

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (10/3)**

BUTTER: Grade AA closed at \$2.8950. The weekly average for Grade AA is \$2.9080 (-.1500).

CHEESE: Barrels closed at \$2.1700 and 40# blocks at \$2.1500. The weekly average for barrels is \$2.1720 (-.2800) and blocks, \$2.1820 (-.1630).

BUTTER HIGHLIGHTS: Butter churn rates improved for some plants this week as additional cream supplies became available. Cream pricing and demand moved lower with many buyers shifting to a wait-and-see purchasing strategy as butter prices weakened. The market tone is exhibiting uncertainty as to where butter prices will stabilize at, given the demand season, yet lower world butter markets. Retail demand is good with holiday orders picking up. Spot load availability of bulk butter varies across the regions. However, overall supplies are snug. Bulk prices reported ranged from 4 cents under to 6 cents over market, with various time frames and averages used. Manufacturers' supplies are light as operators are cautious to build inventory levels while prices are falling. Export orders are slow and imports are coming in. The DMN National Dairy Retail Report noted the surveyed national weighted average price for a 1 lb. package of butter was \$3.68, up \$0.26 from two weeks ago and \$1.23 above a year ago. Prices ranged from \$2.88 to \$4.99. Friday at the CME Group, Grade AA butter closed at \$2.8950, down \$0.1550 from last Friday.

CHEESE HIGHLIGHTS: Cheese production is steady to stronger as increasing supplies of milk are being offered to cheese plants. Discounted milk is available in various parts of the country for manufacturing. Lower cheese prices are encouraging increased sales to finish holiday ordering. Demand from retail buyers is still good and there is increased interest from aging programs as prices move from recent highs. Increased supplies of barrel cheese will ease some built up demand from process buyers. Advertised U.S. cheese prices this week, as reported in the National Dairy Retail Report, showed higher weighted average prices for packages of 1 lb. block (\$4.67, +.26) and 1 lb. shred (\$4.33, +.93) from two weeks ago. Retail ad prices were lower for the 8 oz. block (\$2.39, -.12), 2 lb. block (\$7.52, -.16) and 8 oz. shred (\$2.29, -.23). At the

CME Group, barrels closed Friday at \$2.1700 and blocks at \$2.1500. Compared to last Friday, barrels are 13 cents lower and blocks are 13 cents lower. The September 2014 CME monthly average price for barrel cheese is \$2.3663 compared to \$1.7688 last year and blocks averaged \$2.3499 compared to \$1.7956 a year ago.

FLUID MILK: Cooler temperatures in the Northeast, Mid-Atlantic, Southeast, and Midwest, along with reduced cow culling across the country are fostering increases in milk production. Rains in Florida, New Mexico, and Pacific Northwest are adversely affecting cow comfort and prolonging harvest of various crops. Milk supplies are ample for current needs. Bottling sales are mostly steady with a few fluctuations based on promotions. Demand for yogurt is ongoing, while hot weather novelties are being dramatically reduced and in some cases discontinued for the year.

DRY PRODUCTS: The low/medium heat nonfat dry milk market continues to be weak overall with some short-term up ticks in various indexes and spot load pricing. Export orders are picking up. High heat NDM demand is growing seasonally. The dry buttermilk market is weak as prices adjusted lower, reflecting discounted spot loads trading. Lower international pricing and domestic butterfat prices are pushing dry whole milk prices lower. Dry whey is trending lower on a softening market. Global prices are weighing heavily on domestic dry whey export pricing as sellers look to be competitive. The whey protein concentrate 34% market is weakening as interest slows. The lactose market is two-tiered between the weaker spot market and steady contract fulfillment. Casein prices are lower, reflecting contract adjustments for the new quarter. Negotiations for various dry products are underway for 2015 contracts.

ORGANIC DAIRY MARKET NEWS (DMN): A national organic milk processor this week announced a \$1.00 per hundredweight winter feed premium pay increase to contracted producers effective October 1 through December 31. The processor has also announced that the market adjustment premium (MAP) paid to producers will increase by \$1.00 effective October 1,

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CME GROUP CASH TRADING

COMMODITY	MONDAY SEP 29	TUESDAY SEP 30	WEDNESDAY OCT 01	THURSDAY OCT 02	FRIDAY OCT 03	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$2.2250 (-.0750)	\$2.2250 (N.C.)	\$2.1400 (-.0850)	\$2.1000 (-.0400)	\$2.1700 (+.0700)	:: :: (-.1300)	:: :: \$2.1720 :: (-.2800)
40# BLOCKS	\$2.2300 (-.0500)	\$2.2075 (-.0225)	\$2.1825 (-.0250)	\$2.1400 (-.0425)	\$2.1500 (+.0100)	:: :: (-.1300)	:: :: \$2.1820 :: (-.1630)
NONFAT DRY MILK							
GRADE A	\$1.3950 (N.C.)	\$1.3950 (N.C.)	\$1.3950 (N.C.)	\$1.3950 (N.C.)	\$1.3950 (N.C.)	:: :: (N.C.)	:: :: \$1.3950 :: (+.0085)
BUTTER							
GRADE AA	\$2.9600 (-.0900)	\$2.8950 (-.0650)	\$2.8950 (N.C.)	\$2.8950 (N.C.)	\$2.8950 (N.C.)	:: :: (-.1550)	:: :: \$2.9080 :: (-.1500)

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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through at least June 31, 2015. This adjustment comes during a time when a competing regional organic cooperative in the Northeast has recently been offering a \$2.00 per hundredweight signing premium for one year to organic producers presently contracted with national organic processors, to contract to deliver organic milk to the regional processor. Competition for organic milk in the Northeast is increasing. The U.S. weighted average advertised price of organic milk half gallons is \$3.59, down 6 cents from 2 weeks ago. One year ago the national price was \$3.65. The lowest price is down 79 cents to \$2.50, while the top of the price range is up 10 cents to \$4.89. Ad volume for organic 8 ounce milk this period is about 50% above average for 2014. The U.S. weighted average price is \$0.85, down 5 cents from two weeks ago and down 14 cents from one year ago.

INTERNATIONAL DAIRY MARKET NEWS UPDATE (DMN): At the October 1 GDT event #125, average prices ranged from 11.3% lower to 1.2% 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, \$3,117 -5.0%; butter, \$2,514 -6.6%; buttermilk powder, \$2,723 -11.3%; cheddar cheese, \$3,028 -1.2%; lactose, n.a.; rennet casein, \$8,224 -1.4%; skim milk powder, \$2,540 -2.7%; sweet whey powder, \$1,175 -9.3%; and whole milk powder, \$2,443 -10.0%.

AUGUST 2014 DAIRY PRODUCTS (NASS): Butter production was 131.2 million pounds, 2.4% below August 2013 and 4.3% below July 2014. American type cheese production totaled 373.6 million pounds, 2.0% below August 2013 and 1.3% below July 2014. Total cheese output (excluding cottage cheese) was 939.6 million pounds, 0.9% above August 2013 but 1.7% below July 2014. Nonfat dry milk production, for human food, totaled 118.3 million pounds, 11.6% above August 2013 but 28.9% below July 2014. Dry whey production, for human food, was 68.8 million pounds, 4.5% below August 2013 and 5.4% below July 2014. Ice cream regular (hard) production totaled 65.9 million gallons, 9.2% below August 2013 and 9.0% below July 2014.

SEPTEMBER FEDERAL MILK ORDER CLASS AND COMPONENT PRICES (DAIRY PROGRAMS): The following are the September 2014 class prices under the Federal milk order pricing system and changes from the previous month: Class II: \$26.11 (+\$0.77), Class III: \$24.60 (+\$2.35), and Class IV: \$22.58 (-\$1.31). Under the Federal milk order pricing system, the butterfat price for September 2014 is \$3.2467 per pound. Thus, the Class II butterfat price is \$3.2537 per pound. The protein and other solids prices for September 2014 are \$3.4991 and \$0.4876 per pound, respectively. These component prices set the Class III skim milk price at \$13.72 per cwt. The September 2014 Class IV skim milk price is \$11.62, which is derived from the nonfat solids price of \$1.2910 per pound. The product price averages for September 2014 are: butter: \$2.8525, nonfat dry milk: \$1.4718, cheese: \$2.3472, and dry whey: \$0.6725.

SEPTEMBER AGRICULTURAL PRICES (NASS): The All Milk price received by farmers was \$25.00 in September, up \$.90 from August 2014, and up \$4.90 from September 2013. The alfalfa hay price was \$197.00 in September up \$3.00 from September 2013. The corn price was \$3.38 in September, down \$2.02 from September 2013. The soybean price was \$11.20 in September, down \$2.10 from September 2013. The milk-feed price ratio was 2.90 in September, up 1.02 from September 2013. The index of prices received by farmers for dairy products during the month of September 2014 was up 4 points to 124. Compared to September 2013, the index was up 24 points (24.0%). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in September 2014 was unchanged at 111. Compared with September 2013, the index was up 4 points (3.7%).

CME GROUP

MONDAY, SEPTEMBER 29, 2014

CHEESE -- SALES: 3 CARS BARRELS: 2 @ \$2.3000, 1 @ \$2.2450; 1 CAR 40# BLOCKS @ \$2.2300; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$2.2250; 1 CAR 40# BLOCKS @ \$2.2400
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 4 CARS GRADE AA: 1 @ \$2.9550, 2 @ \$2.9700, 1 @ \$2.9600; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, SEPTEMBER 30, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$2.2075
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.3900; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.4200
 BUTTER -- SALES: 3 CARS GRADE AA: 1 @ \$2.9250, 1 @ \$2.9100, 1 @ \$2.8950; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

WEDNESDAY, OCTOBER 1, 2014

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$2.1975, 1 @ \$2.1875; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$2.1400; 1 CAR 40# BLOCKS @ \$2.1825
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.9050

THURSDAY, OCTOBER 2, 2014

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$2.1625, 1 @ \$2.1425; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$2.1000; 1 CAR 40# BLOCKS @ \$2.1400
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.8950

FRIDAY, OCTOBER 3, 2014

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$2.1725, 1 @ \$2.1700; 4 CARS 40# BLOCKS @ \$2.1300; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$2.1500; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 3 CARS GRADE A: 1 @ \$1.3850, 2 @ \$1.3950; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 3 CARS GRADE A @ \$1.3950
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.8950

BUTTER MARKETS

NORTHEAST

Northeast butter production moved marginally higher as available cream volumes increased beyond the previous week levels. However, butter makers remain cautious about the volume of inventory on-hand. Unsalted butter demand for domestic use is growing at seasonal rates. Orders are good from bakeries, food processors, and private label. Some contacts anticipate a huge drop in butter prices, while noting, "Butterfat imports are on the way." Prices for bulk butter range from market to \$0.0400 over based on CME Group with various time frames and averages used. At the CME, Grade AA butter closed Tuesday at \$2.8950, down \$0.1650 from a week ago. According to the *National Dairy Retail Report*, the U.S. weighted average price for 1-pound butter is \$3.68, an increase of \$0.26 compared to two weeks ago. The weighted average price in the Northeast was \$3.62, a decrease of \$0.45 compared to two weeks ago. The weighted average price in the Southeast was \$3.76, an increase of \$0.86 compared to two weeks ago.

CENTRAL

Butter prices are retracting from previous weeks' historic highs. Many butter manufacturers are faced with the decision of selling cream at a discount or producing butter at potentially falling prices. Some butter churn operators with orders yet to fill, took advantage of plentiful, discounted cream supplies available. The additional cream purchased allowed a few butter makers to back off microfixing as much bulk supplies, while increasing churn rates. Overall butter production levels are steady to higher with a few plants nearing capacity limitations. Some sellers are experiencing increased competition in the retail segment as buyers become increasingly price sensitive. Interest for bulk butter is trending lower as less expensive international butter is psychologically

putting buyers into a "wait and see" approach on purchases. Butter imports are making their way into the U.S. Manufacturer inventories in the Central region are light to marginally growing. Spot load availability of bulk butter is snug, however some additional supplies became available as prices reported ranged from 2 cents under the market to 6 cents over the market, with various time frames and averages used. Wednesday at the CME Group, Grade AA butter closed at \$2.8950, down \$0.1650 from last Wednesday. The *DMN National Dairy Retail Report* noted the surveyed national weighted average price for a 1 lb. package of butter was \$3.68, up \$0.26 from two weeks ago and \$1.23 above a year ago. The weighted average price in the Midwest region was \$3.29, \$0.11 higher than two weeks ago, while in the South Central region, the average was \$3.99, \$0.14 higher than two weeks ago.

WEST

Butter manufacturers continue to run busy schedules for print butter production. Retail demand is good as holiday orders are not completed. Recent price reductions are increasing interest from bulk butter customers, but bulk supplies remain tight. Export sales are very slow with international prices lower than our domestic market. U.S. advertised butter prices are higher. According to the *National Dairy Retail Report*, butter showed a U.S. weighted average price of \$3.68 per pound compared to \$3.42 two weeks ago and \$2.45 a year ago. The number of butter ads was down 6% compared to two weeks ago. Butter prices at the CME Group at midweek closed at \$2.8950. Compared to last Wednesday, butter prices are 16.5 cents lower. Butter sales by Wednesday totaled 7 loads. Prices for bulk butter range from 3 cents over the market to 4 cents under, based on the CME with various time frames and averages used.

NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
September 27, 2014	2,9687 3,511,099	2,3746 12,024,876	2,4277 8,123,228	0,6675 7,099,328	1,4422 40,800,023

CHEESE MARKETS

NORTHEAST

Cheese production is very active as plants clear heavy intakes of milk, resulting in a few operations employing 7-day production schedules. Inventories are growing with the increase in manufacturing. Maintaining adequate amounts of cheese in cheddar-aging programs is the current emphasis for some cheese makers, as the seasonal holidays draw nearer. Demand is good as producers continue to receive Q4 domestic orders. According to the National Dairy Retail Report, the weighted average price for 8 oz. cheese blocks in the Northeast was \$2.31, 8 cents less than the national weighted average price and 42 cents less than two weeks ago. The Southeast 8 oz. block cheese price was \$2.41, 4 cents more than two weeks ago. The weighted average price for 8 oz. shredded cheese in the Northeast was \$2.34, 5 cents more than the national price and 4 cents less than two weeks ago. The Southeast 8 oz. shredded cheese price was \$2.40, 15 cents more than two weeks ago. Last week, the weekly average CME Group cheese prices were mixed. The wholesale cheese prices for 40# block and muenster changed, losing \$0.0625, but Process 5# sliced gained \$0.0450. Grade A Swiss wholesale prices are flat. The CME Group daily cash price on Tuesday saw barrels close at \$2.2250, down \$0.2650 from a week ago, while blocks closed at \$2.2075, down \$0.1525 from a week ago.

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

Cheddar 40# Block	: 2.7375-3.0225
Process 5# Sliced	: 2.6750-3.1550
Muenster	: 2.7575-3.1175
Grade A Swiss Cuts 10 - 14#	: 3.8225-4.1450

MIDWEST

The decline in cheese prices last week into this week is leaving Midwest cheese manufacturers and customers more comfortable in terms of prices moving toward a sustainable range. Manufacturers are feeling increasingly confident in manufacturing beyond booked orders and customers are more confident in buying beyond immediate needs. Aging programs are looking toward beginning to accelerate inventory levels. Milk is available to cheese makers at a significant discount below class prices. Managers at cheese plants not operating at capacity are showing interest in buying extra milk. The recent tightness in barrel supplies is easing, with some barrel sales now occurring at flat market. Blocks are available. The National Dairy Retail Report (DMN) found that Midwest ads for 8 ounce shredded cheese have a weighted average advertised price of \$2.12, 17 cents lower than the national average, \$2.29. One year ago the national average was \$2.33. Midwest prices range from \$1.99 to \$2.50. For 8 ounce blocks, the Midwest average price is \$2.39, even with the national average price, \$2.39. One year ago the national average was \$2.38. Midwest ad prices range from \$2.00 to \$2.69. Nationally, cheese ad numbers are 20% higher than two weeks ago. Wisconsin wholesale prices for 1,000 to 5,000 pound mixed lots of process cheese increased \$.0450, Swiss remains unchanged and the remaining varieties decreased \$.0625. CME Group cheese prices Tuesday this week saw blocks close at \$2.2075, down \$.2425 from the recent high and barrels close at \$2.2250, down \$.2650 from the recent high.

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

Process American 5# Loaf	: 2.5525-2.9125
Brick And/Or Muenster 5#	: 2.7175-3.1425
Cheddar 40# Block	: 2.4225-2.8400
Monterey Jack 10#	: 2.6925-2.8975
Blue 5#	: 2.9850-3.9725
Mozzarella 5 - 6# (Low Moisture, Part Skim)	: 2.5625-3.4575
Grade A Swiss Cuts 6 - 9#	: 3.3400-3.4575

WEST

Western cheese production is strong. Retail demand for the upcoming holidays remains good. Milk supplies are adequate for those plants hoping to increase production. Cheese makers are cautious about building inventories without solid commitments from buyers. While cheese prices have come off of the record levels, spot sales are slow until prices stabilize. Advertised U.S. cheese prices as reported in the National Dairy Retail Report showed higher weighted average prices for packages of 1 lb. block (\$4.67, +.26) and 1 lb. shred (\$4.33, +.93) from two weeks ago. Retail prices were lower for the 8 oz. block (\$2.39, -.12), 2 lb. block (\$7.52, -.16) and 8 oz. shred (\$2.29, -.23). Combined cheese advertising was up 20% from two weeks ago. Cheese prices at the CME Group at midweek are moving lower for both barrels and blocks. Compared to Tuesday, barrel prices are \$.0850 lower on Wednesday at \$2.1400, while block prices are \$.0250 lower at \$2.1825. Sales by Wednesday totaled 3 loads of barrels and 3 loads of blocks. Compared to last Wednesday, barrels are 35 cents lower and blocks are 16.5 cents lower.

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

Process 5# Loaf	: 2.5825-2.8400
Cheddar 40# Block	: 2.4650-2.8175
Cheddar 10# Cuts	: 2.6450-2.8650
Monterey Jack 10#	: 2.6550-2.8150
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

	:	
09/29/14	16,631	: 92,577
09/01/14	20,405	: 90,371
CHANGE	-3,774	: 2,206
% CHANGE	-18	: 2

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CHEESE MARKETS

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FOREIGN

Cheese production in the European Union is mostly steady. The absence of sales into Russia have increased some stocks of E.U. cheese. There is an overall weak undertone to the cheese market. Negotiations are ongoing for end of year sales and into 2015. Domestically produced foreign type cheese prices in the U.S. moved lower this week with Swiss prices remaining steady. Imported cheese prices are mostly steady.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.3800	: 2.8775-4.3650*
Gorgonzola	: 3.6900-6.9700	: 3.3800-3.7925*
Parmesan (Italy)	: -0-	: 4.2675-6.3575*
Provolone (Italy)	: -0-	: 2.9200-3.0775*
Romano (Cows Milk)	: -0-	: 4.0675-6.2175*
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.

FLUID MILK AND CREAM

EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	140	0	120	0	0	0
SOUTHEAST STATES	0	0	0	0	0	0

From the Northeast to the Mid-Atlantic region, farm-level milk production is increasing. Seasonal temperature declines are contributing to improved cow comfort. Class I demand is steady. Milk volumes to manufacturing are ample. Dry weather conditions in the Northeast are slowing pasture and grass regrowth. Milk production is climbing in the Southeast, as cooler temperatures remain intact. The cancellations of orders by some bottling plants are making it necessary to redistribute milk loads. Surplus shipments are clearing to various dairy manufacturing operations and channeled across regions at a discount. Class I demand is steady. Florida milk production is flat. Class I demand is down this week. Many counties are under flood warnings as rain has continued for 20 consecutive days. Farmers are unable to get into the fields to plant or harvest, due to muddy conditions. Milk shipments imported into Florida this week totaled 140, 20 more than the previous week. Cream supplies are heavy and readily available. Demand has fallen due to Monday's sharp decline in the CME butter market. Consequently, **cream multiples for all Classes** ranged **1.20-1.30** through the week. Contacts note sales beyond seasonal norms to ice cream production. Cream cheese demand remains steady. At the CME Group, Grade AA butter closed at \$2.8950 on Wednesday, \$0.1650 below a week ago. **Condensed skim milk** supplies surged, paralleling increases in milk volumes. Supplies are primarily moving through contracts in some channels. Given their current situation, some balancing plants are comfortable with volumes on-hand, as they build on light NDM inventories.

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 -	3.6696-3.9754
F.O.B. producing plants: Upper Midwest -	3.4555-4.0060

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.52-1.55
Northeast - Class III - spot prices -	1.57-1.60

MIDWEST

Central milk production varies throughout the region. Some conducive weather has pushed rates higher, while other areas experienced seasonally lower levels. Milk supplies are growing as reported spot loads ranged from Class to \$2.50 over Class. Bottling sales are mostly flat with the exception of a few areas where heavy promotions pushed orders higher. Cream cheese manufacturers are ramping up production rates. Cream supplies loosened dramatically as current butter and cream prices are causing some buyers to back off unless orders need to be filled. **Cream multiples reported ranged from 1.13 to 1.31.** Wednesday at the CME Group, Grade AA butter closed at \$2.8950, down \$0.1650 from last Wednesday. Farmers are completing the last hay cuttings, while nearing the

end of corn chopping. Soybean harvest is beginning in the Upper Midwest. The DMN National Dairy Retail Report noted the surveyed national weighted average price for 1 gallon of milk was \$4.01, up \$1.08 from two weeks ago, and \$1.38 above a year ago. The weighted average price in the Midwest region was \$2.84, \$0.24 higher than two weeks ago. National ads went down from 2,078 two weeks ago to 1,189 ads this week. The NASS Livestock Slaughter report notes August dairy cow slaughter at 229,000 head, 3,000 head less than last month and 37,000 head less than a year ago. January-August cumulative dairy cow slaughter totals 1.851 million head, compared to 2.084 million head during the same time span in 2013. The weekly Cow Slaughter under Federal Inspection report shows U.S. dairy cow slaughter for the week ending September 13, at 55,000 head, 10,900 head or 16.5% less than the comparable week a year ago.

WEST

Milk production is mostly steady in CALIFORNIA. Milk haulers indicate load volumes stabilized after the most recent declines. Dairy producers have access to ample supplies of good quality feed and forages at manageable prices. Fluid demand is steady from restaurants, food service accounts, and schools. Sales of milk and/or condensed skim into ice cream and related item categories declined as those manufacturers discontinue hot weather specialty items. The September 4a price (butter/powder) in CALIFORNIA is \$22.72, down \$1.11 from August 2014 but \$3.25 higher than last year. This compares to the Federal Order Class IV price for September, \$22.58. The September 4b price (cheese) is \$22.39, \$2.43 higher than last month, and \$5.74 higher than last year. This compares to the Federal Order Class III price for September at \$24.60. NEW MEXICO milk production is steady, but somewhat below expectations. Cow comfort is below normal due to recent rains. Dairy producers indicate dry weather is needed as some holding pens have not dried out. Quality losses are noted for some alfalfa hay bales stored in the open due to recent rains, and subsequent molding. Growers are anxious to harvest irrigated corn fields, but have to wait for dryer weather. Milk loads are finding processing room within the Southwest. Orders from bottlers fell slightly compared to a week ago. With hot, humid weather lingering in parts of ARIZONA, dairy producers report milk production is unchanged. Sales to bottlers are steady. Class II use is uneven, with steady sales to yogurt, but lower sales into ice cream and frozen dessert facilities. Manufacturing plants are running below capacity, while accepting occasional loads from out of state sellers. As fall begins, sellers report demand for CREAM is decreasing from ice cream/frozen novelty manufacturers. Butter churning continues at several Western plants, but producers indicate the fear of a shortfall on fulfilling holiday orders is subsiding. With the announcement of higher 3B butterfat prices in California, cream sales from California to other states are running into price pressure compared to prices based on CME butter averages. Cream loads crisscrossed state borders as needed to clear volumes/fill needs early in the week, but with repricing on California cream at midweek, intrastate interest shifted lower. Cream multiples range from 1.05 to 1.22 in a higher and lower market. Grade AA butter at the CME Group closed on Wednesday at \$2.8950, down 16.5 cents from a week ago.

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FLUID MILK AND CREAM

-CONTINUED FROM PAGE 4-

Wet weather across the PACIFIC NORTHWEST slowed late season alfalfa and corn silage harvesting. Milk production in the region is slowly declining along expected lines. Class I usage is steady. Cream for manufacturing continues to move to various plants for increased production of cream cheese, egg nog and sour cream. Some plants are scheduling maintenance projects as volumes are reduced. UTAH and IDAHO milk production is declining slowly. Milk is available in the region for those plants looking to increase production of various products. With recent lower prices for many products, processors are reviewing plans for 2015 production goals. According to the NASS Agricultural Prices report, mid-September U.S. prices for baled alfalfa hay were \$197/ton, \$3 more than a year ago. Prices for selected Western states and the change from a year ago are as follows: Arizona \$195, +\$15; California \$230, +29; Colorado \$215, -\$20; Idaho \$190, +\$10; Nevada \$240, +\$44; New Mexico \$255, +\$9; Oregon \$225 +\$25; Utah \$205, +\$18 and Washington \$215, +\$15.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices of low/medium nonfat dry milk (NDM) were mixed on the range, while moving higher on the mostly price series. The market tone is uneven. Some wary buyers purchased spot loads at higher prices in light of a few higher index prices. Negotiations are underway for 2015 contracting. Production rates are mixed with a few variances largely impacted by condensed skim sales. Domestic demand is light to moderate as a few buyers are taking supplies as needed while carrying limited inventories. Export orders into Mexico have picked up, to fill short-term and fourth quarter demand with location being a key factor. Transportation has been an issue for some suppliers as a number of large volume sales have occurred in the last few weeks. Supplies of NDM are moderate to heavy. High heat prices were steady to lower. Interest is picking up as the fourth quarter begins. Manufacturers are ramping up production to meet anticipated seasonally higher demand. Current spot load availability is limited. Wednesday at the CME Group, Grade A NDM closed at \$1.3950, up \$0.0100 from last Wednesday.

EAST: Low/medium nonfat dry milk prices are mixed. Some facilities are clearing condensed skim into low/medium heat nonfat dry milk production. Conversely, a resolve of other manufacturers is that current market conditions underscore liquid dairy ingredients as a production cost saver, therefore, they limit the volumes of condensed clearing to dryers. The bulk of NDM demand is through contracts; however, contractual delays are prominent, in some instances, as those customers wait for market indications that are more favorable for purchasing. Spot market demand is sporadic and light. Manufacturing inventories are building nominally, as traders refrain from placing orders as the market readjusts. Contacts note that pricing viewpoints of market participants vary, and pivot to some degree on global prices, and the current upswing in exports of nonfat dry milk. A weak market undertone remains, as traders look for the market to settle from the unanticipated upward movement in the current DPMRP price. High heat nonfat dry milk prices moved lower at the bottom of the range. Production is steady to increasing as processors realize growing seasonal demand for product. Supplies are fairly tight, resulting in limited spot market activity.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.1900 - 1.5500 MOSTLY: 1.3800 - 1.5000
 HIGH HEAT: 1.5150 - 1.6000

NONFAT DRY MILK - WEST

Nonfat dry milk prices, Western low/medium heat, edged higher on both sides of the range and mostly series as FOB spot and contract prices adjusted in step with variable indices. Contacts indicate offerings from manufacturers priced under the market are less noticeable in the marketplace as inventories are more comfortable after recent sales transactions. Domestic sales activity is generally light, but offshore sales in multi-load volumes are heading to buyers in the Americas and the Middle East. Interest is still light for taking mid-length positions on NDM as upside risk is viewed as minimal. Some discussions on 2015 Q1 contracts are ongoing. Low/medium heat nonfat dry milk production is active, especially as a few cheese plants reduce weekly manufacturing milk intakes. Manufacturers with the ability to divide production between NDM and SMP indicate production is evenly distributed. High heat nonfat dry milk prices are higher. Bakery accounts are taking increasing volumes to match the uptick in holiday related baking activity. High heat NDM production is taking additional dryer time on a weekly basis at several plants.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.2350 - 1.5625 MOSTLY: 1.3300 - 1.4625
 HIGH HEAT: 1.4825 - 1.6100

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Spot loads of dry buttermilk actively traded at discounts, pushing prices lower. The market tone is soft. Buyers of condensed buttermilk are reducing orders, resulting in higher volumes being sent to the dryer. Domestic interest is light. Inventory levels are steady to growing.
EAST: Dry buttermilk prices continue to trend lower. Cream supplies for churning were plentiful this week. Dry buttermilk production volumes are limited as manufacturers with the capability sell condensed buttermilk. As ice cream production continues to back off, the expectation is that dryer volumes will increase. Dry buttermilk stocks are adequate for near term needs. Interest remains quiet. The market undertone is weak.

F.O.B. CENTRAL/EAST: 1.1500 - 1.3800

DRY BUTTERMILK - WEST

Prices for Western dry buttermilk are unchanged to lower. The market tone is weak. Buyers are reentering the market, but interest is strongly linked to price. End users and resellers indicate this traditionally active buying season is off to a slow start. Some buyers found substitute inputs via the nonfat dry milk market. A few buyers/end users report they are delaying acceptance of contract loads in hopes of getting some price relief. Dry buttermilk production is active at many locations in the West. However, the October/November announced butterfat price in California, which carried a price increase compared to the previous announcement, is causing slower cream demand at a few California churns. Dry buttermilk inventories are building steadily in the West.

F.O.B. WEST: 1.2500 - 1.5800 MOSTLY: 1.3800 - 1.5675

DRY WHOLE MILK - NATIONAL

Prices for dry whole milk are lower on a weak market. The recent drop in butterfat prices is putting pressure on dry whole milk prices, in addition to pressure from the weak nonfat solids market. Interest is picking up slightly as the baking season begins, but competition from Oceania imports is overshadowing domestic offers. A few manufacturers indicate they are looking toward export assistance programs as a way to lighten inventories. Dry whole milk production is infrequent from plant to plant.

F.O.B. PRODUCING PLANT: 1.7000 - 1.8200

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES
September 26	\$1.4273	28,386,979
September 19	\$1.5777	8,422,703

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

WHEY, WPC 34%, LACTOSE & CASEIN

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

DRY WHEY - CENTRAL

Prices of dry whey are mostly unchanged. Spot load prices were mixed, but generally trended lower, while a few index basing points shifted higher. The undertone is softening. The export market is pressuring some sellers to discount supplies to keep product moving. Domestic interest is light to moderate, depending on needs. Production rates are steady to higher. Supplies are adequate for current needs. Animal feed whey prices are steady to slightly lower. Demand has slowed.

F.O.B. CENTRAL: .4800 - .7125 MOSTLY: .5800 - .6800
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3500 - .6100

DRY WHEY - NORTHEAST

Prices for dry whey are unchanged. Production is increasing as seasonally strong milk volumes clear to Class III manufacturing. Dry whey purchases are limited in the spot market. Inventories are growing. The market undertone is weak.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6625 - .7300

DRY WHEY - WEST

Western dry whey prices are lower. The market is exhibiting a large spread between domestic prices and export prices. Domestic sales are moderate to good as food manufacturers increase production for end of the year holidays. Export sales are competing with increased volumes of whey from the European Union. New export sales are trading at the lower ends of the price ranges. Whey production is mostly steady as cheese plants are also filling holiday orders. Whey stocks are generally available from both manufacturers and brokers.

NONHYGROSCOPIC: .5200 - .6875 MOSTLY: .5500 - .6600

WHEY PROTEIN CONCENTRATE-CENTRAL & WEST

Whey protein concentrate 34% prices are mostly lower on active F.O.B. spot load trading. The market tone is weakening as competition grows amongst the sellers. Production rates are steady to slightly higher as cheese production continues at high rates. Sales into the feed industry are slowing due to the WPC 34% price in relation to nonfat dry milk. Supplies of WPC 34% are adequate for current needs.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.2000 - 1.5875 MOSTLY: 1.2800-1.4675

LACTOSE - CENTRAL AND WEST

Lactose prices are mixed on a softening market. Spot sale prices are generally lower with a few existing intermediate contracts higher. Pricing is in a transition as fourth quarter begins and many contract negotiations finalize in coming weeks. The market is two-tier between spot loads going into blending and supplies filling contractual obligations. Production rates are steady to slightly higher for lower mesh sizes, while higher mesh lactose production is mainly linked to contracts. End users and resellers note ample supplies available for unground lactose. Some manufacturers indicated improved lower mesh size sales as they discount to move supplies. Export interest is growing as orders increased.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .2700-.6450 MOSTLY: .4000-.5225

CASEIN - NATIONAL

Adjustments are being made to contract pricing for both casein types as the fourth quarter begins. The impact of lower global dairy product pricing is being felt and quarterly casein contract prices are initially being adjusted. Reduced world pricing for SMP, WPC, whey, and other dairy-based proteins continue to affect the market tone and direction of casein pricing. Processors are strategizing on the best returning product mix to manufacture in the current upheaval. The balancing act of having enough products to meet contract needs is countered by having too much product on hand in declining markets. Buyers are more cautious and less willing to settle on price in this declining market price complex. Casein holdings remain ample to service contract obligations and any spot needs in the U.S. At the October 1st GDT event 124, the average winning price for rennet casein for all contract periods declined 1.4% to \$8,224/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: 4.2000 - 4.8000
ACID: 4.4000 - 5.0000

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
09/13/2014	55.0	1,980.7	65.9	2,215.2

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

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

CLASS III MILK PRICES (3.5% BF)

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

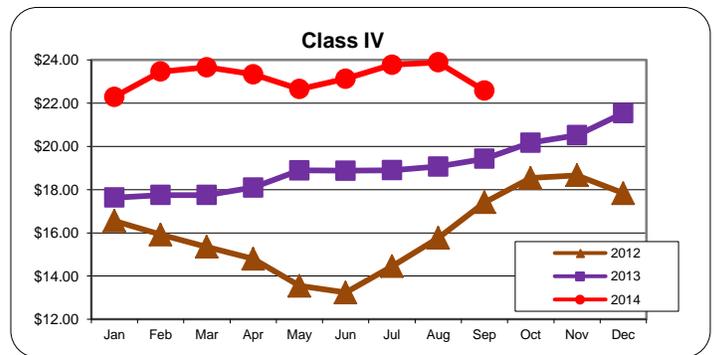
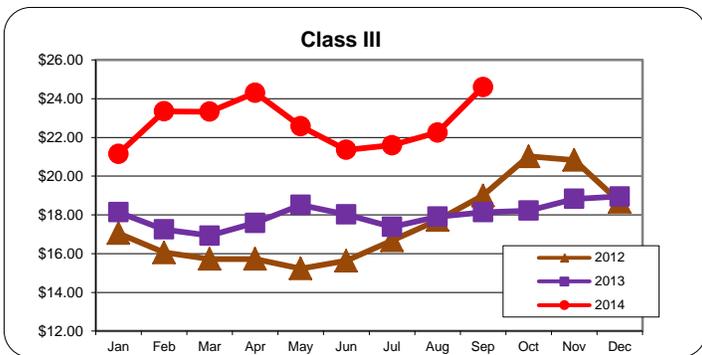
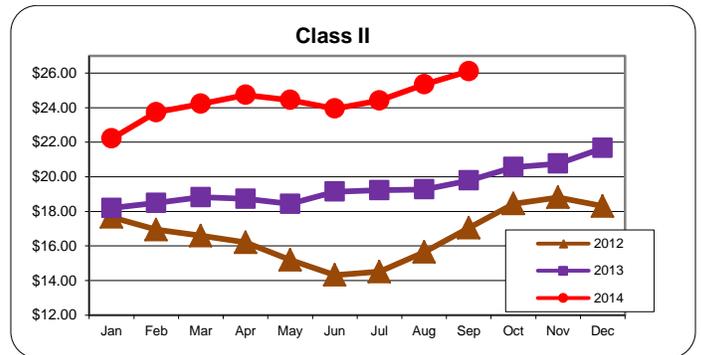
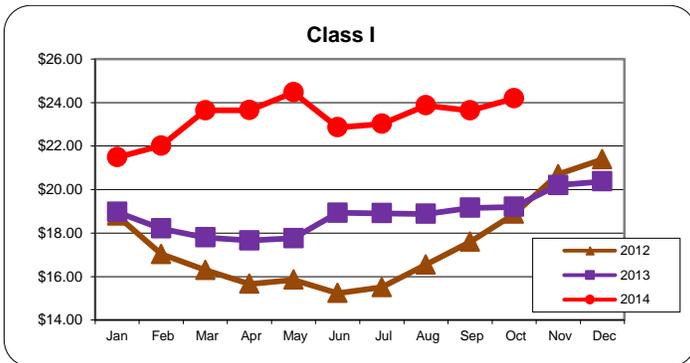
CLASS IV MILK PRICES (3.5%)

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

FEDERAL MILK ORDER CLASS PRICES FOR 2014 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	21.48	22.02	23.64	23.65	24.47	22.86	23.02	23.87	23.63	24.19		
II	22.21	23.73	24.22	24.74	24.44	23.94	24.41	25.34	26.11			
III	21.15	23.35	23.33	24.31	22.57	21.36	21.60	22.25	24.60			
IV	22.29	23.46	23.66	23.34	22.65	23.13	23.78	23.89	22.58			

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



ORGANIC DAIRY MARKET NEWS

Information gathered September 22 - October 3, 2014

ORGANIC DAIRY FLUID OVERVIEW

Organic Dairy News. A national organic milk processor this week announced a \$1.00 per hundredweight winter feed premium pay increase to contracted producers effective October 1 through December 31. The processor has also announced that the market adjustment premium (MAP) paid to producers will increase by \$1.00 effective October 1, through at least June 31, 2015.

This adjustment comes during a time when a competing regional organic cooperative in the Northeast has recently been offering a \$2.00 per hundredweight signing premium for one year to organic producers presently contracted with national organic processors, to contract to deliver organic milk to the regional processor. Competition for organic milk in the Northeast is increasing.

Midwestern and Eastern organic dairy producers widely attribute less than optimal hay and feed crops last year and the prior year, to profitability stress this year for organic producers. Erratic weather, untimely rains, wetness, and related factors were in play.

This fall there is some optimism among Midwest to Eastern organic dairy producers as to the adequacy of organic corn crops available for feed, although end of harvest pricing still remains unfinalized. Organic hay output this growing season, and ultimately the volume and quality of carryover crops, is viewed with some hopeful expectations.

The lower amount of affordable organic hay and feed moving to Western organic dairy producers along Interstate 5 from California to Washington, compared with recent years, continue to adversely impact organic dairy profitability in the West. Some western producers call this the 2014 Interstate 5 factor. There is less optimism in the west as to cost, volumes and quality of available organic hay and feed available over the winter into the next growing season.

An increasingly discussed factor nationwide is rapidly growing demand from organic poultry producers for organic feed. This has increased feed prices facing organic dairy producers. While each fed chicken might seem to consume a relatively small amount of feed, experience of an organic processor involved in both organic dairy and poultry reveals that an organic poultry operation with 10,000 hens, not an uncommon size in the Midwest and small by some Southern state standards, will consume 365 tons of organic feed annually, a ton a day. With increasing numbers of organic hens being raised to meet increasing consumer demand for organic eggs and poultry, this is very real feed demand competition for organic dairy producers.

The success of marketing organic grassfed milk has led one national organic dairy brand to expand grassfed organic dairy herd concentrations into a third region, the Northeast. Previously, herd concentrations for organic grassfed milk sold nationally were in California and Wisconsin, with the milk then shipped to other areas. The new herd concentration is needed to keep up with growing demand and will also alleviate the need to ship as much organic grassfed milk from the Midwest to the Northeast.

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON

Organic Dairy Overview. Organic milk ads as a percentage of total organic dairy ads are at one of the highest levels during the five years this survey has been conducted, 94%. The 2014 average so far is 60%. Ad numbers for organic milk half gallons are the second highest level of the year and ad numbers for 8 ounce organic milk

are about 50% above average.

For the first time this year there are no ads for organic yogurt. Noticeably high cheese ad numbers during the last two survey periods have declined to a small number of ads this period.

Advertising information presented is compiled from nearly 14,000 surveyed newspaper supermarket ads for the period September 22 to October 3, 2014, identifying weekly "specials" and containing organic dairy content. Surveyed ads reflect advertised "specials" and not the range of non-advertised supermarket cooler prices.

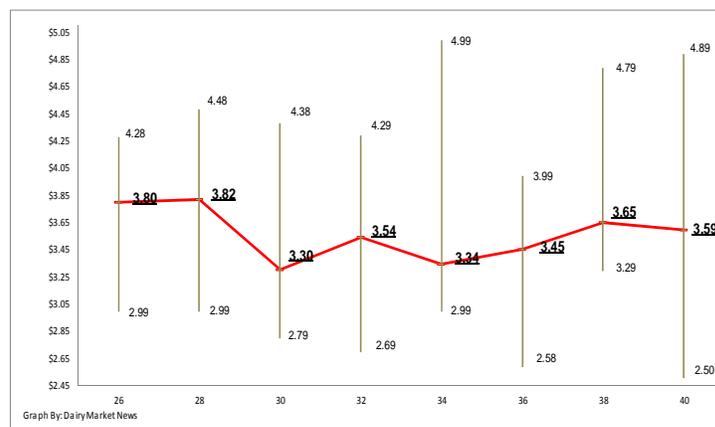
Complete results of this bi-weekly survey providing additional graphs, tables, and regional delineation, follow at the end of Dairy Market News, or can be accessed at: <http://www.ams.usda.gov/AMSV1.0/DairyRetailReport>

Regional Organic Dairy Ad Trends. Organic dairy ads appeared in 5 regions, with none in the Midwest. The percentage change in ad numbers increased from two weeks ago in the Southeast, +110%. There were declines in the remaining regions: Northeast, -70%; South Central, -6%; Southwest, -23%; and Northwest, -52%.

Organic Milk Half Gallons. The U.S. weighted average advertised price of organic milk half gallons is \$3.59, down 6 cents from 2 weeks ago. One year ago the national price was \$3.65.

The lowest price is down 79 cents to \$2.50, while the top of the price range is up 10 cents to \$4.89. The lowest advertised price, \$2.50, is South Central. The highest advertised price, \$4.89, is found in the Southeast.

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 \$1.01. Last year at this time, the price spread was \$2.30. The spread is calculated from the organic milk half-gallon average advertised price, \$3.59, and the conventional milk half gallon average advertised price of \$2.58. 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 about 50% above average for 2014. The U.S. weighted average price is \$0.85, down 5 cents from two weeks ago and down 14 cents from one year ago. All ads are in either the Northeast or Southeast, at prices ranging from \$0.83 to \$1.00.

Organic Milk Gallons. Ad numbers for organic milk gallons are slightly over one fifth the average bi-weekly level this year. All ads are in the Southeast, with a national average price of \$7.14. Two weeks ago the national average price was \$5.26 and one year ago, \$5.00.

CONTINUED ON PAGE 8-A

ORGANIC DAIRY MARKET NEWS

Information gathered September 22 - October 3, 2014

CONTINUED FROM PAGE 8

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 \$3.99 and one year ago, \$3.89. In comparison, some conventional butter advertised in the Northeast and Southeast reflected prices higher than organic butter. Conventional butter prices in the Northeast range from \$2.88 to \$4.99 and in the Southeast, \$3.29-\$4.39.

8 Ounce Block Organic Cheese. Organic cheese (8 ounce blocks) appears in ads for Northeast and Southeast supermarkets. All Northeast prices are \$3.99 and all Southeast prices are \$4.39. No organic cheese ads appeared one year ago.

ORGANIC GRAIN AND FEEDSTUFF MARKETS:

Prices are generally steady for all reported commodities. New crop organic corn prices are trading towards the low side of the price range. Market activity is slow to moderate for old and new crop organic corn and soybeans. For organic wheat and organic smaller grains such as barley, oats, and rye, market activity is moderate to active. Demand for organic corn and soybeans is light to moderate; for organic wheat demand is good, especially food grade quality; and for other reported organic grains, moderate to good. Industry is focused on the impending harvest and resulting yields in regard to storage, transportation, and new crop prices. Other industry concerns involve the mixed wheat yields and challenges related to the wet season, cool temps, and associated plant diseases.

Additional livestock and grain market news information is available at: www.ams.usda.gov/LMarketNews

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

COMMODITY	:REPORT NUMBER 36		:REPORT NUMBER 37		:REPORT NUMBER 38		:REPORT NUMBER 39		:REPORT NUMBER 40		2014	2013
	:-----		:-----		:-----		:-----		:-----		Monthly	Monthly
	SEP 01 - 05	SEP 08 - 12	SEP 15 - 19	SEP 22 - 26	SEP 29 - 30	Average	Average					
CHEESE												
WISCONSIN (WSP, Delivered, LTL)												
-- Process American 5# Loaf	:: 2.4050 - 2.7650	:: 2.4225 - 2.7825	:: 2.4300 - 2.7900	:: 2.5075 - 2.8675	:: 2.5525 - 2.9125	:: 2.6336	:	NO				
-- Brick And/Or Muenster 5#	:: 2.6725 - 3.0975	:: 2.7225 - 3.1475	:: 2.7225 - 3.1475	:: 2.7800 - 3.2050	:: 2.7175 - 3.1425	:: 2.9387	:	SEPTEMBER				
-- Cheddar 40# Block	:: 2.3775 - 2.7950	:: 2.4275 - 2.8450	:: 2.4275 - 2.8450	:: 2.4850 - 2.9025	:: 2.4225 - 2.8400	:: 2.6399	:	2013				
-- Monterey Jack 10#	:: 2.6475 - 2.8525	:: 2.6975 - 2.9025	:: 2.6975 - 2.9025	:: 2.7550 - 2.9600	:: 2.6925 - 2.8975	:: 2.8037	:	AVERAGES				
-- Blue 5#	:: 2.9400 - 3.9275	:: 2.9900 - 3.9775	:: 2.9900 - 3.9775	:: 3.0475 - 4.0350	:: 2.9850 - 3.9725	:: 3.4874	:	2/				
-- Mozzarella 5 - 6#	:: 2.5175 - 3.4125	:: 2.5675 - 3.4625	:: 2.5675 - 3.4625	:: 2.6250 - 3.5200	:: 2.5625 - 3.4575	:: 3.0187	:					
-- Grade A Swiss Cuts 6 - 9#	:: 3.4775 - 3.5950	:: 3.3400 - 3.4575	:: 3.3400 - 3.4575	:: 3.3400 - 3.4575	:: 3.3400 - 3.4575	:: 3.4249	:					
NORTHEAST (WSP, Delivered, LTL)												
-- Cheddar 40# Block	:: 2.6925 - 2.9775	:: 2.7425 - 3.0275	:: 2.7425 - 3.0275	:: 2.8000 - 3.0850	:: 2.7375 - 3.0225	:: 2.8887	:					
-- Process 5# Sliced	:: 2.5275 - 3.0075	:: 2.5450 - 3.0250	:: 2.5525 - 3.0325	:: 2.6300 - 3.1100	:: 2.6750 - 3.1550	:: 2.8161	:					
-- Muenster	:: 2.7125 - 3.0725	:: 2.7625 - 3.1225	:: 2.7625 - 3.1225	:: 2.8200 - 3.1800	:: 2.7575 - 3.1175	:: 2.9462	:					
-- Grade A Swiss Cuts 10 - 14#	:: 3.9600 - 4.2825	:: 3.8225 - 4.1450	:: 3.8225 - 4.1450	:: 3.8225 - 4.1450	:: 3.8225 - 4.1450	:: 4.0099	:					
WEST COAST (WSP, Delivered, LTL)												
-- Process 5# Loaf	:: 2.4350 - 2.6925	:: 2.4525 - 2.7100	:: 2.4600 - 2.7175	:: 2.5375 - 2.7950	:: 2.5825 - 2.8400	:: 2.6123	:					
-- Cheddar 40# Block	:: 2.4200 - 2.7725	:: 2.4700 - 2.8225	:: 2.4700 - 2.8225	:: 2.5275 - 2.8800	:: 2.4650 - 2.8175	:: 2.6499	:					
-- Cheddar 10# Cuts	:: 2.6000 - 2.8200	:: 2.6500 - 2.8700	:: 2.6500 - 2.8700	:: 2.7075 - 2.9275	:: 2.6450 - 2.8650	:: 2.7637	:					
-- Monterey Jack 10#	:: 2.6100 - 2.7700	:: 2.6600 - 2.8200	:: 2.6600 - 2.8200	:: 2.7175 - 2.8775	:: 2.6550 - 2.8150	:: 2.7437	:					
-- Grade A Swiss Cuts 6 - 9#	:: 3.5375 - 3.9675	:: 3.4000 - 3.8300	:: 3.4000 - 3.8300	:: 3.4000 - 3.8300	:: 3.4000 - 3.8300	:: 3.6412	:					
FLUID PRODUCTS												
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)												
-- Northeast - f.o.b	:: 3.4726 - 3.7482	:: 3.6628 - 3.9445	:: 3.9714 - 4.1804	:: 3.9286 - 4.2308	:: 3.6696 - 3.9754	:: 3.8992	:					
-- Upper Midwest - f.o.b	:: 3.3348 - 3.6104	:: 3.4373 - 3.8036	:: 3.7325 - 4.1804	:: 3.6868 - 3.9890	:: 3.4555 - 4.0060	:: 3.7346	:					
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.												
-- Class II	:: 1.85 - 1.88	:: 1.85 - 1.88	:: 1.85 - 1.88	:: 1.52 - 1.55	:: 1.52 - 1.55	:: 1.7550	:					
-- Class III	:: 1.58 - 1.61	:: 1.57 - 1.60	:: 1.57 - 1.60	:: 1.57 - 1.60	:: 1.57 - 1.60	:: 1.5869	:					

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

COMMODITY	REPORT NUMBER 36	REPORT NUMBER 37	REPORT NUMBER 38	REPORT NUMBER 39	REPORT NUMBER 40	2014	2013
	SEP 01 - 05	SEP 08 - 12	SEP 15 - 19	SEP 22 - 26	SEP 29 - 30	Average	Average
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 1.2200 - 1.8250	:: 1.2500 - 1.7600	:: 1.2200 - 1.5625	:: 1.2200 - 1.5050	:: 1.1900 - 1.5500	:: 1.4345	: NO
-- Mostly	:: 1.3300 - 1.8000	:: 1.3300 - 1.7350	:: 1.3300 - 1.5200	:: 1.3500 - 1.4775	:: 1.3800 - 1.5000	:: 1.4760	: SEPTEMBER
-- High Heat	:: 1.5900 - 1.8750	:: 1.4900 - 1.8100	:: 1.4900 - 1.7000	:: 1.5250 - 1.6000	:: 1.5150 - 1.6000	:: 1.6230	: 2013
-- West (f.o.b.)							AVERAGES
-- Low/Medium Heat	:: 1.2000 - 1.8300	:: 1.2500 - 1.7700	:: 1.2500 - 1.5325	:: 1.1350 - 1.5325	:: 1.2350 - 1.5625	:: 1.4301	: 2/
-- Mostly	:: 1.2825 - 1.7400	:: 1.2800 - 1.6950	:: 1.2800 - 1.4525	:: 1.2800 - 1.4475	:: 1.3300 - 1.4625	:: 1.4250	:
-- High Heat	:: 1.6000 - 1.8875	:: 1.6000 - 1.8425	:: 1.4625 - 1.5825	:: 1.4625 - 1.5675	:: 1.4825 - 1.6100	:: 1.6124	:
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.5700 - 0.7150	:: 0.5700 - 0.7275	:: 0.4800 - 0.7225	:: 0.4800 - 0.7100	:: 0.4800 - 0.7125	:: 0.6185	:
-- Mostly	:: 0.6150 - 0.6875	:: 0.6100 - 0.6900	:: 0.5900 - 0.6900	:: 0.5800 - 0.6800	:: 0.5800 - 0.6800	:: 0.6412	:
-- West (f.o.b.)	:: 0.5800 - 0.6925	:: 0.5500 - 0.7050	:: 0.5500 - 0.7000	:: 0.5500 - 0.6875	:: 0.5200 - 0.6875	:: 0.6242	:
-- Mostly	:: 0.6000 - 0.6900	:: 0.5800 - 0.6650	:: 0.5600 - 0.6600	:: 0.5600 - 0.6600	:: 0.5500 - 0.6600	:: 0.6192	:
-- Northeast (f.o.b.)	:: 0.6700 - 0.7350	:: 0.6700 - 0.7350	:: 0.6700 - 0.7325	:: 0.6625 - 0.7300	:: 0.6625 - 0.7300	:: 0.7001	:
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 1.3000 - 1.6550	:: 1.3000 - 1.6050	:: 1.2500 - 1.5875	:: 1.2000 - 1.5875	:: 1.2000 - 1.5875	:: 1.4296	:
-- Mostly	:: 1.3800 - 1.5500	:: 1.3800 - 1.5350	:: 1.3500 - 1.5150	:: 1.3200 - 1.5150	:: 1.2800 - 1.4675	:: 1.4355	:
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.4000 - 0.6100	:: 0.4875 - 0.6325	:: 0.4800 - 0.6300	:: 0.3500 - 0.6200	:: 0.3500 - 0.6100	:: 0.5229	:
BUTTERMILK (Min. 30% protein)							
-- Central And East (f.o.b.)	:: 1.3000 - 1.5600	:: 1.2300 - 1.5000	:: 1.2300 - 1.4500	:: 1.2300 - 1.4000	:: 1.1500 - 1.3800	:: 1.3500	:
-- West (f.o.b.)	:: 1.5000 - 1.7100	:: 1.5000 - 1.7100	:: 1.5000 - 1.6125	:: 1.2500 - 1.6000	:: 1.2500 - 1.5800	:: 1.5324	:
-- Mostly	:: 1.5500 - 1.6850	:: 1.5500 - 1.6375	:: 1.5500 - 1.6125	:: 1.5000 - 1.5950	:: 1.3800 - 1.5675	:: 1.5729	:
WHOLE MILK POWDER							
-- National (f.o.b.)	:: 1.7500 - 2.1500	:: 1.7000 - 2.1500	:: 1.8200 - 2.1000	:: 1.8200 - 2.0500	:: 1.7000 - 1.8200	:: 1.9248	:
LACTOSE							
-- Central And West (f.o.b.)	:: 0.2875 - 0.6100	:: 0.2875 - 0.6225	:: 0.2875 - 0.6600	:: 0.2875 - 0.6350	:: 0.2700 - 0.6450	:: 0.4600	:
-- Mostly	:: 0.4500 - 0.5325	:: 0.4100 - 0.5325	:: 0.4000 - 0.5225	:: 0.4000 - 0.5225	:: 0.4000 - 0.5225	:: 0.4693	:
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 4.6000 - 5.0000	:: 4.6000 - 5.0000	:: 4.6000 - 5.0000	:: 4.5000 - 5.0000	:: 4.2000 - 4.8000	:: 4.7595	:
-- Nonrestricted - Acid	:: 4.7500 - 5.4000	:: 4.7500 - 5.4000	:: 4.7500 - 5.4000	:: 4.6000 - 5.4000	:: 4.4000 - 5.0000	:: 5.0214	:

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. 2/ USDA Dairy Market News resumed operations on Thursday, October 17, 2013. Until that date, no prices were collected or released after the October 1st government shutdown. This affected September 2013 and October 2013 averages.

CME GROUP AVERAGES FOR SEPTEMBER 2014

COMMODITY	::REPORT NUMBER 36::		::REPORT NUMBER 37::		::REPORT NUMBER 38::		::REPORT NUMBER 39::		::REPORT NUMBER 40::		2014 *	2013 *
	::-----::		::-----::		::-----::		::-----::		::-----::		Monthly	Monthly
	SEP 1 - 5	SEP 8 - 12	SEP 15 - 19	SEP 22 - 26	SEP 29 - 30	Average	Average					
BUTTER*												
-- GRADE AA												
--Monday	:: 1/	:: 2.9600	:: 3.0000	:: 3.0600	:: 2.9600	::	::					
--Tuesday	:: 2.7750	:: 2.9900	:: 3.0025	:: 3.0600	:: 2.8950	::	::					
--Wednesday	:: 2.8100	:: 2.9900	:: 3.0100	:: 3.0600	::	::						
--Thursday	:: 2.8400	:: 2.9900	:: 3.0375	:: 3.0600	::	::						
--Friday	:: 2.8450	:: 3.0000	:: 3.0600	:: 3.0500	::	::	2.9740				1.5233	
--Weekly Average**	:: 2.8175	:: 2.9860	:: 3.0220	:: 3.0580	::	::						
CHEESE*												
-- BARRELS												
--Monday	:: 1/	:: 2.3250	:: 2.3600	:: 2.4900	:: 2.2250	::	::					
--Tuesday	:: 2.3625	:: 2.3300	:: 2.4050	:: 2.4900	:: 2.2250	::	::					
--Wednesday	:: 2.3000	:: 2.3300	:: 2.4225	:: 2.4900	::	::						
--Thursday	:: 2.3050	:: 2.3300	:: 2.4225	:: 2.4900	::	::						
--Friday	:: 2.3250	:: 2.3350	:: 2.4300	:: 2.3000	::	::	2.3663				1.7688	
--Weekly Average**	:: 2.3231	:: 2.3300	:: 2.4080	:: 2.4520	::	::						
-- 40# BLOCKS												
--Monday	:: 1/	:: 2.3500	:: 2.3700	:: 2.3975	:: 2.2300	::	::					
--Tuesday	:: 2.3500	:: 2.3500	:: 2.3950	:: 2.3600	:: 2.2075	::	::					
--Wednesday	:: 2.3500	:: 2.3500	:: 2.4100	:: 2.3475	::	::						
--Thursday	:: 2.3500	:: 2.3500	:: 2.4100	:: 2.3400	::	::						
--Friday	:: 2.3500	:: 2.3500	:: 2.4500	:: 2.2800	::	::	2.3499				1.7956	
--Weekly Average**	:: 2.3500	:: 2.3500	:: 2.4070	:: 2.3450	::	::						
NONFAT DRY MILK*												
-- *** EXTRA GRADE												
-- GRADE A												
--Monday	:: 1/	:: 1.3325	:: 1.3475	:: 1.3750	:: 1.3950	::	::					
--Tuesday	:: 1.3325	:: 1.3300	:: 1.3350	:: 1.3850	:: 1.3950	::	::					
--Wednesday	:: 1.3325	:: 1.3300	:: 1.3350	:: 1.3850	::	::						
--Thursday	:: 1.3325	:: 1.3300	:: 1.3550	:: 1.3925	::	::						
--Friday	:: 1.3325	:: 1.3400	:: 1.3750	:: 1.3950	::	::	1.3554				1.8258	
--Weekly Average**	:: 1.3325	:: 1.3325	:: 1.3495	:: 1.3865	::	::						

1/ HOLIDAY - NO DAIRY TRADING

* 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.

AUGUST 2014 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 131.2 million pounds, 2.4 percent below August 2013 but 4.3 percent below July 2014. **AMERICAN TYPE CHEESE** production totaled 373.6 million pounds, 2.0 percent below August 2013 and 1.3 percent below July 2014. **TOTAL CHEESE** output (excluding cottage cheese) was 939.6 million pounds, 0.9 percent above August 2013 but 1.7 percent below July 2014. **NONFAT DRY MILK** production, for human food, totaled 118.3 million pounds, 11.6 percent above August 2013 but 28.9 percent below July 2014. **DRY WHEY** production, for human food, was 68.8 million pounds, 4.5 percent below August 2013 and 5.4 percent below July 2014. **ICE CREAM REGULAR** (hard) production totaled 65.95 million gallons, 9.2 percent below August 2013 and 9.0 percent below July 2014.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	AUGUST 2014	PERCENT CHANGE FROM:			PRODUCT	AUGUST 2014	PERCENT CHANGE FROM:		
	1,000 LBS.	AUGUST 2013	JULY 2014	YEAR TO DATE 1/		1,000 LBS.	AUGUST 2013	JULY 2014	YEAR TO DATE 1/
BUTTER	131,175	-2.4	-4.3	-2.3	YOGURT (PLAIN AND FLAVORED)	401,690	-4.7	3.6	1.2
CHEESE					DRY WHEY, HUMAN FOOD	68,781	-4.5	-5.4	---
AMERICAN TYPES 2/	373,602	-2.0	-1.3	1.1	DRY WHEY, ANIMAL FEED	961	-75.0	28.6	---
CHEDDAR	264,616	-1.9	-1.7	1.4	DRY WHEY, TOTAL 8/	69,742	-8.0	-5.1	-11.3
OTHER AMERICAN	108,986	-2.1	-0.2	---	REDUCED LACTOSE AND MINERALS				
BRICK & MÜNSTER	15,264	-0.3	2.1	---	HUMAN FOOD	3,049	77.7	9.8	---
CREAM & NEUFCHÂTEL	72,991	-3.9	4.5	---	ANIMAL FEED	6,177	31.1	-8.9	---
HISPANIC	21,973	6.0	1.7	---	LACTOSE, HUMAN FOOD & ANIMAL FEED	99,349	14.9	-2.1	13.9
TOTAL ITALIAN TYPES	398,665	4.5	-2.5	4.4	WHEY PROTEIN CONCENTRATE				
MOZZARELLA	316,746	6.9	-2.9	6.5	HUMAN FOOD 9/	44,715	15.2	2.2	---
ALL OTHER ITALIAN	81,919	-3.8	-0.7	---	ANIMAL FEED 9/	707	11.2	-2.8	---
SWISS	23,586	-3.4	-7.8	---	TOTAL 9/	45,422	15.1	2.1	11.3
ALL OTHER TYPES	33,552	3.3	-8.6	---	25.0-49.9 PERCENT 10/	23,480	16.1	2.5	---
TOTAL	939,633	0.9	-1.7	2.5	50.0-89.9 PERCENT 10/	21,942	14.1	1.7	---
COTTAGE CHEESE, CURD 3/	30,007	-7.4	-4.7	---	WHEY PROTEIN ISOLATES 11/	6,338	-22.4	-10.2	---
COTTAGE CHEESE, CREAM 4/	24,593	-7.5	-3.5	-2.6					
COTTAGE CHEESE, LOWFAT 5/	28,761	-5.4	-3.9	-3.6	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
DRY BUTTERMILK	7,031	-9.8	-6.9	---	ICE CREAM, REGULAR (HARD)	65,949	-9.2	-9.0	-6.2
DRY WHOLE MILK	12,773	85.7	46.5	---	ICE CREAM, LOWFAT (HARD)	17,708	-0.4	-8.4	---
MILK PROTEIN CONC. (MPC), TOTAL 6/	5,065	5.1	-51.6	---	ICE CREAM, LOWFAT (SOFT)	19,442	-6.9	-20.5	---
NONFAT DRY MILK (NDM), HUMAN	118,314	11.6	-28.9	9.7	ICE CREAM, LOWFAT (TOTAL)	37,150	-3.9	-15.2	-3.0
SKIM MILK POWDERS (SMP) 7/	53,675	-2.5	96.8	-5.8	SHERBET, HARD	3,166	-13.9	-21.0	-9.1
SOUR CREAM	86,059	-2.6	-0.4	0.8	FROZEN YOGURT (TOTAL)	5,389	-19.0	-8.1	-21.5

MANUFACTURERS' STOCKS, END OF MONTH 12/								
PRODUCT	AUGUST 2014	PERCENT OF:		PRODUCT	AUGUST 2014	PERCENT OF:		
	1,000 LBS.	AUGUST 2013	JULY 2014		1,000 LBS.	AUGUST 2013	JULY 2014	
DRY WHEY, HUMAN FOOD	57,484	-6.0	-8.5	WHEY PROTEIN CONCENTRATE				
DRY WHEY, ANIMAL FEED	759	-75.4	3.8	HUMAN FOOD 9/	57,116	16.5	0.6	
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 13/	10,499	45.7	10.1	ANIMAL FEED 9/	1,377	-1.1	-17.2	
LACTOSE, HUMAN FOOD & ANIMAL FEED	120,157	47.6	-0.7	TOTAL 9/	58,493	16.0	0.1	
DRY BUTTERMILK	14,720	64.1	-19.2	25.0-49.9 PERCENT 10/	28,913	57.1	0.5	
NONFAT DRY MILK (NDM), HUMAN FOOD	243,507	25.3	-2.7	50.0-89.9 PERCENT 10/	29,580	-7.6	-0.3	
				WHEY PROTEIN ISOLATES 11/	9,089	-11.2	-8.2	

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

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, SEPTEMBER

Class Prices: The following are the September 2014 class prices under the Federal milk order pricing system and changes from the previous month: Class II: \$26.11 (+\$0.77), Class III: \$24.60 (+\$2.35), and Class IV: \$22.58 (-\$1.31).

Component Price Information: Under the Federal milk order pricing system, the butterfat price for September 2014 is \$3.2467 per pound. Thus, the Class II butterfat price is \$3.2537 per pound. The protein and other solids prices for September 2014 are \$3.4991 and \$0.4876 per pound, respectively. These component prices set the Class III skim milk price at \$13.72 per cwt. The September 2014 Class IV skim milk price is \$11.62, which is derived from the nonfat solids price of \$1.2910 per pound.

Product Price Averages: The product price averages for September 2014 are: butter: \$2.8525, nonfat dry milk: \$1.4718, cheese: \$2.3472, and dry whey: \$0.6725.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT ^{1/2/}						
Federal Milk Order Marketing Areas ^{3/}	Order Number	September 2014				October 2014
		Class I	Class II	Class III	Class IV	Class I
		Dollars Per 100 Pounds				
Northeast (Boston) ^{4/}	001	26.88	26.11	24.60	22.58	27.44
Appalachian (Charlotte) ^{5/ 6/}	005	27.03	26.11	24.60	22.58	27.59
Florida (Tampa) ^{6/ 7/}	006	29.03	26.11	24.60	22.58	29.59
Southeast (Atlanta) ^{6/ 8/}	007	27.43	26.11	24.60	22.58	27.99
Upper Midwest (Chicago) ^{9/}	030	25.43	26.11	24.60	22.58	25.99
Central (Kansas City) ^{10/}	032	25.63	26.11	24.60	22.58	26.19
Mideast (Cleveland) ^{11/}	033	25.63	26.11	24.60	22.58	26.19
Pacific Northwest (Seattle) ^{12/}	124	25.53	26.11	24.60	22.58	26.09
Southwest (Dallas) ^{13/}	126	26.63	26.11	24.60	22.58	27.19
Arizona (Phoenix)	131	25.98	26.11	24.60	22.58	26.54
All-Market Average	---	26.52	26.11	24.60	22.58	27.08

^{1/} 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.

^{2/} 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.

^{3/} Names in parentheses are the major city in the principal pricing point of the markets.

^{4/} 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.

^{5/} Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10.

^{6/} Effective May 1, 2008, the Class I price surface in these orders were temporarily adjusted.

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

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

^{9/} Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

^{10/} 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.

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

^{12/} Class I prices at other cities are: Portland, same; and Spokane, same.

^{13/} 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.

SEPTEMBER AGRICULTURAL PRICES HIGHLIGHTS

The All Milk price received by farmers was \$25.00 in September, up \$.90 from August 2014, and up \$4.90 from September 2013. The alfalfa hay price was \$197.00 in September up \$3.00 from September 2013. The corn price was \$3.38 in September, down \$2.02 from September 2013. The soybean price was \$11.20 in September, down \$2.10 from September 2013. The milk-feed price ratio was 2.90 in September, up 1.02 from September 2013.

The index of prices received by farmers for dairy products during the month of September 2014 was up 4 points to 124. Compared to September 2013, the index was up 24 points (24.0 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in September 2014 was unchanged at 111. Compared with September 2013, the index was up 4 points (3.7 percent).

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

State	All-Milk price ^{1/2/}				Alfalfa hay, baled		Corn for Grain		Soybeans	
	Dollars per cwt.				Dollars per ton		Dollars per bushel		Dollars per bushel	
	August		September		September		September		September	
	2013	2014	2013	2014 ^{3/}	2013	2014 ^{3/}	2013	2014 ^{3/}	2013	2014 ^{3/}
AZ	19.50	24.00	19.90	24.30	180.00	195.00	---	---	---	---
CA	18.01	22.20	18.71	23.00	201.00	230.00	---	---	---	---
CO	20.00	24.10	20.30	24.70	235.00	215.00	6.07	3.88	---	---
ID	18.60	23.20	19.10	24.00	180.00	190.00	---	---	---	---
IN	20.60	24.70	20.90	25.40	---	---	5.11	3.50	---	---
IA	20.10	24.60	20.40	25.80	210.00	153.00	5.66	3.30	13.90	11.30
MI	20.30	24.40	20.60	25.10	180.00	170.00	5.37	3.40	13.00	11.20
MN	19.60	24.20	20.20	26.20	190.00	125.00	5.69	3.25	13.30	11.80
NM	18.10	21.90	18.90	22.50	246.00	255.00	---	---	---	---
NY	20.60	25.90	21.40	26.40	205.00	221.00	---	---	---	---
OH	20.80	24.90	21.30	25.60	190.00	170.00	5.57	3.40	---	---
PA	21.00	26.30	21.90	26.80	178.00	204.00	5.15	3.71	---	---
TX	19.60	24.30	20.50	25.00	235.00	230.00	5.46	3.77	---	---
WA	20.10	25.30	20.60	26.00	200.00	215.00	---	---	---	---
WI	19.80	24.40	20.20	26.30	200.00	150.00	5.68	3.40	12.90	11.10
U.S.	19.50	24.10	20.10	25.00	194.00	197.00	5.40	3.38	13.30	11.20

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

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

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

Milk-feed: pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk ^{1/}			
State ^{2/}	September 2013	August 2014	September 2014 ^{3/}
IA	1.80	3.02	3.37
MI	2.00	2.99	3.11
MN	1.86	3.36	3.69
OH	1.99	2.98	3.16
WI	1.84	3.13	3.44
U.S.	1.88	2.61	2.90

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

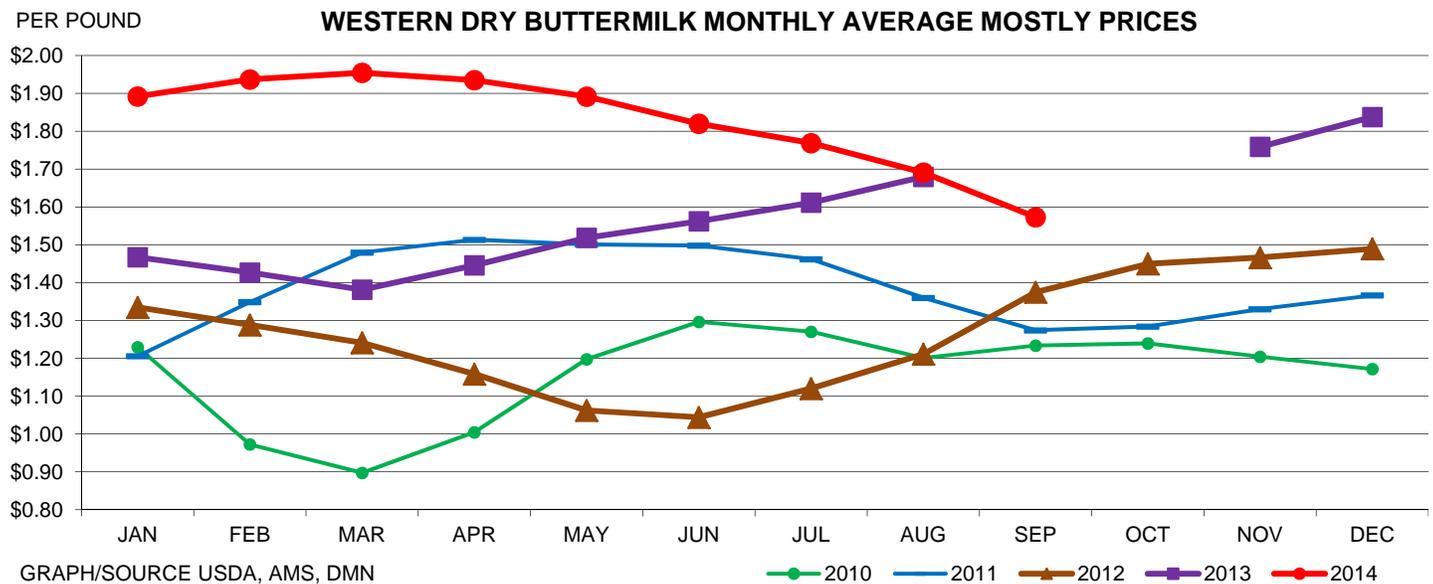
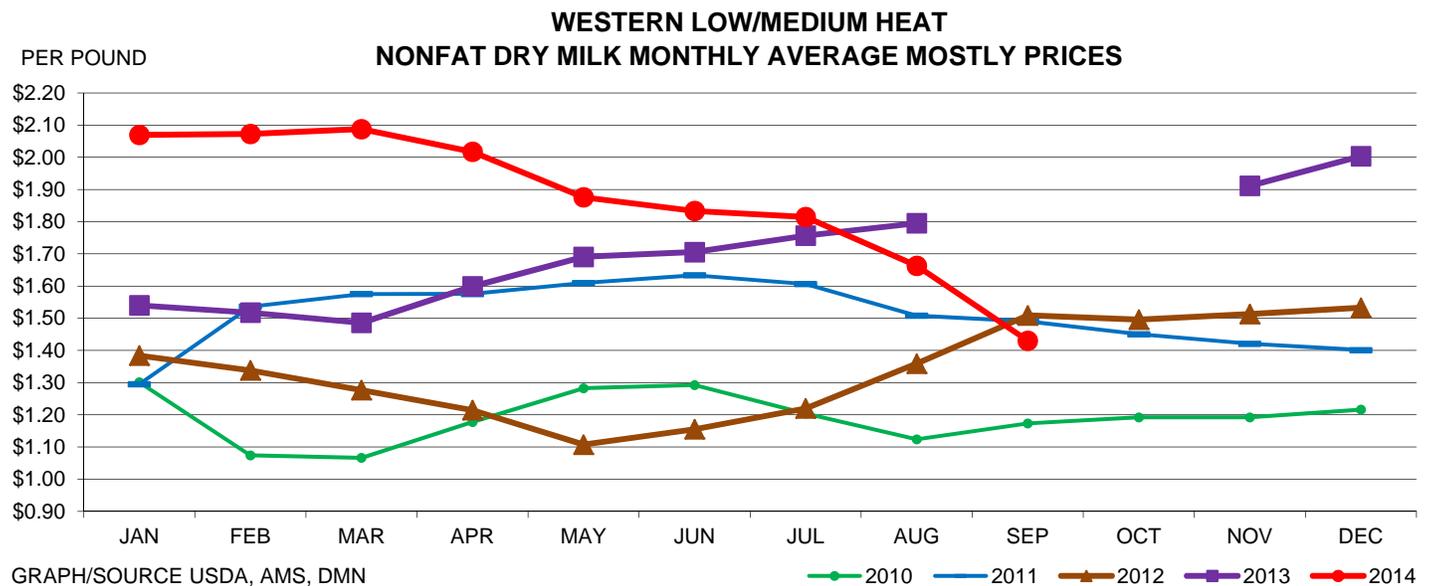
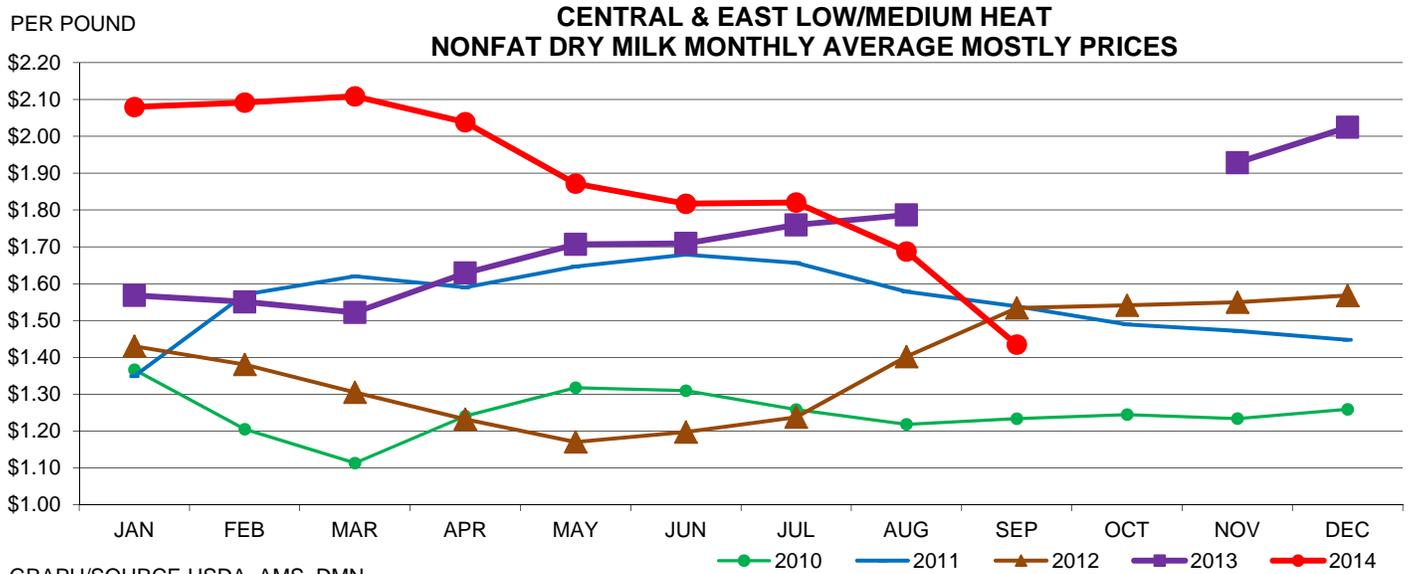
^{3/} Preliminary.

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

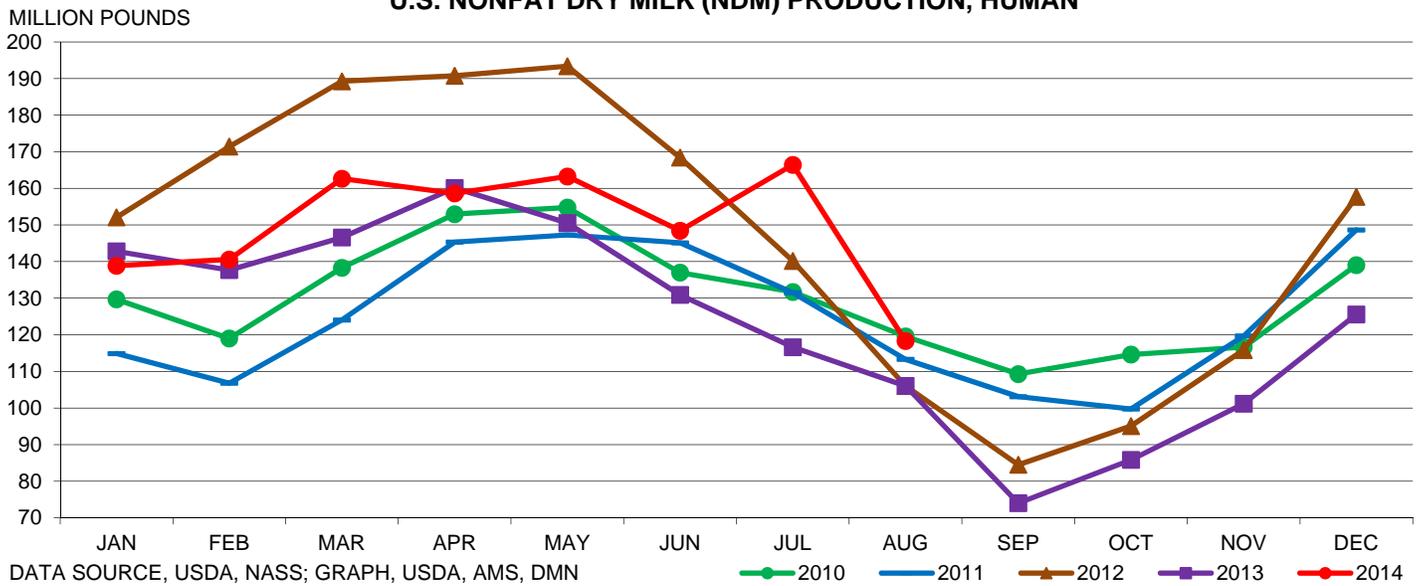
Item	September 2013	August 2014	September 2014 ^{1/}
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for dairy products	100	120	124
Prices paid by farmers for commodities and services, interest taxes, and wage rates	107	111	111

^{1/} Preliminary.

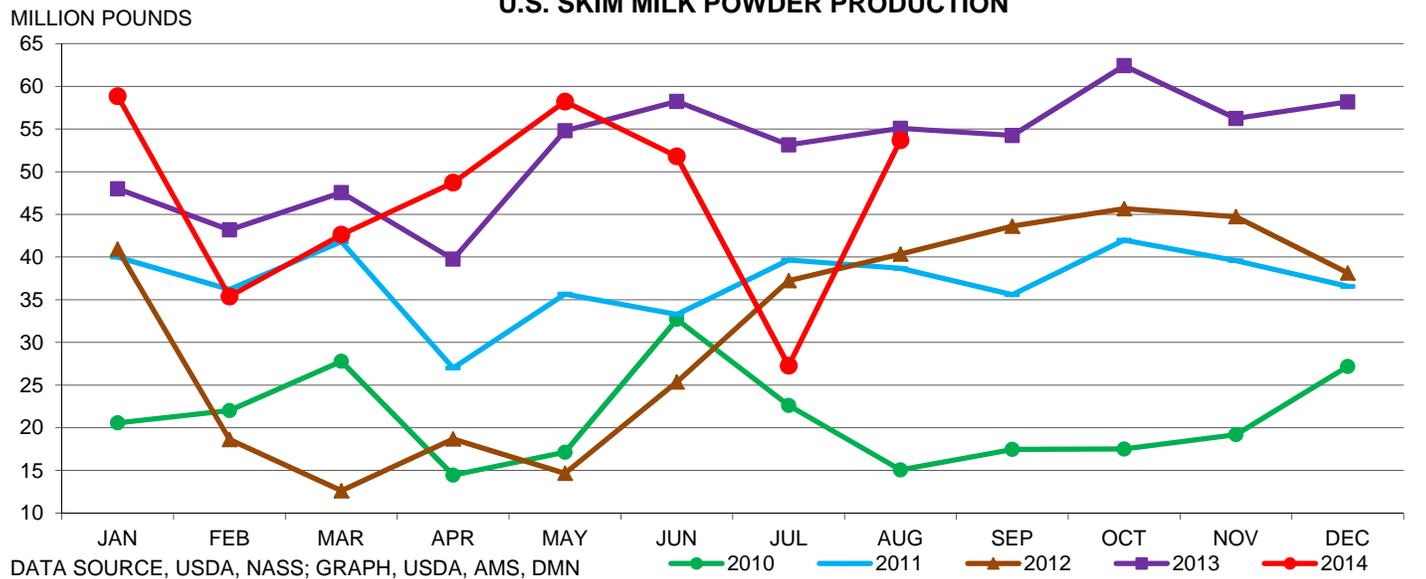
Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Agricultural Prices, September 2014*.



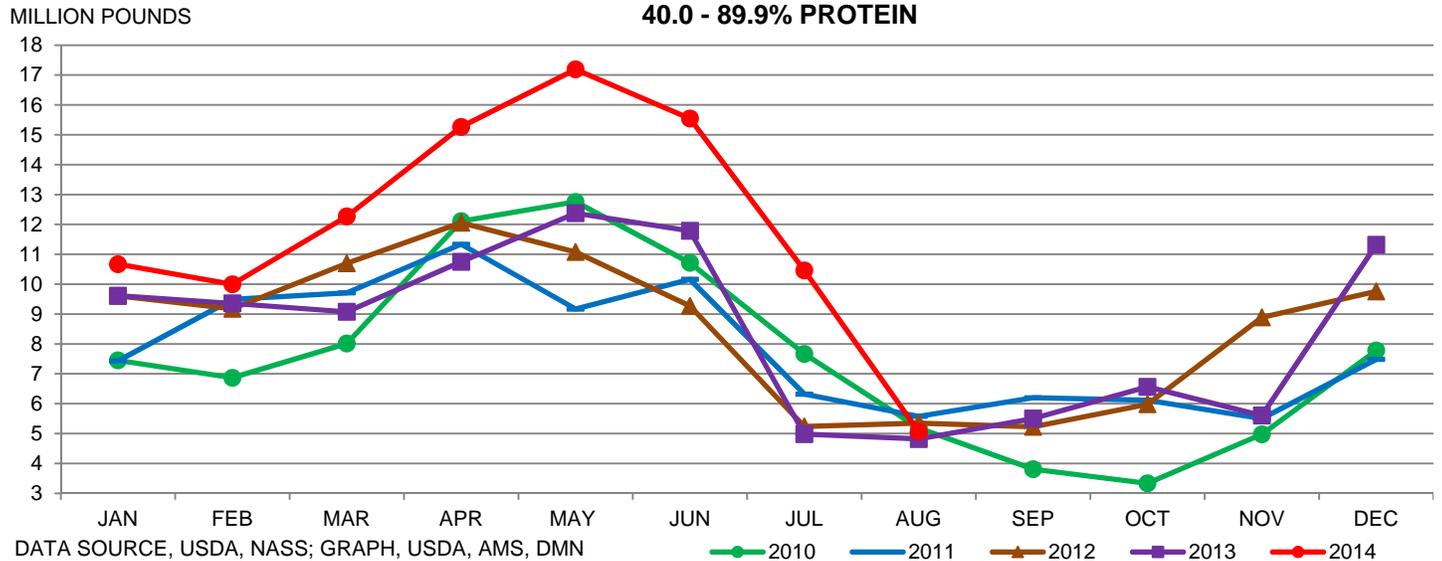
U.S. NONFAT DRY MILK (NDM) PRODUCTION, HUMAN

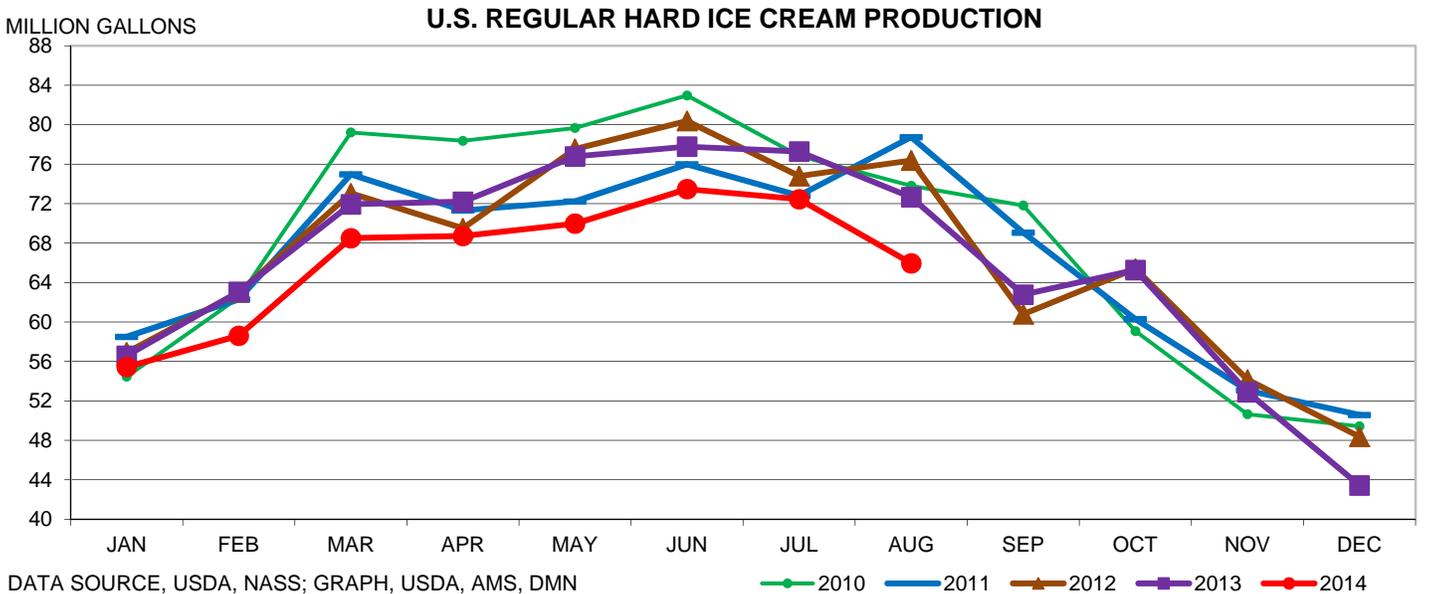
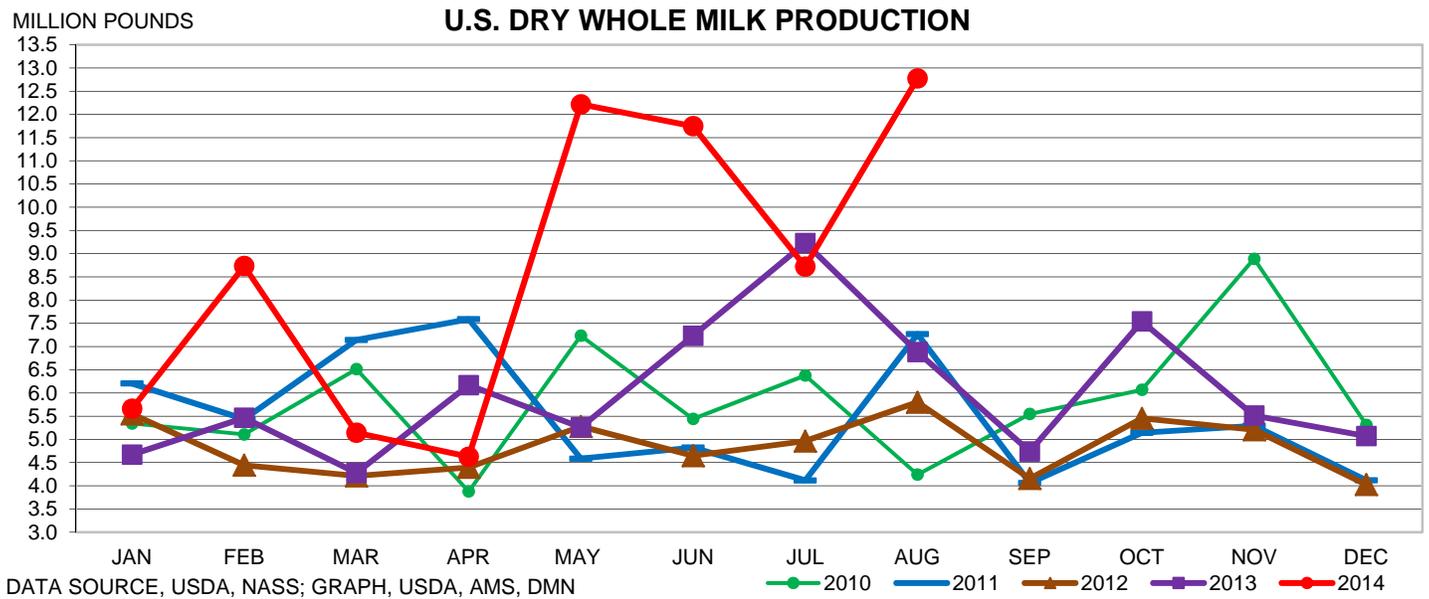
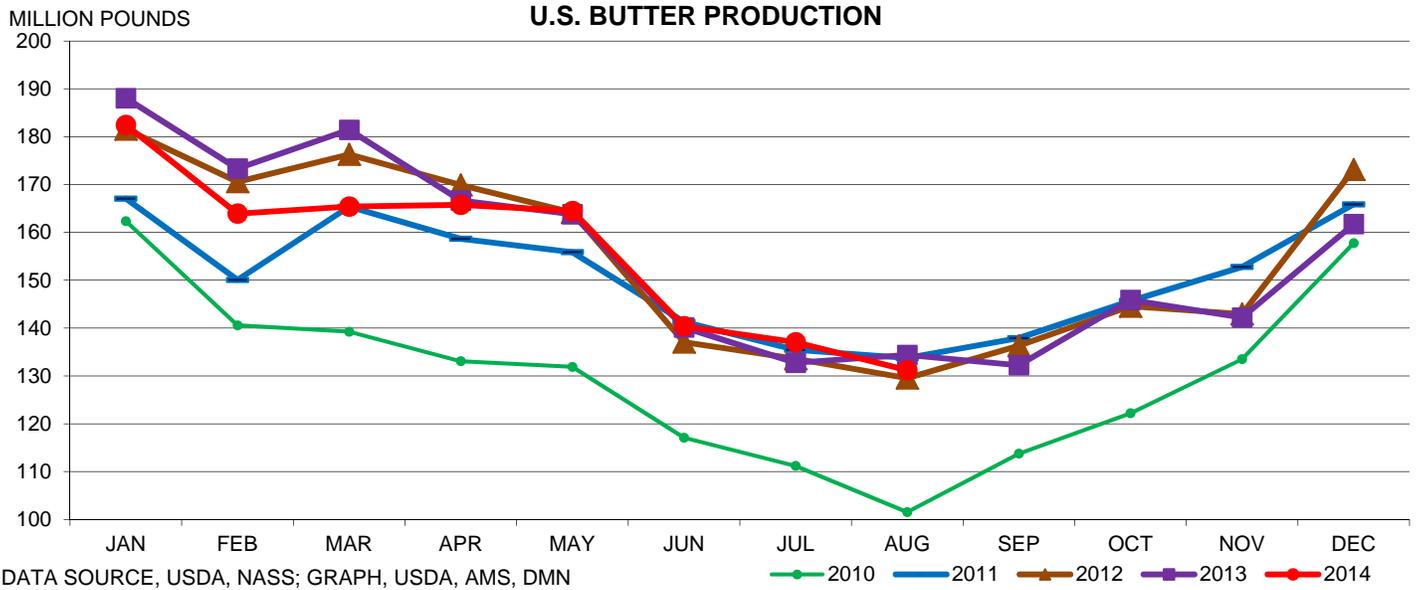


U.S. SKIM MILK POWDER PRODUCTION

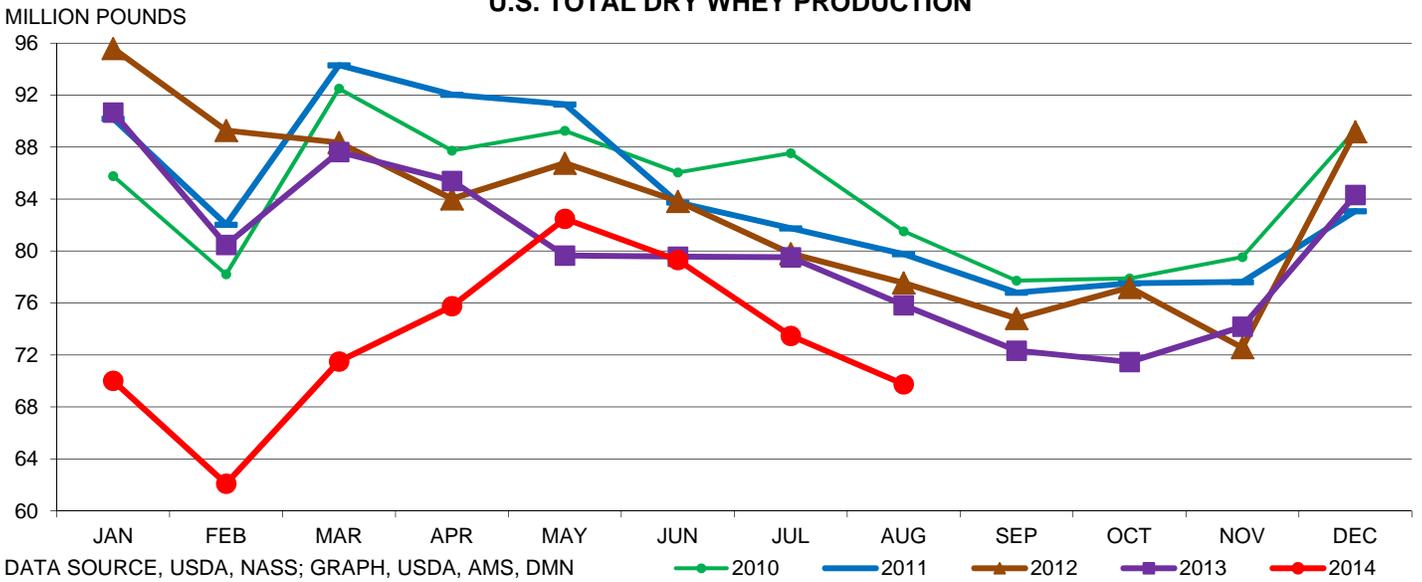


U.S. MILK PROTEIN CONCENTRATE PRODUCTION, 40.0 - 89.9% PROTEIN

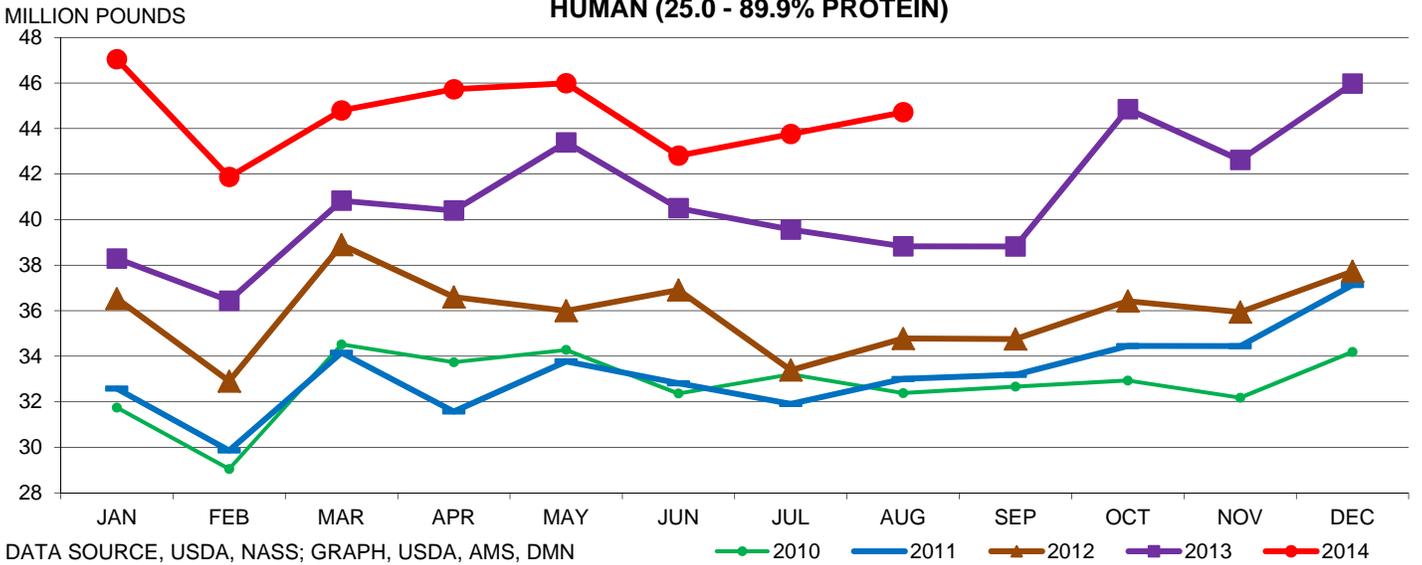




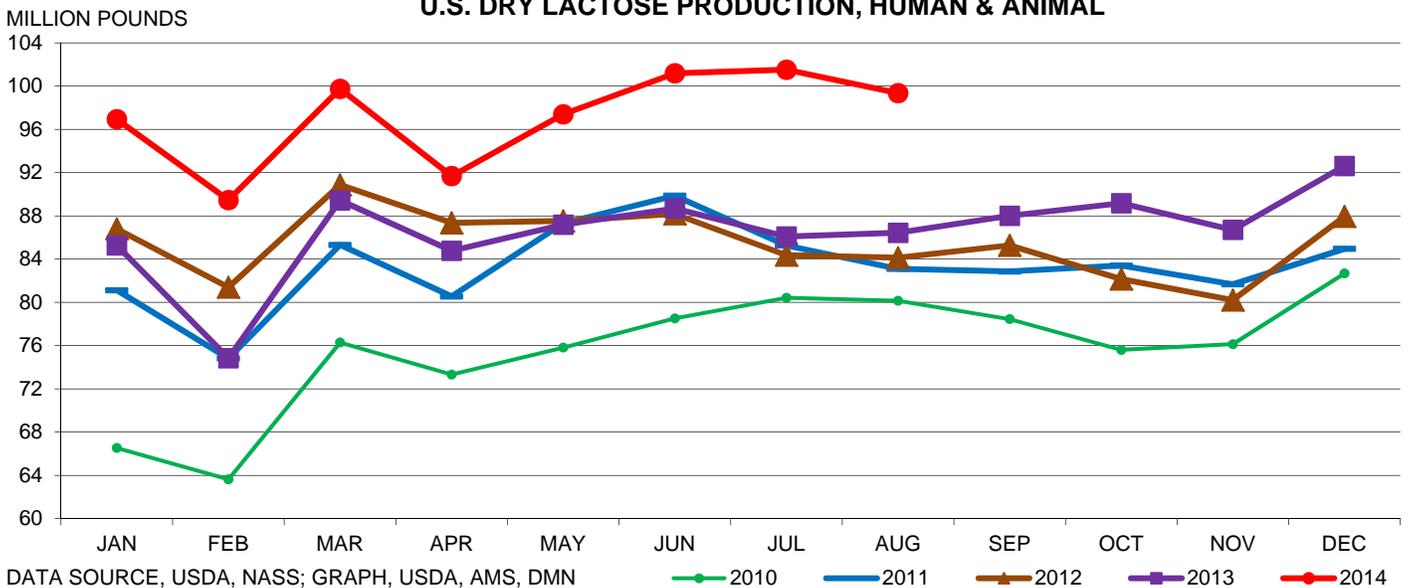
U.S. TOTAL DRY WHEY PRODUCTION



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
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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 09/22 to 10/03

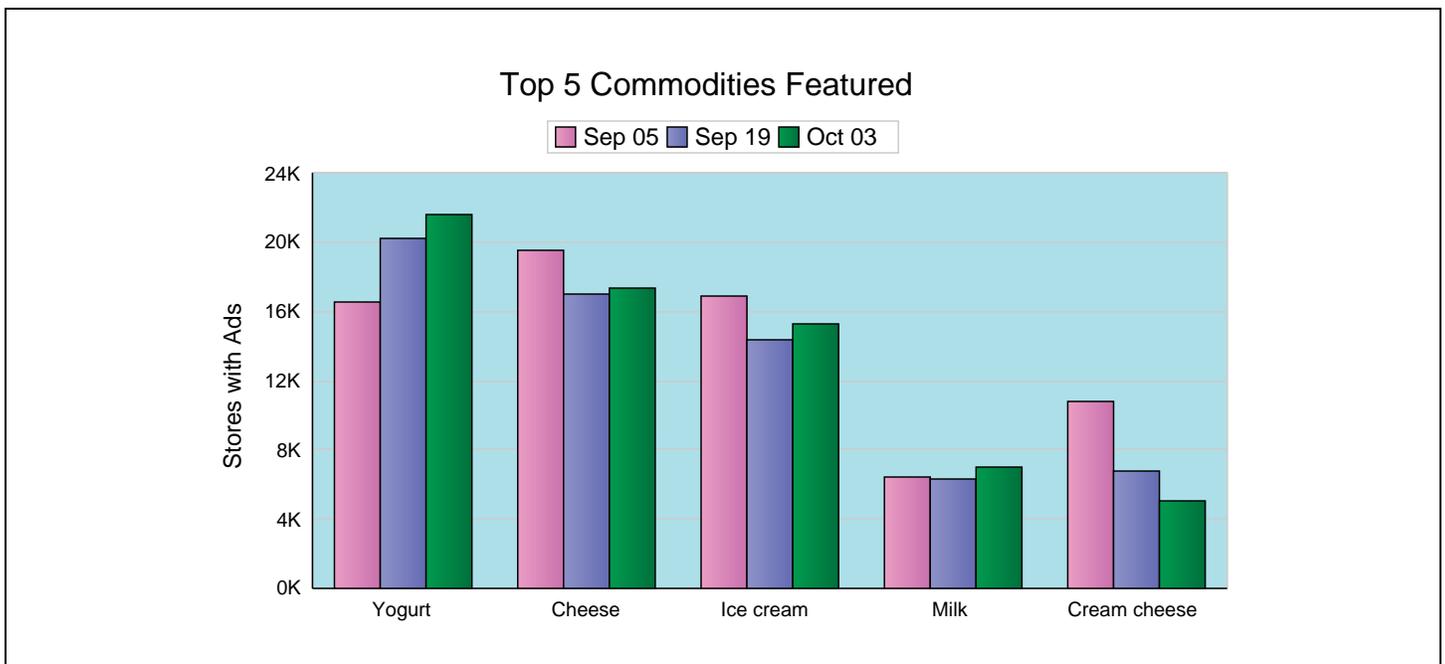
Sour cream and cream cheese ad numbers declined from two weeks ago and the decline continues, with sour cream ad numbers down about one half and cream cheese down 25%. Sour cream (16 ounce) has an average price of \$2.04, up 25 cents from the last period and up 54 cents from last year. Cream cheese (8 ounce) has an average price of \$1.97, down 3 cents from two weeks ago but up 26 cents from one year ago.

The national average price of 1 pound butter, \$3.68, increased by 26 cents from the last period and is 23 cents higher than one year ago.

The national weighted average cheese price for 8 oz. blocks is down 12 cents from two weeks ago to \$2.39, while a year ago the price was \$2.38. The 8 oz. shred category at \$2.29 is down 23 cents from two weeks ago and down 4 cents from one year ago. Conventional cheese ads increased 20%.

Greek yogurt in 4-6 oz. packages averaged 94 cents, down 1 cent from two weeks ago and even with one year ago. Regular yogurt in 4-6 oz. packages, at 46 cents, is down 1 cent from two weeks ago and down 5 cents from one year ago. Total conventional yogurt ad numbers increased 9%.

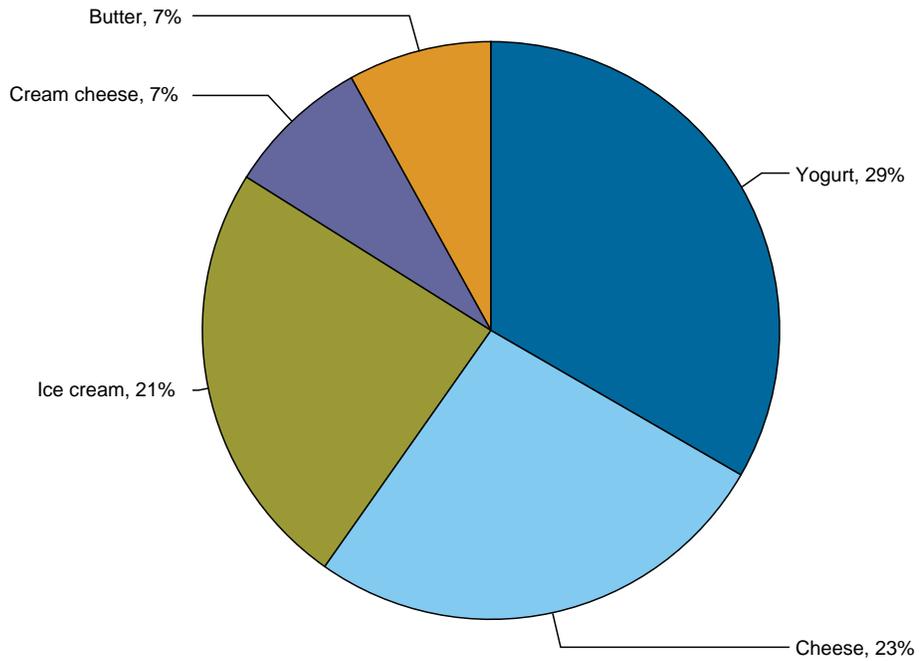
The organic versus conventional half gallon price spread is \$1.01, up 6 cents from two weeks ago. The price spread is the difference between the national weighted average conventional milk price for half gallons, \$2.58, and the average for organic half gallon milk, \$3.59. One year ago the price spread was \$2.30.



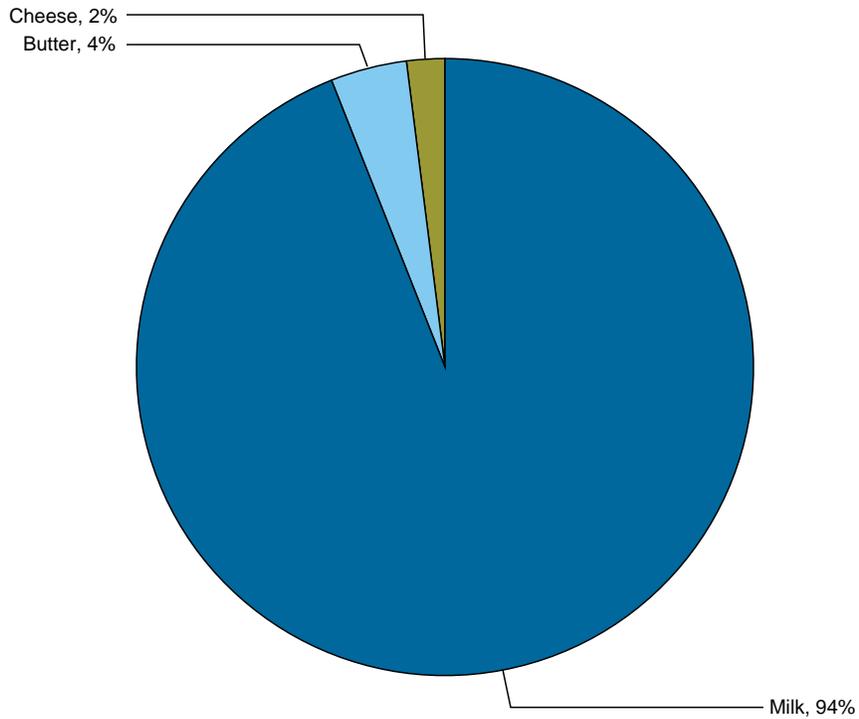
1 -- Dairy Market News surveys nearly 100 retailers, comprising over 14,000 individual stores, with online weekly advertised features.

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 #	4845	3.68	5135	3.42	3850	2.45
Cheese	Natural Varieties	8 oz block	7898	2.39	4671	2.51	8391	2.38
Cheese	Natural Varieties	1 # block	1127	4.67	845	4.41	1349	4.08
Cheese	Natural Varieties	2 # block	2014	7.52	1313	7.68	287	6.76
Cheese	Natural Varieties	8 oz shred	5635	2.29	6010	2.52	7453	2.33
Cheese	Natural Varieties	1 # shred	582	4.33	1552	3.40	890	3.52
Cottage cheese		16 oz	2794	2.25	3495	1.79	3254	1.66
Cream cheese		8 oz	5084	1.97	6745	2.00	5845	1.71
Flavored milk	All fat tests	half gallon			1294	3.40	895	2.51
Flavored milk	All fat tests	gallon	1286	4.21			520	4.15
Ice cream		48-64oz	15315	3.04	14303	2.97	13124	3.20
Milk	All fat tests	half gallon	338	2.58	126	2.70	627	1.35
Milk	All fat tests	gallon	1189	4.01	2078	2.93	931	2.63
Sour cream		16 oz	4100	2.04	8509	1.79	2988	1.50
Yogurt	Greek	4-6 oz	15486	.94	12647	.95	14229	.94
Yogurt	Greek	32 oz	1349	5.43	360	4.99	728	3.60
Yogurt	Yogurt	4-6 oz	4519	.46	6505	.47	5218	.51
Yogurt	Yogurt	32 oz	222	2.87	341	2.79	682	2.22

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 #	2.88-4.99	941	3.62	3.29-4.39	3146	3.76	2.98-3.50	399	3.29
Cheese	Natural Varieties	8 oz block	1.24-3.00	2269	2.31	1.99-2.99	2825	2.41	2.00-2.69	531	2.39
Cheese	Natural Varieties	1 # block	3.99	128	3.99	2.97-3.99	248	3.19			
Cheese	Natural Varieties	2 # block	6.49-7.99	488	6.83						
Cheese	Natural Varieties	8 oz shred	1.57-2.99	1570	2.34	2.00-2.88	1588	2.40	1.99-2.50	772	2.12
Cheese	Natural Varieties	1 # shred							4.79	94	4.79
Cottage cheese		16 oz	1.99-2.50	1620	2.15	2.29-2.79	539	2.48	2.49-2.50	295	2.50
Cream cheese		8 oz	1.49-2.59	1756	2.09	1.50-2.19	909	1.97	1.00-2.19	791	1.47
Flavored milk	All fat tests	gallon				4.99	105	4.99			
Ice cream		48-64oz	1.99-4.49	4716	2.95	2.47-4.99	3432	3.15	2.50-4.44	2304	3.26
Milk	All fat tests	half gallon	1.99-3.99	240	2.92				1.75	98	1.75
Milk	All fat tests	gallon	2.99-5.99	398	5.16	3.00-4.99	179	4.21	2.59-3.50	351	2.84
Sour cream		16 oz	1.50-2.99	2213	1.97	1.79-2.19	287	1.92	1.49	98	1.49
Yogurt	Greek	4-6 oz	0.75-1.25	4975	.98	0.80-1.00	4986	.94	0.39-1.11	1733	.89
Yogurt	Greek	32 oz	3.99-5.49	168	4.99						
Yogurt	Yogurt	4-6 oz	0.45-0.60	1198	.51	0.40-0.50	1300	.42	0.39-0.50	880	.43

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	2.99	169	2.99	2.49	53	2.49			

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 #	3.99	123	3.99	3.49	118	3.49	3.00	118	3.00
Cheese	Natural Varieties	8 oz block	2.00-2.50	405	2.35	1.99-2.99	1170	2.52	1.66-2.99	698	2.44
Cheese	Natural Varieties	1 # block				3.49-5.99	549	5.38	4.99	202	4.99
Cheese	Natural Varieties	2 # block	7.99-8.99	234	8.51	5.00-8.99	792	8.27	5.88-6.99	500	6.52
Cheese	Natural Varieties	8 oz shred	1.88-2.50	847	2.03	1.99-2.50	538	2.39	1.66-2.99	320	2.50
Cheese	Natural Varieties	1 # shred				3.49-4.49	286	3.71	4.99	202	4.99
Cottage cheese		16 oz				1.79-2.79	340	2.14			
Cream cheese		8 oz	1.99-2.00	287	1.99	1.99-2.50	925	2.14	1.99-2.00	416	1.99
Flavored milk	All fat tests	gallon	3.59-4.49	234	4.06	4.19-4.59	649	4.47	3.49	298	3.49
Ice cream		48-64oz	2.49-4.44	954	2.95	1.99-3.99	2943	2.89	2.50-3.99	966	3.10
Milk	All fat tests	gallon				3.35-3.99	261	3.70			
Sour cream		16 oz	2.19	112	2.19	1.99-2.59	1092	2.22	2.09-2.19	298	2.13
Yogurt	Greek	4-6 oz	0.89-1.00	1194	.99	0.39-1.00	2022	.88	0.39-1.00	576	.89
Yogurt	Greek	32 oz	5.49	234	5.49	5.49	649	5.49	5.49	298	5.49
Yogurt	Yogurt	4-6 oz	0.40-0.50	530	.49	0.49-0.50	493	.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 #	235	3.99	235	3.99	950	3.89
Cheese	Natural Varieties	8 oz block	129	4.17	1239	3.99		
Cheese	Natural Varieties	8 oz shred			1351	3.99		
Milk	All fat tests	half gallon	3805	3.59	1570	3.65	4845	3.65
Milk	All fat tests	gallon	116	7.14	1664	5.26	872	5.00
Milk	All fat tests	8 oz UHT	1589	.85	861	.90	948	.99
Yogurt	Greek	4-6 oz					257	1.33
Yogurt	Yogurt	32 oz			376	2.99	235	3.99



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	71	3.99	4.39	58	4.39			
Milk	All fat tests	half gallon				2.99-4.89	1125	3.70			
Milk	All fat tests	gallon				6.59-7.69	116	7.14			
Milk	All fat tests	8 oz UHT	0.83	374	.83	0.83-1.00	1215	.85			

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
Milk	All fat tests	half gallon	2.50-3.99	751	3.37	2.79-4.39	1501	3.70	2.99-3.59	428	3.27

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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