



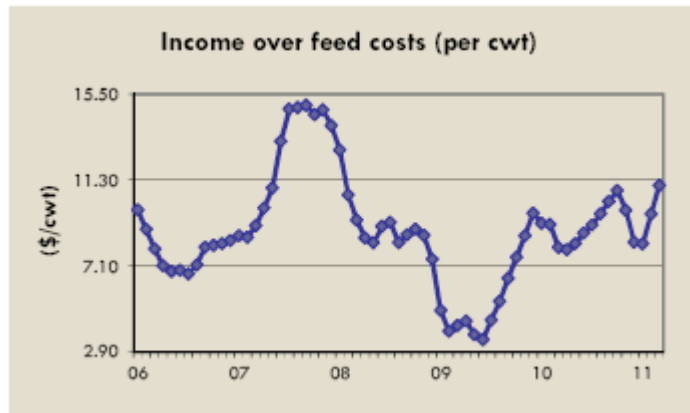
# Milk Market News and Summary

April 2, 2011

**March Class IV - \$ 19.41/cwt.** UP \$1.01 from last month.  
Class IV projection for April is \$19.54

**March Class III - \$19.40/cwt. Up \$2.40 from last month.**  
Class III projection for April is \$16.90

**FEBRUARY MILK PRODUCTION (NASS):** Milk production in the 23 major States during February, up 2.4% from February 2010. Production per cow in the 23 major States was up 1.4% from February 2010. The number of cows on farms in the 23 major States was up 1% over February 2010, but no change from January 2011. Feed costs slipped back in March and milk prices hit a three-year high, improving dairy profitability, if this continues it should encourage increases in milk production going forward

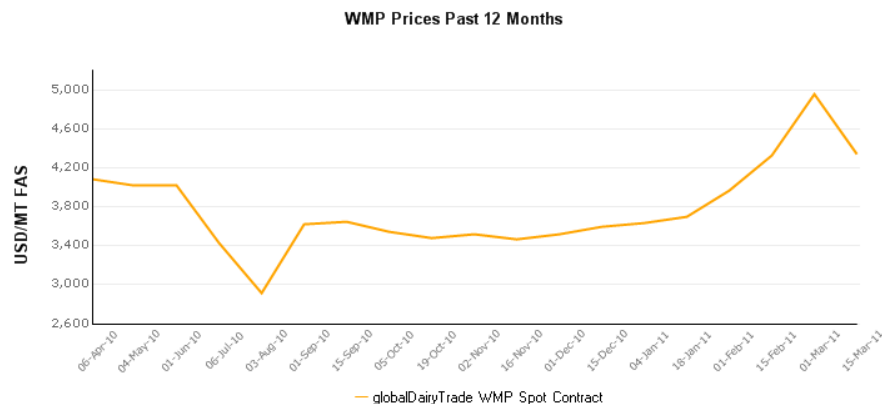


**BUTTER--** the NASS butter price average for March was \$2.059/lb. Down about 1 cent/lb. from last months average price. The week ending March 26, NASS butter price was \$ 2.0659/lb. About the same as the March Average. The CME spot Butter price on April 1 was \$1.99. The CME prices and futures prices show butter is expected to work down to the \$ 2.00/lb level by the end of April but will maintain there unless inventories begin to grow.

**FEBRUARY COLD STORAGE (NASS):** On February 28, 2011, U.S. cold storage holdings of butter totaled 138.7 million pounds, 16.7% more than a month ago, but 31.7% lighter than February 2010

**NONFAT--**The March average NASS price was \$1.4945/lb. up \$0.12 from the previous month's average price. The March 26 week ending NASS nonfat price was \$1.5183/lb. The CME spot price on April 1, 2011, was \$1.80/lb. for Extra Grade Nonfat. The NDM Futures market for April is currently \$1.59 with May futures at \$1.58/lb. showing continued strength going forward which is not typical for going into the flush season, and largely due to continued export demand keeping inventories low.

The main reason for the high butter and non fat markets is the strong export prices and a high world demand for dairy products. However the most recent Global trade auctions resulted in lower prices for whole milk and other dairy products in the 2<sup>nd</sup> half of the year. Lower futures auctions can have significant effects on the Futures market prices. Remember it was the January Global Trade auction that began the huge run up in domestic prices during the month of January and February.

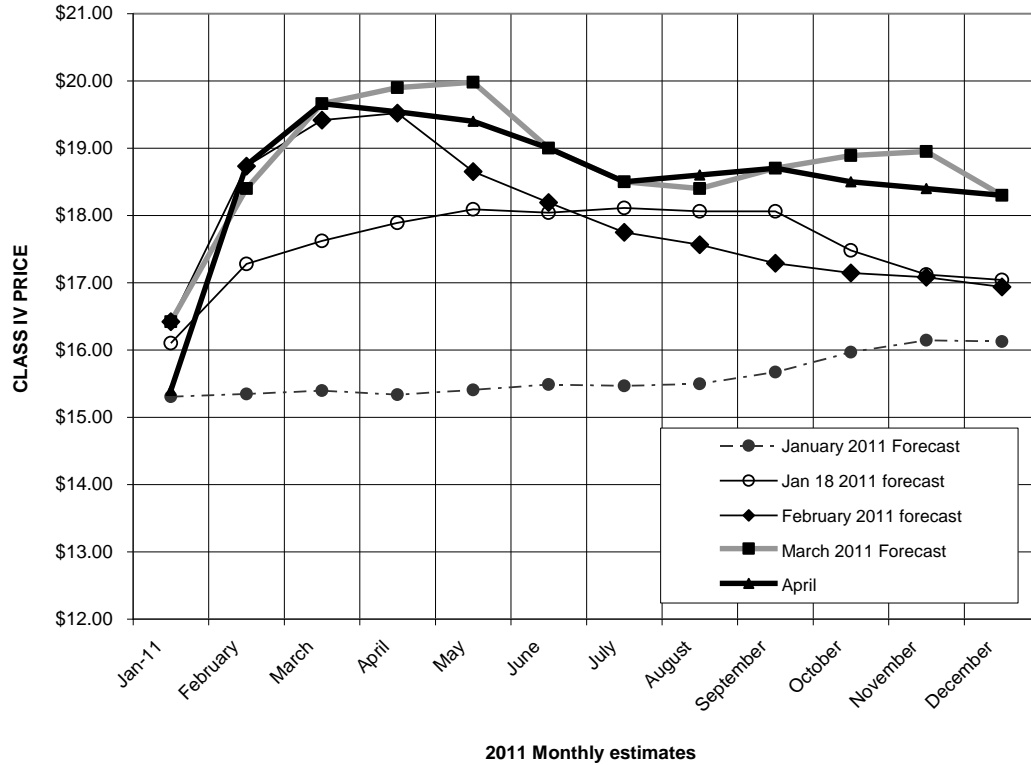


Source: globalDairyTrade

## MY SUMMARY

My latest forecasted Class IV prices have been adjusted lower for the first half of 2011, as shown in the graph below.

April 2, 2011 Class IV Forecast vs. Previous Months Forecast



### Class IV forecast for 2011as of April 1, 2011

April \$19.54, May \$19.40 June \$19.00, July \$18.50, August \$18.60,  
September \$18.70, October \$18.50, November \$18.31, December \$18.30

Dale Johnson.