

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (8/01)**

**BUTTER:** Grade AA closed at \$2.4000. The weekly average for Grade AA is \$2.4810 (-.1030).

**CHEESE:** Barrels closed at \$2.0000 and 40# blocks at \$2.0000. The weekly average for barrels is \$1.9660 (-.0585) and blocks, \$1.9810 (-.0300).

**BUTTER HIGHLIGHTS:** Current butter and cream prices, and seasonal milk production declines are holding back some butter production rates and stock building for upcoming demand. However, a few butter churn operators were able to secure additional cream supplies as areas of the U.S. had reduced cream competition. Butter makers are mainly focused on filling domestic commitments with little surplus available for the spot market. Export orders are minimal as U.S. prices are not competitive with competing global markets. Domestic retail and industrial sales are steady. Orders into food service accounts are growing behind increased dining and price movements relative to other foods. Butter inventories are lighter than desired. Bulk butter prices range from 3 cents under to 7 cents over market, with various time frames and averages used. According to FAS, January – June 2014, U.S. quota butter imports total 8.14 million pounds, an increase of 73% compared to last year. Friday at the CME Group, Grade AA butter closed at \$2.4000, down 19 cents since last Friday.

**CHEESE HIGHLIGHTS:** Cheese production levels are mixed across the country. Good supplies of milk in the Northeast have cheese makers running near full schedules. Meanwhile, milk in the Midwest is steady, but cheese orders are often ahead of supply. Hot weather in the West is reducing milk volumes available for manufacturing. Cheese plants are often using condensed skim or nonfat dry milk to supplement tight milk supplies. Wholesale cheese prices were unchanged for blocks and Swiss this week, with lower prices on barrel cheese. Domestic cheese demand is good with buyers often finding it more difficult to access extra loads. Stocks are sufficient for most immediate needs. Process buyers are increasing orders to build their stocks. Mozzarella manufacturers are getting increased orders as school lunch programs place orders for the new year. Export orders have slowed, allowing more cheese to be sold domestically. The Foreign Agricultural Service (FAS) reported quota imports of cheese into the U.S. for January-June 2014 totaled 73.9 million pounds, unchanged from a year ago. At the CME Group this week, barrels closed on Friday at \$2.0000, up 4.75 cents from last Friday and blocks closed at \$2.0000, up 3 cents.

**FLUID MILK:** Milk volumes across much of the country are slowing along seasonally expected lines. Favorable weather in the East

and Midwest has helped to keep volumes of milk up. Hot weather in the West and South is reducing milk production as cow comfort levels are stressed. Dairies have responded to good milk prices by building milk cow numbers. This is resulting in milk production often above year ago levels. Demand for fluid milk for bottling is currently slow, but schools are beginning to place orders for the new year. Demand from cheese manufacturers for spot loads of milk is good, but supplies are limited. Cream demand slowed this week as ice cream manufacturers reduced some orders. Better demand from cream cheese plants is helping to clear cream offerings.

**DRY PRODUCTS:** Nonfat dry milk prices are lower. Spot offerings of NDM are increasing, but demand is slow as buyers look to see how far the market will move before committing to additional purchases. Stocks are increasing for both manufacturers and brokers. Dry buttermilk prices are steady to lower. Demand from ice cream/mix plants has slowed. Dry whole milk demand is lackluster and processors are slowing production schedules to better manage inventories. Dry whey prices are mostly steady. Stocks are adequate for needs with little spot activity. Export interest is light at current price levels. Whey protein concentrate 34% prices are unchanged on a mixed market. Demand for specific quality product is good, while offerings are increasing to the feed industry. Production is steady. Lactose prices are mixed, but mostly unchanged. Unground supplies and offerings are increasing and pressuring the market lower.

**INTERNATIONAL DAIRY MARKET NEWS (DMN):**  
**WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW:** Western European milk production has shown only marginal declines over the previous two weeks. Weather conditions are good, timely rains have prompted good forage growth on pastures, and margins remain positive for dairy producers. Dairy markets are in general experiencing decreased demand as numerous buyers covered their near term needs ahead of the European holiday. It is anticipated that market activity will remain light for the next 4-6 weeks, due to the holiday. A majority of the manufacturing milk volumes are being channeled to skim milk powder and butter production. There is a lack of actual storage data, but it is generally acknowledged that stocks are building for both commodities. Eurostat reported EU-28 May milk deliveries at 4.4% higher than May 2013. Various member states showed the following May increases, compared to last year; Germany, 0.9%; France, 5.7%; UK, 8.0%; Belgium, 18.7%; Italy, 3.7%; and Ireland, 7.0%. January-May 2014 milk

Continued on Page 1A

## \*\*\*\*\*SPECIALS THIS ISSUE\*\*\*\*\*

INTERNATIONAL DAIRY MARKET NEWS (PAGES 8-8C)  
 DAIRY FUTURES (PAGE 9)  
 JULY MONTHLY AVERAGES AND SUMMARY (PAGES 10-12)  
 JUNE PRICE AND POOL HIGHLIGHTS (PAGE 13)

JULY CLASS AND COMPONENT PRICES (PAGE 14)  
 JULY AGRICULTURAL PRICES HIGHLIGHTS (PAGE 15)  
 DAIRY GRAPHS (G1 - G2)

CME GROUP CASH TRADING

COMMODITY	MONDAY JUL 28	TUESDAY JUL 29	WEDNESDAY JUL 30	THURSDAY JUL 31	FRIDAY AUG 01	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
<b>CHEESE</b>							
BARRELS	\$1.9475 (-.0050)	\$1.9475 (N.C.)	\$1.9475 (N.C.)	\$1.9875 (+.0400)	\$2.0000 (+.0125)	:: (+.0475)	:: \$1.9660 (-.0585)
40# BLOCKS	\$1.9725 (+.0025)	\$1.9800 (+.0075)	\$1.9750 (-.0050)	\$1.9775 (+.0025)	\$2.0000 (+.0225)	:: (+.0300)	:: \$1.9810 (-.0300)
<b>NONFAT DRY MILK</b>							
GRADE A	\$1.6750 (N.C.)	\$1.6750 (N.C.)	\$1.6750 (N.C.)	\$1.6500 (-.0250)	\$1.6500 (N.C.)	:: (-.0250)	:: \$1.6650 (-.0100)
<b>BUTTER</b>							
GRADE AA	\$2.5700 (-.0200)	\$2.5250 (-.0450)	\$2.4700 (-.0550)	\$2.4400 (-.0300)	\$2.4000 (-.0400)	:: (-.1900)	:: \$2.4810 (-.1030)

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**

deliveries were 5.3% higher than last year. January-May milk delivery data showed increases for all countries with the exception of Spain -0.5%, and Greece -5.9%. **EASTERN OVERVIEW:** Eastern European milk production continues to be strong with weather conditions favorable for dairy operations. Manufacturing schedules remain active for butter, skim milk powder, and whey. Some manufacturers are offering loads of various commodities at discounts in order to clear excess available supplies. Eastern European milk deliveries for January-May, reported by Eurostat, showed the following year over year changes for selected countries; Poland, +7.4%; Lithuania, +8.3%; Latvia, +12.8%; Estonia, +8.9%; and the Czech Republic, -1.2%. **OCEANIA OVERVIEW: AUSTRALIAN** milk production is about steady with recent weeks' levels. Most manufacturers have cycled through their seasonal shut downs, have completed maintenance projects, and are prepared for the new season and the eventual increasing milk supply. Dairy product stocks are being worked lower and there is cautious optimism among dairy producers regarding the new milk production season. Market activity for most dairy product markets is fairly light, but market interest is building. According to Dairy Australia, June 2014 milk production in Australia was 8.9% above June 2013. The state changes from a year earlier are: New South Wales, +2.8%; Victoria, +11.9%; Queensland, -4.5%; South Australia, +5.3%; Western Australia, -2.2% and Tasmania +15.5%. Australia's milk production for the 2013-14 season was +0.4%, compared to the previous season. Victoria and Tasmania are the primary export producing dairy states and accounted for 75% of Australia's total milk production in the 2013-14 season. **NEW ZEALAND'S** mild winter weather continues and is benefitting dairy operations and prompting good grass growth on pastures. Most dairy cows remain on winter pastures and current milk production is near the seasonal low point. Most cows will start calving in the latter half of August and milk production will begin to increase. Dairy farmers have been cautioned by some cooperatives that milk pricing forecasts have been cut, due to the decline in dairy product prices and decreased demand from China. The lower price forecasts will decrease producer margins and tighten cash flows for dairy operations. May milk production as reported by DCANZ was 0.72 million tons, up 24% from May 2013, but 10% lower than two years ago. The GDT auction has taken its second semi-annual three week break and will occur again on August 5.

**JUNE PRICE AND POOL HIGHLIGHTS (DY PROGRAMS):** During June, more than 11 billion pounds of milk were received from producers. This volume of milk, on a percentage basis, is the same as the July 2013 volume. In June 2013 and June 2014, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. More than 3.1 billion pounds of producer milk were used in Class I products, 0.9% lower than the previous year. The all-market average Class utilization percentages were: Class I = 28%, Class II = 11%, Class III = 50% and Class IV = 11%. The weighted average statistical uniform price was \$23.28, \$0.97 lower than last month but \$3.88 higher than last year.

**JULY CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):** The following are the July 2014 class prices under the Federal milk order pricing system and changes from the previous month: Class II: \$24.41 (+\$0.47), Class III: \$21.60 (+\$0.24), and Class IV: \$23.78 (+0.65). Under the Federal milk order pricing system, the butterfat price for July 2014 is \$2.6349 per pound. Thus, the Class II butterfat price is \$2.6419 per pound. The protein and other solids prices for July 2014 are \$3.1798 and \$0.5046 per pound respectively. These component prices set the Class III skim milk price at \$12.83. The July 2014 Class IV skim milk price is \$15.09, which is derived from the nonfat solids price of \$1.6770 per pound. The product price averages for July 2014 are: butter; \$2.3473, nonfat dry milk; \$1.8617, cheese; \$2.0482, and dry whey; \$0.6890.

**JULY AGRICULTURAL PRICES HIGHLIGHTS (NASS):** The All Milk price received by farmers was \$23.40 in July, up \$0.20 from June 2014 and up \$4.30 from July 2013. Milk cows price was \$1,970 in July. Alfalfa hay price was \$216.00 in July, and up \$7.00 from July 2013. Corn price was \$3.80 in July, down \$2.99 from July 2013. Soybean price was \$12.70 in July, down \$2.60 from July 2013. The milk-feed price ratio was 2.44 in July, up 0.92 from July 2013. The index of prices received by farmers for dairy products during the month of July 2014 was up 1 point to 116. Compared to July 2013, the index was up 21 points (22.1%). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in July 2014 was up 1 point to 113. Compared with July 2013, the index was up 6 points (5.6%).

**CME GROUP**

MONDAY, JULY 28, 2014

CHEESE -- SALES: 5 CARS BARRELS: 2 @ \$1.9500, 1 @ \$1.9475, 1 @ \$1.9450, 1 @ \$1.9475; 3 CARS 40# BLOCKS: 2 @ \$1.9700, 1 @ \$1.9725; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.9450; 2 CARS 40# BLOCKS @ \$1.9700; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.9575; 1 CAR 40# BLOCKS @ \$1.9800  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 7 CARS GRADE AA: 4 @ \$2.5550, 1 @ \$2.5625, 1 @ \$2.5650, 1 @ \$2.5700; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, JULY 29, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.9800; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ 1.6000; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 8 CARS GRADE AA: 1 @ \$2.5300, 4 @ \$2.5250, 1 @ \$2.5375, 1 @ \$2.5450, 1 @ \$2.5550; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.5250

WEDNESDAY, JULY 30, 2014

CHEESE -- SALES: 3 CARS 40# BLOCKS: 2 @ \$1.9900, 1 @ \$1.9750; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.9400; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 2 CARS GRADE AA: 1 @ \$2.5000, 1 @ \$2.4800; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.4600; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.4700

THURSDAY, JULY 31, 2014

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.9850, 1 @ \$1.9775; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.9875; 1 CAR 40# BLOCKS @ \$1.9750; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$2.0000  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.6200; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.6500  
 BUTTER -- SALES: 3 CARS GRADE AA: 2 @ \$2.4500, 1 @ \$2.4400; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.4200; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.4400

FRIDAY, AUGUST 1, 2014

CHEESE -- SALES: 1 CAR BARRELS @ \$2.0000; 2 CARS 40# BLOCKS: 1 @ \$1.9850, 1 @ \$2.0000; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.0000; 1 CAR 40# BLOCKS @ \$2.0000; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$2.0100  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.6200; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 6 CARS GRADE AA: 1 @ \$2.4400, 5 @ \$2.4000; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.3800; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.4100

**BUTTER MARKETS**

**NORTHEAST**

Butter production varies, as some buttermakers clear available cream supplies to other dairy manufacturing venues. Inventories, which are substantially lower than last year's levels, are available for obligations. Domestic demand is moderate, with noted activity occurring in the spot market. The current 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. At the CME Group, Grade AA butter closed Tuesday at \$2.5250, down \$0.0550 from a week ago.

**CENTRAL**

Butter prices in the Central region mostly retreated on the week. The market tone remains firm. Several manufacturers noted the last few weeks of historical high prices have not affected demand enough to catch up on Q4 stock building. Butter churn operators note decreasing competition from ice cream manufacturers for cream supplies. Some butter makers were able to secure additional cream supplies at lower levels, while a few took advantageous returns by selling cream after fulfilling butter commitments. Production rates are mostly steady. 82% butter production is minimal as few new export orders come in. International prices are significantly lower than the U.S prices. A few buyers/resellers are beginning to look at butter import opportunities. Retail butter sales are mostly steady as some sellers suggest promotions are down seasonally and due to higher prices. Orders into food service/ restaurant accounts are strong and above last year's numbers following reports of increased dining and price movements relative to other foods. Industrial demand is solid as spot load offers are restricted. Butter manufacturers are managing tight inventories closely. Current bulk butter prices range from market to 7 cents over the market, based on the CME Group with various time frames and averages used. Wednesday at the CME Group, Grade AA butter closed lower for the fourth

consecutive trading session to \$2.4700, down 15 cents from last Wednesday. According to FAS, January – June 2014, U.S. quota butter imports total 8.14 million pounds, an increase of 73% compared to last year.

**WEST**

Western butter production is steady to lower as hot weather continues to pull milk volumes lower. While milk volumes typically decline at this time of year, the cumulative effects of the heat are evidenced in less bounceback when temperatures moderate. Cream volumes are tight as butter plants compete with ice cream demand for available supplies. Butter manufacturers are looking to begin building stocks for upcoming third and fourth quarter demand, but are reluctant to increase holdings at current cream prices. Retail butter demand remains good with spot sales limited by the tight supplies. According to FAS, U.S. quota imports of butter for January-June 2014 total 8.14 million pounds, up 73% from the same period in 2013. June 2014 quota imports of butter totaled 1.23 million pounds, up 89% from last June. The butter price at the CME Group on Wednesday closed at \$2.4700. After reaching a high last week on Wednesday of \$2.6200, butter prices have decreased 15 cents. Sales of butter at midweek totaled 17 loads. 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
June Quota Imports	1.23	+ 89	8
Jan. - June High Tier Quota Imports	.17 8.14	- 42 + 73	N.A. 53

**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
July 26, 2014	2.4109 3,894,970	2.0083 11,595,067	2.0606 11,025,828	0.6886 8,537,679	1.8371 19,346,335

## CHEESE MARKETS

## NORTHEAST

Cheese output is steady. Available milk supplies continue to spur 7 day production schedules for cheddar makers. Good cheese demand from travel resorts is benefitting food service transactions. In reflecting the CME group weekly average prices, wholesale prices for 40# block and muenster are steady. Process 5# sliced moved lower \$0.0175. Prices for Grade A Swiss cuts were unchanged. Inventories are satisfactory with little opportunity for growth at this time, as strong interest clears current production volumes. This week, a cooperatives export assistance program accepted requests for 1.645 million pounds of cheddar cheese. At the CME Group, Tuesday trading saw barrels close at \$1.9475, down \$0.1225 from a week ago and blocks closed \$1.9800, down \$0.0500 from a week ago.

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

Cheddar 40# Block	: 2.4025-2.6875
Process 5# Sliced	: 2.2475-2.7275
Muenster	: 2.4225-2.7825
Grade A Swiss Cuts 10 - 14#	: 4.1575-4.4800

## MIDWEST

Cheese buyers motivated by declining CME Group cheese prices during the second half of last week had mixed results finding cheese not already committed. Many cheese makers have already booked orders through August. Inventories are tight in many plants. Plants with committed buyers are sensitive to preserving inventory levels sufficient to meet already booked future commitments, factoring anticipated production capabilities. Some plants were able to find surplus milk to boost last week's cheese production. Others used condensed skim and nonfat dry milk to improve vat yields and increase production schedules. Seasonally declining milk production is limiting cheese manufacturing schedules. Most manufacturers are operating with production schedules ranging from 5 to 6 days a week. Manufacturers of mozzarella cheese are increasing production, manufacturing to fill building demand from school lunch buyers ordering pizza, college students returning to the pizza nutrition program, and football viewers adding to the mix. With barrels being at nearly the lowest closing prices of July during recent days, manufacturers who use process cheese have been active in seeking some extra loads. Wisconsin wholesale prices for 1,000 to 5,000 pound mixed lots of process cheese decreased \$.0175, while the remaining varieties were unchanged. Wednesday's CME Group close left barrels at \$1.9475 for the third day and blocks at \$1.9750.

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

Process American 5# Loaf	: 2.1250-2.4850
Brick And/Or Muenster 5#	: 2.3825-2.8075
Cheddar 40# Block	: 2.0875-2.5050
Monterey Jack 10#	: 2.3575-2.5625
Blue 5#	: 2.6500-3.6375
Mozzarella 5 - 6# (Low Moisture, Part Skim)	: 2.2275-3.1225
Grade A Swiss Cuts 6 - 9#	: 3.6750-3.7925

## WEST

Western cheese production is steady to lower as milk receipts continue to move seasonally lower. Hot weather in the West is also affecting milk volumes. Some plants are still running near capacity as milk is being moved to keep production levels up. Retail demand is good as wholesale prices continue to move up and down within a rather narrow range. Process cheese demand is picking up as summer grilling is ongoing. Some increased demand from food-service accounts for fall orders is also noted. Export demand has slowed and manufacturers are busy filling contract and spot orders for domestic needs. Cheese stocks are in balance for current orders. Wholesale cheese prices for Swiss and block cheese varieties were unchanged for the week, with wholesale barrel prices lower. According to FAS, U.S. quota imports of cheese for January-June 2014 total 73.9 million pounds, unchanged from a year ago. The imports stand at 25% of the annual quota. Quota imports for the month of June total 13.4 million pounds, 13% higher than a year ago. Barrel cheese prices at the CME Group on Wednesday closed at \$1.9475 and blocks closed at \$1.9750. Compared to last Wednesday, barrels are 8.5 cents lower and blocks are 6.5 cents lower. Sales of barrels at midweek total 5 loads and blocks are at 6 loads.

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

Process 5# Loaf	: 2.1525-2.4100
Cheddar 40# Block	: 2.1300-2.4825
Cheddar 10# Cuts	: 2.3100-2.5300
Monterey Jack 10#	: 2.3200-2.4800
Grade A Swiss Cuts 6 - 9#	: 3.7350-4.1650

## FOREIGN

Cheese prices are steady this week. Imported wholesale cheese, domestically manufactured foreign type cheese and domestic Swiss cheese prices were all unchanged. Cheese production in the EU is declining along seasonally expected lines. European holdings of hard cheeses are declining and stocks are tightening. U.S. imports of high tier and quota Italian-type cheese for January-June 2014 totaled 11.5 million pounds, up 3.5% compared to last year. June imports of quota Italian-type cheese totaled 1.3 million pounds, 31% above last year. Imports of high tier and quota Swiss/Emmentaler varieties from January-June 2014 totaled 22.0 million pounds, 6% 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	: 2.5425-4.0300
Gorgonzola	: 3.6900-6.9700	: 3.0450-3.4575
Parmesan (Italy)	: -0-	: 3.9325-6.0225
Provolone (Italy)	: -0-	: 2.5850-2.7425
Romano (Cows Milk)	: -0-	: 3.7325-5.8825
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-	: 4.2550-4.5775
Swiss Cuts Finnish	: 2.6700-2.9300	: -0-

\* = Price change.

CONTINUED ON PAGE 3A

## CHEESE MARKETS

CONTINUED FROM PAGE 3

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

	(Million Lb.)	% Change From 1 Year Ago	% of Yearly Quota
June Quota Imports	13.4	+ 13	5
Jan. - June High Tier	14.3	+ 21	
N.A. Quota Imports	73.9	unchanged	25

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKSBUTTER : CHEESE

	:	
07/28/14	21,840	: 87,837
07/01/14	21,626	: 91,273
CHANGE	214	: -3,436
% CHANGE	1	: -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	0	0	35	0	0
SOUTHEAST STATES	0	0	0	0	0	0

Milk production in the Northeast and Mid-Atlantic region is steady as somewhat cooler temperatures secure farm-level output. Manufacturing milk supplies are heavy but manageable for most balancing plants. Southeast milk production is showing signs of falling off with decreases in cow comfort. Bottling sales are slightly down but are expected to move higher as schools re-open. Retail promotions are enhancing Class I sales. Manufacturing milk intakes have declined compared to a week ago. Florida continues to experience decreases in farm-level milk output as cow comfort declines due to consistent hot, wet weather conditions. Class I demand is seasonally adequate but expected to increase with the re-opening of a few area schools next week. There are no exports or imports of spot milk shipments reported this week. **Cream multiples** ranged **1.30-1.44**. Multiples moved lower to offset current butter prices. Demand from ice cream manufacturers continues to absorb cream supplies; however, some contacts noted pushing back against high multiples. Cream cheese sales are active, with expectations of increasing in August. At the CME Group, Grade AA butter closed Wednesday at \$2.4700, down \$0.1500 from a week ago. **Condensed skim** supplies are reported as plentiful at most balancing plants. Volumes in the south are falling off somewhat due to the effects of hot weather and schools re-opening. Existing condensed skim supplies are prompting heavy Class IV production.

## 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 -	3.3592-3.7210
F.O.B. producing plants: Upper Midwest -	3.2300-3.8243

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

## F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.85-1.93
Northeast - Class III - spot prices -	1.63-1.66

## MIDWEST

Mild weather the past week led to increased cow comfort. A few milk intake facilities noted slightly raised processing levels. Otherwise, farm production rates are steady. Anecdotal comments suggest this year's forage and grain crops are significantly improved compared to last year's. Spot load availability of milk is reduced as prices ranged from Class to \$2.00 over. Some milk processors are electing to increase focus on higher returns from condensed skim instead of nonfat dry milk. Bottling sales are mostly flat. A few milk handlers noted school pipelines in the southern part of the region are starting to be filled over the course of the next week or so. Ice cream sales are steady to declining. Some ice cream makers are slowing production rates. Soft serve sales are mainly flat. Some ice cream and cream cheese manufacturers are slowing orders of cream, resulting in improved cream spot load availability. **Cream multiples** increased on the top of the range, but are generally shifting lower, ranging from **1.25 to 1.48**.

The NASS *Livestock Slaughter* report notes June dairy cow slaughter at 199,000 head, 11,000 head less than a month ago and 21,000 head less than a year ago. January-June cumulative dairy cow slaughter totals 1.391 million head, compared to 1.567 during the same time span in 2013. The weekly *Cow Slaughter under Federal Inspection* report shows U.S. dairy cow slaughter for the week ending July 12, at 53,300 head, 3,300 head or 6% less than the comparable week a year ago.

## WEST

Milk production varies in CALIFORNIA, with milk haulers reporting steady to lower volumes from many pickup locations. Recent daytime temperatures in the Central Valley are regularly topping 105 degrees Fahrenheit. Some dairy producers report they are surprised by the steady milk production from their herds while the temperatures are high. They credit high quality feed as part of a successful support system for their cows. Some milk volumes are clearing to other processing capacity within the state as cooperatives lend a hand to accommodate maintenance projects and other reasons for moving milk between plants. Other volumes are traveling within the Western region to balance manufacturing milk needs. Bottler demands declined somewhat as schools with year round instruction calendars take a break before restarting in late August/early September. June 2014 POOL RECEIPTS of milk in CALIFORNIA total 3.44 billion pounds, 2.7% higher compared to June last year, according to California Department of Food and Agriculture. Year-to-date through June 2014 receipts are 4.3% higher from the comparable months in 2013. The June Value at Test price is \$21.86, \$0.10 lower than May 2014 but \$4.08 higher than June 2013. The percentage of receipts used in Class 1 products is 12.7%. The June quota price is \$22.75 and the over quota price is \$21.05. These prices are \$0.02 lower than May but \$3.97 higher than a year ago. According to the U.S. Drought Monitor, conditions in California worsened during the last week. All of California is currently suffering from severe to exceptional drought. Some dairy farmers are pumping ground water to make up for surface water shortages. Cooperative managers note, despite the surface water scarcity, many things are going well for dairy farmers. Groundwater pumping is feasible right now because milk pay prices are comparatively high, feed for purchase is available at reasonable prices, and slaughter cow prices are offering acceptable returns for culls. Some dairy cooperative representatives note, though, that transportation costs of milk from farms to processing locations, and from processing locations to other locations as a finished ingredient or bottled milk are becoming more expensive. Due to clean air requirements, some trucking operators are raising hauling rates to cover the cost of modifying or replacing transportation equipment. Milk production in NEW MEXICO turned lower this week despite a drop in daytime temperatures. Some dairy operators anticipate there will not be a recovery from these production drops until fall. Bottlers trimmed orders to line up with sluggish sales. Heat has taken a toll on milk production in ARIZONA. Milk intakes are lower at balancing plants. Orders from bottlers are unchanged from the previous week. Cream demand is steady, but volumes are lower as butterfat solids decline within milk intakes. FOB spot CREAM loads are available in the Western region. Improved interest surfaced from some Central Class II plants as various pricing bases yield affordable cream before new month price announcements.

-CONTINUED ON PAGE 4A-

## FLUID MILK AND CREAM

**-CONTINUED FROM PAGE 4-**

Churning is ongoing at several Western facilities as the inventory buildup continues ahead of Q4 holidays. Some cream brokers/traders report a shortage of tankers is holding up some sales finalizations. Cream multiples started the week steady to higher compared to last week's range, but drifted lower as the week progressed. The full range is 1.00 to 1.35, reflecting intrastate and interstate sales. At the CME Group, Grade AA butter closed on Wednesday at \$2.4700, down 15 cents from a week ago. Hot weather returned to the PACIFIC NORTHWEST and milk production has suffered. Recent hot spells hurt production, but the cumulative effect of a new heatwave is being blamed for lower milk volumes in the region. Most milk is now being processed within local production areas with fewer loads moving out of state. Dairy herd expansion has helped to keep volumes up. Processors are using some free time for maintenance projects. UTAH and IDAHO milk production has slowed with the return of hot weather. Some processors are reducing production schedules. Farmers have responded to higher milk prices and favorable feed costs by increasing dairy cow numbers. Heifer prices in the region are significantly higher than year ago levels. At a recent dairy replacement auction in Idaho, heifer prices ranged from \$2240-\$2480 for the top 50 sales. The July 1, 2014 *Cattle* report released by NASS showed the milk cow replacement numbers made up of heifers 500 pounds and over to be at 3.9 million head as of July 1. This is 5% lower or 200,000 less than the same time in 2012. Last year's numbers are absent due to sequestration of the 2013 report.

## 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:** Prices of low/medium heat nonfat dry milk shifted lower behind weak F.O.B spot trading and various indexes. The undertone is weak. Manufacturers are generally offering larger volumes in the spot market. However, many buyers are purchasing strictly for immediate needs and taking smaller quantities. Domestic demand is weak as purchasers are leery of taking a position in a potential falling market. Export orders are limited. Production rates are varied as a few plants switched from MPC/MPI production back to NDM, while others are experiencing lower rates due to declining milk supplies. A few manufacturers also noted producing condensed skim instead of NDM. Supplies of low/medium heat NDM are readily available. High heat NDM prices decreased on the top and bottom of the range. Some manufacturers are drying additional volumes, but otherwise production levels are mainly reduced due to dryer priorities. Buyer interest is mixed. Wednesday at the CME Group, Grade A NDM closed at \$1.6750, unchanged since last Wednesday.

**EAST:** Low/medium heat nonfat dry milk prices fell significantly on the bottom of the range as F.O.B. spot loads traded lower. Production is mostly steady, with manufacturing milk intakes closely paralleling the previous week's volumes. In most cases, the criterion for purchasing nonfat dry milk is hand-to-mouth aside from contractual procurements. As a result, brokers looking to clear low/medium heat nonfat dry milk are experiencing limited success in locating buyers, even with discounts applied. Producers are adding to their nonfat dry milk inventories as the levels of condensed milk supplies necessitate heavy dryer schedules at most balancing plants. The market undertone is weak. High heat nonfat production is marginally increasing in some manufacturing channels, although dryer time is primarily allocated to low/medium heat nonfat production. High heat nonfat dry milk prices are steady to lower. Spot market transactions are budding, although light supplies conversely limit volumes traded.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.6000 - 1.9575 MOSTLY: 1.7000 - 1.8800  
 HIGH HEAT: 1.8500 - 2.0100

## NONFAT DRY MILK - WEST

Nonfat dry milk prices, low/medium heat, are unchanged to lower. The market tone is weak as many buyers wait for a clear signal to reenter the market. Several brokers defined their customers' interest in any NDM offers as dead on arrival. Brokers who contracted heavily for adequate supplies throughout the year indicate internal supplies are building steadily. Manufacturers continue to produce low/medium heat NDM. However, a few plant operators indicate the recent seasonal declines in farm milk production in Western states are lessening manufacturing milk volumes clearing into dryers. Manufacturers' low/medium heat nonfat dry milk inventories are steady to increasing. High heat nonfat dry milk prices declined as various indices shift lower. Sales are steady to regular customers. Production is on track to fulfill contract needs.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.6200 - 1.9000 MOSTLY: 1.7200 - 1.8700  
 HIGH HEAT: 1.8300 - 1.9300

## DRY BUTTERMILK - CENTRAL AND EAST

**CENTRAL:** Dry buttermilk prices are steady to lower on increased F.O.B spot trading. The market tone is weak as several sellers made price adjustments following declining sales and lower NDM pricing. Production rates are steady to slightly lower as some butter churn operators continue to sell additional volumes of cream. Buttermilk sales into ice cream accounts are starting to slow. Domestic buyers are taking previously contracted loads, otherwise bargain shopping. Inventories are for the most part at moderate levels.

**EAST:** Dry buttermilk prices are lower at the top of the range due to F.O.B spot sales adjustments. Overall, limitations on dry buttermilk production volumes remain, as a few of the region's buttermakers delay churning while valuing prevailing cream multiples. Some brokers anticipate dry buttermilk prices will continue to weaken, which has led to purchase transactions occurring primarily on an as-needed basis. Inventories are adequate for contractual obligations while below last year's level. The market undertone is mixed.

F.O.B. CENTRAL/EAST: 1.6200 - 1.7800

## DRY BUTTERMILK - WEST

Dry buttermilk prices in the Western region are unchanged to lower on a weak market. Light interest is noted by both producers and resellers. Offers are emerging more frequently from resellers than in previous weeks as they work toward balancing incoming and outgoing loads. Dry buttermilk production is steady at Western plants as producers run the churns to meet upcoming fall butter needs. Sales of condensed buttermilk are less frequent into ice cream/mix facilities as that market sector decreases production runs at a few locations. Dry buttermilk inventories are steady to building incrementally.

F.O.B. WEST: 1.6300 - 1.8300 MOSTLY: 1.6800 - 1.8200

## DRY WHOLE MILK - NATIONAL

The top of the range shifted lower on the dry whole milk price series. The market is weak, but manufacturers are generally not in a hurry to sell into the domestic FOB spot market. Export sales are easing some inventories. Production is ongoing at some plants, but on pause at others as stocks on hand get reassessed and new production schedules developed for August. This week, a cooperative export assistance program accepted requests for 2.2 million pounds of whole milk powder.

F.O.B. PRODUCING PLANT: 1.9700 - 2.1500

## CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES
July 25	\$1.7887	13,973,399
July 18	\$1.8109	11,116,613

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 mainly steady with the exception of a slightly lower top of the mostly price series. The undertone is softening as buyers/end users note being offered additional spot loads at steady to lower pricing. Production rates are mostly steady. Some manufacturers commented the ideal, mild summer has led to fewer off specification loads. A few buyers and sellers noted having transportation problems involving container and truck availability. Domestic interest is slowing as many buyers/end users are heavy on warehouse supplies. International orders are active. Manufacturer inventories are mixed. Animal feed whey prices are unchanged. However, trading activity has picked up and pricing has been generally trending lower.

F.O.B. CENTRAL: .5700 - .7275 MOSTLY: .6250 - .6900  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4925 - .6375

**DRY WHEY - NORTHEAST**

Dry whey prices are lower at the top of the range, due to declines in various price indices. Dry whey production is steady and consistent with the cheese manufacturing volumes. Inventories are increasing marginally. Limited spot activity is taking place, as transactions occur primarily through contracts. The market tone is weakening.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6675 - .7375

**DRY WHEY - WEST**

Western dry whey prices are unchanged this week. Currently, market activity is mostly tied to index pricing and there has been little movement in the various basing indices. The market tone is unsettled. Competing protein sources are being pressured lower and some buyers are looking for price breaks to follow that trend. Lower cheese production and increased production of concentrated whey proteins are keeping supplies of whey tight. Spot load activity is light with the bulk of the current supplies previously committed. Export sales are slow as international prices are often lower than domestic pricing. While domestic prices are felt to be high, manufacturers report little pushback.

NONHYGROSCOPIC: .6300 - .7075 MOSTLY: .6350 - .7050

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices for whey protein concentrate 34% are unchanged on a mixed market. With some buyers looking for specific brands, qualities and characteristics, their opportunities for obtaining FOB spot loads are limited. Other end users report WPC 34% offers are plentiful. Both resellers and producers are making offers to end users, particularly in the feed industry. Feed producers are also finding plenty of offers of off specification whey protein concentrate loads with higher protein and/or fat content. Some of these offers are supplanting WPC 34% FOB spot loads in feed blends. WPC 34% production is steady at seasonal levels. Inventories are steady to lower, with some operators delaying or cancelling a few contract loads due to inventory shortfalls.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.5000-1.7575 MOSTLY: 1.5350-1.6575

**LACTOSE - CENTRAL AND WEST**

Few price changes are noted in the lactose markets this week. The market tone is mixed, with steady demand clearing unground – 200 mesh lactose as required by contract agreements. The spot market is well supplied with unground lactose from both producer and reseller sources. Some manufacturers indicate buyers are starting to show more interest in arranging multi-load purchases. Lactose production is active, and above volumes needed for near term contract fulfillment for some producers.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .3500-.6550 MOSTLY: .5000-.5925

**CASEIN - NATIONAL**

Prices for both casein series are unchanged. The market is mixed, with rennet casein having more downside, than the multiple use acid casein. Recent price declines in the rennet casein market have prompted some improved buyer interest. Purchases by some U.S. and other international buyers have tightened available supplies of rennet casein in Ireland. Other buyers are purchasing hand to mouth, anticipating possibly lower prices when New Zealand's milk and rennet casein production begins to increase in the coming months. Acid casein demand continues to be fairly active with good buyer interest coming from end users.

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 - 5.0000  
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
07/12/2014	53.3	1,502.0	56.6	1,679.6

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

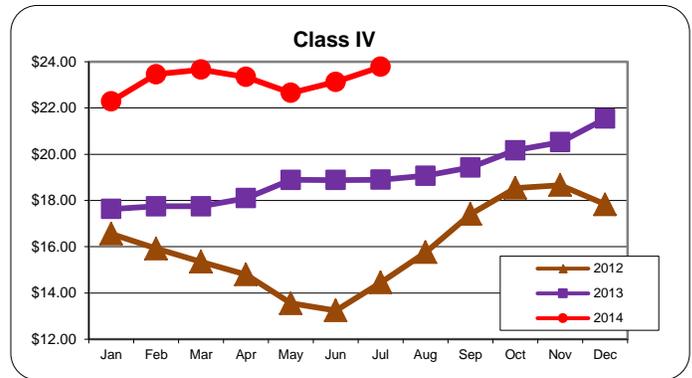
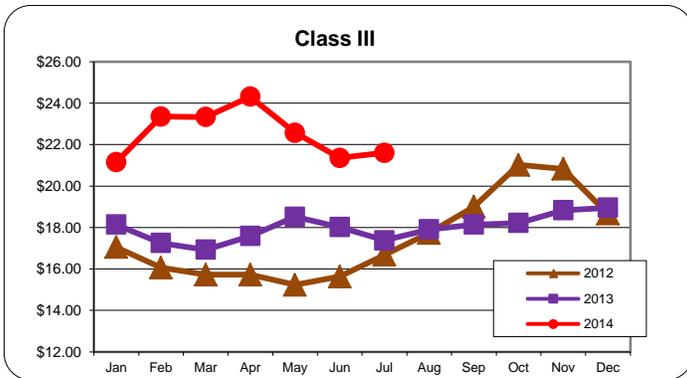
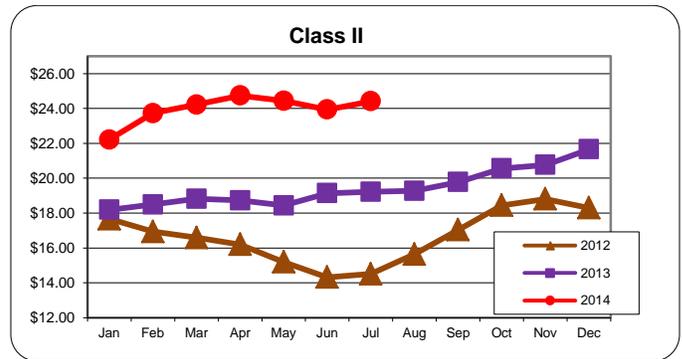
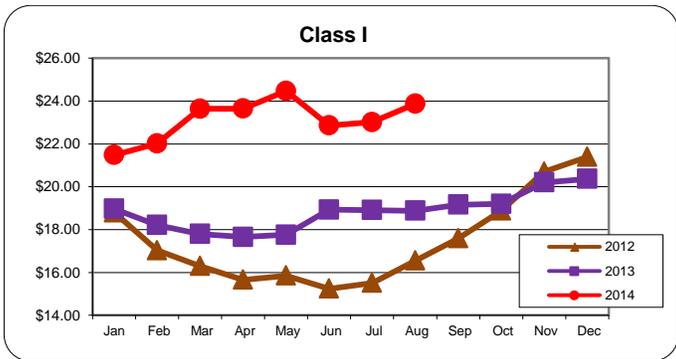
CLASS IV MILK PRICES (3.5%)

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	23.87				
II	22.21	23.73	24.22	24.74	24.44	23.94	24.41					
III	21.15	23.35	23.33	24.31	22.57	21.36	21.60					
IV	22.29	23.46	23.66	23.34	22.65	23.13	23.78					

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



## INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered July 21 - August 1, 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 has shown only marginal declines over the previous two weeks. Weather conditions are good, timely rains have prompted good forage growth on pastures, and margins remain positive for dairy producers. Dairy markets are in general experiencing decreased demand as numerous buyers covered their near term needs ahead of the European holiday. It is anticipated that market activity will remain light for the next 4-6 weeks, due to the holiday. A majority of the manufacturing milk volumes are being channeled to skim milk powder and butter production. There is a lack of actual storage data, but it is generally acknowledged that stocks are building for both commodities. Eurostat reported EU-28 May milk deliveries at 4.4% higher than May 2013. Various member states showed the following May increases, compared to last year; Germany, 0.9%; France, 5.7%; UK, 8.0%; Belgium, 18.7%; Italy, 3.7%; and Ireland, 7.0%. January-May 2014 milk deliveries were 5.3% higher than last year. January-May milk delivery data showed increases for all countries with the exception of Spain -0.5%, and Greece -5.9%.

**BUTTER/BUTTEROIL:** Butter prices declined in light trading. Butter production has decreased, primarily due to lower seasonal milk intakes, but also in part due to reduced butterfat levels. Supplies are reasonably balanced. Many domestic buyers have covered their near term needs and are now on holiday. Export interest has declined as many buyers are hesitant to purchase on a downward trending market and also because European prices are higher than other global markets. The market undertone is weak. According to Eurostat butter production for January-May 2014 was up 2.0% in the 25 reporting countries. Compared to year ago levels, butter production changes for selected countries showed; Germany, -1.1%; France, +3.0%; Poland, -2.0%; Netherlands, +8.3%; Ireland, +8.1%; and the UK, +6.1%.

82% BUTTERFAT: 4,400 - 4,800  
99% BUTTERFAT: 5,300 - 5,800

**SKIM MILK POWDER (SMP):** Skim milk powder declined on both ends of the range. Production is strong with steady to heavy milk volumes being channeled to drying towers. Supplies are in excess of current demand and stocks are generally acknowledged as building. Demand has weakened as some buyers have covered their near term needs and are limiting forward purchases, willing to take a wait and see attitude for possible future price declines. Some sellers have offered loads at discounts in order to clear excess available supplies. Manufacturers' margins have narrowed, due to increases in skim concentrate prices. According to Eurostat, January-May skim milk powder production for selected countries showed the following changes, compared to year ago levels; Germany, +8.3%; France, -16.1%; Belgium, +21.2%; Netherlands, 7.3%; and Ireland, +44.0%.

1.25% BUTTERFAT: 3,525 - 3,975

**WHOLE MILK POWDER (WMP):** Prices for whole milk powder declined substantially on both ends of the range this reporting period. Drying schedules have been reduced with most production set on a made to order basis. Export demand is extremely limited as European prices are not competitive with other global markets. Domestic demand has also declined with numerous buyers on holiday. The market undertone is very weak. According to Eurostat, January-May whole milk powder production for selected countries showed the following changes, compared to year ago levels; Netherlands, +16.1%; France, +6.7%; Germany, +12.1%; and Belgium, 34.0%.

26% BUTTERFAT: 3,900 - 4,375

**SWEET WHEY POWDER:** Prices for sweet dry whey have marginally declined in a mostly stable market. Production is steady to expanding. Supplies are moving through contracts with stocks available for the spot market. Demand has declined as numerous buyers covered their Q3 needs ahead of the European holiday.

NONHYGROSCOPIC: 1,225 - 1,425

**EASTERN OVERVIEW:** Eastern European milk production continues to be strong with weather conditions favorable for dairy operations. Manufacturing schedules remain active for butter, skim milk powder, and whey. Some manufacturers are offering loads of various commodities at discounts in order to clear excess available supplies. Eastern European milk deliveries for January-May, reported by Eurostat, showed the following year over year changes for selected countries; Poland, +7.4%; Lithuania, +8.3%; Latvia, +12.8%; Estonia, +8.9%; and the Czech Republic, -1.2%.

**Exchange rates for selected foreign currencies:  
July 28, 2014**

.1223 Argentina Peso	.0098 Japan Yen
.9406 Australian Dollar	.0769 Mexican Peso
.9260 Canadian Dollar	.8548 New Zealand Dollar
1.3439 Euro	.3243 Poland Zloty
.0167 India Rupee	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0769) = 13.0039 Mexican Pesos. Source: "Wall Street Journal"

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered July 21 - August 1, 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** milk production is about steady with recent weeks' levels. Most manufacturers have cycled through their seasonal shut downs, have completed maintenance projects, and are prepared for the new season and the eventual increasing milk supply. Dairy product stocks are being worked lower and there is cautious optimism among dairy producers regarding the new milk production season. Market activity for most dairy product markets is fairly light, but market interest is building. According to Dairy Australia, June 2014 milk production in Australia was 8.9% above June 2013. The state changes from a year earlier are: New South Wales, +2.8%; Victoria, +11.9%; Queensland, -4.5%; South Australia, +5.3%; Western Australia, -2.2% and Tasmania +15.5%. Australia's milk production for the 2013-14 season was +0.4%, compared to the previous season. Victoria and Tasmania are the primary export producing dairy states and accounted for 75% of Australia's total milk production in the 2013-14 season. **NEW ZEALAND'S** mild winter weather continues and is benefitting dairy operations and prompting good grass growth on pastures. Most dairy cows remain on winter pastures and current milk production is near the seasonal low point. Most cows will start calving in the latter half of August and milk production will begin to increase. Dairy farmers have been cautioned by some cooperatives that milk pricing forecasts have been cut, due to the decline in dairy product prices and decreased demand from China. The lower price forecasts will decrease producer margins and tighten cash flows for dairy operations. May milk production as reported by DCANZ was 0.72 million tons, up 24% from May 2013, but 10% lower than two years ago. The GDT auction has taken its second semi-annual three week break and will occur again on August 5.

**BUTTER:** Butter prices held steady this period in light trading. Interest for butter is improving with Russia continuing to shop for Q4 supplies. Interest is also building for Q4 needs from the Middle East and North Africa. Available supplies are mixed with Australian stocks tight and being worked lower, while supplies are more readily available in New Zealand. According to GTIS, China's butter imports continued to decline in June to 3,800 metric tons. The decline significantly reduced Australian butter exports to China. China's year to date butter imports show a 119% increase, compared to last year. China's AMF imports increased in June with major volume increases coming from New Zealand. Year to date AMF imports are 120% above year ago levels.

82% BUTTERFAT: 3,050 - 4,150

**SKIM MILK POWDER (SMP):** Skim milk powder prices held steady. The market is holding up fairly well with moderate to good demand interest coming from Southeast Asia. Some buyers looking to cover their Q4 needs are starting to get into the market and making some smaller volume purchases, but are generally hesitant to take a market position at this point in time. Production is down as milk intakes are at seasonally low levels. Supplies are mixed with some manufacturers having tight supplies, while others are reasonably balanced with loads available for the spot market. According to GTIS, China's imports of skim milk powder improved slightly in June over the previous month with increased exports from the U.S. and New Zealand. Year to date totals show China's SMP imports 83% above year ago levels.

1.25% BUTTERFAT: 3,425 - 4,000

**CHEDDAR CHEESE:** The recently concluded contracts with Japan have provided market stability with prices showing only a marginal decline on the upper end of the range. Cheese production is steady at lower seasonal levels as milk production has yet to significantly increase. Export demand is improving with good interest coming from Japan, Korea and Southeast Asia. The stable cheese market may prompt some milk flow diversions from whole milk powder production to cheese production, if whole milk powder prices remain low. China cheese imports for the January to June period are up 58% over year ago levels. New Zealand, Australia and the U.S. are the primary exporter of cheese into China.

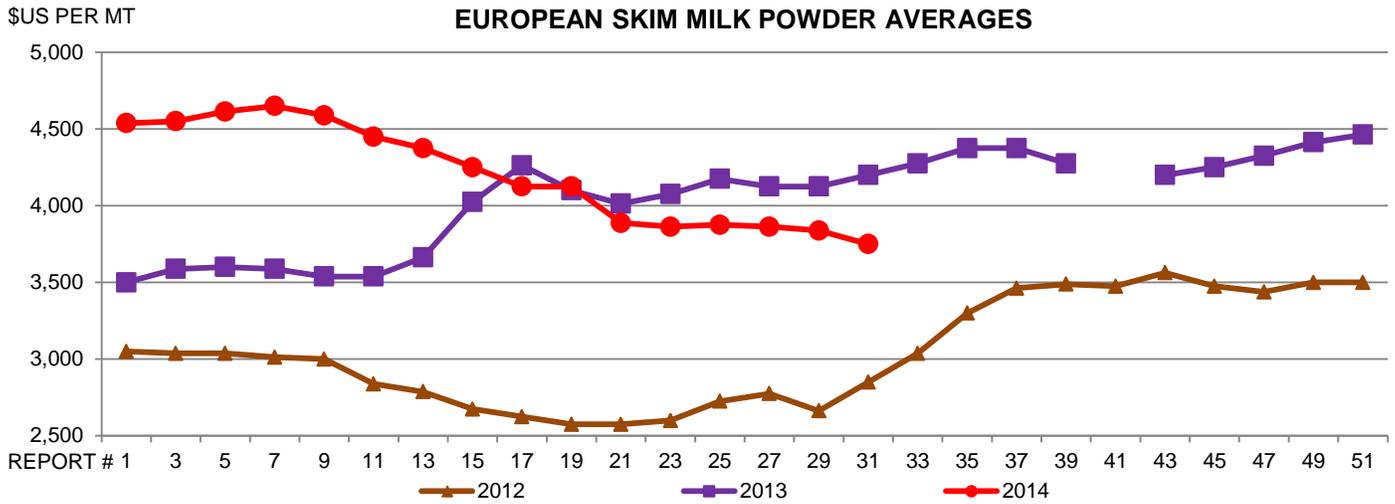
39% MAXIMUM MOISTURE: 4,100 - 4,800

**WHOLE MILK POWDER (WMP):** Whole milk powder prices saw a significant decline on the upper end of the range. Production has declined in the region as milk production remains at seasonally low levels with more of the milk flow being channeled to skim milk powder and butter production. Demand is generally weak with China, the dominant buyer in the market, purchasing at reduced levels. Other buyers are covering their near term needs, not wanting to take an extended position in a downward trending market. Stocks are tight in Australia, but supplies are available for the spot market in New Zealand. According to GTIS, China's whole milk powder imports for June declined again for the third consecutive month. New Zealand took the brunt of the decline with their exports to China down by nearly 20,000 metric tons. Year to date whole milk powder imports into China are sited at 59% above year ago levels.

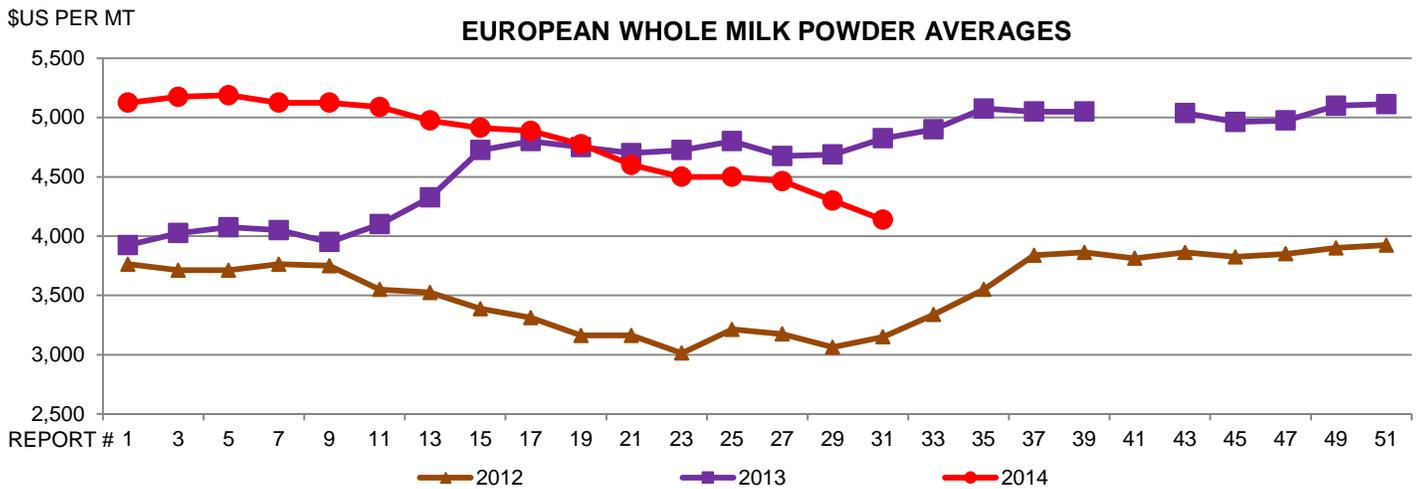
26% BUTTERFAT: 3,000 - 3,800

International Dairy Market News – European Graphs

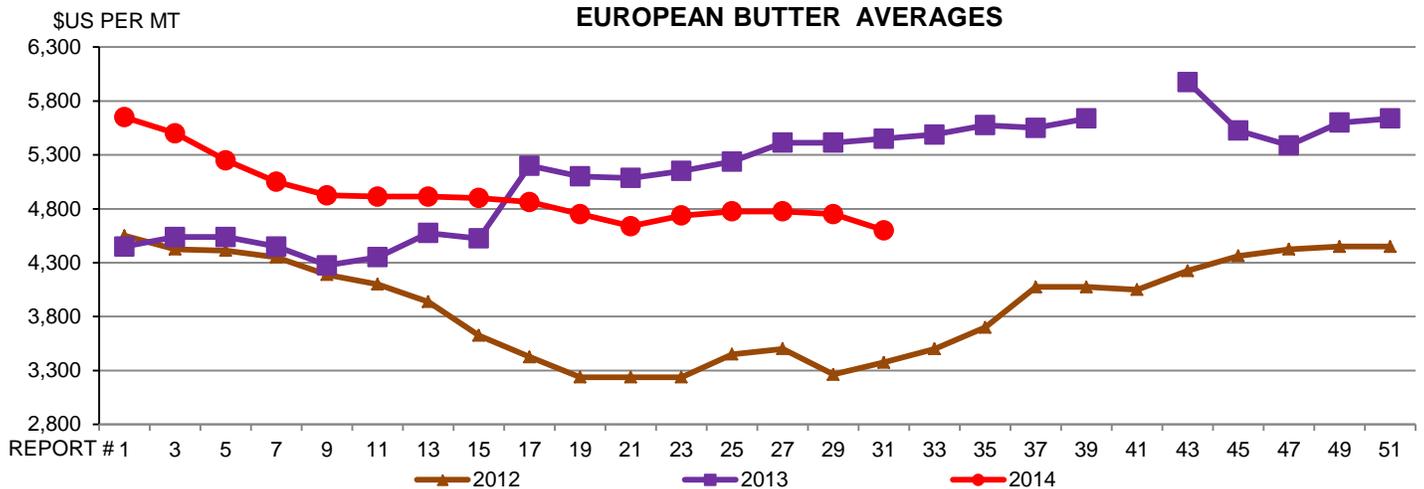
**EUROPEAN SKIM MILK POWDER AVERAGES**



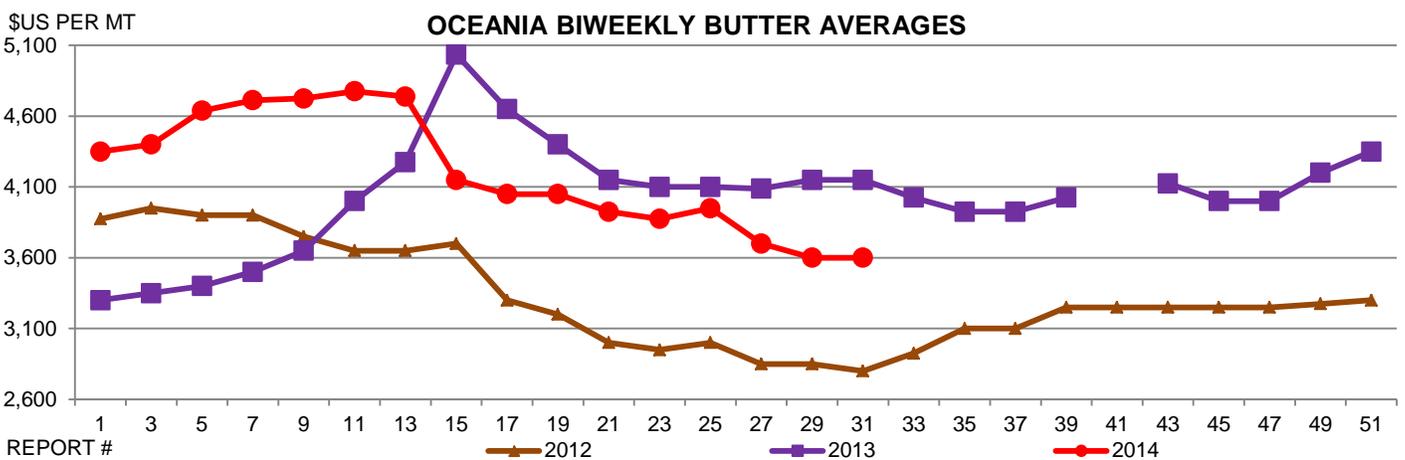
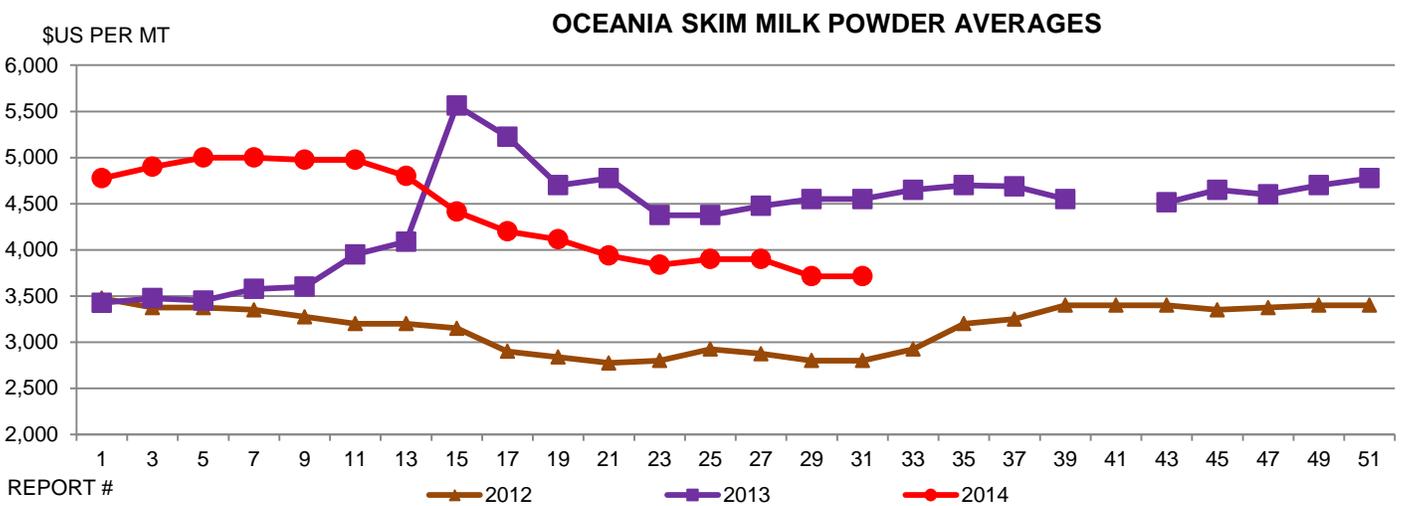
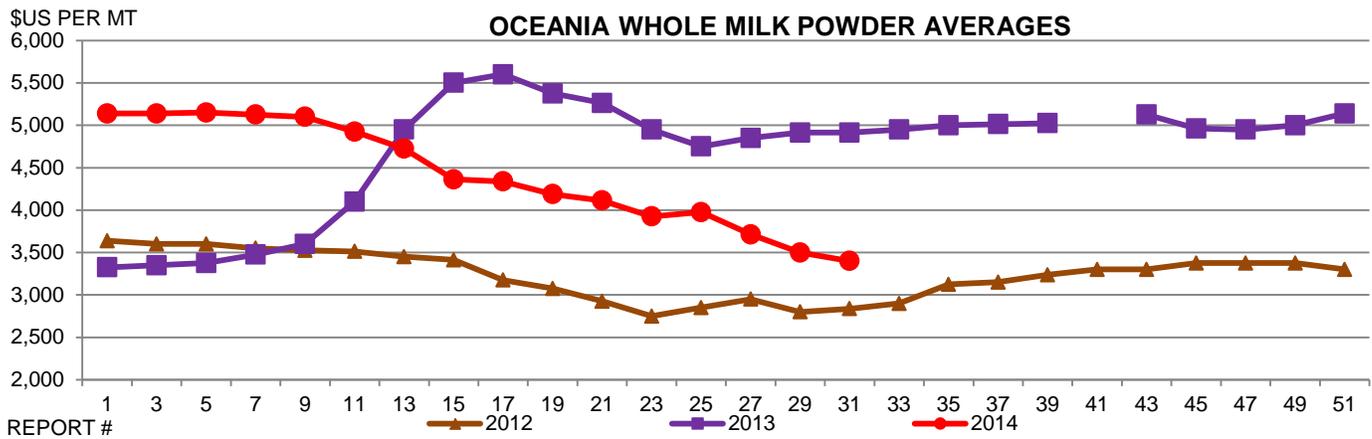
**EUROPEAN WHOLE MILK POWDER AVERAGES**



**EUROPEAN BUTTER AVERAGES**



International Dairy Market News – Oceania Graphs



DATA SOURCE: USDA, DMN

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

Month	07/17	07/18	07/21	07/22	07/23	07/24	07/25	07/28	07/29	07/30
<b>CLASS III MILK FUTURES (Pit-Traded) (\$/cwt)</b>										
JUL 14	21.51 (4117)	21.51 (4145)	21.55 (4199)	21.52 (4184)	21.52 (4191)	21.53 (4095)	21.53 (4102)	21.53 (4111)	21.54 (4105)	21.60 (4215)
AUG 14	21.42 (3697)	21.33 (3746)	21.40 (3765)	21.60 (3800)	21.80 (3920)	21.69 (3911)	21.45 (3892)	21.60 (3888)	21.62 (3947)	21.38 (3972)
SEP 14	20.42 (3335)	20.33 (3370)	20.42 (3346)	20.68 (3362)	20.98 (3445)	20.91 (3612)	20.72 (3650)	21.07 (3688)	21.38 (3752)	21.30 (3798)
OCT 14	19.95 (3079)	19.83 (3107)	19.82 (3103)	20.00 (3093)	20.21 (3120)	20.10 (3117)	19.90 (3131)	20.19 (3142)	20.46 (3212)	20.41 (3244)
NOV 14	19.44 (2752)	19.42 (2800)	19.40 (2842)	19.45 (2833)	19.64 (2830)	19.54 (2848)	19.35 (2861)	19.52(2868)	19.74 (2882)	19.67 (2899)
DEC 14	19.17 (2416)	19.18 (2429)	19.15 (2483)	19.12 (2487)	19.28 (2495)	19.19 (2506)	19.10 (2509)	19.23 (2514)	19.33 (2515)	19.25 (2539)
JAN 15	18.49 (1404)	18.50 (1416)	18.45 (1467)	18.48 (1486)	18.54 (1489)	18.51 (1505)	18.40 (1543)	18.50 (1564)	18.57 (1583)	18.59 (1606)
FEB 15	18.14 (1205)	18.19 (1213)	18.12 (1263)	18.15 (1285)	18.14 (1286)	18.08 (1291)	18.04 (1326)	18.10 (1345)	18.19 (1363)	18.21 (1380)
MAR 15	18.04 (1068)	18.09 (1079)	18.07 (1121)	18.11 (1138)	18.10 (1140)	18.06 (1152)	18.00 (1186)	18.04 (1197)	18.13 (1211)	18.12 (1218)
APR 15	17.95 (671)	18.00 (676)	18.03 (711)	18.01 (724)	18.01 (730)	18.01 (738)	17.91 (777)	17.96 (776)	18.06 (789)	18.07 (798)
<b>CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)</b>										
JUL 14	23.49 (1317)	23.49 (1317)	23.51 (1321)	23.51 (1339)	23.51 (1339)	23.75 (1338)	23.75 (1338)	23.75 (1338)	23.75 (1338)	23.78 (1576)
AUG 14	23.15 (1291)	23.05 (1298)	23.10 (1308)	23.35 (1317)	23.75 (1322)	23.75 (1323)	23.49 (1332)	23.43 (1332)	23.42 (1332)	23.36 (1332)
SEP 14	21.95 (1150)	21.95 (1155)	21.80 (1154)	22.00 (1160)	22.35 (1160)	22.35 (1165)	22.00 (1167)	22.21 (1167)	22.19 (1165)	22.13 (1165)
<b>CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)</b>										
JUL 14	231.00 (952)	231.00 (952)	231.00 (952)	231.73 (950)	231.73 (959)	232.75 (959)	232.75 (950)	233.70 (950)	233.70 (950)	234.73 (946)
AUG 14	234.98 (1012)	233.50 (1014)	238.50 (1036)	243.50 (1043)	248.50 (1042)	247.95 (1039)	244.00 (1040)	244.00 (1033)	241.50 (1030)	239.98 (1033)
SEP 14	227.90 (977)	225.00 (983)	226.00 (989)	231.00 (1006)	236.00 (1010)	236.00 (1021)	231.75 (1014)	231.75 (1014)	231.60 (1014)	229.00 (1013)
<b>NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)</b>										
JUL 14	185.50 (553)	185.50 (551)	185.50 (551)	185.50 (550)	186.00 (549)	186.50 (550)	186.50 (548)	186.50 (548)	186.50 (548)	186.17 (615)
AUG 14	178.00 (466)	177.50 (466)	177.35 (467)	177.00 (479)	178.25 (480)	179.00 (480)	178.00 (492)	176.75 (497)	176.75 (495)	176.75 (491)
SEP 14	169.25 (470)	169.00 (473)	167.83 (473)	167.25 (481)	168.75 (477)	169.75 (515)	169.75 (526)	168.75 (524)	169.00 (522)	169.00 (522)
<b>WHEY (Electronic-Traded) (¢/lb)</b>										
JUL 14	67.50 (353)	67.95 (353)	67.95 (353)	67.95 (353)	67.95 (353)	68.18 (353)	68.18 (353)	68.20 (353)	68.20 (353)	68.90 (375)
AUG 14	67.50 (312)	67.50 (312)	66.98 (312)	66.85 (311)	67.50 (311)	67.50 (311)	67.50 (311)	67.50 (311)	67.50 (311)	67.78 (311)
SEP 14	64.28 (320)	63.15 (320)	63.30 (319)	63.00 (305)	63.50 (306)	63.50 (308)	64.00 (307)	64.00 (307)	64.00 (307)	65.50 (308)
<b>CHEESE CSC (Electronic-Traded) (\$/lb)</b>										
JUL 14	2.04 (1595)	2.04 (1595)	2.04 (1595)	2.04 (1595)	2.04 (1595)	2.04 (1584)	2.04 (1584)	2.04 (1584)	2.04 (1584)	2.05 (1531)
AUG 14	2.04 (1477)	2.03 (1479)	2.04 (1468)	2.06 (1459)	2.08 (1483)	2.06 (1468)	2.03 (1477)	2.05 (1479)	2.05 (1479)	2.03 (1477)
SEP 14	1.95 (1408)	1.95 (1411)	1.96 (1416)	1.99 (1412)	2.01 (1419)	2.00 (1391)	1.99 (1410)	2.01 (1417)	2.04 (1419)	2.03 (1407)
OCT 14	1.94 (1372)	1.93 (1378)	1.93 (1385)	1.95 (1384)	1.97 (1386)	1.96 (1386)	1.95 (1400)	1.96 (1406)	1.99 (1404)	1.98 (1407)
NOV 14	1.90 (1478)	1.91 (1504)	1.91 (1539)	1.91 (1544)	1.92 (1543)	1.92 (1538)	1.91 (1546)	1.92 (1551)	1.94 (1556)	1.93 (1559)
DEC 14	1.88 (1773)	1.89 (1810)	1.88 (1834)	1.90 (1837)	1.90 (1838)	1.90 (1838)	1.90 (1846)	1.91 (1858)	1.91 (1858)	1.91 (1864)

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



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

COMMODITY	:::REPORT NUMBER 27	:::REPORT NUMBER 28	:::REPORT NUMBER 29	:::REPORT NUMBER 30	:::REPORT NUMBER 31	::: 2014	::: 2013
	-----	-----	-----	-----	-----	Monthly	Monthly
	::: JUL 01 - 04	::: JUL 07 - 11	::: JUL 14 - 18	::: JUL 21 - 25	::: JUL 28 - 31	::: Average	::: Average
<b>DRY PRODUCTS</b>							
<b>NONFAT DRY MILK</b>							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	::: 1.7500 - 1.9600	::: 1.7500 - 1.9675	::: 1.7400 - 1.9450	::: 1.6800 - 1.9725	::: 1.6000 - 1.9575	::: 1.8326	::: 1.7548
-- Mostly	::: 1.7800 - 1.8825	::: 1.7800 - 1.8900	::: 1.7800 - 1.8800	::: 1.7300 - 1.8950	::: 1.7000 - 1.8800	::: 1.8201	::: 1.7594
-- High Heat	::: 1.9275 - 2.0100	::: 1.9100 - 2.0175	::: 1.9100 - 1.9950	::: 1.8500 - 2.0225	::: 1.8500 - 2.0100	::: 1.9495	::: 1.8438
-- West (f.o.b.)							
-- Low/Medium Heat	::: 1.7500 - 1.9100	::: 1.7225 - 1.9300	::: 1.6900 - 1.9000	::: 1.6350 - 1.9150	::: 1.6200 - 1.9000	::: 1.7960	::: 1.7565
-- Mostly	::: 1.8000 - 1.8600	::: 1.8000 - 1.8800	::: 1.7600 - 1.8700	::: 1.7200 - 1.8700	::: 1.7200 - 1.8700	::: 1.8145	::: 1.7567
-- High Heat	::: 1.9000 - 1.9450	::: 1.8800 - 1.9800	::: 1.8700 - 1.9400	::: 1.8500 - 1.9500	::: 1.8300 - 1.9300	::: 1.9074	::: 1.7991
<b>WHEY POWDER (Nonhygroscopic)</b>							
-- Central (f.o.b.)							
-- Mostly	::: 0.6050 - 0.7200	::: 0.5800 - 0.7225	::: 0.5700 - 0.7350	::: 0.5700 - 0.7275	::: 0.5700 - 0.7275	::: 0.6520	::: 0.5486
-- West (f.o.b.)							
-- Mostly	::: 0.6300 - 0.6875	::: 0.6250 - 0.6900	::: 0.6250 - 0.7000	::: 0.6250 - 0.6925	::: 0.6250 - 0.6900	::: 0.6591	::: 0.5441
-- Northeast (f.o.b.)							
-- Mostly	::: 0.5800 - 0.7000	::: 0.5800 - 0.7175	::: 0.6000 - 0.7350	::: 0.6300 - 0.7075	::: 0.6300 - 0.7075	::: 0.6600	::: 0.5907
-- Mostly	::: 0.6200 - 0.6950	::: 0.6200 - 0.6950	::: 0.6300 - 0.7100	::: 0.6350 - 0.7050	::: 0.6350 - 0.7050	::: 0.6655	::: 0.5916
-- Mostly	::: 0.6875 - 0.7550	::: 0.6875 - 0.7525	::: 0.6675 - 0.7525	::: 0.6675 - 0.7425	::: 0.6675 - 0.7375	::: 0.7113	::: 0.5898
<b>WHEY PROTEIN CONCENTRATE</b>							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	::: 1.5000 - 1.7700	::: 1.5000 - 1.7600	::: 1.4800 - 1.7600	::: 1.5000 - 1.7575	::: 1.5000 - 1.7575	::: 1.6279	::: 1.4024
-- Mostly	::: 1.5500 - 1.7200	::: 1.5500 - 1.6850	::: 1.5500 - 1.6650	::: 1.5350 - 1.6575	::: 1.5350 - 1.6575	::: 1.6089	::: 1.3518
<b>ANIMAL FEED - WHEY</b>							
-- Central (f.o.b.)							
-- Milk Replacer	::: 0.5175 - 0.6375	::: 0.4950 - 0.6400	::: 0.4925 - 0.6375	::: 0.4925 - 0.6375	::: 0.4925 - 0.6375	::: 0.5673	::: 0.4738
<b>BUTTERMILK (Min. 30% protein)</b>							
-- Central And East (f.o.b.)							
-- West (f.o.b.)							
-- Mostly	::: 1.7400 - 1.8550	::: 1.6700 - 1.8550	::: 1.6700 - 1.8550	::: 1.6200 - 1.8200	::: 1.6200 - 1.7800	::: 1.7463	::: 1.5869
-- Mostly	::: 1.7300 - 1.8900	::: 1.7300 - 1.8500	::: 1.6500 - 1.8500	::: 1.6300 - 1.8400	::: 1.6300 - 1.8300	::: 1.7602	::: 1.6123
-- Mostly	::: 1.7400 - 1.8425	::: 1.7300 - 1.8250	::: 1.7200 - 1.8200	::: 1.7000 - 1.8200	::: 1.6800 - 1.8200	::: 1.7687	::: 1.6114
<b>WHOLE MILK POWDER</b>							
-- National (f.o.b.)							
-- National (f.o.b.)	::: 1.9700 - 2.1250	::: 1.9700 - 2.1250	::: 1.9200 - 2.1250	::: 1.9700 - 2.2100	::: 1.9700 - 2.1500	::: 2.0538	::: 1.8818
<b>LACTOSE</b>							
-- Central And West (f.o.b.)							
-- Mostly	::: 0.4000 - 0.6550	::: 0.4000 - 0.6900	::: 0.3800 - 0.6900	::: 0.3500 - 0.6500	::: 0.3500 - 0.6550	::: 0.5224	::: 0.6281
-- Mostly	::: 0.5100 - 0.5900	::: 0.5000 - 0.5950	::: 0.5000 - 0.5950	::: 0.5000 - 0.5925	::: 0.5000 - 0.5925	::: 0.5473	::: 0.6310
<b>CASEIN - Edible - National (f.o.b.)</b>							
-- Nonrestricted - Rennet	::: 4.6500 - 5.2000	::: 4.6500 - 5.0000	::: 4.6500 - 5.0000	::: 4.6500 - 5.0000	::: 4.6500 - 5.0000	::: 4.8386	::: 4.8000
-- Nonrestricted - Acid	::: 4.8000 - 5.4000	::: 4.8000 - 5.4000	::: 4.8000 - 5.4000	::: 4.8000 - 5.4000	::: 4.8000 - 5.4000	::: 5.1000	::: 5.0500

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

CME GROUP AVERAGES FOR JULY 2014

COMMODITY	REPORT NUMBER 27 JUL 1 - 4	REPORT NUMBER 28 JUL 7 - 11	REPORT NUMBER 29 JUL 14 - 18	REPORT NUMBER 30 JUL 21 - 25	REPORT NUMBER 31 JUL 28 - 31	2014 * Average	2013 * Average
<b>BUTTER*</b>							
-- GRADE AA							
--Monday		2.3950	2.3750	2.5100	2.5700		
--Tuesday	2.4500	2.3850	2.3900	2.5800	2.5250		
--Wednesday	2.4000	2.3850	2.3900	2.6200	2.4700		
--Thursday	2.3900	2.3850	2.4500	2.6200	2.4400		
--Friday	1/	2.3725	2.4800	2.5900		2.4624	1.4751
--Weekly Average**	2.4350	2.3845	2.4170	2.5840	2.5013		
<b>CHEESE*</b>							
-- BARRELS							
--Monday		1.9850	2.0050	2.0700	1.9475		
--Tuesday	1.9825	1.9450	2.0325	2.0700	1.9475		
--Wednesday	1.9850	1.9450	2.0400	2.0325	1.9475		
--Thursday	1.9850	1.9600	2.0600	1.9975	1.9875		
--Friday	1/	1.9875	2.0700	1.9525		1.9970	1.6919
--Weekly Average**	1.9906	1.9645	2.0415	2.0245	1.9575		
-- 40# BLOCKS							
--Monday		1.9550	1.9975	2.0275	1.9725		
--Tuesday	1.9875	1.9550	2.0000	2.0300	1.9800		
--Wednesday	1.9725	1.9475	2.0025	2.0400	1.9750		
--Thursday	1.9675	1.9500	2.0225	1.9875	1.9775		
--Friday	1/	1.9700	2.0275	1.9700		1.9870	1.7072
--Weekly Average**	1.9819	1.9555	2.0100	2.0110	1.9763		
<b>NONFAT DRY MILK*</b>							
-- *** EXTRA GRADE							
-- GRADE A							
--Monday		1.7725	1.7350	1.6750	1.6750		
--Tuesday	1.7700	1.7725	1.7350	1.6750	1.6750		
--Wednesday	1.7700	1.7725	1.7350	1.6750	1.6750		
--Thursday	1.7725	1.7350	1.7150	1.6750	1.6500		
--Friday	1/	1.7350	1.6950	1.6750		1.7166	1.7583
--Weekly Average**	1.7738	1.7575	1.7230	1.6750	1.6688		

1/ - CME Group closed

\* 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.

## FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY, JUNE 2014

**HIGHLIGHTS.** Handler reports of receipts and utilization under the Federal milk order system for June have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During June, more than 11 billion pounds of milk were received from producers. This volume of milk, on a percentage basis, is the same as the July 2013 volume. In June 2013 and June 2014, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. More than 3.1 billion pounds of producer milk were used in Class I products, 0.9 percent lower than the previous year. The all-market average Class utilization percentages were: Class I = 28%, Class II = 11%, Class III = 50% and Class IV = 11%. The weighted average statistical uniform price was \$23.28 per cwt, \$0.97 lower than last month and \$3.88 higher than last year.

PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF JUNE 2014										
FEDERAL MILK ORDER MARKETING AREA 1/	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN			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	2,188.3	1.9	699.1	-3.3	32	26	27	15	24.38
Appalachian (Charlotte)	005	455.9	-4.5	282.0	1.0	62	14	8	16	25.48
Florida (Tampa)	006	213.3	-1.4	171.9	-3.5	81	10	6	3	27.53
Southeast (Atlanta)	007	427.0	-18.4	293.1	-0.4	69	12	12	7	25.88
Upper Midwest (Chicago)	030 3/	2,899.6	1.9	264.4	-1.7	9	2	88	1	21.79
Central (Kansas City)	032 3/	1,219.7	-9.0	358.1	2.5	29	11	53	7	22.75
Mideast (Cleveland)	033 3/	1,389.1	-1.7	467.1	-1.1	33	12	39	16	23.21
Pacific Northwest (Seattle)	124	749.6	3.3	157.1	-2.2	21	6	42	31	22.76
Southwest (Dallas)	126 3/	1,098.7	13.1	314.0	1.5	29	4	64	3	23.27
Arizona (Phoenix)	131	407.2	5.5	101.4	1.5	25	10	29	36	23.33
<b>ALL MARKET AVERAGE OR TOTAL</b>	3/	11,048.5	0.0	3,108.3	-0.9	28	11	50	11	23.28

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 910.9 million pounds of milk that normally would have been associated with these markets. In June 2013, the estimated not pooled volume of milk was 535.2 million pounds, occurring in the same orders, orders 030, 032, 033, and 126. After adjusting for non pooled milk, the year-to-year percent change is -3.1%.

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, JULY

**Class Prices:** The following are the July 2014 class prices under the Federal milk order pricing system and changes from the previous month: Class II: \$24.41 (+\$0.47), Class III: \$21.60 (+\$0.24), and Class IV: \$23.78 (+\$0.65).

**Component Price Information:** Under the Federal milk order pricing system, the butterfat price for July 2014 is \$2.6349 per pound. Thus, the Class II butterfat price is \$2.6419 per pound. The protein and other solids prices for July 2014 are \$3.1798 and \$0.5046 per pound, respectively. These component prices set the Class III skim milk price at \$12.83per cwt. The July 2014 Class IV skim milk price is \$15.09, which is derived from the nonfat solids price of \$1.6770 per pound.

**Product Price Averages:** The product price averages for July 2014 are: butter: \$2.3473, nonfat dry milk: \$1.8617, cheese: \$2.0482, and dry whey: \$0.6890.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT <sup>1/2/</sup>						
Federal Milk Order Marketing Areas <sup>3/</sup>	Order Number	July 2014				August 2014
		Class I	Class II	Class III	Class IV	Class I
		Dollars Per 100 Pounds				
Northeast (Boston) <sup>4/</sup>	001	26.27	24.41	21.60	23.78	27.12
Appalachian (Charlotte) <sup>5/ 6/</sup>	005	26.42	24.41	21.60	23.78	27.27
Florida (Tampa) <sup>6/ 7/</sup>	006	28.42	24.41	21.60	23.78	29.27
Southeast (Atlanta) <sup>6/ 8/</sup>	007	26.82	24.41	21.60	23.78	27.67
Upper Midwest (Chicago) <sup>9/</sup>	030	24.82	24.41	21.60	23.78	25.67
Central (Kansas City) <sup>10/</sup>	032	25.02	24.41	21.60	23.78	25.87
Mideast (Cleveland) <sup>11/</sup>	033	25.02	24.41	21.60	23.78	25.87
Pacific Northwest (Seattle) <sup>12/</sup>	124	24.92	24.41	21.60	23.78	25.77
Southwest (Dallas) <sup>13/</sup>	126	26.02	24.41	21.60	23.78	26.87
Arizona (Phoenix)	131	25.37	24.41	21.60	23.78	26.22
All-Market Average	---	25.91	24.41	21.60	23.78	26.76

<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.

## JULY AGRICULTURAL PRICES HIGHLIGHTS

The All Milk price received by farmers was \$23.40 in July, up \$0.20 from June 2014 and up \$4.30 from July 2013. Milk Cows price was \$1,970 in July. Alfalfa hay price was \$216.00 in July, and up \$7.00 from July 2013. Corn price was \$3.80 in July, down \$2.99 from July 2013. Soybean price was \$12.70 in July, down \$2.60 from July 2013. The milk-feed price ratio was 2.44 in July, up 0.92 from July 2013.

The index of prices received by farmers for dairy products during the month of July 2014 was up 1 point to 116. Compared to July 2013, the index was up 21 points (22.1 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in July 2014 was up 1 point to 113. Compared with July 2013, the index was up 6 points (5.6 percent).

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

State	All-Milk price <sup>1/2/</sup>				Milk cows <sup>3/</sup>		Alfalfa hay, baled		Corn for Grain		Soybeans	
	Dollars per cwt.				Dollars per head		Dollars per ton		Dollars per bushel		Dollars per bushel	
	June		July		July		July		July		July	
	2013	2014	2013	2014 <sup>4/</sup>	2013	2014 <sup>4/</sup>	2013	2014 <sup>4/</sup>	2013	2014 <sup>4/</sup>	2013	2014 <sup>4/</sup>
AZ	19.30	23.00	19.20	23.40	(NA)	2,100	200.00	240.00	---	---	---	---
CA	17.81	22.01	17.51	22.00	(NA)	2,000	206.00	275.00	---	---	---	---
CO	19.60	23.60	19.30	23.80	(NA)	2,200	250.00	200.00	7.06	4.33	---	---
ID	18.80	22.50	18.10	22.70	(NA)	2,000	200.00	215.00	---	---	---	---
IN	20.30	23.40	20.20	23.60	(NA)	1,850	---	---	6.71	3.90	---	---
IA	20.10	23.70	19.40	23.90	(NA)	1,990	240.00	164.00	6.91	3.80	15.40	12.90
MI	20.10	23.50	19.90	23.60	(NA)	1,950	175.00	150.00	6.65	3.70	15.00	12.60
MN	19.90	23.40	19.00	23.60	(NA)	1,950	185.00	135.00	6.78	3.65	15.00	12.50
NM	18.00	20.90	17.80	21.00	(NA)	1,950	256.00	270.00	---	---	---	---
NY	20.60	24.70	20.20	24.70	(NA)	1,800	210.00	217.00	---	---	---	---
OH	20.60	23.70	20.70	23.90	(NA)	1,800	200.00	175.00	6.83	3.90	---	---
PA	21.00	25.10	20.90	25.10	(NA)	1,880	207.00	198.00	6.67	4.32	---	---
TX	19.60	23.30	19.30	23.30	(NA)	2,000	243.00	254.00	5.78	4.28	---	---
WA	20.10	24.30	19.60	24.50	(NA)	1,950	215.00	220.00	---	---	---	---
WI	19.90	23.30	19.10	23.50	(NA)	2,100	195.00	145.00	6.80	3.80	15.10	12.50
U.S.	19.50	23.20	19.10	23.40	(NA)	1,970	209.00	216.00	6.79	3.80	15.30	12.70

<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> Animals sold for dairy herd replacement only. Prices estimated in January, April, July, and October. <sup>4/</sup> Preliminary.

N/A = Not available

## MILK-FEED PRICE RATIO, SELECTED STATES AND U.S., JULY 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>	July 2013	June 2014	July 2014 <sup>3/</sup>
IA	1.46	2.44	2.80
MI	1.71	2.52	2.90
MN	1.59	2.49	3.04
OH	1.62	2.63	2.81
WI	1.57	2.36	2.90
U.S.	1.53	2.20	2.44

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

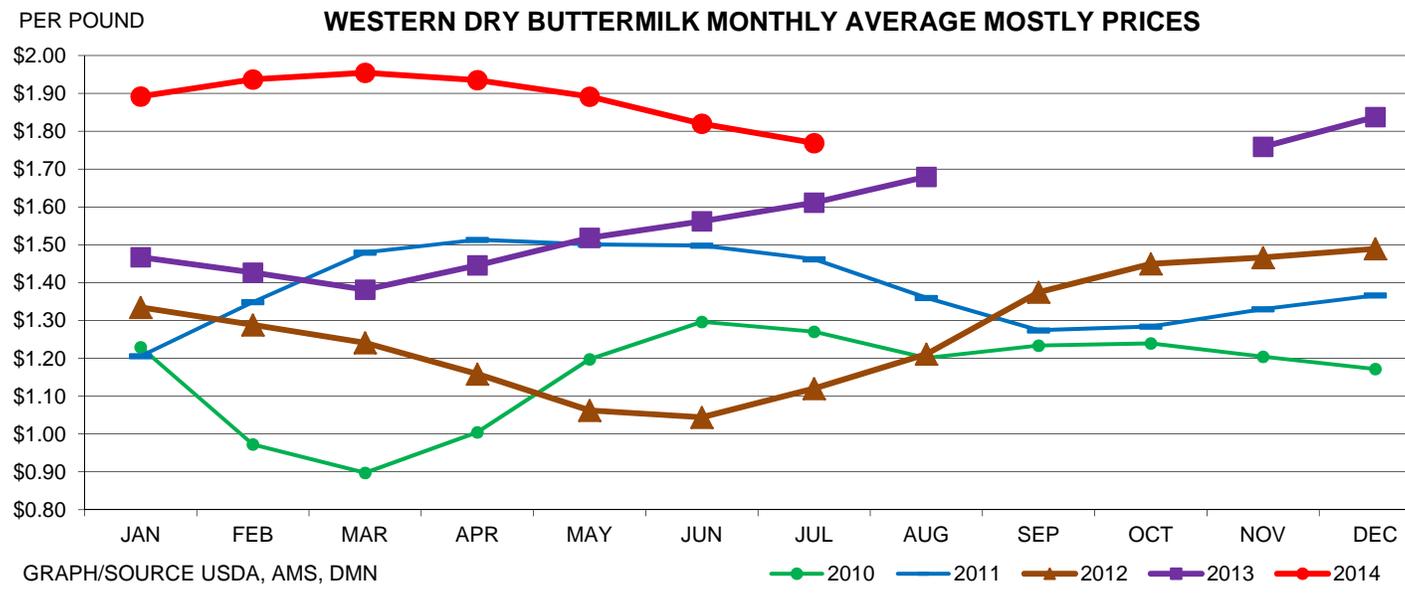
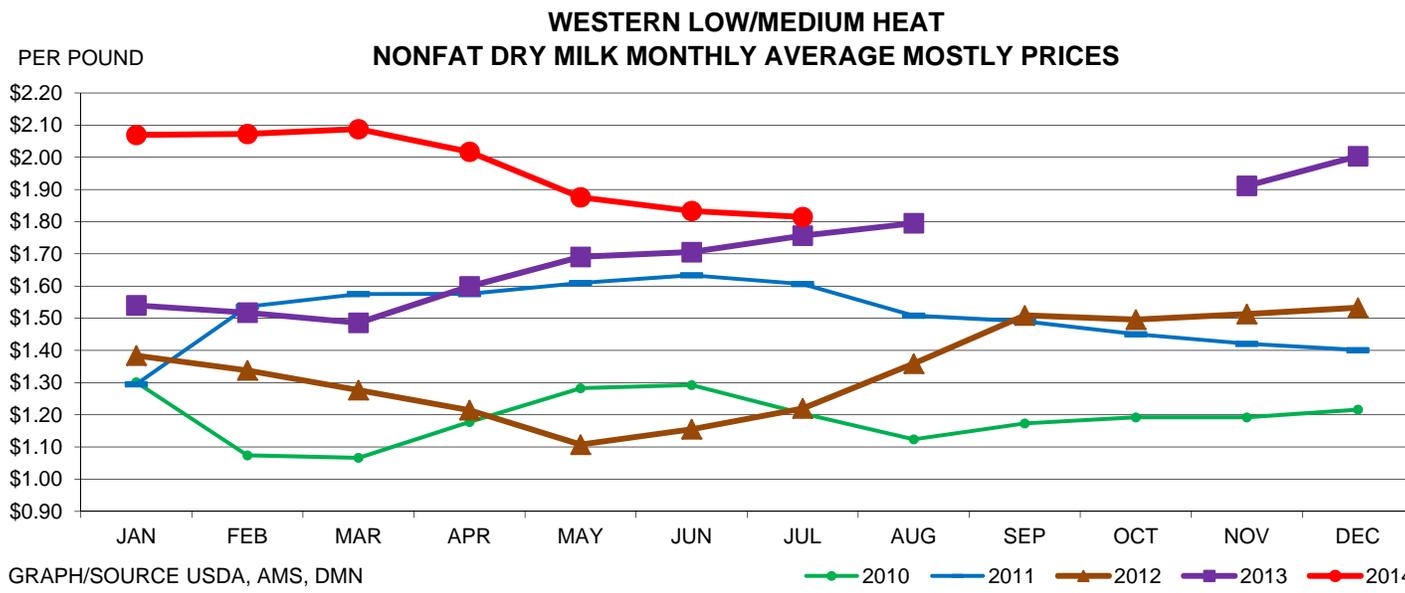
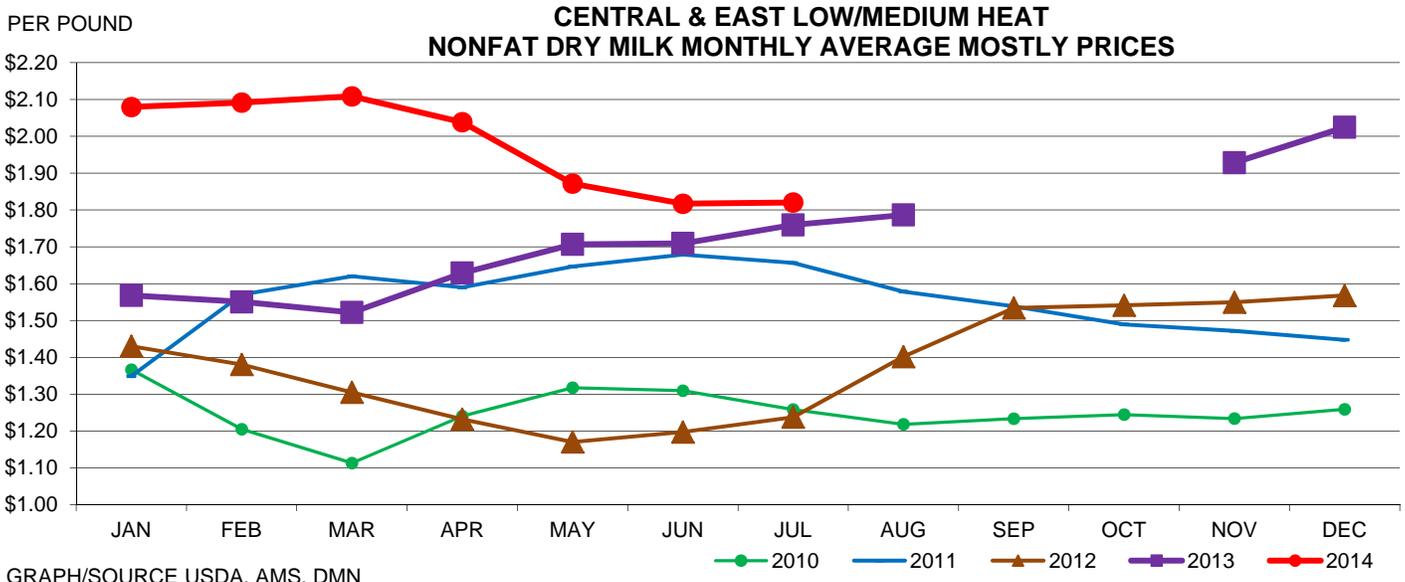
<sup>3/</sup> Preliminary.

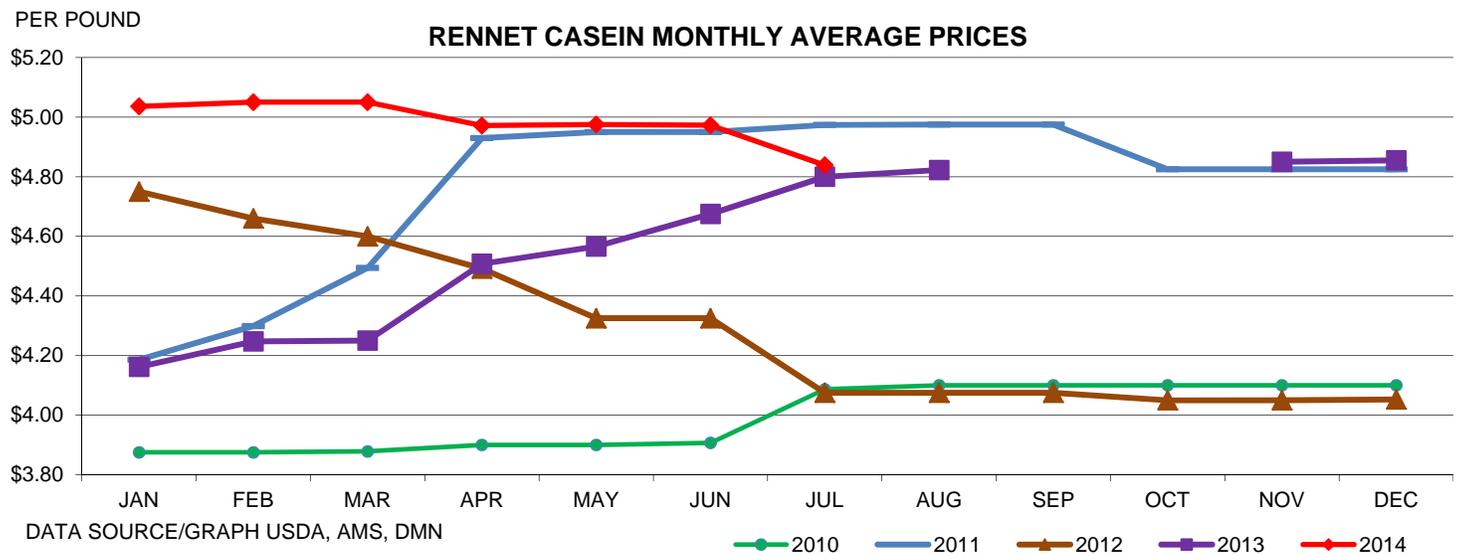
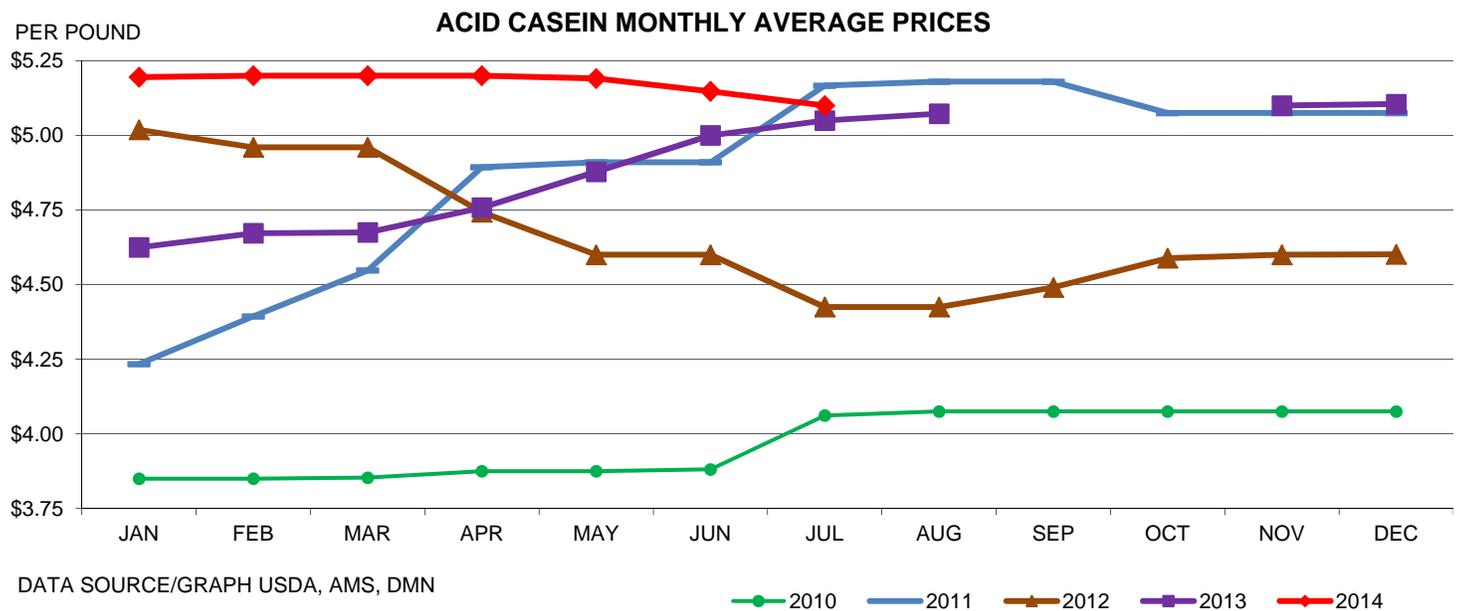
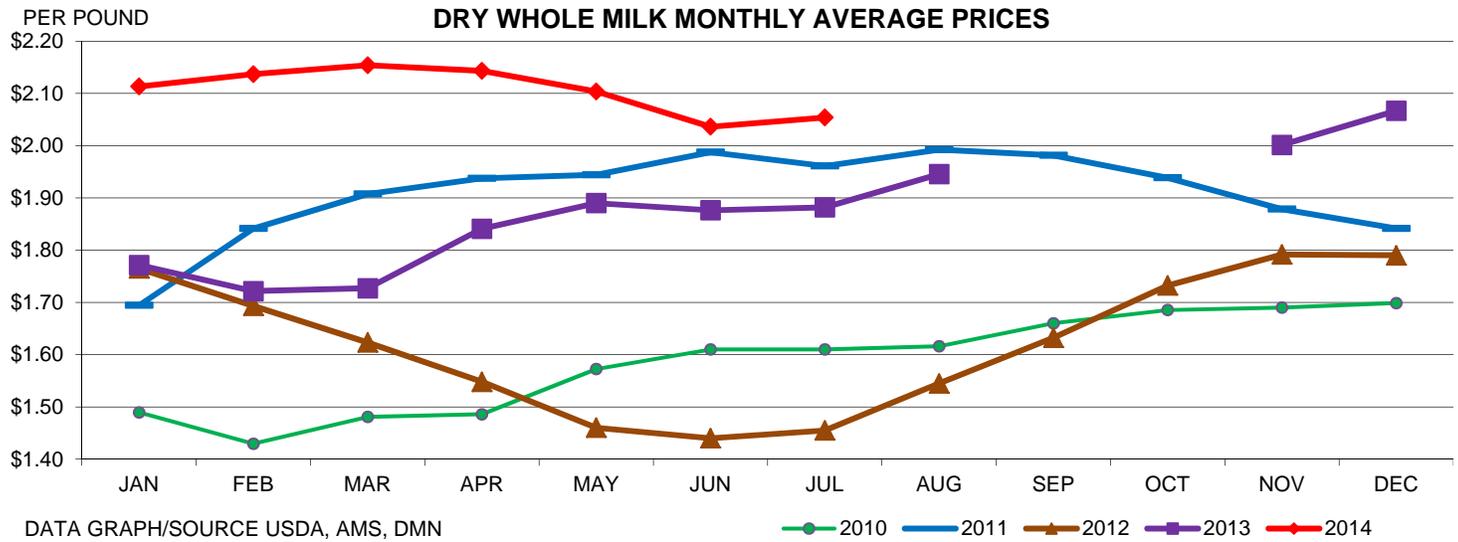
## GENERAL PRICE MEASURES, U.S., JULY 2014 WITH COMPARISONS

Item	July 2013	June 2014	July 2014 <sup>1/</sup>
<b>INDEX NUMBERS (1990-92=100):</b>			
Prices received by farmers for dairy products	95	115	116
Prices paid by farmers for commodities and services, interest taxes, and wage rates	107	112	113

<sup>1/</sup> Preliminary.

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





# DAIRY MARKET NEWS

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**GENERAL NUMBER**  
(608) 278-4200

**VOLUME:** 81

**REPORT:** 31

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