ORGANIC DAIRY FLUID OVERVIEW

U.S. Organic Milk Products Sales. Estimated U.S. Sales of Total Organic Milk Products through June continue to show overall increases above prior years. The following graph depicts sales for the years 2010 through June 2014.

Organic Dairy News. Some organic dairy cows continue being auctioned for slaughter in the Northwest, rather than sold into other organic herds. Continuing financial stress of producers dealing with higher organic feed costs but relatively static organic milk pay prices, is leading some Northwest organic dairy producers to sell cows as the highest economic return for organic cows.

Organic cows sold for slaughter continued to bring a premium over conventional cows at an auction in Oregon last week. The top ten organic cows auctioned brought an average price of $1.5133 a pound, compared with a $1.1263 average for the top ten conventional cows. The top organic cow brought $1.7000 a pound in contrast with $1.2100 for the top conventional cow.

Last week’s prices declined slightly from the same auction nearly a month ago, when the average price for the top ten organic cows was $1.7218.

Organic dairy producers in California’s drought stricken Central Valley continue to evaluate their outlook as fall approaches. Some of the first organic producers in the area have sold out their herds this year due to weather related financial stress. The May 1 contractual national pay price increase of $1.00 by one cooperative was supplemented by an additional $1.00 to Central Valley organic producer members, bringing the Central Valley organic milk pay price to $28.55. Regional pay premiums have not often occurred but the drought was a factor in building support for the Central Valley pay price supplement. The impact is currently being evaluated by many producers.

In California as a whole, organic dairy producers lost 6.9% of income over feed costs in 2013 compared with 2012, according to the California Organic Herds Production Cost Comparison.

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON

Organic Dairy Overview. Organic cheese advertising volume continues to maintain high levels, surpassing ad number totals for either half gallons or gallons of organic milk. Until earlier this year, no organic dairy product has surpassed organic milk half gallons or gallons in ad numbers from 2010-2014, except occasionally organic yogurt.

Ad number totals for 8 ounce organic cheese this period are at the second highest level of 2014, and higher than total annual cheese ads for each of the entire previous years of this data series, 2010-2013. This represents the second consecutive reporting period with total cheese ad numbers exceeding annual totals for 2010-2013.

Organic yogurt this survey period has the third lowest number of ads for 2014.

Organic milk ad numbers declined slightly from two weeks ago, but remain above average for the year.

Advertising information presented is compiled from nearly 14,000 surveyed newspaper supermarket ads for the period September 8 to September 19, 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/AMSw1.0/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 Northeast, +124%; South Central, +64%; Southwest, 53%; and Northwest, 4%. The percentage declined in the Midwest, -88%; and Southeast, -20%.

Organic Milk Half Gallons. The U.S. weighted average advertised price of organic milk half gallons is $3.65, up 20 cents from 2 weeks ago. One year ago the national price was $3.47.

The lowest price is up 71 cents to $3.29, while the top of the price range is up $0.80 to $4.79. The lowest advertised price, $3.29, is in the South Central, Southwest and Northwest. The highest advertised price, $4.79, is found in the Northeast.

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 average advertised price spread is $0.95. Last year at this time, the price spread was $1.79. The spread is calculated from the organic milk half-gallon average advertised price, $3.65, and the conventional milk half gallon average advertised price of $2.70. The price spread this year has ranged between $0.67 and $2.55.
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Organic 8 Ounce Milk. Ad volume for organic 8 ounce milk this period is lower than the previous four periods and below average for 2014. The U.S. weighted average price is $0.90, down 13 cents from two weeks ago and down 10 cents from one year ago. All ads are in the Northeast at prices ranging from $0.83 to $1.00.

Organic Milk Gallons. There are more ads for organic milk gallons than there have been during the previous five reporting periods. The U.S. average price, $5.26, is $0.74 lower than two weeks ago. One year ago the average price was $5.91. Prices range from $4.99 in the Southeast, to $6.48 in the Midwest.

Organic Yogurt. The only organic yogurt ads this period are ads for 32 ounce organic yogurt in the Northeast, all priced $2.99. One year ago the average price was $3.00.

1# Organic Butter. All ads for 1 pound organic butter appeared in the Northeast, all priced $3.99. Two weeks ago the U.S. weighted average price was also $4.99 and one year ago, $4.21. In comparison, some conventional butter advertised in the Northeast reflected prices higher than organic butter. Conventional butter prices in the Northeast range from $3.59 to $4.99.

8 Ounce Organic Cheese. Organic cheese was advertised in all regions except the Midwest, the same pattern as during the last reporting period. All ads this period are for 8 ounce shredded and 8 ounce block organic cheese, all ads priced $3.99. That price is unchanged from two weeks ago. There were no organic cheese ads one year ago.

ORGANIC GRAIN AND FEEDSTUFF MARKETS: Prices are mostly steady for all reported commodities. Market activity is slow to moderate for organic corn and soybeans, as old crop inventories dwindle away. Market activity involving organic wheat and smaller grains such as oats and barley, is moderate to active. Demand for organic corn and soybeans is light, for organic wheat is good, and for other reported organic grains is moderate to good. Discussions continue involving the impending harvest, and efforts continue to make room in storage for new crops of corn and soybeans. Other industry discussions involve the unusual weather patterns in recent months and the ongoing wheat harvest, which has thus far resulted in mixed yields of varying qualities depending on the area of production.

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