

ORGANIC DAIRY MARKET NEWS
Information gathered December 17 - 28, 2018

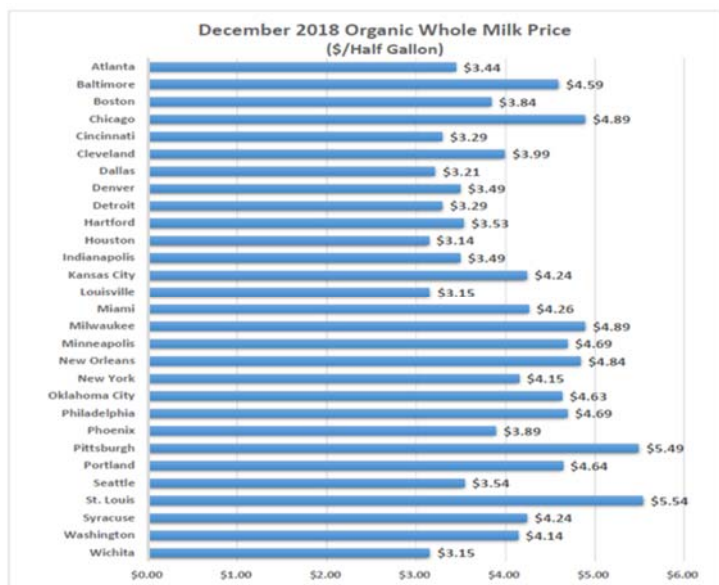
ORGANIC DAIRY FLUID OVERVIEW

New England Organic Milk Sales and Sourcing. Federal Milk Market Order 1 in New England reports utilization of types of organic milk by pool plants. During November 2018, organic whole milk utilization totaled 15.8 million pounds, up from 15.1 million pounds one year earlier. The November 2018 butterfat content was 3.26 percent, down from 3.29 percent in 2017. Organic reduced fat milk utilization for November, 18.8 million pounds, dipped from 20.6 million pounds one year earlier. Meanwhile, butterfat content was 1.37 percent, up from 1.30 percent last year.

Retail Organic Milk Prices for Selected U.S. Cities. The December 2018 in-store surveys of selected supermarkets in twenty-nine U.S. cities reveal that the price of organic whole milk, in half gallon containers, ranges from \$3.14 in Houston, TX to \$5.54 in St. Louis, MO. The U.S. simple average price for December is \$4.08.

The biggest price increase, over the previous month, occurred in Kansas City, MO and New Orleans, LA, each up \$0.20. The largest price decrease, \$0.70, posted in Atlanta, GA. Pittsburgh, PA and Houston, TX reported the highest and least year-to-date averages, \$5.43 and \$3.17, respectively.

Below is a table displaying the December 2018 price per half gallon of organic whole milk, for each of the 29 cities surveyed.

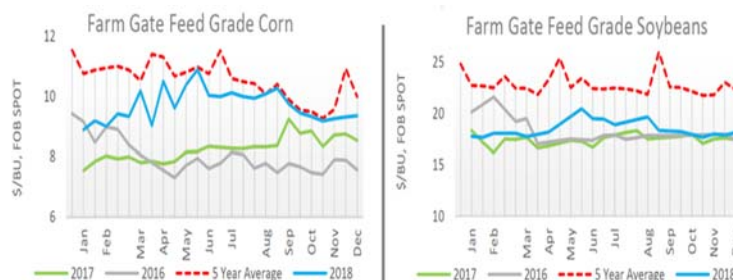


As collected by Federal milk order market administrators, based on a survey conducted one day between the 1st and 10th of each month (excluding Fridays and weekends) in selected cities or metropolitan areas. One outlet of the largest and second largest food store chains and the largest convenience store chain are surveyed. The price represents the most common brand in nonreturnable containers.

Grass-Fed Dairy Farms Growing. A recent university research study indicated that consumer demand for grass-fed dairy products continues to grow. Grass-fed dairy is a segment of the organic milk market. To support the rising demand, research showed that from 2016 to 2018, the number of grass-fed dairy farms have nearly tripled.

ORGANIC GRAIN FEEDSTUFF OVERVIEW

Organic Grain and Feed Market Trend. This week, trading in most markets has been sluggish on light to moderate demand. Feed grade corn traded 4 cents higher this week, but no forward contract activity was reported. Feed grade soybeans saw a 27 cents hike on scarce trading. As well, volume trading for all other organic grains was slow as some producers delay buyer/seller negotiations until after the new year begins.

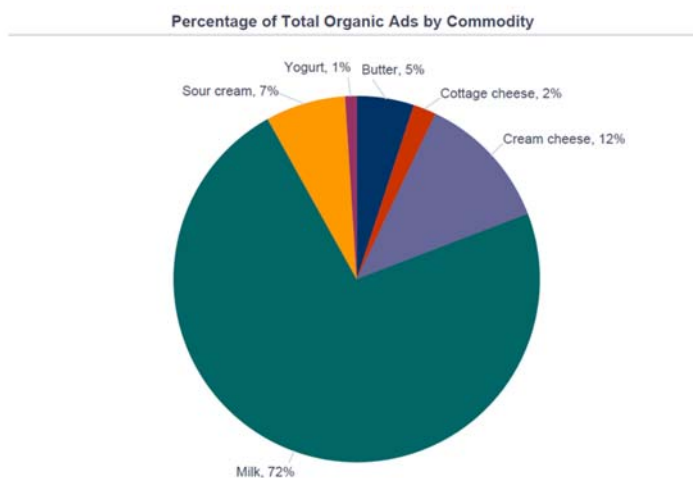


Organic Grain					
Commodity	Specifications	Units	Price Range		Average Price
Yellow Corn	Feed Grade #2	\$/bushel	8.70	- 10.00	9.32
	Food Grade #2	\$/bushel	NA	- NA	NA
Yellow Soybeans	Feed Grade #1	\$/bushel	16.65	- 19.00	17.87
	Food Grade #1	\$/bushel	NA	- NA	NA

ORGANIC DAIRY RETAIL OVERVIEW

During the holiday, total organic retail ad promotions increased 91 percent. For organic milk, half gallon packages, ads increased 218 percent compared to last week's survey period. The retail price spread between organic and conventional half gallon milk, an organic premium of \$2.70, increased 73 cents compared to the previous retail survey. Organic cottage cheese showed the largest decrease in ads, 52 percent, as prices dropped 30 percent for the 16 oz pack size from the previous survey period.

This week, organic milk led all organic dairy commodities, representing 72 percent of the overall organic dairy advertisements. Holiday promotions for sour cream and cream cheese, represent 7 and 12 percent of the total organic ads by commodity, respectively. The pie chart below displays percentages of all organic dairy commodities detailed in the ad survey.



Data source: USDA Dairy Market News

Complete results of this bi-weekly survey providing additional graphs, tables, can be accessed at: <https://www.ams.usda.gov/mnreports/dybdairyorganic.pdf>. Advertising information presented is compiled from nearly 23,000 surveyed newspaper supermarket ads. Prices are valid from December 28, 2018-January 3, 2019. Retail survey ads reflect "advertised specials" and not the range of non-advertised supermarket cooler prices.

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Product pricing information of selected organic dairy commodities, from the current weekly retail survey, is presented in the following table:

**NATIONAL RETAIL ORGANIC DAIRY
WEIGHTED AVERAGE ADVERTISED PRICE
(Dollars)**

Commodity	<u>This Week</u>	<u>Last Week</u>	<u>Last Year</u>
Butter	5.39	6.31	4.94
Milk			
Half Gal.	3.88	4.57	3.20
Gal.	4.99	5.21	5.99
8 oz.	n.a.	n.a.	n.a.
Yogurt			
4-6 oz. Greek	1.29	n.a.	n.a.
32 oz. Greek	n.a.	n.a.	n.a.
4-6 oz. Yogurt	n.a.	n.a.	n.a.
32 oz. Yogurt	n.a.	3.17	2.99

Complete results of the “National Retail Report-Dairy” and “Weekly National Organic Summary” are accessible using the following links:

1 <https://www.ams.usda.gov/mnreports/dybretail.pdf>

2 <https://www.ams.usda.gov/mnreports/lswnos.pdf>