

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (08/24):**

**BUTTER:** Grade AA closed at \$1.8000. The weekly average for Grade AA is \$ 1.8000 (+.0225).

**CHEESE:** Barrels closed at \$ 1.8025 and 40# blocks at \$ 1.8525. The weekly average for barrels is \$ 1.8045 (-.0225) and blocks, \$1.8440 (-.0215).

**BUTTER HIGHLIGHTS:** The CME cash butter price continues its firm tone and settled at \$1.8000 at week's end. Churning activities across the country are mixed depending on cream availability and price. Students are returning to classrooms, thus school milk bottling schedules are resuming. Standardized cream volumes from increasing bottling schedules are becoming available for cream needs. Class II cream demand remains steady, although typically Class II needs will ease, especially for ice cream, once the Labor Day holiday has passed. Current churning schedules are often not keeping pace with demand, thus inventoried stock is being used to round out good butter demand. Butter producers that are taking advantage of additional cream offerings and generating butter beyond current needs are clearing the extra production to inventory and holding those stocks with confidence. Retail orders are often outpacing food service needs at this time as many food service buyers are cutting back on their requirements as the summer vacation season winds down. Food service buyers, especially in resort and vacation areas of the country, are indicating that traffic flow through their operations is slowing, but will hopefully remain fairly stable at least through the upcoming Labor Day holiday weekend. Retail orders are fairly strong as grocery stores prepare for typically more active butter purchasing patterns by consumers as the summer season winds down and more regular at home eating patterns are re-established.

**CHEESE HIGHLIGHTS:** Cheese demand this week is mixed as buyers and sellers attempt to take advantage of small price swings in the spot market. Sales at the CME Group this week are up and down with both sides active on price movement. Increasing Class III futures prices are giving the market a firm undertone. Cheese production is mostly steady to marginally below year ago levels. The NASS Cold Storage report for the end of July showed total natural cheese stocks in warehouses down 4% from last year. Wholesale cheese sales have been good with mozzarella sales increasing as schools begin to come back in session. Export sales continue to be aided by assistance from

the Cooperatives Working Together program. The National Dairy Retail Report showed advertised prices in stores were slightly lower from two weeks ago. Retailers are featuring cheese as an inducement to get customers into the store. The CME Group cash trading ended the week with barrels averaging \$1.8045 down \$.0225 from last week and blocks closed the week with an average price of \$1.8440, down \$.0215 from last week.

**FLUID MILK:** Milk supplies across the U.S. are short of expected levels due to the recent hot weather and higher feed costs. California production has leveled off, but remains short of full processing needs. Midwest milk volumes have increased with cooler temperatures. Eastern supplies are still tight. The reopening of schools has begun across the nation and more milk is being directed to Class I needs. This has helped to increase cream volumes, but other manufacturing needs are finding milk harder to source. Processing plants are being run on reduced schedules across the various product categories. The July milk production report showed milk in the 23 reported states up 0.8% from last July.

**DRY PRODUCTS:** Nonfat dry milk prices are stronger across the country. Increased Class I demand has reduced available supplies to dryers. There are limited volumes of NDM available for sellers to move into the spot market. Higher reported spot prices have increased interest in moving more condensed skim to drying facilities. Dry buttermilk prices are higher. Supplies are tight with little being offered to the spot market. Dry whey prices continue to firm as supplies become tighter. Spot load demand is being met by producers and brokers at higher prices. Whey protein concentrate 34% prices are mostly steady. Lactose prices are steady with a stronger undertone noted. Increasing interest from international buyers for supplies into 2013 is firming demand. Casein markets are steady with production in Europe declining and production in Oceania just beginning for the season.

**ORGANIC DAIRY MARKET NEWS (DMN):** The national weighted average advertised price of organic milk half gallons, \$3.91, is 64 cents higher than two weeks ago. The price range is \$4.99 to \$2.69, unchanged at the top and 40 cents higher at the bottom. This period the concentration of advertised organic half gallon brands shifted from predominantly store brands, to nearly nine times as many national brands than store brands. Ads for 8 ounce containers of

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CME GROUP CASH TRADING

COMMODITY	MONDAY AUG 20	TUESDAY AUG 21	WEDNESDAY AUG 22	THURSDAY AUG 23	FRIDAY AUG 24	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.8050 (-.0300)	\$1.8050 (N.C.)	\$1.8050 (N.C.)	\$1.8050 (N.C.)	\$1.8025 (-.0025)	:: (-.0325)	:: \$1.8045 (-.0225)
40# BLOCKS	\$1.8400 (-.0300)	\$1.8375 (-.0025)	\$1.8375 (N.C.)	\$1.8525 (+.0150)	\$1.8525 (N.C.)	:: (-.0175)	:: \$1.8440 (-.0215)
NONFAT DRY MILK							
EXTRA GRADE	\$1.6250 (N.C.)	\$1.6250 (N.C.)	\$1.6250 (N.C.)	\$1.6250 (N.C.)	\$1.6250 (N.C.)	:: (N.C.)	:: \$1.6250 (+.0910)
GRADE A	\$1.6500 (N.C.)	\$1.6600 (+.0100)	\$1.6650 (+.0050)	\$1.6650 (N.C.)	\$1.6650 (N.C.)	:: (+.0150)	:: \$1.6610 (+.0810)
BUTTER							
GRADE AA	\$1.8000 (+.0075)	\$1.8000 (N.C.)	\$1.8000 (N.C.)	\$1.8000 (N.C.)	\$1.8000 (N.C.)	:: (+.0075)	:: \$1.8000 (+.0225)

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

organic milk listed a price ranging from \$0.75, the lowest recorded price for this category since data collection began during the fall of 2009, to \$1.16. The national weighted average advertised price is \$0.99, down from \$1.01 last period. Ads for 4-6 ounce organic yogurt yielded a weighted average advertised price of 60 cents, down 3 cents from two weeks ago. All ads were priced 60 cents, so there was no price range. This is the most recent of what have become a number of record weeks occurring during 2012 for organic dairy advertising by retailers. This period's survey found the record largest number of total organic dairy ads, total milk ads and total ads for 8 ounce milk, since the data series began during the fall of 2009. Organic milk continues to flow between some regions to meet demand. New England and mid-Atlantic states generally consume, or require more organic milk for manufacturing, than is produced in the region. Through July 2012, this has resulted in organic milk regularly being transported to the area from Wisconsin, Indiana, Michigan, Ohio, West Virginia and Colorado. Even organic milk from California has moved across the country and into the Northeast during several months of the year, resuming during July, following previous movements during March and April.

**NATIONAL DAIRY RETAIL REPORT (DMN):** Total conventional dairy retail ad numbers continue slight fluctuations period to period, decreasing by 6.6% this week, following a 4.4% increase the previous reporting period. Among the five most advertised conventional dairy products, cheese ads are down 3.2%, yogurt ads are down 14.9%, ice cream ads are down by 10.6%, milk ad numbers increased by 22.9% and ads for cream cheese increased by 47.4%. The most advertised cheese category, 8 ounce shredded, has a weighted average advertised price of \$2.19, a 6.8% price decrease from last cycle. The average price for 8 ounce blocks, \$2.20, is a 5.2% price decrease from the last cycle. The weighted average advertised price of 4-6 ounce yogurt is \$.50 and \$1.01 for 4-6 ounce Greek yogurt, a 2.0% price increase for each. The weighted average advertised price for 48-64 ounce ice cream containers is \$3.08, a slight price decline of 1.3%. Ice cream in 48-64 ounce containers remains the single most advertised item this survey period. However, if all package sizes of cheese or yogurt are totaled, cheese and yogurt each have more ads than 48-64 ounce ice cream. Within the cheese category, ad numbers increased only for 2 pound blocks, but declined for 8 ounce shredded, 8 ounce blocks, 1 pound blocks and 1 pound shredded. Within the yogurt category, only ad numbers for 4-6 ounce Greek yogurt decreased, while ad numbers increased for 32 ounce yogurt, 32 ounce Greek yogurt, and 4-6 ounce yogurt. Conventional milk's national weighted average advertised price for half gallons this period, \$2.26, is 2 cents below two weeks ago. Organic milk's national weighted average advertised price for half gallons, \$3.91, is up 64 cents from last period. This results in an organic-conventional half-gallon milk advertised price spread of \$1.65, up from \$0.99 two weeks ago.

**COLD STORAGE (NASS):** On July 31, U.S. cold storage holdings of butter totaled 232.0 million pounds, down 5% from a month ago, but up 24% from last year. Natural American cheese holdings total 634.0 million pounds, 1% more than a month ago, but 2% less than a year ago. Total cheese stocks were 1.043 billion pounds, slightly down from last month, and 4% less than 2011.

**JULY MILK PRODUCTION (NASS):** Milk production in the 23 major States during July totaled 15.5 billion pounds, up 0.8% from July 2011. Production per cow averaged 1,826 pounds for July, 6 pounds above July 2011. The number of milk cows on farms was 8.50 million head, 41,000 head more than July 2011, but 7,000 head less than June 2012.

**FEDERAL MILK ORDER ADVANCE PRICE HIGHLIGHTS (DAIRY PROGRAMS):** Under the Federal milk order pricing system, the base Class I price for September 2012 is \$17.59. This price is derived from the advanced Class III skim milk pricing factor of \$11.57 and the advanced butterfat pricing factor of \$1.8361. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. Compared to August 2012, the base Class I price increased \$1.04. For selected consumer products, the price changes are: whole milk (3.25% milk fat), \$0.99, \$0.085 per gallon; reduced fat milk (2%), \$0.75, \$0.065 per gallon; fat-free (skim milk), \$0.46, \$0.040 per gallon. The advanced Class IV skim milk pricing factor is \$9.66. Thus, the Class II skim milk price for September is \$10.36, and the Class II nonfat solids price is \$1.1511. The two-week product price averages for September are: butter \$1.6877, nonfat dry milk \$1.2518, cheese \$1.7545, and dry whey \$0.5350.

**JULY FMMO MARKETING AND UTILIZATION (DAIRY PROGRAMS):** During July, nearly 9.0 billion pounds of milk were received from Federally pooled producers. This volume of milk is 16.3% lower than the July 2011 volume. In July 2012 and July 2011, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. Regulated handlers pooled 3.4 billion pounds of producer milk as Class I products, 0.1% lower than the previous year, with decreases in 5 of the 10 Federal Milk Order Marketing areas. The all-market average Class utilization percentages were: Class I = 37%, Class II = 17%, Class III = 33%, and Class IV = 13%. The weighted average statistical uniform price was \$16.98, \$0.85 higher than last month and \$5.21 lower than last year.

## CME GROUP

MONDAY, AUGUST 20, 2012

CHEESE -- SALES: 4 CARS BARRELS: 2 @ \$1.8075, 2 @ \$1.8050; 3 CARS 40# BLOCKS: 1 @ \$1.8500, 1 @ \$1.8450, 1 @ \$1.8400; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.8100; 1 CAR 40# BLOCKS @ \$1.8400  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.8000; LAST OFFER UNCOVERED: NONE

TUESDAY, AUGUST 21, 2012

CHEESE -- SALES: 1 CAR BARRELS @ \$1.8075; 1 CAR 40# BLOCKS @ \$1.8375; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.8000; 1 CAR 40# BLOCKS @ \$1.8100; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.8050; 1 CAR 40# BLOCKS @ \$1.8400  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.6600; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

WEDNESDAY, AUGUST 22, 2012

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.8350; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.8375  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

THURSDAY, AUGUST 23, 2012

CHEESE -- SALES: 3 CARS BARRELS: 1 @ \$1.8050, 1 @ \$1.8025, 1 @ \$1.8050; 13 CARS 40# BLOCKS: 1 @ \$1.8375, 3 @ \$1.8500, 2 @ \$1.8600, 2 @ \$1.8500, 5 @ \$1.8525; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7975; 1 CAR 40# BLOCKS @ \$1.8525; LAST OFFER UNCOVERED: 10 CARS BARRELS @ \$1.8100  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.8000; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.8200

FRIDAY, AUGUST 24, 2012

CHEESE -- SALES: 4 CARS BARRELS: 3 @ \$1.8050, 1 @ \$1.8025; 1 CAR 40# BLOCKS @ \$1.8525; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.8500; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.8025; 1 CAR 40# BLOCKS @ \$1.8900  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

## BUTTER MARKETS

## NORTHEAST

The CME Group butter price held steady on Tuesday, closing at \$1.8000. Butter prices increased in each of the previous 6 sessions with a net increase of \$0.0500. As a perspective, Friday's weekly average butter price on the CME Group was \$1.7775, compared to \$1.9730 for the same period last year. Cream supplies are more available this week with the initial surge of standardized cream coming onto the market. Butter production is geared to filling current orders with some plants having to microfix supplies to fill orders. Demand for butter is steady with orders at levels typical for this time of year. The National Dairy Retail Report listed the price range for 1 lb. packages of butter from \$1.88-\$3.99 in the Northeast. The weighted average price declined 4 cents compared to the previous report, to \$2.85. Current bulk butter prices range from 4-8 cents over the market based on the CME Group with various time frames and averages used.

## CENTRAL

The CME cash butter price remains firm, increasing 3/4 of a cent early in the week to \$1.8000, and remains at that level at midweek. The current cash price compares to \$1.7775 a week ago, \$1.5800 a month ago, and \$2.0875 last year at this time. Churning schedules are often not at desired levels, although butter producers are indicating that cream supplies appear to not be as snug as in recent weeks. Students are returning to the classroom, thus school milk standardizing and bottling schedules are resuming, generating additional volumes of cream. Most Central butter producers are taking advantage of the additional cream offerings and generating butter for current and future needs. Those butter producers that are churning butter beyond current needs are clearing the extra production to inventory and holding those stocks with confidence. Current butter demand is generally fair. Retail orders are often outpacing food service needs at this time as many food service buyers cut back on their requirements as the summer vacation season winds down. Food service buyers, especially in resort and

vacation areas of the Central part of the country, are indicating that traffic flow through their operations is noticeably slowing, but hopefully will remain fairly stable at least through the upcoming Labor Day holiday weekend. Retail orders are fairly strong as grocery stores prepare for typically more active butter purchasing patterns by consumers as the summer season winds down and more regular at home eating patterns are re-established. Bulk butter prices range from flat to 3 cents over various pricing bases and averages per pound.

## WEST

Western butter prices are higher with continued firmness noted. The spot market appears to be taking a breather from higher prices and holding steady near the \$1.8000 level. Butter churns are selling some excess cream to take advantage of high multiples as cream is tight. Butter production is adequate for current needs with some help from stored inventories. Stocks are reported to be adequate. Prices for bulk butter range from 2 cents under to 4 1/2 cents under the market, based on the CME with various time frames and averages used. According to the NASS *Cold Storage* report, stocks of butter as of July 31, 2012, total 232.0 million pounds, +24% or 44.2 million pounds more than July of last year. Stocks were 5% lower or 11.2 million pounds less than end of June 2012. Advertised butter prices from the National Dairy Retail Report showed a weighted average price of \$2.67 per pound compared to \$2.59 two weeks ago. Butter advertising was reduced from two weeks ago. Western advertised prices ranged from \$2.00-\$3.49 per pound. The weighted average for butter in the Northwest was \$2.36, while the average in the Southwest was \$3.01. Wednesday's close on the CME Group exchange for butter is unchanged at \$1.8000. The market started the week \$.0075 higher on Monday and has been unchanged since. Weekly average butter prices at the exchange have been on a steady increase since the first week of July. Sales at the CME Group are at zero so far this week.

## NATIONAL DAIRY PRODUCTS SALES REPORT

## U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
August 18, 2012	1.7154 3,151,123	1.7552 11,553,344	1.7811 9,375,014	0.5399 8,152,807	1.2575 15,609,839

## CHEESE MARKETS

## NORTHEAST

Cheese prices on the CME Group were mixed Tuesday with barrels unchanged at \$1.8050, while blocks declined \$0.0025 to close at \$1.8375. In the last 3 trading sessions, cheese prices have declined \$0.0500 on barrels and \$0.0625 on blocks, more than offsetting the price increases recorded Thursday. Some industry analysts have indicated Thursday's cheese price increases may have been too much too soon, but increasing price trends of Class III milk futures give the cheese market a firm undertone. Cheese production is holding steady for cheddar cheese, but increasing for mozzarella with increased orders from pizza manufacturers. Demand and orders of low fat cheddar and regular cheddar cheeses have improved. The National Dairy Retail Report quoted the price range for 8 ounce packages of cheese in the Northeast from \$1.25-\$3.00. The weighted average price increased 13 cents, compared to the previous report, to \$2.39. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 127,868 pounds (58 metric tons) of Cheddar and Gouda cheese. The product will be delivered August 2012 through September 2012. During 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack and Gouda cheese totaling 73.8 million pounds.

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

Cheddar 40# Block	:	2.2700-2.5550
Process 5# Sliced	:	2.0425-2.1625
Muenster	:	2.2900-2.6500
Grade A Swiss Cuts 10 - 14#	:	3.2450-3.5675

## MIDWEST

Some manufacturers are diverting some milk from barrel manufacturing into nonfat dry milk this week, responding to NDM demand. CME cheese prices reached yearly highs last week then declined this week while retail advertised cheese prices over the last two weeks have generally declined from prior levels. After reaching record high 2012 price levels last week, blocks and barrels through this Wednesday retreated to price levels from the week before last. The 2012 record \$1.9000 close for blocks last Thursday was last exceeded November 17, 2011. Barrels hit the 2012 record, \$1.8550 last Thursday, which was last exceeded November 21, 2011. By this Wednesday blocks had retreated \$.0625 from last week's high to \$1.8375 and barrels had retreated \$.0500 to \$1.8050. Cheese retail advertising weighted average advertised prices declined slightly for all but one of the five package sizes reported by the National Dairy Retail Report. Ad volume reported has also declined, as has been the situation during four of the last five bi-weekly periods. Current cheese ad numbers are 3.2% below two weeks ago, in contrast with the 20.2% increase during the last period. The largest number of cheese category ads run during the current survey period, 38% of total cheese ads, are for 8 ounce shredded cheese, down 4.3% from the last period. The next highest at 31%, is 8 ounce block, 33.7% above the level two weeks ago, which was 34.3% below the numbers four weeks ago. The remaining cheese category ads in descending volume are 1 pound block, 11%, down 58.0%; 1 pound shredded, 10%, down 21.1%; and 2 pound block, 10%, down 410.6%. The weighted average advertised price of 8 ounce shredded decreased 6.8% to \$2.19; 8 ounce

blocks decreased 5.2% to \$2.20; 1 pound blocks decreased 12.9% to \$3.45; 2 pound blocks increased 11.1% to \$5.03; and 1 pound shreds declined 3.0%, to \$3.28. Retailers report that retail cheese sales are "strong". While retail ad pricing over time relates to wholesale pricing trends, margins above wholesale prices offer some flexibility to retailers and retail advertisers have the initial strategy of "getting the shopper into the store". Retail cheese ad pricing is an effort toward that goal. Thus, slightly declining retail advertised prices concurrent with generally increasing wholesale prices can be reconciled. In fact, if slightly lower retail prices generate retail sales increases, that can lead to more price pressure on wholesale prices as sold inventory must be restocked. Cooperatives Working Together (CWT) has accepted two requests for export assistance to sell 127,868 pounds (58 metric tons) of Cheddar and Gouda cheese to customers in Asia and the South Pacific. The product will be delivered August through September 2012. During 2012, CWT has assisted member cooperatives in making export sales of Cheddar, Monterey Jack and Gouda cheese totaling 73.8 million pounds.

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

Process American 5# Loaf	:	2.0150-2.7200
Brick And/Or Muenster 5#	:	2.2575-2.8175
Cheddar 40# Block	:	2.2575-3.2425
Monterey Jack 10#	:	2.2275-3.2425
Blue 5#	:	2.5225-3.5075
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.1025-3.3425
Grade A Swiss Cuts 6 - 9#	:	2.7650-2.8825

## WEST

The market for Western cheese is for steady prices with a firm undertone. Cheese plants continue to run busy schedules in the face of lower farm milk intakes. Hot weather in the region has reduced component levels and overall volumes of milk. Cheese supplies are adequate for current demand with some end users looking to acquire extra loads to build their own inventories. Export demand is being aided by assistance from the Cooperatives Working Together program. According to NASS, *Cold Storage* stocks of cheese (total) at the end of July 2012 are 1,043.4 million pounds, down 4% or 41.6 million pounds less than July 2011. American stocks were 2% lower, and Other Natural stocks were 6% lower than last year. Swiss stocks at the end of July total 30.4 million pounds, down 11% or 3.8 million pounds less than July 2011. July Swiss stocks in storage are nearly unchanged with last month. Advertised cheese prices as reported in the National Dairy Retail Report showed prices for all cheese categories were lower. The most heavily advertised category of 8 oz. shred cheese was lower from two weeks ago at \$2.19 per package. Prices for 2 lb. block cheese in the West ranged from \$4.99-5.00 per package with the weighted average in the Southwest and Northwest both at \$5.00. Barrel trading at the CME Group on Wednesday closed unchanged at \$1.8050. Blocks were also unchanged at \$1.8375. Buyers and sellers are both assessing their positions with offers and counteroffers. Moderate sales are being made with 5 loads of barrels sold as of Wednesday and 4 loads of blocks.

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## CHEESE MARKETS

## CONTINUED FROM PAGE 3

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

Process 5# Loaf	:	1.9475-2.2050
Cheddar 40# Block	:	1.9950-2.3475
Cheddar 10# Cuts	:	2.1750-2.3950
Monterey Jack 10#	:	2.1850-2.3450
Grade A Swiss Cuts 6 - 9#	:	2.8225-3.2525

## FOREIGN

The increase in the CME Group weekly average block price resulted in a \$0.0475 price increase for domestic wholesale cheeses. Swiss cuts and imported varieties were unchanged. European cheese stocks remain ample as the continuing debt crisis has limited European consumer expenditures on cheese. The continuing strength of the US dollar compared to the Euro continues to provide price advantages for cheese importers.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.4100-3.8975*
Gorgonzola	: 3.6900-6.3900	: 2.9125-3.1725*
Parmesan (Italy)	: -0-	: 3.5325-4.0875*
Provolone (Italy)	: 3.4400-6.1800	: 2.4525-2.6100*
Romano (Cows Milk)	: -0-	: 3.6000-5.7500*
Sardo Romano (Argentine)	: 2.8500-3.9800	: -0-
Reggianito (Argentine)	: 3.2900-4.1900	: -0-
Jarlsberg-(Brand)	: 2.9500-5.2900	: -0-
Swiss Cuts Switzerland	: -0-	: 3.3375-3.6600
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

\* = Price change.

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

BUTTER : CHEESE

	:	
08/20/12	11,905	: 127,016
08/01/12	12,208	: 129,478
CHANGE	-303	: -2,462
% CHANGE	-2	: -2

## FLUID MILK AND CREAM

## EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	72	0	44	0	51	0
SOUTHEAST STATES	0	0	0	0	0	0

Schools and Universities in the East have or are about to begin their fall terms and as a result Class I demand has increased significantly, limiting manufacturing milk supplies. A number of plants are conducting scheduled maintenance projects while manufacturing milk supplies are low. Also contributing to lower manufacturing milk volumes is the continuing seasonal decline in milk production. Cow comfort levels and milk production continue to decline in Florida with daytime temperatures in the 90's and nighttime lows in the 80's. Class I demand is strong with nearly all schools and universities in session. The increase in Class I demand has increased the number of imported spot loads of milk to 72. Florida is bracing for the first hurricane of the season to make landfall over the weekend or early next week. The Southeast continues to struggle to meet the increased demand from Class I plants. Truck availability has caused some problems in getting milk to the appropriate locations. Rejections, due to high temperatures, continue to be an issue. Little if any milk is being moved to manufacturing facilities. Cream availability has improved as the initial surge of standardized cream has come on to the market. The increased availability moderated cream multiples, which saw a range of 140-150. Demand for cream remains very good with strong pulls from cream cheese and ice cream manufacturers. Condensed skim supplies declined this week as Class I pulls increased. Demand for condensed skim continues to be good as ice cream; cream cheese and yogurt manufacturing are active. Some balancing plants remain concerned about future milk supplies and are withholding noncontract loads of condensed from the spot market to increase volumes going to dryers as they attempt to improve their nonfat dry milk inventories. According to NASS, milk production for July 2012 in the 23 reported states totaled 15.5 billion pounds, up 0.8% from July 2011. Milk production increased in 4 of the 5 listed states in the Eastern region. Eastern region production increased 0.8% over the same month last year to 2,524 million pounds. The 5 states showed the following percentage changes in milk production from July 2011 to July 2012 and total milk production this July: Florida, +3.3%, 187 million pounds; New York, +1.9%, 1,113 million pounds; Pennsylvania, -1.5%, 867 million pounds; Vermont, +1.9%, 218 million pounds; and Virginia, +0.7% at 139 million pounds. Milk cow numbers for July 2012 increased in only 1 of the 5 listed states of the Eastern region with 2 states declining and 2 states unchanged. As a region, cow numbers were 2,000 head (-0.1%) less compared to the same period last year. Individual state cow numbers compared to July 2011 and cows remaining as of this July are: Florida, 4,000 increase, 123,000 remaining; New York, unchanged, 610,000 remaining; Pennsylvania, 5,000 decrease, 535,000 remaining; Vermont, 1,000 decrease, 133,000 remaining; and Virginia, unchanged, 96,000 remaining.

## 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 -	2.4885-2.6630
F.O.B. producing plants: Upper Midwest -	2.2930-2.4530

## PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

## F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.19 - 1.25
Northeast - Class III - spot prices -	1.35 - 1.44

## MIDWEST

Cream multiples were lower this week, ranging between 1.29 – 1.38. Cream supplies increased this week as some areas began to fill orders for Class I needs for the opening of schools. Ice cream demand has shown some weakness also. Milk supplies are returning to expected levels as the severe heat of recent weeks is abating. Spot demand for additional milk to cheese plants saw prices ranging \$1.70 - \$2.50 over class. Dairy farmers are looking closely at feed supplies for the winter and determining how many cattle they can support without looking to buy additional feedstuffs. More cattle are being culled than is typical for this time of year. July 2012 milk production increased compared to July 2011 in ten of the eleven Central region states included in the NASS 23 Selected States Milk Production report. Central region monthly milk production increases ranged from 0.6% in Iowa to 5.8% in Colorado. Texas milk production decreased by 2.4%. On a regional basis, July 2012 milk production showed a 2.5% increase over one year ago. Regional cow numbers grew by 33,000 animals compared to July 2011. Michigan gained the most dairy cows, 10,000, compared to one year ago. Minnesota and Missouri each lost 2,000 cows compared to July 2011.

## WEST

CALIFORNIA milk production has leveled off, but total volumes continue to be impacted by recent hot weather conditions. The slow recovery in milk supplies is expected to remain a reality because of the high feed costs and the impact on the herd. The changes in rations to mitigate costs are impacting milk volumes and solid's levels after the heat spell. Reports are that some dairies are feeding alternatives to corn. Financial situation problems are creating more selloffs, bankruptcy issues, and foreclosures. More cows are ending up being slaughtered, whereas in a typical year, cows would end up in another herd. Processing plants are being run on reduced schedules across product categories. Milk is moving to Class 1 needs, but after that, there is more juggling to fill contracted volumes and system needs. Finding and shipping milk to supplement local supplies is hard and pricey. ARIZONA milk production is at seasonal low levels and continues to be impacted by hot temperatures, high humidity and intermittent rains that are persisting over the milkshed. Farm level conditions continue to be impacted by high feed costs and negative returns for many producers. The lower milk intakes are making it difficult for processors to make all the products they need to fill orders. Class I processors are pulling heavier supplies to fill school and retail needs. CREAM markets are mostly steady to firm. Cream offerings are light and spot sales are limited. Buyers are finding more of a

CONTINUED ON PAGE 4A

## FLUID MILK AND CREAM

## CONTINUED FROM PAGE 4

challenge in securing cream needs. There are some indications that ice cream accounts are slower buyers. Butter producers continue to sell cream instead of churn butter. The CME Grade AA butter price moved 2.25 cents higher to close at \$1.8000 on Wednesday, August 22. Cream multiples moved slightly higher, ranging 120 to 145 and vary depending on basing points and averages. Temperatures in the PACIFIC NORTHWEST moderated this week and milk production showed a modest rebound. Total cow numbers are reduced and milk per cow numbers are also below year ago levels. Schools are preparing to reopen and Class I orders are being filled. Processing capacity is adequate to handle current volumes within the region. Many plants are taking advantage of lower milk volumes to schedule regular maintenance. UTAH and IDAHO milk volumes are at expected levels. Hot weather earlier slowed production, but milk is readily available for manufacturing in the region. Dairy farmers are encouraged by higher product prices and anticipated mailbox prices. High feed costs and lower cull cattle prices are offsetting some of these gains. According to NASS, July *Milk Production* for the 23 surveyed states totals 15.5 billion pounds, up 0.8% (.1 billion pounds) from last year. July milk production changes from a year ago for selected Western states are as follows: Arizona +0.9%, California -1.0%, Colorado +5.8%; Idaho +0.5%, New Mexico -2.7%, Oregon -1.8%, Utah +5.6%, and Washington -3.3%. Monthly milk production per cow for the 23 surveyed states was 1,826 pounds (+0.3%) more than July 2011. Compared to July 2011, the Arizona herd is down 1,000 head, California +13,000, Colorado +5,000; Idaho -3,000, New Mexico -2,000, Oregon unchanged, Utah +2,000, and Washington -4,000. These 8 states are up 10,000 cows and the 23 surveyed states are up 41,000. July cow numbers in these 8 states were 5,000 less than the previous month.

## NONFAT DRY MILK, BUTTERMILK &amp; 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:** Central nonfat dry milk prices are stronger across both the range and mostly series. This follows a firm undertone that has been established over the last few weeks. Interest is stronger from end users and brokers as manufacturers' supplies are being questioned. Contract deliveries are current, but demand for NDM above committed amounts is harder to find from producers. There are supplies available on the spot market from resellers, but prices are at the high end of the range with some above. Buyers are worried about future supplies as dairy farmers are struggling with production costs. Cheese production is cutting into supplies of condensed skim that could go to NDM drying facilities. High heat NDM supplies are adequate for needs with very little being offered to the spot market.

**EAST:** Nonfat dry milk prices continued to show strength this week as spot sales of low heat nonfat dry milk moved above \$1.6000. Nonfat dry milk production in the East has turned very light as increased Class I demand has lowered manufacturing milk supplies. Numerous plants are conducting scheduled maintenance projects while drying schedules are limited. Increased demand for condensed skim from yogurt manufacturers has also limited milk volumes going to dryers. Current production is moving through contracts with very little if any available for the spot market. Buyers looking for additional loads are looking out of region and or for resale opportunities. Resale prices of confirmed sales are significantly above the range.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUM HEAT: 1.3175 - 1.6650 MOSTLY: 1.3700 - 1.5100  
HIGH HEAT: 1.3675 - 1.6000

**NONFAT DRY MILK - WEST**

Pricing levels are trending higher for Western low/medium heat nonfat dry milk. The market tone is firm to strong. The gap is widening between index based sales and spot sales pricing. The volumes moving on spot trades are very light as there are limited volumes of NDM available for sellers to move in the spot market. The circularity of the trades results in the majority of trades based on index pricing and the volume traded at higher pricing levels is being tempered. The California index price, based on sales over the last 150 days, moved lower by 2.7 cents. The national index, based on sales during the prior 30 days, is up 1.1 cents. Resale prices are moving higher in limited trading, matching the higher end of the reported range and pushing towards \$1.70. Demand is highly unsettled with segments unfilled. There are buyers who have coverage through earlier purchases and those receiving regular contracted volumes. Other buyers who lack coverage are seeking loads to fill current and future needs. Some producers are finding circumstances harder to keep up with contracted sales. Therefore, the situation is difficult to find loads to "test" the market price when producers are tight. New export orders are slow to develop with some exceptions based on location. World pricing is below U.S. pricing and the production season is just underway in Oceania. Production trends are lower in the Southwest U.S., affected more by recent hot weather and the slow rebuilding of the milk supply after conditions improved. Drying trends are steady to slightly lower in the Northwest. Production of SMP is also being made to fill current needs. Stock levels have been lowered and producers are comfortable to short. The high heat NDM market pricing is trending higher. The market tone is firm. Drying activity is limited and producers are shifting milk supplies around to fill needs in the most strategic product venues. The net result is there are fewer offerings of high heat powder into the current market situation. Due to the light trading and limited market test, there is an inverse relationship between low and high heat powder pricing - spot low heat NDM is trading at higher prices than

high heat is garnering. Additionally, index based transaction prices are flat. Producers are noting that contract orders are becoming harder to fill on a timely basis. Stock levels are light.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUM HEAT: 1.2300 - 1.6150 MOSTLY: 1.2700 - 1.5000  
HIGH HEAT: 1.2500 - 1.4300

**DRY BUTTERMILK - CENTRAL AND EAST**

**CENTRAL:** Central dry buttermilk prices are higher this week. The market tone is firm and following the strength of the NDM market. Interest is reported to be very good with tight supplies of dry buttermilk. Condensed sales in the Midwest are reported to be very good. Spot market activity for dry buttermilk is very limited as producers are filling contract needs with little left to offer to the market.

**EAST:** Eastern dry buttermilk prices held steady this week. Good demand for cream from ice cream and cream cheese manufacturers has tightened cream supplies and limited butter and dry buttermilk production. Current production is moving through contracts with limited spot sales activity. Domestic and export demand remain good. Buyers looking for additional loads have to look outside the region and/or for resale opportunities. The market undertone remains firm supported by higher nonfat dry milk prices.

F.O.B. CENTRAL/EAST: 1.2700 - 1.3325

**DRY BUTTERMILK - WEST**

Western dry buttermilk prices are trading at higher levels. The market tone is firm. Offering are limited into the spot market and there are some delays in contracted loads. The buttermilk market is trying to "catch up" to the nonfat market. Demand is fair to good with unmet interest noted. Buyers looking for coverage are finding little product around, even in the resale market. Production trends are flat at lower levels as butter churning remains uneven with sales of cream limiting the churning in the region. Buttermilk stocks remain light to moderate.

F.O.B. WEST: 1.1700 - 1.3500 MOSTLY: 1.2000 - 1.2700

**DRY WHOLE MILK - NATIONAL**

Dry whole milk prices are unchanged. The market undertone is firm, mainly based on higher butterfat and nonfat dry milk prices. However, the market is untested as there is limited whole milk available to be offered into the spot market. Drying schedules are limited across regions, mainly due to declining manufacturing milk supplies and because there are other product priorities ahead of dry whole milk. Stock levels are generally light.

F.O.B. PRODUCING PLANT: 1.5000 - 1.6300

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
August 17	\$1.1896	11,132,096	0
August 10	\$1.2174	8,391,361	0

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**

Central dry whey prices are higher on the top of the range and across the mostly range. The market undertone remains firm. Manufacturers' inventories are uneven. Cooler weather in the region has helped to increase milk volumes and move more milk to cheese plants. Whey contracts are being filled in most cases. Some end users are reporting some delays in deliveries or short loads. Spot load demand is being met through brokers in many cases with prices at the high end of the range. Buyers are looking to build inventories to offset any anticipated price increases. Export demand is good and prices are close to domestic pricing. ANIMAL FEED DRY WHEY prices are unchanged to higher following various contract indices. Demand is being tempered in some cases as feed blenders are reported to be in good shape to sometimes long with current inventories. Milk replacer sales into veal operations are reported to be steady.

F.O.B. CENTRAL: .4700 - .5775 MOSTLY: .5000 - .5575  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3825 - .5200

**DRY WHEY - NORTHEAST**

Dry whey prices again moved higher this week with prices based on indices responsible for the bulk of the increases. Dry whey production was marginally higher as cheese makers are attempting to increase production. Supplies are moving through contracts with limited availability on the spot market. Buyers looking for additional loads have to look out of region and or for resale opportunities. Resale prices have exceeded \$0.6000. Demand for dry whey remains good and the market undertone is firm.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5575 - .5750

**DRY WHEY - WEST**

Western dry whey prices moved higher again this week, continuing an upward trend since mid-June. The range and mostly prices advanced again this week following higher contract indices and spot sales. Tighter milk supplies in the West have reduced cheese production, thus there is less whey available for production. Whey supplies are still adequate for most needs, although extra loads are harder to find. Spot loads are available, albeit at the upper end of the price range. Export prices are also increasing and are in line with domestic pricing.

NONHYGROSCOPIC: .5475 - .5900 MOSTLY: .5500 - .5700

**EVAPORATED MILK - NATIONAL**

On August 22, the Kansas City Commodity Office announced the awarding of one contract for a total of 260,253 pounds of evaporated milk for Bid Invitation Number 4100002643, Description AG-DPRO-P-12-0547. The evaporated milk, packed in 24/12 oz. cans, is scheduled for October - December 2012 deliveries at various locations throughout the country. Accepted prices ranged from \$0.5503 - \$0.6010/lb. No further bids will be considered under this solicitation number.

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Whey protein concentrate 34% prices are mostly steady on the range with the mostly series higher on the top end. Manufacturers and resellers are somewhat surprised at the lack of significant demand for WPC in comparison to nonfat dry milk prices. Contracted loads of WPC are being met with some additional loads being offered in some instances. Inventories from manufacturers are reported to be in balance overall. Resale prices are being reported at the AOM to move older inventories from brokers supplies.

F.O.B. EXTRA GRADE 34% PROTEIN:1.0700 - 1.2750 MOSTLY: 1.0900 - 1.1650

**LACTOSE - CENTRAL AND WEST**

Prices for lactose are steady for the range and the mostly series is fractionally higher on the top end. Lactose demand is mostly steady to firming as export interest increases. Buyers from Oceania are reported to be shopping for supplies for 4Q and beyond as their milk season begins. Feed manufacturers are beginning to look for supplies for increased animal consumption in the fall. Current inventories are adequate for immediate needs with some manufacturers reporting increased supplies. Negotiations are continuing for purchases into 2013.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL.6800 - .9500 MOSTLY: .7800 - .8750

**CASEIN - NATIONAL**

Casein markets and prices are generally holding steady. The casein production season in Europe is winding down and, in those very wet areas of Europe where milk production was dropping off quite sharply, weather patterns are more stable and milk output is plateauing. Although casein production was impacted for some manufacturers during very wet conditions, many feel that the impact may not be as significant as previously projected. Many European suppliers are indicating that stocks for upcoming needs are in pretty good balance and, with some tweaking of delivery schedules, end user needs should generally be fulfilled. The Oceania milk production season is just getting underway, thus casein output has basically not resumed as of yet. Early indications are that the milk production season is getting off to a positive start, thus it may not be too long before casein output resumes. Most domestic U.S. buyers are indicating that casein volumes are snug, but for the most part, are sufficient for their needs.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 3.7500 - 4.4000  
ACID: 4.1500 - 4.7000

**SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS EFFECTIVE NOVEMBER 1, 2009**

**BUTTER** Bulk \$1.05 per pound; **CHEESE** 40# Blocks \$1.13 per pound; 500# Barrels \$1.10; **NONFAT DRY MILK** \$.80 per pound

The CCC Purchase table will no longer be shown unless purchases occur. Last CCC purchase: October 2009.

**U.S. Dairy Cow Slaughter (000 head) under Federal Inspection & Comparable Week 2011**

WEEK ENDING	WEEKLY DAIRY COWS	2012 CUMULATIVE DAIRY COWS	2011 WEEKLY DAIRY COWS	2011 CUMULATIVE DAIRY COWS
08/04/2012	59.0	1,800.3	53.2	1,707.9

WEBSITE: [http://www.ams.usda.gov/mnreports/sj\\_ls714.txt](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
2008	19.32	17.03	18.00	16.76	18.18	20.25	18.24	17.32	16.28	17.06	15.51	15.28
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

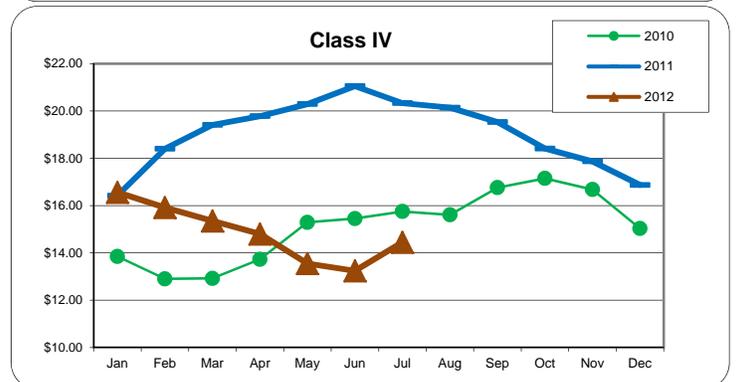
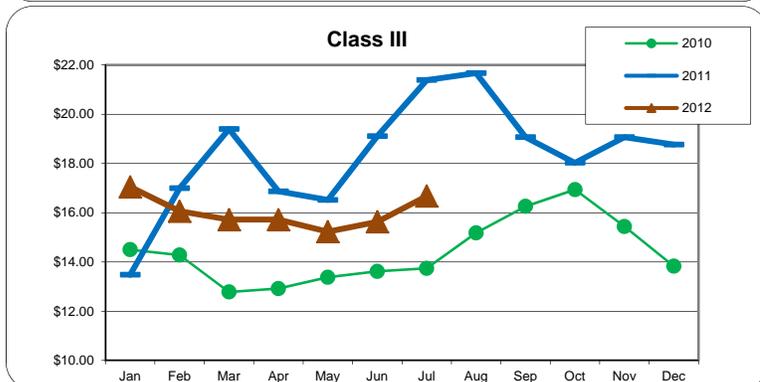
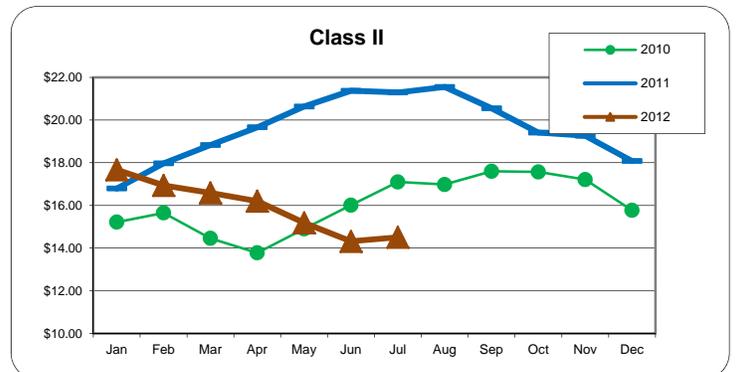
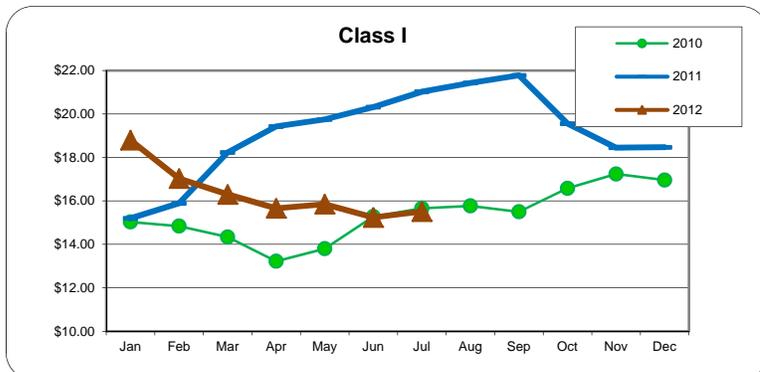
**CLASS IV MILK PRICES (3.5% BF)**

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
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

**FEDERAL MILK ORDER CLASS PRICES FOR 2012 (3.5%)**

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	18.80	17.03	16.30	15.66	15.85	15.24	15.51					
II	17.67	16.94	16.59	16.20	15.19	14.32	14.51					
III	17.05	16.06	15.72	15.72	15.23	15.63	16.68					
IV	16.56	15.92	15.35	14.80	13.55	13.24	14.45					

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



ORGANIC DAIRY MARKET NEWS

Information gathered August 13 - 24, 2012

ORGANIC DAIRY FLUID OVERVIEW

Organic milk continues to flow between some regions to meet demand. New England and some mid-Atlantic states generally consume, or require more organic milk for manufacturing, than is produced in the region. Through July 2012, this has resulted in organic milk regularly being transported to the area from Wisconsin, Indiana, Michigan, Ohio, West Virginia and Colorado. Even organic milk from California has moved across the country and into the Northeast during several months of the year, resuming during July, following previous movements during March and April.

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON

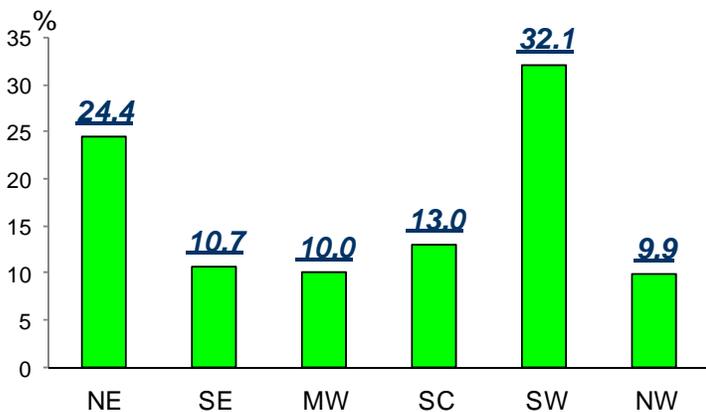
**Organic Dairy Overview.** This is the most recent of what have become a number of record weeks occurring during 2012 for organic dairy advertising by retailers. This period's survey found the record largest number of total organic dairy ads, total milk ads and total ads for 8 ounce milk, since the data series began during the fall of 2009.

Organic milk ads comprise 88% of all organic dairy ads this period, followed by organic yogurt with 10% and organic butter with 2%.

Advertising information presented is compiled from nearly 16,000 surveyed newspaper supermarket ads for the period August 11, 2012, to August 24, 2012, identifying weekly "specials" and containing organic dairy content. Surveyed ads reflect advertised "specials" and not the range of non-advertised supermarket cooler prices.

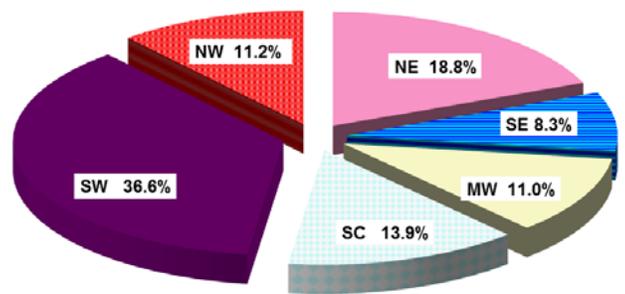
**Regional Organic Dairy Ad Trends – Current Period.** The Southwest leads all regions in organic dairy advertising with 32.1% of all organic ads. The other regions include the Northeast, 24.4%; the South Central, 13.0%; the Southeast, 10.7%; the Midwest, 10.0%; and the Northwest, 9.9%.

Organic Dairy Ads Regionally As A Percentage of Surveyed Organic Dairy Ads Week 34, 2012



**Organic Milk.** Organic milk ads comprise over three of every four organic dairy ads. The highest percentage of organic milk ads appear in the Southwest, 36.6%. Other regions include the Northeast, 18.8%; South Central, 13.9%; Northwest, 11.2%; Midwest, 11.0%; and Southeast, 8.3%.

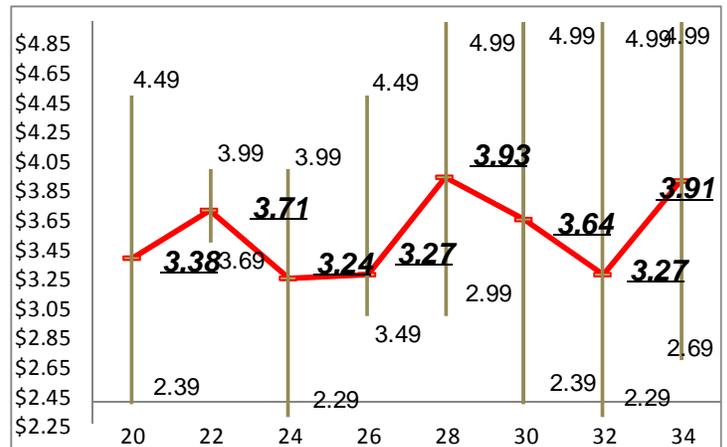
ORGANIC MILK FEATURES Regional % of Nationally Surveyed Supermarket Ads Report - Week 34, 2012



Nearly two and one half times as many ads for organic half gallons than conventional milk half gallons are reported in this period's National Dairy Retail Report, even though there are over ten times as many total conventional dairy ads than organic dairy ads.

**Organic Milk Half Gallons.** The national weighted average advertised price of organic milk half gallons, \$3.91, is 64 cents higher than two weeks ago. The price range is \$4.99 to \$2.69, unchanged at the top and 40 cents higher at the bottom. This period the concentration of advertised organic half gallon brands shifted from predominantly store brands, to nearly nine times as many national brands than store brands.

Advertised Organic Milk Half Gallon Price Range and Weighted Average Advertised Price by 2012 Week



ORGANIC MILK HALF GALLON ADS REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE \$
NE	24.0	3.89
SE	02.3	4.29
MW	04.6	4.38
SC	09.0	3.45
SW	45.5	4.00
NW	14.7	3.77
US		3.91

ORGANIC DAIRY MARKET NEWS

Information gathered August 13 - 24, 2012

CONTINUED FROM PAGE 8

The AMS Dairy Market News Survey which generated the current national organic half gallon milk weighted average advertised price of \$3.91, also determined the weighted average advertised price for non-organic half gallons as \$2.26, an organic-conventional half-gallon milk advertised price spread of \$1.65, up from \$0.99 two weeks ago. During 2012, the price spread has ranged from \$0.78 to \$2.46.

Advertising volume for organic half gallon containers of milk is narrowly in second place to the highest level of the year but still above any other period since fall of 2009.

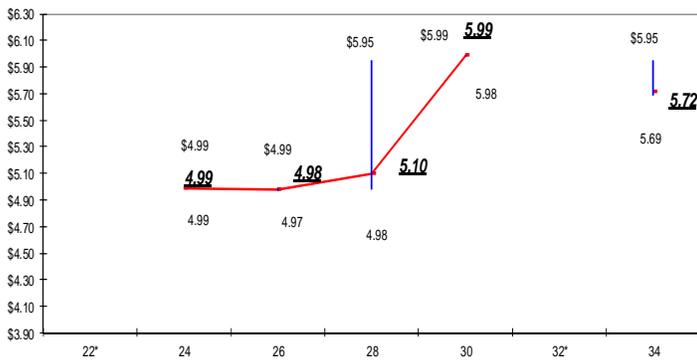
**Organic Milk 8 Ounce.** Ads for 8 ounce containers of organic milk listed a price ranging from \$0.75, the lowest recorded price for this category since data collection began during the fall of 2009, to \$1.16. The national weighted average advertised price is \$0.99, down from \$1.01 last period. The volume of ads this period is the largest since fall 2009, and 85.1% higher than the previous 2012 record.

**ORGANIC MILK 8 OUNCE ADS REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE**

REGION	%	WTD. AV. ADV. PRICE \$
NE	04.2	1.00
SE	18.7	1.03
MW	21.2	1.00
SC	23.1	0.92
SW	26.0	1.00
NW	06.9	1.00
US		0.99

**Organic Milk Gallons.** Ads for organic milk gallons returned after being absent last period. Almost all ads were in the Northeast for a store brand, all priced \$5.69. A relative few ads ran in the Midwest for a national brand, all priced \$5.95. This resulted in a national weighted average advertised price of \$5.72.

**Advertised Organic Milk Gallon Range and Weighted Average Advertised Price by 2012 Week\***

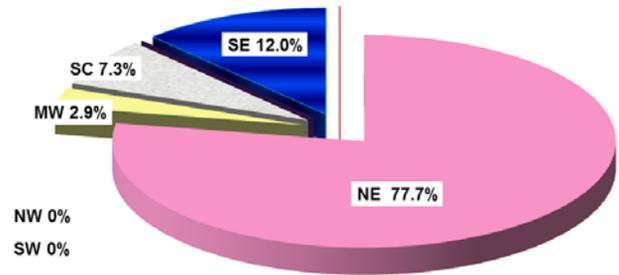


\*THERE WERE NO ADS FOR WEEKS 22 AND 32

**Organic Yogurt.** Total organic yogurt ad numbers decreased by 54.0% from two weeks ago, following increases of 27.9% and 217% during the two previous periods. The narrowly leading organic yogurt category is 4-6 ounce organic yogurt, closely followed by 4-6 ounce organic Greek yogurt, with a small number of ads for 32 ounce organic yogurt ads.

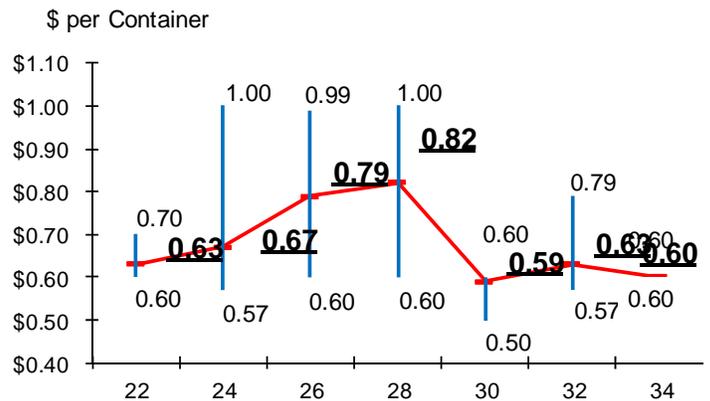
The Northeast led all regions in total organic yogurt advertising, which has been the case during all but two of seventeen periods of 2012. Regional percentages of organic yogurt ads this period include the Northeast, 77.7%; Southeast, 12.0%; South Central, 7.3%; and Midwest, 2.9%. No organic yogurt ads appeared in the Northwest or Southwest.

**ORGANIC YOGURT FEATURES Regional % of Surveyed National Newspaper Ads Report Week 34, 2012**



**4-6 Ounce Organic Yogurt.** Ads for 4-6 ounce organic yogurt yielded a weighted average advertised price of 60 cents, down 3 cents, from two weeks ago. All ads were priced 60 cents, so there was no price range. Last period the top of the price range was 79 cents and the range low price was 57 cents. All ads are for national brands. All ads were in the Northeast.

**Advertised 4-6 Oz. Organic Yogurt Price Range and Weighted Average Advertised Price by 2012 Week**



**4-6 Ounce Organic Greek Yogurt.** Ads for 4-6 ounce organic Greek yogurt appeared in four of six regions. The current weighted average advertised price, \$1.46, is 21 cents above two weeks ago, which was 11 cents above four weeks ago. Prices range from \$1.00 for national brands, to \$1.99 for national brands. Most ads were for national brands and the relatively few ads for store brands all had a price of \$1.19.

CONTINUED ON PAGE 8-B

## ORGANIC DAIRY MARKET NEWS

Information gathered August 13 - 24, 2012

CONTINUED FROM PAGE 8-A

4-6 OUNCE ORGANIC GREEK YOGURT ADS  
REGIONAL % and WEIGHTED AVERAGE ADVERTISED PRICE

REGION	%	WTD. AV. ADV. PRICE \$
NE	38.1	1.99
SE	33.4	1.00
MW	08.1	1.19
SC	20.3	1.34
SW	00.0	----
NW	00.0	----
US		1.46

**32 Ounce Organic Yogurt.** All ads for 32 ounce organic yogurt ran in the Northeast, all a store brand and all priced \$2.99.

**Organic Butter.** All ads for organic butter ran in the Southeast, all priced \$4.15. Organic butter ads have run during nine of seventeen reporting periods this year. The number of ads this period ranks near the low end of the periods where organic butter ads have run. Nevertheless, this period's number of ads ranks among the high end of periods with organic butter ads during 2011.

## SUPERMARKET PRICE COMPARISON:

**Madison, Wisconsin Prices.** Non-advertised organic milk, yogurt, butter and cheese prices in a range of food stores in Madison, Wisconsin are compared for this two week period.

Madison stores included a big-box sized local supermarket; 2 regional chain supermarkets; a smaller but full product line food market; and 2 natural food stores; a national discount big box chain store also selling food; and a large local cooperative grocery store.

Organic milk available in Madison stores included 2 national brands, 4 private label store brands, and 3 small local or near-by creamery brands, one featuring non-homogenized milk. Cheese available included 2 national brands, 2 store brands, and cheese from 5 other cheese makers.

A table summarizing the survey results follows:

ORGANIC MILK, YOGURT, CHEESE, BUTTER PRICE RANGE  
2012 REPORTING WEEK 34

	MADISON, WISCONSIN		
	LOW	HIGH	RANGE
	(in Dollars)		
<b>FLUID MILK</b>			
<b>MILK - gallon</b>			
Whole	5.49	6.79	1.70
Nonfat (Skim)	5.49	6.79	1.70
Low fat (1%)	5.49	6.79	1.70
Reduced fat (2%)	5.49	6.79	1.70
<b>MILK - half gallon</b>			
Whole	3.00*	4.49	1.49*
Nonfat (Skim)	3.00*	4.49	1.49*
Reduced fat (2%)	3.00*	4.49	1.49*
Low fat (1%)	3.00*	4.49	1.49*
<b>FLAVMILK - half gallon</b>			
All fat tests	3.09	5.69	2.60
<b>YOGURT</b>			
Yogurt - 4-6 oz			
Yogurt	0.79	1.29	0.50

## CHEESE

## Cheese - 8 oz block

	LOW	HIGH	RANGE
Mozzarella	3.40	5.75	2.35
Mild Cheddar	3.79	5.99	2.20
Monterey Jack	3.79	5.99	2.20
Pepper Jack	3.89	5.99	2.10

## Cheese - 6 oz string

Mozzarella	3.99	5.09	1.10
Colby Jack	3.89	4.99	1.10

## BUTTER

## Butter - 1 Pound

	3.99	6.19	2.20
--	------	------	------

\* = Price change from prior reporting period.

The lowest price for organic half gallons declined to \$3.00 for a national brand sold in a regional supermarket. This is the first time in a while that a national brand rather than a store brand has offered the lowest price for organic half gallons.

## ORGANIC GRAIN AND FEEDSTUFFS MARKETS:

National organic grain and feedstuffs were mixed. Feed grade corn was higher, with slightly greater volumes of grain reportedly having been traded compared with two weeks ago. Soybeans were mostly steady, with a firm undertone and very light offerings. Oats were lower on a light test. Demand remains good for alternative feed grade grains, while the demand for corn is moderate due to the current market prices. Interest and trades of feed grade wheat were greater this period due to the rising corn prices and extremely limited availability. No region is reported to have ample supplies of corn or soybeans at this time. Few new crop feed corn contracts have been reported as of late, but bids of \$15.00/bushel have reportedly been rejected by some farmers. Yields for new crop corn and soybeans are largely uncertain at this time due to the lack of official USDA data on organic crop progress, however, wheat harvest in the Northern Plains is reportedly very good for many producers in regards to test weight, quality and protein. Organic alfalfa pellets, 17% protein, were 420.00/ton in Nebraska. Good quality three-way mixed forage hay was 170.00/ton in the Northern Inter-Mountain region of California. Small square bales of premium alfalfa hay in Lake County, Oregon were 285.00/ton. Large squares of premium alfalfa hay were 280.00/ton in the Klamath Basin and utility large squares were 175.00/ton in the same region. Additional livestock and grain market news information is available at: <http://www.ams.usda.gov/mnreports/lbfnof.pdf>

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

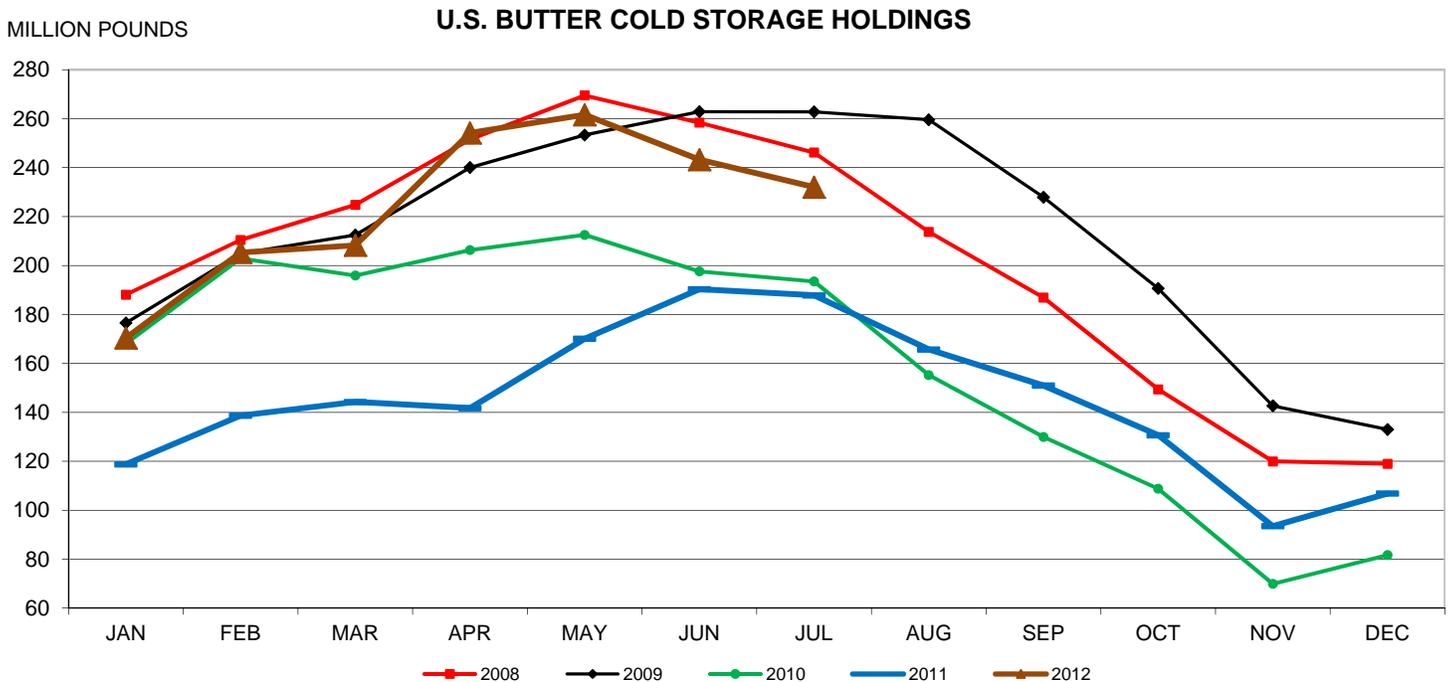
NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated

U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	JUNE 30, 2010	JUNE 30, 2011	REVISED JUNE 30, 2012	JULY 31, 2010	JULY 31, 2011	JULY 31, 2012
Butter	197,601	190,310	243,235	193,506	187,796	231,999
Cheese, Natural American	627,053	619,147	629,232	639,525	648,834	633,962
Cheese, Swiss	26,978	34,363	30,377	27,702	34,168	30,379
Cheese, Other Natural	383,788	397,914	388,653	402,900	401,994	379,012
Total Cheese	1,037,819	1,051,424	1,048,262	1,070,127	1,084,946	1,043,353

JULY STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
New England	37,881	41,120	38,913	---	---	---	540	778	827
Middle Atlantic	49,301	53,371	49,119	---	---	---	21,931	23,524	18,340
East North Central	278,540	272,420	287,278	---	---	---	275,329	272,636	285,529
West North Central	100,378	109,105	104,008	---	---	---	71,717	67,796	37,949
South Atlantic	2,564	41	40	---	---	---	174	6,923	6,063
East South Central	2,095	1,675	2,041	---	---	---	106	292	258
West South Central	1,599	4,606	5,773	---	---	---	1,453	1,328	1,181
Mountain	55,942	58,043	47,215	---	---	---	7,666	6,464	5,903
Pacific	111,225	108,453	99,575	---	---	---	23,984	22,203	22,962
TOTAL	639,525	648,834	633,962	193,506	187,796	231,999	402,900	401,944	379,012

\*Regional breakdowns are not reported to avoid possible disclosure of individual operations.



DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN

## COMMERCIAL AND GOVERNMENT STORAGE HOLDINGS, JANUARY 2011 TO DATE

Month	Butter		Natural American Cheese		Nonfat Dry Milk					
	Commercial		Commercial		Total <sup>1/</sup>		Commercial		Government	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
	Million Pounds		Million Pounds		Million Pounds					
January	170	119	612	638	159	128	159	128	0	0
February	205	139	608	621	193	122	193	122	0	0
March	208	144	623	611	210	119	210	119	0	0
April	254	142	633	622	226	147	226	147	0	0
May	262	170	620	623	215	163	215	163	0	0
June	243	190	629	619	145	186	145	186	0	0
July	232	188	634	649		192		192		0
August		166		647		168		168		0
September		151		639		151		151		0
October		131		619		143		143		0
November		94		593		146		146		0
December		107		611		165		165		0

<sup>1/</sup> Includes instant nonfat dry milk.

**Source:** U.S. Department of Agriculture. Farm Service Agency. *Summary of Processed Commodities, June 2012*. National Agricultural Statistics Service. *Cold Storage and Dairy Products, August 2012*.

## JULY MILK PRODUCTION

Milk production in the 23 major States during July totaled 15.5 billion pounds, up 0.8 percent from July 2011. June revised production at 15.5 billion pounds, was up 1.1 percent from June 2011. The June revision represented an increase of 2 million pounds or less than 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,826 pounds for July, 6 pounds above July 2011.

The number of milk cows on farms in the 23 major States was 8.50 million head, 41,000 head more than July 2011, but 7,000 head less than June 2012.

## JULY 2012 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS 1/		MILK PER COW 2/		MILK PRODUCTION 2/		
	2011	2012	2011	2012	2011	2012	% CHANGE FROM 2011
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	186	185	1,885	1,915	351	354	0.9
CA	1,772	1,785	1,995	1,960	3,535	3,499	-1.0
CO	128	133	2,010	2,045	257	272	5.8
FL	119	123	1,520	1,520	181	187	3.3
ID	582	579	2,050	2,070	1,193	1,199	0.5
IL	98	100	1,530	1,550	150	155	3.3
IN	171	176	1,690	1,690	289	297	2.8
IA	200	203	1,720	1,705	344	346	0.6
KS	123	124	1,755	1,780	216	221	2.3
MI	366	376	1,945	1,970	712	741	4.1
MN	467	465	1,545	1,570	722	730	1.1
MO	96	94	1,110	1,195	107	112	4.7
NM	330	328	2,105	2,060	695	676	-2.7
NY	610	610	1,790	1,825	1,092	1,113	1.9
OH	266	270	1,580	1,600	420	432	2.9
OR	123	123	1,790	1,755	220	216	-1.8
PA	540	535	1,630	1,620	880	867	-1.5
TX	435	440	1,835	1,770	798	779	-2.4
UT	88	90	1,840	1,900	162	171	5.6
VT	134	133	1,600	1,640	214	218	1.9
VA	96	96	1,440	1,450	138	139	0.7
WA	265	261	2,055	2,020	545	527	-3.3
WI	1,264	1,271	1,720	1,785	2,174	2,269	4.4
23 STATE TOTAL	8,459	8,500	1,820	1,826	15,395	15,520	0.8

1/ Includes dry cows. Excludes heifers not yet fresh.

2/ Excludes milk sucked by calves.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Milk Production, August 2012*.

FEDERAL MILK ORDER ADVANCE PRICES, SEPTEMBER

**Base Class I Price.** Under the Federal milk order pricing system, the base Class I price for September 2012 is \$17.59 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$11.57 and the advanced butterfat pricing factor of \$1.8361. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. **Comparison to Previous Month.** Compared to August 2012, the base Class I price increased \$1.04 per cwt. For selected consumer products, the price changes are: whole milk (3.25% milk fat), \$0.99 per cwt., \$0.085 per gallon; reduced fat milk (2%), \$0.75 per cwt., \$0.065 per gallon; fat-free (skim milk), \$0.46 per cwt., \$0.040 per gallon. **Class II Price Information.** The advanced Class IV skim milk pricing factor is \$9.66. Thus, the Class II skim milk price for September is \$10.36 per cwt., and the Class II nonfat solids price is \$1.1511. **Product Price Averages.** The two-week product price averages for September are: butter \$1.6877, nonfat dry milk \$1.2518, cheese \$1.7545, and dry whey \$0.5350.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION <sup>1/ 2/</sup>				
September 2012				
Federal Milk Order Marketing Area <sup>3/</sup>	Order Number	Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) <sup>4/</sup>	001	20.84	14.82	1.8686
Appalachian (Charlotte) <sup>5/ 6/</sup>	005	20.99	14.97	1.8701
Southeast (Atlanta) <sup>6/ 7/</sup>	007	21.39	15.37	1.8741
Florida (Tampa) <sup>6/ 8/</sup>	006	22.99	16.97	1.8901
Midwest (Cleveland) <sup>9/</sup>	033	19.59	13.57	1.8561
Upper Midwest (Chicago) <sup>10/</sup>	030	19.39	13.37	1.8541
Central (Kansas City) <sup>11/</sup>	032	19.59	13.57	1.8561
Southwest (Dallas) <sup>12/</sup>	126	20.59	14.57	1.8661
Arizona (Phoenix)	131	19.94	13.92	1.8596
Pacific Northwest (Seattle) <sup>13/</sup>	124	19.49	13.47	1.8551
All-Market Average		20.48	14.46	1.8650

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

## FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY, JULY 2012

**HIGHLIGHTS.** Handler reports of receipts and utilization under the Federal milk order system for July have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During July, nearly 9.0 billion pounds of milk were received from Federally pooled producers. This volume of milk is 16.3 percent lower than the July 2011 volume. In July 2012 and July 2011, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. Regulated handlers pooled 3.4 billion pounds of producer milk as Class I products, 0.1 percent lower than the previous year, with decreases in 5 of the 10 Federal Milk Order Marketing areas. The all-market average Class utilization percentages were: Class I = 37%, Class II = 17%, Class III = 33%, and Class IV = 13%. The weighted average statistical uniform price was \$16.98 per cwt., \$0.85 higher than last month and \$5.21 lower than last year.

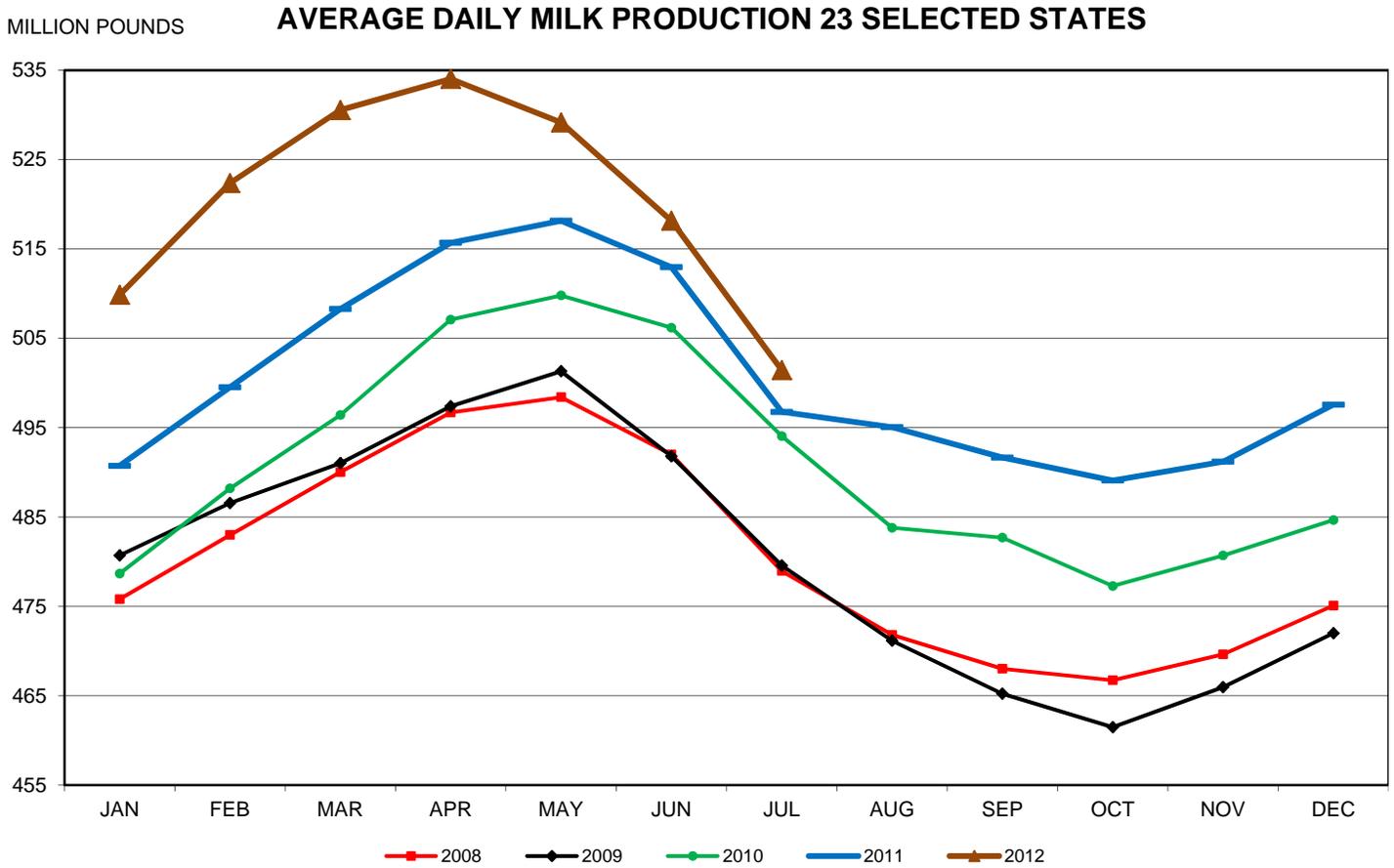
PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JULY 2012										
FEDERAL MILK ORDER MARKETING AREA 1/	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE 2/ \$ PER CWT.
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			
Northeast (Boston)	001	2,037.8	2.1	759.8	-1.7	37	28	25	10	17.26
Appalachian (Charlotte)	005	464.0	-7.1	318.1	-4.1	68	17	5	10	18.04
Florida (Tampa)	006	223.5	0.6	185.8	-1.4	83	9	3	5	20.20
Southeast (Atlanta)	007	504.1	-7.2	351.8	1.1	70	12	10	8	18.64
Upper Midwest (Chicago)	030 3/	2,235.0	-21.0	296.1	-7.7	13	8	75	4	16.66
Central (Kansas City)	032 3/	898.0	-27.0	374.0	13.2	42	17	22	19	16.29
Mideast (Cleveland)	033 3/	1,259.3	-10.1	472.5	-0.4	38	23	24	15	16.39
Pacific Northwest (Seattle)	124 3/	435.6	-40.7	172.6	0.3	39	10	11	40	15.94
Southwest (Dallas)	126 3/	569.5	-38.3	326.4	0.5	57	18	6	19	17.19
Arizona (Phoenix)	131 3/	353.6	-0.1	111.7	1.5	32	10	28	30	16.29
<b>ALL MARKET AVERAGE OR TOTAL</b>	3/	8,980.4	-16.3	3,368.9	-0.1	37	17	33	13	16.98

1/ Names in parentheses are the major city in the principal pricing point of the market.

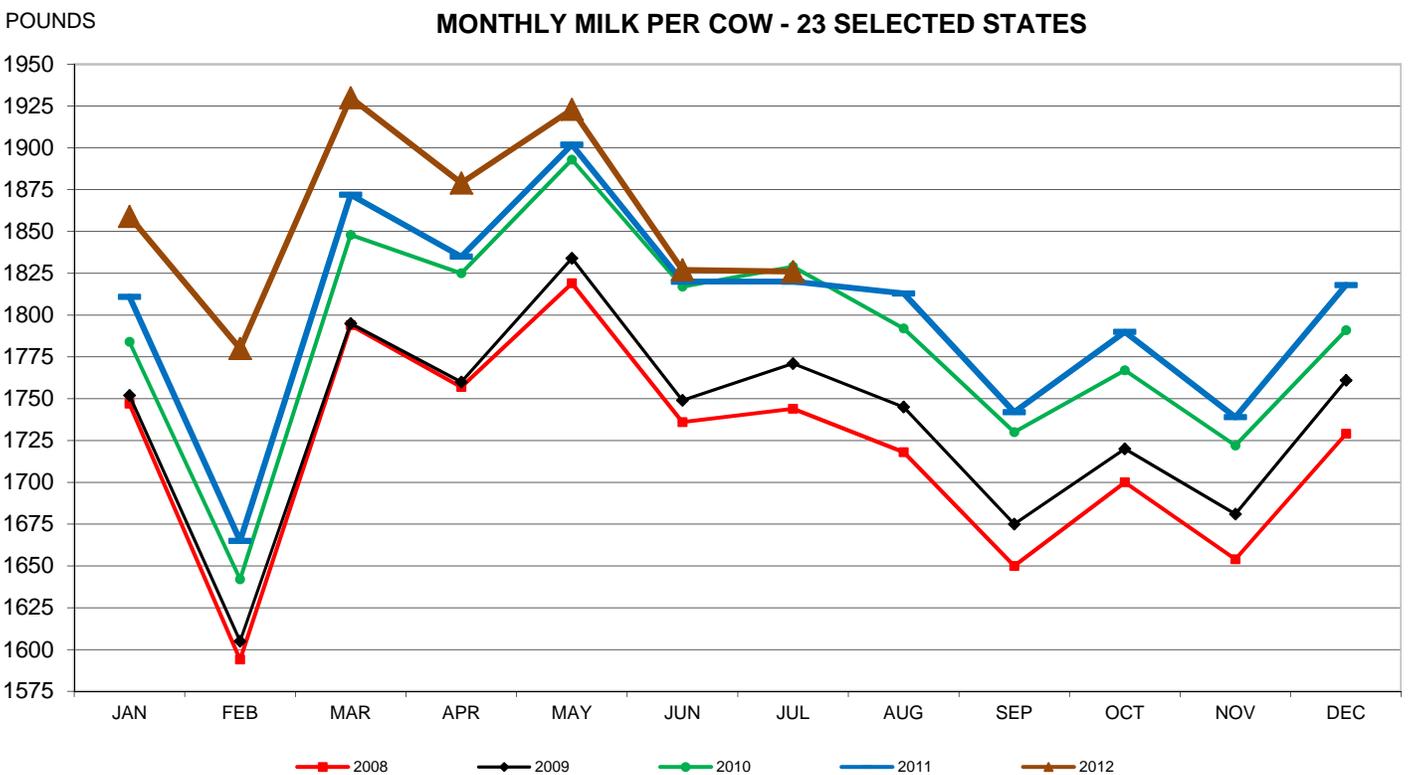
2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform price in these markets, handlers elected not to pool an estimated 2.1 billion pounds of milk that normally would have been associated with these markets. In July 2011, the estimated not pooled volume of milk was 125.5 million pounds, occurring in order numbers 030, 032, and 033. After adjusting for non pooled milk, the year-to-year percent change is -2.3%.

Report Contact: Randal Stoker, [randal.stoker@usda.gov](mailto:randal.stoker@usda.gov) or 202-690-1932.



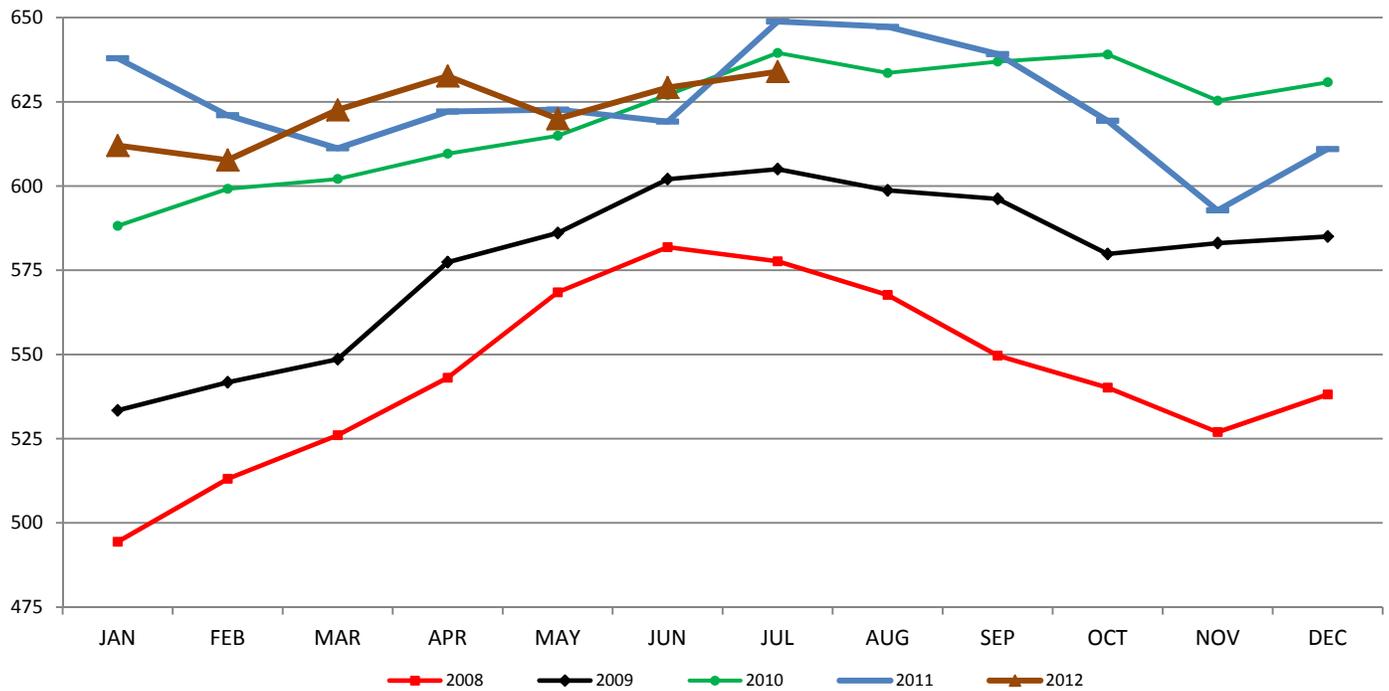
DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN



DATA SOURCE USDA, NASS; GRAPH USDA, AMS, DMN

**U.S. AMERICAN CHEESE COLD STORAGE HOLDINGS**

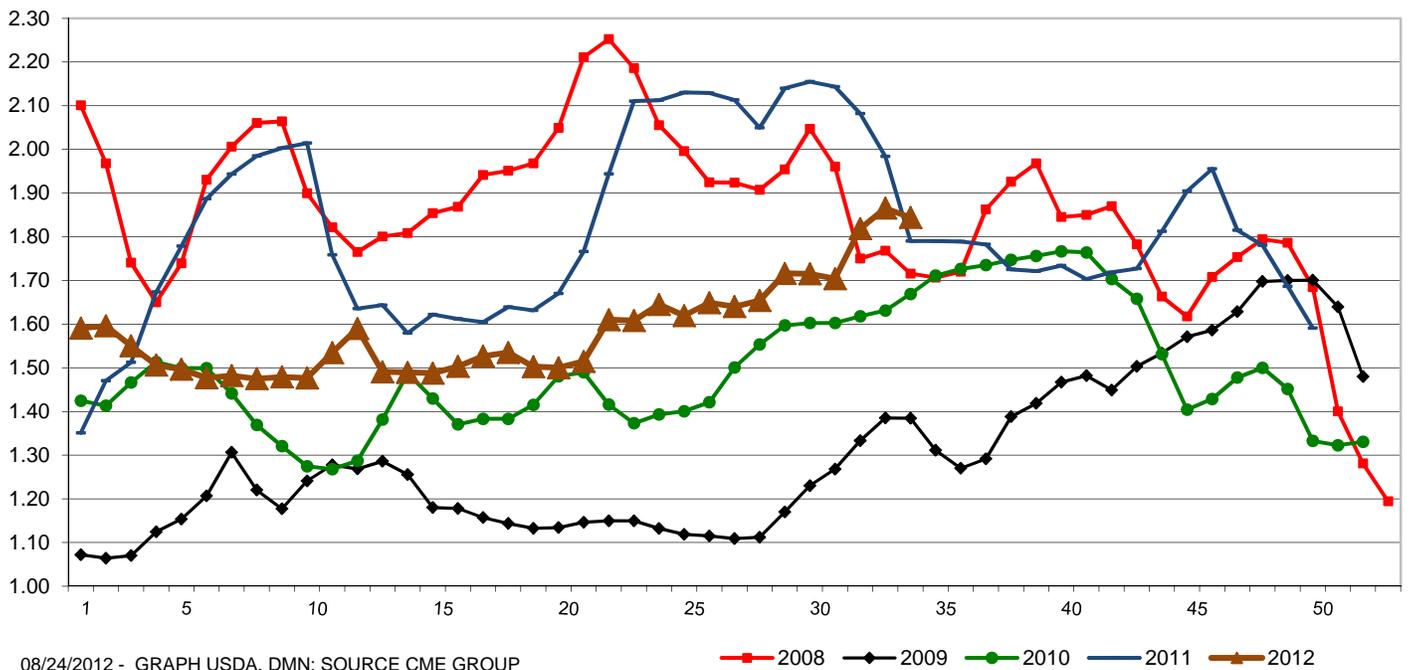
MILLION POUNDS



DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN

**CME WEEKLY AVERAGE CASH CHEDDAR BLOCK PRICES**

U.S. \$ PER POUND



08/24/2012 - GRAPH USDA, DMN; SOURCE CME GROUP

# DAIRY MARKET NEWS

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## Dairy Market News Branch

Agricultural  
Marketing  
Service

# National Dairy Retail Report

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

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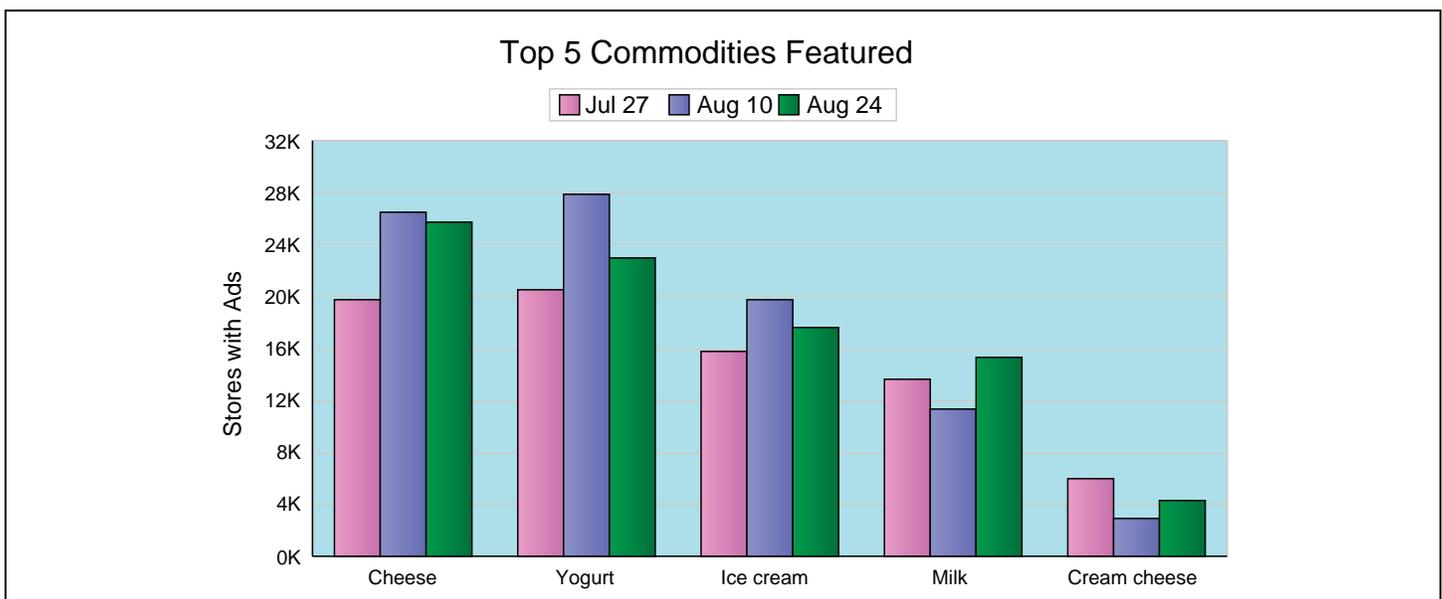
### Advertised Prices for Dairy Products at Major Retail Supermarket Outlets 08/13 to 08/24

Total conventional dairy retail ad numbers continue slight fluctuations period to period, decreasing by 6.6% this week, following a 4.4% increase the previous reporting period. Among the five most advertised conventional dairy products, cheese ads are down 3.2%, yogurt ads are down 14.9%, ice cream ads are down by 10.6%, milk ad numbers increased by 22.9% and ads for cream cheese increased by 47.4%.

The most advertised cheese category, 8 ounce shredded, has a weighted average advertised price of \$2.19, a 6.8% price decrease from last cycle. The average price for 8 ounce blocks, \$2.20, is a 5.2% price decrease from the last cycle. The weighted average advertised price of 4-6 ounce yogurt is \$.50 and \$1.01 for 4-6 ounce Greek yogurt, a 2.0% price increase for each. The weighted average advertised price for 48-64 ounce ice cream containers is \$3.08, a slight price decline of 1.3%.

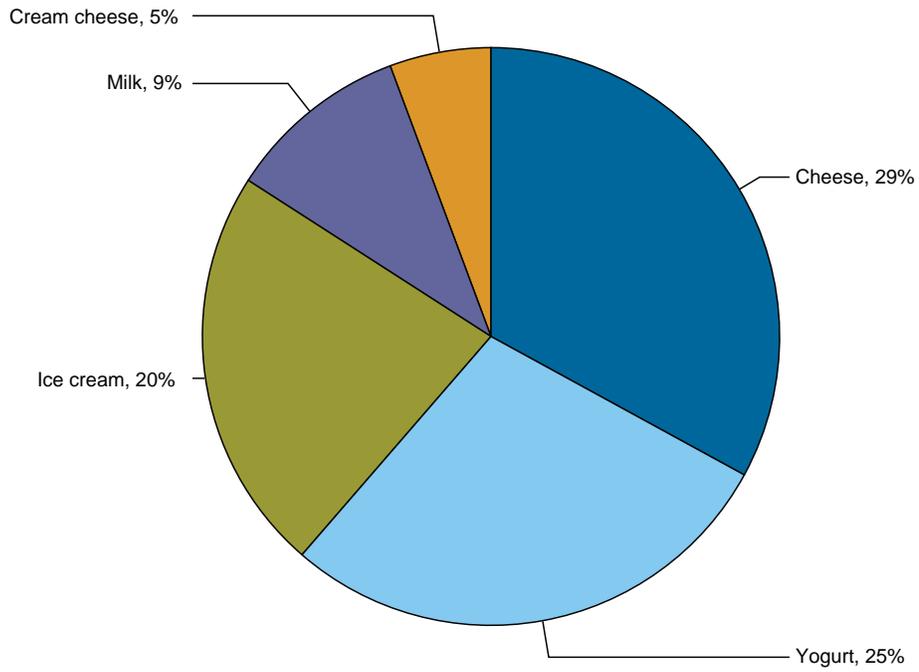
Ice cream in 48-64 ounce containers remains the single most advertised item this survey period. However, if all package sizes of cheese or yogurt are totaled, cheese and yogurt each have more ads than 48-64 ounce ice cream. Within the cheese category, ad numbers increased only for 2 pound blocks, but declined for 8 ounce shredded, 8 ounce blocks, 1 pound blocks and 1 pound shredded. Within the yogurt category, only ad numbers for 4-6 ounce Greek yogurt decreased, while ad numbers increased for 32 ounce yogurt, 32 ounce Greek yogurt, and 4-6 ounce yogurt.

Conventional milk's national weighted average advertised price for half gallons this period, \$2.26, is 2 cents below two weeks ago. Organic milk's national weighted average advertised price for half gallons, \$3.91, is up 64 cents from last period. This results in an organic-conventional half-gallon milk advertised price spread of \$1.65, up from \$0.99 two weeks ago.

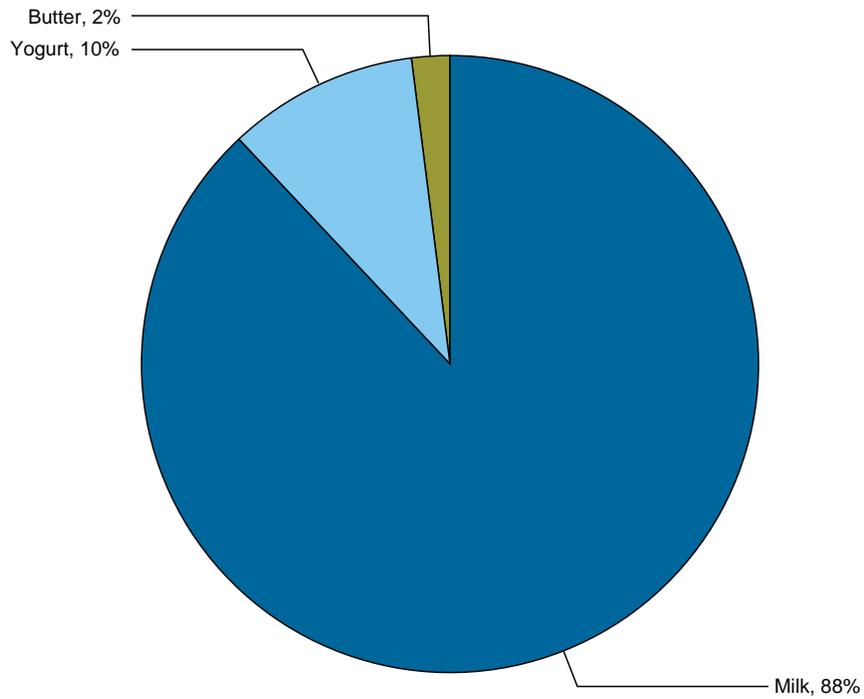


1 -- Dairy Market News surveys more than 150 retailers, comprising nearly 16,000 individual stores, with online weekly advertised features.  
2 -- Date range reflects two-week period, however only one data collection per retailer is made during the period.

### Top 5 Percentage of Total Conventional Ads



### Top 5 Percentage of Total Organic Ads





## NATIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		TWO WEEKS AGO	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	2281	2.67	3734	2.59
Cheese	Natural Varieties	8 oz block	7851	2.20	5873	2.32
Cheese	Natural Varieties	1 # block	2718	3.45	6473	3.96
Cheese	Natural Varieties	2 # block	2599	5.03	509	5.66
Cheese	Natural Varieties	8 oz shred	9829	2.19	10275	2.35
Cheese	Natural Varieties	1 # shred	2698	3.28	3418	3.38
Cottage cheese		16 oz	3033	2.10	2817	1.83
Cream cheese		8 oz	4283	1.63	2905	1.69
Flavored milk	All fat tests	half gallon	1263	1.90	615	1.86
Flavored milk	All fat tests	gallon	659	2.74	826	3.55
Ice cream		48-64oz	17645	3.08	19728	3.12
Milk	All fat tests	half gallon	1858	2.26	913	2.28
Milk	All fat tests	gallon	5760	2.74	5284	2.51
Sour cream		16 oz	3891	1.63	5366	1.57
Yogurt	Greek	4-6 oz	10024	1.01	15735	.99
Yogurt	Greek	32 oz	199	4.49	130	2.99
Yogurt	Yogurt	4-6 oz	9236	.50	8894	.49
Yogurt	Yogurt	32 oz	2555	2.22	1115	2.26

## REGIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	1.88-3.99	1337	2.85	1.99-2.50	304	2.14	1.50-2.49	89	1.85
Cheese	Natural Varieties	8 oz block	1.25-3.00	2696	2.39	1.50-3.00	2730	2.03	1.66-3.00	1064	2.06
Cheese	Natural Varieties	1 # block	2.99-5.00	1182	3.61	3.34-4.99	205	4.04	3.00-4.99	236	3.61
Cheese	Natural Varieties	2 # block	10.99	26	10.99	5.00	103	5.00			
Cheese	Natural Varieties	8 oz shred	1.66-3.50	3352	2.38	1.50-3.29	3140	1.98	1.66-3.00	1153	2.02
Cheese	Natural Varieties	1 # shred	4.79	345	4.79	2.99-3.34	173	3.13	2.98-2.99	216	2.99
Cottage cheese		16 oz	1.74-2.99	1552	2.18	1.58-2.00	574	1.83	1.38-2.50	446	2.28
Cream cheese		8 oz	0.99-2.50	2067	1.71	1.25-2.50	1911	1.62	0.99-1.77	305	1.17
Flavored milk	All fat tests	half gallon	2.25	54	2.25				0.98-3.00	736	2.02
Flavored milk	All fat tests	gallon	3.99	128	3.99				2.39-2.99	415	2.47
Ice cream		48-64oz	1.99-3.98	3846	2.79	2.50-4.50	2669	3.43	2.49-4.59	3289	3.08
Milk	All fat tests	half gallon	2.29-3.49	811	2.62	1.99	105	1.99	1.25-3.00	430	2.07
Milk	All fat tests	gallon	2.99-3.99	352	3.72	1.99-3.79	1524	2.89	1.99-3.50	847	2.45
Sour cream		16 oz	1.29-2.50	1450	1.66	1.18-2.00	755	1.67	0.99-2.50	936	1.59
Yogurt	Greek	4-6 oz	0.75-1.50	3812	1.05	0.88-1.25	2448	.99	0.70-1.00	1122	.95
Yogurt	Greek	32 oz	3.69-4.99	171	4.25						
Yogurt	Yogurt	4-6 oz	0.33-0.60	3243	.51	0.34-0.60	1898	.47	0.33-0.50	1411	.48

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Yogurt	Yogurt	32 oz	1.99-2.50	1764	2.26	1.97	195	1.97	2.00-2.99	280	2.18

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #				2.00-3.49	260	3.01	2.00-3.49	291	2.36
Cheese	Natural Varieties	8 oz block	1.49-5.49	546	2.43	2.00-2.50	431	2.26	1.50-5.99	384	2.12
Cheese	Natural Varieties	1 # block				2.98-3.88	1095	3.13			
Cheese	Natural Varieties	2 # block	3.99-5.00	444	4.81	4.99-5.00	1438	5.00	5.00	588	5.00
Cheese	Natural Varieties	8 oz shred	1.49-2.99	1139	2.28	2.00-2.98	559	2.42	1.50-4.59	486	2.09
Cheese	Natural Varieties	1 # shred	2.89-2.99	359	2.96	2.99-3.88	1017	3.13	2.99	588	2.99
Cottage cheese		16 oz	2.00	202	2.00	1.99-2.29	231	2.07	0.99	28	.99
Flavored milk	All fat tests	half gallon	1.50-2.59	355	1.91				1.00	118	1.00
Flavored milk	All fat tests	gallon	1.79-3.98	116	2.34						
Ice cream		48-64oz	1.98-4.50	2231	3.36	2.49-3.99	4058	2.98	2.28-3.99	1552	3.00
Milk	All fat tests	half gallon	2.49-3.00	272	2.62	0.88	64	.88	1.00-1.67	176	1.22
Milk	All fat tests	gallon	1.97-2.19	402	2.03	1.67-2.99	2019	2.79	1.99-2.59	616	2.51
Sour cream		16 oz	0.99-2.00	391	1.47	1.89-1.99	61	1.95	1.29-1.69	298	1.62
Yogurt	Greek	4-6 oz	0.75-1.00	886	.98	0.80-1.00	966	.97	1.00	790	1.00
Yogurt	Greek	32 oz							5.99	28	5.99
Yogurt	Yogurt	4-6 oz	0.45-0.59	756	.51	0.50-0.60	1419	.52	0.33-0.89	509	.52
Yogurt	Yogurt	32 oz	2.18-2.50	124	2.42	1.79-2.79	163	2.03	1.79	29	1.79

### NATIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		TWO WEEKS AGO	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	195	4.15		
Milk	All fat tests	half gallon	4554	3.91	4005	3.27
Milk	All fat tests	gallon	260	5.72		
Milk	All fat tests	8 oz UHT	2886	.99	1086	1.01
Yogurt	Greek	4-6 oz	320	1.46	381	1.25
Yogurt	Greek	32 oz			130	2.50
Yogurt	Yogurt	4-6 oz	334	.60	1350	.63
Yogurt	Yogurt	32 oz	235	2.99	70	2.50

### REGIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.	SOUTHEAST U.S.	MIDWEST U.S.
Wtd Avg - Simple	weighted average				



			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #				4.15	195	4.15			
Milk	All fat tests	half gallon	3.49-4.69	1094	3.89	4.29	103	4.29	3.59-4.49	211	4.38
Milk	All fat tests	gallon	5.69	232	5.69				5.95	28	5.95
Milk	All fat tests	8 oz UHT	1.00	122	1.00	1.00-1.16	539	1.03	0.99-1.00	611	1.00
Yogurt	Greek	4-6 oz	1.99	122	1.99	1.00	107	1.00	1.19	26	1.19
Yogurt	Yogurt	4-6 oz	0.60	334	.60						
Yogurt	Yogurt	32 oz	2.99	235	2.99						

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Milk	All fat tests	half gallon	2.99-4.99	408	3.45	2.69-4.39	2070	4.00	2.99-3.99	668	3.77
Milk	All fat tests	8 oz UHT	0.75-1.00	666	.92	1.00	750	1.00	1.00	198	1.00
Yogurt	Greek	4-6 oz	1.34	65	1.34						

## NATIONAL -- CONVENTIONAL DAIRY PRODUCTS

### NATIONAL BRANDS vs STORE BRANDS

Commodity	Type	Pack Size	NATIONAL BRANDS				STORE BRANDS			
			Low Price	High Price	Stores with Ads	Wtd Avg Price	Low Price	High Price	Stores with Ads	Wtd Avg Price
Butter		1 #	1.50	3.99	1151	3.07	1.88	2.99	1130	2.27
Cheese	Natural Varieties	8 oz block	1.49	5.99	4148	2.44	1.25	2.50	3703	1.94
Cheese	Natural Varieties	1 # block	2.99	5.00	486	3.94	2.98	4.99	2232	3.34
Cheese	Natural Varieties	2 # block	10.99	10.99	26	10.99	3.99	5.00	2573	4.97
Cheese	Natural Varieties	8 oz shred	1.49	4.59	5115	2.45	1.50	2.54	4714	1.90
Cheese	Natural Varieties	1 # shred	4.79	4.79	345	4.79	2.89	3.88	2353	3.06
Cottage cheese		16 oz	1.74	2.99	1762	2.23	.99	2.50	1271	1.91
Cream cheese		8 oz	1.50	2.50	1263	2.42	.99	1.99	3020	1.31
Flavored milk	All fat tests	half gallon	2.00	2.00	124	2.00	.98	3.00	1139	1.89
Flavored milk	All fat tests	gallon	2.99	3.99	182	3.69	1.79	3.98	477	2.38
Ice cream		48-64oz	1.99	4.50	10110	3.09	1.98	4.59	7535	3.06
Milk	All fat tests	half gallon	1.67	3.49	796	2.62	.88	2.99	1062	2.00
Milk	All fat tests	gallon	3.50	3.99	298	3.85	1.67	3.79	5462	2.68
Sour cream		16 oz	1.34	2.50	1784	1.83	.99	2.49	2107	1.46
Yogurt	Greek	4-6 oz	.75	1.50	9033	1.02	.70	1.00	991	.85
Yogurt	Greek	32 oz	3.69	5.99	199	4.49				
Yogurt	Yogurt	4-6 oz	.33	.60	7450	.51	.33	.89	1786	.44
Yogurt	Yogurt	32 oz	1.99	2.50	417	2.19	1.79	2.99	2138	2.22

Wtd Avg - Simple weighted average

## NATIONAL -- ORGANIC DAIRY PRODUCTS

### NATIONAL BRANDS vs STORE BRANDS

			NATIONAL BRANDS				STORE BRANDS			
Commodity	Type	Pack Size	Low Price	High Price	Stores with Ads	Wtd Avg Price	Low Price	High Price	Stores with Ads	Wtd Avg Price
Butter		1 #					4.15	4.15	195	4.15
Milk	All fat tests	half gallon	2.99	4.99	4098	4.00	2.69	3.49	456	3.17
Milk	All fat tests	gallon	5.95	5.95	28	5.95	5.69	5.69	232	5.69
Milk	All fat tests	8 oz UHT	.75	1.16	2886	.99				
Yogurt	Greek	4-6 oz	1.00	1.99	294	1.49	1.19	1.19	26	1.19
Yogurt	Yogurt	4-6 oz	.60	.60	334	.60				
Yogurt	Yogurt	32 oz					2.99	2.99	235	2.99

#### REGIONAL DEFINITIONS

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

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