

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (1/20)**

BUTTER: Grade AA closed at \$2.2500. The weekly average for Grade AA is \$2.2450 (-.0245).

CHEESE: Barrels closed at \$1.5350 and 40# blocks at \$1.6975. The weekly average for barrels is \$1.5869 (-.0381) and blocks, \$1.7038 (-.0162).

NONFAT DRY MILK: Grade A closed at \$1.0050. The weekly average for Grade A is \$1.0200 (-.0065).

BUTTER HIGHLIGHTS: Moderate to heavy cream volumes continue clearing into churns throughout the country. Accordingly, butter production remains active this week, following typical seasonal patterns. At least part of the current output is dedicated to print butter production in order to keep up with current needs. Demands from retailers and food service are fair to good. Some traders/buyers are surprised about the current strong spot prices as bulk inventories are readily available in the market. In fact, large amounts of bulk butter are moving into storage. This week, bulk butter pricing throughout the nation is 3 cents below to 8 cents above, based on the CME Group with various periods and averages used. Friday at the CME Group, Grade AA butter closed at \$2.2500, up \$.0250 from last Friday.

CHEESE HIGHLIGHTS: Milk remains readily available for cheesemakers across the country. Ice storms in the Midwest caused some milk shipment delays early in the week, but most contacts report abundant supplies of milk. Plentiful milk has kept the production levels in the West and Midwest fully active, and Northeastern production is also increasing. Super Bowl orders have started to come in and Northeast and West pizza cheese producers are reporting solid demand. Midwest reports on demand vary. Some cheese producers are in a seasonal slowdown, while others are seeing solid demand, stronger than this time last year. Inventories are long on barrels and blocks in the Midwest and West, and buyers are trying to keep cheese stocks low in the Northeast. In CME Group trading Friday, barrels closed at \$1.5350, down \$.1050 from last Friday. Blocks closed at \$1.6975, down \$.0275 from last Friday.

FLUID MILK: Milk production is seasonally active through most of the country. Production in the East and Arizona is steady or climbing. However, wintery conditions composed of snow, rain, and ice slowed milk output in multiples areas. As a result, distribution delays were noted in the Midwest, New Mexico, and Pacific Northwest, along with Idaho, Colorado, and Utah. For now, the

precipitation in the mountainous states lends a positive sign that ample irrigation water will be available in the growing season. Class I sales are steady to good, as supplies have filled most school pipelines. Fluid milk supplies into manufacturing in some areas of the country are long. The fluid cream market is weak. Through this week, East region multiples range **1.00-1.20**, Midwest **1.06-1.21**, and West **1.00-1.17**.

DRY PRODUCTS: Low/medium nonfat dry milk market prices, in the mostly series, are higher. Production remains strong, with good demand. High heat nonfat dry milk prices are steady to higher in all regions. Production picked up this week in the East and West regions. Dry buttermilk markets are steady to firm. Offerings are limited, with supplies below current buyer demand. Dry whey markets are strong as prices continue to firm. Spot loads are scarce. Current prices and the lull brought on by Chinese New Year make it difficult to place dry whey into some foreign markets. Whey protein concentrate 34% prices are unchanged to higher. Loads are hard to find outside contracts. A few buyers are rejecting higher offers, while looking to alternative protein sources. Dry whole milk spot prices are mixed, with values slightly above international prices. Prices for lactose are steady in a fairly stable market. Rennet and acid casein prices are steady to higher.

INTERNATIONAL DAIRY MARKET NEWS (DMN):
WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW: Looking ahead for 2017, the most often heard view in Western Europe is that modest increases in milk production may occur through the year. Milk volumes early in 2017 are expected to be below early 2016 levels. However, expectations are for milk volumes to increase over 2016 on a year on year basis starting in the middle of 2017. Cold weather in many milk producing regions of Western Europe during the first weeks of 2017 is expected to dampen milk production volumes. Reports from Germany are that milk prices paid to dairy producers have firmed slightly. If prices continue to firm, and that pattern develops in other countries in Western Europe, that is expected to help draw higher milk production as the year advances. Many industry participants expect an increase in cheese production with declining volumes of butter and skim milk powder. Thursday, January 19, Eurolait reported provisional information subject to final confirmation that no volumes of SMP were sold in the third tender of intervention stocks which took place on Tuesday, 17 January.

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CME GROUP CASH TRADING

COMMODITY	MONDAY JAN 16	TUESDAY JAN 17	WEDNESDAY JAN 18	THURSDAY JAN 19	FRIDAY JAN 20	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE BARRELS	CME	\$1.6375 (-.0025)	\$1.6100 (-.0275)	\$1.5650 (-.0450)	\$1.5350 (-.0300)	:: (-.1050)	:: \$1.5869 (-.0381)
40# BLOCKS	CLOSED	\$1.7050 (-.0200)	\$1.6925 (-.0125)	\$1.7200 (+.0275)	\$1.6975 (-.0225)	:: (-.0275)	:: \$1.7038 (-.0162)
NONFAT DRY MILK GRADE A	NO	\$1.0325 (N.C.)	\$1.0375 (+.0050)	\$1.0050 (-.0325)	\$1.0050 (N.C.)	:: (-.0275)	:: \$1.0200 (-.0065)
BUTTER GRADE AA	TRADING	\$2.2400 (+.0150)	\$2.2400 (N.C.)	\$2.2500 (+.0100)	\$2.2500 (N.C.)	:: (+.0250)	:: \$2.2450 (-.0245)

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

Computed by Dairy Market News for international purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKET-NEWS/DAIRY

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

EASTERN OVERVIEW: The continuing Russian embargo continues to impact Eastern European dairy producers and manufacturers. Sales to Russia before the embargo were significant for a number of countries. The embargo has required new efforts to establish new markets and address sales challenges. Some smaller players have been squeezed out, while some of the larger players have expanded. Poland is often mentioned as a country that has led many others in the region, in maintaining good performance in the dairy sector. **OCEANIA OVERVIEW:** **Australia.** Overall interest in buying hay is less active than usual for this period of the year in Australia. Most purchases are small volumes which have little impact on prices. Many dairy producers are well stocked with homegrown hay so they have little reason to seek more at this time. It is expected that more buying interest will develop beginning in March. That said, current stocks of hay available to buyers are deemed to represent a good value for customers who are able to complete purchases now and hold the hay for later use. Looking at the regions, Northern Australia sellers report most of the demand for hay comes from coastal regions. Quality of available hay is quite variable but often poorer than last year. In Southern Australia hay markets are saturated, making it challenging for sellers. Previous heavy rains in some areas have left some pockets of weather damaged hay. Moreover, a number of producers are reluctant to purchase hay as a way to better cope with reduced milk pricing. Western Australian hay pricing is more in line with export market hay pricing than the other regions. There are large volumes of export quality hay backed up into domestic markets. **New Zealand** A major New Zealand dairy processor reported its contracted milk production in New Zealand for the seven months to December 31, was down 5.5% compared with the same period last season. Total New Zealand milk production data through December has not been released yet. Spring in New Zealand has been wet, wetter than normal. This has affected pasture growth adversely. Most dairy producers are hoping for a stretch of dryer weather. At the January 17, 2017 GDT event #180, average prices ranged from 10.1% lower to 4.9% 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, \$5,528 +3.7%; butter, \$4,382 +1.6%; buttermilk powder, \$2,783 -10.1%; cheddar cheese, \$3,940 +1.3%; lactose, \$813 -1.7%; rennet casein, \$6,470 +4.9%; skim milk powder, \$2,612 -1.6%; and whole milk powder, \$3,283 -0.1%. The results of this event are regarded as reflecting an overall dairy market which is relatively balanced. Generally, most market participants feel there are neither shortages nor an excess of dairy products. **SOUTH AMERICA OVERVIEW:** In Argentina, farm milk production is trending lower due to the current floods in the main dairy basins of the country. At this point, some dairy operations (tambos) had to close temporarily, while others are isolated by water, as roads are impassable for milk hauling. Therefore, there is a noticeable reduction of manufacturing milk intakes. Operational schedules have been irregular in some cheese and yogurt processing plants. Throughout the country, many alfalfa crops have been ruined by thunderstorms. Conversely, it seems that the rains have helped alfalfa crops in Uruguay. In this country, milk yields are seasonally down, mainly due to the higher summer temperatures. Milk volumes are mostly in balance with processing needs, especially for cheese. In addition, cream is readily available for butter churning. Meanwhile, in Brazil, there is a serious water deficit in the main dairy basin, affecting fodder growth in several dairy operations. Consequently, farm milk output is trending down. Most cheese processing facilities are receiving less than adequate milk volumes. Nevertheless, cheese manufacturing remains active with light/moderate interest from the

retail and food service sectors. At this point, tenders from cheese manufacturers are limited in the spot market as some processors are building stocks, anticipating higher domestic prices in the near term. During December 2016, Venezuela was removed from the Mercosur bloc. The change means that Venezuela will no longer benefit from duty free access to goods from other Mercosur countries such as Argentina, Uruguay, and Brazil. In the past, Venezuela has imported significant amounts of dairy products, especially from Argentina. The possible future impacts to the South American dairy industry are unknown at this moment, according to many contacts.

FEBRUARY FEDERAL MILK ORDER ADVANCE PRICES (FMMO): Under the Federal milk order pricing system, the base Class I price for February 2017 is \$16.73 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$8.20 and the advanced butterfat pricing factor of \$2.5192. A Class I differential for each order's principle 'pricing point (county)' is added to the base price to determine the Class I Price. The base Class I price decreased \$0.72 per cwt when compared to the previous month of January 2017. For selected consumer products, the price changes are: whole milk (3.25% milk fat), -\$0.77 per cwt, -\$0.066 per gallon; reduced fat milk (2%), -\$1.02 per cwt, -\$0.088 per gallon; fat-free (skim milk), -\$1.31 per cwt, -\$0.113 per gallon. The advanced Class IV skim milk pricing factor is \$7.59. Thus, the Class II skim milk price for February 2017 is \$8.29 per cwt, and the Class II nonfat solids price is \$0.9211. The two-week product price averages for February 2017 are: butter \$2.2518, nonfat dry milk \$1.0198, cheese \$1.7027 and dry whey \$0.4322.

DECEMBER FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY (FMMO): During December, 9.750 billion pounds of milk were received from federally pooled producers. This volume of milk is 16.9% lower than the December 2015 volume. Regulated handlers pooled 3.623 billion pounds of producer milk as Class I products, up 0.6% when compared to the previous year. Class I utilization increased from last year in 5 of the 10 Federal Milk Order Marketing areas. The all-market average Class utilization percentages were: Class I = 37%, Class II = 14%, Class III = 31%, and Class IV = 17%. The weighted average statistical uniform price was \$17.51 per cwt, up \$1.37 from last month and up \$1.20 from last year.

NATIONAL RETAIL REPORT (DMN): This week, total conventional dairy advertisements increased 14%, and organic dairy ads increased 3%. The national average price for 1 pound conventional butter is \$3.25, while 1 pound organic butter is \$5.66, representing an organic price premium of \$2.41. The weighted average price for 8 ounce conventional cream cheese is \$1.68, while 8 ounce organic cream cheese averaged \$2.50 cream cheese, for an organic premium of \$0.82. The collective number of conventional cheese ads increased 48%. There were no organic cheese ads this week. The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.21, up 5 cents from last week. Ads for conventional 8 ounce shred cheese averaged \$2.23, up 11 cents from the previous week. Conventional yogurt ads decreased 11%, but organic yogurt ads increased 77%. The average sale price for 4-6 ounce conventional yogurt is \$0.50, while 4-6 ounce organic yogurt averaged \$1.42. The average sale price for 4-6 ounce conventional Greek yogurt is \$0.94, while 4-6 ounce organic Greek yogurt is \$0.91. Organic half gallon milk was the most advertised organic item this week. Organic milk advertisements decreased 12%, while ads for conventional milk decreased 19%. The weighted average price for organic half gallon milk is \$3.70. For conventional half gallon of milk the average price is \$2.77. The organic milk premium is \$0.93.

CME GROUP

MONDAY, JANUARY 16, 2017
CME CLOSED

TUESDAY, JANUARY 17, 2017

CHEESE – SALES: 1 CAR BARRELS @ \$1.6450; 4 CARS 40# BLOCKS: 1 @ \$1.7225, 1 @ \$1.7200, 1 @ \$1.7250, 1 @ \$1.7050; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.6900; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6375

NONFAT DRY MILK – SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE A @ \$1.0225; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.0350

BUTTER – SALES: 2 CARS GRADE AA @ \$2.2400; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

WEDNESDAY, JANUARY 18, 2017

CHEESE – SALES: 5 CARS BARRELS: 1 @ \$1.5700, 1 @ \$1.5800, 1 @ \$1.5900, 1 @ \$1.6000, 1 @ \$1.6100; 3 CARS 40# BLOCKS: 1 @ \$1.6900, 1 @ \$1.6750, 1 @ \$1.6925; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

NONFAT DRY MILK – SALES: 6 CARS GRADE A: 2 @ \$1.0200, 1 @ \$1.0250, 1 @ \$1.0300, 1 @ \$1.0350, 1 @ \$1.0375; LAST BID UNFILLED: 1 CAR GRADE A @ \$1.0300; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.0400

BUTTER – SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

THURSDAY, JANUARY 19, 2017

CHEESE – SALES: 6 CARS BARRELS: 1 @ \$1.5675, 1 @ \$1.5650, 1 @ \$1.5625, 2 @ \$1.5600, 1 @ \$1.5650; 9 CARS 40# BLOCKS: 3 @ \$1.6750, 1 @ \$1.6800, 1 @ \$1.6900, 1 @ \$1.7000, 2 @ \$1.7100, 1 @ \$1.7200; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5550; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.7300

NONFAT DRY MILK – SALES: 7 CARS GRADE A: 1 @ \$1.0200, 6 @ \$1.0050; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.9900; LAST OFFER UNCOVERED: NONE

BUTTER – SALES: 1 CAR GRADE AA @ \$2.2500; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.2500; LAST OFFER UNCOVERED: NONE

FRIDAY, JANUARY 20, 2017

CHEESE – SALES: 7 CARS BARRELS: 1 @ \$1.5350, 1 @ \$1.5300, 2 @ \$1.5275, 1 @ \$1.5400, 1 @ \$1.5375, 1 @ \$1.5350; 2 CARS 40# BLOCKS @ \$1.6975; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5300; 1 CAR 40# BLOCKS @ \$1.6975; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5500; 1 CAR 40# BLOCKS @ \$1.7000

NONFAT DRY MILK – SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE A @ \$1.0000; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.0150

BUTTER – SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$2.2600

BUTTER MARKETS**NORTHEAST**

Churning activity in the East is somewhat active as a few plants are still churning heavily due to surplus cream supplies. The surprise of the market is the strong butter prices, with the abundance of cream in the marketplace. Producers' stocks are adequate for contracts and the region's as-needed butter demand. Retailers are returning to the market after clearing pre-holiday inventory, but retail butter ads display typical post-holiday declines. Some regional buyers are not convinced current prices, as a reflection of the CME Groups weekly average, will sustain. In view of that, the CME has posted increases over the past 3 weeks, as the market trends higher. Buyers, as may be expected, are cautious of limiting purchases disproportionately, in the event prices continue to trend higher in an unpredictable market. The f.o.b. East bulk butter price is reported 5-8 cents over the market of the CME Group, with various time frames and averages used. Tuesday's CME Group cash trading saw Grade AA butter close at \$2.2400, down \$0.0600 from the previous Tuesday. The DMN *National Retail Report-Dairy*, indicates the January 13-19, 2017 national advertised weighted average price for 1-pound butter was \$3.55, up 20 cents from last week, but down 2 cents from a year ago. The Northeast region's butter price was \$3.95, up 56 cents from last week, with a price range of \$2.99-\$4.49.

CENTRAL

Central butter producers report readily available cream again this week. Cream supplies are ample across the U.S., as Midwestern butter makers are receiving offers from East and West suppliers. Some butter producers are not buying cream as inventories are sufficient. With plentiful cream, butter churns are running full. Bulk production remains to be the focus of most butter makers, while

some producers making print butter have backed down production or shifted to bulk. Butter demand is a bit lower now than this time last year, but expected to strengthen in the upcoming weeks. Contacts report buyers bought sufficient amounts in Q4 of last year, and the current slowdown is typical. DMN *National Retail Report-Dairy* for January 13-19 noted the national weighted average advertised price for a 1 pound package of butter is \$3.55, \$0.20 above one week ago, but \$0.02 lower than one year ago. The weighted average price in the South Central region is \$2.76, \$0.36 below last week. Wednesday at the CME Group, Grade AA butter closed at \$2.2400, down \$.0375 from last Wednesday.

WEST

Western butter production is following typical seasonal patterns. Cream is in generally good supply and is keeping the churns running at a steady pace. Manufacturers report some of the strong demand for milkfat and butter in Q4 2016 has carried forward into 2017. Processors are a little surprised with the solid domestic sales. At least part of current production is dedicated to print butter production to keep up with current requests. The steady draw from domestic markets has made it more challenging for butter makers to replenish bulk butter supplies than normal. Bulk butter pricing in the West this week is 3 cents below 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 January 13-19 found that the U.S. weighted average advertised price of 1 pound butter is \$3.55, up \$.20 from last week. The U.S. weighted average price was \$3.57 one year ago. In the Southwest, the weighted average advertised price of 1 pound butter is \$3.39 with a price range of \$2.99-\$3.49. In the Northwest, the weighted average advertised price of 1 pound butter is \$3.49. The Grade AA butter price at the CME Group on Wednesday closed at \$2.2400, down \$.0375 from a week ago.

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

<u>WEEK ENDING</u>	<u>BUTTER</u>	<u>CHEESE 40# BLOCKS</u>	<u>CHEESE BARRELS 38% MOISTURE</u>	<u>DRY WHEY</u>	<u>NDM</u>
January 14, 2017	2.2329 4,309,525	1.7044 15,757,754	1.6390 13,700,563	.4371 7,426,088	1.0242 15,968,314

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

CHEESE MARKETS

NORTHEAST

Cheese production is increasing for some manufacturers, prompted by incremental increases in milk receipts. Producers are comfortable with the stocks they have on hand at this time. Offerings are increasing at moderate rates. Buyers are trying to keep stocks low. With Super Bowl weekend, a major sales event only a few weeks away, orders are shipping to meet the anticipated demand. Overall, interest is good. The market undertone is steady. This week, Northeast wholesale cheese prices for cheddar and Muenster increased \$0.0550, while 5# sliced process cheese prices increased \$0.0350. The Grade A Swiss price is steady. Tuesday's CME Group daily cash prices saw barrels close at \$1.6375, up \$0.0075 from a week ago. Blocks closed at \$1.7050, down \$0.0150 from a week ago. The DMN *National Retail Report-Dairy*, for January 13-19, 2017, noted the Northeast weighted average advertised price for 8 oz. cheese blocks was \$2.19, 3 cents above the national average, with a regional price range of \$1.66-\$2.50. The Southeast 8 oz. block average price was \$1.99, 17 cents below the national average, with a regional price range of \$1.67-\$2.50. The Northeast average advertised price for 8 oz. cheese shreds was \$2.43, 31 cents above the national average price, with a regional price range of \$1.99-\$3.00. In the Southeast, the average price for 8 oz. shreds was \$2.27, 15 cents above the national average, with prices ranging \$1.67-\$3.00.

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

Cheddar 40# Block	:	2.1825-2.4675
Process 5# Sliced	:	1.7575-2.2375
Muenster	:	2.1675-2.5175
Grade A Swiss Cuts 10 - 14#	:	3.0950-3.4175

MIDWEST

Midwestern cheesemakers report an abundance of milk again this week. The icy road conditions throughout most of the Central U.S. have caused some delays in shipments, but cheesemakers continue to see plenty of milk. With abundant milk comes fully active production levels. After last week's reports of relatively strong cheese demand, this week's reports are mixed. Some producers are seeing an expected slowdown following the heavy demand at the end of 2016. Other Midwestern cheese producers, however, are receiving more orders now than this time last year and expect increasing demand in the weeks to come. Manufacturers report orders of jack cheeses have slowed while cheddar orders have grown. Inventories remain available on aged barrels and blocks. The DMN *National Retail Report-Dairy* shows that January 13-19 Midwest ads for 8 ounce shred cheese have a weighted average advertised price of \$1.91, 21 cents below the national average. Midwest prices range from \$1.67-\$2.00. One year ago, the national price was \$2.51. For 8 ounce blocks, the Midwest average price is \$2.02, 14 cents below the national average price. Midwest ads are priced from \$1.67-\$3.00. Last year, the national price was \$2.35. Midwestern wholesale prices are unchanged for Swiss cuts, up \$.0350 for process and up \$.0550 for all other types. In CME Group trading Wednesday, barrels closed at \$1.6100, down \$.0300 from last Wednesday and blocks closed at \$1.6925, down \$.0425.

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

Process American 5# Loaf	:	1.7150-2.0750
Brick And/Or Muenster 5#	:	2.0875-2.5125
Cheddar 40# Block	:	1.8150-2.2100
Monterey Jack 10#	:	2.0625-2.2675
Blue 5#	:	2.3550-3.3425
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8875-2.8275
Grade A Swiss Cuts 6 - 9#	:	2.6125-2.7300

WEST

Western cheese makers report steady and seasonal domestic demand for blocks, but lower calls for barrels. Cheese production is active with plenty of milk available. Mozzarella and packaged retail cheese production are ramping up a little in advance of the Super Bowl. Barrel inventories are long and supplies of blocks are growing as sales descend from the pre-holiday peak. Although still a little slow, smaller differences in price between U.S. cheese and foreign cheese have prompted international buyers to make a few more cheese requests. The DMN *National Retail Report-Dairy* for the week of January 13-19 shows the U.S. weighted average advertised retail price for an 8 ounce pack of natural shredded cheese is \$2.12, down \$.03 from last week. Packs average \$2.09 in the Southwest and \$1.82 in the Northwest. One year ago, the national price was \$2.51. For 8 ounce blocks, the U.S. price is \$2.16, up \$.03 from last week. Blocks average \$3.34 in the Southwest and \$1.67 in the Northwest. One year ago, the national price was \$2.35. In the West, wholesale prices are up \$.0350 for process, and up \$.0550 for cheddar block, cuts, and Monterey Jack. Swiss cut wholesale prices are unchanged. In CME Group trading Wednesday, barrels closed at \$1.6100, down \$.0300 from a week ago and blocks closed at \$1.6925, down \$.0425.

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

Process 5# Loaf	:	1.7025-1.9600
Cheddar 40# Block	:	1.8475-2.2925
Cheddar 10# Cuts	:	2.0275-2.2475
Monterey Jack 10#	:	2.0375-2.1975
Grade A Swiss Cuts 6 - 9#	:	2.6725-3.1025

FOREIGN TYPE CHEESE

Although 2017 begins with lower milk production volumes than many EU cheesemakers prefer, early signs are that 2017 milk increases will tend to flow to cheese at the expense of butter and skim milk powder production. However, resulting increased cheese production is expected to be a modest increase from 2016. Expectations are for good 2017 EU produced cheese export potential. In the U.S., wholesale blue, gorgonzola, parmesan and Romano prices increased \$.0550. 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	2.2325-3.7200*
Gorgonzola	3.6900-5.7400	2.7400-3.4575*
Parmesan (Italy)	-0-	3.6225-5.7125*
Romano (Cows Milk)	-0-	3.4225-5.5725*
Sardo Romano (Argentina)	2.8500-4.7800	-0-
Reggianito (Argentina)	3.2900-4.7800	-0-
Jarlsberg-(Brand)	2.9500-6.4500	-0-
Swiss Cuts Switzerland	-0-	3.1325-3.4550
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

	BUTTER	CHEESE
01/16/17	12,916	83,484
01/01/17	12,740	81,357
CHANGE	176	2,127
% CHANGE	1	3

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	42	0	0	50	0	25
SOUTHEAST STATES	0	0	0	0	0	0

In the Northeast, while production appears steady, some producers suggest milk loads are not as heavy off the farm. Fluid milk supplies are ample for most Class I needs. Milk supplies into manufacturing are more manageable than a week or two ago. The Mid-Atlantic is seeing steady to higher milk production. Class I demand is fair to good. Manufacturing plants are operating at moderate to heavy levels. Southeast milk production continues to edge upwards, following typical seasonal patterns. Bottling plant milk receipts indicate strong Class I sales. Milk volumes into manufacturing remain limited. Florida's farm-level milk output is steadily climbing. Mild weather conditions are contributing to milk production patterns that approach peak volumes. Class I sales are mixed. Active January tourism contributes to heavy sales activity. Imported milk shipments totaled 42 loads this week, a turnaround from previous week's exports. Cream supplies are heavy, while loads no longer clear to Canadian markets. This week, **cream multiples** are unchanged and range **1.00 to 1.20**, depending on day and time of transaction. Market sources note the bulk of f.o.b. cream sales occur from .10 to .15 over the market. The **condensed skim** market changed little from last week. Supplies are readily available but demand is fair. With the butter market advancing last week, some suppliers reduced prices on condensed skim spot loads. According to the DMN *National Retail Report-Dairy*, for January 13-19, 2017, the U.S. weighted average advertised price for a gallon of milk was \$3.06, up 32 cents from last week and up 44 cents from last year. The Northeast weighted average price for a gallon of milk was \$2.69, while regional prices ranged \$2.50-3.00. The Southeast weighted average price for a gallon of milk was \$4.04, up 13 cents from previous week, with a regional price range of \$3.50-4.29.

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-	2.2695-2.7234
F.O.B. producing plants: Upper Midwest-	2.4057-2.7461

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices-	.60-1.04
Northeast - Class III - spot prices -	.55-1.06

MIDWEST

Wintery weather slowed milk pickups on dairy operations throughout the Central region early in the week. A few processing plants closed on Monday due to driving conditions being too hazardous for employees to risk reporting for their regular shifts. By Tuesday, though, most farm pickups and milk delivery schedules were close to normal. Manufacturing milk volumes for processing are abundant throughout the region. However, a few processors indicate their intakes from grass-fed operations are seasonally lower as those operators frequently aim for calving during weather complementary to pasturing season. Milk protein and butterfat components are trending higher. Bottling demand is steady at seasonal levels as

school pipelines refilled during the last week. The DMN *National Retail Report-Dairy* for January 13-19 noted the national weighted average advertised price for one gallon of milk was \$3.06, up \$0.32 from a week ago and \$0.44 higher than a year ago. The weighted average regional prices in the Midwest and South Central were \$2.28 and \$3.37, respectively. Interest in spot milk loads is lower into Class III operations, according to milk marketers. With a good portion of Super Bowl cheese orders met, cheese manufacturers are reassessing inventories. Spot milk prices range from \$2.00 under Class III to \$1.00 over. Demand from Class II plant operators is steady to higher as orders for soft serve mix trend upward. Cream demand is steady into churning as various manufacturers cite summer commitments as their motivation to keep clearing cream into butter and then into storage. Class II cream interest is seasonally higher. Several end users report they increased the cream volumes under contract for 2017, thus, they are less active on the cream spot market. Some East cream loads are clearing into the Central region. Multiples shifted lower on the bottom of the range, which is 1.06 – 1.21. Spot cream loads out of the West region are fulfilling part of the Central region cream needs.

WEST

Due to the current wet conditions, muddy dairy paddocks have slightly suppressed milk yields in California. However, milk intakes are adequate for processing needs. Class I demand from educational institutions is steady as most school pipelines are full. Interest for Class 2 is improving, but slowly. The Sierra Nevada snowpack is well above normal. Therefore, some dairy operators expect sufficient water for the upcoming growing season. Alfalfa hay fieldwork remains dormant throughout the state. In Arizona, milk production is up, following seasonal patterns. Cooler daytime temperatures are supporting cows' comfort. Demand for Class I and Class II are steady this week. Alfalfa hay harvesting is active throughout the state. Milk pooled on the Arizona Order 131 totaled 408.3 million pounds in December 2016. Class I utilization accounted for about 27.1% of producer milk. The uniform price was \$16.80, up \$1.28 from last month and \$0.56 above one year ago. Milk output is slightly down in New Mexico as the current wintry climate is boosting stress on cows. Nevertheless, manufacturing milk intakes are more than adequate. Some processors from nearby states are helping to clear heavy milk volumes. Bottled milk requests from retailers are up as some grocery stores are restocking shelves. Class I demand from food service is steady. Sales into Class II and Class III are slightly higher as the Super Bowl approaches. In the Pacific Northwest, last week's winter storms dumped heavy snows and rain in parts of the region. The storms caused delays in transportation and deliveries of milk to some dairy facilities. In addition, the cold, wet weather suppressed milk production somewhat. Although transportation and deliveries have returned to normal, continued periods of rain, ice or snow through the end of the week are less than ideal for providing good cow comfort. Bottling demand is steady and adequate milk is available for most processing needs. In the mountain states of Idaho, Colorado and Utah, more snow is expected to add to the snowpack that is ahead of average amounts. The precipitation is a positive sign that adequate irrigation water may be available for the growing season. However, the cold, wet conditions are reducing cow comfort and subduing milk production a bit. At this point, manufacturers are not very concerned because milk intakes appear to be in pretty good balance with processing needs. Milk pooled on Pacific Northwest Order 124 totaled 579.7 million pounds in December 2016. Class I utilization accounted for about 29.0% of producer milk. The uniform price was

-CONTINUED ON PAGE 4A-

FLUID MILK AND CREAM

-CONTINUED FROM PAGE 4-

\$16.37, up \$1.30 from last month and \$0.69 above one year ago. According to the DMN *National Retail Report-Dairy* for the week of January 13-19, the national weighted average advertised price for one gallon of milk is \$3.06, up 32 cents from last week and 44 cents higher from a year ago. The weighted average regional price in the Southwest and Northwest are \$2.74 and \$1.79, respectively. In the West, moderate to heavy condensed skim intakes continue clearing into dryers. Demand from ice cream makers is gradually improving. Western cream supplies are readily available. The competition for cream between butter churners and Class II (Class 2) processors is expected to increase in the next few weeks as the Super Bowl approaches. Therefore, an uptick in cream premiums is also anticipated. This week, multiples for all classes are mixed, ranging from 1.00 to 1.17.

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: Low/medium heat nonfat dry milk prices are higher in the Central region, lower at the top of the range, but higher through the mostly pricing series. In general, NDM prices are holding above the dollar mark, which indicates strong demand, especially from volume buyers. However, market sources note a few buyers are balking at producers' offerings, while loads with some age can be found and reflects the bottom of the range. Spot buyers are very price conscious. Manufacturing supplies range from balanced to building. Central's high heat nonfat dry milk production is intermittent. Prices are unchanged to higher. Supplies are sufficient for near-term customer needs.

EAST: Prices for low/medium heat nonfat dry milk (NDM) rose higher in the mostly series, as the f.o.b. spot market strengthened. Customers are seeking to lock in volumes over long timeframes. As well, there is a willingness of some to pay more if purchases are new production. Currently, low/medium heat NDM production is active, with manufacturers noting higher output rates. As domestic demand improved this week, some international customers are holding off NDM orders until after the presidential inauguration. Producers' stocks are adequate and building. A few producers in the region have contracted the bulk of inventory on hand. Because plant milk receipts were off slightly, this week some manufacturers scheduled high heat nonfat dry milk production runs. Demand is steady at seasonal levels. This week, the market undertone is steady to firm. Inventories remain tight.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: .9650 - 1.0800 MOSTLY: 1.0300 - 1.0700
HIGH HEAT: 1.1300 - 1.1800

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk (NDM) f.o.b. prices are mixed on the range, but steady on the mostly series. Most balancing plants were running at full capacity during the last holiday weekend. This week, production remains strong as plant managers are focusing on converting heavy condensed skim loads into NDM and SMP. Therefore, inventories are steady to building. In this way, tenders from manufacturers and second tier parties are becoming more available in the spot market. For some processors the NDM market will continue firming up. However, some buyers/end users remain puzzled about the recent NDM pricing upward trends, as supplies are readily available. NDM usage for cheese fortification is active. In addition, the domestic demand is expected to improve in the short term, as the spring baking season approaches. Prices for high heat nonfat dry milk are steady to higher. Production is active in a few plants in order to meet Q1 contract needs. Inventories are less tight than last week, but spot trading continues to be light.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: .9775 - 1.1000 MOSTLY: 1.0200 - 1.0700
HIGH HEAT: 1.0550 - 1.1700

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES
January 13	\$.9990	6,009,744
January 6	\$.9884	7,130,717

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 prices are steady to higher in a tight market. Production is holding at previous week's levels, as manufacturers continue to use the bulk of available dryer time to accommodate heavier condensed skim supplies. Offerings are limited apart from committed accounts. Some producers are offering dry buttermilk at levels comparable to NDM spot prices as upward market pressure prevails. Interest is at seasonal levels. The market continues to characterize a strong undertone.

EAST: This week, the dry buttermilk price adjusted higher at the top of the range after limited loads cleared f.o.b. spot markets. Dry buttermilk production at some plants is intermittent at best, as plants that are fully processing condensed skim clear condensed buttermilk loads to end users and out-of-region drying facilities. Inventories are tight, with stocks reportedly sold out at some regional operations. Demand for dry buttermilk is slow. With prices increasing, some spot buyers are waiting to purchase.

F.O.B. CENTRAL/EAST: .8900 - 1.0500

DRY BUTTERMILK - WEST

Western dry buttermilk f.o.b. prices are mixed on a narrower range. Some spot sales pushed up the bottom price of the range and mostly series. At this point, the market undertone is firm as supply is below the current buyers' demand. Interest from bakers is steadily improving, as the spring baking season is close. With most balancing plant managers focusing on clearing large condensed skim volumes, dry buttermilk output has been curtailed. In addition, several condensed buttermilk intakes have been used internally in some plants, limiting the availability for drying. Dry buttermilk inventories remain tight throughout the region.

F.O.B. WEST: .9400 - 1.0500 MOSTLY: .9800 - 1.0200

DRY WHOLE MILK - NATIONAL

F.O.B. spot prices for national dry whole milk are mixed on a narrower range as a few spot trades shifted up the bottom price of the range. Now, domestic dry whole milk values are slightly above international prices. Production has been sporadic, mainly to cover contractual needs. Stocks are tight in the West and Central regions, but slightly higher in the East. At the GDT Event 180 on January 17, whole milk powder (WMP) prices across all contract periods averaged \$1.4892 per pound, down 0.1% from last event.

F.O.B. PRODUCING PLANT: 1.5200 - 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 are steady to higher. Industry contacts say the market tone for dry whey is firm. Dry whey seems to be moving well through existing contracts. Processors suggest there is good demand from some Mexican markets, but current pricing has made it more difficult to access dry whey markets in Southeast Asia for Central whey producers. Manufacturers report inventories are comfortable to tight. Production is steady to lower as manufacturers have been making higher protein concentrations rather than dry whey. However, some contacts feel this may reverse if dry whey prices continue to strengthen relative to other whey proteins. Domestic end users are not seeing a lot of spot offers, but are also content to use existing stocks. Contacts say there is a good amount of blended whey available for animal feed uses. Animal feed whey prices are higher. Some end users are taking a wait and see approach, willing to pick and choose among more favorable offers.

F.O.B. CENTRAL: .3800 - .5200 MOSTLY: .4025 - .4475
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3300 - .4450

DRY WHEY - NORTHEAST

The dry whey market continues to firm as prices moved higher at both ends of the price range. Dry whey production remains mostly steady on active cheese processing. Manufacturing inventories are fairly balanced for near-term customer commitments. Existing contracts tend to clear a large portion of current production. Spot loads, however, remain a challenge to come by. Traders appear to be taking enough for immediate needs only.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .4275 - .5000

DRY WHEY - WEST

Western whey prices moved higher at both ends of the mostly price series and bottom of the range, but held steady at the top of the price range. Industry contacts report solid domestic demand and strong demand in some markets in Mexico. Current pricing and the lull brought on by the Chinese New Year has made it more difficult to place dry whey into markets in Southeast Asia. Dry whey production is steady to lower. However, the relative price of dry whey compared to higher whey protein concentrations may prompt processors to shift a portion of the whey stream into dry whey production. Industry contacts describe inventories as committed or tight.

NONHYGROSCOPIC: .4200 - .5500 MOSTLY: .4375 - .4800

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices moved higher at the bottom of the range and at the top of the mostly price series. Industry contacts continue to report WPC 34% offers and resale prices are often well above published prices for highly desired brands and WPC34% with tight specifications. Manufacturers say there are a lot of people searching for available loads of WPC34% and they are getting a constant stream of inquiries, but the processors are unable to fill all of the WPC34% requests. Buyers that have the option of using other protein sources are rejecting the higher offers and looking to alternative protein sources to meet their needs. WPC34% production is steady.

F.O.B. EXTRA GRADE 34% PROTEIN: .8250 - 1.0675 MOSTLY: .8500 - 1.0300

LACTOSE - CENTRAL AND WEST

Prices for lactose once again held steady. The market tone for lactose is stable and calm. Industry contacts suggest the lactose market in Southeast Asia is quiet due to the oncoming Chinese New Year. Domestic demand is mixed. Industry contacts describe multiple tiers within the market. A few manufacturers report having some stocks available that they needed to clear. As a result, some spot sales and short-term contracts are in place for January and February at prices near the bottom of the range. Other manufacturers say they are seeing considerable inquiries from buyers. Production is steady and inventories are committed and tight, especially for desired brands and lactose that meets tight specifications. Some manufacturers are getting inquiries from buyers to establish Q2 or extended term contracts. At the GDT Event 180 on January 17, lactose prices across all contract periods averaged \$0.3688 per pound, down 1.7%.

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 increased at the top of the price range, but are steady at the bottom. Acid casein prices slightly increased at the top, but remained steady at the bottom. Production is seasonally advancing in the EU and Oceania. However, lower seasonal milk production than the prior year limits output. EU exports of casein and caseinates January-November 2016 were 51.7% above the same period of 2015 according to Eurolait. Main destinations and percentage of the total were Thailand, 26.9%; U.S.A., 17.1%; and Mexico, 6.5%. GDT event 180 on January 17 resulted in the all contracts rennet casein prices increasing 4.9%.

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 - 3.0600
ACID: 3.0500 - 3.1500

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

WEEK ENDING	2016 WEEKLY DAIRY COWS	2016 CUMULATIVE DAIRY COWS	2016 WEEKLY DAIRY COWS	2016 CUMULATIVE DAIRY COWS
12/31/2016	49.7	2,924.6	43.5	43.5

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

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

CLASS III MILK PRICES (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
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
2016	13.72	13.80	13.74	13.63	12.76	13.22	15.24	16.91	16.39	14.82	16.76	17.40

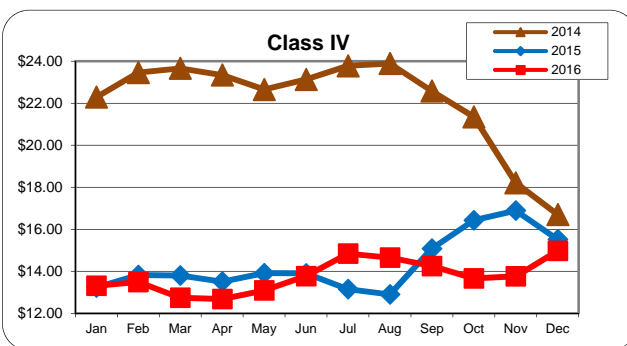
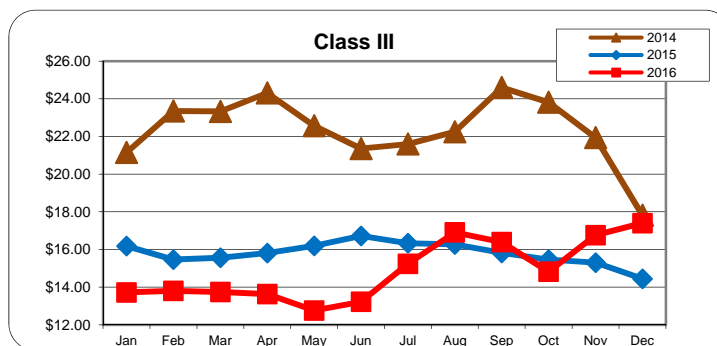
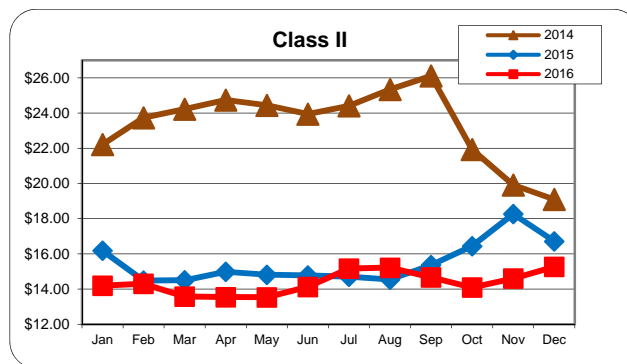
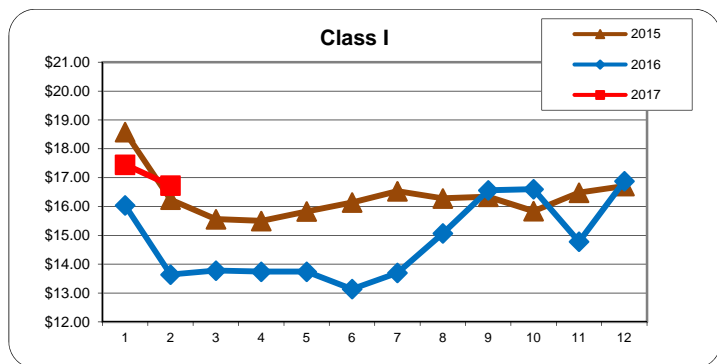
CLASS IV MILK PRICES (3.5%)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
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
2016	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	16.73										
II												
III												
IV												

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 January 9 - 20, 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: Looking ahead for 2017, the most often heard view in Western Europe is that modest increases in milk production may occur through the year. Milk volumes early in 2017 are expected to be below early 2016 levels. However, expectations are for milk volumes to increase over 2016 on a year on year basis starting in the middle of 2017. Cold weather in many milk producing regions of Western Europe during the first weeks of 2017 is expected to dampen milk production volumes. Reports from Germany are that milk prices paid to dairy producers have firmed slightly. If prices continue to firm, and that pattern develops in other countries in Western Europe, that is expected to help draw higher milk production as the year advances. Many industry participants expect an increase in cheese production with declining volumes of butter and skim milk powder. Thursday, January 19, Eurolait reported provisional information subject to final confirmation that no volumes of SMP were sold in the third tender of intervention stocks which took place on Tuesday, 17 January.

BUTTER/BUTTEROIL: Western European butter prices are lower to steady. Butteroil prices strengthened at each end of the price range. Packaged butter sales have not yet increased to normal expectations for this time of year. Block butter interest is somewhat stronger than packaged butter. Cream prices in Western Europe have weakened. Current butter prices have moved down from the high point near the end of 2016. However, prices remain above levels prevailing for most of 2016. This has some buyers tempering purchases to evaluate future price trends. EU butter exports for 2016 through November compared with the same period of 2015 increased 27.5% according to Eurolait. The main destinations and percentage of total were Saudi Arabia, 11.9%; USA, 11.4%; and Egypt, 8.0%. EU butter imports for the period decreased 16.3%. Main origins and percentage of the total were New Zealand, 74.1%; Iceland, 6.1%; and Ukraine, 5.7%. Export volumes were over twenty three times that of import volumes.

82% BUTTERFAT: 4,525 - 4,650
99% BUTTERFAT: 4,400 - 5,300

SKIM MILK POWDER (SMP): Skim milk powder prices in Europe increased very slightly at each end of the price range. This is more of a balancing adjustment than any reflection of new buyer interest. Most potential buyers are in no rush, but a few buyers were motivated to seal deals now for new production. Manufacturer stocks are deemed comfortable. There remains interest in future developments as to intervention stocks that may be offered to markets. EU SMP exports for 2016 through November decreased 17.3% compared with the same period of 2015 according to Eurolait. The main destinations and percentage of total were Algeria, 16.0%; China, 8.5%; and Indonesia, 8.1%.

1.25% BUTTERFAT: 2,200 - 2,300

SWEET WHEY POWDER: Western European whey prices increased at each end of the price range. Demand for food grade whey from Western European customers has recently increased. EU whey exports for 2016 through November increased 4.3% compared with the same period of 2015 according to Eurolait. The main destinations and percentage of total were China, 28.5%; Indonesia, 15.6%; and Malaysia, 10.4%. EU whey imports for the period decreased 9.6%. Main origins and percentage of the total were Switzerland, 88.3%; Norway, 7.2%; and United States, 3.0%. Export volumes were over six times that of import volumes.

NONHYGROSCOPIC: 900 - 1,075

WHOLE MILK POWDER (WMP): Whole milk powder prices in Europe are steady. Demand has slightly slowed, with buyers generally stocked for immediate needs. This has allowed buyers to more deliberately evaluate conditions before finalizing new transactions. On the other hand, sellers are comfortable with inventories and are not presently motivated to make concessions to complete sales. EU WMP exports for 2016 through November compared with the same period of 2015 increased 0.9% according to Eurolait. The main destinations and percentage of total were Oman, 13.1%; Algeria, 8.8%; and Lebanon, 4.9%.

26% BUTTERFAT: 3,200 - 3,375

EASTERN OVERVIEW: The continuing Russian embargo continues to impact Eastern European dairy producers and manufacturers. Sales to Russia before the embargo were significant for a number of countries. The embargo has required new efforts to establish new markets and address sales challenges. Some smaller players have been squeezed out, while some of the larger players have expanded. Poland is often mentioned as a country that has led many others in the region, in maintaining good performance in the dairy sector.

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered January 9 - 20, 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: Overall interest in buying hay is less active than usual for this period of the year in Australia. Most purchases are small volumes which have little impact on prices. Many dairy producers are well stocked with homegrown hay so they have little reason to seek more at this time. It is expected that more buying interest will develop beginning in March. That said, current stocks of hay available to buyers are deemed to represent a good value for customers who are able to complete purchases now and hold the hay for later use. Looking at the regions, Northern Australia sellers report most of the demand for hay comes from coastal regions. Quality of available hay is quite variable but often poorer than last year. In Southern Australia hay markets are saturated, making it challenging for sellers. Previous heavy rains in some areas have left some pockets of weather damaged hay. Moreover, a number of producers are reluctant to purchase hay as a way to better cope with reduced milk pricing. Western Australian hay pricing is more in line with export market hay pricing than the other regions. There are large volumes of export quality hay backed up into domestic markets.

NEW ZEALAND: A major New Zealand dairy processor reported its contracted milk production in New Zealand for the seven months to December 31, was down 5.5% compared with the same period last season. Total New Zealand milk production data through December has not been released yet. Spring in New Zealand has been wet, wetter than normal. This has affected pasture growth adversely. Most dairy producers are hoping for a stretch of drier weather. At the January 17, 2017 GDT event #180, average prices ranged from 10.1% lower to 4.9% 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, \$5,528 +3.7%; butter, \$4,382 +1.6%; butter-milk powder, \$2,783 -10.1%; cheddar cheese, \$3,940 +1.3%; lactose, \$813 -1.7%; rennet casein, \$6,470 +4.9%; skim milk powder, \$2,612 -1.6%; and whole milk powder, \$3,283 -0.1%. The results of this event are regarded as reflecting an overall dairy market which is relatively balanced. Generally, most market participants feel there are neither shortages nor an excess of dairy products.

BUTTER: Oceania butter prices increased at the bottom of the price range but are steady at the top. Prices at the bottom of the price range are higher than anytime during 2016 while top of range prices remain at the high level for 2016. New Zealand butter stocks are now in shorter supply because processors are directing some milk away from butter toward whole milk powder. This is expected to continue for a while as manufacturers are aware that butter prices in Western Europe are higher still, so they do not feel constrained due to that factor. Australian 2016 exports of butter through November decreased 11.8% from the same period of 2015, according to Eucolait. Main destinations and percent of the total were Singapore, 16.2%; Malaysia, 10.3%; and UAE, 9.8%. At GDT Event 180 on January 17, 2017, the all contracts butter price percentage change was +1.6%.

82% BUTTERFAT: 4,375 - 4,475

SKIM MILK POWDER (SMP): Skim milk powder prices in Oceania are steady. So far the recent steps to divert some milk into WMP production from SMP and butter has not yet appeared to impact SMP prices. Some buyers also note the impact of awareness of SMP prices in

Oceania as they remain at a bit of a premium over prices in Western Europe. That factor, coupled with the uncertainty about sale of intervention stocks back into the market, is believed to be keeping prices from increasing at this time. Australian 2016 exports of SMP through November decreased 18.4% from the same period of 2015, according to Eucolait. Main destinations and percent of the total were Indonesia, 23.4%; Malaysia, 10.9%; and China, 10.2%. At GDT Event 180 on January 17, 2017, the all contracts SMP price percentage change was -1.6%.

1.25% BUTTERFAT: 2,350 - 2,450

CHEDDAR CHEESE: Cheddar prices in Oceania are higher at the bottom of the price range to steady at the top. Recent interest in current production coupled with lower milk production in the region compared with one year ago, have helped nudge lower range prices up. Australian 2016 exports of cheese through November decreased 2.4% from the same period of 2015, according to Eucolait. Main destinations and percent of the total were Japan, 47.8%; China, 12.5%; and Malaysia, 5.1%. At GDT Event 180 on January 17, 2017, the all contracts cheddar price percentage change was +1.3% although the February contract change was -2.2%.

39% MAXIMUM MOISTURE: 3,675 - 3,875

WHOLE MILK POWDER (WMP): Whole milk powder prices in Oceania are steady at the bottom of the price range to slightly lower at the top. A number of New Zealand processors have recently been directing more milk into WMP production and away from skim milk powder and/or butter. Australian 2016 exports of WMP through November increased 5.7% from the same period of 2015, according to Eucolait. Main destinations and percent of the total were China, 19.0%; Sri Lanka, 17.2%; and Singapore, 12.7%. At GDT Event 180 on January 17, 2017, the all contracts WMP price percentage change was -0.1%. This represents the third consecutive GDT event with a negative percentage for the WMP all contracts price.

26% BUTTERFAT: 3,050 - 3,325

**Exchange rates for selected foreign currencies:
January 16, 2017**

.0630 Argentina Peso	.0147 India Rupee
.7476 Australian Dollar	.0088 Japan yen
.3085 Brazil Real	.0460 Mexican Peso
.7589 Canadian Dollar	.7102 New Zealand Dollar
.0015 Chile Peso	.2423 Poland Zloty
1.0602 Euro	.0348 Uruguay Peso

Conversion example: To compare the value of 1 US Dollar to Mexican Pesos: (1/.0460) = 21.7391 Mexican Pesos. Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS

US\$/MT	Global/Dairy Trading (gDT) Event 180 Recap - January 17, 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	\$5,813	9.8%	\$5,502	3.6%	\$5,499	2.7%	\$5,468	1.9%	\$5,373	1.7%	\$5,890	8.8%	\$5,528	3.7%
Butter	\$4,475	1.7%	\$4,384	1.1%	\$4,385	2.1%	\$4,365	2.0%	\$4,245	-0.1%	\$4,360	4.9%	\$4,382	1.6%
Buttermilk Powder		n.a.	\$2,765	-10.7%	\$2,865	-7.6%		n.a.		n.a.		n.a.	\$2,783	-10.1%
Cheddar	\$4,400	-2.2%	\$3,909	0.0%	\$3,863	2.0%	\$3,905	4.3%	\$4,010	-0.6%		n.a.	\$3,940	1.3%
Lactose		n.a.	\$813	-1.7%		n.a.		n.a.		n.a.		n.a.	\$813	-1.7%
Rennet Casein	\$6,775	n.a.	\$6,374	7.2%	\$6,543	2.5%	\$6,775	1.7%		n.a.		n.a.	\$6,470	4.9%
Skim Milk Powder	\$2,636	-1.5%	\$2,563	-1.6%	\$2,694	-2.3%	\$2,688	0.1%	\$2,578	-2.8%	\$2,780	0.5%	\$2,612	-1.6%
Sweet Whey Powder		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.
Whole Milk Powder	\$3,299	2.0%	\$3,269	1.2%	\$3,297	-1.1%	\$3,270	-1.5%	\$3,304	-2.0%	\$3,325	-2.9%	\$3,283	-0.1%

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

US\$/Pound	Global/Dairy Trading (gDT) Event 180 Recap - January 17, 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	\$2.6368	9.8%	\$2.4957	3.6%	\$2.4943	2.7%	\$2.4803	1.9%	\$2.4372	1.7%	\$2.6717	8.8%	\$2.5075	3.7%
Butter	\$2.0298	1.7%	\$1.9886	1.1%	\$1.9890	2.1%	\$1.9800	2.0%	\$1.9255	-0.1%	\$1.9777	4.9%	\$1.9877	1.6%
Buttermilk Powder		n.a.	\$1.2542	-10.7%	\$1.2996	-7.6%		n.a.		n.a.		n.a.	\$1.2624	-10.1%
Cheddar	\$1.9958	-2.2%	\$1.7731	0.0%	\$1.7522	2.0%	\$1.7713	4.3%	\$1.8189	-0.6%		n.a.	\$1.7872	1.3%
Lactose		n.a.	\$0.3688	-1.7%		n.a.		n.a.		n.a.		n.a.	\$0.3688	-1.7%
Rennet Casein	\$3.0731	n.a.	\$2.8912	7.2%	\$2.9679	2.5%	\$3.0731	1.7%		n.a.		n.a.	\$2.9348	4.9%
Skim Milk Powder	\$1.1957	-1.5%	\$1.1626	-1.6%	\$1.2220	-2.3%	\$1.2193	0.1%	\$1.1694	-2.8%	\$1.2610	0.5%	\$1.1848	-1.6%
Sweet Whey Powder		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.
Whole Milk Powder	\$1.4964	2.0%	\$1.4828	1.2%	\$1.4955	-1.1%	\$1.4833	-1.5%	\$1.4987	-2.0%	\$1.5082	-2.9%	\$1.4892	-0.1%

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

INTERNATIONAL DAIRY MARKET NEWS - SOUTH AMERICA

Information gathered January 9 - 20, 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: In **Argentina**, farm milk production is trending lower due to the current floods in the main dairy basins of the country. At this point, some dairy operations (tambos) had to close temporarily, while others are isolated by water, as roads are impassable for milk hauling. Therefore, there is a noticeable reduction of manufacturing milk intakes. Operational schedules have been irregular in some cheese and yogurt processing plants. Throughout the country, many alfalfa crops have been ruined by thunderstorms. Conversely, it seems that the rains have helped alfalfa crops in **Uruguay**. In this country, milk yields are seasonally down, mainly due to the higher summer temperatures. Milk volumes are mostly in balance with processing needs, especially for cheese. In addition, cream is readily available for butter churning. Meanwhile, in **Brazil**, there is a serious water deficit in the main dairy basin, affecting fodder growth in several dairy operations. Consequently, farm milk output is trending down. Most cheese processing facilities are receiving less than adequate milk volumes. Nevertheless, cheese manufacturing remains active with light/moderate interest from the retail and food service sectors. At this point, tenders from cheese manufacturers are limited in the spot market as some processors are building stocks, anticipating higher domestic prices in the near term. During December 2016, **Venezuela** was removed from the Mercosur bloc. The change means that Venezuela will no longer benefit from duty free access to goods from other Mercosur countries such as Argentina, Uruguay, and Brazil. In the past, Venezuela has imported significant amounts of dairy products, especially from Argentina. The possible future impacts to the South American dairy industry are unknown at this moment, according to many contacts.

export prices in the Southern Cone of South America adjusted higher. Sales activity has been slower, compared to the past two weeks. Export transactions outside the Mercosur bloc are reflected on the bottom price of the range. Meanwhile, the top price is mirroring Brazilian SMP imports within the bloc, mainly from Argentina and Uruguay. In Brazil, SMP production is ongoing and supplies are becoming more available. Consequently, Brazilian SMP imports are lower. On the other hand, SMP processing is down in Argentina, due to lower condensed skim intakes. Inventories vary throughout the Southern Cone. According to the National Milk Institute (INALE), cumulative SMP exports from January to December 2016 from Uruguay totaled 17,411 MT, down 33% from the same period in 2015. At the GDT Event 180 on January 17, skim milk powder (SMP) prices across all contract periods averaged \$2,612 per metric ton, down 1.6% from the last event.

1.25% BUTTERFAT:

2,425 - 2,675

WHOLE MILK POWDER (WMP): In the Southern Cone of South America, f.o.b. export prices for whole milk powder (WMP) are unchanged. The bottom price of the range is reflecting moderate WMP export activity outside the Mercosur bloc, while the top is mirroring exports within the bloc, principally from Argentina and Uruguay to Brazil. Argentinian WMP production is unsteady in several balancing plants as processors are receiving less milk due to hauling issues caused by the current floods. WMP output is steady in Uruguay. In Brazil, WMP production is active as many processors are clearing more milk into dryers, instead of using the milk for other purposes. Demand for domestic Brazilian WMP is improving. Therefore, WMP imports from Brazil are slightly lower. Inventories are mixed in Argentina, steady in Uruguay and slightly higher in Brazil. According to the National Milk Institute (INALE), cumulative WMP exports from January to December 2016 from Uruguay totaled 127,075 MT, up 32% from the same period in 2015. At the GDT Event 180 on January 17, whole milk powder (WMP) prices across all contract periods averaged \$3,283 per metric ton, down 0.1% from the last event.

26% BUTTERFAT:

2,775 - 3,425

SKIM MILK POWDER (SMP): Skim milk powder (SMP) f.o.b.

CME GROUP, INC FUTURES

Selected settling prices

Month	01/06	01/09	01/10	01/11	01/12	01/13	01/16	01/17	01/18	01/19
CLASS III MILK FUTURES (Pit-Traded) (\$/cwt)										
JAN 17	16.62	16.62	16.70	16.74	16.79	16.81	NO TRADING	16.79	16.78	16.80
FEB 17	16.99	17.14	17.42	17.33	17.34	17.18		17.03	16.91	17.00
MAR 17	17.09	17.29	17.52	17.48	17.63	17.43		17.46	17.28	17.41
APR 17	17.18	17.41	17.54	17.58	17.70	17.60		17.61	17.46	17.61
MAY 17	17.29	17.46	17.55	17.56	17.71	17.67		17.67	17.60	17.70
JUN 17	17.54	17.64	17.69	17.69	17.82	17.84		17.86	17.81	17.84
JUL 17	17.69	17.76	17.83	17.89	17.90	17.93		17.93	17.83	17.88
AUG 17	17.73	17.77	17.84	17.91	17.92	17.93		17.93	17.85	17.97
SEP 17	17.80	17.82	17.85	17.88	17.93	17.93	17.96	17.89	17.95	
OCT 17	17.73	17.73	17.75	17.76	17.80	17.78	17.83	17.78	17.84	
CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)										
JAN 17	16.29	16.29	16.29	16.29	16.29	16.29	NO TRADING	16.29	16.29	16.29
FEB 17	16.73	16.75	16.75	16.60	16.60	16.57		16.57	16.57	16.57
MAR 17	16.92	16.92	16.92	16.92	16.70	16.70		16.70	16.70	16.65
APR 17	17.08	17.08	17.08	17.08	17.08	16.99		16.98	16.93	16.90
CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)										
JAN 17	224.00	226.00	226.50	226.50	225.00	224.50	NO TRADING	226.50	225.88	225.88
FEB 17	224.75	227.55	227.55	226.50	222.50	222.73		226.00	226.25	227.03
MAR 17	224.75	228.60	228.00	228.00	224.00	223.15		225.75	226.53	228.50
APR 17	225.83	229.10	228.50	228.53	226.25	225.00		228.05	228.25	229.00
NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)										
JAN 17	104.25	103.88	103.88	103.50	103.50	103.35	NO TRADING	103.25	103.50	103.00
FEB 17	108.25	107.50	107.50	107.30	107.05	107.05		106.03	105.98	104.00
MAR 17	109.95	109.55	109.50	109.50	109.25	109.00		107.90	107.13	105.00
APR 17	112.25	111.80	111.80	111.75	111.23	110.95		109.88	108.90	107.43
WHEY (Electronic-Traded) (¢/lb)										
JAN 17	42.80	42.93	43.45	43.75	43.80	43.53	NO TRADING	43.53	43.53	43.53
FEB 17	44.65	45.35	45.50	46.75	46.58	46.58		46.25	45.50	45.85
MAR 17	45.75	46.40	46.58	47.43	47.60	47.40		47.03	46.50	46.75
APR 17	46.00	46.70	46.70	48.15	48.43	47.90		47.68	47.23	47.50
CHEESE CSC (Electronic-Traded) (\$/lb)										
JAN 17	1.70	1.69	1.70	1.70	1.71	1.71	NO TRADING	1.71	1.71	1.71
FEB 17	1.71	1.73	1.76	1.75	1.74	1.73		1.72	1.71	1.71
MAR 17	1.72	1.74	1.76	1.75	1.76	1.76		1.75	1.74	1.75
APR 17	1.73	1.75	1.76	1.76	1.77	1.77		1.76	1.76	1.76
MAY 17	1.75	1.75	1.77	1.76	1.77	1.77		1.77	1.77	1.77

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

FEDERAL MILK ORDER ADVANCE PRICES, FEBRUARY

Base Class I Price: Under the Federal milk order pricing system, the base Class I price for February 2017 is \$16.73 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$8.20 and the advanced butterfat pricing factor of \$2.5192. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I Price

Comparison to Previous Month: The base Class I price decreased \$0.72 per cwt when compared to the previous month of January 2017. For selected consumer products, the price changes are: whole milk (3.25% milk fat), -\$0.77 per cwt, -\$0.066 per gallon; reduced fat milk (2%), -\$1.02 per cwt, -\$0.088 per gallon; fat-free (skim milk), -\$1.31 per cwt, -\$0.113 per gallon

Class II Price Information: The advanced Class IV skim milk pricing factor is \$7.59. Thus, the Class II skim milk price for February 2017 is \$8.29 per cwt, and the Class II nonfat solids price is \$0.9211.

Product Price Averages: The two-week product price averages for February 2017 are: butter \$2.2518, nonfat dry milk \$1.0198, cheese \$1.7027 and dry whey \$0.4322.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION^{1 2}

Federal Milk Order Marketing Area ³	Order Number	February 2017		
		Class I Price (3.5%)	Class I Skim Milk Price	Class I Butterfat Price
		<i>\$ per cwt</i>	<i>\$ per cwt</i>	<i>\$ per pound</i>
Northeast (Boston) ⁴	001	19.98	11.45	2.5517
Appalachian (Charlotte) ⁵	005	20.13	11.60	2.5532
Florida (Tampa) ⁶	006	22.13	13.60	2.5732
Southeast (Atlanta) ⁷	007	20.53	12.00	2.5572
Upper Midwest (Chicago) ⁸	030	18.53	10.00	2.5372
Central (Kansas City) ⁹	032	18.73	10.20	2.5392
Mideast (Cleveland) ¹⁰	033	18.73	10.20	2.5392
Pacific Northwest (Seattle) ¹¹	124	18.63	10.10	2.5382
Southwest (Dallas) ¹²	126	19.73	11.20	2.5492
Arizona (Phoenix)	131	19.08	10.55	2.5427
All-Market Average		19.62	11.09	2.5481

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 Note: 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.

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

FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY, DECEMBER 2016

Highlights. Handler reports of receipts and utilization under the Federal milk order system for December 2016 have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During December, 9.750 billion pounds of milk were received from Federally pooled producers. This volume of milk is 16.9 percent lower than the December 2015 volume. Regulated handlers pooled 3.623 billion pounds of producer milk as Class I products, up 0.6 percent when compared to the previous year. Class I utilization increased from last year in 5 of the 10 Federal Milk Order Marketing areas. The all-market average Class utilization percentages were: Class I = 37%, Class II = 14%, Class III = 31%, and Class IV = 17%. The weighted average statistical uniform price was \$17.51 per cwt, up \$1.37 from last month and up \$1.20 from last year.

Price and Pool Statistics for Federal Milk Order Marketing Areas for the Month of December 2016

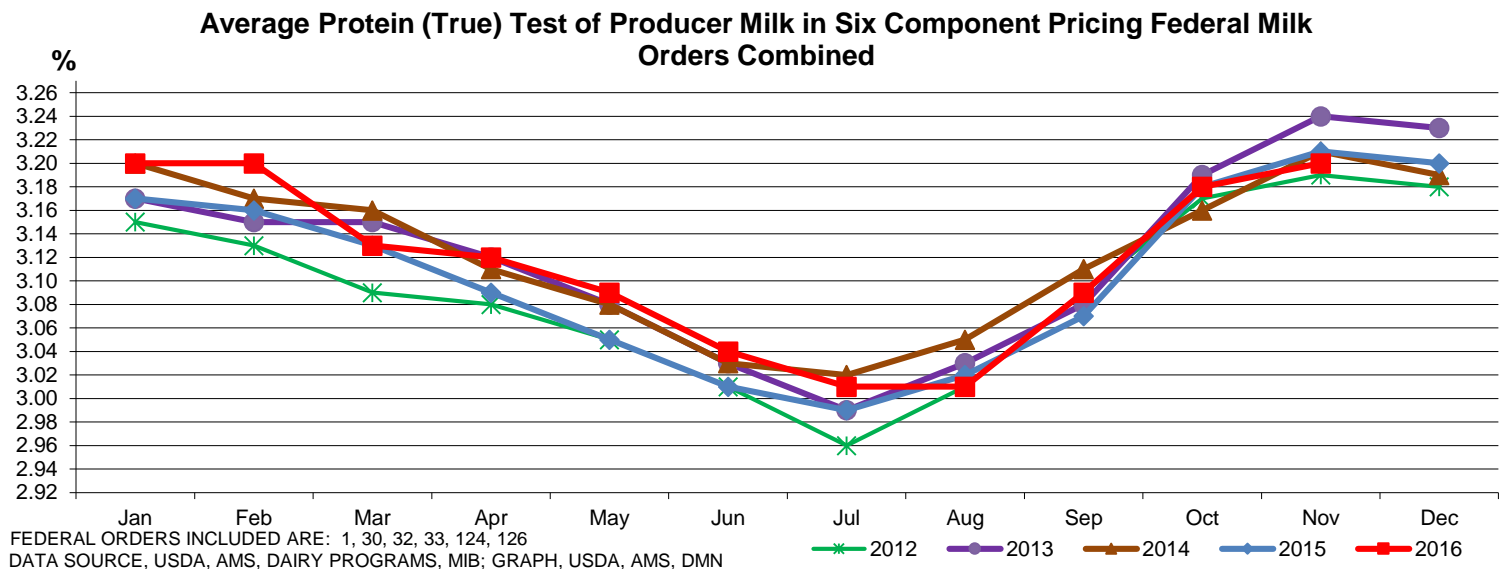
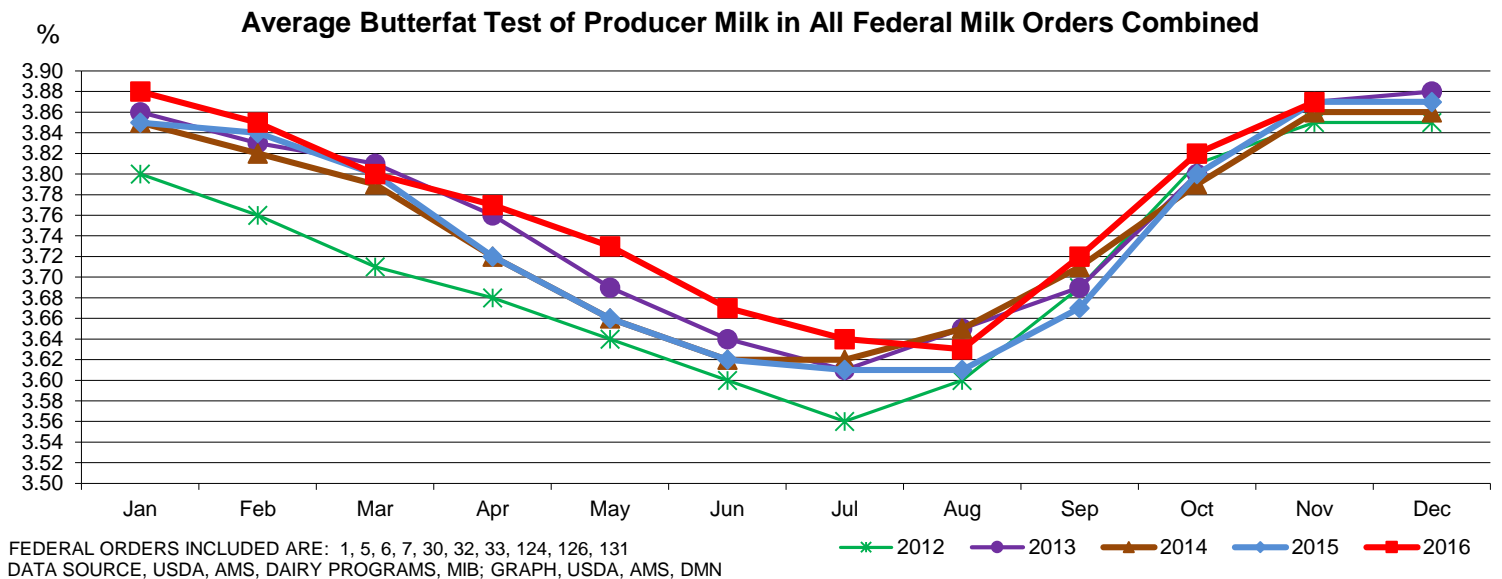
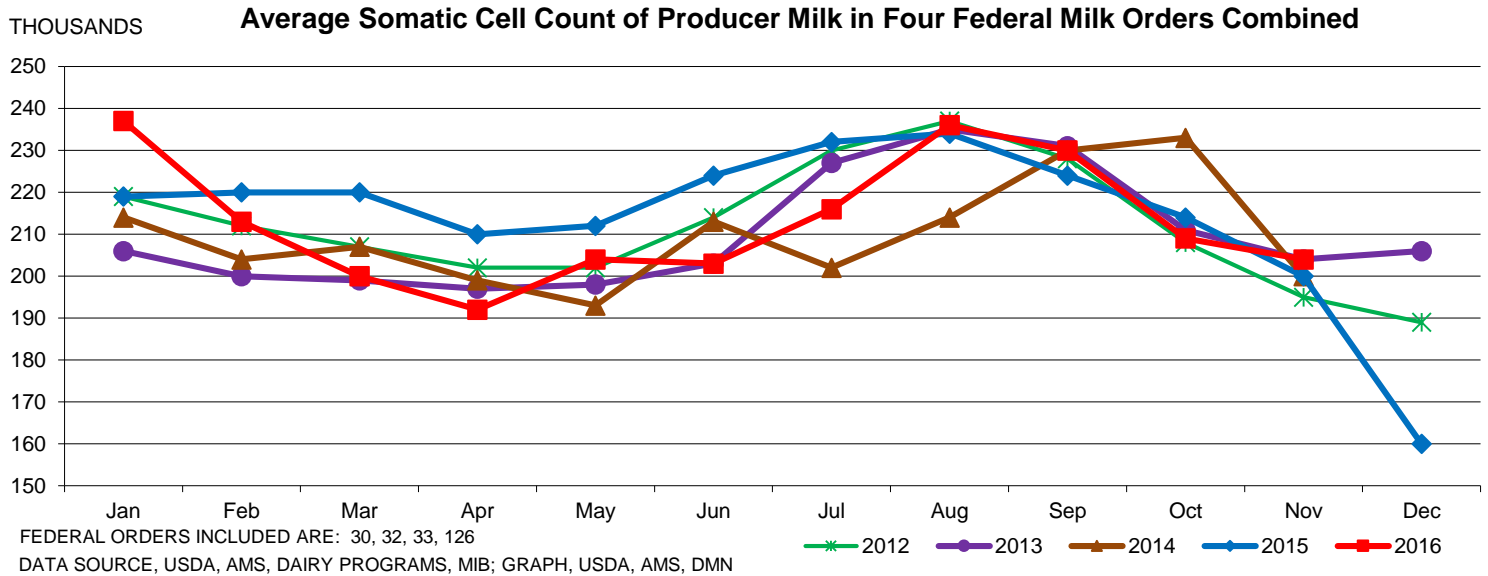
Federal Milk Order Marketing Area ¹	Order Number	Receipts of Producer Milk		Utilization of Producer Milk in Class I		Utilization of Producer Milk in All Classes ³				Uniform Price ²
		Total	Change from Prev. Year	Total	Change from Prev. Year	Class I	Class II	Class III	Class IV	
		(million lbs)	(percent)	(million lbs)	(percent)	(percent) ³				(\$ per cwt)
Northeast (Boston)	001	2,267.5	3.4	785.0	0.8	35	22	25	19	17.68
Appalachian (Charlotte)	005	484.3	-3.8	346.4	2.3	72	13	3	12	19.34
Florida (Tampa)	006	234.8	-1.4	195.5	-3.7	83	10	5	2	21.64
Southeast (Atlanta)	007	467.5	2.3	334.9	-1.5	72	14	7	7	19.78
Upper Midwest (Chicago)	030	2,109.2	-31.5	305.9	-0.7	15	8	71	7	17.21
Central (Kansas City)	032	1,051.8	-20.9	433.2	2.6	41	12	28	19	16.87
Mideast (Cleveland)	033	1,540.1	-2.2	569.6	4.0	37	18	24	21	16.79
Pacific Northwest (Seattle)	124	579.7	-21.5	167.9	-3.1	29	7	27	37	16.37
Southwest (Dallas)	126	606.5	-49.1	374.0	0.2	62	14	1	23	17.65
Arizona (Phoenix)	131	408.3	-3.9	110.8	-4.2	27	9	22	41	16.80
ALL MARKET AVERAGE OR TOTAL ³		9,749.7	-16.9	3,623.1	0.6	37	14	31	17	17.51

¹ Names in parentheses are the major city in the principal pricing point of the market.

² Statistical uniform price for component pricing orders (Class III price plus producer price differential). For other orders, uniform skim milk price times 0.965 plus uniform butterfat price times 3.5.

³ Totals may not add to 100 percent due to rounding.

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Dairy Market News Branch

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Friday, January 20, 2017

Advertised Prices for Dairy Products at Major Retail Supermarket Outlets ending during the period of 01/20/2017 to 01/26/2017

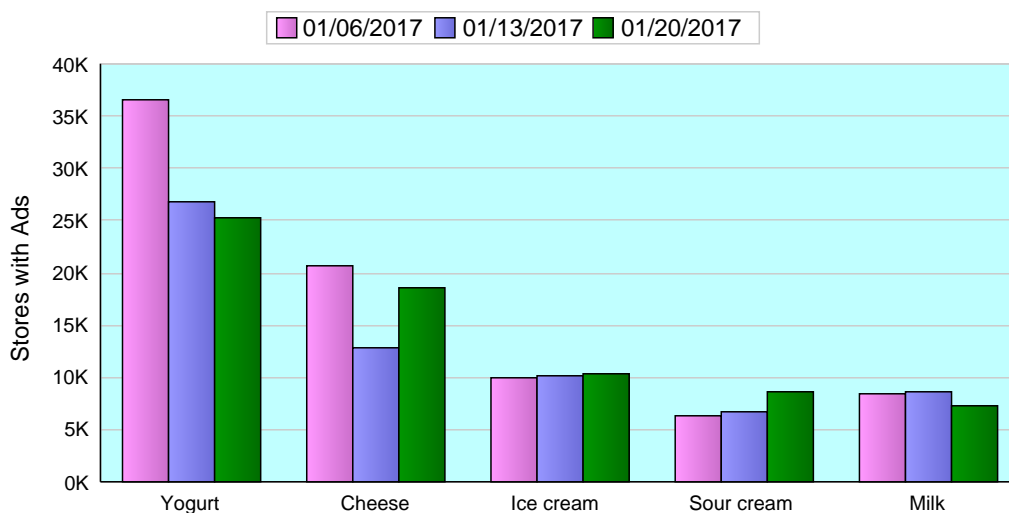
This week, total conventional dairy advertisements increased 14%, and organic dairy ads increased 3%. The national average price for 1 pound conventional butter is \$3.25, while 1 pound organic butter is \$5.66, representing an organic price premium of \$2.41. The weighted average price for 8 ounce conventional cream cheese is \$1.68, while 8 ounce organic cream cheese averaged \$2.50 cream cheese, for an organic premium of \$0.82.

The collective number of conventional cheese ads increased 48%. There were no organic cheese ads this week. The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.21, up 5 cents from last week. Ads for conventional 8 ounce shred cheese averaged \$2.23, up 11 cents from the previous week.

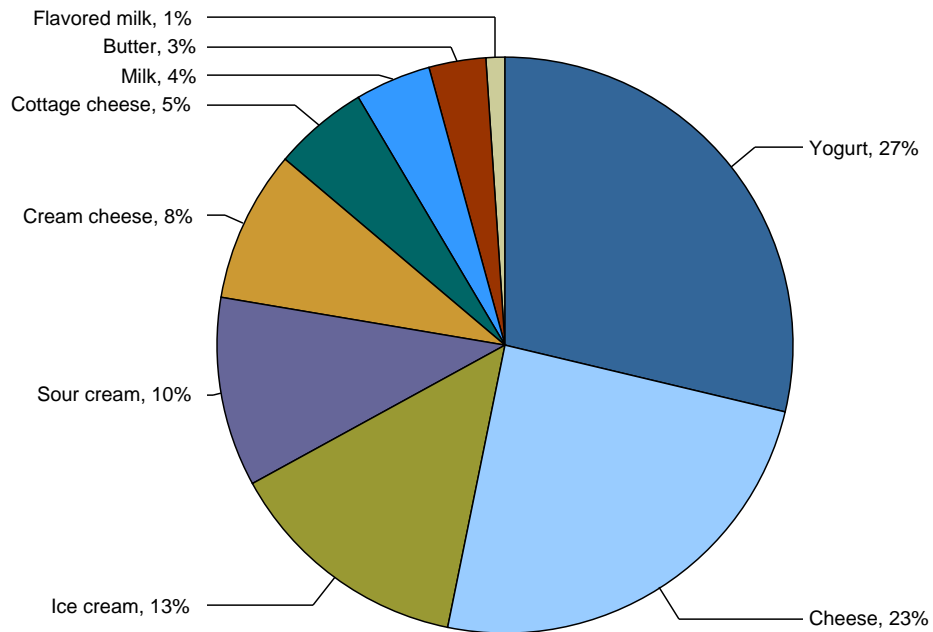
Conventional yogurt ads decreased 11%, but organic yogurt ads increased 77%. The average sale price for 4-6 ounce conventional yogurt is \$0.50, while 4-6 ounce organic yogurt averaged \$1.42. The average sale price for 4-6 ounce conventional Greek yogurt is \$0.94, while 4-6 ounce organic Greek yogurt is \$0.91.

Organic half gallon milk was the most advertised organic item this week. Organic milk advertisements decreased 12%, while ads for conventional milk decreased 19%. The weighted average price for organic half gallon milk is \$3.70. For conventional half gallon of milk the average price is \$2.77. The organic milk premium is \$0.93.

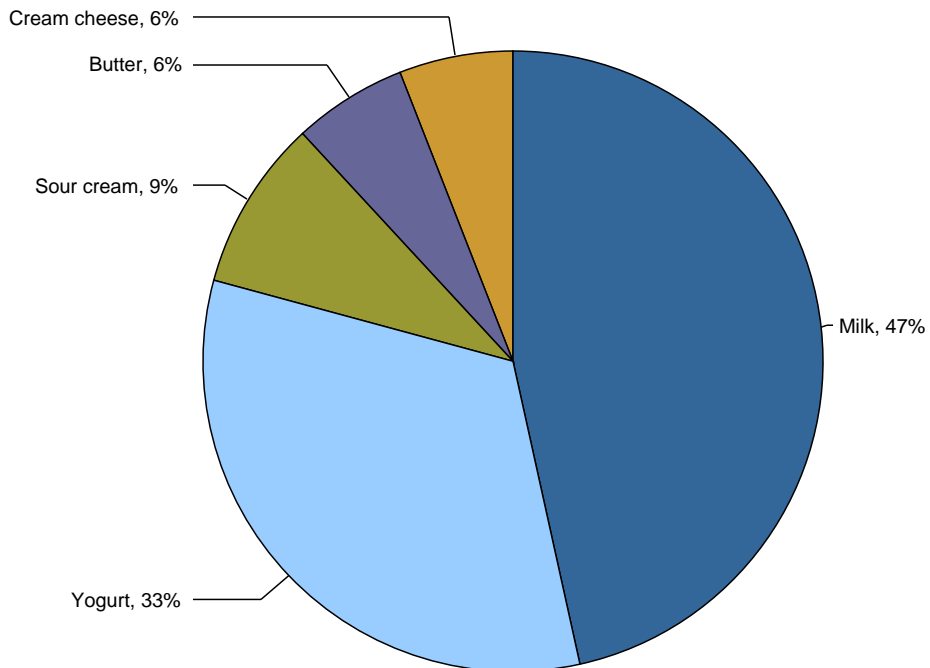
Top 5 Commodities Featured



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 #	2830	3.25	1567	3.55	1602	3.20
Cheese	Natural Varieties	8 oz block	7522	2.20	4610	2.16	8997	2.33
Cheese	Natural Varieties	1 # block	1212	4.28	1475	3.40	662	3.69
Cheese	Natural Varieties	2 # block	190	4.99	344	6.87	274	6.98
Cheese	Natural Varieties	8 oz shred	8423	2.22	4782	2.12	7686	2.39
Cheese	Natural Varieties	1 # shred	1193	3.97	1304	3.54	236	3.38
Cottage cheese		16 oz	4344	1.99	3141	1.78	5494	2.01
Cream cheese		8 oz	6831	1.68	2556	2.08	5349	1.94
Flavored milk	All fat tests	half gallon	585	2.56	2312	1.91	114	1.88
Flavored milk	All fat tests	gallon	230	1.99	74	2.58	175	3.29
Ice cream		48-64oz	10380	2.96	10090	3.26	11084	3.08
Milk	All fat tests	half gallon	1107	2.77	1955	2.85	186	1.57
Milk	All fat tests	gallon	2311	2.39	2255	3.06	2289	2.75
Sour cream		16 oz	7878	1.77	6573	1.72	7736	1.74
Yogurt	Greek	4-6 oz	13324	.95	13083	.98	14261	.97
Yogurt	Greek	32 oz	1571	4.51	1742	3.79	1104	3.88
Yogurt	Yogurt	4-6 oz	6353	.50	9060	.45	7498	.55
Yogurt	Yogurt	32 oz	1221	2.33	1278	2.81	2398	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 #	2.49-3.59	623	3.11	2.50-3.59	1553	3.35	2.77-2.99	340	2.92
Cheese	Natural Varieties	8 oz block	1.99-2.79	1058	2.33	1.67-2.50	1502	2.26	1.66-2.50	2919	2.17
Cheese	Natural Varieties	1 # block	3.69-4.49	384	3.99	3.99	214	3.99	3.50	81	3.50
Cheese	Natural Varieties	8 oz shred	1.50-2.50	1144	2.24	1.67-2.50	1263	2.27	1.66-2.50	3033	2.16
Cheese	Natural Varieties	1 # shred	2.99-3.99	660	3.36						
Cottage cheese		16 oz	1.66-3.17	754	2.20	2.00	1566	2.00	1.75-1.88	467	1.85
Cream cheese		8 oz	1.00-2.50	544	1.82	1.25-2.00	2677	1.67	1.25-2.39	1213	1.73
Flavored milk	All fat tests	half gallon	1.99	161	1.99				1.25	69	1.25
Flavored milk	All fat tests	gallon							1.99	110	1.99
Ice cream		48-64oz	1.99-4.49	1723	2.78	2.49-4.98	2660	3.17	1.97-3.50	2365	2.82
Milk	All fat tests	half gallon				1.67	114	1.67			
Milk	All fat tests	gallon	1.79	161	1.79	2.39-2.49	274	2.42	1.59-2.50	729	1.94
Sour cream		16 oz	1.29-2.59	1475	1.69	1.67-2.00	2862	1.88	1.49-2.00	1290	1.69
Yogurt	Greek	4-6 oz	0.88-1.25	2721	1.01	0.69-1.25	4190	.97	0.69-1.25	2520	.88
Yogurt	Greek	32 oz	2.99-4.99	380	4.46	5.00	214	5.00	2.99-5.99	433	4.35
Yogurt	Yogurt	4-6 oz	0.33-1.00	1009	.49	0.33-0.50	2163	.45	0.33-0.75	1666	.55
Yogurt	Yogurt	32 oz	2.50-3.69	254	3.31				2.00-2.50	299	2.30

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	3.29-3.49	314	3.41						
Cheese	Natural Varieties	8 oz block	1.50-2.50	1048	2.13	1.99-2.99	706	2.36	1.67	289	1.67
Cheese	Natural Varieties	1 # block				4.99	244	4.99	4.49	289	4.49
Cheese	Natural Varieties	2 # block	4.99	121	4.99				4.99	69	4.99
Cheese	Natural Varieties	8 oz shred	1.50-2.50	1422	2.18	1.99-3.50	1010	2.55	1.67-2.50	551	1.91
Cheese	Natural Varieties	1 # shred				4.99	244	4.99	4.49	289	4.49
Cottage cheese		16 oz	1.25-2.50	511	2.02	1.25-2.99	980	1.92	1.25	66	1.25
Cream cheese		8 oz	1.25-2.79	938	1.60	1.25-1.99	914	1.59	1.50-2.50	545	1.72
Flavored milk	All fat tests	half gallon							1.25-3.49	355	3.07
Flavored milk	All fat tests	gallon				1.99	120	1.99			
Ice cream		48-64oz	2.50-5.50	1546	3.17	1.99-3.49	1480	2.78	2.50-3.99	606	3.00
Milk	All fat tests	half gallon	0.99-1.50	409	1.27	3.99-4.99	518	4.39	1.25	66	1.25
Milk	All fat tests	gallon	2.29-3.29	334	2.71	1.99-3.28	813	2.76			
Sour cream		16 oz	1.25-2.50	527	1.76	1.25-2.99	854	1.84	1.00-1.99	870	1.64
Yogurt	Greek	4-6 oz	0.69-1.10	1528	.85	0.69-1.25	1841	.93	0.88-1.19	524	1.06
Yogurt	Greek	32 oz	5.99	141	5.99	5.00	114	5.00	3.50	289	3.50
Yogurt	Yogurt	4-6 oz	0.40-0.88	650	.59	0.40-0.50	738	.48	0.50-0.69	127	.60
Yogurt	Yogurt	32 oz	2.68	72	2.68	2.00	246	2.00	1.67-2.50	350	1.81

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 #	509	5.66	160	5.15	288	5.21
Cheese	Natural Varieties	8 oz block			84	3.50	532	3.95
Cheese	Natural Varieties	8 oz shred			145	4.42	532	3.82
Cottage cheese		16 oz			64	5.99	119	3.00
Cream cheese		8 oz	462	2.50	1329	2.50		
Flavored milk	All fat tests	half gallon			195	4.68		
Ice cream		48-64oz			117	5.99		
Milk	All fat tests	half gallon	3291	3.91	3967	3.75	1480	3.65

Wtd Avg - Simple weighted average



Milk	All fat tests	gallon	121	4.99	195	5.98	189	6.99
Milk	All fat tests	8 oz UHT	492	2.36	254	1.06	1629	.96
Sour cream		16 oz	743	2.42	63	3.69	114	1.99
Yogurt	Greek	4-6 oz	538	.91			1732	1.05
Yogurt	Greek	32 oz	1615	5.77	394	4.72		
Yogurt	Yogurt	4-6 oz	366	1.42	122	1.12	3	1.50
Yogurt	Yogurt	32 oz	199	4.29	1018	3.26	221	3.99

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 #							4.49	119	4.49
Cream cheese		8 oz				2.50	114	2.50	2.50	348	2.50
Milk	All fat tests	half gallon	3.99-5.99	894	4.75	2.99-3.49	418	3.13	2.99	379	2.99
Milk	All fat tests	8 oz UHT	1.00	108	1.00						
Yogurt	Greek	4-6 oz	0.60-1.00	206	.77				0.99-1.00	332	.99
Yogurt	Greek	32 oz	4.99	72	4.99	5.99	388	5.99	5.99	458	5.99
Yogurt	Yogurt	4-6 oz	1.00	59	1.00	1.50	61	1.50			
Yogurt	Yogurt	32 oz	3.99	78	3.99						

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 #	5.49-6.29	162	5.89	5.49-6.29	228	6.11			
Milk	All fat tests	half gallon	2.99-3.99	368	3.21	3.99-4.99	588	4.45	3.29-3.99	644	3.69
Milk	All fat tests	gallon							4.99	121	4.99
Milk	All fat tests	8 oz UHT	0.88	210	.88				5.00	174	5.00
Sour cream		16 oz	2.49-2.50	276	2.49	2.50	178	2.50	2.29	289	2.29
Yogurt	Greek	32 oz	5.99	288	5.99	5.99	120	5.99	4.99	289	4.99
Yogurt	Yogurt	4-6 oz				1.50	246	1.50			
Yogurt	Yogurt	32 oz	4.49	121	4.49						

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

Wtd Avg - Simple weighted average



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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