

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (9/19)**

**BUTTER:** Grade AA closed at \$3.0600. The weekly average for Grade AA is \$3.0220 (+.0360).

**CHEESE:** Barrels closed at \$2.4300 and 40# blocks at \$2.4500. The weekly average for barrels is \$2.4080 (+.0780) and blocks, \$2.4070 (+.0570).

**BUTTER HIGHLIGHTS:** Butter production varies in the Northeast, while being mostly steady in the West and Central with a few areas experiencing higher rates in the Central region. Most production is geared towards satisfying upcoming holiday demand. Requested orders are higher than supplies can cover. However, butter makers in the West note current prices are slowing demand. U.S. butter prices are significantly higher than the global markets, causing some ingredient buyers to seek opportunities through importing butter. Domestic bulk butter prices ranged from 3.5 cents under to 7 cents over market, with various time frames and averages used. Friday at the CME Group, Grade AA butter closed at a new record high, \$3.06, up \$0.06 from last Friday. The *DMN National Dairy Retail Report* noted the surveyed national weighted average price for a 1 lb. package of butter was \$3.42, down \$0.17 from two weeks ago, but \$0.75 above a year ago. Butter surveyed prices ranged from \$2.00 in the Northwest to \$4.99 in the Northeast. According to FAS, January–July 2014, U.S. quota butter imports total 10.01 million pounds, an increase of 65% compared to last year.

**CHEESE HIGHLIGHTS:** Cheese production is steady to building. There is sufficient milk and solids available to increase production, but manufacturers are cautious about building uncommitted inventories at current price levels. The preferred course for manufacturers is to closely align production to orders already in hand. Cheese demand continues to be very good for domestic retail sales. Some food service buyers are also looking to increase purchases, but are reluctant to chase higher prices. End users are also looking to increase barrel purchases for processing and finding stocks tight. The *National Dairy Retail Report* found weighted average prices for various cheese packages mixed from two weeks ago. Combined cheese advertising was 18% lower than two weeks ago. According to the Foreign Agricultural Service, quota imports of cheese for January-July 2014 total 90 million pounds, 2% higher than a year ago. At the CME Group, barrels closed Friday at \$2.4300 and blocks at \$2.4500. Compared to last Friday, barrels are 9.5 cents higher and

blocks are 10 cents higher.

**FLUID MILK:** Milk production varies across the U.S., as weather conditions and temperatures influence milk output. The Midwest, Utah and Idaho, Pacific Northwest, and Arizona milk production faces seasonal declines. California, New Mexico, and Southeast report some increase in production. Production is steady in Florida, as well as the Northeast and Mid-Atlantic areas, while seasonally strong in the Southeast. Processors are finding the need to redistribute quantities of milk supplies, as they perform seasonally scheduled maintenance projects. Available cream supplies are intermittent and tight in some channels. Buyers look to complete purchases prior to the upcoming California butterfat price release. Butter producers wanting to increase production to fulfill holiday needs are seeking additional cream on the spot market. Declining sales are slowing the production of ice cream and frozen novelties, as cream cheese and sour cream production divert cream supplies. Surplus volumes of condensed skim are clearing to yogurt or cheese production.

**DRY PRODUCTS:** Nonfat dry milk prices continue to move lower across the country. Buyer interest is active with notable increases in sales. Manufacturers are clearing condensed skim to other dairy outlets, prompting steady to lower nonfat dry milk production. The fall baking season is generating buyer and end-user interest in high heat nonfat dry milk. Dry buttermilk production is increasing, sparked by seasonally active churning across the country. Sales are down due to the competitive price of nonfat dry milk. Dry whey prices continue to weaken, as lower export prices exert downward pressure. Holiday cheese volumes are boosting whey production. Buyers are showing a willingness to wait to secure lower discounted prices for product. Whey protein concentrate 34% prices are moving lower. The market is running into some competition in the animal feed sector, as loads of off specification NDM clear ahead of WPC 34% destined for that end use. Lactose prices are unchanged to higher, in a weak market. FOB spot sale prices on unground lactose are feeling pressure from reseller/end user offerings. Casein prices are unchanged. The market tone is steady to weak.

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

ORGANIC DAIRY MARKET NEWS (PAGES 8-8B)  
OCTOBER FEDERAL ORDER ADVANCE PRICES (PAGES 9)

DAIRY GRAPHS (G1)  
NATIONAL DAIRY RETAIL REPORT (ATTACHED)

CME GROUP CASH TRADING

COMMODITY	MONDAY SEP 15	TUESDAY SEP 16	WEDNESDAY SEP 17	THURSDAY SEP 18	FRIDAY SEP 19	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
<b>CHEESE</b>							
BARRELS	\$2.3600 (+.0250)	\$2.4050 (+.0450)	\$2.4225 (+.0175)	\$2.4225 (N.C.)	\$2.4300 (+.0075)	:: (+.0950)	:: \$2.4080 (+.0780)
40# BLOCKS	\$2.3700 (+.0200)	\$2.3950 (+.0250)	\$2.4100 (+.0150)	\$2.4100 (N.C.)	\$2.4500 (+.0400)	:: (+.1000)	:: \$2.4070 (+.0570)
<b>NONFAT DRY MILK</b>							
GRADE A	\$1.3475 (+.0075)	\$1.3350 (-.0125)	\$1.3350 (N.C.)	\$1.3550 (+.0200)	\$1.3750 (+.0200)	:: (+.0350)	:: \$1.3495 (+.0170)
<b>BUTTER</b>							
GRADE AA	\$3.0000 (N.C.)	\$3.0025 (+.0025)	\$3.0100 (+.0075)	\$3.0375 (+.0275)	\$3.0600 (+.0225)	:: (+.0600)	:: \$3.0220 (+.0360)

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](http://WWW.AMS.USDA.GOV/DAIRYMARKETNEWS).

NATIONAL DAIRY MARKET NEWS AT A GLANCE

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**ORGANIC DAIRY MARKET NEWS (DMN):** The U.S. weighted average advertised price of organic milk half gallons is \$3.65, up 20 cents from 2 weeks ago. One year ago, the national price was \$3.47. The lowest price is up 71 cents to \$3.29, while the top of the price range is up \$0.80 to \$4.79. Organic cheese advertising volume continues to maintain high levels, surpassing ad number totals for either half gallons or gallons of organic milk. Organic cheese was advertised in all regions except the Midwest. All ads this period are for 8 ounce shredded and 8 ounce block organic cheese, all ads priced \$3.99. All ads for 1-pound organic butter stated a price of \$3.99. In comparison, while most conventional butter prices were lower than organic butter, some conventional butter advertised prices reached \$4.99.

**NATIONAL DAIRY RETAIL REPORT (DMN):** Cottage cheese ad numbers nearly tripled from two weeks ago. The U.S. weighted average price of 16-ounce cottage cheese, \$1.79, is down 50 cents from two weeks ago and down 39 cents from one year ago. Butter ad numbers are slightly below the level two weeks ago. The average price, \$3.42, fell by 17 cents from the last period but is 75 cents higher than one year ago. Sour cream and cream cheese ad numbers are lower than two weeks ago. Sour cream (16 ounce) has an average price of \$1.79, up 9 cents from the last period. Cream cheese (8 ounce) has an average price of \$2.00, up 21 cents. Greek yogurt in 4-6 oz. packages averaged 95 cents, down 5 cents from two weeks ago and one year ago. Regular yogurt in 4-6 oz. packages, at 47 cents, is down 3 cents from two weeks ago and down 2 cents from one year ago. Total conventional yogurt ad numbers increased 23%. The national weighted average cheese price for 8 oz. blocks is up 12 cents from two weeks ago to \$2.51, while a year ago the price was \$2.54. The 8 oz. shred category at \$2.52 is up 12 cents from two weeks ago and up 2 cents from one year ago. Conventional cheese ads decreased 18%. The national weighted average conventional milk price for half gallons, at \$2.70, is 81 cents higher than two weeks ago. Organic half-gallon milk, at \$3.65, is 20 cents higher than the previous period. The organic versus conventional half-gallon price spread is \$0.95, down 61 cents from two weeks ago.

**INTERNATIONAL DAIRY MARKET NEWS UPDATE (DMN):** At the September 16 GDT event #124, average prices ranged from 6.9% lower to 1.3% higher from the prior event across categories. The all contracts price averages (US\$ per MT) and percent changes from the previous average are: anhydrous milk fat, \$3,264 -2.2%; butter, \$2,698 -2.5%; buttermilk powder, \$3,140 -6.9%; cheddar cheese, \$3,077 -6.5%; lactose, n.a.; rennet casein, \$8,343 +1.3%; skim milk powder, \$2,619 +0.9%; sweet whey powder, \$1,295 n.a.; and whole milk powder, \$2,692 +0.6%.

**OCTOBER FEDERAL ORDER ADVANCE PRICES (FMMO):** Under the Federal milk order pricing system, the base Class I price for October 2014 is \$24.19 per cwt. This price is derived from the Advanced Class III skim milk pricing factor of \$13.67 and the advanced butterfat pricing factor of \$3.1410. A Class I differential for each order's principle pricing point (county) is added to the base price to determine the Class I Price. The base Class I price increased \$0.56 per cwt when compared to the previous month of September 2014. For selected consumer products, the price changes are: whole milk (3.25% milk fat), \$0.45 per cwt, \$0.039 per gallon; reduced fat milk (2%), -\$0.06 per cwt, -\$0.005 per gallon; fat-free (skim milk), -\$0.69 per cwt, -\$0.060 per gallon. The advanced Class IV skim milk pricing factor is \$11.66. Thus, the Class II skim milk price for October 2014 is \$12.36 per cwt, and the Class II nonfat solids price is \$1.3733. The two-week product price averages for October 2014 are: butter \$2.7652, nonfat dry milk \$1.4766, cheese \$2.3062 and dry whey \$0.6747.

**CME GROUP**

MONDAY, SEPTEMBER 15, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: 2 CARS BARRELS @ \$2.3600; 1 CAR 40# BLOCKS @ \$2.3700; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.3475; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 10 CARS GRADE AA: 8 @ \$2.9950, 1 @ \$2.9975, 1 @ \$3.0000; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$3.0000

TUESDAY, SEPTEMBER 16, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.4050; 1 CAR 40# BLOCKS @ \$2.3950; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: 9 CARS GRADE A: 1 @ \$1.3575, 1 @ \$1.3500, 3 @ \$1.3450, 3 @ \$1.3400, 1 @ \$1.3350; LAST BID UNFILLED: NONE;  
 LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 16 CARS GRADE AA: 15 @ \$3.0000, 1 @ \$3.0050; LAST BID UNFILLED: 2 CARS GRADE AA @ \$3.0000; LAST OFFER UNCOVERED:  
 1 CAR GRADE AA @ \$3.0025

WEDNESDAY, SEPTEMBER 17, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: 2 CARS BARRELS @ \$2.4225; 1 CAR 40# BLOCKS @ \$2.4100; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: 4 CARS GRADE A @ \$1.3350; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.3300; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 1 CAR GRADE AA @ \$3.0100; LAST BID UNFILLED: 1 CAR GRADE AA @ \$3.0100; LAST OFFER UNCOVERED: NONE

THURSDAY, SEPTEMBER 18, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: 2 CARS GRADE A: 1 @ \$1.3600, 1 @ \$1.3550; LAST BID UNFILLED: 2 CARS GRADE A @ \$1.3550; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 3 CARS GRADE AA: 2 @ \$3.0200, 1 @ \$3.0325; LAST BID UNFILLED: 1 CAR GRADE AA @ \$3.0375; LAST OFFER UNCOVERED: NONE

FRIDAY, SEPTEMBER 19, 2014

CHEESE -- SALES: 1 CAR BARRELS @ \$2.4300; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.4300; 1 CAR 40# BLOCKS @ \$2.4500; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: 5 CARS GRADE A @ \$1.3750; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.3725; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 1 CAR GRADE AA @ \$3.0450; LAST BID UNFILLED: 1 CAR GRADE AA @ \$3.0600; LAST OFFER UNCOVERED: NONE

**BUTTER MARKETS**

**NORTHEAST**

Butter production varies as churning rates differ between area butter makers. A few butter operations are inactive. Some butter makers noted that cream sales continue to provide a reasonable margin at current prices. Inventories are tight with limited growth, as available orders primarily drive production volumes. Most butter sales tend to target approaching holiday needs. Domestic demand is good with steady interest at the retail level. Most buyers/sellers are uncertain of the market's climate. According to the *National Dairy Retail Report*, the U.S. weighted average price for 1-pound butter is \$3.42, a decrease of \$0.17 compared to two weeks ago. The weighted average price in the Northeast was \$4.07, an increase of \$0.02 compared to two weeks ago. The weighted average price in the Southeast was \$2.90, a decrease of \$0.39 compared to two weeks ago. The current bulk butter prices for domestic sales are reported market to \$0.06 over the CME Group, with various time frames and averages used. Tuesday's CME Group cash trading saw Grade AA butter climb to a new record high price, closing at \$3.0025, up \$0.0125 from a week ago.

**CENTRAL**

Butter demand in the Central region is matching current record prices. However, raw material availability is lacking in comparison to requested butter orders across the market segments of retail, food service and ingredient. Butter manufacturers are generally producing at steady to higher rates. Cream cheese manufacturers' increased demand for cream and willingness to pay premiums to secure supplies have caused a few churn operators to take advantageous returns in the cream spot market. Butter ingredient buyers are aware of lower priced international butter, notably from Australia and New Zealand. Some of those buyers are making import purchases to satisfy current needs. Domestic bulk butter prices ranged from market to 7 cents over the market, with various time frames and averages used. Wednesday at the CME Group, Grade AA butter closed at a new all-time high of \$3.0100, up \$0.02 from last Wednesday. The DMN *National Dairy Retail*

*Report* noted the surveyed national weighted average price for a 1 lb. package of butter was \$3.42, down \$0.17 from two weeks ago, but \$0.75 above a year ago. The weighted average price in the Midwest region was \$3.18, \$0.16 higher than two weeks ago. According to FAS, January-July 2014, U.S. quota butter imports total 10.01 million pounds, an increase of 65% compared to last year.

**WEST**

Butter production in the West is being geared to fulfill retail demand for the upcoming holidays. Bulk butter production is slowing as more butter moves to the print lines. Butter stocks continue to be tight. Current high prices have cut into some of the demand, but orders continue to surpass supplies. Manufacturers are also cautious about building stocks above immediate demand. International prices are below U.S. prices and butter producers are worried about lower priced imports slowing demand after the holiday orders are completed. U.S. advertised butter prices are lower. According to the *National Dairy Retail Report*, butter showed a U.S. weighted average price of \$3.42 per pound compared to \$3.59 two weeks ago and \$2.67 a year ago. The number of butter ads was down 8% compared to two weeks ago. According to FAS, quota imports of butter for January-July 2014 total 10.01 million pounds, up 79% from the same period in 2013. July 2014 quota imports of butter totaled 1.87 million pounds, up 111% from last July. Butter prices at the CME Group this week are still moving higher. Last Friday, the market reached the psychological barrier of \$3.0000. Sales this week were active on the first two days of trading. Twenty six loads were sold at the exchange between Monday and Tuesday. Trading slowed on Wednesday and settled at \$3.0100. Wednesday's close is 2 cents higher than the previous Wednesday. 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.

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

<u>WEEK ENDING</u>	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
September 13, 2014	2,7793 3,881,865	2,2910 11,803,627	2,3465 9,727,188	0,6690 9,105,564	1,4683 36,964,957

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

	Million Lb.)	% Change From 1 Year Ago	% of Yearly Quota
July Quota Imports	1.87	+ 111	12
Jan. - July High Tier	.54	+ 59	N.A.
Quota Imports	10.01	+ 79	65

## CHEESE MARKETS

## NORTHEAST

Discounted milk supplies are prompting steady to higher cheese production. Overall, inventory levels are balanced to satisfy near term customer requirements. Demand is good. Spot sales are limited. The market undertone is unsettled. According to the *National Dairy Retail Report*, the weighted average price for 8 oz. cheese blocks in the Northeast was \$2.73, 22 cents more than the national weighted average price and 24 cents more than two weeks ago. The Southeast 8 oz. block cheese price was \$2.37, 2 cents less than two weeks ago. The weighted average price for 8 oz. shredded cheese in the Northeast was \$2.38, 14 cents less than the national price and 12 cents less than two weeks ago. The Southeast 8 oz. shredded cheese price was \$2.25, 4 cents less than two weeks ago. Last week, the weekly average cheese prices on the CME Group saw blocks unchanged as barrels moved up. As a result, wholesale cheese prices for 40# block and muenster are unchanged, while Process 5# sliced is marginally higher, gaining \$0.0075. Grade A Swiss prices remained consistent with last week's prices. The CME Group daily cash price on Tuesday saw barrels close at \$2.4050, up \$0.0750 from a week ago, while blocks closed \$2.3950, up \$0.0450 from a week ago.

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

Cheddar 40# Block	: 2.7425-3.0275
Process 5# Sliced	: 2.5525-3.0325
Muenster	: 2.7625-3.1225
Grade A Swiss Cuts 10 - 14#	: 3.8225-4.1450

## MIDWEST

U.S. cheese prices have risen to a level leading to some recent cheese export orders being returned to domestic sales. Manufacturers are cautious about the implications of building inventory levels at current price levels. Cheese buyers are also wary about stocking inventory too far ahead of current needs at current prices. The preferred course for manufacturers is to closely align production with orders already in hand. CME Group Block prices were unchanged last week but again moved higher each day this week to Wednesday, when the close was \$2.4100. Barrels closed Wednesday at \$2.4225. Cheese orders have declined for some manufacturers. Cheddar aging typically picks up in the fall but current price levels have slowed activity in this regard. However, mozzarella orders remain strong, driven by pizza manufacturing needs. A Midwest plant manufacturing cheese barrels closed, causing milk to be redirected elsewhere and ramping up production schedules in receiving plants. The *National Dairy Retail Report* (DMN) found that Midwest ads for 8 ounce shredded cheese have a weighted average advertised price of \$2.38, 14 cents lower than the national average, \$2.52. One year ago the national average was \$2.50. Midwest prices range from \$1.99 to \$2.50. For 8 ounce blocks, the Midwest average price is \$1.90, 61 cents below the national average price, \$2.51. One year ago the national average was \$2.54. Midwest ad prices range from \$1.66 to \$2.00. Nationally, cheese ad numbers are 18% lower than two weeks ago. Wisconsin wholesale prices for 1,000 to 5,000 pound mixed lots of process cheese increased \$.0075, and the remaining varieties remain unchanged.

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

Process American 5# Loaf	: 2.4300-2.7900
Brick And/Or Muenster 5#	: 2.7225-3.1475
Cheddar 40# Block	: 2.4275-2.8450
Monterey Jack 10#	: 2.6975-2.9025
Blue 5#	: 2.9900-3.9775
Mozzarella 5 - 6# (Low Moisture, Part Skim)	: 2.5675-3.4625
Grade A Swiss Cuts 6 - 9#	: 3.3400-3.4575

## WEST

Cheese production in the West is strong as manufacturers take advantage of strong retail demand and increasingly higher prices. Cheese plants are running at full schedules at those plants with sufficient orders to clear production in a timely manner. Milk supplies are available to increase production and manufacturers are also fortifying vats with nonfat dry milk and skim milk solids. Export demand is light, yet plants are struggling to fill the domestic demand. Advertised U.S. cheese prices as reported in the *National Dairy Retail Report* showed lower weighted average prices for packages of 1 lb. shred (\$3.40, -.21) and 2 lb. block (\$7.68, -.18) from two weeks ago. Retail prices were higher for the 8 oz. block (\$2.51, +.12), 1 lb. block (\$4.41, +.39) and 8 oz. shred (\$2.52, +.12). Combined cheese advertising was down 18% from two weeks ago. According to FAS, quota imports of cheese for January-July 2014 total 90.0 million pounds, 2% higher than a year ago. The imports stand at 30% of the annual quota. Quota imports for the month of July total 16.1 million pounds, 15% higher than a year ago. Cheese prices at the CME Group moved higher each day for both barrels and blocks. By midweek, barrels were 9.25 cents higher than last Wednesday and blocks were 6 cents higher. On Wednesday, barrels closed at \$2.4225, while blocks closed at \$2.4100.

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

Process 5# Loaf	: 2.4600-2.7175
Cheddar 40# Block	: 2.4700-2.8225
Cheddar 10# Cuts	: 2.6500-2.8700
Monterey Jack 10#	: 2.6600-2.8200
Grade A Swiss Cuts 6 - 9#	: 3.4000-3.8300

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

**BUTTER : CHEESE**

	:	
09/15/14	17,648	: 93,792
09/01/14	20,405	: 90,371
CHANGE	-2,757	: 3,421
% CHANGE	-14	: 4

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## CHEESE MARKETS

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## FOREIGN

Cheese prices for domestically produced foreign type cheeses and domestic Swiss prices are unchanged. Foreign cheese prices are steady with a weak undertone. The Russian embargo on E.U. dairy products continues to weigh heavily on cheese prices in Europe. Increased offerings to the international market are being met with lower bids in many parts of the world. U.S. imports of quota Italian-type cheese for January-July 2014 totaled 6.0 million pounds, up 1.7% from 2013. Imports of quota Italian-type cheese for July totaled 1.3 million pounds, 14.4% above last year. U.S. imports of quota Swiss/Emmenthaler varieties from January-July 2014 totaled 26.3 million pounds, 4.7% more than last year. Imports of quota Swiss/Emmenthaler varieties for July 2014 totaled 4.3 million pounds, up 0.7% from July 2013.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	2.6400-5.3800	2.8825-4.3700
Gorgonzola	3.6900-6.9700	3.3850-3.7975
Parmesan (Italy)	-0-	4.2725-6.3625
Provolone (Italy)	-0-	2.9250-3.0825
Romano (Cows Milk)	-0-	4.0725-6.2225
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-	3.9200-4.2425
Swiss Cuts Finnish	2.6700-2.9300	-0-

\* = Price change.

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

	(Million Lb.)	% Change From 1 Year Ago	% of Yearly Quota
July Quota Imports	16.1	+ 15	5
Jan. - July High Tier Quota Imports	17.1 90.0	+ 22 + 2	N.A. 30

## 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	92	0	112	0	210	0
SOUTHEAST STATES	0	0	0	0	0	0

Milk production in the Northeast and Mid-Atlantic regions is steady. Some balancing plants are comfortable with available milk supply levels. Extra milk volumes are available with loads clearing at discounts to Class III and IV manufacturers, as maintenance projects persist at some plants. Milk production in the Southeast appears seasonally strong this week. Cooler temperatures are encouraging cow comfort. Milk supplies in the Southeast are meeting strong demand as bottling orders increase. Florida's milk production is steady. Hot temperatures prevail throughout, with the southernmost part experiencing heavy rainfall as Tropical Storm Polo passes through the region. Contacts expect the effects of the storm to cause a drop in milk production. Bottling orders have slowed, but the forthcoming holiday month is expected to provide a slight increase in orders. Import milk into the state totaled 92 loads this week, 20 less truckloads than the previous week. Cream supplies are tight. Demand is good as some butter makers look for additional supplies in the spot market. **Cream multiples for all Classes** ranged **1.33-1.40**, as the lower limits of the range moved marginally higher. At the CME Group, Grade AA butter closed at \$3.0100 on Wednesday, establishing a new record, while \$0.0200 higher than the previous week. **Condensed skim** supplies are steady. Some manufacturers noted that under current market conditions, drying rates are decreasing as condensed skim supplies clear to contractual customers. Condensed skim sales to yogurt production are good.

## 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 -	3.9714-4.1804
F.O.B. producing plants: Upper Midwest -	3.7325-4.1804

## 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 -	1.57-1.60

## MIDWEST

Central milk production is tapering off seasonally, but above last year levels. Producers in the northern part of the region are beginning corn silage chopping while in the southern portion most are completed with corn harvest all together. Milk supplies are mostly balanced with the exception of a few plants down for maintenance and updates. Milk spot load prices reported ranged from \$0.75 to \$2.50 over Class. Bottlers note sales are leveling off as the tourist season comes to a close and schools are back into normal classroom routines. Some processors sold additional condensed skim supplies with increased interest coming from yogurt manufacturers. Current record butter fat prices and seasonal declines in sales have caused many ice cream makers to scale back production dramatically. Class II demand is slightly weaker. However, Class II manufacturers are gearing up equipment for fourth quarter production including specialty holiday products. Cream cheese makers are ramping up

production after making additional purchases in the cream spot market. Some butter churn operators are using increased volumes of cream. **Cream multiples increased, ranging from 1.25 to 1.40.** Wednesday at the CME Group, Grade AA butter closed at \$3.0100, up \$0.02 from last Wednesday. The DMN *National Dairy Retail Report* noted the surveyed national weighted average price for 1 gallon of milk was \$2.93, down \$0.03 from two weeks ago, but \$0.08 above a year ago. The weighted average price in the Midwest region was \$2.60, \$0.16 lower than two weeks ago. The weekly *Cow Slaughter under Federal Inspection* report shows U.S. dairy cow slaughter for the week ending August 30, at 55,800 head, 6,900 head or 11% less than the comparable week a year ago.

## WEST

Milk haulers in CALIFORNIA give varying reports on milk pickups. Northern California dairies are benefiting from cooler weather, and milk volumes are increasing incrementally. Central and Southern dairies indicate recent hot spells are having a net negative impact on milk production as dairy cows eat less, but drink more water. Feed remains available at affordable prices compared to recent years. Fluid milk sales are steady into educational institutions and grocery outlets. Balancing plant operators, though, show steady to lighter demand from ice cream/frozen dessert accounts as the season advances. Milk production is stepping higher on some operations in NEW MEXICO. However, frequent rain storms there are transforming dry lots into muddy holding areas. Those conditions are negatively impacting milk quality. Some processing plants are working through regularly scheduled maintenance projects. Milk and/or condensed skim loads are finding processing room within the region. Sales into Class I increased slightly as other regions reach toward the Southwest to fill weekly needs. ARIZONA milk production edged lower this week as cow comfort declines due to frequent rain storms moving through the state. Cream availability is tight, with processors focusing on contract fulfillment. Milk pooled on the Arizona Order 131 totaled 385.7 million pounds in August 2014. Class I utilization accounted for about 27% of producer milk. The uniform price was \$24.28, \$0.55 above last month, and \$4.87 above one year ago. CREAM loads continue to clear readily into butter making operations in the West as print butter manufacturers indicate their stocks on hand are currently below Q4 needs. Driver/equipment shortages scuttled a few long haul cream spot sales out of the Northwest, but transportation availability improved during the week in most areas. Sales into cream cheese/sour cream production facilities continue to divert some butterfat away from the churns. Cream demand from ice cream/frozen dessert manufacturers is unchanged to trending seasonally lower. Cream brokers note the upcoming price release for October/November Class 3 butterfat is driving some of the buying now. Those prices are expected to be higher, based on CME Grade AA trading. Cream multiples range from 1.00 to 1.30 in a mostly steady market. Grade AA butter at the CME Group closed on Wednesday at \$3.0100, up 2 cents from a week ago.

-CONTINUE ON PAGE 4A-

## FLUID MILK AND CREAM

-CONTINUED FROM PAGE 4-

Milk production in the PACIFIC NORTHWEST continues to decline seasonally, with overall volumes above year ago levels due to increased dairy cow numbers. Milk pooled on the Pacific Northwest Order 124 totaled 743.0 million pounds in August 2014. Class I utilization accounted for 22% of producer milk. Scheduled maintenance projects are ongoing at various processing plants and milk is being moved to plants that can accommodate those volumes. No problems are being reported in handling of milk within the region. Cooler nighttime temperatures are signaling the end of the growing season for alfalfa and corn for silage. UTAH and IDAHO milk production is lower seasonally. Processing capacity is available for milk from within the region. Some areas in higher elevations experienced heavy frosts over the last week. Harvesting of alfalfa is ending and corn silage is being made in many areas. Yields and quality of corn silage are reported to be good.

## 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:** Some market participants are optimistic that the bottom of the low/medium heat nonfat market has been found for the time being. Many large volume sales were reported, including some new export orders going out, most notably into Mexico. Significant declines in various basing points drove the top of the range and mostly price series down. Most sellers are trying their best to clean up inventories as fourth quarter arrives. End users are being inundated with spot offers causing some to sit on the sidelines until the dust settles. Some manufacturers sold additional condensed skim this week, lowering NDM production. Overall production rates are steady to lower. High heat NDM prices are steady to weaker on the top of the range. Sellers note bakery accounts are increasing orders. However, spot load availability is limited. Manufacturers are drying high heat at mostly steady levels. Wednesday at the CME Group, Grade A NDM closed at \$1.3350, up \$0.0050 from last Wednesday.

**EAST:** Low/medium nonfat dry milk prices adjusted significantly lower at the tops of the range and mostly series. Production is flat, as dryer maintenance projects continue to hinder nonfat dry milk manufacturing output. Balancing operations are cautious to manage inventory growth rates, with respect to existing price movements. Some buyers are delaying the acquisition of orders. Conversely, buyers who are wary of being caught short on supplies, as they anticipate the market is at/near its bottom, are comfortable with adding to inventory. F.O.B. spot transactions are increasing. The market undertone is soft. High heat nonfat dry milk prices are unchanged to lower due to substantial movement in the F.O.B. spot market. Production is mixed. Customer contracts are being met on time. With increases in high heat nonfat dryer time, stocks are building at some manufacturing plants. The market undertone is weak.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUM HEAT: 1.2200 - 1.5625 MOSTLY: 1.3300 - 1.5200  
HIGH HEAT: 1.4900 - 1.7000

**NONFAT DRY MILK - WEST**

Western low/medium heat nonfat dry milk prices are unchanged to lower as the market factors in changes in F.O.B. spot prices and contract indices. The market is unsettled. Midsize buyers/end users indicate contract negotiations with domestic producers and marketers have been unproductive. Conversely, sales into North American trading partners are occurring regularly on multi-load/sale bases, as well as sales to large -size end users. Production is lower at a few locations as dryers undergo regularly scheduled maintenance. Sales of milk and condensed skim loads are spreading processing/drying over wider than usual areas to accommodate those maintenance projects. Inventories are uneven, and some manufacturers report recent sales relieved some of the warehousing pressure. High heat nonfat dry milk prices shifted lower across the full range as contract bases decrease. Interest is active as buyers/end users have been waiting for a buying opportunity to fill current needs. Production is intermittent from plant to plant. Inventories are steady to building as more dryer time is devoted to high heat NDM production.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUM HEAT: 1.2500 - 1.5325 MOSTLY: 1.2800 - 1.4525  
HIGH HEAT: 1.4625 - 1.5825

**DRY BUTTERMILK - CENTRAL AND EAST**

**CENTRAL:** Dry buttermilk interest is softening as ice cream buyers are decreasing ingredient orders. Discounted F.O.B. spot loads weakened the top of the range price. Manufacturers are drying at generally higher rates as a result of higher churning and reduced condensed buttermilk sales. Supplies are growing.

**EAST:** Eastern dry buttermilk prices are steady to lower. Production is level. Dryer maintenance projects continue to have an effect on dry buttermilk output. Dry buttermilk demand is depressed, as end-users purchase NDM at competitive prices. Sales are minimal in the spot market. Inventories vary, although most are adequate for filling near term deliveries. The market undertone is weaker.

F.O.B. CENTRAL/EAST: 1.2300 - 1.4500

**DRY BUTTERMILK - WEST**

Prices for Western dry buttermilk are unchanged to lower on a weak market. Buyers have been waiting for price changes mirroring the recent decreasing trend on the Western nonfat dry milk market. This week, sales activity occurred within a narrower price range as top prices came closer to matching buyer expectations. Market participants indicate the long, slow slide has been a drain on sales momentum as buyers comparison shop from many sources. Interest in contracting is light domestically. Recent sales to some North American buyers chipped away at inventories, but a few producers indicate their holdings are above desired levels. Production is ongoing, matching active churning rates.

F.O.B. WEST: 1.5000 - 1.6125 MOSTLY: 1.5500 - 1.6125

**DRY WHOLE MILK - NATIONAL**

Prices for dry whole milk are lower and higher on light FOB contract and spot trading. Buyers and end users report domestic dry whole milk manufacturers are trying to hold firm on pricing during Q4 discussions. However, competitively priced dry whole milk from Oceania is available, with the latest Global Dairy Trade auction event showing \$1.2111 as an average price/pound for November contracts, and \$1.2211/pound for all contract periods. Some end users indicate their first loads of Oceania dry whole milk will arrive within the next 6 weeks, which will reduce their interest in domestic dry whole milk. Production is lower as manufacturers send butterfat toward the churns to meet holiday print butter demand. Dry whole milk inventories are steady to incrementally lower.

F.O.B. PRODUCING PLANT: 1.8200 - 2.1000

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES
September 12	\$1.4397	22,636,920
September 5	\$1.4594	20,798,317

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**

Cheaper global prices and whey being the highest dairy protein cost on a per pound basis is pressuring prices down. Central dry whey prices are lower on active F.O.B spot loads being traded at discounts and various contract basing points declining. The undertone is softening. Manufacturers note dryers running smoothly with the falling temperatures. Buyer interest increased this week as spot offerings were lower. Animal feed whey prices are weaker following declining spot load and index pricing. Manufacturers are drying feed whey at mostly steady rates.

F.O.B. CENTRAL: .4800 - .7225 MOSTLY: .5900 - .6900  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4800 - .6300

**DRY WHEY - NORTHEAST**

Dry whey prices declined slightly at the top of the range. Production is flat to somewhat higher, as mozzarella orders increase. Dry whey stocks are steadily building. F.O.B. spot sales are slow. Buyers are hesitant with fall purchases as the market looks to settle. The market undertone is weak.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6700 - .7325

**DRY WHEY - WEST**

Western dry whey prices are mostly lower. There continues to be a wide range of prices due to increasingly lower export prices, while domestic prices are slower to react. Various pricing indices for domestic contracted volumes are following the overall trend, but not keeping pace with export prices. Increased offerings of whey into international markets from the E.U. are being blamed for much of the downward pressure. Whey production is steady with recent weeks as cheese plants continue to run heavy schedules to fill holiday cheese buying needs. Manufacturers are reluctant to build stocks with the current unsettled market undertone. Demand for whey is steady with spot buyers looking for lower prices.

NONHYGROSCOPIC: .5500 - .7000 MOSTLY: .5600 - .6600

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

The whey protein concentrate 34% market is weak, and prices on FOB spot sales and variable index-based contracts shifted lower. This market is running into some competition in the animal feed sector as loads of off specification NDM clear ahead of WPC 34% loads destined for that end use. Sales into food end uses are steady where few reformulating options exist. Some market participants indicate their attempts to finalize Q4 contracting are being pushed back by manufacturers waiting for clearer market tone indicators. WPC 34% production remains active as manufacturing milk supplies are steady into related cheese plants. Fluid and condensed whey availability is ample, allowing some WPC 34% producers to augment internal supplies. WPC 34% inventories are steady to building.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.2500 - 1.5875 MOSTLY: 1.3500-1.5150

**LACTOSE - CENTRAL AND WEST**

Lactose prices are unchanged to higher on the full range. The low end represents FOB spot sales, while the high end reflects some intermittent fulfillment on quarterly contracts. Both sides of the mostly series are lower. The market is weak. Contract fulfillment is steady. FOB spot sale prices on unground lactose are under pressure from reseller/end user offerings. Seller/buyer Q4 contract negotiating is active, with manufacturers' representatives calling upon purchasing agents and end users in the U.S., Southeast Asia and other regions. Japan and China reportedly received offers from European sellers earlier in the month, but some Q4 demand is unmet in those countries. Initial U.S. offers carrying values similar to Q3 were pushed back as buyers look for close correlation with the current lactose price trend. Production is active at many locations, with some increasing yields coming from plant operators switching their protein end products. Inventories vary, with light availability of higher mesh lactose contrasted by heavier holdings of unground lactose.

Including spot sales and up to 3 month contracts.  
F.O.B. EDIBLE, NON PHARMACEUTICAL .2875-.6600 MOSTLY: .4000-.5225

**CASEIN - NATIONAL**

Acid and rennet casein price series are unchanged. The market tone is steady to weak as supplies are readily available for both types. Rennet casein production in Europe during the first half of the year has shown significant increases over year ago levels. The Global Dairy Trade at the September 16 event 124 saw the average winning price for rennet casein for all contract periods increase 1.3% to \$8,343/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 (1000 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
08/30/2014	55.8	1,874.4	62.7	2,092.8

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

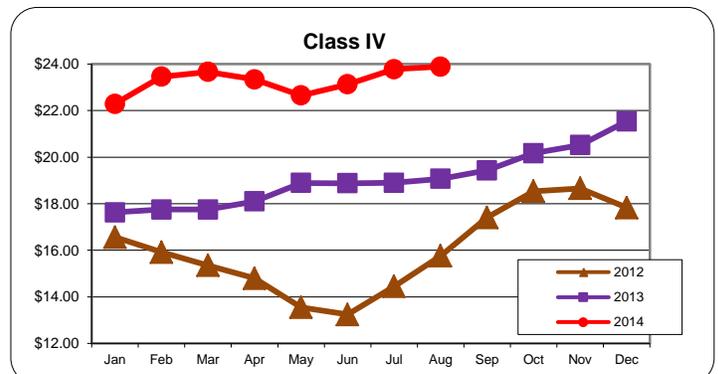
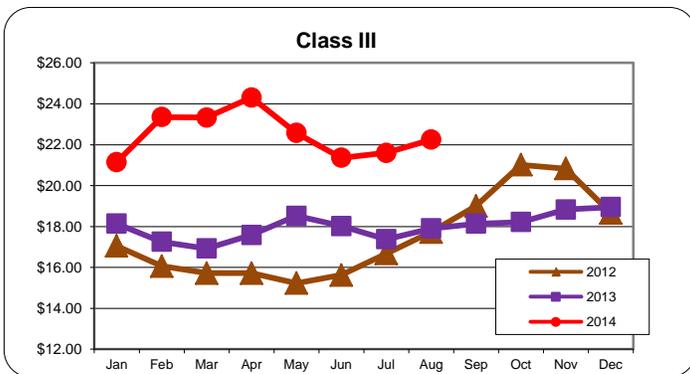
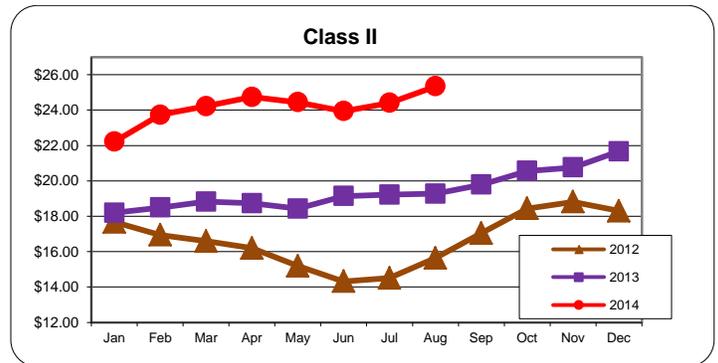
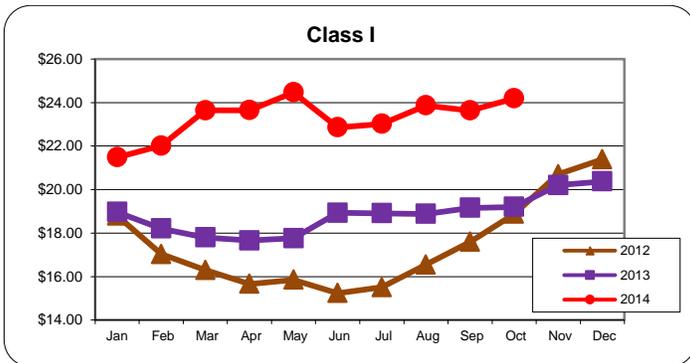
CLASS IV MILK PRICES (3.5%)

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	24.19		
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."

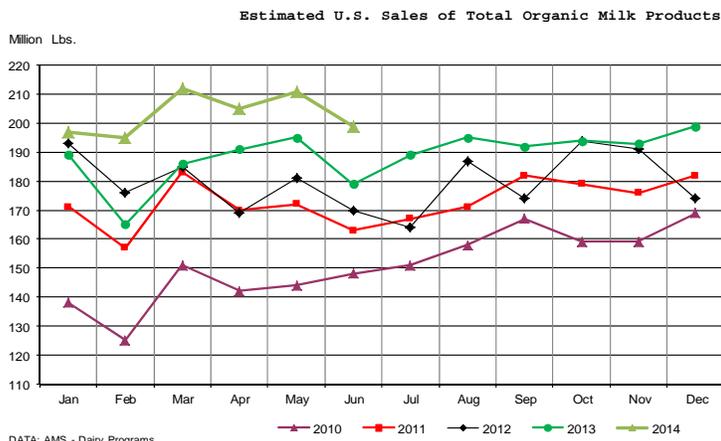


ORGANIC DAIRY MARKET NEWS

Information gathered September 8 - 19 2014

ORGANIC DAIRY FLUID OVERVIEW

**U.S. Organic Milk Products Sales.** Estimated U.S. Sales of Total Organic Milk Products through June continue to show overall increases above prior years. The following graph depicts sales for the years 2010 through June 2014.



**Organic Dairy News.** Some organic dairy cows continue being auctioned for slaughter in the Northwest, rather than sold into other organic herds. Continuing financial stress of producers dealing with higher organic feed costs but relatively static organic milk pay prices, is leading some Northwest organic dairy producers to sell cows as the highest economic return for organic cows.

Organic cows sold for slaughter continued to bring a premium over conventional cows at an auction in Oregon last week. The top ten organic cows auctioned brought an average price of \$1.5133 a pound, compared with a \$1.1263 average for the top ten conventional cows. The top organic cow brought \$1.7000 a pound in contrast with \$1.2100 for the top conventional cow.

Last week's prices declined slightly from the same auction nearly a month ago, when the average price for the top ten organic cows was \$1.7218.

Organic dairy producers in California's drought stricken Central Valley continue to evaluate their outlook as fall approaches. Some of the first organic producers in the area have sold out their herds this year due to weather related financial stress. The May 1 contractual national pay price increase of \$1.00 by one cooperative was supplemented by an additional \$1.00 to Central Valley organic producer members, bringing the Central Valley organic milk pay price to \$28.55. Regional pay premiums have not often occurred but the drought was a factor in building support for the Central Valley pay price supplement. The impact is currently being evaluated by many producers.

In California as a whole, organic dairy producers lost 6.9% of income over feed costs in 2013 compared with 2012, according to the California Organic Herds Production Cost Comparison.

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON

**Organic Dairy Overview.** Organic cheese advertising volume continues to maintain high levels, surpassing ad number totals for either half gallons or gallons of organic milk. Until earlier this year, no organic dairy product has surpassed organic milk half gallons or gallons in ad numbers from 2010-2014, except occasionally organic

yogurt.

Ad number totals for 8 ounce organic cheese this period are at the second highest level of 2014, and higher than total annual cheese ads for each of the entire previous years of this data series, 2010-2013. This represents the second consecutive reporting period with total cheese ad numbers exceeding annual totals for 2010-2013.

Organic yogurt this survey period has the third lowest number of ads for 2014.

Organic milk ad numbers declined slightly from two weeks ago, but remain above average for the year.

Advertising information presented is compiled from nearly 14,000 surveyed newspaper supermarket ads for the period September 8 to September 19, 2014, identifying weekly "specials" and containing organic dairy content. Surveyed ads reflect advertised "specials" and not the range of non-advertised supermarket cooler prices.

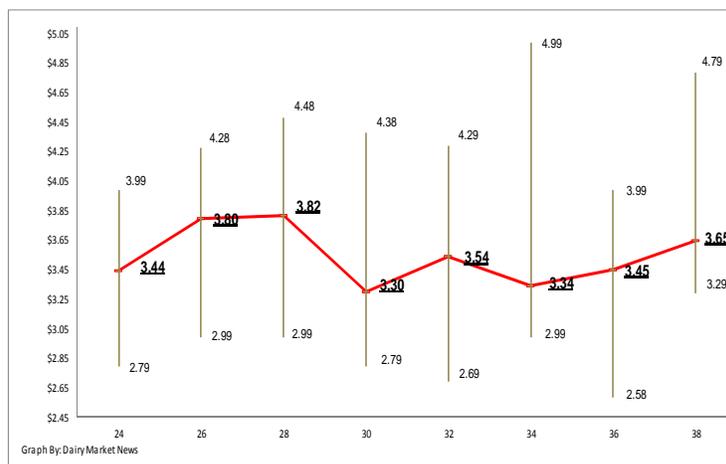
Complete results of this bi-weekly survey providing additional graphs, tables, and regional delineation, follow at the end of Dairy Market News, or can be accessed at: <http://www.ams.usda.gov/AMSV1.0/DairyRetailReport>

**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 Northeast, +124%; South Central, +64%; Southwest, 53%; and Northwest, 4%. The percentage declined in the Midwest, -88%; and Southeast, -20%.

**Organic Milk Half Gallons.** The U.S. weighted average advertised price of organic milk half gallons is \$3.65, up 20 cents from 2 weeks ago. One year ago the national price was \$3.47.

The lowest price is up 71 cents to \$3.29, while the top of the price range is up \$0.80 to \$4.79. The lowest advertised price, \$3.29, is in the South Central, Southwest and Northwest. The highest advertised price, \$4.79, is found in the Northeast.

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 \$0.95. Last year at this time, the price spread was \$1.79. The spread is calculated from the organic milk half-gallon average advertised price, \$3.65, and the conventional milk half gallon average advertised price of \$2.70. The price spread this year has ranged between \$0.67 and \$2.55.

## CONTINUED FROM PAGE 8

**Organic 8 Ounce Milk.** Ad volume for organic 8 ounce milk this period is lower than the previous four periods and below average for 2014. The U.S. weighted average price is \$0.90, down 13 cents from two weeks ago and down 10 cents from one year ago. All ads are in the Northeast at prices ranging from \$0.83 to \$1.00.

**Organic Milk Gallons.** There are more ads for organic milk gallons than there have been during the previous five reporting periods. The U.S. average price, \$5.26, is \$0.74 lower than two weeks ago. One year ago the average price was \$5.91. Prices range from \$4.99 in the Southeast, to \$6.48 in the Midwest.

**Organic Yogurt.** The only organic yogurt ads this period are ads for 32 ounce organic yogurt in the Northeast, all priced \$2.99. One year ago the average price was \$3.00.

**1# Organic Butter.** All ads for 1 pound organic butter appeared in the Northeast, all priced \$3.99. Two weeks ago the U.S. weighted average price was also \$4.99 and one year ago, \$4.21. In comparison, some conventional butter advertised in the Northeast reflected prices higher than organic butter. Conventional butter prices in the Northeast range from \$3.59 to \$4.99.

**8 Ounce Organic Cheese.** Organic cheese was advertised in all regions except the Midwest, the same pattern as during the last reporting period. All ads this period are for 8 ounce shredded and 8 ounce block organic cheese, all ads priced \$3.99. That price is unchanged from two weeks ago. There were no organic cheese ads one year ago.

**ORGANIC GRAIN AND FEEDSTUFF MARKETS:**

Prices are mostly steady for all reported commodities. Market activity is slow to moderate for organic corn and soybeans, as old crop inventories dwindle away. Market activity involving organic wheat and smaller grains such as oats and barley, is moderate to active. Demand for organic corn and soybeans is light, for organic wheat is good, and for other reported organic grains is moderate to good. Discussions continue involving the impending harvest, and efforts continue to make room in storage for new crops of corn and soybeans. Other industry discussions involve the unusual weather patterns in recent months and the ongoing wheat harvest, which has thus far resulted in mixed yields of varying qualities depending on the area of production.

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

FEDERAL MILK ORDER ADVANCE PRICES, OCTOBER

**Base Class I Price:** Under the Federal milk order pricing system, the base Class I price for October 2014 is \$24.19 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$13.67 and the advanced butterfat pricing factor of \$3.1410. A Class I differential for each order's principle pricing point (county) is added to the base price to determine the Class I Price.

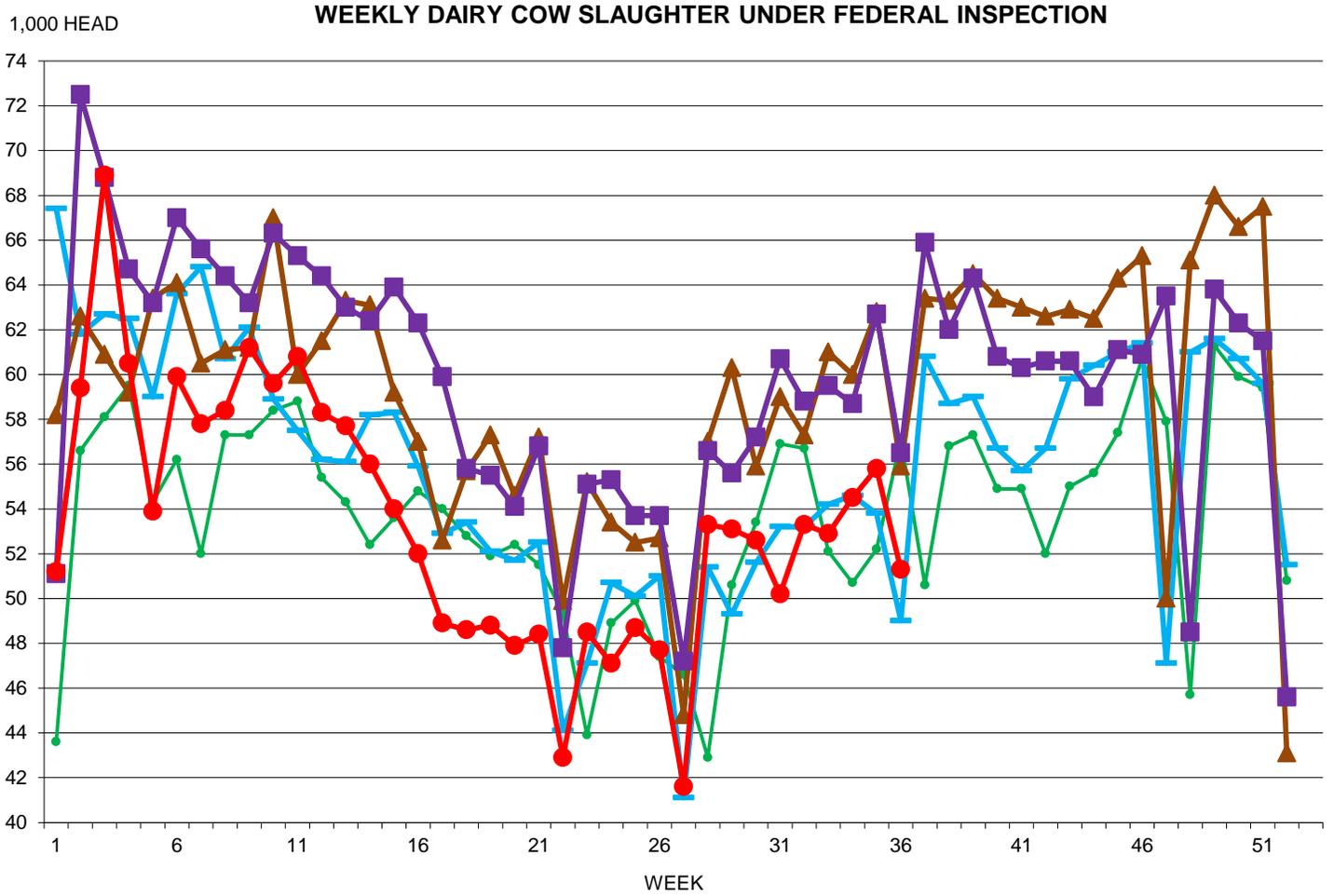
**Comparison to Previous Month:** The base Class I price increased \$0.56 per cwt when compared to the previous month of September 2014. For selected consumer products, the price changes are: whole milk (3.25% milk fat), \$0.45 per cwt, \$0.039 per gallon; reduced fat milk (2%), -\$0.06 per cwt, -\$0.005 per gallon; fat-free (skim milk), -\$0.69 per cwt, -\$0.060 per gallon.

**Class II Price Information:** The advanced Class IV skim milk pricing factor is \$11.66. Thus, the Class II skim milk price for October 2014 is \$12.36 per cwt, and the Class II nonfat solids price is \$1.3733.

**Product Price Averages:** The two-week product price averages for October 2014 are: butter \$2.7652, nonfat dry milk \$1.4766, cheese \$2.3062 and dry whey \$0.6747.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION <sup>1/2/</sup>				
Federal Milk Order Marketing Area <sup>3/</sup>	Order Number	October 2014		
		Class I Price (3.5%)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) <sup>4/</sup>	001	27.44	16.92	3.1735
Appalachian (Charlotte) <sup>5/</sup>	005	27.59	17.07	3.1750
Florida (Tampa) <sup>6/</sup>	006	29.59	19.07	3.1950
Southeast (Atlanta) <sup>7/</sup>	007	27.99	17.47	3.1790
Upper Midwest (Chicago) <sup>8/</sup>	030	25.99	15.47	3.1590
Central (Kansas City) <sup>9/</sup>	032	26.19	15.67	3.1610
Mideast (Cleveland) <sup>10/</sup>	033	26.19	15.67	3.1610
Pacific Northwest (Seattle) <sup>11/</sup>	124	26.09	15.57	3.1600
Southwest (Dallas) <sup>12/</sup>	126	27.19	16.67	3.1710
Arizona (Phoenix)	131	26.54	16.02	3.1645
All-Market Average		27.08	16.56	3.1699

<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> Note: The mandatory \$0.20 per cwt processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.  
<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> Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40.  
<sup>7/</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>8/</sup> Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.  
<sup>9/</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>10/</sup> Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.  
<sup>11/</sup> Class I prices at other cities are: Portland, same; and Spokane, same.  
<sup>12/</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.



DATA SOURCES, USDA, NASS & AMS, LMN; GRAPH, USDA, AMS, DMN

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



## 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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### Advertised Prices for Dairy Products at Major Retail Supermarket Outlets 09/08 to 09/19

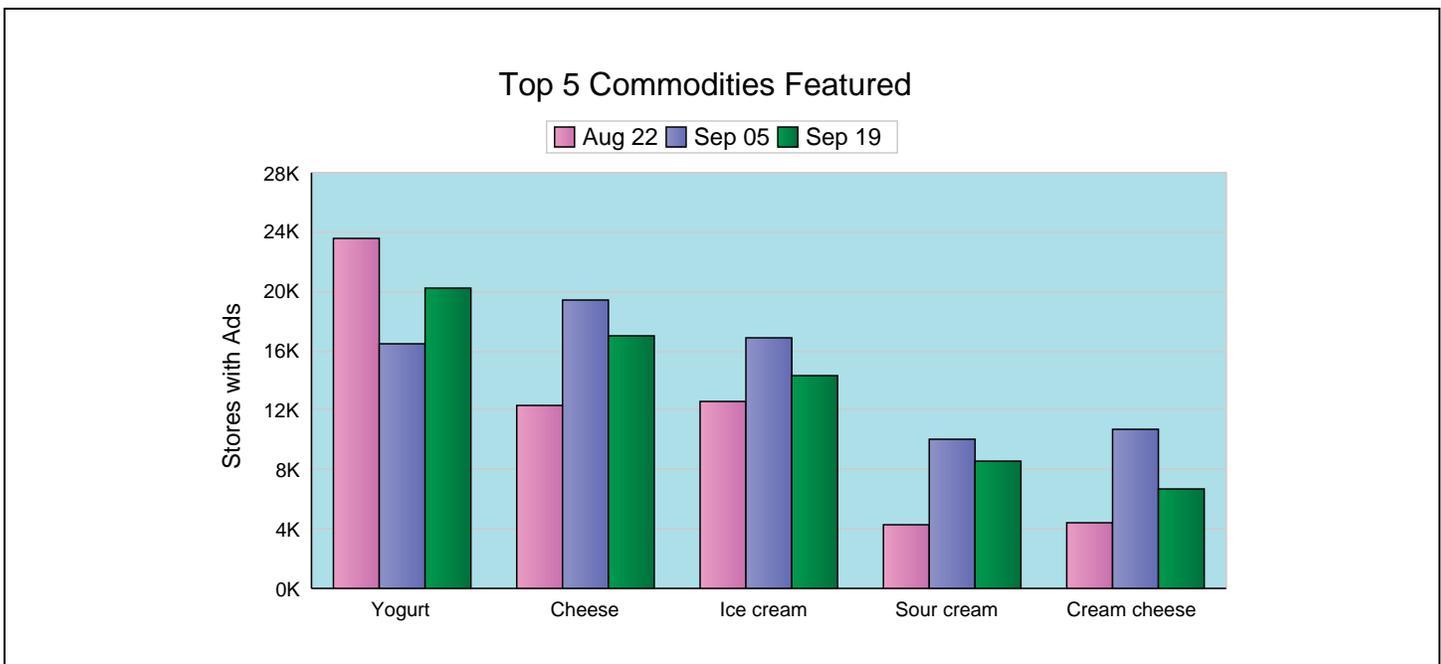
Cottage cheese ad numbers nearly tripled from two weeks ago. The U.S. weighted average price of 16 ounce cottage cheese, \$1.79, is down 50 cents from two weeks ago and down 39 cents from one year ago.

Butter ad numbers are slightly below the level two weeks ago. The average price, \$3.42, fell by 17 cents from the last period but is 75 cents higher than one year ago. Sour cream and cream cheese ad numbers are lower than two weeks ago. Sour cream (16 ounce) has an average price of \$1.79, up 9 cents from the last period. Cream cheese (8 ounce) has an average price of \$2.00, up 21 cents.

Greek yogurt in 4-6 oz. packages averaged 95 cents, down 5 cents from two weeks ago and one year ago. Regular yogurt in 4-6 oz. packages, at 47 cents, is down 3 cents from two weeks ago and down 2 cents from one year ago. Total conventional yogurt ad numbers increased 23%.

The national weighted average cheese price for 8 oz. blocks is up 12 cents from two weeks ago to \$2.51, while a year ago the price was \$2.54. The 8 oz. shred category at \$2.52 is up 12 cents from two weeks ago and up 2 cents from one year ago. Conventional cheese ads decreased 18%.

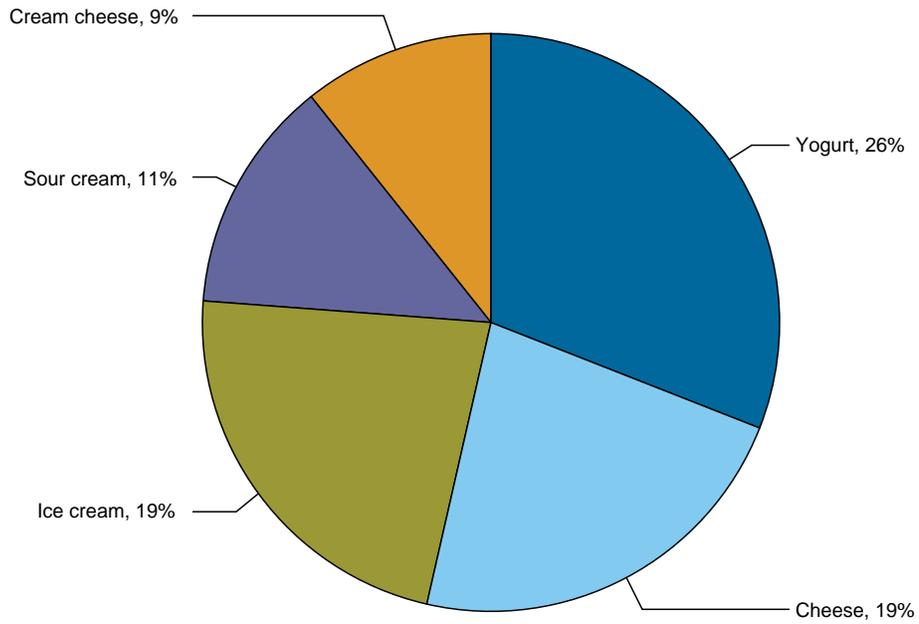
The national weighted average conventional milk price for half gallons, at \$2.70, is 81 cents higher than two weeks ago. Organic half gallon milk, at \$3.65, is 20 cents higher than the previous period. The organic versus conventional half gallon price spread is \$0.95, down 61 cents from two weeks ago.



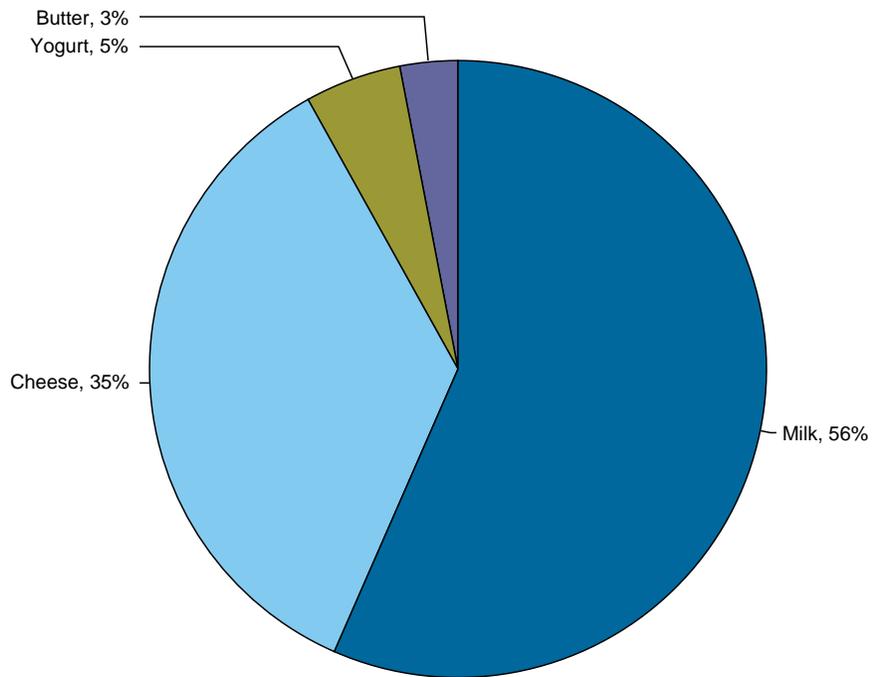
1 -- Dairy Market News surveys nearly 100 retailers, comprising over 14,000 individual stores, with online weekly advertised features.

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 #	5135	3.42	5585	3.59	3160	2.67
Cheese	Natural Varieties	8 oz block	4671	2.51	6387	2.39	6805	2.54
Cheese	Natural Varieties	1 # block	845	4.41	537	4.02	1282	3.66
Cheese	Natural Varieties	2 # block	1313	7.68	1820	7.86	862	5.83
Cheese	Natural Varieties	8 oz shred	6010	2.52	8250	2.40	6492	2.50
Cheese	Natural Varieties	1 # shred	1552	3.40	598	3.61	1171	3.52
Cottage cheese		16 oz	3495	1.79	1186	2.29	2699	2.18
Cream cheese		8 oz	6745	2.00	10784	1.79	5499	1.70
Flavored milk	All fat tests	half gallon	1294	3.40	201	3.50	304	1.87
Flavored milk	All fat tests	gallon			419	4.33	899	3.39
Ice cream		48-64oz	14303	2.97	16831	2.98	10381	3.02
Milk	All fat tests	half gallon	126	2.70	202	1.89	358	1.68
Milk	All fat tests	gallon	2078	2.93	2164	2.96	3162	2.85
Sour cream		16 oz	8509	1.79	10001	1.70	4018	1.63
Yogurt	Greek	4-6 oz	12647	.95	11198	1.00	9145	1.00
Yogurt	Greek	32 oz	360	4.99	1703	4.37	693	3.79
Yogurt	Yogurt	4-6 oz	6505	.47	2948	.50	8628	.49
Yogurt	Yogurt	32 oz	341	2.79	284	2.72	1217	2.36

### 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 #	3.59-4.99	856	4.07	2.37-3.99	2225	2.90	2.98-3.29	274	3.18
Cheese	Natural Varieties	8 oz block	1.99-3.99	2146	2.73	2.00-2.50	849	2.37	1.66-2.00	403	1.90
Cheese	Natural Varieties	1 # block	4.69	165	4.69	4.99	226	4.99	4.50	98	4.50
Cheese	Natural Varieties	2 # block	6.49-7.99	488	6.83	7.99	58	7.99			
Cheese	Natural Varieties	8 oz shred	1.47-3.69	1733	2.38	1.99-2.99	1468	2.25	1.99-2.50	390	2.38
Cheese	Natural Varieties	1 # shred				3.34-3.49	339	3.39	3.33-4.50	548	3.54
Cottage cheese		16 oz	1.99-2.50	1196	2.20	1.25-2.29	592	1.59	1.25-2.00	664	1.46
Cream cheese		8 oz	1.66-2.99	1647	2.28	1.25-2.50	1897	2.11	1.00-2.50	854	1.57
Flavored milk	All fat tests	half gallon	3.00	134	3.00	3.39-3.49	163	3.45			
Ice cream		48-64oz	1.99-4.49	3836	3.12	2.49-4.44	1643	2.98	2.48-3.50	1694	3.01
Milk	All fat tests	half gallon	3.99	56	3.99				1.66	70	1.66
Milk	All fat tests	gallon	2.48-3.49	277	3.10	2.99	1260	2.99	1.99-3.25	491	2.60
Sour cream		16 oz	1.00-2.19	2312	1.83	1.00-2.19	2817	1.93	1.25-1.75	610	1.36
Yogurt	Greek	4-6 oz	0.88-1.33	4426	1.00	0.79-1.00	2906	.86	0.80-1.00	1637	.94
Yogurt	Greek	32 oz	4.99	360	4.99						
Yogurt	Yogurt	4-6 oz	0.40-0.60	1425	.46	0.40-0.50	2134	.45	0.50	1117	.50

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	2.50-2.99	288	2.84						

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 #	2.97-3.99	399	3.85	3.29-3.99	713	3.93	2.00-3.99	668	3.64
Cheese	Natural Varieties	8 oz block	1.99-2.50	325	2.08	1.99-2.99	382	2.66	1.98-2.99	566	2.47
Cheese	Natural Varieties	1 # block				3.99	276	3.99	3.50	80	3.50
Cheese	Natural Varieties	2 # block	7.99-8.99	234	8.51	6.89-8.99	533	8.06			
Cheese	Natural Varieties	8 oz shred	1.99-2.99	716	2.36	1.99-3.50	1405	2.97	2.99	298	2.99
Cheese	Natural Varieties	1 # shred	3.34	376	3.34	2.99-3.33	209	3.14	3.50	80	3.50
Cottage cheese		16 oz	1.25-2.50	494	1.55	1.25-2.50	549	1.72			
Cream cheese		8 oz	1.49-2.50	953	1.95	1.49-2.50	1198	1.82	1.69-1.99	196	1.87
Flavored milk	All fat tests	half gallon				2.69-3.99	649	3.39	2.99-3.99	348	3.53
Ice cream		48-64oz	1.99-4.99	1631	3.02	1.99-4.99	4075	2.83	2.00-3.99	1424	2.85
Milk	All fat tests	gallon							3.79	50	3.79
Sour cream		16 oz	1.25-2.00	781	1.53	0.99-2.50	1691	1.72	1.99	298	1.99
Yogurt	Greek	4-6 oz	0.80-1.00	751	.92	0.80-1.00	2231	.98	0.80-1.00	696	.98
Yogurt	Yogurt	4-6 oz	0.50	635	.50	0.40-0.50	946	.49	0.33-0.50	248	.42
Yogurt	Yogurt	32 oz				2.50	53	2.50			

### 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 #	235	3.99	169	4.99	185	4.21
Cheese	Natural Varieties	8 oz block	1239	3.99	943	3.99		
Cheese	Natural Varieties	8 oz shred	1351	3.99	943	3.99		
Milk	All fat tests	half gallon	1570	3.65	2328	3.45	1174	3.47
Milk	All fat tests	gallon	1664	5.26	98	6.00	2267	5.91
Milk	All fat tests	8 oz UHT	861	.90	1676	1.03	1174	1.00
Yogurt	Greek	4-6 oz					957	1.00
Yogurt	Yogurt	4-6 oz			361	1.00	308	.65
Yogurt	Yogurt	32 oz	376	2.99			232	3.00



## 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 #	3.99	235	3.99						
Cheese	Natural Varieties	8 oz block				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	3.50-4.79	331	3.94	4.19	58	4.19			
Milk	All fat tests	gallon	5.49	376	5.49	5.00	1023	5.00	6.48	165	6.48
Milk	All fat tests	8 oz UHT	0.83-1.00	861	.90						
Yogurt	Yogurt	32 oz	2.99	376	2.99						

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	234	3.99	3.99	649	3.99	3.99	298	3.99
Cheese	Natural Varieties	8 oz shred	3.99	234	3.99	3.99	649	3.99	3.99	298	3.99
Milk	All fat tests	half gallon	3.29-3.99	234	3.63	3.29-3.79	649	3.38	3.29-4.19	298	3.84
Milk	All fat tests	gallon	4.99	100	4.99						

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

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