

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (7/3)**

**BUTTER:** Grade AA closed at \$2.3900. The weekly average for Grade AA is \$2.4350 (+.0985).

**CHEESE:** Barrels closed at \$1.9850 and 40# blocks at \$1.9675. The weekly average for barrels is \$1.9906 (-.0394) and blocks, \$1.9819 (-.0421).

**BUTTER HIGHLIGHTS:** Butter prices are strong. The market tone remains firm as many manufacturers are behind on seasonal inventory levels. Production rates are mostly steady to lower as cream supplies are tight. Bulk butter spot offerings are limited. Domestic demand is mixed, however interest is greater than last year at this time due to the tightness in supplies. International interest is slow as U.S. butter prices are uncompetitive with other global markets. Bulk butter prices ranged from 4 to 6 cents over the market in the Northeast, market to 6 cents over in the Central, and 3 cents under to 2 cents over in the West, based on the CME Group with various time frames and averages used. Thursday at the CME Group, Grade AA butter closed at \$2.3900, unchanged from last Friday. This week, a cooperative export assistance program accepted requests for 0.110 million pounds of butter. According to FAS, January - May 2014, U.S. quota butter imports total 6.91 million pounds, an increase of 75% compared to last year.

**CHEESE HIGHLIGHTS:** Cheese production is mostly steady this week. Milk volumes are heavy across most of the northern regions and manufacturers continue working busy schedules to clear available milk. Hot weather has slowed milk production in much of the southern tier of states. Storms across the Midwest during the week caused some interruptions in processing due to high winds and power outages. Some milk was moved to unaffected manufacturers in the Midwest. Cheese plants are also preparing for extra milk this weekend as some other processors close for the 4th of July holiday. Demand for cheese is good with buyers looking to fill their pipelines as prices have moderated from recent highs. While cheese stocks are building, manufacturers report they are clearing inventory in an orderly manner. According to FAS, quota imports of cheese for January-May 2014 total 60.5 million pounds, 1% less than a year ago. Barrels closed the week Thursday at \$1.9850, down 2.5 cents from last Friday. Blocks closed at \$1.9675, down 5.25 cents.

**FLUID MILK:** Farm milk production continues to step lower in the Southeast as temperatures and humidity rise. Mid-Atlantic and Northeast dairy producers also indicate hot weather has tagged milk production. The Mid-Central region is registering declines as summer temperatures settle across that area. Across the northern tier of Central and Western states, milk production is mostly holding steady. In those areas, cool nighttime

temperatures are helping dairy cows recover from daytime temperatures. The bottled milk market is mixed as convenience and grocery stores restocked early in the week, but those buyers tapered bottled milk orders as the week progressed. Cream sales are active throughout the country into ice cream/soft serve/frozen novelties accounts as well as cream cheese manufacturing. Particularly in the Southwest, some cream loads are traveling shorter distances than usual to maintain optimal delivery temperatures.

**DRY PRODUCTS:** The low/medium heat nonfat dry milk market is mixed. Production is active, but FOB spot offers are limited and interest is quiet. The high heat nonfat dry milk market saw limited activity this week. Manufacturers report they are balancing high heat NDM inventories with near-term contract needs. Dry buttermilk markets are unsettled. Production is decreasing as cream is channeled toward higher Class products. The dry whey market is weaker, with increasing production in some regions and improving availability of FOB spot offers from a few manufacturers. Declines in international interest are also noted. The whey protein concentrate 34% market is mixed, with quality characteristics influencing interest and pricing. Availability ranges from tight to readily available. The lactose market is weak and showing the effects of increasing unground lactose inventories.

**INTERNATIONAL DAIRY MARKET NEWS (DMN):**  
**WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW:** Western European milk production continues its seasonal downward trend, accelerated in some areas by periods of hot weather. Current milk production is viewed as strong and continues to exceed year ago levels. Dairy producer margins are beginning to narrow as heavy commodity production has lowered commodity prices and caused decreases in farmgate prices. The 2014/15 quota levels have not expanded and with the likelihood of lower margins, producers will be more cautious not to exceed quota levels this year. Eurostat reported EU-28 January-April 2014 milk deliveries are 6.1% above year ago levels. January-April deliveries compared to one year ago for selected countries are: Germany, +4.2%; France, +6.3%; Ireland, +1.6%; Netherlands, +5.1%; Denmark, +4.1%; Spain, +1.5% and the UK, +13.0%. **EASTERN OVERVIEW:** Eastern European milk production has moved beyond the seasonal peak, but milk supplies remain plentiful. Skim concentrate supplies are no longer being moved from Western Europe to Eastern Europe at discount prices.

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**CME GROUP CASH TRADING**

COMMODITY	MONDAY JUN 30	TUESDAY JUL 01	WEDNESDAY JUL 02	THURSDAY JUL 03	FRIDAY JUL 04	WEEKLY CHANGE*	WEEKLY AVERAGE#
<b>CHEESE</b>							
BARRELS	\$2.0100 (N.C.)	\$1.9825 (-.0275)	\$1.9850 (+.0025)	\$1.9850 (N.C.)	CME	:: (-.0250)	:: \$1.9906 :: (-.0394)
40# BLOCKS	\$2.0000 (-.0200)	\$1.9875 (-.0125)	\$1.9725 (-.0150)	\$1.9675 (-.0050)	CLOSED	:: (-.0525)	:: \$1.9819 :: (-.0421)
<b>NONFAT DRY MILK</b>							
GRADE A	\$1.7825 (-.0250)	\$1.7700 (-.0125)	\$1.7700 (N.C.)	\$1.7725 (+.0025)		:: (-.0350)	:: \$1.7738 :: (-.0442)
<b>BUTTER</b>							
GRADE AA	\$2.5000 (+.1100)	\$2.4500 (-.0500)	\$2.4000 (-.0500)	\$2.3900 (-.0100)		:: (N.C.)	:: \$2.4350 :: (+.0985)

CHEESE: carload = 40,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. \*Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week.  
 Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/DAIRYMARKETNEWS.

NATIONAL DAIRY MARKET NEWS AT A GLANCE**-CONTINUED FROM PAGE 1-**

And, as a result, Eastern European SMP prices are now comparable with Western EU markets. January-April milk deliveries, as reported by Eurostat, show Poland 7.2% over year ago levels. The Baltic states of Estonia, Latvia and Lithuania recorded increases of 9.0%, 12.2% and 6.7% respectively. The Czech Republic declined 1.3%. **OCEANIA OVERVIEW:** **AUSTRALIAN** producer strategies are in transition as June and the 2013/14 season conclude. Producers are no longer trying to extend milk production and chasing the higher milk prices with the onset of lower farmgate prices for the new season. Weather has changed from mild conditions to a more normal pattern with colder, wetter weather covering the major dairy producing regions in southeastern Australia. Dairy commodity stocks are being worked lower with a few extra spot sales occurring as manufacturers adjusted inventories prior to the end of the fiscal year. Overall, dairy commodity trading is fairly light as Middle Eastern countries are observing the Ramadan holiday and Chinese purchases are relatively low. A number of Australian cooperatives have announced their opening milk prices for the 2014/15 production season with prices ranging from \$5.80-\$6.40 AU\$ per kilogram under varied pricing structures. While commodity prices have declined and beginning season farmgate prices are lower, producer margins continue to be supportive of investment and expansion. Some forecasts are calling for a 2% growth in Australian milk production for the 2014/15 season. Many cooperatives are expecting June milk production totals to be above year ago levels. According to Dairy Australia, May 2014 milk production in Australia was 8.2% above May 2013. The state changes from a year earlier are: New South Wales, +2.2%; Victoria, +10.8%; Queensland, -5.2%; South Australia, +2.0%; Western Australia, -4.5% and Tasmania +17.6%. Australia's milk production season to date (July-May) is -0.2%, compared to last season. **NEW ZEALAND'S** April milk production as reported by DCANZ was 1.29 million tons, up 32.8% from April 2013, but 13.0% lower than two years ago. Current milk production is low with a majority of cows on winter pastures. Weather patterns have turned cold and wet. Recent rains have promoted good pasture growth and producers are looking forward to a good start of the 2014/15 season. Dairy product stocks are being worked lower over the carryover period with some spot sales occurring as manufacturers clean up uncommitted loads at the close of the fiscal year. Negotiations are ongoing for Q4 supplies for a variety of dairy commodities with some manufacturers anxious to get some sales on the books. New season farmgate prices have been announced and, though lower than prices paid at the close of last season, are relatively high, compared to prices paid at the beginning of previous years. A cooperative is shifting production away from whole milk powder for the next few months. The production shift will cause increases in skim milk powder, butter, and AMF production. It may also stimulate some increased buyer interest in the whole milk powder market. Some market analysts see the move as an attempt to offer more SMP to the Asian market and more butter to the U.S. market. At the July 17 GDT event #119, average prices ranged from 13.6% lower to 4.0% 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, \$3,606 -7.4%; butter, \$3,181 -13.6%; buttermilk powder, \$4,135 +4.0%; cheddar cheese, \$4,226 -2.9%; lactose, n.a.; milk protein concentrate, n.a.; rennet casein, \$10,789 -2.1%; skim milk powder, \$3,810 -0.9%; and whole milk powder, \$3,459 -5.4%.

**JUNE AGRICULTURAL PRICES HIGHLIGHTS (NASS):** The All Milk price received by farmers was \$23.30 in June, down \$.90 from May 2014, and up \$3.80 from June 2013. The alfalfa hay price was \$222.00 in June, up \$2.00 from June 2013. The corn price was \$4.37 in June, down \$2.60 from June 2013. The soybean price was \$14.10 in June, down \$1.00 from June 2013. The milk-feed price ratio was 2.24 in June, up .72 from June 2013. The index of prices received by farmers for dairy products during the month of June 2014 was down 4 points to 116. Compared to June 2013, the index was up 19 points (19.6%). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in June 2014 was unchanged at 112. Compared with June 2013, the index was up 6 points (5.7%).

**JUNE CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):** The following are the June 2014 Class prices under the Federal milk order pricing system and changes from the previous month: Class II: \$23.94 (-\$0.50), Class III: \$21.36 (-\$1.21), and Class IV: \$23.13 (+\$0.48). Under the Federal milk order pricing system, the butterfat price for June 2014 is \$2.4413 per pound. Thus, the Class II butterfat price is \$2.4483 per pound. The protein and other solids prices for June 2014 are \$3.3437 and \$0.4942 per pound, respectively. These component prices set the Class III skim milk price at \$13.28. The June 2014 Class IV skim milk price is \$15.11, which is derived from the nonfat solids price of \$1.6785 per pound. The product price averages for June 2014 are: butter, \$2.1874; nonfat dry milk, \$1.8633; cheese, \$2.0358; and dry whey, \$0.6789.

**CME GROUP**

MONDAY, JUNE 30, 2014

CHEESE -- SALES: 4 CARS 40# BLOCKS: 1 @ \$2.0200, 1 @ \$2.0175, 1 @ \$2.0100, 1 @ \$2.0000; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$2.0000;  
 LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$2.0050  
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$1.7825; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.8075  
 BUTTER -- SALES: 3 CARS GRADE AA @ \$2.5000; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.5000; LAST OFFER UNCOVERED: NONE

TUESDAY, JULY 1, 2014

CHEESE -- SALES: 1 CAR BARRELS @ \$1.9825; 8 CARS 40# BLOCKS: 5 @ \$2.0000, 2 @ \$1.9900, 1 @ \$1.9875; LAST BID UNFILLED: NONE;  
 LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.9900  
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$1.7700; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 7 CARS GRADE AA: 3 @ \$2.4600, 4 @ \$2.4500; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.4500

WEDNESDAY, JULY 2, 2014

CHEESE -- SALES: 1 CAR BARRELS @ \$1.9850; 6 CARS 40# BLOCKS: 1 @ \$1.9875, 1 @ \$1.9850, 2 @ \$1.9800, 1 @ \$1.9775, 1 @ \$1.9725;  
 LAST BID UNFILLED: 1 CAR BARRELS @ \$1.9825; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.9750  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.7700; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 2 CARS GRADE AA @ \$2.4000; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.4000

THURSDAY, JULY 3, 2014

CHEESE -- SALES: 1 CAR BARRELS @ \$1.9850; 8 CARS 40# BLOCKS: 5 @ \$1.9725, 2 @ \$1.9700, 1 @ \$1.9675; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.9850;  
 LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.9725  
 NONFAT DRY MILK -- SALES: 2 CARS GRADE A @ \$1.7725; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.7725; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 7 CARS GRADE AA @ \$2.3500; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.3900; LAST OFFER UNCOVERED: NONE

FRIDAY, JULY 4, 2014

CME GROUP CLOSED

**BUTTER MARKETS****NORTHEAST**

Cream supplies for butter manufacturing remain tight. However, butter production could see a slight increase this week with added cream availability, as the region's ice cream production pauses for the July 4<sup>th</sup> holiday. Despite additional cream offerings, demand from other buyers could potentially equate to higher margins for some market participants. Butter inventories are mixed. Export demand is showing signs of dropping off. Bulk butter prices for domestic sales are reported 4-6 cents over the market of the CME Group, with various time frames and averages used. This week, a cooperative export assistance program accepted requests for 110,231 pounds of butter. At the CME, Grade AA butter closed Tuesday at \$2.4500, up \$0.1500 from a week ago.

**CENTRAL**

Cream supplies continue to remain tight, leaving butter churn rates mostly reduced. The market tone is firm. Some butter manufacturers are microfixing at higher levels to meet current obligations. Export interest continues to slow as U.S. prices outpace most international markets. Domestic interest is mixed. Domestic demand for bulk butter is very good, while retail and food service orders are steady to slower. Inventories of butter are snug. Current bulk butter prices ranged from market to 6 cents over the market, based on the CME Group with various time frames and averages used. Tuesday at the CME Group, Grade AA butter closed 5 cents lower to \$2.4500, up 15 cents since last Tuesday. This week, a cooperative export assistance program accepted requests for 0.110 million pounds of butter. According to FAS, January – May 2014, U.S. quota butter imports total 6.91 million pounds, an increase of 75% compared to last year.

**WEST**

Western butter prices remain very strong. The Cold Storage report for the end of May 2014, reports U.S. stocks of butter are 40% below year ago levels. This is helping to fuel demand for butter into the second half of 2014. Buyers are actively looking to acquire stocks in the spot market, but finding limited offerings. Export demand is currently weak as U.S. prices are above international levels. Some manufacturers are expressing concern over the possibility of imports moving to the U.S. Butter production is steady to lower as demand for cream tightens supplies available to churns. Some butter manufacturers with sufficient stocks are selling some cream to take advantage of current prices. According to FAS, quota imports of butter for January-May 2014 total 6.91 million pounds, up 75% from the same period in 2013. The butter price at the CME Group on Tuesday closed down \$.0500 to \$2.4500. This is in contrast to an 11 cent rise on Monday. There have been 10 loads of butter sold in the first two days of the holiday shortened week. Prices for bulk butter range from 2 cents over the market to 3 cents under, based on the CME with various time frames and averages used.

**2014 U.S. Butter Imports (USDA-FAS)**

	(Million Lb.)	% Change From 1 Year Ago	% of Yearly Quota
May Quota Imports	1.97	+ 155	13
Jan. - May High Tier Quota Imports	.13 6.91	- 50 + 75	N.A. 45

**NATIONAL DAIRY PRODUCTS SALES REPORT****U.S. AVERAGES AND TOTAL POUNDS**

<u>WEEK ENDING</u>	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
June 28, 2014	2.2095 3,928,147	2.0388 10,232,947	2.0165 9,765,195	0.6831 8,075,563	1.8796 18,945,181

## CHEESE MARKETS

## NORTHEAST

Northeast cheese production remains active. An unanticipated upsurge in orders, this week, has swamped some cheese makers. Most cheese inventories are adequate to increasing. Wholesale prices for 1,000 to 5,000 pound mixed lots of process cheese increased \$.0375; Swiss is unchanged; while cheddar and muenster increased \$.0050. This week, a cooperative export assistance program accepted requests for 7.839 million pounds of cheese. CME Group trading closed Tuesday with barrels at \$1.9825, down \$0.0500 from a week ago. Blocks closed at \$1.9875, down \$0.0375 from a week ago.

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

Cheddar 40# Block	: 2.4175-2.7025
Process 5# Sliced	: 2.2525-2.7325
Muenster	: 2.4375-2.7975
Grade A Swiss Cuts 10 - 14#	: 4.0475-4.3700

## MIDWEST

Stormy weather in northern Illinois last weekend into early this week, has left some milk unable to be processed after power lines were knocked down. This has sent affected milk to some Wisconsin cheese plants at \$2.00 below class price, delivered. Surplus milk availability and pricing had been tightening further north in Wisconsin, so the unexpected influx of additional surplus milk was especially welcome. Some of the milk production decline was seasonal and expected, but some resulted from producers who recently elected to sell some cattle at current beef prices, reduce herd sizes, and expand crop production. Cheese manufacturers describe upper Midwest milk production overall as stable to slightly decreasing. There is plenty of cheese in the manufacturing pipeline, so little immediate impact is expected on manufacturing volumes from current milk production factors. This is especially true due to the expected uptick in milk available to cheese manufacturers over the long 4th of July holiday weekend. Cheese manufacturers will be operating throughout the holiday weekend and most have already secured milk to be able to keep operating. Many packagers and processors will be closed for an extra day or two over the holiday weekend. Wisconsin wholesale prices for 1,000 to 5,000 pound mixed lots of process cheese increased \$.0375; Swiss is unchanged; while the remaining varieties increased \$.0050. The cheese market continues to move up and down in an unsettled trading range. Blocks closed CME Group trading Tuesday at \$1.9875, while barrels closed at \$1.9825. Cheese manufacturers and retailers have been mostly comfortable with the rolling trading range price movements of blocks and barrels up and down throughout June. Tuesday's close on the first day of July trading, stayed within the June range. However, blocks moved to the lowest closing price since June 3rd, with 12 cars sold in two days. Barrels opened July at a price with nearly equal numbers of June closing prices above it, as below.

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

Process American 5# Loaf	: 2.1300-2.4900
Brick And/Or Muenster 5#	: 2.3975-2.8225
Cheddar 40# Block	: 2.1025-2.5200
Monterey Jack 10#	: 2.3725-2.5775
Blue 5#	: 2.6650-3.6525
Mozzarella 5 - 6# (Low Moisture, Part Skim)	: 2.2425-3.1375
Grade A Swiss Cuts 6 - 9#	: 3.5650-3.6825

## WEST

Wholesale cheese prices in the West are higher this week based on weekly CME averages. The wholesale market has experienced short rallies and drops over the past two months, but remains around the \$2.0000 mark. Cheese production is heavy as milk supplies are at strong levels in much of the West. Some drop-offs are occurring in the southwestern states as high temperatures affect production. The northwest milk production has plateaued, but remains sufficient to keep cheese plants in the area supplied with all the milk they desire. Cheese stocks are adequate for current demand. Domestic demand is steady with good retail movement at current prices. Buyers look to build inventories on price breaks, but are mostly in a comfortable supply position. Export demand is slower. This week a cooperative export assistance program accepted requests for 7.8 million pounds of cheese. That amount is the largest weekly assistance to date for the year. According to FAS, quota imports of cheese for January-May 2014 total 60.5 million pounds, 1% less than a year ago. Cheese prices at the CME Group are lower in the first two days of trading for the holiday shortened week. Barrels closed \$.0275 lower on Tuesday at \$1.9825. Blocks closed \$.0125 lower at \$1.9875. In the first two days of trading, blocks had 12 loads sold and barrels had one load.

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

Process 5# Loaf	: 2.1575-2.4150
Cheddar 40# Block	: 2.1450-2.4975
Cheddar 10# Cuts	: 2.3250-2.5450
Monterey Jack 10#	: 2.3350-2.4950
Grade A Swiss Cuts 6 - 9#	: 3.6250-4.0550

## 2014 U.S. Cheese Imports (USDA-FAS)

	(Million Lb.)	% Change From 1 Year Ago	% of Yearly Quota
May Quota Imports	13.5	+ 17	5
Jan. - May High Tier N.A.	11.8	+ 21	
Quota Imports	60.5	- 1	20

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## CHEESE MARKETS

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## FOREIGN

Domestic wholesale cheese moved higher this week. Domestic Swiss prices and imported cheese prices were unchanged. As milk production moves past peak in Europe, there is less cheese entering aging programs. Stocks of aged cheese are said to be working lower. FAS reported quota cheese imports for January to May 2014 at 60.5 million pounds, down 1% from last year. High Tier imports of 11.8 million pounds were up 21% from last year. May 2014 quota imports of 13.5 million pounds were up 17% from last May. Imports of high tier and quota Italian-type cheese from January through May 2014 totaled 8.9 million pounds, up 4% compared to last year. Imports of high tier and quota Swiss/Emmentaler varieties from January through May 2014 totaled 18.4 million pounds, 9% more than last year.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.3800	: 2.5575-4.0450*
Gorgonzola	: 3.6900-6.9700	: 3.0600-3.4725*
Parmesan (Italy)	: -0-	: 3.9475-6.0375*
Provolone (Italy)	: -0-	: 2.6000-2.7575*
Romano (Cows Milk)	: -0-	: 3.7475-5.8975*
Sardo Romano (Argentine)	: 2.8500-3.6900	: -0-
Reggianito (Argentine)	: 3.2900-4.5600	: -0-
Jarlsberg-(Brand)	: 2.9500-5.6300	: -0-
Swiss Cuts Switzerland	: -0-	: 4.1450-4.4675
Swiss Cuts Finnish	: 2.6700-2.9300	: -0-

\* = Price change.

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

BUTTER : CHEESE

	:	
06/30/14	21,684	: 91,053
06/01/14	22,365	: 87,920
CHANGE	-681	: 3,133
% CHANGE	-3	: 4

## FLUID MILK AND CREAM

## EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	130	0	105	0	88
SOUTHEAST STATES	0	0	0	0	0	0

This week, milk production declines in the Northeast and Mid-Atlantic regions are more prominent due to hotter weather conditions. Milk components levels are also taking a hit due to the temperatures. Manufacturing milk supplies were heavy earlier in the week as plants took on additional loads leading up to the 4<sup>th</sup> of July holiday. Most balancing plants are managing the additional loads. The rising temperatures in the Southeast continue to slow farm-level milk production, as producers incorporate cooling tactics to encourage cow comfort. Manufacturing milk supplies are heavy with most plants at capacity, as intake volumes increase. Several bottling plant reported maintenance problems that reduced milk intakes and prompted clearing to manufacturing. Distributors expect orders to rebound next week. Class I demand is slightly steady. This week, Florida is seeing extremely warm conditions, which has influenced milk production, although the drop does not compare to the last year's level at this time. Forecasts of a tropical storm off the east coast of Florida should not affect milk logistics. Class I demand is seeing marginal declines. Spot milk shipments totaled 130 loads. **Cream multiples** are consistent with last week, ranging **1.33-1.43**, as supplies remain tight. Strong demand from cream cheese manufacturing continues to pull heavily on cream supplies in the Northeast. The cream supply situation is expected to ease slightly toward weeks end as volumes that usually clear to ice cream and cream cheese become available. However, the demand situation will reverse after the holiday, with cream based manufacturers returning to full production. Last week, the CME Group Grade AA butter weekly average butter price was \$2.3365, up \$0.1160 from the previous week. **Condensed skim** supplies are more than ample as solid milk production, maintenance interruptions, and easing Class I demand caused additional volumes to clear to balancing plants. Prices are being discounted to flat class and in a few cases under class as milk volumes seek processing homes. Some cheese manufacturers are choosing to use NDM rather than condensed skim.

## 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 -	3.1075-3.3412
F.O.B. producing plants: Upper Midwest -	2.9907-3.5048

## PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

## F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.77-1.92
Northeast - Class III - spot prices -	1.68-1.78

## MIDWEST

Farm production rates remain strong with a few instances of slight declines in milk bulk tank levels. Milk handling over the holiday is expected to go smoothly. Spot loads of milk are readily available, ranging from \$3.00 under to \$1.00 over Class. Condensed skim supplies are heavy and discounts prevalent. Bottling sales are mostly steady at lower volumes. Class II demand is at or above seasonal trends. Ice cream and cream cheese processors continue to have a strong interest for cream supplies. **Class II cream multiples ranged from 1.28 to 1.50.** Wednesday at the CME Group, Grade AA butter closed lower to \$2.4000, up 5 cents since last Wednesday. The weekly *Cow Slaughter under Federal Inspection Report* shows U.S. dairy cow slaughter for the week ending June 14, at 47,100 head, 8,200 head or 15% less than the comparable week a year ago.

## WEST

Milk production in CALIFORNIA is steady through midweek, but milk handlers report the recent heat wave will likely result in tankers picking up lower volumes by the weekend. Class I sales were slightly higher at the beginning of the week as grocery and convenience stores restocked ahead of the upcoming weekend/holiday. Concerns about water availability persist related to irrigation for row and field crops. Planting of corn for silage is nearing completion in central California. Farm milk production in NEW MEXICO continues to trend lower from week to week, but processors indicate the decline is manageable and being partially offset by lower volumes heading into sales to bottlers. Manufacturers in the state are able to handle milk intakes from day to day, but some milk is moving out-of-state based on supply contracts. Sales into Class II operations remain active. Milk volumes arriving for processing are declining in ARIZONA, along with component levels. Dairy producers note the long stretch of high daytime temperatures is taking a toll on cow comfort, and milk production is dropping. Sales into bottling facilities were active Monday and Tuesday, then dropped lower for the balance of the week. Cream sales are very active within the state, but transporting cream loads long distances in hot weather is raising some concerns about temperature rejections upon arrival. CREAM demand is steady to firm in the Western region. Some butter manufacturers are still purchasing cream loads to meet upcoming butter orders. Other processors are clearing cream readily into the ice cream/soft serve/frozen novelties markets. Cream cheese production is also taking increasing cream volumes. Transportation is difficult to manage this week in some locations as tankers are also moving fruit juices. With tightening cream supplies, cream multiples are firm, ranging from 1.11 to 1.38, reflecting intrastate and interstate sales. At the CME Group, Grade AA butter closed on Wednesday at \$2.4000, up 5 cents from a week ago. Milk production in the PACIFIC NORTHWEST is steady. Favorable temperatures with cooling at night are creating ideal conditions for dairy cows. Additional manufacturing milk is expected over the long holiday weekend. No problems are anticipated in handling the extra volumes. Milk continues to be moved within the region to balance production needs. Harvesting of second crop alfalfa is beginning. UTAH and IDAHO milk volumes are holding steady. Processors are prepared for any additional milk that may become available over the holiday. Dairies looking to expand are finding prices for replacement heifers at much higher levels than earlier in the year. A recent auction in Idaho reported a range of \$1800-\$2475 per head for dairy heifers. High cull cow prices and lower feed costs are helping to balance that expense.

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

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

## NONFAT DRY MILK - CENTRAL AND EAST

**CENTRAL:** LOW/MEDIUM HEAT nonfat dry milk prices are mixed. The market tone is unsettled. Milk processors continue strong low/medium NDM drying rates as milk supplies remain heavy. Domestic demand is mixed. Export orders are light. Supplies of low/medium heat NDM are generally heavy. Prices of HIGH HEAT NDM increased as supplies are limited. Some manufacturers noted drying high heat NDM at higher production levels. Domestic demand is steady. Wednesday at the CME Group, Grade A NDM closed unchanged at \$1.7700, down 5.5 cents from last Wednesday.

**EAST:** Eastern low/medium heat nonfat dry milk prices vary for the range and mostly series due to higher F.O.B. spot sales and indices adjusting higher. Overall, low/medium nonfat dry milk production volumes are plentiful, with more than adequate milk intakes clearing to manufacturers. Inventories are moderate and building, with capacity production at most drying facilities. Solid demand from ice cream and cream cheese processors pulled inventory volumes at the first of the week; however, some plants will close after mid-week for the July 4<sup>th</sup> holiday, triggering increases in low/medium nonfat inventories. Some market participants categorize the market as stagnant. Prices for high heat nonfat dry milk moved higher. Manufacturers are beginning to produce high heat nonfat at a higher rate. Spot purchases are limited, with the majority of product offered to customers through contractual transactions. Inventories are light. The market undertone is firm.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.7500 - 1.9600 MOSTLY: 1.7800 - 1.8825  
 HIGH HEAT: 1.9275 - 2.0100

## NONFAT DRY MILK - WEST

Prices for Western low/medium heat nonfat dry milk are unchanged to higher on a mixed market. Manufacturers and brokers report buyer interest is generally steady, but the market is quiet during this holiday week. Manufacturing milk availability is holding steady as dairy cows are getting some relief during the night from high daytime temperatures. However, milk volume declines are expected next week as temperatures range up to 110 degrees F in some areas of California's Central Valley. With milk volumes receding from the annual peak, some manufacturers are buying spot milk loads to run processing plants at improved efficiencies. Producers in Western locations are dividing milk intakes among different end-products. Low or medium heat nonfat dry milk is the only choice at some plants, and milk intakes are readily clearing through the dryers. Some milk volumes, though, are clearing into products destined for export markets, but manufacturers report returns from that market are expected to decline as Oceania pricing on SMP heads lower. Producers indicate Q3 SMP contract obligations necessitate actively sending a percentage of milk intakes toward SMP production. High heat NDM prices for FOB spot and contract loads are steady to lower as various price indices fluctuate. Processors are scheduling production of high heat NDM from time to time, on an as-needed basis. Inventories are closely tied to near-term contract fulfillment.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.7500 - 1.9100 MOSTLY: 1.8000 - 1.8600  
 HIGH HEAT: 1.9000 - 1.9450

## DRY BUTTERMILK - CENTRAL AND EAST

**CENTRAL:** Dry buttermilk prices increased on the bottom of the range, while remaining steady on the top of the range. The market tone is unsettled. Dryer priorities and strong interest for condensed buttermilk limited production rates for dry buttermilk. Domestic buyer interest is steady to slightly higher in some instances. Spot load offerings are restricted as a result of most supplies going out on a contractual basis.

**EAST:** F.O.B. spot purchases moved Eastern dry buttermilk prices higher at the bottom of the range. Dry buttermilk production is mixed. Limited butter production and heavy condensed skim dryer usage limits production efforts for some dry buttermilk manufacturers. Interest from ice cream manufacturers is good, although condensed buttermilk is a strong consideration for some. Inventories are light. The market undertone is uncertain.

F.O.B. CENTRAL/EAST: 1.7400 - 1.8550

## DRY BUTTERMILK - WEST

The gap on the Western dry buttermilk range series narrowed while prices on the mostly series are lower. Market participants note light FOB spot trading. The market is unsettled as prices for butterfat have firmed in the last few weeks while nonfat solids pricing has moved lower and higher. Some producers' uncommitted inventories are limiting spot load offers to pallet quantities. Other manufacturers are offering FOB spot loads from week to week. Dry buttermilk production is steady to lower as cream is reportedly moving into ice cream, soft serve, and cream cheese. Dry buttermilk inventories are unchanged to lower.

F.O.B. WEST: 1.7300 - 1.8900 MOSTLY: 1.7400 - 1.8425

## DRY WHOLE MILK - NATIONAL

Dry whole milk prices are steady on limited trading activity. The market tone is weak, but from a component basis, dry whole milk pricing is unsettled. Currently, US butterfat pricing is relatively firm with daily CME Group pricing recently around \$2.40. Conversely, the domestic nonfat solids market is mixed. Expectations are that current NDM production will build inventories and eventually lower pricing. This week, a cooperative export assistance program accepted requests for 972,239 pounds of whole milk powder.

F.O.B. PRODUCING PLANT: 1.9700 - 2.1250

## CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES
June 27	\$1.8202	11,626,362
June 20	\$1.8256	10,238,432

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

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

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

**DRY WHEY - CENTRAL**

DRY WHEY prices are mixed on an uneven market. Some buyers/end users noted increased F.O.B spot offerings. Production levels are mixed. Some manufacturers reported lower drying rates, while a few rechanneled whey streams for additional dry whey production. Domestic buyer interest is ongoing. Some manufacturers noted sales to new customers. International demand has slowed. Supplies are adequate for current needs. Prices of ANIMAL FEED WHEY are lower on active F.O.B spot trading. The undertone is softening. Some buyers are noting increased spot loads available at reduced rates.

F.O.B. CENTRAL: .6050 - .7200 MOSTLY: .6300 - .6875  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .5175 - .6375

**DRY WHEY - NORTHEAST**

Dry whey prices fell slightly throughout the range. Production is steady to marginally higher as dryer rates coincide with similar increases in cheese manufacturing. Dry whey volumes continue to clear to ice cream operations. Inventories are moderate. The market undertone continues to weaken.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6875 - .7550

**DRY WHEY - WEST**

Dry whey production in the West is steady to building. Cheese production in the region is seasonally heavy and increasing whey production. The increased whey stocks are meeting moderate demand. Whey prices are mixed with a steady to weak undertone. Domestic buyers are looking for additional stocks, but are becoming increasingly price conscious. Export sales have slowed as some buyers are willing to wait for more favorable pricing.

NONHYGROSCOPIC: .5800 - .7000 MOSTLY: .6200 - .6950

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices for whey protein concentrate 34% are unchanged on the bottom of the range, but lower on the top. The mostly series declined on both the bottom and top. The two-tier market is mixed, with fat content, color, and other quality issues influencing pricing. There is light availability of FOB spot loads from some producers. Other manufacturers continue to exceed original projections on the production side and are actively clearing loads through the spot market. WPC 34% production is active at many Central and Western plants as manufacturing milk is readily available, with volume gains noted as bottling sales decrease seasonally. Inventories are variable.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.5000-1.7700 MOSTLY: 1.5500-1.7200

**LACTOSE - CENTRAL AND WEST**

This is the first reporting week for July monthly and Q3 contract prices. FOB spot load prices are also included in the range and mostly price series. Prices for lactose are lower. Buyers are aware of recent purchasing opportunities in the US and abroad, and they negotiated strongly for lower pricing for this round of contracting. Ample unground lactose inventories are affecting the overall lactose market, but several manufacturers of milled lactose indicate their uncommitted inventories remain limited. Lactose production is active at several locations as manufacturing milk supplies build both because of seasonal milk production increases, as well as decreases in milk volumes shipped to bottlers. A few buyers for the feed industry are bidding for unground lactose at prices below the bottom of the current range. For various manufacturers, these below-market bids are uneconomical and garnering little attention.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .4000-.6550 MOSTLY: .5100-.5900

**CASEIN - NATIONAL**

Casein prices are steady to lower as trading transitions to the third quarter. Uncertainty regarding the economy and the markets is causing some buyers to be very cautious and hesitant to expand inventories. Other buyers have adequate supplies for current needs and are content to cover future needs off the spot market. The Global Dairy Trade at the July 1 event saw rennet casein decrease 2.1% for the September contract period to \$10,917/MT.

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: 4.6500 - 5.2000  
ACID: 4.8000 - 5.4000

U.S. Dairy Cow Slaughter (000 head) under Federal Inspection & Comparable Week 2013

WEEK ENDING	2014 WEEKLY DAIRY COWS	2014 CUMULATIVE DAIRY COWS	2013 WEEKLY DAIRY COWS	2013 CUMULATIVE DAIRY COWS
06/14/2014	47.1	1,310.7	55.3	1,468.4

WEBSITE: [http://www.ams.usda.gov/mnreports/sj\\_ls714.txt](http://www.ams.usda.gov/mnreports/sj_ls714.txt)

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
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
2013	18.14	17.25	16.93	17.59	18.52	18.02	17.38	17.91	18.14	18.22	18.83	18.95

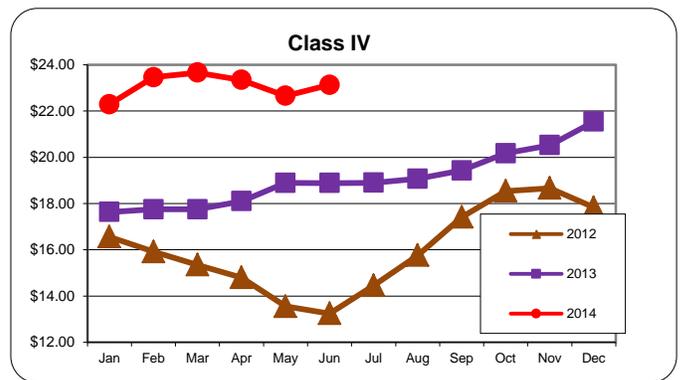
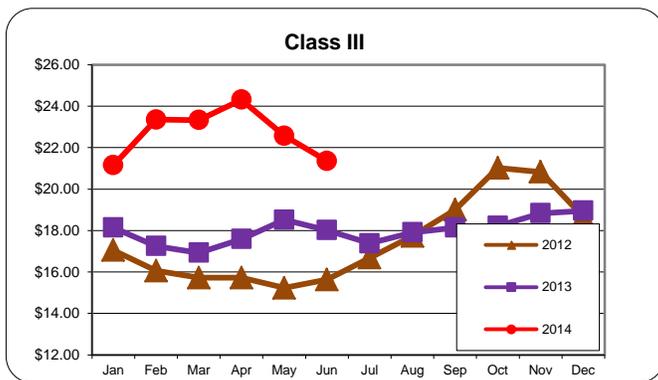
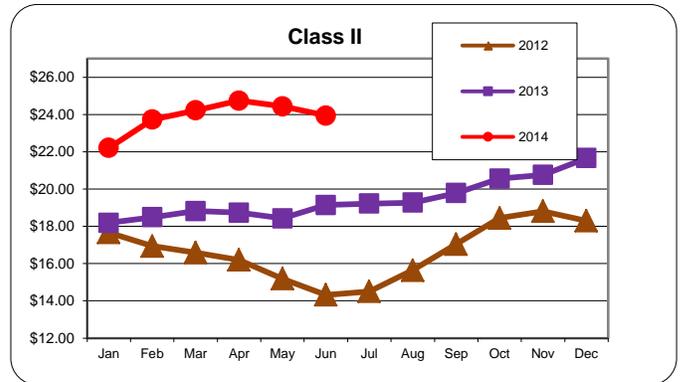
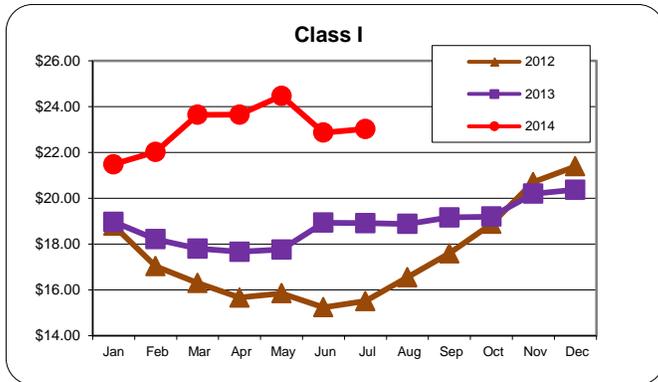
CLASS IV MILK PRICES (3.5%)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
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
2013	17.63	17.75	17.75	18.10	18.89	18.88	18.90	19.07	19.43	20.17	20.52	21.54

FEDERAL MILK ORDER CLASS PRICES FOR 2014 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	21.48	22.02	23.64	23.65	24.47	22.86	23.02					
II	22.21	23.73	24.22	24.74	24.44	23.94						
III	21.15	23.35	23.33	24.31	22.57	21.36						
IV	22.29	23.46	23.66	23.34	22.65	23.13						

1/ Specific order differentials to be added to this base price can be found by going to: [www.ams.usda.gov/DairyMarketingStatistics](http://www.ams.usda.gov/DairyMarketingStatistics); then select "Prices"; and then select "Principal Pricing Points."



## INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered June 23 - July 4, 2014

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:** Western European milk production continues its seasonal downward trend, accelerated in some areas by periods of hot weather. Current milk production is viewed as strong and continues to exceed year ago levels. Dairy producer margins are beginning to narrow as heavy commodity production has lowered commodity prices and caused decreases in farmgate prices. The 2014/15 quota levels have not expanded and with the likelihood of lower margins, producers will be more cautious not to exceed quota levels this year. Eurostat reported EU-28 January-April 2014 milk deliveries are 6.1% above year ago levels. January-April deliveries compared to one year ago for selected countries are: Germany, +4.2%; France, +6.3%; Ireland, +1.6%; Netherlands, +5.1%; Denmark, +4.1%; Spain, +1.5% and the UK, +13.0%.

**BUTTER/BUTTEROIL:** European butter prices are mixed. Bulk butter demand continues to be active as buyers, who were limiting their purchases for immediate needs for a number of weeks, are now covering their short and longer term needs. Internal European buying interests make up the majority the bulk butter demand. Export interest has decreased with the start of Ramadan. The combination of increased demand for fresh cream products and active package butter demand has significantly lowered bulk butter production. According to ZMB, butter production during the Q1 2014 was 3.3% above year ago levels. The butteroil market marginally increased and remains well above the Oceania market, which limits export opportunities. Current production is geared to filling domestic orders. The market undertone is weak and trading is light.

82% BUTTERFAT: 4,550 - 5,000  
99% BUTTERFAT: 5,475 - 6,025

**SKIM MILK POWDER (SMP):** Prices for skim milk powder are mixed. Some European buyers have their Q3 needs covered and negotiations for Q4 supplies are underway. Trading activity is quiet. Export demand has declined as many export buyers are viewing northern hemisphere supplies together with other lower global market prices and see weakness in the market. Supplies are reported as building incrementally, but are not burdensome. Drying capacities have expanded in recent weeks as milk intakes have begun their seasonal decline. The increase in drying capacities have eased the price pressure on liquid skim concentrate and lessened the price differential between skim concentrate and SMP, which were very significant, compared to recent years. According to ZMB, SMP production during the Q1 2014 was 26.4% above year ago levels. According to GTIS, January-May imports of SMP into China are 89% above year ago levels. May China SMP imports were down from the previous month, but European exporters increased their share, especially Poland and France.

1.25% BUTTERFAT: 3,650 - 4,075

**WHOLE MILK POWDER (WMP):** Whole milk powder prices declined on the low end of the range in a mixed market. The price competitiveness of European whole milk powder remains limited, because price declines in other global markets during the first half of 2014 were greater than the declines in Europe. Production and market activity have been focused on the internal European market. Buyers are covering short term needs, while waiting for a clearer market picture prior to making additional purchases to cover longer term needs. Stocks are tight and production is geared to cover existing orders. The market undertone is weak. According to ZMB, whole milk powder production during the Q1 2014 was 19.5% above year ago levels.

26% BUTTERFAT: 4,225 - 4,700

**SWEET WHEY POWDER:** Prices for sweet dry whey are unchanged and the market is stable. Domestic and export interest is active. Supplies are balanced with demand needs. Production has declined slightly as milk volumes are being diverted from cheese production. The market undertone is steady. According to GTIS, January-May whey imports into China are 1% above year ago levels. The U.S. continues to be the leading exporter, but Germany has increased sales to China and is now the third leading exporter of whey.

NONHYGROSCOPIC: 1,250 - 1,450

**EASTERN OVERVIEW:** Eastern European milk production has moved beyond the seasonal peak, but milk supplies remain plentiful. Skim concentrate supplies are no longer being moved from Western Europe to Eastern Europe at discount prices. And, as a result, Eastern European SMP prices are now comparable with Western EU markets. January-April milk deliveries, as reported by Eurostat, show Poland 7.2% over year ago levels. The Baltic states of Estonia, Latvia and Lithuania recorded increases of 9.0%, 12.2% and 6.7% respectively. The Czech Republic declined 1.3%.

**Exchange rates for selected foreign currencies:  
June 30, 2014**

.1230 Argentina Peso	.0099 Japan Yen
.9433 Australian Dollar	.0771 Mexican Peso
.9372 Canadian Dollar	.8758 New Zealand Dollar
1.3693 Euro	.3292 Poland Zloty
.0167 India Rupee	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0771) = 12.9702 Mexican Pesos. Source: "Wall Street Journal"

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered June 23 - July 4, 2014

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.

**Australian** producer strategies are in transition as June and the 2013/14 season conclude. Producers are no longer trying to extend milk production and chasing the higher milk prices with the onset of lower farmgate prices for the new season. Weather has changed from mild conditions to a more normal pattern with colder, wetter weather covering the major dairy producing regions in southeastern Australia. Dairy commodity stocks are being worked lower with a few extra spot sales occurring as manufacturers adjusted inventories prior to the end of the fiscal year. Overall, dairy commodity trading is fairly light as Middle Eastern countries are observing the Ramadan holiday and Chinese purchases are relatively low. A number of Australian cooperatives have announced their opening milk prices for the 2014/15 production season with prices ranging from \$5.80-\$6.40 AU\$ per kilogram under varied pricing structures. While commodity prices have declined and beginning season farmgate prices are lower, producer margins continue to be supportive of investment and expansion. Some forecasts are calling for a 2% growth in Australian milk production for the 2014/15 season. Many cooperatives are expecting June milk production totals to be above year ago levels. According to Dairy Australia, May 2014 milk production in Australia was 8.2% above May 2013. The state changes from a year earlier are: New South Wales, +2.2%; Victoria, +10.8%; Queensland, -5.2%; South Australia, +2.0%; Western Australia, -4.5% and Tasmania +17.6%. Australia's milk production season to date (July-May) is -0.2%, compared to last season. **New Zealand's** April milk production as reported by DCANZ was 1.29 million tons, up 32.8% from April 2013, but 13.0% lower than two years ago. Current milk production is low with a majority of cows on winter pastures. Weather patterns have turned cold and wet. Recent rains have promoted good pasture growth and producers are looking forward to a good start of the 2014/15 season. Dairy product stocks are being worked lower over the carryover period with some spot sales occurring as manufacturers clean up uncommitted loads at the close of the fiscal year. Negotiations are ongoing for Q4 supplies for a variety of dairy commodities with some manufacturers anxious to get some sales on the books. New season farmgate prices have been announced and, though lower than prices paid at the close of last season, are relatively high, compared to prices paid at the beginning of previous years. A cooperative is shifting production away from whole milk powder for the next few months. The production shift will cause increases in skim milk powder, butter, and AMF production. It may also stimulate some increased buyer interest in the whole milk powder market. Some market analysts see the move as an attempt to offer more SMP to the Asian market and more butter to the U.S. market. At the July 17 GDT event #119, average prices ranged from 13.6% lower to 4.0% 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, \$3,606 -7.4%; butter, \$3,181 -13.6%; buttermilk powder, \$4,135 +4.0%; cheddar cheese, \$4,226 -2.9%; lactose, n.a.; milk protein concentrate, n.a.; rennet casein, \$10,789 -2.1%; skim milk powder, \$3,810 -0.9%; and whole milk powder, \$3,459 -5.4%.

**BUTTER:** Oceania butter prices declined on the low end of the range in an unsettled market. The Oceania butter market is giving indications of developing into a two tiered market as Russia is negotiating for Q4 supplies with some sales at the upper end of the range. Export interest from some Southeast Asian countries and the Middle East has declined, due to the Ramadan holiday. Q3 stocks are mostly committed. Production is expected to increase in the coming weeks as some manufacturers are shifting away from whole milk powder production. According to GTIS, butter imports into China for the January-May period are 126%

above year ago levels with New Zealand the top exporter. At the July 1 GDT event #119, NZ unsalted butter averaged \$3,165/MT for the September contracts, -14.7% from the prior event. Butter for all regions and contracting periods averaged \$3,181/MT, -13.6%. New Zealand AMF prices averaged \$3,617/MT for the September contracts, -5.4% from the prior event. For all contract periods, the AMF price average was \$3,606/MT, -7.4%.

82% BUTTERFAT: 3,100 - 4,300

**SKIM MILK POWDER (SMP):** Oceania SMP prices were unchanged and remain competitive with other global markets. The market tone is mixed as many buyers remain on the sidelines waiting for a definitive pricing trend and are assessing the northern hemisphere supply situation. Market activity is focused on immediate Q3 needs. Q4 negotiations are progressing with some Oceania manufacturers making some deals to get some sales on the books starting the new season. According to GTIS, January-May imports of SMP into China are 89% above year ago levels. May China SMP imports were down from the previous month with less product coming from the U.S., New Zealand and Australia, while the European share increased. At the July 1 GDT event 119, SMP for all regions and contracting periods averaged \$3,810 per MT, -0.9%. For trading in contract period 2, September 2014, prices averaged \$3,760 for NZ sourced medium heat product, down \$15 from the prior event. For September sales, the price gap between NZ and U.S. sourced MH SMP, at \$3,930, was -\$170/MT.

1.25% BUTTERFAT: 3,700 - 4,100

**CHEDDAR CHEESE:** Cheddar prices moved lower on the upper end of the range and reflect the recent agreements reached during the Japan negotiations. Current inventories are tight. Production is expected to increase in the coming weeks as cheese is providing a higher return than whole milk powder. According to GTIS, cheese imports into China during the January-May period are 57% higher than a year ago. New Zealand, Australia and the U.S. were the top three exporters. Australian May cheese exports to China were higher than New Zealand's.

39% MAXIMUM MOISTURE: 4,200 - 4,900

**WHOLE MILK POWDER (WMP):** Whole milk powder prices moved significantly lower this week in light trading. Many market participants are awaiting China's return to active trading. A few buyers in other markets have viewed the weak trending market as an opportunity to cover short term needs. According to GTIS, China's January-May whole milk powder imports are 70% above year ago levels with New Zealand the leading exporter. China's May WMP imports decreased, compared to the previous month, to just over 67 thousand metric tons. At the July 1 GDT event 119, the WMP pricing index, across all contracting periods, averaged \$3,459 per MT, down 5.4% compared to the prior event. For contract periods 1 and 2, August and September 2014, NZ regular WMP averaged \$3,770 and \$3,225 per MT.

26% BUTTERFAT: 3,225 - 4,200

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

US\$/MT	Global/Dairy Trading (gDT) Event 119 Recap - July 1, 2014													
	Contract 1 Aug-14		Contract 2 Sep-14		Contract 3 Oct-14		Contract 4 Nov-14		Contract 5 Dec-14		Contract 6 Jan-15		All Contracts	
Anhydrous Milk Fat	n.a.		\$3,617	-5.4%	\$3,619	-7.2%	\$3,538	-10.3%	\$3,630	-8.2%	\$3,671	-10.5%	\$3,606	-7.4%
Butter	\$4,875	3.3%	\$3,165	-14.7%	\$3,100	-15.0%	\$3,120	-15.0%	\$3,200	-11.0%	n.a.		\$3,181	-13.6%
Buttermilk Powder	n.a.		\$3,923	4.0%	\$4,680	n.a.	\$4,280	n.a.	n.a.		n.a.		\$4,135	4.0%
Cheddar	n.a.		\$4,490	1.1%	\$4,190	-4.3%	\$4,121	-4.9%	n.a.		n.a.		\$4,226	-2.9%
Lactose	n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.	
Milk Protein Concentrate	n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.	
Rennet Casein	n.a.		\$10,917	-2.1%	\$10,592	n.a.	n.a.		n.a.		n.a.		\$10,789	-2.1%
Skim Milk Powder	\$3,895	-2.3%	\$3,821	-0.1%	\$3,826	-0.9%	\$3,765	-1.2%	\$3,748	-2.3%	\$3,783	-1.4%	\$3,810	-0.9%
Whole Milk Powder	\$3,770	-3.3%	\$3,405	-7.8%	\$3,418	-6.4%	\$3,441	-5.2%	\$3,489	-3.3%	\$3,659	-0.1%	\$3,459	-5.4%

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

US\$/Pound	Global/Dairy Trading (gDT) Event 119 Recap - July 1, 2014													
	Contract 1 Aug-14		Contract 2 Sep-14		Contract 3 Oct-14		Contract 4 Nov-14		Contract 5 Dec-14		Contract 6 Jan-15		All Contracts	
Anhydrous Milk Fat	n.a.		\$1.6407	-5.4%	\$1.6416	-7.2%	\$1.6048	-10.3%	\$1.6466	-8.2%	\$1.6652	-10.5%	\$1.6357	-7.4%
Butter	\$2.2113	3.3%	\$1.4356	-14.7%	\$1.4062	-15.0%	\$1.4152	-15.0%	\$1.4515	-11.0%	n.a.		\$1.4429	-13.6%
Buttermilk Powder	n.a.		\$1.7795	4.0%	\$2.1228	n.a.	\$1.9414	n.a.	n.a.		n.a.		\$1.8756	4.0%
Cheddar	n.a.		\$2.0367	1.1%	\$1.9006	-4.3%	\$1.8693	-4.9%	n.a.		n.a.		\$1.9169	-2.9%
Lactose	n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.	
Milk Protein Concentrate	n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.	
Rennet Casein	n.a.		\$4.9519	-2.1%	\$4.8045	n.a.	n.a.		n.a.		n.a.		\$4.8939	-2.1%
Skim Milk Powder	\$1.7668	-2.3%	\$1.7332	-0.1%	\$1.7355	-0.9%	\$1.7078	-1.2%	\$1.7001	-2.3%	\$1.7160	-1.4%	\$1.7282	-0.9%
Whole Milk Powder	\$1.7101	-3.3%	\$1.5445	-7.8%	\$1.5504	-6.4%	\$1.5608	-5.2%	\$1.5826	-3.3%	\$1.6597	-0.1%	\$1.5690	-5.4%

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

**CME GROUP, INC FUTURES**  
Selected settling prices, (open interest)

Month	06/19	06/20	06/23	06/24	06/25	06/26	06/27	06/30	07/01	07/02
<b>CLASS III MILK FUTURES (Pit-Traded) (\$/cwt)</b>										
JUN 14	21.34 (4701)	21.34 (4703)	21.33 (4669)	21.35 (4667)	21.30 (4705)	21.34 (4701)	21.36 (4701)	21.34 (4702)	21.33 (4699)	21.36 (4449)
JUL 14	21.61 (4083)	21.55 (4085)	21.88 (4095)	21.95 (4103)	21.67 (4102)	21.73 (4044)	21.34 (4087)	21.25 (4043)	21.23 (3986)	21.25 (3994)
AUG 14	21.31 (3572)	21.33 (3524)	21.66 (3501)	21.82 (3518)	21.71 (3548)	21.74 (3578)	21.30 (3568)	21.18 (3544)	20.69 (3595)	20.38 (3571)
SEP 14	21.26 (2896)	21.30 (2912)	21.65 (2931)	21.77 (3100)	21.67 (3175)	21.70 (3199)	21.26 (3231)	21.12 (3261)	20.60 (3230)	20.23 (3210)
OCT 14	20.76 (2627)	20.86 (2634)	21.22 (2634)	21.45 (2671)	21.40 (2677)	21.45 (2691)	21.13 (2727)	20.95 (2736)	20.51 (2733)	20.23 (2759)
NOV 14	20.22 (2299)	20.28 (2307)	20.59 (2319)	20.81 (2363)	20.81 (2381)	20.87 (2391)	20.65 (2409)	20.51 (2441)	20.07 (2470)	19.79 (2496)
DEC 14	19.68 (2132)	19.77 (2135)	20.12 (2163)	20.30 (2172)	20.33 (2165)	20.35 (2161)	20.17 (2148)	20.05 (2148)	19.70 (2142)	19.48 (2140)
JAN 15	18.88 (936)	18.97 (943)	19.35 (964)	19.50 (1018)	19.56 (1020)	19.55 (1049)	19.45 (1062)	19.40 (1055)	19.00 (1064)	18.80 (1101)
FEB 15	18.37 (813)	18.50 (816)	18.75 (822)	18.89 (837)	18.89 (862)	18.90 (893)	18.85 (904)	18.75 (906)	18.44 (930)	18.25 (958)
MAR 15	18.35 (698)	18.38 (707)	18.58 (725)	18.70 (733)	18.69 (736)	18.65 (747)	18.62 (745)	18.59 (745)	18.29 (774)	18.04 (824)
<b>CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)</b>										
JUN 14	22.87 (1581)	22.95 (1581)	22.96 (1581)	22.96 (1579)	22.91 (1579)	22.92 (1579)	22.95 (1579)	22.95 (1579)	22.95 (1579)	23.13 (1765)
JUL 14	22.87 (1290)	23.10 (1300)	23.34 (1305)	23.40 (1305)	23.35 (1300)	23.35 (1300)	23.24 (1300)	23.32 (1305)	23.16 (1312)	23.16 (1312)
AUG 14	22.57 (1205)	22.74 (1209)	23.27 (1202)	23.29 (1204)	23.14 (1201)	23.01 (1201)	23.00 (1201)	23.09 (1210)	22.73 (1252)	22.27 (1267)
<b>CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)</b>										
JUN 14	217.48 (1141)	217.25 (1146)	217.35 (1147)	217.35 (1148)	217.35 (1148)	217.35 (1148)	217.35 (1148)	216.95 (1146)	217.33 (1151)	218.74 (1162)
JUL 14	218.75 (972)	218.75 (970)	223.75 (972)	226.00 (971)	227.00 (970)	227.00 (972)	230.00 (972)	234.00 (974)	231.00 (967)	228.00 (967)
AUG 14	216.50 (934)	217.00 (936)	222.00 (936)	226.00 (943)	227.00 (936)	227.00 (938)	229.00 (933)	234.00 (949)	229.30 (967)	224.30 (976)
<b>NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)</b>										
JUN 14	185.35 (665)	186.00 (666)	186.00 (663)	186.00 (663)	185.25 (665)	185.40 (664)	185.95 (664)	185.95 (664)	185.95 (664)	186.33 (724)
JUL 14	183.93 (567)	186.50 (565)	187.00 (562)	186.75 (563)	185.00 (561)	184.00 (562)	181.68 (558)	181.25 (565)	180.50 (571)	181.00 (571)
AUG 14	180.00 (437)	183.00 (438)	184.50 (440)	184.00 (442)	182.50 (441)	181.25 (450)	180.73 (452)	179.25 (458)	177.25 (464)	176.00 (469)
<b>WHEY (Electronic-Traded) (¢/lb)</b>										
JUN 14	67.60 (461)	67.65 (435)	67.80 (432)	67.80 (432)	67.80 (432)	67.80 (432)	67.80 (432)	67.80 (432)	67.80 (432)	67.89 (454)
JUL 14	66.00 (393)	67.50 (396)	67.50 (363)	67.00 (388)	66.50 (369)	66.50 (370)	65.75 (370)	65.75 (370)	66.00 (373)	66.00 (368)
AUG 14	62.35 (355)	64.60 (357)	64.60 (357)	64.68 (357)	64.78 (353)	64.78 (353)	64.25 (355)	63.75 (355)	62.80 (358)	63.75 (341)
<b>CHEESE CSC (Electronic-Traded) (\$/lb)</b>										
JUN 14	2.04 (1815)	2.04 (1815)	2.04 (1814)	2.04 (1816)	2.03 (1816)	2.04 (1816)	2.04 (1816)	2.04 (1816)	2.04 (1816)	2.04 (1725)
JUL 14	2.07 (1662)	2.06 (1667)	2.09 (1664)	2.10 (1655)	2.07 (1658)	2.07 (1655)	2.04 (1651)	2.03 (1630)	2.03 (1619)	2.03 (1616)
AUG 14	2.06 (1484)	2.06 (1488)	2.09 (1416)	2.10 (1405)	2.09 (1427)	2.08 (1434)	2.04 (1438)	2.03 (1404)	1.99 (1379)	1.96 (1386)
SEP 14	2.07 (1354)	2.07 (1361)	2.10 (1328)	2.11 (1330)	2.10 (1331)	2.10 (1333)	2.07 (1339)	2.06 (1345)	2.01 (1355)	1.96 (1360)
OCT 14	2.04 (1368)	2.04 (1368)	2.07 (1368)	2.09 (1375)	2.10 (1344)	2.10 (1340)	2.07 (1338)	2.07 (1338)	2.02 (1342)	1.97 (1348)
NOV 14	2.00 (1416)	2.00 (1418)	2.03 (1430)	2.04 (1440)	2.04 (1442)	2.04 (1424)	2.04 (1425)	2.03 (1447)	1.99 (1449)	1.94 (1455)

Source: <http://www.cmegroup.com/market-data/daily-bulletin.html>

MONTHLY SUMMARY AND AVERAGES FOR JUNE 2014 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	:::REPORT NUMBER 23	:::REPORT NUMBER 24	:::REPORT NUMBER 25	:::REPORT NUMBER 26	:::REPORT NUMBER 27	::: 2014	::: 2013
	:-----:-----:-----:-----:-----:-----:-----:-----					Monthly	Monthly
	::: JUN 02 - 06	::: JUN 09 - 13	::: JUN 16 - 20	::: JUN 23 - 27	::: JUN 30	::: Average	::: Average

CHEESE

WISCONSIN (WSP, Delivered, LTL)

-- Process American 5# Loaf	::: 2.0575 - 2.4175	::: 2.0500 - 2.4100	::: 2.0650 - 2.4250	::: 2.0925 - 2.4525	::: 2.1300 - 2.4900	::: 2.2493	::: 2.2856
-- Brick And/Or Muenster 5#	::: 2.3600 - 2.7850	::: 2.3875 - 2.8125	::: 2.4150 - 2.8400	::: 2.3925 - 2.8175	::: 2.3975 - 2.8225	::: 2.6017	::: 2.3419
-- Cheddar 40# Block	::: 2.0650 - 2.4825	::: 2.0925 - 2.5100	::: 2.1200 - 2.5375	::: 2.0975 - 2.5150	::: 2.1025 - 2.5200	::: 2.3029	::: 2.5544
-- Monterey Jack 10#	::: 2.3350 - 2.5400	::: 2.3625 - 2.5675	::: 2.3900 - 2.5950	::: 2.3675 - 2.5725	::: 2.3725 - 2.5775	::: 2.4667	::: 2.5394
-- Blue 5#	::: 2.6275 - 3.6150	::: 2.6550 - 3.6425	::: 2.6825 - 3.6700	::: 2.6600 - 3.6475	::: 2.6650 - 3.6525	::: 3.1504	::: 2.8744
-- Mozzarella 5 - 6#	::: 2.2050 - 3.1000	::: 2.2325 - 3.1275	::: 2.2600 - 3.1550	::: 2.2375 - 3.1325	::: 2.2425 - 3.1375	::: 2.6817	::: 2.5256
-- Grade A Swiss Cuts 6 - 9#	::: 3.5675 - 3.6850	::: 3.5650 - 3.6825	::: 3.5650 - 3.6825	::: 3.5650 - 3.6825	::: 3.5650 - 3.6825	::: 3.6243	::: 3.0275

NORTHEAST (WSP, Delivered, LTL)

-- Cheddar 40# Block	::: 2.3800 - 2.6650	::: 2.4075 - 2.6925	::: 2.4350 - 2.7200	::: 2.4125 - 2.6975	::: 2.4175 - 2.7025	::: 2.5517	::: 2.2750
-- Process 5# Sliced	::: 2.1800 - 2.6600	::: 2.1725 - 2.6525	::: 2.1875 - 2.6675	::: 2.2150 - 2.6950	::: 2.2525 - 2.7325	::: 2.4318	::: 2.1981
-- Muenster	::: 2.4000 - 2.7600	::: 2.4275 - 2.7875	::: 2.4550 - 2.8150	::: 2.4325 - 2.7925	::: 2.4375 - 2.7975	::: 2.6092	::: 2.3325
-- Grade A Swiss Cuts 10 - 14#	::: 4.0500 - 4.3725	::: 4.0475 - 4.3700	::: 4.0475 - 4.3700	::: 4.0475 - 4.3700	::: 4.0475 - 4.3700	::: 4.2093	::: 3.6100

WEST COAST (WSP, Delivered, LTL)

-- Process 5# Loaf	::: 2.0850 - 2.3425	::: 2.0775 - 2.3350	::: 2.0925 - 2.3500	::: 2.1200 - 2.3775	::: 2.1575 - 2.4150	::: 2.2255	::: 1.9944
-- Cheddar 40# Block	::: 2.1050 - 2.4575	::: 2.1325 - 2.4850	::: 2.1625 - 2.5150	::: 2.1400 - 2.4925	::: 2.1450 - 2.4975	::: 2.3117	::: 2.0288
-- Cheddar 10# Cuts	::: 2.2850 - 2.5050	::: 2.3125 - 2.5325	::: 2.3425 - 2.5625	::: 2.3200 - 2.5400	::: 2.3250 - 2.5450	::: 2.4255	::: 2.1425
-- Monterey Jack 10#	::: 2.2950 - 2.4550	::: 2.3225 - 2.4825	::: 2.3525 - 2.5125	::: 2.3300 - 2.4900	::: 2.3350 - 2.4950	::: 2.4055	::: 2.1225
-- Grade A Swiss Cuts 6 - 9#	::: 3.6275 - 4.0575	::: 3.6250 - 4.0550	::: 3.6250 - 4.0550	::: 3.6250 - 4.0550	::: 3.6250 - 4.0550	::: 3.8406	::: 3.2413

FLUID PRODUCTS

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

-- Northeast - f.o.b	::: 2.9248 - 3.1076	::: 2.9057 - 3.1085	::: 2.9194 - 3.0730	::: 2.9533 - 3.1753	::: 3.1075 - 3.3412	::: 3.0306	::: 2.0734
-- Upper Midwest - f.o.b	::: 2.8562 - 3.0391	::: 2.8607 - 3.1310	::: 2.7437 - 3.0291	::: 2.7978 - 3.2197	::: 2.9907 - 3.5048	::: 2.9734	::: 1.9873

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

-- Class II	::: 1.83 - 1.92	::: 1.77 - 1.92	::: 1.77 - 1.92	::: 1.77 - 1.92	::: 1.77 - 1.92	::: 1.8521	::: 1.5950
-- Class III	::: 1.95 - 2.05	::: 1.68 - 1.78	::: 1.68 - 1.78	::: 1.68 - 1.78	::: 1.68 - 1.78	::: 1.7943	::: 1.4963

MONTHLY SUMMARY AND AVERAGES FOR JUNE 2014 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	:::REPORT NUMBER 23	:::REPORT NUMBER 24	:::REPORT NUMBER 25	:::REPORT NUMBER 26	:::REPORT NUMBER 27	::: 2014	::: 2013
	:-----:-----:-----:-----:-----:-----					Monthly	Monthly
	::: JUN 02 - 06	::: JUN 09 - 13	::: JUN 16 - 20	::: JUN 23 - 27	::: JUN 30	::: Average	::: Average
<b>DRY PRODUCTS</b>							
<b>NONFAT DRY MILK</b>							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	::: 1.7500 - 1.9000	::: 1.7500 - 1.9775	::: 1.7750 - 1.9325	::: 1.7800 - 1.9500	::: 1.7500 - 1.9600	::: 1.8520	::: 1.7184
-- Mostly	::: 1.7700 - 1.8375	::: 1.7700 - 1.8675	::: 1.7800 - 1.8525	::: 1.7800 - 1.8725	::: 1.7800 - 1.8825	::: 1.8170	::: 1.7091
-- High Heat	::: 1.9000 - 1.9500	::: 1.9050 - 1.9400	::: 1.9200 - 1.9625	::: 1.9175 - 2.0000	::: 1.9275 - 2.0100	::: 1.9384	::: 1.7922
-- West (f.o.b.)							
-- Low/Medium Heat	::: 1.7800 - 1.9000	::: 1.7700 - 1.9400	::: 1.7800 - 1.8925	::: 1.7800 - 1.9100	::: 1.7500 - 1.9100	::: 1.8434	::: 1.6950
-- Mostly	::: 1.8200 - 1.8600	::: 1.8200 - 1.8500	::: 1.8000 - 1.8500	::: 1.8000 - 1.8675	::: 1.8000 - 1.8600	::: 1.8333	::: 1.7056
-- High Heat	::: 1.8725 - 1.9800	::: 1.9000 - 1.9900	::: 1.9000 - 1.9900	::: 1.9000 - 1.9900	::: 1.9000 - 1.9450	::: 1.9395	::: 1.7388
<b>WHEY POWDER (Nonhygroscopic)</b>							
-- Central (f.o.b.)	::: 0.6000 - 0.7400	::: 0.5900 - 0.7250	::: 0.5900 - 0.7225	::: 0.5800 - 0.7225	::: 0.6050 - 0.7200	::: 0.6589	::: 0.5528
-- Mostly	::: 0.6425 - 0.6875	::: 0.6375 - 0.6850	::: 0.6325 - 0.6875	::: 0.6300 - 0.6850	::: 0.6300 - 0.6875	::: 0.6608	::: 0.5434
-- West (f.o.b.)	::: 0.5950 - 0.7325	::: 0.5900 - 0.7200	::: 0.5850 - 0.7100	::: 0.5850 - 0.7100	::: 0.5800 - 0.7000	::: 0.6528	::: 0.5888
-- Mostly	::: 0.6200 - 0.7000	::: 0.6200 - 0.6900	::: 0.6200 - 0.6900	::: 0.6200 - 0.6950	::: 0.6200 - 0.6950	::: 0.6569	::: 0.5881
-- Northeast (f.o.b.)	::: 0.6975 - 0.7575	::: 0.6975 - 0.7575	::: 0.6925 - 0.7575	::: 0.6900 - 0.7575	::: 0.6875 - 0.7550	::: 0.7257	::: 0.5813
<b>WHEY PROTEIN CONCENTRATE</b>							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	::: 1.5000 - 1.8850	::: 1.5000 - 1.8425	::: 1.4825 - 1.8050	::: 1.5000 - 1.8000	::: 1.5000 - 1.7700	::: 1.6630	::: 1.3747
-- Mostly	::: 1.6000 - 1.7850	::: 1.5675 - 1.7425	::: 1.5675 - 1.7350	::: 1.5675 - 1.7350	::: 1.5500 - 1.7200	::: 1.6612	::: 1.3172
<b>ANIMAL FEED - WHEY</b>							
-- Central (f.o.b.)							
-- Milk Replacer	::: 0.5200 - 0.6475	::: 0.5200 - 0.6475	::: 0.5200 - 0.6525	::: 0.5400 - 0.6400	::: 0.5175 - 0.6375	::: 0.5855	::: 0.4738
<b>BUTTERMILK (Min. 30% protein)</b>							
-- Central And East (f.o.b.)	::: 1.7500 - 1.8900	::: 1.7500 - 1.8600	::: 1.6550 - 1.8550	::: 1.6550 - 1.8550	::: 1.7400 - 1.8550	::: 1.7844	::: 1.5600
-- West (f.o.b.)	::: 1.7300 - 1.9500	::: 1.7300 - 1.9200	::: 1.7500 - 1.9200	::: 1.7200 - 1.8900	::: 1.7300 - 1.8900	::: 1.8255	::: 1.5597
-- Mostly	::: 1.7800 - 1.9000	::: 1.7800 - 1.8600	::: 1.7800 - 1.8600	::: 1.7500 - 1.8600	::: 1.7400 - 1.8425	::: 1.8198	::: 1.5622
<b>WHOLE MILK POWDER</b>							
-- National (f.o.b.)	::: 1.9000 - 2.0500	::: 2.0200 - 2.1250	::: 1.9700 - 2.1250	::: 1.9700 - 2.1250	::: 1.9700 - 2.1250	::: 2.0362	::: 1.8763
<b>LACTOSE</b>							
-- Central And West (f.o.b.)	::: 0.3700 - 0.6850	::: 0.4300 - 0.6825	::: 0.4200 - 0.6825	::: 0.4200 - 0.6825	::: 0.4000 - 0.6550	::: 0.5457	::: 0.6350
-- Mostly	::: 0.5350 - 0.6275	::: 0.5350 - 0.6000	::: 0.5350 - 0.6000	::: 0.5350 - 0.6000	::: 0.5100 - 0.5900	::: 0.5699	::: 0.6450
<b>CASEIN - Edible - National (f.o.b.)</b>							
-- Nonrestricted - Rennet	::: 4.7500 - 5.2000	::: 4.7500 - 5.2000	::: 4.7500 - 5.2000	::: 4.7500 - 5.2000	::: 4.6500 - 5.2000	::: 4.9726	::: 4.6750
-- Nonrestricted - Acid	::: 4.9000 - 5.4000	::: 4.9000 - 5.4000	::: 4.9000 - 5.4000	::: 4.9000 - 5.4000	::: 4.8000 - 5.4000	::: 5.1476	::: 5.0000

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

CME GROUP AVERAGES FOR JUNE 2014

COMMODITY	:REPORT NUMBER 23:		:REPORT NUMBER 24:		:REPORT NUMBER 25:		:REPORT NUMBER 26:		:REPORT NUMBER 27:		2014 *	2013 *
	:-----:		:-----:		:-----:		:-----:		:-----:		Monthly	Monthly
	JUN 2 - 6	JUN 9 - 13	JUN 16 - 20	JUN 23 - 27	JUN 30	Average	Average					
<b>BUTTER*</b>												
-- GRADE AA												
--Monday	2.2800	2.2100	2.1850	2.2850	2.5000							
--Tuesday	2.2600	2.2100	2.1950	2.3000								
--Wednesday	2.2600	2.1850	2.2525	2.3500								
--Thursday	2.2400	2.1850	2.2350	2.3575								
--Friday	2.2225	2.1850	2.2350	2.3900				2.2630			1.5105	
--Weekly Average**	2.2525	2.1950	2.2205	2.3365								
<b>CHEESE*</b>												
-- BARRELS												
--Monday	1.9325	1.9725	1.9600	2.0150	2.0100							
--Tuesday	1.9350	1.9700	1.9875	2.0325								
--Wednesday	1.9450	1.9575	2.0025	2.0425								
--Thursday	1.9675	1.9575	2.0050	2.0500								
--Friday	1.9675	1.9675	2.0100	2.0100				1.9856			1.7184	
--Weekly Average**	1.9495	1.9650	1.9930	2.0300								
-- 40# BLOCKS												
--Monday	1.9625	2.0600	2.0200	2.0100	2.0000							
--Tuesday	1.9750	2.0600	2.0500	2.0250								
--Wednesday	2.0300	2.0300	2.0300	2.0250								
--Thursday	2.0500	2.0300	2.0000	2.0400								
--Friday	2.0500	2.0300	2.0000	2.0200				2.0237			1.7140	
--Weekly Average**	2.0135	2.0420	2.0200	2.0240								
<b>NONFAT DRY MILK*</b>												
-- EXTRA GRADE***												
-- GRADE A												
--Monday	1.8450	1.8575	1.8250	1.8250	1.7825							
--Tuesday	1.8575	1.8575	1.8250	1.8250								
--Wednesday	1.8600	1.8575	1.8250	1.8250								
--Thursday	1.8600	1.8575	1.8250	1.8075								
--Friday	1.8575	1.8250	1.8250	1.8075				1.8349			1.7066	
--Weekly Average**	1.8560	1.8510	1.8250	1.8180								

\* 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.  
 \*\*\* NOTICE: Effective January 26, 2014, the Extra Grade NDM no longer trades.

## JUNE AGRICULTURAL PRICES HIGHLIGHTS

The All Milk price received by farmers was \$23.30 in June, down \$.90 from May 2014, and up \$3.80 from June 2013. The alfalfa hay price was \$222.00 in June, up \$2.00 from June 2013. The corn price was \$4.37 in June, down \$2.60 from June 2013. The soybean price was \$14.10 in June, down \$1.00 from June 2013. The milk-feed price ratio was 2.24 in June, up .72 from June 2013.

The index of prices received by farmers for dairy products during the month of June 2014 was down 4 points to 116. Compared to June 2013, the index was up 19 points (19.6 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in June 2014 was unchanged at 112. Compared with June 2013, the index was up 6 points (5.7 percent).

## SELECTED MILK PRICES, MILK COWS, AND FEED PRICES, SELECTED STATES AND U.S., JUNE 2014 WITH COMPARISONS

State	All-Milk price <sup>1/2/</sup>				Alfalfa hay, baled		Corn for Grain		Soybeans	
	Dollars per cwt.				Dollars per ton		Dollars per bushel		Dollars per bushel	
	May		June		June		June		June	
	2013	2014	2013	2014 <sup>3/</sup>	2013	2014 <sup>3/</sup>	2013	2014 <sup>3/</sup>	2013	2014 <sup>3/</sup>
AZ	18.60	23.60	19.30	23.00	220.00	240.00	---	---	---	---
CA	18.01	22.10	17.81	22.10	211.00	280.00	---	---	---	---
CO	19.80	24.30	19.60	23.30	245.00	210.00	7.30	4.69	---	---
ID	18.50	23.00	18.80	21.50	220.00	220.00	---	---	---	---
IN	20.10	24.60	20.40	23.50	---	---	7.15	4.60	---	---
IA	20.00	24.90	20.10	23.50	280.00	180.00	7.09	4.40	15.20	14.10
MI	19.90	24.50	20.20	23.30	210.00	165.00	6.79	4.20	15.00	14.20
MN	20.00	24.80	19.90	23.60	240.00	170.00	6.81	4.25	14.80	13.60
NM	18.40	22.40	18.00	21.40	260.00	275.00	---	---	---	---
NY	20.70	25.90	20.60	24.70	205.00	217.00	---	---	---	---
OH	20.90	24.80	20.80	23.70	225.00	160.00	7.05	4.40	---	---
PA	21.10	26.20	21.20	25.10	201.00	224.00	7.27	4.84	---	---
TX	19.80	24.90	19.60	23.70	241.00	262.00	7.28	4.92	---	---
WA	19.80	25.00	20.10	24.30	215.00	220.00	---	---	---	---
WI	19.70	24.70	19.90	23.50	275.00	185.00	6.80	4.30	14.90	14.20
U.S.	19.50	24.20	19.50	23.30	220.00	222.00	6.97	4.37	15.10	14.10

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

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

## MILK-FEED PRICE RATIO, SELECTED STATES AND U.S., JUNE 2014 WITH COMPARISONS

Milk-feed: pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk <sup>1/</sup>			
State <sup>2/</sup>	June 2013	May 2014	June 2014 <sup>3/</sup>
IA	1.41	2.51	2.45
MI	1.62	2.54	2.56
MN	1.52	2.55	2.57
OH	1.60	2.55	2.71
WI	1.44	2.51	2.45
U.S.	1.52	2.24	2.24

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

<sup>3/</sup> Preliminary.

## GENERAL PRICE MEASURES, U.S., JUNE 2014 WITH COMPARISONS

Item	June 2013	May 2014	June 2014 <sup>1/</sup>
<b>INDEX NUMBERS (1990-92=100):</b>			
Prices received by farmers for dairy products	97	120	116
Prices paid by farmers for commodities and services, interest taxes, and wage rates	106	112	112

<sup>1/</sup> Preliminary.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Agricultural Prices, June 2014*.

## FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, JUNE

**Class Prices:** The following are the June 2014 class prices under the Federal milk order pricing system and changes from the previous month: Class II: \$23.94 (-\$0.50), Class III: \$21.36 (-\$1.21), and Class IV: \$23.13 (+\$0.48).

**Component Price Information:** Under the Federal milk order pricing system, the butterfat price for June 2014 is \$2.4413 per pound. Thus, the Class II butterfat price is \$2.4483 per pound. The protein and other solids prices for June 2014 are \$3.3437 and \$0.4942 per pound, respectively. These component prices set the Class III skim milk price at \$13.28 per cwt. The June 2014 Class IV skim milk price is \$15.11, which is derived from the nonfat solids price of \$1.6785 per pound.

**Product Price Averages:** The product price averages for June 2014 are: butter: \$2.1874, nonfat dry milk: \$1.8633, cheese: \$2.0358, and dry whey: \$0.6789.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT <sup>1/2/</sup>						
Federal Milk Order Marketing Areas <sup>3/</sup>	Order Number	June 2014				July 2014
		Class I	Class II	Class III	Class IV	Class I
Dollars Per 100 Pounds						
Northeast (Boston) <sup>4/</sup>	001	26.11	23.94	21.36	23.13	26.27
Appalachian (Charlotte) <sup>5/ 6/</sup>	005	26.26	23.94	21.36	23.13	26.42
Florida (Tampa) <sup>6/ 7/</sup>	006	28.26	23.94	21.36	23.13	28.42
Southeast (Atlanta) <sup>6/ 8/</sup>	007	26.66	23.94	21.36	23.13	26.82
Upper Midwest (Chicago) <sup>9/</sup>	030	24.66	23.94	21.36	23.13	24.82
Central (Kansas City) <sup>10/</sup>	032	24.86	23.94	21.36	23.13	25.02
Mideast (Cleveland) <sup>11/</sup>	033	24.86	23.94	21.36	23.13	25.02
Pacific Northwest (Seattle) <sup>12/</sup>	124	24.76	23.94	21.36	23.13	24.92
Southwest (Dallas) <sup>13/</sup>	126	25.86	23.94	21.36	23.13	26.02
Arizona (Phoenix)	131	25.21	23.94	21.36	23.13	25.37
All-Market Average	---	25.75	23.94	21.36	23.13	25.91

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

<sup>2/</sup> The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

<sup>3/</sup> Names in parentheses are the major city in the principal pricing point of the markets.

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

<sup>5/</sup> Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10.

<sup>6/</sup> Effective May 1, 2008, the Class I price surface in these orders were temporarily adjusted.

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

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

<sup>9/</sup> Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

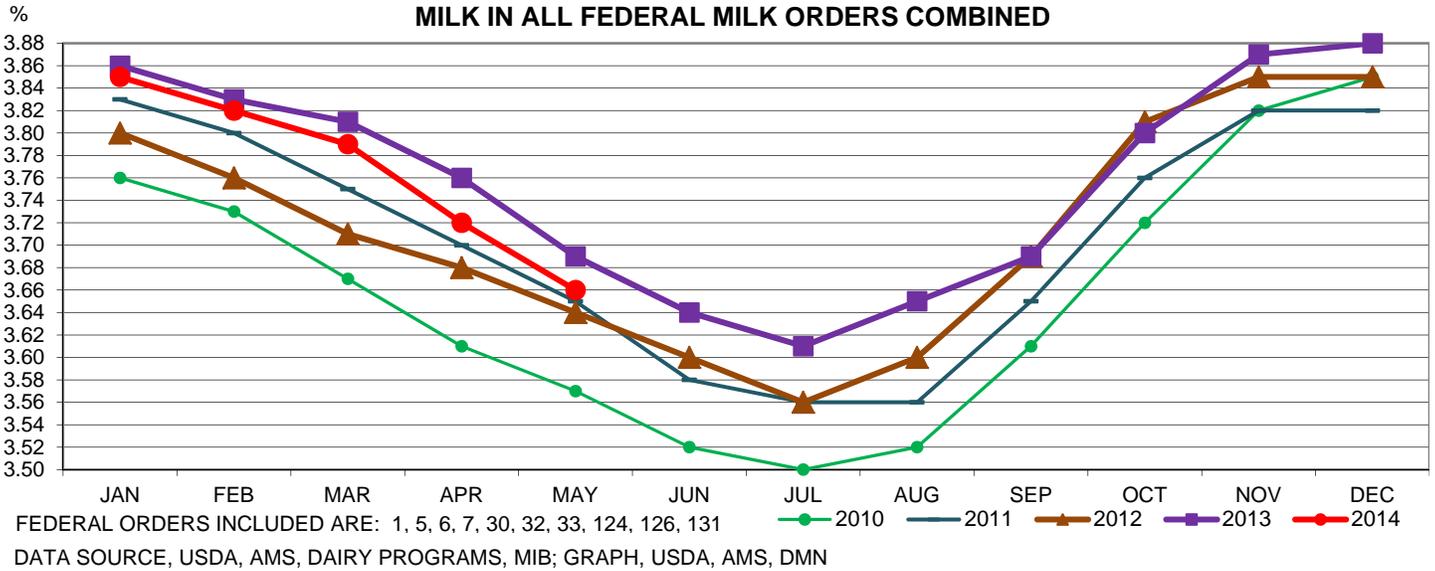
<sup>10/</sup> Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

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

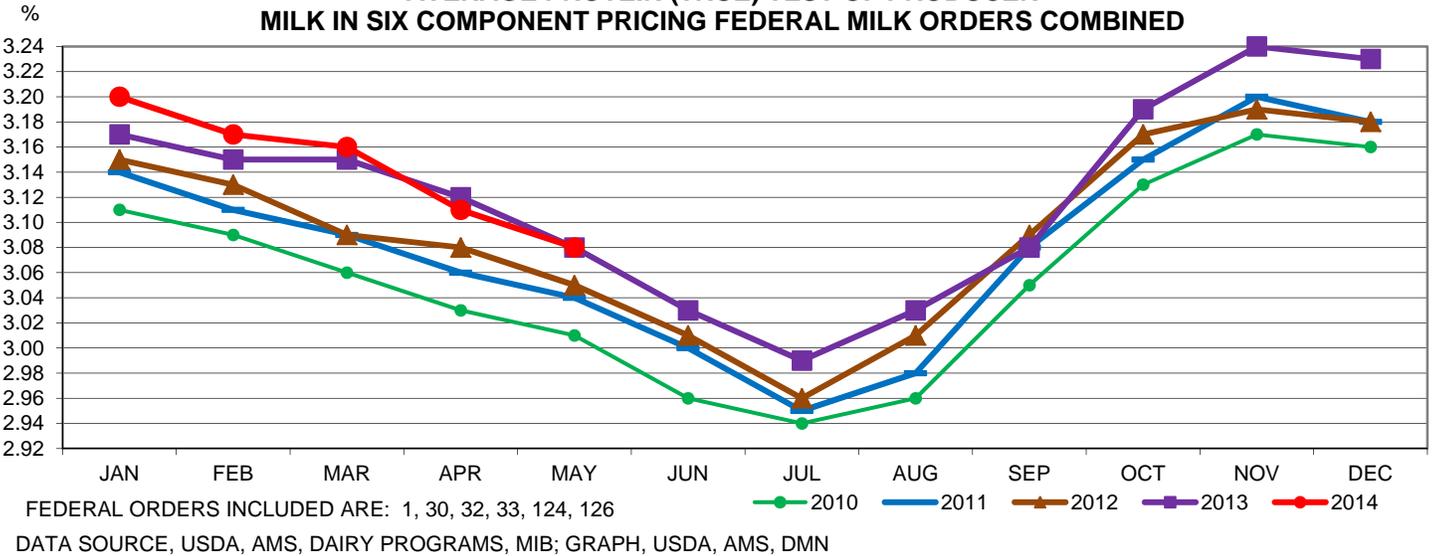
<sup>12/</sup> Class I prices at other cities are: Portland, same; and Spokane, same.

<sup>13/</sup> Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

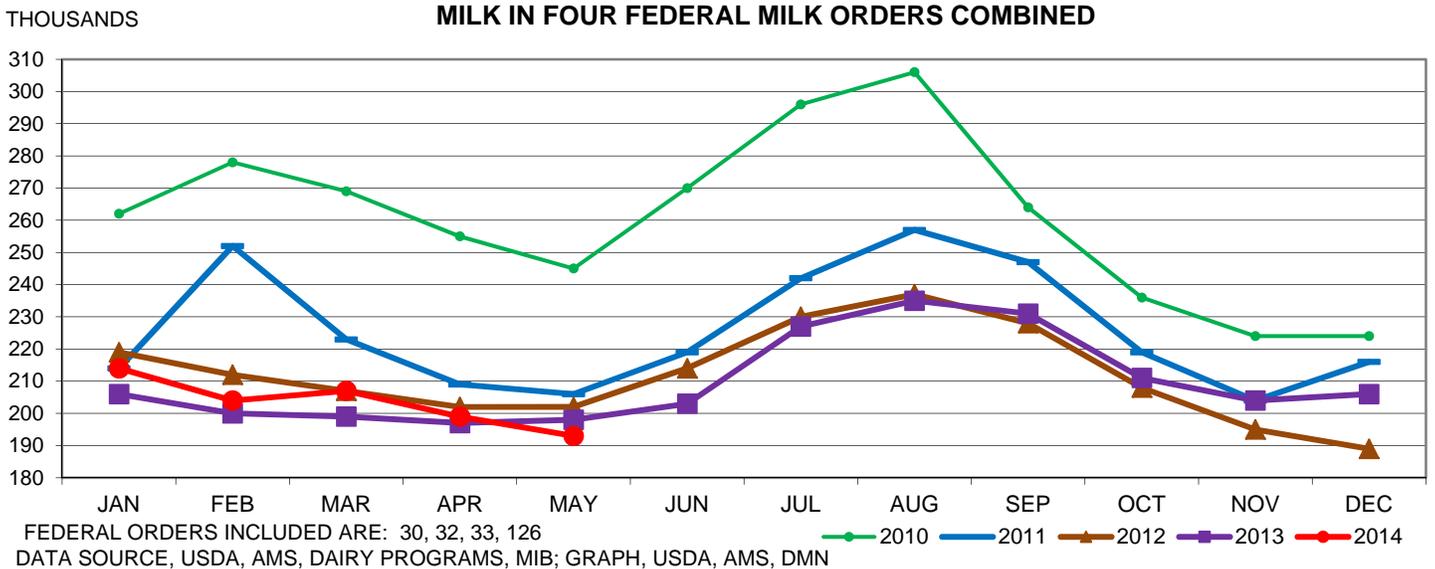
**AVERAGE BUTTERFAT TEST OF PRODUCER MILK IN ALL FEDERAL MILK ORDERS COMBINED**

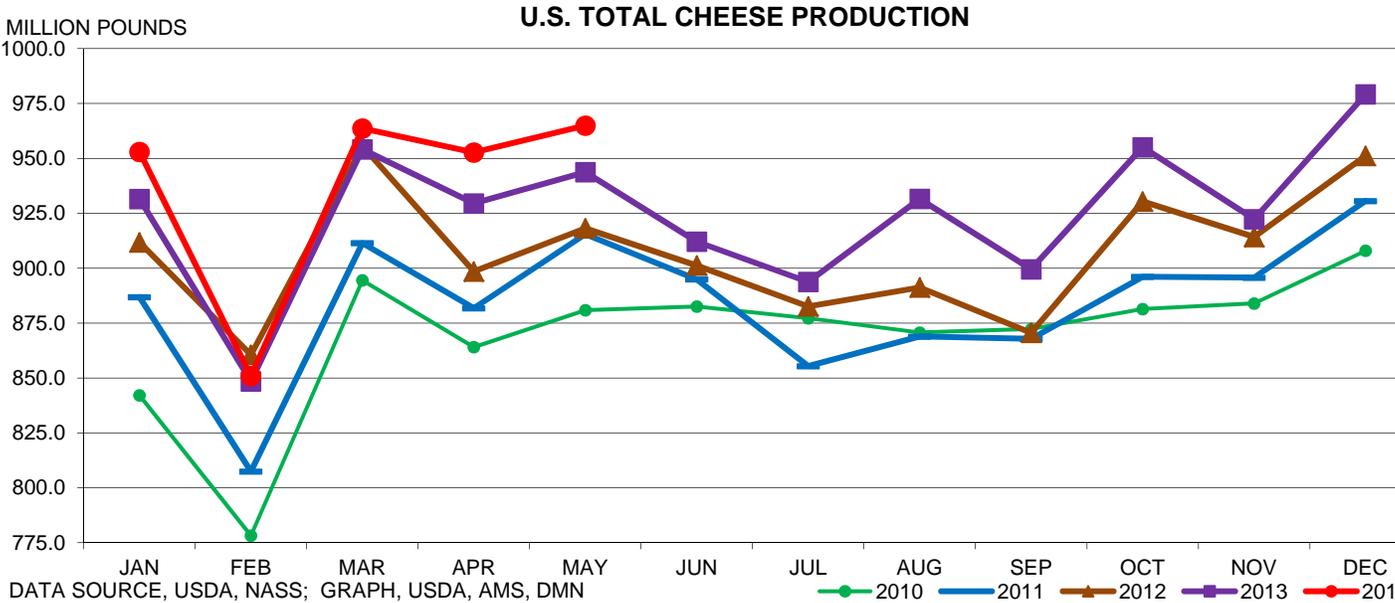
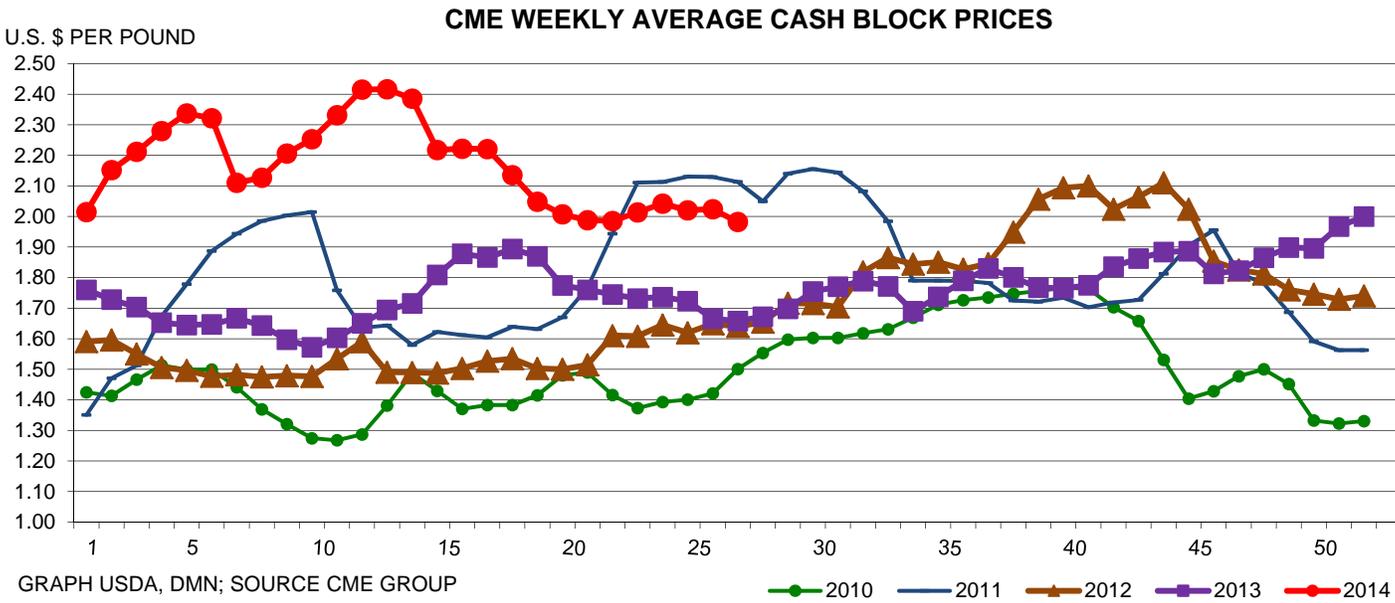
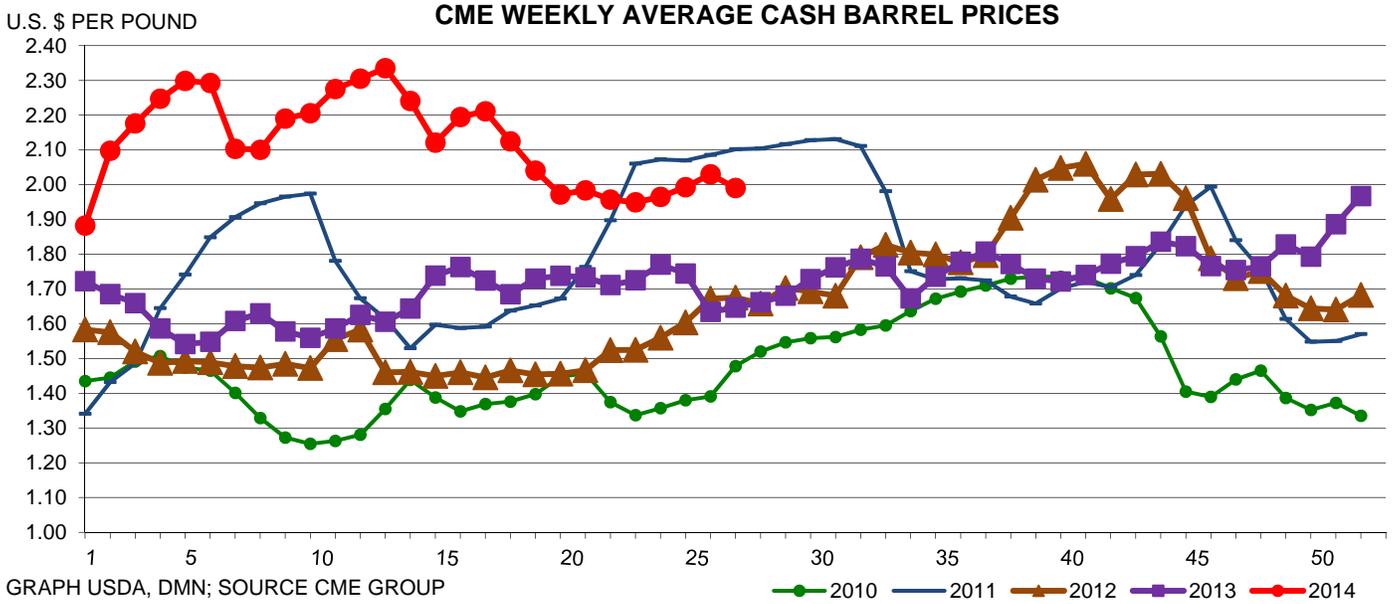


**AVERAGE PROTEIN (TRUE) TEST OF PRODUCER MILK IN SIX COMPONENT PRICING FEDERAL MILK ORDERS COMBINED**



**AVERAGE SOMATIC CELL COUNT OF PRODUCER MILK IN FOUR FEDERAL MILK ORDERS COMBINED**





# DAIRY MARKET NEWS

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**REPORT:** 27

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

**DATE:** 07/04/2014

## **EAST**

Daniel Johnson  
(608) 278-4156  
Daniel.Johnson@AMS.USDA.GOV

## **INTERNATIONAL**

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

## **CENTRAL**

Ryan Studnicka  
(608) 278-4155  
Ryan.Studnicka@AMS.USDA.GOV

## **ORGANIC**

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

## **SOUTHWEST**

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

## **INTERNET ADDRESS**

[www.ams.usda.gov/DairyMarketNews](http://www.ams.usda.gov/DairyMarketNews)

## **NORTHWEST/MOUNTAIN**

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

## **MARKET NEWS PORTAL**

[www.marketnews.usda.gov](http://www.marketnews.usda.gov)

## **NATIONAL SUPERVISOR**

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

## **RECORDED INFORMATION SYSTEM**

(608) 278-4142

## **FAX**

(608) 278-4141

---

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