ORGANIC DAIRY FLUID OVERVIEW

Milk Product Sales. AMS reports total organic milk products sales for May 2014, 211 million pounds, were up 8.1% from May last year and up 12.4% year to date compared with last year. Organic whole milk sales for May 2014, 63 million pounds, were up 22.5% compared with May last year and up 21.8% year to date compared with last year. Organic reduced fat milk sales for May, 62 million pounds, were 11.5% above sales one year earlier and up 17.5% year to date compared with last year. Organic whole milk sales for May 2014, 63 million pounds, were up 22.5% compared with May last year and up 21.8% year to date compared with last year. Organic reduced fat milk sales for May, 62 million pounds, were 11.5% above sales one year earlier and up 17.5% year to date compared with last year.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, MAY 2014, WITH COMPARISONS 1/

<table>
<thead>
<tr>
<th>Product Name</th>
<th>Sales May Mil. Lbs.</th>
<th>Change from: 2/ Precent</th>
<th>Y-T-D</th>
<th>Prev Yr. Y-T-D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organics</td>
<td>211,1039</td>
<td>8.1</td>
<td>12.4</td>
<td></td>
</tr>
<tr>
<td>Reduced Fat Reduced</td>
<td>138</td>
<td>5.1</td>
<td>10.1</td>
<td></td>
</tr>
<tr>
<td>Total Fat Reduced</td>
<td>211</td>
<td>8.1</td>
<td>12.4</td>
<td></td>
</tr>
</tbody>
</table>

1/ 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. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; 3/ Both conventional and organic fat-reduced milk categories are total of reduced fat, lowfat, skim, and flavored fat reduced milk.

Organic Dairy News. Some organic corn in the Northeast is selling at $13.30 a bushel, $475 a ton, for stored 2013 harvest. Demand exceeds supply but some sellers are restricting sales to regular customers located in the area. Buyers hope that when this year’s harvest begins the influx of new organic corn will temper prices. Soil moisture conditions in New England have been adequate to slightly surplus. Hay is substantially into second cutting with a small amount of third cutting underway. Organic alfalfa hay in New York is about three-fourths through the second cutting, but lagging the pace of last year. Third cutting hay is underway in New York. Pennsylvania similarly slightly lags last year’s pace of second cutting organic hay. Organic hay in Wisconsin is nearly finished with the second cutting and the third cutting has begun.

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON

Organic Dairy Overview. Organic milk ads this period represent the highest percentage of all organic dairy ads of any period during 2014. This period has the second highest number of organic milk ads of the year and the highest number of organic milk half gallon ads. In contrast, organic yogurt ad numbers are at the lowest level of the year, less than one tenth the average level. Last year at this time, there were about 60% of the organic milk ads this period and slightly more than ten times as many organic yogurt ads.

Advertising information presented is compiled from nearly 14,000 surveyed newspaper supermarket ads for the period July 28 to August 8, 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

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, +44%; Northeast, 17%; Southeast, 9%; and South Central, +145%. The percentage declined in the Southwest, -7%; and Northwest, -24%.

Organic Milk Half Gallons. The U.S. weighted average advertised price of organic milk half gallons is $3.54, up 24 cents from 2 weeks ago. One year ago the national price was $3.64.

The lowest price is down 10 cents to $2.69, while the top of the price range is down 9 cents to $4.29. The lowest advertised price, $2.69, is in the South Central region. The highest advertised price, $4.29, is found in the Northeast, Southeast, and Southwest.

A South Central based supermarket chain ran ads for store brand organic half gallons of milk this period which was noteworthy because that chain has not advertised organic milk previously during 2014.

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

Organic - Conventional Milk Half Gallon Price Spread. The conventional-organic milk half gallon price spread is $1.55. Last year at this time, the price spread was $1.77. The spread is calculated from the organic milk half-gallon price, $3.54, and the conventional milk half gallon average advertised price of $1.99. The price spread this year has ranged between $0.67 and $2.55.

Organic 8 Ounce Milk. Ad volume for organic 8 ounce milk is the highest level of 2014. The U.S. weighted average advertised price is $8.85, down 34 cents from two weeks ago. One year ago the national price was $1.00. Advertised prices range from $8.83 in the Southeast, Midwest and South Central regions, to $1.00 in the Northeast and Midwest.

CONTINUED ON PAGE 8-A
Organic Yogurt. All organic yogurt ads appeared in the Northeast. Ads for 4-6 ounce organic Greek yogurt are all priced $1.25. Ads for 4-6 ounce organic yogurt are all priced $.69.

Organic Cheese. All organic cheese ads appeared in the Northeast and South Central Regions. This is the sixth of sixteen periods this year when organic cheese ads have appeared. Of those six periods with ads, this is the third highest ad level.

The national weighted average price for 8 ounce blocks is $3.82. All ads in the Northeast are priced $3.69 and in the South Central region, $3.87. Prices for 8 ounce shredded organic cheese averaged $3.17, with all ads in the Northeast priced $3.69 and all ads in the South Central region priced $2.97.

One year ago there were no ads for organic cheese.

Organic cheese ads were run by a South Central based supermarket chain which heretofore, has generally run very few organic dairy ads and no organic cheese ads this year until now.

1# Organic Butter. All ads for 1 pound organic butter appeared in the Northeast, all priced $4.28. One year ago the weighted average price was $4.05. Organic butter advertising has been sporadic this year. Ads have appeared during seven of the sixteen periods of the year. This period is the lowest number of ads of any period where supermarkets advertised organic butter.

Organic Grain and Feedstuff Markets:
Prices are trending generally steady for organic corn and soybeans, mixed for organic wheat, and steady for the balance of reported grains. Market activity is slow to moderate for organic corn and soybeans, moderate to active on organic wheat, and slow to moderate for all other reported grains. Demand is light for organic corn and soybeans, good for organic wheat, and moderate for the remainder of grains. Industry discussions focus on current crop conditions, the potential future yields and associated prices for organic corn, soybeans, and mixed organic wheat yields.

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