

ORGANIC DAIRY MARKET NEWS
Information gathered August 12 - 23, 2019

ORGANIC DAIRY FLUID OVERVIEW

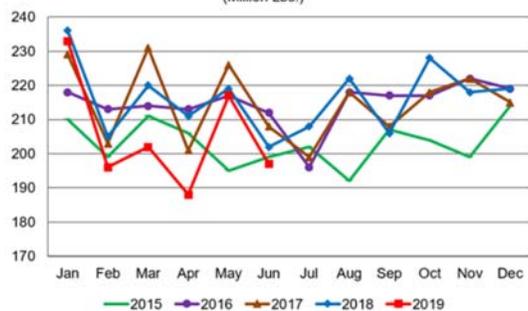
Organic Milk Product Sales. The Agricultural Marketing Service (AMS) reports estimated sales of total organic fluid milk products decreased from a year earlier. June 2019 total organic milk products sales were 197 million pounds, down 2.5 percent from June 2018 and down 4.6 percent compared to January-June 2018. Total organic whole milk products sales for June 2019, 85 million pounds, were up 4.5 percent compared with June last year and up 0.9 percent compared with the year-to-date in 2018. June low fat milk (1%) sales declined 21.9 percent from the previous year.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, JUNE 2019, WITH COMPARISONS^{1/}

| Product Name | Sales | | Change ^{2/} | |
|----------------------------|-----------|------------|----------------------|---------------|
| | JUN. Mil. | Y-T-D Lbs. | Prev. Yr. Percent | Y-T-D Percent |
| Whole Milk | 85 | 527 | 4.5 | 0.9 |
| Reduced Fat Milk (2%) | 67 | 400 | 2.1 | -2.8 |
| Low Fat Milk (1%) | 23 | 169 | -21.9 | -11.2 |
| Fat-Free Milk (Skim) | 14 | 92 | -19.3 | -21.4 |
| Flavored Fat-Reduced Milk | 7 | 44 | -1.0 | -11.9 |
| Other Fluid Milk Products | 0 | 0 | 107.0 | 35.8 |
| Total Fat-Reduced Milk 3/ | 111 | 706 | -7.2 | -8.3 |
| Tot. Organic Milk Products | 197 | 1,233 | -2.5 | -4.6 |

¹ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas, which account for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order data. Reported volumes do not include added non-dairy ingredients such as sweeteners or flavorings. ² Data may not add due to rounding. ³ Both conventional and organic fat-reduced milk categories are the total of reduced fat, lowfat, skim and flavored fat-reduced milk. ⁴ Year to Date Sales, Change from Previous Year, and Change in Year to Date figures include the addition of the California Federal Milk Order, which also includes several changes in product classification. The California Federal Milk Marketing Order became effective on November 1, 2018.

Estimated Total U.S. Sales of Organic Fluid Milk Products (Million Lbs.)



Graph data from Federal Milk Market Administrators, graph by Dairy Market News

New England Organic Milk Sales and Sourcing. Federal Milk Market Order 1, in New England, reports the utilization of types of organic milk by pool plants. During July 2019, organic whole milk utilization totaled 13.6 million pounds, slightly lower than 14.8 million pounds one year earlier. July's 2019 butterfat content was 3.28 percent, unchanged from the previous year. Organic reduced fat milk utilization for July this year, nearly 15.6 million pounds, dipped from the 19.7 million pounds one year earlier. The butterfat content was 1.38 percent, well above the 1.31 percent last year.

June 2019 Average Organic Milk Farm Prices In Europe

| | euro/100lt | (\$USD) | % Change May 2019 | % Change June 2018 |
|---------|------------|---------|-------------------|--------------------|
| Bavaria | 46.85 | 52.00 | - 0.16 | - 2.27 |
| France | 42.10 | 46.73 | + 2.87 | - 0.16 |
| Germany | 46.85 | 52.00 | - 0.17 | - 1.16 |

Retail Organic Milk Prices for Selected U.S. Cities. The August 2019 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 \$5.79 in St. Louis, MO. The U.S. average price for August is \$4.01. The biggest price increase for organic whole milk half gallon, over the previous month, occurred in Cincinnati, OH and Milwaukee, WI, up \$0.15. The largest decrease in price was reported in New Orleans, LA, down \$0.50 in August. The graph below displays May 2019 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.

Carbon Output. A large organic processor has publicized a plan to largely reduce its carbon footprint by the year 2030. The company has the opportunity to eliminate more than 70,000 metric tons of carbon each year. In addition, the processor is participating in emerging technologies to help farmers improve soil health and trap carbon within the soil.

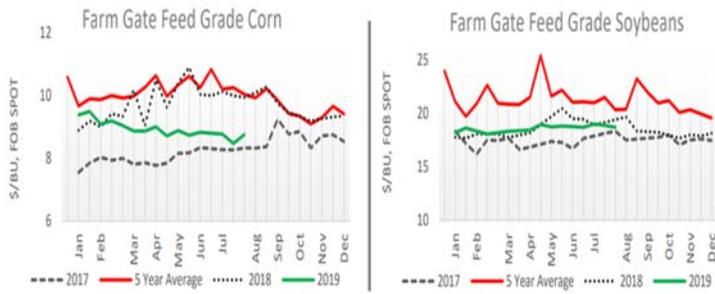
ORGANIC GRAIN FEEDSTUFF OVERVIEW

Organic Grain and Feed Market. Trading activities are light to active in the organic grain and feed markets. The demand for organic feed grade soybeans and corn is fairly steady compared to the last reporting week. Currently, there is little forward contract activity for organic feed grade corn. However, there are reports of no forward contract activity for organic feed grade soybeans and wheat. Trades are limited on all other organic grains this trading period.

| Grower FOB Farm Gate Organic Grain | | | | | | | | |
|------------------------------------|-------|-------------------|-------|--------|-------------------|-------------|-----------------|-----------------|
| Feed Grade | Unit | Spot Transactions | | | Forward Contracts | | Cash Bids | |
| | | Price Range | Avg. | Change | Prior Year | Price Range | | Delivery Period |
| Yellow Corn | \$/bu | 8.20 - 9.60 | 8.76 | 0.29 | 9.94 | 9.00 - 9.00 | Aug-19 - Oct-19 | 9.00 - 9.00 |
| Soybeans | \$/bu | 18.20 - 19.00 | 18.70 | -0.17 | 19.41 | N/A - N/A | N/A - N/A | 17.50 - 18.50 |
| Wheat | \$/bu | 6.52 - 9.00 | 7.91 | N/A | N/A | N/A - N/A | N/A - N/A | 8.00 - 8.00 |
| Oats | \$/bu | N/A - N/A | N/A | N/A | N/A | N/A - N/A | N/A - N/A | 4.00 - 4.50 |
| Barley | \$/bu | N/A - N/A | N/A | N/A | N/A | N/A - N/A | N/A - N/A | 7.50 - 8.00 |

ORGANIC DAIRY MARKET NEWS
Information gathered August 12 - 23, 2019

-CONTINUED FROM PAGE 8-



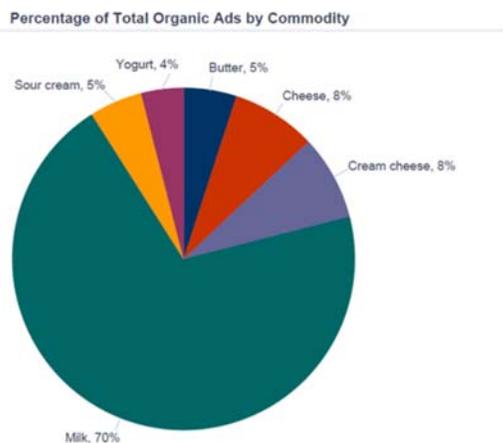
For more additional information, access the link: <https://www.ams.usda.gov/mnreports/lbnoof.pdf>

ORGANIC DAIRY RETAIL OVERVIEW

Leading up to the last week of August, organic retail advertisements dropped 36 percent compared to the previous survey period. Organic milk in half gallon packages decreased in ads, down 30 percent compared to the last reporting week. Organic Greek yogurt in 32 oz packages dipped in ad percentages as well, down 83 percent from last week. Regionally, increases in ads were reported in parts of the Southeast region, but ads numbers are down in the Northwest region. Organic milk advertisements in the Southeast saw a large percentage change in ads, up 62 percent, compared to last week.

The organic milk premium, the difference between the half gallon organic milk price and conventional milk price, \$1.60, shifted lower compared to the prior week's spread, \$2.08. The weighted average milk prices for organic and conventional half gallons this week are \$3.90 and \$2.30, respectively.

Organic milk is the continued leader in highest percentage in ads numbers, at 70 percent, as a percentage of total organic ads by commodity. The percentages of all advertised organic dairy products, gathered from the weekly retail survey, are shown in the pie chart below.



Data source: USDA Dairy Market News

Advertising information presented is compiled from nearly 23,000 surveyed newspaper supermarket ads. Prices are valid from August 23-29, 2019. Retail survey ads reflect "advertised specials" and not the range of non-advertised supermarket cooler prices.

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

| Commodity | This Week | Last Week | Last Year |
|----------------|-----------|-----------|-----------|
| Butter | \$6.99 | \$3.99 | n.a. |
| Milk | | | |
| Half Gal. | \$3.90 | \$4.09 | \$3.77 |
| Gal. | \$5.79 | \$4.99 | n.a. |
| 8 oz.UHT | \$1.00 | n.a. | \$1.25 |
| Yogurt | | | |
| 4-6 oz. Greek | n.a. | \$1.49 | \$1.25 |
| 32 oz. Greek | \$2.99 | \$5.02 | n.a. |
| 4-6 oz. Yogurt | n.a. | \$1.00 | n.a. |
| 32 oz. Yogurt | n.a. | \$4.67 | \$3.49 |

Complete results of the "National Retail Report-Dairy" and "Bi-Weekly Organic Report" are accessible using the following links:

- ¹ <https://www.ams.usda.gov/mnreports/dybretail.pdf>
- ² <https://www.ams.usda.gov/mnreports/dybdairyorganic.pdf>

DIRECT TO CONSUMER ORGANIC DAIRY PRODUCTS PRICES

The following tables identify U.S. price range results from a Dairy Market News national survey of publicly available prices of organic dairy products, available from farmstead outlets and online. There may be prices offered outside of the price range which were not identified by the survey. These are cows' milk products.

| BUTTER | | | |
|----------------|----------------------|-----------|--------------------------|
| Commodity | Type | Pack Size | : Organic Price Range \$ |
| Organic Butter | | 1 lb | : 13.45 - |
| Organic Butter | | 8 oz | : 4.75 - 10.00 |
| CHEESE | | | |
| Commodity | Type | Pack Size | : Organic Price Range \$ |
| Organic Cheese | Cheddar - 10 year | 8 oz | : 11.00 - |
| Organic Cheese | Cheddar - 11-14 year | 8 oz | : 14.00 - |
| Organic Cheese | Cheddar - 2-4 year | 8 oz | : 5.73 - 6.93 |
| Organic Cheese | Cheddar - 5-9 year | 8 oz | : 8.50 - |
| Organic Cheese | Cheddar - Medium | 8 oz | : 4.52 - 8.00 |
| Organic Cheese | Cheddar - Mild | 8 oz | : 4.14 - 8.50 |
| Organic Cheese | Cheddar - Sharp | 8 oz | : 4.95 - 12.00 |
| Organic Cheese | Colby | 8 oz | : 5.25 - 8.00 |
| Organic Cheese | Farmers | 8 oz | : 4.00 - 6.00 |
| Organic Cheese | Gouda | 8 oz | : 12.00 - |
| Organic Cheese | Monterey Jack | 8 oz | : 5.25 - 8.00 |
| Organic Cheese | Mozzarella | 8 oz | : 4.50 - 12.50 |
| Organic Cheese | Muenster | 8 oz | : 6.00 - |
| Organic Cheese | Pepper Jack | 8 oz | : 12.50 - |
| Organic Cheese | Curds | Per Lb | : 6.80 - 12.00 |

Information for the period August 12 - 23, 2019, issued monthly.