

NATIONAL DAIRY MARKET NEWS AT A GLANCE

CME GROUP CASH MARKETS (10/25):

BUTTER: Grade AA closed at \$1.4750. The weekly average for Grade AA is \$1.4720 (-.0425).

CHEESE: Barrels closed at \$1.8200 and 40# blocks at \$1.8750. The weekly average for barrels is \$1.7945 (+.0215) and blocks, \$1.8625 (+.0265).

BUTTER HIGHLIGHTS: Butter production varies by region, being active in the West and Northeast but slower in the Central Region. Continued strong orders are driving Western and Northeast production. Inventories in those regions are also being used to meet orders. Central manufacturers report that orders from retailers are slower than expected. Current domestic bulk butter prices range from market to 5 cents under in the West, 3 cents under to 3 cents over in the Central region, and 4-8 cents over in the Northeast. Bulk butter for export in the Northeast tends to be priced above the domestic market. Manufacturers in the Northeast and West continue to fill export orders. According to NASS, cumulative 2013 butter production through August was 1.7% above cumulative year production for the same period for 2012. August's monthly U.S. butter production totaled 135.6 million pounds, up 1.5% from July and 4.7% more compared to August 2012.

CHEESE HIGHLIGHTS: Cheese prices are mostly steady to firm following recent trends in the spot market. Prices this week for barrels were higher at the CME Group as barrels moved to narrow the spread between barrels/blocks. Cheese production is active in the face of tighter milk supplies. Demand is good enough for plants to look for additional milk, but price and availability are hindering deal making. Competition from Class II manufacturers for available milk supplies is restricting access to additional spot loads for cheesemaking. Some plants are reconstituting NDM and purchasing cream to bolster production schedules. Seasonal demand is good as retailers look to secure additional supplies for upcoming holidays. Adding to the demand is current good export ordering. Cheese production for August was reported by NASS to reach 926.1 million pounds, 1.9% more than July and 3.9% higher than August 2012. Prices at the CME Group closed for barrels on Friday at \$1.8200, up 5.75 cents from last Friday. Blocks closed at \$1.8750, up 1.75 cents from a week ago.

FLUID MILK: Nationally, milk supplies are described as tight. Good Class I demand in the East and Southeast is restricting manufacturing milk supplies. Florida imported 178 loads of spot milk this week compared to 117 loads a year ago. Milk production in the South is beginning to show signs of improving with cooler temperatures and new feed supplies. Milk production in the Midwest is mostly steady with higher components being

reported. Manufacturing milk supplies are tighter than current demand with premiums of \$3.00 over Class being paid. California milk production is recovering from September's heatwave and component levels are showing improvements. The California Department of Food and Agriculture announced a temporary extension of price adjustments for milk pricing formulas through June 30, 2014. Milk production in the Northwest continues to decrease seasonally and is nearing an anticipated turnaround. Manufacturing demand is above current supplies. Cream demand is increased across much of the country as butter churns are busy and Class II plants are gearing up production schedules.

DRY PRODUCTS: Nonfat dry milk prices are firm to higher. Production is mixed across the country as more facilities are producing skim milk powder for international demand. Cumulative production of NDM (Jan.-Aug.) for 2013 is 16.5% lower than last year, while cumulative production of SMP for the same period is 91.7% higher than 2012. NDM stocks are tight with some producers noting sold out positions throughout the end of the year. Dry buttermilk prices are firm to higher on good seasonal demand. Heavy butter churning is helping to increase stocks, but the market remains tight on spot supplies. Dry whole milk prices are unchanged to higher on a firm market. Whey prices are mixed with a weaker undertone being noted. Increased offerings to the spot market are surfacing at lower prices. Export demand is fair to good with lower bids becoming more common. Whey protein concentrate 34% prices are mostly higher. Offerings of spot loads are tight with demand outpacing offerings. Lactose prices are mixed. Mesh and package size are affecting demand for spot loads. Unground lactose supplies are meeting lackluster demand, while higher mesh products are meeting good demand. Casein prices are slightly lower, but the market tone is steady to firm.

INTERNATIONAL DAIRY MARKET NEWS (DMN):
WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW: Milk production in most countries is approaching seasonal low points of the production year. Volumes are mostly higher than year ago levels, continuing the trend that started during the summer. The increases in milk production are being cautiously watched as concerns about exceeding quota levels are noted. Trade sources note that another factor is that higher milk volumes translate into more dairy products, which could pressure

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CME GROUP CASH TRADING

COMMODITY	MONDAY OCT 21	TUESDAY OCT 22	WEDNESDAY OCT 23	THURSDAY OCT 24	FRIDAY OCT 25	WEEKLY CHANGE *	WEEKLY AVERAGE #
CHEESE							
BARRELS	\$1.7600 (-.0025)	\$1.7925 (+.0325)	\$1.8000 (+.0075)	\$1.8000 (N.C.)	\$1.8200 (+.0200)	:: (+.0575)	:: \$1.7945 (+.0215)
40# BLOCKS	\$1.8575 (N.C.)	\$1.8575 (N.C.)	\$1.8575 (N.C.)	\$1.8650 (+.0075)	\$1.8750 (+.0100)	:: (+.0175)	:: \$1.8625 (+.0265)
NONFAT DRY MILK							
EXTRA GRADE	\$1.8200 (N.C.)	\$1.8200 (N.C.)	\$1.8200 (N.C.)	\$1.8200 (N.C.)	\$1.8500 (+.0300)	:: (+.0300)	:: \$1.8260 (+.0220)
GRADE A	\$1.8600 (N.C.)	\$1.8600 (N.C.)	\$1.8600 (N.C.)	\$1.8675 (+.0075)	\$1.9000 (+.0325)	:: (+.0400)	:: \$1.8695 (+.0190)
BUTTER							
GRADE AA	\$1.4650 (-.0175)	\$1.4700 (+.0050)	\$1.4750 (+.0050)	\$1.4750 (N.C.)	\$1.4750 (N.C.)	:: (-.0075)	:: \$1.4720 (-.0425)

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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pricing. Farm milk production conditions remain good as milk prices are high, feed costs reasonable, and weather conditions have been favorable. For 2013, EU-27 milk output is forecast to be just slightly below 2012 volumes. The stronger Euro value is making exporting more challenging. Dairy product prices are mixed. Skim milk powder and whole milk powder demand are light to fair for nearby needs. Some buyers are bidding lower prices, yet receiving limited seller interest. Butter prices remain high and restrict exporting. Internal demand is fair. PSA butter stocks are being utilized to supplement any market shortages. Through October 1, a total of 23,800 MT have moved back to the trade. Holdings totaled 65,544 MT on October 1. **EASTERN OVERVIEW:** Eastern European milk output trends are mostly steady to slightly higher. The general market conditions of tight supplies in other exporting regions are allowing opportunities for Eastern countries to have more export business at better pricing points. **OCEANIA OVERVIEW: AUSTRALIAN** milk production is at or near the seasonal peak. Current production is trending 1-2% below last year, but industry analysts forecast year end totals to be about level with last year. Tasmania has experienced cold, wet weather, causing decreased cow comfort levels and some marginal decreases in milk production. Victoria has also experienced wet weather conditions. Weather forecasters view the El Niño/La Niña factors as neutral and foresee average seasonal weather conditions for the next 3-4 months. Pastures are green and growing and viewed as in generally good condition. A processor has increased farmgate prices for Victoria and New South Wales. From November 2013 through June 2014, suppliers will have their milk prices increased, taking the companies "model farm" annual price to \$6.30 kg/MS. Producers remain in a tight financial situation with tight margins. Even with improved farmgate prices, numerous producers seem adverse to risk and hesitant to expand operations. Dairy product prices have been trending higher in the export producing areas, while holding steady in the domestic dairy producing regions. According to Dairy Australia, September milk production in Australia was 3.5% below September 2012. The state changes from a year earlier are: New South Wales, -5.7%; Victoria, -2.7%; Queensland, -8.1%; South Australia, -5.3%; Western Australia, -5.0% and Tasmania -2.5%. **NEW ZEALAND** milk production in August was reported by DCANZ at 1,330,000 tons, up 9.2% from August last year and 24.7% higher than two years ago. Current milk production is near the seasonal peak with estimates of a 4% increase over last year. A few storms have marginally reduced milk production and component levels. Pastures are seen as in generally good condition. The new manufacturing plant in Darfield is operating at full capacity and assisting with the increased milk volumes. Dairy manufacturers are keying production schedules off the strong demand for whole milk powder from China and opting to channel additional milk volumes for WMP production. At the October 15 GDT event #102, average prices ranged from 5.2% lower to 1.7% higher from the prior event across categories. The all contracts price averages (US\$ per MT) and percent changes from the previous average are: anhydrous milk fat, \$5,007 -1.2%; butter, \$3,780 -3.5%; buttermilk powder, \$4,680 -5.2%; cheddar cheese, \$4,326 -1.7%; lactose, n.a.; milk protein concentrate, \$7,401 +1.7%; rennet casein, \$9,880 +1.5%; skim milk powder, \$4,541 +0.7%; and whole milk powder, \$5,058 -2.9%.

SEPTEMBER AGRICULTURAL PRICES HIGHLIGHTS

(NASS): The All Milk price received by farmers was \$19.80 in September, up \$0.30 from August 2013, and up \$0.10 from September 2012. Alfalfa hay price was \$194.00 in September, down \$12.00 from September 2012. Corn price was \$5.28 in September, down \$1.61 from September 2012. Soybean price was \$13.80 in September, down \$0.50 from September 2012. The milk-feed price ratio was 1.86 in September, up 0.28 from September 2012. The index of prices received by farmers for dairy products during the month of September 2013 was up 3 points to 152. Compared to September 2012, the index was up 1 point (0.7%). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in September 2013 was down 3 points to 213. -1A-

Compared with September 2012, the index was down 4 points (1.8%).

NOVEMBER FEDERAL MILK ORDER ADVANCE PRICES

(FMMO): Under the Federal milk order pricing system, the base Class I price for November 2013 is \$20.20. This price is derived from the advanced Class IV skim milk pricing factor of \$14.86 and the advanced butterfat pricing factor of \$1.6755. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. Compared to October 2013, the base Class I price increased \$1.00. For selected consumer products, the price changes are: whole milk (3.25% milk fat), \$0.96, \$0.083 per gallon; reduced fat milk (2%), \$0.71, \$0.061 per gallon; fat-free (skim milk), \$0.41, \$0.035 per gallon. The advanced Class IV skim milk pricing factor is \$14.86. Thus, the Class II skim milk price for November is \$15.56, and the Class II nonfat solids price is \$1.7289. The two-week product price averages for November are: butter \$1.5551, nonfat dry milk \$1.8358, cheese \$1.7938, and dry whey \$0.5757.

JULY MAILBOX PRICES (AMS & CDFA): In July 2013, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$19.08, down \$0.38 from the June 2013 average, but up \$2.20 from the July 2012 average. The component tests of producer milk in July 2013 were: butterfat, 3.61%; protein, 2.99%; and other solids, 5.75%. On an individual reporting area basis, mailbox prices decreased in 15 Federal milk order reporting areas and increased in 4 Federal milk order reporting areas when compared to the previous month. Mailbox prices in July 2013 ranged from \$22.86 in Florida to \$17.05 in New Mexico.

FMMO PRICE AND POOL HIGHLIGHTS (DY PROGRAMS):

During September 2013, 10.3 billion pounds of milk were received from Federally pooled producers. This volume of milk is 21.8% higher than the September 2012 volume. In September 2013 and September 2012, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. Regulated handlers pooled 3.5 billion pounds of producer milk as Class I products, the same percentage as the previous year, with decreases in 4 and increases in 6 of the 10 Federal Milk Order Marketing areas. The all-market average Class utilization percentages were: Class I = 34%, Class II = 12%, Class III = 48% and Class IV = 6%. The weighted average statistical uniform price was \$19.75, \$0.27 higher than last month and \$0.55 higher than last year.

AUGUST DAIRY PRODUCTS (NASS): Butter production was 135.6 million pounds, 4.7% above August 2012 and 1.5% above July 2013. American type cheese production totaled 381.2 million pounds, 7.9% above August 2012 and 6.0% above July 2013. Total cheese output (excluding cottage cheese) was 926.1 million pounds, 3.9% above August 2012 and 1.9% above July 2013. Nonfat dry milk production, for human food, totaled 106.7 million pounds, 0.6% above August 2012 but 8.5% below July 2013. Dry whey production, for human food, was 69.2 million pounds, 6.4% below August 2012 and 4.2% below July 2013. Ice cream (hard) production totaled 72.5 million gallons, 4.8% below August 2012 and 6.0% below July 2013.

CME GROUP

MONDAY, OCTOBER 21, 2013

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7600
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.8400; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.8700
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.4650

TUESDAY, OCTOBER 22, 2013

CHEESE -- SALES: 1 CAR BARRELS @ \$1.7800; 1 CAR 40# BLOCKS @ \$1.8575; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7925; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.8425; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 4 CARS GRADE AA: 2 @ \$1.4650, 1 @ \$1.4675, 1 @ \$1.4700; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.4300; LAST OFFER UNCOVERED: NONE

WEDNESDAY, OCTOBER 23, 2013

CHEESE -- SALES: 6 CARS BARRELS: 1 @ \$1.8000, 1 @ \$1.8175, 3 @ \$1.8100, 1 @ \$1.8000; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.8200
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.4750; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.4800

THURSDAY, OCTOBER 24, 2013

CHEESE -- SALES: 2 CARS 40# BLOCKS @ \$1.8650; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.8650; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.8200
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.8675; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

FRIDAY, OCTOBER 25, 2013

CHEESE -- SALES: 4 CARS BARRELS: 1 @ \$1.8300, 1 @ \$1.8100, 1 @ \$1.8000, 1 @ \$1.8200; 2 CARS 40# BLOCKS @ \$1.8700; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.8100; 2 CARS 40# BLOCKS @ \$1.8750; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$1.9000; LAST BID UNFILLED: 5 CARS EXTRA GRADE @ \$1.8500; 1 CAR GRADE A @ \$1.9000; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.9100
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.4750; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.4800

BUTTER MARKETS

NORTHEAST

Butter production is very active as most plants are busy filling seasonally strong domestic print orders. Most plants are having to grind or microfix existing supplies to fill orders. Some plants continue to produce 82% butter to fill export orders. U.S. prices for butter remain below international levels, supporting export interest. Current bulk butter prices for domestic sales are reported 4-8 cents over the market on the CME Group with various time frames and averages used. Bulk butter prices for export continue to be above the domestic market. The CME Group butter price moved higher, for the first time in 7 trading sessions, Tuesday and closed at \$1.4700. Trading over the last 5 sessions has been fairly light with 11 loads sold. NASS Dairy Products shows Atlantic region butter production in August totaled 8.5 million pounds, down 17.4% from July, but 12.4% more than August 2012.

CENTRAL

Cream supplies are still tight due to seasonally tight milk supplies. Butter production has slowed as some manufacturers are reaching inventories levels needed for anticipated holiday season demand. Some manufacturers stated retailers are getting orders in slower than expected for the holidays. Seasonal demand is believed to have reached its peak as print orders are wide open. The export demand is strong as evident by the increased 82% production compared to 80%. At the CME Group, butter has been relatively quiet other than Tuesday, when four loads were sold. Wednesday closed at \$1.4750. Bulk butter prices ranged from 3 cents under to 3 cents over. NASS Dairy Products shows butter production in the Central region totaled 54.6 million pounds during August 2013, 4.8% more than one month ago and 3.6% more than the August 2012 total.

WEST

Butter prices in the West are weaker following recent trends over the past two weeks. Butter supplies are ample and buyers are looking to purchase for the upcoming holidays. Churns are busy filling retail print orders as both club stores and retail buyers are often looking for additional loads. Export orders continue to move butter supplies offshore and are seeing some assistance from the Cooperatives Working Together program. Manufacturers are often using current stored inventories in addition to new production to fill orders. According to the NASS *Dairy Products* report, August output in the Western region totals 72.5 million pounds, up 4.8% or 3.3 million pounds more than August of 2012. The West produced 53% of the butter in the U.S. in August. Butter prices at the CME Group on Wednesday were \$.0050 higher, closing at \$1.4750. This compared to last week's close on Wednesday of \$1.5200. Prices as of midweek have moved both higher and lower with five loads being sold through Wednesday. Prices for bulk butter range from market to 5 cents under the market, based on the CME with various time frames and averages used.

DAIRY PRODUCTS: According to the NASS *Dairy Products* report, August butter production for the U.S. totals 135.6 million pounds, up 4.7% or 6.1 million pounds from August of 2012. Cumulative output for the year for the U.S. is 1.284 billion pounds, up 1.7% or 21.6 million pounds from the same period in unadjusted 2012.

NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
October 19, 2013	1.5677 3,537,562	1.7890 10,733,703	1.7691 10,164,642	0.5711 6,920,888	1.8431 15,797,396

CHEESE MARKETS

NORTHEAST

Cheese production is very active with most plants on 6 day production schedules. Some cheese plants are reconstituting NDM supplies and purchasing cream to augment their reduced milk supplies. Sales and orders for mozzarella, Swiss, cheddar and aged cheeses are seasonally strong. Export sales continue to be active. Most cheese makers would increase production, from their present levels, if they had more milk. Cheese makers with aging programs are continuing to rebuild their supplies. CME Group cheese prices were mixed Tuesday with barrels increasing \$0.0325 to close at \$1.7925, while blocks held steady closing at \$1.8575.

Dairy Products: According to the latest NASS report, total U.S. cheese production in August totaled 926.1 million pounds, 1.9% more than July and 3.9% more than August 2012. Cumulative 2013 U.S. Cheese production was 2.1% greater than 2012. The total of all cheese production for August in the Atlantic region was 121.2 million pounds, 4.7% more than July and 3.6% more compared to the same period last year. Atlantic region cheese production accounted for 13.1% of total U.S. production. Total cheese production for August in New York was 66.5 million pounds, 7.8% more than July and 5.8% more than August 2012. Pennsylvania produced 33.5 million pounds in August, 1.8% less than one month earlier, but 1.2% more than one year ago. Vermont produced 11.6 million pounds, 5.4% more than last month and 5.5% more than August 2012. Focusing on Italian cheese, the Atlantic region in August produced 57.9 million pounds of Italian cheese, 0.4% less than July, but 4.6% more than last year. New York production in August totaled 32.1 million pounds, 7.5% more than July and 11.0% more than August 2012. Pennsylvania produced 18.5 million pounds in August, 12.5% less than July, but 1.0% more than August 2012.

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

Cheddar 40# Block	: 2.2300-2.5150
Process 5# Sliced	: 1.9975-2.4775
Muenster	: 2.2500-2.6100
Grade A Swiss Cuts 10 - 14#	: 3.3725-3.6950

MIDWEST

Buyers are searching for cheese, which is cited as a significant factor influencing block price increases each day last week. One manufacturer commented that "panic orders" are currently being received from buyers who let inventories decline during recent months, expecting to rebuild at lower "future" prices. Now the "future" is here and some retailers are below inventory levels they find comfortable. Last week's increase in block prices significantly contributed to the "panic orders" from grocers who needed to restock. As a result, a number of cheese manufacturers would "slightly" notch up cheese production if more milk were available, but extra spot milk is hard to find. Spot milk supplies are reported either "not available" at all in many parts of the region, or available at prices so far outside the range of reasonable as to be considered "not available". Buyer interest is also playing out through cheese packagers, who some manufacturers believe are attempting to meet only more immediate buyer interest while maintaining some inventory for resulting anticipated continuing demand into the end of the year. There is reported to be some degree of making sales at cur-

rent prices to keep retailers reasonably satisfied, while also preserving inventory for future sales at what some packagers hope will be higher prices. CME block prices remain unchanged this week through Wednesday, at \$1.8575. Some observers are not surprised, citing the magnitude of last week's increase as leading to this week being a time to step back and assess what is next. Barrels advanced by midweek to \$1.8000, narrowing the barrel-block price spread to \$.0575. Wholesale cheese prices this week reflect net changes in CME trading from the last published prices for Report Week 39, immediately prior to the Federal government furlough when this report was not published. Net changes since then moved Process American 5# Loaf up \$.0025, Grade A Swiss Cuts 6 - 9# down \$.0725, and the remaining varieties up \$.0325. NASS's Dairy Products reports that total August cheese output of 926 million pounds, was 3.9% above August 2012 and 1.9% above July 2013.

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

Process American 5# Loaf	: 1.9750-2.6800
Brick And/Or Muenster 5#	: 2.2150-2.6625
Cheddar 40# Block	: 2.2150-3.0875
Monterey Jack 10#	: 2.1850-3.0925
Blue 5#	: 2.4775-3.4650
Mozzarella 5 - 6# (Low Moisture, Part Skim)	: 2.0575-3.1925
Grade A Swiss Cuts 6 - 9#	: 2.8900-3.0075

WEST

Western cheese prices are mostly steady to firm. Strong domestic holiday buying interest continues as buyers look to secure inventories for the end of the year. Manufacturing schedules are steady to lower as available milk volumes are competing with Class IV demand. Export demand continues to move product into international channels often assisted by CWT programs. Current U.S. prices are competitive with world prices. Stocks are reported to be in balance with current demand. According to the NASS *Dairy Products* report, total cheese production in the U.S. in August reached 926.1 million pounds, up 3.9% or 34.7 million pounds from August of 2012. Cumulative total cheese output for the U.S. for the year is 7.37 billion pounds, up 2.1% or 150.2 million pounds from unadjusted 2012. August total cheese production in the Western region was 399.1 million pounds, up 9.3% or 33.9 million pounds from August 2012. The West produced 43% of all the cheese in the U.S. in August. Swiss output for the U.S. in August is 24.1 million pounds, down 9.2% or 2.4 million pounds from a year ago. Cheese prices for barrels at the CME Group on Wednesday are \$.0075 higher to \$1.8000 and blocks are unchanged at \$1.8575. Barrel prices are closing the gap compared to blocks that started the week \$.0975 apart. By Wednesday's close, seven loads of barrels and one load of blocks were sold.

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

Process 5# Loaf	: 1.9050-2.1625
Cheddar 40# Block	: 1.9500-2.3025
Cheddar 10# Cuts	: 2.1300-2.3500
Monterey Jack 10#	: 2.1400-2.3000
Grade A Swiss Cuts 6 - 9#	: 2.9500-3.3800

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CHEESE MARKETS

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FOREIGN

The combination of the weakening US dollar, compared to the Euro, and higher milk prices paid to European producers have given the import cheese market a firm undertone. Numerous importers are anticipating higher prices for imported cheeses in the near term. Dairy Products: According to the latest NASS report, domestic Parmesan production during August totaled 28.0 million pounds, 3.9% less than the previous month, but 17.1% more than August 2012. Provolone production during August totaled 29.8 million pounds, 3.2% more than July, but 6.7% less than August 2012. Romano production during August totaled 3.5 million pounds, 24.7% more than July, but 6.6% less than August 2012. Swiss production during August totaled 24.1 million pounds, 4.7% less than July and 9.2% less than August 2012.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.3700-3.8575*
Gorgonzola	: 3.4900-6.6900	: 2.8725-3.2850*
Parmesan (Italy)	: -0-	: 3.7600-5.8500*
Provolone (Italy)	: -0-	: 2.4125-2.5700*
Romano (Cows Milk)	: -0-	: 3.5600-5.7100*
Sardo Romano (Argentine)	: 2.8500-3.6900	: -0-
Reggianito (Argentine)	: 3.2900-4.4600	: -0-
Jarlsberg-(Brand)	: 2.9500-5.6300	: -0-
Swiss Cuts Switzerland	: -0-	: 3.4700-3.7925*
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

	:	
10/21/13	12,444	: 108,430
10/01/13	1/	: 1/
CHANGE	:	
% CHANGE	:	

1/ USDA Dairy Market News resumed operations on Thursday, October 17, 2013. Until that date, no storage data were collected or released after the October 1st government shutdown.

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
* Data Unavailable						
FLORIDA	178	0	*	*	117	0
SOUTHEAST STATES	0	0	*	*	65	0

Eastern milk supplies remain tight, due to the combination of seasonally lower milk production and strong Class I demand. Balancing plants are, for the most part, able to fill their fluid contracts, with minimal supplies remaining for manufacturing. Pasture conditions are beginning to decline in the Northeast and Mid-Atlantic regions, due to cooler temperatures and limited sunlight, with a majority of pastures rated as either fair or good. The corn silage harvest is near completion with the corn for grain harvest under 50% completed. Forage supplies for the upcoming winter remain a concern in the Northeast, especially in New England. Milk production in Florida is beginning to tick upward as more cows are freshening, but day time highs in the 90's are limiting those increases. The forecast for a cool front, significantly lowering temperatures, is eagerly anticipated. Component levels are increasing, an indication that producers are changing their feed ratios. Class I demand remains strong and prompted 178 loads to be imported this week. Milk production in the Southeast is increasing with improved component levels. Supplies are nearly in balance with Class I demand. Manufacturing supplies are near minimum contract volumes. Cream demand is very strong with good pulls coming from cream cheese, sour cream, cream based dips and butter manufacturers. Spot cream sales are limited, due to the tight supply with some orders going unfulfilled. **Cream multiples for all Classes** ranged this week, 1.35-1.43. **Condensed skim** milk supplies are adequate to fill fluid contracts with limited supplies remaining for spot sales or manufacturing.

Dairy Products: According to NASS, hard ice cream production in the Atlantic region for August totaled 13.4 million gallons, 8.1% less than July and 15.4% less than August 2012. U.S. Yogurt production (plain and flavored) for August totaled 422.1 million pounds, up 5.1% from July and 9.1% more than August 2012. Cumulative 2013 production through August totaled 3.16 billion pounds, 6.0% higher than through August 2012.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. producing plants: Northeast -	2.0446-2.1657
F.O.B. producing plants: Upper Midwest -	1.9689-2.0597

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.85 - 1.90
Northeast - Class III - spot prices -	1.63 - 1.68

MIDWEST

Farm milk production in the Central region is holding steady to slightly increasing. Components are trending up. Milk supplies are tight as premiums are being paid on spot loads at \$3.00 over Class. The tight milk supply has slowed some cheese manufacturers down. Some resellers indicated they were not able to supply all customer needs for milk supplies. Central cream supplies are tight due to churn operators keeping internal supplies. Soft serve demand has hung in longer than expected. **Class II cream multiples range from 1.30 - 1.36.** Some processors are worried about the feed quality from this year's corn crop as its energy levels aren't as good as last year's crop.

WEST

Milk handlers in CALIFORNIA note the dairy herds are making a modest comeback on milk production volumes since the September heat wave. Component recovery is ahead of milk volumes, providing a small bump to butterfat and protein-based manufacturing. Milk handlers indicate dairy farmers in California continue to face some economic difficulties, but the responses to those difficulties differ widely. Some sellouts have been noted, while other dairy farmers are expanding their operations. The November 2013 Class 1 prices in CALIFORNIA range from \$21.74 in the north to \$22.01 in the south. The statewide average Class 1 price based on production is \$21.76. That average is \$0.95 higher than October but \$1.43 lower than November 2012. On Wednesday, the California Department of Food and Agriculture (CDFA) announced a temporary extension of price adjustments for Class 1, 2 3, 4a, and 4b milk pricing formulas through June 30, 2014. Documents related to the hearing are available at the CDFA website. Alfalfa harvesting is ongoing, with good drying conditions shortening the time from cutting to baling. In September, milk pooled on ARIZONA Order 131 totaled 331.8 million pounds, a 7.9% decrease compared to August pooled milk. Class I utilized 110.9 million pounds, 33.4%, of the September pooled milk. Average daily volumes delivered per producer were 120,213 pounds. Field work progress in NEW MEXICO benefitted from almost a full week of suitable weather. Topsoil moisture ranges from very short (20%) to surplus (1%). Depending on location, alfalfa growers are completing fifth, sixth, and seventh cuttings. Current weather is benefitting cow comfort and milk production is steady to seasonally higher. CREAM availability is variable, with some butter plant operators indicating all internal cream is staying in-plant for domestic and international churning. Retail butter orders are active and butter manufacturers are keeping churns full to fill contracts. The Wednesday CME Group Grade AA butter price closed at \$1.4750, 4.5 cents lower than the previous week. Cream markets are uneven, with pricing reflecting interest as well as transportation costs. Ice cream production is at seasonal levels. A few Central ice cream manufacturers indicate their cream needs are being supplied through internal sources, and they are no longer in the market for cream from the West. **Western cream multiples covered a wide range, 1.10 to 1.34, depending on Class usage and basing points.** Milk production in the PACIFIC NORTHWEST is following typical seasonal declines. Class I demand is steady and handlers are moving manufacturing milk to plants with best efficiencies. Class II plants are gearing up production schedules for holiday needs. Some plants are taking time for maintenance projects. Weather conditions are good for stockpiling corn silage and completing forage harvesting at the dairies. Milk pooled on the Pacific Northwest Order 124 totaled 602.3 million pounds in September 2013; approximately 483 producers delivered milk to the market. The average daily delivery per producer was 41,565 pounds. Class I utilization was 174.2 million pounds and accounted for 28.9% of producer milk. UTAH and IDAHO milk supplies are steady to lower. Processors are handling the supply locally in most cases with capacity for any unexpected volumes. Harvesting of silage and forages continues with much of the corn and hay already in storage.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Central nonfat dry milk prices are increasing on both the low/medium heat and high heat. Domestic interest has been relatively quiet, with most of the interest coming in the export markets. NDM production is reported to be growing but availability is still relatively tight. Manufacturers report farm milk intakes are increasing slowly and steadily. Nonfat dry milk inventories are said to be on track. According to NASS, NDM production in the Central region totaled 17.1 million pounds during August 2013, 18.5% less than one month ago and 14.8% less than the August 2012 total. Cumulative nonfat dry milk production for 2013 in the Central region totals 195.5 million pounds, 16.8% higher compared to 2012 production during the same time span.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of human food NONFAT DRY MILK during August 2013 totaled 106.7 million pounds, down 8.5% from a month ago, but 0.6% higher than one year ago. Cumulative nonfat dry milk production for 2013 totals 1.1 billion pounds, 16.5% lower than 2012 production during the same time span. Month ending stocks, at 194.5 million pounds, are 5.8% lower than a month ago, but 84.3% higher than one year ago. August 2013 production of SKIM MILK POWDERS, which includes protein standardized and blended product, totaled 55 million pounds, 3.7% higher than one month ago and 36.5% higher than a year ago. Cumulative 2013 skim milk powder production totals 399.7 million pounds, a 91.7% increase in production compared to production during the same time span in 2012.

EAST: Prices for nonfat dry milk are firm. Nonfat dry milk production is limited in the East, due to the strong demand for milk and condensed skim from dairy product manufacturers. Good Class I demand, in combination with increased production of yogurt, cream cheese, cheese, is limiting condensed skim volumes going to NDM production. Demand for NDM is good and supplies are tight. Some buyers are having trouble sourcing supplies in region and are attempting to source product outside the region with limited success at desired price levels. Some buyers are looking at the WPC 34 product as a possible alternative product.

Dairy Products: NASS Dairy Products indicates nonfat dry milk production for August in the Atlantic region totaled 13.7 million pounds, 13% of the nation's total. The Atlantic region production was 83.6% more than one year ago, but 7.5% less than the previous month.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 1.8100 - 1.9500 MOSTLY: 1.8500 - 1.9000
HIGH HEAT: 1.9475 - 1.9800

NONFAT DRY MILK - WEST

Nonfat dry milk prices in the West are mostly higher as prices respond to various indices and supply/demand conditions. The market tone is steady to firm. Manufacturers indicate the September heat wave in California's Central Valley put some pressure on the seasonal rebound in milk production. Farm milk volumes reportedly plateaued over the last few weeks, but components are creeping higher. Plant managers report milk intakes are well within clearing capacity. Regularly scheduled maintenance kept a few dryers offline with attendant milk sales keeping NDM processing volumes within the temporarily decreased plant capacity. Nonfat dry milk

sales are largely contract based, but available spot loads are clearing at prices within the Dairy Market News range. Demand from North American end users rose higher in recent weeks while demand from other parts of the world is steady. Some allocating of contract loads is taking place to keep end users supplied with NDM as needed. Several Western NDM manufacturers note inventories are tight, with current projections showing sold out positions throughout the balance of the year. According to NASS, NDM production in the West region totaled 75.9 million pounds during August 2013, 6.1% less than one month ago, and 3.3% less than the August 2012 total. This production is 71% of the national monthly NDM production.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows U.S. production of human food NONFAT DRY MILK during August 2013 totaled 106.7 million pounds, down 8.5% from one month ago, but 0.6% higher than one year ago. Cumulative nonfat dry milk production for 2013 totals 1.1 billion pounds, 16.5% lower than 2012 production during the same time span. Month ending stocks, at 194.5 million pounds, are 5.8% lower than a month ago, but 84.3% higher than one year ago. August 2013 production of SKIM MILK POWDERS, which includes protein standardized and blended product, totaled 55.1 million pounds, 3.7% higher than one month ago and 36.5% higher than production of August 2012. Cumulative 2013 skim milk powder production totals 399.7 million pounds, a 91.7% increase in production compared to production during the same time span in 2012.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 1.8000 - 1.8900 MOSTLY: 1.8450 - 1.8700
HIGH HEAT: 1.8400 - 1.9800

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Central dry buttermilk prices are trending up. Several manufacturers are indicating inventories are variable. Dry buttermilk production is following seasonal trends as churning increases to meet holiday needs.

DAIRY PRODUCTS: NASS *Dairy Products* reports production of dry buttermilk during August 2013 totaled 7.6 million pounds, 9.8% less than one month ago but 11.7% more than the August 2012 total. Cumulative 2013 dry buttermilk production totals 84.5 million pounds, 15.0% more than during the same time span of 2012. Month ending stocks of dry buttermilk, at 9.7 million pounds, are 6.1% lower than one month ago but 23.0% higher than one year ago.

EAST: Prices for dry buttermilk are firm. Dry buttermilk production has declined from recent weeks as more cream has been pulled away from churns, due to increased production of cream based dairy products ahead of the upcoming holidays. Supplies are tight and demand is good. Supplies are moving through contracts with limited activity on the spot market. The firm nonfat dry milk market lends support to the firm undertone for dry buttermilk.

Dairy Products: NASS reports August 2013 dry buttermilk production totaled 7.6 million pounds, up 11.7% from August 2012, but 9.8% less than July. August 31 dry buttermilk stocks, at 9.7 million pounds, are 23.0% above year ago levels, but 6.1% less than July.

F.O.B. CENTRAL/EAST: 1.6800 - 1.8200

Continued on page 5A

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.

Continued from page 5

DRY BUTTERMILK - WEST

West dry buttermilk prices are steady to higher on a firm market. Current NDM pricing provides support for dry buttermilk prices and some buyers are reformulating to use dry buttermilk in place of NDM, as it offers some savings on dairy protein. Domestic demand is steady into dry mix, snack food, and bakery operations. However, some resellers indicate spot pricing is limiting placing dry buttermilk from the West into Central and other locations when transportation costs are factored into the price. Dry buttermilk production is inching higher at some locations as butterfat components leave behind seasonal lows and churn operators respond to active retail butter interest.

DAIRY PRODUCTS: NASS *Dairy Products* reports U.S. production of dry buttermilk during August 2013 totaled 7.6 million pounds, 9.8% less than one month ago but 11.7% more than the August 2012 total. Cumulative 2013 dry buttermilk production totals 84.5 million pounds, 15.0% more than during the same time span of 2012. Month ending stocks of dry buttermilk, at 9.7 million pounds, are 6.1% lower than one month ago but 23.0% higher than one year ago.

F.O.B. WEST: 1.6200 - 1.7700 MOSTLY: 1.7200 - 1.7400

DRY WHOLE MILK - NATIONAL

Dry whole milk prices are unchanged to higher on a firm market. Production is ongoing at a few locations, with producers testing out new gas-flush bagging systems. Most sales are contract based.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows U.S. dry whole milk production during August 2013 decreased 23.3% compared to one month ago, to 7.1 million pounds, but was 22.0% higher than production one year ago. Cumulative 2013 dry whole milk production totals 58.8 million pounds, 49.7% higher than production during the same time span in 2012. Month ending stocks, at 10.2 million pounds, are 10.1% higher than one month ago, and 47.5% higher than one year ago.

F.O.B. PRODUCING PLANT: 1.8400 - 2.0500

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
October 18	\$1.8320	7,364,636	0
October 11	\$1.8122	8,835,158	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 steady to trending higher. Offers are still being presented to end users from resellers and manufacturers with adequate supplies of dry whey. Dry whey sales have been active as some manufacturers are even reporting extra sales and steady shipment of product. ANIMAL FEED WHEY prices are trending lower.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of HUMAN FOOD dry whey in August 2013 totaled 69.2 million pounds, 4.2% lower than one month ago and 6.4% lower than the August 2012 total. August month ending stocks of HUMAN FOOD dry whey totaled 58.2 million pounds, 6.7% less than one month ago but 50.5% more than one year ago. Production of ANIMAL FEED dry whey during August 2013 totaled 3.9 million pounds, 7.0% less than one month ago and 4.5% less than the August 2012 total. ANIMAL FEED dry whey August month ending stocks totaled 3.2 million pounds, 10.8% lower than last month but 33.9% higher than one year ago.

HUMAN FOOD dry whey production during August 2013 in the Central region totaled 36.1 million pounds, 2.5% less than one month ago and 0.8% lower than the August 2012 total. Cumulative 2013 HUMAN FOOD dry whey production in the Central region totals 316.8 million pounds, 1.6% higher than 2012 production during the same time span.

F.O.B. CENTRAL: .4700 - .6300 MOSTLY: .5200 - .5600
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4050 - .5000

DRY WHEY - NORTHEAST

Dry whey prices have weakened as some manufacturers have offered price discounts to multi-load purchases in an attempt to better manage their expanded supply. Dry whey production has increased as cheese manufacturers have expanded operations to 6-7 day production schedules in advance of the busy holiday season. Spot loads are readily available with spot market pricing below index pricing. Demand is fair as dairy product manufacturing has increased. The increased production, atop the already adequate supplies, gives the dry whey market a weak undertone.

Dairy Products: NASS Dairy Products shows production of dry whey for human consumption for the nation in August, totaled 69.2 million pounds, 6.4% less than year ago levels and 4.2% less than July. The Atlantic region totaled 16.7 million pounds, or 24% of the nation's total. The Atlantic region production was 20.5% less than August 2012 and 6.1% less than the previous month. August 31 dry whey U.S. stocks, at 58.2 million pounds, are 50.5% above year ago levels, but 6.7% less than July.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5000 - .6200

DRY WHEY - WEST

Western dry whey prices are mixed with an overall weaker undertone. Index prices have remained mostly steady while spot prices are reported steady to weak. Whey production is steady to lower. Alternative whey protein products continue to compete for the whey stream supply from cheese manufacturers. Demand is mostly steady with spot buyers looking for price breaks. Some increased offerings are finding their way to the market. Export demand is good, yet buyers are looking for lower prices. Brokers and resellers are reporting lower price bids from international

buyers. Whey stocks are adequate for current demand. According to the NASS *Dairy Products* report, edible U.S. whey production in August totals 69.2 million pounds, down 6.4% or 4.8 million pounds from August of last year. The Western region produced 16.4 million pounds of human food dry whey in August, down 1.0% (0.2 million pounds) from last year. The West produced 24% of the human food dry whey in the U.S. in August. Cumulative U.S. total dry whey production for the year is 636.8 million pounds, down 7.1% or 48.7 million pounds from the unadjusted period in 2012. Manufacturers' stocks at the end of August for edible whey are 58.2 million pounds, up 50.5% (19.5 million pounds) from last year's unadjusted total.

NONHYGROSCOPIC: .5300 - .6000

MOSTLY: .5300 - .5825

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices are mostly higher on a firm market. Various manufacturers indicate demand is active beyond contract commitments, but fulfillment of requests for spot loads is happening on an intermittent basis. One or two manufacturers sent numerous loads to the spot market, which was a marked change from previous selling patterns. Demand continues to outpace spot load availability. Buyers are already discussing 2014 WPC 34% contract quantities and pricing strategies with manufacturers. Current bids for 2014 contract loads are reportedly carrying strong market premiums in an effort to secure supplies.

DAIRY PRODUCTS: The NASS *Dairy Products* report shows U.S. production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during August 2013 totaled 19.2 million pounds, 9.1% lower than one month ago, and 1.5% lower than one year ago. Cumulative WPC HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) production for 2013 totals 154.0 million pounds, 3.7% lower than 2012 production during the same time span. Manufacturers' end-of-month stocks of HUMAN AND ANIMAL WPC (25.0 - 49.9% PROTEIN) totaled 18.7 million pounds, 9.2% lower than one month ago and 43.0% lower than one year ago.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.3000 - 1.6400 MOSTLY: 1.4850 - 1.5850

LACTOSE - CENTRAL AND WEST

Lactose prices are mixed as the start of Q4 is past and more spot loads are coming into the market. Market conditions are uneven, with mesh and package sizes affecting demand for spot loads. Unground lactose in totes is readily available to the marketplace from a handful of manufacturers, with some loads clearing to nonedible end uses to make room for Q4 production. Some manufacturers indicate this sector of the market is stalled because production of unground lactose continues to outpace interest. U.S. manufacturers' sales of ground lactose into standardization and infant formula production are active. However, some manufacturers indicate pricing pressure is developing overseas as EU-based manufacturers look for lactose sales opportunities in Oceania and Southeast Asia. Current lactose production is gaining some ground as farm milk production shifts away from seasonal lows.

CONTINUED ON PAGE 6A

WHEY, WPC 34%, LACTOSE & CASEIN

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

CONTINUED FROM PAGE 6

DAIRY PRODUCTS: NASS's *Dairy Products* report shows U.S. HUMAN and ANIMAL lactose production during August 2013 increased 1.4% compared to one month ago to 86.9 million pounds, and increased 3.3% compared to one year ago. Cumulative 2013 lactose production totals 702.7 million pounds, a 1.8% increase from the same time span in 2012. Month ending stocks, at 82.8 million pounds, are 6.8% lower than one month ago, and 3.0% lower than one year ago.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .4000 - 7400 MOSTLY: .5800 - .7200

CASEIN - NATIONAL

Casein prices are slightly lower as spot and Q4 contract prices are combined. The market tone remains steady to firm. Supplies in the U.S. are generally adequate for trade needs. Production trends are approaching the seasonal low point in Europe. In Oceania, milk production is building towards the seasonal peak. At the October 15th GDT event, rennet casein sales averaged \$4.4815 per pound across all contracting periods, up 1.5%.

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:	4.7000 - 5.0000
ACID:	4.8000 - 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	2013	2012 WEEKLY	2012
	DAIRY COWS	CUMULATIVE DAIRY COWS	DAIRY COWS	CUMULATIVE DAIRY COWS
09/21/2013	62.0	2,277.1	63.3	2,224.1

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)

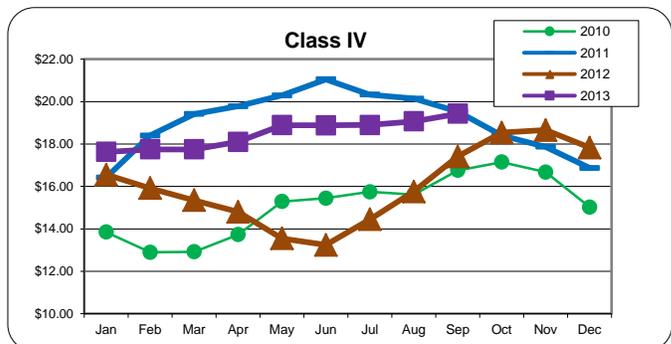
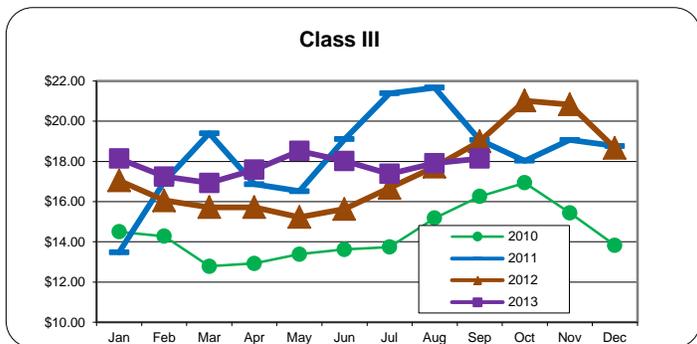
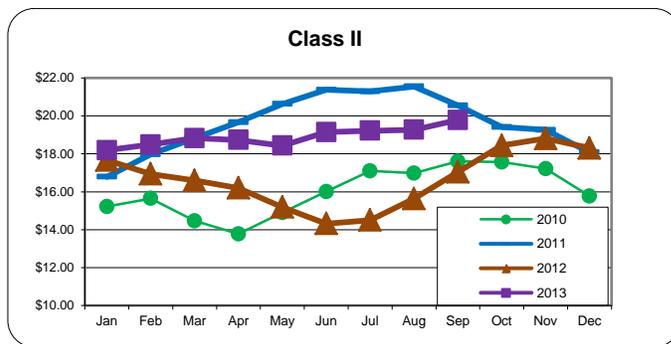
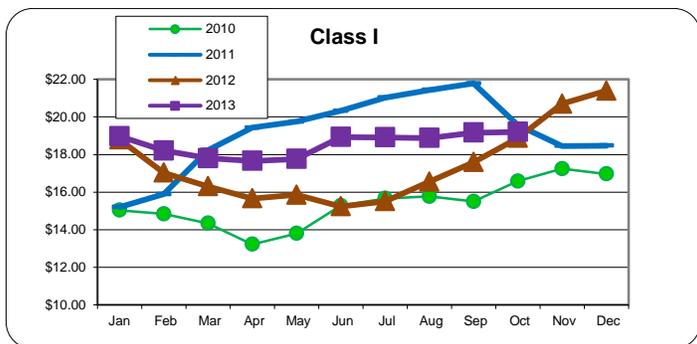
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03
2011	16.42	18.40	19.41	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	19.16	19.20		
II	18.19	18.49	18.82	18.73	18.43	19.14	19.22	19.27	19.78			
III	18.14	17.25	16.93	17.59	18.52	18.02	17.38	17.91	18.14			
IV	17.63	17.75	17.75	18.10	18.89	18.88	18.90	19.07	19.43			

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 October 14 - 25, 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 in most countries is approaching seasonal low points of the production year. Volumes are mostly higher than year ago levels, continuing the trend that started during the summer. The increases in milk production are being cautiously watched as concerns about exceeding quota levels are noted. Trade sources note that another factor is that higher milk volumes translate into more dairy products, which could pressure pricing. Farm milk production conditions remain good as milk prices are high, feed costs reasonable, and weather conditions have been favorable. For 2013, EU-27 milk output is forecast to be just slightly below 2012 volumes. The stronger Euro value is making exporting more challenging. Dairy product prices are mixed. Skim milk powder and whole milk powder demand are light to fair for nearby needs. Some buyers are bidding lower prices, yet receiving limited seller interest. Butter prices remain high and restrict exporting. Internal demand is fair. PSA butter stocks are being utilized to supplement any market shortages. Through October 1, a total of 23,800 MT have moved back to the trade. Holdings totaled 65,544 MT on October 1.

BUTTER/BUTTEROIL: Butter prices are steady to higher. The market tone is unsettled. Buying interest has slowed and current offerings are limited. There is more difficulty finding near term offers and price quotes are limited. The higher prices are impacting sales to international customers. The increasing Euro value continues to work against E.U. exporters. Consumer buying patterns are also being affected by higher, local prices. In addition, economic factors are influencing other consumer items that utilize dairy fats. Cream prices also remain relatively high, yet are under more pressure. PSA butter stocks are being utilized to supplement any market shortages. Through October 1, a total of 23,800 MT have moved back to the trade. Holdings totaled 65,544 MT on October 1. Butteroil prices are trending higher, influenced by higher butterfat pricing. Levels continue to make export sales hard to accomplish.

82% BUTTERFAT: 5,425 - 5,925
99% BUTTERFAT: 6,300 - 7,100

SKIM MILK POWDER (SMP): Skim milk powder pricing has trended weaker in recent weeks. Demand has moved lower and higher over the past several weeks, impacted by regional holidays and religious observations that affected the timing of needs. Interest is fair to good in the short term for fill-in needs, but offerings are light. Demand in Q1 is at moderate levels as buyers assess future needs against pricing expectations. Buyers are bidding at lower prices. Production is at seasonal, low levels. Stocks are light to moderate to fill current and upcoming needs.

1.25% BUTTERFAT: 3,900 - 4,500

WHOLE MILK POWDER (WMP): European WMP pricing is mostly stable. The market is calm. Demand is fair to cover nearby offerings. Many buyers have needs met and are working on 2014 needs. Export demand is good from China, more unsettled to other areas. The relative high pricing levels are affecting the purchasing power of developing countries. Drying of WMP is seasonal, yet remains active and favored over SMP/butterfat manufacturing. Current holdings of WMP are generally limited.

26% BUTTERFAT: 4,875 - 5,200

SWEET WHEY POWDER: European dry whey prices are mixed. There have been fluctuations occurring. The market tone is steady to weaker from recent weeks. Demand is tending to be lighter, especially into international markets and from the animal feed channels. Stronger Euro values are making exporting out of the E.U. more expensive. Competition with U.S. offerings is noted. Cheese production is active and generating a steady whey stream. There is competition for the whey solids from higher protein WPC and WPI producers.

NONHYGROSCOPIC: 1,250 - 1,500

EASTERN OVERVIEW: Eastern European milk output trends are mostly steady to slightly higher. The general market conditions of tight supplies in other exporting regions are allowing opportunities for Eastern countries to have more export business at better pricing points.

**Exchange rates for selected foreign currencies:
October 21, 2013**

.1709 Argentina Peso	.0102 Japan Yen
.9653 Australian Dollar	.0770 Mexican Peso
.9706 Canadian Dollar	.8456 New Zealand Dollar
1.3681 Euro	.3278 Polish Zloty
.0165 India Rupee	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0770) = 12.9870 Mexican Pesos. Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered October 14 - 25, 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 at or near the seasonal peak. Current production is trending 1-2% below last year, but industry analysts forecast year end totals to be about level with last year. Tasmania has experienced cold, wet weather, causing decreased cow comfort levels and some marginal decreases in milk production. Victoria has also experienced wet weather conditions. Weather forecasters view the El Niño/La Niña factors as neutral and foresee average seasonal weather conditions for the next 3-4 months. Pastures are green and growing and viewed as in generally good condition. A processor has increased farmgate prices for Victoria and New South Wales. From November 2013 through June 2014, suppliers will have their milk prices increased, taking the companies "model farm" annual price to \$6.30 kg/MS. Producers remain in a tight financial situation with tight margins. Even with improved farmgate prices, numerous producers seem adverse to risk and hesitant to expand operations. Dairy product prices have been trending higher in the export producing areas, while holding steady in the domestic dairy producing regions. According to Dairy Australia, September milk production in Australia was 3.5% below September 2012. The state changes from a year earlier are: New South Wales, -5.7%; Victoria, -2.7%; Queensland, -8.1%; South Australia, -5.3%; Western Australia, -5.0% and Tasmania -2.5%. **NEW ZEALAND** milk production in August was reported by DCANZ at 1,330,000 tons, up 9.2% from August last year and 24.7% higher than two years ago. Current milk production is near the seasonal peak with estimates of a 4% increase over last year. A few storms have marginally reduced milk production and component levels. Pastures are seen as in generally good condition. The new manufacturing plant in Darfield is operating at full capacity and assisting with the increased milk volumes. Dairy manufacturers are keying production schedules off the strong demand for whole milk powder from China and opting to channel additional milk volumes for WMP production. At the October 15 GDT event #102, average prices ranged from 5.2% lower to 1.7% higher from the prior event across categories. The all contracts price averages (US\$ per MT) and percent changes from the previous average are: anhydrous milk fat, \$5,007 -1.2%; butter, \$3,780 -3.5%; buttermilk powder, \$4,680 -5.2%; cheddar cheese, \$4,326 -1.7%; lactose, n.a.; milk protein concentrate, \$7,401 +1.7%; rennet casein, \$9,880 +1.5%; skim milk powder, \$4,541 +0.7%; and whole milk powder, \$5,058 -2.9%.

BUTTER: Butter demand is good coming from domestic buyers, but export demand has softened. Russian demand has declined as orders have been filled with a resulting decline in prices paid at the high end of the range. Some cream volumes going to butter production have declined as whole milk powder production has expanded. U.S. pricing has recently declined and remains below competing international prices. At the October 15 GDT event 102, butter averaged \$3,751/MT for the December contracts, +5.4%, and \$3,780/MT for all contract periods, -3.5%. AMF prices averaged \$4,989/MT for the De-

ember contracts, -1.5% from the prior event. For all contract periods, the AMF price average was \$5,007/MT, -1.2%.

82% BUTTERFAT: 3,750 - 4,500

SKIM MILK POWDER (SMP): SMP production is mixed with some regions trending higher following milk production increases, but some areas have noted marginal decreases with the emphasis on and increase in whole milk powder production. Demand remains fairly active worldwide. Prices are holding fairly steady with recent weeks, with some marginal declines for shipments in January. At the October 15 GDT event 102, SMP for all regions and contracting periods averaged \$4,541 per MT, up 0.7%. For trading in contract period 2, (December 2013), prices averaged \$4,665 for NZ sourced medium heat product. For December sales, the price gap between U.S. sourced MH SMP, at \$4,385, was \$280/MT.

1.25% BUTTERFAT: 4,350 - 4,675

CHEDDAR CHEESE: Cheddar production has seen some declines as milk volumes have been channeled to the more lucrative whole milk powder market. Supplies of cheddar are tightening and may forecast upward price movements in the short term for domestic buyers. Export demand is only fair at best as international customers continue to explore the U.S. market as a lower cost alternative.

39% MAXIMUM MOISTURE: 4,300 - 4,500

WHOLE MILK POWDER (WMP): Demand for whole milk powder has improved with active interest from China as they attempt to augment their lower than anticipated milk production with some analysts pegging the decline in the 6-10% range. The strong demand and higher trending prices have rechanneled some milk volumes to whole milk powder production from SMP and cheddar production. Pricing is trending above the \$5,000 per MT mark. Stocks are generally light and committed. At the October 15 GDT event, the WMP pricing index, across all contracting periods, averaged \$5,058 per MT, -2.9%. For contract periods 2 and 3, December 2013 and January 2014, NZ regular WMP averaged \$5,130 and \$5,005 per MT, respectively.

26% BUTTERFAT: 4,950 - 5,300

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

US\$/MT	Global/Dairy Trading (g/DT) Event 102 Recap - October 15, 2013													
	Contract 1 Nov-13		Contract 2 Dec-13		Contract 3 Jan-14		Contract 4 Feb-14		Contract 5 Mar-14		Contract 6 Apr-14		All Contracts	
Anhydrous Milk Fat	n.a.	\$4,989	-1.5%	\$5,027	-0.2%	\$5,015	-2.4%	\$4,973	-1.6%	\$5,225	2.9%	\$5,007	-1.2%	
Butter	\$4,185	5.4%	\$3,751	-5.4%	\$3,795	-2.1%	\$3,805	-0.1%	n.a.	n.a.	\$3,780	-3.5%		
Buttermilk Powder	n.a.	\$4,685	-5.0%	\$4,670	-5.3%	\$4,685	-5.4%	n.a.	n.a.	\$4,680	-5.2%			
Cheddar	n.a.	\$4,317	-1.4%	\$4,331	-1.8%	\$4,330	-2.0%	n.a.	n.a.	\$4,326	-1.7%			
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.	\$7,380	-0.7%	\$7,405	3.0%	\$7,455	7.1%	n.a.	n.a.	\$7,401	1.7%			
Rennet Casein	n.a.	\$9,784	0.3%	\$9,932	2.0%	\$9,988	2.8%	n.a.	n.a.	\$9,880	1.5%			
Skim Milk Powder	\$4,409	0.8%	\$4,580	1.6%	\$4,481	-0.9%	\$4,530	-0.2%	\$4,574	3.2%	\$4,980	-2.1%	\$4,541	0.7%
Whole Milk Powder	n.a.	\$5,137	-2.4%	\$5,024	-2.8%	\$4,982	-3.5%	\$4,964	-4.1%	\$5,226	-3.4%	\$5,058	-2.9%	

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

US\$/Pound	Global/Dairy Trading (g/DT) Event 102 Recap - October 15, 2013													
	Contract 1 Nov-13		Contract 2 Dec-13		Contract 3 Jan-14		Contract 4 Feb-14		Contract 5 Mar-14		Contract 6 Apr-14		All Contracts	
Anhydrous Milk Fat	n.a.	\$2.2630	-1.5%	\$2.2802	-0.2%	\$2.2748	-2.4%	\$2.2557	-1.6%	\$2.3700	2.9%	\$2.2712	-1.2%	
Butter	\$1.8983	5.4%	\$1.7014	-5.4%	\$1.7214	-2.1%	\$1.7259	-0.1%	n.a.	n.a.	\$1.7146	-3.5%		
Buttermilk Powder	n.a.	\$2.1251	-5.0%	\$2.1183	-5.3%	\$2.1251	-5.4%	n.a.	n.a.	\$2.1228	-5.2%			
Cheddar	n.a.	\$1.9582	-1.4%	\$1.9645	-1.8%	\$1.9641	-2.0%	n.a.	n.a.	\$1.9623	-1.7%			
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.	\$3.3475	-0.7%	\$3.3589	3.0%	\$3.3816	7.1%	n.a.	n.a.	\$3.3571	1.7%			
Rennet Casein	n.a.	\$4.4380	0.3%	\$4.5051	2.0%	\$4.5305	2.8%	n.a.	n.a.	\$4.4815	1.5%			
Skim Milk Powder	\$1.9999	0.8%	\$2.0775	1.6%	\$2.0326	-0.9%	\$2.0548	-0.2%	\$2.0748	3.2%	\$2.2589	-2.1%	\$2.0598	0.7%
Whole Milk Powder	n.a.	\$2.3301	-2.4%	\$2.2789	-2.8%	\$2.2598	-3.5%	\$2.2517	-4.1%	\$2.3705	-3.4%	\$2.2943	-2.9%	

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

CHICAGO MERCANTILE EXCHANGE FUTURES

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

Month	10/17	10/18	10/21	10/22	10/23
CME - CLASS III MILK FUTURES (Pit-Traded)					
OCT 13	18.23 (3665) 0	18.25 (3633) 0	18.24 (3612) 0	18.25 (3583) 0	18.24 (3545) 0
NOV 13	18.29 (4354) 92	18.32 (4472) 0	18.26 (4484) 0	18.46 (4554) 1	18.55 (4531) 0
DEC 13	17.79 (3367) 0	17.72 (3385) 0	17.55 (3450) 7	17.71 (3521) 0	17.71 (3584) 0
JAN 14	17.13 (1794) 0	17.07 (1799) 5	16.95 (1821) 0	16.98 (1824) 0	17.04 (1873) 1
FEB 14	16.76 (1542) 10	16.77 (1531) 5	16.75 (1542) 5	16.73 (1548) 5	16.80 (1558) 6
MAR 14	16.64 (1362) 10	16.65 (1359) 5	16.63 (1378) 5	16.60 (1392) 5	16.64 (1409) 6
APR 14	16.57 (1118) 10	16.57 (1129) 5	16.56 (1152) 5	16.57 (1175) 10	16.61 (1182) 6
MAY 14	16.63 (1157) 10	16.65 (1167) 5	16.60 (1175) 5	16.60 (1204) 10	16.61 (1230) 6
JUN 14	16.86 (994) 10	16.92 (1002) 5	16.81 (1011) 5	16.86 (1025) 10	16.87 (1044) 6
JUL 14	17.06 (545) 10	17.12 (542) 5	17.09 (546) 5	17.04 (552) 5	17.06 (563) 6
CME - CLASS IV MILK FUTURES (Pit-Traded)					
OCT 13	20.24 (649) 0	20.20 (649) 0	20.17 (647) 0	20.15 (647) 0	20.20 (649) 0
NOV 13	20.23 (729) 0	20.19 (723) 0	20.13 (723) 0	20.15 (714) 0	20.32 (713) 0
DEC 13	19.80 (692) 0	19.79 (692) 0	19.70 (692) 0	19.79 (694) 0	19.96 (690) 0
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)					
OCT 13	155.75 (958) 54	155.00 (959) 11	154.25 (960) 17	154.60 (959) 4	154.30 (959) 4
NOV 13	153.00 (1220) 63	152.75 (1218) 4	151.00 (1217) 11	152.25 (1215) 24	152.75 (1216) 18
DEC 13	146.45 (794) 36	146.00 (794) 0	144.53 (801) 9	144.75 (793) 8	145.53 (794) 8
CME - NONFAT DRY MILK FUTURES (Pit-Traded)					
OCT 13	183.28 (306) 0	183.40 (306) 0	183.40 (306) 0	183.40 (306) 0	183.50 (303) 0
NOV 13	184.75 (373) 0	184.70 (373) 0	184.00 (373) 0	184.50 (368) 0	184.73 (368) 0
DEC 13	183.43 (335) 0	183.30 (338) 0	183.00 (335) 0	183.00 (331) 0	185.00 (331) 0
CME - WHEY (Electronic-Traded)					
OCT 13	58.35 (269) 3	58.25 (269) 0	58.23 (269) 0	58.00 (269) 0	58.00 (270) 5
NOV 13	58.75 (254) 3	58.75 (254) 0	58.75 (254) 0	58.50 (254) 0	58.50 (254) 1
DEC 13	59.50 (264) 3	59.50 (262) 3	59.33 (262) 0	58.88 (262) 6	59.35 (269) 9
CME - CHEESE CSC (Electronic-Traded)					
OCT 13	1.80 (1068) 11	1.80 (1067) 3	1.80 (1067) 0	1.81 (1068) 1	1.80 (1068) 4
NOV 13	1.80 (1465) 11	1.81 (1465) 1	1.80 (1463) 22	1.82 (1463) 15	1.83 (1463) 11
DEC 13	1.75 (1555) 40	1.75 (1555) 16	1.73 (1555) 2	1.75 (1552) 11	1.75 (1557) 13
JAN 14	1.70 (808) 37	1.69 (820) 24	1.68 (833) 18	1.68 (844) 42	1.69 (851) 21
FEB 14	1.67 (631) 0	1.66 (642) 27	1.66 (638) 4	1.66 (639) 1	1.66 (647) 18
MAR 14	1.65 (678) 0	1.66 (683) 26	1.66 (683) 0	1.66 (684) 5	1.66 (688) 22

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

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

COMMODITY	::REPORT NUMBER 36 ::REPORT NUMBER 37 ::REPORT NUMBER 38 ::REPORT NUMBER 39 ::REPORT NUMBER 40 ::					2013 2/	2012
	::-----::-----::-----::-----::-----::					Average	Average
	SEP 02 - 06	SEP 09 - 13	SEP 16 - 20	SEP 23 - 27	SEP 30	or Total	or Total
CHEESE							
WISCONSIN (WSP, Delivered, LTL)							
-- Process American 5# Loaf	:: 1.9350 - 2.6400	:: 1.9775 - 2.6825	:: 2.0075 - 2.7125	:: 1.9725 - 2.6775	::	NO	:: NO : 2.3611
-- Brick And/Or Muenster 5#	:: 2.1200 - 2.5675	:: 2.1725 - 2.6200	:: 2.2125 - 2.6600	:: 2.1825 - 2.6300	::	WEEKLY	:: SEPTEMBER: 2.5409
-- Cheddar 40# Block	:: 2.1200 - 2.9925	:: 2.1725 - 3.0450	:: 2.2125 - 3.0850	:: 2.1825 - 3.0550	::	DATA	:: 2013 : 2.7534
-- Monterey Jack 10#	:: 2.0900 - 2.9975	:: 2.1425 - 3.0500	:: 2.1825 - 3.0900	:: 2.1525 - 3.0600	::	<u>2/</u>	:: AVERAGES : 2.7384
-- Blue 5#	:: 2.3825 - 3.3700	:: 2.4350 - 3.4225	:: 2.4750 - 3.4625	:: 2.4450 - 3.4325	::		:: <u>2/</u> : 3.0184
-- Mozzarella 5 - 6#	:: 1.9625 - 3.0975	:: 2.0150 - 3.1500	:: 2.0550 - 3.1900	:: 2.0250 - 3.1600	::		:: : 2.7259
-- Grade A Swiss Cuts 6 - 9#	:: 3.0350 - 3.1525	:: 2.9625 - 3.0800	:: 2.9625 - 3.0800	:: 2.9625 - 3.0800	::		:: : 2.9438
NORTHEAST (WSP, Delivered, LTL)							
-- Cheddar 40# Block	:: 2.1350 - 2.4200	:: 2.1875 - 2.4725	:: 2.2275 - 2.5125	:: 2.1975 - 2.4825	::		:: : 2.4159
-- Process 5# Sliced	:: 1.9575 - 2.4375	:: 2.0000 - 2.4800	:: 2.0300 - 2.5100	:: 1.9950 - 2.4750	::		:: : 2.0961
-- Muenster	:: 2.1550 - 2.5150	:: 2.2075 - 2.5675	:: 2.2475 - 2.6075	:: 2.2175 - 2.5775	::		:: : 2.4734
-- Grade A Swiss Cuts 10 - 14#	:: 3.5150 - 3.8375	:: 3.4450 - 3.7675	:: 3.4450 - 3.7675	:: 3.4450 - 3.7675	::		:: : 3.5263
WEST COAST (WSP, Delivered, LTL)							
-- Process 5# Loaf	:: 1.8650 - 2.1225	:: 1.9075 - 2.1650	:: 1.9375 - 2.1950	:: 1.9025 - 2.1600	::		:: : 2.0698
-- Cheddar 40# Block	:: 1.8550 - 2.2075	:: 1.9075 - 2.2600	:: 1.9475 - 2.3000	:: 1.9175 - 2.2700	::		:: : 2.1728
-- Cheddar 10# Cuts	:: 2.0350 - 2.2550	:: 2.0875 - 2.3075	:: 2.1275 - 2.3475	:: 2.0975 - 2.3175	::		:: : 2.2866
-- Monterey Jack 10#	:: 2.0450 - 2.2050	:: 2.0975 - 2.2575	:: 2.1375 - 2.2975	:: 2.1075 - 2.2675	::		:: : 2.2666
-- Grade A Swiss Cuts 6 - 9#	:: 3.0925 - 3.5225	:: 3.0225 - 3.4525	:: 3.0225 - 3.4525	:: 3.0225 - 3.4525	::		:: : 3.1575
FLUID PRODUCTS							
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)							
-- Northeast - f.o.b	:: 1.8480 - 2.0470	:: 1.8574 - 2.0575	:: 1.9832 - 2.1608	:: 2.0020 - 2.1868	::		:: : 2.4631
-- Upper Midwest - f.o.b	:: 1.7769 - 1.9048	:: 1.8289 - 2.0003	:: 1.8500 - 2.0424	:: 1.9404 - 2.0790	::		:: : 2.3765
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.							
-- Class II	:: 1.76 - 1.84	:: 1.76 - 1.84	:: 1.76 - 1.86	:: 1.79 - 1.89	::		:: : 1.3742
-- Class III	:: 1.46 - 1.56	:: 1.55 - 1.63	:: 1.55 - 1.65	:: 1.55 - 1.65	::		:: : 1.4650

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

COMMODITY	::REPORT NUMBER 36		::REPORT NUMBER 37		::REPORT NUMBER 38		::REPORT NUMBER 39		::REPORT NUMBER 40		2013 2/	2012
	::-----::		::-----::		::-----::		::-----::		::-----::		Average	Average
	SEP 02 - 06	SEP 09 - 13	SEP 16 - 20	SEP 23 - 27	SEP 30	or Total	or Total					
DRY PRODUCTS												
NONFAT DRY MILK												
-- Central And East (f.o.b.)												
-- Low/Medium Heat	:: 1.7900 - 1.8625	:: 1.8000 - 1.8725	:: 1.8200 - 1.8825	:: 1.7500 - 1.9000				NO		NO		1.5963
-- Mostly	:: 1.7900 - 1.8300	:: 1.8100 - 1.8300	:: 1.8300 - 1.8500	:: 1.8200 - 1.8500				WEEKLY		SEPTEMBER		1.5339
-- High Heat	:: 1.8900 - 1.9200	:: 1.9025 - 1.9500	:: 1.9025 - 1.9500	:: 1.8600 - 1.9425				DATA		2013		1.6818
-- West (f.o.b.)												
-- Low/Medium Heat	:: 1.7600 - 1.8300	:: 1.7600 - 1.8700	:: 1.7600 - 1.8700	:: 1.7700 - 1.8700				2/		AVERAGES		1.5157
-- Mostly	:: 1.8000 - 1.8200	:: 1.8000 - 1.8300	:: 1.8100 - 1.8350	:: 1.8100 - 1.8425						2/		1.5087
-- High Heat	:: 1.8200 - 1.9300	:: 1.8525 - 1.9500	:: 1.8550 - 1.9800	:: 1.8650 - 1.9800								1.5487
WHEY POWDER (Nonhygroscopic)												
-- Central (f.o.b.)	:: 0.4700 - 0.6325	:: 0.4700 - 0.6275	:: 0.4700 - 0.6375	:: 0.4700 - 0.6300								0.5751
-- Mostly	:: 0.5200 - 0.5600	:: 0.5200 - 0.5575	:: 0.5200 - 0.5575	:: 0.5200 - 0.5575								0.5755
-- West (f.o.b.)	:: 0.5400 - 0.6175	:: 0.5400 - 0.5950	:: 0.5400 - 0.5975	:: 0.5400 - 0.5975								0.5979
-- Mostly	:: 0.5500 - 0.6025	:: 0.5500 - 0.5800	:: 0.5475 - 0.5800	:: 0.5475 - 0.5800								0.5955
-- Northeast (f.o.b.)	:: 0.5650 - 0.6325	:: 0.5700 - 0.6300	:: 0.5400 - 0.6375	:: 0.5475 - 0.6300								0.6070
WHEY PROTEIN CONCENTRATE												
-- Central And West (f.o.b.)												
-- Extra Grade 34% Protein	:: 1.3000 - 1.5300	:: 1.3000 - 1.5275	:: 1.3000 - 1.6000	:: 1.3000 - 1.6000								1.2236
-- Mostly	:: 1.3450 - 1.4075	:: 1.3450 - 1.4075	:: 1.3750 - 1.4275	:: 1.4000 - 1.4700								1.1862
ANIMAL FEED - WHEY												
-- Central (f.o.b.)												
-- Milk Replacer	:: 0.4050 - 0.5400	:: 0.4050 - 0.5200	:: 0.4025 - 0.5200	:: 0.4350 - 0.5200								0.4876
BUTTERMILK (Min. 30% protein)												
-- Central And East (f.o.b.)	:: 1.6400 - 1.7125	:: 1.6700 - 1.7175	:: 1.6500 - 1.7350	:: 1.6500 - 1.7325								1.4032
-- West (f.o.b.)	:: 1.6000 - 1.7300	:: 1.6000 - 1.7500	:: 1.6200 - 1.7500	:: 1.6200 - 1.7500								1.4196
-- Mostly	:: 1.6900 - 1.7200	:: 1.6950 - 1.7200	:: 1.7000 - 1.7200	:: 1.7000 - 1.7300								1.3747
WHOLE MILK POWDER												
-- National (f.o.b.)	:: 1.9500 - 2.0500	:: 1.9200 - 2.0500	:: 1.9200 - 2.0000	:: 1.8400 - 2.0000								1.6324
LACTOSE												
-- Central And West (f.o.b.)	:: 0.4700 - 0.7200	:: 0.5200 - 0.7200	:: 0.4600 - 0.7200	:: 0.5000 - 0.7200								0.8081
-- Mostly	:: 0.5900 - 0.6900	:: 0.5900 - 0.6900	:: 0.5900 - 0.6900	:: 0.5900 - 0.6900								0.8250
CASEIN - Edible - National (f.o.b.)												
-- Nonrestricted - Rennet	:: 4.7000 - 5.0000	:: 4.7000 - 5.0000	:: 4.7500 - 5.0000	:: 4.7500 - 5.0000								4.0750
-- Nonrestricted - Acid	:: 4.8000 - 5.4000	:: 4.8000 - 5.4000	:: 4.9000 - 5.4000	:: 4.9000 - 5.4000								4.4908

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.** 2/ USDA Dairy Market News resumed operations on Thursday, October 17, 2013. Until that date, no prices were collected or released after the October 1st government shutdown.

CME GROUP AVERAGES FOR SEPTEMBER 2013

COMMODITY	::REPORT NUMBER 36::		::REPORT NUMBER 37::		::REPORT NUMBER 38::		::REPORT NUMBER 39::		::REPORT NUMBER 40::		2013 *	2012 *
	::-----::		::-----::		::-----::		::-----::		::-----::		Monthly	Monthly
	SEP 2 - 6	SEP 9 - 13	SEP 16 - 20	SEP 23 - 27	SEP 30	::		Average	Average			
BUTTER*												
-- GRADE AA												
--Monday	:: 1/	:: 1.4400	:: 1.5200	:: 1.6050	:: 1.6100	::		::				
--Tuesday	:: 1.4350	:: 1.4500	:: 1.5200	:: 1.6050	::		::					
--Wednesday	:: 1.4300	:: 1.4500	:: 1.5300	:: 1.6100	::		::					
--Thursday	:: 1.4200	:: 1.5300	:: 1.5300	:: 1.6100	::		::					
--Friday	:: 1.4300	:: 1.5300	:: 1.6000	:: 1.6100	::		:: 1.5233	1.8803				
--Weekly Average**	:: 1.4288	:: 1.4800	:: 1.5400	:: 1.6080	::		::					
CHEESE*												
-- BARRELS												
--Monday	:: 1/	:: 1.8000	:: 1.7900	:: 1.7450	:: 1.7150	::		::				
--Tuesday	:: 1.7700	:: 1.8000	:: 1.7675	:: 1.7450	::		::					
--Wednesday	:: 1.7700	:: 1.8125	:: 1.7675	:: 1.7200	::		::					
--Thursday	:: 1.7725	:: 1.8125	:: 1.7675	:: 1.7200	::		::					
--Friday	:: 1.8000	:: 1.8125	:: 1.7675	:: 1.7200	::		:: 1.7688	1.8780				
--Weekly Average**	:: 1.7781	:: 1.8075	:: 1.7720	:: 1.7300	::		::					
-- 40# BLOCKS												
--Monday	:: 1/	:: 1.8100	:: 1.8200	:: 1.7825	:: 1.7650	::		::				
--Tuesday	:: 1.7825	:: 1.8200	:: 1.7975	:: 1.7825	::		::					
--Wednesday	:: 1.7825	:: 1.8400	:: 1.7975	:: 1.7700	::		::					
--Thursday	:: 1.7825	:: 1.8400	:: 1.7950	:: 1.7500	::		::					
--Friday	:: 1.8100	:: 1.8400	:: 1.7950	:: 1.7500	::		:: 1.7956	1.9245				
--Weekly Average**	:: 1.7894	:: 1.8300	:: 1.8010	:: 1.7670	::		::					
NONFAT DRY MILK*												
-- EXTRA GRADE												
--Monday	:: 1/	:: 1.7800	:: 1.7800	:: 1.7800	:: 1.7800	::		::				
--Tuesday	:: 1.7800	:: 1.7800	:: 1.7800	:: 1.7800	::		::					
--Wednesday	:: 1.7800	:: 1.7800	:: 1.7800	:: 1.7800	::		::					
--Thursday	:: 1.7800	:: 1.7800	:: 1.7800	:: 1.7800	::		::					
--Friday	:: 1.7800	:: 1.7800	:: 1.7800	:: 1.7800	::		:: 1.7800	1.6345				
--Weekly Average**	:: 1.7800	:: 1.7800	:: 1.7800	:: 1.7800	::		::					
-- GRADE A												
--Monday	:: 1/	:: 1.8150	:: 1.8300	:: 1.8450	:: 1.8300	::		::				
--Tuesday	:: 1.8000	:: 1.8150	:: 1.8300	:: 1.8450	::		::					
--Wednesday	:: 1.8050	:: 1.8200	:: 1.8300	:: 1.8450	::		::					
--Thursday	:: 1.8050	:: 1.8300	:: 1.8300	:: 1.8200	::		::					
--Friday	:: 1.8150	:: 1.8300	:: 1.8450	:: 1.8300	::		:: 1.8258	1.6895				
--Weekly Average**	:: 1.8063	:: 1.8220	:: 1.8330	:: 1.8370	::		::					

1/ Holiday - No cash dairy trading at CME Group

* 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.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, SEPTEMBER

Component Price Information: Under the Federal milk order pricing system, the butterfat price for September 2013 is \$1.5196 per pound. Thus, the Class II butterfat price is \$1.5266. The protein and other solids prices for September are \$3.5419 and \$0.3914 per pound, respectively. These component prices set the Class III skim milk price at \$13.29 per cwt. The September Class IV skim milk price is \$14.62, which is derived from the nonfat solids price of \$1.6243 per pound. **Product Price Averages:** The product price averages for September are: butter \$1.4263, nonfat dry milk \$1.8085, cheese \$1.7961, and dry whey \$0.5791.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT ^{1/2/}						
FEDERAL MILK ORDER MARKETING AREAS ^{3/}	ORDER NUMBER	SEPTEMBER 2013				OCTOBER 2013
		CLASS I	CLASS II	CLASS III	CLASS IV	CLASS I
		DOLLARS PER 100 POUNDS				
Northeast (Boston) ^{4/}	001	22.41	19.78	18.14	19.43	22.45
Appalachian (Charlotte) ^{5/ 6/}	005	22.56	19.78	18.14	19.43	22.60
Southeast (Atlanta) ^{6/ 7/}	007	22.96	19.78	18.14	19.43	23.00
Florida (Tampa) ^{6/ 8/}	006	24.56	19.78	18.14	19.43	24.60
Midwest (Cleveland) ^{9/}	033	21.16	19.78	18.14	19.43	21.20
Upper Midwest (Chicago) ^{10/}	030	20.96	19.78	18.14	19.43	21.00
Central (Kansas City) ^{11/}	032	21.16	19.78	18.14	19.43	21.20
Southwest (Dallas) ^{12/}	126	22.16	19.78	18.14	19.43	22.20
Arizona (Phoenix)	131	21.51	19.78	18.14	19.43	21.55
Pacific Northwest (Seattle) ^{13/}	124	21.06	19.78	18.14	19.43	21.10
All-Market Average	---	22.05	19.78	18.14	19.43	22.09

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

SEPTEMBER AGRICULTURAL PRICES HIGHLIGHTS

The All Milk price received by farmers was \$19.80 in September, up \$0.30 from August 2013, and up \$0.10 from September 2012. Alfalfa hay price was \$194.00 in September, down \$12.00 from September 2012. Corn price was \$5.28 in September, down \$1.61 from September 2012. Soybean price was \$13.80 in September, down \$0.50 from September 2012. The milk-feed price ratio was 1.86 in September, up 0.28 from September 2012.

The index of prices received by farmers for dairy products during the month of September 2013 was up 3 points to 152. Compared to September 2012, the index was up 1 point (0.7 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in September 2013 was down 3 points to 213. Compared with September 2012, the index was down 4 points (1.8 percent).

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

State	All-Milk price ^{1/2/}				Alfalfa hay, baled		Corn for Grain		Soybeans	
	Dollars per cwt.				Dollars per ton		Dollars per bushel		Dollars per bushel	
	August		September		September		September		September	
	2012	2013	2012	2013 ^{3/}	2012	2013 ^{3/}	2012	2013 ^{3/}	2012	2013 ^{3/}
AZ	17.70	19.50	19.00	19.60	200.00	180.00	---	---	---	---
CA	16.42	18.01	17.73	18.30	205.00	201.00	---	---	---	---
CO	18.10	20.00	19.50	20.10	235.00	235.00	6.67	5.79	---	---
ID	17.60	18.60	19.40	18.60	190.00	180.00	---	---	---	---
IN	18.10	20.60	20.50	20.80	---	---	7.37	5.10	---	---
IA	18.90	20.10	20.50	20.40	217.00	210.00	6.84	5.10	14.40	14.20
MI	18.20	20.30	19.70	20.50	175.00	180.00	6.92	5.30	13.60	13.70
MN	19.60	19.60	21.30	19.90	160.00	190.00	6.47	5.50	14.20	13.70
NM	17.30	18.10	18.70	18.30	234.00	246.00	---	---	---	---
NY	18.60	20.60	20.00	20.80	175.00	205.00	---	---	---	---
OH	18.60	20.80	20.20	21.00	221.00	185.00	7.33	5.03	---	---
PA	18.90	21.00	20.80	21.30	189.00	178.00	7.45	5.00	---	---
TX	18.70	19.60	20.10	19.60	238.00	235.00	6.80	5.26	---	---
WA	18.00	20.10	19.50	20.30	235.00	200.00	---	---	---	---
WI	19.20	19.80	20.80	20.10	155.00	200.00	7.05	5.40	13.50	13.80
U.S.	18.10	19.50	19.70	19.80	206.00	194.00	6.89	5.28	14.30	13.80

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

^{3/} Preliminary. ^{4/} Withheld to avoid disclosing data for individual operations.

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

Milk-feed: pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk ^{1/}			
State ^{2/}	September 2012	August 2013	September 2013 ^{3/}
IA	1.63	1.70	1.88
MI	1.68	1.83	1.98
MN	1.92	1.79	1.85
OH	1.53	1.78	2.08
WI	1.82	1.83	1.85
U.S.	1.59	1.68	1.86

^{1/} 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. ^{2/} Available states that provided all necessary data to compute milk feed price ratios.

^{3/} Preliminary.

GENERAL PRICE MEASURES, U.S., SEPTEMBER 2013 WITH COMPARISONS

Item	September 2012	August 2013	September 2013 ^{1/}
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for dairy products	151	149	152
Prices paid by farmers for commodities and services, interest taxes, and wage rates	217	216	213

^{1/} Preliminary.

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

FEDERAL MILK ORDER ADVANCE PRICES, NOVEMBER

Base Class I Price. Under the Federal milk order pricing system, the base Class I price for November 2013 is \$20.20 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of \$14.86 and the advanced butterfat pricing factor of \$1.6755. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price.

Comparison to Previous Month. Compared to October 2013, the base Class I price increased \$1.00 per cwt. For selected consumer products, the price changes are: whole milk (3.25% milk fat), \$0.96 per cwt., \$0.083 per gallon; reduced fat milk (2%), \$0.71 per cwt., \$0.061 per gallon; fat-free (skim milk), \$0.41 per cwt., \$0.035 per gallon.

Class II Price Information. The advanced Class IV skim milk pricing factor is \$14.86. Thus, the Class II skim milk price for November is \$15.56 per cwt., and the Class II nonfat solids price is \$1.7289.

Product Price Averages. The two-week product price averages for November are: butter \$1.5551, nonfat dry milk \$1.8358, cheese \$1.7938, and dry whey \$0.5757.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION ^{1/2/}				
Federal Milk Order Marketing Area ^{3/}	Order Number	November 2013		
		Class I Price (3.5 %)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) ^{4/}	001	23.45	18.11	1.7080
Appalachian (Charlotte) ^{5/ 6/}	005	23.60	18.26	1.7095
Florida (Tampa) ^{6/ 7/}	006	25.60	20.26	1.7295
Southeast (Atlanta) ^{6/ 8/}	007	24.00	18.66	1.7135
Upper Midwest (Chicago) ^{9/}	030	22.00	16.66	1.6935
Central (Kansas City) ^{10/}	032	22.20	16.86	1.6955
Mideast (Cleveland) ^{11/}	033	22.20	16.86	1.6955
Pacific Northwest (Seattle) ^{12/}	124	22.10	16.76	1.6945
Southwest (Dallas) ^{13/}	126	23.20	17.86	1.7055
Arizona (Phoenix)	131	22.55	17.21	1.6990
All-Market Average		23.09	17.75	1.7044

^{1/} To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63 - the approximate number of gallons in 100 pounds of milk.

^{2/} Note: The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

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

^{4/} Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25, and Washington, DC, minus \$0.25.

^{5/} Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10.

^{6/} Effective May 1, 2008, the Class I price surface in these orders were temporarily adjusted.

^{7/} Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40.

^{8/} Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90; Nashville, minus \$0.90; and Springfield, MO, minus \$1.40.

^{9/} Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

^{10/} 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.

^{11/} Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

^{12/} Class I prices at other cities are: Portland, same; and Spokane, same.

^{13/} 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.

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

In July 2013, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$19.08 per cwt., down \$0.38 from the June 2013 average, but up \$2.20 from the July 2012 average. The component tests of producer milk in July 2013 were: butterfat, 3.61%; protein, 2.99%; and other solids, 5.75%. On an individual reporting area basis, mailbox prices decreased in 15 Federal milk order reporting areas and increased in 4 Federal milk order reporting areas when compared to the previous month. Mailbox prices in July 2013 ranged from \$22.86 in Florida to \$17.05 in New Mexico.

Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	July 2012	June 2013	July 2013
	Dollars per hundredweight		
New England States <u>3/</u>	17.55	20.90	20.60
New York	16.79	19.93	19.62
Eastern Pennsylvania <u>4/</u>	16.88	20.01	19.67
Appalachian States <u>5/</u>	17.93	20.41	20.76
Southeast States <u>6/</u>	18.49	20.85	21.34
Southern Missouri <u>7/</u>	16.73	19.13	19.63
Florida	19.60	22.30	22.86
Western Pennsylvania <u>8/</u>	16.76	19.86	19.33
Ohio	16.59	19.92	19.60
Indiana	16.02	19.31	19.20
Michigan	15.98	19.17	18.89
Wisconsin	17.55	19.67	18.90
Minnesota	17.59	19.38	18.58
Iowa	17.12	19.74	19.29
Illinois	17.15	19.73	19.22
Corn Belt States <u>9/</u>	16.36	18.45	18.23
Western Texas <u>10/</u>	16.18	18.30	17.93
New Mexico	15.32	17.19	17.05
Northwest States <u>11/</u>	16.27	19.07	18.73
All Federal Order Areas <u>12/</u>	16.88	19.46	19.08
California <u>13/</u>	14.77	17.55	17.25

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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FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY, SEPTEMBER 2013

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for September have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During September 2013, 10.3 billion pounds of milk were received from Federally pooled producers. This volume of milk is 21.8 percent higher than the September 2012 volume. In September 2013 and September 2012, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. Regulated handlers pooled 3.5 billion pounds of producer milk as Class I products, the same percentage as the previous year, with decreases in 4 and increases in 6 of the 10 Federal Milk Order Marketing areas. The all-market average Class utilization percentages were: Class I = 34%, Class II = 12%, Class III = 48% and Class IV = 6%. The weighted average statistical uniform price was \$19.75 per cwt., \$0.27 higher than last month and \$0.55 higher than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF SEPTEMBER 2013										
FEDERAL MILK ORDER MARKETING AREA 1/	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE 2/
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	1,997.7	2.3	776.4	-2.4	39	28	27	6	20.58
Appalachian (Charlotte)	005	444.8	-1.3	315.0	0.6	71	16	9	4	21.72
Florida (Tampa)	006	222.9	-0.4	192.8	1.2	87	8	2	3	23.86
Southeast (Atlanta)	007	476.3	-7.2	332.0	-7.4	70	13	12	5	22.10
Upper Midwest (Chicago)	030 3/	2,747.5	32.6	297.8	-4.6	11	2	86	1	18.50
Central (Kansas City)	032 3/	1,223.1	48.9	398.3	1.7	32	11	49	8	19.17
Mideast (Cleveland)	033 3/	1,299.5	9.2	530.3	10.2	41	15	35	9	19.56
Pacific Northwest (Seattle)	124 3/	602.3	41.8	174.2	0.9	29	7	50	14	19.13
Southwest (Dallas)	126 3/	989.1	88.4	356.3	0.6	36	9	52	3	19.97
Arizona (Phoenix)	131	331.8	5.4	110.9	-5.2	33	10	30	27	19.79
ALL MARKET AVERAGE OR TOTAL	3/	10,334.9	21.8	3,484.0	0.0	34	12	48	6	19.75

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

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

3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform price in these markets, handlers elected not to pool an estimated 496.5 million pounds of milk that normally would have been associated with these markets. In September 2012, the estimated not pooled volume of milk was 1.982 billion pounds, occurring in order numbers 030, 032, 033, 124, 126, and 131. After adjusting for non pooled milk, the year-to-year percent change is -3.3%.

Report Contact: Randal Stoker, randal.stoker@usda.gov or 202-690-1932.

AUGUST 2013 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 135.6 million pounds, 4.7 percent above August 2012 and 1.5 percent above July 2013. **AMERICAN TYPE CHEESE** production totaled 381.2 million pounds, 7.9 percent above August 2012 and 6.0 percent above July 2013. **TOTAL CHEESE** output (excluding cottage cheese) was 926.1 million pounds, 3.9 percent above August 2012 and 1.9 percent above July 2013. **NONFAT DRY MILK** production, for human food, totaled 106.7 million pounds, 0.6 percent above August 2012 but 8.5 percent below July 2013. **DRY WHEY** production, for human food, was 69.2 million pounds, 6.4 percent below August 2012 and 4.2 percent below July 2013. **ICE CREAM** (hard) production totaled 72.5 million gallons, 4.8 percent below August 2012 and 6.0 percent below July 2013.

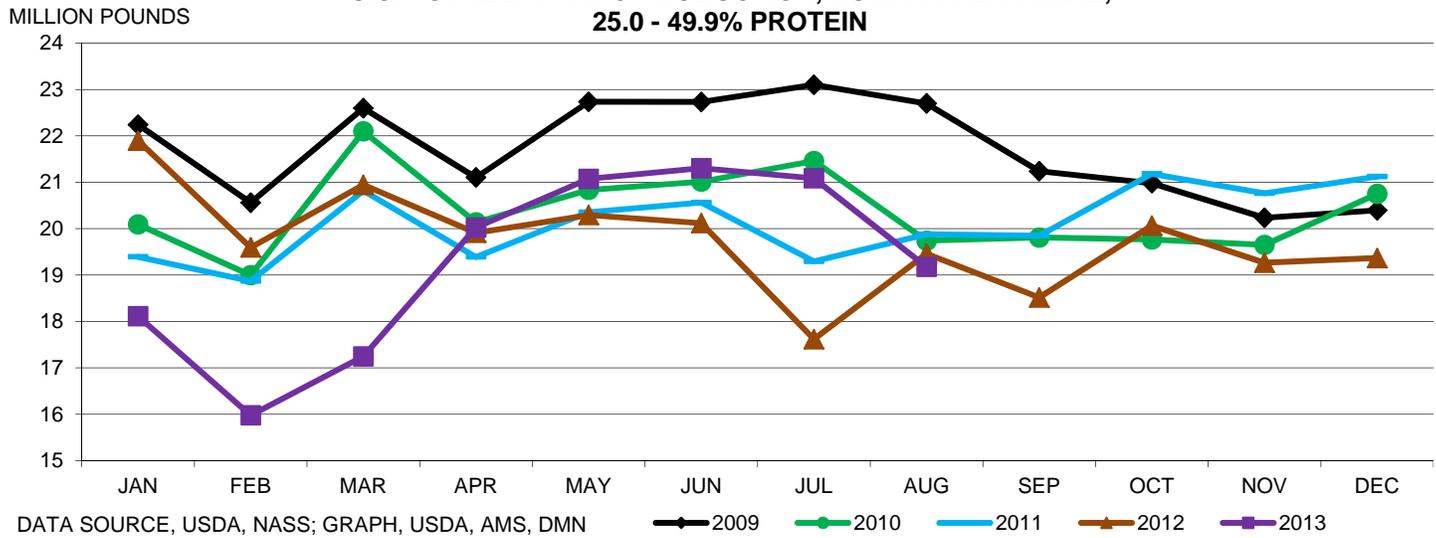
PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	AUG 2013	PERCENT CHANGE FROM:			PRODUCT	AUG 2013	PERCENT CHANGE FROM:		
	1,000 LBS.	AUG 2012	JUL 2013	YEAR TO DATE ^{1/}		1,000 LBS.	AUG 2012	JUL 2013	YEAR TO DATE ^{1/}
BUTTER	135,631	4.7	1.5	1.7	YOGURT (PLAIN AND FLAVORED)	422,134	9.1	5.1	6.0
CHEESE					DRY WHEY, HUMAN FOOD	69,229	-6.4	-4.2	---
AMERICAN TYPES ^{2/}	381,201	7.9	6.0	3.0	DRY WHEY, ANIMAL FEED	3,855	-4.5	-7.0	---
CHEDDAR	269,937	7.6	3.7	3.1	DRY WHEY, TOTAL ^{3/}	73,084	-6.3	-4.4	-7.1
OTHER AMERICAN	111,264	8.5	12.1	---	REDUCED LACTOSE AND MINERALS				
BRICK & MUENSTER	15,371	10.9	9.2	---	HUMAN FOOD	1,716	-29.1	-10.1	---
CREAM & NEUFCHATEL	67,959	-10.8	3.1	---	ANIMAL FEED	4,713	-11.5	-16.3	---
HISPANIC	20,591	1.9	2.9	---	LACTOSE, HUMAN FOOD & ANIMAL FEED	86,928	3.3	1.4	1.8
TOTAL ITALIAN TYPES	386,158	3.8	-2.1	2.1	WHEY PROTEIN CONCENTRATE				
MOZZARELLA	296,240	3.6	-3.8	1.6	HUMAN FOOD ^{4/}	37,529	13.6	-4.6	---
OTHER ITALIAN	89,918	4.3	4.1	---	ANIMAL FEED ^{5/}	495	-75.6	-29.5	---
SWISS	24,113	-9.2	-4.7	---	TOTAL ^{6/}	38,024	8.5	-5.1	6.7
ALL OTHER TYPES	30,687	5.5	2.6	---	25.0-49.9 PERCENT ^{10/}	19,176	-1.5	-9.1	---
TOTAL	926,080	3.9	1.9	2.1	50.0-89.9 PERCENT ^{10/}	18,848	20.9	-0.6	---
COTTAGE CHEESE, CURD ^{3/}	36,656	-6.8	4.2	---	WHEY PROTEIN ISOLATES ^{11/}	7,895	49.1	1.9	---
COTTAGE CHEESE, CREAM ^{4/}	28,760	-5.4	4.7	-4.4					
COTTAGE CHEESE, LOWFAT ^{5/}	33,806	-8.0	3.4	-3.4	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
DRY BUTTERMILK	7,582	11.7	-9.8	---	ICE CREAM (HARD)	72,463	-4.8	-6.0	-1.1
DRY WHOLE MILK	7,077	22.0	-23.3	---	ICE CREAM, LOWFAT (HARD)	16,596	-6.4	-7.2	---
MILK PROTEIN CONC. (MPC), TOTAL ^{6/}	4,761	-10.9	-4.6	---	ICE CREAM, LOWFAT (SOFT)	21,224	-17.3	-9.4	---
NONFAT DRY MILK (NDM), HUMAN	106,692	0.6	-8.5	-16.5	ICE CREAM, LOWFAT (TOTAL)	37,820	-12.9	-8.4	-11.5
SKIM MILK POWDERS (SMP) ^{7/}	55,074	36.5	3.7	91.7	SHERBET, HARD	3,679	-2.9	-11.7	5.7
SOUR CREAM	109,137	-0.3	4.5	-0.3	FROZEN YOGURT (TOTAL)	6,051	-16.4	-7.2	-7.3

MANUFACTURERS' STOCKS, END OF MONTH ^{12/}							
PRODUCT	AUG 2013	PERCENT OF:		PRODUCT	AUG 2013	PERCENT OF:	
	1,000 LBS.	AUG 2012	JUL 2013		1,000 LBS.	AUG 2012	JUL 2013
DRY WHEY, HUMAN FOOD	58,246	50.5	-6.7	WHEY PROTEIN CONCENTRATE			
DRY WHEY, ANIMAL FEED	3,165	33.9	-10.8	HUMAN FOOD ^{9/}	49,468	-5.3	-4.0
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL ^{13/}	7,107	-9.3	-19.4	ANIMAL FEED ^{9/}	1,448	-43.9	-26.6
LACTOSE, HUMAN FOOD & ANIMAL FEED	82,780	-3.0	-6.8	TOTAL ^{9/}	50,916	-7.1	-4.8
DRY BUTTERMILK	9,663	23.0	-6.1	25.0-49.9 PERCENT ^{10/}	18,707	-43.0	-9.2
NONFAT DRY MILK (NDM), HUMAN FOOD	194,474	84.3	-5.8	50.0-89.9 PERCENT ^{10/}	32,209	46.7	-2.1
				WHEY PROTEIN ISOLATES ^{11/}	10,070	33.2	1.3

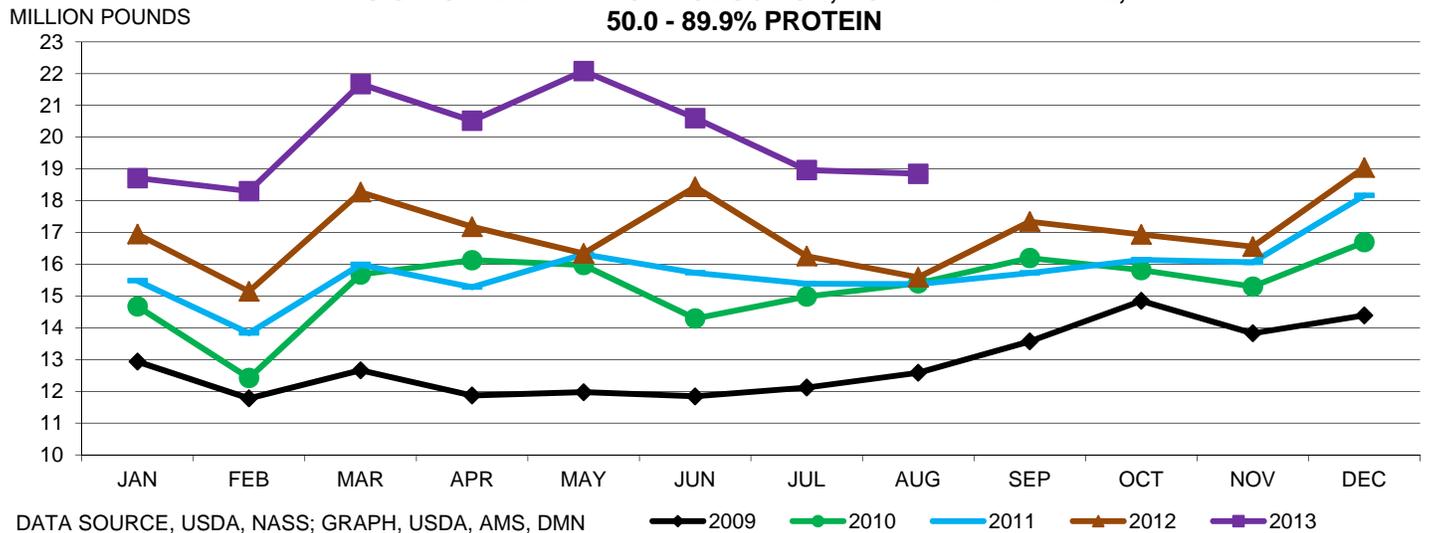
^{1/} 2013 cumulative as percent change of 2012 cumulative. ^{2/} Includes Cheddar, Colby, Monterey and Jack. ^{3/} Mostly used for processing into cream or lowfat cottage cheese. ^{4/} Fat content 4 percent or more. ^{5/} Fat content less than 4 percent. ^{6/} Dry milk protein concentrate, 40-89.9 percent.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

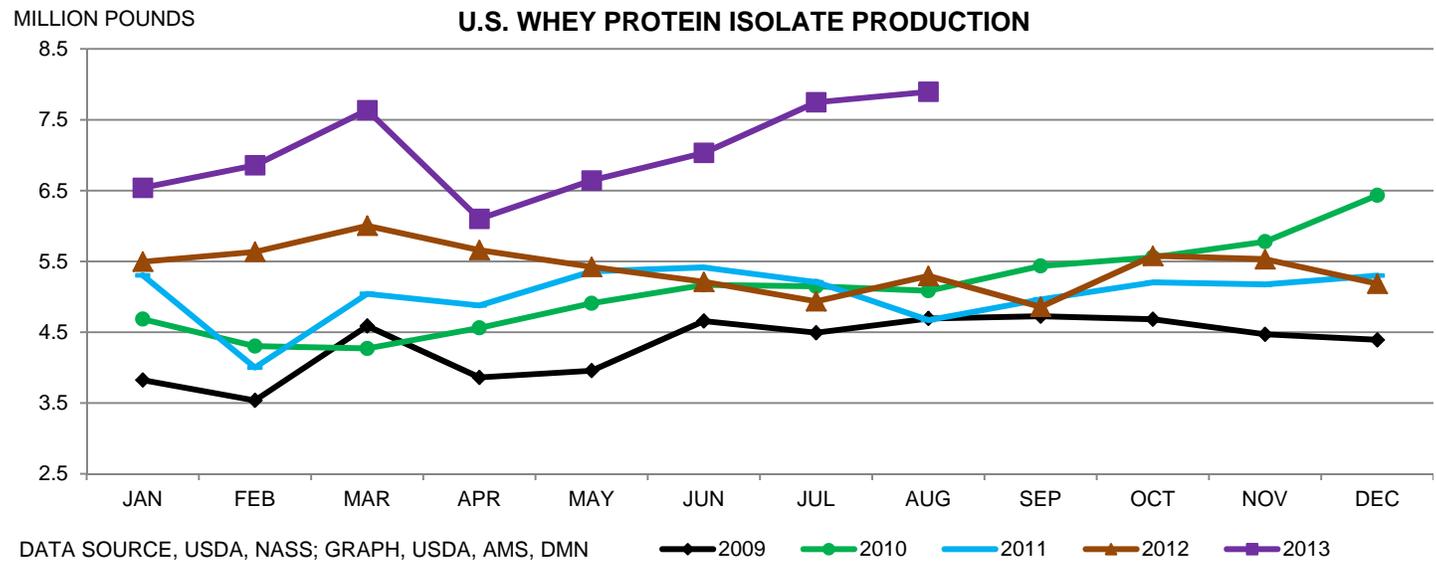
U.S. TOTAL DRY WPC PRODUCTION, HUMAN AND ANIMAL, 25.0 - 49.9% PROTEIN

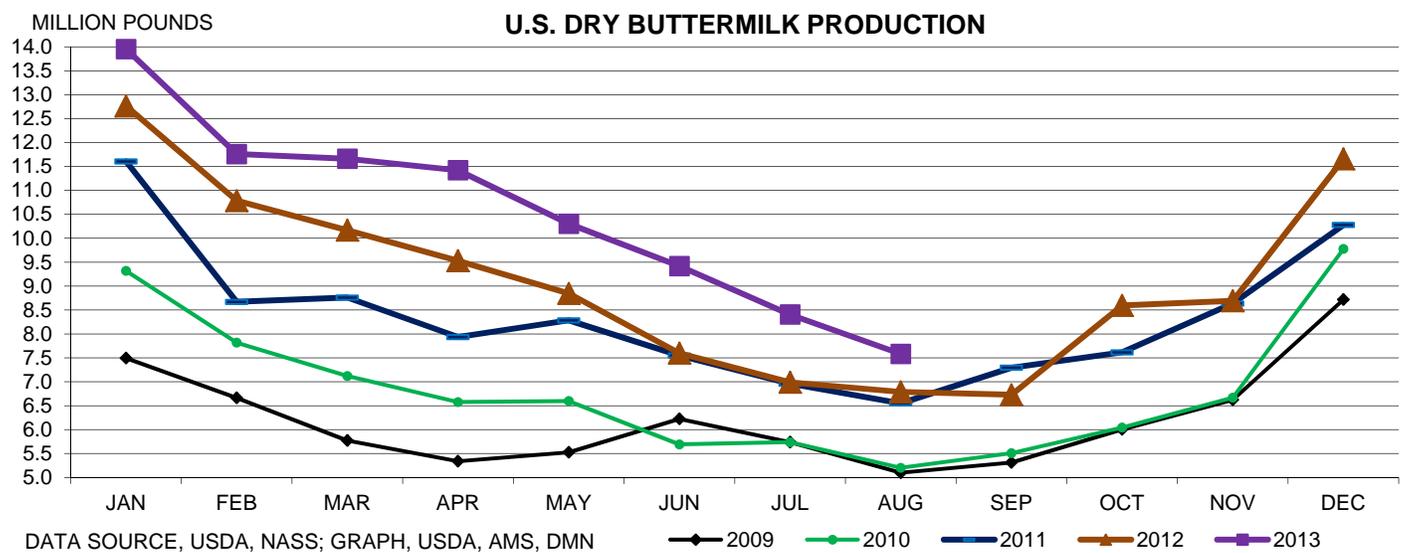
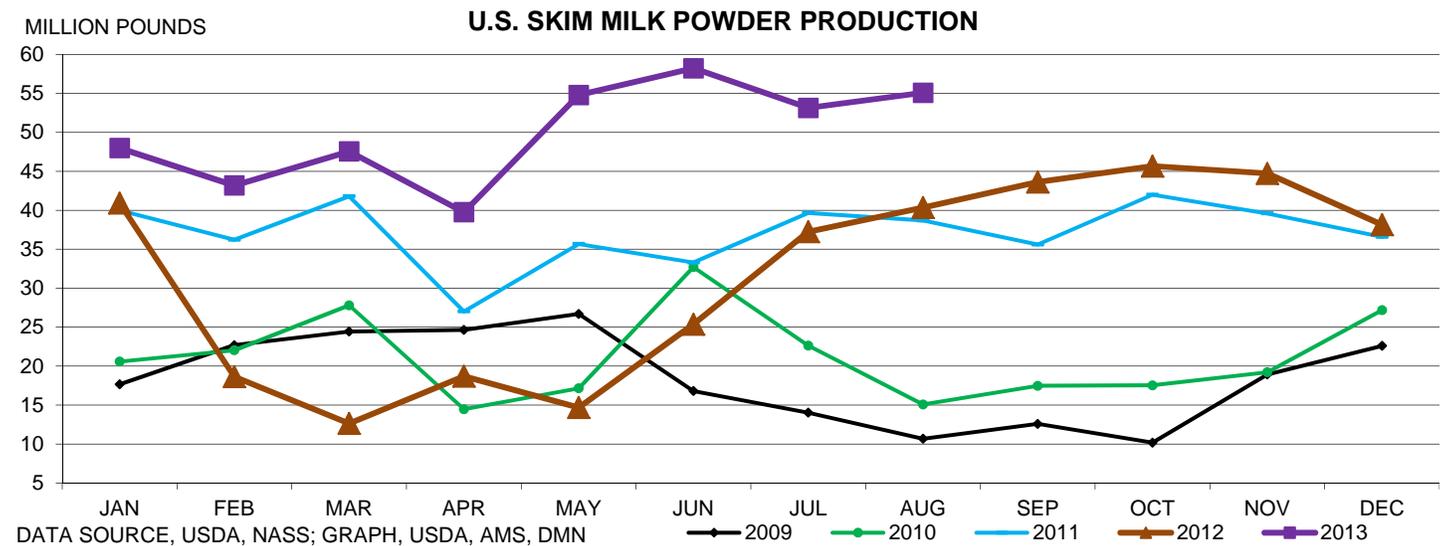
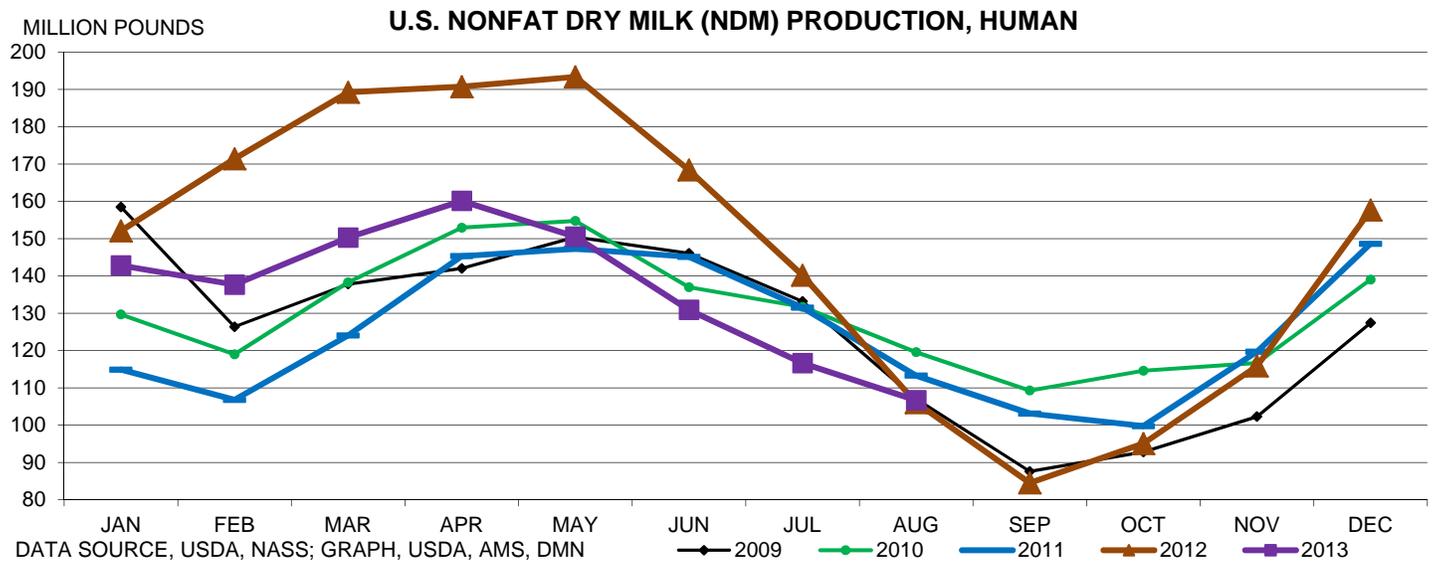


U.S. TOTAL DRY WPC PRODUCTION, HUMAN AND ANIMAL, 50.0 - 89.9% PROTEIN



U.S. WHEY PROTEIN ISOLATE PRODUCTION





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