

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (12/12)**

BUTTER: Grade AA closed at \$1.8900. The weekly average for Grade AA is \$1.9340 (-.0385).

CHEESE: Barrels closed at \$1.5100 and 40# blocks at \$1.6000. The weekly average for barrels is \$1.5015 (-.0815) and blocks, \$1.5880 (-.0660).

BUTTER HIGHLIGHTS: Print butter ordering for the upcoming holidays is wrapping up. Butter operators are busily filling orders to meet approaching shipment deadlines. The market tone is firm with anticipated softening after holiday demand is complete. Production rates vary based on incoming orders, current inventories, and availability of cream and bulk butter. Cream offerings are reduced in the East and West, while offerings improved in the Midwest. Finished butter stock inventories range from light to moderate. Interest for bulk butter continues as prices range from 4.5 cents under to 6 cents over the market, based on various time frames and averages used. The DMN *National Dairy Retail Report* noted the national weighted average advertised price for a 1 pound package of butter was \$3.33, up \$0.05 from two weeks ago and \$0.72 higher than a year ago. Prices ranged from \$1.99 to \$4.99. Friday at the CME Group, Grade AA butter price closed at \$1.8900, down \$0.0950 from last Friday's close. According to FAS, January-October U.S. butter exports total 144.2 million pounds, 10% less than last year during the same time span.

CHEESE HIGHLIGHTS: Milk flowing to cheese production is heavy in Midwest and Northeast, but variable in the West. The market undertone is soft, with downward pressure from international pricing and the volume of milk being made into cheese. This is leading to concerns with inventory levels. However, lower pricing is encouraging acceleration of cheese moving into aging programs, particularly aged cheddar and hard Italian varieties. The Farm Service Agency is soliciting bids to purchase slightly over 3 million pounds of 40 pound cheddar Blocks, with bids due by December 16, 2014 at 9:00 AM Central time. The bid invitation number is 2000003070. The Foreign Agricultural Service (FAS) reports that October 2014 U.S. cheese and curd exports totaled 58.0 million pounds, a 3% decrease from a year ago. Friday at the CME Group, barrels closed at \$1.5100, down \$0.0400 from last Friday and 40# blocks at \$1.6000, up \$0.0200 from last Friday. Blocks and barrels reached new low daily 2014 prices this week.

FLUID MILK: Milk production is increasing in the Northeast, Mid-Atlantic region, Florida and Arizona; steady to increasing in California; steady in New Mexico, Idaho and Utah; and marginally declining in the Midwest. Surplus milk is available in the East and Midwest. In the Midwest, spot milk is moving at from \$1.00 to \$6.00 under Class and

some milk buyers are reducing premiums to attempt to reduce milk production. Dairy manufacturing plant maintenance is sending some volumes of milk to varied other uses or facilities. There is concern with handling milk during the final two weeks of the year, each being a holiday week with a midweek holiday.

DRY PRODUCTS: Prices of low/medium heat nonfat dry milk moved lower on a weakening market. High heat interest is limited. Dry buttermilk prices are unchanged to lower, with a soft undertone. Production is steady to increasing. Some inventories are building but concern with rebalancing inventories for 2014 is present. Dry whole milk markets are weak, with some production being delayed until inventories rebalance. Dry whey prices are unchanged to lower. Whey protein concentrate 34% prices are weaker, reflecting pressure from lower NDM pricing. Lactose pricing is lower in response to international pricing. More activity is noted in the export market than in the domestic market.

ORGANIC DAIRY MARKET NEWS (DMN): Organic egg nog in quart containers is the most advertised organic dairy product this period. The U.S. average advertised price is \$3.95, with no ads appearing two weeks ago. One year ago the price was \$3.55. Ads appeared in every region, with the lowest price in the Midwest, \$3.19, and the highest price in the Northeast, \$4.49. This period, organic milk slipped to the second lowest ad level of 2014 as a percentage of total organic dairy ad volume. The U.S. weighted average advertised price of organic milk half gallons is \$3.15, down 48 cents from 2 weeks ago. One year ago the price was \$3.70. The lowest price is up 30 cents to \$2.99, while the top of the price range is down 90 cents to \$3.49. The lowest advertised price, \$2.99, is in the Northwest. The highest advertised price, \$3.49, is found in the Southeast. The U.S. weighted average price of organic milk gallons this period is \$6.15. Two weeks ago the U.S. average price was \$6.49 and the price one year ago was \$5.00. Prices range from \$5.79 in the South Central region, to \$6.99 in the Northeast. A national organic dairy cooperative has announced increased organic milk pay prices for 2015, under a revised organic milk pay program. Features of the new pay prices include raising pay for the entire nation up \$2.75/cwt on March 1, 2015.

NATIONAL DAIRY RETAIL REPORT (DMN): During this post-Thanksgiving period, ad volume declined from two weeks ago for 1 pound butter, (-39%); 8 ounce cream cheese, (-27%); 48-64 ounce ice cream, (-25%); and 16 ounce sour cream, (-33%). However, the national advertised average price of each increased. Butter has an average price of \$3.33, up 5 cents; cream cheese averages \$1.68, up 15 cents; ice cream

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

ORGANIC DAIRY MARKET NEWS (PAGES 8-8A)
DECEMBER MILK SUPPLY AND DEMAND ESTIMATES (PAGES 9-10)DAIRY GRAPHS (G1-G4)
NATIONAL DAIRY RETAIL REPORT (ATTACHED)**CME GROUP CASH TRADING**

COMMODITY	MONDAY DEC 08	TUESDAY DEC 09	WEDNESDAY DEC 10	THURSDAY DEC 11	FRIDAY DEC 12	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.5225 (-.0275)	\$1.4900 (-.0325)	\$1.4750 (-.0150)	\$1.5100 (+.0350)	\$1.5100 (N.C.)	:: :: (-.0400)	:: :: \$1.5015 :: (-.0815)
40# BLOCKS	\$1.5800 (N.C.)	\$1.5800 (N.C.)	\$1.5800 (N.C.)	\$1.6000 (+.0200)	\$1.6000 (N.C.)	:: :: (+.0200)	:: :: \$1.5880 :: (-.0660)
NONFAT DRY MILK							
GRADE A	\$1.1100 (N.C.)	\$1.1100 (N.C.)	\$1.0975 (-.0125)	\$1.0975 (N.C.)	\$1.0850 (-.0125)	:: :: (-.0250)	:: :: \$1.1000 :: (-.0110)
BUTTER							
GRADE AA	\$1.9850 (N.C.)	\$1.9850 (N.C.)	\$1.9200 (-.0650)	\$1.8900 (-.0300)	\$1.8900 (N.C.)	:: :: (-.0950)	:: :: \$1.9340 :: (-.0385)

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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averages \$3.33, up 7 cents; and sour cream averages \$1.91, up 14 cents. Yogurt in 4-6 ounce packages averages 51 cents, up 2 cents from two weeks ago and up 5 cents from one year ago. Greek yogurt in 4-6 ounce packages averages 98 cents, up 3 cents from two weeks ago and up 1 cent from a year ago. The national average 8 ounce block cheese price is \$2.62, is up 7 cents from two weeks ago, and up 21 cents from a year ago. The national price of 8 ounce shreds, \$2.45, is down 5 cents from two weeks ago, but 13 cents higher than one year ago. Total cheese advertising volume is down 14% from two weeks ago. The organic versus conventional half gallon price spread is \$.76, down 43 cents from two weeks ago. The price spread is the difference between the national weighted average conventional milk price for half gallons, \$2.39, and the average for organic half gallon milk, \$3.15.

NOVEMBER MILK SUPPLY AND DEMAND ESTIMATES

(WAOB): The milk production forecast for 2014 is unchanged from last month, but is lowered for 2015 as growth in milk per cow is expected to be more moderate. Fat basis imports are reduced for 2014 as milkfat imports have been lower than expected. Export forecasts on a skim-solids basis are raised for 2014 on stronger whey product sales to date. Fat and skim-solids basis trade forecasts for 2015 are unchanged. The butter price is raised for 2014, reflecting current price movements, but the price forecast for 2015 is unchanged at the midpoint of the range. Cheese and nonfat dry milk (NDM) prices are reduced for both 2014 and 2015 as supplies are expected to remain large. Whey prices are unchanged from last month. Class III prices for 2014 and 2015 are lowered on weaker cheese prices. The Class IV price is unchanged for 2014 as a higher butter price is offset by a lower NDM price. For 2015 a lower NDM price results in a reduced Class IV price forecast. The all milk price is lowered to \$24.05 to \$24.15 for 2014 and \$18.45 to \$19.25 for 2015.

CME GROUP

MONDAY, DECEMBER 8, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5225
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.0800; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, DECEMBER 9, 2014

CHEESE -- SALES: 2 CARS BARRELS @ \$1.4900; 2 CARS 40# BLOCKS @ \$1.5800; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4825; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5000
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.0800; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.1200
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

WEDNESDAY, DECEMBER 10, 2014

CHEESE -- SALES: 1 CAR BARRELS @ \$1.4800; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.4500; 1 CAR 40# BLOCKS @ \$1.5800; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4750
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.0700; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.0975
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.9200

THURSDAY, DECEMBER 11, 2014

CHEESE -- SALES: 27 CARS BARRELS: 1 @ \$1.4600, 2 @ \$1.4500, 1 @ \$1.4400, 1 @ \$1.4550, 21 @ \$1.4500, 1 @ \$1.4700; 1 CAR 40# BLOCKS @ \$1.6000; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5100; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 5 CARS GRADE A @ \$1.0500; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 3 CARS GRADE AA: 1 @ \$1.8500, 1 @ \$1.8800, 1 @ \$1.8900; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

FRIDAY, DECEMBER 12, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.0300; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.0850
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.9000

BUTTER MARKETS

NORTHEAST

Overall, available cream is slightly lower this week. However, cream supplies are noted as sufficient for expediting new and existing butter commitments. A few producers are supplementing cream supplies with spot loads, purchased at discounts, as churning expands to accommodate the volume of yearend butter interest. Buyers who are seeking butter beyond contracted amounts noted there is some difficulty in procuring desired volumes in the spot market. Sellers' stocks are adequate for yearend orders. The current bulk butter prices for domestic sales are 3 to 5 over the market, with various time frames and averages used. According to the DMN National Dairy Retail Report, the U.S. weighted average advertised price for 1-pound butter is \$3.33, an increase of \$0.05 compared to two weeks ago. The price in the Northeast was \$3.56, an increase of \$0.31 compared to two weeks ago. The price in the Southeast was \$3.59, an increase of \$0.50 compared to two weeks ago. At the CME Group, Grade AA butter closed Tuesday at \$1.9850, unchanged from a week ago. The Foreign Agricultural Service (FAS) reports that October 2014 U.S. exports of butter and milkfat totaled 4.6 million pounds, an 82% decrease from a year ago.

CENTRAL

Buyers are placing last minute holiday orders. The market tone is firm behind very good demand. Production rates vary amongst plants. Some butter makers are running at or near full schedules to ensure orders are finished and to the customers by their respective deadlines. Production levels for other butter makers are on the decline as new orders begin to taper off. Operators are conscious of not building inventories. Production of 82% is minimal following light export orders. Cream supply availability improved, while cream spot decisions varied amongst butter manufacturers

depending on customer orders. Manufacturers' supplies are generally maintaining at lower levels. Bulk butter spot market activity is moderate as prices range from 1.5 under to 6 cents over the market, with various time frames and averages used. Wednesday at the CME Group, Grade AA butter closed at \$1.9200, down \$0.065 from last Wednesday. The DMN *National Dairy Retail Report* noted the national weighted average advertised price for a 1 pound package of butter was \$3.33, up \$0.05 from two weeks ago and \$0.72 higher than a year ago. Prices ranged from \$1.99 to \$4.99. The weighted average price in the Midwest region was \$2.74, \$0.08 lower than two weeks ago. In the South Central region, the average was \$3.40, \$0.13 higher than two weeks ago. The NASS *Dairy Products* report noted October U.S. butter production totaled 148.1 million pounds, up 13.8% from last month and 1.5% higher than a year ago. January-October cumulative U.S. production totals 1.526 billion pounds, 2.1% behind 2013 during the same time span. October production in the Central region totaled 61.2 million pounds, 19.6% higher than a month ago and 3.5% above last year. The Central region accounted for 41.4% of U.S. production in October. January-October Central production totals 594.8 million pounds, 1.7% behind the same time span in 2013. According to FAS, January-October U.S. butter exports total 144.2 million pounds, 10% less than last year during the same time span.

WEST

Butter plant operators report churning is active throughout the region, but generally below capacity from plant to plant. Demand for cream from cream cheese, sour cream, and bottling manufacturers is steady to higher and keeping some cream loads out of the churns. The next 7 – 10 days will reportedly complete the

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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
December 6, 2014	1,9872 3,659,196	1,8858 13,232,680	1,8297 9,961,261	.5835 9,977,102	1,3100 19,568,454

Further data and revisions may be found on the internet (2:00 pm CT) at: <http://www.ams.usda.gov/AMSV1.0/DairyProductMandatoryReporting>

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holiday production and shipping cycle for many holiday products. Butter manufacturers continue to focus on fulfilling 2014 print orders. A few producers are looking toward the middle of the month for switching to bulk production. Butter inventories range from heavier than planned to comfortable. Bulk butter prices range from 4.5 cents under to 2 cents over the CME. On December 9, 2014, the Kansas City Commodity Office announced a Bid Invitation for 820,800 pounds of salted print butter packaged in 36/1 pound cartons. The bid description is AG-DPRO-S-15-0044, number 2000003077. Offers are due on December 18, 2014. On Wednesday, CME Grade AA butter prices closed at \$1.9200, \$.0650 lower than last Wednesday.

2014 U.S. Butter and Milkfat Exports, (USDA-FAS)

	(Million Lb.)	% Change From 1 Year Ago
October Total	4.6	- 82
Total, Jan - Oct	144.2	- 10
1 Saudi Arabia	32.6	- 10
2 Morocco	17.8	+ 23
3 Iran	15.1	- 26
4 Egypt	10.5	- 1
5 Mexico	8.1	+ 64

CHEESE MARKETS

NORTHEAST

Cheese production remains active as manufacturing orders are seasonally strong leading up to end of year holidays. Sales are reported good for all types of cheese varieties, including mozzarella, cheddar and Swiss. Inventories are adequate for current contracts. The market undertone remains unsettled as prices continue to soften. According to the DMN *National Dairy Retail Report*, the weighted average advertised price for 8 oz. cheese blocks in the Northeast was \$2.53, 9 cents less than the national price but 9 cents more than two weeks ago. The Southeast 8 oz. block cheese price was \$2.51, 6 cents more than two weeks ago. The weighted average price for 8 oz. shredded cheese in the Northeast was \$2.62, 17 cents more than the national price but 10 cents less than two weeks ago. The Southeast 8 oz. shredded cheese price was \$2.49, 5 cents more than two weeks ago. For the fourth week, Northeast wholesale cheese prices declined following drops in CME Group barrel and block cash trading weekly averages. This week, cheese prices for wholesale 40# block and muenster moved lower \$0.0600, while process 5# sliced moved lower \$.1075. Grade A Swiss Cuts 10-14# prices increased \$0.2675, a result of lagging adjustments based on Class III component prices. The CME Group daily cash prices, on Tuesday, saw barrels close at \$1.4900, down \$0.0975 from a week ago, while blocks closed at \$1.5800, down \$0.0800 from a week ago. The Foreign Agricultural Service (FAS) reports that October 2014 U.S. cheese and curd exports totaled 58.0 million pounds, a 3% decrease from a year ago.

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

Cheddar 40# Block	:	2.0475-2.3325
Process 5# Sliced	:	1.8075-2.2875
Muenster	:	2.0675-2.4275
Grade A Swiss Cuts 10 - 14#	:	4.1925-4.5150

MIDWEST

Cheese markets have a weak undertone. Domestic sales remain as expected for this time of year but exports are lagging. Various factors are influencing markets. Milk production remains heavy and the flow of milk is driving cheese production. Some spot milk is moving in the Midwest at \$5.00 under Class. Moreover cheese plants with contracted milk supplies are paying producers at price levels not yet lowered to reflect current lower cheese prices, due to the lag in the milk pricing formulas which is encouraging milk production. International factors are slowing exports of cheese from levels earlier this year. Europe in particular is moving cheese aggressively into export channels at pricing exerting downward pressure on U.S. cheese prices. Heavy cheese production is adding to concern with inventory levels. If cheese prices stay near current price levels, this will continue to expand the volume of cheese going into aging programs, particularly aged cheddar and some hard Italian varieties. The *National Dairy Retail Report* (DMN) found that Midwest ads for 8 ounce shredded cheese have a weighted average advertised price of \$2.35, 10 cents lower than the national average, \$2.45. One year ago the national average price was \$2.32. The Midwest price range is \$1.99 to \$3.00. For 8 ounce blocks, the Midwest average price is \$2.45, 17 cents lower than the national average price, \$2.62. One year ago the national average price was \$2.41. The Midwest price range is \$1.99 to \$3.00. Nationally, cheese ad numbers are 14% lower than two weeks ago. Wisconsin wholesale prices for 1,000 to 5,000 pound mixed lots of process cheese decreased \$.1075, Swiss increased \$.2675, and the remaining varieties decreased \$.0600. CME Group trading closed Wednesday with barrels at

\$1.4750, down \$.1050 from last Wednesday, and blocks at \$1.5800, down \$.0800 from last Wednesday. Blocks and barrels reached the lowest daily price of 2014 this week. The Farm Service Agency is soliciting bids to purchase slightly over 3 million pounds of 40 pound cheddar Blocks, with bids due by December 16, 2014 at 9:00 AM Central time. The bid invitation number is 2000003070.

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

Process American 5# Loaf	:	1.6900-2.0500
Brick And/Or Muenster 5#	:	2.0275-2.4525
Cheddar 40# Block	:	1.7325-2.1500
Monterey Jack 10#	:	2.0025-2.2075
Blue 5#	:	2.2950-3.2825
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8725-2.7675
Grade A Swiss Cuts 6 - 9#	:	3.7100-3.8275

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

	(Million Lb.)	% Change From 1 Year Ago
October	58.0	- 3
Total Jan.-Oct.	698.2	+ 23
1 Mexico	149.0	+ 4
2 South Korea	134.7	+ 51
3 Japan	107.8	+ 91
4 Australia	34.7	+ 61
5 Saudi Arabia	32.5	+ 52

WEST

Manufacturing milk availability is variable in the West region. Southwest cheese plant operators note gains from the seasonal low point; Pacific Northwest, Utah, and Idaho cheese manufacturers report milk availability is lower in some areas of the Northwest as sales into bottling/holiday product plants is steady to higher. A few plants are pushing milk loads toward cheese production instead of powder/butter, in the hope of better returns. Retail cut/wrap interest is steady ahead of the holidays. Weekly restaurant sales are unchanged. While Grade A Swiss cuts prices moved higher, based on Class and Component pricing, prices on the other cheese varieties shifted lower as the weekly average CME prices declined. This week, a cooperative export assistance program accepted requests for about 540,000 pounds of Cheddar, Gouda and Monterey Jack. On December 5, 2014, the Kansas City Commodity Office announced a Bid Invitation for approximately 3.0 million pounds of Natural Cheddar cheese in 40 pound blocks. The bid description is AG-DNAC-S-15-0043, number 2000003070. Offers are due on December 16, 2014. On Wednesday, Cheddar barrel prices closed at \$1.4750, \$.1050 lower than last Wednesday, while Cheddar 40 pound blocks closed at \$1.5800, \$.0800 lower than last Wednesday.

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

Process 5# Loaf	:	1.7100-1.9675
Cheddar 40# Block	:	1.7800-2.2250
Cheddar 10# Cuts	:	1.9600-2.1800
Monterey Jack 10#	:	1.9700-2.1300
Grade A Swiss Cuts 6 - 9#	:	3.7700-4.2000

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CHEESE MARKETS

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FOREIGN

Prices for domestic foreign type cheese declined. Domestic Swiss prices advanced following last week's Class III price release. Imported cheese prices held steady. Yearend demand is very good for all varieties and wholesalers are busy filling orders. Next week will be the last week in which orders can be filled prior to the holidays. European cheese exports have been on par with year ago levels, with the exception of Russia, due to the weaker Euro and readily available supplies. Stocks of European aged cheese have declined in recent weeks.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.3800	: 2.1875-3.6750*
Gorgonzola	: 3.6900-6.9700	: 2.6950-3.3925*
Parmesan (Italy)	: -0-	: 3.5775-5.6675*
Provolone (Italy)	: -0-	: 2.2300-2.4825*
Romano (Cows Milk)	: -0-	: 3.3775-5.5275*
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-	: 4.2900-4.6125*
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>
		:	
12/08/14	4,328	:	91,504
12/01/14	5,642	:	94,184
CHANGE	-1,314	:	-2,680
% CHANGE	-23	:	-3

FLUID MILK AND CREAM

EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	0	76	0	95	0
SOUTHEAST STATES	0	0	0	0	0	0

Milk production in the Northeast and Mid-Atlantic regions is increasing along the seasonal trend. Milk volumes into balancing facilities vary, with levels above those of the previous year. Class I demand is leveling off after recovering from post-Thanksgiving holiday declines. Class II pulls on fluid milk are active as processors focus on yearend retail production. Milk production in the Southeast is level to slightly higher. Milk orders from bottlers are level. Surplus milk volumes, that exceed bottling needs, are clearing to manufacturing facilities across regions. Distributors are looking ahead, as they anticipate heavier than usual milk volumes going into the Christmas holiday week. Florida's milk production is rising. Weather conditions are favorable for milk cows and expected to continue as cows freshen. Class I demand is slightly higher than expected, as tourists and winter residents continue to flock to the state. Shipments are balanced this week, with no exports or imports. According to the DMN National Dairy Retail Report, the U.S. weighted average price for a half gallon of milk was \$2.39, a \$0.05 decrease compared to two weeks ago. The weighted average price in the Northeast was \$2.80, an increase of \$0.32 compared to two weeks ago. **Cream multiples for all Classes ranged 1.23-1.32.** Cream demand is even. There is limited churning except to meet contracts. Contacts note a strong push to process eggnog for holiday inventories. Last week, the CME Group Grade AA weekly average butter price was \$1.9725, down \$0.0208 from the previous week. The region's supply of condensed skim is adequate for manufacturing processes. Volumes are moving primarily through contracts, with good Class II and Class III yearend holiday production.

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 -	2.4262-2.6037
F.O.B. producing plants: Upper Midwest -	2.3867-2.5840

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.20-1.45
Northeast - Class III - spot prices -	1.65-1.70

MIDWEST

Milk production in the Central region is marginally declining following seasonal trends but dramatically above 2013 levels. Factors for the improvements include increasing availability of better feed and increased cow numbers due to reduced cow culling. Milk supplies are steadily growing while spot loads range from \$6.00 under to \$1.00 under Class. There is a growing concern about milk arrangements during the last 2 weeks of the year with back-to-back holidays causing some plants to shut down during the entire time. Many processors are running at or near capacity levels. To combat the heavy milk supplies, some milk buyers are scaling back premiums to milk producers. The current market prices in relationship to Class prices are making it tough on margins for many processors. Bottling

sales are sluggish, but sale improvements are anticipated for next week. Buyers are increasingly pushing to sell condensed skim at reduced pricing. Class II production is easing as many holiday orders have been filled already. Ice cream production and sales are reduced, with supplies building. **Cream availability improved, while cream multiples ranged from 1.21 to 1.31.** Wednesday at the CME Group, Grade AA butter closed at \$1.9200, down \$0.0650 from last Wednesday. The weekly Cow Slaughter under Federal Inspection report shows U.S. dairy cow slaughter for the week ending November 22, at 55,300 head, 8,200 head or 12.9% less than the comparable week a year ago.

WEST

Haulers report milk volumes clearing into processing facilities are steady to increasing compared to last week. Weather in the state is mild. Sales into bottling facilities are very active this week as the last holiday specialty orders are pushed through production lines. The January 2015 Class 1 prices in CALIFORNIA range from \$19.49 in the north to \$19.76 in the south. The statewide average Class 1 price based on production is \$19.51. That production average price is \$4.23 lower than December 2014, and \$3.35 lower than January 2014. ARIZONA dairy producers report milk production is increasing, and components are recovering from summertime low values. Processors are readily handling in-state milk, but are turning away some offers of milk or condensed skim from out of state sources. Class I demand is active as bottlers finish up production of holiday favorites. Farm milk intakes in NEW MEXICO are steady, but demand for higher Class end uses is lower. Class I and Class II operations cut orders for this week. Orders for milk from cheese plants vary as scheduled maintenance is taking some lines out of production for a short time. Condensed skim is clearing throughout the region to find processing room. Alfalfa harvesting is complete for the year in most areas, giving dairy operations a boost in stocks on hand for the winter. Spot CREAM load availability is steady to somewhat higher this week. Those plant operators with the ability to clear cream across state borders indicate cream is readily moving toward heavy cream, cream cheese, and sour cream production. However, due to in state pricing and transportation costs, some cream is circulating within the state of origin. Multiples on cream are lower on each end of the range. The full range for Western cream multiples is 1.22 to 1.27. On Wednesday, CME Grade AA butter prices closed at \$1.9200, \$0.0650 lower than last Wednesday. In the PACIFIC NORTHWEST, milk production is unchanged, hovering around the seasonal low point. Manufacturers at some locations indicate the demand from producers of cream cheese, sour cream, heavy cream, aerated cream and eggnog is keeping volumes of milk out of the balancing plants. Milk production in IDAHO and UTAH is mostly steady, with mild weather aiding cow comfort. Some additional milk is available as a few yogurt and ice cream plants reduce production for the balance of the year. Manufacturers are increasing production of some specialty packaged fluid milk products and filling seasonal orders from large end users.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices of low/medium heat nonfat dry milk (NDM) moved lower on moderate spot activity and slightly reduced index pricing. Current prices have caused additional end users to strongly consider taking a position. The undertone is softening. Buyer interest from the feed industry has picked up. Export orders improved, most notably destined for Mexico as their buyers look to make purchases prior to the border shutting down for the last few weeks of 2014. Milk supplies are growing, keeping many manufacturers drying NDM at or nearing capacity levels. Some suppliers were able to clear large volumes to maintain inventory levels, while others supplies are generally expanding. HIGH HEAT NDM prices softened following downward pressure from low/medium NDM pricing. Spot load availability is limited. Some manufacturers are looking to increase production to rebuild depleted inventories. Buyer interest is moderate. Wednesday at the CME Group, Grade A NDM closed at \$1.0975, down \$0.0125 from last Wednesday. According to FAS, January-October U.S. NDM exports totaled 1.034 billion pounds, 1% ahead of the same time span in 2013.

EAST: Nonfat dry milk prices are lower on a weakening market, as indices and f.o.b. spot prices continue to decline. Production schedules are less active than last week in most channels, as heavier volumes of fluid milk clear to bottling. Low/medium nonfat demand is light. The market is fairly quiet, as most buyers continue to restrict their nonfat dry milk purchases to immediate needs. Beyond contracted loads, cheese manufacturers' interests are decreasing for nonfat dry milk and condensed skim. Traders are actively negotiating next year's contracts, with some uncertainty as to which base price index best reflects the market. High heat nonfat is being produced sporadically. Availability is very limited in the spot market. Stocks are sufficient for yearend needs. The market undertone is weak. The Foreign Agricultural Service (FAS), reports that October 2014 U.S. nonfat dry milk exports totaled 85.3 million pounds, a 25% decrease from a year ago.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 1.0400 - 1.3625 MOSTLY: 1.1000 - 1.2925
HIGH HEAT: 1.2400 - 1.4525

NONFAT DRY MILK - WEST

Nonfat dry milk prices in the West are unchanged to lower. The market is weak. A few bright spots of interest include finalization of some one to two year NDM supply contracts for domestic end users. Key negotiating points included choosing contract prices and payment terms. Some buyers managed to lock in extended payment terms. Participants report they received a blend of basis offers from Western low/medium NDM sellers. In some cases, buyers are opting to withhold a portion of 2015 needs from contracts. Buyers plan to fill those needs through the spot market, as they anticipate supplies will be available. Low/medium heat nonfat dry milk production is steady in the Northwest, but higher in the Southwest as those milk processors in that area indicate the milk intakes are increasing gradually. Low/medium heat NDM inventories vary; some manufacturers indicate they are sold out through the end of the year. Other manufacturers are actively filling contract and F.O.B. spot market sales. Resale activity is slow as buyers continue to wait out the market. Western high heat nonfat dry milk prices are unchanged to lower, following changes to some pricing indices. Light seasonal interest is being satisfied mainly through contracts. Production is less active as processors allocate additional dryer time slots to low/medium heat nonfat dry milk production to keep up with increasing milk intakes.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 1.0450 - 1.3500 MOSTLY: 1.0500 - 1.2550
HIGH HEAT: 1.3800 - 1.5500

	U.S. NDM Exports, 2014 Exports (Million Lb.)	H.S. Code 0402100000 (FAS) % Change From 1 Year Ago
October Total	85.3	- 25
TOTAL, JAN - OCT	1,034.4	+ 1
1 Mexico	362.2	+ 7
2 Philippines	142.2	+ 28
3 China	97.9	- 9
4 Indonesia	86.2	- 18
5 Vietnam	74.1	+ 18

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices are lower as some manufacturers adjusted pricing to move supplies. The market tone is soft as buyers note additional offerings. Production rates for the most part are higher, matching seasonally high butter production and reduced condensed buttermilk demand from ice cream buyers. Supplies are generally growing due to light to moderate spot trading.

EAST: East dry buttermilk prices declined and the market undertone is weak. Low NDM prices are adding downward pressure on dry buttermilk pricing. Dry buttermilk production is steady to increasing in some channels, prompting heavier dry buttermilk inventories. Spot market activity is very light. Brokers looking to clear inventory are enhancing offerings by discounting product.

F.O.B. CENTRAL/EAST: .9500 - 1.1025

DRY BUTTERMILK - WEST

Prices for Western dry buttermilk are unchanged to lower. Market participants indicate more offers are available via manufacturers and resellers. There are just a few weeks remaining to rebalance inventories in 2014. Dry buttermilk production is active at several Western locations as holiday related butter production continues. However, some manufacturers have outlets into ice cream, specialty frozen desserts and other edible end uses that are helping to redirect the fluid buttermilk stream away from the dryers.

F.O.B. WEST: .9600 - 1.2500 MOSTLY: 1.0500 - 1.1000

DRY WHOLE MILK - NATIONAL

National dry whole milk prices are unchanged to sharply lower on the bottom of the range. The market remains weak, with manufacturers delaying production of dry whole milk until inventories rebalance. Interest is tepid as pricing is above that of international dry whole milk, but some manufacturers and resellers reached agreement on lower prices to fill immediate needs. Some market participants indicate it may take a few phone calls, but producers are showing more willingness to reconsider prices to lighten inventories. Production is intermittent as inventories are above contract needs at several locations.

F.O.B. PRODUCING PLANT: 1.4000 - 1.6500

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES
December 5	\$1.3653	10,849,869
November 28	\$1.3501	9,667,257

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

WHEY, WPC 34%, LACTOSE & CASEIN

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

DRY WHEY - CENTRAL

Prices of dry whey are steady to slightly weaker. Spot activity is light, while trading is more prevalent in the resale market. The undertone is softening as buyers note additional offerings at lower pricing. Market participants are finalizing 2015 contracting, which is typically at steady to lower price adjustments. Some buyers are electing to reduce contracted volumes for next year. Export orders are slowing as some sellers are reporting shipment cancellations. Production rates vary largely on cheese production. Some plants with heavy milk supplies are running at or near full schedules, while others with reduced cheese sales are backing off production. ANIMAL FEED DRY WHEY prices are down on the top of the range following adjustments on index pricing. Buyer interest is light as many end users have adequate supplies. According to FAS, January-October U.S. whey exports total 434.6 million pounds, 1% behind the same time span in 2013.

F.O.B. CENTRAL: .4000 - .6625 MOSTLY: .5300 - .6200
 F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3500 - .5575

DRY WHEY - NORTHEAST

Prices for Northeast dry whey trended lower this week. The market is maintaining a weak undertone. As butter and powder prices move lower, additional milk to cheese production is increasing whey solids. Inventories levels are growing. Dry whey is moving primarily through contracts. The Foreign Agricultural Service (FAS), reports that October 2014 U.S. dry whey exports totaled 41.3 million pounds, a 9% decrease from a year ago.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5700 - .6700

DRY WHEY - WEST

Western dry whey prices are unchanged to lower, reflecting changes in various bases and manufacturers' interests in decreasing holdings. The market is mixed, with buyers noting additional F.O.B. spot offers available this week. Manufacturers are wary of getting ahead of cheese orders, and are slowing cheese production where feasible. Liquid and condensed whey spot loads are reportedly more available compared to past weeks. This signals lower volumes of condensed whey clearing through dryers. Dry whey sales into manufacturers of bakery mixes for commercial and home use, such as for specialty doughnuts and breakfast rolls, are complete for 2014, but contract discussions are ongoing for 2015.

NONHYGROSCOPIC: .4100 - .6550 MOSTLY: .5400 - .6200

U.S. Dry Whey Exports, H.S. Code 0404104000(FAS)		
	2014 Exports (Million Lb.)	% Change From 1 Year Ago
October Total	41.3	- 9
TOTAL, JAN - OCT	434.6	- 1
1 China	141.8	- 3
2 Mexico	55.5	+ 54
3 Canada	36.1	- 8
4 Japan	30.0	- 2
5 Malaysia	26.0	+ 32

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices are steady on the range, but reduced on the mostly price series on retracting spot load prices. The market tone is weakening following increasing pressure from lower NDM pricing. Activity is higher in the resale market than the spot market for WPC 34%. Some sellers are noting difficulty on moving supplies into high end food applications. Many end users have adequate supplies. Some feed blenders are purchasing more advantageous alternative proteins. Production rates are generally steady with a few plants increasing whey streams to other whey protein blends. According to FAS, January-October U.S. WPC less than 80% exports total 189.1 million pounds, 11% below the same time span in 2013.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.0800 - 1.4125 MOSTLY: 1.1100-1.3625

U.S. WPC ≤ 80% Exports, H.S. Code 0404100500(FAS)		
	2014 Exports (Million Lb.)	% Change From 1 Year Ago
October Total	17.1	- 3
TOTAL, JAN - OCT	189.1	- 11
1 China	69.8	+ 3
2 Canada	31.7	+ 15
3 Mexico	30.1	- 40
4 Singapore	8.3	+ 64
5 Indonesia	7.4	+ 37

LACTOSE - CENTRAL AND WEST

Lactose prices are mostly steady with the exception of the bottom of the mostly price series weakening. Many suppliers note more activity in the export market than in the domestic market. The strengthening U.S. Dollar and increasing international competition have forced some sellers to adjust prices to maintain export business. The overall market tone remains weak. Some manufacturers are looking at new contract options such as longer durations and increased volumes at reduced prices to entice buyers to make a commitment. Some sellers noted improved sales into confectionary accounts. Spot loads are readily available. According to FAS, January-October U.S. lactose exports total 393.7 million pounds, 5% less the same time span in 2013.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .2000-.5200 MOSTLY: .3000-.4800

U.S. Lactose Exports, H.S. Code 1702110000(FAS)		
	2014 Exports (Million Lb.)	% Change From 1 Year Ago
October Total	44.3	+ 37
TOTAL, JAN - OCT	393.7	- 5
1 New Zealand	66.8	+ 19
2 China	55.9	- 24
3 Mexico	44.1	- 21
4 Japan	37.6	+ 22
5 Indonesia	26.9	+ 18

-CONTINUED ON PAGE 6A-

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 PAGE 6-

CASEIN - NATIONAL

Pricing for both casein market series are unchanged, mostly reflecting contract pricing. Spot sales are limited ahead of the yearend holidays. Most buyers have their needs covered through the end of the 2014. Some buyers have reduced contracted volumes for Q1 2015; knowing supplies should be readily available.

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

2014 U.S. Casein Imports (USDA-FAS)
(Million Lb.) % Change From
1 Year Ago

Oct. Total	12.4	+ 5
Total, Jan. - Oct.	145.2	- 2
New Zealand	52.3	+ 2
Netherlands	33.4	+ 46
Ireland	14.1	+ 8
India	11.1	- 26
Uruguay	9.6	+ 158

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
11/22/2014	55.3	2,535.8	63.5	2,828.7

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

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

CLASS III MILK PRICES (3.5% BF)

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

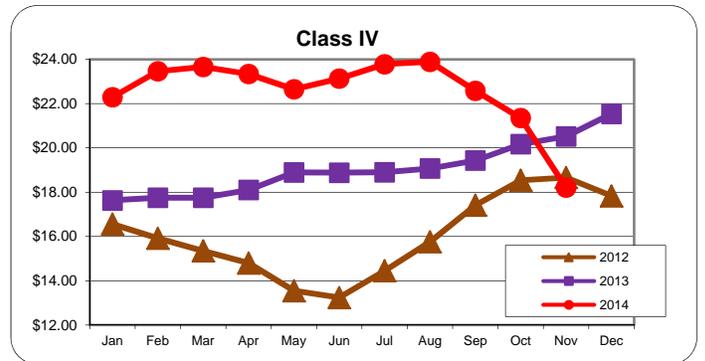
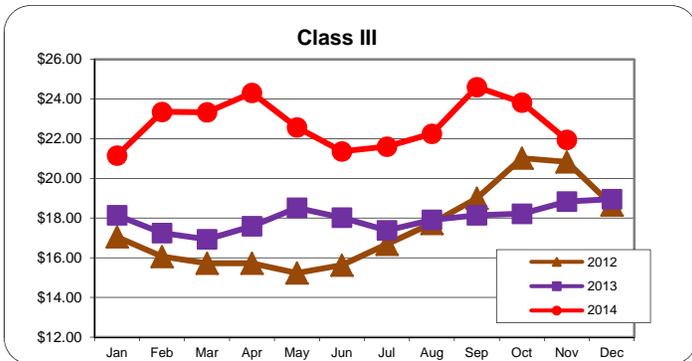
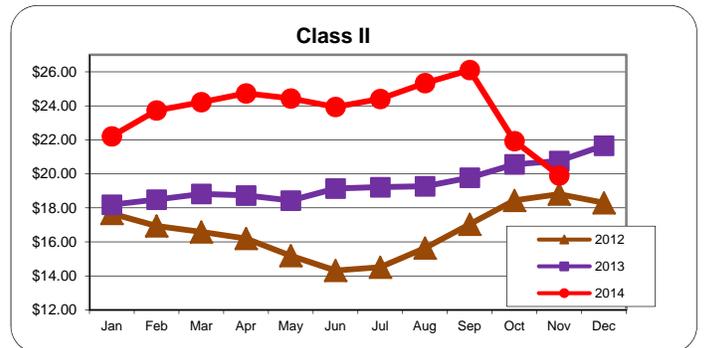
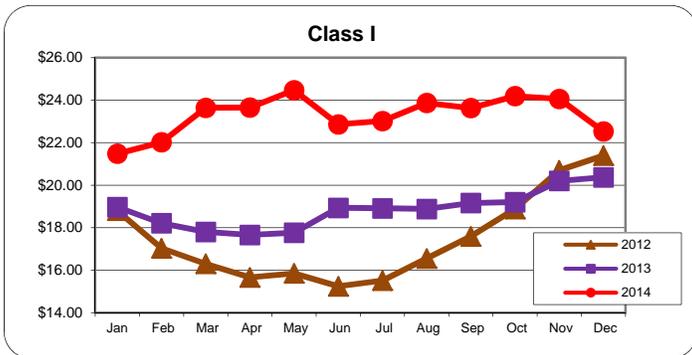
CLASS IV MILK PRICES (3.5%)

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

FEDERAL MILK ORDER CLASS PRICES FOR 2014 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	21.48	22.02	23.64	23.65	24.47	22.86	23.02	23.87	23.63	24.19	24.06	22.53
II	22.21	23.73	24.22	24.74	24.44	23.94	24.41	25.34	26.11	21.93	19.91	
III	21.15	23.35	23.33	24.31	22.57	21.36	21.60	22.25	24.60	23.82	21.94	
IV	22.29	23.46	23.66	23.34	22.65	23.13	23.78	23.89	22.58	21.35	18.21	

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

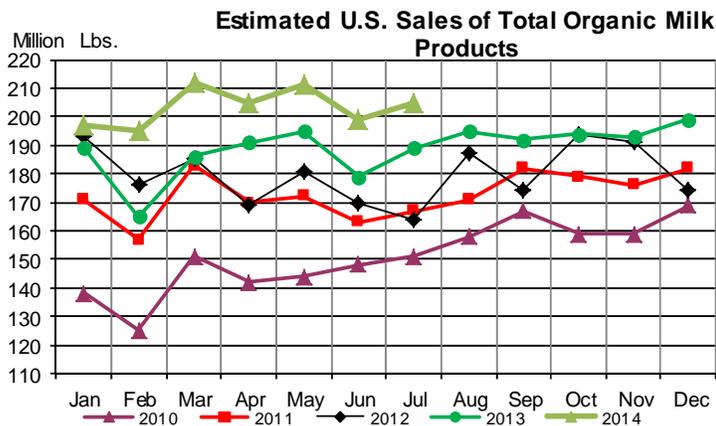


ORGANIC DAIRY MARKET NEWS

Information gathered December 01 - 12, 2014

ORGANIC DAIRY FLUID OVERVIEW

U.S. ORGANIC MILK PRODUCTS SALES. Estimated U.S. Sales of Total Organic Milk Products through July 2014 using USDA AMS Dairy Programs data, shows overall increases over prior years. The graph which follows displays sales for 2010-2014.



ORGANIC DAIRY NEWS. A national organic dairy cooperative has announced increased organic milk pay prices for 2015, under a revised organic milk pay program. The new program replaces regional pay premiums with a regional base program. Features of the new pay prices include raising pay for the entire nation up \$2.75 on March 1, 2015. The new pay prices will be expressed in components at 12.2% solids (3.5% for butterfat; 3.05% for protein and 5.65% for other solids). Pricing will also be expressed in hundredweight terms for general communication purposes.

For the Northeast (Pennsylvania, New York, Maryland and New Jersey) this will result in a milk pay base of \$33.55 per cwt equivalent. With various factors and average quality premiums, an average mailbox price will be \$36.13.

While there is some uncertainty as to how consumers will react to store organic milk pricing that may result, various factors led to the decision to increase organic milk pay prices. Recent retail organic milk shortages in store coolers in a number of states illustrated organic milk supply tightness that has been less obvious until recently. Another cited factor is increases in on farm costs for organic feeds, inputs and land rents. Slowing transitioning into organic dairy production has also become more evident.

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON

Organic Dairy Overview. Organic egg nog is the most advertised organic dairy product this pre-holiday period. Organic milk is typically at the top of the list but this period, organic milk slipped to the second lowest level of 2014 as a percentage of total organic dairy ad volume. Organic yogurt ad volume rebounded to the highest number of ads since August.

Advertising information presented is compiled from nearly 14,000 surveyed newspaper supermarket ads for the period December 1 to December 12, 2014, identifying weekly "specials" and containing organic dairy content. Surveyed ads reflect advertised "specials" and not the range of non-advertised supermarket cooler prices.

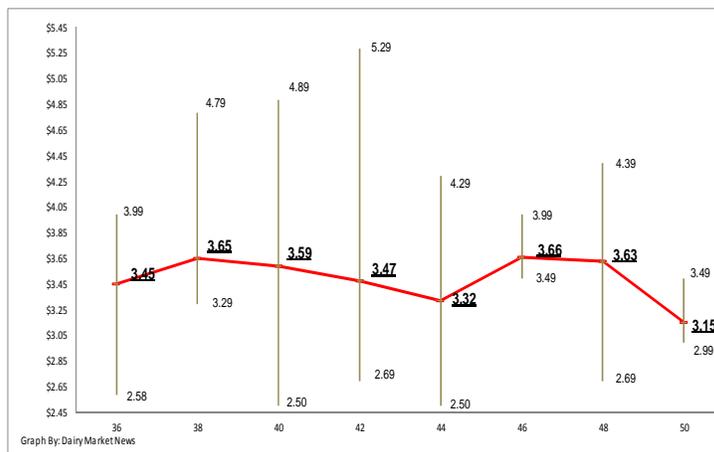
Complete results of this bi-weekly survey providing additional

graphs, tables, and regional delineation, follow at the end of Dairy Market News, or can be accessed at: <http://www.ams.usda.gov/AMSV1.0/DairyRetailReport>

Organic Milk Half Gallons. The U.S. weighted average advertised price of organic milk half gallons is \$3.15, down 48 cents from 2 weeks ago. One year ago the price was \$3.70.

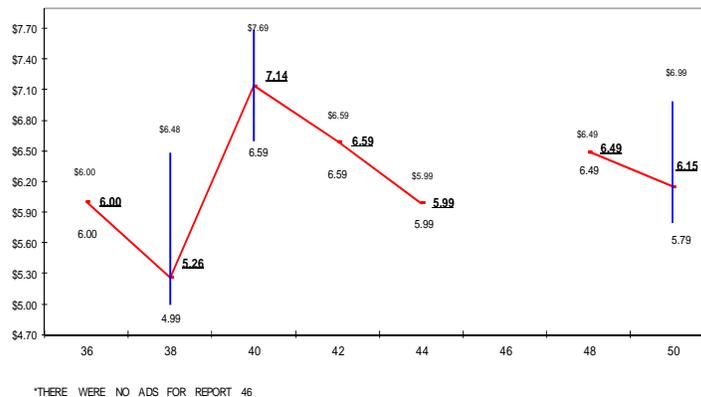
The lowest price is up 30 cents to \$2.99, while the top of the price range is down 90 cents to \$3.49. The lowest advertised price, \$2.99, is in the Northwest. The highest advertised price, \$3.49, is found in the Southeast.

U.S. Advertised Organic Milk Half Gallon Price Range and Weighted Average Advertised Price by 2014 Week



Organic Milk Gallons. The U.S. weighted average price of organic milk gallons this period is \$6.15. Two weeks ago the U.S. average price was \$6.49 and the price one year ago was \$5.00. Prices range from \$5.79 in the South Central region, to \$6.99 in the Northeast.

U.S. Advertised Organic Milk Gallon Price Range and Weighted Average Advertised Price by 2014 Week



*THERE WERE NO ADS FOR REPORT 46

8 Ounce Block Organic Cheese. Organic cheese (8 ounce blocks) has an average price of \$3.49, 50 cents lower than two weeks ago. All ads are in the Northeast.

ORGANIC DAIRY MARKET NEWS

Information gathered December 01 - 12, 2014

CONTINUED FROM PAGE - 8 -

Organic Yogurt. The weighted average price of the most advertised organic yogurt, 32 ounce organic yogurt, is \$3.04, down 45 cents from two weeks ago and down 85 cents from one year ago. Organic Greek 4-6 ounce yogurt, with a U.S. average price of \$1.18, is down 7 cents from two weeks ago. Organic Greek yogurt 32 ounce size has a U.S. average price of \$6.49 and 4-6 ounce organic yogurt has an average price of \$.69.

Organic Egg Nog Quarts. Organic egg nog in quart containers is the most advertised organic dairy product this period. The U.S. average advertised price is \$3.95, with no ads two weeks ago. One year ago the price was \$3.55. Ads appeared in every region, with the lowest price in the Midwest, \$3.19, and the highest price in the Northeast, \$4.49.

Organic Grain and Feedstuff Markets: Organic grain prices are trending mostly steady. Market activity is slow to moderate. Demand for organic durum wheat is moderate to good, while demand for all other organic grains remains light to moderate. Concerns prevail as to limited storage capacity, transportation challenges and associated costs, moisture levels, test weights, drying costs, quality issues, and harvest yields.

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

DECEMBER MILK SUPPLY AND DEMAND ESTIMATES

The milk production forecast for 2014 is unchanged from last month, but is lowered for 2015 as growth in milk per cow is expected to be more moderate. Fat basis imports are reduced for 2014 as milkfat imports have been lower than expected. Export forecasts on a skim-solids basis are raised for 2014 on stronger whey product sales to date. Fat and skim-solids basis trade forecasts for 2015 are unchanged. The butter price is raised for 2014, reflecting current price movements, but the price forecast for 2015 is unchanged at the midpoint of the range. Cheese and nonfat dry milk (NDM) prices are reduced for both 2014 and 2015 as supplies are expected to remain large. Whey prices are unchanged from last month. Class III prices for 2014 and 2015 are lowered on weaker cheese prices. The Class IV price is unchanged for 2014 as a higher butter price is offset by a lower NDM price. For 2015 a lower NDM price results in a reduced Class IV price forecast. The all milk price is lowered to \$24.05 to \$24.15 per cwt for 2014 and \$18.45 to \$19.25 per cwt for 2015.

U.S. MILK SUPPLY AND USE					
Commodity	2013	2014 Projected		2015 Projected	
		November	December	November	December
BILLION POUNDS					
MILK					
PRODUCTION	201.2	206.2	206.2	212.3	212.2
FARM USE	1.0	1.0	1.0	1.0	1.0
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	12.2	11.2	11.2	10.5	11.1
MARKETINGS	200.2	205.2	205.2	211.3	211.3
IMPORTS	3.7	4.3	4.1	3.8	3.8
TOTAL COMMERCIAL SUPPLY	216.2	220.6	220.5	225.7	226.2
FAT BASIS USE					
COMMERCIAL EXPORTS	12.4	12.3	12.3	11.0	11.0
ENDING COMMERCIAL STOCKS	11.2	10.5	11.1	12.1	12.2
CCC DONATIONS	0	0	0	0	0
DOMESTIC COMMERCIAL USE	192.6	197.8	197.1	202.6	203.0
SKIM-SOLID BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	12.4	11.6	11.6	12.0	11.9
MARKETINGS	200.2	205.2	205.2	211.3	211.3
IMPORTS	5.3	5.8	5.8	5.4	5.4
TOTAL COMMERCIAL SUPPLY	217.9	222.6	222.7	228.8	228.6
SKIM-SOLIDS BASIS USE					
COMMERCIAL EXPORTS	38.5	38.3	38.7	37.4	37.4
ENDING COMMERCIAL STOCKS	11.6	12.0	11.9	12.8	12.6
CCC DONATIONS	0	0	0	0	0
DOMESTIC COMMERCIAL USE	167.7	172.3	172.1	178.6	178.6

NOTE: Totals may not add due to rounding.

Continued on page 11

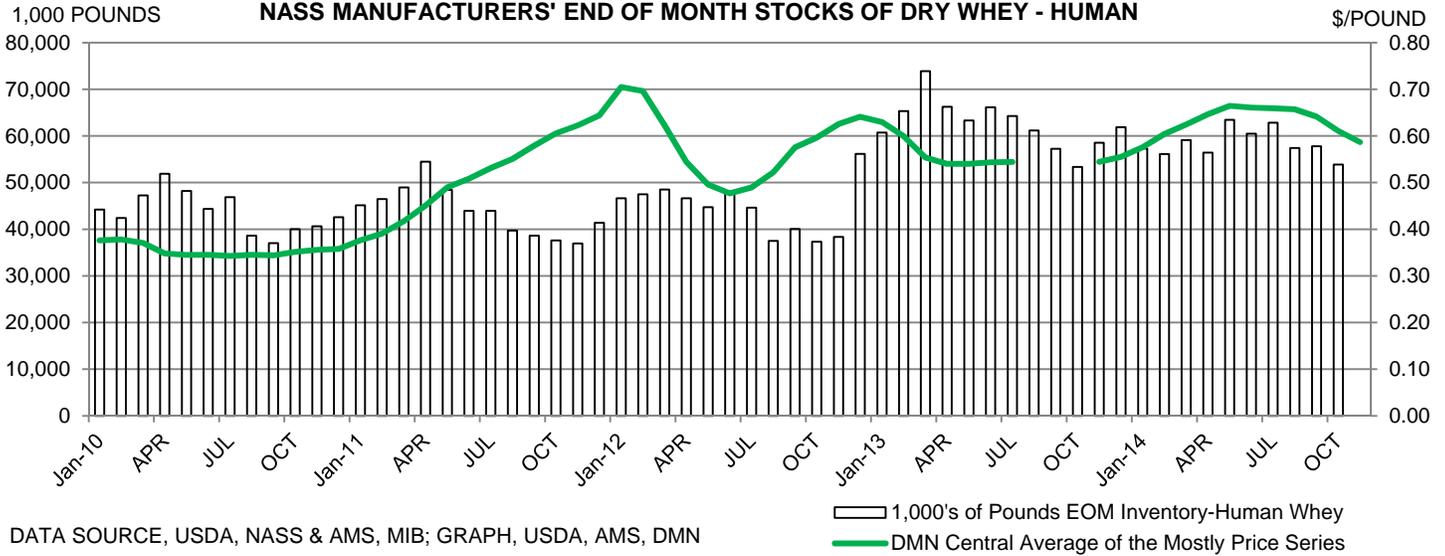
DECEMBER MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES					
Commodity	2013	2014 Projected		2015 Projected	
		November	December	November	December
DOLLARS PER POUND					
PRODUCT PRICES ^{1/}					
CHEESE	1.7683	2.170-2.180	2.150-2.160	1.690-1.780	1.625-1.705
BUTTER	1.5451	2.120-2.150	2.125-2.155	1.660-1.780	1.665-1.775
NONFAT DRY MILK	1.7066	1.770-1.790	1.760-1.780	1.410-1.480	1.340-1.400
DRY WHEY	0.5902	0.650-0.660	0.650-0.660	0.560-0.590	0.560-0.590
DOLLARS PER CWT					
MILK PRICES ^{2/}					
CLASS III	17.99	22.50-22.60	22.30-22.40	17.15-18.05	16.55-17.35
CLASS IV	19.05	22.05-22.25	22.05-22.25	17.05-18.05	16.45-17.35
ALL MILK ^{3/}	20.05	24.15-24.25	24.05-24.15	18.85-19.75	18.45-19.25
QUARTERLY					
	2014 III	2014 IV ^{4/}	2015 I ^{4/}	2015 II ^{4/}	2015 III ^{4/}
BILLION POUNDS					
MILK PRODUCTION	51.1	51.2	52.7	54.4	52.6
DOLLARS PER CWT.					
ALL MILK PRICE ^{2/3/}	24.37	23.10-23.30	20.00-20.50	17.00-17.80	17.80-18.80
CLASS III PRICE ^{2/}	22.82	21.20-21.40	16.35-16.85	15.90-16.70	16.90-17.90
CLASS IV PRICE ^{2/}	23.42	18.75-19.05	15.85-16.45	15.55-16.45	16.90-18.00

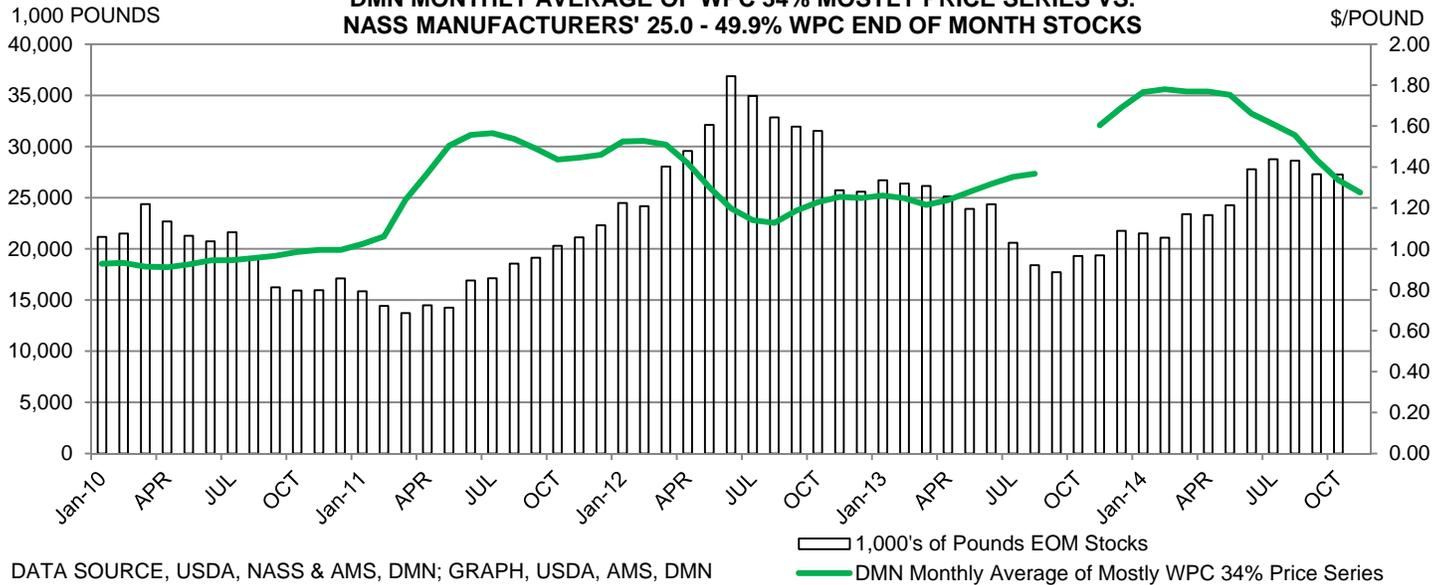
^{1/} Simple average of monthly prices calculated from AMS (formerly NASS) weekly average dairy product prices for class price computations. Details may be found by going to <http://www.ams.usda.gov/DairyMarketStatistics>; then select "Prices;" then select "Description." ^{2/} Annual and quarterly Class III and Class IV prices are the simple average of monthly minimum Federal order milk prices paid by regulated plants for milk used in the respective classes. All milk price is the simple average of monthly prices received by farmers for milk at average test. ^{3/} Does not reflect any deductions from producers as authorized by legislation. ^{4/} Projection.

Source: U.S. Department of Agriculture. World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates, WASDE-536, December 10, 2014.* Approved by the Interagency Commodity Estimates Committee [members for Dairy are: Shayle Shagam, Chairperson, WAOB; Uthra Raghunathan, AMS; Paul Kiendl, FAS; Roger Hoskin, ERS; and Milton Madison, FSA].

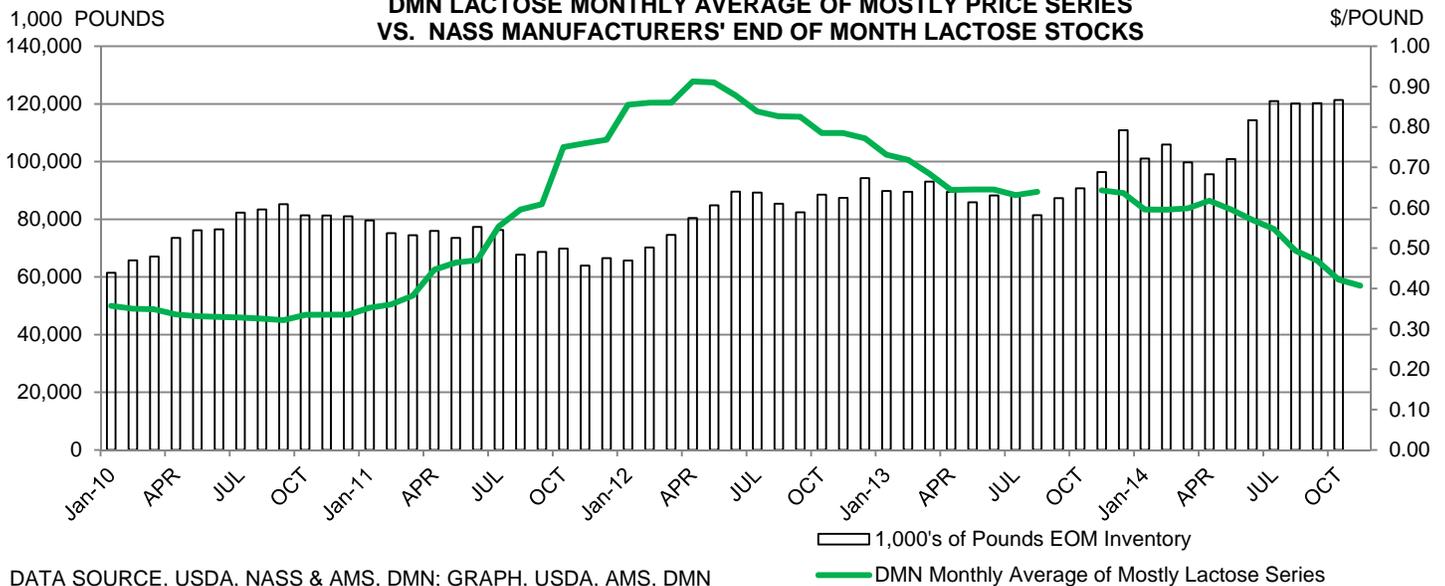
DMN MONTHLY AVERAGE OF CENTRAL DRY WHEY MOSTLY PRICE SERIES VS. NASS MANUFACTURERS' END OF MONTH STOCKS OF DRY WHEY - HUMAN



DMN MONTHLY AVERAGE OF WPC 34% MOSTLY PRICE SERIES VS. NASS MANUFACTURERS' 25.0 - 49.9% WPC END OF MONTH STOCKS

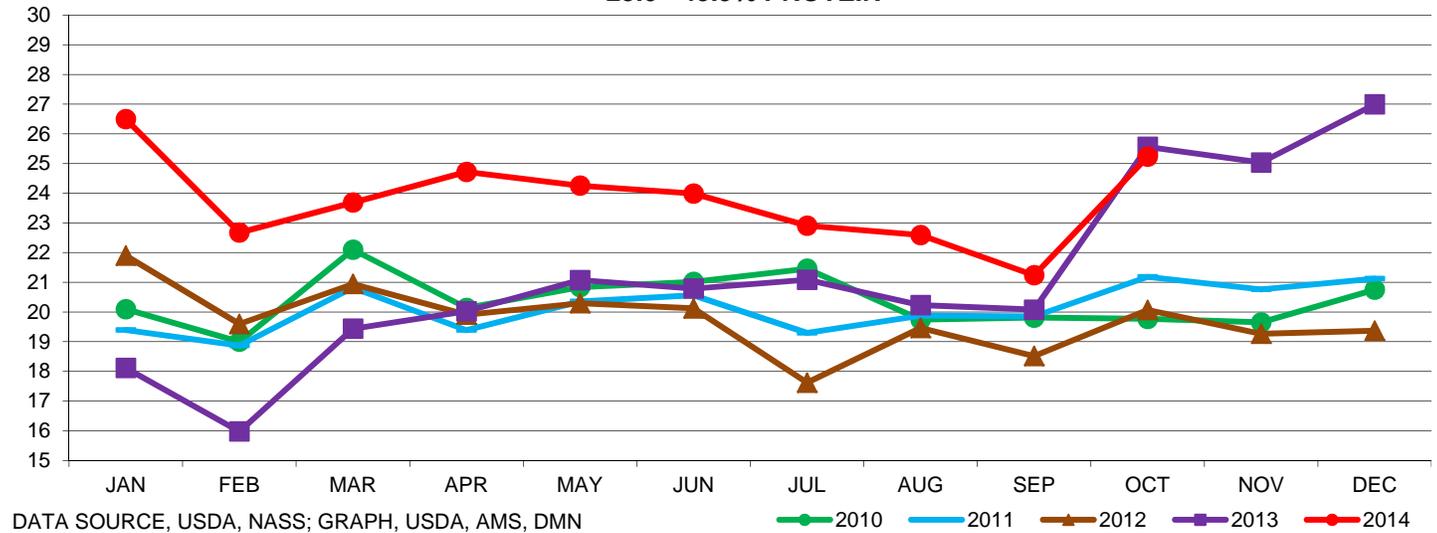


DMN LACTOSE MONTHLY AVERAGE OF MOSTLY PRICE SERIES VS. NASS MANUFACTURERS' END OF MONTH LACTOSE STOCKS



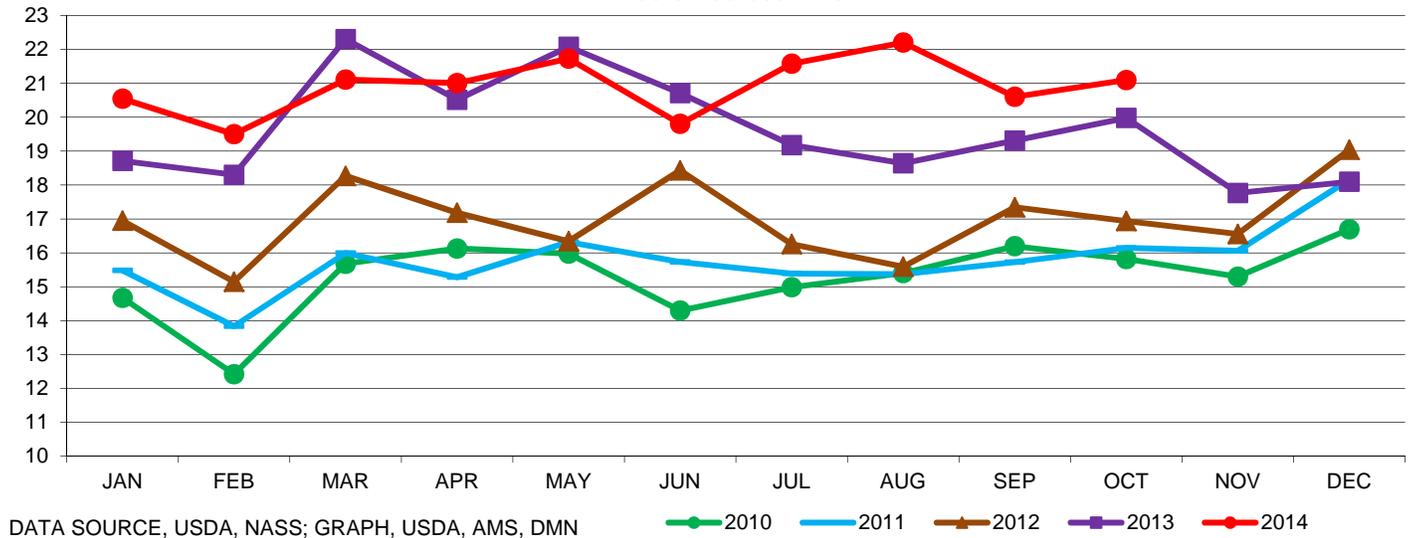
**U.S. TOTAL DRY WPC PRODUCTION, HUMAN AND ANIMAL,
25.0 - 49.9% PROTEIN**

MILLION POUNDS



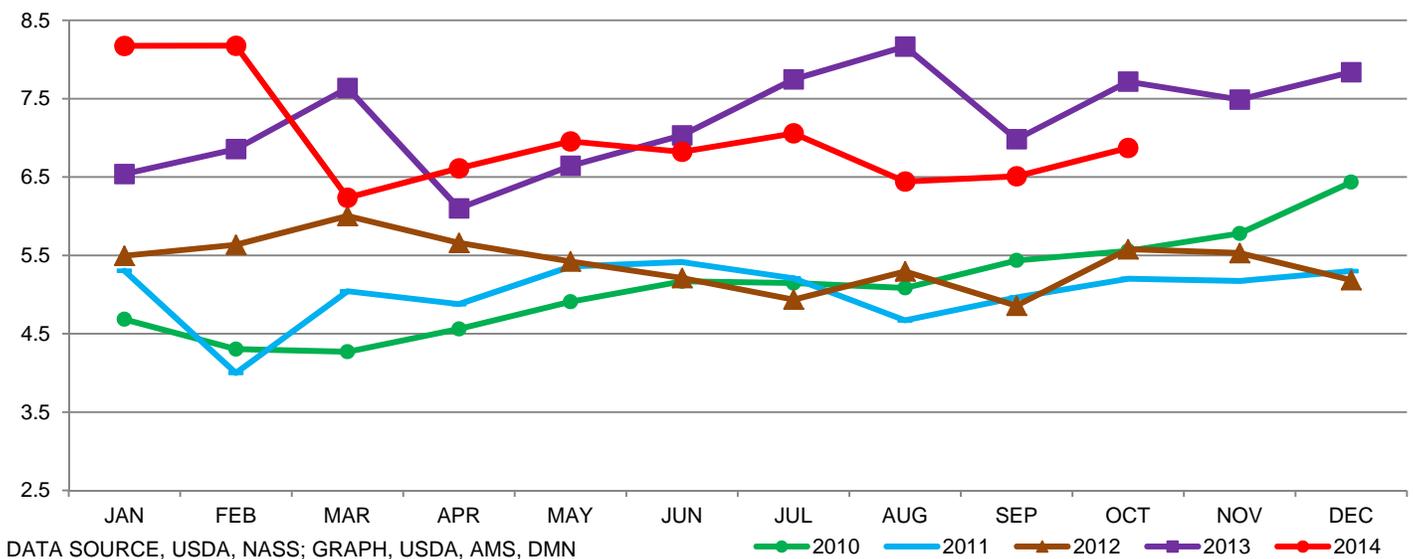
**U.S. TOTAL DRY WPC PRODUCTION, HUMAN AND ANIMAL,
50.0 - 89.9% PROTEIN**

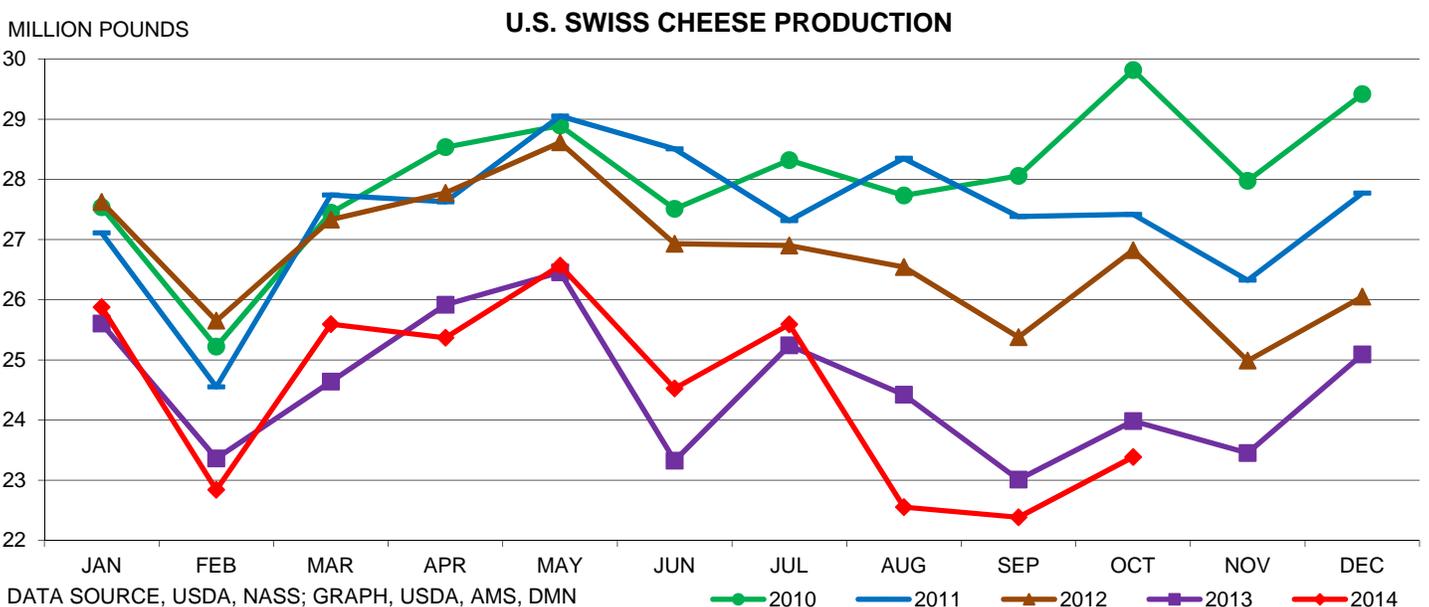
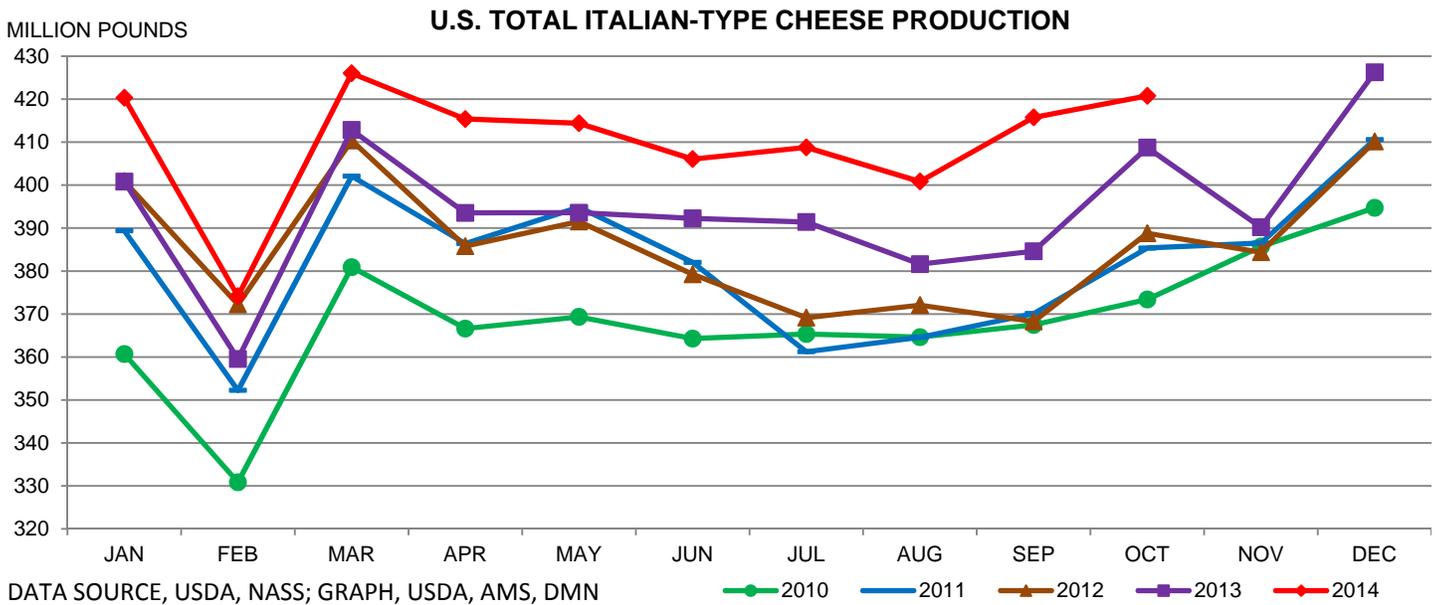
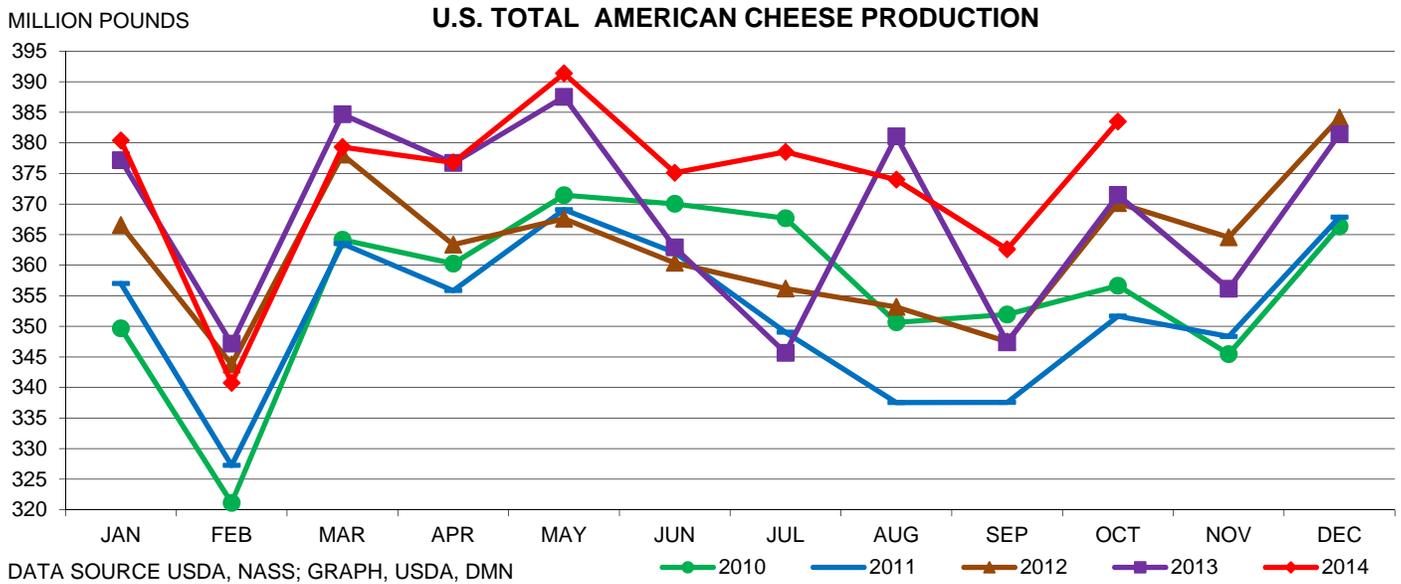
MILLION POUNDS

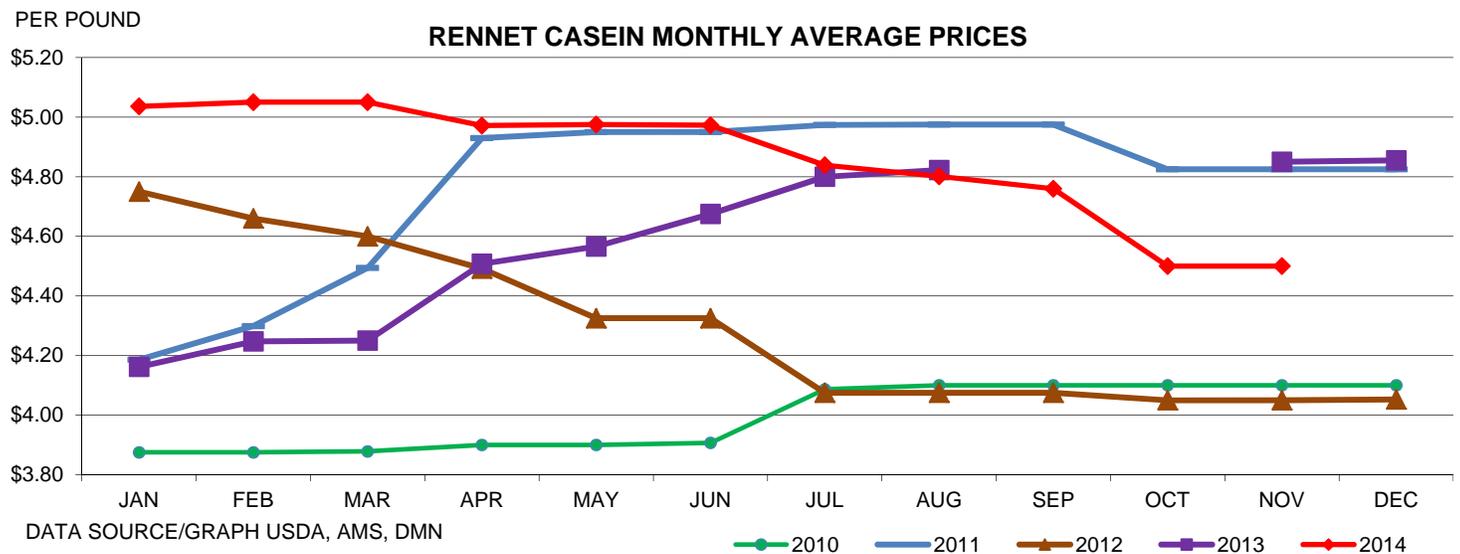
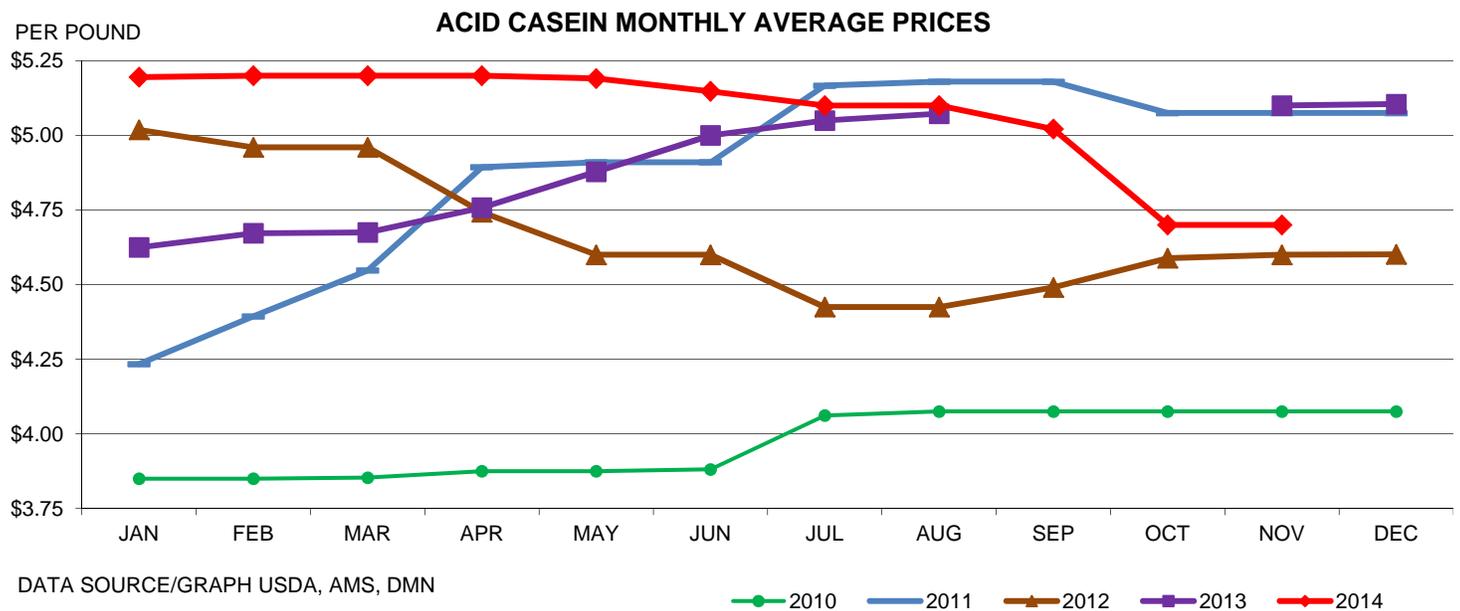
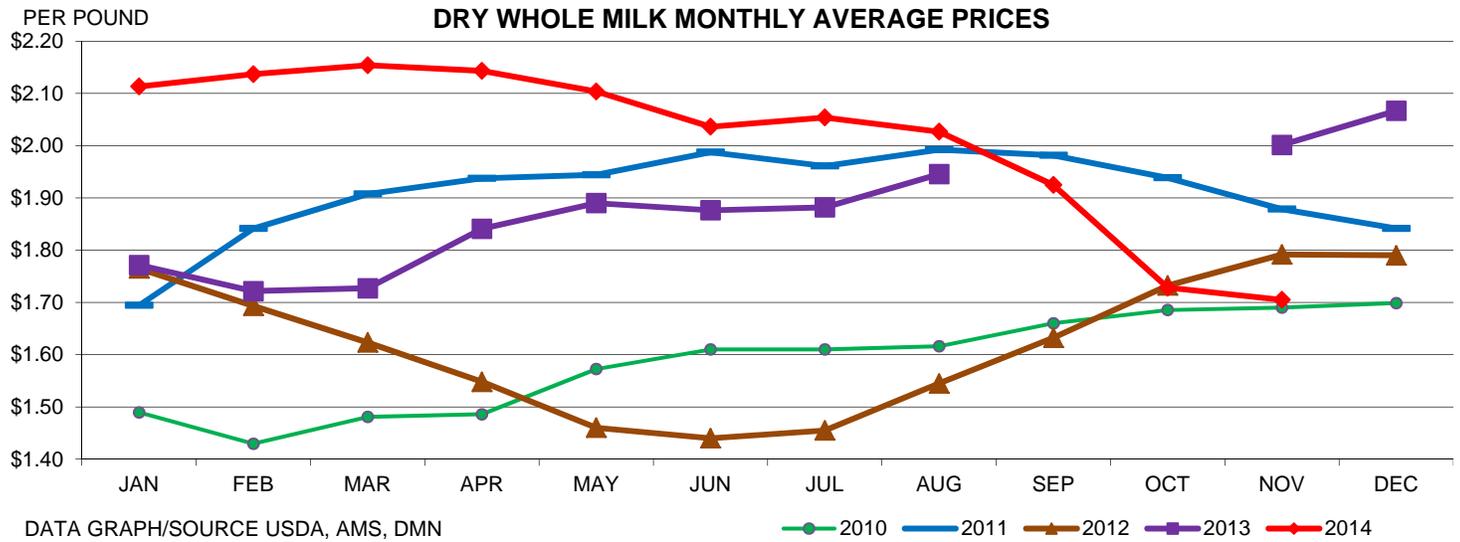


U.S. WHEY PROTEIN ISOLATE PRODUCTION

MILLION POUNDS









Dairy Market News Branch

Agricultural
Marketing
Service

National Dairy Retail Report

Websites: <http://www.marketnews.usda.gov/portal/da> and <http://www.ams.usda.gov/mnreports/dybretail.pdf>

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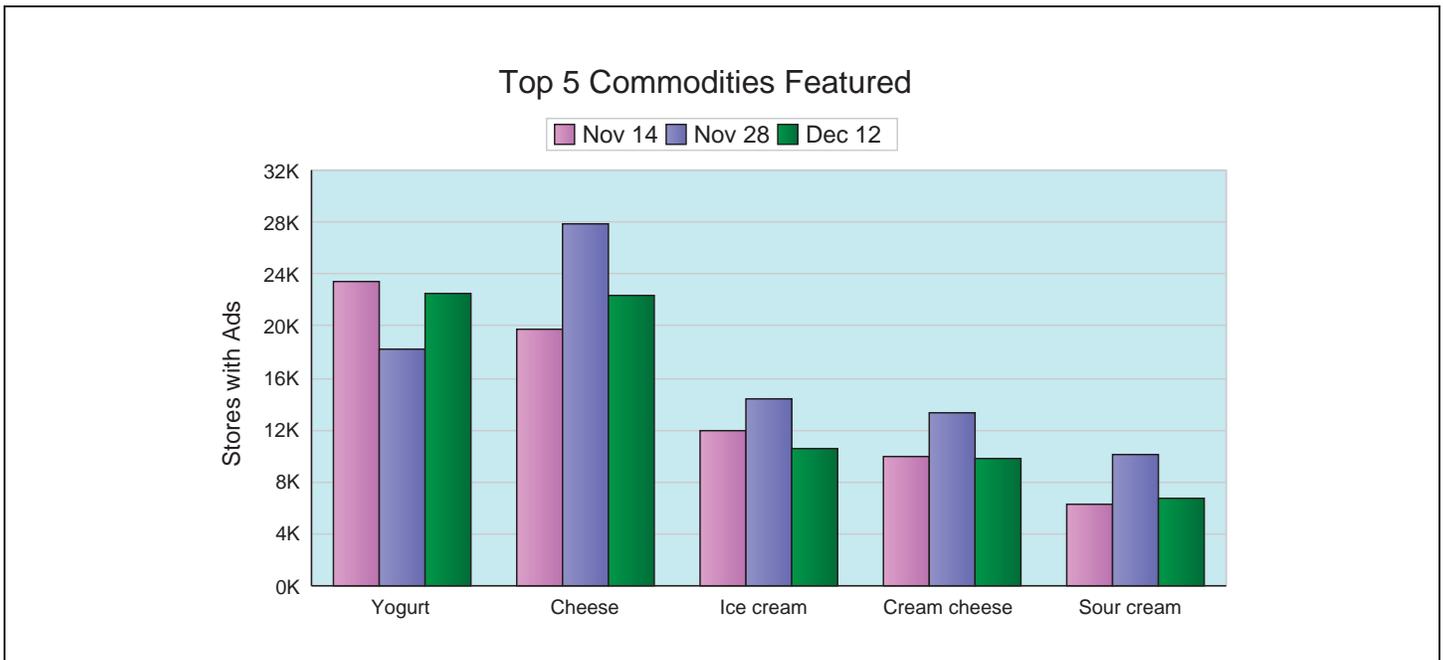
Advertised Prices for Dairy Products at Major Retail Supermarket Outlets 12/01 to 12/12

During this post-Thanksgiving period, ad volume declined from two weeks ago for 1 pound butter, (-39%); 8 ounce cream cheese, (-27%); 48-64 ounce ice cream, (-25%); and 16 ounce sour cream, (-33%). However, the national advertised average price of each increased. Butter has an average price of \$3.33, up 5 cents; cream cheese averages \$1.68, up 15 cents; ice cream averages \$3.33, up 7 cents; and sour cream averages \$1.91, up 14 cents.

Yogurt in 4-6 ounce packages averages 51 cents, up 2 cents from two weeks ago and up 5 cents from one year ago. Greek yogurt in 4-6 ounce packages averages 98 cents, up 3 cents from two weeks ago and up 1 cent from a year ago.

The national average 8 ounce block cheese price is \$2.62, is up 7 cents from two weeks ago, and up 21 cents from a year ago. The national price of 8 ounce shreds, \$2.45, is down 5 cents from two weeks ago, but 13 cents higher than one year ago. Total cheese advertising volume is down 14% from two weeks ago.

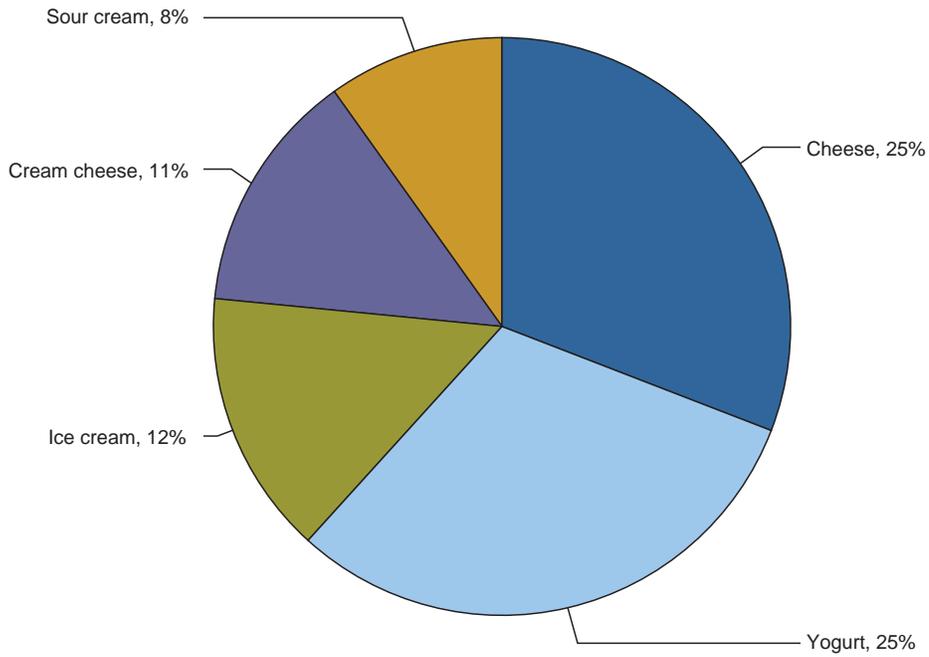
The organic versus conventional half gallon price spread is \$.76, down 43 cents from two weeks ago. The price spread is the difference between the national weighted average conventional milk price for half gallons, \$2.39, and the average for organic half gallon milk, \$3.15



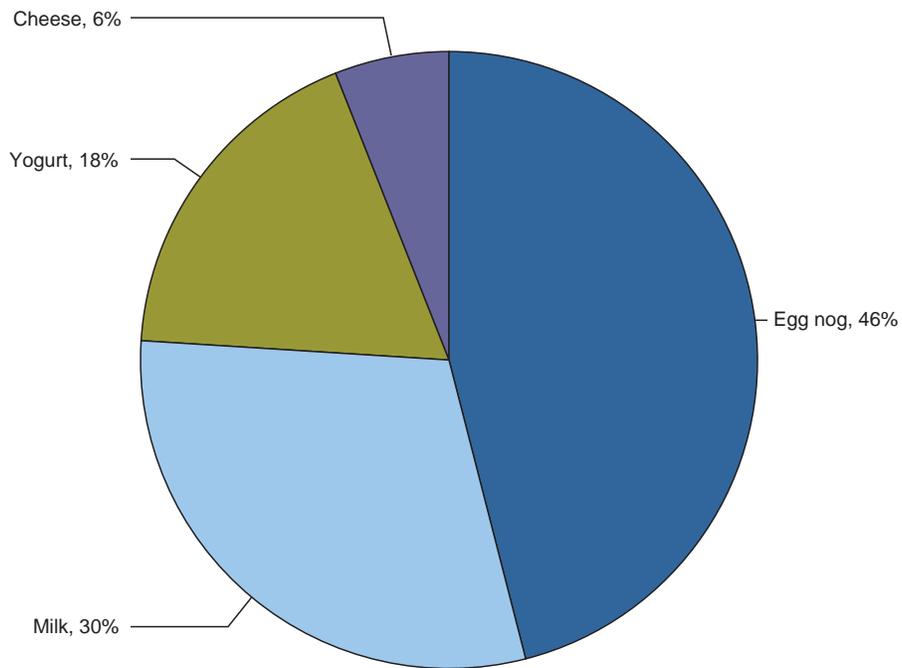
1 -- Dairy Market News surveys nearly 100 retailers, comprising over 14,000 individual stores, with online weekly advertised features.

2 -- Date range reflects two-week period, however only one data collection per retailer is made during the period.

Top 5 Percentage of Total Conventional Ads



Top 5 Percentage of Total Organic Ads





NATIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		TWO WEEKS AGO		LAST YEAR	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	5489	3.32	9058	3.28	8443	2.61
Cheese	Natural Varieties	8 oz block	7724	2.62	11471	2.55	5519	2.41
Cheese	Natural Varieties	1 # block	1617	4.24	300	4.36	2823	4.12
Cheese	Natural Varieties	2 # block	2820	7.93	2823	7.60	1888	6.89
Cheese	Natural Varieties	8 oz shred	7825	2.45	10355	2.50	5006	2.32
Cheese	Natural Varieties	1 # shred	2126	3.99	545	3.87	2428	3.76
Cottage cheese		16 oz	2659	2.35	950	1.92	2877	2.01
Cream cheese		8 oz	9770	1.68	13395	1.53	5562	1.48
Egg nog		quart	1646	2.48	864	3.69	610	2.81
Egg nog		half gallon	1084	4.40	1604	4.02	4238	3.52
Flavored milk	All fat tests	half gallon	1202	2.46			695	2.57
Flavored milk	All fat tests	gallon	142	4.49			204	2.33
Ice cream		48-64oz	10624	3.34	14184	3.26	11564	2.92
Milk	All fat tests	half gallon	542	2.40	104	2.44	197	1.65
Milk	All fat tests	gallon	2996	3.40	583	3.58	1639	2.73
Sour cream		16 oz	6764	1.91	10117	1.77	4728	1.54
Yogurt	Greek	4-6 oz	14258	.98	11367	.95	10981	.97
Yogurt	Greek	32 oz	839	5.68	803	4.97	465	3.70
Yogurt	Yogurt	4-6 oz	6445	.51	3929	.49	4243	.46
Yogurt	Yogurt	32 oz	53	2.49	1593	3.00	870	2.25

REGIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	2.48-4.99	1876	3.56	3.00-4.00	336	3.59	1.99-3.50	924	2.74
Cheese	Natural Varieties	8 oz block	1.88-3.49	2683	2.53	2.00-3.49	1099	2.51	1.99-3.00	770	2.45
Cheese	Natural Varieties	1 # block				3.98-5.00	326	4.37	3.79-3.99	335	3.94
Cheese	Natural Varieties	2 # block	7.99	488	7.99	7.99	58	7.99			
Cheese	Natural Varieties	8 oz shred	1.99-3.49	1908	2.62	2.29-3.00	1871	2.49	1.99-3.00	1385	2.35
Cheese	Natural Varieties	1 # shred	3.99	363	3.99	3.79	363	3.79	3.79-3.99	431	3.82
Cottage cheese		16 oz	1.99-2.69	911	2.14	1.99-2.69	1402	2.60	1.89-2.00	296	1.93
Cream cheese		8 oz	1.25-3.49	2130	1.68	1.25-2.00	3496	1.66	1.25-2.49	1181	1.66
Egg nog		quart	2.50-2.99	295	2.71	1.99-2.00	300	2.00	2.69-3.59	321	3.02
Egg nog		half gallon	4.99	397	4.99				5.99	201	5.99
Flavored milk	All fat tests	half gallon	1.99	165	1.99	2.50	569	2.50	1.79-3.00	415	2.58
Flavored milk	All fat tests	gallon	4.49	142	4.49						
Ice cream		48-64oz	2.39-4.99	2891	3.10	1.99-4.99	3318	3.37	2.50-3.99	1605	3.31
Milk	All fat tests	half gallon	2.19-3.49	317	2.80	2.50	107	2.50			

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Milk	All fat tests	gallon	3.49	112	3.49	2.99-3.99	412	3.25	2.50-2.99	730	2.78
Sour cream		16 oz	1.29-2.50	2561	1.84	1.50-2.49	859	2.22	1.50-2.00	473	1.78
Yogurt	Greek	4-6 oz	0.95-1.25	2573	1.03	0.79-1.25	3082	1.00	0.78-1.00	1771	.93
Yogurt	Greek	32 oz	3.99-6.99	498	6.34				3.99-5.48	341	4.71
Yogurt	Yogurt	4-6 oz	0.48-0.60	1078	.52	0.40-0.50	2293	.49	0.40-0.50	844	.45
Yogurt	Yogurt	32 oz				2.49	53	2.49			

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	2.99-3.49	391	3.40	2.99-3.99	1526	3.44	2.50-3.49	436	2.76
Cheese	Natural Varieties	8 oz block	1.50-3.49	932	2.47	1.99-3.49	1680	2.85	2.39-3.49	560	3.01
Cheese	Natural Varieties	1 # block	3.79	70	3.79	3.79-5.99	652	4.86	2.50-3.33	234	2.92
Cheese	Natural Varieties	2 # block	7.99	525	7.99	5.99-7.99	1371	7.86	7.99	378	7.99
Cheese	Natural Varieties	8 oz shred	1.50-2.79	1332	2.26	1.99-2.50	1031	2.45	2.50	298	2.50
Cheese	Natural Varieties	1 # shred	3.79-3.99	376	3.89	3.79-4.99	395	4.63	3.33-3.99	198	3.60
Cottage cheese		16 oz							2.00	50	2.00
Cream cheese		8 oz	1.25-2.00	1017	1.60	1.25-2.50	1198	1.72	1.25-2.00	748	1.82
Egg nog		quart				2.50	412	2.50	1.99-2.50	318	2.18
Egg nog		half gallon	2.50-3.99	436	3.19				3.89	50	3.89
Flavored milk	All fat tests	half gallon	2.50	53	2.50						
Ice cream		48-64oz	3.49-5.00	886	3.96	2.49-4.88	1556	3.41	2.99-3.50	368	3.22
Milk	All fat tests	half gallon							1.25	118	1.25
Milk	All fat tests	gallon	2.50-3.00	321	2.64	1.97-5.99	1123	4.28	1.97-3.49	298	2.56
Sour cream		16 oz	1.50-2.50	811	1.92	1.89-1.99	1182	1.98	0.99-2.00	878	1.74
Yogurt	Greek	4-6 oz	0.50-1.09	1768	.93	0.79-1.25	4110	.99	0.79-1.00	954	.97
Yogurt	Yogurt	4-6 oz	0.40-0.50	309	.44	0.40-0.75	1719	.59	0.34	202	.34

NATIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		TWO WEEKS AGO		LAST YEAR	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #			165	6.99	378	4.88
Cheese	Natural Varieties	8 oz block	235	3.49	1293	3.99		
Cheese	Natural Varieties	8 oz shred			944	3.99		
Egg nog		quart	1844	3.95			628	3.55
Flavored milk	All fat tests	half gallon					235	4.49

Wtd Avg - Simple weighted average



Ice cream		48-64oz			143	5.99		
Milk	All fat tests	half gallon	58	3.49	3102	3.63	3313	3.70
Milk	All fat tests	gallon	1127	6.15	232	6.49	727	5.00
Milk	All fat tests	8 oz UHT			201	1.00	180	1.00
Yogurt	Greek	4-6 oz	152	1.18	293	1.25		
Yogurt	Greek	32 oz	71	6.49				
Yogurt	Yogurt	4-6 oz	58	.69	56	.99		
Yogurt	Yogurt	32 oz	430	3.04	235	3.49	286	3.89

REGIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Cheese	Natural Varieties	8 oz block	3.49	235	3.49						
Egg nog		quart	4.49	165	4.49	3.99	363	3.99	3.19-3.99	651	3.74
Milk	All fat tests	half gallon				3.49	58	3.49			
Milk	All fat tests	gallon	5.99-6.99	183	6.60						
Yogurt	Greek	4-6 oz	1.50	56	1.50						
Yogurt	Greek	32 oz	6.49	71	6.49						
Yogurt	Yogurt	4-6 oz				0.69	58	.69			
Yogurt	Yogurt	32 oz	3.49	235	3.49	2.50	195	2.50			

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Egg nog		quart	3.99	376	3.99	3.99	209	3.99	3.99	80	3.99
Milk	All fat tests	gallon	5.79	234	5.79	5.99-6.39	412	6.10	5.99-6.39	298	6.23
Yogurt	Greek	4-6 oz				0.99	96	.99			

Notice: Effective with Report 12, 2013, the tables breaking out information by national and store brands are no longer available.

REGIONAL DEFINITIONS

As used in this report, regions include the following states:

NORTHEAST U.S.	Connecticut, Delaware, Massachusetts, Maryland, Maine, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island and Vermont
SOUTHEAST U.S.	Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia
MIDWEST U.S.	Iowa, Illinois, Indiana, Kentucky, Michigan, Minnesota, North Dakota, Nebraska, Ohio, South Dakota and Wisconsin
SOUTH CENTRAL U.S.	Arkansas, Colorado, Kansas, Louisiana, Missouri, New Mexico, Oklahoma, and Texas
SOUTHWEST U.S.	Arizona, California, Nevada and Utah
NORTHWEST U.S.	Idaho, Montana, Oregon, Washington, and Wyoming
NATIONAL	Continental United States

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