



# Milk Market News and Summary

March 5, 2011

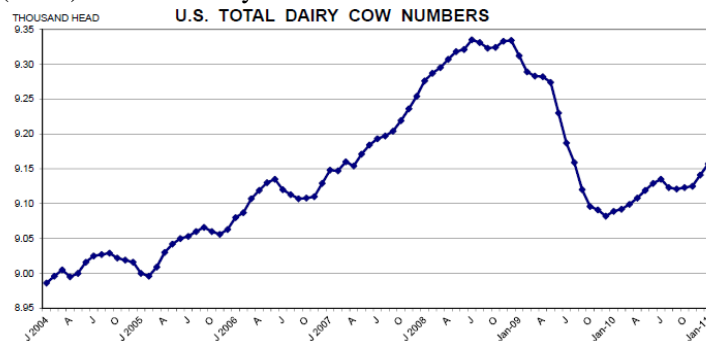
**February Class IV - \$ 18.40/cwt.** UP \$1.98 from last month.  
 Class IV projection for March is \$19.66

**February Class III - \$17.00/cwt. Up \$3.52 from last month.**  
 Class III projection for March is \$19.41

## THE FACTS

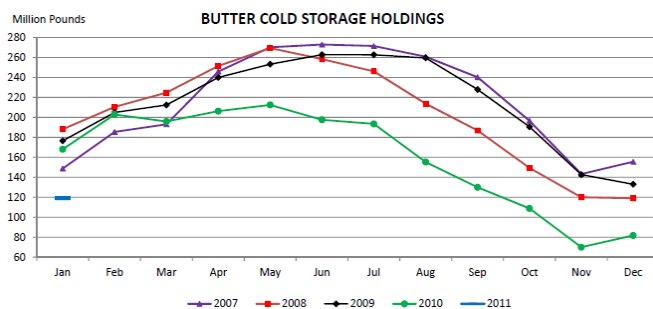
**JANUARY MILK PRODUCTION (NASS):** Milk production in the 23 major States during January, up 2.7% from January 2010. Production per cow (1.6%) above January 2010. The number of cows on farms (1.0%) more than January 2010, and 14,000 head more than December 2010.

**ANNUAL 2010 MILK PRODUCTION (NASS):** U.S. milk production for the 50 states in 2010 totaled 192.8 billion pounds, up 1.8% from 2009 levels. Cow numbers averaged 9.12 million head, down 0.9% from a year ago. Milk per cow averaged 21,149 pounds, up 2.8% from 2009 levels



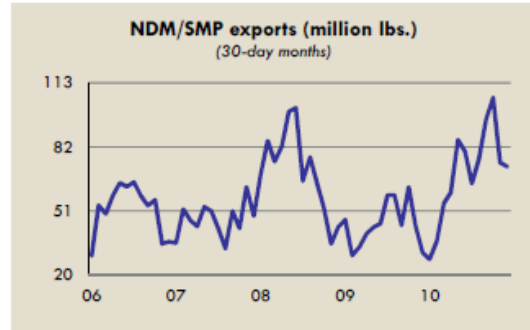
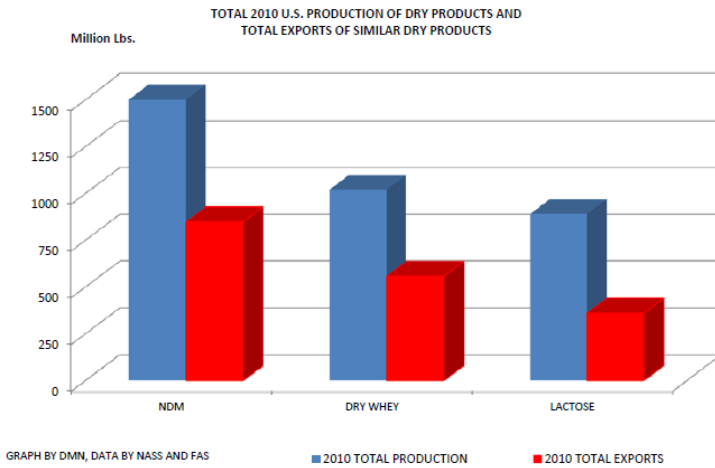
**BUTTER--** the NASS butter price average for February was \$2.068/lb. up \$0.225 from last months average price. The week ending February 26, NASS butter price was \$ 2.04/lb. 3cents lower than January average price. The CME spot Butter price on March 4 was \$2.1175. The NASS and CME prices shows butter will remain above the \$2.00/lb level. The March Butter futures price is currently \$2.10.

**JANUARY COLD STORAGE (NASS):** On January 31, 2011, U.S. cold storage holdings of butter totaled 118.9 million pounds, 46% more than a month ago, and 29% less than last year.



**NONFAT--**The February average NASS price was \$1.3728/lb. up \$0.12 from the previous month's average price. The February 26 week ending NASS nonfat price was \$1.40/lb 2.6 cents above last month's average NASS price. The CME spot price on March 4, was \$1.80/lb. for Extra Grade Nonfat. The NDM Futures market for March is currently \$1.51 with April futures at \$1.60/lb.

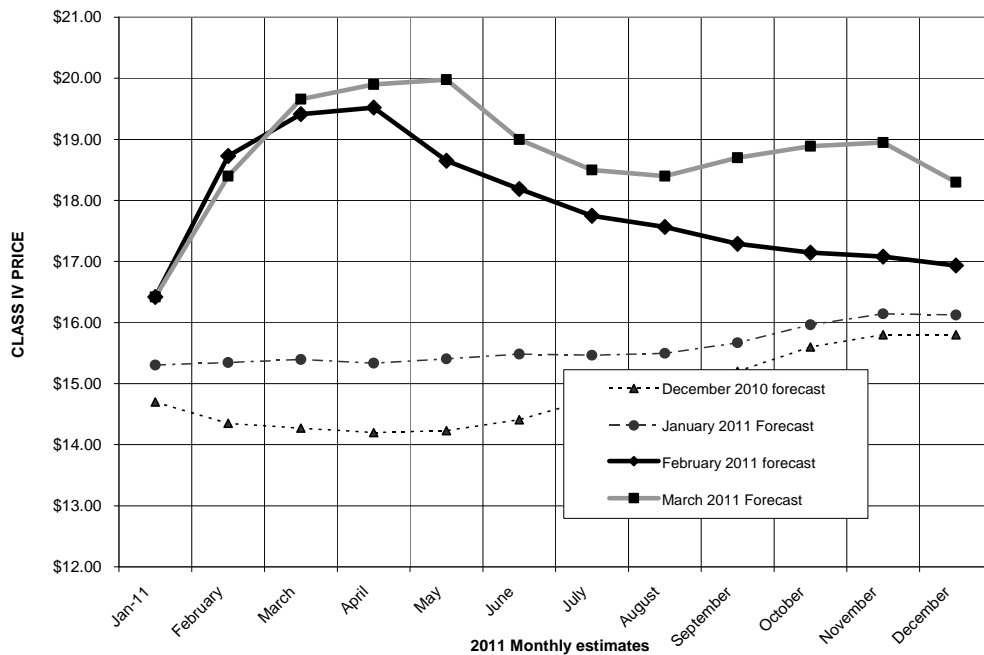
U.S. exports of NDM/SMP reached 847 million lbs. in 2010, up 55% from the prior year (see chart on right) . Exports represented 47% of production, the highest percentage ever.



### MY SUMMARY

My latest forecasted Class IV prices have been adjusted higher for all months, as shown in the graph below. Exports will continue to keep nonfat prices high and the lack of Butter inventories will keep butter prices high until inventories begin to build.

March 4, 2011 Class IV Forecast vs. Previous Months Forecast



### Class IV forecast for 2011as of March 4, 2011

March \$19.66, April \$19.90, May \$19.98 June \$19.00, July \$18.50, August \$18.40, September \$18.70, October \$18.89, November \$18.95, December \$18.30

Dale Johnson.