

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (8/2):**

**BUTTER:** Grade AA closed at \$1.4400. The weekly average for Grade AA is \$1.4320 (-.0065).

**CHEESE:** Barrels closed at \$1.7725 and 40# blocks at \$1.7750. The weekly average for barrels is \$1.7625 (+.0340) and blocks, \$1.7705 (+.0160).

**BUTTER HIGHLIGHTS:** In the West, production of butter is mixed as churns are taking advantage of steady to higher cream multiples to move cream away from the churn at profitable levels. Good ice cream and Class II demand continues. Some Western churns are turning from bulk butter production to more print butter for fall promotions. Cream in the Northeast has become increasingly tight, due to declines in milk production and lower butterfat levels. Those declines have substantially reduced Northeast butter production. Domestic demand for Northeast butter can be best described as average, while export interest remains good. The butter inventory is at the forefront of many Central Region butter manufacturers' focus. Butter prices remaining at a lower level may help sales of butter churned in the Central Region but retailers can buy only so much and many are already well stocked. Thus, especially with the magnitude of butter inventories, there are no general expectations among Central butter manufacturers that domestic sales alone in the near future can significantly absorb sufficient butter to remove the bearish feeling about markets. Improved exports are often cited as a factor that could help. Prices for bulk butter in the West range from 3 cents under to 6 cents under the market and in the Northeast, 4 to 6 cents over the market. NASS reports that June 2013 butter production was 141 million pounds, 2.7% above June 2012, but 13.8% below May 2013.

**CHEESE HIGHLIGHTS:** Cheese prices continue strong as spot prices at the CME Group have been higher for the last three weeks. The market is unsettled as the trade decides if lower milk volumes will continue or if the large inventories in cold storage are the more important factors. Milk supplies have rebounded slightly from the heat induced reductions. Cheese plants are taking differing positions on increasing production depending on their individual analysis. Domestic demand remains good with some buyers looking to place orders for late third quarter and fourth quarter purchases. Export demand is being aided by assistance from the CWT program again this week. Trading activity at the CME Group was quiet as barrel prices held steady until it gained 1.25 cents on Friday, closing at \$1.7725. Blocks edged higher on sales of six loads for the week and closed at \$1.7750.

**FLUID MILK:** Cooler temperatures across most of the country have helped moderate the downward trend in milk production. Any bounce

backs in production have been marginal at best. Milk components remain at reduced levels and are affecting yields at processing plants. School start-ups across the southern portion of the nation are expected to limit manufacturing milk supplies in some areas as early as next week. Cream markets continue to firm as supplies are less available, due to lower milk production and butterfat levels. Cream multiples have increased, but the lower butter prices have taken some of the sting out of butterfat pricing.

**DRY PRODUCTS:** Nonfat dry milk prices were mixed with a firm undertone across the nation. Production is lower across the nation due to declining seasonal milk production. Domestic demand is fair, but export sales remain strong. Limited production schedules have given the market a firm undertone. Dry buttermilk prices continue to move higher on a firming market as production is declining seasonally. Supplies are tight. Dry whey prices were mixed in an unsettled market. Production has declined in some areas. Supplies range from adequate to heavy. Export demand is active, while domestic buyers are filling immediate needs and, in some areas, hesitant to expand inventories. WPC 34% prices are steady to firm as supplies are described as tight by some manufacturers. Declines in cheese production have also lowered WPC 34% production. Lactose prices are steady with a firm undertone.

**INTERNATIONAL DAIRY MARKET NEWS (DMN):**  
**WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW:** Milk production is declining seasonally across most countries. Production in Germany and Ireland is trending lower on a week-to-week basis. Indications are that current receipts are higher than year ago levels. The reversal of the impact of poor conditions is welcomed as processors have milk to manufacture. There were early concerns about not being able to make and market full product lines. Milk production in France has stayed higher and at levels just short of a year ago. Across Europe, higher farm milk prices and more reasonable feed cost have been welcomed. Milk production responses to the conditions has been favorable, with the extension of milk volumes over the shoulder past the peak likely has been the result. The dairy product markets are mostly steady to slightly higher compared to recent weeks. The marketing sector is quiet and has slowed down with widespread vacations and holidays occurring across Europe. High finished product prices and the stronger Euro are making exporting of dairy products more challenging. Butter movements into the PSA program continue at a slower pace than a year ago, currently topping

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CME GROUP CASH TRADING

COMMODITY	MONDAY JUL 29	TUESDAY JUL 30	WEDNESDAY JUL 31	THURSDAY AUG 01	FRIDAY AUG 02	WEEKLY CHANGE*	WEEKLY AVERAGE#
<b>CHEESE</b>							
BARRELS	\$1.7600 (N.C.)	\$1.7600 (N.C.)	\$1.7600 (N.C.)	\$1.7600 (N.C.)	\$1.7725 (+.0125)	:: :: (+.0125)	:: :: \$1.7625 :: (+.0340)
40# BLOCKS	\$1.7625 (N.C.)	\$1.7700 (+.0075)	\$1.7700 (N.C.)	\$1.7750 (+.0050)	\$1.7750 (N.C.)	:: :: (+.0125)	:: :: \$1.7705 :: (+.0160)
<b>NONFAT DRY MILK</b>							
EXTRA GRADE	\$1.7300 (N.C.)	\$1.7300 (N.C.)	\$1.7300 (N.C.)	\$1.7300 (N.C.)	\$1.7300 (N.C.)	:: :: (N.C.)	:: :: \$1.7300 :: (N.C.)
GRADE A	\$1.7825 (+.0025)	\$1.7825 (N.C.)	\$1.7825 (N.C.)	\$1.7825 (N.C.)	\$1.7825 (N.C.)	:: :: (+.0025)	:: :: \$1.7825 :: (+.0065)
<b>BUTTER</b>							
GRADE AA	\$1.4300 (-.0025)	\$1.4300 (N.C.)	\$1.4300 (N.C.)	\$1.4300 (N.C.)	\$1.4400 (+.0100)	:: :: (+.0075)	:: :: \$1.4320 :: (-.0065)

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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81,400 MT for the current program period, down from 122,600 MT a year ago. Offerings into the PSA can be made through August 15. **EASTERN OVERVIEW:** Milk output declines are noted across most countries in Eastern Europe, reflecting weather conditions and the time in milk for cows. Processors are making products of greatest need. Products are available to fill contracted needs; more limited for short term sales. **OCEANIA OVERVIEW:** **AUSTRALIAN** milk production trends are bottoming out at the low point of the cycle. Winter conditions are overall mild. Higher milk prices are a positive sign for dairy producers. Feed supplies are currently hard to find and are pricy. Alternative feeds are being utilized until new crops and pastures are available. The decline in the AU dollar versus the US dollar is a positive for the agricultural sector. Recent milk prices are being stepped up because of the return projections and to be competitive with other processors. According to Dairy Australia, June milk production in Australia ran 6.8% lower than June 2012. Milk output for the July 2012 - June 2013 production year totaled 9.2 million litres, 3.0% lower (unadjusted) than the previous production year. For the 2012/13 year, unadjusted regional changes are: New South Wales, -1.4%; Victoria, -2.8%; Queensland -5.6%; South Australia -6.0%; Western Australia -0.3%; and Tasmania -3.6%. In 2012/13, the regional shares of total production are: Victoria, 65.6%; New South Wales, 11.5%; Tasmania, 8.3%; South Australia, 5.8%; Queensland, 5.0%; and Western Australia, 3.7%. **NEW ZEALAND** milk output is seasonally light. Pastures and cropping conditions are in good shape. Cows are reported to be in fair to good stature entering the new production season with the milk beginning to build in August. Milk prices are favorable for milk producers as they plan and finance ahead. Milk growth is being forecast from flat to slightly higher for the new production year, yet the comparisons versus the same months may be skewed. The previous season got off to a great start with hefty gains recorded in early months. Later, the season ended in drought conditions and often early. Dairy product prices are mainly steady yet untested in limited, seasonal trading. Offering volumes are light for commodity items as processors make value added products and products to fill needs in the current, tight milk period. Dairy plants are being readied for the upcoming season.

**JULY CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):** The following are the July 2013 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$19.22 (+0.08), Class III \$17.38 (-0.64), and Class IV \$18.90 (+\$0.02). Product price averages used in computing Class prices are: butter \$1.4674, NDM \$1.7272, cheese \$1.7142, and dry whey \$0.5804. The Class II butterfat price is \$1.5763 and the Class III/IV butterfat price is \$1.5693. Further information may be found at: [www.ams.usda.gov/AMSV1.0/PriceFormulas2013](http://www.ams.usda.gov/AMSV1.0/PriceFormulas2013)

**JUNE CONSUMER PRICE INDEX (BLS):** The June 2013 CPI for all food is 236.8, up 1.4% from June 2012. The dairy products index is 216.1, up 0.3% from a year ago. The following are the June to June changes for selected products: fresh whole milk is +3.3%; cheese, -0.5%; and butter, +4.7%.

**JULY AGRICULTURE PRICES HIGHLIGHTS (NASS):** The All Milk price received by farmers was \$19.10 in July, down \$0.40 from June 2013, but up \$2.20 from July 2012. Alfalfa hay price was \$209.00 in July, up \$11.00 from July 2012. Corn price was \$6.83 in July, down \$0.31 from July 2012. Soybean price was \$15.40 in July, unchanged from July 2012. The milk-feed price ratio was 1.52 in July, up 0.18 from July 2012. The index of prices received by farmers for dairy products during the month of July 2013 was down 3 points to 146. Compared with July 2012, the index was up 17 points (13.2%). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in July 2013 was up 1 point to 220. Compared with July 2012, the index was up 7 points (3.3%).

**JUNE 2013 DAIRY PRODUCTS (NASS):** BUTTER production was 140.8 million pounds, 2.7% above June 2012, but 13.8% below May 2013. AMERICAN TYPE CHEESE production totaled 364.3 million pounds, 1.2% above June 2012, but 6.2% below May 2013. TOTAL CHEESE output (excluding cottage cheese) was 913.8 million pounds, 1.4% above June 2012, but 3.9% below May 2013. NONFAT DRY MILK production, for human food, totaled 130.5 million pounds, 22.5% below June 2012 and 13.3% below May 2013. DRY WHEY production, for human food, was 75.2 million pounds, 5.1% below June 2012 and 0.4% below May 2013. ICE CREAM (hard) production totaled 80.1 million gallons, 1.2% below June 2012 but 3.1% above May 2013.

## CME GROUP

MONDAY, JULY 29, 2013

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7500; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.7825; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.4300; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4275; LAST OFFER UNCOVERED: NONE

TUESDAY, JULY 30, 2013

CHEESE -- SALES: 4 CARS 40# BLOCKS: 1 @ \$1.7625, 1 @ \$1.7650, 1 @ \$1.7675, 1 @ \$1.7700; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7500; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.7725  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 2 CARS GRADE AA @ \$1.4300; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4150; LAST OFFER UNCOVERED: NONE

WEDNESDAY, JULY 31, 2013

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7475; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.4300; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4300; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.4350

THURSDAY, AUGUST 1, 2013

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.7725, 1 @ \$1.7750; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7600; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4275; LAST OFFER UNCOVERED: NONE

FRIDAY, AUGUST 2, 2013

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.7500, 1 @ \$1.7525; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7725; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.7825  
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.4400; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.4400; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.4500

## BUTTER MARKETS

## NORTHEAST

The CME Group butter price was unchanged Tuesday and closed at \$1.4300. In the last 6 sessions the butter price has risen from \$1.4300 to \$1.4500 and then worked its way back to the \$1.4300 level in limited trading with only 4 loads sold. Cream has become increasingly tight, due to declines in milk production and lower butterfat levels. Those declines have substantially reduced butter production in the region. Domestic demand can be best described as average, while export interest remains good. Most current holdings of butter, which remain heavy, are of the salted variety. Supplies of 82% butter are limited and may restrict export opportunities, should 82% be a requirement for export. Exports continue to receive support from assistance programs. 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.

## CENTRAL

The butter supply (inventory) is at the forefront of many butter manufacturers' thinking. One manufacturer said that markets "are locked in a struggle with heavy inventories", characterized by the manufacturer as "the largest butter inventory since 1993". One factor mentioned is increasing volumes of cream generated by increasing production of Greek Yogurt. CME prices through Wednesday this week are \$1.4300, down for the week so far due to the \$.0025 decline on Monday. Butter prices remaining at a lower level may help sales but retailers can buy only so much and many are already well stocked. Thus, especially with the magnitude of butter inventories, there is no generally expressed expectation that domestic sales alone in the near future can significantly absorb

sufficient butter to remove the general bearish feeling about markets. "Improved exports" are often cited as a factor that could help. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 947,988 pounds (430 metric tons) of butter. The product will be delivered July through December 2013. Year-to-date, CWT has assisted member cooperatives in selling 61.272 million pounds of butter and 44,092 pounds of anhydrous milk fat.

## WEST

Butter markets in the West are lower following three weeks of lower spot sales at the CME Group. Last week's Cold Storage stocks report continues to weigh on prices. Current price levels are encouraging buyers to fill immediate needs and take a wait and see attitude towards building their inventories. Production of butter is mixed as churns are taking advantage of steady to higher cream multiples to move cream away from the churn at profitable levels. Good ice cream and Class II demand continues. Some churns are turning from bulk butter production to more print butter for fall promotions. Export demand is good as U.S. prices continue to be favorable to world prices. The CWT program assisted with sales of 950,000 pounds of butter for export this week. Butter prices at the CME Group exchange on Wednesday are unchanged, closing at \$1.4300. Monday's market was .25 cents lower with prices holding steady through midweek. Sales activity at the exchange is light to moderate with four loads selling by Wednesday's close. 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 27, 2013	1.4544 5,196,254	1.6925 10,709,381	1.7096 8,926,877	0.5791 8,494,163	1.7479 16,409,740

## CHEESE MARKETS

## NORTHEAST

Cheese prices on the CME Group were mixed Tuesday with barrels unchanged and closing at \$1.7600, while blocks increased \$0.0075 to close at \$1.7700. In the last 5 trading sessions barrel prices have seen a net gain of \$0.0550 with blocks increasing \$0.0425. Trading activity has declined, compared to previous weeks, with 6 loads of barrels and 7 loads of blocks sold in the last 5 sessions. Concerns over future milk supplies have counter balanced the heavy cold storage numbers with most cheese makers continuing to make cheese on 5-6 day production schedules and willing to expand inventories, especially in aging programs. Some cheese makers have a less bearish outlook on the market, anticipating tighter milk supplies will forecast higher prices for cheese and prompt increased sales. Export interest for cheese remains good and continues to be supported by export assistance programs.

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

Cheddar 40# Block	: 2.1550-2.4400
Process 5# Sliced	: 1.9500-2.4300
Muenster	: 2.1750-2.5350
Grade A Swiss Cuts 10 - 14#	: 3.5700-3.8925

## MIDWEST

A number of larger cheesemakers with contracted milk supplies report that milk supplies are up from a week ago. With cheese prices also up last week, some plants which previously shifted production emphasis from cheese to nonfat dry milk, have now reversed and are re-directing more milk into cheese. These plants report that Process cheese sales are "strong" while Natural cheese sales are "off a little". Overall, most manufacturers are "comfortable" with the current cheesemaking situation. A different situation is reported by some smaller and more specialty cheese plants. In various locations, there are reports of canceling or delaying delivery of a portion of existing cheese orders, due to lower milk volume and components in the milk available to smaller specialty cheese plants. Spot milk is available to these plants to maintain production to fill orders, but it was a business decision not to pay \$2.00 or \$3.00 over Class to obtain spot milk to fill all of the orders. Just as football training camps begin seasonal activity, there are increasing reports from cheese manufacturers about buyers beginning to more actively consider inventory needs for the last quarter of 2013 and the first of 2014. Many are finding plenty of cheese in inventory overall but for now, "a shortage of discounted product". As more focus turns to stocking for the last quarter, the tension between inventory and pricing bears watching. No doubt those concepts are also being discussed in Madison Wisconsin this week, when many in the cheese industry gather in Madison for the Annual Meeting of the American Cheese Society. CME prices for Barrels are unchanged for the week through Wednesday, closing at \$1.7600. Blocks advanced \$.0075 Tuesday but closed unchanged Wednesday at \$1.7700. Cooperatives Working Together (CWT) has accepted 14 requests for export assistance to sell 1.206 million pounds (547 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 75.678 million pounds of cheese.

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

Process American 5# Loaf	: 1.9275-2.6325
Brick And/Or Muenster 5#	: 2.1400-2.5875
Cheddar 40# Block	: 2.1400-3.0125
Monterey Jack 10#	: 2.1100-3.0175
Blue 5#	: 2.4025-3.3900
Mozzarella 5 - 6# (Low Moisture, Part Skim)	: 1.9825-3.1175
Grade A Swiss Cuts 6 - 9#	: 3.0900-3.2075

## WEST

Wholesale Western cheese prices are higher following increases in weekly averages at the CME Group. Warm weather across the West has slowed milk production and affected component levels of the available milk. This weather has moved into the Pacific Northwest also and slowed production in Washington and Idaho. Despite larger than year earlier stocks in cold storage, the market remains firm. Domestic demand is steady and export sales are being aided by assistance from the CWT program. This week, the CWT program accepted bid assistance for 1.2 million pounds of Cheddar and Monterey Jack. Export sales have been credited with helping to clear the higher cheese volumes this year and keeping inventories manageable. Cheese prices at the CME Group on Wednesday closed unchanged with barrels at \$1.7600. Blocks were also unchanged and closed at \$1.7700. Following last week's higher prices, activity was slow at the exchange with barrels steady each session to midweek and blocks steady except for Tuesday's .75 cent higher price. Trading has been light with no sales of barrels and four sales of blocks by Wednesday's close.

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

Process 5# Loaf	: 1.8575-2.1150
Cheddar 40# Block	: 1.8750-2.2275
Cheddar 10# Cuts	: 2.0550-2.2750
Monterey Jack 10#	: 2.0650-2.2250
Grade A Swiss Cuts 6 - 9#	: 3.1475-3.5775

## FOREIGN

The weekly average block price on the CME Group increased for the third consecutive week and raised domestic wholesale foreign type cheese prices by \$0.0575. The prices for domestic Swiss cuts and imported cheeses were unchanged. Demand for import and domestic foreign type variety cheeses remains slow, which is typical for this time of year. Importers have noted that European cheese prices are 3-5% higher and are anticipating future price increases when fall orders are submitted.

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## CHEESE MARKETS

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	2.6400-5.2200	2.2950-3.7825*
Gorgonzola	3.4900-6.4700	2.7975-3.2525*
Parmesan (Italy)	-0-	3.6850-5.7750*
Provolone (Italy)	-0-	2.3375-2.4950*
Romano (Cows Milk)	-0-	3.4850-5.6350*
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

		:	
07/29/13	18,855	:	114,058
07/01/13	18,346	:	116,805
CHANGE	509	:	-2,747
% CHANGE	3	:	-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	0	0	0	0	19
SOUTHEAST STATES	0	0	0	0	0	0

Cooler temperatures have replaced the recent spell of heat and humidity, increasing cow comfort levels, but any bounce back in milk production has been marginal at best in the Northeast and Mid-Atlantic regions. Manufacturing milk supplies are tight with most balancing plants channeling most or all of their supplies to meet their fluid commitments. A majority of crops in both regions are in mostly good to excellent condition with some states reporting the best conditions in recent years. Second cutting hay harvest continues to lag behind year ago levels by 10-15 percentage points. Frequent rains this past week in the Northeast have limited field work activities. Declines in Florida milk production were marginal last week as cooler weather increased cow comfort levels. Class I demand held about steady with last week and looks to increase in the near term as schools will begin to stair step their way back into the fall term in a week or two. There were no spot loads of milk imported or exported for the second consecutive week. Milk supplies in the Southeast region are nearly in balance with demand and as a result manufacturing supplies are close to contract minimums. Class I plants are beginning to gear up for the upcoming school year as some states in the region will have schools starting up as early as next week. Cream supplies are tight as butterfat levels are reaching their seasonal low point. The decreases in supplies and good cream demand have combined to push cream multiples to 1.60. Some contracted supplies continue to be shorted or delayed for later delivery. Cream multiples have increased, but the lower butter market continues to take some of the sting out of butterfat pricing. Compared to 2012, this week's butterfat prices are nearly 20 cents lower. **Cream multiples for all Classes** were moved higher this week and range 1.44-1.60. **Condensed skim** supplies are falling short of meeting demand even at higher prices as most balancing plants focus on covering their contract commitments. Some balancing plants are considering offering more loads on the spot market, because their supplies are being reduced at a rate to where it's more cost effective to sell the fluid than dry limited supplies. Limited spot sales are moving to both Class II and III manufacturers. A major yogurt manufacturer in the Northeast was awarded a government contract for nearly 200,000 pounds of high protein yogurt for various school lunch programs.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, DOLLARS PER LB. BUTTERFAT:

F.O.B. producing plants: Northeast -	2.0714-2.3016
F.O.B. producing plants: Upper Midwest -	1.8988-2.2297

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.71 - 1.81
Northeast - Class III - spot prices -	1.56 - 1.61

## MIDWEST

Cooler weather in the Midwest this week helped to moderate the downward trend in milk supplies. The recent hot weather was

reported to have lowered milk volumes by 10% at some plants. Cooler days and nights have cattle back at the feed bunk and milk supplies have rebounded some. Component levels are still at reduced levels and affecting yields at processors plants. Cooperatives with excess milk are finding more cheese plants looking for additional milk with butter/powder plants slowing down. Premiums of \$2.00 to Class III are reported. Plants with various processing capabilities are holding onto milk supplies to direct milk to higher value end products. The opening of schools in the South, is expected to draw Class I bottler milk from processors in the near future. Cream supplies in the Central region were added to by imports from the West and East this week. **Cream** multiples are steady and range from **1.32 - 1.55**. Milk processors are in the midst of negotiations for pooling milk for next year.

## WEST

Milk production in **CALIFORNIA** has come back somewhat as weather conditions have moderated. Day time temps are cooler and nights have cooled off very well. Some milk producers continue to struggle financially and that is not expected to change anytime soon. Milk is moving to plants that offer the best return in the state as there is room in production schedules to make choices now. According to the NASS *Hay Report* for July, the U.S. price is \$209/ton, up \$11 from a year earlier. Prices for selected Western states compared to a year earlier are as follows: Arizona \$200 down \$30, California \$206 up \$5, Colorado \$250 up \$15, Idaho \$200 up \$20, Nevada \$209 n/c, New Mexico \$256 down \$2, Oregon \$201 down \$16, Utah \$195 down \$5, and Washington \$215 down \$10. **ARIZONA** milk output is not bouncing back very much even though conditions are more moderate. Humidity levels will begin to increase later this week again stressing the milking herd. Also, most schools in the state will be back in session next week which will draw more milk away from manufacturing plants. Tests on incoming milk continue to decline. **CREAM** markets continue to firm. Cream supplies are less available as milk production and milkfat content continue to decline across the region. Ice cream production is building, but not to expected levels. At the CME Group, the Grade AA butter price closed at \$1.43 on Wednesday, July 31, down 2 cents from a week earlier. Cream multiples are higher, ranging from 1.19 to 1.37, and vary depending on class usage and basing points. Milk production in the **PACIFIC NORTHWEST** is recovering from recent high temperatures, but continues to decline seasonally. Current milk supplies are being directed to manufacturing plants with the best returns. Seasonal maintenance is also being performed while milk supplies are manageable. Dairies are evaluating anticipated feed supplies and costs of purchased feedstuffs as they make decisions about herd size adjustments. **UTAH and IDAHO** milk supplies are reduced due to unusually hot weather across the region. This is resulting in some plants reducing production schedules. Processing capacity continues to exceed milk production in the region. Dairies are being encouraged to increase production, but some are hesitant to make that commitment. Cull cow prices remain high and mostly steady replacement heifer costs are allowing dairies to increase herds. A recent replacement heifer auction in Idaho had the top 50 head average \$1320 per head.

## NONFAT DRY MILK, BUTTERMILK &amp; WHOLE MILK

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

**NONFAT DRY MILK - CENTRAL AND EAST**

**CENTRAL:** Nonfat dry milk prices were uneven this week, with a mostly firm undertone overall. Contracted loads are being delivered on a timely basis and spot offerings are adequate for needs. The market is mostly steady as buyers are purchasing for immediate needs with little advance purchasing to build inventories. Export interest is reported to be good for third and fourth quarter deliveries. Those export sales are felt to be helping to limit NDM supplies from being burdensome. Lower milk intakes to manufacturers are allowing for high heat NDM production to be scheduled to fill needs.

**EAST:** Nonfat dry milk prices were mixed this week. Sales based on various price indices saw prices move higher, while spot sale prices varied and in some cases marginally decreased from levels registered last week. Production of nonfat dry milk has seen substantial declines as lower milk production, combined with increased condensed skim demand has limited milk volumes going to dryers. Milk volumes are low enough at some plants that plant managers are opting to sell their limited fluid supplies in lieu of drying. Other plants are focusing on high heat and or specialty runs. Most supplies are moving through contracts with reduced spot sale activity, compared to last week. Domestic demand is about steady with last week. Export interest continues to be good. The declining milk volumes and limited production schedules are providing the market with a firm undertone.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.7100 - 1.8300 MOSTLY: 1.7500 - 1.8000  
 HIGH HEAT: 1.8500 - 1.8900

**NONFAT DRY MILK - WEST**

Prices continue to firm for Western low/medium heat powder. Production is lower across the region due to declining seasonal milk supplies. The weather has moderated some, but little bounce back in milk supplies is noted. Many contacts are thinking that the market will continue to have a firm undertone until milk output in Oceania begins in earnest. Most are thinking this might happen in November, or it could be even later due to very light pipeline stocks. Domestic demand is fair, but export sales remain strong. Resale and spot offerings are light. Finding 1-2 loads is not a problem, finding larger volumes is a problem. Much higher SMP production than last year continues to limit NDM production and stocks. Production of high heat powder is up a bit, now that dryers have some additional time available. Some producers are noticing an upturn in demand as summer begins to shift to fall. Prices for the California Weighted Average Price for the week ending July 19 were \$1.7085 for NDM. This is the first time since January of 2008 that the price has been above \$1.70. The strength continued this week also moving the price to \$1.7219.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.7300 - 1.8000 MOSTLY: 1.7700 - 1.7900  
 HIGH HEAT: 1.7700 - 1.8900

**DRY BUTTERMILK - CENTRAL AND EAST**

**CENTRAL:** Central dry buttermilk prices moved higher on a continuing firm market. Recent hot weather and lower component levels in fluid milk have lowered production of buttermilk. Good demand from ice cream manufacturers for condensed buttermilk is also reducing available supplies for drying. Demand for dry buttermilk is good as buyers sense tighter supplies with little spot activity reported.

**EAST:** Dry buttermilk prices firmed again this week with spot sales increasing the upper end of the range. Butter and dry buttermilk production have declined significantly due to a combination of lower butterfat levels and increased demand for cream from ice cream and cream cheese manufacturers. Supplies of dry buttermilk are tight and inventories are being worked lower. Spot sales activity is light as available volumes are held in firm hands. The decreasing supply situation is providing the market with a firm undertone.

F.O.B. CENTRAL/EAST: 1.5400 - 1.6800

**DRY BUTTERMILK - WEST**

Western dry buttermilk prices continue to show strength in light trading. Buyers continue to search for powder with only limited success. Powder production is declining seasonally as less cream is available for churning. The hot weather has reduced both milk and butterfat supplies. There may be a bit more cream available in early August as schools start up for their fall terms and more standardized cream becomes available. The market is firm as buyers search for good quality dairy proteins.

F.O.B. WEST: 1.6200 - 1.6700 MOSTLY: 1.6400 - 1.6600

**DRY WHOLE MILK - NATIONAL**

Dry whole milk prices are steady this week. Production is slowing as lower milk supplies are available for manufacturing. Hot weather and lower component levels are affecting where milk supplies are directed. High NDM and cream prices offer better returns in many cases and have slowed whole milk production. Available supplies of whole dry milk are tightening.

F.O.B. PRODUCING PLANT: 1.8500 - 1.9500

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
July 26	\$1.7219	6,547,295	0
July 19	\$1.7085	7,238,119	0

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Total sales (pounds) include sales to CCC. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

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

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

**DRY WHEY - CENTRAL**

Central dry whey prices are mostly unchanged. The full range of prices narrowed somewhat with the mostly price series unchanged. Whey supplies are adequate to instances of heavy in the Central region. In some instances, whey production is being shifted to higher protein whey stream products. While hot weather has slowed milk and cheese production, manufacturers and brokers have sufficient inventories to fill contract and spot needs. Buyers are filling immediate needs and are cautious concerning additional purchases. Export interest is reported to be increasing. ANIMAL FEED DRY WHEY prices are mostly steady with a weak undertone. Milk replacer sales are good and feed blenders are being offered sufficient product for demand. Some blenders are reporting an increasing amount of offers.

F.O.B. CENTRAL: .4700 - .6075 MOSTLY: .5200 - .5650  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4075 - .5400

**DRY WHEY - NORTHEAST**

Dry whey prices were mixed this week, causing the price range to expand. Sales based on various price indices raised the upper end of the range, while discounted multiple load spot sales, made by those manufacturers wanting to reduce inventories, lowered the low end of the range. Dry whey production has marginally declined, even though cheese makers are on 5-6 day production schedules, as more condensed whey is being sold rather than dried. Current production continues to outpace demand with numerous manufacturers continuing to expand inventories. Domestic demand remains sluggish with product moving primarily through contracts. Export interest continues to be fairly good. The supply situation is weighing on the market and providing for a weak undertone.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5550 - .6325

**DRY WHEY - WEST**

Western dry whey prices are uneven. The overall range of prices moved slightly higher, while the mostly range was fractionally lower. The tone of the market is currently steady. Whey production continues to lag behind year ago levels, but product is available from both manufacturers and brokers. Hot weather and lower component levels are reducing available supplies of whey to manufacturers. Export prices are in line with domestic prices and much of the Western production is filling export demand.

NONHYGROSCOPIC: .5650 - .6250 MOSTLY: .5700 - .6100

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Whey protein concentrate prices are steady for the full price range with the mostly series higher. The market is showing a firm undertone as supplies are described as tight from many manufacturers. Lower milk intakes and subsequent lower cheese production have limited production of whey protein products. Processors report mostly sufficient supplies for contract obligations, but supplies for spot offers are limited. Production plant difficulties are resulting in some delivery delays. Some report turning attractive bids away because of tight supplies. Export demand is also pressuring producers. Animal feed blenders are reporting adequate supplies of lower quality WPC being offered to them.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.3100 - 1.5025 MOSTLY: 1.3450 - 1.3800

**LACTOSE - CENTRAL AND WEST**

Lactose prices are steady this week with a firm undertone. Interest from buyers is reported to be increasing. Higher mesh products are commanding the most interest as infant formula and sports drink manufacturers are looking to increase inventories. Lactose manufacturers are mostly able to keep up with contract orders, but report additional inquiries are being turned away due to lack of available supplies. Lower mesh product is available but may not meet specifications for some end products. Lower milk supplies are affecting production schedules as component levels are also lower.

Including spot sales and up to 3 month contracts.

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

**CASEIN - NATIONAL**

Prices for both casein series are unchanged. Market activity is limited beyond contracted shipments. Milk production in France and Ireland has improved during the season. Indications are that milk output is at or above year ago volumes in Ireland, and just slightly below a year ago in France. The extra milk can allow for more casein output, yet returns favor SMP/butter production. Casein stocks are light. Ireland and France were the number 1 and 2 exporting countries in the EU in 2012.

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
07/13/2013	56.6	1,679.6	57.0	1,625.2

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)**

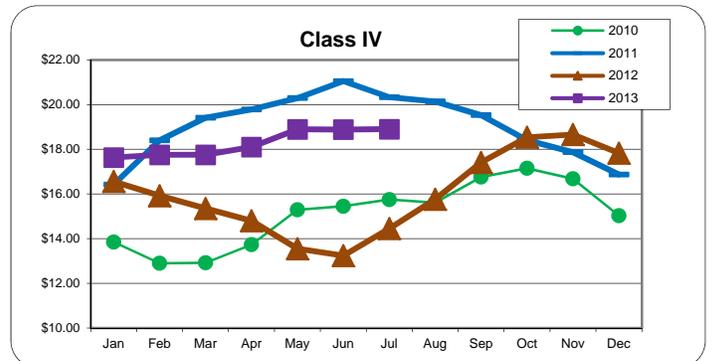
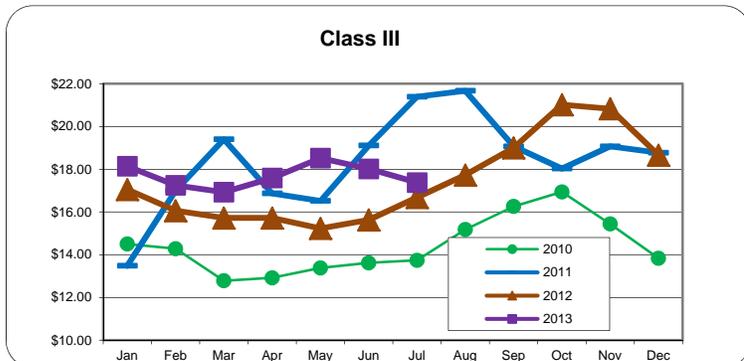
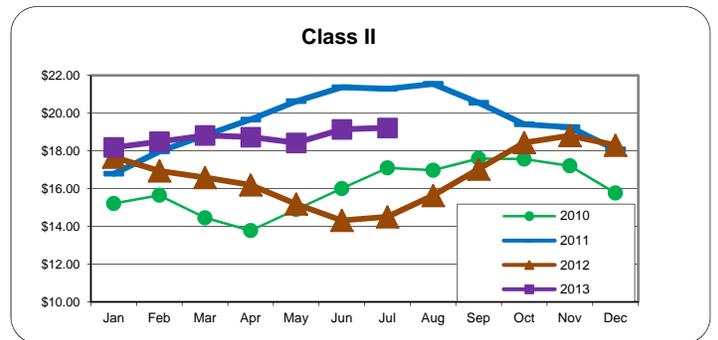
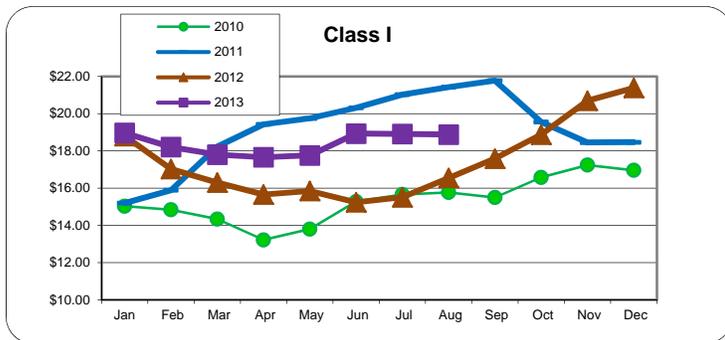
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03
2011	16.42	18.40	19.41	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	18.88				
II	18.19	18.49	18.82	18.73	18.43	19.14	19.22					
III	18.14	17.25	16.93	17.59	18.52	18.02	17.38					
IV	17.63	17.75	17.75	18.10	18.89	18.88	18.90					

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."



## INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered July 22 - August 2, 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 production is declining seasonally across most countries. Production in Germany and Ireland is trending lower on a week-to-week basis. Indications are that current receipts are higher than year ago levels. The reversal of the impact of poor conditions is welcomed as processors have milk to manufacture. There were early concerns about not being able to make and market full product lines. Milk production in France has stayed higher and at levels just short of a year ago. Across Europe, higher farm milk prices and more reasonable feed cost have been welcomed. Milk production responses to the conditions has been favorable, with the extension of milk volumes over the shoulder past the peak likely has been the result. The dairy product markets are mostly steady to slightly higher compared to recent weeks. The marketing sector is quiet and has slowed down with widespread vacations and holidays occurring across Europe. High finished product prices and the stronger Euro are making exporting of dairy products more challenging. Butter movements into the PSA program continue at a slower pace than a year ago, currently topping 81,400 MT for the current program period, down from 122,600 MT a year ago. Offerings into the PSA can be made through August 15.

**BUTTER/BUTTEROIL:** Prices for European butter are slightly higher. The market tone is mostly steady. The impact of the increasing Euro is contributing to the higher pricing points. Buying interest is limited from international buyers at these levels. Internal demand is fair to good. Traders are noting that the U.S. butter pricing is lower and more competitive for buyers able to utilize that product. Butter movements into the PSA program continue at a slower pace than a year ago, currently topping 81,400 MT for the current program period, down from 122,600 MT a year ago. Offerings into the PSA can be made through August 15. European butteroil pricing is unchanged and untested. Market activity is light, as current prices remain higher than international buyers can make work.

82% BUTTERFAT: 5,250 - 5,650  
99% BUTTERFAT: 6,000 - 6,600

**SKIM MILK POWDER (SMP):** European pricing for SMP moved slightly higher. Overall, the market tone is steady. Higher pricing in other world markets and the slightly firmer Euro are contributing to increases in prices. Demand is fair for the limited offerings. Production trends have been variable. Some producers are opting to make WMP for better returns and to fill that demand. Inventory levels of SMP are typically tight.

1.25% BUTTERFAT: 4,100 - 4,300

**WHOLE MILK POWDER (WMP):** Higher pricing levels are recorded for WMP. Increasing Euro values are also making exporting prices higher. Export demand is variable at these pricing levels, noted as below the nearby gDT auction pricing, but higher than pricing from South America. There is some world demand unfilled because buyers have been resistant at the

higher pricing points. Offering volumes are trending lower, reflecting declining milk receipts at plants. Supplies of WMP are tight.

26% BUTTERFAT: 4,600 - 5,050

**SWEET WHEY POWDER:** Dry whey pricing levels are trending slightly higher. Demand is fair to good and often holding up better than expectations. There is a fair pull from the animal feed sector. Exporting has been active, yet pricing points for other countries are often more competitive. Cheese production has been moderate to heavy on a seasonal basis. Demand is good for other whey derivatives, which compete for the whey stream. Price gains in other whey proteins are supportive of the whey market. Dry, sweet whey stocks are light to moderate, tightest for top quality products.

NONHYGROSCOPIC: 1,300 - 1,500

**EASTERN OVERVIEW:** Milk output declines are noted across most countries in Eastern Europe, reflecting weather conditions and the time in milk for cows. Processors are making products of greatest need. Products are available to fill contracted needs; more limited for short term sales.

**Exchange rates for selected foreign currencies:  
July 29, 2013**

.1821 Argentina Peso	.0102 Japan Yen
.9206 Australian Dollar	.0784 Mexican Peso
.9740 Canadian Dollar	.8033 New Zealand Dollar
1.3263 Euro	.3154 Polish Zloty
.0169 India Rupee	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0784) = 12.7551 Mexican Pesos. Source: "Wall Street Journal"

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered July 22 - August 2, 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 production trends are bottoming out at the low point of the cycle. Winter conditions are overall mild. Higher milk prices are a positive sign for dairy producers. Feed supplies are currently hard to find and are pricy. Alternative feeds are being utilized until new crops and pastures are available. The decline in the AU dollar versus the US dollar is a positive for the agricultural sector. Recent milk prices are being stepped up because of the return projections and to be competitive with other processors. According to Dairy Australia, June milk production in Australia ran 6.8% lower than June 2012. Milk output for the July 2012 - June 2013 production year totaled 9.2 million litres, 3.0% lower (unadjusted) than the previous production year. For the 2012/13 year, unadjusted regional changes are: New South Wales, -1.4%; Victoria, -2.8%; Queensland -5.6%; South Australia -6.0%; Western Australia -0.3%; and Tasmania -3.6%. In 2012/13, the regional shares of total production are: Victoria, 65.6%; New South Wales, 11.5%; Tasmania, 8.3%; South Australia, 5.8%; Queensland, 5.0%; and Western Australia, 3.7%.

**NEW ZEALAND** milk output is seasonally light. Pastures and cropping conditions are in good shape. Cows are reported to be in fair to good stature entering the new production season with the milk beginning to build in August. Milk prices are favorable for milk producers as they plan and finance ahead. Milk growth is being forecast from flat to slightly higher for the new production year, yet the comparisons versus the same months may be skewed. The previous season got off to a great start with hefty gains recorded in early months. Later, the season ended in drought conditions and often early. Dairy product prices are mainly steady yet untested in limited, seasonal trading. Offering volumes are light for commodity items as processors make value added products and products to fill needs in the current, tight milk period. Dairy plants are being readied for the upcoming season.

**BUTTER:** Oceania butter prices are fully steady. The market tone is mainly steady with a limited test. Offerings are light into international trade. Domestic demand is fair and taking planned volumes. Orders are being worked for later in the year. Future demand is fair to good. Currently, butter production is limited. Holdings are at seasonal low levels.

82% BUTTERFAT: 3,700 - 4,600

**SKIM MILK POWDER (SMP):** Oceania SMP prices are unchanged, yet trading in a wide range. The most recent gDT auction results had pulled the top end of the market range higher two weeks ago. Buying interest remains from those buyers securing product needs in the current, tightly supplied market. Milk production is at seasonal low levels and limited SMP is being produced. Buyers are also finding SMP and protein powders from other supplying countries in the short term.

1.25% BUTTERFAT: 4,200 - 4,900

**CHEDDAR CHEESE:** The cheddar cheese prices and market tone are slightly weaker. The most pressure is on pricing at the high end of the range. There are limited offerings of cheddar available with volumes along projections. Export activity is light. Domestic movements are at fair volumes to service local needs. Cheese production remains limited. Holdings are seasonally low, waiting for milk growth for restocking.

39% MAXIMUM MOISTURE: 4,150 - 4,500

**WHOLE MILK POWDER (WMP):** Oceania whole milk pricing is mainly steady. Sales are seasonally low, reflecting the limited volumes of WMP available at what is the low point of the milk production cycle. Producers are receiving low volumes of milk and often producing high valued products and other products of greatest needs. Negotiations are occurring for later sales. Buying interest is fair to good. There are buyers that have been out of the market because of the high prices and limited offerings. Volumes will be higher during the next auction events, as increased offerings of new season powders are placed for sale. The market will be tested as to the extent of demand and pricing for these new season offerings.

26% BUTTERFAT: 4,450 - 5,375

**CHICAGO MERCANTILE EXCHANGE FUTURES**

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

Month	07/18	07/19	07/22	07/23	07/24	07/25	07/26	07/29	07/30	07/31
<b>CME - CLASS III MILK FUTURES (Pit-Traded)</b>										
JUL 13	17.35 (3492) 0	17.38 (3464) 0	17.35 (3465) 0	17.35 (3463) 0	17.35 (3462) 0	17.36 (3460) 0	17.35 (3437) 0	17.35 (3428) 0	17.38 (3413) 0	17.38 (3687) 0
AUG 13	17.89 (4640) 0	18.26 (4604) 0	17.89 (4643) 5	17.88 (4548) 0	18.00 (4512) 8	18.03 (4488) 1	17.88 (4456) 5	17.82 (4437) 0	17.84 (4388) 130	17.80 (4377) 18
SEP 13	18.77 (3864) 8	19.04 (3949) 0	18.71 (3995) 0	18.68 (4056) 0	18.83 (4095) 0	18.77 (4160) 2	18.38 (4194) 6	18.49 (4174) 2	18.64 (4203) 7	18.71 (4313) 49
OCT 13	18.62 (2710) 1	19.00 (2765) 0	18.75 (2824) 0	18.74 (2885) 0	18.88 (2931) 0	18.79 (2975) 2	18.40 (3056) 5	18.46 (3070) 2	18.61 (3137) 1	18.69 (3192) 17
NOV 13	18.29 (2217) 1	18.45 (2233) 0	18.33 (2240) 0	18.25 (2284) 0	18.30 (2306) 0	18.26 (2365) 2	17.94 (2441) 5	17.91 (2500) 2	18.02 (2596) 1	18.01 (2635) 9
DEC 13	17.75 (1942) 1	17.86 (1958) 0	17.78 (1968) 0	17.71 (1986) 0	17.67 (1992) 0	17.54 (2073) 2	17.33 (2159) 5	17.30 (2191) 2	17.34 (2229) 1	17.32 (2232) 0
JAN 14	17.21 (767) 1	17.30 (798) 0	17.33 (803) 0	17.21 (808) 0	17.13 (815) 0	17.00 (815) 0	16.74 (830) 0	16.66 (849) 2	16.64 (870) 1	16.64 (880) 3
FEB 14	17.11 (628) 1	17.12 (647) 0	17.15 (651) 0	17.10 (661) 0	17.04 (666) 0	16.95 (669) 0	16.64 (683) 0	16.51 (699) 2	16.43 (714) 1	16.44 (720) 1
MAR 14	17.09 (527) 0	17.09 (528) 0	17.13 (542) 0	17.10 (545) 0	17.10 (545) 0	17.01 (551) 0	16.78 (563) 0	16.46 (572) 0	16.44 (591) 0	16.46 (604) 1
APR 14	17.10 (333) 0	17.10 (331) 0	17.13 (334) 0	17.10 (336) 0	17.10 (336) 0	17.00 (345) 0	16.78 (346) 0	16.63 (346) 0	16.45 (351) 0	16.46 (353) 1
<b>CME - CLASS IV MILK FUTURES (Pit-Traded)</b>										
JUL 13	19.07 (422) 0	19.07 (422) 0	19.04 (419) 0	18.99 (419) 0	18.99 (419) 0	18.95 (419) 0	18.93 (419) 0	18.93 (419) 0	18.93 (419) 0	18.90 (417) 0
AUG 13	19.40 (487) 0	19.50 (479) 0	19.50 (479) 0	19.50 (479) 0	19.50 (479) 0	19.48 (479) 0	19.41 (479) 0	19.32 (476) 0	19.34 (473) 0	19.34 (473) 0
SEP 13	19.72 (478) 0	20.05 (483) 0	20.05 (488) 0	19.98 (489) 0	19.95 (489) 0	19.85 (492) 0	19.85 (492) 0	19.84 (493) 4	19.82 (495) 2	19.81 (497) 2
<b>CME – CASH SETTLED BUTTER FUTURES (Electronic-Traded)</b>										
JUL 13	149.40 (951) 0	148.90 (952) 5	148.60 (953) 1	149.00 (977) 3	149.00 (952) 56	148.23 (952) 0	148.23 (952) 2	148.00 (949) 7	148.00 (949) 0	146.74 (1139) 0
AUG 13	156.00 (1068) 19	154.50 (1068) 9	152.00 (1060) 8	150.25 (1048) 3	150.00 (1056) 16	149.00 (1057) 9	147.53 (1065) 20	147.28 (1066) 12	147.15 (1074) 17	147.15 (1074) 1
SEP 13	161.25 (1010) 12	161.25 (1011) 42	159.00 (1004) 13	158.75 (1003) 9	158.20 (1007) 5	157.75 (1009) 3	156.00 (1012) 14	155.25 (1017) 24	155.00 (1014) 3	153.75 (1012) 3
<b>CME – NONFAT DRY MILK FUTURES (Pit-Traded)</b>										
JUL 13	171.25 (290) 0	171.25 (290) 0	171.25 (286) 0	171.25 (289) 0	171.25 (289) 0	171.50 (289) 0	171.50 (289) 0	172.00 (289) 0	172.00 (289) 0	172.72 (316) 0
AUG 13	174.00 (296) 0	176.50 (288) 0	176.75 (286) 0	176.75 (286) 0	176.75 (286) 0	176.75 (286) 0	176.75 (286) 0	177.00 (285) 0	177.00 (281) 0	177.00 (281) 0
SEP 13	175.50 (259) 0	179.50 (247) 0	179.00 (237) 0	179.00 (237) 0	178.50 (236) 0	178.50 (236) 0	178.50 (236) 0	178.50 (245) 0	178.75 (243) 0	178.75 (243) 0
<b>CME – WHEY (Electronic-Traded)</b>										
JUL 13	57.73 (288) 1	57.73 (287) 1	58.00 (264) 33	58.00 (264) 0	58.00 (264) 0	58.00 (264) 0	57.95 (264) 0	57.95 (264) 0	57.95 (264) 0	58.04 (264) 0
AUG 13	57.90 (287) 0	58.78 (286) 3	58.13 (284) 3	58.13 (284) 0	59.00 (284) 1	58.50 (284) 11	58.50 (284) 0	58.78 (283) 2	58.75 (283) 0	58.75 (283) 0
SEP 13	59.03 (260) 4	62.00 (264) 14	60.50 (258) 6	60.00 (261) 6	60.00 (261) 0	60.25 (255) 18	58.75 (268) 23	59.25 (277) 21	59.25 (280) 9	59.25 (278) 2
<b>CME – CHEESE CSC (Electronic-Traded)</b>										
JUL 13	1.71 (936) 6	1.71 (936) 0	1.71 (936) 1	1.71 (936) 0	1.71 (936) 0	1.71 (936) 0	1.71 (936) 0	1.71 (936) 0	1.71 (936) 0	1.71 (947) 0
AUG 13	1.76 (927) 11	1.79 (928) 6	1.76 (919) 15	1.76 (919) 19	1.77 (913) 11	1.77 (912) 2	1.76 (916) 8	1.75 (913) 5	1.75 (914) 1	1.75 (914) 0
SEP 13	1.84 (940) 6	1.86 (954) 30	1.84 (958) 4	1.84 (958) 0	1.84 (958) 0	1.84 (958) 0	1.81 (984) 54	1.82 (983) 34	1.83 (1019) 40	1.84 (1026) 13
OCT 13	1.83 (824) 23	1.85 (833) 33	1.84 (833) 2	1.84 (833) 0	1.84 (833) 7	1.85 (851) 31	1.80 (885) 50	1.82 (885) 17	1.83 (933) 71	1.84 (924) 12
NOV 13	1.80 (957) 1	1.81 (971) 35	1.80 (971) 3	1.79 (982) 30	1.79 (982) 0	1.79 (999) 30	1.76 (1043) 65	1.76 (1043) 0	1.77 (1088) 73	1.77 (1082) 16
DEC 13	1.75 (945) 2	1.76 (954) 22	1.75 (962) 14	1.74 (966) 9	1.74 (969) 19	1.73 (999) 43	1.71 (1014) 32	1.71 (1014) 0	1.70 (1028) 21	1.70 (1028) 0

1/ At the CME open interest for milk -- 200,000 pounds per contract.)

MONTHLY SUMMARY AND AVERAGES FOR JULY 2013 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	:::REPORT NUMBER 27	:::REPORT NUMBER 28	:::REPORT NUMBER 29	:::REPORT NUMBER 30	:::REPORT NUMBER 31	::: 2013	: 2012
	:::-----	:::-----	:::-----	:::-----	:::-----	::: Average	: Average
	::: JUL 01 - 05	::: JUL 08 - 12	::: JUL 15 - 19	::: JUL 22 - 26	::: JUL 29 - 31	::: or Total	: or Total

CHEESE

WISCONSIN (WSP, Delivered, LTL)

-- Process American 5# Loaf	:: 1.8325 - 2.5375	:: 1.8450 - 2.5500	:: 1.8600 - 2.5650	:: 1.8800 - 2.5850	:: 1.9275 - 2.6325	:: 2.2178	: 2.2211
-- Brick And/Or Muenster 5#	:: 2.0500 - 2.4975	:: 2.0425 - 2.4900	:: 2.0575 - 2.5050	:: 2.0825 - 2.5300	:: 2.1400 - 2.5875	:: 2.2934	: 2.3388
-- Cheddar 40# Block	:: 2.0500 - 2.9225	:: 2.0425 - 2.9150	:: 2.0575 - 2.9300	:: 2.0825 - 2.9550	:: 2.1400 - 3.0125	:: 2.5059	: 2.5513
-- Monterey Jack 10#	:: 2.0200 - 2.9275	:: 2.0125 - 2.9200	:: 2.0275 - 2.9350	:: 2.0525 - 2.9600	:: 2.1100 - 3.0175	:: 2.4934	: 2.5363
-- Blue 5#	:: 2.3125 - 3.3000	:: 2.3050 - 3.2925	:: 2.3200 - 3.3075	:: 2.3450 - 3.3325	:: 2.4025 - 3.3900	:: 2.8259	: 2.8163
-- Mozzarella 5 - 6#	:: 1.8925 - 3.0275	:: 1.8850 - 3.0200	:: 1.9000 - 3.0350	:: 1.9250 - 3.0600	:: 1.9825 - 3.1175	:: 2.4797	: 2.5238
-- Grade A Swiss Cuts 6 - 9#	:: 2.9875 - 3.1050	:: 3.0900 - 3.2075	:: 3.0900 - 3.2075	:: 3.0900 - 3.2075	:: 3.0900 - 3.2075	:: 3.1301	: 2.7888

NORTHEAST (WSP, Delivered, LTL)

-- Cheddar 40# Block	:: 2.0650 - 2.3500	:: 2.0575 - 2.3425	:: 2.0725 - 2.3575	:: 2.0975 - 2.3825	:: 2.1550 - 2.4400	:: 2.2272	: 2.2138
-- Process 5# Sliced	:: 1.8550 - 2.3350	:: 1.8675 - 2.3475	:: 1.8825 - 2.3625	:: 1.9025 - 2.3825	:: 1.9500 - 2.4300	:: 2.1278	: 1.9561
-- Muenster	:: 2.0850 - 2.4450	:: 2.0775 - 2.4375	:: 2.0925 - 2.4525	:: 2.1175 - 2.4775	:: 2.1750 - 2.5350	:: 2.2847	: 2.2713
-- Grade A Swiss Cuts 10 - 14#	:: 3.4675 - 3.7900	:: 3.5700 - 3.8925	:: 3.5700 - 3.8925	:: 3.5700 - 3.8925	:: 3.5700 - 3.8925	:: 3.7126	: 3.3717

WEST COAST (WSP, Delivered, LTL)

-- Process 5# Loaf	:: 1.7625 - 2.0200	:: 1.7750 - 2.0325	:: 1.7900 - 2.0475	:: 1.8100 - 2.0675	:: 1.8575 - 2.1150	:: 1.9241	: 1.9298
-- Cheddar 40# Block	:: 1.7850 - 2.1375	:: 1.7775 - 2.1300	:: 1.7925 - 2.1450	:: 1.8175 - 2.1700	:: 1.8750 - 2.2275	:: 1.9809	: 1.9726
-- Cheddar 10# Cuts	:: 1.9650 - 2.1850	:: 1.9575 - 2.1775	:: 1.9725 - 2.1925	:: 1.9975 - 2.2175	:: 2.0550 - 2.2750	:: 2.0947	: 2.0863
-- Monterey Jack 10#	:: 1.9750 - 2.1350	:: 1.9675 - 2.1275	:: 1.9825 - 2.1425	:: 2.0075 - 2.1675	:: 2.0650 - 2.2250	:: 2.0747	: 2.0663
-- Grade A Swiss Cuts 6 - 9#	:: 3.0450 - 3.4750	:: 3.1475 - 3.5775	:: 3.1475 - 3.5775	:: 3.1475 - 3.5775	:: 3.1475 - 3.5775	:: 3.3439	: 3.0030

FLUID PRODUCTS

SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)

-- Northeast - f.o.b	:: 1.8785 - 1.9941	:: 1.9590 - 2.1398	:: 1.9546 - 2.1049	:: 2.0493 - 2.2275	:: 2.0714 - 2.3016	:: 2.0633	: 2.1785
-- Upper Midwest - f.o.b	:: 1.7774 - 1.9363	:: 1.9590 - 2.1097	:: 2.0297 - 2.1049	:: 1.9602 - 2.2275	:: 1.8988 - 2.2297	:: 2.0272	: 2.1258

PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.

-- Class II	:: 1.55 - 1.68	:: 1.63 - 1.73	:: 1.68 - 1.73	:: 1.65 - 1.75	:: 1.71 - 1.81	:: 1.6893	: 1.1707
-- Class III	:: 1.40 - 1.55	:: 1.46 - 1.56	:: 1.51 - 1.56	:: 1.43 - 1.50	:: 1.56 - 1.61	:: 1.5093	: 1.3450

MONTHLY SUMMARY AND AVERAGES FOR JULY 2013 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	REPORT NUMBER 27	REPORT NUMBER 28	REPORT NUMBER 29	REPORT NUMBER 30	REPORT NUMBER 31	2013	2012
	JUL 01 - 05	JUL 08 - 12	JUL 15 - 19	JUL 22 - 26	JUL 29 - 31	or Total	or Total
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 1.7100 - 1.7750	:: 1.7000 - 1.7900	:: 1.7200 - 1.7925	:: 1.7200 - 1.8075	:: 1.7100 - 1.8300	:: 1.7548	: 1.2758
-- Mostly	:: 1.7100 - 1.7500	:: 1.7400 - 1.7700	:: 1.7500 - 1.7800	:: 1.7500 - 1.7950	:: 1.7500 - 1.8000	:: 1.7594	: 1.2377
-- High Heat	:: 1.7800 - 1.8500	:: 1.8175 - 1.8500	:: 1.8200 - 1.8500	:: 1.8200 - 1.9200	:: 1.8500 - 1.8900	:: 1.8438	: 1.3383
-- West (f.o.b.)							
-- Low/Medium Heat	:: 1.6900 - 1.8000	:: 1.6975 - 1.8000	:: 1.7050 - 1.8200	:: 1.7050 - 1.8200	:: 1.7300 - 1.8000	:: 1.7565	: 1.2141
-- Mostly	:: 1.7100 - 1.7500	:: 1.7200 - 1.7800	:: 1.7250 - 1.7900	:: 1.7400 - 1.8000	:: 1.7700 - 1.7900	:: 1.7567	: 1.2198
-- High Heat	:: 1.7000 - 1.8700	:: 1.7200 - 1.8500	:: 1.7200 - 1.8700	:: 1.7400 - 1.8800	:: 1.7700 - 1.8900	:: 1.7991	: 1.2633
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.4700 - 0.6350	:: 0.4700 - 0.6250	:: 0.4700 - 0.6350	:: 0.4700 - 0.6275	:: 0.4700 - 0.6075	:: 0.5486	: 0.4795
-- Mostly	:: 0.5200 - 0.5700	:: 0.5200 - 0.5700	:: 0.5200 - 0.5700	:: 0.5200 - 0.5650	:: 0.5200 - 0.5650	:: 0.5441	: 0.4895
-- West (f.o.b.)	:: 0.5650 - 0.6150	:: 0.5650 - 0.6150	:: 0.5650 - 0.6150	:: 0.5650 - 0.6150	:: 0.5650 - 0.6250	:: 0.5907	: 0.5035
-- Mostly	:: 0.5750 - 0.6100	:: 0.5750 - 0.6100	:: 0.5700 - 0.6125	:: 0.5700 - 0.6125	:: 0.5700 - 0.6100	:: 0.5916	: 0.5020
-- Northeast (f.o.b.)	:: 0.5300 - 0.6300	:: 0.5450 - 0.6225	:: 0.5600 - 0.6325	:: 0.5650 - 0.6250	:: 0.5550 - 0.6325	:: 0.5898	: 0.5279
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 1.3000 - 1.4700	:: 1.3200 - 1.4925	:: 1.3200 - 1.4925	:: 1.3100 - 1.5025	:: 1.3100 - 1.5025	:: 1.4024	: 1.1188
-- Mostly	:: 1.3250 - 1.3600	:: 1.3325 - 1.3700	:: 1.3350 - 1.3700	:: 1.3350 - 1.3700	:: 1.3450 - 1.3800	:: 1.3518	: 1.1401
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.4075 - 0.5400	:: 0.4075 - 0.5400	:: 0.4075 - 0.5400	:: 0.4075 - 0.5400	:: 0.4075 - 0.5400	:: 0.4738	: 0.4208
BUTTERMILK (Min. 30% protein)							
-- Central And East (f.o.b.)	:: 1.5400 - 1.6200	:: 1.5100 - 1.6400	:: 1.5100 - 1.6400	:: 1.5400 - 1.6650	:: 1.5400 - 1.6800	:: 1.5869	: 1.1279
-- West (f.o.b.)	:: 1.5600 - 1.6200	:: 1.5800 - 1.6300	:: 1.5800 - 1.6350	:: 1.6000 - 1.6450	:: 1.6200 - 1.6700	:: 1.6123	: 1.1231
-- Mostly	:: 1.5800 - 1.5950	:: 1.5900 - 1.6100	:: 1.6000 - 1.6200	:: 1.6100 - 1.6300	:: 1.6400 - 1.6600	:: 1.6114	: 1.1202
WHOLE MILK POWDER							
-- National (f.o.b.)	:: 1.8000 - 1.9000	:: 1.8100 - 1.9500	:: 1.8100 - 1.9500	:: 1.8500 - 1.9500	:: 1.8500 - 1.9500	:: 1.8818	: 1.4550
LACTOSE							
-- Central And West (f.o.b.)	:: 0.5200 - 1.0200	:: 0.4850 - 0.6900	:: 0.5000 - 0.7000	:: 0.5000 - 0.7000	:: 0.5000 - 0.7000	:: 0.6281	: 0.8562
-- Mostly	:: 0.5800 - 0.6750	:: 0.5800 - 0.6800	:: 0.5850 - 0.6800	:: 0.5850 - 0.6800	:: 0.5850 - 0.6800	:: 0.6310	: 0.8383
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 4.6000 - 5.0000	:: 4.6000 - 5.0000	:: 4.6000 - 5.0000	:: 4.6000 - 5.0000	:: 4.6000 - 5.0000	:: 4.8000	: 4.0750
-- Nonrestricted - Acid	:: 4.7000 - 5.4000	:: 4.7000 - 5.4000	:: 4.7000 - 5.4000	:: 4.7000 - 5.4000	:: 4.7000 - 5.4000	:: 5.0500	: 4.4250

1/ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CME GROUP AVERAGES FOR JULY 2013

COMMODITY	REPORT NUMBER 27 JUL 1 - 5	REPORT NUMBER 28 JUL 8 - 12	REPORT NUMBER 29 JUL 15 - 19	REPORT NUMBER 30 JUL 22 - 26	REPORT NUMBER 31 JUL 29 - 31	2013 * Monthly Average	2012 * Monthly Average
<b>BUTTER*</b>							
-- GRADE AA							
--Monday	1.4775	1.5250	1.4800	1.4300	1.4300		
--Tuesday	1.5000	1.5250	1.4825	1.4300	1.4300		
--Wednesday	1.5250	1.5125	1.4825	1.4500	1.4300		
--Thursday	1/	1.4950	1.4900	1.4500			
--Friday	1.5250	1.4600	1.4900	1.4325		1.4751	1.5831
--Weekly Average**	1.5069	1.5035	1.4850	1.4385			
<b>CHEESE*</b>							
-- BARRELS							
--Monday	1.6100	1.6625	1.6450	1.6975	1.7600		
--Tuesday	1.6500	1.6425	1.6500	1.7050	1.7600		
--Wednesday	1.6550	1.6850	1.6800	1.7200	1.7600		
--Thursday	1/	1.6700	1.6900	1.7600			
--Friday	1.6700	1.6500	1.7400	1.7600		1.6919	1.6826
--Weekly Average**	1.6463	1.6620	1.6810	1.7285			
-- 40# BLOCKS							
--Monday	1.6400	1.6750	1.6750	1.7275	1.7625		
--Tuesday	1.6625	1.6625	1.6750	1.7275	1.7700		
--Wednesday	1.6650	1.6725	1.6925	1.7725	1.7700		
--Thursday	1/	1.6750	1.7000	1.7825			
--Friday	1.6650	1.6750	1.7475	1.7625		1.7072	1.6855
--Weekly Average**	1.6581	1.6720	1.6980	1.7545			
<b>NONFAT DRY MILK*</b>							
-- EXTRA GRADE							
--Monday	1.7000	1.7100	1.7250	1.7300	1.7300		
--Tuesday	1.7100	1.7100	1.7300	1.7300	1.7300		
--Wednesday	1.7100	1.7100	1.7300	1.7300	1.7300		
--Thursday	1/	1.7250	1.7300	1.7300			
--Friday	1.7100	1.7250	1.7300	1.7300		1.7225	1.2302
--Weekly Average**	1.7075	1.7160	1.7290	1.7300			
-- GRADE A							
--Monday	1.7300	1.7400	1.7500	1.7750	1.7825		
--Tuesday	1.7400	1.7400	1.7525	1.7750	1.7825		
--Wednesday	1.7400	1.7425	1.7550	1.7750	1.7825		
--Thursday	1/	1.7450	1.7550	1.7750			
--Friday	1.7400	1.7500	1.7750	1.7800		1.7583	1.2986
--Weekly Average**	1.7375	1.7435	1.7575	1.7760			

\* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

\*\* Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.  
1/ Holiday - No trading.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, JULY

**Component Price Information:** Under the Federal milk order pricing system, the butterfat price for July 2013 is \$1.5693 per pound. Thus, the Class II butterfat price is \$1.5763. The protein and other solids prices for July are \$3.2257 and \$0.3927 per pound, respectively. These component prices set the Class III skim milk price at \$12.32 per cwt. The July Class IV skim milk price is \$13.89, which is derived from the nonfat solids price of \$1.5438 per pound.  
**Product Price Averages:** The product price averages for July are: butter \$1.4674, nonfat dry milk \$1.7272, cheese \$1.7142, and dry whey \$0.5804.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT <sup>1/2/</sup>						
FEDERAL MILK ORDER MARKETING AREAS <sup>3/</sup>	ORDER NUMBER	JULY 2013				AUGUST 2013
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) <sup>4/</sup>	001	22.16	19.22	17.38	18.90	22.13
Appalachian (Charlotte) <sup>5/ 6/</sup>	005	22.31	19.22	17.38	18.90	22.28
Southeast (Atlanta) <sup>6/ 7/</sup>	007	22.71	19.22	17.38	18.90	22.68
Florida (Tampa) <sup>6/ 8/</sup>	006	24.31	19.22	17.38	18.90	24.28
Midwest (Cleveland) <sup>9/</sup>	033	20.91	19.22	17.38	18.90	20.88
Upper Midwest (Chicago) <sup>10/</sup>	030	20.71	19.22	17.38	18.90	20.68
Central (Kansas City) <sup>11/</sup>	032	20.91	19.22	17.38	18.90	20.88
Southwest (Dallas) <sup>12/</sup>	126	21.91	19.22	17.38	18.90	21.88
Arizona (Phoenix)	131	21.26	19.22	17.38	18.90	21.23
Pacific Northwest (Seattle) <sup>13/</sup>	124	20.81	19.22	17.38	18.90	20.78
All-Market Average	---	21.80	19.22	17.38	18.90	21.77

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

CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE <sup>1/</sup>

Month and Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish, and Eggs	
	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>
APR 2013	236.8	1.5	218.1	0.6	214.4	2.4	222.4	0.4	197.0	3.2	234.3	1.5
MAY 2013	236.5	1.4	216.3	0.1	210.8	0.6	222.8	1.2	202.6	4.3	233.7	1.9
JUN 2013	236.8	1.4	216.1	0.3	214.1	3.3	219.3	-0.5	200.4	4.7	235.3	2.1
U.S. City Average Retail Prices												
Month	Whole Milk <sup>4/</sup>		Butter <sup>5/</sup>		Process Cheese <sup>6/</sup>		Natural Cheese <sup>7/</sup>		Ice Cream <sup>8/</sup>			
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	Dollars											
APR	3.428	3.474	N/A	N/A	4.131	4.252	5.635	5.628	5.093	5.206		
MAY	3.441	3.427	N/A	N/A	4.065	4.218	5.559	5.568	4.831	5.048		
JUN	3.458	3.396	N/A	N/A	4.085	4.030	5.493	5.475	5.005	4.896		

N/A = Not available. <sup>1/</sup> "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. <sup>2/</sup> The standard reference base period for these indexes is 1982-1984 = 100. <sup>3/</sup> Percent change over previous year. <sup>4/</sup> Per gallon. <sup>5/</sup> Per pound. Grade AA, salted, stick butter. <sup>6/</sup> Per pound, any size and type of package. <sup>7/</sup> Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc). <sup>8/</sup> Per 1/2 gallon prepackaged regular.

COMMERCIAL DISAPPEARANCE: TOTAL MILK AND SELECTED DAIRY PRODUCTS – MARCH-MAY 2012-2013 AND YEAR-TO-DATE 2012-2013 <sup>1/</sup>

Item	Mar.-May 2012	Percent change <sup>2/</sup>	Mar.-May 2013	Percent change <sup>2/</sup>	Jan.-May 2012	Percent change <sup>2/</sup>	Jan.-May 2013	Percent change <sup>2/</sup>
	Million Pounds							
<b>MILK</b>								
Production	52,534	3.3	52,669	0.3	85,864	3.6	85,510	0.2
Marketings	52,285	3.3	52,420	0.3	85,453	3.6	85,101	0.2
Beginning Commercial Stocks <sup>3/</sup>	13,466	11.8	14,450	7.3	10,983	0.5	12,194	11
Imports <sup>3/</sup>	782	10.2	782	0	1,292	11.1	1,309	2
Total Supply <sup>4/</sup>	66,533	5	67,653	1.7	97,728	2.9	98,603	1.9
Ending Commercial Stocks <sup>3/</sup>	14,949	16	16,931	13.3	14,949	16	16,931	13.3
Net Removals <sup>3/</sup>	0	0	0	0	0	0	0	0
Commercial Disappearance <sup>4/</sup>	51,583	2.2	50,722	-1.7	82,778	1.4	81,673	-0.7
<b>SELECTED PRODUCTS <sup>5/</sup></b>								
Butter	462.8	2.6	439.2	-5.1	718	0.1	719.7	0.9
American Cheese	1,091.20	-0.4	1,099.40	0.8	1,788.00	-0.7	1,801.10	1.4
Other Cheese	1,701.40	1.6	1,738.60	2.2	2,787.20	1.8	2,829.50	2.2
Nonfat Dry Milk	551.4	47.2	476.8	-13.5	847.2	36.5	712.7	-15.4
Fluid Milk Products <sup>6/</sup>	13,278.0	-2.4	13,265.0	-0.1	22,233.9	-1.1	21,964.7	-1.9

<sup>1/</sup> Commercial disappearance includes civilian and military purchases of milk and dairy products for domestic and foreign use, but excludes farm household use and USDA donations of dairy products. Disappearance is a residual figure and therefore can be affected by any inaccuracies in estimating milk production, on-farm use, stocks, and imports.

<sup>2/</sup> From year earlier on a daily average basis. <sup>3/</sup> Milk-equivalent, milkfat basis. <sup>4/</sup> Totals may not add because of rounding. <sup>5/</sup> Commercial disappearance in product pounds. <sup>6/</sup> Sales. Estimate based on actual sales in Federal milk order marketing areas and California. These sales figures have not been adjusted for calendar composition.

Source: U.S. Department of Agriculture. Economic Research Service. Agricultural Marketing Service. *Fluid Milk Products*.

## JULY AGRICULTURAL PRICES HIGHLIGHTS

The All Milk price received by farmers was \$19.10 in July, down \$0.40 from June 2013, but up \$2.20 from July 2012. Alfalfa hay price was \$209.00 in July, up \$11.00 from July 2012. Corn price was \$6.83 in July, down \$0.31 from July 2012. Soybean price was \$15.40 in July, unchanged from July 2012. The milk-feed price ratio was 1.52 in July, up 0.18 from July 2012.

The index of prices received by farmers for dairy products during the month of July 2013 was down 3 points to 146. Compared with July 2012, the index was up 17 points (13.2 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in July 2013 was up 1 point to 220. Compared with July 2012, the index was up 7 points (3.3 percent).

## SELECTED MILK PRICES, MILK COWS, AND FEED PRICES, SELECTED STATES AND U.S., JULY 2013 WITH COMPARISONS

State	All-Milk price <sup>1/2/</sup>				Alfalfa hay, baled		Corn for Grain		Soybeans	
	Dollars per cwt.				Dollars per ton		Dollars per bushel		Dollars per bushel	
	June		July		July		July		July	
	2012	2013	2012	2013 <sup>3/</sup>	2012	2013 <sup>3/</sup>	2012	2013 <sup>3/</sup>	2012	2013 <sup>3/</sup>
AZ	15.20	19.30	16.20	19.10	230.00	200.00	---	---	---	---
CA	14.52	17.81	15.12	17.40	201.00	206.00	---	---	---	---
CO	16.20	19.60	16.80	19.00	235.00	250.00	6.98	7.12	---	---
ID	16.00	18.80	16.70	18.50	180.00	200.00	---	---	---	---
IN	16.00	20.30	17.20	20.20	---	---	7.43	6.90	---	---
IA	17.00	20.10	17.40	19.80	162.00	240.00	7.17	7.00	15.00	15.50
MI	16.40	20.10	17.10	19.90	140.00	175.00	7.63	6.50	15.50	15.20
MN	17.40	19.90	18.00	19.60	150.00	185.00	6.87	6.75	15.20	15.10
NM	15.40	18.00	16.10	17.80	258.00	256.00	---	---	---	---
NY	17.00	20.60	17.40	20.30	175.00	210.00	---	---	---	---
OH	16.60	20.60	17.20	20.50	217.00	200.00	7.45	6.80	---	---
PA	17.50	21.00	18.00	20.70	175.00	207.00	7.75	6.90	---	---
TX	16.70	19.60	17.50	19.30	238.00	243.00	7.08	7.25	---	---
WA	16.00	20.10	16.70	19.80	225.00	215.00	---	---	---	---
WI	17.10	19.90	17.80	19.50	135.00	195.00	6.64	6.75	14.80	15.10
U.S.	16.20	19.50	16.90	19.10	198.00	209.00	7.14	6.83	15.40	15.40

<sup>1/</sup> Prices are shown at reported butterfat test. <sup>2/</sup> Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies.

<sup>3/</sup> Preliminary. <sup>4/</sup> Withheld to avoid disclosing data for individual operations.

## MILK-FEED PRICE RATIO, SELECTED STATES AND U.S., JULY 2013 WITH COMPARISONS

Milk-feed: pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk <sup>1/</sup>			
State <sup>2/</sup>	July 2012	June 2013	July 2013 <sup>3/</sup>
IA	1.47	1.41	1.48
MI	1.44	1.61	1.73
MN	1.58	1.52	1.64
OH	1.29	1.58	1.71
WI	1.65	1.44	1.60
U.S.	1.34	1.52	1.52

<sup>1/</sup> The price of commercial prepared dairy feed is based on current United States prices received for corn, soybeans, and alfalfa. The modeled feed uses 51 percent corn, 8 percent soybeans, and 41 percent alfalfa hay. <sup>2/</sup> Available states that provided all necessary data to compute milk feed price ratios.

<sup>3/</sup> Preliminary.

## GENERAL PRICE MEASURES, U.S., JULY 2013 WITH COMPARISONS

Item	July 2012	June 2013	July 2013 <sup>1/</sup>
<b>INDEX NUMBERS (1990-92=100):</b>			
Prices received by farmers for dairy products	129	149	146
Prices paid by farmers for commodities and services, interest taxes, and wage rates	213	219	220

<sup>1/</sup> Preliminary.

**Source:** U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Agricultural Prices, July 2013*.

## JUNE 2013 DAIRY PRODUCTS HIGHLIGHTS

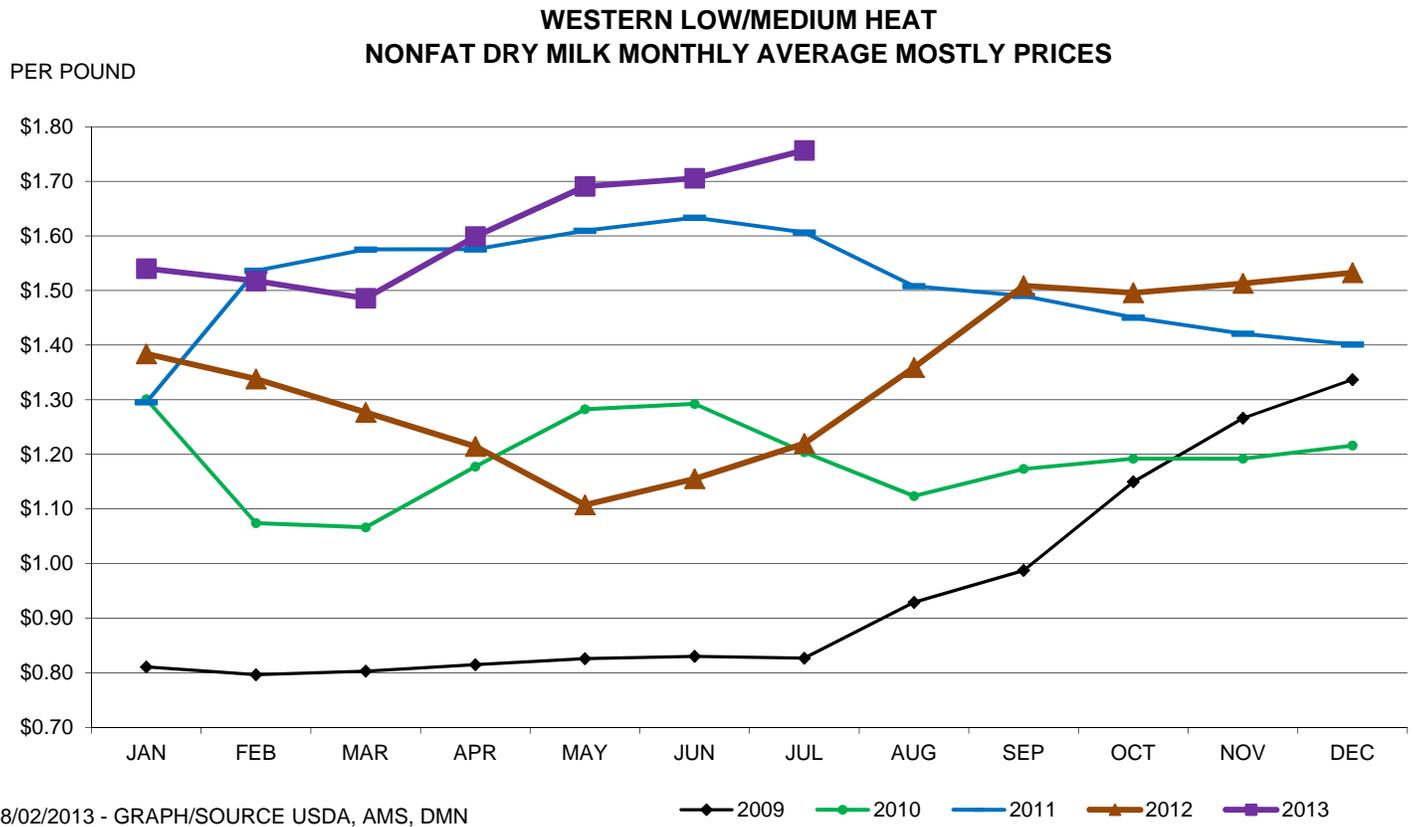
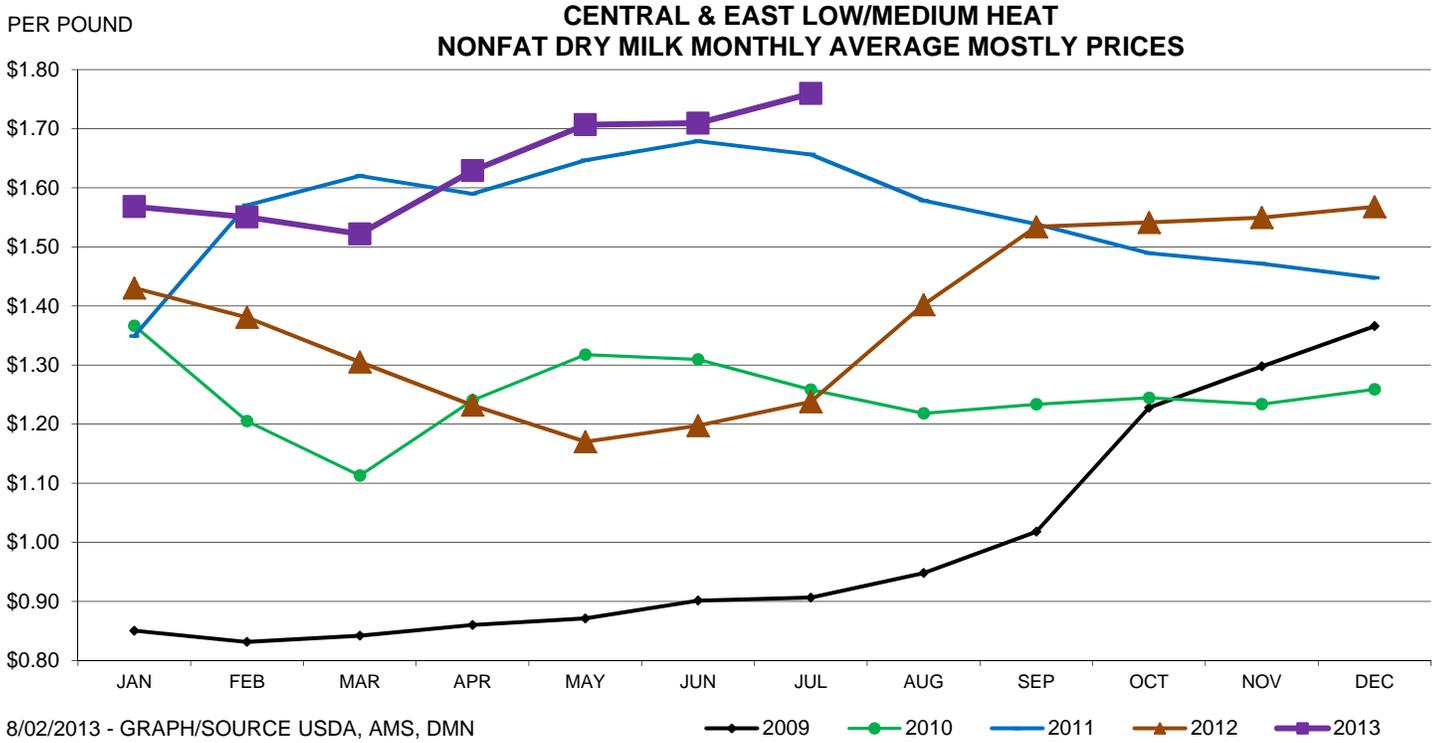
**BUTTER** production was 140.8 million pounds, 2.7 percent above June 2012 but 13.8 percent below May 2013. **AMERICAN TYPE CHEESE** production totaled 364.3 million pounds, 1.2 percent above June 2012 but 6.2 percent below May 2013. **TOTAL CHEESE** output (excluding cottage cheese) was 913.8 million pounds, 1.4 percent above June 2012 but 3.9 percent below May 2013. **NONFAT DRY MILK** production, for human food, totaled 130.5 million pounds, 22.5 percent below June 2012 and 13.3 percent below May 2013. **DRY WHEY** production, for human food, was 75.2 million pounds, 5.1 percent below June 2012 and 0.4 percent below May 2013. **ICE CREAM** (hard) production totaled 80.1 million gallons, 1.2 percent below June 2012 but 3.1 percent above May 2013.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	JUN 2013	PERCENT CHANGE FROM:			PRODUCT	JUN 2013	PERCENT CHANGE FROM:		
	1,000 LBS.	JUN 2012	MAY 2013	YEAR TO DATE <sup>1/</sup>		1,000 LBS.	JUN 2012	MAY 2013	YEAR TO DATE <sup>1/</sup>
BUTTER	140,774	2.7	-13.8	1.5	YOGURT (PLAIN AND FLAVORED)	393,968	7.3	-2.3	5.0
CHEESE					DRY WHEY, HUMAN FOOD	75,153	-5.1	-0.4	---
AMERICAN TYPES <sup>2/</sup>	364,325	1.2	-6.2	2.6	DRY WHEY, ANIMAL FEED	3,920	-7.7	1.5	---
CHEDDAR	259,748	-0.1	-8.0	2.8	DRY WHEY, TOTAL <sup>3/</sup>	79,073	-5.2	-0.3	-7.0
OTHER AMERICAN	104,577	4.5	-1.5	---	REDUCED LACTOSE AND MINERALS				
BRICK & MUENSTER	13,680	3.5	-11.1	---	HUMAN FOOD	2,967	56.9	10.4	---
CREAM & NEUFCHATEL	67,016	-7.5	2.2	---	ANIMAL FEED	5,409	11.5	-1.4	---
HISPANIC	19,835	7.3	0.0	---	LACTOSE, HUMAN FOOD & ANIMAL FEED	90,169	2.3	-1.7	1.8
TOTAL ITALIAN TYPES	391,953	3.3	-2.0	1.0	WHEY PROTEIN CONCENTRATE				
MOZZARELLA	307,726	2.8	-1.6	0.7	HUMAN FOOD <sup>4/</sup>	39,523	11.3	-6.3	---
OTHER ITALIAN	84,227	5.3	-3.2	---	ANIMAL FEED <sup>5/</sup>	791	-73.9	-19.7	---
SWISS	23,463	-12.9	-11.2	---	TOTAL <sup>6/</sup>	40,314	4.6	-6.6	4.0
ALL OTHER TYPES	12,651	2.9	-3.9	---	25.0-49.9 PERCENT <sup>10/</sup>	19,787	-1.7	-6.1	---
TOTAL	913,825	1.4	-3.9	1.7	50.0-89.9 PERCENT <sup>10/</sup>	20,527	11.4	-7.0	---
COTTAGE CHEESE, CURD <sup>3/</sup>	29,831	-12.8	-12.7	---	WHEY PROTEIN ISOLATES <sup>11/</sup>	6,002	15.2	-9.6	---
COTTAGE CHEESE, CREAM <sup>4/</sup>	24,341	-9.0	-9.9	-3.4					
COTTAGE CHEESE, LOWFAT <sup>5/</sup>	29,738	-5.8	-9.2	-2.3	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
DRY BUTTERMILK	9,418	24.0	-8.6	---	ICE CREAM (HARD)	80,135	-1.2	3.1	-0.9
DRY WHOLE MILK	7,262	56.2	38.1	---	ICE CREAM, LOWFAT (HARD)	21,209	13.5	0.6	---
MILK PROTEIN CONC. (MPC), TOTAL <sup>6/</sup>	11,960	29.0	-3.4	---	ICE CREAM, LOWFAT (SOFT)	22,352	-18.0	2.5	---
NONFAT DRY MILK (NDM), HUMAN	130,546	-22.5	-13.3	-18.1	ICE CREAM, LOWFAT (TOTAL)	43,561	-5.2	1.6	-11.4
SKIM MILK POWDERS (SMP) <sup>7/</sup>	58,217	129.5	6.3	122.6	SHERBET, HARD	4,661	20.4	2.1	7.8
SOUR CREAM	101,243	-3.9	-7.7	-0.8	FROZEN YOGURT (TOTAL)	7,212	-7.7	-3.6	-6.7

MANUFACTURERS' STOCKS, END OF MONTH <sup>12/</sup>							
PRODUCT	JUN 2013	PERCENT OF:		PRODUCT	JUN 2013	PERCENT OF:	
	1,000 LBS.	JUN 2012	MAY 2013		1,000 LBS.	JUN 2012	MAY 2013
DRY WHEY, HUMAN FOOD	62,918	26.1	-0.7	WHEY PROTEIN CONCENTRATE			
DRY WHEY, ANIMAL FEED	2,744	-26.4	22.6	HUMAN FOOD <sup>9/</sup>	57,480	6.7	1.3
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL <sup>13/</sup>	8,886	11.4	20.9	ANIMAL FEED <sup>9/</sup>	1,648	-39.1	-3.8
LACTOSE, HUMAN FOOD & ANIMAL FEED	90,362	0.9	-0.4	TOTAL <sup>9/</sup>	59,128	4.5	1.2
DRY BUTTERMILK	14,463	5.5	-10.9	25.0-49.9 PERCENT <sup>10/</sup>	23,945	-35.1	1.0
NONFAT DRY MILK (NDM), HUMAN FOOD	230,360	59.8	0.2	50.0-89.9 PERCENT <sup>10/</sup>	35,183	78.6	1.3
				WHEY PROTEIN ISOLATES <sup>11/</sup>	10,409	41.9	5.9

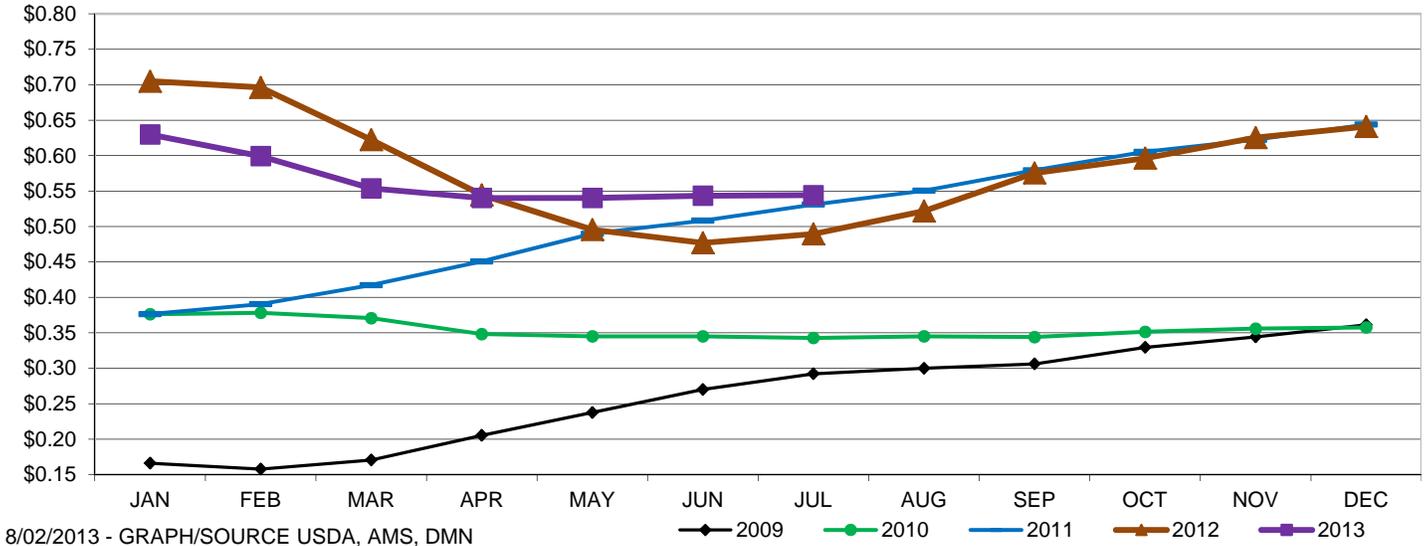
<sup>1/</sup> 2013 cumulative as percent change of 2012 cumulative. <sup>2/</sup> Includes Cheddar, Colby, Monterey and Jack. <sup>3/</sup> Mostly used for processing into cream or lowfat cottage cheese. <sup>4/</sup> Fat content 4 percent or more. <sup>5/</sup> Fat content less than 4 percent. <sup>6/</sup> Dry milk protein concentrate, 40-89.9 percent. <sup>7/</sup> Includes protein standardized and blends. <sup>8/</sup> Excludes all modified dry whey products. <sup>9/</sup> Whey protein concentrate, 25.0 to 89.9 percent. <sup>10/</sup> Whey protein concentrate, human and animal. <sup>11/</sup> Whey protein isolates, 90.0 percent or greater. <sup>12/</sup> Stocks held by manufacturers at all points and in transit. <sup>13/</sup> Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Dairy Products, August 2013.*



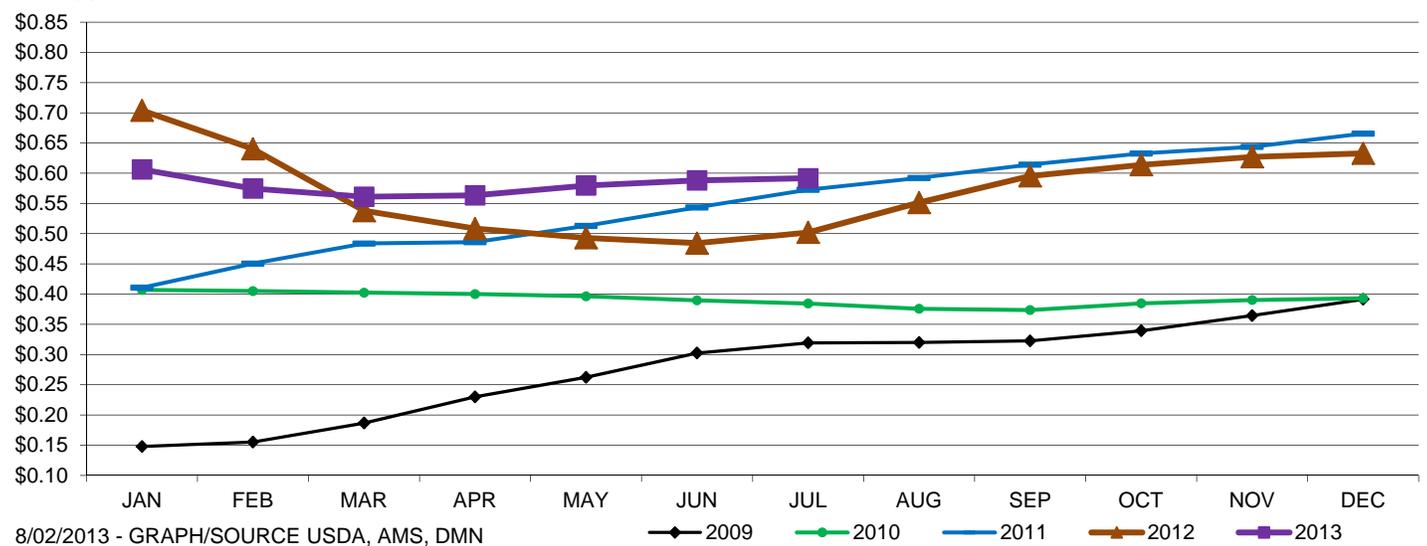
PER POUND

**CENTRAL DRY WHEY MONTHLY AVERAGE MOSTLY PRICES**



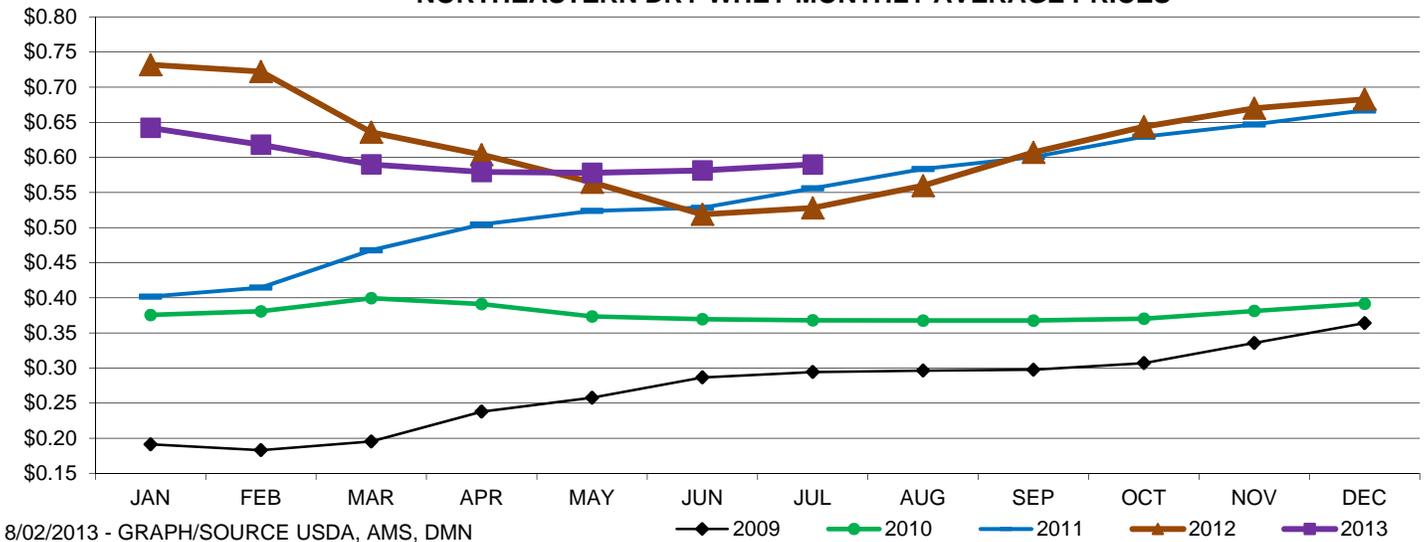
PER POUND

**WESTERN DRY WHEY MONTHLY AVERAGE MOSTLY PRICES**



PER POUND

**NORTHEASTERN DRY WHEY MONTHLY AVERAGE PRICES**



# DAIRY MARKET NEWS

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