

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (8/16):**

BUTTER: Grade AA closed at \$1.3700. The weekly average for Grade AA is \$1.3850 (-.0305).

CHEESE: Barrels closed at \$1.7650 and 40# blocks at \$1.7775. The weekly average for barrels is \$1.7650 (-.0220) and blocks, \$1.7715 (-.0170).

BUTTER HIGHLIGHTS: This has been the second consecutive week with steady to lower daily CME butter price movement. Butter production varies in regions of the United States. Western butter production is mostly steady, with plants gearing up to print butter for fall needs. Retail sales into grocery accounts and club stores remain good as buyers are willing to marginally order ahead or wait to see next week's price. In the Central region, butter demand is flat and inventories are called "burdensome" at some production facilities. Unless orders are in hand, most manufacturers are very reluctant to churn butter. Butter demand in the Northeast is flat with some butter manufacturers continuing to churn part day schedules and sell cream into spot or contract sales. Prices for bulk butter range from 3-6 cents under the market in the West, from 4 cents under to 2 cents over in the Central Region, and even to 2 cents over the market in the Northeast. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 1.682 million pounds (763 metric tons) of butter to customers in Asia, Europe, the Middle East and North Africa. The product will be delivered August 2013 through January 2014.

CHEESE HIGHLIGHTS: Cheese markets appeared to have taken a short summer vacation this week as the market was very quiet until Friday's activity, when five loads of blocks were purchased. The price for blocks moved .75 cents higher to \$1.7775. Barrels closed the week at \$1.7650. Some manufacturers and buyers are contemplating their strategies for the fourth quarter and into 2014. Domestic cheese sales are reported to be good with inventories clearing on a timely basis. Export demand is also good as prices are below much of the international trade. Milk supplies across the country are adequate for current needs with some milk available to those producers wanting to build their inventories.

FLUID MILK: Milk supplies are trending lower in the Midwest, along the length of the East Coast and in the Pacific Northwest. In Utah and Idaho, milk supplies are steady. Supplies are up a bit in California and Arizona. Midwestern cheese plants are being offered limited supplies of milk at prices from \$1.00-\$2.50 over class and cream demand is softening in the region as cream cheese and ice cream demand is lackluster. Cream multiples varied, ranging from 1.19 to 1.37 in the West, 1.25 to 1.50 in the Midwest, and 1.40 to 1.55 in the East.

DRY PRODUCTS: Nonfat dry milk prices advanced in all regions this week, both for low heat and high heat. Dry buttermilk advanced in the West, which was attributed to buyers seeking a reasonably priced alternative to nonfat dry milk. Prices for dry buttermilk remained unchanged in the East and Central regions. Dry whole milk prices are steady. Dry whey prices are steady to weak in the West following a quiet week of trading, but strengthened marginally in the Northeast due to index pricing. Central dry whey prices are mostly unchanged with spotty demand. Whey protein concentrate 34% prices are mostly steady. Lactose prices are uneven with the low end of the full range price series moving lower but the mostly series remaining steady. Casein markets are steady to firm.

INTERNATIONAL MARKET NEWS (DMN): WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW: Milk production trends in Western Europe are declining seasonally and levels in most countries are trailing year ago levels. Milk production is even with or slightly higher than year ago levels in Germany, Holland, Denmark, and Ireland. The lingering effects of hot weather conditions are impacting milk output. The dairy trade could potentially be influenced by countries banning New Zealand WPC and other dairy products because of the recent NZ WPC recall. The potential for European processors would be for exports of WPC into China and butter into Russia. However, the situation is fluid and details are evolving. Pricing levels are higher for SMP, WMP, and whey. The stronger Euro values continue to make exporting prices higher. Butter prices remain at high levels and continue to restrict exporting. PSA program activity is winding down with the last offering into the current program cycle set to stop on August 15. Through August 4, 83,700 MT of butter have been offered in, compared to 126,000 MT a year ago. Demand for cream is good and pricing levels are high. **EASTERN OVERVIEW:** Milk production in Eastern Europe is reported to be lower than year ago levels. Declines are noted in Poland, Czech Republic and most other countries. The delay in the season start and recent hot conditions have had an adverse effect on the milk supply. Processing plants are running on reduced schedules. **OCEANIA OVERVIEW: AUSTRALIAN** milk production is holding mostly steady to slightly higher. The production season remains at the lower point of the trough. Producers are poised to begin the seasonal start well. Cows are generally in good condition, the new season grain crops are on track, pasture health is rated good, milk prices are favorably positioned, and farm financials have improved. Weather conditions are currently favorable.

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CME GROUP CASH TRADING

COMMODITY	MONDAY AUG 12	TUESDAY AUG 13	WEDNESDAY AUG 14	THURSDAY AUG 15	FRIDAY AUG 16	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.7650 (N.C.)	\$1.7650 (N.C.)	\$1.7650 (N.C.)	\$1.7650 (N.C.)	\$1.7650 (N.C.)	:: (N.C.)	:: \$1.7650 (-.0220)
40# BLOCKS	\$1.7700 (-.0275)	\$1.7700 (N.C.)	\$1.7700 (N.C.)	\$1.7700 (N.C.)	\$1.7775 (+.0075)	:: (-.0200)	:: \$1.7715 (-.0170)
NONFAT DRY MILK							
EXTRA GRADE	\$1.7500 (N.C.)	\$1.7500 (N.C.)	\$1.7500 (N.C.)	\$1.7500 (N.C.)	\$1.7500 (N.C.)	:: (N.C.)	:: \$1.7500 (+.0160)
GRADE A	\$1.7925 (N.C.)	\$1.7950 (+.0025)	\$1.7950 (N.C.)	\$1.7950 (N.C.)	\$1.7950 (N.C.)	:: (+.0025)	:: \$1.7945 (+.0080)
BUTTER							
GRADE AA	\$1.3975 (N.C.)	\$1.3975 (N.C.)	\$1.3800 (-.0175)	\$1.3800 (N.C.)	\$1.3700 (-.0100)	:: (-.0275)	:: \$1.3850 (-.0305)

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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Processing plants continue to run on reduced schedules with most product made presently servicing local accounts or are making a needed, value added product. **NEW ZEALAND** milk production is idling in low gear ahead of the anticipated growth as the new season begins. Rains were recorded over the last weekend. Pasture conditions are ranked as near normal to above normal across the dairy regions. Trade articles are noting some concerns about pasture growth being too active before cows are grazing. Feed conditions are adequate to good ahead of the seasonal growth. News of product contamination of WPC indicates that several importing countries have stopped importation of WPC and other products. The restrictions and implications are being assessed and addressed. Dairy product price movements were uneven across categories. The latest GDT results were trending lower, but the trade felt levels held up well against the increased new season offerings and in the face of early news on the WPC incident. Outside of the auction, traders are establishing sales for later quarters. Production trends have been at low levels, reflective of the low volumes of milk receipts. Very hot temperatures in Japan and China are noted, raising some concerns on the impact, if any, on dairy product demand, storage and sales.

AUGUST MILK SUPPLY AND DEMAND ESTIMATES

(WAOB): The 2013 milk production forecast is higher than last month based on production data for the second quarter, but subsequent quarters are unchanged. Production for 2014 is unchanged. Exports are raised for 2013 on both a fat and skim-solids basis as continued tight world supplies support higher exports. However, the export forecast for 2014 is unchanged. Fat basis imports are raised for 2013 while the skim solid forecast is lower. Import forecasts for 2014 are unchanged. Fat-basis ending stock forecasts for 2013 and 2014 are lowered as lower prices are expected to support greater butter use. The skim-basis stock forecast is unchanged for 2013 but lowered for 2014 as domestic demand for nonfat dry milk (NDM) is expected to improve. Robust demand for NDM supports increased price forecasts for 2013 and 2014. The cheese price forecast for 2013 is raised on relatively strong demand, but the forecast is unchanged for 2014. Butter prices are forecast lower for both 2013 and 2014 as stocks are relatively high. The whey price forecast is unchanged from last month. For 2013, the Class III price is raised from last month on the stronger cheese price, but the 2014 price is reduced on a lower butterfat price. The range of the 2013 Class IV price is narrowed for 2013 but is unchanged at the midpoint as the lower butter price is largely offset by the higher NDM price. The 2014 Class IV price is unchanged. The all milk price for 2013 is forecast at \$19.60 to \$19.80 and \$18.65 to \$19.65 for 2014.

JUNE MILK SALES (FMMO & CDFA): During June, 3.9 billion pounds of packaged fluid milk products are estimated to have been sold in the United States. This was 5.9% lower than June 2012. Estimated sales of total conventional fluid milk products decreased 6.4% from June 2012 and estimated sales of total organic fluid milk products increased 5.8 percent from a year earlier.

MAY MAILBOX PRICES (AMS & CDFA): In May 2013, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$19.63, up \$0.18 from the April 2013 average, and up \$3.34 from the May 2012 average. The component tests of producer milk in May 2013 were: butterfat, 3.69%; protein, 3.08%; and other solids, 5.76%. On an individual reporting area basis, mailbox prices decreased in four Federal milk order reporting areas, increased in 14 Federal milk order reporting areas, and stayed the same in one milk order reporting area when compared to the previous month. Mailbox prices in May 2013 ranged from \$21.67 in Florida to \$17.42 in New Mexico.

CME GROUP

MONDAY, AUGUST 12, 2013

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.7700
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$1.7925; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.7925; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.8000
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.4000

TUESDAY, AUGUST 13, 2013

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.7950; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.3300; LAST OFFER UNCOVERED: NONE

WEDNESDAY, AUGUST 14, 2013

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.3800; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.3500; LAST OFFER UNCOVERED: NONE

THURSDAY, AUGUST 15, 2013

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; 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 @ \$1.3500; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.4000

FRIDAY, AUGUST 16, 2013

CHEESE -- SALES: 5 CARS 40# BLOCKS: 1 @ \$1.7800, 2 @ \$1.7900, 1 @ \$1.7850, 1 @ \$1.7800; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7650; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.7775
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.3700; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.3700; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

Demand for cream from ice cream manufacturers is easing. Last week demand was called "strong" but by this week it is slowing and expected to be "moderate" for the next few weeks. Butter demand is flat and inventories are called "burdensome" at some production facilities. Some butter manufacturers continue to churn part day schedules and sell cream into spot or contract sales. Current bulk butter prices for this week are reported even to 2 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 from to sell 1.682 million pounds (763 metric tons) of butter to customers in Asia, Europe, the Middle East and North Africa. The product will be delivered August 2013 through January 2014. Year-to-date, CWT has assisted member cooperatives in selling 63.946 million pounds of butter, 44,092 pounds of anhydrous milk fat and 218,258 pounds of whole milk powder.

CENTRAL

Butter inventory levels are viewed as "burdensome" in the estimation of some Central butter manufacturers. Some cream sellers report a noticeable reduction in cream orders this week from ice cream manufacturers. With another manufacturer also commenting on a decline in international butter prices following last week's GDT auction as being likely to "signal more weakness" for U.S. butter prices, manufacturers have a range of challenges to process. CME prices opened trading this week unchanged but declined Wednesday to \$1.3800. Bulk butter prices range from 4 cents under to 2 cents over, depending on brand and other quality/quantity factors. Unless orders are in hand, most manufacturers are very reluctant to churn butter for inventory purposes. There is hope

for fall to bring retail promotions which could stimulate domestic demand. Cooperatives Working Together (CWT) has accepted requests for export assistance from to sell 1.682 million pounds (763 metric tons) of butter to customers in Asia, Europe, the Middle East and North Africa. The product will be delivered August 2013 through January 2014. Year-to-date, CWT has assisted member cooperatives in selling 63.946 million pounds of butter, 44,092 pounds of anhydrous milk fat and 218,258 pounds of whole milk powder.

WEST

Heavy stocks of butter in cold storage continue to weigh on butter prices. Weekly average butter prices from the CME Group have moved lower for the previous five weeks. Participants are aware of the heavy inventories and preparing their strategies accordingly. Retail sales into grocery accounts and club stores remain good as buyers are willing to marginally order ahead or wait to see next week's price. Butter production is mostly steady with plants gearing to print butter production for fall needs. Food service and institutional demand are mixed as schools prepare to return. Butter prices at the CME Group exchange on Wednesday were \$.0175 lower, closing at \$1.3800. Prices were unchanged for the first two days of trading. Sales at the exchange so far this week are light with one load selling by Wednesday. Prices for bulk butter range from 3-6 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
August 10, 2013	1.4523 6,373,426	1.7307 11,705,756	1.7735 8,792,363	0.5741 8,380,011	1.7652 17,135,674

CHEESE MARKETS

NORTHEAST

Cool weather over the Northeast continues into another week. With concern over filling the school milk pipeline still a couple of weeks ahead, the pleasant weather has contributed to milk supplies at a comfortable level. Coupled with the fluid milk demand situation not yet tightening to meet school demand, this leaves some milk readily available for expanding cheese production schedules. CME trading this week has kept the price spread between blocks and barrels at \$.0050, with blocks closing at \$1.7700 and barrels at \$1.7650 Tuesday. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 2.698 million pounds (1,224 metric tons) of Cheddar, Gouda and Monterey Jack cheese. The product will be delivered August 2013 through January 2014. Year-to-date, CWT has assisted member cooperatives in selling 79.752 million pounds of cheese.

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

Cheddar 40# Block	: 2.1875-2.4725
Process 5# Sliced	: 2.0100-2.4900
Muenster	: 2.2075-2.5675
Grade A Swiss Cuts 10 - 14#	: 3.5150-3.8375

MIDWEST

Midwest cheese manufacturers increasingly feel that many current marketplace messages are mixed to the point of making confident projections about coming days and weeks unlikely. For several weeks, CME trading has caused some price movement, but within a relatively narrow range. These "see-saw moves" are attributed to some degree of market uncertainty. A manufacturer also noted the recent downward trend in New Zealand cheese prices to be closer to U.S. prices. With the New Zealand production season still some weeks from becoming clearer, this leads to another uncertain factor affecting U.S. Markets and recent strong cheese exports. Weighing positively now is demand for Mozzarella and Provolone, described as "booming". For now, prices through Wednesday reflect little fluctuation for the week, with barrels through Wednesday unchanged for the week at \$1.7650 and blocks unchanged two of three days, closing Wednesday at \$1.7700. Cooperatives Working Together (CWT) has accepted requests for export assistance to sell 2.698 million pounds (1,224 metric tons) of Cheddar, Gouda and Monterey Jack cheese. The product will be delivered August 2013 through January 2014. Year-to-date, CWT has assisted member cooperatives in selling 79.752 million pounds of cheese.

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

Process American 5# Loaf	: 1.9875-2.6925
Brick And/Or Muenster 5#	: 2.1725-2.6200
Cheddar 40# Block	: 2.1725-3.0450
Monterey Jack 10#	: 2.1425-3.0500
Blue 5#	: 2.4350-3.4225
Mozzarella 5 - 6# (Low Moisture, Part Skim)	: 2.0150-3.1500
Grade A Swiss Cuts 6 - 9#	: 3.0350-3.1525

WEST

Western wholesale cheese prices are higher following higher weekly average prices at the CME Group. Cheese sales remain good with inventories higher than year ago, but considered to be manageable. Cheese manufacturers are running busy schedules to take advantage of firm prices. Export sales continue to aid in clearing inventories in cold storage. Cheese prices at the CME Group on Wednesday closed unchanged with barrels at \$1.7650. Blocks closed at \$1.7700. Wholesale cheese prices tied to the CME Group weekly average have increased for the past five weeks. Trading at the exchange has been quiet with blocks showing some weakness as Monday's market was 2.75 cents lower. Buyers and sellers are evaluating current prices and trading has slowed. As of midweek, there have been no sales of barrels or blocks.

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

Process 5# Loaf	: 1.9175-2.1750
Cheddar 40# Block	: 1.9075-2.2600
Cheddar 10# Cuts	: 2.0875-2.3075
Monterey Jack 10#	: 2.0975-2.2575
Grade A Swiss Cuts 6 - 9#	: 3.0925-3.5225

FOREIGN

The weekly average block price on the CME Group increased this week and raised domestic wholesale foreign type cheese prices by \$0.0175. The prices for domestic Swiss cuts and imported cheeses were unchanged. Importers should note that August 31, is the last day to enter dairy products into U.S. Customs territory that may be used to qualify and establish eligibility for a calendar year 2014 license.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.3275-3.8150*
Gorgonzola	: 3.4900-6.4700	: 2.8300-3.2850*
Parmesan (Italy)	: -0-	: 3.7175-5.8075*
Provolone (Italy)	: -0-	: 2.3700-2.5275*
Romano (Cows Milk)	: -0-	: 3.5175-5.6675*
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-	: 3.6125-3.9350
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

* = Price change.

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

BUTTER : CHEESE

08/12/13	16,470	:	110,706
08/01/13	18,114	:	112,441
CHANGE	-1,644	:	-1,735
% CHANGE	-9	:	-2

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	73	0	28	0	44	0
SOUTHEAST STATES	0	0	0	0	0	0

Northeast milk supplies are “comfortable” related to demand and production. Schools are still a couple of weeks from beginning the milk pipeline filling process. Recent temperatures in the 60’s during the days keep cows comfortable. Feed supplies are still being assessed because the growing season got off to a slow start and the final seasonal results are yet to be determined. Pennsylvania experienced mild temperatures with cool nights and some areas experienced rain showers several days. Corn and soybeans are in great shape and seem to be the best crop in many years. Yields and quality for corn and soybeans are expected to be high as both crops have received rain and the right temperatures at the optimum times of growth. Maryland and Delaware hay supplies are rated “mostly adequate”. Pasture conditions are rated “fair” to “good” in both states. The Southeast milk situation has now “flipped”, with supplies being lower while fluid demand is increasing. Many schools have started again and schools in Missouri and Arkansas begin classes next week. A plant reports that “about 90%” of the uptick in fluid milk demand this week relates to school milk. No shipments into the region were noted this week but that is expected to change next week, with seasonal imports beginning. Florida Class I milk demand is up with schools starting for the season. Milk imports increased from 28 loads last week to 73 loads this week. Farm milk production is observed to be “dropping like a rock” by one plant official. Producers are starting to dry cows and the weather is not good for cow comfort. Daily temperatures reach 96 degrees with heat indexes of 105, dropping only to 78 at night. Many areas have daily thunderstorms. **Cream multiples** ranged mostly from **1.40-1.55** with sale multiples depending on day of purchase. Demand from regional ice cream manufacturers has moved from “strong” last week to a reduced level this week.

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 -	1.9817-2.1940
F.O.B. producing plants: Upper Midwest -	1.7694-2.1233

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 -	1.52 - 1.57

MIDWEST

Milk supplies in the Midwest are adequate. Supplies are trending lower seasonally. Some expected milk from outside the region is now finding it’s way South as schools begin to return to class. The next two weeks are expected to increase the trend towards Class I usage as the school pipeline begins to fill. Cheese plants are being offered limited supplies of milk at prices from \$1.00-\$2.50 over class. Cream demand is softening in the region as cream cheese and ice cream demand is lackluster. Butter churns are taking up much of

that slack, but are cautious over price. Midweek cream multiples were lower as cream backed up to some manufacturers. **Cream multiples** were lower and ranged from **1.25 – 1.50** with the lower end at the end of the week. Cooler temperatures in the Midwest increased cow comfort levels. Crops in the Midwest are generally in good condition and dairies are busy penciling in feed cost estimates for the upcoming year.

WEST

Conditions are much improved for milk production in CALIFORNIA. Days are still warm, but nights are cooling enough to give the milking herd some real relief. Contacts indicate that they have seen a good rebound in milk output. Water conditions are OK so far, but certainly on the short side of manageable. Hay and corn silage production are good and allowing producers to increase feeding rates. Plants have enough capacity available at this time to move milk into plants that offer the highest rate of return. ARIZONA weather has moderated some, though humidity levels are higher. There was enough rain last week to be beneficial to some crops. The alfalfa crop is in good condition. Milk supplies are up a bit. Class I demand is higher to meet school milk needs. Volumes moving to schools are at expected levels. Some areas of NEW MEXICO are starting on their 5th cutting of hay, a bit later than usual. Well over half are on the 4th cut. Conditions have cooled off somewhat due to rain showers, but that has raised the humidity levels. The call for school milk is increasing, somewhat limiting the volumes left for manufacturing. A number of butter churns continue to sell cream as opposed to churning all of the cream available. Many operations are changing their churning output to favor more print butter to be ready for fall demand. Churning is still active to process all of the available cream supplies. Cream pricing is often lower, reflecting the declining basing points from the CME Group pricing closes and averages. At the CME Group, the Grade AA butter price closed at \$1.38 on Wednesday, August 14, down 4 cents from a week earlier. Prices have not been this low since May 2012. **Cream multiples** are steady, ranging from **1.19 to 1.37**, and vary depending on class usage and basing points. NASS on their August 1 estimate indicates that U.S. hay production for 2013 will total 59.9 million tons, up 15% from 2012. This is based on an increase in acreage of 2% and increased yields of 13%. The total production for selected Western states and percent change from last year are as follows: Arizona 2.1 million tons, -1%; California 6.3 million tons, -4%; Colorado 2.1 million tons, -21%; Idaho 4.6 million tons, +11%; Nevada 1.1 million tons, +4%; New Mexico 1.0 million tons, -13%; Oregon 1.8 million tons, +8%; Utah 2.5 million tons, +22%; and Washington 2.0 million tons, +2%. Milk production in the PACIFIC NORTHWEST is following expected seasonal declines. Temperatures along the coastal regions are moderate, while the High Desert regions continue to see hot, dry weather in the 90’s. Cooler nights have helped to provide relief to dairy cows. Milk is being handled within the region and plants are taking advantage of lower volumes to perform maintenance duties. UTAH and IDAHO milk production is steady as weather conditions are unchanged. Milk supplies are being processed locally as production capacity exceeds current milk supplies. Daytime temperatures in the 90’s are expected and with moderate nighttime temperatures. Hay harvesting continues with some reports of early irrigation water shutoffs anticipated. Corn harvesting for silage has yet to begin.

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: Prices for nonfat dry milk in the Central region are steady to firm as demand remains very good. Both the full range and the mostly price series are higher. High heat prices were also marginally higher. NDM production is lower as milk volumes in the Midwest adjust seasonally lower and component levels return slowly from the midsummer heat. Demand for export SMP is good with manufacturers taking advantage of tight world supplies. Production and supplies of NDM are reduced as some milk and condensed skim is steered to the international marketplace. Condensed skim supplies are becoming limited as more milk begins to enter the Class I pipeline for the new school season.

EAST: Nonfat dry milk prices advanced on the low heat range and the top of the mostly series. High heat prices advanced at the top of the range. There was a reduction in drying volume in some regional plants this week. With school pipeline fluid milk draws in the Northeast soon to begin, plant operators expect drying schedules are more likely to be further reduced than increased in coming weeks. Some brokers expect this to have more initial impact on high heat supplies and pricing in coming weeks, but impact on low heat supplies and pricing as well.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.7500 - 1.8500 MOSTLY: 1.7500 - 1.8100
 HIGH HEAT: 1.8600 - 1.8975

NONFAT DRY MILK - WEST

The Western NDM market for low/medium heat powder continues to be firm with prices moving higher. Export sales continue to drive the market. Domestic interest is fair for normal, seasonal needs. There is talk of the next tender into the Middle East for this fall and that seems to be supportive of the market going forward. Manufacturers do have some powder available for sale, but it is often for limited volumes. Producers are moving good volumes of NDM and SMP into export channels. The SMP production for exporting also continues to limit the amount of NDM available for domestic use. The milk flow and the solids in the milk are declining seasonally. Demand for high heat powder is building seasonally and production is increasing as some dryer time becomes available. Prices for high heat are increasing both because demand is good and just to stay in a normal relation to low heat powder.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.7450 - 1.8200 MOSTLY: 1.7800 - 1.8050
 HIGH HEAT: 1.8100 - 1.8800

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
August 9	\$1.7336	10,920,629	0
August 2	\$1.6992	5,462,044	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.

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices in the Central region are unchanged. Contract fulfillment is the order of the day for most of the product in the market. Spot loads of buttermilk are hard to find as manufacturers report tight inventories. Lower fat yields from milk going into the churns have limited buttermilk supplies. Demand is uneven as Class II demand has moderated. Some seasonal bakery users are beginning to test the market. Prices are significantly higher compared to a year ago and spot buyers are finding it harder to source product.

EAST: Eastern dry buttermilk is a steady to firm market this week, with prices unchanged. There is somewhat lower production occurring with some resulting anticipation of supply tightness ahead. Nevertheless, with negligible spot transaction activity reported and contract sales moving readily, this week prices are unchanged.

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

DRY BUTTERMILK - WEST

Prices for Western buttermilk powder continue to show strength. Trading is light because of the few offerings available. Churning is declining seasonally; therefore there is less buttermilk available for drying. Buyers are trying to find buttermilk powder as a more reasonably priced alternative to NDM, with little success. Any stocks at the producer level are held with confidence. The market continues to have a firm undertone.

F.O.B. WEST: 1.6600 - 1.7000 MOSTLY: 1.6700 - 1.6900

DRY WHOLE MILK - NATIONAL

Dry whole milk prices are steady. Production of dry whole milk is steady to marginally higher as butter/powder plants are often trying to limit butter churning. As more export opportunities become available, domestic processors are looking to expand their product lines to include whole milk powder to fill those needs. Some Western processors are developing production facilities to accommodate this demand.

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

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

Whey prices in the Central region this week are mostly unchanged. Pricing indices from various sources moved some contract priced whey marginally higher, while spot prices were mostly steady. Demand for whey is spotty, with buyers looking for lower prices to make purchases. Increased seasonal demand is expected, but buyers are finding supplies of whey available from both manufacturers and brokers. Increased cheese production in the region has increased inventories and brokers are looking to lower their holdings. Export interest continues to be good, but transportation costs put Central whey at a slight disadvantage to coastal regions. ANIMAL FEED DRY WHEY prices are steady. Feed blenders are increasing production as veal barns increase numbers. Dairy and beef replacement operations are also showing some increases and building the demand. Milk replacer blenders are seeing increased offerings of both feed and food grade product.

F.O.B. CENTRAL: .4700 - .6325 MOSTLY: .5200 - .5650
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4050 - .5400

DRY WHEY - NORTHEAST

Northeast dry whey prices strengthened slightly this week when contract pricing increased the top of the price range. There was also whey sold on spot markets by some manufacturers who have not recently made spot market offerings. This is believed to be an effort by these manufacturers to adjust inventories. Brokers were more often ready to absorb the manufacturers' available spot whey, to hold for future sale, than buyers with an immediate need. There were also a number of transactions between brokers related to broker inventories being re-adjusted. Much of this week's sales activity was focused on inventory adjustment, both by manufacturers and between brokers.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5350 - .6325

DRY WHEY - WEST

Western dry whey prices are steady to weak in a quiet week of trading. Contract prices tied to various pricing indices were uneven, resulting in a lower average for the range while holding unchanged for the mostly price series. Whey production for the week was steady as cheese plants continue to run busy schedules. Demand for whey is moderate with price being the determinate factor. Whey inventories are adequate with supplies available at both the manufacturers and brokers. Export prices are in line with domestic prices and export sales continue to make up a significant portion of sales.

NONHYGROSCOPIC: .5500 - .6150 MOSTLY: .5650 - .6050

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices are mostly steady with a fractionally higher price for the full range. Spot prices are few and far between as supplies are reported to be tight. Some manufacturers are delaying delivery of contracted loads due to light inventories. Some offerings of aged product from brokers are helping to fill spot demand. Increased demand from higher protein concentrates appears to be pulling some whey stream supplies away from 34% production. Demand for 34% is good with blenders looking to take advantage of the lower priced WPC versus protein from NDM. A few end users are looking to begin negotiations into 2014 contracting to ensure coverage.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.2800 - 1.5125 MOSTLY: 1.3450 - 1.3800

LACTOSE - CENTRAL AND WEST

Lactose prices are uneven as the low end of the full range price series moved lower. The mostly series remained steady. Lactose demand is good, especially for higher mesh products as export demand is showing increased interest. Unground and coarser blend lactose are available and some spot sales are at lower prices to balance inventories. Recent developments internationally have opened some increased possibilities for market share in SE Asia and Oceania. Lactose production is steady to lower due to lower seasonal milk intakes across much of the country. Manufacturers are reporting that buyers are beginning to look to contract negotiations for 2014 with an emphasis on securing needed supplies for next year.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .4100 - .7200 MOSTLY: .5900 - .6900

CASEIN - NATIONAL

Acid and rennet casein markets are steady to firm. Demand is at light to fair levels. Buying interest is variable. Some buyers have coverage and are out of the market. Others are being strategic, planning purchasing strategies. Internationally, returns favor SMP production over casein production. This, in turn, will have casein production more finely tuned towards just making contracted volumes.

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
07/27/2013	57.2	1,792.4	55.9	1,741.4

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)

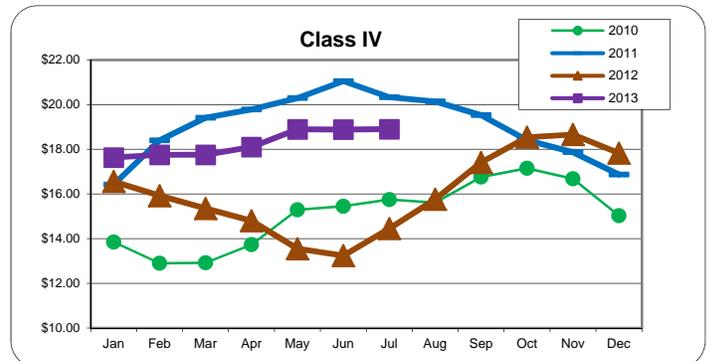
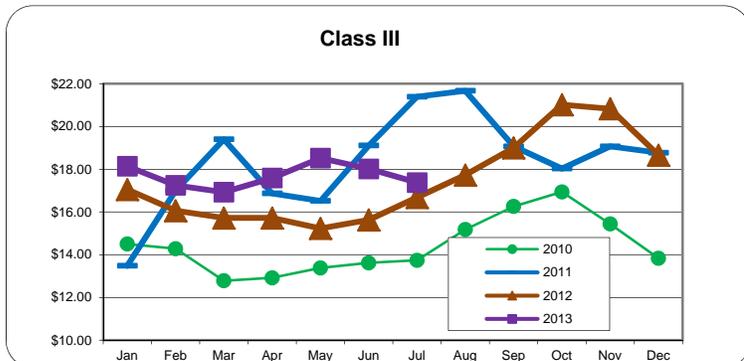
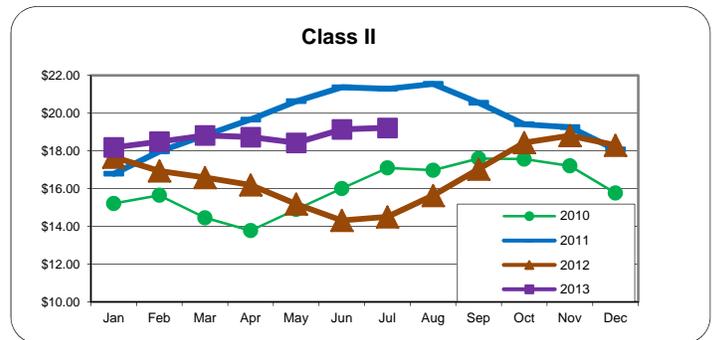
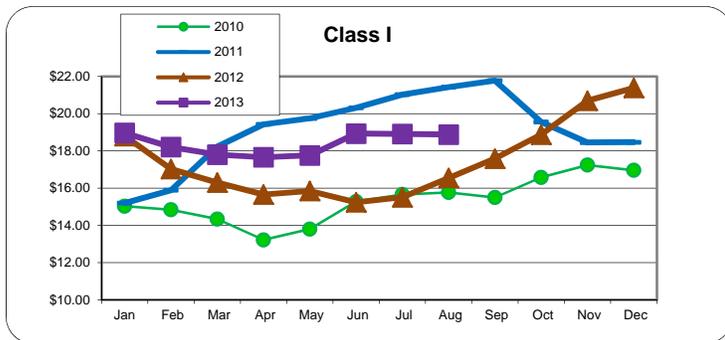
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03
2011	16.42	18.40	19.41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



INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered August 5 - 16, 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 trends in Western Europe are declining seasonally and levels in most countries are trailing year ago levels. Milk production is even with or slightly higher than year ago levels in Germany, Holland, Denmark, and Ireland. The lingering effects of hot weather conditions are impacting milk output. The dairy trade could potentially be influenced by countries banning New Zealand WPC and other dairy products because of the recent NZ WPC recall. The potential for European processor would be for exports of WPC into China and butter into Russia. However, the situation is fluid and details are evolving. Pricing levels are higher for SMP, WMP, and whey. The stronger Euro values continue to make exporting prices higher. Butter prices remain at high levels and continue to restrict exporting. PSA program activity is winding down with the last offering into the current program cycle set to stop on August 15. Through August 4, 83,700 MT of butter have been offered in, compared to 126,000 MT a year ago. Demand for cream is good and pricing levels are high.

BUTTER/BUTTEROIL: Butter prices moved slightly higher in a limited test. Pricing levels remain at high points and continue to restrict the majority of trades to servicing local markets. Trading activity was light. The trade chatter on Russia ceasing imports of NZ dairy products is being assessed. PSA butter movements as of August 4, stand at 83,744 MT for the current program, down from 126,000 MT a year earlier. The PSA program will accept butter through August 15. European butteroil markets are quiet. Pricing levels are higher, being equated on a fat basis to butter market pricing.

82% BUTTERFAT: 5,300 - 5,675
99% BUTTERFAT: 6,050 - 6,650

SKIM MILK POWDER (SMP): European SMP prices are slightly higher. Overall, market activity is limited. Traders are noting EU SMP is pricing lower than Oceania SMP, but higher than U.S. offerings. Holiday schedules and light demand segments are limiting sales. Demand is stated as reasonable for current offerings and pricing points. Production is trending lower, defined by less milk receipts and making of other products. Holdings are light. Pricing of EU MH SMP at the August 6 GDT auction averaged \$4,395.

1.25% BUTTERFAT: 4,150 - 4,400

WHOLE MILK POWDER (WMP): European WMP prices moved slightly higher. The market tone is steady to firm. Interest is fair to good for offerings. Buyers have most needs covered in the short term. Longer term needs are being negotiated; buyers are concerned and showing resistance to

higher pricing levels. There is an eye on offerings and prices out of Oceania. Export interest is taking contracted volumes. Production is steady to lower, matching changes in the milk supply. WMP holdings are limited.

26% BUTTERFAT: 4,700 - 5,100

SWEET WHEY POWDER: European dry whey prices are mainly unchanged to slightly higher. The market tone is steady to firm. Buyer demand remains fair to good with whey clearing to domestic and export accounts. Interest in feed whey is also noted to be continuing at a moderate pace with feed whey pricing moving higher. Production of whey is often lower as the milk supplies decline seasonally and where some areas are experiencing the effects of hotter weather. Whey stocks are modest. Traders/handlers are keeping a close eye on any fallout from New Zealand WPC problems. There could be opportunities for other suppliers should additional demand open up because of import restrictions on NZ WPC.

NONHYGROSCOPIC: 1,350 - 1,500

EASTERN OVERVIEW: Milk production in Eastern Europe is reported to be lower than year ago levels. Declines are noted in Poland, Czech Republic and most other countries. The delay in the season start and recent hot conditions have had an adverse effect on the milk supply. Processing plants are running on reduced schedules.

**Exchange rates for selected foreign currencies:
August 12, 2013**

.1801 Argentina Peso	.0103 Japan Yen
.9148 Australian Dollar	.0789 Mexican Peso
.9703 Canadian Dollar	.8010 New Zealand Dollar
1.3300 Euro	.3171 Polish Zloty
.0163 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 August 5 - 16, 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 is holding mostly steady to slightly higher. The production season remains at the lower point of the trough. Producers are poised to begin the seasonal start well. Cows are generally in good condition, the new season grain crops are on track, pasture health is rated good, milk prices are favorably positioned, and farm financials have improved. Weather conditions are currently favorable. Processing plants continue to run on reduced schedules with most product made presently servicing local accounts or are making a needed, value added product.

NEW ZEALAND milk production is idling in low gear ahead of the anticipated growth as the new season begins. Rains were recorded over the last weekend. Pasture conditions are ranked as near normal to above normal across the dairy regions. Trade articles are noting some concerns about pasture growth being too active before cows are grazing. Feed conditions are adequate to good ahead of the seasonal growth. News of product contamination of WPC indicates that several importing countries have stopped importation of WPC and other products. The restrictions and implications are being assessed and addressed. Dairy product price movements were uneven across categories. The latest GDT results were trending lower, but the trade felt levels held up well against the increased new season offerings and in the face of early news on the WPC incident. Outside of the auction, traders are establishing sales for later quarters. Production trends have been at low levels, reflective of the low volumes of milk receipts. Very hot temperatures in Japan and China are noted, raising some concerns on the impact, if any, on dairy product demand, storage and sales. At the August 6th gDT session #97, prices for the major categories were mostly lower from the prior event. The all contracts price averages (US\$ per MT) and percent changes from the previous average are: anhydrous milk fat, \$4,612 -4.9%; butter, \$3,499 -5.5%; buttermilk powder, \$4,641 +0.4%; cheddar cheese, \$4,335 -4.4%; lactose, not traded; milk protein concentrate, \$7,751 n.a.; rennet casein, \$9,904 +1.2%; skim milk powder, \$4,451 -3.0%; and whole milk powder, \$5,021 -1.6%.

BUTTER: Oceania butter markets are generally stable. Pricing is mixed. Prices are lower on the bottom range end, reflecting recent declines in gDT trading in the nearby months. Limited trade at the top end of the range moved higher. Overall, the market is lightly tested. New season offerings are being negotiated. Current churning schedules are limited. The domestic market is being serviced. Butter holdings remain on the seasonal, low side. Some traders/handlers are filling past orders. The trade is aware of the announcement by Russia to ban imports of New Zealand dairy products, mainly affecting butter volumes. The extent, timing, and impact are being assessed. At the August 6 gDT event 97, butter averaged \$3,356/MT for the October contracts, -9.2%, and \$3,499/MT for all contract periods, -5.5%. AMF prices averaged \$4,704/MT for the October contracts, -11.7% from the prior event. The AMF price average was \$4,612/MT for all contract periods, -4.9%.

SKIM MILK POWDER (SMP): Oceania SMP markets are generally steady to firm. There were some declines for nearby months pricing at the most recent gDT auction. With news events surrounding a product recall for NZ WPC, the news that NZ products were being barred by some importing countries, and increased new season offerings, just having small declines in pricing were often welcomed news. Production activity is seasonally light, reflecting the slow point of the year. Demand is fair to good for any current holdings. New season offerings are increasingly being offered. Current holdings are light. At the August 6 gDT event 97, SMP for all regions and contracting periods averaged \$4,451 per MT, down 3.0%. For trading in contract period 2, (October 2013), prices averaged \$4,685 for NZ sourced medium heat product. For October sales, the price gap narrowed between U.S. sourced SMP, at \$4,125, to \$560/MT. The gap for EU SMP was \$295/MT.

1.25% BUTTERFAT: 4,300 - 5,000

CHEDDAR CHEESE: Cheese prices are steady to higher. The market tone is quiet. Often immediate demand is based around servicing a moderately active domestic interest. New season interest is fair to good with export sales progressing. In general, movements are along planned volumes. There are some indications of slower interest from some Asian accounts. Currency rates remain a concern for sales to Japan. Current Oceania cheese production is very light. Holdings are at low levels.

39% MAXIMUM MOISTURE: 4,200 - 4,600

WHOLE MILK POWDER (WMP): Pricing trends for the WMP market are mixed. Demand remains fair to good for the currently limited offerings. The pricing at the latest gDT event held up fairly well considering the increased volumes as the new season's production are being offered. The extent of events surrounding the recall of WPC powders is also being assessed by other markets, including WMP. There were initial, yet false reports that China was restricting WMP imports from NZ, but no action on WMP has taken place. Demand is good across categories. Some past due orders are being filled. Holdings are limited. At the August 6 gDT event, the WMP pricing index, across all contracting periods, averaged \$5,021 per MT, -1.6%. For Contract period 1, September 2013, NZ regular WMP averaged \$5,570 per MT, up \$200 from last period.

26% BUTTERFAT: 4,650 - 5,250

82% BUTTERFAT: 3,350 - 4,700

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

US\$/MT	Global/Dairy Trading (g/DT) Event 97 Recap - August 6, 2013													
	Contract 1 Sep-13		Contract 2 Oct-13		Contract 3 Nov-13		Contract 4 Dec-13		Contract 5 Jan-14		Contract 6 Feb-14		All Contracts	
Anhydrous Milk Fat	n.a.	\$4,704	-11.7%	\$4,624	-2.5%	\$4,634	-1.8%	\$4,474	-3.5%	\$4,340	-3.3%	\$4,612	-4.9%	
Butter	\$3,675	-4.2%	\$3,356	-9.2%	\$3,581	-2.5%	\$3,760	0.9%	n.a.	n.a.	\$3,499	-5.5%		
Buttermilk Powder	n.a.	\$4,528	0.8%	\$4,920	2.4%	\$4,710	-3.6%	n.a.	n.a.	\$4,641	0.4%			
Cheddar	n.a.	\$4,581	n.a.	\$4,301	-5.0%	\$4,287	-3.9%	n.a.	n.a.	\$4,335	-4.4%			
Lactose	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
Milk Protein Concentrate	n.a.	\$8,140	n.a.	\$7,500	n.a.	\$7,700	n.a.	n.a.	n.a.	\$7,751	n.a.			
Rennet Casein	n.a.	\$9,936	-1.9%	\$9,910	1.7%	\$9,844	4.9%	n.a.	n.a.	\$9,904	1.2%			
Skim Milk Powder	\$4,035	0.4%	\$4,466	-3.2%	\$4,412	-5.0%	\$4,683	-1.7%	\$4,622	-3.7%	\$4,451	-3.0%		
Whole Milk Powder	\$5,548	-6.6%	\$4,964	-7.8%	\$4,993	1.5%	\$5,050	3.5%	\$5,005	1.3%	\$5,033	0.2%	\$5,021	-1.6%

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

US\$/Pound	Global/Dairy Trading (g/DT) Event 97 Recap - August 6, 2013													
	Contract 1 Sep-13		Contract 2 Oct-13		Contract 3 Nov-13		Contract 4 Dec-13		Contract 5 Jan-14		Contract 6 Feb-14		All Contracts	
Anhydrous Milk Fat	n.a.	\$2.1337	-11.7%	\$2.0974	-2.5%	\$2.1020	-1.8%	\$2.0294	-3.5%	\$1.9686	-3.3%	\$2.0920	-4.9%	
Butter	\$1.6670	-4.2%	\$1.5223	-9.2%	\$1.6243	-2.5%	\$1.7055	0.9%	n.a.	n.a.	\$1.5871	-5.5%		
Buttermilk Powder	n.a.	\$2.0539	0.8%	\$2.2317	2.4%	\$2.1364	-3.6%	n.a.	n.a.	\$2.1051	0.4%			
Cheddar	n.a.	\$2.0779	n.a.	\$1.9509	-5.0%	\$1.9446	-3.9%	n.a.	n.a.	\$1.9663	-4.4%			
Lactose	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.			
Milk Protein Concentrate	n.a.	\$3.6923	n.a.	\$3.4020	n.a.	\$3.4927	n.a.	n.a.	n.a.	\$3.5158	n.a.			
Rennet Casein	n.a.	\$4.5069	-1.9%	\$4.4951	1.7%	\$4.4652	4.9%	n.a.	n.a.	\$4.4924	1.2%			
Skim Milk Powder	\$1.8303	0.4%	\$2.0258	-3.2%	\$2.0013	-5.0%	\$2.1242	-1.7%	\$2.0965	-3.7%	\$2.0190	-3.0%		
Whole Milk Powder	\$2.5166	-6.6%	\$2.2517	-7.8%	\$2.2648	1.5%	\$2.2907	3.5%	\$2.2703	1.3%	\$2.2830	0.2%	\$2.2775	-1.6%

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

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	08/01	08/02	08/05	08/06	08/07	08/08	08/09	08/12	08/13	08/14
CME - CLASS III MILK FUTURES (Pit-Traded)										
AUG 13	17.82 (4297) 3	17.89 (4247) 0	17.96 (4004) 0	17.95 (3956) 0	18.12 (3833) 29	18.16 (3664) 0	18.09 (3636) 0	18.07 (3591) 0	18.11 (3633) 0	18.13 (3654) 0
SEP 13	18.52 (4425) 6	18.42 (4448) 1	18.39 (4543) 0	17.69 (4635) 0	18.14 (4743) 5	18.38 (4871) 3	18.05 (4805) 0	17.88 (4797) 0	17.95 (4793) 0	18.14 (4755) 0
OCT 13	18.48 (3237) 0	18.41 (3275) 1	18.36 (3321) 0	17.77 (3580) 10	18.15 (3551) 5	18.32 (3606) 3	17.96 (3633) 0	17.84 (3684) 83	17.88 (3672) 0	18.07 (3669) 0
NOV 13	17.80 (2728) 0	17.75 (2841) 1	17.76 (2907) 0	17.31 (2957) 0	17.62 (2990) 5	17.63 (3022) 3	17.55 (3019) 0	17.41 (3042) 0	17.39 (3066) 2	17.49 (3076) 0
DEC 13	17.24 (2248) 0	17.20 (2261) 1	17.20 (2276) 0	16.93 (2338) 0	17.01 (2527) 9	17.02 (2594) 3	16.91 (2592) 0	16.91 (2634) 2	16.94 (2690) 2	16.96 (2714) 99
JAN 14	16.50 (904) 0	16.49 (916) 1	16.46 (945) 0	16.38 (946) 0	16.43 (968) 0	16.47 (999) 2	16.41 (1015) 0	16.48 (1032) 0	16.44 (1041) 0	16.45 (1060) 0
FEB 14	16.44 (749) 0	16.39 (753) 1	16.37 (755) 0	16.28 (797) 0	16.34 (867) 0	16.39 (912) 2	16.35 (922) 0	16.38 (942) 0	16.40 (964) 0	16.41 (973) 0
MAR 14	16.44 (617) 0	16.41 (617) 0	16.41 (630) 0	16.31 (653) 0	16.37 (729) 0	16.36 (766) 0	16.44 (783) 5	16.40 (796) 0	16.43 (810) 0	16.35 (812) 0
APR 14	16.45 (349) 0	16.42 (345) 0	16.44 (347) 0	16.35 (388) 0	16.39 (474) 0	16.40 (489) 0	16.43 (510) 5	16.37 (519) 0	16.41 (555) 0	16.34 (556) 0
MAY 14	16.55 (414) 0	16.58 (417) 0	16.55 (419) 0	16.48 (432) 0	16.54 (536) 0	16.58 (544) 0	16.52 (551) 5	16.45 (563) 0	16.43 (559) 0	16.37 (570) 0
CME - CLASS IV MILK FUTURES (Pit-Traded)										
AUG 13	19.29 (474) 0	19.29 (474) 0	19.35 (478) 0	19.35 (478) 0	19.35 (478) 0	19.35 (478) 0	19.22 (478) 0	19.15 (486) 0	19.15 (478) 0	19.15 (473) 0
SEP 13	19.77 (497) 0	19.76 (497) 3	19.80 (497) 0	19.79 (497) 0	19.79 (497) 0	19.61 (501) 4	19.55 (501) 0	19.40 (514) 0	19.40 (515) 0	19.25 (515) 0
OCT 13	19.56 (411) 0	19.56 (411) 3	19.76 (428) 0	19.71 (428) 0	19.59 (433) 0	19.70 (441) 4	19.60 (446) 0	19.45 (471) 0	19.50 (478) 0	19.50 (478) 0
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
AUG 13	147.25 (1074) 1	147.30 (1072) 2	147.58 (1070) 8	145.35 (1083) 18	145.00 (1063) 10	144.63 (1108) 5	144.00 (1108) 2	143.50 (1108) 3	142.50 (1110) 1	142.00 (1109) 2
SEP 13	153.00 (1011) 13	152.50 (1013) 4	152.63 (1014) 11	149.00 (1031) 30	149.00 (1031) 0	149.00 (1027) 17	147.75 (1038) 19	146.25 (1046) 19	145.00 (1043) 15	144.50 (1052) 23
OCT 13	155.50 (1023) 15	155.50 (1023) 3	155.43 (1036) 20	151.50 (1052) 23	151.50 (1055) 19	151.25 (1058) 9	150.85 (1070) 20	149.00 (1070) 23	147.00 (1065) 13	146.00 (1072) 19
CME - NONFAT DRY MILK FUTURES (Pit-Traded)										
AUG 13	177.00 (281) 0	177.00 (281) 0	177.00 (281) 0	177.00 (281) 0	177.00 (281) 0	177.00 (281) 0	177.00 (287) 0	177.00 (283) 5	177.00 (283) 0	177.00 (281) 0
SEP 13	178.75 (241) 0	178.75 (241) 0	179.25 (232) 0	179.25 (232) 0	179.25 (232) 0	180.00 (229) 0	179.95 (231) 0	178.50 (234) 5	177.50 (238) 0	177.50 (238) 0
OCT 13	176.25 (244) 0	176.75 (241) 0	178.80 (251) 0	178.80 (248) 0	178.80 (252) 0	181.00 (246) 0	180.25 (245) 0	178.30 (250) 0	179.55 (254) 0	179.75 (254) 0
CME - WHEY (Electronic-Traded)										
AUG 13	58.65 (283) 2	58.25 (284) 2	58.25 (283) 1	58.25 (282) 7	58.25 (282) 0	58.50 (282) 3	58.03 (283) 2	58.50 (285) 3	58.50 (285) 0	58.50 (286) 3
SEP 13	58.60 (277) 21	58.60 (279) 2	59.50 (279) 16	58.75 (292) 18	58.83 (293) 2	58.80 (294) 8	58.50 (294) 4	58.00 (296) 9	58.50 (296) 0	59.25 (289) 9
OCT 13	58.75 (206) 8	58.25 (207) 2	59.50 (215) 10	58.00 (224) 15	58.00 (245) 68	57.80 (247) 11	58.00 (248) 10	57.50 (254) 11	57.75 (254) 1	57.75 (254) 0
CME - CHEESE CSC (Electronic-Traded)										
AUG 13	1.75 (914) 6	1.76 (916) 8	1.77 (916) 0	1.76 (929) 20	1.78 (924) 3	1.79 (927) 17	1.78 (930) 9	1.78 (932) 3	1.79 (935) 4	1.79 (935) 2
SEP 13	1.83 (1040) 27	1.82 (1056) 22	1.81 (1077) 34	1.75 (1127) 63	1.78 (1127) 1	1.81 (1130) 6	1.78 (1128) 15	1.76 (1124) 17	1.77 (1127) 12	1.79 (1126) 3
OCT 13	1.83 (958) 36	1.82 (973) 24	1.81 (997) 33	1.75 (1055) 68	1.79 (1055) 0	1.81 (1072) 27	1.77 (1076) 5	1.76 (1091) 25	1.76 (1082) 9	1.78 (1084) 7
NOV 13	1.75 (1120) 43	1.75 (1143) 40	1.74 (1226) 109	1.70 (1238) 36	1.74 (1253) 32	1.74 (1283) 35	1.73 (1291) 34	1.72 (1307) 28	1.72 (1307) 0	1.72 (1310) 12
DEC 13	1.70 (1071) 48	1.69 (1092) 24	1.69 (1092) 1	1.67 (1116) 33	1.68 (1167) 54	1.68 (1166) 11	1.68 (1176) 24	1.68 (1213) 70	1.68 (1226) 13	1.68 (1229) 9
JAN 14	1.65 (280) 0	1.65 (286) 6	1.65 (295) 9	1.63 (295) 10	1.64 (305) 10	1.64 (310) 5	1.64 (326) 17	1.64 (341) 15	1.64 (352) 44	1.64 (351) 1

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

AUGUST MILK SUPPLY AND DEMAND ESTIMATES

The 2013 milk production forecast is higher than last month based on production data for the second quarter, but subsequent quarters are unchanged. Production for 2014 is unchanged. Exports are raised for 2013 on both a fat and skim-solids basis as continued tight world supplies support higher exports. However, the export forecast for 2014 is unchanged. Fat basis imports are raised for 2013 while the skim solid forecast is lower. Import forecasts for 2014 are unchanged. Fat-basis ending stock forecasts for 2013 and 2014 are lowered as lower prices are expected to support greater butter use. The skim-basis stock forecast is unchanged for 2013 but lowered for 2014 as domestic demand for nonfat dry milk (NDM) is expected to improve. Robust demand for NDM supports increased price forecasts for 2013 and 2014. The cheese price forecast for 2013 is raised on relatively strong demand, but the forecast is unchanged for 2014. Butter prices are forecast lower for both 2013 and 2014 as stocks are relatively high. The whey price forecast is unchanged from last month. For 2013, the Class III price is raised from last month on the stronger cheese price, but the 2014 price is reduced on a lower butterfat price. The range of the 2013 Class IV price is narrowed for 2013 but is unchanged at the midpoint as the lower butter price is largely offset by the higher NDM price. The 2014 Class IV price is unchanged. The all milk price for 2013 is forecast at \$19.60 to \$19.80 per cwt and \$18.65 to \$19.65 per cwt for 2014.

U.S. MILK SUPPLY AND USE					
Commodity	2012	2013 Projected		2014 Projected	
		July	August	July	August
BILLION POUNDS					
MILK					
PRODUCTION	200.3	202.0	202.1	204.5	204.5
FARM USE	1.0	1.0	1.0	1.0	1.0
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	10.9	12.2	12.2	13.7	13.4
MARKETINGS	199.4	201.1	201.1	203.6	203.6
IMPORTS	4.1	4.1	4.2	4.1	4.1
TOTAL COMMERCIAL SUPPLY	214.3	217.3	217.5	221.3	221.1
FAT BASIS USE					
COMMERCIAL EXPORTS	8.8	10.1	10.3	10.3	10.3
ENDING COMMERCIAL STOCKS	12.2	13.7	13.4	12.8	12.7
CCC NET REMOVALS ^{1/}	0.0	0.0	0.0	0.0	0.0
COMMERCIAL USE ^{2/}	193.3	193.5	193.8	198.2	198.0
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	11.8	12.4	12.4	13.0	13.0
MARKETINGS	199.4	201.1	201.1	203.6	203.6
IMPORTS	5.7	5.5	5.4	5.4	5.4
TOTAL COMMERCIAL SUPPLY	216.9	218.9	218.8	221.9	221.9
SKIM-SOLIDS BASIS USE					
COMMERCIAL EXPORTS	33.3	36.6	37.0	36.4	36.4
ENDING COMMERCIAL STOCKS	12.4	13.0	13.0	12.8	12.7
CCC NET REMOVALS ^{1/}	0.0	0.0	0.0	0.0	0.0
COMMERCIAL USE ^{2/}	171.2	169.3	168.8	172.7	172.8
MILLION POUNDS					
CCC PRODUCT NET REMOVALS ^{1/}					
BUTTER	0	0	0	0	0
CHEESE	0	0	0	0	0
NONFAT DRY MILK	0	0	0	0	0
DRY WHOLE MILK	0	0	0	0	0

NOTE: Totals may not add due to rounding.

^{1/} Includes products exported under the Dairy Export Incentive Program.

^{2/} Domestic commercial use only.

AUGUST MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2011	2013 Projected		2014 Projected	
		July	August	July	August
DOLLARS PER POUND					
PRODUCT PRICES ¹					
CHEESE	1.7076	1.735-1.765	1.750-1.770	1.630-1.730	1.630-1.730
BUTTER	1.5943	1.515-1.575	1.495-1.535	1.450-1.580	1.445-1.575
NONFAT DRY MILK	1.3279	1.615-1.645	1.635-1.655	1.585-1.655	1.590-1.660
DRY WHEY	0.5935	0.585-0.605	0.585-0.605	0.565-0.595	0.565-0.595
DOLLARS PER CWT					
MILK PRICES ^{2/}					
CLASS III	17.44	17.65-17.95	17.80-18.00	16.60-17.60	16.55-17.55
CLASS IV	16.01	18.20-18.60	18.25-18.55	17.65-18.75	17.65-18.75
ALL MILK ^{3/}	18.53	19.50-19.80	19.60-19.80	18.70-19.70	18.65-19.65
QUARTERLY					
	2013 II	2013 III ^{4/}	2013 IV ^{4/}	2014 I ^{4/}	2014 II ^{4/}
BILLION POUNDS					
MILK PRODUCTION	52.0	49.8	49.8	51.1	52.5
DOLLARS PER CWT.					
ALL MILK PRICE ^{2/3/}	19.57	19.60-19.90	19.65-20.25	18.35-19.25	18.40-19.40
CLASS III PRICE ^{2/}	18.04	17.75-18.05	17.95-18.55	16.35-17.25	16.55-17.55
CLASS IV PRICE ^{2/}	18.62	18.75-19.15	18.05-18.75	17.00-18.00	17.55-18.65

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

Source: U.S. Department of Agriculture. World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates, WASDE-521, August 12, 2013*. Approved by the Interagency Commodity Estimates Committee [members for Dairy are: Shayle Shagam, Chairperson, WAOB; Jerry Cessna, AMS; Paul Kiendl, FAS; Roger Hoskin, ERS; and Milton Madison, FSA].

JUNE MILK SALES

During June, 3.9 billion pounds of packaged fluid milk products are estimated to have been sold in the United States. This was 5.9 percent lower than June 2012. Estimated sales of total conventional fluid milk products decreased 6.4 percent from June 2012 and estimated sales of total organic fluid milk products increased 5.8 percent from a year earlier.

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

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

Product Name	Sales		Change from: 2/	
	June	Year to Date	Previous Year	Year to Date
	Million Pounds		Percent	
Whole Milk	1,047	6,525	-5.4	-2.0
Flavored Whole Milk	40	267	1.8	10.1
Reduced Fat Milk (2%)	1,379	8,681	-6.0	-2.0
Low Fat Milk (1%)	499	3,495	-7.2	-3.2
Fat-Free Milk (Skim)	513	3,376	-11.5	-8.7
Flavored Fat-Reduced Milk	165	1,933	-0.3	-0.9
Buttermilk	37	238	-0.1	2.8
Total Conventional Milk Products 5/	3,680	24,515	-6.4	-2.9
Organic Whole Milk	47	293	8.2	8.9
Organic Reduced Fat Milk	51	314	12.6	9.7
Organic Low Fat Milk	38	219	6.2	-4.2
Organic Fat-Free Milk (Skim)	33	212	-6.4	-3.9
Organic Flavored Milk	9	62	-4.0	-0.5
Organic Fat-Reduced Milk 3/	132	811	5.0	1.1
Total Organic Milk Products	179	1,104	5.8	3.1
Total Fluid Milk Products 4/	3,859	25,619	-5.9	-2.7
Total Fluid Milk Products Adjusted 4/ 5/	*	*	*	*

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

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

Marketing Area	Order Number	Sales		Change from: 2/	
		June	Year to Date	Previous Year	Year to Date
		Million Pounds		Percent	
Northeast	001	686	4,395	-5.1	-2.3
Appalachian	005	251	1,684	-7.8	-3.4
Florida	006	209	1,406	-5.1	-2.7
Southeast	007	338	2,297	-7.6	-3.1
Upper Midwest	030	296	1,984	-7.1	-3.6
Central	032	321	2,194	-7.1	-2.1
Mideast	033	413	2,816	-7.7	-3.3
Pacific Northwest	124	165	1,035	-6.7	-5.7
Southwest	126	330	2,205	-1.5	-0.4
Arizona	131	84	557	-5.4	-3.7
California	---	460	3,013	-4.9	-1.9

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

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

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

In May 2013, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$19.63 per cwt., up \$0.18 from the April 2013 average, and up \$3.34 from the May 2012 average. The component tests of producer milk in May 2013 were: butterfat, 3.69%; protein, 3.08%; and other solids, 5.76%. On an individual reporting area basis, mailbox prices decreased in four Federal milk order reporting areas, increased in 14 Federal milk order reporting areas, and stayed the same in one milk order reporting area when compared to the previous month. Mailbox prices in May 2013 ranged from \$21.67 in Florida to \$17.42 in New Mexico.

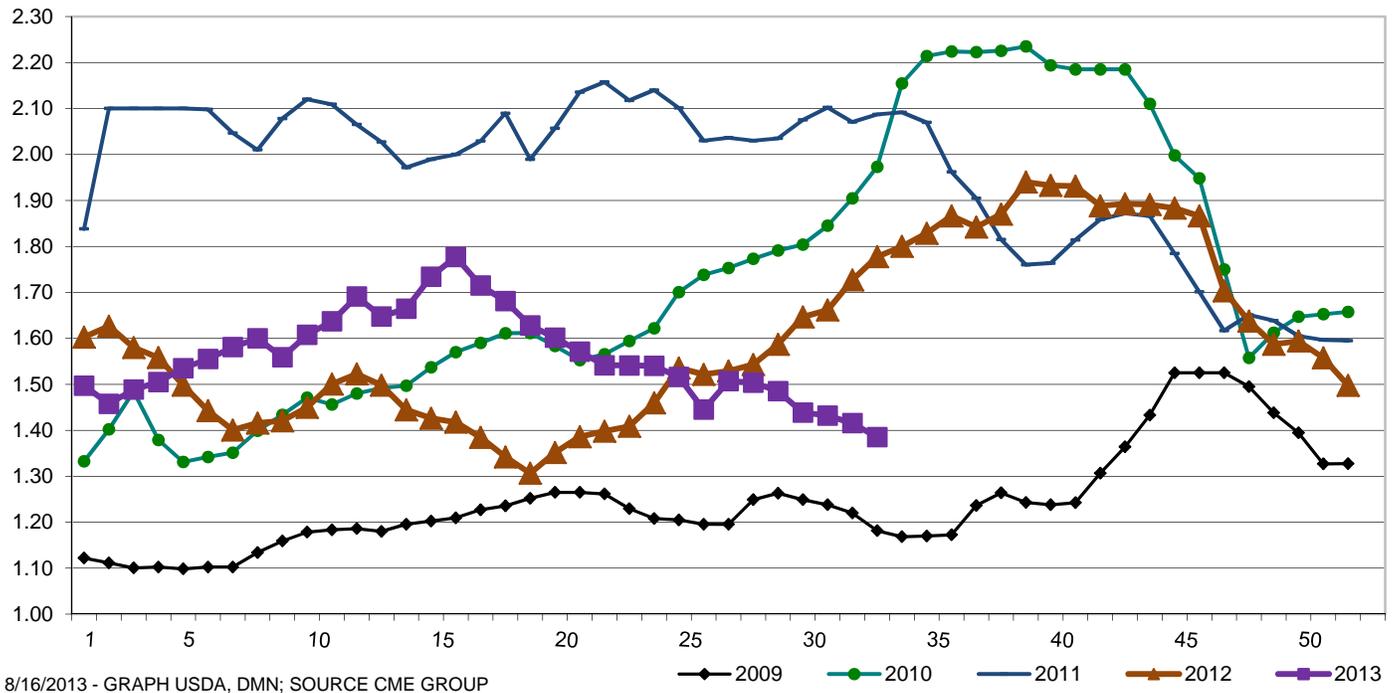
Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	May 2012	April 2013	May 2013
	Dollars per hundredweight		
New England States <u>3/</u>	17.45	20.80	20.77
New York	16.32	19.83	19.83
Eastern Pennsylvania <u>4/</u>	16.83	19.91	19.94
Appalachian States <u>5/</u>	17.06	20.02	20.04
Southeast States <u>6/</u>	17.50	20.26	20.41
Southern Missouri <u>7/</u>	15.54	18.87	18.74
Florida	18.49	21.73	21.67
Western Pennsylvania <u>8/</u>	16.45	19.94	19.98
Ohio	16.18	19.82	19.86
Indiana	15.65	19.33	19.26
Michigan	15.43	18.96	18.97
Wisconsin	16.81	19.65	20.16
Minnesota	16.93	19.63	20.15
Iowa	16.58	19.85	20.21
Illinois	16.63	19.75	19.99
Corn Belt States <u>9/</u>	15.63	18.71	18.82
Western Texas <u>10/</u>	15.15	18.40	18.65
New Mexico	14.33	17.25	17.42
Northwest States <u>11/</u>	15.49	19.22	19.26
All Federal Order Areas <u>12/</u>	16.29	19.45	19.63
California <u>13/</u>	13.97	17.90	17.95

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

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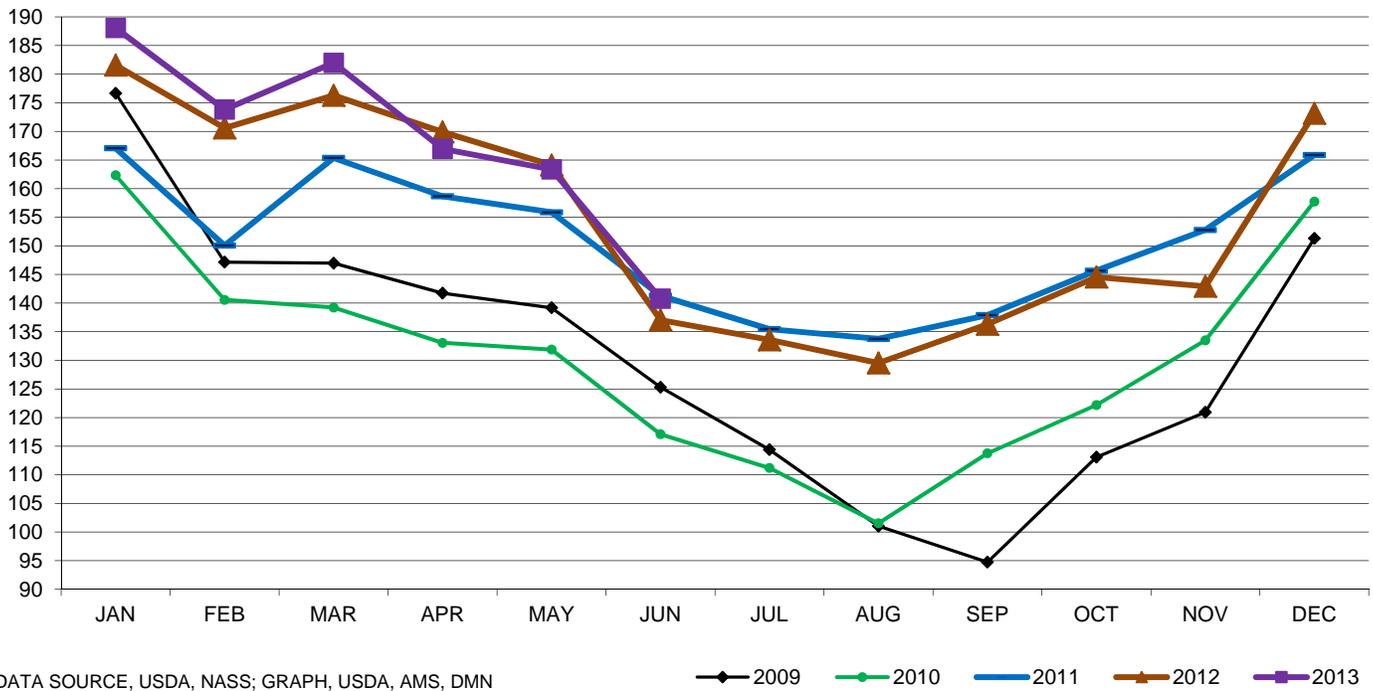
CME WEEKLY AVERAGE CASH GRADE AA BUTTER PRICES

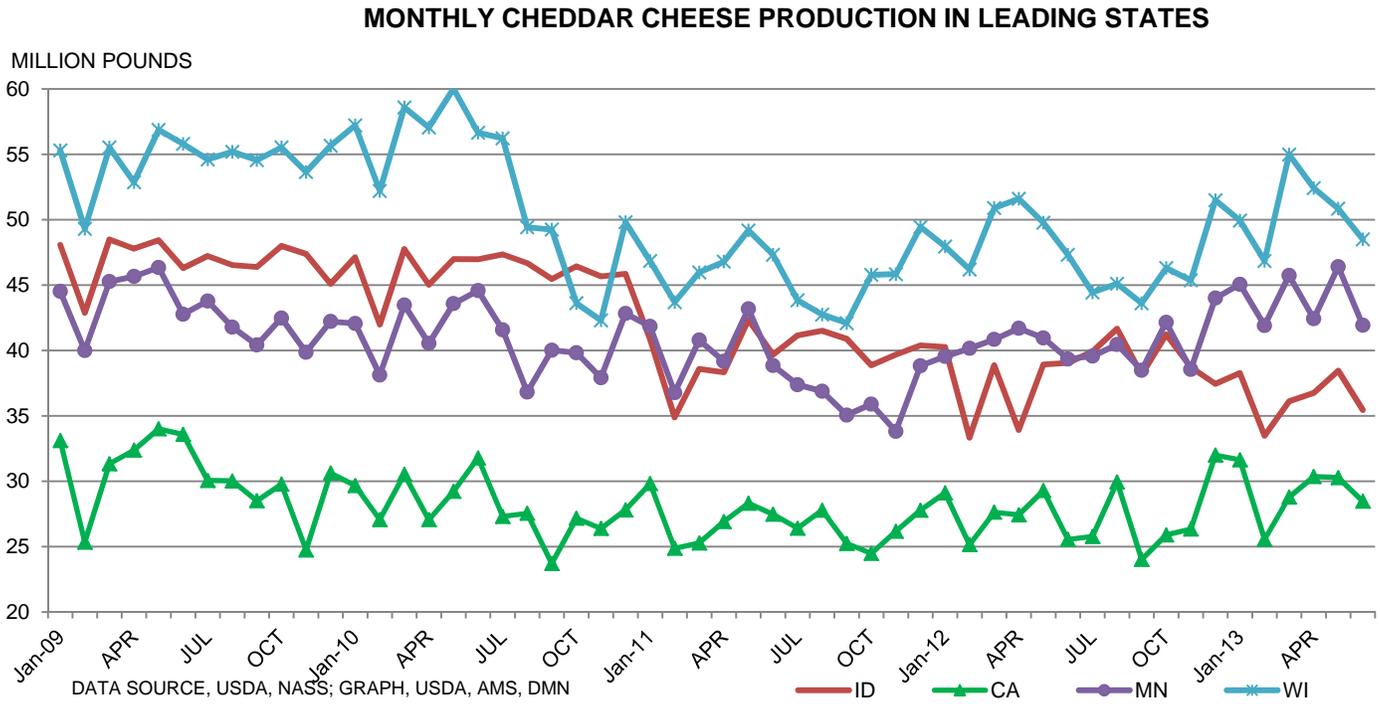
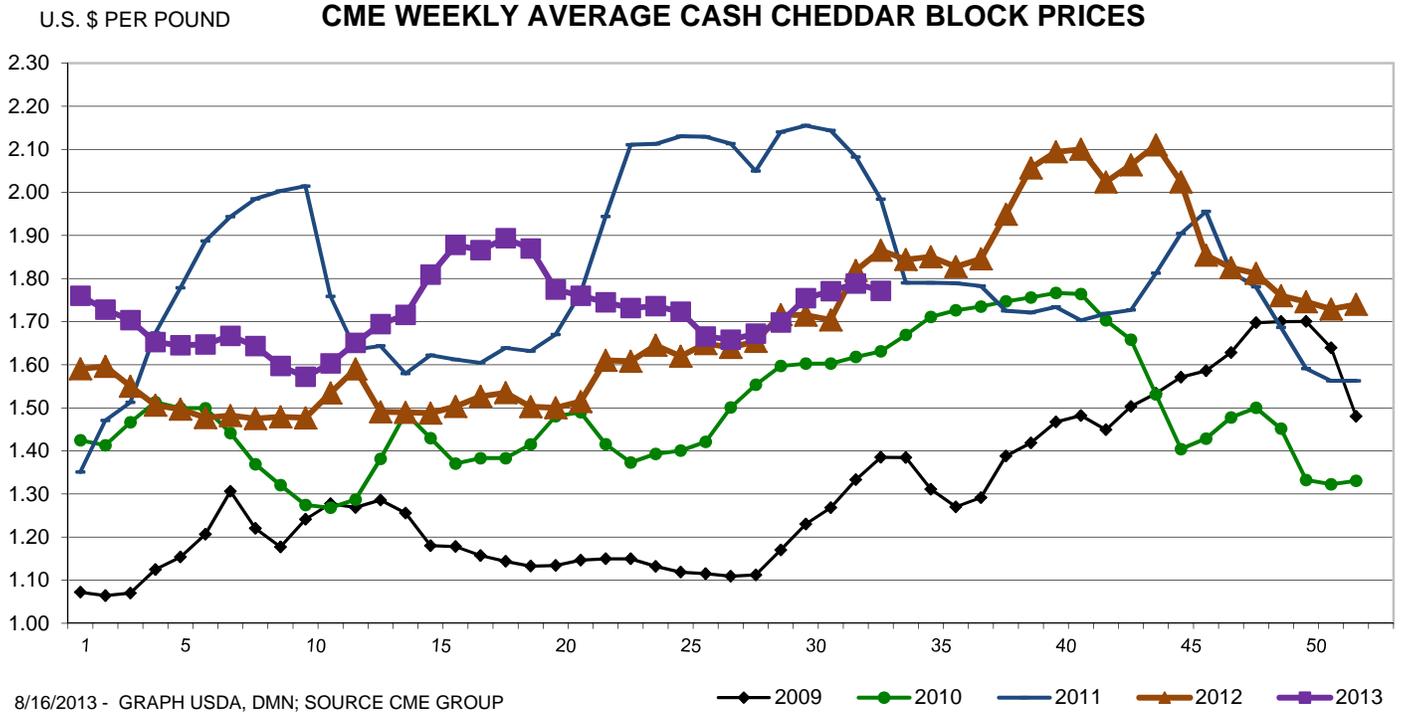
U.S. \$ PER POUND



MILLION POUNDS

U.S. BUTTER PRODUCTION





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