

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (2/03)**

BUTTER: Grade AA closed at \$2.1575. The weekly average for Grade AA is \$2.2075 (N.C.).

CHEESE: Barrels closed at \$1.7075 and 40# blocks at \$1.7400. The weekly average for barrels is \$1.5920 (+.1250) and blocks, \$1.7475 (+.0950).

NONFAT DRY MILK: Grade A closed at \$.9400. The weekly average for Grade A is \$.9455 (-.0250).

BUTTER HIGHLIGHTS: Churn operators are actively producing butter, as cream supplies are more than sufficient across the country. Butter makers' demand for extra cream in the spot market is very light. Western processors are focused on making bulk butter. Meanwhile, in the Central region, processors are increasing print production, ahead of the spring holiday needs. Nationwide, butter inventories are rising. The domestic demand from retailers and food service remains relatively stable. Spot prices at the CME group are showing unseasonably strength, while cream premiums are waning. Currently, the international f.o.b. values for butter are around \$2.00 per pound, which are below national prices. Therefore, opportunities to export butter to foreign markets could be limited for some national producers/traders. Friday at the CME Group, Grade AA butter closed at \$2.1575, down \$.0625 from last week.

CHEESE HIGHLIGHTS: Milk is available for cheesemakers across the country this week. Some Northeastern and Western cheese producers are taking on extra milk if the prices are right, while Midwestern contacts report being content with current supplies. Production in the Northeast is steady to active. In the Midwest, some cheesemakers are operating at fully active levels, while other producers are using the seasonal slowdown to perform routine plant maintenance. Nationwide, demand is generally fair to good. Contacts report pizza cheese orders are slow now that Super Bowl orders have shipped. Both blocks and barrels saw overall gains on the CME this week, while the price margin favoring blocks narrowed to \$.0325, down \$.2075 from last Friday. Inventories continue to grow for aged blocks and barrels. The market tone, across the U.S., is uncertain. In CME Group trading Friday, barrels closed at \$1.7075, up \$.2600 from last Friday. Blocks closed at \$1.7400, up \$.0525 from last Friday.

FLUID MILK: Overall, milk production is steady to higher nationwide this week. Wintery and rainy weather conditions in most regions cleared up, leaving almost no impact on milk production. In California, recent rains increase the likelihood of water availability for

the upcoming spring/summer growing seasons. Bottling milk demand is mixed. In the East region, the demand for Class I is down. In the Central region, bottling demand is unchanged as bottlers note the school pipelines are refilled. In the West, bottled milk interest is improving with retailers increasing their orders to restock shelves. Spot milk prices range from \$2 under to flat Class in the Midwest, due to commodity cheese manufacturers stopping their intake of additional milk loads. The supply of cream is steady to readily available. In the East, spot cream loads are available. Cream demand is light in the West; as a result, some spot loads are clearing into the Midwest for Class II uses. Cream multiples range .90-1.15 in the east, 1.05-1.18 in the Midwest, and .97-1.19 in the West.

DRY PRODUCTS: Prices for low/medium heat nonfat dry milk are steady to lower on an unsettled market. Spot interest for low/medium heat NDM throughout the United States is light. Production is active with inventories available for contracts. High heat nonfat dry milk prices are mixed. Currently, high heat NDM milk supplies are intermittent, mainly driven by contractual demand. Central dry buttermilk prices shifted lower at the top of the range this week, but the market undertone is steady. Eastern dry buttermilk spot market prices are unchanged to lower, on a steady market. In the West, a few spot sales of dry buttermilk pushed the top of the range up, but prices are unchanged in the mostly series. Overall, the dry buttermilk market undertone is steady. The dry whole milk market is mixed, with some sellers reducing prices to compete with international markets. Dry whole milk production is stable. The dry whey market undertone is steady to firmer in all regions. The production is mixed based on plant capabilities. WPC34% prices are steady to higher on a firm market. Production is varied. The market for lactose is unsettled with mixed demand, depending on mesh size. Casein prices are currently steady, with uncertainty for future commitments from international manufacturers.

INTERNATIONAL DAIRY MARKET NEWS (DMN):
WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW:
WESTERN OVERVIEW: Early expectations are for milk product prices in a number of Western European countries to remain stable or slightly higher. Overall lower milk production is a significant factor mentioned as leading to this expectation. Milk production in a number of western European countries is reported to be sustaining slight seasonal increases, generally below levels one year earlier. While final

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CME GROUP CASH TRADING

COMMODITY	MONDAY JAN 30	TUESDAY JAN 31	WEDNESDAY FEB 01	THURSDAY FEB 02	FRIDAY FEB 03	:: WEEKLY CHANGE *	:: WEEKLY AVERAGE #
CHEESE							
BARRELS	\$1.4600 (+.0125)	\$1.5175 (+.0575)	\$1.5775 (+.0600)	\$1.6975 (+.1200)	\$1.7075 (+.0100)	:: (+.2600)	:: \$1.5920 (+.1250)
40# BLOCKS	\$1.6900 (+.0025)	\$1.7075 (+.0175)	\$1.7500 (+.0425)	\$1.8500 (+.1000)	\$1.7400 (-.1100)	:: (+.0525)	:: \$1.7475 (+.0950)
NONFAT DRY MILK							
GRADE A	\$.9450 (-.0025)	\$.9450 (N.C.)	\$.9475 (+.0025)	\$.9500 (+.0025)	\$.9400 (-.0100)	:: (-.0075)	:: \$.9455 (-.0250)
BUTTER							
GRADE AA	\$2.2200 (N.C.)	\$2.2400 (+.0200)	\$2.2400 (N.C.)	\$2.1800 (-.0600)	\$2.1575 (-.0225)	:: (-.0625)	:: \$2.2075 (N.C.)

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

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official results are not available yet, preliminary information from processors in Germany estimates that during the third week of January, milk production increased up to 0.5% from the previous week. Nevertheless, processors believe final results will be that production remains near 4% lower from one year earlier. Processors in France believe final data will reflect milk production about 4.4% below one year earlier. Ireland is a different story. Indications from processors there suggest that milk production is higher than one year earlier. In some areas, production is believed to be as much as 4% higher. It has been noted that domestic dairy product demand in Germany has increased due to population gains. The Federal Statistical Office reports an increase of 600,000 people in the last year, attributed particularly to immigration. German retail dairy sales of cheese and mixed fats are noted to have increased recently. However, retail sales of milk declined year on year. **EASTERN OVERVIEW:** Russia continues to import higher volumes of various dairy products from sources not party to the embargo. Russian imports of butter January-November 2016 increased 1.2% from the same period of 2015 according to Eucolait. Main origins and percentage of total Russian imports were: Belarus, 82.4%; Uruguay, 7.9%; and New Zealand, 5.3%. Russian skim milk powder imports for the period are up 21.3%. Main origins are: Belarus, 81.9%; Turkey, 7.3%; and Argentina, 4.9%. Imports of whole milk powder by Russia for the period increased 41.9%. Main origins were: Belarus, 60.3%; Argentina, 21.5%; and Uruguay, 7.7%. Whey imports by Russia during the period increased 15.3%. Main origins were Belarus, 94.6%; Argentina, 4.3%; and Switzerland, 0.7%. **OCEANIA OVERVIEW:** **Australia.** Price stability is said to be the order of the day in Australia. Little if any price fluctuation in dairy commodities is noted from recent weeks. January is a vacation month for many Australians, where January is summer. More so than in the United States, large numbers of people being on vacation is a fact. This keeps market activity much slower. A secondary factor this year is the lower milk production, detailed below. Lower milk supplies are keeping dairy manufacturers wary of agreeing to price concessions to make sales and now there are fewer buyers seeking to complete sales. A number of processors are expecting a 6%-8% drop in milk production for the entire season. According to Dairy Australia, December 2016 milk production in Australia was 4.1% below December 2015. The state changes from December a year earlier are: New South Wales, -6.1%; Victoria, -4.5%; Queensland, +2.0%; South Australia, -6.9%; Western Australia, -1.0% and Tasmania, -1.2%. July-December cumulative production this year is 8.5% below the same period in 2015. The cumulative July-December 2016 changes from July-December 2015 are: New South Wales, -6.3%; Victoria, -9.9%; Queensland, +2.3%; South Australia, -11.3%; Western Australia, -0.7% and Tasmania, -8.0%. Each state's percentage of total December Australian production, is: New South Wales, 10.95%; Victoria, 65.12%; Queensland, 4.08%; South Australia, 4.90%; Western Australia, 3.75%; and Tasmania, 11.20%. **New Zealand.** A wet spring in New Zealand has contributed to lower milk production. While it has been raining or drizzling in parts of New Zealand much of the last week, that is expected to clear in a few days and hopes are for dryer conditions moving forward. December 2016 milk production was 2.69 million MT, down from 2.85 million MT in November. During December 2015, milk production was 2.77 million MT. December milk solids, 225.50 million kg, are down from 234.77 million kg in October. During December 2015, milk solids were 232.66 million kg. With no GDT event this week, markets in New Zealand have moved little. Futures markets are signaling higher prices for some commodities which has caused some sellers to be less inclined to make concessions, and that has deterred some buyers. Overall recent weeks are now viewed as a time where little price movement is the norm. **SOUTH**

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

NATIONAL RETAIL REPORT (DMN): This week, total conventional dairy advertisement numbers decreased 3%, while organic dairy ads increased 46%. Among the larger percentage changes in ad numbers this week for conventional dairy products, the products, number percentage change, and national weighted average advertised prices are: 1 pound butter, -47%, \$3.64; 8 oz. cream cheese, +143%, \$1.76; and 48-64 oz. ice cream, -52%, \$2.95. Organic 1 pound butter has an average price of \$4.93, resulting in an organic premium of \$1.29. Organic 48-64 oz. ice cream has an average price of \$4.99, yielding an organic price premium of \$2.04. The collective number of conventional cheese ads increased 27% while organic cheese ad numbers more than doubled. The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.15, while organic 8 ounce blocks averaged \$3.99, an organic premium of \$1.84. Ads for conventional 8 ounce shred cheese averaged \$2.23, while organic 8 ounce shreds averaged \$3.64, an organic premium of \$1.41. Conventional yogurt ad numbers decreased 21%, but organic yogurt ad numbers more than tripled. The average sale price for 4-6 ounce conventional yogurt is \$0.51, while 4-6 ounce organic yogurt averaged \$1.25, an organic price premium of \$0.74. The average sale price for 4-6 ounce conventional Greek yogurt is \$0.98, while 4-6 ounce organic Greek yogurt is \$1.02, an organic price premium of \$0.04. Organic milk

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advertisement ad numbers decreased -13%, while ad numbers for conventional milk decreased 29%. The weighted average price for organic half gallon milk is \$3.49. For a conventional half gallon of milk, the average price is \$2.14. The organic milk premium is \$1.35.

DECEMBER AGRICULTURAL PRICES HIGHLIGHTS (NASS): The All Milk price received by farmers was \$18.80 in December, up \$1.50 from December 2015. The alfalfa hay price was \$129.00 in December, down \$20.00 from December 2015. The corn price was \$3.33 in December, down \$0.32 from December 2015. The soybean price was \$9.64 in December, up \$0.88 from December 2015. The milk-feed price ratio was 2.70 in December, up 0.41 from December 2015. The index of prices received by farmers for dairy products during the month of December 2016 was up 5.9 to 93.5. Compared to December 2015, the index was up 7.4 points (8.6 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in December 2016 was up 0.7 points to 105.1. Compared with December 2015, the index was down 0.9 points (-0.8 percent).

JANUARY FEDERAL MILK ORDER FINAL CLASS AND COMPONENT PRICES (FMMO): Class Prices: The following are the January 2017 class prices under the Federal milk order pricing system and changes from the previous month: Class II: \$16.36 (+\$1.10), Class III: \$16.77 (-\$0.63), and Class IV: \$16.19 (+\$1.22). **Component Price Information:** Under the Federal milk order pricing system, the butterfat price for January 2017 is \$2.5253 per pound. Thus, the Class II butterfat price is \$2.5323 per pound. The protein and other solids prices for January 2017 are \$2.1768 and \$0.2503 per pound, respectively. These component prices set the Class III skim milk price at \$8.22 per cwt. The January 2017 Class IV skim milk price is \$7.62, which is derived from the nonfat solids price of \$0.8465 per pound. **Product Price Averages:** The product price averages for January 2017 are: butter: \$2.2568, nonfat dry milk: \$1.0229, cheese: \$1.7011, and dry whey: \$0.4421.

DECEMBER 2016 DAIRY PRODUCTS HIGHLIGHTS (NASS): Butter production was 164 million pounds in December, 6.7 percent below December 2015, but 13.3 percent above November 2016. American type cheese production totaled 416 million pounds, 3.9 percent above December 2015 and 5.1 percent above November 2016. Total cheese output (excluding cottage cheese) was 1.05 billion pounds, 1.3 percent above December 2015 and 3.0 percent above November 2016. Nonfat dry milk production, for human food, totaled 156 million pounds, 3.2 percent above December 2015 and 21.8 percent above November 2016. Dry whey production, for human food, was 63.8 million pounds, 1.9 percent below December 2015, but 7.2 percent above November 2016. Ice cream, regular hard production totaled 50.3 million gallons, 11.0 percent below December 2015 and 3.9 percent below November 2016.

ANNUAL 2016 FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY (FMMO): Handler reports of receipts and utilization under the Federal milk order system for 2016 have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During 2016, more than 133.8 billion pounds of milk were received from Federally pooled producers. This volume of milk is 5.8 percent higher than the 2015 pooled volume. Regulated handlers pooled 41.140 billion pounds of producer milk as Class I products, down 0.4 percent when compared to the previous year. Class I utilization decreased in 6 Federal Milk Order Marketing areas and increased in 4 Federal Milk Order Marketing areas. The all-market average Class utilization percentages were: Class I = 31%, Class II = 14%, Class III = 42%, and Class IV = 14%. The weighted average statistical uniform price was \$15.38 per cwt, \$1.32 lower than 2015's \$16.70.

MONDAY, JANUARY 30, 2017

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.4575, 1 @ \$1.4525; 1 CAR 40# BLOCKS @ \$1.6900; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4600; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4700

NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$0.9450; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.8900; LAST OFFER UNCOVERED: NONE

BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.2100; LAST OFFER UNCOVERED: NONE

TUESDAY, JANUARY 31, 2017

CHEESE -- SALES: 4 CARS BARRELS: 1 @ \$1.4850, 1 @ \$1.5000, 1 @ \$1.5150, 1 @ \$1.5175; 1 CAR 40# BLOCKS @ \$1.6925; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5000; 1 CAR 40# BLOCKS @ \$1.7075; LAST OFFER UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 3 CARS GRADE A: 1 @ \$0.9000, 1 @ \$0.9300, 1 @ \$0.9325; LAST OFFER UNCOVERED: NONE

BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.2400; LAST OFFER UNCOVERED: NONE

WEDNESDAY, FEBRUARY 1, 2017

CHEESE -- SALES: 7 CARS BARRELS: 4 @ \$1.5125, 1 @ \$1.5075, 1 @ \$1.5100, 1 @ \$1.5775; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.7500; LAST OFFER UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 6 CARS GRADE A: 1 @ \$0.9400, 1 @ \$0.9425, 3 @ \$0.9450, 1 @ \$0.9475; LAST OFFER UNCOVERED: 2 CARS GRADE A: 1 @ \$1.0000, 1 @ \$0.9675

BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 3 CARS GRADE AA @ \$2.2400

THURSDAY, FEBRUARY 2, 2017

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.5775, 1 @ \$1.6975; 1 CAR 40# BLOCKS @ \$1.8500; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 6 CARS GRADE A: 1 @ \$0.9100, 3 @ \$0.9000, 1 @ \$0.9500, 1 @ \$0.9275; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$0.9675

BUTTER -- SALES: 4 CARS GRADE AA: 1 @ \$2.1650, 1 @ \$2.1700, 1 @ \$2.1750, 1 @ \$2.1800; LAST BID UNFILLED: 2 CARS GRADE AA @ \$2.1600; LAST OFFER UNCOVERED: NONE

FRIDAY, FEBRUARY 3, 2017

CHEESE -- SALES: 8 CARS BARRELS: 1 @ \$1.6975, 1 @ \$1.7000, 1 @ \$1.7025, 1 @ \$1.7050, 1 @ \$1.7075, 1 @ \$1.7050, 2 @ \$1.7075; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7075; 1 CAR 40# BLOCKS @ \$1.7400

NONFAT DRY MILK -- SALES: 2 CARS GRADE A: 1 @ \$0.9400, 1 @ \$0.9350; LAST BID UNFILLED: 4 CARS GRADE A: 1 @ \$0.8900, 1 @ \$0.9300, 1 @ \$0.8900, 1 @ \$0.9400; LAST OFFER UNCOVERED: 3 CARS GRADE A: 1 @ \$0.9650, 1 @ \$0.9600, 1 @ \$0.9800

BUTTER -- SALES: 5 CARS GRADE AA: 1 @ \$2.1700, 1 @ \$2.1675, 1 @ \$2.1600, 2 @ \$2.1575; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

Cream supplies are readily available and churns are actively producing butter. As limited volumes of available cream clear into ice cream, and Class II processing in general, purchases of surplus cream by butter processors show substantial increases. Some manufacturers are rotating salted and unsalted production schedules as output adds to existing bulk stocks. The f.o.b. bulk butter price is reported 5 to 8 cents over the market of the CME Group, with various time frames and averages used. Print butter interest is good, as sources report sales above previous year's level at this time. Traders are seeing more hand to mouth purchasing, as few buyers are willing to load up on butter now. As the CME butter echoes unseasonably strong prices, seemingly ignoring inexpensive cream, some market participants point to market uncertainty surrounding future pricing as the impetus for current market conditions. The butter market undertone is unsettled. Tuesday's CME Group cash trading saw Grade AA butter close at \$2.2400, up \$0.0225 from the previous Tuesday. The DMN *National Retail Report-Dairy*, reports the January 27-February 2, 2017 national advertised weighted average price for 1-pound butter was \$3.31, up 6 cents from last week, an increase of 39 cents from a year ago. The Northeast region's butter price was \$3.37, up 26 cents from last week, with a price range of \$2.48-\$4.49.

CENTRAL

Cream is still in abundant supply for butter makers in the Central region. Butter producers are turning cream away, even at relatively

reasonable spot prices, as current supplies are sufficient. After a fairly quiet January, butter demand is steadily increasing as springtime holiday orders are starting to come in. With increased retail demand, print butter production continues to be the focus of Central producers. With an increase in print butter, bulk production is on the decline. Contacts report a secondary reason for backing off of bulk production is that they are looking to avoid adding to bulk storage at this time. DMN *National Retail Report-Dairy* for January 27-February 2 noted the national weighted average advertised price for a 1 pound package of butter is \$3.31, \$0.06 above one week ago, and \$0.39 higher than one year ago. The weighted average regional prices in the Midwest and South Central were \$3.00 and \$2.99, respectively. Bulk butter prices reported ranged from 1 to 4 cents over the market, with various periods and averages used. Wednesday at the CME Group, Grade AA butter closed at \$2.2400, up \$.0425 from last Wednesday.

WEST

Western butter production is steady. Churning is mostly focused on making bulk butter, but with an eye toward print butter for the spring holiday season. A few processors would like to ease back on their butter manufacturing, but it is proving difficult due to the ample supplies of cream that need to clear. Butter inventories are rising while domestic demand remains relatively stable. Bulk butter pricing in the West this week is 4 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

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NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
January 28, 2017	2.2557 4,144,604	1.7199 13,260,397	1.6500 11,660,026	.4593 5,762,338	1.0218 14,890,456

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

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of January 27-February 2 found that the U.S. weighted average advertised price of 1 pound butter is \$3.31, up \$.06 from last week. The U.S. weighted average price was \$2.92 one year ago. There were no reported weighted average prices of 1 pound butter in either the Northwest or Southwest this week. According to the California Department of Food and Agriculture, December 2016 butter production was 50.4 million pounds, down 2.0% from a year ago. California year-to-date butter production through December is 563.1 million pounds, down 3.0% from 2015 butter production through December. The Grade AA butter price at the CME Group on Wednesday closed at \$2.2400, up \$.0425 from a week ago.

CHEESE MARKETS

NORTHEAST

Production in the Northeast is mostly steady. However, with falling cheese prices and an expected change in the Class III milk price, some cheese processors are not anxious to take extra milk. Retail sales are steady to slightly improved. Food services orders are mostly good this week. Overall, buying interest is fair to good, which is typical for the Super Bowl period. Some buyers are holding off on reordering until current stocks are re-evaluated. The cheese market is unsettled to weak. Last week the CME Group's weekly average prices for barrels and blocks cheese continued to decline. Hence, this week the Northeast wholesale cheese price for both cheddar and Muenster varieties slipped \$0.0525. In addition, prices for process 5# sliced moved lower \$0.1200. Prices for Grade A Swiss price are steady. Tuesday's CME Group daily cash prices saw barrels close at \$1.5175, up \$0.0375 from a week ago. Blocks closed at \$1.7075, up \$0.0675 from a week ago. The DMN *National Retail Report-Dairy*, for January 27-February 2, 2017, noted the Northeast and Southeast weighted average advertised prices for 8 oz. cheese blocks were \$2.08, 3 cents higher than the national average, with regional prices ranging \$1.68-\$2.50 and \$2.00-\$2.50, respectively. The Northeast average advertised price for 8 oz. cheese shreds was \$2.43, 24 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 \$2.10, 9 cents below the national average, with prices ranging \$2.00-\$3.00.

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

Cheddar 40# Block	:	2.1150-2.4000
Process 5# Sliced	:	1.6000-2.0800
Muenster	:	2.1000-2.4500
Grade A Swiss Cuts 10 - 14#	:	3.0950-3.4175

MIDWEST

After weeks of varying spot milk availability, reports from Midwestern cheese producers point to readily available milk this week. However, there is a decrease in the amount of milk volumes being offered compared to the past few weeks. Production continues to meet milk availability levels and remains fairly active, although some producers report slight cutbacks in order to perform routine maintenance at their plants. Cheese demand is varied. Some traditional style cheddar producers are seeing a solid demand in the food service and retail sectors, while pizza cheese contacts report slowing sales following the pre-Super Bowl ordering rush. The market undertone is uncertain as some Midwestern cheese contacts are taking a wait-and-see approach with regards to how the international trade situation unfolds. The DMN *National Retail Report-Dairy* shows that January 27-February 2 Midwest ads for 8 ounce shred cheese have a weighted average advertised price of \$2.07, 12 cents below the national average. Midwest prices range from \$1.75-\$2.50. One year ago, the national price was \$2.34. For 8 ounce blocks, the Midwest average price is \$2.08, 3 cents above the national average price. Midwest ads are priced from \$1.75-\$2.50. Last year, the national price was \$2.20. Midwestern wholesale prices are unchanged for Swiss cuts, down \$.1200 for process and down \$.0525 for all other types. In CME Group trading Wednesday, barrels closed at \$1.5775, up \$.1175 from last Wednesday and blocks closed at \$1.7500, up \$.1100.

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

Process American 5# Loaf	:	1.5575-1.9175
Brick And/Or Muenster 5#	:	2.0200-2.4450
Cheddar 40# Block	:	1.7475-2.1425
Monterey Jack 10#	:	1.9950-2.2000
Blue 5#	:	2.2875-3.2750
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8200-2.7600
Grade A Swiss Cuts 6 - 9#	:	2.6125-2.7300

WEST

Western cheese makers report good milk supplies continue to push cheese manufacturing. Processors say there is no problem getting enough milk for their needs and they are mostly content with the milk available to them. Cheese makers are willing to buy a few extra loads of milk, but only if the price is right. Inventories for both blocks and barrels are building. Although industry contacts suggest domestic retail and food service demand is good, the market has hit a lull between winter and spring holidays and after dairy products slotted for Super Bowl consumption have shipped. The DMN *National Retail Report-Dairy* for the week of January 27-February 2 shows the U.S. weighted average advertised retail price for an 8 ounce pack of natural shredded cheese is \$2.19, down \$.03 from last week. Packs average \$1.97 in the Southwest and \$2.17 in the Northwest. One year ago, the national price was \$2.34. For 8 ounce blocks, the U.S. price is \$2.05 down \$.15 from last week. Blocks average \$1.83 in the Southwest and \$2.00 in the Northwest. One year ago, the national price was \$2.20. In the West, wholesale prices are down \$.1200 for process, and down \$.0525 for cheddar block, cuts, and Monterey Jack. Swiss cut wholesale prices are unchanged. According to the California Department of Food and Agriculture, December 2016 cheese production was 217.3 million pounds, up 0.3% from a year ago. California year-to-date cheese production through December is 2.515 billion pounds, up 3.3% from 2015 cheese production through December. In CME Group trading Wednesday, barrels closed at \$1.5775, up \$.1175 from a week ago and blocks closed at \$1.7500, up \$.1100.

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

Process 5# Loaf	:	1.5450-1.8025
Cheddar 40# Block	:	1.7800-2.2250
Cheddar 10# Cuts	:	1.9600-2.1800
Monterey Jack 10#	:	1.9700-2.1300
Grade A Swiss Cuts 6 - 9#	:	2.6725-3.1025

FOREIGN TYPE CHEESE

With milk production seasonally increasing in Western Europe, the preference seems to be for using more of the added volumes to make cheese rather than other dairy products. Cheese remains the most attractive in terms of profitability. Domestic demand for cheese in Europe is increasing for all sales channels. Stocks of cheese are moving more toward balanced after being drawn down late in 2016. Early year exports of cheese are maintaining at volumes of late 2016. In the U.S., wholesale blue, gorgonzola, parmesan and Romano prices decreased \$.0525. All other varieties are unchanged.

CHEESE MARKETS

CONTINUED FROM PAGE 3A

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2300	: 2.1650-3.6525*
Gorgonzola	: 3.6900-5.7400	: 2.6725-3.3900*
Parmesan (Italy)	: -0-	: 3.5550-5.6450*
Romano (Cows Milk)	: -0-	: 3.3550-5.5050*
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

	<u>BUTTER</u>	<u>: CHEESE</u>
	:	
01/30/17	15,672	: 82,631
01/01/17	12,740	: 81,357
CHANGE	2,932	: 1,274
% CHANGE	23	: 2

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	110	0	100	0	35
SOUTHEAST STATES	0	0	0	0	0	0

In the Northeast and Mid-Atlantic, milk production is strong. In parts of Vermont, milk production is flat. In the Southeast, milk production is slowly increasing. With the volume of milk available, balancing plants are clearing to Class III and IV. In the East, Class I sales are down. With cooler temperatures, milk production continues to climb in Florida. Export milk shipments totaled 110 loads this week. The fluid cream supplies remain unchanged with excess loads available. This week, **cream multiples** range **.90 to 1.15**. Market sources report the time and need of product are taken into account when calculating multiples. The eastern **condensed skim** market remains weak. Traders in the East are clearing loads out of the region, into the Midwest. According to the *DMN National Retail Report-Dairy*, for January 27-February 2, the U.S. weighted average advertised price for a half gallon of milk was \$2.29, down 48 cents compared to last week, but up 95 cents from last year. According to NASS the 2017 *Southern Region News Release Cattle Inventory* report for Florida indicates milk replacement heifers 500 pounds and over, dipped 12% from the previous year.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

SPOT PRICES OF CLASS II CREAM, DOLLARS PER LB. BUTTERFAT:

F.O.B. producing plants: Northeast-	2.2695-2.7234
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

Steady increases in milk production are noted throughout the Central region, with comparatively higher week to week increases noted in the South Central area. Weather conditions were seasonally mild throughout the region and had minimal impacts on milk production trends. Bottled milk demand is unchanged. Most bottlers report that with the school pipelines filled, there are only occasional increases in orders from consumer outlets. Those are generally based on specials tying bottled milk purchases to cereals or other breakfast items. Food service demand is steady. Interest in milk loads from Class III manufacturers is steady to lower, with some manufacturers looking for outlets for some part of regular milk intake volumes. A few plant operators are now out of the spot milk market, which previously was a weekly part of their cheese milk supply. As commodity cheese manufacturers back away from taking in additional milk loads, spot milk prices are under some pressure. Buyers report prices range from \$2 under to flat Class, with lower prices clustered around weekend sales. Cream demand is steady to lower into Class II production facilities focusing on dips and sour cream, as production runs for Super Bowl related orders are complete. Ice cream/soft serve production is steady to higher. A few plant operators indicate they are 8 to 10 weeks out from full production schedules for those items. However, orders for flavored soft serve shake mixes are higher as

various fast food seasonal promotional items come back to menus. Cream multiples are steady to lower, ranging from 1.05 to 1.18. A few cream sellers indicate they are holding firm at the top of the range and would channel cream to other uses ahead of selling at lower multiples. Western cream loads are flowing into the Central region, filling some Class II needs ahead of loads from within the region. The *DMN National Retail Report-Dairy* for January 27-February 2 noted the national weighted average advertised price for one gallon of milk was \$2.55, up \$0.16 from a week ago and \$0.30 higher than a year ago. The weighted average regional prices in the Midwest and South Central were \$2.03 and \$3.39, respectively. The *NASS Agricultural Prices* report noted the U.S. alfalfa hay price received during December 2016 averaged \$129 per ton, compared to \$149 a year ago. The average U.S. corn price was \$3.33 per bushel, compared to \$3.65 last year; the U.S. soybean price averaged \$9.64 per bushel, compared to \$8.76 a year ago. The all milk price averaged \$18.80 per cwt, compared to \$17.30 a year ago. The December milk-feed ratio was 2.70, compared to 2.29 a year ago. The *NASS Cattle* report for January 1 cattle inventories showed for milk cow replacements, numbers of all heifers 500 pounds and over were lower compared to January 2016. Nationally, there are 60,000 fewer milk cow replacement heifers on hand. In the Central region, the same trend towards lower heifer replacement numbers holds true.

Central Region January 2017 Milk Cow Replacement Heifers (500 pounds and over), (USDA-NASS)

	January 2016 (1,000 head)	January 2017 (1,000 head)
Illinois	50	52
Indiana	80	80
Iowa	120	135
Kansas	110	100
Michigan	72	170
Minnesota	300	295
Ohio	120	120
South Dakota	50	45
Texas	250	260
Wisconsin	735	710
Central Total	1987	1967

In the South Central area, wheat winter, rye, and oats showed growth, although damage from cold temperatures is apparent in some areas. In the North Central, winter conditions persist, with no fieldwork days reported.

WEST

After several days of rain, mild climate is back in California, stimulating higher milk yields. Milk intakes for manufacturing needs are more than adequate. Milk components remain high. Class 1 requests from several grocery stores and restaurants are up this week. Class 2 demand is steady. Due to recent rains, the drought in California has been noticeable reduced. Many dairy operators are optimistic about water availability for the upcoming spring/summer seasons, as the water level at several reservoirs has improved. In addition, the snowpack across Sierra Nevada is above normal, which is favorable for the upcoming corn and alfalfa crop season. According to CDFA, December 2016 Class 1 sales in California totaled 54.3 million gallons, down 4.4% from the previous year. From January through December 2016, Class 1 sales totaled 642.5 million gallons,

-CONTINUED ON PAGE 4A-

FLUID MILK AND CREAM

-CONTINUED FROM PAGE 4-

down 3.1% from the comparable period in 2015. Farm milk output in Arizona continues inching up due to cooler temperatures. Milk intakes are in balance with processing needs. Bottled milk demands from several schools, fast food restaurants, and supermarkets are fair to good this week. Alfalfa hay harvesting is active throughout the state. In New Mexico, milk production is up mainly due to the comfortable climate for dairy herds. There is more than sufficient milk for processing demands. As a result, processors from other regions of the country are helping clear heavy milk supplies. Class I sales are higher, as some retailers are restocking shelves. Bottled milk requests from restaurants are steady. Sales into Class II are up, but are steady into Class III. Pacific Northwest milk production is stable and balanced. Milk is moving to bottling facilities at normal seasonal levels. In addition, dairy product manufacturers report adequate milk supplies for most processing needs. This winter has been colder than normal, but with above average snowfall, farmers expect good amounts of water for irrigation needs next growing season. Industry contacts report feedstocks are in good supply. Milk production in the mountain states of Idaho, Colorado and Utah is seasonally steady. Some contacts report this winter has been a little more difficult than most. Heavy snows and colder temperatures have suppressed milk production somewhat and made milk pickups a little more difficult. However, most of the region's milk is finding a home within the region. Manufacturers report there is no problem getting the milk needed for most processing needs. Feedstocks are in good supply and the excellent snow pack is giving farmers confidence of adequate water for irrigation needs in the coming year. According to the DMN *National Retail Report-Dairy* for the week of January 27 to February 2, the national weighted average advertised price for one gallon of milk is \$2.55, up 16 cents from last week and 30 cents higher from a year ago. The weighted average regional price in the Southwest is \$2.41, with a price range of 1.99-2.69. The weighted average regional price in the Northwest is \$1.89, with no range. In the West, heavy condensed skim volumes continue clearing into dryers for NDM/SMP production. Condensed skim demand from cheese makers for cheese fortification is fair to good. Manufacturing of cream based products related to the Super Bowl has been finished, shipped, and delivered. Butter makers continue clearing heavy cream intakes into churns. Demand for spot cream loads is light. Cream supplies are readily available throughout the West region. Thus, multiples for all classes are slightly lower, ranging from .97 to 1.19.

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 (NDM) prices are steady to lower in the range, while unchanged in the mostly pricing series. Price changes for nonfat dry milk result from adjustments based on spot sales and pricing indices. The level of manufacturers' condensed skim supplies continue to prompt active regional low/medium heat NDM production. While inventories are adequate for committed accounts and growing marginally, supplies are mixed as the drying priorities of some manufacturers contrast. Domestic sales are fair with the majority of transactions satisfying committed accounts. Exports are a focus of some manufacturers, as interest appears to be steady. High heat NDM prices are unchanged from last week. Inventories are light. Most of the available supplies are clearing to existing contracts.

EAST: Eastern low/medium nonfat dry milk (NDM) f.o.b. prices held steady in the mostly series this week, although limited transactions adjusted prices lower at the bottom of the range. Steady flows of milk supplies continue to prompt heavy low/medium heat NDM production. Buyers in general are not aggressive in pursuing spot loads. Typical buying patterns center on contracts, with comparably light spot interest. As a result, regional stocks are building at some facilities, while steady at others. Contracts are clearing in a timely manner. High heat NDM trading is light, as most of the interest is a result of contracts. Wednesday at the CME Group, Grade A NDM closed at \$0.9475, down \$0.0375 from last Wednesday.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: .9600 - 1.0600 MOSTLY: 1.0300 - 1.0600
HIGH HEAT: 1.1300 - 1.1600

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk (NDM) prices are mostly lower on an unsettled market. Spot trading has been light throughout the week. Demand from bakers is active as the spring baking season approaches. In addition, some Class III (Class 4b) processors are actively using NDM for cheese fortification. In most balancing plants, large condensed skim intakes, prompted by strong regional farm milk output, continue clearing into dryers. As a result, low/medium heat NDM production is ongoing, while inventories are steady to building. Prices for western high heat nonfat dry milk are mixed on a narrower range. Production is sporadic, mainly dictated by contractual needs. Outside contracts, inventories are tight. As a result, spot trading has been very light throughout the week. According to California Department of Food and Agriculture (CDFA), December 2016 nonfat dried milk (NDM) production in California totaled 53.4 million pounds, 0.7% higher than a year ago. From January through December 2016, NDM production totaled 567.2 million pounds, down 19.2% from the same period in 2015.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: .8900 - 1.0550 MOSTLY: .9800 - 1.0300
HIGH HEAT: 1.0900 - 1.1750

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	TOTAL SALES
January 27	\$0.9975	6,023,728
January 20	\$1.0037	7,949,315

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: Dry buttermilk prices shifted lower at the top of the range. Interest remains steady, and the market undertone is reportedly stable. Dry buttermilk production levels are somewhat light as producers are dedicating dryer time to nonfat dry milk. Corresponding to the somewhat limited production levels, reports of dry buttermilk inventories remain tight. However, inventories are adequate for committed accounts and a handful of spot trades.

EAST: Spot market prices are steady to lower in the East. Dry buttermilk production rates are steady to variable as some churns continue to purchase outside cream loads. Sources suggest stocks are tight. However, producers are comfortable with inventory levels that adequately provide for near-term customer accounts. Buying demand is light to moderate. The undertone is steady.

F.O.B. CENTRAL/EAST: .8900 - 1.0400

DRY BUTTERMILK - WEST

Western dry buttermilk f.o.b. prices are mixed on the range, but steady on the mostly series. A few spot sales based on specific brands pushed up the top price of the range. Demands from the bakery and confectionary sectors are above current supply. Dry buttermilk production is irregular as balancing plant operators are focusing on clearing heavy condensed skim volumes into dryers. As a result, dry buttermilk inventories continue tightening in the spot market.

F.O.B. WEST: .9200 - 1.0900 MOSTLY: .9800 - 1.0200

DRY WHOLE MILK - NATIONAL

F.O.B. spot prices for national dry whole milk are mixed on a narrower range. Some spot sales in the domestic market pulled down the top of the range. A few WMP producers dropped export pricing in order to compete with international values. Trading, inside and outside the country, is more active this week. National dry whole milk production is steady. At this point, WMP inventories are in balance with demands from domestic and international buyers.

F.O.B. PRODUCING PLANT: 1.4000 - 1.5700

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 in both the range and mostly price series this week. Domestic demand for dry whey is solid, but contacts suggest the onset of the Chinese New Year and current price points may possibly slow exports to Asian markets. Production of dry whey continues to be steady, limited to some extent by the strong demand for higher protein concentrations. There were a number of spot offers of dry whey reported this week, although some end users continue to opt for using existing stocks, waiting out the possibility of lower prices. The market tone is a little unsettled. Although prices are currently showing some strength, industry contacts are looking into future factors such as heavier milk supplies affecting the dry whey market. Animal feed whey prices inched up at the bottom of the range, as contacts reported spot offerings of animal feed whey were somewhat rare.

F.O.B. CENTRAL: .4025 - .5400 MOSTLY: .4200 - .4700
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3400 - .4450

DRY WHEY - NORTHEAST

Prices for Northeast dry whey are significantly higher at the top of the range on f.o.b. spot sales. Buyers note some distinctive brands are hard to find, in the spot market, and typically carry a higher premium. Whey streams are circumventing into higher proteins, as improved returns shift production away from dry whey. Strong domestic demand is holding, accompanied by increased interest from export markets. Inventories are steady for producers' near-term contract needs. The undertone is firm.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .4300 - .5650

DRY WHEY - WEST

Western dry whey prices moved higher this week. Although some industry contacts report dry whey demand has cooled a bit compared to several weeks ago, manufacturers are still seeing good domestic and international demand. A few contacts speculate the Chinese New Year or uncertainty about trade policies may have created a slight lull in international whey inquiries. Market participants are eager to see what direction the market will take in the next few weeks. Dry whey inventories are balanced to tight. Production is steady, but increased manufacturing of higher whey protein concentrations places a cap on dry whey production.

NONHYGROSCOPIC: .4300 - .5550 MOSTLY: .4450 - .5225

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Both ends of the range and the bottom of the mostly price series moved higher for whey protein concentrate 34% this week. Industry contacts continue to report WPC34% that meets infant formula requirements is in tight supply and often generates resales or offers above published prices. Other contacts say WPC34% that does not meet higher specifications and is interchangeable with other protein sources is somewhat more available and does not command the higher prices. A few end users suggest that because WPC34% is harder to get and some manufacturers have shifted production runs to higher protein concentrations, they are opting to adjust their recipes to be able to use those higher concentrations as needed.

F.O.B. EXTRA GRADE 34% PROTEIN: .8500 - 1.1300 MOSTLY: .9000 - 1.0300

LACTOSE - CENTRAL AND WEST

Lactose prices held steady on the range, but widened on the mostly price series. A few manufacturers report carryover inventories from 2016 that they needed to clear. A few short term contract and noncontract sales held the bottom of the price range in place and pushed the bottom of the mostly price series slightly lower. Some industry contacts note lower mesh lactose and lactose with a little age have become somewhat more available. Meanwhile, higher mesh, low spore and desired brands of lactose remain in tight supply. Demand is generally strong for lactose, but some contacts are wondering if that may ease as the New Zealand milk production season comes to a close. Lactose production in the U.S. is steady.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .2400 - .5800 MOSTLY: .3400 - .4100

CASEIN - NATIONAL

Casein prices for both acid and rennet are steady this week. A European dealer characterized current casein markets as looking for a direction and having limited near term upside potential. Beyond the near term, there is uncertainty as to future price movement in heavily forward contracted casein markets. Longer term buyers are assessing the ability of EU production capacity to provide casein in the second and third quarter that is not already contracted. There is also increasing uncertainty as to the potential to finalize future commitments from manufacturers in New Zealand, Argentina, Belarus or India, due either to lower milk supplies or other production priorities.

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

<u>WEEK ENDING</u>	<u>2017 WEEKLY DAIRY COWS</u>	<u>2017 CUMULATIVE DAIRY COWS</u>	<u>2016 WEEKLY DAIRY COWS</u>	<u>2016 CUMULATIVE DAIRY COWS</u>
01/26/2017	60.9	118.0	65.5	177.5

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)

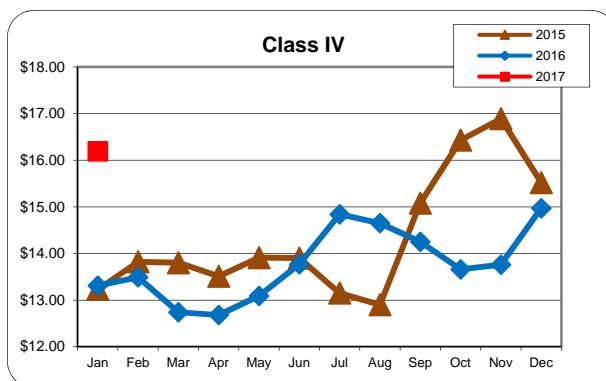
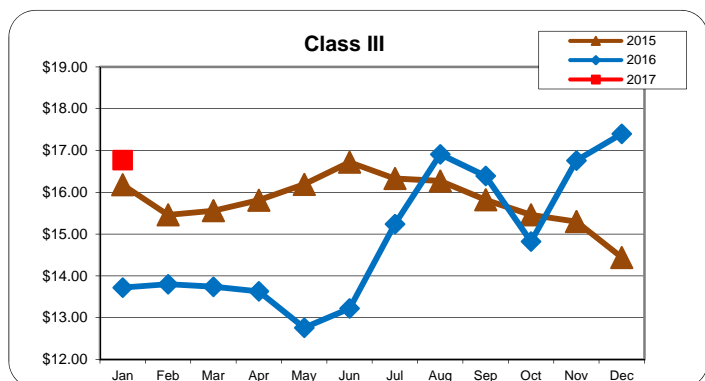
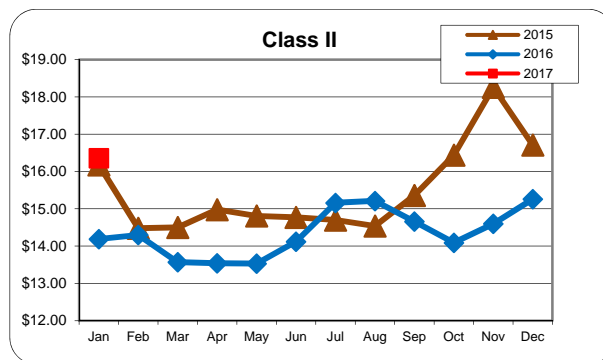
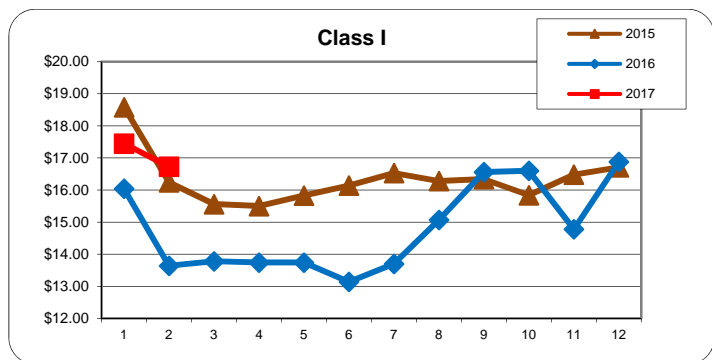
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2012	17.05	16.06	15.72	15.72	15.23	15.63	16.68	17.73	19.00	21.02	20.83	18.66
2013	18.14	17.25	16.93	17.59	18.52	18.02	17.38	17.91	18.14	18.22	18.83	18.95
2014	21.15	23.35	23.33	24.31	22.57	21.36	21.60	22.25	24.60	23.82	21.94	17.82
2015	16.18	15.46	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%)[illegible]

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 23 - February 3, 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: Early expectations are for milk product prices in a number of Western European countries to remain stable or slightly higher. Overall lower milk production is a significant factor mentioned as leading to this expectation. Milk production in a number of western European countries is reported to be sustaining slight seasonal increases, generally below levels one year earlier. While final official results are not available yet, preliminary information from processors in Germany estimates that during the third week of January, milk production increased up to 0.5% from the previous week. Nevertheless, processors believe final results will be that production remains near 4% lower from one year earlier. Processors in France believe final data will reflect milk production about 4.4% below one year earlier. Ireland is a different story. Indications from processors there suggest that milk production is higher than one year earlier. In some areas, production is believed to be as much as 4% higher. It has been noted that domestic dairy product demand in Germany has increased due to population gains. The Federal Statistical Office reports an increase of 600,000 people in the last year, attributed particularly to immigration. German retail dairy sales of cheese and mixed fats are noted to have increased recently. However, retail sales of milk declined year on year.

BUTTER/BUTTEROIL: Butter prices in Western Europe weakened noticeably at each end of the price range. Prices are now down from late 2016 highs. Prices in French, Dutch and German markets all weakened. Butteroil prices narrowed the price range by increasing at the bottom while declining at the top. Some of the price weakness is attributed to expected seasonal patterns in Western Europe. Butter production exceeds early year demand, a normal situation which is weighing on prices. EU butter production January-November 2016 increased 3.7% according to Eurostat. Block butter demand is greater than packaged butter. An additional factor weighing on butter markets is the January 31 announcement by the European Commission that the program for private storage aid for butter will not be reopened. This announcement had been anticipated.

82% BUTTERFAT: 4,200 - 4,525
99% BUTTERFAT: 4,550 - 5,000

SKIM MILK POWDER (SMP): European skim milk powder prices declined at the lower end of the price range but remained stable at the top. The overall outcome takes into account the greater decline in Dutch and French prices contrasted with a much slighter decrease in German SMP pricing. European SMP price weakness has been noted to have developed over the last two weeks. A market participant observed that a growing sense of being unsettled has developed. An emotional factor is seen as settling in, related to the fact of intervention stocks and continuing nervousness about

disposition of those stocks. There is less confidence about the potential for exporting SMP. An additional factor impacting prices is that on January 31, the European Commission announced that it does not intend to continue the currently running PSA SMP schemes (210 days and 365 days) beyond the end of February. This announcement had been anticipated. EU SMP production January-November 2016 increased 4.8% according to Eurostat.

1.25% BUTTERFAT: 2,150 - 2,300

SWEET WHEY POWDER: Sweet whey prices in Western Europe are steady. Demand is at a low level. During January, whey production in Europe moved lower as more attention was given to making lactose and whey protein concentrate. Even so, whey stocks are at a level that stable markets have been maintained.

NONHYGROSCOPIC: 900 - 1,075

WHOLE MILK POWDER (WMP): Whole milk powder prices in Europe are steady at the bottom of the price range to slightly lower at the top of the price range. Prices in Germany and Dutch prices are consistent in this regard. Concerns about the Euro's competitiveness in global markets are weighing on pricing. The weakness in upper range pricing also reflects concerns that Western European pricing must move lower to be competitive with New Zealand in export markets. European WMP manufacturers are increasingly seeking to develop export markets, which is leading to more global price awareness and responsiveness. EU WMP production January-November 2016 increased 4.5% according to Eurostat.

26% BUTTERFAT: 3,200 - 3,350

EASTERN OVERVIEW: Russia continues to import higher volumes of various dairy products from sources not party to the embargo. Russian imports of butter January-November 2016 increased 1.2% from the same period of 2015 according to Eurolait. Main origins and percentage of total Russian imports were: Belarus, 82.4%; Uruguay, 7.9%; and New Zealand, 5.3%. Russian skim milk powder imports for the period are up 21.3%. Main origins are: Belarus, 81.9%; Turkey, 7.3%; and Argentina, 4.9%. Imports of whole milk powder by Russia for the period increased 41.9%. Main origins were: Belarus, 60.3%; Argentina, 21.5%; and Uruguay, 7.7%. Whey imports by Russia during the period increased 15.3%. Main origins were Belarus, 94.6%; Argentina, 4.3%; and Switzerland, 0.7%.

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered January 23 - February 3, 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: Price stability is said to be the order of the day in Australia. Little if any price fluctuation in dairy commodities is noted from recent weeks. January is a vacation month for many Australians, where January is summer. More so than in the United States, large numbers of people being on vacation is a fact. This keeps market activity much slower. A secondary factor this year is the lower milk production, detailed below. Lower milk supplies are keeping dairy manufacturers wary of agreeing to price concessions to make sales and now there are fewer buyers seeking to complete sales. A number of processors are expecting a 6%-8% drop in milk production for the entire season. According to Dairy Australia, December 2016 milk production in Australia was 4.1% below December 2015. The state changes from December a year earlier are: New South Wales, -6.1%; Victoria, -4.5%; Queensland, +2.0%; South Australia, -6.9%; Western Australia, -1.0% and Tasmania, -1.2%. July-December cumulative production this year is 8.5% below the same period in 2015. The cumulative July-December 2016 changes from July-December 2015 are: New South Wales, -6.3%; Victoria, -9.9%; Queensland, +2.3%; South Australia, -11.3%; Western Australia, -0.7% and Tasmania, -8.0%. Each state's percentage of total December Australian production, is: New South Wales, 10.95%; Victoria, 65.12%; Queensland, 4.08%; South Australia, 4.90%; Western Australia, 3.75%; and Tasmania, 11.20%. **NEW ZEALAND:** A wet spring in New Zealand has contributed to lower milk production. While it has been raining or drizzling in parts of New Zealand much of the last week, that is expected to clear in a few days and hopes are for dryer conditions moving forward. December 2016 milk production was 2.69 million MT, down from 2.85 million MT in November. During December 2015, milk production was 2.77 million MT. December milk solids, 225.50 million kg, are down from 234.77 million kg in October. During December 2015, milk solids were 232.66 million kg. With no GDT event this week, markets in New Zealand have moved little. Futures markets are signaling higher prices for some commodities which has caused some sellers to be less inclined to make concessions, and that has deterred some buyers. Overall recent weeks are now viewed as a time where little price movement is the norm.

BUTTER: Butter prices in Oceania are steady. A number of market participants commented on this being a slow and quiet trading period. Neither buyers or sellers were particularly motivated to give ground on pricing to make sales. Moreover, January is a summer holiday month in Australia. Many buyers are either on vacation or able to secure New Zealand butter, which has tended to keep Australian prices stable. New Zealand butter production is tending to hold steady. New Zealand butter exports January-November 2016 were up 7.4% according to Eurolait. The main export destinations and percent of total butter exports were: were China 16.2%; Iran, 9.6%; and Egypt, 8.4%. New Zealand and Australia are among the main butter(oil) exporting countries according to Global Trade Atlas. Imports of butter and butteroil by the main importing countries during January-November 2016 compared with the same months of 2015, show the following percentage changes: China, +21%; Russia, -1%; Algeria, +17%; Mexico, +42%; Japan, -22%; and United States, +23%.

SKIM MILK POWDER (SMP): Skim milk powder prices in Oceania are steady. Few buyers or sellers were particularly motivated to give ground on pricing to make sales. Moreover, January is a summer holiday month in Australia, taking many potential participants out of active market activity. In New Zealand, milk is shifting slightly from whole milk powder back to SMP and butter production due to perceptions of profitability. New Zealand SMP exports January-November 2016 were up 14.4% according to Eurolait. The main export destinations and percent of total butter exports were: were China 22.4%; Malaysia, 9.6%; and Philippines, 9.4%. SMP is less significant an export factor in Australia, where domestic consumption of domestically manufactured SMP is more significant than in New Zealand. New Zealand, and to a lesser extent Australia, are among the main SMP exporting countries according to Global Trade Atlas. Imports of SMP by the main importing countries during January-November 2016 compared with the same months of 2015, show the following percentage changes: China, -6%; Russia, +25%; Algeria, -25%; Mexico, +17%; Japan, -38%; and United States, -74%.

1.25% BUTTERFAT: 2,350 - 2,450

CHEDDAR CHEESE: Cheddar cheese prices in Oceania are steady. This week and last week have been quiet trading periods, with markets in balance. Cheese manufacturers in New Zealand point out that even with lower milk production in New Zealand, cheese exports swam against the tide and have been stronger, perhaps reflecting the profitability of making cheese. New Zealand cheese exports January-November 2016 were up 13.5% according to Eurolait. The main export destinations and percent of total cheese exports were: were Japan 17.2%; Australia 17.2%; and China, 14.3%. New Zealand and Australia are among the main cheese exporting countries according to Global Trade Atlas. The main cheese importing countries during January-November 2016 compared with the same months of 2015, show the following percentage changes: China, +31%; Russia, +10%; Algeria, +9%; Mexico, +2%; Japan, +3%; and United States, +3%.

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

WHOLE MILK POWDER (WMP): Whole milk powder prices in Oceania narrowed the price range, slightly firming at the bottom but slightly declining at the top. While overall trading of all dairy commodities has been at lower levels in the region, concerns about profitability have led to reducing WMP volumes produced so as to produce more skim milk powder. Making more WMP no longer seems to be an obvious choice. A reaction was to nudge lower range pricing higher, slightly closer to pricing in Western Europe. New Zealand WMP exports January-November 2016 were down 0.9% according to Eurolait. The main export destinations and percent of total WMP exports were: were China 24.9%; Algeria, 12.3%; and UAE, 7.8%. New Zealand, and to a lesser extent Australia, are among the main WMP exporting countries according to Global Trade Atlas. New Zealand exports multiples more kilotons than Australia. Imports of WMP by the main

82% BUTTERFAT: 4,375 - 4,475

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INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered January 23 - February 3, 2017

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CONTINUED FROM PAGE 8A

importing countries during January-November 2016 compared with the same months of 2015, show the following percentage changes: China, +18%; Russia, +33%; Algeria, -8%; Mexico, +81%; Japan, +52%; and United States, +53%.

26% BUTTERFAT: 3,100 - 3,275

**Exchange rates for selected foreign currencies:
January 30, 2017**

.0629 Argentina Peso	.0147 India Rupee
.7555 Australian Dollar	.0088 Japan yen
.3197 Brazil Real	.0481 Mexican Peso
.7623 Canadian Dollar	.7286 New Zealand Dollar
.0015 Chile Peso	.2467 Poland Zloty
1.0694 Euro	.0355 Uruguay Peso

Conversion example: To compare the value of 1 US Dollar to Mexican Pesos: $(1/.0481) = 20.7900$ Mexican Pesos. Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS - SOUTH AMERICA

Information gathered January 23 - February 3, 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: After heavy showers during the past few weeks, warm weather returned in some areas of the main dairy basins of **Argentina**. Nevertheless, muddy conditions persist in several dairy operations, taking a toll on cows' comfort. At this point, farm milk intakes are tending lower and are well below last year's levels. As a result, manufacturing milk volumes have been noticeably curtailed, especially for SMP and WMP. With less cream supplies, butter output has been affected, too. Requests from bottlers are down as schools are closed for summer break. Several milk loads that were originally destined to dryers are now moving into cheese plants, as some processors are prioritizing cheese production. Therefore, there is reasonable milk supply to cover manufacturing needs for cheese. Yogurt production is steady to slightly lower, while interest from retailers is fair/good. Milk caramel demands from several market channels are steadily improving. Back to the farm, recent rains brought some relief to corn and soybean crops in La Pampa and western Buenos Aires. Corn and soybean planting is near completion. According to the Ministry of Agriculture, Livestock, and Fisheries (MAGyP), during December, Argentina farm milk production was 772.3 million liters, down 3% from the previous month and 19% below a year ago. From this production, 16.1% was destined into bottling processing. From January to December 2016, milk output totaled 9,677 million liters, down 14% from the same period of 2015.

In **Uruguay**, milk production is seasonally down primary due to higher summer daytime temperatures averaging around 95 degrees. Some rain showers are present throughout the country, but there are not significant impacts to the milk output and milk hauling. Butter production remains active with good demand from the domestic market, as well as from Russia. A severe water deficit prevails in important dairy states of **Brazil**. Conversely, in other states, recent rainfall maintained favorable prospects for soybeans and other summer crops in major agricultural areas. Overall, Brazilian milk production is down, mainly impacted by high daytime temperatures. Bottled milk requests are up as several schools are reopening during this week to start the new school year 2017. However, there are fair amounts of milk for processing needs. Cheese makers are receiving moderate milk volumes, while production remains active. Cheese demand from wholesalers is moderate, but is good from food service. Some cheese processors continue holding inventories, expecting higher domestic prices in the near term. The market tone for Mozzarella and Prato cheese is mostly stable. Production of WMP and SMP remains active with strong domestic demand.

SKIM MILK POWDER (SMP): F.O.B. export prices for skim milk powder (SMP) in the Southern Cone of South America shifted lower on light trading. The price range is reflecting export transactions within the Mercosur bloc as well outside the zone. SMP supplies are becoming tight in the region, especially in Argentina where the recent unfavorable weather has reduced milk yields. Meanwhile, in Brazil, SMP production is active and inventories are slightly increasing in line with buyers' demand. Therefore, the stability in the Brazilian SMP market is putting some pressure on SMP import prices from nearby countries.

1.25% BUTTERFAT:

2,400 - 2,550

WHOLE MILK POWDER (WMP): F.O.B. export prices for whole milk powder (WMP) in the Southern Cone of South America are mixed on a narrower range. Trading activity has been light as WMP inventories are becoming tight in the region. In Argentina, WMP processing is down due to lower manufacturing milk volumes triggered by recent floods. With reduced milk volumes, several processors are prioritizing cheese production over WMP. Conversely, WMP output is active in Uruguay and Brazil. The strong domestic WMP production in Brazil is reducing the need to import from nearby countries. Brazilian demand for WMP is improving and the national market is showing stability. Thus, WMP Brazilian processors continue building stocks, anticipating higher selling prices in the future. Some WMP tenders from Uruguayan manufacturers to Brazil can be found priced at \$3,500/MT or slightly above.

26% BUTTERFAT:

2,800 - 3,425

CME GROUP, INC FUTURES

Selected settling prices

Month	01/20	01/23	01/24	01/25	01/26	01/27	01/30	01/31	02/01	02/02
CLASS III MILK FUTURES (Pit-Traded) (\$/cwt)										
JAN 17	16.77	16.76	16.76	16.74	16.75	16.75	16.74	16.75	16.77	
FEB 17	16.96	16.66	16.70	16.57	16.58	16.62	16.56	16.71	16.74	16.99
MAR 17	17.40	17.15	17.14	16.98	17.04	17.15	17.08	17.15	17.15	17.40
APR 17	17.67	17.49	17.50	17.28	17.34	17.43	17.29	17.30	17.34	17.52
MAY 17	17.73	17.61	17.62	17.34	17.41	17.51	17.43	17.37	17.34	17.54
JUN 17	17.86	17.80	17.80	17.59	17.63	17.67	17.63	17.57	17.54	17.70
JUL 17	17.92	17.92	17.85	17.71	17.72	17.81	17.76	17.71	17.69	17.80
AUG 17	17.95	17.90	17.94	17.84	17.83	17.88	17.86	17.83	17.83	17.89
SEP 17	17.93	17.90	17.95	17.85	17.86	17.88	17.86	17.81	17.83	17.92
OCT 17	17.82	17.83	17.84	17.70	17.69	17.72	17.74	17.64	17.72	17.80
CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)										
JAN 17	16.29	16.26	16.20	16.20	16.20	16.20	16.20	16.20	16.19	
FEB 17	16.42	16.32	16.32	16.32	16.07	16.07	16.07	16.07	16.07	16.02
MAR 17	16.59	16.45	16.30	16.30	16.08	16.08	16.08	16.08	16.08	15.86
APR 17	16.86	16.71	16.64	16.50	16.17	16.06	16.19	16.26	16.26	15.92
CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)										
JAN 17	225.88	225.00	225.00	225.00	225.00	225.00	225.00	225.00	225.68	
FEB 17	226.00	224.03	224.03	222.00	220.60	224.48	224.98	224.98	222.03	222.03
MAR 17	226.60	224.93	224.75	222.90	221.75	223.00	226.35	227.00	226.75	221.75
APR 17	227.75	227.75	228.00	225.00	223.28	225.08	227.60	228.00	227.70	224.70
NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)										
JAN 17	103.00	102.70	102.43	102.43	102.35	102.08	102.10	102.10	102.29	
FEB 17	104.25	103.63	102.90	103.25	100.00	101.05	101.03	101.00	101.58	100.63
MAR 17	105.38	104.03	103.70	104.00	100.00	100.00	100.03	100.38	101.18	99.00
APR 17	108.00	106.90	105.45	105.45	101.63	101.63	101.63	102.00	103.00	100.40
WHEY (Electronic-Traded) (¢/lb)										
JAN 17	43.53	43.53	43.53	44.25	44.25	44.25	44.25	44.25	44.21	
FEB 17	46.50	46.75	46.50	46.78	46.78	46.75	46.75	46.75	46.73	47.28
MAR 17	47.45	47.48	47.45	47.25	47.08	46.90	46.90	46.90	46.50	48.00
APR 17	48.10	48.10	47.95	47.60	47.00	47.40	47.00	47.00	47.00	48.73
CHEESE CSC (Electronic-Traded) (\$/lb)										
JAN 17	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	1.70	
FEB 17	1.71	1.68	1.68	1.66	1.67	1.67	1.67	1.68	1.69	1.71
MAR 17	1.75	1.72	1.72	1.70	1.72	1.73	1.71	1.72	1.72	1.74
APR 17	1.76	1.75	1.75	1.73	1.74	1.75	1.74	1.74	1.74	1.75
MAY 17	1.77	1.76	1.76	1.74	1.75	1.76	1.75	1.74	1.74	1.76

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

DAIRY MARKET NEWS MONTHLY SUMMARY AND AVERAGES FOR JANUARY 2017¹ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	:::REPORT NUMBER 1 ::	REPORT NUMBER 2 ::	REPORT NUMBER 3 ::	REPORT NUMBER 4 ::	REPORT NUMBER 5 ::	2017 : 2016
	:::-----::	-----::	-----::	-----::	-----::	Monthly : Monthly
	:: JAN 02 - 06 ::	JAN 09 - 13 ::	JAN 16 - 20 ::	JAN 23 - 27 ::	JAN 30 - 31 ::	Average : Average

CHEESE

WISCONSIN (WSP, Delivered, LTL)

-- Process American 5# Loaf	:: 1.6525 - 2.0125 ::	1.6800 - 2.0400 ::	1.7150 - 2.0750 ::	1.6775 - 2.0375 ::	1.5575 - 1.9175 ::	1.8486 : 1.7742
-- Brick And/Or Muenster 5#	:: 2.0300 - 2.4550 ::	2.0325 - 2.4575 ::	2.0875 - 2.5125 ::	2.0725 - 2.4975 ::	2.0200 - 2.4450 ::	2.2643 : 2.0643
-- Cheddar 40# Block	:: 1.7575 - 2.1525 ::	1.7600 - 2.1550 ::	1.8150 - 2.2100 ::	1.8000 - 2.1950 ::	1.7475 - 2.1425 ::	1.9768 : 1.7768
-- Monterey Jack 10#	:: 2.0050 - 2.2100 ::	2.0075 - 2.2125 ::	2.0625 - 2.2675 ::	2.0475 - 2.2525 ::	1.9950 - 2.2000 ::	2.1293 : 1.9293
-- Blue 5#	:: 2.2975 - 3.2850 ::	2.3000 - 3.2875 ::	2.3550 - 3.3425 ::	2.3400 - 3.3275 ::	2.2875 - 3.2750 ::	2.8130 : 2.6131
-- Mozzarella 5 - 6#	:: 1.8300 - 2.7700 ::	1.8325 - 2.7725 ::	1.8875 - 2.8275 ::	1.8725 - 2.8125 ::	1.8200 - 2.7600 ::	2.3218 : 2.1218
-- Grade A Swiss Cuts 6 - 9#	:: 2.7875 - 2.9050 ::	2.6125 - 2.7300 ::	2.6125 - 2.7300 ::	2.6125 - 2.7300 ::	2.6125 - 2.7300 ::	2.7063 : 2.7463

NORTHEAST (WSP, Delivered, LTL)

-- Cheddar 40# Block	:: 2.1250 - 2.4100 ::	2.1275 - 2.4125 ::	2.1825 - 2.4675 ::	2.1675 - 2.4525 ::	2.1150 - 2.4000 ::	2.2893 : 2.0318
-- Process 5# Sliced	:: 1.6950 - 2.1750 ::	1.7225 - 2.2025 ::	1.7575 - 2.2375 ::	1.7200 - 2.2000 ::	1.6000 - 2.0800 ::	1.9511 : 1.9342
-- Muenster	:: 2.1100 - 2.4600 ::	2.1125 - 2.4625 ::	2.1675 - 2.5175 ::	2.1525 - 2.5025 ::	2.1000 - 2.4500 ::	2.3068 : 2.0843
-- Grade A Swiss Cuts 10 - 14#	:: 3.2700 - 3.5925 ::	3.0950 - 3.4175 ::	3.0950 - 3.4175 ::	3.0950 - 3.4175 ::	3.0950 - 3.4175 ::	3.2913 : 3.3313

WEST COAST (WSP, Delivered, LTL)

-- Process 5# Loaf	:: 1.6400 - 1.8975 ::	1.6675 - 1.9250 ::	1.7025 - 1.9600 ::	1.6650 - 1.9225 ::	1.5450 - 1.8025 ::	1.7849 : 1.7380
-- Cheddar 40# Block	:: 1.7900 - 2.2350 ::	1.7925 - 2.2375 ::	1.8475 - 2.2925 ::	1.8325 - 2.2775 ::	1.7800 - 2.2250 ::	2.0343 : 1.8068
-- Cheddar 10# Cuts	:: 1.9700 - 2.1900 ::	1.9725 - 2.1925 ::	2.0275 - 2.2475 ::	2.0125 - 2.2325 ::	1.9600 - 2.1800 ::	2.1018 : 1.8743
-- Monterey Jack 10#	:: 1.9800 - 2.1400 ::	1.9825 - 2.1425 ::	2.0375 - 2.1975 ::	2.0225 - 2.1825 ::	1.9700 - 2.1300 ::	2.0818 : 1.8543
-- Grade A Swiss Cuts 6 - 9#	:: 2.8475 - 3.2775 ::	2.6725 - 3.1025 ::	2.6725 - 3.1025 ::	2.6725 - 3.1025 ::	2.6725 - 3.1025 ::	2.9225 : 2.9625

FLUID PRODUCTS

SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)

-- Northeast - f.o.b	:: 2.4130 - 2.6428 ::	2.2400 - 2.6880 ::	2.2695 - 2.7234 ::	2.1777 - 2.6491 ::	1.9868 - 2.5386 ::	2.4505 : 2.3894
-- Upper Midwest - f.o.b	:: 2.4130 - 2.7577 ::	2.4192 - 2.7104 ::	2.4057 - 2.7461 ::	2.3573 - 2.6940 ::	2.3179 - 2.6049 ::	2.5510 : 2.4522

PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.

-- Class II	:: 0.70 - 1.04 ::	0.60 - 1.04 ::	0.60 - 1.04 ::	0.60 - 1.07 ::	0.60 - 1.07 ::	0.8353 : 0.7289
-- Class III	:: 0.75 - 1.08 ::	0.55 - 1.06 ::	0.55 - 1.06 ::	0.55 - 1.06 ::	0.55 - 1.06 ::	0.8270 : 0.5268

DAIRY MARKET NEWS MONTHLY SUMMARY AND AVERAGES FOR JANUARY 2017¹ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	::REPORT NUMBER 1 ::	REPORT NUMBER 2 ::	REPORT NUMBER 3 ::	REPORT NUMBER 4 ::	REPORT NUMBER 5 ::	2017 ::	2016 ::
	-----	-----	-----	-----	-----	Monthly	Monthly
	JAN 02 - 06	JAN 09 - 13	JAN 16 - 20	JAN 23 - 27	JAN 30 - 31	Average	Average
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 0.9200 - 1.0800	:: 0.9500 - 1.0900	:: 0.9650 - 1.0800	:: 0.9700 - 1.0600	:: 0.9600 - 1.0600	:: 1.0143	: 0.8202
-- Mostly	:: 0.9500 - 1.0500	:: 1.0000 - 1.0600	:: 1.0300 - 1.0700	:: 1.0300 - 1.0600	:: 1.0300 - 1.0600	:: 1.0333	: 0.8242
-- High Heat	:: 1.1000 - 1.1800	:: 1.1000 - 1.1800	:: 1.1300 - 1.1800	:: 1.1300 - 1.1600	:: 1.1300 - 1.1600	:: 1.1448	: 1.0270
-- West (f.o.b.)							
-- Low/Medium Heat	:: 0.9650 - 1.0700	:: 0.9625 - 1.1000	:: 0.9775 - 1.1000	:: 0.9300 - 1.0700	:: 0.8900 - 1.0550	:: 1.0163	: 0.7496
-- Mostly	:: 1.0000 - 1.0500	:: 1.0200 - 1.0700	:: 1.0200 - 1.0700	:: 1.0000 - 1.0500	:: 0.9800 - 1.0300	:: 1.0320	: 0.7399
-- High Heat	:: 1.0550 - 1.1650	:: 1.0550 - 1.1650	:: 1.0550 - 1.1700	:: 1.0900 - 1.1800	:: 1.0900 - 1.1750	:: 1.1190	: 0.9680
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.3600 - 0.4600	:: 0.3800 - 0.4875	:: 0.3800 - 0.5200	:: 0.3875 - 0.5200	:: 0.4025 - 0.5400	:: 0.4410	: 0.2296
-- Mostly	:: 0.3900 - 0.4300	:: 0.4025 - 0.4300	:: 0.4025 - 0.4475	:: 0.4025 - 0.4575	:: 0.4200 - 0.4700	:: 0.4231	: 0.2251
-- West (f.o.b.)	:: 0.3750 - 0.4800	:: 0.4000 - 0.5500	:: 0.4200 - 0.5500	:: 0.4200 - 0.5500	:: 0.4300 - 0.5550	:: 0.4718	: 0.2650
-- Mostly	:: 0.4200 - 0.4750	:: 0.4350 - 0.4750	:: 0.4375 - 0.4800	:: 0.4375 - 0.5000	:: 0.4450 - 0.5225	:: 0.4606	: 0.2426
-- Northeast (f.o.b.)	:: 0.3900 - 0.4600	:: 0.3900 - 0.4675	:: 0.4275 - 0.5000	:: 0.4275 - 0.5100	:: 0.4300 - 0.5650	:: 0.4519	: 0.2572
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.8000 - 1.0325	:: 0.8000 - 1.0675	:: 0.8250 - 1.0675	:: 0.8250 - 1.1000	:: 0.8500 - 1.1300	:: 0.9456	: 0.5850
-- Mostly	:: 0.8500 - 0.9825	:: 0.8500 - 0.9825	:: 0.8500 - 1.0300	:: 0.8500 - 1.0300	:: 0.9000 - 1.0300	:: 0.9318	: 0.5445
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.3150 - 0.4150	:: 0.3150 - 0.4200	:: 0.3300 - 0.4450	:: 0.3300 - 0.4450	:: 0.3400 - 0.4450	:: 0.3785	: 0.1626
BUTTERMILK (Min. 30% protein)							
-- Central And East (f.o.b.)	:: 0.9400 - 1.0200	:: 0.8900 - 1.0500	:: 0.8900 - 1.0500	:: 0.8900 - 1.0500	:: 0.8900 - 1.0400	:: 0.9715	: 0.8249
-- West (f.o.b.)	:: 0.9200 - 1.0200	:: 0.9200 - 1.0500	:: 0.9400 - 1.0500	:: 0.9200 - 1.0500	:: 0.9200 - 1.0900	:: 0.9860	: 0.8383
-- Mostly	:: 0.9500 - 1.0000	:: 0.9500 - 1.0200	:: 0.9800 - 1.0200	:: 0.9800 - 1.0200	:: 0.9800 - 1.0200	:: 0.9913	: 0.8300
DRY WHOLE MILK							
-- National (f.o.b.)	:: 1.4400 - 1.6000	:: 1.4400 - 1.6000	:: 1.5200 - 1.6000	:: 1.4000 - 1.6000	:: 1.4000 - 1.5700	:: 1.5195	: 1.2555
LACTOSE							
-- Central And West (f.o.b.)	:: 0.2400 - 0.5800	:: 0.2400 - 0.5800	:: 0.2400 - 0.5800	:: 0.2400 - 0.5800	:: 0.2400 - 0.5800	:: 0.4100	: 0.2124
-- Mostly	:: 0.3400 - 0.4000	:: 0.3400 - 0.4000	:: 0.3400 - 0.4000	:: 0.3500 - 0.4000	:: 0.3400 - 0.4100	:: 0.3718	: 0.2061
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 3.0100 - 3.0400	:: 3.0100 - 3.0400	:: 3.0100 - 3.0600	:: 3.0150 - 3.0600	:: 3.0150 - 3.0600	:: 3.0314	: 3.0650
-- Nonrestricted - Acid	:: 3.0500 - 3.1000	:: 3.0500 - 3.1000	:: 3.0500 - 3.1500	:: 3.0525 - 3.1500	:: 3.0525 - 3.1500	:: 3.0892	: 3.1150

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

DAIRY MARKET NEWS INTERNATIONAL MONTHLY SUMMARY AND AVERAGES FOR JANUARY 2017¹
 (UNLESS OTHERWISE NOTED, PRICES ARE U.S.DOLLARS/METRIC TON, F.O.B. PORT)

COMMODITY	::REPORT NUMBER 1		::REPORT NUMBER 3		::REPORT NUMBER 5		2017 *	2016 *
	::-----		::-----		::-----		Monthly	Monthly
	:: JAN 02 - 06		:: JAN 09 - 20		:: JAN 23 - 31		Average	Average
BUTTER (82% BUTTERFAT)								
-- OCEANIA	:: 4300	- 4475	:: 4375	- 4475	:: 4375	- 4475	:: 4416	: 3052
-- WESTERN EUROPE	:: 4550	- 4650	:: 4525	- 4650	:: 4200	- 4525	:: 4519	: 2989
BUTTEROIL (99% BUTTERFAT)								
-- WESTERN EUROPE	:: 4300	- 5275	:: 4400	- 5300	:: 4550	- 5000	:: 4812	: 3741
CHEDDAR CHEESE (39% MAXIMUM MOISTURE)								
-- OCEANIA	:: 3600	- 3875	:: 3675	- 3875	:: 3675	- 3875	:: 3766	: 3062
SKIM MILK POWDER (1.25% BUTTERFAT)								
-- OCEANIA	:: 2350	- 2450	:: 2350	- 2450	:: 2350	- 2450	:: 2400	: 1834
-- SOUTH AMERICA	:: 2250	- 2500	:: 2425	- 2675	:: 2400	- 2550	:: 2486	: 1761
-- WESTERN EUROPE	:: 2175	- 2275	:: 2200	- 2300	:: 2150	- 2300	:: 2236	: 1761
WHEY POWDER (NONHYGROSCOPIC)								
-- WESTERN EUROPE	:: 0850	- 1050	:: 0900	- 1075	:: 0900	- 1075	:: 0979	: 620
WHOLE MILK POWDER (26% BUTTERFAT)								
-- OCEANIA	:: 3050	- 3375	:: 3050	- 3325	:: 3100	- 3275	:: 3193	: 2100
-- SOUTH AMERICA	:: 2775	- 3425	:: 2775	- 3425	:: 2800	- 3425	:: 3104	: 2182
-- WESTERN EUROPE	:: 3200	- 3375	:: 3200	- 3375	:: 3200	- 3350	:: 3284	: 2182

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

CME GROUP AVERAGES FOR JANUARY 2017

COMMODITY	::REPORT NUMBER 1		::REPORT NUMBER 2		::REPORT NUMBER 3		::REPORT NUMBER 4		::REPORT NUMBER 5		2017 *	2016 *
	::-----		::-----		::-----		::-----		::-----		Monthly	Monthly
	:: JAN 2 - 6		:: JAN 9 - 13		:: JAN 16 - 20		:: JAN 23 - 27		:: JAN 30 - 31		Average	Average
BUTTER*												
-- GRADE AA												
--Monday	::	1	::	2.3000	::	1	::	2.2175	::	2.2200	::	:
--Tuesday	::	2.2200	::	2.3000	::	2.2400	::	2.2175	::	2.2400	::	:
--Wednesday	::	2.2600	::	2.2775	::	2.2400	::	2.1975	::		::	:
--Thursday	::	2.2600	::	2.2450	::	2.2500	::	2.1850	::		::	:
--Friday	::	2.2200	::	2.2250	::	2.2500	::	2.2200	::		::	2.2393 : 2.1214
--Weekly Average**	::	2.2400	::	2.2695	::	2.2450	::	2.2075	::		::	:
CHEESE*												
-- BARRELS												
--Monday	::	1	::	1.5750	::	1	::	1.5000	::	1.4600	::	:
--Tuesday	::	1.5950	::	1.6300	::	1.6375	::	1.4800	::	1.5175	::	:
--Wednesday	::	1.5950	::	1.6400	::	1.6100	::	1.4600	::		::	:
--Thursday	::	1.5950	::	1.6400	::	1.5650	::	1.4475	::		::	:
--Friday	::	1.5750	::	1.6400	::	1.5350	::	1.4475	::		::	1.5573 : 1.4842
--Weekly Average**	::	1.5900	::	1.6250	::	1.5869	::	1.4670	::		::	:
-- 40# BLOCKS												
--Monday	::	1	::	1.6700	::	1	::	1.6500	::	1.6900	::	:
--Tuesday	::	1.6700	::	1.7200	::	1.7050	::	1.6400	::	1.7075	::	:
--Wednesday	::	1.6600	::	1.7350	::	1.6925	::	1.6400	::		::	:
--Thursday	::	1.6575	::	1.7500	::	1.7200	::	1.6450	::		::	:
--Friday	::	1.6700	::	1.7250	::	1.6975	::	1.6875	::		::	1.6866 : 1.4757
--Weekly Average**	::	1.6644	::	1.7200	::	1.7038	::	1.6525	::		::	:
NONFAT DRY MILK*												
-- GRADE A												
--Monday	::	1	::	1.0175	::	1	::	1.0000	::	0.9450	::	:
--Tuesday	::	1.0200	::	1.0200	::	1.0325	::	0.9850	::	0.9450	::	:
--Wednesday	::	1.0275	::	1.0300	::	1.0375	::	0.9850	::		::	:
--Thursday	::	1.0300	::	1.0325	::	1.0050	::	0.9350	::		::	:
--Friday	::	1.0525	::	1.0325	::	1.0050	::	0.9475	::		::	1.0043 : 0.7312
--Weekly Average**	::	1.0325	::	1.0265	::	1.0200	::	0.9705	::		::	:

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

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

1/ CME closed on January 2 and 16.

December Agricultural Prices Highlights

The All Milk price received by farmers was \$18.80 in December, up \$1.50 from December 2015. The alfalfa hay price was \$129.00 in December, down \$20.00 from December 2015. The corn price was \$3.33 in December, down \$0.32 from December 2015. The soybean price was \$9.64 in December, up \$0.88 from December 2015. The milk-feed price ratio was 2.70 in December, up 0.41 from December 2015.

The index of prices received by farmers for dairy products during the month of December 2016 was up 5.9 to 93.5. Compared to December 2015, the index was up 7.4 points (8.6 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in December 2016 was up 0.7 points to 105.1. Compared with December 2015, the index was down 0.9 points (-0.8 percent).

Selected Milk Prices, Milk Cows, and Feed Prices, Selected States and U.S., December 2016 with Comparisons								
State	All-Milk price ^{1,2}		Alfalfa hay, baled		Corn for Grain		Soybeans	
	December		December		December		December	
	2015	2016	2015	2016	2015	2016	2015	2016
	<i>(dollars per cwt)</i>		<i>(dollars per ton)</i>		<i>(dollars per bushel)</i>		<i>(dollars per bushel)</i>	
AZ	16.70	17.20	140.00	150.00	---	---	---	---
CA	15.82	17.54	165.00	150.00	---	---	---	---
CO	18.10	19.20	160.00	150.00	3.67	3.51	---	---
ID	16.70	18.60	190.00	120.00	---	---	---	---
IN	17.50	19.20	---	---	3.88	3.57	8.94	9.90
IA	17.20	19.50	120.00	99.00	3.53	3.27	8.45	9.58
MI	16.50	17.80	160.00	150.00	3.56	3.33	8.40	9.76
MN	17.00	19.70	105.00	93.00	3.43	3.21	8.54	9.28
NM	16.00	16.10	185.00	165.00	---	---	---	---
NY	18.80	19.30	225.00	221.00	---	---	---	---
OH	17.80	19.30	165.00	175.00	4.01	3.57	9.06	9.89
PA	19.10	19.40	231.00	199.00	3.93	4.05	---	---
TX	17.80	18.70	205.00	179.00	4.12	3.71	---	---
WA	18.30	19.00	160.00	125.00	---	---	---	---
WI	17.30	19.70	98.00	94.00	3.41	3.16	8.44	9.49
U.S.	17.30	18.80	149.00	129.00	3.65	3.33	8.76	9.64

¹ Prices are shown at reported butterfat test. ² Before deduction for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies.

Milk-Feed Price Ratio, Selected States and U.S., December 2016 with Comparisons			
Milk-feed: pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk ¹			
State ²	December 2015	November 2016	December 2016
IA	2.53	3.00	3.10
MI	2.16	2.14	2.40
MN	2.65	3.16	3.25
OH	2.28	2.41	2.49
WI	2.77	3.05	3.25
U.S.	2.29	2.56	2.70

¹ The price of commercial prepared dairy feed is based on current United States prices received for corn, soybeans, and alfalfa. The modeled feed uses 51 percent corn, 8 percent soybeans, and 41 percent alfalfa hay. ² Available states that provided all necessary data to compute milk-feed price ratios.

General Price Measures, U.S., December 2016 with Comparisons			
Item	December 2015	November 2016	December 2016
Index Numbers (1990-92=100):			
Prices received by farmers for dairy production	86.1	87.6	93.5
Prices paid by farmers for commodities and services, interest taxes, and wage rates	106.0	104.4	105.1

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Agricultural Prices, February 2017*.

Federal Milk Order Final Class and Component Prices, January

Class Prices: The following are the January 2017 class prices under the Federal milk order pricing system and changes from the previous month: Class II: \$16.36 (+\$1.10), Class III: \$16.77 (-\$0.63), and Class IV: \$16.19 (+\$1.22).

Component Price Information: Under the Federal milk order pricing system, the butterfat price for January 2017 is \$2.5253 per pound. Thus, the Class II butterfat price is \$2.5323 per pound. The protein and other solids prices for January 2017 are \$2.1768 and \$0.2503 per pound, respectively. These component prices set the Class III skim milk price at \$8.22 per cwt. The January 2017 Class IV skim milk price is \$7.62, which is derived from the nonfat solids price of \$0.8465 per pound.

Product Price Averages: The product price averages for January 2017 are: butter: \$2.2568, nonfat dry milk: \$1.0229, cheese: \$1.7011, and dry whey: \$0.4421.

Federal Milk Order Minimum Class Prices for Milk of 3.5 Percent Butterfat ^{1 2}						
Federal Milk Order Marketing Areas ³	Order Number	January 2017				February 2017
		Class I	Class II	Class III	Class IV	Class I
		<i>(dollars per 100 pounds)</i>				
Northeast (Boston) ⁴	001	20.70	16.36	16.77	16.19	19.98
Appalachian (Charlotte) ⁵	005	20.85	16.36	16.77	16.19	20.13
Florida (Tampa) ⁶	006	22.85	16.36	16.77	16.19	22.13
Southeast (Atlanta) ⁷	007	21.25	16.36	16.77	16.19	20.53
Upper Midwest (Chicago) ⁸	030	19.25	16.36	16.77	16.19	18.53
Central (Kansas City) ⁹	032	19.45	16.36	16.77	16.19	18.73
Mideast (Cleveland) ¹⁰	033	19.45	16.36	16.77	16.19	18.73
Pacific Northwest (Seattle) ¹¹	124	19.35	16.36	16.77	16.19	18.63
Southwest (Dallas) ¹²	126	20.45	16.36	16.77	16.19	19.73
Arizona (Phoenix)	131	19.80	16.36	16.77	16.19	19.08
All-Market Average	---	20.34	16.36	16.77	16.19	19.62

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

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

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

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

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

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

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

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

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

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

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

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

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

December 2016 Dairy Products Highlights

Butter production was 164 million pounds, 6.7 percent below December 2015, but 13.3 percent above November 2016. **American type cheese** production totaled 416 million pounds, 3.9 percent above December 2015, and 5.1 percent above November 2016. **Total cheese** output (excluding cottage cheese) was 1.05 billion pounds, 1.3 percent above December 2015, and 3.0 percent above November 2016. **Nonfat dry milk** production, for human food, totaled 156 million pounds, 3.2 percent above December 2015, and 21.8 percent above November 2016. **Dry whey** production, for human food, was 78.1 million pounds, 13.3 percent below December 2015, but 10.8 percent above November 2016. **Ice cream, regular hard** production totaled 50.3 million gallons, 11.0 percent below December 2015, and 3.9 percent below November 2016.

Production of Dairy Products									
Product	Dec 2016	Change from			Product	Dec 2016	Change from		
		Dec 2015	Nov 2016	Year to Date ¹			Dec 2015	Nov 2016	Year to Date ¹
	(1,000 lbs)		(percent)			(1,000 lbs)		(percent)	
Butter	163,757	-6.7	13.3	2.2	Yogurt (plain and flavored)	376,718	2.5	14.9	-1.2
Cheese					Dry whey, human food	78,065	-13.3	10.8	---
American types ²	415,728	3.9	5.1	0.7	Dry whey, animal feed	1,545	-13.6	-36.1	---
Cheddar	303,067	3.5	7.3	0.2	Dry whey, total ⁸	79,610	-13.3	9.2	-1.8
Other American	112,661	5.1	-0.4	---	Reduced lactose & minerals				
Brick & Muenster	14,641	4.0	-5.6	---	Human food	2,196	-22.2	4.1	---
Cream & Neufchatel	76,385	5.9	-11.0	---	Animal feed	2,647	---	3.0	---
Hispanic	22,261	3.8	1.3	---	Lactose, human food & animal feed	93,402	2.5	7.1	3.8
Total Italian types	460,585	-1.1	5.5	3.5	Whey protein concentrate				
Mozzarella	360,292	-1.2	6.3	2.8	Human food ⁹	36,570	-13.1	-1.7	---
Other Italian	100,293	-0.5	2.6	---	Animal feed ⁹	307	30.1	17.6	---
Swiss	26,930	-3.2	3.5	---	Total ⁹	36,877	-12.8	-1.6	-10.2
All other types	33,751	-3.9	-12.0	---	25.0-49.9 percent ¹⁰	14,511	-17.5	-8.6	---
Total	1,050,281	1.3	3.0	2.0	50.0-89.9 percent ¹⁰	22,366	-9.5	3.5	---
Cottage cheese, curd ³	31,331	-5.5	-0.3	---	Whey protein isolates ¹¹	10,975	25.0	7.4	---
Cottage cheese, cream ⁴	25,868	-3.0	1.4	1.1					
Cottage cheese, lowfat ⁵	27,592	-8.3	-3.2	-0.2					
Dry buttermilk	10,988	-4.5	12.2	---	Frozen products				
Dry whole milk	9,661	---	32.2	---	Ice cream, regular hard	50,263	-11.0	-3.9	-0.6
Milk protein conc. (MPC), total ⁶	13,938	17.5	5.4	---	Ice cream, lowfat, hard	11,979	-6.3	-3.4	---
Nonfat dry milk (NDM), human	156,043	3.2	21.8	-4.0	Ice cream, lowfat, soft	13,603	7.8	-10.8	---
Skim milk powders (SMP) ⁷	51,615	18.7	3.0	25.1	Ice cream, lowfat, total	25,582	0.7	-7.5	-1.4
Sour cream	130,599	10.3	-2.5	4.8	Sherbet, hard	2,143	-1.6	9.4	-8.7
					Frozen yogurt, total	4,347	8.6	-6.1	-5.1

Manufacturers' Stocks, End of Month ¹²									
Product	Dec 2016	Dec 2015	Nov 2016	Product	Dec 2016	Dec 2015	Nov 2016		
	(1,000 lbs)		(percent)		(1,000 lbs)		(percent)		
Dry whey, human food	63,803	-1.9	7.2	Whey protein concentrate					
Dry whey, animal feed	1,834	-14.8	57.4	Human food ⁹	55,900	-17.2	-6.2		
Reduced lactose & minerals—human & animal ¹³	6,401	-5.7	-1.1	Animal feed ⁹	640	-22.0	29.6		
Lactose, human food & animal feed	101,420	-1.7	-0.4	Total ⁹	56,540	-17.3	-5.9		
Dry buttermilk	23,252	36.3	13.3	25.0-49.9 percent ¹⁰	19,202	-27.7	-1.0		
Nonfat dry milk, human food	228,378	11.8	6.0	50.0-89.9 percent ¹⁰	37,338	-10.7	-8.2		
				Whey protein isolates ¹¹	22,356	35.7	3.3		

¹ 2016 cumulative as percent change of 2015 cumulative. ² Includes Cheddar, Colby, Monterey and Jack. ³ Mostly used for processing into cream or lowfat cottage cheese. ⁴ Fat content 4 percent or more. ⁵ Fat content less than 4 percent. ⁶ Dry milk protein concentrate, 40-89.9 percent. ⁷ Includes protein standardized and blends. ⁸ Excludes all modified dry whey products. ⁹ Whey protein concentrate, 25.0 to 89.9 percent. ¹⁰ Whey protein concentrate, human and animal. ¹¹ Whey protein isolates, 90.0 percent or greater. ¹² Stocks held by manufacturers at all points and in transit. ¹³ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. **Source:** U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Dairy Products*, (February 2017).

FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY, ANNUAL 2016

HIGHLIGHTS. Handler reports of receipts and utilization under the Federal milk order system for 2016 have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During 2016, more than 133.8 billion pounds of milk were received from Federally pooled producers. This volume of milk is 5.8 percent higher than the 2015 pooled volume. Regulated handlers pooled 41.140 billion pounds of producer milk as Class I products, down 0.4 percent when compared to the previous year. Class I utilization decreased in 6 Federal Milk Order Marketing areas and increased in 4 Federal Milk Order Marketing areas. The all-market average Class utilization percentages were: Class I = 31%, Class II = 14%, Class III = 42%, and Class IV = 14%. The weighted average statistical uniform price was \$15.38 per cwt, \$1.32 lower than 2015's \$16.70.

Price and Pool Statistics for Federal Milk Order Marketing Areas for the Year 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	27,007	3.4	8,828	-1.6	33	24	25	18	15.89
Appalachian (Charlotte)	005	5,595	-1.2	3,892	0.3	70	15	4	11	17.08
Florida (Tampa)	006	2,714	-1.3	2,276	-2.1	84	10	2	3	19.23
Southeast (Atlanta)	007	5,390	3.3	3,839	-2.0	71	14	8	7	17.51
Upper Midwest (Chicago)	030	32,818	7.9	3,421	-2.6	10	5	80	4	14.69
Central (Kansas City)	032	15,088	3.9	4,866	1.0	32	11	42	15	14.79
Mideast (Cleveland)	033	19,655	6.7	6,427	2.1	33	20	30	17	14.98
Pacific Northwest (Seattle)	124	7,883	18.3	1,944	-2.1	25	7	34	34	14.62
Southwest (Dallas)	126	12,717	6.7	4,353	1.1	34	10	46	10	15.58
Arizona (Phoenix)	131	4,979	3.7	1,296	-1.4	26	11	27	36	14.91
All Market Average or Total ³		133,846	5.8	41,140	-0.4	31	14	42	14	15.38

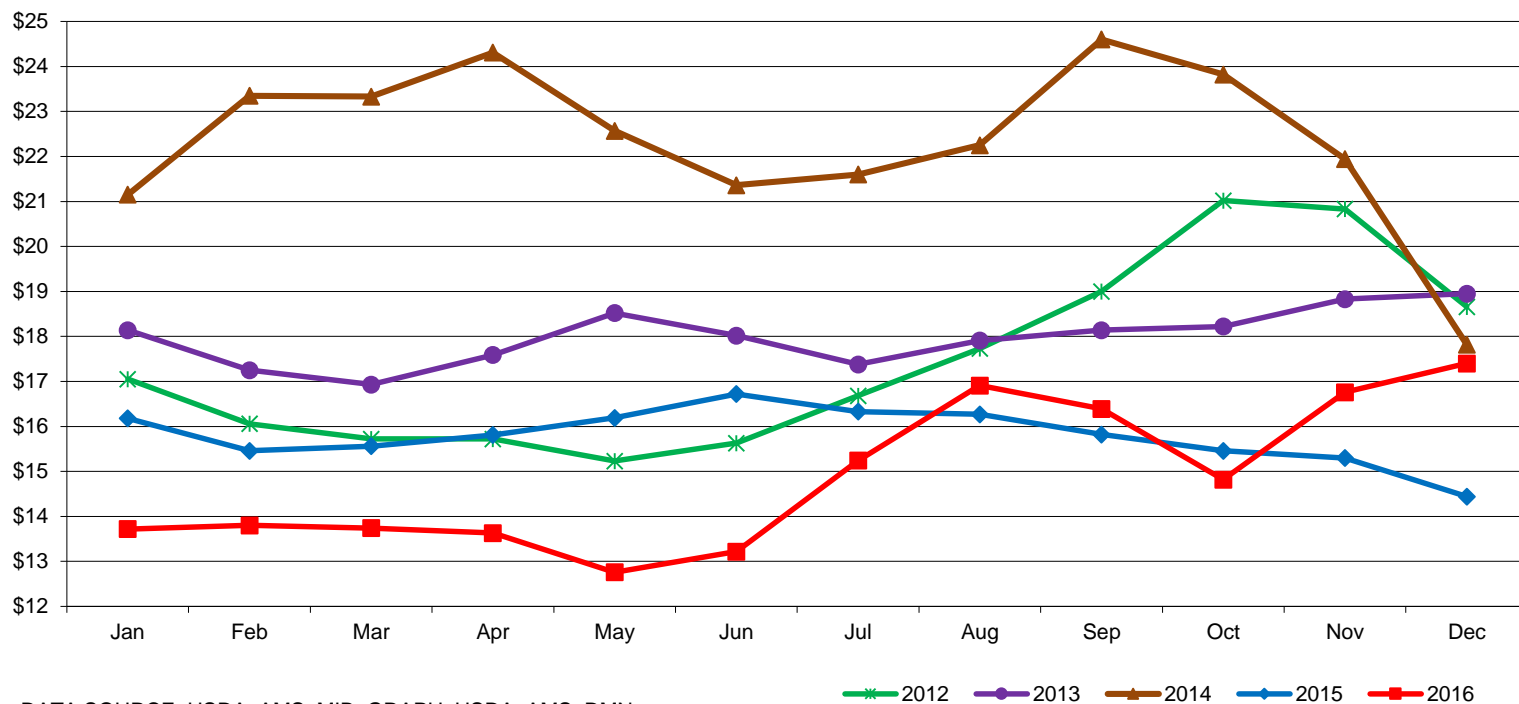
¹ Names in parentheses are the major city in the principal pricing point of the market.

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.

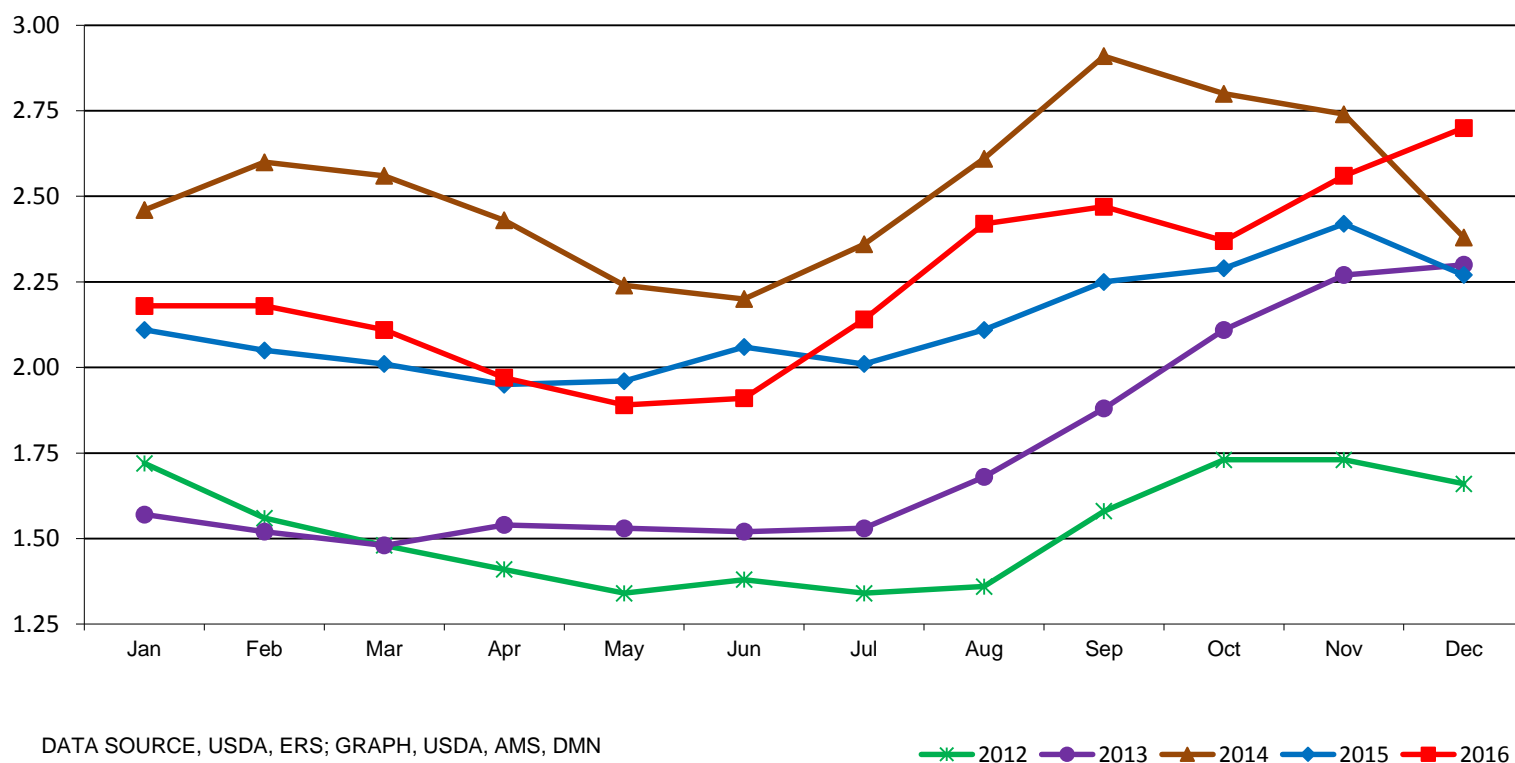
³ Totals may not add to 100 percent due to rounding.

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

PER CWT

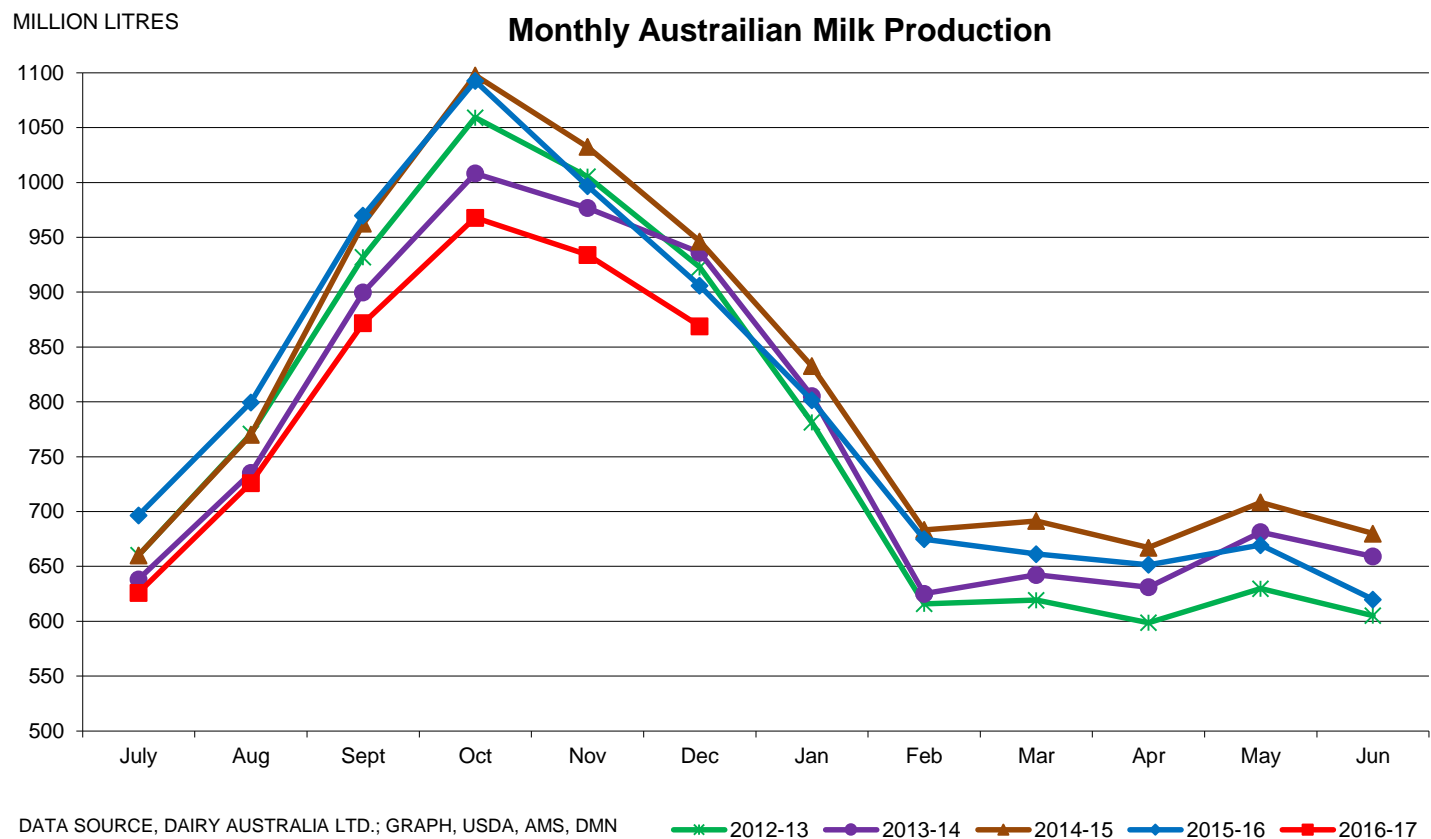
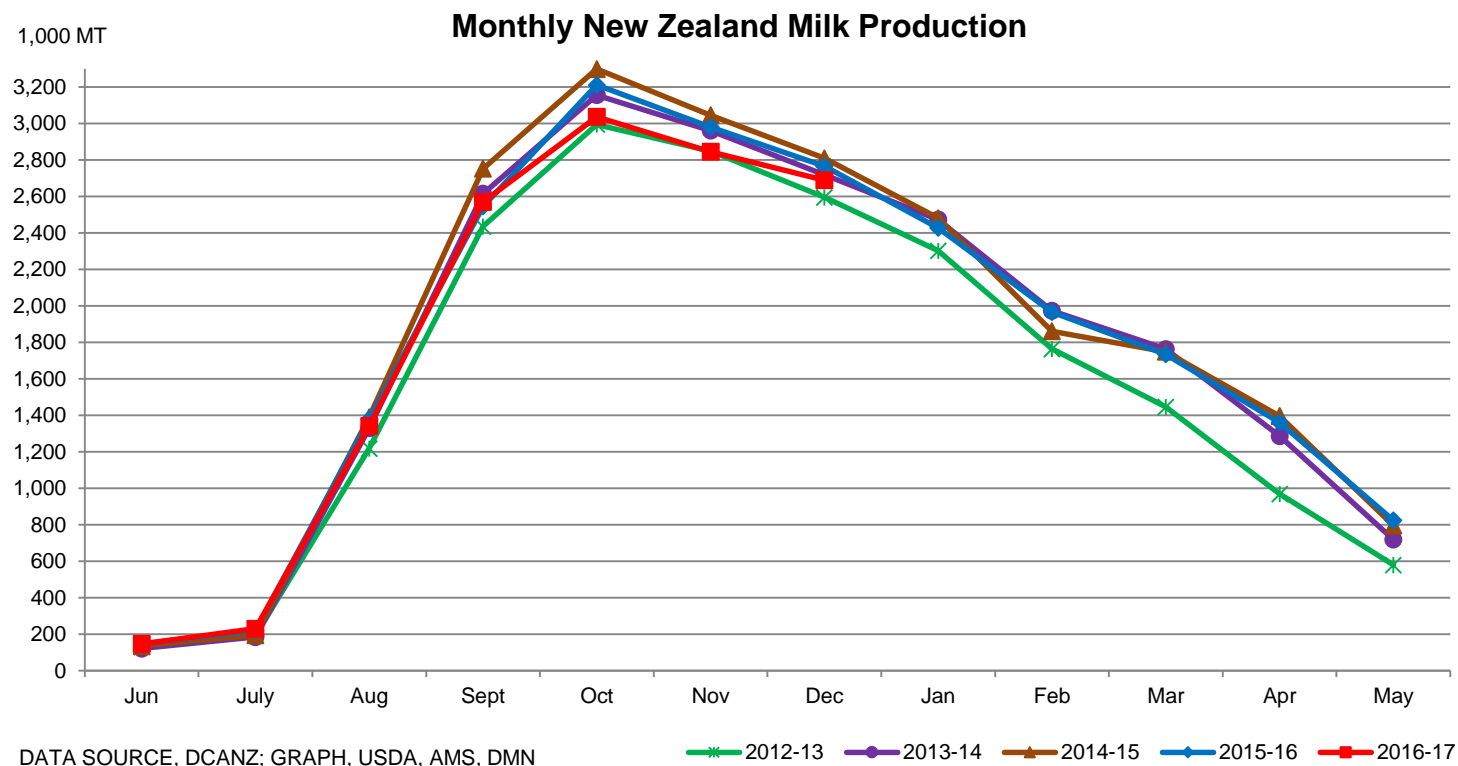
Class III Milk Price at 3.5%Test

DATA SOURCE, USDA, AMS, MIB; GRAPH, USDA, AMS, DMN

Milk-Feed Price Ratio Based on the Pounds of 16% Mixed Dairy Feed Equal in Value to 1 Pound of Whole Milk

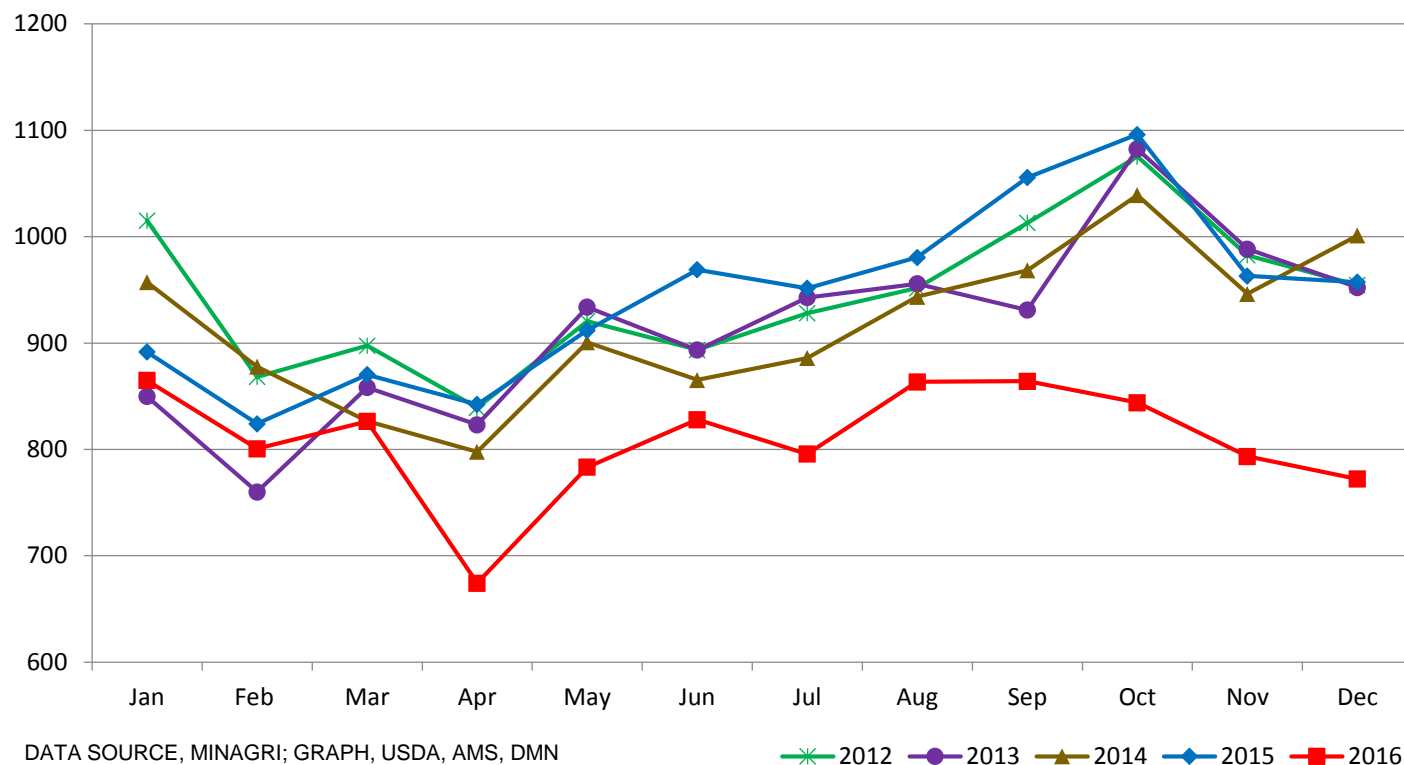
DATA SOURCE, USDA, ERS; GRAPH, USDA, AMS, DMN

✱ 2012
 ● 2013
 ▲ 2014
 ◆ 2015
 ■ 2016



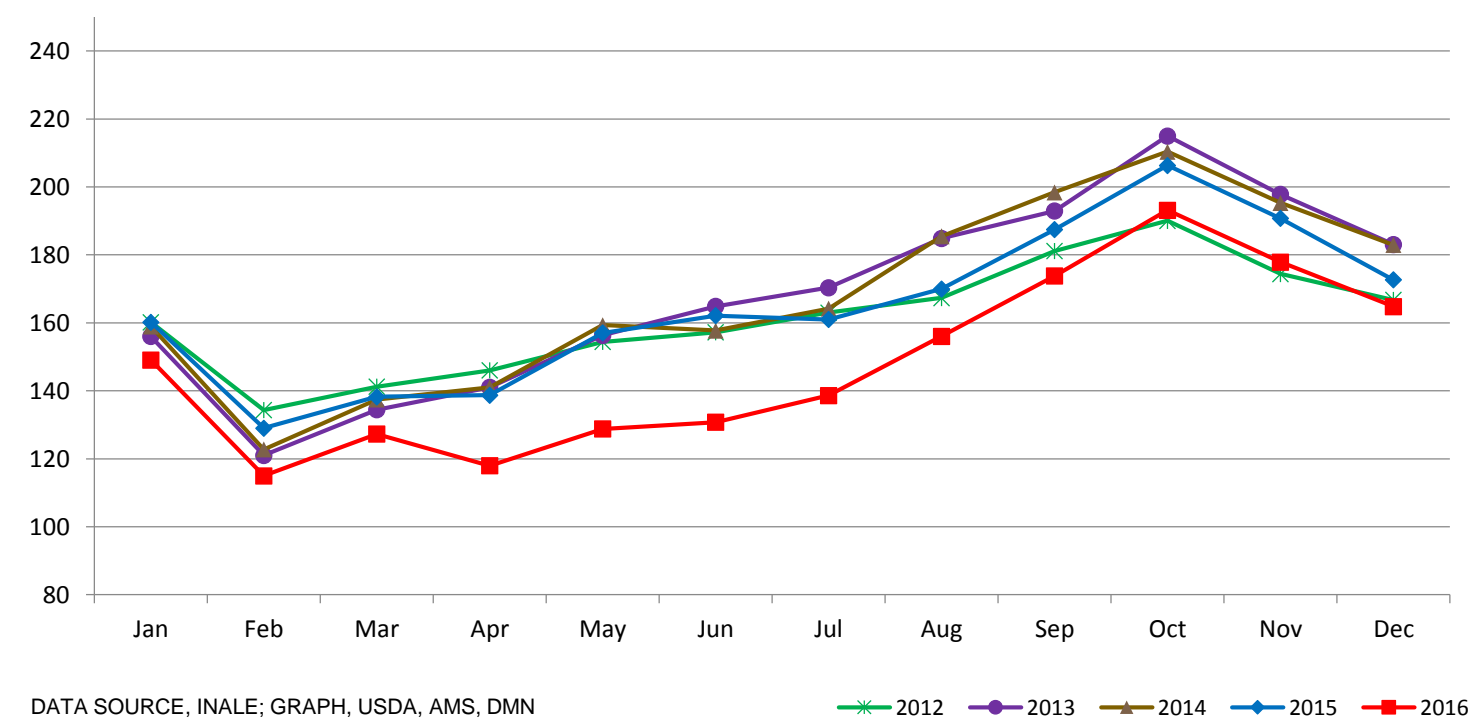
Montly Argentina Milk Production

MILLION LITERS



Monthly Uruguay Milk Production

MILLION LITERS





Dairy Market News Branch

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National Retail Report-Dairy

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Volume 84- Number 5

Issued Weekly

Thursday, February 2, 2017

Advertised Prices for Dairy Products at Major Retail Supermarket Outlets ending during the period of 02/03/2017 to 02/09/2017

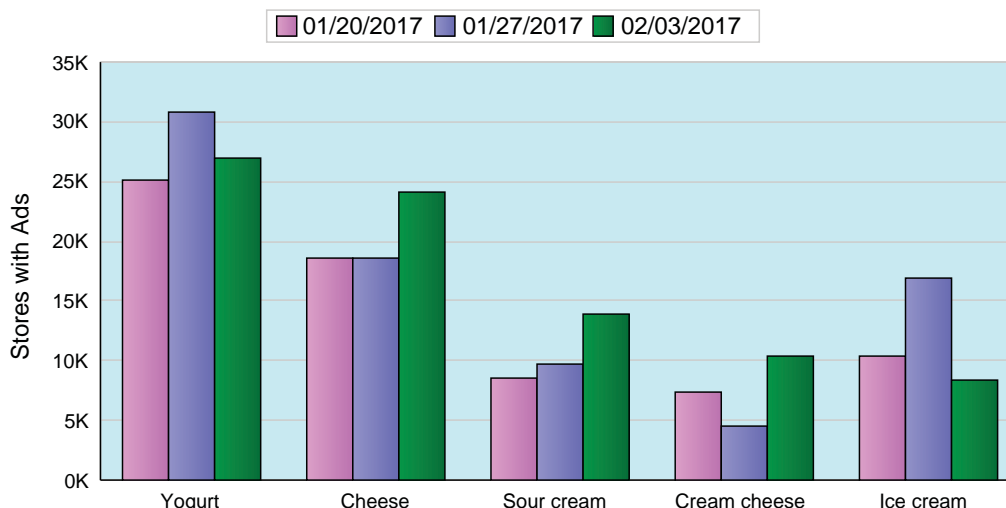
This week, total conventional dairy advertisement numbers decreased 3%, while organic dairy ads increased 46%. Among the larger percentage changes in ad numbers this week for conventional dairy products, the products, number percentage change, and national weighted average advertised prices are: 1 pound butter, -47%, \$3.64; 8 oz. cream cheese, +143%, \$1.76; and 48-64 oz. ice cream, -52%, \$2.95. Organic 1 pound butter has an average price of \$4.93, resulting in an organic premium of \$1.29. Organic 48-64 oz. ice cream has an average price of \$4.99, yielding an organic price premium of \$2.04.

The collective number of conventional cheese ads increased 27% while organic cheese ad numbers more than doubled. The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.15, while organic 8 ounce blocks averaged \$3.99, an organic premium of \$1.84. Ads for conventional 8 ounce shred cheese averaged \$2.23, while organic 8 ounce shreds averaged \$3.64, an organic premium of \$1.41.

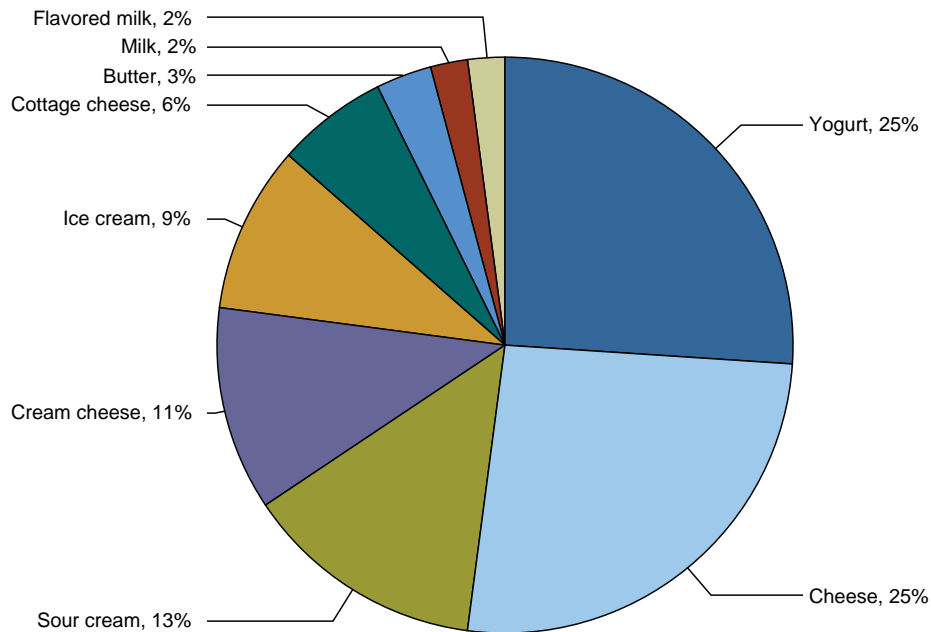
Conventional yogurt ad numbers decreased 21%, but organic yogurt ad numbers more than tripled. The average sale price for 4-6 ounce conventional yogurt is \$0.51, while 4-6 ounce organic yogurt averaged \$1.25, an organic price premium of \$.74. The average sale price for 4-6 ounce conventional Greek yogurt is \$0.98, while 4-6 ounce organic Greek yogurt is \$1.02, an organic price premium of \$.04.

Organic milk advertisement ad numbers decreased -13%, while ad numbers for conventional milk decreased 29%. The weighted average price for organic half gallon milk is \$3.49. For a conventional half gallon of milk, the average price is \$2.14. The organic milk premium is \$1.35.

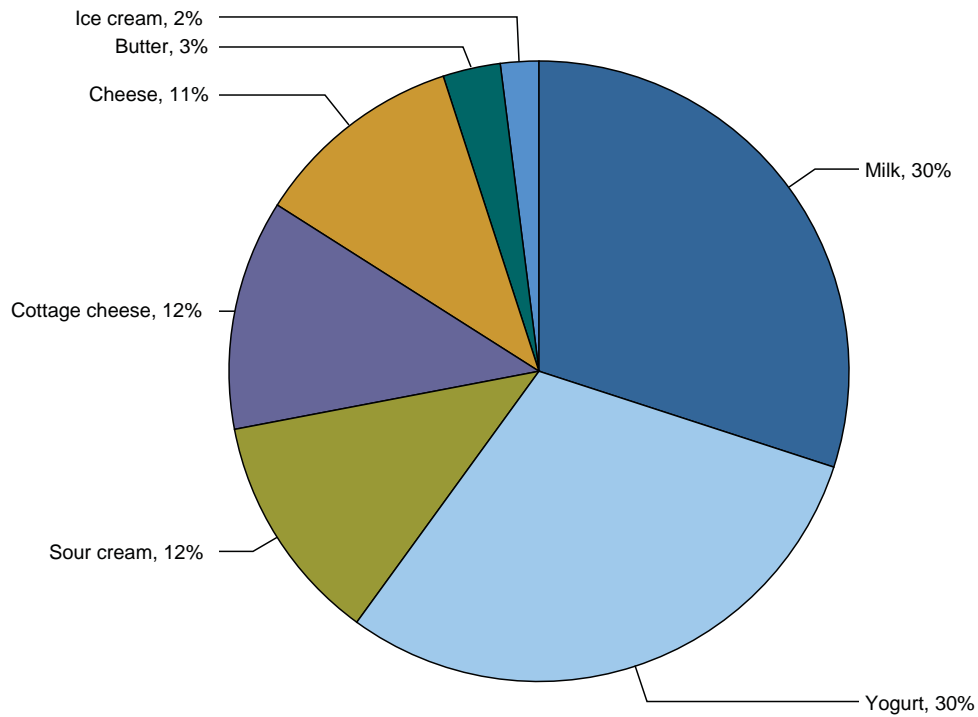
Top 5 Commodities Featured



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 #	2321	3.64	4343	3.31	2731	3.32
Cheese	Natural Varieties	8 oz block	9072	2.15	5197	2.05	9304	2.07
Cheese	Natural Varieties	1 # block	1287	3.58	2535	4.36	533	3.07
Cheese	Natural Varieties	2 # block	886	5.64	577	6.20	1361	6.33
Cheese	Natural Varieties	8 oz shred	9777	2.23	7387	2.19	12829	2.18
Cheese	Natural Varieties	1 # shred	1756	3.52	2288	3.52	122	3.99
Cheese		8 oz shred	5	2.69				
Cottage cheese		16 oz	5770	1.81	5496	1.88	2822	1.79
Cream cheese		8 oz	10449	1.76	4307	1.71	10735	1.71
Flavored milk	All fat tests	half gallon	850	2.39	849	1.98	608	2.42
Flavored milk	All fat tests	gallon	548	3.47	106	3.49	829	3.15
Flavored milk		half gallon			147	2.50		
Ice cream		48-64oz	8158	2.95	16936	3.23	11467	2.94
Milk	All fat tests	half gallon	273	2.14	842	2.29	226	2.13
Milk	All fat tests	gallon	1853	2.68	2157	2.55	2444	2.31
Sour cream		16 oz	12299	1.65	8740	1.71	8996	1.67
Yogurt	Greek	4-6 oz	9598	.98	14694	.98	11040	.97
Yogurt	Greek	32 oz	1912	3.74	3212	4.77	1533	4.09
Yogurt	Yogurt	4-6 oz	6990	.51	10661	.56	3957	.52
Yogurt	Yogurt	32 oz	4491	2.44	935	2.40	1232	2.24

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 #	2.79-3.99	425	3.44				1.99-3.49	188	2.54
Cheese	Natural Varieties	8 oz block	1.99-3.50	2442	2.20	1.88-3.00	2592	2.31	0.99-2.00	2254	1.82
Cheese	Natural Varieties	1 # block							2.99	81	2.99
Cheese	Natural Varieties	2 # block				5.99	64	5.99	6.99	180	6.99
Cheese	Natural Varieties	8 oz shred	1.50-2.99	2511	2.19	1.88-2.50	3037	2.37	1.49-2.50	1701	1.94
Cheese	Natural Varieties	1 # shred	3.49-3.99	447	3.73				2.99	81	2.99
Cottage cheese		16 oz	1.66-2.99	1581	2.17	1.00-2.00	1892	1.86	1.00-2.00	823	1.43
Cream cheese		8 oz	1.49-2.79	2511	1.86	1.00-2.29	3083	1.62	0.99-2.50	1676	1.44
Flavored milk	All fat tests	half gallon							1.99-2.29	233	2.22
Flavored milk	All fat tests	gallon	3.99	62	3.99				2.99-3.99	401	3.26
Ice cream		48-64oz	1.99-3.99	2559	2.78	2.50-3.99	1200	3.29	1.99-3.99	1578	2.90
Milk	All fat tests	half gallon	1.99-2.29	199	2.20						
Milk	All fat tests	gallon				2.50	1083	2.50	1.58-2.99	497	2.64
Sour cream		16 oz	1.49-2.00	3133	1.71	1.25-2.00	3075	1.85	0.89-2.00	2260	1.43
Yogurt	Greek	4-6 oz	0.83-1.25	2867	.99	1.00-1.25	2861	1.01	0.88-1.00	1538	.97

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	Greek	32 oz	3.99-4.99	355	4.61				3.99	180	3.99
Yogurt	Yogurt	4-6 oz	0.33-1.00	2592	.53	0.33-1.00	1463	.60	0.33-0.69	2143	.42
Yogurt	Yogurt	32 oz	2.18-4.99	1159	3.40	2.18	1281	2.18	0.50-2.18	990	1.87

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 #	2.00-3.99	615	3.39	3.99	485	3.99	3.50-3.99	524	3.93
Cheese	Natural Varieties	8 oz block	1.50-3.49	1028	2.13	1.77-2.49	472	2.13	2.49-3.99	210	3.24
Cheese	Natural Varieties	1 # block	2.97-2.99	254	2.99	2.99-4.99	663	3.91	3.50	289	3.50
Cheese	Natural Varieties	2 # block	4.99	203	4.99	4.99-5.99	268	5.33	4.99-5.99	171	5.38
Cheese	Natural Varieties	8 oz shred	1.50-3.49	1146	2.19	1.77-2.99	829	2.40	1.99-2.49	463	2.18
Cheese	Natural Varieties	1 # shred	2.97-2.99	387	2.99	2.99-4.99	663	3.91	2.99	174	2.99
Cottage cheese		16 oz	1.25-2.00	719	1.68	1.00-1.89	495	1.43	1.25-1.50	240	1.43
Cream cheese		8 oz	1.00-2.99	1493	1.93	1.00-2.50	1164	1.96	1.99-2.50	409	2.28
Flavored milk	All fat tests	half gallon	1.99-2.50	265	2.38	2.50	178	2.50	2.50	174	2.50
Flavored milk	All fat tests	gallon	2.99	51	2.99						
Ice cream		48-64oz	1.99-4.99	1150	3.33	1.88-3.00	1423	2.73	3.00	248	3.00
Milk	All fat tests	half gallon	2.00	74	2.00						
Milk	All fat tests	gallon	2.99-3.99	273	3.48						
Sour cream		16 oz	1.25-2.00	1269	1.74	1.00-2.00	1171	1.48	0.88-2.00	1342	1.44
Yogurt	Greek	4-6 oz	0.69-1.00	716	.90	0.89-1.00	766	.94	0.88-1.25	780	.99
Yogurt	Greek	32 oz	2.99	203	2.99	2.99-3.99	422	3.57	2.99-3.99	752	3.57
Yogurt	Yogurt	4-6 oz	0.40-1.00	264	.60	0.50	167	.50	0.40-0.50	350	.48
Yogurt	Yogurt	32 oz	2.18-2.50	1053	2.20						

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 #	4.90-4.99	23	4.91	4.99	61	4.99
Cheese	Natural Varieties	8 oz block	2.69-3.99	12	3.34	1.99-2.50	62	2.30
Cheese	Natural Varieties	8 oz shred	2.50-3.50	32	3.19	1.99-2.50	58	2.29
Cheese	Natural Varieties	1 # shred				2.50	4	2.50
Cheese		8 oz shred	2.69	5	2.69			
Cottage cheese		16 oz	0.80-2.49	20	1.56			
Cream cheese		8 oz	2.33-2.99	28	2.84	1.29-2.00	85	1.80
Flavored milk	All fat tests	gallon				5.69	34	5.69
Sour cream		16 oz	0.80-2.00	22	1.40	1.99	27	1.99
Yogurt	Greek	4-6 oz	0.80-0.90	5	.84	0.80-1.39	65	.88
Yogurt	Yogurt	4-6 oz	0.50	11	.50			
Yogurt	Yogurt	32 oz	2.97	8	2.97			



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 #	440	4.93			229	4.99
Cheese	Natural Varieties	8 oz block	450	3.99	294	3.37	84	3.99
Cheese	Natural Varieties	8 oz shred	960	3.64	387	3.85	452	3.43
Cottage cheese		16 oz	1486	3.48	1408	3.26		
Cream cheese		8 oz			225	2.50		
Ice cream		48-64oz	289	4.99			244	4.99
Milk	All fat tests	half gallon	3662	3.49	3789	3.82	1649	3.73
Milk	All fat tests	gallon	180	5.99	615	5.98	105	6.99
Milk	All fat tests	8 oz UHT					647	.94
Sour cream		16 oz	1585	2.75	1011	3.25	167	2.99
Yogurt	Greek	4-6 oz	2224	1.02	206	1.11	867	1.37
Yogurt	Greek	32 oz	105	3.79	721	5.47	458	5.16
Yogurt	Yogurt	4-6 oz	264	1.25	59	1.25	178	.99
Yogurt	Yogurt	32 oz	1226	3.83	121	4.49		

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 #	5.49-5.79	143	5.61				4.99	180	4.99
Cheese	Natural Varieties	8 oz shred	4.00	84	4.00				3.29	180	3.29
Cottage cheese		16 oz				3.29-3.49	1197	3.47			
Milk	All fat tests	half gallon	3.49-4.49	399	3.78	2.99-3.49	498	3.40	2.99-3.99	1179	3.24
Milk	All fat tests	gallon							5.99	180	5.99
Sour cream		16 oz	3.99	147	3.99	2.49-3.99	1258	2.64	2.50	180	2.50
Yogurt	Greek	4-6 oz	0.60-1.49	199	1.21	1.00	1083	1.00	1.00	591	1.00
Yogurt	Yogurt	4-6 oz	1.25	84	1.25				1.25	180	1.25
Yogurt	Yogurt	32 oz	3.50	221	3.50						

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.	SOUTHWEST U.S.	NORTHWEST U.S.
Wtd Avg - Simple weighted average					



			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #				3.99	117	3.99			
Cheese	Natural Varieties	8 oz block	3.99	203	3.99	3.99	178	3.99	3.99	69	3.99
Cheese	Natural Varieties	8 oz shred	3.99	203	3.99	2.99-3.99	388	3.45	3.99	105	3.99
Cottage cheese		16 oz							3.50	289	3.50
Ice cream		48-64oz							4.99	289	4.99
Milk	All fat tests	half gallon	2.99-3.99	291	3.24	2.99-4.99	879	3.81	3.29-3.99	416	3.53
Yogurt	Greek	4-6 oz	1.00	141	1.00	1.00	210	1.00			
Yogurt	Greek	32 oz							3.79	105	3.79
Yogurt	Yogurt	32 oz	3.79-3.99	406	3.89	3.79-3.99	356	3.89	3.79-3.99	243	3.93

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

REGIONAL DEFINITIONS

As used in this report, regions include the following states:

NORTHEAST U.S.	Connecticut, Delaware, Massachusetts, Maryland, Maine, New Hampshire, New jersey, New York, Pennsylvania, Rhode Island and Vermont
SOUTHEAST U.S.	Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia
MIDWEST U.S.	Iowa, Illinois, Indiana, Kentucky, Michigan, Minnesota, North Dakota, Nebraska, Ohio, South Dakota and Wisconsin
SOUTH CENTRAL U.S.	Arkansas, Colorado, Kansas, Louisiana, Missouri, New Mexico, Oklahoma, and Texas
SOUTHWEST U.S.	Arizona, California, Nevada and Utah
NORTHWEST U.S.	Idaho, Montana, Oregon, Washington, and Wyoming
ALASKA	Alaska
HAWAII	Hawaii
NATIONAL	Continental United States



Dairy Market News

United States Department of Agriculture

Agricultural Marketing Service

Dairy Programs

Market Information Branch

Volume 84, Report 5

February 3, 2017

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