

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

**BUTTER:** Grade AA closed at \$2.0100. The weekly average for Grade AA is \$1.9355 (+.0515).

**CHEESE:** Barrels closed at \$1.7550 and 40# blocks at \$1.8850. The weekly average for barrels is \$1.8190 (+.0435) and blocks, \$1.9265 (+.0955).

**NONFAT DRY MILK:** Grade A closed at \$.8775. The weekly average for Grade A is \$.8735 (+.0050).

**BUTTER HIGHLIGHTS:** Butter production is active across the country. Class II processing is seasonally strong and pulling ample volumes of cream. Consequently, cream supplies are tightening in all regions. Nevertheless, there are adequate cream volumes clearing into churns. Some processors are microfixing bulk to supplement print butter output. Demands from retailers and food service are robust. Some Thanksgiving holiday orders are in the final phases of production and delivery. Bulk stocks are drawing lower, while print supplies are in good balance. The NASS Dairy Products report noted total U.S. butter production during September 2016 was 133.1 million pounds, 0.4 percent lower than last year. During January–September 2016, U.S. butter production totaled 1.437 billion pounds, 4.7 percent more than the same period in 2015. The CME Group monthly average price for Grade AA butter during October was \$1.8239, compared to \$2.4757 a year ago. According to FAS, January–September U.S. butter exports total 37.8 million pounds, 10% below last year during the same time span.

**CHEESE HIGHLIGHTS:** Strong seasonal demand for branded and bulk cheese is continuing across the nation. In the Northeast, demand is good for cream cheese, mozzarella and aged cheddar. Retail demand is steady for cut and wrap cheese. Many Midwest and West manufacturers are running full or near full production schedules to stay on top of holiday shipments. Cheesemakers are mostly concentrating on current seasonal demand as opposed to looking beyond the end of the year. Inventories are ample for barrel cheese and some varieties of block cheese. A few industry contacts suggest certain types of block cheese are harder to come by, and the strong desire for fresh cheese has been driving market prices. As U.S. cheese prices have increased, the gap has widened over global cheese prices, subduing further export opportunities. According to USDA-FAS, year to date total U.S. cheese and curd exports through September were 460 million pounds, down 15% from the same period in 2015. Dairy Products (NASS) reports total 2016 U.S. cheese production, year to date through September, is 8.96 billion pounds, 1.9 percent above January through September 2015. September 2016 total U.S. cheese production, 981.2 million pounds, is 1.8 percent below last month.

**FLUID MILK:** Farm level milk output varies across the country.

In the southern tier of the East region, milk production inches higher, but is mostly steady in the remaining areas. Active milk production is supported by mild weather conditions over the Central region. Meanwhile, Western milk producers are seeing higher production levels in California and Arizona, with steady volumes in Colorado and Utah, but lower milk yields this week in the Pacific Northwest. As schools look to close for the holiday, Class I demand is generally steady to lower, except in Arizona where fluid orders increased this week. Class II demand surges as eggnog and other holiday favorites pull on available milk supplies. Available cream supplies tightened, as cream based manufacturers increased production for holiday orders. This week, **cream multiples** were **1.30-1.42**, East; **1.21-1.31**, Midwest; and **1.06-1.26**, West. Milk butterfat and protein components continue to improve at seasonal levels.

**DRY PRODUCTS:** Dairy dry product prices are mixed as supply and demand conditions vary from commodity to commodity. Low/medium heat nonfat dry milk markets are mixed as movements on various indices conflict with steady to growing inventories. High heat nonfat dry milk markets saw modest price pressure on light trading. Dry buttermilk markets are variable, with regional tightness spurring some price changes. Dry whey markets are mostly firmer as production of higher protein whey concentrates further decreases regular dry whey manufacturing. Demand for lactose is active and the market is steady to firm. The whey protein concentrate 34% market is mostly unchanged. Demand is active, but limited supplies are curtailing sales. Dry whole milk prices are steady on light trading. Supplies vary. Domestic prices are competitive and potentially considered an export opportunity.

**NATIONAL RETAIL REPORT (DMN):** Total conventional dairy advertisements increased 8%, while organic dairy ads increased 27%. Conventional butter ads increased 110% and organic ads increased 1% as the holiday baking season gains momentum. The national average price for 1 pound conventional butter is \$2.69, while 1 pound organic butter is \$5.12, representing an organic price premium of \$2.43. Advertisements for conventional ice cream in 48-64 ounce containers increased 14% and that category was the top advertised dairy item, followed by conventional 1 pound butter. Conventional yogurt ads declined 11%, but organic yogurt ads increased 22%. Organic Greek yogurt in 4-6 ounce containers increased by 1,120%. The average sale price for 4-6 ounce conventional Greek yogurt is \$0.95, while 4-6 ounce organic Greek yogurt averaged \$0.90. The average sale price for 4-6 ounce conventional yogurt is \$0.55, while 4-6 ounce organic yogurt averaged \$0.60. The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.05, down 7 cents from last week.

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**CME GROUP CASH TRADING**

COMMODITY	MONDAY NOV 07	TUESDAY NOV 08	WEDNESDAY NOV 09	THURSDAY NOV 10	FRIDAY NOV 11	:: WEEKLY CHANGE *	:: WEEKLY AVERAGE #
<b>CHEESE</b>							
BARRELS	\$1.8600 (N.C.)	\$1.8600 (N.C.)	\$1.8300 (-.0300)	\$1.7900 (-.0400)	\$1.7550 (-.0350)	:: (-.1050)	:: \$1.8190 (+.0435)
40# BLOCKS	\$1.9300 (+.0300)	\$1.9325 (+.0025)	\$1.9425 (+.0100)	\$1.9425 (N.C.)	\$1.8850 (-.0575)	:: (-.0150)	:: \$1.9265 (+.0955)
<b>NONFAT DRY MILK</b>							
GRADE A	\$.8600 (+.0125)	\$.8775 (+.0175)	\$.8725 (-.0050)	\$.8800 (+.0075)	\$.8775 (-.0025)	:: (+.0300)	:: \$.8735 (+.0050)
<b>BUTTER</b>							
GRADE AA	\$1.9025 (+.0100)	\$1.9000 (-.0025)	\$1.9100 (+.0100)	\$1.9550 (+.0450)	\$2.0100 (+.0550)	:: (+.1175)	:: \$1.9355 (+.0515)

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](http://WWW.AMS.USDAGOV/DAIRY)

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

Ads for conventional 8 ounce shred cheese averaged \$2.09, down 10 cents from last week. The collective number of conventional cheese ads increased slightly, 1%, while organic declined 98%. This week, the difference between the average weighted price for organic half gallon milk, \$3.60, and the average weighted price for conventional half gallon milk, \$1.40, resulted in an organic price premium of \$2.20. Organic milk advertisements increased 24%, while ads for conventional milk increased 31%.

**INTERNATIONAL DAIRY MARKET NEWS UPDATE**

**(DMN): WESTERN OVERVIEW:** Milk production continues to trend lower in most countries in Western Europe. The impact of milk prices, lingering weather conditions, and programs to lessen farm milk output are all having an impact on the milk supplies across the region. Levels are below a year ago and tracking near the seasonal low point. Cream markets are active with firm pricing. SMP markets are steady to lower. According to Euclait, SMP offerings and tenders into intervention in 2016 total 334,550 MT, with total SMP stocks in early November now at 350,566 MT. Milk prices as reported by Euclait for October 2016 for the EU-15 at 28.65 Euro/100kg, up from September 2016, 28.20, but down from a year earlier, 31.41. **EASTERN OVERVIEW:** Milk production is following recent trends. Output is nearing the low point of the yearly cycle. Romania and Slovenia are the two major countries where milk output is tracking above a year ago. Milk prices as reported by Euclait for October 2016 for the EU-13 at 26.08 Euro/100kg, up from September 2016, 25.32, but down from a year earlier, 26.67. Milk production in **Australia** is steady to mostly lower, tailing off from the likely peak. Levels are down sharply, around 10% on average, from a year ago. Wet conditions remain pervasive, hampering current milk output. The positive side is there is soil moisture and irrigation water for later cropping and pasture needs. The hope is the seasonal milk production shoulder can be sustained longer. Currently, seasonal projections are projected to be 6-8% lower versus the prior year. Dairy Australia reports dairy product exports for the July-September period totaling 184.4 thousand MT, up 8.2% from the year ago period. Various dairy product export changes compared to the same period last year are: butter, -2.6%; butter oil, +136.4%; cheddar, -4.5%; SMP, -31.9%; WMP, +68.0% and whey products +76.4%. The total value of exports for the July-September period was up 6.1%. **New Zealand** milk output continues to trend lower from the seasonal high point in October with volumes remaining lower than a year ago in November. Rains continue to fall at heavy rates across the North Islands and are a hindrance to pasture growth, resulting in lower milk production. The sustained wet conditions hamper recovery plans. Conditions on the South Island are more typical and milk output there is noted to be at expected levels, helping to offset the declines elsewhere. The impact of recent sharp upticks in whole milk powder pricing is a psychological boost to farmers. Milk prices are expected to be raised in upcoming meetings. However, there is always caution in raising pay prices, especially should the product market prices retreat. At the November 1 GDT event #175, average prices ranged from 5.4% lower to 19.8% higher from the prior event across categories. The all contracts price averages (US\$ per MT) and percent changes from the previous averages are: anhydrous milk fat, \$5,146 +2.6%; butter, \$4,146 +4.0%; buttermilk powder, \$2,248 -5.4%; cheddar cheese, \$3,332 +0.9%; lactose, \$755 -4.0%; rennet casein, \$6,025 -4.8%; skim milk powder, \$2,329 +6.5%; and whole milk powder, \$3,317 +19.8%. **SOUTH AMERICA OVERVIEW:** In Argentina and Uruguay, farm milk output is seasonally steady to lower, after reaching the peak of the spring flush. According to processors, milk intakes are in balance with manufacturing needs. Pulls from cheese manufacturers are strong. UHT milk processing is active. Bottled milk demands from retailers and several restaurants are up. Pasture and forage conditions are improving in both countries. In Chile, milk production is steady, but below levels from the previous year. Although rainy conditions are present in the main dairy regions of Los Ríos and Los Lagos, farm milk output has been marginally affected. There are sufficient milk supplies to meet processing

needs. Milk demand from yogurt manufacturers is strong. Condensed milk processing is active. According to the Office of Agricultural Studies and Policies (ODEPA), in September, Chile farm milk production sent to processors was 176.8 million liters, up 25.3% from the previous month and 1.8% above a year ago. From this production, 18% was destined into bottling processing. From January to September 2016, milk output sent to manufacturing plants totaled 1,343 million liters, down 1.6% from the same period of 2015. Milk prices paid to milk producers in September were \$202 Chilean pesos (CLP) per liter, down 4.1% from last month, but 1.8% above the previous year. The September price paid to producers is equivalent to \$0.31 USD/liter or around \$13.43/cwt. Farm milk production is steady to higher in Brazil as some dairy operators are adding more cows to the milking parlor. Thunderstorms are present in the Southeast region of the country, where the main dairy states are located. In this zone, the current severe drought has harmed the quality of grass and forage. However, with these rains, dairy operators are hopeful that pasture quality will improve in the near term. The food processing industry continues growing in Brazil, demanding more milk, especially milk powders. Overall, milk volumes are below the current processing needs. Sales activity of spot milk is steady. Compared to the past two weeks, as reported by Milkpoint, spot milk prices per liter in Brazil slightly fell from \$1.12 to \$1.11 Brazilian reals (BRL) or \$0.35 USD. This week, the average spot price for UHT milk is \$1.92 BRL/liter or \$0.60 USD/liter.

**SEPTEMBER MILK SALES (FMMO & CDFA):** During September 4.1 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.2 percent higher than September 2015. Estimated sales of total conventional fluid milk products was virtually unchanged from September 2015 and estimated sales of total organic fluid milk products increased 5.3 percent from a year earlier.

**AUGUST MAILBOX MILK PRICES (FMMO & CDFA):** In August 2016, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$16.69 per cwt, up \$0.94 per cwt from the July 2016 average and up \$0.21 per cwt from the August 2015 average. The component tests of producer milk in August 2016 were: butterfat, 3.63%; protein, 3.01%; and other solids, 5.74%. When compared to the previous month, the August Mailbox prices increased in all of the 19 Federal milk order reporting areas. The greatest increase of \$1.38 per cwt occurred in the West Texas reporting area while the lowest increase of \$0.40 per cwt occurred in the Indiana reporting area. Averaged over all Federal milk order reporting areas, the August 2016 Mailbox price increased an average of \$0.95 per cwt. Mailbox prices in August 2016 ranged from \$18.00 in Florida to \$14.70 in the Michigan reporting area.

**NOVEMBER SUPPLY AND DEMAND ESTIMATES (FMMO):** Milk production forecasts for 2016 and 2017 are lowered from last month as recent data indicated that the U.S. cow inventory increased less rapidly than previously expected. However, output per cow is raised from last month. The skim-solids basis import forecast for 2016 is lowered, reflecting recent trade data, but the 2017 fat and skim-solid basis forecasts are unchanged. Fat basis exports are lowered for 2016 and 2017 on slower sales of cheese and whole milk powder. On a skim-solids basis, exports for 2016 are forecast lower on weaker sales of milk protein concentrates and whey, but are unchanged for 2017. Cheese and whey price forecasts for 2016 are raised on current price strength. The forecasts for butter and nonfat dry milk (NDM) are lowered as supplies remain large. For 2017, large supplies of butter are expected to continue to pressure prices, but prices of cheese, whey and NDM are expected to strengthen. The Class III price forecast is raised for both 2016 and 2017 on higher cheese and whey prices. However, lower butter prices are expected to more than offset higher NDM prices and Class IV prices for both years are lowered from last month. All milk prices are forecast higher at \$16.00 to \$16.10 per cwt for 2016 and \$16.30 to \$17.20 per cwt for 2017.

## CME GROUP

## MONDAY, NOVEMBER 7, 2016

CHEESE – SALES: NONE; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.9300; LAST OFFER UNCOVERED: NONE

NONFAT DRY MILK – SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.8600; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$0.8750

BUTTER – SALES: 4 CARS GRADE AA: 1 @ \$1.8950, 1 @ \$1.9000, 2 @ \$1.9025; LAST BID UNFILLED: 3 CARS GRADE AA @ \$1.9025; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.9500

## TUESDAY, NOVEMBER 8, 2016

CHEESE – SALES: 7 CARS BARRELS: 2 @ \$1.8550, 2 @ \$1.8600, 1 @ \$1.8650, 1 @ \$1.8675, 1 @ \$1.8600; 3 CARS 40# BLOCKS: 1 @ \$1.9300, 2 @ \$1.9200; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.9325; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.8600

NONFAT DRY MILK – SALES: 3 CARS GRADE A: 1 @ \$0.8625, 1 @ \$0.8750, 1 @ \$0.8750; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.8775; LAST OFFER UNCOVERED: 2 CARS GRADE A @ \$0.8850

BUTTER – SALES: 1 CAR GRADE AA @ \$1.9000; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

## WEDNESDAY, NOVEMBER 9, 2016

CHEESE – SALES: 1 CAR 40# BLOCKS @ \$1.9425; LAST BID UNFILLED: 2 CARS 40# BLOCKS @ \$1.8900; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.8300; 1 CAR 40# BLOCKS @ \$1.9525

NONFAT DRY MILK – SALES: 2 CARS GRADE A: 1 @ \$0.8775, 1 @ \$0.8800, 2 @ \$0.8775, 1 @ \$0.8750, 1 @ \$0.8725; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.8725; LAST OFFER UNCOVERED: NONE

NONE

BUTTER – SALES: 10 CARS GRADE AA: 2 @ \$1.9000, 2 @ \$1.9100, 1 @ \$1.9075, 1 @ \$1.9100, 1 @ \$1.9075, 3 @ \$1.9100; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.9100; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.9500

## THURSDAY, NOVEMBER 10, 2016

CHEESE – SALES: 4 CARS BARRELS @ \$1.7900; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7950

NONFAT DRY MILK – SALES: 1 CAR GRADE A @ \$0.8800; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.8800; LAST OFFER UNCOVERED: 2 CARS GRADE A @ \$0.8900

BUTTER – SALES: 11 CARS GRADE AA: 2 @ \$1.9625, 1 @ \$1.9600, 7 @ \$1.9625, 1 @ \$1.9550; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.9550; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.9700

## FRIDAY, NOVEMBER 11, 2016

CHEESE – SALES: 7 CARS BARRELS: 5 @ \$1.7700, 1 @ \$1.7675, 1 @ \$1.7600; 1 CAR 40# BLOCKS @ \$1.8850; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7550

NONFAT DRY MILK – SALES: 2 CARS GRADE A: 1 @ \$0.8800, 1 @ \$0.8775; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.8700; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$0.8850

BUTTER – SALES: 10 CARS GRADE AA: 5 @ \$2.0000, 1 @ \$2.0050, 4 @ \$2.0100; LAST BID UNFILLED: 2 CARS GRADE AA @ \$2.0000; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.0100

## BUTTER MARKETS

## NORTHEAST

Butter churning remains active at moderate to high levels to service holiday demand. Because seasonal butter orders persist, in higher volumes, plants continue to pull additional stocks from cold storage for processing and packaging customers' thriving print order needs. In general, most processors are cautiously keeping stocks in balance, on the low side, while expecting prices to drop when holiday orders are completed. Class II product demand is seasonally strong and pulling ample volumes of cream. This week, reported bulk butter transactions included prices ranging 4 to 8 over the CME Group with various time frames and averages used. Tuesday's CME Group cash trading saw Grade AA butter close at \$1.9000, up \$0.0200 from the previous week. The CME Group monthly average price for Grade AA butter during October 2016 was \$1.8239, compared to \$2.4757 a year ago. According to the DMN *National Retail Report-Dairy*, for November 4-10, 2016, the national advertised weighted average price for 1-pound butter was \$2.85, down 46 cents from last week and down 23 cents from a year ago. The Northeast regional price was \$3.07, 5 cents more than last week. In the Southeast, the butter price averages \$2.50, a decline of 94 cents over the previous week's average price. The Foreign Agricultural Service (FAS) reports January-September 2016 U.S. exports of butter and milkfat total 37.8 million pounds, a 10% decline from a year ago.

## CENTRAL

Butter production is steady in the Central region. Cream requests from Class II processors are increasing in order to meet the strong year-end holiday manufacturing needs. Consequently, cream supplies are tightening. However, there are sufficient cream volumes clearing into churns. Some processors are microfixing bulk to supplement print butter output. Retail and food services requests remain strong. Some Thanksgiving holiday orders are in the final phases of production and delivery. Bulk inventories are steady to lower while print supplies are in balance. Bulk butter prices reported ranged from one cent under market to 7 cents over the market, with various periods and averages used. The

DMN *National Retail Report-Dairy* for November 4-10 noted the national weighted average advertised price for a 1 pound package of butter is \$2.85, down \$0.46 from one week ago and \$0.23 below one year ago. The weighted average prices in the Midwest and South Central regions are \$2.47 and \$2.67, respectively. The NASS *Dairy Products* report noted U.S. butter production during September 2016 in the Central region totaled 53.5 million pounds, 2.8 percent higher than one year ago. Total U.S. butter production during September 2016 was 133.1 million pounds, 0.4 percent lower than last year. During January–September 2016, U.S. butter production totaled 1.437 billion pounds, 4.7 percent more than the same period in 2015. The CME Group monthly average price for Grade AA butter during October was \$1.8239, compared to \$2.4757 a year ago. According to FAS, January–September U.S. butter exports total 37.8 million pounds, 10% below last year during the same time span. Wednesday at the CME Group, Grade AA butter closed at \$1.9100, up \$0.0200 from last Wednesday.

## WEST

Western butter production is active as processors work hard to keep up with strong seasonal demand. Cream is generally in good supply, but other holiday favorites are also pulling at cream supplies. According to some industry contacts, retail and bulk butter demand are drawing stocks lower. A few buyers are seeking out additional loads of butter for purchase. On occasions, an urgent need to buy is pushing resales above market prices for bulk butter. Bulk butter pricing in the West this week is 2 cent under market to 5 cents above, based on the CME Group with various time frames and averages used. The DMN *National Retail Report-Dairy* for the week of November 4-10 found that the U.S. weighted average advertised price of 1 pound butter is \$2.85, down \$0.46 from last week. The U.S. weighted average price was \$3.08 one year ago. In the Southwest, the weighted average advertised price of 1 pound butter is \$3.17 with a price range of \$1.99-\$4.49. In the Northwest, the weighted average advertised price of 1 pound butter is \$3.15 with a price range of \$2.49-\$3.50. According to the NASS *Dairy Products* report, U.S. butter production

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## NATIONAL DAIRY PRODUCTS SALES REPORT

## U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
November 5, 2016	1.8684 3,783,942	1.6398 11,126,555	1.5958 10,840,769	.3569 5,384,620	.9110 21,163,955

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

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during September 2016, 133.1 million pounds, was 0.4% lower than September 2015, but 2.3% higher than August 2016. U.S. cumulative 2016 butter production through September is 1.437 billion pounds, 4.7% higher than the same period last year. In the West, total September butter production was 65.5 million pounds, 5.4% lower than September 2015, and 6.9% lower than August 2016. California September production was 40.0 million pounds, 3.8% higher than last year, and 4.6% higher than last month. The CME Group October 2016 monthly average price for AA butter, \$1.8239, is down from the September monthly average of \$1.9950. One year ago the CME Group monthly average was \$2.4757. The Grade AA butter price at the CME Group on Wednesday closed at \$1.9100, up \$.0200 from a week ago.

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

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
September Total	3.7	+131
TOTAL, JAN - SEP	37.8	- 10
1 Mexico	19.0	+143
2 Canada	7.7	+ 54
3 Saudi Arabia	3.1	- 81
4 South Korea	1.0	- 64
5 China	0.9	+561



## CHEESE MARKETS

## NORTHEAST

Milk supplies into cheese production are sufficient as a few manufacturers report a small slide in their intakes. Current production levels are generally steady for end-of-year holiday orders. Demand is good for cream cheese, mozzarella and aged cheddar. Inventories are sufficient for near term commitments. Last week, the CME Group's weekly average blocks and barrels cheese prices posted significant increases. As a result, this week, Northeast wholesale cheese prices for blocks and Muenster are \$.1675 higher, while prices for processed 5# sliced soared \$.2100. The Grade A Swiss price rose \$.01850 from last month, a result of adjustments to the Class III component prices. The Northeast October 2016 monthly average price for cheddar blocks is \$2.1114, compared to \$2.2049 one year ago. Processed 5# sliced average price is \$1.9424 compared to \$2.0549 one year ago. The CME Group October 2016 monthly average price for barrels was \$1.8239, compared to \$2.4757 a year ago; blocks' average price was \$1.6035, up from \$1.6674 a year ago. Tuesday's CME Group daily cash prices saw barrel cheese close at \$1.8600, increasing 13 cents from a week ago. The block cheese price ended the day at \$1.9325, rising \$0.1325 above the previous Tuesday's close. The DMN *National Retail Report-Dairy*, for November 4-11, 2016, noted the Northeast weighted average advertised price for 8 oz. cheese blocks was \$2.24, up 12 cents compared to the national average, but 6 cents more than the previous week. The Southeast 8 oz. block cheese price was \$2.14, down 35 cents from last week. The Northeast advertised price for 8 oz. cheese shreds was \$2.33, 14 cents above the national average price and 3 cents up from the previous week. In the Southeast, the average price for 8 oz. shred cheese was \$2.05, down 44 cents from last week.

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

Cheddar 40# Block	:	2.2300-2.5150
Process 5# Sliced	:	1.9750-2.4550
Muenster	:	2.2150-2.5650
Grade A Swiss Cuts 10 - 14#	:	3.3275-3.6500

## MIDWEST

Midwest cheese makers say milk intakes are holding steady and many cheese plants are running at or near full capacity. Cheese processors are eager to make cheese as fast as they can to keep up with holiday orders. Retail demand is steady for both cut and wrap cheese and process cheese. Some contacts say the warm fall weather has helped extend grilling season longer than typical. Industry contacts suggest the desire for fresh cheese is strong and driving market prices. Although consumer demand has been good, some manufacturers note wholesalers are more hesitant due to the recent price increases. Buyers are willing to take regular contract shipments, but are taking a wait and see approach to any additional loads of cheese. Ample cheese inventories are available for barrels and some varieties of block cheese. The DMN *National Retail Report-Dairy* shows that November 4-10 Midwest ads for 8 ounce shred cheese have a weighted average advertised price of \$2.21, 2 cents above the national average. Midwest prices range from \$1.50-\$2.99. One year ago, the national price was \$2.40. For 8 ounce blocks, the Midwest average price is \$2.10, 2 cents below the national average price. Midwest ads are priced from \$2.00-\$2.49. Last year, the national price was \$2.40. Midwestern wholesale prices are up \$.1850 for Swiss cuts, up \$.2100 for process, and up \$.1675 for all other types.

*Dairy Products* (NASS) reports total 2016 U.S. cheese production, year to date through September, is 8.96 billion pounds, 1.9 percent above January through September 2015. September 2016 total U.S. cheese production, 981.2 million pounds, is 1.8 percent below last month. Central total cheese production for September was 436.1 million pounds, 2.6 percent less than last month. For total cheese production and various types of cheese, September 2016 U.S. and Central cheese production compared to September 2015 were as follows:

	U.S.	Central
Total	+ 1.6%	+ 1.6%
American	- 0.3%	- 0.3%
Cheddar	- 0.5%	+ 0.8%
Total Italian	+ 4.4%	+ 4.4%
Mozzarella	+ 3.8%	+ 1.8%

The CME Group October 2016 monthly average price for barrels, \$1.5295, is down from the last month's average of \$1.5415, and down from the monthly average of a year ago, \$1.6072. Blocks' October average price, \$1.6035, is down from the \$1.6224 September monthly average, and down from \$1.6674 one year ago. In CME Group trading Wednesday, barrels closed at \$1.8300, up \$.0725 from last Wednesday and blocks closed at \$1.9425, up \$.1200.

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

Process American 5# Loaf	:	1.8675-2.2275
Brick And/Or Muenster 5#	:	2.2000-2.6250
Cheddar 40# Block	:	1.9275-2.3225
Monterey Jack 10#	:	2.1750-2.3800
Blue 5#	:	2.4675-3.4550
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	2.0000-2.9400
Grade A Swiss Cuts 6 - 9#	:	2.8450-2.9625

## WEST

Western cheesemakers report the strong seasonal demand for branded and bulk cheese is continuing. Retail cheese consumers are pulling good volumes. Although cheese inventories are generally high, a few contacts report some varieties of fresh block cheese are harder to come by. In some cases, processors are shorting loads as a way to juggle orders with available stocks. Many manufacturers are running production schedules as hard as they can in order to stay on top of holiday shipments. Cheesemakers are mostly concentrating on current seasonal demand as opposed to looking beyond the end of the year. The hope for exports has dried up with the current gap between higher U.S. cheese prices and global cheese prices. The DMN *National Retail Report-Dairy* for the week of November 4-10 shows the U.S. weighted average advertised retail price for an 8 ounce pack of natural shredded cheese is \$2.19, down \$.03 from last week. Packs average \$2.38 in the Southwest and \$1.99 in the Northwest. One year ago, the national price was \$2.40. For 8 ounce blocks, the U.S. price is \$2.12, down \$.13 from last week. Blocks average \$2.15 in the Southwest and \$1.09 in the Northwest this week. One year ago, the national price was \$2.40. In the West, wholesale prices are up \$.2100 for process, and up \$.1675 for cheddar block, cuts, and Monterey Jack. Swiss cut wholesale prices are up \$.1850. *Dairy Products* (NASS) reports total 2016 U.S. cheese production, year to date through September, is 8.961 billion pounds, 1.9% above January through September 2015. September 2016 U.S. total

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## CHEESE MARKETS

CONTINUED FROM PAGE 3

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

cheese production, 981.2 million pounds, is 1.8% below August 2016. In the West, total cheese production for September 2016 was 419.6 million pounds, 0.6% less than last month. For total cheese production and various types of cheese, September 2016 U.S. and West cheese production percent changes compared to September 2015 are as follows:

	U.S.	West
Total Cheese	+ 1.6%	+ 1.9%
American	- 0.3%	- 0.1%
Cheddar	- 0.5%	- 1.6%
Total Italian	+ 4.4%	+ 4.1%
Mozzarella	+ 3.8%	+ 4.7%
Swiss	- 1.9%	...

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
September Total	48.6	- 1
TOTAL, JAN - SEP	460.0	- 15
1 Mexico	144.1	- 5
2 South Korea	66.6	- 36
3 Japan	44.7	- 26
4 Australia	24.8	- 20
5 Canada	20.6	- 1

The CME Group October 2016 monthly average price for barrels, \$1.5295, is down from the September 2016 monthly average of \$1.5415, and down from the monthly average of a year ago, \$1.6072. Blocks' October average price, \$1.6035, is down from the \$1.6224 September monthly average, and down from \$1.6674 one year ago. In CME Group trading Wednesday, barrels closed at \$1.8300, up \$.0725 from a week ago and blocks closed at \$1.9425, up \$.1200.

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

Process 5# Loaf	:	1.8825-2.1400
Cheddar 40# Block	:	1.9325-2.3775
Cheddar 10# Cuts	:	2.1125-2.3325
Monterey Jack 10#	:	2.1225-2.2825
Grade A Swiss Cuts 6 - 9#	:	2.9050-3.3350

## FOREIGN TYPE

Strong demand and tight supplies are helping support prices of foreign type cheese. Declining milk intakes have hampered cheese production and steady seasonal sales are keeping inventories relatively low, especially for cut cheese. Export opportunities are steady. Cheese makers expect revenue from sliced cheese to be higher for November deliveries. In the U.S., wholesale blue, gorgonzola, parmesan and Romano prices increased \$.1675, while prices for Swiss cuts are up \$.1850.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2300	: 2.3950-3.8825*
Gorgonzola	: 3.6900-5.7400	: 2.9025-3.6200*
Parmesan (Italy)	: -0-	: 3.7850-5.8750*
Romano (Cows Milk)	: -0-	: 3.5850-5.7350*
Sardo Romano (Argentine)	: 2.8500-4.7800	: -0-
Reggianito (Argentine)	: 3.2900-4.7800	: -0-
Jarlsberg-(Brand)	: 2.9500-6.4500	: -0-
Swiss Cuts Switzerland	: -0-	: 3.3650-3.6875*

\* = Price change.

## FLUID MILK AND CREAM

## EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	10	0	20	0	40	0
SOUTHEAST STATES	0	0	0	0	0	0

Northeast and Mid-Atlantic farm milk production is steady along seasonal trends. Upcoming holiday retail demand is pushing bottled milk needs higher in some areas. Class II supplies are adequate for meeting production needs as strong interest prevail. Producers in the Southeast are seeing balanced milk production. Class I interest has declined as several bottlers cancelled milk orders. As a result, surplus milk is causing some backup as milk volumes clear to subsidiary manufacturing plants. The corn harvest is nearly complete in North Carolina, and Tennessee. Florida's milk production is generally balanced, but volumes are climbing slightly in some regions of the state. Milk producers are enjoying the seasonal increases, while handlers see good returns as the cheese market moves up. Import milk shipments are at 10 f.o.b. spot loads this week. Buyer are having a hard time finding cream in a tight Northeast market. Demand is strong, as some buyers/sellers who are short on supplies note a willingness to pay loftier multiples to obtain the loads they need. **Cream multiples** currently range **1.30-1.42**. The best interest is coming from seasonal dips, eggnog and cream cheese. The CME Group saw prices for Grade AA butter close Wednesday at \$1.9100, up \$0.0200 from a week ago. The DMN October 2016 monthly average for Northeast Class II cream was \$2.3502, compared to \$3.3639 a year ago. **Condensed skim** supplies are moving largely through contracts with few spot sales. Drying activity is light to moderate. Class II and III demand is good, supported by active cheese sales and expanding Class II production schedules. The DMN October 2016 monthly average for Northeast Class II condensed skim was \$0.8763 compared to \$0.9088 a year ago. With the November 2, 2016 Announcement of the Class and Component Prices for the month of October, the Class III Skim Milk price declined \$1.5700, compared to the previous month. According to the DMN *National Retail Report-Dairy*, November 4-10, 2016, the U.S. weighted average advertised price for a half gallon of milk was \$1.67, down 42 cents compared to last week and down 64 cents from the previous year. The national weighted average price for eggnog in quart containers was \$2.77, 1 cent lower than the previous week, but 22 cents higher than last year.

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 - 2.4492-2.6753  
F.O.B. producing plants: Upper Midwest - 2.2796-2.4680

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

Northeast - Class II - includes monthly formula prices - .83 -1.01  
Northeast - Class III - spot prices - .88 -.96

## MIDWEST

Mild weather throughout the Central region is supporting active milk production. As drier weather prevails in the South Central area, milk quality is returning. Butterfat and protein components are improving seasonally. As milk production builds incrementally, some plant operators indicate they have already struck agreements to handle

condensed skim loads from outside the Central region as the holidays approach. Throughout the North Central and North East, handlers and manufacturers are planning for the best, while acknowledging that there will be a short term milk overload around the end of the year. Bottler interest is steady to lower as school accounts decreased orders ahead of the shorter holiday week. Some interest is building for production of eggnog and other flavored milk products. Although milk production is trending higher, milk marketers and handlers indicate spot milk loads are being sought out by manufacturers in all Classes. In some areas, milk is well short of keeping production facilities running at capacity. Spot prices on milk range from Class to \$1.50 over. Cream availability is tighter in the Central region as Class II/III production heats up ahead of the holidays. Production of sour cream, dips, cream cheese, and specialty drink items is higher. Cream multiples firmed throughout the region, with the following range, 1.21-1.31. Drought has reemerged as a concern for areas of Nebraska, Oklahoma, and Texas, especially for fields planted to overwintering crops, but the balance of the region has received enough rainfall to mitigate drought worries. The DMN *National Retail Report-Dairy* for November 4-10 noted the national weighted average advertised price for one gallon of milk is \$2.16, \$.38 below last week's price. The weighted average regional prices in the Midwest and South Central regions are \$2.15 and \$2.96, respectively. The NASS *Dairy Products* report noted September 2016 U.S. regular (hard) ice cream production totaled 62.2 million gallons, down 4.9 percent from last year. September 2016 production in the Central region totaled 34.3 million gallons, 2.5 percent higher than a year ago. This regional total accounts for 55.2 percent of the monthly national production.

## WEST

Farm milk production is higher in the Central Valley of California as temperatures continue falling. In addition, some dairy operators are transitioning cows to the milking string. Milk butterfat and protein components continue improving approaching the seasonal peak. Milk intakes are in good balance with the current processing needs. Bottled milk orders from educational institutions are lower as most schools will be closed during the Veterans Day holiday. Orders from retailers and food service are steady. Some Class 1 and Class 2 processors have started to pull more milk in order to make eggnog, flavored milk, and other holiday favorites. Alfalfa hay harvesting continues actively throughout the state. Milk output has plateaued in Arizona, as daytime temperatures remain steady, averaging 90 degrees. Bottled milk orders from retailers are up this week as several supermarkets are restocking shelves. Requests from food service are steady. Milk demands from many Class II processors are higher in order to meet the strong year-end holiday needs. In New Mexico, rainy conditions were reported during the beginning of the week. However, milk production was marginally impacted. At this point, milk yields are trending higher, following seasonal patterns. There were some minor issues with hauling due to the rains. Class I sales are down as most retail and food service pipelines are full. Sales into Class II are steady. Milk volumes moving into cheese processing facilities are higher this week. Dairy operators' demand for supreme/premium alfalfa hay is light as supplies are readily available. New Mexico is between the fifth and sixth cutting of alfalfa. According to the DMN *National Retail Report-Dairy* for the week of November 4-10, the national weighted average advertised price for one gallon of milk is \$2.16. The weighted average regional prices in the Southwest and

## FLUID MILK AND CREAM

## -CONTINUED FROM PAGE 4-

Northwest are \$1.79 and \$1.99, respectively. In the West, condensed skim pulls from Class II/III processors are improving ahead of the year-end holidays. Therefore, less skim supplies are clearing into NDM/SMP manufacturing. Milk production in the Pacific Northwest is following typical seasonal patterns and a little lower than previous weeks. Bottling demand is stable and milk intakes are steady at manufacturers. Some industry contacts say solids are still a little down as compared to previous years. In the mountain states of Idaho, Colorado and Utah milk production is steady and in good balance with processing needs. Plenty of milk is available for manufactured dairy products and it is finding homes at nearby plants. Demand is decent for bottled fluid milk products. Single serve milk items are pulling good volumes of milk. Western cream requests from sour cream, dips, and cream cheese manufacturers are inching up. In addition, butter churners continue pulling large amounts of cream. As a result, regional cream supplies are tightening, boosting cream premiums. This week, **multiples** for all classes are slightly higher, ranging from **1.06 to 1.26**. According to the NASS *Dairy Products* report, hard ice cream production in the West region for September 2016 was 14.8 million gallons, 16.8% lower than a year ago, and 12.4% lower than the previous month.



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

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

## NONFAT DRY MILK - CENTRAL AND EAST

**CENTRAL:** Prices in the region's low/medium heat nonfat dry milk (NDM) markets changed lower at the bottom of the mostly series, but remain steady at the top. Some buyers/sellers report limited developments in new interest, in a somewhat quiet week. Market uncertainty pressures some manufacturers looking to move aging inventory, in anticipation of increased drying activity arising as fluid demand relaxes before the holiday. Intake component levels are trending higher, allowing some increases in NDM yields. The low/medium NDM market undertone remains unsettled. High heat nonfat dry milk prices move slightly lower at the bottom of the range. Interest beyond contract needs is sluggish. The CME Group's monthly average price for Grade A NDM during October 2016 was \$0.8852, compared to \$0.9333 a year ago. The DMN monthly average of the mostly price series for Central and East low/medium heat NDM during October 2016 was \$0.9262 compared to \$0.9790 a year ago. The October monthly average of the range price series for Central and East high heat was \$1.0760 compared to \$1.1235 a year ago. The NASS *Dairy Products* report noted U.S. human NDM production during September 2016 in the Central region totaled 24.8 million pounds, 29.6 percent higher than one year ago. Total U.S. human NDM production during September 2016 was 125.6 million pounds, 4.7 percent higher than last year.

**EAST:** The low/medium heat f.o.b. nonfat dry milk price in the range series is higher, but steady to lower in the mostly series. Market participants perceive that mixed signals allude to some temporary market instability, resulting in noted price fluctuations. Production is steady, as most NDM processing operations report no significant changes in milk supply intakes. Condensed skim contracts weigh on NDM production rates at some plants, as manufacturers stocks range light to moderate. The market undertone is unsettled. High heat nonfat dry milk prices are unchanged to lower. Production is dependent upon customer needs. The market undertone is steady. Wednesday at the CME Group, Grade A NDM closed at \$0.8725, down \$0.0175 from last week. The October 2016 Dairy Market News monthly average for Central and East low/medium heat nonfat dry milk range price series is \$0.9361 compared to \$1.0004 a year ago. The Foreign Agricultural Service (FAS), reports that September 2016 U.S. nonfat dry milk exports totaled 110.3 million pounds, up 6% from a year ago.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: .8600 - .9825 MOSTLY: .8700 - .9400  
 HIGH HEAT: 1.0100 - 1.0900

## NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk (NDM) f.o.b. spot prices are mixed on the range and mostly series. For most industry contacts, the market undertone remains somewhat quiet and unsettled. According to some processors, the domestic demand is fair, but sluggish from Mexico. Many brokers, buyers, and end users are receiving enough offers from manufacturers. However, some buyers/end users are postponing purchases, expecting lower prices in the near future. Meanwhile, a few manufacturers and resellers are trying to clear aged inventories, selling at prices close to the bottom of the range. Less condensed skim volumes are clearing into dryers as requests from Class II/III processors are improving ahead of the year-end holidays. Therefore, low/medium heat NDM production is steady to slightly lower. However, inventories are readily available in the spot market. High heat nonfat dry milk prices are steady to slightly lower on light trading. Some processors are producing more high heat in order to cover current contractual needs. Inventories remain tight. The CME Group

monthly average price for Grade A NDM during October was \$0.8852, compared to \$0.9333 a year ago. The October 2016 Dairy Market News monthly average for the West low/medium heat nonfat dry milk mostly series is \$0.9334 compared to \$0.9326 a year ago. The average for Western high heat nonfat dry milk is \$1.0510 compared to \$1.0456 a year ago. The NASS *Dairy Products* report noted U.S. human NDM production during September 2016 in the West region totaled 81.7 million pounds, 0.2 percent higher than one year ago. Total U.S. human NDM production during September 2016 was 125.6 million pounds, 4.7 percent higher than last year. During January–September 2016, U.S. human NDM production totaled 1.324 billion pounds, 7.0 percent less than the same period in 2015. Total U.S. NDM, human, month ending stocks for September were 216.1 million pounds, 2.1 percent above a year ago. According to FAS, January–September U.S. NDM exports total 901.0 million pounds, 3% below last year during the same time span.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: .8050 - .9700 MOSTLY: .9000 - .9500  
 HIGH HEAT: .9550 - 1.0950

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

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
September Total	110.3	+ 6
TOTAL, JAN – SEP	901.0	- 3
1 Mexico	393.4	...
2 Philippines	129.4	+ 14
3 Indonesia	88.9	+ 25
4 Malaysia	42.3	- 3
5 Pakistan	38.2	- 18

## CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES
November 4	\$.9081	10,970,708
October 28	\$.8934	4,594,948

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.

## DRY BUTTERMILK - CENTRAL AND EAST

**CENTRAL:** Prices for dry buttermilk in the Central region saw a marginal change at the top of the range, but held steady at the bottom, supported by spot transactions and sales based on various price indices. Stocks are generally comfortable for manufacturers, consequently, loads are held with confidence for near term use. Some butter operations are selling condensed buttermilk to keep dry buttermilk inventories in check. Buyer interest is mostly light, in step with limited manufacturers' offerings. Supplies in the region are moving through contracts. Spot and resale trading was little to none, respectively, this report week. The market undertone is mostly steady.

-CONTINUED ON PAGE 5A-

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

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

**-CONTINUED FROM PAGE 5-**

**EAST:** The East region dry buttermilk price is steady to lower, with a slight adjustment at the top of the range based on pricing indices. Dry buttermilk production schedules are variable, with limited butter production by some regional processors. Therefore, manufacturers' offerings to the spot market are uneven as some current production is earmarked for contract fulfillment. Light to moderate supplies are available in most inventories. Interest from manufacturers of dry baking mix is trending lower. The October 2016 Dairy Market News monthly average for Central and East dry buttermilk pricing series is \$0.8775 compared to \$0.9138 a year ago.

**DAIRY PRODUCTS:** According to NASS, U.S. production of dry buttermilk during September 2016 totaled 7.2 million pounds, 3.9% more than a year ago and 5.6% more than the previous month.

F.O.B. CENTRAL/EAST: .8400 - .9225

**DRY BUTTERMILK - WEST**

Western dry buttermilk f.o.b. spot prices are mixed on the range and mostly series. For most industry participants, the market undertone remains firm. Orders from dry mix processors and the bakery sector are strong ahead of the year-end holiday needs. Spot trading has been moderate throughout the week. Class II processors are requesting more condensed buttermilk volumes. Therefore, dry buttermilk production is irregular. Inventories are slightly tight in many plants. The October 2016 Dairy Market News monthly average for the West dry buttermilk mostly series is \$0.8570 compared to \$0.8898 a year ago. The NASS *Dairy Products* report noted U.S. dry buttermilk production during September 2016 totaled 7.2 million pounds, 3.9 percent higher than a year ago. Total U.S. dry buttermilk month-ending stocks for September were 17.0 million pounds, 72.6 percent above last year.

F.O.B. WEST: .8300 - .9700 MOSTLY: .8550 - .8900

**DRY WHOLE MILK - NATIONAL**

National dry whole milk f.o.b. spot prices are steady on light trading. The domestic market undertone is mixed throughout the country. The prices of whole milk powder are firming internationally, mainly due to the high demand from China. However, prices in the United States have not been affected, yet. The current competitive domestic pricing could represent an export opportunity. Production is irregular, mostly based on contractual requirements. Inventories vary from plant to plant. The October 2016 Dairy Market News monthly average for the National price series for dry whole milk is \$1.3365 compared to \$1.2867 a year ago. The NASS *Dairy Products* report noted U.S. dry whole milk production during September 2016 totaled 6.9 million pounds, 64.0 percent higher than a year ago. Total U.S. dry whole milk month-ending stocks for September were 13.5 million pounds, 43.8 percent above last year.

F.O.B. PRODUCING PLANT: 1.2000 - 1.4500

**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**

Central whey prices are mostly steady, but came up a few cents at the bottom of the price range. Manufacturers report whey is moving well through contracts. Some suppliers are needing to juggle loads or push back deliveries at times to meet contracted obligations. Inventories are a little tighter. Industry contacts note manufacturers are making a little less dry whey in favor of higher protein concentrations. Although some feed manufacturers report contentment to work through inventories or regular contracts, a few whey processors say they are getting more inquiries from feed manufacturers. Animal feed whey is tighter. Prices for animal feed whey are unchanged for the week. The DMN monthly average of the mostly price series for Central dry whey during October was \$0.3270, compared to \$0.3052 last month. One year ago, the Central dry whey monthly average was \$0.2045. The monthly average of the range price series for Central animal feed whey during October was \$0.2553, compared to \$0.2485 a month ago and \$0.1501 a year ago. The NASS *Dairy Products* report noted U.S. total dry whey production for September 2016 was 74.5 million pounds, down 6.0 percent from a year ago. January-September U.S. total dry whey production totals 719.5 million pounds, 1.0 percent below the same time span in 2015. The Central region accounted for 46.5 percent (34.1 million pounds) of U.S. human dry whey production in September. This production is 3.6 percent lower than a year ago. Total U.S. dry whey month ending stocks for September were 52.9 million pounds, 28.0 percent below a year ago.

F.O.B. CENTRAL: .2800 - .4100 MOSTLY: .3100 - .3800  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2200 - .3200

**DRY WHEY - NORTHEAST**

Northeast whey prices are steady to firm, adjusting marginally lower at the bottom of the range. The market appears mostly in balance, but spot loads continue to be in tight supply as most production gears to contracted needs. Some buyers see dry whey incrementally advancing for the near term. The dry whey market undertone is steady. The October 2016 Dairy Market News monthly average for Northeast dry whey was \$0.3554 compared to \$0.2357 the previous year. The Foreign Agricultural Service (FAS), reports September 2016 U.S. dry whey exports totaled 33.5 million pounds, a 36% increase from a year ago.

DAIRY PRODUCTS: According to NASS, September 2016 U.S. dry whey production totaled 74.5 million pounds, 6.0% less than a year ago and 2.5% less than the previous month. The Atlantic region's production of human food dry whey in September 2016 totaled 20.9 million pounds, 2.8% less than a year ago, but 6.4% more than last month.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3350 - .4200

**DRY WHEY - WEST**

Western whey prices moved higher at the top of the mostly price series, but are otherwise stable. Some end users note tightness in the whey market and many manufacturers report stocks are highly committed through the end of the year. Production is steady, however some industry contacts suggest that more of the liquid whey is moving into higher protein concentration products. Domestic

demand for dry whey is steady, but export demand has been a little quieter as markets react to some volatility in currency markets after the U.S. election. The DMN monthly average of the mostly price series for West dry whey during October was \$0.3533 compared to \$0.3239 one month ago and \$0.2127 a year ago. NASS reports that September 2016 U.S. human whey production, 73.5 million pounds, is down 5.5% from a year ago, and down 0.6% from August 2016. The Western region produced 18.5 million pounds of edible dry whey during September, down 11.5% from last year, but up 2.3% from August. Month ending stocks for U.S. human whey, at 51.7 million pounds, are 26.4% lower than one year ago and down 14.5% from August 2016.

NONHYGROSCOPIC: .3400 - .4300

MOSTLY: .3500 - .4000

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

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
September Total	33.5	+ 36
TOTAL, JAN - SEP	299.6	- 5
1 China	100.2	+17
2 Canada	33.2	- 1
3 Mexico	28.0	- 24
4 Vietnam	23.1	+67
5 Philippines	20.0	- 24

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Whey protein concentrate 34% prices were mostly steady, but a small number of loads were sold at the top end of the price range. Specialty, low spore and highly sought brands continue to be in very short supply and command higher prices. There is some availability of WPC34% that does not meet the tight specifications of some markets and are interchangeable with other protein sources. These manufacturers are also seeing an increase of end users and traders looking to buy up available loads of WPC34%. Production is steady, but less than in previous years as more manufacturers prefer to make higher concentrations whey proteins. The October 2016 Dairy Market News average of the mostly price series for Central and West whey protein concentrate 34% was \$0.7706 compared to \$0.7305 one month ago and \$0.5333 one year ago. According to the NASS *Dairy Products* report U.S. production of WPC (25.0-49.9% protein) during September 2016 totaled 13.3 million pounds, 19.0% lower than one year ago. Year to date total WPC (25.0-49.9% protein) production through September is 132.5 million pounds, 21.7% less than January through September one year ago. Manufacturers' end-of-month stocks for WPC (25.0-49.9% protein) totaled 17.3 million pounds, 49.8% lower than one year ago, and 16.7% less than August 2016.

F.O.B. EXTRA GRADE 34% PROTEIN: .6400 - .9850 MOSTLY: .7300 - .8300

**-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-****CASEIN - NATIONAL**

Acid casein prices are steady to slightly higher. The market tone is firming with higher quotes noted for Q1 2017. Current buyer interest is stable to contracted accounts. Rennet casein prices are unchanged. Market interest is steady. Some additional upticks in analog type cheeses are noted for the season. There are some concerns about future casein availability due to lower milk production in key areas of New Zealand and also Europe, notably for Ireland and France.

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: 2.9900 - 3.0500  
ACID: 3.0200 - 3.1000

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

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
September Total	28.2	- 3
TOTAL, JAN - SEP	230.7	+ 36
1 China	104.6	+ 66
2 Mexico	31.4	+ 43
3 Canada	26.7	- 10
4 Malaysia	14.6	+ 608
5 Indonesia	8.9	- 4

**LACTOSE - CENTRAL AND WEST**

Prices for lactose are mostly unchanged, but slightly higher at the bottom of the price range. Lactose production is steady. Buyers are looking for available loads of lactose. However, some manufacturers have highly committed inventories and feel they need to turn down the entreaties. Quarter 1 contracting is just underway and buyers are eager to assure coverage for lactose needs. A few industry contacts are wondering if prices will hold at current levels through the first part of 2017. Australian purchasing agents are looking for more lactose for standardization of skim milk powder. The EU is producing a little less SMP and a little more cheese, making EU lactose more available. The October 2016 Dairy Market News average of the mostly price series for Central and West lactose was \$0.3416, compared to \$0.3208 one month ago and \$0.1850 one year ago. NASS's *Dairy Products* report shows U.S. lactose production during September 2016 totaled 91.5 million pounds, a 7.5% increase from one year ago. Year to date lactose production through September is 816.0 million pounds, 3.0% more than a year ago. Month ending stocks, at 115.1 million pounds, are 0.1% lower than one year ago, and 3.2% lower than August 2016.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .3000 - .4800 MOSTLY: .3300 - .3750

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

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
September Total	50.0	+ 7
TOTAL, JAN - SEP	426.1	+ 8
1 New Zealand	73.3	+ 41
2 China	71.0	+ 10
3 Mexico	54.4	+ 15
4 Japan	35.5	+ 18
5 Indonesia	32.8	+ 59

**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
10/22/2016	56.6	2,364.1	56.1	2,402.7

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

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

**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

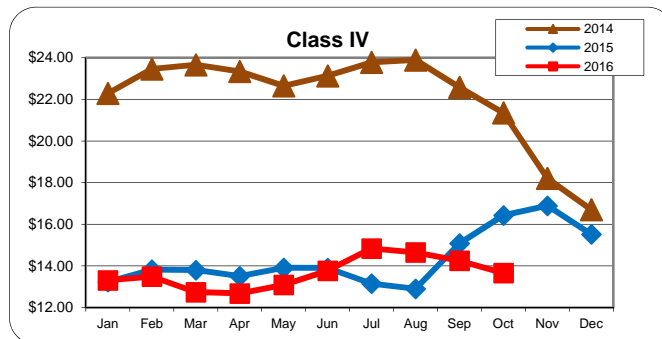
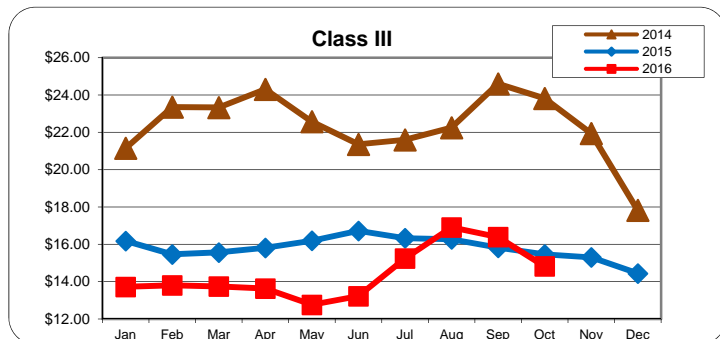
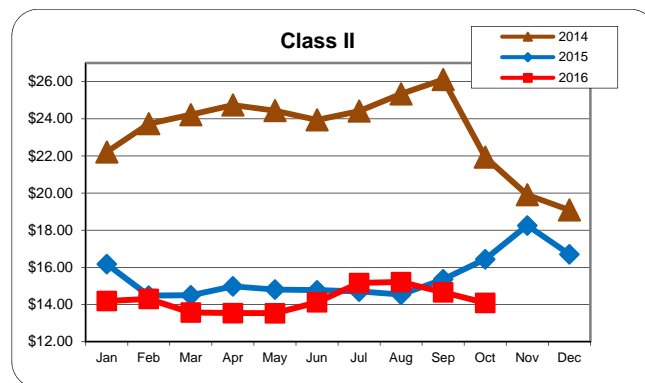
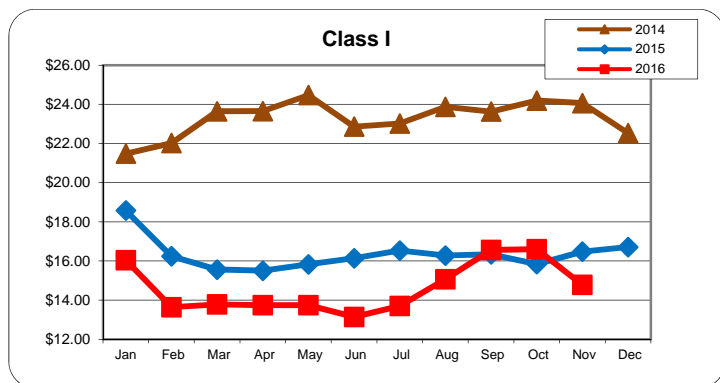
**CLASS IV MILK PRICES (3.5%)**

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	13.74	13.70	13.14	13.70	15.07	16.56	16.60	14.78	
II	14.19	14.30	13.57	13.54	13.53	14.12	15.16	15.21	14.66	14.09		
III	13.72	13.80	13.74	13.63	12.76	13.22	15.24	16.91	16.39	14.82		
IV	13.31	13.49	12.74	12.68	13.09	13.77	14.84	14.65	14.25	13.66		

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





## INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered October 31 - November 11, 2016

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

**WESTERN OVERVIEW:** Milk production continues to trend lower in most countries in Western Europe. The impact of milk prices, lingering weather conditions, and programs to lessen farm milk output are all having an impact on the milk supplies across the region. Levels are below a year ago and tracking near the seasonal low point. Cream markets are active with firm pricing. SMP markets are steady to lower. According to Eurolait, SMP offerings and tenders into intervention in 2016 total 334,550 MT, with total SMP stocks in early November now at 350,566 MT. Milk prices as reported by Eurolait for October 2016 for the EU-15 at 28.65 Euro/100kg, up from September 2016, 28.20, but down from a year earlier, 31.41.

**BUTTER/BUTTEROIL:** Butter prices are steady to slightly higher. The market undertone is mostly steady to firm. There are indications of tightness in local supplies of fresh packaged butter for store demand. Also, a good call for cream for holiday related demand is occurring. Cream supplies are tight and prices are high. Butter is being removed from PSA storage at expected levels. Butteroil prices are higher and nominal in limited reporting, reflecting changes to fat values. Trading activity is very light and untested.

82% BUTTERFAT: 4,500 - 4,800  
99% BUTTERFAT: 4,400 - 5,100

**SKIM MILK POWDER (SMP):** Skim milk powder prices are steady to lower, continuing the slightly weaker trend noted in recent periods. The market tone is unsettled. Offerings remain available for aged and fresh SMP. Global supplies are available and lessening the export call. There are some areas in the Middle East and Far East that are shopping. Interest for Q1 2017 are noted. The overarching effects of the intervention stocks weigh on the market, but those supplies are not expected to be moved in the near future. The goal would be to not disrupt the market. Overall, production of SMP is steady to lower, mainly due to the lower milk supplies.

1.25% BUTTERFAT: 2,100 - 2,375

**SWEET WHEY POWDER:** Whey prices are unchanged in light to moderate trading. Demand is uneven. There is steady to fair call for whey into edible channels; yet slowness is noted to feed accounts. Cheese production is active. Sweet whey drying trends are irregular with a stronger pull of the whey stream from the whey protein markets. Supplies are adequate to service current export needs. Whey pricing is expected to move up and down to a small degree in coming weeks, moving within a trading range. Overall supply and demand are considered generally in balance.

NONHYGROSCOPIC: 875 - 1,100

**WHOLE MILK POWDER (WMP):** Whole milk powder prices continue to trend higher. The market price increases are mainly supported by higher pricing in Oceania. Export demand is light to fair with offerings generally limited seasonally. Buyers are reluctant to pay higher pricing. Production is seasonally light. Offerings and holding are limited. Returns are indicated to favor cheese production over other products.

26% BUTTERFAT: 2,900 - 3,300

**EASTERN OVERVIEW:** Milk production is following recent trends. Output is nearing the low point of the yearly cycle. Romania and Slovenia are the two major countries where milk output is tracking above a year ago. Milk prices as reported by Eurolait for October 2016 for the EU-13 at 26.08 Euro/100kg, up from September 2016, 25.32, but down from a year earlier, 26.67.

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered October 31 - November 11, 2016

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

Milk production in **Australia** is steady to mostly lower, tailing off from the likely peak. Levels are down sharply, around 10% on average, from a year ago. Wet conditions remain pervasive, hampering current milk output. The positive side is there is soil moisture and irrigation water for later cropping and pasture needs. The hope is the seasonal milk production shoulder can be sustained longer. Currently, seasonal projections are projected to be 6-8% lower versus the prior year. Dairy Australia reports dairy product exports for the July-September period totaling 184.4 thousand MT, up 8.2% from the year ago period. Various dairy product export changes compared to the same period last year are: butter, -2.6%; butter oil, +136.4%; cheddar, -4.5%; SMP, -31.9%; WMP, +68.0% and whey products +76.4%. The total value of exports for the July-September period was up 6.1%. **New Zealand** milk output continues to trend lower from the seasonal high point in October with volumes remaining lower than a year ago in November. Rains continue to fall at heavy rates across the North Islands and are a hindrance to pasture growth, resulting in lower milk production. The sustained wet conditions hamper recovery plans. Conditions on the South Island are more typical and milk output there is noted to be at expected levels, helping to offset the declines elsewhere. The impact of recent sharp upticks in whole milk powder pricing is a psychological boost to farmers. Milk prices are expected to be raised in upcoming meetings. However, there is always caution in raising pay prices, especially should the product market prices retreat. At the November 1 GDT event #175, average prices ranged from 5.4% lower to 19.8% higher from the prior event across categories. The all contracts price averages (US\$ per MT) and percent changes from the previous averages are: anhydrous milk fat, \$5,146 +2.6%; butter, \$4,146 +4.0%; buttermilk powder, \$2,248 -5.4%; cheddar cheese, \$3,332 +0.9%; lactose, \$755 -4.0%; rennet casein, \$6,025 -4.8%; skim milk powder, \$2,329 +6.5%; and whole milk powder, \$3,317 +19.8%.

**BUTTER:** Butter prices are mostly higher. There is good demand for butterfat and production of butter is steady to lower. This is also partly due to lower milk intakes in the region. Export demand is mainly steady along projected levels. Available supplies remain in tight positions. At the November 1 GDT event #175, butter for all regions and contracting periods averaged \$4,146/MT, +4.0%. The AMF price average was \$5,146/MT, +2.6%.

82% BUTTERFAT: 4,000 - 4,200

**SKIM MILK POWDER (SMP):** Pricing for SMP in Oceania is trending slightly higher. The demand picture is mostly fair at best and subdued. The market tone is steady to slightly firm, gaining some momentum from rising WMP pricing. The SMP market is balanced, but cautious. Competition with SMP offerings from the U.S. and E.U. are noted. Production is seasonally active, but often not the preferred product choice of manufacturers. At the November 1 GDT event 175, SMP for all regions and contracting periods averaged \$2,329 per MT, +6.5%.

1.25% BUTTERFAT: 2,275 - 2,400

**CHEDDAR CHEESE:** Oceania cheddar cheese prices are mostly steady this period. The market tone is described as steady. Demand is fair to good for current offerings and additional ordering is expected in the near future with exporting partners. Competition with exporting countries is developing.

39% MAXIMUM MOISTURE: 3,475 - 3,750

**WHOLE MILK POWDER (WMP):** Pricing for Oceania WMP is sharply higher, led by limited offerings and increased market prices on the GDT. Offerings are generally limited into currently light demand. Buyers are cautious of the sharp increases. Production is steady to lower in the region, reflecting the seasonal declines in milk output. Manufacturers are trying to keep milk in WMP plants when practical. Holdings are mostly steady with limited additional offerings being extended. At the November 1 GDT event 175, the WMP pricing index, across all contracting periods, averaged \$3,317 per MT, up 19.8% compared to the prior event.

26% BUTTERFAT: 2,800 - 3,400

**Exchange rates for selected foreign currencies:  
November 7, 2016**

.0663 Argentina Peso	.0096 Japan Yen
.7728 Australian Dollar	.0538 Mexican Peso
.7483 Canadian Dollar	.7345 New Zealand Dollar
1.1040 Euro	.2551 Poland Zloty
.0150 India Rupee	

Conversion example: To compare the value of 1 US Dollar to Mexican Pesos:  $(1/.0538) = 18.5874$  Mexican Pesos. Source: "Wall Street Journal"

## INTERNATIONAL DAIRY MARKET NEWS

US\$/MT	Global/Dairy Trading (gDT) Event 175 Recap - November 1, 2016													
	Contract 1		Contract 2		Contract 3		Contract 4		Contract 5		Contract 6		All Contracts	
	Dec-16		Jan-17		Feb-17		Mar-17		Apr-17		May-17			
Anhydrous Milk Fat	\$5,395	5.2%	\$5,138	2.2%	\$5,096	1.4%	\$5,137	4.6%	\$4,933	0.1%	\$5,215	4.5%	\$5,146	2.6%
Butter	\$4,315	7.5%	\$4,165	4.4%	\$4,155	4.0%	\$4,085	3.2%	\$4,075	2.6%	\$4,055	2.0%	\$4,146	4.0%
Buttermilk Powder	n.a.		\$2,226	-5.0%	\$2,400	-7.0%	n.a.		n.a.		n.a.		\$2,248	-5.4%
Cheddar	\$3,431	0.1%	\$3,286	-0.5%	\$3,319	1.4%	\$3,361	2.4%	\$3,413	-1.3%	n.a.		\$3,332	0.9%
Lactose	n.a.		\$755	-4.0%	n.a		n.a.		n.a.		n.a.		\$755	-4.0%
Rennet Casein	\$6,415	-2.7%	\$5,962	-5.0%	\$6,035	-7.3%	\$6,060	-2.0%	n.a.		n.a.		\$6,025	-4.8%
Skim Milk Powder	\$2,460	14.5%	\$2,287	5.9%	\$2,343	6.7%	\$2,358	6.6%	\$2,374	6.0%	\$2,485	1.0%	\$2,329	6.5%
Sweet Whey Powder	n.a.		n.a.		n.a		n.a.		n.a.		n.a.		n.a.	
Whole Milk Powder	\$3,745	31.9%	\$3,274	16.8%	\$3,289	22.2%	\$3,309	19.5%	\$3,275	18.6%	\$3,311	17.4%	\$3,317	19.8%

Average price US\$/MT and % change in indices from previous event.

US\$/Pound	Global/Dairy Trading (gDT) Event 175 Recap - November 1, 2016													
	Contract 1		Contract 2		Contract 3		Contract 4		Contract 5		Contract 6		All Contracts	
	Dec-16		Jan-17		Feb-17		Mar-17		Apr-17		May-17			
Anhydrous Milk Fat	\$2.4472	5.2%	\$2.3306	2.2%	\$2.3115	1.4%	\$2.3301	4.6%	\$2.2376	0.1%	\$2.3655	4.5%	\$2.3342	2.6%
Butter	\$1.9573	7.5%	\$1.8892	4.4%	\$1.8847	4.0%	\$1.8529	3.2%	\$1.8484	2.6%	\$1.8393	2.0%	\$1.8806	4.0%
Buttermilk Powder	n.a.		\$1.0097	-5.0%	\$1.0886	-7.0%	n.a.		n.a.		n.a.		\$1.0197	-5.4%
Cheddar	\$1.5563	0.1%	\$1.4905	-0.5%	\$1.5055	1.4%	\$1.5245	2.4%	\$1.5481	-1.3%	n.a.		\$1.5114	0.9%
Lactose	n.a.		\$0.3425	-4.0%	n.a		n.a.		n.a.		n.a.		\$0.3425	-4.0%
Rennet Casein	\$2.9098	-2.7%	\$2.7043	-5.0%	\$2.7375	-7.3%	\$2.7488	-2.0%	n.a.		n.a.		\$2.7329	-4.8%
Skim Milk Powder	\$1.1158	14.5%	\$1.0374	5.9%	\$1.0628	6.7%	\$1.0696	6.6%	\$1.0768	6.0%	\$1.1272	1.0%	\$1.0564	6.5%
Sweet Whey Powder	n.a.		n.a.		n.a		n.a.		n.a.		n.a.		n.a.	
Whole Milk Powder	\$1.6987	31.9%	\$1.4851	16.8%	\$1.4919	22.2%	\$1.5010	19.5%	\$1.4855	18.6%	\$1.5019	17.4%	\$1.5046	19.8%

Average price US\$/pound and % change from previous event.

## INTERNATIONAL DAIRY MARKET NEWS - SOUTH AMERICA

Information gathered October 31 - November 11, 2016

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

**SOUTH AMERICA OVERVIEW:** In **Argentina** and **Uruguay**, farm milk output is seasonally steady to lower, after reaching the peak of the spring flush. According to processors, milk intakes are in balance with manufacturing needs. Pulls from cheese manufacturers are strong. UHT milk processing is active. Bottled milk demands from retailers and several restaurants are up. Pasture and forage conditions are improving in both countries. In **Chile**, milk production is steady, but below levels from the previous year. Although rainy conditions are present in the main dairy regions of Los Ríos and Los Lagos, farm milk output has been marginally affected. There are sufficient milk supplies to meet processing needs. Milk demand from yogurt manufacturers is strong. Condensed milk processing is active. According the Office of Agricultural Studies and Policies (ODEPA), in September, Chile farm milk production sent to processors was 176.8 million liters, up 25.3% from the previous month and 1.8% above a year ago. From this production, 18% was destined into bottling processing. From January to September 2016, milk output sent to manufacturing plants totaled 1,343 million liters, down 1.6% from the same period of 2015. Milk prices paid to milk producers in September were \$202 Chilean pesos (CLP) per liter, down 4.1% from last month, but 1.8% above the previous year. The September price paid to producers is equivalent to \$0.31 USD/liter or around \$13.43/cwt. Farm milk production is steady to higher in **Brazil** as some dairy operators are adding more cows to the milking parlor. Thunderstorms are present in the Southeast region of the country, where the main dairy states are located. In this zone, the current severe drought has harmed the quality of grass and forage. However, with these rains, dairy operators are hopeful that pasture quality will improve in the near term. The food processing industry continues growing in Brazil, demanding more milk, especially milk powders. Overall, milk volumes are below the current processing needs. Sales activity of spot milk is steady. Compared to the past two weeks, as reported by Milkpoint, spot milk prices per liter in Brazil slightly fell from \$1.12 to \$1.11 Brazilian reals (BRL) or \$0.35 USD. This week, the average spot price for UHT milk is \$1.92 BRL/ liter or \$0.60 USD/liter.

**WHOLE MILK POWDER (WMP):** In the Southern Cone of South America, whole milk powder prices are mixed on a wider range. The bottom of the range shifted down reflecting export transactions outside the Mercosur bloc. The top of the range is reflecting sales trades within Mercosur, mainly exports from Argentina and Uruguay to Brazil. WMP interest from the food processing industry, especially in Brazil, is strong. WMP production is ongoing as sufficient milk supplies continue clearing into dryers. Inventories are mixed. According to the Ministry of Industry, Trade, and Services (MDIC), Brazil WMP imports from January to October 2016 totaled 106,984 MT, up 113% from the same period in 2015. From this total, imports from Uruguay and Argentina represented 68% and 27%, respectively.

26% BUTTERFAT:

2,650 - 3,350

## INTERNATIONAL DAIRY MARKET NEWS

DAIRY MARKET NEWS INTERNATIONAL MONTHLY SUMMARY AND AVERAGES FOR OCTOBER 2016<sup>1</sup>

(UNLESS OTHERWISE NOTED, PRICES ARE U.S.DOLLARS/METRIC TON, F.O.B. PORT)

COMMODITY	::REPORT NUMBER 41		::REPORT NUMBER 43		::REPORT NUMBER 45		2016 *	2015 *
	::-----::		::-----::		::-----::		Monthly	Monthly
	:: OCT 03 - 14		:: OCT 17 - 28		:: OCT 31 - 31		Average	Average
BUTTER (82% BUTTERFAT)								
-- OCEANIA	:: 3900	- 4025	:: 3975	- 4025	:: 4000	- 4200	:: 3987	: 3164
-- WESTERN EUROPE	:: 4450	- 4650	:: 4500	- 4700	:: 4500	- 4800	:: 4579	: 3116
BUTTEROIL (99% BUTTERFAT)								
-- WESTERN EUROPE	:: 4000	- 4700	:: 4000	- 4900	:: 4400	- 5100	:: 4417	: 3760
CHEDDAR CHEESE (39% MAXIMUM MOISTURE)								
-- OCEANIA	:: 3500	- 3800	:: 3475	- 3750	:: 3475	- 3750	:: 3630	: 3191
SKIM MILK POWDER (1.25% BUTTERFAT)								
-- OCEANIA	:: 2300	- 2500	:: 2175	- 2350	:: 2275	- 2400	:: 2332	: 2152
-- WESTERN EUROPE	:: 2200	- 2400	:: 2175	- 2375	:: 2100	- 2375	:: 2285	: 1986
WHEY POWDER (NONHYGROSCOPIC)								
-- WESTERN EUROPE	:: 0900	- 1100	:: 0875	- 1100	:: 0875	- 1100	:: 993	: 709
WHOLE MILK POWDER (26% BUTTERFAT)								
-- OCEANIA	:: 2700	- 2900	:: 2750	- 2900	:: 2800	- 3400	:: 2826	: 2767
-- WESTERN EUROPE	:: 2875	- 3000	:: 2900	- 3100	:: 2900	- 3300	:: 2975	: 2459
-- SOUTH AMERICA	:: 2750	- 3050	:: 2750	- 3100	:: 2650	- 3350	:: 2917	: ...

1 Prices for all products are issued biweekly and represent a value for the entire biweekly period. Monthly averages are based on biweekly prices and are time-weighted according to the number of workdays in the month - Saturdays and Sundays excluded. No monthly average is computed if one or more biweekly prices are missing.



**CME GROUP, INC FUTURES**

Selected settling prices

Month	10/28	10/31	11/01	11/02	11/03	11/04	11/07	11/08	11/09
<b>CLASS III MILK FUTURES (Pit-Traded) (\$/cwt)</b>									
OCT 16	14.78	14.78	14.80	14.82					
NOV 16	15.69	16.04	16.27	16.33	16.59	16.80	16.97	16.79	16.79
DEC 16	15.57	15.88	16.01	16.07	16.27	16.45	16.72	16.46	16.48
JAN 17	15.56	15.78	15.84	15.83	15.91	15.93	16.07	15.83	15.78
FEB 17	15.71	15.91	15.90	15.90	15.95	15.98	16.09	15.82	15.81
MAR 17	15.95	16.08	16.06	16.02	16.05	16.05	16.10	15.87	15.87
APR 17	16.00	16.10	16.10	16.08	16.08	16.10	16.15	15.90	15.85
MAY 17	16.10	16.15	16.13	16.14	16.14	16.13	16.18	15.95	15.95
JUN 17	16.26	16.30	16.30	16.29	16.31	16.29	16.30	16.15	16.13
JUL 17	16.41	16.45	16.45	16.52	16.52	16.49	16.55	16.34	16.34
<b>CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)</b>									
OCT 16	13.68	13.68	13.68	13.66					
NOV 16	13.83	13.80	13.83	13.83	13.75	13.69	13.69	13.69	13.69
DEC 16	14.15	14.06	14.21	14.21	14.10	13.93	13.93	13.99	13.99
JAN 17	14.49	14.49	14.50	14.70	14.58	14.53	14.53	14.45	14.43
<b>CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)</b>									
OCT 16	186.35	186.35	186.25	186.37					
NOV 16	195.00	191.68	191.90	192.53	191.83	191.83	191.83	191.83	191.83
DEC 16	195.00	191.53	192.00	191.98	191.00	192.00	192.50	192.50	192.50
JAN 17	199.00	195.33	193.08	192.75	193.00	193.00	193.05	193.00	193.00
<b>NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)</b>									
OCT 16	92.45	92.80	92.75	92.22					
NOV 16	89.60	89.70	90.30	90.55	89.75	87.80	88.80	89.75	90.50
DEC 16	93.05	93.35	95.10	95.50	93.95	91.83	92.80	93.50	92.75
JAN 17	97.08	97.73	99.50	101.00	98.70	97.15	97.08	98.40	96.30
<b>WHEY (Electronic-Traded) (¢/lb)</b>									
OCT 16	32.90	32.90	32.90	33.03					
NOV 16	35.30	35.00	34.58	34.58	35.50	35.83	35.53	35.00	35.00
DEC 16	36.55	36.25	35.40	35.40	35.80	35.90	36.00	35.75	35.70
JAN 17	36.50	36.50	36.25	36.00	36.03	36.53	36.53	36.53	36.53
<b>CHEESE CSC (Electronic-Traded) (\$/lb)</b>									
OCT 16	1.58	1.58	1.58	1.58					
NOV 16	1.66	1.70	1.73	1.73	1.75	1.77	1.79	1.78	1.77
DEC 16	1.63	1.67	1.69	1.70	1.71	1.73	1.76	1.73	1.73
JAN 17	1.63	1.66	1.66	1.67	1.68	1.68	1.69	1.67	1.66
FEB 17	1.64	1.67	1.67	1.67	1.67	1.68	1.69	1.67	1.67

Source: <http://www.cmegroup.com/market-data/daily-bulletin.html>

## September Milk Sales

During September 4.1 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.2 percent higher than September 2015. Estimated sales of total conventional fluid milk products was virtually unchanged from September 2015 and estimated sales of total organic fluid milk products increased 5.3 percent from a year earlier.

Estimated Total U.S. Sales of Fluid Milk Products, September 2016, with Comparisons <sup>1,4</sup>				
Product Name	Sales		Change from: <sup>2</sup>	
	September	Year to Date	Previous Year	Year to Date
	(million pounds)		(percent)	
Conventional Production Practice				
Whole Milk	1,186	10,693	6.0	5.0
Flavored Whole Milk	52	450	4.9	7.3
Reduced Fat Milk (2%)	1,288	11,620	0.0	-1.8
Low Fat Milk (1%)	574	5,074	-5.3	-4.9
Fat-Free Milk (Skim)	379	3,533	-11.2	-11.0
Flavored Fat-Reduced Milk	381	2,765	1.3	3.2
Buttermilk	41	378	0.8	-0.2
Other Fluid Milk Products	9	45	57.0	30.7
Total Fat-Reduced Milk <sup>3</sup>	2,622	22,992	-2.8	-3.5
Total Conventional Milk Products	3,910	34,558	0.0	-0.8
Organic Production Practice				
Whole Milk	82	701	17.5	16.6
Reduced Fat Milk (2%)	67	590	4.0	9.1
Low Fat Milk (1%)	34	324	-3.8	-3.2
Fat-Free Milk (Skim)	26	239	-10.6	-9.5
Flavored Fat-Reduced Milk	8	65	6.1	-17.9
Other Fluid Milk Products	0	2	----	----
Total Fat-Reduced Milk <sup>3</sup>	135	1,217	-1.0	0.0
Total Organic Milk Products	218	1,919	5.3	5.5
Total Fluid Milk Products	4,128	36,478	0.2	-0.5

<sup>1</sup> 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. <sup>2</sup> Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis. <sup>3</sup> Both conventional and organic fat-reduced milk categories are total of reduced fat, lowfat, skim and flavored fat-reduced milk. <sup>4</sup> 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 year comparisons less accurate, and will overstate any year over year decrease in sales. Report contact: Daniel Manzoni, [Daniel.manzoni@ams.usda.gov](mailto:Daniel.manzoni@ams.usda.gov) or 202-720-2352.

Packaged Sales of Total Fluid Milk Products in Federal Milk Orders and California, September 2016, with Comparisons <sup>1</sup>					
Marketing Area	Order Number	Sales		Change from: <sup>2</sup>	
		September	Year to Date	Previous Year	Year to Date
		(million pounds)		(percent)	
Northeast	001	669	6,174	0.2	-1.4
Appalachian	005	274	2,413	0.8	0.0
Florida	006	227	2,060	3.9	1.7
Southeast	007	382	3,356	-0.6	-0.3
Upper Midwest	030	317	2,794	1.4	0.2
Central	032	351	3,089	0.8	0.6
Mideast	033	452	4,023	-0.1	-0.5
Pacific Northwest	124	169	1,479	-0.2	-0.3
Southwest	126	380	3,320	1.0	1.0
Arizona	131	88	789	-2.2	-1.8
California <sup>3</sup>	---	459	4,064	-1.9	-2.7
All Orders (Total)		3,339	29,496	0.5	-0.2
All Areas (Total)		3,798	33,559	0.2	-0.5

<sup>1</sup> These figures are representative of the consumption of total fluid milk products in the respective area; see footnote <sup>3</sup> above for the products included. <sup>2</sup> Percent changes, as well as sales volumes, are shown on an unadjusted basis. <sup>3</sup> See footnote <sup>4</sup> 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, August 2016, With Comparisons

In August 2016, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$16.69 per cwt, up \$0.94 per cwt from the July 2016 average and up \$0.21 per cwt from the August 2015 average. The component tests of producer milk in August 2016 were: butterfat, 3.63%; protein, 3.01%; and other solids, 5.74%. When compared to the previous month, the August Mailbox prices increased in all of the 19 Federal milk order reporting areas. The greatest increase of \$1.38 per cwt occurred in the West Texas reporting area while the lowest increase of \$0.40 per cwt occurred in the Indiana reporting area. Averaged over all Federal milk order reporting areas, the August 2016 Mailbox price increased an average of \$0.95 per cwt. Mailbox prices in August 2016 ranged from \$18.00 in Florida to \$14.70 in the Michigan reporting area.

Reporting Area <sup>1</sup>	Mailbox Milk Price <sup>2</sup>		
	August 2015	July 2016	August 2016
	<i>(dollars per hundredweight)</i>		
New England States <sup>3</sup>	17.72	17.04	17.68
New York	16.44	15.76	16.35
Eastern Pennsylvania <sup>4</sup>	16.37	15.75	16.34
Appalachian States <sup>5</sup>	17.62	15.87	16.81
Southeast States <sup>6</sup>	18.20	15.88	17.13
Southern Missouri <sup>7</sup>	17.80	15.90	17.19
Florida	19.11	16.79	18.00
Western Pennsylvania <sup>8</sup>	16.42	15.79	16.43
Ohio	16.36	15.83	16.35
Indiana	15.70	15.60	16.00
Michigan	15.48	13.98	14.70
Wisconsin	17.50	16.52	17.78
Minnesota	17.23	16.52	17.78
Iowa	16.84	16.15	17.19
Illinois	17.07	16.04	17.09
Corn Belt States <sup>9</sup>	15.44	14.93	16.06
Western Texas <sup>10</sup>	15.88	14.87	16.25
New Mexico	14.73	14.07	15.42
Northwest States <sup>11</sup>	15.42	16.03	16.83
All Federal Order Areas <sup>12</sup>	16.48	15.75	16.69
California <sup>13</sup>	15.05	14.55	15.75

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

<sup>2</sup> 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.

<sup>3</sup> Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

<sup>4</sup> Includes all counties to the east of those listed in <sup>8</sup>.

<sup>5</sup> Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia.

<sup>6</sup> Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi.

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

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

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

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

<sup>11</sup> Includes Oregon and Washington.

<sup>12</sup> Weighted average of prices for all selected reporting areas.

<sup>13</sup> Calculated by California Department of Food and Agriculture, and published at:

<https://www.cdffa.ca.gov/dairy/uploader/postings/mailboxmap/Default.aspx>

Report Contact: Randal Stoker, [randal.stoker@usda.gov](mailto:randal.stoker@usda.gov) or 202-690-1932

## November Supply and Demand Estimates

Milk production forecasts for 2016 and 2017 are lowered from last month as recent data indicated that the U.S. cow inventory increased less rapidly than previously expected. However, output per cow is raised from last month. The skim-solids basis import forecast for 2016 is lowered, reflecting recent trade data, but the 2017 fat and skim-solid basis forecasts are unchanged. Fat basis exports are lowered for 2016 and 2017 on slower sales of cheese and whole milk powder. On a skim-solids basis, exports for 2016 are forecast lower on weaker sales of milk protein concentrates and whey, but are unchanged for 2017. Cheese and whey price forecasts for 2016 are raised on current price strength. The forecasts for butter and nonfat dry milk (NDM) are lowered as supplies remain large. For 2017, large supplies of butter are expected to continue to pressure prices, but prices of cheese, whey and NDM are expected to strengthen. The Class III price forecast is raised for both 2016 and 2017 on higher cheese and whey prices. However, lower butter prices are expected to more than offset higher NDM prices and Class IV prices for both years are lowered from last month. All milk prices are forecast higher at \$16.00 to \$16.10 per cwt for 2016 and \$16.30 to \$17.20 per cwt for 2017.

U.S. Milk Supply and Use					
Commodity	2015	2016 Projected		2017 Projected	
		Oct	Nov	Oct	Nov
Milk	(billion pounds)				
Production	208.6	212.7	212.5	217.3	217.0
Farm Use	1.0	1.0	1.0	1.0	1.0
Fat Basis Supply					
Beginning Commercial Stocks	11.2	13.3	13.3	13.5	13.4
Marketings	207.7	211.7	211.5	216.4	216.0
Imports	5.7	7.2	7.2	7.1	7.1
Total Commercial Supply	224.6	232.2	232.0	236.9	236.4
Fat Basis Use					
Commercial Exports	8.8	9.0	8.7	9.1	8.9
Ending Commercial Stocks	13.3	13.5	13.4	12.8	12.8
CCC Donations	0.0	0.0	0.0	0.0	0.0
Domestic Commercial Use	202.5	209.7	209.9	215.0	214.7
Skim-Solid Basis Supply					
Beginning Commercial Stocks	13.1	13.9	13.9	13.5	13.5
Marketings	207.7	211.7	211.5	216.4	216.0
Imports	6.0	6.7	6.6	6.4	6.4
Total Commercial Supply	226.7	232.2	231.9	236.2	235.8
Skim-Solids Basis Use					
Commercial Exports	37.3	38.5	38.4	39.7	39.7
Ending Commercial Stocks	13.9	13.5	13.5	13.2	13.2
CCC Donations	0.0	0.0	0.0	0.0	0.0
Domestic Commercial Use	175.5	180.2	180.0	183.3	182.9

NOTE: Totals may not add due to rounding.

Continued on page 13

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

U.S. Dairy Prices						
Commodity	2015	2016 Projected		2017 Projected		
		Oct	Nov	Oct	Nov	
Product Prices <sup>1</sup>	(dollars per pound)					
	Cheese	1.6454	1.550-1.560	1.590-1.600	1.510-1.600	1.610-1.700
	Butter	2.0670	2.040-2.070	2.035-2.065	1.855-1.975	1.810-1.930
	Nonfat Dry Milk	0.9016	0.825-0.845	0.820-0.840	0.925-0.995	0.930-1.000
	Dry Whey	0.3804	0.270-0.280	0.280-0.290	0.330-0.360	0.360-0.390
Milk Prices <sup>2</sup>	(dollars per cwt)					
	Class III	15.80	14.30-14.40	14.70-14.80	14.20-15.10	15.30-16.20
	Class IV	14.35	13.60-13.80	13.55-13.75	13.70-14.70	13.55-14.55
	All Milk <sup>3</sup>	17.12	15.80-15.90	16.00-16.10	15.55-16.45	16.30-17.20
	Quarterly					
	2016 III	2016 IV <sup>4</sup>	2017 I <sup>4</sup>	2017 II <sup>4</sup>	2017 III <sup>4</sup>	
Milk Production	(billion pounds)					
	52.6	52.5	53.7	55.6	53.8	
All Milk Price <sup>2,3</sup>	(dollars per cwt)					
	16.83	16.80-17.10	16.65-17.25	15.95-16.85	16.35-17.35	
	16.18	15.70-16.00	15.30-15.90	15.25-16.15	15.45-16.45	
	14.58	13.50-13.90	13.65-14.35	13.65-14.65	13.60-14.70	

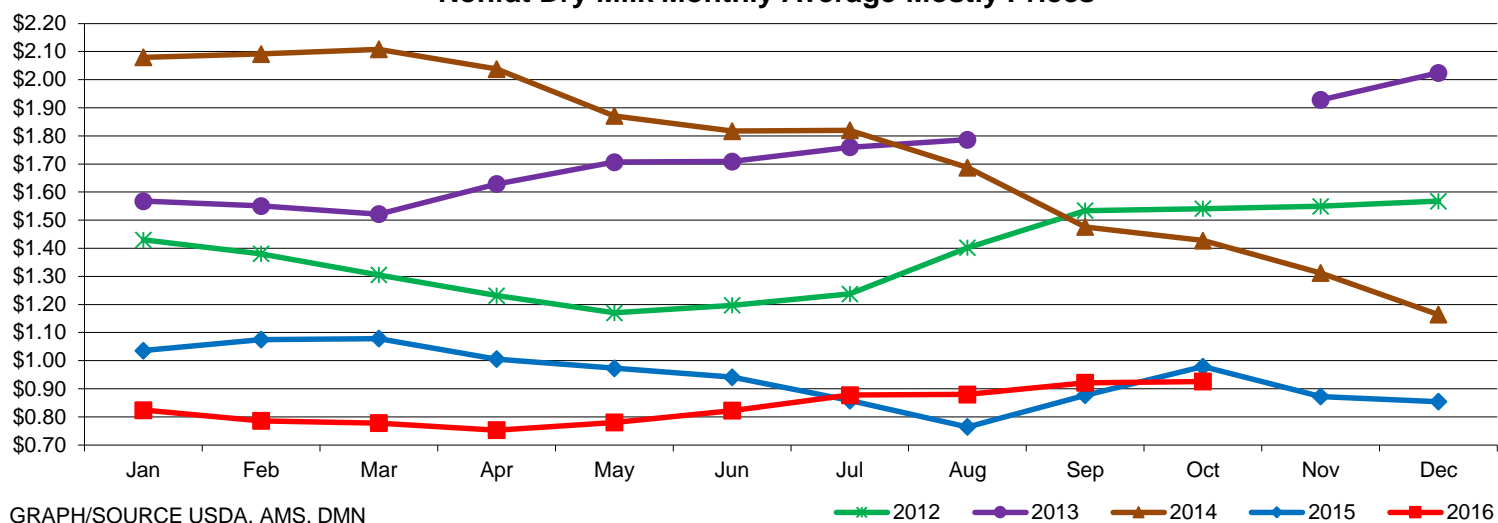
<sup>1</sup> Simple average of monthly prices calculated from AMS weekly average dairy product prices for class price computations. Details may be found by going to <http://www.ams.usda.gov/rules-regulations/mmr/dmr>; scroll down to Publications, National Dairy Products Sales Reports, and select Current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

**Source:** U.S. Department of Agriculture. World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates*, WASDE-559, November 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].



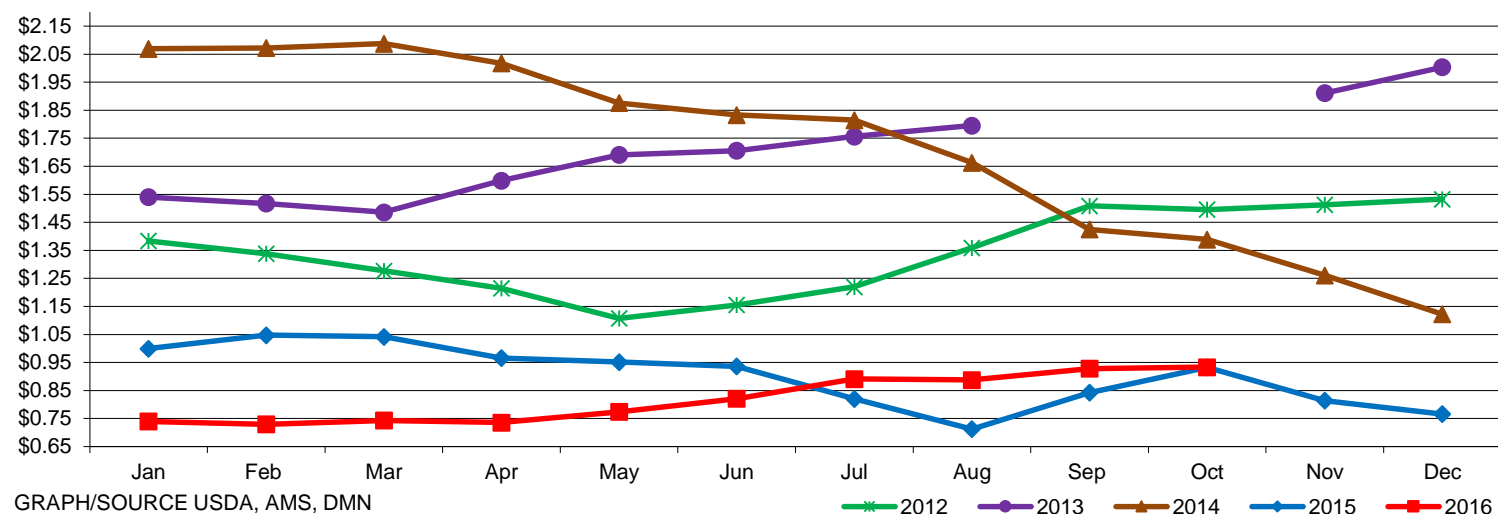
PER POUND

### Central & East Low/Medium Heat Nonfat Dry Milk Monthly Average Mostly Prices



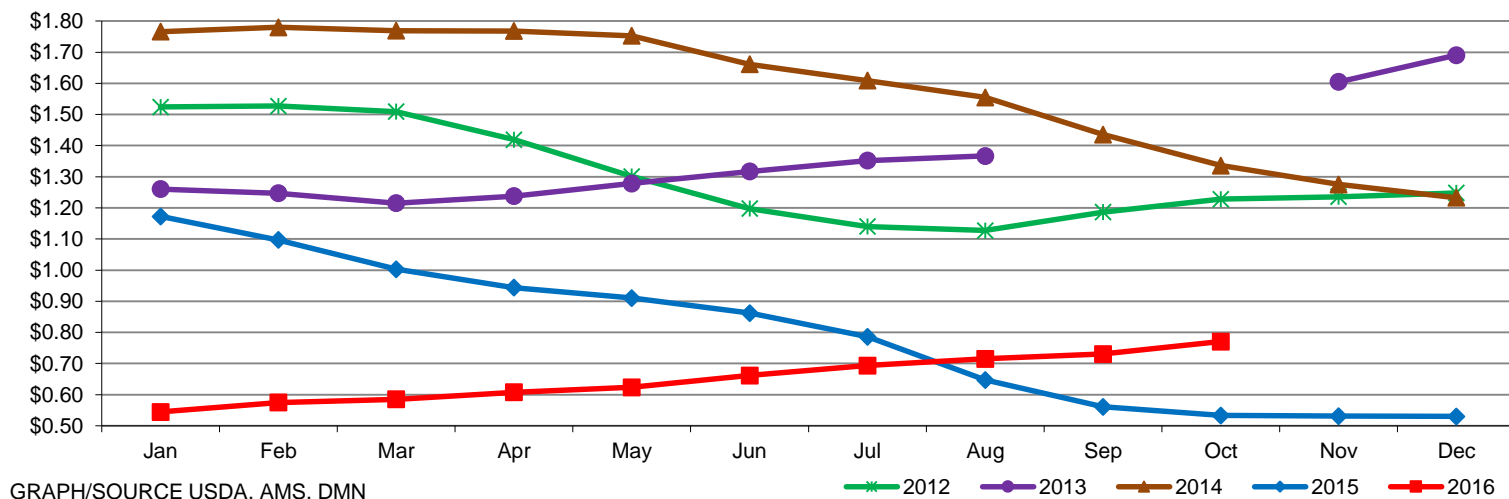
PER POUND

### Western Low/Medium Heat Nonfat Dry Milk Monthly Average Mostly Prices

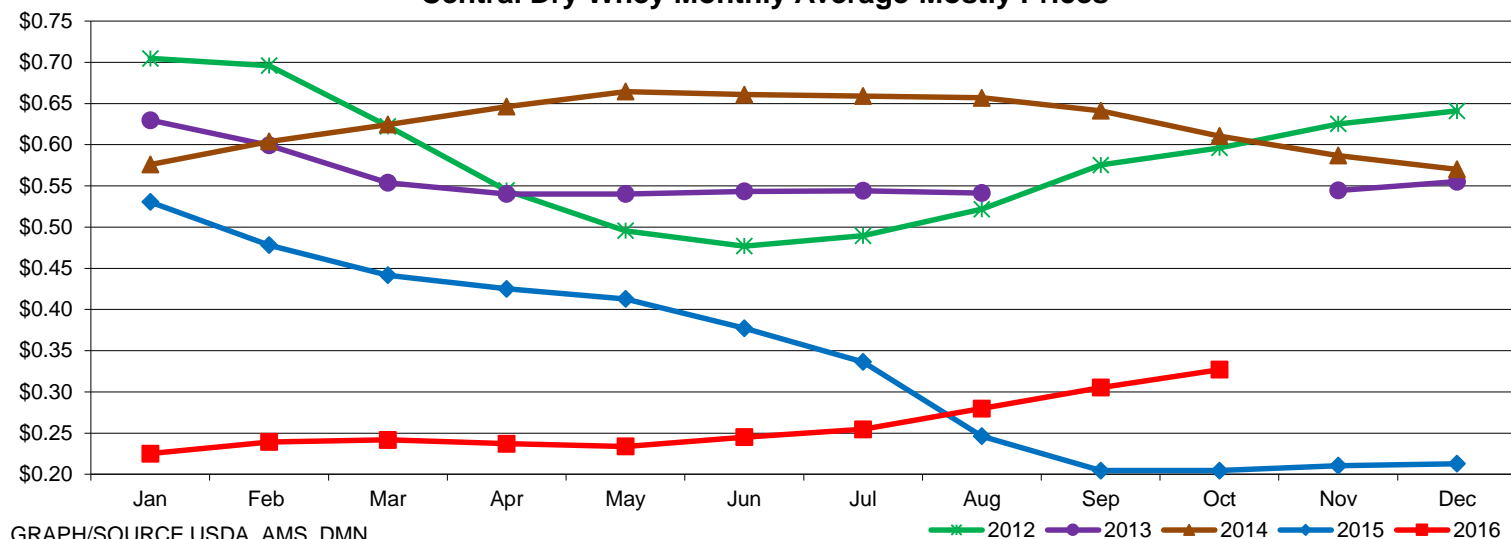


PER POUND

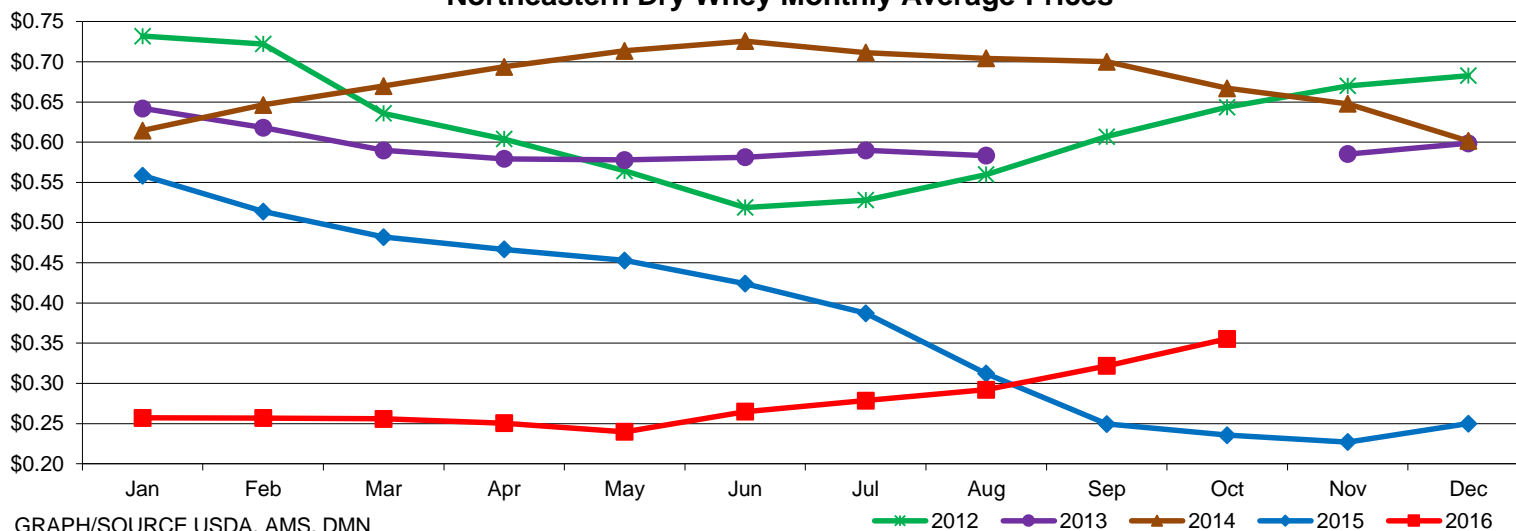
### Central & West Dry WPC 34% Monthly Average Mostly Prices



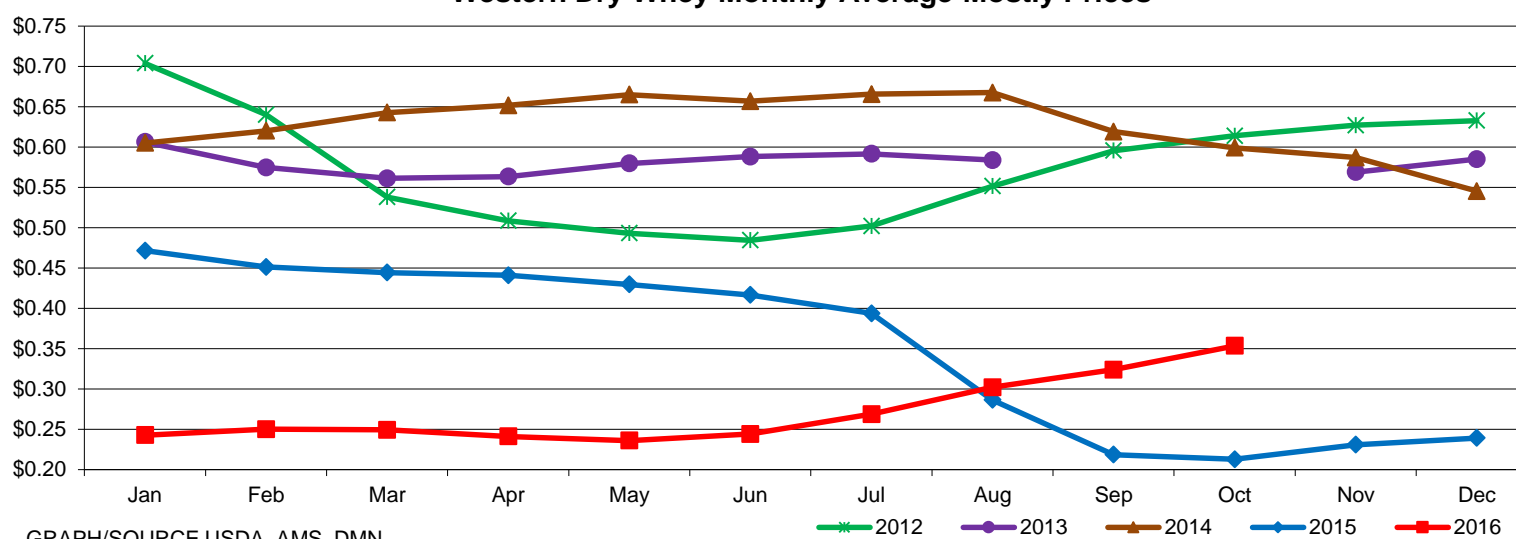
PER POUND

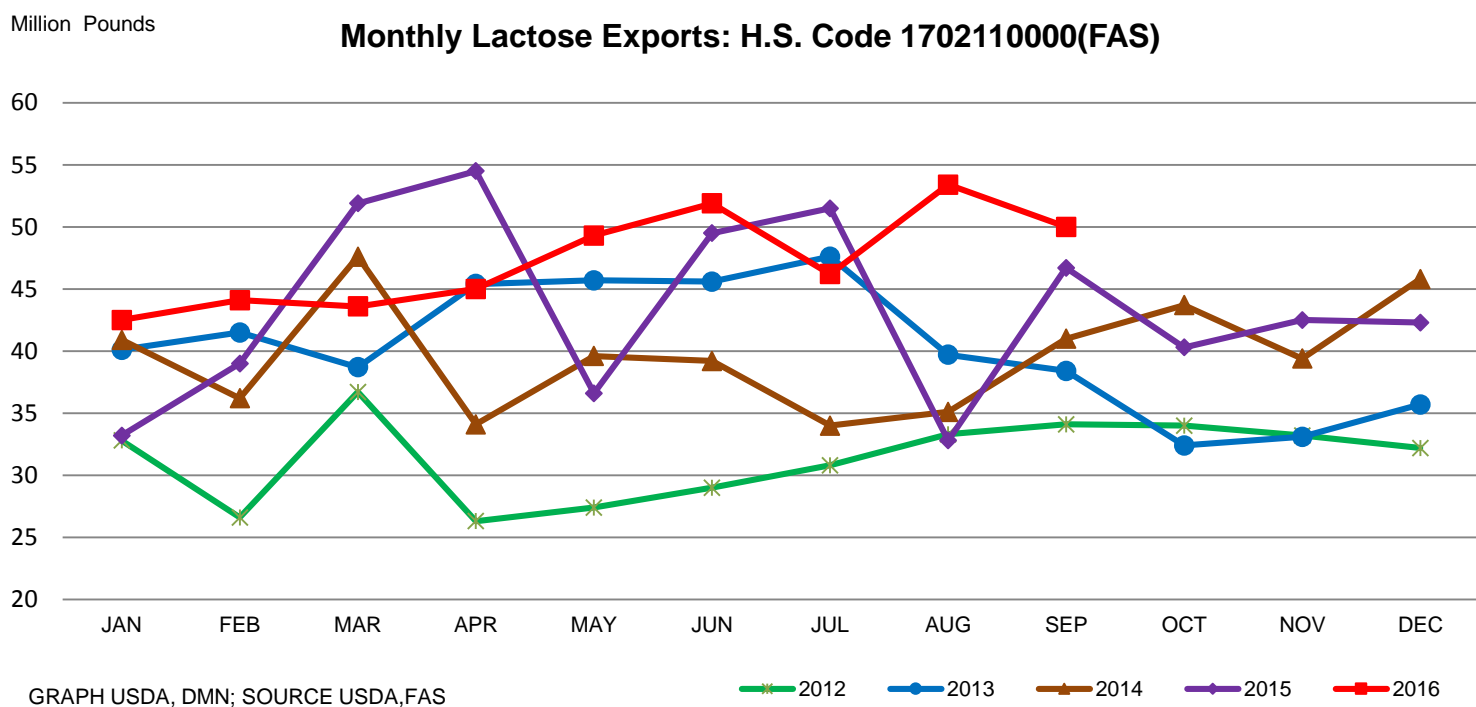
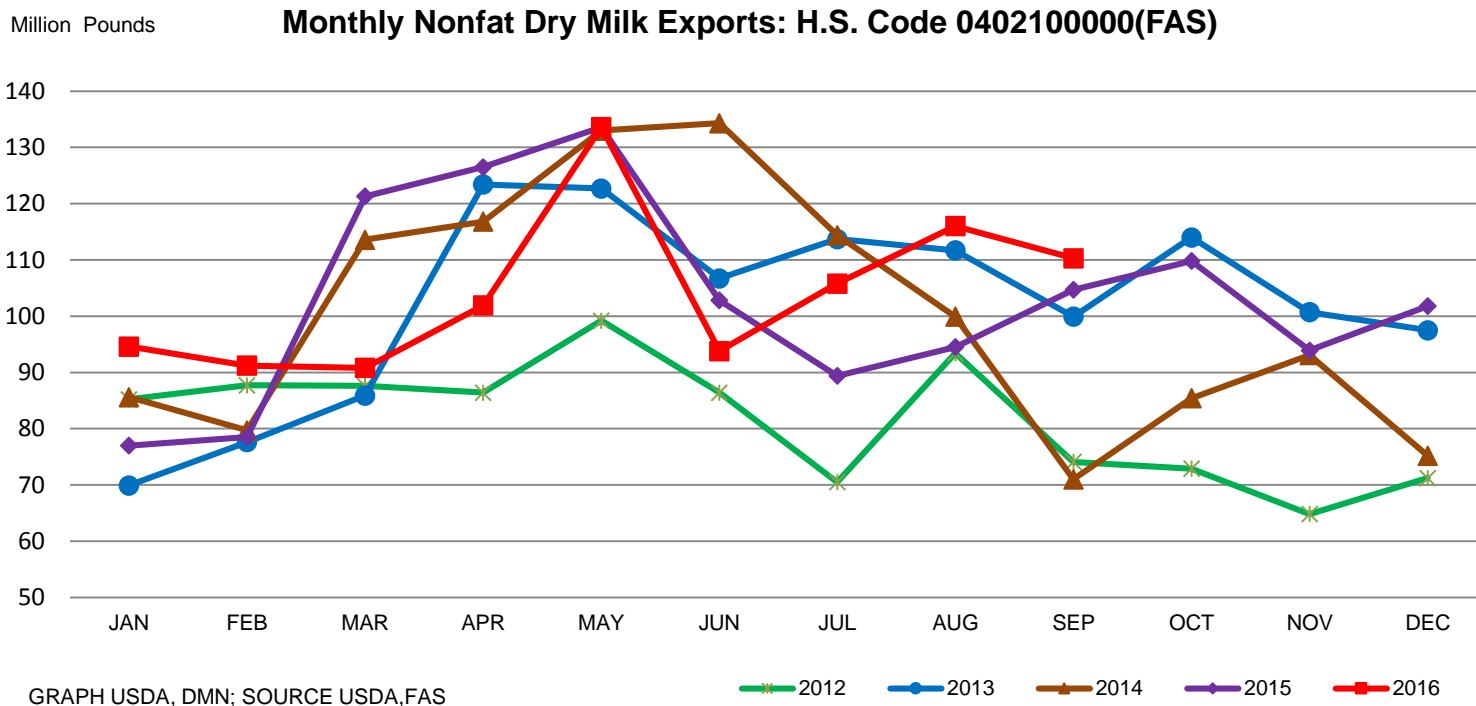
**Central Dry Whey Monthly Average Mostly Prices**

PER POUND

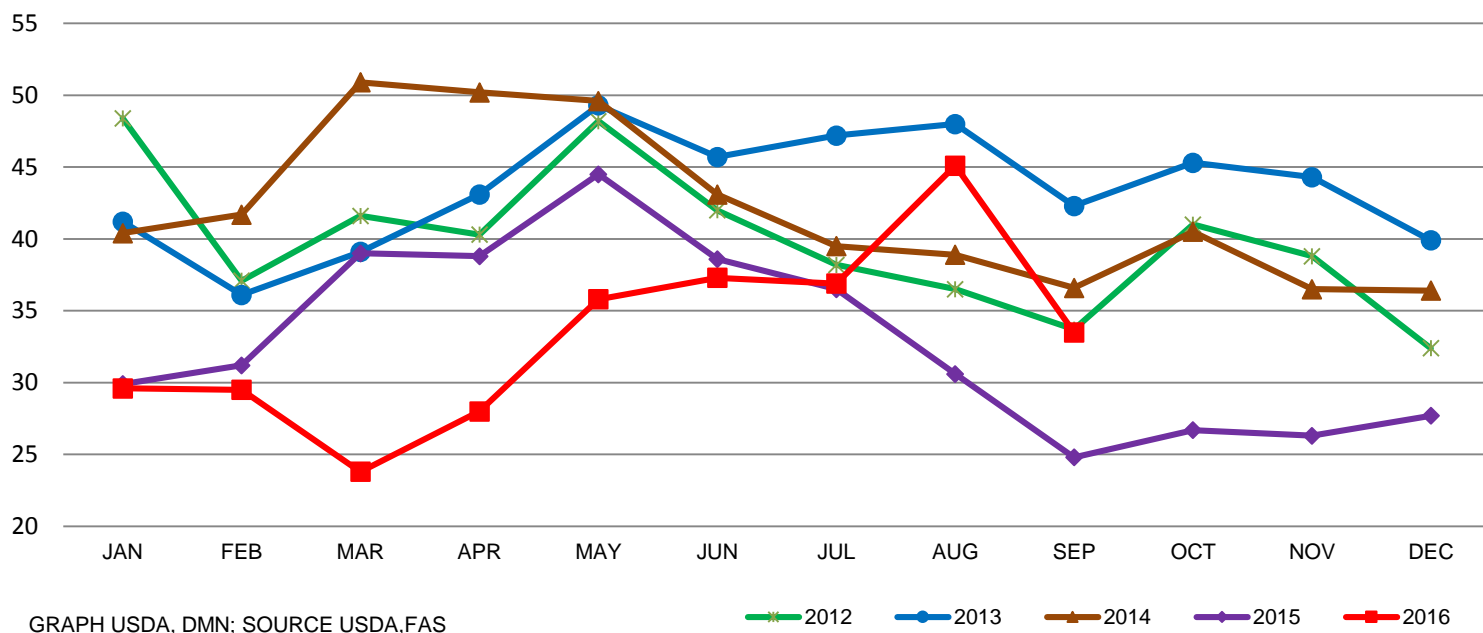
**Northeastern Dry Whey Monthly Average Prices**

PER POUND

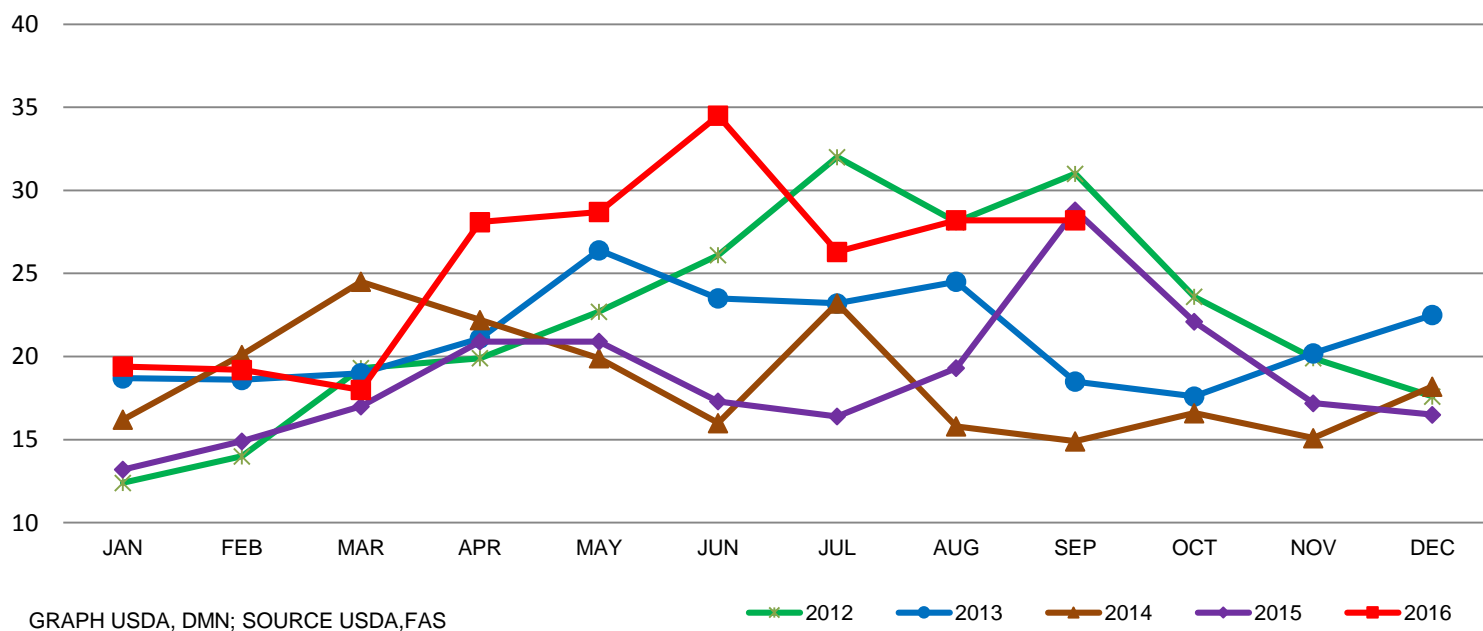
**Western Dry Whey Monthly Average Mostly Prices**



Million Pounds

**Monthly Dry Whey Exports: H.S. Code 0404104000(FAS)**

Million Pounds

**Monthly WPC <80% Exports: H.S. Code 0404100500(FAS)**



## Dairy Market News Branch

Agricultural  
Marketing  
Service

# National Retail Report-Dairy

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

Volume 83- Number 45

Issued Weekly

Friday, November 11, 2016

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

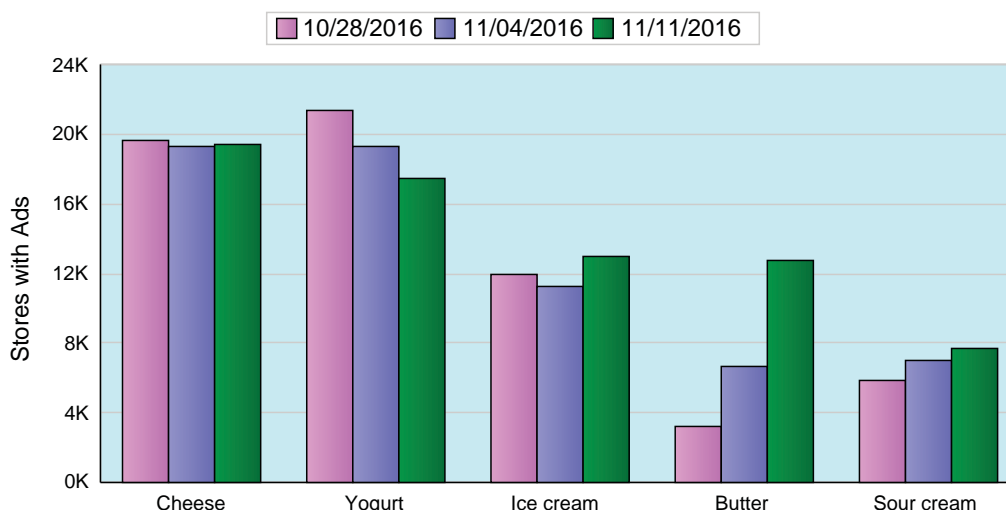
Total conventional dairy advertisements increased 8%, while organic dairy ads increased 27%. Conventional butter ads increased 110% and organic ads increased 1% as the holiday baking season gains momentum. The national average price for 1 pound conventional butter is \$2.69, while 1 pound organic butter is \$5.12, representing an organic price premium of \$2.43. Advertisements for conventional ice cream in 48-64 ounce containers increased 14% and that category was the top advertised dairy item, followed by conventional 1 pound butter.

Conventional yogurt ads declined 11%, but organic yogurt ads increased 22%. Organic Greek yogurt in 4-6 ounce containers increased by 1,120%. The average sale price for 4-6 ounce conventional Greek yogurt is \$0.95, while 4-6 ounce organic Greek yogurt averaged \$0.90. The average sale price for 4-6 ounce conventional yogurt is \$0.55, while 4-6 ounce organic yogurt averaged \$0.60.

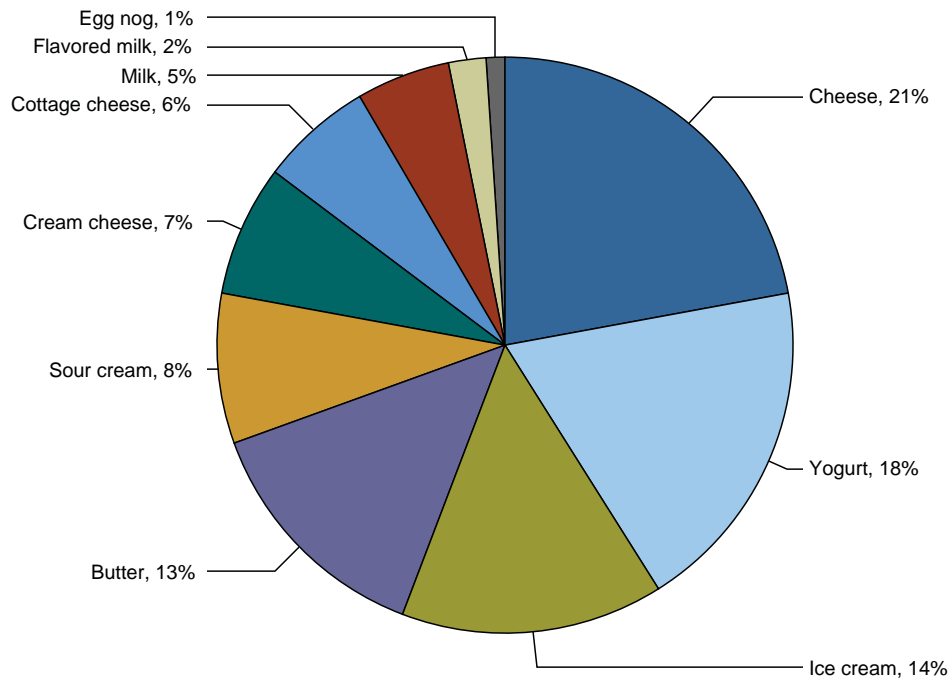
The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.05, down 7 cents from last week. Ads for conventional 8 ounce shred cheese averaged \$2.09, down 10 cents from last week. The collective number of conventional cheese ads increased slightly, 1%, while organic declined 98%.

This week, the difference between the average weighted price for organic half gallon milk, \$3.60, and the average weighted price for conventional half gallon milk, \$1.40, resulted in an organic price premium of \$2.20. Organic milk advertisements increased 24%, while ads for conventional milk increased 31%.

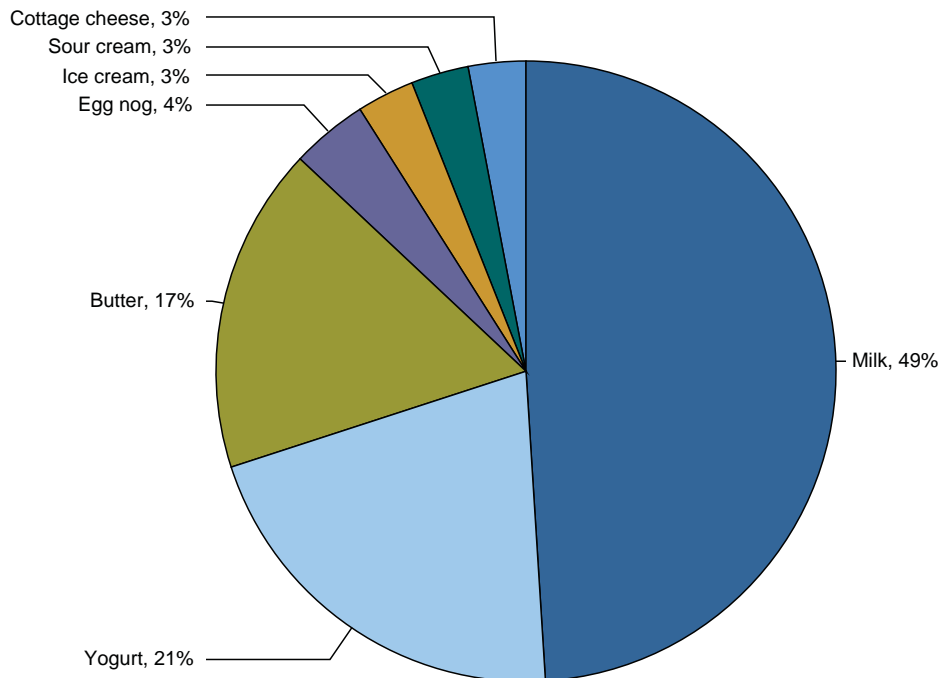
Top 5 Commodities Featured



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 #	11739	2.69	5599	2.85	9549	2.85
Cheese	Natural Varieties	8 oz block	5655	2.05	6653	2.12	9594	2.35
Cheese	Natural Varieties	1 # block	1847	3.72	1187	3.49	2006	3.66
Cheese	Natural Varieties	2 # block	549	6.43	252	6.75	524	6.14
Cheese	Natural Varieties	8 oz shred	9109	2.09	9379	2.19	9516	2.39
Cheese	Natural Varieties	1 # shred	2231	3.35	1655	3.54	1823	3.57
Cottage cheese		16 oz	5444	1.67	5851	1.78	2617	1.83
Cream cheese		8 oz	6742	1.68	5938	1.64	10385	1.59
Egg nog		quart	161	2.49	107	2.77	110	3.16
Egg nog		half gallon	866	3.35	141	3.59	121	3.49
Flavored milk	All fat tests	half gallon	915	1.11	4249	2.14	531	2.16
Flavored milk	All fat tests	gallon	1067	2.46	347	3.05	832	2.68
Ice cream		48-64oz	12790	3.09	11207	2.97	10859	3.12
Milk	All fat tests	half gallon	2128	1.40	2165	1.67	164	1.09
Milk	All fat tests	gallon	2025	2.57	1009	2.16	3723	2.45
Sour cream		16 oz	7528	1.57	6920	1.67	8503	1.59
Yogurt	Greek	4-6 oz	10196	.95	12407	.95	12415	.95
Yogurt	Greek	32 oz	946	4.30	376	3.99	1128	3.91
Yogurt	Yogurt	4-6 oz	4205	.55	4604	.52	3858	.49
Yogurt	Yogurt	32 oz	805	2.35	796	2.96	821	2.53

## 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 #	1.99-4.49	1973	2.94	1.99-3.00	3379	2.48	1.88-3.50	1364	2.41
Cheese	Natural Varieties	8 oz block	1.25-2.99	2844	2.14	2.00-2.49	1468	2.07	1.50-2.49	344	2.11
Cheese	Natural Varieties	1 # block	3.99-6.99	207	5.03	2.99-5.99	495	3.75	2.99-3.99	323	3.65
Cheese	Natural Varieties	8 oz shred	1.25-2.99	2487	2.18	0.50-2.49	2569	1.87	1.67-2.50	660	2.26
Cheese	Natural Varieties	1 # shred	3.48-3.99	194	3.83	2.99-3.33	394	3.17	2.99-3.99	613	3.39
Cottage cheese		16 oz	1.50-2.99	1266	2.02	0.79-2.00	1959	1.52	0.79-2.00	669	1.51
Cream cheese		8 oz	0.98-2.99	1725	1.59	1.49-1.99	1509	1.51	0.99-1.98	800	1.46
Egg nog		quart	2.49	161	2.49						
Egg nog		half gallon	2.99	137	2.99						
Flavored milk	All fat tests	half gallon				0.88-0.99	394	.93	0.99	260	.99
Flavored milk	All fat tests	gallon	3.79	167	3.79				1.49-3.49	175	2.70
Ice cream		48-64oz	1.99-3.99	2920	2.78	2.50-3.99	3318	3.23	2.49-3.99	1866	3.17
Milk	All fat tests	half gallon				0.88-1.25	608	1.04	0.99-3.99	543	1.37
Milk	All fat tests	gallon	2.50-3.88	717	3.02	1.66-2.50	301	2.26	1.48-2.79	150	2.08
Sour cream		16 oz	1.50-1.99	2355	1.63	0.79-2.00	1848	1.41	0.79-2.00	1106	1.46

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	Greek	4-6 oz	0.60-1.25	2952	.96	0.50-1.00	3351	.92	0.50-1.00	1223	.89
Yogurt	Greek	32 oz	3.99	161	3.99						
Yogurt	Yogurt	4-6 oz	0.40-0.60	840	.50	0.50-0.60	1197	.58	0.40-0.66	1022	.53
Yogurt	Yogurt	32 oz	1.99-2.69	494	2.38				1.99-2.50	237	2.38

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 #	1.99-3.00	1451	2.69	1.99-3.49	2537	2.73	1.99-3.99	948	3.05
Cheese	Natural Varieties	8 oz block	1.99-2.00	239	1.99	1.99	294	1.99	0.99-1.99	427	1.33
Cheese	Natural Varieties	1 # block	2.99	210	2.99	2.88-5.99	414	3.80	2.99	187	2.99
Cheese	Natural Varieties	2 # block	7.99	121	7.99	5.99	241	5.99	4.99-6.99	183	5.99
Cheese	Natural Varieties	8 oz shred	1.67-2.50	1714	2.13	1.79-2.99	1066	2.39	0.99-2.49	493	1.48
Cheese	Natural Varieties	1 # shred	2.88-2.99	429	2.95	2.88-5.99	414	3.80	2.99	187	2.99
Cottage cheese		16 oz	0.79-2.00	783	1.37	1.29-2.00	709	1.87			
Cream cheese		8 oz	0.99-2.99	1173	1.57	1.49-2.99	812	2.22	0.99-2.99	695	2.04
Egg nog		half gallon	2.99	78	2.99	3.69	241	3.69	2.99-3.49	410	3.34
Flavored milk	All fat tests	half gallon	1.49	141	1.49	1.49	120	1.49			
Flavored milk	All fat tests	gallon	2.19	121	2.19	1.99-2.19	604	2.07			
Ice cream		48-64oz	2.49-4.99	1562	3.34	1.99-3.99	1753	3.01	1.67-3.99	1127	2.85
Milk	All fat tests	half gallon	0.99-2.00	489	1.26	1.49-1.99	361	1.82	1.49	66	1.49
Milk	All fat tests	gallon	2.19-3.19	254	2.71	1.99-2.69	534	2.22	2.50	69	2.50
Sour cream		16 oz	0.79-1.69	960	1.27	1.29-2.49	1040	1.98	1.99-2.00	127	1.99
Yogurt	Greek	4-6 oz	0.69-1.25	1146	.96	0.75-1.25	870	1.03	0.88-1.00	576	.94
Yogurt	Greek	32 oz	4.99	162	4.99	3.50	244	3.50	3.00-5.00	358	4.61
Yogurt	Yogurt	4-6 oz	0.50-1.00	193	.71	0.40-0.98	658	.62	0.42	289	.42
Yogurt	Yogurt	32 oz							2.00	69	2.00

Commodity	Type	Pack Size	ALASKA U.S.			HAWAII U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	3.50-4.69	23	4.59	3.88-4.99	64	4.94
Cheese	Natural Varieties	8 oz block	2.00	5	2.00	2.75	34	2.75
Cheese	Natural Varieties	1 # block	3.49	11	3.49			
Cheese	Natural Varieties	2 # block	5.29-6.99	4	6.14			
Cheese	Natural Varieties	8 oz shred	2.00-3.50	35	3.26	2.49-3.29	85	2.82
Cottage cheese		16 oz				2.50	58	2.50
Cream cheese		8 oz	1.50-2.99	28	2.65			
Ice cream		48-64oz	3.99-6.99	77	5.31	3.00-7.99	167	4.09
Milk	All fat tests	half gallon				3.00-4.99	61	3.88
Sour cream		16 oz	2.00-2.50	7	2.36	2.00-2.99	85	2.51
Yogurt	Greek	4-6 oz	0.88-1.50	51	1.37	1.25	27	1.25

Wtd Avg - Simple weighted average



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
Yogurt	Greek	32 oz	5.49	21	5.49			
Yogurt	Yogurt	4-6 oz	0.60	3	.60	0.89	3	.89
Yogurt	Yogurt	32 oz	3.00	2	3.00	2.50	3	2.50

## 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 #	1049	5.12	1035	4.92	346	4.72
Cheese	Natural Varieties	8 oz block	3	5.98			267	4.09
Cheese	Natural Varieties	8 oz shred			137	4.49	162	3.50
Cottage cheese		16 oz	161	3.99	51	3.49	137	4.99
Egg nog		quart	241	3.99			63	2.39
Ice cream		48-64oz	218	5.92				
Milk	All fat tests	half gallon	3060	3.60	1811	4.14	1679	4.13
Milk	All fat tests	gallon			381	5.65	305	6.66
Milk	All fat tests	8 oz UHT			284	1.07	892	.97
Sour cream		16 oz	212	2.75	69	2.49		
Yogurt	Greek	4-6 oz	1025	.90	84	1.50	147	1.25
Yogurt	Greek	32 oz	59	3.59	411	4.55	161	3.99
Yogurt	Yogurt	4-6 oz	62	.60	145	1.11	189	.88
Yogurt	Yogurt	32 oz	69	3.99	439	3.65	290	3.87

## 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 #	3.99-5.99	220	5.45				4.49-5.49	188	4.86
Cottage cheese		16 oz	3.99	161	3.99						
Ice cream		48-64oz				6.99	101	6.99			
Milk	All fat tests	half gallon	2.79-4.99	1181	4.08	2.50	184	2.50	2.50-3.29	477	2.94

Wtd Avg - Simple weighted average



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
Sour cream		16 oz	2.99	161	2.99						
Yogurt	Greek	4-6 oz				0.88	184	.88	0.88	370	.88
Yogurt	Greek	32 oz	3.59	59	3.59						
Yogurt	Yogurt	4-6 oz	0.60	62	.60						

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	289	4.99	4.99	117	4.99	5.00-5.99	235	5.26
Egg nog		quart				3.99	241	3.99			
Ice cream		48-64oz				4.99	117	4.99			
Milk	All fat tests	half gallon	2.99-3.99	601	3.25	3.99-4.99	419	4.41	2.50-2.99	187	2.67
Sour cream		16 oz	1.99	51	1.99						
Yogurt	Greek	4-6 oz	0.88-1.00	351	.95	0.88	120	.88			
Yogurt	Yogurt	32 oz							3.99	69	3.99

Commodity	Type	Pack Size	ALASKA U.S.			HAWAII U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Cheese	Natural Varieties	8 oz block	5.98	3	5.98			
Milk	All fat tests	half gallon	2.99	11	2.99			

#### 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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