

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (11/08):**

BUTTER: Grade AA closed at \$1.5600. The weekly average for Grade AA is \$1.5570 (+.0605).

CHEESE: Barrels closed at \$1.7825 and 40# blocks at \$1.8225. The weekly average for barrels is \$1.8230 (-.0130) and blocks, \$1.8865 (+.0030).

BUTTER HIGHLIGHTS: Good to strong seasonal demand combined with tight cream supplies have butter prices firm to higher in the Northeast and Western regions, while mixed in the Central region. Butter manufacturers are busy fulfilling retail orders for domestic holiday demand across the country. Churning is at or near full capacity across the regions. Some butter makers in the Central are turning away orders due to reduced cream supply. International interest in 82% is active in the Northeast and West regions. Butter inventories are decreasing across the nation but are at comfortable levels for current needs. In the Northeast, some plants are continuing to microfix stored butter to keep up with demand. The Northeast region is leading the way for bulk butter prices with a range of 5 to 8 cents over the market, followed by Central with a range of 6 cents over the market to 3 cents under the market, and lastly in the West, with a range from market to 4 cents under. Twelve loads of Grade AA Butter were sold at the CME Group this week. Prices closed at \$1.56 Friday, two and three-quarter cents higher than a week ago. The NASS Cold Storage report showed butter in storage on September 30, totaled 233.3 million pounds, down 12% from August, but up 19% from last September. NASS Dairy Products noted butter production totaled 133.7 million pounds during September 2013, down 1.6% from August and 1.9% less a year ago. Cumulative 2013 butter production totals 1.4 billion pounds, 1.4% higher than production during the same time span in 2012.

CHEESE HIGHLIGHTS: Cheese prices are lower this week. Following four weeks of higher weekly average prices at the CME Group, this week experienced lower weekly prices for barrel cheese. Blocks closed 8 cents lower on Friday to narrow the barrel/block spread to 4 cents. Demand from retail channels for block cheese has been good, but processors are taking more of a wait and see approach to barrel acquisitions. Tight milk supplies have held production levels back. Additional milk for cheese making is coming at a premium and prices for alternative milk solids are prohibitive. End of year holiday demand is helping to move cheese into retail stores, while export demand is also good. The CWT program accepted requests for assistance for 3.3 million pounds of cheese for export this week. NASS reported Cold Storage stocks of cheese (total natural) for the end of September at 1.072 billion

pounds, 3% higher than the end of September 2012. The Dairy Products report from NASS had total cheese production in September at 891.8 million pounds, 4.7% less than August, but 2.3% more than September of last year.

FLUID MILK: Milk production is uneven across much of the country. Production in the East, South and Central is beginning to increase along seasonally expected lines. California production is mixed with some areas reporting increased milk, while others say supplies are steady. The Northwest is still seeing some declines in production. Class I demand is steady to weak across the country and some increased volumes are finding their way to manufacturing plants. According to the September NASS Milk Production report, production of 14.8 billion pounds of milk for the 23 selected states was up 1.1% from September 2012. Cow numbers on farms for September in the 23 states totaled 8.51 million head, 33,000 more than last year. Cream demand is good as Class II manufacturers are geared up for holiday production. Good demand from butter/powder plants is also tightening supplies for cheese manufacturing.

DRY PRODUCTS: Prices for nonfat dry milk are higher across the country. Very good demand from domestic buyers and increased international demand have tightened available supplies. Increased production of skim milk powder for the international market continues to compete with NDM production. As reported in the NASS Dairy Products report, cumulative 2013 SMP production is 80% higher than the same period in 2012. NDM cumulative production for 2013 is 16% lower than 2012. Dry buttermilk prices are higher as manufacturers struggle to increase inventories. Many plants are sold out for the year and spot loads are difficult to source. Seasonal interest for buttermilk powder is good. Whey prices are mixed with a mostly steady undertone. Buyers and sellers are in balance for immediate needs. Increased competition from the European Union is pressuring export sales. Whey protein concentrate prices are higher. Tight supplies are limiting spot load availability. Lactose prices are mostly steady to lower on a mixed market. Negotiations for Q1 2014 are beginning with volumes and prices to be determined. Casein prices are unchanged.

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CME GROUP CASH TRADING

COMMODITY	MONDAY NOV 04	TUESDAY NOV 05	WEDNESDAY NOV 06	THURSDAY NOV 07	FRIDAY NOV 08	:: WEEKLY CHANGE *	:: WEEKLY AVERAGE #
CHEESE							
BARRELS	\$1.8700 (N.C.)	\$1.8700 (N.C.)	\$1.7975 (-.0725)	\$1.7950 (-.0025)	\$1.7825 (-.0125)	:: (-.0875)	:: \$1.8230 (-.0130)
40# BLOCKS	\$1.9025 (N.C.)	\$1.9025 (N.C.)	\$1.9025 (N.C.)	\$1.9025 (N.C.)	\$1.8225 (-.0800)	:: (-.0800)	:: \$1.8865 (+.0030)
NONFAT DRY MILK							
EXTRA GRADE	\$1.8500 (N.C.)	\$1.8600 (+.0100)	\$1.8600 (N.C.)	\$1.8700 (+.0100)	\$1.8700 (N.C.)	:: (+.0200)	:: \$1.8620 (+.0120)
GRADE A	\$1.9100 (N.C.)	\$1.9100 (N.C.)	\$1.9150 (+.0050)	\$1.9325 (+.0175)	\$1.9325 (N.C.)	:: (+.0225)	:: \$1.9200 (+.0160)
BUTTER							
GRADE AA	\$1.5450 (+.0125)	\$1.5600 (+.0150)	\$1.5600 (N.C.)	\$1.5600 (N.C.)	\$1.5600 (N.C.)	:: (+.0275)	:: \$1.5570 (+.0605)

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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INTERNATIONAL DAIRY MARKET NEWS (DMN):**WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW:**

Milk productions patterns are moving downwards towards the seasonal low point of the production year. Overall volumes in many countries moved above year ago levels at midyear and continue at a positive pace. Changes in September milk output from a year ago for selected countries are: Ireland, +12%; UK +6.5%; Netherlands, +8.6%; Germany, +3.5%; and France +1.6%. Dairy product prices are steady to lower from recent weeks. Trading activity is typically light. Offerings are seasonally lower with many trading books closed for the rest of calendar year 2013. Spot trading is limited to serving buyers seeking loads to fill immediate needs. On October 17, butter holdings totaled 56,728 MT in the PSA program. Stocks are being used to supplement trade needs. **EASTERN**

OVERVIEW: Eastern European milk production is holding mostly along recent patterns. Reports are that production in Poland in September was 1.6% higher than a year earlier. Similar, slightly positive indications are noted from other countries. Dairy product production is trending lower and reflects the seasonal drop in milk output. Products are available on a limited basis. **OCEANIA OVERVIEW:** **AUSTRALIAN** milk

production is holding to the typical seasonal trend and is now showing marginal declines compared to previous weeks. This year's peak was below year ago levels, but the outlook is good for the second half of the production season to extend beyond last year. Milk producers have the means to extend the season as long as weather allows, having milk prices above year ago levels with reasonable feed supplies and prices. Most of the dairy news in recent days has centered on takeover efforts of a major dairy processor by various companies, most of whom are foreign owned. Some companies have increased their share of ownership in the takeover target, to better protect their business interests. **NEW ZEALAND** milk production is beyond the peak, but continues to show production gains of 4 -5% over last year. Some of the production increases can be attributed to an increase in the number of farms in the Canterbury and Southland regions. Dairy manufacturers continue to channel increased volumes of milk into whole milk powder production, due to the good margins. At the November 5 GDT event #103, average prices ranged from 7.0% lower to 6.9% 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, \$5,343 +6.9%; butter, \$3,529 -7.0%; buttermilk powder, \$4,524 +1.8%; cheddar cheese, \$4,380 +1.2%; lactose, \$1,622 +3.2; milk protein concentrate, \$7,738 +4.6%; rennet casein, \$9,926 +0.5%; skim milk powder, \$4,559 +0.5%; and whole milk powder, \$4,891 -3.7%.

SEPTEMBER DAIRY PRODUCTS (NASS): BUTTER

production was 133.7 million pounds, 1.9% below September 2012 and 1.6% below August 2013. **AMERICAN TYPE CHEESE** production totaled 347.1 million pounds, 0.3% below September 2012 and 8.9% percent below August 2013. **TOTAL CHEESE** output (excluding cottage cheese) was 891.8 million pounds, 2.3% above September 2012 but 4.7% below August 2013. **NONFAT DRY MILK** production, for human food, totaled 76.4 million pounds, 9.6% below September 2012 and 28.6% below August 2013. **DRY WHEY** production, for human food, was 66.7 million pounds, 4.8% below September 2012 and 3.7% below August 2013. **ICE CREAM** (hard) production totaled 63.9 million gallons, 6.3% above September 2012 but 11.7% below August 2013.

SEPTEMBER MILK PRODUCTION (NASS): Milk production in the 23 major States during September totaled 14.8 billion pounds, up 1.1% from September 2012. August revised production at 15.7 billion pounds, was up 2.5% from August 2012. Production per cow averaged 1,741 pounds for September, 12 pounds above September 2012. The number of milk cows on farms was 8.51 million head, 33,000 head more than September 2012, but 19,000 head less than August 2013.

OCTOBER AGRICULTURAL PRICE HIGHLIGHTS (NASS):

The All Milk price received by farmers was \$20.30 in October, up \$0.20 from September 2013 and down \$1.30 from October 2012. Milk Cows price was \$1,400 in October, up \$10 from October 2012. Alfalfa hay price was \$193.00 in October, down \$19.00 from October 2012. Corn price was \$4.49 in October, down \$2.29 from October 2012. Soybean price was \$12.60 in October, down \$1.60 from October 2012. The milk-feed price ratio was 2.09 in October, up 0.35 from October 2012. The index of prices received by farmers for dairy products increased 1 point during the month of October 2013 to 155. Compared with October 2012, the index was down 10 points (6.1 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in October 2013 was up 1 point to 218. Compared with October 2012, the index was unchanged.

CME GROUP

MONDAY, NOVEMBER 4, 2013

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.9100; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 2 CARS GRADE AA: 1 @ \$1.5425, 1 @ \$1.5450; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, NOVEMBER 5, 2013

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR EXTRA GRADE @ \$1.8600; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 6 CARS GRADE AA: 1 @ \$1.5500, 2 @ \$1.5550, 3 @ \$1.5600; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 3 CARS GRADE AA @ \$1.5700

WEDNESDAY, NOVEMBER 6, 2013

CHEESE -- SALES: 2 CARS 40# BLOCKS @ \$1.9025; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7975
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE A @ \$1.9150; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.5700

THURSDAY, NOVEMBER 7, 2013

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7950
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR EXTRA GRADE @ \$1.8700; 1 CAR GRADE A @ \$1.9325; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 4 CARS GRADE AA: 1 @ \$1.5425, 1 @ \$1.5450, 1 @ \$1.5500, 1 @ \$1.5600; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.5700

FRIDAY, NOVEMBER 8, 2013

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.8250; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7825; 1 CAR 40# BLOCKS @ \$1.8225
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.9325
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 3 CARS GRADE AA @ \$1.5600

BUTTER MARKETS

NORTHEAST

Cream supplies marginally increased this week and slightly expanded churning schedules. Domestic demand for butter is strong for both bulk and print. Butter inventories are declining as manufacturers are having to grind and microfix supplies in order to fill current orders. Production of 82% butter for export remains active, but at reduced levels as butter makers focus on domestic demand. Current bulk butter prices for domestic sales are reported 5-8 cents over the market on the CME Group with various time frames and averages used. The CME Group butter price increased \$0.0150 Tuesday and closed at \$1.5600. In the last 5 trading sessions butter prices have gained \$0.0850 in fairly active trading with 17 loads sold. According to NASS, Atlantic region butter production in September totaled 10.4 million pounds, up 21.9% from August and 16.0% more than September 2012.

CENTRAL

Central butter prices are mixed. The market tone is firm with manufacturers fulfilling retail orders for the holidays. Manufacturers report butter production from steady to full capacity. Some manufacturers are turning away orders due to reduced cream supply and/or focusing on fulfilling current commitments. Demand is steady to higher, with most of the interest coming from the retail. Sales to retail are maintaining at an increased rate of 15-20%. Some retail stores are offering special sales on butter. Current bulk butter prices range from 6 cents over the market to 3 cents under the market, based on the CME with various time frames and averages used. Sales at the CME Group for Grade AA Butter were eight loads sold this week through Wednesday. Prices closed at \$1.56 Wednesday, up six cents since last Wednesday and up two and three-quarters cents on the week. NASS Dairy Products noted butter production in the Central region totaled 54 million pounds during September 2013, down 1.5% from August and 3.7% less than September 2012.

WEST

Very good seasonal demand for butter and tight cream supplies are helping to hold butter prices firm to higher. Retail butter orders are good with manufacturers clearing inventories quickly. Churns are busy making butter for both domestic and export channels. Stocks of butter are adequate to fill most needs with manufacturers reporting comfortable inventory levels. Butter prices at the CME Group on Wednesday were unchanged, closing at \$1.5600. This compared to last week's close on Wednesday of \$1.5000. Prices of butter on Monday and Tuesday were higher with 8 loads sold by midweek. Prices for bulk butter range from market to 4 cents under the market, based on the CME with various time frames and averages used. According to NASS, September output in the Western region totaled 69.3 million pounds, down 2.7% or 2 million pounds less than September of 2012. The West produced 52% of the butter in the U.S. in September.

COLD STORAGE: According to the NASS *Cold Storage* report, stocks of butter as of September 30, 2013, total 233.3 million pounds, +19% or 37.4 million pounds more than the close of September last year. Butter in cold storage on September 30, was 12% lower or 30.7 million pounds less than end of August 2013.

DAIRY PRODUCTS: According to the NASS *Dairy Products* report, September butter production for the U.S. totals 133.7 million pounds, down 1.9% or 2.6 million pounds from September of 2012. Cumulative output for the year for the U.S. is 1.418 billion pounds, up 1.4% or 19.2 million pounds from the same period in unadjusted 2012.

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

<u>WEEK ENDING</u>	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
November 2, 2013	1.4949 2,718,739	1.8248 11,392,640	1.8203 9,523,773	0.5796 6,216,542	1.8616 11,407,507

CHEESE MARKETS

NORTHEAST

Seasonally strong cheese sales are maintaining 6-7 day production schedules at most cheese plants. Regional cheese production has declined as a plant will be shut down for an extended period for planned maintenance. Inventories are being worked lower as orders are being filled. Rising component levels are continuing to improve cheese yields. Export activity has declined as most manufacturers are focused on covering seasonally strong domestic demand. CME Group cheese prices were unchanged Tuesday with barrels closing at \$1.8700, while blocks closed at \$1.9025.

COLD STORAGE: The NASS Cold Storage report shows stocks of natural cheese as of September 30, 2013 totaled 1.1 billion pounds, 3% lower compared to the previous month, but 3% more compared to one year ago. A majority of the holdings are in the form of American cheese (61.7%) totaling 661.3 million pounds, down 1% from one month ago, but 3% higher than one year ago. The next highest natural cheese holdings in cold storage are in the form of Other Natural Cheese, (35.5%) totaling 380.6 million pounds, 5% less than one month ago, but 3% more compared to one year ago. Swiss cheese accounts for 2.8% of holdings at 29.9 million pounds, down 7% from one month ago, but 3% more than one year ago. A closer look at the cold storage report showed Eastern stocks of American type cheese totaled 108.3 million pounds, 5% more than last month and 34% more than September 2012. Eastern stocks of Other cheese, which is primarily Italian type cheeses, totaled 24.0 million pounds, 31% less than last month and 4% less than September 2012.

DAIRY PRODUCTS: According to the NASS report, total U.S. cheese production in September totaled 891.8 million pounds, 4.7% less than August, but 2.3% more than September 2012. Cumulative 2013 U.S. Cheese production was 2.2% greater than 2012. The total of all cheese production for September in the Atlantic region was 118.9 million pounds, 3.0% less than August, but 6.5% more compared to the same period last year. Atlantic region cheese production accounted for 13% of total U.S. production. Total cheese production for August in New York was 65.5 million pounds, 4.2% less than August, but 5.9% more than September 2012. Pennsylvania produced 34.1 million pounds in September, 1.6% more than one month earlier and 10.5% more than one year ago. Vermont produced 10.8 million pounds, 3.1% less than last month, but 8.9% more than September 2012. Focusing on Italian cheese, the Atlantic region in September produced 58.0 million pounds of Italian cheese, 0.1% more than August and 3.0% more than last year. New York production in September totaled 30.1 million pounds, 6.2% less than August and 4.0% less than September 2012. Pennsylvania produced 21.1 million pounds in September, 13.8% more than August and 18.5% more than September 2012.

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

Cheddar 40# Block	: 2.2775-2.5625
Process 5# Sliced	: 2.0625-2.5425
Muenster	: 2.2975-2.6575
Grade A Swiss Cuts 10 - 14#	: 3.4325-3.7550

MIDWEST

Milk supplies into Midwest cheese plants are reported to be mostly steady. Various block manufacturers would prefer to see some additional supplies, but competition from butter/powder plants for spot milk is adding to the price. Block demand remains good with moderate barrel demand. Retail demand for the upcoming holidays is driving much of the block market. Cut and wrap operations are busy filling orders and are looking to increase inventories. Processors are willing to wait for lower prices to increase their supplies. Wholesale prices increased following higher prices at the CME Group. Swiss prices also firmed with higher Class III price adjustments. Block supplies are tight with some excess barrel inventories. NASS Cold Storage reports that national American Cheese stocks in warehouses as of September 30, 2013, at 661.3 million pounds, were 3% higher from September last year, but 1% lower than August 2013. In contrast, in the East North Central Region, September 30, 2013 stocks of 264.4 million pounds, were down 6% for both time comparisons. Other cheese stocks in both the region and nationally were up from September last year but down from last month. National stocks of Other cheese ended September this year at 380.6 million pounds, 5% less than August, but 3% more than September of last year. East North Central Region Other cheese stored on September 30, 272.5 million pounds, were 2% less than August, but 2% more than September of last year. Total natural cheese stored on September 30, 1.072 billion pounds, was 3% less than August, but 3% more than September of last year. Total September 2013 cheese production nationally, 892 million pounds, is 2.3% above September 2012 but 4.7% below August this year according to NASS' Dairy Products. In the listed Central Region states, total cheese production for September, 396 million pounds, is 0.6% over September last year, but down 4.3% from August 2013. Focusing on Cheddar, the Central Region's September production of 109.4 million pounds is a 5.2% decrease from last September compared with a 1.2% national decrease. Central Region American cheese production for September, 160.9 million pounds, is down 1.4% from September 2012 compared with -0.3% nationally. Total Central Region Italian cheese production for September 2013, 155.7 million pounds, is up 2.6% from last September compared with +4.5% nationally.

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

Process American 5# Loaf	: 1.9400-2.3000
Brick And/Or Muenster 5#	: 2.2575-2.6825
Cheddar 40# Block	: 1.9625-2.3800
Monterey Jack 10#	: 2.2325-2.4375
Blue 5#	: 2.5250-3.5125
Mozzarella 5 - 6# (Low Moisture, Part Skim)	: 2.1025-2.9975
Grade A Swiss Cuts 6 - 9#	: 2.9500-3.0675

WEST

Good seasonal sales into retail accounts and brokers are helping to firm block cheese sales, while higher prices have slowed some spot activity in the barrel market. Western cheese prices based on CME Group weekly averages moved higher this week. Swiss cheese prices also firmed as Class III price adjustments were released.

CHEESE MARKETS

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Tight milk supplies and competition from Class II and IV manufacturers are limiting cheese production. At current production levels, some manufacturers report tight inventories available for additional spot sales. According to NASS, *Cold Storage* stocks of cheese (total natural) at the end of September 2013 are 1.072 billion pounds, 3% higher or 31.7 million pounds more than September 30, 2012. American stocks were 3% higher, and Other Natural stocks were 3% higher than last year. Swiss stocks at the end of September total 29.9 million pounds, up 3% or 0.9 million pounds more than September 30, 2012. September Swiss stocks are 7% below or 2.1 million pounds less than the previous month. According to the NASS *Dairy Products* report, total cheese production in the U.S. in September reached 891.8 million pounds, up 2.3% or 20.2 million pounds from September of 2012. Cumulative total cheese output for the U.S. for the year is 8.27 billion pounds, up 2.2% or 180.0 million pounds from unadjusted 2012. September total cheese production in the Western region was 377.0 million pounds, up 2.9% or 10.6 million pounds from September 2012. The West produced 42% of all the cheese in the U.S. in September. Swiss output for the U.S. in September is 23.4 million pounds, down 7.7% or 2.0 million pounds from a year ago. Cheese prices at the CME Group were steady to start the week, but barrels were offered 7.25 cents lower on Wednesday to close at \$1.7975. Blocks remained steady so far for the week and closed Wednesday at \$1.9025. There were no sales of barrels and two sales of blocks by Wednesday's close.

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

Process 5# Loaf	: 1.9700-2.2275
Cheddar 40# Block	: 1.9975-2.3500
Cheddar 10# Cuts	: 2.1775-2.3975
Monterey Jack 10#	: 2.1875-2.3475
Grade A Swiss Cuts 6 - 9#	: 3.0100-3.4400

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2200	: 2.4175-3.9050*
Gorgonzola	: 3.4900-6.6900	: 2.9200-3.3325*
Parmesan (Italy)	: -0-	: 3.8075-5.8975*
Provolone (Italy)	: -0-	: 2.4600-2.6175*
Romano (Cows Milk)	: -0-	: 3.6075-5.7575*
Sardo Romano (Argentina)	: 2.8500-3.6900	: -0-
Reggianito (Argentina)	: 3.2900-4.4600	: -0-
Jarlsberg-(Brand)	: 2.9500-5.6300	: -0-
Swiss Cuts Switzerland	: -0-	: 3.5300-3.8525*
Swiss Cuts Finnish	: 2.5900-2.8500	: -0-

* = Price change.

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

	BUTTER : CHEESE	
	:	
11/04/13	11,854	: 105,409
11/01/13	12,026	: 106,097
CHANGE	-172	: -688
% CHANGE	-1	: -1

FOREIGN

Wholesale prices for domestic foreign type cheeses increased \$0.0200, prompted by the increase in last week's CME Group weekly average block price. Domestic Swiss prices increased following last week's release of the Class III price. Prices for imported cheeses were unchanged. Import buyers indicate some cheeses, which typically originate from those countries on the southern rim of Europe, are becoming more difficult to source in the quantities desired. The tight supplies are said to be an effect of good European demand for cheese and tighter seasonal milk supplies.

DAIRY PRODUCTS: According to the latest NASS report, domestic Parmesan production during September totaled 25.9 million pounds, 7.4% less than the previous month, but 20.6% more than September 2012. Provolone production during September totaled 28.6 million pounds, 2.7% less than August and 0.8% less than September 2012. Romano production during September totaled 3.4 million pounds, 7.2% less than August and 1.4% less than September 2012. Swiss production during September totaled 23.4 million pounds, 4.0% less than August and 7.7% less than August 2012.

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
* Data Unavailable						
FLORIDA	88	0	120	0	0	0
SOUTHEAST STATES	0	0	0	0	0	0

Manufacturing milk supplies have increased in the Mid-Atlantic and Northeast regions, primarily due to some plants shutting down or limiting production schedules to perform planned maintenance for a day or more. Milk volumes are adequate to cover fluid contracts. Class I demand is steady. Milk production is increasing along the seasonal trend. Class I demand declined marginally in Florida this week, but is expected to bounce back as the Thanksgiving Day holiday nears. Weather conditions have been good for milk production. Daily rains over the past week have relieved dry conditions in various areas of the state. The decrease in Class I demand lowered import spot loads to 88 this week. Class I demand has held steady in the Southeast region and is utilizing most available milk supplies. Manufacturing milk volumes are tight with some contracts being shorted in order to meet bottling demand. This situation is expected to be resolved over the upcoming holiday when milk volumes should be ample to meet all needs. Demand for cream remains strong with good pulls coming from nearly all cream based dairy product manufacturers. Eggnog production is especially active. Supplies of cream are tight within the region with some manufacturers having to source product from outside the region. Spot cream sales are light, due to the tight supplies with **cream multiples for all classes** ranging this week, 1.35-1.42. Demand for **condensed skim** milk has improved as increased volumes are moving through contracts; however Class II spot sales are almost nonexistent, due to the high price. The increased demand for condensed skim is due to seasonal production increases by various dairy product manufacturers. The limited spot sales of condensed skim milk have increased volumes being channeled to Class IV production.

MILK PRODUCTION: According to NASS, milk production for September 2013 in the 23 reported states totaled 14.8 billion pounds, up 1.1% from September 2012. Milk production increased in all of the 5 listed states in the Eastern region, compared to year ago levels. Eastern region production increased 2.0% compared to the same month last year to 2.4 billion pounds. The 5 states showed the following percentage changes in milk production from September 2012 to September 2013 and total milk production this September: Florida, +7.1%, 165 million pounds; New York, +1.8%, 1.1 billion pounds; Pennsylvania, +1.5%, 835 million pounds; Vermont, +0.5%, 207 million pounds; and Virginia, +3.8% at 136 million pounds. Milk cow numbers for September 2013 decreased in 1 of the 5 listed states of the Eastern region with 4 states unchanged. As a region, cow numbers were 1,000 head less compared to the same period last year. Individual state cow numbers compared to September 2012 and cows on farms are: Florida, unchanged, 123,000 head; New York, unchanged, 610,000 head; Pennsylvania, 1,000 decrease, 532,000 head; Vermont, unchanged, 133,000 head; and Virginia, unchanged, 95,000 head.

DAIRY PRODUCTS: According to NASS, hard ice cream production in the Atlantic region for September totaled 11.9 million gallons, 11.3% less than August and 11.6% less than September 2012. U.S. Yogurt production (plain and flavored) for September totaled 424.7 million pounds, up 1.9% from August and 6.0% more than September 2012. Cumulative 2013 production through September totaled 3.6 billion pounds, 5.8% higher than a year ago.

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 - 2.0203-2.1250
F.O.B. producing plants: Upper Midwest - 1.9305-2.0352

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices - 1.88 - 1.93
Northeast - Class III - spot prices - 1.58 - 1.63

MIDWEST

Milk supplies are tight in the Central region. Milk sellers in the Central region are still receiving premiums for spot loads, ranging from \$2.00 to \$3.00 per CWT F.O.B. Milk production is reported from steady to slightly increasing. Components are improved due to better feed quality, specifically improved corn silage. Some processors report to be only fulfilling current contract commitments. Some cheese manufacturers are not running at full capacity due to difficulty in finding milk. Bottling demand has weakened. Upper Midwest cream multiples increased on the bottom and top of the range as Class II demand increased for dairy products such as sour cream, half and half, and whipping cream. The **Class II cream multiple range is 1.29 – 1.36**. Cream demand is steady to strong. Supplies for cream are tight. NASS's latest Crop Progress Report noted corn harvest at 73% and soybean harvest at 86% for the 18 states that participate in each respective crop report. September 2013 milk production increased compared to a year ago in all but two (Illinois and Missouri) Central region states included in the NASS 23 Selected States Milk Production report. The Central region changes in monthly milk production range from -1.0% in Missouri to +5.9% in Kansas. On a regional basis, Central September 2013 milk production showed a 1.6% increase over one year ago. Regional cow numbers grew by 29,000 animals compared to a year ago. The Kansas herd led the region by adding 8,000 cows while Illinois' herd decreased by 2,000 head. Monthly milk production per cow ranged from 1,110 pounds per month in Missouri to 1,930 pounds per month in Michigan. According to NASS's latest Agricultural Prices report, the National alfalfa hay price received for October 2013 averaged \$193 per ton, down from last October's price of \$212 per ton. The range for October alfalfa hay price received in the Central region for the states included in the report was from \$180 per ton in Illinois and Minnesota to \$236 per ton in Texas.

WEST

Dairy farmers in the SOUTHWEST continue to face economic challenges in planning for the upcoming year. Covering feed input costs remains a concern. Competing uses for corn have reduced corn use in rations for some operators. Recent decreases in corn prices are welcome, but still require finding a way to make its inclusion at higher rates pencil out. Cottonseed is reportedly priced out of the market at this time. September 2013 milk production increased compared to one year ago in two of the three Southwest states included in the NASS 23 Selected States Milk Production report. On a regional basis, September 2013 Southwest milk production showed a 0.3% increase over one year ago. CALIFORNIA milk production trends are mixed, with some processors reporting a slight uptick and others noting steady milk volumes for the week. Fluid sales are steady. Sales into ice cream are trending lower seasonally. Butter/powder production is on the rise as print orders remain active. The October 4a price (butter/powder) in California is \$20.00, up \$0.53 from September 2013 and \$2.04 higher than last year. This compares to the Federal Order Class IV price for October at \$20.17. The October 4b price (cheese) is \$16.82, \$0.17 higher than last month, but \$2.61 less than last year. This compares to the Federal Order Class III price for October at \$18.22. Milk production in NEW MEXICO is trending higher as the summer heat moderates. Bottled milk use is declining somewhat, sending more milk

Continued on page 4A

FLUID MILK AND CREAM

Continued from page 4

volumes into cheese production. Spot CREAM availability in the Southwest improved somewhat this week. Sales into churning operations were active as a few butter/powder operations concentrate on domestic and international contract fulfillment. **Western cream multiples range from 1.23 to 1.32, depending on Class usage and basing points.** Milk supplies in the PACIFIC NORTHWEST are mixed with some areas reporting steady volumes while other areas are still seeing some slight declines. Cooler weather and frost signaled the end of the growing season for most crops. Coastal areas are still pasturing some cattle, but forage growth has slowed. Milk is being moved to processors with best returns. Cheese plants are seeing some reduced volumes as powder plants run heavier schedules. Processors are using some extra down time to schedule maintenance projects. UTAH and IDAHO milk volumes are steady with recent weeks. Idaho milk supplies are down from year ago levels due to lower cow numbers and steady production numbers per cow. Demand for milk currently surpasses supply in some cases. Weather conditions are good for dairy cows and manufacturers are looking forward to increased seasonal production. According to NASS, September *Milk Production* for the 23 surveyed states totals 14.8 billion pounds, up 1.1% from last year. September milk production changes from a year ago for selected Western states are as follows: Arizona +2.2%, California +0.4%, Colorado +1.9%; Idaho -1.5%, New Mexico -1.4%, Oregon -0.5%, Utah +4.5%, and Washington +1.6%. Monthly milk production per cow for the 23 surveyed states was 1,741 pounds, up 12 pounds or 0.7% from September 2012. Milk cow numbers on farms in the 23 major States was 8.51 million head for September 2013, 33,000 head more than last year, but 19,000 head less than August 2013. Compared to September 2012, the Arizona herd is +7,000, California +2,000, Colorado +2,000, Idaho -9,000, New Mexico -4,000, Oregon unchanged, Utah +3,000, and Washington +4,000. These 8 states are up 5,000 cows compared to last year. According to the NASS *Agricultural Prices* report for September, mid-month U.S. prices for baled alfalfa hay were \$193/ton, \$19/ton less than last year. Prices for selected Western states and the change from last year are as follows: Arizona \$185, -\$5; California \$198, -\$12; Colorado \$238, +\$3; Idaho \$190, -\$10; Nevada \$208, +\$6; New Mexico \$250, -\$14; Oregon \$202, -\$30; Utah \$175, -\$12 and Washington \$195, -\$40.

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: Central nonfat dry milk prices all increased except for the top of the mostly for low/medium heat and the top of the range for high heat. The market tone is firm due to lack of available supplies and steady to strong demand. Nonfat dry milk is seeing steady international interest, especially into Mexico. Many manufacturers are stating they are in a sold-out position and moving product readily only when available. Buyers are only purchasing a few F.O.B. spot loads at a time when they can find supplies. According to NASS, NDM production in the Central region totaled 12.5 million pounds during September 2013, 27.5% less than one month ago and 13.7% lower than a year ago. Cumulative nonfat dry milk production for 2013 in the Central region totals 208.3 million pounds, 14.5% higher compared to 2012 production during the same time span.

EAST: Prices moved higher this week for both high and low heat nonfat dry milk. Production increased marginally as milk volumes expanded as some Class III manufacturing plants reduced production. Milk volumes continue to be conducive for high heat production. Inventories remain tight in the region with some buyers seeking to purchase additional loads having to look outside the region to source product. Demand is steady compared to recent weeks with most buyers purchasing for immediate needs only, thinking that prices may decline as product becomes more available over the upcoming holiday period. The market undertone continues to be steady to firm. The NASS Dairy Products report indicates nonfat dry milk production for September in the Atlantic region totaled 10.1 million pounds, 13% of the nation's total. The Atlantic region production was 142.1% more than one year ago, but 26.4% less than the previous month.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: 1.8800 - 1.9700 MOSTLY: 1.8900 - 1.9300
 HIGH HEAT: 1.9600 - 1.9825

NONFAT DRY MILK - WEST

Western nonfat dry milk prices are higher on a firm market. Various manufacturers indicate stocks on hand are light for serving domestic F.O.B. spot market interest. With international markets now a larger part of targeted sales areas, manufacturers indicate serving those markets changes inventory management practices. Sales into the international market continue actively, on both F.O.B. spot and contract bases, as the U.S. remains a first tier supplier into many international end users. Many buyers expected a weakening nonfat dry milk price trend in Q4, and some international buyers delayed late Q3 purchasing. With no price weakness in the near term forecast, though, some of those end users are making up for lost time on their NDM purchases. The most recent GlobalDairyTrade auction, November 5, showed U.S. sourced SMP powder prices trending somewhat lower from mid-December 2013 through mid-April 2014. Prices per metric ton range from \$4,220 for Contract 1 (December 2013 delivery) to \$3,980 for Contract 5 (May 2014 delivery). Weakness in the Western NDM market has yet to appear in domestic NDM sales. Active discussions continue regarding 2014 NDM contracts. According to NASS, NDM production in the West region totaled 53.7 million pounds during September 2013, 29.2% less than one month ago, and 18.4% less than the September 2012 total. This production is 70% of total September monthly

production in the U.S. California produced 32.1 million pounds of NDM during September.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: 1.8200 - 1.9500 MOSTLY: 1.8800 - 1.9100
 HIGH HEAT: 1.9450 - 1.9950

DAIRY PRODUCTS: NASS's *Dairy Products* report shows production of human food NONFAT DRY MILK during September 2013 totaled 76.4 million pounds, down 28.6% from August 2013 production and 9.6% lower than one year ago. Cumulative nonfat dry milk production for 2013 totals 1.2 billion pounds, 16.0% lower than 2012 production during the same time span. Month ending stocks, at 146.7 million pounds, are 24.6% lower than a month ago, but 24.1% higher than one year ago. September 2013 production of SKIM MILK POWDERS, which includes protein standardized and blended product, totaled 54.2 million pounds, 1.5% lower than one month ago but 24.3% higher than production of one year ago. Cumulative 2013 skim milk powder production totals 453.9 million pounds, an 80% increase in production compared to production during the same time span in 2012.

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES	SALES TO CCC
November 1	\$1.8390	7,501,460	0
October 25	\$1.8219	8,096,781	0

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.

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices in the Central region moved higher on the bottom of the range and top of the range. The market tone is firm as many manufacturers are in sold-out positions. Manufacturers are reported to be selling dry buttermilk as soon as it is ready to be sold. Some manufacturers are not drying buttermilk and selling in liquid form. Buyers are having difficulty finding dry buttermilk loads from either manufacturers or resellers.

EAST: Dry buttermilk prices moved significantly higher this week. Supplies of dry buttermilk are very tight in the region. Production has declined as seasonal production increases of cream based products have reduced cream volumes to churns. Demand is good with seasonally strong pulls from baking manufacturers and also due to buyers looking for alternative product for higher priced nonfat dry milk. The market undertone is firm.

F.O.B. CENTRAL/EAST: 1.7500 - 1.8500

Continued on page 5A

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.

Continued from page 5

DRY BUTTERMILK - WEST

West dry buttermilk prices are higher as contracts adjust to higher indices and F.O.B. spot load availability remains light. The market tone is firm. Producers indicate production is ramping up in step with butter production. Contract sales make up the bulk of sales activity, but F.O.B. spot loads are clearing into the market. Manufacturers indicate interest is lively, but light inventories are curtailing active engagement in the F.O.B. spot market. Some brokers/traders indicate they are scouring the secondary market looking for dry buttermilk loads. Dry buttermilk contract loads going to resellers are, in some cases, coming in on an allocation basis. Thus, these resellers are short of fulfilling orders to their own customers, and unlikely to be able to sell to another reseller.

F.O.B. WEST: 1.7200 - 1.8500 MOSTLY: 1.7400 - 1.7500

DAIRY PRODUCTS: NASS Dairy Products reports production of dry buttermilk during September 2013 totaled 6.6 million pounds, 13.0% less than one month ago and 1.9% lower than a year ago. Cumulative 2013 dry buttermilk production totals 91.1 million pounds, 13.6% more than during the same time span of 2012. Month ending stocks of dry buttermilk were at 8.7 million pounds, 9.7% lower than one month ago but 19.0% higher than one year ago.

DRY WHOLE MILK - NATIONAL

Prices for dry whole milk are steady to lower. Contract sales are active, but the number of available F.O.B. spot loads has decreased and interested buyers haven't had much opportunity to place bids. Brokers/traders report active interest into regular bakery accounts, with most secondary transactions being LTLs. Dry whole milk production is at seasonally expected volumes.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows dry whole milk production during September 2013 decreased 34.1% compared to one month ago to 4.5 million pounds but was 9.1% higher than the September 2012 total. Cumulative 2013 dry whole milk production totals 53.9 million pounds, 24.1% higher than production during the same time span in 2012. Month ending stocks, at 7.0 million pounds, are 30.6% lower than one month ago, but 47.7% higher than one year ago.

F.O.B. PRODUCING PLANT: 1.9000 - 2.0700

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 for dry whey in the Central region are static on the mostly, but lower on the top of the range. The market tone of dry whey is steady. Production is mixed with some manufacturers seeing a reduction in production due to tight milk supplies. Other manufacturers are reporting steady production rates. Demand for dry whey ranges from good to steady, reflecting increased sales for some manufacturers. Buyers are able to find product when they need it, with ample supplies available. HUMAN FOOD dry whey production during September 2013 in the Central region totaled 33.8 million pounds, 6.6% less than one month ago and 3.0% lower than a year ago. Cumulative 2013 HUMAN FOOD dry whey production in the Central region totals 350.7 million pounds, 1.2% higher than 2012 production during the same time span. ANIMAL FEED WHEY prices rose on the lower end of the range and remained constant at the upper end of the range. Animal feed blenders are experiencing increasing sales. Finished feed inventories for animal feed blenders are said to be adequate.

DAIRY PRODUCTS: NASS's Dairy Products report shows production of HUMAN FOOD dry whey in September 2013 totaled 66.7 million pounds, 3.7% lower than one month ago and 4.8% less than a year ago. September month ending stocks of HUMAN FOOD dry whey totaled 53.8 million pounds, 8.7% less than one month ago but 32.1% more than September 2012. Cumulative 2013 TOTAL dry whey production totals 705.9 million pounds, 7.1% lower than 2012 production during the same time span. Production of ANIMAL FEED dry whey during September 2013 totaled 2.4 million pounds, 37.8% less than August and 42.5% lower than a year ago. ANIMAL FEED dry whey August month ending stocks totaled 2.9 million pounds, 6.4% lower than last month and 3.0% less September 2012.

F.O.B. CENTRAL: .4700 - .6100 MOSTLY: .5200 - .5600
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4050 - .5200

DRY WHEY - NORTHEAST

Prices for dry whey were mixed this week, narrowing the price range. Dry whey inventories have been reduced in recent weeks via discounted sales. Production has declined in the region as a cheese plant has shut down for a number of days, due to planned maintenance projects. Demand is lackluster as some buyers have expanded their inventories with recent purchases. The reductions in supplies and production have given the market a steady to firm undertone.

DAIRY PRODUCTS: The NASS Dairy Products report shows production of dry whey for human consumption for the nation in September totaled 66.7 million pounds, 4.8% less than year ago levels and 3.7% less than last month. The Atlantic region production totaled 17.6 million pounds, or 26% of the nation's total. The Atlantic region production was 11.6% less than September 2012 and 11.3% less than the previous month. September 30 dry whey for human consumption stocks, at 53.8 million pounds, are 32.1% above year ago levels, but 8.7% less than August.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .5400 - .6100

DRY WHEY - WEST

Western dry whey prices are uneven this week with the full range lower and the mostly price series fractionally higher. The market undertone is mixed. Whey production is lower as cheese manufacturing is down due to tight milk supplies. Some additional downtime for unscheduled maintenance also reduced some production totals in the region. Export demand is steady with export sales under some pressure from European Union dry whey offerings. Western dry whey stocks are sufficient to fill most contracted volumes with tighter spot volumes reported. According to the NASS *Dairy Products* report, edible U.S. whey production in September totals 66.7 million pounds, down 4.8% or 3.3 million pounds from September of last year. The Western region produced 15.3 million pounds of human food dry whey in September, down 3.5% (0.6 million pounds) from last year. The West produced 23% of the human food dry whey in the U.S. in September. Cumulative U.S. total dry whey production through September is 705.9 million pounds, down 7.1% or 53.8 million pounds from the unadjusted period in 2012. Manufacturers' stocks at the end of September for total dry whey are 56.7 million pounds, up 29.7% (13.0 million pounds) from last year.

NONHYGROSCOPIC: .5200 - .5925

MOSTLY: .5400 - .5900

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate prices are higher on a firm market as various index based contracts readjust and F.O.B. spot loads garner active interest. Buyer competition for F.O.B. spot loads is ongoing as producers generally have more than one bid to consider. Various manufacturers report contract fulfillment is timely to slightly behind. A few end users are requesting add-on loads for the quarter. Those requests are generally being filled before producers offer F.O.B. spot loads. Sales of condensed WPC 34% loads continue to regular contract buyers.

DAIRY PRODUCTS: The NASS *Dairy Products* report shows production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during September 2013 totaled 18.8 million pounds, 7.0% lower than one month ago, but 1.6% higher than one year ago. Cumulative WPC 34% HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) production for 2013 totals 173.9 million pounds, 2.5% lower than 2012 production during the same time span. Manufacturers' end-of-month stocks of HUMAN AND ANIMAL WPC (25.0 - 49.9% PROTEIN) totaled 17.7 million pounds, 3.7% lower than one month ago and 44.5% lower than one year ago.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.4500 - 1.7050 MOSTLY: 1.5250 - 1.6250

LACTOSE - CENTRAL AND WEST

Prices on the lactose range and mostly are steady to lower on a mixed market. Buyers in the Americas are turning to U.S. suppliers to fill Q4 needs, but sales into some areas of Southeast Asia are lagging as distributors/end users work out price decreases for the balance of Q4. Some market participants indicate this is a result of competitive lactose offers from European suppliers. Interest from Oceania is showing up once again as milk production in New

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

Zealand surpasses that of last year. Contacts indicate product emphasis this year, dry whole milk and SMP, will require additional lactose imports. Some of that lactose interest surfaced in the U.S., but market participants report the first round of price discussions were indecisive. Volume and price discussions continue for domestic and international 2014 annual needs. A few manufacturers indicate a few established customers have signed on to formula-based, market pricing for 2014. Lactose production is unchanged to lower as a few producers report milk supplies are keeping cheese plants operating below capacity.

DAIRY PRODUCTS: NASS's *Dairy Products* report shows HUMAN and ANIMAL lactose production during September 2013 decreased 0.5% compared to August 2013 to 86.0 million pounds, but increased 0.8% compared to one year ago. Cumulative 2013 lactose production totals 788.1 million pounds, a 1.6% increase from the same time span in 2012. Month ending stocks, at 87.4 million pounds, are 7.3% higher than one month ago, and 6.0% higher than one year ago.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .4500 -.7400 MOSTLY: .5700 - .7200

CASEIN - NATIONAL

Prices for both casein types are unchanged. The market tone is steady as pricing and needs are set for the quarter. The market is mostly balanced with supplies adequate to service domestic existing orders. At the November 5th GDT auction, New Zealand sourced, rennet casein traded at an average of \$4.5024 per pound across January to March contracts. Pricing is FAS, New Zealand.

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:	4.7000 - 5.0000
ACID:	4.8000 - 5.4000

SUPPORT PURCHASE PRICES FOR DAIRY PRODUCTS EFFECTIVE NOVEMBER 1, 2009

BUTTER Bulk \$1.05 per pound; CHEESE 40# Blocks \$1.13 per pound; 500# Barrels \$1.10; NONFAT DRY MILK \$.80 per pound

The CCC Purchase table will no longer be shown unless purchases occur. Last CCC purchase: October 2009

U.S. Dairy Cow Slaughter (000 head) under Federal Inspection & Comparable Week 2012

WEEK ENDING	WEEKLY DAIRY COWS	2013 CUMULATIVE DAIRY COWS	2012 WEEKLY DAIRY COWS	2012 CUMULATIVE DAIRY COWS
10/12/2013	60.3	2,462.5	63.0	2,415

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
2008	19.32	17.03	18.00	16.76	18.18	20.25	18.24	17.32	16.28	17.06	15.51	15.28
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

CLASS IV MILK PRICES (3.5% BF)

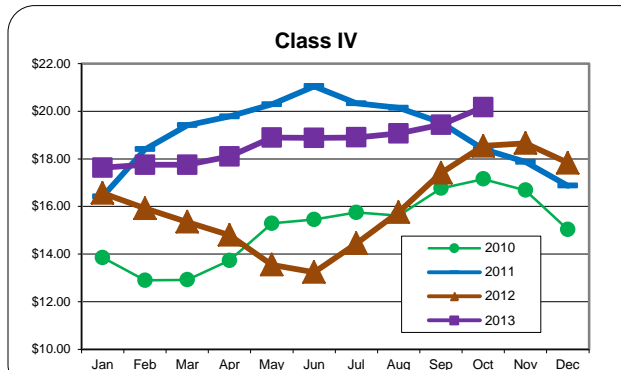
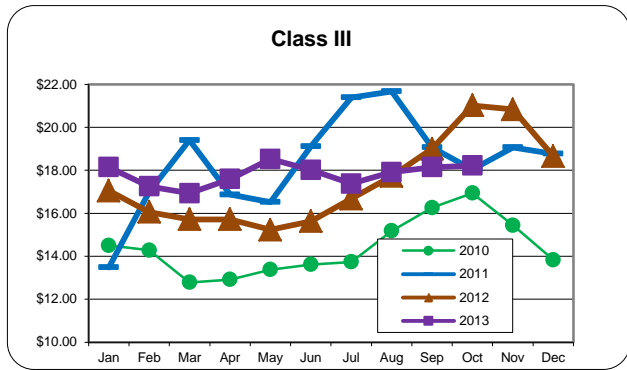
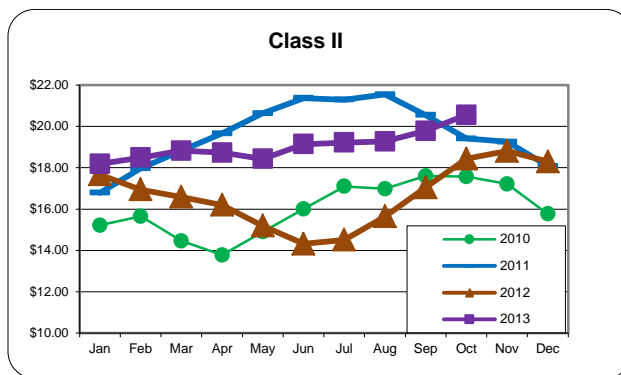
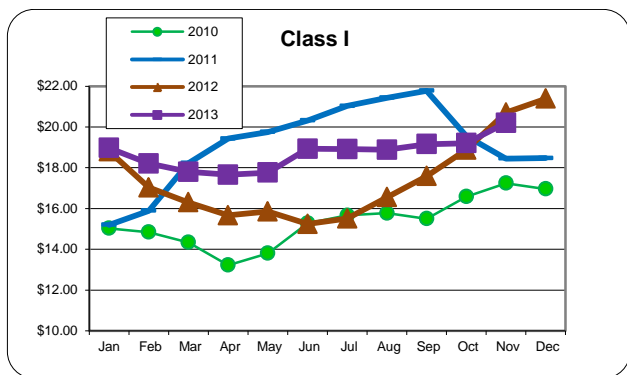
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2008	16.29	14.67	14.17	14.56	15.26	15.92	16.60	16.64	15.45	13.62	12.25	10.35
2009	9.59	9.45	9.64	9.82	10.14	10.22	10.15	10.38	11.15	11.86	13.25	15.01
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03
2011	16.42	18.40	19.41	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

FEDERAL MILK ORDER CLASS PRICES FOR 2013 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	18.97	18.21	17.80	17.66	17.76	18.93	18.91	18.88	19.16	19.20	20.20	
II	18.19	18.49	18.82	18.73	18.43	19.14	19.22	19.27	19.78	20.56		
III	18.14	17.25	16.93	17.59	18.52	18.02	17.38	17.91	18.14	18.22		
IV	17.63	17.75	17.75	18.10	18.89	18.88	18.90	19.07	19.43	20.17		

1/ Specific order differentials to be added to this base price can be found by going to:

www.ams.usda.gov/DairyMarketingStatistics; then select "Prices"; and then select "Principal Pricing Points."



INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered October 28 - November 8, 2013

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: Milk productions patterns are moving downwards towards the seasonal low point of the production year. Overall volumes in many countries moved above year ago levels at midyear and continue at a positive pace. Changes in September milk output from a year ago for selected countries are: Ireland, +12%; UK +6.5%; Netherlands, +8.6%; Germany, +3.5%; and France +1.6%. Dairy product prices are steady to lower from recent weeks. Trading activity is typically light. Offerings are seasonally lower with many trading books closed for the rest of calendar year 2013. Spot trading is limited to serving buyers seeking loads to fill immediate needs. On October 17, butter holdings totaled 56,728 MT in the PSA program. Stocks are being used to supplement trade needs.

BUTTER/BUTTEROIL: Pricing levels for butter moved lower, reflecting both softer demand and a decline in the Euro value. Pricing remains expensive for international trade. Traders/handlers are sensing some "cracks" in the butter complex. Limited exporting continues as movements are often restricted to contractual volumes to established customers. Internal E.U. trading is at light to moderate levels. Higher pricing values at the retail level are affecting consumer purchasing volumes. Cream demand is steady to lower with pricing levels retreating. PSA butter stocks on October 17 total 56,728 MT. Volumes are coming out at planned levels and supplementing trade needs. Sources indicate that pricing levels are at lower points than fresh butter. Butteroil prices moved lower, reflecting weaker fat values. At the current levels, trading is limited. Production is very light.

82% BUTTERFAT: 5,300 - 5,750
99% BUTTERFAT: 6,300 - 6,950

SKIM MILK POWDER (SMP): Skim milk powder prices are steady to slightly higher. The market tone has moderated. Producer offerings are limited in nearby months. Many order books are full in Q4. Buyers are concerned about current pricing levels and deciding to purchase for immediate needs in the short term.

Negotiations for Q1 are being worked on, but there are differing opinions on pricing terms. Production of SMP is at seasonally low levels, as milk intakes are lower and milk is directed to other products. Stock levels are trending lighter and with limited availability for spot trade needs. E.U. sourced SMP traded at the November 5 GDT auction with January 2014 sales prices ranging from \$4,265 to \$4,495 per MT.

1.25% BUTTERFAT: 4,000 - 4,500

WHOLE MILK POWDER (WMP): WMP prices trended lower this trading period. Demand from China remains good. Other countries are finding trading values more uncomfortable as the high pricing trends hang on. There are buying countries that remain out of the market. They are waiting for lower values or deciding on utilizing lower priced blends for their needs. WMP offerings are generally limited in the short term. Buyers are in the market for Q1 needs. WMP production is at seasonal low levels, reflecting milk intakes. Stock volumes are often low.

26% BUTTERFAT: 4,850 - 5,075

SWEET WHEY POWDER: Pricing levels for dry sweet whey are slightly lower. The market tone is described as stable at current levels. Demand is fair against current offerings. Buying interest is moderate into export accounts. Buyers are comparing offerings of exporting countries. Cheese production is moderate to heavy in Europe, yet whey solids are moving to more lucrative whey protein production. Demand from the animal feed sector is good. Whey stocks are mostly light and committed for the quarter.

NONHYGROSCOPIC: 1,225 - 1,475

EASTERN OVERVIEW: Eastern European milk production is holding mostly along recent patterns. Reports are that production in Poland in September was 1.6% higher than a year earlier. Similar, slightly positive indications are noted from other countries. Dairy product production is trending lower and reflects the seasonal drop in milk output. Products are available on a limited basis.

**Exchange rates for selected foreign currencies:
November 5, 2013**

.1682 Argentina Peso	.0101 Japan Yen
.9510 Australian Dollar	.0769 Mexican Peso
.9595 Canadian Dollar	.8286 New Zealand Dollar
1.3515 Euro	.3232 Polish Zloty
.0161 India Rupee	

To compare the value of 1 US Dollar to Mexican Pesos: $(1/.0769) = 13.0039$ Mexican Pesos. Source: "Wall Street Journal"

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OCEANIA OVERVIEW: AUSTRALIAN milk production is holding to the typical seasonal trend and is now showing marginal declines compared to previous weeks. This year's peak was below year ago levels, but the outlook is good for the second half of the production season to extend beyond last year. Milk producers have the means to extend the season as long as weather allows, having milk prices above year ago levels with reasonable feed supplies and prices. Most of the dairy news in recent days has centered on takeover efforts of a major dairy processor by various companies, most of whom are foreign owned. Some companies have increased their share of ownership in (WCB) to better protect their business interests in the face of the numerous takeover efforts and strategies.

NEW ZEALAND milk production is beyond the peak, but continues to show production gains of 4-5% over last year. Some of the production increases can be attributed to an increase in the number of farms in the Canterbury and Southland regions. Dairy manufacturers continue to channel increased volumes of milk into whole milk powder production, due to the good margins. At the November 5 GDT event #103, average prices ranged from 7.0% lower to 6.9% 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, \$5,343 +6.9%; butter, \$3,529 -7.0%; buttermilk powder, \$4,524 +1.8%; cheddar cheese, \$4,380 +1.2%; lactose, \$1,622 +3.2%; milk protein concentrate, \$7,738 +4.6%; rennet casein, \$9,926 +0.5%; skim milk powder, \$4,559 +0.5%; and whole milk powder, \$4,891 -3.7%.

BUTTER: Butter prices were holding steady prior to the GDT event with Australian exporters focusing on filling Russian demand. Inventories are expanding more so in New Zealand than Australia due to their increased milk production over year ago levels and flat export demand. The GDT auction saw butter prices decline and move the low end of the price range significantly lower. Prices on the low end of the range are now nearly equal to those of the U.S. and should stimulate export interest. Some cream volumes continue to be diverted to whole milk powder production. At the November 5 GDT event 103, butter averaged \$3,508/MT for the January contracts, -6.7%, and \$3,529/MT for all contract periods, -7.0%. AMF prices averaged \$5,345/MT for the January contracts, +7.1% from the prior event. For all contract periods, the AMF price average was \$5,343/MT, +6.9%.

82% BUTTERFAT: 3,500 - 4,500

SKIM MILK POWDER (SMP): Demand for SMP remains strong. Overall production is steady to slightly lower in some areas. Supplies are seasonally high with a majority of the stocks committed. The generally tight available supplies and good demand moved prices higher this reporting period. At the November 5 GDT event 103, SMP for all regions and contracting periods averaged \$4,559 per MT, up 0.5%. For trading in contract period 2, (January 2014), prices averaged \$4,790 for NZ sourced medium heat product. For January sales, the price gap between U.S. sourced MH SMP, at \$4,215, was \$575/MT.

1.25% BUTTERFAT: 4,450 - 4,850

CHEDDAR CHEESE: Cheddar production continues to decline as milk volumes are being diverted to whole milk powder production, due to the greater returns. Most cheese manufacturers are gearing production to fill only contract orders. In some cases, product is not available in sufficient supplies for export. The tight supply has moved prices higher.

39% MAXIMUM MOISTURE: 4,400 - 4,700

WHOLE MILK POWDER (WMP): Whole milk powder is the production commodity of choice, due to continued strong demand from China and Southeast Asia and good returns. Prices saw some declines on both ends of the range. Production is at increased levels as additional milk volumes are being channeled to WMP manufacturers. At the November 5 GDT event, the WMP pricing index, across all contracting periods, averaged \$4,891 per MT, -3.7%. For contract periods 2 and 3, December 2013 and January 2014, NZ regular WMP averaged \$5,040 and \$4,825 per MT, respectively.

26% BUTTERFAT: 4,825 - 5,100

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

US\$/MT	Global/Dairy Trading (g/DT) Event 103 Recap - November 5, 2013													
	Contract 1 Dec-13		Contract 2 Jan-14		Contract 3 Feb-14		Contract 4 Mar-14		Contract 5 Apr-14		Contract 6 May-14		All Contracts	
Anhydrous Milk Fat	n.a.		\$5,345	7.1%	\$5,345	6.5%	\$5,342	7.2%	\$5,337	7.2%	\$5,335	3.8%	\$5,343	6.9%
Butter	\$3,850	-8.0%	\$3,508	-6.7%	\$3,530	-7.0%	\$3,500	-8.0%	n.a.		n.a.		\$3,529	-7.0%
Buttermilk Powder	n.a.		\$4,444	1.1%	\$4,810	3.0%	n.a.		n.a.		n.a.		\$4,524	1.8%
Cheddar	n.a.		\$4,415	2.1%	\$4,415	2.1%	\$4,293	-0.9%	n.a.		n.a.		\$4,380	1.2%
Lactose	n.a.		n.a.		\$1,600	3.2%	\$1,622	n.a.	\$1,630	n.a.	n.a.		\$1,622	3.2%
Milk Protein Concentrate	n.a.		\$7,825	6.0%	\$7,595	2.6%	\$7,720	3.6%	n.a.		n.a.		\$7,738	4.6%
Rennet Casein	n.a.		\$9,881	1.0%	\$9,915	-0.3%	\$10,098	0.5%	n.a.		n.a.		\$9,926	0.5%
Skim Milk Powder	\$4,245	-3.3%	\$4,639	1.8%	\$4,600	2.7%	\$4,446	-0.1%	\$4,426	-5.9%	\$4,818	-2.6%	\$4,559	0.5%
Whole Milk Powder	\$5,047	n.a.	\$4,838	-5.9%	\$4,866	-3.1%	\$4,922	-1.3%	\$5,099	2.5%	\$5,208	-0.4%	\$4,891	-3.7%

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

US\$/Pound	Global/Dairy Trading (g/DT) Event 103 Recap - November 5, 2013													
	Contract 1 Dec-13		Contract 2 Jan-14		Contract 3 Feb-14		Contract 4 Mar-14		Contract 5 Apr-14		Contract 6 May-14		All Contracts	
Anhydrous Milk Fat	n.a.		\$2.4245	7.1%	\$2.4245	6.5%	\$2.4231	7.2%	\$2.4208	7.2%	\$2.4199	3.8%	\$2.4236	6.9%
Butter	\$1.7463	-8.0%	\$1.5912	-6.7%	\$1.6012	-7.0%	\$1.5876	-8.0%	n.a.		n.a.		\$1.6007	-7.0%
Buttermilk Powder	n.a.		\$2.0158	1.1%	\$2.1818	3.0%	n.a.		n.a.		n.a.		\$2.0521	1.8%
Cheddar	n.a.		\$2.0026	2.1%	\$2.0026	2.1%	\$1.9473	-0.9%	n.a.		n.a.		\$1.9868	1.2%
Lactose	n.a.		n.a.		\$0.7258	3.2%	\$0.7357	n.a.	\$0.7394	n.a.	n.a.		\$0.7357	3.2%
Milk Protein Concentrate	n.a.		\$3.5494	6.0%	\$3.4451	2.6%	\$3.5018	3.6%	n.a.		n.a.		\$3.5099	4.6%
Rennet Casein	n.a.		\$4.4820	1.0%	\$4.4974	-0.3%	\$4.5804	0.5%	n.a.		n.a.		\$4.5024	0.5%
Skim Milk Powder	\$1.9255	-3.3%	\$2.1042	1.8%	\$2.0865	2.7%	\$2.0167	-0.1%	\$2.0076	-5.9%	\$2.1854	-2.6%	\$2.0679	0.5%
Whole Milk Powder	\$2.2893	n.a.	\$2.1945	-5.9%	\$2.2072	-3.1%	\$2.2326	-1.3%	\$2.3129	2.5%	\$2.3623	-0.4%	\$2.2185	-3.7%

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

CHICAGO MERCANTILE EXCHANGE FUTURES

Selected settling prices, (open interest), and volume 1/

Month	10/24	10/25	10/28	10/29	10/30	10/31	11/01	11/04	11/05	11/06
CME - CLASS III MILK FUTURES (Pit-Traded)										
OCT 13	18.25 (3378) 0	18.25 (3368) 0	18.25 (3316) 0	18.25 (3314) 0	18.22 (3273) 0					
NOV 13	18.68 (4519) 0	18.73 (4580) 3	18.74 (4541) 0	18.63 (4479) 0	18.62 (4477) 2	18.79 (4487) 11	18.84 (4458) 18	18.85 (4430) 0	18.89 (4415) 0	18.76 (4409) 0
DEC 13	17.88 (3649) 6	17.94 (3776) 8	18.05 (3776) 9	18.01 (3811) 2	18.14 (3924) 17	18.33 (3932) 116	18.27 (3964) 22	18.08 (4052) 0	18.13 (4101) 0	17.86 (4082) 0
JAN 14	17.11 (1964) 3	17.09 (1984) 59	17.24 (1991) 0	17.19 (1983) 2	17.26 (1991) 0	17.40 (2038) 23	17.31 (2054) 2	17.24 (2132) 0	17.25 (2171) 0	17.10 (2197) 0
FEB 14	16.78 (1570) 3	16.80 (1567) 34	16.86 (1562) 5	16.85 (1560) 3	16.89 (1596) 0	16.96 (1635) 31	16.90 (1681) 6	16.97 (1748) 5	16.97 (1794) 0	16.88 (1835) 10
MAR 14	16.70 (1419) 3	16.70 (1424) 34	16.74 (1431) 5	16.75 (1428) 3	16.76 (1451) 10	16.77 (1465) 26	16.75 (1511) 6	16.85 (1572) 10	16.85 (1612) 0	16.82 (1623) 10
APR 14	16.65 (1186) 3	16.68 (1195) 9	16.70 (1196) 5	16.72 (1213) 3	16.70 (1235) 0	16.71 (1258) 29	16.68 (1275) 6	16.75 (1306) 5	16.75 (1328) 0	16.72 (1351) 10
MAY 14	16.64 (1230) 3	16.62 (1234) 6	16.68 (1238) 5	16.71 (1256) 3	16.69 (1279) 0	16.73 (1304) 19	16.69 (1312) 6	16.73 (1321) 5	16.70 (1338) 0	16.70 (1374) 10
JUN 14	16.86 (1045) 4	16.88 (1048) 0	16.85 (1052) 0	16.89 (1069) 0	16.85 (1094) 0	16.89 (1115) 18	16.85 (1120) 1	16.89 (1126) 0	16.87 (1145) 0	16.87 (1170) 10
JUL 14	17.08 (565) 12	17.06 (572) 7	17.04 (569) 3	17.11 (577) 0	17.08 (606) 0	17.10 (615) 3	17.08 (642) 13	17.13 (649) 9	17.10 (658) 0	17.10 (682) 10
CME - CLASS IV MILK FUTURES (Pit-Traded)										
OCT 13	20.20 (649) 0	20.20 (649) 0	20.20 (657) 0	20.20 (656) 0	20.17 (711) 0					
NOV 13	20.39 (713) 0	20.60 (719) 10	20.64 (719) 0	20.52 (718) 0	20.51 (710) 0	20.44 (709) 0	20.49 (710) 0	20.49 (710) 0	20.49 (710) 0	20.49 (708) 0
DEC 13	20.17 (696) 0	20.21 (712) 13	20.30 (713) 0	20.25 (731) 18	20.24 (730) 0	20.24 (735) 0	20.31 (741) 0	20.31 (741) 0	20.31 (741) 0	20.32 (745) 0
CME - CASH SETTLED BUTTER FUTURES (Electronic-Traded)										
OCT 13	154.50 (959) 0	154.50 (978) 0	154.50 (1001) 0	154.50 (1011) 0	154.54 (1057) 0					
NOV 13	152.85 (1222) 13	154.00 (1221) 3	153.50 (1217) 15	152.50 (1217) 7	154.00 (1211) 14	152.43 (1210) 2	153.50 (1202) 21	154.00 (1202) 1	154.00 (1202) 0	154.00 (1198) 4
DEC 13	146.00 (788) 20	145.50 (798) 44	146.00 (819) 21	146.50 (830) 31	147.53 (831) 21	149.00 (820) 20	150.50 (825) 16	150.43 (829) 8	150.15 (832) 5	150.15 (832) 0
CME - NONFAT DRY MILK FUTURES (Pit-Traded)										
OCT 13	183.50 (316) 0	183.50 (316) 0	183.75 (318) 0	183.75 (315) 0	183.66 (332) 0					
NOV 13	185.75 (366) 0	187.00 (361) 0	187.25 (360) 0	187.00 (355) 0	187.50 (354) 0	187.35 (354) 0	187.50 (350) 0	187.50 (350) 0	187.25 (350) 0	187.25 (350) 0
DEC 13	187.00 (332) 0	188.90 (332) 0	189.50 (333) 0	188.50 (340) 0	186.00 (344) 0	186.75 (365) 0	186.75 (369) 0	186.75 (369) 0	186.75 (369) 0	186.73 (370) 0
CME - WHEY (Electronic-Traded)										
OCT 13	57.85 (270) 0	57.75 (270) 0	57.70 (270) 0	57.70 (270) 0	57.31 (274) 0					
NOV 13	58.00 (256) 2	58.00 (256) 1	58.00 (256) 0	58.00 (256) 0	57.80 (258) 23	57.00 (259) 6	57.00 (260) 1	56.50 (260) 3	56.50 (261) 4	56.50 (265) 6
DEC 13	59.00 (269) 0	58.75 (269) 1	58.50 (269) 0	58.40 (269) 1	58.50 (273) 23	57.75 (273) 2	57.90 (273) 2	57.50 (277) 8	56.75 (278) 3	56.75 (280) 2
CME - CHEESE CSC (Electronic-Traded)										
OCT 13	1.80 (1068) 10	1.80 (1068) 0	1.80 (1072) 4	1.80 (1072) 0	1.80 (1126) 0					
NOV 13	1.85 (1463) 7	1.86 (1467) 18	1.85 (1467) 9	1.84 (1465) 37	1.85 (1465) 8	1.87 (1470) 17	1.88 (1474) 9	1.88 (1492) 18	1.88 (1492) 0	1.86 (1494) 35
DEC 13	1.77 (1568) 14	1.78 (1569) 20	1.79 (1572) 10	1.78 (1571) 19	1.79 (1558) 68	1.82 (1502) 53	1.81 (1500) 7	1.79 (1509) 9	1.79 (1514) 7	1.76 (1511) 24
JAN 14	1.69 (855) 4	1.69 (857) 10	1.70 (857) 25	1.70 (859) 18	1.70 (872) 33	1.72 (874) 5	1.72 (882) 14	1.71 (888) 10	1.71 (896) 9	1.69 (901) 12
FEB 14	1.66 (642) 7	1.66 (639) 9	1.67 (639) 8	1.67 (637) 32	1.67 (647) 12	1.68 (674) 27	1.68 (679) 7	1.69 (685) 7	1.68 (692) 12	1.68 (696) 8
MAR 14	1.65 (683) 5	1.66 (688) 20	1.66 (688) 0	1.66 (682) 12	1.66 (692) 10	1.67 (705) 14	1.67 (706) 1	1.68 (727) 22	1.68 (728) 1	1.67 (736) 12

1/ At the CME open interest for milk -- 200,000 pounds per contract.)

2014 OFFICIAL MONTHLY AVERAGE RELEASE TIMES

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

*Release time: 9:00 am Central time

SEPTEMBER 2013 DAIRY PRODUCTS HIGHLIGHTS

BUTTER production was 133.7 million pounds, 1.9 percent below September 2012 and 1.6 percent below August 2013. **AMERICAN TYPE CHEESE** production totaled 347.1 million pounds, 0.3 percent below September 2012 and 8.9 percent below August 2013. **TOTAL CHEESE** output (excluding cottage cheese) was 891.8 million pounds, 2.3 percent above September 2012 but 4.7 percent below August 2013. **NONFAT DRY MILK** production, for human food, totaled 76.4 million pounds, 9.6 percent below September 2012 and 28.6 percent below August 2013. **DRY WHEY** production, for human food, was 66.7 million pounds, 4.8 percent below September 2012 and 3.7 percent below August 2013. **ICE CREAM** (hard) production totaled 63.9 million gallons, 6.3 percent above September 2012 but 11.7 percent below August 2013.

PRODUCTION OF DAIRY PRODUCTS									
PRODUCT	SEP 2013	PERCENT CHANGE FROM:			PRODUCT	SEP 2013	PERCENT CHANGE FROM:		
	1,000 LBS.	SEP 2012	AUG 2013	YEAR TO DATE ^{1/}		1,000 LBS.	SEP 2012	AUG 2013	YEAR TO DATE ^{1/}
BUTTER	133,681	-1.9	-1.6	1.4	YOGURT (PLAIN AND FLAVORED)	424,739	6.0	1.9	5.8
CHEESE					DRY WHEY, HUMAN FOOD	66,694	-4.8	-3.7	---
AMERICAN TYPES ^{2/}	347,128	-0.3	-8.9	2.6	DRY WHEY, ANIMAL FEED	2,390	-42.5	-37.8	---
CHEDDAR	240,604	-1.2	-10.8	2.6	DRY WHEY, TOTAL ^{3/}	69,084	-6.9	-5.5	-7.1
OTHER AMERICAN	106,524	1.8	-4.2	---	REDUCED LACTOSE AND MINERALS				
BRICK & MUENSTER	14,120	5.3	-8.8	---	HUMAN FOOD	1,069	-49.9	-37.7	---
CREAM & NEUFCHATEL	72,259	6.2	-5.4	---	ANIMAL FEED	4,840	0.3	2.7	---
HISPANIC	20,378	11.5	-1.7	---	LACTOSE, HUMAN FOOD & ANIMAL FEED	85,961	0.8	-0.5	1.6
TOTAL ITALIAN TYPES	385,047	4.5	-0.1	2.3	WHEY PROTEIN CONCENTRATE				
MOZZARELLA	299,955	4.7	1.2	2.0	HUMAN FOOD ^{9/}	35,680	7.7	-6.7	---
OTHER ITALIAN	85,092	3.6	-4.5	---	ANIMAL FEED ^{9/}	1,476	-45.7	132.1	---
SWISS	23,416	-7.7	-4.0	---	TOTAL ^{9/}	37,156	3.6	-4.4	6.6
ALL OTHER TYPES	29,429	-0.9	-8.5	---	25.0-49.9 PERCENT ^{10/}	18,809	1.6	-7.0	---
TOTAL	891,777	2.3	-4.7	2.2	50.0-89.9 PERCENT ^{10/}	18,347	5.8	-1.6	---
COTTAGE CHEESE, CURD ^{3/}	32,797	-3.7	-9.9	---	WHEY PROTEIN ISOLATES ^{11/}	7,146	47.1	-12.5	---
COTTAGE CHEESE, CREAM ^{4/}	25,862	-2.8	-8.1	-4.5					
COTTAGE CHEESE, LOWFAT ^{5/}	31,302	-0.9	-5.8	-3.3	FROZEN PRODUCTS	1,000 GALLONS	PERCENT CHANGE FROM:		
DRY BUTTERMILK	6,596	-1.9	-13.0	---	ICE CREAM (HARD)	63,895	6.3	-11.7	-0.4
DRY WHOLE MILK	4,536	9.1	-34.1	---	ICE CREAM, LOWFAT (HARD)	14,856	3.1	-11.5	---
MILK PROTEIN CONC. (MPC), TOTAL ^{6/}	5,241	0.3	9.0	---	ICE CREAM, LOWFAT (SOFT)	17,458	-16.6	-16.8	---
NONFAT DRY MILK (NDM), HUMAN	76,368	-9.6	-28.6	-16.0	ICE CREAM, LOWFAT (TOTAL)	32,314	-8.5	-14.4	-11.2
SKIM MILK POWDERS (SMP) ^{7/}	54,234	24.3	-1.5	80.0	SHERBET, HARD	3,024	-6.0	-19.4	4.8
SOUR CREAM	100,035	2.1	-8.2	-0.1	FROZEN YOGURT (TOTAL)	5,181	0.7	-16.3	-6.3

MANUFACTURERS' STOCKS, END OF MONTH ^{12/}							
PRODUCT	SEP 2013	PERCENT OF:		PRODUCT	SEP 2013	PERCENT OF:	
	1,000 LBS.	SEP 2012	AUG 2013		1,000 LBS.	SEP 2012	AUG 2013
DRY WHEY, HUMAN FOOD	53,843	32.1	-8.7	WHEY PROTEIN CONCENTRATE			
DRY WHEY, ANIMAL FEED	2,890	-3.0	-6.4	HUMAN FOOD ^{9/}	45,273	-14.5	-8.0
REDUCED LACTOSE & MINERALS—HUMAN & ANIMAL ^{13/}	6,653	-6.9	-7.7	ANIMAL FEED ^{9/}	1,351	-52.4	-2.9
LACTOSE, HUMAN FOOD & ANIMAL FEED	87,361	6.0	7.3	TOTAL ^{9/}	46,624	-16.4	-7.8
DRY BUTTERMILK	8,732	19.0	-9.7	25.0-49.9 PERCENT ^{10/}	17,737	-44.5	-3.7
NONFAT DRY MILK (NDM), HUMAN FOOD	146,711	24.1	-24.6	50.0-89.9 PERCENT ^{10/}	28,887	21.1	-10.2
				WHEY PROTEIN ISOLATES ^{11/}	9,837	25.3	-3.9

^{1/} 2013 cumulative as percent change of 2012 cumulative. ^{2/} Includes Cheddar, Colby, Monterey and Jack. ^{3/} Mostly used for processing into cream or lowfat cottage cheese. ^{4/} Fat content 4 percent or more. ^{5/} Fat content less than 4 percent. ^{6/} Dry milk protein concentrate, 40-89.9 percent. ^{7/} Includes protein standardized and blends. ^{8/} Excludes all modified dry whey products. ^{9/} Whey protein concentrate, 25.0 to 89.9 percent. ^{10/} Whey protein concentrate, human and animal. ^{11/} Whey protein isolates, 90.0 percent or greater. ^{12/} Stocks held by manufacturers at all points and in transit. ^{13/} Reduced lactose and minerals stocks combined to avoid disclosure of individual operations.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Dairy Products, November 2013.*

SEPTEMBER MILK PRODUCTION

Milk production in the 23 major States during September totaled 14.8 billion pounds, up 1.1 percent from September 2012. August revised production at 15.7 billion pounds, was up 2.5 percent from August 2012. The August revision represented a decrease of 33 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,741 pounds for September, 12 pounds above September 2012.

The number of milk cows on farms in the 23 major States was 8.51 million head, 33,000 head more than September 2012, but 19,000 head less than August 2013.

SEPTEMBER 2013 MILK COWS AND MILK PRODUCTION, BY STATES

STATE	MILK COWS ^{1/}		MILK PER COW ^{2/}		MILK PRODUCTION ^{2/}		
	2012	2013	2012	2013	2012	2013	% CHANGE FROM 2012
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ	181	188	1,745	1,720	316	323	2.2
CA	1,779	1,781	1,790	1,795	3,184	3,197	0.4
CO	135	137	1,955	1,965	264	269	1.9
FL	123	123	1,250	1,340	154	165	7.1
ID	579	570	1,930	1,930	1,117	1,100	-1.5
IL	100	98	1,470	1,490	147	146	-0.7
IN	174	177	1,685	1,710	293	303	3.4
IA	201	207	1,720	1,765	346	365	5.5
KS	126	134	1,740	1,730	219	232	5.9
MI	374	381	1,900	1,930	711	735	3.4
MN	465	465	1,550	1,550	721	721	0.0
MO	93	92	1,110	1,110	103	102	-1.0
NM	326	322	1,960	1,955	639	630	-1.4
NY	610	610	1,740	1,770	1,061	1,080	1.8
OH	270	270	1,540	1,545	416	417	0.2
OR	123	123	1,665	1,660	205	204	-0.5
PA	533	532	1,545	1,570	823	835	1.5
TX	433	440	1,705	1,700	738	748	1.4
UT	88	91	1,760	1,780	155	162	4.5
VT	133	133	1,550	1,560	206	207	0.5
VA	95	95	1,380	1,430	131	136	3.8
WA	261	265	1,935	1,935	505	513	1.6
WI	1,271	1,272	1,730	1,745	2,199	2,220	1.0
23 STATE TOTAL	8,473	8,506	1,729	1,741	14,653	14,810	1.1

^{1/} Includes dry cows. Excludes heifers not yet fresh.

^{2/} Excludes milk sucked by calves.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Milk Production, November 2013.*

OCTOBER AGRICULTURAL PRICES HIGHLIGHTS

The All Milk price received by farmers was \$20.30 in October, up \$0.20 from September 2013 and down \$1.30 from October 2012. Milk Cows price was \$1,400 in October, up \$10 from October 2012. Alfalfa hay price was \$193.00 in October, down \$19.00 from October 2012. Corn price was \$4.49 in October, down \$2.29 from October 2012. Soybean price was \$12.60 in October, down \$1.60 from October 2012. The milk-feed price ratio was 2.09 in October, up 0.35 from October 2012.

The index of prices received by farmers for dairy products increased 1 point during the month of October 2013 to 155. Compared with October 2012, the index was down 10 points (6.1 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in October 2013 was up 1 point to 218. Compared with October 2012, the index was unchanged.

SELECTED MILK PRICES, MILK COWS, AND FEED PRICES, SELECTED STATES AND U.S., OCTOBER 2013 WITH COMPARISONS

State	All-Milk price ^{1/2/}				Milk cows ^{3/}		Alfalfa hay, baled		Corn for Grain		Soybeans	
	Dollars per cwt.				Dollars per head		Dollars per ton		Dollars per bushel		Dollars per bushel	
	September		October		October		October		October		October	
	2011	2012	2012	2013 ^{4/}	2012	2013 ^{4/}	2012	2013 ^{4/}	2012	2013 ^{4/}	2012	2013 ^{4/}
AZ	19.00	19.90	20.40	20.20	1,450	1,500	190.00	185.00	---	---	---	---
CA	17.62	18.50	19.73	18.90	1,300	1,300	210.00	198.00	---	---	---	---
CO	19.50	20.30	21.20	20.40	1,430	1,520	235.00	238.00	6.45	5.13	---	---
ID	19.40	19.10	21.30	19.10	1,400	1,300	200.00	190.00	---	---	---	---
IN	19.60	20.90	21.60	21.20	1,350	1,450	---	---	7.22	4.25	---	---
IA	20.60	20.40	22.50	20.50	1,420	1,380	211.00	195.00	6.82	4.50	14.10	12.60
MI	19.70	20.60	21.60	20.90	1,500	1,600	200.00	185.00	6.81	4.20	14.00	12.30
MN	21.30	20.10	23.50	20.20	1,350	1,350	200.00	180.00	6.56	4.50	14.10	12.60
NM	18.70	18.90	20.20	19.30	1,400	1,440	264.00	250.00	---	---	---	---
NY	20.00	21.40	21.90	21.70	1,410	1,410	191.00	208.00	---	---	---	---
OH	20.20	21.10	22.20	21.30	1,380	1,400	256.00	190.00	7.06	4.45	---	---
PA	20.80	21.70	22.80	22.00	1,430	1,450	180.00	194.00	7.37	4.40	---	---
TX	20.20	20.50	21.50	20.60	1,370	1,450	246.00	236.00	7.11	5.01	---	---
WA	19.50	20.60	21.20	21.00	1,300	1,300	235.00	195.00	---	---	---	---
WI	20.80	20.20	23.10	20.30	1,460	1,490	180.00	200.00	6.40	4.25	13.90	12.30
U.S.	19.60	20.10	21.60	20.30	1,390	1,400	212.00	193.00	6.78	4.49	14.20	12.60

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

^{3/} Animals sold for dairy herd replacement only. Prices estimated in January, April, July, and October. ^{4/} Preliminary.

MILK-FEED PRICE RATIO, SELECTED STATES AND U.S., OCTOBER 2013 WITH COMPARISONS

Milk-feed: pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk ^{1/}			
State ^{2/}	October 2012	September 2013	October 2013 ^{3/}
IA	1.81	1.80	2.10
MI	1.78	2.00	2.26
MN	1.97	1.85	2.13
OH	1.63	2.01	2.20
WI	2.03	1.84	2.11
U.S.	1.74	1.88	2.09

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

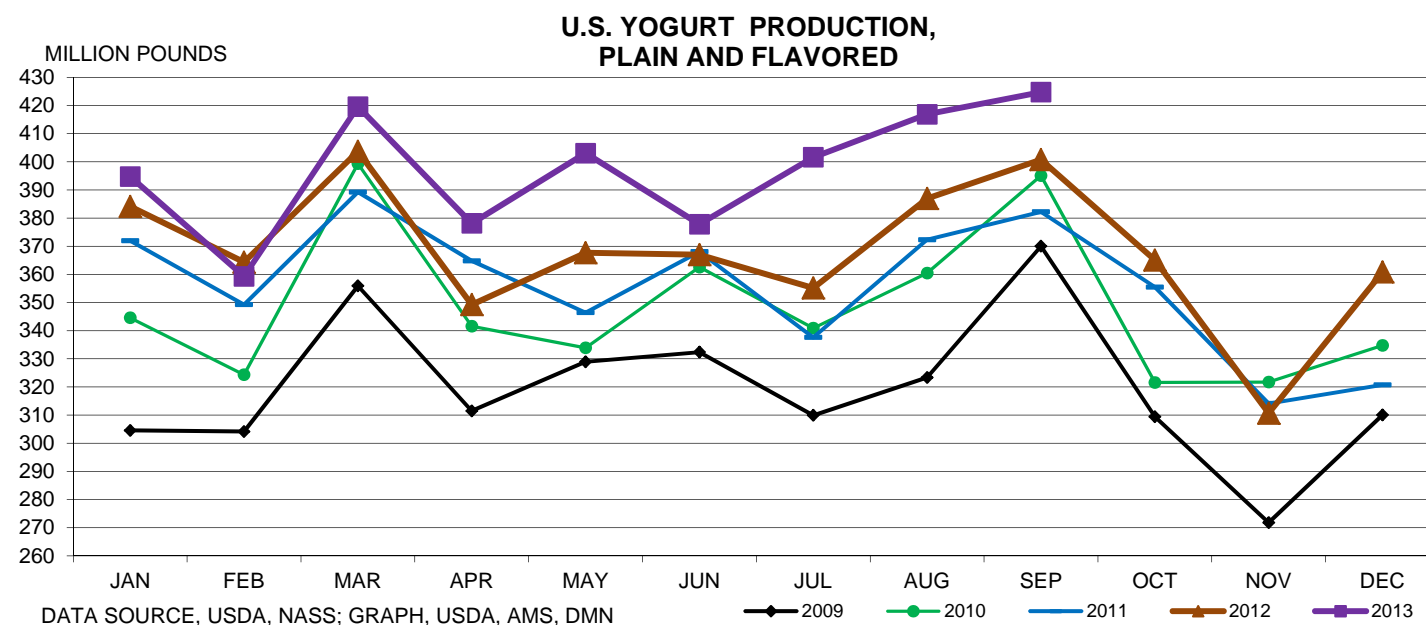
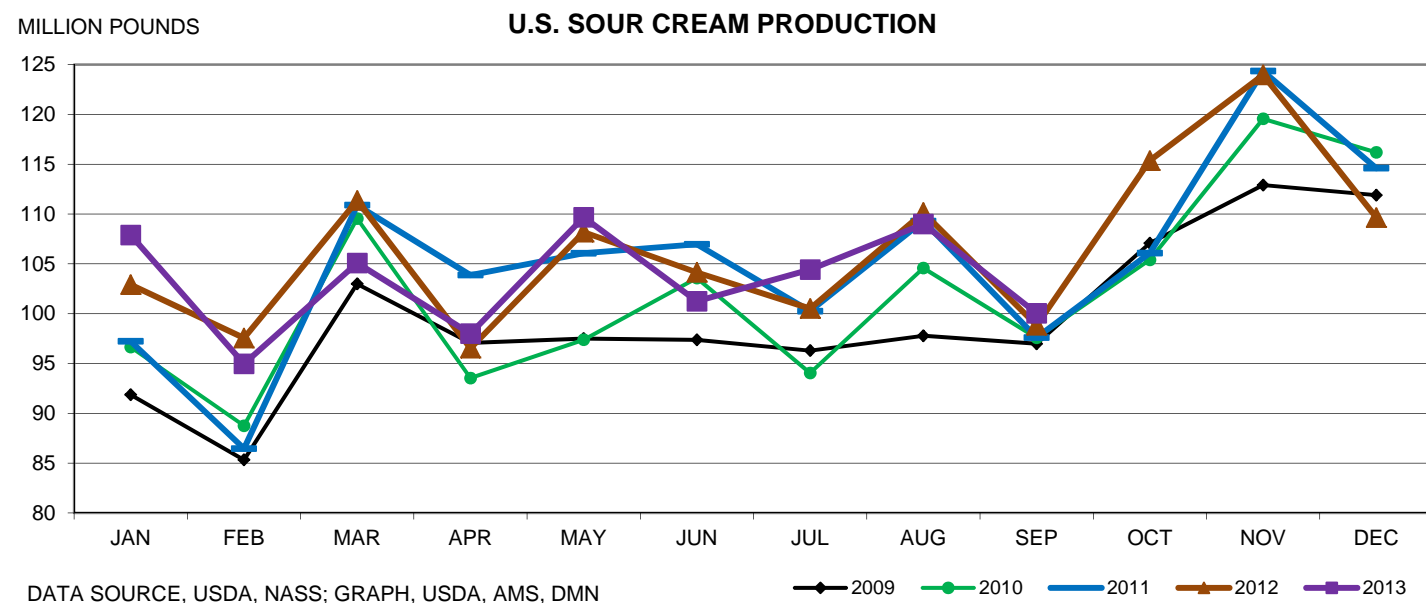
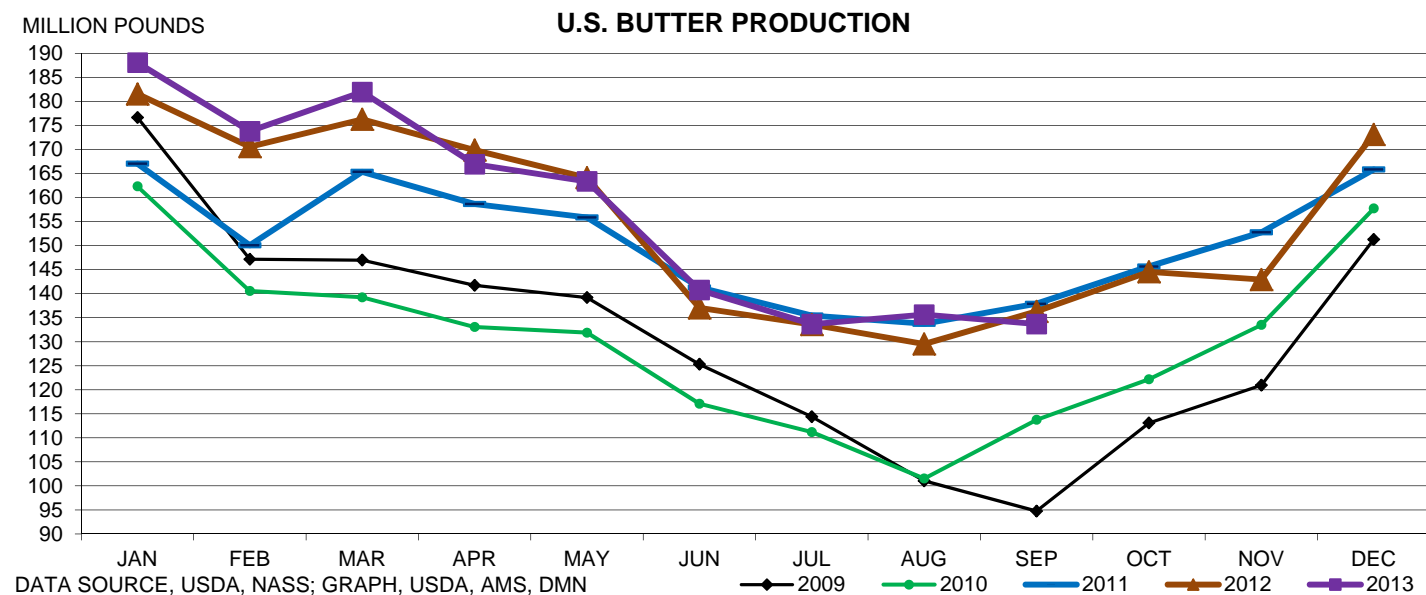
^{3/} Preliminary.

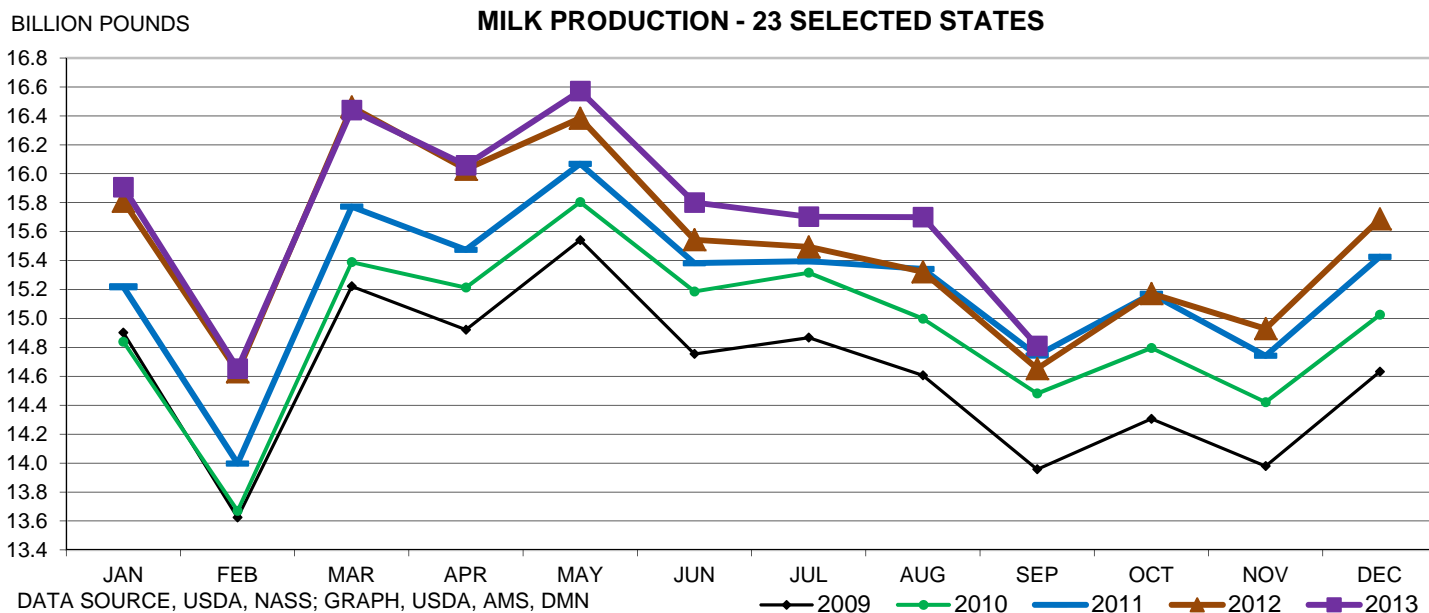
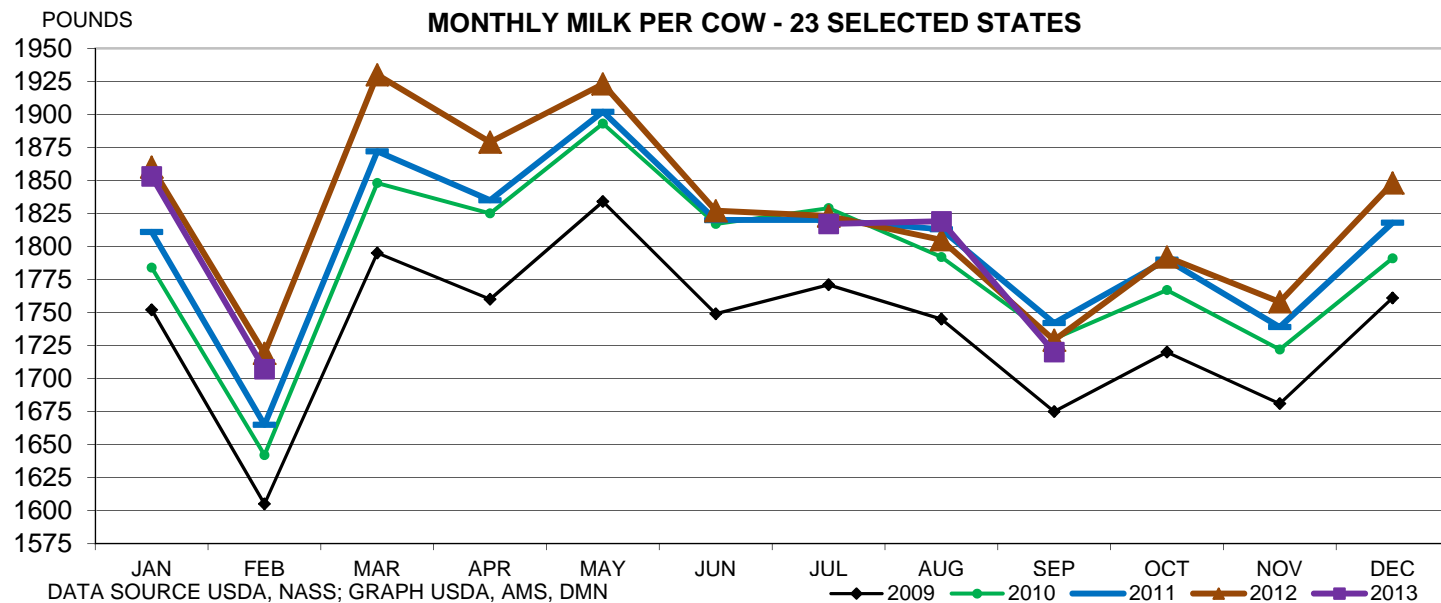
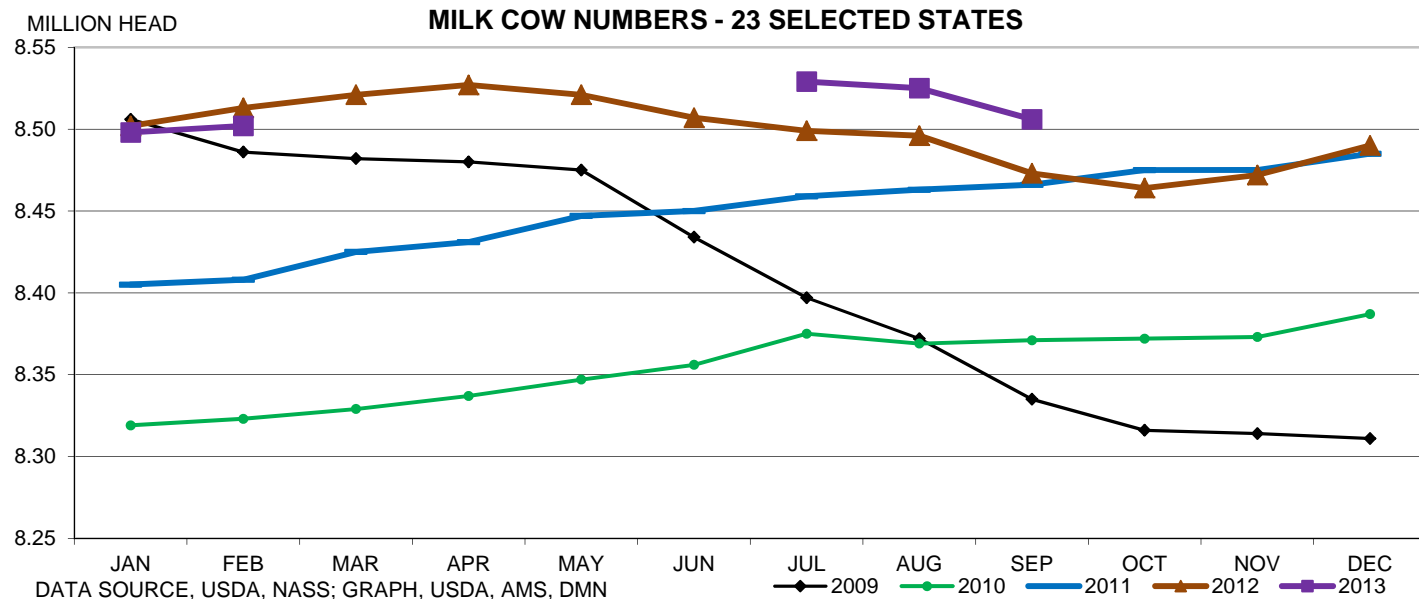
GENERAL PRICE MEASURES, U.S., OCTOBER 2013 WITH COMPARISONS

Item	October 2012	September 2013	October 2013 ^{1/}
INDEX NUMBERS (1990-92=100):			
Prices received by farmers for dairy products	165	154	155
Prices paid by farmers for commodities and services, interest taxes, and wage rates	218	217	218

^{1/} Preliminary.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Agricultural Prices, October 2013.*





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