

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (9/12)**

BUTTER: Grade AA closed at \$3.0000. The weekly average for Grade AA is \$2.9860 (+.1685).

CHEESE: Barrels closed at \$2.3350 and 40# blocks at \$2.3500. The weekly average for barrels is \$2.3300 (+.0069) and blocks, \$2.3500 (N.C.).

BUTTER HIGHLIGHTS: Butter prices are at record highs, while spot offerings are limited in the marketplace. Some manufacturers are selling less cream and using more internally while others are securing additional spot loads stemming from bottling. Domestic orders from food service and retail accounts are picking up. The trade indicates butter imports originating from New Zealand and Australia are in the process of coming to the U.S. Bulk butter prices ranged from 3.5 cents under to 6 cents over market, with various time frames and averages used. Friday at the CME Group, Grade AA butter closed at new record high, \$3.0000, up \$0.1550 from last Friday.

CHEESE HIGHLIGHTS: Cheese production remains a strong priority across much of the country. Demand is good as buyers are looking to acquire product for fall needs. Current stocks are mostly adequate for previously contracted volumes, but often buyers looking for additional supplies are finding it harder to source the added volumes. Some cheese plants are balancing production to orders to avoid building excess inventory. Some buyers that decided to wait for lower prices, are now finding firm prices and tight stocks. The NASS *Dairy Products* report put July 2014 total cheese production at 956.4 million pounds, up 7% from July 2013. Cumulative total U.S. cheese production for January-July is 6.589 billion pounds, up 2.7% from 2013. The Foreign Agricultural Service reported January-July U.S. cheese and curd exports at 509.7 million pounds, up 31% from 2013. Cheese and curd exports for the period equate to 8% of U.S. total cheese production. At the CME Group, barrels closed Friday at \$2.3350 and blocks at \$2.3500. Compared to last Friday, barrels are 1 cent higher and blocks are unchanged.

FLUID MILK: Milk production is mixed in the Midwest; steady in the Southeast, California and New Mexico; steady to lower in Utah and Idaho; tapering in the Pacific Northwest, Northeast and Mid-Atlantic states; and leveling off in Florida. Cream supplies tightened in all parts of the country, with increased cream cheese demand noted as a factor in all regions. An additional factor causing cream supply tightness is butter manufacturers increasingly keeping cream for butter production as they build inventories to fill fall orders. Processors in the Midwest are experiencing increasing problems regarding available shipping trucks as a

result of increased milk supplies and stricter trucking regulations.

DRY PRODUCTS: U.S. low heat nonfat dry milk markets are soft, with steady to lower production noted in the East and Central regions while some manufacturers in the West continue production as their main end product. Most prices are lower in all regions. High heat production is increasing seasonally in the Central region and the West, but is steady to lower in the East. U.S. prices for dry buttermilk are lower. Supplies vary, from mixed in the East, to adequate in Central States, to increasing in the West, where production is active as a sidebar to butter churning. There is a weak undertone to dry whole milk markets, with slowing production. The dry whey market tone is softening. Heavy cheese production is keeping whey production heavy at a time when substitute dairy ingredient prices are lower, as are international prices. The whey protein concentrate 34% market is mixed with a weak undertone. Prices are unchanged to lower. Lactose prices are generally unchanged to lower. Supplies of ground lactose remain tight while unground lactose loads are available from manufacturers in the Central and West regions. Casein markets have an unsettled to weaker market tone with unchanged prices.

INTERNATIONAL MARKET NEWS (DMN): WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW: Milk production across much of Western Europe continues to decline seasonally, while the pace is maintaining a margin over year ago levels in the major milk producing countries. The second half of 2013 had more favorable milk output, so percentage changes in the second half of 2014 will be made against a bigger base. Weather impacts are minimal with conditions favorable for milk cows. Pay prices for milk are good and farmers are responding. Corn silage harvesting is active. Lower prices are noted for Western European dairy products. Weaker trends and prices in the Oceania region are influencing the market more than higher U.S. dairy product pricing. World buyers are often taking longer times in negotiations and are very cautious in securing needs in the current unsettled and weak market environment. The Russian ban on importing dairy products continues to cast a large shadow over the dairy markets, directly impacting the listed countries and indirectly affecting those countries not on the list. The E.U. Agriculture Commission has announced emergency market support systems, including the utilization of the PSA - Private Storage Aid - for butter, SMP, and certain cheeses, to assist processors. Additionally, the Commission extended the intervention program period to the end of December.

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CME GROUP CASH TRADING

COMMODITY	MONDAY SEP 08	TUESDAY SEP 09	WEDNESDAY SEP 10	THURSDAY SEP 11	FRIDAY SEP 12	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE BARRELS	\$2.3250 (N.C.)	\$2.3300 (+.0050)	\$2.3300 (N.C.)	\$2.3300 (N.C.)	\$2.3350 (+.0050)	:: (+.0100)	:: \$2.3300 (+.0069)
40# BLOCKS	\$2.3500 (N.C.)	\$2.3500 (N.C.)	\$2.3500 (N.C.)	\$2.3500 (N.C.)	\$2.3500 (N.C.)	:: (N.C.)	:: \$2.3500 (N.C.)
NONFAT DRY MILK GRADE A	\$1.3325 (N.C.)	\$1.3300 (-.0025)	\$1.3300 (N.C.)	\$1.3300 (N.C.)	\$1.3400 (+.0100)	:: (+.0075)	:: \$1.3325 (N.C.)
BUTTER GRADE AA	\$2.9600 (+.1150)	\$2.9900 (+.0300)	\$2.9900 (N.C.)	\$2.9900 (N.C.)	\$3.0000 (+.0100)	:: (+.1550)	:: \$2.9860 (+.1685)

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

NATIONAL DAIRY MARKET NEWS AT A GLANCE**-CONTINUED FROM PAGE 1-**

EASTERN OVERVIEW: Milk production is following recent trends across the Eastern European countries, generally showing modest gains versus year ago levels. Weather conditions remain fair to good for both cows and crops. Milk prices are being adjusted lower in several countries, the result of lower dairy product pricing. The Russian ban on dairy product imports is affecting the broad scope of countries and former trading partners.

OCEANIA OVERVIEW: Milk production in **Australia** is trending higher seasonally and is reflecting improving weather, feed, and input conditions. Weather has been favorable for cow comfort, calving, and pasture growth. Feed costs have been relatively stable. Currently, some areas of Australia are experiencing moisture deficits and concerns are that the lack of rains could factor into pasture growth in areas without access to irrigation. Analysts are forecasting higher milk output for the milk season that began July 1. Initial, official forecasts were for a 2% increase over the previous season. According to Dairy Australia, July 2014 exports increased 7.5% in volume and 0.6% in value, compared to July 2013. Skim milk powder export volumes were 80.2% higher than a year earlier. **New Zealand** milk production trends continue to build. Early indications are nearly 10% higher than year ago levels for the first two months of the new season. Wet weather is common over the North Island and temperatures are moderate, creating good pasture growth. More cows are calving, adding to the milk output. Weather is favorable on the South Island. Calving is just beginning to build and the milk flow is slowly increasing. Cash flows are tighter at the start of this season, reflecting milk pay prices. Dairy product pricing is harder to gauge as disruptions are occurring in the marketplace, generally outside of the region. Declining prices are noted across product categories. Buyers are more cautious in making purchases of dairy products with the weaker trends enveloping the local and global dairy markets. Demand from major buying countries remains light. Processing plants are running well as the milk flow builds. The strategy is to make the right product mix to balance buyers' needs and maximize returns.

SEPTEMBER MILK SUPPLY AND DEMAND ESTIMATES

(WAOB): The milk production forecast for 2014 is raised on growth in output per cow, but the forecast for 2015 is unchanged. Export forecasts for 2014 and 2015 are lowered as higher forecast U.S. prices for butter and cheese make those products less competitive in world markets and sales of a number of other dairy products are limited as well. Skim-solids and fat-basis imports are raised for both 2014 and 2015 as supplies in competing exporters are expected to be large while U.S. prices remain relatively high. Butter and cheese price forecasts are raised for 2014 with strength in both expected to continue into the first part of 2015. Nonfat dry milk prices are forecast lower in 2014 and 2015. The forecast whey price is unchanged for 2014 but is lowered fractionally for 2015. Class III prices for 2014 and 2015 are raised. The Class IV price is higher in 2014 but reduced in 2015. The all milk price is raised to \$23.80 to \$24.00 for 2014, and is lowered for 2015 to \$19.40 to \$20.40.

JUNE MAILBOX MILK PRICES(AMS & CDFA): During June 2014, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$23.11, down \$1.26 from the May 2014 average, but up \$3.65 from the June 2013 average. The component tests of producer milk in May 2014 were: butterfat, 3.62%; protein, 3.03%; and other solids, 5.75%. The June Mailbox prices decreased an average of \$1.24 across all Federal milk order reporting areas when compared to the previous month. The June 2014 mailbox prices decreased in all areas. Florida experienced the greatest decrease of \$1.63, while the Northwest States experienced the least decrease of \$0.56. Mailbox prices in June 2014 ranged from \$25.78 in Florida to \$20.25 in New Mexico.

CME GROUP

MONDAY, SEPTEMBER 8, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.3250; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.3100; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.3325
 BUTTER -- SALES: 5 CARS GRADE AA: 1 @ \$2.8500, 1 @ \$2.8550, 1 @ \$2.9225, 1 @ \$2.9275, 1 @ \$2.9550; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.9600; LAST OFFER UNCOVERED: NONE

TUESDAY, SEPTEMBER 9, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.3300; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 2 CARS GRADE A: 1 @ \$1.3325, 1 @ \$1.3300; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.3100; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.3375
 BUTTER -- SALES: 6 CARS GRADE AA: 1 @ \$2.9850, 1 @ \$2.9875, 4 @ \$2.9900; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.9900; LAST OFFER UNCOVERED: NONE

WEDNESDAY, SEPTEMBER 10, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.3225; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 3 CARS GRADE AA @ \$2.9900; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$3.0000

THURSDAY, SEPTEMBER 11, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.3300; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 3 CARS GRADE A @ \$1.3100; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$2.9900; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.9900; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$3.0000

FRIDAY, SEPTEMBER 12, 2014

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$2.3350; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 2 CARS GRADE A @ \$1.3400; LAST BID UNFILLED: 2 CARS GRADE A @ \$1.3300; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$3.0000; LAST BID UNFILLED: 2 CARS GRADE AA @ \$2.9950; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

As milk production weakens, standardized cream from Class I manufacturing is marginally facilitating butter production in an otherwise tight cream market. Butter interests from food service channels are growing and look to improve as the season shifts. Contacts noted that bulk salted butter is hard to find, which could mean impending raw material deficiencies for some packaged butter operations in the region. The market is anxious. The current bulk butter prices for domestic sales are reported 4-6 cents over the market of the CME Group, with various time frames and averages used. Tuesday's CME Group cash trading saw Grade AA butter extend to a new record high, closing at \$2.9900, up \$0.2150 from a week ago.

DAIRY PRODUCTS: According to NASS, U.S. butter production for July 2014 totals 136.2 million pounds, up 2.6% from last year, but down 3.0% from a month ago. Butter output in the Atlantic region totals 12.3 million pounds, up 19.8% from July 2013 but down 5.9% from a month ago.

CENTRAL

Central region butter production is steady to higher as churn operators focus on fulfilling growing obligations for the upcoming months. Some butter makers noted using additional cream supplies. The market is steady. Current record prices haven't curbed domestic demand as some expected. International interest is light. Anecdotal comments note imports of butter and anhydrous milk fat from Australia and New Zealand are in progress. Many butter manufacturers indicate most of current inventories are spoken for, leaving little to offer in the spot market. Bulk butter prices ranged from market to 6 cents over the market, with various time frames and averages used. Wednesday at the CME Group, Grade AA butter closed at a record price of \$2.9900, up \$0.18 from last

Wednesday. The NASS *Dairy Products* report noted July U.S. butter production totaled 136.2 million pounds, down 3.0% from last month, but 2.6% higher than a year ago. January-July U.S. production totals 1.119 billion pounds, 2.4% behind 2013 during the same time span. July production in the Central region totaled 53.4 million pounds, 0.8% higher than a month ago and 4.4% higher than last year. The Central region accounted for 39% of U.S. production in July. January-July Central production totals 429.1 million pounds, a 2.4% decrease compared to the same time span in 2013. According to FAS, January-July U.S. butter exports total 126.2 million pounds, an increase of 37% compared to last year.

WEST

Butter prices continue to show record strength as pricing indices moved higher again. Butter demand remains very good as buyers are often unable to fully secure desired volumes for upcoming holiday needs. Butter production is being geared to filling retail demand with bulk butter production being managed to fill contract needs. Butter stocks are tight. According to the NASS *Dairy Products* report, July butter production for the U.S. totals 136.2 million pounds, up 2.6% (3.4 million pounds) from July 2013, but 3.0% lower (4.2 million pounds) than June 2014. Cumulative 2014 output for the U.S. is 1.119 billion pounds, down 2.4% (27.6 million pounds) from the same period in 2013. July output in the Western region totals 70.4 million pounds, down 1.2% (0.8 million pounds) compared to July 2013. The West produced 52% of the butter in the U.S. in July. According to FAS, U.S. exports of butter and milkfat for January-July 2014 total 126.2 million pounds, up 37% from 2013. Exports for July amounted to 11.9 million pounds, down 39% from July 2013. The butter and milkfat exports equate to 11% of butter production in the U.S. for January-July 2014.

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NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
September 6, 2014					
	2.7512	2.2242	2.3095	0.6818	1.4825
	3,770,681	10,672,063	10,020,819	6,847,814	37,008,975

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Butter prices at the CME Group continued to move higher this week. A new record price was established on Tuesday at \$2.9900. Butter closed steady on Wednesday and is 15 cents higher compared to last Wednesday. There were 14 sales of butter by the midweek close. Prices for bulk butter range from 2 cents over the market to 3.5 cents under, based on the CME with various time frames and averages used.

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

	(Million Lb.)	% Change From 1 Year Ago	
July Total	11.9	-	39
Total, Jan - July	126.2	+	37
1 Saudi Arabia	31.5	+	3
2 Morocco	16.3	*+	180
3 Egypt	10.0	+	27
4 Iran	9.5	-	37
5 Bahrain	6.3	**+	589

*There were 5.8 million pounds to Morocco last year Jan.- July

**There were 919,900 pounds to Bahrain last year Jan.- July

CHEESE MARKETS

NORTHEAST

Cheese production is steady. Cheese interest is solid, clearly for mozzarella, as pizza sales increase with most schools back in session. This week a cooperative export assistance program accepted a request for 1.21 million pounds of cheese. Inventories vary. The market undertone is disconcerted. Last week, the weekly average prices on the CME Group saw increases for both blocks and barrels. Accordingly, Northeast wholesale cheese prices for 40# block and muenster rose \$0.0500, with Process 5# sliced moving higher \$0.0175. Grade A Swiss prices declined \$.1375 with adjustments based on Class III component pricing. The CME Group daily cash price on Tuesday saw barrels close at \$2.3300, down \$0.0325 from a week ago, while blocks closed \$2.3500, unchanged from a week ago.

DAIRY PRODUCTS: According to NASS, U.S. total cheese production in July 2014 was 956.4 million pounds, 7.0% more than a year ago and 1.2% more than one month ago. In July, total cheese production in the Atlantic region was 112.5 million pounds, 0.1% less than a year ago and 6.7% less than the previous month. Total cheese production for New York was 60.0 million pounds, 1.7% more than a year ago; Pennsylvania 34.5 million pounds 1.1% more; and Vermont 11.5 million pounds, 3.7% more than a year ago.

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

Cheddar 40# Block	: 2.7425-3.0275
Process 5# Sliced	: 2.5450-3.0250
Muenster	: 2.7625-3.1225
Grade A Swiss Cuts 10 - 14#	: 3.8225-4.1450

MIDWEST

Cheese sales remain good but increasing nervousness among buyers about the staying power of current high cheese prices is noted. Cheese price increases during recent weeks have slowed. CME Group cash trading Wednesday kept barrels at \$2.3300 for the second consecutive day and blocks at \$2.3500 for the 7th consecutive day. Most plants have maintained strong cheese production levels but some plants have recently reduced schedules slightly to match production to sales, especially plants with higher inventory than desired. Other plants with interest in seeking additional spot loads of milk are not finding it at reasonable prices in terms of the economics of cheese production. Wisconsin wholesale prices for 1,000 to 5,000 pound mixed lots of process cheese increased \$.0175, Swiss prices declined \$.1375, and the remaining varieties increased \$.0500. *Dairy Products* (NASS) reports total 2014 U.S. cumulative cheese production through July, 6.589 billion pounds, leads last year through July by 2.7%. Cheese production through July this year compared with last for various types of cheese includes: American, +1.6%; cheddar, +1.8%; total Italian, +4.4%; mozzarella, +6.5%; and other Italian cheese types, +9.1%. Central region total cheese production for July 2014, 430.9 million pounds, was up 4.6% from June this year, and up 8.5% from July 2013; American cheese production was up 2.9% from June and up 18.4% from July last year; cheddar cheese production was down 0.5% from June, but up 20.8% from July last year; Italian cheese production was up 3.2% from June, but down 0.4% from July last

year; and mozzarella cheese production was up 3.4% from June, but down 1.1% from July last year.

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

Process American 5# Loaf	: 2.4225-2.7825
Brick And/Or Muenster 5#	: 2.7225-3.1475
Cheddar 40# Block	: 2.4275-2.8450
Monterey Jack 10#	: 2.6975-2.9025
Blue 5#	: 2.9900-3.9775
Mozzarella 5 - 6# (Low Moisture, Part Skim)	: 2.5675-3.4625
Grade A Swiss Cuts 6 - 9#	: 3.3400-3.4575

WEST

Western cheese production continued at a strong pace this week. Milk supplies are mostly adequate for full production schedules for those plants looking to increase production. Nonfat dry milk and condensed skim are also available at favorable prices to fortify cheese vats. Cheese demand is good as buyers look to acquire supplies for upcoming holiday orders. Buyers are able to secure contracted volumes of cheese, but are being held back on additional orders as cheese stocks are tighter than desired. Wholesale prices for block and barrel cheeses are higher. Swiss cheese adjusted lower due to the release of new Class III prices. Cheese plants are also managing their stocks to prevent building unsold inventory at current price levels. According to the NASS *Dairy Products* report, total cheese production in the U.S. in July reached 956.4 million pounds, up 7.0% (62.6 million pounds) from July 2013. Cumulative 2014 total cheese output for the U.S. is 6.589 billion pounds, up 2.7% (175.5 million pounds) from 2013. July total cheese production in the Western region was 412.9 million pounds, up 7.5% (29.0 million pounds) from July 2013. The West produced 43% of all the cheese in the U.S. in July. Swiss output for the U.S. in July is 25.5 million pounds, up 1.0% (0.2 million pounds) from a year ago. According to FAS, exports of cheese and curd for January-July 2014 total 509.7 million pounds, up 31% from 2013. Exports for July 2014 are 71.0 million pounds, up 18% from July 2013. Mexico remains the largest importer of U.S. cheese with 105.6 million pounds, 21% of total exports. Cheese and curd exports for the period equate to 8% of U.S. cheese production. Wednesday's close at the CME Group for cheese was unchanged for both the barrels and blocks. Barrels closed at \$2.3300 and blocks at \$2.3500. Barrels are 2 cents higher than last Wednesday and blocks are unchanged. No sales have been reported for blocks or barrels as of midweek.

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

Process 5# Loaf	: 2.4525-2.7100
Cheddar 40# Block	: 2.4700-2.8225
Cheddar 10# Cuts	: 2.6500-2.8700
Monterey Jack 10#	: 2.6600-2.8200
Grade A Swiss Cuts 6 - 9#	: 3.4000-3.8300

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CHEESE MARKETS

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

	(Million Lb.)	% Change From 1 Year Ago
July Total	71.0	+ 18
Total Jan.- July	509.7	+ 31
1 Mexico	105.6	+ 7
2 South Korea	94.3	+ 50
3 Japan	80.1	+ 86
4 Saudi Arabia	26.8	+ 88
5 Australia	25.1	+ 57

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

	<u>BUTTER : CHEESE</u>	
	:	
09/08/14	18,925 :	92,732
09/01/14	20,405 :	90,371
CHANGE	-1,480 :	2,361
% CHANGE	-7 :	3

FOREIGN

Cheese prices are mixed. Domestically produced Swiss prices are lower as Class III prices made their monthly adjustment. Domestically manufactured foreign type cheeses are higher, while foreign cheese prices are steady. The foreign cheese prices are exhibiting a weaker undertone as supplies build. Russia's embargo of E.U. dairy products continues to redirect products into the international market.

DAIRY PRODUCTS: According to NASS, production during July 2014 of domestic U.S. Parmesan totaled 26.9 million pounds, 7.2% less than July 2013. Provolone production totaled 29.9 million pounds, 2.8% more than 2013. Romano production totaled 4.0 million pounds, 39.6% more than 2013. Swiss production totaled 25.5 million, 1.0% more than 2013. Mozzarella production totaled 326.2 million pounds, 5.9% more than 2013.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	2.6400-5.3800	2.8825-4.3700*
Gorgonzola	3.6900-6.9700	3.3850-3.7975*
Parmesan (Italy)	-0-	4.2725-6.3625*
Provolone (Italy)	-0-	2.9250-3.0825*
Romano (Cows Milk)	-0-	4.0725-6.2225*
Sardo Romano (Argentine)	2.8500-3.6900	-0-
Reggianito (Argentine)	3.2900-4.5600	-0-
Jarlsberg-(Brand)	2.9500-5.6300	-0-
Swiss Cuts Switzerland	-0-	3.9200-4.2425*
Swiss Cuts Finnish	2.6700-2.9300	-0-

* = Price change.

FLUID MILK AND CREAM

EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	112	0	200	0	186	0
SOUTHEAST STATES	0	0	0	0	0	0

Milk production is good in the Northeast and Mid-Atlantic regions, although volumes are tapering. Manufacturing milk supplies for most producers are adequate for post-holiday orders in spite of strong Class I pulls. This is the last week for hay crops in the Northeast, with most farmers moving to their third hay cutting. Pastures are in good condition. The milk supplies of some manufacturers in the Mid-Atlantic are clearing to Class III and IV at discounts because of maintenance projects taking place. Producer milk volumes in the Southeast have somewhat steadied. The level of farm output and good Class I demand have significantly tightened milk supplies in the region. Manufacturing milk shipments are nominal this week. This week, Florida's farm-level milk production is showing signs of leveling off. Temperatures are still hot, with some afternoon showers. Class I sales ticked up slightly over last week. Spot imports totaled 112 loads this week, 88 truckloads less than the previous week. Cream supplies continue to tighten following the Labor Day holiday week. Standardized cream volumes coming from Class I plants are adding to the general cream supply. Cream cheese makers pull on cream supplies remains strong. **Cream multiples for all Classes ranged 1.30-1.40**, moving slightly higher than the previous week. Wednesday at the CME Group, saw Grade AA up \$0.1800 from a week ago, closing unchanged from Tuesday's \$2.9900 record closing price. Strong Class I pulls have significantly limited **condensed skim** milk supplies. A few loads are being offered on the spot market as the majority of condense skim move through contracts. Manufacturers are drying both low heat and high heat nonfat dry milk. **DAIRY PRODUCTS:** According to NASS, U.S. hard ice cream production in the Atlantic region for July 2014 totaled 14.3 million gallons, 3.9% less than a year ago but 4.7% more than the previous month. U.S. yogurt production for July 2014 totaled 387.5 million pounds, down 2.0% from a year ago and down 2.2% from the previous month. Cumulative 2014 production through July totals 2.826 billion pounds, 2.0% 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 -	3.6628-3.9445
F.O.B. producing plants: Upper Midwest -	3.4373-3.8036

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	1.85-1.88
Northeast - Class III - spot prices -	1.57-1.60

MIDWEST

Milk production varies throughout the region but, for the most part, remains above last year. Milk handlers noted additional small herd operations selling out. Producers are greatly interested in learning and understanding the new USDA Margin Production Program. Milk spot load availability tightened as prices ranged from \$0.50 to \$2.50 over Class. Some processors noted increased problems regarding available shipping trucks. The combination of increased milk

supplies and stricter trucking regulations are noted contributing factors. Some bottlers experienced higher sales, while others saw orders level off. Class II demand is mixed. Interest from cream cheese, whipping cream, and half and half manufacturers is picking up, while high butter prices are causing some ice cream makers to cut back on production. Cream supplies tighten during the week in large part due to increased demand from cream cheese manufacturers. **Cream multiples ranged from 1.22 to 1.35.** Wednesday at the CME Group, Grade AA butter closed at \$2.9900, up \$0.1800 from last Wednesday. The NASS *Dairy Products Report* noted July U.S. regular (hard) ice cream production totaled 72.8 million gallons, down 0.9% from a month ago and 5.8% lower than last year. January-July U.S. production totals 467.5 million gallons, 5.7% behind 2013 during the same time span. July production in the Central region totaled 40.7 million gallons, 0.1% lower than last month and 5.5% less than a year ago. The Central region accounted for 56% of U.S. production in July. January-July Central production totals 262.1 million gallons, 5.8% behind the same time span in 2013. The weekly *Cow Slaughter under Federal Inspection* report shows U.S. dairy cow slaughter for the week ending August 23, at 54,500 head, 4,200 head or 7% less than the comparable week a year ago.

WEST

CALIFORNIA milk production is steady, with some regions reporting increases as cooler weather in the north helped with cow comfort levels. Rains in the south from Tropical Storm Norbert caused few problems with milk movement. Milk production continues to be well above year ago levels. Lower feed costs have helped to encourage dairies to increase production. Class 1 usage has stabilized as schools are open and that pipeline is at comfortable levels. Milk supplies are sufficient for processing demand with some milk being moved to increase profitability. The October 2014 Class 1 prices in California range from \$26.09 in the north to \$26.36 in the south. The statewide average Class 1 price based on production is \$26.10, \$0.70 higher than September 2014 and \$5.29 higher than October 2013. NEW MEXICO milk production is steady. Scattered rains across the state this week helped to provide added comfort from the hot, dry conditions of late. Milk is available for processing plants wanting to increase production. Class I demand has flattened out for school needs. Milk is being moved out of state to fill demand outside the region. Rains in ARIZONA from Tropical Storm Norbert caused some localized flooding, but milk haulers were able to navigate around trouble spots with minimal difficulties. Daytime temperatures remained in the 90's to low 100's, but cooled at night. Fluid sales are flat as schools begin to normalize orders. Harvesting of alfalfa continued after the rains passed. CREAM markets tightened up this week as processors returned to full production schedules. Butter manufacturers are increasingly keeping cream for butter production as they build inventories to fill fall orders. Cream cheese and sour cream demand is good. Ice cream demand has slowed seasonally. Good demand for cream continues to pressure multiples higher. Cream multiples ranged from 1.00 to 1.30 in a steady to firm market. At the CME Group, Grade AA butter closed on Wednesday at \$2.99, up 18 cents from a week ago.

-CONTINUED ON PAGE 4A-

FLUID MILK AND CREAM

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Milk production in the PACIFIC NORTHWEST continues to taper off seasonally. Overall, production remains above year ago levels. Manufacturers are taking time to schedule plant maintenance and are shifting milk to other locations when needed. Harvesting of corn for silage is beginning in the region. Conditions have been favorable for alfalfa harvesting with third crop finishing and some fourth crop is anticipated in some areas. UTAH and IDAHO milk production is steady to lower. Temperatures were below normal with some rain in the northern regions. The favorable cow comfort levels, combined with lower feed costs, are helping to increase overall milk production compared to last year. Milk is being handled locally in most cases with processing capacity available to handle current milk supplies. Forage quality in parts of Utah is reported to be of superb quality with exceptional yields. Combined with lower grain costs, dairies are able to reduce overall feed cost estimates for winter rations.

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: Low/medium heat nonfat dry milk spot load pricing stabilized with a slight bounce back on the bottom of the range. Various indices moved considerable lower, pushing the top of the range and top of the mostly price series down. The market tone is soft as supplies exceed current demand. Manufacturers are drying at steady to lower volumes. Domestic demand is light as many buyers have ample supplies on hand. High heat NDM prices shifted lower on active F.O.B spot trading. Buyer interest is picking up as fall baking season nears. Some manufacturers are ramping up production for anticipated upcoming orders. Wednesday at the CME Group, Grade A NDM closed at \$1.3300, down \$0.0025 from last Wednesday. The NASS *Dairy Products Report* noted U.S. human NDM production during July was 166.4 million pounds, up 12.1% from a month ago and 42.7% higher than last year. January-July, U.S. human NDM production totals 1.079 billion pounds, 9.5% more than the same time span in 2013. July production in the Central region totaled 24.4 million pounds, 2.5% less than last month, but 16.5% higher than a year ago. The Central region accounted for 14.7% of the total U.S. production. Cumulative 2014 production in the Central region totals 173.5 million pounds, 2.7% less than the same time span in 2013. Total U.S. NDM human month ending stocks for July was 250.4 million pounds, 9.4% higher than last month and 21.3% higher than a year ago. According to FAS, January-July U.S. NDM exports totaled 778.1 million pounds, an increase of 11% compared to the same time span in 2013.

EAST: Low/medium nonfat dry milk prices declined in the mostly series on a softening market. Production is steady to lower. In general, drying schedules are light as major nonfat dry milk facilities in the region perform seasonal dryer upkeep activities. Low/medium nonfat demand is active, mostly through contracts. Interests from baking manufacturers are improving. Some brokers are content with making purchases short of the best-discounted price as they anticipate having a balanced inventory in place as the market relaxes. Inventories are mixed. The market undertone continues to weaken. High heat nonfat dry milk prices moved considerably lower due to F.O.B. spot sales. Production is steady to lower. Inventories are adequate for meeting customer obligations. Spot offerings are light.

DAIRY PRODUCTS: According to NASS, the Atlantic region's production of nonfat dry milk totaled 28.2 million pounds, 90.1% more than a year ago. The July 2014 U.S. production of skim milk powder, totaled 27.3 million pounds, 48.7% less than a year ago. Cumulative YTD through July skim milk powder production totals 322.8 million pounds, a 6.3% decrease from 2013.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: 1.2500 - 1.7600 MOSTLY: 1.3300 - 1.7350
HIGH HEAT: 1.4900 - 1.8100

NONFAT DRY MILK - WEST

The gap between top and bottom prices for low/medium heat nonfat dry milk on each series narrowed in the West. Market participants report a price range of support in the mid \$1.20s to \$1.40s is in place for now, and FOB and resale spot prices are moving toward that range of support. Contract prices, based on various indices, also shifted lower. Buyers noted, with relief, the long awaited decreases on the California Weighted Average Price and National Dairy Product Sale Report issued this week. Those lower prices will affect some contract loads shipped in next week. Several manufacturers continue to produce low/medium heat nonfat dry milk as their main end product right now, but some indicate it is currently a losing proposition due to the price of manufacturing milk. High heat nonfat dry milk prices are unchanged to lower. A few producers are sending additional condensed skim volumes into high heat NDM as there is an opportunity for slightly

better returns compared to low heat NDM or SMP. Interest is slightly higher as the baking season approaches. According to NASS, in July 2014, California produced 78.2 million pounds of NDM, about 47% of the national monthly production. NDM production in the West region totaled 113.8 million pounds, 40.8% more than one year ago. This is about 68% of total July production in the US. Cumulative Western region 2014 production totals 732.4 million pounds, an 11.4% increase compared to 2013.

DAIRY PRODUCTS: NASS reports US production of human food NONFAT DRY MILK during July 2014 totaled 166.4 million pounds, a 42.7% increase from one year ago. Cumulative nonfat dry milk production for 2014 totals 1.079 billion pounds, 9.5% higher than 2013. Month ending stocks, at 250.4 million pounds, are 21.3% higher than one year ago. July 2014 production of SKIM MILK POWDERS, which includes protein standardized and blended product, totaled 27.3 million pounds, 48.7% lower than one year ago. Cumulative 2014 skim milk powder production totals 322.8 million pounds, a 6.3% decrease compared to 2013.

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

LOW/MEDIUM HEAT: 1.2500 - 1.7700 MOSTLY: 1.2800 - 1.6950
HIGH HEAT: 1.6000 - 1.8425

U.S. NDM Exports, H.S. Code 0402100000 (FAS)			
	2014 Exports (Million Lb.)	% Change From 1 Year Ago	
July Total	115.1	+ 1	
TOTAL, JAN - JULY	778.1	+ 11	
1 Mexico	267.9	+ 10	
2 Philippines	98.7	+ 29	
3 China	72.2	+ 30	
4 Vietnam	67.3	+ 47	
5 Indonesia	60.7	- 18	

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices shifted lower on active F.O.B spot trading. The undertone is soft. Production rates are mostly flat. Some manufacturers are scheduling to dry higher volumes of buttermilk in the coming weeks. Domestic buyer interest is light. Supplies are adequate for current needs. Buyers noted increased spot loads available in the resale market. The NASS *Dairy Products Report* noted U.S. dry buttermilk production during June totaled 7.55 million pounds, 5.0% lower than last month and 10.2% less than a year ago. Total U.S. dry buttermilk month ending stocks for July was 17.1 million pounds, 12.7% less than a month ago, but 66.1% above last year.

EAST: Eastern dry buttermilk prices waned, resulting from lower F.O.B. spot sales. Production rates declined marginally as plant maintenance projects hamper a few drying operations. Consequently, condensed buttermilk supplies are moving actively in the spot market. Inventories are mixed, as some dry buttermilk producers note having limited dry buttermilk in stock. Demand has eased considerably with the region's level of ice cream interest. Spot trading of dry buttermilk is sparse, as most buyers refrain from making purchases as market prices move lower. The market is undertone is weak.

F.O.B. CENTRAL/EAST:

1.2300 - 1.5000

-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

Western dry buttermilk prices adjusted lower on the top of the mostly price series on light trading. Resellers and end users indicate the active dry buttermilk use season is near. Some were waiting for price declines, as in the NDM market, before buying, but the window for waiting out the market is closing. Western manufacturers indicate dry buttermilk production is active as a sidebar to butter churning. Dry buttermilk inventories are increasing.

DAIRY PRODUCTS: NASS reports dry buttermilk production in the US for July 2014 totals 7.6 million pounds, down 10.2% from one year ago. Cumulative 2014 dry buttermilk production totals 67.6 million pounds, a 12.2% decrease compared to 2013. Stocks at the end of July were 17.1 million pounds, a 66.1% increase from one year ago.

F.O.B. WEST: 1.5000 - 1.7100

MOSTLY: 1.5500 - 1.6375

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES
September 5	\$1.4594	20,798,317
August 29	\$1.7347	9,066,096

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 WHOLE MILK - NATIONAL

Dry whole milk prices moved lower on very light trading. Spot trading was at a near standstill as various other dairy product prices moved lower. The market undertone is weak and buyers are reluctant to purchase at current prices. Demand is light. Manufacturers are slowing production to avoid building stocks.

DAIRY PRODUCTS: NASS reports U.S. dry whole milk production during July 2014 totaled 8.7 million pounds, 5.5% lower than one year ago. Cumulative 2014 production totals 56.8 million pounds, a 34.4% increase compared to 2013. Month ending stocks are at 14.8 million pounds, 60.1% more than a year ago.

F.O.B. PRODUCING PLANT:

1.7000 - 2.1500

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

Central dry whey F.O.B. spot market trades and offerings are exhibiting weaker prices, while pricing indexes are mixed. The market tone is softening as substitute dairy ingredient prices are lower. Mild weather has improved drying conditions for manufacturers, whom expect fewer off specification loads heading into the fall season. Many buyers are hesitant to take a position as the global whey prices are considerably lower than domestic. Supplies are adequate for current needs. Animal feed whey prices shifted higher on F.O.B spot load transactions. Spot load availability varies. The NASS *Dairy Products Report* noted U.S. total dry whey production for July was 73.8 million pounds, down 6.9% from last month and 7.1% lower than a year ago. January-July U.S. total dry whey production totals 515.0 million pounds, 11.7% behind the same time span in 2013. July dry whey (human) production in the Central region totaled 34.8 million pounds, 0.4% lower than last month and 5.8% less than a year ago. The Central region accounted for 48% of the U.S. production. January-July Central dry whey (human) production totals 242.5 million pounds, 12.4% behind the same time span in 2013. U.S. total dry whey month ending stocks for July was 61.8 million pounds, 1.2% higher than a month ago, but 8.8% lower than last year. According to FAS, January-July U.S. whey exports total 318.1 million pounds, 5% above the same time span in 2013.

F.O.B. CENTRAL: .5700 - .7275 MOSTLY: .6100 - .6900
 F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .4875 - .6325

DRY WHEY - NORTHEAST

Northeast dry whey prices are unchanged from the previous week. Additional milk supplies assisted cheese and dry whey production, offsetting milk volumes channeled to Class I demand. Buying interest for dry whey is light. The market tone is softening. DAIRY PRODUCTS: According to NASS, U.S. production of human food dry whey in July 2014 totaled 72.6 million pounds, 3.7% less than a year ago. In the Atlantic region, production of human food dry whey totaled 21.6 million pounds, 3.1% more than a year ago. July 2014 U.S. month ending stocks of human food dry whey totaled 61.1 million pounds, 4.9% less than July 2013. Cumulative 2014 total dry whey production is 515.0 million pounds, 11.7% less than 2013 during the same time span.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .6700 - .7350

DRY WHEY - WEST

Western dry whey prices are mostly lower and the market tone is weaker. The mostly price series declined with increased spot sales at lower prices. Whey production continues to be heavy as cheese plants are running busy schedules. Demand for whey is fair to good. Lower international prices are pressuring the market and manufacturers are lowering prices to remain competitive. Whey stocks are building and sellers are looking to keep inventories light as the market moves lower. According to the Foreign Agricultural Service, U.S. exports of dry whey for January-July 2014 total 318.1 million pounds, up 5% from 2013. The exports equate to 62% of the total dry whey production in the U.S. for that period. According to the NASS Dairy Products report, edible U.S. whey production in

July 2014 totals 72.6 million pounds, down 3.7% (2.8 million pounds) from July 2013. The Western region produced 16.2 million pounds of human food dry whey in July, down 7.2% (1.3 million pounds) from a year ago. The West produced 22% of the human food dry whey in the U.S. in July. Year to date U.S. total dry whey production for 2014 is 515.0 million pounds, down 11.7% (67.9 million pounds) from a year ago. U.S. manufacturers' stocks at the end of July for total dry whey are 61.8 million pounds, down 8.8% (6.0 million pounds) from a year ago.

NONHYGROSCOPIC: .5500 - .7050 MOSTLY: .5800 - .6650

U.S. Dry Whey Exports, H.S. Code 0404104000(FAS)		
	2014 Exports (Million Lb.)	% Change From 1 Year Ago
July Total	39.4	- 17
TOTAL, JAN - JULY	318.1	+ 5
1 China	103.5	- 1
2 Mexico	40.3	+ 82
3 Canada	25.4	- 9
4 Japan	24.0	+ 17
5 Malaysia	17.3	+ 53

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices for whey protein concentrate 34% are unchanged to lower for the week. The market is mixed with a weak undertone. Some producers report firm demand, but others indicate spot sales depend on price discounts. Feed and food market sector buyers differ on WPC 34% characteristics required. Manufacturing milk supplies are steady into cheese making plants, with some increases in cheese yields. Buyers report availability of liquid and condensed WPC 34% volumes for drying is ample and not hampering the pace at drying facilities. WPC 34% inventories vary. DAIRY PRODUCTS: NASS reports US production of HUMAN AND ANIMAL WPC (25.0-49.9% PROTEIN) during July 2014 totaled 23.2 million pounds, 9.9% higher than one year ago. Cumulative production for 2014 totals 169.0 million pounds, 19.4% higher than 2013. Manufacturers' end-of-month stocks totaled 29.0 million pounds, 40.7% higher than one year ago.

F.O.B. EXTRA GRADE 34% PROTEIN: 1.3000-1.6050 MOSTLY: 1.3800-1.5350

U.S. WPC ≤ 80% Exports, H.S. Code 0404100500(FAS)		
	2014 Exports (Million Lb.)	% Change From 1 Year Ago
July Total	23.3	+ N.C.
TOTAL, JAN - JULY	141.3	- 6
1 China	56.3	+ 36
2 Mexico	23.0	- 43
3 Canada	21.5	+ 17
4 Singapore	6.2	+ 45
5 Australia	6.1	+ 19

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**LACTOSE - CENTRAL AND WEST**

Prices for lactose are unchanged to lower on the mostly, but steady to higher on the range based on spot and intermittent contract sales. While supplies of ground lactose remain tight, unground lactose loads are available from manufacturers in the Central and West regions. Interest is evident from domestic and international buyers for unground lactose, but price is the key consideration as the supply side is currently overly satisfied. Production is ongoing, with some protein-side manufacturing resulting in increasing lactose production in some plants. DAIRY PRODUCTS: NASS's Dairy Products report shows US HUMAN and ANIMAL LACTOSE production during July 2014 totaled 100.3 million pounds, a 16.5% increase from one year ago. Cumulative 2014 lactose production totals 676.7 million pounds, a 13.5% increase from 2013. Month ending stocks, at 113.8 million pounds, are 29.0% higher than one year ago.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .2875-.6225 MOSTLY: .4100-.5325

U.S. Lactose Exports, H.S. Code 1702110000(FAS)		
	2014 Exports (Million Lb.)	% Change From 1 Year Ago
July Total	34.0	- 29
TOTAL, JAN - JULY	273.1	- 10
1 New Zealand	42.4	+ 4
2 China	38.3	- 32
3 Mexico	32.8	- 22
4 Japan	26.5	+ 24
5 Indonesia	20.5	+ 26

CASEIN - NATIONAL

Casein prices are unchanged. The market tone is unsettled to weaker. There are concerns about what products will be produced in Europe as most countries are affected by the Russian ban on importing dairy products. The milk production season is ramping up in Oceania and casein output will increase as the seasonal peak is reached in coming months. World pricing is lower for other dairy proteins and pressure is mounting on casein pricing negotiations. Current supplies are adequate to service existing accounts.

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: 4.6000 - 5.0000
ACID: 4.7500 - 5.4000

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

WEEK ENDING	2014 WEEKLY DAIRY COWS	2014 CUMULATIVE DAIRY COWS	2013 WEEKLY DAIRY COWS	2013 CUMULATIVE DAIRY COWS
08/23/2014	54.5	1,818.6	58.7	2,030.1

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

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

CLASS III MILK PRICES (3.5% BF)

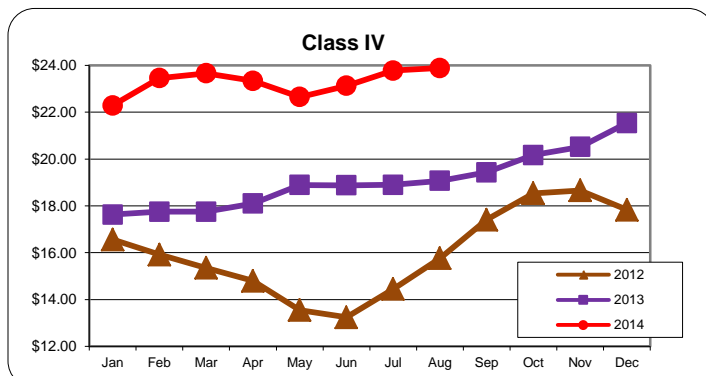
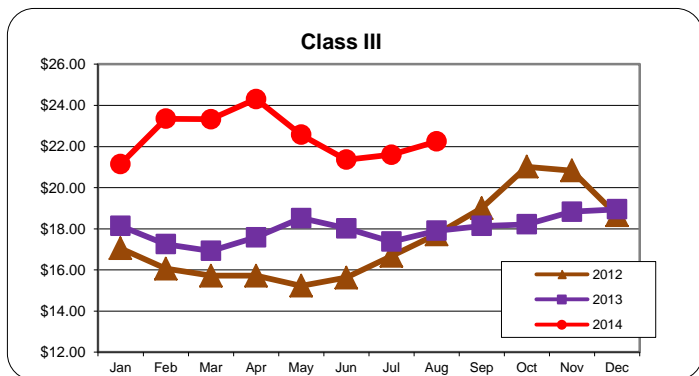
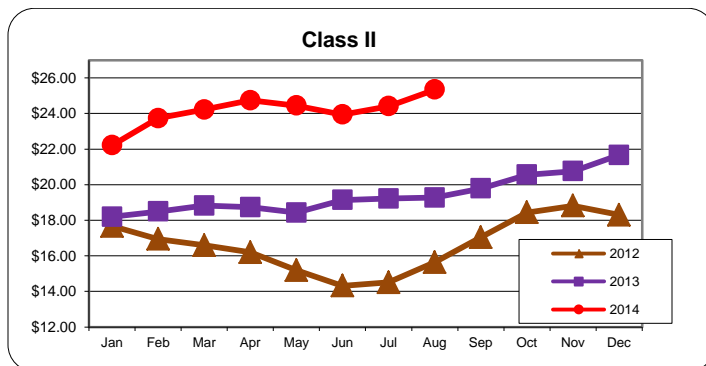
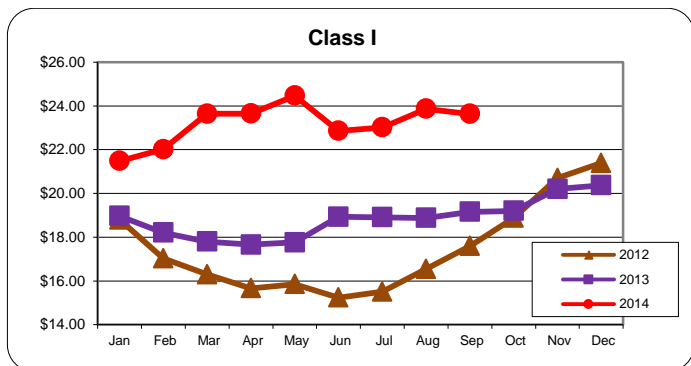
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2009	10.78	9.31	10.44	10.78	9.84	9.97	9.97	11.20	12.11	12.82	14.08	14.98
2010	14.50	14.28	12.78	12.92	13.38	13.62	13.74	15.18	16.26	16.94	15.44	13.83
2011	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67	19.07	18.03	19.07	18.77
2012	17.05	16.06	15.72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

CLASS IV MILK PRICES (3.5%)

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

FEDERAL MILK ORDER CLASS PRICES FOR 2014 (3.5%)

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

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 September 1 – 12, 2014

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

WESTERN OVERVIEW: Milk production across much of Western Europe continues to decline seasonally, while the pace is maintaining a margin over year ago levels in the major milk producing countries. The second half of 2013 had more favorable milk output, so percentage changes in the second half of 2014 will be made against a bigger base. Weather impacts are minimal with conditions favorable for milk cows. Pay prices for milk are good and farmers are responding. Corn silage harvesting is active. Lower prices are noted for Western European dairy products. Weaker trends and prices in the Oceania region are influencing the market more than higher U.S. dairy product pricing. World buyers are often taking longer times in negotiations and are very cautious in securing needs in the current unsettled and weak market environment. The Russian ban on importing dairy products continues to cast a large shadow over the dairy markets, directly impacting the listed countries and indirectly affecting those countries not on the list. The E.U. Agriculture Commission has announced emergency market support systems, including the utilization of the PSA - Private Storage Aid - for butter, SMP, and certain cheeses, to assist processors. Additionally, the Commission extended the intervention program period to the end of December.

BUTTER/BUTTEROIL: Butter prices have moved lower, but continue to trade at levels limiting export prospects beyond normal commitments. While pricing points are depressed, more butter and AMF offerings are moving in other exporting markets. Many buyers are only purchasing to cover their immediate needs, willing to wait for further market developments. The E.U. market situation continues to be impacted by restrictions from the Russian bans. The E.U. Agriculture Commission has extended the intervention program and reinstated the PSA storage program to help mitigate the impact on the dairy industry and lessen market disruptions. No product has moved into either program. Intervention price levels for butter are at \$2200 Euro/MT. Butteroil pricing is trending lower, reflective of the E.U. butter and butterfat markets. Buying interest is very slow, tempered by lower trending, international pricing for anhydrous milk fat.

82% BUTTERFAT:	3,500 - 4,000
99% BUTTERFAT:	4,200 - 5,300

SKIM MILK POWDER (SMP): The SMP market remains unsettled and pricing levels are under pressure as prices have declined in other global markets. Some market participants felt that the 2,000 Euro would be a psychological floor for SMP prices, but prices have moved through that point. The E.U. Agriculture Commission has extended the intervention period through the end of the calendar year. The intervention price for SMP is 1,690 Euros and no offerings have been made. Trade sources do not expect offerings to occur, but for demand to increase. Current prices are significantly below levels of recent years and are generating some export interest. Yet, many international buyers continue to hold off purchases. Additionally,

competitive and lower pricing in Oceania and the United States are creating more choices for buyers in the international markets. There are hopes that export tenders and opportunity buying will help to clear the SMP market.

1.25% BUTTERFAT:	2,450 - 3,000
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WHOLE MILK POWDER (WMP): Whole milk powder prices are trending lower and are adjusting to other world market offerings. Relative pricing levels put E.U. offerings at a competitive disadvantage. Export buyer interest is light. Currently, WMP production is limited to covering current orders. The weaker skim milk powder markets are spilling over to other products, affecting pricing and demand.

26% BUTTERFAT:	2,900 - 3,400
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SWEET WHEY POWDER: The whey market is mostly steady. Pricing levels are slightly lower, partially influenced by the declining trends in other dairy products. Lower whey production and offerings are occurring because of cheese output declines. Buying interest in food whey is light to moderate. Some buyers are looking at alternative protein sources and are noting the impact of lower prices that have made those proteins less expensive. The trade is quoting a bigger gap between food and feed whey pricing.

NONHYGROSCOPIC:	1,025 - 1,300
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EASTERN OVERVIEW: Milk production is following recent trends across the Eastern European countries, generally showing modest gains versus year ago levels. Weather conditions remain fair to good for both cows and crops. Milk prices are being adjusted lower in several countries, the result of lower dairy product pricing. The Russian ban on dairy product imports is affecting the broad scope of countries and former trading partners.

**Exchange rates for selected foreign currencies:
September 8, 2014**

.1190 Argentina Peso	.0094 Japan Yen
.9282 Australian Dollar	.0761 Mexican Peso
.9114 Canadian Dollar	.8274 New Zealand Dollar
1.2895 Euro	.3085 Poland Zloty
.0165 India Rupee	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0761) = 13.1406 Mexican Pesos. Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered September 1 - 12, 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.

OCEANIA OVERVIEW: Milk production in Australia is trending higher seasonally and is reflecting improving weather, feed, and input conditions. Weather has been favorable for cow comfort, calving, and pasture growth. Feed costs have been relatively stable. Currently, some areas of Australia are experiencing moisture deficits and concerns are that the lack of rains could impact pasture growth in areas without access to irrigation. Analysts are forecasting higher milk output for the milk season that began July 1. Initial, official forecasts were for a 2% increase over the previous season. According to Dairy Australia, July 2014 exports increased 7.5% in volume and 0.6% in value, compared to July 2013. Skim milk powder export volumes were 80.2% higher than a year earlier. **NEW ZEALAND** milk production trends continue to build. Early indications are nearly 10% higher than year ago levels for the first two months of the new season. Wet weather is common over the North Island and temperatures are moderate, creating good pasture growth. More cows are calving, adding to the milk output. Weather is favorable on the South Island. Calving is just beginning to build and the milk flow is slowly increasing. Cash flows are tighter at the start of this season, reflecting milk pay prices. Dairy product pricing is harder to gauge as disruptions are occurring in the marketplace, generally outside of the region. Declining prices are noted across product categories. Buyers are more cautious in making purchases of dairy products with the weaker trends enveloping the local and global dairy markets. Demand from major buying countries remains light. Processing plants are running well as the milk flow builds. The strategy is to make the right product mix to balance buyers' needs and maximize returns. At the September 2 GDT event #123, average prices ranged from 14.3% lower to 4.3% lower from the prior event across categories. The all contracts price averages (US\$ per MT) and percent changes from the previous average are: anhydrous milk fat, \$3,360 -5.8%; butter, \$2,753 -5.6%; buttermilk powder, \$3,174 -12.9%; cheddar cheese, \$3,275 -4.9%; lactose, n.a.; rennet casein, \$8,232 -14.3%; skim milk powder, \$2,600 -9.5%; and whole milk powder, \$2,673 -4.3%.

BUTTER: Oceania butter pricing trends are lower. The market undertone is weaker as pricing and conditions are unsettled regionally. Additionally, in the E.U., markets remain affected by the Russian ban on importing E.U. dairy products. Additional butter is being offered onto the world market. The E.U. Agriculture Commission is using the PSA and intervention programs to help mitigate the effects. In contrast, the U.S. butter price is at a record high. With Oceania butter and AMF output heading up from the seasonal low point, there are more opportunities to service additional customers. There are other prospects and interest, yet timing and product availability are often mismatched. At the September 2 GDT event #123, NZ unsalted butter averaged \$2,565/MT for the November contracts, -14.1% from the prior event. Butter for all regions and contracting periods averaged \$2,753/MT, -5.6%. New Zealand AMF prices averaged \$3,311/

MT for the November contracts, -7.6% from the prior event. For all contract periods, the AMF price average was \$3,360/MT, -5.8%.

82% BUTTERFAT: 2,550 - 3,400

SKIM MILK POWDER (SMP): Pricing for Oceania SMP is trending lower this reporting period and the market tone remains volatile. Demand is light to fair for current offerings and buyers are more cautious and watching events unfold in the E.U. There, pricing is moving lower as more SMP is made to offset the effects of cheese exports not moving to Russia. Internationally, some opportunity buying is taking place as pricing eases, yet many major customers are waiting for their best opportunity to make purchases. Oceania SMP production is slowly ramping up seasonally. Returns favor production of SMP and fat products over WMP. SMP holdings are generally light. At the September 2 GDT event 123, SMP for all regions and contracting periods averaged \$2,600 per MT, -9.5%. For trading in contract period 2, November 2014, prices averaged \$2,435 for NZ sourced medium heat product, down \$400 from the prior event.

1.25% BUTTERFAT: 2,425 - 3,200

CHEDDAR CHEESE: Cheese prices are steady to slightly lower. Cheese offerings from the region remain seasonally light, yet the market pricing is being impacted by more cheese offerings and lower pricing trends from the E.U. As the E.U. loses market access to Russia, more cheese is backing up and pricing under pressure. Oceania markets are stabilized by the impact of contract terms with lucrative markets. Oceania cheese production is seasonally light and building as more milk is produced.

39% MAXIMUM MOISTURE: 3,500 - 4,400

WHOLE MILK POWDER (WMP): Oceania whole milk powder pricing continues to trend lower. Several manufacturers are deprioritizing WMP production as the return prospects favor SMP/butterfat. Others are beginning to rebuild WMP production as milk increases seasonally and as they plan to meet future needs. Current pricing is becoming more favorable for price-sensitive countries, although the concern is when the best time to buy as prices decline. WMP is available for current and near-by needs. At the September 2 GDT event 123, the WMP pricing index, across all contracting periods, averaged \$2,673 per MT, down 4.3% compared to the prior event. For contract periods 1 and 2, October and November 2014, NZ regular WMP averaged \$2,630 and \$2,600 per MT.

26% BUTTERFAT: 2,600 - 3,100

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

US\$/MT	Global/Dairy Trading (gDT) Event 123 Recap - September 2, 2014													
	Contract 1 Oct-14		Contract 2 Nov-14		Contract 3 Dec-14		Contract 4 Jan-15		Contract 5 Feb-15		Contract 6 Mar-15		All Contracts	
Anhydrous Milk Fat		n.a.	\$3,311	-7.6%	\$3,357	-5.9%	\$3,401	-4.2%	\$3,449	-2.7%	\$3,539	-1.8%	\$3,360	-5.8%
Butter		n.a.	\$2,565	-14.1%	\$2,816	0.7%	\$3,010	-0.5%	\$3,085	1.1%		n.a.	\$2,753	-5.6%
Buttermilk Powder		n.a.	\$3,014	-15.0%	\$3,385	-12.4%	\$3,580	-8.4%				n.a.	\$3,174	-12.9%
Cheddar		n.a.	\$3,275	-3.1%	\$3,270	-6.7%	\$3,280	-4.8%				n.a.	\$3,275	-4.9%
Lactose		n.a.		n.a.		n.a		n.a.		n.a.		n.a.		n.a.
Rennet Casein		n.a.	\$8,175	-15.0%	\$8,345	-14.0%	\$8,213	-13.4%				n.a.	\$8,232	-14.3%
Skim Milk Powder	\$2,708	n.a.	\$2,517	-11.5%	\$2,624	-8.9%	\$2,685	-8.3%	\$2,776	-7.5%	\$3,156	2.6%	\$2,600	-9.5%
Whole Milk Powder	\$2,671	-8.6%	\$2,620	-4.9%	\$2,665	-4.8%	\$2,722	-4.7%	\$2,841	-0.1%	\$2,886	-0.2%	\$2,673	-4.3%

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

US\$/Pound	Global/Dairy Trading (gDT) Event 123 Recap - September 2, 2014													
	Contract 1 Oct-14		Contract 2 Nov-14		Contract 3 Dec-14		Contract 4 Jan-15		Contract 5 Feb-15		Contract 6 Mar-15		All Contracts	
Anhydrous Milk Fat		n.a.	\$1.5019	-7.6%	\$1.5227	-5.9%	\$1.5427	-4.2%	\$1.5645	-2.7%	\$1.6053	-1.8%	\$1.5241	-5.8%
Butter		n.a.	\$1.1635	-14.1%	\$1.2773	0.7%	\$1.3653	-0.5%	\$1.3993	1.1%		n.a.	\$1.2488	-5.6%
Buttermilk Powder		n.a.	\$1.3671	-15.0%	\$1.5354	-12.4%	\$1.6239	-8.4%		n.a.		n.a.	\$1.4397	-12.9%
Cheddar		n.a.	\$1.4855	-3.1%	\$1.4833	-6.7%	\$1.4878	-4.8%		n.a.		n.a.	\$1.4855	-4.9%
Lactose		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.
Rennet Casein		n.a.	\$3.7082	-15.0%	\$3.7853	-14.0%	\$3.7254	-13.4%		n.a.		n.a.	\$3.7340	-14.3%
Skim Milk Powder	\$1.2283	n.a.	\$1.1417	-11.5%	\$1.1902	-8.9%	\$1.2179	-8.3%	\$1.2592	-7.5%	\$1.4316	2.6%	\$1.1794	-9.5%
Whole Milk Powder	\$1.2116	-8.6%	\$1.1884	-4.9%	\$1.2088	-4.8%	\$1.2347	-4.7%	\$1.2887	-0.1%	\$1.3091	-0.2%	\$1.2125	-4.3%

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

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

Month	08/28	08/29	09/01	09/02	09/03	09/04	09/05	09/08	09/09	09/10
CLASS III MILK FUTURES (Pit-Traded) (\$/cwt)										
AUG 14	22.24 (3695)	22.24 (3692)	NO TRADING	22.23 (3692)	22.25 (3696)	22.25 (3897)				
SEP 14	23.95 (4932)	23.95 (4970)		24.25 (4990)	24.13 (5083)	24.22 (5004)	24.28 (5188)	24.45 (5108)	24.52 (4929)	24.45 (4986)
OCT 14	22.78 (4751)	22.87 (4787)		23.19 (4928)	22.67 (4940)	22.63 (4974)	22.67 (5092)	22.98 (5061)	23.57 (5050)	22.82 (5069)
NOV 14	20.87 (3316)	21.00 (3320)		21.11 (3334)	20.92 (3356)	20.74 (3337)	20.49 (3377)	20.74 (3349)	21.21 (3330)	20.46 (3317)
DEC 14	19.74 (3057)	19.80 (3090)		19.94 (3084)	19.78 (3067)	19.66 (3144)	19.47 (3180)	19.74 (3108)	19.93 (3006)	19.30 (3083)
JAN 15	18.60 (2077)	18.60 (2116)		18.67 (2120)	18.61 (2153)	18.55 (2194)	18.45 (2221)	18.60 (2208)	18.62 (2227)	18.35 (2277)
FEB 15	18.21 (1966)	18.21 (1975)		18.27 (1998)	18.18 (1998)	18.05 (2045)	18.01 (2062)	18.07 (2071)	18.10 (2085)	17.91 (2152)
MAR 15	18.07 (1788)	18.10 (1807)		18.13 (1828)	18.03 (1825)	17.94 (1875)	17.89 (1907)	17.92 (1913)	17.92 (1928)	17.71 (1957)
APR 15	18.00 (1317)	18.04 (1339)		18.08 (1344)	17.97 (1353)	17.90 (1399)	17.84 (1427)	17.88 (1438)	17.95 (1467)	17.76 (1483)
MAY 15	18.00 (1188)	18.00 (1230)		18.00 (1235)	17.99 (1235)	17.91 (1285)	17.85 (1324)	17.89 (1343)	17.95 (1348)	17.82 (1374)
CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)										
AUG 14	23.83 (1327)	23.83 (1322)	NO TRADING	23.83 (1322)	23.89 (1323)	23.89 (1523)				
SEP 14	23.00 (1167)	23.00 (1167)		23.00 (1172)	23.05 (1172)	23.14 (1172)	23.14 (1172)	23.15 (1174)	23.22 (1178)	22.59 (1178)
OCT 14	21.77 (1029)	22.00 (1032)		22.00 (1031)	22.10 (1023)	22.20 (1023)	22.20 (1023)	22.22 (1028)	22.28 (1028)	21.85 (1029)
CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)										
AUG 14	251.50 (1022)	251.50 (1022)	NO TRADING	251.75 (1020)	252.50 (1020)	252.06 (1028)				
SEP 14	262.50 (1004)	267.48 (1001)		271.45 (1015)	275.00 (1013)	279.35 (1012)	278.98 (1012)	280.75 (1007)	285.40 (1003)	280.40 (1002)
OCT 14	252.20 (1027)	256.95 (1028)		261.95 (1041)	266.95 (1046)	271.95 (1047)	273.98 (1053)	278.98 (1057)	283.98 (1076)	278.98 (1098)
NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)										
AUG 14	179.10 (514)	179.00 (514)	NO TRADING	179.00 (514)	179.00 (510)	178.87 (535)				
SEP 14	163.25 (538)	162.65 (543)		159.98 (552)	159.00 (552)	159.00 (550)	158.00 (543)	157.00 (543)	156.75 (541)	152.75 (536)
OCT 14	155.00 (582)	155.00 (589)		152.50 (576)	149.50 (564)	149.50 (561)	148.20 (533)	145.00 (502)	145.50 (485)	142.75 (509)
WHEY (Electronic-Traded) (¢/lb)										
AUG 14	68.70 (309)	68.70 (309)	NO TRADING	68.70 (309)	68.70 (309)	68.80 (320)				
SEP 14	65.88 (291)	65.88 (291)		65.88 (292)	65.88 (293)	65.88 (294)	66.75 (295)	66.75 (295)	67.00 (295)	67.00 (294)
OCT 14	64.68 (367)	62.50 (372)		62.75 (373)	61.75 (381)	61.75 (389)	62.25 (396)	62.25 (399)	63.28 (401)	62.50 (401)
CHEESE CSC (Electronic-Traded) (\$/lb)										
AUG 14	2.11 (1469)	2.11 (1469)	NO TRADING	2.11 (1469)	2.11 (1469)	2.11 (1515)				
SEP 14	2.30 (1483)	2.30 (1487)		2.33 (1488)	2.32 (1485)	2.31 (1485)	2.32 (1527)	2.33 (1525)	2.34 (1484)	2.34 (1484)
OCT 14	2.19 (1558)	2.20 (1587)		2.23 (1596)	2.19 (1640)	2.18 (1667)	2.19 (1702)	2.21 (1702)	2.26 (1706)	2.19 (1709)
NOV 14	2.03 (1859)	2.04 (1876)		2.05 (1878)	2.04 (1916)	2.01 (1926)	1.99 (1926)	2.01 (1910)	2.05 (1914)	1.98 (1910)
DEC 14	1.95 (2087)	1.95 (2108)		1.96 (2111)	1.95 (2115)	1.94 (2131)	1.90 (2128)	1.93 (2123)	1.95 (2131)	1.90 (2134)
JAN 15	1.86 (1080)	1.86 (1101)		1.86 (1105)	1.85 (1106)	1.83 (1128)	1.84 (1153)	1.85 (1162)	1.86 (1165)	1.83 (1188)

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

SEPTEMBER MILK SUPPLY AND DEMAND ESTIMATES

The milk production forecast for 2014 is raised on growth in output per cow, but the forecast for 2015 is unchanged. Export forecasts for 2014 and 2015 are lowered as higher forecast U.S. prices for butter and cheese make those products less competitive in world markets and sales of a number of other dairy products are limited as well. Skim-solids and fat-basis imports are raised for both 2014 and 2015 as supplies in competing exporters are expected to be large while U.S. prices remain relatively high. Butter and cheese price forecasts are raised for 2014 with strength in both expected to continue into the first part of 2015. Nonfat dry milk prices are forecast lower in 2014 and 2015. The forecast whey price is unchanged for 2014 but is lowered fractionally for 2015. Class III prices for 2014 and 2015 are raised. The Class IV price is higher in 2014 but reduced in 2015. The all milk price is raised to \$23.80 to \$24.00 per cwt for 2014, and is lowered for 2015 to \$19.40 to \$20.40 per cwt.

U.S. MILK SUPPLY AND USE					
Commodity	2013	2014 Projected		2015 Projected	
		August	September	August	September
MILK	BILLION POUNDS				
PRODUCTION	201.2	206.0	206.3	212.5	212.5
FARM USE	1.0	1.0	1.0	1.0	1.0
FAT BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	12.2	11.2	11.2	10.9	10.5
MARKETINGS	200.2	205.0	205.3	211.6	211.5
IMPORTS	3.7	3.7	4.1	3.6	3.8
TOTAL COMMERCIAL SUPPLY	216.2	219.9	220.6	226.1	225.8
FAT BASIS USE					
COMMERCIAL EXPORTS	12.4	12.8	12.6	11.8	11.5
ENDING COMMERCIAL STOCKS	11.2	10.9	10.5	12.0	12.0
CCC DONATIONS	0.0	0.0	0.0	0.0	0.0
DOMESTIC COMMERCIAL USE	192.6	196.2	197.5	202.3	202.4
SKIM-SOLIDS BASIS SUPPLY					
BEGINNING COMMERCIAL STOCKS	12.4	11.6	11.6	12.0	12.0
MARKETINGS	200.2	205.0	205.3	211.6	211.5
IMPORTS	5.3	5.2	5.3	5.1	5.2
TOTAL COMMERCIAL SUPPLY	217.9	221.9	222.2	228.7	228.7
SKIM-SOLIDS BASIS USE					
COMMERCIAL EXPORTS	38.5	40.6	39.8	39.0	38.5
ENDING COMMERCIAL STOCKS	11.6	12.0	12.0	12.4	12.6
CCC DONATIONS	0.0	0.0	0.0	0.0	0.0
DOMESTIC COMMERCIAL USE	167.7	169.3	170.4	177.3	177.6

NOTE: Totals may not add due to rounding.

Continued on page 11

SEPTEMBER MILK SUPPLY AND DEMAND ESTIMATES-cont'd

U.S. DAIRY PRICES						
Commodity	2013	2014 Projected		2015 Projected		
		August	September	August	September	
PRODUCT PRICES ¹	DOLLARS PER POUND					
	CHEESE	1.7683	2.050-2.070	2.135-2.155	1.670-1.770	1.690-1.790
	BUTTER	1.5451	2.040-2.080	2.170-2.210	1.655-1.785	1.675-1.805
	NONFAT DRY MILK	1.7066	1.845-1.865	1.775-1.795	1.605-1.675	1.565-1.635
	DRY WHEY	0.5902	0.640-0.660	0.640-0.660	0.565-0.595	0.560-0.590
MILK PRICES ^{2/}	DOLLARS PER CWT					
	CLASS III	17.99	21.25-21.45	22.15-22.35	17.00-18.00	17.20-18.20
	CLASS IV	19.05	22.35-22.65	22.30-22.60	18.70-19.80	18.45-19.55
	ALL MILK ^{3/}	20.05	23.55-23.75	23.80-24.00	19.75-20.75	19.40-20.40
	QUARTERLY					
	2012 IV	2013 I ^{4/}	2013 II ^{4/}	2013 III ^{4/}	2013 IV ^{4/}	
MILK PRODUCTION	BILLION POUNDS					
	52.9	51.1	51.2	52.8	54.4	
	DOLLARS PER CWT					
	ALL MILK PRICE ^{2/ 3/}	24.23	23.65-23.85	22.80-23.30	20.40-21.20	18.60-19.60
	CLASS III PRICE ^{2/}	22.75	22.55-22.75	20.80-21.30	17.40-18.20	16.80-17.80
CLASS IV PRICE ^{2/}	23.04	23.20-23.50	20.05-20.65	17.75-18.65	18.10-19.20	

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

Source: U.S. Department of Agriculture. World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates, WASDE-533, September 11, 2014*. Approved by the Interagency Commodity Estimates Committee [members for Dairy are: Shayle Shagam, Chairperson, WAOB; Uthra Raghunathan, AMS; Paul Kiendl, FAS; Roger Hoskin, ERS; and Milton Madison, FSA].

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

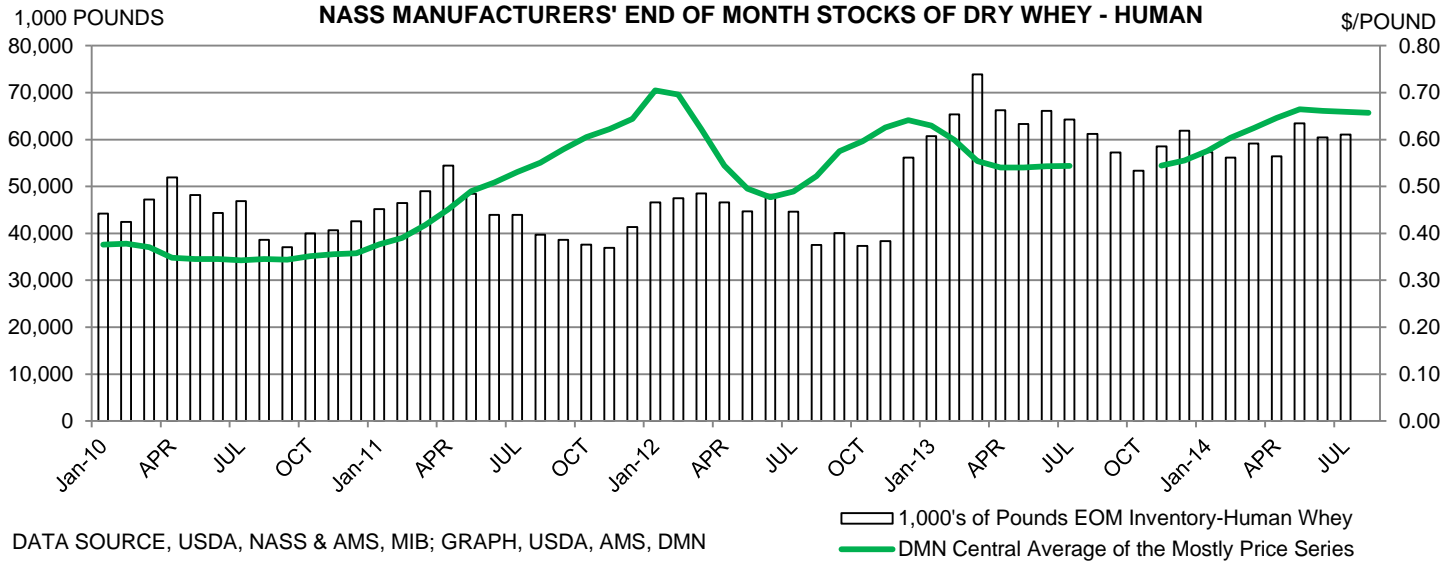
In June 2014, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$23.11 per cwt, down \$1.26 from the May 2014 average, and up \$3.65 from the June 2013 average. The component tests of producer milk in May 2014 were: butterfat, 3.62%; protein, 3.03%; and other solids, 5.75%. The June Mailbox prices decreased an average of \$1.24/cwt across all Federal milk order reporting areas when compared to the previous month. The June 2014 mailbox prices decreased in all areas. Florida experienced the greatest decrease of \$1.63/cwt, while the Northwest States experienced the least decrease of \$0.56/cwt. Mailbox prices in June 2014 ranged from \$25.78 in Florida to \$20.25 in New Mexico.

Reporting Area <u>1/</u>	Mailbox Milk Price <u>2/</u>		
	June 2013	May 2014	June 2014
	Dollars per hundredweight		
New England States <u>3/</u>	20.90	25.91	24.92
New York	19.93	25.16	24.08
Eastern Pennsylvania <u>4/</u>	20.01	25.12	24.07
Appalachian States <u>5/</u>	20.41	25.77	24.68
Southeast States <u>6/</u>	20.85	26.12	24.85
Southern Missouri <u>7/</u>	19.13	24.63	23.66
Florida	22.30	27.41	25.78
Western Pennsylvania <u>8/</u>	19.86	24.87	23.70
Ohio	19.92	24.45	23.34
Indiana	19.31	23.87	22.61
Michigan	19.17	23.90	22.97
Wisconsin	19.67	24.38	22.91
Minnesota	19.38	24.47	22.85
Iowa	19.74	24.83	23.48
Illinois	19.73	24.80	23.33
Corn Belt States <u>9/</u>	18.45	23.32	21.84
Western Texas <u>10/</u>	18.30	22.96	21.43
New Mexico	17.19	21.77	20.25
Northwest States <u>11/</u>	19.07	23.85	23.29
All Federal Order Areas <u>12/</u>	19.46	24.37	23.11
California <u>13/</u>	17.55	21.72	21.60

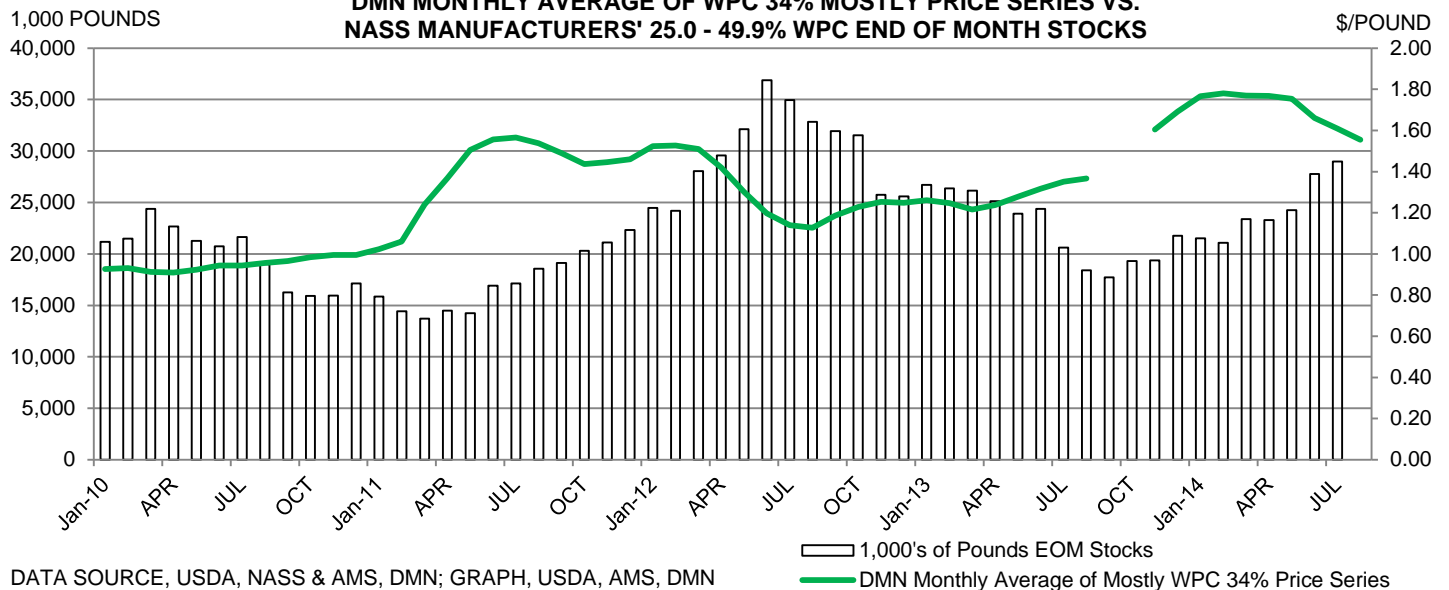
1/ Areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders. 2/ Net pay prices received by dairy farmers for milk. Prices reflect all payments received for milk sold and all costs associated with marketing the milk. Prices are weighted averages of the prices 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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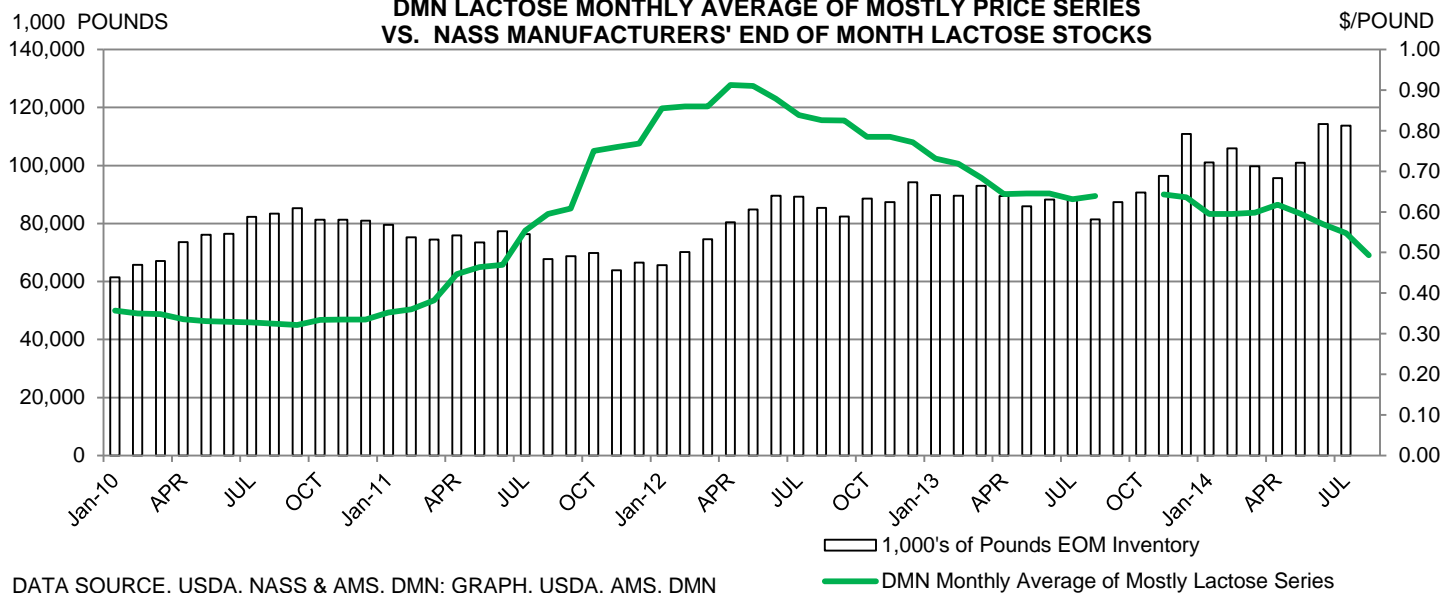
**4-5 WEEK AVERAGE DRY WHEY PRICES FROM FMMO CALCULATED MILK PRICE FORMULAS VS.
NASS MANUFACTURERS' END OF MONTH STOCKS OF DRY WHEY - HUMAN**



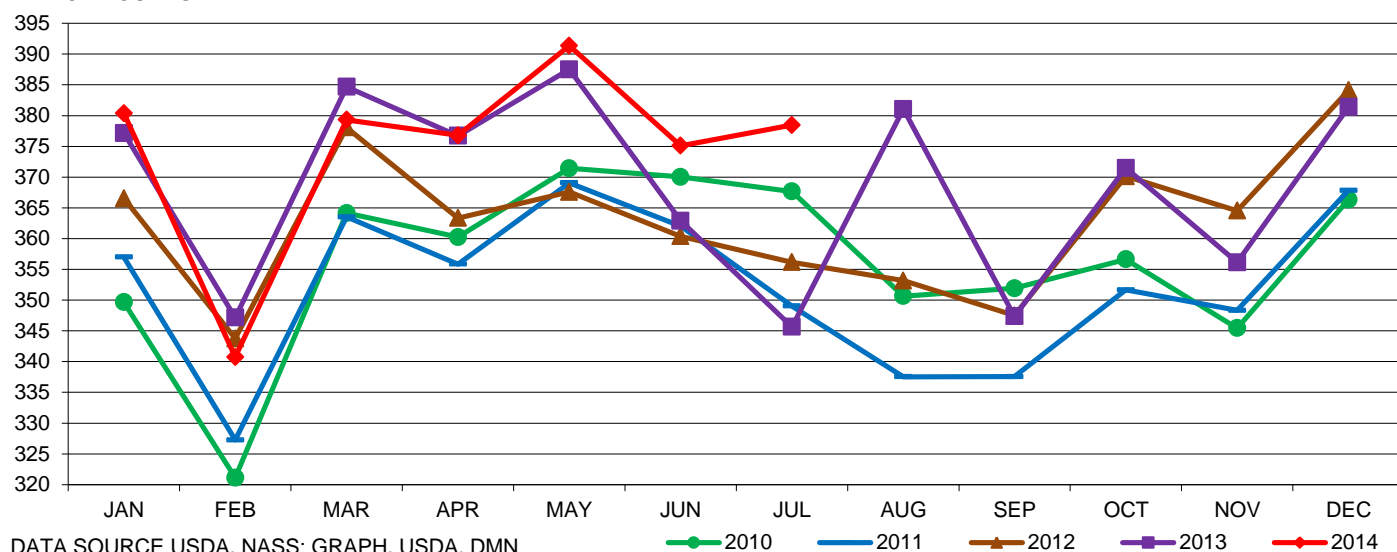
**DMN MONTHLY AVERAGE OF WPC 34% MOSTLY PRICE SERIES VS.
NASS MANUFACTURERS' 25.0 - 49.9% WPC END OF MONTH STOCKS**



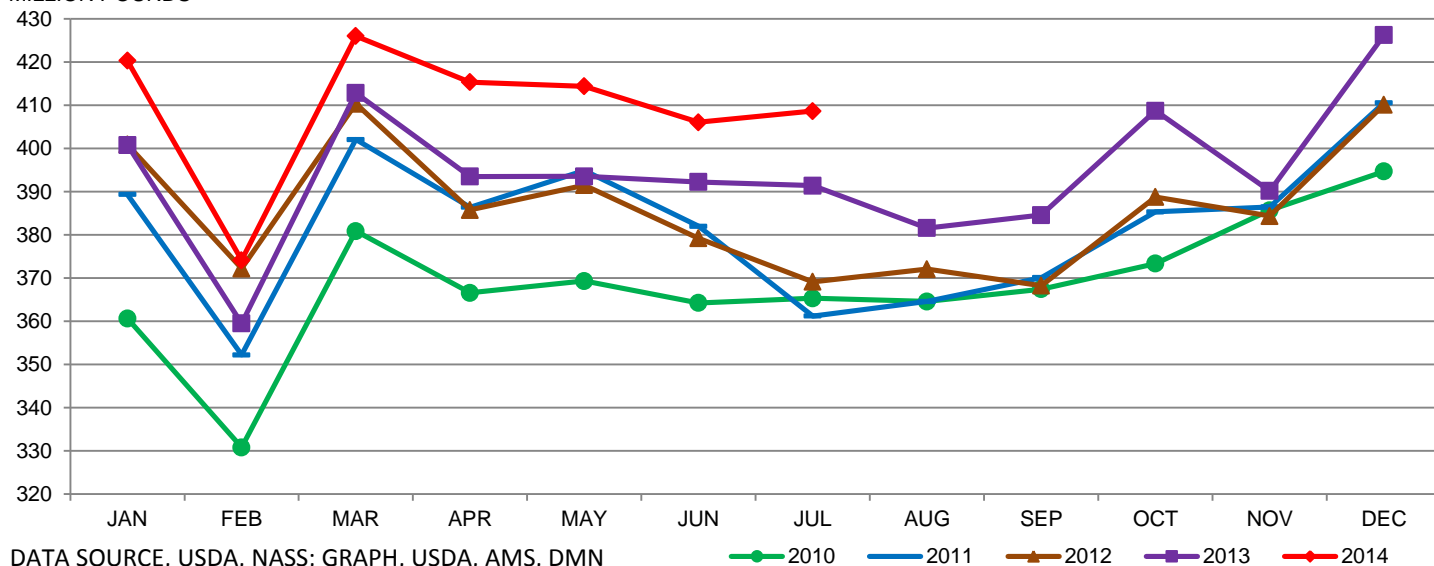
**DMN LACTOSE MONTHLY AVERAGE OF MOSTLY PRICE SERIES
VS. NASS MANUFACTURERS' END OF MONTH LACTOSE STOCKS**



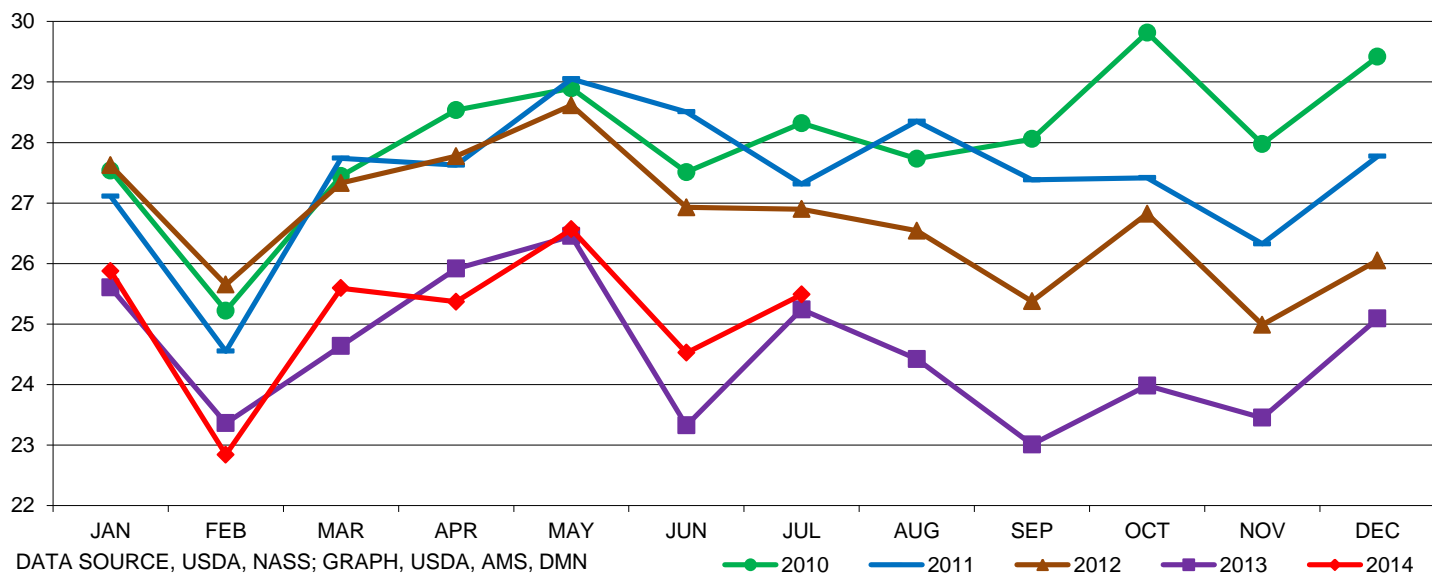
MILLION POUNDS

U.S. TOTAL AMERICAN CHEESE PRODUCTION

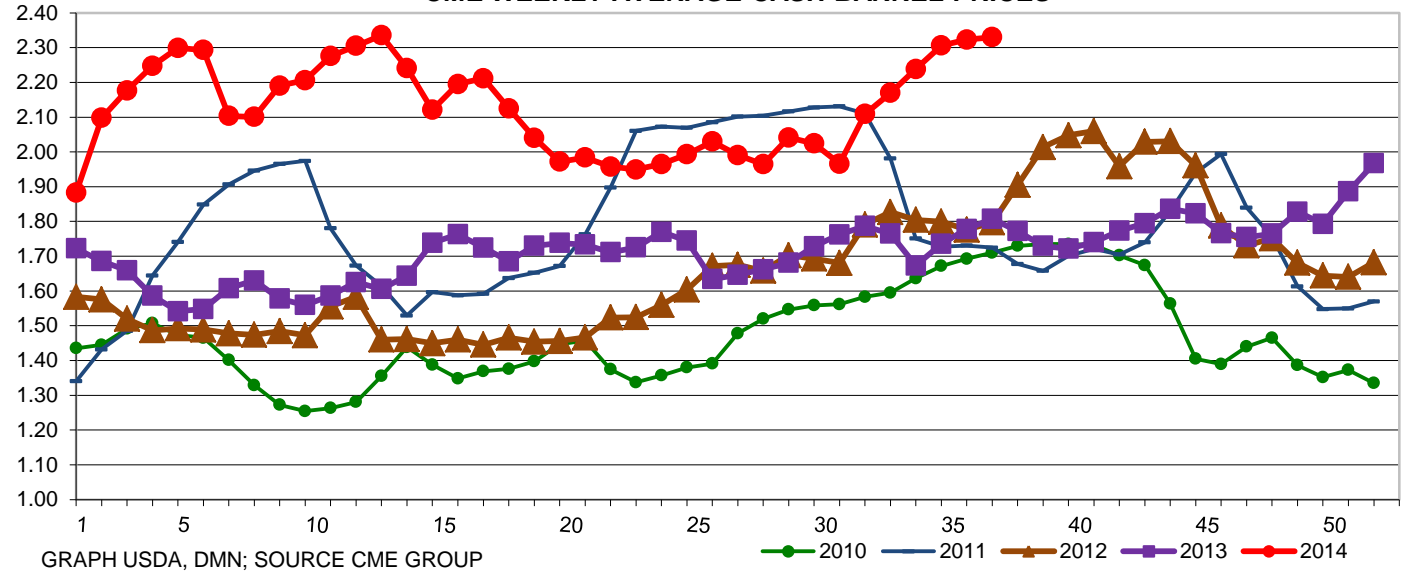
MILLION POUNDS

U.S. TOTAL ITALIAN-TYPE CHEESE PRODUCTION

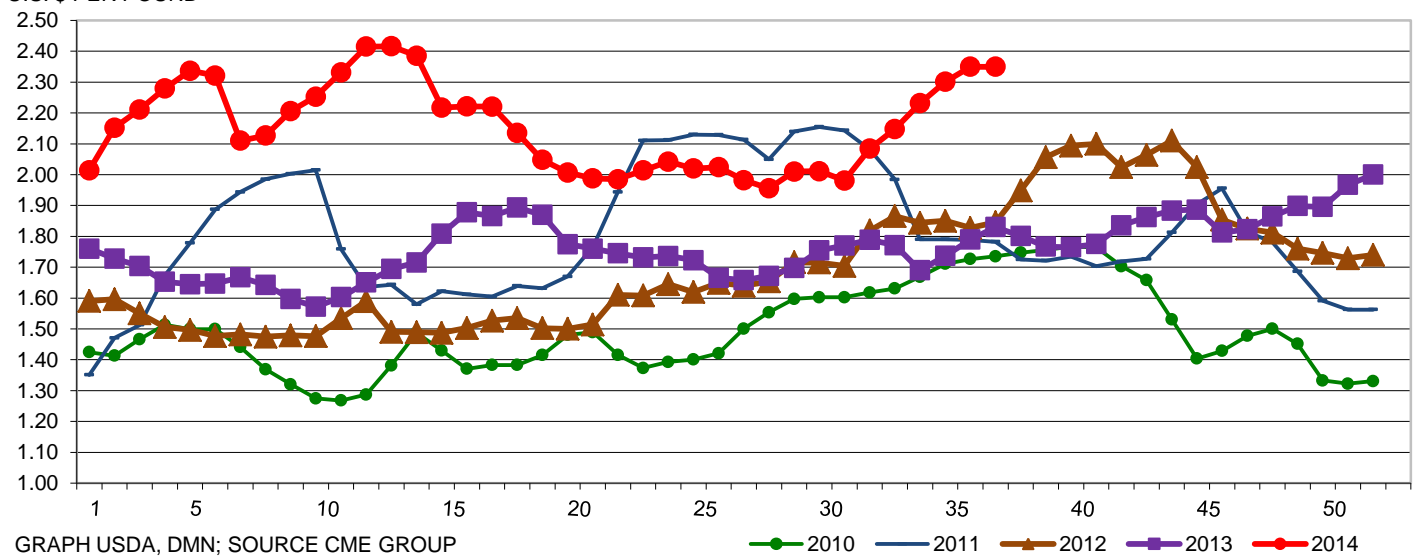
MILLION POUNDS

U.S. SWISS CHEESE PRODUCTION

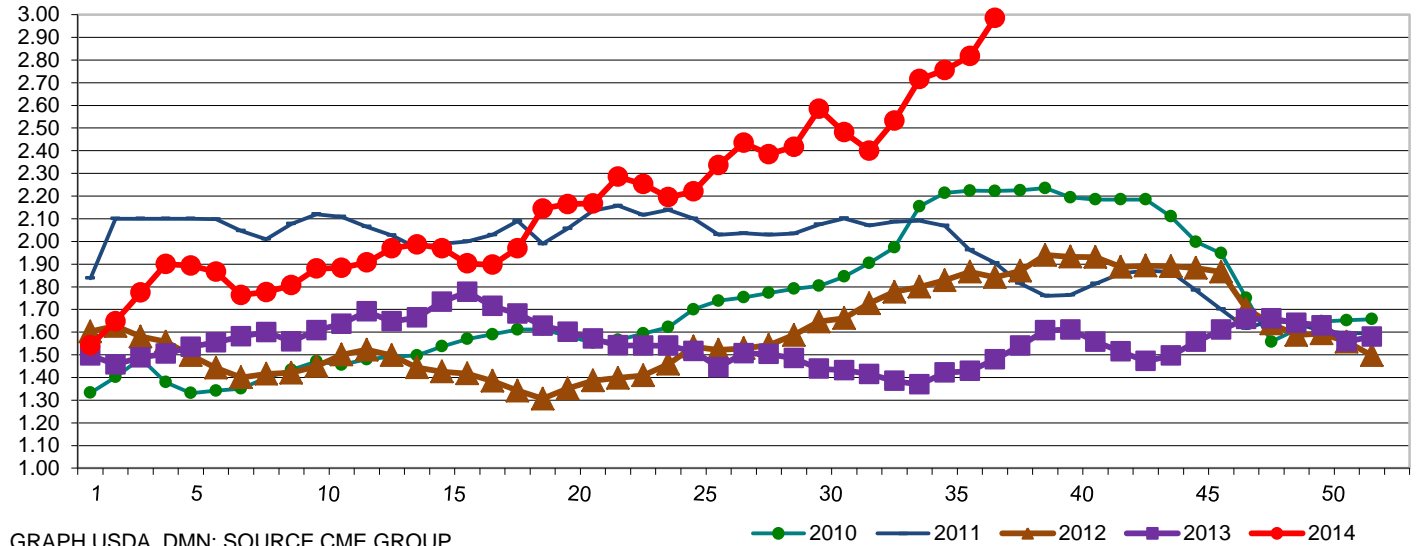
U.S. \$ PER POUND

CME WEEKLY AVERAGE CASH BARREL PRICES

U.S. \$ PER POUND

CME WEEKLY AVERAGE CASH CHEDDAR BLOCK PRICES

U.S. \$ PER POUND

CME WEEKLY AVERAGE CASH GRADE AA BUTTER PRICES

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