	991	.49	0.39-0.50	709	.47
Yogurt	Yogurt	32 oz	1.99-2.50	407	2.16	1.98	202	1.98			

Wtd Avg - Simple weighted average

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	1.99-3.50	255	2.30	2.69-2.99	365	2.87	2.89-3.50	252	3.01
Cheese	Natural Varieties	8 oz block	1.99-3.99	1265	2.69	1.49-2.99	619	2.48	1.67-2.50	320	2.19
Cheese	Natural Varieties	1 # block	3.29-5.99	171	4.13						
Cheese	Natural Varieties	2 # block				5.99	118	5.99			
Cheese	Natural Varieties	8 oz shred	1.99-2.50	801	2.13	1.49-2.50	867	2.23	1.67-3.49	370	2.37
Cheese	Natural Varieties	1 # shred	5.99	53	5.99						
Cottage cheese		16 oz	1.48-2.50	488	1.71	1.00-2.50	595	2.11	1.25-2.50	284	1.89
Cream cheese		8 oz	1.50-1.66	395	1.58	1.50-1.79	412	1.71	1.50-1.88	500	1.67
Flavored milk	All fat tests	gallon				3.99-4.49	412	4.35	3.69	116	3.69
Ice cream		48-64oz	2.98-3.49	1196	3.05	2.49-3.99	3242	3.16	2.98-3.99	806	3.13
Milk	All fat tests	gallon				1.99-3.99	382	3.45	3.49	50	3.49
Sour cream		16 oz	1.00-1.50	1072	1.32	0.99-2.50	1240	1.84	1.25-2.50	248	1.58
Yogurt	Greek	4-6 oz	0.88-1.00	1834	.98	0.80-1.00	1301	.99	0.88-1.25	1046	.99
Yogurt	Greek	32 oz	2.50	234	2.50	2.50-2.99	777	2.58	2.50	298	2.50
Yogurt	Yogurt	4-6 oz	0.50	618	.50	0.50	1113	.50	0.50	198	.50
Yogurt	Yogurt	32 oz				2.50	128	2.50			

NATIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		TWO WEEKS AGO		LAST YEAR	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	237	4.49			400	4.68
Cheese	Natural Varieties	8 oz block					264	3.99
Cream cheese		8 oz					26	2.99
Milk	All fat tests	half gallon	2648	3.52	849	3.80	1334	3.40
Milk	All fat tests	gallon	357	5.85	530	5.30	340	5.99
Milk	All fat tests	8 oz UHT	202	.88	1007	1.00	34	1.00
Yogurt	Greek	4-6 oz	853	1.02	1340	1.00	259	1.13
Yogurt	Greek	32 oz					26	3.99
Yogurt	Yogurt	4-6 oz	306	.50	609	.58	629	.71
Yogurt	Yogurt	32 oz					508	2.46

REGIONAL -- ORGANIC DAIRY PRODUCTS

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
Butter		1 #				4.49	237	4.49			
Milk	All fat tests	half gallon	3.99	112	3.99	2.99-3.99	545	3.32	2.99-4.48	254	3.96
Milk	All fat tests	gallon							5.49	98	5.49
Milk	All fat tests	8 oz UHT				0.88	202	.88			
Yogurt	Greek	4-6 oz	1.00-1.25	139	1.13	1.00	460	1.00	0.99	201	.99
Yogurt	Yogurt	4-6 oz	0.50	306	.50						

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Milk	All fat tests	half gallon	2.99-4.19	610	3.21	2.79-4.59	865	3.70	2.99-3.69	262	3.48
Milk	All fat tests	gallon				6.79	143	6.79	5.00	116	5.00
Yogurt	Greek	4-6 oz	1.00	53	1.00						

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

REGIONAL DEFINITIONS

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

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

Wtd Avg - Simple weighted average