

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (11/21)**

**BUTTER:** Grade AA closed at \$2.000. The weekly average for Grade AA is \$1.9910 (-.0020).

**CHEESE:** Barrels closed at \$1.7400 and 40# blocks at \$1.7300. The weekly average for barrels is \$1.8470 (-.1200) and blocks, \$1.8070 (-.2040).

**BUTTER HIGHLIGHTS:** Butter manufacturers are busily filling orders to ensure shipment deadlines are met for Thanksgiving. Many plants are running schedules at or near capacity levels. However, they are conscious of keeping inventory levels in check as some anticipate weaker prices in the coming weeks. Cream tightened as Class II manufacturers are pulling stronger on cream supplies. Domestic butter interest is strong in both the retail and food service segments. Demand for bulk butter is moderate, while prices range from 3 cents under to 6 cents over market, with various time frames and averages used. The market tone is steady. At the CME Group, the Grade AA butter price closed Friday at \$2.0000, up \$0.0125 from last Friday.

**CHEESE HIGHLIGHTS:** Cheese production is comfortably meeting active sales demand focused on holiday retail buyers, as well as food service customers. Milk is adequate and in some areas there is surplus milk available. Most manufacturers do not have inventory concerns. Plant schedules next week over the holiday are mixed, with some cheese plants maintaining generally full schedules while other plants are adjusting production for downtime. Many of the later plants have increased inventory levels in recent weeks to cover the lower production next week. Some western cheese manufacturers are encountering difficulties in getting already sold cheese moving into export due to a work slowdown in some ports along the Pacific. This is causing some inefficiencies in trucking the cheese to cold storage facilities pending the resumption of normal export flows. Friday at the CME Group, barrels closed at \$1.7400 down 17 1/2 cents from a week ago and 40# blocks at \$1.7300, down 21 1/4 cents from a week ago.

**FLUID MILK:** Milk distribution was brought to a virtual halt as cold wintery weather produced an unanticipated monster snow storm in parts of the Northeast region. Seasonally cold temperatures are factoring significantly and causing mixed levels of farm milk production across the country. While current milk output ranges between slight increases to seasonally low declines across regions, production remains ahead of a year ago in most cases. Bottlers have ramped up production to keep pace with increased retail orders, prior to the holiday week. Manufacturers are expecting heavier volumes of milk intakes next week as schools close for the Thanksgiving holiday. Overall, cream demand is strong, as active

Class II/2 production rivals for available supplies.

**DRY PRODUCTS:** Nonfat dry milk prices are lower throughout all regions. Manufacturers are seeing steady to marginal increases in production. Demand is light. Dry buttermilk prices continue to decline. The market is growing weaker, as holiday production climbs and buyer interest remains stagnant. The dry whey market tone is weakening, as export markets pressure prices lower. Holiday cheese volumes are encouraging whey production. Inventories are mixed. Whey protein concentrate 34% prices are lower, with the market realizing competition from alternative and substitution proteins. Lactose prices are mostly lower, in a weak market. Sellers are having to adjust prices to aid lactose exports, due to a stronger U.S. dollar. Casein prices are unchanged.

**INTERNATIONAL DAIRY MARKET NEWS (DMN):**  
**WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW:** Western Europe milk production is just beyond the seasonal low point with volumes above year ago levels. Milk prices received by farmers are maintaining a fair margin and encourage milk production. Some producers, who are facing super levees for being over quota, are taking steps to reduce milk production. Manufacturers of cream based products are very active, preparing for the yearend holiday surge in demand. Increased troop movements in the Ukraine have weighed on financial markets and weakened the Euro, which has resulted in some increased export interest for dairy products. ESTAT - Newcronos reported EU-28 January to September milk deliveries are 5.6% higher than the same period in 2013. Various member states showed the following January to September increases compared to last year: Germany, 4.2%; France, 6.9%; UK, 9.5%; Belgium, 8.0%; Italy, 3.7%; and Ireland, 6.3%. January-September milk delivery data showed increases for all countries in Western Europe with the exception of Greece -4.4%. **EASTERN OVERVIEW:** Eastern European milk production has moved beyond the seasonal low point, but remains strong compared to last year. Cream, raw milk, and some manufactured dairy products are being shipped into Belarus in unknown volumes. Baltic States' producers are struggling to find new markets for their dairy products that were previously exported to Russia prior to the import embargo. Weather conditions remain favorable for milk production. European milk deliveries for January-September reported by ESTAT - Newcronos, showed the following year over year changes for selected countries: Poland, +7.4%; Lithuania, +7.8%; Latvia, +11.0%; Estonia, +7.9%; and the Czech Republic, +0.7%.

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**CME GROUP CASH TRADING**

COMMODITY	MONDAY NOV 17	TUESDAY NOV 18	WEDNESDAY NOV 19	THURSDAY NOV 20	FRIDAY NOV 21	WEEKLY CHANGE*	WEEKLY AVERAGE#
<b>CHEESE</b>							
BARRELS	\$1.9150 (N.C.)	\$1.9150 (N.C.)	\$1.9150 (N.C.)	\$1.7500 (-.1650)	\$1.7400 (-.0100)	-.1750	\$1.8470 (-.1200)
40# BLOCKS	\$1.8800 (-.0625)	\$1.8500 (-.0300)	\$1.8000 (-.0500)	\$1.7750 (-.0250)	\$1.7300 (-.0450)	-.2125	\$1.8070 (-.2040)
<b>NONFAT DRY MILK</b>							
GRADE A	\$1.1875 (+.0075)	\$1.1825 (-.0050)	\$1.1825 (N.C.)	\$1.1375 (-.0450)	\$1.1375 (N.C.)	-.0425	\$1.1655 (-.0120)
<b>BUTTER</b>							
GRADE AA	\$1.9875 (N.C.)	\$1.9875 (N.C.)	\$1.9875 (N.C.)	\$1.9925 (+.0050)	\$2.0000 (+.0075)	+.0125	\$1.9910 (-.0020)

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

NATIONAL DAIRY MARKET NEWS AT A GLANCE

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**OCEANIA OVERVIEW:** Australian milk production is mixed coming off the seasonal peak. Some regions, especially southwestern Victoria, have accelerated declines in milk production due to persistent dry weather. Other areas are showing production about even or a little above year ago levels with the exception of Tasmania, where production is significantly above last year. Australia and China have tentatively agreed in principle to a Free Trade Agreement. The FTA will remove all tariffs on Australian dairy products within 4-11 years. The agreement should allow Australian dairy products to be more competitive with New Zealand's products and likely increase Oceania's share in the China market. According to Dairy Australia, silage production is coming to a close in Southern Australia with mixed production results. Hay prices continue to be volatile with yields and supplies not fully realized for the current harvest. Conditions have been favorable for baling with variable yields. Hay quality is above average in most areas. Hay prices for this season are expected to be above year ago levels. According to Dairy Australia, production of various dairy commodities for September 2014 showed the following percentage changes compared to 2013: butter, +16.6%; butteroil, +61.3%; skim milk powder, +32.0%; whole milk powder, -40.8%; buttermilk powder, +23.8%; cheese, +3.2%; and whey powder, -20.7%. New Zealand milk production continues to be above year ago levels. The North Island has received much rain, but conditions remain favorable for milk production. The southern portion of the South Island has received some cold weather, which has restricted production gains in some areas. Estimates for October have milk production for all of New Zealand near 4.3% above year ago levels. Pasture growth is very good. Farmgate prices are below year ago levels. Some contacts have indicated they believe producers will refrain from supplemental feeding, given the lower farmgate prices. They anticipate producers will make milk as for as long as pastures allow and then dry off cows earlier this season than last. September milk production as reported by DCANZ was 2.75 million MT, up 5.2% from September 2013 and 13.0% higher than the level two years ago. September milksolids reflected a 5.7% increase compared September 2013. At the November 18 GDT event #128, average prices ranged from 12.2% lower to 6.1% 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, \$3,490 +6.1%; butter, \$2,656 +6.0%; buttermilk powder, \$2,511 +1.4%; cheddar cheese, \$2,861 +5.0%; lactose, n.a.; rennet casein, \$6,681 -12.2%; skim milk powder, \$2,299 -5.7%; sweet whey powder, n.a.; and whole milk powder, \$2,400 -5.1%.

**OCTOBER MILK PRODUCTION (NASS):** Milk production in the 23 major States during October totaled 16.0 billion pounds, up 3.9 % from October 2013. Production per cow averaged 1,868 pounds for October, 51 pounds above October 2013. This is the highest production per cow for the month of October since the 23 State series began in 2003. The number of milk cows on farms was 8.59 million head, 89,000 head more than October 2013, and 3,000 head more than September 2014.

**DECEMBER FEDERAL ORDER ADVANCE PRICES (FMMO):** Under the Federal milk order pricing system, the base Class I price for December 2014 is \$22.53. This price is derived from the advanced Class III skim milk pricing factor of \$15.39 and the advanced butterfat pricing factor of \$2.1935. A Class I differential for each order's principle pricing point (county) is added to the base price to determine the Class I Price. The base Class I price decreased \$1.53 when compared to the previous month of November 2014. For selected consumer products, the price changes are: whole milk (3.25% milk fat), -\$1.27 per cwt, -\$0.109 per gallon; reduced fat milk (2%), \$0.04 per cwt, \$0.003 per gallon; fat-free (skim milk), \$1.62 per cwt, \$0.140 per gallon. The advanced Class IV skim milk pricing factor is \$11.44. Thus, the Class II skim milk price for December 2014 is \$12.14 per cwt, and the Class II nonfat solids price is \$1.3489. The two-week product price averages for December 2014 are: butter \$1.9828, nonfat dry milk \$1.4517, cheese \$2.1872 and dry whey \$0.6441.

## CME GROUP

MONDAY, NOVEMBER 17, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.8800  
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$1.1875; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.1850; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.9900

TUESDAY, NOVEMBER 18, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.8500  
 NONFAT DRY MILK -- SALES: 4 CARS GRADE A: 1 @ \$1.1800, 1 @ \$1.1825, 2 @ \$1.1800; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.1825; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.1850  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

WEDNESDAY, NOVEMBER 19, 2014

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.8100; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS 40# BLOCKS @ \$1.8000  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE A @ \$1.1775; LAST OFFER UNCOVERED: 2 CARS GRADE A @ \$1.1825  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.9900

THURSDAY, NOVEMBER 20, 2014

CHEESE -- SALES: 5 CARS BARRELS: 3 @ \$1.7000, 1 @ \$1.7100, 1 @ \$1.7500; 1 CAR 40# BLOCKS @ \$1.7975; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.7750  
 NONFAT DRY MILK -- SALES: 6 CARS GRADE A: 2 @ \$1.1750, 3 @ \$1.1725, 1 @ \$1.1700; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.1375  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.9925; LAST OFFER UNCOVERED: NONE

FRIDAY, NOVEMBER 21, 2014

CHEESE -- SALES: 1 CAR BARRELS @ \$1.7025; 3 CARS 40# BLOCKS @ \$1.7300; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7400; 1 CAR 40# BLOCKS @ \$1.7300; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.7800  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.1550  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.0000; LAST OFFER UNCOVERED: NONE

## BUTTER MARKETS

## NORTHEAST

Butter plant churns are running active schedules to fill requests from new and existing butter accounts. The available cream supply is sufficient for the desired level of output for most butter operations, although Class II operations are pulling heavy on the region's cream volumes. Retail demand is strong, as the marketplace procures enough print butter to cover expected holiday sales. Inventories are sufficient for existing needs. Manufacturers are continuing to avoid surplus production volumes. The market undertone is steady. The current bulk butter prices for domestic sales are market to 6 cents over, with various time frames and averages used. At the CME, Grade AA butter closed Tuesday at \$1.9875, down \$0.0125 from a week ago.

## CENTRAL

Some manufacturers are pushing production rates to near capacity levels to complete incoming orders, mostly stemming from holiday demand. Domestic interest continues to be strong seasonally, especially from retail and food service accounts. Butter makers are actively balancing between churning and microfixing to finish orders on time, while closely linking spot ingredient purchases to obligations. Cream supplies tightened as demand picked up from Class II manufacturers. Bulk butter interest is steady and supplies are available as prices are ranging from 2 cents under the market to 6 cents over, with various time frames and averages used. Manufacturers' warehouse butter supplies range from limited to in balance. Wednesday at the CME Group, Grade AA butter closed at \$1.9875, down \$0.0025 from last Wednesday.

## WEST

Churns in the West are operating at full schedules in a number of plants. Print sales are very strong, with many customers seeking to purchase volumes in addition to orders recently placed. Other cream using products such as cream cheese, sour cream and holiday related dairy products are adding to the draw on cream, leaving cream supplies tight – tighter in California, less so in the Pacific Northwest, but still tighter than recent weeks. CME butter prices Wednesday closed at \$1.9875. Compared to last Wednesday, butter prices are 1/4 cents lower. Bulk butter activity is light but prices range from market to 3 cents under market, based on the CME with various time frames and averages used.

## NATIONAL DAIRY PRODUCTS SALES REPORT

## U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
November 15, 2014	2,0013 3,816,367	2,2130 11,291,777	2,1503 7,235,356	0,6424 6,866,719	1,4414 18,296,910

**CHEESE MARKETS**

**NORTHEAST**

The region's cheese production rates vary, subject to manufacturers' existing inventory levels and customer accounts needing to be filled. Active cheese sales to retail and foodservice markets, point to good cheese demand leading up to the holiday. Inventories are mostly balanced to satisfy near-term orders, while cheesemakers slow inventory growth, using hand-to-mouth production schemes. Manufacturers are expressing some concerns about the potential impact of imported cheeses on their sales volumes, as domestic cheese prices remain well above world prices. Last week, the weekly average cheese prices, on the CME Group, declined for both blocks and barrels. This week's wholesale prices for 40# block and muenster moved lower \$0.1675, while process 5# sliced fell \$0.1625. Grade A Swiss cheese is unchanged. The CME Group daily cash prices on Tuesday saw barrels close at \$1.9150, down \$0.0325 from a week ago, while blocks closed at \$1.8500, down \$0.1500 from a week ago.

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

Cheddar 40# Block	:	2.4050-2.6900
Process 5# Sliced	:	2.1900-2.6700
Muenster	:	2.4250-2.7850
Grade A Swiss Cuts 10 - 14#	:	3.9250-4.2475

**MIDWEST**

There is extra spot milk available to cheesemakers in the region at discounts to Class prices. Cheese production at some plants is sold out into 2015 and scheduling allows little room to expand output. Other plants have manufactured and sold extra loads this week, which customers happily took. However, some plants have noticed orders being down, attributed to customers stepping back to wait for cheese prices leveling out after still continuing steep declines, especially for blocks. Overall cheese sales are strong because customers need cheese for holiday sales and into January. With next week bringing the Thanksgiving holiday in addition to many staff in cheese plants taking time off for deer hunting, a number of plants have built up cheese inventory to compensate for anticipated lower output next week. The anticipated influx of extra milk during the holiday week is causing some concern with scheduling, when many valued workers want time off. Interest in pepper jack and colby jack varieties is good at this time of year. Wisconsin wholesale prices for 1,000 to 5,000 pound mixed lots of process cheese decreased \$.1625, Swiss is unchanged, and the remaining varieties decreased \$.1675. CME Group trading closed Wednesday with barrels at \$1.9150, down \$.0225 from last Wednesday, and blocks at \$1.8000, down \$.1900 from last Wednesday.

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

Process American 5# Loaf	:	2.0675-2.4275
Brick And/Or Muenster 5#	:	2.3850-2.8100
Cheddar 40# Block	:	2.0900-2.5075
Monterey Jack 10#	:	2.3600-2.5650
Blue 5#	:	2.6525-3.6400
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.2300-3.1250
Grade A Swiss Cuts 6 - 9#	:	3.4425-3.5600

**WEST**

Milk supplies available to western cheesemakers are good and allow scheduling production as needed to fill orders and maintain inventory. Surplus milk is noted in Idaho. Winter weather colder than normal for the time of year is expected to slightly reduce available milk in some Northwest areas, but not enough to cut into milk necessary for cheese-making. Schedules in cheese plants during the Thanksgiving holiday week are mostly similar to this week, with even more milk being available due to anticipated slower fluid milk demand. Sales from some cheese plants next week are expected to be slower, but then resume after the holiday. No ground transportation factors are affecting cheese deliveries this week. Work slowdowns in some ports, such as Seattle-Tacoma, are affecting cheese exports. Cheese already manufactured and sold to export customers is beginning to back up. Plants are incurring extra time to locate available cold storage and extra costs to transport cheese for temporary storage until the flow through ports resumes normal volumes. Barrels are reported tight in the West. Swiss production and sales are strong in the Pacific Northwest. Cheddar and mozzarella production is noted as strong in California, with heavy mozzarella and provolone production in New Mexico. Western wholesale prices for 1,000 to 5,000 pound mixed lots of process cheese decreased \$.1625, Swiss is unchanged and the remaining varieties decreased \$.1675. CME Group trading closed Wednesday with barrels at \$1.9150, down \$.0225 from last Wednesday, and blocks at \$1.8000, down \$.1900 from last Wednesday.

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

Process 5# Loaf	:	2.0925-2.3500
Cheddar 40# Block	:	2.1375-2.4900
Cheddar 10# Cuts	:	2.3175-2.5375
Monterey Jack 10#	:	2.3275-2.4875
Grade A Swiss Cuts 6 - 9#	:	3.5025-3.9325

**FOREIGN**

Domestic foreign type cheese prices declined substantially this week. Imported and Swiss cheese prices were unchanged. The decline in prices for domestic varieties may prompt some additional wholesale orders ahead of the yearend holiday season. Seasonal demand for hard and cooking type cheeses is good. Aged cheese stocks in Europe are declining. The continuing decline in the Euro, compared to the U.S. Dollar, has made prices more competitive.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.3800	: 2.5450-4.0325*
Gorgonzola	: 3.6900-6.9700	: 3.0525-3.7500*
Parmesan (Italy)	: -0-	: 3.9350-6.0250*
Provolone (Italy)	: -0-	: 2.5875-2.8400*
Romano (Cows Milk)	: -0-	: 3.7350-5.8850*
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-	: 4.0225-4.3450
Swiss Cuts Finnish	: 2.6700-2.9300	: -0-

\* = Price change.

## CHEESE MARKETS

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

	<u>BUTTER</u>	:	<u>CHEESE</u>
		:	
11/17/14	8,693	:	94,380
11/01/14	12,593	:	95,011
CHANGE	-3,900	:	-631
% CHANGE	-31	:	-1

## 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	105	0	70	0	70	0
SOUTHEAST STATES	0	0	0	0	0	0

A massive snow storm buried parts of upstate New York and New Hampshire, as temperatures dropped throughout the Northeast. Class I demand is strong, however, the storm shut down most distribution channels to those areas. Consequently, some manufacturing plants are clearing unexpected volumes of milk that can't get to bottlers. Farm-level milk production in the Northeast is lighter and at a seasonal low. Cold temperatures are discouraging cows' eating and drinking patterns, thereby hampering cow comfort. Milk production in the Mid-Atlantic is steady to incrementally lower. Manufacturing milk intakes have declined as year-end demand requires volumes to clear to Class I and Class II operations. Balancing plants are expecting an increase in milk intakes next week due to school closings. The Southeast's milk production is steady. Cool temperatures continue to encourage the seasonal increase in output. Declines in milk to manufacturing are noted, as Class I sales climb. Farm level milk production in Florida is steady to increasing. Conditions are suitable for cow comfort. Class I demand is good, as the holiday approaches. This week, Grade A spot milk shipments included 105 imported loads, 35 more than last week. The cream market is strong, driven by very active Class II demand. Loads, in some cases, are more available this week. Prices for **cream multiples** for **all Classes** are close to steady and **ranged 1.27-1.45**. Last week, the CME Group Grade AA weekly average butter price was \$1.9930, down \$0.0155 from the previous week. **Condensed skim** supplies are steady. Class I demand continues to limit supplies into manufacturing. Very few sales transactions beyond contract fulfillment are occurring. Some traders noted "the market has not been this quiet all year." Cheesemakers are circumventing condensed skim use in production, with nonfat dry milk, due to the lower cost advantage.

## 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 -	2.5311-2.8899
F.O.B. producing plants: Upper Midwest -	2.3916-2.7105

## 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 -	1.74-1.77

## MIDWEST

Central milk production is mostly steady, while a few milk handlers noted declines in milk intake levels contributed to the colder, subfreezing temperatures that hit the Midwest the past week. However, milk intakes are steadily above last year for many processing facilities. The extra milk is outpacing current demand, while prices are ranging from \$5.00 under Class III to \$1.50 over for spot loads of milk. Bottling production is higher, fueled by improved sales from holiday orders. Class II products such as whipping cream, sour cream, cream cheese, and half and half are gaining interest from retail accounts stocking up for Thanksgiving. Cream supplies firmed with increased pulls from Class II manufacturers and butter churn operators looking to fill orders. **Cream multiples are ranging from 1.20 to 1.36**. Wednesday at the CME Group, Grade AA butter closed at \$1.9875, down \$0.0025 from

last Wednesday. The NASS *Milk Production* report noted October milk production in the 23 selected states was 16.0 billion pounds, 3.9% above a year ago. The following shows Central states included in the report and the changes compared to a year ago: Illinois, N.C.; Indiana, +2.2%; Iowa, +4.0%; Kansas, +6.9%; Michigan, +7.1%; Minnesota, +2.8%; Ohio, +2.9%; South Dakota, +4.0%; Texas, +11.6% and Wisconsin, +2.4%. Milk cows in the 23 selected states totaled 8.59 million head in October, 89,000 head more than a year ago. The weekly *Cow Slaughter under Federal Inspection* report shows U.S. dairy cow slaughter for the week ending November 1, at 54,700 head, 4,300 head or 7.3% less than the comparable week a year ago.

## WEST

CALIFORNIA milk production remains active at levels above a year ago in most areas. Conditions overall are favorable for milk cows. Milk returns are still on the positive side of the ledger for producers with milk prices remaining high and feed costs relatively low. Cows are still being retained in the milking herds with slaughter rates lagging. Class I demand is steady to higher. The Class I market is expected to become irregular as schools close next week, but retailers expand their demand for milk and other fluid products. Processors are gearing up to handle additional loads during the holiday week, but no problems are anticipated. ARIZONA milk output is continuing to increase on a week-to-week basis and levels are well above comparable levels of a year ago. Weather factors are limited with cool and dry conditions prevalent. Processing is increasing to handle the additional milk supplies and to help with surplus from nearby states. Class I demand is fair to good ahead of the holiday week with retail orders higher, especially ahead of feature activity. NEW MEXICO milk production is uneven. The cooler weather is affecting some areas of the state and the impact on cows is being noted. Processing plants are in good shape leading into the holiday week. No issues handling the milk supplies are anticipated. Class I demand is strong with additional orders being added on as the week progresses. CREAM supplies are mostly tight in the West. Cream multiples are steady at 1.20 - 1.32. The butter sector is very active and seeking additional cream to fill orders. Some butter buyers waited a little too long in attempts to get the lowest pricing and are finding offerings tight. Cream usage from other Class items remains very good to make sour cream, cream cheese, dips, whipping cream, egg nog and other holiday themed items. At the CME Group, Grade AA butter closed Wednesday at \$1.9875, down \$.0025 compared to a week ago. PACIFIC NORTHWEST milk production, as expected at this time of year, is near a seasonal low point. However, milk production is ahead of one year ago. Class I demand is good. Cheese manufacturers have desired volumes for production. Recent storms and weather fronts have left western Washington more like what is expected in January. If this continues, milk production is expected to drop off in the near future. Eastern Washington has experienced freezing rain turning into snow, falling to single digit temperatures overnight. This type of weather is usually not expected for about five weeks. UTAH and IDAHO are near seasonal lows in milk production; although both are producing more milk in total, have more milk per cow, and have more cows than one year ago. Surplus milk is available in Idaho. Utah milk supplies are comfortable, with no issues of availability causing concern. In Utah, recent weather systems have moved colder winter temperatures and snow ahead several weeks. According to the NASS, October milk production for the 23 selected states totals 16.05 billion pounds, 3.9% higher than a year ago. October milk production changes from a year ago for selected Western states are as follows: Arizona +2.8%, California +2.7%, Colorado +9.7%, Idaho +5.1%, New Mexico +2.0%, Oregon +0.5%, Utah +7.6% and Washington +4.6%.

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

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

**NONFAT DRY MILK - CENTRAL AND EAST**

**CENTRAL:** Low/medium heat nonfat dry milk (NDM) prices declined on lower spot trading and index pricing. The market tone is weakening as buyers are hesitant to take a position. Production rates remain at higher levels as milk production is well above last year. Exports continue to lag as U.S. prices are currently not competitive with competing international markets. Domestic interest is light. Supplies are generally growing. HIGH HEAT NDM prices are lower following reduced low/medium heat NDM pricing. Buyers are having a difficult time securing their needs. Manufacturers are producing at limited rates as drying schedules are busy keeping up with milk supplies. Demand is moderate. Wednesday at the CME Group, Grade A NDM closed at \$1.1825, up \$0.0050 from last Wednesday.

**EAST:** Nonfat dry milk prices for low/medium heat plunged lower at the bottom of the range. Production is steady to higher. Additional milk volumes were diverted from bottling to manufacturing, increasing low/medium heat output at a few facilities. Demand is light, although some cheese manufacturers are fortifying with NDM to increase yields, as a substitute for condensed skim. In general, buyers are holding back on purchasing NDM while prices further decline. The market undertone is trending weaker. High heat nonfat dry milk prices are lower. Production is mixed. Trading is light to moderate. Overall, the market is weaker.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUM HEAT: .9700 - 1.5325 MOSTLY: 1.1800 - 1.3750  
HIGH HEAT: 1.4450 - 1.6000

**NONFAT DRY MILK - WEST**

Western low/medium heat, nonfat dry milk prices are trending lower. The market tone remains weak. International pricing indications for NDM and SMP are weaker and at equivalent levels below U.S. pricing. Index pricing circularity has caused some buyers to push for pricing at reduced rates. Export interest has slowed with exceptions of locations with freight advantages. Production trends are steady to slightly higher in the region. Processing plants are expected to be on increased schedules around the holiday week. Lower priced offerings and sales from other regions are occurring, putting additional pressure on the market. Additionally, the resale market is opening up with some resellers attempting to clear or reduce holdings. The CME Group NDM price closed Wednesday at \$1.1825, \$.0050 higher than a week earlier. Western high heat prices are trending lower in a lightly tested market. The undertone is weak, reflecting the low heat market, yet offerings are generally limited. High heat is being made to fill contract orders. Producers do not want to make uncommitted product in the current market.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUM HEAT: 1.1100 - 1.4875 MOSTLY: 1.1200 - 1.3500  
HIGH HEAT: 1.4200 - 1.5600

**DRY BUTTERMILK - CENTRAL AND EAST**

**CENTRAL:** Prices of dry buttermilk shifted lower on the top of range as spot loads are being further discounted. The undertone is soft. Many buyers note increased offerings in the marketplace. The combination of reduced condensed buttermilk sales and improved butter production has resulted in higher volumes of buttermilk being dried. Buyer interest is light. Many suppliers' volumes are moving mostly on a contractual basis.

**EAST:** Dry buttermilk prices are steady to lower. Manufacturers are actively drying condensed buttermilk, paralleling the region's butter production levels. Dry buttermilk sales are primarily filling contracted commitments. However, transactions in the marketplace are generally quiet, with very limited spot or resale trades taking place. Buyers are showing little interest as prices are pressured lower. Inventories are growing. The market undertone continues to weaken.

F.O.B. CENTRAL/EAST: 1.0000 - 1.1500

**DRY BUTTERMILK - WEST**

Dry buttermilk prices moved lower. The market undertone remains weak. Producer offerings remain heavy and moving buttermilk is more challenging. Buying interest has slowed and many buyers are pushing back on contracted loads, because their holdings are heavy. Resellers are also finding slim prospects for sales. Production levels are moderate to heavy. Interest in condensed buttermilk is limited. Dry buttermilk stocks continue to build, as butter churning is active.

F.O.B. WEST: 1.1000 - 1.3400 MOSTLY: 1.2000 - 1.2700

**DRY WHOLE MILK - NATIONAL**

Pricing for dry whole milk is trending lower and being affected by lower protein values of NDM and lower international prices. Domestic buying interest is often light. Production trends are limited with producers holding stocks and not finding buying interest. International pricing has tanked and U.S. pricing is way out of line for any prospects of gaining export interest.

F.O.B. PRODUCING PLANT: 1.6000 - 1.8000

**CALIFORNIA MANUFACTURING PLANTS - NDM**

WEEK ENDING	PRICE	TOTAL SALES
November 14	\$1.4196	11,945,145
November 7	\$1.4524	7,200,762

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

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

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

**DRY WHEY - CENTRAL**

Dry whey prices are mostly steady with a slight decrease on the top of the mostly on light F.O.B. spot trading. The market tone is uneven. Interest is slowing down domestically as many end users have adequate supplies for the near term. Production rates are steady to higher. Manufacturers' inventories vary from sold-out to moderate supplies.

F.O.B. CENTRAL: .4000 - .6800 MOSTLY: .5400 - .6300  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3500 - .5700

**DRY WHEY - NORTHEAST**

Northeast dry whey prices moved lower this week. Holiday cheese demand is determining the level of regional dry whey production. However, output is mixed, as some manufacturers elect to produce WPC 80% rather than dry whey. Spot market interest in dry whey remains light. Most inventories are growing, while sufficient for near-term commitments. The market undertone is weak.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6100 - .6825

**DRY WHEY - WEST**

Western dry whey prices are weaker. Some spot loads moved this week with the goal of reducing holdings. Other spot offerings didn't find buyers. Contract loads are moving on schedule. The weaker market tone for whey markets, coupled with lower pricing for other dry dairy products, overhang market decisions. Weaker international pricing also continues to weigh on domestic pricing. Cheese production is strong leading into the holidays, which further influences the whey market outlook.

NONHYGROSCOPIC: .4800 - .6775 MOSTLY: .5400 - .6300

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices shifted lower on the top of the range and mostly prices series. The undertone is weakening. Most of the spot market activity and interest is trading around the bottom of the mostly price series. Alternative and substitution proteins are pressuring prices lower. Some manufacturers are looking to clean out inventories for year end, while a few are in sold-out positions. Suppliers are actively negotiating 2015 contracting. Production rates are mostly steady.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.0800-1.4750 MOSTLY: 1.1500-1.3750

**LACTOSE - CENTRAL AND WEST**

Prices of lactose are mostly lower on weaker F.O.B spot trading. The market tone is weakening. Some supplies are experiencing increased competition in the international market, most notably from the European Union countries. The U.S. dollar has strengthened, causing U.S. lactose to be more expensive in the global market. This has resulted in reduced export sales for some suppliers. Some sellers realize they will have to adjust pricing appropriately to be competitive internationally. Domestic interest is steady. Sales are improved for some manufacturers, while others note production exceeding orders. Production is strong with increasing milk supplies. Some suppliers are looking to lock in greater volumes for longer durations to better manage inventories. Manufacturers' supplies range from sold-out positions to growing.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .2000-.5600 MOSTLY: .3200-.4800

**CASEIN - NATIONAL**

Pricing levels are unchanged for both acid and rennet casein. Casein production is strong in New Zealand, but has declined in Europe as manufacturing milk volumes are near the seasonal low point. Negotiations are ongoing for 2015 with many buyers looking for long term agreements. Sellers are hesitant to finalize long term commitments without premiums for deliveries beyond Q2. Spot sales activity has shown some increases as U.S. buyers have been active participants in recent GDT auctions. At the November 18 GDT event 128, the average winning price for rennet casein for all contract periods declined 12.2% to \$6,681/MT.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 4.2000 - 4.8000  
ACID: 4.4000 - 5.0000

**U.S. Dairy Cow Slaughter (1000 head) under Federal Inspection & Comparable Week 2013**

WEEK ENDING	2014 WEEKLY DAIRY COWS	2014 CUMULATIVE DAIRY COWS	2013 WEEKLY DAIRY COWS	2013 CUMULATIVE DAIRY COWS
11/01/2014	54.7	2,368.1	59.0	2,642.8

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

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

**CLASS III MILK PRICES (3.5% BF)**

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

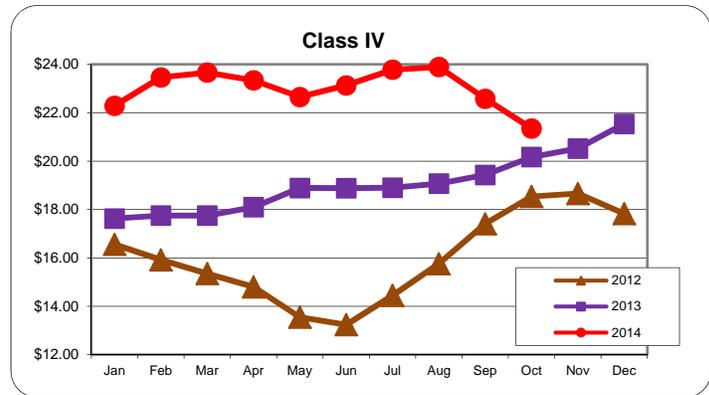
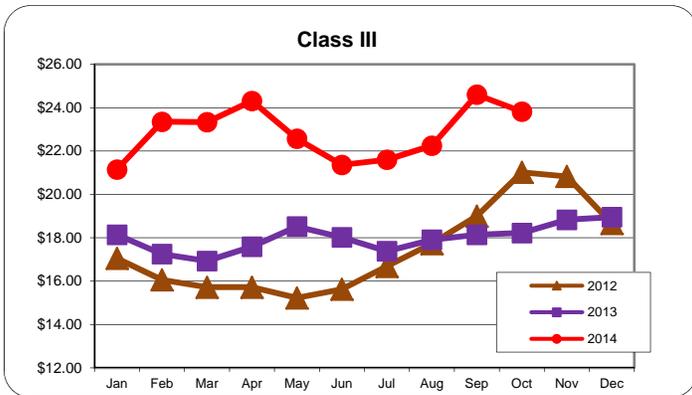
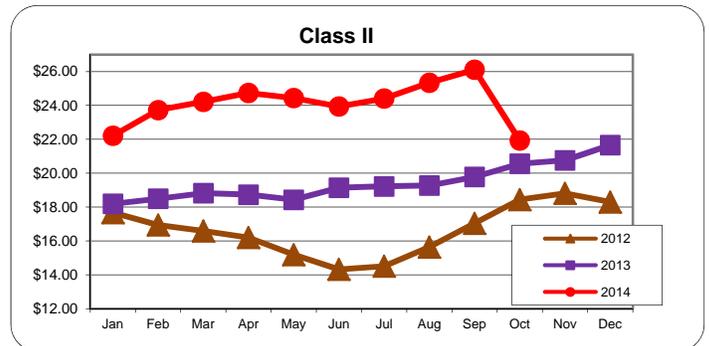
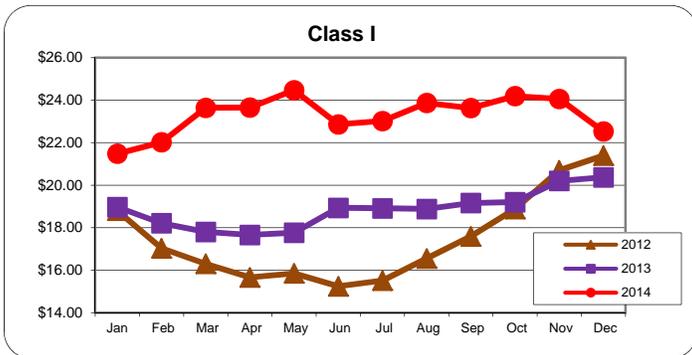
**CLASS IV MILK PRICES (3.5%)**

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

**FEDERAL MILK ORDER CLASS PRICES FOR 2014 (3.5%)**

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	21.48	22.02	23.64	23.65	24.47	22.86	23.02	23.87	23.63	24.19	24.06	22.53
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 November 10 - 21, 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 is just beyond the seasonal low point with volumes above year ago levels. Milk prices received by farmers are maintaining a fair margin and encourage milk production. Some producers who are facing super levees, for being over quota, are taking steps to reduce milk production. Manufacturers of cream based products are very active, preparing for the yearend holiday surge in demand. Increased troop movements in the Ukraine have weighed on financial markets and weakened the Euro, which has resulted in some increased export interest for dairy products. ESTAT - Newcronos reported EU-28 January to September milk deliveries are 5.6% higher than the same period in 2013. Various member states showed the following January to September increases compared to last year: Germany, 4.2%; France, 6.9%; UK, 9.5%; Belgium, 8.0%; Italy, 3.7%; and Ireland, 6.3%. January-September milk delivery data showed increases for all countries in Western Europe with the exception of Greece -4.4%.

**BUTTER/BUTTEROIL:** Butter prices marginally declined on both ends of the range. The European butter market is focused on domestic needs, due to the seasonally heavy demand for butter and cream based dairy products. Retail butter prices are significantly below year ago levels, prompting an increase in consumer purchases of packaged butter. Butter production is mostly in balance with needs with limited additions to inventories. Contributing to this situation are the shipments of cream and raw milk to Belarus manufacturing plants from Eastern Europe. These shipments typically moved to Western Europe prior to the Russian embargo. PSA stocks are estimated to be 20,000 MT. The bulk butter market is quiet as most export buyers have their Q4 needs covered. Negotiations are ongoing for 2015, with some contracts for Q1 finalized. Negotiations for longer term commitments are difficult, due to the gap in price expectations between buyers and sellers. Butteroil prices declined on both ends of the range. Lower priced Oceania butteroil is limiting export interest for European product. Butter exports for the EU-28 January-September period, as reported by GTIS, increased 24% over year ago levels. EU butter exports for September increased, compared to August. Exports going to Saudi Arabia and Egypt increased and augmented lower U.S. exports going to those countries.

82% BUTTERFAT: 3,500 - 3,900  
99% BUTTERFAT: 4,225 - 4,850

**SKIM MILK POWDER (SMP):** The market continues to trend downward, but is showing signs of stabilizing with only the upper end of the range showing a modest decline. Some traders are purchasing product near the intervention price, believing there's limited downside risk. No SMP volumes have been offered to the European Commission for intervention. Export interest has increased as the declining Euro, compared to the U.S. Dollar, has made European SMP more competitively priced. Production is steady with a majority of the supplies for Q4 committed. PSA stocks are estimated to be between 13,000 and 14,000 MT. Negotiations are ongoing for 2015, but there have been few finalized agreements. Most buyers are looking for longer term contracts at current price levels, while buyers are resisting longer term commitments. Even at current, historically low, price levels some buyers are limiting purchases to current needs, for the possibility of lower prices in the future. Exports of SMP for January to September 2014, as reported by GTIS, showed an increase of 58%, compared to the

same period last year. September exports showed little change from the previous month. Algeria remained the primary export destination with exports to China and Indonesia increasing.

1.25% BUTTERFAT: 2,225 - 2,550

**WHOLE MILK POWDER (WMP):** Prices for WMP continue on a downward trend with both ends of the range decreasing. Prices for WMP in Europe are more in line with Oceania pricing, but export interest remains light. Export activity is limited to those buyers who prefer European sourced product. The decline in demand has brought about a decline in production to a level of covering current orders with little additions to inventories. GTIS reported EU-28 whole milk powder exports for January-September 2014 up 6% compared to last year. September exports increased compared to August. The Middle Eastern country of Oman was the top destination for EU whole milk powder with additional volumes going to Kuwait and the United Arab Emirates.

26% BUTTERFAT: 2,575 - 2,975

**SWEET WHEY POWDER:** Whey prices increased on the low end of the range. Market activity has increased with good export interest coming from Asia. Production continues to be restricted, due to decreased cheese production brought about by the Russian ban. Supplies are in balance with demand. Additionally, prices for feed grade dry whey have declined. Exports of sweet dry whey for January to September 2014, as reported by GTIS, showed a decrease of 1.2%, compared to the same period last year. Exports to China were down in September, but China remains the top destination for EU whey. Substantial gains were made in exports to Indonesia.

NONHYGROSCOPIC: 1,150 - 1,325

**EASTERN OVERVIEW:** Eastern European milk production has moved beyond the seasonal low point, but remains strong compared to last year. Cream, raw milk, and some manufactured dairy products are being shipped into Belarus in unknown volumes. Baltic States' producers are struggling to find new markets for their dairy products that were previously exported to Russia prior to the import embargo. Weather conditions remain favorable for milk production. European milk deliveries for January-September reported by ESTAT - Newcronos, showed the following year over year changes for selected countries: Poland, +7.4%; Lithuania, +7.8%; Latvia, +11.0%; Estonia, +7.9%; and the Czech Republic, +0.7%.

**Exchange rates for selected foreign currencies:  
November 17, 2014**

.1175 Argentina Peso	.0086 Japan Yen
.8709 Australian Dollar	.0736 Mexican Peso
.8843 Canadian Dollar	.7913 New Zealand Dollar
1.2450 Euro	.2948 Poland Zloty
.0162 India Rupee	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0736) = 13.5870 Mexican Pesos. Source: "Wall Street Journal"

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered November 10 - 21, 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.

**AUSTRALIAN** milk production is mixed coming off the seasonal peak. Some regions, especially southwestern Victoria, have accelerated declines in milk production due to persistent dry weather. Other areas are showing production about even or a little above year ago levels with the exception of Tasmania, where production is significantly above last year. Australia and China have tentatively agreed in principle to a Free Trade Agreement. The FTA will remove all tariffs on Australian dairy products within 4-11 years. The agreement should allow Australian dairy products to be more competitive with New Zealand's products and likely increase Oceania's share in the China market. According to Dairy Australia, silage production is coming to a close in Southern Australia with mixed production results. Hay prices continue to be volatile with yields and supplies not fully realized for the current harvest. Conditions have been favorable for baling with variable yields. Hay quality is above average in most areas. Hay prices for this season are expected to be above year ago levels. According to Dairy Australia, production of various dairy commodities for September 2014 showed the following percentage changes compared to 2013: butter, +16.6%; butteroil, +61.3%; skim milk powder, +32.0%; whole milk powder, -40.8%; buttermilk powder, +23.8%; cheese, +3.2%; and whey powder, -20.7%. **NEW ZEALAND** milk production continues to be above year ago levels. The North Island has received much rain, but conditions remain favorable for milk production. The southern portion of the South Island has received some cold weather, which has restricted production gains in some areas. Estimates for October have milk production for all of New Zealand near 4.3% above year ago levels. Pasture growth is very good. Farmgate prices are below year ago levels. Some contacts have indicated they believe producers will refrain from supplemental feeding, given the lower farmgate prices. They anticipate producers will make milk as for as long as pastures allow and then dry off cows earlier this season than last. September milk production as reported by DCANZ was 2.75 million MT, up 5.2% from September 2013 and 13.0% higher than the level two years ago. September milksolids reflected a 5.7% increase compared September 2013. At the November 18 GDT event #128, average prices ranged from 12.2% lower to 6.1% 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, \$3,490 +6.1%; butter, \$2,656 +6.0%; buttermilk powder, \$2,511 +1.4%; cheddar cheese, \$2,861 +5.0%; lactose, n.a.; rennet casein, \$6,681 -12.2%; skim milk powder, \$2,299 -5.7%; sweet whey powder, n.a.; and whole milk powder, \$2,400 -5.1%.

**BUTTER:** Prices for butter increased on the low end of the range. Butter production is very active in New Zealand, but less so in Australia, due to increased cheese production and good domestic demand for fresh cream products. Supplies are readily available. Demand is mixed with interest from China slow to develop, but good interest coming from the Middle East. Some exports have made their way to Russia, but volumes are comparable with year ago levels. At the November 18 GDT event #128, NZ butter averaged \$2,635/MT for the January 2015 con-

tracts, +4.4% from the prior event. Butter for all regions and contracting periods averaged \$2,656/MT, +6.0%. New Zealand AMF prices averaged \$3,459/MT for the January 2015 contracts, +6.5% from the prior event. For all contract periods, the AMF price average was \$3,490/MT, +6.1%.

82% BUTTERFAT: 2,600 - 3,200

**SKIM MILK POWDER (SMP):** Skim milk powder prices moved lower on both ends of the range. Production of SMP continues to be very active. Supplies are building in Oceania, but not above anticipated levels. Global supplies far exceed demand and are weighing on market prices. Demand is fairly good coming from China with additional export interest coming from Southeast Asia and the Middle East. Some buyers in the Middle East have been active in the market and have covered their needs well into 2015. At the November 18 GDT event 128, SMP for all regions and contracting periods averaged \$2,299 per MT, -5.7%. For trading in contract period 2, January 2015, prices averaged \$2,200 for NZ sourced medium heat product, down \$170 from the prior event.

1.25% BUTTERFAT: 2,200 - 2,700

**CHEDDAR CHEESE:** Cheddar cheese prices were unchanged. Cheese production is strong in the region with returns for cheese better than whole milk powder. Supplies of cheddar are fairly tight in Australia as mozzarella and hard cheese production are pulling some milk volumes away from cheddar. Export demand is fairly good with plenty of product available out of New Zealand.

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

**WHOLE MILK POWDER (WMP):** Whole milk powder prices moved lower. The lack of demand for WMP coming from China continues to weigh on market prices. Better returns for butter, SMP and cheddar have reduced milk volumes going to WMP production. Export activity is light with most transactions moving through existing contracts. At the November 18 GDT event 128, the WMP pricing index, across all contracting periods, averaged \$2,400 per MT, down 5.1% compared to the prior event. For contract periods 2 and 3, January 2015 and February 2015, NZ regular WMP averaged \$2,320 and \$2,370 per MT.

26% BUTTERFAT: 2,300 - 2,800

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

US\$/MT	Global/Dairy Trading (gDT) Event 128 Recap - November 18, 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.	\$3,459	6.5%	\$3,497	6.1%	\$3,523	7.8%	\$3,496	3.9%	\$3,575	3.4%	\$3,490	6.1%
Butter	n.a.	\$2,635	4.4%	\$2,700	11.3%	\$2,620	3.6%	\$2,690	3.5%	n.a.		\$2,656	6.0%
Buttermilk Powder	n.a.	\$2,475	0.6%	\$2,655	4.9%	n.a.		n.a.		n.a.		\$2,511	1.4%
Cheddar	n.a.	\$2,938	12.2%	\$2,862	3.5%	\$2,777	-1.2%	n.a.		n.a.		\$2,861	5.0%
Lactose	n.a.	n.a.		n.a.									
Rennet Casein	n.a.	\$6,657	-12.4%	\$6,721	-11.9%	n.a.		n.a.		n.a.		\$6,681	-12.2%
Skim Milk Powder	n.a.	\$2,230	-7.0%	\$2,363	-4.7%	\$2,421	-1.2%	\$2,478	-5.5%	\$2,741	-3.2%	\$2,299	-5.7%
Sweet Whey Powder	n.a.	n.a.		n.a.									
Whole Milk Powder	n.a.	\$2,353	-4.8%	\$2,411	-3.9%	\$2,447	-8.7%	\$2,691	-5.0%	\$2,709	-4.0%	\$2,400	-5.1%

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

US\$/Pound	Global/Dairy Trading (gDT) Event 128 Recap - November 18, 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.	\$1.5690	6.5%	\$1.5862	6.1%	\$1.5980	7.8%	\$1.5858	3.9%	\$1.6216	3.4%	\$1.5831	6.1%
Butter	n.a.	\$1.1952	4.4%	\$1.2247	11.3%	\$1.1884	3.6%	\$1.2202	3.5%	n.a.		\$1.2048	6.0%
Buttermilk Powder	n.a.	\$1.1227	0.6%	\$1.2043	4.9%	n.a.		n.a.		n.a.		\$1.1390	1.4%
Cheddar	n.a.	\$1.3327	12.2%	\$1.2982	3.5%	\$0.0013	-1.2%	n.a.		n.a.		\$1.2977	5.0%
Lactose	n.a.	n.a.		n.a.									
Rennet Casein	n.a.	\$3.0196	-12.4%	\$3.0486	-11.9%	n.a.		n.a.		n.a.		\$3.0305	-12.2%
Skim Milk Powder	n.a.	\$1.0115	-7.0%	\$1.0718	-4.7%	\$1.0982	-1.2%	\$1.1240	-5.5%	\$1.2433	-3.2%	\$1.0428	-5.7%
Sweet Whey Powder	n.a.	n.a.		n.a.									
Whole Milk Powder	n.a.	\$1.0673	-4.8%	\$1.0936	-3.9%	\$1.1100	-8.7%	\$1.2206	-5.0%	\$1.2288	-4.0%	\$1.0886	-5.1%

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

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

Month	11/06	11/07	11/10	11/11	11/12	11/13	11/14	11/17	11/18	11/19
<b>CLASS III MILK FUTURES (Pit-Traded) (\$/cwt)</b>										
NOV 14	21.85 (4518)	21.86 (4492)	21.75 (4489)	21.64 (4496)	21.64 (4555)	21.61 (4516)	21.79 (4478)	21.77 (4493)	21.78 (4491)	21.77 (4507)
DEC 14	19.22 (4284)	19.18 (4286)	18.99 (4325)	18.66 (4428)	18.88 (4428)	18.70 (4475)	18.85 (4453)	18.37 (4576)	18.35 (4600)	18.55 (4507)
JAN 15	17.46 (3804)	17.57 (3845)	17.53 (3861)	17.36 (3928)	17.49 (4046)	17.50 (4076)	17.60 (4092)	17.29 (4148)	17.24 (4212)	17.21 (4220)
FEB 15	16.80 (3792)	16.90 (3840)	16.85 (3872)	16.70 (3912)	16.75 (3962)	16.74 (3986)	16.89 (4016)	16.89 (4054)	16.91 (4090)	16.85 (4097)
MAR 15	16.59 (3314)	16.69 (3341)	16.66 (3377)	16.61 (3385)	16.62 (3431)	16.63 (3468)	16.75 (3496)	16.69 (3521)	16.69 (3564)	16.61 (3572)
APR 15	16.68 (2717)	16.74 (2744)	16.68 (2772)	16.63 (2802)	16.60 (2830)	16.68 (2865)	16.78 (2897)	16.77 (2916)	16.68 (2960)	16.65 (2972)
MAY 15	16.70 (2642)	16.73 (2669)	16.62 (2705)	16.58 (2715)	16.60 (2735)	16.65 (2769)	16.68 (2792)	16.72 (2806)	16.68 (2834)	16.64 (2857)
JUN 15	16.81 (2476)	16.75 (2498)	16.65 (2535)	16.62 (2558)	16.60 (2584)	16.65 (2611)	16.69 (2634)	16.70 (2651)	16.67 (2705)	16.68 (2724)
JUL 15	16.95 (1791)	16.90 (1795)	16.78 (1853)	16.76 (1862)	16.78 (1912)	16.78 (1915)	16.82 (1938)	16.84 (1943)	16.77 (1987)	16.79 (2010)
AUG 15	17.26 (1709)	17.29 (1725)	17.16 (1771)	17.15 (1810)	17.17 (1836)	17.13 (1863)	17.05 (1899)	17.17 (1911)	17.14 (1931)	17.08 (1938)
<b>CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)</b>										
NOV 14	17.71 (1063)	17.50 (1060)	17.50 (1060)	17.50 (1060)	17.60 (1061)	17.69 (1062)	18.09 (1062)	18.25 (1062)	18.03 (1063)	18.02 (1069)
DEC 14	16.90 (973)	16.62 (973)	16.49 (973)	16.24 (981)	16.34 (984)	16.40 (985)	16.90 (983)	16.90 (988)	16.90 (988)	16.90 (988)
JAN 15	16.61 (351)	16.30 (352)	16.20 (355)	16.19 (355)	16.19 (357)	16.19 (357)	16.19 (357)	16.27 (360)	16.00 (360)	16.00 (362)
<b>CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)</b>										
NOV 14	184.50 (1223)	183.50 (1223)	186.00 (1216)	186.50 (1216)	186.50 (1216)	186.50 (1216)	190.18 (1214)	193.05 (1220)	193.00 (1219)	192.40 (1210)
DEC 14	176.00 (992)	171.00 (997)	170.75 (1005)	170.00 (1016)	169.30 (1022)	170.25 (1026)	173.00 (1029)	178.00 (1035)	178.00 (1034)	177.00 (1031)
JAN 15	175.00 (491)	170.50 (515)	171.00 (519)	170.00 (523)	170.00 (531)	169.75 (531)	169.95 (532)	170.75 (535)	170.73 (543)	170.80 (543)
<b>NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)</b>										
NOV 14	140.30 (624)	138.40 (625)	138.00 (626)	137.50 (623)	138.50 (620)	139.25 (619)	142.28 (618)	143.00 (618)	143.00 (618)	141.00 (623)
DEC 14	134.00 (713)	133.00 (713)	130.50 (719)	130.15 (721)	130.50 (721)	131.20 (724)	135.18 (725)	135.50 (727)	135.25 (732)	135.25 (733)
JAN 15	131.05 (516)	130.75 (530)	128.00 (533)	127.50 (538)	127.00 (544)	127.00 (544)	128.50 (547)	128.50 (548)	126.50 (556)	126.50 (556)
<b>WHEY (Electronic-Traded) (¢/lb)</b>										
NOV 14	60.13 (343)	59.75 (344)	59.75 (344)	59.75 (344)	59.75 (344)	59.75 (344)	62.50 (342)	62.50 (342)	62.50 (342)	62.50 (341)
DEC 14	56.00 (427)	54.88 (428)	54.60 (432)	54.25 (432)	56.00 (439)	56.50 (443)	58.03 (442)	57.75 (444)	58.03 (448)	59.00 (448)
JAN 15	50.00 (515)	49.75 (526)	49.30 (534)	49.18 (550)	50.03 (565)	51.00 (579)	53.23 (580)	52.90 (596)	52.80 (614)	52.65 (621)
<b>CHEESE CSC (Electronic-Traded) (\$/lb)</b>										
NOV 14	2.15 (2203)	2.15 (2204)	2.14 (2205)	2.13 (2200)	2.12 (2200)	2.12 (2203)	2.12 (2203)	2.12 (2206)	2.12 (2204)	2.12 (2209)
DEC 14	1.90 (2423)	1.91 (2550)	1.89 (2578)	1.86 (2583)	1.87 (2625)	1.86 (2632)	1.85 (2651)	1.81 (2654)	1.79 (2642)	1.82 (2608)
JAN 15	1.76 (2282)	1.77 (2345)	1.77 (2386)	1.76 (2467)	1.76 (2524)	1.76 (2540)	1.76 (2556)	1.73 (2621)	1.72 (2708)	1.72 (2723)
FEB 15	1.71 (2232)	1.72 (2288)	1.72 (2321)	1.71 (2379)	1.71 (2432)	1.72 (2455)	1.72 (2477)	1.71 (2518)	1.71 (2562)	1.71 (2580)
MAR 15	1.71 (2259)	1.72 (2296)	1.73 (2333)	1.72 (2360)	1.72 (2408)	1.72 (2450)	1.72 (2482)	1.72 (2515)	1.72 (2562)	1.72 (2583)
APR 15	1.72 (1917)	1.73 (1949)	1.73 (1991)	1.73 (2042)	1.73 (2077)	1.73 (2112)	1.73 (2154)	1.73 (2179)	1.72 (2221)	1.71 (2234)

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

2015 OFFICIAL MONTHLY AVERAGE RELEASE TIMES

<u>MONTH - 2015</u>	<u>RELEASE DAY*</u>
JANUARY	MONDAY, FEBRUARY 2
FEBRUARY	MONDAY, MARCH 2
MARCH	FRIDAY, APRIL 3
APRIL	FRIDAY, MAY 1
MAY	MONDAY, JUNE 1
JUNE	MONDAY, JULY 6
JULY	MONDAY AUGUST 3
AUGUST	FRIDAY, SEPTEMBER 4
SEPTEMBER	FRIDAY, OCTOBER 2
OCTOBER	MONDAY, NOVEMBER 2
NOVEMBER	FRIDAY, DECEMBER 4
DECEMBER	MONDAY, JANUARY 4, 2016

\*Release time: 9:00 am Central time

## OCTOBER MILK PRODUCTION

Milk production in the 23 major States during October totaled 16.0 billion pounds, up 3.9 percent from October 2013. September revised production, at 15.5 billion pounds, was up 4.3 percent from September 2013. The September revision represented an increase of 22 million pounds or 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,868 pounds for October, 51 pounds above October 2013. This is the highest production per cow for the month of October since the 23 State series began in 2003.

The number of milk cows on farms in the 23 major States was 8.59 million head, 89,000 head more than October 2013, and 3,000 head more than September 2014.

## OCTOBER 2014 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS <sup>1/</sup>		MILK PER COW <sup>2/</sup>		MILK PRODUCTION <sup>2/</sup>		
	2013	2014	2013	2014	2013	2014	% CHANGE FROM 2013
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	190	193	1,880	1,900	357	367	2.8
CA	1,780	1,780	1,875	1,925	3,338	3,427	2.7
CO	137	145	2,030	2,105	278	305	9.7
FL	123	123	1,400	1,460	172	180	4.7
ID	569	579	1,950	2,015	1,110	1,167	5.1
IL	97	94	1,570	1,615	152	152	---
IN	178	179	1,790	1,820	319	326	2.2
IA	206	207	1,820	1,885	375	390	4.0
KS	135	143	1,835	1,855	248	265	6.9
MI	380	397	2,000	2,050	760	814	7.1
MN	463	460	1,610	1,665	745	766	2.8
NM	322	323	2,025	2,060	652	665	2.0
NY	610	615	1,840	1,880	1,122	1,156	3.0
OH	269	267	1,650	1,710	444	457	2.9
OR	123	124	1,690	1,685	208	209	0.5
PA	530	530	1,620	1,680	859	890	3.6
SD	95	97	1,830	1,865	174	181	4.0
TX	440	472	1,820	1,895	801	894	11.6
UT	93	96	1,840	1,920	171	184	7.6
VT	132	132	1,620	1,680	214	222	3.7
VA	94	92	1,510	1,580	142	145	2.1
WA	266	275	1,975	1,995	525	549	4.6
WI	1,272	1,270	1,795	1,840	2,283	2,337	2.4
23 STATE TOTAL	8,504	8,593	1,817	1,868	15,449	16,048	3.9

<sup>1/</sup> Includes dry cows. Excludes heifers not yet fresh.

<sup>2/</sup> Excludes milk sucked by calves.

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

FEDERAL MILK ORDER ADVANCE PRICES, DECEMBER

**Base Class I Price:** Under the Federal milk order pricing system, the base Class I price for December 2014 is \$22.53 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$15.39 and the advanced butterfat pricing factor of \$2.1935. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I Price

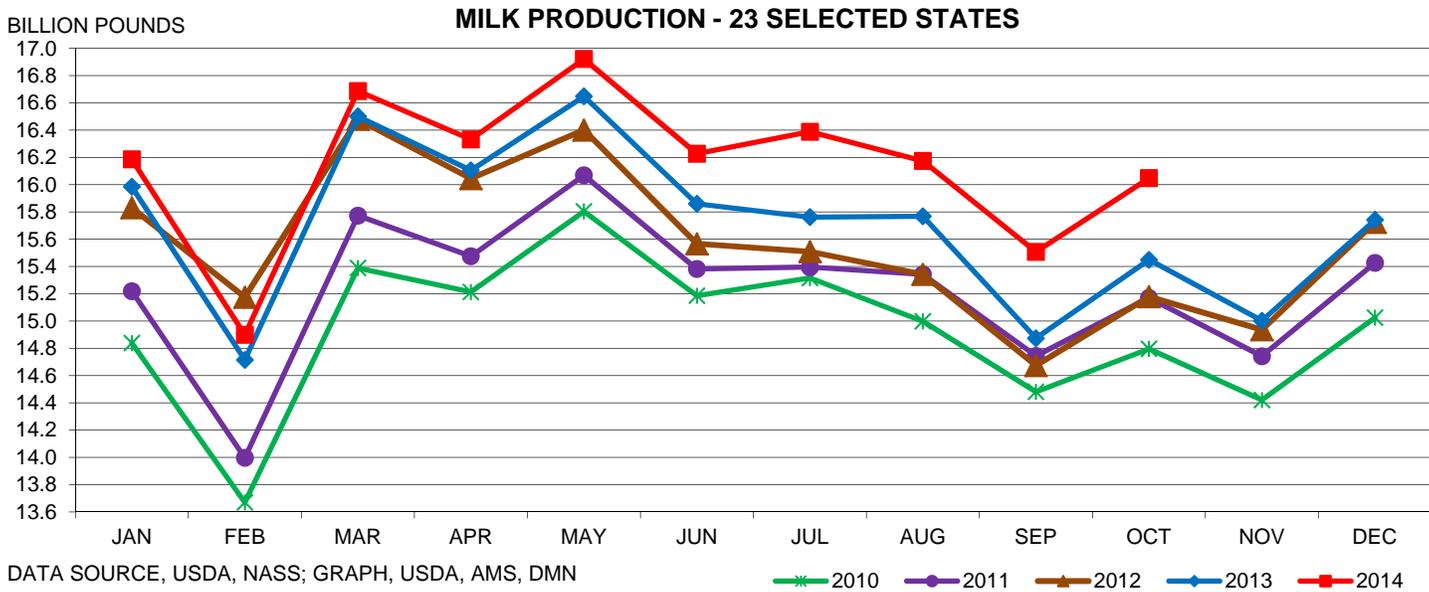
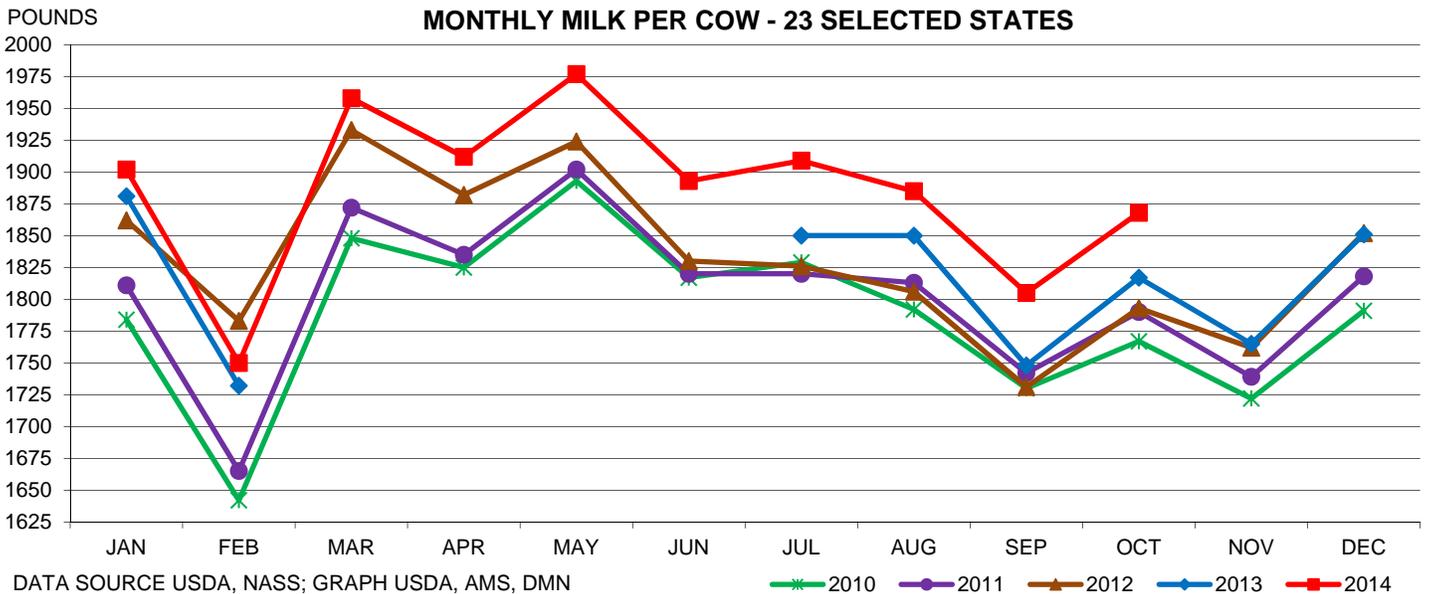
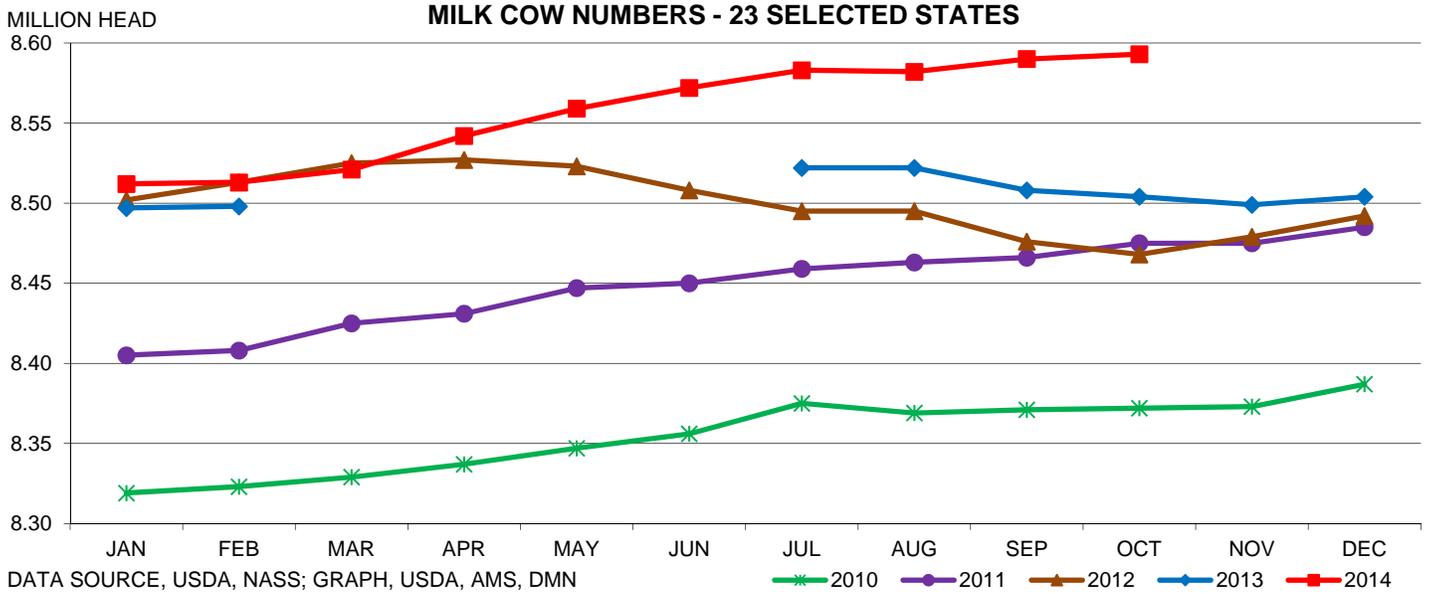
**Comparison to Previous Month:** The base Class I price decreased \$1.53 per cwt when compared to the previous month of November 2014. For selected consumer products, the price changes are: whole milk (3.25% milk fat), -\$1.27 per cwt, -\$0.109 per gallon; reduced fat milk (2%), \$0.04 per cwt, \$0.003 per gallon; fat-free (skim milk), \$1.62 per cwt, \$0.140 per gallon.

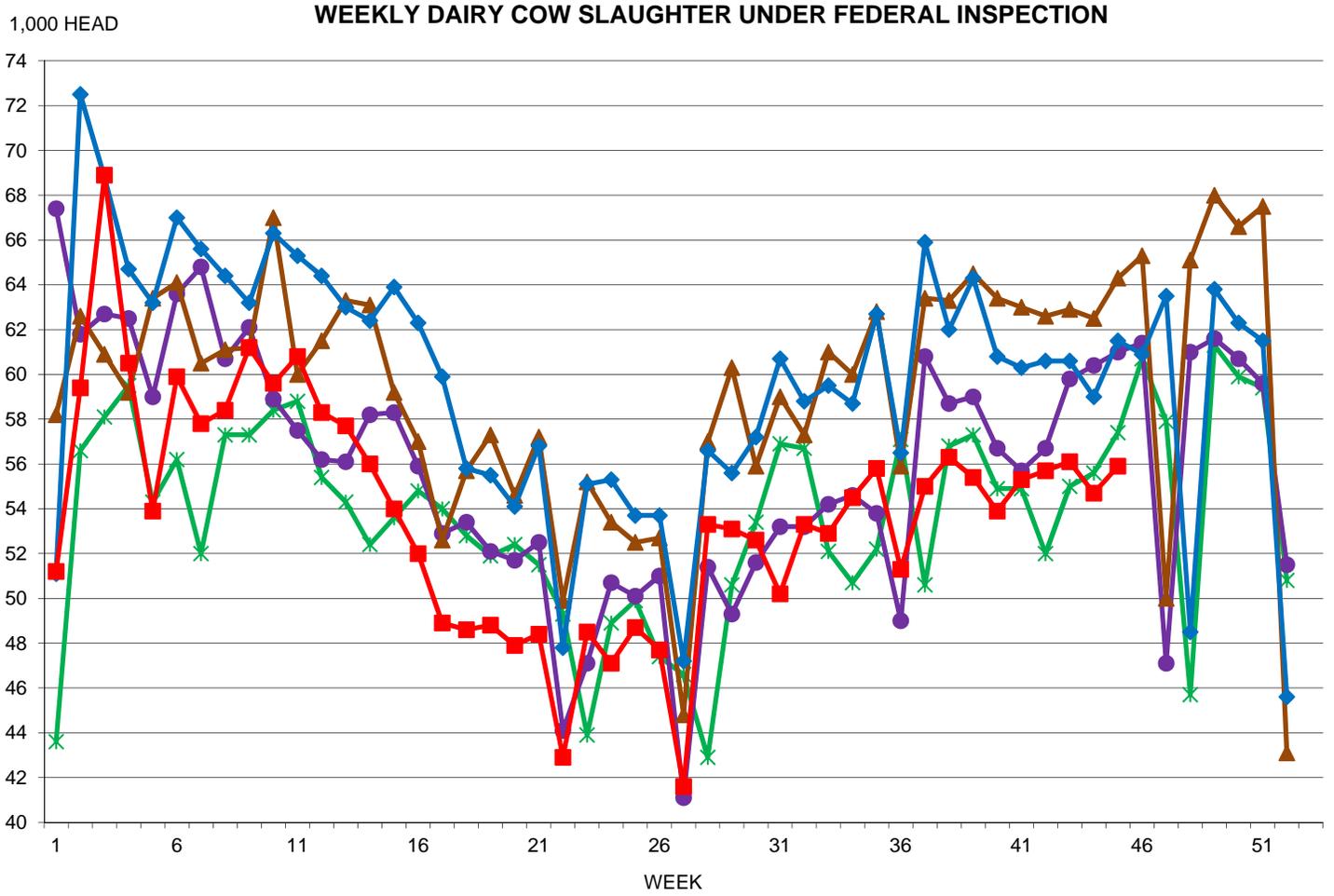
**Class II Price Information:** The advanced Class IV skim milk pricing factor is \$11.44. Thus, the Class II skim milk price for December 2014 is \$12.14 per cwt, and the Class II nonfat solids price is \$1.3489.

**Product Price Averages:** The two-week product price averages for December 2014 are: butter \$1.9828, nonfat dry milk \$1.4517, cheese \$2.1872 and dry whey \$0.6441.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION <sup>1/2/</sup>				
Federal Milk Order Marketing Area <sup>3/</sup>	Order Number	December 2014		
		Class I Price (3.5%)	Class I Skim Milk Price	Class I Butterfat Price
		\$ per cwt.	\$ per cwt.	\$ per pound
Northeast (Boston) <sup>4/</sup>	001	25.78	18.64	2.2260
Appalachian (Charlotte) <sup>5/</sup>	005	25.93	18.79	2.2275
Florida (Tampa) <sup>6/</sup>	006	27.93	20.79	2.2475
Southeast (Atlanta) <sup>7/</sup>	007	26.33	19.19	2.2315
Upper Midwest (Chicago) <sup>8/</sup>	030	24.33	17.19	2.2115
Central (Kansas City) <sup>9/</sup>	032	24.53	17.39	2.2135
Mideast (Cleveland) <sup>10/</sup>	033	24.53	17.39	2.2135
Pacific Northwest (Seattle) <sup>11/</sup>	124	24.43	17.29	2.2125
Southwest (Dallas) <sup>12/</sup>	126	25.53	18.39	2.2235
Arizona (Phoenix)	131	24.88	17.74	2.2170
All-Market Average		25.42	18.28	2.2224

<sup>1/</sup> To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63 - the approximate number of gallons in 100 pounds of milk.  
<sup>2/</sup> Note: The mandatory \$0.20 per cwt processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.  
<sup>3/</sup> Names in parentheses are the major city in the principal pricing point of the markets.  
<sup>4/</sup> Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25, and Washington, DC, minus \$0.25.  
<sup>5/</sup> Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10.  
<sup>6/</sup> Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40.  
<sup>7/</sup> Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90; Nashville, minus \$0.90; and Springfield, MO, minus \$1.40.  
<sup>8/</sup> Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.  
<sup>9/</sup> Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.  
<sup>10/</sup> Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.  
<sup>11/</sup> Class I prices at other cities are: Portland, same; and Spokane, same.  
<sup>12/</sup> Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.



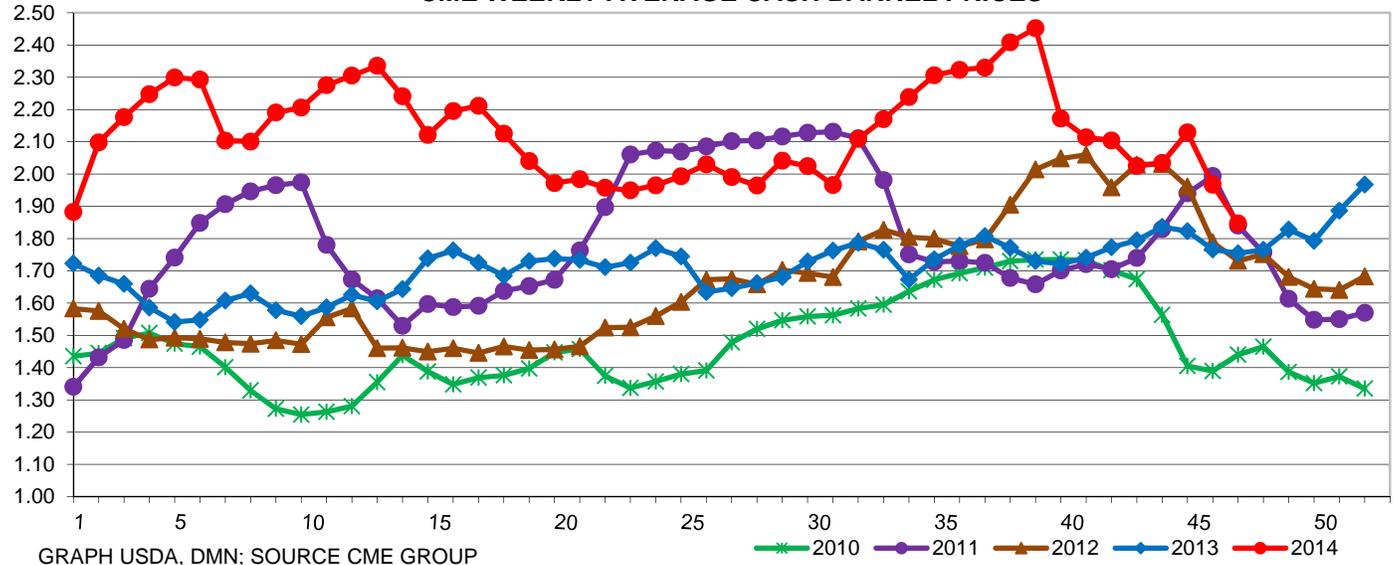


DATA SOURCES, USDA, NASS & AMS, LMN; GRAPH, USDA, AMS, DMN

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

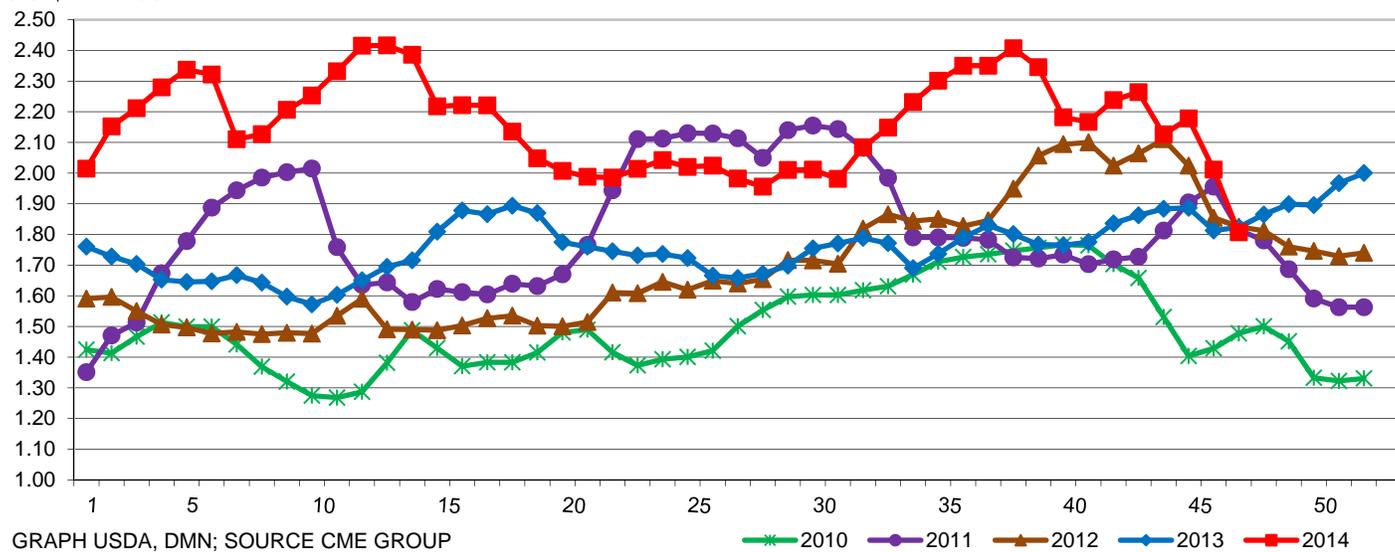
U.S. \$ PER POUND

**CME WEEKLY AVERAGE CASH BARREL PRICES**



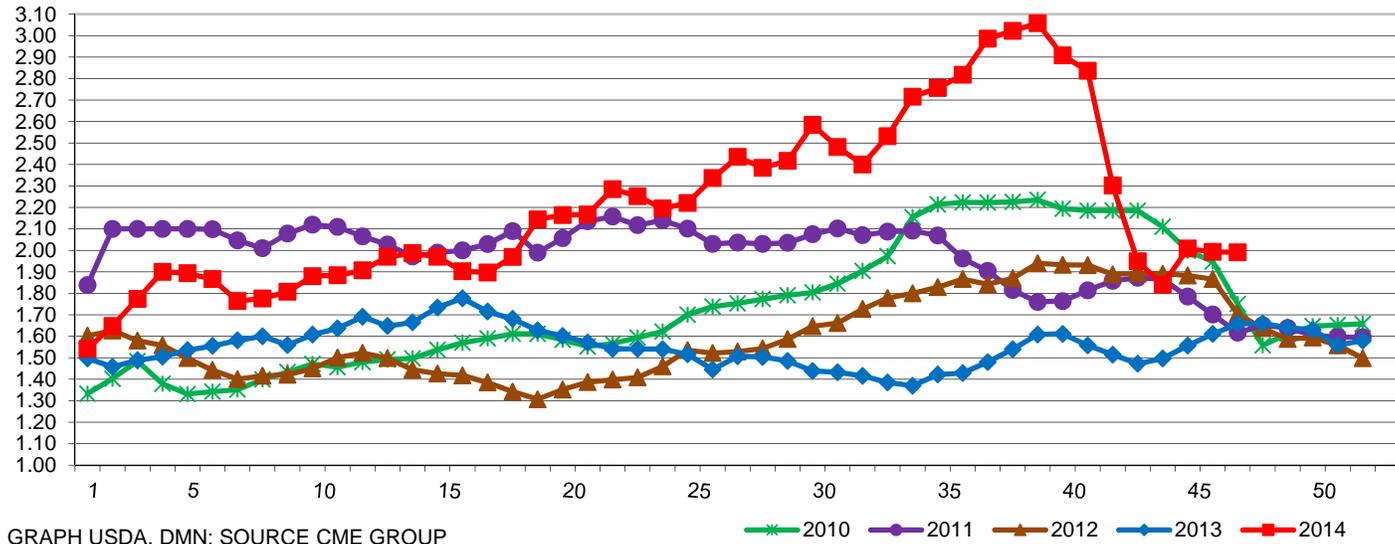
U.S. \$ PER POUND

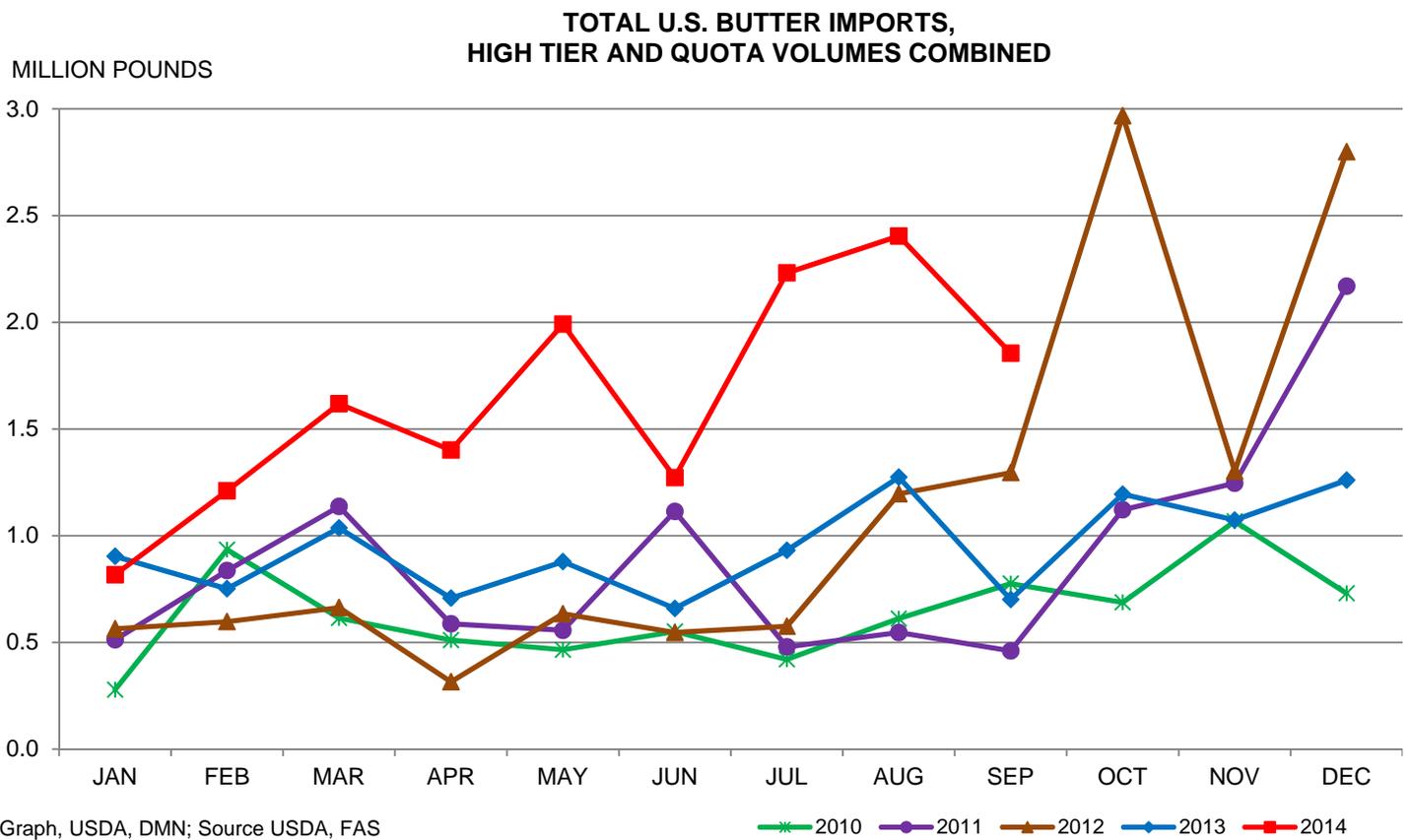
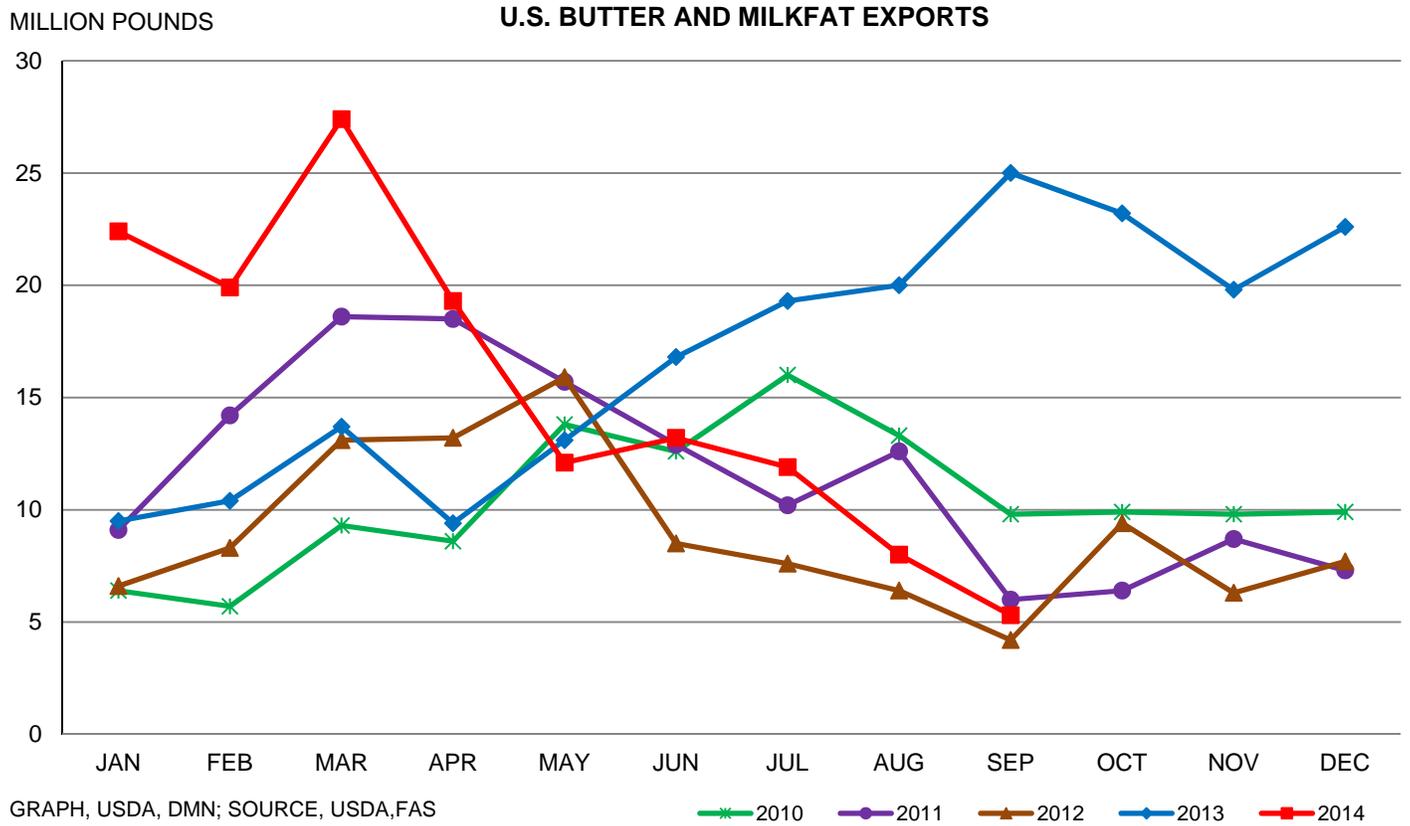
**CME WEEKLY AVERAGE CASH CHEDDAR BLOCK PRICES**



U.S. \$ PER POUND

**CME WEEKLY AVERAGE CASH GRADE AA BUTTER PRICES**





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**VOLUME:** 81  
**REPORT:** 47  
**DATE:** 11/21/2014

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