

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (5/23)**

**BUTTER:** Grade AA closed at \$2.1800. The weekly average for Grade AA is \$2.1670 (+.0025).

**CHEESE:** Barrels closed at \$2.0200 and 40# blocks at \$2.0200. The weekly average for barrels is \$1.9840 (+.0120) and blocks, \$1.9880 (-.0190).

**BUTTER HIGHLIGHTS:** Butter producers expect to churn at higher levels over the Memorial Day weekend as more milk and cream become available. The market tone is steady to firmer. Export orders are ongoing, but at a reduced rate. Interest for print butter is slowing, following seasonal trends, which has allowed some manufacturers to rebuild stocks. Inventories are steady to higher. Bulk butter buyers are actively looking for supplies, prices ranged from 5 to 8 cents over the market in the Northeast, market to 6 cents over in the Central, and 4 cents under to 2 cents over in the West, based on the CME Group with various time frames and averages used. Friday at the CME Group, Grade AA butter closed at \$2.1800, up 2 cents from a week ago. This week, a cooperative export assistance program accepted requests for 3.306 million pounds of butter.

**CHEESE HIGHLIGHTS:** Cheese production is steady to increasing across most of the country. The spring flush across the northern tier of the country is bringing increased milk to cheese plants. Many plants are operating on busy to full schedules. Some surplus milk is also expected to be available for processing over the long holiday weekend. Cheese inventories are building in many areas. Cheese demand remains steady with buyers expecting increasing supplies to become available. While wholesale prices have been declining over the past few weeks, this week saw some higher closing prices at the CME Group. Export demand is slowing as international prices are competitive with U.S. domestic prices. Barrel prices at the CME Group closed Friday at \$2.0200, up 6 cents from last Friday and blocks closed the week at \$2.0200, up 2.25 cents from last week. NASS reported Cold Storage stocks as of April 30, 2014 for total natural cheese in storage at 1.037 billion pounds, 84.7 million pounds (8%) less than a year ago, but 18.3 million pounds (2%) more than March 2014.

**FLUID MILK:** Manufacturing milk supplies heading into the Memorial Day holiday weekend are heavy. Strategies are in place to process surplus milk over the extended weekend. Milk demand for bottling is generally lower. Milk production is building in the

Midwest, Pacific Northwest, Utah and Idaho; steady in New Mexico, Arizona and California; and steady to easing along the East Coast. Cream supplies are tighter, with increased interest from ice cream manufacturers and some churns. There was a shift away from using condensed buttermilk to lower priced condensed skim by a number of ice cream manufacturers.

**DRY PRODUCTS:** Prices for Western low/medium heat nonfat dry milk are mostly lower. Greater domestic and international buying interest is noted in the West and Central regions, where production is also active. High heat nonfat prices shifted lower. Dry buttermilk prices are lower in the West and steady to lower elsewhere. The market tone is weak. Prices for dry whole milk are unchanged to lower on a weaker market. Dry whey production is steady to increasing following recent increased cheese production. The market tone varies, being unsettled in the Central region, steady to weak in the West, and steady to firm in the Northeast. Prices for whey protein concentrate 34% are unchanged to lower with a weaker market tone. Lactose prices shifted lower on a weak market. Inventories are mixed, but increasing at many locations. Casein prices remain unchanged as buyers continue to take a "wait and see attitude" with the market, purchasing only the necessary volumes.

**INTERNATIONAL DAIRY MARKET NEWS (DMN):**  
**WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW:** Milk production in the EU continues to be strong, but has moved beyond the seasonal peak. Milk volumes have leveled off in Germany and have marginally declined in France. Favorable weather, good margins and the likelihood of lower farm gate prices in the future are prompting farmers to maximize milk production. Drying facilities are no longer operating at capacity levels as additional dryers have come online and milk volumes have begun to decline. Dairy commodity markets moved lower over the past two weeks. The European Commission, via Eurostat data, reported EU-28 January-March 2014 milk deliveries are 5.8% above year ago levels. Q1 milk deliveries compared to one year ago for selected countries are: Germany, +4.4%; France, +7.8%; Ireland, +0.3%; Netherlands, +4.5%; Denmark, +3.8%; Spain, +1.8% and the UK, +12.3%. The Eurostat estimates milk production EU-28 2013/14 quota year at 2.6% above the previous year. The Eurostat estimates milk production EU-28 2013/14 quota year at 2.6% above the previous year.

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**CME GROUP CASH TRADING**

COMMODITY	MONDAY MAY 19	TUESDAY MAY 20	WEDNESDAY MAY 21	THURSDAY MAY 22	FRIDAY MAY 23	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE BARRELS	\$1.9600 (N.C.)	\$1.9600 (N.C.)	\$1.9600 (N.C.)	\$2.0200 (+.0600)	\$2.0200 (N.C.)	:: :: (+.0600)	:: :: \$1.9840 :: (+.0120)
40# BLOCKS	\$1.9800 (-.0175)	\$1.9600 (-.0200)	\$1.9600 (N.C.)	\$2.0200 (+.0600)	\$2.0200 (N.C.)	:: :: (+.0225)	:: :: \$1.9880 :: (-.0190)
NONFAT DRY MILK GRADE A	\$1.7875 (+.0025)	\$1.7925 (+.0050)	\$1.7925 (N.C.)	\$1.7925 (N.C.)	\$1.7925 (N.C.)	:: :: (+.0075)	:: :: \$1.7915 :: (+.0100)
BUTTER GRADE AA	\$2.1550 (-.0050)	\$2.1675 (+.0125)	\$2.1625 (-.0050)	\$2.1700 (+.0075)	\$2.1800 (+.0100)	:: :: (+.0200)	:: :: \$2.1670 :: (+.0025)

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.USDAGOV/DAIRYMARKETNEWS](http://WWW.AMS.USDAGOV/DAIRYMARKETNEWS).

NATIONAL DAIRY MARKET NEWS AT A GLANCE

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**EASTERN OVERVIEW:** Eastern Europe milk production is at the seasonal peak. Most dryers are working at near capacity. Skim condensed loads continue to be transported into the region from the west, but at lower volumes than two weeks ago. Lower dairy commodity prices across the board have improved export interest. Q1 milk deliveries, as reported by Eurostat, show Poland 7.3% over year ago levels. The Baltic states of Estonia, Latvia and Lithuania recorded increases of 8.9%, 12.2% and 6.5% respectively. Declines in Q1 deliveries occurred in the Czech Republic of 2.0% and Slovakia with 0.3%. **OCEANIA OVERVIEW:** **AUSTRALIAN** milk production has benefited from a period of unseasonably warm temperatures with highs near 70 degrees Fahrenheit. The warm weather has prompted some good pasture growth and allowed milk production to hang on and, in some areas, marginally increase. Milk flows are being channeled to processing plants that are most readily available, as some manufacturers have shuttered operations for scheduled maintenance projects. Inventories for most dairy commodities are at desired levels, prior to the end of the fiscal year, with some excess supplies being made available to the spot market. The forecast for the likelihood of an "El Nino" weather pattern, increasing the possibility of drought, has raised concerns with some producers and restricted planned herd expansions. According to Dairy Australia, April 2014 milk production in Australia was 5.6% above April 2013. The state changes from a year earlier are: New South Wales, +1.4%; Victoria, +5.8%; Queensland, -0.6%; South Australia, +1.9%; Western Australia, -0.1% and Tasmania +18.9%. Australia's milk production season to date (July-April) is -0.8%, compared to last season. Dairy Australia also reports exports for the July-March period totaling 554.2 thousand tons, down 8.5% from the year ago period. The largest export category is skim milk powders (SMP). The total value of export is 20.2% higher over the prior year period. The highest value items are SMP and WMP. **NEW ZEALAND** milk production continues to decline and wind down seasonally with more cows being dried off and moved to winter pastures. Some manufacturing plants are shutting down operations for yearend maintenance projects. Where possible, some producers are extending the milking season, incentivized by the relatively high milk price and good margins. Spot sales are continuing for some commodities, especially milk powders, as manufacturers adjust inventory levels prior to the end of the fiscal year. March milk production was reported by DCANZ at 1.76 million tons, up 22.0% from March 2013 and 1.6% higher than two years ago. At the May 20 GDT event #116, average prices ranged from 3.8% lower to 4.6% higher from the prior event across categories. The all contracts price averages (US\$ per MT) and percent changes from the previous average are: anhydrous milk fat, \$4,255 +1.9%; butter, \$3,667 -3.8%; buttermilk powder, \$3,950 -1.9%; cheddar cheese, \$4,108 -2.1%; lactose, n.a.; milk protein concentrate, n.a.; rennet casein, \$11,861 +4.6%; skim milk powder, \$3,733 -3.5%; and whole milk powder, \$3,877 -1.1%.

**APRIL MILK PRODUCTION (NASS):** Milk production in the 23 major states during April totaled 16.3 billion pounds, up 1.2% from April 2013. Production per cow averaged 1,911 pounds for April. This is the highest production per cow for the month of April since the 23 State series began in 2003. The number of milk cows on farms was 8.53 million head, 10,000 head more than March 2014.

**APRIL COLD STORAGE (NASS):** On April 30, U.S. cold storage holdings of butter totaled 174.1 million pounds, down 3% from the previous month and down 44% from April 2013. Natural American cheese holdings total 648.1 million pounds, up 1% from March this year but down 7% from April 2013. Total cheese stocks were 1.04 billion pounds, up 2% from March this year but down 8% -1A-

from April last year.

**JUNE FEDERAL ORDER ADVANCED PRICES (FMMO):**

Under the Federal milk order pricing system, the Class I base price for June 2014 is \$22.86. This price is derived from the Class III skim milk pricing factor of \$15.58 and the advanced butterfat pricing factor of \$2.2356. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I price. The base Class I base price decreased -\$1.61 when compared to the previous month of May 2014. For selected consumer products, the price changes are: whole milk (3.25% milk fat), -\$1.62, -\$0.139 per gallon; reduced fat milk (2%), -\$1.72, -\$0.148 per gallon; fat-free (skim milk), -\$1.83, -\$0.158 per gallon. The advanced Class IV skim milk pricing factor is \$15.23. Thus, the Class II skim milk price for June 2014 is \$15.93, and the Class II nonfat solids price is \$1.7700. The two-week product price averages for June 2014 are: butter \$2.0176, nonfat dry milk \$1.8768, cheese \$2.2029, and dry whey \$0.6724.

**FEBRUARY MAILBOX MILK PRICES (AMS & CDFA):**

During February 2014, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$24.91, up \$1.44 from the January 2014 average, and up \$5.35 from the February 2013 average. The component tests of producer milk in February 2014 were: butterfat, 3.82%; protein, 3.17%; and other solids, 5.72%. The February mailbox prices increased an average of \$1.37/cwt across all Federal milk order reporting areas when compared to the previous month. Minnesota experienced the greatest increase of \$2.00, while the Appalachian States experienced the lowest increase of \$0.82. Mailbox prices during February 2014 ranged from \$26.77 in Florida to \$22.90 in New Mexico.

**APRIL PRICE AND POOL HIGHLIGHTS (Dairy Programs):**

During April, more than 10.4 billion pounds of milk were received from producers. This volume of milk is 9.0% lower than the April 2013 volume. In April 2013 and April 2014, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. More than 3.4 billion pounds of producer milk were used in Class I products, 5.2% lower than the previous year. The all-market average Class utilization percentages were: Class I = 33%, Class II = 12%, Class III = 40% and Class IV = 15%. The weighted average statistical uniform price was \$24.94, \$0.58 higher than last month and \$6.14 higher than last year.

## CME GROUP

MONDAY, MAY 19, 2014

CHEESE -- SALES: 3 CARS 40# BLOCKS: 1 @ \$1.9975, 1 @ \$1.9950, 1 @ \$1.9800; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$1.7875; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.7800; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 4 CARS GRADE AA @ \$2.1550; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.1550

TUESDAY, MAY 20, 2014

CHEESE -- SALES: 2 CARS 40# BLOCKS: 1 @ \$1.9700, 1 @ \$1.9600; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.9600  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.7925; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 16 CARS GRADE AA: 4 @ \$2.1550, 1 @ \$2.1575, 1 @ \$2.1600, 4 @ \$2.1625, 2 @ \$2.1650, 4 @ \$2.1625; LAST BID UNFILLED: 2 CARS GRADE AA @ \$2.1675; LAST OFFER UNCOVERED: NONE

WEDNESDAY, MAY 21, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 2 CARS GRADE AA @ \$2.1625; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.1625

THURSDAY, MAY 22, 2014

CHEESE -- SALES: 2 CARS BARRELS @ \$1.9750; 4 CARS 40# BLOCKS: 2 @ \$1.9600, 2 @ \$1.9750; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.0200; 1 CAR 40# BLOCKS @ \$2.0200; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 11 CARS GRADE AA: 10 @ \$2.1600, 1 @ \$2.1700; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.1625; LAST OFFER UNCOVERED: NONE

FRIDAY, MAY 23, 2014

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$2.0200; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.7900; LAST OFFER UNCOVERED: NONE  
 BUTTER -- SALES: 5 CARS GRADE AA: 2 @ \$2.1700, 1 @ \$2.1750, 1 @ \$2.1775, 1 @ \$2.1800; LAST BID UNFILLED: 3 CARS GRADE AA @ \$2.1700; LAST OFFER UNCOVERED: NONE

## BUTTER MARKETS

## NORTHEAST

With upturns in milk volumes and increases in cream supplies, butter manufacturers in the Northeast region are actively churning. They anticipate added milk/cream volumes to emerge during the Memorial holiday period. Some balancing plants' churns are inactive with loads primarily clearing to Class II usage. Butter stocks are moderate to increasing. Interest from the export market is active. This week, a cooperative export assistance program accepted requests for 3.306 million pounds of butter. The market tone remains firm. The 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 cash exchange for Grade AA butter saw a surge in trades on Tuesday with 16 carlots sold. Butter closed at \$2.1675, up \$0.0075 from a week ago.

## CENTRAL

Butter manufacturers are churning at mostly higher rates as milk and cream are readily available as well as a few plants installing new equipment upgrades. The market tone is uneven. Domestic print demand is following seasonal lower sales; however, a few sellers garnered robust purchases from the food service industry. Some butter makers are fulfilling existing export orders of 82% but have limited new orders coming in. Anecdotal remarks noted a few 82% and AMF loads for export being cancelled. Manufacturers are putting away supplies for commitments in the latter part of the year. Warehouse inventories are growing, but are still fairly tight. Buyers are actively looking for bulk butter. Current bulk butter prices ranged from market to 6 cents over the market, based on the CME Group with various time frames and averages used. Grade AA butter at the CME Group has been active with 22 sales at midweek.

Butter closed lower Wednesday to \$2.1625, up 0.25 cents from Wednesday a week ago. This week, a cooperative export assistance program accepted requests for 3.306 million pounds of butter.

## WEST

Western butter production is mixed this week. Print butter orders are slowing in some cases and export demand has tapered off at current prices. Cream demand from ice cream manufacturers is good. Some churns are taking advantage of higher cream prices to satisfy that demand. Cream supplies are uneven depending on milk volumes. Extra milk for manufacturing is expected to be available over the extended holiday weekend. Spot butter prices are stabilizing this week after trending higher over the past few weeks. Butter stocks are sufficient to fill available orders with stored inventories remaining tight. The butter price at the CME Group on Wednesday closed down \$.0050 at \$2.1625. Twenty two loads of butter have been sold at the CME Group as of midweek. Prices for bulk butter range from 2 cents over the market to 4 cents under, based on the CME Group with various time frames and averages used.

## COLD STORAGE

The NASS *Cold Storage Report* shows butter in storage on April 30 totaled 174.1 million pounds, 135.6 million pounds less (44%) than April 30, 2013 and 5.9 million pounds less (3%) than last month.

## NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING

May 17, 2014

BUTTER

CHEESE 40# BLOCKS

CHEESE BARRELS

38% MOISTURE

DRY WHEY

NDM

2.0544

2.1602

2.1651

0.6727

1.8556

3,377,229

13,154,318

10,115,480

8,775,747

29,316,026

## CHEESE MARKETS

## NORTHEAST

Milk supplies for cheese production are plentiful. Interest in wholesale Swiss has declined considerably. In addition, some producers indicate that current Swiss price levels are relative to March cheese prices, as a result, the market stands to lose significant margins as prices move lower. Generally, cheese inventories in the region are building as the market stabilizes. Interest from export markets remains active. This week, a cooperative export assistance program accepted requests for 1.551 million pounds of cheese. The market tone continues to weaken. The weekly average cheese prices, on the CME Group, saw declines for both blocks and barrels. Northeast wholesale prices for 40# block and muenster moved lower \$0.0400, and process 5# dropped \$0.0675. Grade A Swiss was unchanged. Trading at the CME Group Tuesday saw barrels close at \$1.96, unchanged from a week ago. Blocks closed at \$1.96, down \$0.0375 from a week ago.

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

Cheddar 40# Block	: 2.4025-2.6875
Process 5# Sliced	: 2.1950-2.6750
Muenster	: 2.4225-2.7825
Grade A Swiss Cuts 10 - 14#	: 4.0500-4.3725

## MIDWEST

Milk has been readily available to cheese makers and milk availability is expected to increase over the coming weekend. Many manufacturers have scheduled heavy cheese production over the Memorial Day weekend to take advantage of holiday milk. This is leading to expectations of plenty of cheese being available in the near future. Moreover, export sales of cheese for the third quarter have slowed. Declining prices for European cheese, relatively lower than U.S. cheese prices, are mentioned as a factor. Some manufacturers are drawing on inventories to meet increased sales demand resulting from declining cheese prices. A number of those manufacturers will be rebuilding cheese inventories with heavier production volume. Manufacturers who engage in aging programs are particularly interested in adding to aging program cheese. Varied manufacturers also note more current cheese buyer interest in finalizing ordering to replenish stocks, with less intent to pace ordering to try and strategize price declines. This interest comes from retail buyers as well as from food service buyers. For four consecutive weeks the weekly CME average for blocks has declined and three weeks for barrels. Wisconsin wholesale prices for 1,000 to 5,000 pound mixed lots of process cheese decreased by \$.0675, Swiss was unchanged while the remaining varieties decreased by 4 cents. CME Group activity through Wednesday has blocks and barrels at \$1.9600. Wednesday is the sixth day of no price movement for barrels while blocks moved lower both Monday and Tuesday.

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

Process American 5# Loaf	: 2.0725-2.4325
Brick And/Or Muenster 5#	: 2.3825-2.8075
Cheddar 40# Block	: 2.0875-2.5050
Monterey Jack 10#	: 2.3575-2.5625
Blue 5#	: 2.6500-3.6375
Mozzarella 5 - 6# (Low Moisture, Part Skim)	: 2.2275-3.1225
Grade A Swiss Cuts 6 - 9#	: 3.5675-3.6850

## COLD STORAGE

The NASS *Cold Storage* report shows total natural cheese in storage on April 30, 2014 totaled 1.037 billion pounds, 84.7 million pounds (8%) less than a year ago, but 18.3 million pounds (2%) more than March 2014.

## WEST

Western cheese production is mostly steady. Some areas are still experiencing increasing milk supplies and many plants are working at or near capacity. Wholesale cheese prices are lower again this week. Domestic demand is mostly steady with some retail and commercial buyers ordering for immediate needs. Some advance buying is occurring on price breaks as buyers look to build their inventories. Export demand is slowing as international prices are more competitive than U.S. prices. Assistance from a cooperative export program is helping to close some sales into Q3. Cheese stocks are described as mostly in balance with increasing volumes moving into storage. Barrels and blocks were both unchanged on Wednesday's cheese trading at the CME Group. Barrels and blocks closed at \$1.9600. There were no sales on barrels and five sales of blocks as of midweek.

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

Process 5# Loaf	: 2.1000-2.3575
Cheddar 40# Block	: 2.1275-2.4800
Cheddar 10# Cuts	: 2.3075-2.5275
Monterey Jack 10#	: 2.3175-2.4775
Grade A Swiss Cuts 6 - 9#	: 3.6275-4.0575

## FOREIGN

Wholesale domestic cheese prices are lower this week, while Swiss and imported cheese prices were steady. The overall market tone for cheese is weaker as domestic production is increasing. Demand is good from foodservice accounts, but buyers are taking more of a wait and see attitude as prices weaken. Increased production in both the EU and the U.S. is pressuring prices lower. European stocks continue to increase and the Euro is also lower.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.3800	: 2.5425-4.0300*
Gorgonzola	: 3.6900-6.9700	: 3.0450-3.4575*
Parmesan (Italy)	: -0-	: 3.9325-6.0225*
Provolone (Italy)	: -0-	: 2.5850-2.7425*
Romano (Cows Milk)	: -0-	: 3.7325-5.8825*
Sardo Romano (Argentina)	: 2.8500-3.6900	: -0-
Reggianito (Argentina)	: 3.2900-4.5600	: -0-
Jarlsberg-(Brand)	: 2.9500-5.6300	: -0-
Swiss Cuts Switzerland	: -0-	: 4.1475-4.4700
Swiss Cuts Finnish	: 2.6700-2.9300	: -0-

\* = Price change.

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

	BUTTER	CHEESE
05/19/14	21,522	87,656
05/01/14	21,272	86,103
CHANGE	250	1,553
% CHANGE	1	2



## FLUID MILK AND CREAM

## EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	120	0	120	0	110
SOUTHEAST STATES	0	0	0	0	0	0

Milk production is steady to easing in the Northeast and Mid-Atlantic regions. Manufacturing milk supplies are heavy going into the Memorial Day holiday period. Balancing plants are working through the increased volumes with minimal delays. *According to NASS*, in New England, above average temperatures and sunny days helped to speed along fieldwork, and crop progress this past week. Milk production in the Southeast varies. Most of region's farm volumes are leveling out, with slight increases in some parts, due to cooler temperatures. Milk/cream sales are slightly down going into the Memorial Day holiday weekend. Some haulers are having issues with load temperatures when making deliveries, as warmer conditions necessitate equipment adjustments. Farm milk production, in Florida, is still on the decline. Class I demand is down as expected, due to Memorial Day and schools closing for the summer. This week, Florida's milk supply has led to the exporting of 120 spot loads. *According to NASS* pastures in southwest Florida received some rain this past week, which helped improve conditions. Cream supplies are tight. Demand has eased in some channels as most cream-based operations finalized holiday production volumes clearing to retail outlets. Ice cream sales are improving. **Cream multiples for all Classes range 1.28-1.38.** Last week, the CME Group Grade AA butter weekly average butter price was \$2.1645, up \$0.0200 from the previous week. **Condensed skim** supplies are plentiful. Manufacturers are filling contracts and channeling a majority of excess volumes to Class IV production. Contacts noted that volumes of condensed skim were eliminated from further processing due to lack of manufacturing capacity. *According to NASS*, milk production in the 23 major states during April totaled 16.3 billion pounds, up 1.2% from March 2013. The 5 selected Eastern states increased 0.4%.

## April 2014 Milk Production, (USDA-NASS)

	(Million Lb.)	% Change From 1 Year Ago	
Florida	225	+	2.3
New York	1,135	+	0.3
Pennsylvania	905	+	0.1
Vermont	221	+	0.5
Virginia	154	+	0.7

## 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 - 2.7449-2.9870  
 F.O.B. producing plants: Upper Midwest - 2.7273-2.9870

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices - 2.04-2.07  
 Northeast - Class III - spot prices - 2.09-2.12

## MIDWEST

Milk production in the Central region is on the rise with spot loads of milk becoming increasingly available heading into the Memorial Day weekend. Most transactions are below Class as spot loads ranged from \$3.50 under to \$1.50 over Class. Milk handlers noted balancing supplies moving northward, going into cheese and condensed skim production. Some milk processors expect to be skimming near capacity during the holiday weekend. Many ice cream makers shifted orders away from condensed buttermilk to deeper discounted condensed skim. Interest in bottling is lackluster with a few bottlers mentioning better sales early in the week. Class II demand is moderate. Cream supplies firmed up with increased interest from ice cream manufacturers and butter churn operators actively taking supplies too. **Class II cream multiples ranged from 1.26 to 1.38 this week.** The *NASS Crop Progress Report* noted corn planted in the 18 selected states as of May 18 is at 73%, 14% higher than a week ago, but 3% lower than the 5 year average. Soybeans are at 33% planted, 5% below the 5 year average. The *NASS Milk Production Report* noted April milk production in the 23 major states was 16.3 billion pounds, a 1.2% increase from a year ago. The Central states included in the report and the changes compared to a year ago: Illinois, -2.4%; Indiana, +0.9%; Iowa, -1.0%; Kansas, +4.9%; Michigan, +2.6%; Minnesota, -2.7%; Ohio, -3.4%; South Dakota, +4.9%; Texas, +8.7% and Wisconsin, -0.3%. Milk cows in the 23 major states totaled 8.53 million head in April, a 10,000 head increase from a month ago. The weekly *Cow Slaughter under Federal Inspection Report* shows U.S. dairy cow slaughter for the week ending May 3, at 48,600 head, 7,200 head or 13% less than the comparable week a year ago.

## WEST

Farm milk production in CALIFORNIA plateaued according to several milk handlers. With steady milk intakes, processors report all milk loads are finding processing room. Some silo storage is available in larger plants to accommodate additional milk loads over the long weekend. Class 1 interest is steady to lower as many school districts adjust orders to cover school meal program needs without overbuying as the end of the semester approaches. Condensed skim demand into frozen dessert production is active as current pricing is encouraging use ahead of condensed buttermilk in some areas. NEW MEXICO milk production is trending steady. Handlers, though, note there are increasing volumes of milk being offered on the spot market as bottlers reduce orders throughout New Mexico and neighboring states. Processing is on time at most locations as plant operators have completed several regularly scheduled maintenance projects. Milk handlers report farm milk production in ARIZONA is steady. Dairy herds are benefiting from current daytime temperatures in the 80s, compared to the high 90s just a week ago. Nights are cool. Milk handlers report the pushback by bottlers is strong. Balancing plant managers are searching for condensed skim sales to ease milk handling, especially for during the Memorial Day weekend. Ice cream plant operators are taking condensed skim loads on a spot basis to fill production runs.

CONTINUED ON PAGE 4A

## FLUID MILK AND CREAM

## CONTINUED FROM PAGE 4

Milk pooled on the Arizona Order 131 totaled 419.8 million pounds in April 2014. Class I utilization accounted for about 25% of producer milk. The uniform price was \$24.43, \$0.21 above last month, and \$5.82 above one year ago. Balancing plant operators report butterfat components are stepping gradually lower, yielding fewer pounds of cream per load of farm milk. CREAM interest from ice cream manufacturers is increasing as cream supplies tighten slightly in the West. A few butter churn operators are also in the market to build inventories of 80% and 82% butter while cream is available. The cream multiples range shifted higher, with the full range running from 1.09 to 1.27. At the CME Group, Grade AA butter closed on Wednesday at \$2.1625, one-quarter cent higher than from one week ago. Milk production in the PACIFIC NORTHWEST is building seasonally. Processing plants are running busy schedules to handle increasing milk supplies. Milk continues to be moved within the region to maximize production of various end products. Class I usage is steady to lower. Processors are expecting surplus volumes over the holiday weekend. According to NASS' Crop Progress and Condition report, first cutting of alfalfa in Washington and Oregon has begun with reports of excellent forage growth conditions. Milk pooled on the Pacific Northwest Order 124 totaled 578.7 million pounds in April 2014. Class I utilization accounted for 29% of producer milk. UTAH and IDAHO milk supplies continue to build. Excess milk is being moved to alleviate any spot surplus, but is typically staying in the region. NASS reports pasture and range conditions in Utah to be mostly fair to good, with Idaho irrigation supplies mostly good to excellent. According to NASS, April milk production for the 23 surveyed states totals 16.3 billion pounds, 1.2% higher than a year ago. Monthly milk production per cow was 1,911 pounds. This is the highest production per cow for the month of April since the 23 State series began in 2003. Milk cows totaled 8.531 million head, 10,000 head more than March 2014. April milk production changes from a year ago for selected Western states are: Arizona +3.2%, California +1.5%, Colorado +8.5%, Idaho +1.1%, New Mexico -1.4%, Oregon +4.7%, Utah +2.4%, and Washington +3.4%.

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

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

## NONFAT DRY MILK - CENTRAL AND EAST

**CENTRAL:** LOW/MEDIUM HEAT nonfat dry milk prices shifted mostly lower, however the bottom of the range came up on active F.O.B spot trading. The undertone is steady as many buyers are beginning to take larger volumes. Buyer interest is picking up domestically and internationally. Milk processors have been able to keep up with the increasing milk supplies, drying at generally higher rates. Inventory levels are maintaining. Prices of HIGH HEAT NDM moved lower on the top of the range based on various basing points. The market tone is quiet with most transactions being contractual based. Production levels are reduced. Supplies are being worked lower. Wednesday at the CME Group, Grade A NDM closed unchanged at \$1.7925, up 1.25 cents since last Wednesday.

**EAST:** Prices in the low/medium heat nonfat dry milk range are mixed due to lower priced indices and some higher priced spot sales. The mostly series prices moved lower. Production of low/medium heat nonfat dry milk remains active. Heavy condensed skim volumes necessitate weeklong dryer schedules for some manufacturers. Reports indicate that nonfat dry milk is not as available in the region. Buyers suggest the status quo alludes to suppliers withholding NDM. Interests are limited with some spot market activity. A few dairy manufacturers are finding it worthwhile to substitute nonfat dry milk for WPC as a dairy product component. The market continues to weaken as it adjusts toward equilibrium. Eastern high heat nonfat dry milk prices are reflecting the declines in low heat prices and moving with spot sales and lower priced indices. Stock levels are available for current needs. Wednesday's Grade A nonfat dry milk price on the CME Group is unchanged from the previous session, closing at \$1.7925, up \$0.0125 from a week ago.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUM HEAT: 1.7400 - 1.9850 MOSTLY: 1.7400 - 1.9175  
HIGH HEAT: 1.9500 - 2.0350

## NONFAT DRY MILK - WEST

Prices for Western low/medium heat nonfat dry milk are lower on the mostly price series, but the bottom of the range moved up. Although recent prices trends have moved lower, some market participants expect a quick return to higher-trending prices in the short term. The recent increases at the low end of trading may represent the beginning of that trend. This speculation is based on the amount of low heat NDM that has recently cleared to domestic and international buyers. Conversely, others believe this upward shift at the low end of trading is a "dead cat bounce", with room for prices to move lower in the near term. Low/medium heat nonfat dry milk production is active in several individual Western states, while producers in California note they're seeing room in drying schedules. This weekend, though, is expected to be busy as some smaller operations will not operate during the extended holiday weekend. That will keep higher milk volumes at several balancing plants. Western high heat nonfat dry milk prices shifted lower on a weaker market. Buyers and sellers indicate dairy nonfat solids prices trended lower for several weeks and that trend now includes the high heat NDM market. Production is intermittent at most plants, but is occurring more often as milk intakes allow.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUM HEAT: 1.7600 - 2.0000 MOSTLY: 1.7650 - 1.9375  
HIGH HEAT: 1.9975 - 2.0900

## DRY BUTTERMILK - CENTRAL AND EAST

**CENTRAL:** Dry buttermilk prices moved lower on the top of the range on a weakening market. Ice cream makers are shifting away from condensed buttermilk to cheaper condensed skim, thus allowed buttermilk manufacturers to dry additional volumes. Buyer interest is weak with supplies mainly moving as a result of previous negotiations with few new sales. Inventories are increasing.

**EAST:** Dry buttermilk prices are steady to lower. Production levels vary by plant. Condensed buttermilk supplies are limited at some balancing operations due to light churning activity. Stock levels are primarily favorable for short-term contractual sales but could improve across some channels, with the current increases in milk/cream supplies. Trading interests in the spot market are light, as buyers forbear purchasing as prices decline. The market tone is weak.

F.O.B. CENTRAL/EAST: 1.8000 - 1.9150

## DRY BUTTERMILK - WEST

Dry buttermilk prices in the Western region are lower on the range and mostly price series. Market participants indicate the market tone is weak. Despite a price disparity between domestic and international butter, several Western butter makers are churning actively to fulfill contracts, accompanied by dry buttermilk production. With active current sales via contracts and FOB spot offerings, various manufacturers indicate dry buttermilk holdings are gradually decreasing.

F.O.B. WEST: 1.7500 - 1.9675 MOSTLY: 1.8200 - 1.9125

## DRY WHOLE MILK - NATIONAL

Prices for dry whole milk are unchanged to lower on a weaker market. Manufacturers report lower commodity values during the last few weeks are pressuring this market. Plant inventories are attuned to the needs of current contract customers. Interest from multinational companies in nitrogen flush dry whole milk is active, with samples regularly being sent for consideration. Dry whole milk production is mostly lower, especially in plants where farm milk production is increasing in step with the flush.

F.O.B. PRODUCING PLANT: 2.0500 - 2.1000

## CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES
May 16	\$1.8284	17,679,784
May 9	\$1.8386	15,424,063

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

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

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

**DRY WHEY - CENTRAL**

DRY WHEY prices moved mostly lower as F.O.B spot trade prices retracted from previous weeks' highs along with other various basing points falling. The market tone is unsettled. Cheese makers were generally increasing production rates as cheese prices fell and more milk was available. Manufacturers took advantage, drying additional volumes of whey. End users and buyers reported being offered a few extra spot loads from suppliers this week. Buyer interest is active. Inventories of dry whey are improving, but still light. Prices of ANIMAL FEED WHEY remain unchanged with minimal F.O.B spot trading. Production rates are mostly steady. Supplies are limited.

F.O.B. CENTRAL: .6425 - .7500 MOSTLY: .6500 - .6825  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4875 - .6475

**DRY WHEY - NORTHEAST**

Northeast dry whey prices moved higher across the range, due to higher priced spot sales. Production is steady to increasing as cheese makers operate full schedules while processing heavy milk intakes. Buyers report that offerings remain light and some suppliers holding onto whey. Whey continues to channel to ice cream manufacturers. The market tone is steady to firm.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6925 - .7425

**DRY WHEY - WEST**

Western dry whey production levels are steady to increasing. Cheese plants are operating at near full capacity depending on milk availability. This is allowing for more whey solids to reach processors. Demand for whey is fair to good as some manufacturers catch up on orders. Recent increased spot offerings are finding their way to the export market and are priced to compete with international prices. Domestic spot whey sales are light. Whey prices are steady to weak, with a wide spread on the full range. The mostly series is lower with some indexed prices moving lower. Spot prices at the bottom ends of both series are often tied to larger block sales.

NONHYGROSCOPIC: .6050 - .7200 MOSTLY: .6300 - .6950

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices for whey protein concentrate 34% are unchanged to lower. The market tone is weaker compared to the past few weeks. Producers report liquid whey stream volumes are more readily available for purchase for off-site drying as projects take some drying facilities offline. In addition, manufacturing milk supplies clearing into cheese making are increasing and yielding more whey solids for in-plant processing. Buyers/end users report improving availability of WPC 34% FOB spot loads among the many brands. Conversely, some end users are unwilling to switch brands for short term price discounts. For those end users, WPC 34% supplies remain closely tied to contract volumes. Whey protein concentrate 34% inventories are steady to building, and are variable from plant to plant.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.5500 - 1.9100 MOSTLY: 1.6600-1.8200

**LACTOSE - CENTRAL AND WEST**

Lactose prices shifted lower on across both price series on a weak market. Market participants note additional FOB offers are in the marketplace from some producers. Loads of totes and bags are available. Lactose production is moving higher at several facilities as milk volumes clearing into cheese increase seasonally. Also, some manufacturers are switching between various dairy protein end products, which may also augment lactose production. Lactose inventories are mixed, but increasing at many locations. Some producers are holding lactose loads that are surplus to current needs with the expectation these loads will be absorbed during Q3 contract fulfillment. Other manufacturers are clearing inventories to start fresh with the onset of Q3. Contract negotiations for June and/or Q3 are slow to develop, with just a few contracts finalized to date.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .4300-.6875 MOSTLY: .5400-.6325

**CASEIN - NATIONAL**

Casein prices remain unchanged as buyers continue to take a "wait and see attitude" with the market, purchasing only the necessary volumes. Negotiations for Q3 are ongoing, but progressing slowly. Production in the EU is not as heavy as anticipated, given the increased milk production this spring as manufacturers have been focused on skim milk powder production. EU supplies of casein and caseinates are described as in balance with needs. U. S. imports from Europe in Q1, according to European source ZMB, were 4% lower than the previous year. The Global Dairy Trade in the May 20 event saw rennet casein increase +4.6% for the July contract period to \$11,861/MT.

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

RENNET: 4.7500 - 5.2000  
ACID: 5.0000 - 5.4000



U.S. Dairy Cow Slaughter (000 head) under Federal Inspection & Comparable Week 2013

	2014 WEEKLY	2014	2013 WEEKLY	2013
<u>WEEK ENDING</u>	<u>DAIRY COWS</u>	<u>CUMULATIVE DAIRY COWS</u>	<u>DAIRY COWS</u>	<u>CUMULATIVE DAIRY COWS</u>
05/03/2014	48.6	1,027.1	55.8	1,143.8

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

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

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

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

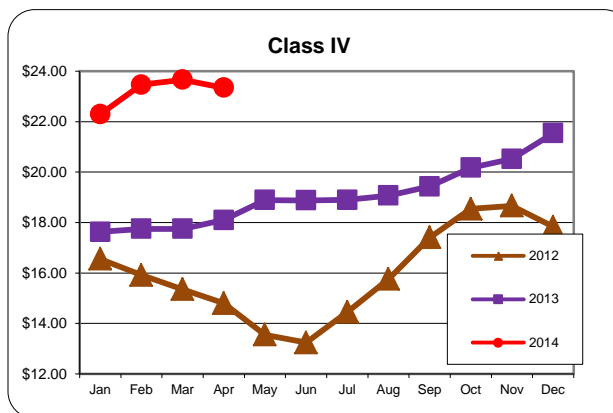
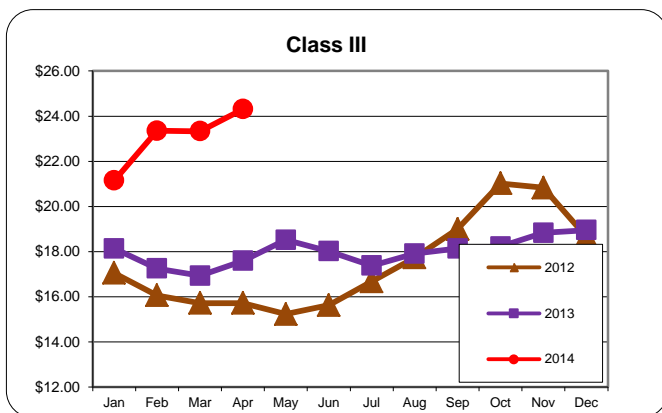
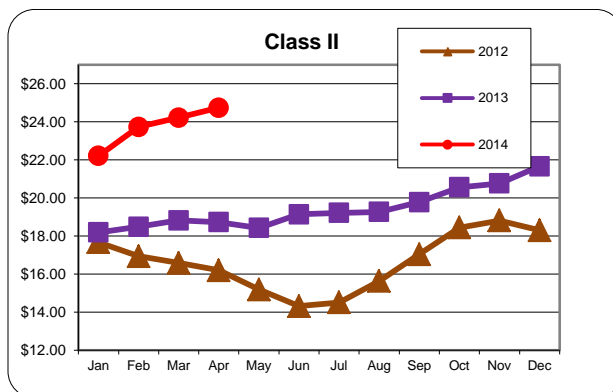
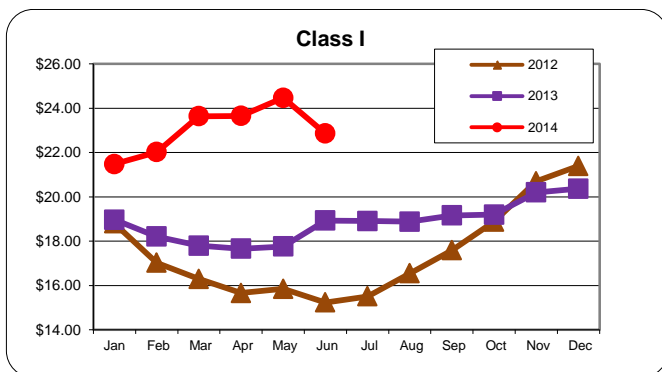
### CLASS IV MILK PRICES (3.5%)

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

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

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	21.48	22.02	23.64	23.65	24.47	22.86						
II	22.21	23.73	24.22	24.74								
III	21.15	23.35	23.33	24.31								
IV	22.29	23.46	23.66	23.34								

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



## INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered May 12 - 23, 2014

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same

**WESTERN OVERVIEW:** Milk production in the EU continues to be strong, but has moved beyond the seasonal peak. Milk volumes have leveled off in Germany and have marginally declined in France. Favorable weather, good margins and the likelihood of lower farm gate prices in the future are prompting farmers to maximize milk production. Drying facilities are no longer operating at capacity levels as additional dryers have come online and milk volumes have begun to decline. Dairy commodity markets moved lower over the past two weeks. The European Commission, via Eurostat data, reported EU-28 January-March 2014 milk deliveries are 5.8% above year ago levels. Q1 milk deliveries compared to one year ago for selected countries are: Germany, +4.4%; France, +7.8%; Ireland, +0.3%; Netherlands, +4.5%; Denmark, +3.8%; Spain, +1.8% and the UK, +12.3%. Eurostat estimates milk production EU-28 2013/14 quota year at 2.6% above the previous year.

**BUTTER/BUTTEROIL:** Butter prices declined again over the past two weeks. Demand for package butter is fairly good with increased orders following a number of spring holidays. Bulk butter demand within Europe has improved with increased buyer interest for spot and longer term commitments. Export demand remains sluggish, but recent price declines have made the EU very competitive on the global market. Some buyers are delaying purchases, willing to wait for possible further declines in prices. Negotiations are ongoing for Q3. Butter exports in Q1, according to Eurostat, increased 18.2% over year ago levels. Russia, Singapore and the USA were major Q1 importers of EU butter. Butteroil prices also declined, but remain significantly above other international markets. Export interest and trading are light.

82% BUTTERFAT:	4,375 - 4,900
99% BUTTERFAT:	5,275 - 5,925

**SKIM MILK POWDER (SMP):** Prices for skim milk powder declined again this past fortnight. Production of SMP remains very strong in both Western and Eastern Europe. Buyers have increased spot purchases to cover immediate needs, but remain cautious concerning longer contract commitments. Q3 contract negotiations are ongoing with a few buyers and sellers agreeing to terms. An increasing number of potential buyers are considering additional purchases from the EU as supplies from other international manufacturers are below expectations. The significant price differential between skim milk concentrate and skim milk powder has provided manufacturers with good margins, even though SMP prices have declined. EU stocks are not viewed as heavy or burdensome. Q1 exports of SMP, as reported by Eurostat, showed an increase of 57% compared to Q1 2013. Large volume shipments were made to Algeria, China, Egypt, Indonesia and Thailand.

1.25% BUTTERFAT:	3,675 - 4,100
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**WHOLE MILK POWDER (WMP):** The whole milk powder market is weaker in light trading. A majority of trades are focused on covering the demand within the EU. International prices have declined more rapidly and at a steeper decline than in the EU and are limiting exports. Production has been restricted to a level to cover current commitments. The market undertone is weak. Eurostat reported EU-28 whole milk powder exports for Q1 up 29% compared to last year. Most frequent destinations for WMP from Europe were Algeria, Nigeria Angola and Oman.

26% BUTTERFAT:	4,400 - 4,800
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**SWEET WHEY POWDER:** Export prices for sweet whey powder marginally declined with most of the decline attributable to a weaker Euro. Production is stable for food grade whey. Milk volumes going to cheese plants have begun to decline and incrementally reduced production of feed grade whey. EU prices are significantly below other international markets. According to Eurostat, whey exports in Q1 were 6.6% above year ago levels. Top destinations for EU whey were China, Indonesia and Malaysia.

NONHYGROSCOPIC:	1,225 - 1,425
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**EASTERN OVERVIEW:** Eastern Europe milk production is at the seasonal peak. Most dryers are working at near capacity. Skim condensed loads continue to be transported into the region from the west, but at lower volumes than two weeks ago. Lower dairy commodity prices across the board have improved export interest. Q1 milk deliveries, as reported by Eurostat, show Poland 7.3% over year ago levels. The Baltic states of Estonia, Latvia and Lithuania recorded increases of 8.9%, 12.2% and 6.5% respectively. Declines in Q1 deliveries occurred in the Czech Republic of 2.0% and Slovakia with 0.3%.

**Exchange rates for selected foreign currencies:  
May 19, 2014**

.1240 Argentina Peso	.0099 Japan Yen
.9330 Australian Dollar	.0775 Mexican Peso
.9196 Canadian Dollar	.8629 New Zealand Dollar
1.3709 Euro	.3273 Poland Zloty
.0171 India Rupee	

To compare the value of 1 US Dollar to Mexican Pesos:  
(1/.0775) = 12.9032 Mexican Pesos. Source: "Wall Street Journal"

Information gathered May 12 - 23, 2014

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

**AUSTRALIAN** milk production has benefited from a period of unseasonably warm temperatures with highs near 70 degrees Fahrenheit. The warm weather has prompted some good pasture growth and allowed milk production to hang on and, in some areas, marginally increase. Milk flows are being channeled to processing plants that are most readily available, as some manufacturers have shuttered operations for scheduled maintenance projects. Inventories for most dairy commodities are at desired levels, prior to the end of the fiscal year, with some excess supplies being made available to the spot market. The forecast for the likelihood of an "El Nino" weather pattern, increasing the possibility of drought, has raised concerns with some producers and restricted planned herd expansions. According to Dairy Australia, April 2014 milk production in Australia was 5.6% above April 2013. The state changes from a year earlier are: New South Wales, +1.4%; Victoria, +5.8%; Queensland, -0.6%; South Australia, +1.9%; Western Australia, -0.1% and Tasmania +18.9%. Australia's milk production season to date (July-April) is -0.8%, compared to last season. Dairy Australia also reports exports for the July-March period totaling 554.2 thousand tons, down 8.5% from the year ago period. The largest export category is skim milk powders (SMP). The total value of export is 20.2% higher over the prior year period. The highest value items are SMP and WMP.

**NEW ZEALAND** milk production continues to decline and wind down seasonally with more cows being dried off and moved to winter pastures. Some manufacturing plants are shutting down operations for yearend maintenance projects. Where possible, some producers are extending the milking season, incentivized by the relatively high milk price and good margins. Spot sales are continuing for some commodities, especially milk powders, as manufacturers adjust inventory levels prior to the end of the fiscal year. March milk production was reported by DCANZ at 1.76 million tons, up 22.0% from March 2013 and 1.6% higher than two years ago. At the May 20 GDT event #116, average prices ranged from 3.8% lower to 4.6% higher from the prior event across categories. The all contracts price averages (US\$ per MT) and percent changes from the previous average are: anhydrous milk fat, \$4,255 +1.9%; butter, \$3,667 -3.8%; buttermilk powder, \$3,950 -1.9%; cheddar cheese, \$4,108 -2.1%; lactose, n.a.; milk protein concentrate, n.a.; rennet casein, \$11,861 +4.6%; skim milk powder, \$3,733 -3.5%; and whole milk powder, \$3,877 -1.1%.

**BUTTER:** Butter prices moved lower over the past fortnight. Some buyers continue to wait on the market sidelines anticipating that increased global production will lower prices. Butter production is focused on filling current domestic and export orders. Some spot loads have become available and are receiving interest from Middle Eastern buyers. Russian demand has disappeared from the Oceania marketplace. AMF trading is light with production geared to filling current orders. A few spot sales have been exported to Southeast Asia. At the May 20 GDT event 116, NZ unsalted butter averaged \$3,625/MT for the July contracts, and all regions \$3,667/MT for all con-

tract periods, -3.8%. AMF prices averaged \$4,259/MT for the July contracts, +1.6% from the prior event. For all contract periods, the AMF price average was \$4,255/MT, +1.9%.

82% BUTTERFAT: 3,550 - 4,300

**SKIM MILK POWDER (SMP):** Declines in SMP prices were fairly significant as manufacturers were anxious to make inventory adjustments prior to the end of the fiscal year. Demand is fair to good, with some buyers waiting to see if additional price declines materialize. The increases in milk production and SMP supplies in the northern hemisphere are allowing prospective buyers to seek product at prices to their liking. The demand for cream cheese in Australia is channeling more of the available milk flow to SMP, rather than whole milk powder. At the May 20 GDT event 116, SMP for all regions and contracting periods averaged \$3,733 per MT, -3.5%. For trading in contract period 2, July 2014, prices averaged \$3,585 for NZ sourced medium heat product, down \$240 from the prior event.

1.25% BUTTERFAT: 3,575 - 4,300

**CHEDDAR CHEESE:** Cheese prices have held steady. Cheese production is restricted to filling current orders. Supplies at the end of the milking season are tight as a result of this year's focus on milk powder production. The limited cheese supplies have supported prices. The next round of negotiations has begun with Japan for contracts covering the second half of 2014. Current export trading is light.

39% MAXIMUM MOISTURE: 4,200 - 5,000

**WHOLE MILK POWDER (WMP):** Prices continued to decline over the past two weeks. Trading is focused on New Zealand product as those manufacturers are adjusting inventories prior to the close of the financial year and making product available at competitive prices. Australian production is limited and focused on covering current orders. At the May 20 GDT event 116, the WMP pricing index, across all contracting periods, averaged \$3,873 per MT, down 1.8% compared to the prior event. For contract periods 2 and 3, July and August 2014, NZ regular WMP averaged \$3,690 and \$3,865 per MT.

26% BUTTERFAT: 3,675 - 4,550

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

US\$/MT	Global/Dairy Trading (gDT) Event 116 Recap - May 20, 2014													
	Contract 1 Jun-14		Contract 2 Jul-14		Contract 3 Aug-14		Contract 4 Sep-14		Contract 5 Oct-14		Contract 6 Nov-14		All Contracts	
Anhydrous Milk Fat	n.a.		\$4,259	1.6%	\$4,239	0.8%	\$4,250	1.1%	\$4,266	3.9%	\$4,271	3.7%	\$4,255	1.9%
Butter	\$4,310	0.3%	\$3,647	-4.2%	\$3,584	-5.4%	\$3,621	-4.0%	\$3,661	-3.4%	n.a.		\$3,667	-3.8%
Buttermilk Powder	n.a.		\$3,950	-1.9%	n.a.		n.a.		n.a.		n.a.		\$3,950	-1.9%
Cheddar	n.a.		\$4,108	-2.1%	n.a.		n.a.		n.a.		n.a.		\$4,108	-2.1%
Lactose	n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.	
Milk Protein Concentrate	n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.	
Rennet Casein	n.a.		\$11,861	4.6%	n.a.		n.a.		n.a.		n.a.		\$11,861	4.6%
Skim Milk Powder	\$3,987	3.4%	\$3,640	-5.1%	\$3,858	-1.5%	\$3,925	-0.8%	\$3,947	-0.2%	\$4,021	1.9%	\$3,733	-3.5%
Whole Milk Powder	n.a.		\$3,796	-2.3%	\$3,937	-2.2%	\$3,925	-0.2%	\$3,922	-0.3%	\$3,997	2.6%	\$3,877	-1.1%

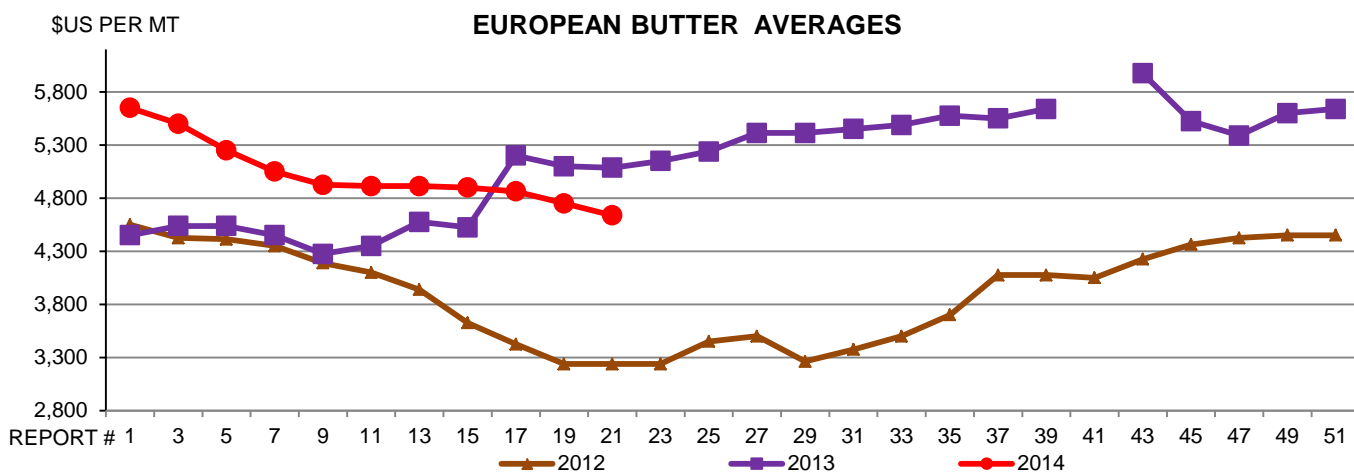
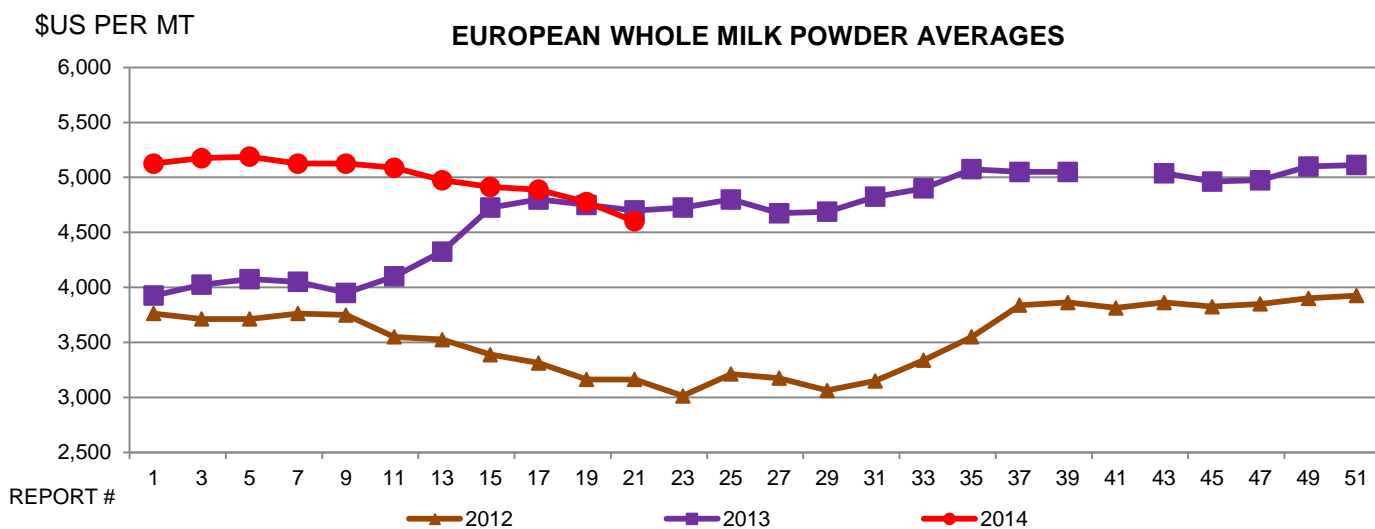
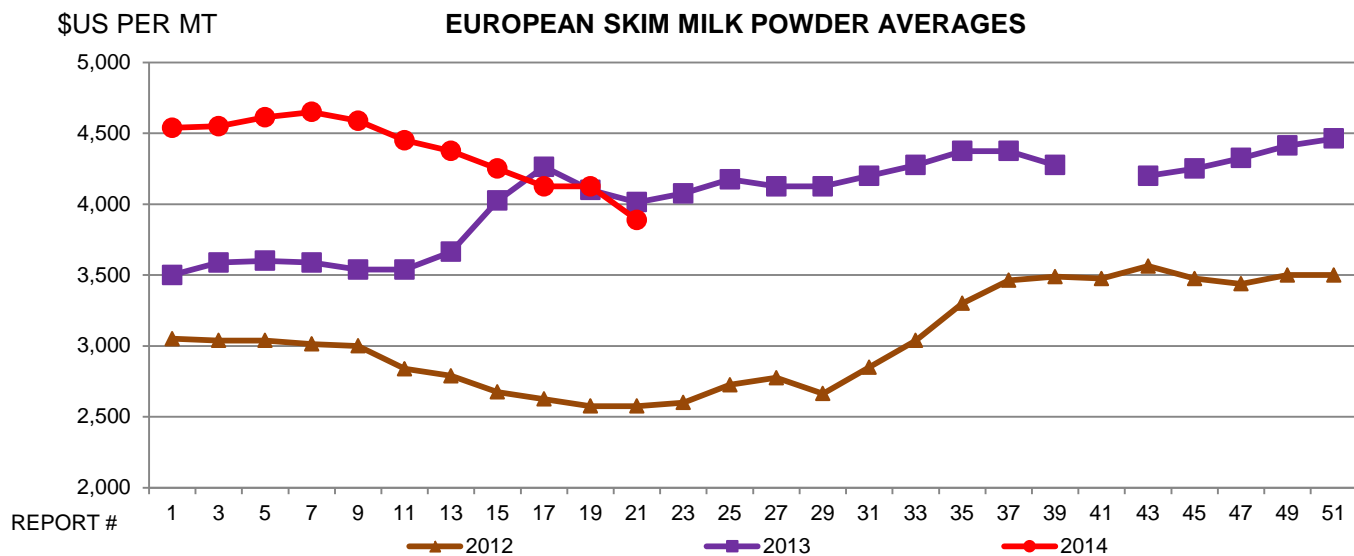
Average price US\$/MT and % change in indices from previous event.

US\$/Pound	Global/Dairy Trading (gDT) Event 116 Recap - May 20, 2014													
	Contract 1 Jun-14		Contract 2 Jul-14		Contract 3 Aug-14		Contract 4 Sep-14		Contract 5 Oct-14		Contract 6 Nov-14		All Contracts	
Anhydrous Milk Fat	n.a.		\$1.9319	1.6%	\$1.9228	0.8%	\$1.9278	1.1%	\$1.9350	3.9%	\$1.9373	3.7%	\$1.9301	1.9%
Butter	\$1.9550	0.3%	\$1.6543	-4.2%	\$1.6257	-5.4%	\$1.6425	-4.0%	\$1.6606	-3.4%	n.a.		\$1.6633	-3.8%
Buttermilk Powder	n.a.		\$1.7917	-1.9%	n.a.		n.a.		n.a.		n.a.		\$1.7917	-1.9%
Cheddar	n.a.		\$1.8634	-2.1%	n.a.		n.a.		n.a.		n.a.		\$1.8634	-2.1%
Lactose	n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.	
Milk Protein Concentrate	n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.	
Rennet Casein	n.a.		\$5.3801	4.6%	n.a.		n.a.		n.a.		n.a.		\$5.3801	4.6%
Skim Milk Powder	\$1.8085	3.4%	\$1.6511	-5.1%	\$1.7500	-1.5%	\$1.7804	-0.8%	\$1.7903	-0.2%	\$1.8239	1.9%	\$1.6933	-3.5%
Whole Milk Powder	n.a.		\$1.7219	-2.3%	\$1.7858	-2.2%	\$1.7804	-0.2%	\$1.7790	-0.3%	\$1.8130	2.6%	\$1.7586	-1.1%

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

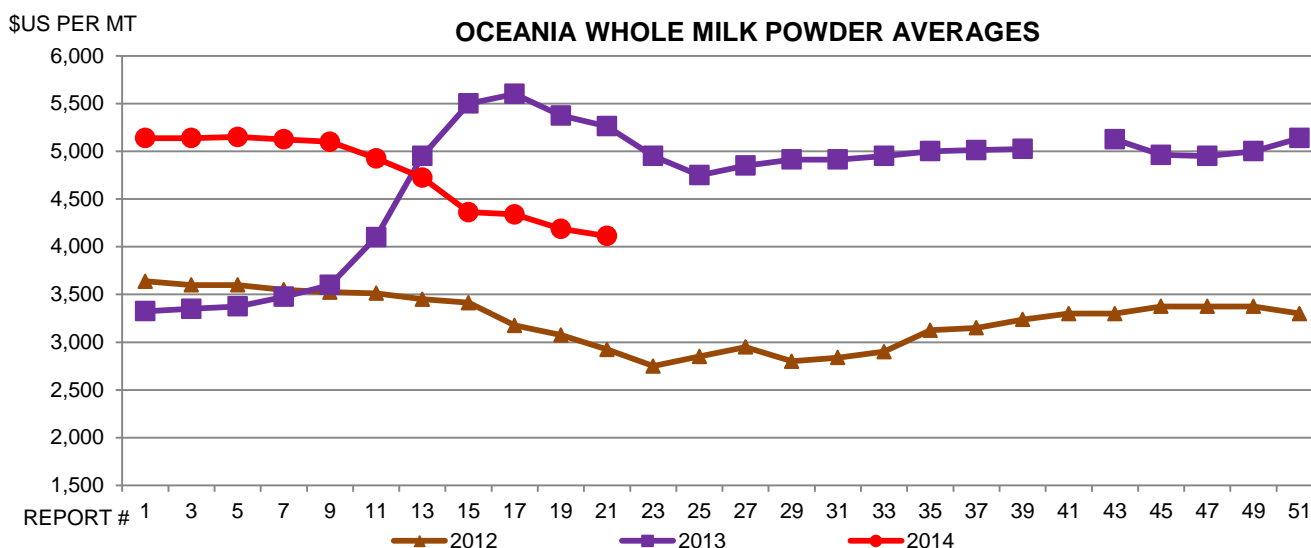
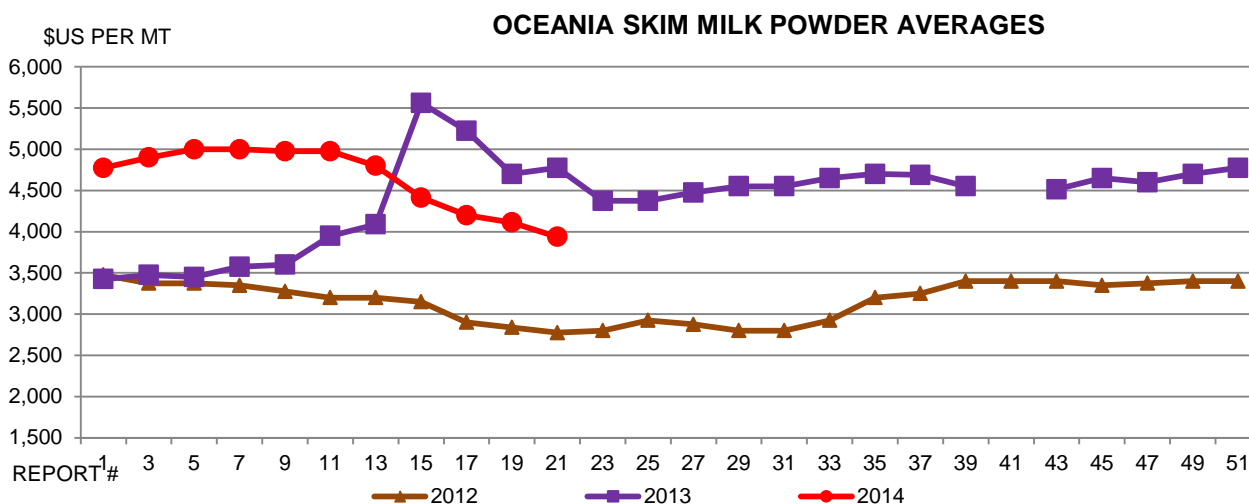
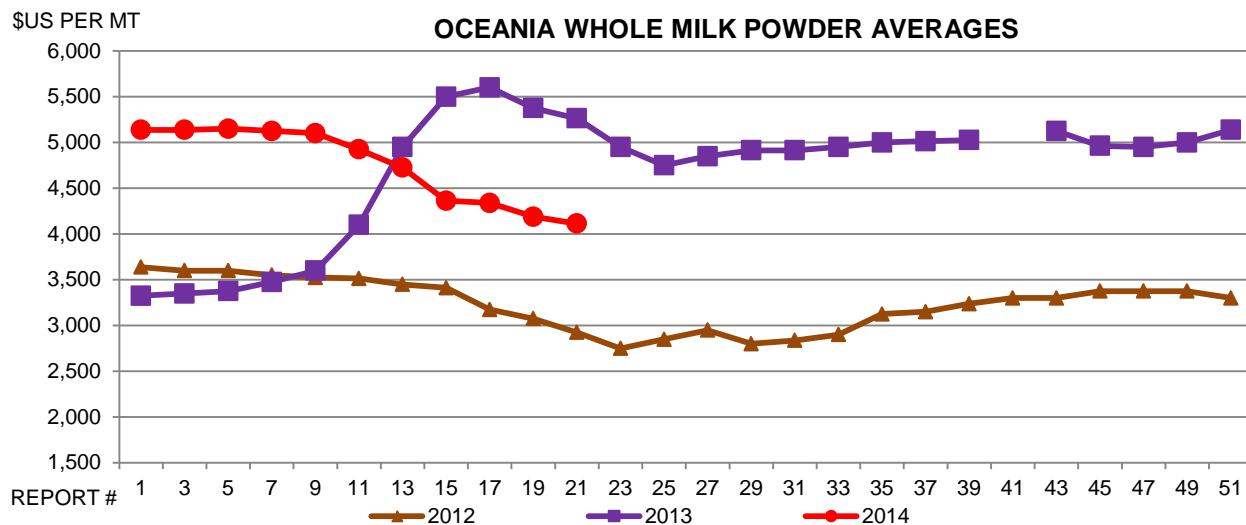


## International Dairy Market News – Europe Graphs



DATA SOURCE: USDA, DMN

## International Dairy Market News – Oceania Graphs



DATA SOURCE: USDA, DMN

**CME GROUP, INC FUTURES**

Selected settling prices, (open interest), and volume

Month	05/08	05/09	05/12	05/13	05/14	05/15	05/16	05/19	05/20	05/21
<b>CLASS III MILK FUTURES</b> (Pit-Traded) (\$/cwt)										
MAY 14	22.84 (4981) 124	22.71 (4976) 0	22.74 (4945) 0	22.65 (4883) 0	22.64 (4929) 0	22.55 (4934) 0	22.58 (4910) 0	22.56 (5029) 0	22.58 (4987) 0	22.56 (4945) 0
JUN 14	21.69 (4774) 2	21.23 (4725) 0	21.11 (4717) 0	20.70 (4721) 3	20.94 (4674) 0	20.57 (4676) 0	20.49 (4655) 2	20.19 (4698) 0	20.27 (4703) 0	20.23 (4690) 0
JUL 14	20.65 (3364) 4	20.27 (3387) 0	20.34 (3414) 0	20.17 (3420) 7	20.25 (3382) 2	19.92 (3464) 0	20.01 (3471) 0	19.82 (3524) 0	20.07 (3529) 1	19.98 (3541) 2
AUG 14	20.14 (2691) 0	19.94 (2700) 4	20.02 (2719) 0	20.05 (2777) 0	20.10 (2763) 0	19.88 (2788) 0	19.93 (2798) 0	19.87 (2816) 0	20.05 (2825) 0	19.99 (2869) 0
SEP 14	19.93 (2401) 0	19.90 (2408) 6	20.00 (2419) 0	20.04 (2432) 0	20.00 (2456) 0	19.77 (2480) 0	19.84 (2482) 0	19.84 (2482) 0	20.03 (2492) 0	20.03 (2540) 0
OCT 14	19.61 (1981) 0	19.53 (1989) 6	19.62 (2003) 0	19.64 (2004) 0	19.66 (2015) 0	19.57 (2030) 0	19.67 (2038) 4	19.61 (2035) 0	19.79 (2058) 0	19.80 (2078) 0
NOV 14	19.13 (1837) 0	19.08 (1851) 6	19.17 (1854) 0	19.19 (1864) 0	19.13 (1867) 0	19.06 (1915) 0	19.19 (1924) 0	19.13 (1934) 0	19.22 (1935) 0	19.23 (1948) 0
DEC 14	18.72 (1720) 0	18.61 (1725) 6	18.67 (1730) 0	18.68 (1728) 0	18.68 (1729) 0	18.65 (1732) 0	18.71 (1739) 0	18.68 (1747) 0	18.69 (1751) 0	18.71 (1769) 0
JAN 15	18.25 (761) 0	18.29 (765) 0	18.22 (768) 0	18.22 (774) 0	18.22 (775) 0	18.22 (799) 0	18.24 (813) 1	18.25 (814) 0	18.32 (816) 0	18.35 (827) 0
FEB 15	18.13 (581) 0	18.13 (581) 0	18.08 (583) 0	18.09 (592) 0	18.09 (592) 0	18.07 (597) 0	18.07 (612) 0	18.06 (617) 0	18.16 (622) 0	18.17 (628) 0
<b>CLASS IV MILK FUTURES</b> (Pit-Traded) (\$/cwt)										
MAY 14	22.59 (1664) 0	22.59 (1664) 0	22.59 (1664) 0	22.57 (1664) 0	22.56 (1666) 0	22.55 (1667) 0	22.55 (1667) 0	22.57 (1667) 0	22.57 (1665) 0	22.61 (1670) 0
JUN 14	22.08 (1500) 0	22.05 (1500) 0	22.15 (1502) 0	22.15 (1502) 0	22.00 (1503) 0	22.00 (1503) 0	22.07 (1509) 0	21.95 (1513) 0	22.05 (1518) 0	22.09 (1518) 0
JUL 14	21.72 (1116) 0	21.65 (1118) 0	21.70 (1119) 0	21.69 (1119) 0	21.61 (1121) 0	21.57 (1140) 0	21.58 (1154) 0	21.60 (1154) 0	21.60 (1153) 0	21.65 (1157) 0
<b>CASH SETTLED BUTTER FUTURES</b> (Electronic-Traded) (¢/lb)										
MAY 14	204.75 (1085) 0	204.75 (1085) 0	204.75 (1085) 0	204.75 (1085) 0	204.50 (1085) 1	203.50 (1086) 3	202.90 (1087) 3	202.85 (1080) 13	203.75 (1067) 21	203.75 (1069) 2
JUN 14	207.00 (1084) 34	206.25 (1090) 36	209.75 (1084) 10	209.00 (1105) 31	207.00 (1113) 17	208.48 (1113) 2	208.48 (1122) 20	208.55 (1122) 13	210.00 (1130) 20	211.00 (1129) 5
JUL 14	203.00 (835) 66	202.33 (841) 22	204.00 (852) 25	202.75 (851) 3	200.00 (850) 46	200.00 (883) 37	199.45 (884) 44	199.50 (890) 6	199.60 (906) 29	201.00 (915) 14
<b>NONFAT DRY MILK FUTURES</b> (Pit-Traded) (¢/lb)										
MAY 14	187.00 (782) 1	188.00 (782) 2	188.00 (767) 0	187.00 (778) 0	186.50 (766) 0	187.35 (759) 0	187.00 (759) 0	187.40 (759) 0	187.50 (754) 0	188.00 (735) 0
JUN 14	178.55 (633) 0	178.30 (631) 0	179.33 (627) 0	178.88 (622) 0	178.50 (615) 0	179.43 (617) 0	179.25 (618) 0	179.25 (618) 0	178.25 (622) 0	178.60 (624) 0
JUL 14	175.00 (452) 0	175.63 (453) 0	177.25 (450) 0	176.00 (454) 0	176.80 (455) 0	177.50 (458) 5	178.00 (472) 0	178.00 (477) 0	177.90 (483) 0	178.98 (488) 0
<b>WHEY</b> (Electronic-Traded) (¢/lb)										
MAY 14	67.50 (436) 7	66.75 (438) 2	67.05 (438) 0	66.75 (440) 6	67.03 (438) 15	66.40 (438) 3	66.85 (439) 1	67.10 (438) 1	67.10 (438) 0	67.10 (438) 10
JUN 14	66.75 (480) 3	66.25 (469) 21	65.80 (476) 29	65.00 (472) 52	65.73 (480) 12	65.05 (480) 2	65.45 (481) 3	65.33 (480) 14	65.50 (480) 1	65.63 (478) 9
JUL 14	63.50 (342) 4	63.03 (345) 7	63.08 (346) 4	61.50 (341) 13	62.53 (346) 9	62.00 (347) 1	62.00 (348) 4	62.03 (356) 9	62.25 (357) 2	62.75 (369) 19
<b>CHEESE CSC</b> (Electronic-Traded) (\$/lb)										
MAY 14	2.20 (1605) 8	2.19 (1607) 10	2.19 (1604) 5	2.18 (1602) 19	2.18 (1634) 43	2.17 (1660) 27	2.17 (1661) 2	2.17 (1661) 5	2.18 (1666) 5	2.18 (1673) 11
JUN 14	2.08 (1676) 15	2.04 (1676) 26	2.03 (1658) 143	2.00 (1727) 243	2.00 (1730) 216	1.97 (1736) 27	1.97 (1733) 52	1.94 (1764) 96	1.94 (1790) 73	1.94 (1796) 24
JUL 14	1.99 (1406) 19	1.97 (1415) 20	1.96 (1420) 11	1.96 (1434) 23	1.97 (1426) 67	1.94 (1467) 54	1.94 (1471) 40	1.93 (1479) 43	1.95 (1480) 12	1.94 (1490) 13
AUG 14	1.95 (1285) 11	1.94 (1280) 18	1.94 (1280) 0	1.95 (1280) 3	1.96 (1285) 20	1.94 (1284) 1	1.94 (1317) 35	1.94 (1324) 18	1.96 (1324) 14	1.95 (1329) 23
SEP 14	1.95 (1215) 2	1.94 (1219) 7	1.94 (1219) 0	1.95 (1220) 1	1.95 (1220) 10	1.93 (1220) 1	1.94 (1220) 0	1.94 (1237) 18	1.95 (1238) 5	1.95 (1238) 0
OCT 14	1.93 (1169) 5	1.92 (1170) 6	1.92 (1170) 0	1.93 (1170) 1	1.93 (1199) 30	1.93 (1204) 5	1.93 (1207) 3	1.93 (1212) 5	1.94 (1216) 8	1.94 (1216) 0

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

### APRIL MILK PRODUCTION

Milk production in the 23 major States during April totaled 16.3 billion pounds, up 1.2 percent from April 2013. March revised production, at 16.7 billion pounds, was up 1.1 percent from March 2013. The March revision represented an increase of 6 million pounds or less than 0.1 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,911 pounds for April. This is the highest production per cow for the month of April since the 23 State series began in 2003.

The number of milk cows on farms in the 23 major States was 8.53 million head, 10,000 head more than March 2014.

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

STATE	MILK COWS <sup>1/</sup>		MILK PER COW <sup>2/</sup>		MILK PRODUCTION <sup>2/</sup>		
	2013 <sup>3/</sup>	2014	2013 <sup>3/</sup>	2014	2013	2014	% CHANGE FROM 2013
	THOUSANDS		POUNDS		MILLION POUNDS		PERCENT
AZ		192		2,210	411	424	3.2
CA		1,781		2,065	3,622	3,678	1.5
CO		143		2,055	271	294	8.5
FL		123		1,830	220	225	2.3
ID		570		1,980	1,117	1,129	1.1
IL		95		1,710	166	162	-2.4
IN		177		1,870	328	331	0.9
IA		207		1,885	394	390	-1.0
KS		139		1,865	247	259	4.9
MI		383		2,050	765	785	2.6
MN		459		1,640	774	753	-2.7
NM		323		2,135	700	690	-1.4
NY		615		1,845	1,132	1,135	0.3
OH		267		1,710	473	457	-3.4
OR		125		1,785	213	223	4.7
PA		531		1,705	904	905	0.1
SD		96		1,780	163	171	4.9
TX		447		1,985	816	887	8.7
UT		95		1,830	170	174	2.4
VT		131		1,685	220	221	0.5
VA		93		1,660	153	154	0.7
WA		270		2,055	537	555	3.4
WI		1,269		1,815	2,309	2,303	-0.3
23 STATE TOTAL		8,531		1,911	16,105	16,305	1.2

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

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

<sup>3/</sup> Survey was not conducted in April and July, resulting in no milk cow and milk per cow data for March through June.

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



## MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

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

All stocks in thousand pounds except where otherwise indicated

## U.S. HOLDINGS OF DAIRY PRODUCTS

COMMODITY	MAR 31, 2012	MAR 31, 2013	REVISED MAR 31, 2014	APRIL 30, 2012	APRIL 30, 2013	APRIL 30, 2014
Butter	208,253	254,991	180,072	254,184	309,719	174,147
Cheese, Natural American	651,005	684,653	639,067	663,532	698,655	648,058
Cheese, Swiss	28,872	30,589	27,425	28,845	28,503	27,453
Cheese, Other Natural	365,596	390,483	351,798	379,769	394,135	361,064
Total Cheese	1,045,473	1,105,725	1,018,290	1,072,146	1,121,293	1,036,575

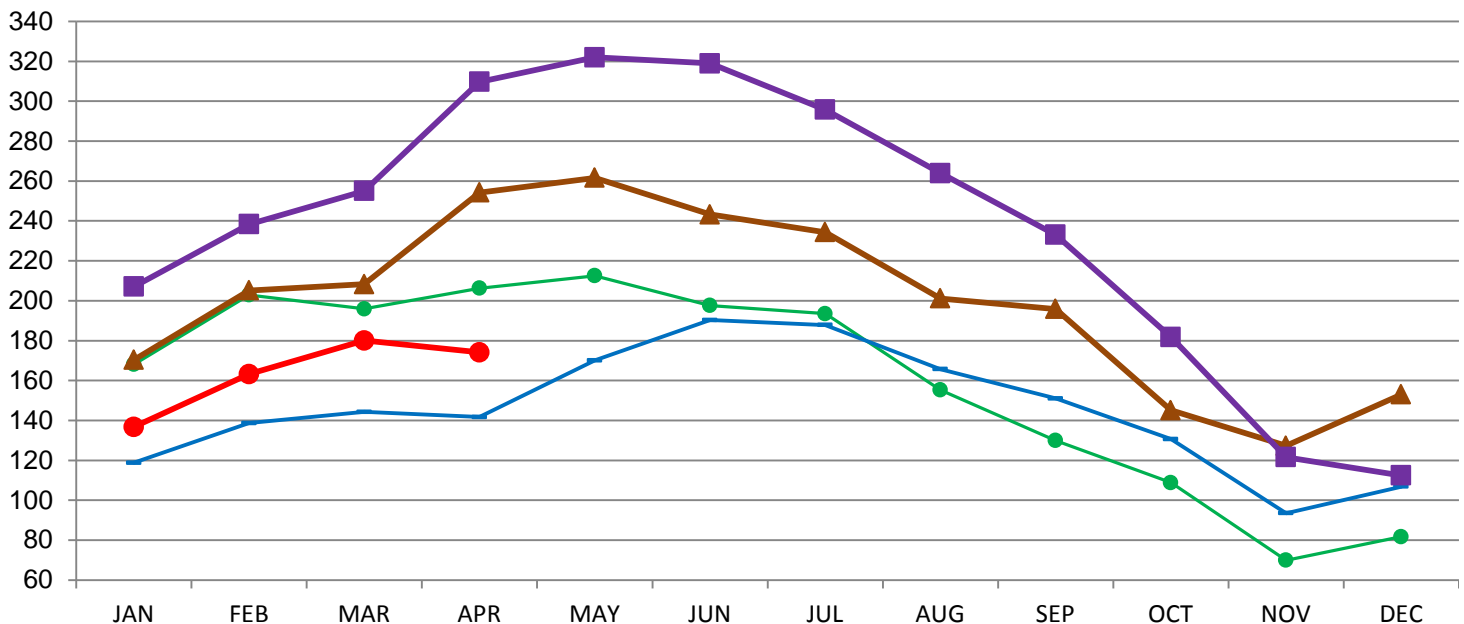
## APRIL STORAGE HOLDINGS BY REGION

REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2012	2013	2014	2012	2013	2014	2012	2013	2014
New England	40,270	47,197	57,695	---	---	---	980	1,141	1,052
Middle Atlantic	52,433	50,033	61,043	---	---	---	16,090	19,665	19,499
East North Central	296,405	297,207	231,309	---	---	---	281,988	277,514	244,611
West North Central	103,752	116,281	105,593	---	---	---	29,788	38,744	41,389
South Atlantic	40	607	843	---	---	---	6,575	5,605	4,809
East South Central	2,856	5,723	3,702	---	---	---	12,341	14,224	12,606
West South Central	10,651	10,759	13,933	---	---	---	970	465	680
Mountain	46,277	52,711	56,985	---	---	---	5,816	7,146	2,466
Pacific	110,848	118,137	116,955	---	---	---	25,221	29,631	33,952
TOTAL	663,532	698,655	648,058	254,184	309,719	174,147	379,769	394,135	361,064

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

MILLION POUNDS

## BUTTER COLD STORAGE HOLDINGS



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

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

## FEDERAL MILK ORDER ADVANCE PRICES, JUNE

**Base Class I Price:** Under the Federal milk order pricing system, the base Class I price for June 2014 is \$22.86 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$15.58 and the advanced butterfat pricing factor of \$2.2356. A Class I differential for each order's principle pricing point (county) is added to the base price to determine the Class I Price.

**Comparison to Previous Month:** The base Class I price decreased -\$1.61 per cwt when compared to the previous month of May 2014. For selected consumer products, the price changes are: whole milk (3.25% milk fat), -\$1.62 per cwt., -\$0.139 per gallon; reduced fat milk (2%), -\$1.72 per cwt., -\$0.148 per gallon; fat-free (skim milk), -\$1.83 per cwt., -\$0.158 per gallon.

**Class II Price Information:** The advanced Class IV skim milk pricing factor is \$15.23. Thus, the Class II skim milk price for June 2014 is \$15.93 per cwt., and the Class II nonfat solids price is \$1.7700.

**Product Price Averages:** The two-week product price averages for June 2014 are: butter \$2.0176, nonfat dry milk \$1.8768, cheese \$2.2029 and dry whey \$0.6724.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION <sup>1/2/</sup>				
Federal Milk Order Marketing Area <sup>3/</sup>	Order Number	June 2014		
		Class I Price (3.5%)	Class I Skim Milk Price	Class I Butterfat Price
		<u>\$ per cwt.</u>	<u>\$ per cwt.</u>	<u>\$ per pound</u>
Northeast (Boston) <sup>4/</sup>	001	26.11	18.83	2.2681
Appalachian (Charlotte) <sup>5/ 6/</sup>	005	26.26	18.98	2.2696
Florida (Tampa) <sup>6/ 7/</sup>	006	28.26	20.98	2.2896
Southeast (Atlanta) <sup>6/ 8/</sup>	007	26.66	19.38	2.2736
Upper Midwest (Chicago) <sup>9/</sup>	030	24.66	17.38	2.2536
Central (Kansas City) <sup>10/</sup>	032	24.86	17.58	2.2556
Mideast (Cleveland) <sup>11/</sup>	033	24.86	17.58	2.2556
Pacific Northwest (Seattle) <sup>12/</sup>	124	24.76	17.48	2.2546
Southwest (Dallas) <sup>13/</sup>	126	25.86	18.58	2.2656
Arizona (Phoenix)	131	25.21	17.93	2.2591
All-Market Average		25.75	18.47	2.2645

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

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

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

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

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

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

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

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

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

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

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

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

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

### MAILBOX MILK PRICES FOR SELECTED REPORTING AREAS IN FEDERAL MILK ORDERS AND CALIFORNIA, FEBRUARY 2014, WITH COMPARISONS

In February 2014, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$24.91 per cwt., up \$1.44 from the January 2014 average, and up \$5.35 from the February 2013 average. The component tests of producer milk in February 2014 were: butterfat, 3.82%; protein, 3.17%; and other solids, 5.72%. The February Mailbox prices increased an average of \$1.37/cwt across all Federal milk order reporting areas when compared to the previous month. Minnesota experienced the greatest increase of \$2.00/cwt, while the Appalachian States experienced the lowest increase of \$0.82/cwt. Mailbox prices in February 2014 ranged from \$26.77 in Florida to \$22.90 in New Mexico.

Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	February 2013	January 2014	February 2014
	Dollars per hundredweight		
New England States <u>3/</u>	21.00	24.68	25.94
New York	19.93	23.64	25.06
Eastern Pennsylvania <u>4/</u>	20.08	23.75	25.10
Appalachian States <u>5/</u>	20.74	24.59	25.41
Southeast States <u>6/</u>	21.04	24.62	25.69
Southern Missouri <u>7/</u>	19.35	23.69	24.57
Florida	22.60	25.33	26.77
Western Pennsylvania <u>8/</u>	20.02	23.69	25.20
Ohio	20.08	23.68	24.92
Indiana	19.54	23.03	24.22
Michigan	19.27	22.94	24.28
Wisconsin	19.52	23.51	25.31
Minnesota	19.39	23.48	25.48
Iowa	19.79	23.84	25.44
Illinois	19.82	23.75	25.50
Corn Belt States <u>9/</u>	18.87	22.77	24.24
Western Texas <u>10/</u>	18.63	22.73	24.31
New Mexico	17.67	21.53	22.90
Northwest States <u>11/</u>	19.00	23.73	24.63
All Federal Order Areas <u>12/</u>	19.56	23.47	24.91
California <u>13/</u>	17.58	22.04	22.67

1/ Areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. 2/ Net pay prices received by dairy farmers for milk. Prices reflect all payments received for milk sold and all costs associated with marketing the milk. Prices are weighted averages of the prices reported for all orders receiving milk from the reporting area and are reported at the average butterfat tests. Prices do not include any Milk Income Loss Contract (MILC) payments, but do include, for the most part, the assessment under the Cooperatives Working Together (CWT) program. 3/ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont. 4/ Includes all counties to the east of those listed in 8/. 5/ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia. 6/ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi. 7/ Includes the counties Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry, and all those to the south of these. 8/ The counties of Warren, Elk, Clearfield, Indiana, Westmoreland, and Fayette, and all those counties to the west of these. 9/ Includes Kansas, Nebraska, and the Missouri counties to the north of those listed in 7/. 10/ Includes all counties to the west of Fanin, Hunt, Van Zandt, Henderson, Houston, Cherokee, Nacogdoches, and Shelby. 11/ Includes Oregon and Washington. 12/ Weighted average of prices for all selected reporting areas. California is simple average. 13/ Calculated by California Department of Food and Agriculture, and published in "California Dairy Information Bulletin."

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## FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY, APRIL 2014

**HIGHLIGHTS.** Handler reports of receipts and utilization under the Federal milk order system for April have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During April, more than 10.4 billion pounds of milk were received from producers. This volume of milk is 9.0 percent lower than the April 2013 volume. In April 2013 and April 2014, there were volumes of milk not pooled due to intraorder disadvantageous price relationships. More than 3.4 billion pounds of producer milk were used in Class I products, 5.2 percent lower than the previous year. The all-market average Class utilization percentages were: Class I = 33%, Class II = 12%, Class III = 40% and Class IV = 15%. The weighted average statistical uniform price was \$24.94 per cwt., \$0.58 higher than last month and \$6.14 higher

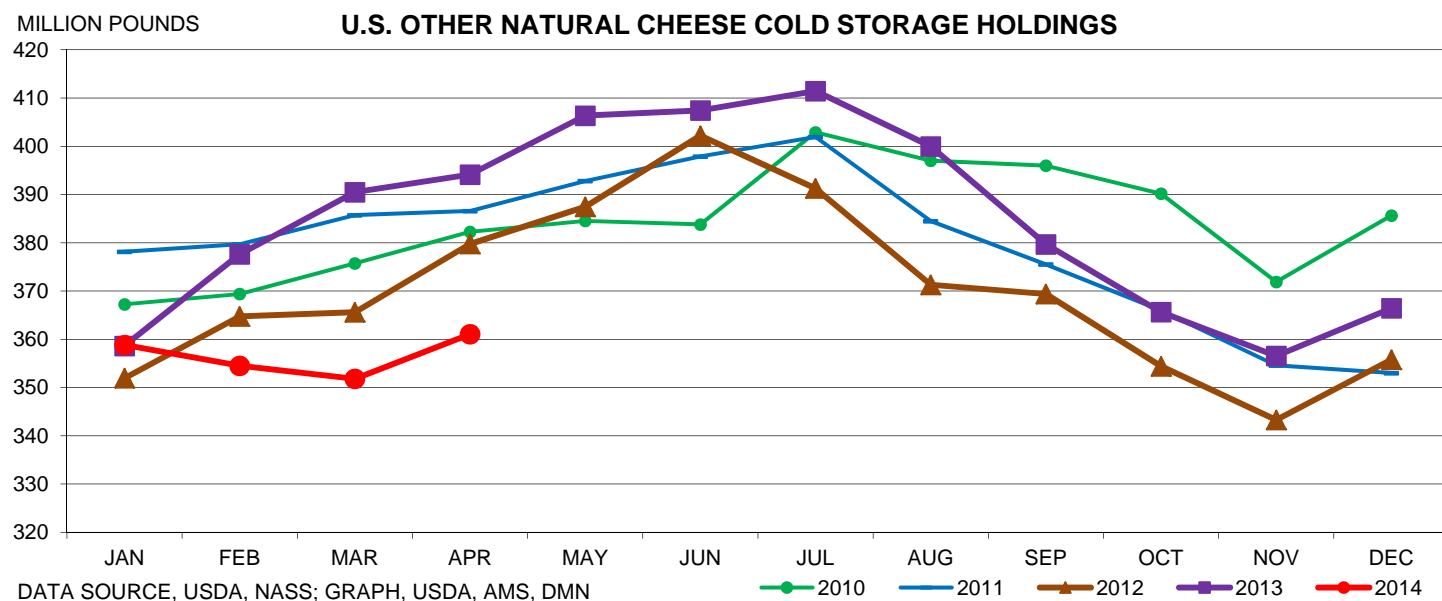
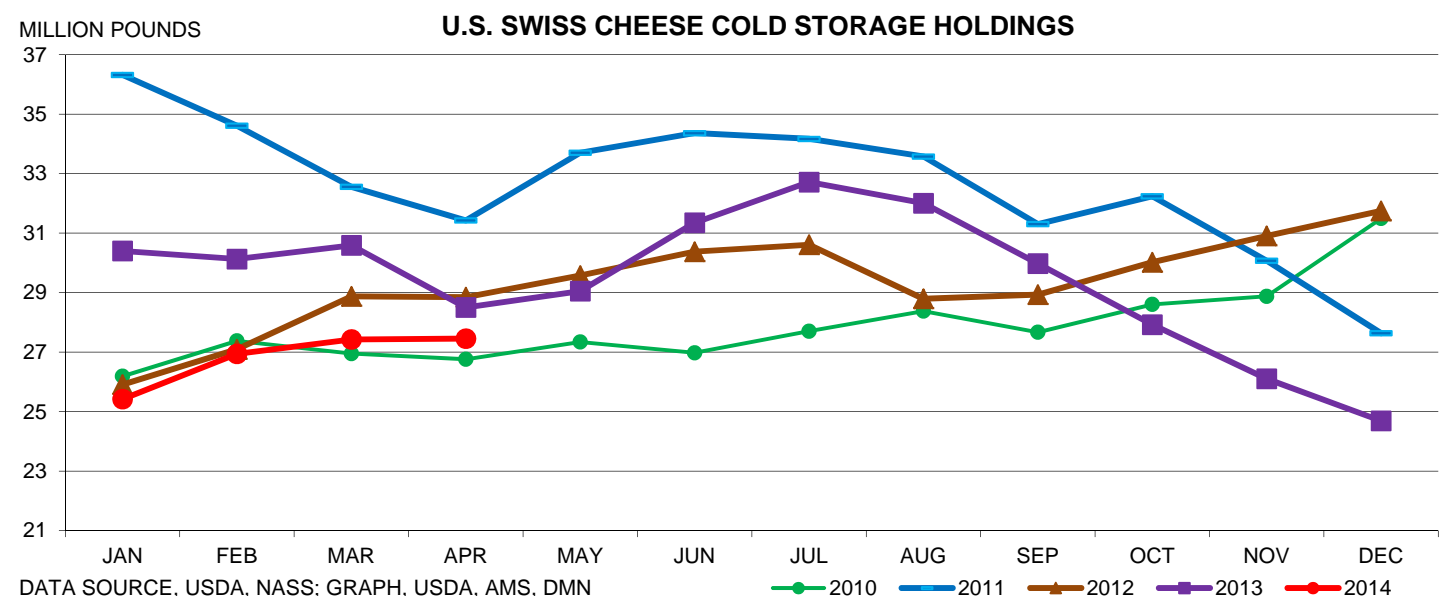
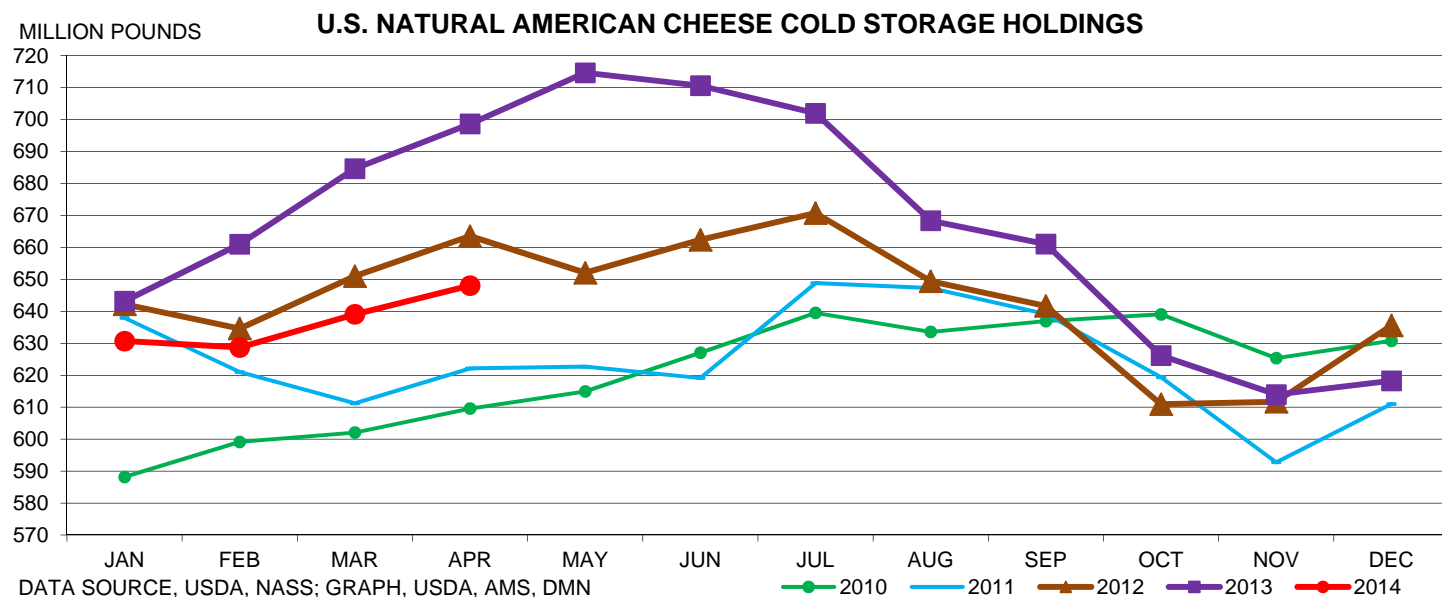
PRICE AND POOL STATISTICS FOR FEDERAL MILK ORDER MARKETING AREAS FOR THE MONTH OF APRIL 2014										
FEDERAL MILK ORDER MARKETING AREA 1/	ORDER NUMBER	RECEIPTS OF PRODUCER MILK		UTILIZATION OF PRODUCER MILK IN CLASS I			UTILIZATION OF PRODUCER MILK IN OTHER CLASSES			UNIFORM PRICE 2/
		TOTAL	CHANGE FROM PREV. YEAR	TOTAL	CHANGE FROM PREV. YEAR	PERCENT	CLASS II	CLASS III	CLASS IV	
		MIL. LBS.	PERCENT	MIL. LBS.	PERCENT		PERCENT			\$ PER CWT.
Northeast (Boston)	001	2,153.2	-1.6	740.0	-7.4	34	24	26	16	25.46
Appalachian (Charlotte)	005	493.5	-2.5	307.3	-4.3	62	16	7	15	26.31
Florida (Tampa)	006	236.1	-3.5	199.0	-3.2	84	10	1	5	28.45
Southeast (Atlanta)	007	496.2	-9.9	327.0	-8.9	66	12	10	12	26.73
Upper Midwest (Chicago)	030 <sup>3/</sup>	2,638.9	-8.8	299.3	-4.5	11	3	84	2	24.41
Central (Kansas City)	032 <sup>3/</sup>	1,226.6	-11.1	402.1	-3.5	33	10	38	19	24.20
Mideast (Cleveland)	033 <sup>3/</sup>	1,420.8	0.3	512.0	-4.9	36	16	31	17	24.48
Pacific Northwest (Seattle)	124 <sup>3/</sup>	578.7	-19.5	168.4	-3.1	29	9	25	37	24.03
Southwest (Dallas)	126 <sup>3/</sup>	796.9	-32.5	364.9	-1.8	46	13	21	20	25.12
Arizona (Phoenix)	131	419.8	0.9	107.2	-7.8	25	11	23	41	24.43
<b>ALL MARKET AVERAGE OR TOTAL</b> <sup>3/</sup>		10,460.6	-9.0	3,427.2	-5.2	33	12	40	15	24.94

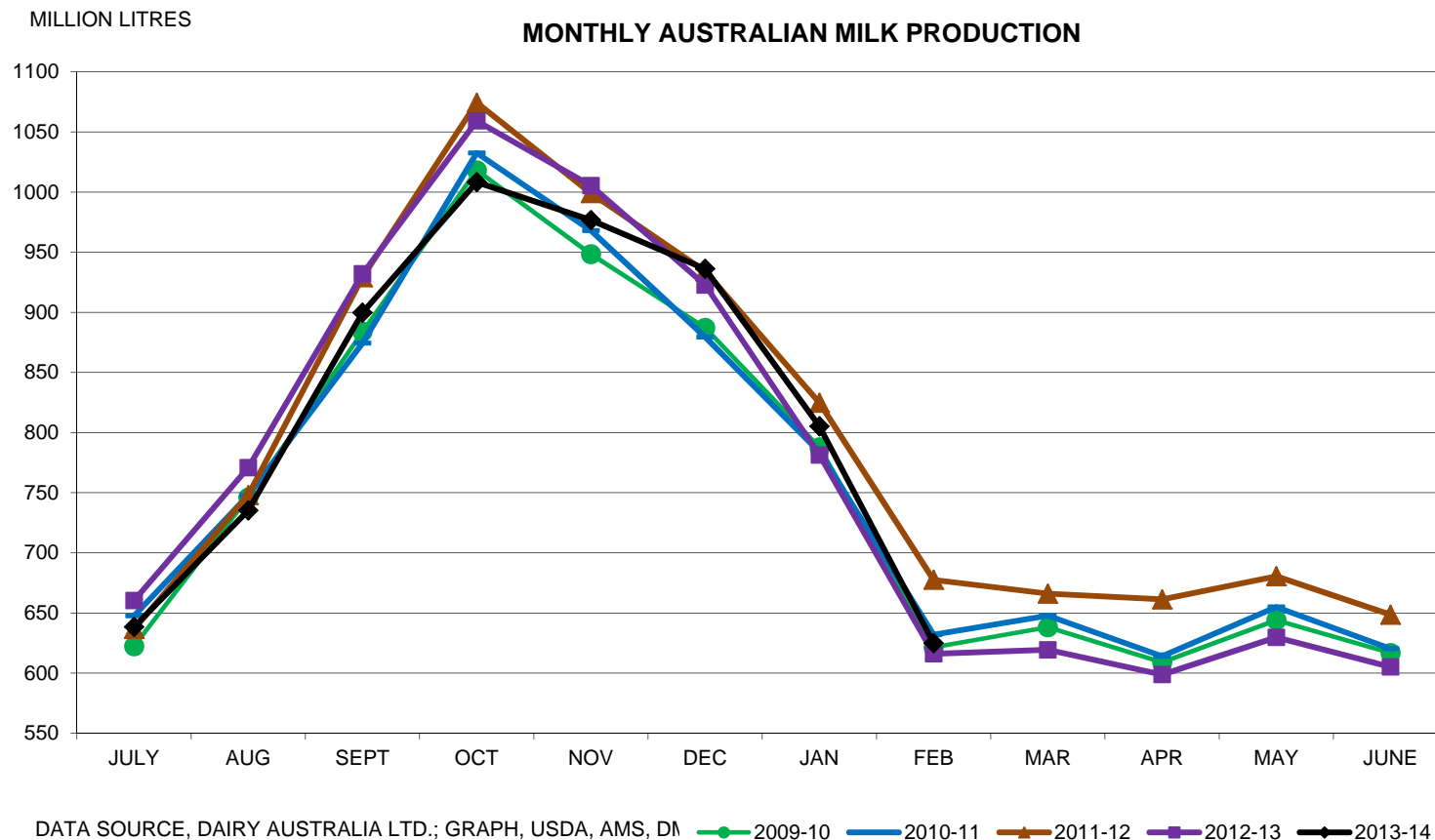
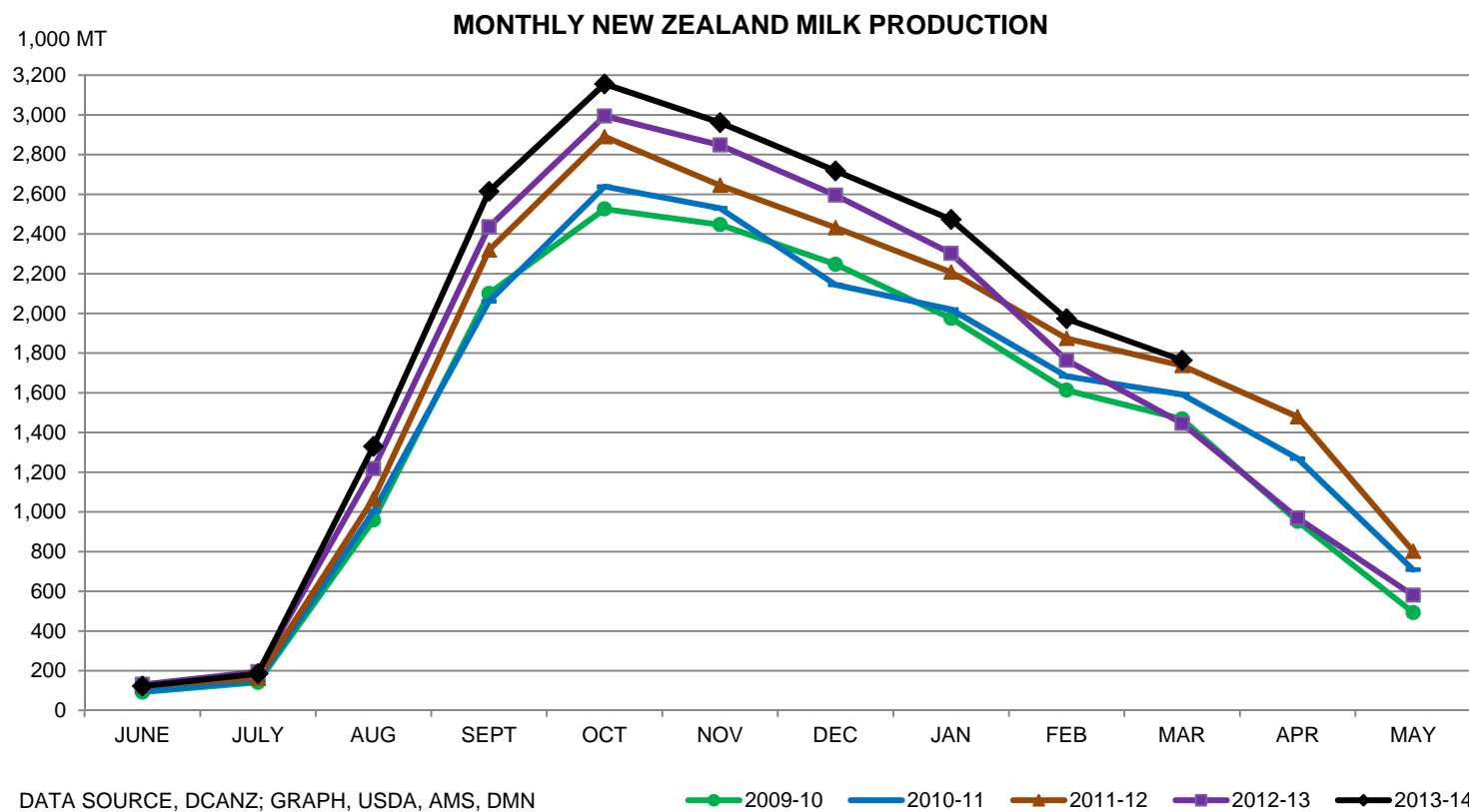
1/ Names in parentheses are the major city in the principal pricing point of the market.

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

3/ Due to a disadvantageous relationship between intraorder class prices and the location adjusted statistical uniform price in these markets, handlers elected not to pool an estimated 1.528 billion pounds of milk that normally would have been associated with these markets. In April 2013, the estimated not pooled volume of milk was 370.7 million pounds, occurring in order numbers 030, 032, and 033. After adjusting for non pooled milk, the year-to-year percent change is -1.0%.







# DAIRY MARKET NEWS

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