

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (10/24)**

BUTTER: Grade AA closed at \$1.8100. The weekly average for Grade AA is \$1.9495 (-.3525).

CHEESE: Barrels closed at \$1.9225 and 40# blocks at \$2.1400. The weekly average for barrels is \$2.0250 (-.0790) and blocks, \$2.2635 (+.0255).

BUTTER HIGHLIGHTS: Lower butter prices have sparked some buyers to place increased holiday orders. The market tone is unclear given the current prices and the market nearing what is seasonally the strongest demand time of the year. Manufacturers are focused on fulfilling domestic orders and limiting the stock building. Bulk butter offerings are increasing. Cream supplies are heavy. However, butter makers are reluctant to take on cream and bulk supplies outside of prior commitments unless they have additional finished product orders to be filled. U.S. butter prices are closing the gap between competing global markets. However, the price spread remains enough of a difference that export orders are limited. Bulk butter prices ranged from 10 cents under to 6 cents over market, with various time frames and averages used. Friday at the CME Group, Grade AA butter closed at \$1.8100, down \$0.1900 from last Friday. The NASS Cold Storage report noted U.S. butter stocks on September 30 were 146.1 million pounds, 11% lower than last month and 37% below a year ago. This week, a cooperative export assistance program accepted requests for 3.252 million pounds of butter.

CHEESE HIGHLIGHTS: Cheese manufacturers have adequate milk supplies for their desired production levels, even with milk output nearing seasonal lows in some areas. Inventory levels are mostly considered adequate, with some plants noting inventory levels being worked lower. Both manufacturers and customers are attuned to cheese pricing and anticipated downward price movement ahead. Most manufacturers are scheduling production so as not to get too far ahead of orders because they expect current prices to weaken. Some buyers are continuing to purchase hand-to-mouth in anticipation of declining prices. Nevertheless, a number of manufacturers have also contracted sales ahead with buyers motivated to have assured deliveries into the holiday season. Some buyers who have not entered into purchase contracts, seeking last minute spot purchases this week, have been disappointed. NASS reports that total natural cheese stocks on September 30, 2014, were down 3% from the previous month and down 5% from September 30, 2013. Friday at the CME Group, barrels closed at \$1.9225 down 14 3/4 cents from a week ago and 40# blocks at \$2.1400, down 14 3/4 cents.

FLUID MILK: Milk production is generally at expected levels and overall nearing the low point of national production before increases are

expected in many areas. Mostly steady production is noted in the Northeast, Mid-Atlantic, Midwest, California, New Mexico, the Pacific Northwest, Idaho and Utah. Southeast milk production is mostly steady to slightly higher, while Florida is flat. Midwest production is strong with some plants nearing capacity, yet with declines in a few areas. Production of holiday items such as half and half, whipping cream and sour cream is increasing in many areas.

DRY PRODUCTS: Western low/medium heat nonfat dry milk prices are mostly steady while central and eastern prices are mixed. The market tone remains unsettled to weak. Milk volumes going to NDM are increasing in all regions. High heat NDM prices are slightly lower. Dry buttermilk prices are lower. Building inventories are motivating sellers to attempt to move product. Dry whole milk pricing is unchanged with light buyer demand. Dry whey prices are unchanged. Milk supplies are contributing to higher production levels. Whey protein concentrate 34% prices are unchanged to slightly lower on moderate spot activity, with some buyers using nonfat dry milk in place of WPC 34%. Prices of lactose edged higher due to new quarterly agreements mostly on higher mesh lactose. Casein prices for rennet and acid are unchanged.

INTERNATIONAL DAIRY MARKET NEWS(DMN):
WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW: Western Europe milk production continues to decline and is nearing the seasonal low point. Monthly-year-over year milk production increases are narrowing and in some countries the milk intakes are marginally below year ago levels. Farmgate prices have declined, but are not to a level to prompt producers to lower milk production or reduce herd sizes. Increases in global milk production and dairy product manufacturing have pressured prices lower for most dairy product markets and contribute to the weak undertone. Many traders this week were attending a major food show in Paris. **EASTERN OVERVIEW:** Milk production in Eastern Europe continues to decline along the typical seasonal track. The seasonal low point in milk production is still a few weeks ahead. Weather conditions, feed supplies and producer margins are favorable for milk production. Undetermined volumes of Eastern European raw milk and cream are finding their way to Belarus manufacturing facilities. There is the assumption that some of the manufactured dairy products from these shipments are being exported to Russia. **OCEANIA OVERVIEW:** Australian milk production is near the seasonal peak. Milk flows going into manufacturing facilities are heavy with most plants operating at near

CONTINUED ON PAGE -1A-

*****SPECIALS THIS ISSUE*****

INTERNATIONAL DAIRY MARKET NEWS (PAGES 8-8B)
 DAIRY FUTURES (PAGE 9) SEPTEMBER COLD STORAGE (PAGE 11)
 SEPTEMBER MILK PRODUCTION (PAGE 10)
 SEPTEMBER COLD STORAGE (PAGE 11)

NOVEMBER FEDERAL ORDER ADVANCED PRICES (PAGE 12)
 SEPTEMBER PRICE AND POOL HIGHLIGHTS (PAGE 13)
 DAIRY GRAPHS (G1-G4)

CME GROUP CASH TRADING

COMMODITY	MONDAY OCT 20	TUESDAY OCT 21	WEDNESDAY OCT 22	THURSDAY OCT 23	FRIDAY OCT 24	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$2.1075 (+.0375)	\$2.0350 (-.0725)	\$2.0700 (+.0350)	\$1.9900 (-.0800)	\$1.9225 (-.0675)	:: (-.1475)	:: \$2.0250 (-.0790)
40# BLOCKS	\$2.3250 (+.0375)	\$2.3250 (N.C.)	\$2.3700 (+.0450)	\$2.1575 (-.2125)	\$2.1400 (-.0175)	:: (-.1475)	:: \$2.2635 (+.0255)
NONFAT DRY MILK							
GRADE A	\$1.3200 (-.0600)	\$1.3100 (-.0100)	\$1.3100 (N.C.)	\$1.2925 (-.0175)	\$1.2450 (-.0475)	:: (-.1350)	:: \$1.2955 (-.0845)
BUTTER							
GRADE AA	\$2.0150 (+.0150)	\$2.0325 (+.0175)	\$1.9900 (-.0425)	\$1.9000 (-.0900)	\$1.8100 (-.0900)	:: (-.1900)	:: \$1.9495 (-.3525)

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

NATIONAL DAIRY MARKET NEWS AT A GLANCE

CONTINUED FROM PAGE 1

capacity. Supplies for all dairy commodities are building. Weather forecasts for South Australia are calling for continued dry weather. Temperatures are increasing with highs approaching 30 degrees Celsius. The increased temperatures are quickly drying out those areas that do not irrigate. The dry conditions have already significantly reduced anticipated crop harvests. Dairy Australia reports increased hay price volatility as overall hay yields are being downgraded, due to the lack of rain. Dairy producers needing hay are being urged to talk to their suppliers now. Higher water costs and lower yields will continue to impact hay supplies in the major dairy producing regions. According to Dairy Australia, Australian production of various dairy commodities for July 2014 showed the following percentage changes compared to 2013: butter, -14.8%; butteroil, +38.5%; skim milk powder, -1.2%; whole milk powder, -8.8%; buttermilk powder, +17.1%; cheese, +1.6%; and whey powder, -23.1%. **New Zealand** milk production is nearing its seasonal peak. Weather conditions are favorable for milk production with year to date preliminary estimates showing production 5% above year ago levels. Rainfall is more than adequate and warmer temperatures are prompting good forage growth. Manufacturers are operating at or near maximum capacity in order to clear the incoming milk supply. Farmgate prices have seen some step downs with the likelihood of additional decreases in the future.

SEPTEMBER MILK PRODUCTION (NASS): Milk production in the 23 major States during September totaled 15.5 billion pounds, up 4.1% from September 2013. Production per cow averaged 1,804 pounds for September, 56 pounds above September 2013. This is the highest production per cow for the month of September since the 23 State series began in 2003. The number of milk cows on farms was 8.59 million head, 78,000 head more than September 2013, and 4,000 head more than August 2014.

SEPTEMBER COLD STORAGE (NASS): On September 30, U.S. cold storage holdings of butter totaled 146.1 million pounds, down 11% from the previous month, and down 37% from September 2013. Natural American cheese holdings total 631.3 million pounds, 3% less than the previous month, and 5% less than September 2013. Total natural cheese stocks were 1.013 billion pounds, 3% less than last month, and 5% less than September 2013.

NOVEMBER FEDERAL ORDER ADVANCED PRICES (FMMO): Under the Federal milk order pricing system, the base Class I price for November 2014 is \$24.06. This price is derived from the advanced Class III skim milk pricing factor of \$13.25 and the advanced butterfat pricing factor of \$3.2216. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I Price. The base Class I price decreased \$0.13 when compared to the previous month of October 2014. For selected consumer products, the price changes are: whole milk (3.25% milk fat), -\$0.14, -\$0.012 per gallon; reduced fat milk (2%), -\$0.25, -\$0.022 per gallon; fat-free (skim milk), -\$0.38, -\$0.033 per gallon. The advanced Class IV skim milk pricing factor is \$11.92. Thus, the Class II skim milk price for November 2014 is \$12.62, and the Class II nonfat solids price is \$1.4022. The two-week product price averages for November 2014 are: butter \$2.8318, nonfat dry milk \$1.5052, cheese \$2.3001 and dry whey \$0.6590.

SEPTEMBER PRICE AND POOL HIGHLIGHTS (DIP PROGRAMS): During September, more than 10.8 billion pounds of milk were received from Federally pooled producers. This volume of milk is 5.1% higher than the September 2013 volume. In September 2014 and September 2013, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. Regulated handlers pooled 3.493 billion pounds of producer milk as Class I products, up slightly by 0.3% when compared to the previous year. Class I utilization decreased in 6 of the 10 of the Federal Milk Order Marketing areas. The all-market average Class utilization percentages were: Class I = 32%, Class II = 11%, Class III = 47%, and Class IV = 10%. The weighted average statistical uniform price was \$25.47, \$1.17 higher than last month and \$5.72 higher than last year.

CME GROUP

MONDAY, OCTOBER 20, 2014

CHEESE -- SALES: 1 CAR BARRELS @ \$2.1100; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$2.3250; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$2.1075
 NONFAT DRY MILK -- SALES: 2 CARS GRADE A: 1 @ \$1.3500, 1 @ \$1.3300; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.3100; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.3200
 BUTTER -- SALES: 12 CARS GRADE AA: 3 @ \$1.9900, 1 @ \$1.9925, 2 @ \$1.9900, 1 @ \$1.9925, 4 @ \$1.9900, 1 @ \$2.0000; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.0150; LAST OFFER UNCOVERED: NONE

TUESDAY, OCTOBER 21, 2014

CHEESE -- SALES: 12 CARS BARRELS: 1 @ \$2.0550, 1 @ \$2.0425, 1 @ \$2.0500, 1 @ \$2.0375, 1 @ \$2.0350, 1 @ \$2.0225, 1 @ \$2.0325, 5 @ \$2.0350; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.0200; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$1.3200; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.3000; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.3100
 BUTTER -- SALES: 11 CARS GRADE AA: 4 @ \$2.0150, 2 @ \$2.0200, 1 @ \$2.0325, 1 @ \$2.0300, 1 @ \$2.0275, 1 @ \$2.0250, 1 @ \$2.0350; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.0325

WEDNESDAY, OCTOBER 22, 2014

CHEESE -- SALES: 2 CARS BARRELS @ \$2.0725; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$2.3700; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$2.0700
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$1.3100; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.3000; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.9900; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.0000

THURSDAY, OCTOBER 23, 2014

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$2.1700; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.9900; 1 CAR 40# BLOCKS @ \$2.1575
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$1.2925; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 9 CARS GRADE AA: 1 @ \$1.9100, 1 @ \$1.9000, 1 @ \$1.8975, 4 @ \$1.8950, 2 @ \$1.9000; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.9000

FRIDAY, OCTOBER 24, 2014

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$2.1400; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$2.1400; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.9225
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.2450
 BUTTER -- SALES: 7 CARS GRADE AA: 1 @ \$1.8900, 1 @ \$1.8800, 1 @ \$1.8700, 1 @ \$1.8500, 2 @ \$1.8000, 1 @ \$1.8100; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.7900; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.8100

BUTTER MARKETS

NORTHEAST

Heavy cream supplies and manufacturers looking to advance seasonal orders are encouraging increased production at most butter plants. Production tends to center on 80% butter as most producers focus on domestic demand. Spot market transactions are increasing, as buyers add to holiday inventory. Manufacturing butter stocks are in balance for existing needs. This week, the butter market shows signs of stabilizing following last week's substantial drops in prices. The current bulk butter prices for domestic sales are flat to \$0.0600 over the market, based on various time frames and averages used. Tuesday's CME Group cash trading saw Grade AA butter close at \$2.0325, down \$0.4425 from a week ago.

CENTRAL

Holiday orders are picking up, spurred by recent declining wholesale butter prices. The market tone still has some uncertainty as to where prices will stabilize at. Production rates vary, but are generally higher as manufacturers look to fill seasonally increasing sales. Interest from both retail and food service accounts strengthened. U.S. prices are converging to competing global markets. Cream demand is weak as churn operators work current inventories lower. The situation is similar for bulk butter for those who can microfix are working at reducing supplies while decreasing spot load purchases. Bulk butter prices reported ranged from 3 cents under the market to 6 cents over the market, with various time frames and averages used. Manufacturers' supplies range from light to moderate levels. Some buyers note a few trucking challenges for large volume orders. Wednesday at the CME Group, Grade AA butter closed at \$1.9900, down \$0.2750 from last Wednesday. The NASS *Cold Storage* report noted U.S. butter stocks on September 30 were 146.1 million pounds, 11% lower than last month and 37% below a year ago. According to FAS, January–August U.S. butter

quota imports total 11.4 million pounds, a 69% increase compared to last year. This week, a cooperative export assistance program accepted requests for 3.252 million pounds of butter.

WEST

Butter price weakness and plenty of cream overhang butter markets. Managing the entire situation is challenging for manufacturers. Some butter manufacturers receiving cream flowing from contracted producer milk, are having to make butter for bulk and retail purposes rather than attempt to sell cream under current conditions. Other butter manufacturers who typically purchase cream are less interested in making butter. Some manufacturers with no constant cream supply are not interested in purchasing cream at anywhere near current prices, except to make butter for already contracted orders. Some contract buyers of cream are even pushing it back to plants, reducing contracted volume accepted. While the foregoing comments reflect the majority of information received, occasional pockets of production note cream being tighter. This is the minority experience. While most butter manufacturers have experienced customers strategizing purchase timing, continuing a hand-to-mouth strategy, there are some indications, as the calendar moves toward November, of occasional buyers beginning to ease into buying beyond immediate needs. Prices for bulk butter range from 3 cents over the market to 10 cents under, based on the CME with various time frames and averages used. CME butter closed Wednesday at \$1.9900 and the weekly average last week was down \$.5340.

NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
October 18, 2014	2.7366 3,049,484	2.2638 13,220,227	2.2149 9,378,425	0.6523 7,784,703	1.5147 17,033,791

CHEESE MARKETS

NORTHEAST

Northeast cheese production is seasonally strong as milk increases expand volumes channeled to cheese vats. Spot milk supplies are available, with some plants paying discounts for extra loads. A rise in milk component levels is improving cheese yields. Cheesemakers are noting good holiday sales, with steady orders. Wholesale transactions into foodservice are adequate. Buyers remain cautious with purchasing practices, as market uncertainty lingers. Cheese inventories are sufficient for near term commitments. Last week, the weekly average block and barrel cheese prices on the CME Group varied. Therefore, the Northeast wholesale price for 40# block and muenster increased \$0.0725, while process 5# sliced declined \$0.0100. Grade A Swiss wholesale prices are flat. The CME Group cheese prices were mixed Tuesday, with barrels declining \$0.0725 to close at \$2.0350, down \$0.1300 from a week ago; while blocks held steady at \$2.3250, up \$0.0975 from a week ago.

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

Cheddar 40# Block	:	2.6325-2.9175
Process 5# Sliced	:	2.3275-2.8075
Muenster	:	2.6525-3.0125
Grade A Swiss Cuts 10 - 14#	:	3.8500-4.1725

MIDWEST

Milk production remains strong in much of the upper Midwest, but less so in Minnesota. Nevertheless, milk continues to flow into Minnesota cheese plants from surrounding states and is available in needed volumes. Cheese plants in other Midwest states generally have adequate milk produced from continuing sources. Some cheese manufacturers believe cheese inventory levels are "decent" while others note inventory levels being worked lower. Opinions about sales are mixed, with some cheese plants being sold out for much of this year, some reporting good sales, while some note customers still purchasing hand-to-mouth while hoping for a price decline. Midwest demand for Italian cheese remains particularly strong and is expected to remain strong for a couple of more weeks. Halloween is regarded as one of the strongest food service day of the year for pizza sales, with frozen pizza sales also strong. In the Midwest, American cheese is said to be in more of a lull. Wisconsin wholesale prices for 1,000 to 5,000 pound mixed lots of process cheese decreased \$.0100, Swiss was unchanged and the remaining varieties increased \$.0725. CME Group trading closed Wednesday with barrels at \$2.0700 down \$.0250 from last Wednesday and blocks at \$2.3700, up \$.1425 from last Wednesday. This results in a 30 cent price spread between barrels and blocks, up from 13 1/4 cents last week Wednesday. Manufacturers have no explanation based on cheese production, inventory levels or buyer interest, for the magnitude of this price spread.

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

Process American 5# Loaf	:	2.2050-2.5650
Brick And/Or Muenster 5#	:	2.6125-3.0375
Cheddar 40# Block	:	2.3175-2.7350
Monterey Jack 10#	:	2.5875-2.7925
Blue 5#	:	2.8800-3.8675
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.4575-3.3525
Grade A Swiss Cuts 6 - 9#	:	3.3675-3.4850

WEST

Demand for cheese in the West mostly remains strong, with some buyers showing steady interest. There have been inquiries seeking additional cheese beyond contracted supplies received by some manufacturers. However, other manufacturers continue to face buyers who are strategizing purchases in more of a hand-to-mouth fashion, based on future price movement expectations. Milk supplies are seasonally lower, but still above year ago levels in the Pacific Northwest. Western Swiss manufacturing is active, targeted at sales later in the year. Western wholesale prices for 1,000 to 5,000 pound mixed lots of process cheese decreased \$.0100, Swiss was unchanged, and the remaining varieties increased \$.0725. NASS reports that total natural cheese stocks in refrigerated warehouses on September 30, 2014 were down 3% from the previous month and down 5% from September 30, 2013. CME Group trading closed Wednesday with barrels at \$2.0700 down \$.0250 from last Wednesday and blocks at \$2.3700, up \$.1425 from last Wednesday.

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

Process 5# Loaf	:	2.2350-2.4925
Cheddar 40# Block	:	2.3600-2.7125
Cheddar 10# Cuts	:	2.5400-2.7600
Monterey Jack 10#	:	2.5500-2.7100
Grade A Swiss Cuts 6 - 9#	:	3.4275-3.8575

FOREIGN

Prices for domestic foreign type cheeses moved higher. Demand is fairly good as retailers are finishing up their orders for 2014. Imported varieties saw price adjustments for Argentine sourced product and Jarlsburg type cheese. The weak Euro has prompted increased interest in European sourced cheeses, but off loading delays caused by increased inspections continue to be a concern for importers. According to FAS, imports of high tier and quota Italian-type cheese from January through August 2014 totaled 15.9 million pounds, down 3.1% compared to last year. Imports of quota Italian-type cheese for August totaled 1.1 million pounds, 15.5% below last year. Imports of high tier and quota Swiss/Emmentaler varieties from January through August 2014 totaled 30.8 million pounds, 6.9% more than last year.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.3800	: 2.7725-4.2600*
Gorgonzola	: 3.6900-6.9700	: 3.2750-3.9775*
Parmesan (Italy)	: -0-	: 4.1625-6.2525*
Provolone (Italy)	: -0-	: 2.8150-3.0675*
Romano (Cows Milk)	: -0-	: 3.9625-6.1125*
Sardo Romano (Argentine)	: 2.8500-4.4900*	: -0-
Reggianito (Argentine)	: 3.2900-4.4900*	: -0-
Jarlsberg-(Brand)	: 2.9500-6.0800*	: -0-
Swiss Cuts Switzerland	: -0-	: 3.9475-4.2700
Swiss Cuts Finnish	: 2.6700-2.9300	: -0-

*= Price change.

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

	BUTTER	CHEESE
10/20/14	14,472	92,829
10/01/14	16,938	92,958
CHANGE	-2,466	-129
% CHANGE	-15	-0

FLUID MILK AND CREAM

EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	160	0	160	0	178	0
SOUTHEAST STATES	0	0	0	0	0	0

In the Northeast and Mid-Atlantic regions, milk production is mostly steady with movements along seasonal trends. Class I demand is steady with adequate orders. Balancing plants are working through milk intakes comfortably. Florida imported 160 spot shipments of Grade A milk, matching last week's import loads. Milk production is mostly flat, as hot and rainy conditions continue. Contacts note that increasing Class I demand relates to the arrival of seasonal tourists, and eggnog availability. Southeast milk production is mostly steady to slightly higher. Bottling plants in the Southeast are actively processing milk loads, as orders are strong. Few loads are clearing to manufacturing. Cream demand is slow and supplies are abundant. The expectation of some buyers/sellers is that cream demand will increase going into next week. **Cream multiples for all Classes** are lower due to heavy supplies, and range **1.00-1.22**. A majority of the cream is clearing to butter makers. Cream cheese, sour cream, and yogurt production is fair to moderate. Last week, the CME Group Grade AA weekly average butter price was \$2.3020, down \$0.5340 from the previous week. **Condensed skim** supplies are significant. Class IV production is active to handle increased supply levels. Transportation issues, due to cost and hauler availability, prevent some market participants from transferring loads to other regions. According to NASS, milk production in the 23 major States during September 2014 totaled 15.5 billion pounds, up 4.1% from one year ago.

September 2014 Milk Production, (USDA-NASS)

	(Million Lb.)	% Change From 1 Year Ago
Florida	172	+ 5.5
New York	1,129	+ 4.5
Pennsylvania	864	+ 3.5
Vermont	215	+ 3.9
Virginia	140	+ 2.9

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 - 2.3020-2.8084
 F.O.B. producing plants: Upper Midwest - 2.5322-2.8315

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 - 1.46-1.60

MIDWEST

Central region milk production remains strong with a few areas experiencing slight declines. Contacts note increased cattle transfers in the form of growing herds and farm sellouts, as well as many farm expansions to accommodate more cows. Milk supplies continue to grow as a few plants are nearing capacity levels. Spot loads of milk ranged from \$2.00 under to \$0.50 over. Bottling sales are generally declining with sellers noting increased competition in the market. Class II production is mixed. Ice cream production is steadily declining, while production for holiday items such as half and half,

whipping creams, and sour cream are picking up. Weaker butter prices spurred some additional interest from Class II buyers for cream. However, churn operators' demand for cream is light as they work cream inventories lower and stick to mainly taking prior commitments. Cream supplies are readily available. **Cream multiples ranged from 1.10 to 1.23**. Wednesday at the CME Group, Grade AA butter closed at \$1.9900, down \$0.2750 from last Wednesday. The NASS Milk Production report noted September milk production in the 23 selected states was 15.5 billion pounds, 4.1% above a year ago. The following shows Central states included in the report and the changes compared to a year ago: Illinois, -0.7%; Indiana, +4.6%; Iowa, +2.8%; Kansas, +9.2%; Michigan, +6.9%; Minnesota, +1.5%; Ohio, +2.4%; South Dakota, +3.6%; Texas, +9.6% and Wisconsin, +3.2%. Milk cows in the 23 selected states totaled 8.59 million head in September, 78,000 head more than a year ago. The weekly Cow Slaughter under Federal Inspection report shows U.S. dairy cow slaughter for the week ending October 4, at 53,900 head, 6,900 head or 11.3% less than the comparable week a year ago. The NASS Crop Progress Report noted corn harvested in the 18 selected states as of October 19 was at 31%, compared to the 5-year average of 53% for the comparable week. Soybeans harvested was at 53%, compared to the 5-year average of 66%.

WEST

CALIFORNIA milk production is mostly steady with recent weeks at levels slightly above a year ago. Some manufacturing plants are taking downtime for maintenance and other projects, preparing for the upcoming milk season. Weather conditions are favorable for milk cows across the Central Valley. Output in the more northern section of the state is generally flat. Milk production in NEW MEXICO is holding mostly steady with recent weeks. Milk is being handled through multiple outlets as some processing plants were having some issues this week. Finding empty trailers to move milk and components was challenging at midweek. Class I orders were lower this week. Milk production in ARIZONA is steady to slightly higher. Processors are stepping up plant operations to handle additional milk supplies. Class I orders slowed this week with retail orders lower. The cream market is unsettled. Some buyers have retreated from the market due to declining butter pricing and the lack of seasonal demand for their products. Current pricing and state factors are making cream shipments out of California difficult. Other cream shipments within and out of the region are challenging because of trucking restrictions. Lower fuel costs are not reflected in shipping rates. Western cream multiples range from 1.00 to 1.24 and remain unsettled against basing points. Grade AA butter at the CME Group closed on Wednesday at \$1.9900, down 27.5 cents from a week ago. PACIFIC NORTHWEST milk production varies. In Oregon, production is declining but slightly above last year in parts of the state. Washington milk production is at the seasonal low point, but more strongly above last year's production. Balancing plants are using virtually all current production to fill orders and contracts for various dairy products. Production levels are expected to remain near current levels until late November when milk production typically increases in Washington. UTAH and IDAHO milk production is up slightly from last year at this time, while near season low levels. Milk volumes are in balance with demand. Fall harvesting is nearing completion. According to NASS, September milk production for the 23 surveyed states totals 15.5 billion pounds, 4.1% higher than a year ago. September milk production changes from a year ago for selected Western states are as follows: Arizona +6.5%, California +2.9%, Colorado +10.8%, Idaho +3.4%, New Mexico +3.4%, Oregon +1.5%, Utah +7.8%, and Washington +5.5%.

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: Low/medium heat nonfat dry milk (NDM) prices were mixed as spot trading edged lower, while various basing points moved higher. Some buyers are in a "wait-and-see" approach, while noting improved spot load availability. Production rates are pushing higher as milk supplies are growing. Buyer interest is light unless discounts are present. Export orders are slow. High heat NDM prices are unchanged to lower following pressure of low/medium NDM market. Some buyers are having difficulty securing ample supplies. Many manufacturers are producing on a made-to-order basis. Domestic demand is moderate. Wednesday at the CME Group, Grade A NDM closed at \$1.3100, down \$0.07 from last Wednesday.

EAST: Prices for low/medium nonfat dry milk mostly series are lower to higher. Heavy condensed supplies and limited buyer/seller transactions are encouraging active drying, as NDM output increases. Transportation issues due to cost and truck/hauler availability hamper some cross-region sales of condensed skim. Overall, inventories of NDM are building, with supplies varying among plants. NDM trading in the spot market is light, with buyers maintaining a hand-to-mouth approach. Domestic demand is weak, as the market looks to stabilize. Export interests are slow. High heat NDM prices are mostly lower. Spot sales adjusted prices lower at the bottom of the range. High heat NDM production is adequate for customer commitments. Offerings are available in the spot market, although limited. Interest is light to moderate, as product clear to bakeries, but expected to pick up as the holidays draw near. The market undertone is fair for current offerings.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.2200 - 1.5825 MOSTLY: 1.3500 - 1.5050
 HIGH HEAT: 1.4350 - 1.6200

NONFAT DRY MILK - WEST

Western low/medium heat NDM pricing is holding mostly steady. There were some minor adjustments based on some index changes, countered with some lower spot prices. The market undertone remains unsettled to weak. Pricing for SMP in international markets are trending lower. U.S. SMP marketing opportunities are under pressure to remain competitive. Milk production in the U.S. is growing and leading to increased output of NDM. Manufacturers are seeking able and willing buyers to keep product moving and inventories from growing. High heat NDM prices are slightly lower, reflecting recent declines in the low heat market and producers' willingness to keep holdings moving. Production is variable as manufacturers balance supplies versus needs. There is increased seasonal demand being filled through contracts and spot purchases. Stocks are light to moderate and covering needs.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.2600 - 1.5400 MOSTLY: 1.3200 - 1.4700
 HIGH HEAT: 1.4800 - 1.5800

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices are unchanged to lower on active spot load trading on a softening market. Some suppliers are cleaning up inventories before the end of the year. Many manufacturers are increasing their efforts to sell condensed buttermilk, discounting it further to move volume in light of drying it. However, production rates are generally on the rise. Buyer interest ranges from light to moderate.

EAST: Dry buttermilk prices are lower. An increase in churning rates at balancing facilities is adding to Eastern dry buttermilk production output. Cream supplies are currently plentiful while some contacts expect that to change somewhat going into next week. Producers are increasing inventory levels daily. Dry buttermilk offerings are moderate but met by light demand. Some buyers are extending their window for purchasing dry buttermilk, as they look for competitively priced offerings. The market undertone is weak.

F.O.B. CENTRAL/EAST: 1.0800 - 1.3500

DRY BUTTERMILK - WEST

The dry buttermilk market remains weak with current pricing continuing to trend lower. Sellers are offering discounts in attempts to move product in the face of having inventories building. Drying schedules are growing, reflecting the higher butter manufacturing and condensed buttermilk offerings. The fat value in dry buttermilk has moved lower with the declining butter market.

F.O.B. WEST: 1.1600 - 1.4300 MOSTLY: 1.3000 - 1.4000

DRY WHOLE MILK - NATIONAL

Dry whole milk pricing is unchanged, although the market undertone remains weaker. Demand is light for the current offerings. Buyers are more cautious and are exploring more options before filling any needs. There are offerings in the market from manufacturers and resellers, with some quotes below the current market. Additional offerings of imported WMP are also noted.

F.O.B. PRODUCING PLANT: 1.6000 - 1.8200

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES
October 17	\$1.5034	9,093,789
October 10	\$1.4987	6,490,122

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 unchanged on a mostly evenly matched market. The spread in prices is between spot loads being discounted to enter the export market and current index based sales. Production rates are generally higher following increased milk supplies going into cheese production. Some buyers with adequate supplies on hand are hesitant to take a position. Offerings vary amongst manufacturers, ranging from light to moderate. Animal feed whey prices are unchanged to lower on the top of the range as spot loads are generally trading lower. Domestic demand is limited.

F.O.B. CENTRAL: .4800 - .7050 MOSTLY: .5600 - .6600
 F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3500 - .5900

DRY WHEY - NORTHEAST

Dry whey prices are unchanged. Cheese manufacturing continues to add to dry whey inventories, as milk supply levels enhance production. Most sales are moving through contracts, with customer needs being met. Spot offerings are light, with some available at discount. Demand is fair. The market undertone is steady.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6100 - .7150

DRY WHEY - WEST

Western dry whey markets are very quiet this week. Production is focused on fulfilling contracts. Manufacturers sense weakness ahead, leading to keeping production from getting beyond contract volumes. Buyers also see weakness ahead, keeping buying in check. Spot market activity was primarily to keep inventory levels in balance.

NONHYGROSCOPIC: .5000 - .6875 MOSTLY: .5500 - .6450

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate (WPC) 34% prices are unchanged to slightly lower on moderate spot activity. The undertone is soft with the spread between tote and bag pricing increasing. Due to the difference, a few manufacturers are increasing their focus on WPC 34% bag production. Production rates continue to be strong. Buyer interest is slowing from various end users. Some buyers continue to use nonfat dry milk in the place of WPC 34%. Supplies vary between bags and totes as well as brands. Some suppliers are discounting to work inventories lower as the year end nears.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.2000-1.5350 MOSTLY: 1.2500-1.4150

LACTOSE - CENTRAL AND WEST

Prices of lactose edged higher on the top of the range and mostly price series due to new quarterly agreements mostly on higher mesh lactose. However, the overall undertone of the market is sluggish. Production rates remain strong with milk supplies growing. Demand domestically is mixed between end uses. Some buyers are getting discounts or obtaining cheaper alternatives. Confection accounts are steadily placing orders. Competition is picking up for export business, as frequent undercutting is noted. Export orders are marginally picking up. Spot load availability varies amongst brands and mesh sizes.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .2600-.5775 MOSTLY: .3500-.4800

CASEIN - NATIONAL

Casein prices for rennet and acid are unchanged. The trade is looking ahead to Q1 2015 negotiations. The sentiment is that offerings will be more than adequate to cover needs and prices will trend lower. The market has a weak undertone as casein typically reflects price trends to SMP and cheese, which have been declining in recent weeks. Production of rennet casein has increased in Oceania, following the increases in milk production towards the seasonal peak. Stocks for both varieties are showing increases compared to year ago levels.

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
10/04/2014	53.9	2,146.3	60.8	2,402.3

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

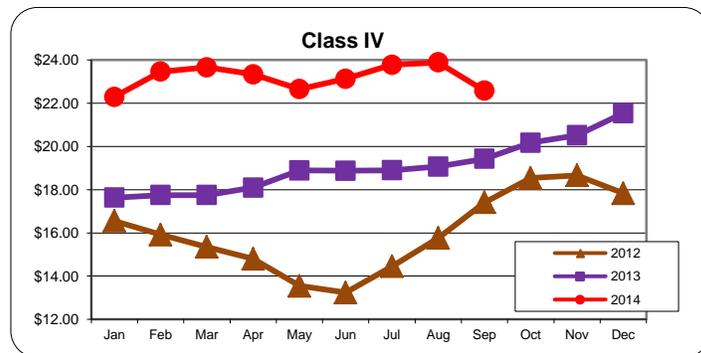
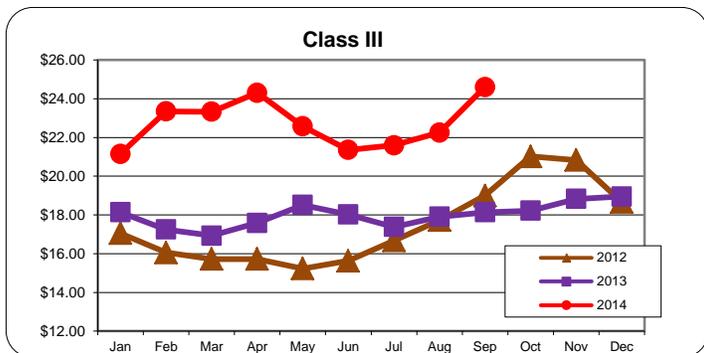
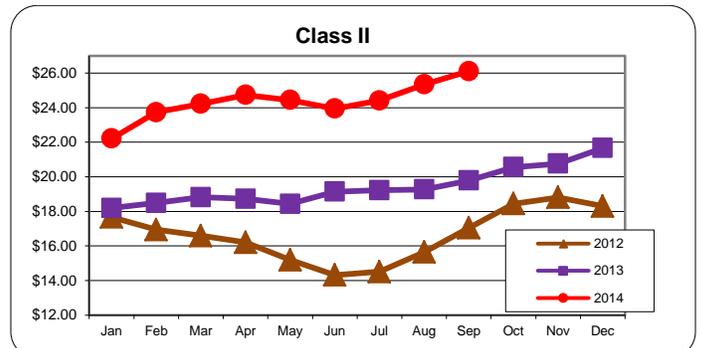
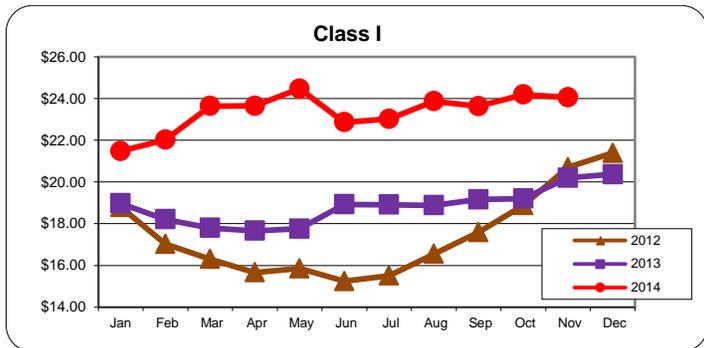
CLASS IV MILK PRICES (3.5%)

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	24.06	
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."



INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered October 13 – 24, 2014

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN OVERVIEW: Western Europe milk production continues to decline and is nearing the seasonal low point. Monthly year over year milk production increases are narrowing and in some countries the milk intakes are marginally below year ago levels. Farmgate prices have declined, but are not to a level to prompt producers to lower milk production or reduce herd sizes. Increases in global milk production and dairy product manufacturing have pressured prices lower for most dairy product markets and contributes to the weak undertone. Many traders this week were attending a major food show in Paris.

BUTTER/BUTTEROIL: Bulk butter prices saw some marginal increases on both ends of the range in light trading. Recent price declines and a weakening Euro against the U.S. dollar have made European butter more competitive on the global market. Some buyers continue to limit purchases to see if there will be further price declines. Negotiations are ongoing for Q1 2015 supplies with differences in price expectations between buyers and sellers restricting sales. Current production is geared to filling domestic package orders for the upcoming yearend holiday period. Butter exports for the EU-28 January-August period, as reported by GTIS, increased 25% over year ago levels. EU butter exports for August were substantially below the previous month and reflected, in part the Russian ban on imports from Europe. Increased trade to Saudi Arabia, which is usually a major destination for U.S. exports, was likely prompted by the high butter price in the U.S.

82% BUTTERFAT: 3,550 - 3,950
99% BUTTERFAT: 4,275 - 5,000

SKIM MILK POWDER (SMP): The skim milk powder market showed some weakness on the upper end of the range. Demand has shifted to filling 2015 needs as Q4 orders are mostly on the books. Buyers are in a position to compare and contrast prices globally and seek out the best priced product for their needs. Supplies are increasing with some manufacturers willing to provide discounts on spot sales in order to lower inventories. Exports of SMP for January to August 2014, as reported by GTIS, showed an increase of 58%, compared to the same period last year. In August, exports declined for the fourth consecutive month, but remain above year ago levels. Most destinations saw export volumes for August decline with the exception of Nigeria and Egypt which posted modest increases.

1.25% BUTTERFAT: 2,400 - 2,725

WHOLE MILK POWDER (WMP): Prices for whole milk powder were mixed. Production of WMP has declined and is geared to filling current obligations. Export interest is quiet as EU prices are above other global markets. GTIS reported EU-28 whole milk powder exports for January-August 2014 up 9% compared to last year. August exports declined for the third consecutive month. Most of the August export trade activity was with Africa.

26% BUTTERFAT: 2,900 - 3,125

SWEET WHEY POWDER: Food grade whey prices increased this reporting period. Decreases in European cheese production have reduced drying schedules for sweet dry whey manufacturers, and as a result supplies are in balance. Export demand is steady. Exports of sweet dry whey for January to August 2014, as reported by GTIS, showed an increase of 0.6%, compared to the same period last year. August exports declined from the active July levels and reflected lower demand coming from China, Singapore and Malaysia. The Russian ban on European imports is also reflected in the downturn in trade.

NONHYGROSCOPIC: 1,200 - 1,350

EASTERN OVERVIEW: Milk production in Eastern Europe continues to decline along the typical seasonal track. The seasonal low point in milk production is still a few weeks ahead. Weather conditions, feed supplies and producer margins are favorable for milk production. Undetermined volumes of Eastern European raw milk and cream are finding their way to Belarus manufacturing facilities. There is the assumption that some of the manufactured dairy products from these shipments are being exported to Russia.

**Exchange rates for selected foreign currencies:
October 20, 2014**

.1180 Argentina Peso	.0094 Japan Yen
.8784 Australian Dollar	.0739 Mexican Peso
.8860 Canadian Dollar	.7967 New Zealand Dollar
1.2800 Euro	.3029 Poland Zloty
.0164 India Rupee	

To compare the value of 1 US Dollar to Mexican Pesos:
(1/.0739) = 13.5318 Mexican Pesos. Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered October 13 - 24, 2014

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

OCEANIA OVERVIEW: AUSTRALIAN milk production is near the seasonal peak. Milk flows going into manufacturing facilities are heavy with most plants operating at near capacity. Supplies for all dairy commodities are building. Weather forecasts for South Australia are calling for continued dry weather. Temperatures are increasing with highs approaching 30 degrees Celsius. The increased temperatures are quickly drying out those areas that do not irrigate. The dry conditions have already significantly reduced anticipated crop harvests. Dairy Australia reports increased hay price volatility as overall hay yields are being downgraded, due to the lack of rain. Dairy producers needing hay are being urged to talk to their suppliers now. Higher water costs and lower yields will continue to impact hay supplies in the major dairy producing regions. According to Dairy Australia, Australian production of various dairy commodities for July 2014 showed the following percentage changes compared to 2013: butter, -14.8%; butteroil, +38.5%; skim milk powder, -1.2%; whole milk powder, -8.8%; buttermilk powder, +17.1%; cheese, +1.6%; and whey powder, -23.1%.

NEW ZEALAND milk production is nearing its seasonal peak. Weather conditions are favorable for milk production with year to date preliminary estimates showing production 5% above year ago levels. Rainfall is more than adequate and warmer temperatures are prompting good forage growth. Manufacturers are operating at or near maximum capacity in order to clear the incoming milk supply. Farmgate prices have seen some step downs with the likelihood of additional decreases in the future. At the October 15 GDT event #126, average prices ranged from 5.3% lower to 7.4% 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, \$3,346 +7.4%; butter, \$2,614 +3.9%; buttermilk powder, \$2,685 -3.8%; cheddar cheese, \$3,007 -1.0%; lactose, n.a.; rennet casein, \$7,780 -5.3%; skim milk powder, \$2,462 -3.6%; sweet whey powder, \$1,225 +4.3%; and whole milk powder, \$2,503 +3.1%.

BUTTER: Butter prices rebounded on the low end of the range this reporting period. Export demand has been active with some product moving to the U.S., North Africa and the Middle East. Current prices are prompting some buyers to book orders through Q2 of 2015. Butter production is strong and adding to inventories, reflecting the seasonal peak in milk production. AMF production is also very active with supplies building. At the October 15 GDT event #126, NZ butter averaged \$2,605/MT for the December contracts, -1.0% from the prior event. Butter for all regions and contracting periods averaged \$2,614/MT, +3.9%. New Zealand AMF prices averaged \$3,324/MT for the December contracts, +11.9% from the prior event. For all contract periods, the AMF price average was \$3,346/MT, +7.4%.

SKIM MILK POWDER (SMP): Skim milk powder prices continued on a downward trend as prices at the low end of the range declined. Production is very strong with most manufacturing plants operating at or near capacity. Supplies are building as manufacturers are focused on production and clearing milk volumes as quickly as possible. Demand is active and in some cases described as solid, but the current supply situation in Oceania and the world makes the skim milk powder market a buyer's market. Trading with the more price sensitive nations of Africa has increased. Most buyers are looking to contract product well into 2015, while sellers are still hesitant to book beyond Q2. At the October 15 GDT event 126, SMP for all regions and contracting periods averaged \$2,462 per MT, -3.6%. For trading in contract period 2, December 2014, prices averaged \$2,390 for NZ sourced medium heat product, down \$120 from the prior event.

1.25% BUTTERFAT: 2,375 - 2,950

CHEDDAR CHEESE: Cheese prices declined on the upper end of the range this reporting period. Production has increased significantly as most manufacturing facilities are being utilized to near capacity to handle the seasonally high milk volumes. Current prices are showing a better return for cheese than whole milk powder, but cheese makers are hesitant to greatly expand inventories, due to the readily available global supplies. Negotiations with Japan are beginning soon with the outlook for lower prices. Supplies for domestic sales, which were fairly tight, are building with the increased production.

39% MAXIMUM MOISTURE: 3,500 - 4,400

WHOLE MILK POWDER (WMP): Whole milk powder prices saw some marginal increases this reporting period, following considerable declines the previous fortnight. The increases are thought to be due, in part, to increased trading following a national holiday in China and a response to some cooperatives lowering their yearly production forecasts for WMP production. Current production is strong due to the seasonal influx of milk. Available supplies are building. At the October 15 GDT event 126, the WMP pricing index, across all contracting periods, averaged \$2,503 per MT, up 3.1% compared to the prior event. For contract periods 2 and 3, December and January 2014, NZ regular WMP averaged \$2,455 and \$2,475 per MT.

26% BUTTERFAT: 2,450 - 3,000

82% BUTTERFAT: 2,575 - 3,250

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

US\$/MT	Global/Dairy Trading (gDT) Event 126 Recap - October 15, 2014												
	Contract 1 Nov-14		Contract 2 Dec-14		Contract 3 Jan-15		Contract 4 Feb-15		Contract 5 Mar-15		Contract 6 Apr-15		All Contracts
Anhydrous Milk Fat	n.a.	\$3,324	11.9%	\$3,330	4.0%	\$3,336	3.0%	\$3,423	4.9%	\$3,461	3.0%	\$3,346	7.4%
Butter	n.a.	\$2,605	-1.0%	\$2,585	4.2%	\$2,639	10.7%	\$2,670	8.5%	n.a.	n.a.	\$2,614	3.9%
Buttermilk Powder	n.a.	\$2,640	-0.8%	\$2,720	-5.9%	\$2,745	-9.1%	n.a.	n.a.	n.a.	n.a.	\$2,685	-3.8%
Cheddar	n.a.	\$3,013	-0.3%	\$3,016	-0.8%	\$2,991	-2.0%	n.a.	n.a.	n.a.	n.a.	\$3,007	-1.0%
Lactose	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Rennet Casein	n.a.	\$7,699	-6.1%	\$7,895	-4.4%	\$7,824	-4.9%	n.a.	n.a.	n.a.	n.a.	\$7,780	-5.3%
Skim Milk Powder	n.a.	\$2,423	-4.3%	\$2,477	-3.4%	\$2,544	-1.2%	\$2,600	-3.1%	\$2,663	-0.6%	\$2,462	-3.6%
Sweet Whey Powder	\$1,225	n.a.	\$1,225	4.3%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$1,225	4.3%
Whole Milk Powder	n.a.	\$2,470	2.9%	\$2,501	3.5%	\$2,501	2.8%	\$2,555	3.9%	\$2,783	0.1%	\$2,503	3.1%

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

US\$/Pound	Global/Dairy Trading (gDT) Event 126 Recap - October 15, 2014												
	Contract 1 Nov-14		Contract 2 Dec-14		Contract 3 Jan-15		Contract 4 Feb-15		Contract 5 Mar-15		Contract 6 Apr-15		All Contracts
Anhydrous Milk Fat	n.a.	\$1.5078	11.9%	\$1.5105	4.0%	\$1.5132	3.0%	\$1.5527	4.9%	\$1.5699	3.0%	\$1.5177	7.4%
Butter	n.a.	\$1.1816	-1.0%	\$1.1725	4.2%	\$1.1970	10.7%	\$1.2111	8.5%	n.a.	n.a.	\$1.1857	3.9%
Buttermilk Powder	n.a.	\$1.1975	-0.8%	\$1.2338	-5.9%	\$1.2451	-9.1%	n.a.	n.a.	n.a.	n.a.	\$1.2179	-3.8%
Cheddar	n.a.	\$1.3667	-0.3%	\$1.3680	-0.8%	\$1.3567	-2.0%	n.a.	n.a.	n.a.	n.a.	\$1.3640	-1.0%
Lactose	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Rennet Casein	n.a.	\$3.4922	-6.1%	\$3.5811	-4.4%	\$3.5489	-4.9%	n.a.	n.a.	n.a.	n.a.	\$3.5290	-5.3%
Skim Milk Powder	n.a.	\$1.0991	-4.3%	\$1.1236	-3.4%	\$1.1540	-1.2%	\$1.1794	-3.1%	\$1.2079	-0.6%	\$1.1168	-3.6%
Sweet Whey Powder	\$0.5557	n.a.	\$0.5557	4.3%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	\$0.5557	4.3%
Whole Milk Powder	n.a.	\$1.1204	2.9%	\$1.1344	3.5%	\$1.1344	2.8%	\$1.1589	3.9%	\$1.2624	0.1%	\$1.1354	3.1%

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

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

Month	10/09	10/10	10/13	10/14	10/15	10/16	10/17	10/20	10/21	10/22
CLASS III MILK FUTURES (Pit-Traded) (\$/cwt)										
OCT 14	24.17 (5506)	24.14 (5462)	24.11 (5493)	24.23 (5609)	24.13 (5881)	24.13 (5759)	23.96 (5735)	23.99 (5619)	23.98 (5598)	23.98 (5572)
NOV 14	21.87 (4323)	21.88 (4317)	21.56 (4349)	21.97 (4405)	21.49 (4453)	21.75 (4488)	21.57 (4501)	21.68 (4588)	21.69 (4594)	21.74 (4617)
DEC 14	20.22 (3856)	20.09 (3829)	19.74 (3833)	20.12 (3831)	19.51 (3928)	19.48 (3940)	19.42 (3944)	19.32 (3936)	19.27 (3973)	19.23 (4004)
JAN 15	18.43 (2949)	18.41 (2996)	18.38 (3062)	18.61 (3080)	18.19 (3174)	18.25 (3203)	18.25 (3274)	18.31 (3269)	18.20 (3309)	18.20 (3359)
FEB 15	17.80 (2851)	17.70 (2862)	17.66 (2903)	17.72 (2930)	17.39 (3011)	17.53 (3042)	17.47 (3092)	17.51 (3112)	17.47 (3182)	17.40 (3196)
MAR 15	17.48 (2659)	17.35 (2671)	17.35 (2706)	17.39 (2716)	17.18 (2785)	17.23 (2799)	17.25 (2854)	17.37 (2861)	17.30 (2868)	17.20 (2876)
APR 15	17.10 (2234)	17.05 (2267)	17.00 (2287)	16.95 (2305)	16.91 (2358)	16.91 (2357)	16.93 (2398)	17.08 (2422)	17.04 (2434)	16.92 (2458)
MAY 15	16.98 (2152)	16.95 (2185)	16.94 (2188)	16.91 (2195)	16.88 (2232)	16.88 (2252)	16.85 (2299)	17.01 (2305)	17.00 (2337)	16.91 (2342)
JUN 15	17.04 (1944)	17.02 (1957)	16.97 (1958)	16.94 (1966)	16.91 (2041)	16.95 (2057)	16.95 (2109)	17.13 (2116)	17.10 (2129)	17.04 (2122)
JUL 15	17.14 (1322)	17.04 (1351)	17.05 (1364)	17.02 (1377)	16.95 (1436)	16.96 (1453)	17.00 (1471)	17.10 (1493)	17.10 (1550)	17.06 (1562)
CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)										
OCT 14	22.15 (1032)	22.33 (1029)	22.32 (1029)	22.32 (1029)	22.32 (1029)	22.32 (1029)	22.20 (1029)	22.05 (1027)	22.05 (1027)	22.05 (1027)
NOV 14	19.35 (973)	19.65 (968)	19.39 (956)	19.39 (956)	18.64 (958)	18.52 (961)	18.55 (963)	18.55 (965)	18.58 (968)	18.59 (975)
DEC 14	17.69 (951)	18.18 (946)	18.00 (942)	17.60 (943)	17.10 (957)	17.11 (970)	17.10 (971)	17.20 (971)	17.12 (971)	17.29 (972)
CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)										
OCT 14	275.75 (1131)	278.53 (1118)	275.00 (1120)	270.00 (1117)	269.00 (1125)	270.00 (1144)	269.00 (1146)	267.98 (1140)	267.73 (1140)	266.68 (1159)
NOV 14	215.50 (1145)	220.50 (1146)	215.50 (1151)	210.50 (1157)	200.50 (1203)	197.00 (1210)	192.00 (1210)	195.00 (1209)	195.00 (1187)	193.05 (1180)
DEC 14	185.00 (879)	190.00 (874)	185.00 (877)	180.00 (876)	172.25 (911)	173.50 (911)	173.75 (918)	175.50 (926)	176.50 (929)	177.00 (943)
NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)										
OCT 14	147.50 (536)	148.00 (536)	148.00 (536)	148.03 (537)	148.03 (537)	148.03 (537)	148.03 (537)	148.03 (537)	148.03 (537)	148.60 (537)
NOV 14	145.00 (624)	145.65 (624)	145.00 (623)	144.50 (622)	144.50 (625)	145.00 (927)	144.50 (624)	145.00 (624)	145.00 (623)	145.00 (623)
DEC 14	141.10 (701)	143.75 (703)	143.00 (707)	142.00 (707)	140.00 (709)	139.25 (726)	139.00 (725)	138.50 (720)	138.50 (720)	138.50 (720)
WHEY (Electronic-Traded) (¢/lb)										
OCT 14	66.35 (401)	65.58 (403)	65.05 (403)	65.70 (403)	65.65 (403)	65.65 (403)	65.50 (403)	65.50 (403)	65.23 (403)	65.50 (405)
NOV 14	61.30 (331)	62.50 (333)	62.38 (333)	61.50 (331)	60.50 (332)	61.50 (330)	62.05 (330)	62.00 (334)	61.50 (344)	62.00 (349)
DEC 14	57.73 (459)	57.80 (459)	58.65 (452)	59.00 (445)	58.28 (424)	59.75 (418)	61.28 (414)	60.53 (418)	60.00 (419)	60.25 (419)
CHEESE CSC (Electronic-Traded) (\$/lb)										
OCT 14	2.31 (1701)	2.32 (1694)	2.32 (1694)	2.32 (1694)	2.32 (1694)	2.32 (1692)	2.30 (1692)	2.30 (1692)	2.30 (1692)	2.30 (1692)
NOV 14	2.13 (2121)	2.12 (2137)	2.09 (2164)	2.14 (2170)	2.10 (2173)	2.12 (2182)	2.10 (2188)	2.11 (2211)	2.12 (2211)	2.13 (2228)
DEC 14	1.98 (2294)	1.97 (2294)	1.94 (2299)	1.98 (2322)	1.91 (2330)	1.90 (2282)	1.89 (2323)	1.89 (2362)	1.88 (2360)	1.88 (2363)
JAN 15	1.84 (1646)	1.83 (1648)	1.84 (1666)	1.85 (1686)	1.82 (1745)	1.82 (1765)	1.82 (1822)	1.82 (1838)	1.81 (1856)	1.80 (1887)
FEB 15	1.81 (1673)	1.79 (1682)	1.79 (1698)	1.79 (1731)	1.77 (1775)	1.77 (1798)	1.77 (1818)	1.77 (1842)	1.77 (1907)	1.76 (1924)
MAR 15	1.79 (1750)	1.77 (1751)	1.78 (1760)	1.78 (1772)	1.77 (1815)	1.77 (1824)	1.77 (1857)	1.78 (1878)	1.77 (1896)	1.77 (1900)

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

SEPTEMBER MILK PRODUCTION

Milk production in the 23 major States during September totaled 15.5 billion pounds, up 4.1 percent from September 2013. August revised production at 16.2 billion pounds, was up 2.6 percent from August 2013. The August revision represented a decrease of 3 million pounds or less than 0.1 percent from last month's preliminary production estimate. Production per cow in the 23 major States averaged 1,804 pounds for September, 56 pounds above September 2013. This is the highest production per cow for the month of September since the 23 State series began in 2003. The number of milk cows on farms in the 23 major States was 8.59 million head, 78,000 head more than September 2013, and 4,000 head more than August 2014. Milk production in the United States during the July - September quarter totaled 51.1 billion pounds, up 3.5 percent from the July - September quarter last year. The average number of milk cows in the United States during the quarter was 9.27 million head, 15,000 head more than the April - June quarter, and 44,000 head more than the same period last year.

STATE	MILK COWS ^{1/2/}				MILK PRODUCTION ^{1/3/}			
	SEPTEMBER		JULY - SEPTEMBER		SEPTEMBER		JULY - SEPTEMBER	
	2013	2014	2013	2014	2014	% CHANGE FROM 2013	2014	% CHANGE FROM 2013
	THOUSANDS				MILLION LBS.	PERCENT	MILLION LBS.	PERCENT
AL	--	--	9.0	8.0	--	--	23.0	-8.0
AK	--	--	0.3	0.3	--	--	0.9	12.5
AZ	188	193	188.0	193.0	344	6.5	1,082.0	6.7
AR	--	--	8.0	7.5	--	--	22.0	--
CA	1,781	1,779	1,780.0	1,779.0	3,291	2.9	10,264.0	2.9
CO	137	145	137.0	145.0	298	10.8	920.0	9.0
CT	--	--	18.0	19.0	--	--	95.0	4.4
DE	--	--	4.7	4.8	--	--	23.0	6.5
FL	123	123	123.0	123.0	172	5.5	575.0	6.3
GA	--	--	80.0	81.0	--	--	388.0	8.7
HI	--	--	2.2	2.2	--	--	7.5	1.4
ID	571	578	573.0	578.0	1,136	3.4	3,569.0	3.4
IL	97	94	97.0	94.0	142	-0.7	448.0	1.1
IN	177	179	177.0	179.0	317	4.6	989.0	5.3
IA	206	207	208.0	207.0	367	2.8	1,147.0	1.8
KS	134	143	135.0	143.0	250	9.2	771.0	7.2
KY	--	--	70.0	62.0	--	--	239.0	-1.6
LA	--	--	15.0	14.0	--	--	42.0	--
ME	--	--	31.0	30.0	--	--	152.0	--
MD	--	--	50.0	49.0	--	--	238.0	2.6
MA	--	--	12.5	12.5	--	--	58.0	3.6
MI	381	395	381.0	394.0	790	6.9	2,454.0	7.3
MN	463	460	464.0	460.0	736	1.5	2,268.0	0.8
MS	--	--	13.0	12.5	--	--	40.0	2.6
MO	--	--	92.0	88.0	--	--	337.0	6.6
MT	--	--	14.0	14.0	--	--	76.0	2.7
NE	--	--	54.0	54.0	--	--	294.0	3.9
NV	--	--	29.0	28.0	--	--	171.0	6.2
NH	--	--	13.0	14.0	--	--	70.0	4.5
NJ	--	--	7.0	7.0	--	--	31.0	--
NM	322	323	323.0	323.0	646	3.4	2,012.0	2.3
NY	610	615	610.0	615.0	1,129	4.5	3,494.0	3.8
NC	--	--	46.0	45.0	--	--	228.0	4.1
ND	--	--	17.5	16.0	--	--	79.0	-6.0
OH	270	267	271.0	266.0	435	2.4	1,359.0	2.4
OK	--	--	43.0	40.0	--	--	163.0	-5.2
OR	123	124	123.0	123.0	206	1.5	634.0	-0.2
PA	532	530	533.0	530.0	864	3.5	2,650.0	2.3
RI	--	--	0.9	0.9	--	--	4.3	2.4
SC	--	--	15.0	15.0	--	--	58.0	1.8
SD	95	97	95.0	97.0	174	3.6	533.0	3.3
TN	--	--	47.0	46.0	--	--	180.0	2.3
TX	440	470	438.0	470.0	820	9.6	2,524.0	7.0
UT	92	96	92.0	96.0	180	7.8	549.0	5.8
VT	133	132	134.0	132.0	215	3.9	671.0	3.9
VA	95	93	95.0	93.0	140	2.9	434.0	3.6
WA	266	273	267.0	272.0	541	5.5	1,664.0	3.5
WV	--	--	9.5	9.0	--	--	34.0	-10.5
WI	1,272	1,270	1,272.0	1,270.0	2,292	3.2	7,036.0	2.4
WY	--	--	6.0	6.0	--	--	33.0	1.5
23 STATE TOTAL	8,508	8,586	--	--	15,485	4.1	--	--
U.S. ^{4/5/}			9,224.0	9,268.0			51,134.0	3.5

^{1/} Preliminary. ^{2/} Includes dry cows, excludes heifers not yet fresh. ^{3/} Excludes milk sucked by calves. ^{4/} Includes states for which individual monthly estimates are not available. ^{5/} Milk cows will not add due to rounding. **Source:** U.S. Department of Agriculture, National Agricultural Statistics Service, *Milk Production, October 2014*.

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

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

All stocks in thousand pounds except where otherwise indicated

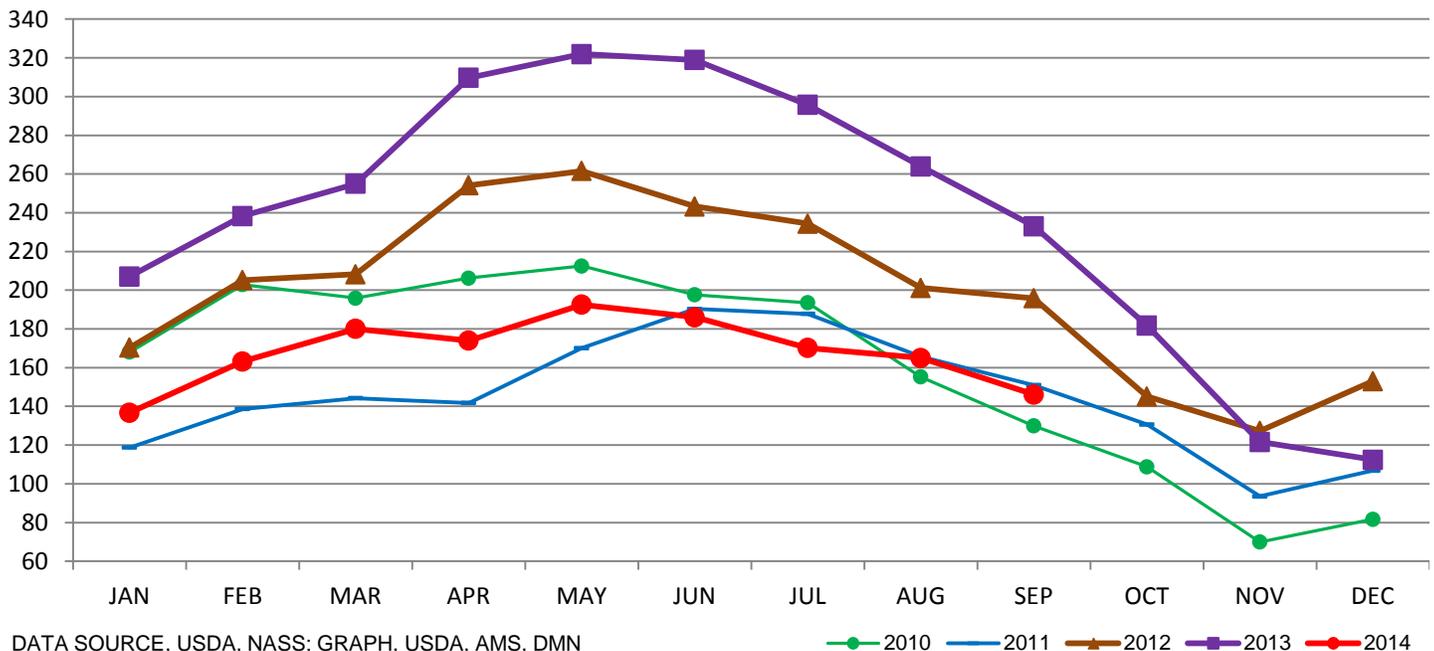
U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	AUG 31, 2012	AUG 31, 2013	REVISED AUG 31, 2014	SEP 30, 2012	SEP 30, 2013	SEP 30, 2014
Butter	201,135	263,928	164,979	195,819	233,031	146,088
Cheese, Natural American	649,397	668,361	647,909	641,685	661,046	631,279
Cheese, Swiss	28,792	32,006	27,085	28,933	29,975	25,177
Cheese, Other Natural	371,295	399,984	365,539	369,388	379,676	356,819
Total Cheese	1,049,484	1,100,351	1,040,533	1,040,006	1,070,697	1,013,275

SEPTEMBER STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
New England	36,826	48,700	63,593	---	---	---	807	909	1,003
Middle Atlantic	43,601	58,924	54,112	---	---	---	18,957	18,032	22,094
East North Central	282,121	264,201	237,633	---	---	---	267,961	272,472	239,228
West North Central	103,430	95,027	107,592	---	---	---	32,860	39,971	42,244
South Atlantic	572	644	636	---	---	---	5,313	5,039	5,576
East South Central	9,131	4,850	4,773	---	---	---	12,291	9,304	13,942
West South Central	15,336	9,625	17,870	---	---	---	449	612	704
Mountain	48,845	63,115	53,786	---	---	---	6,540	3,510	2,115
Pacific	101,823	115,960	91,284	---	---	---	24,210	29,827	29,913
TOTAL	641,685	661,046	631,279	195,819	233,031	146,088	369,388	379,676	356,819

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

MILLION POUNDS

BUTTER COLD STORAGE HOLDINGS



FEDERAL MILK ORDER ADVANCE PRICES, NOVEMBER

Base Class I Price: Under the Federal milk order pricing system, the base Class I price for November 2014 is \$24.06 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$13.25 and the advanced butterfat pricing factor of \$3.2216. 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 decreased \$0.13 per cwt when compared to the previous month of October 2014. For selected consumer products, the price changes are: whole milk (3.25% milk fat), -\$0.14 per cwt, -\$0.012 per gallon; reduced fat milk (2%), -\$0.25 per cwt, -\$0.022 per gallon; fat-free (skim milk), -\$0.38 per cwt, -\$0.033 per gallon.

Class II Price Information: The advanced Class IV skim milk pricing factor is \$11.92. Thus, the Class II skim milk price for November 2014 is \$12.62 per cwt, and the Class II nonfat solids price is \$1.4022.

Product Price Averages: The two-week product price averages for November 2014 are: butter \$2.8318, nonfat dry milk \$1.5052, cheese \$2.3001 and dry whey \$0.6590.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION ^{1/2/}				
Federal Milk Order Marketing Area ^{3/}	Order Number	November 2014		
		Class I Price (3.5%)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) ^{4/}	001	27.31	16.50	3.2541
Appalachian (Charlotte) ^{5/}	005	27.46	16.65	3.2556
Florida (Tampa) ^{6/}	006	29.46	18.65	3.2756
Southeast (Atlanta) ^{7/}	007	27.86	17.05	3.2596
Upper Midwest (Chicago) ^{8/}	030	25.86	15.05	3.2396
Central (Kansas City) ^{9/}	032	26.06	15.25	3.2416
Mideast (Cleveland) ^{10/}	033	26.06	15.25	3.2416
Pacific Northwest (Seattle) ^{11/}	124	25.96	15.15	3.2406
Southwest (Dallas) ^{12/}	126	27.06	16.25	3.2516
Arizona (Phoenix)	131	26.41	15.60	3.2451
All-Market Average		26.95	16.14	3.2505

^{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/} 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.
^{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/} Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40.
^{7/} Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90; Nashville, minus \$0.90; and Springfield, MO, minus \$1.40.
^{8/} Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.
^{9/} 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.
^{10/} Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.
^{11/} Class I prices at other cities are: Portland, same; and Spokane, same.
^{12/} 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.

FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY, SEPTEMBER 2014

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for September 2014 have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During September, more than 10.8 billion pounds of milk were received from Federally pooled producers. This volume of milk is 5.1 percent higher than the September 2013 volume. In September 2014 and September 2013, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. Regulated handlers pooled 3.493 billion pounds of producer milk as Class I products, up slightly by 0.3 percent when compared to the previous year. Class I utilization decreased in 6 of the 10 of the Federal Milk Order Marketing areas. The all-market average Class utilization percentages were: Class I = 32%, Class II = 11%, Class III = 47%, and Class IV = 10%. The weighted average statistical

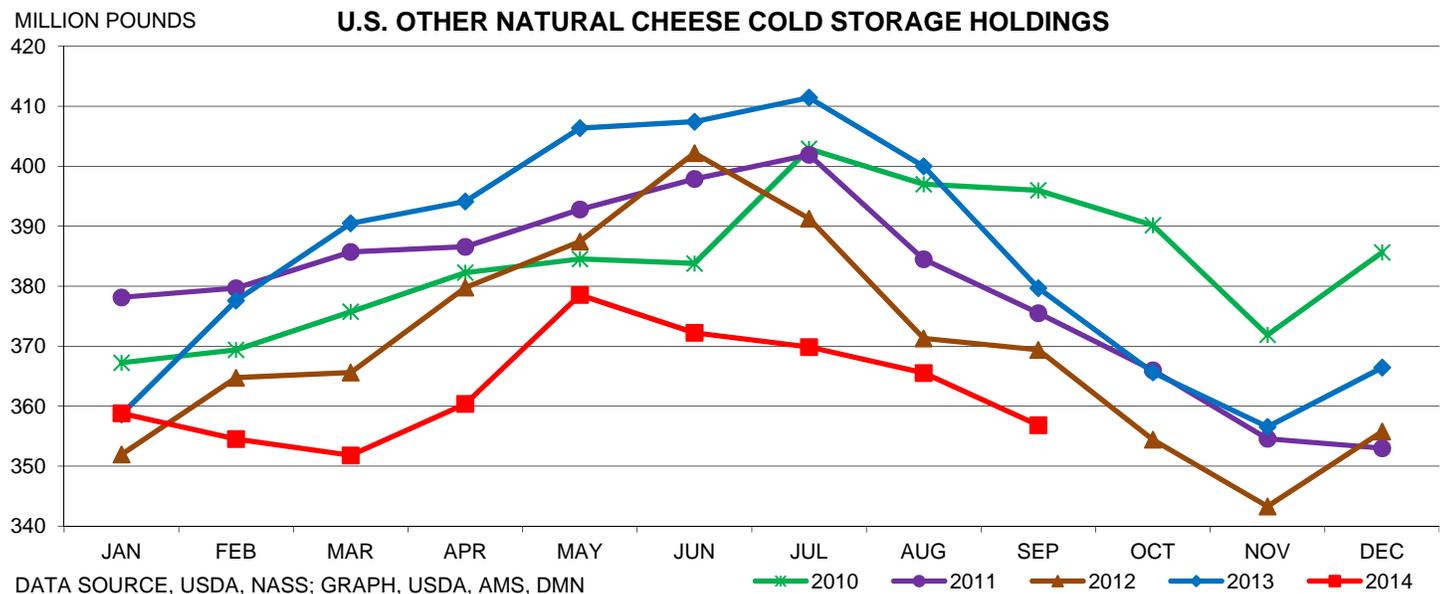
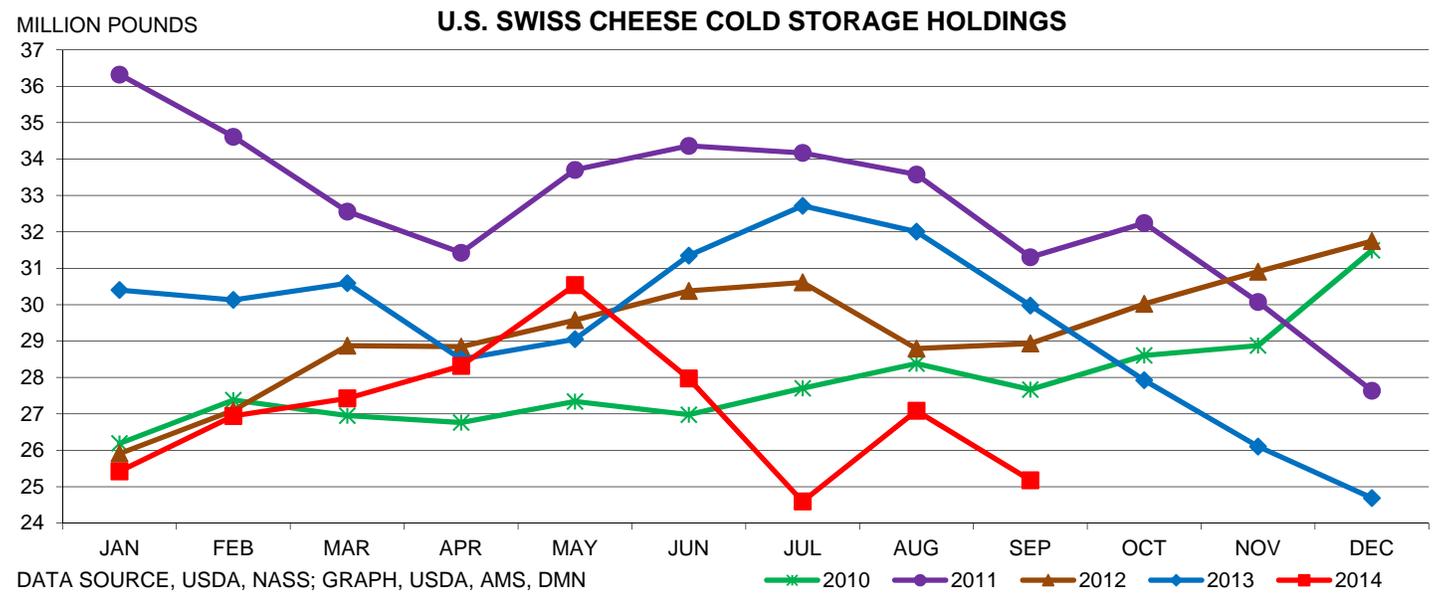
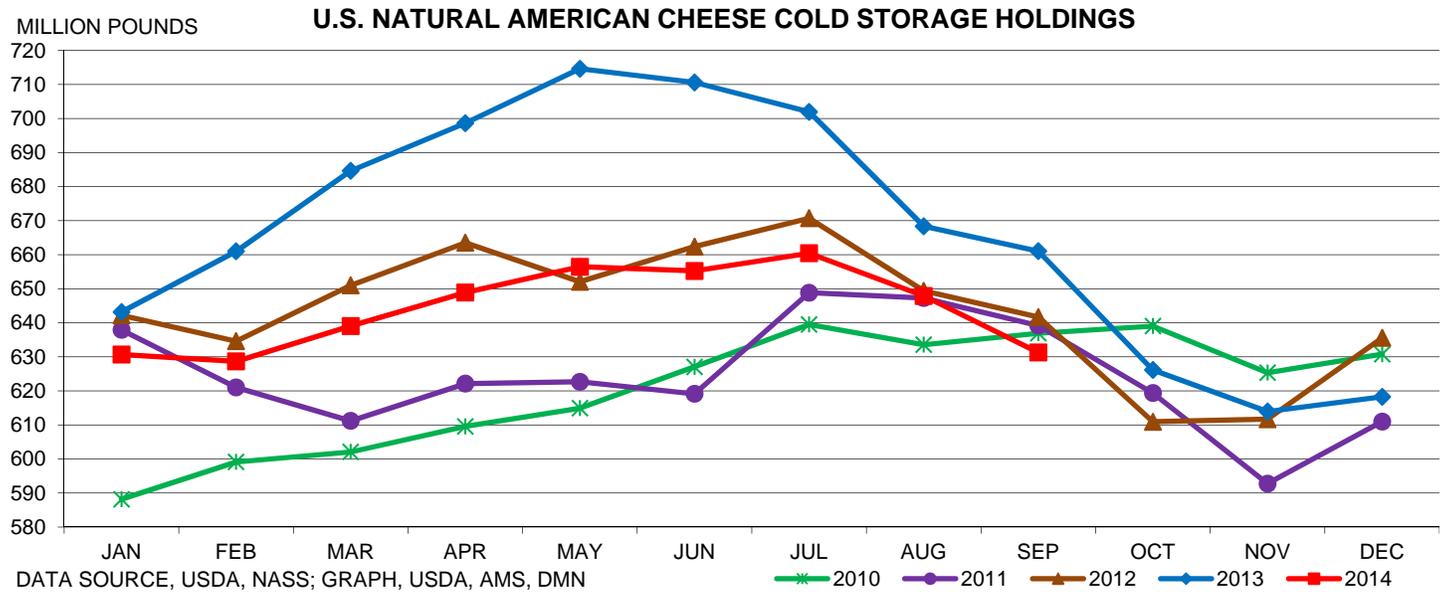
PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF SEPTEMBER 2014										
FEDERAL MILK ORDER MARKETING AREA 1/	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE 2/
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	2,071.8	3.7	760.2	-2.1	37	26	25	12	26.16
Appalachian (Charlotte)	005	447.4	0.6	327.4	4.0	73	15	5	7	27.23
Florida (Tampa)	006	219.1	-1.7	190.3	-1.3	87	10	0	3	29.29
Southeast (Atlanta)	007	396.1	-16.8	325.3	-2.0	82	10	3	5	27.86
Upper Midwest (Chicago)	030 3/	2,820.2	2.6	305.0	2.4	11	2	84	3	24.76
Central (Kansas City)	032 3/	1,250.2	2.2	409.9	2.9	33	9	45	13	24.83
Mideast (Cleveland)	033 3/	1,468.6	13.0	526.6	-0.7	36	15	36	13	25.07
Pacific Northwest (Seattle)	124	717.0	19.0	171.2	-1.7	24	6	42	28	24.30
Southwest (Dallas)	126 3/	1,133.9	14.6	369.7	3.8	33	7	55	5	25.80
Arizona (Phoenix)	131 3/	340.3	2.6	107.7	-2.9	32	12	26	30	24.91
ALL MARKET AVERAGE OR TOTAL	3/	10,864.6	5.1	3,493.2	0.3	32	11	47	10	25.47

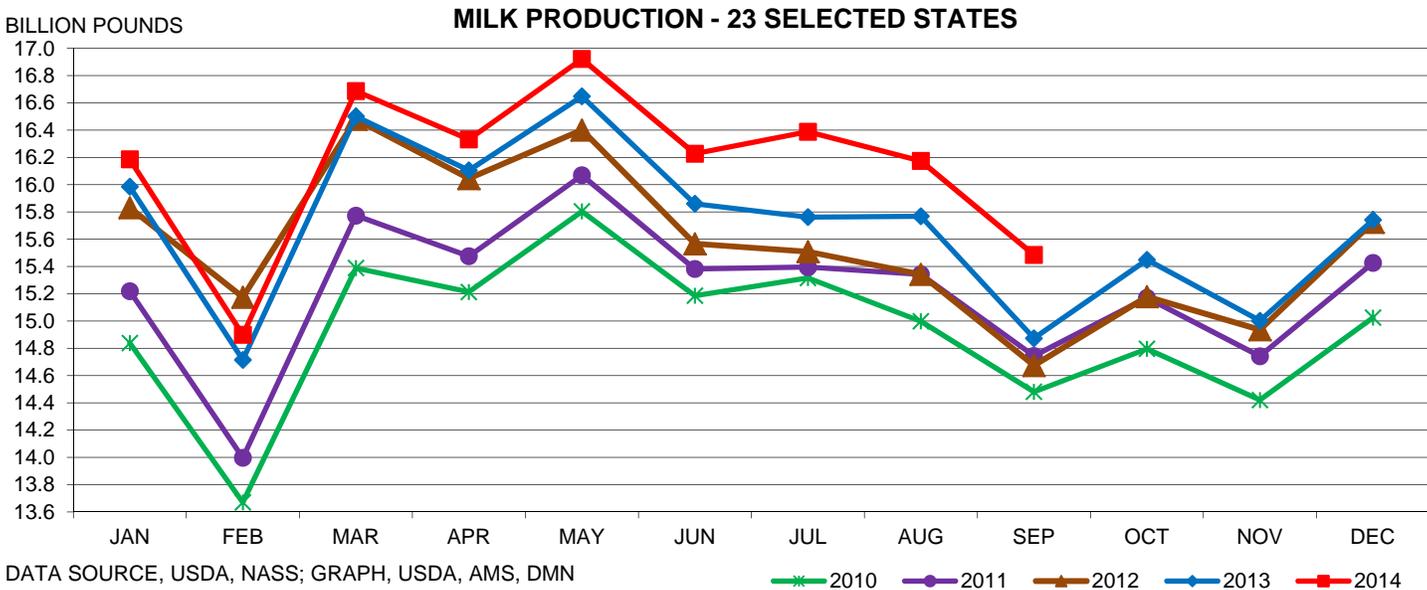
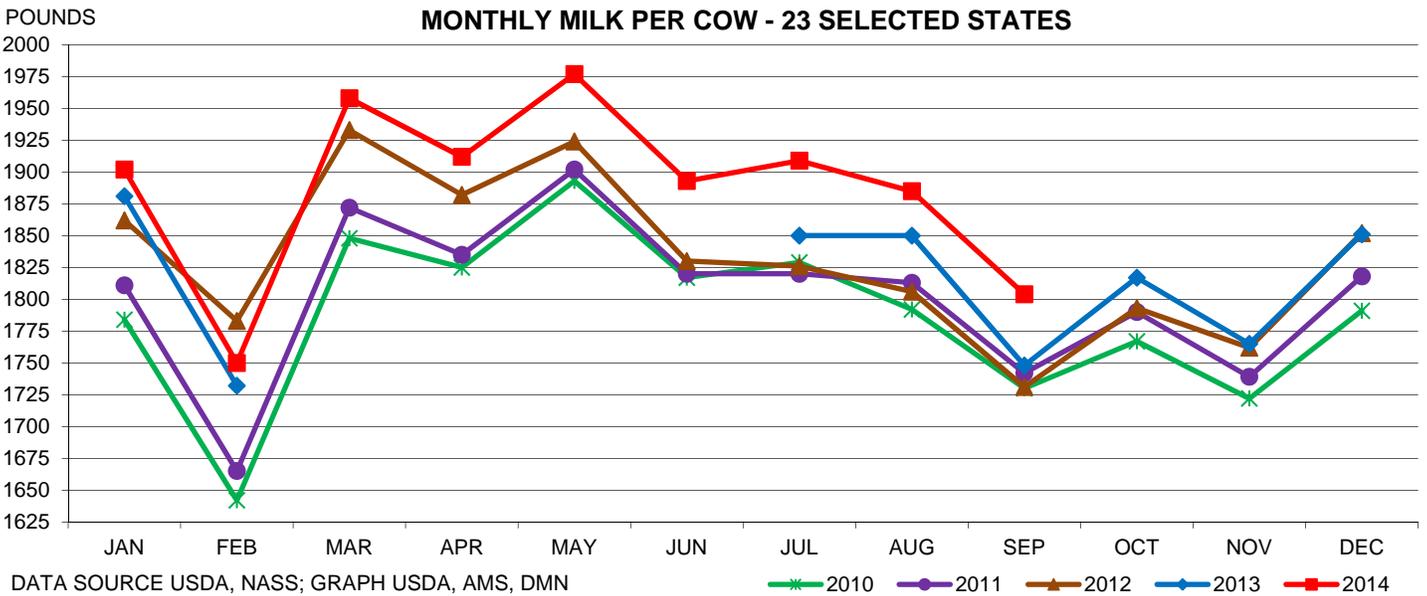
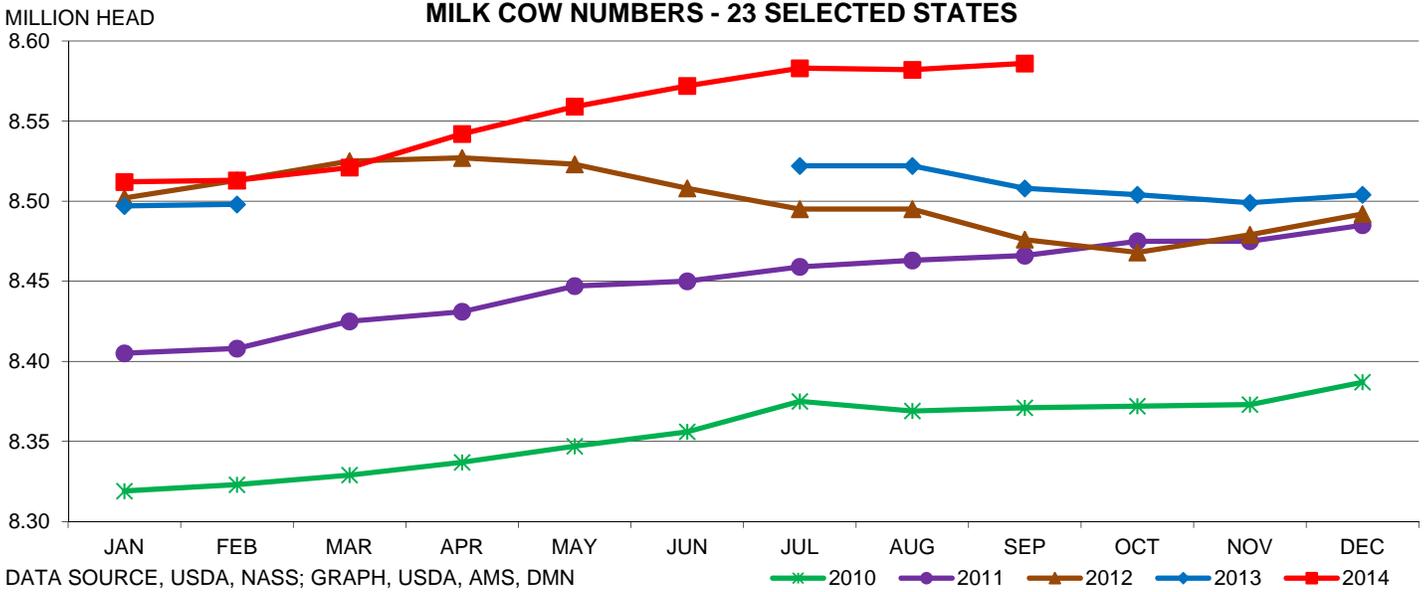
1/ Names in parentheses are the major city in the principal pricing point of the market.

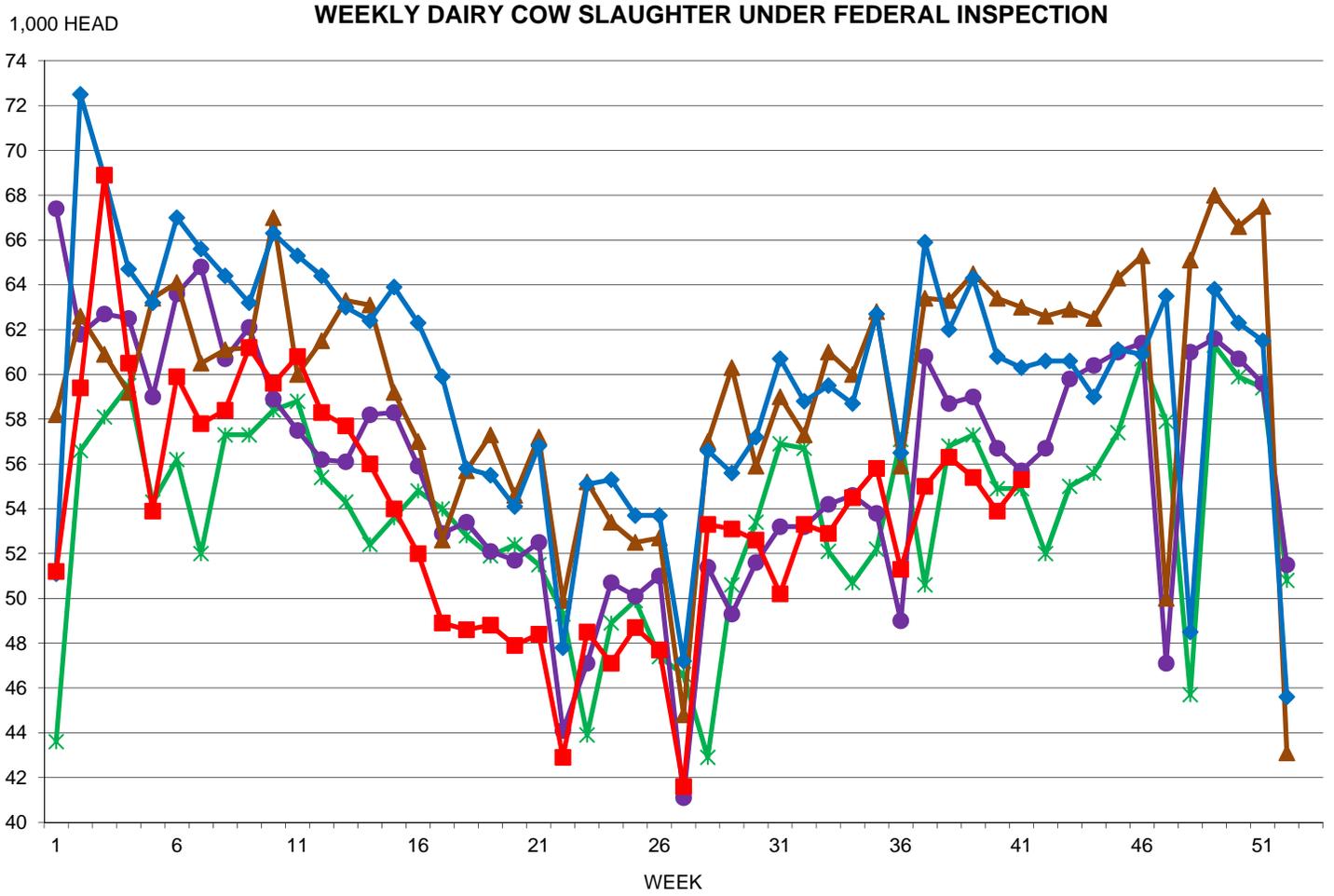
2/ Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform price in these markets, handlers elected not to pool an estimated 491.6 million pounds of milk that normally would have been associated with these markets. In September 2013, the estimated not pooled volume of milk was 496.5 million pounds, occurring in order numbers 030, 032, 033, 124, and 126. After adjusting for non pooled milk, the year-to-year percent change is -4.6%.

Report Contact: Randal Stoker, randal.stoker@usda.gov or 202-690-1932.





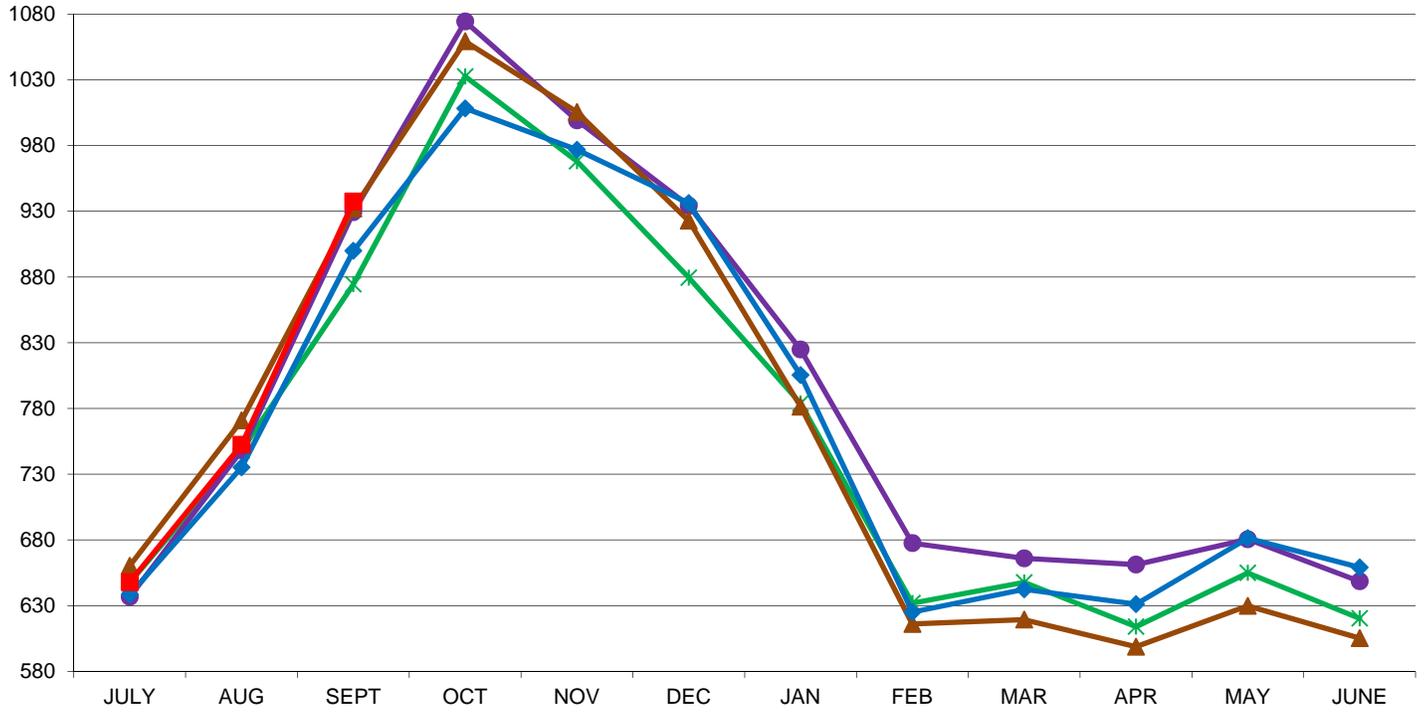


DATA SOURCES, USDA, NASS & AMS, LMN; GRAPH, USDA, AMS, DMN

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

MILLION LITRES

MONTHLY AUSTRALIAN MILK PRODUCTION

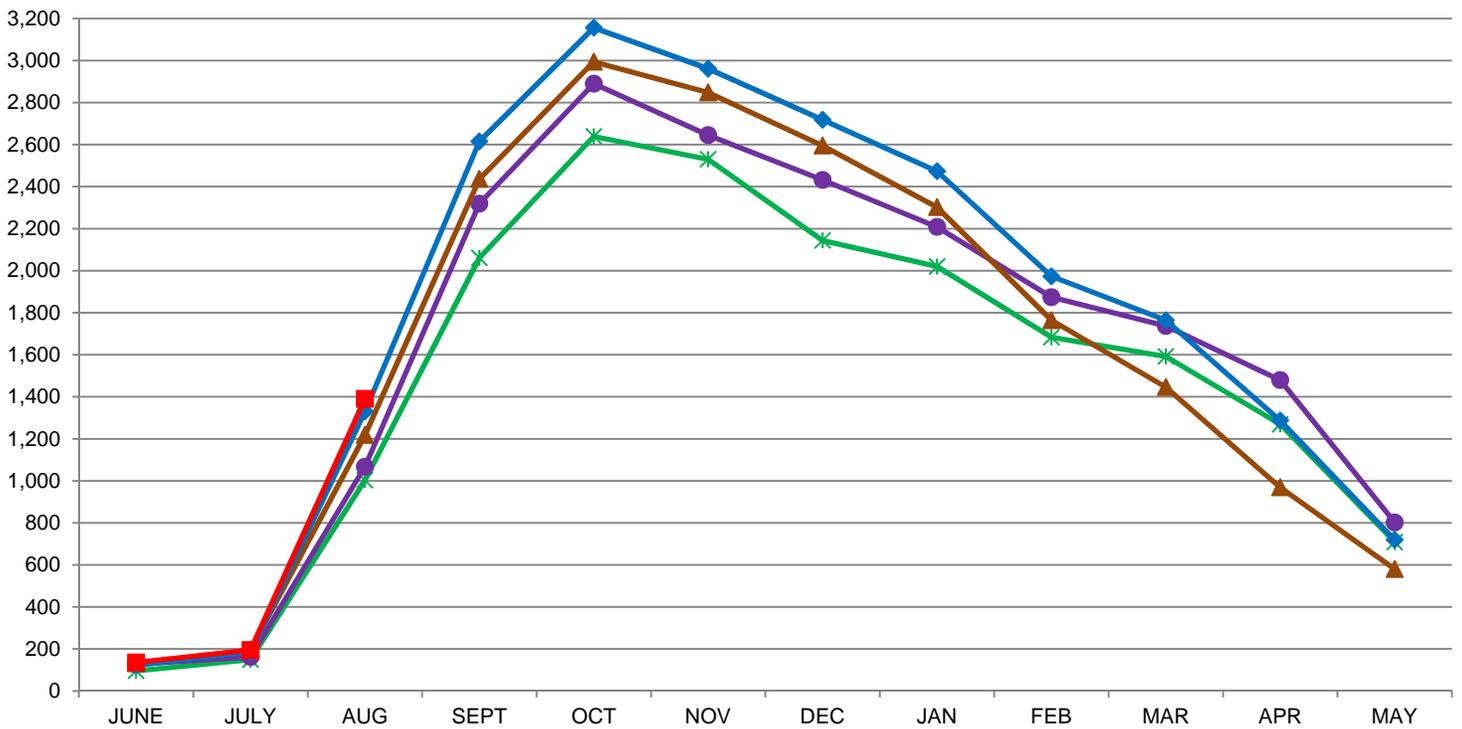


DATA SOURCE, DAIRY AUSTRALIA LTD.; GRAPH, USDA, AMS, DMN

2010-11 2011-12 2012-13 2013-14 2014-15

MONTHLY NEW ZEALAND MILK PRODUCTION

1,000 MT



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

2010-11 2011-12 2012-13 2013-14 2014-15

DAIRY MARKET NEWS

GENERAL NUMBER
(608) 278-4200

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

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

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

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

NORTHWEST/MOUNTAIN
(608) 278-4200

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

VOLUME: 81
REPORT: 43
DATE: 10/24/2014

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

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

INTERNET ADDRESS
www.ams.usda.gov/DairyMarketNews

MARKET NEWS PORTAL
www.marketnews.usda.gov

RECORDED INFORMATION SYSTEM
(608) 278-4142

FAX
(608) 278-4141

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