

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (12/09)**

**BUTTER:** Grade AA closed at \$2.0650. The weekly average for Grade AA is \$2.0925 (-.0690).

**CHEESE:** Barrels closed at \$1.5775 and 40# blocks at \$1.7100. The weekly average for barrels is \$1.5865 (-.0535) and blocks, \$1.7310 (-.0640)

**NONFAT DRY MILK:** Grade A closed at \$.9725. The weekly average for Grade A is \$.9755 (+.0165).

**BUTTER HIGHLIGHTS:** Butter churning is active across the nation as most processors are wrapping up production related to the year-end holiday season. Good retail demand is prompting strong sales for print butter. However, industry contacts expect the interest to slow in the next two weeks as the winter holidays draw near. Bulk stocks continue declining in most processing facilities. Nevertheless, some butter manufacturers anticipate switching from print to bulk by the end of next week. Total U.S. butter production during October 2016 was 143.0 million pounds, 3.6 percent lower than last year. During January–October 2016, U.S. butter production totaled 1.582 billion pounds, 4.0 percent more than the same period in 2015. The CME Group monthly average price for Grade AA butter during November was \$1.9899, compared to \$2.8779 a year ago. According to FAS, January–October U.S. butter exports total 44.1 million pounds, no change from last year during the same time span. Friday at the CME Group, Grade AA butter closed at \$2.0650, down \$.1200 from last Friday.

**CHEESE HIGHLIGHTS:** Cheese production is active across the country as processors are operating to keep up with adequate milk supplies. In the Midwest, only occasional spot loads of milk have been reported, but current availability remains adequate. Cheese demand in the Northeast is continuing to hold strong, especially in the domestic retail and food service sectors. In the Midwest, orders for retail are also maintaining strength, while food service and deli orders have eased a bit. In the West, food service demand is strong, especially for mozzarella and other cheeses used for pizza.

Demand, across the regions, is expected to lighten up following this week as the final holiday orders will have been made. Cheese stocks are adequate for fresh blocks. However, inventories of cheese barrels and some aged cheese used in processing remain long. According to USDA-FAS, year to date total U.S. cheese and curd exports through October were 515 million pounds, down 13% from the same period in 2015. Dairy Products (NASS) reports total 2016 U.S. cheese production, year to date through October, was 9.998 billion pounds, 1.8% above January through October 2015. October 2016 total U.S. cheese production was 1.03 billion pounds, 4.8% above September 2016. In CME Group trading Friday, barrels closed at \$1.5775, down \$.0375 from last Friday. Blocks closed at \$1.7100, down \$.1000 from last Friday.

**FLUID MILK:** Milk production is generally steady across eastern areas of the United States. On the west coast, milk output is uneven due to some wet and chilly weather, varying somewhat, but generally following typical seasonal patterns. Industry contacts report milk production is seasonally strong in the Central region, inter mountain states and in Arizona. Class I demand is mixed. Bottlers are assessing fluid needs closely as the holiday breaks for educational institutions approach, wanting to avoid any waste when students start their breaks and single serving demand diminishes. Class II and Class III manufacturers are pulling good volumes as they try to meet remaining holiday shipment deadlines. Milk intakes are generally adequate for production needs. Likewise, cream is sufficient for most processors. Cream demand has been strong. Some buyers from Mexico and Canada are seeking out available cream. As the days progress and manufacturers fill their remaining holiday orders, cream supplies are becoming more available. Cream multiples this week are 1.27-1.37 in the East, 1.18-1.28 in the Central, and 1.04-1.24.

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**CME GROUP CASH TRADING**

COMMODITY	MONDAY DEC 05	TUESDAY DEC 06	WEDNESDAY DEC 07	THURSDAY DEC 08	FRIDAY DEC 09	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.6000 (-.0150)	\$1.5925 (-.0075)	\$1.5850 (-.0075)	\$1.5775 (-.0075)	\$1.5775 (N.C.)	:: (-.0375)	:: \$1.5865 (-.0535)
40# BLOCKS	\$1.7600 (-.0500)	\$1.7325 (-.0275)	\$1.7300 (-.0025)	\$1.7225 (-.0075)	\$1.7100 (-.0125)	:: (-.1000)	:: \$1.7310 (-.0640)
NONFAT DRY MILK							
GRADE A	\$.9900 (-.0175)	\$.9750 (-.0150)	\$.9575 (-.0175)	\$.9825 (+.0250)	\$.9725 (-.0100)	:: (-.0350)	:: \$.9755 (+.0165)
BUTTER							
GRADE AA	\$2.1125 (-.0725)	\$2.1200 (+.0075)	\$2.0950 (-.0250)	\$2.0700 (-.0250)	\$2.0650 (-.0050)	:: (-.1200)	:: \$2.0925 (-.0690)

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)

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**DRY PRODUCTS:** Prices for low heat nonfat dry milk moved higher across the country, in line with various indices and f.o.b. spot sales. Industry contacts have mixed opinions about market tone. Some processors see the market firming, while others look to long inventories as a signal of potential weakness. High heat nonfat dry milk prices moved higher on good demand. Dry buttermilk prices moved into a smaller range in the Central and East, but a wider range in the West. National dry whole milk prices are steady to higher. Production is limited and inventories are tight. Some industry contacts suggest the market tone for dry whey is firming. Prices for dry whey are steady to higher. NASS reports total dry whey production for October 2016 was 84.1 million pounds, up 9.0 percent from one year ago. According to FAS, October U.S. whey exports total 43.0 million pounds, 55% above last year. Whey protein concentrate 34% prices are steady to higher. Processor inventories are generally tight. Industry contacts suggest buyers are having trouble acquiring enough WPC34% to fully meet end user needs. Some in the lactose market say the market shows signs of softening. A few manufacturers indicate they have inventories that need to be cleaned out before the end of the year and are making spot sales at discounted prices. However, other processors are completing Q1 contracts at higher prices with little push back from buyers. Acid and rennet casein prices are steady, but increased slightly for rennet casein at the bottom of the price range. Recent indications are that casein production has slowed in France and New Zealand.

**NATIONAL RETAIL REPORT (DMN):** This week, total conventional dairy advertisements decreased 26%, while organic dairy ads decreased 40%. Conventional butter ads increased 7% but organic butter ads decreased 61%. The national average price for 1 pound conventional butter is \$2.77, while 1 pound organic butter is \$4.89, representing an organic price premium of \$2.12. Conventional yogurt ads decreased 43% and organic yogurt ads decreased 58%. The average sale price for 4-6 ounce conventional Greek yogurt is \$0.98, while 4-6 ounce organic Greek yogurt also averaged \$0.98. The average sale price for 4-6 ounce conventional yogurt is \$0.54, while 4-6 ounce organic yogurt averaged \$1.25. The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$1.90, down 35 cents from last week. Ads for conventional 8 ounce shred cheese averaged \$2.11, down 21 cents from last week. The collective number of conventional cheese ads decreased, 37%, while organic decreased 40%. This week, the difference between the average weighted price for organic half gallon milk, \$3.65, and the average weighted price for conventional half gallon milk, \$1.65, resulted in an organic price premium of \$2.00. Organic milk advertisements decreased 21%, while ads for conventional milk decreased 36%.

**INTERNATIONAL DAIRY MARKET NEWS (DMN):**  
**WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW:** Milk collections in the EU WERE up by 1.5%

January-September, 2016, according to the Milk Market Observatory. However, they were 3% lower in September 2016, the 4th consecutive month with a reduction. Significant decreases have been reported in major producing countries including the United Kingdom, Germany, and France. Further milk production slowdown is expected for the balance of 2016. Average farm gate milk prices increased by 5.2% in September to 27.8 €/100 kg. A widespread view is that the dairy price recovery in the EU is driven by recently reduced milk supplies. It remains to be seen how the exports are developing as they are now tested with higher price levels. EU exports in September continue to show a strong export performance with the exception of SMP, which was down -18.7% for the year to September. **EASTERN OVERVIEW:** Milk production in Russia January-October this year is 0.08% lower than the same period of 2015, according to CLAL. October 2016 production is 13.99% lower than October 2015. Monthly average milk prices in Russia for October this year, calculated in Rubles, are +9.7% above September and for January-October this year, +4.5% above the same period of 2015. Although milk production in Poland during October was 0.6% lower than October last year according to ZMB, milk production January-October this year was 2.4% higher than the same period of 2015. **OCEANIA OVERVIEW:** In **Australia**, many observers feel the milk production season has shifted to later this year than has been typical. The season so far has endured cold and wet weather into spring, followed by cooler than normal weather with rain into summer. Now grass growth is good and fodder ample. Cow comfort is quite good. Expectations are for dairy producers to be well able to keep production levels stable at reasonable expense. Previous culling of cows will continue to result in somewhat lower milk production. Many producers will be cautious in considering herd expansions, also being aware that price strengthening is partly a function of current milk production volumes. According to Dairy Australia, October 2016 milk production in Australia was 11.4% below October 2015. The state changes from October a year earlier are: New South Wales, -3.8%; Victoria, -13.4%; Queensland, +3.8%; South Australia, -11.8%; Western Australia, -3.8% and Tasmania, -13.0%. July-October cumulative production this year is 10.3% below the same period last year. The cumulative July-October changes from July-October a year earlier are: New South Wales, -6.5%; Victoria, -11.9%; Queensland, +2.6%; South Australia, -14.0%; Western Australia, -1.0% and Tasmania, -11.3%. Each state's percentage of total October Australian production, is: New South Wales, 11.27%; Victoria, 65.93%; Queensland, 3.98%; South Australia, 4.74%; Western Australia, 3.75%; and Tasmania, 10.32%. **New Zealand**, October milk production and milk solids lagged the levels one year ago. October 2016 milk production was 3.04 million MT, up from 2.57 million MT in September. During October 2015, milk production was 3.21 million MT. October milk solids, 247.43 million kg, are up from 210.11 million kg in

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September. During October 2015, milk solids were 263.47 million kg. Stronger milk prices for producers have followed the lower production. A number of dairy processors have recently increased forecasted milk pay prices. At the December 6 GDT event #177, average prices ranged from 2.6% lower to 10.6% 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, \$5,500 +2.9%; butter, \$4,262 +1.7%; buttermilk powder, \$2,408 -2.6%; cheddar cheese, \$3,752 +2.2%; lactose, \$875 +10.6%; rennet casein, \$6,201 +2.3%; skim milk powder, \$2,570 +1.4%; and whole milk powder, \$3,593 +4.9%. **SOUTH AMERICA OVERVIEW:** The arrival of summer season in **Argentina** and **Uruguay** is gradually increasing temperatures, prompting stress in dairy cows. Although milk intakes are declining, there are enough supplies for current manufacturing needs. Butterfat and protein components in the milk are trending down. Overall, milk volumes going to bottled milk processing are lower as most schools are closed during the summer break. Therefore, there is more milk available for manufacturing. Cheese and yogurt processing are very active with a strong demand from retailers and food service. Forage and pasture conditions are fair to good in Argentina and Uruguay. According to the National Institute of Milk (INALE), in October, Uruguay farm milk volumes sent to processors were 191.9 million liters, 11.0% above the previous month, but 7.0% below a year ago. From January to October 2016, milk intakes sent to manufacturing plants totaled 1,427 million liters, down 11.4% from the same period of 2015. Milk prices paid to milk producers in October were \$8.93 Uruguayan pesos (UYU) per liter, up 1.6% from last month and 18.0% above the previous year. The October price paid to producers is equivalent to \$0.31 USD/liter or around \$13.83/cwt. Farm milk output is uneven in **Brazil** as heavy rain conditions prevail in the main dairy state, Minas Gerais. However, with these weather conditions, many dairy operators are anticipating an improvement on pasture and soil moisture. Bottled milk demands from grocery stores and restaurants are good, but lower from educational institutions. Large milk volumes are clearing into WMP manufacturing, as demand from the food processing industry is strong. UHT milk processing is less active this week. Compared to the past two weeks, as reported by Milkpoint, spot milk prices per liter in the Brazil slightly increased from \$1.09 to \$1.11 Brazilian reals (BRL) or \$0.33 USD. This week, the average wholesale price per liter for UHT milk is \$2.04 BRL or \$0.60 USD. According to the Center for Studies in Applied Economics (CEPEA), the Milk Uptake Index (ICAP-L/Cepea) in Brazil during October was 187.65, up 0.1% from the previous month, but 4.2% below a year ago. The average gross price received by dairy farmers in Brazil during November was \$1.34 Brazilian reals (\$R) per liter, which is down 10.9% from the previous month, but 27.3% above a year ago. This amount is equal to \$0.42 USD/liter or around \$18.48/cwt.

**OCTOBER 2016 DAIRY PRODUCT HIGHLIGHTS**

**(NASS): Butter** production was 143 million pounds, 3.6 percent below October 2015, but 5.7 percent above September 2016. **American type cheese** production totaled 398 million pounds, 1.4 percent above October 2015, and 5.7 percent above September 2016. **Total cheese** output (excluding cottage cheese) was 1.03 billion pounds, 0.5 percent above October 2015, and 4.8 percent above September 2016. **Nonfat dry milk** production, for human food, totaled 140 million pounds, 18.0 percent above October 2015, and 11.0 percent above September 2016. **Dry whey** production, for human food, was 81.9 million pounds, 8.5 percent above October 2015, and 9.4 percent above September 2016. **Ice cream, regular hard** production totaled 60.1 million gallons, 5.1 percent below October 2015, and 3.6 percent below September 2016.

**OCTOBER MILK SALES (FMMO and CDFA):**

During October 4.2 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 3.5 percent lower than October 2015. Estimated sales of total conventional fluid milk products decreased 4.0 percent from October 2015 and estimated sales of total organic fluid milk products increased 6.3 percent from a year earlier.

**CME GROUP****MONDAY, DECEMBER 5, 2016**

CHEESE – SALES: 8 CARS BARRELS: 5 @ \$1.6150, 1 @ \$1.6050, 1 @ \$1.5900, 1 @ \$1.6000; 4 CARS 40# BLOCKS: 2 @ \$1.7500, 1 @ \$1.7575, 1 @ \$1.7600; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5900; 1 CAR 40# BLOCKS @ \$1.7600; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6000  
 NONFAT DRY MILK – SALES: 1 CAR GRADE A @ \$0.9800; LAST BID UNFILLED: 2 CARS GRADE A @ \$0.9900; LAST OFFER UNCOVERED: 2 CARS GRADE A @ \$1.0000  
 BUTTER – SALES: 3 CARS GRADE AA: 2 @ \$2.1400, 1 @ \$2.1200; LAST BID UNFILLED: 2 CARS GRADE AA @ \$2.1000; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.1125

**TUESDAY, DECEMBER 6, 2016**

CHEESE – SALES: 5 CARS BARRELS: 1 @ \$1.6000, 2 @ \$1.5975, 1 @ \$1.5950, 1 @ \$1.5925; 2 CARS 40# BLOCKS: 1 @ \$1.7400, 1 @ \$1.7325; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.7200; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6000  
 NONFAT DRY MILK – SALES: 2 CARS GRADE A @ \$0.9750; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 3 CARS GRADE A @ \$0.9800  
 BUTTER – SALES: 2 CARS GRADE AA @ \$2.1200; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.1000; LAST OFFER UNCOVERED: NONE

**WEDNESDAY, DECEMBER 7, 2016**

CHEESE – SALES: 4 CARS BARRELS: 2 @ \$1.5900, 1 @ \$1.5875, 1 @ \$1.5850; 4 CARS 40# BLOCKS: 1 @ \$1.7200, 3 @ \$1.7300; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.7000; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6000  
 NONFAT DRY MILK – SALES: 2 CARS GRADE A @ \$0.9575; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$0.9625  
 BUTTER – SALES: 3 CARS GRADE AA: 1 @ \$2.0975, 2 @ \$2.0950; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.1000

**THURSDAY, DECEMBER 8, 2016**

CHEESE – SALES: 2 CARS BARRELS: 1 @ \$1.5800, 1 @ \$1.5775; 4 CARS 40# BLOCKS: 3 @ \$1.7200, 1 @ \$1.7225; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.7225; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5900  
 NONFAT DRY MILK – SALES: 4 CARS GRADE A: 2 @ \$0.9700, 1 @ \$0.9725, 1 @ \$0.9800; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.9825; LAST OFFER UNCOVERED: NONE  
 BUTTER – SALES: 7 CARS GRADE AA: 1 @ \$2.0725, 1 @ \$2.0700, 1 @ \$2.0675, 1 @ \$2.0625, 1 @ \$2.0700, 1 @ \$2.0675, 1 @ \$2.0700; LAST BID UNFILLED: 5 CARS GRADE AA @ \$2.0500; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.0725

**FRIDAY, DECEMBER 9, 2016**

CHEESE – SALES: 1 CAR BARRELS @ \$1.5775; 2 CARS 40# BLOCKS: 1 @ \$1.7175, 1 @ \$1.7100; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.7100  
 NONFAT DRY MILK – SALES: 4 CARS GRADE A: 1 @ \$0.9750, 3 @ \$0.9725; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$0.9750  
 BUTTER – SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.0650

**BUTTER MARKETS****NORTHEAST**

Butter production is active but tends to vary. Some balancing facilities have adequate cream supply for customers' needs, but limited surplus for churning. Good demand is prompting strong sales for the bulk and print butter categories. Manufacturers looking to fill January 2017 customer deliveries are pulling on the market's bulk supplies. Sources suggest that recent price fluctuations at the CME result from strong demand and diminished availability, as some suppliers back off orders. Overall, the market undertone is unsettled.

The DMN *National Retail Report-Dairy*, for December 2-8, 2016, noted the national advertised weighted average price for 1-pound butter was \$2.98, up 38 cents from last week, but down 31 cents from a year ago. The Northeast regional price was \$2.85, with a price range of \$2.50-\$3.99. In the Southeast, the butter price averages \$2.99, down 15 cents from the previous week. The CME Group monthly average price for Grade AA butter through November 2016 was \$1.9899, compared to \$2.8779 a year ago. Tuesday's CME Group cash trading saw Grade AA butter close at \$2.1200, up \$0.0200 from the previous week. The current bulk butter price for domestic sales are reported 5-8 cents over the market of the CME Group, with various time frames and averages used.

DAIRY PRODUCTS: According to NASS, U.S. butter production for July 2016, totals 143.028 million pounds, down 3.6% from last year, but up 5.7% from a month ago. Cumulative 2016 butter production through October totals 1.6 billion pounds, 4.0% above the same period for 2015. October butter production in the Atlantic region totaled 14.3 million pounds, down 9.2% from last year, but up 1.0% from a month ago.

The Foreign Agricultural Service (FAS) reports October 2016 U.S. exports of butter and milkfat totaled 6.3 million pounds, a 215% increase from a year ago.

**CENTRAL**

In the Central region, most butter makers are wrapping up production related to the year-end holiday season. Some processors are still buying a few spot loads of cream to support the active butter output. At this point, churners are running operations at full capacity. However, production rates are expected to steadily decrease during the next 5-7 days as the year-end holiday approaches. Bulk stocks continue declining in most processing facilities. Nevertheless, some butter manufacturers anticipate switching from print to bulk by the end of next week. Bulk butter prices reported ranged from 3 to 7 cents over the market, with various periods and averages used. The DMN *National Retail Report-Dairy* for December 2-8 noted the national weighted average advertised price for a 1 pound package of butter is \$2.98, \$0.38 above one week ago, but \$0.31 below one year ago. The weighted average price in the Midwest and Central regions are \$2.42 and \$2.66, respectively. The NASS *Dairy Products* report noted U.S. butter production during October 2016 in the Central region totaled 59.0 million pounds, 2.0 percent lower than one year ago. Total U.S. butter production during October 2016 was 143.0 million pounds, 3.6 percent lower than last year. During January–October 2016, U.S. butter production totaled 1.582 billion pounds, 4.0 percent more than the same period in 2015. The CME Group monthly average price for Grade AA butter during November was \$1.9899, compared to \$2.8779 a year ago. Wednesday at the CME Group, Grade AA butter closed at \$2.0950, down \$.1350 from last Wednesday. According to FAS, January–October U.S. butter exports total 44.1 million pounds, no change from last year during the same time span.

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

<u>WEEK ENDING</u>	<u>BUTTER</u>	<u>CHEESE 40# BLOCKS</u>	<u>CHEESE BARRELS 38% MOISTURE</u>	<u>DRY WHEY</u>	<u>NDM</u>
December 3, 2016	2,0406 2,948,654	1,9145 13,335,291	1,7851 11,331,492	.3826 5,677,203	.9260 22,188,369

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

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**WEST**

Western butter makers are looking to make and ship much of the print butter still needed for holiday orders by the end of the week. Retail orders are still strong, but industry contacts expect the demand to slow in the next two weeks as the winter holidays draw near. Butter production is active and cream supplies have been a little tight. However, cream is becoming more available as some butter and other cream product manufacturers wind down from the holiday rush. Butter makers are starting the transition to advance production of print butter for the spring holidays and for bulk butter production. Bulk butter pricing in the West this week is 1 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 December 2-December 8 found that the U.S. weighted average advertised price of 1 pound butter is \$2.98, up \$.38 from last week. The U.S. weighted average price was \$3.29 one year ago. In the Southwest, the weighted average advertised price of 1 pound butter is \$3.11 with a price range of \$2.50-\$3.50. In the Northwest, the weighted average advertised price of 1 pound butter is \$3.63 with a price range of \$2.49-\$4.99. According to the NASS Dairy Products report, U.S. butter production during October 2016, 143.0 million pounds, was 3.6% lower than October 2015, but 5.7% higher than September 2016. U.S. cumulative 2016 butter production through October is 1.582 billion pounds, 4.0% higher than the same period last year. In the West, total October butter production was 69.8 million pounds, 3.8% lower than October 2015, but 6.6% higher than September 2016. California October production was 42.2 million pounds, 1.2% higher than last year, and 5.7% higher than last month. The CME Group November 2016 monthly average price for AA butter, \$1.9899, is up from the October monthly average of \$1.8239. One year ago the CME Group monthly average was \$2.8779. The Grade AA butter price at the CME Group on Wednesday closed at \$2.0950, down \$.1350 from a week ago.

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

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
October Total	6.3	+ 215
TOTAL, JAN - OCT	44.1	...
1 Mexico	19.3	+ 128
2 Canada	12.8	+ 128
3 Saudi Arabia	3.1	- 81
4 South Korea	1.2	- 59
5 China	0.9	+ 249



## CHEESE MARKETS

## NORTHEAST

Cheese production is active as processors operate full schedules to accommodate available milk supplies. Cheese makers continue to see good domestic retail and food service demand. Supplies are adequate for the near-term. The market undertone is steady. The DMN *National Retail Report-Dairy*, for December 2-8, 2016, noted the Northeast weighted average advertised price for 8 oz. cheese blocks was \$2.13, 12 cents lower than the national average, with a regional price range of \$1.49-\$3.50. The Southeast 8 oz. block average price was \$2.29, 4 cents above the national average, with a regional price range of \$1.49-\$2.50. The Northeast average advertised price for 8 oz. cheese shreds was \$2.22, 10 cents below the national average price, with a regional price range of \$1.66-\$2.50. In the Southeast, the average price for 8 oz. shred cheese was \$2.43, with a price range of \$1.94-\$2.50. The Northeast wholesale cheese prices for cheddar and Muenster declined \$.1000, and the process 5# sliced cheese price dropped \$0.0750. The Northeast November 2016 monthly average price for cheddar blocks is \$2.3841, compared to \$2.1620 one year ago. Processed 5# sliced average price is \$2.1588, compared to \$1.9936 one year ago. The Grade A Swiss price declined \$0.0575 following the release of the Announcement of Class and Component Prices. The CME Group November 2016 monthly average price for barrels was \$1.7424, compared to \$1.5305 a year ago; blocks' average price was \$1.8775, up from \$1.6176 a year ago. Tuesday's CME Group daily cash prices saw barrel cheese close at \$1.5925, down \$0.0625 from a week ago. Block cheese closed Tuesday at \$1.7325, down \$0.0475 from a week ago.

DAIRY PRODUCTS: According to NASS, U.S. total cheese production in October 2016 was 1.0 billion pounds, 0.5% higher than a year ago and 4.8% above the previous month. In the Atlantic region, total cheese production was 133.4 million pounds, 5.0% lower than a year ago, but 6.6% above last month. The total cheese production in million pounds and percentage changes from a year ago for selected Eastern states are, New Jersey 5.5, -3.3; New York 74.0, unchanged; Ohio 18.0, -4.2; Pennsylvania 35.2, -16.6%; and Vermont 11.7, +1.6%.

The Foreign Agricultural Service (FAS) reports that October 2016 U.S. cheese and curd exports totaled 54.7 million pounds, a 5% increase from a year ago.

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

Cheddar 40# Block	:	2.1925-2.4775
Process 5# Sliced	:	1.8375-2.3175
Muenster	:	2.1775-2.5275
Grade A Swiss Cuts 10 - 14#	:	3.2700-3.5925

## MIDWEST

Cheese production in the Midwest is active and manufacturers report milk volumes are generally adequate to meet most processing needs. A few processors are finding a spot load here and there, but not at the discounted prices seen during the Thanksgiving holiday weekend. Cheesemakers are in the final push to get orders out the door and on store shelves before the winter holidays. Orders, especially for retail demand, are strong. Orders for food service and deli are a little lighter. Industry contacts expect the brisk sales activity to continue through the end of the week and then somewhat subside over the next few weeks due to the passing holiday season. The DMN *National Retail Report-Dairy* shows that December 2-8 Midwest ads for 8 ounce shred cheese have a weighted average advertised price of \$1.82, 50 cents below the national average. Midwest prices range from \$1.50-\$2.00. One year

ago, the national price was \$2.32. For 8 ounce blocks, the Midwest average price is \$2.22, 3 cents below the national average price. Midwest ads are priced from \$1.50-\$3.50. Last year, the national price was \$2.24. Midwestern wholesale prices are down \$.0575 for Swiss cuts, down \$.0150 for process, and down \$.1000 for all other types. This week, a cooperative export assistance program accepted requests for 1.785 million pounds (710 metric tons) of cheese. So far this year, the program has assisted member cooperatives who have contracts to sell 48.9 million pounds of cheese in export markets. Dairy Products (NASS) reports total 2016 U.S. cheese production, year to date through October, is 9.998 billion pounds, 1.8 percent above January through October 2015. October 2016 total U.S. cheese production, 1.033 billion pounds, is 4.8 percent above last month. Central total cheese production for October was 463.7 million pounds, 5.4 percent more than last month. For total cheese production and various types of cheese, October 2016 U.S. and Central cheese production compared to October 2015 were as follows:

	U.S.	Central
Total	+ 0.5%	+ 1.6%
American	+ 1.4%	+ 2.6%
Cheddar	+ 0.2%	- 1.0%
Total Italian	+ 1.0%	+ 2.2%
Mozzarella	- 0.4%	- 0.9%

The CME Group November 2016 monthly average price for barrels, \$1.7424, is up from the last month's average of \$1.5295, and up from the monthly average of a year ago, \$1.5305. Blocks' November average price, \$1.8775, is up from the \$1.6035 October monthly average, and up from \$1.6176 one year ago. In CME Group trading Wednesday, barrels closed at \$1.5850, down \$.0500 from last Wednesday and blocks closed at \$1.7300, down \$.0300.

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

Process American 5# Loaf	:	1.7300-2.0900
Brick And/Or Muenster 5#	:	2.1625-2.5875
Cheddar 40# Block	:	1.8900-2.2850
Monterey Jack 10#	:	2.1375-2.3425
Blue 5#	:	2.4300-3.4175
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9625-2.9025
Grade A Swiss Cuts 6 - 9#	:	2.7875-2.9050

## WEST

With milk in good balance with processing needs, Western cheese makers are actively producing and filling remaining cheese orders for the winter holiday season. Retail demand has been strong, but industry contacts expect some of this demand to wane as the window for shipping holiday orders pass. Cheese demand from food service accounts are also seeing good strength, especially for mozzarella and other cheese for pizzas. Cheese stocks are comfortable to tight for fresh blocks, but remain longer for older cheese and cheese used for processing. The DMN *National Retail Report-Dairy* for the week of December 2-8 shows the U.S. weighted average advertised retail price for an 8 ounce pack of natural shredded cheese is \$2.32, up \$.14 from last week. Packs average \$2.81 in the Southwest and \$2.11 in the Northwest. One year ago, the national price was \$2.32. For 8 ounce blocks, the U.S. price is \$2.25, up

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## CHEESE MARKETS

CONTINUED FROM PAGE 3

\$.02 from last week. Blocks average \$2.71 in the Southwest and \$1.99 in the Northwest this week. One year ago, the national price was \$2.24. In the West, wholesale prices are down \$.0750 for process, and down \$.1000 for cheddar block, cuts, and Monterey Jack. Swiss cut wholesale prices are down \$.0575. This week, a cooperative export assistance program accepted requests for 1.785 million pounds (710 metric tons) of cheese. So far this year, the program has assisted member cooperatives who have contracts to sell 48.9 million pounds of cheese in export markets. Dairy Products (NASS) reports total 2016 U.S. cheese production, year to date through October, is 9.998 billion pounds, 1.8% above January through October 2015. October 2016 U.S. total cheese production, 1.033 billion pounds, is 4.8% above September 2016. In the West, total cheese production for October 2016 was 435.5 million pounds, 3.6% more than last month. For total cheese production and various types of cheese, October 2016 U.S. and West cheese production percent changes compared to October 2015 are as follows:

	U.S.	West
Total Cheese	+ 0.5%	+ 1.2%
American	+ 1.4%	+ 0.6%
Cheddar	+ 0.2%	+ 1.8%
Total Italian	+ 1.0%	+ 0.3%
Mozzarella	- 0.4%	- 0.2%
Swiss	- 2.4%	...

The CME Group November 2016 monthly average price for barrels, \$1.7424, is up from the October 2016 monthly average of \$1.5295, and up from the monthly average of a year ago, \$1.5305. Blocks' November average price, \$1.8775, is up from the \$1.6035 October monthly average, and up from \$1.6176 one year ago. In CME Group trading Wednesday, barrels closed at \$1.5850, down \$.0500 from a week ago and blocks closed at \$1.7300, down \$.0300.

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

Process 5# Loaf	:	1.7450-2.0025
Cheddar 40# Block	:	1.8950-2.3400
Cheddar 10# Cuts	:	2.0750-2.2950
Monterey Jack 10#	:	2.0850-2.2450
Grade A Swiss Cuts 6 - 9#	:	2.8475-3.2775

## FOREIGN TYPE CHEESE

Strong holiday cheese sales in the EU are contributing to inventories being drawn more than would be ideal. However, prices are mostly stable. Negotiations continue for first quarter 2017 contracts. In the U.S., wholesale blue, gorgonzola, parmesan and Romano prices decreased \$.1000, Swiss cuts Switzerland decreased \$.0575, and all other varieties are unchanged.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	2.6400-5.2300	2.3575-3.8450*
Gorgonzola	3.6900-5.7400	2.8650-3.5825*
Parmesan (Italy)	-0-	3.7475-5.8375*

Romano (Cows Milk)	:	-0-	:	3.5475-5.6975*
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-	:	3.3075-3.6300*

\* = Price change.

## COLD STORAGE

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

	BUTTER : CHEESE	
	:	:
12/05/16	20,314	: 77,709
12/01/16	16,872	: 78,273
CHANGE	3,442	: -564
% CHANGE	20	: -1

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

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
October Total	54.7	+ 5
TOTAL, JAN - OCT	514.7	- 13
1 Mexico	161.1	- 4
2 South Korea	74.9	- 32
3 Japan	49.0	- 25
4 Australia	27.6	- 19
5 Canada	23.5	- 2

## 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	0	7	0	23	0	10
SOUTHEAST STATES	0	0	0	0	0	0

East region milk production is growing marginally, with year on year numbers above year ago levels. Farm milk production in the Northeast and Mid-Atlantic areas of the region is steady. Milk sales into fluid accounts are recovering with the reopening of school. Manufacturers' milk intakes are adequate for production needs. In the Southeast, milk handlers are seeing an increase in add-ons as Class I operations replenish designated milk outlets. Limited volumes are moving into manufacturing. Milk production on Florida's farms are currently steady as temperatures warm to record levels. Accordingly, milk handlers anticipate a looming slowdown in production. Milk sales are seasonally strong. The state exported 7 f.o.b. spot milk shipments this week. **Condensed skim** volumes are adequate. Loads are clearing primarily through contracts. Most transaction range 80 to 90 cents, with an unwillingness of the market to pay more as delivered prices bump against NDM prices. The DMN monthly average of the range price series for Northeast Class II condensed skim during November 2016 was \$0.8768, compared to \$0.9492 a year ago. The November 30 announcement of Class and Component Prices saw the Class III Skim Milk price increase \$1.9400 from the previous month. **Cream** demand is steady to softer in the East. Interest is variable as some churn operators are focusing on clearing internal cream supplies and no longer willing to take in additional volumes. The market is seeing steady pulls from Class II and III production. Multiples are **1.27-1.37**. The DMN November 2016 monthly average for Northeast Class II cream was \$2.5884, compared to \$3.7246 the previous year. At the CME Group, Grade AA butter closed Wednesday at \$2.0950, down \$.1350 compared to a week ago. According to the DMN *National Retail Report-Dairy*, for December 2-8, 2016, the U.S. weighted average advertised price for a gallon of milk was \$2.46, up 3 cents compared to last year, but down 31 cents from last week. The Southeast weighted average price for a gallon of milk was \$3.34, up 61 cents from last week.

## 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-	2.7451-2.9613
F.O.B. producing plants: Upper Midwest-	2.5508-2.7667

## PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

## F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices-	.70-1.01
Northeast - Class III - spot prices -	.80-1.08

## MIDWEST

Milk production is steady to higher in the Central region. Milk available for processing is in good balance right now. Manufacturers will pick up a spot load every now and then, but only if the price is right. Spot milk prices range from \$1.00 under to \$1.00 over Class. Demand for Class I is mixed. Some areas report demand from bottlers is strong, while other suggest weaker demand. Bottlers are assessing fluid needs closely as holiday breaks for educational institutions approach. Class II and Class III manufacturers are still pulling good

volumes of milk as they try to meet holiday shipment deadlines. Some milk marketers expect Class II to slow in the next week and milk will be diverted into Class III manufacturing. Cream demand is strong as buyers from Mexico and Canada seek out available supplies. However, industry contacts suggest that although cream was tighter last week and into this week, supplies are starting to loosen up as holiday orders get filled. Cream multiples are lower this week, 1.18 -1.28. Industry contacts report condensed skim demand is weak. The DMN monthly average of the range price series for Upper Midwest Class II cream during November, 2016 was \$2.4513, compared to \$3.5671 a year ago. The NASS *Dairy Products* report noted October U.S. regular (hard) ice cream production totaled 60.1 million gallons, down 5.1 percent from last year. January-October U.S. production totals 670.9 million gallons, 0.7 percent above 2015 during the same time span. October production in the Central region totaled 32.9 million gallons, 3.6 percent above a year ago. The DMN *National Retail Report-Dairy* for December 2-8 noted the national weighted average advertised price for one gallon of milk was \$2.46, down \$0.31 from a week ago, but \$0.03 higher than a year ago. The weighted average regional prices in the Midwest and South Central were \$2.09 and \$2.65, respectively. The weekly *Cow Slaughter under Federal Inspection* report shows U.S. dairy cow slaughter for the week ending November 19, at 58,400 head, 1100 head less than the comparable week a year ago.

## WEST

In North California, milk output is uneven due to the unfavorable weather conditions. On the other hand, the mild climate is sustaining higher milk yields in Southern California. Regardless of weather conditions, milk components are high, near or at the top of the season. Class 1 demand from groceries stores and food service are active. Sales into Class 2 are up, sustained by the strong demand related to the year-end holiday. Lower temperatures and humidity are boosting milk production in Arizona. Farm milk output is very close to the seasonal flush. Fluid milk sales into Class I are steady to higher as some schools and retail channels are filling pipelines. Milk sales into Class II are higher ahead of the upcoming holiday. The cooler winter climate in New Mexico is starting to take a toll on cow comfort. Some producers notice a slight drop in milk production. However, there enough milk intakes to keep balancing plants busy. Sales into Class I are lower, but steady into Class II. Manufacturing milk volumes moving into Class III are slightly lower as some cheese plants are having repair/maintenance works this week. Pacific Northwest milk production is following typical seasonal patterns. Although the region has experienced wet and chilly weather, cow comfort has not been impacted greatly. Manufacturers report milk intakes are in line with expectations and adequate for most processing needs. Bottling demand is steady. Industry contacts in the mountain states of Idaho, Colorado and Utah say the favorable amount and quality of feedstuffs are contributing to solid milk production within the region. Milk intakes are in good balance with processing needs. Manufacturers are not having any trouble getting the milk they need. Bottling demand is active in these few weeks prior to an expected slowdown during the holidays. According to the DMN *National Retail Report-Dairy* for the week of December 2-8, the national weighted average advertised price for one gallon of milk is \$2.46. The weighted average regional prices in the Southwest and Northwest are \$2.33 and \$1.99, respectively. In the West, interest for condensed skim remains strong, as year-end holidays get close. However, supplies are heavily committed in order to cover contractual needs. At

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## FLUID MILK AND CREAM

**-CONTINUED FROM PAGE 4-**

this point, some manufacturers are pulling less cream volumes in the West. However, demand from butter and cream cheese makers remains strong, mainly sustained by the year-end holidays needs. Cream supplies are more available in the region. Consequently, multiples are slightly down, ranging from 1.04 to 1.24. Many industry participants anticipate a decline in cream premiums in the next few days, as most Class II and butter processors are wrapping up production related with the year-end holiday. According to the NASS *Dairy Products* report, hard ice cream production in the West region for October 2016 is 12.9 million gallons, 22.8% lower than a year ago, and 13.3% 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 for low/medium heat nonfat dry milk advanced in the range and mostly price series on f.o.b. spot sales. Firmer prices coincide with some manufacturers being oversold on low/medium NDM and having limited holdings to offer in the spot markets. While NDM production is active, at seasonal levels, manufacturers are seeing immediate sales for most product. Condensed skim, which typically moves into NDM manufacturing by way of Eastern suppliers have been slow to materialize. Prices for high heat nonfat dry moved higher through the range on good demand. The market tone is firm with few spot loads available and premiums paid on the loads secured. The DMN monthly average of the mostly price series for Central and East low/medium heat NDM during November 2016 was \$0.9177, compared to \$0.8724 a year ago. The November 2016 monthly average of the range price series for Central and East high heat was \$1.0571 compared to \$1.0925 a year ago.

**DAIRY PRODUCTS:** According to NASS, U.S. production of human food nonfat dry milk during October 2016 totaled 139.6 million pounds, 18.0% higher than a year ago and 11.0% above the previous month. Month ending stocks, at 225.4 million pounds are 25.2% higher than a year ago.

**EAST:** Low/medium heat nonfat milk prices are firming. Prices moved higher in each of the pricing series with adjustments coming from a few f.o.b. spot trades and NDM pricing indices. Industry participants report domestic demand for new production is active, but availability from producers remains scarce, as supplies are minimal. Contracting for 2017 is ongoing between producers and buyers. High heat nonfat dry milk prices are higher. Some manufacturers have active production schedules this week. Supplies remain tight, while availability of loads from manufacturers outside of contracts are light. The November 2016 monthly average price, at the CME Group, for NDM is \$0.8914, compared to \$0.7822 the previous year. Wednesday at the CME Group, Grade A NDM closed at \$0.9575, even with the previous Wednesday.

**DAIRY PRODUCTS:** According to NASS, U.S. production of human food nonfat dry milk during October 2016, in the Atlantic region, totaled 26.7 million pounds, 22.4% more than a year ago and 38.6% above last month.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUM HEAT: .9050 - 1.0200 MOSTLY: .9500 - .9750  
HIGH HEAT: 1.0400 - 1.2000

## NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk (NDM) prices are higher, in line with upward movements in various indices. Spot trading activity is light to moderate. At this point, there are mixed opinions about the market tone. According to some processors, the market is firming, as NDM supplies are tight and highly committed thru the end of the year. Manufacturers remain optimistic about futures prices, holding some stocks instead of selling. On the other end, some buyers/end users think the market is unsettled and they do not have major difficulties finding NDM supplies in the spot market. According to them, the weak demand from Mexico is increasing NDM availability in the domestic market. NDM production is slightly down as most condensed skim volumes have been used to cover Class II processing needs related to the upcoming holiday. Inventories are mixed throughout the region. High heat NDM prices shifted higher as inventories remain tight. Spot trading activity is very light. Production is sporadic, mainly based on contractual needs. The CME Group monthly average price for Grade A

NDM during November was \$0.8914, compared to \$0.7822 a year ago. The November 2016 Dairy Market News monthly average for the West low/medium heat nonfat dry milk mostly series is \$0.9333 compared to \$.8138 a year ago. The average for Western high heat nonfat dry milk is \$1.0303 compared to \$1.0280 a year ago. The NASS *Dairy Products* report noted U.S. human NDM production during October 2016 in the West region totaled 83.0 million pounds, 14.4 percent higher than one year ago. Total U.S. human NDM production during October 2016 was 139.6 million pounds, 18.0 percent higher than last year. During January–October 2016, U.S. human NDM production totaled 1.465 billion pounds, 5.1 percent less than the same period in 2015. Total U.S. NDM, human, month ending stocks for October were 225.4 million pounds, 25.2 percent above a year ago. According to FAS, January–October U.S. NDM exports total 1,027 million pounds, 1% below last year during the same time span.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUM HEAT: .9025 - 1.0500 MOSTLY: .9600 - .9800  
HIGH HEAT: .9900 - 1.1200

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

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
October Total	125.6	+ 14
TOTAL, JAN – OCT	1,026.6	- 1
1 Mexico	444.3	- 2
2 Philippines	154.0	+ 26
3 Indonesia	95.3	+ 26
4 Malaysia	46.5	+ 2
5 Pakistan	45.3	- 8

## CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES
December 2	\$.9187	12,031,380
November 25	\$.9108	5,646,530

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 adjusted through the range series while inching higher at the bottom but slightly lower at the top on f.o.b. spot sales. Some butter manufactures are clearing loads of available cream, thereby reducing condensed buttermilk volumes and ultimately dry buttermilk output. Some processors report having no spots loads to offer. Supplies are committed through the end of year. Inventories are adequate to tight. The dry buttermilk market undertone is steady. The NASS *Dairy Products* report noted U.S. dry buttermilk production during October 2016 totaled 8.4 million pounds, 12.9 above a year ago. Total month ending stocks of U.S. dry buttermilk were 17.7 million pounds, 59.6 percent above last year.

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

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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.

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**EAST:** Dry buttermilk f.o.b. spot prices are mixed this week in the East region. Production is steady to lower. Most manufacturers are finalizing holiday orders this week. Inventories are comfortable for meeting customers' yearend commitments. Cash transactions are based on buyers' immediate needs. Typically, end-users are not interested in expanding supplies, at this point, as the year closes. The market undertone is mostly steady. The November 2016 DMN monthly average for the Central/East dry buttermilk series is \$0.8923, compared to \$0.9072 a year ago.

F.O.B. CENTRAL/EAST: .8600 - .9350

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**DRY BUTTERMILK - WEST**

Dry buttermilk f.o.b. spot prices in the West are mixed on a wider range. However, prices remain unchanged on the mostly series. Demand from bakers is fair to good ahead of the year-end holiday. Drying schedules are active, reflecting the strong butter churning in the region. Inventories vary from plant to plant. The November 2016 Dairy Market News monthly average for the West dry buttermilk mostly series is \$0.8716 compared to \$0.9071 a year ago. The NASS Dairy *Products* report noted U.S. dry buttermilk production during October 2016 totaled 8.4 million pounds, 12.9 percent higher than a year ago. Total U.S. dry buttermilk month-ending stocks for October were 17.7 million pounds, 59.6 percent above last year.

F.O.B. WEST: .8500 - .9800 MOSTLY: .8600 - .8800

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**DRY WHOLE MILK - NATIONAL**

National dry whole milk f.o.b. prices are steady to higher. A few spot sales pushed up the top price of the range. According to some manufacturers, higher WMP international prices are helping to boost domestic prices. Dry whole milk production is limited, as milk fat is mostly used to meet strong seasonal butter and Class II processing needs. Inventories are generally tight, but enough to meet contractual requirements. At the GDT Event 177 on December 6, whole milk powder (WMP) prices across all contract periods averaged \$1.6298, up 4.9% from last event. The November 2016 Dairy Market News monthly average for the National price series for dry whole milk is \$1.3400 compared to \$1.3008 a year ago. The NASS *Dairy Products* report noted U.S. dry whole milk production during October 2016 totaled 6.9 million pounds, 31.9 percent higher than a year ago. Total U.S. dry whole milk month-ending stocks for October were 14.1 million pounds, 133.3 percent above last year.

F.O.B. PRODUCING PLANT: 1.2500 - 1.5500

**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 moved slightly higher at the bottom of the price range and at both ends of the mostly price series. Some manufacturers report inventories are more comfortable than a few months ago. With 2017 contracting ongoing, a few processors say they are getting tight on supplies, or at least more committed. Production is active and consistent with cheese production. Demand is steady. Animal feed whey prices moved high in concert with edible whey. Some end users say they are content to work through existing inventories of animal feed, but will buy a load here and there if the price is right. The DMN monthly average of the mostly price series for Central dry whey during November was \$0.3499, compared to \$0.3270 last month. One year ago, the Central dry whey monthly average was \$0.2105. The monthly average of the range price series for Central animal feed whey during November was \$0.2820, compared to \$0.2553 a month ago and \$0.1651 a year ago. The NASS Dairy Products report noted U.S. total dry whey production for October 2016 was 84.1 million pounds, up 9.0 percent from a year ago. January-October U.S. total dry whey production totals 804.9 million pounds, 0.1 percent above the same time span in 2015. The Central region accounted for 44.7 percent (36.6 million pounds) of U.S. human dry whey production in October. This production is 0.1 percent lower than a year ago. Total U.S. dry whey month ending stocks for October were 60.9 million pounds, 6.6 percent above a year ago.

F.O.B. CENTRAL: .3025 - .4400

MOSTLY: .3600 - .4025

F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER:

.2700 - .3725

**DRY WHEY - NORTHEAST**

Prices for dry whey are steady to higher with adjustments based on f.o.b. limited spots sales and pricing indices. Production rates are unchanged as seasonal cheese output, this week, matches the previous week. Some end users have closed the books on 2016 dry whey purchases. Inventories are sufficient for near-term needs. The market undertone is firm with most supplies committed. The November 2016 Dairy Market News monthly average for Northeast dry whey was \$0.3828 compared to \$0.2271 one year ago. DAIRY PRODUCTS: According to NASS, October 2016 U.S. human food dry whey production totaled 81.9 million pounds, 8.5% more than a year ago and 9.4% more than the previous month. The Atlantic region's production of human food dry whey in October 2016 totaled 21.0 million pounds, 1.6% less than a year ago, but 0.8% less than last month.

F.O.B. NORTHEAST:

EXTRA GRADE AND GRADE A: .3625 - .4300

**DRY WHEY - WEST**

The western whey price range is steady. However, the mostly price series moved higher driven by some spot sales of desired brands. Although, buyers say they can find whey as needed, inventories are relatively tight and committed into 2017. Dry whey production is steady. Demand is stable and sound. Industry contacts are watching whey futures markets closely to try to gauge if whey prices are set to

move higher or soften. The DMN monthly average of the mostly price series for West dry whey during November was \$0.3759 compared to \$0.3533 one month ago and \$0.2308 a year ago. NASS reports that October 2016 U.S. human whey production, 81.9 million pounds, is up 8.5% from a year ago, and up 9.4% from September 2016. The Western region produced 24.3 million pounds of edible dry whey during October, up 38.9% from last year, and up 31.4% from September. Month ending stocks for U.S. human whey, at 59.7 million pounds, are 8.8% higher than one year ago and up 18.2% from September 2016.

NONHYGROSCOPIC: .3500 - .4500

MOSTLY: .3750 - .4300

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

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
October Total	43.0	+ 55
TOTAL, JAN – OCT	342.6	--
1 China	116.3	+ 29
2 Canada	36.0	- 2
3 Mexico	31.1	- 24
4 Vietnam	26.0	+ 70
5 Philippines	24.0	- 15

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices for whey protein concentrate 34% moved higher at the bottom of the price range and significantly higher at the top of the mostly price series. Industry contacts report many buyers are having difficulties acquiring enough WPC34% to fully meet end user needs. Numerous manufacturers and brokers say they continue to get inquiries from buyers they do not know because the shoppers are searching far and wide for available sources. Processor inventories are already becoming committed well into 2017. Production is generally not able to keep pace with the steady demand. Resales are often at prices above the reported price series. A few manufacturers that make WPC34% that is interchangeable with other protein sources have more in their inventories and are running into weaker demand and stiffer price pressures. The November 2016 Dairy Market News average of the mostly price series for Central and West whey protein concentrate 34% was \$0.7961 compared to \$0.7706 one month ago and \$0.5313 one year ago. According to the NASS Dairy Products report U.S. production of WPC (25.0-49.9% protein) during October 2016 totaled 14.2 million pounds, 16.0% lower than one year ago. Year to date total WPC (25.0-49.9% protein) production through October is 147.1 million pounds, 20.9% less than January through October one year ago. Manufacturers' end-of-month stocks for WPC (25.0-49.9% protein) totaled 18.0 million pounds, 32.7% lower than one year ago, but 2.2% more than September 2016.

F.O.B. EXTRA GRADE 34% PROTEIN: .7100 - .9850

MOSTLY: .7800 - .9000

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

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
October Total	26.7	+ 20
TOTAL, JAN - OCT	257.3	+ 34
1 China	121.3	+ 66
2 Mexico	34.1	+ 34
3 Canada	28.6	- 13
4 Malaysia	16.0	+ 359
5 Indonesia	9.4	- 7

Rennet casein prices slightly increased at the lower end of the price range, but are steady at the top. Acid casein prices are steady this week. Recent indications are that casein production in France and New Zealand has slowed. The impact remains uncertain, as well as whether this is a trend, or will be reversed. Most market activity is focused on future contracting. At GDT event 177 on December 6, the all contracts rennet casein price increased 2.3%.

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:	3.0500 - 3.1000

**LACTOSE - CENTRAL AND WEST**

Lactose prices moved slightly higher at the top of the mostly price series, but lower at the bottom of the price range. Some manufacturers say Q1 contracting is nearing completion with higher prices and little push back from buyers. Manufacturers of highly desired brands of lactose report tight inventories and strong demand. In contrast to this, other industry contacts suggest the market is showing some signs of softening. A few manufacturers indicate they have inventories they want to clean out before the end of the year. Some of these spot sales are at discounted prices. A few sales of lactose that did not meet buyer packaging or product specifications also cleared below published prices. Some manufacturers are carrying the discounted sales into January 2017. The November 2016 Dairy Market News average of the mostly price series for Central and West lactose was \$0.3525, compared to \$0.3416 one month ago and \$0.1851 one year ago. NASS's Dairy Products report shows U.S. lactose production during October 2016 totaled 89.3 million pounds, a 7.5% increase from one year ago. Year to date lactose production through October is 908.5 million pounds, 3.8% more than a year ago. Month ending stocks, at 107.2 million pounds, are 2.0% higher than one year ago, but 6.8% lower than September 2016. At the GDT Event 177 on December 6, lactose prices across all contract periods averaged \$0.3960 per pound, +10.6%.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .2400 - .4800 MOSTLY: .3300 - .3800

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

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
October Total	52.4	+ 33
TOTAL, JAN - OCT	478.5	+ 10
1 New Zealand	83.0	+ 41
2 China	78.9	+ 16
3 Mexico	60.1	+ 12
4 Japan	40.0	+ 22
5 Indonesia	35.9	+ 49

**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
11/19/2016	58.4	2,595.8	59.5	2,641.2

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

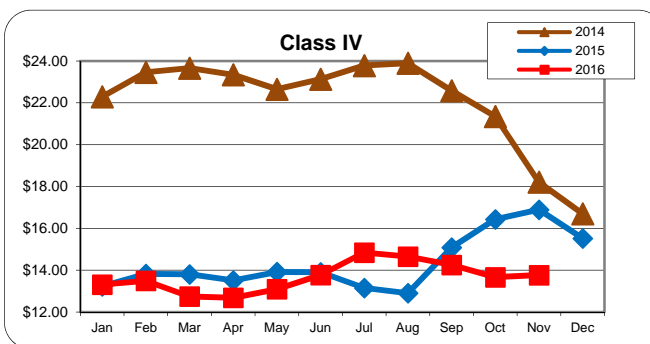
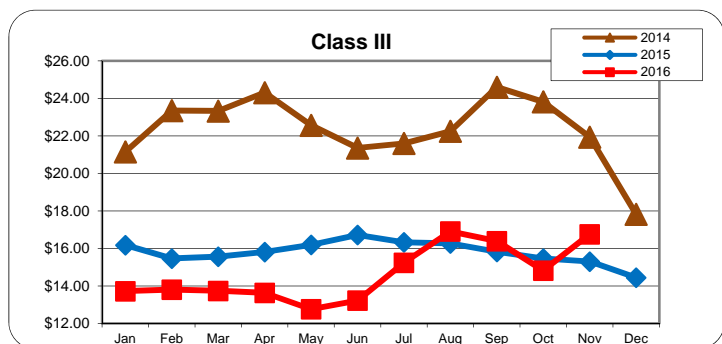
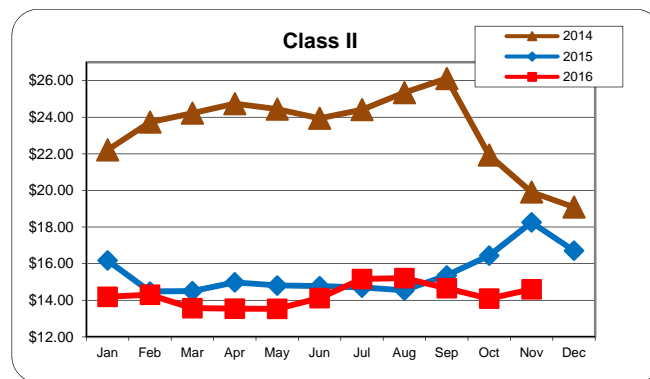
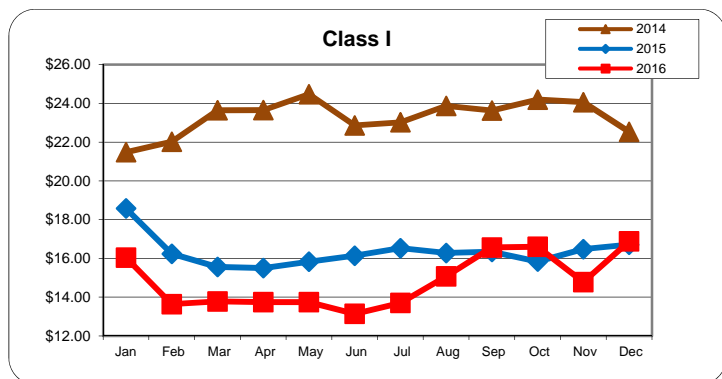
**CLASS IV MILK PRICES (3.5%)**

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	16.88
II	14.19	14.30	13.57	13.54	13.53	14.12	15.16	15.21	14.66	14.09	14.60	
III	13.72	13.80	13.74	13.63	12.76	13.22	15.24	16.91	16.39	14.82	16.76	
IV	13.31	13.49	12.74	12.68	13.09	13.77	14.84	14.65	14.25	13.66	13.76	

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 November 28 - December 9, 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 collections in the EU WERE up by 1.5% January-September, 2016, according to the Milk Market Observatory. However, they were 3% lower in September 2016, the 4th consecutive month with a reduction. Significant decreases have been reported in major producing countries including the United Kingdom, Germany, and France. Further milk production slowdown is expected for the balance of 2016. Average farm gate milk prices increased by 5.2% in September to 27.8 €/100 kg. A widespread view is that the dairy price recovery in the EU is driven by recently reduced milk supplies. It remains to be seen how the exports are developing as they are now tested with higher price levels. EU exports in September continue to show a strong export performance with the exception of SMP, which was down -18.7% for the year to September.

**BUTTER/BUTTEROIL:** Butter prices in Western Europe slightly firmed at the bottom of the price range but are unchanged at the top. Sales of packaged butter in Western Europe are increasing as the end of year holidays approach. A number of manufacturers are not able to fill orders as fast as some customers would like. The volume of butter orders and lower cream supplies available for making utter, have converged to create the current situation. Interest in block butter is slow. More focus is on contracting for early 2017 needs. The November 2016 Dairy Market News monthly average for Western Europe butter, \$4,683, is up from \$3,139 in November last year.

82% BUTTERFAT: 4,650 - 4,800  
99% BUTTERFAT: 4,500 - 5,300

**SKIM MILK POWDER (SMP):** Skim milk powder prices in Western Europe slightly firmed at the bottom of the price range but are unchanged at the top. The opening of SMP sales from intervention stocks has generated some market uncertainty. However, some manufacturers, notable in Germany, report good demand for fresh production of food quality SMP from regular customers. Reasoning the Commission has given for selling intervention stocks cites the price recovery of SMP. Also mentioned is timing, that it is now the lowest level of production of milk and powder. A number of dairy processors in the EU are wary of the decision. The November 2016 Dairy Market News monthly average for Western Europe SMP, \$2,217, is up from \$1,884 in November last year.

1.25% BUTTERFAT: 2,125 - 2,300

**SWEET WHEY POWDER:** Sweet whey powder prices in Western Europe are unchanged. Food grade whey powder prices vary in different regions of Western Europe. Buying interest has weakened. Sellers do not feel much urgency to reduce current inventories. The November 2016 Dairy Market News monthly average for Western Europe whey powder, \$965, is up from \$661 in November last year.

NONHYGROSCOPIC: 850 - 1,050

**WHOLE MILK POWDER (WMP):** Whole milk powder prices in Western Europe slightly increased at each end of the price range. Prices are now at the highest level of 2016. Demand is expected to strengthen. Domestic customers are negotiating with Western European manufacturers for supplies needed during the first half of 2017. The November 2016 Dairy Market News monthly average for Western Europe WMP, \$3,143, is up from \$2,462 in November last year.

26% BUTTERFAT: 3,150 - 3,350

**EASTERN OVERVIEW:** Milk production in Russia January-October this year is 0.08% lower than the same period of 2015, according to CLAL. October 2016 production is 13.99% lower than October 2015. Monthly average milk prices in Russia for October this year, calculated in Rubles, are +9.7% above September and for January-October this year, +4.5% above the same period of 2015. Although milk production in Poland during October was 0.6% lower than October last year according to ZMB, milk production January-October this year was 2.4% higher than the same period of 2015.

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered November 28 - December 9, 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.

In **Australia**, many observers feel the milk production season has shifted to later this year than has been typical. The season so far has endured cold and wet weather into spring, followed by cooler than normal weather with rain into summer. Now grass growth is good and fodder ample. Cow comfort is quite good. Expectations are for dairy producers to be well able to keep production levels stable at reasonable expense. Previous culling of cows will continue to result in somewhat lower milk production. Many producers will be cautious in considering herd expansions, also being aware that price strengthening is partly a function of current milk production volumes. According to Dairy Australia, October 2016 milk production in Australia was 11.4% below October 2015. The state changes from October a year earlier are: New South Wales, -3.8%; Victoria, -13.4%; Queensland, +3.8%; South Australia, -11.8%; Western Australia, -3.8% and Tasmania, -13.0%. July-October cumulative production this year is 10.3% below the same period last year. The cumulative July-October changes from July-October a year earlier are: New South Wales, -6.5%; Victoria, -11.9%; Queensland, +2.6%; South Australia, -14.0%; Western Australia, -1.0% and Tasmania, -11.3%. Each state's percentage of total October Australian production, is: New South Wales, 11.27%; Victoria, 65.93%; Queensland, 3.98%; South Australia, 4.74%; Western Australia, 3.75%; and Tasmania, 10.32%. **New Zealand**, October milk production and milk solids lagged the levels one year ago. October 2016 milk production was 3.04 million MT, up from 2.57 million MT in September. During October 2015, milk production was 3.21 million MT. October milk solids, 247.43 million kg, are up from 210.11 million kg in September. During October 2015, milk solids were 263.47 million kg. Stronger milk prices for producers have followed the lower production. A number of dairy processors have recently increased forecasted milk pay prices. At the December 6 GDT event #177, average prices ranged from 2.6% lower to 10.6% 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, \$5,500 +2.9%; butter, \$4,262 +1.7%; buttermilk powder, \$2,408 -2.6%; cheddar cheese, \$3,752 +2.2%; lactose, \$875 +10.6%; rennet casein, \$6,201 +2.3%; skim milk powder, \$2,570 +1.4%; and whole milk powder, \$3,593 +4.9%.

**BUTTER:** Oceania butter prices firmed at each end of the price range. Prices are at the highest level of the year. In Australia, butter stocks are tight. Cream supplies available for making butter in Australia and New Zealand are limiting production. Partly this results from lower milk production. Many manufacturers and/or sellers are content to hold out for desired prices. Stocks are so tight that there are reports of some smaller volume commercial users of butter going to retail outlets and buying packaged butter for their manufacturing needs. At GDT Event 177 on December 6, 2016, the all contracts butter price increased 1.7%. The November 2016 Dairy Market News monthly average for Oceania butter, \$4,141, is up from \$2,879 in November last year.

82% BUTTERFAT: 4,250 - 4,475

**SKIM MILK POWDER (SMP):** Skim milk powder prices in Oceania are unchanged. There is concern in the region with the ongoing sale of intervention stocks in the European Union. Uncertainty as to future sale intentions of the European Commission underlies the con-

cern. Mitigating this concern is a belief of some people that the age of the intervention stocks will result in little effective competition for current production. This is keeping buyers and sellers wary of how to handle future contracting. However, reports of recent increased export activity has been encouraging. At GDT Event 177 on December 6, 2016, the all contracts SMP price increased 1.4%. The November 2016 Dairy Market News monthly average for Oceania SMP, \$2,352, is up from \$1,983 in November last year.

1.25% BUTTERFAT: 2,325 - 2,400

**CHEDDAR CHEESE:** Cheddar cheese prices in Oceania firmed at each end of the price range. Prices are at the highest level of the year. In Australia cheese is often a preferred use for milk currently available. In contrast, some New Zealand manufacturers have moved away from cheese to other dairy products which are viewed as more profitable. At GDT Event 177 on December 6, 2016, the all contracts cheddar price increased 2.2%. The November 2016 Dairy Market News monthly average for Oceania cheddar, \$3,630, is up from \$3,150 in November last year.

39% MAXIMUM MOISTURE: 3,575 - 3,900

**WHOLE MILK POWDER (WMP):** Oceania whole milk powder prices slightly increased at each end of the price range. Prices are at the highest level of the year. WMP has become viewed as a preferable use of New Zealand milk in terms of profitability. Many manufacturers expect WMP to remain an attractive outlet for milk. At GDT Event 177 on December 6, 2016, the all contracts WMP price increased 4.9%. The November 2016 Dairy Market News monthly average for Oceania WMP, \$3,147, is up from \$2,381 in November last year.

26% BUTTERFAT: 3,050 - 3,500

**Exchange rates for selected foreign currencies:  
December 5, 2016**

.0630 Argentina Peso	.0147 India Rupee
.7472 Australian Dollar	.0088 Japan yen
.2922 Brazil Real	.0486 Mexican Peso
.7534 Canadian Dollar	.7142 New Zealand Dollar
.0015 Chile Peso	.2393 Poland Zloty
1.0765 Euro	.0347 Uruguay Peso

Conversion example: To compare the value of 1 US Dollar to Mexican Pesos: (1/.0486) = 20.5761 Mexican Pesos. Source: "Wall Street Journal"



## INTERNATIONAL DAIRY MARKET NEWS

US\$/MT	Global/Dairy Trading (gDT) Event 177 Recap - December 6, 2016													
	Contract 1		Contract 2		Contract 3		Contract 4		Contract 5		Contract 6		All Contracts	
	Jan-17		Feb-17		Mar-17		Apr-17		May-17		Jun-17			
Anhydrous Milk Fat	\$5,489	1.8%	\$5,494	2.7%	\$5,507	3.9%	\$5,508	2.9%	\$5,499	2.6%	\$5,511	2.8%	\$5,500	2.9%
Butter	\$4,355	0.7%	\$4,275	2.8%	\$4,209	1.8%	\$4,245	n.a.	\$4,245	-0.4%	\$4,345	2.0%	\$4,262	1.7%
Buttermilk Powder	n.a.		\$2,358	-3.8%	\$2,800	5.5%	n.a.		n.a.		n.a.		\$2,408	-2.6%
Cheddar	\$4,020	7.9%	\$3,952	8.0%	\$3,595	-3.2%	\$3,615	-2.2%	\$3,840	2.1%	n.a.		\$3,752	2.2%
Lactose	n.a.		\$873	10.6%	n.a		n.a.		n.a.		n.a.		\$873	10.6%
Rennet Casein	\$6,090	1.8%	\$6,261	3.6%	\$6,108	0.8%	\$6,177	0.4%	n.a.		n.a.		\$6,201	2.3%
Skim Milk Powder	\$2,558	-2.7%	\$2,528	1.1%	\$2,653	3.1%	\$2,641	1.4%	\$2,678	3.4%	\$2,604	-1.6%	\$2,570	1.4%
Sweet Whey Powder	n.a.		n.a.		n.a		n.a.		n.a.		n.a.		n.a.	
Whole Milk Powder	\$3,613	1.4%	\$3,574	4.5%	\$3,598	6.7%	\$3,598	4.8%	\$3,612	5.8%	\$3,627	3.2%	\$3,593	4.9%

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

US\$/Pound	Global/Dairy Trading (gDT) Event 177 Recap - December 6, 2016													
	Contract 1		Contract 2		Contract 3		Contract 4		Contract 5		Contract 6		All Contracts	
	Jan-17		Feb-17		Mar-17		Apr-17		May-17		Jun-17			
Anhydrous Milk Fat	\$2.4898	1.8%	\$2.4921	2.7%	\$2.4980	3.9%	\$2.4984	2.9%	\$2.4943	2.6%	\$2.4998	2.8%	\$2.4948	2.9%
Butter	\$1.9754	0.7%	\$1.9391	2.8%	\$1.9092	1.8%	\$1.9255	n.a.	\$1.9255	-0.4%	\$1.9709	2.0%	\$1.9332	1.7%
Buttermilk Powder	n.a.		\$1.0696	-3.8%	\$1.2701	5.5%	n.a.		n.a.		n.a.		\$1.0923	-2.6%
Cheddar	\$1.8235	7.9%	\$1.7926	8.0%	\$1.6307	-3.2%	\$1.6398	-2.2%	\$1.7418	2.1%	n.a.		\$1.7019	2.2%
Lactose	n.a.		\$0.3960	10.6%	n.a		n.a.		n.a.		n.a.		\$0.3960	10.6%
Rennet Casein	\$2.7624	1.8%	\$2.8400	3.6%	\$2.7706	0.8%	\$2.8019	0.4%	n.a.		n.a.		\$2.8128	2.3%
Skim Milk Powder	\$1.1603	-2.7%	\$1.1467	1.1%	\$1.2034	3.1%	\$1.1979	1.4%	\$1.2147	3.4%	\$1.1812	-1.6%	\$1.1657	1.4%
Sweet Whey Powder	n.a.		n.a.		n.a		n.a.		n.a.		n.a.		n.a.	
Whole Milk Powder	\$1.6388	1.4%	\$1.6212	4.5%	\$1.6320	6.7%	\$1.6320	4.8%	\$1.6384	5.8%	\$1.6452	3.2%	\$1.6298	4.9%

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

## INTERNATIONAL DAIRY MARKET NEWS - SOUTH AMERICA

Information gathered November 28 - December 9, 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:** The arrival of summer season in **Argentina** and **Uruguay** is gradually increasing temperatures, prompting stress in dairy cows. Although milk intakes are declining, there are enough supplies for current manufacturing needs. Butterfat and protein components in the milk are trending down. Overall, milk volumes going to bottled milk processing are lower as most schools are closed during the summer break. Therefore, there is more milk available for manufacturing. Cheese and yogurt processing are very active with a strong demand from retailers and food service. Forage and pasture conditions are fair to good in Argentina and Uruguay. According to the National Institute of Milk (INALE), in October, Uruguay farm milk volumes sent to processors were 191.9 million liters, 11.0% above the previous month, but 7.0% below a year ago. From January to October 2016, milk intakes sent to manufacturing plants totaled 1,427 million liters, down 11.4% from the same period of 2015. Milk prices paid to milk producers in October were \$8.93 Uruguayan pesos (UYU) per liter, up 1.6% from last month and 18.0% above the previous year. The October price paid to producers is equivalent to \$0.31 USD/liter or around \$13.83/cwt. Farm milk output is uneven in **Brazil** as heavy rain conditions prevail in the main dairy state, Minas Gerais. However, with these weather conditions, many dairy operators are anticipating an improvement on pasture and soil moisture. Bottled milk demands from grocery stores and restaurants are good, but lower from educational institutions. Large milk volumes are clearing into WMP manufacturing, as demand from the food processing industry is strong. UHT milk processing is less active this week. Compared to the past two weeks, as reported by Milkpoint, spot milk prices per liter in the Brazil slightly increased from \$1.09 to \$1.11 Brazilian reals (BRL) or \$0.33 USD. This week, the average wholesale price per liter for UHT milk is \$2.04 BRL or \$0.60 USD. According to the Center for Studies in Applied Economics (CEPEA), the Milk Uptake Index (ICAP-L/Cepea) in Brazil during October was 187.65, up 0.1% from the previous month, but 4.2% below a year ago. The average gross price received by dairy farmers in Brazil during November was \$1.34 Brazilian reals (\$R) per liter, which is down 10.9% from the previous month, but 27.3% above a year ago. This amount is equal to \$0.42 USD/liter or around \$18.48/cwt.

**WHOLE MILK POWDER (WMP):** In the Southern Cone of South America, whole milk powder (WMP) f.o.b. export prices are higher, in line with the upward WMP price movement in the most recent GDT event. The bottom price of the range is reflecting export trades outside the Mercosur bloc, while the top is based on sales transactions within Mercosur. Brazil continues importing WMP mainly from Uruguay as demand from the food processing industry remains strong. WMP production is ongoing throughout the region. At the GDT Event 177 on December 6, whole milk powder (WMP) prices across all contract periods averaged \$3,593, up 4.9% from last event.

26% BUTTERFAT:

2,950 - 3,550

## CME GROUP, INC FUTURES

Selected settling prices

Month	11/23	11/24	11/25	11/28	11/29	11/30	12/01	12/02	12/05	12/06	12/07	12/08
CLASS III MILK FUTURES (Pit-Traded) (\$/cwt)												
NOV 16	16.74	NO TRADING	16.74	16.72	16.72	16.76						
DEC 16	16.86		16.86	16.93	16.92	16.94	16.99	17.16	17.03	16.98	16.93	17.07
JAN 17	16.21		16.21	16.37	16.43	16.52	16.82	16.96	16.75	16.58	16.51	16.53
FEB 17	16.15		16.15	16.23	16.34	16.52	16.80	16.98	16.83	16.71	16.68	16.68
MAR 17	16.18		16.18	16.24	16.31	16.48	16.73	16.89	16.79	16.69	16.72	16.73
APR 17	16.19		16.19	16.26	16.32	16.44	16.65	16.83	16.71	16.66	16.72	16.80
MAY 17	16.28		16.28	16.30	16.37	16.45	16.67	16.89	16.77	16.72	17.79	16.87
JUN 17	16.45		16.45	16.48	16.53	16.66	16.93	17.17	17.02	16.95	17.02	17.11
JUL 17	16.67		16.67	16.69	16.79	16.85	17.29	17.55	17.35	17.33	17.38	17.42
AUG 17	16.85		16.85	16.85	16.90	17.00	17.45	17.60	17.47	17.44	17.50	17.55
CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)												
NOV 16	13.80	NO TRADING	13.80	13.80	13.80	13.76						
DEC 16	14.76		14.76	14.93	14.95	15.05	15.20	15.29	15.22	15.22	15.13	15.04
JAN 17	15.25		15.25	15.39	15.46	15.71	15.95	16.08	15.75	15.75	15.55	15.53
FEB 17	15.54		15.54	15.72	15.76	16.20	16.20	16.37	16.11	16.11	15.79	15.90
CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)												
NOV 16	192.48	NO TRADING	192.48	192.43	192.43	190.92						
DEC 16	205.00		205.00	210.00	209.20	214.00	215.58	215.25	213.10	212.95	211.00	209.00
JAN 17	205.50		205.50	209.00	210.08	213.60	216.00	216.73	211.98	210.03	208.53	207.25
FEB 17	207.43		207.43	209.78	209.98	214.98	216.53	217.18	212.25	211.75	210.10	209.05
NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)												
NOV 16	90.75	NO TRADING	90.75	90.78	90.98	91.19						
DEC 16	96.50		96.50	96.55	96.25	96.15	96.85	97.60	97.05	96.75	95.78	96.03
JAN 17	102.15		102.15	101.85	102.10	103.68	105.48	105.75	104.00	104.00	102.63	103.00
FEB 17	104.03		104.03	104.23	105.50	107.00	108.45	108.98	107.50	106.75	106.50	107.13
WHEY (Electronic-Traded) (¢/lb)												
NOV 16	36.40	NO TRADING	36.40	36.58	36.85	36.90						
DEC 16	38.45		38.45	38.88	39.38	39.55	39.50	39.35	38.70	38.10	38.10	38.75
JAN 17	39.50		39.50	39.75	40.05	41.75	42.05	41.85	41.18	39.60	39.75	40.98
FEB 17	39.90		39.90	40.03	40.25	42.00	42.00	42.03	41.50	40.75	40.75	41.18
CHEESE CSC (Electronic-Traded) (\$/lb)												
NOV 16	1.76	NO TRADING	1.76	1.76	1.76	1.76						
DEC 16	1.76		1.76	1.76	1.76	1.75	1.76	1.78	1.77	1.77	1.76	1.77
JAN 17	1.68		1.68	1.70	1.70	1.69	1.73	1.74	1.73	1.72	1.71	1.71
FEB 17	1.67		1.67	1.68	1.69	1.69	1.72	1.74	1.73	1.72	1.72	1.72
MAR 17	1.68		1.68	1.68	1.68	1.69	1.71	1.73	1.72	1.72	1.73	1.73

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

DAIRY MARKET NEWS INTERNATIONAL MONTHLY SUMMARY AND AVERAGES FOR NOVEMBER 2016 /1  
(UNLESS OTHERWISE NOTED, PRICES ARE U.S.DOLLARS/METRIC TON, F.O.B. PORT)

COMMODITY	::REPORT NUMBER 45		::REPORT NUMBER 47		::REPORT NUMBER 49		2016 *	2015 *
	::-----		::-----		::-----		Monthly	Monthly
	:: NOV 01 - 11		:: NOV 14 - 25		:: NOV 28 - 30		Average	Average
-----								
BUTTER (82% BUTTERFAT)								
-- OCEANIA	:: 4000	- 4200	:: 4025	- 4200	:: 4250	- 4475	:: 4141	: 2879
-- WESTERN EUROPE	:: 4500	- 4800	:: 4600	- 4800	:: 4650	- 4800	:: 4683	: 3139
BUTTEROIL (99% BUTTERFAT)								
-- WESTERN EUROPE	:: 4400	- 5100	:: 4400	- 5150	:: 4500	- 5300	:: 4782	: 3750
CHEDDAR CHEESE (39% MAXIMUM MOISTURE)								
-- OCEANIA	:: 3475	- 3750	:: 3475	- 3750	:: 3575	- 3900	:: 3630	: 3150
SKIM MILK POWDER (1.25% BUTTERFAT)								
-- OCEANIA	:: 2275	- 2400	:: 2325	- 2400	:: 2325	- 2400	:: 2352	: 1983
-- WESTERN EUROPE	:: 2100	- 2375	:: 2100	- 2300	:: 2125	- 2300	:: 2217	: 1884
WHEY POWDER (NONHYGROSCOPIC)								
-- WESTERN EUROPE	:: 0875	- 1100	:: 0850	- 1050	:: 0850	- 1050	:: 965	: 661
WHOLE MILK POWDER (26% BUTTERFAT)								
-- OCEANIA	:: 2800	- 3400	:: 2900	- 3400	:: 3050	- 3500	:: 3147	: 2381
-- WESTERN EUROPE	:: 2900	- 3300	:: 3050	- 3250	:: 3150	- 3350	:: 3143	: 2462
-- SOUTH AMERICA	:: 2650	- 3350	:: 2750	- 3450	:: 2950	- 3550	:: 3060	: ...

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.



## October 2016 Dairy Products Highlights

**Butter** production was 143 million pounds, 3.6 percent below October 2015, but 5.7 percent above September 2016. **American type cheese** production totaled 398 million pounds, 1.4 percent above October 2015, and 5.7 percent above September 2016. **Total cheese** output (excluding cottage cheese) was 1.03 billion pounds, 0.5 percent above October 2015, and 4.8 percent above September 2016. **Nonfat dry milk** production, for human food, totaled 140 million pounds, 18.0 percent above October 2015, and 11.0 percent above September 2016. **Dry whey** production, for human food, was 81.9 million pounds, 8.5 percent above October 2015, and 9.4 percent above September 2016. **Ice cream, regular hard** production totaled 60.1 million gallons, 5.1 percent below October 2015, and 3.6 percent below September 2016.

Production of Dairy Products									
Product	Oct 2016	Change from			Product	Oct 2016	Change from		
		Oct 2015	Sep 2016	Year to Date <sup>1</sup>			Oct 2015	Sep 2016	Year to Date <sup>1</sup>
	(1,000 lbs)	(percent)				(1,000 lbs)	(percent)		
Butter	143,028	-3.6	5.7	4.0	Yogurt (plain and flavored)	380,952	-1.8	-12.7	-1.1
Cheese					Dry whey, human food	81,874	8.5	9.4	---
American types <sup>2</sup>	397,969	1.4	5.7	-0.1	Dry whey, animal feed	2,211	32.5	109.4	---
Cheddar	279,514	0.2	4.1	-0.8	Dry whey, total <sup>8</sup>	84,085	9.0	10.8	0.1
Other American	118,455	4.2	9.8	---	Reduced lactose & minerals				
Brick & Muenster	17,065	2.4	13.2	---	Human food	2,839	0.9	6.3	---
Cream & Neufchatel	88,593	-7.8	12.8	---	Animal feed	3,000	-4.0	13.9	---
Hispanic	22,361	3.5	-2.4	---	Lactose, human food & animal feed	89,342	7.5	-5.7	3.8
Total Italian types	442,333	1.0	3.3	4.0	Whey protein concentrate				
Mozzarella	340,755	-0.4	1.8	3.3	Human food <sup>9</sup>	36,026	-13.8	4.1	---
Other Italian	101,578	6.2	8.4	---	Animal feed <sup>9</sup>	243	-9.7	-67.5	---
Swiss	25,901	-2.4	2.9	---	Total <sup>9</sup>	36,269	-13.8	2.6	-10.1
All other types	38,335	6.2	-1.4	---	25.0-49.9 percent <sup>10</sup>	14,184	-16.0	3.6	---
Total	1,032,557	0.5	4.8	1.8	50.0-89.9 percent <sup>10</sup>	22,085	-12.4	2.0	---
Cottage cheese, curd <sup>3</sup>	33,245	0.5	-3.8	---	Whey protein isolates <sup>11</sup>	10,280	24.8	-4.0	---
Cottage cheese, cream <sup>4</sup>	26,650	-1.8	-2.8	1.1					
Cottage cheese, lowfat <sup>5</sup>	30,316	2.6	0.3	0.1					
Dry buttermilk	8,405	12.9	4.8	---	Frozen products				
Dry whole milk	6,887	31.9	-0.5	---	Ice cream, regular hard	60,099	-5.1	-3.6	0.7
Milk protein conc. (MPC), total <sup>6</sup>	10,894	-9.5	3.7	---	Ice cream, lowfat, hard	14,864	-4.5	-13.6	---
Nonfat dry milk (NDM), human	139,621	18.0	11.0	-5.1	Ice cream, lowfat, soft	16,496	0.9	-5.4	---
Skim milk powders (SMP) <sup>7</sup>	42,941	8.1	11.7	28.0	Ice cream, lowfat, total	31,360	-1.7	-9.5	-1.9
Sour cream	125,553	5.5	14.2	3.8	Sherbet, hard	2,560	-12.5	-20.7	-8.1
					Frozen yogurt, total	5,055	-8.8	-3.0	-6.8

Manufacturers' Stocks, End of Month <sup>12</sup>							
Product	Oct 2016	Oct 2015	Sep 2016	Product	Oct 2016	Oct 2015	Sep 2016
	(1,000 lbs)	(percent)			(1,000 lbs)	(percent)	
Dry whey, human food	59,652	8.8	18.2	Whey protein concentrate			
Dry whey, animal feed	1,269	-45.9	19.2	Human food <sup>9</sup>	55,875	-17.3	7.8
Reduced lactose & minerals—human & animal <sup>13</sup>	7,494	-21.8	-3.9	Animal feed <sup>9</sup>	668	-44.0	-12.3
Lactose, human food & animal feed	107,229	2.0	-6.8	Total <sup>9</sup>	56,543	-17.7	7.5
Dry buttermilk	17,711	59.6	0.6	25.0-49.9 percent <sup>10</sup>	17,997	-32.7	2.2
Nonfat dry milk, human food	225,420	25.2	4.2	50.0-89.9 percent <sup>10</sup>	38,546	-8.2	10.2
				Whey protein isolates <sup>11</sup>	21,618	42.2	10.8

<sup>1</sup> 2016 cumulative as percent change of 2015 cumulative. <sup>2</sup> Includes Cheddar, Colby, Monterey and Jack. <sup>3</sup> Mostly used for processing into cream or lowfat cottage cheese. <sup>4</sup> Fat content 4 percent or more. <sup>5</sup> Fat content less than 4 percent. <sup>6</sup> Dry milk protein concentrate, 40-89.9 percent. <sup>7</sup> Includes protein standardized and blends. <sup>8</sup> Excludes all modified dry whey products. <sup>9</sup> Whey protein concentrate, 25.0 to 89.9 percent. <sup>10</sup> Whey protein concentrate, human and animal. <sup>11</sup> Whey protein isolates, 90.0 percent or greater. <sup>12</sup> Stocks held by manufacturers at all points and in transit. <sup>13</sup> Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. **Source:** U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Dairy Products*, (December 2016).

## October Milk Sales

During October 4.2 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 3.5 percent lower than October 2015. Estimated sales of total conventional fluid milk products decreased 4.0 percent from October 2015 and estimated sales of total organic fluid milk products increased 6.3 percent from a year earlier.

Estimated Total U.S. Sales of Fluid Milk Products, October 2016, with Comparisons <sup>1,4</sup>				
Product Name	Sales		Change from: <sup>2</sup>	
	October	Year to Date	Previous Year	Year to Date
	(million pounds)		(percent)	
Conventional Production Practice				
Whole Milk	1,207	11,901	1.4	4.6
Flavored Whole Milk	55	505	5.4	7.1
Reduced Fat Milk (2%)	1,295	12,915	-4.6	-2.1
Low Fat Milk (1%)	576	5,650	-8.7	-5.3
Fat-Free Milk (Skim)	384	3,917	-13.8	-11.3
Flavored Fat-Reduced Milk	378	3,143	-2.6	2.5
Buttermilk	42	420	-1.3	-0.3
Other Fluid Milk Products	22	68	17.6	26.1
Total Fat-Reduced Milk <sup>3</sup>	2,633	25,625	-6.7	-3.8
Total Conventional Milk Products	3,960	38,518	-4.0	-1.1
Organic Production Practice				
Whole Milk	82	782	15.7	16.5
Reduced Fat Milk (2%)	65	655	1.2	8.3
Low Fat Milk (1%)	35	359	-0.6	-2.9
Fat-Free Milk (Skim)	24	262	-11.7	-9.7
Flavored Fat-Reduced Milk	11	76	63.1	-11.3
Other Fluid Milk Products	0	2	-----	-----
Total Fat-Reduced Milk <sup>3</sup>	135	1,352	1.4	0.1
Total Organic Milk Products	217	2,136	6.3	5.6
Total Fluid Milk Products	4,177	40,654	-3.5	-0.8

<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.

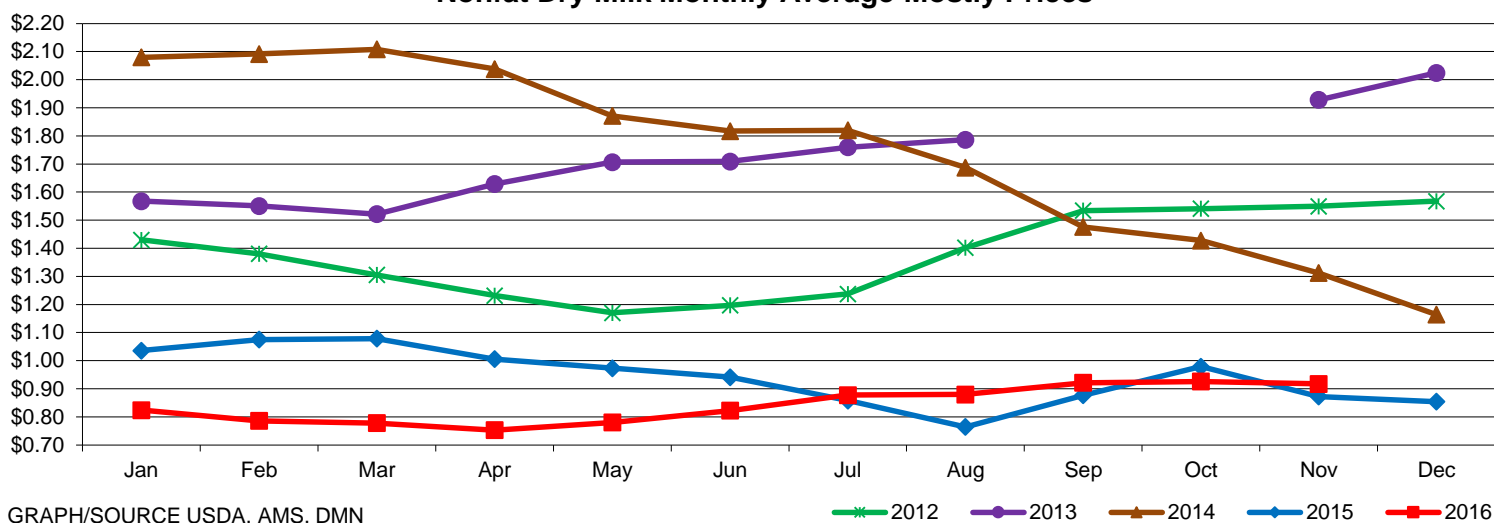
Packaged Sales of Total Fluid Milk Products in Federal Milk Orders and California, October 2016, with Comparisons <sup>1</sup>					
Marketing Area	Order Number	Sales		Change from: <sup>2</sup>	
		October	Year to Date	Previous Year	Year to Date
		(million pounds)		(percent)	
Northeast	001	709	6,883	-4.7	-1.7
Appalachian	005	275	2,687	-2.5	-0.3
Florida	006	241	2,301	2.0	1.8
Southeast	007	377	3,733	-5.4	-0.9
Upper Midwest	030	314	3,108	-4.7	-0.4
Central	032	358	3,447	-1.9	0.3
Mideast	033	457	4,480	-3.8	-0.8
Pacific Northwest	124	174	1,652	0.1	-0.3
Southwest	126	384	3,704	-2.8	0.6
Arizona	131	91	880	-3.2	-1.9
California <sup>3</sup>	---	463	4,527	-5.4	-3.0
All Orders (Total)		3,380	32,875	-3.3	-0.5
All Areas (Total)		3,843	37,402	-3.5	-0.8

<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.

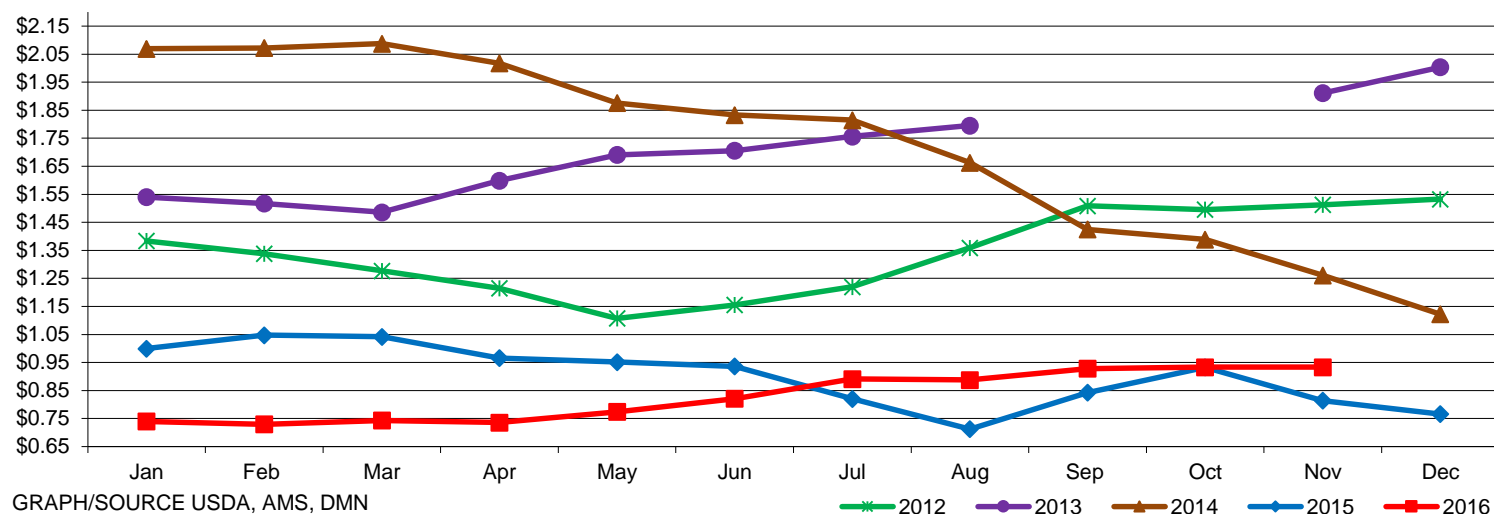
PER POUND

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



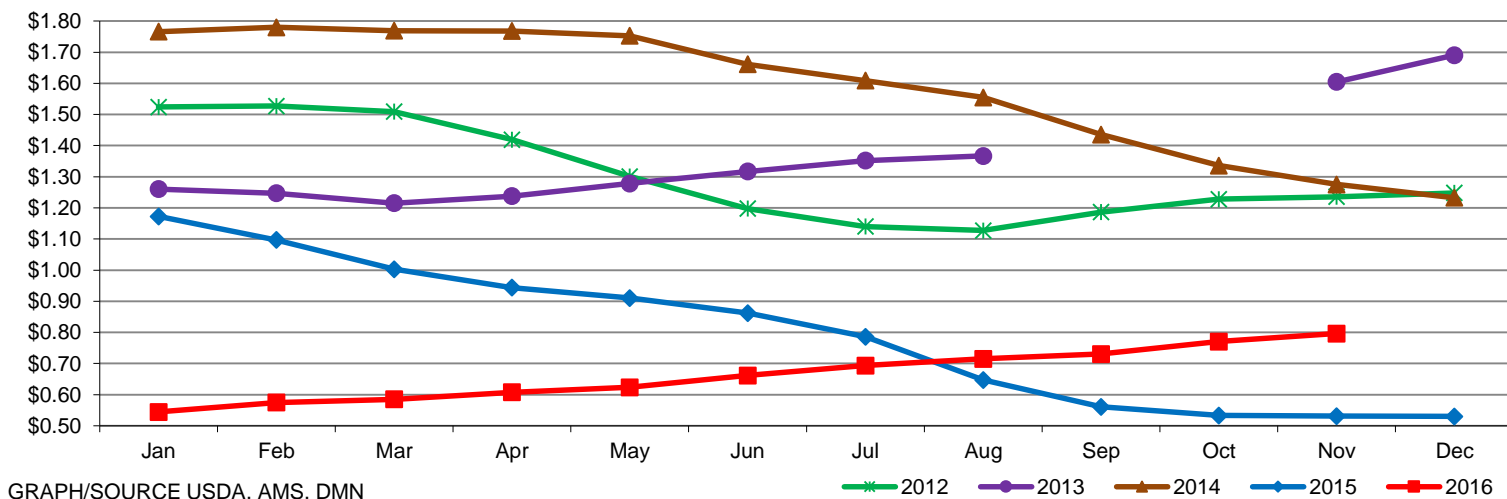
PER POUND

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

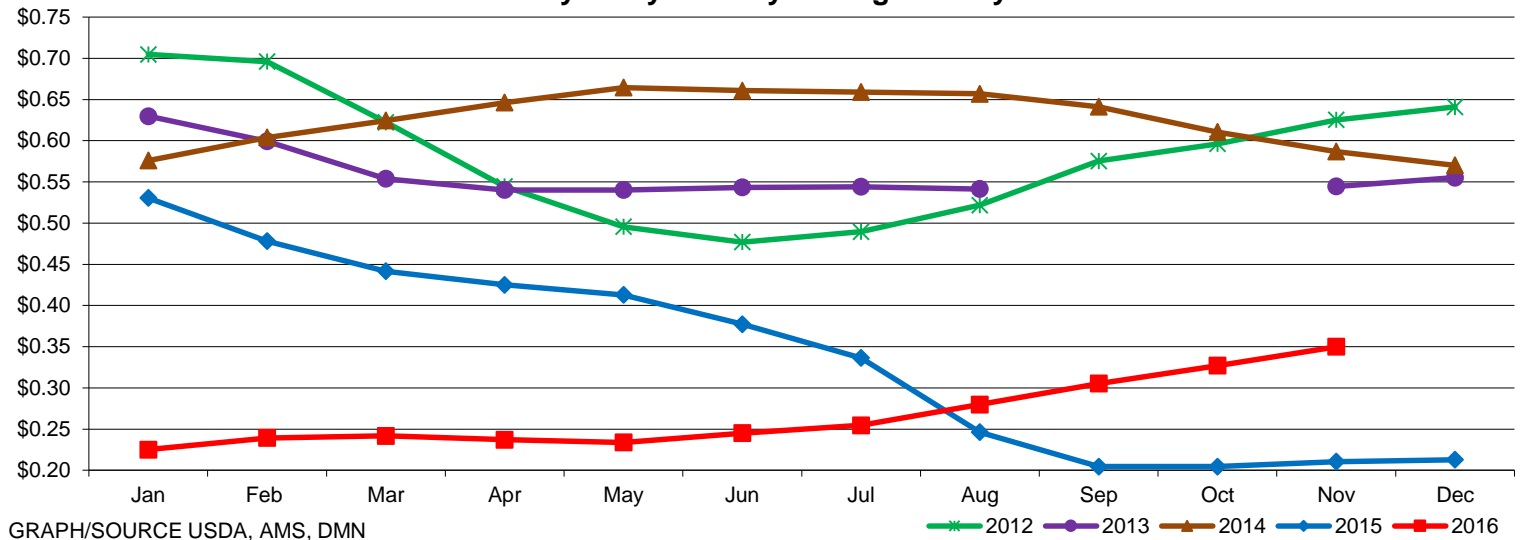


PER POUND

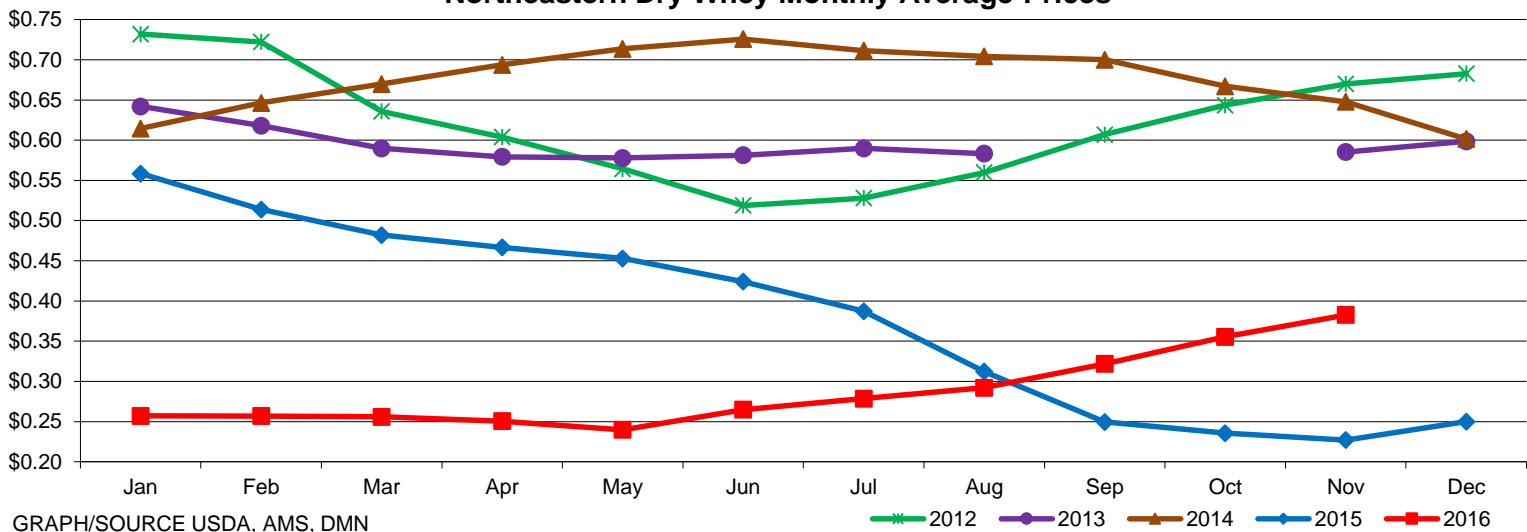
### Central & West Dry WPC 34% Monthly Average Mostly Prices



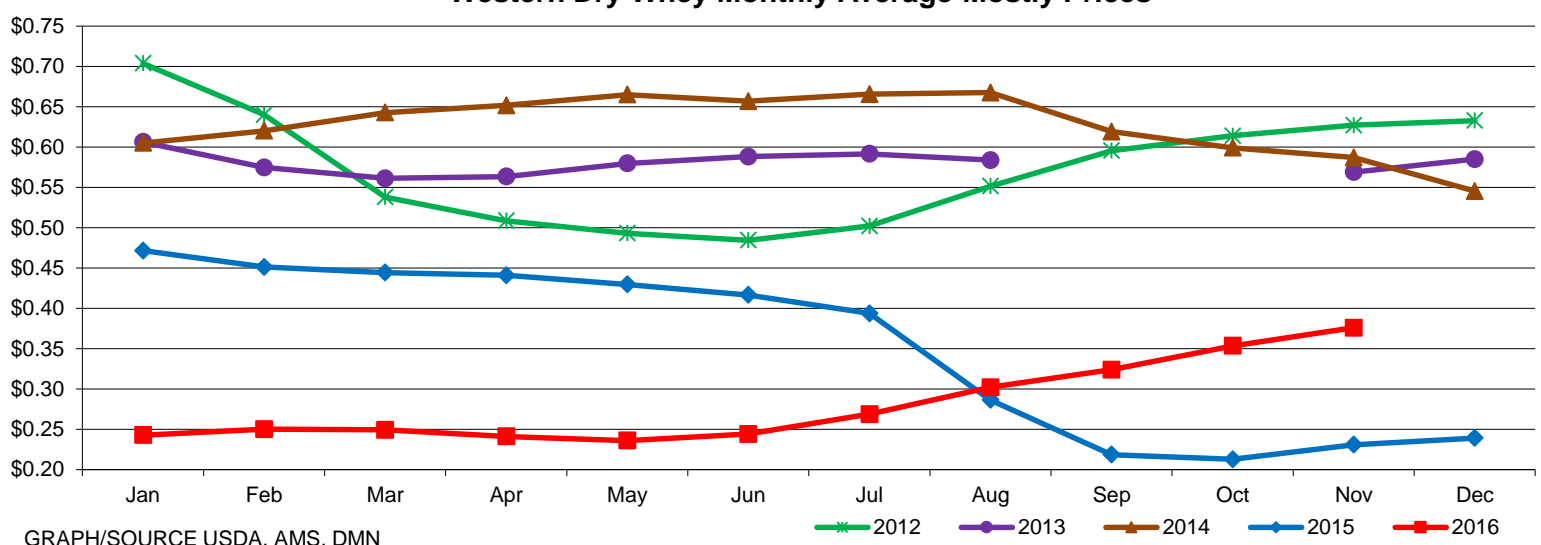
PER POUND

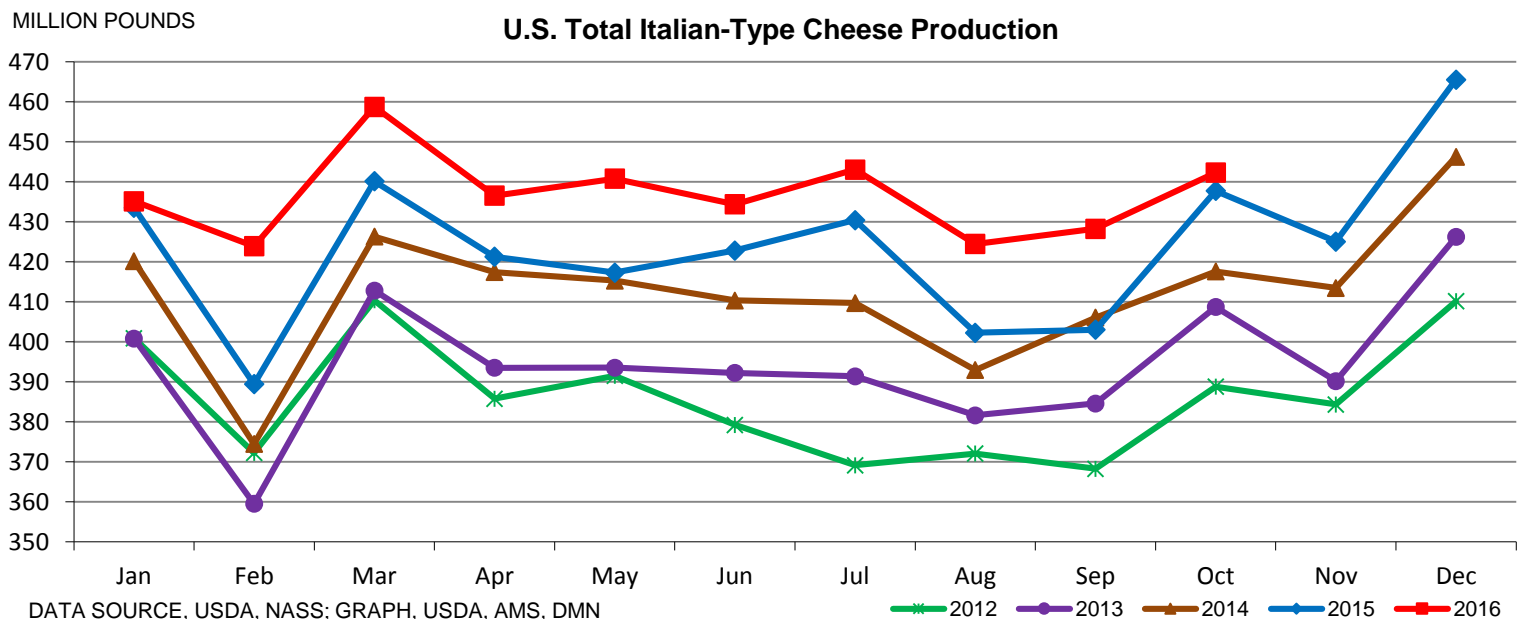
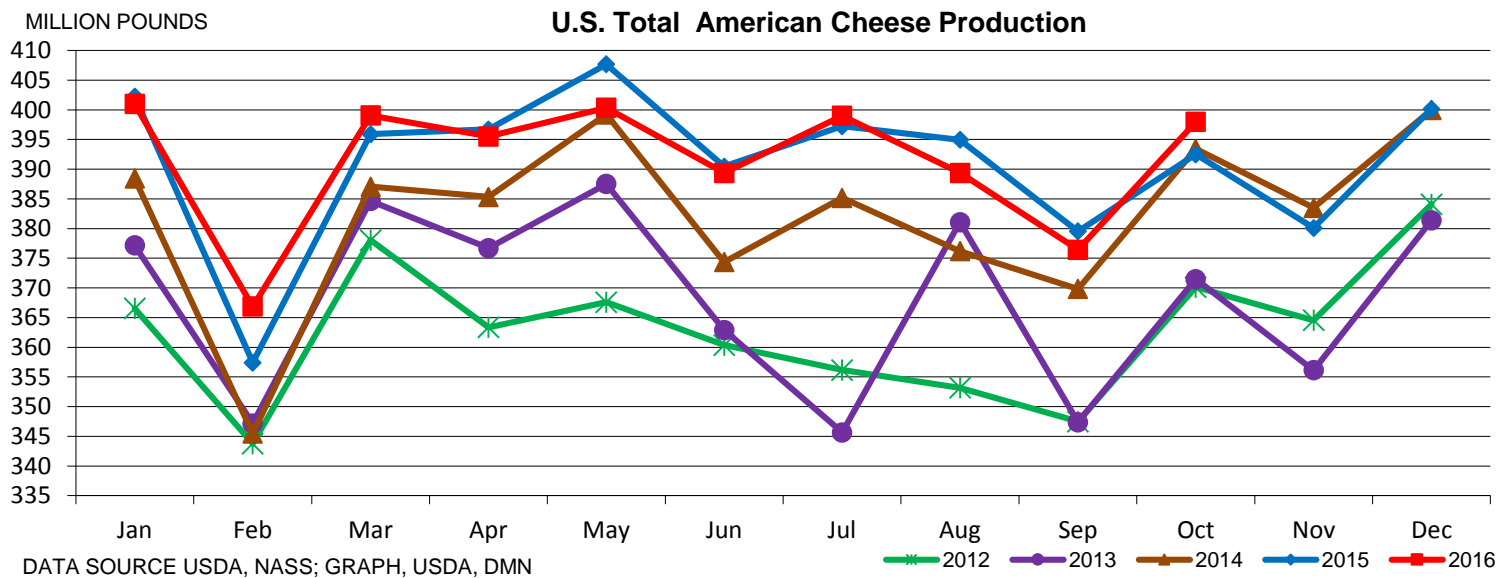
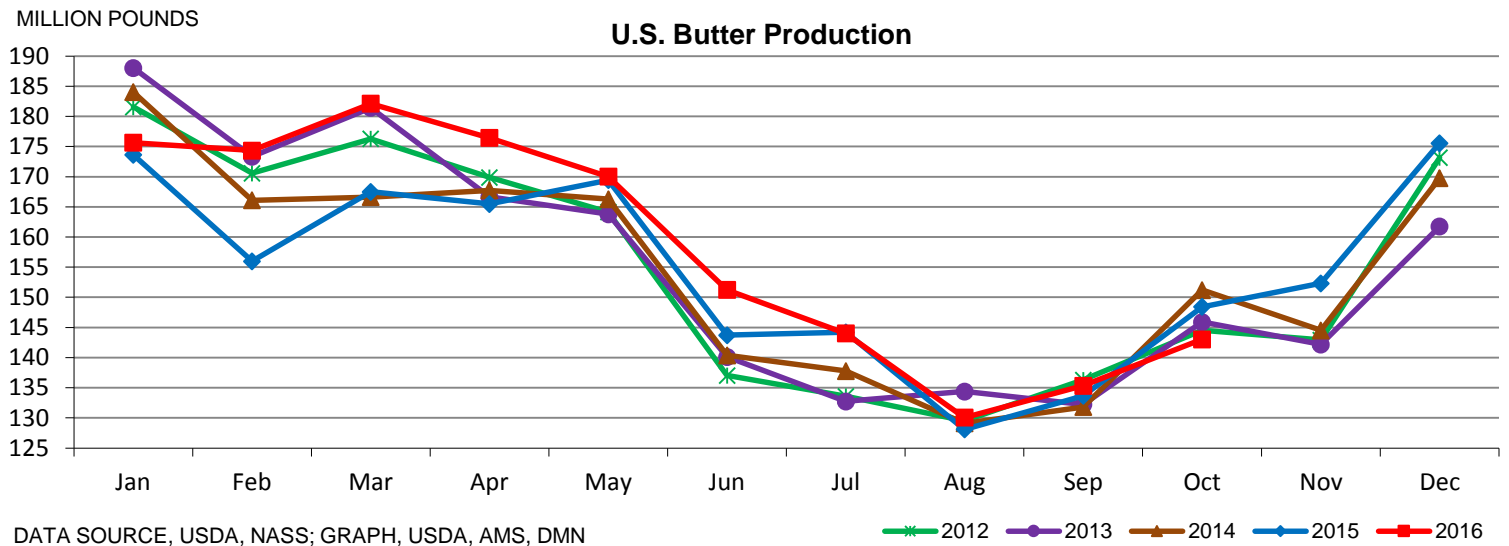
**Central Dry Whey Monthly Average Mostly Prices**

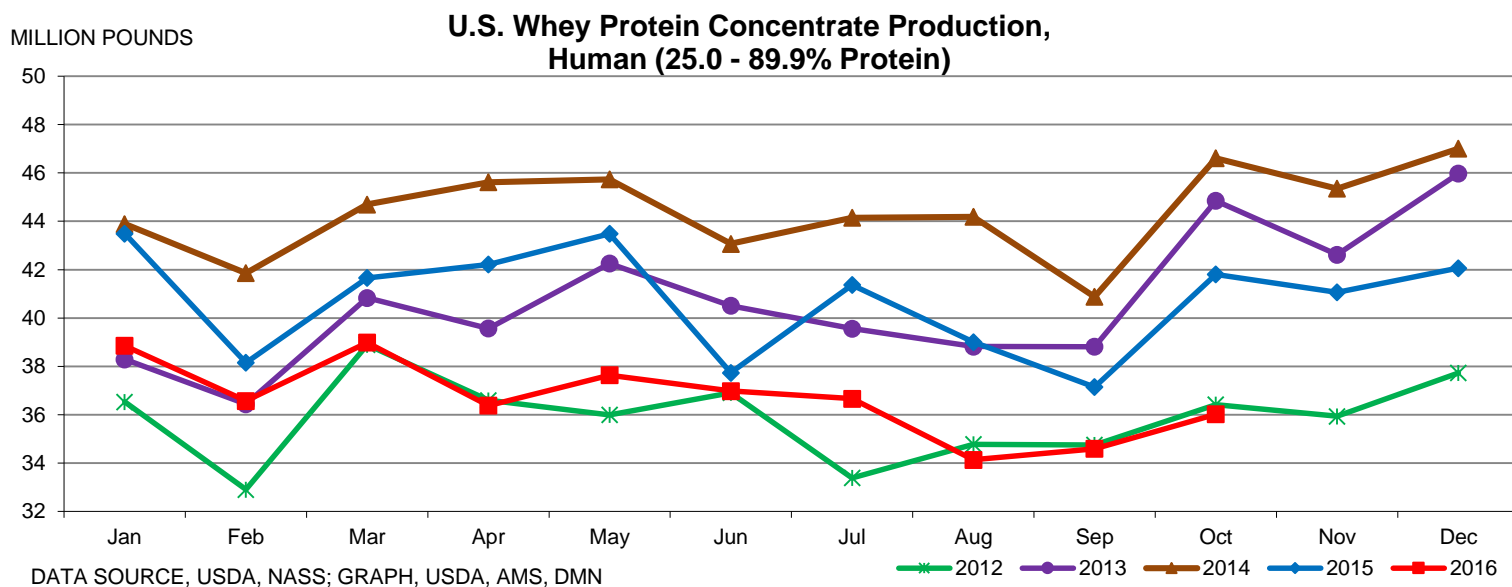
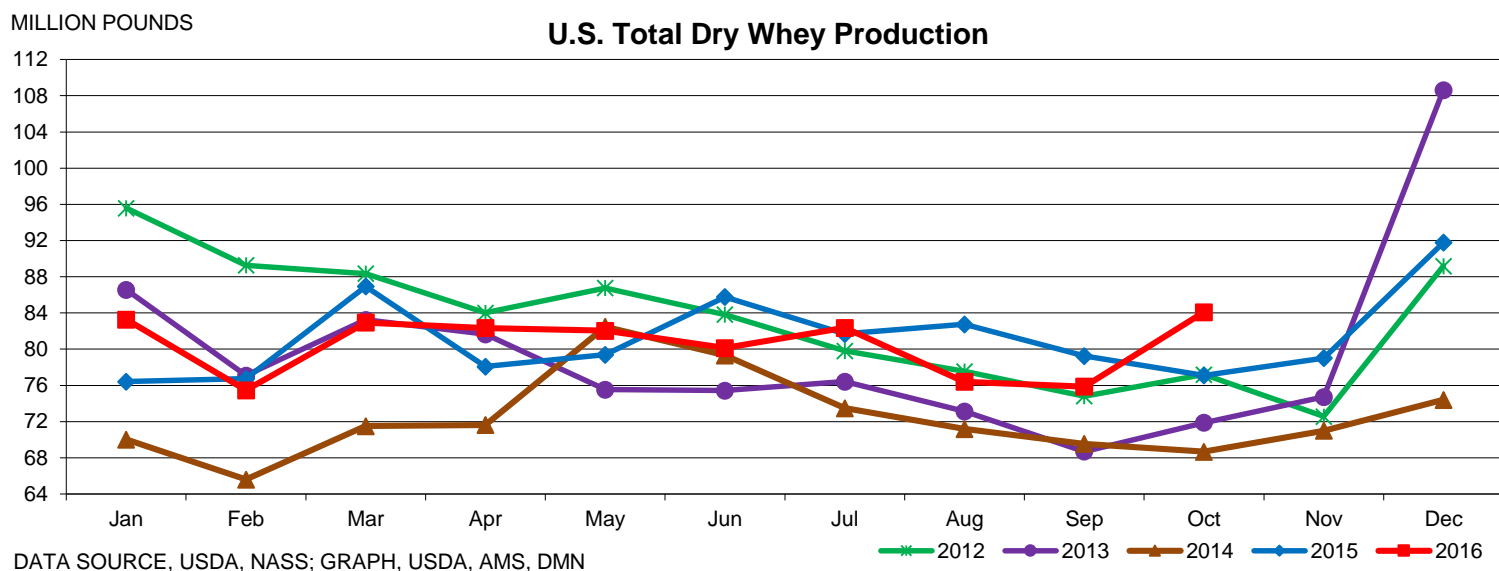
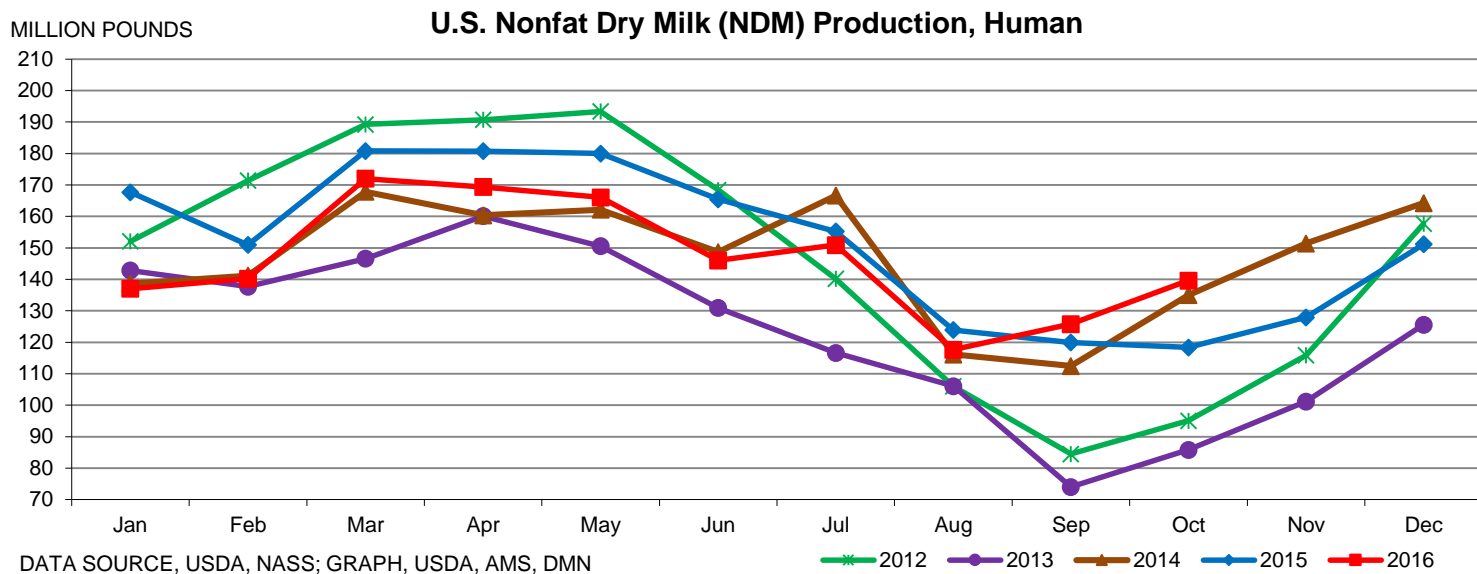
PER POUND

**Northeastern Dry Whey Monthly Average Prices**

PER POUND

**Western Dry Whey Monthly Average Mostly Prices**









## 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 49

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Friday, December 9, 2016

### Advertised Prices for Dairy Products at Major Retail Supermarket Outlets ending during the period of 12/09/2016 to 12/15/2016

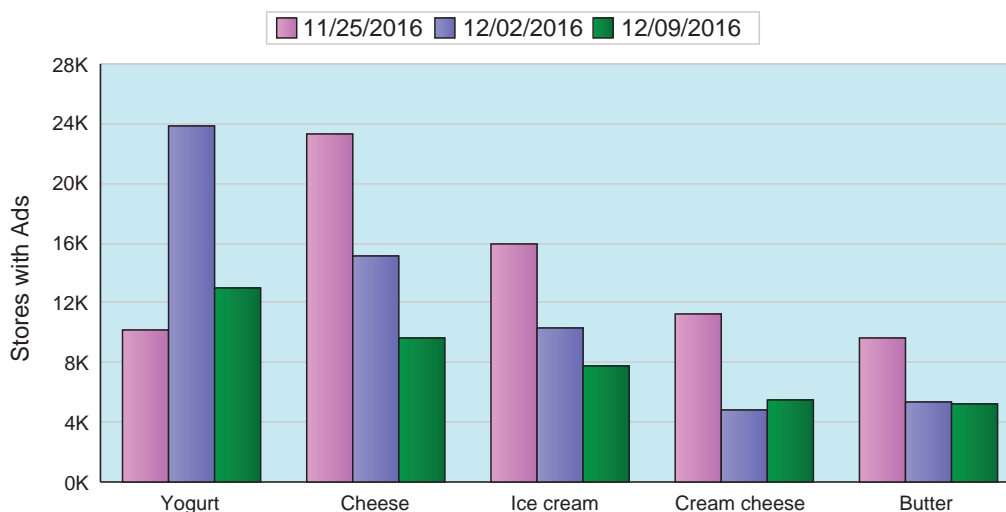
This week, total conventional dairy advertisements decreased 26%, while organic dairy ads decreased 40%. Conventional butter ads increased 7% but organic butter ads decreased 61%. The national average price for 1 pound conventional butter is \$2.77, while 1 pound organic butter is \$4.89, representing an organic price premium of \$2.12.

Conventional yogurt ads decreased 43% and organic yogurt ads decreased 58%. The average sale price for 4-6 ounce conventional Greek yogurt is \$0.98, while 4-6 ounce organic Greek yogurt also averaged \$0.98. The average sale price for 4-6 ounce conventional yogurt is \$0.54, while 4-6 ounce organic yogurt averaged \$1.25.

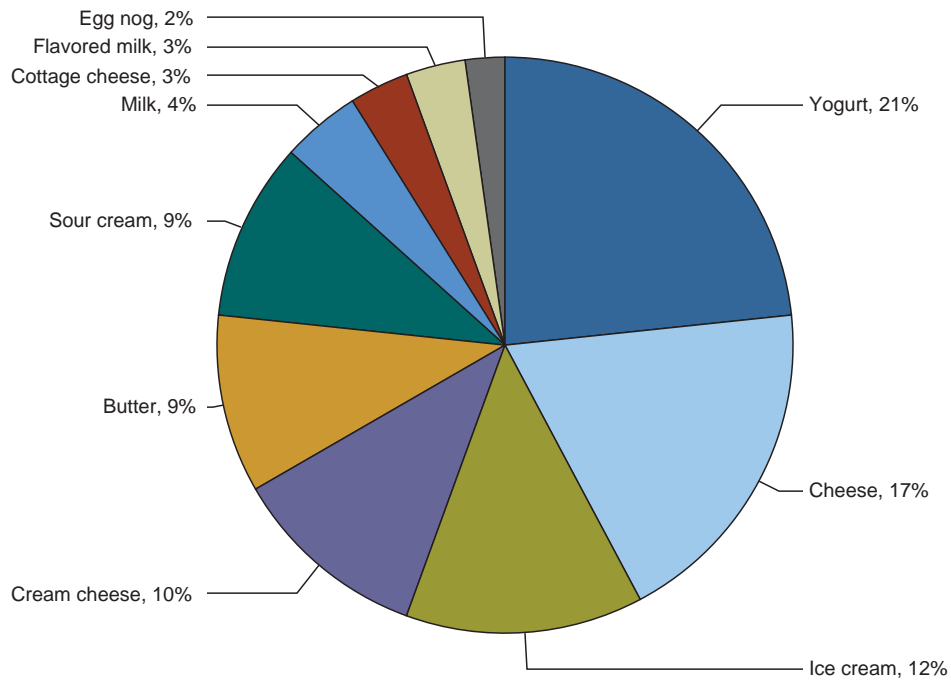
The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$1.90, down 35 cents from last week. Ads for conventional 8 ounce shred cheese averaged \$2.11, down 21 cents from last week. The collective number of conventional cheese ads decreased, 37%, while organic decreased 40%.

This week, the difference between the average weighted price for organic half gallon milk, \$3.65, and the average weighted price for conventional half gallon milk, \$1.65, resulted in an organic price premium of \$2.00. Organic milk advertisements decreased 21%, while ads for conventional milk decreased 36%.

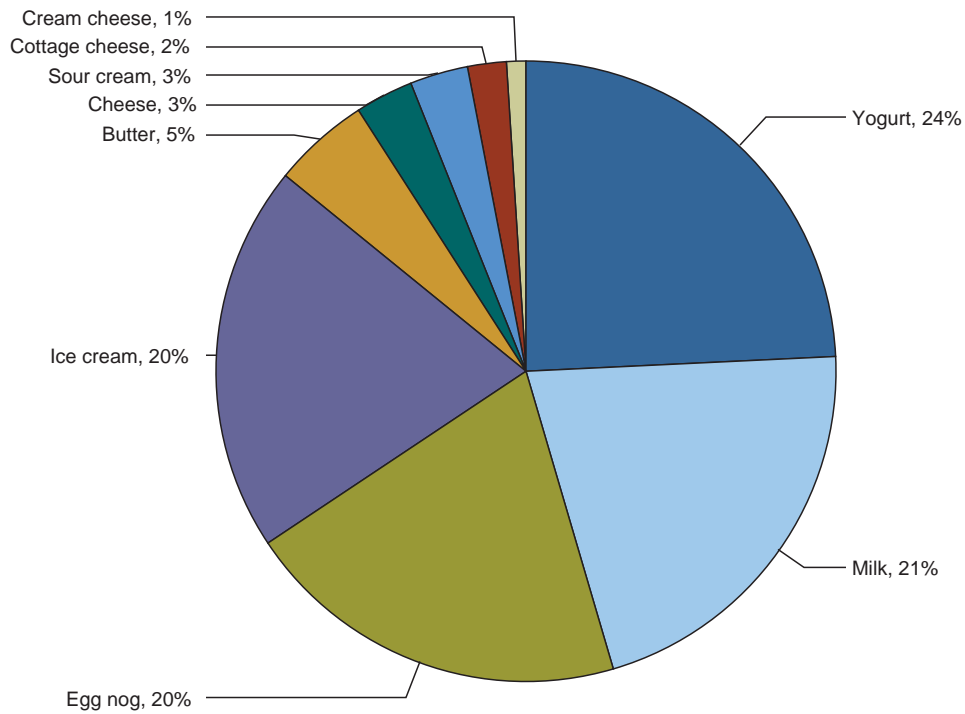
Top 5 Commodities Featured



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 #	4961	2.77	4645	2.98	7411	3.19
Cheese	Natural Varieties	8 oz block	4261	1.90	5798	2.25	6858	2.29
Cheese	Natural Varieties	1 # block	714	3.67	1448	3.15	2733	3.59
Cheese	Natural Varieties	2 # block	773	7.15	1266	6.92	943	5.57
Cheese	Natural Varieties	8 oz shred	3033	2.11	4816	2.32	6719	2.20
Cheese	Natural Varieties	1 # shred	652	3.56	1554	3.24	2066	3.39
Cottage cheese		16 oz	1824	1.87	1541	1.88	3372	1.73
Cream cheese		8 oz	5435	1.45	4689	1.35	7371	1.56
Egg nog		quart	296	3.08	386	2.32	706	3.00
Egg nog		half gallon	955	3.41	1315	3.57	1028	4.10
Flavored milk	All fat tests	half gallon	930	2.38	654	1.90	425	2.37
Flavored milk	All fat tests	gallon	485	2.37	1028	2.32	945	2.96
Ice cream		48-64oz	6689	3.21	9246	3.00	6726	2.82
Milk	All fat tests	half gallon	622	1.65	499	1.57	522	1.20
Milk	All fat tests	gallon	1410	2.35	2675	2.46	2884	2.64
Sour cream		16 oz	4815	1.57	4690	1.47	8262	1.52
Yogurt	Greek	4-6 oz	6597	.98	11126	.96	9133	.94
Yogurt	Greek	32 oz	937	4.16	1820	4.13	1043	5.04
Yogurt	Yogurt	4-6 oz	2877	.54	6898	.52	4546	.48
Yogurt	Yogurt	32 oz	1299	3.05	756	2.43	606	2.04

## 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 #	2.50-3.00	832	2.72	2.69-3.99	963	3.26	1.98-3.50	954	2.39
Cheese	Natural Varieties	8 oz block	1.49-2.99	1251	1.94	1.49-2.50	1399	1.78	1.88-2.00	603	1.98
Cheese	Natural Varieties	1 # block	3.99	135	3.99	4.75	62	4.75			
Cheese	Natural Varieties	2 # block	9.99	63	9.99				8.99	180	8.99
Cheese	Natural Varieties	8 oz shred	1.88-2.00	550	1.99	2.00-2.50	437	2.07	1.88-2.50	766	2.02
Cheese	Natural Varieties	1 # shred	3.99	135	3.99						
Cottage cheese		16 oz	1.66-2.50	458	2.25				1.50-2.00	292	1.80
Cream cheese		8 oz	0.85-2.99	810	1.59	0.85-1.79	2039	1.43	0.99-2.00	620	1.18
Egg nog		quart	3.99	135	3.99				2.48	107	2.48
Egg nog		half gallon	3.99-4.99	124	4.49				2.99	278	2.99
Flavored milk	All fat tests	half gallon	1.99	161	1.99	2.50	61	2.50	2.00-3.00	261	2.69
Flavored milk	All fat tests	gallon							1.99-2.49	302	2.10
Ice cream		48-64oz	2.50-3.50	1254	2.95	2.50-3.97	1716	3.61	1.99-4.99	841	3.26
Milk	All fat tests	half gallon	3.99	62	3.99	1.67	114	1.67	0.78-1.25	298	1.02
Milk	All fat tests	gallon	2.50-3.00	197	2.66	1.99	87	1.99	1.99-2.49	302	2.10

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	1.49-1.66	577	1.55	0.99-2.00	2444	1.42	1.75-2.00	415	1.84
Yogurt	Greek	4-6 oz	0.99-1.19	685	1.02	0.80-1.00	1521	.98	0.69-1.00	1263	.90
Yogurt	Greek	32 oz	3.99-4.49	233	4.14						
Yogurt	Yogurt	4-6 oz	0.40-1.25	602	.67	0.50	577	.50	0.40-0.60	393	.51
Yogurt	Yogurt	32 oz	1.99-5.49	337	3.39	1.99	508	1.99	2.00-4.99	393	3.81

[illegible]

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

## NATIONAL -- ORGANIC DAIRY PRODUCTS

Commodity Sales by Period								
Commodity	Type	Pack Size	THIS PERIOD		LAST WEEK		LAST YEAR	
			Stores	Wtd Avg	Stores	Wtd Avg	Stores	Wtd Avg
Wtd Avg - Simple weighted average								



			With Ads	Price	With Ads	Price	With Ads	Price
Butter		1 #	291	4.89	748	4.85	580	5.51
Cheese	Natural Varieties	8 oz block	180	3.29	301	3.57	339	3.72
Cheese	Natural Varieties	8 oz shred					511	3.60
Cottage cheese		16 oz	105	3.49	604	2.96		
Cream cheese		8 oz	62	1.50	72	2.50		
Egg nog		quart	1083	3.99	1165	4.03	230	4.22
Ice cream		48-64oz	1083	3.99	1083	4.00		
Milk	All fat tests	half gallon	852	3.65	677	4.58	755	3.88
Milk	All fat tests	gallon	298	5.59	492	5.36	215	6.51
Milk	All fat tests	8 oz UHT			278	1.00		
Sour cream		16 oz	180	2.50	679	2.49	2	2.00
Yogurt	Greek	4-6 oz	1155	.98	1565	1.08	147	1.25
Yogurt	Greek	32 oz					483	5.40
Yogurt	Yogurt	4-6 oz	114	1.25	1322	1.10		
Yogurt	Yogurt	32 oz	72	3.50	214	3.50		

## REGIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	4.99	108	4.99	4.49	61	4.49	4.99	61	4.99
Cheese	Natural Varieties	8 oz block							3.29	180	3.29
Egg nog		quart				3.99	1083	3.99			
Ice cream		48-64oz				3.99	1083	3.99			
Milk	All fat tests	half gallon	3.49	253	3.49	3.49	288	3.49			
Milk	All fat tests	gallon							5.99	180	5.99
Sour cream		16 oz							2.50	180	2.50
Yogurt	Greek	4-6 oz	0.69	72	.69	1.00	1083	1.00			
Yogurt	Yogurt	4-6 oz				1.25	114	1.25			
Yogurt	Yogurt	32 oz	3.50	72	3.50						

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	61	4.99
Cottage cheese		16 oz							3.49	105	3.49

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Cream cheese		8 oz				1.50	62	1.50			
Milk	All fat tests	half gallon				3.49-4.49	311	3.93			
Milk	All fat tests	gallon	4.99	118	4.99						

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

#### 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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