

**DAIRY MARKET NEWS AT A GLANCE**

**CME GROUP CASH MARKETS (8/17)**

**BUTTER:** Grade AA closed at \$2.3050. The weekly average for Grade AA is \$2.3480 (+.0240).

**CHEESE:** Barrels closed at \$1.6700 and 40# blocks at \$1.6550. The weekly average for barrels is \$1.6675 (+.1330) and blocks, \$1.6570 (+.0460).

**NONFAT DRY MILK:** Grade A closed at \$.8625. The weekly average for Grade A is \$.8325 (+.0060).

**DRY WHEY:** Extra grade dry whey closed at \$.4450. The weekly average for dry whey is \$.4445 (+.0055).

**BUTTER HIGHLIGHTS:** Butter market conditions have been generally mixed throughout the country. In the East, the market tone is unsettled, but steady on the West. Meanwhile, in the Central region the butter market looks to be healthy. Nationwide, bulk/print butter output varies in each region, mainly driven by production and sales strategies from plant managers. Requests from retailers are sluggish, but steady to improving from the food service sector. Bulk and print inventories are readily available to cover most contractual and spot needs. Based on the CME Group, with various periods and averages used, this week, bulk butter pricing varies among regions: East, 4.0 cents to 7.0 cents above the market; Central, 0.0 cents to 7.0 cents above the market; West, 2.0 cents below to 7.5 cents above the market. The CME Group cash price for Grade AA butter is \$2.3050, down \$0.0350 compared to last Friday's price, \$2.3400.

**CHEESE HIGHLIGHTS:** With the seasonal milk yield downturns and schools taking on more fluid milk, spot milk supplies into cheese production remain available, but slightly lower than in recent weeks. Spot milk prices were between \$.50 under to \$2.00 over Class this week in the Midwest. Cheese production is mixed regionally. Some Centrally located cheese plant managers are tightening work schedules, as cheese inventory concerns persist. While

Western producers are running active schedules, as food service has picked up with the onset of the school year. CME barrel prices saw a lift this week, but some buyers are skeptical about the longevity of the upswing. Even so, market tones are leaning bullish. The CME Group closing price for barrels is \$1.6700, compared to last Friday's closing price of \$1.6200. The closing price for blocks is \$1.6550, compared to last Friday's closing price of \$1.6575.

**FLUID MILK:** Milk volumes off-the-farm vary across the country. While the devastating wildfire in Northern California challenges milk distribution efforts, those areas seriously affected by the fires are not primary locations of dairy farms. With that said, milk production in the West is mostly steady in Arizona, Pacific Northwest, Idaho, Utah, and Colorado. New Mexico reports a slight uptick in farm level milk production. In the East, milk production numbers show declines as heat and humidity oppose cow comfort in areas of the region. As temperatures rise slightly in the upper Midwest, milk output has not shown any falloff. Most of the country is experiencing an uptick in Class I sales as bottlers fill school pipelines. For now, enough milk is available for Class III demand, as Midwest cheese plants turn away spot milk offerings. Ice cream continues to pull on cream as standardized cream adds to regional supplies. **Cream Multiples** for all Classes range **1.35-1.45** in the East; **1.22-1.40** in the Midwest; and **1.11-1.32** in the West.

**DRY PRODUCTS:** Nonfat dry milk markets appear mixed as prices adjusted slightly upwards in the Central and East regions, in the mostly series, but shifted lower throughout the pricing series in the West region. Nonfat dry milk trading has been quiet as buyers hesitate to determine price direction before purchasing. **Dry buttermilk** production continues to be affected by the availability of cream as

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**DAIRY MARKET NEWS PRICE SUMMARY FOR AUGUST 13 - 17, 2018**  
**PRICES (\$/LB) & CHANGES FROM PREVIOUS PUBLISHED PRICES**

Commodity	Range		Mostly		Commodity	Range		Mostly		Commodity	Range		Mostly	
<b>NDM</b>					<b>BUTTERMILK</b>					<b>LACTOSE</b>				
Central Low/Med. Heat	0.7650	0.8700	0.7900	0.8500	Central/East	0.7800	0.8200			Central/West	0.2400	0.3900	0.2900	0.3600
Change	N.C.	N.C.	0.0025	0.0100	Change	N.C.	N.C.			Change	N.C.	N.C.	N.C.	N.C.
Central High Heat	0.9500	1.0500			West	0.7500	0.8650	0.7800	0.8300	<b>WPC 34%</b>				
Change	N.C.	N.C.			Change	N.C.	N.C.	N.C.	N.C.	Central/West	0.7000	0.9800	0.7300	0.8950
West Low/Med. Heat	0.7675	0.8800	0.8000	0.8575	<b>WHEY</b>					Change	N.C.	N.C.	-0.0100	0.0075
Change	-0.0125	-0.0300	-0.0200	-0.0075	Central	0.2650	0.4500	0.3500	0.4300	<b>CASEIN</b>				
West High Heat	0.9900	1.0675			Change	N.C.	N.C.	0.0125	0.0100	Rennet	2.3500	2.5000		
Change	N.C.	N.C.			West	0.3525	0.4500	0.3725	0.4400	Change	0.1800	0.2100		
<b>DRY WHOLE MILK</b>					Change	0.0175	0.0025	0.0125	0.0200	Acid	2.9900	3.1000		
National	1.4400	1.6900			Northeast	0.3500	0.4300			Change	0.0800	-0.1000		
Change	N.C.	N.C.			Change	0.0125	0.0100			<b>ANIMAL FEED WHEY</b>				
										Central	0.2400	0.3200		
										Change	0.0400	0.0100		

**DAIRY MARKET NEWS PRICE SUMMARY FOR AUGUST 6 - 17, 2018**  
**PRICES (\$/MT) & CHANGES FROM PREVIOUS PUBLISHED PRICES**

Commodity	Range		Commodity	Range		Commodity	Range	
<b>SMP</b>			<b>WHOLE MILK POWDER</b>			<b>BUTTER</b>		
W. Europe	1725	1875	W. Europe	3175	3350	W. Europe	6200	6925
Change	75	75	Change	-50	50	Change	75	375
Oceania	1925	2125	Oceania	2950	3250	Oceania	4750	5000
Change	-25	N.C.	Change	-25	225	Change	-200	-100
S. America	2200	2500	S. America	2900	3300	<b>BUTTEROIL</b>		
Change	-50	-50	Change	50	50	W. Europe	6750	8200
<b>WHEY</b>					Change	150	N.C.	
W. Europe	925	1025			<b>CHEDDAR CHEESE</b>			
Change	25	N.C.			Oceania	3575	4125	
					Change	-25	325	

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

some churns continue to sell cream to other users. Drying is lighter, and demand exceeds supplies. **Dry whey** prices continue to firm in the three regions. Milk supplies have begun to circumvent cheese production, to fluids, limiting dry whey production. Demand is strong. The **WPC34%** market is steady in the range, as the price spread increases in the mostly series. Supplies are tight. The **lactose** price is generally steady. Production is mostly steady. **Casein** prices are firming.

**INTERNATIONAL DAIRY MARKET NEWS: WESTERN OVERVIEW:** European milk production continues the normal seasonal decline pattern. In many of the top dairy countries of Europe, it has been a sweltering summer. The adverse weather has taken a toll on milk production, keeping increases in check. Some dairy producers have already begun to use what had been intended as winter feed. There are some indications of herd reductions resulting from the tightness of feed and poor pastures. Longer run, the weather has slowed pasture growth, as well as feed.

**EASTERN OVERVIEW:** Milk production in Eastern Europe is trending lower seasonally. Poland, Belarus and Lithuania are among the Eastern European dairy producing countries hard hit by the drought and heat this summer.

**OCEANIA DAIRY MARKET OVERVIEW: AUSTRALIA:** While milk production in Australia for the last season, which ended in June, was up, the many dairy observers note that further gains are needed to get back to levels prior to recent declining years. Some observers had previously projected a 2 percent increase for the new season. Increasingly, analysts now express concern with cost of feed and water factors making 2 percent tougher to reach.

**NEW ZEALAND:** A large dairy coop in New Zealand last week surprised many members by announcing that it might not pay the previously forecast milk price or dividend for the 2017-2018 season which recently ended. This may result in a 6.75/kg New Zealand dollar milk price for the season, down 5 cents/kg. The full dividend might be left as the interim 10 Australian cents already paid in April. The after the fact nature of these proposed actions has undercut confidence by some observers, in projections moving forward. The proposals were announced, pending final approvals.

**SOUTH AMERICA OVERVIEW:** Farm milk production in the Southern Cone region of South America has been trending slightly down due to cooler temperatures hampering milk yields. Nevertheless, milk/cream intakes are suitable to cover most dairy manufacturing needs. Across the continent, demand for bottled milk/UHT is firm as most educational institutions are filling pipelines, while retailers are restocking shelves. In **Brazil**, higher farm gate prices continue to motivate farmers' confidence to produce more milk as poor-quality winter pastures in the southern region are limiting milk production. Aside this, significant part of this rise on farmgate pricing is associated to the past week trucker strike as the processors are trying to normalize activities after the protests.

**NATIONAL RETAIL REPORT (DMN):** Ice cream continues its reign as the top advertised dairy item in the nation this week. The national weighted average advertised conventional milk price for half gallons is \$2.02, while organic half gallon milk averaged \$4.48, an organic premium of \$2.46. Conventional cheese ad numbers increased 29 percent. Organic cheese advertisements decreased by 15 percent. The weighted average price of conventional 8 ounce block cheese is \$2.38, and \$2.43 for 8 ounce shred cheese. The weighted average advertised price of organic yogurt 4-6-ounce is \$1.50, compared to conventional yogurt in 4-6 ounce containers at 49 cents, an organic premium of \$1.01.

**JULY CONSUMER PRICE INDEX (BLS):** The July CPI for all food is 253.7, up 1.4 percent from 2017. The dairy products index is 215.6, down 0.4 percent from a year ago. The following are the July to July changes for selected products: fresh whole milk is -2.8 percent; cheese, +0.9 percent; and butter, +1.2 percent.

**AUGUST SUPPLY AND DEMAND ESTIMATES (WAOB):**

The milk production forecast for 2018 is unchanged from last month. The milk production forecast for 2019 is raised from the previous month on slightly higher cow numbers and increased milk per cow. For 2018, fat basis exports are raised from the previous month on higher sales of butter and other fat-containing products. The fat basis import forecast is also raised on higher expected imports of butterfat products. The skim-solids basis export forecast for 2018 is lowered on weaker sales of nonfat dry milk (NDM) and the imposition of tariffs by China on lactose and other dairy products. The import forecast is unchanged. For 2019, the fat basis import and export forecasts are unchanged from the previous month. Skim-solids basis exports are lowered on expected continued weak sales of lactose. The skim-solids import forecast for 2019 is reduced from the previous month on lower expected imports of milk protein concentrates. For 2018, cheese, butter, NDM and whey price forecasts are raised for 2018. Prices for cheese, NDM and whey are also raised for 2019 as demand strength is expected to carry into next year. However, the 2019 butter price forecast remains unchanged from the previous month. The 2018 Class III and Class IV price forecasts are raised from the previous month to reflect the higher dairy product price forecasts. For 2019, Class III price forecast is raised on higher forecast cheese and whey prices. The Class IV price forecast is raised on the stronger forecast NDM price. The all milk price is raised to \$16.10 to \$16.30 per cwt for 2018 and is raised to \$16.45 to \$17.45 per cwt for 2019.

**JUNE MILK SALES (USDA, FMMO, AND CDF):** During June 2018, 3.6 billion pounds of packaged fluid milk products are estimated to have been sold in the United States. This was 4.1 percent lower than June 2017. Estimated sales of total conventional fluid milk products decreased 4.2 percent from June 2017 and estimated sales of total organic fluid milk products decreased 3.1 percent from a year earlier.

COMMODITY	MONDAY AUG 13	TUESDAY AUG 14	WEDNESDAY AUG 15	THURSDAY AUG 16	FRIDAY AUG 17	WEEKLY CHANGE	WEEKLY AVERAGE
<b>CHEESE</b>							
BARRELS	\$1.6475 (+0.0275)	\$1.6700 (+0.0225)	\$1.6750 (+0.0050)	\$1.6750 (N.C.)	\$1.6700 (-0.0050)	:: (+0.0500)	:: \$1.6675 (+0.1330)
40 POUND BLOCKS	\$1.6600 (+0.0025)	\$1.6550 (-0.0050)	\$1.6600 (+0.0050)	\$1.6550 (-0.0050)	\$1.6550 (N.C.)	:: (-0.0025)	:: \$1.6570 (+0.0460)
<b>NONFAT DRY MILK</b>							
GRADE A	\$0.8300 (N.C.)	\$0.8200 (-0.0100)	\$0.8200 (N.C.)	\$0.8300 (+0.0100)	\$0.8625 (+0.0325)	:: (+0.0325)	:: \$0.8325 (+0.0060)
<b>BUTTER</b>							
GRADE AA	\$2.3675 (+0.0275)	\$2.3875 (+0.0200)	\$2.3500 (-0.0375)	\$2.3300 (-0.0200)	\$2.3050 (-0.0250)	:: (-0.0350)	:: \$2.3480 (+0.0240)
<b>DRY WHEY</b>							
EXTRA GRADE	\$0.4425 (N.C.)	\$0.4450 (+0.0025)	\$0.4450 (N.C.)	\$0.4450 (N.C.)	\$0.4450 (N.C.)	:: (+0.0025)	:: \$0.4445 (+0.0055)

Prices shown are in U.S. dollars per lb. in carlot quantities. Carlot unit weights: CHEESE, 40,000-44,000 lbs.; NONFAT DRY MILK, 41,000-45,000 lbs.; BUTTER, 40,000-43,000 lbs.; DRY WHEY, 41,000-45,000 lbs. Weekly Change is the sum of Daily Price Changes. Weekly Average is the simple average of the Daily Cash Close prices for the calendar week. Weekly Average Change is the difference between current and previous Weekly Average. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKET-NEWS/DAIRY

NOTICE: As of July 30, 2018, Dairy Market News no longer publishes CME Group sale, bid, or offer trading activity. Five days of trading information can be found at [www.cmegroup.com/trading/agricultural/spot-call-data.html](http://www.cmegroup.com/trading/agricultural/spot-call-data.html)

**BUTTER MARKETS**

**NORTHEAST**

The butter market is unsettled with a bullish undertone. According to WASDE, August 2018 butter prices were projected at \$2.2650-\$2.3050 per pound. Contacts are disinclined to speculate, for now, if prices will stabilize around the current levels. Churning schedules are seasonally moderate. Some plants look to replace butter stocks, contingent upon added cream made available in the marketplace. In general, butter stocks are on hand for the fair to good demand. Retail sales are slow to moderate for print butter and best when featured. The food service sector is steady to improving as school orders grow. Current bulk butter prices for domestic sales are reported 4-7 cents over the market of the CME Group, with various time frames and averages used.

Prices for: Eastern U.S., All First Sales, F.O.B., Grade AA, Conventional, and Edible Butter  
Bulk Basis Pricing - 80% Butterfat \$/LB: +0.0400 - +0.0700

Secondary Sourced Information:

At the CME, Tuesday, Grade AA bulk butter ended the day at \$2.3875, up \$0.0725 from last Tuesday.

**CENTRAL**

As cream prices shifted downward this week, churn activity increased. Butter plant managers sought out spot cream at a more vigorous clip than in the past month. Retail butter sales are reportedly ahead of last year's figures, and meeting or better than expectations. Similarly, and not unrelated, the market tone is also healthy. Some contacts point out that butter prices have been comfortably rangebound since fall 2017. For a majority of the time, butter prices have held somewhere between \$2.20 and

\$2.40. That said, current prices are nearing the top of this artificial range and some point out that there may be a decline soon.

Prices for: Central U.S., All First Sales, F.O.B., Grade AA, Conventional, and Edible Butter  
Bulk Basis Pricing - 80% Butterfat \$/LB: 0.0000 - +0.0700

**WEST**

In the West, butter output is steady. Contacts say that spot loads of cream going into butter production have not significantly increased. Manufacturers seem to be content with the amount of cream available for churning. As so, for the most parts, they are not seeking additional loads of cream for butter production runs. In fact, good demand from ice cream and cream cheese processors has incited some butter plant managers to sell cream in lieu of making more butter. Butter inventories are unchanged from a week ago. Sales are steady to weakening. According to some industry contacts, many end-users/buyers have their butter needs covered for the rest of the year.

Prices for: Western U.S., All First Sales, F.O.B., Grade AA, Conventional, and Edible Butter  
Bulk Basis Pricing - 80% Butterfat \$/LB: -0.0200 - +0.0750

Secondary Sourced Information:

The Grade AA butter price at the CME Group on Wednesday closed at \$2.3500, compared to the weekly average price of \$2.3240 from last week.

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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
August 11, 2018	2,3161 1,313,538	1,5682 12,742,660	1,4521 12,349,026	0,3622 6,220,787	0,8054 22,064,939

Further data and revisions may be found on the internet at: <http://www.ams.usda.gov/rules-regulations/mmr/dmr>

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**National Retail Report Dairy – Butter Summary**

Advertised Prices at Major Retail Supermarket Outlets ending during the period of 8/10/2018 to 8/16/2018

Butter 1# National	<u>Weighted Average Price</u>		
	This Period	Last Week	Last Year
Organic	\$6.39	\$4.98	\$4.82
Conventional	\$4.08	\$3.41	\$3.70

Regional (Conventional)	<u>Prices This Period</u>		
	Wtd. Ave.	Low	High
ALASKA	n.a.	n.a.	n.a.
HAWAII	\$5.99	\$5.99	\$5.99
MIDWEST	\$3.57	\$2.50	\$4.49
NORTHEAST	\$3.93	\$2.59	\$4.99
NORTHWEST	\$3.99	\$3.99	\$3.99
SOUTH CENTRAL	\$4.99	\$4.99	\$4.99
SOUTHEAST	\$3.00	\$3.00	\$3.00
SOUTHWEST	\$4.99	\$4.99	\$4.99

## CHEESE MARKETS

## NORTHEAST

Milk production is level to lower as the humidity is taking a toll on cow comfort. Northeast Class I sales increased this week, as plants are filling school pipelines for the new school year. Cheese manufacturers report receiving steady to a bit lower milk loads this week as bottlers are pulling heavy milk volumes. The domestic demand for cheese is fairly steady. Cheese supplies are steady to higher, as Class III production in the Northeast is stable. Cheddar block and barrel spot trading and prices are steady to higher as some buyers are willing to purchase cheddar cheese at increased prices. However, some market participants are waiting to see where the spot prices go. The wholesale prices for cheddar and Muenster increased \$0.0675. In addition, the process cheese price increased \$0.1000. The Grade A Swiss price is unchanged this week.

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

Cheddar 40 pound Block	2.0650-2.3500
Muenster	2.0500-2.4000
Process American 5 pound Sliced	1.6750-2.1550
Swiss 10-14 pound Cuts	3.1350-3.4575

## MIDWEST

Cheese demand reports this week remained on par with previous weeks in the month. Mozzarella and provolone orders are slowly beginning to increase. Specialty cheese plant managers are cutting back on production, as late summer can be a bit slower in that sector. Spot milk prices ranged between \$.50 under to \$2 over Class III. Some cheese producers have reported that they will not take any spot milk over Class, as current sales points do not warrant adding to production/inventories. Cheese market tones are somewhat positive, but a few contacts suggest buyers are skeptically approaching the increased prices, particularly for barrels.

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

Blue 5 pounds	2.2400-3.2275
Brick 5 pounds	1.9725-2.3975
Cheddar 40 pound Block	1.7000-2.0950
Monterey Jack 10 pounds	1.9475-2.1525
Mozzarella 5-6 pounds	1.7725-2.6450
Muenster 5 pounds	1.9725-2.3975
Process American 5 pound Loaf	1.6300-1.9900
Swiss 6-9 pound Cuts	2.6525-2.7700

## WEST

Western cheese production remains active. Cheesemakers have plenty of milk to run through the vats, but the seasonal easing of milk production and the restart of school milk bottling has taken some of the pressure off. The view of cheese demand is somewhat mixed. Some processors say they have not seen any change in demand over the last few weeks. Buyers seem to be on vacation or not very motivated to get any extra coverage. However, other dairy contacts suggest that there is a little light at the end of the summer doldrum tunnel. Food service demand is picking up somewhat as schools start up and pizza manufacturing pulls a bit more cheese. Inventories remain heavy, but contacts are hopeful domestic and international cheese demand can pick up to the point of cutting into the stock piles of cheese. In the West, wholesale prices were up \$.1000 for process and up \$.0675 for cheddar block, cuts and Monterey Jack. Swiss cut wholesale prices are unchanged.

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

Cheddar 10 pound Cuts	1.9125-2.1325
Cheddar 40 pound Block	1.7325-2.1775
Monterey Jack 10 pounds	1.9225-2.0825
Process American 5 pound Loaf	1.6175-1.8750
Swiss 6-9 pound Cuts	2.7325-3.1625

## National Retail Report Dairy – Cheese Summary

Advertised Prices at Major Retail Supermarket Outlets ending during the period of 8/10/2018 to 8/16/2018

Cheese 8 oz. Blocks	Weighted Average Price			
	National	This Period	Last Week	Last Year
Organic		\$5.99	n.a.	\$3.59
Conventional		\$2.39	\$2.35	\$2.35

Regional (Conventional)	Wtd. Ave.	Low	High
ALASKA	n.a.	n.a.	n.a.
HAWAII	\$3.30	\$2.75	\$3.99
MIDWEST	\$2.54	\$1.88	\$3.00
NORTHEAST	\$2.20	\$1.77	\$3.50
NORTHWEST	\$2.50	\$2.50	\$2.50
SOUTH CENTRAL	\$2.05	\$1.48	\$2.50
SOUTHEAST	\$2.42	\$2.00	\$3.00
SOUTHWEST	\$2.60	\$1.99	\$3.00

Cheese 8 oz. Shred	Weighted Average Price			
	National	This Period	Last Week	Last Year
Organic		\$3.17	n.a.	\$3.49
Conventional		\$2.16	\$2.27	\$2.15

Regional (Conventional)	Wtd. Ave.	Low	High
ALASKA	\$3.00	\$3.00	\$3.00
HAWAII	\$2.75	\$2.75	\$2.75
MIDWEST	\$1.79	\$1.48	\$2.00
NORTHEAST	\$2.25	\$2.00	\$3.00
NORTHWEST	\$1.99	\$1.99	\$1.99
SOUTH CENTRAL	\$2.33	\$1.48	\$3.78
SOUTHEAST	\$2.18	\$2.00	\$3.00
SOUTHWEST	\$2.20	\$1.99	\$3.00

## FOREIGN TYPE

In the European Union (EU), recent heatwaves have contributed to lower milk output. As so, cheese production is steady to lower. Cheese orders from the export market remain lively. The domestic sales are reported unchanged from a week ago. The EU cheese prices are firm as supplies are in good balance with demand. However, in some areas, the stocks are tight, and processors are unable to fulfill short-term spot demand. The U.S. prices for wholesale blue, gorgonzola, parmesan, and Romano are up \$.0675 this week, but the prices of all the other cheese varieties continue to be at the same level as last week.



## CHEESE MARKETS

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2300	: 2.1175-3.6050*
Gorgonzola	: 3.6900-5.7400	: 2.6250-3.3425*
Parmesan (Italy)	: -0-	: 3.5075-5.5975*
Romano (Cows Milk)	: -0-	: 3.3075-5.4575*
Sardo Romano (Argentine)	: 2.8500-4.7800	: -0-
Reggianito (Argentine)	: 3.2900-4.7800	: -0-
Jarlsberg-(Brand)	: 2.9500-6.4500	: -0-
Swiss Cuts Switzerland	: -0-	: 3.1725-3.4950
Swiss Cuts Finnish	: 2.6700-2.9300	: -0-

\* = Price change.

FLUID MILK AND CREAM

EAST

Milk production **Northeast** is level to lower as the humid weather is taking ahold of cow comfort. Class I sales are steady to higher this week as bottlers are pulling milk to fill school pipelines. Class III manufacturers report receiving steady to a tad lower milk loads this week. **Mid-Atlantic** milk production is lower as the warmer temperatures are impacting the area. Manufacturers are receiving enough milk volumes for production needs. Moreover, some operations are adequate to take on additional milk loads. **Southeast** milk off the farms is decreased currently. Bottlers are receiving the majority of milk loads to fill schools' needs as they are returning from hiatus. In addition, some manufacturers purchased extra milk loads from other regions to fill current needs. Many manufacturers are not clearing any milk into their plants. **Florida's** milk production is currently lower as the hot, rainy weather encompasses the area. There are reports of milk production about bottomed out, but it is still slightly dropping. Class I sales are up as schools are back in session. **Cream** multiples are 1.35-1.45 this week. Cream is becoming a little more available as bottlers are filling schools' needs. The demand for cream is steady to somewhat lower. Some market participants are not sourcing for cream loads as their needs are met. **Condensed skim** market conditions are fairly good as market participants report spot trades are above class prices.

Northeastern U.S., F.O.B. Condensed Skim  
 Price Range - Class II; \$/LB Solids: 0.65 - 0.88  
 Price Range - Class III; \$/LB Solids: 0.60 - 0.85

Northeastern U.S., F.O.B. Cream  
 Multiples Range - All Classes: 1.3500 - 1.4500  
 Price Range - Class II; \$/LB Butterfat: 3.1374 - 3.3698

MIDWEST

Even as the temperatures have risen in the upper Midwest, milk volumes remain available for all processing needs. School district orders have started to affect fluid milk availability into Class III production. That said, a number of cheesemakers suggest internal supplies are sufficient, and they are not partaking from the spot milk market. Some cheesemakers relay that any spot milk offers above the Class III price are being turned away, as cheese plant managers are leery of building up inventories. However, there were some reported \$2 over-Class spots reported. **Cream** availability loosened noticeably from last week. Cream prices have slipped, even as ice cream producers continue to take in loads at higher levels than expected this late in the summer. Butter churners are also more active in the cream market, as cream prices are back to a more reasonable point for butter production.

Midwestern U.S., F.O.B. Cream  
 Multiples Range - All Classes: 1.2200 - 1.4000  
 Price Range - Class II; \$/LB Butterfat: 3.0212 - 3.2536  
 Multiples Range - Class II: 1.3000 - 1.4000

WEST

In **California**, schools have just started. As they fill their milk pipelines, they are creating an increase in demand for bottled milk. Fortunately, milk production has somewhat recovered from the decrease that occurred a few weeks ago. Therefore, milk volumes are enough to meet all buyers' needs. The fires in California have not affected milk supplies or demand in that the affected areas are not the primary location of dairy farms. Nonetheless, they have made milk

transportation more difficult in some areas. In **Arizona**, milk production is unchanged from a week ago. Temperatures have cooled down a bit, but humidity persists. Nonetheless, it has not much impacted milk output. Milk volumes are in good balance with current demand. Class I sales flowing to schools and supermarkets are stronger. Manufacturers are mostly processing instate milk and haven't been taking any milk from neighboring states in the past weeks. Overall, the fluid milk market tone is stable in Arizona. In **New Mexico**, Class I and III demand has trended slightly up this week, while Class II sales remain steady. Surprising to some market participants, milk production increased by many loads this week. Nonetheless, handlers do not have any issues with milk distribution. Planned wash/maintenance at some dairy processing plants is creating a growth in milk holdovers, but they are manageable and expected to come down throughout the remainder of the week. **Pacific Northwest** milk production has passed the peak but remains strong. Daytime temperatures, although still warm, are not as hot as the last few weeks, and nighttime temperatures allow cows to recharge. As a result, milk intakes are solid. Processors have plenty of milk for manufacturing needs. Bottling demand is increasing as educational institutions begin fall terms. Milk production in the mountain states of **Idaho, Utah and Colorado** has yet to show any real signs of slowing down. With some public schools starting up, and strong sales into Class II manufacturers, there is a little less pressure on milk handlers. However, abundant milk supplies persist, and discounted loads are still available. In the West, **condensed skim** production is steady to increasing compared to a few weeks ago. Sales are steady. Stocks are becoming more available to purchasers. **Cream** demand is still good, but not as strong as it was a few weeks ago. Requests from ice cream manufacturers have decreased. Some butter plants have started to churn a little more cream while others are still at rest. Cream is also getting less tight in the market. Multipliers have decreased somewhat this week. Some people believe that they have already reached their peak level for this year and are unlikely to further increase. Multipliers for all Classes range 1.11-1.32 this week.

Western U.S., F.O.B. Cream  
 Multiples Range - All Classes: 1.1100 - 1.3200

Secondary Sourced Information:

According to California Department of Food and Agriculture, September 2018 Class 1 prices in California are \$16.87 in the North and \$17.14 in the South. The statewide average Class 1 price based on production is \$16.89. This price is up \$0.74 from the previous month, but \$1.77 lower than a year ago.

Milk pooled on the Arizona Order 131 totaled 427.7 million pounds in July 2018. Class I utilization accounted for about 23.7 percent of producer milk. The uniform price was \$15.03, down \$0.67 from last month and down \$1.99 below one year ago.

Milk pooled on the Pacific Northwest Order 124 totaled 769.1 million pounds in July 2018. Class I utilization accounted for 18.8 percent of producer milk. The uniform price was \$14.73, down \$0.74 from last month and \$1.87 below one year ago.

## FLUID MILK AND CREAM

-CONTINUED FROM PAGE 4-

## National Retail Report Dairy – Fluid Milk Summary

Advertised Prices at Major Retail Supermarket Outlets ending during the period of 8/10/2018 to 8/16/2018

Half Gallon, All Fat Tests	Weighted Average Price		
	This Period	Last Week	Last Year
National			
Organic	\$3.89	\$3.90	\$4.29
Conventional	\$2.45	\$2.18	\$2.13

Regional (Conventional)	Wtd. Ave.	Low	High
ALASKA	n.a.	n.a.	n.a.
HAWAII	n.a.	n.a.	n.a.
MIDWEST	n.a.	n.a.	n.a.
NORTHEAST	\$2.62	\$2.49	\$2.69
NORTHWEST	\$2.50	\$2.50	\$2.50
SOUTH CENTRAL	\$1.89	\$1.89	\$1.89
SOUTHEAST	\$2.50	\$2.50	\$2.50
SOUTHWEST	n.a.	n.a.	n.a.

Regional (Organic)	Wtd. Ave.	Low	High
ALASKA	n.a.	n.a.	n.a.
HAWAII	n.a.	n.a.	n.a.
MIDWEST	n.a.	n.a.	n.a.
NORTHEAST	\$4.23	\$2.99	\$5.49
NORTHWEST	\$2.50	\$2.50	\$2.50
SOUTH CENTRAL	\$4.24	\$4.24	\$4.24
SOUTHEAST	\$3.24	\$3.00	\$3.99
SOUTHWEST	\$4.99	\$4.99	\$4.99

Gallon, All Fat Tests	Weighted Average Price		
	This Period	Last Week	Last Year
National			
Organic	\$6.85	\$5.55	\$4.43
Conventional	\$3.33	\$2.68	\$3.22

Regional (Conventional)	Wtd. Ave.	Low	High
ALASKA	\$3.79	\$3.79	\$3.79
HAWAII	n.a.	n.a.	n.a.
MIDWEST	\$2.53	\$1.99	\$2.99
NORTHEAST	\$3.79	\$2.99	\$4.29
NORTHWEST	\$2.19	\$1.79	\$2.99
SOUTH CENTRAL	\$2.99	\$2.99	\$2.99
SOUTHEAST	\$3.99	\$3.99	\$3.99
SOUTHWEST	n.a.	n.a.	n.a.

Regional (Organic)	Wtd. Ave.	Low	High
ALASKA	n.a.	n.a.	n.a.
HAWAII	n.a.	n.a.	n.a.
MIDWEST	\$6.99	\$6.99	\$6.99
NORTHEAST	\$6.73	\$5.99	\$6.99
NORTHWEST	n.a.	n.a.	n.a.
SOUTH CENTRAL	n.a.	n.a.	n.a.
SOUTHEAST	\$6.99	\$6.99	\$6.99
SOUTHWEST	\$6.99	\$6.99	\$6.99



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

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

## NONFAT DRY MILK - CENTRAL AND EAST

**CENTRAL:** Central prices for low/medium heat nonfat dry milk (NDM) remained steady on the range, while increasing on the mostly price series. Trading activity was somewhat limited, but spot trade prices are trending up as more \$.80+ exchanges are being reported than in previous weeks. There are reports that condensed skim availability is a bit lighter than in recent weeks, but NDM supplies remain somewhat available as production continues actively. Some suggest that with increased baking needs soon to come, dryer time for nonfat dry milk could taper somewhat. High heat NDM spot activity was quiet. High heat prices reflect the fairly light market activity and remain unchanged. Reported high heat spot sales were concentrated in the middle of the current price range.

**EAST:** Prices for low/medium heat nonfat dry milk (NDM) shifted in the mostly series. Apart from supply/demand basics, market perception around the recent aid packet may point to the upward price movement. In the meantime, buyers continue to border NDM purchases to short term needs. Demand, at best, is temperate. Manufacturers are seeing marginal growth in stocks. While NDM stocks are held with confidence, offerings are available at biddable prices, especially from producers with heavier inventory. Some buyers expect offerings to continue for the near term. On the production side, a few plants temporarily ceased drying around maintenance schedules. The market undertone is unsettled. High heat NDM prices are steady. Spot load availability is limited. The market is fairly quiet. Wednesday at the CME Group Grade A NDM closed at \$.8200, unchanged from a week ago.

Prices for: Eastern and Central U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Nonfat Dry Milk  
Price Range - Low & Medium Heat; \$/LB: .7650 - .8700  
Mostly Range - Low & Medium Heat; \$/LB: .7900 - .8500

Prices for: Eastern and Central U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Nonfat Dry Milk  
Price Range - High Heat; \$/LB: .9500 - 1.0500

## NONFAT DRY MILK - WEST

In the West, the prices for low/medium heat nonfat dry milk declined on the range and the mostly price series. The market undertone seems to have to some extent weakened. Demand is quieter this week compared to the previous week. Sales to Mexico have also decreased. Rumors say that the increase in the value of the U.S. dollar could have impacted total sales. Some market players are waiting to see in which direction prices will move before taking any major purchase decisions. Low/medium heat nonfat dry milk production remains steady to lower as more milk go to bottling and less to the dryers. However, Low/medium heat nonfat dry milk stocks are more than adequate to meet all end-users/buyers' requests. Prices for high heat nonfat dry milk are steady. Demand is increasing according to some contacts. Nonetheless, supplies continue to be limited for spot demand. Production is irregular as drying priority is given to low/medium heat nonfat dry milk.

Prices for: Western U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Nonfat Dry Milk  
Price Range - Low & Medium Heat; \$/LB: .7675 - .8800  
Mostly Range - Low & Medium Heat; \$/LB: .8000 - .8575

Prices for: Western U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Nonfat Dry Milk  
Price Range - High Heat; \$/LB: .9900 - 1.0675

## CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	TOTAL SALES
August 10	\$.7875	10,624,349
August 3	\$.7781	10,878,523

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. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

## DRY BUTTERMILK - CENTRAL AND EAST

**CENTRAL:** Dry buttermilk spot activity was subdued, and prices remain unchanged. Processing of condensed buttermilk remains somewhat sporadic, but as industrial bakeries are nearing their busy production season, contacts expect some more activity near term. Last week, some large volume/block trades were reported, and this could have stifled this week's spot activity somewhat with the generally limited availability already. Dry buttermilk market tones remain steadily quiet.

**EAST:** Dry buttermilk prices and the market tone are unchanged. With the level of milk and cream availability, production schedules remain light at dry buttermilk manufacturing plants. Buttermilk powder is not as easy to find in the East as in other regions. In general, buttermilk stocks are closely balanced to tight. Manufacturers' stocks are sufficient for customer accounts. End-user demand is mostly quiet but expected to pick up moving into the baking season.

Prices for: Eastern and Central U.S., All First Sales, F.O.B., Conventional, and Edible Buttermilk  
Price Range ; \$/LB: .7800 - .8200

## DRY BUTTERMILK - WEST

F.O.B. prices for western dry buttermilk are steady across the range and mostly price series. The market undertone is strong. Sellers report great demand from end-users/buyers both in the domestic and international markets. However, they have been some signs of tightening as demand is outweighing current supplies in some areas. Production is lower as more cream go to ice cream, cream cheese, and some specialty yogurt manufacturing.

Prices for: Western U.S., All First Sales, F.O.B., Conventional, and Edible Buttermilk  
Price Range ; \$/LB: .7500 - .8650  
Mostly Range - ; \$/LB: .7800 - .8300

## DRY WHOLE MILK - NATIONAL

There are not major changes from the previous week on the national dry whole milk market. The free on board spot prices are unchanged on very light trading activity. Nevertheless, the market tone remains balanced in all regions of the country as the current supply its even with its demand. According to some contacts, dry whole milk prices should firm in the short run, parallel with butterfat values. Meanwhile, requests from confectioners and bakers are good, with enough dry whole milk supplies to cover their demands.

Prices for: U.S., All First Sales, F.O.B., Conventional, and Edible Dry Whole Milk  
Price Range - 26% Butterfat; \$/LB: 1.4400 - 1.6900

**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**

Whey prices remain unchanged on the range, while shifting up on the mostly price series. Tariff pricing compromises are keeping the lower end prices steady, but most domestic trades are nearing \$.40 and above. Central U.S. dry whey spot activity was light, due to a continuing slowness in availability from producers. Some Class III producers continue to report difficulties in the drying process. Thus, more off-spec spot trades have been reported this summer than earlier in the year when heat and humidity did not create hurdles in processing. There are reports of increasing amounts of condensed whey trading hands, but some condensed whey is leaving the region for the East. Animal feed whey prices lifted, mirroring edible price shifts. The dry whey market tone is bullish. Some contacts expect strength in the market to continue into the fall.

Prices for: Central U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Dry Whey  
 Price Range - Animal Feed; \$/LB: .2400 - .3200

Prices for: Central U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Dry Whey  
 Price Range - Non-Hygroscopic; \$/LB: .2650 - .4500  
 Mostly Range - Non-Hygroscopic; \$/LB: .3500 - .4300

**DRY WHEY - NORTHEAST**

Dry whey prices increased on both ends of the Northeast price range this week. Market participants are buying regular spot loads and some are sourcing for additional loads for their customers' needs. Dry whey production is fairly steady in the area, as cheese plants are receiving enough milk for stable cheese production. Whey powder inventories are steady to tight as the demand is keeping supplies lower. Additionally, some manufacturers are not able to offer dry whey on the spot market. Market conditions are firm as market participants are actively purchasing dry whey spot loads at increased prices.

Prices for: Eastern U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Dry Whey  
 Price Range - Non-Hygroscopic; \$/LB: .3500 - .4300

**DRY WHEY - WEST**

Western whey prices moved higher. Industry contacts say inventories are very tight and they could sell more whey if they had it available. Manufacturers suggest the imposed trade restrictions have done little to stymie current demand. A few manufacturers say buyers are now coming forward to book Q4 and early 2019 supplies as opposed to risking availability later. Processors say some buyers are balking at the higher prices. The end users may go looking for other suppliers but are finding whey supplies to be tight worldwide and often come back and agree to current terms. Sweet whey powder production is generally steady and in line with active cheese production.

Prices for: Western U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Dry Whey  
 Price Range - Non-Hygroscopic; \$/LB: .3525 - .4500  
 Mostly Range - Non-Hygroscopic; \$/LB: .3725 - .4400

**WHEY PROTEIN CONCENTRATE**

Prices for whey protein concentrate 34% are unchanged on the range. However, the mostly prices series widened as the conditions between different market segments became a little more pronounced. While overall availability appears to be tight, due to limited industry production, demand continues to be brand driven and varies widely. For WPC34% that meets infant formula or other end user preferences, demand is strong. However, demand is stagnant for WPC34% that does not meet those same required characteristics.

Prices for: Central and Western U.S., All First Sales, F.O.B., Extra Grade, Conventional, and Edible Whey Protein Concentrate  
 Price Range - 34% Protein; \$/LB: .7000 - .9800  
 Mostly Range - 34% Protein; \$/LB: .7300 - .8950

**LACTOSE**

Lactose prices are unchanged. Manufacturers report stocks are largely tight to comfortable and production is relatively steady. Lactose is moving well through contracts and inquiries are coming in for Q4 business. While some manufacturers are putting together their Q4 contract offers, a few others are taking their time to assess market conditions, not wanting to make any rash decisions before setting offer prices. They want to get a better view of whether the firming trend in lactose prices can be sustained through the end of the year and into 2019. Many manufacturers feel Q4 prices will be a few cents more than those of Q3. Some processors have already realized spot sales at the top of the price range and are testing offers above current published prices. However, dairy industry contacts also suggest some large volume buyers are balking at the higher prices, using the newly announced trade tariffs as a bargaining chip in negotiations to shop around and push for lower prices. Meanwhile, other buyers are seeking more lactose for the upcoming months. While it is not clear whether the bears or bulls will win out in the next few months, there has been some caution pumped into the market by recent international events.

Prices for: Central and Western U.S., Spot Sales And Up 3 Month Contracts, F.O.B., Conventional, and Edible Lactose  
 Price Range - Non Pharmaceutical; \$/LB: .2400 - .3900  
 Mostly Range - Non Pharmaceutical; \$/LB: .2900 - .3600

**CASEIN - NATIONAL**

Rennet and acid casein prices firmed. This is a slow phase of the year. In New Zealand, almost no casein is being manufactured so early in the milk season, with low levels of milk production. European casein is mostly contracted for. Many people involved with casein thought last week's GDT event results were an outlier and will be watching results next week closely.

Prices for: Spot Sales And Up 3 Month Contracts, Free on Board - Warehouse, Non-Restricted, All Mesh Sizes, Conventional, and Edible Casein  
 Acid; Price Range - \$/LB: 2.9900-3.1000  
 Rennet; Price Range - \$/LB: 2.3500-2.5000

**U.S. Dairy Cow Slaughter (1000 head) under Federal Inspection**

WEEK ENDING	2018 WEEKLY DAIRY COWS	2018 CUMULATIVE DAIRY COWS	2017 WEEKLY DAIRY COWS	2017 CUMULATIVE DAIRY COWS
07/28/2018	58.2	1,788.5	55.0	1,712.7

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

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

**CLASS III MILK PRICES (3.5% Butterfat)**

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
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
2014	21.15	23.35	23.33	24.31	22.57	21.36	21.60	22.25	24.60	23.82	21.94	17.82
2015	16.18	15.46	15.56	15.81	16.19	16.72	16.33	16.27	15.82	15.46	15.30	14.44
2016	13.72	13.80	13.74	13.63	12.76	13.22	15.24	16.91	16.39	14.82	16.76	17.40
2017	16.77	16.88	15.81	15.22	15.57	16.44	15.45	16.57	16.36	16.69	16.88	15.44

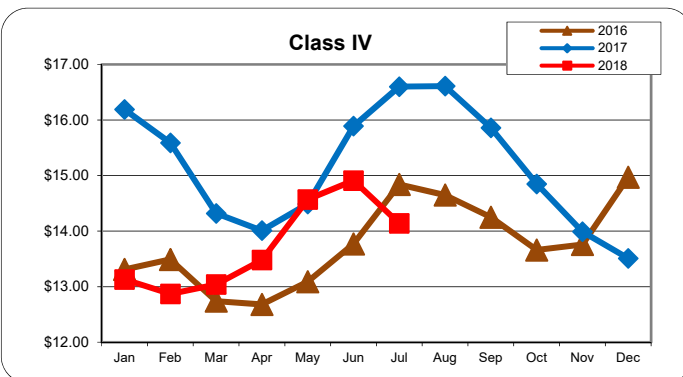
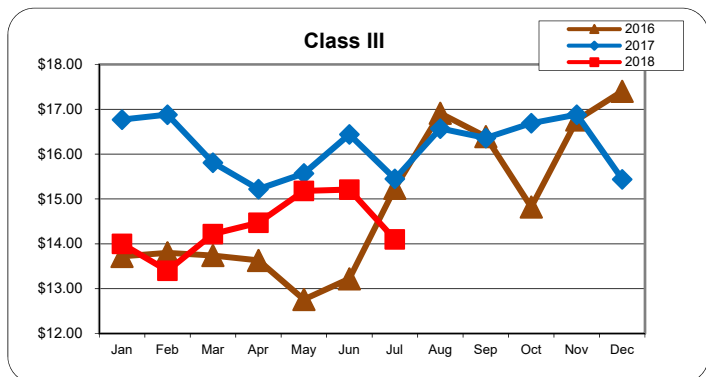
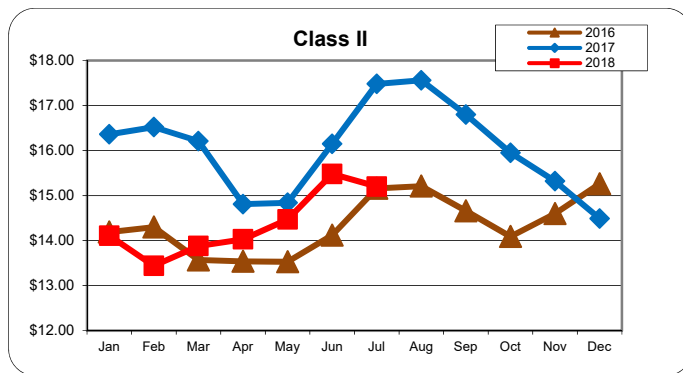
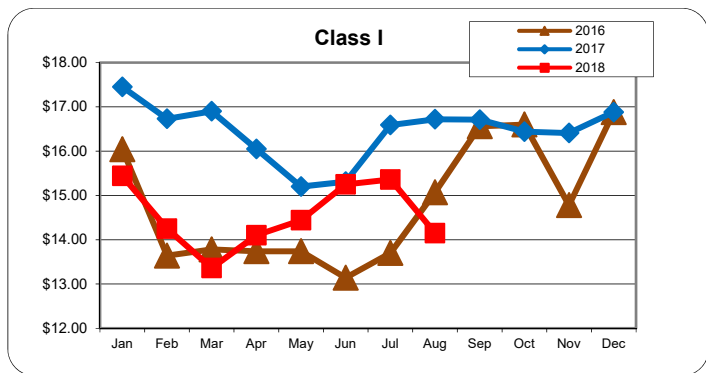
**CLASS IV MILK PRICES (3.5% Butterfat)**

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
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
2014	22.29	23.46	23.66	23.34	22.65	23.13	23.78	23.89	22.58	21.35	18.21	16.70
2015	13.23	13.82	13.80	13.51	13.91	13.90	13.15	12.90	15.08	16.43	16.89	15.52
2016	13.31	13.49	12.74	12.68	13.09	13.77	14.84	14.65	14.25	13.66	13.76	14.97
2017	16.19	15.59	14.32	14.01	14.49	15.89	16.60	16.61	15.86	14.85	13.99	13.51

**FEDERAL MILK ORDER CLASS PRICES FOR 2018 (3.5% Butterfat)**

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	15.44	14.25	13.36	14.10	14.44	15.25	15.36	14.15				
II	14.11	13.44	13.88	14.03	14.47	15.48	15.20					
III	14.00	13.40	14.22	14.47	15.18	15.21	14.10					
IV	13.13	12.87	13.04	13.48	14.57	14.91	14.14					

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



## INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered August 6 - 17, 2018

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:** European milk production continues the normal seasonal decline pattern. In many of the top dairy countries of Europe, it has been a sweltering summer. This has certainly been true for much of Germany, Netherlands, and the UK. The adverse weather has taken a toll on milk production, keeping increases in check. Some dairy producers have already begun to use what had been intended as winter feed. There are some indications of herd reductions resulting from the tightness of feed and poor pastures. Longer run, the weather has slowed pasture growth, as well as feed. Now, supplemental feeding is more expensive and projected to remain more expensive through the year. This will restrict milk output, as well as profitability, for many dairy producers. This year in Netherlands, a new experiment is underway to use a floating multi-level platform to keep and milk cows. Dairy expansion in Netherlands is challenged by competition for land, and the resulting cost. The new concept in Rotterdam, using abandoned port areas, will have 40 cows on the floating platform. The cows will be fed by food waste from beer brewers, potato processors, and bakers. Milking will occur on the platform. Manure processing capability is designed into the platform. Compost remains will be used as fertilizer. If successful, the concept may be expanded to building roofs.

**BUTTER/BUTTEROIL:** Butter prices in Western Europe strengthened. Among the top butter producing countries, Germany led with the highest prices, trailed by France, Netherlands and Italy. The highest prices were noted in the Slovak Republic. One year ago, the range of butter prices was higher yet. Current butteroil prices are mixed, stronger at the lower end of the range price range, but steady at the top. The current range is below one year ago. Even in a normal year, churning activity generally trends lower by August, due to the seasonal pattern of milk production. This year, with the extreme heat, milk available for churning has faced an additional adverse factor. This is now a very real factor helping to make butter more valuable and driving prices higher. Manufacturers are now less interested in contracting too far forward, as they expect continuing price strength. An additional factor is that more consumers now returning from holidays are restocking their refrigerators. This has prompted butter suppliers, also returning from holidays, to notice the increased sales, the lower production, the expectations for more expensive feed, and decide to place orders. Finding manufacturers less interested in contracting too far ahead, increases buyer's anxieties. All of this has combined to provide price strength.

Western Europe, 82% Butterfat, Free on Board - Port Butter  
Price Range - \$/MT: 6,200 - 6,925

Western Europe, 99% Butterfat, Free on Board - Port Butteroil  
Price Range - \$/MT: 6,750 - 8,200

**SKIM MILK POWDER (SMP):** Skim milk powder prices in Europe firmed. However, current prices remain below levels one year ago. Seasonally declining milk supplies are keeping cheese manufacturers and butter makers busy. Milk available for making SMP serves as a lid on production. That is helping to keep firming pressure on SMP prices. The next offering of SMP tender stocks will be August 28, 2018. Remaining for tender on that date according to Euclait, will be 118,907 MT. The range of stocks from various

countries with SMP to offer, is France, 32,018 MT, to 68 MT in Slovakia. Among other countries with large holdings are Ireland, 22,555 MT; and Lithuania, 17,984 MT.

Prices for: Europe, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder  
Price Range - 1.25% Butterfat; \$/MT: 1,725 - 1,875

**SWEET WHEY POWDER:** Prices for sweet whey powder in Europe are mixed, stronger at the low end of the price range, but steady at the top. This moves current prices back to the level of the highest price range for 2018, but still below the level one year ago. Cheese manufacturing for internal EU and global markets remains active. This helps keep whey stocks supplied. However, whey sales are also strong, so manufacturers are kept busy filling orders. Whey prices are expected to retain price strength in coming weeks.

Prices for: Western Europe, All First Sales, Free on Board - Port, Conventional, and Edible Dry Whey  
Price Range - Non-Hygroscopic; \$/MT: 925 - 1,025

**WHOLE MILK POWDER (WMP):** Whole milk powder prices in Western Europe are mixed, lower at the bottom of the price range but higher at the top. Upper range prices are the highest level of 2018, but the range is below the range one year ago. Buying interest is steady and even improving as more buyers come back from their summer holiday time. Some buyers are now more interested in securing contracts through the year, due to concerns about supply availability/pricing. Buying interest typically increases into fall, motivating buyers to get ahead of that and lock in supplies now.

Prices for: Europe, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder  
Price Range - 26% Butterfat; \$/MT: 3,175 - 3,350

**EASTERN OVERVIEW:** Milk production in Eastern Europe is trending lower seasonally. Poland, Belarus and Lithuania are among the Eastern European dairy producing countries hard hit by the drought and heat this summer.



## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered August 6 - 17, 2018

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.

**AUSTRALIA:** Feed markets remain tight in Australia. Heavy rain in parts of Tasmania and South Australia, Western Australia and Victoria has led to waterlogged crops. In contrast, New South Wales and Gippsland are dry and could benefit from rain. All New South Wales has been declared a drought zone. The government has loosened restrictions to allow farmers to shoot and kill kangaroos who seek water and feed near farm pastures. It is a grim situation. Some farm areas are so dry that farmsteads do not have water for showering. This has led to sourcing difficulties for hay and feed in many areas. Worries increase that hay demand for the season ahead may exceed supply. Government subsidies for fodder transport and water infrastructure are welcome. Parts of Western Australia have experienced good conditions and hay growth. This has led to some hay exporters seeking out hay in that area, with export pricing impacting hay prices as a result. While milk production in Australia for the last season, which ended in June, was up, the many dairy observers note that further gains are needed to get back to levels prior to recent declining years. Some observers had previously projected a 2 percent increase for the new season. Increasingly, analysts now express concern with cost of feed and water factors making 2 percent tougher to reach. Increases are still expected, but the question being revisited is whether 2 percent can be achieved. A factor of continuing concern is that producers already in business, stay in business. Recent credit and pricing factors have caused some dairy producers to get out of dairying, either voluntarily or involuntarily. The increases for the last season are viewed very favorably as a measure of health in the Australian dairy industry.

**NEW ZEALAND:** A large dairy coop in New Zealand last week surprised many members by announcing that it might not pay the previously forecast milk price or dividend for the 2017-2018 season which recently ended. This may result in a 6.75/kg New Zealand dollar milk price for the season, down 5 cents/kg. The full dividend might be left as the interim 10 Australian cents already paid in April. The after the fact nature of these proposed actions has undercut confidence by some observers, in projections moving forward. Some analysts note the actions, if finalized, will improve reported seasonal earnings for the coop. The proposals were announced, pending final approvals. Tuesday (Wednesday in New Zealand), shortly after announcing the proposed dividend pay price matter, the coop announced appointment of a new interim CEO, to replace the previous CEO who earlier this year announced plans to step down. The new interim CEO had previously run the coop's division that handled relations with producer members. The same cooperative is advocating for change to a law, the Dairy Industry Restructuring Act, which requires it to buy milk from any farmer and supply raw milk to rivals at a regulated price. The underlying law is being studied, with a report expected to be reviewed by the government early 2019. It is that law which some observers cite as a factor allowing the coop to become as large as it is now.

**BUTTER:** Butter prices in Oceania are lower. Current prices are lower than one year ago in Oceania, and lower than Western Europe. Most butter plants have completed off season scheduled maintenance. Butter producers and handlers are very optimistic about the upcoming season. Thus, butter plants are jockeying for a share of milk production to be able to keep up with buying interest. Contracting for the first half is well along.

Oceania, 82% Butterfat, Free on Board - Port Butter  
Price Range - \$/MT: 4,750 - 5,000

Secondary Sourced Information: Butter exports from Australia January-June 2018, decreased 10.5 percent from one year earlier, according to CLAL. Among the top three destinations, Thailand increased 9.45 percent; China decreased 47.97 percent; and Malaysia increased 50.01 percent. At GDT event 217 on August 7, the butter all contracts price, \$4,802, decreased 3.2 percent.

**SKIM MILK POWDER (SMP):** Oceania skim milk powder prices are mixed, slightly lower at the bottom of the price range, but unchanged at the top. The current price range straddles the range one year ago. With the new Oceania milk production season barely underway, fresh SMP production is at a very low level, if being produced at all. SMP is typically not the top focus for dairy producers in the region. Most milk currently going into processing is going into whole milk powder. Contracting for the new season is underway, but there is not much new product to be traded on cash markets.

Prices for: Oceania, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder  
Price Range - 1.25% Butterfat; \$/MT: 1,925 - 2,125

Secondary Sourced Information: SMP exports from Australia January-June 2018, were even with one year earlier, according to CLAL. Among the top three destinations, Indonesia decreased 9.07 percent; China decreased 9.52 percent; and Malaysia decreased 22.21 percent. At GDT event 217 on August 7, the SMP all contracts price, \$1,972, decreased 0.3 percent.

**CHEDDAR CHEESE:** Cheddar prices in Oceania are mixed, slightly lower to higher. Oceania cheese production is at low levels during this early waxing phase of the new milk season. Cheese manufacturers are feeling positive about the new season. Contract negotiations are ongoing. A significant amount of first half cheese production has been committed. Traders indicate that most sales are to regular customers.

Prices for: Oceania Cheese, Cheddar, Free on Board - Port,  
Price Range - \$/MT: 3,575 - 4,125

Secondary Sourced Information: Cheese exports from Australia January-June 2018, decreased 0.2 percent from one year earlier, according to CLAL. Among the top three destinations, Japan increased 5.12 percent; China decreased 21.1 percent; and South Korea decreased 13.71 percent. At GDT event 217 on August 7, the cheddar all contracts price, \$3,663, increased 1.3 percent.

**WHOLE MILK POWDER (WMP):** The range of Oceania whole milk powder prices is mixed, up slightly at the bottom of the price range, but steady at the top. Pricing remains lower than this time last year. With this being a three week gap between GDT events, there was less activity to affect prices. With Oceania milk production just increasing from seasonal lows, there are limitations on what can be manufactured. Once New Zealand and Australian fluid milk bottling demand is met, the highest priority is sending milk to WMP production. WMP is the big money dairy product for the region. However, milk supplies currently available for WMP are quite low. Most WMP production capacity is not yet in use to handle the available milk. Production will be increasing week by week, but it will be several more weeks until appreciable volumes start to flow from plants. Most anticipated production through the end of the year is already committed.

CONTINUED ON PAGE 8C



## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered August 6 - 17, 2018

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.

**CONTINUED FROM PAGE 8B**

Prices for: Oceania, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder  
Price Range - 26% Butterfat; \$/MT: 2,975 - 3,025

Secondary Sourced Information: New Zealand WMP exports January-June this year, 670,000 MT, are 2.7 percent lower than January-June last year, according to CLAL.

**Exchange rates for selected foreign currencies:  
August 13, 2018**

.0334 Argentina Peso	.0143 India Rupee
.7271 Australian Dollar	.0090 Japan yen
.2575 Brazil Real	.0523 Mexican Peso
.7614 Canadian Dollar	.6577 New Zealand Dollar
.0015 Chile Peso	.2652 Poland Zloty
1.1411 Euro	.0326 Uruguay Peso

Conversion example: To compare the value of 1 US Dollar to Mexican Pesos:  $(1/.0523) = 19.1205$  Mexican Pesos. Source: "Wall Street Journal"

## INTERNATIONAL DAIRY MARKET NEWS - SOUTH AMERICA

Information gathered August 6 - 17, 2018

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.

**SOUTH AMERICAN OVERVIEW:** Farm milk production in the Southern Cone region of South America has been trending slightly down due to cooler temperatures hampering milk yields. Nevertheless, milk/cream intakes are suitable to cover most dairy manufacturing needs. Across the continent, demand for bottled milk/UHT is firm as most educational institutions are filling pipelines, while retailers are restocking shelves. In Brazil, higher farm gate prices continue to motivate farmers' confidence to produce more milk as poor-quality winter pastures in the southern region are limiting milk production. Aside this, significant part of this rise on farmgate pricing is associated to the past week trucker strike as the processors are trying to normalize activities after the protests.

**SKIM MILK POWDER:** The production of skim milk powder (SMP) is more active in the Southern Cone of South America. Therefore, SMP inventories are more available, while prices are down. During the past two weeks, SMP free on board (f.o.b.) export prices adjusted down to reflect the current bearish condition of the market. More skim milk volumes are clearing into dryers. Meanwhile, SMP export transactions to Brazil are less active than one month ago.

Prices for: South America, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder  
Price Range - 1.25% Butterfat; \$/MT: 2,200 - 2,500

**WHOLE MILK POWDER:** With lower farm milk production in the Southern Cone of South America, condensed whole milk intakes are less available for processing. Therefore, the production of whole milk powder (WMP) have been lower compared to one month ago. Inventories are steady to slightly down. As a result, free on board (f.o.b.) export prices shifted up as the current WMP supply is below its demand. Within the Mercosur bloc, WMP exports to Brazil are moderated. However, exports from Mercosur to Algeria and Russia are relatively strong.

Prices for: South America, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder  
Price Range - 26% Butterfat; \$/MT: 2,900 - 3,300

## CME GROUP, INC FUTURES

Selected settling prices

Month	8/03	8/06	8/07	8/08	8/09	8/10	8/13	8/14	8/15	8/16
<b>III MILK FUTURES (Pit-Traded) (\$/cwt)</b>										
AUG 18	14.88	14.82	14.83	14.86	14.99	15.04	15.02	15.02	15.00	14.99
SEP 18	15.68	15.48	15.59	15.70	15.99	16.13	16.02	16.13	16.02	15.89
OCT 18	16.18	15.97	16.04	16.18	16.36	16.43	16.26	16.31	16.16	16.09
NOV 18	16.23	16.03	16.08	16.22	16.36	16.39	16.23	16.25	16.15	16.02
DEC 18	16.02	15.86	15.91	16.04	16.20	16.20	16.05	16.07	16.00	15.89
JAN 19	15.79	15.64	15.68	15.79	15.91	15.94	15.82	15.79	15.78	15.73
FEB 19	15.60	15.49	15.51	15.62	15.78	15.80	15.68	15.67	15.63	15.61
MAR 19	15.56	15.46	15.49	15.63	15.77	15.78	15.68	15.67	15.65	15.62
APR 19	15.70	15.62	15.64	15.80	15.88	15.89	15.85	15.85	15.79	15.77
MAY 19	15.87	15.79	15.81	15.86	15.98	15.98	15.97	16.97	15.90	15.90
<b>CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)</b>										
AUG 18	14.67	14.67	14.67	14.67	14.67	14.70	14.70	14.70	14.70	14.70
SEP 18	15.14	15.14	15.14	15.08	15.08	15.21	15.32	15.33	15.31	15.27
OCT 18	15.34	15.34	15.34	15.32	15.32	15.36	15.49	15.51	15.49	15.49
NOV 18	15.48	15.48	15.48	15.43	15.43	15.52	15.65	15.65	15.62	15.62
<b>CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)</b>										
AUG 18	230.98	231.00	231.00	231.00	231.50	232.00	232.00	232.00	232.00	232.00
SEP 18	233.05	233.08	231.55	232.75	234.00	235.60	239.75	241.00	238.00	234.00
OCT 18	234.10	233.60	233.90	233.28	235.75	236.25	239.05	240.25	238.25	233.70
NOV 18	235.33	235.40	234.75	234.00	235.98	236.75	239.25	239.75	237.20	233.50
<b>NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)</b>										
AUG 18	81.75	81.90	82.00	81.80	81.90	81.95	82.05	82.05	81.75	81.63
SEP 18	86.00	86.50	86.50	86.00	86.00	86.38	85.75	85.25	84.80	86.75
OCT 18	87.85	88.50	88.20	87.75	87.85	88.28	88.15	87.78	87.75	89.88
NOV 18	88.75	89.10	89.10	88.88	89.00	89.53	89.68	89.20	89.08	91.30
<b>WHEY (Electronic-Traded) (¢/lb)</b>										
AUG 18	35.75	35.48	35.48	35.38	36.13	36.13	36.13	36.13	35.95	36.20
SEP 18	36.50	36.50	36.53	37.00	38.15	38.15	38.15	37.75	37.58	38.00
OCT 18	37.03	37.03	37.00	37.50	38.73	38.53	38.40	38.40	37.75	38.30
NOV 18	37.00	37.00	36.80	37.50	38.53	38.53	37.95	37.95	37.60	38.20
<b>CHEESE CSC (Electronic-Traded) (\$/lb)</b>										
AUG 18	1.56	1.55	1.56	1.56	1.57	1.57	1.57	1.57	1.57	1.56
SEP 18	1.63	1.62	1.62	1.63	1.65	1.66	1.65	1.67	1.66	1.64
OCT 18	1.68	1.67	1.67	1.68	1.69	1.69	1.68	1.68	1.68	1.66
NOV 18	1.69	1.67	1.67	1.68	1.69	1.69	1.68	1.68	1.67	1.66
DEC 18	1.67	1.65	1.65	1.67	1.67	1.67	1.66	1.66	1.66	1.64

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

## Consumer Price Index and Average Retail Prices for Selected Products, U.S. City Average <sup>1</sup>

<b>Consumer Price Index</b>												
Month	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish, and Eggs	
	CPI <sup>2</sup>	Pct. Chg <sup>3</sup>	CPI <sup>2</sup>	Pct. Chg <sup>3</sup>	CPI <sup>2</sup>	Pct. Chg <sup>3</sup>	CPI <sup>2</sup>	Pct. Chg <sup>3</sup>	CPI <sup>2</sup>	Pct. Chg <sup>3</sup>	CPI <sup>2</sup>	Pct. Chg <sup>3</sup>
May 2018	253.1	1.2	215.7	-0.6	194.0	-3.7	229.6	1.1	243.6	2.1	249.4	2.3
Jun 2018	253.2	1.4	216.1	0.4	194.4	-2.1	231.0	2.0	242.9	2.8	248.6	1.2
Jul 2018	253.7	1.4	215.6	-0.4	194.6	-2.8	229.9	0.9	247.3	1.2	250.0	0.9

<b>U.S. City Average Retail Prices</b>										
Month	Whole Milk <sup>4</sup>		Butter <sup>5</sup>		Process Cheese <sup>6</sup>		Natural Cheese <sup>7</sup>		Ice Cream <sup>8</sup>	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	<i>(dollars)</i>									
May	2.919	3.242	N/A	N/A	4.025	4.393	5.131	4.748	4.588	4.631
Jun	2.877	3.213	N/A	N/A	3.956	4.306	5.234	4.797	4.656	4.629
Jul	2.839	3.219	N/A	N/A	3.958	4.282	5.065	4.851	4.750	4.606

N/A = Not available. <sup>1</sup> "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. <sup>2</sup> The standard reference base period for these indexes is 1982-1984 = 100. <sup>3</sup> Percent change over previous year. <sup>4</sup> Per gallon. <sup>5</sup> Per pound. Grade AA, salted, stick butter. <sup>6</sup> Per pound, any size and type of package. <sup>7</sup> Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc). <sup>8</sup> Per 1/2 gallon prepackaged regular.

## August Supply and Demand Estimates

The milk production forecast for 2018 is unchanged from last month. The milk production forecast for 2019 is raised from the previous month on slightly higher cow numbers and increased milk per cow. For 2018, fat basis exports are raised from the previous month on higher sales of butter and other fat-containing products. The fat basis import forecast is also raised on higher expected imports of butterfat products. The skim-solids basis export forecast for 2018 is lowered on weaker sales of nonfat dry milk (NDM) and the imposition of tariffs by China on lactose and other dairy products. The import forecast is unchanged. For 2019, the fat basis import and export forecasts are unchanged from the previous month. Skim-solids basis exports are lowered on expected continued weak sales of lactose. The skim-solids import forecast for 2019 is reduced from the previous month on lower expected imports of milk protein concentrates. For 2018, cheese, butter, NDM and whey price forecasts are raised for 2018. Prices for cheese, NDM and whey are also raised for 2019 as demand strength is expected to carry into next year. However, the 2019 butter price forecast remains unchanged from the previous month. The 2018 Class III and Class IV price forecasts are raised from the previous month to reflect the higher dairy product price forecasts. For 2019, Class III price forecast is raised on higher forecast cheese and whey prices. The Class IV price forecast is raised on the stronger forecast NDM price. The all milk price is raised to \$16.10 to \$16.30 per cwt for 2018, and is raised to \$16.45 to \$17.45 per cwt for 2019.

U.S. Milk Supply and Use					
Commodity	2017	2018 Projected		2019 Projected	
		Jul	Aug	Jul	Aug
<i>(billion pounds)</i>					
Milk					
Production	215.5	217.9	217.9	220.6	220.9
Farm Use	1.0	1.0	1.0	1.0	1.0
Fat Basis Supply					
Beginning Commercial Stocks	12.7	13.4	13.4	13.5	13.5
Marketings	214.5	216.9	216.9	219.6	219.9
Imports	6.0	5.9	6.0	5.6	5.6
Total Commercial Supply	233.2	236.2	236.3	238.7	239.0
Fat Basis Use					
Commercial Exports	9.2	10.2	10.4	9.9	9.9
Ending Commercial Stocks	13.4	13.5	13.5	12.5	12.5
CCC Donations	0.0	0.0	0.0	0.0	0.0
Domestic Commercial Use	210.5	212.5	212.4	216.3	216.6
Skim-Solid Basis Supply					
Beginning Commercial Stocks	9.5	11.8	11.8	10.5	10.5
Marketings	214.5	216.9	216.9	219.6	219.9
Imports	6.1	5.6	5.6	5.6	5.5
Total Commercial Supply	230.1	234.3	234.3	235.7	235.9
Skim-Solids Basis Use					
Commercial Exports	40.7	46.0	45.4	44.9	44.8
Ending Commercial Stocks	11.8	10.5	10.5	10.8	10.5
CCC Donations	0.0	0.0	0.0	0.0	0.0
Domestic Commercial Use	177.6	177.8	178.4	180.0	180.6

NOTE: Totals may not add due to rounding.

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## August Supply and Demand Estimates-cont'd

U.S. Dairy Prices					
Commodity	2017	2018 Projected		2019 Projected	
		Jul	Aug	Jul	Aug
<i>(dollars per pound)</i>					
Product Prices <sup>1</sup>					
Cheese	1.6344	1.540-1.570	1.550-1.570	1.575-1.675	1.590-1.690
Butter	2.3303	2.245-2.305	2.265-2.305	2.220-2.350	2.220-2.350
Nonfat Dry Milk	0.8666	0.730-0.760	0.755-0.775	0.740-0.810	0.755-0.825
Dry Whey	0.4437	0.275-0.295	0.295-0.315	0.280-0.310	0.300-0.330
<i>(dollars per cwt)</i>					
Milk Prices <sup>2</sup>					
Class III	16.17	14.30-14.60	14.50-14.70	14.70-15.70	14.95-15.95
Class IV	15.16	13.65-14.05	13.95-14.25	13.65-14.75	13.75-14.85
All Milk <sup>3</sup>	17.65	15.95-16.25	16.10-16.30	16.25-17.25	16.45-17.45
<b>Quarterly</b>					
	2018 II	2018 III <sup>4</sup>	2018 IV <sup>4</sup>	2019 I <sup>4</sup>	2019 II <sup>4</sup>
<i>(billion pounds)</i>					
Milk Production	55.8	53.9	53.8	55.0	56.7
<i>(dollars per cwt)</i>					
All Milk Price <sup>2,3</sup>	16.10	15.80-16.10	16.80-17.40	16.55-17.45	16.10-17.10
Class III Price <sup>2</sup>	14.95	14.35-14.65	14.80-15.40	14.85-15.75	14.85-15.85
Class IV Price <sup>2</sup>	14.32	14.20-14.60	14.30-15.00	13.70-14.70	13.80-14.90

N/A = not available <sup>1</sup> Simple average of monthly prices calculated from AMS weekly average dairy product prices for class price computations. Details may be found by going to <http://www.ams.usda.gov/rules-regulations/mmr/dmr>; scroll down to Publications, National Dairy Products Sales Reports, and select Current Release & Archives.” <sup>2</sup> 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. <sup>3</sup> Does not reflect any deductions from producers as authorized by legislation. <sup>4</sup> Projection.

**Source:** U.S. Department of Agriculture. World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates, WASDE-580, August 10, 2018*. Approved by the Interagency Commodity Estimates Committee [members for Dairy are: Shayle Shagam, Chairperson, WAOB; Carolyn Liebrand, AMS; Paul Kiendl, FAS; Jerry Cessna, ERS; and Milton Madison, FSA].

## June Milk Sales

During June 2018, 3.6 billion pounds of packaged fluid milk products are estimated to have been sold in the United States. This was 4.1 percent lower than June 2017. Estimated sales of total conventional fluid milk products decreased 4.2 percent from June 2017 and estimated sales of total organic fluid milk products decreased 3.1 percent from a year earlier.

### Estimated Total U.S. Sales of Fluid Milk Products, June 2018, with Comparisons <sup>1</sup>

Product Name	Sales <sup>4</sup>		Change from: <sup>2</sup>	
	June	Year to Date	Previous Year	Year to Date
	<i>(million pounds)</i>		<i>(percent)</i>	
Conventional Production Practice				
Whole Milk	1,218	7,385	-0.3	2.0
Flavored Whole Milk	50	336	-2.4	4.3
Reduced Fat Milk (2%)	1,170	7,289	-5.3	-2.9
Low Fat Milk (1%)	438	3,039	-7.5	-5.0
Fat-Free Milk (Skim)	290	1,906	-10.5	-9.4
Flavored Fat-Reduced Milk	182	1,922	-2.9	-3.0
Buttermilk	39	243	-3.9	-2.9
Other Fluid Milk Products	3	19	-21.7	-34.3
Total Fat-Reduced Milk <sup>3</sup>	2,081	14,156	-6.3	-4.3
Total Conventional Milk Products	3,391	22,139	-4.2	-2.2
Organic Production Practice				
Whole Milk	82	522	1.1	4.9
Reduced Fat Milk (2%)	65	412	5.0	3.5
Low Fat Milk (1%)	30	190	-12.5	-5.6
Fat-Free Milk (Skim)	18	118	-18.8	-16.1
Flavored Fat-Reduced Milk	7	50	-22.5	-15.4
Other Fluid Milk Products	0	0	-95.0	-68.4
Total Fat-Reduced Milk <sup>3</sup>	120	770	-5.7	-3.6
Total Organic Milk Products	202	1,292	-3.1	-0.4
Total Fluid Milk Products	3,592	23,431	-4.1	-2.1

<sup>1</sup> 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. <sup>2</sup> Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis. <sup>3</sup> Both conventional and organic fat-reduced milk categories are the total of reduced fat, lowfat, skim and flavored fat-reduced milk. <sup>4</sup> Data may not add due to rounding. Report contact: Daniel Manzoni, [Daniel.manzoni@ams.usda.gov](mailto:Daniel.manzoni@ams.usda.gov) or 202-720-2352.

### Packaged Sales of Total Fluid Milk Products in Federal Milk Orders and California, June 2018, with Comparisons <sup>1</sup>

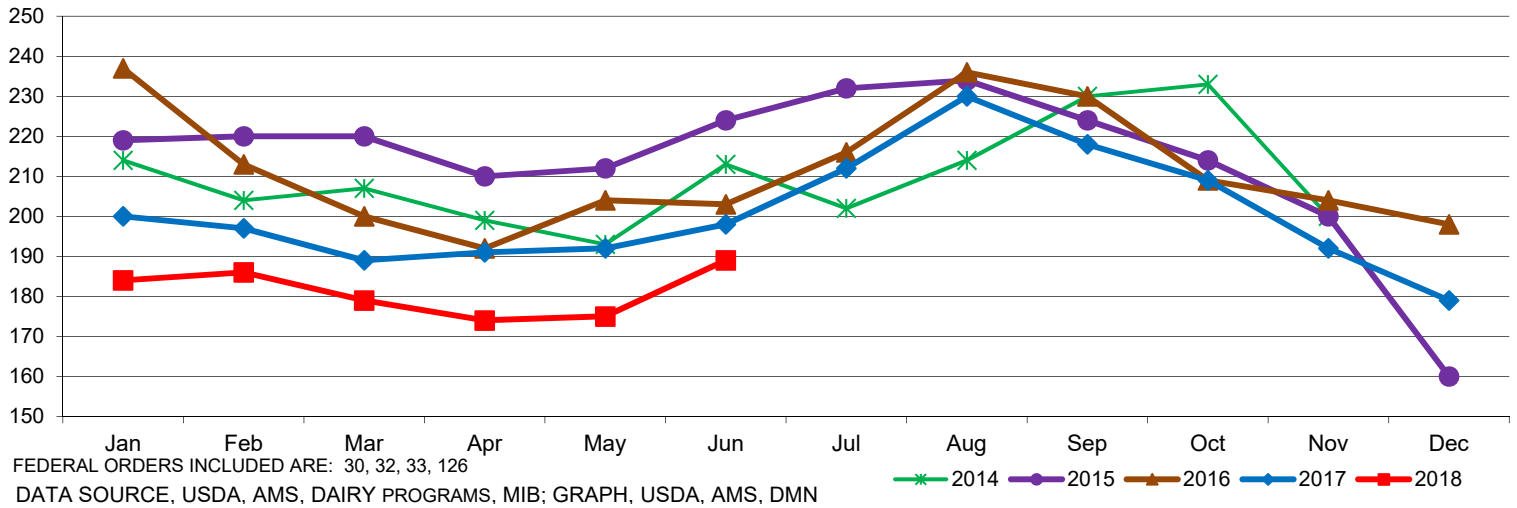
Marketing Area	Order Number	Sales <sup>3</sup>		Change from: <sup>2</sup>	
		June	Year to Date	Previous Year	Year to Date
		<i>(million pounds)</i>		<i>(percent)</i>	
Northeast	001	621	3,963	-3.9	-2.0
Appalachian	005	249	1,605	0.0	1.9
Florida	006	203	1,357	-5.5	-2.1
Southeast	007	324	2,147	-5.5	-2.4
Upper Midwest	030	270	1,751	-3.3	-2.4
Central	032	301	1,994	-4.7	-2.8
Mideast	033	393	2,573	-5.1	-2.6
Pacific Northwest	124	148	934	-4.5	-3.8
Southwest	126	324	2,175	-4.4	-1.7
Arizona	131	79	520	2.3	2.7
California	---	394	2,537	-4.8	-3.6
All Orders (Total)		2,911	19,019	-4.0	-1.9
All Areas (Total)		3,305	21,557	-4.1	-2.1

<sup>1</sup> These figures are representative of the consumption of total fluid milk products in the respective area; see footnote <sup>3</sup> above for the products included. <sup>2</sup> Percent changes, as well as sales volumes, are shown on an unadjusted basis. <sup>3</sup> Data may not add due to rounding.

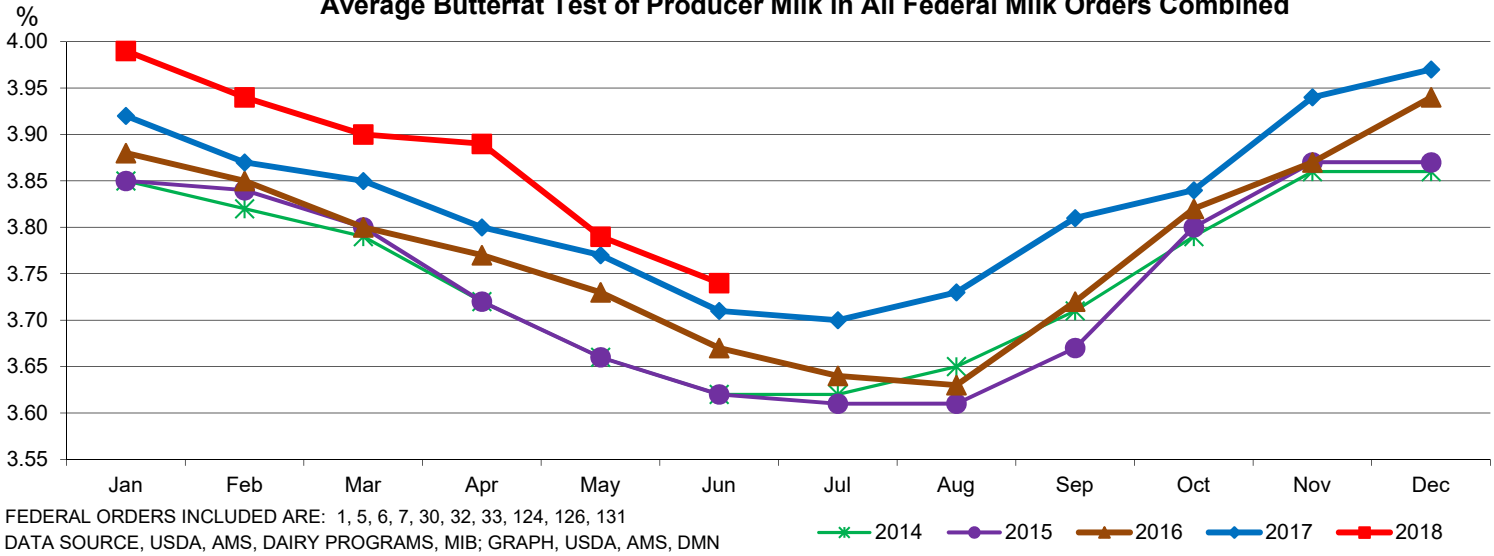
Source: U.S. Department of Agriculture; California Department of Food and Agriculture.

**Average Somatic Cell Count of Producer Milk in Four Federal Milk Orders Combined**

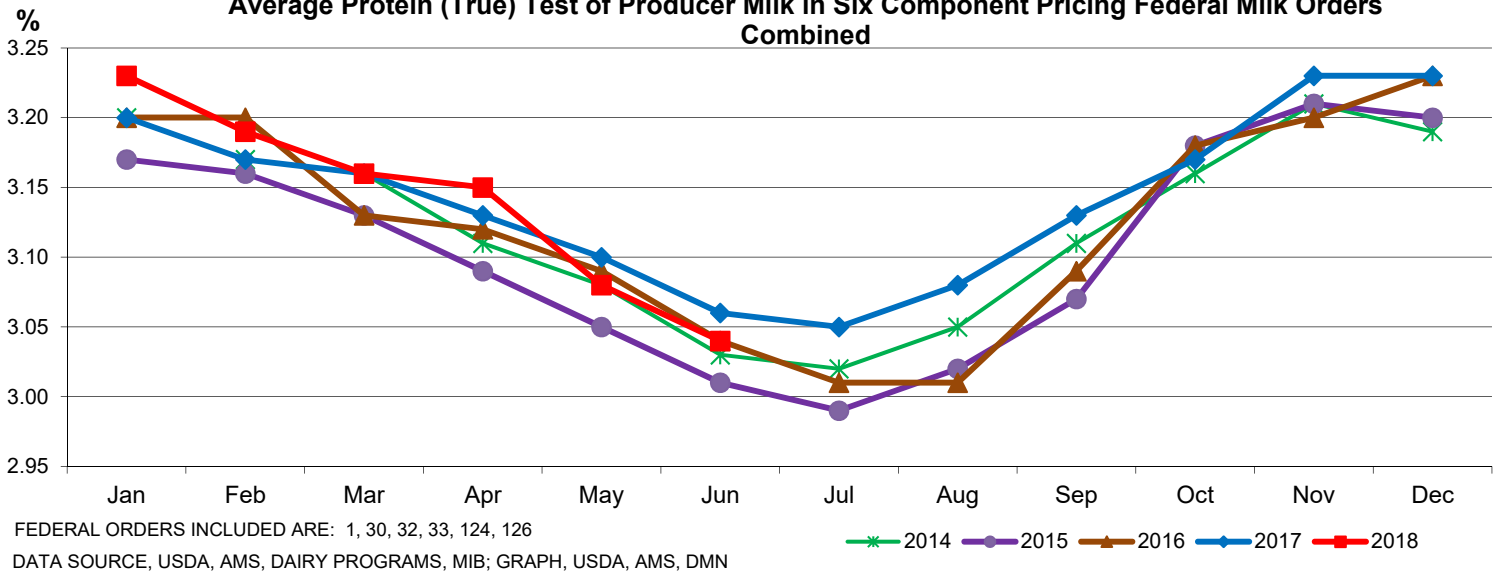
THOUSANDS



**Average Butterfat Test of Producer Milk in All Federal Milk Orders Combined**



**Average Protein (True) Test of Producer Milk in Six Component Pricing Federal Milk Orders Combined**





## Dairy Market News Branch

Agricultural  
Marketing  
Service

# National Retail Report-Dairy

Websites: <http://www.marketnews.usda.gov/mnp/da-home> and <http://www.ams.usda.gov/mnreports/dybretil.pdf>

Volume 85- Number 33

Issued Weekly

Friday, August 17, 2018

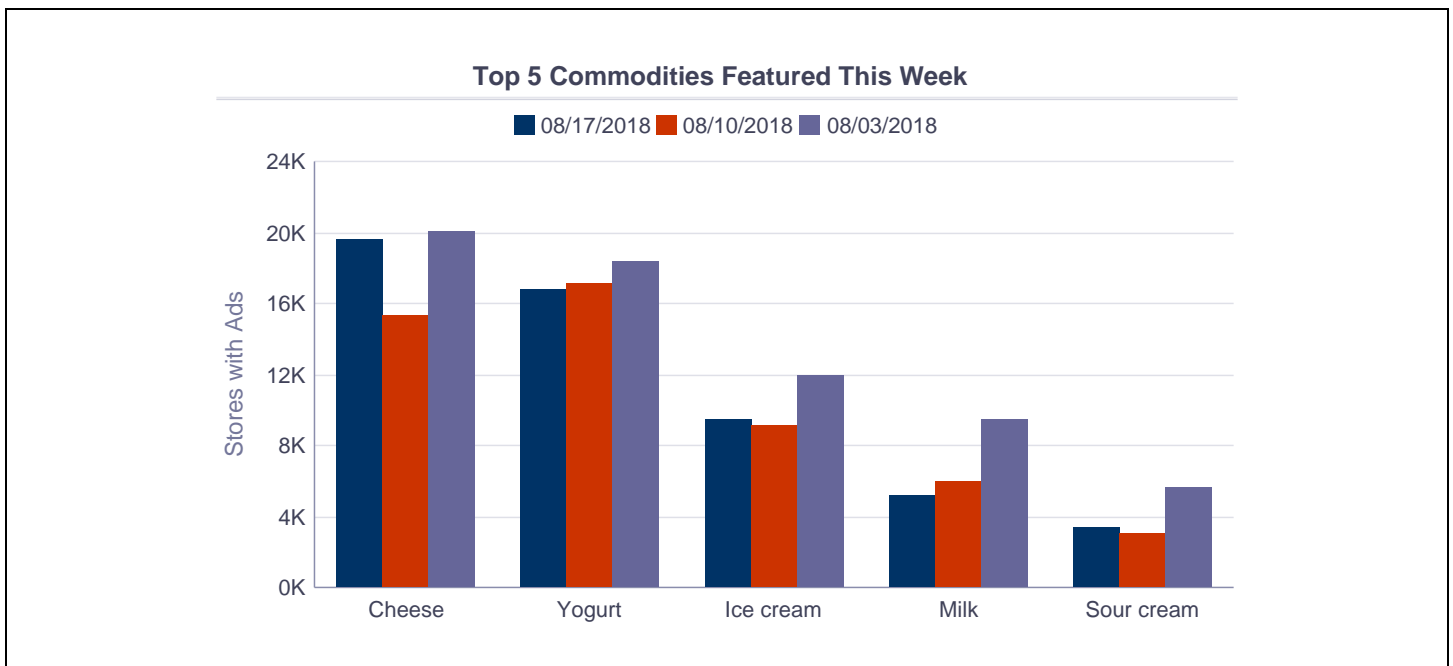
### Advertised Prices for Dairy Products at Major Retail Supermarket Outlets ending during the period of 08/17/2018 to 08/23/2018

Ice cream continues its reign as the top advertised dairy item in the nation this week. Total ice cream advertisements were just above those of 8 ounce shred cheese. The weighted average advertised price for conventional ice cream in 48 to 64 ounce containers is \$2.97, up 7 cents from last week. The total number of conventional dairy ads decreased 2 percent, while organic ads decreased 7 percent.

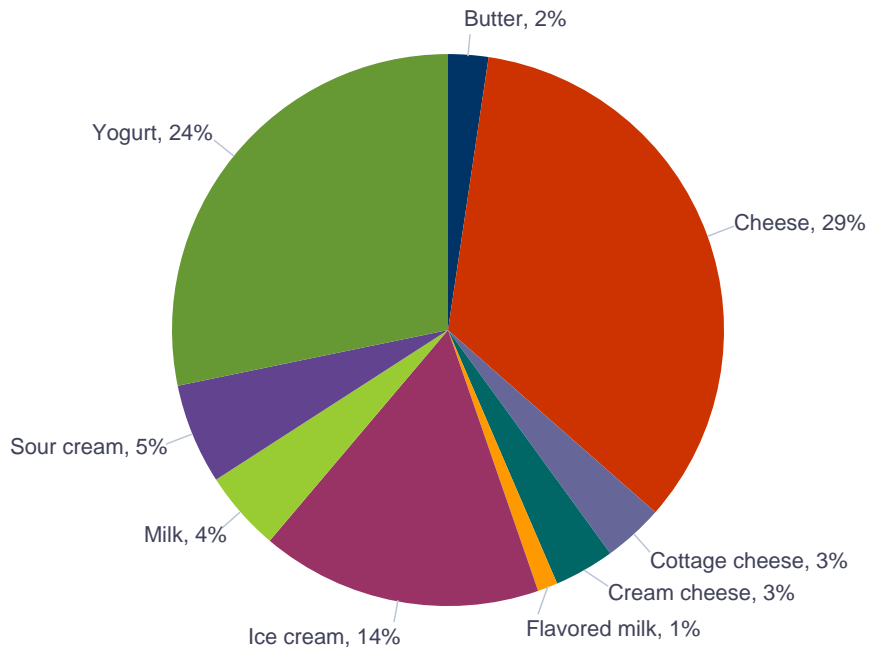
The national weighted average advertised conventional milk price for half gallons is \$2.02, while organic half gallon milk averaged \$4.48, an organic price premium of \$2.46. Conventional milk ad numbers decreased 11 percent and organic milk ad numbers decreased 17 percent. Organic milk advertisements once again outnumbered those of conventional milk.

Conventional cheese ad numbers increased 29 percent. Organic cheese advertisements decreased by 15 percent. The weighted average price of conventional 8 ounce block cheese is \$2.38, and \$2.43 for 8 ounce shred cheese. The weighted average price of organic 8 ounce block cheese is \$5.04, and \$3.49 for organic 8 ounce shred cheese. Organic 8 oz cheese blocks saw the largest gain of any dairy item, beating last week's amount of ads by 105%.

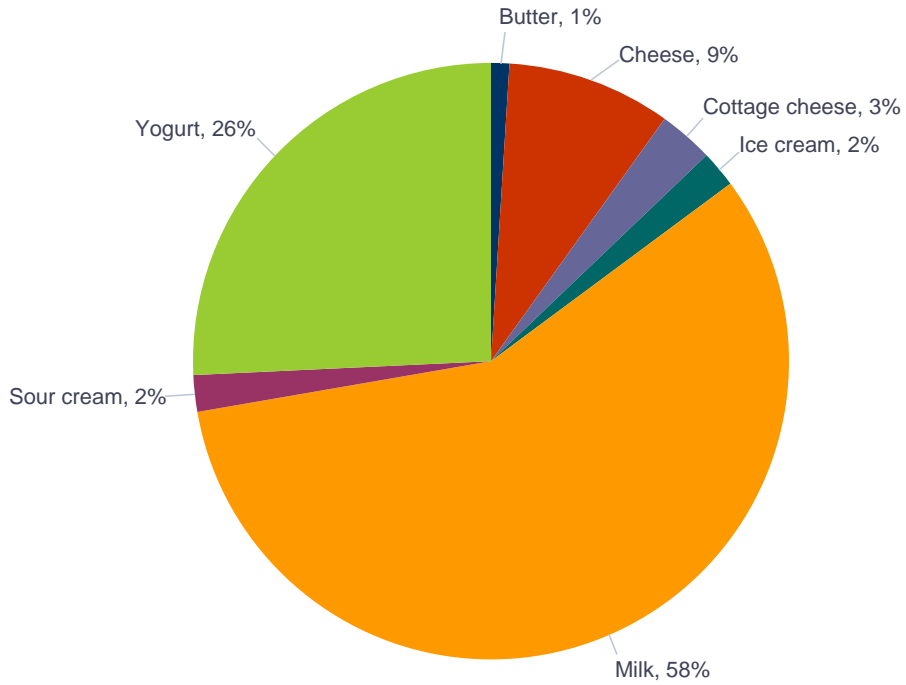
Total conventional yogurt ads decreased 4 percent, while organic yogurt ads increased 48 percent. The weighted average advertised price for organic yogurt in 4-6-ounce containers is \$1.50, compared to conventional yogurt in 4-6 ounce containers at 49 cents, an organic premium of \$1.01.



Percentage of Total Conventional Ads by Commodity



Percentage of Total Organic Ads by Commodity







## NATIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		LAST WEEK		LAST YEAR	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	1515	3.46	1532	4.08	3233	3.49
Cheese	Natural Varieties	8 oz block	8078	2.38	6481	2.39	3042	2.37
Cheese	Natural Varieties	1 # block	1030	3.34	1445	3.58	2257	3.83
Cheese	Natural Varieties	2 # block	210	6.99	512	6.41	1202	6.81
Cheese	Natural Varieties	8 oz shred	9016	2.43	5212	2.16	9000	2.28
Cheese	Natural Varieties	1 # shred	895	2.95	1212	3.69	2006	3.11
Cottage cheese		16 oz	1723	1.85	1433	1.91	1731	1.92
Cream cheese		8 oz	2107	1.89	6784	1.90	4014	1.51
Flavored milk	All fat tests	half gallon	622	2.44	529	3.19	1134	3.01
Flavored milk	All fat tests	gallon	319	3.33	929	2.79	526	2.52
Ice cream		48-64oz	9347	2.97	9162	2.90	11643	3.04
Milk	All fat tests	half gallon	1322	2.02	745	2.45	1076	3.25
Milk	All fat tests	gallon	1237	2.64	2126	3.33	2342	2.24
Sour cream		16 oz	3277	1.64	3070	1.73	6426	1.84
Yogurt	Greek	4-6 oz	8607	.93	7955	.96	13500	.94
Yogurt	Greek	32 oz	1207	4.55	2064	4.60	2354	4.31
Yogurt	Yogurt	4-6 oz	5637	.49	5416	.50	5351	.52
Yogurt	Yogurt	32 oz	198	2.55	945	2.87	2392	2.44

## REGIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	2.99-4.79	549	3.57	2.99-3.50	735	3.34			
Cheese	Natural Varieties	8 oz block	1.77-2.99	1229	2.45	1.99-2.50	3744	2.40	1.99-2.00	702	1.99
Cheese	Natural Varieties	1 # block				2.49-3.50	167	2.81	2.49	348	2.49
Cheese	Natural Varieties	8 oz shred	1.77-2.50	1341	2.17	1.99-3.00	4116	2.47	1.99-2.50	818	2.06
Cheese	Natural Varieties	1 # shred	3.99	167	3.99	3.50	53	3.50	2.49-2.99	664	2.62
Cottage cheese		16 oz	1.69-2.50	1121	2.01	1.66	214	1.66	2.00	116	2.00
Cream cheese		8 oz	1.49-2.00	747	1.73	1.50-1.99	279	1.65	2.00-2.99	350	2.57
Flavored milk	All fat tests	half gallon	1.99-3.49	349	2.71						
Flavored milk	All fat tests	gallon				3.99	214	3.99			
Ice cream		48-64oz	1.99-4.99	1887	2.73	1.69-5.99	3267	2.69	1.99-5.00	2700	3.27
Milk	All fat tests	half gallon	1.00-2.49	429	1.89	0.79-2.50	328	1.91	1.00-2.99	226	1.97
Milk	All fat tests	gallon	1.59	161	1.59	3.99	214	3.99	2.50	53	2.50
Sour cream		16 oz	1.49-2.00	1305	1.69	1.50-1.66	1216	1.53	2.00	180	2.00
Yogurt	Greek	4-6 oz	0.50-1.25	2623	.96	1.00	2459	1.00	0.59-1.00	1458	.75
Yogurt	Greek	32 oz	3.99-4.99	366	4.49	3.78	195	3.78	4.99	278	4.99
Yogurt	Yogurt	4-6 oz	0.42-0.69	1537	.50	0.50	1430	.50	0.30-0.66	636	.50

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Yogurt	Yogurt	32 oz	2.69	60	2.69	2.49	64	2.49			

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	5.49	55	5.49				1.99-3.50	130	2.70
Cheese	Natural Varieties	8 oz block	1.66-2.99	832	2.47	1.69-3.00	1080	2.40	1.99-2.50	418	2.41
Cheese	Natural Varieties	1 # block				2.99-4.88	446	4.03	4.49	69	4.49
Cheese	Natural Varieties	2 # block							4.99-8.99	210	6.99
Cheese	Natural Varieties	8 oz shred	1.66-3.99	1120	2.63	1.69-3.99	1308	2.59	1.99-2.50	234	2.35
Cottage cheese		16 oz				0.99	244	.99			
Cream cheese		8 oz	1.99-2.00	129	1.99	1.69-1.99	559	1.76			
Flavored milk	All fat tests	half gallon				1.99	246	1.99			
Flavored milk	All fat tests	gallon							1.99	105	1.99
Ice cream		48-64oz	2.49-4.44	570	3.27	2.50-3.50	663	3.23	1.69-3.99	130	2.77
Milk	All fat tests	half gallon	3.50	55	3.50	1.99	246	1.99			
Milk	All fat tests	gallon	1.99-3.99	387	2.62	2.49	306	2.49	1.99	105	1.99
Sour cream		16 oz				0.99-1.99	490	1.49			
Yogurt	Greek	4-6 oz	0.77-1.18	688	.96	0.88-1.00	882	.93	0.83-0.88	463	.87
Yogurt	Greek	32 oz	3.99-4.99	169	4.32	4.99	199	4.99			
Yogurt	Yogurt	4-6 oz	0.40-0.50	619	.49	0.40-0.50	1228	.48	0.37-0.49	135	.43
Yogurt	Yogurt	32 oz	2.50	74	2.50						

Commodity	Type	Pack Size	ALASKA U.S.			HAWAII U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	3.79-4.00	22	3.90	3.99	24	3.99
Cheese	Natural Varieties	8 oz block	3.00-3.50	49	3.21	2.50	24	2.50
Cheese	Natural Varieties	8 oz shred	3.50	21	3.50	2.50-3.00	58	2.79
Cheese	Natural Varieties	1 # shred	3.99	11	3.99			
Cottage cheese		16 oz	3.99	28	3.99			
Cream cheese		8 oz	1.99-2.99	43	2.25			
Flavored milk	All fat tests	half gallon				2.99	27	2.99
Ice cream		48-64oz	6.49	21	6.49	3.50-5.29	109	4.25
Milk	All fat tests	half gallon	2.47	11	2.47	2.99	27	2.99
Milk	All fat tests	gallon	3.79	11	3.79			
Sour cream		16 oz	2.69	11	2.69	2.29-2.50	75	2.37
Yogurt	Greek	4-6 oz				1.25	34	1.25
Yogurt	Yogurt	4-6 oz	1.00	28	1.00	0.79	24	.79



### NATIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		LAST WEEK		LAST YEAR	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	55	6.39	55	6.39	121	4.49
Cheese	Natural Varieties	8 oz block	281	5.04	137	5.99		
Cheese	Natural Varieties	8 oz shred	114	3.49	328	3.17		
Cottage cheese		16 oz	114	3.49	114	3.49	1202	3.94
Cream cheese		8 oz			285	2.55	105	2.50
Flavored milk	All fat tests	half gallon					305	2.99
Ice cream		48-64oz	105	6.49			101	5.99
Milk	All fat tests	half gallon	2099	4.48	1347	3.89	3833	3.94
Milk	All fat tests	gallon	228	6.99	974	6.85	54	5.49
Milk	All fat tests	8 oz UHT	247	.96	768	.88	372	.85
Sour cream		16 oz	72	2.50			1083	2.99
Yogurt	Greek	4-6 oz	300	1.31	307	1.35	1153	1.25
Yogurt	Greek	32 oz	137	5.49	108	6.49	273	6.04
Yogurt	Yogurt	4-6 oz	195	1.50	354	.81	237	1.34
Yogurt	Yogurt	32 oz	507	3.28			714	2.95

### REGIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Cheese	Natural Varieties	8 oz block	3.99-5.99	281	5.04						
Milk	All fat tests	half gallon	3.49-5.99	1066	4.73	4.25-4.29	334	4.28	2.99-4.25	317	3.71
Milk	All fat tests	gallon				6.99	61	6.99			
Milk	All fat tests	8 oz UHT							0.92	110	.92
Sour cream		16 oz	2.50	72	2.50						
Yogurt	Greek	4-6 oz				1.35	90	1.35			
Yogurt	Greek	32 oz	5.49	137	5.49						
Yogurt	Yogurt	4-6 oz				1.50	195	1.50			
Yogurt	Yogurt	32 oz	3.49-3.50	293	3.49	3.00	214	3.00			



Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	6.39	55	6.39						
Cheese	Natural Varieties	8 oz shred				3.49	114	3.49			
Cottage cheese		16 oz	3.49	114	3.49						
Ice cream		48-64oz							6.49	105	6.49
Milk	All fat tests	half gallon	2.99	78	2.99	4.99	304	4.99			
Milk	All fat tests	gallon				6.99	167	6.99			
Milk	All fat tests	8 oz UHT				1.00	137	1.00			
Yogurt	Greek	4-6 oz	1.29	210	1.29						

Commodity	Type	Pack Size	ALASKA U.S.			HAWAII U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price

**REGIONAL DEFINITIONS**

As used in this report, regions include the following states:

- NORTHEAST U.S. Connecticut, Delaware, Massachusetts, Maryland, Maine, New Hampshire, New jersey, New York, Pennsylvania, Rhode Island and Vermont
- SOUTHEAST U.S. Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia
- MIDWEST U.S. Iowa, Illinois, Indiana, Kentucky, Michigan, Minnesota, North Dakota, Nebraska, Ohio, South Dakota and Wisconsin
- SOUTH CENTRAL U.S. Arkansas, Colorado, Kansas, Louisiana, Missouri, New Mexico, Oklahoma, and Texas
- SOUTHWEST U.S. Arizona, California, Nevada and Utah
- NORTHWEST U.S. Idaho, Montana, Oregon, Washington, and Wyoming
- ALASKA Alaska
- HAWAII Hawaii
- NATIONAL Continental United States



# Dairy Market News

United States Department of Agriculture

Agricultural Marketing Service

Dairy Programs

Market Information Branch

Volume 85, Report 33

August 17, 2018

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