

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (8/29)**

BUTTER: Grade AA closed at \$2.7550. The weekly average for Grade AA is \$2.7560 (+.0405).

CHEESE: Barrels closed at \$2.3450 and 40# blocks at \$2.3300. The weekly average for barrels is \$2.3060 (+.0675) and blocks, \$2.3010 (+.0695).

BUTTER HIGHLIGHTS: Butter is trading at near-record high prices. The undertone has some uncertainty due to the current price and supply situation. Bottling orders are up dramatically as school pipelines are being filled, resulting in additional cream supplies becoming available. Production rates are steady to improved. Many butter operators are turning their focus to filling print orders for the upcoming months. Buyers are active domestically. However, international butter purchasers have backed off as U.S. prices have diverged in relation to the E.U. butter market. Butter inventories are tight. Spot load availability of bulk butter is limited, prices ranged from 3.5 cents under to 6 cents over market, with various time frames and averages used. Friday, at the CME Group, Grade AA butter closed at \$2.7550, down \$0.0675 since last Friday. The NASS Cold Storage report noted U.S. butter stocks on July 31 were 170.2 million pounds, 9% lower than last month and 42% below a year ago.

CHEESE HIGHLIGHTS: Cheese production remains strong throughout the country. Many plants are opting to run full production schedules as cheese demand continues to outpace stocks. Milk supplies for manufacturing are above year ago levels and cheese makers are eagerly pulling much of that volume. Favorable dairy solids prices have also allowed for cheese vats to be fortified as a means to increase production. Demand from retail and food service accounts is very good. Buyers are looking to secure needs for upcoming fall needs and finding the market tighter than expected. Wholesale prices are moving higher on the good demand. The Cold Storage (NASS) report placed U.S. stocks of cheese (total natural) at the end of July 2014 at 1.056 billion pounds, 8% less than a year ago and 1% less than the previous month. Friday at the CME Group, barrels closed at \$2.3450 and blocks at \$2.3300. Compared to last Friday, barrels are 8.5 cents higher and blocks are 6.75 cents higher.

FLUID MILK: Milk production across most of the nation is trending lower, but is above year ago levels due to increased cow numbers. Higher than normal temperatures in Arizona, areas of California and the Pacific Northwest negatively affected milk output. Favorable weather in the Northeast supported milk production. Class I demand has increased as milk handlers fill school pipelines. Cream demand has weakened as some ice cream manufacturers will close for the upcoming holiday. Manufacturing milk supplies are in balance in the Midwest, but lower in

the East with California supplies being moved within state to maximize processing returns.

DRY PRODUCTS: The nonfat dry milk prices are lower in all regions with spot sales being sold at discounts. NDM production and supplies are steady to building. Domestic buyer demand has yet to reach the point of taking a strong position in the market. The undertone is weak. The dry buttermilk prices moved lower on discounted spot sales. Demand has declined as buyers look for price breaks and are delaying purchases. Inventories are steady to growing. Dry whey prices are unchanged to lower. Production is steady to increasing as vat operating schedules have increased to accommodate growing cheese orders with the restart of school. Supplies are steady to higher. Domestic demand is mostly steady, while export demand is unsettled with increased offers at lower prices from outside the U.S. Whey protein concentrate 34% prices are mostly lower, reflecting price declines for other dry dairy products. The market is operating on different levels depending on producer specifications and end user needs. Prices for edible lactose are mostly unchanged with downward pressure on the unground lactose being offered to the market. Prices for both types of casein are unchanged in a market with a weak undertone, attributable to the uncertainty in the EU dairy markets.

SECRETARY OF AGRICULTURE ANNOUNCES START UP DATE FOR NEW DAIRY FARM RISK MANAGEMENT PROGRAM ENROLLMENT (USDA): Agriculture Secretary Tom Vilsack announced that starting **Sept. 2, 2014**, farmers can enroll in the new Dairy Margin Protection Program. The voluntary program, established by the 2014 Farm Bill, provides financial assistance to participating farmers when the margin – the difference between the price of milk and feed costs – falls below the coverage level selected by the farmer. The U.S. Department of Agriculture (USDA) also launched a new Web tool to help producers determine the level of coverage under the Margin Protection Program that will provide them with the strongest safety net under a variety of conditions. The online resource, available at www.fsa.usda.gov/mpptool, allows dairy farmers to quickly and easily combine unique operation data and other key variables to calculate their coverage needs based on price projections. Producers can also review historical data or estimate future coverage based on data projections. The secure site can be accessed via computer, Smartphone, tablet or any other platform, 24 hours a day, seven days a week. Enrollment begins Sept. 2 and ends on Nov. 28, 2014, for 2014 and 2015. Participating farmers must remain in the program through 2018 and pay a minimum \$100

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CME GROUP CASH TRADING

COMMODITY	MONDAY AUG 25	TUESDAY AUG 26	WEDNESDAY AUG 27	THURSDAY AUG 28	FRIDAY AUG 29	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$2.2600 (N.C.)	\$2.3000 (+.0400)	\$2.3000 (N.C.)	\$2.3250 (+.0250)	\$2.3450 (+.0200)	:: (+.0850)	:: \$2.3060 (+.0675)
40# BLOCKS	\$2.2650 (+.0025)	\$2.2900 (+.0250)	\$2.3000 (+.0100)	\$2.3200 (+.0200)	\$2.3300 (+.0100)	:: (+.0675)	:: \$2.3010 (+.0695)
NONFAT DRY MILK							
GRADE A	\$1.3000 (N.C.)	\$1.3000 (N.C.)	\$1.3225 (+.0225)	\$1.3250 (+.0025)	\$1.3250 (N.C.)	:: (+.0250)	:: \$1.3145 (-.0290)
BUTTER							
GRADE AA	\$2.7800 (-.0425)	\$2.7550 (-.0250)	\$2.7400 (-.0150)	\$2.7500 (+.0100)	\$2.7550 (+.0050)	:: (-.0675)	:: \$2.7560 (+.0405)

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**

administrative fee each year. Producers have the option of selecting a different coverage level during open enrollment each year.

INTERNATIONAL DAIRY MARKET NEWS UPDATE (DMN):**WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW:**

European milk production is declining in the typical seasonal manner with increases over year ago levels diminishing. European dairy markets moved lower as the Russian ban on European imports, weighed on markets. The embargo was implemented for one year and will have the greatest impact on cheese exports. The Netherlands, Germany, and Denmark were major cheese exporters to Russia in previous years. There has been relaxation of the ban to allow imports for lactose free products, which are in short supply in Russia. The decline in cheese exports to Russia will most likely lead to increased production of butter and skim milk powder. European milk production increases in the first half of 2014 resulted in expanded production of milk powders with marginal expansions in cheese and butter. Butter production increases were not as robust, due to lower butterfat levels in milk deliveries. According to Eurostat, January-June production of dairy products showed butter up 2.9% and skim milk powder up 9%, compared to year ago levels. The increases in manufactured milk products expanded volumes available for export with increases primarily in milk powders and butter. Eurostat reported EU-28 January to June milk deliveries at 5.1% higher than May 2013. Various member states showed the following January to June increases, compared to last year; Germany, 3.6%; France, 6.2%; UK, 10.7%; Belgium, 8.1%; Italy, 2.8%; and Ireland, 7.3%. January-June milk delivery data showed increases for all countries in Western Europe with the exception of Spain - 1.0%, and Greece -5.9%. **EASTERN OVERVIEW:** The Russian ban on EU cheese imports has been felt especially hard in the Eastern European countries of Poland, Finland and Lithuania. Some countries have requested various measures of relief from the European Commission, but getting measures agreeable to all will be difficult. Milk production continues to be active with good weather and more than adequate feed and forage supplies. Eastern European milk deliveries for January-June, reported by Eurostat, showed the following year over year changes for selected countries; Poland,+7.6%; Lithuania, +8.7%; Latvia, +12.8%; Estonia, +8.9%; and the Czech Republic, -0.7%.

OCEANIA OVERVIEW: AUSTRALIAN milk production is continuing to build with some manufacturers showing intake volumes just above year ago levels. The good weather and forage conditions that led to the strong finish for the 2013-14 season have prevailed and have led to a good start to the new season. Temperatures are increasing and will improve pasture grass growth in the major dairy producing states. Dairy markets and manufacturers are still adjusting to the impact of the Russian embargo on Australian imports. Manufacturers are still making butter and skim milk powder in lieu of whole milk powder, due to the better returns, but the marginal advantage is declining. The Russian ban has raised concerns with producers that farmgate prices could be at risk, but various manufacturers are attempting to reassure producers that the outlook for the newly started season remains positive and should provide for step ups, rather than step downs in pricing. Various manufacturers have capacity available and are looking to expand their milk supply. **NEW ZEALAND'S** milk production is showing weekly increases. Overall production volumes are just above year ago levels. Farmers are very busy with calving on both the North and the South Islands. Weather conditions are cool and wet, making calving and producer operations marginally difficult. The lower milk prices to start the season have narrowed producer margins significantly and will cause producers to be much more cautious in their purchases of feed and seed. The accelerated declines in skim milk powder prices are prompting some manufacturers to consider swinging production to whole milk powder. Butter and AMF prices showed strength on the prospects of increased buying from Russia.

COLD STORAGE (NASS): On July 31, U.S. cold storage holdings of butter totaled 170.2 million pounds, down 9% from June, and 42% from July 2013. Natural American cheese holdings total 660.4 million pounds, 1% more than June, but 6% less than July 2013. Total natural cheese stocks were 1.056 billion pounds, unchanged from last month, but 8% less than July 2013.

JULY CONSUMER PRICE INDEX (BLS): The July CPI for all food is 243.0, up 2.5% from July 2013. The dairy products index is 225.1, up 4.3% from a year ago. The following are the July to July changes for selected products: fresh whole milk is +6.3%; cheese, +7.1%; and butter, +16.5%.

AUGUST AGRICULTURAL PRICES HIGHLIGHTS (NASS):

The All Milk price received by farmers was \$23.70 in August, up \$.40 from July 2014, and up \$4.10 from August 2013. The alfalfa hay price was \$209.00 in August, up \$10.00 from August 2013. The corn price was \$3.70 in August, down \$2.51 from August 2013. The soybean price was \$12.20 in August, down \$1.90 from August 2013. The milk-feed price ratio was 2.55 in August, up 0.87 from August 2013. The index of prices received by farmers for dairy products during the month of August 2014 was up 2 points to 118. Compared to August 2013, the index was up 20 points (20.4%). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in August 2014 was down 1 point to 111. Compared with August 2013, the index was up 5 points (4.7%).

JUNE ESTIMATED FLUID MILK SALES (BFMMO & CDFA):

During June, 3.8 billion pounds of packaged fluid milk products are estimated to have been sold in the United States. This was 2.2% lower than June 2013. Estimated sales of total conventional fluid milk products decreased 2.9% from June 2013 and estimated sales of total organic fluid milk products increased 11.3% from a year earlier.

CME GROUP

MONDAY, AUGUST 25, 2014

CHEESE -- SALES: 3 CARS 40# BLOCKS @ \$2.2600; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$2.2650; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.2500; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 10 CARS GRADE AA: 3 @ \$2.8225, 1 @ \$2.8200, 1 @ \$2.8150, 2 @ \$2.7800, 2 @ \$2.7850, 1 @ \$2.7800; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.7800

TUESDAY, AUGUST 26, 2014

CHEESE -- SALES: 4 CARS 40# BLOCKS: 1 @ \$2.2725, 1 @ \$2.2750, 2 @ \$2.2900; LAST BID UNFILLED: 2 CARS BARRELS @ \$2.3000; 1 CAR 40# BLOCKS @ \$2.2825; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$2.3000
 NONFAT DRY MILK -- SALES: 5 CARS GRADE A: 4 @ \$1.2975, 1 @ \$1.3000; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.2925; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 6 CARS GRADE AA: 5 @ \$2.7500, 1 @ \$2.7550; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.7525; LAST OFFER UNCOVERED: 1 CAR @ \$2.7575

WEDNESDAY, AUGUST 27, 2014

CHEESE -- SALES: 3 CARS 40# BLOCKS: 1 @ \$2.2925, 1 @ \$2.3000, 1 @ \$2.2950; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.3000; 1 CAR 40# BLOCKS @ \$2.3000; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 8 CARS GRADE A: 2 @ \$1.3200, 1 @ \$1.3100, 2 @ \$1.3200, 1 @ \$1.3100, 2 @ \$1.3200; LAST BID UNFILLED: 2 CARS GRADE A @ \$1.3225; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.3300
 BUTTER -- SALES: 10 CARS GRADE AA: 4 @ \$2.7300, 2 @ \$2.7325, 2 @ \$2.7350, 1 @ \$2.7375, 1 @ \$2.7400; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.7350; LAST OFFER UNCOVERED: NONE

THURSDAY, AUGUST 28, 2014

CHEESE -- SALES: 6 CARS 40# BLOCKS: 2 @ \$2.3200, 1 @ \$2.3100, 1 @ \$2.3025, 1 @ \$2.3000, 1 @ \$2.3200; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.3250; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.3250; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 2 CARS GRADE AA @ \$2.7500; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.7500; LAST OFFER UNCOVERED: NONE

FRIDAY, AUGUST 29, 2014

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$2.3050; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.3450; 1 CAR 40# BLOCKS @ \$2.3300; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$2.7550; LAST BID UNFILLED: 2 CARS GRADE AA @ \$2.7200; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

The region's butter production improved as churning operations that were previously idle, due to maintenance activities, are now back online. However, declining milk supply levels and good cream prices limit overall churning rates in the Northeast. New export butter interests are relaxed due to higher prices, while domestic demand is active as the Labor Day holiday approaches. Buyers are looking to obtain butter for Q4 sales, in lieu of immediate needs, with moderate activity taking place in contractual and cash markets. 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. Manufacturing inventories vary. The market tone is uncertain. At the CME on Friday, August 22, Grade AA butter closed at \$2.8225, a record high. Tuesday's butter trading closed at \$2.7550, up \$0.0950 from a week ago.

COLD STORAGE: According to NASS, U.S. butter in storage on July 31, 2014 totaled 170.2 million pounds, 9% less than the previous month, and 42% less than a year ago.

CENTRAL

Butter production in the Central region is steady to slightly higher as cream supply availability improved. The undertone is marginally softening as various domestic and global markets moved lower. A few butter makers noted reduced sales into the retail and food service segments. Bulk butter interest remains strong as supply offerings in the spot market are limited as prices range from market to 6 cents over the market, with various time frames and averages used. Wednesday at the CME Group, Grade AA butter closed at \$2.7400, up \$0.0400 from last Wednesday. The first 3 trading sessions this week have closed lower, while 26 loads were traded. The NASS Cold Storage report noted U.S. butter stocks on July 31

were 170.2 million pounds, 9% lower than last month and 42% below a year ago.

WEST

Butter markets continue to trade near historic highs. The market tone is becoming unsettled as buyers try to gauge how long the market will trade at these levels. Fall retail demand is ramping up and manufacturers are increasing print production to fill orders for later delivery. Bulk sales have slowed as butter is increasingly moving to the print lines. Buyer demand remains strong for spot offerings to the market. Some increased cream supplies are becoming available to butter manufacturers, but inventories remain tight. According to the NASS *Cold Storage* report, U.S. stocks of butter as of July 31, 2014, total 170.2 million pounds, down 42% (125.5 million pounds) from a year ago. Butter stocks are 9% less (15.8 million pounds) than the end of June 2014. After reaching a record high price of \$2.8250 last Friday, the CME Group butter market has moved lower each of the first three days this week, closing Wednesday at \$2.7400. Strong interest from both buyers and sellers is accounting for increased sales. Sales remain active with 26 loads sold by midweek. Prices for bulk butter range from 2 cents over the market to 3.5 cents under, based on the CME with various time frames and averages used.

NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
August 23, 2014	2.5389 4,666,903	2.0928 10,231,475	2.1824 10,100,018	0.6740 7,683,789	1.7887 19,606,448

CHEESE MARKETS

NORTHEAST

Milk intakes at Northeast cheese plants are mostly steady with production around seasonal levels. Inventories are tight with good domestic demand, as active sale transactions occur at a premium, in the spot market. The market undertone is firm. Last week, the weekly average prices on the CME Group increased. Northeast wholesale cheese prices for 40# block and muenster moved higher \$0.0825, while process 5# sliced climbed \$0.0675. Grade A Swiss prices remained unchanged. Tuesday's CME Group daily cash price saw barrels close at \$2.3000, up \$0.0900 from a week ago, and 40# blocks close at \$2.2900, up \$0.0800 from a week ago.

COLD STORAGE: According to NASS, U.S. stocks of total natural cheese as of July 31, 2014 totaled 1.056 billion pounds, 8% less than a year ago but unchanged from the previous month. Other cheese totaled 369.7 million pounds, 10% less than a year ago and 1% less than the previous month. Swiss cheese totaled 25.5 million pounds, 22% less than a year ago and 9% less than the previous month.

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

Cheddar 40# Block	: 2.6225-2.9075
Process 5# Sliced	: 2.4600-2.9400
Muenster	: 2.6425-3.0025
Grade A Swiss Cuts 10 - 14#	: 3.9600-4.2825

MIDWEST

During this last week before Labor Day, most cheese manufacturers are operating plants at or near capacity. Some manufacturers continue adding nonfat dry milk to vats to increase volume. Early this week in Wisconsin, some milk previously committed to cheese manufacturing was suddenly re-directed to bottling, but anticipated milk supplies for cheese have now resumed. So far, most cheese manufacturers are not contemplating schedule adjustments for the holiday weekend because most plan to continue with almost full out schedules now in effect. Cheese orders from food service and institutional buyers have come earlier this year than last year. These orders are quite strong and are believed to be a factor contributing to upward cheese price pressure. Some food service buyers last year delayed ordering, seeking to wait for lower prices. Many were then left scrambling to fill orders without the benefit of lower prices hoped for. Some of these buyers are accelerating food service orders earlier this year than previously, due to determination not to be left looking for cheese, notwithstanding current prices. In the view of some sellers, the typical September-October peak in cheese prices has now moved earlier in the year in part due to large buyers determined to secure cheese. Retail sales also remain strong in this \$2.00 plus cheese world. Retail store buyers have not slowed purchases from cheese manufacturers. Provolone sales are particularly strong and slicers are quite busy. Cheese curd sales are very robust, up from levels a year ago. With profits from curd sales ahead of profits from barrel sales, some manufacturers are delaying delivery of barrel orders in favor of selling curds. Some curd operations are running 24x7 and could sell even more. Customers for barrels are being told that it will be closer to the end of the year before the situation resolves and even that is not certain. Wisconsin wholesale prices for 1,000 to 5,000 pound mixed lots of process cheese increased \$0.0675, Swiss is unchanged, and the

remaining varieties increased \$0.0825. NASS reports that July 31, 2014 East North Central region (Wisconsin, Illinois, Michigan, Indiana and Ohio) other cheese stocks were 86% of July last year, and 101% of June 30 this year. East North Central region American cheese stocks were 79% of July last year, and even with this June. Total U.S. July 31, 2014 natural cheese stocks were 1.056 billion pounds, 92% of July 31, 2013, and even with June 30, this year. Total U.S. Swiss cheese stocks ending July this year, 25.5 million pounds, were 78% of July 31 last year and 91% of June 30 this year. Blocks and barrels each closed Wednesday on CME Group trading at \$2.3000. The average for blocks last week (\$2.2315) was 33% higher than the overall comparable week combined average for 2009, 2010, 2011, 2012 and 2013, while last week's average for barrels (\$2.2385) was 36% higher.

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

Process American 5# Loaf	: 2.3375-2.6975
Brick And/Or Muenster 5#	: 2.6025-3.0275
Cheddar 40# Block	: 2.3075-2.7250
Monterey Jack 10#	: 2.5775-2.7825
Blue 5#	: 2.8700-3.8575
Mozzarella 5 - 6# (Low Moisture, Part Skim)	: 2.4475-3.3425
Grade A Swiss Cuts 6 - 9#	: 3.4775-3.5950

WEST

Western cheese production continues strong as cheese stocks are often below current demand. Some increased milk is being directed to cheese production to fill that need, but many plants are already at full production. Demand is good as buyers look to acquire product for fall orders. With September around the corner, buyers are increasingly anxious to guarantee their stocks. Wholesale prices are moving higher on the good demand. According to the NASS *Cold Storage* report, U.S. stocks of cheese (total natural) at the end of July 2014 were 1.056 billion pounds, down 8% (90.6 million pounds) than July 2013. American stocks were 6% less, other natural stocks were 10% less, and Swiss stocks were 22% less. Barrel prices at the CME Group on Wednesday are steady, closing at \$2.3000 and blocks closed up \$0.0100 at \$2.3000. Compared to last Wednesday, barrels are 4.5 cents higher and blocks are 5 cents higher. While there were no sales of barrels at midweek, blocks had 10 loads sold.

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

Process 5# Loaf	: 2.3675-2.6250
Cheddar 40# Block	: 2.3500-2.7025
Cheddar 10# Cuts	: 2.5300-2.7500
Monterey Jack 10#	: 2.5400-2.7000
Grade A Swiss Cuts 6 - 9#	: 3.5375-3.9675

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CHEESE MARKETS

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FOREIGN

Imported foreign cheeses held mostly steady this week with Swiss also unchanged. Domestic foreign type cheese prices are stronger reflecting higher weekly average prices at the CME Group. New pricing for the foreign cheese is expected in early September as buyers gear up for fall sales. The Russian embargo of dairy products is adding to supplies of cheese in the EU. If the embargo continues, the cheese that typically goes to Russia will need to find other sales avenues.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.3800	: 2.7625-4.2500*
Gorgonzola	: 3.6900-6.9700	: 3.2650-3.6775*
Parmesan (Italy)	: -0-	: 4.1525-6.2425*
Provolone (Italy)	: -0-	: 2.8050-2.9625*
Romano (Cows Milk)	: -0-	: 3.9525-6.1025*
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-	: 4.0575-4.3800
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

		:	
08/25/14	20,352	:	87,878
08/01/14	21,609	:	87,906
CHANGE	-1,257	:	-28
% CHANGE	-6	:	-0

FLUID MILK AND CREAM

EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	160	0	120	0	190	0
SOUTHEAST STATES	0	0	0	0	0	0

Milk production in the Northeast and Mid-Atlantic regions marginally increased as cooler than normal temperatures and favorable feed costs encourage an ideal environment for production. Class I demand is good as school contracts enhance sales. Milk volumes going into manufacturing are ample. The Southeast is seeing a steady decline in milk production. Load sizes to processors are falling off in some instances as hot temperatures affect cow comfort. Bottling sales moved slightly higher with area schools starting back up. Some bottling plants will close over the weekend leading into the holiday, resulting in additional manufacturing milk supplies. Florida's farm-level milk production continues to drop as hot seasonal temperatures stress the cows. Class I demand is good with some bottlers adding loads. Spot import shipments totaled 160 loads this week, up 40 truckloads from previous week. **Cream multiples for all Classes ranged 1.26-1.34.** Cream supplies are available for manufacturing ahead of the upcoming holiday. Some cream operations will close for the holiday. Cream cheese production is active with good demand. At the CME Group, Grade AA butter closed Wednesday at \$2.7400, up \$0.0400 from a week ago. **Condensed skim** volumes into manufacturing are seeing declines. Volumes were reported at half of previous week's level in some channels. Some manufacturers have begun actively drying high heat nonfat dry milk this week. Condensed skim spot market sales are limited.

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 -	3.4215-3.6388
F.O.B. producing plants: Upper Midwest -	3.2858-3.6931

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.85-1.88
Northeast - Class III - spot prices -	1.58-1.61

MIDWEST

Midwestern milk production rates vary as production per cow is seasonally declining. However, more dairy cows are noted as farm herd expansions are reported. Milk supplies are pretty evenly matched as prices ranged from \$0.50 to \$2.25 over Class. Milk handlers are pushing more milk into Class I to fill the last of the school pipelines that are starting classes next week. Bottling sales are up in the short-term, with expectations of declines in the coming weeks. Class II demand is flat. Additional cream was available as bottling increased. Cream demand is starting to weaken as some ice cream manufacturers slow cream orders. **Cream multiples ranged from 1.21 to 1.36.** Wednesday at the CME Group, Grade AA butter closed at \$2.7400, up \$0.0400 from last Wednesday. The NASS Livestock Slaughter report notes July dairy cow slaughter at 232,000 head, 33,000 head more than less month, but 19,000 head less than a year ago. January-July cumulative dairy cow slaughter totals 1.623

million head, compared to 1.818 million head 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 August 9, at 53,300 head, 5,500 head or 9% less than the comparable week a year ago.

WEST

CALIFORNIA milk production is above year ago levels. Temperatures were moderate this week, although late week temperatures returned to triple digit levels in some of the dairy areas. No major problems with handling of milk were reported this week with milk moving within the state to maximize processing returns. With most schools back in session across the state next week, some increased Class 1 usage was noted. July 2014 POOL RECEIPTS of milk in CALIFORNIA total 3.42 billion pounds, 5.9% higher compared to July last year, according to California Department of Food and Agriculture. Year-to-date through July 2014 receipts are 4.5% higher from the comparable months in 2013. The July Value at Test price is \$21.59, \$0.27 lower than June 2014 but \$4.10 higher than July 2013. The percentage of receipts used in Class 1 products is 13.2%. The July quota price is \$22.53 and the over quota price is \$20.83. These prices are \$0.22 lower than June but \$3.98 higher than a year ago. Milk production in NEW MEXICO continues to trend seasonally lower. Some scheduled maintenance problems at a major processor have been completed and production is expected to return to normal this week. Access to tankers and drivers for milk hauling continues to present some problems with handling of milk supplies both in the state and for out of state commitments. Daytime temperatures in the triple digits are common in ARIZONA and have increased stress on dairy cows. Some relief from both misting systems and cooler nights has helped, but milk production continues to be affected. The monsoon season is also nearing the seasonal finish. Milk pooled on the Arizona Order 131 totaled 390.2 million pounds in July 2014. Class I utilization accounted for about 27% of producer milk. The uniform price was \$23.73, \$0.40 above last month and \$4.56 above one year ago. CREAM multiples were steady early in the week with some weakness noted late as the Labor Day holiday approaches. Plant closures for the holiday put a damper on demand as the week progressed. Butter manufacturers continue to look for additional cream for churning as their fall production season kicks into gear. Cream multiples ranged from 1.14 to 1.30 and trended lower as the week progressed. Securing drivers and tankers continues to be a problem in moving cream over any distance. Milk production in the PACIFIC NORTHWEST is dropping along seasonally expected lines. Some increased levels above year ago are noted from additional numbers of dairy cows in the region. Some higher temperatures during the day have also negatively affected production. Milk continued to remain in the region as production capacity is adequate for current supplies. Milk pooled on the Pacific Northwest Order 124 totaled 744.2 million pounds in July 2014. Class I utilization accounted for 22% of producer milk. IDAHO and UTAH milk volumes are trending seasonally lower. Milk supplies are being handled locally in most cases with few production problems being reported. Third crop alfalfa harvest continued with some rain interrupting harvest and lowering quality.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: The prices of low/medium heat nonfat dry milk (NDM) are mostly lower on active F.O.B spot sales. Additional end users that typically use whey protein concentrate 34% are purchasing lower priced NDM as an alternative. The market tone is weak. Milk processors are drying steady to slightly lower volumes of low/medium heat NDM. Some manufacturers are using additional NDM internally, fortifying into various cheese productions. Supplies of low/medium heat NDM are maintaining to growing. High heat NDM prices retracted on F.O.B spot trading. Some manufacturers are drying greater volumes of high heat NDM in light of dramatically lower low/medium heat prices. Domestic demand is steady. Spot load availability of high heat NDM is limited. Wednesday at the CME Group, Grade A NDM closed at \$1.3225, down \$0.0250 from last Wednesday. However, Wednesday's trading session was the first to close higher since Thursday July 3, 2014.

EAST: Low/medium nonfat dry milk prices moved sharply lower for the range and mostly series, due to F.O.B. spot sales. Low/medium heat nonfat dry milk production is down somewhat, due in part to a few plants increasing dryer times for high heat nonfat dry milk production. Class I demand continues to take away from condensed skim volumes going to the dryers as manufacturing milk intakes decline. Spot market sales are sporadic with purchases occurring primarily on as-need-bases. Contacts note that commitments are being delayed, in some cases, as buyers search out lower priced nonfat dry milk. Export interest is improving as prices move lower. Inventories are moderate. The market undertone is weak. High heat nonfat dry prices shifted much lower based on F.O.B spot sales. Production is growing. High heat nonfat dry milk inventories are light. Demand from the baking industry is fair.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.2200 - 1.8500 MOSTLY: 1.3500 - 1.8050
 HIGH HEAT: 1.5900 - 1.9000

WEST

Nonfat dry milk prices weakened in the West as spot sales are driving the market lower. Index based sales continue at the upper end of the range. Increased offerings at lower prices from both manufacturers and brokers are clearing at discounted prices. Lower priced sales from manufacturers are moving the market more in line with international prices and helping to clear inventories. Some buyers are taking advantage of the sharply lower prices to increase their holdings and build stocks at more favorable prices. Nonfat dry milk production is steady to building, although more loads of condensed skim are finding a destination at cheese plants. High heat nonfat dry milk prices are also lower as the overall momentum of the market is being felt in that segment of the nonfat market. Spot sales are moving some product at the lower prices.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.2000 - 1.8400 MOSTLY: 1.3400 - 1.7700
 HIGH HEAT: 1.6000 - 1.8900

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices decreased on lower F.O.B spot trading. The undertone is softening with downward pressure coming from the falling nonfat dry milk prices. Sales of dry buttermilk into ice cream accounts are slowing. Domestic interest is light. Inventories are steady to growing.

EAST: Dry buttermilk prices shifted lower, with adjustments based on F.O.B. spot sales. The market undertone remains weak. Production moved higher this week, with support from churning operations that were previously down. As a few dairy plants close for the Labor Day holiday, some butter producers expect surplus cream to become available to churn, resulting in an increase in dry buttermilk production. Seasonal demand from ice cream producers is trailing off. Dry buttermilk stocks are light to moderate.

F.O.B. CENTRAL/EAST: 1.3300 - 1.5900

DRY BUTTERMILK - WEST

Dry buttermilk prices in the West are moderately lower. The market tone is weaker and lower prices are being reflected in the price series. Condensed buttermilk continues to move to Class II customers. Domestic demand is unsettled as buyers look for price breaks and are willing to wait for additional purchases. Dry buttermilk production is expected to increase over the holiday weekend with butter churns operating at higher levels.

F.O.B. WEST: 1.5000 - 1.7100 MOSTLY: 1.5500 - 1.7050

DRY WHOLE MILK - NATIONAL

Dry whole milk prices are steady to lower in limited trading. Domestic prices are uncompetitive with international pricing. Buyers are reluctant to purchase above contracted volumes. Dry whole milk production is steady to lower as some manufacturers are opting to increase production of NDM/SMP and sell cream to take advantage of better returns.

F.O.B. PRODUCING PLANT: 1.7500 - 2.1800

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES
August 22	\$1.7923	10,373,675
August 15	\$1.7551	14,436,743

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

Prices of dry whey in the Central region are steady to slightly lower as various indices reduced. F.O.B spot load offers and trade pricing were mostly scaled back this week. The market tone is unsettled. Some manufacturers are drying greater volumes of sweet whey following improved cheese production. Buyer interest domestically is flat. Export orders are limited. E.U. whey prices are falling. A few buyers/end users noted looking into potentially importing dry whey. Supplies are steady to higher. Animal feed whey prices are steady on the bottom of the range, while moving lower on the top of the range. Spot load availability is improved. Demand is relatively light.

F.O.B. CENTRAL: .5700 - .7275 MOSTLY: .6200 - .6900
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4000 - .6125

DRY WHEY - NORTHEAST

Northeast dry whey prices are unchanged. Dry whey production is steady to increasing as vat schedules in most channels ramp up to accommodate growing cheese orders with the restart of school. Limited dry whey transactions are noted in the spot market. Most buyers are in a wait-and-see mode while making purchases as needed. The market undertone is steady.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6700 - .7400

DRY WHEY - WEST

Dry whey prices moved lower this week in the West. The market is showing some downward pressure as other protein product prices have weakened. Whey production is mostly steady as cheese manufacturers are running busy schedules. Some whey plants that have the capability to make various whey products are shifting more production to sweet whey to balance their inventories. Demand for whey is steady with stocks reported to be adequate for current demand. Export demand is unsettled as increased offerings at lower prices from outside the U.S. are pressuring prices lower.

NONHYGROSCOPIC: .5800 - .7075 MOSTLY: .6200 - .7000

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices are mostly lower with pressure on the upper ends of the market. Various dry dairy product prices are weaker and that trend is influencing the WPC market. The WPC 34% market is operating on different levels depending on producer specifications and end user needs. The upper end of the market is meeting good demand and often having difficulties filling orders. Product destined for infant formula or sports drink markets is in good demand. WPC 34% being used for blending or feed destinations is becoming more plentiful and often being discounted to move inventories.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.3300 - 1.6850 MOSTLY: 1.4300-1.5900

LACTOSE - CENTRAL AND WEST

Prices for edible lactose are mostly unchanged with downward pressure on the unground lactose being offered to the market. Stocks of lactose are often building faster than manufacturers would like and some are offering spot loads at lower prices. Some manufacturers are contemplating increasing whey production as a means of lowering lactose supplies. Buyers are reluctant to purchase ahead with dairy markets showing weakness for various products. Export sales are ongoing with some difficulties reported in securing containers for shipment.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .3300-.6350 MOSTLY: .4950-.5675

CASEIN - NATIONAL

Prices for both types of casein are unchanged in a market with a weak undertone. The dairy markets in the EU are unsettled and the outlook is unclear for dairy commodity markets through the end of 2014, due to the situation with Russia. The Russian bans on EU cheese imports will most likely redirect milk flows and expand skim milk powder and butter production. Casein production will also likely see expansion, because of its longer shelf life than other commodities. The current unknowns in the market make it difficult for market participants as to how to best strategize their business operations for the coming months. The casein market has weakened, because of the implications the current situation may have on supply expansion. The underpinnings of casein have not changed, but buyers are cautious and bidding prices under the current market. Manufacturers and brokers are offering product at current price levels, but are open for negotiations if a transaction seems likely to occur. The Global Dairy Trade at the August 19 event 122 saw the average winning price for rennet casein for all contract periods decrease 0.8% to \$9,601/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: 4.6000 - 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
08/09/2014	53.3	1,711.2	58.8	1,911.9

WEBSITE: http://www.ams.usda.gov/mnreports/sj_ls714.txt

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

CLASS III MILK PRICES (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
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

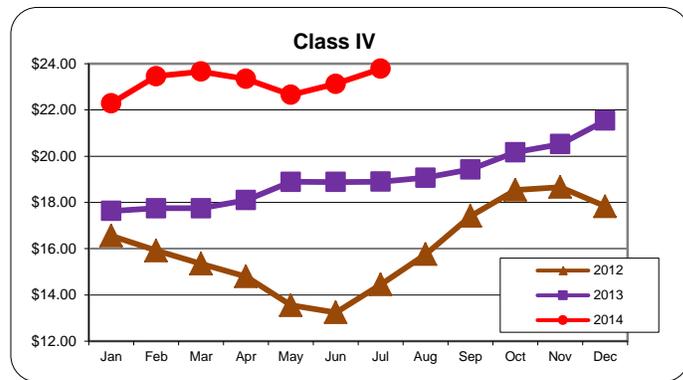
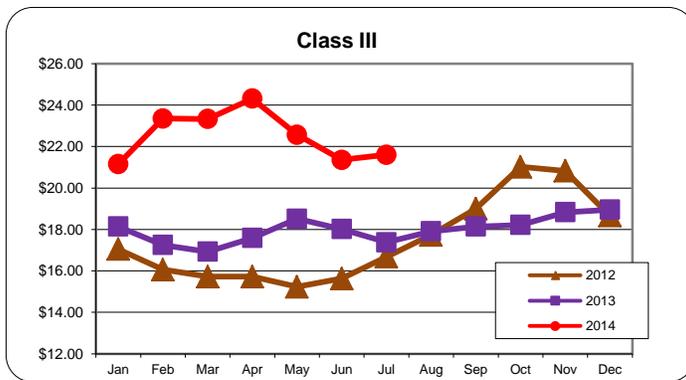
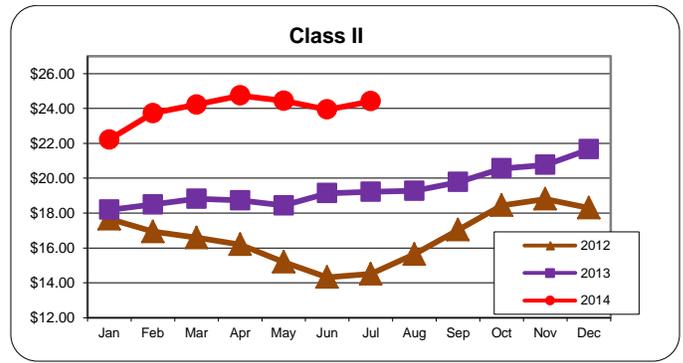
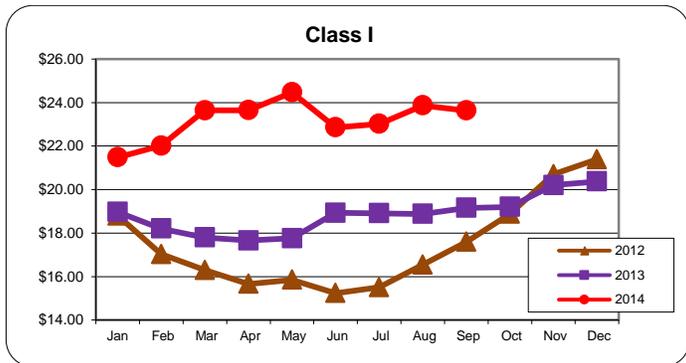
CLASS IV MILK PRICES (3.5%)

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	23.63			
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; then select "Prices"; and then select "Principal Pricing Points."



INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered August 18 -29, 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: European milk production is declining in the typical seasonal manor with increases over year ago levels diminishing. European dairy markets moved lower as the Russian ban on European imports, weighed on markets. The embargo was implemented for one year and will have the greatest impact on cheese exports. The Netherlands, Germany, and Denmark were major cheese exporters to Russia in previous years. There has been relaxation of the ban to allow imports for lactose free products, which are in short supply in Russia. The decline in cheese exports to Russia will most likely lead to increased production of butter and skim milk powder. European milk production increases in the first half of 2014 resulted in expanded production of milk powders with marginal expansions in cheese and butter. Butter production increases were not as robust, due to lower butterfat levels in milk deliveries. According to Eurostat, January-June production of dairy products showed butter up 2.9% and skim milk powder up 9%, compared to year ago levels. The increases in manufactured milk products expanded volumes available for export with increases primarily in milk powders and butter. Eurostat reported EU-28 January to June milk deliveries are 5.1% higher than same period 2013. Various member states showed the following January to June increases, compared to last year; Germany, 3.6%; France, 6.2%; UK, 10.7%; Belgium, 8.1%; Italy, 2.8%; and Ireland, 7.3%. January-June milk delivery data showed increases for all countries in Western Europe with the exception of Spain -1.0%, and Greece -5.9%.

BUTTER/BUTTEROIL: The butter market suffered major price declines this period. The Russian import ban and the prospects of increased butter production weighed heavily on an already weak market. Uncertain market conditions are keeping some buyers out of the market, wanting a clearer picture of the market. Product movement is primarily through contracts with limited spot sales activity. Interest from the Middle East and North Africa has improved, but sales volumes tend to be small. Butter exports for the January-June period, as reported by Eurostat, increased 24% over year ago levels. EU butter exports for June were marginally lower, compared to May, but above year ago levels. Morocco was a primary destination for butter exports in June. Butteroil prices also moved lower. Export demand remains limited, due to the noncompetitive price of European product when compared to other global markets. Good demand from EU chocolate makers is supporting domestic prices.

82% BUTTERFAT: 3,625 - 4,200
99% BUTTERFAT: 4,375 - 5,450

SKIM MILK POWDER (SMP): Skim milk powder prices experienced strong declines on both ends of the range. The weakness in the market was further intensified by the Russian import ban and the possibility of expanded SMP production as cheese production is likely to decline. Trading activity is light with some buyers still on holiday, while others are assessing the current market and waiting for further developments prior to making purchases. Current prices are well below levels seen in the last 2 years and have increased buyer interest with prospective buyers now interested in contracting supplies through Q4 and into Q1 2015, but completed transactions have been limited. Exports of SMP for January to June 2014, as reported by Eurostat, showed an increase of 62%, compared to the same period last year.

1.25% BUTTERFAT: 2,500 - 3,250

WHOLE MILK POWDER (WMP): Whole milk powder continues to adjust to declining global markets and prices are substantially lower this period. Production has declined and is focused on filling current orders. Export orders for the last half of 2014 remain light, due to the non-competitive pricing of European powder compared to other world markets. Export buyers are submitting bids substantially below current market prices. Eurostat reported EU-28 whole milk powder exports for January-June 2014 up 20% compared to last year. In June, exports were at the lowest monthly total since February.

26% BUTTERFAT: 3,150 - 3,625

SWEET WHEY POWDER: Prices for sweet dry whey declined, reflecting the downward trend exhibited by other dairy products. Lower prices are prompting some increased export interest. The uncertainty in the cheese market, caused by the Russian ban on European cheese imports, is giving the market a weak undertone. There is concern that should cheese production decline, whey concentrate flows will be diverted away from sweet dry whey to whey protein concentrate production. According to Eurostat, June exports of European whey were at the lowest monthly levels this year. China's imports of EU whey, usually the leading destination, were at their lowest levels since January. European whey exports for the first half of 2014 were 1.7% above year ago levels.

NONHYGROSCOPIC: 1,025 - 1,325

EASTERN OVERVIEW: The Russian ban on EU cheese imports has been felt especially hard in the Eastern European countries of Poland, Finland and Lithuania. Some countries have requested various measures of relief from the European Commission, but getting measures agreeable to all will be difficult. Milk production continues to be active with good weather and more than adequate feed and forage supplies. Eastern European milk deliveries for January-June, reported by Eurostat, showed the following year over year changes for selected countries; Poland,+7.6%; Lithuania, +8.7%; Latvia, +12.8%; Estonia, +8.9%; and the Czech Republic, -0.7%.

**Exchange rates for selected foreign currencies:
August 25, 2014**

.1192 Argentina Peso	.0096 Japan Yen
.9297 Australian Dollar	.0760 Mexican Peso
.9105 Canadian Dollar	.8343 New Zealand Dollar
1.3192 Euro	.3153 Poland Zloty
.0165 India Rupee	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0760) = 13.1579 Mexican Pesos. Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered August 18 - 29, 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 continuing to build with some manufacturers showing intake volumes just above year ago levels. The good weather and forage conditions that led to the strong finish for the 2013-14 season have prevailed and have led to a good start to the new season. Temperatures are increasing and will improve pasture grass growth in the major dairy producing states. Dairy markets and manufacturers are still adjusting to the impact of the Russian embargo on Australian imports. Manufacturers are still making butter and skim milk powder in lieu of whole milk powder, due to the better returns, but the marginal advantage is declining. The Russian ban has raised concerns with producers that farmgate prices could be at risk, but various manufacturers are attempting to reassure producers that the outlook for the newly started season remains positive and should provide for step ups, rather than step downs in pricing. Various manufacturers have capacity available and are looking to expand their milk supply. According to Dairy Australia, July 2014 milk production in Australia was 1.5% above July 2013. The state changes from a year earlier are: New South Wales, +4.4%; Victoria, +2.2%; Queensland, -8.1%; South Australia, -5.2%; Western Australia, -0.9% and Tasmania +7.1%. **NEW ZEALAND'S** milk production is showing weekly increases. Overall production volumes are just above year ago levels. Farmers are very busy with calving on both the North and the South Islands. Weather conditions are cool and wet, making calving and producer operations marginally difficult. The lower milk prices to start the season have narrowed producer margins significantly and will cause producers to be much more cautious in their purchases of feed and seed. The accelerated declines in skim milk powder prices are prompting some manufacturers to consider swinging production to whole milk powder. Butter and AMF prices showed strength on the prospects of increased buying from Russia.

BUTTER: Butter prices were mixed and saw substantial declines on the upper end of the range, caused by the lack of export opportunities to Russia from Australia. The Russian ban on Australian imports has caused shipments already on the water to be diverted. New Zealand butter makers are receiving numerous inquiries from Russian buyers. There is some hesitancy to commit large volume sales at this time, given the uncertainties surrounding the Russian market. There are also discussions and negotiations, prior to sales to Russia, to further expand the list of New Zealand plants approved to export to Russia. Export demand is mixed with some increased interest coming from the Middle East and North Africa. At the August 19 GDT event #122, NZ unsalted butter averaged \$2,985/MT for the October contracts, +7.6% from the prior event. Butter for all regions and contracting periods averaged \$2,940/MT, +4.9%. New Zealand AMF prices averaged \$3,583/MT for the October contracts, +3.3% from the prior event. For all contract periods, the AMF price average was \$3,566/MT, +3.6%. According to GTIS, China's butter imports for July were nearly level with the previous month, but well above year ago levels. China's January to July butter imports show a 121% increase, compared to last year. China's AMF imports increased in July with the January to July totals 114% above year ago levels. New Zealand is the major exporter to China for both commodities.

82% BUTTERFAT: 2,775 - 3,550

SKIM MILK POWDER (SMP): Skim milk powder prices decreased this period as concerns of expanded global supplies weighed on prices. Export demand is sluggish with many buyers taking a wait and see attitude. Production is increasing as milk flows expand and supplies are building. At the August 19 GDT event 122, SMP for all regions and contracting periods averaged \$2,874 per MT, -12.0%. For trading in contract period 1, October 2014, prices averaged \$2,785 for NZ sourced medium heat product, down \$390 from the prior event. According to GTIS, China's imports of skim milk powder increased substantially in July, compared to June with nearly all of the increase attributable to imports from New Zealand. The January to July totals show China's SMP imports 68% over year ago levels.

1.25% BUTTERFAT: 2,775 - 3,350

CHEDDAR CHEESE: The cheddar market saw price declines again this period, pressured by the increases to global supplies caused by the Russian ban on EU, Australian and U.S. imports. Production is increasing as milk flows expand. Some contracts are coming up for negotiations. Supplies are moving through contracts with limited increases to inventories. According to GTIS, China cheese imports for the January to July period are up 56% over year ago levels. In July, Australia shipped marginally more cheese to China than New Zealand.

39% MAXIMUM MOISTURE: 3,600 - 4,400

WHOLE MILK POWDER (WMP): Prices for whole milk powder were mixed and saw the price range narrow. The price increase on the low end of the range could possibly mean a price floor is being established. Manufacturers are closely monitoring the narrowing price advantage of SMP and butter over whole milk powder for possible production shifts, in order to produce the commodity of highest return. Ultimately, the key question in the whole milk powder market is, when will China re-enter the market with significant volume purchases? There has been some increased interest coming from China with additional requests for offers, but few transactions have been completed. At the August 19 GDT event 122, the WMP pricing index, across all contracting periods, averaged \$2,804 per MT, up 3.4% compared to the prior event. For contract periods 1 and 2, October and November 2014, NZ regular WMP averaged \$2,735 and \$2,785 per MT. According to GTIS, China's whole milk powder imports for July declined for the fourth consecutive month, but remained above year ago levels. January to July whole milk powder imports into China are cited at 68% above year ago levels.

26% BUTTERFAT: 2,725 - 3,300

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

US\$/MT	Global/Dairy Trading (gDT) Event 122 Recap - August 19, 2014											
	Contract 1 Oct-14		Contract 2 Nov-14		Contract 3 Dec-14		Contract 4 Jan-15		Contract 5 Feb-15		All Contracts	
Anhydrous Milk Fat	\$3,583	3.3%	\$3,570	4.4%	\$3,550	3.5%	\$3,528	2.6%	\$3,558	2.8%	\$3,566	3.6%
Butter	\$2,985	7.6%	\$2,797	0.6%	\$3,025	4.7%	\$3,050	9.9%	n.a.		\$2,940	4.9%
Buttermilk Powder	\$3,895	-2.5%	\$3,865	-2.2%	\$3,910	-3.1%		n.a.		n.a.	\$3,886	-2.5%
Cheddar	\$3,393	-13.6%	\$3,508	-7.4%	\$3,456	-3.2%		n.a.		n.a.	\$3,453	-7.9%
Lactose		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.
Rennet Casein	\$9,604	0.4%	\$9,700	-1.8%	\$9,495	-2.1%		n.a.		n.a.	\$9,601	-0.8%
Skim Milk Powder	\$2,806	-11.3%	\$2,880	-12.4%	\$2,929	-13.6%	\$3,000	-10.7%	\$3,099	-10.9%	\$2,874	-12.0%
Whole Milk Powder	\$2,755	4.0%	\$2,807	3.9%	\$2,847	4.0%	\$2,836	2.4%	\$2,901	-5.7%	\$2,804	3.4%

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

US\$/Pound	Global/Dairy Trading (gDT) Event 122 Recap - August 19, 2014											
	Contract 1 Oct-14		Contract 2 Nov-14		Contract 3 Dec-14		Contract 4 Jan-15		Contract 5 Feb-15		All Contracts	
Anhydrous Milk Fat	\$1.6252	3.3%	\$1.6193	4.4%	\$1.6103	3.5%	\$1.6003	2.6%	\$1.6139	2.8%	\$1.6175	3.6%
Butter	\$1.3540	7.6%	\$1.2687	0.6%	\$1.3721	4.7%	\$1.3835	9.9%		n.a.	\$1.3336	4.9%
Buttermilk Powder	\$1.7668	-2.5%	\$1.7532	-2.2%	\$1.7736	-3.1%		n.a.		n.a.	\$1.7627	-2.5%
Cheddar	\$1.5391	-13.6%	\$1.5912	-7.4%	\$1.5676	-3.2%		n.a.		n.a.	\$1.5663	-7.9%
Lactose		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.
Rennet Casein	\$4.3563	0.4%	\$4.3999	-1.8%	\$4.3069	-2.1%		n.a.		n.a.	\$4.3550	-0.8%
Skim Milk Powder	\$1.2728	-11.3%	\$1.3064	-12.4%	\$1.3286	-13.6%	\$1.3608	-10.7%	\$1.4057	-10.9%	\$1.3036	-12.0%
Whole Milk Powder	\$1.2497	4.0%	\$1.2732	3.9%	\$1.2914	4.0%	\$1.2864	2.4%	\$1.3159	-5.7%	\$1.2719	3.4%

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

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

Month	08/14	08/15	08/18	08/19	08/20	08/21	08/22	08/25	08/26	08/27
CLASS III MILK FUTURES (Pit-Traded) (\$/cwt)										
AUG 14	22.17 (3935)	22.16 (3947)	22.10 (3925)	22.18 (3934)	22.20 (3909)	22.23 (3792)	22.23 (3808)	22.21 (3747)	22.26 (3681)	22.26 (3696)
SEP 14	22.70 (4426)	22.64 (4464)	22.43 (4369)	22.85 (4333)	23.14 (4495)	23.63 (4575)	23.53 (4715)	23.75 (4854)	24.07 (4826)	23.98 (4902)
OCT 14	21.24 (4005)	21.10 (4049)	20.94 (4117)	21.46 (4158)	21.59 (4285)	22.34 (4414)	22.44 (4495)	22.75 (4586)	23.19 (4713)	23.05 (4778)
NOV 14	19.96 (3053)	19.82 (3062)	19.71 (3083)	20.01 (3138)	20.08 (3175)	20.64 (3210)	20.62 (3243)	20.81 (3267)	21.17 (3314)	21.08 (3326)
DEC 14	19.22 (2936)	19.03 (2932)	18.96 (2954)	19.21 (2976)	19.10 (2994)	19.48 (2997)	19.51 (3030)	19.67 (3034)	19.95 (3073)	19.87 (3082)
JAN 15	18.53 (1893)	18.45 (1907)	18.35 (1916)	18.45 (1964)	18.36 (1965)	18.57 (2010)	18.55 (2039)	18.69 (2035)	18.78 (2080)	18.74 (2070)
FEB 15	18.01 (1720)	18.00 (1724)	17.92 (1777)	18.08 (1805)	17.98 (1791)	18.09 (1809)	18.08 (1821)	18.15 (1904)	18.22 (1929)	18.25 (1950)
MAR 15	17.95 (1546)	17.94 (1553)	17.85 (1563)	18.01 (1619)	17.90 (1632)	18.05 (1647)	18.02 (1661)	18.05 (1685)	18.11 (1752)	18.08 (1769)
APR 15	17.95 (1100)	17.90 (1106)	17.88 (1143)	18.03 (1201)	17.88 (1215)	17.99 (1240)	17.94 (1253)	18.04 (1273)	18.05 (1288)	18.00 (1293)
MAY 15	17.94 (1038)	17.94 (1056)	17.90 (1062)	18.03 (1089)	17.89 (1102)	18.00 (1126)	17.96 (1137)	18.03 (1157)	18.05 (1172)	18.00 (1176)
CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)										
AUG 14	23.25 (1314)	23.25 (1314)	23.25 (1314)	23.30 (1315)	23.38 (1315)	23.59 (1336)	23.60 (1332)	23.60 (1326)	23.60 (1326)	23.75 (1325)
SEP 14	22.39 (1156)	22.39 (1153)	22.39 (1154)	22.39 (1154)	22.39 (1154)	22.88 (1160)	23.05 (1162)	22.77 (1161)	22.83 (1167)	22.97 (1166)
OCT 14	20.99 (1025)	20.99 (1025)	20.99 (1025)	21.10 (1024)	21.10 (1024)	21.50 (1029)	21.62 (1034)	21.55 (1034)	21.30 (1032)	21.75 (1032)
CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)										
AUG 14	249.00 (1006)	248.98 (1006)	248.45 (1011)	248.28 (1015)	249.50 (1025)	249.20 (1038)	249.45 (1036)	249.00 (1034)	248.68 (1034)	248.50 (1022)
SEP 14	253.00 (1020)	258.00 (1021)	259.00 (1016)	262.25 (1013)	267.00 (1011)	272.00 (1018)	274.00 (1018)	269.00 (1018)	264.00 (1016)	261.95 (1013)
OCT 14	236.73 (999)	241.73 (999)	244.75 (1004)	248.50 (1013)	253.50 (1018)	258.50 (1033)	261.25 (1031)	256.25 (1025)	251.25 (1025)	251.75 (1026)
NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)										
AUG 14	174.50 (510)	174.50 (511)	174.50 (510)	174.08 (511)	174.08 (504)	176.00 (505)	176.75 (506)	176.75 (506)	176.75 (506)	179.00 (515)
SEP 14	160.00 (538)	159.75 (546)	157.50 (546)	156.50 (546)	155.98 (546)	157.25 (548)	158.98 (544)	159.48 (546)	161.00 (544)	163.50 (538)
OCT 14	152.50 (546)	151.00 (541)	150.50 (541)	148.68 (539)	146.00 (556)	148.00 (559)	148.75 (560)	148.00 (562)	149.40 (563)	153.40 (573)
WHEY (Electronic-Traded) (¢/lb)										
AUG 14	69.13 (309)	69.13 (309)	69.13 (309)	69.13 (309)	69.13 (309)	69.13 (309)	69.13 (309)	69.13 (309)	69.13 (309)	69.13 (310)
SEP 14	67.98 (288)	68.00 (288)	67.75 (292)	67.75 (292)	67.75 (292)	67.75 (292)	66.75 (293)	66.75 (293)	66.75 (293)	66.75 (293)
OCT 14	66.00 (356)	66.75 (358)	66.00 (360)	66.00 (366)	66.00 (366)	65.25 (366)	65.25 (366)	65.25 (366)	65.15 (367)	65.00 (367)
CHEESE CSC (Electronic-Traded) (\$/lb)										
AUG 14	2.10 (1468)	2.09 (1473)	2.09 (1470)	2.10 (1470)	2.10 (1470)	2.11 (1469)	2.11 (1469)	2.11 (1469)	2.11 (1469)	2.11 (1469)
SEP 14	2.15 (1500)	2.16 (1500)	2.13 (1507)	2.17 (1508)	2.20 (1507)	2.25 (1489)	2.25 (1485)	2.27 (1486)	2.30 (1483)	2.30 (1483)
OCT 14	2.03 (1502)	2.01 (1516)	1.99 (1535)	2.04 (1538)	2.06 (1547)	2.13 (1557)	2.15 (1555)	2.18 (1559)	2.23 (1551)	2.22 (1558)
NOV 14	1.93 (1657)	1.91 (1666)	1.90 (1774)	1.93 (1836)	1.95 (1839)	1.99 (1872)	1.99 (1863)	2.02 (1869)	2.05 (1868)	2.04 (1865)
DEC 14	1.89 (1998)	1.87 (2009)	1.86 (2044)	1.88 (2049)	1.88 (2048)	1.91 (2073)	1.91 (2078)	1.93 (2086)	1.95 (2087)	1.95 (2087)
JAN 15	1.83 (879)	1.83 (916)	1.82 (983)	1.84 (1008)	1.83 (1013)	1.84 (1021)	1.84 (1031)	1.86 (1049)	1.86 (1063)	1.85 (1067)

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

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated

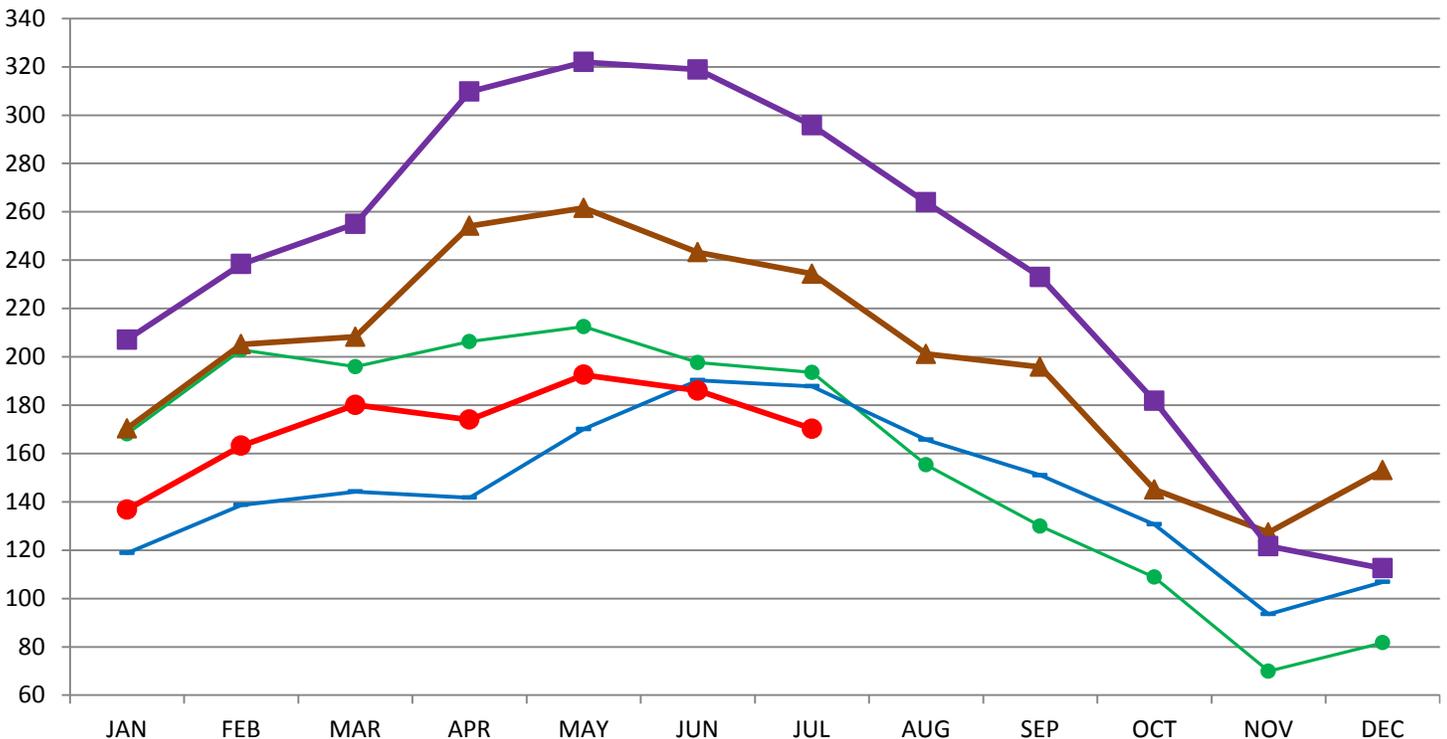
U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	JUNE 30, 2012	JUNE 30, 2013	REVISED JUNE 30, 2014	JULY 31, 2012	JULY 31, 2013	JULY 31, 2014
Butter	243,235	318,893	186,020	234,352	295,751	170,207
Cheese, Natural American	662,387	710,604	655,239	670,734	701,964	660,362
Cheese, Swiss	30,377	31,347	27,972	30,611	32,715	25,453
Cheese, Other Natural	402,201	407,426	372,231	391,272	411,452	369,716
Total Cheese	1,094,965	1,149,377	1,055,442	1,092,617	1,146,131	1,055,531

JULY STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
New England	38,913	47,385	61,092	---	---	---	827	817	755
Middle Atlantic	49,119	55,980	55,456	---	---	---	18,340	22,028	22,698
East North Central	300,266	301,280	239,400	---	---	---	285,831	285,399	246,779
West North Central	103,331	101,004	111,177	---	---	---	37,367	42,619	45,655
South Atlantic	44	600	541	---	---	---	6,063	9,660	5,071
East South Central	6,528	6,468	5,242	---	---	---	12,684	12,798	13,637
West South Central	14,695	13,418	21,418	---	---	---	1,181	610	554
Mountain	48,944	55,727	55,274	---	---	---	6,017	4,104	2,498
Pacific	108,894	120,102	110,762	---	---	---	22,962	33,417	32,069
TOTAL	670,734	701,964	660,362	234,352	295,751	170,207	391,272	411,452	369,716

* Regional breakdowns are not reported to avoid possible disclosure of individual operations.

MILLION POUNDS

BUTTER COLD STORAGE HOLDINGS



DATA SOURCE, USDA, NASS; GRAPH, USDA, AMS, DMN

—●— 2010 —■— 2011 —▲— 2012 —■— 2013 —●— 2014

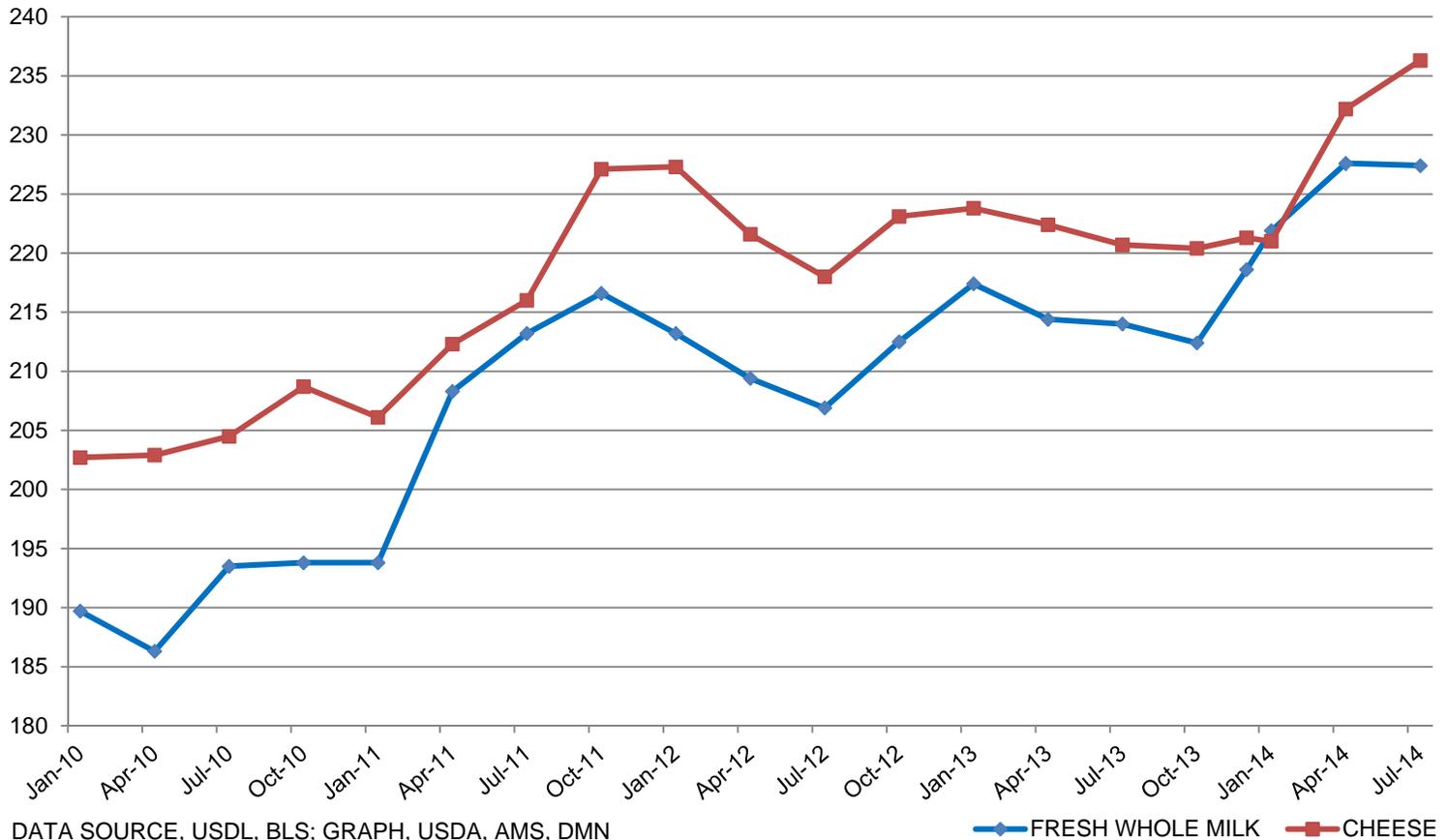
CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE ^{1/}

Month	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish, and Eggs	
	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}	CPI ^{2/}	Pct. Chg. ^{3/}
MAY	242.3	2.5	225.5	4.2	228.8	8.5	236.3	6.0	216.3	6.8	251.8	7.7
JUN	242.3	2.3	224.5	3.9	227.0	6.1	235.5	7.4	223.0	11.2	252.9	7.5
JUL	243.0	2.5	225.1	4.3	227.4	6.3	236.3	7.1	231.6	16.5	253.8	7.6
U.S. City Average Retail Prices												
Month	Whole Milk ^{4/}		Butter ^{5/}		Process Cheese ^{6/}		Natural Cheese ^{7/}		Ice Cream ^{8/}			
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013		
	Dollars											
MAY	3.735	3.441	N/A	N/A	4.515	4.065	5.586	5.559	4.911	4.831		
JUN	3.626	3.458	N/A	N/A	4.412	4.085	5.560	5.493	4.691	5.005		
JUL	3.645	3.449	N/A	N/A	4.426	4.092	5.560	5.434	4.719	4.840		

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

1982 -1984=100

CONSUMER PRICE INDEX DAIRY PRODUCTS



AUGUST AGRICULTURAL PRICES HIGHLIGHTS

The All Milk price received by farmers was \$23.70 in August, up \$.40 from July 2014, and up \$4.10 from August 2013. The alfalfa hay price was \$209.00 in August, up \$10.00 from August 2013. The corn price was \$3.70 in August, down \$2.51 from August 2013. The soybean price was \$12.20 in August, down \$1.90 from August 2013. The milk-feed price ratio was 2.55 in August, up 0.87 from August 2013.

The index of prices received by farmers for dairy products during the month of August 2014 was up 2 points to 118. Compared to August 2013, the index was up 20 points (20.4 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in August 2014 was down 1 point to 111. Compared with August 2013, the index was up 5 points (4.7 percent).

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

State	All-Milk price ^{1/2/}				Alfalfa hay, baled		Corn for Grain		Soybeans	
	Dollars per cwt.				Dollars per ton		Dollars per bushel		Dollars per bushel	
	July		August		August		August		August	
	2013	2014	2013	2014 ^{3/}	2013	2014 ^{3/}	2013	2014 ^{3/}	2013	2014 ^{3/}
AZ	19.20	23.50	19.50	23.90	190.00	240.00	---	---	---	---
CA	17.51	21.70	18.11	22.10	201.00	245.00	---	---	---	---
CO	19.30	23.30	20.00	23.80	245.00	210.00	6.80	3.93	---	---
ID	18.10	22.40	18.60	22.70	200.00	200.00	---	---	---	---
IN	20.10	23.50	20.70	24.00	---	---	6.38	3.80	---	---
IA	19.40	23.80	20.00	24.40	205.00	156.00	6.32	3.50	14.20	12.10
MI	19.90	23.70	20.40	24.20	180.00	160.00	6.04	3.60	14.40	12.40
MN	19.10	23.80	19.80	24.30	165.00	116.00	6.24	3.55	14.30	11.80
NM	17.80	21.10	18.10	21.40	245.00	270.00	---	---	---	---
NY	20.20	24.90	20.60	25.30	205.00	205.00	---	---	---	---
OH	20.40	23.90	21.20	24.40	190.00	175.00	6.34	3.90	---	---
PA	20.70	25.40	21.20	25.80	189.00	187.00	6.10	3.98	---	---
TX	19.30	23.40	19.60	23.50	237.00	246.00	5.01	4.50	---	---
WA	19.60	24.60	20.10	24.80	205.00	220.00	---	---	---	---
WI	19.10	23.50	19.80	24.10	160.00	130.00	6.18	3.70	14.40	12.40
U.S.	19.00	23.30	19.60	23.70	199.00	209.00	6.21	3.70	14.10	12.20

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

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

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

Milk-feed: pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk ^{1/}			
State ^{2/}	August 2013	July 2014	August 2014 ^{3/}
IA	1.69	2.71	3.05
MI	1.84	2.83	2.95
MN	1.80	2.94	3.38
OH	1.79	2.73	2.84
WI	1.83	2.73	3.13
U.S.	1.68	2.36	2.55

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

^{3/} Preliminary.

GENERAL PRICE MEASURES, U.S., AUGUST 2014 WITH COMPARISONS

Item	August 2013	July 2014	August 2014 ^{1/}
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for dairy products	98	116	118
Prices paid by farmers for commodities and services, interest taxes, and wage rates	106	112	111

^{1/} Preliminary.

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

JUNE MILK SALES

During June, 3.8 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 2.2 percent lower than June 2013. Estimated sales of total conventional fluid milk products decreased 2.9 percent from June 2013 and estimated sales of total organic fluid milk products increased 11.3 percent from a year earlier. Additional data can be found at <http://www.ams.usda.gov/AMSV1.0/FluidMilkSalesDataMonthlyandYearToDate>.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, JUNE 2014, WITH COMPARISONS 1/

Product Name	Sales		Change from: 2/	
	June	Year to Date	Previous Year	Year to Date
	<i>million pounds</i>		<i>Percent</i>	
Conventional Production Practice				
Whole Milk	1,048	6,518	-0.1	-0.1
Flavored Whole Milk	40	262	1.7	-1.9
Reduced Fat Milk (2%)	1,358	8,522	-1.5	-1.8
Low Fat Milk (1%)	477	3,339	-4.5	-4.4
Fat-Free Milk (Skim)	453	3,014	-11.7	-10.8
Flavored Fat-Reduced Milk	161	1,856	-2.2	-4.0
Buttermilk	37	237	-0.8	-0.5
Other Fluid Milk Products	3	24	---	---
Total Fat-Reduced Milk 3/	2,448	16,731	-4.2	-4.3
Total Conventional Milk Products	3,577	23,772	-2.9	-3.1
Organic Production Practice				
Whole Milk	59	359	25.7	22.4
Reduced Fat Milk (2%)	59	368	14.8	17.1
Low Fat Milk (1%)	38	241	1.0	9.8
Fat-Free Milk (Skim)	33	208	-1.2	-2.3
Flavored Fat-Reduced Milk	10	61	5.3	-2.7
Other Fluid Milk Products	0	3	---	---
Total Fat-Reduced Milk 3/	130	817	6.2	9.4
Total Organic Milk Products	199	1,239	11.3	12.2
Total Fluid Milk Products	3,777	25,011	-2.2	-2.5
Total Fluid Milk Products Adjusted 4/	*	*	*	*

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

PACKAGED SALES OF TOTAL FLUID MILK PRODUCTS IN FEDERAL MILK ORDERS AND CALIFORNIA, JUNE 2014, WITH COMPARISONS 1/

Marketing Area	Order Number	Sales		Change from: 2/	
		June	Year to Date	Previous Year	Year to Date
		<i>million pounds</i>		<i>percent</i>	
Northeast	001	650	4,258	-5.3	-3.1
Appalachian	005	245	1,619	-2.5	-3.9
Florida	006	204	1,375	-2.3	-2.2
Southeast	007	345	2,279	2.1	-0.8
Upper Midwest	030	288	1,941	-2.7	-2.2
Central	032	315	2,113	-1.8	-3.7
Midwest	033	411	2,747	-0.3	-2.5
Pacific Northwest	124	160	1,008	-3.2	-2.6
Southwest	126	324	2,192	-2.1	-0.6
Arizona	131	83	553	-0.9	-0.8
California	---	450	2,926	-2.2	-3.0
All Orders (Total)		3,024	20,085	-2.2	-2.4
All Areas (Total)		3,475	23,010	-2.2	-2.5

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

Source: U.S. Department of Agriculture. California Department of Food and Agriculture. Milk Stabilization Branch. *California Dairy Information Bulletin, June 2014.*

Dairy Margin Protection Program

USDA Launches New Web Tool to Help Producers Manage Unforeseen Economic Challenges

WASHINGTON, Aug. 28, 2014 — Agriculture Secretary Tom Vilsack today announced that starting Sept. 2, 2014, farmers can enroll in the new dairy Margin Protection Program. The voluntary program, established by the 2014 Farm Bill, provides financial assistance to participating farmers when the margin – the difference between the price of milk and feed costs – falls below the coverage level selected by the farmer.

The U.S. Department of Agriculture (USDA) also launched a new Web tool to help producers determine the level of coverage under the Margin Protection Program that will provide them with the strongest safety net under a variety of conditions. The online resource, available at www.fsa.usda.gov/mpptool, allows dairy farmers to quickly and easily combine unique operation data and other key variables to calculate their coverage needs based on price projections. Producers can also review historical data or estimate future coverage based on data projections. The secure site can be accessed via computer, Smartphone, tablet or any other platform, 24 hours a day, seven days a week.

"We've made tremendous progress in implementing new risk management programs since the Farm Bill was signed over six months ago," said Vilsack. "This new program is another example of this Administration's commitment to provide effective safety net programs that allow farmers and ranchers to manage economic risks beyond their control. And the supplemental Web tool will empower the nation's 46,000 dairy producers to make decisions that make sense for them."

Development of the online resource was led by the University of Illinois, in partnership with the USDA and the Program on Dairy Markets and Policy (DMaP). DMaP partners include the University of Illinois, the University of Wisconsin, Cornell University, Pennsylvania State University, the University of Minnesota, Ohio State University and Michigan State University.

The Margin Protection Program, which replaces the Milk Income Loss Contract program, gives participating dairy producers the flexibility to select coverage levels best suited for their operation. Enrollment begins Sept. 2 and ends on Nov. 28, 2014, for 2014 and 2015. Participating farmers must remain in the program through 2018 and pay a minimum \$100 administrative fee each year. Producers have the option of selecting a different coverage level during open enrollment each year.

Dairy operations enrolling in the new program must comply with conservation compliance provisions and cannot participate in the Livestock Gross Margin dairy insurance program. Farmers already participating in the Livestock Gross Margin program may register for the Margin Protection Program, but the new margin program will only begin once their Livestock Gross Margin coverage has ended.

The Margin Protection Program final rule will be published in the Federal Register on Aug. 29, 2014. The Farm Service Agency (FSA), which administers the program, also will open a 60-day public comment period on the dairy program. The agency wants to hear from dairy operators to determine whether the current regulation accurately addresses management changes, such as adding new family members to the dairy operation or inter-generational transfers. Written comments must be submitted by Oct. 28, 2014, at www.fsa.usda.gov or www.regulations.gov.

The 2014 Farm Bill also established the Dairy Product Donation Program. The program authorizes USDA to purchase and donate dairy products to nonprofit organizations that provide nutrition assistance to low-income families. Purchases only occur during periods of low dairy margins. Dairy operators do not need to enroll to benefit from the Dairy Product Donation Program.

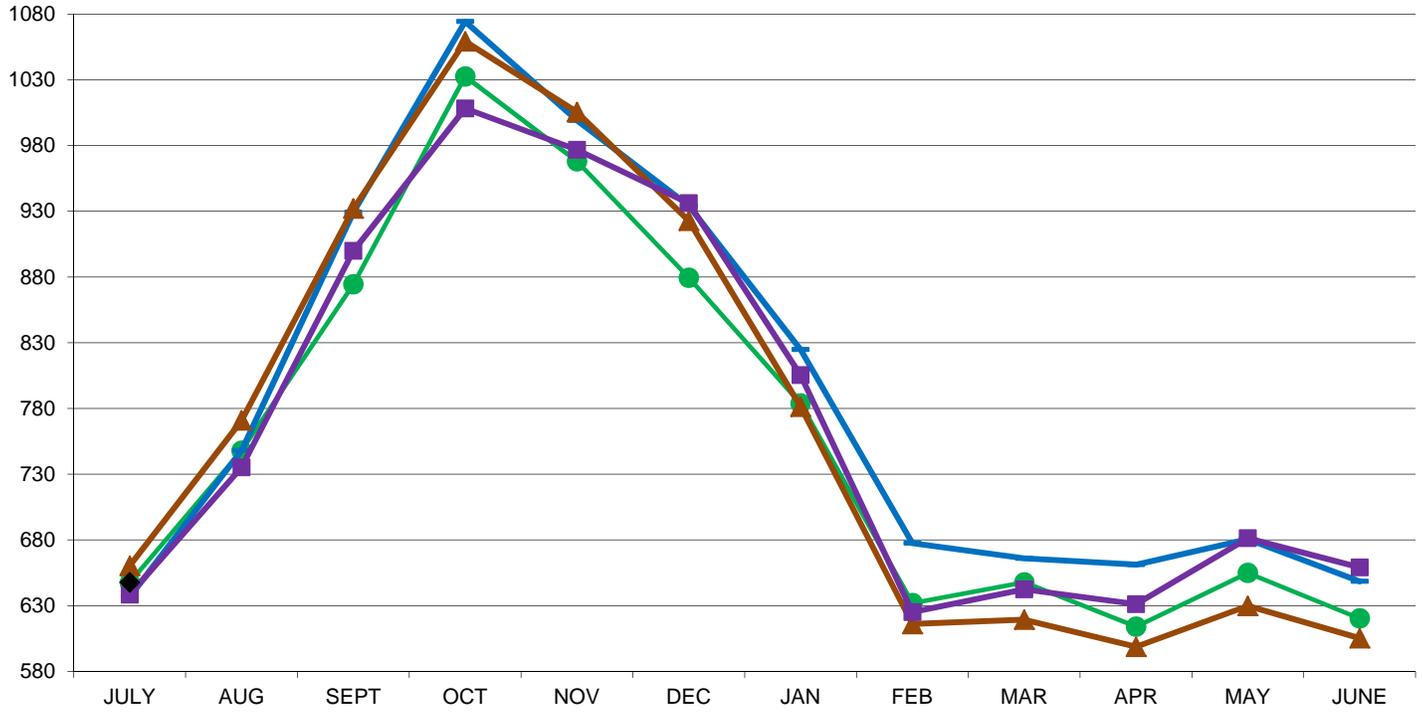
The 2014 Farm Bill builds on historic economic gains in rural America over the past five years, while achieving meaningful reform and billions of dollars in savings for the taxpayer. Since enactment, USDA has made significant progress to implement each provision of this critical legislation, including providing disaster relief to farmers and ranchers; strengthening risk management tools; expanding access to rural credit; funding critical research; establishing innovative public-private conservation partnerships; developing new markets for rural-made products; and investing in infrastructure, housing and community facilities to help improve quality of life in rural America. For more information, visit www.usda.gov/farmbill.

Visit FSA online at www.fsa.usda.gov/factsheets, or stop by a local FSA office to learn more about the Margin Protection Program or the Dairy Product Donation Program

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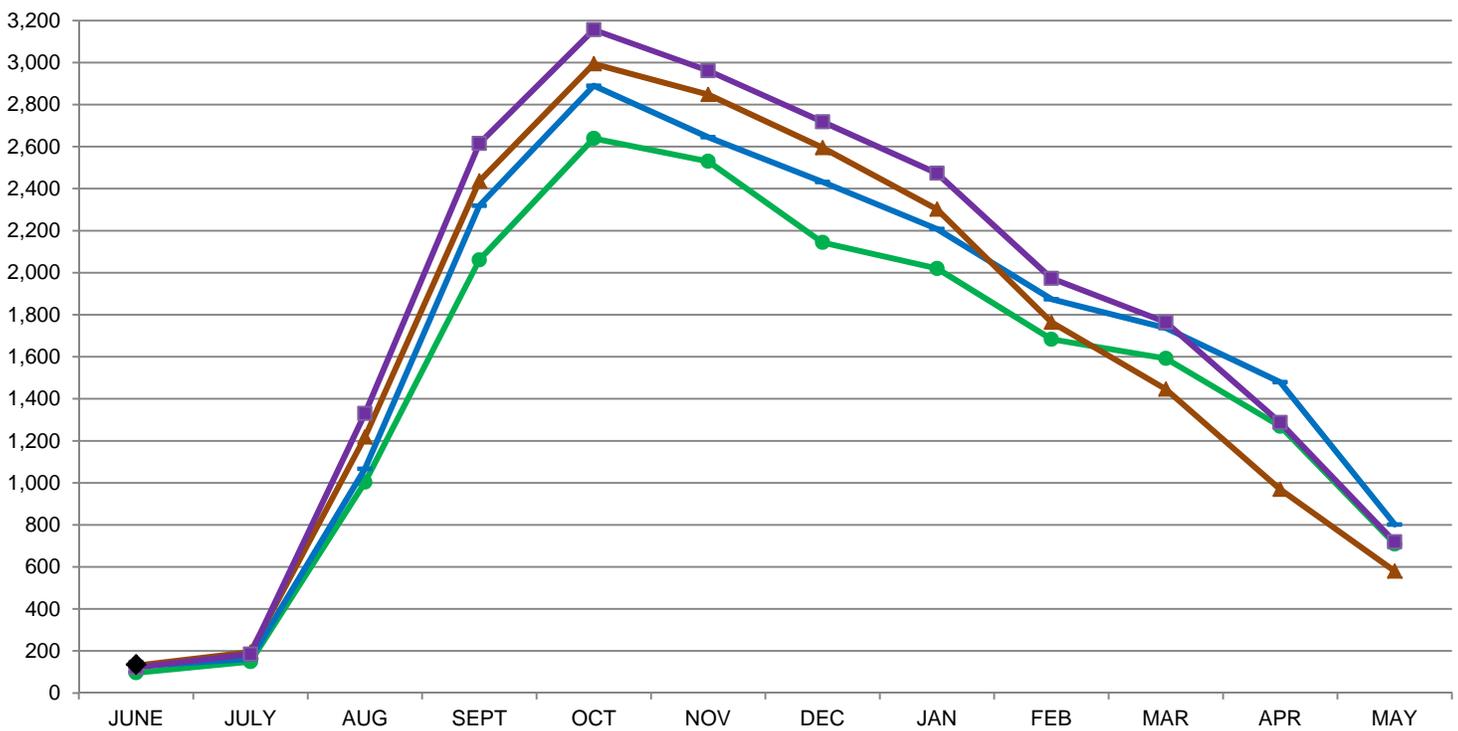
MONTHLY AUSTRALIAN MILK PRODUCTION



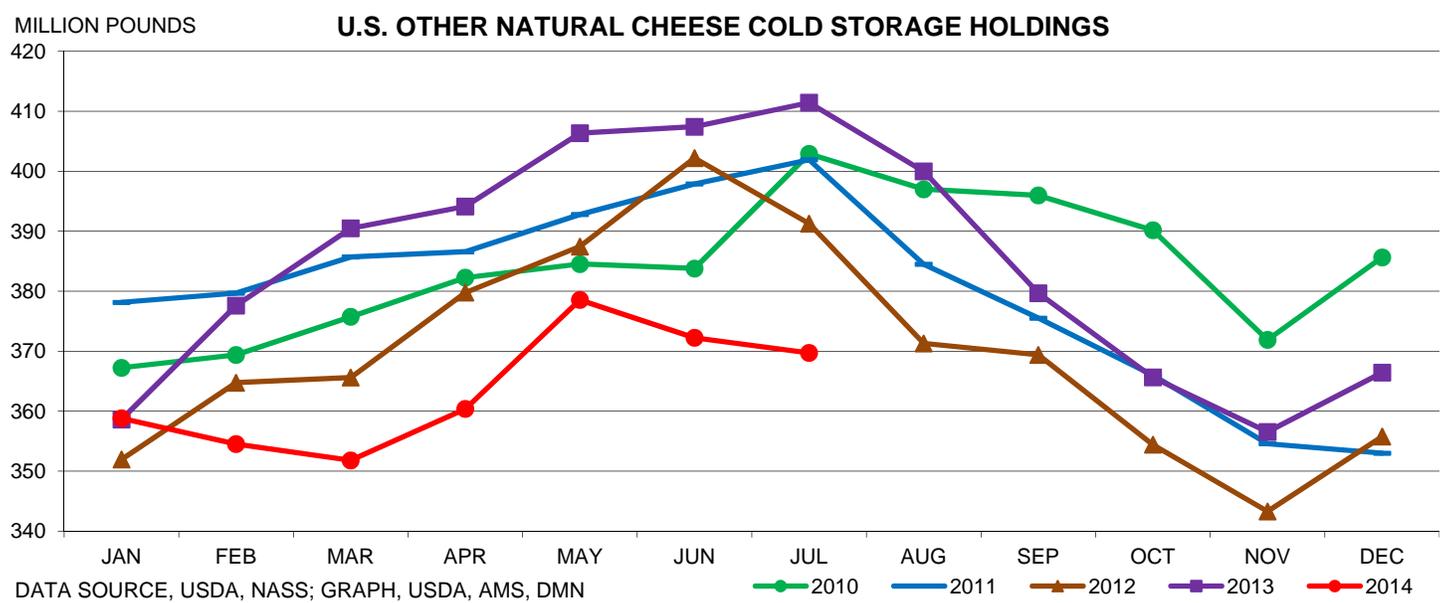
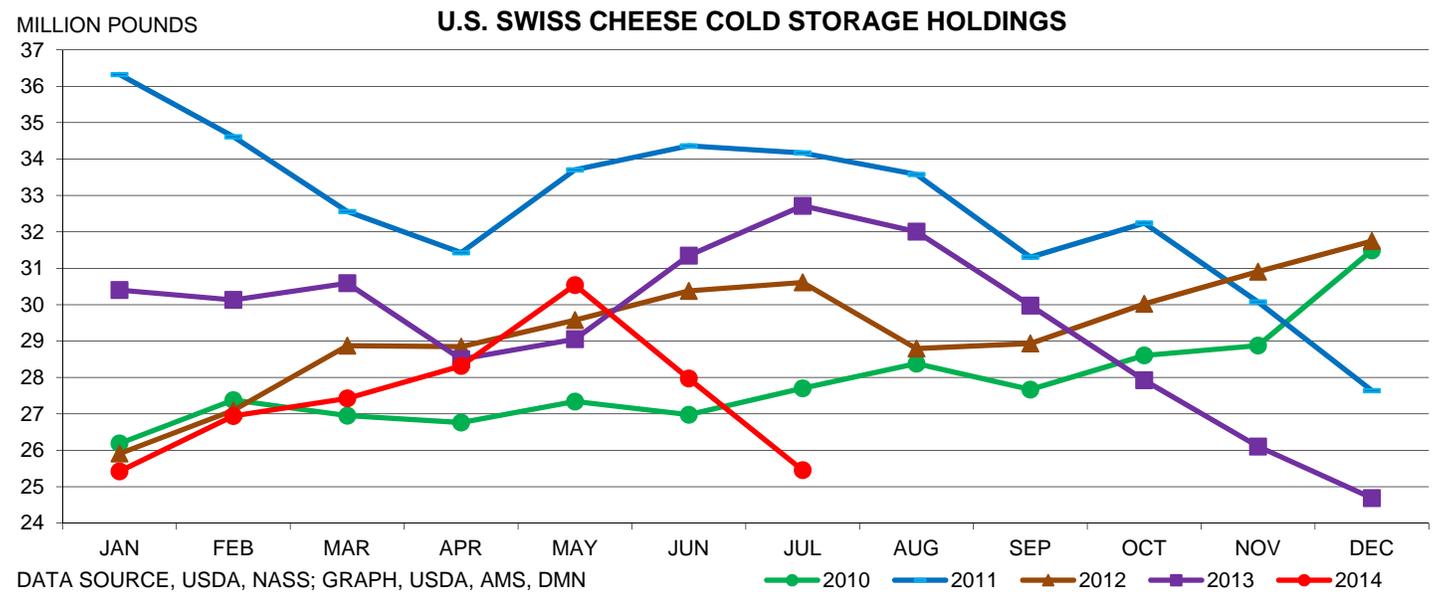
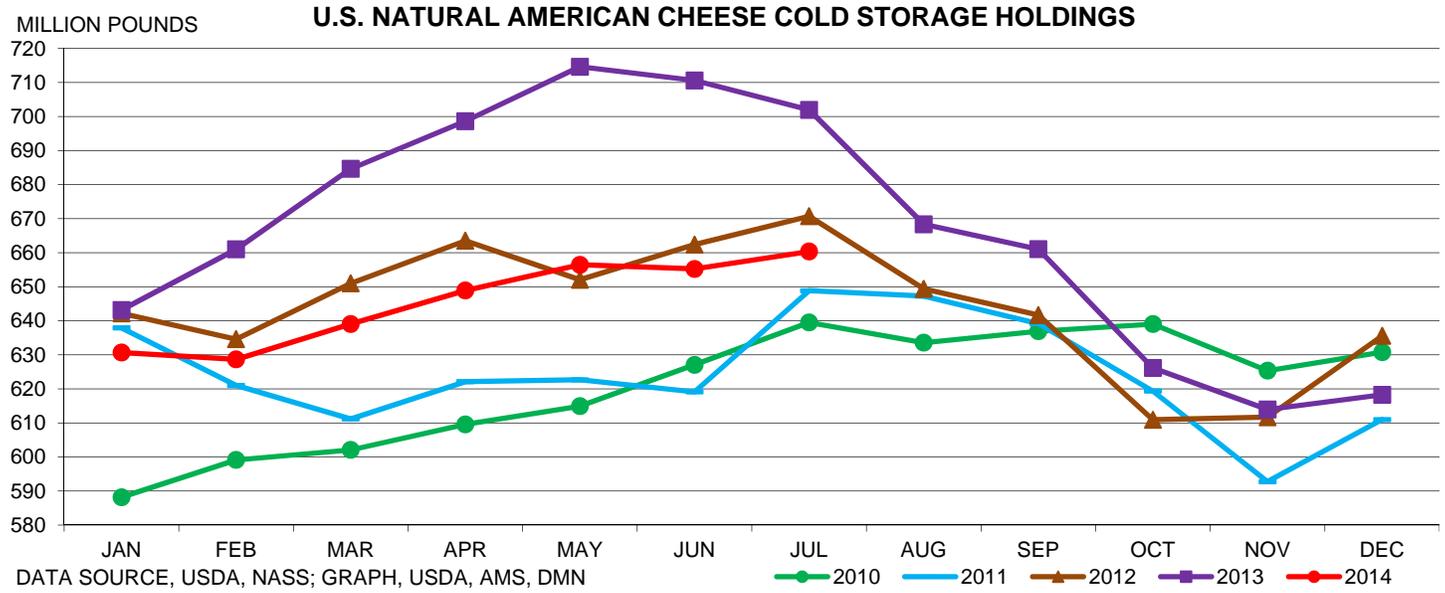
DATA SOURCE, DAIRY AUSTRALIA LTD.; GRAPH, USDA, AMS, DMN 2010-11 2011-12 2012-13 2013-14 2014-15

MONTHLY NEW ZEALAND MILK PRODUCTION

1,000 MT



DATA SOURCE, DCANZ; GRAPH, USDA, AMS, DMN 2010-11 2011-12 2012-13 2013-14 2014-15



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

DATE: 08/29/2014

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

NORTHWEST/MOUNTAIN

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

MARKET NEWS PORTAL

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