

**DAIRY MARKET NEWS AT A GLANCE**

**CME GROUP CASH MARKETS (7/17)**

**BUTTER:** Grade AA closed at \$1.6900. The weekly average for Grade AA is \$1.7090 (-0.0005).

**CHEESE:** Barrels closed at \$2.4300 and 40# blocks at \$2.6600. The weekly average for barrels is \$2.4180 (+0.0420) and blocks, \$2.8320 (+0.0535).

**NONFAT DRY MILK:** Grade A closed at \$1.0000. The weekly average for Grade A is \$1.0080 (-0.0170).

**DRY WHEY:** Extra grade dry whey closed at \$0.3350. The weekly average for dry whey is \$0.3250 (+0.0325).

**CHEESE HIGHLIGHTS:** After falling to \$1 in the early COVID-19 closures, block cheese prices have since trebled. However, Monday's \$3 CME closing price for cheese blocks did not hold throughout the week. While cheese block prices have slipped closer to barrel prices, markets remain in uncharted waters. Demand remains strong. Midwestern cheesemakers do say with the market prices peaking, customers are buying in a hand-to-mouth fashion. With somewhat available milk supplies, from \$2 under to Class in the Midwest, producers nationwide are running active schedules. Barrels are a little more available, but blocks are reportedly tighter.

**BUTTER HIGHLIGHTS:** Despite many loads of cream going to ice cream production, butter production is ongoing around the country. There is plenty of butter in inventories to meet the near-term demand as some processors are using microfixing techniques to meet requests from their customers. Domestic demand is modest, with limited activity occurring as the butter price, overall, weakens in f.o.b. spot markets. Rises in the number of coronavirus cases are forcing some businesses to reclose, while at the same time limiting dine-ins. However, take-out orders are still high. Across the country, this week, bulk prices are ranging from flat market to 8.0 cents above the market.

**FLUID MILK:** Across the nation milk production is flat to lower. Contacts in some regions report milk output is declining along seasonal patterns. However, in the Midwest, heat and humidity in recent weeks

have taken their toll on milk output. Spot milk in the Midwest is \$2 to flat Class III, and a few loads in the West are discounted to \$4 under Class IV. Ice cream and other Class II processors are still pulling steadily at cream supplies. Some butter makers are churning for fall inventory. This week, free on board cream multiples for all Classes are 1.32-1.43 in the East, 1.25-1.50 in the Midwest, and 1.15-1.30 in the West.

**DRY PRODUCTS:** Low/medium heat nonfat dry milk prices are mixed, trending weaker in the East and Central regions and steady to higher in the West. Cheesemakers are still taking on NDM loads to fortify, but demand into other outlets has slowed. High heat NDM trading was quiet and fewer prices were reported this week, resulting in a narrower range. In the Central and East regions, dry buttermilk prices shifted higher on tight markets and slower trading. In the West, market prices for dry buttermilk are stable. Spot prices of national dry whole milk are mixed as a few sales pushed up the bottom of the price range. The Central region dry whey price range expanded, but prices elsewhere are steady to lower. Production has increased and demand is a bit lackluster. Dry whey market tones are noted as weak. Animal feed whey prices shifted lower, with more trading and higher availability. Prices for whey protein concentrate 34% are steady to lower. Lactose prices are steady to higher. A few manufacturers report seeing a downturn in demand, and they are getting push back from buyers because of the higher prices. Prices for rennet casein and acid casein are steady.

**INTERNATIONAL DAIRY MARKET NEWS: WESTERN EUROPE OVERVIEW:** Unofficial observations are that while milk production is declining, it remains slightly higher than last year at this time. Some observers in the EU expect annual milk production to increase by about 0.7 percent if feed prices remain near current levels and if rain continues to keep pastures healthy. Expectations are that during the second half of 2020, the expected increases will tend to flow

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**DAIRY MARKET NEWS PRICE SUMMARY FOR JULY 13 - 17, 2020**  
**PRICES (\$/LB) & CHANGES FROM PREVIOUS PUBLISHED PRICES**

| Commodity             | Range           | Mostly        | Commodity         | Range          | Mostly        | Commodity               | Range           | Mostly        |
|-----------------------|-----------------|---------------|-------------------|----------------|---------------|-------------------------|-----------------|---------------|
| <b>NDM</b>            |                 |               | <b>BUTTERMILK</b> |                |               | <b>LACTOSE</b>          |                 |               |
| Central Low/Med. Heat | 0.9800 1.0650   | 1.0000 1.0400 | Central/East      | 0.9800 1.1000  |               | Central/West            | 0.3450 0.6400   | 0.4600 0.5800 |
| Change                | -0.0200 -0.0050 | -0.0100 N.C.  | Change            | 0.0300 0.0500  |               | Change                  | 0.0150 N.C.     | 0.0100 N.C.   |
| Central High Heat     | 1.1200 1.1500   |               | West              | 0.8500 1.0200  | 0.9000 0.9500 | <b>WPC 34%</b>          |                 |               |
| Change                | 0.0400 -0.1000  |               | Change            | N.C. N.C.      | N.C. N.C.     | Central/West            | 0.7000 1.0900   | 0.7600 1.0275 |
| West Low/Med. Heat    | 0.9700 1.0925   | 1.0100 1.0500 | <b>WHEY</b>       |                |               | Change                  | N.C. -0.0300    | -0.0300 N.C.  |
| Change                | 0.0150 N.C.     | N.C. 0.0150   | Central           | 0.2500 0.3600  | 0.3100 0.3350 | <b>CASEIN</b>           |                 |               |
| West High Heat        | 1.0800 1.2200   |               | Change            | -0.0300 0.0050 | N.C. -0.0050  | Rennet                  | 3.4975 3.7900   |               |
| Change                | N.C. N.C.       |               | West              | 0.2375 0.4000  | 0.3200 0.3700 | Change                  | N.C. N.C.       |               |
| <b>DRY WHOLE MILK</b> |                 |               | Change            | -0.0175 N.C.   | -0.0100 N.C.  | Acid                    | 3.8000 3.9000   |               |
| National              | 1.6000 1.8000   |               | Northeast         | 0.3200 0.3675  |               | Change                  | N.C. N.C.       |               |
| Change                | 0.0500 N.C.     |               | Change            | N.C. -0.0025   |               | <b>ANIMAL FEED WHEY</b> |                 |               |
|                       |                 |               |                   |                |               | Central                 | 0.2500 0.2800   |               |
|                       |                 |               |                   |                |               | Change                  | -0.0200 -0.0100 |               |

**DAIRY MARKET NEWS PRICE SUMMARY FOR JULY 6 - 17, 2020**  
**PRICES (\$/MT) & CHANGES FROM PREVIOUS PUBLISHED PRICES**

| Commodity   | Range     | Commodity                | Range     | Commodity             | Range     |
|-------------|-----------|--------------------------|-----------|-----------------------|-----------|
| <b>SMP</b>  |           | <b>WHOLE MILK POWDER</b> |           | <b>BUTTER</b>         |           |
| W. Europe   | 2375 2525 | W. Europe                | 3025 3200 | W. Europe             | 3725 3950 |
| Change      | -50 -50   | Change                   | -25 25    | Change                | 150 225   |
| Oceania     | 2675 2875 | Oceania                  | 2950 3525 | Oceania               | 3700 3800 |
| Change      | 100 150   | Change                   | 200 650   | Change                | 100 100   |
| S. America  | 2650 2750 | S. America               | 2900 3250 | <b>BUTTEROIL</b>      |           |
| Change      | 50 50     | Change                   | 150 175   | W. Europe             | 4675 4850 |
| <b>WHEY</b> |           |                          |           | Change                | 750 450   |
| W. Europe   | 775 1025  |                          |           | <b>CHEDDAR CHEESE</b> |           |
| Change      | -25 25    |                          |           | Oceania               | 3700 4200 |
|             |           |                          |           | Change                | 125 150   |

DAIRY MARKET NEWS AT A GLANCE**CONTINUED FROM PAGE 1**

into SMP and butter production. A lingering remnant of COVID-19 effects is cheese sales. Food service sales remain lower while demand from retail stores and ready to eat meals is higher. The overall annual outcome may be slightly lower total cheese consumption in the EU. However, manufacturers report strong export interest to Japan and the UK, which may well increase total exports and utilize the cheese not sold in the EU. Applications for Private Storage Aid (PSA) for cheese during the duration of the current program, May 7, 2020 - June 30, 2020, totaled 47,711 MT according to Eucolait. This is 48 percent of the fill rate. **EASTERN EUROPE OVERVIEW:** The fourth largest dairy product exporter behind the US, New Zealand and the EU, is Belarus. Russia is typically the main destination for Belarusian dairy exports. Cheese exports from Belarus January – May 2020 were 9 percent higher than the same period of 2019 according to Eucolait. **OCEANIA DAIRY MARKET OVERVIEW:** In **Australia**, good weather conditions in many regions have helped lead to improved milk collections. This results in heightened optimism for the new season. Recent rains have improved pasture conditions. Concerns are circulating as to the possibility of China imposing tariffs on Australian WMP. This relates to some signs of increasing friction between China and Australia. One outgrowth has been enhanced efforts in Australia to strike free trade deals with the EU and UK during 2020. **New Zealand** dairy sources expect that average to wetter than average conditions forecast through August 2020 may improve milk yields in some regions and encourage continued herd rebuilding. Milk production is, thus, forecast to increase marginally. Manufacturers hope for increases in milk production to ease competition between processors for milk supplies. Many producers see benefits from competing manufacturers. Concerns remain about market demand imbalances lagging from COVID-19 impacts. This is an unwelcome added risk related to planning for exports. **SOUTH AMERICA OVERVIEW:** In **Brazil**, farm-level milk production has been stagnant to lower in the past couple of weeks. The lack of rains is reducing the availability and quality of forage in most dairy basins. Due to the decrease in raw milk accessibility, farmgate milk prices are inching up and are expected to remain high in the upcoming weeks. Milk volumes are well below adequate to meet all dairy processing needs. In the national Brazilian spot market, prices for raw milk loads, UHT milk, and cheese, are becoming more expensive. Unlike Brazil, in **Argentina and Uruguay**, farm milk intakes are trending seasonally up as temperatures continue tumbling. In general, farm milk volumes are less than enough to meet the strong demands in the dairy processing industry. Competition for milk/ cream volumes, among dairy processors, continues heating up. The production of UHT milk has been a priority during this COVID-19 crisis. In this way, milk volumes moving into cheese, yogurt, and milk powder are becoming less accessible, while the interest for these commodities remains hearty.

**NATIONAL RETAIL REPORT (DMN):** Conventional retail ad numbers this week increased 12 percent. Organic retail ad numbers increased 110 percent. The most advertised single category/size is 48-64 oz conventional ice cream. The national weighted average advertised price for conventional milk in half gallons is \$2.42, compared with \$4.01 for organic milk half gallons. This results in an organic premium of \$1.59. Conventional milk ads decreased 35 percent, while organic milk ads increased 160 percent.

**JULY SUPPLY AND DEMAND ESTIMATES (USDA-WAOB):** The milk production forecast for 2020 is lowered from last month largely on slower growth in milk per cow. However, the 2021 milk production forecast is raised from last month on expectations of dairy herd rebuilding and a recovery in growth in milk per cow. USDA's Cattle report, to be released on July 24, will provide a mid-year estimate of the dairy cow inventory and producer intentions regarding retention of heifers for dairy cow replacement. For 2020, the fat basis import forecast is raised from the previous month on higher imports of butter, while the fat basis export forecast is raised on increased shipments of

cheese and butterfat products. The skim-solids basis import forecast is unchanged from the previous month, but the export forecast is raised on higher expected exports of dry skim milk products and lactose. Price forecasts for cheese, butter, and nonfat dry milk are raised from the previous month on recent price strength and anticipated demand strength. The whey price forecast is lowered from last month. Class III and Class IV milk prices are raised for 2020, and the all milk price forecast is raised to \$18.25 per cwt. For 2021, the fat basis import and export forecasts are raised. The skim-solids basis import forecast is unchanged, but the export forecast is raised on strong international demand for skim milk powder. For 2021, cheese, butter, and nonfat dry milk price forecasts are raised from the previous month while the whey price is unchanged. The 2021 Class III and Class IV milk price forecasts are raised from last month, and the all milk price forecast is raised to \$17.05 per cwt.

**JUNE CONSUMER PRICE INDEX (BLS):** The June CPI for all food is 269.8, up 4.5 percent from 2019. The dairy products index is 228.4, up 5.1 percent from a year ago. The following are the June, year to year percentage changes for selected products: fresh whole milk is +3.9; cheese, +6.1; and butter, +0.5.

**JUNE PRODUCER PRICE INDEX (BLS):** The June PPI for all food is 204.8, up 1.3 percent from 2019. The dairy products index is 200.4, down 1.5 percent from a year ago. The following are the June, year to year percentage changes for selected products: fresh whole milk is -11.6; cheese, +7.8; and butter, -21.7.

| CME Group, CHICAGO, IL<br>COMMODITY | MONDAY<br>JUL 13      | TUESDAY<br>JUL 14     | WEDNESDAY<br>JUL 15   | THURSDAY<br>JUL 16    | FRIDAY<br>JUL 17      | ::<br>WEEKLY<br>CHANGE | ::<br>WEEKLY<br>AVERAGE  |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|--------------------------|
| CHEESE                              |                       |                       |                       |                       |                       |                        |                          |
| BARRELS                             | \$2.4025<br>(+0.0625) | \$2.4200<br>(+0.0175) | \$2.4200<br>(N.C.)    | \$2.4175<br>(-0.0025) | \$2.4300<br>(+0.0125) | :: (+0.0900)           | :: \$2.4180<br>(+0.0420) |
| 40 POUND BLOCKS                     | \$3.0000<br>(+0.0850) | \$2.9900<br>(-0.0100) | \$2.8000<br>(-0.1900) | \$2.7100<br>(-0.0900) | \$2.6600<br>(-0.0500) | :: (-0.2550)           | :: \$2.8320<br>(+0.0535) |
| NONFAT DRY MILK                     |                       |                       |                       |                       |                       |                        |                          |
| GRADE A                             | \$1.0150<br>(N.C.)    | \$1.0150<br>(N.C.)    | \$1.0100<br>(-0.0050) | \$1.0000<br>(-0.0100) | \$1.0000<br>(N.C.)    | :: (-0.0150)           | :: \$1.0080<br>(-0.0170) |
| BUTTER                              |                       |                       |                       |                       |                       |                        |                          |
| GRADE AA                            | \$1.7275<br>(+0.0375) | \$1.7450<br>(+0.0175) | \$1.6925<br>(-0.0525) | \$1.6900<br>(-0.0025) | \$1.6900<br>(N.C.)    | :: (N.C.)              | :: \$1.7090<br>(-0.0005) |
| DRY WHEY                            |                       |                       |                       |                       |                       |                        |                          |
| EXTRA GRADE                         | \$0.3175<br>(+0.0300) | \$0.3200<br>(+0.0025) | \$0.3200<br>(N.C.)    | \$0.3325<br>(+0.0125) | \$0.3350<br>(+0.0025) | :: (+0.0475)           | :: \$0.3250<br>(+0.0325) |

Prices shown are in U.S. dollars per lb. in carlot quantities. Carlot unit weights: CHEESE, 40,000-44,000 lbs.; NONFAT DRY MILK, 41,000-45,000 lbs.; BUTTER, 40,000-43,000 lbs.; DRY WHEY, 41,000-45,000 lbs. Weekly Change is the sum of Daily Price Changes. Weekly Average is the simple average of the Daily Cash Close prices for the calendar week. Weekly Average Change is the difference between current and previous Weekly Average. Computed by Dairy Market News for informational purposes. This data is available on the Internet at [WWW.AMS.USDA.GOV/MARKET-NEWS/DAIRY](http://WWW.AMS.USDA.GOV/MARKET-NEWS/DAIRY)

NOTICE: Five days of trading information can be found at [www.cmegroup.com/trading/agricultural/spot-call-data.html](http://www.cmegroup.com/trading/agricultural/spot-call-data.html)

## BUTTER MARKETS

### NORTHEAST

Butter churns are running slower, a result of the usual seasonal factors. Manufacturers are comfortable with in-house cream levels and see no reason to purchase additional cream. Based on that premise, there is plenty of butter in inventories to meet the near-term demand. Retail butter sales are fairly steady, but COVID-19 conditions continue to detain the sales volume from sit-down restaurants. Domestic demand is fairly modest, with limited activity occurring as the butter price, overall, weakens in f.o.b. spot markets. This week, the bulk price for domestic sales range 3-8 cents over the market of the CME Group, with various time frames and averages used.

Prices for: Eastern U.S., All First Sales, F.O.B., Grade AA, Conventional, and Edible Butter

Bulk Basis Pricing - 80% Butterfat \$/LB: +0.0300 - +0.0800

Secondary Sourced Information:

#### CME TRADING

CME Group's Tuesday spot butter trading ended at \$1.7450, up from \$1.7375 a week ago.

### WEST

Western butter production is active despite many loads of cream going to ice cream production. In some parts of the West, cream sellers are offering a bit more loads in the spot market at affordable prices, which some butter makers are taking. In other areas, a few butter manufacturers are opting to sell their cream even if multiples are a bit lower. Butter inventories are plentiful. However, according to industry contacts, some processors are using microfixing techniques to meet the needs of their customers. Generally, retail sales are unchanged. Rises in the number of coronavirus cases are forcing some businesses to reclose, while at the same time limiting dine-ins. However, take-out orders are still high. These scenarios have caused a few butter/cream order cancellations or reductions. There is more uncertainty about how the catering sector intakes will evolve in the coming weeks.

Prices for: Western U.S., All First Sales, F.O.B., Grade AA, Conventional, and Edible Butter

Bulk Basis Pricing - 80% Butterfat \$/LB: 0.0000 - +0.0700

Secondary Sourced Information:

The Grade AA butter price at the CME Group on Wednesday closed at \$1.6925, compared to the weekly average price of \$1.7095 from last week.

### CENTRAL

Butter plant managers report cream spot loads were more available this week. They say bids in the 1.20s, which had been fruitless in recent weeks, were getting traction from suppliers this week. Bulk butter is also somewhat available. Some butter makers relay fall churning preparations are underway, albeit later than normal. Butter market analysts relay market prices are still somewhat rangebound and the current \$1.75 area is likely to be near the basement. They expect \$1.90 to \$1.95 to be the high end of said range moving into the fourth quarter, with some bullishness related to the limited cream/lighter churning since the height of COVID-19 closures in March/April. This week, demand has slid a little on the retail side, as food service orders are slowly inching their way up, but still well under previous years' figures.

Prices for: Central U.S., All First Sales, F.O.B., Grade AA, Conventional, and Edible Butter

Bulk Basis Pricing - 80% Butterfat \$/LB: +0.0200 - +0.0700

## CHEESE MARKETS

## NORTHEAST

Eastern cheese manufacturers report the demand from customers is solid. Mozzarella and provolone orders are positively stable from various foodservice sectors in these unique market conditions. Plants are working through strong production schedules. Manufacturers' stable orders are keeping stocks at healthy levels. CME Group cheese prices are supported by some buyers purchasing for their immediate needs. However, some market participants are waiting to see if prices will turn to a different direction, or if prices will remain at current price points.

WHOLESALE SELLING PRICES: DELIVERED  
DOLLARS PER POUND(MIXED LOTS (1000-5000 POUNDS))

|                                 |               |
|---------------------------------|---------------|
| Cheddar 40 pound Block          | 3.2300-3.5175 |
| Muenster                        | 3.2175-3.5675 |
| Process American 5 pound Sliced | 2.4775-2.9575 |
| Swiss 10-14 pound Cuts          | 2.9000-3.2225 |

## MIDWEST

Midwestern cheese producers continue to relay demand is strong. Curd producers say buyers are very active. Barrel cheesemakers relay similar notes and say supplies are moving. Some producers relay due to cheese market prices, buyers are only taking on necessary loads. Production, in general, is running apace as milk is available. High temperatures in the region have some contacts expecting lower milk supplies for Class III production, but spot milk prices, at this point in the week, are still under Class, although not as discounted as previous weeks. Monday's CME closing price for blocks was \$3. Barrel prices are strong as well, but a \$.50+ price difference, between barrels and blocks, remains on the minds of cheese contacts. All said, cheese markets are in rarefied air.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED  
DOLLARS PER POUND(MIXED LOTS (1000-5000 POUNDS))

|                               |               |
|-------------------------------|---------------|
| Blue 5 pounds                 | 3.4125-4.4825 |
| Brick 5 pounds                | 3.1450-3.5700 |
| Cheddar 40 pound Block        | 2.8675-3.2675 |
| Monterey Jack 10 pounds       | 3.1200-3.3250 |
| Mozzarella 5-6 pounds         | 2.9450-3.8900 |
| Muenster 5 pounds             | 3.1450-3.5700 |
| Process American 5 pound Loaf | 2.4625-2.8225 |
| Swiss 6-9 pound Cuts          | 2.4150-2.5325 |

## WEST

Spurred on by government purchases and the ongoing refill of food service pipelines, western cheese production is active. Some manufacturers say they are running above design capacities for their facilities. In addition, fortification is commonplace. Processors seem eager to fill demand, especially at record high prices for block cheese. However, higher prices may be cooling retail sales demand. And renewed social distancing requirements in parts of the West may dampen food service demand. Some buyers report getting many offers from international cheese sellers, looking to bring cheese into US markets. But without major discounting, the buyers are hesitant to take on the risk. There is too much uncertainty within the market to make a purchase that may take 30 to 60 days to complete and have delivered into their U.S. warehouse. Industry contacts report inventories for blocks remain tight, but barrels are more available.

WHOLESALE SELLING PRICES: DELIVERED  
DOLLARS PER POUND(MIXED LOTS (1000-5000 POUNDS))

|                               |               |
|-------------------------------|---------------|
| Cheddar 10 pound Cuts         | 3.1050-3.3050 |
| Cheddar 40 pound Block        | 2.8575-3.3475 |
| Monterey Jack 10 pounds       | 3.0925-3.3675 |
| Process American 5 pound Loaf | 2.4800-2.7350 |
| Swiss 6-9 pound Cuts          | 2.4975-2.9275 |

## FOREIGN TYPE

The sliced cheese market is strengthening in Germany, but inventories are at low levels. Orders from grocery stores are steady. Although restaurants, hotels and canteens are not running at full capacity yet, their intakes are steadily increasing. Bulk consumption varies from one region to another. Cheese export sales to southern Europe are good, but remain below pre-pandemic levels. Existing domestic and international contractual loads are moving without any issue to their final destinations. Sliced cheese prices are firming up. July offer prices are increasing. Additionally, in current negotiations with delivery dates in August, requested prices are reportedly higher than those of July. Generally, cheese production is unchanged from the prior week.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK  
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

| VARIETY                  | NEW YORK      |                |
|--------------------------|---------------|----------------|
|                          | IMPORTED      | DOMESTIC       |
| Blue                     | 2.6400-5.2300 | 3.2900-4.7775* |
| Gorgonzola               | 3.6900-5.7400 | 3.7975-4.5150* |
| Parmesan                 | -0-           | 4.6775-6.7675* |
| Romano                   | -0-           | 4.4800-6.6350* |
| Sardo Romano (Argentina) | 2.8500-4.7800 | -0-            |
| Reggianito (Argentina)   | 3.2900-4.7800 | -0-            |
| Jarlsberg                | 2.9500-6.4500 | -0-            |
| Swiss                    | -0-           | 2.9375-3.2600  |
| Swiss (Finland)          | 2.6700-2.9300 | -0-            |

\* = Price change.

## COLD STORAGE

WEEKLY COLD STORAGE HOLDINGS - SELECTED STORAGE CENTERS  
IN THOUSAND POUNDS - INCLUDING GOVERNMENT STOCKS

|            | BUTTER |   | CHEESE |   |
|------------|--------|---|--------|---|
| 07/13/2020 | 81695  | : | 79513  | : |
| 07/01/2020 | 81623  | : | 80344  | : |
| CHANGE     | 72     | : | -831   | : |
| % CHANGE   | 0      | : | -1     | : |

## FLUID MILK AND CREAM

## EAST

Milk production in the **East** is level. In some areas, milk was more available than in previous weeks. Class I sales are unchanged. Class III sales are stable. Some manufacturers are running close to full capacity. **Mid-Atlantic** milk output is flat. Industry contacts report milk intakes are in good balance with processing needs. **Southeast** milk output has dropped. There are reports milk availability is at levels market participants expected. Class I sales are stable. There are some loads clearing to Class II and III operations. **Florida** milk production is flat. Class I sales are balanced with customers' demands. The demand for **cream** from ice cream and other cream-based product operations is stable. Some butter plants are churning for fall inventory. The availability for loads loosened a bit on the spot market. Buyers are purchasing loads at similar multiples compared to last week. Manufacturers are receiving requests from customers for additional **condensed skim** loads. There are reports offers have increased on the market.

Northeastern U.S., F.O.B. Condensed Skim

Price Range - Class II; \$/LB Solids: 0.70 - 1.00

Price Range - Class III; \$/LB Solids: 0.65 - 0.90

Northeastern U.S., F.O.B. Cream

Multiples Range - All Classes: 1.3200 - 1.4300

Price Range - Class II; \$/LB Butterfat: 2.2565 - 2.4446

## MIDWEST

Reports on milk output are flat to lower. There is a push-pull among dairy farmers. As milk prices increase, farmers are culling fewer cows and trying to take advantage of current market increases. That said, high temperatures in recent weeks are taking their toll on output. Bottling demand is lackluster, at best, reportedly down from year to year. School districts' plans are up in the air, which concerns Class I contacts, among others. District to district, schools are pushing back start dates and/or potentially limiting student populations being present. Cheesemakers are still reporting mostly under-Class spot milk prices, but not as low as in recent weeks. Some said offers of spot milk were either quiet or nonexistent. **Cream** availability is mixed from location to location. Some butter makers found cream at bids which they say recently would have received no response. That said, Class II producers are still seeking cream and multiples went up on the high end. Field to field corn reports vary in the Midwest, but most are positive. Some contacts say light rains in areas are coming at a good time for corn growth.

Price Range - Class III Milk; \$/CWT; Spot Basis: -2.00 - 0.00

Trade Activity: Slow

Midwestern U.S., F.O.B. Cream

Multiples Range - All Classes: 1.2500 - 1.5000

Price Range - Class II; \$/LB Butterfat: 2.3591 - 2.5643

Multiples Range - Class II: 1.3800 - 1.5000

## WEST

**California** milk yield is steady to trending down. Weather conditions have not much affected milk production volumes yet. Processors report having plenty of milk to meet their manufacturing obligations. Class I demands are steady and unlikely to change for the coming weeks. Due to COVID-19 restrictions, some Class II orders were cancelled as several restaurants reclose. The milk market is steady. In

**Arizona**, despite big increases in temperatures, reaching the three-digit numbers, farm milk production hasn't declined much. The monsoon and the humidity it creates, hasn't kicked in yet, which is one of the reasons why milk output hasn't dropped as expected. Milk supply is stable and in good balance with sales. Bottled milk demands are flat. Processing plants are running below full capacities. New safety measures put in place due to the upticks in COVID-19 cases have affected milk distributions and processing schedules. A few Class II orders were cancelled. Milk supplies have declined in **New Mexico** this week, mostly as a result of seasonally declining milk production. While Class I and III orders are trending lower, Class II demands have slightly increased. Altogether, milk holdovers are at normal levels and remain manageable despite machine repair projects that disrupted the day to day activities at a Class III plant. **Pacific Northwest** milk production is easing back from the spring flush. Industry contacts report milk output is decreasing, but milk component levels have remained strong. Favorable weather has aided in cow comfort and supported milkfat and protein concentrations. Dairy farmers had adjusted feed rations and schedules to meet over base programs imposed by milk handlers. In doing so, milk intakes are in good balance with processing needs. Bottling demand is steady. In the mountain states of **Idaho, Utah, and Colorado**, milk production is past the typical spring peak. Manufacturers say there are a few discounted loads available at \$4 under Class IV. But the number of unfettered loads is smaller than earlier this spring. Government purchases are supporting the movement of milk into cheese production and into some fluid milk bottling. **Condensed skim** prices have augmented in the West. There is also an uptick in demand from ice cream producers. In the West, ice cream makers are still pulling heavily on **cream**. Some cream sellers are taking loads in the West at lower prices and selling them in the Midwest where prices are higher. Some cream loads are also being moved from one western state to another to help meet processing needs. According to contacts, cream demands from Mexico are trending up as well. At some western localities, there is more cream available for spot sales compared to last week. Nonetheless, cream supplies are still tight. Cream multiples for all Classes are steady on the range, but a few situational loads were sold at prices well below the range.

Western U.S., F.O.B. Cream

Multiples Range - All Classes: 1.1500 - 1.3000

## Secondary Sourced Information:

Milk pooled on the Pacific Northwest Order 124 totaled 614.4 million pounds in June 2020. Class I utilization was 135.4 million pounds and accounted for 22.04 percent of producer milk. The uniform price was \$15.17, up \$3.20 from last month, but \$1.77 below the same month a year ago.

Milk pooled on the Arizona Order 131 totaled 375.8 million pounds in June 2020. Class I utilization was 98.6 million pounds and accounted for about 26.2 percent of producer milk. The uniform price was \$15.50, up \$3.12 from last month, but \$1.82 below the same month a year ago.

## NONFAT DRY MILK, BUTTERMILK &amp; WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

## NONFAT DRY MILK - CENTRAL AND EAST

**CENTRAL:** Low/medium heat nonfat dry milk (NDM) prices slipped on the range and bottom of the mostly series this week. Market contacts say more offers are available, and markets are slightly softer. More contacts suggest Mexico's current COVID-19 situation has quieted buyers from south of the border. Cheesemakers are still taking on NDM loads to fortify, but demand into other outlets has slowed. Condensed skim, in recent weeks and months, has become widely available. As a result, production is brisk. High heat NDM trading was quiet and fewer prices were reported this week, resulting in a narrower range. Generally, NDM markets are slightly bearish.

**EAST:** The eastern low/medium heat nonfat dry milk price changed lower, through the range, due to lower f.o.b. spot sales and downward movement of some NDM pricing indices. Production rates are mostly steady. While the majority of nonfat dry milk moves through contracts, domestic NDM spot purchases are being carried out in hand-to-mouth fashion. Markets were fairly quiet this week, as some buyers limit purchasing, while waiting for markets to become more favorable. Noted improvements in cheese production have led to heavier pulls on NDM stocks. Inventories are hefty. High heat prices are mixed. Production is intermittent. The NDM market has a variable undertone.

Prices for: Eastern and Central U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Nonfat Dry Milk

Price Range - Low & Medium Heat; \$/LB: 0.9800 - 1.0650  
Mostly Range - Low & Medium Heat; \$/LB: 1.0000 - 1.0400

Prices for: Eastern and Central U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Nonfat Dry Milk

Price Range - High Heat; \$/LB: 1.1200 - 1.1500

## NONFAT DRY MILK - WEST

In the West, f.o.b. prices for low/medium heat nonfat dry milk (NDM) increased at the bottom of the range and at the top of the mostly series. According to contacts, at some localities, skim milk powder production is more lively than usual, and this is impacting how much low/medium heat is being produced. Low/medium heat NDM inventories are mixed. While some processors have tight inventories, others report that their supplies are plentiful. Domestic sales are steady, whereas international demands are slightly stronger. There are currently more interests from Mexico, however current higher prices are preventing some customers from buying as much as they would like to. Despite an increase in the numbers of COVID-19 cases, there were no reports of low/medium heat NDM transportation issues. High heat NDM prices are stable. Outputs are irregular, while sales are unchanged from a week ago. Supplies are tight.

Prices for: Western U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Nonfat Dry Milk

Price Range - Low & Medium Heat; \$/LB: 0.9700 - 1.0925  
Mostly Range - Low & Medium Heat; \$/LB: 1.0100 - 1.0500

Prices for: Western U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Nonfat Dry Milk

Price Range - High Heat; \$/LB: 1.0800 - 1.2200

## DRY BUTTERMILK - CENTRAL AND EAST

**CENTRAL:** Dry buttermilk prices shifted higher on tight markets and slower trading. Central buttermilk powder prices were generally in the \$1 to \$1.05 area, but some brand-preferred loads were traded even higher. With condensed skim becoming more and more available, nonfat dry milk production is increasing, but buttermilk trading is busier in the condensed buttermilk variety and/or via contract than on the dry buttermilk market. Customer interest is steady to higher, in general. Buttermilk powder market tones are firm. **EAST:** Prices for dry buttermilk are higher. The lack of available cream curbs dry buttermilk production. As well, increased condensed sales to ice cream accounts restrict the output of dry buttermilk. Buyer interest waned in the spot market, with very little activity occurring this week. Inventories are stagnant and mostly tight. The dry buttermilk market undertone is stronger.

Prices for: Eastern and Central U.S., All First Sales, F.O.B., Conventional, and Edible Buttermilk  
Price Range ; \$/LB: .9800 - 1.1000

## DRY BUTTERMILK - WEST

In the West, the market for dry buttermilk is stable. Prices haven't changed on both the range and the mostly series. Butter processing is a bit stronger compared to last week. However, condensed buttermilk drying is still at the same levels as last week due to limitations in drying time. Dry buttermilk supplies are in good balance with the needs of customers. Although spot trading is active, most sales are made based on the needs to fulfill contractual obligations.

Prices for: Western U.S., All First Sales, F.O.B., Conventional, and Edible Buttermilk

Price Range ; \$/LB: .8500 - 1.0200  
Mostly Range - ; \$/LB: .9000 - 0.9500

## DRY WHOLE MILK - U.S.

This week, spot prices of national dry whole milk are mixed as a few sales pushed up the bottom price of the range, while the top remained steady. The market tone is stable. Drying schedules for condensed whole milk are limited as most balancing plant managers focus on processing NDM/SMP. Dry whole milk demands from the bakery and confectionery sectors are fair/good, while inventories are mostly in balance with buyers' needs.

Prices for: U.S., All First Sales, F.O.B., Conventional, and Edible Dry Whole Milk

Price Range - 26% Butterfat; \$/LB: 1.6000 - 1.8000

**WHEY, WPC 34%, LACTOSE & CASEIN**

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

**DRY WHEY- CENTRAL**

The Central region dry whey price range expanded, while the top of the mostly series slipped by half a cent. Production has increased. With cheese market prices at unprecedented areas, along with somewhat available (discounted) milk prices, Class III production has been hearty. Customers, however, are aware of this and offers are piling up. Some end user contacts suggest they are not in a rush to take on extra spot loads. Some relay they are fine for the rest of the summer. Others say they are interested, but only if prices are ideal. Producers concur. They say Midwestern buyers are aggressively pursuing discounts. Animal feed whey prices shifted lower, with more trading and higher availability. Dry whey market tones are noted as weak.

Prices for: Central U.S., All First Sales, F.O.B., Conventional, and Non-Edible Dry Whey  
 Price Range - Animal Feed; \$/LB: .2500 - .2800

Prices for: Central U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Dry Whey  
 Price Range - Non-Hygroscopic; \$/LB: .2500 - .3600  
 Mostly Range - Non-Hygroscopic; \$/LB: .3100 - .3350

**DRY WHEY- NORTHEAST**

Dry whey prices in the East dipped lower on the top of the price range. Market participants convey operations' growing supplies are potentially outweighing buyers' immediate spot needs. There are several industry contacts purchasing weekly contracts from manufacturers. Market conditions are trending a bit weaker. Production schedules are active with strong Class III processing. There are reports additional dry whey spot offers are available on various market exchanges. The CME Group prices are a bit higher compared to last week.

Prices for: Eastern U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Dry Whey  
 Price Range - Non-Hygroscopic; \$/LB: .3200 - .3675

**DRY WHEY- WEST**

Western whey prices moved lower at the bottom of both the price range and mostly price series. While the market tone suggests weakness, a few whey brands have been able to hold prices and sales steady. Demand is a bit lackluster. The summer doldrums appear to be on hand. Production is mixed. With heavy cheese production, more whey solids are available for processing. However, manufacturers are trying to find the most economical fit for the solids along the whey protein complex. In some cases, that means more dry whey. In other cases, the processors are making more of the higher whey protein concentrations. Dry whey inventories are growing.

Prices for: Western U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Dry Whey  
 Price Range - Non-Hygroscopic; \$/LB: .2375 - .4000  
 Mostly Range - Non-Hygroscopic; \$/LB: .3200 - .3700

**WHEY PROTEIN CONCENTRATE**

Prices for whey protein concentrate 34% are steady to lower. The top of the price range and bottom of the mostly price series each moved down. Lackluster demand and price pressures from other dairy proteins are adding weight to the WPC 34% prices. Market tones are still weak for WPC 34% that is interchangeable with other dairy proteins and firm for WPC 34% that meets strict end user requirements. WPC 34% production is steady, although some contacts suggest processors are making more WPC 34% because of weakness in the WPC 80% and WPI markets. Inventories of WPC 34% remain available for interchangeable WPC 34%, but are committed for favored brands.

Prices for: Central and Western U.S., All First Sales, F.O.B., Extra Grade, Conventional, and Edible Whey Protein Concentrate  
 Price Range - 34% Protein; \$/LB: .7000 - 1.0900  
 Mostly Range - 34% Protein; \$/LB: .7600 - 1.0275

**LACTOSE**

Lactose prices are steady to higher, moving up at the bottom of both the price range and mostly price series. Some industry contacts suggest the industry may have reached the peak for lactose prices. They think buyers in Southeast Asia have much of their lactose needs covered through the end of the year and will slow up on their purchases. A few manufacturers report seeing a downturn in demand, and they are getting push back from buyers because of the higher prices. In some cases, end users are looking for lactose alternatives, such as maltodextrin, to fill their carbohydrate needs. Lactose inventories are still tight for most manufacturers. They say lactose is moving well through current contracts and that their lactose stocks and production are committed through Q3 and into Q4. Lactose production is steady.

Prices for: Central and Western U.S., Spot Sales And Up to 3 Month Contracts, F.O.B., Conventional, and Edible Lactose  
 Price Range - Non Pharmaceutical; \$/LB: .3450 - .6400  
 Mostly Range - Non Pharmaceutical; \$/LB: .4600 - .5800

**CASEIN**

Prices for rennet casein and acid casein are steady. Acid casein is very slow, with minimal production in New Zealand, the primary source for acid casein. Western European production of primarily rennet casein is also at low volumes, reflecting market expectations. This pattern is expected to continue for several months.

Prices for: Spot Sales And Up to 3 Month Contracts, Free on Board - Warehouse, Non-Restricted, All Mesh Sizes, Conventional, and Edible Casein

Acid; Price Range - \$/LB: 3.8000-3.9000  
 Rennet; Price Range - \$/LB: 3.4975-3.7900

**U.S. Dairy Cow Slaughter (1000 head) under Federal Inspection**

| WEEK ENDING | 2020 WEEKLY<br>DAIRY COWS | 2020<br>CUMULATIVE DAIRY COWS | 2019 WEEKLY<br>DAIRY COWS | 2019<br>CUMULATIVE DAIRY COWS |
|-------------|---------------------------|-------------------------------|---------------------------|-------------------------------|
| 07/04/2020  | 46.5                      | 1,643.5                       | 47.2                      | 1,691.4                       |

WEBSITE: [http://www.ams.usda.gov/mnreports/sj\\_ls714.txt](http://www.ams.usda.gov/mnreports/sj_ls714.txt)

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA

**FEDERAL MILK ORDER CLASS III MILK PRICES (3.5% Butterfat)**

| YEAR | JAN   | FEB   | MAR   | APR   | MAY   | JUN   | JUL   | AUG   | SEP   | OCT   | NOV   | DEC   |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2015 | 16.18 | 15.46 | 15.56 | 15.81 | 16.19 | 16.72 | 16.33 | 16.27 | 15.82 | 15.46 | 15.30 | 14.44 |
| 2016 | 13.72 | 13.80 | 13.74 | 13.63 | 12.76 | 13.22 | 15.24 | 16.91 | 16.39 | 14.82 | 16.76 | 17.40 |
| 2017 | 16.77 | 16.88 | 15.81 | 15.22 | 15.57 | 16.44 | 15.45 | 16.57 | 16.36 | 16.69 | 16.88 | 15.44 |
| 2018 | 14.00 | 13.40 | 14.22 | 14.47 | 15.18 | 15.21 | 14.10 | 14.95 | 16.09 | 15.53 | 14.44 | 13.78 |
| 2019 | 13.96 | 13.89 | 15.04 | 15.96 | 16.38 | 16.27 | 17.55 | 17.60 | 18.31 | 18.72 | 20.45 | 19.37 |

**FEDERAL MILK ORDER CLASS IV MILK PRICES (3.5% Butterfat)**

| YEAR | JAN   | FEB   | MAR   | APR   | MAY   | JUN   | JUL   | AUG   | SEP   | OCT   | NOV   | DEC   |
|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2015 | 13.23 | 13.82 | 13.80 | 13.51 | 13.91 | 13.90 | 13.15 | 12.90 | 15.08 | 16.43 | 16.89 | 15.52 |
| 2016 | 13.31 | 13.49 | 12.74 | 12.68 | 13.09 | 13.77 | 14.84 | 14.65 | 14.25 | 13.66 | 13.76 | 14.97 |
| 2017 | 16.19 | 15.59 | 14.32 | 14.01 | 14.49 | 15.89 | 16.60 | 16.61 | 15.86 | 14.85 | 13.99 | 13.51 |
| 2018 | 13.13 | 12.87 | 13.04 | 13.48 | 14.57 | 14.91 | 14.14 | 14.63 | 14.81 | 15.01 | 15.06 | 15.09 |
| 2019 | 15.48 | 15.86 | 15.71 | 15.72 | 16.29 | 16.83 | 16.90 | 16.74 | 16.35 | 16.39 | 16.60 | 16.70 |

**FEDERAL MILK ORDER CLASS PRICES FOR 2020 (3.5% Butterfat)**

| CLASS    | JAN   | FEB   | MAR   | APR   | MAY   | JUN   | JUL   | AUG | SEP | OCT | NOV | DEC |
|----------|-------|-------|-------|-------|-------|-------|-------|-----|-----|-----|-----|-----|
| I (BASE) | 19.01 | 17.55 | 17.46 | 16.64 | 12.95 | 11.42 | 16.56 |     |     |     |     |     |
| II       | 17.05 | 16.84 | 16.75 | 13.87 | 12.30 | 12.99 |       |     |     |     |     |     |
| III      | 17.05 | 17.00 | 16.25 | 13.07 | 12.14 | 21.04 |       |     |     |     |     |     |
| IV       | 16.65 | 16.20 | 14.87 | 11.40 | 10.67 | 12.90 |       |     |     |     |     |     |

Further information may be found at: <https://www.ams.usda.gov/rules-regulations/mmr/dmr>**NATIONAL DAIRY PRODUCTS SALES REPORT  
U.S. AVERAGES AND TOTAL POUNDS**

| WEEK ENDING | BUTTER              | CHEESE 40# BLOCKS    | CHEESE BARRELS<br>38% MOISTURE | DRY WHEY           | NDM                 |
|-------------|---------------------|----------------------|--------------------------------|--------------------|---------------------|
| 07/11/2020  | 1.8104<br>3,434,027 | 2.6358<br>12,666,650 | 2.4228<br>12,377,149           | .3467<br>5,722,197 | .9675<br>16,502,301 |

Further data and revisions may be found on the internet at: <http://www.ams.usda.gov/rules-regulations/mmr/dmr>**CME GROUP, INC FUTURES**

Selected settling prices

**CLASS III MILK FUTURES (Pit-Traded) (\$/cwt)**

| DATE   | 07/10 | 07/13 | 07/14 | 07/15 | 07/16 |
|--------|-------|-------|-------|-------|-------|
| JUL 20 | 24.20 | 24.34 | 24.34 | 24.31 | 24.23 |
| AUG 20 | 23.04 | 23.40 | 23.09 | 22.34 | 22.69 |
| SEP 20 | 20.28 | 20.71 | 20.23 | 19.48 | 20.03 |

**CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)**

| DATE   | 07/10 | 07/13 | 07/14 | 07/15 | 07/16 |
|--------|-------|-------|-------|-------|-------|
| JUL 20 | 14.04 | 14.03 | 14.03 | 13.99 | 13.82 |
| AUG 20 | 14.45 | 14.35 | 14.51 | 14.42 | 14.23 |
| SEP 20 | 14.72 | 14.72 | 14.85 | 14.68 | 14.62 |

**CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)**

| DATE   | 07/10  | 07/13  | 07/14  | 07/15  | 07/16  |
|--------|--------|--------|--------|--------|--------|
| JUL 20 | 172.50 | 174.00 | 175.00 | 173.03 | 174.00 |
| AUG 20 | 176.50 | 179.45 | 182.23 | 179.50 | 176.50 |
| SEP 20 | 178.13 | 181.03 | 183.00 | 180.75 | 178.75 |

**NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)**

| DATE   | 07/10  | 07/13  | 07/14  | 07/15  | 07/16  |
|--------|--------|--------|--------|--------|--------|
| JUL 20 | 101.50 | 102.00 | 101.75 | 100.98 | 99.88  |
| AUG 20 | 103.00 | 104.50 | 104.25 | 103.03 | 103.00 |
| SEP 20 | 106.50 | 107.95 | 107.48 | 105.90 | 106.15 |

**WHEY (Electronic-Traded) (¢/lb)**

| DATE   | 07/10 | 07/13 | 07/14 | 07/15 | 07/16 |
|--------|-------|-------|-------|-------|-------|
| JUL 20 | 32.85 | 32.75 | 32.75 | 33.68 | 33.90 |
| AUG 20 | 30.05 | 30.53 | 30.53 | 30.50 | 31.08 |
| SEP 20 | 31.00 | 32.25 | 32.03 | 31.08 | 31.45 |

**\*\*CHEESE CSC (Electronic-Traded) (\$/lb)**

| DATE   | 07/10 | 07/13 | 07/14 | 07/15 | 07/16 |
|--------|-------|-------|-------|-------|-------|
| JUL 20 | 2.57  | 2.58  | 2.58  | 2.57  | 2.57  |
| AUG 20 | 2.46  | 2.50  | 2.46  | 2.39  | 2.42  |
| SEP 20 | 2.17  | 2.21  | 2.16  | 2.09  | 2.13  |

\*\* Switching to coverage of CME Block Cheese as of August 3, 2020 (week 32)

Further information may be found at: <http://www.cmegroup.com/market-data/daily-bulletin.html>

## INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered July 6 - 17, 2020

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

## WESTERN OVERVIEW

July is traditionally a period when many Western Europeans leave work behind for multi week holidays. This year seems no different except that many people are staying closer to home or staying home.

Sources in Germany report that seasonal milk production has resumed declining after a short pause. Unofficial observations are that while milk production is declining, it remains slightly higher than last year at this time. The same observation has been made in France. Some observers in the EU expect annual milk production to increase by about 0.7 percent if feed prices remain near current levels and if rain continues to keep pastures healthy. Expectations are that during the second half of 2020, the expected increases will tend to flow into SMP and butter production. Increased export demand for butter and SMP is expected, so production increases are likely.

A recently published European Commission analysis of European dairy markets found during 2020 that the best financial returns have resulted from producing a combination of cheese, butter and whey. The next best returns were reported to be from producing a combination of SMP and cream, then WMP and butter.

A lingering remnant of COVID-19 effects is cheese sales. Food service sales remain lower while demand from retail stores and ready to eat meals is higher. The overall annual outcome may be slightly lower total cheese consumption in the EU. However, manufacturers report strong export interest to Japan and the UK, which may well increase total exports and utilize the cheese not sold in the EU.

Applications for Private Storage Aid (PSA) for cheese during the duration of the current program, May 7, 2020 - June 30, 2020, totaled 47,711 MT according to Eucolait. This is 48 percent of the total rate. Country allotments maxed out for Belgium, Ireland, Estonia, Italy, Sweden, Lithuania, and the United Kingdom. Among the largest cheese manufacturers, Germany used only 4 percent of its allocation. France used 48 percent. Only Poland used none of its allocation. No more applications will be accepted for the current program.

## EASTERN OVERVIEW

The fourth largest dairy product exporter behind the US, New Zealand and the EU, is Belarus. Russia is typically the main destination for Belarusian dairy exports. China is notching up, especially for whey.

Cheese exports from Belarus January – May 2020 were 9 percent higher than the same period of 2019 according to Eucolait. May cheese exports were +7 percent YOY. Russia received 94 percent of cheese exports. Whey exports in May increased 23 percent YOY. China is the leading destination for whey exports, Russia is second.

## BUTTER/BUTTEROIL

Butter prices in Western Europe increased, as did butteroil. Prices are varied among individual plants and countries. Prices are highest in Germany, followed by France, Italy, Belgium, and Netherlands.

July is traditionally a period when many Western Europeans leave work behind for multi week holidays. This year seems no different except that many people are staying closer to home or staying home.

Internal EU packaged butter demand is described as brisk, with atypical seasonal demand from more consumers at home on vacation than in recent years. In Germany, packaged butter demand is brisk, as more people than usual are on vacation at home in July. Retail butter advertising activity has also increased.

Some observers report bulk butter interest is slower than packaged butter. Strong cream prices lead some manufacturers to sell cream rather than churning bulk butter, if buyers will not meet price expectations. There is some buyer resistance to higher prices for bulk butter, reflecting decent end user stocks on hand. Export interest is quiet. Most export customers seem to be covered through Q3.

Butter exports remain strong. Global customers are stepping up.

Applications for Private Storage Aid (PSA) for butter during the duration of the current program, May 7, 2020 - June 30, 2020, totaled 67,694 MT according to Eucolait. The countries with the most butter in PSA are Netherlands, Germany, and Ireland. No more applications will be accepted for the current program.

Western Europe, 82% Butterfat, Free on Board - Port Butter  
Price Range - \$/MT: 3,725 - 3,950

Western Europe, 99% Butterfat, Free on Board - Port Butteroil  
Price Range - \$/MT: 4,675 - 4,850

## SKIM MILK POWDER

Western European skim milk powder prices are slightly lower. Prices are varied among individual plants and countries. Generally, prices are highest in Belgium, followed by Netherlands, Germany and France.

SMP markets are described as quiet. Many regular EU buyers are covered through Q3. Additionally, many SMP traders are also on long summer holidays. That leaves weak current interest for short term deliveries. Occasional purchases are made here and there as some manufacturers can fill them after taking care of contract obligations. Spot market interest is very relaxed. Q4 negotiations for internal market customers have begun to occur to the extent people are at work and able to negotiate. That should begin to ramp up later in the summer. Export interest has also been slow.

Applications for Private Storage Aid (PSA) for SMP during the duration of the current program, May 7, 2020 - June 30, 2020, totaled 20,138 MT according to Eucolait. Nearly one-half of the SMP in program storage is from Germany. Germany and Netherlands are the top two participants. No more applications will be accepted for the current program. Neither France or Ireland placed any SMP into storage under the program.

Prices for: Europe, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder  
Price Range - 1.25% Butterfat; \$/MT: 2,375 - 2,525

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**INTERNATIONAL DAIRY MARKET NEWS - EUROPE**

Information gathered July 6 - 17, 2020

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

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**CONTINUED FROM PAGE 8****DRY WHEY**

Western European dry whey prices are mixed. While low range prices slightly declined, upper range prices slightly increased. Pricing reflects from plants in different countries with differing time imperatives. German prices tend to be higher than in Netherlands. Whey markets are essentially calm and quiet. Production is steady and sales are readily made. Contracting for Q4 is being negotiated.

Prices for: Western Europe, All First Sales, Free on Board - Port,  
Conventional, and Edible Dry Whey

Price Range - Non-Hygroscopic; \$/MT: 775 - 1,025

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**WHOLE MILK POWDER**

Whole milk powder prices in Western Europe are mixed. While low range prices declined slightly, upper range prices increased. The mixed outcome reflects pricing from different plants in different countries with customers having varied sourcing preferences and time imperatives. German prices tend to be higher than in Netherlands.

July in Western Europe is the holiday period, and current WMP trading activity is quiet. Demand is light. Available supplies for export are limited. Production is geared to covering domestic orders. Available supplies for export are also limited. Export interest is slow.

Prices for: Europe, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder

Price Range - 26% Butterfat; \$/MT: 3,025 - 3,200

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered July 6 - 17, 2020

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

## OCEANIA DAIRY MARKET OVERVIEW

**AUSTRALIA:** Good weather conditions in many regions have helped lead to improved milk collections. This results in heightened optimism for the new season. Recent rains have improved pasture conditions. Concerns are circulating as to the possibility of China imposing tariffs on Australian WMP. This relates to some signs of increasing friction between China and Australia. One outgrowth has been enhanced efforts in Australia to strike free trade deals with the EU and UK during 2020.

**NEW ZEALAND:** New Zealand dairy sources expect that average to wetter than average conditions forecast through August 2020 may improve milk yields in some regions and encourage continued herd rebuilding. Milk production is, thus, forecast to increase marginally. Manufacturers hope for increases in milk production to ease competition between processors for milk supplies. Many producers see benefits from competing manufacturers. Concerns remain about market demand imbalances lagging from COVID-19 impacts. This is an unwelcome added risk related to planning for exports.

## BUTTER/BUTTEROIL

Oceania butter prices firmed. Buyers have reported that available stocks of butter are on the tight side for the next few months until seasonal production increases appreciably. With many buyers realizing that pricing is more likely to increase rather than decrease, there is more interest in moving forward with sales to lock in stocks.

Oceania, 82% Butterfat, Free on Board - Port Butter  
Price Range - \$/MT: 3,700 - 3,800

## Secondary Sourced Information:

At GDT event 263 on July 7, the butter all contracts price, \$3,717, increased 3.0 percent. The August contract, \$3,780, increased 3.0 percent.

Australian exports of butter July 2019 – May 2020, 7,147 MT, compared with July 2018 – May 2019, decreased 43.6 percent according to Dairy Australia.

Butter exports from New Zealand January – May 2020, 102,299 MT, decreased 22 percent from January – May 2019, according to Eucolait.

## SKIM MILK POWDER

Skim milk powder pricing in Oceania is higher. This is welcome news to dairy producers as this will reflect positively toward the milk pay price. Little SMP is being manufactured now. Current interest in acquiring SMP is lighter for July and August but picks up for September. That is when new season SMP production ramps up and old season SMP supplies are expected to be mostly gone.

Prices for: Oceania, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder  
Price Range - 1.25% Butterfat; \$/MT: 2,675 - 2,875

## Secondary Sourced Information:

At GDT event 263 on July 7, the SMP all contracts price, \$2,694, increased 3.5 percent. The August contract did not trade.

Australian exports of SMP July 2019 – May 2020, 95,493 MT, compared with July 2018 – May 2019, decreased 31.4 percent according to Dairy Australia.

SMP exports from New Zealand January – May 2020, 170,171 MT, decreased 0.7 percent from January – May 2019, according to Eucolait.

## CHEESE

Cheddar prices in Oceania are higher. The highest prices result from buyers who want cheddar now and into August. With cheddar supplies expected to be growing by late summer, prices become lower then. Cheddar provides good returns for regional manufacturers so seasonal milk increases will flow to cheddar to some extent.

Prices for: Oceania Cheese, Cheddar, 39% Maximum Moisture, Free on Board - Port,  
Price Range - \$/MT: 3,700 - 4,200

## Secondary Sourced Information:

At GDT event 263 on July 7, the cheddar all contracts price, \$3,762, increased 3.3 percent. The August contract, \$4,190, increased 4.8 percent.

Australian exports of cheddar July 2019 – May 2020, 33,619 MT, compared with July 2018 – May 2019, decreased 24.6 percent according to Dairy Australia.

Australian exports of other cheese July 2019 – May 2020, 109,363 MT, compared with July 2018 – May 2019, increased 2.1 percent according to Dairy Australia.

Cheese exports from New Zealand January – May 2020, 140,469 MT, decreased 5.4 percent from January – May 2019, according to Eucolait.

## WHOLE MILK POWDER

Oceania whole milk prices moved higher. Early first week pricing within the two-week price period is reflected at the low end of the price range. Subsequent pricing moved higher. The pricing surge surprised many sellers and buyers in New Zealand. Indeed, one observer noted that the price increase was much higher than indicated by the dairy derivatives market. WMP availability is still seasonally low.

The production season has not ramped up much yet, having begun June 1. Some observers believe that uncertainty about milk production as the season moves forward prompted some buyers, Asian buyers, to stock up now due to concerns that prices might rise if milk production is below expectations. Seasonal WMP production generally peaks in October or November.

CONTINUED ON PAGE 8C

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered July 6 - 17, 2020

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

**CONTINUED FROM PAGE 8B**

Prices for: Oceania, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder  
Price Range - 26% Butterfat; \$/MT: 2,950 - 3,525

## Secondary Sourced Information:

At GDT event 263 on July 7, the WMP all contracts price, \$3,208, increased 14.0 percent. The August contract, \$3,505, increased 24.5 percent.

Australian exports of WMP July 2019 – May 2020, 42,304 MT, compared with July 2018 – May 2019, decreased 15.1 percent according to Dairy Australia.

WMP exports from New Zealand January – May 2020, 655,132 MT, decreased 8 percent from January – May 2019, according to Euclait.

**Exchange rates for selected foreign currencies:  
July 13, 2020**

|                         |                          |
|-------------------------|--------------------------|
| .0141 Argentina Peso    | .0133 India Rupee        |
| .6940 Australian Dollar | .0093 Japan yen          |
| .1850 Brazil Real       | .0439 Mexican Peso       |
| .7348 Canadian Dollar   | .6540 New Zealand Dollar |
| .0013 Chile Peso        | .2525 Poland Zloty       |
| 1.1346 Euro             | .0229 Uruguay Peso       |

Conversion example: To compare the value of 1 US Dollar to Mexican Pesos:  $(1/.0439) = 22.7790$  Mexican Pesos. Source: "Wall Street Journal"

**INTERNATIONAL DAIRY MARKET NEWS - SOUTH AMERICA**

Information gathered July 6 - 17 2020

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

**SOUTH AMERICA OVERVIEW**

In Brazil, farm-level milk production has been stagnant to lower in the past couple of weeks. The lack of rains is reducing the availability and quality of forage in most dairy basins. Due to the decrease in raw milk accessibility, farmgate milk prices are inching up and are expected to remain high in the upcoming weeks. Milk volumes are well below adequate to meet all dairy processing needs. The uncertainty of COVID-19 is affecting manufacturers' decisions not to overproduce and keep stocks of dairy products low. In the national Brazilian spot market, prices for raw milk loads, UHT milk, and cheese, are becoming more expensive.

Unlike Brazil, in Argentina and Uruguay, farm milk intakes are trending seasonally up as temperatures continue tumbling. However, in some dairy basins in southern Argentina, much cooler winter temperatures are starting to take a toll on cows' comfort and yields. In general, farm milk volumes are less than enough to meet the strong demands in the dairy processing industry. Competition for milk/cream volumes, among dairy processors, continues heating up. The production of UHT milk has been a priority during this COVID-19 crisis. In this way, milk volumes moving into cheese, yogurt, and milk powder are becoming less accessible, while the interest for these commodities remains hearty.

**Secondary Sourced Information:**

At the GDT Event 263 on July 7, whole milk powder (WMP) prices across all contract periods averaged \$3,208 per metric ton, up 14.0 percent from the last event.

**SKIM MILK POWDER**

Skim milk powder (SMP) export prices are higher in the Southern Cone of South America, following WMP upward pricing trends. The demand for SMP, inside and outside the Mercosur zone, is reported as strong. Skim milk volumes moving into dryers are constrained mainly because dryers are busy converting condensed whole milk volumes into WMP. Accordingly, SMP inventories are very tight on a firmer market.

Prices for: South America, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder  
Price Range - 1.25% Butterfat; \$/MT: 2,650 - 2,750

**Secondary Sourced Information:**

At the GDT Event 263 on July 7, skim milk powder (SMP) prices across all contract periods averaged \$2,694 per metric ton, up 3.5 percent from the last event.

**WHOLE MILK POWDER**

Whole milk powder (WMP) free on board export prices shifted higher in the Southern Cone of South America, following recent upward WMP pricing trends at some offshore auctions. Despite the COVID-19 crisis and its implicit uncertainty, the tone of the WMP market is firmer than a month ago. Driven by lower condensed whole milk volumes accessibility, WMP production is less active than previous weeks. Inventory levels are reported as tight in most balancing plants.

Prices for: South America, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder  
Price Range - 26% Butterfat; \$/MT: 2,900 - 3,250

## July Supply and Demand Estimates

The milk production forecast for 2020 is lowered from last month largely on slower growth in milk per cow. However, the 2021 milk production forecast is raised from last month on expectations of dairy herd rebuilding and a recovery in growth in milk per cow. USDA's Cattle report, to be released on July 24, will provide a mid-year estimate of the dairy cow inventory and producer intentions regarding retention of heifers for dairy cow replacement. For 2020, the fat basis import forecast is raised from the previous month on higher imports of butter, while the fat basis export forecast is raised on increased shipments of cheese and butterfat products. The skim-solids basis import forecast is unchanged from the previous month, but the export forecast is raised on higher expected exports of dry skim milk products and lactose. Price forecasts for cheese, butter, and nonfat dry milk are raised from the previous month on recent price strength and anticipated demand strength. The whey price forecast is lowered from last month. Class III and Class IV milk prices are raised for 2020, and the all milk price forecast is raised to \$18.25 per cwt. For 2021, the fat basis import and export forecasts are raised. The skim-solids basis import forecast is unchanged, but the export forecast is raised on strong international demand for skim milk powder. For 2021, cheese, butter, and nonfat dry milk price forecasts are raised from the previous month while the whey price is unchanged. The 2021 Class III and Class IV milk price forecasts are raised from last month, and the all milk price forecast is raised to \$17.05 per cwt.

| U.S. Milk Supply and Use    |                         |                |       |                |       |
|-----------------------------|-------------------------|----------------|-------|----------------|-------|
| Commodity                   | 2019                    | 2020 Projected |       | 2021 Projected |       |
|                             |                         | Jun            | Jul   | Jun            | Jul   |
| Milk                        | <i>(billion pounds)</i> |                |       |                |       |
| Production                  | 218.4                   | 222.5          | 221.5 | 225.3          | 225.6 |
| Farm Use                    | 1.0                     | 1.0            | 1.0   | 1.0            | 1.0   |
| Fat Basis Supply            |                         |                |       |                |       |
| Beginning Commercial Stocks | 13.8                    | 13.6           | 13.6  | 14.2           | 13.2  |
| Marketings                  | 217.4                   | 221.5          | 220.5 | 224.3          | 224.6 |
| Imports                     | 6.9                     | 6.8            | 7.0   | 6.7            | 6.9   |
| Total Commercial Supply     | 238.1                   | 241.9          | 241.1 | 245.2          | 244.6 |
| Fat Basis Use               |                         |                |       |                |       |
| Commercial Exports          | 9.1                     | 8.9            | 9.1   | 9.2            | 9.3   |
| Ending Commercial Stocks    | 13.6                    | 14.2           | 13.2  | 13.7           | 13.3  |
| CCC Donations               | 0.2                     | 0.3            | 0.3   | 0.0            | 0.0   |
| Domestic Commercial Use     | 215.2                   | 218.6          | 218.6 | 222.4          | 222.1 |
| Skim-Solid Basis Supply     |                         |                |       |                |       |
| Beginning Commercial Stocks | 10.7                    | 10.2           | 10.2  | 10.6           | 10.3  |
| Marketings                  | 217.4                   | 221.5          | 220.5 | 224.3          | 224.6 |
| Imports                     | 5.8                     | 5.8            | 5.8   | 5.6            | 5.6   |
| Total Commercial Supply     | 233.9                   | 237.5          | 236.5 | 240.5          | 240.5 |
| Skim-Solids Basis Use       |                         |                |       |                |       |
| Commercial Exports          | 41.5                    | 45.1           | 45.8  | 44.9           | 45.5  |
| Ending Commercial Stocks    | 10.2                    | 10.6           | 10.3  | 10.3           | 10.3  |
| CCC Donations               | 0.2                     | 0.1            | 0.1   | 0.0            | 0.0   |
| Domestic Commercial Use     | 181.9                   | 181.7          | 180.3 | 185.4          | 184.7 |

NOTE: Totals may not add due to rounding.

Continued on page 10

## July Milk Supply and Demand Estimates-cont'd

| U.S. Dairy Prices             |         |                       |                      |                     |                      |
|-------------------------------|---------|-----------------------|----------------------|---------------------|----------------------|
| Commodity                     | 2019    | 2020 Projected        |                      | 2021 Projected      |                      |
|                               |         | Jun                   | Jul                  | Jun                 | Jul                  |
| <i>(dollars per pound)</i>    |         |                       |                      |                     |                      |
| Product Prices <sup>1</sup>   |         |                       |                      |                     |                      |
| Cheese                        | 1.7586  | 1.6600                | 1.9050               | 1.6100              | 1.7250               |
| Butter                        | 2.2431  | 1.6800                | 1.6850               | 1.6900              | 1.7150               |
| Nonfat Dry Milk               | 1.0419  | 1.0000                | 1.0400               | 0.9700              | 1.0100               |
| Dry Whey                      | 0.3799  | 0.3600                | 0.3550               | 0.3450              | 0.3450               |
| <i>(dollars per cwt)</i>      |         |                       |                      |                     |                      |
| Milk Prices <sup>2</sup>      |         |                       |                      |                     |                      |
| Class III                     | 16.96   | 15.65                 | 18.00                | 15.10               | 16.20                |
| Class IV                      | 16.30   | 13.55                 | 13.95                | 13.35               | 13.80                |
| All Milk <sup>3</sup>         | 18.63   | 16.65                 | 18.25                | 16.20               | 17.05                |
| <b>Quarterly</b>              |         |                       |                      |                     |                      |
|                               | 2020 II | 2020 III <sup>4</sup> | 2020 IV <sup>4</sup> | 2021 I <sup>4</sup> | 2021 II <sup>4</sup> |
| <i>(billion pounds)</i>       |         |                       |                      |                     |                      |
| Milk Production               | 55.7    | 54.9                  | 54.8                 | 56.4                | 57.8                 |
| <i>(dollars per cwt)</i>      |         |                       |                      |                     |                      |
| All Milk Price <sup>2,3</sup> | 14.70   | 20.95                 | 18.55                | 17.35               | 16.25                |
| Class III Price <sup>2</sup>  | 15.42   | 22.34                 | 17.46                | 16.40               | 15.97                |
| Class IV Price <sup>2</sup>   | 11.66   | 13.88                 | 14.28                | 13.72               | 13.43                |

<sup>1</sup> Simple average of monthly prices calculated from AMS weekly average dairy product prices for class price computations. Details may be found by going to <http://www.ams.usda.gov/rules-regulations/mmr/dmr>; scroll down to Publications, National Dairy Products Sales Reports, and select Current Release & Archives.” <sup>2</sup> Annual and quarterly Class III and Class IV prices are the simple average of monthly minimum Federal order milk prices paid by regulated plants for milk used in the respective classes. All milk price is the simple average of monthly prices received by farmers for milk at average test. <sup>3</sup> Does not reflect any deductions from producers as authorized by legislation. <sup>4</sup> Projection.

**Source:** U.S. Department of Agriculture. World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates, WASDE-602, July 10, 2020*. Approved by the Interagency Commodity Estimates Committee [members for Dairy are: Shayle Shagam, ICEC Chair, WAOB; Carolyn Liebrand, AMS; Paul Kiendl, FAS; Jerry Cessna, ERS; and Georgi Gabrielyan, FPAC].

## Consumer Price Index and Average Retail Prices for Selected Products, U.S. City Average <sup>1</sup>

| Consumer Price Index |                  |                       |                  |                       |                  |                       |                  |                       |                  |                       |                               |                       |
|----------------------|------------------|-----------------------|------------------|-----------------------|------------------|-----------------------|------------------|-----------------------|------------------|-----------------------|-------------------------------|-----------------------|
| Month                | All Food         |                       | Dairy Products   |                       | Fresh Whole Milk |                       | Cheese           |                       | Butter           |                       | Meat, Poultry, Fish, and Eggs |                       |
|                      | CPI <sup>2</sup> | Pct. Chg <sup>3</sup> | CPI <sup>2</sup>              | Pct. Chg <sup>3</sup> |
| Apr 2020             | 266.8            | 3.5                   | 228.8            | 5.2                   | 209.3            | 4.9                   | 240.9            | 7.0                   | 247.9            | 3.2                   | 266.3                         | 6.8                   |
| May 2020             | 268.4            | 4.0                   | 230.2            | 5.7                   | 208.3            | 5.4                   | 242.8            | 7.0                   | 252.1            | 1.3                   | 275.4                         | 10.0                  |
| Jun 2020             | 269.8            | 4.5                   | 228.4            | 5.1                   | 207.3            | 3.9                   | 242.2            | 6.1                   | 246.0            | 0.5                   | 281.1                         | 12.8                  |

| U.S. City Average Retail Prices |                         |       |                     |      |                             |       |                             |       |                        |       |
|---------------------------------|-------------------------|-------|---------------------|------|-----------------------------|-------|-----------------------------|-------|------------------------|-------|
| Month                           | Whole Milk <sup>4</sup> |       | Butter <sup>5</sup> |      | Process Cheese <sup>6</sup> |       | Natural Cheese <sup>7</sup> |       | Ice Cream <sup>8</sup> |       |
|                                 | 2020                    | 2019  | 2020                | 2019 | 2020                        | 2019  | 2020                        | 2019  | 2020                   | 2019  |
|                                 | <i>(dollars)</i>        |       |                     |      |                             |       |                             |       |                        |       |
| Apr                             | 3.267                   | 2.980 | N/A                 | N/A  | 3.981                       | 3.928 | 5.453                       | 5.290 | 4.941                  | 4.821 |
| May                             | 3.210                   | 2.963 | N/A                 | N/A  | 4.097                       | 3.869 | 5.558                       | 5.327 | 4.934                  | 4.850 |
| Jun                             | 3.198                   | 3.054 | N/A                 | N/A  | 4.222                       | 3.844 | 5.619                       | 5.254 | 5.088                  | 4.633 |

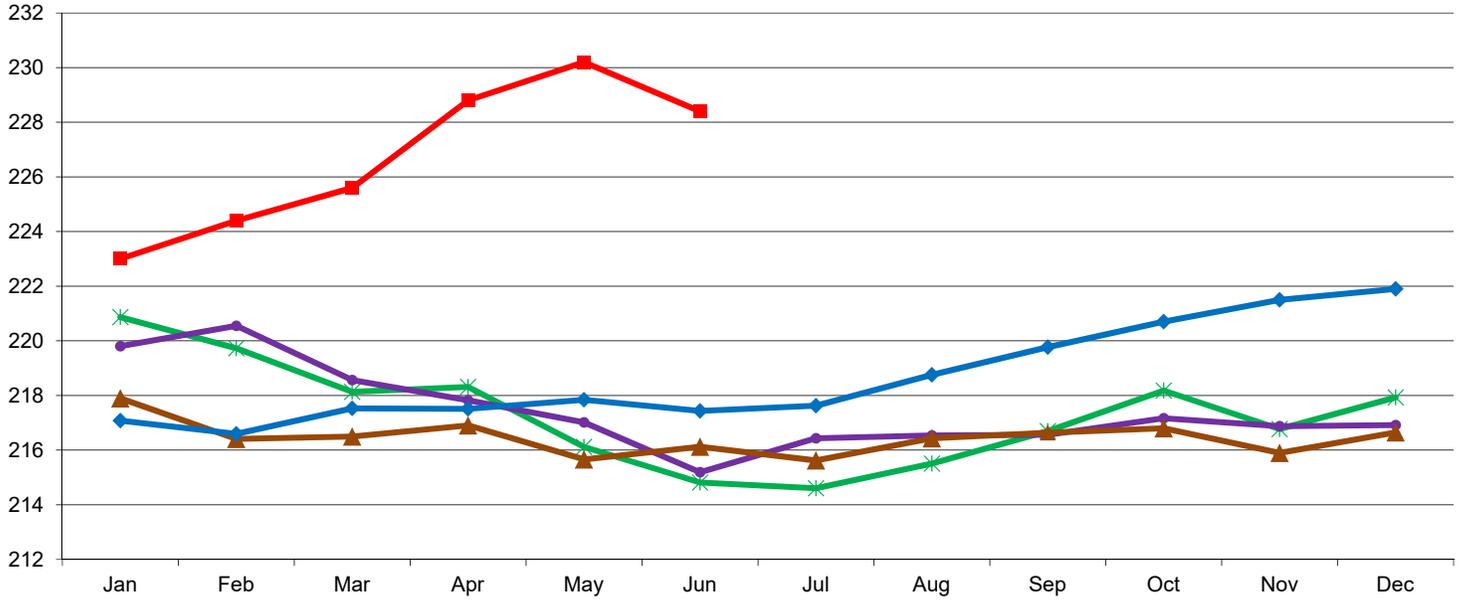
N/A = Not available. <sup>1</sup> "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. <sup>2</sup> The standard reference base period for these indexes is 1982-1984 = 100. <sup>3</sup> Percent change over previous year. <sup>4</sup> Per gallon. <sup>5</sup> Per pound. Grade AA, salted, stick butter. <sup>6</sup> Per pound, any size and type of package. <sup>7</sup> Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc). <sup>8</sup> Per 1/2 gallon prepackaged regular.

## Producer Price Index (PPI)<sup>1</sup>

| Producer Price Index |                        |                       |                |          |                  |          |        |          |        |          |                                |          |
|----------------------|------------------------|-----------------------|----------------|----------|------------------|----------|--------|----------|--------|----------|--------------------------------|----------|
| Month                | All Food Manufacturing |                       | Dairy Products |          | Fresh Whole Milk |          | Cheese |          | Butter |          | Dry Milk Products and Mixtures |          |
|                      | PPI                    | Pct. Chg <sup>2</sup> | PPI            | Pct. Chg | PPI              | Pct. Chg | PPI    | Pct. Chg | PPI    | Pct. Chg | PPI                            | Pct. Chg |
| April-20             | 201.8                  | 0.3                   | 196.2          | -1.9     | 225.2            | 3.6      | 176.1  | -1.2     | 83.4   | -46.9    | 175.9                          | 1.4      |
| May-20               | 217.1                  | 7.5                   | 189.1          | -6.3     | 207.3            | -6.3     | 169.1  | -6.4     | 92.9   | -42.6    | 166.8                          | -2.3     |
| June-20              | 204.8                  | 1.3                   | 200.4          | -1.5     | 198.9            | -11.6    | 195.9  | 7.8      | 130.6  | -21.7    | 167.4                          | -1.1     |

<sup>1</sup> The standard reference base period for these indexes is 1981-1984 = 100. <sup>2</sup> Percent change from previous year.

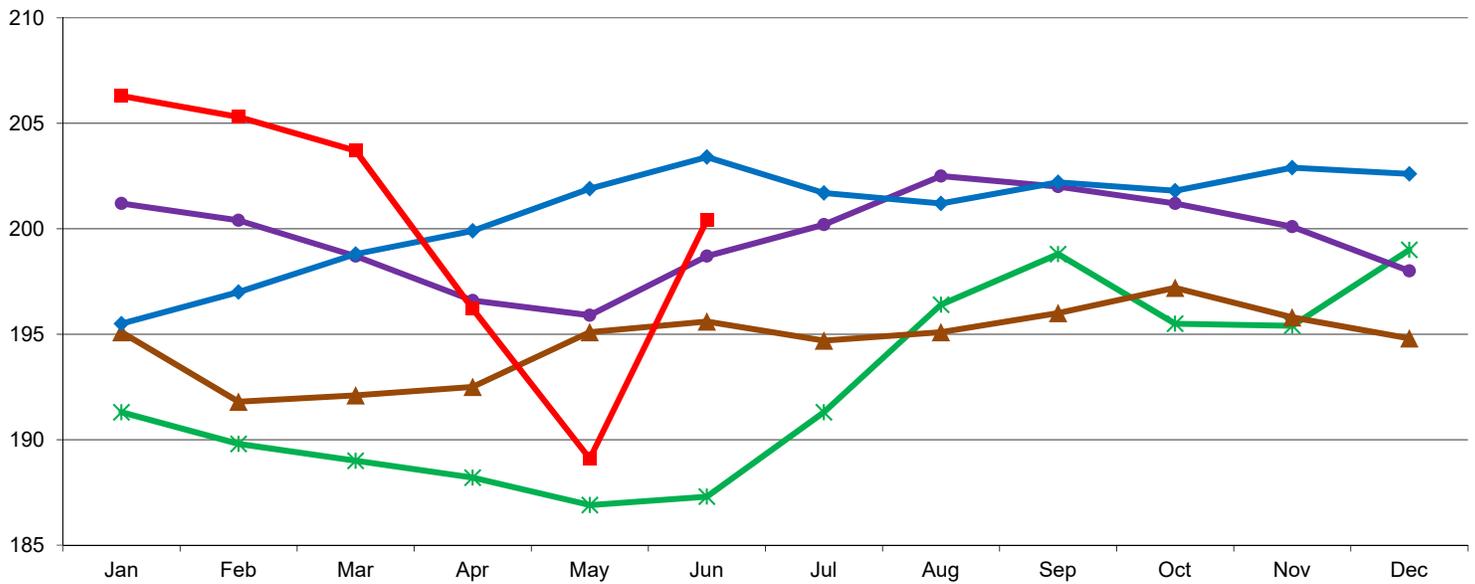
### Consumer Price Index (CPI) for Dairy Products



DATA SOURCE: BLS GRAPH: USDA, AMS, DMN  
NOT SEASONALLY ADJUSTED. 1981-1984 =100

2016 2017 2018 2019 2020

### Producer Price Index (PPI) for Dairy Product Manufacturing



DATA SOURCE: BLS GRAPH: USDA, AMS, DMN  
NOT SEASONALLY ADJUSTED. 1981-1984 =100

2016 2017 2018 2019 2020



## Dairy Market News Branch

Agricultural  
Marketing  
Service

# National Retail Report-Dairy

Websites: <http://www.marketnews.usda.gov/mnp/da-home> and <http://www.ams.usda.gov/mnreports/dybretail.pdf>

Volume 87- Number 29

Issued Weekly

Friday, July 17, 2020

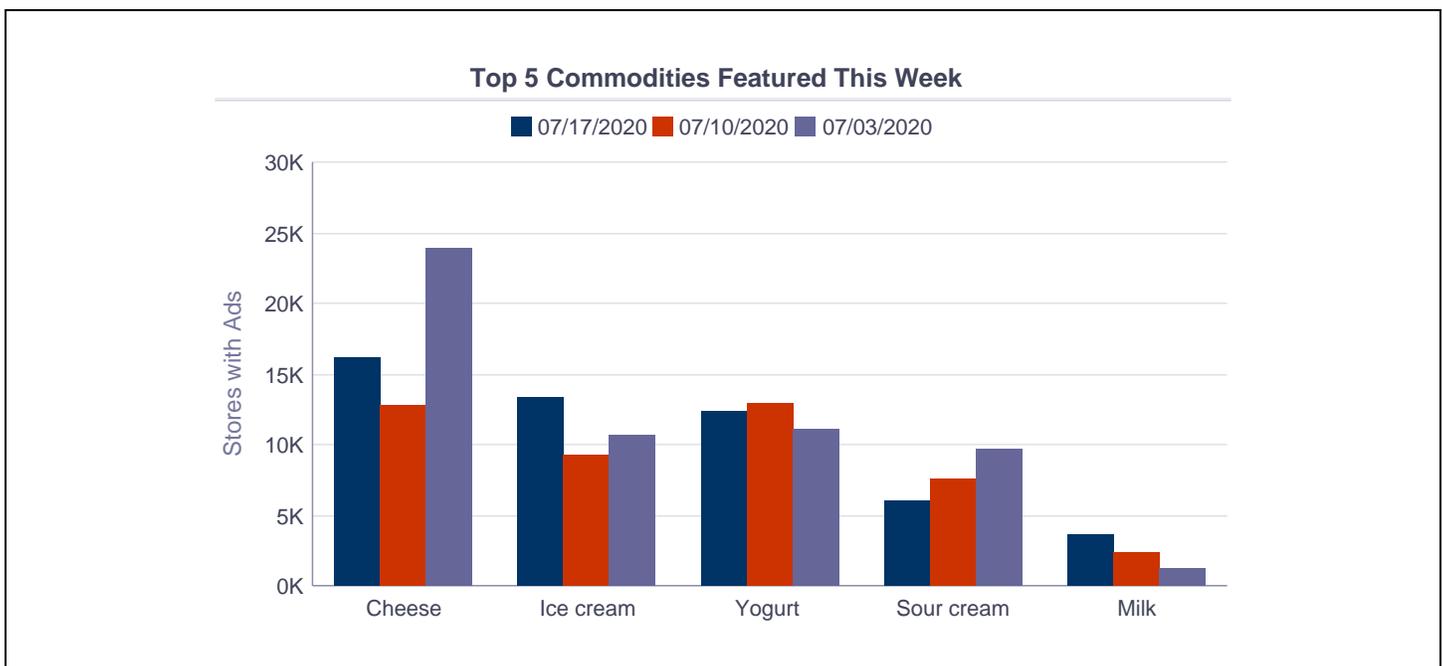
### Advertised Prices for Dairy Products at Major Retail Supermarket Outlets ending during the period of 07/17/2020 to 07/23/2020

Conventional retail ad numbers this week increased 12 percent. Organic retail ad numbers increased 110 percent. The most advertised single category/size is 48-64 oz conventional ice cream. Ad numbers increased 44 percent from last week. The weighted average advertised price, \$3.12, increased 5 cents from last week. There are no ads for organic ice cream. Ads for conventional 1# butter increased 141 percent. The weighted average advertised price, \$3.70 increased 63 cents.

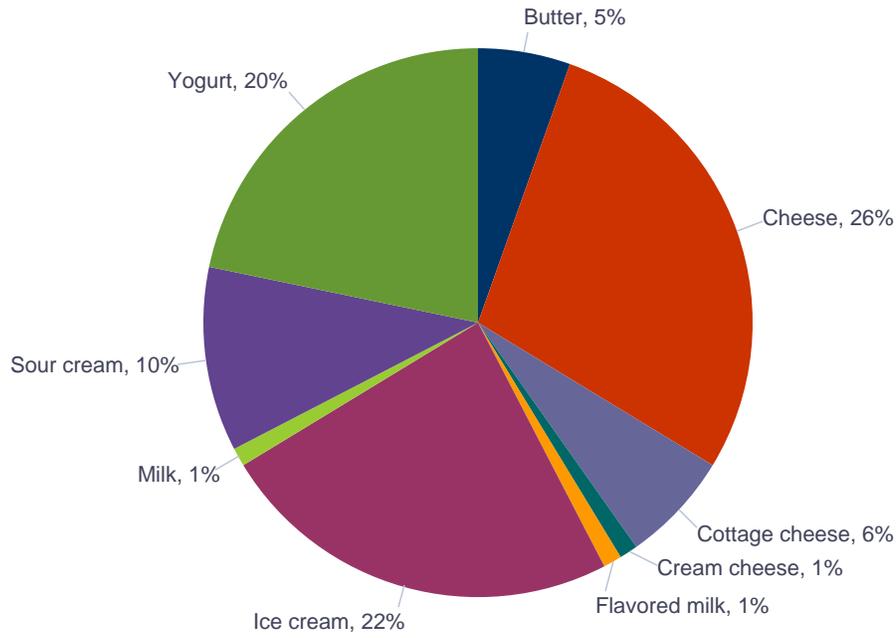
Conventional cheese ads increased 26 percent. There are no ads for organic cheese. Ads for 8 oz block increased 25 percent. The weighted average advertised price, \$2.56, decreased \$0.29.

Conventional yogurt ads declined 5 percent. Ads for conventional 4-6 oz Greek yogurt decreased 21 percent. The average price, \$0.97, decreased 8 cents.

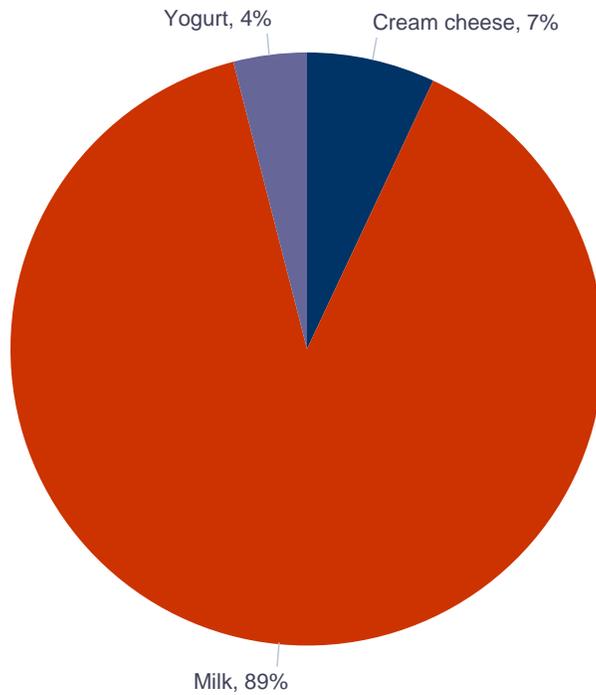
The national weighted average advertised price for conventional milk in half gallons is \$2.42, compared with \$4.01 for organic milk half gallons. This results in an organic premium of \$1.59. Conventional milk ads decreased 35 percent, while organic milk ads increased 160 percent.



Percentage of Total Conventional Ads by Commodity



Percentage of Total Organic Ads by Commodity



## NATIONAL -- CONVENTIONAL DAIRY PRODUCTS

| Commodity      | Type              | Pack Size   | THIS PERIOD     |               | LAST WEEK       |               | LAST YEAR       |               |
|----------------|-------------------|-------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|
|                |                   |             | Stores With Ads | Wtd Avg Price | Stores With Ads | Wtd Avg Price | Stores With Ads | Wtd Avg Price |
| Butter         |                   | 1 #         | 2923            | 3.70          | 1211            | 3.07          | 1896            | 3.53          |
| Cheese         | Natural Varieties | 8 oz block  | 4900            | 2.56          | 3907            | 2.27          | 9403            | 2.23          |
| Cheese         | Natural Varieties | 1 # block   | 914             | 3.92          | 62              | 3.99          | 2228            | 4.51          |
| Cheese         | Natural Varieties | 2 # block   | 3103            | 6.15          | 2120            | 6.19          | 1519            | 5.99          |
| Cheese         | Natural Varieties | 8 oz shred  | 6340            | 2.23          | 6208            | 2.40          | 10508           | 2.27          |
| Cheese         | Natural Varieties | 1 # shred   | 868             | 4.01          | 539             | 4.78          | 826             | 3.90          |
| Cottage cheese |                   | 16 oz       | 3469            | 1.89          | 2185            | 2.08          | 3148            | 1.79          |
| Cream cheese   |                   | 8 oz        | 898             | 1.57          | 2726            | 2.32          | 4215            | 2.10          |
| Flavored milk  | All fat tests     | half gallon | 214             | 2.50          | 500             | 2.29          | 460             | 2.23          |
| Flavored milk  | All fat tests     | gallon      | 273             | 3.22          | 180             | 4.99          | 509             | 3.62          |
| Ice cream      |                   | 48-64oz     | 13365           | 3.12          | 9288            | 3.07          | 14321           | 2.72          |
| Milk           | All fat tests     | half gallon | 708             | 2.42          | 919             | 1.76          | 1442            | 1.95          |
| Milk           | All fat tests     | gallon      | 116             | 2.08          | 355             | 2.75          | 968             | 2.80          |
| Sour cream     |                   | 16 oz       | 6114            | 1.78          | 7397            | 1.85          | 5507            | 1.77          |
| Yogurt         | Greek             | 4-6 oz      | 7131            | .97           | 9012            | 1.05          | 7768            | .97           |
| Yogurt         | Greek             | 32 oz       | 1088            | 4.35          | 1486            | 4.65          | 5331            | 3.67          |
| Yogurt         | Yogurt            | 4-6 oz      | 3045            | .48           | 2017            | .49           | 3704            | .53           |
| Yogurt         | Yogurt            | 32 oz       | 983             | 2.48          | 436             | 2.63          | 753             | 2.39          |

## REGIONAL -- CONVENTIONAL DAIRY PRODUCTS

| Commodity      | Type              | Pack Size   | NORTHEAST U.S. |                 |               | SOUTHEAST U.S. |                 |               | MIDWEST U.S. |                 |               |
|----------------|-------------------|-------------|----------------|-----------------|---------------|----------------|-----------------|---------------|--------------|-----------------|---------------|
|                |                   |             | Price Range    | Stores with Ads | Wtd Avg Price | Price Range    | Stores with Ads | Wtd Avg Price | Price Range  | Stores with Ads | Wtd Avg Price |
| Butter         |                   | 1 #         | 2.50-3.99      | 1349            | 3.19          |                |                 |               | 2.48-2.50    | 775             | 2.50          |
| Cheese         | Natural Varieties | 8 oz block  | 1.25-3.50      | 1295            | 2.25          | 2.00-3.00      | 2333            | 2.89          | 1.67-2.50    | 458             | 1.92          |
| Cheese         | Natural Varieties | 1 # block   | 3.79           | 304             | 3.79          |                |                 |               | 3.49-3.79    | 354             | 3.59          |
| Cheese         | Natural Varieties | 2 # block   |                |                 |               | 5.34           | 1086            | 5.34          |              |                 |               |
| Cheese         | Natural Varieties | 8 oz shred  | 1.25-3.50      | 1689            | 2.20          | 2.00-2.99      | 2698            | 2.23          | 1.67-2.49    | 516             | 1.99          |
| Cheese         | Natural Varieties | 1 # shred   | 3.49-4.59      | 356             | 3.91          |                |                 |               | 3.49-3.79    | 256             | 3.63          |
| Cottage cheese |                   | 16 oz       | 1.49-2.99      | 1571            | 2.06          | 1.50-2.50      | 1511            | 1.76          |              |                 |               |
| Cream cheese   |                   | 8 oz        | 1.68           | 102             | 1.68          | 2.00           | 61              | 2.00          | 1.00         | 213             | 1.00          |
| Flavored milk  | All fat tests     | half gallon |                |                 |               | 2.50           | 214             | 2.50          |              |                 |               |
| Flavored milk  | All fat tests     | gallon      |                |                 |               |                |                 |               | 3.99         | 106             | 3.99          |
| Ice cream      |                   | 48-64oz     | 1.47-4.99      | 3538            | 2.90          | 2.50-4.99      | 2199            | 3.04          | 1.88-4.99    | 3986            | 3.17          |
| Milk           | All fat tests     | half gallon | 2.39-3.99      | 329             | 2.92          |                |                 |               |              |                 |               |
| Sour cream     |                   | 16 oz       | 1.50-2.00      | 2155            | 1.87          | 1.50-2.00      | 2443            | 1.69          | 1.99         | 586             | 1.99          |
| Yogurt         | Greek             | 4-6 oz      | 0.79-1.00      | 2546            | .96           | 0.99-1.00      | 841             | 1.00          | 0.80-1.00    | 965             | .96           |
| Yogurt         | Greek             | 32 oz       | 4.99           | 100             | 4.99          | 3.50           | 214             | 3.50          | 4.99         | 116             | 4.99          |
| Yogurt         | Yogurt            | 4-6 oz      | 0.42-0.60      | 1109            | .51           | 0.50           | 1147            | .50           |              |                 |               |



| Commodity | Type   | Pack Size | NORTHEAST U.S. |                 |               | SOUTHEAST U.S. |                 |               | MIDWEST U.S. |                 |               |
|-----------|--------|-----------|----------------|-----------------|---------------|----------------|-----------------|---------------|--------------|-----------------|---------------|
|           |        |           | Price Range    | Stores with Ads | Wtd Avg Price | Price Range    | Stores with Ads | Wtd Avg Price | Price Range  | Stores with Ads | Wtd Avg Price |
| Yogurt    | Yogurt | 32 oz     | 1.99           | 161             | 1.99          | 2.50-2.99      | 267             | 2.89          | 1.98         | 180             | 1.98          |

| Commodity      | Type              | Pack Size   | SOUTH CENTRAL U.S. |                 |               | SOUTHWEST U.S. |                 |               | NORTHWEST U.S. |                 |               |
|----------------|-------------------|-------------|--------------------|-----------------|---------------|----------------|-----------------|---------------|----------------|-----------------|---------------|
|                |                   |             | Price Range        | Stores with Ads | Wtd Avg Price | Price Range    | Stores with Ads | Wtd Avg Price | Price Range    | Stores with Ads | Wtd Avg Price |
| Butter         |                   | 1 #         | 2.50               | 240             | 2.50          | 2.99-3.99      | 240             | 3.25          | 2.50-25.00     | 295             | 10.60         |
| Cheese         | Natural Varieties | 8 oz block  | 1.98-2.00          | 126             | 1.99          | 1.99-2.99      | 622             | 2.49          | 2.99           | 66              | 2.99          |
| Cheese         | Natural Varieties | 1 # block   | 3.49               | 78              | 3.49          | 4.99           | 178             | 4.99          |                |                 |               |
| Cheese         | Natural Varieties | 2 # block   | 6.96               | 973             | 6.96          | 5.99           | 476             | 5.99          | 4.99-8.99      | 568             | 6.42          |
| Cheese         | Natural Varieties | 8 oz shred  | 1.98-2.50          | 541             | 2.35          | 1.99-2.50      | 559             | 2.21          | 2.69           | 289             | 2.69          |
| Cheese         | Natural Varieties | 1 # shred   | 3.49               | 78              | 3.49          | 4.99           | 178             | 4.99          |                |                 |               |
| Cottage cheese |                   | 16 oz       |                    |                 |               | 1.50           | 63              | 1.50          | 1.67           | 289             | 1.67          |
| Cream cheese   |                   | 8 oz        | 1.67               | 54              | 1.67          | 2.50           | 62              | 2.50          | 0.99-1.67      | 358             | 1.54          |
| Flavored milk  | All fat tests     | gallon      |                    |                 |               | 3.99           | 62              | 3.99          | 1.99           | 105             | 1.99          |
| Ice cream      |                   | 48-64oz     | 1.88-4.99          | 1079            | 3.42          | 2.50-4.49      | 1893            | 3.36          | 2.99-3.00      | 576             | 2.99          |
| Milk           | All fat tests     | half gallon | 1.99               | 133             | 1.99          | 1.99           | 246             | 1.99          |                |                 |               |
| Milk           | All fat tests     | gallon      |                    |                 |               |                |                 |               | 1.99           | 105             | 1.99          |
| Sour cream     |                   | 16 oz       |                    |                 |               | 1.50-1.77      | 407             | 1.73          | 0.99-1.77      | 488             | 1.60          |
| Yogurt         | Greek             | 4-6 oz      | 0.89-1.00          | 960             | .98           | 0.89-1.00      | 1000            | .99           | 0.59-1.00      | 749             | .92           |
| Yogurt         | Greek             | 32 oz       | 4.99               | 121             | 4.99          | 3.99           | 200             | 3.99          | 4.39           | 289             | 4.39          |
| Yogurt         | Yogurt            | 4-6 oz      | 0.33-0.49          | 392             | .43           | 0.39-0.49      | 397             | .41           |                |                 |               |
| Yogurt         | Yogurt            | 32 oz       |                    |                 |               | 1.99           | 62              | 1.99          | 2.69           | 289             | 2.69          |

| Commodity      | Type              | Pack Size  | ALASKA U.S. |                 |               | HAWAII U.S. |                 |               |
|----------------|-------------------|------------|-------------|-----------------|---------------|-------------|-----------------|---------------|
|                |                   |            | Price Range | Stores with Ads | Wtd Avg Price | Price Range | Stores with Ads | Wtd Avg Price |
| Butter         |                   | 1 #        |             |                 |               | 3.50        | 24              | 3.50          |
| Cheese         | Natural Varieties | 8 oz shred | 1.99        | 21              | 1.99          | 2.49        | 27              | 2.49          |
| Cottage cheese |                   | 16 oz      | 2.50        | 11              | 2.50          | 2.50        | 24              | 2.50          |
| Cream cheese   |                   | 8 oz       |             |                 |               | 2.00-2.50   | 48              | 2.25          |
| Ice cream      |                   | 48-64oz    | 2.99-4.99   | 43              | 3.63          | 3.99-4.99   | 51              | 4.46          |
| Milk           | All fat tests     | gallon     | 2.99        | 11              | 2.99          |             |                 |               |
| Sour cream     |                   | 16 oz      | 2.50        | 11              | 2.50          | 2.50        | 24              | 2.50          |
| Yogurt         | Greek             | 4-6 oz     | 0.79-1.25   | 43              | .96           | 0.99        | 27              | .99           |
| Yogurt         | Greek             | 32 oz      | 5.00        | 21              | 5.00          | 5.00        | 27              | 5.00          |
| Yogurt         | Yogurt            | 32 oz      |             |                 |               | 3.69        | 24              | 3.69          |

**NATIONAL -- ORGANIC DAIRY PRODUCTS**



| Commodity      | Type              | Pack Size   | THIS PERIOD     |               | LAST WEEK       |               | LAST YEAR       |               |
|----------------|-------------------|-------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|
|                |                   |             | Stores With Ads | Wtd Avg Price | Stores With Ads | Wtd Avg Price | Stores With Ads | Wtd Avg Price |
| Cheese         | Natural Varieties | 8 oz block  |                 |               |                 |               | 178             | 4.99          |
| Cottage cheese |                   | 16 oz       |                 |               |                 |               | 178             | 3.99          |
| Cream cheese   |                   | 8 oz        | 214             | 2.50          | 214             | 2.50          | 69              | 2.50          |
| Milk           | All fat tests     | half gallon | 2621            | 4.01          | 269             | 3.81          | 1422            | 3.49          |
| Milk           | All fat tests     | gallon      | 252             | 6.16          | 838             | 6.28          | 392             | 5.45          |
| Sour cream     |                   | 16 oz       |                 |               | 214             | 2.50          | 289             | 2.49          |
| Yogurt         | Greek             | 32 oz       | 137             | 5.99          |                 |               |                 |               |
| Yogurt         | Yogurt            | 4-6 oz      |                 |               |                 |               | 72              | .58           |
| Yogurt         | Yogurt            | 32 oz       |                 |               |                 |               | 400             | 3.71          |

### REGIONAL -- ORGANIC DAIRY PRODUCTS

| Commodity    | Type          | Pack Size   | NORTHEAST U.S. |                 |               | SOUTHEAST U.S. |                 |               | MIDWEST U.S. |                 |               |
|--------------|---------------|-------------|----------------|-----------------|---------------|----------------|-----------------|---------------|--------------|-----------------|---------------|
|              |               |             | Price Range    | Stores with Ads | Wtd Avg Price | Price Range    | Stores with Ads | Wtd Avg Price | Price Range  | Stores with Ads | Wtd Avg Price |
| Cream cheese |               | 8 oz        |                |                 |               | 2.50           | 214             | 2.50          |              |                 |               |
| Milk         | All fat tests | half gallon | 3.50-4.49      | 330             | 3.77          | 3.50-4.50      | 2085            | 4.02          |              |                 |               |
| Milk         | All fat tests | gallon      | 6.99           | 147             | 6.99          |                |                 |               |              |                 |               |

| Commodity | Type          | Pack Size   | SOUTH CENTRAL U.S. |                 |               | SOUTHWEST U.S. |                 |               | NORTHWEST U.S. |                 |               |
|-----------|---------------|-------------|--------------------|-----------------|---------------|----------------|-----------------|---------------|----------------|-----------------|---------------|
|           |               |             | Price Range        | Stores with Ads | Wtd Avg Price | Price Range    | Stores with Ads | Wtd Avg Price | Price Range    | Stores with Ads | Wtd Avg Price |
| Milk      | All fat tests | half gallon |                    |                 |               | 4.99           | 137             | 4.99          | 2.99           | 69              | 2.99          |
| Milk      | All fat tests | gallon      |                    |                 |               |                |                 |               | 5.00           | 105             | 5.00          |
| Yogurt    | Greek         | 32 oz       |                    |                 |               | 5.99           | 137             | 5.99          |                |                 |               |

| Commodity | Type | Pack Size | ALASKA U.S. |                 |               | HAWAII U.S. |                 |               |
|-----------|------|-----------|-------------|-----------------|---------------|-------------|-----------------|---------------|
|           |      |           | Price Range | Stores with Ads | Wtd Avg Price | Price Range | Stores with Ads | Wtd Avg Price |
|           |      |           |             |                 |               |             |                 |               |

### REGIONAL DEFINITIONS

As used in this report, regions include the following states:

NORTHEAST U.S. Connecticut, Delaware, Massachusetts, Maryland, Maine, New Hampshire, New Jersey, New York, Pennsylvania, Rhode

Wtd Avg - Simple weighted average



|                    |  |
|--------------------|--|
| SOUTHEAST U.S.     | Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia    |
| MIDWEST U.S.       | Iowa, Illinois, Indiana, Kentucky, Michigan, Minnesota, North Dakota, Nebraska, Ohio, South Dakota and Wisconsin |
| SOUTH CENTRAL U.S. | Arkansas, Colorado, Kansas, Louisiana, Missouri, New Mexico, Oklahoma, and Texas                                 |
| SOUTHWEST U.S.     | Arizona, California, Nevada and Utah   |
| NORTHWEST U.S.     | Idaho, Montana, Oregon, Washington, and Wyoming  |
| ALASKA             | Alaska   |
| HAWAII             | Hawaii   |
| NATIONAL           | Continental United States  |



# Dairy Market News

United States Department of Agriculture

Agricultural Marketing Service

Dairy Programs

Market Information Branch

Volume 87, Report 29

July 17, 2020

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