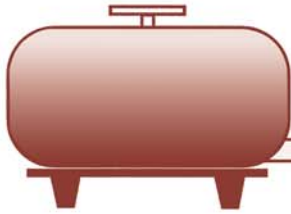


MARKETING SERVICE

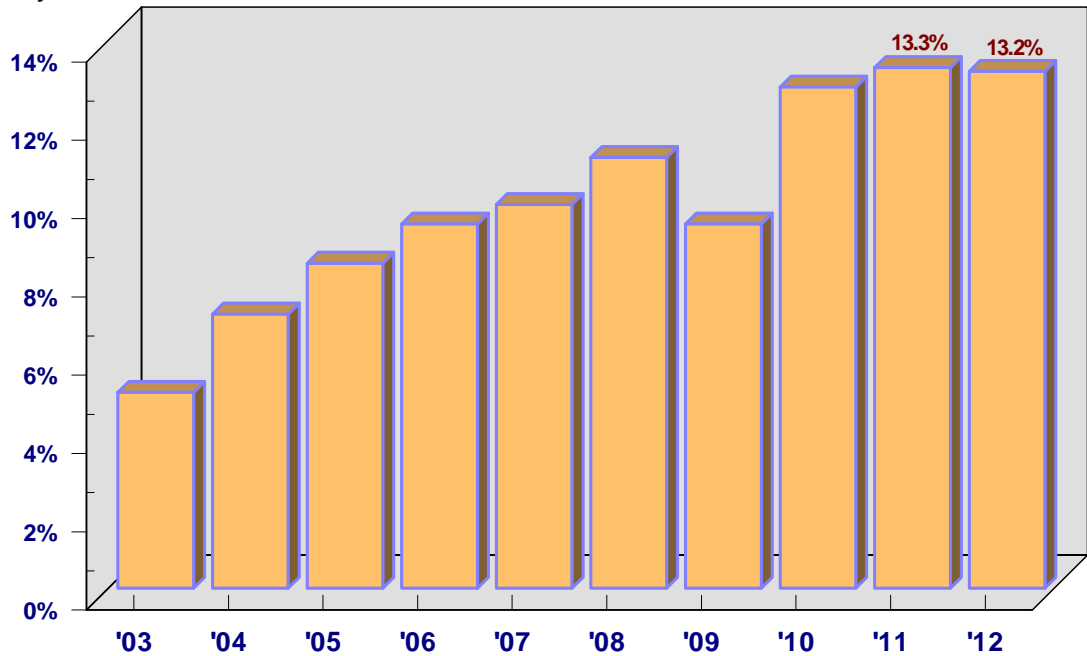
B U L L E T I N



U.S. Dairy Export Volume

(Total Solids)

As a Percentage of Total Milk Solids Produced

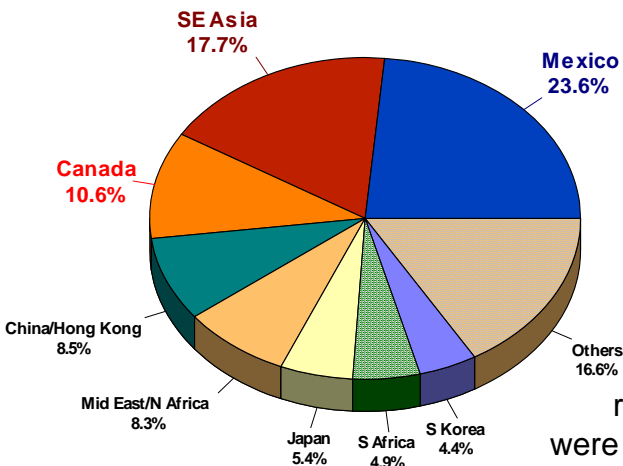


The international marketplace has become increasingly important to U.S. agriculture, as revealed by a cursory examination of foreign trade data. The dollar value of agricultural exports increased in nine of the last ten years, and the U.S. has recorded a positive agricultural trade balance every year since 1960*. The monetary value of agriculture exports reached an all-time high in 2012 at \$141.3 billion, while posting a record \$38.5 billion trade surplus.

The importance and influence of international trade is a recent phenomenon for the U.S. dairy industry. Prior to 2004, dairy product exports represented a relatively low percentage of total U.S. milk production - typically 5% or less. Moreover, the U.S. was often a net importer in terms of monetary value prior to the last few years.

U.S. Dairy Export Sales

Percentage of 2012 Total Sales (Dollars)



Exports have taken on a more important role for the U.S. dairy industry in recent years, as indicated by the top graph on this page. Dairy export volume as a percentage of total solids produced has been above 8% since 2005. During 2012, exports of dairy products were equivalent to 13.2% of all U.S. milk solids produced, which was virtually identical to the all-time high of 13.3% recorded in 2011. The monetary value of dairy exports recorded its all-time high in 2012, totaling more than \$5.2 billion. This amount is over 70% greater than the total of five years ago (2007), and is approximately five times the annual value reported during 2000-2003 when dairy exports were slightly more than \$1 billion per year.

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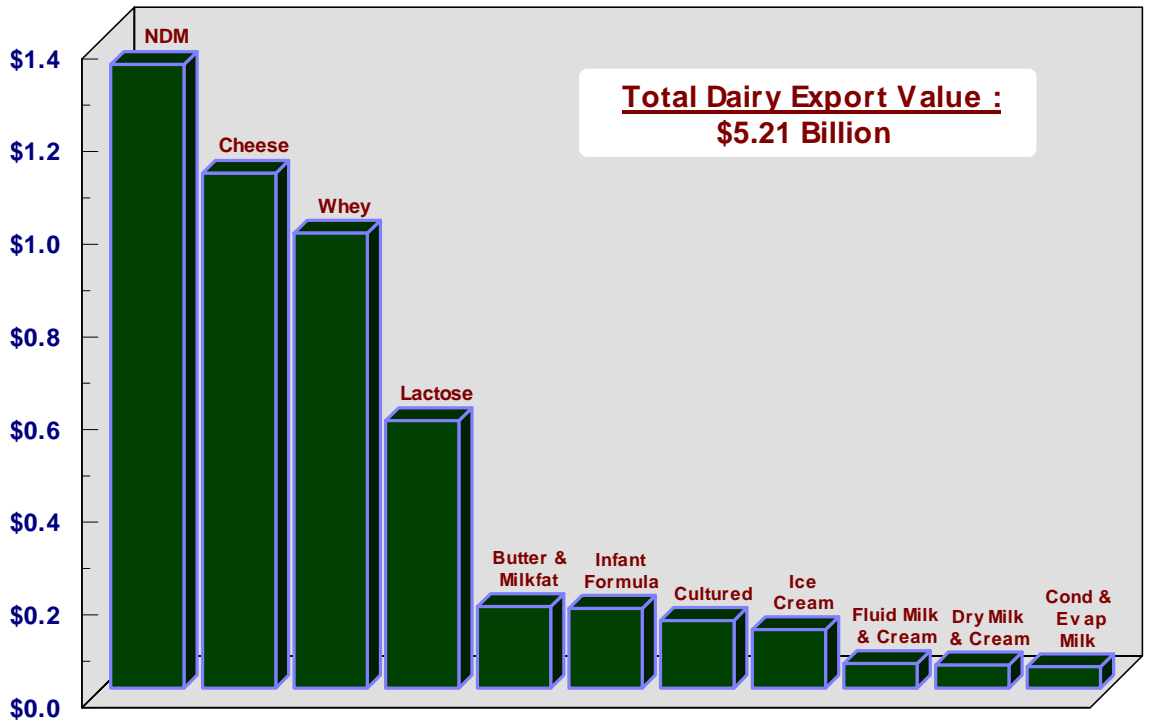
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* Sources for data used in this publication include the Economic Research Service (ERS) and the Foreign Agriculture Service (FAS) of the USDA, along with the U.S. Dairy Export Council (USDEC).



U.S. 2012 Export Value for Selected Dairy Products

(Billion Dollars)



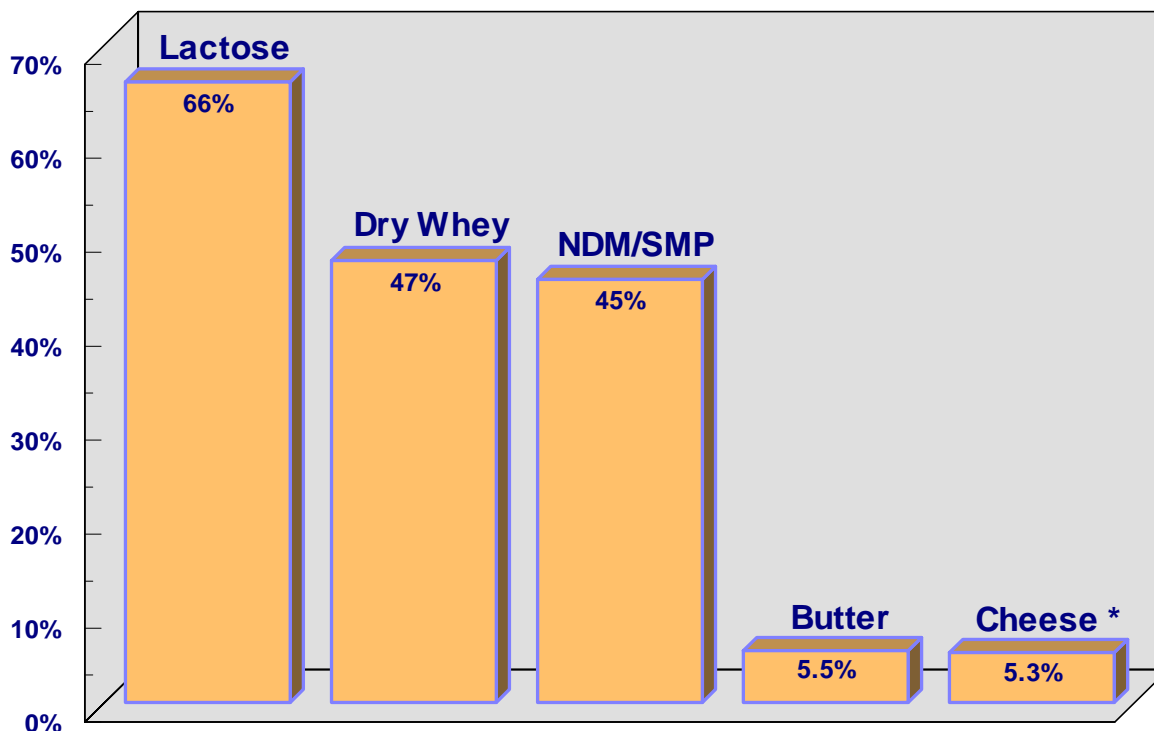
The top graph on this page depicts the 2012 monetary export value of selected dairy products. Nonfat dry milk (NDM) exports ranked first with sales of \$1.346 billion, followed by cheese with \$1.111 billion and whey with \$0.982 billion. Lactose was the only other product to record more than one half a billion dollars in 2012 export sales. The graph on the last page of this bulletin depicts annual monetary values for all dairy export sales over the last 10 years.

The proportion of 2012

U.S. dairy export sales by country/region are depicted in the pie chart on page one. Mexico was the number one destination for U.S. dairy products in 2012, with purchases accounting for 23.6% of the total. Sales to Southeast Asia accounted for 17.7% of the total value of dairy exports, while Canada accounted for more than 10 percent. Other markets that accounted for more than 5% of the 2012 U.S. dairy export total included China/Hong Kong (8.5%), Middle East/ North Africa (8.3%), and Japan (5.4%) .

U.S. 2012 Export Volume for Selected Dairy Products

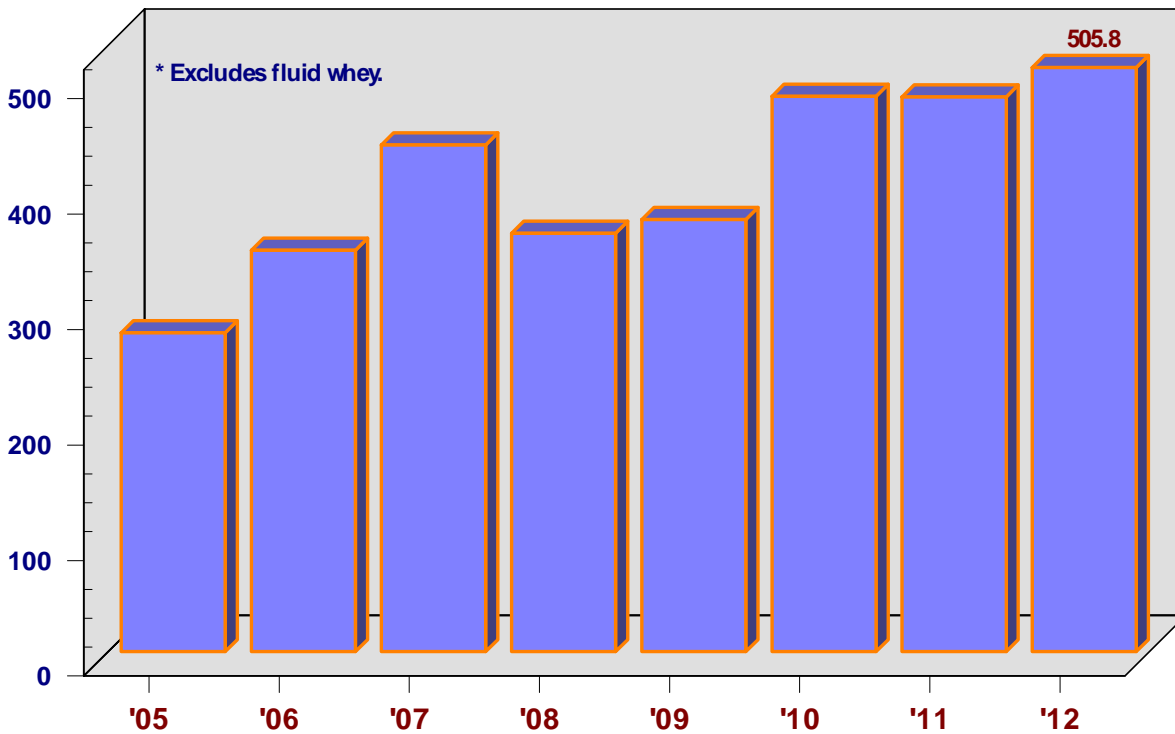
As a Percentage of Total Production



The bottom graph on this page details the proportion of total 2012 production represented by exports for several dairy products. Exports accounted for substantial portions of the total production for three product categories - lactose, dry whey, and nonfat dry milk/skim milk powder (NDM/SMP). Export volumes were nearly two-thirds of production for lactose, while they accounted for slightly less than half of the dry whey and NDM/SMP categories. For

Whey Export Volume*

(Thousand Metric Tons)



cheese, exports represented 5.3% of total 2012 production, an all-time high for this dairy product category.

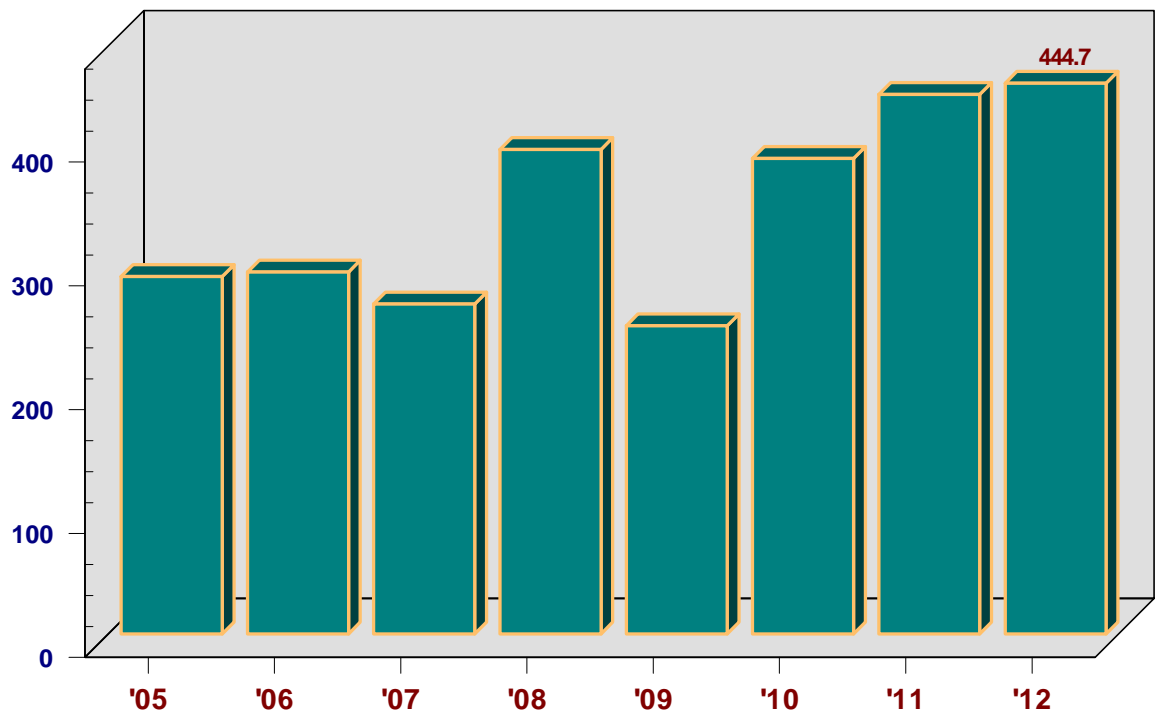
The six graphs on pages 3 through 5 of this bulletin depict 2005 through 2012 export volumes for various dairy products. The volumes represented in are in thousand metric tons, and the largest yearly export total during this time period is noted in each graph.

Whey exports,, depicted in the top graph

on this page, have increased by approximately 83% comparing the 2012 total with 2005. Exports of dry whey have surpassed 480 thousand metric tons during each of the last three years, and the 2012 volume of 505.8 thousand is the highest total on record. Whey exports ranked first among all dairy products by volume during 2012, but were third in monetary value.

Nonfat Dry Milk Export Volume

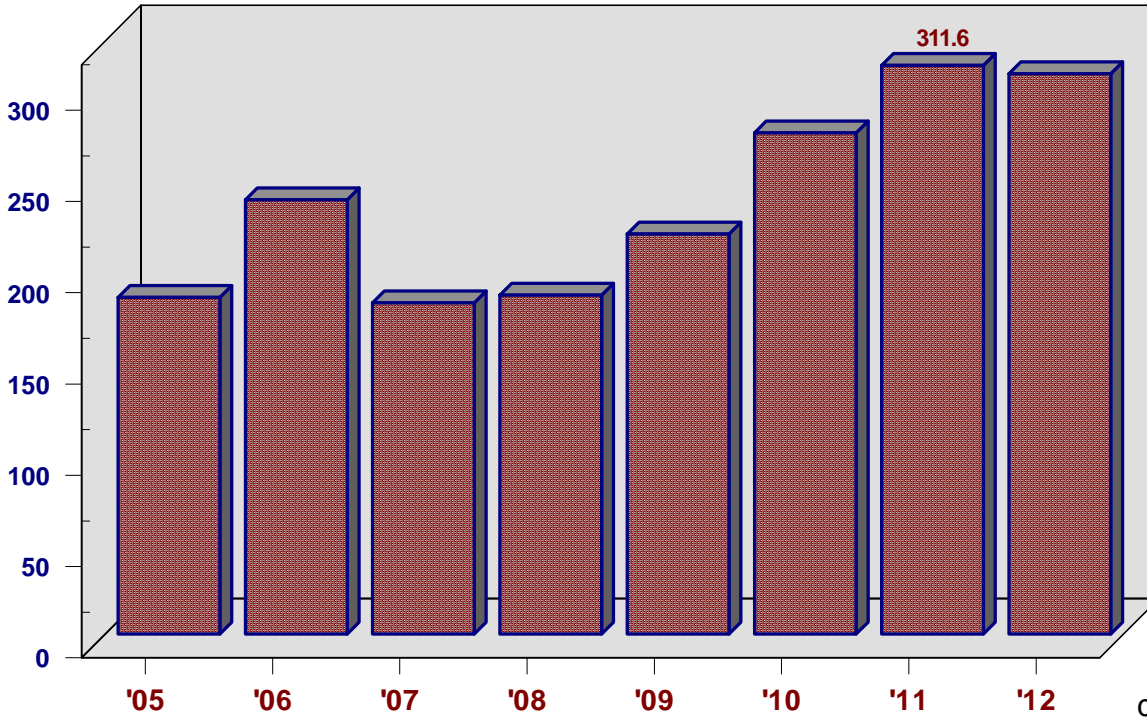
(Thousand Metric Tons)



Nonfat Dry Milk exports totaled over 447 thousand metric tons during 2012, and the yearly export volumes for this product are represented by the bottom graph on this page. The 2012 total was the largest recorded during this time period, and represents an increase of approximately 54 percent compared with 2005. Nonfat dry milk export volumes ranked second among all dairy products in 2012, but were first in terms of total dollar value.

Lactose Export Volume

(Thousand Metric Tons)



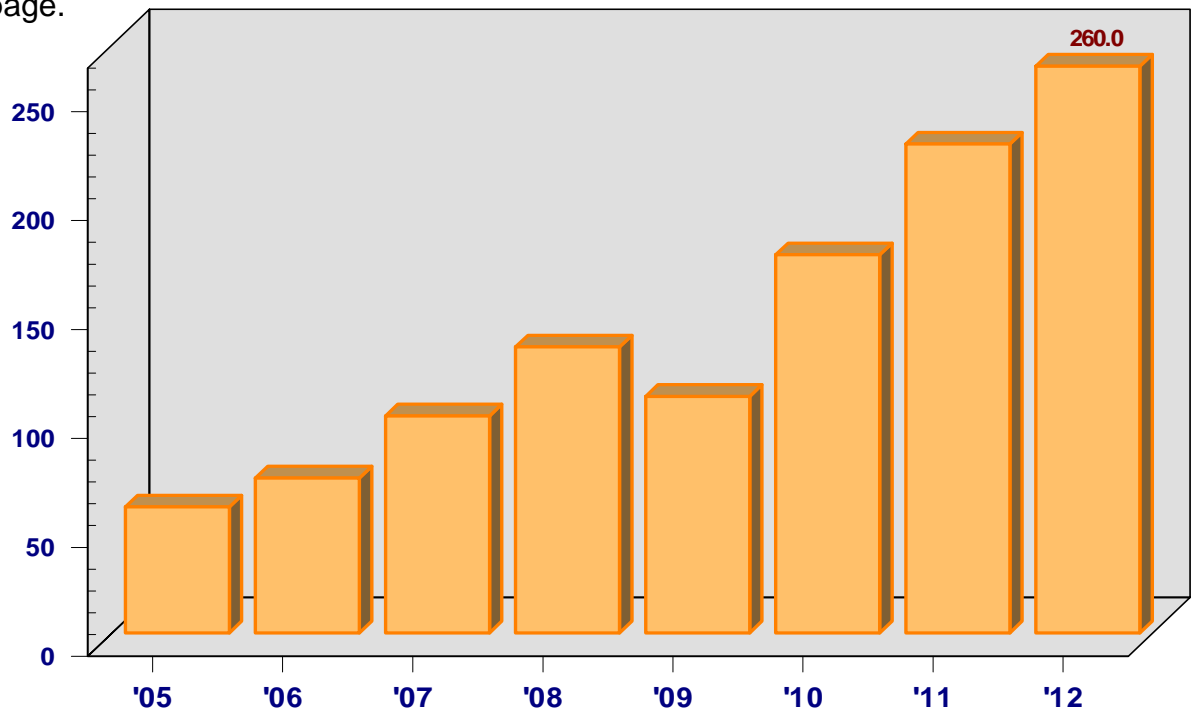
Lactose export volumes for the last eight years are displayed in the top graph on this page. During 2012, lactose exports ranked third in volume among all dairy products, were fourth in terms of dollar value, and accounted for nearly two-thirds of the total amount of lactose produced in the U.S. The 311.6 thousand metric ton total recorded in 2011 represents the peak level of exports during the period of time depicted by this graph.

Although lactose exports decreased slightly in 2012 to 307.0 thousand metric tons, this total was approximately two-thirds more than the amount recorded in 2005. With the exception of 2012, lactose exports have increased in volume each year since 2007.

Cheese exports have risen dramatically during the last eight years, increasing from less than 58 thousand metric tons in 2005 to 260 thousand in 2012. This change represents an increase of over 350%, and year-over-year export volumes during this period registered increases every year except 2009. Cheese export volume data is depicted in the bottom graph on this page.

Cheese Export Volume

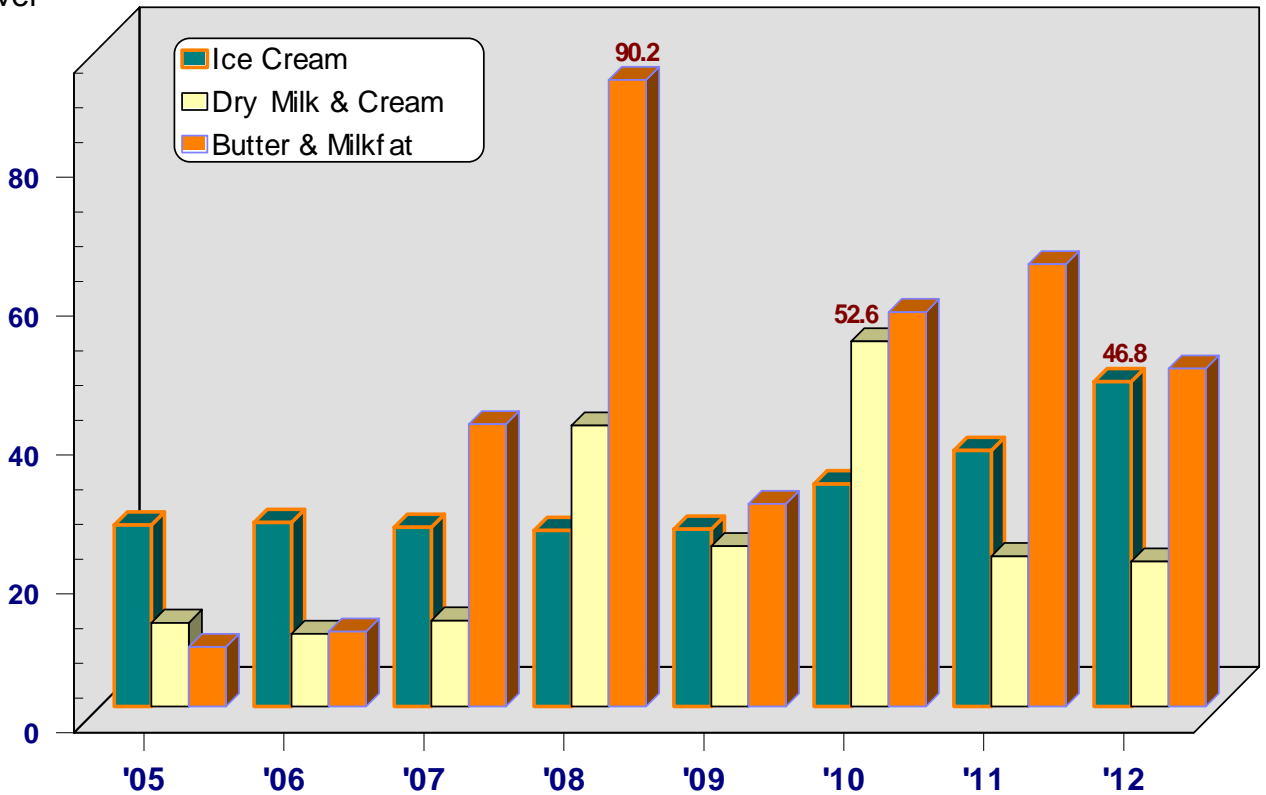
(Thousand Metric Tons)



Although cheese exports ranked fourth in volume during 2012, it was the second highest dairy product export category in terms of monetary value. Export volumes accounted for 5.3% of all U.S. cheese production in 2012, the largest proportion ever recorded for this product.

Ice Cream, Dry Milk, & Butter Export Volumes

(Thousand Metric Tons)



The graphs on this page depict export sale volumes over the last eight years for a selected group of dairy products.

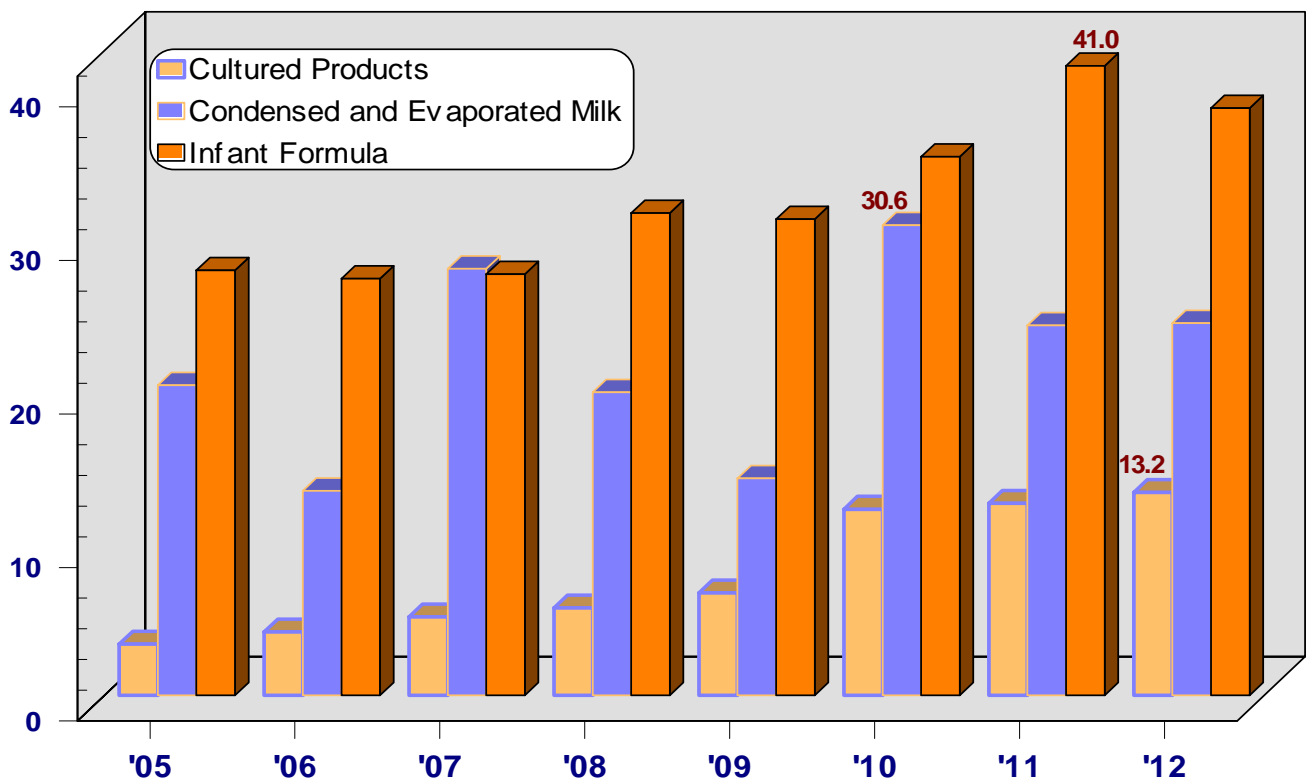
The top graph details export volumes for three product categories: ice cream; dry milk & cream; and butter & milkfat.

The bottom graph depicts export sale volumes for three additional product categories: cultured dairy products, condensed and evaporated milk; and infant formula.

Overall, the export volumes for these products have increased substantially during the time period depicted.

Selected Other Products Export Volume

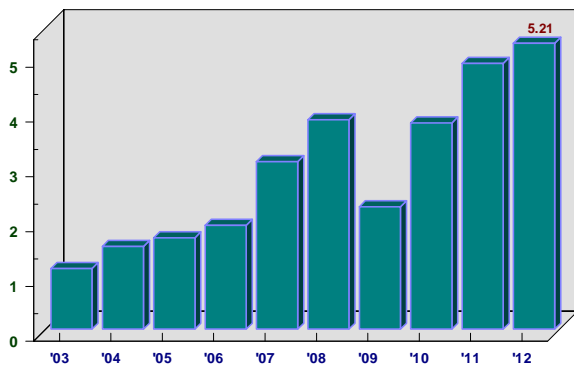
(Thousand Metric Tons)



	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Feb '13	Jan '13	Feb '13	Jan '13	Feb '13	Jan '13
Northeast	19.43	19.73	2.18	1.59	38.13	38.84
Appalachian	20.66	21.10	-----	-----	67.54	69.69
Florida	22.90	23.32	-----	-----	86.25	85.95
Southeast	21.05	21.50	-----	-----	66.40	68.78
Upper Midwest	17.57	18.34	0.32	0.20	10.97	11.03
Central	18.11	18.57	0.86	0.43	33.37	36.43
Mideast	18.37	18.73	1.12	0.59	37.25	36.81
Pacific Northwest	18.02	18.41	0.77	0.27	25.96	27.24
Southwest	18.86	19.37	1.61	1.23	29.80	31.13
Arizona	18.51	18.82	-----	-----	28.51	29.74

U.S. Dairy Export Value

(Billion Dollars)



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