

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (3/11)**

BUTTER: Grade AA closed at \$1.9875. The weekly average for Grade AA is \$1.9810 (-.0115).

CHEESE: Barrels closed at \$1.4700 and 40# blocks at \$1.5000. The weekly average for barrels is \$1.4660 (+.0230) and blocks, \$1.5120 (+.0360).

NONFAT DRY MILK: Grade A closed at \$0.7700. The weekly average for Grade A is \$0.7495 (-.0175).

BUTTER HIGHLIGHTS: Butter production is active throughout the country as heavy cream volumes continue clearing into butter manufacturing. However, many churners are less interested in pursuing additional cream loads as the spring holiday butter orders are getting filled. In the West, some processors are backing off butter production and shifting cream to other manufactured product lines, like cream cheese and ice cream. Butter inventories are building across the nation. Butter demand from retailers is good in the East and Central regions as the spring holidays approach. In the West, butter demand has eased somewhat. Bulk butter prices for all regions range from 5 cents under market to 8 cents above, based on the CME Group with various time frames and averages used. At the CME Group, Grade AA butter on Friday closed at \$1.9875, down \$0.0525 from a week ago.

CHEESE HIGHLIGHTS: Cheese production continues to follow rising milk intakes, resulting in cheese output above normal interest and holiday demand. Sales, especially to contracted customers, are generally stable and good. However, a few processors report that sales have slowed, as buyers pause to see what direction cheese market prices will take. Some end users are fielding a lot of offers from cheese makers, but have a desire to work through their own inventories first. Cheese processors hope U.S. consumers will continue to use cheese at a high rate. Yet at some point cheese warehouses will be full unless one or a combination of three things happen: milk flows decline and less cheese is made; domestic cheese consumption increases even further; or export sales increase. Foreign markets are weak and the EU has high volumes of cheese production. According to NASS, U.S. total cheese production in January 2016 was 1.003 billion pounds, 2.6% higher than a year ago, but 2.6% lower than December 2015. In CME Group trading Friday, barrels closed at \$1.4700, up \$0.0100 from last Friday and blocks closed at \$1.5000, down \$0.0200 from last Friday.

FLUID MILK: Milk production, in most of the country, is increasing along seasonal patterns. In the Pacific Northwest, industry contacts say the spring flush is underway. In the North Central region, it is early for the arrival of spring flush for many operations. And on both coasts, in California and the Northeast/Mid-Atlantic regions, milk levels are steady to higher. Milk volumes are generally sufficient for all processing needs. In some cases, manufacturers have less capacity available for toll processing. Other processors are gearing up to have a short, hard push on production to move items to retailers ahead of the spring holidays. Bottling demand is mixed with some Midwestern operators scouting for additional milk loads to fill educational institution and retail needs; others see decreases in bottled milk sales. Bottled milk sales are steady in California and in the Pacific Northwest, but lower in Arizona, New Mexico and in the Southeast. In many cases, K-12 milk orders are in flux due to the spring break calendaring. Heavy cream volumes continue to clear into butter churns, and demands from ice cream and cream cheese makers are trending higher. Sales of cream loads are active and moving between regions of the United States. Cream multiples are 1.14 to 1.25 in the East, 1.15 to 1.25 in the Central, and 1.00 to 1.20 in the West.

DRY PRODUCTS: The market tone for low/medium heat nonfat dry milk is unsettled, and prices are steady to lower across the country. NDM production is trending higher as milk production rises. Prices for high heat NDM are steady to lower in the Central and East, but steady to higher in the West. Demand is light to moderate. Dry buttermilk prices narrowed. The market tone is weak, and some manufacturers are working hard to clear condensed buttermilk as opposed to drying. Dry whole milk prices are unchanged. Production is intermittent and dependent on contractual needs. Dry whey prices are steady to higher in the Central, steady to lower in the West and mixed in the Northeast. Some processors say inventories are adequate to lighter, but industry contacts report stocks are building back somewhat. Whey protein concentrate 34% prices are steady with light spot sales activity. A few manufacturers report tight inventories, and some end users are finding it more difficult to find certain specific brands of WPC34%. Prices for lactose are mostly steady to slightly higher this week. Demand is generally good, but other market factors are making it difficult for the lactose market to gain strength. Both rennet and acid casein prices weakened this week and buyers are in no rush to complete transactions.

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CME GROUP CASH TRADING

COMMODITY	MONDAY MAR 07	TUESDAY MAR 08	WEDNESDAY MAR 09	THURSDAY MAR 10	FRIDAY MAR 11	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE BARRELS	\$1.4600 (N.C.)	\$1.4650 (+.0050)	\$1.4650 (N.C.)	\$1.4700 (+.0050)	\$1.4700 (N.C.)	:: (+.0100)	:: \$1.4660 (+.0230)
40# BLOCKS	\$1.5200 (N.C.)	\$1.5200 (N.C.)	\$1.5100 (-.0100)	\$1.5100 (N.C.)	\$1.5000 (-.0100)	:: (-.0200)	:: \$1.5120 (+.0360)
NONFAT DRY MILK GRADE A	\$.7425 (+.0025)	\$.7400 (-.0025)	\$.7450 (+.0050)	\$.7500 (+.0050)	\$.7700 (+.0200)	:: (+.0300)	:: \$.7495 (-.0175)
BUTTER GRADE AA	\$2.0050 (-.0350)	\$1.9700 (-.0350)	\$1.9600 (-.0100)	\$1.9825 (+.0225)	\$1.9875 (+.0050)	:: (-.0525)	:: \$1.9810 (-.0115)

CHEESE: carload = 40,000 lbs., BUTTER: carlot = 40,000-43,000 lbs. *Sum of daily changes. # Weekly averages are simple averages of the daily closing prices for the calendar week.

Computed by Dairy Market News for international purposes. This data is available on the Internet at WWW.AMS.USDAGOV/DAIRY

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

ORGANIC DAIRY MARKET NEWS (DMN): The advent of spring in the Northeast and Midwest has already brought a number of record warm days, helping spur on early pasture growth in many parts of those regions. Increasing numbers of cows are already grazing once pastures are dry enough to handle use. This will bolster efforts to increase organic milk production, as well as contribute toward greater profitability. Organic nonfat dry milk prices moderated in recent transactions in the West. Sale prices from western manufacturers moved lower, to the \$4.00 range. In contrast, conventional west low/medium heat NDM mostly trades from \$.7200-.7700. The U.S. weighted average advertised price of organic milk half gallons is \$4.30, up 86 cents from last year and up 45 cents from last week. Organic milk gallons have an average price of \$5.81, 5 cents below one year ago, but 61 cents above last week. For 8 ounce organic cheese blocks, the average price is \$4.46, up 47 cents from one year ago, but down 3 cents from a week ago. The average price of 8 ounce organic cheese shreds is \$3.09, down 90 cents from one year ago and down 64 cents from a week ago. For 1 pound organic butter, the average price is \$5.10, down 37 cents from last week and down 31 cents from one year ago.

NATIONAL RETAIL REPORT-DAIRY (DMN): This week, dairy advertisements are mostly focused on conventional yogurt, cheese and organic milk. The total volume of conventional dairy ads decreased 8% and organic dairy ads decreased 22%. Ads for 1# packages of conventional butter decreased 60%, with an average weighted price of \$3.43. Ads for 1# organic butter decreased 42% with an average price of \$5.10. Ads for 16 ounce conventional cottage cheese decreased 27%, with an average weighted price of \$2.07. Ads for 16 ounce organic cottage cheese increased 99% with an average price of \$3.00. The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.43, up 14 cents from last week, and 13 cents above a year ago; 8 ounce shred cheese averaged \$2.29, up 1 cent from last week, but 6 cents below one year ago. Organic 8 ounce blocks averaged \$4.46, while 8 ounce shred cheese averaged \$3.09. Advertisements for conventional cheese are up 10%, but organic cheese ads are down 54% from last week. The average price for conventional yogurt in 4-6 ounce packages is \$.48, unchanged from last week, but 1 cent above a year ago. The average price of 4-6 ounce conventional Greek yogurt is \$.91, down 4 cent from last week, and down 5 cents from a year ago. This item had the largest volume of ads this week. Conventional yogurt ad numbers are up 11% from last week. Organic yogurt ads are 29% below the previous week. The price spread between organic and conventional half gallon milk is \$1.76. The price spread is the difference between national weighted average prices for organic, \$4.30, and conventional, \$2.54. Conventional milk ads decreased by 22% from last week, while organic ads decreased by 15%.

MARCH SUPPLY AND DEMAND ESTIMATES (FMMO): The milk production forecast for 2016 is lowered from last month as a smaller decline in the cowherd is more than offset by slower growth in milk per cow. Fat and skim-solids basis exports are reduced primarily on strong competition in international whey product markets, and exports of a number of other dairy products are facing increased competition. Imports are increased on both a fat and skimsolids basis. Continued strength of the U.S. dollar is expected to keep the United States as an attractive market for dairy products. Expectations of a relatively wide spread between U.S. and international butter prices will support increased butterfat imports while cheese imports will likely benefit from continued demand strength. Whey product exports are also likely to be pressured by large world supplies. The butter price

forecast is raised as demand remains firm. Cheese and nonfat dry milk (NDM) prices are reduced as supplies are expected to be large and in the case of NDM, international prices will remain under pressure from large global supplies. The whey price forecast is unchanged. The Class III price is lowered on the lower cheese price. The Class IV price is unchanged at the midpoint as the higher butter price offsets a lower NDM price; however, the range is narrowed. The all milk price forecast is lowered to \$14.95 to \$15.55 per cwt.

JANUARY MILK SALES (FMMO & CDFA): During January 4.3 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 3.1 percent lower than January 2015. Estimated sales of total conventional fluid milk products decreased 3.5 percent from January 2015 and estimated sales of total organic fluid milk products increased 4.0 percent from a year earlier.

DECEMBER MAILBOX PRICES (FMMO & CDFA): In December 2015, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$17.13 per cwt, down \$1.09 per cwt from the November 2015 average and down \$3.70 per cwt from the December 2014 average. The component tests of producer milk in December 2015 were: butterfat, 3.87%; protein, 3.20%; and other solids, 5.74%. When compared to the previous month, the December Mailbox prices decreased in all Federal milk order reporting areas. The Northwest States experienced the greatest decrease of \$1.74 per cwt while Iowa experienced the smallest decrease of only \$0.55 per cwt. Averaged over all Federal milk reporting areas, the December 2015 Mailbox price decreased an average of \$1.15 per cwt. Mailbox prices in December 2015 ranged from \$19.35 in Florida to \$14.96 in New Mexico.

CME GROUP

MONDAY, MARCH 7, 2016

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 3 CARS GRADE A: 2 @ \$0.7400, 1 @ \$0.7375; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.7425; LAST OFFER UNCOVERED: 2 CARS GRADE A @ \$0.7500
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.0050

TUESDAY, MARCH 8, 2016

CHEESE -- SALES: 1 CAR BARRELS @ \$1.4650; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 21 CARS GRADE A: 3 @ \$0.7400, 2 @ \$0.7425, 9 @ \$0.7400, 2 @ \$0.7425, 5 @ \$0.7400; LAST BID UNFILLED: 2 CARS GRADE A @ \$0.7400; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$0.7700
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.9700; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.9600; LAST OFFER UNCOVERED: NONE

WEDNESDAY, MARCH 9, 2016

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.5100
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.7450; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 4 CARS GRADE AA @ \$1.9600; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.9600; LAST OFFER UNCOVERED: NONE

THURSDAY, MARCH 10, 2016

CHEESE -- SALES: 1 CAR BARRELS @ \$1.4700; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4700; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.7500; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 4 CARS GRADE AA: 1 @ \$1.9900, 1 @ \$1.9875, 1 @ \$1.9850, 1 @ \$1.9825; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.9800; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.9900

FRIDAY, MARCH 11, 2016

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.5000
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$0.7700; LAST BID UNFILLED: 2 CARS GRADE A @ \$0.7625; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$0.7700
 BUTTER -- SALES: 4 CARS GRADE AA: 2 @ \$1.9900, 2 @ \$1.9875; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.9850; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$1.9950

BUTTER MARKETS**NORTHEAST**

Heavy cream supplies and uneven demand add to active churning at butter plants. Domestic demand for butter is growing as the holiday nears, but global interest remains limited. However, this week, a cooperative export assistance program accepted requests for 7.716 million pounds of butter. Most inventories are growing, as modestly priced imported fat encourages surplus inventories in the domestic butter market. Bulk butter prices are reported 6 to 8 cents over the CME Group price, with various time frames and averages used. The market undertone is unsettled. According to the DMN *National Retail Report-Dairy*, during the week of March 4-10, 2016, the U.S. weighted average advertised price for 1-pound butter was \$2.90, down 12 cents from a year ago and down 6 cents from the previous week. The weighted average butter price in the Northeast was \$3.37, down 8 cents from a week ago. The CME Group monthly average price for Grade AA butter during February 2016 was \$2.0840, compared to \$1.7293 a year ago. The Grade AA butter price, at the CME Group, closed Tuesday \$1.9700, up \$0.0125 from a week ago. DAIRY PRODUCTS: According to NASS, U.S. butter production for January 2016 totals 175.7 million pounds, down 2.1% from last year, but up 1.6% from a month ago. Butter output in the Atlantic region totals 20.2 million pounds, down 3.1% from last year, but up 9.3% from a month ago.

CENTRAL

In the Central region, butter production is ongoing but at rates lower than a few weeks ago. Butter churn operators indicate cream offerings from eastern and western sources are less available. Also, churners are less interested in pursuing additional cream loads. Some cream spot offers are being turned away as butter makers reevaluate current holdings against forecasted sales and production. Sales into retail outlets are reportedly robust as many consumer outlets alternate features between club and brand name one pound

packages. Bulk butter prices reported range from market to 6 cents over the market, with various time frames and averages used. The CME Group monthly average price for Grade AA butter during February was \$2.0840, compared to \$1.7293 a year ago. Wednesday at the CME Group, Grade AA butter closed at \$1.9600, down \$0.0200 from last Wednesday. The NASS Dairy Products report noted January U.S. butter production totaled 175.7 million pounds, down 2.1 percent from a year ago. The Central region accounted for 39 percent (69.0 million pounds) of U.S. production in January. This production is 7.7 percent lower than one year ago. The DMN *National Retail Report-Dairy* for March 4-10 noted the national weighted average advertised price for a 1 pound package of butter was \$2.90, \$0.06 below one week ago, and \$0.12 below one year ago. The weighted average prices in the Midwest and South Central regions are \$2.69 and \$2.64, respectively.

WEST

Western butter makers say that aside from regular contracts, butter demand has eased somewhat. The spring holiday butter orders are getting filled and inventories are building. Production is generally steady and active, however a few processors are backing off butter production and shifting cream to other manufactured product lines, like cream cheese and ice cream. Most view this as normal seasonal tendencies. A few manufacturers say additional inquiries for butter are light and buyers are taking a wait and see attitude. End users seem to be holding off and working through their stocks while waiting for clearer market signals of whether butter prices will slip as spring flush begins, or if strong domestic consumer demand will continue into summer. An underlying question some processors are considering is whether supply and demand are in balance.

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NATIONAL DAIRY PRODUCTS SALES REPORT
U.S. AVERAGES AND TOTAL POUNDS

<u>WEEK ENDING</u>	<u>BUTTER</u>	<u>CHEESE 40# BLOCKS</u>	<u>CHEESE BARRELS 38% MOISTURE</u>	<u>DRY WHEY</u>	<u>NDM</u>
March 5, 2016	2,0330 3,680,475	1,5049 11,658,815	1,4965 9,833,272	2,530 6,142,267	7,626 25,640,164

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

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A few other are wondering if the secondary markets have filled warehouses and gained coverage of late year butter needs. The DMN *National Retail Report-Dairy* for the week of March 4-10 found that the U.S. weighted average advertised price of 1 pound butter is \$2.90, down \$.06 from last week. The U.S. weighted average price was \$3.02 one year ago. In the Northwest, the weighted average advertised price of 1 pound butter is \$2.87. In the Southwest the weighted average advertised price of 1 pound butter is \$1.99. This week, a cooperative export assistance program accepted requests for 2.315 million pounds (1,050 metric tons) of butter (82% milkfat). *Dairy Products* (NASS) reports U.S. butter production during January 2016, 175.7 million pounds, was 2.1% lower than January 2015, but 1.6% higher than December 2015. In the West, total January butter production was 86.5 million pounds, 3.0% higher than last year. California December production was 52.8 million pounds, 8.1% lower than last year. Bulk butter pricing in the West this week is 5 cents under market to 2 cents above, based on the CME Group with various time frames and averages used. The CME Group February 2016 monthly average price for AA butter, \$2.0840, is down from the January monthly average of \$2.1214, but up from the February 2015 monthly average of \$1.7293. The Grade AA butter price at the CME Group on Wednesday closed at \$1.9600, down \$.0200 from a week ago.

2016 U.S. Butter and Milkfat Exports (USDA-FAS)

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
January Total	5.7	...
TOTAL, JAN	5.7	...
1 Mexico	4.4	+ 85
2 Canada	0.5	+ 4
3 Saudi Arabia	0.2	- 57
4 South Korea	0.1	- 65
5 UAE	0.1	+206

CHEESE MARKETS

NORTHEAST

This week, milk intakes continue to prompt production output that is beyond normal interest and holiday demand. Cheese procurements from contracted customers remain good, while spot exchanges are sluggish. Non-competitive prices discourage global sales. The influence of cheese imports on domestic market transactions increase sale challenges for some cheese types. The market has a mixed undertone. Wholesale cheddar and Muenster saw an upturn this week, moving prices \$0.0150 higher. In addition, process 5# cheese increased \$0.0075. The Grade A Swiss price declined \$0.0975, subsequent to adjustment delays centered on Class III component prices. According to the DMN *National Retail Report-Dairy*, for, March 4-10, 2016, the Northeast weighted average advertised price for 8 oz. cheese blocks was \$2.18, 11 cents below the national average and 12 cents less than the previous week. The Southeast 8 oz. block cheese price was \$2.54, up 6 cents from the previous week. The DMN February 2016 monthly average price for Northeast cheddar blocks is \$2.0296, compared to \$2.0672 the previous year. Processed 5# sliced average price is \$1.8920, compared to \$1.9488 one year ago. The CME Group February 2016 monthly average price for barrels was, \$1.4573, compared to \$1.4849 a year ago; blocks' average price was \$1.4744, compared to \$1.5382 a year ago. Tuesday's CME Group daily cash prices saw barrels close at \$1.4650, up \$0.0325 from a week ago; blocks closed at \$1.5200, up \$0.0600 from a week ago.

DAIRY PRODUCTS: According to NASS, U.S. total cheese production in January 2016 was 1.003 billion pounds, 2.6% higher than a year ago, but 2.6% below the previous month. In the Atlantic region, total cheese production was 125.6 million pounds, 6.9% higher than a year ago, but 2.2% below the previous month. The total cheese production and percent changes from one year ago for individual Eastern states are, New York 69.1 million pounds, +3.7%; Pennsylvania 33.5 million pounds, +0.1%; and Vermont 11.0 million pounds, +2.8%.

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

Cheddar 40# Block	:	1.8825-2.1675
Process 5# Sliced	:	1.6475-2.1275
Muenster	:	1.9025-2.2525
Grade A Swiss Cuts 10 - 14#	:	3.0550-3.3775

MIDWEST

Cheese manufacturers are voicing concern about increasing cheese inventories yet acknowledge that CME Group cheese pricing has remained in the recent range. Most cheese plants have contracted milk arriving every day, so cheese continues to be made. Sales are stable and sales volume is still pretty good. The challenge in the overall mix is the strong volumes of milk produced during a relatively mild winter and into early spring. The near term looks like the present, with hopes that domestic customers will continue buying cheese. However, there will be a point that cheese storage is essentially full unless one of three eventualities, or some combination, occurs: milk flows decline so less cheese is made; domestic consumption increases further; or export sales increase. The DMN *National Retail Report-Dairy* shows that March 4-10 Midwest ads for 8 ounce shred cheese have a weighted average advertised price of \$2.03, 25 cents lower than the national average. Midwest prices range from \$1.67-\$2.50. One year ago, the national price was \$2.67. For 8 ounce blocks, the Midwest average

price is \$1.99, 30 cents below the national average price. Midwest ads are priced from \$1.99-\$2.00. Last year, the national price was \$2.33. Looking at organic cheese, organic 8 ounce shred cheese has a national weighted average advertised price of \$3.73, 31 cents above one week ago. One year ago the price was \$3.99. Organic 8 ounce block cheese has a national weighted average advertised price of \$4.49, 16 cents above one week ago. One year ago the price was \$3.99. *Dairy Products* (NASS) reports January 2016 U.S. total cheese production, 1 billion pounds, was 2.6% more than a year ago, but is 2.6% below December last year. In Wisconsin, the highest producing cheese state, cheese production for January 2016 compared with January 2015 was: total cheese, +4.0%; American, +4.6%; cheddar, +3.3%; total Italian, +4.3%; and mozzarella, +4.7%. In each of the categories, the states' percentage increase in production exceeded the national percentage. The CME Group February 2016 monthly average price for barrels, \$1.4573, compares with \$1.4849 for February last year. The February 2016 price for blocks, \$1.4744, compares with \$1.5382 in February last year. Midwestern wholesale prices down \$0.0975 for Swiss cuts, up \$0.0075 for process, and up \$0.0150 for all other types. This week, a cooperative export assistance program accepted requests for 1.581 million pounds of cheese. So far this year, the program has accepted requests to sell 9.815 million pounds of cheese. In CME Group trading Wednesday, barrels closed at \$1.4650, up \$.0375 from last Wednesday and blocks closed at \$1.5100, up \$.0600.

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

Process American 5# Loaf	:	1.5400-1.9000
Brick And/Or Muenster 5#	:	1.8525-2.2775
Cheddar 40# Block	:	1.5800-1.9750
Monterey Jack 10#	:	1.8275-2.0325
Blue 5#	:	2.1200-3.1075
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6525-2.5925
Grade A Swiss Cuts 6 - 9#	:	2.5725-2.6900

WEST

Western cheese makers are seeing increases in milk intakes, and as a result, steady to higher cheese production. A few processors report sales have slowed somewhat as buyers pause to see what direction cheese market prices will take and whether U.S. consumers continue to eat cheese at high rates like last year. End users are fielding a lot of offers from cheese makers, but have a desire to work through their own inventories and draw those stocks down to more comfortable levels. Most processors note inventories continue to be long, but a few say stocks of certain cheese varieties, such as cheddar blocks, have plateaued. While export opportunities continue to be somewhat limited, domestic demand is still pulling cheese out of warehouses. The DMN *National Retail Report-Dairy* for the week of March 4-10 shows the U.S. weighted average advertised retail price for an 8 ounce pack of natural shredded cheese is \$2.28, up \$.02 from last week, but down \$.39 from a year ago. Packs average \$2.21 in the Southwest and \$2.16 in the Northwest. For 8 ounce blocks, the U.S. price is \$2.29, up \$.04 from last week, but down \$.04 from a year ago. Blocks average \$2.26 in the Southwest and \$2.24 in the Northwest this week. In the West, wholesale prices are up \$.0075 for process, and up \$.0150 for cheddar block, cuts, and Monterey Jack. Swiss cut wholesale prices are down \$.0975. This week, a cooperative export assistance program accepted requests for 1.581 million pounds (717 metric tons) pounds of cheese.

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CHEESE MARKETS

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

Dairy Products (NASS) reports January 2016 U.S. total cheese production, 1.003 billion pounds, is 2.6% below December 2015. In the West, total cheese production for January 2016 was 429.4 million pounds, 2.0% less than December 2015. For total cheese production and various types of cheese, January 2016 U.S. and West cheese production compared to January 2015 are as follows:

	U.S.	West
Total Cheese	+ 2.6%	+1.3%
American	+ 0.9%	-0.3%
Cheddar	+ 1.4%	+2.1%
Total Italian	+ 2.2%	...
Mozzarella	+ 0.3%	-2.1%
Swiss	+12.8%	...

The CME Group February 2016 monthly average price for barrels, \$1.4573, is down from the January 2015 monthly average of 1.4842, and down from the monthly average of a year ago, \$1.4849. Blocks' February average price, \$1.4744, is down from the \$1.4757 January monthly average, and down from \$1.5382 one year ago. In CME Group trading Wednesday, barrels closed at \$1.4650, up \$.0375 from a week ago and blocks closed at \$1.5100, up \$.0600.

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

Process 5# Loaf	:	1.5550-1.8125
Cheddar 40# Block	:	1.5850-2.0300
Cheddar 10# Cuts	:	1.7650-1.9850
Monterey Jack 10#	:	1.7750-1.9350
Grade A Swiss Cuts 6 - 9#	:	2.6325-3.0625

FOREIGN

EU markets for semi hard cheese are weaker, with slowly weakening prices in the EU. The continuing higher volumes of cheese production are ahead of demand and this is driving price trends. Export markets are stable, so the added volumes of production weigh on domestic markets. NASS reports that U.S. Swiss production during January 2016, 27.5 million pounds, was 12.8% higher than January last year. As for pricing of foreign type cheese in the U.S., wholesale domestic Swiss prices declined \$0.0975 following adjustment of the Class II price; domestic blue, gorgonzola, parmesan and Romano cheese prices increased \$0.0150 following the higher weekly average CME Group block price, and the remaining prices are unchanged.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.3800	: 2.0475-3.5350*
Gorgonzola	: 3.6900-5.8900	: 2.5550-3.2525*
Parmesan (Italy)	: -0-	: 3.4375-5.5275*
Romano (Cows Milk)	: -0-	: 3.2375-5.3875*
Sardo Romano (Argentina)	: 2.8500-4.9300	: -0-
Reggianito (Argentina)	: 3.2900-4.9300	: -0-
Jarlsberg-(Brand)	: 2.9500-6.4500	: -0-
Swiss Cuts Switzerland	: -0-	: 3.0925-3.4150*
Swiss Cuts Finnish	: 2.6700-2.9300	: -0-

• = Price change.

BUTTER : CHEESE

	:	:
03/07/16	22,175	: 95,336
03/01/16	21,185	: 93,830
CHANGE	990	: 1,506
% CHANGE	5	: 2

2016 U.S. Cheese and Curd Exports (USDA-FAS)

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
January Total	48.4	- 8
TOTAL, JAN	48.4	- 8
1 Mexico	16.6	+ 30
2 South Korea	6.1	- 57
3 Japan	5.8	- 16
4 Australia	3.0	+ 47
5 Chile	1.7	+ 48

FLUID MILK AND CREAM

EAST

SPOT SHIPMENTS OF GRADE A MILK INTO OR OUT OF FLORIDA & SOUTHEASTERN STATES

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	90	0	75	0	40
SOUTHEAST STATES	0	0	0	0	0	0

Farm milk levels are steady to increasing in the Northeast and Mid-Atlantic regions. Distribution concerns were eased as some plants that were down for maintenance are back on normal schedules. Milk volumes to manufacturing are sufficient. Some manufacturers are working to improve holiday inventory volumes. Southeast milk output is increasing seasonally. A few bottling orders were added this week, but fluid sales are below expectations. Manufacturing is full. Florida milk production continues to climb. Class I milk sales took a downturn this week. Export milk shipments totaled 90 f.o.b. spot loads. According to the *DMN National Retail Report-Dairy*, for March 4-10, 2016, the U.S. weighted average advertised price for a gallon of milk was \$2.38, down 38 cents compared to a year ago and down 14 cents from last week. **Condensed skim** is plentiful in the region, with discounted trading taking place as supplies clear to Class II and III. Most volumes clear by contracts, as demand from seasonal production improves. Movement in the spot market is light. Class IV processing is steady to increasing in some channels. The DMN February 2016 monthly average price for Northeast Class II condensed skim was \$0.7440, compared to \$1.0295 a year ago. The price for Class III was \$0.6575, compared to \$1.1579 the previous year. **Cream multiples** for all Classes **ranked 1.14-1.25**. Supplies are readily available for most dairy manufacturing needs. Cream is supporting active Class II and III production to domestic and export markets. The DMN February 2016 monthly average price for Northeast Class II cream was \$2.5239, compared to \$2.0242 year ago. At the CME Group, Grade AA butter closed Wednesday at \$1.9600, down \$0.0200 from a week ago.

DAIRY PRODUCTS: According to NASS, hard ice cream production in the Atlantic region for January 2016 totaled 11.8 million gallons, 3.0% less than a year ago and 7.9% less than December 2015. Cumulative national production in January totals 57.0 million pounds, 2.7% more than a year ago. U.S. yogurt production for January 2016 totaled 390.4 million pounds, up 3.6% from a year ago and up 6.2% from December 2015.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES:
SPOT PRICES OF CLASS II CREAM, DOLLARS PER LB. BUTTERFAT:

F.O.B. producing plants: Northeast - 2.2715-2.4906

F.O.B. producing plants: Upper Midwest - 2.2914-2.4707

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS, F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices - .60-.85

Northeast - Class III - spot prices - .63-.75

MIDWEST

South and mid-Central milk production rates are trending higher as warm weather settles into those areas. In the North Central, milk haulers note there is a steady uptick in milk pickup volumes. However, it is still a little ahead of spring flush for many operations. Some pasture-based herds have not exited their synchronized dry period as yet. Bottler demand is mixed with some operators scouting for additional milk loads to fill educational institution and retail needs. However, equipment problems also fostered unexpected spot

load sales from another fluid processor. Throughout the region, K-12 milk orders are in flux due to the spring break calendaring. Demand for milk for specialized holiday production moved higher this week. Processors are planning a short, hard push on production to move items to retailers ahead of the spring holidays. Some additional skim milk loads are seeking processing room as some Class II producers ramp up production. The *DMN National Retail Report-Dairy* for March 4-10 noted the national weighted average advertised price for one gallon of milk was \$2.38, down \$0.14 from a week ago. The weighted average regional prices in the Midwest and South Central regions were \$1.92 and \$2.59, respectively. Cream multiples for Class II end uses shifted lower, ranging from 1.15 to 1.25. Spot milk prices are \$3.50 under to flat Class. Fieldwork days have been limited in the South Central by heavy rains. However, the rain has been beneficial to wheat fields. Mid-Central fields got some attention, especially any high ground dry enough to be worked up. Far North Central fieldwork is limited due to wet conditions and/or snow in fields.

WEST

At this point, milk production is flat to higher in California. The butterfat component level of the milk is starting to decrease slowly. Bottled milk sales are unchanged from last week. Demands for condensed skim from ice cream and soft serve mix manufacturers are picking up. Fair to good quality alfalfa hay continues to grow in the north area of the Central Valley. According to the last snow survey, the snowpack in Sierra Nevada is below average at 83% of normal for this date. Arizona milk output is increasing along seasonal trends. Manufacturing milk volumes are heavy. Orders from bottlers are steady to lower, as most K-12 schools will start the spring break during next week. Demand for condensed skim is steady this week. Milk output in New Mexico is ramping up as warmer temperatures are aiding dairy herd comfort. Bottled milk sales to retailers and food service are lower. Class II sales are slightly higher as demands for ice cream/frozen desserts are seasonally increasing. Milk volumes moving to dry products manufacturing are slightly lower as some dryers are having repair/maintenance work. Manufacturing milk volumes into Class III are steady to higher this week. According to the *DMN National Retail Report-Dairy* for the week of March 4 to 10, the national weighted average advertised price for one gallon of milk is \$2.38, \$2.13 in the Southwest and \$2.50 in the Northwest. Manufacturers in the Pacific Northwest report milk intakes are climbing, and the spring flush is underway. Some processors have less available capacity for toll processing. They are turning away extra loads of milk, and are unable to take in milk from other handlers. Bottling demand is seasonal and steady. Warm temperatures and ample rain are getting pastures off to a good start. The farmers within the region expect the mountain snowpack to provide adequate water for early season irrigation needs. Milk production in Utah and Idaho is moving higher as temperatures warm and the days get longer. Most manufacturers are content with the milk that is available to them. As the need arises, some milk is available to round out production schedules. Some rain across the region and snow in the mountains have helped refill reservoirs. However, pockets within the region are still below normal snow water equivalents. Additional snow or rain is needed to assure enough water for all irrigation needs. Heavy cream volumes continue to clear into butter manufacturing. In addition, demands from ice cream and cream cheese makers are trending higher. Sales of cream loads are active throughout the region. The market tone is light to moderate. This week, multiples for all classes are steady to lower, ranging from 1.00 to 1.20.

NONFAT DRY MILK, BUTTERMILK & 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: In the Central region, prices for low/medium heat nonfat dry milk are mostly steady on an unsettled market. As buyers witness the recent price changes on various indices, they are less willing to enter the market for what they view as prices mimicking the higher side of recent trading versus middle of the road prices. The repeating cycle of higher and lower prices, in fairly rapid succession, has buyers wary of overpaying for NDM in a market seeking firm backing. Low/medium heat NDM production is steady to higher as milk intakes trend upward. Manufacturers are concentrating on clearing intakes through low/medium heat NDM production. With a few plants taking down time to change dryer socks and perform other maintenance, milk is moving around within the region to find processing room. High heat NDM, Central, prices are steady to lower on light interest. Many end users are receiving needed loads via contract arrangements. NDM producers are splicing in runs of high heat, as needed, near the ends of low/medium heat runs to keep from losing production time. The CME Group monthly average price for Grade A NDM during February was \$0.7410, compared to \$1.1067 a year ago. The DMN monthly average of the mostly price series for Central and East low/medium heat NDM during February was \$0.7860, compared to \$1.0750 a year ago. The February monthly average of the range price series for Central and East high heat was \$1.0220 compared to \$1.1745 a year ago.

DAIRY PRODUCTS: The NASS *Dairy Products* report noted U.S. human NDM production during January in the Central region totaled 25.5 million pounds, 2.7 percent lower than one year ago. Total U.S. human NDM production during January was 136.2 million pounds, 17.4 percent lower than last year. Total U.S. NDM human month ending stocks for January were 226.6 million pounds, 5.7 percent below a year ago.

EAST: In the East region, prices are steady to lower. Production of low/medium heat nonfat dry milk is increasing as milk production levels rise. Domestic demand for low/medium nonfat dry milk is steady. End users, in general, are only buying supplies they need; otherwise, buyers are holding to previously contracted loads. International interest is active. Stocks of low/medium NDM are moderate to growing. The region saw a slight increase in high heat nonfat produced at some plants. Inventories are sufficient for fulfilling customer orders. Prices for high heat nonfat dry milk changed lower at the bottom of the range. The February 2016 DMN monthly average for the Central and East low/medium heat nonfat dry milk range price series is \$0.7894 compared to \$1.0707 a year ago. Wednesday at the CME Group, Grade A NDM closed \$0.7450, down \$0.0350 from last Wednesday. The CME Group, February 2016 monthly average price for NDM is \$0.7410, compared to \$1.1067 the previous year.

DAIRY PRODUCTS: According to NASS, the Atlantic region's production of human nonfat dry milk in January 2016 totaled 29.4 million pounds, unchanged from the previous year, but 3.2% less than December 2015. The January 2016 U.S. production of skim milk powder, totaled 51.2 million pounds, 17.3% above a year ago and 17.9 above December 2015.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: .7100 - .8400 MOSTLY: .7500 - .8100
HIGH HEAT: .8500 - 1.1000

NONFAT DRY MILK - WEST

Low/medium heat nonfat dry milk (NDM) prices are mixed on an unsettled market. According to some industry contacts, NDM supplies are somewhat tight as supply is mostly committed to contracts. However, some resellers note that NDM supplies are readily available

in the spot market. Also, they are receiving moderate numbers of offers from manufacturers. Some processors are transitioning from NDM to MPC production. Drying schedules for low/medium heat nonfat dry milk are active throughout many regional plants. Inventories continue to be mixed. High heat nonfat dry milk prices are steady to slightly higher. Demand from the bakery sector is moderate. Production is irregular, as required by contract fulfillments. Inventories are slightly tight. The February 2016 Dairy Market News monthly average for the West low/medium heat nonfat dry milk mostly series is \$0.7296 compared to \$1.0475 a year ago. The average for Western high heat nonfat dry milk is \$0.9648 compared to \$1.1355 a year ago.

DAIRY PRODUCTS: According to NASS, U.S. production of human food nonfat dry milk during January 2016 totaled 136.2 million pounds, 17.4% lower than a year ago and 9.7% below the previous month. The West region's production totaled 81.2 million pounds, 25.7% lower than a year ago and 11.0% below the previous month.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: .6850 - .8200 MOSTLY: .7200 - .7700
HIGH HEAT: .8400 - 1.1025

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES
March 4	\$.7590	12,313,745
February 26	\$.7762	6,337,795

Prices are weighted averages for Extra Grade and Grade A Nonfat Dry Milk, f.o.b. California manufacturing plants. Prices for both periods were influenced by effects of long-term contract sales. Compiled by Dairy Marketing Branch, California Department of Food and Agriculture.

U.S. NDM Exports, H.S. Code 0402100000(FAS)

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
January Total	94.6	+ 23
TOTAL, JAN	94.6	+ 23
1 Mexico	43.9	+ 6
2 Philippines	14.3	+ 53
3 Peru	6.9	+ 53
4 Indonesia	6.6	+ 80
5 Vietnam	6.3	+ 520

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices, Central, are steady to lower on light interest. Production is active, but manufacturers are also working to clear condensed buttermilk volumes ahead of needing to send these volumes through the dryers. This is helping curtail further buildup of warehoused loads. A few manufacturers plan to clear dry buttermilk through internal uses and are not overburdened at this time with inventories. The DMN monthly average of the range price series for Central and East dry buttermilk during February was \$.7974, compared to \$.8871 a year ago.

DAIRY PRODUCTS: The NASS *Dairy Products* report noted U.S. dry buttermilk production during January totaled 11.4 million pounds, 10.8 percent higher than a year ago. Total U.S. dry buttermilk month ending stocks for January were 21.3 million pounds, 14.1 percent below last year.

-CONTINUED ON PAGE 5A-

NONFAT DRY MILK, BUTTERMILK & 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.

-CONTINUED FROM PAGE 5-

EAST: The price of dry buttermilk is steady to lower at the top of the range. Production is increasing. Manufacturers are likely to produce dry buttermilk around customer needs and dryer availability. Producers' inventories remain mostly balanced, with reports of some being light. The domestic demand for dry buttermilk is moderate. Buyers are seeing a slight price advantage with the use of condensed buttermilk. Most purchases of dry buttermilk are contract driven, as a few buyers wait to see if prices will move lower. The market undertone is steady to weak.

F.O.B. CENTRAL/EAST: .7200 - .8250

DRY BUTTERMILK - WEST

Western prices for dry buttermilk are mixed on the range, but steady on the mostly series. The market undertone is weak. Interest for dry buttermilk is light at this point. Spot sales have been sluggish throughout the week. Production is constant, following the active butter churning trend in the region. Inventories are steady to building. The February 2016 Dairy Market News monthly average for the West dry buttermilk mostly series is \$0.8018 compared to \$0.8993 a year ago.

DAIRY PRODUCTS: According to NASS, U.S. production of dry buttermilk during January 2016 totaled 11.4 million pounds, 10.8% higher than a year ago, but 0.8% lower than the previous month.

F.O.B. WEST: .7200 - .8100 MOSTLY: .7400 - .8000

DRY WHOLE MILK - NATIONAL

Dry whole milk prices are unchanged. The market undertone is weak. Sales in the f.o.b. spot market are slow. At this point, demand for dry whole milk is light. However some processors anticipate an uptick in demand during the upcoming spring baking/confectionary seasons. Production is intermittent, determined by the current contractual needs. Inventories are mixed. The February 2016 Dairy Market News monthly average for the national price series for dry whole milk is \$1.2812 compared to \$1.3995 a year ago.

DAIRY PRODUCTS: According to NASS, U.S. production of dry whole milk during January 2016 totaled 9.9 million pounds, 60.3% higher than a year ago and 2.9% above the previous month.

F.O.B. PRODUCING PLANT: 1.1700 - 1.4475

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

Dry whey prices in the Central region are unchanged to higher on a mixed market. Although variably priced index based contract prices shifted higher, the market tone has yet to arrive in firm territory. Buyers report they regularly receive offers or requests for bids from dry whey manufacturers, resellers, and marketing agents. Several feed blenders, who are regular users of edible whey, indicate they've recently purchased imported whey solids of varying composition as a substitute for domestic whey. The higher protein profile and competitive delivered price makes the imported whey solids an economical alternative. Dry whey production is steady to higher at some plants as improving cheese orders spur American and Italian cheese production. Also, a few Central plant operators are diverting whey streams from whey protein concentrates into dry whey to help support those WPC markets. The DMN monthly average of the mostly price series for Central dry whey during February was \$0.2393, compared to \$0.4782 a year ago. January dry whey (human) production in the Central region totaled 37.1 million pounds, 8.7 percent above a year ago. Animal feed whey prices are unchanged to lower on light demand. With many options available to feed blenders, price concessions are often the one factor that wins sales. The monthly average of the range price series for Central animal feed whey during November was \$0.1735, compared to \$0.4013 a year ago.

DAIRY PRODUCTS: The NASS *Dairy Products* report noted U.S. total dry whey production for January was 83.0 million pounds, up 9.8 percent from a year ago. U.S. total dry whey month ending stocks for January were 83.4 million pounds, 32.6 percent higher than one year ago.

F.O.B. CENTRAL: .1800 - .2900 MOSTLY: .2200 - .2650
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .1250 - .2150

DRY WHEY - NORTHEAST

Dry whey prices are mixed due to f.o.b. spot trades and pricing indices. Surplus Southeast milk distributed to a key cheese plant is supporting dry whey output, and increasing dry whey available for cash trading. Manufacturers' supplies vary from adequate to light. Movement is mostly contractual and typically domestic. The DMN February 2016 monthly average price for Northeast dry whey was \$0.2569 compared to \$0.5139 one year ago.

DAIRY PRODUCTS: According to NASS, the Atlantic region's production of human food dry whey January 2016 totaled 21.3 million pounds, 5.2% less than a year ago and 2.6% less than December 2015.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2200 - .2900

U.S. Dry Whey Exports, H.S. Code 0404104000(FAS)

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
January Total	29.6	- 1
TOTAL, JAN	29.6	- 1
1 China	6.7	- 32
2 Canada	4.1	+ 20
3 Mexico	3.2	- 26
4 Japan	2.9	+ 222
5 Philippines	2.6	+ 41

DRY WHEY - WEST

Western whey prices are mostly steady. The top end of the price range edged back slightly with light spot sales activity. The market tone is mixed. Many manufacturers note a level of stability in prices that has been present for a number of months. In addition, a few processors have committed inventories and have been able to clear out stocks over the last few months. However, demand is currently a little lighter and inventories are building back somewhat. Some end users are choosing to burn through inventories as opposed to seeking out new purchases. Dry whey production is steady to lower. The DMN monthly average of the mostly price series for West dry whey during February was \$0.2500 compared to \$0.2426 one month ago and \$0.4513 a year ago. NASS reports that January 2016 U.S. human whey production, 80.1 million pounds, is up 7.3% from a year ago, but down 13.5% from December 2015. The Western region produced 21.7 million pounds of edible dry whey during January, up 20.2% from last year, but down 30.7% from December. Month ending stocks for U.S. human whey, at 81.5 million pounds, are 31.3% higher than one year ago and 15.6% higher than December 2015.

NONHYGROSCOPIC: .2300 - .3050 MOSTLY: .2300 - .2700

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices are steady with light spot sales activity. The recent momentum gained by higher protein concentrations has not translated back to WPC34%. Market pressures from other protein sources, such as skim milk powder and nonfat dry milk, continue to make it difficult for the WPC34% market to gain strength. That said, a few manufacturers report tight inventories, and some end users say certain brands or characteristic profiles of WPC34% are getting harder to find. Production is generally steady, however some manufacturers are still opting to take advantage of the higher per unit protein values of other whey derivatives. The February 2016 Dairy Market News average of the mostly price series for Central and West whey protein concentrate 34% was \$0.5750 compared to \$0.5445 one month ago and \$1.0970 one year ago. NASS reports U.S. production of WPC (25.0-49.9% protein) during January 2016 totaled 15.0 million pounds, 37.1% lower than one year ago. Manufacturers' end-of-month stocks totaled 28.1 million pounds, 12.0% lower than one year ago, but 5.4% more than December 2015.

F.O.B. EXTRA GRADE 34% PROTEIN: .5400 - .7300 MOSTLY: .5400 - .6200

U.S. WPC < 80% Exports, H.S. Code 0404100500(FAS)

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
January Total	19.4	+ 47
TOTAL, JAN	19.4	+ 47
1 China	7.8	+ 142
2 Canada	2.2	- 18
3 Malaysia	2.1	+ 742
4 Mexico	2.1	+ 4
5 Japan	0.8	- 38

CONTINUED ON PAGE 6A

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.

CONTINUED FROM PAGE 6**LACTOSE - CENTRAL AND WEST**

Lactose prices and the lactose market in general have exuded steadiness. This week, prices for lactose are mostly steady. The top of the mostly price series inched up only slightly as manufacturers continue to push for higher prices. Most processors report tight and committed inventories. Some say they have had to turn away a few buyers. The short stocks are giving sellers more confidence to ask for a little more. Demand has been good, with regular inquiries coming from domestic and international markets. Many processors are working on Q2 contracts. Although market participants note a general firmness of the lactose market, several ideas create headwinds for lactose gains. Industry contacts say there is a psychological barrier for lactose prices to advance much above sweet whey powder prices. In addition, permeate is not moving well, creating pressures within the permeate/lactose/whey complex. The February 2016 Dairy Market News average of the mostly price series for Central and West lactose was \$0.2166, compared to \$0.2061 one month ago and \$0.2870 one year ago. NASS's *Dairy Products* report shows U.S. lactose production during January 2016 totaled 85.1 million pounds, a 5.5% decrease from one year ago. Month ending stocks, at 117.3 million pounds, are 10.5% lower than one year ago, but 11.9% higher than December 2015.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .1800 - .3200 MOSTLY: .1950 - .2550

U.S. Lactose Exports, H.S. Code 1702110000(FAS)

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
January Total	42.5	+ 28
TOTAL, JAN	42.5	+ 28
1 New Zealand	11.3	+ 230
2 China	6.0	+ 23
3 Mexico	4.3	- 32
4 Japan	4.0	+ 379
5 Indonesia	3.2	+ 73

CASEIN - NATIONAL

Both rennet and acid casein prices weakened this week at the upper end of the price range. More of current production is headed to contract fulfillment than not. Many regular users have contracted for supplies, leaving spot market interest very subdued. With price weakness prevailing, buyers are in no rush to complete transactions, putting downward price pressure on higher range prices. A wary watch is being kept on Ireland spring milk production, as that could impact production of new volumes of casein because Ireland has casein producing capacity that can handle volumes of milk beyond current production.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B.,
U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY
ACCORDING
TO MESH SIZE AND QUALITY.

RENNET: 2.2200 - 3.0500
ACID: 2.3600 - 3.2000

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

WEEK ENDING	2016 WEEKLY DAIRY COWS	2016 CUMULATIVE DAIRY COWS	2015 WEEKLY DAIRY COWS	2015 CUMULATIVE DAIRY COWS
02/20/2016	58.8	3,397.5	57.3	3,298.5

WEBSITE: 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.

CLASS III MILK PRICES (3.5% BF)

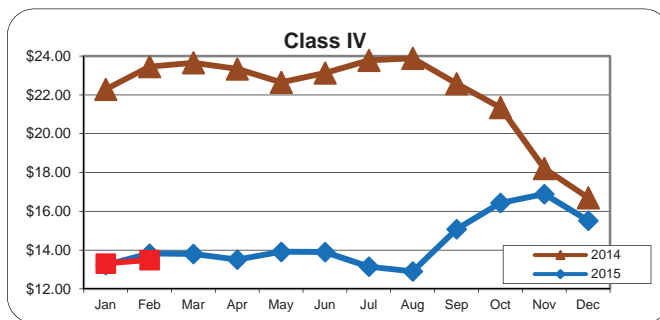
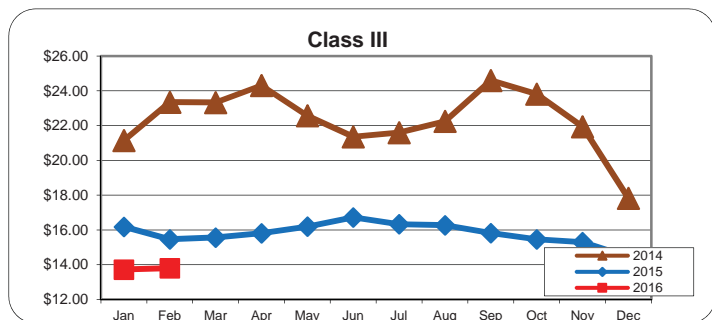
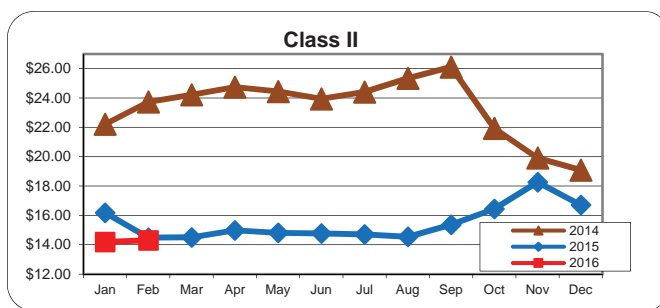
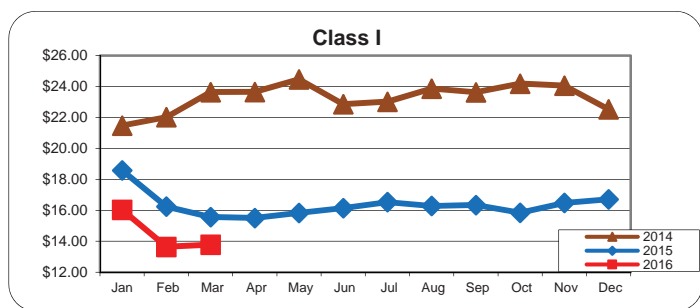
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2011	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67	19.07	18.03	19.07	18.77
2012	17.05	16.06	15.72	15.72	15.23	15.63	16.68	17.73	19.00	21.02	20.83	18.66
2013	18.14	17.25	16.93	17.59	18.52	18.02	17.38	17.91	18.14	18.22	18.83	18.95
2014	21.15	23.35	23.33	24.31	22.57	21.36	21.60	22.25	24.60	23.82	21.94	17.82
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

CLASS IV MILK PRICES (3.5%)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2011	16.42	18.40	19.41	19.78	20.29	21.05	20.33	20.14	19.53	18.41	17.87	16.87
2012	16.56	15.92	15.35	14.80	13.55	13.24	14.45	15.76	17.41	18.54	18.66	17.83
2013	17.63	17.75	17.75	18.10	18.89	18.88	18.90	19.07	19.43	20.17	20.52	21.54
2014	22.29	23.46	23.66	23.34	22.65	23.13	23.78	23.89	22.58	21.35	18.21	16.70
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

FEDERAL MILK ORDER CLASS PRICES FOR 2016 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	16.04	13.64	13.78									
II	14.19	14.30										
III	13.72	13.80										
IV	13.31	13.49										

1/ Specific order differentials to be added to this base price can be found by going to: www.ams.usda.gov/DairyMarketingStatistics; then select "Prices"; and then select "Principal Pricing Points."

ORGANIC DAIRY MARKET NEWS

Information gathered February 15 - 26, 2016

ORGANIC DAIRY FLUID OVERVIEW

Spring 2016 Organic Dairy Outlook. Organic milk requires organic pastures. The advent of spring in the Northeast and Midwest has already brought a number of record warm days, helping spur on early pasture growth in many parts of those regions. Increasing numbers of cows are already grazing once pastures are dry enough to handle use. This will bolster efforts to increase organic milk production, as well as contribute toward greater profitability.

Yet the ongoing struggle to increase domestic organic milk production sufficiently to meet growing demand, and reduce the need for organic dairy imports to meet U.S. demand, continues.

The continuing lure of organic pay prices, noticeably higher than conventional, is helping efforts to encourage transitioning into organic production. New efforts are underway to seek out dairy producers not formally certified organic, but who have focused on grass fed or local and are well along toward being eligible once the producers decide the effort and expense to formally obtain certification is worthwhile.

There has been optimism at the beginning of the last several growing seasons that organic transitioning will occur at sufficient levels to increase organic milk production enough to keep pace with demand. However, increased organic milk production at the volumes hoped for has not occurred. The relatively early spring this year, coupled with easing of organic feed costs, contributes to current optimism.

Another important change this year is the greater focus on efforts to ease the process of transitioning into organic. The multi-year process to bring conventional land into organic has ongoing costs, requires specialized knowledge, and is often a result of producers beginning a relationship with an organic processor willing to nurture the transition process.

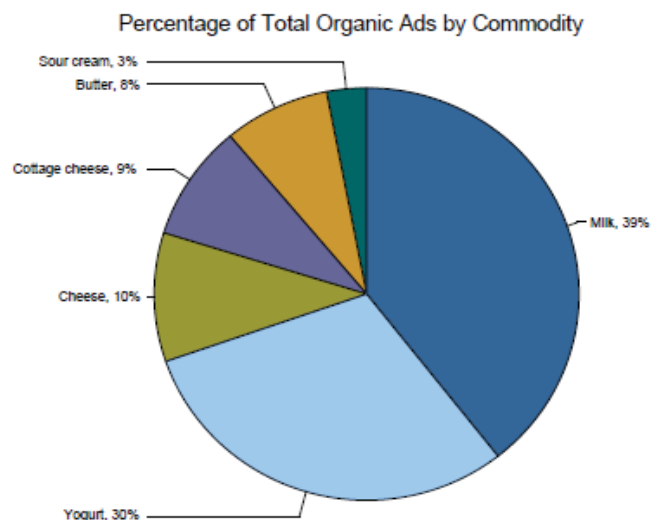
The tenor of relationships has changed. Previously there seemed to be a sense that once a producer had transitioned into organic dairy, or nearly completed transitioning, it was time to make commitments with processors. Now there is a greater sense that organic dairy is a relationship business and the organic processor – producer relationship begins as part of a conventional producer initially deciding to transition. Processors have come to more deeply work to provide support as to expertise and knowledge, as well as some financial incentives, through the multiyear transitioning process. There are also more organizations and universities offering support for transitioning, as well as USDA programs.

This is hoped to yield results, as it has become more evident that past efforts primarily focusing on the lure of organic pay prices, but not fully addressing the real challenges of the transitioning process, didn't generate sufficient responses. It is hoped that current efforts will now result in desired new organic dairy producer numbers.

Organic Nonfat Dry Milk Prices. Organic nonfat dry milk prices moderated in recent transactions in the West. Sale prices from western manufacturers moved lower, to the \$4.00 range. In contrast, conventional west low/medium heat NDM mostly trades from \$.7200-.7700.

ORGANIC DAIRY RETAIL OVERVIEW

Organic Dairy Overview. This week, organic milk accounts for 39% of organic dairy ads, organic yogurt 30%, organic cheese 10%, organic cottage cheese 9%, organic butter 8%, and organic sour cream 3%. Total organic ads declined 22% compared to the previous report week. Of the top three featured organic commodities, each saw declines in ads from the previous period: milk - 15%, yogurt -29%, and cheese -54%.

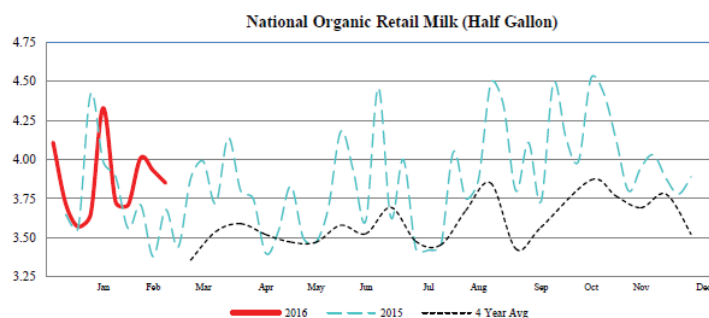


Advertising information presented is compiled from nearly 23,000 surveyed newspaper supermarket ads with prices valid from March 11-17, 2016 identifying weekly "specials" and containing organic dairy content. Surveyed ads reflect advertised "specials" and not the range of non-advertised supermarket cooler prices.

Complete results of this weekly survey providing additional graphs, tables and regional delineation, follow at the end of Dairy Market News, or can be accessed at:

<http://www.ams.usda.gov/market-news/retail-dairy-market-news>

Organic Milk Half Gallons. The U.S. weighted average advertised price of organic milk half gallons is \$4.30, up 86 cents from last year and up 45 cents from last week. Ads appeared in all regions. Prices range from \$3.90 to \$5.99 across the regions. Even though the organic milk pay price to producers tends to be set annually, with occasional seasonal adjustments, retail prices over time show more fluctuation, as the table below shows.



Data Source and Graph, USDA, AMS.

Additional weekly national organic summary information is available at: www.ams.usda.gov/mnreports/lwnos.pdf

Organic Milk Gallons. The U.S. weighted average advertised price of organic milk gallons is \$5.81, 5 cents below one year ago, but 61 cents above last week. Ads appeared in the Northeast, Midwest and Northwest regions.

Organic Milk 8 Ounce UHT. The U.S. weighted average advertised price of organic 8 ounce UHT milk is \$1.00, down 11 cents from last week. Ads appeared in the Northwest region.

8 Ounce Block Organic Cheese. The U.S. weighted average price of 8 ounce organic cheese blocks is \$4.46, up 47 cents from one year ago, but down 3 cents from a week ago. Ads appeared in the Southeast and Northwest regions.

CONTINUED ON PAGE -8A-

ORGANIC DAIRY MARKET NEWS

Information gathered February 15 - 26, 2016

CONTINUED FROM PAGE -8-

8 Ounce Shred Organic Cheese. The U.S. weighted average price of 8 ounce organic cheese shreds is \$3.09, down 90 cents from one year ago and down 64 cents from a week ago. Ads appeared in the Southeast, South Central and Southwest regions.

4-6 Ounce Organic Yogurt. The U.S. weighted average price of 4-6 ounce organic yogurt is \$0.97, down 23 cents from last week. Ads appeared in the Northeast and Northwest regions.

4-6 Ounce Organic Greek Yogurt. The U.S. weighted average price of 4-6 ounce organic Greek yogurt is \$1.28, up 8 cents from one year ago, but down 1 cent from last week. Ads appeared in the Midwest and South Central regions.

1 Pound Organic Butter. The U.S. weighted average price of 1 pound organic butter is \$5.10, down 37 cents from last week and down 31 cents from one year ago. Ads appeared in the Southeast, Midwest, South Central and Northwest regions.

Organic Feed Grains. Organic grains traded mostly steady, with moderate demand. Growers and handlers are negotiating forward contracts for 2016 organic crops. Due to current market prices, few contracts have been procured. Storage constraints, imports, and a strong U.S. dollar are impacting trade activity for domestic organic corn, soybeans, and soybean meal. Food grade corn traded \$2.00 lower, with moderate demand. Food and feed grade soybeans traded unevenly steady with moderate demand. Soybean meal traded lightly with light demand. Oats and barley traded firm with limited trades. Trade volume increased on SRW wheat, with stronger undertones.

Organic Spot Market Negotiated Grain Prices

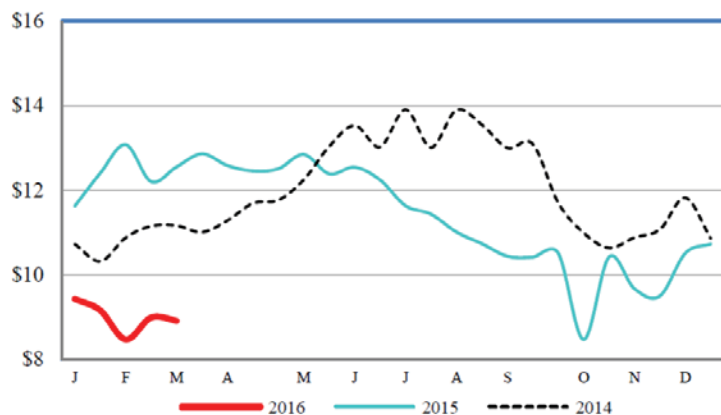
Organic Commodity	Price Range	Average**	Year Ago
Corn*: Feed Yellow	8.15 – 9.15	8.99	12.55

*Prices quoted \$/bushel FOB the farm, except soybean meal (\$/ton and FOB the mill).

**Weighted average price.

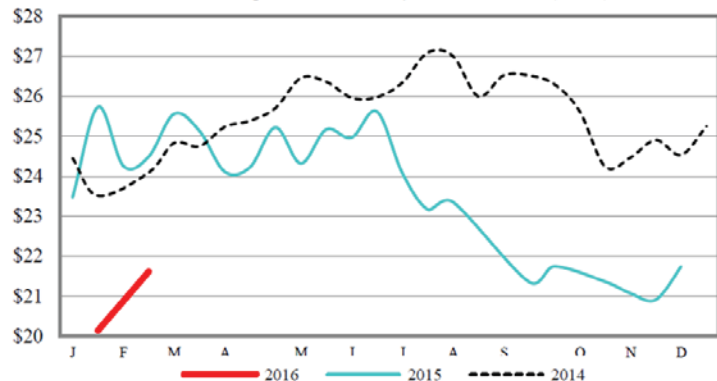
Additional livestock and grain market news information is available at: www.ams.usda.gov/LSMarketNews

National Organic Feed Corn Prices (\$/bu)



Data Source/Graph USDA Livestock, Poultry & Grain Market News

National Organic Feed Soybean Prices (\$/bu)



Data Source/Graph USDA Livestock, Poultry & Grain Market News

March Supply and Demand Estimates

The milk production forecast for 2016 is lowered from last month as a smaller decline in the cowherd is more than offset by slower growth in milk per cow. Fat and skim-solids basis exports are reduced primarily on strong competition in international whey product markets, and exports of a number of other dairy products are facing increased competition. Imports are increased on both a fat and skim-solids basis. Continued strength of the U.S. dollar is expected to keep the United States as an attractive market for dairy products. Expectations of a relatively wide spread between U.S. and international butter prices will support increased butterfat imports while cheese imports will likely benefit from continued demand strength. Whey product exports are also likely to be pressured by large world supplies. The butter price forecast is raised as demand remains firm. Cheese and nonfat dry milk (NDM) prices are reduced as supplies are expected to be large and in the case of NDM, international prices will remain under pressure from large global supplies. The whey price forecast is unchanged. The Class III price is lowered on the lower cheese price. The Class IV price is unchanged at the midpoint as the higher butter price offsets a lower NDM price; however, the range is narrowed. The all milk price forecast is lowered to \$14.95 to \$15.55 per cwt.

U.S. Milk Supply and Use					
Commodity	2014	2015 Estimated		2016 Projected	
		Feb	Mar	Feb	Mar
Milk	<i>(billion pounds)</i>				
Production	206.1	208.5	208.6	211.9	211.6
Farm Use	1.0	1.0	1.0	1.0	1.0
Fat Basis Supply					
Beginning Commercial Stocks	11.2	11.2	11.2	13.3	13.3
Marketings	205.1	207.5	207.7	210.9	210.6
Imports	4.3	5.7	5.7	5.9	7.0
Total Commercial Supply	220.6	224.4	224.6	230.1	230.9
Fat Basis Use					
Commercial Exports	12.4	8.8	8.8	8.3	8.2
Ending Commercial Stocks	11.2	13.3	13.3	12.2	12.4
CCC Donations	0.0	0.0	0.0	0.0	0.0
Domestic Commercial Use	196.9	202.4	202.5	209.6	210.3
Skim-Solid Basis Supply					
Beginning Commercial Stocks	11.7	13.1	13.1	13.8	13.9
Marketings	205.1	207.5	207.7	210.9	210.6
Imports	5.6	5.9	5.9	6.2	6.4
Total Commercial Supply	222.4	226.6	226.7	230.9	230.8
Skim-Solids Basis Use					
Commercial Exports	39.1	37.3	37.3	37.0	36.3
Ending Commercial Stocks	13.1	13.8	13.9	14.0	14.1
CCC Donations	0.0	0.0	0.0	0.0	0.0
Domestic Commercial Use	170.2	175.4	175.5	179.8	180.5

NOTE: Totals may not add due to rounding.

Continued on page 10

March Milk Supply and Demand Estimates-cont'd

U.S. Dairy Prices						
Commodity	2014	2015 Estimated		2016 Projected		
		Feb	Mar	Feb	Mar	
Product Prices ¹	(dollars per pound)					
	Cheese	2.1551	1.6454	1.6454	1.550-1.620	1.505-1.565
	Butter	2.1361	2.0670	2.0670	1.990-2.090	2.010-2.100
	Nonfat Dry Milk	1.7682	0.9016	0.9016	0.775-0.835	0.770-0.820
	Dry Whey	0.6538	0.3804	0.3804	0.230-0.260	0.230-0.260
Milk Prices ²	(dollars per cwt)					
	Class III	22.34	15.80	15.80	14.05-14.75	13.60-14.20
	Class IV	22.09	14.35	14.35	13.00-13.80	13.05-13.75
	All Milk ³	23.97	17.08	17.08	15.30-16.00	14.95-15.55
	Quarterly					
	2015 IV	2016 I ⁴	2016 II ⁴	2016 III ⁴	2016 IV ⁴	
Milk Production	(billion pounds)					
	51.3	52.8	54.0	52.5	52.4	
All Milk Price ^{2,3}	(dollars per cwt)					
	17.70	15.45-15.65	14.30-14.80	14.65-15.45	15.40-16.40	
	15.07	13.55-13.75	13.10-13.60	13.65-14.45	14.00-15.00	
	16.28	13.10-13.40	12.85-13.45	13.10-14.00	13.00-14.10	

¹ 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." ² 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. ³ Does not reflect any deductions from producers as authorized by legislation. ⁴ Projection.

Source: U.S. Department of Agriculture. World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates, WASDE-551, March 9, 2016*. Approved by the Interagency Commodity Estimates Committee [members for Dairy are: Shayle Shagam, Chairperson, WAOB; Roger Cryan, AMS; Paul Kiendl, FAS; Jerry Cessna, ERS; and Milton Madison, FSA].

January Milk Sales

During January 4.3 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 3.1 percent lower than January 2015. Estimated sales of total conventional fluid milk products decreased 3.5 percent from January 2015 and estimated sales of total organic fluid milk products increased 4.0 percent from a year earlier.

Estimated Total U.S. Sales of Fluid Milk Products, January 2016, with Comparisons ^{1,4}				
Product Name	Sales		Change from: ²	
	Jan	Year to Date	Previous Year	Year to Date
	(million pounds)		(percent)	
Conventional Production Practice				
Whole Milk	1,220	1,220	2.3	2.3
Flavored Whole Milk	47	47	5.2	5.2
Reduced Fat Milk (2%)	1,372	1,372	-4.4	-4.4
Low Fat Milk (1%)	615	615	-6.2	-6.2
Fat-Free Milk (Skim)	431	431	-12.8	-12.8
Flavored Fat-Reduced Milk	344	344	-1.8	-1.8
Buttermilk	42	42	-3.3	-3.3
Other Fluid Milk Products	5	5	10.3	10.3
Total Fat-Reduced Milk ³	2,763	2,763	-5.9	-5.9
Total Conventional Milk Products	4,076	4,076	-3.5	-3.5
Organic Production Practice				
Whole Milk	77	77	13.4	13.4
Reduced Fat Milk (2%)	68	68	13.2	13.2
Low Fat Milk (1%)	39	39	-1.5	-1.5
Fat-Free Milk (Skim)	28	28	-12.4	-12.4
Flavored Fat-Reduced Milk	6	6	-39.3	-39.3
Other Fluid Milk Products	0	0	-----	-----
Total Fat-Reduced Milk ³	141	141	-0.5	-0.5
Total Organic Milk Products	218	218	4.0	4.0
Total Fluid Milk Products	4,294	4,294	-3.1	-3.1

¹ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, 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 and California data. ² Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis. ³ Both conventional and organic fat-reduced milk categories are total of reduced fat, lowfat, skim and flavored fat-reduced milk. ⁴ The California Department of Food and Agriculture (CDFA) clarified reporting instructions starting in July 2015, for packaged product moving plant to plant prior to ultimate distribution. This improved the accuracy of current numbers, but makes current year to prior years less accurate, and will overstate any year over year decrease in sales. Report contact: Daniel Manzoni, Daniel.manzoni@ams.usda.gov or 202-720-2352.

Packaged Sales of Total Fluid Milk Products in Federal Milk Orders and California, January 2016, with Comparisons ¹					
Marketing Area	Order Number	Sales		Change from: ²	
		Jan	Year to Date	Previous Year	Year to Date
		(million pounds)		(percent)	
Northeast	001	723	723	-3.7	-3.7
Appalachian	005	290	290	1.2	1.2
Florida	006	245	245	-1.1	-1.1
Southeast	007	404	404	-0.7	-0.7
Upper Midwest	030	320	320	-6.0	-6.0
Central	032	362	362	-3.3	-3.3
Mideast	033	479	479	-3.5	-3.5
Pacific Northwest	124	171	171	-1.5	-1.5
Southwest	126	395	395	-2.6	-2.6
Arizona	131	94	94	-1.3	-1.3
California ³	---	467	467	-6.3	-6.3
All Orders (Total)		3,483	3,483	-2.7	-2.7
All Areas (Total)		3,951	3,951	-3.1	-3.1

¹ These figures are representative of the consumption of total fluid milk products in the respective area; see footnote ³ above for the products included. ² Percent changes, as well as sales volumes, are shown on an unadjusted basis. ³ See footnote ⁴ in the above table regarding California sales.

Source: U.S. Department of Agriculture. California Department of Food and Agriculture.

Mailbox Milk Prices for Selected Reporting Areas in Federal Milk Orders and California, December 2015, With Comparisons

In December 2015, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$17.13 per cwt, down \$1.09 per cwt from the November 2015 average and down \$3.70 per cwt from the December 2014 average. The component tests of producer milk in December 2015 were: butterfat, 3.87%; protein, 3.20%; and other solids, 5.74%. When compared to the previous month, the December Mailbox prices decreased in all Federal milk order reporting areas. The Northwest States experienced the greatest decrease of \$1.74 per cwt while Iowa experienced the smallest decrease of only \$0.55 per cwt. Averaged over all Federal milk reporting areas, the December 2015 Mailbox price decreased an average of \$1.15 per cwt. Mailbox prices in December 2015 ranged from \$19.35 in Florida to \$14.96 in New Mexico.

Reporting Area ¹	Mailbox Milk Price ²		
	December 2014	November 2015	December 2015
	<i>(dollars per hundredweight)</i>		
New England States ³	22.84	20.15	19.05
New York	21.53	18.89	17.73
Eastern Pennsylvania ⁴	21.60	19.03	17.91
Appalachian States ⁵	23.68	19.72	18.56
Southeast States ⁶	24.48	19.68	18.45
Southern Missouri ⁷	22.84	19.97	18.75
Florida	25.98	20.42	19.35
Western Pennsylvania ⁸	21.36	19.09	17.87
Ohio	21.36	18.95	17.35
Indiana	20.51	17.95	16.98
Michigan	19.98	17.34	16.08
Wisconsin	20.92	18.03	17.26
Minnesota	20.24	17.59	17.00
Iowa	21.20	17.72	17.17
Illinois	20.97	18.45	17.46
Corn Belt States ⁹	19.50	17.45	16.27
Western Texas ¹⁰	18.80	17.41	16.07
New Mexico	18.09	16.46	14.96
Northwest States ¹¹	19.53	18.18	16.44
All Federal Order Areas ¹²	20.83	18.22	17.13
California ¹³	17.64	16.36	15.19

¹ Areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders.

² Net pay prices received by dairy farmers for milk. Prices reflect all payments received for milk sold and all costs associated with marketing the milk. Prices are weighted averages of the prices reported for all orders receiving milk from the reporting area and are reported at the average butterfat tests. Prices include, for the most part, the assessment under the Cooperatives Working Together (CWT) program.

³ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

⁴ Includes all counties to the east of those listed in ⁸.

⁵ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia.

⁶ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi.

⁷ Includes the counties Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry, and all those to the south of these.

⁸ The counties of Warren, Elk, Clearfield, Indiana, Westmoreland, and Fayette, and all those counties to the west of these.

⁹ Includes Kansas, Nebraska, and the Missouri counties to the north of those listed in ⁷.

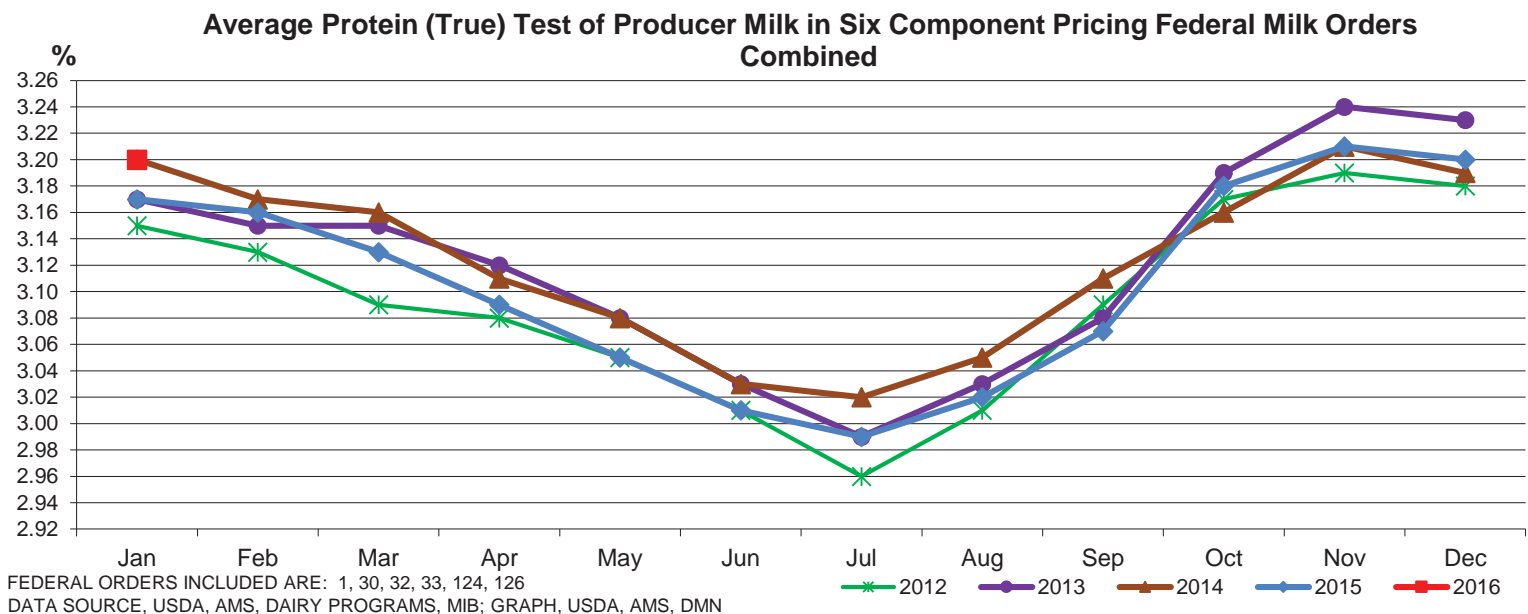
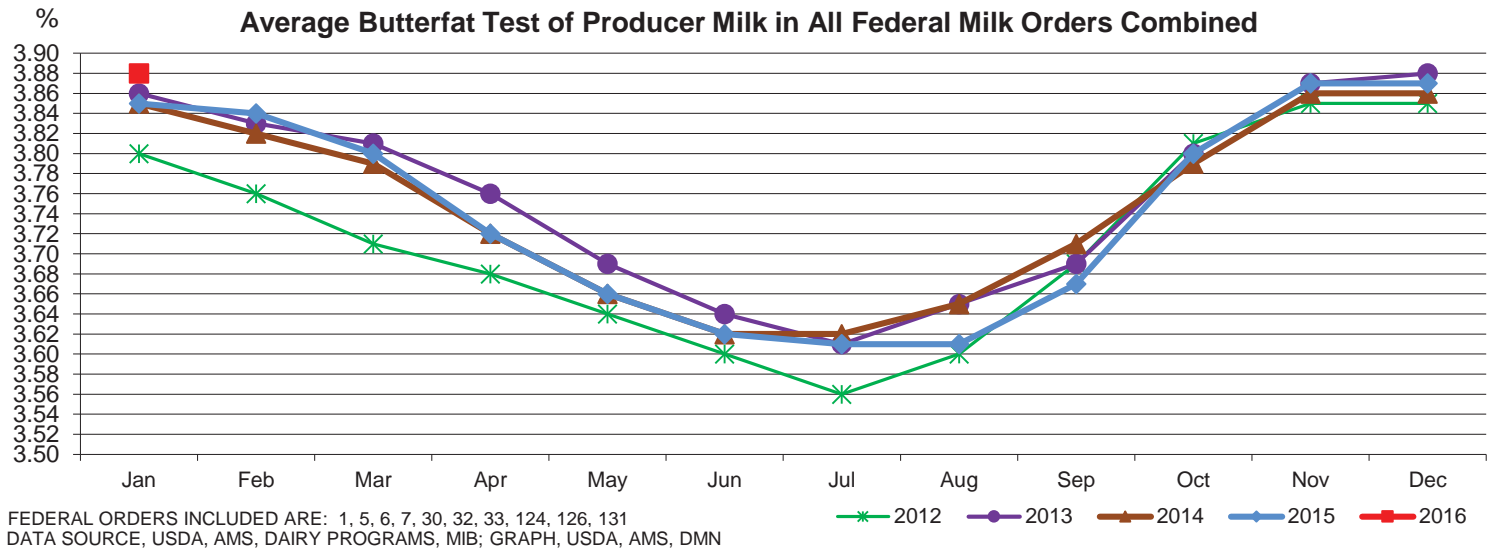
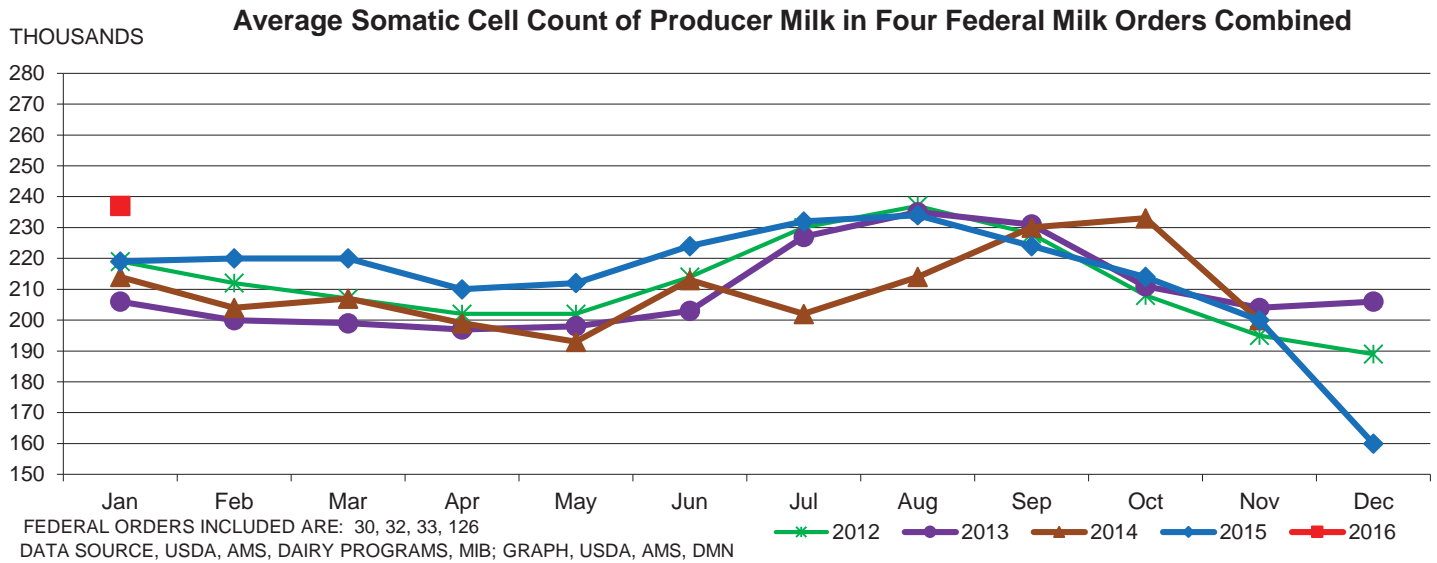
¹⁰ Includes all counties to the west of Fanin, Hunt, Van Zandt, Henderson, Houston, Cherokee, Nacogdoches, and Shelby.

¹¹ Includes Oregon and Washington.

¹² Weighted average of prices for all selected reporting areas.

¹³ Calculated by California Department of Food and Agriculture, and published at <http://cdfa.ca.gov/dairy/uploader/docs/MailBox%20Data%202014.pdf>

Report Contact: Randal Stoker, randal.stoker@usda.gov or 202-690-1932





Dairy Market News Branch

Agricultural
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National Retail Report-Dairy

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

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Issued Weekly

Friday, March 11, 2016

Advertised Prices for Dairy Products at Major Retail Supermarket Outlets ending during the period of 03/11/2016 to 03/17/2016

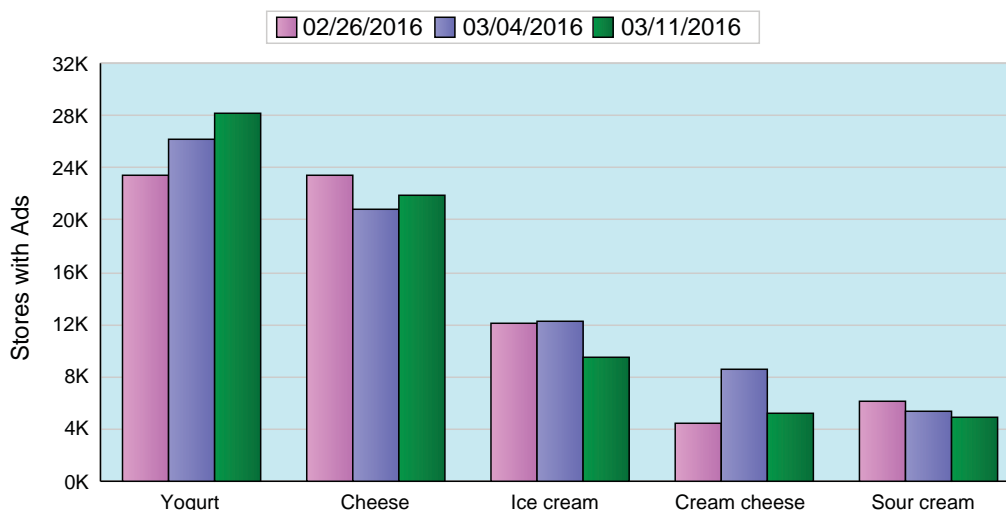
This week, dairy advertisements are mostly focused on conventional yogurt, cheese and organic milk. The total volume of conventional dairy ads decreased 8% and organic dairy ads decreased 22%. Ads for 1# packages of conventional butter decreased 60%, with an average weighted price of \$3.43. Ads for 1# organic butter decreased 42% with an average price of \$5.10. Ads for 16 ounce conventional cottage cheese decreased 27%, with an average weighted price of \$2.07. Ads for 16 ounce organic cottage cheese increased 99% with an average price of \$3.00.

The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.43, up 14 cents from last week, and 13 cents above a year ago; 8 ounce shred cheese averaged \$2.29, up 1 cent from last week, but 6 cents below one year ago. Organic 8 ounce blocks averaged \$4.46, while 8 ounce shred cheese averaged \$3.09. Advertisements for conventional cheese are up 10%, but organic cheese ads are down 54% from last week.

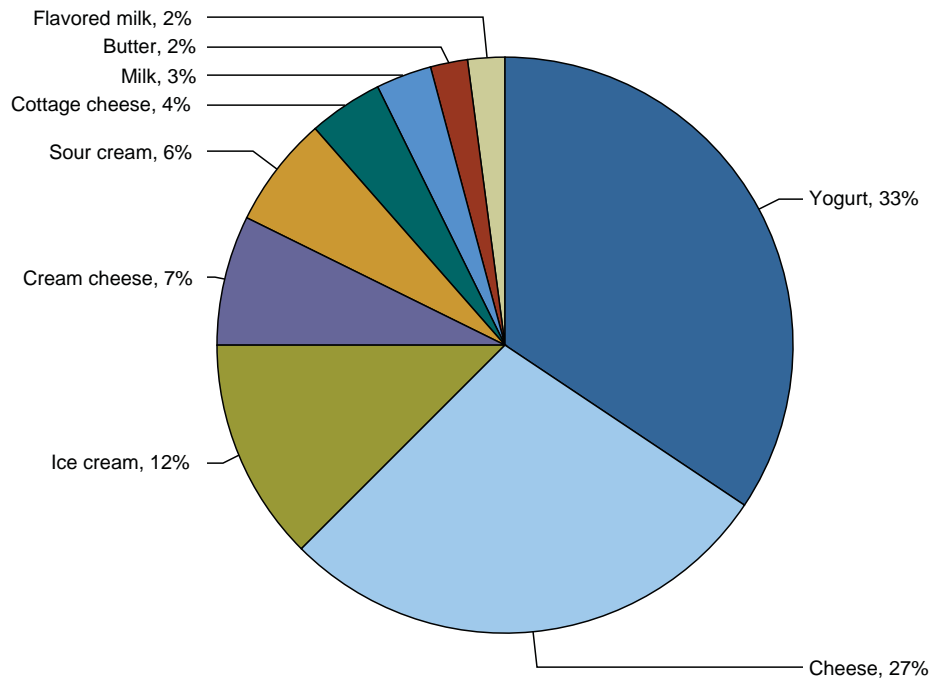
The average price for conventional yogurt in 4-6 ounce packages is \$.48, unchanged from last week, but 1 cent above a year ago. The average price of 4-6 ounce conventional Greek yogurt is \$.91, down 4 cent from last week, and down 5 cents from a year ago. This item had the largest volume of ads this week. Conventional yogurt ad numbers are up 11% from last week. Organic yogurt ads are 29% below the previous week.

The price spread between organic and conventional half gallon milk is \$1.76. The price spread is the difference between national weighted average prices for organic, \$4.30, and conventional, \$2.54. Conventional milk ads decreased by 22% from last week, while organic ads decreased by 15%.

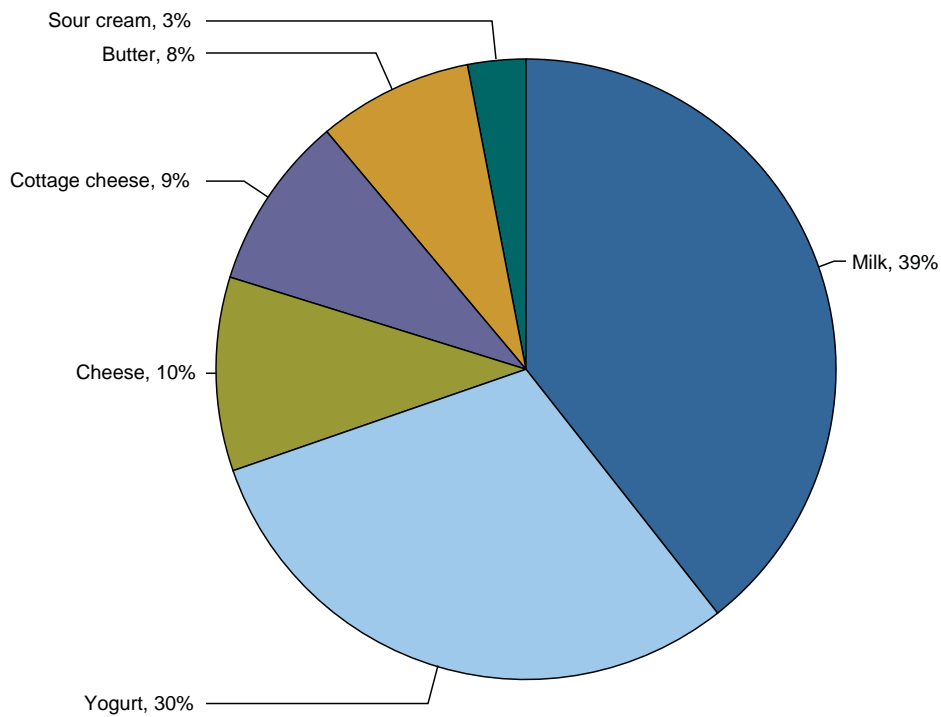
Top 5 Commodities Featured



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 #	1703	3.43	4237	2.90	4349	3.26
Cheese	Natural Varieties	8 oz block	7351	2.43	4934	2.29	7287	2.30
Cheese	Natural Varieties	1 # block	3604	3.46	3154	3.63	2710	3.93
Cheese	Natural Varieties	2 # block	1217	5.84	799	6.20	1059	7.28
Cheese	Natural Varieties	8 oz shred	5999	2.29	7788	2.28	8940	2.35
Cheese	Natural Varieties	1 # shred	3163	3.48	2800	3.72	1689	3.50
Cottage cheese		16 oz	3155	2.07	4333	1.99	3593	2.19
Cream cheese		8 oz	5191	1.70	8566	1.88	4381	2.16
Flavored milk	All fat tests	half gallon	308	2.76	427	1.98	249	2.91
Flavored milk	All fat tests	gallon	977	3.01	819	2.99		
Ice cream		48-64oz	9418	3.11	12210	3.02	11787	2.96
Milk	All fat tests	half gallon	536	2.54	499	1.41	427	1.76
Milk	All fat tests	gallon	1797	2.54	2487	2.38	1422	3.24
Sour cream		16 oz	4618	1.75	5369	1.71	3617	1.75
Yogurt	Greek	4-6 oz	16561	.91	13141	.95	9039	.96
Yogurt	Greek	32 oz	565	4.58	1555	4.93	3010	4.72
Yogurt	Yogurt	4-6 oz	6799	.48	7983	.48	5847	.47
Yogurt	Yogurt	32 oz	2342	2.14	912	2.18	960	2.48

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 #	1.99-4.99	430	4.09				2.99-3.00	241	3.00
Cheese	Natural Varieties	8 oz block	1.66-2.99	2244	2.27	2.00-3.50	1691	3.15	1.50-2.50	1199	2.06
Cheese	Natural Varieties	1 # block	2.49-3.99	435	3.68	3.50	1186	3.50	2.99-3.50	676	3.44
Cheese	Natural Varieties	2 # block	5.99	108	5.99						
Cheese	Natural Varieties	8 oz shred	1.99-2.99	1495	2.48	2.00-2.77	307	2.56	1.50-2.50	1217	2.04
Cheese	Natural Varieties	1 # shred	3.50-3.99	277	3.80	3.50	1186	3.50	2.99-4.49	685	3.61
Cottage cheese		16 oz	1.00-2.99	1469	2.00	2.00	1002	2.00			
Cream cheese		8 oz	1.29-2.50	942	1.67	1.49-2.19	1743	1.88	1.00-1.59	824	1.43
Flavored milk	All fat tests	half gallon	2.99	84	2.99				1.50	119	1.50
Flavored milk	All fat tests	gallon	3.79-4.99	170	4.55				1.79-3.99	471	2.65
Ice cream		48-64oz	1.99-3.99	2542	2.78	2.50-3.99	1874	2.83	2.50-4.99	2334	3.20
Milk	All fat tests	half gallon	2.28	62	2.28				1.50-3.79	269	2.23
Milk	All fat tests	gallon	3.96	135	3.96				1.79-2.28	355	1.90
Sour cream		16 oz	1.49-2.00	1842	1.70	1.50-2.00	1277	1.90	1.50	119	1.50
Yogurt	Greek	4-6 oz	0.60-1.00	3126	.97	0.50-1.00	5899	.84	0.70-1.00	2013	.89
Yogurt	Greek	32 oz	2.99	72	2.99				4.99	180	4.99
Yogurt	Yogurt	4-6 oz	0.39-0.55	2184	.49	0.33-0.50	1550	.44	0.33-0.59	1619	.45

Wtd Avg - Simple weighted average



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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	1.99-2.69	494	2.39				1.89	588	1.89

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 #	2.50-2.99	269	2.77	2.99	393	2.99	2.99-4.99	337	3.80
Cheese	Natural Varieties	8 oz block	1.50-2.50	1074	2.25	1.99-2.99	551	2.45	1.67-2.50	523	1.81
Cheese	Natural Varieties	1 # block	2.99	489	2.99	2.88-3.49	451	3.23	2.99-4.99	367	3.99
Cheese	Natural Varieties	2 # block	5.00-6.99	397	5.81	4.99-6.99	538	6.11	4.99	174	4.99
Cheese	Natural Varieties	8 oz shred	1.50-2.50	1126	2.25	1.99-2.99	1036	2.47	1.67-2.50	749	1.94
Cheese	Natural Varieties	1 # shred	2.99	429	2.99	2.88-3.49	451	3.23	3.79-4.99	135	4.40
Cottage cheese		16 oz	1.88	74	1.88	1.50-2.99	471	2.44	2.00	105	2.00
Cream cheese		8 oz	0.89-1.68	1001	1.38				1.67-2.29	629	2.08
Flavored milk	All fat tests	half gallon							3.99	105	3.99
Flavored milk	All fat tests	gallon	1.89-3.99	336	2.75						
Ice cream		48-64oz	2.50-4.99	1430	3.79	2.50-3.49	684	3.04	2.99-3.99	421	3.30
Milk	All fat tests	half gallon							1.25-3.99	171	2.93
Milk	All fat tests	gallon	1.89-3.99	499	3.28	1.85-2.39	797	2.10			
Sour cream		16 oz	1.25-1.50	399	1.45	1.50-1.99	588	1.70	1.67-2.00	340	1.90
Yogurt	Greek	4-6 oz	0.79-1.00	1971	.93	0.79-1.00	2130	.94	0.70-1.00	1309	.96
Yogurt	Greek	32 oz				4.99	244	4.99	3.69	69	3.69
Yogurt	Yogurt	4-6 oz	0.38-0.69	529	.50	0.50-0.69	421	.55	0.49-0.70	469	.54
Yogurt	Yogurt	32 oz	2.00	429	2.00	1.99-2.00	451	1.99	2.50	350	2.50

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 #	4.69	6	4.69	4.99	27	4.99
Cheese	Natural Varieties	8 oz block	3.00	28	3.00	2.50-3.29	41	3.19
Cheese	Natural Varieties	8 oz shred	3.00	28	3.00	2.50-3.29	41	3.19
Cottage cheese		16 oz				2.79	34	2.79
Cream cheese		8 oz	1.69-2.69	52	2.56			
Ice cream		48-64oz	3.99-4.99	15	4.59	3.99-5.99	118	4.41
Milk	All fat tests	half gallon				3.49	34	3.49
Milk	All fat tests	gallon	3.49	11	3.49			
Sour cream		16 oz	2.00	2	2.00	2.00-2.50	51	2.26
Yogurt	Greek	4-6 oz	1.00-1.50	72	1.34	0.88-1.07	41	.91
Yogurt	Yogurt	4-6 oz				0.60	27	.60
Yogurt	Yogurt	32 oz	2.99-3.00	27	3.00	2.50	3	2.50

Wtd Avg - Simple weighted average



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
Butter		1 #	486	5.10	840	5.47	202	5.41
Cheese	Natural Varieties	8 oz block	225	4.46	717	4.49	84	3.99
Cheese	Natural Varieties	8 oz shred	393	3.09	627	3.73	84	3.99
Cottage cheese		16 oz	550	3.00	276	3.00		
Milk	All fat tests	half gallon	1757	4.30	1652	3.85	445	3.44
Milk	All fat tests	gallon	474	5.81	891	5.20	1128	5.86
Milk	All fat tests	8 oz UHT	174	1.00	271	1.11		
Sour cream		16 oz	210	2.99				
Yogurt	Greek	4-6 oz	535	1.28	1400	1.29	84	1.20
Yogurt	Greek	32 oz	518	3.03	626	5.87		
Yogurt	Yogurt	4-6 oz	462	.97	238	1.20		
Yogurt	Yogurt	32 oz	322	2.88	322	3.13		

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
Butter		1 #				4.99	84	4.99	4.99	180	4.99
Cheese	Natural Varieties	8 oz block				4.00	120	4.00			
Cheese	Natural Varieties	8 oz shred				3.75	53	3.75			
Milk	All fat tests	half gallon	3.90-5.99	440	4.23	3.99	64	3.99	4.78	180	4.78
Milk	All fat tests	gallon	6.99	84	6.99				5.99	180	5.99
Yogurt	Greek	4-6 oz							1.25	472	1.25
Yogurt	Greek	32 oz				2.50-3.79	428	3.15			
Yogurt	Yogurt	4-6 oz	0.88	396	.88						

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 #	4.99	114	4.99				5.59	105	5.59
Cheese	Natural Varieties	8 oz block							4.99	105	4.99

Wtd Avg - Simple weighted average



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
Cheese	Natural Varieties	8 oz shred	2.99	162	2.99	2.99	178	2.99			
Cottage cheese		16 oz	2.99-3.00	372	2.99	3.00	178	3.00			
Milk	All fat tests	half gallon	3.99	72	3.99	3.99-4.49	781	4.17	3.99-5.99	182	4.66
Milk	All fat tests	gallon							4.39-5.99	210	5.19
Milk	All fat tests	8 oz UHT							1.00	174	1.00
Sour cream		16 oz	2.99	210	2.99						
Yogurt	Greek	4-6 oz	1.49	63	1.49						
Yogurt	Greek	32 oz				2.50	90	2.50			
Yogurt	Yogurt	4-6 oz							1.50	66	1.50
Yogurt	Yogurt	32 oz	2.50	141	2.50	2.50	120	2.50	4.50	61	4.50

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 #				2.50	3	2.50
Milk	All fat tests	half gallon	4.29	11	4.29	4.99	27	4.99

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 Island and Vermont
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



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