**ORGANIC DAIRY FLUID OVERVIEW**

**Organic Dairy News.** Although the severe drought affecting organic dairy herds in parts of California is not present in many parts of Washington state and the Northwest, there is a regional impact on western organic dairy producers. Organic hay is moving from Washington to California to feed organic cows in drought areas.

Washington organic producers not raising all of the hay they need, are bidding against California organic producers for hay. Currently organic hay is selling in Washington for up to $350 per ton. Super quality organic hay “is already gone”. Organic feed corn is even more expensive in Washington. Current prices are near $750 a ton, having increased from $650 at the end of the last growing season.

With the organic pay price generating about $600 a ton for organic milk for some Washington organic dairy producers, supplementing feed with organic feed corn costing more than what organic milk brings is not logical. Yet not using some organic feed corn as a supplement tends to keep milk production lower.

Organic feed prices are also increasing due to interest by some international customers to buy organic feed for export.

Hay and feed price levels in the face of little movement in organic milk pay prices, often in the range of $30 per hundredweight, is having an impact. With about 40 organic dairy producers in Washington, 1 recently converted to conventional dairy, 1 is planning to sell out next week, and 2 more producers expect to leave organic milk production by fall.

The high prices organic cows bring at slaughter auctions are drawing some producers to sell cows into slaughter, especially cows getting older that would have been kept milking in recent years, but are now going to the organic beef market.

At a recent auction in Oregon, organic cows were sold for slaughter for as much as $1.96 a pound, versus $1.36 for conventional cows. These prices for organic cows at slaughter will result in many of the cows from the Washington organic dairy producers leaving organic farming, being sold for slaughter rather into other organic dairy operations.

Nevertheless, there is a trend of large organic dairy operations in Texas and parts of the south, seeking to expand. To that end, there is some effort by those organic producers to “aggressively” seek to buy organic cows from producers leaving organic dairy farming. There are continuing shifts in cow numbers, herd size, and organic milk production, toward Texas and the south.

Organic hay in New York is not as expensive as in the West. Both square bales weighing approximately 440 pounds, and square bales weighing approximately 750 pounds, are selling for $175 a ton for first cutting and $225 a ton for second cutting.

The tightness of organic milk supplies is also affecting prices on the secondary market for organic dairy powders, such as WPC 80 and nonfat dry milk. The secondary market typically involves smaller 3,000 to 10,000 lots of product, sold by food manufacturers.

Even at the end of last year this secondary product was often sold primarily to move it before it aged too much, rather than hold for future food processing, with price a factor but moving it a more significant consideration. This year general pricing on secondary markets has moved closer to primary markets, citing the tightness of organic milk and hence, dairy powders. The current situation has also made it easier to find buyers for product in the organic dairy secondary market.

**ORGANIC DAIRY RETAIL OVERVIEW**

**NATIONALLY ADVERTISED PRICE COMPARISON**

**Organic Dairy Overview.** The only organic dairy ads this period are for milk and yogurt. There are above average numbers of organic milk ads, below average numbers of organic yogurt ads, with slightly below average total organic dairy ad numbers.

Last year at this time, there were slightly more organic milk ads than currently. Organic yogurt ads have declined in number by over one fourth from this reporting period last year. Total organic dairy ads are 20% below the number one year ago.

Advertising information presented is compiled from nearly 14,000 surveyed newspaper supermarket ads for the period July 14 to July 25, 2014, 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](http://www.ams.usda.gov/AMSV1.0/DairyRetailReport)

**Regional Organic Dairy Ad Trends.** Organic dairy ads appeared in all 6 regions. The percentage change in ad numbers increased from two weeks ago in the Midwest, +147%; Southeast, +580%; and South Central, +29%. The percentage declined in the Northeast, -66%; Southwest, -34%; and Northwest, -27%.

**Organic Milk Half Gallons.** The U.S. weighted average advertised price of organic milk half gallons is $3.30, down 52 cents from 2 weeks ago. One year ago the national price was $3.36.

The lowest price is down 20 cents to $2.79, while the top of the price range is down 10 cents to $4.38. The lowest advertised price, $2.79, is advertised in the Southwest and South Central regions. The highest advertised price, $4.38, is found in the Midwest. There are no ads for half gallon organic milk in the Northeast.

**Organic - Conventional Milk Half Gallon Price Spread.** The conventional-organic milk half gallon price spread is $0.94. Last year at this time, the price spread was $1.36. The spread is calculated from the organic milk half-gallon price, $3.30, and the conventional milk half gallon average advertised price of $2.36. The price spread this year has ranged between $0.67 and $2.55.

U.S. Advertised Organic Milk Half Gallon Price Range and Weighted Average Advertised Price by 2014 Week

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**Organic Milk Gallons.** The U.S. weighted average advertised price of organic milk gallons is $6.38. There were no ads 2 weeks ago. One year ago the national price was $5.63 and there were over three times as many ads as this year. Prices range from $5.79 in the Southeast and South Central regions, to $6.99 in the Northeast and Midwest.

**Organic 8 Ounce Milk.** Ad volume for organic 8 ounce milk is almost double the bi-weekly average for this year. The U.S. weighted average advertised price is $1.19, up 35 cents from two weeks ago. One year ago the national price was $1.00. There are over twice as many ads this year as there were last year during this period. All ads this year are priced $1.19, for a store brand offered by a national supermarket chain.

**Organic Yogurt.** All organic yogurt ads are for 4-6 ounce organic Greek yogurt. The national average price is $1.13, up 8 cents from two weeks ago and up 7 cents from one year ago. The lowest priced ads are in the Southeast, $1.00, while the highest priced ads, $1.50, are in the Northeast and Southeast. There are nearly 60% more ads for 4-6 ounce organic yogurt this period than one 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.

While Wisconsin has more organic dairy producers than any other state, half gallon containers of private label organic milk bottled in Colorado, as well as in Idaho, were noted in Wisconsin supermarkets this period.

### ORGANIC MILK, YOGURT, CHEESE, BUTTER PRICE RANGE

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<tr>
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<td>LOW</td>
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<td>FLUID MILK</td>
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<td>Nonfat (Skim)</td>
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<td>Low fat (1%)</td>
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<td>Nonfat (Skim)</td>
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### ORGANIC GRAIN AND FEEDSTUFF MARKETS:

Prices are trending mostly steady on organic corn and soybeans, mixed on organic wheat, and steady on all other reported grains. Market activity is slow to moderate for organic corn and soybeans, moderate to active on organic wheat, and slow to moderate on the balance of reported grains. Demand for organic corn and soybeans is light to moderate, organic wheat good, and on the remainder of grains light to moderate. Industry continues to closely monitor and discuss the mixed organic wheat yields and the potential future yields for organic corn and soybeans.

Additional livestock and grain market news information is available at: [www.ams.usda.gov/LSMarketNews](http://www.ams.usda.gov/LSMarketNews)