ORGANIC DAIRY FLUID OVERVIEW

Spring and Organic Feed. The easing of winter’s grip has many organic dairy producers assessing their organic feed situation. Organic feed in the Northeast remains tight and expensive. Organic grain is reported to sell for $667 a ton in some areas, with organic baleage selling around $60 for 4x5 bale second cut clover in Northern Vermont.

A number of sellers of organic hay in New York are sold out, and have been for some time.

An organization representing organic dairy producers has found “no evidence” of producers transitioning from conventional to organic dairy under present conditions. This has led to increased U.S. consumer demand for organic dairy products being addressed with increased volumes of imported organic cheese and powders from Oceania.

Contracting With Organic Producers. Competition among processors to contract with organic producers for milk, especially grassfed producers, escalates in the Northeast in particular, but also increasingly in the Midwest. A focus on processor margins continues to result in realignment of producers and processors to increase efficiencies in routes and organic milk volumes available to processing plants. This becomes more challenging in sourcing grassfed organic milk, which is a separate category of organic dairy producers, in terms of configuring routes and volumes for efficient processing in plants.

Paradoxically the increasing consumer willingness to pay higher retail prices for organic grassmilk is contributing to the tightness of organic milk overall. This occurs because procurement standards for organic grassmilk by definition require more grass grazing than is required for organic milk not classified as grassmilk. This typically results in fewer organic cows on a grassmilk organic dairy than an organic dairy of the same acreage not producing grassmilk. The grazing and non-grain feed requirements effectively limit organic herd expansion beyond a point for many organic producers based on available acreage. Increasing production is more tied to increasing acreage than with producers who can increase production using feed.

Dry Organic Dairy Products. Manufacturers and customers for organic powders are keenly monitoring the magnitude of both a spring flush and levels of pasture forage available to better determine what direction the current challenging situation for organic milk supplies versus demand present.

Future pricing for organic powders will turn on these factors and improvement is said to be needed to prevent further increases. Organic nonfat dry milk is reported to currently bring in the area of $4.61, while organic sweet whey powder brings $2.13.

Organic Cow Sales. At an auction in Oregon earlier this month, organic cows sold for slaughter continued to bring a premium over conventional cows. The top ten organic cows auctioned brought an average price of $1.6900 a pound, compared with a $1.2157 average for the top ten conventional cows. The top 50 organic cows brought $1.5450 versus $1.1547 for the top 50 conventional cows.

ORGANIC DAIRY RETAIL OVERVIEW

NATIONALLY ADVERTISED PRICE COMPARISON

Organic Dairy Overview. Ad numbers for organic dairy ads and ads for organic milk are each lower than onehalf the number one year ago. Organic yogurt ads are slightly more than 7% the level one year ago. Compared with the last Organic Report, ad numbers are lower for organic milk, organic yogurt, as well as total organic ads.

Organic milk accounted for 78% of organic dairy ads, organic butter for 10%, organic cheese for 8% and organic yogurt for 4%.

Advertising information presented is compiled from nearly 23,000 surveyed newspaper supermarket ads with prices valid from March 13 to March 19, 2015, 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 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

Organic Milk Half Gallons. The U.S. weighted average advertised price of organic milk half gallons is $3.44, down 24 cents from one week ago. One year ago the price was $3.52.

Prices range from $2.99 in the Midwest to $3.99 in the Northeast.


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**Organic Milk Gallons.** The U.S. weighted average advertised price of organic milk gallons is $5.86, up 11 cents. One year ago the price was $5.85.

Prices range from $5.39 in the Northwest to $6.39 in the Southwest.

**Organic Cheese.** The U.S. average price for 8 ounce block organic cheese is $3.99, the same price as last week. No ads appeared last year. The average price for 8 ounce shredded cheese is $3.99, also the same as last week. There were no ads last year.

**Organic Butter #1.** With a national average price of $5.41, 1 pound organic butter has a price down $.69 from last week but up $.92 from last year.

**Organic Yogurt.** The U.S. weighted average price of organic Greek 4-6 ounce yogurt, $1.20, is down 5 cents from last week but up 18 cents from one year ago. This is the only type/size of organic yogurt advertised.

**Organic Grain and Feedstuff Markets.** Prices are trending firm to higher for organic corn, slightly higher for organic oats, and mostly steady for the balance of organic grains. Spot market activity has been moderate to active for organic corn, soybeans, and small grains but very light for wheat. Demand is moderate to good for organic corn, soybeans, soybean meal, soybean oil, oats, and barley but light to moderate for the balance of organic small grains and wheat. There is concern with competition involving imported organic grains as well as domestic issues involving quality and transportation involving truck and rail car availability, cost, port delays, and delivery delays as a result of adverse winter weather.

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