

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (1/06)**

BUTTER: Grade AA closed at \$2.2200. The weekly average for Grade AA is \$2.2400 (-.0581).

CHEESE: Barrels closed at \$1.5750 and 40# blocks at \$1.6700. The weekly average for barrels is \$1.5900 (+.0281) and blocks, \$1.6644 (+.0013).

NONFAT DRY MILK: Grade A closed at \$1.0525. The weekly average for Grade A is \$1.0325 (+.0150).

BUTTER HIGHLIGHTS: After the past New Year holiday weekend, national butter production remains active as heavy cream volumes continue clearing into churns. With most schools reopening after the winter spring break, cream is becoming more available for butter churning. However, in some plants there is limited room to accommodate extra cream loads at this moment. Meanwhile, some Class II processors are starting to pull more cream out of the churns as they are restarting production after been closed for the holidays. Processors are mainly doing bulk butter and stocks are building into cold storage. Nevertheless, a few manufacturers are making print butter in advantage of the football playoffs and Super Bowl. Demands from retailers and food service vary across the country. The CME Group monthly average price for Grade AA butter during December was \$2.1763, compared to \$2.3318 a year ago. Friday at the CME Group, Grade AA butter closed at \$2.2200, down \$.0475 from last Friday.

CHEESE HIGHLIGHTS: Milk remains in good supply for cheesemakers across the country. Last week's discounted milk prices in the Midwest have started to inch up, while cheese producers are using milk already on hand. A few processors in the West report seeking out additional loads, but milk is generally available. Cheese production is running at or near full in the Northeast, and it is fully active in the Midwest and West. Northeastern cheese producers are reporting a strong demand, typical of this time of year. Midwestern contacts say sales are better than expected this far ahead of the busy Super Bowl season. Domestic demand is solid in the West. Following heavy holiday production in the Northeast and Midwest, cheese stocks have increased. Western contacts report supplies of fresh cheese blocks are tighter, but still in good supply. In CME Group trading Friday, barrels closed at \$1.5750, down \$.0250 from last Friday. Blocks closed at \$1.6700, up \$.0100 from last Friday.

FLUID MILK: Milk handling in most regions this week is transitioning from a holiday milk scenario back to normal. As for milk available for manufacturing, the Southeast stands apart as a region where most milk produced is being used for bottling and little for manufacturing. This is due to order add-ons resulting from a developing snowstorm in the region. Most other regions are either sending milk from the region to manufacturing plants, or milk from neighboring regions. Either way, most manufacturers have strong supplies of milk available. Midwest milk spot prices range from \$4.00 to \$2.00 under the Class III price. East region cream multiples ranged **1.05-1.15**, Midwest **1.05-1.20**, and West **1.00-1.20**.

DRY PRODUCTS: Central and eastern low/medium heat nonfat dry milk prices are mixed on the range, but higher on the mostly series. Western low/medium heat NDM prices are mixed as the bottoms of the range and mostly price series shifted up, but the tops held steady. The market undertone is steady to firmer in the Central and West, but unsettled in the East. Dry buttermilk prices in all regions and series shifted higher on firmer markets. Inventories are tight in the West and Central, but steady to building in the East. Dry whole milk prices are mixed. Demand is weak and inventories are mixed throughout the country. Dry whey prices are higher West and Central, while Northeast dry whey prices are unchanged. Inventories are tighter in the West and Northeast, but mixed in the Central region. Whey protein concentrate 34% prices moved significantly higher as a number of buyers are looking for extra loads. Lactose prices advanced at the top of the price range but are steady on the mostly. Some buyers are pitting suppliers against other suppliers to leverage price concessions. Rennet casein prices are steady to lower, while acid casein prices are steady.

INTERNATIONAL DAIRY MARKET NEWS (DMN): WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW: Some Western European milk supplies are showing seasonal increases according to ZMB rapid reporting. Information available for Germany shows mid December 2016 milk volumes were believed to be up 1.2% from the prior week. However, in many parts of Western Europe milk volumes were below the comparable period of 2015. In France, volumes as of late 2016 were 6.8% below the prior year volumes. Thursday, Eurolait reported provisional information subject to final confirmation, that all bids for the second tender of SMP

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*******SPECIALS THIS ISSUE*******

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CME GROUP CASH TRADING

COMMODITY	MONDAY JAN 02	TUESDAY JAN 03	WEDNESDAY JAN 04	THURSDAY JAN 05	FRIDAY JAN 06	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE BARRELS	CME	\$1.5950 (-.0050)	\$1.5950 (N.C.)	\$1.5950 (N.C.)	\$1.5750 (-.0200)	:: (-.0250)	:: \$1.5900 (+.0281)
40# BLOCKS	CLOSED	\$1.6700 (+.0100)	\$1.6600 (-.0100)	\$1.6575 (-.0025)	\$1.6700 (+.0125)	:: (+.0100)	:: \$1.6644 (+.0013)
NONFAT DRY MILK GRADE A	NO	\$1.0200 (N.C.)	\$1.0275 (+.0075)	\$1.0300 (+.0025)	\$1.0525 (+.0225)	:: (+.0325)	:: \$1.0325 (+.0150)
BUTTER GRADE AA	TRADES	\$2.2200 (-.0475)	\$2.2600 (+.0400)	\$2.2600 (N.C.)	\$2.2200 (-.0400)	:: (-.0475)	:: \$2.2400 (-.0581)

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

sales held as intervention stocks, were rejected. The highest bid was reported to be 196.10 Euros/100 kg. As of January 4, the exchange rate per Euro was \$1.0439. **EASTERN OVERVIEW:** Milk production in Poland for November 2016 was 1.1% above September according to ZMB. Milk production January-November 2016 led the same period of 2015 by 2.3%. **OCEANIA OVERVIEW: Australia.** Since 2011, a number of supermarkets in Australia have offered \$1 Australian dollar/liter packaged milk as discount store brands. Initially sales of this milk increased, based on pricing typically being the lowest priced milk in retail coolers. A recent agreement by an independent grocer group to directly contract with a cooperative for milk, sold and marketed as supporting the local dairy industry, is the latest in efforts to market retail milk based on higher butterfat coming from known sources. This milk sells for \$2.29 Australian dollars for 2 liters and has cut into sales of lowest price store brand milk from unrevealed sources. Under the most recent joint venture, the retail grocer group returns 95% of the sale price to the dairy cooperative. Sales data indicates that Australian consumers will spend slightly more to buy premium branded milk from known farms as part of a conscious effort to better reward producers for quality milk, than they previously spent for lower butterfat milk from unrevealed farm sources. **New Zealand.** China has continued to source the largest portion of cheese, butter, whole milk powder and skim milk powder imports from New Zealand for the period January-November, 2016. The percentage of total Chinese imports from New Zealand for the period and percentage volume change January-November 2016 compared to the 2015 are: cheese, 53.5%, 30.9%; butter, 84.8%, 23.5%; whole milk powder, 94.7%, 17.3%; and skim milk powder, 61.1%, -6.3%. At the January 3, 2017 GDT event #179, average prices ranged from 7.7% lower to 4.5% 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, \$5,352 -0.6%; butter, \$4,308 +0.5%; buttermilk powder, \$2,670 +4.5%; cheddar cheese, \$3,894 +1.4%; lactose, \$836 -2.9%; rennet casein, \$6,234 -2.7%; skim milk powder, \$2,660 +2.3%; and whole milk powder, \$3,294 -7.7%. The negative GDT outcomes are attributed to the timing being early in a short holiday week resulting in fewer buyers participating, which resulted in lower demand. **SOUTH AMERICA OVERVIEW:** Currently, a strong storm is generating floods in the central region of **Argentina** and some areas of **Uruguay**. These unfavorable weather conditions are taking a toll on farm milk production and are also affecting milk transportation. Some haulers had to reschedule or cut several routes due to the floods. At this point, manufacturing milk volumes are less than adequate for most processing needs. Therefore, cheese, yogurt, and milk caramel processing are less active this week. Bottled milk requests from retailers and food service are fair to good. However, some orders have been delayed due to the heavy rains. Butter churning is steady and exports are active, especially from Uruguay to Brazil and Russia. According to the National Institute of Milk (INALE), in November, Uruguay farm milk volumes sent to processors were 176.9 million liters, 7.8% below the previous month, and 7.3% lower than a year ago. From January to November 2016, milk intakes sent to manufacturing plants totaled 1,604 million liters, down 10.9% from the same period of 2015. Milk prices paid to milk producers in November were 8.91 Uruguayan pesos (UYU) per liter, down 0.1% from last month, but 19.2% above the previous year. The November price paid to producers is equivalent to \$0.31/liter or around \$13.78/cwt. With daytime temperatures getting higher, milk output is seasonally lower in southern **Brazil**. Overall, there is a milk supply shortage to cover all manufacturing needs. Therefore, domestic milk demand from processors is strong. In addition, WMP and SMP imports from nearby countries remain very active. Retail and food service demand for

bottled milk, including UHT, is light to moderate. Cheese manufacturing continues strong and inventories are becoming slightly higher. Compared to the past two weeks, as reported by Milkpoint, spot milk prices per liter in Brazil increased from 1.17 to 1.27 Brazilian reals (BRL) or \$0.36 to \$0.39. This week, the average wholesale price per liter for UHT milk is 2.06 Brazilian reals (BRL) or \$0.63, based on Wall Street currency exchange rates as of January 1, 2016. According to the Center for Studies in Applied Economics (CEPEA), the Milk Uptake Index (ICAP-L/Cepea) in Brazil during November was 188.73, up 0.6% from the previous month, but 4.1% below a year ago. In December, the average gross price received by dairy farmers in Brazil was 1.30 Brazilian reals (BRL) per liter, which is down 3.2% from the previous month, but 23.2% above a year ago. This amount is equal to \$0.39/liter or around \$17.03/cwt.

NATIONAL RETAIL REPORT (DMN): This week, total conventional dairy advertisements increased 15%, and organic dairy ads increased 177%. Conventional butter ads decreased 34%, but organic butter ads saw a sharp increase. The national average price for 1 pound conventional butter is \$3.35, while 1 pound organic butter is \$5.65, representing an organic price premium of \$2.30. Conventional yogurt ads increased 85%, and organic yogurt ads increased 174%. The average sale price for 4-6 ounce conventional Greek yogurt is \$0.95, while 4-6 ounce organic Greek yogurt averaged \$1.18. The average sale price for 4-6 ounce conventional yogurt is \$0.55, while 4-6 ounce organic yogurt averaged \$1.33. The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.13, up 6 cents from last week. Ads for conventional 8 ounce shred cheese averaged \$2.15, down 5 cents from last week. The collective number of conventional cheese ads decreased 11%, while organic cheese ad numbers saw large increases. This week, the difference between the weighted average price for organic half gallon milk, \$3.86, and the weighted average price for conventional half gallon milk, \$1.23, resulted in an organic price premium of \$2.63. Organic milk advertisements increased 297%, while ads for conventional milk decreased 1%.

NOVEMBER 2016 DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 144 million pounds, 5.7 percent below November 2015, but 1.5 percent above October 2016. American type cheese production totaled 395 million pounds, 3.9 percent above November 2015, but 1.0 percent below October 2016. Total cheese output (excluding cottage cheese) was 1.01 billion pounds, 2.7 percent above November 2015, but 2.6 percent below October 2016. Nonfat dry milk production, for human food, totaled 127 million pounds, 0.9 percent below November 2015, and 10.0 percent below October 2016. Dry whey production, for human food, was 71.4 million pounds, 7.5 percent below November 2015, and 12.6 percent below October 2016. Ice cream, regular hard production totaled 52.0 million gallons, 5.3 percent below November 2015, and 13.0 percent below October 2016.

DECEMBER FEDERAL MILK ORDER FINAL CLASS AND COMPONENT PRICES (FMMO): Class Prices: The following are the December 2016 class prices under the Federal milk order pricing system and changes from the previous month: Class II: \$15.26 (+\$0.66), Class III: \$17.40 (+\$0.64), and Class IV: \$14.97 (+\$1.21). **Component Price Information:** the Federal milk order pricing system, the butterfat price for December 2016 is \$2.3354 per pound. Thus, the Class II butterfat price is \$2.3424 per pound. The protein and other solids prices for December 2016 are \$2.6922 and \$0.2063 per pound, respectively. These component prices set the Class skim milk price at \$9.56 per cwt. The December 2016 Class IV skim milk price is \$7.04, which is derived from the nonfat solids price of \$0.7822 per pound. **Product Price Averages:** The product price averages for December 2016 are: butter: \$2.1000, nonfat dry milk: \$0.9579, cheese: \$1.7990, and dry whey: \$0.3994.

CME GROUP

MONDAY, JANUARY 2, 2017
CME CLOSED

TUESDAY, JANUARY 3, 2017

CHEESE – SALES: 2 CARS BARRELS: 1 @ \$1.6100, 1 @ \$1.6000; 1 CAR 40# BLOCKS @ \$1.6700; LAST BID UNFILLED: 2 CARS 40# BLOCKS @ \$1.6600; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5950
NONFAT DRY MILK – SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.0100; LAST OFFER UNCOVERED: NONE
BUTTER – SALES: 1 CAR GRADE AA @ \$2.2200; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

WEDNESDAY, JANUARY 4, 2017

CHEESE – SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.6600
NONFAT DRY MILK – SALES: 2 CARS GRADE A: 1 @ \$1.0250, 1 @ \$1.0275; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.0225; LAST OFFER UNCOVERED: 2 CARS GRADE A @ \$1.0500
BUTTER – SALES: 14 CARS GRADE AA: 2 @ \$2.1950, 1 @ \$2.2000, 1 @ \$2.2150, 2 @ \$2.2200, 1 @ \$2.2300, 1 @ \$2.2350, 1 @ \$2.2475, 2 @ \$2.2525, 1 @ \$2.2450, 1 @ \$2.2500, 1 @ \$2.2600; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

THURSDAY, JANUARY 5, 2017

CHEESE – SALES: 1 CAR 40# BLOCKS @ \$1.6575; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
NONFAT DRY MILK – SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.0300; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.0425
BUTTER – SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.2600

FRIDAY, JANUARY 6, 2017

CHEESE – SALES: 4 CARS 40# BLOCKS: 1 @ \$1.6550, 1 @ \$1.6600, 1 @ \$1.6700, 1 @ \$1.6800; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5750; 1 CAR 40# BLOCKS @ \$1.6700
NONFAT DRY MILK – SALES: 1 CAR GRADE A @ \$1.0500; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.0525; LAST OFFER UNCOVERED: NONE
BUTTER – SALES: 6 CARS GRADE AA: 1 @ \$2.2550, 1 @ \$2.2600, 1 @ \$2.2575, 1 @ \$2.2550, 1 @ \$2.2500, 1 @ \$2.2200; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.1900; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.2400

BUTTER MARKETS**NORTHEAST**

In the Northeast there is plenty of cream available for making butter, more than last week, according to some processors. Whether a butter manufacturer has interest in additional cream varies by manufacturer. Some butter manufacturers are being offered additional cream, but lack capacity to use it. Other manufacturers are buying more cream, primarily to make butter for the freezer to be sold later in the year. Generally butter manufacturers are not selling cream and are using the cream in their pipeline. Many manufacturers expect cream will be tighter next week. Tuesday's CME Group cash trading saw Grade AA butter close at \$2.2200, down \$0.1275 from the previous Tuesday. The DMN *National Retail Report-Dairy*, for December 30, 2016-January 5, 2017, reports the national advertised weighted average price for 1-pound butter was \$2.69, up 9 cents from last week but down 31 cents from a year ago. The Northeast regional butter price was \$2.98, with a price range of \$2.49-\$3.99. The Southeast price averaged \$2.98, with a price range of \$2.88-\$2.99. The domestic bulk butter price, f.o.b. East, is reported 5 to 8 cents over the market of the CME Group, with various time frames and averages used.

CENTRAL

Central butter production levels are active due to the availability of cream following the holiday season. With many schools reopening their doors this week, butter producers face readily available cream coming from bottlers. A large volume of this cream is clearing into churns. Nevertheless, with lower AMF supplies in the region, some Class II processors are starting to pull more cream out of the churns. Retail butter demand is seasonally slow, while food service remains

steady to slightly slower. Most butter processors are focusing on bulk production. However, print output is active in a few processing facilities as the Super Bowl approaches. Inventories are steady to building into cold storage. DMN *National Retail Report-Dairy* for December 30-January 5 noted the national weighted average advertised price for a 1 pound package of butter is \$2.69, \$0.09 above one week ago, but \$0.31 lower than one year ago. The weighted average prices in the Midwest and South Central regions are \$2.22 and \$2.99, respectively. Bulk butter prices reported ranged from 2 to 6 cents over the market, with various periods and averages used. The CME Group monthly average price for Grade AA butter during December was \$2.1763, compared to \$2.3318 a year ago. Wednesday at the CME Group, Grade AA butter closed at \$2.2600, down \$.0500 from last Wednesday.

WEST

Western butter production is active. Coming out of the winter holidays, butter inventories are tighter and market prices are strong. Domestic butter demand has backed off a little from the pre-holiday pull, but is still seasonally strong and steady. Butter makers are using a variety of marketing strategies to use the available cream. A number of the manufacturers are actively churning to make use of the cream in their possession, but are not eager to buy additional loads of cream. A few other processors are working to sell off any extra cream into other markets. Much of the production focus is on making bulk butter. There are also a few manufacturers starting to plan print butter runs for the spring holidays. Bulk butter pricing in the West this week is 2 cents under 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 30-January

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NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

<u>WEEK ENDING</u>	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
December 31, 2016	2.1627 2,254,894	1.7696 12,589,933	1.6813 9,501,625	.4140 4,902,655	.9932 12,085,732

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

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5 found that the U.S. weighted average advertised price of 1 pound butter is \$2.69, up \$.09 from last week. The U.S. weighted average price was \$3.00 one year ago. There were no reported sale prices for conventional 1 pound butter in either the Northwest or Southwest. According to the California Department of Food and Agriculture, November 2016 butter production was 42.4 million pounds, down 6.9% from a year ago. California year-to-date butter production through November is 512.6 million pounds, down 3.1% from 2015 butter production through November. The CME Group December 2016 monthly average price for AA butter, \$2.1763, is up from the November monthly average of \$1.9899. One year ago the CME Group monthly average was \$2.3318. The Grade AA butter price at the CME Group on Wednesday closed at \$2.2600, down \$.0500 from a week ago.

CHEESE MARKETS

NORTHEAST

Eastern cheese makers say sales may have edged back slightly from pre-holiday orders, but are still seasonally strong. Bottlers are using heavier volumes of milk, however, processors report there is plenty of milk for manufacturing. Cheese plants are running at or near full production schedules. There has been a little increase in cheese stocks following the holiday blitz. Mozzarella demand is increasing as schools resume classes and the football playoffs and pizza season begin. The DMN *National Retail Report-Dairy*, for December 30, 2016-January 5, 2017, noted the Northeast weighted average advertised price for 8 oz. cheese blocks was \$2.21, 14 cents above the national average, with a regional price range of \$1.99-\$3.00. The Southeast 8 oz. block average price was \$2.15, 8 cents above the national average, with a regional price range of \$1.99-\$2.50. The Northeast average advertised price for 8 oz. cheese shreds was \$2.26, 6 cents above the national average price, with a regional price range of \$1.99-\$2.50. In the Southeast, the average price for 8 oz. shreds was \$2.18, with prices ranging \$1.99-\$2.50. Northeast wholesale cheese prices for cheddar and Muenster declined \$0.0725, while 5# sliced process cheese prices decreased \$0.0450. Grade A Swiss prices are steady. The CME Group December 2016 monthly average price for barrels was \$1.6132, compared to \$1.4638 a year ago; blocks' average price was \$1.7335, up from \$1.4616 a year ago. The Northeast December 2016 monthly average price for cheddar blocks is \$2.3384, compared to \$2.0306 one year ago. Processed 5# sliced average price is \$2.0463, compared to \$1.9299 one year ago. Tuesday's CME Group daily cash prices saw barrels close at \$1.5950, up \$0.0625 from a week ago. Blocks closed Tuesday at \$1.6700, unchanged from a week ago.

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

Cheddar 40# Block	:	2.1250-2.4100
Process 5# Sliced	:	1.6950-2.1750
Muenster	:	2.1100-2.4600
Grade A Swiss Cuts 10 - 14#	:	3.2700-3.5925

MIDWEST

Milk remains available for Midwestern cheese producers. However, milk prices are beginning to increase following the discounted holiday influx. Cheesemakers, taking advantage of the discounted spot loads of previous weeks, report using milk they have on hand. Thus, there were fewer reports of spot purchases of milk this week. With available milk, schools returning from break, and football playoff season approaching, production is active. Cheese demand, which was slow in the last week of 2016, is better than expected this week. Some pizza cheese processors report orders are nearly where they would expect them to be in late January, prior to the Super Bowl. Following the active holiday production schedules, inventories are up a bit this week. The DMN *National Retail Report-Dairy* shows that December 30-January 5 Midwest ads for 8 ounce shred cheese have a weighted average advertised price of \$2.11, 9 cents below the national average. Midwest prices range from \$1.49-\$3.50. One year ago, the national price was \$2.24. For 8 ounce blocks, the Midwest average price is \$1.94, 13 cents below the national average price. Midwest ads are priced from \$1.49-\$3.50. Last year, the national price was \$2.01. Midwestern wholesale prices are unchanged for Swiss cuts, down \$0.0450 for process and down \$0.0725 for all other types. The CME Group December 2016 monthly average price for barrels, \$1.6132, is down from last month's average of \$1.7424, but up from the monthly average of a year ago, \$1.4638. Blocks' December average price, \$1.7335, is down from the \$1.8775 November monthly average, but up from \$1.4616 one year

ago. In CME Group trading Wednesday, barrels closed at \$1.5950, up \$.0375 from last Wednesday and blocks closed at \$1.6600, down \$.0075.

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

Process American 5# Loaf	:	1.6525-2.0125
Brick And/Or Muenster 5#	:	2.0300-2.4550
Cheddar 40# Block	:	1.7575-2.1525
Monterey Jack 10#	:	2.0050-2.2100
Blue 5#	:	2.2975-3.2850
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8300-2.7700
Grade A Swiss Cuts 6 - 9#	:	2.7875-2.9050

WEST

Western cheese makers report good demand for cheese has continued past the winter holidays. Although sales have slowed somewhat, buyers seem willing to make orders if price points are favorable. Domestic demand for branded cheese is solid. A few manufacturers report much of their 2017 contracted cheese business is in place for retail and wholesale accounts. Cheese production is active and milk is in good supply. A few processors are seeking out additional loads of milk to meet current orders. Industry contacts report a lot of aged blocks and barrels are in warehouses across the region. Contacts say supplies of fresh cheese blocks are tighter, but still in good supply for customer needs. The DMN *National Retail Report-Dairy* for the week of December 30-January 5 shows the U.S. weighted average advertised retail price for an 8 ounce pack of natural shredded cheese is \$2.20, up \$.13 from last week. Packs average \$2.38 in the Southwest and \$2.20 in the Northwest. One year ago, the national price was \$2.24. For 8 ounce blocks, the U.S. price is \$2.07, down \$.09 from last week. Blocks average \$1.99 in the Southwest and \$1.70 in the Northwest. One year ago, the national price was \$2.01. In the West, wholesale prices are down \$.0450 for process, and down \$.0725 for cheddar block, cuts, and Monterey Jack. Swiss cut wholesale prices are unchanged. According to the California Department of Food and Agriculture, November 2016 cheese production was 209.8 million pounds, up 5.1% from a year ago. California year-to-date cheese production through November is 2.298 billion pounds, up 3.5% from 2015 cheese production through November. The CME Group December 2016 monthly average price for barrels, \$1.6132, is down from the November 2016 monthly average of \$1.7424, but up from the monthly average of a year ago, \$1.4638. Blocks' December average price, \$1.7335, is down from the \$1.8775 October monthly average, but up from \$1.4616 one year ago. The average price through the year of 2016 was \$1.5562 for barrels and \$1.5797 for blocks. In CME Group trading Wednesday, barrels closed at \$1.5950, up \$.0375 from a week ago and blocks closed at \$1.6600, down \$.0075.

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

Process 5# Loaf	:	1.6400-1.8975
Cheddar 40# Block	:	1.7900-2.2350
Cheddar 10# Cuts	:	1.9700-2.1900
Monterey Jack 10#	:	1.9800-2.1400
Grade A Swiss Cuts 6 - 9#	:	2.8475-3.2775

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CHEESE MARKETS

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FOREIGN TYPE CHEESE

Sliced cheese prices within the EU and Germany in particular, have stabilized this week after a slight decline last week. Ordering has increased in the New Year to replenish retail stocks. Demand for cheese to export has increased, particularly mozzarella. Cheese production remains lower than desired due to volumes of milk available. Cheese available for immediate sale tends to be prioritized toward regular customers first. Occasional customers may have to work hard to find cheese for near term delivery. In the U.S., wholesale blue, gorgonzola, parmesan and Romano prices decreased \$.0725, 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	2.1750-3.6625*
Gorgonzola	3.6900-5.7400	2.6825-3.4000*
Parmesan (Italy)	-0-	3.5650-5.6550*
Romano (Cows Milk)	-0-	3.3650-5.5150*
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
Swiss Cuts Finnish	2.6700-2.9300	-0-

* = Price change.

COLD STORAGE

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

	<u>BUTTER : CHEESE</u>	
		:
01/02/17	11,946	: 82,442
01/01/17	12,740	: 81,357
CHANGE	-794	: 1,085
% CHANGE	-6	: 1

FLUID MILK AND CREAM

EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	150	0	150	0	90
SOUTHEAST STATES	0	0	0	0	0	0

Milk production in the Northeast varies from heavy to very heavy. With public schools starting classes this week, milk volumes going to balancing plants are expected to be reduced. Many colleges and universities in the region begin classes next week, which will further reduce the pressure of milk volumes. The milk volumes are keeping regional vats, churns and dryers busy. Mid Atlantic milk volumes have moved back toward normal this week. The previous week's high seasonal milk flows going to balancing plants through the New Year holiday weekend tested plant capacity in the region, but were successfully handled. This week in the Southeast, most milk is used for bottling and little for manufacturing. Apprehension of snow in many parts of the region has led to add on orders for milk to bottle, so retail orders can be filled. Last minute pre-snow related milk orders ranged from Atlanta to North Carolina to Missouri to Arkansas. Cream supplies are strong, particularly in the Northeast and Mid-Atlantic areas. Reported multiples for Class II cream ranged 1.05-1.15 this week. Sales into Class III or IV are at lower multiples. The condensed skim market slightly firmed at the bottom of the range. According to the *DMN National Retail Report-Dairy*, for December 30, 2016-January 5, 2017, the U.S. weighted average advertised price for a gallon of milk was \$2.69, up 19 cents from last week and up 44 cents from last year. The Northeast weighted average price for a gallon of milk was \$3.99. There were no ads for gallon milk in the Southeast.

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-	2.2270-2.5611
F.O.B. producing plants: Upper Midwest-	2.4130-2.7577

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices-	.70-1.04
Northeast - Class III - spot prices -	.75-1.08

MIDWEST

Throughout the Central region, the overall milk production trend is steady to growing. The challenge facing manufacturers is finding sufficient room at local plants to timely process milk. Various cooperatives have lent a helping hand to other cooperatives in clearing milk volumes, as space allows. A modest uptick in milk loads moving into Class I has helped ease the processing burden in some areas. Milk marketers indicate bottler orders are improving for next week. The *DMN National Retail Report-Dairy* for December 30-January 5 noted the national weighted average advertised price for one gallon of milk was \$2.69, up \$0.19 from a week ago and \$0.44 higher than a year ago. The weighted average regional prices in the Midwest and South Central were \$1.99 and \$2.93, respectively. Current higher Class I demand is also sending more cream onto the market at a time when cream loads were already plentiful. The appetite for cream from Class II end users is improving as hard pack/soft serve/frozen dessert makers are reengaging some production lines. For those manufacturers, active sales into the

southern states for the warm weather season are quickly approaching. Thus, the current plentiful cream supplies are a benefit to growing Class II production rates. Class II cream multiples shifted lower on the bottom of the range, but held steady on the top, with a full range of 1.05 – 1.20. Spot milk prices rebounded from the near lows of last week leading into the extended holiday weekend. Cheese plant operators reported spot milk loads are still plentiful within the region. With specialty cheese orders emerging for near term sales, some operators added additional vats onto the weekly totals and were glad to have milk available. Milk spot prices range from \$4.00 to \$2.00 under Class III price.

WEST

California milk production appears to be steady to higher. Industry contacts say bottled fluid milk demand is rebounding as students return to the classrooms. Processors have plenty of milk for most processing needs. According to CDFA, November 2016 Class 1 sales in California totaled 53.6 million gallons, down 3.2% from the previous year. From January through November 2016, Class 1 sales totaled 588.2 million gallons, down 2.9% from the comparable period in 2015. Milk production in Arizona is unchanged to slightly higher. Some recent rains and mud have made paddock conditions less comfortable for the cows, but those factors have not influenced milk production greatly. Industry contacts report farmers are currently harvesting good quantities and qualities of alfalfa. In New Mexico, milk production continues to increase after several stretches of colder weather. Holdovers are lower as bottlers and manufacturers resume normal production schedules following the winter holidays. Demand from both Class I and Class II processors is strong. Industry contacts say extra loads of milk are finding homes with processors in the mountain states. In the Pacific Northwest, milk production is generally following typical seasonal patterns. However, the region has experienced several rounds of cold, wet weather that have suppressed milk production slightly for short periods of time. As the temperatures warm, production rebounds. Industry contacts say the snow pack is above normal and that gives a promising start to 2017 irrigation conditions. Bottling demand has returned to pre-holiday levels as schools resume classes. A few dairy manufacturers are seeking out additional loads of milk to help rebuild inventories after the heavy holiday business. Milk production in the mountain states of Idaho, Colorado and Utah is solid. Industry contacts report additional loads of milk are coming into the region from neighboring states to fill up manufacturing capacity. Bottling demand, especially for single serve containers, is increasing as educational institutions return from winter breaks. Holiday snowfall has given farmers a good outlook for water supplies for the coming growing season. According to the *DMN National Retail Report-Dairy* for the week of December 30-January 5, the national weighted average advertised price for one gallon of milk is \$2.69, up 19 cents from last week and 44 cents higher from a year ago. The weighted average regional price in the Southwest is \$2.99. There were no reported prices for gallon milk in the Northwest this week. Condensed skim processing is ongoing, supported by heavy regional milk intakes. Movement of condensed skim is mostly contractual and demand varies depending on usage. Heavy condensed skim volumes continue clearing into dryers. Milk standardization is making cream more available in the West. Most of this cream is readily clearing into churns. However, some sour cream and aerated cream makers also taking some cream loads to restart production. Some dairy processors are choosing to churn cream instead of selling at low prices. Multiples for all classes are mixed, ranging from 1.00 to 1.20.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Central low/medium heat nonfat dry milk (NDM) f.o.b. prices are mixed on the range, but shifted higher on the mostly series. Spot sales activity is light as most transactions are based on contracts. According to some industry participants, the recent SMP upward pricing movement at the GDT is boosting domestic values. The market undertone is steady to firmer, according to some manufacturers. However, some buyers are puzzled about the current market conditions, taking a wait, and see attitude, anticipating lower prices in the near future. Most processing plants continue actively processing NDM. Stocks are growing, but are highly committed to cover Q1 contract requirements. High heat nonfat dry milk prices are slightly higher on light trading. Production is intermittent, mostly based on contractual needs. Inventories are very tight.

EAST: East region low/medium heat nonfat dry milk prices are mixed on the range, but higher on the mostly price series on an unsettled market. While some international markets stepped higher for skim milk powder, market participants are trying to figure out how those prices relate to an domestic market with steady to building regional inventories. The past week was very active for processors in the East region. Modest growth in Class I demand helped dilute the pressure on balancing plants to clear growing intake volumes. With active low/medium heat production in the region, inventories were generally steady to higher for early January. Despite the growth in inventories, many manufacturers anticipate a steady to firmer market in the months ahead. Because of this view, manufacturers are not quick to offer bargain prices on Q4 production. Some pricing leeway exists for Q2/Q3 production. High heat NDM prices are higher on light availability. The market tone is firm. Production is currently limited to occasional runs related to contract fulfillment. The DMN monthly average of the mostly price series for Central and East low/medium heat NDM during December 2016 was \$0.9815, compared to \$0.8541 a year ago. The December 2016 monthly average of the range price series for Central and East high heat was \$1.1202 compared to \$1.0366 a year ago.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: .9200 - 1.0800 MOSTLY: .9500 - 1.0500
HIGH HEAT: 1.1000 - 1.1800

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk (NDM) f.o.b. prices are mixed as the bottom prices of the range and mostly series shifted up, but the tops held steady. At this point, the market undertone is steady to firmer. Most regional balancing plants were actively processing NDM over the past holiday weekend into the first half of the current week. Therefore, inventories are steady to higher, but are highly committed to cover Q1 contract needs. Consequently, offers from manufacturers are limited in the spot market and trading activity has been light throughout the week. Domestic demand from the food-processing sector is fair to good. In addition, the demand from Mexico is improving. High heat nonfat dry milk prices are unchanged on light trading. Production is sporadic, mostly based on contractual needs. Inventories are very tight. The CME Group monthly average price for Grade A NDM during December was \$1.0019, compared to \$0.7685 a year ago. The December 2016 Dairy Market News monthly average for the West low/medium heat nonfat dry milk mostly series is \$0.9907 compared to \$0.7662 a year ago. The average for Western high heat nonfat dry milk is \$1.0797 compared to \$0.9870 a year ago. According to California Department of Food and Agriculture (CDFA), November 2016 nonfat dried milk (NDM) production in California totaled 38.6 million pounds,

19.5% lower than a year ago. From January through November 2016, NDM production totaled 513.8 million pounds, down 20.8% from the same period in 2015.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: .9650 - 1.0700 MOSTLY: 1.0000 - 1.0500
HIGH HEAT: 1.0550 - 1.1650

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES
December 30	\$.9681	3,471,600
December 23	\$.9615	10,248,455

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: Central dry buttermilk f.o.b. spot prices are higher on a firmer market, in line with the NDM market. Condensed buttermilk volumes are becoming higher as heavy cream volumes continue clearing into butter churning. However, operational schedules for dry buttermilk production are limited as most processors are focusing on clearing condensed skim loads. In addition, some Class II manufacturers are starting to pull moderate condensed buttermilk volumes. Therefore, dry buttermilk inventories are becoming tight. Consequently, spot trading has been light throughout the week.

EAST: Prices for Northeast dry buttermilk shifted higher as firmness from the nonfat and butterfat solids markets support component values. Active butter churning continues throughout the Northeast as cream availability remains plentiful. Dry buttermilk production trends are in line with churning activity, but are hampered by dryer time availability. Plant managers indicate their primary focus is clearing condensed skim. This is freeing up some condensed buttermilk volumes for clearance through the spot market. Buyers from Class II plants are taking some condensed buttermilk volumes as they ramp up ice cream/frozen dessert production lines for the new season. Dry buttermilk inventories are steady to building. The December 2016 Dairy Market News monthly average for the Central and East dry buttermilk series is \$0.9115 compared to \$0.8684 a year ago.

F.O.B. CENTRAL/EAST: .9400 - 1.0200

DRY BUTTERMILK - WEST

Western dry buttermilk f.o.b. spot prices are mostly higher on light trading. The market tone continues firming, parallel with the NDM market. Western butter churning continues active, but some processors are using condensed buttermilk volumes for internal purposes. Therefore, dry buttermilk production has been irregular. At this point, inventories are very tight in most processing plants. The December 2016 Dairy Market News monthly average for the West dry buttermilk mostly series is \$0.9120 compared to \$0.8675 a year ago.

F.O.B. WEST: .9200 - 1.0200 MOSTLY: .9500 - 1.0000

-CONTINUED ON PAGE 5A-

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

-CONTINUED FROM PAGE 5-**DRY WHOLE MILK - NATIONAL**

F.O.B. spot prices for national dry whole milk are mixed. A few sales, based on Q1 variable price contracts, pushed up the bottom price of the range. However, the top of the range remains unchanged. Some manufacturers anticipate increasing production in the next few weeks as the demand for butterfat continues to be weak. Inventories are mixed throughout the country. The December 2016 Dairy Market News monthly average for the National price series for dry whole milk is \$1.4011 compared to \$1.3670 a year ago.

F.O.B. PRODUCING PLANT:

1.4400 - 1.6000

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 higher. Some manufacturers note stocks are committed and a little tight, while a few others report having whey available for immediate shipment. Although some manufacturers say they are getting regular inquiries from buyers, other industry contacts describe a little lull coming out of the domestic winter holidays. They also suggest the upcoming Chinese New Year has slowed demand from Southeast Asia. Production is steady. Some domestic end users say they are content with their regular contracted supplies and are not looking for additional loads of whey right now. Animal feed whey prices moved higher on movements to various price indices. The DMN monthly average of the mostly price series for Central dry whey during December was \$0.3844, compared to \$0.3499 last month. One year ago, the Central dry whey monthly average was \$0.2128. The monthly average of the range price series for Central animal feed whey during December was \$0.3249, compared to \$0.2820 a month ago and \$0.1636 a year ago.

F.O.B. CENTRAL: .3600 - .4600 MOSTLY: .3900 - .4300
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3150 - .4150

DRY WHEY - WEST

Western whey prices moved higher due to relatively strong demand from domestic and Mexican buyers. Inventories are tighter and some buyers report having a harder time finding blocks of dry whey available. Dry whey production, although generally steady, has been curtailed slightly as some manufacturers opt to make higher whey protein concentrations or whey permeate. Industry contacts describe the market tone as firm. The DMN monthly average of the mostly price series for West dry whey during December was \$0.4081 compared to \$0.3759 one month ago and \$0.2390 a year ago.

NONHYGROSCOPIC: .3750 - .4800 MOSTLY: .4200 - .4750

DRY WHEY - NORTHEAST

Eastern dry whey prices are unchanged. Industry contacts note tight inventories. Much of the 2017 contracted business is in place and whey is moving well through current agreements. Spot activity is relatively light. Buyers report some manufacturers are seeking higher overages to published indices in the new year. Dry whey production is steady. The December 2016 Dairy Market News monthly average for Northeast dry whey was \$0.4088 compared to \$0.2500 one year ago.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3900 - .4600

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices moved significantly higher. Manufacturers report multiple inquiries from buyers who are eager to gobble up any extra load of WPC34% that may be available. Industry-wide inventories continue to be tight. WPC34% production is steady to lower. A few manufacturers are using the whey solids for part of their internal needs. Others have systematically moved away from WPC34% production to higher whey protein concentrations. The end result is less WPC34% to meet the steady demand of WPC34% end users. The December 2016 Dairy Market News average of the mostly price series for Central and West whey protein concentrate 34% was \$0.8608 compared to \$0.7961 one month ago and \$0.5300 one year ago.

F.O.B. EXTRA GRADE 34% PROTEIN: .8000 - 1.0325 MOSTLY: .8500 - .9825

LACTOSE - CENTRAL AND WEST

As Q1 lactose contracts come into play, the top of the price range moved significantly higher. However the mostly price series is unchanged as a market tug-of-war is taking place. Some manufacturers report a firm market, strong demand and buyers eager to assure coverage of desired brands of lactose. Processors say buyer interest in 200 mesh lactose is especially keen. A few industry contacts, however, report receiving bids from some customers that are near the bottom of the price range. They suggest some manufacturers are offering excess inventory into the market at lower prices. As a result, some buyers are pitting suppliers against each other to leverage price concessions. The December 2016 Dairy Market News average of the mostly price series for Central and West lactose was \$0.3633, compared to \$0.3525 one month ago and \$0.1914 one year ago. At the GDT Event 179 on January 3, lactose prices across all contract periods averaged \$0.3792 per pound, down 2.9%.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .2400 - .5800 MOSTLY: .3400 - .4000

CASEIN - NATIONAL

Rennet casein prices are steady to lower. Acid casein prices are steady. Rennet casein volumes available in a slow end of year holiday period gave buyers some leverage, resulting in shaving higher range prices. However, lower overall activity this period is likely to move to more normal levels of buyers and sellers participating in markets in the coming weeks. This leaves sellers hopeful as to maintaining price levels moving further into January. At GDT Event 179 on January 3, the all contracts price for rennet casein declined 2.7%.

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: 3.0100 - 3.0400
ACID: 3.0500 - 3.1000

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
12/17/2016	59.5	2,821.4	60.3	2,865.7

WEBSITE: http://www.ams.usda.gov/mnreports/sj_ls714.txt

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

CLASS III MILK PRICES (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2011	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67	19.07	18.03	19.07	18.77
2012	17.05	16.06	15.72	15.72	15.23	15.63	16.68	17.73	19.00	21.02	20.83	18.66
2013	18.14	17.25	16.93	17.59	18.52	18.02	17.38	17.91	18.14	18.22	18.83	18.95
2014	21.15	23.35	23.33	24.31	22.57	21.36	21.60	22.25	24.60	23.82	21.94	17.82
2015	16.18	15.46	15.56	15.81	16.19	16.72	16.33	16.27	15.82	15.46	15.30	14.44

CLASS IV MILK PRICES (3.5%)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2011	16.42	18.40	19.41	19.78	20.29	21.05	20.33	20.14	19.53	18.41	17.87	16.87
2012	16.56	15.92	15.35	14.80	13.55	13.24	14.45	15.76	17.41	18.54	18.66	17.83
2013	17.63	17.75	17.75	18.10	18.89	18.88	18.90	19.07	19.43	20.17	20.52	21.54
2014	22.29	23.46	23.66	23.34	22.65	23.13	23.78	23.89	22.58	21.35	18.21	16.70
2015	13.23	13.82	13.80	13.51	13.91	13.90	13.15	12.90	15.08	16.43	16.89	15.52

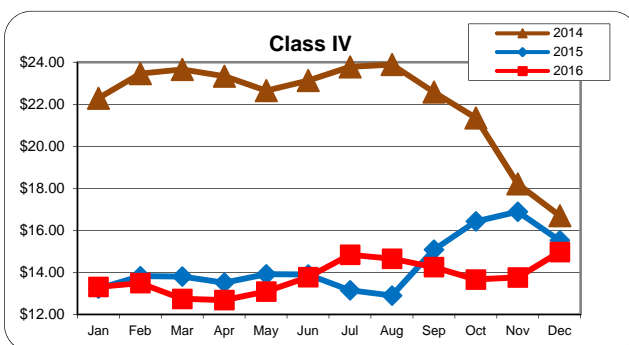
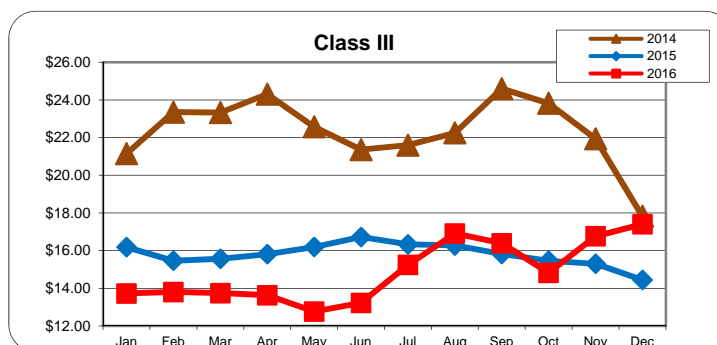
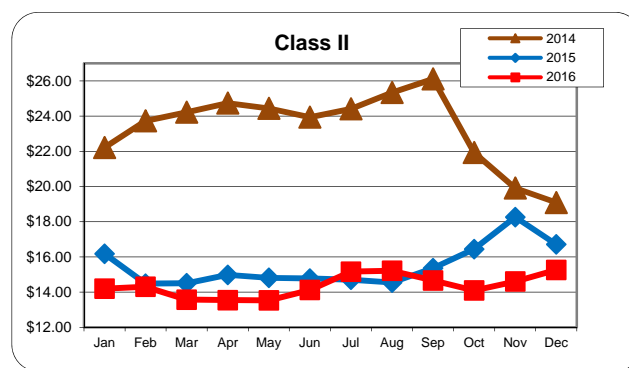
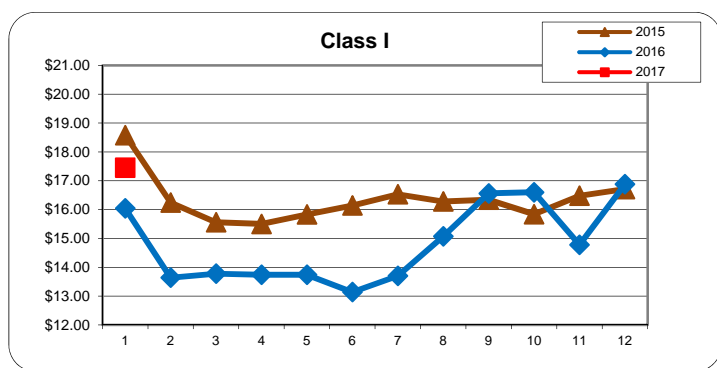
FEDERAL MILK ORDER CLASS PRICES FOR 2016 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	16.04	13.64	13.78	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	15.26
III	13.72	13.80	13.74	13.63	12.76	13.22	15.24	16.91	16.39	14.82	16.76	17.40
IV	13.31	13.49	12.74	12.68	13.09	13.77	14.84	14.65	14.25	13.66	13.76	14.97

FEDERAL MILK ORDER CLASS PRICES FOR 2017 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	17.45											

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



INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered December 26, 2016 - January 6, 2017

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: Some Western European milk supplies are showing seasonal increases according to ZMB rapid reporting. Information available for Germany shows mid December 2016 milk volumes were believed to be up 1.2% from the prior week. However, in many parts of Western Europe milk volumes were below the comparable period of 2015. In France, volumes as of late 2016 were 6.8% below the prior year volumes. Thursday, Eurolait reported provisional information subject to final confirmation, that all bids for the second tender of SMP sales held as intervention stocks, were rejected. The highest bid was reported to be 196.10 Euros/100 kg. As of January 4, the exchange rate per Euro was \$1.0439.

WHOLE MILK POWDER (WMP): Whole milk powder prices in Western Europe are steady. Many of the normal European sellers and buyers were mostly out of action over the holiday weeks. It was a very sleepy time with dormant interest on either side. On the export side, recent buying interest from countries in Africa and the Middle East has been mostly satisfied. With prices at a high level compared with most weeks of 2016, buyers are hesitant to bid higher, but sellers are in no hurry to offer price concessions.

26% BUTTERFAT: 3,200 - 3,375

BUTTER/BUTTEROIL: Western European butter and butteroil prices are lower at each end of the price range. Manufacturers in Western Germany observe that demand for packaged butter has been lower since Christmas week. The same is true for block butter. Contracting has been slow because both sellers and buyers are still evaluating expected milk availability in coming months. EU butter production January-October 2016 is up 4.4% from the same period of 2015, according to Eurolait. However, October is the fourth consecutive month of 2016 during which monthly butter production was lower than the same month of 2015.

EASTERN OVERVIEW: Milk production in Poland for November 2016 was 1.1% above September according to ZMB. Milk production January-November 2016 led the same period of 2015 by 2.3%.

82% BUTTERFAT: 4,550 - 4,650
99% BUTTERFAT: 4,300 - 5,275

SKIM MILK POWDER (SMP): The Western European skim milk powder price range narrowed, increasing at the bottom and decreasing at the top. Activity was quiet during the holiday period. Most buyers have secured contracts for the first quarter, reducing the need to complete transactions. EU SMP production January-October 2016 is up 6.5% from the same period of 2015, according to Eurolait. However, October is the sixth consecutive month of 2016 during which monthly SMP production was lower than the same month of 2015. October 2016 production is 5.2% lower than October 2015.

1.25% BUTTERFAT: 2,175 - 2,275

SWEET WHEY POWDER: Sweet whey powder prices in Western Europe are steady. Food grade whey tends to be sold through contracting. With most first quarter contracts in place and many European manufacturers/sellers/buyers being away from work over the holiday weeks, little transactional activity occurred.

NONHYGROSCOPIC: 850 - 1,050

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered December 26, 2016 - January 6, 2017

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.

Australia. Since 2011, a number of supermarkets in Australia have offered \$1 Australian dollar/liter packaged milk as discount store brands. Initially sales of this milk increased, based on pricing typically being the lowest priced milk in retail coolers. A recent agreement by an independent grocer group to directly contract with a cooperative for milk, sold and marketed as supporting the local dairy industry, is the latest in efforts to market retail milk based on higher butterfat coming from known sources. This milk sells for \$2.29 Australian dollars for 2 liters and has cut into sales of lowest price store brand milk from unrevealed sources. Under the most recent joint venture, the retail grocer group returns 95% of the sale price to the dairy cooperative. Sales data indicates that Australian consumers will spend slightly more to buy premium branded milk from known farms as part of a conscious effort to better reward producers for quality milk, than they previously spent for lower butterfat milk from unrevealed farm sources. **New Zealand.** China has continued to source the largest portion of cheese, butter, whole milk powder and skim milk powder imports from New Zealand for the period January-November, 2016. The percentage of total Chinese imports from New Zealand for the period and percentage volume change January-November 2016 compared to the 2015 are: cheese, 53.5%, 30.9%; butter, 84.8%, 23.5%; whole milk powder, 94.7%, 17.3%; and skim milk powder, 61.1%, -6.3%. At the January 3, 2017 GDT event #179, average prices ranged from 7.7% lower to 4.5% 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, \$5,352 -0.6%; butter, \$4,308 +0.5%; buttermilk powder, \$2,670 +4.5%; cheddar cheese, \$3,894 +1.4%; lactose, \$836 -2.9%; rennet casein, \$6,234 -2.7%; skim milk powder, \$2,660 +2.3%; and whole milk powder, \$3,294 -7.7%. The negative GDT outcomes are attributed to the timing being early in a short holiday week resulting in fewer buyers participating, which resulted in lower demand.

BUTTER: Butter prices in Oceania are slighter higher at the bottom of the price range but steady at the top this week. Buyers are finding availability tighter. Volumes of butter exports from New Zealand January-October 2016 increased 4.7% from the same period in 2015 according to Euclait. The main destinations and percentage of total were: China, 16.1%; Iran, 10.4%; and Egypt, 9.1%. At GDT Event 179 on January 3, 2017, the all contracts butter price percentage change was +0.5%.

82% BUTTERFAT: 4,300 - 4,475

SKIM MILK POWDER (SMP): Skim milk powder prices in Oceania firmed at each end of the price range this week. This is partly a result of some processors moving some milk away from SMP production into WMP. The price firming, moving prices closer to WMP pricing, is viewed as a positive development in some quarters. Volumes of SMP exports from New Zealand January-October 2016 increased 15.8% from the same period in 2015 according to Euclait. The main destinations and percentage of total were: China, 22%; Malaysia, 9.9%; and Philippines, 9.9%. At GDT Event 179 on January 3, 2017, the all contracts SMP price percentage change was +2.3%.

1.25% BUTTERFAT: 2,350 - 2,450

CHEDDAR CHEESE: Cheddar prices in Oceania are slightly higher at each end of the price range this week. Buying interest was slower during this holiday period. There were few buyers, but those in the market tended to want to complete transactions. Volumes of cheese exports from New Zealand January-October 2016 increased 9.6% from the same period in 2015 according to Euclait. The main destinations and percentage of total were: Japan, 17.3%; Australia, 17.2%; and China, 14.5%. At GDT Event 179 on January 3, 2017, the all contracts cheddar price percentage change was +1.4%.

39% MAXIMUM MOISTURE: 3,600 - 3,875

WHOLE MILK POWDER (WMP): Whole milk powder prices in Oceania are steady at the bottom of the price range to weaker at the top. A factor is recent action by some processors to move more milk into making WMP, resulting in more WMP, which is now reflected in pricing. Volumes of WMP exports from New Zealand January-October 2016 decreased 1.7% from the same period in 2015 according to Euclait. The main destinations and percentage of total were: China, 23.7%; Algeria, 11.3%; and UAE, 7.7%. At GDT Event 179 on January 3, 2017, the all contracts WMP price percentage change was -7.7%.

26% BUTTERFAT: 3,050 - 3,375

**Exchange rates for selected foreign currencies:
January 02, 2017**

.0627 Argentina Peso	.0147 India Rupee
.7185 Australian Dollar	.0085 Japan yen
.3062 Brazil Real	.0482 Mexican Peso
.7441 Canadian Dollar	.6924 New Zealand Dollar
.0015 Chile Peso	.2369 Poland Zloty
1.0477 Euro	.0341 Uruguay Peso

Conversion example: To compare the value of 1 US Dollar to Mexican Pesos: (1/.0482) = 20.7469 Mexican Pesos. Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS

US\$/MT	Global/Dairy Trading (gDT) Event 179 Recap - January 3, 2017													
	Contract 1		Contract 2		Contract 3		Contract 4		Contract 5		Contract 6		All Contracts	
	Feb-17		Mar-17		Apr-17		May-17		Jun-17		Jul-17			
Anhydrous Milk Fat	\$5,345	-4.3%	\$5,340	-0.4%	\$5,363	0.8%	\$5,383	-0.1%	\$5,305	-2.3%	\$5,415	-0.6%	\$5,352	-0.6%
Butter	\$4,400	2.2%	\$4,335	1.0%	\$4,295	0.0%	\$4,280	n.a.	\$4,260	-1.3%	\$4,155	3.2%	\$4,308	0.5%
Buttermilk Powder	n.a.		\$2,617	3.7%	\$3,100	9.7%	n.a.		n.a.		n.a.		\$2,670	4.5%
Cheddar	\$4,535	17.9%	\$3,916	3.5%	\$3,804	0.4%	\$3,753	-2.2%	\$4,035	-10.3%	n.a.		\$3,894	1.4%
Lactose	n.a.		\$836	-2.9%	n.a.		n.a.		n.a.		n.a.		\$836	-2.9%
Rennet Casein	\$6,775	1.0%	\$6,006	-4.6%	\$6,430	-2.1%	\$6,660	2.2%	n.a.		n.a.		\$6,234	-2.7%
Skim Milk Powder	\$2,693	5.8%	\$2,612	1.9%	\$2,739	3.4%	\$2,685	1.2%	\$2,653	0.0%	\$2,765	1.7%	\$2,660	2.3%
Sweet Whey Powder	n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.	
Whole Milk Powder	\$3,252	-9.6%	\$3,240	-7.4%	\$3,347	-8.8%	\$3,326	-6.8%	\$3,381	-6.5%	\$3,429	-5.4%	\$3,294	-7.7%

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

US\$/Pound	Global/Dairy Trading (gDT) Event 179 Recap - January 3, 2017													
	Contract 1		Contract 2		Contract 3		Contract 4		Contract 5		Contract 6		All Contracts	
	Feb-17		Mar-17		Apr-17		May-17		Jun-17		Jul-17			
Anhydrous Milk Fat	\$2.4245	-4.3%	\$2.4222	-0.4%	\$2.4326	0.8%	\$2.4417	-0.1%	\$2.4063	-2.3%	\$2.4562	-0.6%	\$2.4277	-0.6%
Butter	\$1.9958	2.2%	\$1.9663	1.0%	\$1.9482	0.0%	\$1.9414	n.a.	\$1.9323	-1.3%	\$1.8847	3.2%	\$1.9541	0.5%
Buttermilk Powder	n.a.		\$1.1871	3.7%	\$1.4062	9.7%	n.a.		n.a.		n.a.		\$1.2111	4.5%
Cheddar	\$2.0571	17.9%	\$1.7763	3.5%	\$1.7255	0.4%	\$1.7023	-2.2%	\$1.8303	-10.3%	n.a.		\$1.7663	1.4%
Lactose	n.a.		\$0.3792	-2.9%	n.a		n.a.		n.a.		n.a.		\$0.3792	-2.9%
Rennet Casein	\$3.0731	1.0%	\$2.7243	-4.6%	\$2.9166	-2.1%	\$3.0210	2.2%	n.a.		n.a.		\$2.8277	-2.7%
Skim Milk Powder	\$1.2215	5.8%	\$1.1848	1.9%	\$1.2424	3.4%	\$1.2179	1.2%	\$1.2034	0.0%	\$1.2542	1.7%	\$1.2066	2.3%
Sweet Whey Powder	n.a.		n.a.		n.a		n.a.		n.a.		n.a.		n.a.	
Whole Milk Powder	\$1.4751	-9.6%	\$1.4697	-7.4%	\$1.5182	-8.8%	\$1.5087	-6.8%	\$1.5336	-6.5%	\$1.5554	-5.4%	\$1.4941	-7.7%

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

INTERNATIONAL DAIRY MARKET NEWS - SOUTH AMERICA

Information gathered December 26, 2016 - January 6, 2017

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: Currently, a strong storm is generating floods in the central region of Argentina and some areas of Uruguay. These unfavorable weather conditions are taking a toll on farm milk production and are also affecting milk transportation. Some haulers had to reschedule or cut several routes due to the floods. At this point, manufacturing milk volumes are less than adequate for most processing needs. Therefore, cheese, yogurt, and milk caramel processing are less active this week. Bottled milk requests from retailers and food service are fair to good. However, some orders have been delayed due to the heavy rains. Butter churning is steady and exports are active, especially from Uruguay to Brazil and Russia. According to the National Institute of Milk (INALE), in November, Uruguay farm milk volumes sent to processors were 176.9 million liters, 7.8% below the previous month, and 7.3% lower than a year ago. From January to November 2016, milk intakes sent to manufacturing plants totaled 1,604 million liters, down 10.9% from the same period of 2015. Milk prices paid to milk producers in November were 8.91 Uruguayan pesos (UYU) per liter, down 0.1% from last month, but 19.2% above the previous year. The November price paid to producers is equivalent to \$0.31/liter or around \$13.78/cwt. With daytime temperatures getting higher, milk output is seasonally lower in Southern Brazil. Overall, there is a milk supply shortage to cover all manufacturing needs. Therefore, domestic milk demand from processors is strong. In addition, WMP and SMP imports from nearby countries remain very active. Retail and food service demand for bottled milk, including UHT, is light to moderate. Cheese manufacturing continues strong and inventories are becoming slightly higher. Compared to the past two weeks, as reported by Milkpoint, spot milk prices per liter in Brazil increased from 1.17 to 1.27 Brazilian reals (BRL) or \$0.36 to \$0.39. This week, the average wholesale price per liter for UHT milk is 2.06 Brazilian reals (BRL) or \$0.63, based on Wall Street currency exchange rates as of January 1, 2016. According to the Center for Studies in Applied Economics (CEPEA), the Milk Uptake Index (ICAP-L/Cepea) in Brazil during November was 188.73, up 0.6% from the previous month, but 4.1% below a year ago. In December, the average gross price received by dairy farmers in Brazil was 1.30 Brazilian reals (BRL) per liter, which is down 3.2% from the previous month, but 23.2% above a year ago. This amount is equal to \$0.39/liter or around \$17.03/cwt.

SKIM MILK POWDER (SMP): In the Southern Cone of South America, skim milk powder (SMP) f.o.b. exporting pricing is shifting up, in line with the recent upward trend at the GDT. The top price of the range is mirroring export trading outside the Mercosur bloc, while the bottom price is reflecting Brazilian import transactions within the bloc, mainly from Argentina and Uruguay. SMP demand from the food processing industry is fair to strong. With lower condensed skim supplies throughout the region, SMP output has been somewhat irregular. Inventories are mixed throughout the region. According to the Ministry of Industry, Trade, and Services (MDIC), Brazil SMP imports from January to December 2016 totaled 35,405 MT, up 2% from the same period in 2015. From this total, imports from Uruguay, Argentina, and United States represented 40%, 42%, and 18% respectively. At the GDT Event 179 on January 3, skim milk powder (SMP) prices across all contract periods averaged \$2,660 per metric ton, up 2.3% from last event.

1.25% BUTTERFAT:

2,250 - 2,500

WHOLE MILK POWDER (WMP): F.O.B. export prices for whole milk powder (WMP) in the Southern Cone of South America are slightly down, following the recent downward trend at the GDT. Manufacturing milk volumes are becoming slightly tight throughout the region. Consequently, WMP processing is less active compared to a few weeks ago. The bottom price of the range is reflecting moderate to heavy WMP export transactions outside the Mercosur bloc. Meanwhile, the top price of the range is mirroring export trades within the Mercosur bloc, mainly from Argentina and Uruguay to Brazil. Inventories are steady to slightly lower. According to the Ministry of Industry, Trade, and Services (MDIC), Brazil WMP imports from January to December 2016 totaled 126,081 MT, up 115% from the same period in 2015. From this total, imports from Uruguay and Argentina represented 68% and 27%, respectively. At the GDT Event 179 on January 3, whole milk powder (WMP) prices across all contract periods averaged \$3,294 per metric ton, down 7.7% from last event.

26% BUTTERFAT:

2,775 - 3,425

CME GROUP, INC FUTURES

Selected settling prices

Month	12/23	12/26	12/27	12/28	12/29	12/30	01/02	01/03	01/04	01/05
CLASS III MILK FUTURES (Pit-Traded) (\$/cwt)										
DEC 16	17.38	NO TRADING	17.38	17.38	17.38	17.39	NO TRADING	17.39	17.39	17.40
JAN 17	16.64		16.55	16.61	16.46	16.47		16.51	16.52	16.57
FEB 17	16.98		16.94	17.10	17.10	16.95		16.92	16.84	16.70
MAR 17	17.26		17.32	17.47	17.42	17.30		17.17	17.03	16.92
APR 17	17.42		17.47	17.59	17.53	17.48		17.36	17.25	17.07
MAY 17	17.55		17.58	17.68	17.60	17.56		17.52	17.45	17.26
JUN 17	17.65		17.67	17.75	17.73	17.67		17.73	17.62	17.46
JUL 17	17.85		17.81	17.89	17.83	17.82		17.83	17.73	17.63
AUG 17	17.90		17.88	17.89	17.89	17.84		17.84	17.80	17.69
SEP 17	17.95		17.95	17.97	17.93	17.90		17.90	17.81	17.71
CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)										
DEC 16	15.05	NO TRADING	15.05	15.05	15.05	15.05	NO TRADING	15.05	15.05	14.97
JAN 17	16.46		16.58	16.58	16.52	16.43		16.29	16.29	16.29
FEB 17	16.74		16.81	16.70	16.70	16.70		16.64	16.63	16.63
MAR 17	17.01		17.05	16.99	16.99	16.91		16.91	16.89	16.89
CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)										
DEC 16	210.28	NO TRADING	210.98	210.98	201.98	210.98	NO TRADING	209.53	209.75	210.00
JAN 17	225.70		230.70	227.03	227.03	227.00		222.00	224.00	224.00
FEB 17	227.00		231.98	227.00	226.50	226.00		221.03	222.00	223.00
MAR 17	229.98		230.50	227.25	228.03	227.53		222.53	223.18	223.53
NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)										
DEC 16	96.75	NO TRADING	96.68	96.50	96.68	96.20	NO TRADING	95.75	95.90	95.79
JAN 17	106.00		104.55	104.50	105.00	104.18		103.80	104.13	103.95
FEB 17	110.70		107.65	108.00	108.75	108.00		108.00	107.98	107.90
MAR 17	112.20		109.50	109.25	110.20	109.88		109.68	109.48	109.10
WHEY (Electronic-Traded) (¢/lb)										
DEC 16	39.93	NO TRADING	39.93	39.93	39.93	39.93	NO TRADING	39.93	39.93	39.94
JAN 17	43.35		43.00	42.75	42.75	42.80		42.80	42.80	42.80
FEB 17	44.08		44.08	44.23	44.50	44.50		44.50	44.50	44.65
MAR 17	45.05		45.05	45.00	45.50	45.25		44.75	45.03	45.00
CHEESE CSC (Electronic-Traded) (\$/lb)										
DEC 16	1.80	NO TRADING	1.80	1.80	1.80	1.80	NO TRADING	1.80	1.80	1.80
JAN 17	1.70		1.69	1.70	1.68	1.68		1.69	1.69	1.69
FEB 17	1.72		1.72	1.73	1.73	1.72		1.71	1.71	1.70
MAR 17	1.74		1.75	1.76	1.76	1.75		1.74	1.72	1.71
APR 17	1.76		1.76	1.77	1.77	1.77		1.76	1.74	1.73

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

DAIRY MARKET NEWS MONTHLY SUMMARY AND AVERAGES FOR DECEMBER 2016 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 48	::REPORT NUMBER 49	::REPORT NUMBER 50	::REPORT NUMBER 51	::REPORT NUMBER 52	::	2016	:	2015
	::-----	::-----	::-----	::-----	::-----	::	Monthly	:	Monthly
	:: DEC 01 - 02	:: DEC 05 - 09	:: DEC 12 - 16	:: DEC 19 - 23	:: DEC 26 - 30	::	Average	:	Average
CHEESE									
WISCONSIN (WSP, Delivered, LTL)									
-- Process American 5# Loaf	:: 1.8050 - 2.1650	:: 1.7300 - 2.0900	:: 1.6775 - 2.0375	:: 1.7775 - 2.1375	:: 1.6975 - 2.0575	::	1.9083	:	1.7524
-- Brick And/Or Muenster 5#	:: 2.2625 - 2.6875	:: 2.1625 - 2.5875	:: 2.0975 - 2.5225	:: 2.1325 - 2.5575	:: 2.1025 - 2.5275	::	2.3489	:	2.0806
-- Cheddar 40# Block	:: 1.9900 - 2.3850	:: 1.8900 - 2.2850	:: 1.8250 - 2.2200	:: 1.8600 - 2.2550	:: 1.8300 - 2.2250	::	2.0614	:	1.7931
-- Monterey Jack 10#	:: 2.2375 - 2.4425	:: 2.1375 - 2.3425	:: 2.0725 - 2.2775	:: 2.1075 - 2.3125	:: 2.0775 - 2.2825	::	2.2139	:	1.9456
-- Blue 5#	:: 2.5300 - 3.5175	:: 2.4300 - 3.4175	:: 2.3650 - 3.3525	:: 2.4000 - 3.3875	:: 2.3700 - 3.3575	::	2.8976	:	2.6293
-- Mozzarella 5 - 6#	:: 2.0625 - 3.0025	:: 1.9625 - 2.9025	:: 1.8975 - 2.8375	:: 1.9325 - 2.8725	:: 1.9025 - 2.8425	::	2.4064	:	2.1381
-- Grade A Swiss Cuts 6 - 9#	:: 2.8450 - 2.9625	:: 2.7875 - 2.9050	:: 2.7875 - 2.9050	:: 2.7875 - 2.9050	:: 2.7875 - 2.9050	::	2.8515	:	2.7953
NORTHEAST (WSP, Delivered, LTL)									
-- Cheddar 40# Block	:: 2.2925 - 2.5775	:: 2.1925 - 2.4775	:: 2.1275 - 2.4125	:: 2.2275 - 2.5125	:: 2.1975 - 2.4825	::	2.3384	:	2.0306
-- Process 5# Sliced	:: 1.9125 - 2.3925	:: 1.8375 - 2.3175	:: 1.7850 - 2.2650	:: 1.8200 - 2.3000	:: 1.7400 - 2.2200	::	2.0463	:	1.9299
-- Muenster	:: 2.2775 - 2.6275	:: 2.1775 - 2.5275	:: 2.1125 - 2.4625	:: 2.2125 - 2.5625	:: 2.1825 - 2.5325	::	2.3559	:	2.0831
-- Grade A Swiss Cuts 10 - 14#	:: 3.3275 - 3.6500	:: 3.2700 - 3.5925	:: 3.2700 - 3.5925	:: 3.2700 - 3.5925	:: 3.2700 - 3.5925	::	3.4365	:	3.3803
WEST COAST (WSP, Delivered, LTL)									
-- Process 5# Loaf	:: 1.8200 - 2.0775	:: 1.7450 - 2.0025	:: 1.6925 - 1.9500	:: 1.7925 - 2.0500	:: 1.7125 - 1.9700	::	1.8720	:	1.7161
-- Cheddar 40# Block	:: 1.9950 - 2.4400	:: 1.8950 - 2.3400	:: 1.8300 - 2.2750	:: 1.8650 - 2.3100	:: 1.8350 - 2.2800	::	2.0914	:	1.8231
-- Cheddar 10# Cuts	:: 2.1750 - 2.3950	:: 2.0750 - 2.2950	:: 2.0100 - 2.2300	:: 2.0450 - 2.2650	:: 2.0150 - 2.2350	::	2.1589	:	1.8906
-- Monterey Jack 10#	:: 2.1850 - 2.3450	:: 2.0850 - 2.2450	:: 2.0200 - 2.1800	:: 2.0550 - 2.2150	:: 2.0250 - 2.1850	::	2.1389	:	1.8706
-- Grade A Swiss Cuts 6 - 9#	:: 2.9050 - 3.3350	:: 2.8475 - 3.2775	:: 2.8475 - 3.2775	:: 2.8475 - 3.2775	:: 2.8475 - 3.2775	::	3.0677	:	3.0116
FLUID PRODUCTS									
SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)									
-- Northeast - f.o.b	:: 2.4430 - 2.7483	:: 2.7451 - 2.9613	:: 2.7202 - 2.8249	:: 2.3117 - 2.7391	:: 2.2270 - 2.5611	::	2.6326	:	2.9461
-- Upper Midwest - f.o.b	:: 2.4633 - 2.7280	:: 2.5508 - 2.7667	:: 2.4482 - 2.6366	:: 2.3809 - 2.5705	:: 2.4942 - 2.6724	::	2.5678	:	2.9399
PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.									
-- Class II	:: 0.60 - 1.01	:: 0.70 - 1.01	:: 0.70 - 1.01	:: 0.70 - 1.01	:: 0.65 - 1.04	::	0.8482	:	0.8000
-- Class III	:: 0.40 - 0.93	:: 0.80 - 1.08	:: 0.80 - 1.08	:: 0.80 - 1.08	:: 0.70 - 1.08	::	0.9036	:	0.6005

DAIRY MARKET NEWS MONTHLY SUMMARY AND AVERAGES FOR DECEMBER 2016 1/ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 48 ::	REPORT NUMBER 49 ::	REPORT NUMBER 50 ::	REPORT NUMBER 51 ::	REPORT NUMBER 52 ::	2016	2015
	::-----::	-----::	-----::	-----::	-----::	Monthly	Monthly
	:: DEC 01 - 02 ::	DEC 05 - 09 ::	DEC 12 - 16 ::	DEC 19 - 23 ::	DEC 26 - 30 ::	Average	Average
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 0.8600 - 1.0000 ::	0.9050 - 1.0200 ::	0.9500 - 1.0200 ::	0.9500 - 1.0800 ::	0.9400 - 1.0800 ::	0.9874	0.8509
-- Mostly	:: 0.9100 - 0.9700 ::	0.9500 - 0.9750 ::	0.9700 - 1.0000 ::	0.9700 - 1.0200 ::	0.9700 - 1.0300 ::	0.9815	0.8541
-- High Heat	:: 1.0150 - 1.1600 ::	1.0400 - 1.2000 ::	1.0625 - 1.2000 ::	1.0600 - 1.1600 ::	1.0950 - 1.1700 ::	1.1202	1.0366
-- West (f.o.b.)							
-- Low/Medium Heat	:: 0.8650 - 1.0000 ::	0.9025 - 1.0500 ::	0.9150 - 1.0500 ::	0.9500 - 1.0700 ::	0.9400 - 1.0700 ::	0.9879	0.7789
-- Mostly	:: 0.9500 - 0.9700 ::	0.9600 - 0.9800 ::	0.9800 - 1.0000 ::	0.9800 - 1.0200 ::	0.9800 - 1.0500 ::	0.9907	0.7662
-- High Heat	:: 0.9775 - 1.1000 ::	0.9900 - 1.1200 ::	0.9950 - 1.1400 ::	1.0550 - 1.1500 ::	1.0550 - 1.1650 ::	1.0797	0.9870
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.3000 - 0.4400 ::	0.3025 - 0.4400 ::	0.3100 - 0.4400 ::	0.3300 - 0.4400 ::	0.3300 - 0.4400 ::	0.3782	0.2282
-- Mostly	:: 0.3300 - 0.3950 ::	0.3600 - 0.4025 ::	0.3700 - 0.4025 ::	0.3700 - 0.4075 ::	0.3700 - 0.4100 ::	0.3844	0.2128
-- West (f.o.b.)	:: 0.3500 - 0.4500 ::	0.3500 - 0.4500 ::	0.3500 - 0.4625 ::	0.3500 - 0.4725 ::	0.3500 - 0.4725 ::	0.4065	0.2600
-- Mostly	:: 0.3600 - 0.4000 ::	0.3750 - 0.4300 ::	0.3950 - 0.4300 ::	0.3950 - 0.4325 ::	0.3950 - 0.4350 ::	0.4081	0.2390
-- Northeast (f.o.b.)	:: 0.3450 - 0.4300 ::	0.3625 - 0.4300 ::	0.3625 - 0.4600 ::	0.3625 - 0.4600 ::	0.3900 - 0.4600 ::	0.4088	0.2500
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.7000 - 0.9850 ::	0.7100 - 0.9850 ::	0.7625 - 1.0000 ::	0.7800 - 1.0000 ::	0.7800 - 1.0000 ::	0.8740	0.5443
-- Mostly	:: 0.7800 - 0.8450 ::	0.7800 - 0.9000 ::	0.8150 - 0.9000 ::	0.8150 - 0.9500 ::	0.8150 - 0.9500 ::	0.8608	0.5300
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.2400 - 0.3400 ::	0.2700 - 0.3725 ::	0.2700 - 0.3725 ::	0.2700 - 0.3725 ::	0.3000 - 0.4000 ::	0.3249	0.1636
BUTTERMILK (Min. 30% protein)							
-- Central And East (f.o.b.)	:: 0.8500 - 0.9400 ::	0.8600 - 0.9350 ::	0.7800 - 0.9200 ::	0.9200 - 0.9700 ::	0.9200 - 1.0000 ::	0.9115	0.8684
-- West (f.o.b.)	:: 0.8500 - 0.9500 ::	0.8500 - 0.9800 ::	0.8500 - 0.9800 ::	0.9000 - 0.9800 ::	0.9000 - 1.0000 ::	0.9273	0.8816
-- Mostly	:: 0.8600 - 0.8800 ::	0.8600 - 0.8800 ::	0.8900 - 0.9200 ::	0.9300 - 0.9500 ::	0.9300 - 0.9700 ::	0.9120	0.8675
DRY WHOLE MILK							
-- National (f.o.b.)	:: 1.2500 - 1.4500 ::	1.2500 - 1.5500 ::	1.2500 - 1.5500 ::	1.2500 - 1.5500 ::	1.2500 - 1.6000 ::	1.4011	1.3670
LACTOSE							
-- Central And West (f.o.b.)	:: 0.2800 - 0.4800 ::	0.2400 - 0.4800 ::	0.2400 - 0.4800 ::	0.2400 - 0.4800 ::	0.2400 - 0.4800 ::	0.3618	0.2025
-- Mostly	:: 0.3300 - 0.3750 ::	0.3300 - 0.3800 ::	0.3400 - 0.3850 ::	0.3400 - 0.4000 ::	0.3400 - 0.4000 ::	0.3633	0.1914
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 2.9700 - 3.0500 ::	2.9900 - 3.0500 ::	2.9950 - 3.0500 ::	3.0100 - 3.0500 ::	3.0100 - 3.0500 ::	3.0242	3.0000
-- Nonrestricted - Acid	:: 3.0500 - 3.1000 ::	3.0500 - 3.1000 ::	3.0500 - 3.1000 ::	3.0500 - 3.1000 ::	3.0500 - 3.1000 ::	3.0750	3.1000

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

DAIRY MARKET NEWS INTERNATIONAL MONTHLY SUMMARY AND AVERAGES FOR DECEMBER 2016 /1

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

COMMODITY	::REPORT NUMBER 49		::REPORT NUMBER 51		::REPORT NUMBER 1		2016 *	2015 *
	::-----::		::-----::		::-----::		Monthly	Monthly
	DEC 01 - 09		DEC 12 - 23		DEC 26 - 30		Average	Average
<hr/>								
BUTTER (82% BUTTERFAT)								
-- OCEANIA	:: 4250	- 4475	:: 4250	- 4475	:: 4300	- 4475	:: 4368	: 3111
-- WESTERN EUROPE	:: 4650	- 4800	:: 4650	- 4725	:: 4550	- 4650	:: 4680	: 3182
BUTTEROIL (99% BUTTERFAT)								
-- WESTERN EUROPE	:: 4500	- 5300	:: 4325	- 5300	:: 4300	- 5275	:: 4835	: 3815
CHEDDAR CHEESE (39% MAXIMUM MOISTURE)								
-- OCEANIA	:: 3575	- 3900	:: 3575	- 3850	:: 3600	- 3875	:: 3726	: 3246
SKIM MILK POWDER (1.25% BUTTERFAT)								
-- OCEANIA	:: 2325	- 2400	:: 2325	- 2400	:: 2350	- 2450	:: 2371	: 1977
-- WESTERN EUROPE	:: 2125	- 2300	:: 2150	- 2300	:: 2175	- 2275	:: 2221	: 1869
WHEY POWDER (NONHYGROSCOPIC)								
-- WESTERN EUROPE	:: 0850	- 1050	:: 0850	- 1050	:: 0850	- 1050	:: 950	: 727
WHOLE MILK POWDER (26% BUTTERFAT)								
-- OCEANIA	:: 3050	- 3500	:: 3050	- 3500	:: 3050	- 3375	:: 3261	: 2285
-- SOUTH AMERICA	:: 2950	- 3550	:: 2850	- 3450	:: 2775	- 3425	:: 3170	:
-- WESTERN EUROPE	:: 3150	- 3350	:: 3200	- 3375	:: 3200	- 3375	:: 3276	: 2395

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

CME GROUP AVERAGES FOR DECEMBER 2016

COMMODITY	::REPORT NUMBER 48::		REPORT NUMBER 49::		REPORT NUMBER 50::		REPORT NUMBER 51::		REPORT NUMBER 52::		2016 *	: 2015 *
	::-----::		-----::		-----::		-----::		-----::		Monthly	: Monthly
	:: DEC 1 - 2		:: DEC 5 - 9		:: DEC 12 - 16		:: DEC 19 - 23		:: DEC 26 - 30		Average	: Average

BUTTER*												
-- GRADE AA												
--Monday	::		::	2.1125	::	2.0800	::	2.2475	::		::	:
--Tuesday	::		::	2.1200	::	2.0850	::	2.2200	::	2.3475	::	:
--Wednesday	::		::	2.0950	::	2.0850	::	2.2050	::	2.3100	::	:
--Thursday	::	2.1925	::	2.0700	::	2.0950	::	2.2150	::	2.2675	::	:
--Friday	::	2.1850	::	2.0650	::	2.1900	::	2.2475	::	2.2675	::	2.1763 : 2.3318
--Weekly Average**	::	2.1615	::	2.0925	::	2.1070	::	2.2270	::	2.2981	::	:
CHEESE*												
-- BARRELS												
--Monday	::		::	1.6000	::	1.6275	::	1.6850	::		::	:
--Tuesday	::		::	1.5925	::	1.6800	::	1.6550	::	1.5325	::	:
--Wednesday	::		::	1.5850	::	1.7150	::	1.5675	::	1.5575	::	:
--Thursday	::	1.6200	::	1.5775	::	1.7100	::	1.5675	::	1.5575	::	:
--Friday	::	1.6150	::	1.5775	::	1.7000	::	1.5550	::	1.6000	::	1.6132 : 1.4638
--Weekly Average**	::	1.6400	::	1.5865	::	1.6865	::	1.6060	::	1.5619	::	:
-- 40# BLOCKS												
--Monday	::		::	1.7600	::	1.7300	::	1.7900	::		::	:
--Tuesday	::		::	1.7325	::	1.7575	::	1.7850	::	1.6700	::	:
--Wednesday	::		::	1.7300	::	1.7575	::	1.7000	::	1.6675	::	:
--Thursday	::	1.7800	::	1.7225	::	1.7850	::	1.7100	::	1.6550	::	:
--Friday	::	1.8100	::	1.7100	::	1.8000	::	1.6900	::	1.6600	::	1.7335 : 1.4616
--Weekly Average**	::	1.7950	::	1.7310	::	1.7660	::	1.7350	::	1.6631	::	:
NONFAT DRY MILK*												
-- GRADE A												
--Monday	::		::	0.9900	::	0.9700	::	1.0225	::		::	:
--Tuesday	::		::	0.9750	::	0.9725	::	1.0200	::	1.0100	::	:
--Wednesday	::		::	0.9575	::	0.9975	::	1.0200	::	1.0200	::	:
--Thursday	::	0.9900	::	0.9825	::	1.0025	::	1.0500	::	1.0200	::	:
--Friday	::	1.0075	::	0.9725	::	1.0200	::	1.0200	::	1.0200	::	1.0019 : 0.7685
--Weekly Average**	::	0.9590	::	0.9755	::	0.9925	::	1.0265	::	1.0175	::	:

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

November 2016 Dairy Products Highlights

Butter production was 144 million pounds, 5.7 percent below November 2015, but 1.5 percent above October 2016. **American type cheese** production totaled 395 million pounds, 3.9 percent above November 2015, but 1.0 percent below October 2016. **Total cheese** output (excluding cottage cheese) was 1.01 billion pounds, 2.7 percent above November 2015, but 2.6 percent below October 2016. **Nonfat dry milk** production, for human food, totaled 127 million pounds, 0.9 percent below November 2015, and 10.0 percent below October 2016. **Dry whey** production, for human food, was 71.4 million pounds, 7.5 percent below November 2015, and 12.6 percent below October 2016. **Ice cream, regular hard** production totaled 52.0 million gallons, 5.3 percent below November 2015, and 13.0 percent below October 2016.

Production of Dairy Products									
Product	Nov 2016	Change from			Product	Nov 2016	Change from		
		Nov 2015	Oct 2016	Year to Date ¹			Nov 2015	Oct 2016	Year to Date ¹
	(1,000 lbs)	(percent)				(1,000 lbs)	(percent)		
Butter	143,683	-5.7	1.5	3.0	Yogurt (plain and flavored)	326,436	-6.1	-14.3	-1.5
Cheese					Dry whey, human food	71,438	-7.5	-12.6	---
American types ²	394,843	3.9	-1.0	0.4	Dry whey, animal feed	2,100	20.2	-5.0	---
Cheddar	281,648	5.9	0.5	-0.2	Dry whey, total ⁸	73,538	-6.9	-12.4	-0.5
Other American	113,195	-0.8	-4.5	---	Reduced lactose & minerals				
Brick & Muenster	15,186	-5.4	-7.5	---	Human food	2,118	-23.8	-25.4	---
Cream & Neufchatel	81,845	0.8	-7.4	---	Animal feed	2,720	6.7	-10.9	---
Hispanic	21,832	3.3	-2.4	---	Lactose, human food & animal feed	87,153	5.7	-2.4	4.0
Total Italian types	435,925	2.6	-2.3	4.0	Whey protein concentrate				
Mozzarella	338,808	1.6	-1.6	3.3	Human food ⁹	37,365	-9.0	3.9	---
Other Italian	97,117	6.0	-4.4	---	Animal feed ⁹	257	7.1	5.8	---
Swiss	25,958	3.2	-0.2	---	Total ⁹	37,622	-8.9	3.9	-10.0
All other types	35,375	-1.7	-12.1	---	25.0-49.9 percent ¹⁰	16,076	-0.2	13.3	---
Total	1,010,964	2.7	-2.6	2.0	50.0-89.9 percent ¹⁰	21,546	-14.5	-2.1	---
Cottage cheese, curd ³	31,012	3.3	-5.7	---	Whey protein isolates ¹¹	10,257	21.2	0.5	---
Cottage cheese, cream ⁴	25,605	5.8	-3.9	1.5					
Cottage cheese, lowfat ⁵	27,951	4.9	-6.4	0.3					
Dry buttermilk	9,760	22.9	16.1	---	Frozen products				
Dry whole milk	6,736	12.0	-2.2	---	Ice cream, regular hard	52,022	-5.3	-13.0	0.2
Milk protein conc. (MPC), total ⁶	12,645	42.5	12.4	---	Ice cream, lowfat, hard	12,303	0.2	-17.3	---
Nonfat dry milk (NDM), human	126,769	-0.9	-10.0	-4.7	Ice cream, lowfat, soft	15,450	6.5	-6.6	---
Skim milk powders (SMP) ⁷	48,101	7.0	16.0	25.3	Ice cream, lowfat, total	27,753	3.6	-11.7	-1.6
Sour cream	132,381	7.2	5.8	4.1	Sherbet, hard	1,971	-22.1	-21.7	-9.1
					Frozen yogurt, total	4,562	1.5	-11.7	-6.0

Manufacturers' Stocks, End of Month ¹²							
Product	Nov 2016	Nov 2015	Oct 2016	Product	Nov 2016	Nov 2015	Oct 2016
	(1,000 lbs)	(percent)			(1,000 lbs)	(percent)	
Dry whey, human food	60,602	8.2	1.6	Whey protein concentrate			
Dry whey, animal feed	1,159	-48.7	-8.7	Human food ⁹	59,110	-10.6	6.3
Reduced lactose & minerals—human & animal ¹³	6,290	-23.0	-13.4	Animal feed ⁹	478	-51.1	-28.4
Lactose, human food & animal feed	101,216	-0.6	-2.9	Total ⁹	59,588	-11.2	5.9
Dry buttermilk	20,079	76.6	13.4	25.0-49.9 percent ¹⁰	19,311	-21.3	7.0
Nonfat dry milk, human food	215,767	8.5	-3.9	50.0-89.9 percent ¹⁰	40,277	-5.3	5.4
				Whey protein isolates ¹¹	21,668	41.1	-0.2

¹ 2016 cumulative as percent change of 2015 cumulative. ² Includes Cheddar, Colby, Monterey and Jack. ³ Mostly used for processing into cream or lowfat cottage cheese. ⁴ Fat content 4 percent or more. ⁵ Fat content less than 4 percent. ⁶ Dry milk protein concentrate, 40-89.9 percent. ⁷ Includes protein standardized and blends. ⁸ Excludes all modified dry whey products. ⁹ Whey protein concentrate, 25.0 to 89.9 percent. ¹⁰ Whey protein concentrate, human and animal. ¹¹ Whey protein isolates, 90.0 percent or greater. ¹² Stocks held by manufacturers at all points and in transit. ¹³ 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*, (January 2017).

Federal Milk Order Final Class and Component Prices, December

Class Prices: The following are the December 2016 class prices under the Federal milk order pricing system and changes from the previous month: Class II: \$15.26 (+\$0.66), Class III: \$17.40 (+\$0.64), and Class IV: \$14.97 (+\$1.21).

Component Price Information: Under the Federal milk order pricing system, the butterfat price for December 2016 is \$2.3354 per pound. Thus, the Class II butterfat price is \$2.3424 per pound. The protein and other solids prices for December 2016 are \$2.6922 and \$0.2063 per pound, respectively. These component prices set the Class III skim milk price at \$9.56 per cwt. The December 2016 Class IV skim milk price is \$7.04, which is derived from the nonfat solids price of \$0.7822 per pound.

Product Price Averages: The product price averages for December 2016 are: butter: \$2.1000, nonfat dry milk: \$0.9579, cheese: \$1.7990, and dry whey: \$0.3994.

Federal Milk Order Minimum Class Prices for Milk of 3.5 Percent Butterfat ^{1, 2}						
Federal Milk Order Marketing Areas ³	Order Number	December 2016				January 2017
		Class I	Class II	Class III	Class IV	Class I
		<i>(dollars per 100 pounds)</i>				
Northeast (Boston) ⁴	001	20.13	15.26	17.40	14.97	20.70
Appalachian (Charlotte) ⁵	005	20.28	15.26	17.40	14.97	20.85
Florida (Tampa) ⁶	006	22.28	15.26	17.40	14.97	22.85
Southeast (Atlanta) ⁷	007	20.68	15.26	17.40	14.97	21.25
Upper Midwest (Chicago) ⁸	030	18.68	15.26	17.40	14.97	19.25
Central (Kansas City) ⁹	032	18.88	15.26	17.40	14.97	19.45
Mideast (Cleveland) ¹⁰	033	18.88	15.26	17.40	14.97	19.45
Pacific Northwest (Seattle) ¹¹	124	18.78	15.26	17.40	14.97	19.35
Southwest (Dallas) ¹²	126	19.88	15.26	17.40	14.97	20.45
Arizona (Phoenix)	131	19.23	15.26	17.40	14.97	19.80
All-Market Average	---	19.77	15.26	17.40	14.97	20.34

¹ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63 - the approximate number of gallons in 100 pounds of milk.

² The mandatory \$0.20 per cwt. processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table.

³ Names in parentheses are the major city in the principal pricing point of the markets.

⁴ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25, and Washington, DC, minus \$0.25.

⁵ Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10.

⁶ Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40.

⁷ Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90; Nashville, minus \$0.90; and Springfield, MO, minus \$1.40.

⁸ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10.

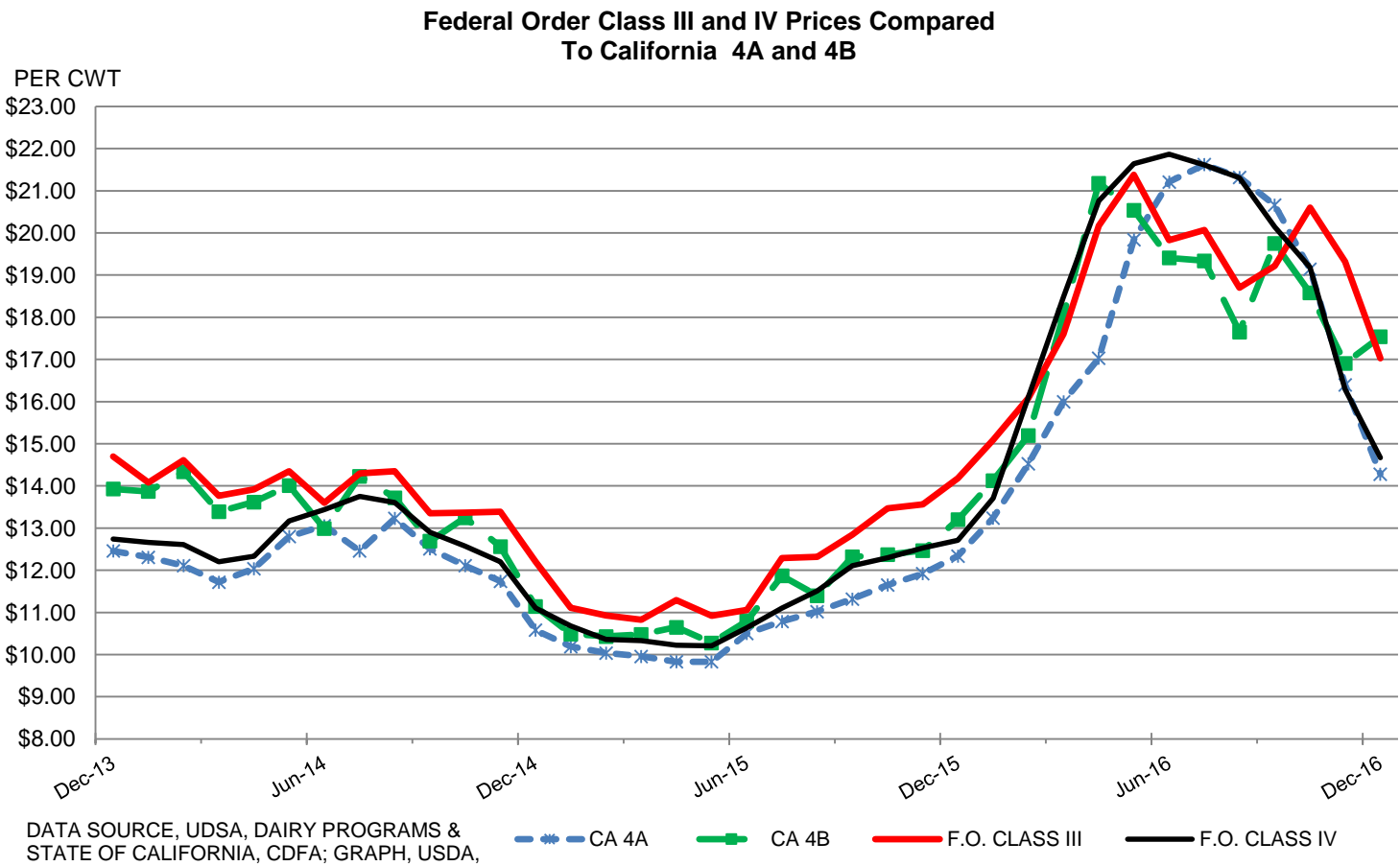
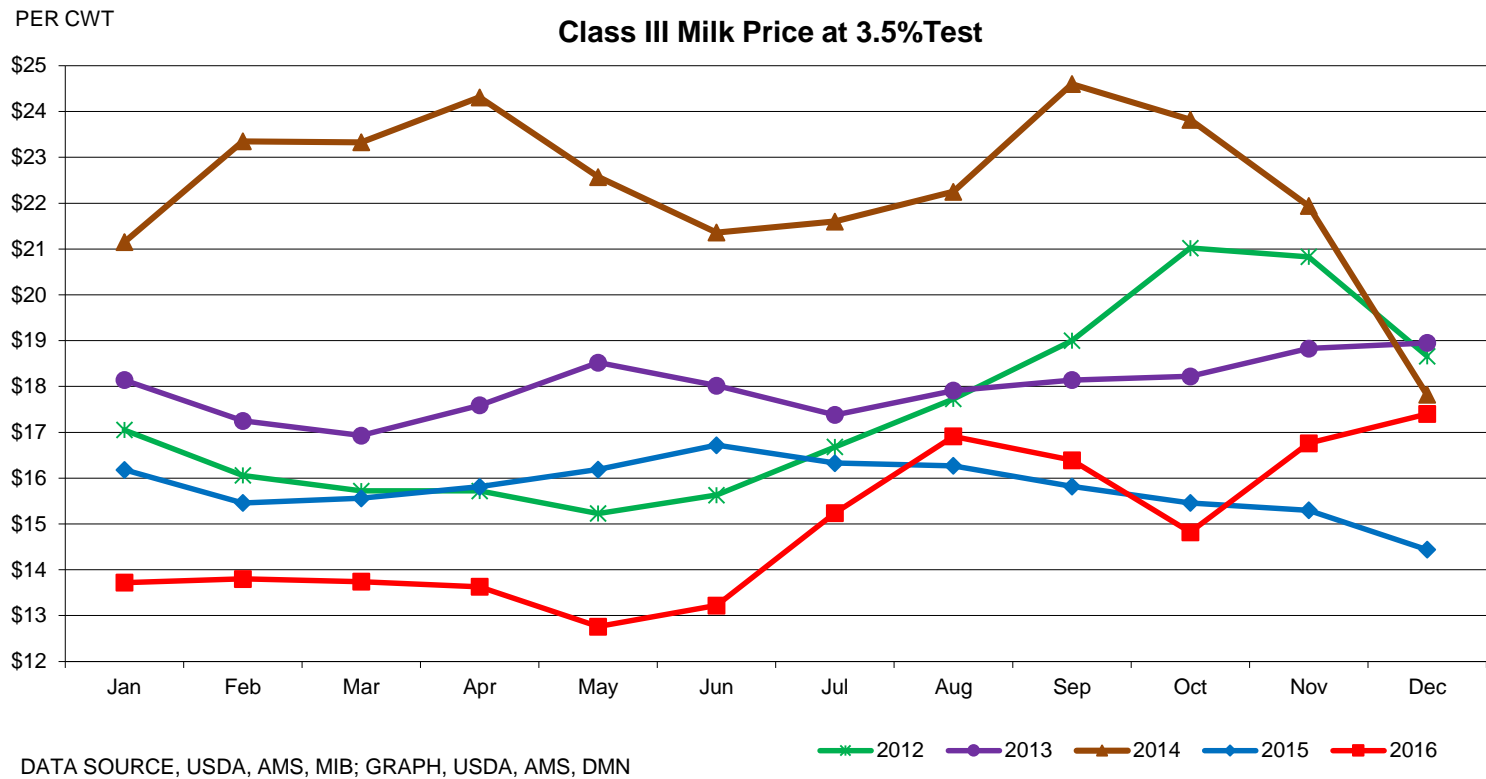
⁹ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55.

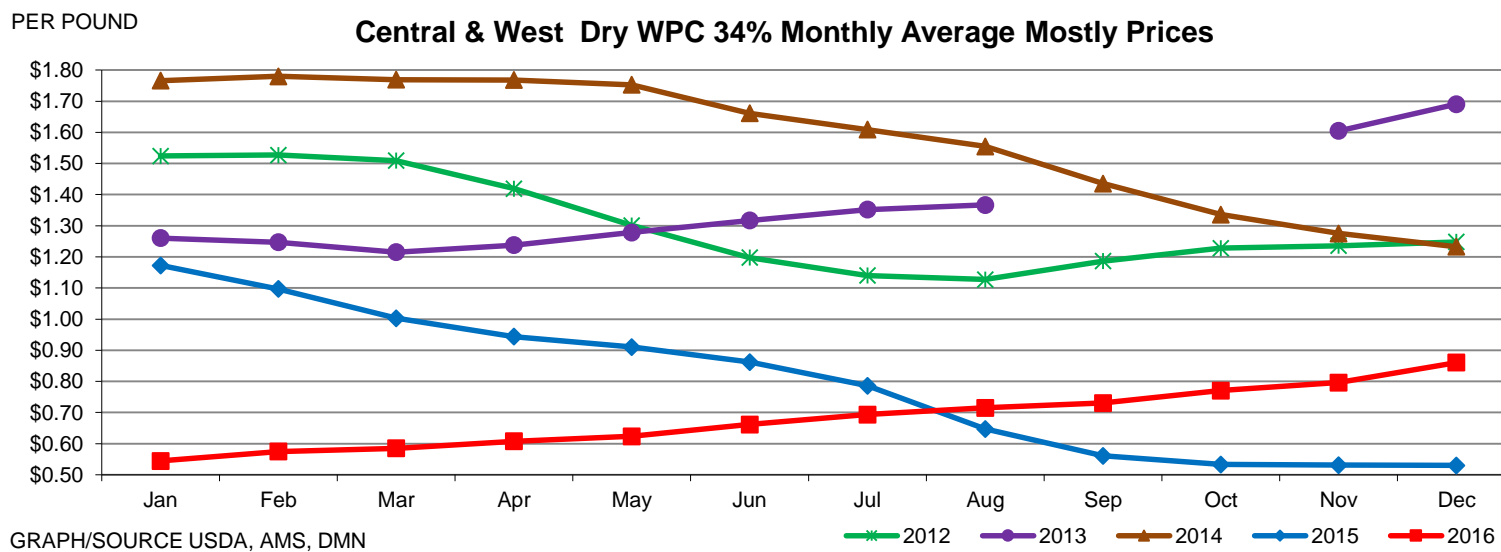
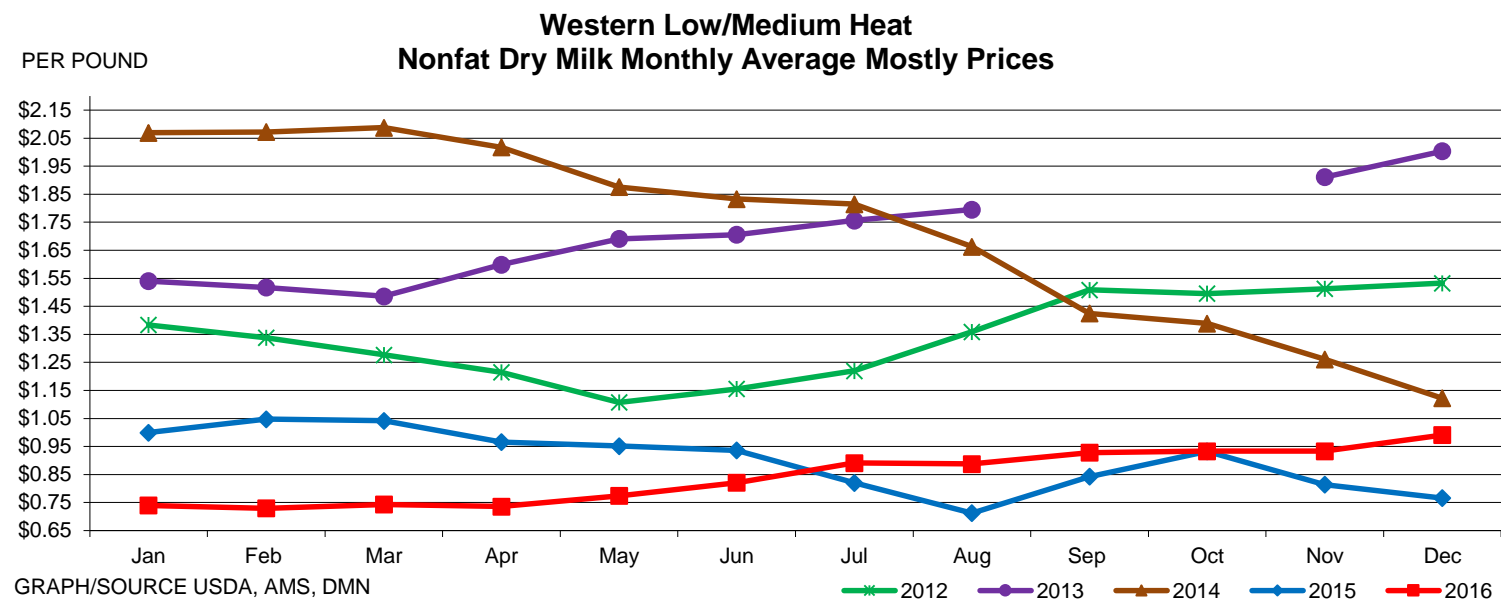
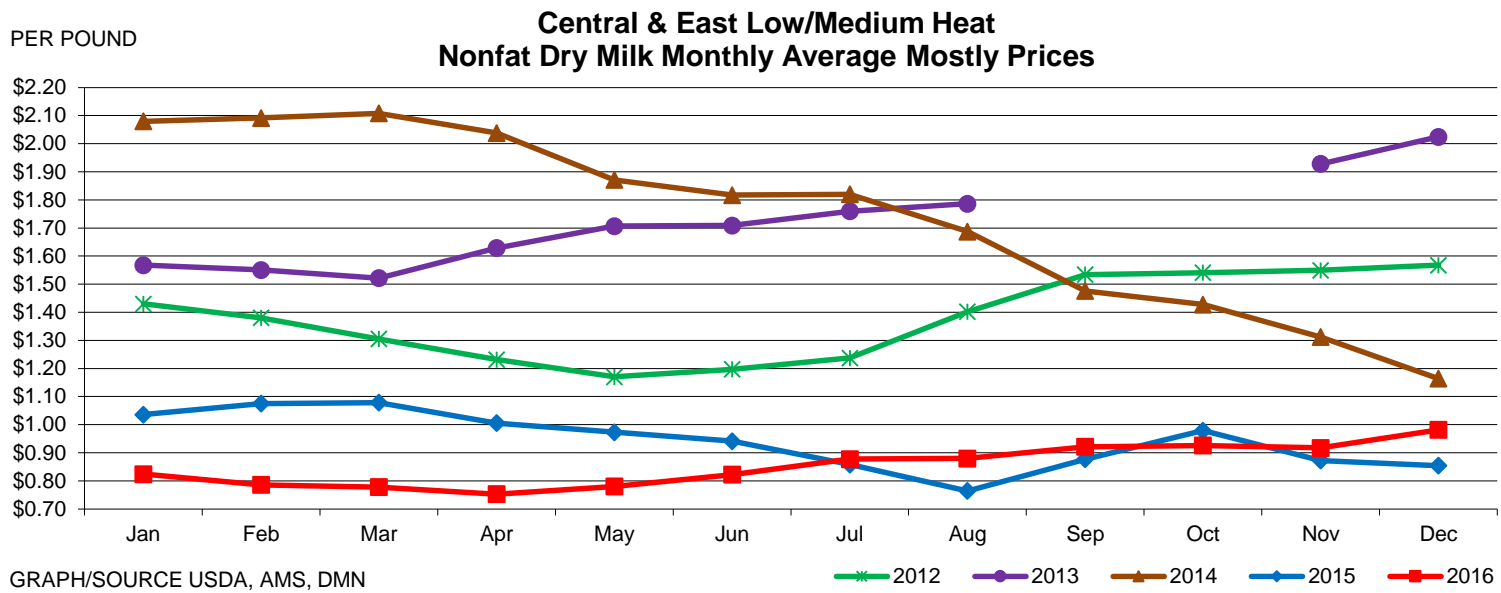
¹⁰ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

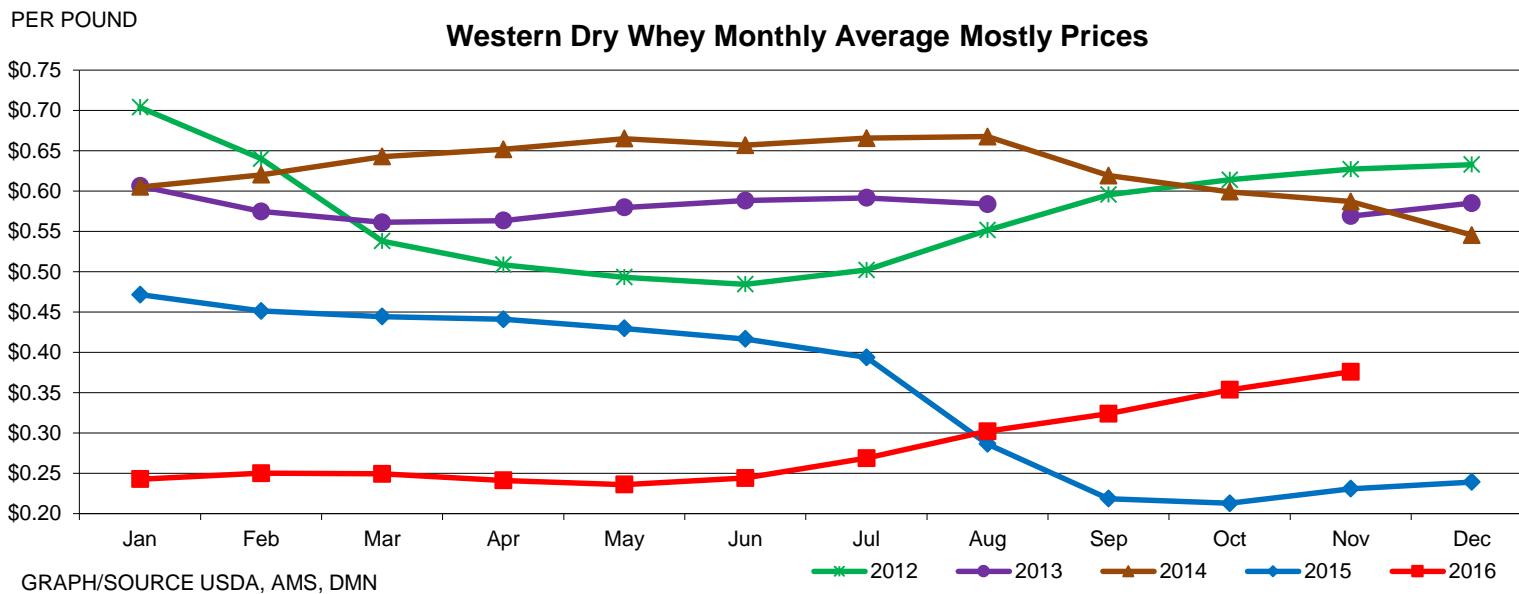
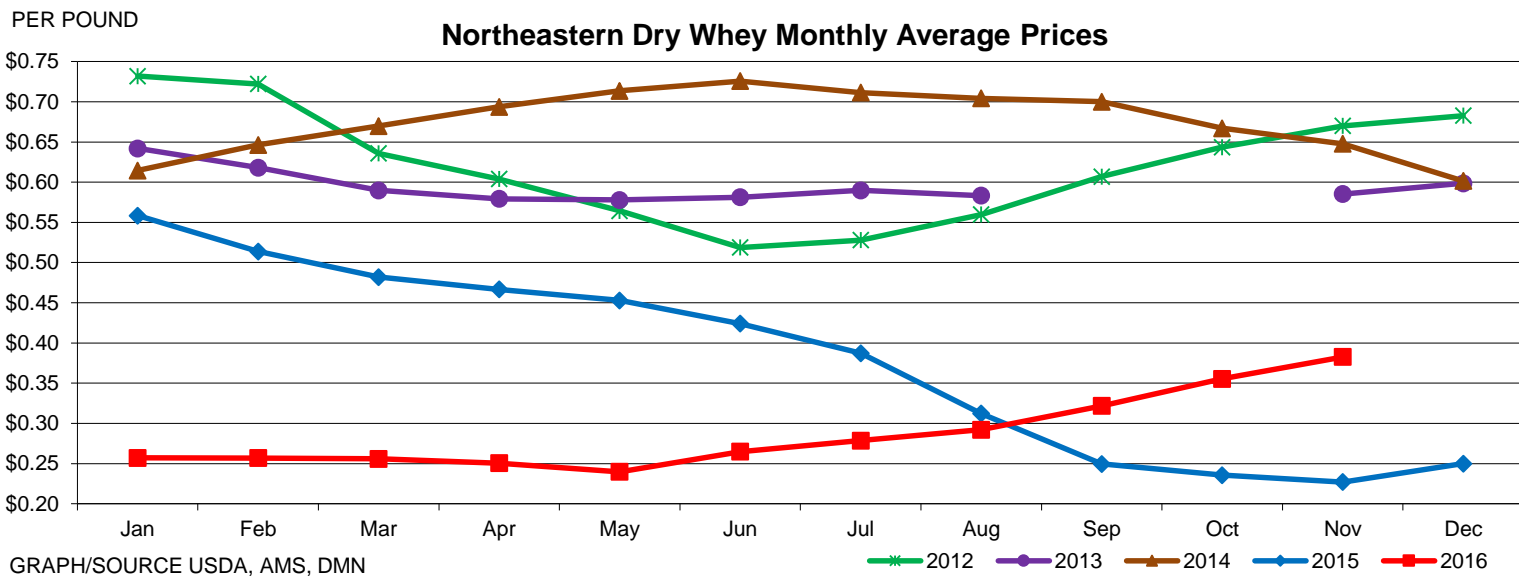
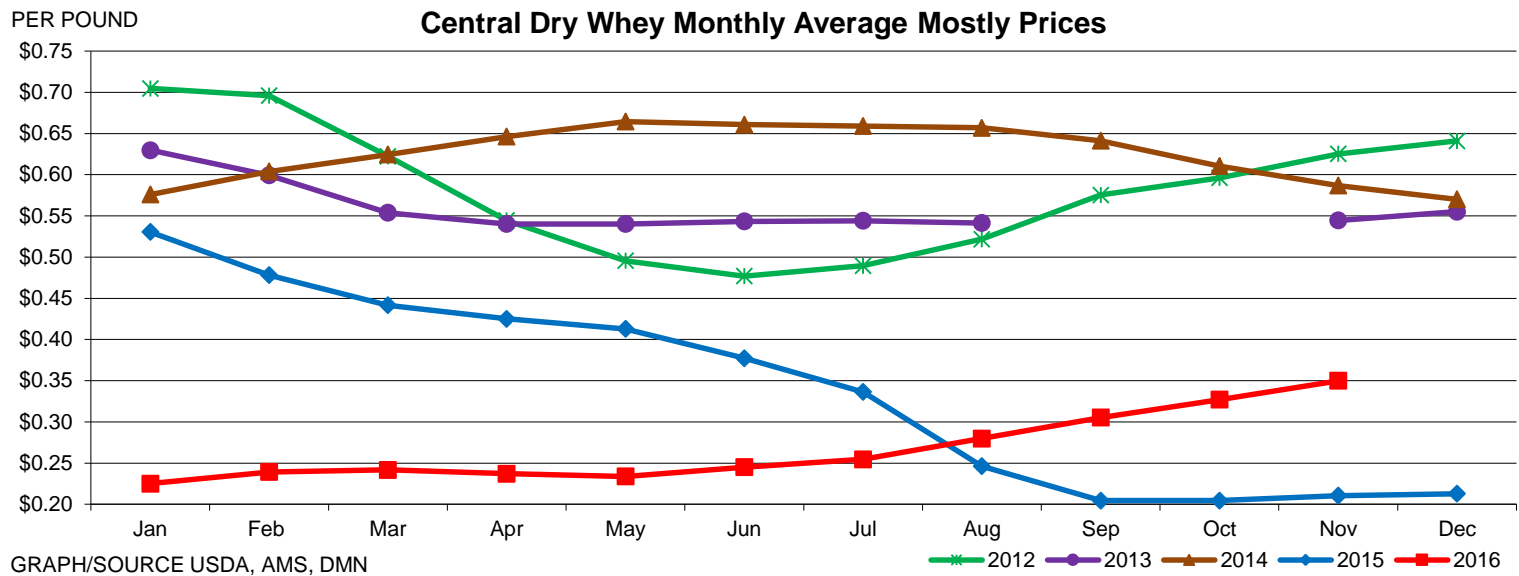
¹¹ Class I prices at other cities are: Portland, same; and Spokane, same.

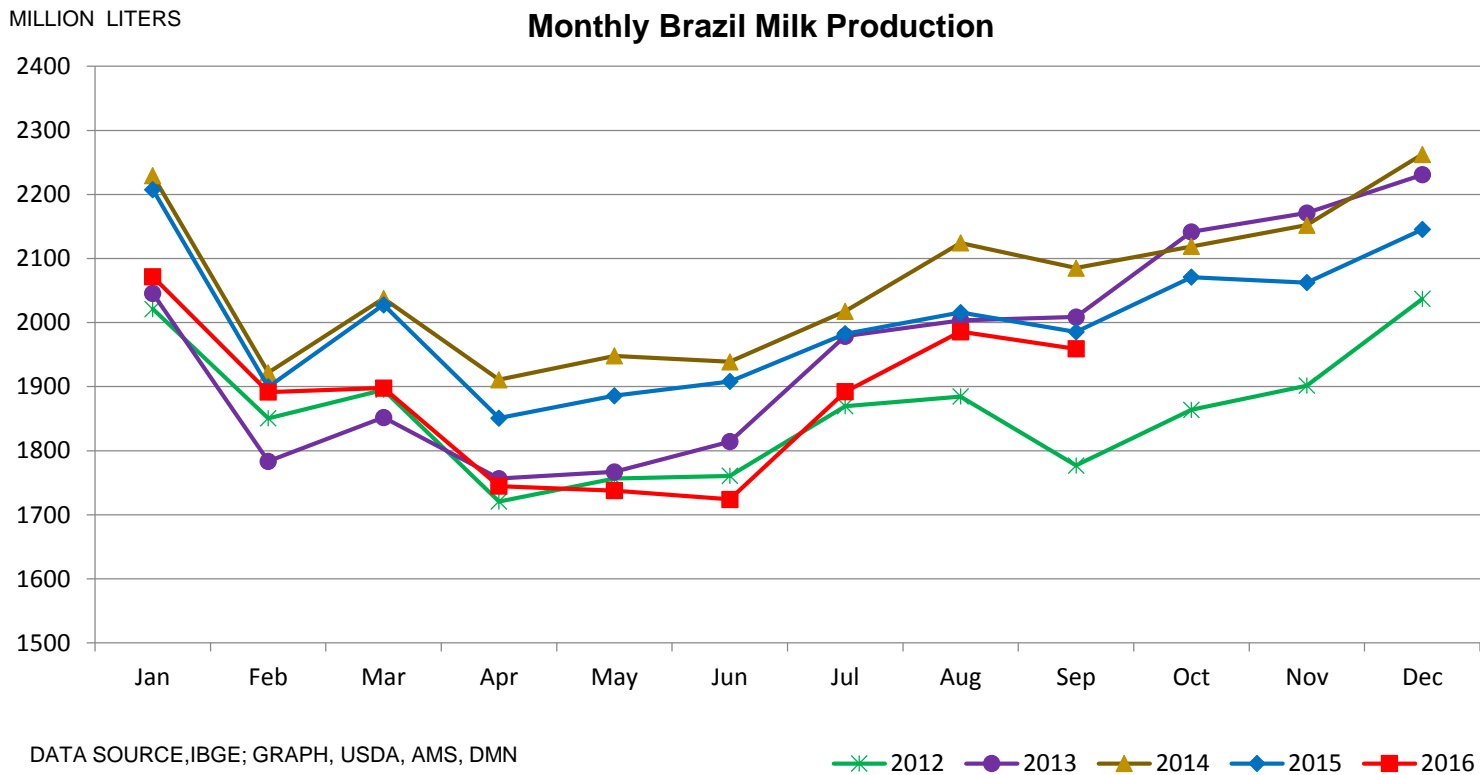
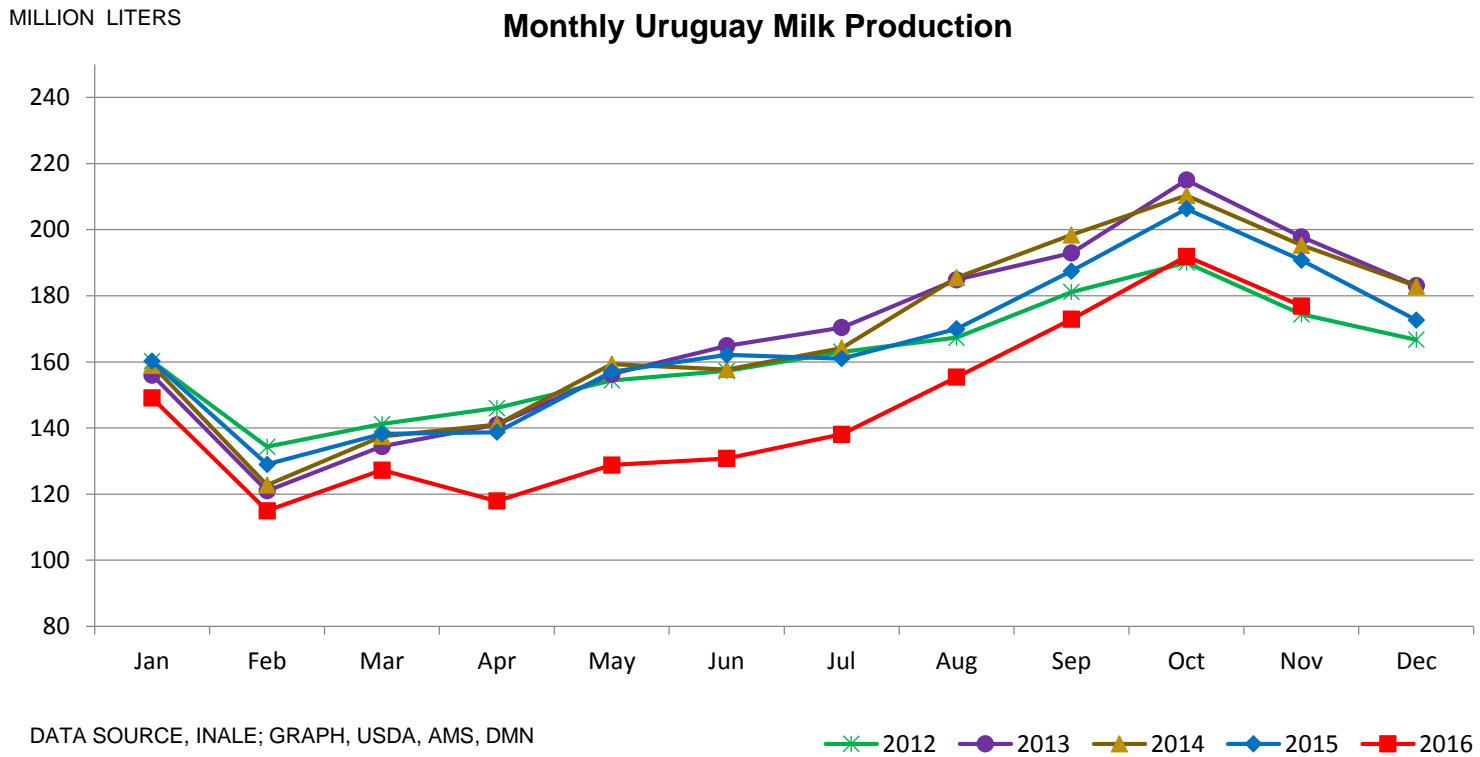
¹² Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.

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Dairy Market News Branch

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National Retail Report-Dairy

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Volume 84- Number 1

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Friday, January 6, 2017

Advertised Prices for Dairy Products at Major Retail Supermarket Outlets ending during the period of 01/06/2017 to 01/12/2017

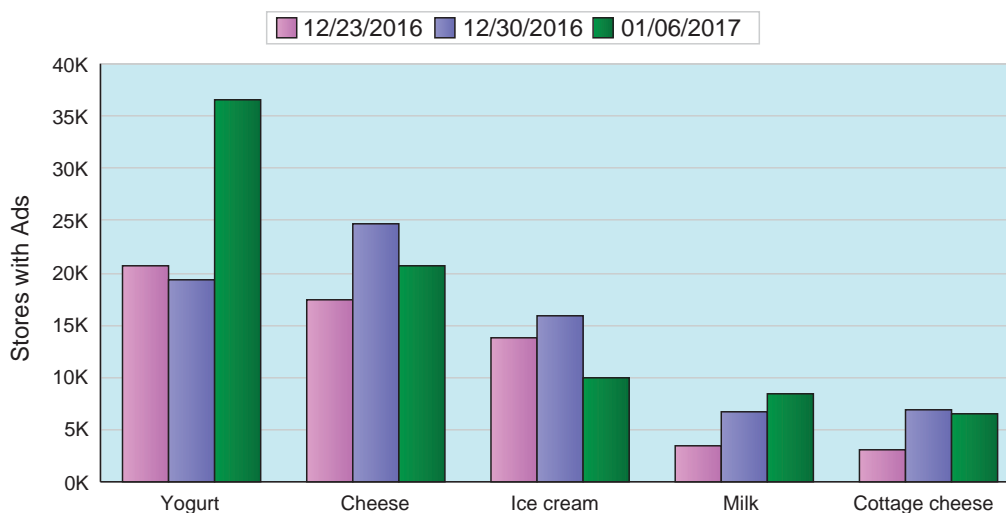
This week, total conventional dairy advertisements increased 15%, and organic dairy ads increased 177%. Conventional butter ads decreased 34%, but organic butter ads saw a sharp increase. The national average price for 1 pound conventional butter is \$3.35, while 1 pound organic butter is \$5.65, representing an organic price premium of \$2.30.

Conventional yogurt ads increased 85%, and organic yogurt ads increased 174%. The average sale price for 4-6 ounce conventional Greek yogurt is \$0.95, while 4-6 ounce organic Greek yogurt averaged \$1.18. The average sale price for 4-6 ounce conventional yogurt is \$0.55, while 4-6 ounce organic yogurt averaged \$1.33.

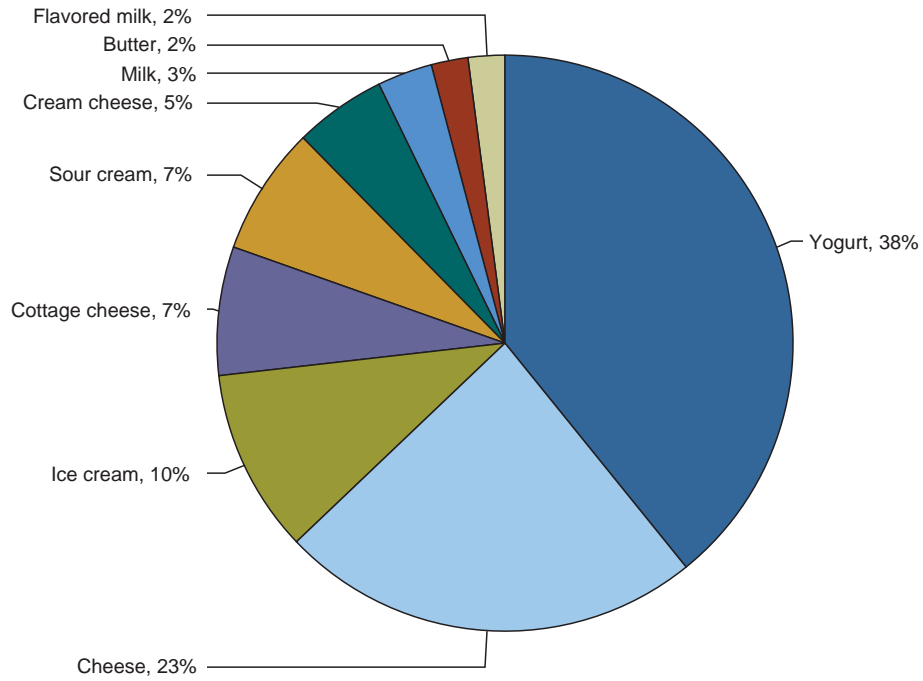
The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.13, up 6 cents from last week. Ads for conventional 8 ounce shred cheese averaged \$2.15, down 5 cents from last week. The collective number of conventional cheese ads decreased 11%, while organic cheese ad numbers saw large increases.

This week, the difference between the weighted average price for organic half gallon milk, \$3.86, and the weighted average price for conventional half gallon milk, \$1.23, resulted in an organic price premium of \$2.63. Organic milk advertisements increased 297%, while ads for conventional milk decreased 1%.

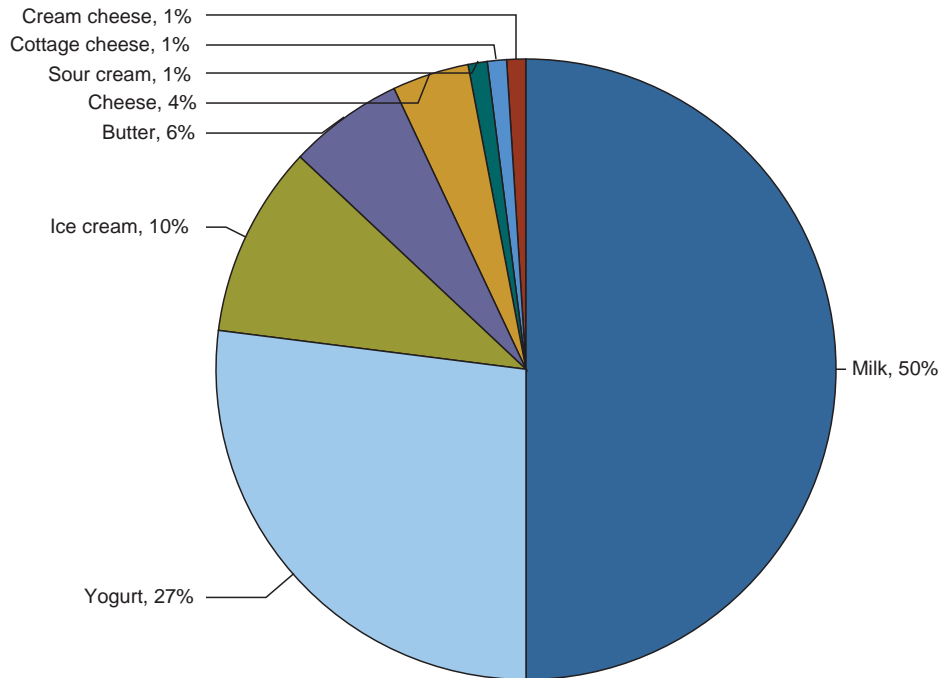
Top 5 Commodities Featured



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 #	2071	3.35	3130	2.69	1339	3.39
Cheese	Natural Varieties	8 oz block	9026	2.13	9635	2.07	8854	2.19
Cheese	Natural Varieties	1 # block	988	3.38	1839	3.21	1461	3.92
Cheese	Natural Varieties	2 # block	591	6.25	771	6.15	1529	5.81
Cheese	Natural Varieties	8 oz shred	8815	2.15	8886	2.20	8931	2.17
Cheese	Natural Varieties	1 # shred	931	3.97	1760	3.18	1642	3.77
Cottage cheese		16 oz	6480	1.62	2643	1.74	6228	1.98
Cream cheese		8 oz	4492	1.95	7512	1.47	3550	1.60
Egg nog		quart			357	2.44	84	2.50
Egg nog		half gallon			480	3.72		
Flavored milk	All fat tests	half gallon	1196	2.07	1474	2.31	1083	2.27
Flavored milk	All fat tests	gallon	518	3.04	187	3.14	295	3.54
Ice cream		48-64oz	8921	2.87	7852	2.93	10190	3.04
Milk	All fat tests	half gallon	1015	1.23	1556	2.20	852	1.83
Milk	All fat tests	gallon	1885	2.74	1388	2.69	2285	2.54
Sour cream		16 oz	6119	1.65	7993	1.56	7997	1.57
Yogurt	Greek	4-6 oz	13044	.95	9346	.97	15902	.94
Yogurt	Greek	32 oz	2728	3.80	1730	3.89	2497	4.05
Yogurt	Yogurt	4-6 oz	14003	.55	5620	.48	6096	.48
Yogurt	Yogurt	32 oz	3963	2.16	1324	2.15	1659	2.06

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 #	2.99-4.49	1071	3.39				3.00	116	3.00
Cheese	Natural Varieties	8 oz block	1.66-3.00	2467	2.31	1.77-2.50	2221	2.11	1.49-2.49	2113	1.90
Cheese	Natural Varieties	1 # block				3.99	84	3.99	1.77-2.99	277	2.02
Cheese	Natural Varieties	8 oz shred	1.66-2.99	2173	2.22	1.77-2.50	2443	2.06	1.75-2.49	1329	2.05
Cheese	Natural Varieties	1 # shred	3.99	135	3.99	3.99	84	3.99	3.33-4.49	159	4.10
Cottage cheese		16 oz	1.50-2.50	2300	1.84	1.00-1.50	1571	1.34	1.00-1.99	656	1.34
Cream cheese		8 oz	1.39-2.99	1350	2.20	1.50-2.50	1127	2.44	0.85-2.50	920	1.32
Flavored milk	All fat tests	half gallon							1.25-2.29	787	1.71
Flavored milk	All fat tests	gallon				3.50	214	3.50	2.89-3.00	150	2.95
Ice cream		48-64oz	1.99-3.99	3912	2.64	2.50-3.00	1985	2.78	2.00-3.79	635	3.06
Milk	All fat tests	half gallon	1.00	100	1.00	1.00-1.67	418	1.32	1.00-1.99	377	1.28
Milk	All fat tests	gallon				3.69-3.99	298	3.91	1.68-3.00	574	2.27
Sour cream		16 oz	1.49-2.29	2252	1.83	1.50-1.60	1216	1.52	1.25-1.49	903	1.41
Yogurt	Greek	4-6 oz	0.69-1.25	3368	.96	0.85-1.00	4054	.97	0.79-1.00	1475	.94
Yogurt	Greek	32 oz	2.99-4.99	981	4.57	2.99	1002	2.99	3.99	287	3.99

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
Yogurt	Yogurt	4-6 oz	0.33-1.20	3717	.57	0.33-0.85	4782	.55	0.33-1.00	1734	.55
Yogurt	Yogurt	32 oz	1.99-3.99	723	2.45	2.00-2.50	2390	2.06	2.99	119	2.99

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	2.49-3.99	472	3.12	3.29-3.99	351	3.50	3.99	61	3.99
Cheese	Natural Varieties	8 oz block	1.66-3.99	865	2.56	1.66-2.49	1294	1.96	1.67	66	1.67
Cheese	Natural Varieties	1 # block	3.69-3.99	148	3.84				2.50-4.49	479	3.92
Cheese	Natural Varieties	2 # block	6.99	80	6.99	5.00-6.99	450	6.29	4.99	61	4.99
Cheese	Natural Varieties	8 oz shred	1.50-2.50	768	2.11	1.59-3.50	1686	2.20	1.67-2.79	416	2.40
Cheese	Natural Varieties	1 # shred	3.99	74	3.99				2.50-4.49	479	3.92
Cottage cheese		16 oz	1.00-2.50	886	1.53	1.00-2.49	651	1.66	1.25-2.69	416	1.98
Cream cheese		8 oz	1.50-2.50	315	1.93	1.67-1.77	309	1.69	1.25-2.00	471	1.50
Flavored milk	All fat tests	half gallon				0.99	120	.99	3.49	289	3.49
Flavored milk	All fat tests	gallon	2.00-2.99	154	2.48						
Ice cream		48-64oz	2.50-4.99	1158	3.33	1.88-5.99	1231	3.21			
Milk	All fat tests	half gallon				0.99	120	.99			
Milk	All fat tests	gallon	2.00-3.50	566	2.63	2.50-2.89	447	2.68			
Sour cream		16 oz	1.25-1.99	415	1.60	1.00-2.00	628	1.54	1.25-1.99	705	1.76
Yogurt	Greek	4-6 oz	0.79-1.19	1382	.94	0.69-1.00	1719	.92	0.69-1.25	1046	.97
Yogurt	Greek	32 oz				2.99-4.99	169	4.26	3.50	289	3.50
Yogurt	Yogurt	4-6 oz	0.39-1.00	1326	.53	0.39-1.00	1749	.56	0.33-0.60	695	.43
Yogurt	Yogurt	32 oz	2.50	135	2.50	2.00	246	2.00	1.67-2.99	350	1.90

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	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 #	701	5.65	2	5.69	222	4.99
Cheese	Natural Varieties	8 oz block	251	3.76			290	3.50
Cheese	Natural Varieties	8 oz shred	143	3.29	2	4.50	1611	3.43

Wtd Avg - Simple weighted average



Cottage cheese		16 oz	72	3.99	196	2.99	121	3.49
Cream cheese		8 oz	72	2.50				
Ice cream		48-64oz	1083	3.99	1083	3.99		
Milk	All fat tests	half gallon	4626	3.86	1367	3.95	4098	3.72
Milk	All fat tests	gallon	806	5.40				
Milk	All fat tests	8 oz UHT					1186	.93
Sour cream		16 oz	161	2.99	196	2.49	114	1.99
Yogurt	Greek	4-6 oz	921	1.18	369	1.12	1828	1.08
Yogurt	Greek	32 oz	478	4.99	407	4.41	536	3.85
Yogurt	Yogurt	4-6 oz	745	1.33	2	1.33		
Yogurt	Yogurt	32 oz	764	3.33	283	4.16		

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 #	4.99-5.99	341	5.46						
Cheese	Natural Varieties	8 oz block	3.99	137	3.99						
Cheese	Natural Varieties	8 oz shred	2.99-3.50	143	3.29						
Cottage cheese		16 oz	3.99	72	3.99						
Cream cheese		8 oz	2.50	72	2.50						
Ice cream		48-64oz				3.99	1083	3.99			
Milk	All fat tests	half gallon	3.99-4.99	1452	4.37	2.99-3.99	682	3.50	2.99	485	2.99
Milk	All fat tests	gallon				4.99	214	4.99			
Sour cream		16 oz	2.99	161	2.99						
Yogurt	Greek	4-6 oz	1.00-1.25	723	1.23	1.25	61	1.25	0.88	137	.88
Yogurt	Yogurt	4-6 oz	1.25	304	1.25	1.25	195	1.25			
Yogurt	Yogurt	32 oz	2.99-3.49	416	3.18	2.99	227	2.99			

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 #	5.49	114	5.49	5.99	246	5.99			
Cheese	Natural Varieties	8 oz block	3.49	114	3.49						
Milk	All fat tests	half gallon	3.49-4.29	195	3.79	2.99-4.99	1047	4.05	2.79-3.99	765	3.53
Milk	All fat tests	gallon	6.49	57	6.49	5.99	246	5.99	5.00	289	5.00
Yogurt	Greek	32 oz	4.99	72	4.99	4.99	117	4.99	4.99	289	4.99
Yogurt	Yogurt	4-6 oz				1.50	246	1.50			
Yogurt	Yogurt	32 oz	4.49	121	4.49						

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	ALASKA U.S.			HAWAII U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price

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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