

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (4/11):**

BUTTER: Grade AA closed at \$1.9700. The weekly average for Grade AA is \$1.9700 (-.0170).

CHEESE: Barrels closed at \$2.0800 and 40# blocks at \$2.1700. The weekly average for barrels is \$2.1210 (-.1200) and blocks, \$2.2175 (-.1680).

BUTTER HIGHLIGHTS: Butter prices are mostly steady. The market tone is uneven. Butter churn rates are mixed with varying cream supplies amongst the plants and regions. Domestic demand is moderate, but print sales have trailed off since the completion of holiday commitments. Export orders are trending slower. Inventories are tight; butter manufacturers look to rebuild stocks moving forward. Bulk butter ranges were unchanged in the Northeast, from 5-8 cents over the market, lower in the Central, from 6 cents over to 3 cents under the market, and unchanged in the West, from 2 cents over to 4 cents under the market, based on the CME Group and various indices. Grade AA butter prices at the CME Group have been quiet, going unchanged all 5 trading sessions, closing Friday at \$1.9700, unchanged from a week ago. The CME Group monthly average price for March 2014 Grade AA butter was \$1.9145, up 10.98 cents from a month ago and higher compared to the year ago price of \$1.6421. The NASS Dairy Products Report noted U.S. butter production totaled 165.8 million pounds during February 2014, down 9.1% from a month ago and 4.6% lower than February 2013. This week, a cooperative export assistance program accepted requests for 2.480 million pounds of butter. According to the Foreign Agricultural Service, exports of butter and milkfat during February 2014 totaled 19.9 million pounds, a 92% increase from a year ago.

CHEESE HIGHLIGHTS: Cheese plants in many parts of the country are increasing production levels where milk supplies are building seasonally. Some Midwestern plants continue to report slower growth. The higher production rates are helping to fill orders and build stocks. Cheese prices are trending lower after reaching historic levels early in the year. As prices move lower, some end users are showing increased interest in acquiring inventory, while others continue to wait for lower prices. Process cheese demand is building for summer needs and buyers are looking to increase purchases at the lower price points. Food service demand is also showing increased interest. As baseball parks open across the country, there are increased orders for cheese curd and various other cheese products for sports

fans. Domestic retail demand is mostly steady. Export sales continue at above year ago levels. FAS reported cheese exports for Jan.-Feb. 2014 are 45% higher than for the same period a year ago. The NASS Dairy Products report put cumulative total cheese production for Jan.-Feb. 2014 at 1.804 billion pounds, up 0.7% compared to last year. At the CME Group, barrels closed Friday at \$2.0800 and blocks closed at \$2.1700. Barrel prices were 14.5 cents lower compared to last Friday's close and blocks were 18 cents lower.

FLUID MILK: Farm milk production levels in general are seeing increases across the country with better weather conditions. Producers are actively seeking replacement heifers to increase herd sizes. Bottling sales are steady to slow across parts of the country. Increases in milk supplies and sluggish sales are increasing volumes clearing to manufacturers. Milk exports from Florida increased to 140 loads compared to 120 loads a week ago. Logistical issues related to distribution are following increases in milk productions levels in the Midwest. Increased processing capacity is noted in the Southwest, as a new plant comes online. Milk is being imported from other states to meet Idaho's manufacturing demand. Arizona's farm milk production is experiencing some decline as hot days and warm evenings disrupt cow comfort levels. Producers in California attribute a modest increase in milk production to the first seasonal green-chop.

DRY PRODUCTS: Prices for nonfat dry milk are lower across the country. Buyers are hesitant to develop transactions beyond immediate needs. Prices for dry buttermilk are mixed. Dry buttermilk production volumes are being determined by manufacturing priorities as cream and condensed buttermilk transfer to other dairy products. Prices for dry whole milk are steady, with active demand from international buyers. Dry whey prices moved higher in all regions, as pricing in the international market competes with U.S. exports. Manufacturers are reducing whey volumes by producing higher concentrated whey protein products. Prices for whey protein concentrate 34% are lower to higher. Demand is active in the domestic and international markets. Prices for lactose are mixed. Among lactose brands, the spread on prices remains wide.

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CME GROUP CASH TRADING

| COMMODITY | MONDAY APR 07 | TUESDAY APR 08 | WEDNESDAY APR 09 | THURSDAY APR 10 | FRIDAY APR 11 | :: WEEKLY CHANGE* | :: WEEKLY AVERAGE# |
|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-------------------------|----------------------------|
| CHEESE BARRELS | \$2.2250 (N.C.) | \$2.1500 (-.0750) | \$2.0750 (-.0750) | \$2.0750 (N.C.) | \$2.0800 (+.0050) | :: (-.1450) | :: \$2.1210 (-.1200) |
| 40# BLOCKS | \$2.3000 (-.0500) | \$2.2650 (-.0350) | \$2.1875 (-.0775) | \$2.1650 (-.0225) | \$2.1700 (+.0050) | :: (-.1800) | :: \$2.2175 (-.1680) |
| NONFAT DRY MILK GRADE A | \$1.9975 (N.C.) | \$1.9975 (N.C.) | \$1.8875 (-.1100) | \$1.9000 (+.0125) | \$1.9075 (+.0075) | :: (-.0900) | :: \$1.9380 (-.0660) |
| BUTTER GRADE AA | \$1.9700 (N.C.) | \$1.9700 (N.C.) | \$1.9700 (N.C.) | \$1.9700 (N.C.) | \$1.9700 (N.C.) | :: (N.C.) | :: \$1.9700 (-.0170) |

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

Milk production continues to show robust increases compared to year ago levels. The new quota year has started with good weather and good producer margins, prompting increased milk volumes from the EU. Some areas are in need of rain to promote forage growth. Manufacturers of milk powders continue to dry at maximum capacity. The upcoming holidays and related manufacturing plants shut down, will severely tax drying operations. Excess milk supplies are flowing into cheese vats and are yielding increasing cheese production. Concerns over the effects of cheese production expansion on farm milk prices are growing, especially when adding in the uncertainty regarding Russian exports. Cheese prices in the EU are said to be under continued downward pressure, even after recent declines. The declines in EU cheese prices have sparked some additional export interest. Producers acknowledge that peak milk prices are behind them and anticipate lower prices in the coming months. Dairy product prices have declined as global demand has diminished in the face of growing supplies in the northern hemisphere.

EASTERN OVERVIEW: Milk production in Eastern Europe is increasing along the seasonal trend with volumes above year ago levels in most areas. Poland continues to show the largest volume increases. Excess skim milk concentrate volumes from other areas are being channeled to Poland. Exports to Russia have been ongoing, but will be diminished as Moscow will soon block dairy imports from a major Polish manufacturer.

OCEANIA OVERVIEW: AUSTRALIAN milk production is trending lower, approaching seasonally low levels, typically seen from April through June. The autumn rains have yet to arrive, restricting forage growth in non-irrigated fields. Temperatures remain fairly warm, so if timely rains do arrive, there may be a marginal bump up in milk production. Producer margins remain positive, but are narrowing as feed costs are inching higher. Numerous dairy manufacturers are focused on the production of butter and various cream products for the upcoming Easter/Passover holidays and, as a result, milk powder production has been focused on skim milk powder, rather than whole milk powder. The recent trade agreement between Australia and Japan met a cool reception with numerous members in the Australian dairy industry, because of the lack of movement on tariff levels for fresh cheese. According to Dairy Australia, February 2014 milk production in Australia was 1.5% above February 2013. The state changes from a year earlier are: New South Wales, -7.9%; Victoria, +4.3%; Queensland, -7.9%; South Australia, -7.4%; Western Australia, -1.8% and Tasmania +7.9%. Australia's milk production season to date is -1.8%, compared to last season. Dairy Australia states exports for the July-February period total 490.8 thousand tons, down 9.2% from the year ago period. The largest export categories are skim milk powders (SMP) and whole milk powders (WMP). The total value of export is 19.7% higher over the prior year period. The highest value items are WMP and SMP.

NEW ZEALAND milk production trends are mixed between the North and South Islands, but overall milk production remains very positive with March production estimates near 7% above year ago levels. The North Island is becoming increasingly dry, causing decreases in production due to decreased forage regrowth. Producers are managing and culling their herds to maximize milk production with the available feed supplies. The situation on the South Island is significantly better, with adequate rains and good pastures. The prolonged milk production season has allowed dairy product manufacturers to build adequate supplies to cover contract needs for the upcoming carryover period. Large investments are being made to increase whole milk powder manufacturing in New Zealand for the next season. Producers are -1A-

also looking to expand herds and increase milk production. Dairy Product prices have weakened, due to global milk production increases and a decline in sales to China following their significant milk powder purchases during January and February.

APRIL MILK SUPPLY AND DEMAND ESTIMATES

(WAOB): The milk production forecast for 2014 is raised from last month as strong returns are expected to encourage a more rapid expansion in cow numbers and increased milk per cow. Fat-basis exports are raised on higher sales of cheese and butter, but the skim-solids export forecast is lowered on weaker-than-expected nonfat dry milk (NDM) sales. Skim-solid imports are reduced slightly due to lower imports of milk protein concentrate and casein. Product price forecasts for cheese, butter, and whey are higher, supported by strong demand and price strength to date. However, the NDM price is unchanged at the midpoint as export demand is weaker than expected. Class III and Class IV prices are raised on higher product prices. The all milk price is forecast at \$22.55-23.05 per cwt.

FEBRUARY MILK SALES (FMMO & CDFA): During February, 4.0 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 2.1% lower than February 2013. Estimated sales of total conventional fluid milk products decreased 3.0% from February 2013 and estimated sales of total organic fluid milk products increased 18.5% from a year earlier.

CME GROUP

MONDAY, APRIL 7, 2014

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$2.3300, 1 @ \$2.3100; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$2.3000
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, APRIL 8, 2014

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$2.2900, 1 @ \$2.2700; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$2.1500; 1 CAR 40# BLOCKS @ \$2.2650
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

WEDNESDAY, APRIL 9, 2014

CHEESE -- SALES: 3 CARS BARRELS @ \$2.0750; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$2.1875
 NONFAT DRY MILK -- SALES: 2 CARS GRADE A @ \$1.8875; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.8800; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$1.9700

THURSDAY, APRIL 10, 2014

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$2.1700; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.0750; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$2.1650
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.9000; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

FRIDAY, APRIL 11, 2014

CHEESE -- SALES: 3 CARS 40# BLOCKS: 4 @ \$2.1650, 2 @ \$2.1700; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.0800; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.9075; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

The Northeast butter production is mixed. Some balancing plants are holding off manufacturing butter, as they clear contracted volumes of cream through various customers. Domestic demand is moderate, as the market pushes back and most buyers continue a hand to mouth approach with purchases. Although some manufacturers in the region have cut back on 82% butter production this week, export interest remains active. The market tone is mixed. Current bulk butter prices for domestic sales are reported at 5-8 cent over the market based on the CME Group, and various time frames and averages. According to the *NASS Dairy Products*, February butter production in the Atlantic region totals 17.5 million pounds, down 5.8% from February of 2013 and down 14.4% from last month.

CENTRAL

Butter prices are mostly steady on a relatively quiet week. However, many international prices are trending lower, slowing export orders. The market tone is steady. Some butter manufacturers are shifting production towards larger volumes of 82% after completion of last minute 80% holiday orders. A few butter churn operators reduced churn rates as they sold some cream supplies at premiums, while others maintained production levels through microfixing additional supplies. Overall production rates are steady to lower. Domestic demand is steady, but print sales are backing off. Inventories are mostly light, but are expected to grow upon entering the seasonal rebuilding period. Bulk butter prices ranged from 3 cents under the market to 6 cents over the market, based on the CME Group and various indexes. The CME Group monthly average price for March 2014 Grade AA butter was \$1.9145, up 10.98 cents from a month ago and higher compared to a year ago price of \$1.6421. The *NASS Dairy Products* noted February 2014 butter production in the Central region totaled 65.5 million pounds, 8.1% lower than January and 10.1% less than a year ago. Cumulative 2014 Central butter production totals 136.7

million pounds, a 8.2% decrease compared to the same time span a year ago. A cooperative export assistance program accepted requests for 2.480 million pounds of butter.

WEST

Western butter prices are steady this week. Retail demand has slowed as Easter/Passover orders are shipped and in place. Export orders continue to move, filling previous commitments. Increased cream supplies are moving to butter churns. However, butter stocks continue to be tighter than anticipated in many cases. According to the *NASS Dairy Products* report, February butter production in the Western region totals 82.8 million pounds, up 0.5% or 400,000 pounds more than February 2013. The West produced 50% of the butter in the U.S. in February. 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. CME Group average price for March 2014 for butter was \$1.9145 compared to \$1.6421 for March 2013.

NASS Dairy Products reported U.S. butter production at 165.8 million pounds during February 2014, down 9.1% from a month ago and 4.6% lower than February 2013. Cumulative 2014 output for the U.S. is 348.2 million pounds, down 3.8% (-13.7 million pounds) from the same period in 2013.

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

| | (Million Lb.) | % Change From 1 Year Ago |
|------------------|---------------|-----------------------------|
| Feb. Total | 19.9 | + 92 |
| Total, Jan - Feb | 42.3 | + 113 |
| 1 Saudi Arabia | 9.1 | + 6 |
| 2 Morocco | 6.2 | *+ 743 |
| 3 Egypt | 4.5 | + 459 |
| 4 Ukraine | 4.1 | ** |
| 5 Iran | 2.2 | - 50 |

*There were .7 million pounds to Morocco last year Jan.-Feb.

**There were no exports to Ukraine last year Jan.-Feb.

NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

| WEEK ENDING | BUTTER | CHEESE 40# BLOCKS | CHEESE BARRELS 38% MOISTURE | DRY WHEY | NDM |
|---------------|-----------|-------------------|--------------------------------|-----------|------------|
| April 5, 2014 | | | | | |
| | 1.9697 | 2.3983 | 2.3583 | 0.6710 | 2.0524 |
| | 2,073,949 | 10,457,391 | 9,791,947 | 7,024,434 | 23,869,288 |

CHEESE MARKETS

NORTHEAST

Northeast cheese production is steady to higher. Some cheese makers look to replenish inventories, as cheese vat volumes increase with additional milk supplies. Domestic demand is moderate. The market tone is steady to weak. Interest from export markets remains active. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 4.556 million pounds of cheese. Deliveries will occur April through August 2014. Wholesale cheese prices in the Northeast decreased as 40# block and Muenster fell \$0.0300, and processed 5# sliced dropped \$0.0950. Grade A Swiss cheese prices moved higher \$0.2500 with adjustment based on Class III component prices. Tuesday's CME Group daily cash closing had barrels at \$2.1500, 10 cents lower than a week ago and blocks at \$2.2650, 12 cents lower. The Foreign Agricultural Service (FAS), reports that February 2014 U.S. cheese and curd exports totaled 68.9 million pounds, a 44% increase from last year.

DAIRY PRODUCTS: According to NASS, U.S. total cheese production in February 2014 was 850.6 million pounds, 0.6% less than February 2013. In February, total cheese production in the Atlantic region was 103.1 million pounds, 7.1% less than the same month last year. The Atlantic region produced 12% of U.S. cheese manufactured in February. Total cheese production for New York in February was 54.7 million pounds, 6.8% less than one year ago, while Pennsylvania produced 31.1 million pounds in February, 10.3% less than one year ago. Vermont produced 9.9 million pounds in February, 1.2% less than last year.

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

| | |
|-----------------------------|-----------------|
| Cheddar 40# Block | : 2.7775-3.0625 |
| Process 5# Sliced | : 2.4625-2.9425 |
| Muenster | : 2.7975-3.1575 |
| Grade A Swiss Cuts 10 - 14# | : 3.8000-4.1225 |

MIDWEST

Some Wisconsin cheese cutters and packagers are challenged in finding Colby jack and Swiss this week. The Swiss may be more an issue related to recent plant realignment, with new supply arrangements still not resolved. The market for cheese curd is very strong, up from last year and described as fantastic. This curd market strength has led to some manufacturers shorting barrel production. Food service demand is said to lead the buying interest but retail is also up. Some large cheese manufacturers report that production is mostly steady to slightly lower from the last two weeks. Some inquiries for surplus milk are being made, offering up to \$1.60 above class, but sellers are hard to find. Especially in central to northern regions of Wisconsin, there are still occasional patches of snow lingering in many fields. With hay still considered high priced and feed quality lagging, milk production is not yet as robust as might be expected. Cheese price weakness continues to be a topic of great interest. Barrels are down to \$2.0750 by this Wednesday and blocks down to \$2.1875, with the weekly average of each down last week. This is believed to only slightly slow sales due to buyers waiting out the decline. *Dairy Products* (NASS) reports that February 2014 total U.S. cheese production, 851 million pounds, is 0.6% below February 2013 and 10.7% below January 2014. Italian type cheese production totaled 374 million pounds,

3.7% above February 2013 but 11.0% below January 2014. American type cheese production totaled 341 million pounds, 1.5% below February 2013 and 10.3% below January 2014. Swiss production totaled 23 million pounds, 2.5% below February 2013 and 11.7% below January 2014. Total 2014 U.S. cumulative cheese production through February leads last year by 0.7%. Cheese production through February this year compared with last for various types of cheese includes: American, -0.2; cheddar, -1.1; total Italian, +4.4; and Mozzarella, +7.1. Wisconsin wholesale prices for 1,000 to 5,000 pound mixed lots of process cheese decreased by \$.0950, Swiss increased by \$.25 while the remaining varieties decreased by \$.0300.

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

| | |
|---|-----------------|
| Process American 5# Loaf | : 2.3400-2.7000 |
| Brick And/Or Muenster 5# | : 2.7575-3.1825 |
| Cheddar 40# Block | : 2.4625-2.8800 |
| Monterey Jack 10# | : 2.7325-2.9375 |
| Blue 5# | : 3.0250-4.0125 |
| Mozzarella 5 - 6# (Low Moisture, Part Skim) | : 2.6025-3.4975 |
| Grade A Swiss Cuts 6 - 9# | : 3.3175-3.4350 |

WEST

Wholesale Western cheese prices are mostly lower this week. Swiss cheese prices are higher as adjustments based on the Class III prices are factored in. The market tone is weak with buyers waiting to see where the cheese market will level out. Lower spot prices at the CME Group are encouraging buyers to hold off on additional orders above immediate needs. Easter/Passover orders are mostly completed and in place. Cheese production is increasing slowly as more milk becomes available to the manufacturing plants. Stocks of barrels and blocks are adequate for current demand. According to the NASS *Dairy Products* report, total cheese production in the U.S. in February reached 850.6 million pounds, down 0.6% (-5.2 million pounds) from February 2013. Cumulative 2014 total cheese output for the U.S. is 1.804 billion pounds, up 0.7% (12.1 million pounds) from 2013. February total cheese production in the Western region was 369.2 million pounds, up 4.3% (15.1 million pounds) from February 2013. The West produced 43% of all the cheese in the U.S. in February. Swiss output for the U.S. in February is 22.8 million pounds, down 2.5% (-579,000 pounds) from a year ago. According to FAS, exports of cheese and curd for January-February 2014 total 139.7 million pounds, up 45% from 2013. Mexico is the largest importer of U.S. cheese with 31.2 million pounds, 22% of total exports. Cheese and curd exports for the period equate to 7.8% of U.S. cheese production. Wednesday's trading at the CME Group on barrels closed \$.0750 lower at \$2.0750. Blocks were \$.0775 lower at \$2.1875. At midweek, barrels are \$.1500 lower and blocks are \$.1625 lower compared to last Friday's close. Sales for barrels totaled three by midweek and blocks had four sales. The CME Group monthly average price for March 2014 barrels is \$2.2790 compared to March 2013 at \$1.5920. Blocks averaged \$2.3554 for March 2014 compared to \$1.6240 for the previous year.

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CHEESE MARKETS

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

| | |
|---------------------------|-----------------|
| Process 5# Loaf | : 2.3700-2.6275 |
| Cheddar 40# Block | : 2.5025-2.8550 |
| Cheddar 10# Cuts | : 2.6825-2.9025 |
| Monterey Jack 10# | : 2.6925-2.8525 |
| Grade A Swiss Cuts 6 - 9# | : 3.3775-3.8075 |

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

| | <u>BUTTER : CHEESE</u> | |
|----------|------------------------|----------|
| | : | |
| 04/07/14 | 19,208 | : 82,095 |
| 04/01/14 | 18,626 | : 83,103 |
| CHANGE | 582 | : -1,008 |
| % CHANGE | 3 | : -1 |

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

| | (Million Lb.) | % Change From 1 Year Ago |
|-----------------|---------------|-----------------------------|
| Feb. Total | 68.9 | + 44 |
| Total Jan.-Feb. | 139.7 | + 45 |
| 1 Mexico | 31.2 | + 42 |
| 2 South Korea | 20.4 | + 39 |
| 3 Japan | 16.9 | + 31 |
| 4 Saudi Arabia | 7.8 | + 131 |
| 5 Australia | 7.8 | + 155 |

FOREIGN

Foreign type and import cheese demand remains steady, but has yet to feel the full seasonal increase that usually occurs ahead of the Easter/Passover holidays. Retailers are keeping a close eye on sales and stocks and ordering more often in smaller quantities in order to avoid carrying large and expensive inventories. European cheese going into maturing/aging programs is increasing, as milk production has increased on the continent. The possible effect of these increased supplies, lower prices, will not be realized for a few months when the cheeses have fully aged and are available for the market. Domestic foreign type cheese prices decreased 3 cents, following the CME Group weekly average block price trend. Swiss cuts increased 25 cents, reflecting the higher Class III price components. Import cheese prices were unchanged.

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

| VARIETY | NEW YORK | |
|--------------------------|-----------------|------------------|
| | IMPORTED | DOMESTIC |
| Blue | : 2.6400-5.2200 | : 2.9175-4.4050* |
| Gorgonzola | : 3.6900-6.9700 | : 3.4200-3.8325* |
| Parmesan (Italy) | : -0- | : 4.3075-6.3975* |
| Provolone (Italy) | : -0- | : 2.9600-3.1175* |
| Romano (Cows Milk) | : -0- | : 4.1075-6.2575* |
| Sardo Romano (Argentina) | : 2.8500-3.6900 | : -0- |
| Reggianito (Argentina) | : 3.2900-4.5600 | : -0- |
| Jarlsberg-(Brand) | : 2.9500-5.6300 | : -0- |
| Swiss Cuts Switzerland | : -0- | : 3.8975-4.2200* |
| Swiss Cuts Finnish | : 2.6700-2.9300 | : -0- |

* = Price change.

FLUID MILK AND CREAM

EAST

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

| | THIS WEEK | | LAST WEEK | | LAST YEAR | |
|------------------|-----------|-----|-----------|-----|-----------|-----|
| | IN | OUT | IN | OUT | IN | OUT |
| FLORIDA | 0 | 140 | 0 | 120 | 0 | 105 |
| SOUTHEAST STATES | 0 | 0 | 0 | 0 | 0 | 0 |

Some areas of Florida experienced heavy rainfall over the weekend into the first of the week. The cow conditions are good and pastures are mostly fair, although the panhandle remains wet. Milk production benefited from the downpours, which brought cooler conditions to offset warmer temperatures that tend to reduce cow comfort levels. Production at the farm level is holding strong. Class I demand is at seasonal average. Exports increased to 140 compared to 120 a week ago. Milk supplies are showing moderate to strong increases in the Northeast and Mid-Atlantic regions. Class I demand is up a tick. Production is moving upward in the Southeast region. Contacts are reporting that fluid milk volumes are increasing faster than sales. Bottling plants are reported to have reached capacity and are unable to handle full delivery. Some manufacturers were able to take on additional loads along with contracted volumes. Class I demand is slightly down. **Cream multiples for all** Classes range 1.28-1.36 this week. Cream is balanced this week, although some contacts suggest tight supplies. Demand is active. Holiday interest is steady with loads clearing for cream cheese and other Class II production. Spot market spot transactions are limited, as most manufacturers are primarily satisfying contractual obligations. Ice cream manufacturers are experiencing the effect of lingering winter temperatures on sales throughout the Northeast. **Condensed skim** volumes being cleared through contracts are heavy. Class IV processing of condensed skim is moderate but increases are anticipated following the Easter/Passover holidays period.

DAIRY PRODUCTS: According to NASS, U.S. hard ice cream production in the Atlantic region for February 2014 totaled 11.1 million gallons, 7.5% less than last year. U.S. yogurt production (plain and flavored) for February totaled 392.8 million pounds, down 0.6% from the previous month. Cumulative 2014 production through February totals 788.1 million pounds, 4.5% higher than a year ago.

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 - | 2.5433-2.7023 |
| F.O.B. producing plants: Upper Midwest - | 2.5632-2.6626 |

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

| | |
|--|-----------|
| Northeast - Class II - includes monthly formula prices - | 2.15-2.18 |
| Northeast - Class III - spot prices - | 2.01-2.04 |

MIDWEST

The cows in the Upper Midwest are welcoming the warmer weather and beginning to show noticeable increases in milk production. Producers are seeking replacement heifers in high demand to keep the barns full. Corn is beginning to surface in the southern part of the region. Spot loads of milk are varying greatly, ranging from \$3.00 under to \$2.75 over Class with the larger discounts resulting from transportation issues of trucks being hard to come by and the

logistics of shipping milk to further locations. Bottling demand is steady. Condensed skim prices are trending lower as increased supplies are becoming available. Class II demand is steady to slightly lower as holiday orders finished up in the early part of the week. **Class II cream multiples narrowed, ranging from 1.29 to 1.34.** Cream demand is very good as sales are actively coming from butter churn operators, cheese makers, and ice cream manufacturers. Production rates of ice cream are increasing. Grade AA butter at the CME Group closed unchanged Wednesday at \$1.9700, 1.5 cents lower than the previous midweek close. The DMN March monthly average of the range price series for Upper Midwest Class II cream was \$2.3969, up 14.07 cents from last month and higher compared to March 2013 price of \$1.9190. The weekly *Cow Slaughter under Federal Inspection Report* shows U.S. dairy cow slaughter for the week ending on March 22, 2014 at 58,300 head, 6,100 head or 9.5% less than the comparable week a year ago.

WEST

Farm milk production is variable in the SOUTHWEST with all areas close to peak production, but landing on either side of that apex. Milk processing capacity as a whole is adequate to handle milk intakes, but some transportation of milk loads is necessary to make volumes fit. Additional processing capacity came on line recently and will eventually ease the need for hauling some milk loads across state borders. CALIFORNIA'S milk processors report farm milk intakes are stepping lower seasonally at some plants. Intakes are uneven from plant to plant. A few processors indicated their intake volumes are inching higher on a week to week basis. Some producers relate those recent increases to dairy operations feeding the first green chop of the season. Loads of condensed skim are clearing out-of-state to fill supply gaps in other areas of the Western region. First cutting alfalfa is being baled throughout the state. Oatlage harvesting is ongoing for immediate feeding. Farm milk production in NEW MEXICO continues to increase on a week to week basis. Daytime temperatures are reaching into the 90s, but dairy facilities are cooling down at night as temperatures dip into the 40s. Fluid demand continues to trend lower. Class II is uneven, with some plants reducing orders to milk suppliers. Some milk loads are heading out of state to find processing room. Fieldwork is restarting in many areas, but over 60% of the state's topsoil moisture is rated short to very short. Water availability for irrigation is limited according to some contacts. Daytime temperatures are reaching the mid-90s in parts of ARIZONA, and nighttime temperatures are slow to reach the mid-60s. Cow comfort aids are being used, but milk production in Arizona is dropping. Sales into bottlers are steady to lower, but some bottlers report orders from fast food restaurants are steady for individual-size milk containers. Alfalfa harvest is occurring in most areas of the state. Alfalfa crop conditions are variable with 38% rated as good and 28% rated as excellent. CREAM demand is steadily increasing from ice cream and frozen dessert manufacturers. Production on ice cream bulk and individual portion lines is seasonally higher. A few butter producers are also purchasing cream loads to fill churn runs. Cream sales into cream cheese and sour cream operations are seasonally lower. Cream multiples firmed compared to last week, with the current range being 1.09 to 1.38.

CONTINUED ON PAGE 4A

FLUID MILK AND CREAM

CONTINUED FROM PAGE 4

At the CME Group, Grade AA butter closed on Wednesday at \$1.9700, one and one-half cents lower than one week ago. Milk production in the PACIFIC NORTHWEST continues to build along seasonally expected lines. Milk is being moved to various plants to optimize efficiencies. Warmer days are prompting dairies to make plans for feed and forage needs. A recent dairy replacement heifer auction in Washington reported prices \$150-\$200 per head higher than the previous month. Heifer prices reported for quality replacements ranged from \$1600-\$2175 per head. Favorable milk prices and good cull cow prices are encouraging dairies to look into increasing herd size. UTAH and IDAHO milk production levels are also increasing, albeit at a slower rate than hoped. Processing demand is good with some milk being imported from outside the region to fill needs. Some late season storms in the upper elevations, mixed with rains in the valleys, have buoyed confidence in adequate irrigation supplies for the upcoming crop season.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices for LOW/MEDIUM HEAT nonfat dry milk decreased on lower F.O.B spot sales and multiple indices. The market tone is weak as inventories are growing and more discounts on spot loads are available. Milk processors are generally drying at strong production rates of low/medium heat NDM, however, a few are focusing on drying higher return products such as milk protein concentrate. Domestic demand is light to moderate as buyers are in a "wait and see" approach as to how far NDM could fall. Export orders are slowing as price competition increases in global markets. HIGH HEAT NDM prices are slightly lower based on various indexes. The market tone is quiet. Manufacturers of high heat NDM are mainly running production at levels to fill current contracts while others have ample inventories to meet contractual obligations. Demand is moderate. Stocks of high heat are steady to lower. The DMN March 2014 monthly average of the range price series for Central and East low/medium heat NDM was \$2.0951, down 0.67 cents from a month ago, but higher compared to last March's price of \$1.5268. The average of the mostly price series for March was \$2.1083, up 1.69 cents from February and higher compared to \$1.5217 in March 2013. The March monthly average of the range price series for Central and East high heat was \$2.1954, 3.78 cents higher than last month and an increase compared to \$1.6396 in March 2013. Grade A NDM at the CME Group was quiet early in the week, before closing 11 cents lower on Wednesday to \$1.8875, 11 cents lower than the previous midweek close. The CME Group March monthly average price for Grade A NDM was \$2.0330, 0.01 cents higher than February and higher compared to \$1.5133 a year ago. The NASS *Dairy Products Report* noted February 2014 NDM human food production in the Central region totaled 20.4 million pounds, 8.3% lower than January and 22.6% lower than a year ago. Cumulative 2014 Central NDM human food production is 42.7 million pounds, a 19.2% decrease compared to the same time span in 2013. Total U.S. NDM human food production for February was 140.9 million pounds, up 1.5% from a month ago and 2.3% higher than February 2013. The Central region made 14% of the total production. Cumulative 2014 U.S. NDM human food production totals 279.8 million pounds, 0.3% less than at this point in 2013. Total U.S. NDM human food month ending stocks for February is 181.9 million pounds, 21.9% higher than January, but 19.4% lower than a year ago. February 2014 U.S. skim milk powder (SMP) production totaled 34.8 million pounds, down 40.8% from a month ago and 19.4% lower than February 2013.

EAST: Prices for Eastern nonfat dry milk are lower. The market tone is weakening. Manufacturers are running 7-day production schedules at some facilities. Low/medium heat nonfat dry milk stocks are increasing with additional condensed skim supplies and improved milk production. Most brokers are looking to make spot purchases opposed to contract transactions as the nonfat market unfolds. Some buyers are purchasing off grade product as an alternative to nonfat dry milk, to capture higher discounts. High heat nonfat dry milk volumes are steady. With limited schedules available for high heat production, plants are focusing on drying specialty products for contractual customers, with very few surplus volumes produced. Stocks are adequate for fulfilling contracts. The Foreign Agricultural Service (FAS), reports that February 2014 U.S. NDM exports totaled 79.7 million pounds, a 3% increase from last year.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 1.9500 - 2.1600 MOSTLY: 2.0100 - 2.1400
HIGH HEAT: 2.0500 - 2.2200

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk prices are lower on a weaker market. Prices based on variable indices decreased. Market participants termed the current NDM pricing structure as spongy, with room for additional price adjustments in the weeks ahead. Market participants indicate recent decreases in prices have yet to bring in megabuyers. Those buyers who regularly use millions of pounds of low/medium heat NDM have yet to show interest in taking a mid to long-term position on NDM at current pricing. Manufacturers report most sales activities are contract based. F.O.B. spot sales continue for hand to mouth purchasing by end users. Low/medium heat NDM production is active while sharing dryer time with skim milk powder production at several facilities. Low/medium heat NDM inventories are building steadily. High heat NDM prices are lower and higher as variably priced contract sales continue to dominate the market activity. Production is intermittent, but some manufacturers report the recent flattening of the milk intake trend is allowing some additional dryer time for high heat NDM production. According to NASS, NDM production in the West region totaled 104.0 million pounds during February 2014, 12.9% more than one year ago. This production is 74% of total February production in the U.S. Cumulative Western region 2014 production totals 201.2 million pounds, a 5.8% increase compared to 2013. California produced 67.8 million pounds of NDM during February, 48% of the national monthly production. The March 2014 Dairy Market News average of the mostly price series for Western low/medium heat nonfat dry milk was \$2.0875, compared to \$2.0725 one month ago and \$1.4858 one year ago. The March 2014 Dairy Market News average of the price series for Western high heat nonfat dry milk was \$2.1868 compared to \$2.1232 one month ago and \$1.5961 one year ago.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows U.S. production of human food NONFAT DRY MILK during February 2014 totaled 140.9 million pounds, a 2.3% increase from one year ago. Cumulative nonfat dry milk production for 2014 totals 279.8 million pounds, 0.3% lower than 2013 production. Month ending stocks, at 181.9 million pounds, are 19.4% lower than one year ago. February 2014 production of SKIM MILK POWDERS, which includes protein standardized and blended product, totaled 34.8 million pounds, 19.4% lower than one year ago. Cumulative 2014 skim milk powder production totals 93.6 million pounds, a 2.7% increase compared to 2013.

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

LOW/MEDIUM HEAT: 1.9000 - 2.1200 MOSTLY: 2.0000 - 2.1050
HIGH HEAT: 2.1400 - 2.2525

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

| | 2014 Exports (Million Lb.) | % Change From 1 Year Ago |
|------------------|-------------------------------|-----------------------------|
| February Total | 79.7 | + 3 |
| TOTAL, JAN - FEB | 165.2 | + 12 |
| 1 Mexico | 54.7 | - 22 |
| 2 Philippines | 25.1 | + 117 |
| 3 Indonesia | 17.0 | + 7 |
| 4 China | 13.2 | + 632 |
| 5 Malaysia | 11.8 | + 39 |

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.

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DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices moved slightly lower as F.O.B. spot trades are generally lower. The market tone is weak with buyers making hand-to-mouth purchases as they wait to see if the market will fall lower. Manufacturers of buttermilk are drying at steady to lower rates as some buyers are purchasing condensed form only, and butter churn operators churn rates were generally lower. The domestic demand is steady. Inventories are improving. The March 2014 DMN average of the range price series for Central and East dry buttermilk was \$1.9169, down 1.69 cents from February, but higher compared to \$1.3821 a year ago. The NASS *Dairy Products Report* noted February 2014 U.S. dry buttermilk production totaled 9.9 million pounds, 13.2% lower than January and 16.0% less than a year ago. Cumulative 2014 U.S. dry buttermilk production is 21.3 million pounds, 17.3% lower than the same time in 2013. Total U.S. month ending stocks for February are 13.8 million pounds, 7.3% higher than a month ago, but 39.9% lower than February 2013.

EAST: Dry buttermilk prices are lower. Production is mixed. Some ice cream manufacturers are looking to purchase dry buttermilk as warmer temperatures move into the region. Because the view of some brokers is that prices will continue to weaken, most dry buttermilk purchases are occurring on an as needed basis. Domestic demand is steady to weak. Inventories are balanced. The market tone is weaker.

F.O.B. CENTRAL/EAST: 1.8200 - 1.9800

DRY BUTTERMILK - WEST

Prices for Western dry buttermilk are unchanged to higher on the range, but unchanged to lower on the mostly price series. Higher prices cleared on the F.O.B. spot market based on buyer needs of specific brands, but the overall market tone is weaker. Recent dry buttermilk production has been active, accompanying robust pre-holiday butter production. However, manufacturers report butter interest is slowing, churning is settling lower, and dry buttermilk production is following that same pattern at some locations. Other locations continue to actively churn butter and dry buttermilk. Dry buttermilk inventories are steady to building, but cream sales into frozen dessert accounts are removing cream volumes from churns on a steadily increasing trend. Dry buttermilk inventories are variable, from light to moderate. The March 2014 Dairy Market News average of the mostly price series for West dry buttermilk was \$1.9543 compared to \$1.9367 one month ago and \$1.3814 one year ago.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows dry buttermilk production in the U.S. for February 2014 totals 9.9 million pounds, down 16.0% from one year ago. Cumulative 2014 dry buttermilk production totals 21.3 million pounds, a 17.3% decrease compared to 2013 production. Stocks at the end of February were 13.8 million pounds, a 39.9% decrease from one year ago.

F.O.B. WEST: 1.9000 - 2.0400 MOSTLY: 1.9400 - 1.9625

DRY WHOLE MILK - NATIONAL

Dry whole milk prices are steady, despite some pressure from changes in domestic and international nonfat dairy solids and butterfat values. Demand for dry whole milk, particularly from international buyers, is active. Production is steady to higher, based on available dryer schedules. The March 2014 Dairy Market News average of the price series for dry whole milk was \$2.1538, compared to \$2.1367 one month ago and \$1.7270 one year ago.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows U.S. dry whole milk production during February 2014 totaled 8.7 million pounds, 59.8% higher than one year ago. Cumulative 2014 production totals 14.4 million pounds, a 42.0% increase compared to 2013. Month ending stocks, at 9.3 million pounds, are 34.9% higher than one year ago.

F.O.B. PRODUCING PLANT: 2.0600 - 2.2500

CALIFORNIA MANUFACTURING PLANTS - NDM

| WEEK ENDING | PRICE | TOTAL SALES |
|-------------|----------|-------------|
| April 4 | \$2.0007 | 16,243,376 |
| March 28 | \$2.0262 | 17,642,788 |

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

WHEY, WPC 34%, LACTOSE & CASEIN

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

DRY WHEY - CENTRAL

Prices of DRY WHEY increased marginally as a result of higher F.O.B spot trades and various indices. The market tone is firm due to supply shortages in the spot market. Dry whey production rates are mixed, but steady for the most part. End users are reporting they are receiving their contract loads on time. Domestic demand is steady. Many buyers are working off inventories, otherwise purchasing in a hand-to-mouth fashion given current prices. Exports orders are steady to lower with some competing international market prices lower. Stocks of dry whey are limited. ANIMAL FEED WHEY prices moved higher as offers and sales are increasing. The market tone is firm as supplies are tight. Production rates of feed whey are steady to lower. Demand domestically is very good as buyers are facing increased competition for spot loads. The DMN March monthly average of the range price series for Central dry whey was \$0.6491, up 2.98 cents from a month ago and higher compared to \$0.5830 in March 2013. The average of the mostly price series for March 2014 was \$0.6246, up 2.06 cents from February and higher compared to \$0.5538 a year ago. The March monthly average of the range price series for Central animal feed whey was \$0.5230, a 1.29 cent increase over last month and higher compared to \$0.4864 in March 2013. The NASS *Dairy Products Report* noted February 2014 dry whey human grade production in the Central region totaled 30.5 million pounds, 7.1% lower than January and 22.5% lower than a year ago. Cumulative 2014 Central human dry whey production is 63.3 million pounds, 22.7% lower than the same time span in 2013. Total U.S. dry whey human production for February was 64.6 million pounds, down 6.4% from a month ago and 12.5% lower than February 2013. The Central region made 47% of the total U.S. production. Total U.S. dry whey human month ending stocks for February are 57.1 million pounds, 0.4% lower than January and 12.6% less than a year ago. According to the Foreign Agricultural Service, U.S. dry whey exports during February 2014 totaled 42.3 million pounds, an increase of 17% from a year ago.

F.O.B. CENTRAL: .6250 - .7100 MOSTLY: .6250 - .6500
 F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4600 - .6150

DRY WHEY - NORTHEAST

Dry whey prices moved higher based on spots transactions and pricing indices. The undertone remains firm. Domestic demand for dry whey is solid with contract sales driving production volumes in some channels. Tight supplies are limiting spot sales. The Foreign Agricultural Service (FAS), reports that February 2014 U.S. dry whey exports totaled 42.3 million pounds, a 17% increase from last year.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6675 - .7150

DRY WHEY - WEST

Western dry whey prices are higher this week. The market undertone is unsettled though. While domestic prices continue to move higher, export prices are mostly steady and meeting increased resistance. Buyers are being offered lower whey prices from some EU sources. Domestic prices are firming due to tight stocks. Whey production is down as more of the whey protein products are

utilized in concentrated whey protein products. According to the NASS *Dairy Products* report, edible U.S. whey production in February of 2014 totals 64.6 million pounds, down 12.5% (-9.2 million pounds) from February 2013. The Western region produced 14.1 million pounds of human food dry whey in February, down 19.6% (-3.4 million pounds) from a year ago. The West produced 22% of the human food dry whey in the U.S. in February. Cumulative U.S. total dry whey production for 2014 is 135.5 million pounds, down 19.2% (-32.2 million pounds) from 2013. U.S. manufacturers' stocks at the end of February for total dry whey are 57.7 million pounds, down 16.4% (-11.3 million pounds) from a year ago. According to the Foreign Agricultural Service, U.S. exports of dry whey for January-February 2014 total 83.1 million pounds, up 7% from 2013. The exports equate to 61% of the total dry whey production in the U.S. for 2014.

NONHYGROSCOPIC: .6200 - .6850

MOSTLY: .6200 - .6750

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

| | 2014 Exports (Million Lb.) | % Change From 1 Year Ago |
|------------------|-------------------------------|-----------------------------|
| February Total | 42.3 | + 17 |
| TOTAL, JAN - FEB | 83.1 | + 7 |
| 1 China | 26.1 | + 13 |
| 2 Mexico | 10.0 | + 147 |
| 3 Japan | 9.7 | + 18 |
| 4 Canada | 7.7 | - 15 |
| 5 Philippines | 3.6 | - 13 |

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices for whey protein concentrate 34% are lower and higher on the range and the mostly price series. Manufacturers with established international accounts report increasing requests for additional volumes from Chinese and Southeast Asian buyers. Some domestic buyers are also looking for additional loads and extending their searches beyond usual suppliers. Pricing is consistent with brand interest, color, and other physical characteristics. Whey protein concentrate 34% production is steady to higher and benefiting from growing regional manufacturing milk supplies. However, some manufacturers are diverting whey stream solids to sweet whey and WPC 80% production. Whey protein concentrate 34% inventories are mostly unchanged. The March 2014 Dairy Market News average of the mostly price series for Central and West whey protein concentrate 34% was \$1.7694 compared to \$1.7799 one month ago and \$1.2150 one year ago. DAIRY PRODUCTS: The NASS *Dairy Products* report shows U.S. production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during February 2014 totaled 23.0 million pounds, 44.3% higher than one year ago. Cumulative production for 2014 totals 49.5 million pounds, 45.3% higher than 2013 production. Manufacturers' end-of-month stocks totaled 20.4 million pounds, 22.5% lower than one year ago.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.5600-1.9700 MOSTLY: 1.6700-1.8700

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

| | 2014 Exports (Million Lb.) | % Change From 1 Year Ago |
|------------------|-------------------------------|-----------------------------|
| February Total | 20.1 | + 8 |
| TOTAL, JAN - FEB | 36.2 | - 4 |
| 1 China | 13.1 | + 96 |
| 2 Mexico | 6.5 | - 49 |
| 3 Canada | 5.2 | N.C. |
| 4 Singapore | 1.8 | + 36 |
| 5 Australia | 1.6 | - 31 |

CASEIN - NATIONAL

Pricing indications are lower for rennet casein, but are unchanged for acid casein. The market tone is slightly weaker and being influenced by lower pricing trends for other dairy proteins. Casein buying interest is light and centered around contracted volumes and short-term needs. Supplies are mostly adequate to service contract customers. Stocks and holdings are light.

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:

4.8000 - 5.2000

ACID:

5.0000 - 5.4000

LACTOSE - CENTRAL AND WEST

Lactose prices are unchanged, lower, and higher on the range and mostly price series as contracts related to variable bases engage, and F.O.B. spot sales, mostly on unground lactose, continue. Among lactose brands, the spread on prices remains wide, as shown on the range price series. Price differences remain relevant to end use, mesh size, packaging, color, other physical and specification differences, and location. Manufacturers in the Central region who participate in the international market have an additional hurdle to clear in terms of transportation costs to a port. Demand for lactose is steady into domestic and international markets. Price competition from European sources has been minimal. Lactose production is seasonally trending higher in step with increases in manufacturing milk intakes. F.O.B. spot load availability varies widely. The March 2014 Dairy Market News average of the mostly price series for Central and West lactose was \$0.5983, compared to \$0.5950 one month ago and \$0.6838 one year ago. DAIRY PRODUCTS: NASS's *Dairy Products* report shows U.S. HUMAN and ANIMAL lactose production during February 2014 totaled 90.9 million pounds, a 16.2% increase from one year ago. Cumulative 2014 lactose production totals 187.8 million pounds, a 12.5% increase from 2013. Month ending stocks, at 106.1 million pounds, are 18.8% higher than one year ago.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .4500-.7200 MOSTLY: .5900-.6550

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

| | 2014 Exports (Million Lb.) | % Change From 1 Year Ago |
|------------------|-------------------------------|-----------------------------|
| February Total | 35.9 | - 14 |
| TOTAL, JAN - FEB | 77.1 | - 6 |
| 1 New Zealand | 15.9 | + 7 |
| 2 Mexico | 9.6 | - 3 |
| 3 Indonesia | 7.7 | + 96 |
| 4 Japan | 7.1 | + 12 |
| 5 China | 5.6 | - 55 |

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 |
|-------------|----------------------|-------------------------------|---------------------------|-------------------------------|
| 03/22/2014 | 58.3 | 709.9 | 64.4 | 776.5 |

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 |

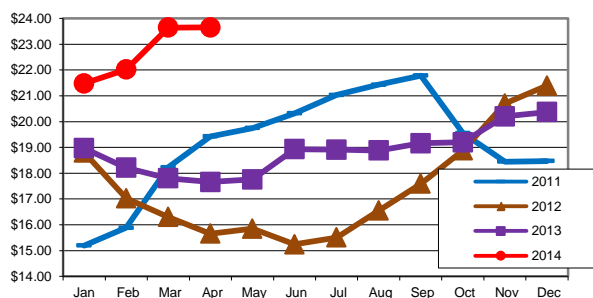
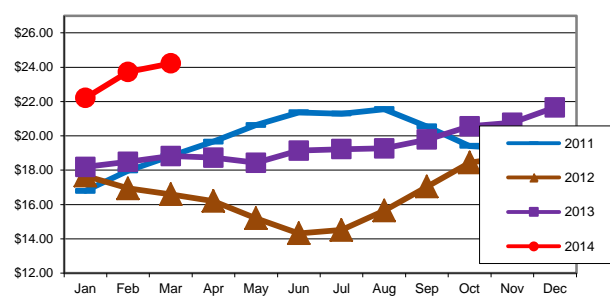
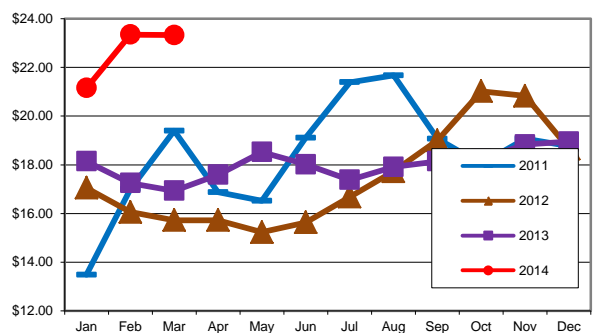
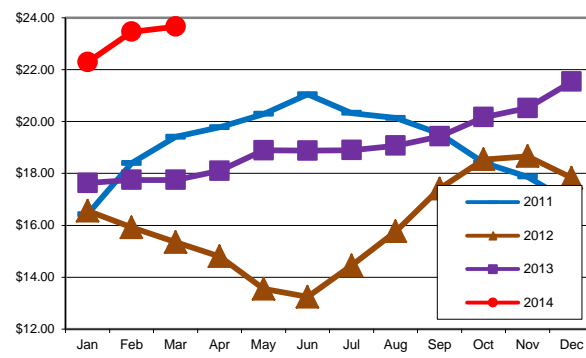
CLASS IV MILK PRICES (3.5%)

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

FEDERAL MILK ORDER CLASS PRICES FOR 2014 (3.5%)

| CLASS | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|-------|-------|-------|-------|-------|-----|-----|-----|-----|-----|-----|-----|-----|
| I 1/ | 21.48 | 22.02 | 23.64 | 23.65 | | | | | | | | |
| II | 22.21 | 23.73 | 24.22 | | | | | | | | | |
| III | 21.15 | 23.35 | 23.33 | | | | | | | | | |
| IV | 22.29 | 23.46 | 23.66 | | | | | | | | | |

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."

Class I**Class II****Class III****Class IV**

INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered March 31 – April 11, 2014

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same

WESTERN OVERVIEW: Milk production continues to show robust increases compared to year ago levels. The new quota year has started with good weather and good producer margins, prompting increased milk volumes from the EU. Some areas are in need of rain to promote forage growth. Manufacturers of milk powders continue to dry at maximum capacity. The upcoming holidays and related manufacturing plants shut downs, will severely tax drying operations. Excess milk supplies are flowing into cheese vats and are causing increased cheese production. Concerns over the effects of cheese production expansion on farm milk prices are growing, especially when adding in the uncertainty regarding Russian exports. Cheese prices in the EU are said to be under continued downward pressure, even after recent declines. The declines in EU cheese prices have sparked some additional export interest. Producers acknowledge that peak milk prices are behind them and anticipate lower prices in the coming months. Dairy product prices have declined as global demand has diminished in the face of growing supplies in the northern hemisphere.

BUTTER/BUTTEROIL: Domestic production and demand of package butter ahead of the Easter holiday are overshadowing the bulk butter export market. Export demand has lessened as buyers are willing to wait for the holidays to pass prior to purchasing additional supplies. Most are willing to wait, with the anticipation that larger volumes will be more readily available and at possibly lower prices. Bulk butter prices are currently stable, but the market has a weak undertone. Butteroil prices have declined in the face of reduced exports to Russia and growing supplies.

82% BUTTERFAT: 4,675 - 5,125
99% BUTTERFAT: 5,675 - 6,200

SKIM MILK POWDER (SMP): Prices for SMP have declined as demand has slowed with many buyers having covered their Q2 needs. The EU market is in transition as many buyers are taking a wait and see approach to future purchases with negotiations ongoing for Q3 contracts. Production remains strong with most dryers operating at capacity. Production schedules in Western Europe are focused on filling Q2 orders and limited spot sales. Market activity is currently more focused on bulk domestic transactions, while export traders take a breather from the hectic pace of export sales early in the year. Eastern EU producers, especially Poland, have supplies of SMP more readily available.

1.25% BUTTERFAT: 4,000 - 4,500

WHOLE MILK POWDER (WMP): European whole milk powder prices have weakened following declines in other global markets. Export activity has declined as prices from competing markets are below EU levels. The recent strength in the Euro has been disadvantageous to EU WMP export sales. A majority of current supplies are committed with most Q2 orders on the books. The domestic market remains active.

26% BUTTERFAT: 4,675 - 5,150

SWEET WHEY POWDER: Whey prices saw some declines this reporting period. Production has held steady. Increasing whey concentrate supplies are being channeled to feed manufacturers, to better manage the increased volumes. Prices for feed grade whey have declined more quickly than food grade whey. Whey protein concentrate manufacturers have also expanded production as fluid whey volumes have become more readily available. Export interest has improved as EU prices are below U.S. levels.

NONHYGROSCOPIC: 1,200 - 1,450

EASTERN OVERVIEW: Milk production in Eastern Europe is increasing along the seasonal trend with volumes above year ago levels in most areas. Poland continues to show the largest volume increases. Excess skim milk concentrate volumes from other areas are being channeled to Poland. Exports to Russia have been ongoing, but will be diminished as Moscow will soon block dairy imports from a major Polish manufacturer.

**Exchange rates for selected foreign currencies:
April 7, 2014**

| | |
|-------------------------|--------------------------|
| .1250 Argentina Peso | .0097 Japan Yen |
| .9270 Australian Dollar | .0769 Mexican Peso |
| .9115 Canadian Dollar | .8603 New Zealand Dollar |
| 1.3742 Euro | .3295 Poland Zloty |
| .0166 India Rupee | |

To compare the value of 1 US Dollar to Mexican Pesos:
(1/.0769) = 13.0039 Mexican Pesos. Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered March 31 - April 11, 2014

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

AUSTRALIAN milk production is trending lower, approaching seasonally low levels, typically seen from April through June. The autumn rains have yet to arrive, restricting forage growth in non-irrigated fields. Temperatures remain fairly warm, so if timely rains do arrive, there may be a marginal bump up in milk production. Producer margins remain positive, but are narrowing as feed costs are inching higher. Numerous dairy manufacturers are focused on the production of butter and various cream products for the upcoming Easter/Passover holidays and, as a result, milk powder production has been focused on skim milk powder, rather than whole milk powder. The recent trade agreement between Australia and Japan met a cool reception with numerous members in the Australian dairy industry, because of the lack of movement on tariff levels for fresh cheese. According to Dairy Australia, February 2014 milk production in Australia was 1.5% above February 2013. The state changes from a year earlier are: New South Wales, -7.9%; Victoria, +4.3%; Queensland, -7.9%; South Australia, -7.4%; Western Australia, -1.8% and Tasmania +7.9%. Australia's milk production season to date is -1.8%, compared to last season. Dairy Australia states exports for the July-February period total 490.8 thousand tons, down 9.2% from the year ago period. The largest export categories are skim milk powders (SMP) and whole milk powders (WMP). The total value of export is 19.7% higher over the prior year period. The highest value items are WMP and SMP. **NEW ZEALAND** milk production trends are mixed between the North and South Islands, but overall milk production remains very positive with March production estimates near 7% above year ago levels. The North Island is becoming increasingly dry, causing decreases in production due to decreased forage regrowth. Producers are managing and culling their herds to maximize milk production with the available feed supplies. The situation on the South Island is significantly better, with adequate rains and good pastures. The prolonged milk production season has allowed dairy product manufacturers to build adequate supplies to cover contract needs for the upcoming carryover period. Large investments are being made to increase whole milk powder manufacturing in New Zealand for the next season. Producers are also looking to expand herds and increase milk production. Dairy product prices have weakened, due to global milk production increases and a decline in sales to China following their significant milk powder purchases during January and February. At the April 1 GDT event #113, average prices ranged from 15.0% lower to 5.5% 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, \$4,062 -11.3%; butter, \$4,040 -11.0%; buttermilk powder, \$4,211 -15.0%; cheddar cheese, \$4,438 -3.5%; lactose, \$1,530 n.a.; milk protein concentrate, \$8,436 -4.3%; rennet casein, \$11,105 +5.5%; skim milk powder, \$4,126 -9.6%; and whole milk powder, \$4,033 -8.4%.

BUTTER: The Oceania butter market has stalled and prices have retracted as the largest export markets have reduced purchases. The once strong demand from Russia has all but vacated the Oceania market. A majority of global production is geared to the upcoming Easter/Passover holidays. Many buyers are holding off purchases until after the holidays, hoping the increased global production will provide greater availability and lower prices. Oceania production is covering domestic contracts with only marginal increases in supplies. Some manufacturers are offering product at a discount in order to better manage supplies, prior to the end of the season. AMF prices continue to decline and export interest has diminished. Buyers are purchasing for immediate needs only, unwilling to build inventories on a down-

ward trending market. At the April 1 GDT event 113, NZ unsalted butter averaged \$3,920/MT for the June contracts, and all regions \$4,040/MT for all contract periods, -11.0%. AMF prices averaged \$4,038/MT for the June contracts, -11.4% from the prior event. For all contract periods, the AMF price average was \$4,062/MT, -11.3%.

82% BUTTERFAT:

3,850 - 4,450

SKIM MILK POWDER (SMP): Oceania SMP prices and demand have declined. The increased demand for cream in Oceania, ahead of the Easter/Passover holidays, has led to some increases in SMP production. Most manufacturers have adequate supplies to cover their future contracts for the remainder of the production season. Demand has declined as numerous buyers have backed away from the market, anticipating the increases in production in the northern hemisphere could further pressure prices lower. Supplies are available with prices for near term delivery at the upper end of the range, while deliveries further out are at the low end of the range. Manufacturers in the region see increased risk holding uncommitted SMP stocks as EU production increases and they offering product at lower prices to better manage inventories. Export interest in Southeast Asia is active, but buyers are cautious. At the April 1 GDT event 113, SMP for all regions and contracting periods averaged \$4,126 per MT, -9.6%. For trading in contract period 2, June 2014, prices averaged \$4,130 for NZ sourced medium heat product, down \$670 from the prior event. For June sales, the price gap between NZ and U.S. sourced MH SMP, at \$4,130, was \$0/MT.

1.25% BUTTERFAT:

4,125 - 4,700

CHEDDAR CHEESE: Oceania cheese markets are steady to weak. Production is near the seasonal low point and geared to covering contracts. Spot market activity is very limited. Cheese production in Australia has shown monthly declines from October to February. Dairy Australia's February data showed cheese production down 13.4% compared to year ago levels. The 2014 year to date totals are 11.7% below year ago levels. The favorable margin differentials for skim and whole milk powders, compared to cheese, had been the leading factors contributing to the decline in cheese production.

39% MAXIMUM MOISTURE:

4,600 - 5,300

WHOLE MILK POWDER (WMP): Whole milk powder prices declined significantly as China has adequate supplies and has decreased purchases. Production in the region is almost exclusively in New Zealand, due to cream demand increases in Australia. Some contacts feel the market will continue to experience downward pressure and decreased export activity for a number of weeks to come. Some buyers are holding off purchases, anticipating market prices will move lower. The recent declines in prices and market activity were anticipated by many in the industry after the record breaking export volumes in January and February. At the April 1 GDT event 113, the WMP pricing index, across all contracting periods, averaged \$4,033 per MT, down 8.4% compared to the prior event. For contract periods 1 and 2, May and June 2014, NZ regular WMP averaged \$3,925 and \$3,930 per MT.

26% BUTTERFAT:

3,925 - 4,800

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

| US\$/MT | Global/Dairy Trading (g/DT) Event 113 Recap - April 1, 2014 | | | | | | | | | | | | | |
|--------------------------|---|--------|----------------------|--------|----------------------|--------|----------------------|--------|----------------------|--------|----------------------|--------|---------------|--------|
| | Contract 1 May-14 | | Contract 2 Jun-14 | | Contract 3 Jul-14 | | Contract 4 Aug-14 | | Contract 5 Sep-14 | | Contract 6 Oct-14 | | All Contracts | |
| Anhydrous Milk Fat | n.a. | | \$4,038 | -11.4% | \$4,089 | -11.0% | \$4,086 | -11.3% | \$4,089 | -12.3% | \$4,216 | -8.3% | \$4,062 | -11.3% |
| Butter | \$4,370 | -2.9% | \$3,953 | -14.1% | \$3,842 | -14.4% | \$4,155 | -10.6% | n.a. | | n.a. | | \$4,040 | -11.0% |
| Buttermilk Powder | n.a. | | \$4,211 | -15.0% | n.a | | n.a. | | n.a. | | n.a. | | \$4,211 | -15.0% |
| Cheddar | n.a. | | \$4,380 | -4.7% | \$4,616 | -1.0% | n.a. | | n.a. | | n.a. | | \$4,438 | -3.5% |
| Lactose | n.a. | | n.a. | | \$1,530 | n.a | \$1,530 | n.a. | n.a. | | n.a. | | \$1,530 | n.a. |
| Milk Protein Concentrate | n.a. | | \$8,190 | -7.4% | \$8,915 | 1.0% | n.a. | | n.a. | | n.a. | | \$8,436 | -4.3% |
| Rennet Casein | n.a. | | \$11,105 | 5.5% | n.a | | n.a. | | n.a. | | n.a. | | \$11,105 | 5.5% |
| Skim Milk Powder | \$4,217 | -3.4% | \$4,133 | -10.5% | \$4,152 | -11.2% | \$4,178 | -6.0% | \$4,072 | -10.6% | \$4,038 | -10.4% | \$4,126 | -9.6% |
| Whole Milk Powder | \$3,976 | -13.8% | \$3,951 | -9.9% | \$4,089 | -8.2% | \$4,720 | 5.9% | \$4,378 | -8.5% | \$4,168 | -10.5% | \$4,033 | -8.4% |

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

| US\$/Pound | Global/Dairy Trading (g/DT) Event 113 Recap - April 1, 2014 | | | | | | | | | | | | | |
|--------------------------|---|--------|----------------------|--------|----------------------|--------|----------------------|--------|----------------------|--------|----------------------|--------|---------------|--------|
| | Contract 1 May-14 | | Contract 2 Jun-14 | | Contract 3 Jul-14 | | Contract 4 Aug-14 | | Contract 5 Sep-14 | | Contract 6 Oct-14 | | All Contracts | |
| Anhydrous Milk Fat | | n.a. | \$1.8316 | -11.4% | \$1.8548 | -11.0% | \$1.8534 | -11.3% | \$1.8548 | -12.3% | \$1.9124 | -8.3% | \$1.8425 | -11.3% |
| Butter | \$1.9822 | -2.9% | \$1.7931 | -14.1% | \$1.7427 | -14.4% | \$1.8847 | -10.6% | | n.a. | | n.a. | \$1.8325 | -11.0% |
| Buttermilk Powder | | n.a. | \$1.9101 | -15.0% | | n.a. | | n.a. | | n.a. | | n.a. | \$1.9101 | -15.0% |
| Cheddar | | n.a. | \$1.9868 | -4.7% | \$2.0938 | -1.0% | | n.a. | | n.a. | | n.a. | \$2.0131 | -3.5% |
| Lactose | | n.a. | | n.a. | \$0.6940 | n.a. | \$0.6940 | n.a. | | n.a. | | n.a. | \$0.6940 | n.a. |
| Milk Protein Concentrate | | n.a. | \$3.7150 | -7.4% | \$4.0438 | 1.0% | | n.a. | | n.a. | | n.a. | \$3.8265 | -4.3% |
| Rennet Casein | | n.a. | \$5.0372 | 5.5% | | n.a. | | n.a. | | n.a. | | n.a. | \$5.0372 | 5.5% |
| Skim Milk Powder | \$1.9128 | -3.4% | \$1.8747 | -10.5% | \$1.8833 | -11.2% | \$1.8951 | -6.0% | \$1.8470 | -10.6% | \$1.8316 | -10.4% | \$1.8715 | -9.6% |
| Whole Milk Powder | \$1.8035 | -13.8% | \$1.7922 | -9.9% | \$1.8548 | -8.2% | \$2.1410 | 5.9% | \$1.9858 | -8.5% | \$1.8906 | -10.5% | \$1.8294 | -8.4% |

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

CME GROUP, INC FUTURES

Selected settling prices, (open interest), and volume

| Month | 03/27 | 03/28 | 03/31 | 04/01 | 04/02 | 04/03 | 04/04 | 04/07 | 04/08 | 04/09 |
|---|------------------|-----------------|-----------------|------------------|------------------|------------------|------------------|-----------------|------------------|------------------|
| CLASS III MILK FUTURES (Pit-Traded) (\$/cwt) | | | | | | | | | | |
| MAR 14 | 23.29 (4734) 214 | 23.26 (4750) 0 | 23.27 (4842) 0 | 23.27 (4778) 0 | 23.33 (4614) 0 | | | | | |
| APR 14 | 24.03 (4960) 12 | 23.81 (4953) 9 | 23.79 (5118) 73 | 23.94 (5121) 8 | 24.03 (5014) 90 | 24.23 (5041) 0 | 23.94 (5041) 0 | 23.95 (5024) 0 | 24.02 (5044) 0 | 23.98 (4952) 0 |
| MAY 14 | 21.69 (4454) 0 | 21.64 (4479) 12 | 21.71 (4542) 64 | 22.26 (4534) 12 | 22.36 (4524) 0 | 22.70 (4535) 0 | 21.96 (4560) 35 | 21.43 (4557) 0 | 21.58 (4608) 2 | 21.45 (4665) 1 |
| JUN 14 | 20.65 (3896) 0 | 20.49 (3911) 0 | 20.47 (3924) 44 | 20.70 (3936) 1 | 20.73 (3932) 0 | 21.07 (3995) 3 | 20.56 (4084) 2 | 20.47 (4107) 2 | 20.60 (4128) 0 | 20.38 (4234) 0 |
| JUL 14 | 20.32 (2595) 0 | 20.30 (2600) 0 | 20.30 (2648) 38 | 20.42 (2673) 1 | 20.36 (2669) 0 | 20.60 (2726) 0 | 20.28 (2745) 2 | 20.17 (2773) 2 | 20.10 (2818) 0 | 20.09 (2943) 0 |
| AUG 14 | 20.05 (2208) 0 | 20.04 (2208) 0 | 20.01 (2246) 42 | 20.13 (2253) 1 | 20.09 (2250) 0 | 20.25 (2265) 0 | 20.02 (2321) 2 | 20.00 (2336) 2 | 19.99 (2352) 0 | 19.94 (2361) 0 |
| SEP 14 | 19.70 (2075) 0 | 19.73 (2074) 0 | 19.68 (2089) 28 | 19.86 (2091) 1 | 19.77 (2091) 0 | 19.88 (2097) 0 | 19.78 (2102) 2 | 19.79 (2122) 2 | 19.79 (2141) 0 | 19.72 (2163) 3 |
| OCT 14 | 19.30 (1769) 0 | 19.37 (1771) 0 | 19.25 (1777) 26 | 19.30 (1771) 1 | 19.33 (1772) 0 | 19.44 (1782) 0 | 19.35 (1801) 2 | 19.32 (1809) 2 | 19.36 (1821) 0 | 19.30 (1839) 3 |
| NOV 14 | 18.93 (1678) 0 | 18.88 (1679) 0 | 18.84 (1686) 24 | 18.88 (1655) 1 | 18.84 (1656) 0 | 19.00 (1656) 0 | 18.92 (1664) 2 | 18.93 (1673) 2 | 18.93 (1675) 0 | 18.92 (1687) 3 |
| DEC 14 | 18.51 (1520) 0 | 18.59 (1527) 0 | 18.56 (1535) 26 | 18.57 (1528) 1 | 18.49 (1529) 0 | 18.60 (1521) 0 | 18.53 (1531) 2 | 18.51 (1541) 2 | 18.54 (1548) 0 | 18.52 (1559) 3 |
| CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt) | | | | | | | | | | |
| MAR 14 | 23.67 (1696) 0 | 23.69 (1696) 0 | 23.69 (1696) 0 | 23.69 (1696) 0 | 23.66 (1659) 0 | | | | | |
| APR 14 | 23.49 (1728) 0 | 23.52 (1727) 0 | 23.52 (1727) 0 | 23.35 (1727) 0 | 23.37 (1723) 0 | 23.46 (1723) 0 | 23.46 (1723) 0 | 23.25 (1713) 0 | 23.28 (1705) 0 | 23.23 (1693) 0 |
| MAY 14 | 22.39 (1614) 0 | 22.44 (1629) 8 | 22.44 (1629) 0 | 22.07 (1626) 0 | 22.07 (1626) 0 | 22.07 (1626) 0 | 21.95 (1625) 0 | 21.87 (1622) 0 | 21.80 (1620) 0 | 21.33 (1640) 5 |
| CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb) | | | | | | | | | | |
| MAR 14 | 185.28 (1246) 0 | 185.20 (1245) 1 | 185.20 (1245) 0 | 185.20 (1245) 0 | 185.62 (1203) 0 | | | | | |
| APR 14 | 191.55 (1113) 11 | 192.00 (1118) 9 | 192.00 (1118) 0 | 192.25 (1121) 9 | 192.25 (1108) 17 | 193.00 (1108) 18 | 192.50 (1104) 4 | 193.00 (1104) 2 | 193.00 (1104) 0 | 193.00 (1101) 17 |
| MAY 14 | 188.50 (1073) 36 | 188.50 (1073) 7 | 188.30 (1077) 4 | 187.30 (1064) 29 | 188.00 (1061) 15 | 186.10 (1053) 30 | 185.25 (1058) 12 | 185.00 (1064) 6 | 184.50 (1074) 18 | 184.25 (1090) 18 |
| NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb) | | | | | | | | | | |
| MAR 14 | 209.00 (696) 0 | 209.20 (696) 0 | 209.20 (696) 0 | 208.90 (699) 0 | 208.97 (647) 0 | | | | | |
| APR 14 | 203.65 (792) 0 | 204.00 (790) 0 | 203.25 (787) 0 | 201.98 (805) 0 | 201.68 (807) 0 | 202.50 (805) 0 | 202.50 (805) 0 | 201.40 (800) 0 | 201.10 (800) 1 | 201.00 (805) 0 |
| MAY 14 | 193.10 (795) 0 | 194.23 (796) 0 | 193.50 (797) 0 | 189.50 (777) 0 | 189.50 (777) 0 | 189.50 (776) 0 | 189.48 (777) 0 | 188.00 (778) 0 | 187.50 (779) 0 | 183.50 (785) 0 |
| WHEY (Electronic-Traded) (¢/lb) | | | | | | | | | | |
| MAR 14 | 65.20 (355) 0 | 65.20 (355) 0 | 65.20 (355) 0 | 65.20 (355) 0 | 65.54 (387) 0 | | | | | |
| APR 14 | 65.75 (341) 3 | 65.75 (341) 0 | 66.25 (341) 1 | 66.25 (341) 0 | 66.25 (341) 3 | 67.00 (341) 1 | 67.00 (341) 1 | 67.00 (341) 0 | 67.00 (341) 0 | 67.00 (341) 3 |
| MAY 14 | 63.30 (388) 3 | 63.50 (390) 6 | 63.50 (391) 1 | 63.50 (391) 4 | 63.50 (391) 2 | 65.00 (388) 5 | 65.35 (390) 2 | 64.60 (395) 11 | 64.03 (396) 7 | 64.00 (407) 13 |
| CHEESE CSC (Electronic-Traded) (\$/lb) | | | | | | | | | | |
| MAR 14 | 2.27 (1254) 0 | 2.27 (1254) 0 | 2.27 (1254) 0 | 2.27 (1254) 0 | 2.27 (1456) 0 | | | | | |
| APR 14 | 2.33 (1337) 11 | 2.32 (1335) 5 | 2.31 (1323) 14 | 2.32 (1324) 1 | 2.33 (1324) 0 | 2.35 (1324) 0 | 2.32 (1324) 4 | 2.32 (1319) 9 | 2.33 (1319) 0 | 2.33 (1319) 0 |
| MAY 14 | 2.11 (1449) 6 | 2.11 (1469) 37 | 2.11 (1470) 18 | 2.16 (1466) 20 | 2.17 (1467) 1 | 2.20 (1455) 46 | 2.13 (1480) 53 | 2.08 (1490) 55 | 2.10 (1489) 38 | 2.08 (1536) 65 |
| JUN 14 | 2.01 (1290) 41 | 2.00 (1313) 31 | 2.01 (1335) 28 | 2.02 (1327) 16 | 2.03 (1327) 0 | 2.06 (1353) 27 | 2.00 (1380) 39 | 1.99 (1378) 33 | 2.00 (1374) 11 | 1.98 (1387) 17 |
| JUL 14 | 1.99 (1022) 7 | 1.99 (1024) 2 | 2.00 (1053) 30 | 2.01 (1059) 41 | 2.01 (1059) 0 | 2.03 (1073) 14 | 1.99 (1098) 49 | 1.98 (1120) 27 | 1.97 (1123) 11 | 1.97 (1133) 29 |
| AUG 14 | 1.97 (951) 9 | 1.97 (949) 6 | 1.97 (952) 4 | 1.97 (972) 33 | 1.97 (972) 0 | 1.99 (972) 2 | 1.97 (1010) 51 | 1.97 (1035) 26 | 1.97 (1053) 21 | 1.97 (1063) 17 |

Source: <http://www.cmegroup.com/market-data/daily-bulletin.html>

APRIL MILK SUPPLY AND DEMAND ESTIMATES

The milk production forecast for 2014 is raised from last month as strong returns are expected to encourage a more rapid expansion in cow numbers and increased milk per cow. Fat-basis exports are raised on higher sales of cheese and butter, but the skim-solids export forecast is lowered on weaker-than-expected nonfat dry milk (NDM) sales. Skim-solid imports are reduced slightly due to lower imports of milk protein concentrate and casein. Product price forecasts for cheese, butter, and whey are higher, supported by strong demand and price strength to date. However, the NDM price is unchanged at the midpoint as export demand is weaker than expected. Class III and Class IV prices are raised on higher product prices. The all milk price is forecast at \$22.55-23.05 per cwt.

| U.S. MILK SUPPLY AND USE | | | | | |
|--|----------------|----------------|-------|----------------|-------|
| Commodity | 2012 | 2013 Estimated | | 2014 Projected | |
| | | March | April | March | April |
| MILK | BILLION POUNDS | | | | |
| PRODUCTION | 200.5 | 201.2 | 201.2 | 205.7 | 206.1 |
| FARM USE | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| FAT BASIS SUPPLY | | | | | |
| BEGINNING COMMERCIAL STOCKS | 10.9 | 12.2 | 12.2 | 11.2 | 11.2 |
| MARKETINGS | 199.6 | 200.3 | 200.3 | 204.7 | 205.2 |
| IMPORTS | 4.1 | 3.7 | 3.7 | 3.7 | 3.7 |
| TOTAL COMMERCIAL SUPPLY | 214.5 | 216.2 | 216.2 | 219.6 | 220.1 |
| FAT BASIS USE | | | | | |
| COMMERCIAL EXPORTS | 8.8 | 12.4 | 12.4 | 12.4 | 12.7 |
| ENDING COMMERCIAL STOCKS | 12.2 | 11.2 | 11.2 | 11.1 | 10.9 |
| CCC NET REMOVALS ^{1/} | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| COMMERCIAL USE ^{2/} | 193.5 | 192.6 | 192.6 | 196.1 | 196.5 |
| SKIM-SOLIDS BASIS SUPPLY | | | | | |
| BEGINNING COMMERCIAL STOCKS | 11.8 | 12.4 | 12.4 | 11.6 | 11.6 |
| MARKETINGS | 199.6 | 200.3 | 200.3 | 204.7 | 205.2 |
| IMPORTS | 5.7 | 5.3 | 5.3 | 5.3 | 5.2 |
| TOTAL COMMERCIAL SUPPLY | 217.1 | 217.9 | 217.9 | 221.7 | 222.0 |
| SKIM-SOLIDS BASIS USE | | | | | |
| COMMERCIAL EXPORTS | 33.3 | 38.6 | 38.6 | 38.2 | 37.7 |
| ENDING COMMERCIAL STOCKS | 12.4 | 11.6 | 11.6 | 11.9 | 11.7 |
| CCC NET REMOVALS ^{1/} | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| COMMERCIAL USE ^{2/} | 171.4 | 167.7 | 167.7 | 171.6 | 172.6 |
| MILLION POUNDS | | | | | |
| CCC PRODUCT NET REMOVALS ^{1/} | | | | | |
| BUTTER | 0 | 0 | 0 | 0 | 0 |
| CHEESE | 0 | 0 | 0 | 0 | 0 |
| NONFAT DRY MILK | 0 | 0 | 0 | 0 | 0 |
| DRY WHOLE MILK | 0 | 0 | 0 | 0 | 0 |

NOTE: Totals may not add due to rounding.

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

^{2/} Domestic commercial use only.

Continued on page 11

APRIL MILK SUPPLY AND DEMAND ESTIMATES-cont'd

| U.S. DAIRY PRICES | | | | | | |
|------------------------------|---------------------------------|----------------|-----------------------|------------------------|-----------------------|-------------|
| Commodity | 2012 | 2013 Estimated | | 2014 Projected | | |
| | | March | April | March | April | |
| PRODUCT PRICES ¹ | DOLLARS PER POUND | | | | | |
| | CHEESE | 1.7076 | 1.7683 | 1.7683 | 1.860-1.920 | 1.985-2.035 |
| | BUTTER | 1.5943 | 1.5451 | 1.5451 | 1.605-1.695 | 1.760-1.840 |
| | NONFAT DRY MILK | 1.3279 | 1.7066 | 1.7066 | 1.825-1.875 | 1.830-1.870 |
| | DRY WHEY | 0.5935 | 0.5902 | 0.5902 | 0.580-0.610 | 0.615-0.645 |
| MILK PRICES ^{2/} | DOLLARS PER CWT | | | | | |
| | CLASS III | 17.44 | 17.99 | 17.99 | 18.95-19.55 | 20.40-20.90 |
| | CLASS IV | 16.01 | 19.05 | 19.05 | 20.35-21.05 | 21.05-21.65 |
| | ALL MILK ^{3/} | 18.53 | 20.01 | 20.01 | 21.40-22.00 | 22.55-23.05 |
| | QUARTERLY | | | | | |
| | 2013 IV | 2014 I | 2014 II ^{4/} | 2014 III ^{4/} | 2014 IV ^{4/} | |
| MILK PRODUCTION | BILLION POUNDS | | | | | |
| | 49.3 | 51.1 | 52.9 | 50.9 | 51.3 | |
| | DOLLARS PER CWT. | | | | | |
| | ALL MILK PRICE ^{2/ 3/} | 21.43 | 24.60 | 24.40-24.80 | 21.15-21.85 | 20.00-21.00 |
| | CLASS III PRICE ^{2/} | 18.67 | 22.61 | 22.80-23.20 | 18.80-19.50 | 17.45-18.45 |
| CLASS IV PRICE ^{2/} | 20.74 | 23.14 | 22.45-22.95 | 20.35-21.15 | 18.25-19.35 | |

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

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

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

^{4/} Projection.

Source: U.S. Department of Agriculture. World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates, WASDE-527, April 9, 2014*. Approved by the Interagency Commodity Estimates Committee [members for Dairy are: Shayle Shagam, Chairperson, WAOB; Jerry Cessna, AMS; Paul Kiendl, FAS; Roger Hoskin, ERS; and Milton Madison, FSA].

FEBRUARY MILK SALES

During February, 4.0 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 2.1 percent lower than February 2013. Estimated sales of total conventional fluid milk products decreased 3.0 percent from February 2013 and estimated sales of total organic fluid milk products increased 18.5 percent from a year earlier. Additional data can be found at <http://www.ams.usda.gov/AMSV1.0/FluidMilkSalesDataMonthlyandYearToDate>.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, FEBRUARY 2014, WITH COMPARISONS 1/

| Product Name | Sales | | Change from: 2/ | |
|---------------------------------------|-----------------------|--------------|-----------------|--------------|
| | February | Year to Date | Previous Year | Year to Date |
| | <i>million pounds</i> | | <i>Percent</i> | |
| Conventional Production Practice | | | | |
| Whole Milk | 1,038 | 2,221 | 0.7 | 1.7 |
| Flavored Whole Milk | 40 | 87 | -8.7 | -1.8 |
| Reduced Fat Milk (2%) | 1,361 | 2,926 | -1.6 | -0.3 |
| Low Fat Milk (1%) | 539 | 1,147 | -5.0 | -3.9 |
| Fat-Free Milk (Skim) | 490 | 1,046 | -10.2 | -9.0 |
| Flavored Fat-Reduced Milk | 329 | 665 | -4.8 | -6.6 |
| Buttermilk | 38 | 79 | 2.5 | 1.3 |
| Other Fluid Milk Products | 4 | 9 | --- | --- |
| Total Fat-Reduced Milk 3/ | 2,720 | 5,784 | -4.3 | -3.4 |
| Total Conventional Milk Products | 3,841 | 8,180 | -3.0 | -2.0 |
| Organic Production Practice | | | | |
| Whole Milk | 56 | 115 | 27.7 | 21.6 |
| Reduced Fat Milk (2%) | 58 | 127 | 26.9 | 30.5 |
| Low Fat Milk (1%) | 38 | 79 | 17.1 | 12.6 |
| Fat-Free Milk (Skim) | 33 | 70 | 0.9 | -0.9 |
| Flavored Fat-Reduced Milk | 9 | 15 | 0.7 | 23.4 |
| Other Fluid Milk Products | 0 | 5 | --- | --- |
| Total Fat-Reduced Milk 3/ | 129 | 276 | 16.4 | 15.9 |
| Total Organic Milk Products | 195 | 411 | 18.5 | 16.3 |
| Total Fluid Milk Products | 4,036 | 8,591 | -2.1 | -1.2 |
| Total Fluid Milk Products Adjusted 4/ | * | * | * | * |

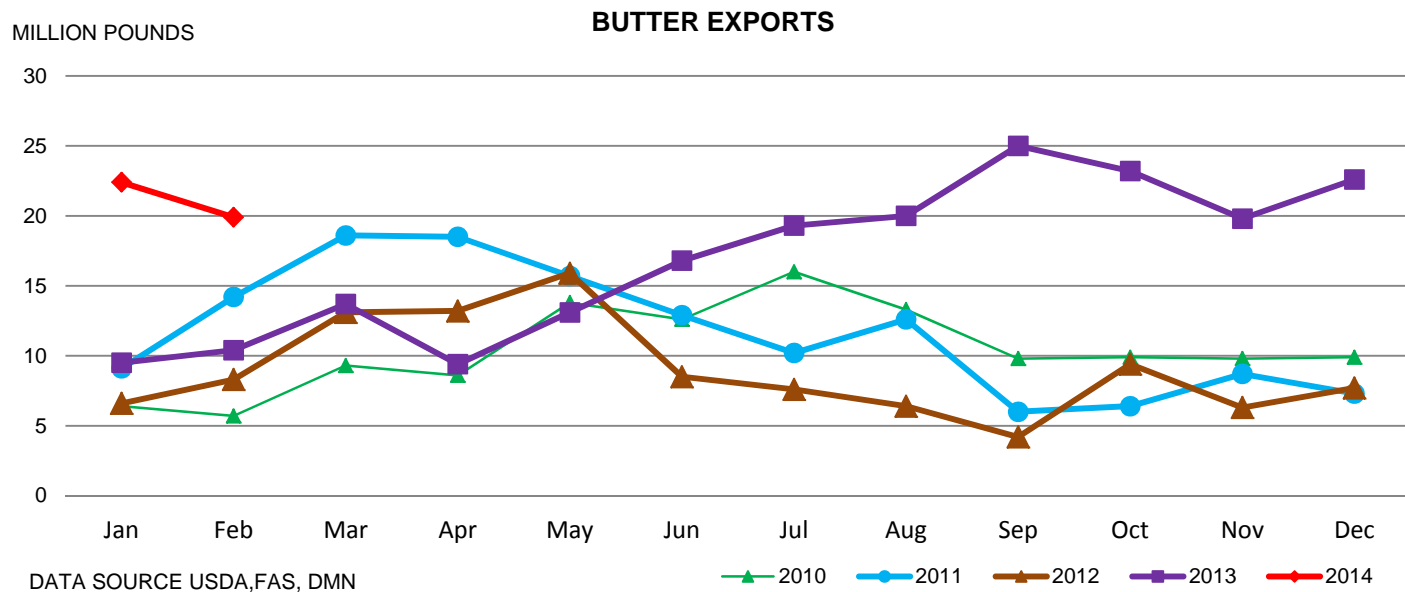
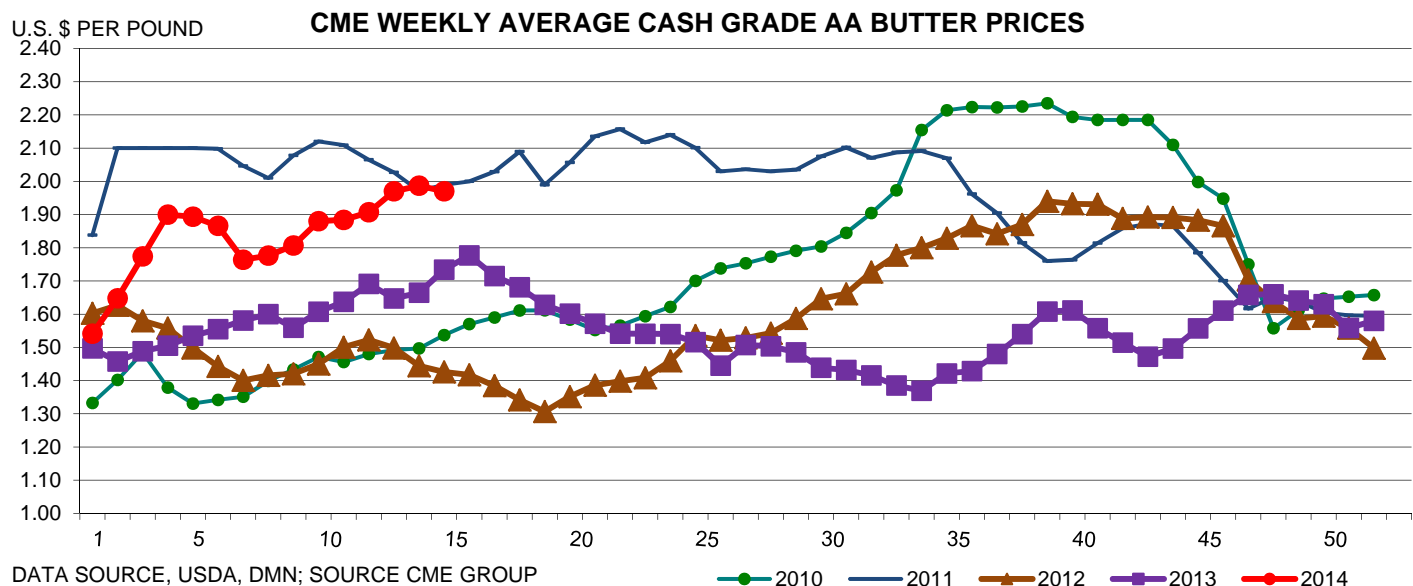
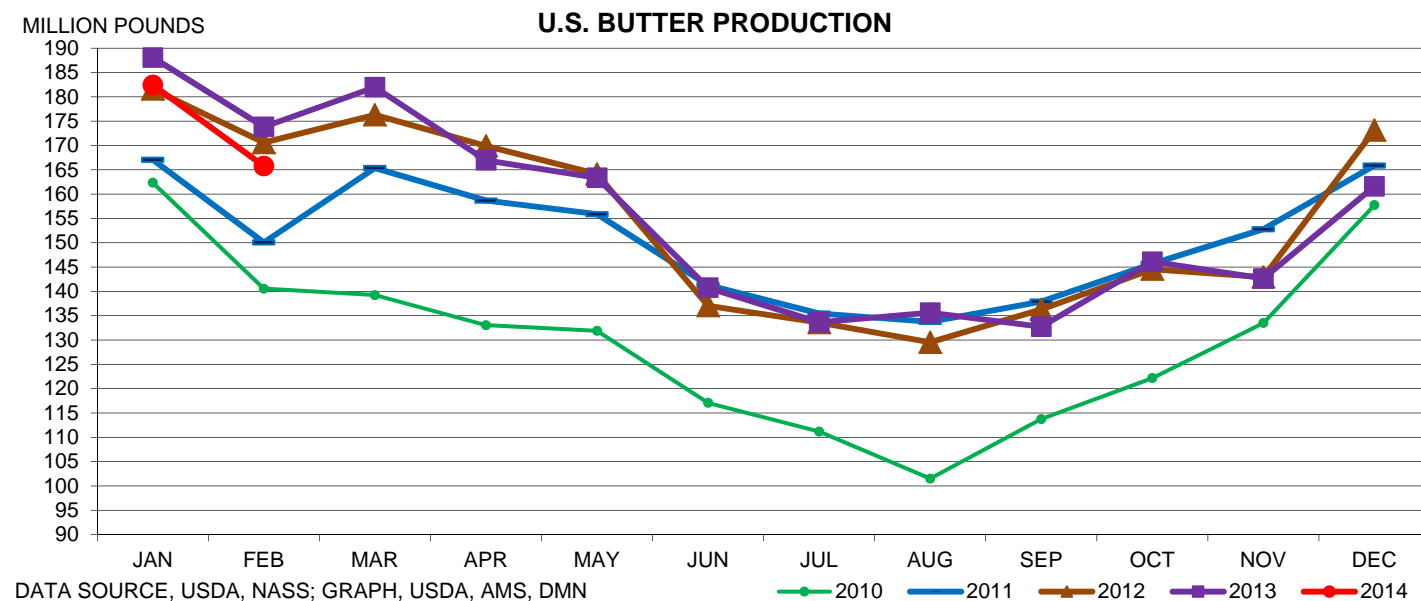
* Total Fluid Milk Products Adjusted for Calendar Composition will not be published until the release of "An Overview of Calendar Composition of Fluid Milk Sales." 1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which account for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis. 3/ Both conventional and organic fat-reduced milk categories are total of reduced fat, lowfat, skim and flavored fat-reduced milk. 4/ Sales volumes and percent changes have been adjusted for calendar composition. Report contact: Daniel Manzoni, Daniel.manzoni@ams.usda.gov or 202-720-2352

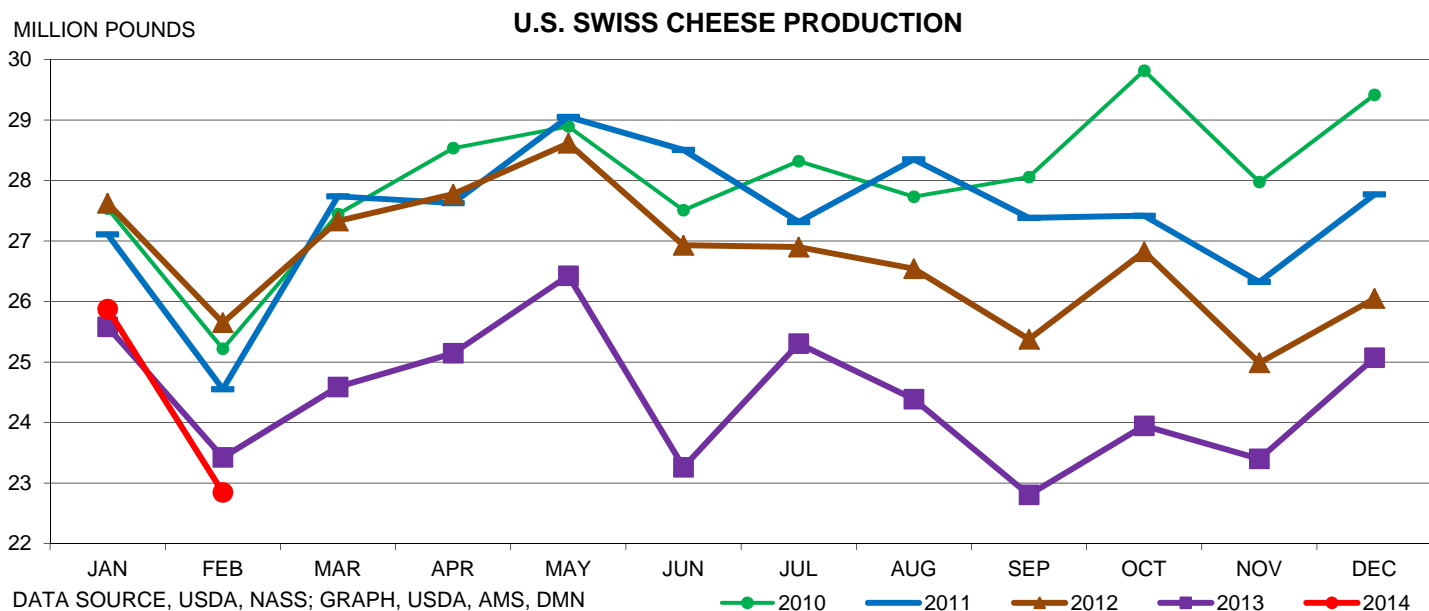
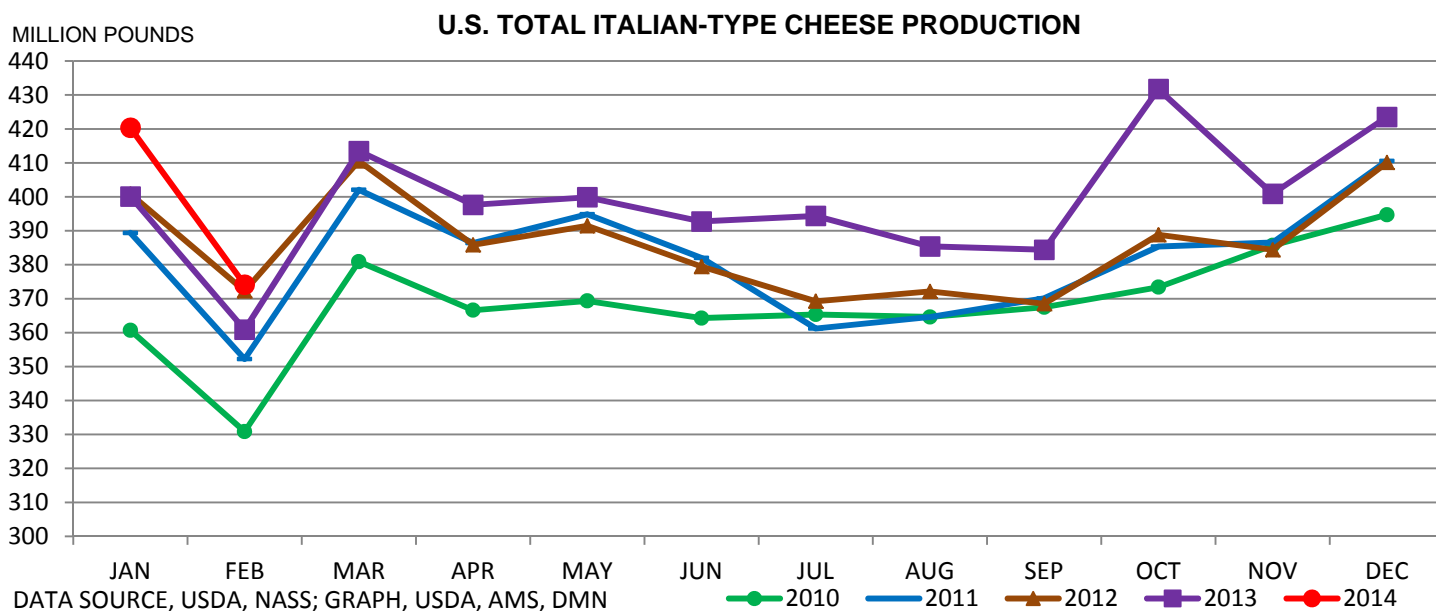
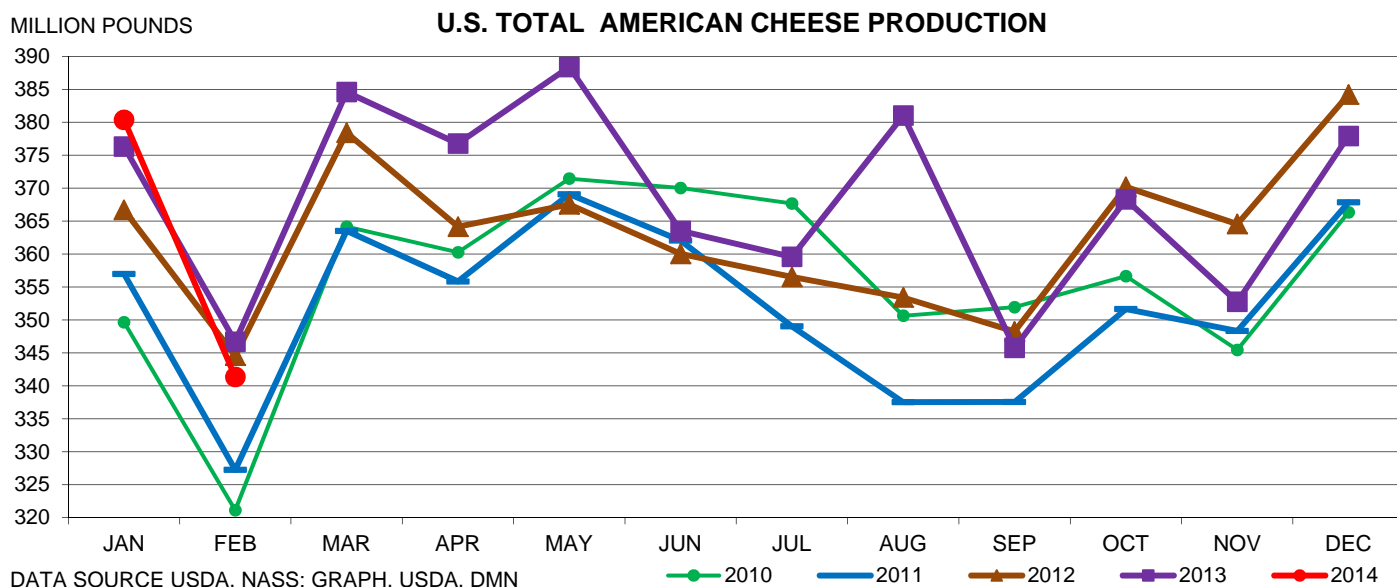
PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS AND CALIFORNIA, FEBRUARY 2014, WITH COMPARISONS 1/

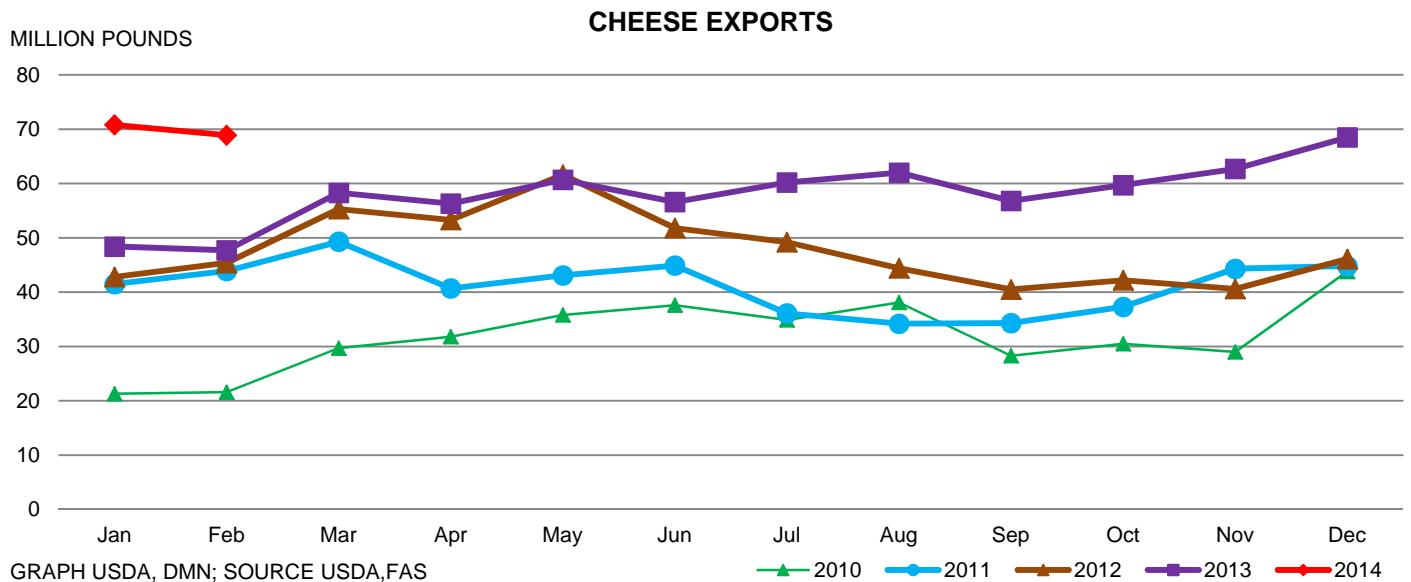
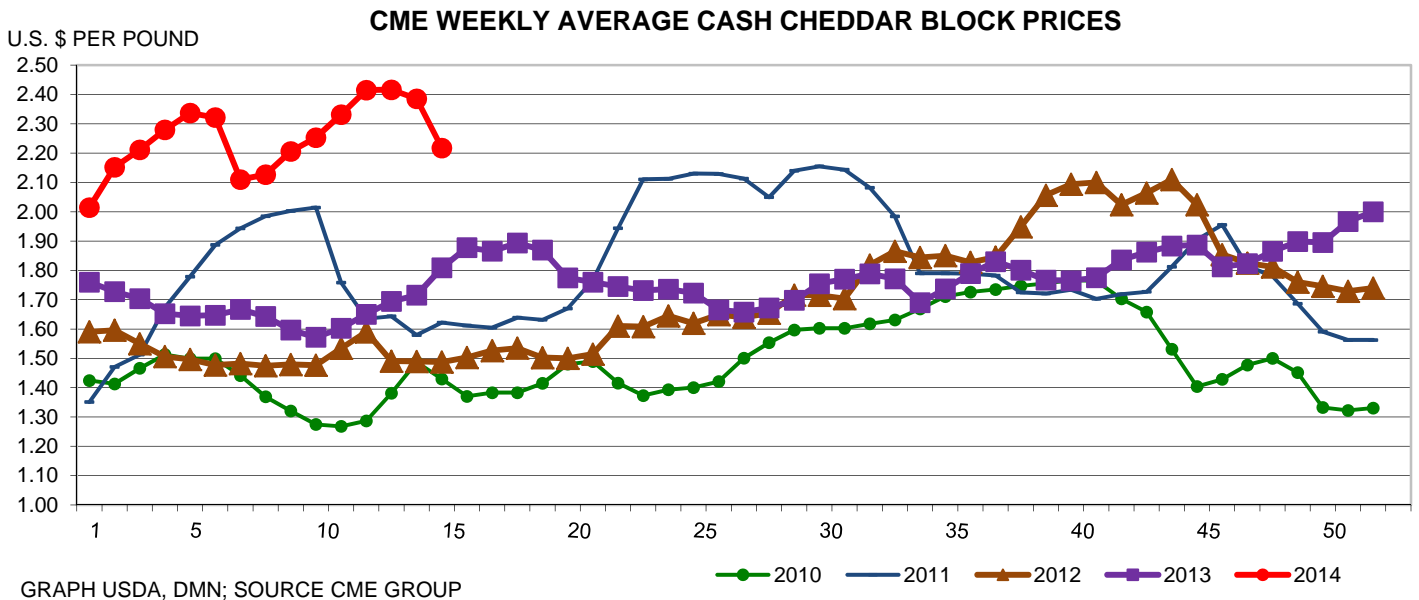
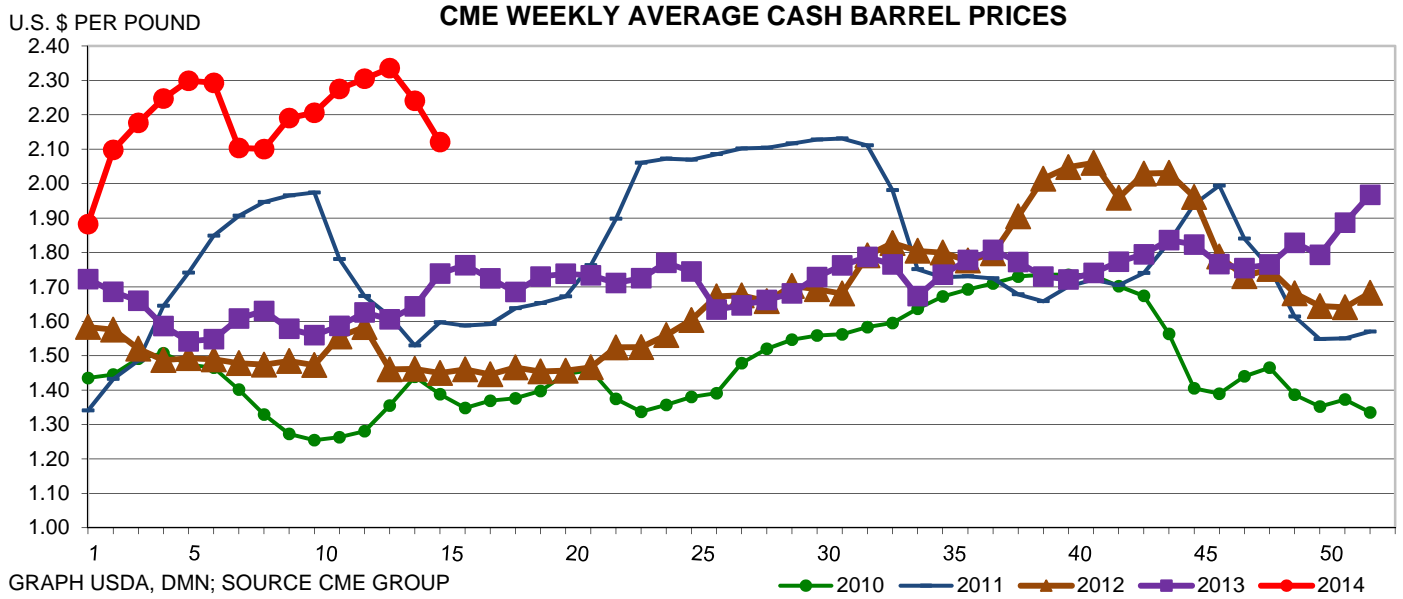
| Marketing Area | Order Number | Sales | | Change from: 2/ | |
|--------------------|--------------|-----------------------|--------------|-----------------|--------------|
| | | February | Year to Date | Previous Year | Year to Date |
| | | <i>million pounds</i> | | <i>percent</i> | |
| Northeast | 001 | 690 | 1,456 | -1.0 | -0.3 |
| Appalachian | 005 | 263 | 567 | -2.3 | -2.1 |
| Florida | 006 | 222 | 476 | -2.5 | -0.5 |
| Southeast | 007 | 370 | 787 | -0.1 | -0.9 |
| Upper Midwest | 030 | 313 | 666 | -2.6 | -1.6 |
| Central | 032 | 346 | 738 | -4.6 | -2.3 |
| Mideast | 033 | 444 | 951 | -4.1 | -2.6 |
| Pacific Northwest | 124 | 160 | 340 | -3.9 | -1.5 |
| Southwest | 126 | 352 | 755 | 1.4 | 1.7 |
| Arizona | 131 | 90 | 193 | -0.7 | 3.3 |
| California | --- | 463 | 976 | -3.1 | -3.3 |
| All Orders (Total) | | 3,250 | 6,928 | -2.0 | -0.9 |
| All Areas (Total) | | 3,713 | 7,904 | -2.1 | -1.2 |

1/ These figures are representative of the consumption of total fluid milk products in the respective area; see 4/ above for the products included. 2/ Percent changes, as well as sales volumes, are shown on an unadjusted basis.

Source: U.S. Department of Agriculture. California Department of Food and Agriculture. Milk Stabilization Branch. *California Dairy Information Bulletin*, February 2014.







DAIRY MARKET NEWS

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Elizabeth Frederick

(608) 278-4150

Elizabeth.Frederick@AMS.USDA.GOV

DATE: 04/11/2014

EAST

Daniel Johnson

(608) 278-4156

Daniel.Johnson@AMS.USDA.GOV

INTERNATIONAL

Rick Whipp

(608) 278-4151

Rick.Whipp@AMS.USDA.GOV

CENTRAL

Ryan Studnicka

(608) 278-4155

Ryan.Studnicka@AMS.USDA.GOV

ORGANIC

Eric Graf

(608) 278-4153

Eric.Graf@AMS.USDA.GOV

SOUTHWEST

Janet Linder

(608) 278-4157

Janet.Linder@AMS.USDA.GOV

INTERNET ADDRESS

www.ams.usda.gov/DairyMarketNews

NORTHWEST/MOUNTAIN

Bob Hunter

(608) 278-4158

Robert.Hunter@AMS.USDA.GOV

MARKET NEWS PORTAL

www.marketnews.usda.gov

NATIONAL SUPERVISOR

Butch Speth

(608) 278-4152

Butch.Speth@AMS.USDA.GOV

FAX

(608) 278-4141

RECORDED INFORMATION SYSTEM

(608) 278-4142

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