

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (11/7)**

**BUTTER:** Grade AA closed at \$2.0075. The weekly average for Grade AA is \$2.0085 (+.1685).

**CHEESE:** Barrels closed at \$2.1200 and 40# blocks at \$2.2000. The weekly average for barrels is \$2.1290 (+.0945) and blocks, \$2.1780 (+.0520).

**BUTTER HIGHLIGHTS:** The butter market is firming as sales into retail and food service accounts grow seasonally. Production decisions for churn operators vary largely on incoming orders. Butter makers are putting increased emphasis on managing inventories closely to ensure that minimal stock building occurs over the last two months of 2014. Export orders are lackluster, given higher U.S. butter prices compared to competing global markets. Domestic buyer interest is strong for retail and food service segments, while being at moderate levels for ingredient butter. Bulk butter prices ranged from 5 cents under to 6 cents over market, with various time frames and averages used. Friday at the CME Group, Grade AA butter closed at \$2.0075, up \$0.1175 from last Friday. The NASS Dairy Products report noted September U.S. butter production totaled 130.1 million pounds, up 1.2% from last month, but 1.6% lower than a year ago. January-September U.S. production totals 1.378 billion pounds, 2.5% behind 2013 during the same time span. According to FAS, January-September U.S. butter exports total 139.6 million pounds, a 2% increase compared to last year.

**CHEESE HIGHLIGHTS:** Cheese orders are increasing from retail buyers but manufacturers are being cautious about allowing inventories to get too far beyond order requirements. Milk is readily available in all regions and many cheese plants have active current schedules to fill pre-holiday orders. A concern of manufacturers is the lower price levels of foreign cheese relative to prevailing prices in the U.S. Nevertheless, in some plants with committed milk supplies, manufacturing cheese is preferred to using milk to manufacture other dry dairy products at current pricing. The Foreign Agricultural Service (FAS), reports that September 2014 U.S. cheese and curd exports totaled 61.4 million pounds, a 9% increase from a year ago. Dairy Products (NASS) reports total 2014 U.S. cumulative cheese production through September, 8.47 billion pounds, leads last year through September by 2.7%. Friday at the CME Group, barrels closed at \$2.1200 up 1 cent from a week ago and 40# blocks at \$2.2000, up 6 cents from a week ago.

**FLUID MILK:** On farm milk production is steady across the northern tier of states. Milk haulers serving those regions indicated declines in milk load volumes have tapered down. In the South Central and Southwest areas, California and Florida, milk production is increasing.

Milder weather throughout this southern tier has improved cow comfort. Bottler orders are generally steady to declining as some school systems will not operate meal programs next Tuesday. However, orders for Thanksgiving week are increasing as that is generally an active week for consumer sales of milk products.

**DRY PRODUCTS:** Dry dairy product prices are weakening as nearing year end accountings have sparked a need for sales to lessen inventories. Low/medium heat nonfat dry milk markets have been unsettled during the last month, but buyers and sellers connected at lower prices during the week. High heat NDM markets are mixed. Dry buttermilk markets are weak, and regional supplies are uneven. Buyers are shopping based on price, location, and destination. Dry whey markets are soft, with Western, Central, and Northeast prices trending lower. As lower international prices stanch export sales, domestic dry whey inventories are building. The lactose market is soft. Inventories at some locations are building and many offshore buyers are content to negotiate slowly. The whey protein concentrate 34% market is seeking support near the price level of NDM. FOB spot trading was at generally lower prices. Dry whole milk and casein prices are steady.

**INTERNATIONAL DAIRY MARKET NEWS (DMN):**  
**WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW:** Western Europe milk production has declined to its lowest levels of the season. Week to week production levels are mixed with some countries continuing to decline, others are showing steady production, and a few are showing some marginal increases. Demand for fresh milk products is good. Milk prices have declined but are still at profitable levels which encourage milk production. Production in most countries is above year ago levels. ESTAT - Newcronos reported EU-28 January to August milk deliveries are 5.6% higher than the same period in 2013. Various member states showed the following January to August increases compared to last year: Germany, 4.3%; France, 6.8%; UK, 9.8%; Belgium, 7.8%; Italy, 3.5%; and Ireland, 6.4%. January-August milk delivery data showed increases for all countries in Western Europe with the exception of Greece -4.6%.  
**EASTERN OVERVIEW:** Milk production in Eastern Europe continues to decline, but remains significantly above year ago levels. An undetermined amount of cream and raw milk is making its way to Belarus manufacturing plants. Skim milk powder manufacturers in Poland and Finland saw increased exports to China during September. European milk deliveries for January-August reported by ESTAT - Newcronos, showed the

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**CME GROUP CASH TRADING**

COMMODITY	MONDAY NOV 03	TUESDAY NOV 04	WEDNESDAY NOV 05	THURSDAY NOV 06	FRIDAY NOV 07	WEEKLY CHANGE*	WEEKLY AVERAGE#
<b>CHEESE</b>							
BARRELS	\$2.1100 (N.C.)	\$2.1100 (N.C.)	\$2.1600 (+.0500)	\$2.1450 (-.0150)	\$2.1200 (-.0250)	:: (+.0100)	:: \$2.1290 :: (+.0945)
40# BLOCKS	\$2.1400 (N.C.)	\$2.1700 (+.0300)	\$2.1800 (+.0100)	\$2.2000 (+.0200)	\$2.2000 (N.C.)	:: (+.0600)	:: \$2.1780 :: (+.0520)
<b>NONFAT DRY MILK</b>							
GRADE A	\$1.2425 (N.C.)	\$1.2425 (N.C.)	\$1.1950 (-.0475)	\$1.1800 (-.0150)	\$1.1600 (-.0200)	:: (-.0825)	:: \$1.2040 :: (-.0370)
<b>BUTTER</b>							
GRADE AA	\$1.9300 (+.0400)	\$2.0200 (+.0900)	\$2.0500 (+.0300)	\$2.0350 (-.0150)	\$2.0075 (-.0275)	:: (+.1175)	:: \$2.0085 :: (+.1685)

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**

following year over year changes for selected countries: Poland,+7.4%; Lithuania, +8.0%; Latvia, +11.5%; Estonia, +8.4%; and the Czech Republic, +0.6%. **OCEANIA OVERVIEW:** Australian milk production has peaked in most states with intakes above year ago levels. Domestic dairy commodity stocks are rebuilding with additional supplies available for the export market. Concerns are growing regarding the dry conditions, especially in southwest Victoria. The dry conditions will reduce grazing and force producers to start supplemental feeding if rains do not come soon. The dairy markets have a bearish undertone with some analysts not anticipating a rebound in the current trends until mid-2015. Some cooperatives have scaled back their financial profit outlooks for the 2014-15 production year noting expanded global milk supplies, lower dairy commodity prices and greater market uncertainty as contributing factors. According to Dairy Australia, September 2014 milk production in Australia was 4.2% above September 2013. The state changes from a year earlier are: New South Wales, +1.8%; Victoria, +3.9%; Queensland, -4.4%; South Australia, +0.4%; Western Australia, +6.1% and Tasmania +16.2%. Dairy Australia reports Australian production of various dairy commodities for August 2014 showed the following percentage changes compared to 2013: butter, -3.1%; butteroil, +10.4%; skim milk powder, +0.4%; whole milk powder, -42.6%; buttermilk powder, -1.8%; cheese, +9.6%; and whey powder, +1.1%. Dairy Australia reports dairy product exports for the July-September period totaling 161.8 thousand MT, up 8.3% from the year ago period. The skim milk powder (SMP) exports were up 54% for the same period last year. The total value of exports for the July-September period is down 2.5%. **New Zealand** milk production is very strong with volumes above year ago levels. The seasonal peak in production will be reached this week in some areas with volumes at or exceeding historic highs. Weather conditions are favorable and pastures and feed supplies are in good condition. Processors are attempting to clear the heavy milk volumes as quickly as possible. August milk production as reported by DCANZ was 1.39 million MT, up 4.5% from August 2013 and 14.1% higher than the level two years ago. August milksolids reflected a 6.2% increase compared August 2013. At the November 4 GDT event #127, average prices ranged from 9.2% lower to 1.6% 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, \$3,292 -1.6%; butter, \$2,505 -4.1%; buttermilk powder, \$2,426 -6.9%; cheddar cheese, \$2,728 -9.2%; lactose, n.a.; rennet casein, \$7,608 -2.2%; skim milk powder, \$2,457 -1.2%; sweet whey powder, n.a.; and whole milk powder, \$2,522 +1.6%.

**OCTOBER AGRICULTURAL PRICES (NASS):** The All Milk price received by farmers was \$25.30 in October, down \$0.40 from September 2014, but up \$4.40 from October 2013. Milk Cows price was \$2,120 in October, up \$710 from October 2013. Alfalfa hay price was \$194.00 in October, up \$1.00 from October 2013. Corn price was \$3.28 in October, down \$1.35 from October 2013. Soybean price was \$9.64 in October, down \$2.86 from October 2013. The milk-feed price ratio was 3.07 in October, up 0.94 from October 2013. The index of prices received by farmers for dairy products during the month of October 2014 was down 2 points to 126. Compared to October 2013, the index was up 22 points (21.2%). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in October 2014 was unchanged at 112. Compared with October 2013, the index was up 6 points (5.7%).

**SEPTEMBER DAIRY PRODUCTS (NASS):** Butter production was 130.1 million pounds, 1.6% below September 2013, but 1.2% above August 2014. American type cheese production totaled 361.1 million pounds, 4.0% above September 2013, but 3.4% below August 2014. Total cheese output (excluding cottage cheese) was 941.6 million pounds, 4.7% above September 2013 and 0.2% above August 2014. Nonfat dry milk production, for human food, totaled 114.1 million pounds, 54.1% above September 2013, but 3.3% below August 2014. Dry whey production, for human food, was 68.2 million pounds, 2.5% below September 2013 and 0.6% below August 2014. Ice cream regular (hard) production totaled 61.7 million gallons, 1.8% below September 2013 and 6.5% below August 2014.

**OCTOBER FEDERAL MILK ORDER CLASS AND COMPONENT PRICES (DAIRY PROGRAMS):** The following are the October 2014 prices under the Federal Milk Order pricing system and the changes from the previous month: Class II \$21.93 (-\$4.18), Class III \$23.82 (-\$0.78), and Class IV \$21.35 (-\$1.23). Under the Federal milk order pricing system, the butterfat price for October 2014 is \$2.8507 per pound. Thus, the Class II butterfat price is \$2.8577 per pound. The protein and other solids prices for October 2014 are \$3.7362 and \$0.4670 per pound, respectively. These component prices set the Class III skim milk price at \$14.34. The October 2014 Class IV skim milk price is \$11.78, which is derived from the nonfat solids price of \$1.3090 per pound. The product price averages for October 2014 are: butter: \$2.5255, nonfat dry milk: \$1.4900, cheese: \$2.2914, and dry whey: \$0.6525.

**CONSUMER PRICE INDEX (BLS):** The CPI for all food is 244.6, up 3.0% from 2013. The dairy products index is 227.6, up 4.9% from a year ago. The following are the September to September changes for selected products: fresh whole milk is +8.7%; cheese, +6.8%; and butter, +23.7%.

## CME GROUP

MONDAY, NOVEMBER 3, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE A @ \$1.2300; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.9000; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.9300; LAST OFFER UNCOVERED: NONE

TUESDAY, NOVEMBER 4, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$2.1700; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.1900; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.0200; LAST OFFER UNCOVERED: NONE

WEDNESDAY, NOVEMBER 5, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.1600; 1 CAR 40# BLOCKS @ \$2.1800; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: 5 CARS GRADE A: 1 @ \$1.2200, 1 @ \$1.2100, 3 @ \$1.1950; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 4 CARS GRADE AA: 1 @ \$2.0300, 3 @ \$2.0500; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.0500; LAST OFFER UNCOVERED: NONE

THURSDAY, NOVEMBER 6, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$2.2000; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$2.1450  
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$1.1800; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.1700; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.1950  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.0350

FRIDAY, NOVEMBER 7, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$2.1200  
 NONFAT DRY MILK -- SALES: 2 CARS GRADE A @ \$1.1600; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.1300; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.0075

## BUTTER MARKETS

## NORTHEAST

Most churning facilities are realizing a reduction in available cream volumes this week. As a result, butter production is steady to slightly lower. Holiday butter orders are good and growing for manufacturers, as seasonal demands accelerate purchases. Short term buying for retail is active. Manufacturers are fulfilling customer obligations, as inventories track lower. The market undertone is firming. The current bulk butter prices for domestic sales are reported 4-6 cents over the market of the CME Group, with various time frames and averages used. At the CME, Grade AA butter closed Tuesday at \$2.0200, up \$0.2500 from a week ago. The Foreign Agricultural Service (FAS) reports that September 2014 U.S. exports of butter and milk fat totaled 5.3 million pounds, a 79% decrease from last year.

DAIRY PRODUCTS: According to NASS, U.S. butter production for September 2014 totals 130.1 million pounds, down 1.6% from last year, but up 1.2% from a month ago. Butter output in the Atlantic region totals 12.4 million pounds, up 20.1% from September 2013 and up 71.3% from a month ago.

## CENTRAL

Butter prices are strengthening while minimally impacting sales, which are dramatically increasing particularly into the retail market segment. The undertone is firming. Some manufacturers are adding to production lines by churning additional spot loads of cream to keep up with incoming print orders. Suppliers note retailers are pushing butter promotions more than in previous weeks. Buyers describe interest and offerings for unsalted, 82% as limited. Purchasers commented butterfat imports available in the spot market. Manufacturers' supplies are largely linked to orders, with marginal stock building taking place. For the most part bulk butter end users are working current inventories lower unless orders call for additional ingredient purchases. Bulk butter prices reported ranged from market to 6 cents over the market, with various time frames and averages used. Wednesday at the CME Group, Grade AA butter closed at \$2.0500, up \$0.2000 from last Wednesday. The CME Group monthly average price for

Grade AA butter during October was \$2.3184, compared to \$1.5267 a year ago. The NASS *Dairy Products* report noted September U.S. butter production totaled 130.1 million pounds, up 1.2% from last month, but 1.6% lower than a year ago. January-September U.S. production totals 1.378 billion pounds, 2.5% behind 2013 during the same time span. October production in the Central region totaled 51.4 million pounds, 2.0% lower than a month ago and 2.3% less than last year. The Central region accounted for 39.5% of U.S. production in September. January-September Central production totals 533.8 million pounds, 2.2% behind the same time span in 2013.

## WEST

Churning in the West is active but manufacturers are also interested in avoiding carrying inventories into next year. Many manufacturers are quite conscious of keeping tight control over inventory levels. Some are actively working to clear butter stocks by the end of the year. Current orders are being met but production beyond that level is avoided. There is more than enough cream available for churning requirements. In fact, some western cream is moving between states in the region. Dairy Products (NASS) reports total 2014 U.S. cumulative total butter production through September, 1.378 billion pounds, lags last year through September by 2.5%. Total U.S. September butter production, 130.1 million pounds, is 1.6% below production during September last year. In the West, total butter production for September 2014, 66.3 million pounds, was down 4.4% from September 2013. Bulk butter prices range from market to -5 cents under, based on the CME with various time frames and averages used. Butter prices at the CME Group at midweek closed at \$2.0500. Compared to last Wednesday, butter prices are 20.0 cents higher.

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

<u>WEEK ENDING</u>	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
November 1, 2014	1,9882 3,814,843	2,2372 11,369,321	2,1271 8,972,580	0,6417 7,446,164	1,4578 17,067,915

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**2014 U.S. Butter and Milk Fat Exports, (USDA-FAS)**

	(Million Lb.)	% Change From	
		1 Year Ago	
September Total	5.3	-	79
Total, Jan - Sep	139.6	+	2
1 Saudi Arabia	32.6	-	6
2 Morocco	17.8	+	56
3 Iran	14.0	-	26
4 Egypt	10.5	+	14
5 Mexico	6.9	+	81

## CHEESE MARKETS

## NORTHEAST

Cheese plants are maintaining busy schedules. Milk intakes continue to encourage production volumes. Manufacturing stocks are sufficient. Buyers who are careful of year-end inventory are holding back from additional purchases. Last week, the weekly average cheese prices on the CME Group were mixed. Wholesale prices for 40# block and muenster moved lower \$0.1375, as process 5# sliced moved higher \$0.0100. Grade A Swiss prices are steady. Tuesday's CME Group cash closing saw barrels end the day unchanged at \$2.1100, up \$0.1000 from a week ago, while blocks closed at \$2.1700, up \$0.0700 from a week ago. The Foreign Agricultural Service (FAS), reports that September 2014 U.S. cheese and curd exports totaled 61.4 million pounds, a 9% increase from a year ago. Dairy Products (NASS) reports total U.S. cheese production in September 2014 was 941.6 million pounds, 4.7% more than a year ago. In the Atlantic region, total cheese production for September was 121.3 million pounds, 1.8% less than a year ago, but 3.2% more than the previous month. The region produced 13% of U.S. cheese in September, unchanged from the previous month. Total cheese production and percent changes from one year ago are the following: New York 69.1 million pounds, - 3.0%, Pennsylvania 36.1 million pounds, + 6.0%, Vermont 10.0 million pounds, + 2.5%.

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

Cheddar 40# Block	:	2.5200-2.8050
Process 5# Sliced	:	2.2575-2.7375
Muenster	:	2.5400-2.9000
Grade A Swiss Cuts 10 - 14#	:	3.8500-4.1725

## MIDWEST

Cheese orders leading into the end of year holiday season are being filled by manufacturers. Orders this week are slightly increased. Production is steady, but not at capacity in some plants because manufacturers, being uneasy about cheese prices in coming months, are scheduling production to avoid getting too far ahead of orders. Some plants are drawing on inventories to fill current orders. Milk going into cheese is primarily patronage milk although, spot loads are available if needed. Whether barrels or blocks are more readily available depends on the plant in question. It is a mixed situation. Dairy Products (NASS) reports total 2014 U.S. cumulative cheese production through September, 8.47 billion pounds, leads last year through September by 2.7%. For various types of cheese, U.S. production through September compared with the same period last year includes: American, +1.4%; cheddar, +1.8%; total Italian, +4.9%; mozzarella, +6.9%; and other Italian cheese types, +7.5%. Total U.S. Cheese production for September, 941.6 million pounds, was 0.2% above August and 4.7% above September last year. In the Central region, cheese production for September 2014 compared with September 2013 was: total cheese, +3.2%; American cheese, +6.0%; cheddar cheese, +8.1%; total Italian cheese, +1.1%; and mozzarella cheese, -2.6%. Wisconsin wholesale prices for 1,000 to 5,000 pound mixed lots of process cheese increased \$.0100, Swiss was unchanged and the remaining varieties decreased \$.1375. CME Group trading closed Wednesday with barrels at \$2.1600 up \$.0950 from last Wednesday and blocks at \$2.1800, up \$.0650 from last Wednesday.

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

Process American 5# Loaf	:	2.1350-2.4950
Brick And/Or Muenster 5#	:	2.5000-2.9250
Cheddar 40# Block	:	2.2050-2.6225
Monterey Jack 10#	:	2.4750-2.6800
Blue 5#	:	2.7675-3.7550
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.3450-3.2400
Grade A Swiss Cuts 6 - 9#	:	3.3675-3.4850

## WEST

Cheese orders are increasing from retail buyers to build inventories in advance of year-end holidays. Many manufacturers are meeting orders but remain wary about allowing inventory levels to increase much above what keeping the flow of orders moving requires. Lower price levels of foreign cheese concerns manufacturers and deters inventory building. Some manufacturers, who have been exporting cheese to Mexico, are increasingly being challenged on a price basis by cheese moving from other regions at prices that are very difficult for U.S. manufacturers to profitably meet. Dairy Products (NASS) reports total U.S. cheese production for September, 941.6 million pounds, was .2% above August and 4.7% above September last year. U.S. production of Swiss cheese during September, 23.0 million pounds, was 2.2% above August 2014. Total Western cheese production for September 2014, 407.0 million pounds, was up .8% from August and 8.4% from September 2013. Western September 2014 production compared with September 2013 for various varieties includes American cheese, +2.1%; cheddar cheese, +4.6%; Italian cheese, +16.9%; and mozzarella cheese, +20.6%. Western wholesale prices for 1,000 to 5,000 pound mixed lots of process cheese increased \$.0100, Swiss was unchanged and the remaining varieties decreased \$.1375. CME Group trading closed Wednesday with barrels at \$2.1600 up \$.0950 from last Wednesday and blocks at \$2.1800, up \$.0650 from last Wednesday.

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

Process 5# Loaf	:	2.1650-2.4225
Cheddar 40# Block	:	2.2475-2.6000
Cheddar 10# Cuts	:	2.4275-2.6475
Monterey Jack 10#	:	2.4375-2.5975
Grade A Swiss Cuts 6 - 9#	:	3.4275-3.8575

## 2014 U.S. Cheese and Curd Exports, (USDA-FAS)

	(Million Lb.)	% Change From 1 Year Ago
September	61.4	+ 9
Total Jan.-Sep.	640.2	+ 26
1 Mexico	136.4	+ 7
2 South Korea	122.0	+ 50
3 Japan	98.2	+ 87
4 Australia	32.8	+ 68
5 Saudi Arabia	31.2	+ 63

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## CHEESE MARKETS

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## FOREIGN

Prices for domestic foreign type cheeses declined significantly this week, while imported and Swiss cheese prices were unchanged. The bulk of retail orders for the yearend holiday season have been made. Wholesalers will augment their current supplies with additional orders as demand for November and December dictate. Orders will be closely scrutinized as wholesalers will not want to carry heavy supplies into 2015. Imported and domestic foreign type cheese supplies are adequate to meet needs. Demand from retailers has been good.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.3800	: 2.6600-4.1475*
Gorgonzola	: 3.6900-6.9700	: 3.1625-3.8650*
Parmesan (Italy)	: -0-	: 4.0500-6.1400*
Provolone (Italy)	: -0-	: 2.7025-2.9550*
Romano (Cows Milk)	: -0-	: 3.8500-6.0000*
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

	<u>BUTTER</u> : <u>CHEESE</u>	
11/03/14	12,189	: 95,175
11/01/14	12,593	: 95,011
CHANGE	-404	: 164
% CHANGE	-3	: 0

## FLUID MILK AND CREAM

## EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	58	0	170	0	88	0
SOUTHEAST STATES	0	0	0	0	0	0

Milk production in the Northeast and Mid-Atlantic regions is steady. Bottling orders are steady to increasing, due to holiday demand. Class II sales vary. Manufacturing milk supplies are heavy in some instances, as designated pools of Thanksgiving milk clear to area balancing plants. Florida is experiencing an uptick in milk production. Spot shipments of Grade A milk into the state totaled 58 loads, 112 fewer than last week. Class I demand is seasonally declining, although sales are expected to increase from short-term retail buying as Thanksgiving draw nearer. Eastern cream supports a seller's market. Cream demand is strong, while supplies are tight. Buyers short on supplies are finding it difficult to locate enough cream to fulfill current contracts. As a result, delays in shipments are occurring, as well as bids to redeem loads from previous spot transactions. Tight supplies have pushed multiples higher. **Cream multiples for all Classes ranged 1.28-1.40.** Cream cheese orders are strong, with a considerable amount of last minute orders. Class II demand is mostly steady for dairy products such as sour cream and whipping cream. Last week, the CME Group Grade AA weekly average butter price was \$1.8400, down \$0.1095 from the previous week. **DAIRY PRODUCTS:** According to NASS, U.S. hard ice cream production in the Atlantic region for September 2014 totaled 12.5 million gallons, 1.4% more than a year ago but, 6.6% less than the previous month. U.S. yogurt production for September 2014 totaled 460.8 million pounds, up 6.2% from a year ago and up 14.7% from the previous month. Cumulative 2014 production through September totals 3.688 billion pounds, 1.8% higher than a year ago. **Condensed skim** supplies are steady. Spot sales of condensed skim are limited. Contract volumes are increasing. Class IV manufacturing is mixed, as nonfat dry milk production rates show some decline in the Mid-Atlantic region.

## 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 -	2.3552-2.5760
F.O.B. producing plants: Upper Midwest -	2.2080-2.4288

## PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

## F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.55-1.58
Northeast - Class III - spot prices -	1.46-1.60

## MIDWEST

Milk production is mostly steady with a few noted marginal increases. Milk supplies are growing and curtailing prices on extra loads. Milk spot loads ranged from \$2.50 under Class to \$0.50 over. Bottling sales are mostly flat. Class II manufacturers are ramping up production in light of holiday orders. Cream demand improved, coming most notably from cream cheese makers. **Cream multiples ranged from 1.20 to 1.32.** Wednesday at the CME Group, Grade AA butter closed at \$2.05, up \$0.20 from last Wednesday. The DMN monthly average of the range price series for Upper Midwest Class II

cream during October was \$3.0600. The NASS *Dairy Products* report noted September U.S. regular (hard) ice cream production totaled 61.7 million gallons, down 6.5% from a month ago and 1.8% below last year. January-September U.S. production totals 594.8 million gallons, 5.7% behind 2013 during the same time span. September production in the Central region totaled 33.9 million gallons, 5.8% lower than last month and 0.1% less than a year ago. The Central region accounted for 55% of U.S. production in September. January-September Central production totals 331.7 million gallons, 5.8% behind the same time span in 2013. The weekly *Cow Slaughter under Federal Inspection* report shows U.S. dairy cow slaughter for the week ending October 18, at 55,700 head, 4,900 head or 8.1% less than the comparable week a year ago. The NASS *Crop Progress* report noted corn harvested in the 18 selected states as of November 2 was at 65%, equal to the 5-year average of 73% for the comparable week. Soybeans harvested was at 83%, compared to the 5-year average of 83%.

## WEST

Milk production in CALIFORNIA is inching upward, and remains ahead of last year's production. Rain arrived in many areas of the state over the weekend, recording totals of up to 1 inch in some areas. Although the moisture is welcome, the improvement on the drought rating is minimal. The National Drought Mitigation Center shows 55.08% of California continues to experience Exceptional Drought. Milk sales to bottlers are unchanged to slightly lower as some educational institutions will not serve meals during next week's holiday. Retail orders are unchanged for the week, but bottlers are working up orders for the Thanksgiving holiday when sales are expected to climb. The October 4a price (butter/powder) in CALIFORNIA is \$21.51, down \$1.21 from September 2014, but \$1.51 higher than last year. This compares to the Federal Order Class IV price of \$21.35 for October. The October 4b price (cheese) is \$20.94, \$1.45 less than last month and \$4.12 higher than last year. This compares to the Federal Order Class III price for October at \$23.82. ARIZONA dairy operators report the uptick in milk production is more noticeable and the new milk production season is underway. Processors report the volumes of milk clearing to manufacturing is rising as fluid milk demand is unchanged. Condensed skim sales into Class II are steady to lower overall, but orders moving toward production of some holiday cultured, whipped, and aerated products is creeping higher. In NEW MEXICO, handlers indicate tankers are leaving dairy farms with more milk volumes on board. Interstate milk loads are also clearing through New Mexico facilities. Sales into fluid accounts moved lower, but some milk is stair-stepping eastward to fill fluid demand across the Southeast. Class II sales are slightly higher as cultured and specialty product manufacturing picks up ahead of the holidays. Western cream markets are under less pricing pressure at the bottom of the multiples range. The range now stretches from 1.07 - 1.15, differing by location and basing points. Cream sales into soft serve mix are seasonally lower. Western churn operators are shopping for cream to add to in-house supplies as holiday print orders will run for a few more weeks. Some sellers report trucks, drivers, and tanker trailers are more difficult to obtain for moving cream loads. At the CME, Grade AA butter closed on Wednesday at \$2.0500, a 20 cent increase compared to last week.

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## FLUID MILK AND CREAM

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Cool but seasonal weather has been good for maintaining PACIFIC NORTHWEST milk production. Washington has been wet in the western part of the state, but dry further inland. Oregon has been wet and rainy much of the week, with dryer weather expected over the weekend. Milk demand has been steady and milk supplies are adequate for manufacturing needs. UTAH and IDAHO milk production is mostly steady, but at seasonal low levels. Much of the fall harvesting is near completion and dairies are assessing feed quantities and making decisions concerning herd size adjustments. Snow has fallen in Utah but subsequent temperatures reaching the 60s have mitigated the impact. Idaho weather has been mild, reaching the 50s during the day and barely freezing at night.

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:** Rising milk supplies are pushing low/medium heat nonfat dry milk (NDM) production schedules to generally higher rates, with a few nearing capacity levels. Prices moved lower as various indices declined and some sellers moved large quantities at discounts in light of growing inventories. Current prices have spurred some cheese makers to buy supplies for fortifying. Various end users who can, have switched to using NDM as an alternative ingredient. However, overall buyer interest is light. Export orders are limited as U.S. prices are not competitive with competing global markets. High heat NDM prices are higher on moderate F.O.B. spot trading. Demand is exceeding current supply offerings. Some manufacturers note busy drying schedules are limiting high heat NDM production. The DMN monthly average of the mostly price series for Central and East low/medium heat NDM during October was \$1.4277. The October monthly average of the range price series for Central and East high heat was \$1.5494. The NASS *Dairy Products* report noted U.S. human NDM production during September was 114.1 million pounds, down 3.3% from a month ago, but 54.1% higher than last year. January-September, U.S. human NDM production totals 1.311 billion pounds, 12.5% more than the same time span in 2013. Total U.S. NDM human month ending stocks for September was 171.0 million pounds, 29.5% lower than last month, but 17.9% higher than a year ago. September production in the Central region totaled 18.3 million pounds, 9.7% less than last month, but 60.2% higher than a year ago. The Central region accounted for 16% of the total U.S. production. Cumulative 2014 production in the Central region totals 212.6 million pounds, 3.1% more than the same time span in 2013. Wednesday at the CME Group, Grade A NDM closed at \$1.1950, down \$0.0450 from last Wednesday. The CME Group monthly average price for Grade A NDM during October was \$1.3345, compared to \$1.8601 a year ago. According to FAS, January-September U.S. NDM exports totaled 949.1 million pounds, an increase of 4% compared to the same time span in 2013.

**EAST:** Prices for the nonfat dry milk mostly series are lower, due to declines in F.O.B. spot sale prices and indices. The market continues to soften. Low/medium heat nonfat dry milk production is flat. Inventories are growing. Spot transactions are more active on discounted trades. High heat nonfat dry milk prices advanced through the range. Some manufacturers are focused on drying high heat nonfat dry milk, increasing the region's production rates. Inventories are adequate. Buyers are becoming more active in procuring product. The Foreign Agricultural Service (FAS), reports that September 2014 U.S. nonfat dry milk exports totaled 70.8 million pounds, a 29% decrease from a year ago.

**DAIRY PRODUCTS:** According to NASS, U.S. cumulative nonfat dry milk production through September totaled 1.311 billion pounds, 12.5% more than 2013 during the same time span. The Atlantic region production of nonfat dry milk totaled 14.9 million pounds, 68.5% more than a year ago. The September 2014 U.S. production of skim milk powder, totaled 40.9 million pounds, 24.5% less than a year ago. Cumulative YTD through September skim milk powder production totals 417.8 million pounds, a 7.9% decrease from 2013.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.1700 - 1.5625 MOSTLY: 1.2300 - 1.4850  
 HIGH HEAT: 1.4950 - 1.6300

**NONFAT DRY MILK - WEST**

Prices for Western low/medium heat nonfat dry milk are lower across all price series. A few manufacturers took action to lessen holdings as the end of the calendar year approaches. Buyers were willing to take ownership of multiple NDM loads, as long as pricing was comfortable for the near term. Low/medium heat NDM production is active, and increasing at some plants as out of state milk loads were sent to the closest drying plant. Western high heat prices are mixed and movement outside of contracts is light. High heat NDM production is intermittent. Inventories are steady. According to NASS, in September 2014, California produced 43.7 million pounds of NDM, about 38% of the national monthly production. NDM production in the West region totaled 80.8 million pounds, 50.4% more than one year ago. This is about 71% of total September production in the U.S. Cumulative Western region 2014 production totals 890.4 million pounds, a 13.1% increase compared to 2013. The October 2014 Dairy Market News average of the mostly price series for Western low/medium heat nonfat dry milk was \$1.3886. The average for Western high heat nonfat dry milk was \$1.5398.

**DAIRY PRODUCTS:** NASS reports U.S. production of human food NONFAT DRY MILK during September 2014 totaled 114.1 million pounds, a 54.1% increase from one year ago. Cumulative nonfat dry milk production for 2014 totals 1.311 billion pounds, 12.5% higher than 2013. Month ending stocks, at 171.0 million pounds, are 17.9% higher than one year ago. September 2014 production of SKIM MILK POWDERS, which includes protein standardized and blended product, totaled 40.9 million pounds, 24.5% lower than one year ago. Cumulative 2014 skim milk powder production totals 417.8 million pounds, a 7.9% decrease compared to 2013.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 1.1200 - 1.5325 MOSTLY: 1.1500 - 1.4500  
 HIGH HEAT: 1.4700 - 1.6000

**U.S. NDM Exports, H.S. Code 0402100000(FAS)**

	2014 Exports (Million Lb.)	% Change From 1 Year Ago
September Total	70.8	- 29
TOTAL, JAN - SEP	949.1	+ 4
1 Mexico	330.0	+ 10
2 Philippines	126.1	+ 21
3 China	93.8	+ 1
4 Indonesia	75.8	- 19
5 Vietnam	70.7	+ 33

**DRY BUTTERMILK - CENTRAL AND EAST**

**CENTRAL:** Dry buttermilk prices are unchanged on the bottom of the range, while declining on the top of the range. The undertone is weak as supplies are becoming increasingly available and discounts in the F.O.B spot market more prevalent. Domestic interest is light, while export demand is marginal. Some buyers are hesitant to take a position. Production rates are steady to higher. The DMN monthly average of the range price series for Central and East dry buttermilk during October was \$1.2393. The NASS *Dairy Products* report noted U.S. dry buttermilk production during September totaled 8.3 million pounds, 7.6% higher than last month and 21.2% above a year ago. Total U.S. dry buttermilk month ending stocks for September was 18.6 million pounds, 33.2% more than a month ago and 139.9% above last year.

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.

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**CALIFORNIA MANUFACTURING PLANTS - NDM**

**EAST:** Dry buttermilk prices are steady to lower. Production stepped back somewhat this week, as a tight cream market and heavy demand for available loads pulled volumes away from the churns. New production is adding to inventory levels that are adequate for near-term customer orders. Dry buttermilk is difficult to source through the spot market, with prospective buyers limiting purchases as prices decline. The market undertone continues to weaken.  
**DAIRY PRODUCTS:** According to NASS, U.S. production of dry buttermilk during September 2014 totaled 8.3 million pounds, 21.2% more than a year ago and 7.6% more than the previous month. Month ending stocks were 18.6 million pounds, 139.9% more than a year ago and 33.2% more than the previous month.

WEEK ENDING	PRICE	TOTAL SALES
October 31	\$1.4892	8,539,287
October 24	\$1.4939	9,290,632

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.

F.O.B. CENTRAL/EAST: 1.0800 - 1.2250

**DRY BUTTERMILK - WEST**

Western dry buttermilk prices are lower on the mostly, and unchanged to lower on the range. Buyers are perplexed at the seeming shortage of dry buttermilk FOB spot loads while butter production is active. Resellers seeking 2015 contracting opportunities report that manufacturers continue to offer prices above the international market. Those conversations are stalling out because of the current perception by many buyers in the marketplace that the NDM/BM complex will shift lower during the balance of Q4 to approximate world prices. The October 2014 Dairy Market News average of the mostly price series for West dry buttermilk was \$1.3887.  
**DAIRY PRODUCTS:** NASS reports dry buttermilk production in the U.S. for September 2014 totals 8.3 million pounds, up 21.2% from one year ago. Cumulative 2014 dry buttermilk production totals 83.6 million pounds, a 9% decrease compared to 2013. Stocks at the end of September were 18.6 million pounds, a 140% increase from one year ago.

F.O.B. WEST: 1.1600 - 1.4100 MOSTLY: 1.2900 - 1.3500

**DRY WHOLE MILK - NATIONAL**

Dry whole milk prices are steady on light trading. Market participants are grappling with the preference to trade domestically and the inability to find U.S. dry whole milk loads priced closer to international pricing. Oceania dry whole milk is filling some domestic demand for Q4, and a few contracts are in place for 2015 Q1. Production is slow as manufacturers indicate stocks on hand are enough to fill near term contracts. Most producers are unwilling to schedule dry whole milk production for speculative inventory buildup. The October 2014 Dairy Market News average of the price series for dry whole milk was \$1.7282.  
**DAIRY PRODUCTS:** NASS reports U.S. dry whole milk production during September 2014 totaled 12.9 million pounds, 171.9% higher than one year ago. Cumulative 2014 production totals 82.3 million pounds, a 52.7% increase compared to 2013. Month ending stocks, at 24.9 million pounds, are 251.1% higher than stocks of one year ago.

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

**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 declined on lower F.O.B. spot trade prices and weaker contract basing points. The market tone is weakening as supply offering are increasing, while discounts are becoming deeper. The export markets as well as cheaper alternative proteins are causing some suppliers to adjust prices lower to remain competitive. Production levels are generally steady to higher with ample milk supplies going into cheese production. Domestic interest is light. Export orders are declining. Animal feed whey prices are unchanged to lower. Buyers note prices generally shifting towards the bottom of the range. The DMN monthly average of the mostly price series for Central dry whey during October was \$0.6105. The monthly average of the range price series for Central animal feed whey during October was \$0.4755. The NASS *Dairy Products* report noted U.S. total dry whey production for September was 69.5 million pounds, down 0.1% from last month and 3.9% lower than a year ago. January-September U.S. total dry whey production totals 653.7 million pounds, 10.6% behind the same time span in 2013. U.S. total dry whey month ending stocks for September was 57.1 million pounds, 2.2% lower than a month ago and 5.0% less than last year. September dry whey (human) production in the Central region totaled 30.6 million pounds, 4.2% lower than last month and 8.3% less than a year ago. The Central region accounted for 45% of the U.S. production. January-September Central dry whey (human) production totals 305.2 million pounds, 11.9% behind the same time span in 2013. According to FAS, January-August U.S. whey exports total 393.4 million pounds, equal to the same time span in 2013.

F.O.B. CENTRAL: .4000 - .6800 MOSTLY: .5400 - .6375  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3500 - .5775

**DRY WHEY - NORTHEAST**

Prices for dry whey are lower at the top of the range due to indices adjusting lower. Dry whey production is unchanged. Loads are primarily clearing through contracts. Inventories are growing. The market undertone continues to weaken. The September 2014 Dairy Market News monthly average for Northeast dry whey range series is \$0.6671. The Foreign Agricultural Service (FAS), reports that September 2014 U.S. dry whey exports totaled 36.7 million pounds, a 13% decrease from a year ago. DAIRY PRODUCTS: According to NASS, U.S. production of human food dry whey in September 2014 totaled 68.2 million pounds, 2.5% less than a year ago. Month ending stocks of human food dry whey totaled 56.3 million pounds, 1.6% less than a year ago. In the Atlantic region, September production of human food dry whey totaled 21.7 million pounds, 2.1% more than a year ago. Cumulative 2014 total dry whey production is 653.7 million pounds, 10.6% less than 2013 during the same time span.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6100 - .6900

**DRY WHEY - WEST**

Western whey prices are weaker with few spot loads. Cheese production is strong, with some manufacturers moving milk through cheese plants to capacity levels in preference to other manufacturing options. Manufacturers are very conscious of U.S. prices being higher than foreign whey prices and thereby limiting export

potential. This leaves a weaker undertone to whey markets looking forward. Current inventory levels are mixed, with some concern with increased inventory in some locations. The October 2014 Dairy Market News monthly average price for Western dry whey range was \$0.5974; the Western dry whey mostly series averaged \$0.5991. According to the NASS *Dairy Products* report, West total dry whey production in September was 15.9 million pounds, up 1.6% from last month and 3.9% from a year ago. Edible whey production for the U.S. in September totaled 68.2 million pounds, down 2.5% from last year. The West produced 23.3% of the dry whey in the U.S. in September. Cumulative total dry whey production for the first nine months of the year is 653.7 million pounds, down 10.6% from the same period in 2013. Manufacturers' stocks at the end of September for edible whey are 56.3 million pounds, down 1.6% from last year and 2.2% from last month.

NONHYGROSCOPIC: .4800 - .6775 MOSTLY: .5400 - .6375

U.S. Dry Whey Exports. H.S. Code 0404104000(FAS)	2014 Exports (Million Lb.)	% Change From 1 Year Ago
September Total	36.7	- 13
TOTAL, JAN - SEP	393.4	N.C.
1 China	129.4	- 2
2 Mexico	50.3	+ 61
3 Canada	32.2	- 10
4 Japan	28.5	+ 8
5 Malaysia	23.5	+ 41

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Whey protein concentrate (WPC) 34% prices shifted lower on active F.O.B. spot trading. The market tone is unsettled with increased downward pressure from cheaper alternatives. Domestic demand from infant formula manufacturers is steady, while most other end users show light interest. Export interest is reduced, with a few exceptions of sellers noting some upticks in demand from Asian countries. Production rates are steady to higher. The DMN monthly average of the mostly price series for Central and West WPC extra grade 34% protein during October was \$1.3358. The NASS *Dairy Products* report noted U.S. total WPC production for September was 42.1 million pounds, down 6% from last month, but 7.0% higher than a year ago. January-September U.S. total WPC production totals 400.9 million pounds, 10.6% ahead of the same time span in 2013. U.S. total WPC month ending stocks for September were 58.1 million pounds, 1.2% lower than a month ago, but 20.6% higher than last year. According to FAS, January-August U.S. WPC less than 80% exports total 172.0 million pounds, 11% below the same time span in 2013.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.1000 - 1.5300 MOSTLY: 1.2000-1.3975

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**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.

**CONTINUED FROM TO PAGE 6****CASEIN - NATIONAL**

<b>U.S. WPC ≤ 80% Exports, H.S. Code 0404100500(FAS)</b>		
	2014 Exports (Million Lb.)	% Change From 1 Year Ago
September Total	15.0	- 19
TOTAL, JAN - SEP	172.0	- 11
1 China	64.3	+ 3
2 Canada	28.7	+ 20
3 Mexico	27.5	- 42
4 Singapore	7.8	+ 66
5 Indonesia	6.6	+ 25

**LACTOSE - CENTRAL AND WEST**

Prices of lactose are mostly weaker on a soft market. Supplies continue to outpace demand. The market is having an expanding variance between the export and domestic markets along with other factors such as brands and mesh sizes. Some suppliers are shifting additional focus to domestic sales due to increased competition and regulations in the export market. Production continues to be strong. The DMN monthly average of the mostly price series for Central and West lactose during October was \$0.4218. The NASS Dairy Products report noted U.S. lactose, human and animal, production for September was 100.1 million pounds, up 1.5% from last month and 13.7% higher than a year ago. January-September U.S. lactose production totals 876.5 million pounds, 13.7% ahead of the same time span in 2013. U.S. total lactose month ending stocks for September was 119.3 million pounds, 0.7% lower than a month ago, but 36.6% higher than last year. According to FAS, January-August U.S. lactose exports total 349.4 million pounds, 9% below the same time span in 2013.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .2500-.6200 MOSTLY: .3400-.4800

Prices for both casein types are unchanged. The seasonally heavy milk supplies in New Zealand have casein plants operating at near capacity levels and stocks are building. European supplies are readily available for rennet, somewhat tighter for acid casein. Buyers are in no hurry to build inventories, knowing supplies will likely be available in the future. Some rennet contracts have been finalized for Q1 with prices under \$4.00/lb. The market has a weak undertone. At the November 4 GDT event 127, the average winning price for rennet casein for all contract periods declined 2.2% to \$7,608/MT or \$3.4510/lb.

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

<b>2014 U.S. Casein Imports (USDA-FAS)</b>		
	(Million Lb.)	% Change From 1 Year Ago
Sep. Quota Imports	11.2	+ 18
Jan. - Sep. Imports	132.9	- 2
New Zealand	47.4	unchanged
Netherlands	32.1	+ 56
Ireland	12.0	+ 4
India	10.6	- 27
Uruguay	7.8	+ 122

**U.S. Lactose Exports, H.S. Code 1702110000(FAS)**

	2014 Exports (Million Lb.)	% Change From 1 Year Ago
September Total	40.9	+ 7
TOTAL, JAN - SEP	349.4	- 9
1 New Zealand	53.2	+ 2
2 China	48.1	- 31
3 Mexico	39.9	- 21
4 Japan	34.3	+ 26
5 Indonesia	25.7	+ 20

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
10/18/2014	55.7	2,257.3	60.6	2,523.2

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

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

CLASS III MILK PRICES (3.5% BF)

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

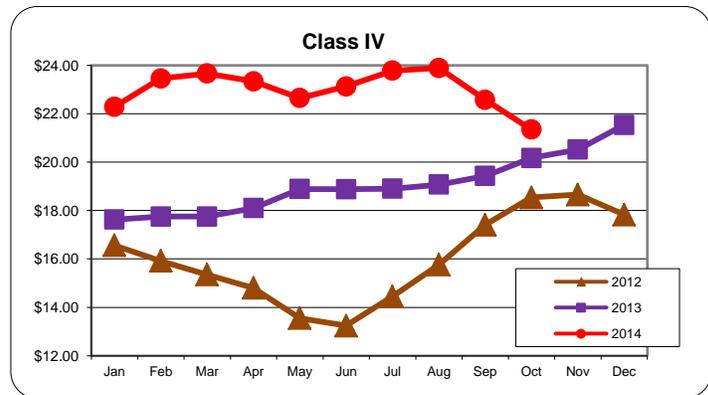
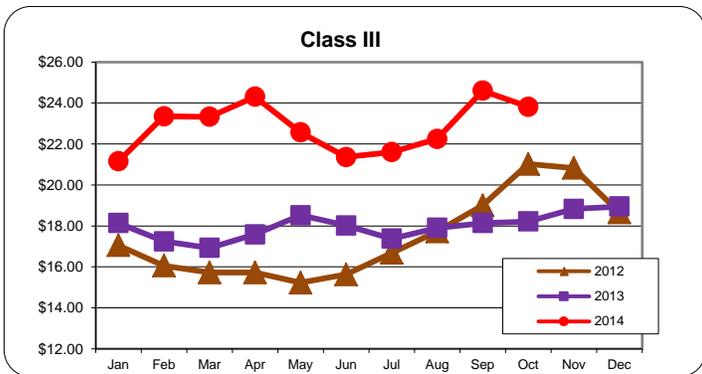
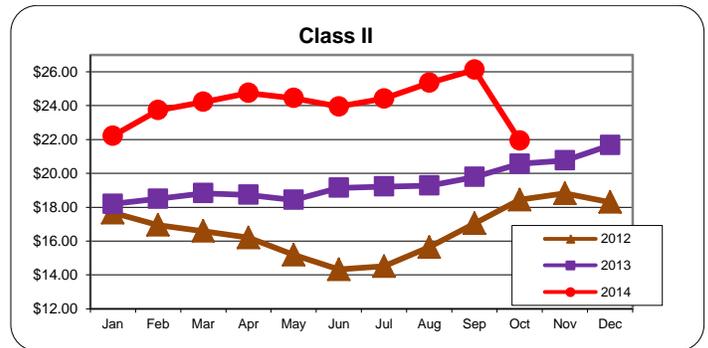
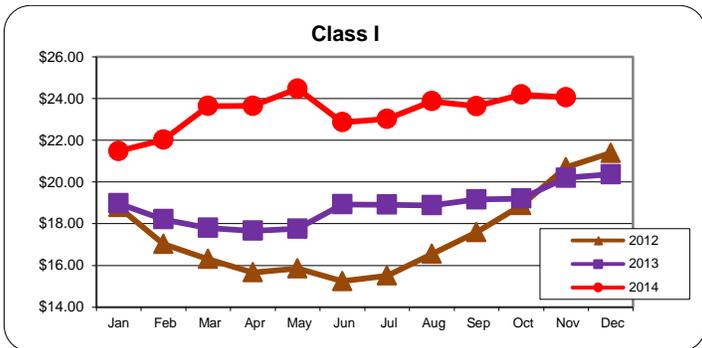
CLASS IV MILK PRICES (3.5%)

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

FEDERAL MILK ORDER CLASS PRICES FOR 2014 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	21.48	22.02	23.64	23.65	24.47	22.86	23.02	23.87	23.63	24.19	24.06	
II	22.21	23.73	24.22	24.74	24.44	23.94	24.41	25.34	26.11	21.93		
III	21.15	23.35	23.33	24.31	22.57	21.36	21.60	22.25	24.60	23.82		
IV	22.29	23.46	23.66	23.34	22.65	23.13	23.78	23.89	22.58	21.35		

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



## INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered October 27 – November 7, 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 European milk production has declined to its lowest levels of the season. Week to week production levels are mixed with some countries continuing to decline, others are showing steady production, and a few are showing some marginal increases. Demand for fresh milk products is good. Milk prices have declined but are still at profitable levels which encourage milk production. Production in most countries is above year ago levels. Estat - Newcronos reported EU-28 January to August milk deliveries are 5.6% higher than the same period in 2013. Various member states showed the following January to August increases compared to last year: Germany, 4.3%; France, 6.8%; UK, 9.8%; Belgium, 7.8%; Italy, 3.5%; and Ireland, 6.4%. January-August milk delivery data showed increases for all countries in Western Europe with the exception of Greece -4.6%.

**BUTTER/BUTTEROIL:** Butter prices were unchanged this reporting period. The bulk butter market has a firm undertone and is being supported by good seasonal domestic demand and reduced butter production. PSA stocks for butter in late October were over 18,000 MT with Ireland, the Netherlands and Belgium the top three contributors. Spot sales for export are quiet. Negotiations for Q1 2015 orders are ongoing with buyers and sellers a little closer in their pricing, but to date only a few agreements have been transacted. Some export buyers are holding off purchases, expecting supplies to increase in the future with the possibility of lower prices. Butteroil prices increased marginally on the low end of the range. Export sales continue to be slow with most buyers favoring lower priced New Zealand product.

82% BUTTERFAT: 3,550 - 3,950  
99% BUTTERFAT: 4,325 - 5,000

**SKIM MILK POWDER (SMP):** Skim milk powder prices moved lower this period. Production remains active with manufacturing milk volumes above year ago levels. Exports have been fairly active with interest coming from Asia, North Africa and the Middle East. Inventory levels are not burdensome at this time. SMP storage going into PSA in late October was just over 11,800 MT, with Germany recording the largest volumes. Some buyers are taking a wait and see approach to future purchases, knowing that global SMP production is increasing and supplies will be readily available at possibly lower prices. Negotiations are ongoing for Q1 2015, but the price gap between buyers and sellers impedes agreements being finalized. According to GTIS, Germany, Poland and Finland saw increased SMP exports into China during September.

1.25% BUTTERFAT: 2,225 - 2,600

**WHOLE MILK POWDER (WMP):** Prices for whole milk powder moved lower. A majority of the market activity is being transacted through existing contracts. Negotiations are ongoing for Q1 2015, but buyers and sellers are having difficulty agreeing on price. Domestic market activity is steady to light, while export activity is limited. Nearly all export activity is being conducted through existing contracts. Most buyers are looking to the lower priced Oceania market to fill their orders. Production has declined as milk production volumes and export demand have decreased.

26% BUTTERFAT: 2,800 - 3,075

**SWEET WHEY POWDER:** Sweet dry whey prices moved lower this week. Production has declined as cheese making has slowed in response to the Russian import ban. Supplies are mostly in balance with need. Demand is steady for both food and feed grade whey.

NONHYGROSCOPIC: 1,100 - 1,325

**EASTERN OVERVIEW:** Milk production in Eastern Europe continues to decline, but remains significantly above year ago levels. An undetermined amount of cream and raw milk is making its way to Belarus manufacturing plants. Skim milk powder manufacturers in Poland and Finland saw increased exports to China during September. European milk deliveries for January-August reported by Estat - Newcronos, showed the following year over year changes for selected countries: Poland,+7.4%; Lithuania, +8.0%; Latvia, +11.5%; Estonia, +8.4%; and the Czech Republic, +0.6%.

**Exchange rates for selected foreign currencies:  
November 3, 2014**

.1175 Argentina Peso	.0088 Japan Yen
.8681 Australian Dollar	.0735 Mexican Peso
.8804 Canadian Dollar	.7720 New Zealand Dollar
1.2482 Euro	.2955 Poland Zloty
.0163 India Rupee	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0735) = 13.6054 Mexican Pesos. Source: "Wall Street Journal"

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered October 27 - November 7, 2014

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**AUSTRALIAN** milk production has peaked in most states with intakes above year ago levels. Domestic dairy commodity stocks are rebuilding with additional supplies available for the export market. Concerns are growing regarding the dry conditions, especially in southwest Victoria. The dry conditions will reduce grazing and force producers to start supplemental feeding if rains do not come soon. The dairy markets have a bearish undertone with some analysts not anticipating a rebound in the current trends until mid-2015. Some cooperatives have scaled back their financial profit outlooks for the 2014-15 production year noting expanded global milk supplies, lower dairy commodity prices and greater market uncertainty as contributing factors. According to Dairy Australia, September 2014 milk production in Australia was 4.2% above September 2013. The state changes from a year earlier are: New South Wales, +1.8%; Victoria, +3.9%; Queensland, -4.4%; South Australia, +0.4%; Western Australia, +6.1% and Tasmania +16.2%. Dairy Australia reports Australian production of various dairy commodities for August 2014 showed the following percentage changes compared to 2013: butter, -3.1%; butteroil, +10.4%; skim milk powder, +0.4%; whole milk powder, -42.6%; buttermilk powder, -1.8%; cheese, +9.6%; and whey powder, +1.1%. Dairy Australia reports dairy product exports for the July-September period totaling 161.8 thousand MT, up 8.3% from the year ago period. The skim milk powder (SMP) exports were up 54% for the same period last year. The total value of exports for the July-September period is down 2.5%. **NEW ZEALAND** milk production is very strong with volumes above year ago levels. The seasonal peak in production will be reached this week in some areas with volumes at or exceeding historic highs. Weather conditions are favorable and pastures and feed supplies are in good condition. Processors are attempting to clear the heavy milk volumes as quickly as possible. August milk production as reported by DCANZ was 1.39 million MT, up 4.5% from August 2013 and 14.1% higher than the level two years ago. August milksolids reflected a 6.2% increase compared August 2013. At the November 4 GDT event 127, average prices ranged from 9.2% lower to 1.6% 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, \$3,292 -1.6%; butter, \$2,505 -4.1%; buttermilk powder, \$2,426 -6.9%; cheddar cheese, \$2,728 -9.2%; lactose, n.a.; rennet casein, \$7,608 -2.2%; skim milk powder, \$2,457 -1.2%; sweet whey powder, n.a.; and whole milk powder, \$2,522 +1.6%.

**BUTTER:** Butter prices declined on both ends of the range. Production is strong and supplies are building. Butter production is significantly outpacing demand. Export interest from North Africa and the Middle East is good. Japan has become an opportunity for increased exports as Japanese authorities have announced plans to import 3,000 MT of butter to augment supplies for the yearend holidays. According to GTIS, China's January to September butter imports show a 94% increase, compared to last year with AMF imports up 93% for the same period. New Zealand's September butter exports to China were comparable to year ago levels. New Zealand continues to be the major exporter of butter and AMF to China. At the November 4 GDT event 127, NZ butter averaged \$2,525/MT for the January, 2015 contracts, -3.1% from the prior event. Butter for all regions and contracting periods averaged \$2,505/MT, -4.1%. New Zealand AMF prices averaged \$3,253/MT for the January, 2015 contracts, -2.1% from the prior event. For all contract periods, the AMF price average was \$3,292/MT, -1.6%.

82% BUTTERFAT: 2,425 - 3,200

**SKIM MILK POWDER (SMP):** Prices moved lower on both ends of the range with a more significant decline on the upper end of the range. Manufacturing milk volumes are very heavy and production is at capacity levels at most plants. Supplies are building with some manufacturers becoming anxious to get sales on the books as supplies are expanding. Buyers, knowing that global supplies are increasing, are more often than not, in no hurry to purchase and willing to wait for possible lower prices in the future. Japanese authorities have announced plans to import 10,000 MT of SMP to expand supplies for the yearend holidays. A majority of the Japanese imports are expected to come from Oceania. According to GTIS, China's imports of skim milk powder decreased again in September, following declines in August. New Zealand saw its share of exports to China decline with increased shares going to the U.S. and Europe. The January to September totals show China's SMP imports 35% over year ago levels. At the November 4 GDT event 127, SMP for all regions and contracting periods averaged \$2,457 per MT, -1.2%. For trading in contract period 2, January 2015, prices averaged \$2,370 for NZ sourced medium heat product, down \$65 from the prior event.

1.25% BUTTERFAT: 2,350 - 2,800

**CHEDDAR CHEESE:** Cheese prices moved lower on the upper end of the range. Production is active due to heavy seasonal milk volumes and also because cheddar is providing a better return compared to other commodities. Australian cheese stocks remain fairly tight and are under good domestic demand. Australian mozzarella production has increased, due to good Asian demand, and is reducing cheddar production. Supplies for export are more readily available from New Zealand than from Australia. According to GTIS, New Zealand doubled its cheese exports into China during September. January to September cheese imports into China are 51% above year ago levels.

39% MAXIMUM MOISTURE: 3,500 - 4,200

**WHOLE MILK POWDER (WMP):** The whole milk powder price range decreased with the upper end of the range declining more than the lower end. Whole milk powder production is strong as milk production is near the seasonal peak. Supplies are building and demand remains weak. Expectations for a strong return to the market by China are diminishing as supplies in that country appear to be ample. The lower tariff rates in January for China are less of a factor this year on a downward trending market than they were last year when prices were near record highs. According to GTIS, China's whole milk powder imports have declined for six consecutive months with September imports at the lowest level of the year. January to September whole milk powder imports into China are cited at 57% above year ago levels. At the November 4 GDT event 127, the WMP pricing index, across all contracting periods, averaged \$2,522 per MT, up 1.6% compared to the prior event. For contract periods 1 and 2, December 2014 and January 2015, NZ regular WMP averaged \$2,525 and \$2,440 per MT.

26% BUTTERFAT: 2,425 - 2,850

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

US\$/MT	Global/Dairy Trading (gDT) Event 127 Recap - November 4, 2014													
	Contract 1 Dec-14		Contract 2 Jan-15		Contract 3 Feb-15		Contract 4 Mar-15		Contract 5 Apr-15		Contract 6 May-15		All Contracts	
Anhydrous Milk Fat	n.a.	\$3,253	-2.1%	\$3,303	-1.3%	\$3,273	-1.3%	\$3,372	-1.4%	\$3,455	0.2%	\$3,292	-1.6%	
Butter	n.a.	\$2,525	-3.1%	\$2,425	-6.2%	\$2,530	-4.2%	\$2,600	-2.6%	n.a.		\$2,505	-4.1%	
Buttermilk Powder	n.a.	\$2,415	-6.8%	\$2,530	-7.0%	n.a.		n.a.		n.a.		\$2,426	-6.9%	
Cheddar	n.a.	\$2,625	-13.0%	\$2,756	-8.3%	\$2,823	-5.5%	n.a.		n.a.		\$2,728	-9.2%	
Lactose	n.a.	n.a.		n.a.										
Rennet Casein	n.a.	\$7,590	-1.5%	\$7,625	-3.4%	\$7,625	-2.5%	n.a.		n.a.		\$7,608	-2.2%	
Skim Milk Powder	n.a.	\$2,424	-1.0%	\$2,475	-1.4%	\$2,438	-4.5%	\$2,616	0.2%	\$2,822	6.0%	\$2,457	-1.2%	
Sweet Whey Powder	n.a.	n.a.		n.a.										
Whole Milk Powder	\$2,547	-5.7%	\$2,469	-0.6%	\$2,506	-0.2%	\$2,664	7.5%	\$2,794	10.4%	\$2,788	1.6%	\$2,522	1.6%

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

US\$/Pound	Global/Dairy Trading (gDT) Event 127 Recap - November 4, 2014													
	Contract 1 Dec-14		Contract 2 Jan-15		Contract 3 Feb-15		Contract 4 Mar-15		Contract 5 Apr-15		Contract 6 May-15		All Contracts	
Anhydrous Milk Fat	n.a.	\$1.4756	-2.1%	\$1.4982	-1.3%	\$1.4846	-1.3%	\$1.5295	-1.4%	\$1.5672	0.2%	\$1.4932	-1.6%	
Butter	n.a.	\$1.1453	-3.1%	\$1.1000	-6.2%	\$1.1476	-4.2%	\$1.1794	-2.6%	n.a.		\$1.1363	-4.1%	
Buttermilk Powder	n.a.	\$1.0954	-6.8%	\$1.1476	-7.0%	n.a.		n.a.		n.a.		\$1.1004	-6.9%	
Cheddar	n.a.	\$1.1907	-13.0%	\$1.2501	-8.3%	\$1.2805	-5.5%	n.a.		n.a.		\$1.2374	-9.2%	
Lactose	n.a.	n.a.		n.a.										
Rennet Casein	n.a.	\$3.4428	-1.5%	\$3.4587	-3.4%	\$3.4587	-2.5%	n.a.		n.a.		\$3.4510	-2.2%	
Skim Milk Powder	n.a.	\$1.0995	-1.0%	\$1.1227	-1.4%	\$1.1059	-4.5%	\$1.1866	0.2%	\$1.2801	6.0%	\$1.1145	-1.2%	
Sweet Whey Powder	n.a.	n.a.		n.a.										
Whole Milk Powder	\$1.1553	-5.7%	\$1.1199	-0.6%	\$1.1367	-0.2%	\$1.2084	7.5%	\$1.2674	10.4%	\$1.2646	1.6%	\$1.1440	1.6%

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

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

Month	10/23	10/24	10/27	10/28	10/29	10/30	10/31	11/03	11/04	11/05
<b>CLASS III MILK FUTURES (Pit-Traded) (\$/cwt)</b>										
OCT 14	23.94 (5563)	23.88 (5589)	23.90 (5510)	23.90 (5483)	23.90 (5427)	23.79 (5430)	23.79 (5425)	23.79 (5377)	23.78 (5382)	23.82 (4779)
NOV 14	21.01 (4510)	20.79 (4517)	21.22 (4499)	21.31 (4517)	21.37 (4511)	21.25 (4545)	21.25 (4599)	21.27 (4606)	21.42 (4593)	21.82 (4494)
DEC 14	18.66 (3970)	18.63 (3927)	19.05 (3906)	19.12 (3908)	19.36 (3924)	19.28 (3960)	18.99 (4102)	18.94 (4174)	19.19 (4130)	19.50 (4098)
JAN 15	17.76 (3422)	17.83 (3450)	18.04 (3452)	18.07 (3471)	18.34 (3500)	18.24 (3514)	17.85 (3557)	17.52 (3653)	17.58 (3698)	17.60 (3709)
FEB 15	17.10 (3303)	17.00 (3343)	17.22 (3383)	17.33 (3396)	17.66 (3443)	17.57 (3453)	17.41 (3525)	17.12 (3585)	17.21 (3719)	17.12 (3739)
MAR 15	17.09 (2971)	17.06 (3001)	17.07 (3016)	17.10 (3016)	17.26 (3064)	17.21 (3102)	17.06 (3151)	16.83 (3183)	16.85 (3218)	16.79 (3254)
APR 15	16.93 (2504)	16.92 (2523)	16.88 (2545)	16.89 (2550)	17.00 (2538)	17.02 (2552)	16.90 (2567)	16.75 (2599)	16.75 (2649)	16.70 (2674)
MAY 15	16.85 (2383)	16.85 (2407)	16.83 (2430)	16.90 (2460)	17.04 (2494)	17.02 (2536)	16.91 (2543)	16.79 (2565)	16.76 (2608)	16.73 (2623)
JUN 15	16.96 (2167)	16.95 (2199)	16.98 (2227)	17.04 (2253)	17.11 (2281)	17.10 (2303)	17.01 (2320)	16.92 (2381)	16.86 (2416)	16.84 (2440)
JUL 15	17.02 (1580)	17.02 (1594)	17.00 (1644)	17.08 (1656)	17.13 (1673)	17.15 (1708)	17.10 (1711)	17.02 (1729)	17.05 (1746)	17.00 (1768)
<b>CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)</b>										
OCT 14	21.92 (1023)	21.76 (1022)	21.80 (1016)	21.80 (1016)	21.84 (1013)	21.50 (1013)	21.43 (1013)	21.43 (1013)	21.43 (1011)	21.35 (1106)
NOV 14	18.45 (974)	18.15 (974)	18.02 (975)	17.75 (992)	17.72 (1002)	17.46 (1030)	17.46 (1033)	17.46 (1050)	17.64 (1055)	17.83 (1068)
DEC 14	17.10 (971)	17.07 (967)	16.93 (971)	17.00 (970)	16.98 (974)	16.98 (974)	16.98 (974)	16.98 (974)	17.10 (973)	17.13 (973)
<b>CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)</b>										
OCT 14	261.68 (1143)	60.93 (1155)	260.93 (1154)	260.93 (1154)	261.98 (1141)	253.00 (1142)	253.00 (1142)	253.00 (1142)	252.75 (1142)	252.55 (1089)
NOV 14	190.00 (1188)	185.00 (1189)	183.00 (1184)	178.00 (1192)	177.25 (1191)	175.88 (1198)	178.00 (1203)	178.75 (1206)	183.75 (1199)	189.50 (1212)
DEC 14	175.50 (970)	172.75 (970)	174.00 (976)	170.75 (982)	172.75 (985)	174.50 (990)	175.75 (990)	175.25 (990)	179.65 (994)	180.50 (990)
<b>NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)</b>										
OCT 14	151.23 (537)	151.23 (537)	151.23 (537)	151.20 (537)	151.00 (536)	150.70 (535)	149.70 (526)	149.70 (526)	149.70 (526)	149.00 (439)
NOV 14	145.00 (624)	145.00 (624)	145.00 (624)	144.55 (626)	144.30 (630)	142.75 (626)	141.50 (624)	140.70 (624)	140.70 (624)	140.60 (626)
DEC 14	138.50 (723)	137.75 (721)	137.00 (724)	137.00 (725)	137.00 (724)	136.50 (724)	135.25 (719)	135.25 (719)	135.25 (719)	134.98 (719)
<b>WHEY (Electronic-Traded) (¢/lb)</b>										
OCT 14	65.25 (405)	65.18 (404)	65.18 (404)	65.38 (405)	65.38 (405)	65.08 (404)	65.08 (404)	65.08 (404)	65.08 (404)	65.25 (457)
NOV 14	61.50 (350)	61.50 (350)	63.00 (347)	63.35 (347)	63.50 (347)	61.00 (346)	59.50 (345)	59.50 (345)	60.13 (344)	60.13 (344)
DEC 14	59.45 (425)	59.50 (424)	59.10 (424)	61.28 (426)	61.08 (425)	58.75 (414)	57.00 (415)	55.88 (423)	56.25 (425)	56.25 (424)
<b>CHEESE CSC (Electronic-Traded) (\$/lb)</b>										
OCT 14	2.30 (1692)	2.30 (1744)	2.30 (1755)	2.30 (1728)	2.30 (1734)	2.29 (1734)	2.29 (1734)	2.29 (1732)	2.29 (1732)	2.29 (1805)
NOV 14	2.05 (2220)	2.03 (2231)	2.06 (2197)	2.07 (2187)	2.09 (2188)	2.08 (2186)	2.09 (2188)	2.09 (2191)	2.11 (2193)	2.14 (2198)
DEC 14	1.82 (2378)	1.82 (2348)	1.86 (2348)	1.86 (2357)	1.89 (2360)	1.89 (2377)	1.87 (2402)	1.88 (2472)	1.90 (2471)	1.93 (2482)
JAN 15	1.78 (1952)	1.78 (1985)	1.79 (1997)	1.79 (2005)	1.81 (2009)	1.82 (2022)	1.78 (2064)	1.76 (2135)	1.77 (2167)	1.76 (2202)
FEB 15	1.73 (1974)	1.73 (2016)	1.73 (2036)	1.74 (2043)	1.76 (2037)	1.77 (2044)	1.76 (2094)	1.73 (2133)	1.76 (2165)	1.74 (2197)
MAR 15	1.75 (1938)	1.75 (2005)	1.75 (2020)	1.75 (2024)	1.76 (2029)	1.75 (2043)	1.75 (2083)	1.73 (2136)	1.74 (2165)	1.73 (2207)

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

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

COMMODITY	::REPORT NUMBER 40		::REPORT NUMBER 41		::REPORT NUMBER 42		::REPORT NUMBER 43		::REPORT NUMBER 44		2014	2013
	:-----:		:-----:		:-----:		:-----:		:-----:		Monthly	Monthly
	OCT 01 - 03		OCT 06 - 10		OCT 13 - 17		OCT 20 - 24		OCT 27 - 31		Average	Average

CHEESE

WISCONSIN (WSP, Delivered, LTL)

-- Process American 5# Loaf	:: 2.5525 - 2.9125	:: 2.2725 - 2.6325	:: 2.2150 - 2.5750	:: 2.2050 - 2.5650	:: 2.1250 - 2.4850	:: 2.4314	: NO
-- Brick And/Or Muenster 5#	:: 2.7175 - 3.1425	:: 2.5550 - 2.9800	:: 2.5400 - 2.9650	:: 2.6125 - 3.0375	:: 2.6375 - 3.0625	:: 2.8188	: OCTOBER
-- Cheddar 40# Block	:: 2.4225 - 2.8400	:: 2.2600 - 2.6775	:: 2.2450 - 2.6625	:: 2.3175 - 2.7350	:: 2.3425 - 2.7600	:: 2.5200	: 2013
-- Monterey Jack 10#	:: 2.6925 - 2.8975	:: 2.5300 - 2.7350	:: 2.5150 - 2.7200	:: 2.5875 - 2.7925	:: 2.6125 - 2.8175	:: 2.6838	: MONTHLY
-- Blue 5#	:: 2.9850 - 3.9725	:: 2.8225 - 3.8100	:: 2.8075 - 3.7950	:: 2.8800 - 3.8675	:: 2.9050 - 3.8925	:: 3.3675	: AVERAGES
-- Mozzarella 5 - 6#	:: 2.5625 - 3.4575	:: 2.4000 - 3.2950	:: 2.3850 - 3.2800	:: 2.4575 - 3.3525	:: 2.4825 - 3.3775	:: 2.8988	: 2/
-- Grade A Swiss Cuts 6 - 9#	:: 3.3400 - 3.4575	:: 3.3675 - 3.4850	:: 3.3675 - 3.4850	:: 3.3675 - 3.4850	:: 3.3675 - 3.4850	:: 3.4225	:

NORTHEAST (WSP, Delivered, LTL)

-- Cheddar 40# Block	:: 2.7375 - 3.0225	:: 2.5750 - 2.8600	:: 2.5600 - 2.8450	:: 2.6325 - 2.9175	:: 2.6575 - 2.9425	:: 2.7688	:
-- Process 5# Sliced	:: 2.6750 - 3.1550	:: 2.3950 - 2.8750	:: 2.3375 - 2.8175	:: 2.3275 - 2.8075	:: 2.2475 - 2.7275	:: 2.6139	:
-- Muenster	:: 2.7575 - 3.1175	:: 2.5950 - 2.9550	:: 2.5800 - 2.9400	:: 2.6525 - 3.0125	:: 2.6775 - 3.0375	:: 2.8263	:
-- Grade A Swiss Cuts 10 - 14#	:: 3.8225 - 4.1450	:: 3.8500 - 4.1725	:: 3.8500 - 4.1725	:: 3.8500 - 4.1725	:: 3.8500 - 4.1725	:: 4.0075	:

WEST COAST (WSP, Delivered, LTL)

-- Process 5# Loaf	:: 2.5825 - 2.8400	:: 2.3025 - 2.5600	:: 2.2450 - 2.5025	:: 2.2350 - 2.4925	:: 2.1550 - 2.4125	:: 2.4101	:
-- Cheddar 40# Block	:: 2.4650 - 2.8175	:: 2.3025 - 2.6550	:: 2.2875 - 2.6400	:: 2.3600 - 2.7125	:: 2.3850 - 2.7375	:: 2.5300	:
-- Cheddar 10# Cuts	:: 2.6450 - 2.8650	:: 2.4825 - 2.7025	:: 2.4675 - 2.6875	:: 2.5400 - 2.7600	:: 2.5650 - 2.7850	:: 2.6438	:
-- Monterey Jack 10#	:: 2.6550 - 2.8150	:: 2.4925 - 2.6525	:: 2.4775 - 2.6375	:: 2.5500 - 2.7100	:: 2.5750 - 2.7350	:: 2.6238	:
-- Grade A Swiss Cuts 6 - 9#	:: 3.4000 - 3.8300	:: 3.4275 - 3.8575	:: 3.4275 - 3.8575	:: 3.4275 - 3.8575	:: 3.4275 - 3.8575	:: 3.6388	:

FLUID PRODUCTS

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

-- Northeast - f.o.b	:: 3.6696 - 3.9754	:: 3.3442 - 3.7222	:: 3.0062 - 3.4883	:: 2.3020 - 2.8084	:: 2.1639 - 2.4954	:: 3.0249	:
-- Upper Midwest - f.o.b	:: 3.4555 - 4.0060	:: 3.1988 - 3.7804	:: 3.1196 - 3.5450	:: 2.5322 - 2.8315	:: 2.2419 - 2.5344	:: 3.0600	:

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

-- Class II	:: 1.52 - 1.55	:: 1.52 - 1.55	:: 1.52 - 1.55	:: 1.52 - 1.55	:: 1.55 - 1.58	:: 1.5418	:
-- Class III	:: 1.57 - 1.60	:: 1.67 - 1.70	:: 1.46 - 1.60	:: 1.46 - 1.60	:: 1.46 - 1.60	:: 1.5727	:

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

COMMODITY	REPORT NUMBER 40	REPORT NUMBER 41	REPORT NUMBER 42	REPORT NUMBER 43	REPORT NUMBER 44	2014	2013
	:-----:-----:-----:-----:-----:-----					Monthly	Monthly
	OCT 01 - 03	OCT 06 - 10	OCT 13 - 17	OCT 20 - 24	OCT 27 - 31	Average	Average

DRY PRODUCTS

NONFAT DRY MILK

-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 1.1900 - 1.5500	:: 1.3500 - 1.5000	:: 1.2200 - 1.5600	:: 1.2200 - 1.5825	:: 1.2000 - 1.5850	:: 1.3984	: NO
-- Mostly	:: 1.3800 - 1.5000	:: 1.3800 - 1.4700	:: 1.3800 - 1.5025	:: 1.3500 - 1.5050	:: 1.3200 - 1.5050	:: 1.4277	: OCTOBER
-- High Heat	:: 1.5150 - 1.6000	:: 1.5400 - 1.6200	:: 1.5250 - 1.6200	:: 1.4350 - 1.6200	:: 1.4350 - 1.6000	:: 1.5494	: 2013
-- West (f.o.b.)							AVERGES
-- Low/Medium Heat	:: 1.2350 - 1.5625	:: 1.3300 - 1.5000	:: 1.3000 - 1.5300	:: 1.2600 - 1.5400	:: 1.2000 - 1.5350	:: 1.3986	: 2/
-- Mostly	:: 1.3300 - 1.4625	:: 1.3300 - 1.4425	:: 1.3200 - 1.4700	:: 1.3200 - 1.4700	:: 1.2800 - 1.4700	:: 1.3886	:
-- High Heat	:: 1.4825 - 1.6100	:: 1.4825 - 1.6100	:: 1.4800 - 1.6100	:: 1.4800 - 1.5800	:: 1.4800 - 1.5900	:: 1.5398	:

WHEY POWDER (Nonhygroscopic)

-- Central (f.o.b.)	:: 0.4800 - 0.7125	:: 0.4800 - 0.7075	:: 0.4800 - 0.7050	:: 0.4800 - 0.7050	:: 0.4800 - 0.6925	:: 0.5919	:
-- Mostly	:: 0.5800 - 0.6800	:: 0.5600 - 0.6650	:: 0.5600 - 0.6600	:: 0.5600 - 0.6600	:: 0.5500 - 0.6450	:: 0.6105	:
-- West (f.o.b.)	:: 0.5200 - 0.6875	:: 0.5200 - 0.6875	:: 0.5000 - 0.6875	:: 0.5000 - 0.6875	:: 0.5000 - 0.6875	:: 0.5974	:
-- Mostly	:: 0.5500 - 0.6600	:: 0.5500 - 0.6500	:: 0.5500 - 0.6450	:: 0.5500 - 0.6450	:: 0.5500 - 0.6450	:: 0.5991	:
-- Northeast (f.o.b.)	:: 0.6625 - 0.7300	:: 0.6100 - 0.7275	:: 0.6100 - 0.7150	:: 0.6100 - 0.7150	:: 0.6100 - 0.7025	:: 0.6671	:

WHEY PROTEIN CONCENTRATE

-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 1.2000 - 1.5875	:: 1.2000 - 1.5750	:: 1.2000 - 1.5375	:: 1.2000 - 1.5350	:: 1.2000 - 1.5325	:: 1.3756	:
-- Mostly	:: 1.2800 - 1.4675	:: 1.2500 - 1.4250	:: 1.2500 - 1.4175	:: 1.2500 - 1.4150	:: 1.2300 - 1.4025	:: 1.3358	:

ANIMAL FEED - WHEY

-- Central (f.o.b.)							
-- Milk Replacer	:: 0.3500 - 0.6100	:: 0.3500 - 0.6100	:: 0.3500 - 0.6100	:: 0.3500 - 0.5900	:: 0.3500 - 0.5900	:: 0.4755	:

BUTTERMILK (Min. 30% protein)

-- Central And East (f.o.b.)	:: 1.1500 - 1.3800	:: 1.1500 - 1.4100	:: 1.2100 - 1.3500	:: 1.0800 - 1.3500	:: 1.0800 - 1.2700	:: 1.2393	:
-- West (f.o.b.)	:: 1.2500 - 1.5800	:: 1.3000 - 1.5200	:: 1.2700 - 1.4600	:: 1.1600 - 1.4300	:: 1.1600 - 1.4300	:: 1.3502	:
-- Mostly	:: 1.3800 - 1.5675	:: 1.3800 - 1.4600	:: 1.3500 - 1.4400	:: 1.3000 - 1.4000	:: 1.3000 - 1.3800	:: 1.3887	:

WHOLE MILK POWDER

-- National (f.o.b.)	:: 1.7000 - 1.8200	:: 1.7000 - 1.8200	:: 1.6000 - 1.8200	:: 1.6000 - 1.8200	:: 1.6000 - 1.8200	:: 1.7282	:
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LACTOSE

-- Central And West (f.o.b.)	:: 0.2700 - 0.6450	:: 0.2700 - 0.5300	:: 0.2600 - 0.5200	:: 0.2600 - 0.5775	:: 0.2525 - 0.6075	:: 0.4171	:
-- Mostly	:: 0.4000 - 0.5225	:: 0.3900 - 0.4600	:: 0.3500 - 0.4600	:: 0.3500 - 0.4800	:: 0.3500 - 0.4800	:: 0.4218	:

CASEIN - Edible - National (f.o.b.)

-- Nonrestricted - Rennet	:: 4.2000 - 4.8000	:: 4.2000 - 4.8000	:: 4.2000 - 4.8000	:: 4.2000 - 4.8000	:: 4.2000 - 4.8000	:: 4.5000	:
-- Nonrestricted - Acid	:: 4.4000 - 5.0000	:: 4.4000 - 5.0000	:: 4.4000 - 5.0000	:: 4.4000 - 5.0000	:: 4.4000 - 5.0000	:: 4.7000	:

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 1<sup>st</sup> government shutdown. This affected September 2013 and October 2013 averages.

CME GROUP AVERAGES FOR OCTOBER 2014

COMMODITY	REPORT NUMBER 40	REPORT NUMBER 41	REPORT NUMBER 42	REPORT NUMBER 43	REPORT NUMBER 44	2014 *	2013 *
	OCT 1 - 3	OCT 6 - 10	OCT 13 - 17	OCT 20 - 24	OCT 27 - 31	Monthly Average	Monthly Average
<b>BUTTER*</b>							
-- GRADE AA							
--Monday		2.8700	2.6400	2.0150	1.8000		
--Tuesday		2.8650	2.4750	2.0325	1.7700		
--Wednesday	2.8950	2.8200	2.2650	1.9900	1.8500		
--Thursday	2.8950	2.8200	2.1300	1.9000	1.8900		
--Friday	2.8950	2.8050	2.0000	1.8100	1.8900	2.3184	1.5267
--Weekly Average**	2.9080	2.8360	2.3020	1.9495	1.8400		
<b>CHEESE*</b>							
-- BARRELS							
--Monday		2.1700	2.1000	2.1075	1.9225		
--Tuesday		2.1000	2.1650	2.0350	2.0100		
--Wednesday	2.1400	2.1000	2.0950	2.0700	2.0650		
--Thursday	2.1000	2.1000	2.0900	1.9900	2.0650		
--Friday	2.1700	2.1000	2.0700	1.9225	2.1100	2.0782	1.7714
--Weekly Average**	2.1720	2.1140	2.1040	2.0250	2.0345		
-- 40# BLOCKS							
--Monday		2.1500	2.1975	2.3250	2.1400		
--Tuesday		2.1600	2.2275	2.3250	2.1000		
--Wednesday	2.1825	2.1600	2.2275	2.3700	2.1150		
--Thursday	2.1400	2.1650	2.2500	2.1575	2.1350		
--Friday	2.1500	2.1975	2.2875	2.1400	2.1400	2.1932	1.8236
--Weekly Average**	2.1820	2.1665	2.2380	2.2635	2.1260		
<b>NONFAT DRY MILK*</b>							
-- *** EXTRA GRADE							
-- GRADE A							
--Monday		1.3950	1.3800	1.3200	1.2400		
--Tuesday		1.3900	1.3800	1.3100	1.2400		
--Wednesday	1.3950	1.3800	1.3800	1.3100	1.2400		
--Thursday	1.3950	1.3800	1.3800	1.2925	1.2425		
--Friday	1.3950	1.3800	1.3800	1.2450	1.2425	1.3345	1.8601
--Weekly Average**	1.3950	1.3850	1.3800	1.2955	1.2410		

\* 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.

OCTOBER AGRICULTURAL PRICES HIGHLIGHTS

The All Milk price received by farmers was \$25.30 in October, down \$0.40 from September 2014 but up \$4.40 from October 2013. Milk Cows price was \$2,120 in October, up \$710 from October 2013. Alfalfa hay price was \$194.00 in October, up \$1.00 from October 2013. Corn price was \$3.28 in October, down \$1.35 from October 2013. Soybean price was \$9.64 in October, down \$2.86 from October 2013. The milk-feed price ratio was 3.07 in October, up 0.94 from October 2013.

The index of prices received by farmers for dairy products during the month of October 2014 was down 2 points to 126. Compared to October 2013, the index was up 22 points (21.2 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in October 2014 was unchanged at 112. Compared with October 2013, the index was up 6 points (5.7 percent).

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

State	All-Milk price <sup>1/2/</sup>				Milk cows <sup>3/</sup>		Alfalfa hay, baled		Corn for Grain		Soybeans	
	Dollars per cwt.				Dollars per head		Dollars per ton		Dollars per bushel		Dollars per bushel	
	September		October		October		October		October		October	
	2013	2014	2013	2014 <sup>4/</sup>	2013	2014 <sup>4/</sup>	2013	2014 <sup>4/</sup>	2013	2014 <sup>4/</sup>	2013	2014 <sup>4/</sup>
AZ	19.90	24.60	20.30	24.60	1,500	2,200	185.00	180.00	---	---	---	---
CA	18.50	23.32	19.41	22.40	1,300	2,200	198.00	230.00	---	---	---	---
CO	20.30	25.60	21.20	25.70	1,520	2,260	238.00	215.00	5.02	3.73	---	---
ID	19.10	25.10	20.10	25.10	1,350	2,150	190.00	200.00	---	---	---	---
IN	20.90	26.30	21.40	26.30	1,450	2,050	---	---	4.34	3.50	12.60	9.50
IA	20.40	26.40	21.20	26.30	1,380	2,100	195.00	152.00	4.64	3.20	12.50	9.50
MI	20.60	26.20	21.00	26.20	1,600	2,100	185.00	165.00	4.46	3.30	12.40	9.70
MN	20.10	26.70	21.10	26.40	1,350	2,070	180.00	133.00	5.20	3.20	12.50	10.00
NM	18.90	23.80	19.80	23.90	1,440	2,100	250.00	250.00	---	---	---	---
NY	21.40	27.10	22.00	26.50	1,420	2,010	208.00	190.00	---	---	---	---
OH	21.10	26.30	21.60	26.30	1,400	1,950	205.00	190.00	4.36	3.50	12.30	9.75
PA	21.70	27.40	22.20	26.80	1,450	2,000	194.00	234.00	4.15	3.65	---	---
TX	20.50	26.10	21.60	26.00	1,450	2,100	236.00	234.00	5.28	3.88	---	---
WA	20.60	26.70	21.50	25.60	1,300	2,050	195.00	215.00	---	---	---	---
WI	20.20	26.60	20.90	26.20	1,490	2,220	200.00	157.00	4.68	3.30	12.20	9.80
U.S.	20.10	25.70	20.90	25.30	1,410	2,120	193.00	194.00	4.63	3.28	12.50	9.64

<sup>1/</sup> Prices are shown at reported butterfat test. <sup>2/</sup> Before deductions for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies. <sup>3/</sup> Animals sold for dairy herd replacement only. Prices estimated in January, April, July, and October. <sup>4/</sup> Preliminary.

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

Milk-feed: pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk <sup>1/</sup>			
State <sup>2/</sup>	October 2013	September 2014	October 2014 <sup>3/</sup>
IA	2.14	3.38	3.60
MI	2.21	3.19	3.41
MN	2.09	3.79	3.79
OH	2.26	3.44	3.23
WI	2.09	3.43	3.48
U.S.	2.10	2.97	3.07

<sup>1/</sup> 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. <sup>2/</sup> Available states that provided all necessary data to compute milk feed price ratios. <sup>3/</sup> Preliminary.

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

Item	October 2013	September 2014	October 2014 <sup>1/</sup>
<b>INDEX NUMBERS (1990-92=100):</b>			
Prices received by farmers for dairy products	104	128	126
Prices paid by farmers for commodities and services, interest taxes, and wage rates	106	112	112

<sup>1/</sup> Preliminary.

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

## SEPTEMBER 2014 DAIRY PRODUCTS HIGHLIGHTS

**BUTTER** production was 130.1 million pounds, 1.6 percent below September 2013 but 1.2 percent above August 2014. **AMERICAN TYPE CHEESE** production totaled 361.1 million pounds, 4.0 percent above September 2013 but 3.4 percent below August 2014. **TOTAL CHEESE** output (excluding cottage cheese) was 941.6 million pounds, 4.7 percent above September 2013 and 0.2 percent above August 2014. **NONFAT DRY MILK** production, for human food, totaled 114.1 million pounds, 54.1 percent above September 2013 but 3.3 percent below August 2014. **DRY WHEY** production, for human food, was 68.2 million pounds, 2.5 percent below September 2013 and 0.6 percent below August 2014. **ICE CREAM REGULAR** (hard) production totaled 61.7 million gallons, 1.8 percent below September 2013 and 6.5 percent below August 2014.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	SEP 2014	PERCENT CHANGE FROM:			PRODUCT	SEP 2014	PERCENT CHANGE FROM:		
	1,000 LBS.	SEP 2013	AUG 2014	YEAR TO DATE 1/		1,000 LBS.	SEP 2013	AUG 2014	YEAR TO DATE 1/
BUTTER	130,079	-1.6	1.2	-2.5	YOGURT (PLAIN AND FLAVORED)	460,807	6.2	14.7	1.8
CHEESE					DRY WHEY, HUMAN FOOD	68,201	-2.5	-0.6	---
AMERICAN TYPES 2/	361,141	4.0	-3.4	1.4	DRY WHEY, ANIMAL FEED	1,311	-45.5	35.7	---
CHEDDAR	255,966	5.9	-3.3	1.8	DRY WHEY, TOTAL 5/	69,512	-3.9	-0.1	-10.6
OTHER AMERICAN	105,175	-0.6	-3.7	---	REDUCED LACTOSE AND MINERALS				
BRICK & MUENSTER	13,834	-2.9	-8.6	---	HUMAN FOOD	3,041	184.5	-0.3	---
CREAM & NEUFCHATEL	75,885	-4.8	3.5	---	ANIMAL FEED	6,018	28.5	-5.3	---
HISPANIC	20,694	---	-6.3	---	LACTOSE, HUMAN FOOD & ANIMAL FEED	100,056	13.7	1.5	13.7
TOTAL ITALIAN TYPES	414,945	7.9	3.5	4.9	WHEY PROTEIN CONCENTRATE				
MOZZARELLA	330,044	9.3	3.5	6.9	HUMAN FOOD 9/	41,475	6.8	-5.8	---
ALL OTHER ITALIAN	84,901	2.8	3.7	---	ANIMAL FEED 9/	656	15.5	-12.4	---
SWISS	23,046	0.2	2.2	---	TOTAL 9/	42,131	7.0	-6.0	10.6
ALL OTHER TYPES	32,035	7.0	-0.6	---	25.0-49.9 PERCENT 10/	21,226	5.7	-6.0	---
TOTAL	941,580	4.7	0.2	2.7	50.0-89.9 PERCENT 10/	20,905	8.3	-5.9	---
COTTAGE CHEESE, CURD 3/	28,710	-1.9	-3.8	---	WHEY PROTEIN ISOLATES 11/	6,529	-6.5	1.4	---
COTTAGE CHEESE, CREAM 4/	25,510	4.6	3.0	-1.7					
COTTAGE CHEESE, LOWFAT 5/	29,274	0.7	1.8	-3.1	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
DRY BUTTERMILK	8,277	21.2	7.6	---	ICE CREAM, REGULAR (HARD)	61,671	-1.8	-6.5	-5.7
DRY WHOLE MILK	12,889	171.9	2.4	---	ICE CREAM, LOWFAT (HARD)	17,565	12.5	-2.0	---
MILK PROTEIN CONC. (MPC), TOTAL 6/	5,895	7.1	12.6	---	ICE CREAM, LOWFAT (SOFT)	14,638	-17.1	-22.3	---
NONFAT DRY MILK (NDM), HUMAN	114,073	54.1	-3.3	12.5	ICE CREAM, LOWFAT (TOTAL)	32,203	-3.2	-12.4	-3.1
SKIM MILK POWDERS (SMP) 7/	40,931	-24.5	-24.3	-7.9	SHERBET, HARD	3,225	3.9	3.6	-8.1
SOUR CREAM	84,155	1.3	-3.0	1.0	FROZEN YOGURT (TOTAL)	4,585	-19.1	-15.3	-21.2

MANUFACTURERS' STOCKS, END OF MONTH 12/								
PRODUCT	SEP 2014	PERCENT OF:		PRODUCT	SEP 2014	PERCENT OF:		
	1,000 LBS.	SEP 2013	AUG 2014		1,000 LBS.	SEP 2013	AUG 2014	
DRY WHEY, HUMAN FOOD	56,335	-1.6	-2.2	WHEY PROTEIN CONCENTRATE				
DRY WHEY, ANIMAL FEED	785	-72.9	4.7	HUMAN FOOD 9/	56,638	21.0	-1.3	
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL 13/	11,326	75.3	9.2	ANIMAL FEED 9/	1,474	5.7	5.9	
LACTOSE, HUMAN FOOD & ANIMAL FEED	119,324	36.6	-0.7	TOTAL 9/	58,112	20.6	-1.2	
DRY BUTTERMILK	18,635	139.9	33.2	25.0-49.9 PERCENT 10/	26,785	51.2	-6.4	
NONFAT DRY MILK (NDM), HUMAN FOOD	171,024	17.9	-29.5	50.0-89.9 PERCENT 10/	31,327	2.8	3.8	
				WHEY PROTEIN ISOLATES 11/	10,547	8.0	9.4	

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.

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

FEDERAL MILK ORDER CLASS AND COMPONENT PRICES, OCTOBER

**Class Prices:** The following are the October 2014 class prices under the Federal milk order pricing system and changes from the previous month: Class II: \$21.93 (-\$4.18), Class III: \$23.82 (-\$0.78), and Class IV: \$21.35 (-\$1.23).

**Component Price Information:** Under the Federal milk order pricing system, the butterfat price for October 2014 is \$2.8507 per pound. Thus, the Class II butterfat price is \$2.8577 per pound. The protein and other solids prices for October 2014 are \$3.7362 and \$0.4670 per pound, respectively. These component prices set the Class III skim milk price at \$14.34 per cwt. The October 2014 Class IV skim milk price is \$11.78, which is derived from the nonfat solids price of \$1.3090 per pound.

**Product Price Averages:** The product price averages for October 2014 are: butter: \$2.5255, nonfat dry milk: \$1.4900, cheese: \$2.2914, and dry whey: \$0.6525.

FEDERAL MILK ORDER MINIMUM CLASS PRICES FOR MILK OF 3.5 PERCENT BUTTERFAT <sup>1/2/</sup>						
Federal Milk Order Marketing Areas <sup>3/</sup>	Order Number	October 2014				November 2014
		Class I	Class II	Class III	Class IV	Class I
Dollars Per 100 Pounds						
Northeast (Boston) <sup>4/</sup>	001	27.44	21.93	23.82	21.35	27.31
Appalachian (Charlotte) <sup>5/ 6/</sup>	005	27.59	21.93	23.82	21.35	27.46
Florida (Tampa) <sup>6/ 7/</sup>	006	29.59	21.93	23.82	21.35	29.46
Southeast (Atlanta) <sup>6/ 8/</sup>	007	27.99	21.93	23.82	21.35	27.86
Upper Midwest (Chicago) <sup>9/</sup>	030	25.99	21.93	23.82	21.35	25.86
Central (Kansas City) <sup>10/</sup>	032	26.19	21.93	23.82	21.35	26.06
Mideast (Cleveland) <sup>11/</sup>	033	26.19	21.93	23.82	21.35	26.06
Pacific Northwest (Seattle) <sup>12/</sup>	124	26.09	21.93	23.82	21.35	25.96
Southwest (Dallas) <sup>13/</sup>	126	27.19	21.93	23.82	21.35	27.06
Arizona (Phoenix)	131	26.54	21.93	23.82	21.35	26.41
All-Market Average	---	27.08	21.93	23.82	21.35	26.95

<sup>1/</sup> To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63 - the approximate number of gallons in 100 pounds of milk.

<sup>2/</sup> The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

<sup>3/</sup> Names in parentheses are the major city in the principal pricing point of the markets.

<sup>4/</sup> Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25, and Washington, DC, minus \$0.25.

<sup>5/</sup> Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10.

<sup>6/</sup> Effective May 1, 2008, the Class I price surface in these orders were temporarily adjusted.

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

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

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

<sup>10/</sup> Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

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

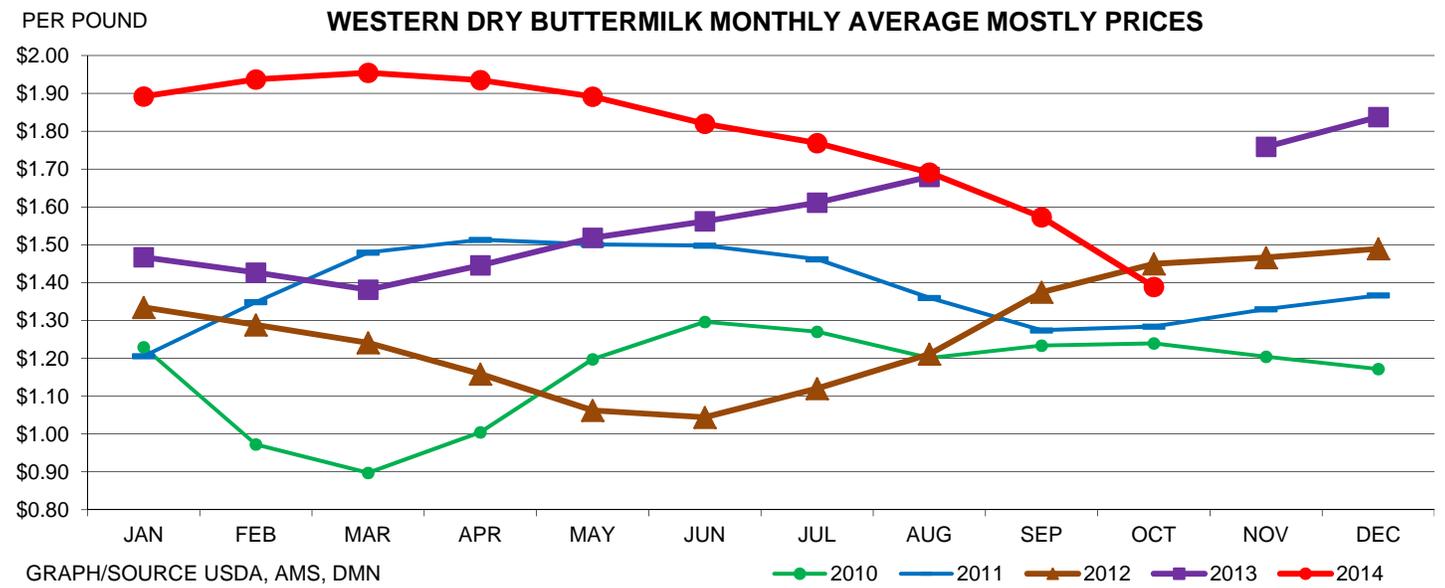
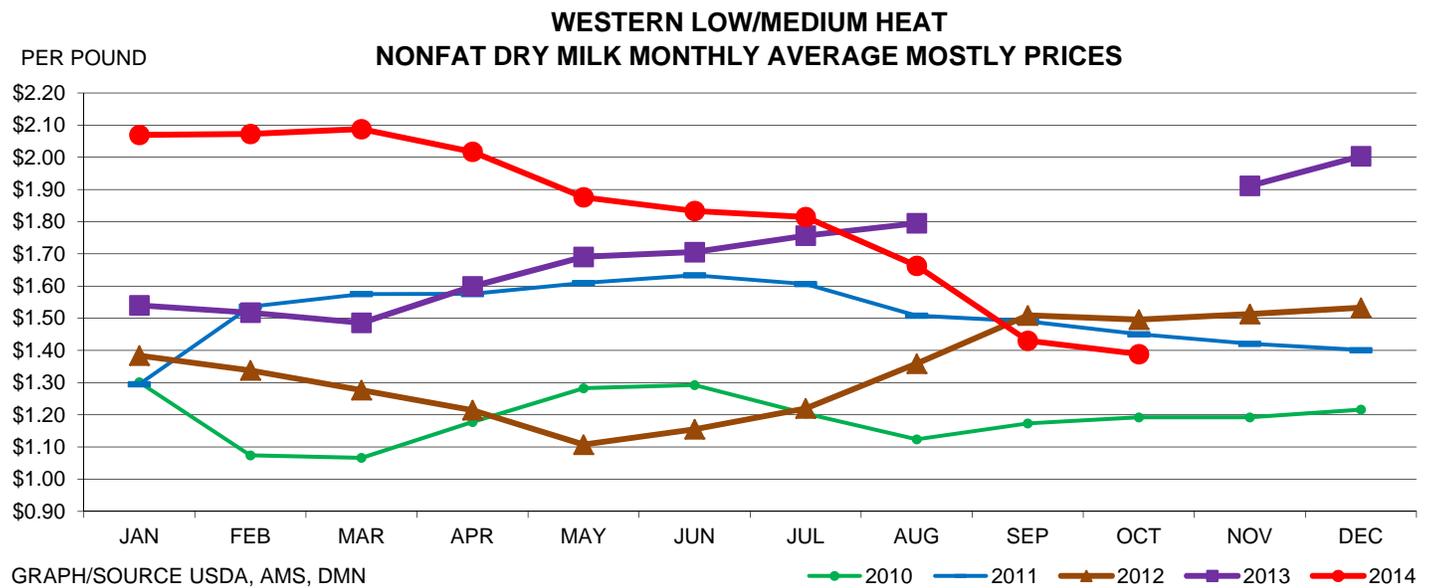
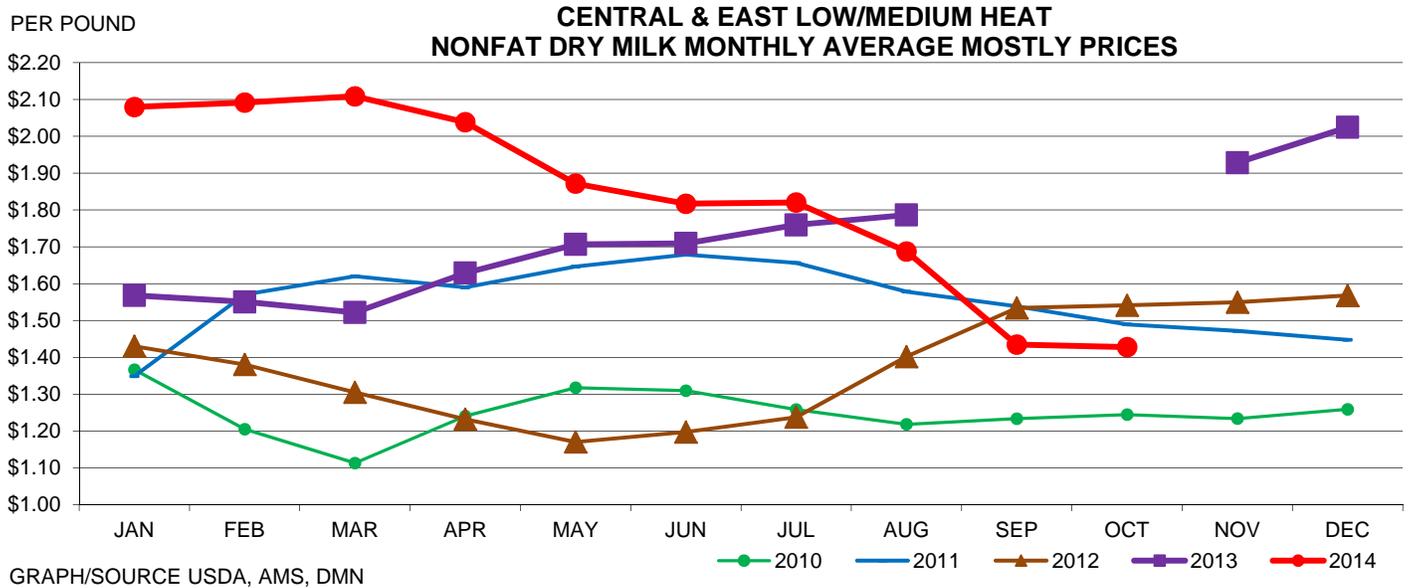
<sup>12/</sup> Class I prices at other cities are: Portland, same; and Spokane, same.

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

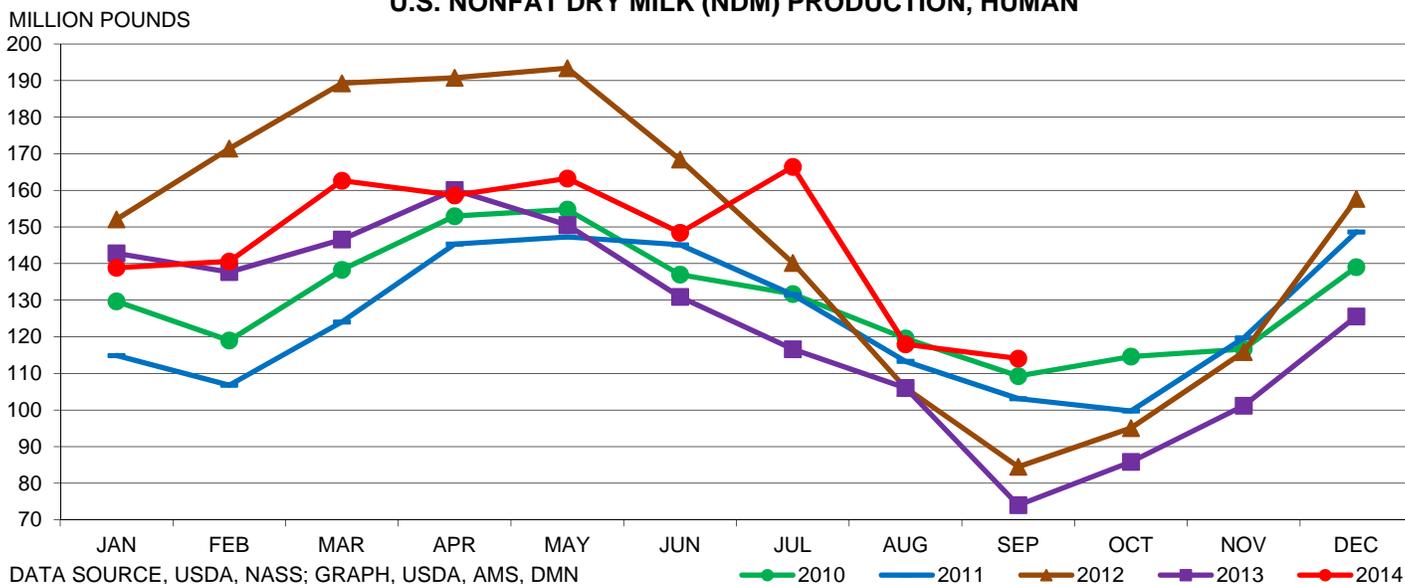
CONSUMER PRICE INDEX (CPI-U) AND AVERAGE RETAIL PRICES FOR SELECTED PRODUCTS, U.S. CITY AVERAGE <sup>1/</sup>

Month	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish, and Eggs	
	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>	CPI <sup>2/</sup>	Pct. Chg. <sup>3/</sup>
JUL	243.0	2.5	225.1	4.3	227.4	6.3	236.3	7.1	231.6	16.5	253.8	7.6
AUG	243.8	2.7	226.4	4.4	228.7	7.2	237.8	7.0	237.2	18.8	258.4	8.8
SEP	244.6	3.0	227.6	4.9	231.6	8.7	236.9	6.8	245.6	23.7	260.8	9.4
U.S. City Average Retail Prices												
Month	Whole Milk <sup>4/</sup>		Butter <sup>5/</sup>		Process Cheese <sup>6/</sup>		Natural Cheese <sup>7/</sup>		Ice Cream <sup>8/</sup>			
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013		
	Dollars											
JUL	3.645	3.449	N/A	N/A	4.426	4.092	5.560	5.434	4.719	4.840		
AUG	3.673	3.448	N/A	N/A	4.482	4.135	5.580	5.465	4.751	5.034		
SEP	3.732	3.428	N/A	N/A	4.450	4.137	5.565	5.390	4.987	4.795		

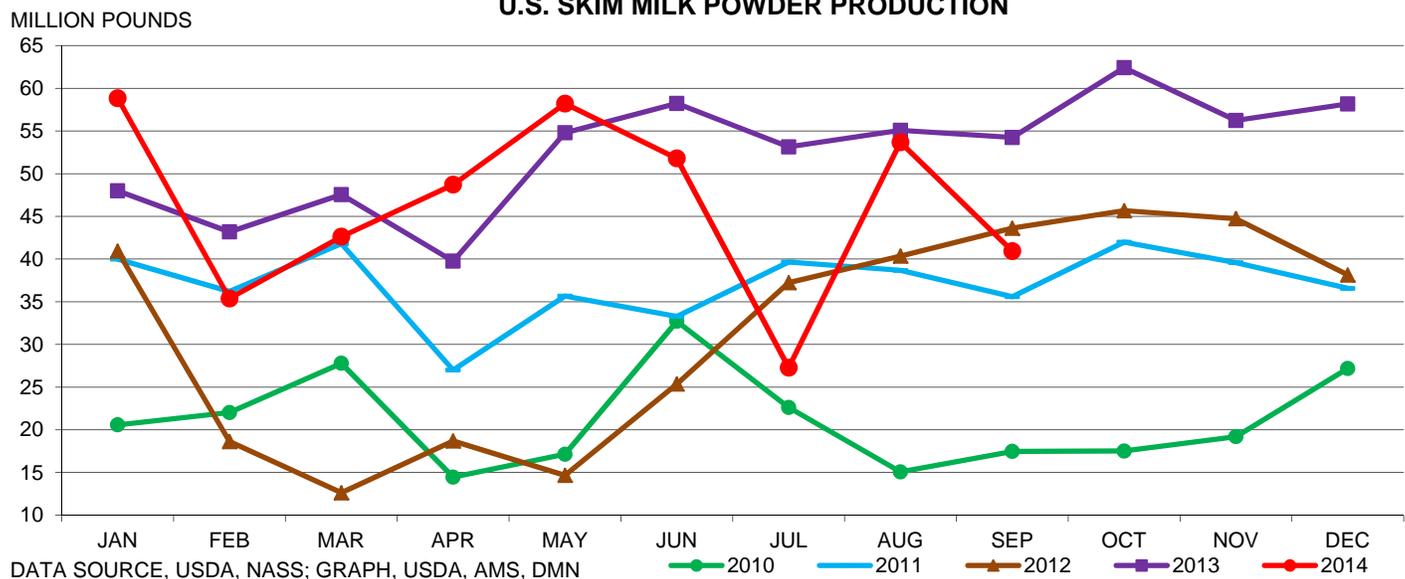
N/A = Not available. <sup>1/</sup> "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. <sup>2/</sup> The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



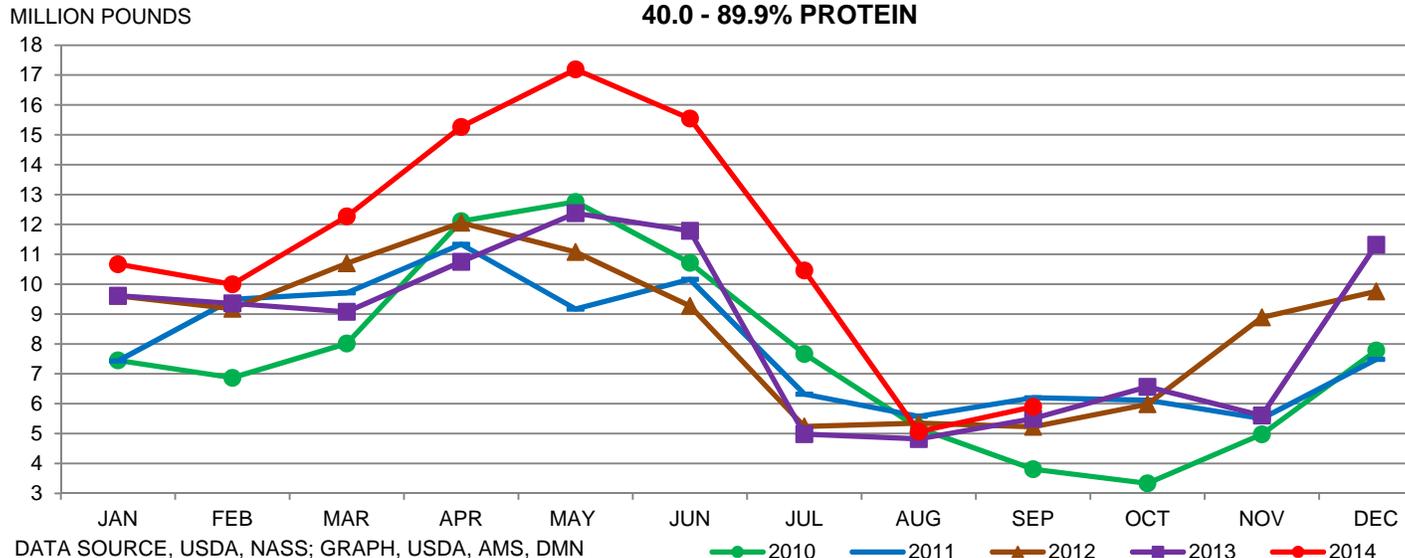
**U.S. NONFAT DRY MILK (NDM) PRODUCTION, HUMAN**

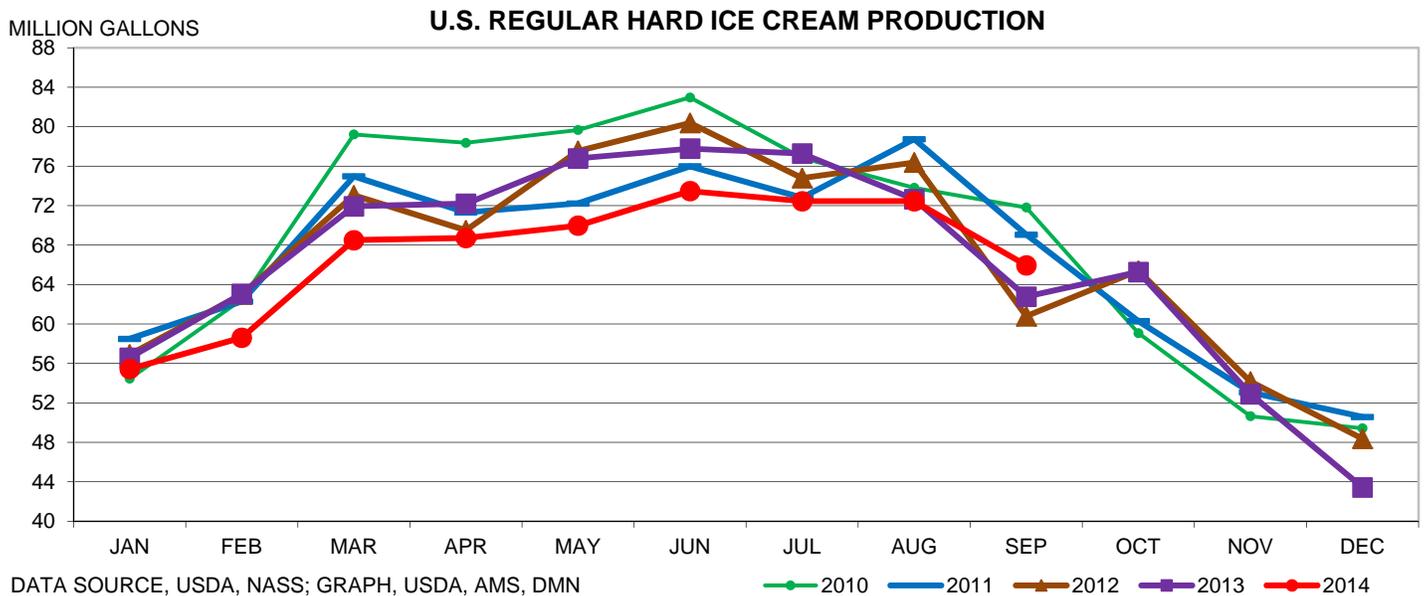
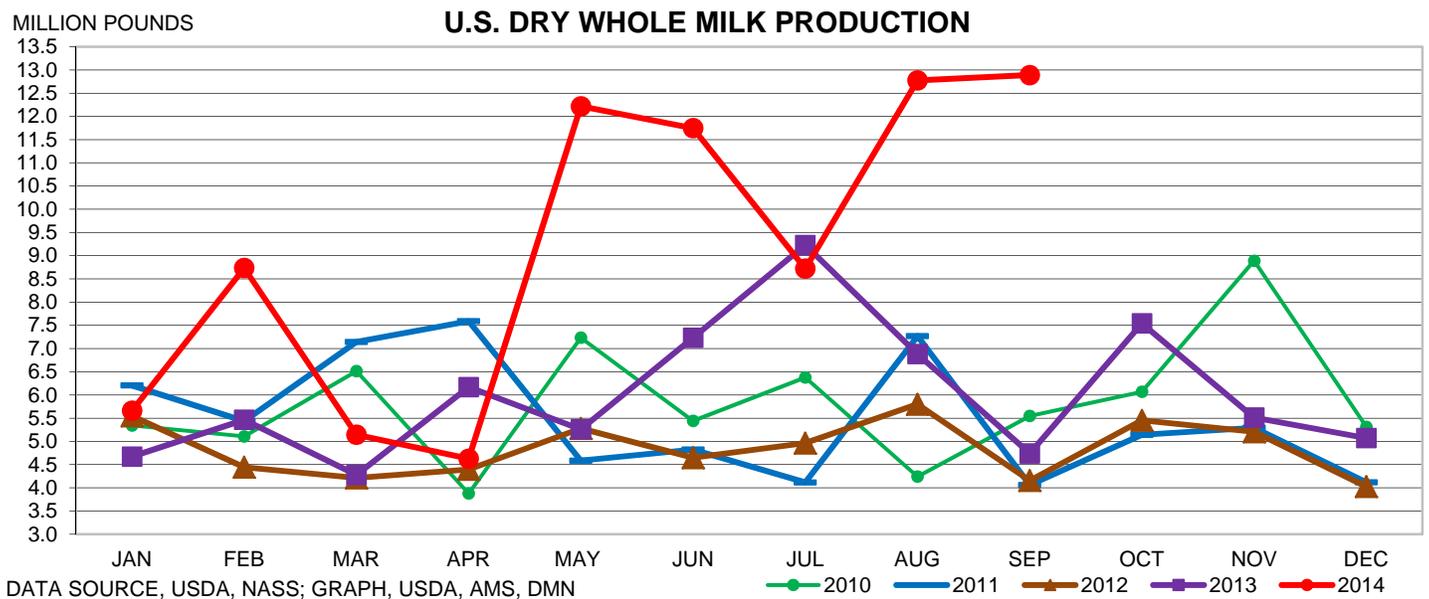
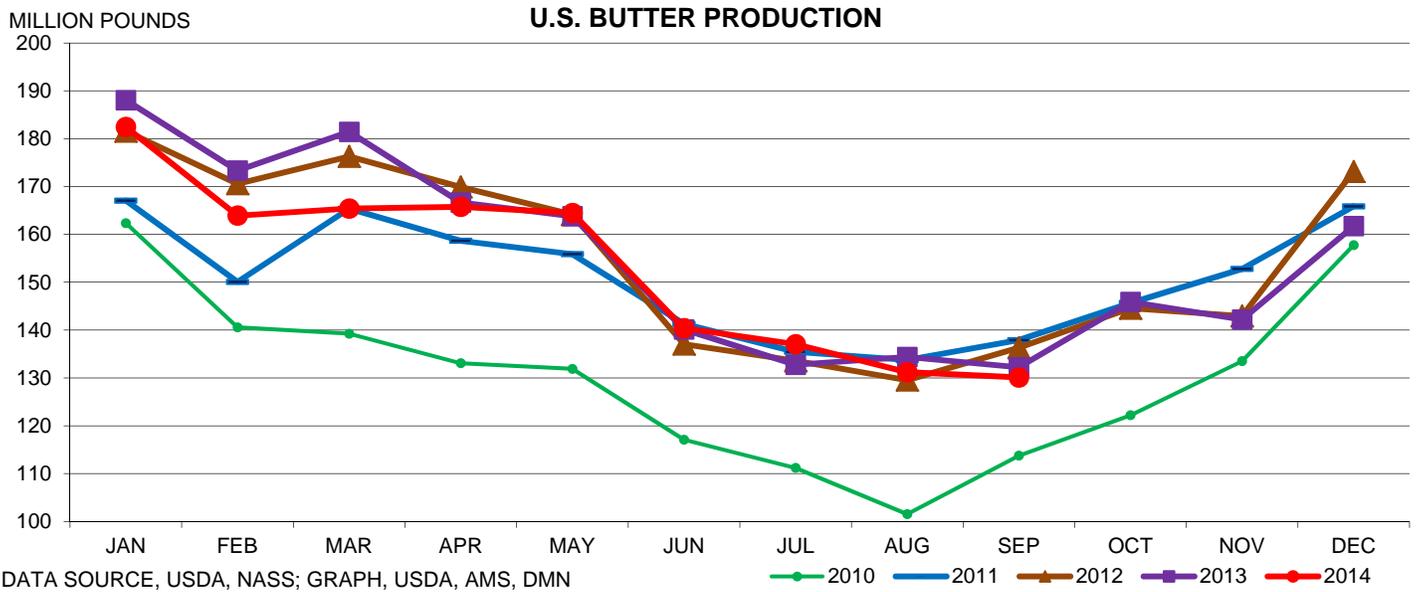


**U.S. SKIM MILK POWDER PRODUCTION**

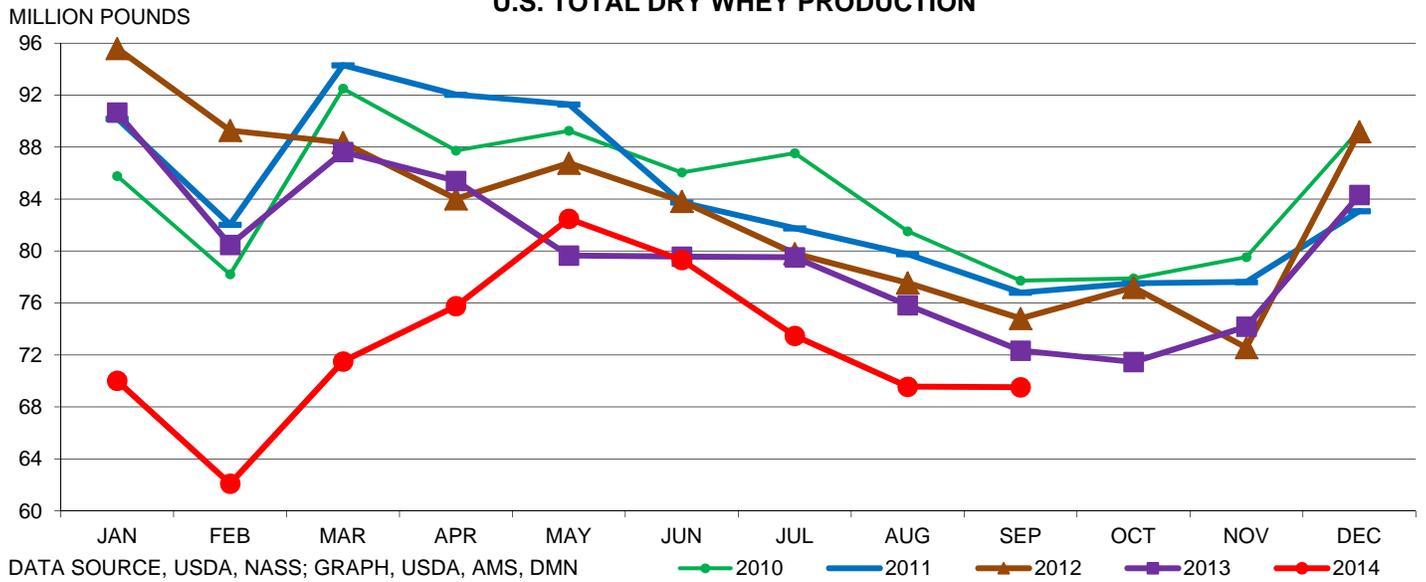


**U.S. MILK PROTEIN CONCENTRATE PRODUCTION, 40.0 - 89.9% PROTEIN**

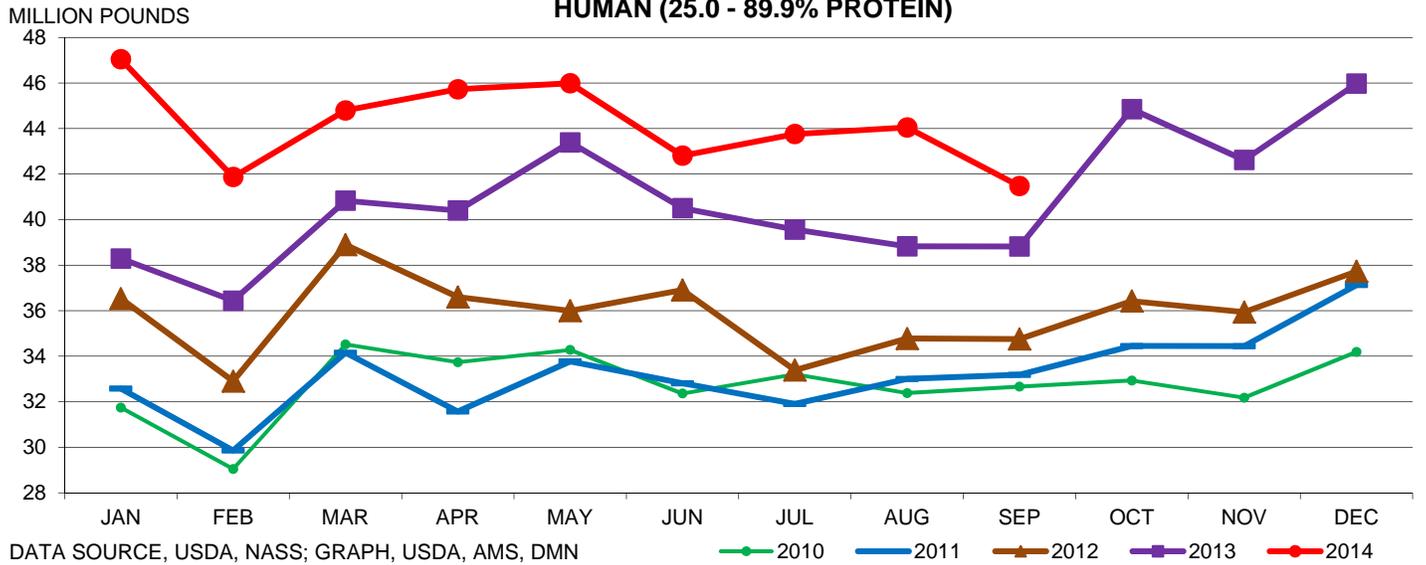




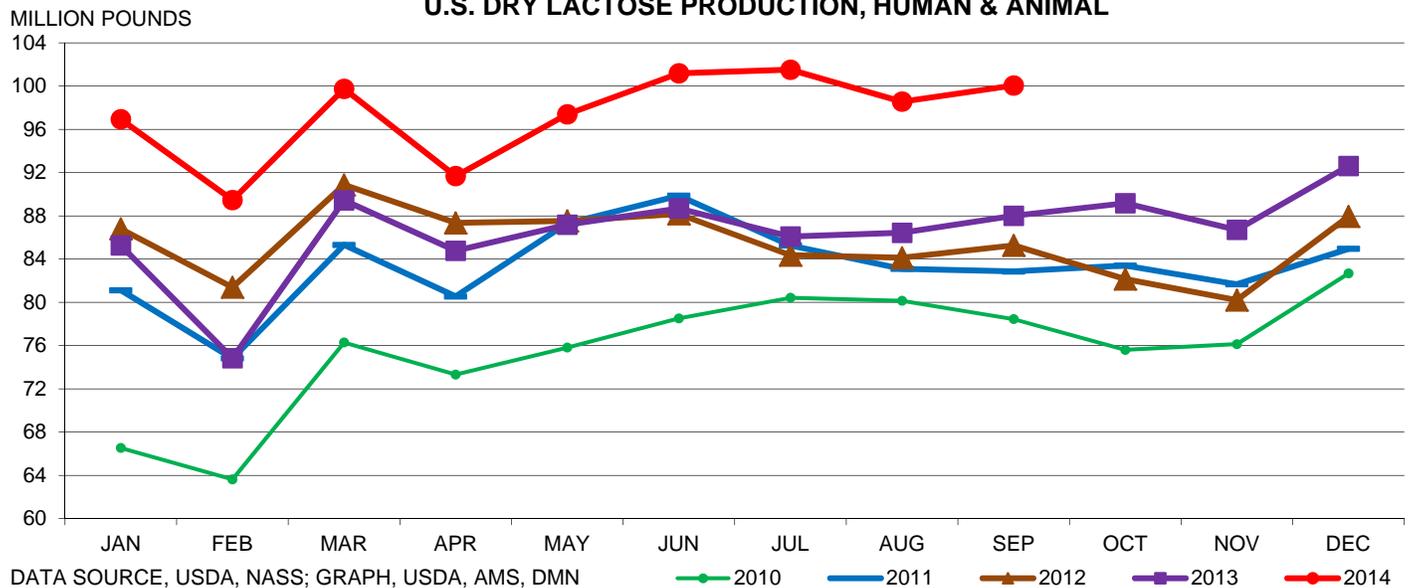
**U.S. TOTAL DRY WHEY PRODUCTION**



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



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



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