

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (9/05)**

**BUTTER:** Grade AA closed at \$2.8450. The weekly average for Grade AA is \$2.8175 (+.0615).

**CHEESE:** Barrels closed at \$2.3250 and 40# blocks at \$2.3500. The weekly average for barrels is \$2.3231 (+.0171) and blocks, \$2.3500 (+.0490).

**BUTTER HIGHLIGHTS:** Butter operators were able to secure additional cream over the holiday weekend, increasing production rates. Focus is shifting from bulk butter to print butter production. Demand continues to outpace supplies, hindering inventory levels as fourth quarter demand looms. At the GDT auction on September 2, November contracts for New Zealand butter averaged \$1.1635. Dutch quotes this week were at \$1.82 for 82% butterfat. The spread between U.S. and global markets is not accommodating much export interest. Bulk butter prices ranged from 3.5 cents under to 6 cents over market, with various time frames and averages used. The DMN National Dairy Retail Report noted the surveyed national weighted average price for a 1 lb. package of butter was \$3.59, up \$0.23 from two weeks ago and \$0.50 above a year ago. Butter surveyed prices ranged from \$2.48 to \$4.49. The NASS Dairy Products report noted July U.S. butter production totaled 136.2 million pounds, down 3.0% from last month, but 2.6% higher than a year ago. January-July U.S. production totals 1.119 billion pounds, 2.4% behind 2013 during the same time span. According to FAS, January-July U.S. butter exports total 126.2 million pounds, an increase of 37% compared to last year. Friday at the CME Group, Grade AA butter closed at a new all-time high, \$2.8450, up \$0.0900 from last Friday. CME Group average butter price for August was \$2.5913 compared to \$1.4013 a year ago.

**CHEESE HIGHLIGHTS:** Cheese plants across the country are working full schedules. Favorable prices and good demand are combining to spur production. Cheese demand is often above current offers. Some cheese makers are looking to increase yields with condensed skim or nonfat dry milk. Buyers are pushing to build their inventories for upcoming fall needs. While domestic demand is very good, export sales have slowed. Domestic buyers are often asking for any additional spot loads when they become available. According to the National Dairy Retail Report, combined cheese advertising was up 43% from two weeks ago. National advertised retail prices were higher for 8 oz. block packages (\$2.39, +.08). Lower prices were reported for 8 oz. shred (\$2.40, -.02), 1 lb. block (\$4.02, -.24) and 1 lb. shred (\$3.61, -.03). Dairy Products (NASS) reported total U.S. cheese production for July at 956.4 million pounds, up 7% (62.6 million pounds) from July 2013. Exports of U.S. cheese and curd for January-July 2014 were reported by the Foreign

Agricultural Service to be 509.7 million pounds, up 31% from the same period in 2013. The CME Group monthly average price for August 2014 for barrels is \$2.1961 compared to \$1.7425 a year ago. Blocks averaged \$2.1820 compared to \$1.7493 for August 2013. At the CME Group, barrels closed Friday at \$2.3250 and blocks at \$2.3500. Compared to the previous Friday, barrels are 2 cents lower and blocks are 2 cents higher.

**FLUID MILK:** Milk production is steady to higher in the Midwest, Idaho, Utah, California, and New Mexico, while showing declines in the Northeast, Mid-Atlantic, Southeast, Florida, Arizona, and Pacific Northwest. Competition for truck drivers is heightened as processors are noting scheduling and delivery problems causing delays and a few cancellations. All the schools are back in session, driving bottling sales higher throughout the regions. Cream supplies and demand vary. Availability tightened in areas of the East and West while loosening in the Midwest. Transportation costs slowed sales of cream interregionally. Class II interest is slowing, most notably for ice cream/frozen dessert novelties.

**DRY PRODUCTS:** U.S. prices for low/medium heat nonfat dry milk prices are lower in all regions. Weaker global NDM/SMP prices are contributing factors. Buyer interest is light domestically. Production rates are generally reduced in light of declining prices. Supplies are readily available. Dry buttermilk prices are being suppressed lower by the downward NDM market. Buying activity is light. Trucking costs are restricting growing Western inventories to move eastward. Weaker alternative proteins and lower global prices are pressuring the domestic dry whey market down. Buyers are making purchases for short-term needs, but otherwise are hesitant to take positions in the market. Heavy cheese vat schedules push dry whey production generally higher. The whey protein concentrate 34% market is softening following the weakening NDM market. WPC 34% spot load availability is mixed, while production rates are steady to lower. Some lactose inventories are growing as the market exhibits a weakening undertone. Sales are stalling as negotiations are unsettled between the manufacturers and buyers.

**ORGANIC DAIRY MARKET NEWS (DMN):** AMS reports total organic milk products sales for June 2014, 199 million pounds, were up 11.3% from June last year and up 12.2% year to date compared with last year. Organic whole milk sales for June 2014, 59 million pounds, were up 25.7% compared with June last year and up 22.4% year to date compared with last year. Organic reduced fat milk sales for June, 59 million pounds, were 14.8% above sales one year earlier and up 17.1% year to date

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CME GROUP CASH TRADING

COMMODITY	MONDAY SEP 01	TUESDAY SEP 02	WEDNESDAY SEP 03	THURSDAY SEP 04	FRIDAY SEP 05	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	HOLIDAY	\$2.3625 (+.0175)	\$2.3000 (-.0625)	\$2.3050 (+.0050)	\$2.3250 (+.0200)	:: (-.0200)	:: \$2.3231 (+.0171)
40# BLOCKS		\$2.3500 (+.0200)	\$2.3500 (N.C.)	\$2.3500 (N.C.)	\$2.3500 (N.C.)	:: (+.0200)	:: \$2.3500 (+.0490)
NONFAT DRY MILK GRADE A	CME	\$1.3325 (+.0075)	\$1.3325 (N.C.)	\$1.3325 (N.C.)	\$1.3325 (N.C.)	:: (+.0075)	:: \$1.3325 (+.0180)
BUTTER GRADE AA	CLOSED	\$2.7750 (+.0200)	\$2.8100 (+.0350)	\$2.8400 (+.0300)	\$2.8450 (+.0050)	:: (+.0900)	:: \$2.8175 (+.0615)

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

NATIONAL DAIRY MARKET NEWS AT A GLANCE

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compared with last year. The U.S. weighted average advertised price of organic milk half gallons is \$3.45, up 11 cents from 2 weeks ago. One year ago the national price was \$3.71. The lowest price is down 41 cents to \$2.58, while the top of the price range is down \$1.00 to \$3.99. Organic cheese, both 8 ounce blocks and 8 ounce shredded, was advertised in all regions except the Midwest. All ads stated a price of \$3.99. No organic cheese ads appeared two weeks ago or one year ago. The current magnitude of organic cheese retail ads is generated by a national supermarket chain advertising a store brand of organic cheese.

**NATIONAL DAIRY RETAIL REPORT (DMN):** Butter ad numbers more than tripled during the survey period spanning the Labor Day Holiday, compared with two weeks previously. The U.S. weighted average price of 1 pound butter, \$3.59, is up 23 cents from two weeks ago and up 50 cents from one year ago. Increases in ad numbers also occurred for 8 ounce cream cheese, 16 ounce sour cream and 48-64 ounce ice cream. Cream cheese ad numbers more than doubled and the average price, \$1.79, is up 5 cents from two weeks ago and up 22 cents from a year ago. Sour cream ad numbers also more than doubled, with a current average price of \$1.70, down 4 cents from two weeks ago but up 2 cents from one year ago. Ice cream has an average price of \$2.98, up 9 cents from two weeks ago and up 4 cents from one year ago. Greek yogurt in 4-6 oz. packages averaged \$1.00, down 1 cent from two weeks ago but even with one year ago. Regular yogurt in 4-6 oz. packages, at 50 cents, is up 2 cents from two weeks ago and up 1 cent from one year ago. Total conventional yogurt ad numbers declined 26%. The national weighted average cheese price for 8 oz. blocks is up 8 cents from two weeks ago to \$2.39, while a year ago the price was \$2.28. The 8 oz. shred category at \$2.40 is down 2 cents from two weeks ago but up 12 cents from one year ago. Conventional cheese ads increased 43%. The national weighted average conventional milk price for half gallons, at \$1.89, is 10 cents higher than two weeks ago. Organic half gallon milk, at \$3.45, is 11 cents higher than the previous period. The organic versus conventional half gallon price spread is \$1.56, up 1 cent from two weeks ago.

**INTERNATIONAL DAIRY MARKET NEWS UPDATE (DMN):** At the September 2 GDT event #123, average prices ranged from 14.3% lower to 4.3% lower from the prior event across categories. The all contracts price averages (US\$ per MT) and percent changes from the previous average are: anhydrous milk fat, \$3,360 -5.8%; butter, \$2,753 -5.6%; buttermilk powder, \$3,174 -12.9%; cheddar cheese, \$3,275 -4.9%; lactose, n.a.; rennet casein, \$8,232 -14.3%; skim milk powder, \$2,600 -9.5%; and whole milk powder, \$2,673 -4.3%.

**JULY DAIRY PRODUCTS (NASS):** BUTTER production was 136.2 million pounds, 2.6% above July 2013 but 3.0% below June 2014. AMERICAN TYPE CHEESE production totaled 378.5 million pounds, 9.5% above July 2013 and 0.9% above June 2014. TOTAL CHEESE output (excluding cottage cheese) was 956.4 million pounds, 7.0% above July 2013 and 1.2% above June 2014. NONFAT DRY MILK production, for human food, totaled 166.4 million pounds, 42.7% above July 2013 and 12.1% above June 2014. DRY WHEY production, for human food, was 72.6 million pounds, 3.7% below July 2013 and 7.2% below June 2014. ICE CREAM REGULAR (hard) production totaled 72.8 million gallons, 5.8% below July 2013 and 0.9% below June 2014.

**AUGUST CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):** The following are the August 2014 class prices under the Federal milk order pricing system and changes from the previous month: Class II: \$25.34 (+\$0.93), Class III: \$22.25 (+\$0.65), and Class IV: \$23.89 (+\$0.11). Under the Federal milk order pricing system, the butterfat price for August 2014 is \$2.8448 per pound. Thus, the Class II butterfat price is \$2.8518 per pound. The protein and other solids prices for August 2014 are \$3.1496 and \$0.5036 per pound, respectively. These component prices set the Class III skim milk price at \$12.74. The August 2014 Class IV skim milk price is \$14.44, which is derived from the nonfat solids price of \$1.6047 per pound. The product price averages for August 2014 are: butter: \$2.5206, nonfat dry milk: \$1.7887, cheese: \$2.1074, and dry whey: \$0.6880.

## CME GROUP

MONDAY, SEPTEMBER 1, 2014

CME GROUP CLOSED

TUESDAY, SEPTEMBER 2, 2014

CHEESE -- SALES: 1 CAR BARRELS @ \$2.3625; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$2.3500; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE A @ \$1.3325; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 7 CARS GRADE AA: 4 @ \$2.7550, 3 @ \$2.7600; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.7750; LAST OFFER UNCOVERED: NONE

WEDNESDAY, SEPTEMBER 3, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$2.3000  
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$1.3350; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.3200; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.3325  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.8100; LAST OFFER UNCOVERED: NONE

THURSDAY, SEPTEMBER 4, 2014

CHEESE -- SALES: 3 CARS BARRELS: 1 @ \$2.3100, 1 @ \$2.3075, 1 @ \$2.3050; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$2.3100  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 6 CARS GRADE AA: 1 @ \$2.8300, 3 @ \$2.8425, 2 @ \$2.8400; LAST BID UNFILLED: 3 CARS GRADE AA @ \$2.8400; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.8500

FRIDAY, SEPTEMBER 5, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.3250; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.3325  
 BUTTER -- SALES: 4 CARS GRADE AA: 1 @ \$2.8425, 3 @ \$2.8450; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

## BUTTER MARKETS

## NORTHEAST

Some butter manufacturers are utilizing a made to order production approach as market uncertainty persists. Market participants noted the likelihood of product being on-hand through Q4, and not having to depend on butter imports. Producers are careful to maintain working level inventories. Domestic butter demand is seasonally strong with most orders processed from current production. Print butter sales are slightly above average. The market tone is mixed. According to the National Dairy Retail Report, the U.S. weighted average price for 1-pound butter is \$3.59, an increase of \$0.23 compared to two weeks ago. The weighted average price in the Northeast was \$4.05, an increase of \$0.58 compared to two weeks ago. The weighted average price in the Southeast was \$3.29, an increase of \$0.29 compared to two weeks ago. 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. Tuesday's CME Group cash trading saw Grade AA butter close at \$2.7750, up \$0.0200 from a week ago.

## CENTRAL

Butter production in the Central region increased, reflecting additional milk and cream supplies becoming available throughout the holiday weekend. Domestic demand is keeping pace, despite the current high prices. Some buyers noted lead times for new orders are growing. The Dutch and GDT butter markets were bearish, leaving new export sales limited. Near-record U.S. prices are keeping many manufacturers from building butter stocks effectively for upcoming Q4 demand. The DMN National Dairy Retail Report noted the surveyed national weighted average price for a 1 lb. package of butter was \$3.59, up \$0.23 from two weeks ago and \$0.50 above a year ago. The weighted average price in the Midwest region was \$3.02, \$0.19 lower than two weeks ago, while in the

South Central region, the average was \$3.69, \$0.19 higher than two weeks ago. National ads increased from 1,651 ads two weeks ago to 5,585 ads this period. Bulk butter prices ranged 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 \$2.8100, up \$0.0700 from last Wednesday. The CME Group monthly average price for Grade AA butter during August was \$2.5913, compared to \$1.4013 a year ago.

## WEST

Western butter production is good as some increased cream volumes became available over the holiday weekend. Print butter production lines are running extended schedules as retail demand continues to exceed supplies. Butter producers are increasingly concentrating on filling retail orders for upcoming fall needs. Bulk butter production has slowed. Butter prices continue to test record high levels. Butter stocks are tight with spot loads hard to find. U.S. advertised butter prices are stronger with increased featuring. According to the *National Dairy Retail Report*, butter showed a U.S. weighted average price of \$3.59 per pound compared to \$3.36 two weeks ago and \$3.09 a year ago. Western butter ad prices ranged \$2.99-\$3.99. The butter price at the CME Group on Wednesday was within 1.25 cents of the recent record price of \$2.8225. The butter price at the CME Group on Wednesday closed \$0.0350 higher at \$2.8100. There were 7 sales by Wednesday in the holiday shortened week. 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. CME Group average butter price for August 2014 was \$2.5913 compared to \$1.4013 for August 2013.

## 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 30, 2014	2,6682 4,952,771	2,1618 10,252,009	2,2403 9,990,166	0,6874 7,114,068	1,7223 20,663,836

## CHEESE MARKETS

## NORTHEAST

Cheese manufacturers are continuing heavy production following a lighter holiday schedule for some. As schools/universities resume and bottlers build stocks, milk supplies going into cheese production are marginally reduced. However, volumes are adequate for fulfilling current cheese orders. Cheese sales are slow to develop in the export market at current price levels. Domestic demand is steady. Inventories are fair to tight. The market tone is unsettled. Last week, the weekly average prices on the CME Group saw increases for both blocks and barrels. Northeast wholesale cheese prices for 40# block and muenster rose \$0.0700, while Process 5# sliced moved higher \$0.0675. Grade A Swiss prices were unchanged. According to the *National Dairy Retail Report*, the weighted average price for 8 oz. cheese blocks in the Northeast was \$2.49, 10 cents more than the national weighted average price and 20 cents more than two weeks ago. The Southeast 8 oz. block cheese price was \$2.39, 6 cents less than two weeks ago. The weighted average price for 8 oz. shredded cheese in the Northeast was \$2.50, 10 cents more than the national price and 16 cents more than the previous price report. The Southeast 8 oz. shredded cheese price was \$2.29, 19 cents less than two weeks ago. Tuesday's CME Group daily cash price saw barrels close at \$2.3625, up \$0.0625 from a week ago, and 40# blocks close at \$2.3500, up \$0.0600 from a week ago.

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

Cheddar 40# Block	: 2.6925-2.9775
Process 5# Sliced	: 2.5275-3.0075
Muenster	: 2.7125-3.0725
Grade A Swiss Cuts 10 - 14#	: 3.9600-4.2825

## MIDWEST

The state of the Midwest cheese industry this week is similar to last week, notwithstanding the psychological dimension of having just completed the Labor Day Holiday Weekend. Most cheese plants are near full production and buyer demand is characterized as "hungry". As expected, with most cheese production schedules already so full before the holiday, little changed during the weekend. Milk supplies to cheese plants remained on schedule to maintain planned cheese production. Strong cheese orders are keeping plants busy. In some cases, plants with any ability to handle slightly increased cheese production are diverting milk from nonfat dry milk production as a strategy to produce more cheese. Some manufacturers have noted that a number of buyers looking for spot loads of cheese, aware of the challenge of finding cheese not already committed to orders, seem to be initially making inquiries for less than desired amounts. When the buyers find available spot loads, a number quickly ask to buy more. When a pending cheese export order was canceled, the cheese was quickly sold domestically. Orders for pepper jack and Colby jack are noted to be increasing. This is a typical early fall occurrence. Filling barrel orders is delayed in some plants due to specific factors leading to production refocusing to increase product profitability. Interest in aged cheddar is expected to increase in coming weeks. Finished natural orders are generally steady to improved with overtime needed on some lines such as shreds. Process demand is generally steady to slower seasonally. The *National Dairy Retail Report* (DMN) found

that Midwest ads for 8 ounce shredded cheese have a weighted average advertised price of \$2.16, 24 cents lower than the national average, \$2.40. One year ago the national average was \$2.28. Midwest prices range from \$1.66 to \$2.50. For 8 ounce blocks, the Midwest average price is \$1.98, 41 cents below the national average price, \$2.39. One year ago the national average was \$2.28. Midwest ad prices range from \$1.66 to \$2.00. Nationally, cheese ad numbers are 43% higher than two weeks ago. Wisconsin wholesale prices for 1,000 to 5,000 pound mixed lots of process cheese increased \$.0675, Swiss is unchanged, and the remaining varieties increased \$.0700. CME Group cash trading Wednesday moved barrels down 6 1/4 cents to \$2.3000, the first price decrease for barrels since July 28. Blocks closed Wednesday at \$2.3500.

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

Process American 5# Loaf	: 2.4050-2.7650
Brick And/Or Muenster 5#	: 2.6725-3.0975
Cheddar 40# Block	: 2.3775-2.7950
Monterey Jack 10#	: 2.6475-2.8525
Blue 5#	: 2.9400-3.9275
Mozzarella 5 - 6# (Low Moisture, Part Skim)	: 2.5175-3.4125
Grade A Swiss Cuts 6 - 9#	: 3.4775-3.5950

## WEST

Western cheese production is strong. Increased milk supplies are being directed to cheese production to meet the demand. Domestic cheese demand is good with retail orders steady to strong and institutional food service demand increasing as schools return. Export sales have slowed as U.S. prices are above international prices. Cheese stocks are tight for barrels. Block supplies are adequate for current demand. Advertised U.S. cheese prices as reported in the *National Dairy Retail Report* showed lower weighted average prices for packages of 8 oz. shred (\$2.40, -.02), 1 lb. block (\$4.02, -.24), and 1 lb. shred (\$3.61, -.03) from two weeks ago. Retail prices were higher for the 8 oz. block (\$2.39, +.08). Combined cheese advertising was up 43% from two weeks ago. Block prices at the CME Group on Wednesday are unchanged closing at \$2.3500, while barrels closed down \$.0625 at \$2.3000. Compared to last Wednesday, blocks are 5 cents higher and barrels are unchanged. Trading for the holiday shortened week is light with no sales of blocks and one load of barrels trading by Wednesday. The CME Group monthly average price for August 2014 for barrels is \$2.1961 compared to August 2013 at \$1.7425, while blocks averaged \$2.1820 for August 2014 compared to \$1.7493 a year ago.

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

Process 5# Loaf	: 2.4350-2.6925
Cheddar 40# Block	: 2.4200-2.7725
Cheddar 10# Cuts	: 2.6000-2.8200
Monterey Jack 10#	: 2.6100-2.7700
Grade A Swiss Cuts 6 - 9#	: 3.5375-3.9675

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## CHEESE MARKETS

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## FOREIGN

Domestically manufactured foreign type cheese prices are higher, reflecting the higher weekly average prices at the CME Group. Imported foreign cheese prices are steady with a weak undertone. Swiss prices are unchanged. Foreign stocks of aged cheeses are at normal levels and are adequate for current needs. Some uncertainty remains over the Russian ban and how they will meet their demand. Cheese that had been intended for the Russian market is weighing on the spot market and some has been offered at lower prices.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.3800	: 2.8325-4.3200*
Gorgonzola	: 3.6900-6.9700	: 3.3350-3.7475*
Parmesan (Italy)	: -0-	: 4.2225-6.3125*
Provolone (Italy)	: -0-	: 2.8750-3.0325*
Romano (Cows Milk)	: -0-	: 4.0225-6.1725*
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

	:	
09/01/14	20,405	: 90,371
09/01/14	20,405	: 90,371
CHANGE	0	: 0
% CHANGE	0	: 0

## 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	200	0	160	0	180	0
SOUTHEAST STATES	0	0	0	0	0	0

Milk production in the Northeast and Mid-Atlantic regions is seasonally high, but showed some declines as heat and humidity hampered cow comfort. Class I demand is good. School re-openings continue to drive bottling sales. Milk supplies are meeting increasing Class I demand in the Southeast. Production continues to decline along seasonal trends. Florida's farm-level volumes tend to follow a typical downward seasonal pattern, as deterrent weather conditions further the decline in milk output. Bottlers are ramping up production as orders surge with classes resuming in the state. Spot imports totaled 200 loads this week, an increase of 40 truckloads from the previous week. Cream multiples are seeing a marginal increase coming out of the holiday period, as supplies tighten. **Cream multiples for all Classes ranged 1.26-1.36.** Cream cheese demand continues to prompt substantial cream usage in manufacturing. At the CME Group, Grade AA butter closed Wednesday at \$2.8100, up \$0.0700 from a week ago. Post-holiday **condensed skim** supplies into manufacturing are well below the previous week's volumes that led into the holiday, as milk moves to bottling plants. Demand for condensed skim is active from Class II and Class III production, as volumes clear mostly through contracts.

## 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 -	3.4726-3.7482
F.O.B. producing plants: Upper Midwest -	3.3348-3.6104

## 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

Improved feed quality and higher cow numbers are pushing milk production rates higher in the Central region. Milk spot load prices ranged from \$0.50 to \$2.25 over Class. Some milk handlers in the Upper Midwest noted trucking issues were causing delays and even a few cancellations. Few milk processors in the Southern portion of the region reported heavier milk supplies. Negotiations are progressing for fourth quarter milk. All the schools are back in session, pushing bottling sales higher. However, some bottlers noted declining year-on-year fluid sales. Ice cream/frozen dessert production rates are being scaled back as new orders are slowing. Cream demand is seasonally weaker as Class II manufacturer ingredient purchases are changing as fall nears. Cream supplies are higher as additional volumes became available over the holiday weekend. **Cream multiples ranged from 1.21 to 1.31.** Wednesday at the CME Group, Grade AA butter closed at \$2.8100, up \$0.0700 from last Wednesday. The DMN monthly average of the range price series for Upper Midwest Class II cream during August was \$3.2873, compared to \$1.9170 a year ago. The DMN National Dairy Retail Report noted the surveyed national weighted average price for 1 gallon of milk was

\$2.96, down \$0.13 from two weeks ago, but \$0.15 above a year ago.

The weighted average price in the Midwest region was \$2.76, \$0.23 lower than two weeks ago. The NASS *Agricultural Prices* report noted the National alfalfa hay price received during August averaged \$209 per ton, compared to \$199 a year ago. The average corn price was \$3.70 per bushel, compared to \$6.21 last year; while soybeans averaged \$12.20 per bushel, compared to \$14.10 a year ago. The all milk price averaged \$23.70 per CWT, compared to \$19.60 a year ago. The milk-feed ratio was 2.55, compared to 1.68 a year ago. The weekly *Cow Slaughter under Federal Inspection* report shows U.S. dairy cow slaughter for the week ending August 16, at 52,900 head, 6,600 head or 11% less than the comparable week a year ago.

## WEST

Processors report milk production in CALIFORNIA as mostly steady, with spotty occurrences of marginal volume increases. Demand is unchanged from bottlers as the school pipeline is completely full and consumer demand is at seasonal levels. Plant capacity is available for all instate milk, and a few manufacturers are shifting milk loads to accommodate maintenance projects and to maximize operating efficiencies. Producers indicate feed availability is adequate to maintain production at reasonable costs. NEW MEXICO milk production is steady. Bottler demand is higher, along with increasing interest from out of state buyers. Sales into Class II operations are declining as ice cream manufacturers slow production lines. With some processing plants starting regular maintenance, milk distributors are scouting for load placements along the edge of their usual hauling radius. A shortage of drivers is causing some slowdown in transportation. Forage harvest is progressing through the fourth and fifth alfalfa cuttings in various areas. ARIZONA haulers and processors indicate high daily temperatures, along with occasional rain storms and higher humidity, are impacting milk production and components. Processors expect little improvement in milk intake volumes until cooler temperatures arrive in the next few weeks. Fluid sales are steady. Alfalfa harvesting continues, with 90% of the crop rated fair to excellent. CREAM availability ranges from tighter to improving throughout the West. In the Southwest, butterfat components are trending lower as the 100+ degree daytime temperatures decrease cow comfort. Processors are hoping to cover cream contracts with internal cream loads and cream from intrastate milk loads. Transportation costs from other areas are limiting options for those operators running short on cream. In the Northwest, market participants noted additional Grade B cream loads offered to the market this week, with potential buyers considering options and pricing. Cream demand from cream cheese, sour cream, and ice cream manufacturers is active. Cream multiples range from flat market to 1.30. At the CME Group, Grade AA butter closed on Wednesday at \$2.81, up 7 cents from one week ago. In the PACIFIC NORTHWEST milk production continues to drop off seasonally. Increased cow numbers are helping to keep volumes above year ago levels. Milk is being processed locally as much as possible to reduce transportation costs. Some processing plants are taking time to schedule regular maintenance projects. The third cutting of alfalfa is nearly complete. Favorable rains and adequate irrigation water have the corn silage crop nearly ready for harvest. UTAH and IDAHO milk supplies are up from year ago amounts. Processors are finding sufficient supplies for most of the demand in the region. Milk component levels remain favorable and are helping to increase yields. Harvesting of third crop alfalfa continued with some rain damage noted. The corn crop is nearing maturity for silage harvesting.

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

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

**NONFAT DRY MILK - CENTRAL AND EAST**

**CENTRAL:** Low/medium heat nonfat dry milk prices shifted lower as spot trading and contract bases points retreated in pricing. The market tone is weak. However, a few buyers noted some stabilized spot load pricing, in contrast to the significant weakness in the past couple weeks. Current prices have some manufacturers inclined to use more supplies internally, while a few are electing to dry higher return products. Production rates are steady to lower. Cheese makers continue to fortify with higher volumes of NDM. Demand is light as buyers are purchasing in a hand-to-mouth fashion. Inventory levels are generally long. High heat NDM prices moved lower on the top of the range due to reduced index pricing. Some high heat plants were offline this week for equipment upgrades. Production levels were steady to lower. Buyer interest is light. Wednesday at the CME Group, Grade A NDM closed at \$1.3325, up \$0.0100 from last Wednesday. The CME Group monthly average price for Grade A NDM during August was \$1.4365, compared to \$1.7939 a year ago.

**EAST:** Prices of low/medium nonfat dry milk are steady to lower because of adjustments to price indices. Nonfat dry milk production eased slightly. Some manufacturers are undertaking cleaning projects that necessitate dryer downtime. The combination of reduced manufacturing milk volumes and steady condensed skim supplies channeling to Class II operations are likewise depressing nonfat dry milk production. Spot market interest is light following the holiday period. Buyers are continuing a wait-and-see attitude, as some note that the market is on the doorstep of bottoming out. Inventories are adequate. The market undertone is uncertain. High heat nonfat dry milk prices are declining. The region is seeing an increase in production rates. Domestic demand for high heat nonfat dry milk is improving into the fall season. Inventories are tight. Stocks are available for near term obligations. The August 2014 Dairy Market News average of the mostly price series for Central and Eastern low/medium heat nonfat dry milk was \$1.6873, compared to \$1.7864 a year ago. The average for Central and Eastern high heat nonfat dry milk was \$1.8633 compared to \$1.8859 a year ago.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUM HEAT: 1.2200 - 1.8250 MOSTLY: 1.3300 - 1.8000  
HIGH HEAT: 1.5900 - 1.8750

**NONFAT DRY MILK - WEST**

The Western low/medium heat nonfat dry milk market is weak. Prices cover a wide territory that includes FOB spot and index-based pricing. Prices are mostly lower. The global market is also reporting lower prices for nonfat dry milk and skim milk powder. With lower international prices as a backdrop, domestic buyers are less interested in discussing contracts at prices that are not in step with the perceived world market for nonfat dairy solids. In addition, resellers continue to clear NDM inventories at competitive prices, and loads are clearing between resellers as well as to end users. For buyers in the Central and East, transportation costs to bring Western NDM into their home region are part of price considerations. Low/medium heat NDM production is active at several plants through the West, but, as milk volumes adjust lower, some plants have maintenance downtime scheduled. Manufacturing milk/condensed skim loads are putting on some extra miles to find processing space. Low/medium heat NDM inventories are building. High heat nonfat dry milk prices are unchanged to fractionally lower on a lightly tested market. Producers indicate high heat production times are on the schedule during September at several plants. Inventories are increasing incrementally. The August 2014 Dairy Market News average of the mostly price series for Western low/medium heat nonfat dry milk was \$1.6629, compared to \$1.7953

one year ago. The average for Western high heat nonfat dry milk was \$1.8181 compared to \$1.8493 one year ago.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUM HEAT: 1.2000 - 1.8300 MOSTLY: 1.2825 - 1.7400  
HIGH HEAT: 1.6000 - 1.8875

**DRY BUTTERMILK - CENTRAL AND EAST**

**CENTRAL:** Prices for dry buttermilk are lower as reduced nonfat dry milk pricing is putting additional downward pressure on the buttermilk market. The market tone is weak as buyers are not showing much interest unless supplies offered are discounted. Dry buttermilk production rates are flat to slightly improved as more milk went into butter churns over the holiday weekend. The DMN monthly average of the range price series for Central and East dry buttermilk during August was \$1.5813, compared to \$1.6359 a year ago.

**EAST:** Eastern dry buttermilk prices fell incrementally, reflecting lower F.O.B. spot sales. Dry buttermilk production saw steady to marginal increases at some butter plants with extra cream being available to support churning. Dry buttermilk interest has dipped with prevailing declines in ice cream manufacturing. Transactions are moving through contracts with limited spot trading this week. Dry buttermilk stocks are tight in some channels. The market undertone continues to weaken.

F.O.B. CENTRAL/EAST: 1.3000 - 1.5600

**DRY BUTTERMILK - WEST**

Dry buttermilk prices are steady to lower on a weak market. The nonfat dry milk market is influencing the price trend for dry buttermilk. Manufacturers and resellers note that demand is at seasonal levels. As the baking/holiday season approaches, interest in dry buttermilk is expected to increase. Transportation costs to move Western dry buttermilk to Central or Eastern locations is limiting some interest. Butter production is currently active in many areas of the West, and dry buttermilk is clearing through the dryers at most locations. Inventories are building. The August 2014 Dairy Market News average of the mostly price series for West dry buttermilk was \$1.6908 compared to \$1.6795 one year ago.

F.O.B. WEST: 1.5000 - 1.7100 MOSTLY: 1.5500 - 1.6850

**DRY WHOLE MILK - NATIONAL**

Prices for dry whole milk are unchanged to lower on a lightly tested market. Production is uneven. Some producers switched to NDM or SMP, while other plant operators maintain steady monthly production schedules for dry whole milk. Inventories are variable. This week, a cooperative export assistance program accepted requests for 0.617 million pounds of whole milk powder. The August 2014 Dairy Market News average of the price series for dry whole milk was \$2.0267, compared to \$1.9455 one year ago.

F.O.B. PRODUCING PLANT: 1.7500 - 2.1500

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES
August 29	\$1.7347	9,066,096
August 22	\$1.7923	10,373,675

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

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

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

**DRY WHEY - CENTRAL**

Dry whey prices shifted mostly lower as various basing points retracted. Weaker global whey prices along with cheaper alternative proteins are putting downward pressure on spot load pricing. The undertone is softening. Production rates are generally improved as cheese makers are increasing vat schedules. Some buyers noted being inundated with various dairy protein offers, but are electing to wait until markets stabilize before making new purchases. Animal feed whey prices moved lower on the top of the range, while remaining steady on the bottom of the range. Buyer interest is light. The DMN monthly average of the mostly price series for Central dry whey during August was \$0.6569, compared to \$0.5414 a year ago. The monthly average of the range price series for Central animal feed whey during August was \$0.5340, compared to \$0.4726 last year.

F.O.B. CENTRAL: .5700 - .7150 MOSTLY: .6150 - .6875  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4000 - .6100

**DRY WHEY - NORTHEAST**

Northeast dry whey prices are steady to lower based on adjustments to price indices. Seasonally, dry whey production is edging higher while paralleling cheese production for the region. Sales have slowed significantly into ice cream production. Limited transactions are occurring in the spot market. Some resellers note losing orders because of market competition. The market undertone is weak. The August 2014 Dairy Market News average for Northeast dry whey was \$0.7043 compared to \$0.5832 a year ago.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6700 - .7350

**DRY WHEY - WEST**

Western dry whey prices are lower on both the full range and the mostly price series. The market tone is weak as increased volumes of whey are being offered to the domestic market. Whey production is steady to higher as cheese plants continue to run heavy schedules. Domestic demand is good with some buyers filling immediate orders, but others are cautious about securing additional loads as the market exhibits weakness. International demand for U.S. whey is being challenged by increasing amounts of E.U. whey being offered at lower prices. U.S. whey stocks continue to build for both manufacturers and brokers. The August 2014 Dairy Market News monthly average price for the Western dry whey mostly series averaged \$.6676 compared to \$.5838 a year ago.

NONHYGROSCOPIC: .5800 - .6925 MOSTLY: .6000 - .6900

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices for whey protein concentrate 34% declined as availability of lower priced NDM weakens this market. FOB spot sale prices run the gamut from discounted to market plus pricing, but the overall price trend is weaker. Manufacturers cleared spot loads to a wide swath of end users, including domestic cream cheese producers and feed blenders, as well as international food ingredient distributors. Spot loads clearing into feed blending continue to face competition from off spec NDM and procream. Prices on FOB spots loads clearing into food accounts are generally garnering comparatively lower premiums to the market. WPC 34% production is unchanged to lower as a few manufacturers switch to higher protein end products. Inventories are mixed. The August 2014 Dairy Market News average of the mostly price series for Central and West whey protein concentrate 34% was \$1.5549 compared to \$1.3670 one year ago.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.3000 - 1.6550 MOSTLY: 1.3800-1.5500

**LACTOSE - CENTRAL AND WEST**

Lactose prices are lower on a weak market. Unground lactose loads face some pricing pressure from overall market weakness and growing inventories at some locations. International buyers/end users are shopping in the US for current and longer term supplies. Reports indicate the initial terms put forth by these buyers were rejected by manufacturers. With the current weak market tone, some proposals focus on a mix of longer contract lengths and lower prices that producers are not ready to accept at this time. Producers indicate Q4 negotiations are underway, with some offers being sent this week. Lactose production is steady to higher as a few plants switch protein end products. Inventories are variable, with unground lactose in bags and totes, FOB, available in the marketplace. Ground lactose availability is unchanged, with production closely related to contract fulfillment. The August 2014 Dairy Market News average of the mostly price series for Central and West lactose was \$0.5349, compared to \$0.6393 one year ago.

Including spot sales and up to 3 month contracts.  
F.O.B. EDIBLE, NON PHARMACEUTICAL .2875-.6100 MOSTLY: .4500-.5325

**CASEIN - NATIONAL**

Prices were mixed this week with acid casein declining on the low end of the range, while rennet casein was unchanged. Market conditions remain unsettled for both types of casein. Producers are much more amenable to negotiated prices, because of their desire to make sales now rather than hold stocks. The outlook for both types in Q4 2014 and Q1 2015, as conveyed by contacts, is for prices to move below current levels. The Global Dairy Trade at the September 2 event 123 saw the average winning price for rennet casein for all contract periods decrease 14.3% to \$8,232/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: 4.7500 - 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
08/16/2014	52.9	1,764.1	59.5	1,971.4

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

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

CLASS III MILK PRICES (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2009	10.78	9.31	10.44	10.78	9.84	9.97	9.97	11.20	12.11	12.82	14.08	14.98
2010	14.50	14.28	12.78	12.92	13.38	13.62	13.74	15.18	16.26	16.94	15.44	13.83
2011	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67	19.07	18.03	19.07	18.77
2012	17.05	16.06	15.72	15.72	15.23	15.63	16.68	17.73	19.00	21.02	20.83	18.66
2013	18.14	17.25	16.93	17.59	18.52	18.02	17.38	17.91	18.14	18.22	18.83	18.95

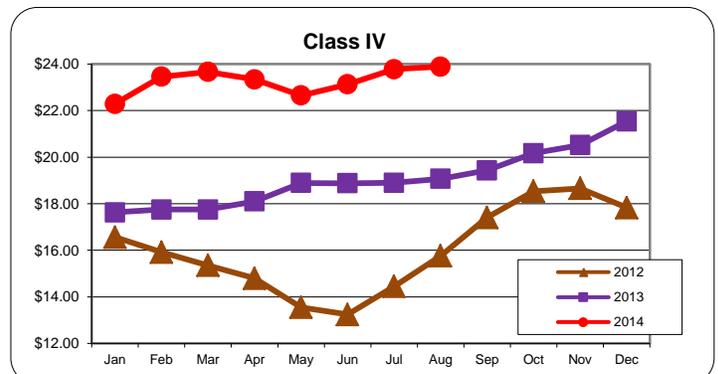
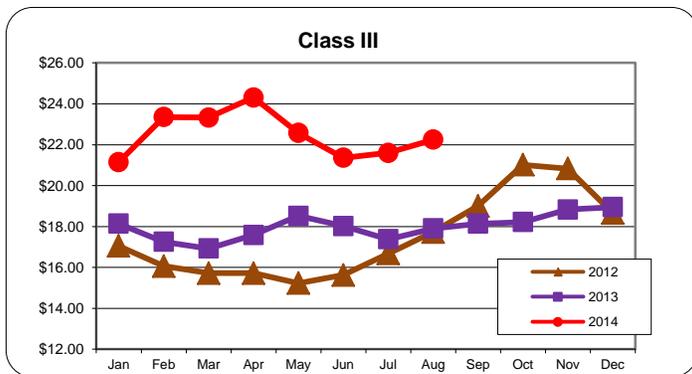
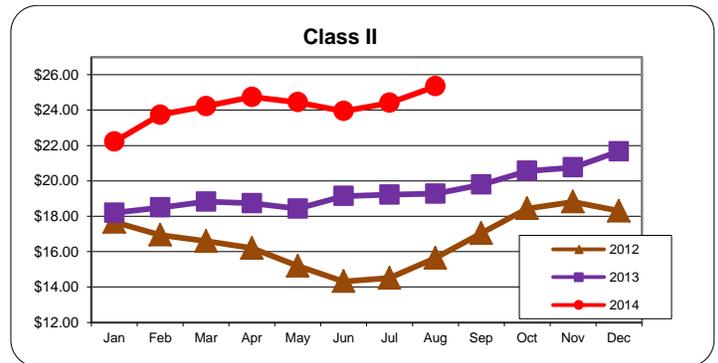
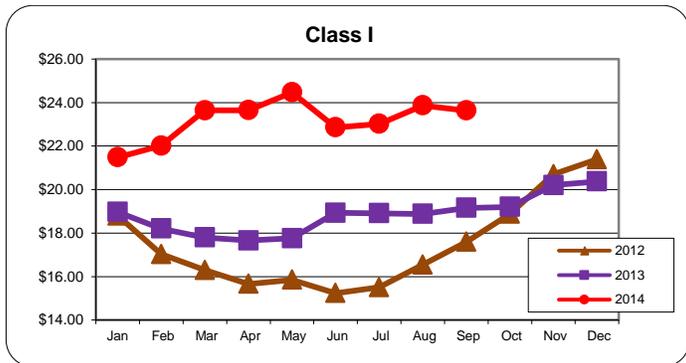
CLASS IV MILK PRICES (3.5%)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03
2011	16.42	18.40	19.41	19.78	20.29	21.05	20.33	20.14	19.53	18.41	17.87	16.87
2012	16.56	15.92	15.35	14.80	13.55	13.24	14.45	15.76	17.41	18.54	18.66	17.83
2013	17.63	17.75	17.75	18.10	18.89	18.88	18.90	19.07	19.43	20.17	20.52	21.54

FEDERAL MILK ORDER CLASS PRICES FOR 2014 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	21.48	22.02	23.64	23.65	24.47	22.86	23.02	23.87	23.63			
II	22.21	23.73	24.22	24.74	24.44	23.94	24.41	25.34				
III	21.15	23.35	23.33	24.31	22.57	21.36	21.60	22.25				
IV	22.29	23.46	23.66	23.34	22.65	23.13	23.78	23.89				

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."



## ORGANIC DAIRY MARKET NEWS

Information gathered August 18 – September 5, 2014

## ORGANIC DAIRY FLUID OVERVIEW

**Milk Product Sales.** AMS reports total organic milk products sales for June 2014, 199 million pounds, were up 11.3% from June last year and up 12.2% year to date compared with last year.

Organic whole milk sales for June 2014, 59 million pounds, were up 25.7% compared with June last year and up 22.4% year to date compared with last year.

Organic reduced fat milk sales for June, 59 million pounds, were 14.8% above sales one year earlier and up 17.1% year to date compared with last year.

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

Product Name	Sales		Change from: 2/	
	June Mil. Lbs.	Y-T-D	Prev Yr. Percent	Y-T-D

## 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
Tot. Organic Milk Products	199	1,239	11.3	12.2

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.

**Organic Dairy News.** Spotty weather in parts the Mid-Atlantic region until about three weeks ago, left uneven quality in organic pastures as to hay and grasses. Some very lush and green organic dairy pastures were noted to be only 20 miles from pastures with grasses turning brown. Widespread rains over the last three weeks have turned most browning organic pasture to green.

The supply tightness and/or cost of supplemental organic feed has reduced purchased organic feed use on many Mid-Atlantic dairy farms. This has lessened the need for organic feed transported from the Midwest to Mid-Atlantic organic dairy farms.

This has resulted in some organic dairy producers reducing herd sizes slightly, to levels more easily sustained by grazing and consuming hay and feed raised locally or in the region. This practice is known as “right-sizing”.

While the impact has been a reduction in organic milk output from some farms, there have also been a number of new organic dairy operations becoming organic certified this year in the region. Most of these have been existing dairy farms previously focused on grass fed dairy production.

As a result, these farms were able to obtain quick organic certification without the normal waiting time, because operations were already essentially in compliance with organic standards. These producers had not previously been motivated to seek organic certification for their grass fed milk.

A factor recently motivating some of these newly certified organic producers is an organic pay price offered by some regional organic processors, which exceeds the existing pay price typically offered by

national organic processors. The higher pay price available through regional processors has also induced some existing organic producers to switch from selling milk to national processors in favor of regional processors. Newly signed producers for some regional processors are about one half newly certified organic producers, with the other half being existing organic producers who shifted contracting from national processors.

Strong recent sales growth by regional organic dairy processors has motivated them to bid more to obtain organic milk.

The expansion of contracting with additional organic dairy producers concentrated in the Mid-Atlantic region is also improving the efficiencies of trucking milk from organic producers to plants.

Organic dairy production and marketing with a regional focus has also expanded in the Midwest. Increasing demand for organic milk identified regionally, particularly cultured organic dairy products, is driving herd expansion. Efforts to meet the increased demand include recent purchases of organic dairy cows at Wisconsin auctions which are then relocated to join herds in Missouri. This is in contrast with recent trends of organic cows auctioned in Oregon being slaughtered, because slaughter bidders bid more than bidders who wanted organic cows to expand herds.

## ORGANIC DAIRY RETAIL OVERVIEW

## NATIONALLY ADVERTISED PRICE COMPARISON

**Organic Dairy Overview.** Ad number totals for 8 ounce organic cheese this period are at the third highest level of 2014, and higher than total annual cheese ads for each of the entire previous years of this data series, 2010-2013.

Organic yogurt in contrast, has the second lowest number of ads for 2014.

Organic milk ad numbers are slightly above average for the year.

Advertising information presented is compiled from nearly 14,000 surveyed newspaper supermarket ads for the period August 25 to September 5, 2014, identifying weekly “specials” and containing organic dairy content. Surveyed ads reflect advertised “specials” and not the range of non-advertised supermarket cooler prices.

Complete results of this bi-weekly survey providing additional graphs, tables, and regional delineation, follow at the end of Dairy Market News, or can be accessed at: <http://www.ams.usda.gov/AMSV1.0/DairyRetailReport>

**Regional Organic Dairy Ad Trends.** Organic dairy ads appeared in all 6 regions. The percentage change in ad numbers increased from two weeks ago in the Midwest, +7%; and Northeast, +11%. The percentage declined in the Southeast, -33%; South Central, -62%; Southwest, -43%; and Northwest, -2%.

**Organic Milk Half Gallons.** The U.S. weighted average advertised price of organic milk half gallons is \$3.45, up 11 cents from 2 weeks ago. One year ago the national price was \$3.71.

The lowest price is down 41 cents to \$2.58, while the top of the price range is down \$1.00 to \$3.99. The lowest advertised price, \$2.58, is in the Midwest. The highest advertised price, \$3.99, is found in the Northeast.

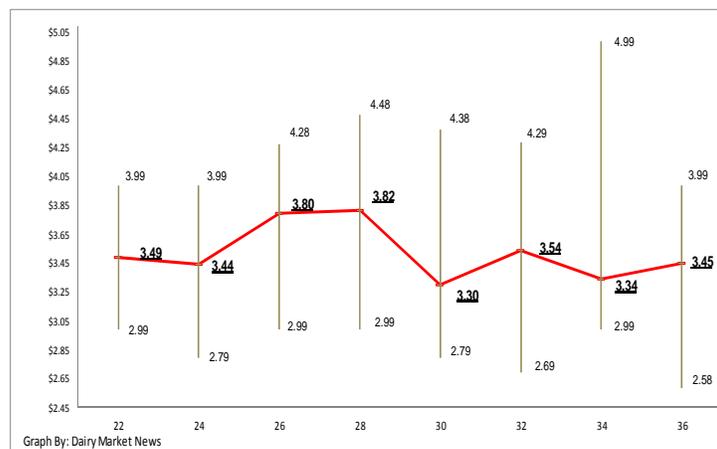
CONTINUED ON PAGE 8-A

## ORGANIC DAIRY MARKET NEWS

Information gathered August 18 – September 5, 2014

CONTINUED FROM PAGE 8

## U.S. Advertised Organic Milk Half Gallon Price Range and Weighted Average Advertised Price by 2014 Week



**Organic - Conventional Milk Half Gallon Price Spread.** The conventional-organic milk half gallon average advertised price spread is \$1.56. Last year at this time, the price spread was \$2.19. The spread is calculated from the organic milk half-gallon average advertised price, \$3.45, and the conventional milk half gallon average advertised price of \$1.89. The price spread this year has ranged between \$0.67 and \$2.55.

**Organic 8 Ounce Milk.** Ad volume for organic 8 ounce milk this period is down from two weeks ago which was the highest level in two years, but still among the highest levels of 2014. The U.S. weighted average price is \$1.03, up 3 cents from two weeks ago and up 7 cents from one year ago. Most ads in all regions stated a price of \$1.00, except a relatively few ads in the Northeast with a \$1.49 price.

**Organic Yogurt.** The only organic yogurt ads this week were ads for 4-6 ounce organic yogurt in the Midwest, all priced \$1.00. No ads appeared for 4-6 ounce organic Greek yogurt, 32 ounce organic yogurt or 32 ounce organic Greek yogurt.

**1# Organic Butter.** All ads for 1 pound organic butter appeared in the Northeast, all priced \$4.99. Two weeks ago the U.S. weighted average price was also \$4.99 and one year ago, \$4.37.

**8 Ounce Organic Cheese.** Organic cheese, both 8 ounce blocks and 8 ounce shredded, was advertised in all regions except the Midwest. All ads stated a price of \$3.99. No organic cheese ads appeared two weeks ago or one year ago. The current magnitude of organic cheese retail ads is generated by a national supermarket chain advertising a store brand of organic cheese.

## ORGANIC GRAIN AND FEEDSTUFF MARKETS:

Prices are mostly steady to slightly higher for reported commodities. Market activity is slow to moderate for organic corn and soybeans as the fall harvest approaches. Most buyers are only concerned with immediate needs. Demand for organic corn and soybeans is light, for organic wheat is fairly good, and for other reported grains, mostly moderate. Industry discussions focus on current crop conditions, potential future yields, and associated prices for organic corn and soybeans.

Additional livestock and grain market news information is available at: [www.ams.usda.gov/LSMarketNews](http://www.ams.usda.gov/LSMarketNews)

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

COMMODITY	:::REPORT NUMBER 31	:::REPORT NUMBER 32	:::REPORT NUMBER 33	:::REPORT NUMBER 34	:::REPORT NUMBER 35	::: 2014	::: 2013
	:-----:-----:-----:-----:-----					Monthly	Monthly
	::: AUG 01	::: AUG 04 - 08	::: AUG 11 - 15	::: AUG 18 - 22	::: AUG 25 - 29	::: Average	::: Average

CHEESE

WISCONSIN (WSP, Delivered, LTL)

-- Process American 5# Loaf	::: 2.1250 - 2.4850	::: 2.0675 - 2.4275	::: 2.2100 - 2.5700	::: 2.2700 - 2.6300	::: 2.3375 - 2.6975	::: 2.3967	::: 2.2976
-- Brick And/Or Muenster 5#	::: 2.3825 - 2.8075	::: 2.3525 - 2.7775	::: 2.4550 - 2.8800	::: 2.5200 - 2.9450	::: 2.6025 - 3.0275	::: 2.6902	::: 2.3626
-- Cheddar 40# Block	::: 2.0875 - 2.5050	::: 2.0575 - 2.4750	::: 2.1600 - 2.5775	::: 2.2250 - 2.6425	::: 2.3075 - 2.7250	::: 2.3915	::: 2.5751
-- Monterey Jack 10#	::: 2.3575 - 2.5625	::: 2.3275 - 2.5325	::: 2.4300 - 2.6350	::: 2.4950 - 2.7000	::: 2.5775 - 2.7825	::: 2.5552	::: 2.5626
-- Blue 5#	::: 2.6500 - 3.6375	::: 2.6200 - 3.6075	::: 2.7225 - 3.7100	::: 2.7875 - 3.7750	::: 2.8700 - 3.8575	::: 3.2390	::: 2.8951
-- Mozzarella 5 - 6#	::: 2.2275 - 3.1225	::: 2.1975 - 3.0925	::: 2.3000 - 3.1950	::: 2.3650 - 3.2600	::: 2.4475 - 3.3425	::: 2.7702	::: 2.5489
-- Grade A Swiss Cuts 6 - 9#	::: 3.6750 - 3.7925	::: 3.4775 - 3.5950	::: 3.4775 - 3.5950	::: 3.4775 - 3.5950	::: 3.4775 - 3.5950	::: 3.5457	::: 3.0988

NORTHEAST (WSP, Delivered, LTL)

-- Cheddar 40# Block	::: 2.4025 - 2.6875	::: 2.3725 - 2.6575	::: 2.4750 - 2.7600	::: 2.5400 - 2.8250	::: 2.6225 - 2.9075	::: 2.6402	::: 2.2964
-- Process 5# Sliced	::: 2.2475 - 2.7275	::: 2.1900 - 2.6700	::: 2.3325 - 2.8125	::: 2.3925 - 2.8725	::: 2.4600 - 2.9400	::: 2.5792	::: 2.2076
-- Muenster	::: 2.4225 - 2.7825	::: 2.3925 - 2.7525	::: 2.4950 - 2.8550	::: 2.5600 - 2.9200	::: 2.6425 - 3.0025	::: 2.6977	::: 2.3539
-- Grade A Swiss Cuts 10 - 14#	::: 4.1575 - 4.4800	::: 3.9600 - 4.2825	::: 3.9600 - 4.2825	::: 3.9600 - 4.2825	::: 3.9600 - 4.2825	::: 4.1307	::: 3.6813

WEST COAST (WSP, Delivered, LTL)

-- Process 5# Loaf	::: 2.1525 - 2.4100	::: 2.0950 - 2.3525	::: 2.2375 - 2.4950	::: 2.3000 - 2.5575	::: 2.3675 - 2.6250	::: 2.3741	::: 2.0039
-- Cheddar 40# Block	::: 2.1300 - 2.4825	::: 2.1000 - 2.4525	::: 2.2025 - 2.5550	::: 2.2675 - 2.6200	::: 2.3500 - 2.7025	::: 2.4015	::: 2.0501
-- Cheddar 10# Cuts	::: 2.3100 - 2.5300	::: 2.2800 - 2.5000	::: 2.3825 - 2.6025	::: 2.4475 - 2.6675	::: 2.5300 - 2.7500	::: 2.5152	::: 2.1639
-- Monterey Jack 10#	::: 2.3200 - 2.4800	::: 2.2900 - 2.4500	::: 2.3925 - 2.5525	::: 2.4575 - 2.6175	::: 2.5400 - 2.7000	::: 2.4952	::: 2.1439
-- Grade A Swiss Cuts 6 - 9#	::: 3.7350 - 4.1650	::: 3.5375 - 3.9675	::: 3.5375 - 3.9675	::: 3.5375 - 3.9675	::: 3.5375 - 3.9675	::: 3.7619	::: 3.3125

FLUID PRODUCTS

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

-- Northeast - f.o.b	::: 3.3592 - 3.7210	::: 3.2253 - 3.5975	::: 3.0720 - 3.3120	::: 3.2916 - 3.4942	::: 3.4215 - 3.6388	::: 3.3892	::: 1.9984
-- Upper Midwest - f.o.b	::: 3.2300 - 3.8243	::: 3.0020 - 3.5726	::: 2.9280 - 3.2640	::: 3.0131 - 3.4435	::: 3.2858 - 3.6931	::: 3.2873	::: 1.9170

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

-- Class II	::: 1.85 - 1.93	::: 1.85 - 1.93	::: 1.85 - 1.93	::: 1.85 - 1.93	::: 1.85 - 1.88	::: 1.8840	::: 1.7850
-- Class III	::: 1.63 - 1.66	::: 1.58 - 1.61	::: 1.58 - 1.61	::: 1.58 - 1.61	::: 1.58 - 1.61	::: 1.5974	::: 1.5555

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

COMMODITY	REPORT NUMBER 31	REPORT NUMBER 32	REPORT NUMBER 33	REPORT NUMBER 34	REPORT NUMBER 35	2014	2013
	AUG 01	AUG 04 - 08	AUG 11 - 15	AUG 18 - 22	AUG 25 - 29	Monthly Average	Monthly Average
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 1.6000 - 1.9575	:: 1.4500 - 1.9250	:: 1.4500 - 1.9275	:: 1.2500 - 1.8825	:: 1.2200 - 1.8500	:: 1.6270	: 1.7993
-- Mostly	:: 1.7000 - 1.8800	:: 1.6500 - 1.8475	:: 1.6000 - 1.8500	:: 1.5500 - 1.8050	:: 1.3500 - 1.8050	:: 1.6873	: 1.7864
-- High Heat	:: 1.8500 - 2.0100	:: 1.8500 - 1.9750	:: 1.8500 - 1.9800	:: 1.8000 - 1.9350	:: 1.5900 - 1.9000	:: 1.8633	: 1.8859
-- West (f.o.b.)							
-- Low/Medium Heat	:: 1.6200 - 1.9000	:: 1.4500 - 1.9000	:: 1.4000 - 1.9000	:: 1.2000 - 1.8925	:: 1.2000 - 1.8400	:: 1.6055	: 1.7832
-- Mostly	:: 1.7200 - 1.8700	:: 1.6200 - 1.8500	:: 1.6000 - 1.8000	:: 1.5000 - 1.7700	:: 1.3400 - 1.7700	:: 1.6629	: 1.7953
-- High Heat	:: 1.8300 - 1.9300	:: 1.8300 - 1.9200	:: 1.8300 - 1.9200	:: 1.6200 - 1.9100	:: 1.6000 - 1.8900	:: 1.8181	: 1.8493
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.5700 - 0.7275	:: 0.5700 - 0.7275	:: 0.5700 - 0.7325	:: 0.5700 - 0.7350	:: 0.5700 - 0.7275	:: 0.6502	: 0.5495
-- Mostly	:: 0.6250 - 0.6900	:: 0.6250 - 0.6900	:: 0.6250 - 0.6900	:: 0.6250 - 0.6900	:: 0.6200 - 0.6900	:: 0.6569	: 0.5414
-- West (f.o.b.)	:: 0.6300 - 0.7075	:: 0.6300 - 0.7075	:: 0.6300 - 0.7125	:: 0.6000 - 0.7150	:: 0.5800 - 0.7075	:: 0.6607	: 0.5825
-- Mostly	:: 0.6350 - 0.7050	:: 0.6350 - 0.7050	:: 0.6350 - 0.7050	:: 0.6350 - 0.7050	:: 0.6200 - 0.7000	:: 0.6676	: 0.5838
-- Northeast (f.o.b.)	:: 0.6675 - 0.7375	:: 0.6675 - 0.7375	:: 0.6700 - 0.7400	:: 0.6700 - 0.7400	:: 0.6700 - 0.7400	:: 0.7043	: 0.5832
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 1.5000 - 1.7575	:: 1.3300 - 1.7575	:: 1.3300 - 1.7400	:: 1.3300 - 1.7400	:: 1.3300 - 1.6850	:: 1.5350	: 1.4011
-- Mostly	:: 1.5350 - 1.6575	:: 1.5250 - 1.6575	:: 1.5000 - 1.6400	:: 1.4700 - 1.6100	:: 1.4300 - 1.5900	:: 1.5549	: 1.3670
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.4925 - 0.6375	:: 0.4925 - 0.6125	:: 0.4925 - 0.6125	:: 0.4000 - 0.6375	:: 0.4000 - 0.6125	:: 0.5340	: 0.4726
BUTTERMILK (Min. 30% protein)							
-- Central And East (f.o.b.)	:: 1.6200 - 1.7800	:: 1.6200 - 1.7600	:: 1.5000 - 1.7300	:: 1.4000 - 1.6725	:: 1.3300 - 1.5900	:: 1.5813	: 1.6359
-- West (f.o.b.)	:: 1.6300 - 1.8300	:: 1.6300 - 1.8000	:: 1.6000 - 1.7800	:: 1.6000 - 1.7450	:: 1.5000 - 1.7100	:: 1.6735	: 1.6802
-- Mostly	:: 1.6800 - 1.8200	:: 1.6800 - 1.7700	:: 1.6800 - 1.7450	:: 1.6400 - 1.7325	:: 1.5500 - 1.7050	:: 1.6908	: 1.6795
WHOLE MILK POWDER							
-- National (f.o.b.)	:: 1.9700 - 2.1500	:: 1.9700 - 2.1500	:: 1.9700 - 2.1800	:: 1.8200 - 2.1800	:: 1.7500 - 2.1800	:: 2.0267	: 1.9455
LACTOSE							
-- Central And West (f.o.b.)	:: 0.3500 - 0.6550	:: 0.3500 - 0.6550	:: 0.3500 - 0.6400	:: 0.3500 - 0.6350	:: 0.3300 - 0.6350	:: 0.4936	: 0.5943
-- Mostly	:: 0.5000 - 0.5925	:: 0.5000 - 0.5775	:: 0.4950 - 0.5775	:: 0.4950 - 0.5675	:: 0.4950 - 0.5675	:: 0.5349	: 0.6393
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 4.6500 - 5.0000	:: 4.6000 - 5.0000	:: 4.6000 - 5.0000	:: 4.6000 - 5.0000	:: 4.6000 - 5.0000	:: 4.8012	: 4.8227
-- Nonrestricted - Acid	:: 4.8000 - 5.4000	:: 4.8000 - 5.4000	:: 4.8000 - 5.4000	:: 4.8000 - 5.4000	:: 4.8000 - 5.4000	:: 5.1000	: 5.0727

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 AUGUST 2014

COMMODITY	::REPORT NUMBER 31::		::REPORT NUMBER 32::		::REPORT NUMBER 33::		::REPORT NUMBER 34::		::REPORT NUMBER 35::		2014 *	2013 *
	::		::		::		::		::		Monthly	Monthly
	:: AUG 1	::	:: AUG 4 - 8	::	:: AUG 11 - 15	::	:: AUG 18 - 22	::	:: AUG 25 - 29	::	Average	Average
-----												
BUTTER*												
-- GRADE AA												
--Monday	::	::	2.4000	::	2.4100	::	2.6350	::	2.7800	::	:	:
--Tuesday	::	::	2.4000	::	2.4300	::	2.6600	::	2.7550	::	:	:
--Wednesday	::	::	2.4000	::	2.5000	::	2.7000	::	2.7400	::	:	:
--Thursday	::	::	2.4000	::	2.6600	::	2.7600	::	2.7500	::	:	:
--Friday	::	2.4000	::	2.4000	::	2.6600	::	2.8225	::	2.7550	::	2.5913 : 1.4013
--Weekly Average**	::	2.4810	::	2.4000	::	2.5320	::	2.7155	::	2.7560	::	:
CHEESE*												
-- BARRELS												
--Monday	::	::	2.0900	::	2.1350	::	2.2100	::	2.2600	::	:	:
--Tuesday	::	::	2.1025	::	2.1500	::	2.2100	::	2.3000	::	:	:
--Wednesday	::	::	2.1075	::	2.1600	::	2.2550	::	2.3000	::	:	:
--Thursday	::	::	2.1225	::	2.1950	::	2.2575	::	2.3250	::	:	:
--Friday	::	2.0000	::	2.1225	::	2.2100	::	2.2600	::	2.3450	::	2.1961 : 1.7425
--Weekly Average**	::	1.9660	::	2.1090	::	2.1700	::	2.2385	::	2.3060	::	:
-- 40# BLOCKS												
--Monday	::	::	2.0600	::	2.0900	::	2.1850	::	2.2650	::	:	:
--Tuesday	::	::	2.0700	::	2.1100	::	2.2100	::	2.2900	::	:	:
--Wednesday	::	::	2.0900	::	2.1300	::	2.2500	::	2.3000	::	:	:
--Thursday	::	::	2.1000	::	2.1900	::	2.2500	::	2.3200	::	:	:
--Friday	::	2.0000	::	2.1000	::	2.2200	::	2.2625	::	2.3300	::	2.1820 : 1.7493
--Weekly Average**	::	1.9810	::	2.0840	::	2.1480	::	2.2315	::	2.3010	::	:
NONFAT DRY MILK*												
-- *** EXTRA GRADE												
-- GRADE A												
--Monday	::	::	1.6400	::	1.5200	::	1.3750	::	1.3000	::	:	:
--Tuesday	::	::	1.5900	::	1.5000	::	1.3650	::	1.3000	::	:	:
--Wednesday	::	::	1.5700	::	1.4900	::	1.3475	::	1.3225	::	:	:
--Thursday	::	::	1.5600	::	1.4200	::	1.3300	::	1.3250	::	:	:
--Friday	::	1.6500	::	1.5400	::	1.3975	::	1.3000	::	1.3250	::	1.4365 : 1.7939
--Weekly Average**	::	1.6650	::	1.5800	::	1.4655	::	1.3435	::	1.3145	::	:

\* 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.

## JULY 2014 DAIRY PRODUCTS HIGHLIGHTS

**BUTTER** production was 136.2 million pounds, 2.6 percent above July 2013 but 3.0 percent below June 2014. **AMERICAN TYPE CHEESE** production totaled 378.5 million pounds, 9.5 percent above July 2013 and 0.9 percent above June 2014. **TOTAL CHEESE** output (excluding cottage cheese) was 956.4 million pounds, 7.0 percent above July 2013 and 1.2 percent above June 2014. **NONFAT DRY MILK** production, for human food, totaled 166.4 million pounds, 42.7 percent above July 2013 and 12.1 percent above June 2014. **DRY WHEY** production, for human food, was 72.6 million pounds, 3.7 percent below July 2013 and 7.2 percent below June 2014. **ICE CREAM REGULAR** (hard) production totaled 72.8 million gallons, 5.8 percent below July 2013 and 0.9 percent below June 2014.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	JULY 2014	PERCENT CHANGE FROM:			PRODUCT	JULY 2014	PERCENT CHANGE FROM:		
	1,000 LBS.	JULY 2013	JUNE 2014	YEAR TO DATE <sup>1/</sup>		1,000 LBS.	JULY 2013	JUNE 2014	YEAR TO DATE <sup>1/</sup>
BUTTER	136,191	2.6	-3.0	-2.4	YOGURT (PLAIN AND FLAVORED)	387,505	-2.0	-2.2	2.0
CHEESE					DRY WHEY, HUMAN FOOD	72,629	-3.7	-7.2	---
AMERICAN TYPES <sup>2/</sup>	378,468	9.5	0.9	1.6	DRY WHEY, ANIMAL FEED	1,202	-70.9	16.8	---
CHEDDAR	269,481	9.2	-1.8	1.8	DRY WHEY, TOTAL <sup>3/</sup>	73,831	-7.1	-6.9	-11.7
OTHER AMERICAN	108,987	10.2	8.1	---	REDUCED LACTOSE AND MINERALS				
BRICK & MUENSTER	14,907	1.5	8.7	---	HUMAN FOOD	2,778	45.6	-2.0	---
CREAM & NEUFCHATEL	70,947	7.2	3.6	---	ANIMAL FEED	6,778	20.7	7.7	---
HISPANIC	21,504	4.7	4.9	---	LACTOSE, HUMAN FOOD & ANIMAL FEED	100,277	16.5	-0.9	13.5
TOTAL ITALIAN TYPES	408,647	4.4	0.6	4.4	WHEY PROTEIN CONCENTRATE				
MOZZARELLA	326,183	5.9	0.3	6.5	HUMAN FOOD <sup>4/</sup>	44,171	11.6	3.2	---
ALL OTHER ITALIAN	82,464	-1.2	1.9	---	ANIMAL FEED <sup>4/</sup>	832	18.5	-15.6	---
SWISS	25,487	1.0	3.9	---	TOTAL <sup>4/</sup>	45,003	11.8	2.8	10.9
ALL OTHER TYPES	36,399	21.0	-1.3	---	25.0-49.9 PERCENT <sup>10/</sup>	23,164	9.9	-3.4	---
TOTAL	956,359	7.0	1.2	2.7	50.0-89.9 PERCENT <sup>10/</sup>	21,839	13.9	10.3	---
COTTAGE CHEESE, CURD <sup>3/</sup>	31,407	-1.6	6.5	---	WHEY PROTEIN ISOLATES <sup>11/</sup>	6,862	-11.4	0.6	---
COTTAGE CHEESE, CREAM <sup>4/</sup>	25,443	-2.7	2.7	-1.8					
COTTAGE CHEESE, LOWFAT <sup>4/</sup>	29,854	-3.3	-1.6	-3.4	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
DRY BUTTERMILK	7,551	-10.2	-5.0	---	ICE CREAM, REGULAR (HARD)	72,822	-5.8	-0.9	-5.7
DRY WHOLE MILK	8,721	-5.5	-25.8	---	ICE CREAM, LOWFAT (HARD)	19,394	0.8	-4.6	---
MILK PROTEIN CONC. (MPC), TOTAL <sup>6/</sup>	10,464	110.2	-32.7	---	ICE CREAM, LOWFAT (SOFT)	24,366	9.4	1.8	---
NONFAT DRY MILK (NDM), HUMAN	166,421	42.7	12.1	9.5	ICE CREAM, LOWFAT (TOTAL)	43,760	5.4	-1.1	-2.9
SKIM MILK POWDERS (SMP) <sup>7/</sup>	27,277	-48.7	-47.3	-6.3	SHERBET, HARD	4,053	-3.7	-4.9	-8.4
SOUR CREAM	86,539	-0.2	-0.1	1.3	FROZEN YOGURT (TOTAL)	5,872	-24.2	-13.0	-21.8

MANUFACTURERS' STOCKS, END OF MONTH <sup>12/</sup>							
PRODUCT	JULY 2014	PERCENT OF:		PRODUCT	JULY 2014	PERCENT OF:	
	1,000 LBS.	JULY 2013	JUNE 2014		1,000 LBS.	JULY 2013	JUNE 2014
DRY WHEY, HUMAN FOOD	61,093	-4.9	1.0	WHEY PROTEIN CONCENTRATE			
DRY WHEY, ANIMAL FEED	727	-79.5	17.4	HUMAN FOOD <sup>9/</sup>	59,431	15.9	9.6
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL <sup>13/</sup>	9,537	6.7	-3.8	ANIMAL FEED <sup>9/</sup>	1,502	-27.8	-3.7
LACTOSE, HUMAN FOOD & ANIMAL FEED	113,792	29.0	-0.5	TOTAL <sup>9/</sup>	60,933	14.2	9.2
DRY BUTTERMILK	17,098	66.1	-12.7	25.0-49.9 PERCENT <sup>10/</sup>	28,982	40.7	4.3
NONFAT DRY MILK (NDM), HUMAN FOOD	250,424	21.3	9.4	50.0-89.9 PERCENT <sup>10/</sup>	31,951	-2.4	14.1
				WHEY PROTEIN ISOLATES <sup>11/</sup>	9,825	-1.2	-0.1

<sup>1/</sup> 2014 cumulative as percent change of 2013 cumulative. <sup>2/</sup> Includes Cheddar, Colby, Monterey and Jack. <sup>3/</sup> Mostly used for processing into cream or lowfat cottage cheese. <sup>4/</sup> Fat content 4 percent or more. <sup>5/</sup> Fat content less than 4 percent. <sup>6/</sup> Dry milk protein concentrate, 40-89.9 percent. <sup>7/</sup> Includes protein standardized and blends. <sup>8/</sup> Excludes all modified dry whey products. <sup>9/</sup> Whey protein concentrate, 25.0 to 89.9 percent. <sup>10/</sup> Whey protein concentrate, human and animal. <sup>11/</sup> Whey protein isolates, 90.0 percent or greater. <sup>12/</sup> Stocks held by manufacturers at all points and in transit. <sup>13/</sup> Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Dairy Products, September 2014.*

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, AUGUST

**Class Prices:** The following are the August 2014 class prices under the Federal milk order pricing system and changes from the previous month: Class II: \$25.34 (+\$0.93), Class III: \$22.25 (+\$0.65), and Class IV: \$23.89 (+\$0.11).

**Component Price Information:** Under the Federal milk order pricing system, the butterfat price for August 2014 is \$2.8448 per pound. Thus, the Class II butterfat price is \$2.8518 per pound. The protein and other solids prices for August 2014 are \$3.1496 and \$0.5036 per pound, respectively. These component prices set the Class III skim milk price at \$12.74 per cwt. The August 2014 Class IV skim milk price is \$14.44, which is derived from the nonfat solids price of \$1.6047 per pound.

**Product Price Averages:** The product price averages for August 2014 are: butter: \$2.5206, nonfat dry milk: \$1.7887, cheese: \$2.1074, and dry whey: \$0.6880.

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	August 2014				September 2014
		Class I	Class II	Class III	Class IV	Class I
		Dollars Per 100 Pounds				
Northeast (Boston) <sup>4/</sup>	001	27.12	25.34	22.25	23.89	26.88
Appalachian (Charlotte) <sup>5/ 6/</sup>	005	27.27	25.34	22.25	23.89	27.03
Florida (Tampa) <sup>6/ 7/</sup>	006	29.27	25.34	22.25	23.89	29.03
Southeast (Atlanta) <sup>6/ 8/</sup>	007	27.67	25.34	22.25	23.89	27.43
Upper Midwest (Chicago) <sup>9/</sup>	030	25.67	25.34	22.25	23.89	25.43
Central (Kansas City) <sup>10/</sup>	032	25.87	25.34	22.25	23.89	25.63
Mideast (Cleveland) <sup>11/</sup>	033	25.87	25.34	22.25	23.89	25.63
Pacific Northwest (Seattle) <sup>12/</sup>	124	25.77	25.34	22.25	23.89	25.53
Southwest (Dallas) <sup>13/</sup>	126	26.87	25.34	22.25	23.89	26.63
Arizona (Phoenix)	131	26.22	25.34	22.25	23.89	25.98
All-Market Average	---	26.76	25.34	22.25	23.89	26.52

<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.

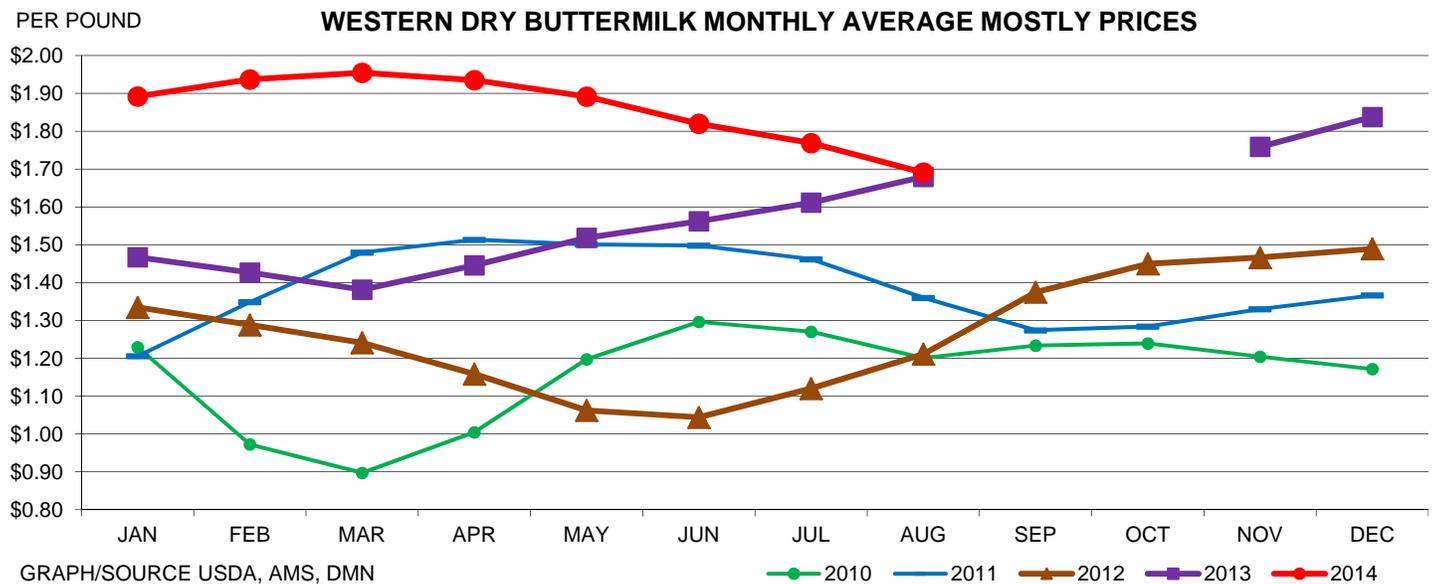
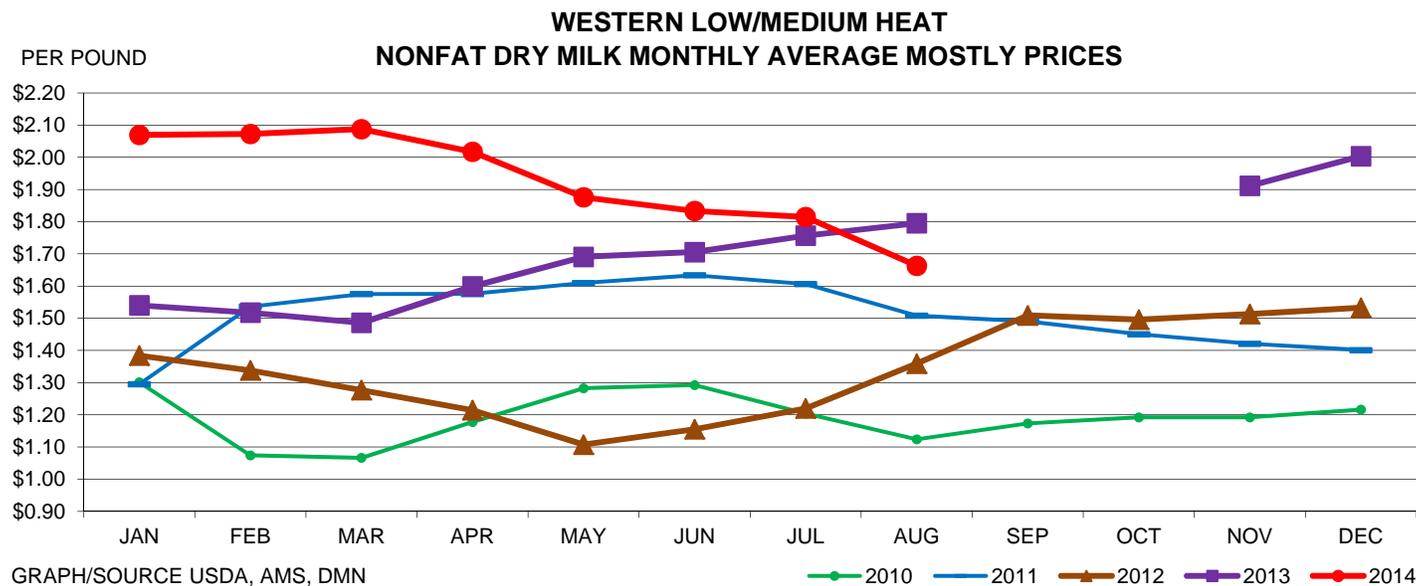
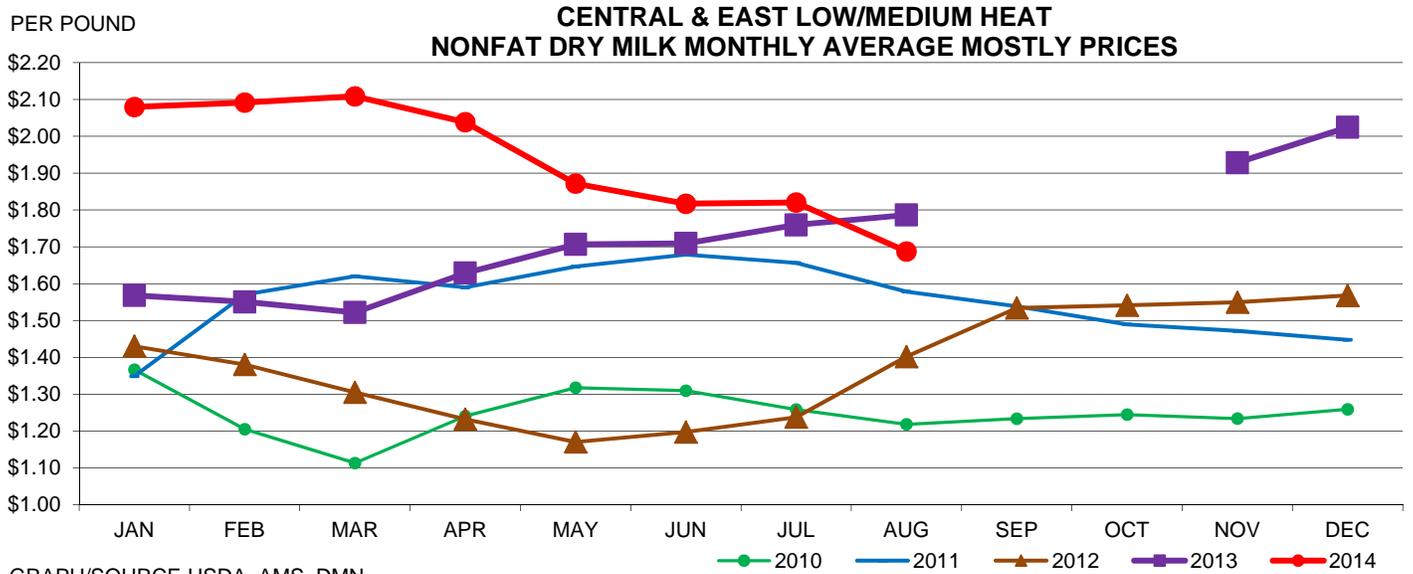
<sup>9/</sup> Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

<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.

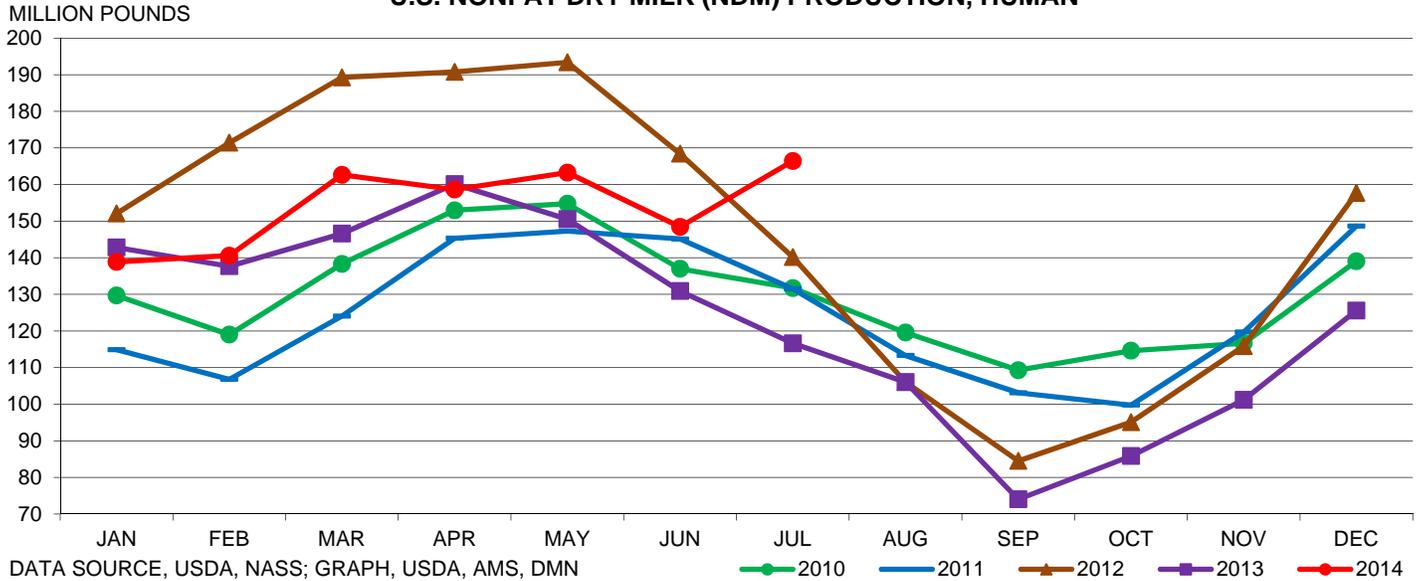
<sup>11/</sup> Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

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

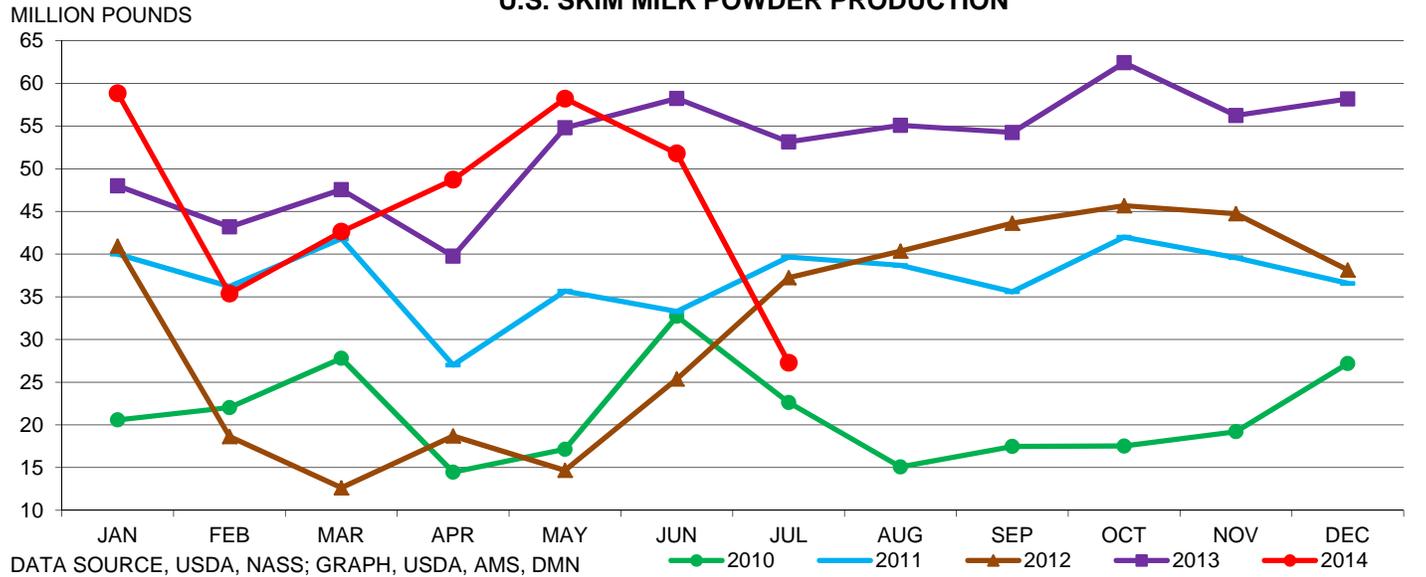
<sup>13/</sup> Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.



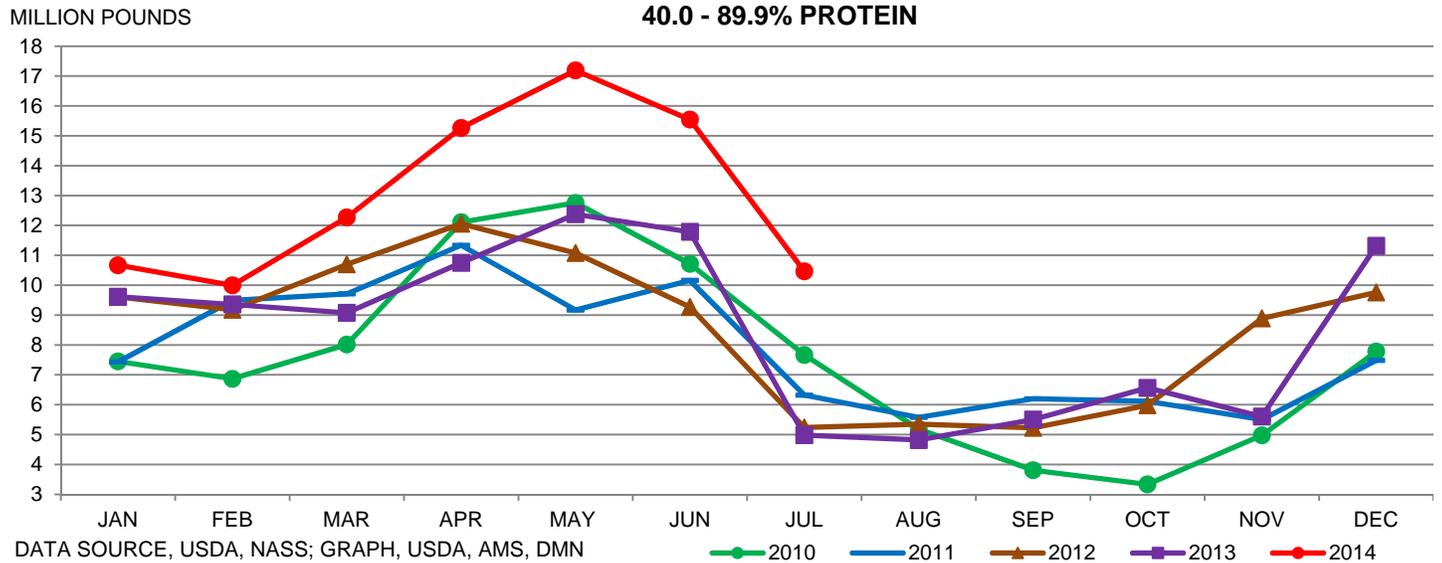
**U.S. NONFAT DRY MILK (NDM) PRODUCTION, HUMAN**

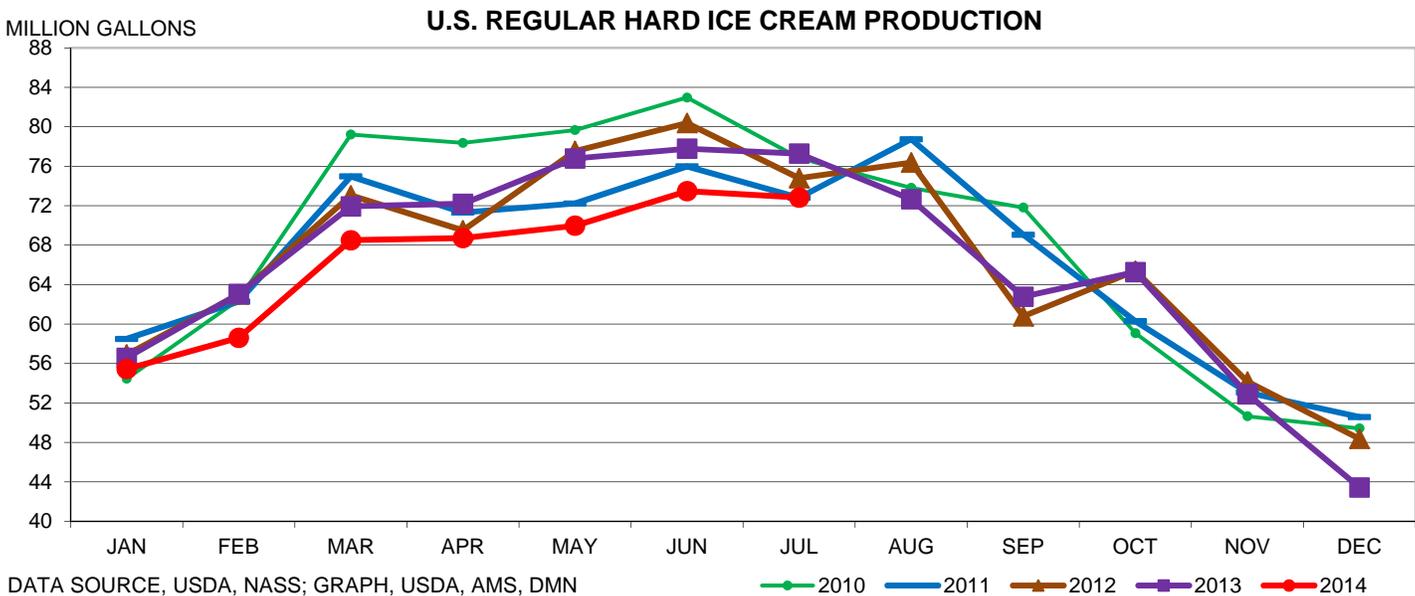
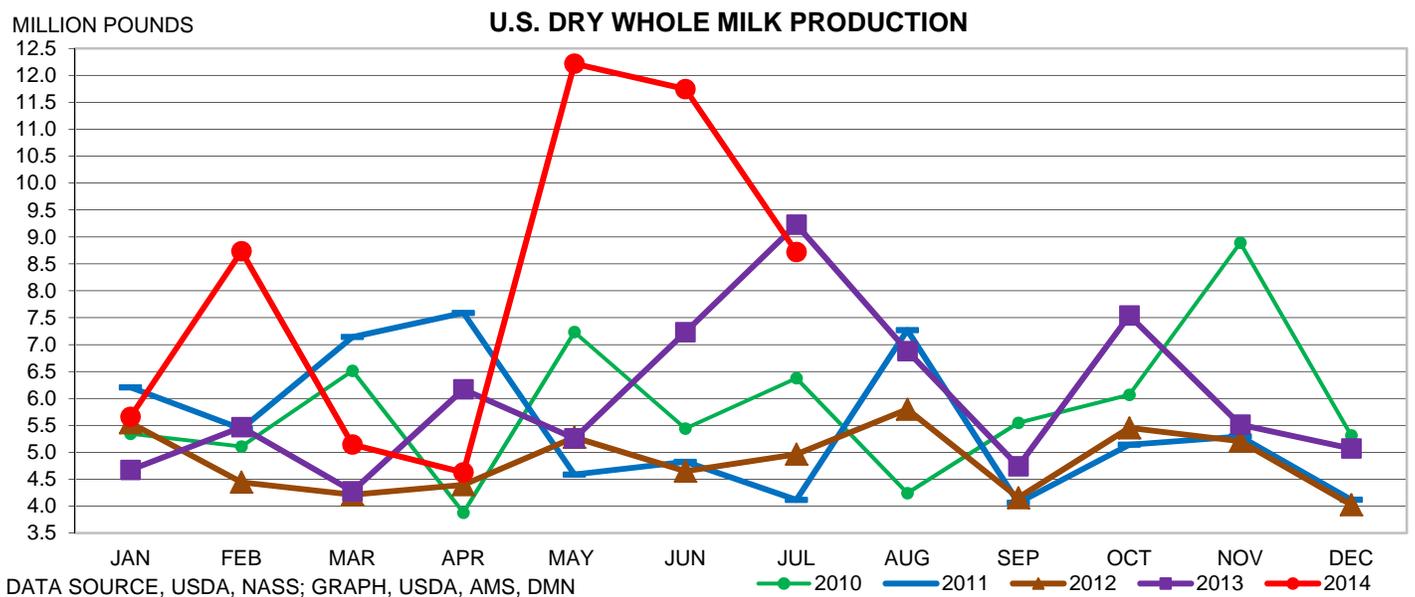
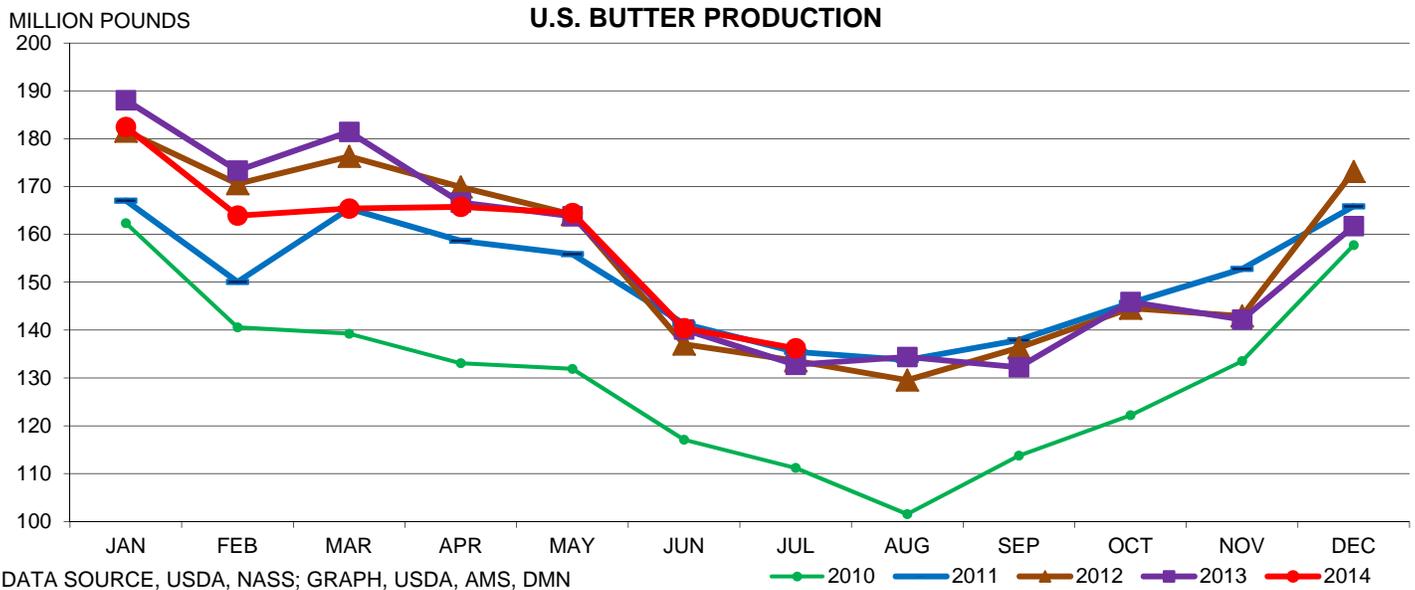


**U.S. SKIM MILK POWDER PRODUCTION**

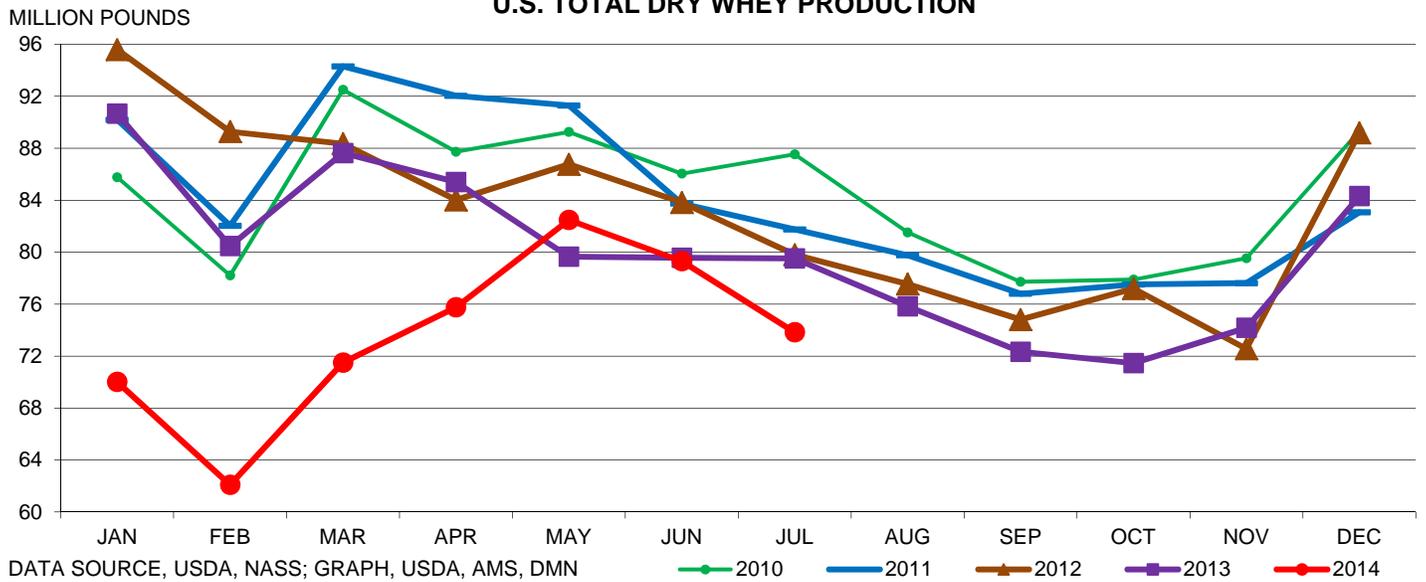


**U.S. MILK PROTEIN CONCENTRATE PRODUCTION, 40.0 - 89.9% PROTEIN**

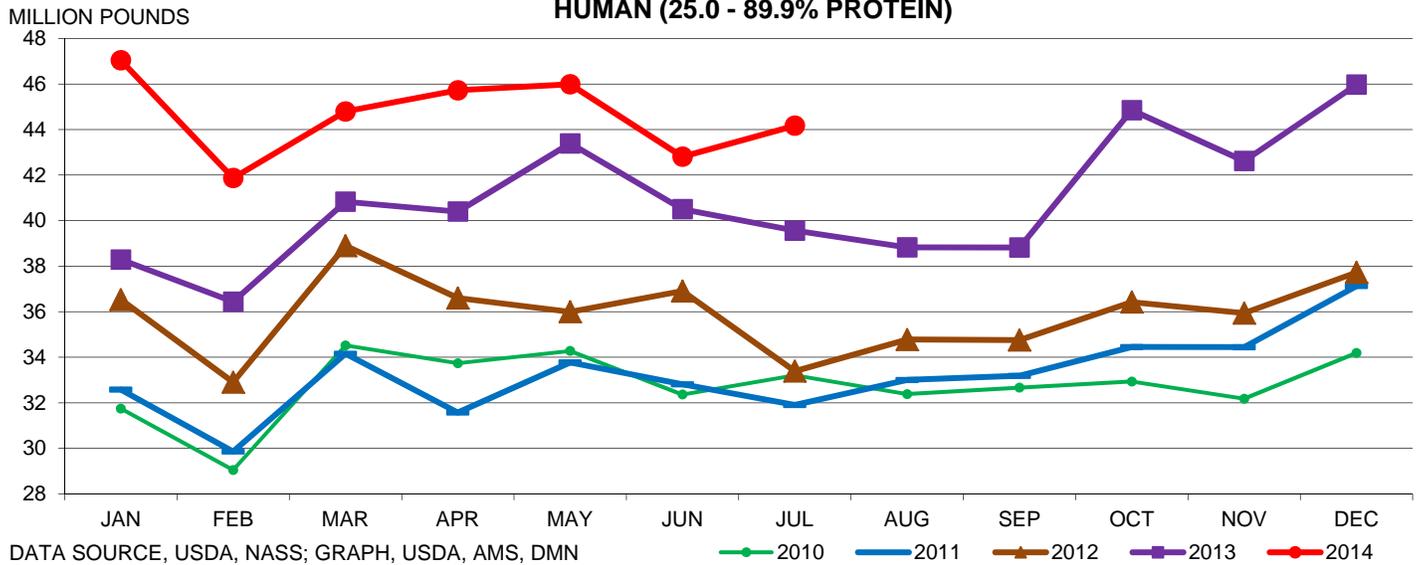




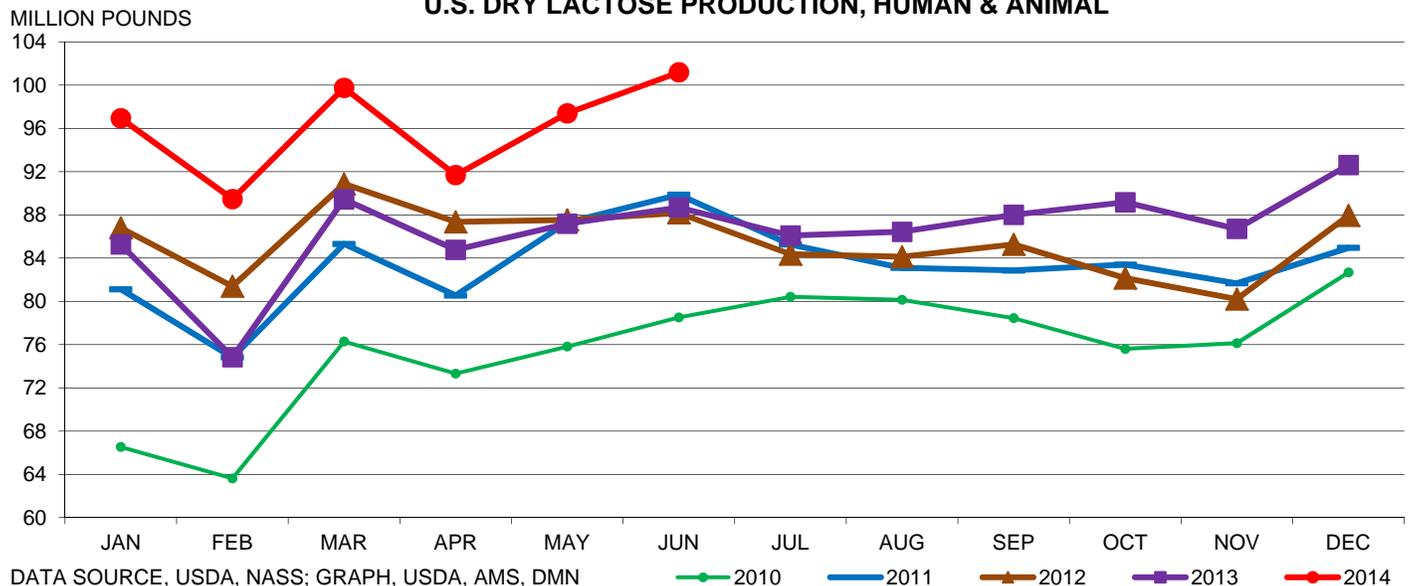
**U.S. TOTAL DRY WHEY PRODUCTION**



**U.S. DRY WHEY PROTEIN CONCENTRATE PRODUCTION, HUMAN (25.0 - 89.9% PROTEIN)**



**U.S. DRY LACTOSE PRODUCTION, HUMAN & ANIMAL**





## Dairy Market News Branch

Agricultural  
Marketing  
Service

# National Dairy Retail Report

Websites: <http://www.marketnews.usda.gov/portal/da> and <http://www.ams.usda.gov/mnreports/dybretail.pdf>

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Issued Biweekly

Thursday, September 4, 2014

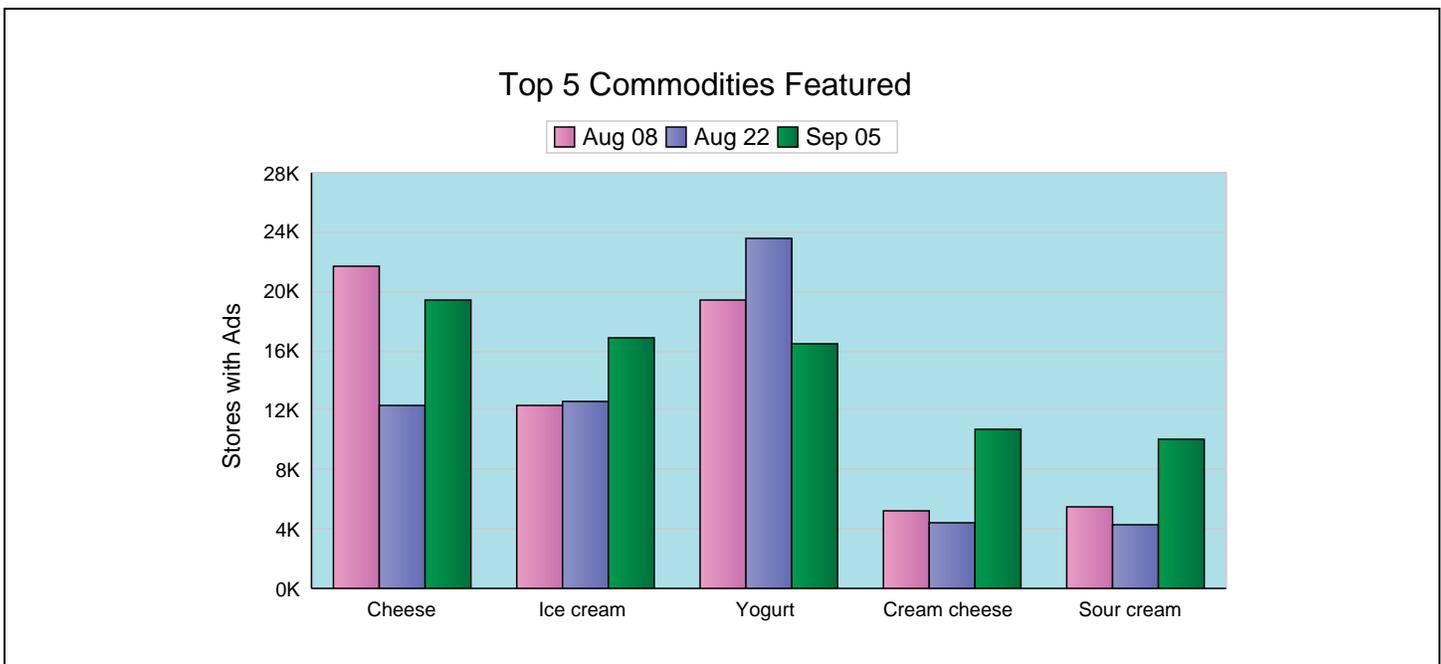
### Advertised Prices for Dairy Products at Major Retail Supermarket Outlets 08/25 to 09/05

Butter ad numbers more than tripled during the survey period spanning the Labor Day Holiday, compared with two weeks previously. The U.S. weighted average price of 1 pound butter, \$3.59, is up 23 cents from two weeks ago and up 50 cents from one year ago. Increases in ad numbers also occurred for 8 ounce cream cheese, 16 ounce sour cream and 48-64 ounce ice cream. Cream cheese ad numbers more than doubled and the average price, \$1.79, is up 5 cents from two weeks ago and up 22 cents from a year ago. Sour cream ad numbers also more than doubled, with a current average price of \$1.70, down 4 cents from two weeks ago but up 2 cents from one year ago. Ice cream has an average price of \$2.98, up 9 cents from two weeks ago and up 4 cents from one year ago.

Greek yogurt in 4-6 oz. packages averaged \$1.00, down 1 cent from two weeks ago but even with one year ago. Regular yogurt in 4-6 oz. packages, at 50 cents, is up 2 cents from two weeks ago and up 1 cent from one year ago. Total conventional yogurt ad numbers declined 26%.

The national weighted average cheese price for 8 oz. blocks is up 8 cents from two weeks ago to \$2.39, while a year ago the price was \$2.28. The 8 oz. shred category at \$2.40 is down 2 cents from two weeks ago but up 12 cents from one year ago. Conventional cheese ads increased 43%.

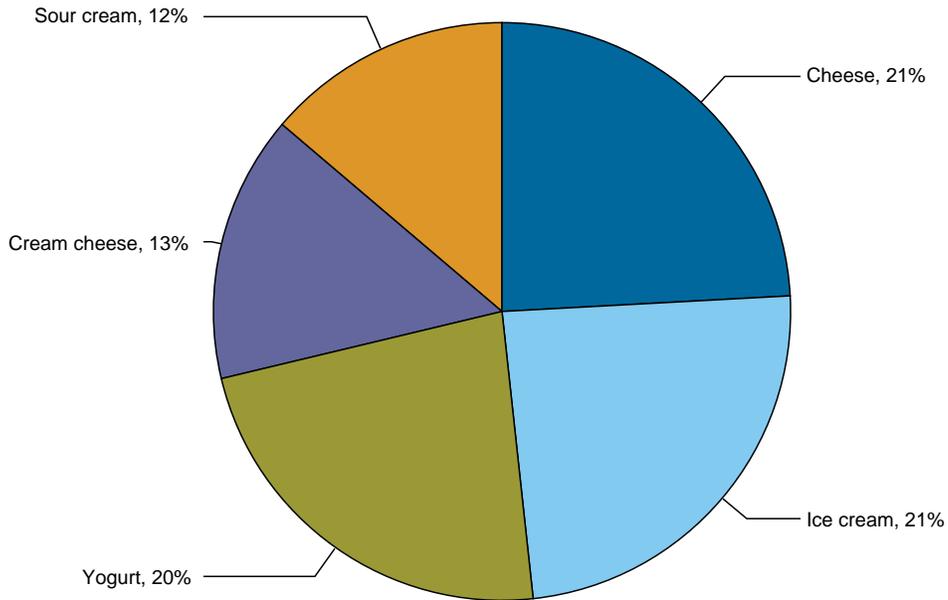
The national weighted average conventional milk price for half gallons, at \$1.89, is 10 cents higher than two weeks ago. Organic half gallon milk, at \$3.45, is 11 cents higher than the previous period. The organic versus conventional half gallon price spread is \$1.56, up 1 cent from two weeks ago.



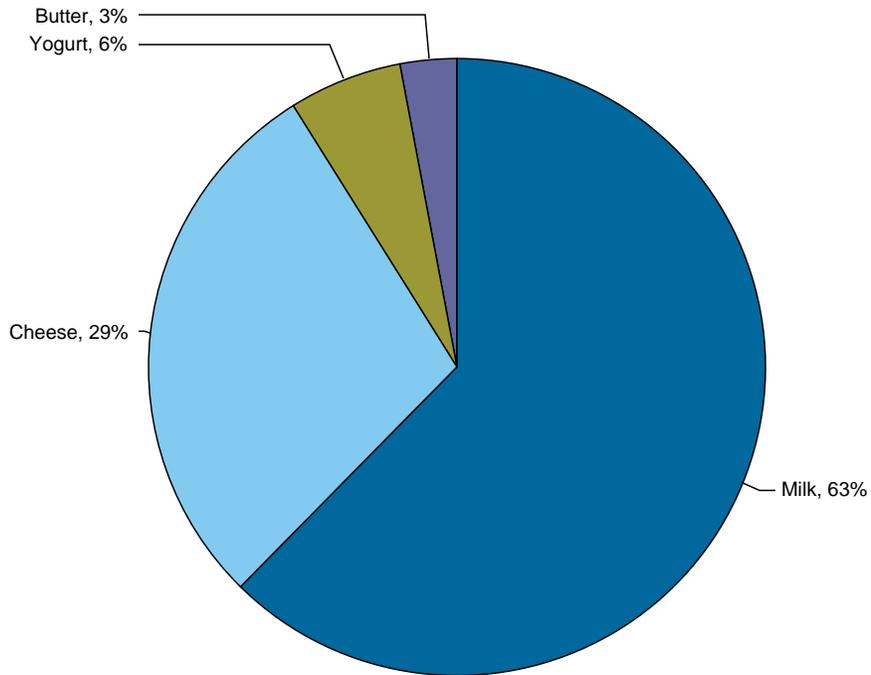
1 -- Dairy Market News surveys nearly 100 retailers, comprising over 14,000 individual stores, with online weekly advertised features.

2 -- Date range reflects two-week period, however only one data collection per retailer is made during the period.

### Top 5 Percentage of Total Conventional Ads



### Top 5 Percentage of Total Organic Ads





### NATIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		TWO WEEKS AGO		LAST YEAR	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	5585	3.59	1651	3.36	6108	3.09
Cheese	Natural Varieties	8 oz block	6387	2.39	3647	2.31	6724	2.28
Cheese	Natural Varieties	1 # block	537	4.02	1111	4.26	592	3.69
Cheese	Natural Varieties	2 # block	1820	7.86			1725	6.47
Cheese	Natural Varieties	8 oz shred	8250	2.40	6170	2.42	8832	2.28
Cheese	Natural Varieties	1 # shred	598	3.61	1408	3.64	326	3.99
Cottage cheese		16 oz	1186	2.29	3821	1.81	3343	1.85
Cream cheese		8 oz	10784	1.79	4378	1.74	8735	1.57
Flavored milk	All fat tests	half gallon	201	3.50	70	1.66	94	1.69
Flavored milk	All fat tests	gallon	419	4.33	251	5.23	320	4.03
Ice cream		48-64oz	16831	2.98	12585	2.89	12120	2.94
Milk	All fat tests	half gallon	202	1.89	528	1.79	549	1.52
Milk	All fat tests	gallon	2164	2.96	3551	3.09	1513	2.81
Sour cream		16 oz	10001	1.70	4286	1.74	8200	1.68
Yogurt	Greek	4-6 oz	11198	1.00	15856	1.01	10744	1.00
Yogurt	Greek	32 oz	1703	4.37	80	3.00	1104	3.70
Yogurt	Yogurt	4-6 oz	2948	.50	5468	.48	4596	.49
Yogurt	Yogurt	32 oz	284	2.72	287	2.51	639	2.52

### REGIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	3.49-4.49	785	4.05	2.99-3.99	1549	3.29	2.48-3.50	709	3.02
Cheese	Natural Varieties	8 oz block	1.66-3.49	1963	2.49	2.00-3.00	705	2.39	1.66-2.00	1123	1.98
Cheese	Natural Varieties	1 # block				4.49	195	4.49			
Cheese	Natural Varieties	2 # block	7.99	112	7.99	7.99	58	7.99			
Cheese	Natural Varieties	8 oz shred	1.99-3.00	1627	2.50	1.99-3.00	1487	2.29	1.66-2.50	1668	2.16
Cheese	Natural Varieties	1 # shred				3.79	237	3.79	3.50	361	3.50
Cottage cheese		16 oz	1.99-2.99	300	2.55				2.00-2.50	431	2.39
Cream cheese		8 oz	1.48-2.69	2671	1.98	1.34-2.00	3658	1.68	1.00-2.00	1747	1.54
Flavored milk	All fat tests	half gallon							3.50	201	3.50
Flavored milk	All fat tests	gallon							2.99-5.29	369	4.25
Ice cream		48-64oz	1.78-4.99	4869	2.79	2.29-4.99	3900	3.12	1.99-3.69	2472	2.91
Milk	All fat tests	gallon	1.99-3.99	236	2.68	3.00	70	3.00	2.49-2.99	743	2.76
Sour cream		16 oz	1.50-2.29	2148	1.79	1.00-2.29	3074	1.62	1.00-1.99	1218	1.29
Yogurt	Greek	4-6 oz	0.80-1.33	3365	1.03	1.00	2593	1.00	1.00	1937	1.00
Yogurt	Greek	32 oz	3.50-4.49	346	3.84	4.99	58	4.99			
Yogurt	Yogurt	4-6 oz	0.37-0.60	1743	.51	0.50-0.60	177	.57	0.39-0.40	259	.40

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Yogurt	Yogurt	32 oz	2.50-2.79	284	2.72						

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	3.50-3.99	610	3.69	3.50-3.99	1484	3.83	2.99-3.99	448	3.81
Cheese	Natural Varieties	8 oz block	1.99-2.50	1109	2.21	1.99-3.49	907	2.71	2.29-3.00	580	2.65
Cheese	Natural Varieties	1 # block				3.99	224	3.99	3.29	118	3.29
Cheese	Natural Varieties	2 # block	7.49-8.99	234	8.27	6.99-9.99	1038	8.15	5.99-6.99	378	6.75
Cheese	Natural Varieties	8 oz shred	1.99-2.99	768	2.35	1.97-2.99	1938	2.55	2.29-3.00	762	2.62
Cottage cheese		16 oz				1.49-2.50	455	2.03			
Cream cheese		8 oz	1.50	494	1.50	1.00-2.50	1552	2.00	1.00-2.50	662	1.95
Flavored milk	All fat tests	gallon							4.99	50	4.99
Ice cream		48-64oz	2.50-4.99	1397	3.44	2.49-4.99	2865	3.09	1.99-3.99	1328	2.69
Milk	All fat tests	half gallon							1.89	202	1.89
Milk	All fat tests	gallon				1.88-3.99	649	3.38	1.99-3.99	466	2.84
Sour cream		16 oz	1.00-2.19	974	1.57	1.00-2.50	2007	1.99	1.00-2.19	580	1.85
Yogurt	Greek	4-6 oz	1.00	799	1.00	0.88-1.00	1642	.98	0.88-1.00	862	.96
Yogurt	Greek	32 oz	4.49	234	4.49	4.49	767	4.49	4.49	298	4.49
Yogurt	Yogurt	4-6 oz				0.50	651	.50	0.50	118	.50

### NATIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		TWO WEEKS AGO		LAST YEAR	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	169	4.99	169	4.99	168	4.37
Cheese	Natural Varieties	8 oz block	943	3.99				
Cheese	Natural Varieties	8 oz shred	943	3.99				
Milk	All fat tests	half gallon	2328	3.45	2502	3.34	1422	3.71
Milk	All fat tests	gallon	98	6.00			629	5.00
Milk	All fat tests	8 oz UHT	1676	1.03	4344	1.00	2592	.96
Yogurt	Greek	4-6 oz			811	1.24	416	1.00
Yogurt	Greek	32 oz			125	4.82	116	5.00
Yogurt	Yogurt	4-6 oz	361	1.00	184	1.25	278	.83
Yogurt	Yogurt	32 oz			680	2.82	331	3.16

Wtd Avg - Simple weighted average

## REGIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	4.99	169	4.99						
Cheese	Natural Varieties	8 oz block	3.99	112	3.99	3.99	58	3.99			
Cheese	Natural Varieties	8 oz shred	3.99	112	3.99	3.99	58	3.99			
Milk	All fat tests	half gallon	3.99	165	3.99	2.99-3.79	1260	3.64	2.58-3.59	727	3.06
Milk	All fat tests	gallon							6.00	98	6.00
Milk	All fat tests	8 oz UHT	1.00-1.49	464	1.12	1.00	116	1.00	1.00	201	1.00
Yogurt	Yogurt	4-6 oz							1.00	361	1.00

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Cheese	Natural Varieties	8 oz block	3.99	122	3.99	3.99	353	3.99	3.99	298	3.99
Cheese	Natural Varieties	8 oz shred	3.99	122	3.99	3.99	353	3.99	3.99	298	3.99
Milk	All fat tests	half gallon				3.29	96	3.29	2.99	80	2.99
Milk	All fat tests	8 oz UHT	1.00	244	1.00	1.00	469	1.00	1.00	182	1.00

Notice: Effective with Report 12, 2013, the tables breaking out information by national and store brands are no longer available.

### REGIONAL DEFINITIONS

As used in this report, regions include the following states:

- NORTHEAST U.S.      Connecticut, Delaware, Massachusetts, Maryland, Maine, New Hampshire, New jersey, New York, Pennsylvania, Rhode Island and Vermont
- SOUTHEAST U.S.     Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia
- MIDWEST U.S.       Iowa, Illinois, Indiana, Kentucky, Michigan, Minnesota, North Dakota, Nebraska, Ohio, South Dakota and Wisconsin
- SOUTH CENTRAL U.S.    Arkansas, Colorado, Kansas, Louisiana, Missouri, New Mexico, Oklahoma, and Texas
- SOUTHWEST U.S.      Arizona, California, Nevada and Utah
- NORTHWEST U.S.     Idaho, Montana, Oregon, Washington, and Wyoming
- NATIONAL              Continental United States

# DAIRY MARKET NEWS

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

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

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

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

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

**NORTHWEST/MOUNTAIN**  
Bob Hunter  
(608) 278-4158  
Robert.Hunter@AMS.USDA.GOV

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

**VOLUME:** 81  
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**DATE:** 09/05/2014

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

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

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

**MARKET NEWS PORTAL**  
[www.marketnews.usda.gov](http://www.marketnews.usda.gov)

**RECORDED INFORMATION SYSTEM**  
(608) 278-4142

**FAX**  
(608) 278-4141

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