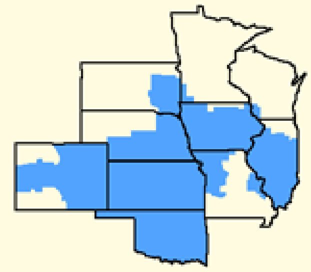
AUGUST 2014

Marketing Service

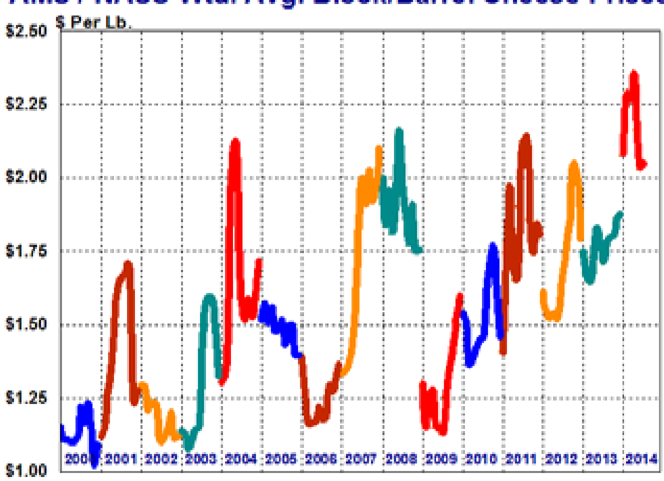
Bulletin

Facilitating the efficient marketing of milk and dairy products.

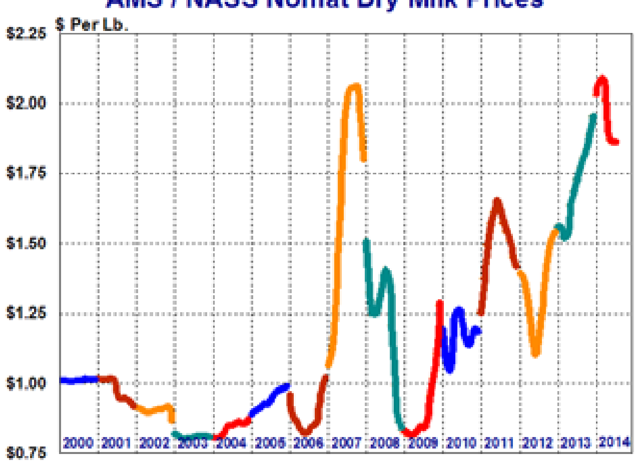
CENTRAL MARKETING AREA



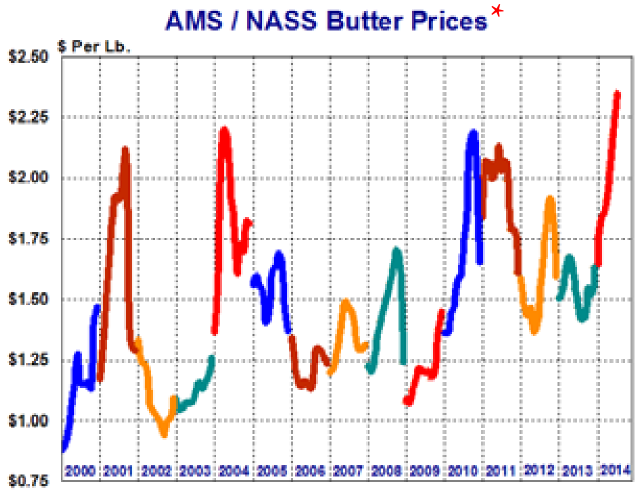
AMS / NASS Wtd. Avg. Block/Barrel Cheese Prices*



AMS / NASS Nonfat Dry Milk Prices*



AMS / NASS Butter Prices*



A variety of economic factors affecting the U.S. dairy industry are illustrated by the graphs in this bulletin. These graphs depict monthly data for 15 selected factors from January 2000 through July of this year. A cursory examination of this data indicates an environment characterized by a great deal of uncertainty and price volatility over the past 15 years.

Most of the price series depicted in this bulletin have reached record high levels this year. Notable exceptions to this trend are Class I Producer Receipts, Soybeans, and Corn for Grain. Soybeans and corn prices posted their all-time highs in mid-year 2012, but the trend for both series has been decidedly downward since that time. Federal Order Class I Producer Receipts have exhibited a downward trend since 2009, as indicated by the third graph on page three.

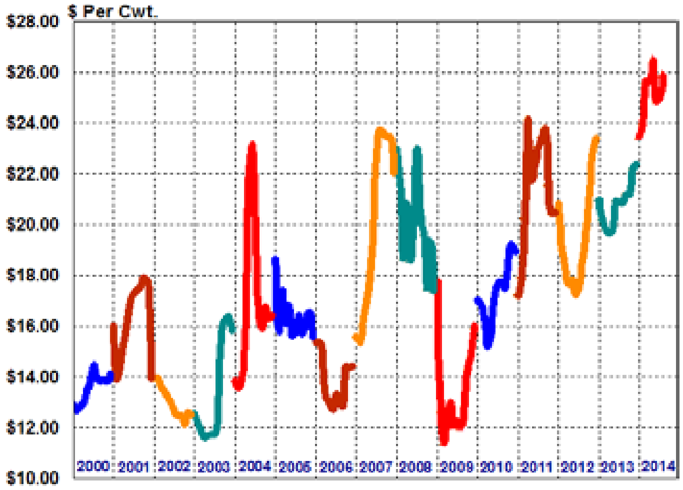
The trend for the remaining price series depicted in this bulletin has been markedly upward since 2009. Prices more than doubled for all of the series displayed in the first ten graphs, comparing 2014 highs with the low levels recorded during 2009. Escalating prices for producer milk and its priced components, combined with dramatically declining costs for feed grains, have had a strong positive effect on income over feed costs for dairy producers over the past two years.

U.S. milk production, portrayed in the bottom left graph on page three, indicates an overall increasing trend since 2001. Year-over-year milk production has increased in 15 of the last 17 years, with the only exceptions occurring in 2001 and 2009. Recent milk production estimates indicate a relatively strong upward trend, with July 2014 production increasing by approximately four percent compared with the previous year.

The graphs on this page illustrate three Agricultural Marketing Service (AMS) / National Agricultural Statistic Service (NASS) commodity price series that have a direct impact on Federal Milk Order (FMO) minimum prices. The six graphs on page two along with the first graph on page three depict FMO prices applicable to dairy farmers and/or regulated milk processors. A variety of factors that directly and indirectly influence the economic environment for milk production and processing are portrayed by the remaining graphs on page three.

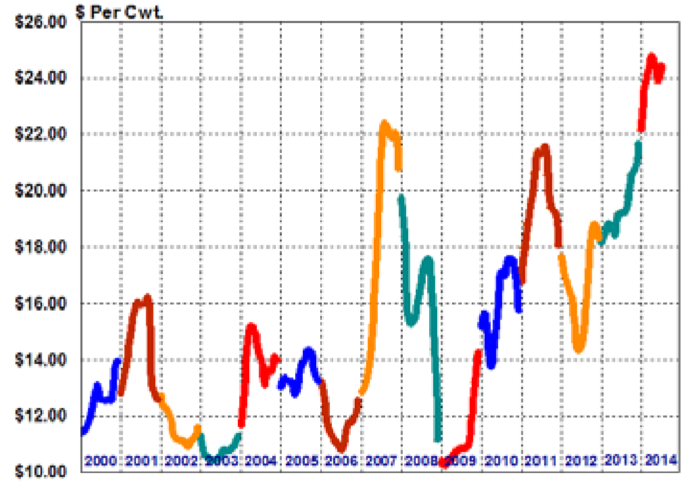
***NASS prices prior to April 2012.**

Federal Order Class I Price ($2.00 Differential*

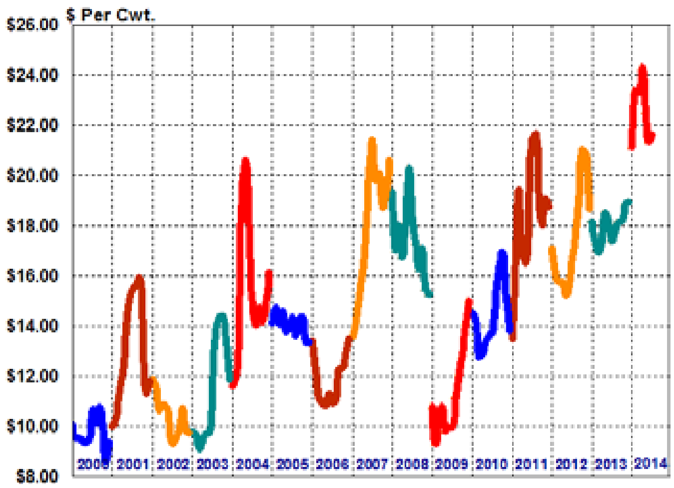


*Through October 2012

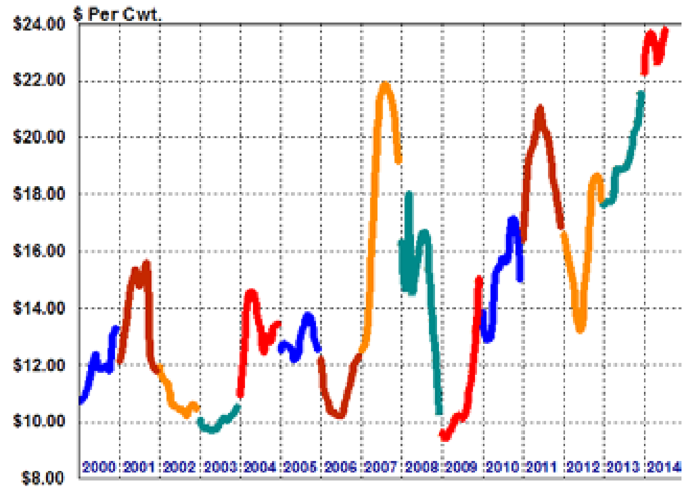
Federal Order Class II Price



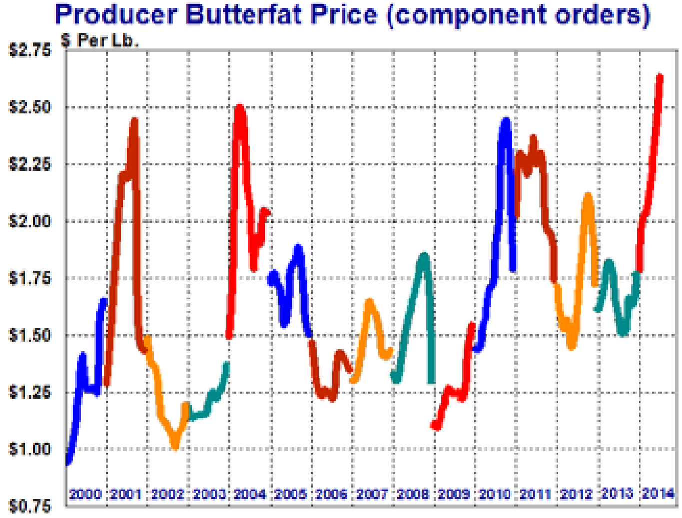
Federal Order Class III Price



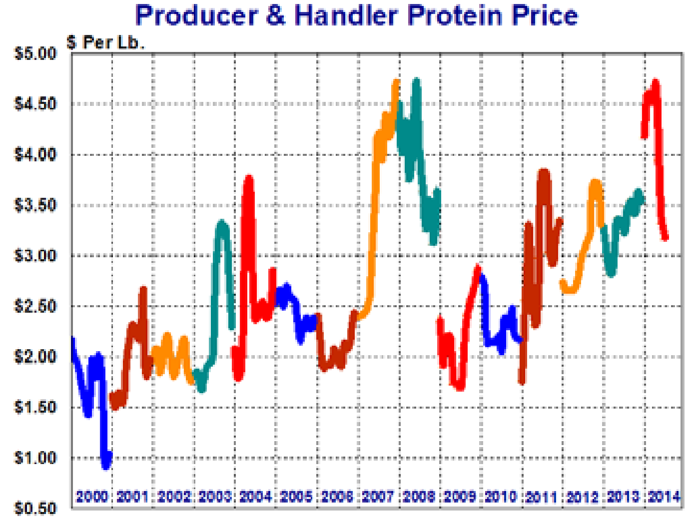
Federal Order Class IV Price



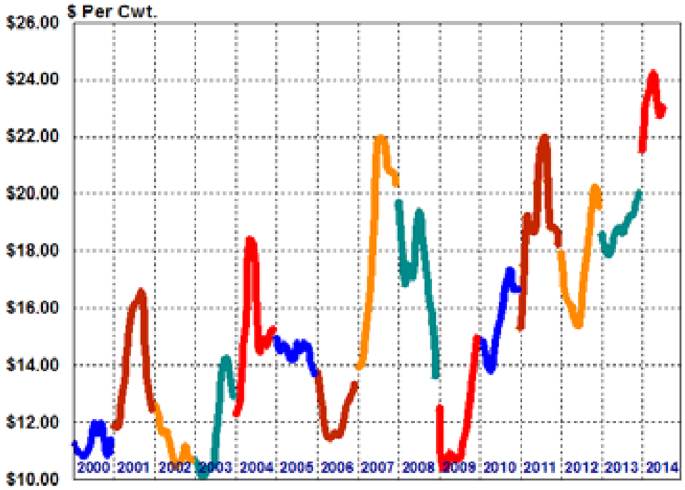
Producer Butterfat Price (component orders)



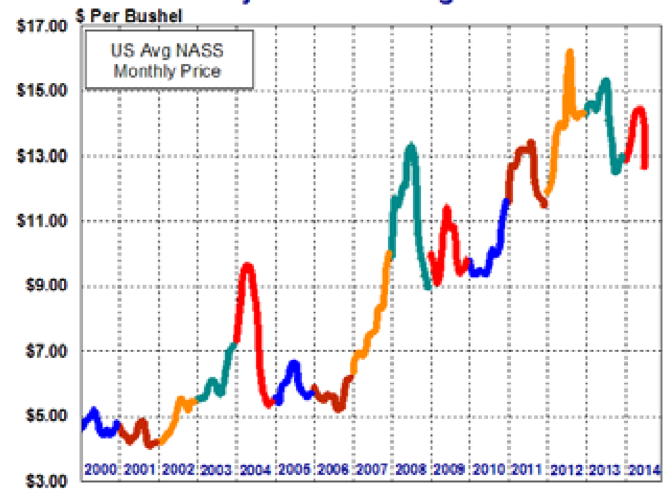
Producer & Handler Protein Price



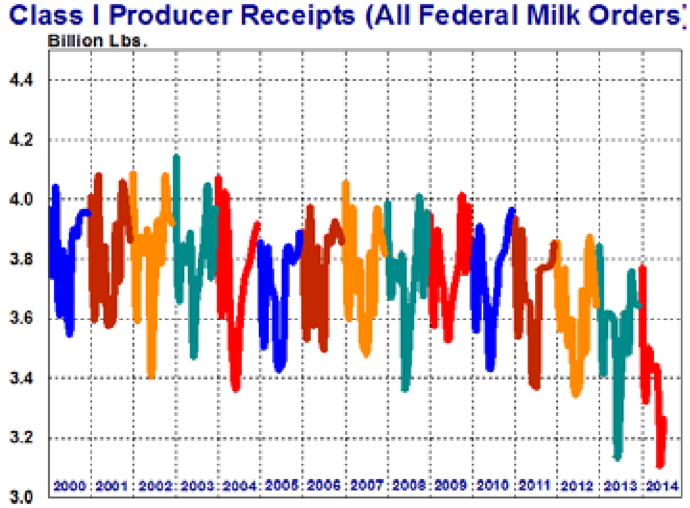
Central Federal Order Statistical Blend Price



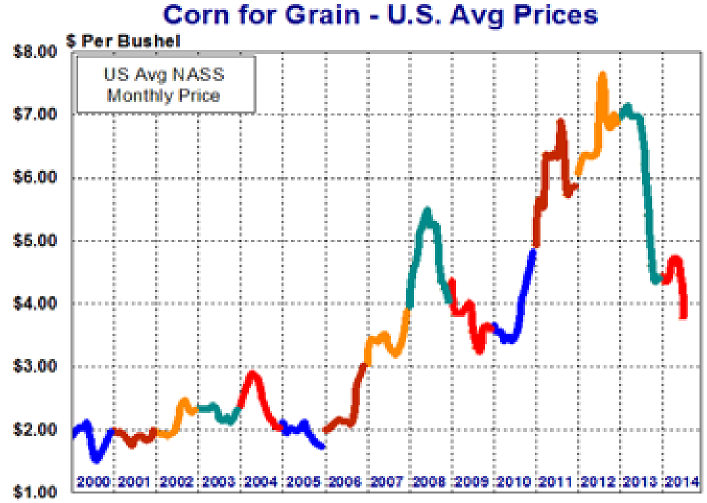
Soybeans - US Avg Prices



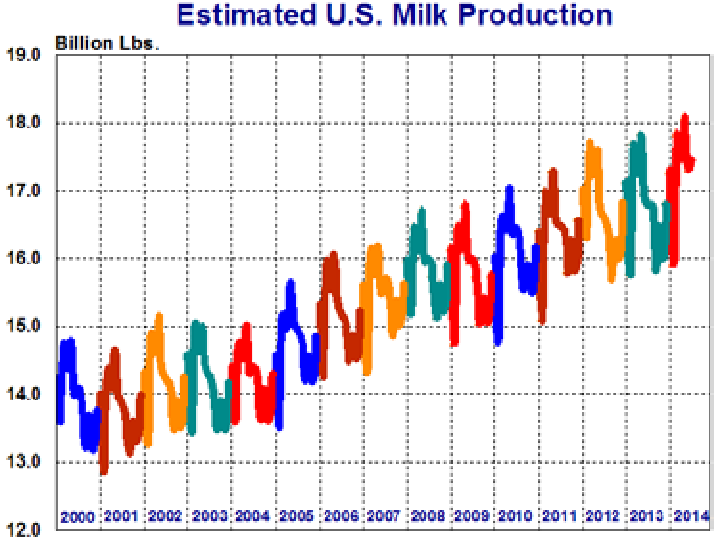
Class I Producer Receipts (All Federal Milk Orders)



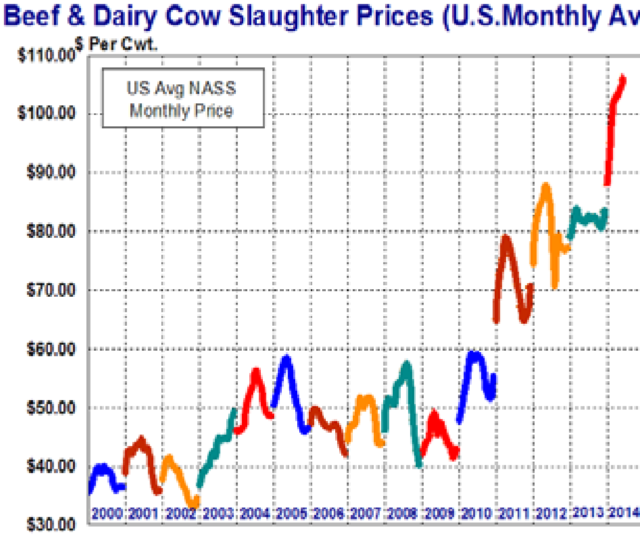
Corn for Grain - U.S. Avg Prices



Estimated U.S. Milk Production



Beef & Dairy Cow Slaughter Prices (U.S.Monthly Avg.)



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FIRST CLASS

	Statistical Uniform Price		Producer Price Differential		Class I Utilization	
	Jul '14	Jun '14	Jul '14	Jun '14	Jul '14	Jun '14
Northeast	24.75	24.38	3.15	3.02	32.61	31.95
Appalachian	25.95	25.48	-----	-----	70.50	61.86
Florida	27.95	27.53	-----	-----	84.69	80.59
Southeast	26.43	25.88	-----	-----	78.73	68.64
Upper Midwest	22.05	21.79	0.45	0.43	9.78	9.12
Central	**23.02**	**22.75**	**1.42**	**1.39**	**29.46**	**29.36**
Mideast	23.48	23.21	1.88	1.85	34.91	33.63
Pacific Northwest	23.15	22.76	1.55	1.40	21.45	20.96
Southwest	23.55	23.27	1.95	1.91	30.34	28.58
Arizona	23.73	23.33	-----	-----	26.73	24.91

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