

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (7/19):**

BUTTER: Grade AA closed at \$1.4900. The weekly average for Grade AA is \$ 1.4850 (-.0185).

CHEESE: Barrels closed at \$ 1.7400 and 40# blocks at \$ 1.7475. The weekly average for barrels is \$ 1.6810 (+.0190) and blocks, \$1.6980 (+.0260).

BUTTER HIGHLIGHTS: Western butter markets are unsettled with little clear direction. Butter stocks remain heavy. Hot weather across the West is affecting both available milk supplies and butterfat levels. Cream multiples are steady to firm in the face of tighter supplies. Central butter production is steady at most locations this week. Various churn operators indicate cream multiples are not necessarily tempting them to sell spot cream into the market. Northeast butter production has declined due to a number of factors. Declining milk production, lower butterfat levels, increased Class II cream demand and seasonal maintenance on some churns have combined to significantly reduce butter production. Domestic demand for butter is steady for this time of year, but export interest remains fairly good with some butter makers continuing to fill 82% butter orders. Northeast bulk butter prices for this week are 4-6 cents over the market while in the West, bulk butter prices range from 3 cents under to 6 cents under the market. Cooperatives Working Together (CWT) recently announced acceptance of export assistances bids for 3.5 million pounds of butter. The butter is slated for export to the Asia, Europe, the Middle East, and North Africa from July through December 2013. This brings the year to date butter export assistance to 56.9 million pounds.

CHEESE HIGHLIGHTS: Cheese prices continue mixed on spot trading again this week. Wholesale prices are higher following weekly average increases at the CME Group. Activity amongst buyers has increased as hedging opportunities improved. Although stocks of cheese are plentiful, some buyers feel that cheese production may slow down as milk supplies tighten due to the heat. Hot weather across much of the country is lowering milk production and lowering component levels. Export demand is reported to be good and is being assisted by the CWT program. This week they accepted bids on 4.4 million pounds for delivery this year. Total assistance so far for 2013 amounts to 72.2 million pounds. Trading at the CME Group on Friday was active with buyers looking to purchase. Barrels closed at \$1.7400, up 9 cents from last Friday. Blocks closed the week at \$1.7475, up 7.25 cents from last Friday's close.

FLUID MILK: Milk production across the nation continues to decline seasonally as summer advances. Central region milk handlers noted the farm milk pickup volumes trending lower as temperatures in that area topped 90 degrees during the latest bout of high daytime readings.

Rejected milk loads, for temperature readings, are popping up occasionally, but most milk handlers report milk loads are successfully finding manufacturing room. Bottling use is mostly steady, but many bottlers note they are on the cusp of strong demand for fluid milk for schools. Class II demand is still within the traditional July high volume usage pattern, catering to frozen dessert and aerated cream production. Cream supplies are tighter throughout the country as butterfat components slide lower due to heat stress on milking herds.

DRY PRODUCTS: Nonfat dry milk prices continue to garner support in the domestic and international markets. Stateside production is declining as manufacturing milk supplies decrease due to challenges to cow comfort. Dry buttermilk prices are steady to higher as demand skips ahead of near term supplies. Interregional transportation considerations/costs are shifting some demand from one region to another. Dry whey prices are uneven. The East region managed increases on both ends of the range, the Central is unchanged, and the West mostly is lower and higher. Most participants indicated the whey market is waiting for new information to prompt significant price movement. Whey protein concentrate 34% prices gained fractionally on the bottom of the mostly. Inventories at manufacturers are tight, prompting price enhancement for the F.O.B. spot loads clearing into the marketplace. Lactose prices on the shifted one-half cent higher on the bottom of the mostly price range. Production is generally lower as manufacturing milk supplies decline seasonally.

INTERNATIONAL DAIRY MARKET NEWS (DMN): WESTERN AND EASTERN EUROPE – WESTERN OVERVIEW:

Milk output is declining along seasonal expectations in Western Europe, but weather is not a real factor now in hastening the decline. Some countries, especially France, seem to be bouncing back quite well. Feed supplies are better and margins are improving with better prices for milk. Other countries are also narrowing the gap caused by the inclement spring weather. Pasture and forage growth are positive for this season. Currently, internal demand is being called a better option than exporting. Export competition is strong, limiting volumes moving from Europe. Domestic sales are good. The current Holiday season is impacting the product mix somewhat, which is typical. Butter movements into the Private Storage Assistance (PSA) program are at 69,000 MT, down about 40% from the previous year. **EASTERN OVERVIEW:** Eastern European milk production is declining seasonally, but at the expected rate.

Continued on page 1A

*****SPECIALS THIS ISSUE*****

INTERNATIONAL DAIRY MARKET NEWS (PAGES 8-8B)
DAIRY FUTURES (PAGES 9)AUGUST FEDERAL ORDER ADVANCE PRICES (PAGE 10)
DAIRY GRAPHS (G1)CME GROUP CASH TRADING

COMMODITY	MONDAY JUL 15	TUESDAY JUL 16	WEDNESDAY JUL 17	THURSDAY JUL 18	FRIDAY JUL 19	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.6450 (-.0050)	\$1.6500 (+.0050)	\$1.6800 (+.0300)	\$1.6900 (+.0100)	\$1.7400 (+.0500)	:: (+.0900)	:: \$1.6810 (+.0190)
40# BLOCKS	\$1.6750 (N.C.)	\$1.6750 (N.C.)	\$1.6925 (+.0175)	\$1.7000 (+.0075)	\$1.7475 (+.0475)	:: (+.0725)	:: \$1.6980 (+.0260)
NONFAT DRY MILK							
EXTRA GRADE	\$1.7250 (N.C.)	\$1.7300 (+.0050)	\$1.7300 (N.C.)	\$1.7300 (N.C.)	\$1.7300 (N.C.)	:: (+.0050)	:: \$1.7290 (+.0130)
GRADE A	\$1.7500 (N.C.)	\$1.7525 (+.0025)	\$1.7550 (+.0025)	\$1.7550 (N.C.)	\$1.7750 (+.0200)	:: (+.0250)	:: \$1.7575 (+.0140)
BUTTER							
GRADE AA	\$1.4800 (+.0200)	\$1.4825 (+.0025)	\$1.4825 (N.C.)	\$1.4900 (+.0075)	\$1.4900 (N.C.)	:: (+.0300)	:: \$1.4850 (-.0185)

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

Continued from page 1

Weather stress at this time is minimal. Farmers are responding to the higher milk prices by making short run decisions to bolster milk output as best they can. Some of the milk output lost this spring is being made up now. Plants are running efficiently and they are moving milk to operations offering the best return. **OCEANIA OVERVIEW: AUSTRALIAN** milk output is near the seasonal low point. Early estimates are for a fair to good start to the new season. Some stress issues are still noted from last year's drought. Some reports are coming in of cattle that didn't settle because of all the stress they were under last year. There are no estimates yet about what impact this might have on the new production year. New year milk prices continue to be announced and they are giving milk producers more confidence about the new year also. Currency relationships are also helping with export opportunities. **NEW ZEALAND** is still experiencing issues related to the drought at the end of the last production season. Feed and forage prices are very high as milk producers were forced to use winter feed stocks much earlier than normal with no real replacements at hand. Moisture conditions have improved greatly, but conditions are too cold for any pasture use at this time with any real feed value. Some areas actually have some surplus moisture at this time. Supplies of dairy products are currently light, just before the real start of the new production season. Negotiations are starting for next season's supplies. **gDT:** For the July 16 gDT session #96, the all contracts price averages (US\$ per MT) and percent changes from the previous average are: anhydrous milk fat, \$4,742 +3.6%; butter, \$3,693 -0.3%; buttermilk powder, \$4,826 +4.8%; cheddar cheese, \$4,475 +2.1%; lactose, not traded; milk protein concentrate, not traded; rennet casein, \$9,744 -5.0%; skim milk powder, \$4,566 +3.3%; and whole milk powder, \$5,058 +7.7%.

AUGUST FEDERAL MILK ORDERS ADVANCE PRICES (FMMO): Under the Federal milk order pricing system, the base Class I price for August 2013 is \$18.88. This price is derived from the advanced Class IV skim milk pricing factor of \$13.77 and the advanced butterfat pricing factor of \$1.5969. 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 July 2013, the base Class I price decreased \$0.03. For selected consumer products, the price changes are: whole milk (3.25% milk fat), -\$0.01 per cwt., -\$0.001 per gallon; reduced fat milk (2%), \$0.10 per cwt., \$0.009 per gallon; fat-free (skim milk), \$0.23 per cwt., \$0.020 per gallon. The advanced Class IV skim milk pricing factor is \$13.77. Thus, the Class II skim milk price for August is \$14.47, and the Class II nonfat solids price is \$1.6078. The two-week product price averages for August are: butter \$1.4902, nonfat dry milk \$1.7131, cheese \$1.7201, and dry whey \$0.5769.

CME GROUP

MONDAY, JULY 15, 2013

CHEESE -- SALES: 2 CARS BARRELS @ \$1.6450; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.6800
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE A @ \$1.7500; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 3 CARS GRADE AA: 1 @ \$1.4625, 1 @ \$1.4725, 1 @ \$1.4800; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, JULY 16, 2013

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.6750; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.6500; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR EXTRA GRADE @ \$1.7300; 1 CAR GRADE A @ \$1.7525; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.8000
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.4825; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4800; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.4875

WEDNESDAY, JULY 17, 2013

CHEESE -- SALES: 9 CARS BARRELS @ \$1.6725; 8 CARS 40# BLOCKS: 1 @ \$1.6775, 1 @ \$1.6800, 1 @ \$1.6825, 1 @ \$1.6850, 1 @ \$1.6875, 1 @ \$1.6900, 2 @ \$1.6925; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.6800; 1 CAR 40# BLOCKS @ \$1.6925; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.7550; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.8000
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4800; LAST OFFER UNCOVERED: NONE

THURSDAY, JULY 18, 2013

CHEESE -- SALES: 3 CARS BARRELS @ \$1.6900; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.6900; 2 CARS 40# BLOCKS @ \$1.7000; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 4 CARS GRADE AA: 2 @ \$1.4800, 1 @ \$1.4850, 1 @ \$1.4900; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4500; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.4975

FRIDAY, JULY 19, 2013

CHEESE -- SALES: 4 CARS BARRELS: 1 @ \$1.7150, 1 @ \$1.7425, 2 @ \$1.7400; 4 CARS 40# BLOCKS: 3 @ \$1.7150, 1 @ \$1.7350; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.7350; 1 CAR 40# BLOCKS @ \$1.7475; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 3 CARS GRADE A: 2 @ \$1.7700, 1 @ \$1.7750; LAST BID UNFILLED: 2 CARS GRADE A @ \$1.7750; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.7850
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.4950

BUTTER MARKETS

NORTHEAST

The butter price on the CME Group increased \$0.0025 Tuesday and closed at \$1.4825. Butter prices have rebounded \$0.0225 this week, after declining \$0.0650 last week. Butter production has declined due to a number of factors. Declining milk production, lower butterfat levels, increased Class II cream demand and seasonal maintenance on some churns have combined to significantly reduce butter production. As cream supplies have declined, a number of plants are looking to finish up their remaining orders and then taking some down time over the next couple of weeks to complete yearly maintenance projects. Domestic demand for butter is steady for this time of year, but export interest remains fairly good with some butter makers continuing to fill 82% butter orders. 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. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 3.522 million pounds (1,598 metric tons) of butter. The product will be delivered July through December 2013. During 2013, CWT has assisted member cooperatives in making export sales of butter totaling 56.907 million pounds.

CENTRAL

Central butter production is steady at most locations this week. Various churn operators indicate cream multiples are not necessarily tempting them to sell spot cream into the market. Instead, some market participants anticipate the butter market may firm during the balance of the year and offer decent returns. Other plants are churning to meet international orders. Demand from Class II plants on contract bases are seasonally strong and keeping some cream out of churns. At the CME Group, trading brought gains of \$0.0225 through Wednesday.

Cooperatives Working Together (CWT) recently announced acceptance of export assistances bids for 3.5 million pounds of butter. The butter is slated for export to the Asia, Europe, the Middle East, and North Africa from July through December 2013. This brings the year to date butter export assistance to 56.9 million pounds.

WEST

Western butter prices are mostly steady with marginal changes due to contract prices tied to various indices. Butter markets are unsettled with little clear direction. Butter stocks remain heavy. Hot weather across the West is affecting both available milk supplies and butterfat levels. Cream multiples are steady to firm in the face of tighter supplies. Ice cream demand is good with the hot weather and churns are taking advantage of the opportunity to sell more cream. Bulk butter inventories are in a more manageable position as churns look to increase print manufacturing for upcoming needs. Sales of butter into retail and club stores are reported very good with some buyers looking to increase orders where possible. Export demand is good as prices are competitive with international markets. The CWT program assisted with sales of 3.5 million pounds of butter this week into the export market. Butter prices at the CME Group exchange on Wednesday are unchanged, closing at \$1.4825. Prices staged a small rally early in the week after last week's lower close. Prices gained back nearly half of last week's loss in the first two days. 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.

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 13, 2013	1.5182 4,541,887	1.7065 11,666,354	1.6864 10,508,081	0.5735 9,032,066	1.7189 18,946,768

CHEESE MARKETS

NORTHEAST

Cheese prices were mixed on the CME Group Tuesday with barrels increasing \$0.0050 to close at \$1.6500, while blocks were unchanged and closed at \$1.6750. Barrel prices on the CME have changed daily since the July 4th holiday with some significant price swings, while trading between \$1.6425 and \$1.6850. Block price changes have been less volatile with prices ranging from \$1.6625 to \$1.6750. Last week's average cheese prices on the CME Group increased, and as a result, wholesale prices for cheddar blocks, Muenster and Process 5# sliced cheese increased \$0.0150. Wholesale prices for Swiss cuts were unchanged. Cheese production is mixed in the region with some declines in production due to the downturn in off farm milk production. Other plants, wishing to do so, are able to maintain production at previous levels. Those cheese manufacturers with aging programs are more inclined to maintain current rates of production, due to the relatively low price of milk. Cheddar cheese sales remain good, while mozzarella sales have slowed. Most cheese makers in the region are comfortable with their current inventories. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 4.398 million pounds (1,995 metric tons) of Cheddar and Monterey Jack cheese. The product will be delivered July through December 2013. During 2013, CWT has assisted member cooperatives in making export sales of cheese totaling 72.155 million pounds.

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

Cheddar 40# Block	: 2.0725-2.3575
Process 5# Sliced	: 1.8825-2.3625
Muenster	: 2.0925-2.4525
Grade A Swiss Cuts 10 - 14#	: 3.5700-3.8925

MIDWEST

Whether Midwest heat in the 90's with high humidity stays for long, it is here now and cows are suffering. Milk production is dropping, as are components. None of these facts occurring during mid-July is a surprise. Milk is not in short supply for cheesemakers but supplies are tighter. Spot milk prices are moving up, now up to about \$2.00 over class. Not many cheesemakers are opting to purchase spot milk at this time, but some are. In certain situations, cheesemakers with dedicated milk supplies are opting to use some milk to make Nonfat Dry Milk. This is a business decision related to expectations for prices of the two products factored by production and storage costs. There were reports of more buyers for cheese as last week progressed. Cheese manufacturers reported that a number of buyers who had held back, began to act on the expectation that cheese prices were likely to trend up as summer progressed. CME prices this week on Wednesday moved up 3 cents for Barrels (to \$1.6800) and \$.0175 for Blocks (to \$1.6975). Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 4.398 million pounds (1,995 metric tons) of Cheddar and Monterey Jack cheese and 3.522 million pounds (1,598 metric tons) of butter to customers in Asia, Europe, the Middle East and North Africa. The product will be delivered July through December 2013. Year-to-date, CWT has assisted member cooperatives in selling 72.155 million pounds of cheese.

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

Process American 5# Loaf	: 1.8600-2.5650
Brick And/Or Muenster 5#	: 2.0575-2.5050
Cheddar 40# Block	: 2.0575-2.9300
Monterey Jack 10#	: 2.0275-2.9350
Blue 5#	: 2.3200-3.3075
Mozzarella 5 - 6# (Low Moisture, Part Skim)	: 1.9000-3.0350
Grade A Swiss Cuts 6 - 9#	: 3.0900-3.2075

WEST

Western wholesale cheese prices were higher this week as the CME Exchange weekly average was higher for both barrels and blocks last week. The cheese market has been uneven over the past few weeks. Hot weather across much of the West this week continues to negatively impact milk production. Less milk is available for manufacturing and component levels are reduced to add to the tighter supply. As the hot weather covers more of the country this week, buyers are looking to secure additional supplies to add to their inventory. Export demand is also said to be good. The CWT program assisted with sales of 4.4 million pounds of cheese this week for delivery internationally between July and December 2013. Cheese prices at the CME Group on Wednesday closed higher with barrels \$.0300 higher at \$1.6800. Blocks closed up \$.0175 at \$1.6925. Barrels began the week lower, but have gained 3.5 cents over the last two sessions. Blocks had been steady early in the week and joined barrels higher on Wednesday. Sales activity at the exchange was moderately heavy on Wednesday with 9 loads of barrels and 8 loads of blocks changing hands.

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

Process 5# Loaf	: 1.7900-2.0475
Cheddar 40# Block	: 1.7925-2.1450
Cheddar 10# Cuts	: 1.9725-2.1925
Monterey Jack 10#	: 1.9825-2.1425
Grade A Swiss Cuts 6 - 9#	: 3.1475-3.5775

FOREIGN

The CME Group weekly average block price increased last week, halting 3 weeks of declines. The increase raised domestic wholesale foreign type cheese prices by \$0.0150. The prices for domestic Swiss cuts and import cheeses were unchanged. Cheese importers are bracing themselves for price increases come August and September, when milk prices paid to producers are scheduled to increase in the EU.

CONTINUED ON PAGE 3A

CHEESE MARKETS

CONTINUED FROM PAGE 3

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.2125-3.7000*
Gorgonzola	: 3.4900-6.4700	: 2.7150-3.1700*
Parmesan (Italy)	: -0-	: 3.6025-5.6925*
Provolone (Italy)	: -0-	: 2.2550-2.4125*
Romano (Cows Milk)	: -0-	: 3.4025-5.5525*
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.

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

BUTTER : CHEESE

	:	
07/15/13	19,574	: 115,840
07/01/13	18,346	: 116,805
CHANGE	1,228	: -965
% CHANGE	7	: -1

FLUID MILK AND CREAM

EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	42	0	70	0	39
SOUTHEAST STATES	0	0	0	0	0	0

Balancing plant milk supplies are showing significant declines due to the combination of lower milk production and increased demand from Class II dairy manufacturers. Frequent rains have been replaced by hot, humid weather covering much of the Northeast and Mid-Atlantic regions. Though a majority of crop and pasture conditions are rated as good to excellent, there is increasing concern regarding the quality of the alfalfa and hay harvests. Wet field conditions over the past few weeks have delayed harvest activities and lowered the quality of the alfalfa and hay harvested. The second cutting of alfalfa in New York is 34% complete, compared to 67% a year ago with Pennsylvania 50% complete, compared to 93% a year ago. The quality of hay made in New York is 36% fair and 50% good to excellent, while Pennsylvania's hay quality is rated as 47% fair and 35% good to excellent. Much of the hay in both states waiting to be harvested is beyond the optimal time for harvest and will likely add to the fair quality percentage. Florida milk production continues to decline as a number of producers are drying off cows, which is typical for this time of year. Exported spot loads were down to 42 loads this week with the anticipation that zero loads will be exported next week. Class I demand marginally increased, compared to last week. Hot humid weather in the Southeast region is reducing cow comfort levels and milk production. Supplies are nearly in balance with Class I demand, with only a few loads going to manufacturing facilities. Load rejections due to temperature issues are not the problem they were a couple of weeks ago. Cream supplies are declining due to lower milk production and lower butterfat levels. Demand remains very active with strong pulls from ice cream and cream cheese manufacturers. Supplies are nearly in balance with need with very limited supplies going to Class IV production. **Cream multiples for all Classes** were about steady with last week and range 1.30-1.40. **Condensed skim** demand has increased while supplies have declined. Class IV production has been reduced substantially this week with some manufacturers drying for only a few days. Increased demand for condensed skim has pushed spot sales higher, with most sales 10-15 over class.

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 - 1.9546-2.1049
 F.O.B. producing plants: Upper Midwest - 2.0297-2.1049

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:
 Northeast - Class II - includes monthly formula prices - 1.68 - 1.73
 Northeast - Class III - spot prices - 1.51 - 1.56

MIDWEST

Daytime temperatures in the mid to upper 90's blanketed the Central region this week. Some relief arrives with nighttime temperatures in the 70's, but most areas are hoping for a break in the current weather patterns by the weekend. At that point, high temperatures should top out in the mid 70's. Milk production is decreasing in step with the high temperatures. Orders from bottlers are steady for the week. A few slightly high temperature loads had to be swapped out, but handlers report most of those swapped loads headed into cheese manufacturing. Interest in spot loads of milk is higher for the week from Class III plants. Prices are reported as firmly in Class plus territory now, with prices for the week topping at \$2.00 over Class. Spot load availability is reportedly higher for the week as one or two cheese plants with manufacturing issues sent milk loads to the spot market. Cheese manufacturers indicate butterfat and protein components are heading lower and affecting cheese vat yields. Butter/powder plant operators note the same changes in milk properties are affecting Class IV yields. Plant operators, though, are favoring NDM production over cheese due to perceived near to mid-term strength in the NDM markets. Cream availability is tighter for the week. Class II cream multiples shifted higher on the bottom of the range while the top is unchanged. **The full range is 1.35 - 1.40 for the week.** Some churn operators continue to look for cream loads, but are price sensitive. Class II manufacturers indicate orders for soft serve mix from several family style restaurants are currently active and orders are expected to run through Labor Day weekend for some proprietary recipes. Cream availability from the West/Mountain states is tighter. Cream sales into Class II for novelty uses, such as cream puff sales at local fairs, are seasonally active, especially in the North Central area. Interest in spot loads of milk is higher for the week from Class III plants. Prices are reported as firmly in Class plus territory now, with prices for the week topping at \$2.00 over Class. Pooling decisions for the year are being considered by many milk handlers. Crop progress reports in the Central region are varied. Wheat harvesting is ongoing, moving from South to North. Sorghum cutting is underway in the South. Corn acres are showing the effects of high daytime temperatures and lack of moisture. Observers note some leaves are curling on corn plants on high ground. Soybeans are also showing heat stress. Dairy operators in some areas are harvesting roadside grasses to supplement forage supplies.

WEST

CALIFORNIA milk production has flattened out and is closer to steady. Cooler weather early in the week helped to break temperatures briefly. Hot weather is expected to return late in the week though. While the cooler temperatures made for more comfortable cows, milk production levels had little time to recover. Production decreases of 8-15% have been reported over the past few weeks. Tighter supplies of milk are causing milk to move to plants with best returns. ARIZONA milk supplies are

FLUID MILK AND CREAM

Continued from page 4

reduced due to hot weather, but supplies are adequate to maintain most production schedules. Temperatures are not unexpected and most dairies have adequate heat abatement procedures. The beginning of the "monsoon" season has arrived and increased humidity levels are expected to hinder milk production. Some areas of the state saw brief but heavy rains. Processors report no significant problems with handling of the milk supply. NEW MEXICO milk supplies are reduced but at expected levels. Increasingly humid weather has arrived and is making it more difficult to keep cows comfortable. Milk component levels are lower due to heat stress. CREAM markets firmed this week as Class II plants are operating busy schedules. Cream supplies are reported to be tightening. Butter manufacturers in some cases are taking advantage of increased cream demand to sell cream rather than churn more butter. At the CME Group, Grade AA butter prices closed at \$1.4825 on Wednesday, July 17, 3 cents lower than the previous week. Cream multiples are firmer, ranging from 1.15 to 1.32, and vary depending on class usage and basing points. The hot weather has made movement of cream more difficult if long distances are required. Milk production in the PACIFIC NORTHWEST is mostly steady with recent weeks. Temperatures broke briefly, but hot weather is expected to return to much of the area. Milk handlers reported no serious problems handling current supplies. Milk continues to move to plants with best returns to maximize usage of the available milk supply. The hot dry weather allowed for harvesting of hay with second cutting proceeding. UTAH and IDAHO temperatures were in the 90's with some thunderstorms reported. Milk levels are steady to lower due to the warm weather. Component levels are lower due to the heat and reducing manufacturing efficiencies. Irrigated fields of corn are beginning to tassel and the beginning of third crop hay harvest has begun. Some canal companies are reported to be starting to shut water off in dry areas.

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: The market tone is firming on nonfat dry milk and prices in the Central region stepped higher on the range and mostly series. Brokers and traders note interest remains light for anything beyond solitary loads, but some concern is emerging regarding near term F.O.B. spot market availability. There is a short window of opportunity in the next few weeks for manufacturers to build up nonfat dry milk inventories for contract fulfillment. However, the recent bout of 90 plus daytime temperatures has decreased farm milk production and manufacturing milk availability. In addition, the build-up in Class I orders is anticipated in mid-August as educational institutions place bottled milk orders for cafeterias. Nonfat dry milk production is ongoing throughout the Central region, but below capacity at most locations. Most of the nonfat dry milk production is low heat NDM, but some manufacturers indicate they plan to mix high heat NDM into dryer schedules in the next few weeks.

EAST: Low heat nonfat dry milk prices moved higher this week with increases on both ends of the range. High heat prices increased marginally on the low end of the range. Lower milk production and increased demand for condensed skim from Class II users have pulled milk volumes away from dryers and lowered nonfat dry milk production. Reductions in drying schedules are offering some manufacturers the opportunity to focus on high heat production. This week's firm g/DT auction results and declining milk supplies were the major factors contributing to the market's strength. Demand has improved as a number of buyers were prompted to expand inventories ahead of declining production schedules. The market undertone is firm.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.7200 - 1.7925 MOSTLY: 1.7500 - 1.7800
 HIGH HEAT: 1.8200 - 1.8500

NONFAT DRY MILK - WEST

Western low/medium heat NDM prices are higher. Various pricing indices and strong export demand are helping to keep prices at a strong level. Demand is fair to good from domestic accounts. Buyers are able to fill contracted amounts, but additional product is harder to source. International demand is very good with U.S. sourced SMP helping to fill that demand. Increased production of SMP is limiting NDM production for domestic accounts. Interest in third and fourth quarter supplies is increasing. The recent gDT auction saw prices move higher with larger volumes clearing. A domestic source reported offering double the volume of the previous sale and clearing those volumes at the higher prices. Hot weather in the West has negatively affected milk supplies and drying schedules are reduced. High heat prices are also firm to higher. As available milk supplies are reduced, plants are finding more dryer time to increase high heat production. Inventories are said to be adequate for contracted needs with spot supplies tight.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.7050 - 1.8200 MOSTLY: 1.7250 - 1.7900
 HIGH HEAT: 1.7200 - 1.8700

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Central dry buttermilk prices are steady on a firm market. Dry buttermilk production is decreasing at most Central plants. The butterfat component values in farm milk intakes are declining while demand for cream from Class II operations is active. Class II plants

continue to draw upon contracts for condensed and dry buttermilk to augment ice cream production. Sales into Mexico are active as dry buttermilk substitutes for nonfat dry milk in some consumer products. Domestic dry buttermilk interest is growing steadily for use in dry blends and baking mixes.

EAST: Dry buttermilk prices held steady this week in light trading. Increases in Class II cream demand in combination with lower milk production and butterfat levels have substantially lowered dry buttermilk production. The current spell of hot weather covering much of the Eastern region has increased ice cream production and the demand for dry buttermilk. Most supplies are moving through contracts with limited availability for the spot market. Dry buttermilk inventories remain tight, giving the market a firm undertone.

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

DRY BUTTERMILK - WEST

Western dry buttermilk prices are steady to firm. There is a firm undertone to the market as supplies remain tight. High temperatures across much of the West continue to restrict milk production and milk component levels. Production of butter is reduced and is affecting buttermilk production levels. Demand is good as ice cream manufacturers are operating busy schedules. Producers are able to fill contract needs in most cases with additional spot loads harder to access. Export demand is moderate to good with some buyers looking to buttermilk to substitute for nonfat dry milk to lower costs.

F.O.B. WEST: 1.5800 - 1.6350 MOSTLY: 1.6000 - 1.6200

DRY WHOLE MILK - NATIONAL

Prices for dry whole milk are unchanged on a steady to firm market. Recent auction prices at the gDT showed firmer prices in the international market for whole milk powder. Domestic manufacturers indicate demand is steady to increasing from their usual customer base, and they report inquiries arriving from some international buyers. Dry whole milk production is steady to higher as some plant operators find time within active NDM drying schedules to sandwich in whole milk loads.

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

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
July 12	\$1.6732	10,967,840	0
July 5	\$1.6695	9,791,590	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

No changes occurred on the Central dry whey mostly price series, while the top of the range adjusted higher to reflect basis plus contracts. Per some market participants, the Central dry whey market is comatose. Dry whey is available within the region from some manufacturers and resellers and domestic buyers are reportedly not feeling any urgency to take positions at this time. Export markets are providing some outlet for Central contract and spot loads. Various cheese manufacturers report protein components in milk are registering steady decreases as the daytime temperatures increase. This is decreasing cheese and dry whey output for the near term. ANIMAL FEED DRY WHEY prices are unchanged on a steady market. Animal feed blenders are taking contract loads and occasional spot loads to work into their feed operations. Spot availability of protein inputs have been steady and fostering full feed production schedules at many locations.

F.O.B. CENTRAL: .4700 - .6350 MOSTLY: .5200 - .5700
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4075 - .5400

DRY WHEY - NORTHEAST

Dry whey prices moved higher again this week as sales based on price indices moved the upper end of the range higher. Spot sales raised the low end of the range. The combination of declining milk supplies to cheese plants and increased condensed whey sales have lowered dry whey production. Dry whey supplies are readily available. Domestic demand remains lackluster, but export demand continues to be active. Some manufacturers have sold multiple loads for export at prices on the low end of the range. The declining trend in dry whey production has given the market a steady to firm undertone.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5600 - .6325

DRY WHEY - WEST

Western dry whey prices are steady to fractionally lower. The overall tone of the market is steady. Hot weather is slowing milk production levels and more significantly lower milk component levels. Cheese plants are fortifying vats where possible, but prices of NDM are higher than desired. Whey drying has slowed as a result of tighter cheese manufacturing. Domestic demand is mostly steady. Central whey prices are significantly lower and are competing with Western powder for domestic sales. Transportation costs are often the determining factor. Whey is currently available from both manufacturing plants and brokers. Export demand is good with much of the Western whey finding its path to the ports.

NONHYGROSCOPIC: .5650 - .6150 MOSTLY: .5700 - .6125

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Central and West whey protein concentrate 34% markets are unchanged to higher on a firm market. Availability of F.O.B. spot loads is tight, and one or two manufacturers indicate production of edible WPC 34% has faced some mechanical problems recently. In the near term, this will delay some shipments of contract loads and put these manufacturers in catch up mode for the balance of the summer. Other manufacturers report their inventories and near term production are closely tied to the needs of their contract buyers. They are not sending offers to the spot market. Some near term availability of F.O.B. spot loads may arrive from manufacturers who are able to switch between WPC 80%-type products and WPC 34%. Market participants indicate WPC 80% has been in ample supply lately, and could allow manufacturers to send their whey stream into production of WPC 34% with profitable results. Offers of WPC 34% from some resellers are available, but reportedly to a lesser extent this week.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.3200 - 1.4925 MOSTLY: 1.3350 - 1.3700

LACTOSE - CENTRAL AND WEST

The range and mostly lactose price series registered increases for the week. Various manufacturers and buyers note these increases reflect contract and spot sales for the week, but do not necessarily address the availability of lower mesh size loads that await improved sales interest. Lactose production is steady to lower at most locations as manufacturing milk volumes clearing into cheese decline seasonally. Most lactose producers report they are on time to slightly behind on shipments of higher mesh size lactose. Buyers from Japan, China, South America, and Southeast Asia reportedly continue to scout for lactose from top quality producers.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .5000 - .7000 MOSTLY: .5850 - .6800

CASEIN - NATIONAL

Acid and rennet casein prices are steady as Q3 pricing solidifies. Production in Europe is increasing as manufacturing milk availability improves seasonally. Current European production is satisfying near term contract needs, with light availability for spot market participation. Manufacturers are building inventories to cover the balance of Q3 contract needs. Production in Oceania awaits the start of new year milk production.

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
06/29/2013	53.7	1,575.8	52.7	1,523.4

WEBSITE: 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)

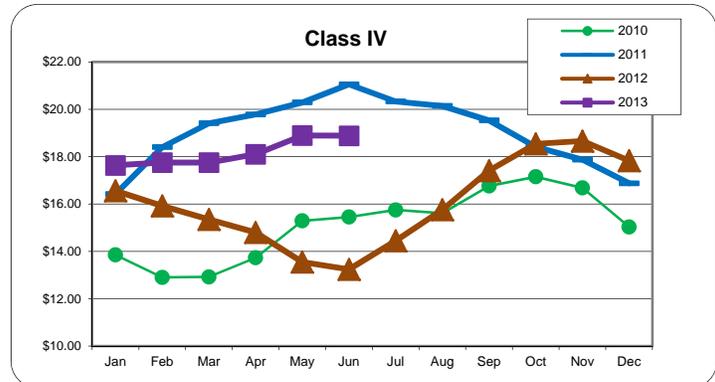
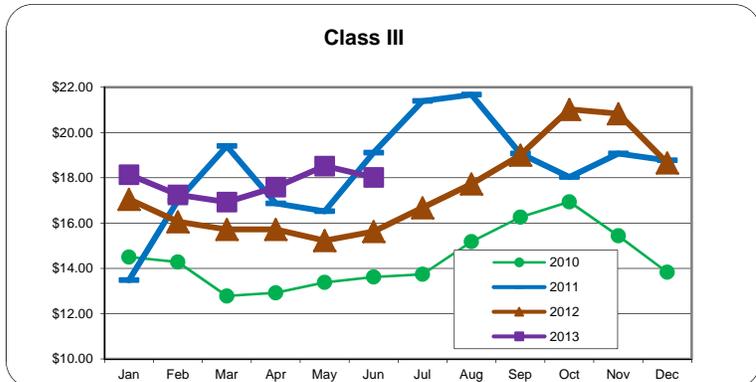
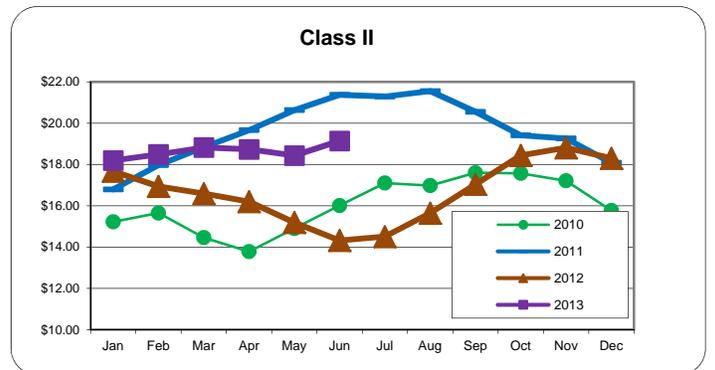
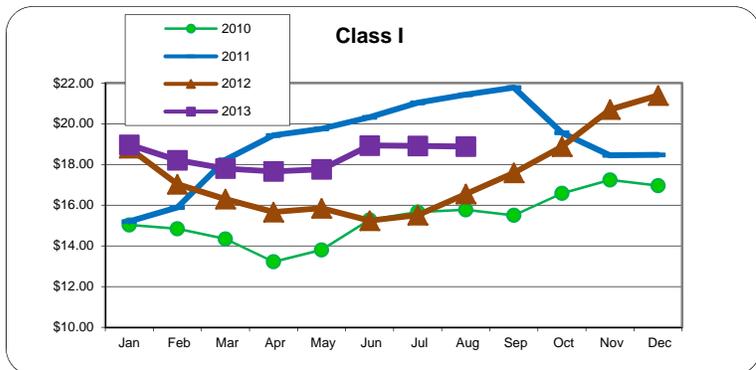
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03
2011	16.42	18.40	19.41	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	18.88				
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; then select "Prices"; and then select "Principal Pricing Points."



INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered July 8 - 19, 2013

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN OVERVIEW: Milk output is declining along seasonal expectations in Western Europe, but weather is not a real factor now in hastening the decline. Some countries, especially France, seem to be bouncing back quite well. Feed supplies are better and margins are improving with better prices for milk. Other countries are also narrowing the gap caused by the inclement spring weather. Pasture and forage growth are positive for this season. Currently, internal demand is being called a better option than exporting. Export competition is strong, limiting volumes moving from Europe. Domestic sales are good. The current Holiday season is impacting the product mix somewhat, which is typical. Butter movements into the Private Storage Assistance (PSA) program are at 69,000 MT, down about 40% from the previous year.

BUTTER/BUTTEROIL: European butter prices are mixed this period. The bottom of the range moved higher, but the top declined. The current level of internal demand is being called fair to good. Export sales are limited at this time with price being a contributing factor. Milk is declining seasonally, but not at a fast rate. Conditions are moderate and stress on the milking herd is only minimal. Butter movements into the Private Storage Assistance (PSA) program are at 69,000 MT, down about 40% from the previous year. Butteroil prices are steady this period. Trading is nominal and production is rather limited.

82% BUTTERFAT: 5,250 - 5,575
99% BUTTERFAT: 6,000 - 6,600

SKIM MILK POWDER (SMP): European SMP prices are steady this period. Sales activity is steady with recent weeks. Powder production has been trailing last year, but some countries are seeing somewhat of a rebound in output, especially France. Competition in export markets from the U.S. is very strong. No European sourced WMP is being offered on the gDT platform at this time.

1.25% BUTTERFAT: 4,000 - 4,250

WHOLE MILK POWDER (WMP): WMP prices in Europe range from steady to slightly higher. Domestic demand is seasonally fair. Exports are generally slower than expected. The Euro has strengthened which is not helping the situation. Powder production early in the year was lower than the previous year. Recently, that trend has reversed somewhat compared to what was anticipated.

26% BUTTERFAT: 4,450 - 4,925

SWEET WHEY POWDER: Whey prices are steady this period. Sources indicate that a direction for the market going forward is hard to discern. Offerings of powder are available for current needs. Powder production is at seasonal levels. Competition in export markets from U.S. sourced powder is very strong. Whey stocks are being called moderate. Animal feed interest in whey is somewhat mixed.

NONHYGROSCOPIC: 1,275 - 1,500

EASTERN OVERVIEW: Eastern European milk production is declining seasonally, but at the expected rate. Weather stress at this time is minimal. Farmers are responding to the higher milk prices by making short run decisions to bolster milk output as best they can. Some of the milk output lost this spring is being made up now. Plants are running efficiently and they are moving milk to operations offering the best return.

**Exchange rates for selected foreign currencies:
July 15, 2013**

.1842 Argentina Peso	.0100 Japan Yen
.9098 Australian Dollar	.0789 Mexican Peso
.9587 Canadian Dollar	.7808 New Zealand Dollar
1.3064 Euro	.3048 Polish Zloty
.0169 India Rupee	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0789) = 12.6743 Mexican Pesos. Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered July 8 - 19, 2013

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

OCEANIA OVERVIEW: AUSTRALIAN milk output is near the seasonal low point. Early estimates are for a fair to good start to the new season. Some stress issues are still noted from last year's drought. Some reports are coming in of cattle that didn't settle because of all the stress they were under last year. There are no estimates yet about what impact this might have on the new production year. New year milk prices continue to be announced and they are giving milk producers more confidence about the new year also. Currency relationships are also helping with export opportunities.

NEW ZEALAND is still experiencing issues related to the drought at the end of the last production season. Feed and forage prices are very high as milk producers were forced to use winter feed stocks much earlier than normal with no real replacements at hand. Moisture conditions have improved greatly, but conditions are too cold for any pasture use at this time with any real feed value. Some areas actually have some surplus moisture at this time. Supplies of dairy products are currently light, just before the real start of the new production season. Negotiations are starting for next season's supplies.

gDT: For the July 16 gDT session #96, the all contracts price averages (US\$ per MT) and percent changes from the previous average are: anhydrous milk fat, \$4,742 +3.6%; butter, \$3,693 -0.3%; buttermilk powder, \$4,826 +4.8%; cheddar cheese, \$4,475 +2.1%; lactose, not traded; milk protein concentrate, not traded; rennet casein, \$9,744 -5.0%; skim milk powder, \$4,566 +3.3%; and whole milk powder, \$5,058 +7.7%.

BUTTER: Prices for butter in Oceania increased slightly. Sales activity remains light. Butter production is at seasonally low levels. Domestic butter demand is fair at expected levels. Shipments continue on previously contracted volumes on a timely basis. At the July 16 gDT event 96, butter averaged \$3,695/MT for the September contracts, -0.7%, and \$3,693/MT for all contract periods, -0.3%. AMF prices averaged \$5,309/MT for the September contracts, +4.4% from the prior event. The AMF price average was \$4,742/MT for all contract periods, +3.6%.

82% BUTTERFAT: 3,700 - 4,600

SKIM MILK POWDER (SMP): Prices range from steady to higher for SMP out of Oceania. World protein conditions are supportive of this market. Powder production is seasonally light. Shipments on the books are generally on schedule. Offerings are adequate to fill known needs. Negotiations for sales of powder in the new marketing year are picking up. Buyers seem to be aggressively searching out their options even if they are not always closing deals. The auction results indicate that prices reported for later in the year are at or above the current range. At the July 16 gDT event, SMP for

all regions and contracting periods averaged \$4,566 per MT, up 3.3%. For trading in contract period 2, (September 2013), prices averaged \$4,890 for NZ sourced medium heat product. For September sales, the price gap again widened, now at \$815/MT over U.S. MH SMP. There was no powder out of Europe for this period.

1.25% BUTTERFAT: 4,200 - 4,900

CHEDDAR CHEESE: Prices for cheddar cheese range from steady to slightly higher. The market is lightly tested. Production is near the seasonal low point. Milk intakes continue to decline. Many of the current orders are from domestic buyers. New export interest is slower to develop and price levels are becoming even more of an issue with strong competition noted from other sources. Negotiations for future needs are ongoing as the new production year nears.

39% MAXIMUM MOISTURE: 4,150 - 4,600

WHOLE MILK POWDER (WMP): Prices for Oceania whole milk powder are higher this period. Seasonal milk production declines are being matched by lower powder production. Some contacts are indicating that pipelines will be empty at the start of the new production season. Existing orders continue to be filled, generally to the buyers' satisfaction. At the July 16 gDT event, the WMP pricing index, across all contracting periods, averaged \$5,058 per MT, up 7.7% which is sharply higher from recent events. For Contract period 2, September 2013, NZ regular WMP averaged \$5,370 per MT, up \$600 from last period.

26% BUTTERFAT: 4,450 - 5,375

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered July 8 - 19, 2013

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

US\$/MT	Global/Dairy Trading (g/DT) Event 96 Recap - July 16, 2013													
	Contract 1 Aug-13		Contract 2 Sep-13		Contract 3 Oct-13		Contract 4 Nov-13		Contract 5 Dec-13		Contract 6 Jan-14		All Contracts	
Anhydrous Milk Fat	n.a.	\$5,309	4.4%	\$4,738	-5.6%	\$4,693	7.6%	\$4,629	7.0%	\$4,493	-6.3%	\$4,742	3.6%	
Butter	\$3,835	4.8%	\$3,695	-0.7%	\$3,670	-0.3%	\$3,725	-0.5%	n.a.	n.a.	\$3,693	-0.3%		
Buttermilk Powder	n.a.	\$4,815	5.2%	\$4,805	4.9%	\$4,885	3.7%	n.a.	n.a.	\$4,826	4.8%			
Cheddar	n.a.	n.a.	\$4,520	0.0%	\$4,455	3.0%	n.a.	n.a.	\$4,475	2.1%				
Lactose	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.					
Milk Protein Concentrate	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.					
Rennet Casein	n.a.	\$10,133	-5.9%	\$9,723	-6.5%	\$9,362	-2.6%	n.a.	n.a.	\$9,744	-5.0%			
Skim Milk Powder	\$3,909	-0.5%	\$4,581	2.3%	\$4,692	3.6%	\$4,761	6.6%	\$4,790	6.1%	n.a.	\$4,566	3.3%	
Whole Milk Powder	\$4,170	-2.2%	\$5,382	12.5%	\$4,912	6.0%	\$4,883	5.1%	\$4,938	4.3%	\$5,020	5.6%	\$5,058	7.7%

Average price US\$/MT and % change in indices from previous event.

US\$/Pound	Global/Dairy Trading (g/DT) Event 96 Recap - July 16, 2013													
	Contract 1 Aug-13		Contract 2 Sep-13		Contract 3 Oct-13		Contract 4 Nov-13		Contract 5 Dec-13		Contract 6 Jan-14		All Contracts	
Anhydrous Milk Fat	n.a.	\$2.4081	4.4%	\$2.1491	-5.6%	\$2.1287	7.6%	\$2.0997	7.0%	\$2.0380	-6.3%	\$2.1510	3.6%	
Butter	\$1.7395	4.8%	\$1.6760	-0.7%	\$1.6647	-0.3%	\$1.6896	-0.5%	n.a.	n.a.	\$1.6751	-0.3%		
Buttermilk Powder	n.a.	\$2.1841	5.2%	\$2.1795	4.9%	\$2.2158	3.7%	n.a.	n.a.	\$2.1891	4.8%			
Cheddar	n.a.	n.a.	\$2.0503	0.0%	\$2.0208	3.0%	n.a.	n.a.	\$2.0298	2.1%				
Lactose	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.					
Milk Protein Concentrate	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.					
Rennet Casein	n.a.	\$4.5963	-5.9%	\$4.4103	-6.5%	\$4.2466	-2.6%	n.a.	n.a.	\$4.4198	-5.0%			
Skim Milk Powder	\$1.7731	-0.5%	\$2.0779	2.3%	\$2.1283	3.6%	\$2.1596	6.6%	\$2.1727	6.1%	n.a.	\$2.0711	3.3%	
Whole Milk Powder	\$1.8915	-2.2%	\$2.4413	12.5%	\$2.2281	6.0%	\$2.2149	5.1%	\$2.2399	4.3%	\$2.2771	5.6%	\$2.2943	7.7%

Average price US\$/pound and % change from previous event.

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	07/04	07/05	07/08	07/09	07/10	07/11	07/12	07/15	07/16	07/17
CME - CLASS III MILK FUTURES (Pit-Traded)										
JUL 13	NO TRADING	17.24 (3897) 0	17.27 (3854) 0	17.30 (3654) 0	17.41 (3614) 0	17.38 (3595) 0	17.36 (3529) 0	17.35 (3503) 0	17.38 (3501) 0	17.38 (3490) 0
AUG 13		17.96 (3927) 0	17.70 (4019) 5	17.70 (4191) 0	18.03 (4288) 0	17.80 (4403) 13	17.65 (4447) 0	17.65 (4501) 0	18.08 (4549) 5	17.99 (4600) 8
SEP 13		18.52 (3417) 0	18.43 (3452) 10	18.41 (3498) 0	18.58 (3518) 0	18.36 (3603) 3	18.32 (3607) 0	18.30 (3614) 0	18.98 (3758) 0	18.86 (3830) 10
OCT 13		18.47 (2380) 0	18.44 (2402) 7	18.45 (2453) 0	18.50 (2514) 0	18.33 (2584) 0	18.31 (2574) 0	18.28 (2585) 0	18.83 (2640) 0	18.70 (2716) 10
NOV 13		18.15 (2126) 0	18.19 (2139) 7	18.17 (2147) 0	18.22 (2152) 0	18.12 (2152) 0	18.10 (2178) 0	18.07 (2157) 0	18.38 (2162) 0	18.30 (2201) 7
DEC 13		17.80 (1839) 0	17.80 (1864) 7	17.75 (1857) 0	17.77 (1857) 0	17.76 (1889) 0	17.72 (1883) 0	17.76 (1902) 0	17.87 (1917) 0	17.82 (1936) 7
JAN 14		17.32 (667) 0	17.27 (670) 2	17.26 (687) 0	17.26 (709) 0	17.24 (710) 0	17.20 (722) 0	17.23 (733) 0	17.27 (758) 0	17.23 (760) 7
FEB 14		17.13 (542) 0	17.13 (556) 2	17.13 (566) 0	17.13 (581) 0	17.10 (606) 0	17.10 (611) 0	17.11 (609) 0	17.10 (624) 0	17.13 (628) 2
MAR 14		17.07 (472) 0	17.08 (473) 2	17.08 (480) 0	17.12 (486) 0	17.11 (497) 0	17.10 (506) 0	17.12 (507) 0	17.14 (521) 0	17.10 (523) 0
APR 14		17.11 (344) 0	17.11 (337) 2	17.09 (337) 0	17.10 (337) 0	17.10 (331) 0	17.13 (331) 0	17.13 (332) 0	17.13 (332) 0	17.12 (338) 0
CME - CLASS IV MILK FUTURES (Pit-Traded)										
JUL 13	NO TRADING	19.10 (421) 0	19.09 (421) 0	19.09 (422) 0	19.09 (422) 0	19.09 (422) 0	19.09 (422) 0	19.09 (422) 0	19.09 (422) 0	19.09 (422) 0
AUG 13		19.43 (470) 5	19.43 (482) 5	19.43 (482) 0	19.43 (482) 0	19.43 (482) 0	19.42 (482) 0	19.42 (482) 0	19.45 (485) 8	19.40 (487) 5
SEP 13		19.57 (429) 5	19.57 (445) 5	19.60 (472) 0	19.60 (459) 0	19.60 (459) 0	19.60 (459) 0	19.60 (459) 0	19.55 (467) 8	19.60 (476) 12
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
JUL 13	NO TRADING	153.50 (896) 1	154.75 (896) 16	154.25 (897) 7	153.00 (911) 16	150.00 (919) 11	148.38 (922) 3	148.73 (924) 2	149.40 (950) 27	148.35 (951) 10
AUG 13		159.00 (994) 13	160.50 (999) 20	160.00 (997) 15	158.10 (994) 17	155.50 (995) 29	155.00 (1016) 44	156.00 (1022) 9	155.00 (1069) 56	155.00 (1070) 9
SEP 13		159.90 (913) 8	164.00 (923) 28	163.00 (931) 13	161.93 (940) 17	160.25 (959) 32	160.15 (1006) 61	160.43 (1006) 1	160.33 (1007) 2	161.75 (1002) 6
CME - NONFAT DRY MILK FUTURES (Pit-Traded)										
JUL 13	NO TRADING	171.25 (281) 0	171.25 (281) 0	171.25 (281) 0	171.25 (287) 0	171.25 (290) 0	171.25 (290) 0	171.25 (290) 0	171.25 (290) 0	171.25 (290) 0
AUG 13		173.50 (289) 0	173.25 (289) 0	173.00 (294) 0	173.00 (294) 0	173.00 (296) 0	173.00 (296) 0	173.00 (296) 0	174.00 (296) 0	174.00 (296) 0
SEP 13		173.50 (241) 0	173.00 (243) 0	173.00 (254) 0	173.50 (251) 0	173.50 (256) 0	173.50 (256) 0	173.50 (256) 0	174.25 (256) 0	174.53 (256) 0
CME - WHEY (Electronic-Traded)										
JUL 13	NO TRADING	57.70 (291) 0	57.70 (291) 0	57.50 (290) 6	57.80 (288) 10	57.90 (288) 2	57.88 (288) 0	57.88 (288) 0	57.90 (288) 4	57.90 (288) 0
AUG 13		57.50 (253) 0	57.10 (256) 5	57.10 (264) 9	57.48 (283) 24	58.00 (283) 3	57.00 (284) 1	57.00 (285) 1	57.90 (287) 3	57.90 (287) 0
SEP 13		58.00 (233) 0	58.00 (233) 0	58.00 (233) 0	59.00 (234) 7	58.98 (234) 0	58.80 (234) 0	58.00 (255) 24	58.43 (255) 0	59.75 (258) 9
CME - CHEESE CSC (Electronic-Traded)										
JUL 13	NO TRADING	1.69 (932) 0	1.70 (938) 6	1.70 (933) 28	1.71 (928) 12	1.71 (928) 1	1.71 (931) 5	1.71 (932) 1	1.71 (936) 6	1.71 (936) 0
AUG 13		1.77 (840) 3	1.75 (869) 61	1.74 (879) 30	1.77 (897) 40	1.75 (904) 15	1.74 (911) 31	1.74 (922) 21	1.78 (932) 24	1.77 (931) 8
SEP 13		1.83 (772) 10	1.82 (813) 54	1.82 (823) 10	1.83 (846) 41	1.81 (890) 57	1.80 (891) 1	1.81 (899) 14	1.86 (924) 36	1.85 (936) 24
OCT 13		1.83 (804) 2	1.83 (824) 21	1.82 (828) 12	1.83 (834) 11	1.81 (838) 10	1.81 (838) 0	1.81 (839) 14	1.84 (844) 11	1.83 (837) 16
NOV 13		1.79 (962) 3	1.79 (938) 27	1.80 (937) 13	1.80 (937) 0	1.79 (941) 6	1.79 (941) 6	1.79 (946) 12	1.80 (950) 21	1.80 (957) 7
DEC 13		1.76 (914) 11	1.75 (926) 13	1.75 (926) 0	1.75 (926) 0	1.75 (928) 6	1.75 (928) 0	1.76 (935) 7	1.76 (945) 15	1.76 (945) 5

1/ At the CME open interest for milk -- 200,000 pounds per contract. For more detailed information, you may call our automated voice system at 608-278-4142.)

FEDERAL MILK ORDER ADVANCE PRICES, AUGUST

Base Class I Price. Under the Federal milk order pricing system, the base Class I price for August 2013 is \$18.88 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of \$13.77 and the advanced butterfat pricing factor of \$1.5969. 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 July 2013, the base Class I price decreased \$0.03 per cwt. For selected consumer products, the price changes are: whole milk (3.25% milk fat), -\$0.01 per cwt., -\$0.001 per gallon; reduced fat milk (2%), \$0.10 per cwt., \$0.009 per gallon; fat-free (skim milk), \$0.23 per cwt., \$0.020 per gallon. **Class II Price Information.** The advanced Class IV skim milk pricing factor is \$13.77. Thus, the Class II skim milk price for August is \$14.47 per cwt., and the Class II nonfat solids price is \$1.6078. **Product Price Averages.** The two-week product price averages for August are: butter \$1.4902, nonfat dry milk \$1.7131, cheese \$1.7201, and dry whey \$0.5769.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION ^{1/2/}				
Federal Milk Order Marketing Area ^{3/}	Order Number	August 2013		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) ^{4/}	001	22.13	17.02	1.6294
Appalachian (Charlotte) ^{5/ 6/}	005	22.28	17.17	1.6309
Southeast (Atlanta) ^{6/ 7/}	007	22.68	17.57	1.6349
Florida (Tampa) ^{6/ 8/}	006	24.28	19.17	1.6509
Mideast (Cleveland) ^{9/}	033	20.88	15.77	1.6169
Upper Midwest (Chicago) ^{10/}	030	20.68	15.57	1.6149
Central (Kansas City) ^{11/}	032	20.88	15.77	1.6169
Southwest (Dallas) ^{12/}	126	21.88	16.77	1.6269
Arizona (Phoenix)	131	21.23	16.12	1.6204
Pacific Northwest (Seattle) ^{13/}	124	20.78	15.67	1.6159
All-Market Average		21.77	16.66	1.6258

^{1/} 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. ^{2/} 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. ^{3/} Names in parentheses are the major city in the principal pricing point of the markets. ^{4/} 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.

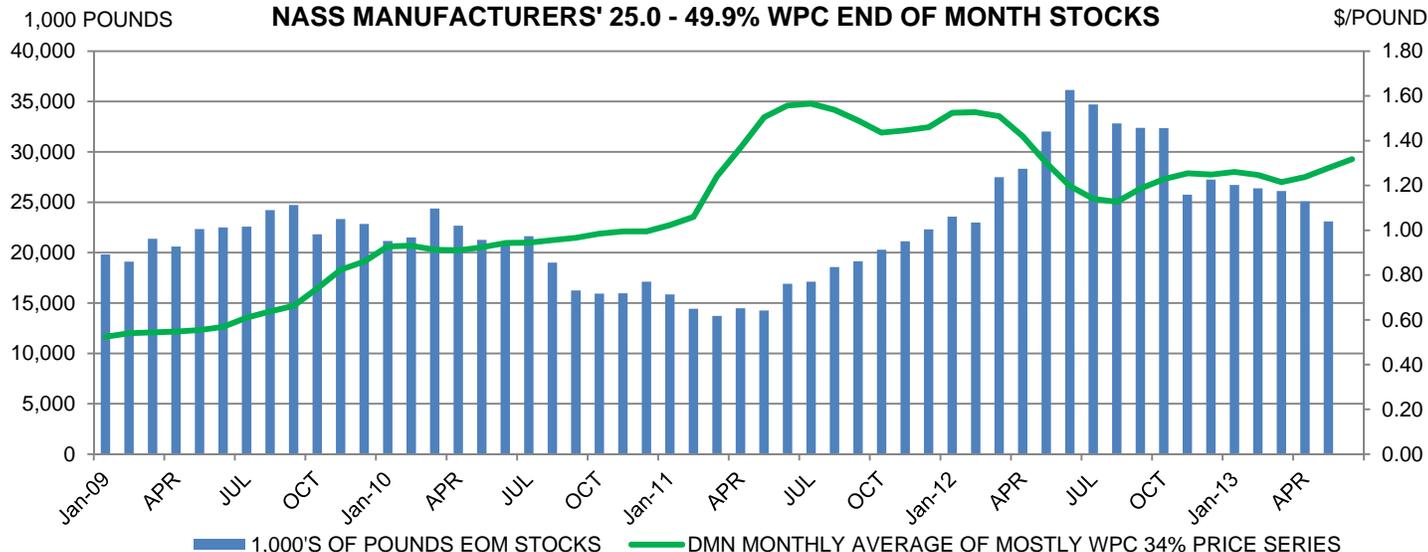
^{5/} Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10. ^{6/} Effective May 1, 2008, the Class I price surface in these orders were temporarily adjusted. ^{7/} Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90;

Nashville, minus \$0.90; and Springfield, MO, minus \$1.40. ^{8/} Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40. ^{9/} Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. ^{10/} Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10. ^{11/} 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.

^{12/} 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.

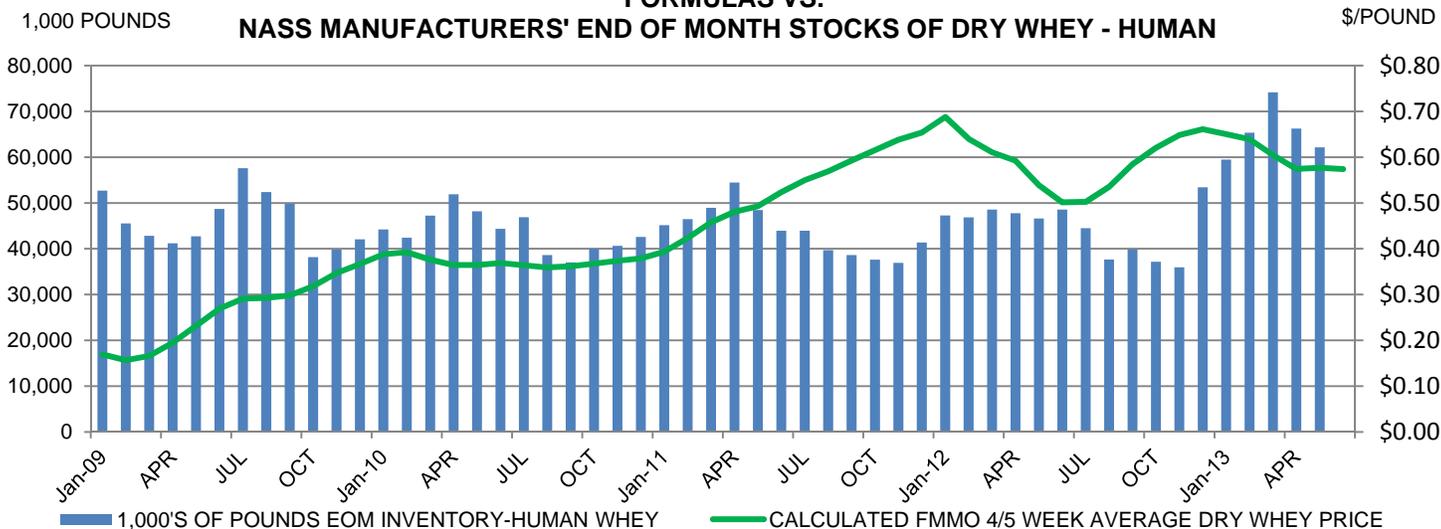
^{13/} Class I prices at other cities are: Portland, same; and Spokane, same.

DMN MONTHLY AVERAGE OF WPC 34% MOSTLY PRICE SERIES VS. NASS MANUFACTURERS' 25.0 - 49.9% WPC END OF MONTH STOCKS



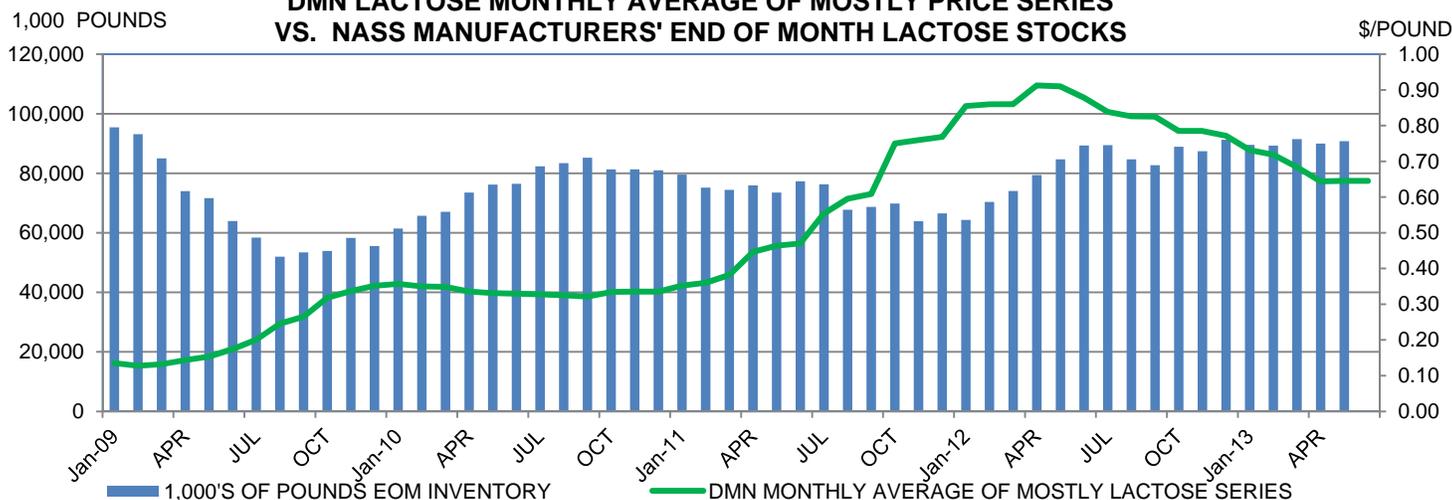
DATA SOURCE, USDA, NASS & AMS, DMN; GRAPH, USDA, AMS, DMN

4-5 WEEK AVERAGE DRY WHEY PRICES FROM FMMO CALCULATED MILK PRICE FORMULAS VS. NASS MANUFACTURERS' END OF MONTH STOCKS OF DRY WHEY - HUMAN



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

DMN LACTOSE MONTHLY AVERAGE OF MOSTLY PRICE SERIES VS. NASS MANUFACTURERS' END OF MONTH LACTOSE STOCKS



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

DAIRY MARKET NEWS

GENERAL NUMBER
(608) 278-4200

VOLUME: 80

Elizabeth Frederick
(608) 278-4150
Elizabeth.Frederick@AMS.USDA.GOV

REPORT: 29

DATE: 07/19/2013

EAST

Rick Whipp
(608) 278-4151
Rick.Whipp@AMS.USDA.GOV

INTERNATIONAL

Butch Speth
(608) 278-4152
Butch.Speth@AMS.USDA.GOV

CENTRAL/WEST

Janet Linder
(608) 278-4157
Janet.Linder@AMS.USDA.GOV

ORGANIC

Eric Graf
(608) 278-4153
Eric.Graf@AMS.USDA.GOV

SOUTHWEST

Butch Speth
(608) 278-4152
Butch.Speth@AMS.USDA.GOV

INTERNET ADDRESS

www.ams.usda.gov/DairyMarketNews

NORTHWEST/MOUNTAIN

Bob Hunter
(608) 278-4158
Robert.Hunter@AMS.USDA.GOV

MARKET NEWS PORTAL

www.marketnews.usda.gov

NATIONAL SUPERVISOR

Donald Nelson
(608) 278-4156
DonaldO.Nelson@AMS.USDA.GOV

RECORDED INFORMATION SYSTEM

(608) 278-4142

FAX

(608) 278-4141

USDA, Dairy Market News
2920 Marketplace Drive, STE 202
Fitchburg, WI 53719-5337