ORGANIC DAIRY OVERVIEW

NEWS: A New England organic dairy cooperative is experiencing organic milk sales increases of 1% a week in recent weeks, resulting from placing the milk in outlets of a national natural food store chain. This marketing outlet has helped reduce the percentage of the cooperative’s milk volume sold into conventional milk markets. Now 95% of members’ organic milk is sold into organic milk markets, generating organic pay prices. This is an all-time high percentage.

Organic milk production is seasonally declining in many areas. An aspect of the reduction is also a slowing of manufacturing organic butter and milk packaged in aseptic 8 ounce containers. Availability of organic feed remains a concern in some areas. In New England, wetness has hampered cutting hay and leaves some uncertainty as to what will be the final amount of hay available at the end of the growing season.

Milk Product Sales: AMS reports Total Organic Milk Products sales for July 2013, 189 million pounds, were up 15.3% from July last year.

Organic Whole Milk sales for July 2013, 52 million pounds, were up 20.2% compared with July last year and up 10.5% year-to-date compared with last year.

Organic Reduced Fat Milk sales for July, 52 million pounds, were 30.7% above sales one year earlier and 12.2% above year-to-date sales last year.

Organic milk products sales are 4.4% of total fluid milk products sales this year through July.

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON

Organic Dairy Overview. Organic dairy product ad volume is slightly higher than during two weeks ago and close to recent report periods.

Ad volume for organic milk is nearly identical with the last three periods. However, ads for half gallon organic milk declined from last period, to the lowest level since the beginning of May. This decline was offset by organic gallon ad volume being not only the highest level of 2013, but higher than any period of 2010, 2011 or 2012.

Organic milk ads total 73% of all organic dairy ads, followed by organic yogurt ads at 24%, and organic butter, 3%.

Ad volume for organic milk gallons is nearly identical with the last three periods. However, ads for half gallon organic milk declined from last period, to the lowest level since the beginning of May. This decline was offset by organic gallon ad volume being not only the highest level of 2013, but higher than any period of 2010, 2011 or 2012.

Organic milk ads total 73% of all organic dairy ads, followed by organic yogurt ads at 24%, and organic butter, 3%.

Complete results of this bi-weekly survey providing additional graphs, tables, and regional delineation, follow at the end of Dairy Market News, or can be accessed at: http://www.ams.usda.gov/AMSv1.0/DairyRetailReport

Regional Organic Dairy Ad Trends. Organic dairy ads appeared in all 6 regions, led by the Southeast with 29% of ads; the Northwest, 20%; Southwest, 19%; Midwest, 15%; Northeast, 12%; and South Central, 5%.

ORGANIC MILK FEATURES

Regional % of Nationally Surveyed Supermarket Ads

Organic Milk. Ad volume for organic milk gallons typically are well behind volume for half gallons. Ad volume for organic gallons of milk this period set a number of records. Three of the four highest ad volume periods spanning 2010-2013 to date, occurred within the last five periods of 2013. Of the only three times that ad volume for organic gallons of milk exceeded volume for organic half gallons spanning 2010-2013, two of the periods occurred this year beginning in August.

This is the seventh consecutive period of declining ad numbers for organic milk half gallons. Ad volume for organic half gallons this year has only been lower during two periods of 2013.

Ad volume for organic milk gallons was 49% of all organic milk ads, with ads for organic half gallons and 8 ounce organic milk equally tied in second place.
Organic Milk Half Gallons. The weighted average advertised price of organic milk half gallons is $3.47, down 24 cents from last period. The price increased at the range bottom but declined at the top, resulting in the narrowest price range of 2013, 51 cents. One year ago the national average price was $3.23.

Advertised Organic Milk Half Gallon Price Range and Weighted Average Advertised Price by 2013 Week

Organic - Conventional Milk Half Gallon Price Spread. The weighted average advertised organic half-gallon milk price, $3.47, is down 24 cents from two weeks ago. Conventional milk’s price for half gallons, $1.68, is up 16 cents from two weeks ago. The organic-conventional half-gallon price spread is $1.79, compared with $2.19 two weeks ago.

Organic Milk Gallons. The national weighted average advertised price for organic gallons is $5.91, up from $5.00 two weeks ago. The highest advertised price for organic milk gallons, $7.49, is the highest advertised price for organic gallons during 2010, 2011, 2012 and 2013. Over those years until 2013, the highest advertised price had been $5.99, reached a number of times. The $5.99 price has been topped four times during 2013, with the record high this period. This period’s high price appeared in ads of a national supermarket chain in the Midwest and Southeast, for a national brand of organic milk.

Organic Yogurt. Organic yogurt ad numbers are slightly below average for the year. Ads for 4-6 ounce organic Greek yogurt comprise 64% of all organic yogurt ads. This is followed by ads for 4-6 ounce organic yogurt, 21% and ads for 32 ounce organic yogurt, 15%.

Most organic yogurt ads ran in the Northeast and Southeast, with 40% and 45% respectively. The Midwest had 12% of organic yogurt ads with 4% in the South Central Region.

The weighted average advertised price for 4-6 ounce organic Greek yogurt is $1.00, down 12 cents from last year but unchanged from two weeks ago. The weighted average advertised price for 4-6 ounce organic yogurt is $0.65, down from $0.82 last year and $0.83 two weeks ago. As for 32 ounce organic yogurt, the price is $3.00, slightly up from $2.99 one year ago but down from $3.16 two weeks ago.

SUPERMARKET PRICE COMPARISON:

Madison, Wisconsin Prices. Non-advertised organic milk, yogurt, butter and cheese prices in a range of food stores in Madison, Wisconsin are compared for this two week period. Stores included a big-box sized local supermarket; 2 regional chain supermarkets; a smaller but full product line food market; and 2 natural food stores; a national discount big box chain store also selling food; and a large local cooperative grocery store. Organic milk available included 2 national brands, 4 private label store brands, and 3 small local or nearby creamery brands, one featuring non-homogenized milk. Cheese available included 2 national brands, 2 store brands, and cheese from 5 other cheese makers.

ORGANIC MILK, YOGURT, CHEESE, BUTTER PRICE RANGE
2013 REPORTING WEEK 38

* = Price change from prior reporting period.

**ORGANIC GRAIN AND FEEDSTUFF MARKETS:** National organic grain and feedstuff prices are mostly steady. Market activity continues to be slow, due to buyers and sellers waiting for the corn and soybean harvest to begin. Demand for feed grade soybeans remains good but supplies of finished soybean meal are limited. Crop conditions are mixed, with the Eastern Cornbelt being excellent and the Midwest reporting average conditions. A much needed rain was noted across parts of the Midwest late in the trading period.

Additional livestock and grain market news information is available at: http://www.ams.usda.gov/mnreports/lsbnof.pdf