

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (2/10)**

BUTTER: Grade AA closed at \$2.1025. The weekly average for Grade AA is \$2.1550 (-.0525).

CHEESE: Barrels closed at \$1.6500 and 40# blocks at \$1.6100. The weekly average for barrels is \$1.6790 (+.0870) and blocks, \$1.6360 (-.1115).

NONFAT DRY MILK: Grade A closed at \$.9200. The weekly average for Grade A is \$.9465 (+.0010).

BUTTER HIGHLIGHTS: Across the nation, butter production rates are strong as large cream intakes continue clearing into churns. Most processors are focusing on bulk production, while inventories are stoking into cold storage. In some plants, print production is active too, ahead of the upcoming spring holiday retail needs. Overall, bulk/print butter demand from different market channels varies throughout the country. However, after the last Super Bowl weekend, retail interest for print butter had noticeably waned. This week, bulk butter f.o.b. spot pricing across all regions is 4 cents below to 5 cents above, based on the CME Group with various periods and averages used. According to the NASS Dairy Products report, U.S. butter production during December 2016, 163.8 million pounds, was 6.7% lower than December 2015, but 13.3% higher than November 2016. U.S. cumulative 2016 butter production through December is 1.889 billion pounds, 2.2% higher than the same period last year. According to FAS, January–December 2016 U.S. butter exports totaled 55.2 million pounds, 8% above last year during the same time span. The CME Group January 2017 monthly average price for AA butter, \$2.2393, is up from the December monthly average of \$2.1763. Friday at the CME Group, Grade AA butter closed at \$2.1025, down \$.0550 from last week.

CHEESE HIGHLIGHTS: United States cheese makers continue to see surplus milk supplies. Cheddar processors in the Northeast are taking in the extra milk for aging purposes, but some other Northeastern and some Midwestern contacts are hesitant to take on extra milk. Production levels vary across the country. Production rates in the Northeast and West are generally active, but some Midwestern cheese makers report easing production back in order to control growing cheese inventories. Northeastern demand is steady to slower, as contacts in the West and Midwest suggest a post-Super Bowl slowdown. Block inventories are steady to growing, while barrel inventories remain long. The market undertone is uncertain. In CME Group trading Friday, barrels closed at \$1.6500, unchanged from last Friday. Blocks closed at \$1.6100, down \$.0100 from last Friday.

FLUID MILK: Milk production is steady to higher in most part of the nation. In the West and Midwest, weather conditions are very favorable for farm milk production; thus, New Mexico and Arizona's milk outputs are on the rise this week. However, milk production is lower in the mountain states of Idaho, Colorado, and Utah, due to heavy snows and cold temperatures. The demand for Class I is mixed. In Florida, the demand for bottled milk increased considerably. At the same time, in the Midwest, bottled milk sales are lower, with zero add-on and push back loads. Class I requests from retailers in California slightly decreased after the Super Bowl weekend. The milk supply is adequate to higher, exceeding processing capacities in some areas. Nonetheless, in the Mountain States of Idaho, Colorado and Utah, some processors do not have enough supply of milk. Spot milk loads for Class III are clearing at \$2.00 under to \$0.50 over Class in the Midwest. Cream is readily available in most parts of the country. The surplus of cream in the Western region is used for Class IV needs or sold at lower multiples. Eastern cream is cleared into Class III and IV manufacturing requests. Cream multiples are .90 to 1.20 in the East, 1.04 to 1.18 in the Midwest, and .91 to 1.18 in the West.

DRY PRODUCTS: Low/medium heat nonfat dry milk (NDM) prices decreased in the Central and East and are mixed in the West. Production is active as large condensed intakes are clearing to balancing plants. Inventories are increasing. The market tone for low/medium NDM is unsettled in the East and West, but stable in the Central region. NASS reported U.S. production of human food NDM total pounds during December was higher than last year and also the previous month. High heat NDM prices are mixed to lower. The market is steady in the Central region, and supplies are ample in the West. Dry Buttermilk has firmed in the Central and East. In the West, prices declined a tad on the bottom of the range in the price series this week. The market is steady and interest is active, but supply is not holding up to demand. Production is limited because balancing plants are focusing on clearing condensed skim to dryers for NDM. Prices are steady to higher for dry whole milk. Baking companies have shown early interest for the spring season. Dry whole milk production is active. Dry whey prices were up in the Central, contracted in the range for Northeast, and up in West, but shifted down a little at top of range. Sellers dropped their prices to keep inventories controlled for the arrival of spring flush. The market tone is steady but uncertain for what is to come and the demand is mixed.

-CONTINUED ON PAGE 1A-

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

ORGANIC DAIRY MARKET NEWS (PAGES 8-8A)
DECEMBER MILK SALES (PAGE 9)
JANUARY 1 MILK COW INVENTORY SUMMARY (PAGES 10)

FEBRUARY SUPPLY AND DEMAND ESTIMATES (PAGE 11-12)
DAIRY GRAPHS (G1-G4)
NATIONAL RETAIL REPORT-DAIRY

CME GROUP CASH TRADING

COMMODITY	MONDAY FEB 06	TUESDAY FEB 07	WEDNESDAY FEB 08	THURSDAY FEB 09	FRIDAY FEB 10	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.7100 (+.0025)	\$1.7000 (-.0100)	\$1.6850 (-.0150)	\$1.6500 (-.0350)	\$1.6500 (N.C.)	:: (-.0575)	:: \$1.6790 (+.0870)
40# BLOCKS	\$1.7000 (-.0400)	\$1.6300 (-.0700)	\$1.6200 (-.0100)	\$1.6200 (N.C.)	\$1.6100 (-.0100)	:: (-.1300)	:: \$1.6360 (-.1115)
NONFAT DRY MILK							
GRADE A	\$.9400 (N.C.)	\$.9500 (+.0100)	\$.9600 (+.0100)	\$.9625 (+.0025)	\$.9200 (-.0425)	:: (-.0200)	:: \$.9465 (+.0010)
BUTTER							
GRADE AA	\$2.1575 (N.C.)	\$2.1600 (+.0025)	\$2.1775 (+.0175)	\$2.1775 (N.C.)	\$2.1025 (-.0750)	:: (-.0550)	:: \$2.1550 (-.0525)

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

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

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

There is interest from domestic customers, but international demand is uncertain. Whey protein concentrate (WPC) moved higher in the mostly price series this week. WPC 34% is hard to come by currently. Buyers are willing to purchase whatever is available. Lactose prices are steady. Supplies are available for demand in the steady market.

ORGANIC DAIRY MARKET NEWS (DMN): AMS reports total United States organic milk products sales for December 2016, 219 million pounds, were up 2.4% from December 2015 and up 5.7%, for 2016 compared with 2015. Total organic whole milk products sales for December 2016, 84 million pounds, were up 11.1% compared with December 2015 and up 16.5%, for 2016 compared with 2015. This week, organic milk accounts for 37% of organic dairy retail ad numbers by commodity, with a 21% decrease in ads over the previous period. Organic yogurt and cottage cheese followed at 27% and 14%, respectively, of overall organic dairy advertisements for this survey week.

NATIONAL RETAIL REPORT (DMN): This week, total conventional dairy advertisement numbers decreased 22%, and organic dairy ads decreased 37%. Among the larger percentage changes in advertisement numbers this week for dairy products, 1 pound conventional butter ad numbers increased 92%, however the weighted average advertised price decreased to \$3.04. Conventional 8 ounce cream cheese advertisements decreased 28%, but the average price increased to \$1.94. Sour cream 16 ounce conventional ads decreased 52%, although the average price increased to \$1.72. The collective number of conventional cheese ads decreased 35% while there were no organic cheese ads this week. The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$3.72. Ads for conventional 8 ounce shred cheese averaged \$2.36. Conventional yogurt ad numbers decreased 14%, and organic yogurt ad numbers decreased 42%. The average sale price for 4-6 ounce conventional yogurt is \$0.53, while 4-6 ounce organic yogurt averaged \$1.00, an organic price premium of \$0.47. The average advertised price for 4-6 ounce conventional Greek yogurt is \$0.99, while 4-6 ounce organic Greek yogurt is \$1.00, an organic price premium of \$0.01. Organic milk advertisement ad numbers decreased 21%, while ad numbers for conventional milk increased 34%. The weighted average price for organic half gallon milk is \$3.84. For a conventional half gallon of milk, the average price is \$2.42, an organic price premium of \$1.42.

DECEMBER MILK SALES (FMMO & CDFA): During December 4.3 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.3 percent lower than December 2015. Estimated sales of total conventional fluid milk products decreased 0.4 percent from December 2015 and estimated sales of total organic fluid milk products increased 2.4 percent from a year earlier.

JANUARY 1 MILK COW INVENTORY SUMMARY (NASS): The number of milk cows in the United States as of January 1, 2017, totaled 9.35 million head, up slightly from the previous year. Milk cow replacement heifers totaled 4.75 million head, down 1 percent from the previous year. The percentage of milk cow replacement heifers per 1,000 milk cows on January 1, 2017 was 50.9, down 0.8 percent from the previous year. Milk cow replacement heifers expected to calve during the year totaled 3.07 million head, down 1 percent from the previous year.

FEBRUARY SUPPLY AND DEMAND ESTIMATES (USDA-WAOB): The milk production forecast for 2017 is raised from last month. Improved returns in 2017 are expected to result in a slightly higher forecast cow inventory during the late part of 2017. Milk output per cow is also raised as improved returns are expected to support continued improvements in the quality of dairy rations. Beginning

stocks on both a fat and skim-solids basis are raised from last month on December 31 storage data; stocks at the end of 2017 are raised, reflecting increased beginning inventories and higher dairy product production in 2017. Fat-basis imports are reduced as domestic butterfat is expected to be more competitive with the EU; skim-solids imports are unchanged. Fat basis exports are unchanged and skim-solids basis exports are raised slightly. Skim-solids imports are virtually unchanged as weaker exports of nonfat dry milk (NDM) are offset with stronger whey sales. For 2016, milk production, output per cow, trade, and stock estimates are updated based on data through December. Cheese and butter price forecasts are lowered as product production is expected to reflect higher forecast milk production and beginning stocks are relatively high. The nonfat dry milk price forecast is unchanged, but the whey price is raised from last month on the strength of domestic and international demand. The Class III price is raised as the higher whey price more than offsets the lower cheese price forecast. The Class IV price is reduced as the butter price forecast is lowered. The all milk price is forecast higher at \$17.70 to \$18.40 per cwt.

MONDAY, FEBRUARY 6, 2017

CHEESE -- SALES: 4 CARS BARRELS: 3 @ \$1.7075, 1 @ \$1.7100; 3 CARS 40# BLOCKS: 1 @ \$1.7200, 2 @ \$1.7000; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.7000

NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 4 CARS GRADE A: 1 @ \$0.9250, 1 @ \$0.9100, 1 @ \$0.9225, 1 @ \$0.9250; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$0.9650

BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.1300; LAST OFFER UNCOVERED: NONE

TUESDAY, FEBRUARY 7, 2017

CHEESE -- SALES: 10 CARS BARRELS: 6 @ \$1.7100, 4 @ \$1.7000; 7 CARS 40# BLOCKS: 1 @ \$1.6500, 4 @ \$1.6200, 2 @ \$1.6300; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.6250; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.7000; 1 CAR 40# BLOCKS @ \$1.6400

NONFAT DRY MILK -- SALES: 3 CARS GRADE A @ \$0.9500; LAST BID UNFILLED: 5 CARS GRADE A: 1 @ \$0.9325, 1 @ \$0.9350, 1 @ \$0.9450, 1 @ \$0.9200, 1 @ \$0.9425; LAST OFFER UNCOVERED: 3 CARS GRADE A @ \$0.9600

BUTTER -- SALES: 1 CAR GRADE AA @ \$2.1575; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.1600; LAST OFFER UNCOVERED: NONE

WEDNESDAY, FEBRUARY 8, 2017

CHEESE -- SALES: 3 CARS 40# BLOCKS: 1 @ \$1.6300, 2 @ \$1.6200; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 2 CARS BARRELS @ \$1.6850; 1 CAR 40# BLOCKS @ \$1.6300

NONFAT DRY MILK -- SALES: 3 CARS GRADE A @ \$0.9600; LAST BID UNFILLED: 6 CARS GRADE A: 2 @ \$0.9600, 1 @ \$0.9300, 2 @ \$0.9600, 1 @ \$0.9425; LAST OFFER UNCOVERED: 2 CARS GRADE A: 1 @ \$0.9700, 1 @ \$0.9800

BUTTER -- SALES: 4 CARS GRADE AA: 1 @ \$2.1700, 1 @ \$2.1725, 1 @ \$2.1750, 1 @ \$2.1775; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 4 CARS GRADE AA @ \$2.1800

THURSDAY, FEBRUARY 9, 2017

CHEESE -- SALES: 5 CARS BARRELS @ \$1.6500; 8 CARS 40# BLOCKS: 6 @ \$1.6000, 1 @ \$1.6100, 1 @ \$1.6200; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.6500; 3 CARS 40# BLOCKS @ \$1.6000; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.6600; 1 CAR 40# BLOCKS @ \$1.6300

NONFAT DRY MILK -- SALES: 10 CARS GRADE A: 9 @ \$0.9600, 1 @ \$0.9625; LAST BID UNFILLED: 4 CARS GRADE A: 1 @ \$0.9500, 1 @ \$0.9450, 1 @ \$0.9600, 1 @ \$0.9575; LAST OFFER UNCOVERED: 2 CARS GRADE A: 1 @ \$0.9675, 1 @ \$0.9625

BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.1800

FRIDAY, FEBRUARY 10, 2017

CHEESE -- SALES: 6 CARS BARRELS @ \$1.6500; 4 CARS 40# BLOCKS: 1 @ \$1.6175, 1 @ \$1.6100, 1 @ \$1.6075, 1 @ \$1.6100; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.6000; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.6200

NONFAT DRY MILK -- SALES: 3 CARS GRADE A: 1 @ \$0.9325, 1 @ \$0.9300, 1 @ \$0.9200; LAST BID UNFILLED: 2 CARS GRADE A @ \$0.9125; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$0.9600

BUTTER -- SALES: 7 CARS GRADE AA: 1 @ \$2.1750, 2 @ \$2.1500, 4 @ \$2.1025; LAST BID UNFILLED: 2 CARS GRADE AA @ \$2.1025; LAST OFFER UNCOVERED: 5 CARS GRADE AA @ \$2.1500

BUTTER MARKETS

NORTHEAST

Butter production rates across the Northeast are strong in a fairly unsettled market. Readily available cream supplies and uneven demand prompt active churning at most plants. Buyers are showing restraint with butter purchases, as interest continues to center around short term or immediate needs. International interest is limited, while prices continue above the global marketplace. Butter inventories are increasing with uneasiness from manufacturers who are concerned with building inventory in the current market. Retail movement of print butter ranges slow to fair. Bulk butter volumes are moderate to ample, with some stocks balanced by export assistance contracts. The current bulk butter prices for domestic sales are flat to 4 cents under the CME Group, with various time frames and averages used. Tuesday's CME Group cash trading saw Grade AA butter close at \$2.1600, down \$0.0800 from the previous Tuesday. The CME Group monthly average price for Grade AA butter during January 2017 was \$2.2393, compared to \$2.1214 a year ago. According to the *DMN National Retail Report-Dairy*, for February 3-9, 2017, the national advertised weighted average price for 1-pound butter was \$3.64, up 33 cents from last week, and up 32 cents from a year ago. The Northeast regional price was \$3.44, 7 cents more than last week. The Foreign Agricultural Service (FAS) reports that December 2016 U.S. exports of butter and milkfat totaled 5.2 million pounds, a 24% increase from a year ago.

DAIRY PRODUCTS: According to NASS, U.S. butter production for December 2016, totals 163.8 million pounds, down 6.7% from last year, but up 13.3% from November 2016. Cumulative 2016 butter production through December totals 1.889 billion pounds, 2.2% above the same period for 2015. December butter production in the Atlantic region totaled 18.0 million pounds, down 2.8% from last year but up 25.6% from November 2016.

CENTRAL

Cream remains readily available for Central butter producers. Butter makers continue to turn spot market cream away, as internal and contract supplies are more than sufficient. Butter production reports vary in the Central region. Some producers report fully active print production in order to build inventory as spring approaches. However, other butter contacts report slightly lower production levels as inventories are closing in on balanced levels. Reports on demand also vary somewhat. Some butter producers report stronger sales continuing from last week, while others report steady to slower sales. The market undertone is unsettled. *DMN National Retail Report-Dairy* for February 3-9 noted the national weighted average advertised price for a 1 pound package of butter is \$3.64, \$0.33 above one week ago, and \$0.32 higher than one year ago. The weighted average regional prices in the Midwest and South Central were \$2.54 and \$3.39, respectively. The NASS *Dairy Products* report noted U.S. butter production during December 2016 in the Central region totaled 66.6 million pounds, 5.7 percent lower than one year ago. Total U.S. butter production during December 2016 was 163.8 million pounds, 6.7 percent lower than last year. During January-December 2016, U.S. butter production totaled 1.889 billion pounds, 2.2 percent more than the same period in 2015. According to FAS, January-December 2016 U.S. butter exports totaled 55.2 million pounds, 8% above last year during the same time span. The CME Group monthly average price for Grade AA butter during January was \$2.2393, compared to \$2.1214 a year ago. 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 \$2.1775, down \$0.0625 from last Wednesday.

CONTINUED ON PAGE 2A

NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
February 4, 2017	2.2292 3,142,784	1.7193 13,581,960	1.6062 12,310,466	.4685 4,870,526	1.0189 19,929,057

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

CONTINUED FROM PAGE 2

WEST

Western butter demand has waned slightly, but contacts still describe it as good for this time of year. High volumes of cream are forcing Western butter makers to try to find a home for available loads of cream. Butter inventories are building. Manufacturers would like to slow their churns and control the growth of butter stocks more closely. However, summer cream specialty manufacturers have yet to ramp up production. As a result, much of the cream is finding its way into butter churns. Butter production is active and primarily focused on making bulk butter. Some print butter manufacturing is occurring in advance of the spring holidays. 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 of February 3-9 found that the U.S. weighted average advertised price of 1 pound butter is \$3.64, up \$.33 from last week. The U.S. weighted average price was \$3.32 one year ago. In the Southwest, the weighted average advertised price of 1 pound butter is \$3.99. In the Northwest, the weighted average advertised price of 1 pound butter is \$3.93 with a price range of \$3.50-\$3.99. According to the NASS *Dairy Products* report, U.S. butter production during December 2016, 163.8 million pounds, was 6.7% lower than December 2015, but 13.3% higher than November 2016. U.S. cumulative 2016 butter production through December is 1.889 billion pounds, 2.2% higher than the same period last year. In the West, total December butter production was 79.1 million pounds, 8.4% lower than December 2015, but 13.8% higher than November 2016. California December production was 50.4 million pounds, 2.0% lower than last year, but 19.0% higher than last month. The CME Group January 2017 monthly average price for AA butter, \$2.2393, is up from the December monthly average of \$2.1763. One year ago the CME Group monthly average was \$2.1214. The Grade AA butter price at the CME Group on Wednesday closed at \$2.1775, down \$.0625 from a week ago.

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

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
December Total	5.2	+ 24
TOTAL, JAN - DEC	55.2	+ 8
1 Mexico	20.7	+ 83
2 Canada	9.6	+143
3 Saudi Arabia	4.0	- 76
4 South Korea	1.6	- 51
5 Taiwan	1.1	+15

CHEESE MARKETS

NORTHEAST

Cheese production rates are moderate to seasonally heavy in the East region. Surplus milk supplies facilitate the manufacturing of cheese, although some operations' capacities for processing additional surplus milk are limited. Meanwhile, cheddar-aging programs continue to absorb good volumes. Cheese stocks are more than adequate to meet current demand. Orders dipped, in part, with the completion of Super Bowl weekend events. Retail orders are fair, while food service orders appear steady. Export trade is moderate. The market took an upturn last week as CME Group cash trading noted the weekly average price for barrels and blocks saw gains, \$0.1250 and \$0.0950 respectively. Prices for Grade A Swiss advanced \$0.2150. Consequently, wholesale prices in the East are generally higher. However, market volatility continues, as the front end of this week saw prices at the CME retreating once again. The CME Group January 2017 monthly average price for barrels was \$1.5573, compared to \$1.4842 a year ago; blocks' average price was \$1.6866, up from \$1.4757 a year ago. The Northeast January 2017 monthly average price for cheddar blocks is \$2.2893, compared to \$2.0318 one year ago. Processed 5# sliced average price is \$1.9511, compared to \$1.9342 one year ago. Tuesday's CME Group daily cash prices saw barrels close at \$1.7000, up \$0.1825 from a week ago; blocks closed at \$1.6300, down \$0.0775 from a week ago. The DMN *National Retail Report-Dairy*, for February 3-9, 2017, noted the Northeast weighted average advertised price for 8 oz. cheese blocks was \$2.20, 5 cents above the national average, with a regional price range of \$1.99-\$3.50. The Southeast 8 oz. block average price was \$2.31, 16 cents above the national average, with a regional price range of \$1.88-\$3.00. The Northeast average advertised price for 8 oz. cheese shreds was \$2.19, 4 cents below the national average price, with a regional price range of \$1.50-\$2.99. In the Southeast, the average price for 8 oz. shreds was \$2.37, 14 cents above the national average, with prices ranging \$1.88-\$2.50. The Foreign Agricultural Service (FAS) reports December 2016 U.S. cheese and curd exports totaled 63.1 million pounds, a 16% increase from a year ago.

DAIRY PRODUCTS: According to NASS, U.S. total cheese production in December 2016 was 1.050 billion pounds, 1.3% higher than a year ago and 3.0% above the previous month. In the Atlantic region, total cheese production was 131.3 million pounds, 2.4% higher than a year ago, but 4.2% less than the previous month. The total cheese production and percentage changes from one year ago for individual Eastern states are, New York 72.6 million pounds, +3.3%; Pennsylvania 33.6 million pounds, -0.5%; Vermont 12.2 million pounds, +5.1%, and New Jersey 5.5 million pounds, 2.2%.

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

Cheddar 40# Block	:	2.2100-2.4950
Process 5# Sliced	:	1.7250-2.2050
Muenster	:	2.1950-2.5450
Grade A Swiss Cuts 10 - 14#	:	3.3100-3.6325

MIDWEST

Fluid milk is readily available for Midwestern cheese producers. Some cheese makers report backing away from buying extra milk as they are using supplies on hand, while others are considering selling extra milk as opposed to increasing cheese inventories. Reports on cheese production from Midwestern producers vary. Some are continuing to run at fully active production levels, matching the abundant milk supply. Other producers, however, are cutting back on production in order to manage growing cheese stocks. Contacts report demand for pizza cheese is seasonally slow. Food service and retail orders are down as

well. Some contacts expect light demand until March, when spring holiday and summer orders begin. Inventories of blocks and barrels remain long. The market undertone remains uncertain. In CME Group trading Wednesday, barrels closed at \$1.6850, up \$.1075 from last Wednesday and blocks closed at \$1.6200, down \$.1300. The DMN *National Retail Report-Dairy* shows that February 3-9 Midwest ads for 8 ounce shred cheese have a weighted average advertised price of \$1.94, 29 cents below the national average. Midwest prices range from \$1.49-\$2.50. One year ago, the national price was \$2.18. For 8 ounce blocks, the Midwest average price is \$1.82, 33 cents below the national average price. Midwest ads are priced from \$0.99-\$2.00. Last year, the national price was \$2.07. Midwestern wholesale prices are up \$.2150 for Swiss cuts, up \$.1250 for process and up \$.0950 for all other types. This week, a cooperative export assistance program accepted requests for 557,770 pounds (253 metric tons) of cheese. So far this year, the program has assisted member cooperatives who have contracts to sell 4.979 million pounds of cheese in export markets. The CME Group January 2017 monthly average price for barrels, \$1.5573, is down from the last month's average of \$1.6132, but up from the monthly average of a year ago, \$1.4842. Blocks' January average price, \$1.6866, is down from the \$1.7335 December monthly average, but up from \$1.47 -57 one year ago. The Foreign Agricultural Service (FAS) reports that December 2016 U.S. cheese and curd exports totaled 63.1 million pounds, a 16% increase from a year ago. *Dairy Products* (NASS) reports total 2016 U.S. cheese production, for January through December 2016, was 12.073 billion pounds, 2.0 percent above January through December 2015. December 2016 total U.S. cheese production, 1.050 billion pounds, is 3.0 percent above November 2016. Central total cheese production for December 2016 was 470.6 million pounds, 3.1 percent more than November 2016. For total cheese and various types of cheese, December 2016 U.S. and Central cheese production percentage changes compared to December 2015 were as follows:

	U.S.	Central
Total	+ 1.3%	+ 1.1%
American	+ 3.9%	+ 3.8%
Cheddar	+ 3.5%	+ 2.9%
Total Italian	- 1.1%	- 0.8%
Mozzarella	- 1.2%	- 4.1%

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

Process American 5# Loaf	:	1.6825-2.0425
Brick And/Or Muenster 5#	:	2.1150-2.5400
Cheddar 40# Block	:	1.8425-2.2375
Monterey Jack 10#	:	2.0900-2.2950
Blue 5#	:	2.3825-3.3700
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.9150-2.8550
Grade A Swiss Cuts 6 - 9#	:	2.8275-2.9450

WEST

Western cheese makers report cheese production is active and there is plenty of milk available to processors. Some industry contacts suggest demand is caught in a post-Super Bowl lull. Although cheese demand from food service and cut and wrap buyers has eased back a little, manufacturers say domestic cheese block demand is good. There is some interest from export markets. However, because U.S. cheese prices are still slightly higher than cheese prices in other parts of the world, exports have yet to fully develop for many U.S. cheese manufacturers. Western cheese inventories are steady to growing for blocks, but long

CONTINUED ON PAGE 3A

CHEESE MARKETS

CONTINUED FROM PAGE 3A

for barrels; some industry contacts are perplexed about how the barrel price could be inverted to the block price on the CME. The DMN *National Retail Report-Dairy* for the week of February 3-9 shows the U.S. weighted average advertised retail price for an 8 ounce pack of natural shredded cheese is \$2.23, up \$.04 from last week. Packs average \$2.40 in the Southwest and \$2.18 in the Northwest. One year ago, the national price was \$2.18. For 8 ounce blocks, the U.S. price is \$2.15 up \$.10 from last week. Blocks average \$2.13 in the Southwest and \$3.24 in the Northwest. One year ago, the national price was \$2.07. In the West, wholesale prices are up \$.1250 for process, and up \$.0950 for cheddar block, cuts, and Monterey Jack. Swiss cut wholesale prices are up \$.2150. This week, a cooperative export assistance program accepted 6 requests for export assistance on contracts to sell 557,770 pounds (253 metric tons) of cheese. So far this year, the program has assisted member cooperatives who have contracts to sell 5.0 million pounds of cheese in export markets. *Dairy Products* (NASS) reports total 2016 U.S. cheese production, year to date through December, is 12.074 billion pounds, 2.0% above January through December 2015. December 2016 U.S. total cheese production, 1.050 billion pounds, is 3.0% above November 2016. In the West, total cheese production for December 2016 was 448.3 million pounds, 5.2% more than last month. For total cheese production and various types of cheese, December 2016 U.S. and West cheese production percent changes compared to December 2015 are as follows:

	U.S.	West
Total Cheese	+ 1.3%	+ 1.3%
American	+ 3.9%	+ 4.1%
Cheddar	+ 3.5%	+ 3.9%
Total Italian	- 1.1%	- 1.0%
Mozzarella	- 1.2%	+ 0.1%
Swiss	- 3.2%	...

The CME Group January 2017 monthly average price for barrels, \$1.5573, is down from the December 2016 monthly average of \$1.6132, but up from the monthly average of a year ago, \$1.4842. Blocks' January average price, \$1.6866, is down from the \$1.7335 December monthly average, but up from \$1.4757 one year ago. The average price through the year of 2016 was \$1.5562 for barrels and \$1.5797 for blocks. In CME Group trading Wednesday, barrels closed at \$1.6850, up \$.1075 from a week ago and blocks closed at \$1.6200, down \$.1300.

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

Process 5# Loaf	:	1.6700-1.9275
Cheddar 40# Block	:	1.8750-2.3200
Cheddar 10# Cuts	:	2.0550-2.2750
Monterey Jack 10#	:	2.0650-2.2250
Grade A Swiss Cuts 6 - 9#	:	2.8875-3.3175

FOREIGN TYPE CHEESE

Sliced cheese demand in Western Europe is seasonally normal. Demand is expected to increase in March, also a typical pattern. Within the EU, orders from southern countries have strengthened after a weaker early year experience. Stocks are adequate to satisfy current demand. Contract discussions for the second quarter are slow to finalize. Increased uncertainty about available milk supplies is a risk factor affecting future seller and buyer pricing expectations. Last week, the Dutch farm minister stated that a reduction of up to 100,000 cows in

the Netherlands may be necessary to meet EU phosphate production limits, phosphate being a component of manure. Final numbers of cows, timing, and how the reduction will be accomplished are all pending, leaving an information void for the present. NASS reports that December 2016 United States Swiss cheese production, 26.9 million pounds, was 3.5% above November 2016 but 3.2% below one year earlier. In the U.S., wholesale blue, gorgonzola, parmesan and Romano prices increased \$.0950, Swiss cuts Switzerland increased \$.2150, the other varieties are unchanged.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2300	: 2.2600-3.7475*
Gorgonzola	: 3.6900-5.7400	: 2.7675-3.4850*
Parmesan (Italy)	: -0-	: 3.6500-5.7400*
Romano (Cows Milk)	: -0-	: 3.4500-5.6000*
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-	: 3.3475-3.6700*
Swiss Cuts Finnish	: 2.6700-2.9300	: -0-

* = Price change.

COLD STORAGE

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

	BUTTER	CHEESE
	:	:
02/06/17	17,252	: 84,907
02/01/17	16,304	: 83,541
CHANGE	948	: 1,366
% CHANGE	6	: 2

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

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
December Total	63.1	+ 16
TOTAL, JAN - DEC	632.8	- 9
1 Mexico	198.4	- 1
2 South Korea	93.6	- 25
3 Japan	61.3	- 20
4 Australia	34.3	- 10
5 Canada	29.3	+ 1

FLUID MILK AND CREAM

EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	135	0	110	0	30
SOUTHEAST STATES	0	0	0	0	0	0

Milk production in the East is flat to slowly increasing. In the Northeast and Mid-Atlantic, milk production is steady and ample, clearing to balancing plants. In the Southeast, milk production is stable, and in some areas, climbing, though there is anticipation of a peak in the upcoming weeks. This week, Eastern Class I sales are flat to up. Balancing plants are clearing milk volumes to Classes III and IV. In areas of Florida, bottled milk sales have increased marginally and the trend is expected to continue with approaching tourism in the spring months. Cooler temperatures still linger in Florida, keeping farm milk production active. With the state's milk supply exceeding local demand, Florida's export milk shipments totaled 135 loads this week. Some Northeastern operators are clearing milk out of their plants to fulfill orders. This is taking pressure off of processors. The fluid cream supplies are readily available. This week, **cream multiples** range **.90 to 1.20**, increasing on the high end of the range from last week. In the market, the timing and delivery location are taken into account for cream pricing. The DMN January average for Northeast Class II cream was \$2.4505, compared to \$2.3894 a year ago. This current week, the eastern **condensed skim** market price range is unchanged to lower. With the ample amounts of condensed skim available, sellers in the East are clearing loads to long distance buyers at low prices in Classes II and III. The DMN January monthly average for Northeast Class II condensed skim was \$0.8353, compared to \$0.7289 a year ago. According to the DMN *National Retail Report-Dairy*, for February 3-February 9, the U.S. weighted average advertised price for a half gallon of milk was \$2.14, down 15 cents compared to last week, but up one cent from last year. With last Wednesday's announcement of the Class and Component Prices, the Class III Skim Milk price declined \$1.34, compared to the previous month. DAIRY PRODUCTS: According to NASS, December 2016 hard ice cream production in the Atlantic region totaled 12.0 million gallons, 12.7% less than last month, but 1.2% more than a year ago. Cumulative 2016 production through December totaled 773.1 million gallons, 0.6% less than the previous year total through December. U.S. Yogurt production (plain and flavored) for December totaled 376.7 million pounds, up 14.9% from last month and up 2.5% 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- 1.9868-2.6490
 F.O.B. producing plants: Upper Midwest- 2.2958-2.6049

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,
 F.O.B. PRODUCING PLANTS:
 Northeast - Class II - includes monthly formula prices- .30-1.04
 Northeast - Class III - spot prices - .30-.91

MIDWEST

Seasonally mild weather continues to support steady to higher milk production trends in the North and South Central areas. Milk supplies in some areas exceed local processing capacities. Milk handlers are

coordinating milk shipments with manufacturers in distant areas to help disperse milk throughout the region. Bottlers report demand is generally quiet, with add-on and pushback loads zeroing out throughout the region. Food service orders are steady. Class II demand is lower for the week as yogurt production backs away from the demands related to New Year's resolution fulfillment. Soft serve/mix orders are steady. Hard ice cream production is unchanged at seasonal levels. Some manufacturers report it is a little early for sustained runs on stick/cup/cone production lines, but some short runs are occurring to maintain inventories. Cream demand is steady, with spot loads readily available throughout the region. Multiples are lower on the bottom of the range, but unchanged at the top, 1.04 - 1.18. Price competition between West and Central cream spot loads is keeping a lid on Central multiples, especially in locales bordering the West region. Interest from cheese manufacturers is steady to lower as they reassess cheese inventories post-Super Bowl. With several weeks looming before the next holiday, some cheese makers are reluctant to get too far ahead on uncommitted inventories, especially in an uncertain market. There is comparably better interest in milk from specialty cheese makers. With availability generally not an issue, price is usually the deciding factor for clearing spot milk loads. Prices range from \$2.00 under to \$0.50 over Class. The DMN monthly average of the range price series for Upper Midwest Class II cream during January, 2017 was \$2.5510, compared to \$2.4522 a year ago. The NASS *Dairy Products* report noted December U.S. regular (hard) ice cream production totaled 50.3 million gallons, down 11.0 percent from last year. January-December U.S. production totals 773.1 million gallons, 0.6 percent below 2015 during the same time span. December production in the Central region totaled 27.2 million gallons, 9.0 percent below a year ago. The Central region accounted for 53.8 percent of U.S. unadjusted production in February. January-February Central unadjusted production totals 64.3 million gallons, 4.5 percent behind the same time span in 2015. The DMN *National Retail Report-Dairy* for February 3-9 noted the national weighted average advertised price for one gallon of milk was \$2.68, up \$0.13 from a week ago and \$0.37 higher than a year ago. The weighted average regional prices in the Midwest and South Central were \$2.64 and \$3.48, respectively. In the South Central area, small grains emergence is nearing 100% and some operations are gearing up for top dressing applications to enhance spring growth. Farming operations in the North Central area are waiting out snow covered fields to access conditions of winter wheat and alfalfa fields.

WEST

In California, milk production at the farm level has plateaued, as weather has been mostly mild, similar to last week. Presently, milk intakes are more than suitable for manufacturing purposes. Consequently, balancing plants are running at full capacity, clearing large intakes of milk. After the Super Bowl weekend, Class 1 requests from retailers and food service have dipped slightly. Demand for Class 2 is steady this week. Overall, dairy feed supplies are plentiful for late winter and early spring needs. Farm milk yields in Arizona continue to inch up as weather conditions remain ideal for cows' comfort. The requests for Class I milk are steady to higher which is alleviating some processing pressure on plants. Some handlers pulled additional milk loads to cover weekly sales, but plant managers indicate plants within the state are running close to capacity. Farm milk production in New Mexico continues to be seasonally higher as weather is favorable for dairy herds. Due to operational and maintenance issues, some balancing plants are unable to process all

-CONTINUED ON PAGE 4A-

-CONTINUED FROM PAGE 4-

their daily farm milk intakes. As a result, system-wide holdovers remain high. Milk handlers are working with haulers to manage milk volumes being stored overnight and meet processing timelines. To avoid additional holdovers, farm milk is being cleared inside and outside the state to other manufacturers. Manufacturing milk intakes into Class I and Class III are higher this week as many processors are cooperating in clearing milk volumes. According to the National Agricultural Statistics Service, hay and roughage supplies are adequate. Milk production in the Pacific Northwest is following normal seasonal patterns. Steady bottling demand and active manufacturing are keeping any extra milk volumes from building beyond area plant capacities. Milk intakes are generally in pretty good balance with processing needs, but some industry contacts report getting inquiries from cheese makers within the region who are looking for extra milk. Unfavorable winter weather is creating some milk production headaches in the mountain states of Idaho, Colorado and Utah. The region received heavy snows and cold temperatures followed by some thawing, localized flooding, and mud. Industry contacts report some farmers are dealing with cow health issues and lameness. Contacts further state milk intakes are noticeably lower. Milk supplies are adequate for many processors, but some processors are looking for extra loads of milk. Western condensed skim processing is active, encouraged by higher seasonal farm milk output. Abundant supplies are mostly clearing into dryers for NDM/SMP production, albeit some intakes are moving into cheese processing. There is currently an oversupply of cream in the West region. Some of the cream is being churned into butter while the remaining cream is clearing at lower multiples, ranging .91-1.18. Most cream buyers are making bulk butter. Due to an unsettled cheese market, some Class III processors are pushing back their cream after separating. Canada has once again reentered the market as a buyer of U.S. cream, but Mexico has not. Mexico cream is readily available. According to the NASS *Dairy Products* report, hard ice cream production in the West region for December 2016 is 11.1 million gallons, 24.9% lower than a year ago, and 4.4% lower than the previous month.

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 moved lower in both the range and mostly price series this week. Price changes for NDM result from adjustments based on spot sales and pricing indices. NDM demand is reportedly tepid, as end users are working through contracts and are able to be selective with spot market options. Production of NDM remains active as condensed skim supplies are abundant. Some end users have reported that they are awaiting more accommodating price points, but will selectively purchase NDM if the price is right. NDM inventories are adequate and building. Contacts report the market is seeing a near term stabilization. High heat NDM prices moved lower in the bottom of the range. Production of high heat NDM continues to be light, as end users work through contracts. The market tone is steady. Inventories vary from light to moderate across the region.

EAST: In the East, low/medium nonfat dry milk (NDM) f.o.b. prices shifted lower on the range and mostly series, following downward trends on various indices. Spot sales activity has been light throughout the week as some buyers/end users are quietly analyzing the current market conditions. At this point, the market tone is unsettled. Low/medium heat NDM production is active as large condensed skim intakes are clearing into dryers in many balancing plants across the region. Inventories are steady to building. High heat NDM prices are mixed on light trading. A few spot transactions shifted down the bottom of the price range. High heat production is irregular, mostly based on contractual needs. Inventories vary from plant to plant. The Atlantic region's December 2016 production of nonfat dry milk totaled 29.4 million pounds, 3.3% less than a year ago, but 11.6% above last month. The December 2016 U.S. production of skim milk powder totaled 51.6 million pounds, 18.7% more than a year ago and 3.0% than last month. Cumulative 2016 U.S. year to date skim milk powder production through December totals 558.3 million pounds, a 25.1% increase from 2015.

DAIRY PRODUCTS: According to NASS, U.S. production of human food nonfat dry milk during December 2016 totaled 156.0 million pounds, 3.2% higher than a year ago and 21.8% higher than the previous month. Month ending stocks, at 228.4 million pounds are 11.8% higher than a year ago. Cumulative 2016 U.S. year to date nonfat dry milk production through December totaled 1.750 billion pounds, 4.0% less than 2015 during the same time span.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: .9450 - 1.0500 MOSTLY: 1.0000 - 1.0300
HIGH HEAT: 1.0500 - 1.1600

NONFAT DRY MILK - WEST

The f.o.b. spot pricing for western low/medium nonfat dry milk (NDM) is mixed as some sales, based on specific brand, pushed up the top of the range. Nevertheless, prices are lower on the mostly series, in line with downward movements on various indices. Spot trading activity is light to moderate. Currently, the market undertone is unsettled. Several buyers are pushing strong in the spot market in order to get lower values. As a result, some manufacturers have been forced to drop prices to cover immediate needs from buyers. Conversely, a few NDM processors are stocking inventories with the hope that prices will rise during the upcoming spring baking season. Furthermore, some manufacturers are confident about price trends in the future markets. Demand for low/medium NDM from Mexico is waning as some Mexican buyers/end users are looking to buy NDM/SMP from other countries aside from the United States. In addition, Mexican SMP production has been stronger compared to a couple of weeks ago. Back

into the U.S. markets, low/medium heat NDM production is active throughout the western region as milk intakes step seasonally higher. Therefore, more farm milk is clearing through balancing plants into NDM. Low/medium heat NDM inventories are steady to building. High heat nonfat dry milk prices are lower on light trading. Supplies are steady. Most sales are based on contracts. Production is light as manufacturers are opting to maximize clearing condensed skim through low/medium NDM production. The CME Group monthly average price for Grade A NDM during December was \$1.0043, compared to \$0.7312 a year ago. The January 2017 Dairy Market News monthly average for the West low/medium heat nonfat dry milk mostly series is \$1.0320 compared to \$.7399 a year ago. The average for Western high heat nonfat dry milk is \$1.1190 compared to \$.9680 a year ago. The NASS *Dairy Products* report noted U.S. human NDM production during December 2016 in the West region totaled 94.5 million pounds, 3.3 percent higher than one year ago, and 30.8 percent above the previous month. Total U.S. human NDM production during December 2016 was 156 million pounds, 3.2 percent higher than last year. During January–December 2016, U.S. human NDM production totaled 1.750 billion pounds, 4.0 percent less than the same period in 2015. Total U.S. NDM, human, month ending stocks for December were 228.4 million pounds, 11.8 percent above a year ago.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: .8800 - 1.0800 MOSTLY: .9700 - 1.0200
HIGH HEAT: 1.0800 - 1.1700

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	TOTAL SALES
February 3	\$1.0276	9,282,681
January 27	\$0.9975	6,023,728

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.

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

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
December Total	103.1	+ 1
TOTAL, JAN – DEC	1,249.8	+ 2
1 Mexico	539.3	- 3
2 Philippines	183.8	+ 30
3 Indonesia	118.8	+ 45
4 Vietnam	61.5	- 16
5 Malaysia	56.1	+ 5

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices inched up in the range this week. Contacts report the market tone is steady to slightly firm. Dry buttermilk inventories are tightening, as dryer time focus continues to be on nonfat dry milk in production facilities. Some end users report buying heavily early in the year and are now sufficiently stocked, but others consider current prices to be reasonable and are buying.

-CONTINUED ON PAGE 5A-

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

-CONTINUED FROM PAGE 5-

EAST: In the East, dry buttermilk f.o.b. spot market prices are slightly higher. Demands from the bakery sector are inching up, as the spring baking season is close. Dry buttermilk production is limited as many balancing plant operators are focusing on clearing large condensed skim volumes into dryers to produce NDM. Therefore, dry buttermilk inventories continue tightening in the region on a steady to firm market. The January 2017 Dairy Market News monthly average for the Central and East dry buttermilk series is \$0.9715 compared to \$0.8249 a year ago. **DAIRY PRODUCTS:** According to NASS, U.S. production of dry buttermilk during December 2016 totaled 11.0 million pounds, 4.5% down from a year ago, but 12.2% more than the previous month. Month ending stocks were 23.3 million pounds, up 36.3% from last year and 13.3% from last month.

F.O.B. CENTRAL/EAST: .9050 - 1.0500

DRY BUTTERMILK - WEST

F.O.B. dry buttermilk spot prices in the West are mixed on a narrower range. However, prices held unchanged on the mostly series. Spot trading has been very light throughout the week. Interest from bakers is active, but supply is below the current demand. Most balancing plant operators are placing emphasis on clearing condensed skim into dryers. Consequently, drying schedules for condensed buttermilk have been curtailed. As a result, there are lower inventories of dry buttermilk in the spot market. The January 2017 Dairy Market News monthly average for the West dry buttermilk mostly series is \$0.9913 compared to \$0.8300 a year ago. The NASS *Dairy Products* report noted U.S. dry buttermilk production during December 2016 totaled 11 million pounds, 4.5 percent lower than a year ago. Total U.S. dry buttermilk month-ending stocks for December were 23.3 million pounds, 36.3 percent above last year.

F.O.B. WEST: .9500 - 1.0900 MOSTLY: .9800 - 1.0200

DRY WHOLE MILK - NATIONAL

National dry whole milk f.o.b. spot prices are steady to higher in line with international values for WMP. Spot trading activity is light. Demands from the bakery and confectionary markets are improving ahead of the upcoming spring baking season. Production is active as there is enough milk to process and the interest for butterfat is weaker. Inventories are mostly in balance with buyers/end users' needs. The January 2017 Dairy Market News monthly average for the National price series for dry whole milk is \$1.5195 compared to \$1.2555 a year ago. The NASS *Dairy Products* report noted U.S. dry whole milk production during December 2016 totaled 9.7 million pounds, 32.2 percent higher than a month ago, but unchanged from one year ago. Total U.S. dry whole milk month-ending stocks for December were 12.5 million pounds, 9.7 percent above last year.

F.O.B. PRODUCING PLANT: 1.4000 - 1.6000

WHEY, WPC 34%, LACTOSE & CASEIN

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

DRY WHEY - CENTRAL

Central whey prices shifted higher in both the range and mostly price series for the second consecutive week. Some contacts suggest dry whey production levels are lighter, as producers maintain focus on higher protein concentrations. Domestic demand remains strong, but questions remain as to whether Asian markets will pick up following the Chinese New Year, or whether U.S. price points are going to deter Asian exports. End users report a scarcity in spot offers of dry whey, and some buyers suggest a tightening supply. Some end users remain stocked up on dry whey and are awaiting lower prices before considering spot purchases. The market tone is uncertain. Animal feed whey prices moved up on the bottom of the range, as spot offerings remained scarce. The DMN monthly average of the mostly price series for Central dry whey during January was \$0.4231, compared to \$0.2251 a year ago. The monthly average of the range price series for Central animal feed whey during January was \$0.3785, compared to \$0.1626 a year ago. The NASS *Dairy Products* report noted U.S. total dry whey production for December 2016 was 79.6 million pounds, down 13.3 percent from a year ago. January-December 2016 U.S. total dry whey production totaled 957.3 million pounds, 1.8 percent below the same time span in 2015. The Central region produced 39.3 million pounds of U.S. human dry whey in December. This production is 8.0 percent higher than a year ago.

F.O.B. CENTRAL: .4100 - .5500 MOSTLY: .4325 - .4900
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3900 - .4450

DRY WHEY - NORTHEAST

The Northeast whey price range contracted this week. A few industry contacts note mixed demand and a pullback on the top end prices. Manufacturers report domestic buyers are still showing a good amount of interest, but export markets are mixed. Inventories are comfortable to tight and in pretty good balance with current demand. A few manufacturers have some whey available for immediate shipments. The market tone remains steady, but some industry contacts expressed a little unease over the direction the market may take in the next few months.

DAIRY PRODUCTS: According to NASS, December 2016 U.S. human food dry whey production totaled 78.1 million pounds, 13.3% less than a year ago, but 10.8% more than the previous month. The Atlantic region's production of human food dry whey in December 2016 totaled 21.9 million pounds, 1.6% less than a year ago, but 4.4% more than last month. The January 2017 Dairy Market News monthly average for Northeast dry whey was \$0.4519 compared to \$0.2572 one year ago.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .4450 - .5300

DRY WHEY - WEST

Western whey prices are mostly higher, but edged back slightly at the top of the range. A few sellers lowered their top prices a little to keep inventories in balance ahead of the spring flush. Whey industry contacts suggest the market tone is fairly strong and stable. Demand is mixed. Contacts say Asian buyers are just coming back to the market after the Chinese New Year, Mexican customers are cautious over concerns about currency and trade policies, and domestic

shoppers are pulling good volumes of whey. A number of whey market participants look to the year over year decrease in whey production and a shift to whey protein isolate production as a cause of supply side tightness in the marketplace. The DMN monthly average of the mostly price series for West dry whey during January 2017 was \$0.4606 compared to \$0.4081 one month ago and \$0.2426 a year ago. NASS reports that December 2016 U.S. human whey production, 78.1 million pounds, is down 13.3% from a year ago, but up 10.8% from November 2016. The Western region produced 16.8 million pounds of edible dry whey during December, down 46.3% from last year, but up 18.1% from November. Month ending stocks for U.S. human whey, at 63.8 million pounds, are 1.9% lower than one year ago, but up 7.2% from November 2016.

NONHYGROSCOPIC: .4400 - .5500

MOSTLY: .4600 - .5300

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

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
December Total	41.7	+48
TOTAL, JAN - DEC	422.8	+ 7
1 China	152.1	+50
2 Canada	41.9	- 1
3 Mexico	39.6	- 13
4 Vietnam	30.9	+74
5 Philippines	27.9	- 10

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices for whey protein concentrate 34% moved mostly higher, but the top end of the price range held steady. Industry contacts report a number of resales and unfilled bids above published prices. Many contacts suggest WPC 34% is hard to find. Buyers seem willing to snatch up almost any WPC34% that becomes available. Manufacturers report strong demand and a steady stream of inquiries. Feeders often try not to reformulate mixes, but the limited supply of WPC34% and overages are pushing some feed customers to NDM and other protein sources. WPC34% production is steady to lower as some manufacturers have shifted out of WPC34% to higher protein concentrations. The December 2016 Dairy Market News average of the mostly price series for Central and West whey protein concentrate 34% was \$0.9318 compared to \$0.8608 one month ago and \$0.5445 one year ago. According to the NASS *Dairy Products* report U.S. production of WPC (25.0-49.9% protein) during December 2016 totaled 14.5 million pounds, 17.5% lower than one year ago, and 8.6% lower than November. Year to date total WPC (25.0-49.9% protein) production through December is 177.5 million pounds, 19.2% less than January through December one year ago. Manufacturers' end-of-month stocks for WPC (25.0-49.9% protein) totaled 19.2 million pounds, 27.7% lower than one year ago, and 1.0% less than November 2016.

F.O.B. EXTRA GRADE 34% PROTEIN: .8700 - 1.1300 MOSTLY: .9275 - 1.0650

-CONTINUED ON PAGE 6A-

WHEY, WPC 34%, LACTOSE & CASEIN

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

-CONTINUED FROM PAGE 6-**CASEIN - NATIONAL****U.S. WPC < 80% Exports, H.S. Code 0404100500(FAS)**

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
December Total	26.2	+ 42
TOTAL, JAN - DEC	311.7	+ 36
1 China	155.4	+ 78
2 Mexico	39.1	+ 29
3 Canada	33.1	- 14
4 Malaysia	18.8	+217
5 Indonesia	10.0	- 16

Prices for rennet casein weakened at each end of the price range this week, as did prices for acid casein. These markets, which were recently described as looking for a direction, seem to have decided the direction for now is weaker. Many regular casein buyers are already contracted into mid-year, some longer. This has left some sellers less able to hold out for higher prices when many buyers are not pressured to conclude transactions. GDT event 181 on February 7 yielded a rennet casein all contracts price decline of 0.4%.

SPOT SALES AND UP TO 3 MONTH CONTRACTS. PRICES ARE F.O.B., U.S. WAREHOUSE FOR EDIBLE NONRESTRICTED AND VARY ACCORDING TO MESH SIZE AND QUALITY.

RENNET: 2.9400 - 3.0100
ACID: 2.9825 - 3.1000

LACTOSE - CENTRAL AND WEST

Lactose prices held steady for the week. Manufacturers report solid production with good yields. Processors say inventories are comfortable to tight for most mesh sizes. However, there is slightly more availability of unground lactose and lactose that does not meet higher end product specifications. Demand is good. A few manufacturers are starting in on Q2 contracting and have locked in some early shoppers. Buyers from Oceania are making regular purchases to stay in the market, even as milk production is decreasing in the Southern Hemisphere. A few industry contacts note there is some EU competition in Southeast Asia and New Zealand. The market tone is steady. Some contacts suggest the lactose market is aided by robust permeate demand. The January 2017 Dairy Market News average of the mostly price series for Central and West lactose was \$0.3718, compared to \$0.3633 one month ago and \$0.2061 one year ago. NASS's *Dairy Products* report shows U.S. lactose production during December 2016 totaled 93.4 million pounds, a 2.5% increase from one year ago. Year to date lactose production through December is 1.089 billion pounds, 3.8% more than a year ago. Month ending stocks, at 101.4 million pounds, are 1.7% lower than one year ago, and 0.4% lower than November 2016. At the GDT Event 181 on February 7, lactose prices across all contract periods averaged \$0.4128 per pound, up 12.4%.

Including spot sales and up to 3 month contracts.

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

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

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
December Total	50.3	+ 19
TOTAL, JAN - DEC	579.5	+ 12
1 New Zealand	99.7	+ 42
2 China	94.6	+ 13
3 Mexico	74.1	+ 8
4 Japan	47.6	+ 15
5 Indonesia	43.5	+ 55

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>
01/21/2017	62.9	180.9	62.3	239.8

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)

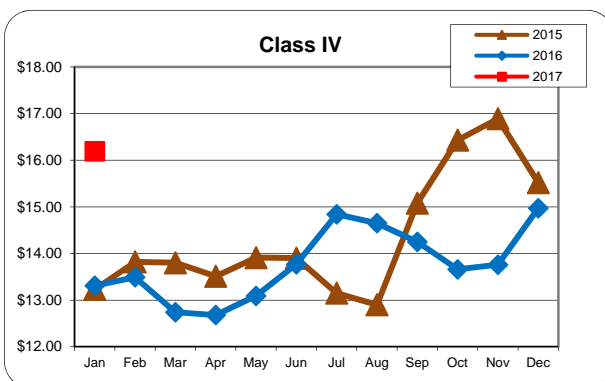
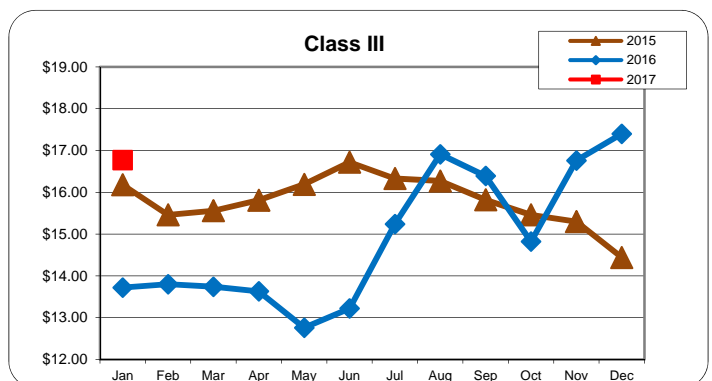
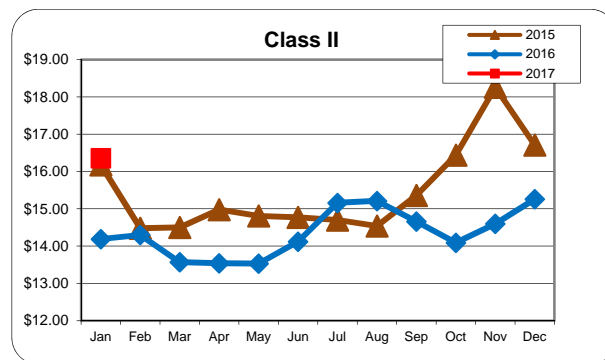
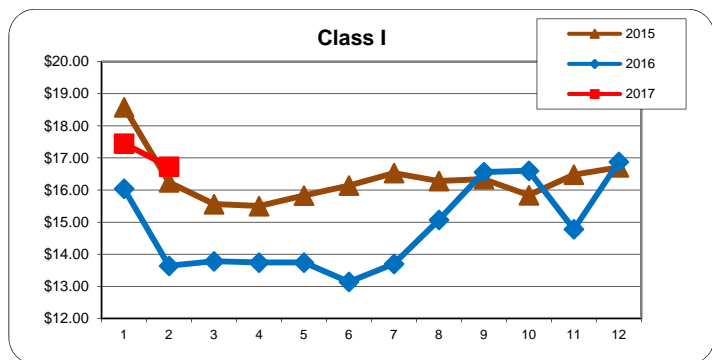
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2012	17.05	16.06	15.72	15.72	15.23	15.63	16.68	17.73	19.00	21.02	20.83	18.66
2013	18.14	17.25	16.93	17.59	18.52	18.02	17.38	17.91	18.14	18.22	18.83	18.95
2014	21.15	23.35	23.33	24.31	22.57	21.36	21.60	22.25	24.60	23.82	21.94	17.82
2015	16.18	15.46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



ORGANIC DAIRY MARKET NEWS

Information gathered January 30 - February 10, 2017

ORGANIC DAIRY FLUID OVERVIEW

Organic Milk Product Sales. AMS reports total United States organic milk products sales for December 2016, 219 million pounds, were up 2.4% from December 2015 and up 5.7%, for 2016 compared with 2015.

Total organic whole milk products sales for December 2016, 84 million pounds, were up 11.1% compared with December 2015 and up 16.5%, for 2016 compared with 2015.

ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, December 2016, WITH COMPARISONS^{1/}

Product Name	Sales		Change ^{2/}	
	DEC Mil. Lbs.	Y-T-D	Prev Yr. Percent	Y-T-D
ORGANIC PRODUCTION PRACTICE				
Whole Milk	84	952	11.1	16.5
Reduced Fat Milk (2%)	68	792	3.0	8.5
Low Fat Milk (1%)	34	426	-11.1	-3.6
Fat-Free Milk (Skim)	25	310	-8.3	-10.2
Flavored Fat-Reduced Milk	8	94	-17.2	-6.6
Other Fluid Milk Products	0	2	--	--
Total Fat-Reduced Milk 3/	135	1,622	-2.4	0.3
Tot. Organic Milk Products	219	2,576	2.4	5.7

*Total Fluid Milk Products Adjusted for Calendar Composition will not be published until release of "An Overview of Calendar Composition of Fluid Milk Sales." 1/ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which account for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. 2/ Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis; 3/ Organic fat-reduced milk categories are total of reduced fat, low-fat, skim, and flavored fat reduced milk.

Organic milk production has also increased in some Western European organic milk producing countries. In Germany, the number of organic dairy producers has been increasing, yielding increased organic milk production. January-November 2016, German organic milk production totaled 729 million kg., 8.6% above the level for January-November 2015, according to the German Federal Institute for Agriculture and Nutrition (BLE). Consumer demand for organic milk and dairy products in Germany during 2016 continued to grow over 2015 levels. For example, recent data from Germany shows consumer demand increased for the following: organic quark (a fresh, creamy-style cheese popular in Europe), +6%; organic yogurt, +6%; organic cheese, +5%; and organic butter, +4%.

Dairy World Marktwoche Milch reports organic milk production in Denmark for 2016 through November was 7.9% above the same months of 2015. Further 2017 organic milk production increases are expected in Germany, Denmark as well as Austria.

U.S. Organic Dairy Update: Northeastern dairy producer representatives cite pay prices to organic dairy producers having declined \$2.00 per hundred pounds through the year. During the same period, growth in United States organic milk sales increased 5.7%.

Major U.S. organic milk buyers are either not taking on new organic producers, or have significantly slowed, according to the

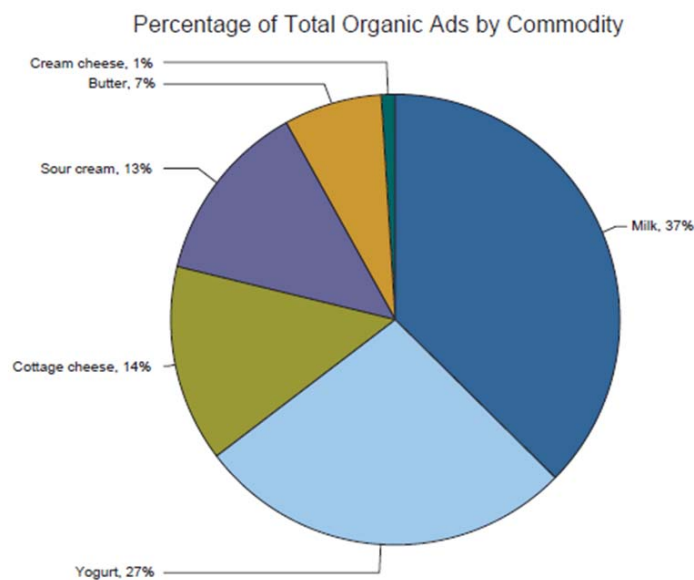
Northeast organic producer representatives. Organic milk is being sold into conventional markets at prices far below organic prices while conventional milk is said to have recently been dumped as capacity to balance the supply was overwhelmed.

The paradox is the recent fact of now having record high sales of organic milk, while there are also surplus supplies.

ORGANIC GRAIN AND FEEDSTUFF MARKETS: Bid prices for organic feed grade corn are steady to \$1.00 higher. All other organic feed grade bids are steady. Feed grade organic corn traded \$.31 higher, with trades in eastern Illinois and states further east firming. Feed organic soybeans traded sharply lower on a light test. The bulk of organic soybean movement reflected contracts. India organic soybean offers remain lower than normal levels due to internal currency issues. Organic soybean meal traded \$10.00 per ton higher on limited trades. Organic soybean oil traded steady with good demand. Buyers are taking delivery of previously contracted food grade organic wheat. Inventories of organic food wheat with protein levels above 13 percent are in short supply. Feed organic wheat traded \$.23 higher. Organic hay trades are too limited to trend. Trade activity on all other organic grains is inactive. More information is available using this link: www.ams.usda.gov/mnreports/lbncor.pdf

ORGANIC DAIRY RETAIL OVERVIEW

Organic Dairy Overview. This week, organic milk accounts for 37% of organic dairy retail ad numbers by commodity, with a 21% decrease in ads over the previous period. Organic yogurt and cottage cheese followed at 27% and 14%, respectively, of overall organic dairy advertisements for this survey week. The remaining percentages for organic dairy commodities are shown in the following pie chart.



Data source/graph USDA Dairy Market News

CONTINUED ON PAGE -8A-

ORGANIC DAIRY MARKET NEWS
Information gathered January 30 - February 10, 2017

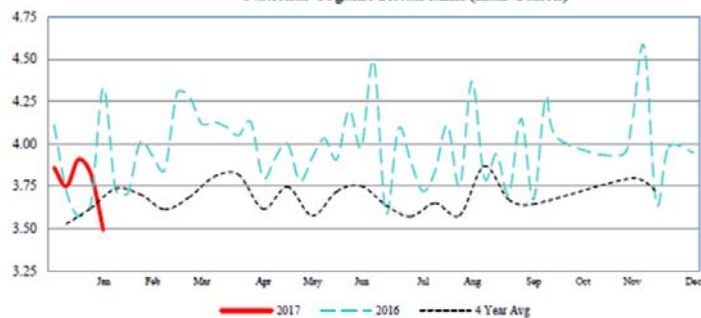
CONTINUED FROM PAGE -8-

Advertising information presented is compiled from nearly 23,000 surveyed newspaper supermarket ads. Prices are valid from February 10-16, 2017, identifying weekly specials and containing organic dairy content. Retail survey ads reflect “advertised specials” and not the range of non-advertised supermarket cooler prices.

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

NATIONAL RETAIL ORGANIC DAIRY (Wtd.Avg.Price)

Commodity	This Week	Last Week	Last Year
Butter	\$5.17	\$4.93	\$4.99
Milk			
Half gal.	\$3.84	\$3.49	\$3.71
Gal.	\$4.94	\$5.99	\$6.98
8 oz.	\$1.00
Yogurt			
4-6 oz. Greek	\$1.00	\$1.02	\$1.25
32 oz. Greek	\$5.99	\$3.79	\$4.49
4-6 oz. Yogurt	\$1.00	\$1.25	\$0.99
32 oz. Yogurt	\$5.00	\$3.83	\$3.52

National Organic Retail Milk (Half Gallon)

Data source/graph USDA/AMS/Dairy Market News

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

December Milk Sales

During December 4.3 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.3 percent lower than December 2015. Estimated sales of total conventional fluid milk products decreased 0.4 percent from December 2015 and estimated sales of total organic fluid milk products increased 2.4 percent from a year earlier.

Estimated Total U.S. Sales of Fluid Milk Products, December 2016, with Comparisons ^{1,4}				
Product Name	Sales		Change from: ²	
	Dec	Year to Date	Previous Year	Year to Date
	(million pounds)		(percent)	
Conventional Production Practice				
Whole Milk	1,309	14,435	5.6	4.8
Flavored Whole Milk	57	618	5.2	7.2
Reduced Fat Milk (2%)	1,384	15,603	-0.4	-1.9
Low Fat Milk (1%)	549	6,752	-7.3	-5.5
Fat-Free Milk (Skim)	383	4,673	-10.4	-11.2
Flavored Fat-Reduced Milk	304	3,797	0.9	2.5
Buttermilk	46	515	-2.5	-0.2
Other Fluid Milk Products	54	170	5.5	13.2
Total Fat-Reduced Milk ³	2,620	30,825	-3.3	-3.7
Total Conventional Milk Products	4,087	46,564	-0.4	-1.0
Organic Production Practice				
Whole Milk	84	952	11.1	16.5
Reduced Fat Milk (2%)	68	792	3.0	8.5
Low Fat Milk (1%)	34	426	-11.1	-3.6
Fat-Free Milk (Skim)	25	310	-8.3	-10.2
Flavored Fat-Reduced Milk	8	94	17.2	-6.6
Other Fluid Milk Products	0	2	----	----
Total Fat-Reduced Milk ³	135	1,622	-2.4	0.3
Total Organic Milk Products	219	2,576	2.4	5.7
Total Fluid Milk Products	4,306	49,140	-0.3	-0.7

¹ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which account for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. ² Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis. ³ Both conventional and organic fat-reduced milk categories are total of reduced fat, lowfat, skim and flavored fat-reduced milk. ⁴ The California Department of Food and Agriculture (CDFA) clarified reporting instructions starting in July 2015, for packaged product moving plant to plant prior to ultimate distribution. This improved the accuracy of current numbers, but makes current year to prior years less accurate, and will overstate any year over year decrease in sales. Report contact: Daniel Manzoni, Daniel.manzoni@ams.usda.gov or 202-720-2352.

Packaged Sales of Total Fluid Milk Products in Federal Milk Orders and California, December 2016, with Comparisons ¹					
Marketing Area	Order Number	Sales		Change from: ²	
		Dec	Year to Date	Previous Year	Year to Date
		(million pounds)		(percent)	
Northeast	001	735	8,324	-1.2	-1.6
Appalachian	005	279	3,243	0.1	-0.2
Florida	006	241	2,777	0.5	1.6
Southeast	007	395	4,517	2.2	-0.4
Upper Midwest	030	330	3,755	-0.7	-0.4
Central	032	374	4,179	0.9	0.4
Mideast	033	489	5,430	1.1	-0.5
Pacific Northwest	124	174	1,997	-0.9	-0.4
Southwest	126	393	4,486	2.2	1.0
Arizona	131	91	1,060	-5.1	-2.2
California ³	---	460	5,441	-4.2	-3.1
All Orders (Total)		3,502	39,768	0.2	-0.3
All Areas (Total)		3,961	45,209	-0.3	-0.7

¹ These figures are representative of the consumption of total fluid milk products in the respective area; see footnote ³ above for the products included. ² Percent changes, as well as sales volumes, are shown on an unadjusted basis. ³ See footnote ⁴ in the above table regarding California sales.

Source: U.S. Department of Agriculture. California Department of Food and Agriculture.

January 1 Milk Cow Inventory Summary

The number of milk cows in the United States as of January 1, 2017, totaled 9.35 million head, up slightly from the previous year. Milk cow replacement heifers totaled 4.75 million head, down 1 percent from the previous year. The percentage of milk cow replacement heifers per 1,000 milk cows on January 1, 2017 was 50.9, down 0.8 percent from the previous year. Milk cow replacement heifers expected to calve during the year totaled 3.07 million head, down 1 percent from the previous year.

State	Milk cows that have calved		Heifers for milk cow replacement		State	Milk cows that have calved		Heifers for milk cow replacement	
	2016	2017	2016	2017		2016	2017	2016	2017
	<i>(1,000 head)</i>					<i>(1,000 head)</i>			
AL	7.0	7.0	3.0	4.0	NE	58.0	60.0	30.0	25.0
AK	0.3	0.3	0.1	0.1	NV	28.0	30.0	9.0	11.0
AZ	195.0	196.0	68.0	117.0	NH	14.0	13.5	6.0	6.0
AR	7.0	6.0	3.0	3.0	NJ	7.0	6.5	3.8	3.7
CA	1,770.0	1,755.0	790.0	760.0	NM	315.0	325.0	120.0	110.0
CO	148.0	155.0	105.0	100.0	NY	620.0	620.0	355.0	355.0
CT	19.0	19.0	8.5	9.5	NC	47.0	45.0	18.0	22.0
DE	5.0	5.0	2.1	2.2	ND	16.0	16.0	7.0	9.0
FL	125.0	122.0	40.0	35.0	OH	266.0	262.0	120.0	120.0
GA	85.0	83.0	30.0	30.0	OK	37.0	35.0	25.0	20.0
HI	2.2	2.4	1.0	1.0	OR	126.0	124.0	70.0	65.0
ID	587.0	600.0	320.0	310.0	PA	530.0	525.0	325.0	315.0
IL	94.0	93.0	50.0	52.0	RI	0.9	0.8	0.5	0.5
IN	184.0	185.0	80.0	80.0	SC	15.0	15.0	5.0	7.0
IA	210.0	215.0	120.0	135.0	SD	110.0	116.0	50.0	45.0
KS	142.0	150.0	110.0	100.0	TN	44.0	41.0	27.0	35.0
KY	59.0	57.0	50.0	40.0	TX	460.0	490.0	250.0	260.0
LA	13.0	12.0	5.0	4.0	UT	95.0	92.0	50.0	55.0
ME	30.0	30.0	15.0	15.0	VT	131.0	129.0	55.0	56.0
MD	49.0	47.0	28.0	29.0	VA	91.0	87.0	47.0	38.0
MA	12.0	11.5	7.0	7.0	WA	277.0	275.0	130.0	120.0
MI	412.0	425.0	172.0	170.0	WV	9.0	8.0	4.0	4.0
MN	460.0	460.0	300.0	295.0	WI	1,280.0	1,280.0	735.0	710.0
MS	10.0	9.0	6.0	6.0	WY	6.0	6.0	5.0	3.0
MO	88.0	88.0	45.0	45.0					
MT	14.0	14.0	8.0	9.0	U.S.	9,310.4	9,349.0	4,814.0	4,754.0

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Cattle* (January 2017).

February Supply and Demand Estimates

The milk production forecast for 2017 is raised from last month. Improved returns in 2017 are expected to result in a slightly higher forecast cow inventory during the late part of 2017. Milk output per cow is also raised as improved returns are expected to support continued improvements in the quality of dairy rations. Beginning stocks on both a fat and skim-solids basis are raised from last month on December 31 storage data; stocks at the end of 2017 are raised, reflecting increased beginning inventories and higher dairy product production in 2017. Fat-basis imports are reduced as domestic butterfat is expected to be more competitive with the EU; skim-solids imports are unchanged. Fat basis exports are unchanged and skim-solids basis exports are raised slightly. Skim-solids imports are virtually unchanged as weaker exports of nonfat dry milk (NDM) are offset with stronger whey sales. For 2016, milk production, output per cow, trade, and stock estimates are updated based on data through December. Cheese and butter price forecasts are lowered as product production is expected to reflect higher forecast milk production and beginning stocks are relatively high. The nonfat dry milk price forecast is unchanged, but the whey price is raised from last month on the strength of domestic and international demand. The Class III price is raised as the higher whey price more than offsets the lower cheese price forecast. The Class IV price is reduced as the butter price forecast is lowered. The all milk price is forecast higher at \$17.70 to \$18.40 per cwt.

U.S. Milk Supply and Use					
Commodity	2015	2016 Estimated		2017 Projected	
		Jan	Feb	Jan	Feb
Milk	<i>(billion pounds)</i>				
Production	208.6	212.5	212.5	217.1	217.4
Farm Use	1.0	1.0	1.0	1.0	1.0
Fat Basis Supply					
Beginning Commercial Stocks	11.2	13.3	13.3	13.4	14.3
Marketings	207.7	211.5	211.5	216.1	216.4
Imports	5.7	7.0	7.0	7.0	6.6
Total Commercial Supply	224.6	231.9	231.9	236.5	237.3
Fat Basis Use					
Commercial Exports	8.8	9.1	9.2	8.3	8.3
Ending Commercial Stocks	13.3	13.4	14.3	13.2	14.3
CCC Donations	0.0	0.0	0.0	0.0	0.0
Domestic Commercial Use	202.5	209.4	208.5	215.0	214.7
Skim-Solid Basis Supply					
Beginning Commercial Stocks	13.1	13.9	13.9	14.3	14.8
Marketings	207.7	211.5	211.5	216.1	216.4
Imports	6.0	6.4	6.5	6.2	6.2
Total Commercial Supply	226.7	231.8	231.9	236.6	237.3
Skim-Solids Basis Use					
Commercial Exports	37.3	38.9	38.9	40.2	40.1
Ending Commercial Stocks	13.9	14.3	14.8	12.9	14.0
CCC Donations	0.0	0.0	0.0	0.0	0.0
Domestic Commercial Use	175.5	178.6	178.3	183.5	183.2

NOTE: Totals may not add due to rounding.

Continued on page 12

February Milk Supply and Demand Estimates-cont'd

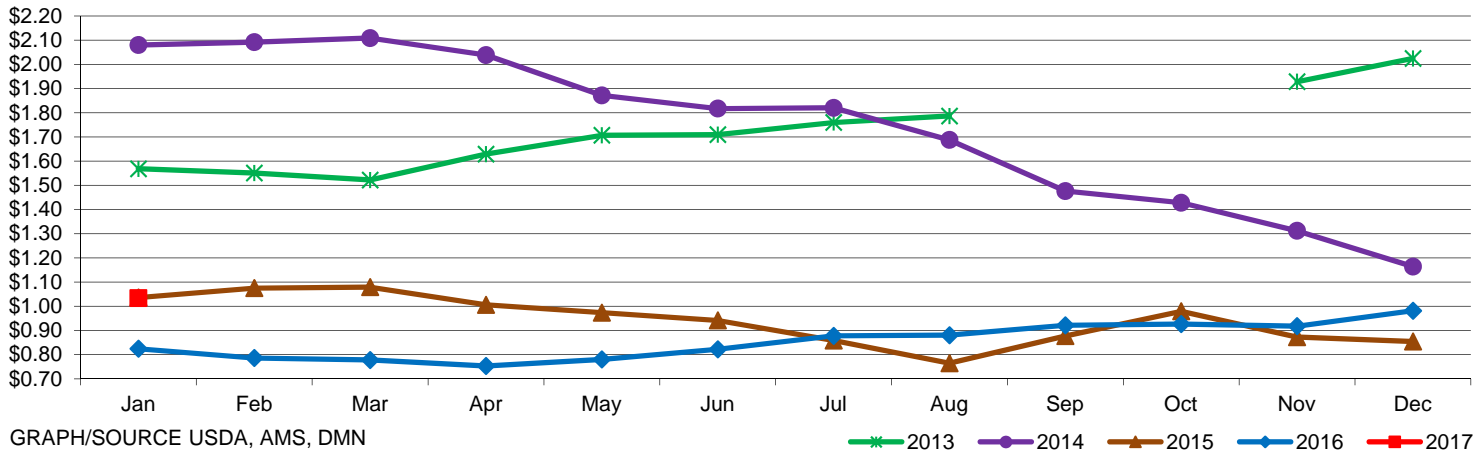
U.S. Dairy Prices						
Commodity	2015	2016 Estimated		2017 Projected		
		Jan	Feb	Jan	Feb	
Product Prices ¹	(dollars per pound)					
	Cheese	1.6454	1.6050	1.6050	1.675-1.755	1.660-1.730
	Butter	2.0670	2.0777	2.0777	2.095-2.205	2.045-2.145
	Nonfat Dry Milk	0.9016	0.8292	0.8292	0.990-1.050	0.990-1.050
	Dry Whey	0.3804	0.2875	0.2875	0.415-0.445	0.455-0.485
Milk Prices ²	(dollars per cwt)					
	Class III	15.80	14.87	14.87	16.35-17.15	16.45-17.15
	Class IV	14.35	13.77	13.77	15.25-16.15	15.10-15.90
	All Milk ³	17.12	16.20	16.24	17.60-18.40	17.70-18.40
	Quarterly					
	2016 IV	2017 I ⁴	2017 II ⁴	2017 III ⁴	2017 IV ⁴	
Milk Production	(billion pounds)					
	52.5	53.9	55.7	53.9	53.9	
All Milk Price ^{2,3}	(dollars per cwt)					
	17.67	18.30-18.60	17.35-17.95	17.40-18.30	17.85-18.85	
	Class III Price ²	16.33	16.65-16.95	16.45-17.05	16.40-17.30	16.35-17.35
Class IV Price ²	14.13	15.65-16.05	14.95-15.65	15.00-16.00	14.75-15.85	

¹ Simple average of monthly prices calculated from AMS weekly average dairy product prices for class price computations. Details may be found by going to <http://www.ams.usda.gov/rules-regulations/mmr/dmr>; scroll down to Publications, National Dairy Products Sales Reports, and select Current Release & Archives.” ² Annual and quarterly Class III and Class IV prices are the simple average of monthly minimum Federal order milk prices paid by regulated plants for milk used in the respective classes. All milk price is the simple average of monthly prices received by farmers for milk at average test. ³ Does not reflect any deductions from producers as authorized by legislation. ⁴ Projection.

Source: U.S. Department of Agriculture. World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates*, WASDE-562, February 9, 2017. Approved by the Interagency Commodity Estimates Committee [members for Dairy are: Shayle Shagam, Chairperson, WAOB; Carolyn Liebrand, AMS; Paul Kiendl, FAS; Jerry Cessna, ERS; and Milton Madison, FSA].

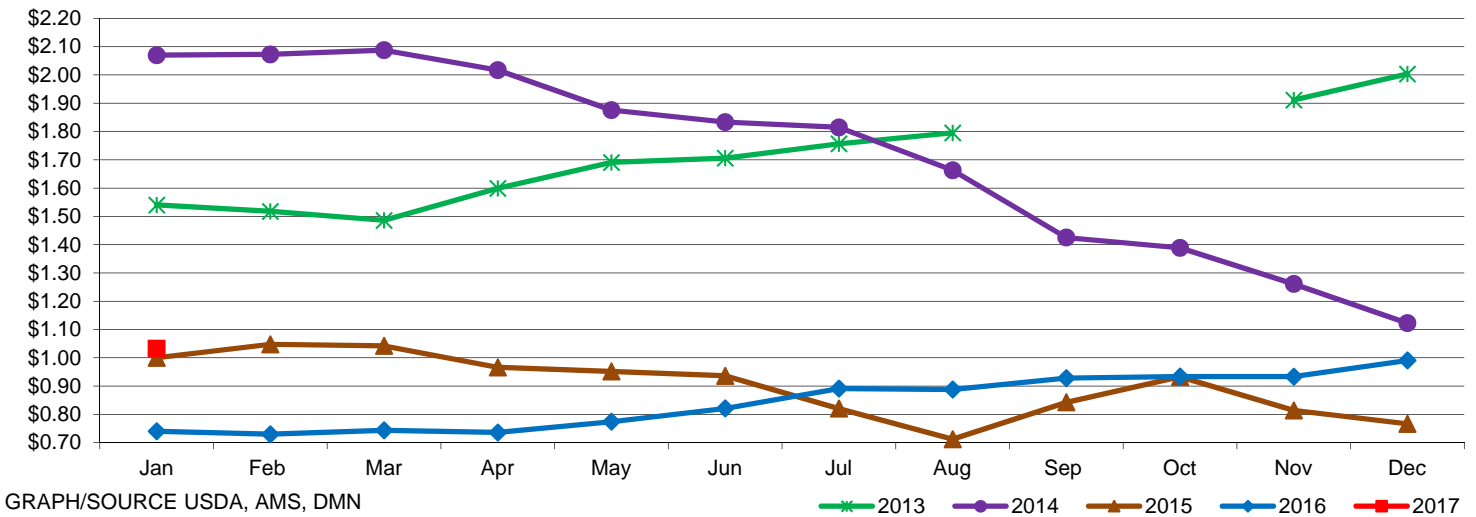
Central & East Low/Medium Heat Nonfat Dry Milk Monthly Average Mostly Prices

PER POUND



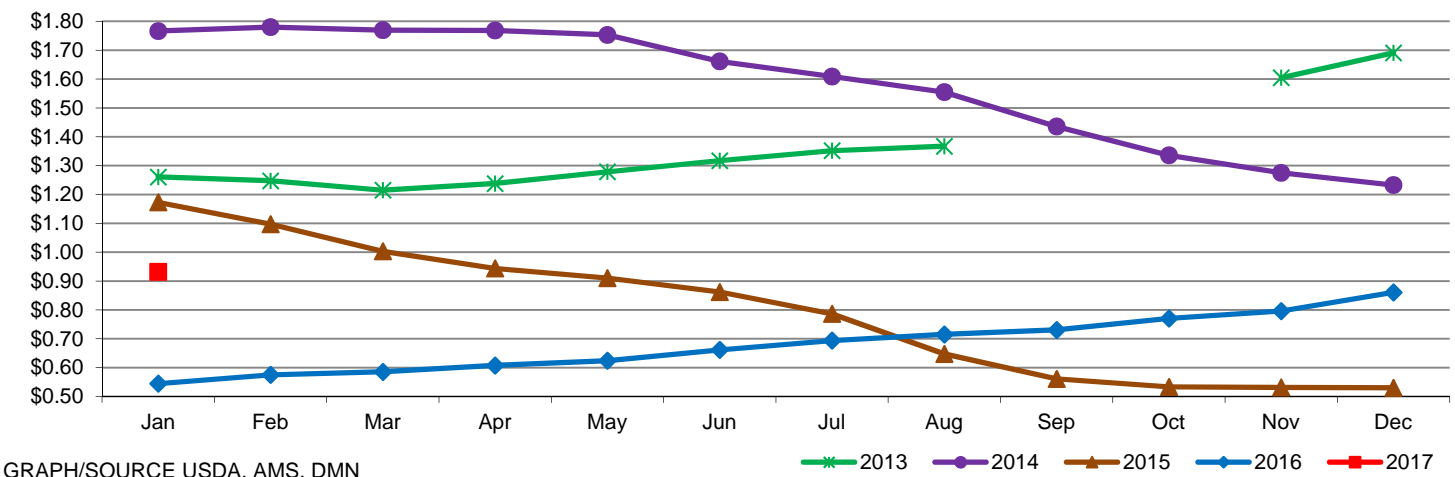
Western Low/Medium Heat Nonfat Dry Milk Monthly Average Mostly Prices

PER POUND



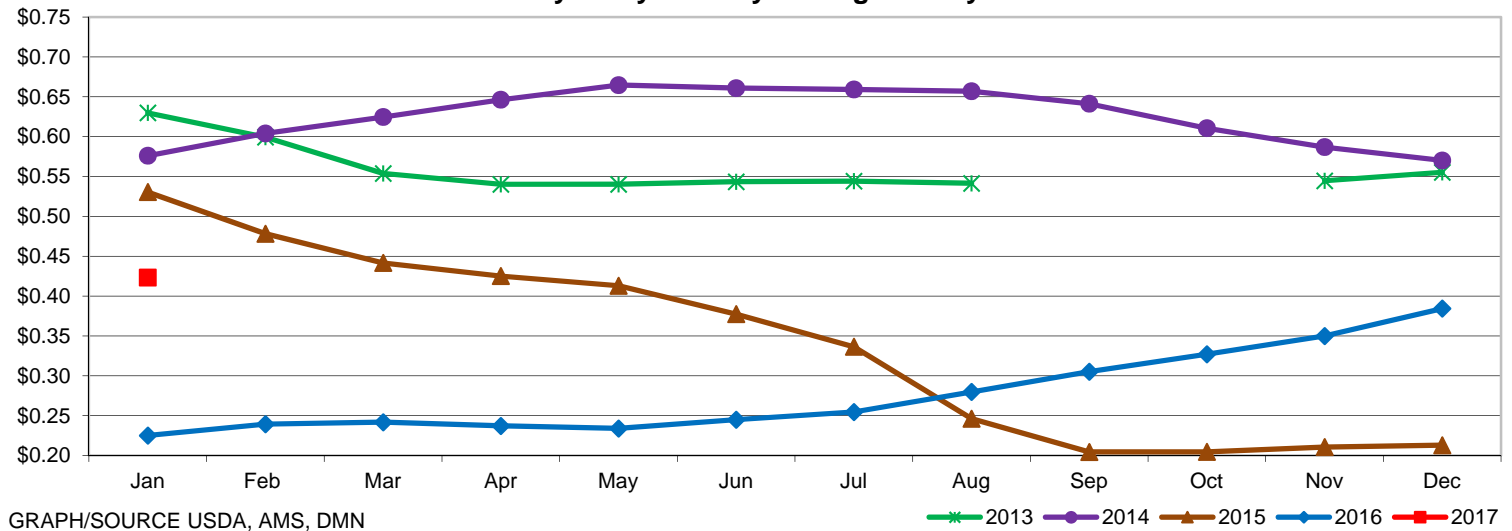
Central & West Dry WPC 34% Monthly Average Mostly Prices

PER POUND



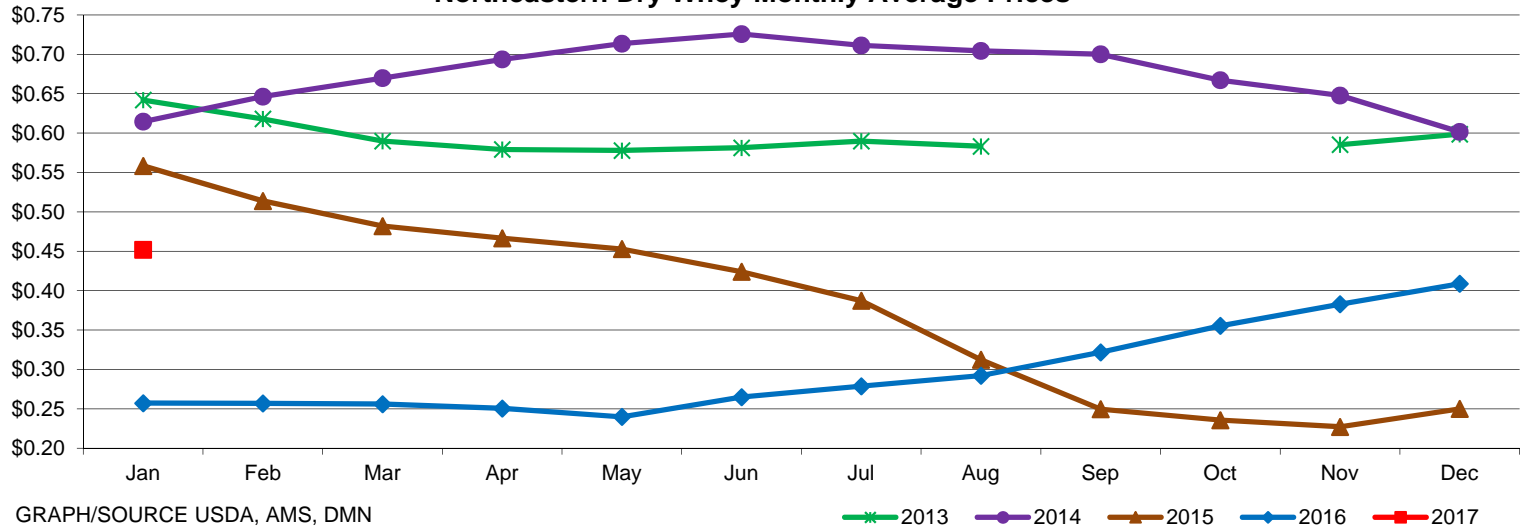
PER POUND

Central Dry Whey Monthly Average Mostly Prices



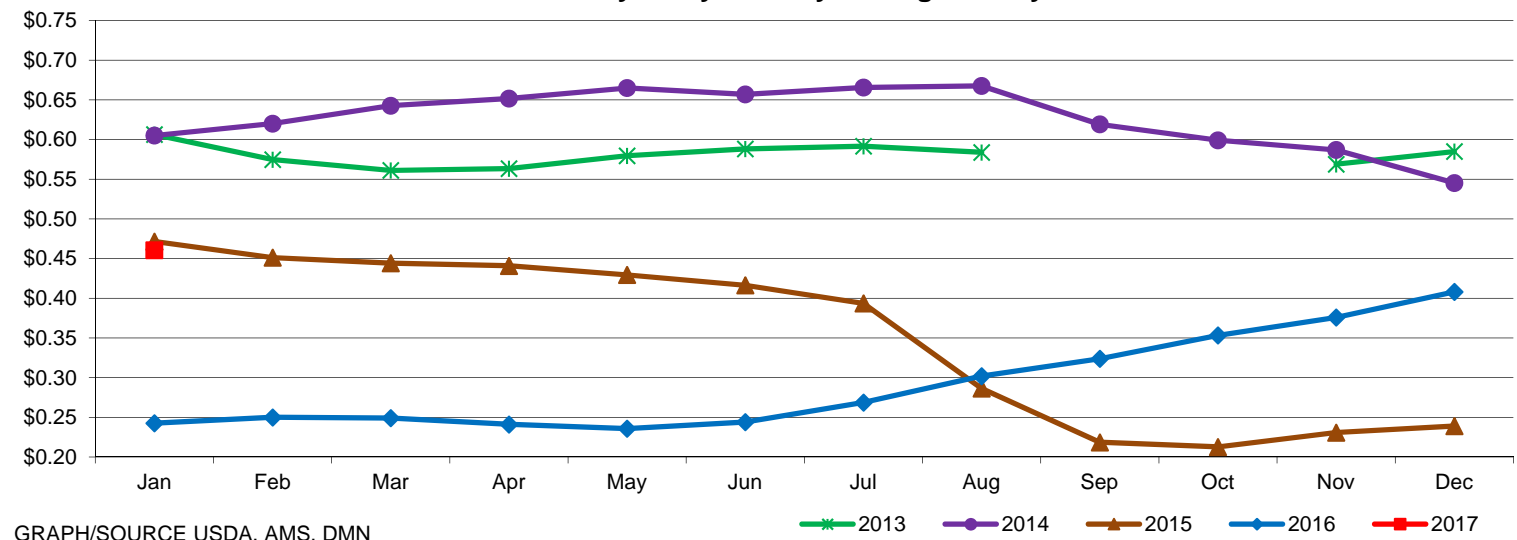
PER POUND

Northeastern Dry Whey Monthly Average Prices

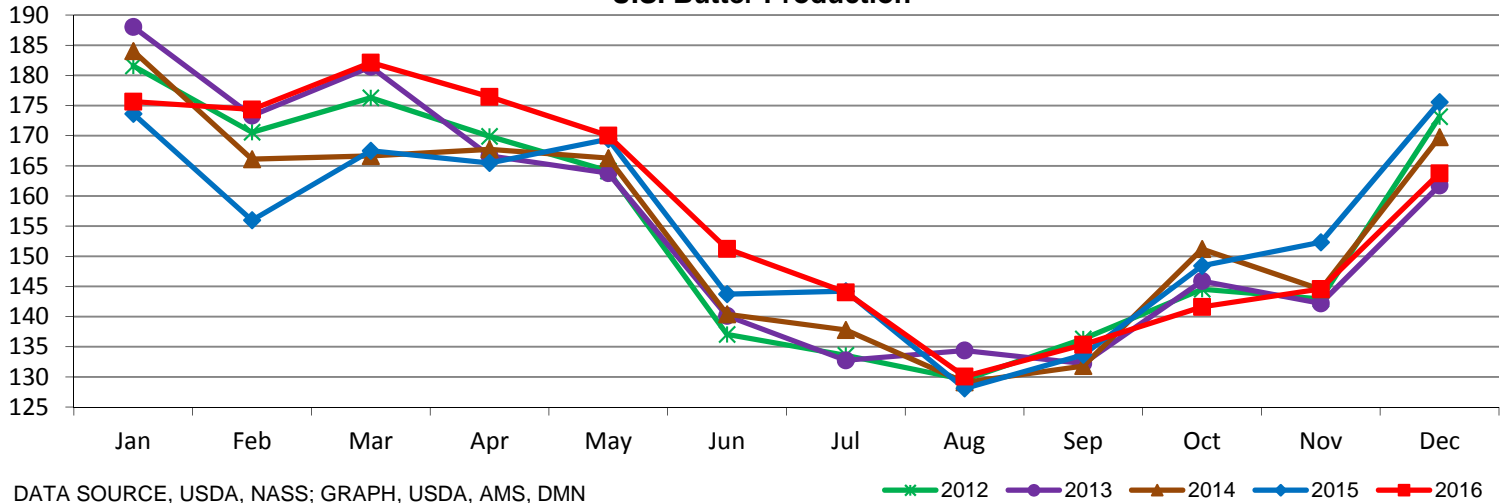


PER POUND

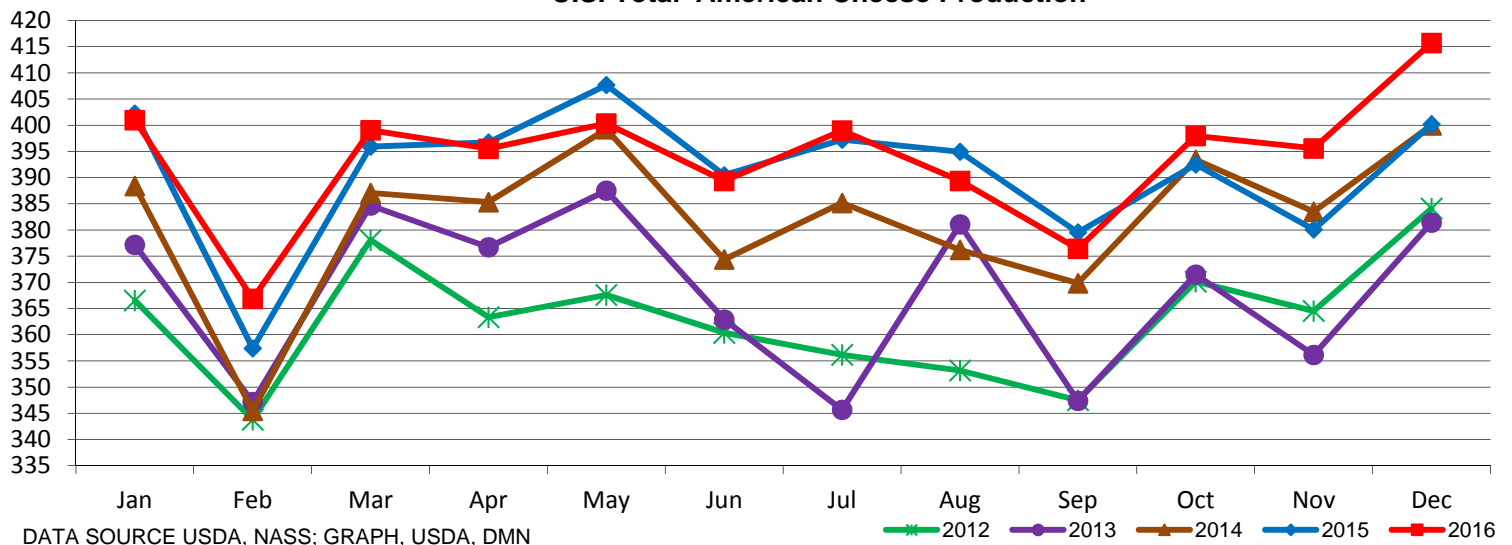
Western Dry Whey Monthly Average Mostly Prices



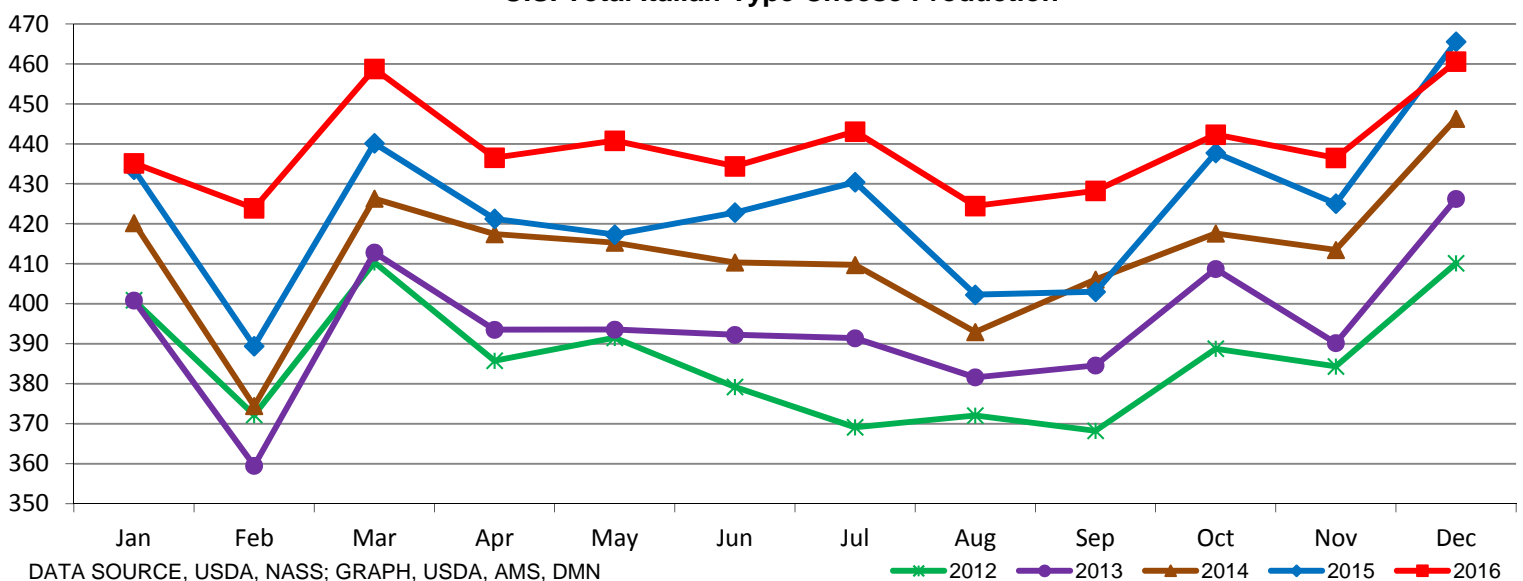
MILLION POUNDS

U.S. Butter Production

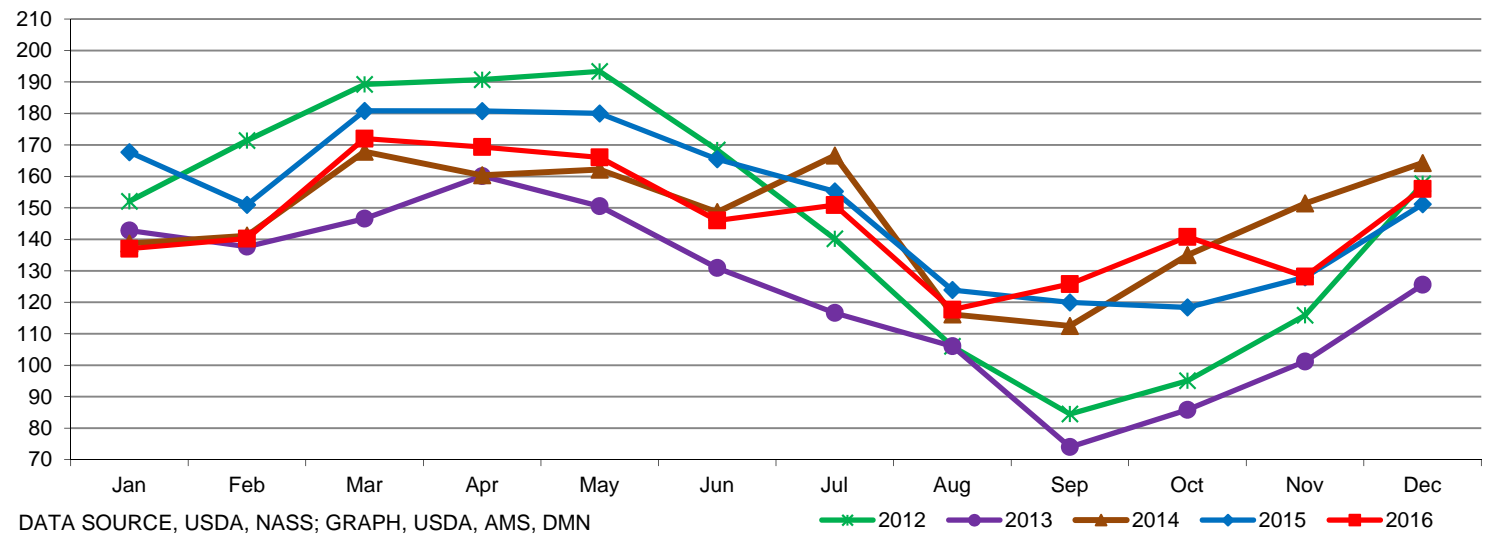
MILLION POUNDS

U.S. Total American Cheese Production

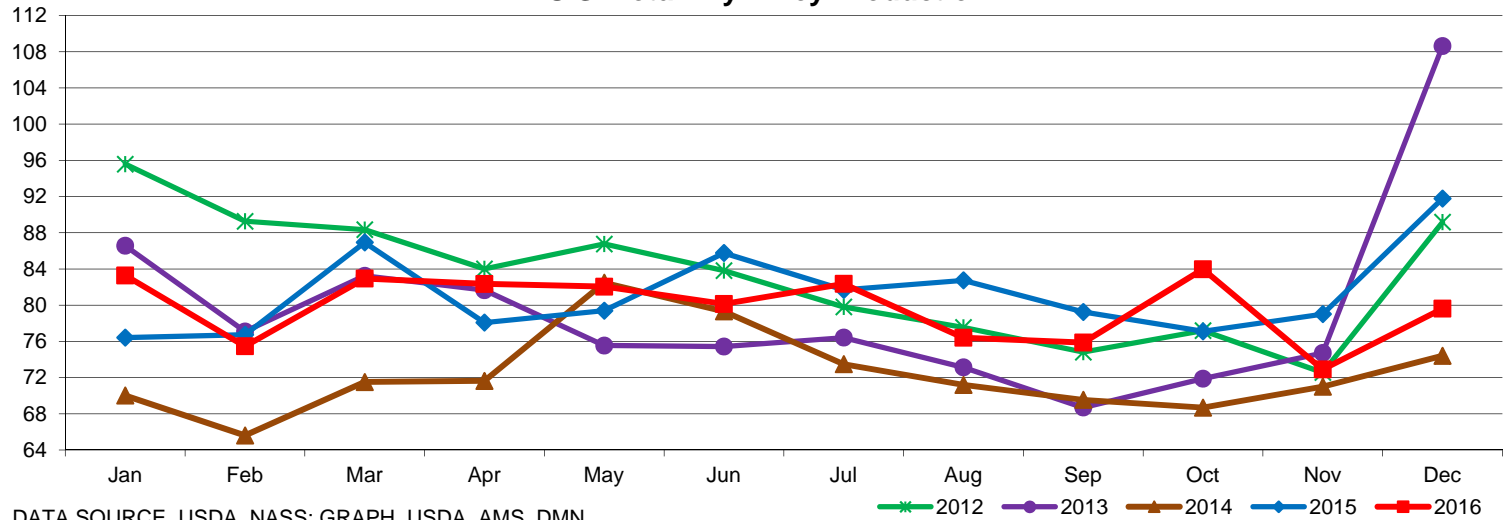
MILLION POUNDS

U.S. Total Italian-Type Cheese Production

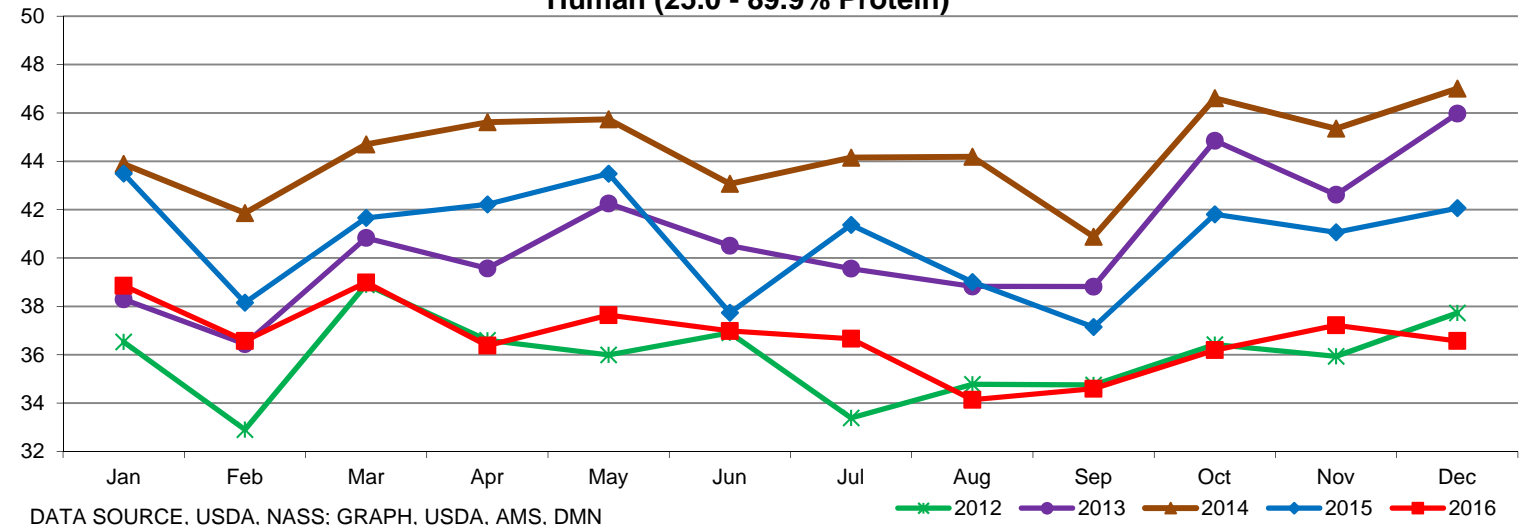
MILLION POUNDS

U.S. Nonfat Dry Milk (NDM) Production, Human

MILLION POUNDS

U.S. Total Dry Whey Production

MILLION POUNDS

U.S. Whey Protein Concentrate Production, Human (25.0 - 89.9% Protein)



Dairy Market News Branch

Agricultural
Marketing
Service

National Retail Report-Dairy

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

Volume 84- Number 6

Issued Weekly

Friday, February 10, 2017

Advertised Prices for Dairy Products at Major Retail Supermarket Outlets ending during the period of 02/10/2017 to 02/16/2017

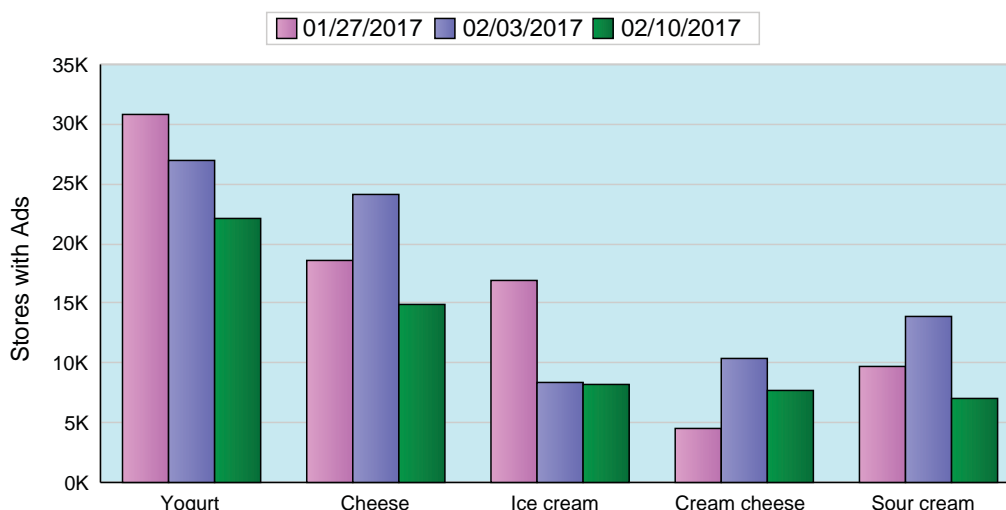
This week, total conventional dairy advertisement numbers decreased 22%, and organic dairy ads decreased 37%. Among the larger percentage changes in advertisement numbers this week for dairy products, 1 pound conventional butter ad numbers increased 92%, however the weighted average advertised price decreased to \$3.04. Conventional 8 ounce cream cheese advertisements decreased 28%, but the average price increased to \$1.94. Sour cream 16 ounce conventional ads decreased 52%, although the average price increased to \$1.72.

The collective number of conventional cheese ads decreased 35% while there were no organic cheese ads this week. The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$3.72. Ads for conventional 8 ounce shred cheese averaged \$2.36.

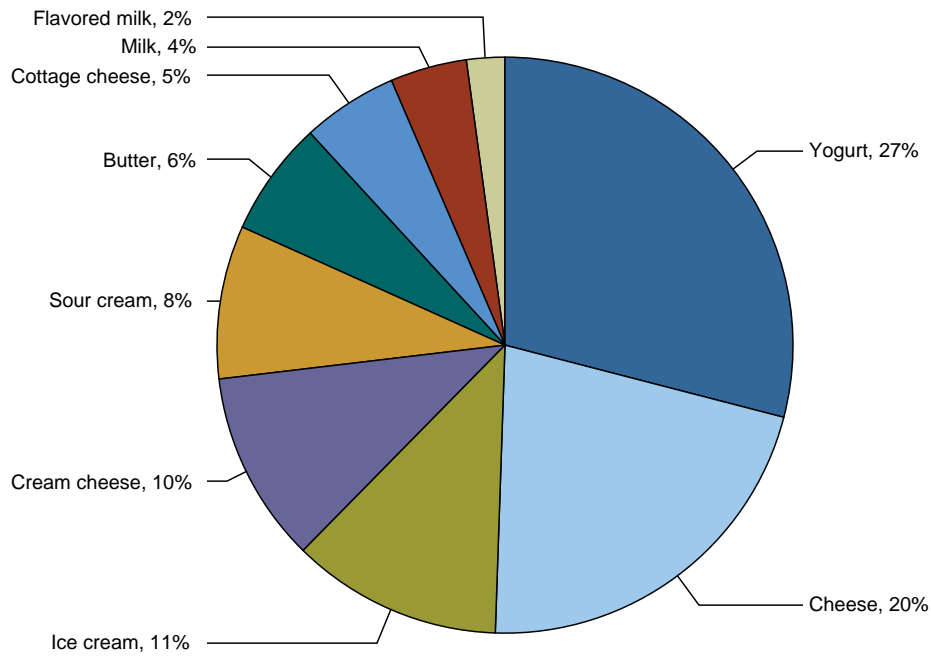
Conventional yogurt ad numbers decreased 14%, and organic yogurt ad numbers decreased 42%. The average sale price for 4-6 ounce conventional yogurt is \$0.53, while 4-6 ounce organic yogurt averaged \$1.00, an organic price premium of \$0.47. The average advertised price for 4-6 ounce conventional Greek yogurt is \$0.99, while 4-6 ounce organic Greek yogurt is \$1.00, an organic price premium of \$0.01.

Organic milk advertisement ad numbers decreased 21%, while ad numbers for conventional milk increased 34%. The weighted average price for organic half gallon milk is \$3.84. For a conventional half gallon of milk, the average price is \$2.42, an organic price premium of \$1.42.

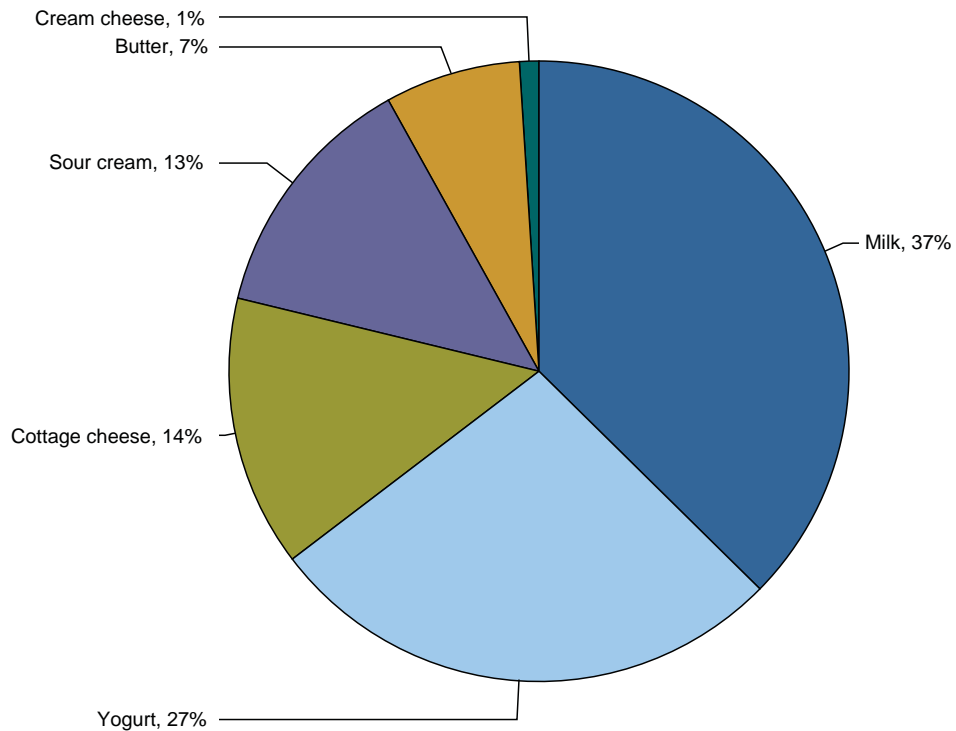
Top 5 Commodities Featured



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 #	4457	3.04	2321	3.64	4024	3.29
Cheese	Natural Varieties	8 oz block	6376	2.26	9072	2.15	8909	2.22
Cheese	Natural Varieties	1 # block	1360	3.72	1287	3.58	3777	3.95
Cheese	Natural Varieties	2 # block	383	6.59	886	5.64	190	6.04
Cheese	Natural Varieties	8 oz shred	5467	2.36	9777	2.23	7807	2.22
Cheese	Natural Varieties	1 # shred	1274	3.76	1756	3.52	3073	3.83
Cottage cheese		16 oz	3382	1.88	5770	1.81	3568	1.83
Cream cheese		8 oz	7553	1.94	10449	1.76	4863	1.96
Flavored milk	All fat tests	half gallon	1318	2.06	850	2.39	1058	1.71
Flavored milk	All fat tests	gallon	525	3.20	548	3.47	413	2.84
Ice cream		48-64oz	8147	3.08	8158	2.95	11134	3.03
Milk	All fat tests	half gallon	686	2.42	273	2.14	296	1.06
Milk	All fat tests	gallon	2156	2.85	1853	2.68	1640	2.33
Sour cream		16 oz	5929	1.72	12299	1.65	6187	1.72
Yogurt	Greek	4-6 oz	9198	.99	9598	.98	13330	.92
Yogurt	Greek	32 oz	959	4.52	1912	3.74	913	4.43
Yogurt	Yogurt	4-6 oz	5618	.53	6990	.51	4862	.49
Yogurt	Yogurt	32 oz	3902	2.22	4491	2.44	1579	2.76

REGIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	2.50-3.99	706	3.19	2.99-3.00	1951	2.99	2.50-2.99	435	2.65
Cheese	Natural Varieties	8 oz block	1.33-2.50	1564	2.05	1.66-3.50	2079	2.52	1.50-2.50	1423	1.98
Cheese	Natural Varieties	1 # block	2.99-3.00	168	3.00	3.00	61	3.00	2.99-4.99	582	3.93
Cheese	Natural Varieties	8 oz shred	1.99-3.00	1370	2.35	1.66-2.50	1690	2.32	1.88-2.50	837	2.03
Cheese	Natural Varieties	1 # shred	3.49	221	3.49				2.99-4.99	567	3.96
Cottage cheese		16 oz	1.89-2.50	1017	2.15	2.00	1086	2.00	1.00-1.98	840	1.38
Cream cheese		8 oz	1.49-2.89	2144	1.90	1.50-2.00	2483	1.86	1.00-2.49	1629	1.65
Flavored milk	All fat tests	half gallon	2.00-2.50	680	2.21	2.50	61	2.50	1.48-2.00	508	1.61
Flavored milk	All fat tests	gallon				4.99	84	4.99			
Ice cream		48-64oz	1.99-3.99	2147	2.84	1.99-3.00	2248	2.41	1.99-3.99	1708	3.18
Milk	All fat tests	half gallon	2.00-2.99	617	2.35						
Milk	All fat tests	gallon	3.00-3.79	334	3.60	3.99	214	3.99	1.58-2.50	271	1.76
Sour cream		16 oz	0.98-3.00	1981	1.77	1.25-2.00	1515	1.88	1.00-1.89	1345	1.42
Yogurt	Greek	4-6 oz	0.80-1.00	2233	.96	1.00-1.25	2599	1.02	0.80-1.00	1485	.97
Yogurt	Greek	32 oz	3.99-4.99	597	4.57						
Yogurt	Yogurt	4-6 oz	0.39-0.70	2404	.52	0.50-0.70	1686	.62	0.33-0.60	1168	.42
Yogurt	Yogurt	32 oz	2.18-4.69	554	2.62	2.00-2.68	2364	2.14			

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	3.00-3.49	135	3.29	2.50-3.49	567	2.97	2.50-3.99	596	3.09
Cheese	Natural Varieties	8 oz block	1.99-2.99	447	2.31	1.99-3.00	493	2.63	1.99-2.50	312	2.11
Cheese	Natural Varieties	1 # block	3.50	141	3.50	3.50-4.99	273	3.84	3.99	135	3.99
Cheese	Natural Varieties	2 # block				6.99	116	6.99	4.99-7.99	235	6.22
Cheese	Natural Varieties	8 oz shred	1.98-3.49	420	2.88	1.99-3.99	422	2.83	1.67-2.50	619	2.19
Cheese	Natural Varieties	1 # shred	3.50	141	3.50	3.50	210	3.50	3.99	135	3.99
Cottage cheese		16 oz	1.25-2.00	306	1.65	2.00	63	2.00	2.99	61	2.99
Cream cheese		8 oz	2.00-2.99	392	2.67	2.49-2.69	451	2.60	1.99-2.49	430	2.21
Flavored milk	All fat tests	half gallon							3.59	69	3.59
Flavored milk	All fat tests	gallon	2.29-3.99	195	2.76	1.99	120	1.99	3.99	105	3.99
Ice cream		48-64oz	3.00-5.00	544	4.12	2.79-4.99	1123	3.90	3.99-4.49	248	4.12
Milk	All fat tests	half gallon							2.99	69	2.99
Milk	All fat tests	gallon	2.29-3.59	470	3.03	1.99-2.99	576	2.38	1.89-3.49	243	2.56
Sour cream		16 oz	1.25-2.29	580	1.71	1.19-2.00	220	1.82	0.99-2.00	199	1.65
Yogurt	Greek	4-6 oz	0.88-1.29	891	1.02	0.89-1.25	1286	1.00	0.88-1.00	632	.95
Yogurt	Greek	32 oz	5.69	141	5.69	2.99	50	2.99	3.50-3.99	166	3.81
Yogurt	Yogurt	4-6 oz	0.50	62	.50	0.50-0.69	200	.56	0.50	61	.50
Yogurt	Yogurt	32 oz	2.18	973	2.18						

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 #				4.29-5.99	67	5.08
Cheese	Natural Varieties	8 oz block				2.69-3.00	58	2.87
Cheese	Natural Varieties	2 # block	6.98-7.99	5	7.38	7.99	27	7.99
Cheese	Natural Varieties	8 oz shred	1.66-3.50	51	3.22	2.69-3.00	58	2.87
Cottage cheese		16 oz	2.19-2.98	9	2.45			
Cream cheese		8 oz				2.00	24	2.00
Flavored milk	All fat tests	gallon	2.99	21	2.99			
Ice cream		48-64oz	3.50-3.99	38	3.69	3.00-4.79	91	4.13
Milk	All fat tests	gallon	2.99	21	2.99	4.99	27	4.99
Sour cream		16 oz	1.98-2.19	11	2.10	2.00-2.99	78	2.51
Yogurt	Greek	4-6 oz	1.00-1.25	31	1.07	1.00-1.50	41	1.31
Yogurt	Greek	32 oz	3.50-4.48	5	4.09			
Yogurt	Yogurt	4-6 oz	0.50-0.70	13	.53	0.69	24	.69
Yogurt	Yogurt	32 oz	2.97	8	2.97	3.50	3	3.50

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 #	574	5.17	440	4.93	121	4.99
Cheese	Natural Varieties	8 oz block			450	3.99	126	4.84
Cheese	Natural Varieties	8 oz shred			960	3.64	183	3.99
Cottage cheese		16 oz	1188	3.49	1486	3.48		
Cream cheese		8 oz	105	2.50				
Ice cream		48-64oz			289	4.99		
Milk	All fat tests	half gallon	1686	3.84	3662	3.49	2150	3.71
Milk	All fat tests	gallon	1368	4.94	180	5.99	242	6.98
Milk	All fat tests	8 oz UHT					292	1.00
Sour cream		16 oz	1083	2.49	1585	2.75	167	2.99
Yogurt	Greek	4-6 oz	1665	1.00	2224	1.02	206	1.25
Yogurt	Greek	32 oz	105	5.99	105	3.79	105	4.49
Yogurt	Yogurt	4-6 oz	304	1.00	264	1.25	182	.99
Yogurt	Yogurt	32 oz	69	5.00	1226	3.83	300	3.52

REGIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	4.69-5.79	220	4.99				4.99	180	4.99
Cottage cheese		16 oz				3.49	1083	3.49			
Milk	All fat tests	half gallon	3.99-4.99	257	4.42	2.99-4.99	274	3.68	2.99	348	2.99
Milk	All fat tests	gallon				4.99	1083	4.99			
Sour cream		16 oz				2.49	1083	2.49			
Yogurt	Greek	4-6 oz				1.00	1317	1.00	1.00	348	1.00
Yogurt	Yogurt	4-6 oz	1.00	304	1.00						

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #							5.00-5.99	174	5.60
Cottage cheese		16 oz							3.49	105	3.49
Cream cheese		8 oz							2.50	105	2.50
Milk	All fat tests	half gallon	3.49-3.99	206	3.69	3.50-4.69	358	4.30	3.69-4.49	243	4.09
Milk	All fat tests	gallon				3.99-5.99	285	4.74			

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Yogurt	Greek	32 oz							5.99	105	5.99
Yogurt	Yogurt	32 oz							5.00	69	5.00

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 6

February 10, 2017

GENERAL NUMBER

(608)422-8587

Elizabeth Frederick

(608) 422 -8587

Elizabeth.Frederick@AMS.USDA.GOV

EAST

Daniel Johnson

(608) 422-8605

Daniel.Johnson@AMS.USDA.GOV

Jessica Mueller

(608) 422-8589

Jessica.Mueller@AMS.USDA.GOV

CENTRAL

Janet Linder

(608) 422-8588

Janet.Linder@AMS.USDA.GOV

Israel Weber

(608) 422-8601

Israel.Weber@AMS.USDA.GOV

SOUTHWEST/SOUTH AMERICA

Angel Terán

(608) 422-8593

Angel.Terán@AMS.USDA.GOV

Florence Kone-Gonzalez

(608) 422-8594

Florence.KoneGonzalez@AMS.USDA.GOV

NORTHWEST/MOUNTAIN

Mike Bandli

(608) 422-8592

Mike.Bandli@AMS.USDA.GOV

ORGANIC/EUROPE & OCEANIA

Eric Graf

(608) 422-8590

Eric.Graf@AMS.USDA.GOV

ACTING NATIONAL SUPERVISOR

Janet Linder

(608) 422-8588

Janet.Linder@AMS.USDA.GOV

INTERNET ADDRESS

www.ams.usda.gov/market-news/dairy

MARKET NEWS PORTAL

www.marketnews.usda.gov/mnp/da-home

RECORDED INFORMATION SYSTEM

(608) 422-8602

FAX

(608) 240-6689

USDA, Dairy Market News
4600 American Parkway, STE 106
Madison, WI 53718-8334