

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (1/27)**

BUTTER: Grade AA closed at \$2.2200. The weekly average for Grade AA is \$2.2075 (-.0375).

CHEESE: Barrels closed at \$1.4475 and 40# blocks at \$1.6875. The weekly average for barrels is \$1.4670 (-.1199) and blocks, \$1.6525 (-.0513).

NONFAT DRY MILK: Grade A closed at \$.9475. The weekly average for Grade A is \$.9705 (-.0495).

BUTTER HIGHLIGHTS: Nationwide, butter production is active as large cream supplies continue clearing into butter churns. Processors are hesitant to buy extra cream, as their supplies are plentiful at this moment. Overall, butter makers are focusing operational schedules on bulk production, while stocks continue building into cold storage. Meanwhile, print output is strengthening in some plants ahead of the upcoming spring holiday needs. Demand for butter varies throughout the country. Butter interest from global markets is sluggish, as tender values from several international manufacturers are below the current domestic prices. The NASS *Cold Storage* report noted U.S. butter stocks as of December 31, 2016, were 174.9 million pounds, up 9% from last month, and up 13% from last year. Butter stocks in all warehouses were 155.1 million pounds last year at this time. The Foreign Agricultural Service (FAS) reports December 2016 U.S. imports of butter totaled 2.3 million pounds, a 267.8% increase from a year ago. Friday at the CME Group, Grade AA butter closed at \$2.2200, down \$.0300 from last Friday.

CHEESE HIGHLIGHTS: Cheesemakers across most of the country are continuing to see readily available milk. Midwestern reports vary, but tight milk supplies appear to be unique to certain regions. Cheese production, corresponding with the milk supply, is fully active. Cheese contacts are anxious regarding the near-term market as the CME price spread between blocks and barrels on Friday grew to \$0.2400, favoring blocks. As recently as November 2016, the price spread was as low as \$0.04. Demand, both in food service and retail, has been fair to strong across the U.S. Steady demand, particularly for pizza cheese, has been stimulated by the football playoffs and the upcoming Super Bowl. Western cheese contacts report export sales are increasing, as U.S. cheese prices are becoming more competitive internationally. In the Northeast and West, fresh cheese blocks are in adequate supply, but not excessive. Barrel inventories remain long. In CME Group trading Friday, barrels closed

at \$1.4475, down \$.0875 from last Friday. Blocks closed at \$1.6875, down \$.0100 from last Friday.

FLUID MILK: Farm milk production is higher in most parts of the country, following seasonal patterns. However, milk output is down in California and New Mexico mainly due to muddy conditions at some dairy operations. The wintry weather in the Pacific Northwest and the mountain states of Idaho, Colorado, and Utah, has been conducive to lower milk yields. Nationwide, farm milk intakes are more than adequate for manufacturing purposes. In the South Central area, there have been some fluctuations in farm milk pick up volumes due to the rainy weather. Bottled milk requests from several market channels vary in every region of the country. Condensed skim is readily available in all regions with most of the volumes clearing into dryers. Heavy cream supplies continue clearing into churns. Spot cream demand from butter makers is light. This week, cream **multiples** for all classes range **.97-1.18** in the East, **1.05-1.20** in the Central region (for Class II), and **1.00-1.20** in the West. The NASS Milk Production report noted December 2016 milk production in the 23 selected states was 16.8 billion pounds, 2.4% above a year ago. Milk cows in the 23 selected states totaled 8.7 million head, 53,000 head more than a year ago.

DRY PRODUCTS: Low/medium heat nonfat dry milk pricing weakness was seen this week at the CME. The market is primarily firm in the Central region, but looks to be unsteady in the East and West regions. Inventories vary throughout the country. Supplies of high heat nonfat dry milk are sufficient for customer needs in the Central region, but are tight in the East and West coasts. Central dry buttermilk output is on track with active butter churning in the Central region. However, dry buttermilk production is limited in the East and West due to large condensed skim volumes clearing into dryers. Overall, the dry buttermilk market undertone is steady in all regions. The national dry whole milk market is mixed on light trading. Nationwide, dry whey supplies remain tight on a firm market. Offers for animal whey feed are lower. Demand for WPC 34% is strong as some manufacturers shift operational schedules from WMP34% to WPC80% and WPI. Lactose production is active as volumes align with processing of whey protein concentrate. Inventories are tight. Interest from Asia is starting to improve.

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CME GROUP CASH TRADING

| COMMODITY | MONDAY JAN 23 | TUESDAY JAN 24 | WEDNESDAY JAN 25 | THURSDAY JAN 26 | FRIDAY JAN 27 | :: WEEKLY CHANGE* | :: WEEKLY AVERAGE# |
|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|-------------------------|----------------------------|
| CHEESE BARRELS | \$1.5000 (-.0350) | \$1.4800 (-.0200) | \$1.4600 (-.0200) | \$1.4475 (-.0125) | \$1.4475 (N.C.) | :: (-.0875) | :: \$1.4670 (-.1199) |
| 40# BLOCKS | \$1.6500 (-.0475) | \$1.6400 (-.0100) | \$1.6400 (N.C.) | \$1.6450 (+.0050) | \$1.6875 (+.0425) | :: (-.0100) | :: \$1.6525 (-.0513) |
| NONFAT DRY MILK GRADE A | \$1.0000 (-.0050) | \$.9850 (-.0150) | \$.9850 (N.C.) | \$.9350 (-.0500) | \$.9475 (+.0125) | :: (-.0575) | :: \$.9705 (-.0495) |
| BUTTER GRADE AA | \$2.2175 (-.0325) | \$2.2175 (N.C.) | \$2.1975 (-.0200) | \$2.1850 (-.0125) | \$2.2200 (+.0350) | :: (-.0300) | :: \$2.2075 (-.0375) |

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

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

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

ORGANIC DAIRY MARKET NEWS (DMN): There is a backlog of new organic producers seeking to contract with organic processors. Major organic buyers in the Northeast are not taking on new producers. With conventional milk prices much lower than organic prices, some northeast organic producers with no buyer are described as concerned. Similar conditions exist in the West and Midwest. Some industry leaders call this a huge problem. Various smaller organic processors have also not been able to accept all organic milk available to them, leading to some volumes being sold into conventional markets. This week, organic milk accounts for 49% of organic dairy retail ad numbers by commodity, with a 13% increase in ads over the previous period. Organic cottage cheese and yogurt followed at 16% and 14%, respectively, of overall organic dairy advertisements for this survey week. The remaining percentages for organic dairy commodities are shown in the following pie chart.

NATIONAL RETAIL REPORT (DMN): This week, total conventional dairy advertisement volumes increased 18%, and organic dairy ads increased 6%. Among the larger percentage changes in ad volumes this week for conventional dairy products, the products, volume percentage change, and national weighted average advertised prices are: 1 pound butter, +53%, \$3.31; 8 oz. cream cheese, -37%, \$1.71; and 48-64 oz. ice cream, +63%, \$3.23. The collective number of conventional cheese ads decreased 3%. The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.05, while organic 8 ounce blocks averaged \$3.37, an organic premium of \$1.32. Ads for conventional 8 ounce shred cheese averaged \$2.19, while organic 8 ounce shreds averaged \$3.85, an organic premium of \$1.66. Conventional yogurt ads increased 31%, but organic yogurt ads decreased 54%. The average sale price for 4-6 ounce conventional yogurt is \$0.56, while 4-6 ounce organic yogurt averaged \$1.25. The average sale price for 4-6 ounce conventional Greek yogurt is \$0.98, while 4-6 ounce organic Greek yogurt is \$1.11. Organic milk advertisements increased 13%, while ads for conventional milk decreased 12%. The weighted average price for organic half gallon milk is \$3.82. For a conventional half gallon of milk, the average price is \$2.29. The organic milk premium is \$1.53.

DECEMBER MILK PRODUCTION (NASS): Milk production in the 23 major States during December totaled 16.8 billion pounds, up 2.4 percent from December 2015. November revised production at 16.1 billion pounds, was up 2.8 percent from November 2015. The November revision represented an increase of 27 million pounds or 0.2 percent from last month's preliminary production estimate. Production per cow in the 23 major States averaged 1,931 pounds for December, 35 pounds above December 2015. This is the highest production per cow for the month of December since the 23 State series began in 2003. The number of milk cows on farms in the 23 major States was 8.69 million head, 53,000 head more than December 2015, and 10,000 head more than November 2016. Milk production in the United States during the October - December quarter totaled 52.5 billion pounds, up 2.4 percent from the October - December quarter last year. The average number of milk cows in the United States during the quarter was 9.35 million head, 10,000 head more than the July - September quarter, and 26,000 head more than the same period last year.

DECEMBER COLD STORAGE (NASS): On December 31, U.S. cold storage holdings of butter totaled 174.9 million pounds, up 9 percent from the previous month and 13 percent above December 2015. Natural American cheese holdings total 728.9 million pounds, 2 percent higher than the previous month, and 4 percent above December 2015. Total natural cheese stocks were 1.207 billion pounds, 2 percent above last month, and 5 percent more than December 2015.

DECEMBER CONSUMER PRICE INDEX (BLS): The December CPI for all food is 247.3, down 0.2% from a year ago. The dairy products index is 217.9, down 1.3% from a year ago. The following are the December to December changes for selected products: fresh whole milk is down 1.2%; cheese is down 2.8%; and butter is down 6.3%.

NOTICE TO THE INDUSTRY (AMS): Further information on Commodity Procurement Staff Organization Restructure and Contact List may be found at: <https://www.fbo.gov/notices/db56f5f4ffb567d7bdd69bf4ed6668e8>

CME GROUP

MONDAY, JANUARY 23, 2017

CHEESE -- SALES: 7 CARS BARRELS: 1 @ \$1.5575, 2 @ \$1.5025, 4 @ \$1.5000; 5 CARS 40# BLOCKS: 1 @ \$1.6650, 1 @ \$1.6425, 2 @ \$1.6400, 1 @ \$1.6500; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.6400; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.6600
 NONFAT DRY MILK -- SALES: 2 CARS GRADE A @ \$1.0000; LAST BID UNFILLED: 3 CARS GRADE A: 1 @ \$0.9850, 1 @ \$0.9800, 1 @ \$0.9900; LAST OFFER UNCOVERED: 2 CARS GRADE A: 1 @ \$1.0025, 1 @ \$1.0100
 BUTTER -- SALES: 1 CAR GRADE AA @ \$2.2175; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, JANUARY 24, 2017

CHEESE -- SALES: 6 CARS BARRELS: 1 @ \$1.4800, 1 @ \$1.4900, 1 @ \$1.4875, 1 @ \$1.4850, 1 @ \$1.4825, 1 @ \$1.4800; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.4800; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5000; 1 CAR 40# BLOCKS @ \$1.6400
 NONFAT DRY MILK -- SALES: 3 CARS GRADE A: 1 @ \$0.9950, 1 @ \$0.9900, 1 @ \$0.9850; LAST BID UNFILLED: 2 CARS GRADE A: 1 @ \$0.9800, 1 @ \$0.9850; LAST OFFER UNCOVERED: 2 CARS GRADE A: 1 @ \$0.9875, 1 @ \$1.0500
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

WEDNESDAY, JANUARY 25, 2017

CHEESE -- SALES: 9 CARS BARRELS: 3 @ \$1.4700, 1 @ \$1.4600, 1 @ \$1.4650, 2 @ \$1.4625, 2 @ \$1.4600; 4 CARS 40# BLOCKS: 3 @ \$1.6300, 1 @ \$1.6400; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4525; 1 CAR 40# BLOCKS @ \$1.6375; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4700; 1 CAR 40# BLOCKS @ \$1.6500
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 3 CARS GRADE A: 1 @ \$0.9800, 2 @ \$0.9825; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$1.0100
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.1975

THURSDAY, JANUARY 26, 2017

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.4500, 1 @ \$1.4475; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4200; 1 CAR 40# BLOCKS @ \$1.6450; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4600
 NONFAT DRY MILK -- SALES: 4 CARS GRADE A: 2 @ \$0.9600, 1 @ \$0.9500, 1 @ \$0.9350; LAST BID UNFILLED: 2 CARS GRADE A: 1 @ \$0.9200, 1 @ \$0.9300; LAST OFFER UNCOVERED: 8 CARS GRADE A: 1 @ \$0.9500, 1 @ \$0.9675, 1 @ \$1.0300, 1 @ \$0.9925, 1 @ \$0.9825, 1 @ \$0.9725, 1 @ \$0.9525, 1 @ \$0.9425
 BUTTER -- SALES: 1 CAR GRADE AA @ \$2.1800; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.1850; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.2000

FRIDAY, JANUARY 27, 2017

CHEESE -- SALES: 3 CARS BARRELS: 1 @ \$1.4600, 1 @ \$1.4500, 1 @ \$1.4475; 1 CAR 40# BLOCKS @ \$1.6875; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4450; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4600
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 5 CARS GRADE A: 1 @ \$0.9200, 1 @ \$0.9300, 1 @ \$0.9400, 1 @ \$0.9450, 1 @ \$0.9475; LAST OFFER UNCOVERED: 7 CARS GRADE AA: 1 @ \$2.2025, 2 @ \$2.2100, 2 @ \$2.2200, 1 @ \$2.2300, 1 @ \$2.2200; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.2100; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.2250
 BUTTER -- SALES: 7 CARS GRADE AA: 1 @ \$2.2025, 2 @ \$2.2100, 2 @ \$2.2200, 1 @ \$2.2300, 1 @ \$2.2200; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.2100; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.2250

BUTTER MARKETS**NORTHEAST**

With the volume of cream offered to manufacturing remaining plentiful, butter churns are running at near capacity levels in some production venues. Some suppliers are moving cream volumes long distances in order to clear loads. The likelihood of butter output rates slowing, in the near-term, is doubtful as some processors look to build bulk butter inventories. Print butter interest is mostly light, typical for this time of year. Wholesalers are ordering as needed as some feel prices may, in time, move lower. Some buyers are not sure how to plan for summer storage needs at this time. Overall, buying demand is fair. The market undertone is unsettled as prices inch lower. 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 \$2.2175, down \$0.0225 from the previous Tuesday. The DMN *National Retail Report-Dairy*, indicates the January 20-26, 2017 national advertised weighted average price for 1-pound butter was \$3.25, down 30 cents from last week, but up 5 cents from a year ago. The Northeast region's butter price was \$3.11, down 84 cents from last week, with a price range of \$2.49-\$3.59. The Foreign Agricultural Service (FAS) reports December 2016 U.S. imports of butter totaled 2.3 million pounds, a 267.8% increase from a year ago.

COLD STORAGE: According to NASS, U.S. stocks of butter as of December, 2016 were 175.0 million pounds, up 13% from last year, and 9% higher from last month. Bulk stocks in all warehouses were 155.1 million pounds last year at this time.

CENTRAL

Following the trend of recent weeks, cream supplies for butter makers remain abundant. Spot cream offers are available, but some butter producers are sufficiently stocked with cream on hand. Available cream means butter production continues to run at fully active levels. Bulk butter is building into storage. Print production, which had been slow in previous weeks, is starting to strengthen as some butter makers begin, or are in the midst of, spring holiday preparations. Reports on demand are on the fair to strong side. Some contacts report demand is improving from earlier in the month, but remains behind last year's mark. The NASS *Cold Storage* report noted U.S. butter stocks as of December 31, 2016 were 174.9 million pounds, up 13% from last year and up 9% from last month. Bulk stocks in all warehouses were 155.1 million pounds last year at this time. DMN *National Retail Report-Dairy* for January 20-26 noted the national weighted average advertised price for a 1 pound package of butter is \$3.25, \$0.30 below one week ago, but \$0.05 higher than one year ago. The weighted average regional prices in the Midwest and South Central were \$2.92 and \$3.41, respectively. Wednesday at the CME Group, Grade AA butter closed at \$2.1975, down \$.0425 from last Wednesday.

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

| <u>WEEK ENDING</u> | <u>BUTTER</u> | <u>CHEESE 40# BLOCKS</u> | <u>CHEESE BARRELS 38% MOISTURE</u> | <u>DRY WHEY</u> | <u>NDM</u> |
|--------------------|---------------------|--------------------------|--|--------------------|----------------------|
| January 21, 2017 | 2.2711 3,198,101 | 1.7098 13,374,784 | 1.6489 11,640,854 | .4454 8,335,506 | 1.0285 18,513,110 |

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

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WEST

In the West, heavy cream supplies continue moving into butter production as some processors continue clearing surplus cream. Accordingly, butter output remains strong this week. At this point, cream demand from churners is light. A few processors had to shift operational schedules toward more print as they are having some issues with bulk machines. Butter production related to the Super Bowl has been completed and shipments to several retail outlets and restaurants are on the way. Bulk inventories continue building into cold storage. Bulk butter pricing in the West this week is 4 cents below to 5 cents above, based on the CME Group with various periods and averages used. The DMN *National Retail Report-Dairy* for the week of January 20-26 found that the U.S. weighted average advertised price of 1 pound butter is \$3.25, down \$.30 from last week. The U.S. weighted average price was \$3.20 one year ago. There were no reported weighted average prices of 1 pound butter in either the Northwest or Southwest this week. The NASS Cold Storage report noted U.S. butter stocks as of December 31, 2016, were 174.9 million pounds, up 9% from last month, and up 13% from last year. Butter stocks in all warehouses were 155.1 million pounds last year at this time. The Grade AA butter price at the CME Group on Wednesday closed at \$2.1975, down \$.0425 from a week ago.

2016 U.S. Butter Imports (USDA-FAS)

| | 2016 Imports (Million Lb.) | % Change From 1 Year Ago | % of Yearly Quota |
|------------------|---------------------------------------|-----------------------------|----------------------|
| December Quota | 2.3 | + 267.8 | 14.7 |
| TOTAL, Jan – DEC | | | |
| High Tier | Not available at time of publication. | | |
| Quota | 14.9 | - 1.2 | 97.1 |

CHEESE MARKETS

NORTHEAST

Cheese production, overall, translates to increases along seasonal patterns, as volumes align with milk receipts. Cheese stocks within the region are mostly adequate. Cheese cutters/packagegers are busy as retail orders remain fairly strong, while bolstered by preparations for Super Bowl weekend festivities. Foodservice interest is holding well. The market undertone is unsettled. This week, Northeast wholesale cheese prices saw declines as cheddar and Muenster dipped \$0.0150, along with a \$0.0375 skid in the 5# sliced process cheese price. The Grade A Swiss price is unchanged. Tuesday's CME Group daily cash prices saw barrels close at \$1.4800, down \$0.1575 from a week ago. Blocks closed at \$1.6400, down \$0.0650 from a week ago. The DMN *National Retail Report-Dairy*, for January 20-26, 2017, noted the Northeast weighted average advertised price for 8 oz. cheese blocks was \$2.33, 13 cents above the national average, with a regional price range of \$1.99-\$2.79. The Southeast 8 oz. block average price was \$2.26, 6 cents above the national average, with a regional price range of \$1.67-\$2.50. The Northeast average advertised price for 8 oz. cheese shreds was \$2.24, 2 cents above the national average price, with a regional price range of \$1.50-\$2.50. In the Southeast, the average price for 8 oz. shreds was \$2.27, 5 cents above the national average, with prices ranging \$1.67-\$2.50. The Foreign Agricultural Service (FAS) reports that December 2016 U.S. cheese and curd imports totaled 30.2 million pounds, a 38.1% increase from a year ago, and 10.1% of the yearly quota.

COLD STORAGE: According to NASS, U.S. stocks of total natural cheese as of December, 2016 totaled 1.207 billion pounds, 2% more than the previous month, and 5% higher from a year ago. Swiss cheese totaled 24.6 million pounds, even from a year ago, but down 1% from last month.

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

| | | |
|-----------------------------|---|---------------|
| Cheddar 40# Block | : | 2.1675-2.4525 |
| Process 5# Sliced | : | 1.7200-2.2000 |
| Muenster | : | 2.1525-2.5025 |
| Grade A Swiss Cuts 10 - 14# | : | 3.0950-3.4175 |

MIDWEST

Reports on milk availability for Central cheese producers vary. Some cheesemakers are finding available milk on the spot market, and their dedicated milk supplies will suffice for the weeks to come. However, others are seeing tighter milk supplies in their areas. Following recent trends of readily available milk for most cheesemakers, cheese production continues at fully active levels. With most cheddar styles, demand has been fair to relatively strong. Pizza cheese producers are reporting fair demand during the Super Bowl season. Cheese inventories remain available and some extra cheese is being offered on the spot market. Cheese buyers report being sufficiently stocked. The DMN *National Retail Report-Dairy* shows that January 20-26 Midwest ads for 8 ounce shred cheese have a weighted average advertised price of \$2.16, 6 cents below the national average. Midwest prices range from \$1.66-\$2.50. One year ago, the national price was \$2.39. For 8 ounce blocks, the Midwest average price is \$2.17, 3 cents below the national average price. Midwest ads are priced from \$1.66-\$2.50. Last year, the national price was \$2.33. Midwestern wholesale prices are unchanged for Swiss cuts, down \$.0375 for process and down \$.0150 for all other types. This week, a cooperative export assistance program accepted requests for 3.380 million pounds (1,533 metric tons) of cheese. So far this year, the program has assisted member cooperatives who have

contracts to sell 3.431 million pounds of cheese in export markets. According to the NASS *Cold Storage* report, U.S. stocks of cheese (total natural) at the end of December 2016 were 1.207 billion pounds, 2% above November 2016 and up 5% from December 2015. American stocks were 4% more, other natural stocks were 8% more, and Swiss stocks were the same compared to last year. In the East North Central region (Wisconsin, Illinois, Michigan, Indiana and Ohio), American cheese stocks at the end of December 2016, were 4% higher than last year and 4% more than last month. Other cheese stocks in the East North Central region were 7% higher than December 31, 2015 and 1% above November 30, 2016. In the West North Central region (Minnesota, Iowa, Missouri, Kansas, Nebraska, South Dakota and North Dakota), American cheese stocks at the end of December 2016, were 9% higher than last year, while there was no change from last month. Other cheese stocks in the West North Central region were 3% higher than December 31, 2015, but 1% below November 30, 2016. In CME Group trading Wednesday, barrels closed at \$1.4600, down \$.1500 from last Wednesday and blocks closed at \$1.6400, down \$.0525.

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

| | | |
|---|---|---------------|
| Process American 5# Loaf | : | 1.6775-2.0375 |
| Brick And/Or Muenster 5# | : | 2.0725-2.4975 |
| Cheddar 40# Block | : | 1.8000-2.1950 |
| Monterey Jack 10# | : | 2.0475-2.2525 |
| Blue 5# | : | 2.3400-3.3275 |
| Mozzarella 5 - 6# (Low Moisture, Part Skim) | : | 1.8725-2.8125 |
| Grade A Swiss Cuts 6 - 9# | : | 2.6125-2.7300 |

WEST

Western cheese production is active and cheesemakers report good supplies of milk used for manufacturing. Cheese demand has remained fairly steady after a strong holiday season. Price fluctuations are prompting buyers in export markets to make a few more purchases. Domestic retail, cut and wrap, and food service demand has remained solid. And, the demand for cheese destined for pizzas is strong amid the football playoffs and Super Bowl. Inventories for fresh cheese blocks are in good supply, but do not appear to be overly heavy. Barrel stocks are still long. The DMN *National Retail Report-Dairy* for the week of January 20-26 shows the U.S. weighted average advertised retail price for an 8 ounce pack of natural shredded cheese is \$2.22, up \$.10 from last week. Packs average \$2.55 in the Southwest and \$1.91 in the Northwest. One year ago, the national price was \$2.39. For 8 ounce blocks, the U.S. price is \$2.20, up \$.04 from last week. Blocks average \$2.36 in the Southwest and \$1.67 in the Northwest. One year ago, the national price was \$2.33. In the West, wholesale prices are down \$.0375 for process, and down \$.0150 for cheddar block, cuts, and Monterey Jack. Swiss cut wholesale prices are unchanged. This week, a cooperative export assistance program accepted 24 requests for export assistance to sell 3.380 million pounds (1,533 metric tons) of cheese. So far this year, the program has assisted member cooperatives who have contracts to sell 3.4 million pounds of cheese in export markets. According to the NASS *Cold Storage* report, U.S. stocks of cheese (total natural) at the end of December 2016 were 1.207 billion pounds, up 2% from November 2016 holdings, and up 5% from December 2015. American stocks were 4% more, other natural stocks were 8% more, and Swiss stocks were unchanged compared to last year. In the Mountain Region, American cheese stocks were 12% lower than one year earlier, but up 6% from one month earlier.

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CHEESE MARKETS

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Pacific Region American cheese stocks were 2% less than one year earlier, but 7% more than the previous month. Also in the Pacific Region, other natural cheese stocks were 17% above a year ago, and up 7% from a month ago. In CME Group trading Wednesday, barrels closed at \$1.4600, down \$.1500 from a week ago and blocks closed at \$1.6400, down \$.0525.

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

| | | |
|---------------------------|---|---------------|
| Process 5# Loaf | : | 1.6650-1.9225 |
| Cheddar 40# Block | : | 1.8325-2.2775 |
| Cheddar 10# Cuts | : | 2.0125-2.2325 |
| Monterey Jack 10# | : | 2.0225-2.1825 |
| Grade A Swiss Cuts 6 - 9# | : | 2.6725-3.1025 |

2016 U.S. Cheese Imports (USDA-FAS)

| | 2016 Imports (Million Lb.) | % Change From 1 Year Ago | % of Yearly Quota |
|------------------|---------------------------------------|-----------------------------|----------------------|
| December Quota | 30.2 | + 38.1 | 10.1 |
| TOTAL, Jan - DEC | | | |
| High Tier | Not available at time of publication. | | |
| Quota | 232.2 | + 3.3 | 77.7 |

FOREIGN TYPE CHEESE

Lower year on year milk production in Europe as 2016 ended has led to making choices of what dairy products to manufacture with available milk. Cheese often comes out ahead of other options for reasons of profitability. Less milk is going into dairy powders to keep desired volumes flowing into cheese. In Italy, Parmigiano Reggiano production for 2016 was up 5.06% from 2015 according to CLAL. Grana Padano production for 2016 was up 1.2% from 2015. However, December 2016 production was up 17.54% from November and 3.63% above December 2015. In the United States, NASS reports that December 31, 2016 stocks of Swiss cheese in cold storage are even with one year earlier, but 99% of November 30, 2016. In the U.S., wholesale blue, gorgonzola, parmesan and Romano prices decreased \$.0150. 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 | : 2.2175-3.7050* |
| Gorgonzola | : 3.6900-5.7400 | : 2.7250-3.4425* |
| Parmesan (Italy) | : -0- | : 3.6075-5.6975* |
| Romano (Cows Milk) | : -0- | : 3.4075-5.5575* |
| 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- | : 3.1325-3.4550 |
| 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 |
|----------|--------|----------|
| | : | : |
| 01/23/17 | 13,987 | : 83,511 |
| 01/01/17 | 12,740 | : 81,357 |
| CHANGE | 1,247 | : 2,154 |
| % CHANGE | 10 | : 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 | 0 | 100 | 42 | 0 | 0 | 40 |
| SOUTHEAST STATES | 0 | 0 | 0 | 0 | 0 | 0 |

In the Northeast and Mid-Atlantic, milk production is slowly rising around typical patterns. Fat and protein tests are edging slightly higher and yields are seasonally good. In the Southeast, milk production is increasing. After good demand, many bottlers found themselves with too much milk and began canceling orders. As a result, increased volumes are clearing to manufacturing plants. Milk production continues to climb in Florida. Output varies as some areas of the state report more moderate gains. Export milk shipments totaled 100 loads this week. The fluid cream market remains weak. Offers are fully adequate for fair to good demand. Spot prices remain widespread, with a few loads trading below market. This week, **cream multiples** range .97 to 1.18. Market sources report freight rates vary and are considered when f.o.b. prices are established. Eastern **condensed skim** remains readily available. Traders are having to clear loads out of region, as some cheese makers are showing more interest in wet solids. Heavy volumes are being dried. According to the DMN *National Retail Report-Dairy*, for January 20-26, the U.S. weighted average advertised price for a half gallon of milk was \$2.77, down 8 cents compared to last week and up \$1.20 from last year. This week, there were no ads for a half gallon of milk in the Northeast region.

MILK PRODUCTION: According to NASS, milk production in the 23 major states during December 2016 totaled 16.8 billion pounds, up 2.4% from one year ago. Eastern states' milk production are as follows:

December 2016 Milk Production, (USDA-NASS)

| | (Million Lb.) | % Change From 1 Year Ago |
|--------------|---------------|-----------------------------|
| Florida | 218 | + ... |
| New York | 1,246 | + 3.6 |
| Pennsylvania | 919 | + 1.7 |
| Vermont | 229 | + 1.3 |
| Virginia | 144 | - 2.0 |

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

In the South Central area, milk production is steady to building. There have been some fluctuations in farm milk pickup volumes as weather affects cow comfort. Milk quality issues are more frequent in areas that recently received rainfall. In the North Central area, dairy operators report milk production is level to higher, with steady

improvements in butterfat and protein components. A recent snowstorm in the upper Midwest slowed farm milk pickups and deliveries to some processing plants early in the week. The drawdown on milk supplies in the region into bottling is unchanged to slightly higher as education institutions added a day for food service after last week's holiday-shortened days of operation. Within the region, milk marketers report there are instances of milk clearing from one state to another, and these load movements are depressing spot milk prices in the receiving states. In addition, some Class III plant managers are trying to clear loads of their usual milk intake volumes to put a damper on cheese production. This, reportedly, is due to ample commodity cheese inventories. Spot milk prices are under some pressure as availability grows, with a current range of \$2.00 under to flat Class. Cream demand is steady into butter churns, but Class II manufacturers are taking cream loads ahead of the churns to supplement contract loads. Production of cream-based dips and sour cream are seasonally higher. The Class II cream multiples range shifted lower, ranging from 1.05 to 1.20. The DMN *National Retail Report-Dairy* for January 20-26 noted the national weighted average advertised price for one gallon of milk was \$2.39, down \$0.67 from a week ago and \$0.36 lower than a year ago. The weighted average regional prices in the Midwest and South Central were \$1.94 and \$2.71, respectively. The NASS *Milk Production* report noted December 2016 milk production in the 23 selected states was 16.8 billion pounds, 2.4% above a year ago. Milk cows in the 23 selected states totaled 8.7 million head, 53,000 head more than a year ago. The following table shows Central states included in the report and the monthly milk production changes compared to a year ago:

December 2016 Milk Production, (USDA-NASS)

| | (Million Lb.) | % Change From 1 Year Ago |
|--------------|---------------|-----------------------------|
| Illinois | 160 | - 1.2 |
| Indiana | 350 | + 0.6 |
| Iowa | 424 | + 3.2 |
| Kansas | 288 | + 9.5 |
| Michigan | 910 | + 3.9 |
| Minnesota | 816 | + 1.1 |
| Ohio | 459 | + 0.2 |
| South Dakota | 218 | + 4.3 |
| Texas | 953 | +11.7 |
| Wisconsin | 2,520 | + 1.7 |

WEST

Milk production in California is steady to slightly lower mainly due to the soggy climate. Some dairy operations throughout the Central Valley are still recovering from last weekend's rainstorms that resulted in flooding and mudslides. However, according to many processors, milk supply is more than adequate in order to cover all manufacturing needs. Bottling milk orders from several retail outlets and restaurants look to be up this week. Class 2 demand is flat. According to California Department of Food and Agriculture, December 2016 pool receipts of milk in the state total 3.22 billion pounds. This is 0.5% lower compared to the same month a year ago. From January through December 2016, receipts are 1.7% lower from the comparable period in 2015. The Value at Test price is \$17.47, \$0.51 higher than the previous month and \$2.07 above a year ago. The percentage of receipts used in Class 1 products is 13.72%. The December quota price is \$17.50 and the over quota price is \$15.80.

-CONTINUED ON PAGE 4A-

FLUID MILK AND CREAM

-CONTINUED FROM PAGE 4-

These prices are \$0.25 above last month and \$1.95 higher from a year ago. Although rain showers are present in Arizona, milk production continues inching up. However, the wet weather is causing some issues with milk hauling in some areas of the state. Class I demand is flat as pipelines from several market channels are full. Interest for Class II is improving, but slowly. Milk production in New Mexico is trending down, principally due to muddy conditions at some dairy operations. Nevertheless, there are enough milk volumes for manufacturing. Moreover, some processors from nearby states are helping to clear heavy milk intakes from New Mexico. This week, sales into Class I are down, but sales into Class II are slightly up. Milk volumes clearing into Class III are steady. The wintry weather in the Pacific Northwest has been conducive to lower milk yields. Therefore, some manufacturers are receiving less milk supplies this week, but supplies are adequate for most processing needs. Class I requests from several market channels are steady. Milk hauling is back to normal, after being affected by heavy rains during last week. In the mountain states of Idaho, Colorado, and Utah, milk output is slightly down, mainly due to the cold weather. Nevertheless, according to some processors, milk intakes appear to be in good balance with manufacturing needs. Heavy accumulation of snow on the roads is creating some milk delivery delays. According to the *DMN National Retail Report-Dairy* for the week of January 20-26, the national weighted average advertised price for one gallon of milk is \$2.39, down 67 cents from last week and 36 cents lower from a year ago. The weighted average regional price in the Southwest is \$2.76. There were no reported prices for gallon milk in the Northwest this week. Condensed skim intakes are readily available in the West as large amounts continue clearing into NDM/SMP processing. Western cream demand from Class II is light to moderate as manufacturers finish sour cream and dip orders for Super Bowl-related shopping. Ice cream and ice cream mix makers are pulling more cream, but slowly. Most cream supplies are clearing into butter churning. At this point, interest for spot cream from butter makers is sluggish. This week, multiples for all classes are steady to slightly higher, ranging from 1.00 to 1.20. The *NASS Milk Production* report noted December 2016 milk production in the 23 selected states was 16.8 billion pounds, 2.4% above a year ago. Milk cows in the 23 selected states totaled 8.7 million head, 53,000 head more than a year ago. The following table shows western states included in the report and the monthly milk production changes compared to a year ago:

December 2016 Milk Production, (USDA-NASS)

| | (Million Lb.) | % Change From 1 Year Ago |
|------------|---------------|-----------------------------|
| Arizona | 411 | + 0.2 |
| California | 3,380 | + 0.5 |
| Colorado | 338 | + 7.3 |
| Idaho | 1,197 | + 2.7 |
| New Mexico | 668 | + 7.1 |
| Oregon | 207 | - 2.8 |
| Utah | 177 | - 1.7 |
| Washington | 547 | - 0.2 |

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: This week, low/medium heat nonfat dry milk (NDM) prices were steady to lower in the mostly series. NDM price weakness was seen this week at the CME. However, the market tone is primarily firm. Production is maintaining strong output, with increases in milk volumes. Buying interest remains fair to good across domestic and export accounts. Some cheese makers are turning to condensed skim. Most NDM inventories are adequate for commitments. Sources report f.o.b. spot exchanges were limited in a somewhat quiet this week. High heat nonfat dry milk prices switched lower at the top of the range. Supplies are sufficient for customer accounts.

EAST: Prices for low/medium nonfat dry milk (NDM) are mixed in the regional pricing series. Less trading activity is occurring at the low end of range. Production is steady. Inventories are in balance to short of buyer interest. Most plants report that additional supplies will be available in the coming month. Demand is fair to good and clearing most current offerings. Interest in condensed skim is active as supplies remain heavy. The low/medium heat NDM undertone is unsettled. High heat NDM prices are steady to lower, as a few buyers were able to secure f.o.b. spot loads. High heat demand is active, but supplies are limited.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: .9700 - 1.0600 MOSTLY: 1.0300 - 1.0600
HIGH HEAT: 1.1300 - 1.1600

NONFAT DRY MILK - WEST

F.O.B. spot prices for western low/medium heat nonfat dry milk (NDM) are lower on the range and mostly series. For some buyers/end users, the recent NDM spot pricing downward trend at the CME is starting to make sense with the market, as large supplies are readily available. Meanwhile, some manufacturers and brokers are anticipating a rebound in prices in the short term, as the typical high demand for spring season approaches. With lower NDM values, trading in the spot market is more active, compared to a few weeks ago. Some manufacturers' NDM offers from recent production can be found priced at or above the top price of the range. On the other hand, some processors are trying to clear 2016 NDM supplies, offering loads at prices close to the bottom of the range. Demand from the food processing industry is fair to good. Low/medium heat NDM production is active as many western balancing plants continue clearing large condensed skim volumes into dryers. Inventories are steady to building. Prices for western high heat nonfat dry milk are steady to higher on very light trading. Production is limited as balancing plant operators are busy converting condensed skim into low/medium heat NDM and SMP.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: .9300 - 1.0700 MOSTLY: 1.0000 - 1.0500
HIGH HEAT: 1.0900 - 1.1800

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

| WEEK ENDING | PRICE | TOTAL SALES |
|-------------|----------|-------------|
| January 20 | \$1.0037 | 7,949,315 |
| January 13 | \$.9990 | 6,009,744 |

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

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Prices for dry buttermilk in the region match last week's prices. Output rates are on track with regionally active butter churning. However, some butter makers continue to move buttermilk as liquid. Producers' stock of dry buttermilk are increasing slightly. Limited spot interest is reported. The dry buttermilk market undertone is steady.

EAST: Dry buttermilk prices are unchanged. Offerings near the top of the range were reported, with confirmed sales. Dry buttermilk production remains steady with recent weeks. Limitations on dryer times continue due to facilities operating near capacity as they absorb heavy milk intakes. In general, dry buttermilk inventories are tight, but adequate for supplying customers' processing needs. Buyers' demand is mostly sluggish this week. The market undertone is steady in a strong market.

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

DRY BUTTERMILK - WEST

F.O.B. prices for western dry buttermilk are mixed on the range, but unchanged on the mostly series. Trading activity outside contracts is light as supplies continue tightening. Demand is steadily improving, as the spring baking season is close. Drying schedules for condensed buttermilk have been limited as most processors are focusing on converting heavy condensed skim intakes into NDM. As a result, dry buttermilk production is lower.

F.O.B. WEST: .9200 - 1.0500 MOSTLY: .9800 - 1.0200

DRY WHOLE MILK - NATIONAL

National dry whole milk f.o.b. spot prices are mixed as some spot transactions pulled down the bottom price of the range. The market undertone is mixed. Spot sales activity is light. Production is sporadic, mainly dictated by contractual needs. However, some processors expect to increase production ahead of the upcoming baking season. Inventories vary from plant to plant.

F.O.B. PRODUCING PLANT: 1.4000 - 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 edged up at the bottom of the range and top of the mostly price series this week. The market tone for dry whey continues to remain firm. Contacts suggest U.S. price points are not competitive in some foreign markets, but domestic demand is steady. With strengthening demand in the higher protein concentration market, dry whey production is easing back a bit. Contacts report seeing fewer spot market options available this week. Some contacts report not anticipating a spot price decrease in the near future. Whey is moving well through existing contracts, but inventories are reportedly tight. Animal feed whey price points held steady this week. Similar to dry whey, animal feed whey contacts also reported seeing fewer spot offerings this week.

F.O.B. CENTRAL: .3875 - .5200 MOSTLY: .4025 - .4575
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3300 - .4450

DRY WHEY - NORTHEAST

The dry whey price continues to advance as prices moved higher at the top of the range. Production is steady. Available stocks are meeting near term customer commitments. Reports generally indicate limited offerings to buyers in spot markets. Buyers receiving offers tend to push back against offers at the high end of the range. Overall, dry whey demand is strong, with no signs of relaxing. The market maintains a firm undertone.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .4275 - .5100

DRY WHEY - WEST

Western whey f.o.b. spot prices are unchanged on the range, but steady to higher on the mostly series. The market tone continues to be firm as demand is above the current supply. Some manufacturers have shifted production away from dry whey and towards higher end whey protein concentrations. As a result, dry whey output is down and inventories continue tightening. Processors report good demand for dry whey in domestic and Mexican markets.

NONHYGROSCOPIC: .4200 - .5500 MOSTLY: .4375 - .5000

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices are unchanged to higher in the range, but steady in the mostly series. Production volumes tend to be steady, however, shifts by some manufacturers to whey protein isolate and whey protein concentrate 80% production prevent WPC 34% from keeping pace with the strong demand. Producers' holdings mainly clear through customer contracts and most stocks are committed. The market notes spot transactions are limited due to tight inventories. Resale markets are actively meeting some of the purchasing needs. The market undertone remains firm.

F.O.B. EXTRA GRADE 34% PROTEIN: .8250 - 1.1000 MOSTLY: .8500 - 1.0300

LACTOSE - CENTRAL AND WEST

This week, lactose prices inched higher at the bottom of the mostly series on a few f.o.b. spot sales. Trades vary depending on the mesh size and brand demand. Lactose production is active as volumes align with processing of whey protein concentrate. Contracted commitments are clearing production the best. While committed shipments are moving well, spot buyers are searching to find surplus loads, as stronger than anticipated demand presents a challenge. Good interest is being generated by Asian export markets. Supplies are tight. Some producers' plants are sold out. The market undertone is steady to firm.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .2400 - .5800 MOSTLY: .3500 - .4000

CASEIN - NATIONAL

Rennet casein prices increased very slightly at the bottom of the price range, but are steady at the top. Acid casein also slightly firmed at the bottom of the price range but remained steady at the top. Most steady users of casein are contracted for the first quarter, and some through the second quarter, which keeps spot market activity at a low level. With early year uncertainty as to how tighter supplies of milk in the EU and Oceania will be used by dairy manufacturers, coupled with this being an off GDT event week, few were in a hurry to complete transactions.

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: 3.0150 - 3.0600
ACID: 3.0525 - 3.1500

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

| WEEK ENDING | 2017 WEEKLY DAIRY COWS | 2017 CUMULATIVE DAIRY COWS | 2016 WEEKLY DAIRY COWS | 2016 CUMULATIVE DAIRY COWS |
|-------------|---------------------------|-------------------------------|---------------------------|-------------------------------|
| 01/07/2017 | 57.1 | 57.1 | 68.5 | 112.0 |

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 |

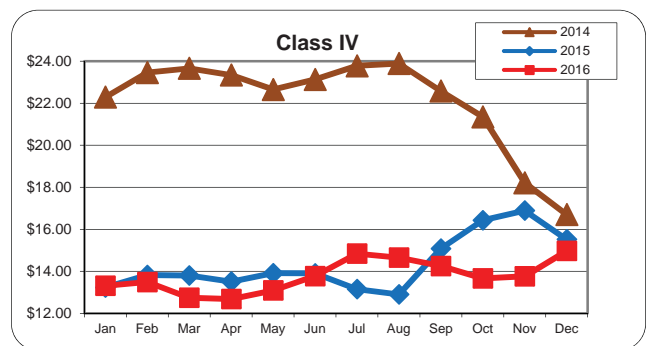
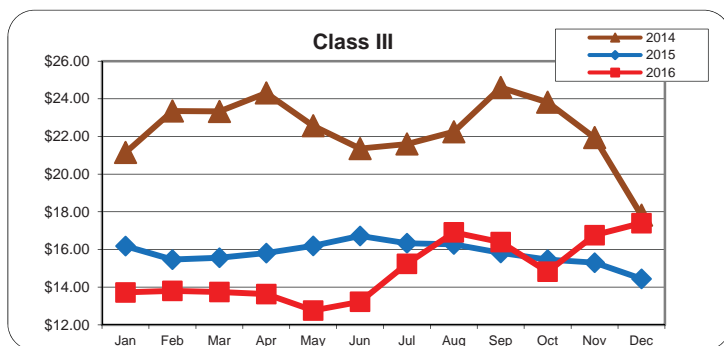
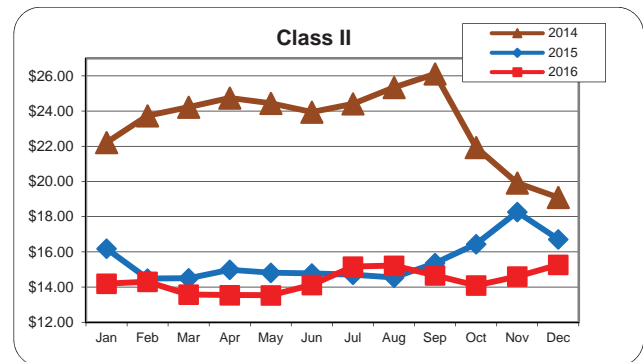
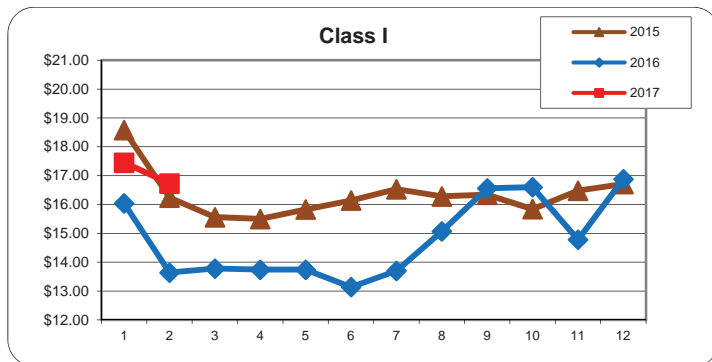
CLASS IV MILK PRICES (3.5%)

| 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."



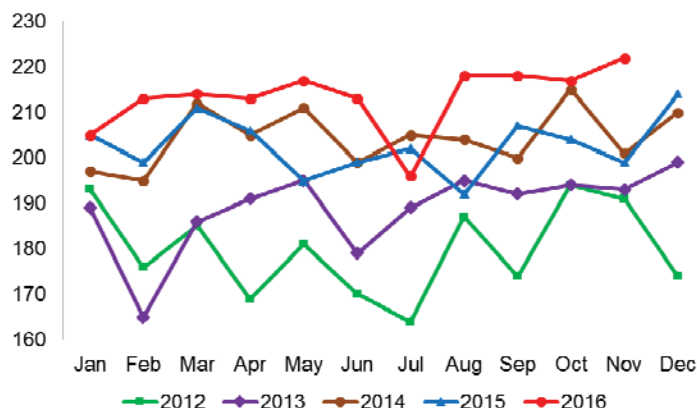
ORGANIC DAIRY MARKET NEWS

Information gathered January 16 - 27, 2017

ORGANIC DAIRY FLUID OVERVIEW

Organic Milk Products Sales. Nearly each month of 2016 through the latest reported data for November, had organic milk products sales above the same month of previous reported years. The higher organic milk volumes have tested existing manufacturing and distribution arrangements, leading to some adjustments.

Estimated Total U.S. Sales of Organic Fluid Milk Products
(Million Lbs.)



Data source/graph USDA Dairy Market News

December Organic Milk Sales and Sourcing – New England.

In New England, Federal Milk Market Order 1 reports utilization of types of organic milk by pool plants. During December, 2016, organic whole milk utilization totaled 15.07 million pounds, up 10.4% from December 2015. The December 2016 butterfat content was 3.28%, down from 3.29% in 2015. Organic reduced fat milk utilization for December 2016, 21.14 million pounds, was up 1.3% from December 2015. Butterfat December 2016 was 1.23%, up from 1.21% December 2015.

Current Organic Milk Market Conditions. A side effect of the higher organic milk volumes is that it is more challenging for organic dairy producers to secure new contractual relationships with organic processors. This situation is noted as a problem across the country, in the Northeast, Midwest and West. In the Northeast, a number of conventional dairy producers are transitioning into organic without an organic buyer secured.

There is a backlog of new organic producers seeking to contract with organic processors. Major organic buyers in the Northeast are not taking on new producers. With conventional milk prices much lower than organic prices, some northeast organic producers with no buyer are described as concerned. Similar conditions exist in the West and Midwest. Some industry leaders call this a huge problem. Various smaller organic processors have also not been able to accept all organic milk available to them, leading to some volumes being sold into conventional markets.

Organic milk pay prices typically vary by region and season, as well as whether for grassmilk or not. Announced 12 month average mailbox prices for organic milk sold to a national scale processor are:

Region

12 Month Avg.

Mailbox Price* \$

| | |
|------------------------------------|-------|
| Grassmilk – California | 38.64 |
| Grassmilk – Mideast | 38.43 |
| Grassmilk – Northeast | 39.43 |
| Grassmilk – New England | 39.68 |
| Grassmilk – Midwest | 37.43 |
| Grassmilk – Virginia - W. Virginia | 39.43 |
| California – North Coast | 35.02 |
| California – Humboldt | 34.64 |
| Colorado | 33.43 |
| Mideast | 34.43 |
| Midwest | 33.43 |
| New England | 35.68 |
| Northeast | 35.43 |
| Virginia – W. Virginia | 35.43 |
| North Carolina – Tennessee | 36.68 |
| Texas – New Mexico | 34.68 |
| West | 34.30 |

*Determined from various seasonal prices, seasonal market adjustment premiums, quality premiums, and soil premiums. Prices are based on 12.2% component levels of 3.5% butterfat; 3.05% protein; 5.65% other solids.

Organic Milk Pay Prices in the EU. Average organic milk farm prices in Germany for November 2016, 48.31 Euros/100kg, are 0.68% lower than a year ago but up 1.11% from October, according to CLAL. The average annual 2016 price through November, \$47.75, is up 1.00% from the same months of 2015. In the German state Bavaria, the November price, 49.08 Euros/100 kg, is up 0.12% from a year earlier, and up 1.11% from October. The average annual 2016 price through November, \$48.35, is up 1.47% from the same months of 2015. As of January 18, the exchange rate was 1.0678 Euros per 1 U.S. dollar.

ORGANIC GRAIN AND FEEDSTUFF MARKETS: Demand and sales volumes for feed grade organic grains are moderate, and prices are steady. Organic feed corn prices are steady with continuing resistance from growers to contract 2017 crops at current price offers. Organic feed soybeans traded higher due to delays in the import supply chain. Organic HRW feed wheat traded steady on light demand. Organic soybean meal has decreased domestic soybean oil supplies, resulting in firmer prices. Organic hay trading is limited. Further information is available at: <https://www.ams.usda.gov/mnreports/lbncor.pdf>

ORGANIC DAIRY RETAIL OVERVIEW

Organic Dairy Overview. This week, organic milk accounts for 49% of organic dairy retail ad numbers by commodity, with a 13% increase in ads over the previous period. Organic cottage cheese and yogurt followed at 16% and 14%, respectively, of overall organic dairy advertisements for this survey week. The remaining percentages for organic dairy commodities are shown in the following pie chart.

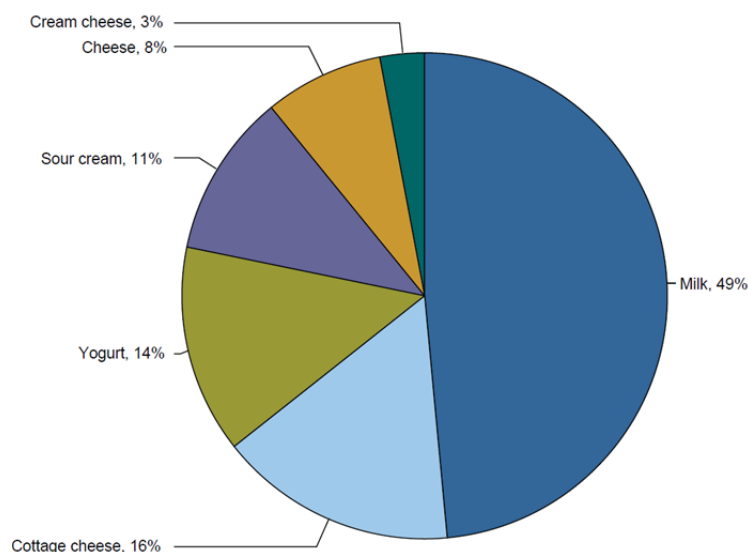
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ORGANIC DAIRY MARKET NEWS

Information gathered January 16 - 27, 2017

CONTINUED FROM PAGE -8-

Percentage of Total Organic Ads by Commodity



Data source/graph USDA Dairy Market News

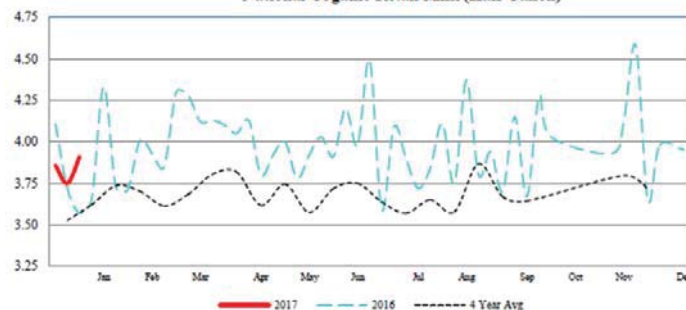
Advertising information presented is compiled from nearly 23,000 surveyed newspaper supermarket ads. Prices are valid from January 27-February 2, 2017, identifying weekly specials and containing organic dairy content. Retail survey ads reflect “advertised specials” and not the range of non-advertised supermarket cooler prices.

Selected organic dairy product pricing information from the current weekly survey is presented in the following table:

NATIONAL RETAIL ORGANIC DAIRY (Wtd.Avg.Price)

| Commodity | This Week | Last Week | Last Year |
|----------------|-----------|-----------|-----------|
| Butter | ... | \$5.66 | \$5.61 |
| Milk | | | |
| Half gal. | \$3.82 | \$3.91 | \$4.33 |
| Gal. | \$5.98 | \$4.99 | \$5.69 |
| 8 oz. | ... | ... | \$0.98 |
| Yogurt | | | |
| 4-6 oz. Greek | \$1.11 | \$0.91 | \$1.08 |
| 32 oz. Greek | \$5.47 | \$5.77 | ... |
| 4-6 oz. Yogurt | \$1.25 | \$1.42 | ... |
| 32 oz. Yogurt | \$4.49 | \$4.29 | \$4.79 |

National Organic Retail Milk (Half Gallon)



Data source/graph USDA/AMS/Dairy Market News

Complete results of the weekly organic dairy retail survey including regional delineation, can be accessed at: <https://www.ams.usda.gov/market-news/organic>

December Milk Production

Milk production in the 23 major States during December totaled 16.8 billion pounds, up 2.4 percent from December 2015. November revised production at 16.1 billion pounds, was up 2.8 percent from November 2015. The November revision represented an increase of 27 million pounds or 0.2 percent from last month's preliminary production estimate. Production per cow in the 23 major States averaged 1,931 pounds for December, 35 pounds above December 2015. This is the highest production per cow for the month of December since the 23 State series began in 2003. The number of milk cows on farms in the 23 major States was 8.69 million head, 53,000 head more than December 2015, and 10,000 head more than November 2016. Milk production in the United States during the October - December quarter totaled 52.5 billion pounds, up 2.4 percent from the October - December quarter last year. The average number of milk cows in the United States during the quarter was 9.35 million head, 10,000 head more than the July - September quarter, and 26,000 head more than the same period last year.

| State | Milk Cows ^{1,2} | | | | Milk Production ^{1,3} | | | |
|---------------------|--------------------------|-------|--------------------|---------|--------------------------------|--------------------------|----------------------|--------------------------|
| | December | | October – December | | December | | October - December | |
| | 2015 | 2016 | 2015 | 2016 | 2016 | Percent change from 2015 | 2016 | Percent change from 2015 |
| | <i>(thousands)</i> | | | | <i>(million lbs)</i> | | <i>(million lbs)</i> | |
| | | | | | | <i>(percent)</i> | | <i>(percent)</i> |
| AL | -- | -- | 7.0 | 7.0 | -- | -- | 21.0 | -8.7 |
| AK | -- | -- | 0.3 | 0.3 | -- | -- | 0.9 | 12.5 |
| AZ | 195 | 196 | 195.0 | 196.0 | 411 | 0.2 | 1,174.0 | 0.7 |
| AR | -- | -- | 7.0 | 6.0 | -- | -- | 18.0 | -10.0 |
| CA | 1,775 | 1,765 | 1,776.0 | 1,765.0 | 3,380 | 0.5 | 9,901.0 | 0.9 |
| CO | 148 | 155 | 147.0 | 153.0 | 338 | 7.3 | 997.0 | 6.2 |
| CT | -- | -- | 19.0 | 19.0 | -- | -- | 100.0 | 2.0 |
| DE | -- | -- | 5.0 | 5.0 | -- | -- | 22.1 | -6.4 |
| FL | 125 | 122 | 125.0 | 121.0 | 218 | -- | 588.0 | -0.8 |
| GA | -- | -- | 85.0 | 83.0 | -- | -- | 439.0 | -- |
| HI | -- | -- | 2.2 | 2.3 | -- | -- | 8.3 | 9.2 |
| ID | 587 | 600 | 587.0 | 599.0 | 1,197 | 2.7 | 3,614.0 | 3.4 |
| IL | 94 | 93 | 94.0 | 93.0 | 160 | -1.2 | 461.0 | -0.4 |
| IN | 184 | 185 | 184.0 | 185.0 | 350 | 0.6 | 1,028.0 | 1.4 |
| IA | 210 | 214 | 210.0 | 213.0 | 424 | 3.2 | 1,244.0 | 3.8 |
| KS | 142 | 150 | 142.0 | 149.0 | 288 | 9.5 | 853.0 | 10.1 |
| KY | -- | -- | 60.0 | 57.0 | -- | -- | 252.0 | -1.6 |
| LA | -- | -- | 13.0 | 12.0 | -- | -- | 35.0 | -14.6 |
| ME | -- | -- | 30.0 | 30.0 | -- | -- | 154.0 | 3.4 |
| MD | -- | -- | 49.0 | 47.0 | -- | -- | 235.0 | -2.5 |
| MA | -- | -- | 12.0 | 11.5 | -- | -- | 52.0 | -1.9 |
| MI | 412 | 425 | 411.0 | 423.0 | 910 | 3.9 | 2,695.0 | 4.5 |
| MN | 460 | 461 | 460.0 | 461.0 | 816 | 1.1 | 2,388.0 | 1.6 |
| MS | -- | -- | 10.0 | 9.5 | -- | -- | 32.0 | -5.9 |
| MO | -- | -- | 88.0 | 88.0 | -- | -- | 333.0 | 2.1 |
| MT | -- | -- | 14.0 | 14.0 | -- | -- | 72.0 | -1.4 |
| NE | -- | -- | 58.0 | 60.0 | -- | -- | 352.0 | 3.2 |
| NV | -- | -- | 28.0 | 30.0 | -- | -- | 169.0 | -0.6 |
| NH | -- | -- | 14.0 | 13.5 | -- | -- | 69.0 | -1.4 |
| NJ | -- | -- | 7.0 | 6.5 | -- | -- | 30.0 | -- |
| NM | 319 | 325 | 321.0 | 323.0 | 668 | 7.1 | 1,958.0 | 3.9 |
| NY | 620 | 620 | 620.0 | 620.0 | 1,246 | 3.6 | 3,680.0 | 4.1 |
| NC | -- | -- | 47.0 | 45.0 | -- | -- | 233.0 | -3.3 |
| ND | -- | -- | 16.0 | 16.0 | -- | -- | 87.0 | 4.8 |
| OH | 266 | 262 | 266.0 | 262.0 | 459 | 0.2 | 1,352.0 | 0.4 |
| OK | -- | -- | 37.0 | 35.0 | -- | -- | 165.0 | -5.7 |
| OR | 126 | 124 | 126.0 | 124.0 | 207 | -2.8 | 617.0 | -1.9 |
| PA | 530 | 525 | 530.0 | 525.0 | 919 | 1.7 | 2,695.0 | 2.1 |
| RI | -- | -- | 0.9 | 0.8 | -- | -- | 3.2 | -15.8 |
| SC | -- | -- | 15.0 | 15.0 | -- | -- | 59.0 | -1.7 |
| SD | 110 | 116 | 110.0 | 116.0 | 218 | 4.3 | 644.0 | 4.9 |
| TN | -- | -- | 43.0 | 41.0 | -- | -- | 165.0 | -5.7 |
| TX | 461 | 490 | 462.0 | 490.0 | 953 | 11.7 | 2,796.0 | 10.5 |
| UT | 95 | 92 | 95.0 | 91.0 | 177 | -1.7 | 522.0 | -2.4 |
| VT | 131 | 129 | 131.0 | 129.0 | 229 | 1.3 | 674.0 | 2.1 |
| VA | 91 | 88 | 90.0 | 88.0 | 144 | -2.0 | 418.0 | -2.8 |
| WA | 277 | 275 | 277.0 | 275.0 | 547 | -0.2 | 1,625.0 | 0.1 |
| WV | -- | -- | 8.5 | 8.0 | -- | -- | 31.0 | -8.8 |
| WI | 1,280 | 1,279 | 1,280.0 | 1,278.0 | 2,520 | 1.7 | 7,432.0 | 2.2 |
| WY | -- | -- | 6.0 | 6.0 | -- | -- | 35.7 | 3.8 |
| 23 State Total | 8,638 | 8,691 | -- | -- | 16,779 | 2.4 | -- | -- |
| U.S. ^{4,5} | | | 9,321.0 | 9,347.0 | | | 52,529.0 | 2.4 |

¹ Preliminary. ² Includes dry cows, excludes heifers not yet fresh. ³ Excludes milk sucked by calves. ⁴ Includes states for which individual monthly estimates are not available.

⁵ Milk cows will not add due to rounding. **Source:** U.S. Department of Agriculture. National Agricultural Statistics Service. *Milk Production*, (January 2017).

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated

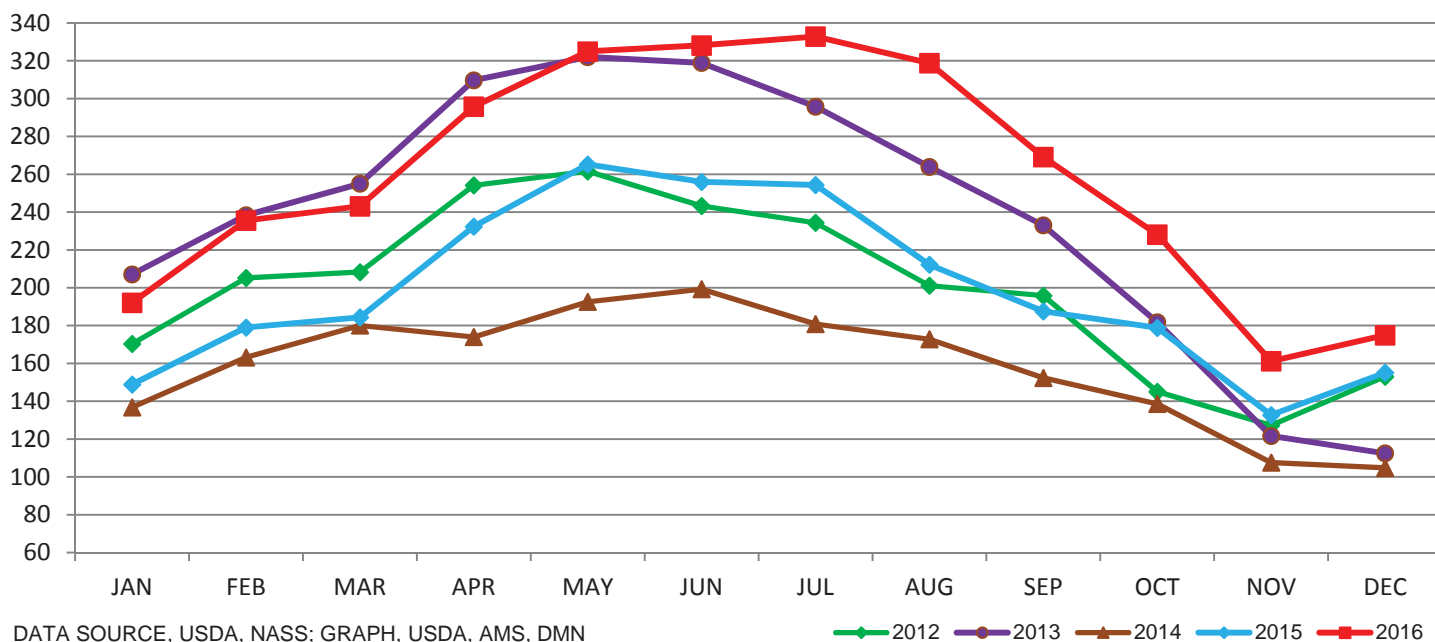
| U.S. HOLDINGS OF DAIRY PRODUCTS | | | | | | |
|---------------------------------|--------------|--------------|----------------------|--------------|--------------|--------------|
| COMMODITY | NOV 30, 2014 | NOV 30, 2015 | REVISED NOV 30, 2016 | DEC 31, 2014 | DEC 31, 2015 | DEC 31, 2016 |
| Butter | 107,566 | 132,740 | 161,203 | 104,728 | 155,082 | 174,933 |
| Cheese, Natural American | 635,776 | 699,794 | 713,231 | 627,769 | 701,073 | 728,945 |
| Cheese, Swiss | 24,419 | 22,665 | 24,749 | 21,282 | 24,587 | 24,572 |
| Cheese, Other Natural | 356,997 | 425,601 | 444,666 | 368,885 | 420,426 | 453,087 |
| Total Cheese | 1,017,192 | 1,148,060 | 1,182,646 | 1,017,936 | 1,146,086 | 1,206,604 |

| DECEMBER STORAGE HOLDINGS BY REGION | | | | | | | | | |
|-------------------------------------|-------------------------|---------|---------|----------|---------|---------|----------------------|---------|---------|
| REGION | Natural American Cheese | | | Butter * | | | Other Natural Cheese | | |
| | 2014 | 2015 | 2016 | 2014 | 2015 | 2016 | 2014 | 2015 | 2016 |
| New England | 61,196 | 61,581 | 63,926 | | | | 879 | 1,111 | 898 |
| Middle Atlantic | 67,534 | 73,797 | 81,364 | | | | 21,513 | 22,246 | 15,748 |
| East North Central | 228,190 | 281,100 | 292,831 | | | | 232,725 | 267,307 | 287,274 |
| West North Central | 100,107 | 107,446 | 117,631 | | | | 46,730 | 47,867 | 49,251 |
| South Atlantic | 761 | 778 | 1,486 | | | | 17,892 | 22,031 | 22,756 |
| East South Central | 4,474 | 6,080 | 5,567 | | | | 13,338 | 14,556 | 24,580 |
| West South Central | 15,054 | 11,680 | 16,033 | | | | 551 | 1,008 | 1,144 |
| Mountain | 52,032 | 58,728 | 51,821 | | | | 2,256 | 3,147 | 3,354 |
| Pacific | 98,421 | 99,883 | 98,286 | | | | 33,001 | 41,153 | 48,082 |
| TOTAL | 627,769 | 701,073 | 728,945 | 104,728 | 155,082 | 174,933 | 368,885 | 420,426 | 453,087 |

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

MILLION POUNDS

Butter Cold Storage Holdings

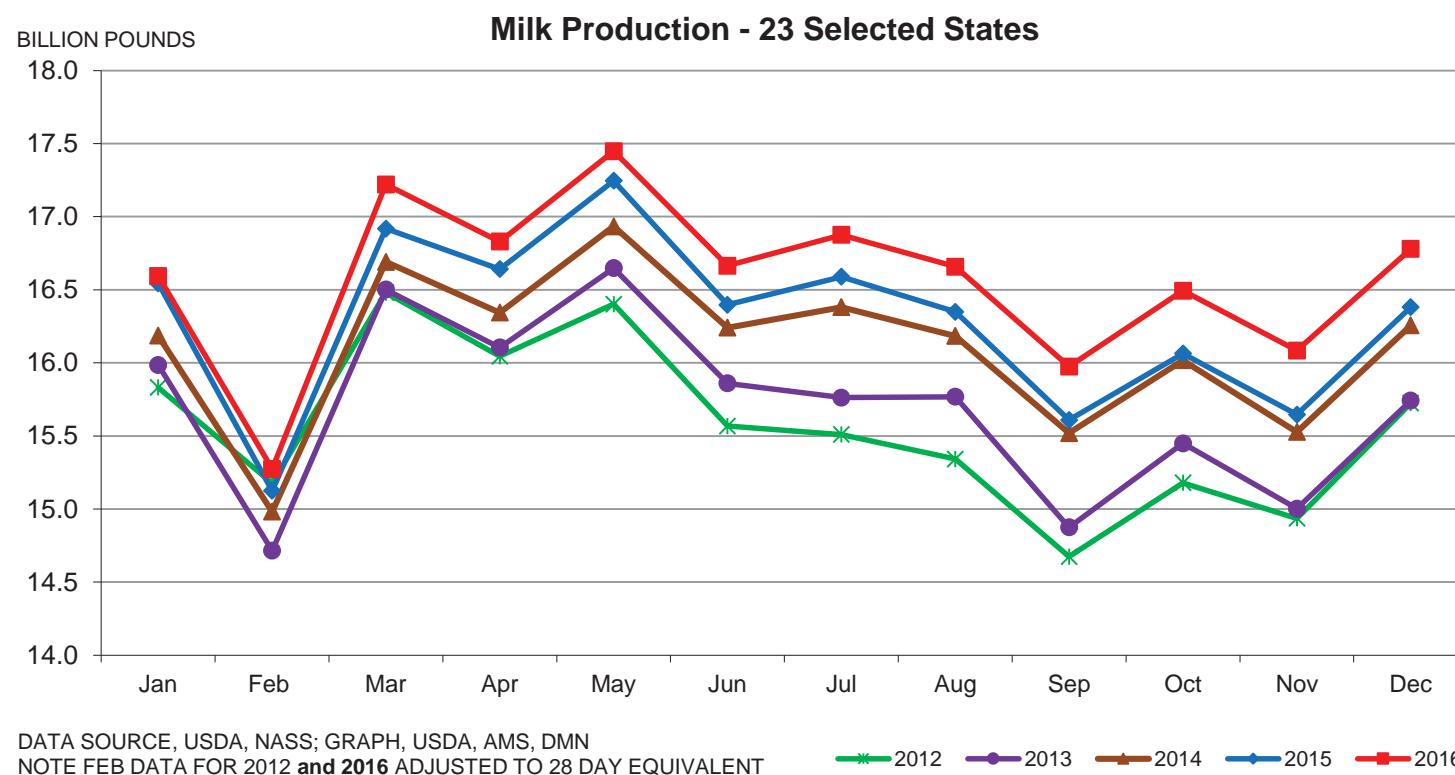
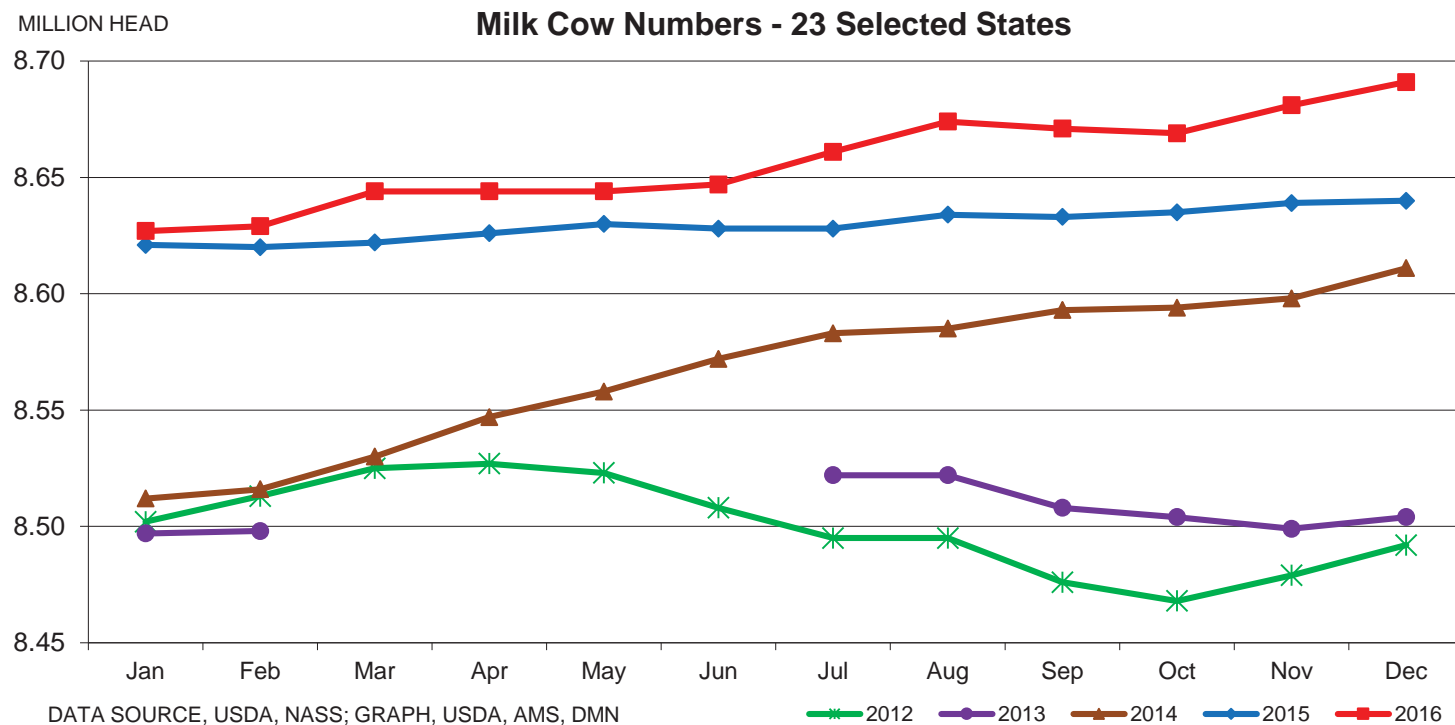


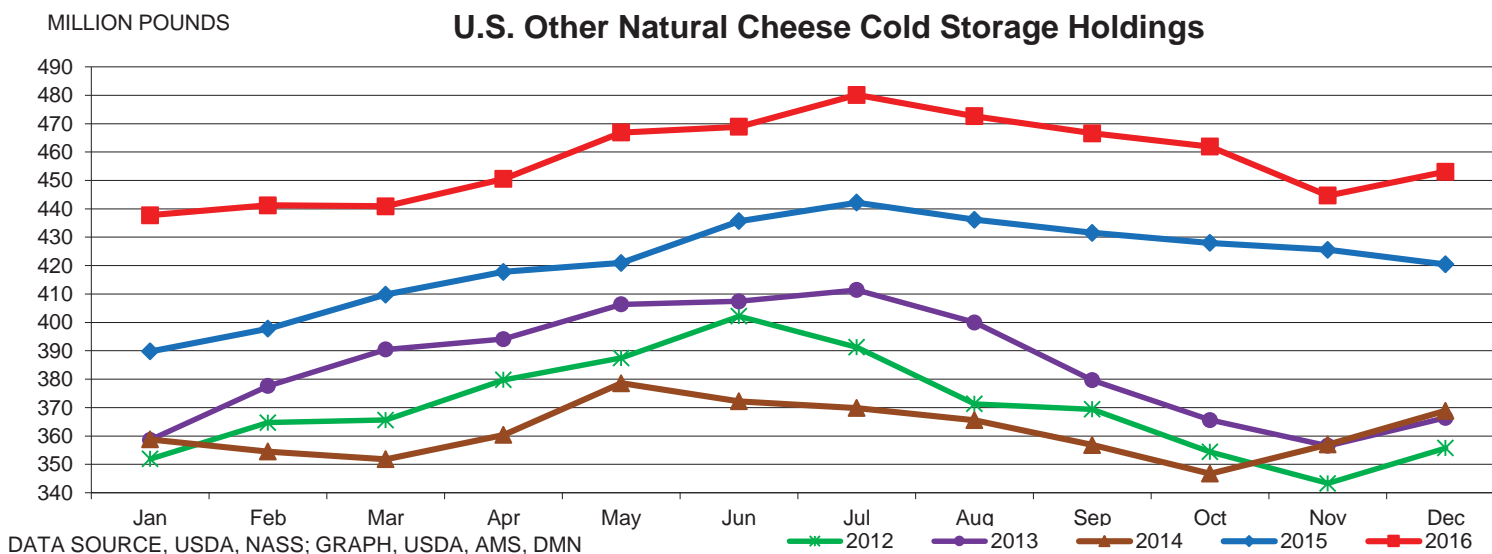
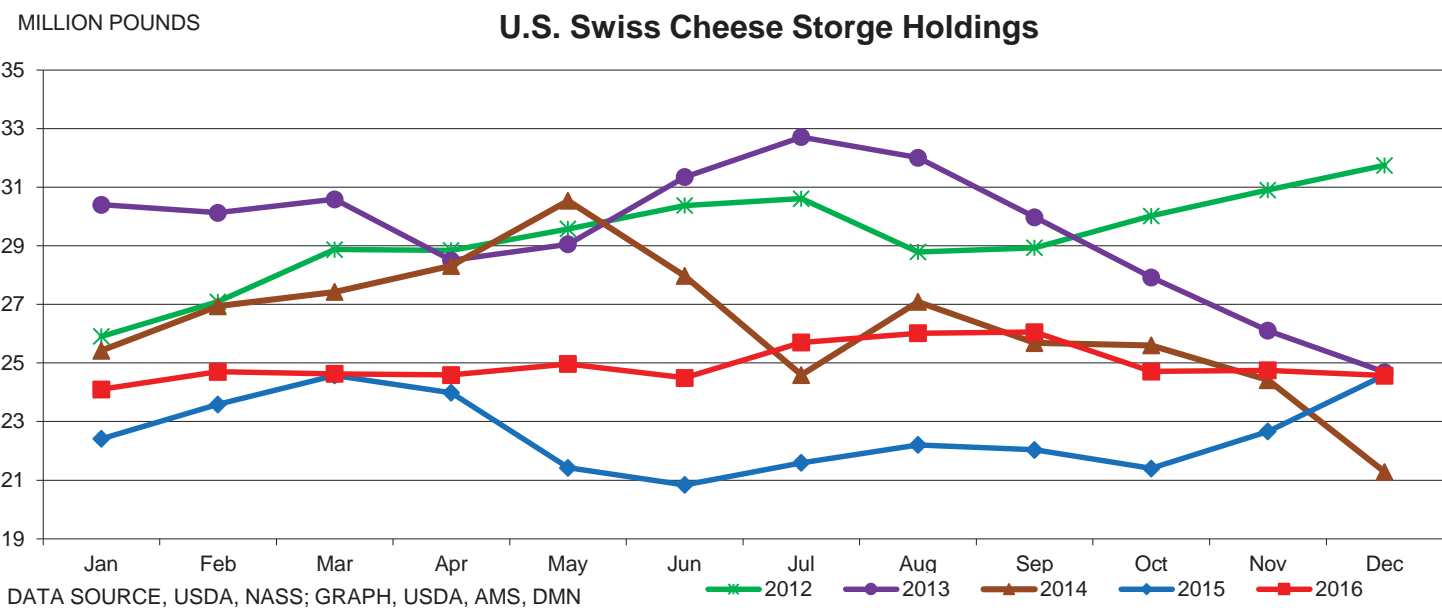
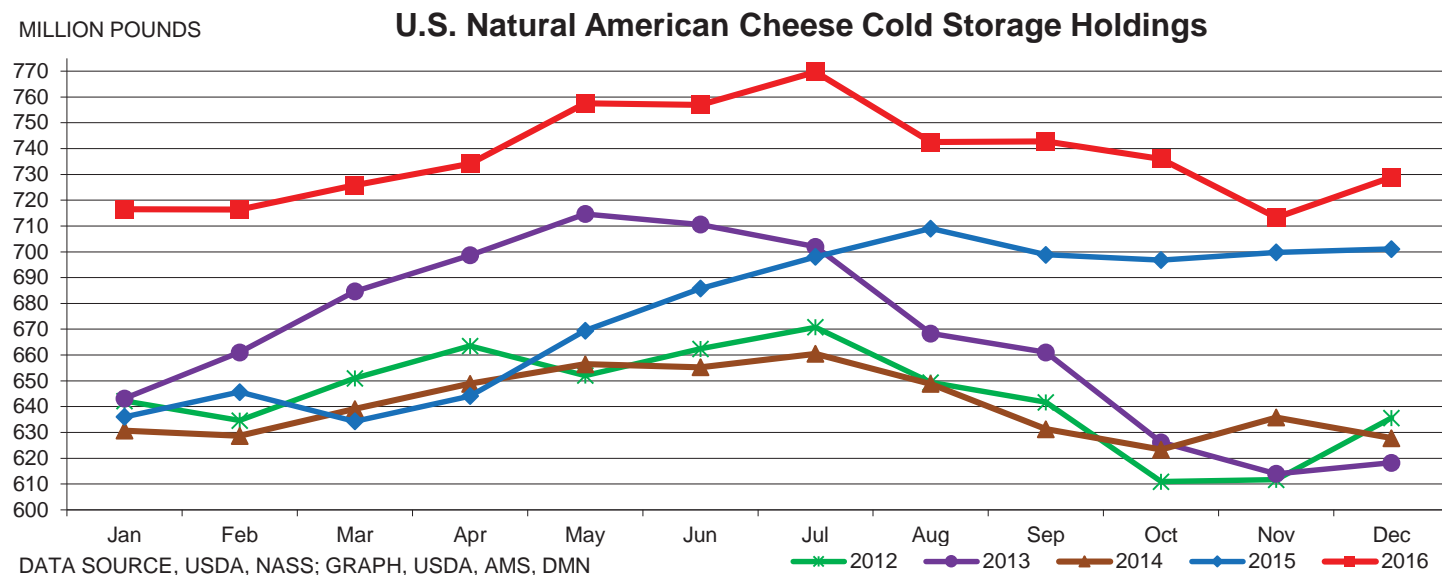
Consumer Price Index and Average Retail Prices for Selected Products, U.S. City Average ¹

| Consumer Price Index | | | | | | | | | | | | |
|----------------------|------------------|-----------------------|------------------|-----------------------|------------------|-----------------------|------------------|-----------------------|------------------|-----------------------|-------------------------------|-----------------------|
| Month | All Food | | Dairy Products | | Fresh Whole Milk | | Cheese | | Butter | | Meat, Poultry, Fish, and Eggs | |
| | CPI ² | Pct. Chg ³ | CPI ² | Pct. Chg ³ | CPI ² | Pct. Chg ³ | CPI ² | Pct. Chg ³ | CPI ² | Pct. Chg ³ | CPI ² | Pct. Chg ³ |
| Oct 2016 | 248.1 | -0.4 | 218.2 | -1.7 | 206.7 | -1.8 | 228.6 | -1.8 | 235.8 | -6.0 | 244.8 | -6.4 |
| Nov 2016 | 247.4 | -0.4 | 216.8 | -1.7 | 205.7 | -1.3 | 227.0 | -2.2 | 226.5 | -4.5 | 243.6 | -6.0 |
| Dec 2016 | 247.3 | -0.2 | 217.9 | -1.3 | 206.9 | -1.2 | 224.3 | -2.8 | 224.0 | -6.3 | 241.6 | -5.4 |

| U.S. City Average Retail Prices | | | | | | | | | | |
|---------------------------------|-------------------------|-------|---------------------|------|-----------------------------|-------|-----------------------------|-------|------------------------|-------|
| Month | Whole Milk ⁴ | | Butter ⁵ | | Process Cheese ⁶ | | Natural Cheese ⁷ | | Ice Cream ⁸ | |
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| | <i>(dollars)</i> | | | | | | | | | |
| Oct | 3.292 | 3.338 | N/A | N/A | 4.484 | 4.331 | 5.352 | 5.478 | 4.712 | 4.626 |
| Nov | 3.280 | 3.299 | N/A | N/A | 4.322 | 4.333 | 4.914 | 5.433 | 4.615 | 4.684 |
| Dec | 3.290 | 3.310 | N/A | N/A | 4.214 | 4.345 | 4.895 | 5.328 | 4.682 | 4.725 |

N/A = Not available. ¹ "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. ² The standard reference base period for these indexes is 1982-1984 = 100. ³ Percent change over previous year. ⁴ Per gallon. ⁵ Per pound. Grade AA, salted, stick butter. ⁶ Per pound, any size and type of package. ⁷ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc). ⁸ Per 1/2 gallon prepackaged regular.







Dairy Market News Branch

Agricultural
Marketing
Service

National Retail Report-Dairy

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

Volume 84- Number 4

Issued Weekly

Friday, January 27, 2017

Advertised Prices for Dairy Products at Major Retail Supermarket Outlets ending during the period of 01/27/2017 to 02/02/2017

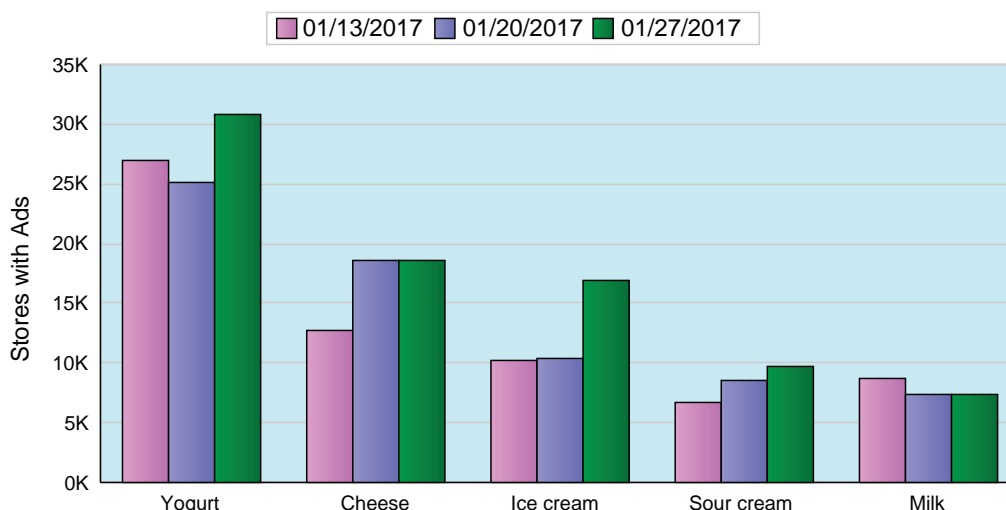
This week, total conventional dairy advertisement volumes increased 18%, and organic dairy ads increased 6%. Among the larger percentage changes in ad volumes this week for conventional dairy products, the products, volume percentage change, and national weighted average advertised prices are: 1 pound butter, +53%, \$3.31; 8 oz. cream cheese, -37%, \$1.71; and 48-64 oz. ice cream, +63%, \$3.23.

The collective number of conventional cheese ads decreased 3%. The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.05, while organic 8 ounce blocks averaged \$3.37, an organic premium of \$1.32. Ads for conventional 8 ounce shred cheese averaged \$2.19, while organic 8 ounce shreds averaged \$3.85, an organic premium of \$1.66.

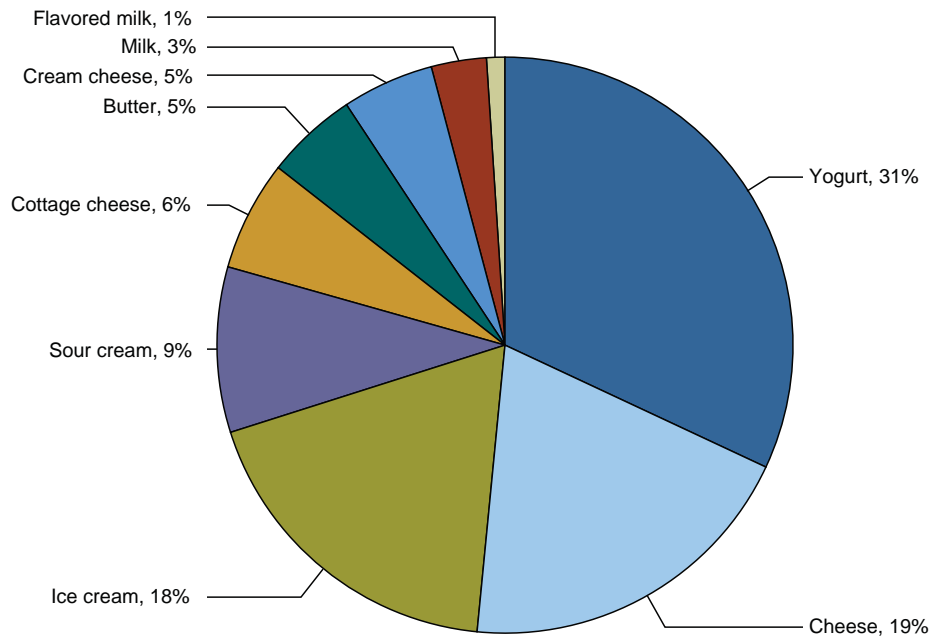
Conventional yogurt ads increased 31%, but organic yogurt ads decreased 54%. The average sale price for 4-6 ounce conventional yogurt is \$0.56, while 4-6 ounce organic yogurt averaged \$1.25. The average sale price for 4-6 ounce conventional Greek yogurt is \$0.98, while 4-6 ounce organic Greek yogurt is \$1.11.

Organic milk advertisements increased 13%, while ads for conventional milk decreased 12%. The weighted average price for organic half gallon milk is \$3.82. For a conventional half gallon of milk, the average price is \$2.29. The organic milk premium is \$1.53.

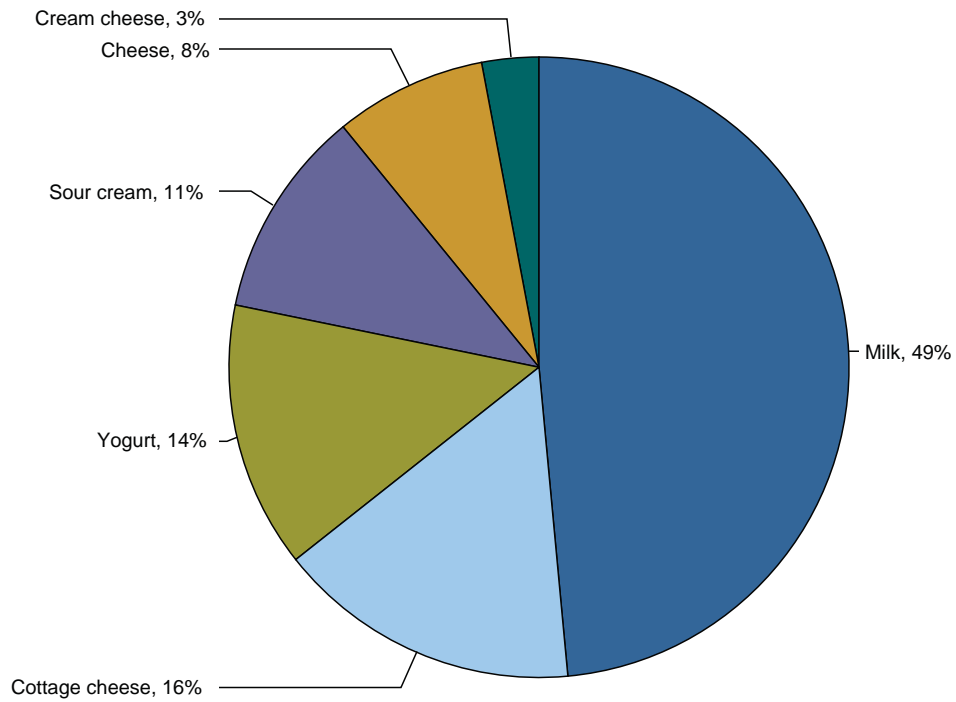
Top 5 Commodities Featured



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 # | 4343 | 3.31 | 2830 | 3.25 | 5003 | 2.92 |
| Cheese | Natural Varieties | 8 oz block | 5197 | 2.05 | 7522 | 2.20 | 8782 | 2.20 |
| Cheese | Natural Varieties | 1 # block | 2535 | 4.36 | 1212 | 4.28 | 932 | 4.67 |
| Cheese | Natural Varieties | 2 # block | 577 | 6.20 | 190 | 4.99 | 877 | 6.29 |
| Cheese | Natural Varieties | 8 oz shred | 7387 | 2.19 | 8423 | 2.22 | 12839 | 2.34 |
| Cheese | Natural Varieties | 1 # shred | 2288 | 3.52 | 1193 | 3.97 | 213 | 4.99 |
| Cottage cheese | | 16 oz | 5496 | 1.88 | 4344 | 1.99 | 2761 | 1.93 |
| Cream cheese | | 8 oz | 4307 | 1.71 | 6831 | 1.68 | 4796 | 1.76 |
| Flavored milk | All fat tests | half gallon | 849 | 1.98 | 585 | 2.56 | 707 | 1.98 |
| Flavored milk | All fat tests | gallon | 106 | 3.49 | 230 | 1.99 | 611 | 2.22 |
| Flavored milk | | half gallon | 147 | 2.50 | | | | |
| Ice cream | | 48-64oz | 16936 | 3.23 | 10380 | 2.96 | 7133 | 3.01 |
| Milk | All fat tests | half gallon | 842 | 2.29 | 1107 | 2.77 | 1162 | 1.34 |
| Milk | All fat tests | gallon | 2157 | 2.55 | 2311 | 2.39 | 2026 | 2.25 |
| Sour cream | | 16 oz | 8740 | 1.71 | 7878 | 1.77 | 6691 | 1.55 |
| Yogurt | Greek | 4-6 oz | 14694 | .98 | 13324 | .95 | 11371 | .92 |
| Yogurt | Greek | 32 oz | 3212 | 4.77 | 1571 | 4.51 | 1455 | 4.46 |
| Yogurt | Yogurt | 4-6 oz | 10661 | .56 | 6353 | .50 | 7040 | .50 |
| Yogurt | Yogurt | 32 oz | 935 | 2.40 | 1221 | 2.33 | 1624 | 2.45 |

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 # | 2.48-4.49 | 1861 | 3.37 | 2.99-3.50 | 2227 | 3.27 | 3.00 | 119 | 3.00 |
| Cheese | Natural Varieties | 8 oz block | 1.68-2.50 | 1711 | 2.08 | 2.00-2.50 | 1259 | 2.08 | 1.75-2.50 | 1478 | 2.08 |
| Cheese | Natural Varieties | 1 # block | 2.99-6.99 | 531 | 5.97 | 2.99 | 210 | 2.99 | 2.99-4.48 | 1057 | 4.13 |
| Cheese | Natural Varieties | 8 oz shred | 1.99-3.00 | 2343 | 2.43 | 2.00-3.00 | 1534 | 2.10 | 1.75-2.50 | 1658 | 2.07 |
| Cheese | Natural Varieties | 1 # shred | 3.00-3.99 | 416 | 3.50 | 2.99-3.99 | 1273 | 3.78 | 2.99-3.49 | 363 | 3.15 |
| Cottage cheese | | 16 oz | 1.66-2.50 | 2908 | 2.09 | 1.25-2.50 | 385 | 1.45 | 1.25-2.00 | 870 | 1.74 |
| Cream cheese | | 8 oz | 0.99-2.50 | 1219 | 1.65 | 1.50 | 1002 | 1.50 | 1.25-2.50 | 906 | 1.70 |
| Flavored milk | All fat tests | half gallon | 2.50 | 396 | 2.50 | | | | 1.79-1.99 | 266 | 1.83 |
| Flavored milk | All fat tests | gallon | | | | | | | 3.49 | 106 | 3.49 |
| Flavored milk | | half gallon | 2.50 | 147 | 2.50 | | | | | | |
| Ice cream | | 48-64oz | 1.88-4.99 | 5549 | 3.21 | 2.50-4.99 | 5288 | 3.08 | 1.99-4.99 | 2755 | 3.82 |
| Milk | All fat tests | half gallon | 2.50 | 396 | 2.50 | | | | 1.99 | 53 | 1.99 |
| Milk | All fat tests | gallon | 2.29-3.49 | 454 | 2.75 | 2.49-2.79 | 347 | 2.59 | 1.68-2.50 | 482 | 2.03 |
| Sour cream | | 16 oz | 1.29-2.00 | 3058 | 1.80 | 1.25-2.00 | 2623 | 1.69 | 1.25-2.00 | 1299 | 1.68 |
| Yogurt | Greek | 4-6 oz | 0.75-1.25 | 4683 | 1.01 | 0.50-1.25 | 3548 | 1.00 | 0.69-1.00 | 1840 | .85 |
| Yogurt | Greek | 32 oz | 3.99-5.49 | 1301 | 4.67 | 4.99 | 1002 | 4.99 | | | |

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 | 0.33-1.25 | 2383 | .52 | 0.40-1.25 | 3341 | .75 | 0.33-0.80 | 2330 | .42 |
| Yogurt | Yogurt | 32 oz | 2.49-3.99 | 253 | 3.01 | 2.49 | 64 | 2.49 | 2.50 | 180 | 2.50 |

| Commodity | Type | Pack Size | SOUTH CENTRAL U.S. | | | SOUTHWEST U.S. | | | NORTHWEST U.S. | | |
|----------------|-------------------|-------------|--------------------|-----------------|---------------|----------------|-----------------|---------------|----------------|-----------------|---------------|
| | | | Price Range | Stores with Ads | Wtd Avg Price | Price Range | Stores with Ads | Wtd Avg Price | Price Range | Stores with Ads | Wtd Avg Price |
| Butter | | 1 # | 2.99-3.00 | 106 | 2.99 | | | | | | |
| Cheese | Natural Varieties | 8 oz block | 1.49-1.59 | 128 | 1.55 | 1.66-1.99 | 505 | 1.83 | 2.00 | 69 | 2.00 |
| Cheese | Natural Varieties | 1 # block | 2.99 | 78 | 2.99 | 2.99-4.99 | 283 | 4.17 | 3.50-4.99 | 350 | 3.76 |
| Cheese | Natural Varieties | 2 # block | 4.99 | 141 | 4.99 | 5.99-6.99 | 274 | 6.60 | 5.99 | 121 | 5.99 |
| Cheese | Natural Varieties | 8 oz shred | 1.49-2.49 | 448 | 2.00 | 1.66-2.50 | 692 | 1.97 | 1.67-2.79 | 656 | 2.17 |
| Cheese | Natural Varieties | 1 # shred | | | | 2.49-2.99 | 236 | 2.74 | | | |
| Cottage cheese | | 16 oz | 1.00-2.50 | 686 | 1.62 | 1.25-1.99 | 451 | 1.45 | 1.25-1.99 | 135 | 1.63 |
| Cream cheese | | 8 oz | 0.99-1.99 | 362 | 1.45 | 1.99 | 356 | 1.99 | 2.00-2.50 | 361 | 2.24 |
| Flavored milk | All fat tests | half gallon | | | | | | | 0.99-1.25 | 187 | 1.08 |
| Ice cream | | 48-64oz | 1.99-5.00 | 1247 | 3.01 | 2.49-3.49 | 1743 | 2.97 | 2.99-3.50 | 256 | 3.23 |
| Milk | All fat tests | half gallon | | | | | | | 0.99-2.99 | 308 | 1.83 |
| Milk | All fat tests | gallon | 2.89-3.99 | 292 | 3.39 | 1.99-2.69 | 507 | 2.41 | 1.89 | 69 | 1.89 |
| Sour cream | | 16 oz | 0.99-1.69 | 606 | 1.36 | 1.25-1.99 | 273 | 1.42 | 1.25-1.99 | 782 | 1.76 |
| Yogurt | Greek | 4-6 oz | 0.79-1.00 | 2148 | .98 | 0.88-1.00 | 1173 | .92 | 0.50-1.19 | 1237 | 1.00 |
| Yogurt | Greek | 32 oz | 4.88-4.99 | 179 | 4.93 | 4.99 | 378 | 4.99 | 3.99-4.99 | 350 | 4.16 |
| Yogurt | Yogurt | 4-6 oz | 0.40-1.39 | 966 | .53 | 0.40-0.50 | 1038 | .45 | 0.38-0.69 | 554 | .45 |
| Yogurt | Yogurt | 32 oz | 2.49-2.68 | 146 | 2.58 | | | | 1.67 | 289 | 1.67 |

| Commodity | Type | Pack Size | ALASKA U.S. | | | HAWAII U.S. | | |
|----------------|-------------------|-------------|-------------|-----------------|---------------|-------------|-----------------|---------------|
| | | | Price Range | Stores with Ads | Wtd Avg Price | Price Range | Stores with Ads | Wtd Avg Price |
| Butter | | 1 # | 3.79-4.29 | 27 | 4.18 | 4.99 | 3 | 4.99 |
| Cheese | Natural Varieties | 8 oz block | 3.00 | 6 | 3.00 | 1.99-3.89 | 41 | 3.62 |
| Cheese | Natural Varieties | 1 # block | 5.29-5.98 | 26 | 5.77 | | | |
| Cheese | Natural Varieties | 2 # block | 5.49-8.98 | 41 | 8.28 | | | |
| Cheese | Natural Varieties | 8 oz shred | 2.99-3.98 | 22 | 3.13 | 1.99-2.79 | 34 | 2.46 |
| Cottage cheese | | 16 oz | | | | 2.50-3.00 | 61 | 2.78 |
| Cream cheese | | 8 oz | 1.99-3.00 | 50 | 2.62 | 2.29-2.49 | 51 | 2.40 |
| Ice cream | | 48-64oz | 3.50-4.00 | 23 | 3.54 | 3.99-4.00 | 75 | 3.99 |
| Milk | All fat tests | half gallon | | | | 2.88-3.69 | 85 | 3.14 |
| Milk | All fat tests | gallon | | | | 4.97 | 6 | 4.97 |
| Sour cream | | 16 oz | 1.79 | 11 | 1.79 | 2.00-3.00 | 88 | 2.56 |
| Yogurt | Greek | 4-6 oz | 1.00-1.48 | 35 | 1.28 | 1.07-1.25 | 30 | 1.23 |
| Yogurt | Greek | 32 oz | 5.29 | 2 | 5.29 | | | |
| Yogurt | Yogurt | 4-6 oz | 0.48 | 21 | .48 | 0.60-0.69 | 28 | .68 |
| Yogurt | Yogurt | 32 oz | | | | 2.99 | 3 | 2.99 |

Wtd Avg - Simple weighted average



NATIONAL -- ORGANIC DAIRY PRODUCTS

| Commodity | Type | Pack Size | THIS PERIOD | | LAST WEEK | | LAST YEAR | |
|----------------|-------------------|-------------|-----------------|---------------|-----------------|---------------|-----------------|---------------|
| | | | Stores With Ads | Wtd Avg Price | Stores With Ads | Wtd Avg Price | Stores With Ads | Wtd Avg Price |
| Butter | | 1 # | | | 509 | 5.66 | 391 | 5.61 |
| Cheese | Natural Varieties | 8 oz block | 294 | 3.37 | | | 403 | 3.36 |
| Cheese | Natural Varieties | 8 oz shred | 387 | 3.85 | | | 559 | 3.50 |
| Cottage cheese | | 16 oz | 1408 | 3.26 | | | | |
| Cream cheese | | 8 oz | 225 | 2.50 | 462 | 2.50 | | |
| Milk | All fat tests | half gallon | 3789 | 3.82 | 3291 | 3.91 | 2307 | 4.33 |
| Milk | All fat tests | gallon | 615 | 5.98 | 121 | 4.99 | 448 | 5.69 |
| Milk | All fat tests | 8 oz UHT | | | 492 | 2.36 | 1002 | .98 |
| Sour cream | | 16 oz | 1011 | 3.25 | 743 | 2.42 | 114 | 1.99 |
| Yogurt | Greek | 4-6 oz | 206 | 1.11 | 538 | .91 | 816 | 1.08 |
| Yogurt | Greek | 32 oz | 721 | 5.47 | 1615 | 5.77 | | |
| Yogurt | Yogurt | 4-6 oz | 59 | 1.25 | 366 | 1.42 | | |
| Yogurt | Yogurt | 32 oz | 121 | 4.49 | 199 | 4.29 | 61 | 4.79 |

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 |
| Cheese | Natural Varieties | 8 oz block | | | | | | | 3.29 | 180 | 3.29 |
| Cheese | Natural Varieties | 8 oz shred | 4.00 | 84 | 4.00 | | | | | | |
| Cottage cheese | | 16 oz | | | | 3.29 | 210 | 3.29 | 3.29 | 366 | 3.29 |
| Cream cheese | | 8 oz | | | | | | | 2.50 | 225 | 2.50 |
| Milk | All fat tests | half gallon | 3.29-4.49 | 860 | 3.94 | 3.99 | 375 | 3.99 | 2.77-3.99 | 1413 | 3.72 |
| Milk | All fat tests | gallon | 5.99 | 543 | 5.99 | 5.99 | 61 | 5.99 | | | |
| Sour cream | | 16 oz | 2.99 | 84 | 2.99 | 3.29 | 210 | 3.29 | 3.29 | 366 | 3.29 |
| Yogurt | Greek | 4-6 oz | 1.25 | 84 | 1.25 | | | | 1.00 | 119 | 1.00 |
| Yogurt | Greek | 32 oz | 5.00 | 84 | 5.00 | | | | 5.99 | 348 | 5.99 |
| Yogurt | Yogurt | 4-6 oz | 1.25 | 59 | 1.25 | | | | | | |



| Commodity | Type | Pack Size | SOUTH CENTRAL U.S. | | | SOUTHWEST U.S. | | | NORTHWEST U.S. | | |
|----------------|-------------------|-------------|--------------------|-----------------|---------------|----------------|-----------------|---------------|----------------|-----------------|---------------|
| | | | Price Range | Stores with Ads | Wtd Avg Price | Price Range | Stores with Ads | Wtd Avg Price | Price Range | Stores with Ads | Wtd Avg Price |
| Cheese | Natural Varieties | 8 oz block | 3.50 | 114 | 3.50 | | | | | | |
| Cheese | Natural Varieties | 8 oz shred | 3.50-3.99 | 186 | 3.69 | 3.99 | 117 | 3.99 | | | |
| Cottage cheese | | 16 oz | 2.49-3.29 | 333 | 3.02 | 3.19-3.29 | 210 | 3.23 | 3.50 | 289 | 3.50 |
| Milk | All fat tests | half gallon | | | | 3.99 | 174 | 3.99 | 3.29-3.99 | 933 | 3.63 |
| Sour cream | | 16 oz | 3.29 | 141 | 3.29 | 3.19-3.29 | 210 | 3.23 | | | |
| Yogurt | Greek | 32 oz | | | | | | | 4.99 | 289 | 4.99 |
| 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 |
| Milk | All fat tests | half gallon | | | | 7.29 | 34 | 7.29 |
| Milk | All fat tests | gallon | 5.49 | 11 | 5.49 | | | |
| Yogurt | Greek | 4-6 oz | | | | 1.25 | 3 | 1.25 |

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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