

ORGANIC DAIRY MARKET NEWS
Information gathered October 8 - 19, 2018

ORGANIC DAIRY FLUID OVERVIEW

Organic Milk Product Sales. Agricultural Marketing Services (AMS) reports during August 2018 total organic milk products sales were 222 million pounds, up 2.1 percent from August 2017 and up 0.5 percent January-August 2018, compared with the same period of 2017. Organic whole milk products sales for August 2018, 90 million pounds, climbed 4.1 from last year and rose 5.1 percent compared to 2017 year to date.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, August 2018, WITH COMPARISONS^{1/}

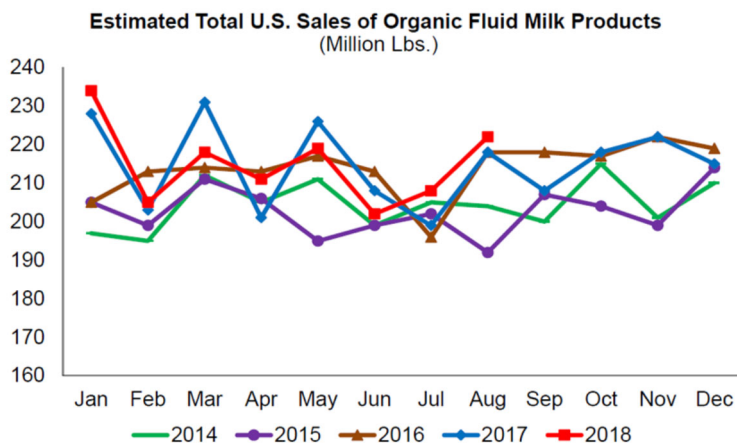
Product Name	Sales		Change ^{2/}	
	March Mil.	Y-T-D Lbs.	Prev Yr. Percent	Y-T-D Percent

ORGANIC PRODUCTION PRACTICE

Whole Milk	90	697	4.1	5.1
Reduced Fat Milk (2%)	70	548	4.3	4.2
Low Fat Milk (1%)	33	255	2.5	-2.7
Fat-Free Milk (Skim)	18	155	-16.9	-15.6
Flavored Fat-Reduced Milk	11	68	13.1	-14.0
Other Fluid Milk Products	0	0	-94.7	-73.5
Total Fat-Reduced Milk ^{3/}	133	1,025	0.9	-2.4
Tot. Organic Milk Products	222	1,722	2.1	0.5

¹ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which account for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. ² Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis. ³ Organic fat reduced milk categories are total of reduced fat, low-fat, skim, and flavored fat reduced milk composition.

For the U.S. as a whole, estimated sales data through August can be compared with prior year's results in the graph below.



New England Organic Milk Sales and Sourcing. Federal Milk. Market Order 1, in New England, reports the utilization of types of organic milk by pool plants. During September 2018, organic whole milk utilization totaled 14.8 million pounds, up from 14.6 million pounds one year earlier. September 2018 butterfat content was 3.28 percent, down from 3.29 percent in 2017. Organic reduced fat milk utilization for September this year, 18.5 million pounds, was mostly unchanged from the year before. The butterfat percentage this September was 1.36, up from 1.31 percent the previous year.

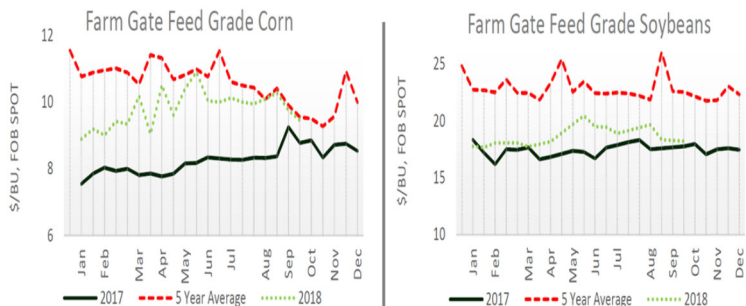
Organic Milk Pay Prices in Europe. According to CLAL, the average organic milk price in Germany for August 2018, 47.18 Euros/100lt, (currently \$54.45 USD), is 2.80 percent lower than the previous year and 0.17 percent below the previous month. According to CLAL, average organic milk farm prices in France for August 2018, 46.96 Euros/100lt, (currently \$54.19 USD), are 0.58 percent lower than a year earlier, but up 1.60 percent from July. Average organic milk farm prices in Baviera for August 2018, 47.54 Euros/100lt, (currently \$54.86

USD), are 2.66 percent lower than a year earlier and down 0.04 percent from July, according to CLAL.

Small Local Organic Farms Deliver. In areas of the Midwest, a few organic milk processors are conceivably relaxing restrictions on who supplies their milk. While looking for more organic milk, sources imply that regular channels of organic milk are unable to resource needed supply. Therefore, some processors are actively seeking needed volumes, which in turn present an opportunity for a few small local organic milk producers to fill the organic milk void. Milk supplies from those selected local farms are likely to be procured through January 2019, before re-evaluating takes place.

ORGANIC GRAIN FEEDSTUFF OVERVIEW

Organic Grain and Feed Market Trend. This period, trading tends to be mostly active on strong interest. The bulk of activity stems from active forward contracting, primarily for Q4 2018 through Q1 2019. In the marketplace, feed grade corn transactions are \$0.30 lower than two weeks ago, while \$0.68 higher than the previous year. Sources report yields are higher than expected. Meanwhile, feed grade soybeans note moderate demand on fair to active trading, which saw the soybean price change \$0.45 above a year ago. Feed wheat has a firm undertone. Soybean meal and oil markets are active with moderate interest, while the undertone remains steady. Exchanges are fairly sluggish for all other organic grain markets.



Organic Grain				
Commodity	Specifications	Units	Price Range	Average Price
Yellow Corn	Feed Grade #2	\$/bushel	8.90 - 11.00	9.45
	Food Grade #2	\$/bushel	NA - NA	NA
Yellow Soybeans	Feed Grade #1	\$/bushel	18.00 - 18.50	18.22
	Food Grade #1	\$/bushel	NA - NA	NA

ORGANIC DAIRY RETAIL OVERVIEW

This week, total organic retail advertisements fell 29 percent with most regions reporting a decline in ad numbers. For the 3 major types of organic dairy products, including organic milk, organic yogurt and organic cheese, percentage changes compared to the previous survey were -15, -42, and +70 percent, respectively.

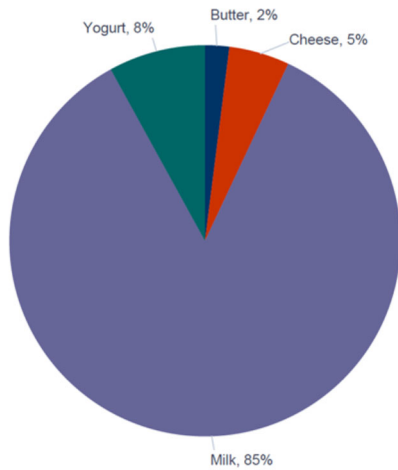
Organic milk in the half gallon packaging led all organic dairy products in volume of retail ad numbers, although organic milk gallon packaging notes a higher change in ad numbers, up 162 percent over the prior survey report. The spread between the organic and conventional half gallon milk price increased to \$1.74, compared to \$1.64 the previous report week.

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The following pie chart displays percentages of all advertised organic dairy commodities detailed in the survey.

Percentage of Total Organic Ads by Commodity



Data source: USDA Dairy Market News

Complete results of this bi-weekly survey providing additional graphs, tables, and regional delineation, or can be accessed at: <https://www.ams.usda.gov/mnreports/dybdairyorganic.pdf>

Advertising information presented is compiled from nearly 23,000 surveyed newspaper supermarket ads. Prices are valid from October 19-25, 2018. Retail survey ads reflect "advertised specials" and not the range of non-advertised supermarket cooler prices.

**NATIONAL RETAIL ORGANIC DAIRY
WEIGHTED AVERAGE ADVERTISED PRICE
(Dollars)**

Commodity	This Week	Last Week	Last Year
Butter	4.99	4.85	4.93
Cheese	3.79	3.79	n.a.
Milk			
Half Gal.	4.11	3.88	3.70
Gal.	5.39	7.34	5.99
8 oz.	n.a.	.96	1.00
Sour Cream	n.a.	2.29	2.66
Yogurt			
4-6 oz. Greek	n.a.	n.a.	1.03
32 oz. Greek	n.a.	n.a.	3.50
4-6 oz. Yogurt	1.49	1.06	.69
32 oz. Yogurt	3.99	5.99	3.50

Data source: USDA/AMS/Weekly National Organic Summary

Complete results of the "National Retail Report-Dairy" and "Weekly National Organic Summary" are accessible using the following links:

1 <https://www.ams.usda.gov/mnreports/dybretail.pdf>

2 <https://www.ams.usda.gov/mnreports/lswnos.pdf>

DIRECT TO CONSUMER ORGANIC DAIRY PRODUCT PRICES

The following tables identify U.S. price range results from a Dairy Market News national survey of publicly available prices of organic dairy products, available from farmstead outlets and online. There may be prices offered outside of the price range which were not identified by the survey. These are cows' milk products.

BUTTER			
Commodity	Type	Pack Size	: Organic Price Range \$
Organic Butter		1 lb	: 13.45 -
Organic Butter		8 oz	: 4.75 - 10.00
CHEESE			
Commodity	Type	Pack Size	: Organic Price Range \$
Organic Cheese	Cheddar - 2-4 year	8 oz	: 5.73 - 6.93
Organic Cheese	Cheddar - 5-9 year	8 oz	: 8.50 -
Organic Cheese	Cheddar - Medium	8 oz	: 4.52 - 8.00
Organic Cheese	Cheddar - Mild	8 oz	: 4.14 - 8.50
Organic Cheese	Cheddar - Sharp	8 oz	: 4.95 - 6.00
Organic Cheese	Colby	8 oz	: 5.25 - 8.00
Organic Cheese	Farmers	8 oz	: 4.00 - 6.00
Organic Cheese	Gouda	8 oz	: 12.00 -
Organic Cheese	Monterey Jack	8 oz	: 5.25 - 8.00
Organic Cheese	Mozzarella	8 oz	: 5.50 - 12.50
Organic Cheese	Muenster	8 oz	: 6.00 -
Organic Cheese	Pepper Jack	8 oz	: 12.50 -
Organic Cheese	Curds	Per Lb	: 6.80 - 12.00