

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (7/12):**

**BUTTER:** Grade AA closed at \$1.4600. The weekly average for Grade AA is \$ 1.5035 (-.0034).

**CHEESE:** Barrels closed at \$1.6500 and 40# blocks at \$1.6750. The weekly average for barrels is \$1.6620 (+.0157) and blocks, \$1.6720 (+.0139).

**BUTTER HIGHLIGHTS:** There was some regional variation in butter markets related to weather and other factors. The hot weather across much of the West is causing concern over cream supplies. The hot weather is also making it difficult to move cream long distances. Central Butter production remains strong but "the rate of growth has slowed". Ice cream manufacturing is increasingly siphoning cream from the churns. Northeast cream cheese manufacturers are already drawing cream to produce for fall orders. Ice cream manufacturers have also increased cream interest as hotter weather has arrived. These factors leave butter production down. Prices for bulk butter range from 3 to 6 cents under the market in the West, from flat market to occasionally 8 cents over in the Central Region, and in the Northeast, 4 to 6 cents over the market. Butter retail advertising volume and price nationally reported in the National Dairy Retail Report for a 1 pound package of butter decreased. Ad numbers this period decreased by 16% from two weeks ago, and the weighted average advertised price decreased by 33 cents to \$2.54, following a 10 cent decrease two weeks ago. One year ago the national average butter price was \$2.52, 2 cents lower than currently. According to the Foreign Agricultural Service, exports of butter and milkfat for January-May 2013 total 56.1 million pounds, down 2% or 0.9 million pounds from the same period a year ago. Butter and milkfat exports account for 6.4% of butter production in the U.S. for the year.

**CHEESE HIGHLIGHTS:** Cheese prices are unsettled this week as spot prices continued to move within a fairly narrow range. Prices over the last two weeks have moved both up and down with little clear direction or trend. Contract pricing during the same period based on CME weekly averages was also mixed. Milk supplies available for cheese manufacturing are lower as hot weather has lowered volumes and component levels. Cheese demand is good with buyers taking advantage of price breaks to build their inventories. Export sales continue at above year ago levels. According to FAS, exports of cheese and curd for January-May total 271.4 million pounds, up 5% from a year ago. The CWT program continued to assist with export sales this week. The National Dairy Retail Report found advertised cheese prices steady to higher compared to two weeks ago on lighter featuring. Trading at the CME Group this week was hectic with both buyers and sellers actively

participating. Sales for the week totaled 20 loads of barrels and 23 loads of blocks. Prices closed the week at \$1.6500 for barrels, down 2 cents from last Friday. Blocks closed at \$1.6750, up 1 cent from a week ago.

**FLUID MILK:** California milk production has stabilized this week as temperatures are more moderate. Processing plants saw milk intakes down from 8-15% during the height of the heat wave. Arizona milk output continues to decline as a direct result of the hot weather conditions and the duration of the weather cycle. The forecast of increasing humidity and the resulting "monsoon season" will likely foreshadow additional milk declines. Milk production in the Pacific Northwest improved this week as cooler nighttime weather helped relieve heat stress on milk cows. Overall milk receipts are off as cows slowly recover. Idaho and Utah production levels are lower from the recent hot weather. Some recovery is being noted as the extreme weather has abated. Milk supplies continue to be handled within the region as processors have adequate capacity for current production. Anecdotal reports from Central Region milk haulers indicate farm milk loads are decreasing in volumes as summer advances. Components within the farm milk are also dropping in step with the arrival of rising daytime temperatures and humidity. Spot milk loads are reportedly less available this week. Cream supplies were uneven, with some tightness within the Central market at the beginning of the week as several ice cream plants restarted. It is "getting hot" in the Southeast. This has resulted in a lower level of dairy manufacturing because milk beyond what is needed for Class I, is less available. Milk shipments out of the region dropped to zero, down from 18 last week. Florida milk production is dropping but slower than expected. New York milk production is showing signs of declining production volume. New England milk components are dropping and production is beginning to decline.

**DRY PRODUCTS:** Central nonfat dry milk prices moved lower and higher on the range, and higher on both ends of the mostly price series. The market tone is firming as concern about near to mid-term inventories emerge on the heels of extremely hot weather in the West. Eastern nonfat dry milk pricing strengthened and the range expanded. Prices are higher for Western low/medium heat NDM. The market undertone remains firm. Buying interest is light to fair from domestic accounts, fair to good into international markets. Central dry buttermilk prices are lower and higher on a mixed market. Eastern buttermilk prices are slightly lower resulting from a wider price range. The wider price range – higher and lower prices, reflects one characterization of this market as "uneven". Western dry buttermilk prices continue to move higher.

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CME GROUP CASH TRADING

COMMODITY	MONDAY JUL 08	TUESDAY JUL 09	WEDNESDAY JUL 10	THURSDAY JUL 11	FRIDAY JUL 12	WEEKLY CHANGE*	WEEKLY AVERAGE#
<b>CHEESE</b>							
BARRELS	\$1.6625 (-.0075)	\$1.6425 (-.0200)	\$1.6850 (+.0425)	\$1.6700 (-.0150)	\$1.6500 (-.0200)	:: (-.0200)	:: \$1.6620 (+.0157)
40# BLOCKS	\$1.6750 (+.0100)	\$1.6625 (-.0125)	\$1.6725 (+.0100)	\$1.6750 (+.0025)	\$1.6750 (N.C.)	:: (+.0100)	:: \$1.6720 (+.0139)
<b>NONFAT DRY MILK</b>							
EXTRA GRADE	\$1.7100 (N.C.)	\$1.7100 (N.C.)	\$1.7100 (N.C.)	\$1.7250 (+.0150)	\$1.7250 (N.C.)	:: (+.0150)	:: \$1.7160 (+.0085)
GRADE A	\$1.7400 (N.C.)	\$1.7400 (N.C.)	\$1.7425 (+.0025)	\$1.7450 (+.0025)	\$1.7500 (+.0050)	:: (+.0100)	:: \$1.7435 (+.0060)
<b>BUTTER</b>							
GRADE AA	\$1.5250 (N.C.)	\$1.5250 (N.C.)	\$1.5125 (-.0125)	\$1.4950 (-.0175)	\$1.4600 (-.0350)	:: (-.0650)	:: \$1.5035 (-.0034)

CHEESE: carload = 40,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. \*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week.

Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/DAIRYMARKETNEWS.

NATIONAL DAIRY MARKET NEWS AT A GLANCE

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The market undertone is slightly firm. Dry whole milk prices stepped higher on both sides of the range. Trading on manufacturers' spot loads was very active this week, with dry whole milk sources spanning most of the nation. Dry whey prices in the Central region are unchanged on the mostly series. Spot loads are available from some manufacturers, unavailable from others, and market participants indicate the Central dry whey market is in balance. Northeast dry whey prices strengthened. Prices based on price indices moved higher but spot transactions tempered the overall impact on the range. Western dry whey prices are unchanged. Dry whey markets are unsettled with no clear direction indicated. Whey protein concentrate 34% prices are higher on a firm market. Offers from resellers into the marketplace are active, along with a handful of direct F.O.B. offers, according to end users. Prices for lactose are lower on the range as last week's top spot sale price left the market and a lower spot sale price emerged. The mostly price series is unchanged to fractionally higher as market plus contract pricing starts for the quarter. Prices are unchanged for both casein types. The market tone is steady after the setting of third quarter contract pricing.

**ORGANIC DAIRY MARKET NEWS (DMN):** AMS reports Total Organic Milk Products sales for May 2013, 195 million pounds, were up 8.0% from May last year. Organic Whole Milk sales for May 2013, 52 million pounds, were up 12.0% compared with May last year and up 9.1% year-to-date compared with last year. Organic Reduced Fat Milk sales for May, 56 million pounds, were 17.8% above sales one year earlier and 9.1% above year-to-date sales last year. The weighted average advertised price of organic milk half gallons, \$3.54, is unchanged from two weeks ago. One year ago the weighted average advertised price was \$3.93, 39 cents higher than currently. The Northeast has the highest weighted average price, \$3.79, while the South Central Region has the lowest weighted average price this period, \$3.05. The highest absolute price is in both the Northeast and Southwest, \$3.99, while the lowest absolute price is in the South Central region, \$2.79. The organic-conventional half gallon price spread is \$1.17, compared with \$1.22 two weeks ago. This is the second lowest price spread of 2013. The weighted average advertised price for 32 ounce organic yogurt is \$3.19, up from \$2.50 last period. As for 4-6 ounce organic yogurt, the weighted average advertised price is \$.88, up from \$.65 two weeks ago. Prices range from 60 cents to 99 cents. The weighted average advertised price for 4-6 ounce organic Greek yogurt is \$1.00, with no price range. Organic ice cream in 48-64 oz. containers has a national weighted average advertised price of \$3.54. Significant is that the weighted average advertised price for conventional ice cream is \$2.92. This results in only a 62 cent price difference between the average price of organic and conventional ice cream. Specifically comparing prices only in the Southeast where the overwhelming majority of organic ice cream ads appear, the price difference between organic and conventional ice cream is only 19 cents.

**NATIONAL DAIRY RETAIL REPORT (DMN):** Overall, ad numbers are down 15% from two weeks ago across dairy product categories, likely trailing off after June Dairy month promotions ceased. Ice cream ad features were common this period - July is "Ice Cream Month" - yet the 48-64 oz. category saw a 12% decline from two weeks ago. While not captured, ads also featured numerous ice cream novelties along with other pack sizes, from cups to 5 quart pails. Ice cream in 48-64 oz. containers averaged \$2.92 across all national ads, down 13 cents from two weeks ago and 30 cents less than a year ago. Ads ranged from \$1.50 to \$4.59. Cheese shreds in 8oz. packages averaged \$2.16, unchanged from two weeks ago and 2 cents lower than one year ago. The price for 8 ounce blocks, at \$2.30, is unchanged from two weeks ago but 3 cents higher than a year ago. Greek yogurt in 4-6 ounce packs averaged \$1.00, up 1 cent from two weeks ago and equal to the price a year ago. Regular yogurt in 4-6 ounce packs, averaged 47 cents, down 5 cents from two weeks ago and 3 cents lower from a year ago. The national weighted average butter price is \$2.54 per 1# package. The average is 33 cents lower than two weeks ago but 2 cents higher than a year ago. Butter ad numbers are down 16%

from two weeks ago. The national weighted average conventional milk price for half gallons, \$2.37, is up 5 cents from two weeks ago. Organic half-gallon milk, at \$3.54, is equal to two weeks ago. The organic-conventional half-gallon price spread is \$1.17, the second lowest value this year.

**JULY MILK SUPPLY AND DEMAND ESTIMATES (WAOB):** The 2013 milk production forecast is raised from last month based on growth in milk production to date. The milk production forecast for 2014 is unchanged from last month. Despite weaker forecast milk prices, forage supplies and feeding margins will likely continue to support modest gains in milk production. The fat-basis import forecast for 2013 is unchanged, but lowered on a skim-solid basis reflecting slower-than-expected imports of milk protein concentrates. The 2013 fat-basis export forecast is higher on continued robust exports of cheese. Skim-solid exports for 2013 are higher as nonfat dry milk (NDM) shipments are expected to remain strong. The United States has gained in export markets typically served by the European Union which has experienced a slowdown in production. Export forecasts for 2014 are unchanged. Fat and skim-solid basis ending stock forecasts for 2013 are raised as stocks of butter and cheese have remained large. Ending stock forecasts for 2014 are raised as well. Cheese and butter prices are forecast lower for 2013 on larger supplies. Prices for 2014 are lowered as the larger carry-in stocks overhang the market. The 2013 NDM price forecast is raised from last month on strong export demand, but the forecast for 2014 is unchanged. The whey price forecasts for both 2013 and 2014 are unchanged from last month. The Class III price forecasts are lowered from last month in line with lower product prices. The Class IV price forecast is unchanged for 2013 as lower butter prices are largely offset by higher NDM prices. However, the Class IV price is lowered for 2014, reflecting lower butter prices. The 2013 all milk price is forecast at \$19.50 to \$19.80 and the price for 2014 is \$18.70 to \$19.70.

**MAY MILK SALES (FMMO & CDFA):** During May, 4.3 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.2 percent lower than May 2012. Estimated sales of total conventional fluid milk products decreased 1.6 percent from May 2012 and estimated sales of total organic fluid milk products increased 8.0 percent from a year earlier.

**APRIL MAILBOX PRICES (AMS & CDFA):** In April 2013, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$19.45, up \$0.15 from the March 2013 average, and up \$2.58 from the April 2012 average. The component tests of producer milk in April 2013 were: butterfat, 3.76%; protein, 3.12%; and other solids, 5.75%. On an individual reporting area basis, mailbox prices decreased in five Federal milk order reporting areas and increased in 14 Federal milk order reporting areas when compared to the previous month. Mailbox prices in April 2013 ranged from \$21.73 in Florida to \$17.25 in New Mexico.

## CME GROUP

MONDAY, JULY 8, 2013

CHEESE -- SALES: 2 CARS BARRELS @ \$1.6700; 8 CARS 40# BLOCKS: 1 @ \$1.6675, 1 @ \$1.6700, 4 @ \$1.6725, 2 @ \$1.6750; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6625; 1 CAR 40# BLOCKS @ \$1.6775  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.5150; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$1.5250

TUESDAY, JULY 9, 2013

CHEESE -- SALES: 6 CARS BARRELS: 1 @ \$1.6600, 3 @ \$1.6300, 1 @ \$1.6350, 1 @ \$1.6325; 6 CARS 40# BLOCKS: 1 @ \$1.6775, 2 @ \$1.6800, 1 @ \$1.6750, 1 @ \$1.6700, 1 @ \$1.6625; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6425; 1 CAR 40# BLOCKS @ \$1.6600; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.6700  
 NONFAT DRY MILK -- SALES: 4 CARS GRADE A @ \$1.7400; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$1.5250

WEDNESDAY, JULY 10, 2013

CHEESE -- SALES: 6 CARS BARRELS: 2 @ \$1.6650, 2 @ \$1.6775, 1 @ \$1.6825, 1 @ \$1.6850; 8 CARS 40# BLOCKS: 1 @ \$1.6700, 1 @ \$1.6725, 1 @ \$1.6750, 1 @ \$1.6775, 1 @ \$1.6800, 1 @ \$1.6825, 1 @ \$1.6800, 1 @ \$1.6725; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7000  
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$1.7425; LAST BID UNFILLED: 4 CARS GRADE A @ \$1.7425; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 4 CARS GRADE AA: 1 @ \$1.5200, 3 @ \$1.5125; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.5100; LAST OFFER UNCOVERED: NONE

THURSDAY, JULY 11, 2013

CHEESE -- SALES: 5 CARS BARRELS: 2 @ \$1.6875, 1 @ \$1.6800, 1 @ \$1.6575, 1 @ \$1.6700; 1 CAR 40# BLOCKS @ \$1.6750; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.6775  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR EXTRA GRADE @ \$1.7250; 1 CAR GRADE A @ \$1.7450; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 5 CARS GRADE AA: 2 @ \$1.4925, 3 @ \$1.4950; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.5000

FRIDAY, JULY 12, 2013

CHEESE -- SALES: 1 CAR BARRELS @ \$1.6500; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$1.7500; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.7500; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.7800  
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.4600; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4500; LAST OFFER UNCOVERED: NONE

## BUTTER MARKETS

## NORTHEAST

CME butter trading remained at \$1.5250 through Tuesday's close. That marks four consecutive unchanged closes. Cream cheese manufacturers are already drawing cream to produce for fall orders. Ice cream manufacturers have also increased cream interest as hotter weather has arrived. These factors leave butter production down. Current bulk butter prices for this week are 4-6 cents over the market on the CME Group with various time frames and averages used. Butter retail advertising volume and price nationally reported in the National Dairy Retail Report for a 1 pound package of butter decreased. Ad numbers this period decreased by 16% from two weeks ago, and the weighted average advertised price decreased by 33 cents to \$2.54, following a 10 cent decrease two weeks ago. One year ago the national average butter price was \$2.52, 2 cents lower than currently. Northeast butter ad numbers increased from two weeks ago. The current price, \$2.90, is 24 cents below two weeks ago. The \$2.90 Northeast price is 36 cents above the national price. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 992,080 pounds (450 metric tons) of butter. The product will be delivered July through December 2013. Year-to-date, CWT has assisted member cooperatives in selling 53.385 million pounds of butter and 44,092 pounds of anhydrous milk fat.

## CENTRAL

Butter production remains strong but "the rate of growth has slowed". Ice cream manufacturing is increasingly siphoning cream from the churns. Last week's 9 and 3/4 cent increase in CME prices surprised some manufacturers, not so much the fact of the increase, as the magnitude of the increase over one week. There is still "plenty" of butter in storage. A number of manufacturers expect butter prices to follow the pattern of recent years and trend up over the Summer. Many manufacturers didn't expect such a quick increase of that magnitude. This week after two days of no price movement, butter lost 1 1/4 cents on

Wednesday to close at \$1.5125. Domestic bulk butter pricing in the Central region ranges from flat market to occasionally 8 cents over. Butter retail advertising volume and price nationally reported in the National Dairy Retail Report for a 1 pound package of butter decreased. Ad numbers this period decreased by 16% from two weeks ago, and the weighted average advertised price decreased by 33 cents to \$2.54, following a 10 cent decrease two weeks ago. One year ago the national average butter price was \$2.52, 2 cents lower than currently. Midwest butter ad numbers decreased slightly from two weeks ago. The current price, \$2.24, is 26 cents above two weeks ago. The \$2.24 Midwest price is 30 cents below the national price. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 992,080 pounds (450 metric tons) of butter. The product will be delivered July through December 2013. Year-to-date, CWT has assisted member cooperatives in selling 53.385 million pounds of butter and 44,092 pounds of anhydrous milk fat.

## WEST

Butter prices showed some weakness in midweek trading after firming last week. The hot weather across much of the West is causing concern over cream supplies. The hot weather is also making it difficult to move cream long distances. Although butter supplies in cold storage are adequate to heavy, buyers are looking to take advantage of current prices. Print butter sales into retail outlets remain good. Advertised U.S. butter prices from the National Dairy Retail Report were lower (33 cents) compared to two weeks ago. Nationally, butter showed a weighted average price of \$2.54 per pound compared to \$2.87 two weeks ago and \$2.52 a year ago. Featuring of butter ads this week was lower from the same period two weeks ago. Western advertised prices ranged from \$2.29-3.49 per pound. The weighted average for butter in the Northwest in light featuring was \$2.50 and the Southwest was \$3.07. According to

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## NATIONAL DAIRY PRODUCTS SALES REPORT

## U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
July 6, 2013	1.4648 5,024,471	1.7220 11,088,469	1.7110 8,623,839	0.5818 6,006,248	1.7060 14,573,488

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the Foreign Agricultural Service, exports of butter and milkfat for January-May 2013 total 56.1 million pounds, down 2% or 0.9 million pounds from the same period a year ago. Saudi Arabia, at 24.7 million pounds for the year, is the largest importer with a 25% increase above 2012. Exports for May amounted to 13.1 million pounds, down 17.6% from May of 2012. The butter and milkfat exports account for 6.4% of butter production in the U.S. for the year. Butter prices at the CME Group exchange on Wednesday are \$.0125 lower, closing at \$1.5125. Sales activity has been limited to four loads as of midweek. Prices for bulk butter range from 3 cents under to 6 cents under the market, based on the CME with various time frames and averages used.

### 2013 U.S. Butter and Milkfat Exports, (USDA-FAS)

	(Million Lb.)	% Change From 1 Year Ago
May Total	13.1	- 18
Total, Jan - May	56.1	- 2
1 Saudi Arabia	24.7	+ 25
2 Iran	9.3	+ 31
3 Egypt	3.5	- 48
4 UAE	2.8	*
5 Morocco	2.2	- 64

\*UAE purchases Jan. - May 2012 were only 401,600 pounds

## CHEESE MARKETS

## NORTHEAST

Daily gains in CME cheese prices last week retreated by this Tuesday, leaving prices lower at levels near those early last week. Last week's average cheese prices on the CME Group were mixed, and as a result, wholesale prices for cheddar blocks and Muenster decreased \$0.0075, while Process 5# sliced cheese increased \$0.0125. Wholesale prices for Swiss cuts increased \$0.1025 following last week's Class III price release. A number of cheese manufacturers in the Northeast are operating 7 days a week. Some are acting on expectations of lower milk availability moving toward fall, thus building current stocks with an eye toward anticipated Fall sales. Recent cold storage facility expansions in the region by some manufacturers are still about half of capacity, leaving capacity to handle inventory. The fact of the new storage capacity also indicates some comfort in carrying higher inventory levels. The National Dairy Retail Report found that this period, Northeast ads for 8 ounce shredded cheese (41% of total Northeast cheese ads), have a weighted average advertised price of \$2.41, 25 cents higher than the national average, \$2.16. National ad numbers this period decreased by nearly 40% from one year ago when the national price was \$2.18. For 8 ounce blocks in the Northeast (55% of total Northeast cheese ads), the average price is \$2.39, 9 cents higher than the national average, \$2.30. National ad numbers this period have declined by slightly over 33% from one year ago when the national average price was \$2.27. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 833,347 pounds (378 metric tons) of Cheddar and Monterey Jack cheese. The product will be delivered July through December 2013. Year-to-date, CWT has assisted member cooperatives in selling 67.757 million pounds of cheese.

**DAIRY PRODUCTS:** According to the latest NASS report, total cheese production for May in New York was 63.4 million pounds, 1.8% less than April, but 9.7% more than May 2012. Pennsylvania produced 35.3 million pounds in May, 1.0% less than one month earlier, but 0.8% more than one year ago. Vermont produced 12.2 million pounds, 9.1% more than last month and 34.6% more than May 2012. The total of all cheese production for May in the Atlantic region was 119.6 million pounds, unchanged from April, but 8.2% more compared to the same period last year. Atlantic region cheese production accounted for 12.5% of total U.S. production. Total U.S. cheese production in May totaled 953.9 million pounds, 2.6% more than April and 3.9% more than May 2012. Cumulative 2013 U.S. Cheese production was 1.8% greater than 2012. Focusing on Italian cheese, New York production in May totaled 29.9 million pounds, 3.4% more than April and 4.6% more than May 2012. Pennsylvania produced 21.8 million pounds in May, 3.9% less than April and 2.8% less than May 2012. The Atlantic region in May, produced 58.4 million pounds of Italian cheese, 0.7% more than April and 0.3% more than last year.

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

Cheddar 40# Block	: 2.0575-2.3425
Process 5# Sliced	: 1.8675-2.3475
Muenster	: 2.0775-2.4375
Grade A Swiss Cuts 10 - 14#	: 3.5700-3.8925

## MIDWEST

A number of cheese manufacturers in Wisconsin report that recent hotter weather resulted in milk components being down. Milk intakes are also generally down from last week. Some cheese plants have begun fortifying production with nonfat dry milk while others have not. In fact, some plants with production options are shifting milk from cheese production into making butter or powder, motivated by expectations for better returns. Some manufacturers of process cheese have seen a bump in sales, attributed to summer grilling. CME activity this week through Wednesday has experienced 36 sales, 14 Barrels and 22 Blocks. By Wednesday's close, prices were again inverted, with Barrels (\$1.6850) over Blocks (\$1.6725). There has been up and down price movement this week, but more up than down by mid-week. The National Dairy Retail Report found that this period, Midwest ads for 8 ounce shredded cheese (56% of total Midwest cheese ads), have a weighted average advertised price of \$2.09, 7 cents lower than the national average, \$2.16. National ad numbers this period decreased by nearly 40% from one year ago when the national price was \$2.18. For 8 ounce blocks in the Midwest (37% of total Midwest cheese ads), the average price is \$2.40, 10 cents higher than the national average, \$2.30. National ad numbers this period have declined by slightly over 33% from one year ago when the national average price was \$2.27. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 833,347 pounds (378 metric tons) of Cheddar and Monterey Jack cheese. The product will be delivered July through December 2013. Year-to-date, CWT has assisted member cooperatives in selling 67.757 million pounds of cheese.

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

Process American 5# Loaf	: 1.8450-2.5500
Brick And/Or Muenster 5#	: 2.0425-2.4900
Cheddar 40# Block	: 2.0425-2.9150
Monterey Jack 10#	: 2.0125-2.9200
Blue 5#	: 2.3050-3.2925
Mozzarella 5 - 6# (Low Moisture, Part Skim)	: 1.8850-3.0200
Grade A Swiss Cuts 6 - 9#	: 3.0900-3.2075

## WEST

Western cheese prices were uneven as weekly average prices at the CME Group moved in divergent directions. Barrels saw higher prices while the block market was lower. Hot weather in the West is causing some concern as to upcoming milk supplies. Cheese demand remains steady, and buyers are hoping to increase inventories on price breaks. Advertised U.S. cheese prices as reported in the National Dairy Retail Report showed prices were steady to higher compared to two weeks ago. The most heavily featured category for the two week period was the 8 ounce shred package. Featuring of cheese for the two week period was lower in most categories except for the 8 oz. shred package. The weighted average price for the most heavily advertised, 8 oz. shred package, was steady compared to two weeks ago at \$2.16 per package, and 2 cents lower than last year's price of \$2.18. In the West, the weighted average price ranged from \$5.99-7.99 per package for the 2 pound block

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## CHEESE MARKETS

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package. According to FAS, exports of cheese and curd for January-May 2013 total 271.4 million pounds, up 5% from the same period a year ago. The exports account for 5.9% of total cheese production in the U.S. for January-May of 2013. Exports for the month of May are 1.5% lower than a year ago. The three largest importers of U.S. cheese are Mexico at 65.8 million pounds (+10%), South Korea 43.7 million pounds (+9%) and Japan at 30.6 million pounds (+18%). These three customers make up 51.6% of U.S. cheese exports. Cheese prices at the CME Group on Wednesday closed higher with barrels \$.0425 higher at \$1.6850. Blocks closed up \$.0100 at \$1.6725. Prices have moved both higher and lower this week in hectic trading. Barrels are again at a premium to blocks at the exchange. Trading has been heavy with both buyers and sellers attempting to take advantage of price movements. As of midweek, 14 loads of barrels and 22 loads of blocks have been sold.

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

Process 5# Loaf	: 1.7750-2.0325
Cheddar 40# Block	: 1.7775-2.1300
Cheddar 10# Cuts	: 1.9575-2.1775
Monterey Jack 10#	: 1.9675-2.1275
Grade A Swiss Cuts 6 - 9#	: 3.1475-3.5775

## FOREIGN

The CME Group weekly average block price declined last week. The decrease, lowered domestic wholesale foreign type cheese prices by \$0.0075. The prices for domestic Swiss cuts increased following last week's release of Class III prices. Imported cheese prices were unchanged.

DAIRY PRODUCTS: According to the latest NASS report, domestic Parmesan production during May totaled 29.3 million pounds, 2.2% less than the previous month, but 3.6% more than May 2012. Provolone production during May totaled 29.5 million pounds, 13.0% less than April and 1.2% less than May 2012. Romano production during May totaled 4.0 million pounds, 10.9% more than April, but 12.7% less than May 2012. Swiss production during May totaled 27.1 million pounds, 7.9% more than April, but 5.2% less than May 2012.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.1975-3.6850*
Gorgonzola	: 3.4900-6.4700	: 2.7000-3.1550*
Parmesan (Italy)	: -0-	: 3.5875-5.6775*
Provolone (Italy)	: -0-	: 2.2400-2.3975*
Romano (Cows Milk)	: -0-	: 3.3875-5.5375*
Sardo Romano (Argentine)	: 2.8500-3.6900	: -0-
Reggianito (Argentine)	: 3.2900-4.4600	: -0-
Jarlsberg-(Brand)	: 2.9500-5.2900	: -0-
Swiss Cuts Switzerland	: -0-	: 3.6675-3.9900*
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

\* = Price change.

## 2013 U.S. Cheese and Curd Exports, (USDA-FAS)

	(Million Lb.)	% Change From 1 Year Ago
May Total	60.7	- 2
Total Jan.-May	271.4	+ 5
1 Mexico	65.8	+ 10
2 South Korea	43.7	+ 9
3 Japan	30.6	+ 18
4 Canada	12.2	+ 4
5 Saudi Arabia	10.0	- 35

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKSBUTTER : CHEESE

07/08/13	19,278	:	119,086
07/01/13	18,346	:	116,805
CHANGE	932	:	2,281
% CHANGE	5	:	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	0	70	0	88	0	120
SOUTHEAST STATES	0	0	0	18	0	0

It is "getting hot" in the Southeast. This has resulted in a lower level of dairy manufacturing because milk beyond what is needed for Class I, is less available. There is still a "little fallback" supply of milk, but less than last week. Milk shipments out of the region dropped to zero, down from 18 last week. Class I demand in Florida is normal for this time of year. Milk production is dropping but slower than expected. This is attributed to temperatures not having been as hot as normal. Temperatures are moving up this week so if that persists, expectations are for milk production to move lower and drying of cows to begin. Last week New York was hot and humid, with many 90 degree readings in parts of Central and Eastern New York. Thus, New York milk production is showing signs of declining production volume. Pastures are rated 50 percent good, and 12 percent excellent. New England milk components are dropping and production is beginning to decline. Pennsylvania, soil has plenty of moisture. It has been very difficult the past couple of weeks for farms to make dry hay from all the wet weather. Middle Atlantic hay supplies are rated "mostly adequate". The second cutting of **other hay** was 49 percent complete in Maryland and 60 percent complete in Delaware. The second cutting of **alfalfa hay** was 77 percent complete in Maryland and 73 percent complete in Delaware. Topsoil and subsoil moisture levels were mostly adequate. Following the long holiday weekend, more cream is going to ice cream and cream cheese production, less to butter. Cream cheese manufacturers have begun increased production aimed at filling fall orders. Reaching this time of summer coupled with hotter weather, have resulted in higher ice cream production. **Cream multiples for all Classes** moved higher this week and range 1.30-1.42. According to NASS, ice Cream production in the Atlantic region for May totaled 15.1 million gallons, 1.6% more than April, but 0.7% less than May 2012. U.S. Yogurt production (plain and flavored) for May totaled 391.3 million pounds, up 3.5% from April and 6.4% more than May 2012. Cumulative 2013 production through May totaled 1,943.0 million pounds, 4.0% higher than through May 2012.

## 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 -	1.9590-2.1398
F.O.B. producing plants: Upper Midwest -	1.9590-2.1097

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.63 - 1.73
Northeast - Class III - spot prices -	1.45 - 1.56

## MIDWEST

Anecdotal reports from milk haulers indicate farm milk loads are decreasing in volumes as summer advances. Components within the farm milk are also dropping in step with the arrival of rising daytime temperatures and humidity. Spot milk loads are reportedly less available this week as manufacturing plants resume full production schedules post-holiday, but a few cheese plants obtained spot loads for the balance of July to allow for additional cheese production. Indications are that spot milk pricing is firming now, ranging from \$0.25 under Class to \$1.60 over. Butter production is on the rise this week within the region as some churning operations reengage. Bottling demand is at seasonally expected levels, with a few additional loads shipping to the Southeast. One or two Central bottlers called for additional loads to restock consumer outlets. Cream supplies were uneven, with some tightness within the Central market at the beginning of the week as several ice cream plants restarted. A few churn operators indicated contract cream loads were shorted this week, as sales into Class II rebounded. Multiples on cream shifted higher, ranging from 1.30 - 1.40. Distressed cream multiples, available early in the week, were in the low 1.20's. The last week brought decent weather for some operators in small areas of the upper Midwest, allowing for finally taking first cutting hay. This is 4-6 weeks later than usual, and brought a measure of relief to dairy operators looking at empty haymows. The timing of this cutting should allow a second, and in some areas, a third cutting before the end of the season. Manure applications followed right behind haying operations, giving dairy operators a chance to decrease holdings in manure pits.

## WEST

CALIFORNIA milk production has stabilized this week as temperatures are more moderate. Processing plants saw milk intakes down from 8-15% during the height of the heat wave. The timing around the holiday and following weekend was actually a positive because of the various smaller plants being down and the typical disruptions of the fluid milk market during a summer holiday. Currently, milk is being moved around to most efficiently process. The August 2013 Class 1 prices in CALIFORNIA range from \$20.21 in the north to \$20.48 in the south. The statewide average Class 1 price based on production is \$20.23. The average is \$0.63 higher than July and \$2.20 higher than August 2012. ARIZONA milk output continues to decline as a direct result of the hot weather conditions and the duration of the weather cycle. Heat abatement at the farm level is in place, yet struggling to mitigate the impact. The forecast of increasing humidity and the resulting "monsoon season" will likely foreshadow additional milk declines. Milk processing is going better this week with more plants back online and with decreased milk and components. CREAM markets are unsettled. Buyer needs are uneven. Orders from ice cream makers range from light to moderate and "hard to gauge" whether needs are being filled through contract arrangements or spot filled from other regions. Cream supplies are higher than typical for the

CONTINUED ON PAGE 4A

## FLUID MILK AND CREAM

## CONTINUED FROM PAGE 4

time of year and during a hot cycle, especially when fat levels in the milk are lower. Interest for other class items is seasonally light. Butter production is active to process cream. At the CME Group, Grade AA butter pricing closed at \$1.5125 on Wednesday, July 10, down 1.25 cents from a week earlier. Cream multiples are slightly higher from 1.15 to 1.27, and vary depending on class usage and basing points. Milk production in the PACIFIC NORTHWEST improved this week as cooler nighttime weather helped relieve heat stress on milk cows. Daytime temperatures continue in the 90's but are not as extreme as last week. Overall milk receipts are off as cows slowly recover. Dry weather in the region has aided in forage harvesting. Irrigated crops are reacting positively to the hot weather and grain crop conditions look good. There were no problems reported in handling of milk supplies over the holiday weekend. IDAHO and UTAH production levels are lower from the recent hot weather. Some recovery is being noted as the extreme weather has abated. Milk supplies continue to be handled within the region as processors have adequate capacity for current production. Current dry product and fluid milk prices are encouraging dairies to consider building their herds.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

**NONFAT DRY MILK - CENTRAL AND EAST**

**CENTRAL:** Central nonfat dry milk prices moved lower and higher on the range, and higher on both ends of the mostly price series. The market tone is firming as concern about near to mid-term inventories emerge on the heels of extremely hot weather in the West. Brokers and traders note, though, much of the current interest remains light for anything beyond pallets or solitary loads. This observation is borne out by some end users who struck fixed price supply contracts for the balance of the year before the end of the second quarter, and expect their participation in the Q3-Q4 spot market will be limited. Conversely, a few manufacturers cleared multiple loads to established customers at prices within/above the current mostly price series. Nonfat dry milk production is active throughout the Central region. Some operations are pushing higher farm milk volumes toward butter/powder production and away from cheese production. Manufacturers are building inventories with Q3/Q4 contract fulfillment in mind.

**EAST:** Eastern nonfat dry milk pricing strengthened and the range expanded. Spot sales tended to occur at prices lower than contract prices, reflecting an observation that "domestic demand is slow". High heat prices strengthened, following an increase at the bottom of the range. There was some diversion of milk into drying this week for at least two reasons. Some manufacturers want to building inventory. Other manufacturers perceive more current gain from making NDM than cheese.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.7000 - 1.7900 MOSTLY: 1.7400 - 1.7700  
 HIGH HEAT: 1.8175 - 1.8500

**NONFAT DRY MILK - WEST**

Prices are higher for Western low/medium heat NDM. The market undertone remains firm. Buying interest is light to fair from domestic accounts, fair to good into international markets. U.S. pricing and availability are favorable for international buyers. Pricing indices and the CME are trending higher. The pricing levels are creating some angst for buyers who were hoping for prices to be softer before they sought coverage. Other buyers are finding slightly lower pricing in the resale market. Drying schedules have been trending lower, reflecting the lower milk intakes caused by hot weather conditions. Processors are moving milk into the most efficient facilities to maximize returns. The high heat NDM pricing range narrowed. The market tone is steady to firm, following the trend of the low heat market. Demand is fair. Stocks are light and tending to be at planned levels to service trade needs.

**EXPORTS:** FAS export data for NDM/SMP show U.S. January - May 2013 exports at 479.0 million pounds, up 7% from the same period in 2012. May 2013 exports total 123.4 million pounds, up 23% from a year ago.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.6975 - 1.8000 MOSTLY: 1.7200 - 1.7800  
 HIGH HEAT: 1.7200 - 1.8500

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

	2013 Exports (Million Lb.)	% Change From 1 Year Ago
May Total	123.4	+ 23
TOTAL, JAN - MAY	479.0	+ 7
1 Mexico	170.4	- 9
2 Indonesia	52.4	+ 36
3 Philippines	45.4	+ 4
4 Vietnam	35.5	+ 10
5 Malaysia	27.9	+ 95

**DRY BUTTERMILK—CENTRAL AND EAST**

**CENTRAL:** Central dry buttermilk prices are lower and higher on a mixed market. Dry buttermilk interest is at seasonal levels into Class II production as well as snack and powdered mix operations. There is some additional interest from Eastern buyers for Central dry buttermilk, and transportation costs sometimes spur pricing accommodations to finalize purchases. Sales into Mexico are active as dry buttermilk substitutes for nonfat dry milk in some consumer products. Dry buttermilk production is at lower levels at most Central plants. Class II plants continue to draw upon contracts for condensed and dry buttermilk to augment ice cream production.

**EAST:** Eastern buttermilk prices are slightly lower resulting from a wider price range. The wider price range – higher and lower prices, reflects one characterization of this market as "uneven". Buttermilk is harder to find in many areas but still available in other situations. Lowest and highest prices in the range reflect spot transactions although, contract pricing tends to be in the upper end of prices. Increased cream demand for ice cream manufacturing and cream cheese to fill fall orders, will tend to keep overall buttermilk inventories fairly tight for the week.

F.O.B. CENTRAL/EAST: 1.5100 - 1.6400

**DRY BUTTERMILK - WEST**

Western dry buttermilk prices continue to move higher. The market undertone is slightly firm. Buying interest is fair to good for the current light offering levels. Production has been uneven with output higher around the weekend. Some increases in demand for condensed are noted. Ice cream interest for buttermilk has been lower than projections. Demand for dry buttermilk for mixes is developing for upcoming needs. Stocks of buttermilk are adequate to service needs.

F.O.B. WEST: 1.5800 - 1.6300 MOSTLY: 1.5900 - 1.6100

**DRY WHOLE MILK - NATIONAL**

Dry whole milk prices stepped higher on both sides of the range. Trading on manufacturers' spot loads was very active this week, with dry whole milk sources spanning most of the nation. Some Oceania loads are also available via the resale market. Manufacturers' inventories are generally light, with spot loads coming to the marketplace intermittently.

F.O.B. PRODUCING PLANT: 1.8100 - 1.9500

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
July 5	\$1.6695	9,791,590	0
June 28	\$1.6765	9,769,804	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**

Dry whey prices in the Central region are unchanged on the mostly series. Spot loads are available from some manufacturers, unavailable from others, and market participants indicate the Central dry whey market is in balance. Dry whey production is steady to lower. Plant managers report protein components in farm milk are declining seasonally, yielding less cheese and whey per hundredweight of milk. Also, some operations are sending more milk volumes into butter/powder production as returns from those products are expected to outpace commodity cheese returns in the near term. ANIMAL FEED DRY WHEY prices are unchanged. Animal feed blenders are generally content with availability and pricing of inputs. Off specification nonfat dry milk and whey protein concentrates are readily available, along with permeate, pro-cream and other blending components. Demand for finished feed is described as active into veal, dairy replacement and dairy beef accounts.

F.O.B. CENTRAL: .4700 - .6250 MOSTLY: .5200 - .5700  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4075 - .5400

**DRY WHEY - NORTHEAST**

Dry whey prices strengthened. Prices based on price indices moved higher but spot transactions tempered the overall impact on the range. Some plants did not have spot sales product available this week, nor will it be available next week. Spot market purchases are more likely to be sourced through brokers. Some cheese plants in the region are operating 7 days this week, which contributes to dry whey production. Even with less spot sale availability from plants, spot whey seems to be steadily available from brokers.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5450 - .6225

**DRY WHEY - WEST**

Western dry whey prices are unchanged. Dry whey markets are unsettled with no clear direction indicated. Whey production remains mostly steady. Cheese plants continue to run busy schedules, but some are expressing concern over tighter expected milk supplies as hot weather affects milk production in the West. Export prices are reported steady to weak as competition from lower prices in the EU has slowed some sales. Domestic demand is steady with much of the Western whey being exported. Central whey supplies are successfully competing for domestic sales. Transportation costs of dry whey are a determining factor for sourcing domestic sales. Whey stocks are available from both brokers and manufacturers. According to the Foreign Agricultural Service, exports of dried whey for January-May 2013 total 208.8 million pounds, down 3% (7.2 million pounds) from the unadjusted same period a year ago. The exports account for 50.9% of the total dry whey production in the U.S. for January-May 2013. China remains the leading U.S. export destination for whey with 33.4% of the total U.S. whey export market. Chinese imports of U.S. whey this year are currently 45% above year ago amounts.

NONHYGROSCOPIC: .5650 - .6150 MOSTLY: .5750 - .6100

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

	2013 Exports (Million Lb.)	% Change From 1 Year Ago
May Total	49.0	+ 2
TOTAL, JAN - MAY	208.8	- 3
1 China	69.8	+ 45
2 Canada	20.5	+ 8
3 Indonesia	16.3	+ 8
4 Japan	14.5	- 14
5 Mexico	11.3	- 66
5 Philippines	11.3	+ 30

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Whey protein concentrate 34% prices are higher on a firm market. Offers from resellers into the marketplace are active, along with a handful of direct F.O.B. offers, according to end users. Buyers are weighing out brand, age, and availability in their purchasing decisions. Production of WPC 34% is steady within some operations, but edging lower at other locations where milk processing is shifting toward butter/powder. Manufacturers' inventories vary, with some manufacturers having ample stocks and interest in clearing through the spot market. Other manufacturers are out of the spot market as they are currently at or short of needed inventories to meet upcoming contract needs.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.3200 - 1.4925 MOSTLY: 1.3325 - 1.3700

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

	2013 Exports (Million Lb.)	% Change From 1 Year Ago
May Total	26.3	+ 16
TOTAL, JAN - MAY	104.3	+ 17
1 Mexico	30.5	+ 280
2 China	22.5	- 25
3 Canada	13.2	+ 14
4 Taiwan	6.1	+ 498
5 Japan	5.7	- 21

**LACTOSE - CENTRAL AND WEST**

Prices for lactose are lower on the range as last week's top spot sale price left the market and a lower spot sale price emerged. The mostly price series is unchanged to fractionally higher as market plus contract pricing starts for the quarter. Contracting activity for Q3 is reportedly complete for the majority of manufacturers. Some July monthly contracts are nearing completion. Domestic sellers indicate there was limited competition from European suppliers during this round of contracting. This has been traced to the slow start to the milk production season in Europe. Various manufacturers report interest from multinational confectionary and infant formula companies is steady. Domestic interest is at expected levels. Manufacturers' spot load availability is unchanged and split along mesh sizes: unground lactose loads are generally available, requests for higher mesh size loads go onto waiting lists.

Including spot sales and up to 3 month contracts.  
F.O.B. EDIBLE, NON PHARMACEUTICAL .4850 - .6900 MOSTLY: .5800 - .6800

CONTINUED ON PAGE 6A

**WHEY, WPC 34%, LACTOSE & CASEIN**

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

**CONTINUED FROM PAGE 6****U.S. Lactose Exports, H.S. Code 1702110000(FAS)**

	2013 Exports (Million Lb.)	% Change From 1 Year Ago
May Total	45.7	+ 67
TOTAL, JAN - MAY	211.5	+ 41
1 China	36.8	+ 8
2 New Zealand	32.7	+ 35
3 Mexico	28.3	+ 36
4 Japan	15.4	+ 43
5 Brazil	13.8	+ 90

**CASEIN - NATIONAL**

Prices are unchanged for both casein types. The market tone is steady after the setting of third quarter contract pricing. Demand is light to fair with needs being covered. Supplies are adequate to cover contract volumes and the limited spot market. Casein output in Europe has picked up where milk supplies have moved closer to year ago levels. The Oceania milk supply is at the low point with casein output offline.

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

RENNET:	4.6000 - 5.0000
ACID:	4.7000 - 5.4000

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 2012

WEEK ENDING	WEEKLY DAIRY COWS	2013 CUMULATIVE DAIRY COWS	2012 WEEKLY DAIRY COWS	2012 CUMULATIVE DAIRY COWS
06/22/2013	53.7	1,522.1	52.5	1,470.7

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
2012	17.05	16.06	15.72	15.72	15.23	15.63	16.68	17.73	19.00	21.02	20.83	18.66

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

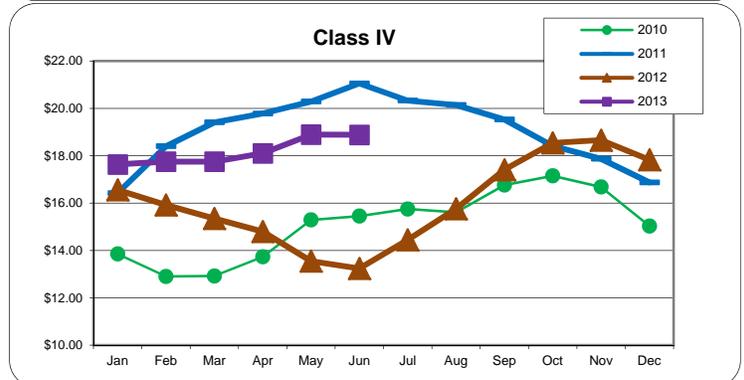
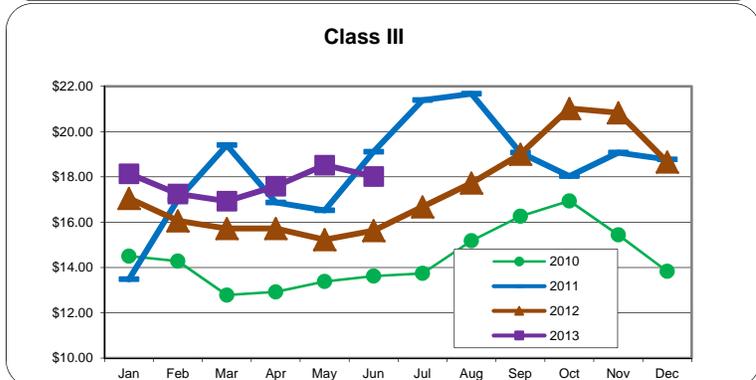
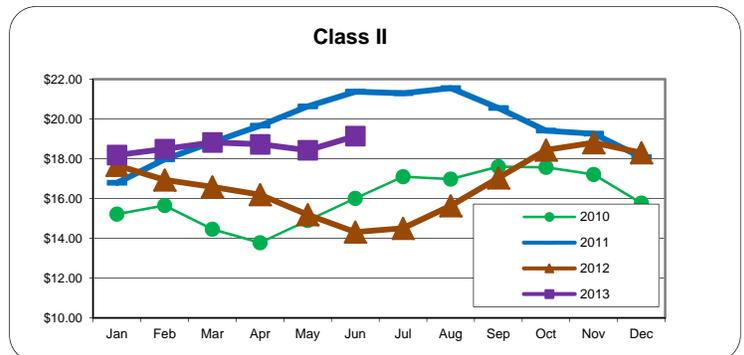
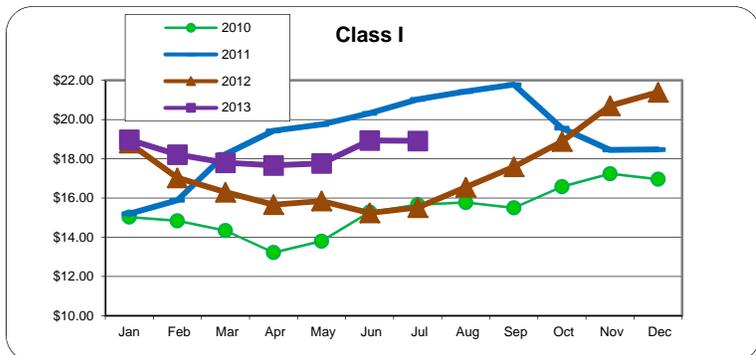
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03
2011	16.42	18.40	19.41	19.78	20.29	21.05	20.33	20.14	19.53	18.41	17.87	16.87
2012	16.56	15.92	15.35	14.80	13.55	13.24	14.45	15.76	17.41	18.54	18.66	17.83

**FEDERAL MILK ORDER CLASS PRICES FOR 2013 (3.5%)**

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	18.97	18.21	17.80	17.66	17.76	18.93	18.91					
II	18.19	18.49	18.82	18.73	18.43	19.14						
III	18.14	17.25	16.93	17.59	18.52	18.02						
IV	17.63	17.75	17.75	18.10	18.89	18.88						

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 July 1 - 12, 2013

## ORGANIC DAIRY FLUID OVERVIEW

**Milk Product Sales:** AMS reports Total Organic Milk Products sales for May 2013, 195 million pounds, were up 8.0% from May last year.

Organic Whole Milk sales for May 2013, 52 million pounds, were up 12.0% compared with May last year and up 9.1% year-to-date compared with last year.

Organic Reduced Fat Milk sales for May, 56 million pounds, were 17.8% above sales one year earlier and 9.1% above year-to-date sales last year.

## ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, MAY 2013, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/ Prev Yr. Y-T-D	
	May Mil. Lbs.	Y-T-D	Prev Yr. Percent	Y-T-D
Whole Milk	1,106	5,478	-0.2	-1.3
Flavored Whole Milk	46	227	10.5	11.7
Reduced Fat Milk (2%)	1,447	7,301	-1.3	-1.2
Low Fat Milk (1%)	601	2,995	-1.8	-2.5
Fat-Free Milk (Skim)	567	2,864	-7.3	-8.2
Flavored Fat-Reduced Milk	344	1,768	1.1	-0.9
Buttermilk	41	201	4.6	3.3
Tot. Conv. Milk Products 5/	4,152	20,834	-1.6	-2.2
Organic Whole Milk	52	246	12.0	9.1
Organic Reduced Fat Milk	56	263	17.8	9.1
Organic Low Fat Milk	38	181	0.8	-6.1
Organic Fat-Free Milk (Skim)	37	180	-2.5	-3.4
Organic Flavored Milk	12	53	9.7	0.2
Organic Fat-Reduced Milk 3/	143	679	6.6	0.4
Tot. Organic Milk Products.	195	925	8.0	2.5
Tot. Fluid Milk Prod. 4/	4,347	21,759	-1.2	-2.1
Tot Fluid Milk Prod Adj 4/5/	*	*	*	*

\*Total Fluid Milk Products Adjusted for Calendar Composition will not be published until release of "An Overview of Calendar Composition of Fluid Milk Sales." 1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which accounts for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; 3/ Total of organic reduced fat, lowfat, skim, flavored, and miscellaneous milk products combined. 4/ Total fluid milk products include the products listed price plus miscellaneous products and eggnog. 5/ Sales volumes and percent changes have been adjusted for calendar composition.

**News.** Organic ice cream is increasingly contributing to the growth in demand for organic milk and cream during the heat of summer. This product growth has occurred in part with increasing numbers of specialty locally manufactured organic ice cream available in various cities. Social media promotion, such as on YouTube, is being actively used to promote organic ice cream. There are dozens of YouTube videos focused on manufacturing organic ice cream. Penn State University offers an annual short course on making ice cream, which has increasing numbers of attendees interested in organic ice cream. Organic cream demand has recently been strong in a number of areas due to increased manufacturing of organic ice cream. Survey data in the next section below, demonstrates the current marketing impact of a large retail chain now featuring organic ice cream in advertising aimed at the mass market – at prices only 19 cents higher than conventional ice cream within the same geographic region.

## NATIONALLY ADVERTISED PRICE COMPARISON

**Organic Dairy Overview.** Organic dairy product ad volume is at the low end of the 2013 bi-weekly range. This is in contrast with two weeks ago, when ad numbers were above average. Relatively low organic milk and yogurt ad numbers combined with no organic butter ads all contributed to this situation.

This is only the second period of 2013 when conventional milk ads outnumbered organic milk ads, significant considering that organic milk products sales overall are typically in the range of 6% of conventional milk sales. A mitigating factor though, is that organic half gallon milk ads this week still outnumber conventional milk half gallon ads. Typically organic milk ad numbers for organic half gallons are multiples of the ad numbers for organic gallons. The reverse is true for conventional milk,

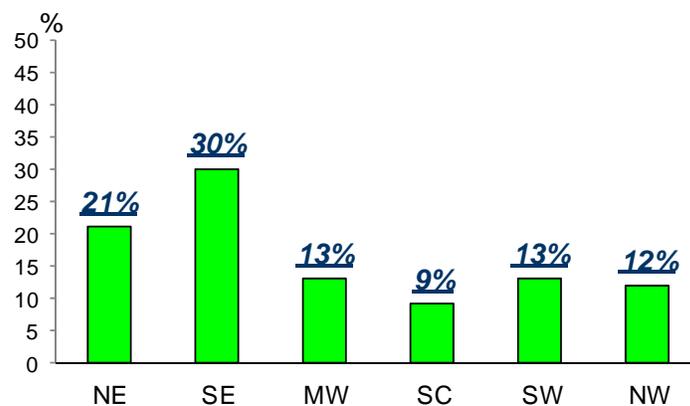
Organic milk ads total 60% of all organic dairy ads, down from 67% two weeks ago. A sign of summer is that organic ice cream ads are second to organic milk, with 21% of organic yogurt ads. Typically organic milk and organic yogurt vie for number one and number two. Organic yogurt is third with 19% of ads, down from 32% last period.

Advertising information presented is compiled from nearly 14,000 surveyed newspaper supermarket ads for the period June 29, 2013, to July 12, 2013, identifying weekly "specials" and containing organic dairy content. Surveyed ads reflect advertised "specials" and not the range of non-advertised supermarket cooler prices.

Complete results of this bi-weekly survey providing additional graphs, tables, and regional delineation, follow at the end of Dairy Market News, or can be accessed at: <http://www.ams.usda.gov/AMSV1.0/DairyRetailReport>

**Regional Organic Dairy Ad Trends.** Organic dairy ads appeared in all 6 regions, led by the Southeast with 30% of ads, followed by the Northeast, 21%; Southwest and Midwest tied, 13%; Northwest, 12%; and South Central, 8%.

## Organic Dairy Ads Regionally As A Percentage of Surveyed Organic Dairy Ads Week 28, 2013



CONTINUED ON PAGE 8-A

ORGANIC DAIRY MARKET NEWS

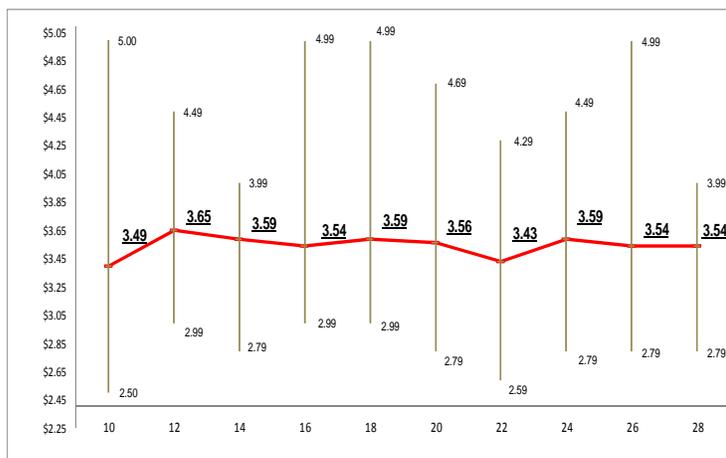
Information gathered July 1 - 12, 2013

CONTINUED FROM PAGE 8

**Organic Milk.** Organic half gallons continue to predominate organic milk retail advertising, which is typical, comprising 92% of organic milk ads, up from 92% two weeks ago. Organic 8 ounce aseptic milk is second place with 8% of ads, with 3% of ads.

**Organic Milk Half Gallons.** The weighted average advertised price of organic milk half gallons, \$3.54, is 5 cents lower than two weeks ago. The price range is \$2.79 to \$3.99, \$1.00 lower at the top than last period but unchanged at the bottom. One year ago the weighted average advertised price was \$3.93, 39 cents higher than currently.

**Advertised Organic Milk Half Gallon Price Range and Weighted Average Advertised Price by 2013 Week**



The Northeast has the highest weighted average price, \$3.79, while the South Central Region has the lowest weighted average price this period, \$3.05. The highest absolute price is in both the Northeast and Southwest, \$3.99, while the lowest absolute price is in the South Central region, \$2.79.

**Organic - Conventional Milk Half Gallon Price Spread.** The weighted average advertised organic half-gallon milk price, \$3.54, is unchanged from two weeks ago. Conventional milk's price for half gallons, \$2.37, is up 5 cents from two weeks ago. One year ago conventional milk's average advertised price for half gallons was \$1.97 and organic was \$3.93.

The organic-conventional half gallon price spread is \$1.17, compared with \$1.22 two weeks ago. This is the second lowest price spread of 2013.

**Organic Yogurt.** Organic yogurt ad numbers are at the fourth lowest level of the year. Ads did not appear in two of the six regions, the Southwest and South Central.

The Southeast has 36% of organic yogurt ads, followed by the Northeast, 32%; Midwest, 24%; and Northwest, 7%.

Of the categories of organic yogurt, 41% of ads are for 4-6 ounce organic Greek yogurt, 38% for 32 ounce organic yogurt, and 21% for 4-6 ounce organic yogurt.

The weighted average advertised price for 32 ounce organic yogurt is \$3.19, up from \$2.50 last period. The current price range is \$2.99 to \$3.99.

The weighted average advertised price for 4-6 ounce organic yogurt is \$.88, up from \$.65 two weeks ago. Prices range from 60 cents to 99 cents.

The weighted average advertised price for 4-6 ounce organic Greek yogurt is \$1.00, with no price range.

**48-64 Oz. Organic Ice Cream.** Not only is the number of ads for organic ice cream greater than organic yogurt ads and the most of any period of the year, but the overwhelming majority of organic ice cream ads are in one region: the Southeast. Remaining ads for organic ice cream are in the Southwest. All Southeast ads have a price of \$3.50 while all Southwest ads have a price of \$5.99. The national weighted average advertised price is \$3.54. Also significant is that the weighted average advertised price for conventional ice cream is \$2.92. This results in only a 62 cent price difference between the average price of organic and conventional ice cream. Specifically comparing prices only in the Southeast where the overwhelming majority of organic ice cream ads appear, the price difference between organic and conventional ice cream is only 19 cents.

**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. 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, YOGURT, CHEESE, BUTTER PRICE RANGE 2013 REPORTING WEEK 28**

	MADISON, WISCONSIN		
	LOW	HIGH	RANGE
<b>FLUID MILK</b>			
<b>MILK - gallon</b>			
Whole	5.99	7.29	1.30
Reduced fat (2%)	5.99	7.29	1.30
Low fat (1%)	5.99	7.29	1.30
Nonfat (Skim)	5.99	7.29	1.30
<b>MILK - half gallon</b>			
Whole	3.89*	4.89	1.00*
Reduced fat (2%)	3.89*	4.89	1.00*
Low fat (1%)	3.89*	4.89	1.00*
Nonfat (Skim)	3.89*	4.89	1.00*
<b>FLAVMILK - half gallon</b>			
All fat tests	3.09	5.69	2.60
<b>YOGURT</b>			
Yogurt - 4-6 oz			
Yogurt	0.69*	1.29	0.60*
<b>CHEESE</b>			
<b>Cheese - 8 oz block</b>			
Mozzarella	4.10*	5.75	1.65*
Mild Cheddar	4.10*	5.99	1.89*
Monterey Jack	4.10*	5.99	1.89*
Pepper Jack	4.10*	5.99	1.89*
<b>Cheese - 6 oz string</b>			
Mozzarella	3.99	5.09	1.10
Colby Jack	3.89	4.99	1.10
<b>BUTTER</b>			
Butter - 1 Pound	4.89*	6.09	1.20*

• = Price change from prior reporting period.

CONTINUED ON PAGE 8-B

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**ORGANIC DAIRY MARKET NEWS**Information gathered July 1 - 12, 2013

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**CONTINUED FROM PAGE 8-A**

**ORGANIC GRAIN AND FEEDSTUFF MARKETS:** National organic grain and feedstuff prices are mostly steady. Market activity is very slow. Trading is lackluster as farmers are enjoying a break after a long planting season. Corn crop conditions are all over the spectrum. The Upper Midwest is reporting poor to average conditions. Eastern Cornbelt and Southeast conditions are good to mostly excellent. Corn this period is mostly 12.00-13.00/bushel with moderate demand. Soybean movement is slow at mostly steady prices and light to moderate demand and offerings. It is still too early to report on soybean crop conditions because the majority of the crop was planted in the last few weeks. Some planting is still taking place in the southern Midwest states. Wheat harvest in the south is well underway, with quality and yields coming in better than expected. Trading this period on wheat is all new crop spot prices, which are at a discount to old crop.

Additional livestock and grain market news information is available at:

<http://www.ams.usda.gov/mnreports/lbfnof.pdf>

JULY MILK SUPPLY AND DEMAND ESTIMATES

The 2013 milk production forecast is raised from last month based on growth in milk production to date. The milk production forecast for 2014 is unchanged from last month. Despite weaker forecast milk prices, forage supplies and feeding margins will likely continue to support modest gains in milk production. The fat-basis import forecast for 2013 is unchanged, but lowered on a skim-solid basis reflecting slower-than-expected imports of milk protein concentrates. The 2013 fat-basis export forecast is higher on continued robust exports of cheese. Skim-solid exports for 2013 are higher as nonfat dry milk (NDM) shipments are expected to remain strong. The United States has gained in export markets typically served by the European Union which has experienced a slowdown in production. Export forecasts for 2014 are unchanged. Fat and skim-solid basis ending stock forecasts for 2013 are raised as stocks of butter and cheese have remained large. Ending stock forecasts for 2014 are raised as well. Cheese and butter prices are forecast lower for 2013 on larger supplies. Prices for 2014 are lowered as the larger carry-in stocks overhang the market. The 2013 NDM price forecast is raised from last month on strong export demand, but the forecast for 2014 is unchanged. The whey price forecasts for both 2013 and 2014 are unchanged from last month. The Class III price forecasts are lowered from last month in line with lower product prices. The Class IV price forecast is unchanged for 2013 as lower butter prices are largely offset by higher NDM prices. However, the Class IV price is lowered for 2014, reflecting lower butter prices. The 2013 all milk price is forecast at \$19.50 to \$19.80 and the price for 2014 is \$18.70 to \$19.70 per cwt.

U.S. MILK SUPPLY AND USE					
Commodity	2012	2013 Projected		2014 Projected	
		June	July	June	July
<b>BILLION POUNDS</b>					
MILK					
PRODUCTION	200.3	201.8	202.0	204.5	204.5
FARM USE	1.0	1.0	1.0	1.0	1.0
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	10.9	12.2	12.2	13.2	13.7
MARKETINGS	199.4	200.8	201.1	203.6	203.6
IMPORTS	4.1	4.1	4.1	4.1	4.1
TOTAL COMMERCIAL SUPPLY	214.3	217.1	217.3	220.8	221.3
FAT BASIS USE					
COMMERCIAL EXPORTS	8.8	9.8	10.1	10.3	10.3
ENDING COMMERCIAL STOCKS	12.2	13.2	13.7	12.4	12.8
CCC NET REMOVALS <sup>1/</sup>	0.0	0.0	0.0	0.0	0.0
COMMERCIAL USE <sup>2/</sup>	193.3	194.1	193.5	198.1	198.2
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	11.8	12.4	12.4	12.5	13.0
MARKETINGS	199.4	200.8	201.1	203.6	203.6
IMPORTS	5.7	5.6	5.5	5.4	5.4
TOTAL COMMERCIAL SUPPLY	216.9	218.8	218.9	221.4	221.9
SKIM-SOLIDS BASIS USE					
COMMERCIAL EXPORTS	33.3	35.4	36.6	36.4	36.4
ENDING COMMERCIAL STOCKS	12.4	12.5	13.0	12.3	12.8
CCC NET REMOVALS <sup>1/</sup>	0.0	0.0	0.0	0.0	0.0
COMMERCIAL USE <sup>2/</sup>	171.2	170.9	169.3	172.7	172.7
<b>MILLION POUNDS</b>					
CCC PRODUCT NET REMOVALS <sup>1/</sup>					
BUTTER	0	0	0	0	0
CHEESE	0	0	0	0	0
NONFAT DRY MILK	0	0	0	0	0
DRY WHOLE MILK	0	0	0	0	0

NOTE: Totals may not add due to rounding.

<sup>1/</sup> Includes products exported under the Dairy Export Incentive Program.

<sup>2/</sup> Domestic commercial use only.

JULY MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2011	2013 Projected		2014 Projected	
		June	July	June	July
<b>DOLLARS PER POUND</b>					
PRODUCT PRICES <sup>1</sup>					
CHEESE	1.7076	1.745-1.785	1.735-1.765	1.675-1.775	1.630-1.730
BUTTER	1.5943	1.540-1.610	1.515-1.575	1.480-1.610	1.450-1.580
NONFAT DRY MILK	1.3279	1.600-1.640	1.615-1.645	1.585-1.655	1.585-1.655
DRY WHEY	0.5935	0.585-0.605	0.585-0.605	0.565-0.595	0.565-0.595
<b>DOLLARS PER CWT</b>					
MILK PRICES <sup>2/</sup>					
CLASS III	17.44	17.80-18.20	17.65-17.95	17.00-18.00	16.60-17.60
CLASS IV	16.01	18.15-18.65	18.20-18.60	17.75-18.85	17.65-18.75
ALL MILK <sup>3/</sup>	18.53	19.60-20.00	19.50-19.80	18.95-19.95	18.70-19.70
<b>QUARTERLY</b>					
	2013 II	2013 III <sup>4/</sup>	2013 IV <sup>4/</sup>	2014 I <sup>4/</sup>	2014 II <sup>4/</sup>
<b>BILLION POUNDS</b>					
MILK PRODUCTION	51.9	49.8	49.8	51.1	52.5
<b>DOLLARS PER CWT.</b>					
ALL MILK PRICE <sup>2/3/</sup>	19.63	19.40-19.80	19.60-20.30	18.30-19.30	18.50-19.50
CLASS III PRICE <sup>2/</sup>	17.44	17.35-17.75	17.85-18.55	16.30-17.30	16.60-17.60
CLASS IV PRICE <sup>2/</sup>	17.71	18.65-19.15	17.90-18.70	16.90-18.00	17.60-18.70

<sup>1/</sup> Simple average of monthly prices calculated from AMS weekly weighted average prices published in the National Dairy Products Sales Report located at: <http://www.ams.usda.gov/AMSV1.0/DairyProductMandatoryReporting>. <sup>2/</sup> Annual and quarterly Class III and Class IV prices are the simple average of monthly minimum Federal order milk prices paid by regulated plants for milk used in the respective classes. All milk price is the simple average of monthly prices received by farmers for milk at average test. <sup>3/</sup> Does not reflect any deductions from producers as authorized by legislation. <sup>4/</sup> Projection.

**Source:** U.S. Department of Agriculture. World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates, WASDE-520, July 11, 2013*. Approved by the Interagency Commodity Estimates Committee [members for Dairy are: Shayle Shagam, Chairperson, WAOB; Jerry Cessna, AMS; Paul Kiendl, FAS; Roger Hoskin, ERS; and Milton Madison, FSA].

## MAY MILK SALES

During May, 4.3 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 1.2 percent lower than May 2012. Estimated sales of total conventional fluid milk products decreased 1.6 percent from May 2012 and estimated sales of total organic fluid milk products increased 8.0 percent from a year earlier.

**Editor's Note:** Additional data can be found at <http://www.ams.usda.gov/AMSV1.0/FluidMilkSalesDataMonthlyandYeartoDate>.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS,  
MAY 2013, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	May	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Whole Milk	1,106	5,478	-0.2	-1.3
Flavored Whole Milk	46	227	10.5	11.7
Reduced Fat Milk (2%)	1,447	7,301	-1.3	-1.2
Low Fat Milk (1%)	601	2,995	-1.8	-2.5
Fat-Free Milk (Skim)	567	2,864	-7.3	-8.2
Flavored Fat-Reduced Milk	344	1,768	1.1	-0.9
Buttermilk	41	201	4.6	3.3
Total Conventional Milk Products 5/	4,152	20,834	-1.6	-2.2
Organic Whole Milk	52	246	12.0	9.1
Organic Reduced Fat Milk	56	263	17.8	9.1
Organic Low Fat Milk	38	181	0.8	-6.1
Organic Fat-Free Milk (Skim)	37	180	-2.5	-3.4
Organic Flavored Milk	12	53	9.7	0.2
Organic Fat-Reduced Milk 3/	143	679	6.6	0.4
Total Organic Milk Products	195	925	8.0	2.5
Total Fluid Milk Products 4/	4,347	21,759	-1.2	-2.1
Total Fluid Milk Products Adjusted 4/ 5/	*	*	*	*

\* Total Fluid Milk Products Adjusted for Calendar Composition will not be published until the release of "An Overview of Calendar Composition of Fluid Milk Sales." 1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which account for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis. 3/ Total of organic reduced fat, lowfat, skim, flavored, and miscellaneous organic milk products combined. 4/ Total fluid milk products include the products listed plus miscellaneous products and eggnog. 5/ Sales volumes and percent changes have been adjusted for calendar composition. Report contact: Daniel Manzoni, [Daniel.manzoni@ams.usda.gov](mailto:Daniel.manzoni@ams.usda.gov) or 202-720-2352

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS  
AND CALIFORNIA, MAY 2013, WITH COMPARISONS 1/

Marketing Area	Order Number	Sales		Change from: 2/	
		May	Year to Date	Previous Year	Year to Date
		Million Pounds		Percent	
Northeast	001	758	3,708	-0.6	-1.7
Appalachian	005	285	1,433	-2.4	-2.6
Florida	006	233	1,197	0.1	-2.3
Southeast	007	380	1,959	-2.7	-2.3
Upper Midwest	030	337	1,688	-2.3	-2.9
Central	032	365	1,873	-1.0	-1.2
Mideast	033	466	2,404	-3.6	-2.5
Pacific Northwest	124	180	871	-3.8	-5.5
Southwest	126	383	1,875	1.6	-0.2
Arizona	131	94	474	0.1	-3.4
California	---	520	2,533	0.6	-1.4

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

**Source:** U.S. Department of Agriculture. California Department of Food and Agriculture. Milk Stabilization Branch. *California Dairy Information Bulletin*, May 2013.

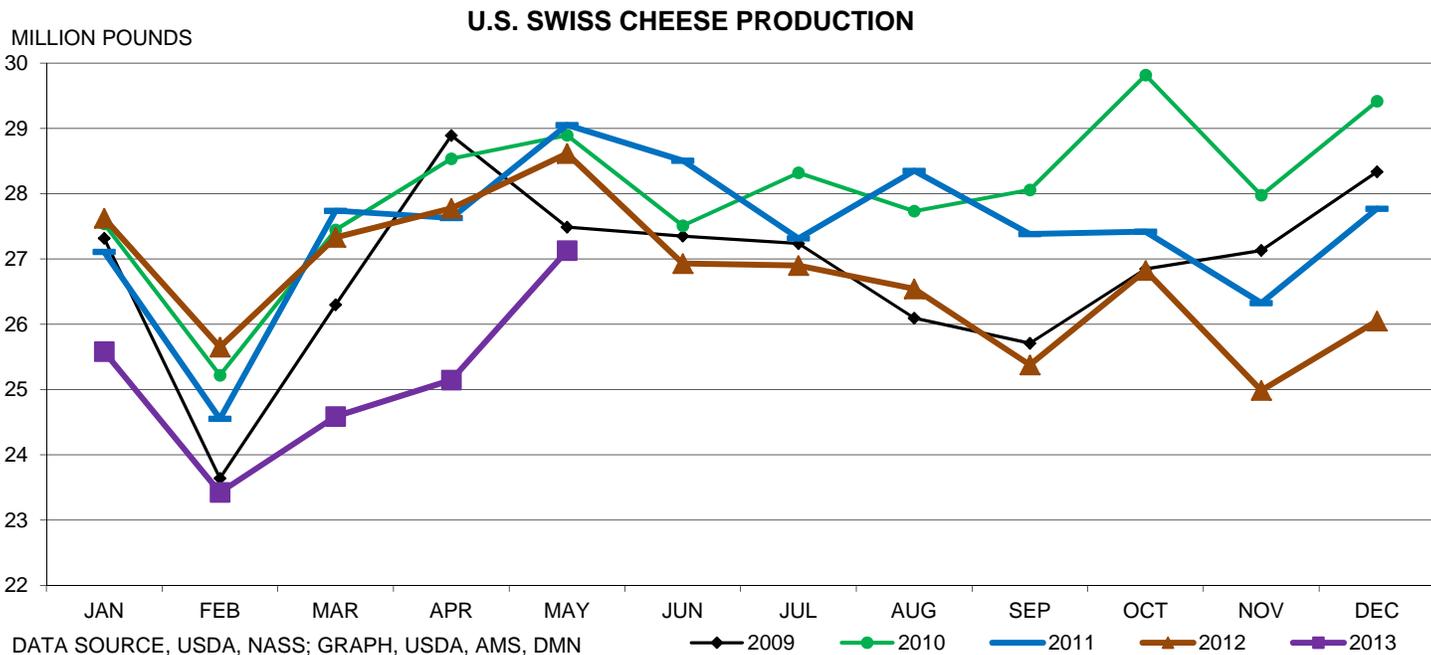
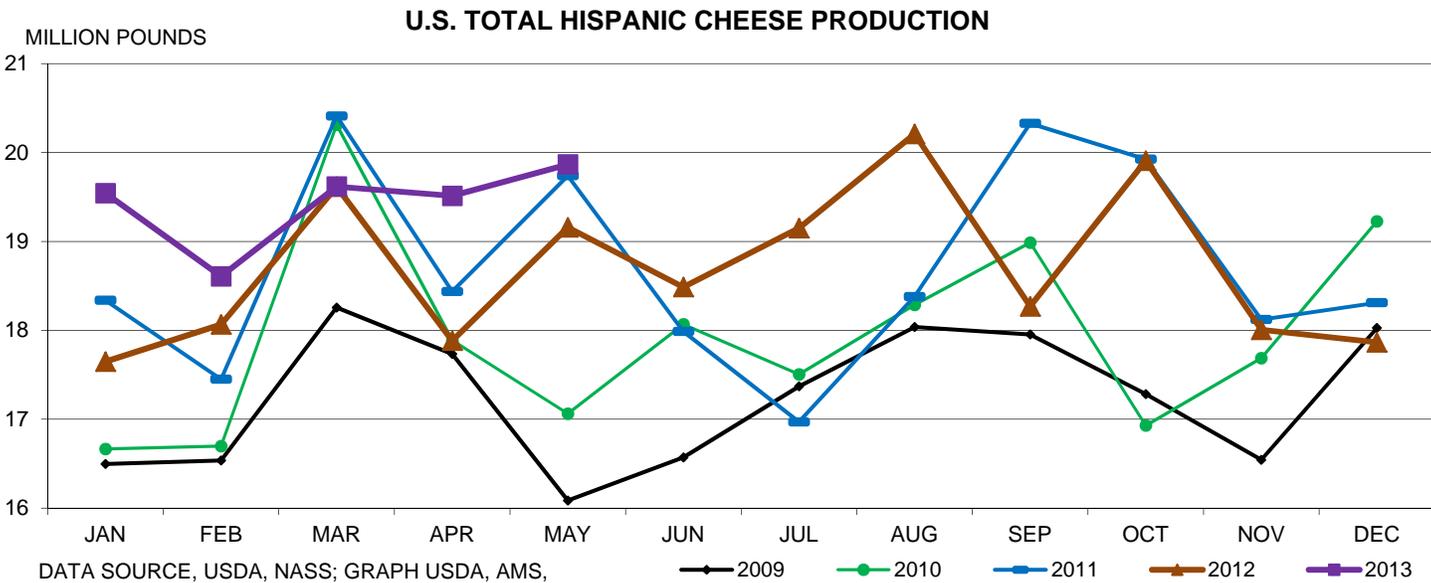
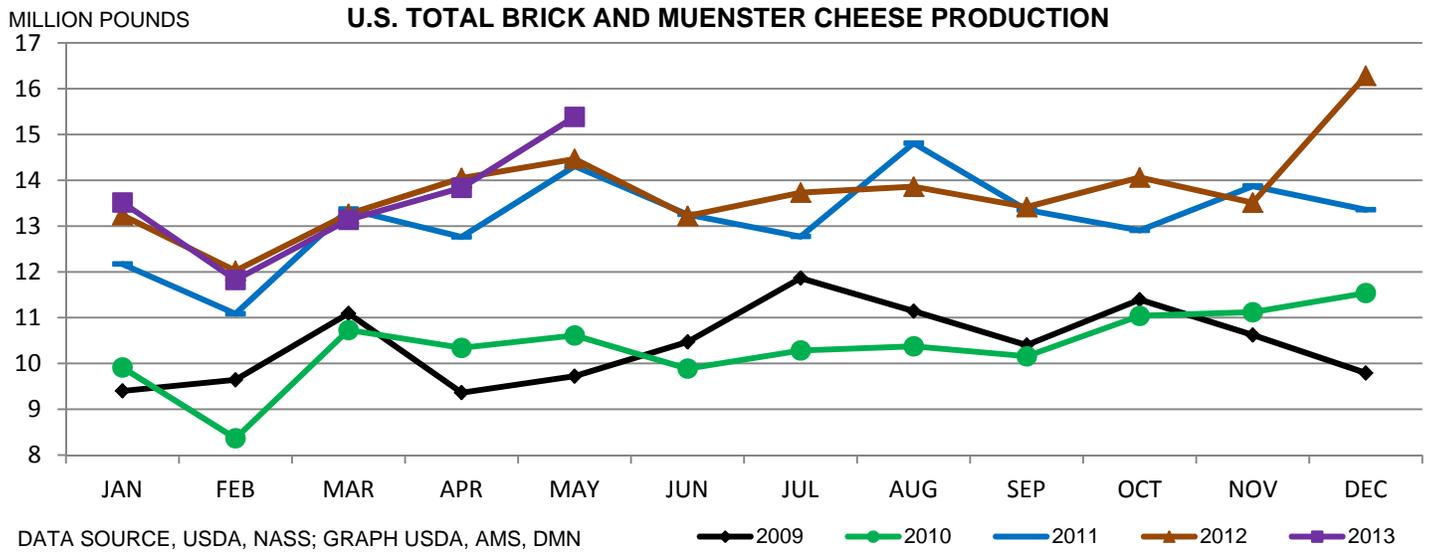
**MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, APRIL 2013, WITH COMPARISONS**

In April 2013, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$19.45 per cwt., up \$0.15 from the March 2013 average, and up \$2.58 from the April 2012 average. The component tests of producer milk in April 2013 were: butterfat, 3.76%; protein, 3.12%; and other solids, 5.75%. On an individual reporting area basis, mailbox prices decreased in five Federal milk order reporting areas and increased in 14 Federal milk order reporting areas when compared to the previous month. Mailbox prices in April 2013 ranged from \$21.73 in Florida to \$17.25 in New Mexico.

Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	April 2012	March 2013	April 2013
	Dollars per hundredweight		
New England States <u>3/</u>	18.03	20.65	20.80
New York	16.90	19.74	19.83
Eastern Pennsylvania <u>4/</u>	17.48	19.90	19.91
Appalachian States <u>5/</u>	17.12	20.08	20.02
Southeast States <u>6/</u>	17.57	20.43	20.26
Southern Missouri <u>7/</u>	15.37	19.00	18.87
Florida	18.71	21.96	21.73
Western Pennsylvania <u>8/</u>	17.33	19.90	19.94
Ohio	17.33	19.83	19.82
Indiana	16.19	19.32	19.33
Michigan	16.25	18.95	18.96
Wisconsin	17.46	19.52	19.65
Minnesota	17.35	19.37	19.63
Iowa	17.19	19.55	19.85
Illinois	17.23	19.67	19.75
Corn Belt States <u>9/</u>	16.22	18.51	18.71
Western Texas <u>10/</u>	15.51	18.11	18.40
New Mexico	14.67	17.01	17.25
Northwest States <u>11/</u>	16.43	18.66	19.22
All Federal Order Areas <u>12/</u>	16.87	19.30	19.45
California <u>13/</u>	14.59	17.05	17.90

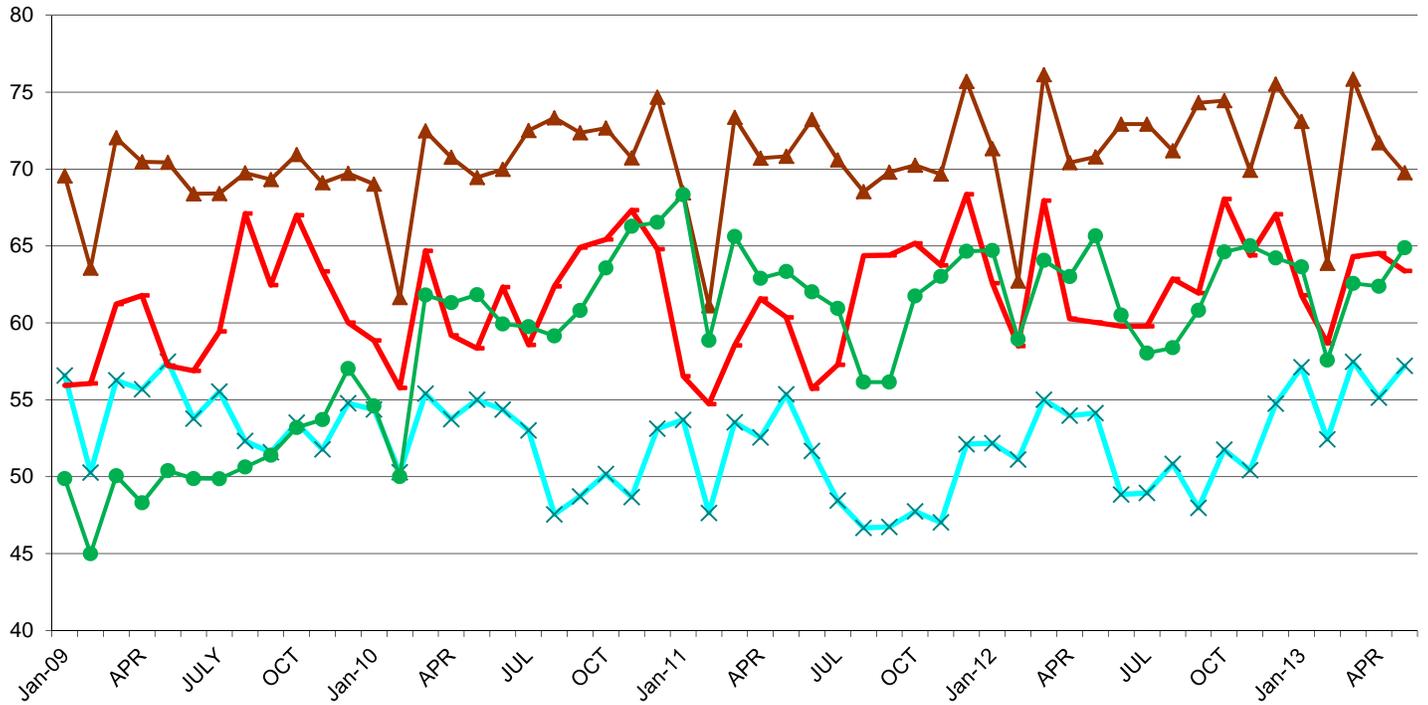
1/ Areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. 2/ Net pay prices received by dairy farmers for milk. Prices reflect all payments received for milk sold and all costs associated with marketing the milk. Prices are weighted averages of the prices reported for all orders receiving milk from the reporting area and are reported at the average butterfat tests. Prices do not include any Milk Income Loss Contract (MILC) payments, but do include, for the most part, the assessment under the Cooperatives Working Together (CWT) program. 3/ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont. 4/ Includes all counties to the east of those listed in 8/. 5/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 6/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 7/ Includes the counties Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry, and all those to the south of these. 8/ The counties of Warren, Elk, Clearfield, Indiana, Westmoreland, and Fayette, and all those counties to the west of these. 9/ Includes Kansas, Nebraska, and the Missouri counties to the north of those listed in 7/. 10/ Includes all counties to the west of Fanin, Hunt, Van Zandt, Henderson, Houston, Cherokee, Nacogdoches, and Shelby. 11/ Includes Oregon and Washington. 12/ Weighted average of prices for all selected reporting areas. California is simple average. 13/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

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



MILLION POUNDS

TOTAL CHEESE PRODUCTION IN IDAHO, MINNESOTA, NEW MEXICO, AND NEW YORK, EXCLUDING COTTAGE CHEESE

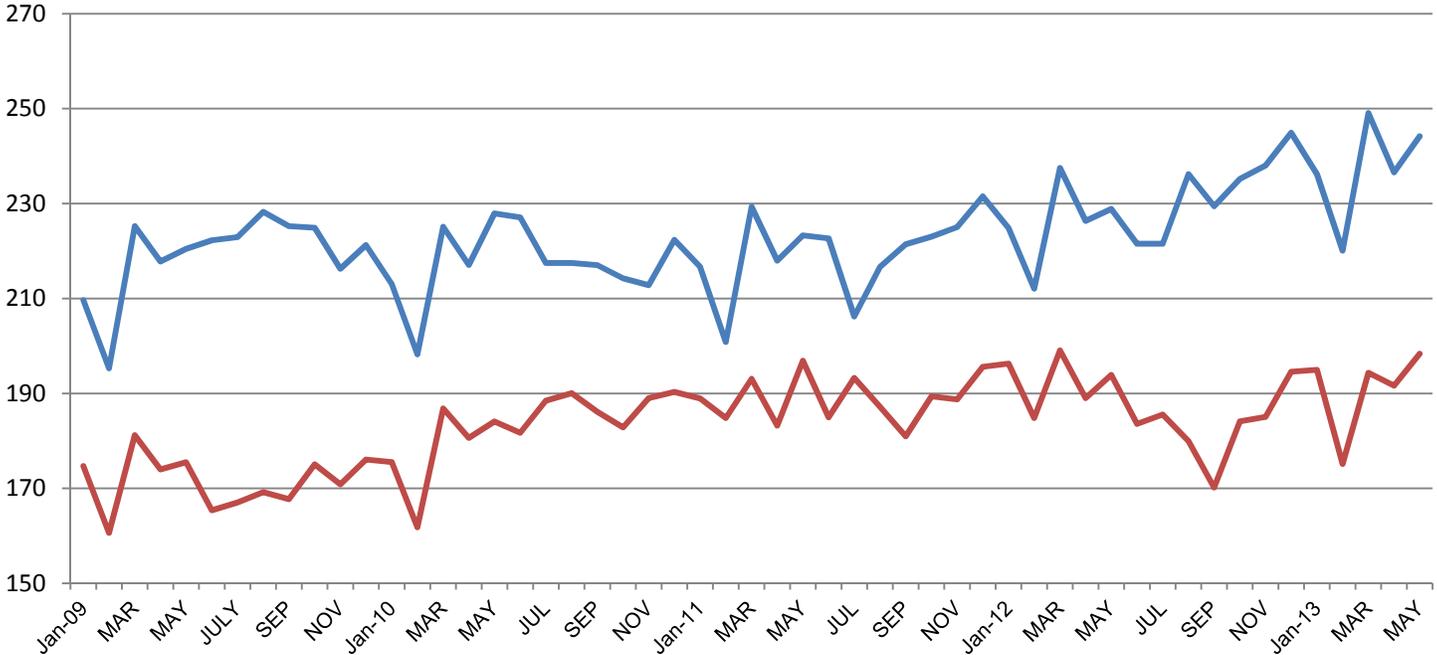


DATA SOURCE, USDA, NASS; GRAPH BY USDA, AMS, DMN

ID MN NY NM

MILLION POUNDS

TOTAL CHEESE PRODUCTION IN WISCONSIN AND CALIFORNIA, EXCLUDING COTTAGE CHEESE



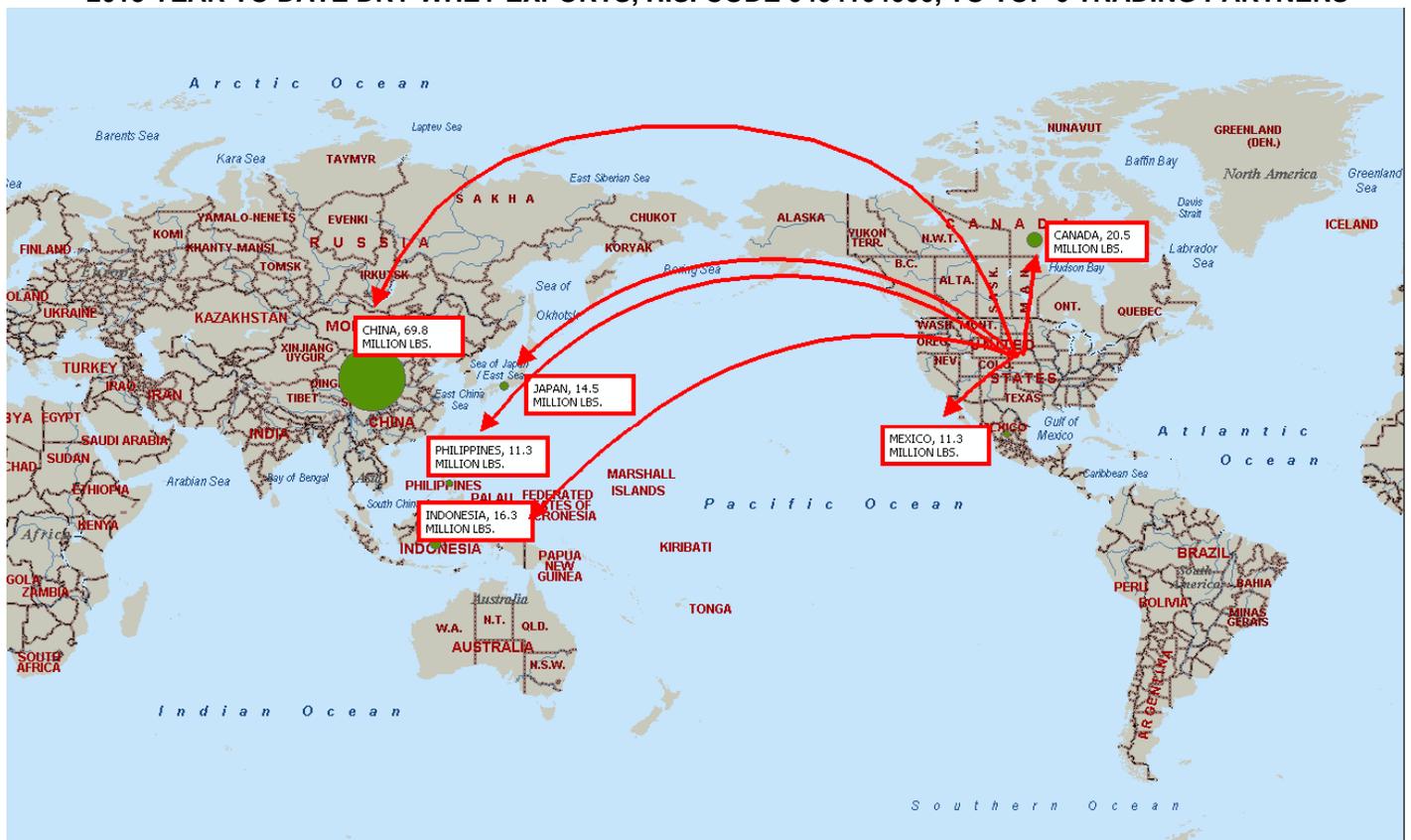
DATA SOURCE, USDA, NASS; GRAPH BY USDA, AMS, DMN

WI CA

2013 YEAR TO DATE LACTOSE EXPORTS, H.S. CODE 1702110000, TO TOP 5 TRADING PARTNERS



2013 YEAR TO DATE DRY WHEY EXPORTS, H.S. CODE 0404104000, TO TOP 6 TRADING PARTNERS



# DAIRY MARKET NEWS

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**GENERAL NUMBER**  
(608) 278-4200

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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 07/01 to 07/12

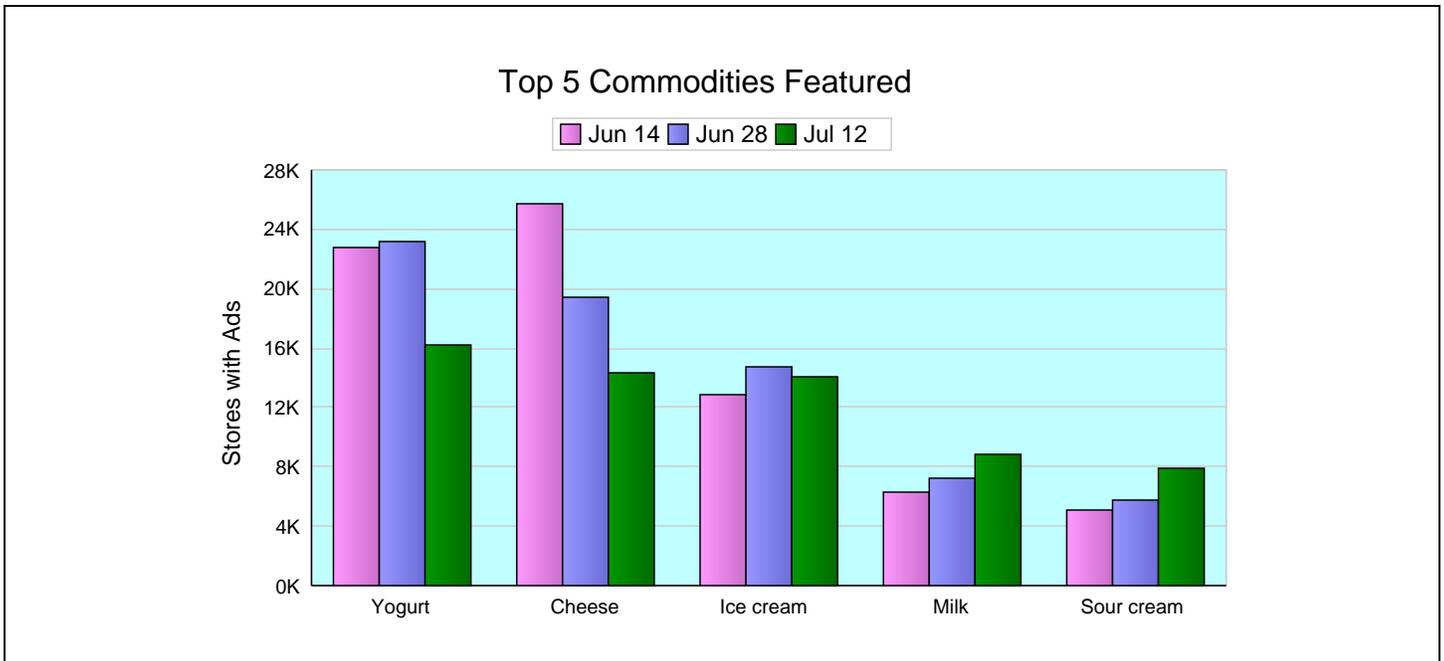
Overall, ad numbers are down 15% from two weeks ago across dairy product categories, likely trailing off after June Dairy month promotions ceased. Ice cream ad features were common this period - July is "Ice Cream Month" - yet the 48-64 oz. category saw a 12% decline from two weeks ago. While not captured, ads also featured numerous ice cream novelties along with other pack sizes, from cups to 5 quart pails. Ice cream in 48-64 oz. containers averaged \$2.92 across all national ads, down 13 cents from two weeks ago and 30 cents less than a year ago. Ads ranged from \$1.50 to \$4.59.

Cheese shreds in 8oz. packages averaged \$2.16, unchanged from two weeks ago and 2 cents lower than one year ago. The price for 8 ounce blocks, at \$2.30, is unchanged from two weeks ago but 3 cents higher than a year ago.

Greek yogurt in 4-6 ounce packs averaged \$1.00, up 1 cent from two weeks ago and equal to the price a year ago. Regular yogurt in 4-6 ounce packs, averaged 47 cents, down 5 cents from two weeks ago and 3 cents lower from a year ago.

The national weighted average butter price is \$2.54 per 1# package. The average is 33 cents lower than two weeks ago but 2 cents higher than a year ago. Butter ad numbers are down 16% from two weeks ago.

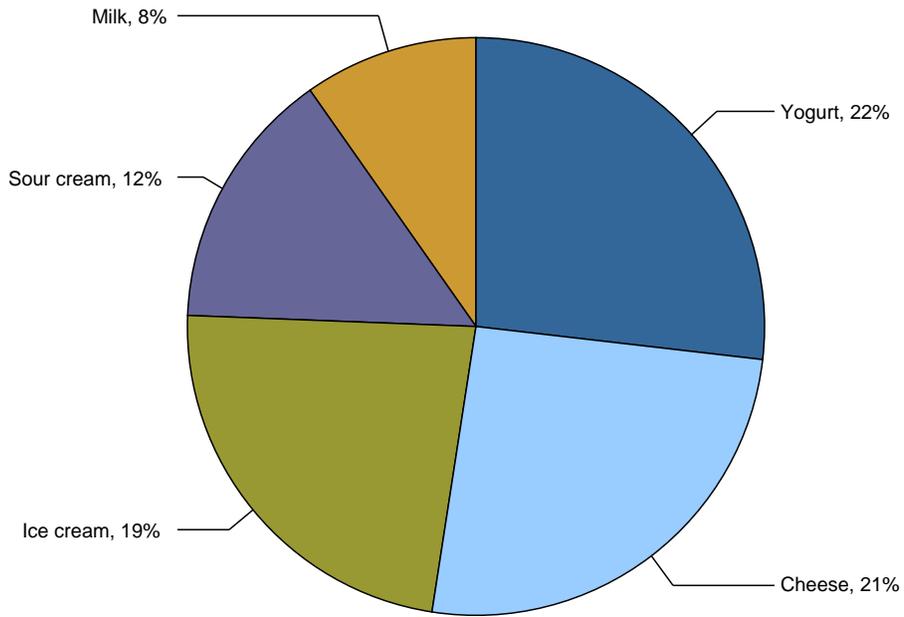
The national weighted average conventional milk price for half gallons, \$2.37, is up 5 cents from two weeks ago. Organic half-gallon milk, at \$3.54, is equal to two weeks ago. The organic-conventional half-gallon price spread is \$1.17, the second lowest value this year.



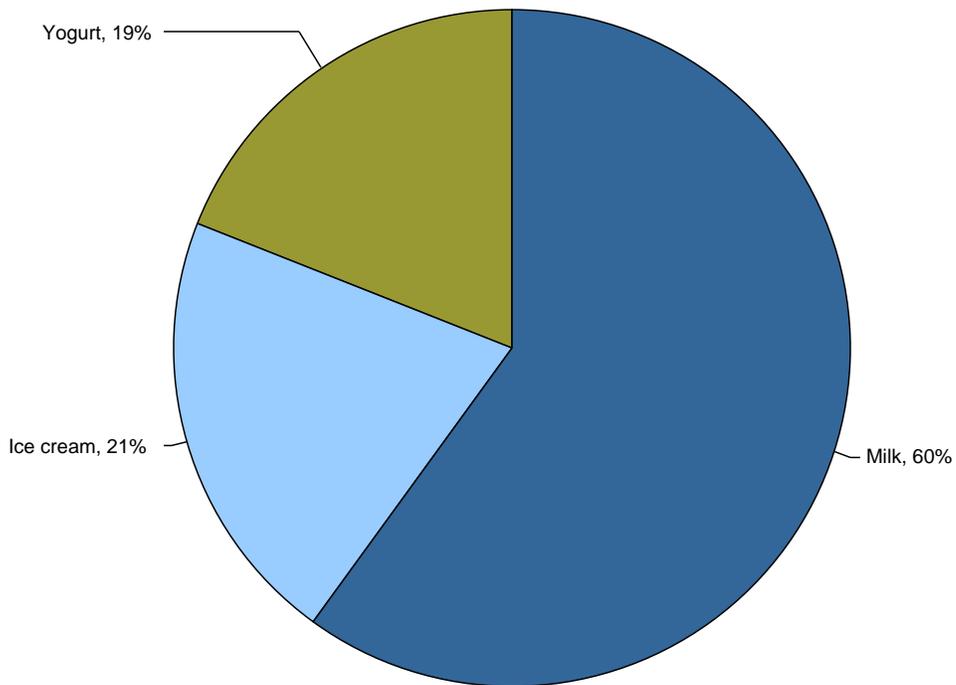
1 -- Dairy Market News surveys nearly 100 retailers, comprising over 14,000 individual stores, with online weekly advertised features.

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		LAST YEAR	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	3444	2.54	4099	2.87	5245	2.52
Cheese	Natural Varieties	8 oz block	5818	2.30	7880	2.30	8739	2.27
Cheese	Natural Varieties	1 # block	1058	3.96	1788	3.59	1475	4.28
Cheese	Natural Varieties	2 # block	257	7.29	1882	6.62	1113	5.93
Cheese	Natural Varieties	8 oz shred	6624	2.16	5989	2.16	11027	2.18
Cheese	Natural Varieties	1 # shred	606	3.72	1895	3.06	881	4.60
Cottage cheese		16 oz	1797	2.07	2530	2.05	2948	1.97
Cream cheese		8 oz	5213	1.82	7015	1.60	7285	1.46
Flavored milk	All fat tests	half gallon	362	2.21	845	2.42	797	2.23
Flavored milk	All fat tests	gallon	439	3.99	244	3.89	1030	3.82
Ice cream		48-64oz	12874	2.92	14684	3.05	20663	3.22
Milk	All fat tests	half gallon	1231	2.37	754	2.32	3028	1.97
Milk	All fat tests	gallon	4176	2.89	2023	2.78	5536	2.67
Sour cream		16 oz	7872	1.66	5805	1.54	6162	1.50
Yogurt	Greek	4-6 oz	7667	1.00	9764	.99	11483	1.00
Yogurt	Greek	32 oz	62	3.99	176	3.99	546	3.34
Yogurt	Yogurt	4-6 oz	6598	.47	9894	.52	11840	.50
Yogurt	Yogurt	32 oz	848	2.35	1319	2.33	722	2.44

## 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 #	1.88-3.50	1143	2.90	1.98-3.49	1268	2.30	1.79-2.89	673	2.24
Cheese	Natural Varieties	8 oz block	1.88-3.50	2309	2.39	2.00-3.00	1132	2.31	2.00-3.50	915	2.40
Cheese	Natural Varieties	1 # block	3.99	184	3.99	3.99	177	3.99	3.99	165	3.99
Cheese	Natural Varieties	8 oz shred	1.99-3.79	1736	2.41	1.67-2.50	1309	2.19	1.66-2.50	1398	2.09
Cottage cheese		16 oz	1.99-2.99	831	2.16	2.00	409	2.00	1.99-2.00	262	2.00
Cream cheese		8 oz	1.39-2.50	1560	2.00	1.00-2.29	1554	2.07	1.25-2.00	783	1.50
Flavored milk	All fat tests	half gallon	2.39-2.99	188	2.82				1.59	94	1.59
Flavored milk	All fat tests	gallon	3.99	128	3.99	3.99	195	3.99			
Ice cream		48-64oz	1.50-4.59	3658	2.91	1.99-4.50	2093	3.23	1.99-3.50	2147	2.77
Milk	All fat tests	half gallon	1.89	128	1.89	2.50	1023	2.50			
Milk	All fat tests	gallon	3.48-3.99	796	3.74	1.99-3.59	400	2.99	1.99-2.50	996	2.46
Sour cream		16 oz	1.25-1.99	2482	1.64	1.25-2.50	2424	1.69	1.88-2.00	685	1.96
Yogurt	Greek	4-6 oz	0.80-1.33	3125	1.01	0.80-1.00	1250	.97	0.79-1.00	1175	.97
Yogurt	Greek	32 oz	3.99	62	3.99						
Yogurt	Yogurt	4-6 oz	0.33-0.60	2505	.49	0.34-0.50	2459	.48	0.33-0.50	990	.44
Yogurt	Yogurt	32 oz	2.00-2.99	301	2.41				1.98-2.50	262	2.12

Wtd Avg - Simple weighted average



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 #	1.98	53	1.98	2.29-3.49	257	3.07	2.50	50	2.50
Cheese	Natural Varieties	8 oz block	1.67-2.50	464	2.03	1.48-2.99	880	2.17	2.00	118	2.00
Cheese	Natural Varieties	1 # block	3.99	202	3.99	2.99	128	2.99	4.49	202	4.49
Cheese	Natural Varieties	2 # block				5.99-7.99	257	7.29			
Cheese	Natural Varieties	8 oz shred	1.77-2.50	890	1.97	1.48-2.50	975	2.03	1.79-2.00	316	1.95
Cheese	Natural Varieties	1 # shred				2.99-3.50	404	3.34	4.49	202	4.49
Cottage cheese		16 oz				1.99	295	1.99			
Cream cheese		8 oz	1.50	376	1.50	1.19-1.99	860	1.51	1.50	80	1.50
Flavored milk	All fat tests	half gallon							1.50	80	1.50
Flavored milk	All fat tests	gallon				3.99	116	3.99			
Ice cream		48-64oz	1.89-4.49	1640	2.98	1.99-3.88	2458	2.78	2.49-4.29	878	2.80
Milk	All fat tests	half gallon							1.50	80	1.50
Milk	All fat tests	gallon	1.99-3.00	458	2.51	1.79-3.39	976	2.86	2.59-2.99	550	2.74
Sour cream		16 oz	1.00-2.00	920	1.51	0.99-1.99	1151	1.59	1.00-1.99	210	1.61
Yogurt	Greek	4-6 oz	1.00	405	1.00	1.00	1116	1.00	1.00	596	1.00
Yogurt	Yogurt	4-6 oz	0.50	255	.50	0.50	271	.50	0.33	118	.33
Yogurt	Yogurt	32 oz	2.50	118	2.50	2.50	167	2.50			

### NATIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		TWO WEEKS AGO		LAST YEAR	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #			89	3.99		
Cream cheese		8 oz					32	3.00
Ice cream		48-64oz	1166	3.81			87	4.49
Milk	All fat tests	half gallon	3141	3.54	3925	3.54	1331	3.93
Milk	All fat tests	gallon			360	5.45	230	5.10
Milk	All fat tests	8 oz UHT	283	1.00	125	.80	583	1.00
Sour cream		16 oz					56	4.49
Yogurt	Greek	4-6 oz	453	1.00	611	1.00	87	1.25
Yogurt	Greek	32 oz			235	2.99		
Yogurt	Yogurt	4-6 oz	228	.88	408	.65	390	.82
Yogurt	Yogurt	32 oz	413	3.19	828	2.50		

### REGIONAL -- ORGANIC 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
Ice cream		48-64oz				3.50	1023	3.50			
Milk	All fat tests	half gallon	3.49-3.99	860	3.79	2.99-3.89	287	3.42	3.59-3.89	339	3.72
Milk	All fat tests	8 oz UHT							1.00	165	1.00
Yogurt	Greek	4-6 oz	1.00	56	1.00	1.00	397	1.00			
Yogurt	Yogurt	4-6 oz	0.60	63	.60				0.99	165	.99
Yogurt	Yogurt	32 oz	2.99	235	2.99				3.00	98	3.00

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
Ice cream		48-64oz				5.99	143	5.99			
Milk	All fat tests	half gallon	2.79-3.49	536	3.05	3.49-3.99	623	3.77	2.99-3.49	496	3.29
Milk	All fat tests	8 oz UHT							1.00	118	1.00
Yogurt	Yogurt	32 oz							3.99	80	3.99

Notice: Effective with Report 12, 2013, the tables breaking out information by national and store brands are no longer available.

#### 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