ORGANIC DAIRY FLUID OVERVIEW

While the contracted farm gate organic milk price for many Northeast producers is now reaching the mid $30’s per hundredweight, profitability remains a matter of widely discussed concern. Feed costs are weighing on profitability, less so for the most established organic dairy farms but more so for other farms. A large organic dairy coop has decided to leave $3.00 per hundredweight bonus payments in effect for December, January and February.

A topic of high interest in the Northeast is consideration being given by a national organic yogurt manufacturer to establishing its own contracted milk pool directly with organic producers, replacing the present practice of purchasing milk through a cooperative. A decision is expected by year end. With variables such as the pay price, milk volumes, and specific farms that might be asked to contract, unresolved, much is undecided in the region as to who will be buying organic milk from whom and at what price in 2014.

A Central Texas online grocery store specializing in home delivery of certified organic food has added home delivery of organic dairy products. Home delivery of organic milk from an independent family-owned organic dairy and creamery in Central Texas is now available in urban areas such as Dallas, Ft. Worth, Houston and Austin. This service supplements delivery of various national brands.

A privately held organic dairy supplying substantial volumes of organic milk and butter for the private label market, working with researchers from a Midwestern university, has just released a baseline of sustainability metrics. This is the initial step in a program to track and enhance sustainability in areas of greenhouse gas emission reductions, energy use, water, solid waste and recycling as related to organic dairy production and processing. The firm also owns or leases thousands of acres of land used in raising organic feeds and forages.

2013 organic milk sales have been strong and above previous year levels since March. Cumulative U.S. sales of total organic milk products through September exceeds previous years through September.

An organic dairy organization official commented, “organic milk is used (by retail stores) to attract organic shoppers”. Other organic dairy leaders believe that some stores are willing to use organic milk as a promotional loss leader to attract shoppers. These factors are believed to contribute to the persistent pattern of increasing sales of organic milk in recent years.

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON

Organic Dairy Overview. Organic dairy ad volume is near the lowest level of the year, which is a similar pattern compared with this period last year.

Organic milk ad volume this year is higher than a year ago, while organic butter and yogurt ad numbers are noticeably below levels a year ago.

Organic milk ads total 77% of all organic dairy ads. Holiday themed ads for organic egg nog resulted in that product edging out organic yogurt as the number two most advertised organic dairy product, with 6% of ads. Organic yogurt accounted for 5% of ads followed by organic cottage cheese, 4%, and organic cream cheese, 3%.

Organic half gallon milk ads predominate organic milk, with over three ads for half gallons to each ad for gallons. There are about ten times as many ads for organic half gallons as 8 ounce organic milk. Advertising information presented is compiled from nearly 14,000 surveyed newspaper supermarket ads for the period November 18, 2013, to November 29, 2013, identifying weekly “specials” and containing organic dairy content. Surveyed ads reflect advertised “specials” and not the range of non-advertised supermarket cooler prices.

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. Regional ad numbers as a percentage of all ads declined in the Midwest, Northeast, Southeast and Northwest. The share of ads in the Southwest more than doubled and in the South Central Region, was up substantially.

Organic Milk Half Gallons. The U.S. weighted average advertised price of organic half gallons is $3.68, up 20 cents from the last reported period. This continues the typical pattern of relatively minor average price movement period to period. The price range is up 50 cents at the top to $4.99, but down 20 cents at the bottom to $2.79. One year ago the national average price was $3.52.

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

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**Organic - Conventional Milk Half Gallon Price Spread.** The national weighted average organic milk price for half gallons is $3.68 and for conventional half-gallon milk, $1.00. The organic-conventional half-gallon price spread is $2.68, up 66 cents from the last period. The magnitude of this price spread results more from factors associated with the conventional milk price, the second lowest average price of the year, than organic milk price fluctuation. Another factor is the extremely small number of conventional half gallon milk ads nationally, 116, compared with 2,198 for organic milk half gallons.

**Organic Milk Gallons.** The national weighted average advertised price for organic gallons is $5.25, virtually the same as $5.26 the last reported period. One year ago the average price of organic gallons was $5.99.

**Organic Egg Nog.** Ad volume for quart size organic egg nog appeared only in the Southwest and South Central Regions, but in sufficient numbers to be second only to organic milk as the most advertised organic dairy product category nationally. Prices ranged from $3.49 to $3.99, with a weighted average price of $3.78.

**Organic Yogurt.** Organic yogurt ad numbers are at the lowest level of the year, and also lower than any period of 2012. All ads this period are for 32 ounce organic yogurt, all in the Southeast, and all priced $3.33.

**Organic Cottage Cheese.** All organic cottage cheese ads are for 16 ounce containers advertised in the Midwest, exactly the situation two weeks ago. The advertised price is $3.88. There were no ads last year.

**Organic Cream Cheese.** Ads for 8 ounce organic cream cheese all appeared in the Northeast, at prices ranging from $2.39 to $2.49. The weighted average advertised price is $2.43, compared with $2.64 a year 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 GRAIN AND FEEDSTUFF MARKETS:**

National organic grain and feedstuff prices are steady to slightly lower. Market activity is more active nearing the end of the harvest season for corn and soybeans. Demand for feed grade corn and soybeans remains good, with the prices a bit lower than two weeks ago mostly due to higher than expected yields.

Additional livestock and grain market news information is available at: www.ams.usda.gov/LSMarketNews