

ORGANIC DAIRY MARKET NEWS

Information gathered September 23 - October 4, 2019

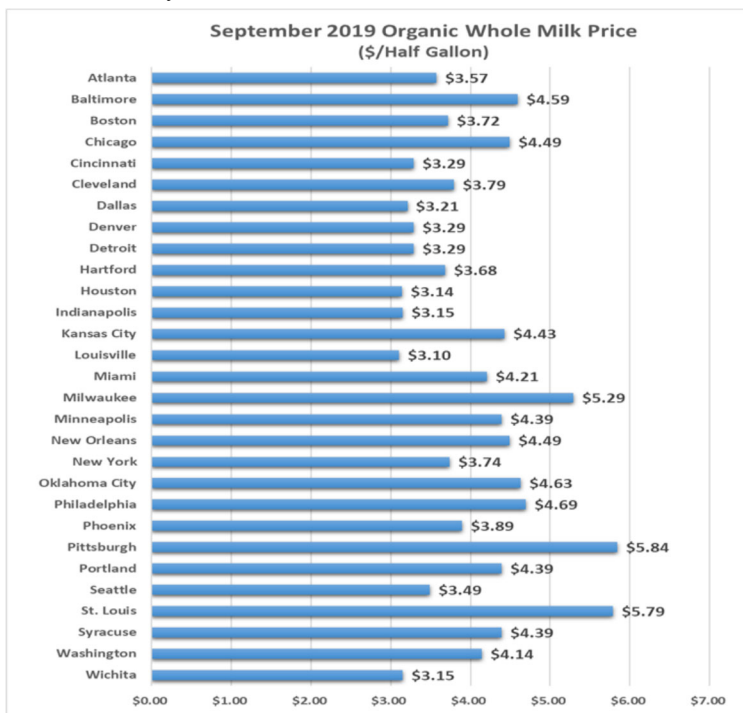
ORGANIC DAIRY FLUID OVERVIEW

Eliminating the Organic Dairy Loophole. On October 1, 2019 the USDA NOP re-opened the public comment period for the "Origin of Livestock" rule, initially published in 2015. The rule regulates the transitioning of dairy cow herds from conventional to organic milk production. There may be some ambiguity in the currently published information, regarding the number of times whole conventional herds can transition over a 12-month period. Some organic dairy stakeholders see this as a loophole undermining the integrity of organic. The comment period is open from October 1-December 2, 2019. The USDA will consider the cost-benefits of limiting dairy transitions to once for a given producer, the procedures certifying agents use to determine if a producer is eligible, and the proposed implementation approach for the rule. Additional info can be viewed <https://www.regulations.gov/searchResults?rpp=25&po=0&s=AMS-NOP-11-0009&fp=true&ns=true>

U.S. Organic Milk Farm Gate Pay Price. A national organic dairy cooperator's October 2019 pay price, per cwt. is \$29.24. The organic milk pay price received by organic dairy producers is based on the geographic area where the milk is produced, with a twelve-month average price of \$31.30, based on a 12.9 percent representation of total solids. Producers continue to feel the impact of the organic milk price drop from last year.

Dutch Organic Milk Pay Price Unchanged. In the Netherlands, a large processor of organic milk announced the October 2019 pay price for organic milk is 47.50 EUR/100lt (currently \$52.01 USD) unchanged from September 2019. The price applies to those organic milk producers supplying an average of 600,000 kilograms of milk, containing a fat content of 4.41 percent, protein content of 3.47 percent and a lactose content of 4.51 percent, on an annual basis.

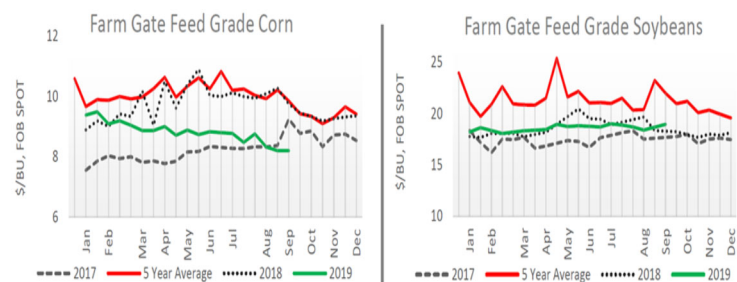
Monthly Retail Organic Milk Prices for Selected U.S. Cities. The September 2019 in-store surveys of selected supermarkets in twenty-nine U.S. cities reveal that the price of organic whole milk, half gallon containers, range from \$3.10 in Louisville, KY. to \$5.84 in Pittsburgh, PA. The U.S. simple average price for September is \$4.04. The following table displays the September 2019 monthly average price per half gallon of organic whole milk for each of the 29 cities surveyed.



ORGANIC GRAIN FEEDSTUFF OVERVIEW

Organic Grain and Feed Market. This report period, markets for organic feed grade corn display moderate trading on light demand. The bulk of trade activity occurred in spot markets with limited activity from forward contracts. Feed grade corn traded steady, with several transactions below 8.00 FOB. Stocks are readily available. While organic feed grade soybeans exchanges were steady, organic feed wheat trading was limited with lower price undertones noted. Trade activity was less than active on feed soybean meal due to struggles to compete with imported meal prices.

Grower FOB Farm Gate Organic Grain								
Spot Transactions						Forward Contracts		Cash Bids
Feed Grade	Unit	Price Range	Avg.	Change	Prior Year	Price Range	Delivery Period	Price Range
Yellow Corn	\$/bu	7.25 - 9.00	8.20	0.00	9.75	7.45 - 9.50	Oct-19 - Jun-20	8.25 - 9.00
Soybeans	\$/bu	18.90 - 19.00	18.95	N/A	N/A	N/A - N/A	N/A - N/A	18.00 - 19.00
Wheat	\$/bu	N/A - N/A	N/A	N/A	7.06	N/A - N/A	N/A - N/A	8.00 - 8.50
Oats	\$/bu	N/A - N/A	N/A	N/A	N/A	N/A - N/A	N/A - N/A	4.25 - 4.25
Barley	\$/bu	N/A - N/A	N/A	N/A	N/A	N/A - N/A	N/A - N/A	7.50 - 7.50



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

Organic Dairy Pastures. While rain delayed a good part of the year's harvest of organic grains, sources indicate that although challenging, pastures in the Northeast area of the country have been viable for grazing. Current reports indicate adequate corn silage yields.

ORGANIC DAIRY RETAIL OVERVIEW

Total retail organic dairy advertisements fell 39 percent from the previous week's total ad numbers. By region, ads decreased in the Northeast, Southeast, South Central and Southwest. The Northwest had the highest volume of organic retail ad numbers, driven by a 56 percent upturn in retail ads. There were no organic dairy ads in the Midwest, Alaska, or Hawaii. The ads, by commodity category, exhibited declines for both organic yogurt and milk, 47 percent and 43 percent, respectively. At the same time, organic cheese ads rose 71 percent.

The price spread between the organic and conventional half gallon milk decreased this week. The organic price, \$3.48, and conventional price, \$2.35, led to an organic premium of \$1.13 this report week, compared to \$1.84 the previous organic report week. When compared to last year at this time, the organic price premium was 41 cents higher.

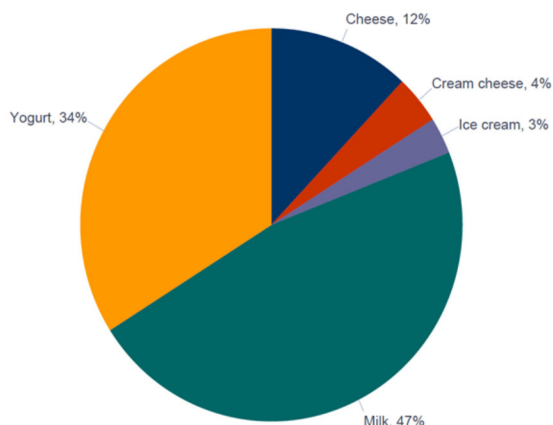
Of the top 5 organic commodities featured, organic milk captured 47 percent of the total organic ads by commodity this week, followed by organic yogurt at 34 percent. The following pie chart shows each of the commodities included and their percentages.

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Percentage of Total Organic Ads by Commodity



Data source: USDA Dairy Market News

Advertising information presented is compiled from nearly 23,000 surveyed newspaper supermarket ads. Prices are valid from October 4-10, 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	<u>This Week</u>	<u>Last Week</u>	<u>Last Year</u>
Butter	n.a.	\$5.49	\$5.07
Milk			
Half Gal.	\$3.48	\$3.99	\$3.67
Gallon	\$5.70	\$5.81	\$6.99
8 oz.UHT	n.a.	n.a.	n.a.
Yogurt			
4-6 oz. Greek	\$1.37	n.a.	\$1.27
32 oz. Greek	\$4.31	\$4.29	n.a.
4-6 oz. Yogurt	\$0.69	\$1.15	n.a.
32 oz. Yogurt	n.a.	\$3.50	\$2.67

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/dybretil.pdf>

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