

ORGANIC DAIRY MARKET NEWS
Information gathered February 11 - 22, 2019

ORGANIC DAIRY FLUID OVERVIEW

Organic Milk Product Sales. The Agricultural Market Service (AMS) reports total organic milk products sales, for December 2018 were 219 million pounds, up 2.0 percent from December 2017 and up 0.6 percent, January-December 2018, compared with the same period in 2017. Total organic whole milk sales for December 2018 are 94 million pounds, up 5.8 percent compared with December last year and up 5.0 percent compared with the same period in 2017.

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

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

ORGANIC PRODUCTION PRACTICE

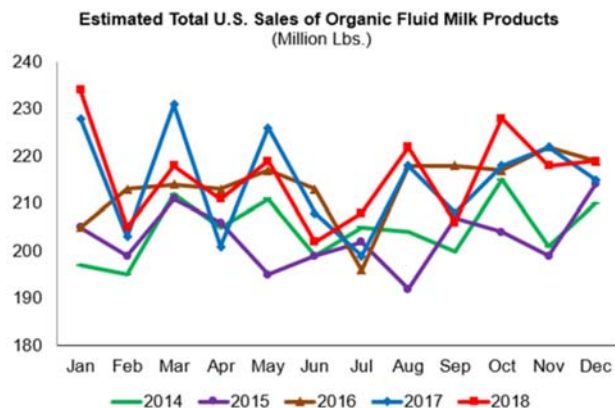
Whole Milk	94	1,061	5.8	5.0
Reduced Fat Milk (2%)	70	827	6.8	4.9
Low Fat Milk (1%)	30	375	-6.1	-3.5
Fat-Free Milk (Skim)	19	228	-7.5	-14.8
Flavored Fat-Reduced Milk	6	100	-27.4	16.0
Other Fluid Milk Products	0	1	1,166.7	-18.1
Total Fat-Reduced Milk 3/	125	1,531	-1.0	-2.2
Tot. Organic Milk Products	219	2,593	2.0	0.6

^{1/} These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas, 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 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.

^{4/} Year to Date Sales, Change from Previous Year, and Change in Year to Date figures are influenced by the shift of California from being administered by the California Department of Food and Agriculture (CDFA) to a Federal order (i.e., changes in product classification, etc.). The California Federal Milk Marketing Order became effective on November 1, 2018.



Graph data from Federal Milk Market Administrators, graph by Dairy Market News

U.S. Organic Market: Throughout the United States, several organic conferences are taking place. Thousands of organic farmers and individuals in the industry will gather to meet at various locations. At the conferences, there will be numerous education courses and workshops about farming practices and advocating national policies. Furthermore, dozens of market participants will speak about managing organic projects to support and empower the industry.

Retail Organic Milk Prices for Selected U.S. Cities. The February 2019 in-store surveys of selected supermarkets in twenty-nine U.S. cities reveal that the price of organic whole milk, in half gallon containers, ranges from \$3.14 in Houston, TX to \$5.54 in St. Louis, MO. The U.S. simple average price for February is \$4.06. The biggest price decreases, over the previous month, occurred in Milwaukee, WI and Syracuse, NY, currently down \$0.80 and \$0.17, respectively.

Below is a table displaying the December 2018 price per half gallon of organic whole milk, for each of the 29 cities surveyed.



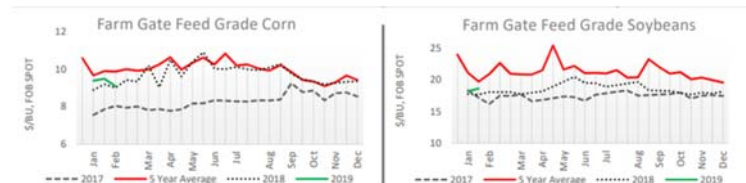
As collected by Federal milk order market administrators, based on a survey conducted one day between the 1st and 10th of each month (excluding Fridays and weekends) in selected cities or metropolitan areas. One outlet of the largest and second largest food store chains and the largest convenience store chain are surveyed. The price represents the most common brand in nonreturnable containers.

The U.S. Department of Agriculture published a proposed rule to amend the National List of Allowed and Prohibited Substances for crops and handling based on propositions in 2018 from the National Organic Standards Board. The proposed rule would allow and/or reclassify several substances including: elemental sulfur, Polyoxin D zinc salt, and magnesium chloride from sea water. The USDA welcomes comments. The comment period will close on April 16, 2019.

For more information, visit <https://www.federalregister.gov/documents/2019/02/15/2019-02518/national-organic-program-proposed-amendments-to-the-national-list-of-allowed-and-prohibited>.

ORGANIC GRAIN FEEDSTUFF OVERVIEW

Organic Grain and Feed Market Trend. Suppliers of feed grade corn and soybeans are seeing light to moderate demand from buyers in the spot market. Feed grade corn sales are trading at lower prices. However, forward contracting for feed corn is active. Transactions are slower for all other organic grains at this time.



Organic Grain				
Commodity	Specifications	Units	Price Range	Average Price
Yellow Corn	Feed Grade #2	\$/bushel	8.75 - 10.50	9.09
	Food Grade #2	\$/bushel	NA - NA	NA
Yellow Soybeans	Feed Grade #1	\$/bushel	NA - NA	18.20
	Food Grade #1	\$/bushel	NA - NA	NA

ORGANIC DAIRY RETAIL OVERVIEW

In the current survey, organic retail advertisements improved by 34 percent. Organic cheese in 8 oz block packages reported the largest percentage shift in ads, at 178 percent. The Southeast region has the biggest percentage change for milk promotions this ad period, at 88 percent. For organic milk, half gallon packages posted the biggest number of ads this week.

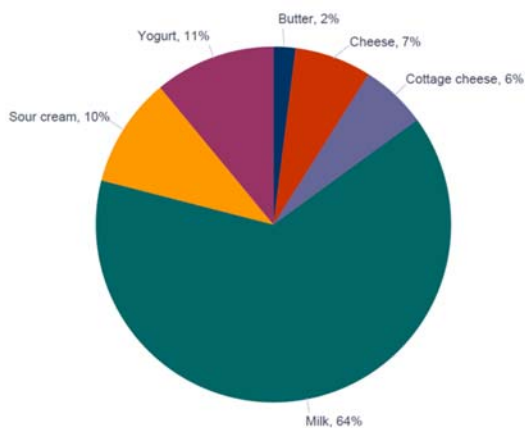
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For organic milk in half gallon packages, prices increased 10 cents compared to the last survey period. The current retail milk price spread between organic and conventional half gallon milk is an organic premium of \$2.18. The price spread moved up \$0.47 compared to the prior retail survey.

Organic milk, as a percentage of the total ads of organic dairy products, published 64 percent, followed by organic yogurt at 11 percent. At the end of February, organic butter and cottage cheese recorded the lowest percentages of total ads, exhibiting 2 and 6 percent this week. The pie chart below displays percentages of all organic dairy commodities detailed in the ad survey.

Percentage of Total Organic Ads by Commodity



Data source: USDA Dairy Market News

Product pricing information of selected organic dairy commodities, from the current weekly retail survey, is presented in the following table:

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

Commodity	This Week	Last Week	Last Year
Butter	4.99	5.29	4.88
Milk			
Half Gal.	4.07	3.97	4.15
Gal.	5.31	4.70	6.57
8 oz.	n.a.	n.a.	0.83
Yogurt			
4-6 oz. Greek	n.a.	1.25	n.a.
32 oz. Greek	n.a.	3.00	n.a.
4-6 oz. Yogurt	0.79	1.00	1.22
32 oz. Yogurt	3.76	4.05	3.40

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>