

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (3/10)**

**BUTTER:** Grade AA closed at \$2.1625. The weekly average for Grade AA is \$2.1675. (-.0120).

**CHEESE:** Barrels closed at \$1.4000 and 40# blocks at \$1.3850. The weekly average for barrels is \$1.4235 (-.0525) and blocks, \$1.4325 (-.0740).

**NONFAT DRY MILK:** Grade A closed at \$.8100. The weekly average for Grade A is \$.8070 (-.0015).

**BUTTER HIGHLIGHTS:** Cream volumes are ample for all Classes, including butter churning. At this point, butter production is heavy. With lower cream values and higher butter spot prices, processors are motivated to send cream to churns. To cover upcoming spring/summer needs, bulk butter supplies are building in most plants. Print sales to retailers are improving for the upcoming spring celebrations. This week, bulk butter pricing, across the country, is 3 cents below to 7 cents above, based on the CME Group with various periods and averages used. The CME Group monthly average price for Grade AA butter during January 2017 was \$2.1534, compared to \$2.0840 a year ago. According to NASS, U.S. butter production for January 2017, totals 177.8 million pounds, up 1.2% from last year and up 8.5% from December 2016. The Foreign Agricultural Service (FAS) reports January 2017 U.S. exports of butter and milkfat totaled 50.0 million pounds, a 3% increase from a year ago. Friday's CME Group cash trading saw Grade AA butter close at \$2.1625, even with a week ago.

**CHEESE HIGHLIGHTS:** The flow of milk into cheese vats continues across the nation. Some Northeastern cheese manufacturers are at full production schedules in order to contend with abundant milk supplies. Midwest and West production is also active, keeping pace with milk intakes. Demand reports are mixed by location. Buying activity is trending upward in the Northeast. Pizza cheese producers in the Midwest are seeing steadiness in demand, while some process cheesemakers report a seasonal lull. Western demand is slow to recover after the Super Bowl rush. Cheese inventories, both process and block, are long in all regions. Cheese prices on the CME continue to descend. Dairy Products (NASS) reports total U.S. cheese production, for January 2017, was 1.040 billion pounds, 3.7 percent above January 2016. The Foreign Agricultural Service (FAS) reports that January 2017 U.S. cheese and curd exports totaled 50.0 million pounds, a 3.0 percent increase from January 2016. In CME Group

trading Friday, barrels closed at \$1.4000, down \$0.0375 from last Friday. Blocks closed at \$1.3850, down \$0.0950 from last Friday.

**FLUID MILK:** Farm milk production continues to trend higher throughout the United States. Most regions are generating higher volumes of milk that they struggle to utilize. In Mid-Atlantic, some plant managers say that milk receipts are so abundant that it gives the feel of May. In the Midwest region, some contacts believe that milk output will exponentially increase from mid-March through May. Arizona milk volumes are expected to reach their flush levels within the next three weeks. Milk yields are so high in New Mexico that farmers are selling some milk to calf farms and looking for spot sale prospects to avoid discarding their milk. Class I sales are steady to slow in the East, slow in the Midwest, and mixed in the West. In the Midwest, spot milk prices into Class III range from \$1.50 to \$4.00 under Class, and some contacts note offers of spot milk as low as \$6 under Class III. Cream provisions are currently abundant across all the regions. In some areas, processors are overflowed with cream and are desperately looking for buyers. At the same time, in the Midwestern region, manufacturers are churning their cream into bulk butter to avoid selling it at discounted prices in the spot market. Cream multiples range from flat to 1.30 in the East, 1.04-1.16 in the Midwest, and 0.98-1.20 in the West.

**DRY PRODUCTS:** The United States prices for low/med nonfat dry milk (NDM) are steady to lower in the price series this week. In the Central, price adjustments are based on spot sales and pricing indices. International demand has quieted. Producers are trying to move older low/med NDM inventories before the spring flush hits. The market undertone is steady to weaker. High heat NDM prices are steady Central and East while lower in the West this week. In the Midwest, high heat NDM production is light and it increased slightly in the West. Inventories in the East are tight, and are sufficient for fulfilling customers' orders in the West. Buttermilk prices are unchanged in all regions. Production is limited due to the attention towards drying large amounts of condensed skim volumes. The market tone is fair to unsettled. National dry whole milk prices are unchanged. Milk drying schedules in the U.S are steady, and expected to increase. Inventories are sufficient to meet contractual needs. Dry whey prices are steady to lower this week. Production is steady, but demand is

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**CME GROUP CASH TRADING**

COMMODITY	MONDAY MAR 06	TUESDAY MAR 07	WEDNESDAY MAR 08	THURSDAY MAR 09	FRIDAY MAR 10	:: WEEKLY CHANGE *	:: WEEKLY AVERAGE #
<b>CHEESE</b>							
BARRELS	\$1.4375 (N.C.)	\$1.4300 (-.0075)	\$1.4500 (+.0200)	\$1.4000 (-.0500)	\$1.4000 (N.C.)	:: (-.0375)	:: \$1.4235 (-.0525)
40# BLOCKS	\$1.4800 (N.C.)	\$1.4600 (-.0200)	\$1.4400 (-.0200)	\$1.3975 (-.0425)	\$1.3850 (-.0125)	:: (-.0950)	:: \$1.4325 (-.0740)
<b>NONFAT DRY MILK</b>							
GRADE A	\$.8050 (N.C.)	\$.8000 (-.0050)	\$.8100 (+.0100)	\$.8100 (N.C.)	\$.8100 (N.C.)	:: (+.0050)	:: \$.8070 (-.0015)
<b>BUTTER</b>							
GRADE AA	\$2.1475 (-.0150)	\$2.1675 (+.0200)	\$2.1975 (+.0300)	\$2.1625 (-.0350)	\$2.1625 (N.C.)	:: (N.C.)	:: \$2.1675 (-.0120)

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](http://WWW.AMS.USDA.GOV/MARKET-NEWS/DAIRY)

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

trending lower in the West. Inventories appear to be tight in the Northeast and Central, but are suitable for contract needs. In the West, inventories have grown. The market tone sees some stability in the West, with some uncertainty in the Northeast. The whey protein concentrate 34% (WPC 34%) price range widened, but the mostly price series is unchanged. Market participants report customers who are dependent on WPC 34% with tight specifications are willing to pay premiums. Production is steady. Lactose prices held steady. Domestic end users are providing good demand. Inventories are tight to well balanced and the market tone is stable. National rennet casein prices widened, while prices for acid casein strengthened. There is uncertainty about European milk supply and availability for rennet casein manufacturing, an uncertainty affecting rennet casein pricing.

**ORGANIC DAIRY MARKET NEWS (DMN):** AMS reports January 2017 total organic milk products sales at 228 million pounds, up 4.7% from the previous year. January organic whole milk sales are 87 million pounds, up 12.5% from January last year. This week, the volume of organic dairy ads for surveyed retail outlets are unchanged from the previous period. Organic milk accounts for 62% of organic dairy retail ad numbers by commodity, up 27% when compared to the last period. Organic yogurt ads declined 22%, while accounting for 18% of organic retail ads this period. For each of the remaining organic dairy commodities considered, percentages can be seen in the pie chart below.

**JANUARY MILK SALES (FMMO & CDFA):** During January, 4.3 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.8 percent lower than January 2016. Estimated sales of total conventional fluid milk products decreased 1.1 percent from January 2016 and estimated sales of total organic fluid milk products increased 4.7 percent from a year earlier.

**MARCH SUPPLY AND DEMAND ESTIMATES (USDA-WAOB):** The 2017 milk production forecast is raised as milk cow numbers are expected to increase more rapidly. However, growth in milk per cow is reduced on January data. Dairy exports on a fat basis for 2017 are unchanged, while skim-solids basis exports are lowered on expected strong competition in international skim milk powder markets. Both fat basis and skim-solids basis imports forecasts are unchanged. Skim-solids basis ending stocks are forecast higher for 2017 on higher production of dairy products and weaker exports. Fat-basis ending stocks are unchanged. Historical milk production and stock estimates reflect recently released revisions. The cheese price forecast for 2017 is reduced as stocks of cheese are high and are expected to pressure prices. The butter price forecast is raised on continued demand strength. The nonfat dry milk price is forecast lower on expectations of slower export growth due to increased competition from global competitors. The whey price forecast is raised reflecting recent market strength. The Class III price is raised as the higher whey price more than outweighs the reduced cheese price. The Class IV price forecast is lowered, reflecting a weaker nonfat dry milk price which more than offsets a higher forecast butter price. The all milk price for 2017 is forecast at \$17.80 to \$18.40 per cwt.

**NATIONAL RETAIL REPORT – DAIRY (DMN):** This week, total conventional dairy advertisements increased 4%, but organic dairy ads were unchanged. Conventional butter ads increased 44%, while organic butter ads saw an 11% increase. The national average price for 1 pound conventional butter is \$3.18, while 1 pound organic butter is \$5.01, representing an organic price premium of \$1.83. Conventional yogurt ads decreased 4%, and organic yogurt ads

decreased 22%. The average sale price for 4-6 ounce conventional Greek yogurt is \$0.97, while 4-6 ounce organic Greek yogurt is \$1.14, an organic price premium of \$0.17. The average sale price for 4-6 ounce conventional yogurt is \$0.50, while 4-6 ounce organic yogurt is \$1.10, an organic price premium of \$0.60. The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.31, while organic 8 ounce blocks averaged \$3.08, an organic premium of \$0.77. Ads for conventional 8 ounce shred cheese averaged \$2.31, while organic 8 ounce shred averaged \$4.06, an organic premium of \$1.75. The collective number of conventional cheese ads decreased 3%. This week, the difference between the weighted average price for organic half gallon milk, \$3.69, and the weighted average price for conventional half gallon milk, \$1.55, resulted in an organic price premium of \$2.14. Organic milk advertisements increased 27%, but ads for conventional milk decreased 19%.

MONDAY, MARCH 6, 2017

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

NONFAT DRY MILK – SALES: NONE; LAST BID UNFILLED: 12 CARS GRADE A: 1 @ \$0.8025, 1 @ \$0.7825, 3 @ \$0.7700, 5 @ \$0.7800, 1 @ \$0.8000, 1 @ \$0.7825; LAST OFFER UNCOVERED: 3 CARS GRADE A: 1 @ \$0.8125, 1 @ \$0.8300, 1 @ \$0.8125

BUTTER – SALES: 4 CARS GRADE AA: 1 @ \$2.1500, 1 @ \$2.1600, 1 @ \$2.1500, 1 @ \$2.1475; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.1400; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.1625

TUESDAY, MARCH 7, 2017

CHEESE – SALES: 16 CARS BARRELS: 8 @ \$1.4300, 2 @ \$1.4350, 1 @ \$1.4325, 5 @ \$1.4300; 1 CAR 40# BLOCKS @ \$1.4600; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4300; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4350; 1 CAR 40# BLOCKS @ \$1.4700

NONFAT DRY MILK – SALES: 8 CARS GRADE A: 1 @ \$0.8000, 3 @ \$0.7975, 1 @ \$0.8000, 1 @ \$0.7975, 1 @ \$0.8025, 1 @ \$0.8000; LAST BID UNFILLED: 7 CARS GRADE A: 1 @ \$0.7950, 2 @ \$0.7725, 3 @ \$0.7700, 1 @ \$0.7975; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$0.9500

BUTTER – SALES: 1 CAR GRADE AA @ \$2.1800; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.1600; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.1675

WEDNESDAY, MARCH 8, 2017

CHEESE – SALES: 7 CARS BARRELS: 1 @ \$1.4300, 1 @ \$1.4200, 1 @ \$1.4100, 1 @ \$1.4450, 2 @ \$1.4400, 1 @ \$1.4500; 3 CARS 40# BLOCKS: 1 @ \$1.4275, 1 @ \$1.4300, 1 @ \$1.4400; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4200; 1 CAR 40# BLOCKS @ \$1.4400; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4600; 1 CAR 40# BLOCKS @ \$1.4500

NONFAT DRY MILK – SALES: NONE; LAST BID UNFILLED: 10 CARS GRADE A: 3 @ \$0.7900, 5 @ \$0.8000, 1 @ \$0.8100, 1 @ \$0.8075; LAST OFFER UNCOVERED: 10 CARS GRADE A: 1 @ \$0.8350, 1 @ \$0.8325, 5 @ \$0.8500, 1 @ \$0.8325, 1 @ \$0.8375, 1 @ \$0.8300

BUTTER – SALES: 1 CAR GRADE AA @ \$2.1975; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.1900; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.2000

THURSDAY, MARCH 9, 2017

CHEESE – SALES: 7 CARS BARRELS: 3 @ \$1.4500, 1 @ \$1.4200, 2 @ \$1.4100, 1 @ \$1.4000; 3 CARS 40# BLOCKS: 1 @ \$1.4375, 1 @ \$1.4050, 1 @ \$1.3975; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.3900; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4300; 1 CAR 40# BLOCKS @ \$1.4000

NONFAT DRY MILK – SALES: NONE; LAST BID UNFILLED: 4 CARS GRADE A: 1 @ \$0.7975, 1 @ \$0.8075, 1 @ \$0.7900, 1 @ \$0.8050; LAST OFFER UNCOVERED: 6 CARS GRADE A @ \$0.8200

BUTTER – SALES: 1 CAR GRADE AA @ \$2.1700; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.1600; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.1625

FRIDAY, MARCH 10, 2017

CHEESE – SALES: 3 CARS BARRELS: 2 @ \$1.3950, 1 @ \$1.4000; 5 CARS 40# BLOCKS: 1 @ \$1.3975, 3 @ \$1.3900, 1 @ \$1.3850; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4100

NONFAT DRY MILK – SALES: 4 CARS GRADE A @ \$0.8100; LAST BID UNFILLED: 7 CARS GRADE A: 1 @ \$0.8075, 1 @ \$0.7900, 3 @ \$0.7800, 1 @ \$0.7950, 1 @ \$0.8025; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$0.8300

BUTTER – SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.1625; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.1900

## BUTTER MARKETS

## NORTHEAST

Churn operations in the East continue to see heavy production volumes. Balancing plants are running 6-7 day churning schedules while cream supplies remain readily available. Inventories are building on strong production of both salted and unsalted butter. Overall, butter sales moving into March are fair to light. Producers are expressing the likelihood of prices strengthening, with the development of spring seasonal interest. Bulk prices for domestic butter sales are 5 to 7 cents over the CME Group, based on various time frames and averages used. The CME Group monthly average price for Grade AA butter during January 2017 was \$2.1534, compared to \$2.0840 a year ago. Tuesday, the CME Group cash trading saw Grade AA butter prices settle at \$2.1675, down \$0.0125 from a week ago closing price. According to the DMN *National Retail Report-Dairy*, for March 3-9, 2017, the Northeast weighted average retail price for 1-pound butter was \$3.36, 32 cents higher than the national average price, and 16 cents higher than last week's national average butter price. Markets in the Northeast region reported butter prices ranging \$2.99-\$4.49. In the Southeast, weighted average butter prices are \$3.29, 25 cents above the national average. Prices ranged \$3.28-\$3.29, in retail markets surveyed. The Foreign Agricultural Service (FAS) reports January 2017 U.S. exports of butter and milkfat totaled 50.0 million pounds, a 3% increase from a year ago.

DAIRY PRODUCTS: According to NASS, U.S. butter production for January 2017, totals 177.8 million pounds, up 1.2% from last year and up 8.5% from December 2016. Cumulative 2017 butter production through January totals 177.8 million pounds, 1.2% above the same period for 2016. January 2017 butter production in the Atlantic region totaled 22.1 million pounds, up 9.6% from last year and up 22.6% from December 2016.

## CENTRAL

Butter producers continue to see plenty of cream available in the Central United States. Cream suppliers are receiving more inquiries from Class II users, even so, butter makers report abundant cream is still finding its way into churns. Butter sales are generally fair to strong. Spring orders have arrived for butter manufacturers and some report that demand is better than expected. The market tone remains steady and CME prices, which averaged \$2.1795 last week, have some butter contacts confident in the near term butter market. Production of butter is active. With current spot market cream prices, butter makers are finding it economically advantageous to send the cream to churns in lieu of selling it. Bulk butter inventories are building. DMN *National Retail Report-Dairy* for March 3-9 noted the national weighted average advertised price for a 1 pound package of butter is \$3.04, \$0.11 below one week ago, but \$0.14 higher than one year ago. The weighted average regional prices in the Midwest and South Central were \$2.19 and \$3.53, respectively. The NASS Dairy Products report noted U.S. butter production during January 2017 in the Central region totaled 75.3 million pounds, 9.2 percent higher than one year ago. Total U.S. butter production during January 2017 was 177.8 million pounds, 1.2 percent higher than last year. The CME Group monthly average price for Grade AA butter during February was \$2.1534, down from January's \$2.2393, but up from \$2.0840 a year ago. According to FAS, January 2017 U.S. butter exports totaled 4.1 million pounds, 28% below last year. Bulk butter prices reported ranged from 1 to 6 cents over the market, with various periods and averages used. Wednesday at the CME Group, Grade AA butter closed at \$2.1975, down \$.0350 from last Wednesday.

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

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
March 4, 2017	2.1560 5,796,665	1.6367 13,189,534	1.6559 13,273,001	.5130 5,162,579	.9267 13,791,677

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

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**WEST**

Western butter makers report steady production as cream is readily available. Manufacturers are focusing mostly on print butter production, but are also working in runs of bulk butter to put into storage. Inventories are generally heavy and growing seasonally. Butter demand is stable. Butter is moving well through existing contracts, but manufacturers say end users are buying only as needed and not buying any extra to put into storage. Bulk butter pricing in the West this week is 3 cents below to 1 cent above, based on the CME Group with various time frames and averages used. The DMN *National Retail Report-Dairy* for the week of March 3-9 found that the U.S. weighted average advertised price of 1 pound butter is \$3.04, down \$.11 from last week. The U.S. weighted average price was \$2.90 one year ago. In the Southwest, the weighted average advertised price of 1 pound butter is \$2.89 with a price range of \$2.50-\$2.99. In the Northwest, the weighted average advertised price of 1 pound butter is \$3.00 with a price range of \$2.50-\$3.99. According to the NASS Dairy Products report, U.S. butter production during January 2017, 177.8 million pounds, was 1.2% higher than January 2016, and 8.5% higher than December 2016. In the West, total January butter production was 80.3 million pounds, 7.2% lower than January 2016, but 1.5% higher than December 2016. California January production was 51.6 million pounds, 2.3% lower than last year, but 2.2% higher than last month. The CME Group February 2017 monthly average price for AA butter, \$2.1534, is up from the January monthly average of \$2.2393. One year ago the CME Group monthly average was \$2.0840. The Grade AA butter price at the CME Group on Wednesday closed at \$2.1975, down \$.0350 from a week ago.

**2017 U.S. Butter and Milkfat Exports (USDA-FAS)**

	2017 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JANUARY	4.1	- 28
1 Canada	2.1	+328
2 Mexico	0.7	- 83
3 Saudi Arabia	0.4	+ 66
4 UAE	0.2	+207
5 South Korea	0.1	+123

## CHEESE MARKETS

## NORTHEAST

Northeast cheese makers continue to have ample milk available for moderate to heavy cheese output. Some cheddar plants are operating 7 day schedules as aging program volumes increase. Interest is still moderate for mozzarella. Food service orders are mostly steady. In general, cheese-buying activity is increasing, to refill pipeline stocks, as prices trend lower. The cheese market undertone is soft. This week, a cooperative export assistance program accepted requests for export assistance to sell 4.616 million pounds (2,094 metric tons) of cheese. At the CME Group, barrel cheese weekly averages dropped \$0.0800 and block weekly averages adjusted lower \$0.0375, in a weak market. As a result, East wholesale cheese prices for blocks and Muenster moved lower again. However, the Grade A Swiss price added \$0.0700 following release of the Announcement of Class and Component Prices. The DMN Northeast February 2017 monthly average price for cheddar blocks is \$2.2547, compared to \$2.0296 one year ago. Processed 5# sliced average price is \$1.9757, compared to \$1.8920 one year ago. The CME Group February 2017 monthly average price for barrels was \$1.6230, compared to \$1.4573 a year ago; blocks' average price was \$1.6199, up from \$1.4744 a year ago. Tuesday's CME Group daily cash prices saw barrels close at \$1.4300, down \$0.0950 from a week ago; blocks closed at \$1.4600, down \$0.0875 from a week ago. The DMN *National Retail Report-Dairy*, for March 3-9, 2017, noted the Northeast weighted average advertised price for 8 oz. cheese blocks was \$2.22, 7 cents above the national average, with a regional price range of \$1.77-\$3.50. The Southeast 8 oz. block average price was \$2.15, the same price as the national average, with a regional price range of \$1.79-\$3.00. The Northeast average advertised price for 8 oz. cheese shreds was \$2.42, 21 cents above the national average price, with a regional price range of \$1.99-\$3.00. In the Southeast, the average price for 8 oz. shreds was \$2.12, 9 cents below the national average, with prices ranging \$1.88-\$2.99.

DAIRY PRODUCTS: According to NASS, U.S. total cheese production in January 2017 was 1.04 billion pounds, 3.7% higher than a year ago, but 1.2% lower the previous month. In the Atlantic region, total cheese production was 136.6 million pounds, 8.8% higher than a year ago and 3.9% higher than the previous month. The total cheese production and percentage changes from one year ago for individual Eastern states are, New York 77.1 million pounds, +11.6%; Pennsylvania 35.8 million pounds, +7.0%; Vermont 12.0 million pounds, +8.9%, and New Jersey 4.2 million pounds, -17.7%. The Foreign Agricultural Service (FAS) reports that January 2017 U.S. cheese and curd exports totaled 50.0 million pounds, a 3% increase over the previous year.

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

Cheddar 40# Block	:	1.9675-2.2525
Process 5# Sliced	:	1.6100-2.0900
Muenster	:	1.9525-2.3025
Grade A Swiss Cuts 10 - 14#	:	3.3800-3.7025

## MIDWEST

Midwestern cheesemakers report the flow of milk into cheese vats is not slowing down. Spot milk offers continue to come in, at discounted prices, but most cheese contacts are not taking extra milk at this time. Cheese production remains active, keeping pace with increasing contractual milk usage. Demand reports are mixed. Some mozzarella and other pizza cheese producers are seeing steadily growing sales, although the uptick is later in the season than usual. However, some process and

cheddar producers are reporting slower sales and say buyers are waiting to see if cheese prices continue downward. CME cheese prices slipped early in the week, but continue to maintain a block to barrel price margin that cheese contacts find comfortable. Cheese inventories, both barrel and block, are long. In CME Group trading Wednesday, barrels closed at \$1.4500, down \$.0150 from last Wednesday and blocks closed at \$1.4400, down \$.0500 from last Wednesday. The DMN *National Retail Report-Dairy* shows that March 3-9 Midwest ads for 8 ounce shred cheese have a weighted average advertised price of \$1.99, 22 cents below the national average. Midwest prices range from \$1.49-\$2.79. One year ago, the national price was \$2.28. For 8 ounce blocks, the Midwest average price is \$1.99, 16 cents below the national average price. Midwest ads are priced from \$1.49-\$2.79. Last year, the national price was \$2.29. *Dairy Products* (NASS) reports total U.S. cheese production, for January 2017, was 1.040 billion pounds, 3.7 percent above January 2016, but 1.2 percent below December 2016. Central total cheese production for January 2017 was 462.0 million pounds, 2.3 percent lower than December 2016. For total cheese and various types of cheese, January 2017 U.S. and Central cheese production percentage changes compared to January 2016 were as follows:

	U.S.	Central
Total	+ 3.7%	+ 2.8%
American	+ 3.0%	+ 5.6%
Cheddar	+ 3.5%	+ 4.7%
Total Italian	+ 3.8%	+ 0.8%
Mozzarella	+ 4.5%	- 1.1%

The CME Group February 2017 monthly average price for barrels, \$1.6230, is up from the \$1.5573 January monthly average and up from the monthly average of a year ago, \$1.4573. Blocks' February average price, \$1.6199, is down from the \$1.6866 January monthly average, but up from \$1.4744 one year ago. This week, a cooperative export assistance program accepted requests for 4.616 million pounds (2,094 metric tons) of cheese. So far this year, the program has assisted member cooperatives who have contracts to sell 15.579 million pounds of cheese in export markets. The Foreign Agricultural Service (FAS) reports that January 2017 U.S. cheese and curd exports totaled 50.0 million pounds, a 3% increase from a year ago. Midwestern wholesale prices are up \$.0700 for Swiss cuts, but down \$.0800 for process and down \$.0375 for all other types.

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

Process American 5# Loaf	:	1.5675-1.9275
Brick And/Or Muenster 5#	:	1.8725-2.2975
Cheddar 40# Block	:	1.6000-1.9950
Monterey Jack 10#	:	1.8475-2.0525
Blue 5#	:	2.1400-3.1275
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6725-2.6125
Grade A Swiss Cuts 6 - 9#	:	2.8975-3.0150

## WEST

Western cheese contacts say consumption has eased back since the passing of the winter holidays and the Super Bowl. Buyers have been slow to return. Domestic demand is light and significant volumes of cheese exports have yet to materialize. In some international markets, U.S. cheese is facing stiff price competition from European cheeses. Inventories for western cheese barrels are very long and blocks are readily available. A few contacts suggest the warehouses are full of barrel cheese in the West. Some end users report buying large volumes

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## CHEESE MARKETS

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of steeply discounted cheese from manufacturers, but finding it difficult to gain access to storage space. Cheese production is active and adding to the heavy western cheese inventories. The DMN *National Retail Report-Dairy* for the week of March 3-9 shows the U.S. weighted average advertised retail price for an 8 ounce pack of natural shredded cheese is \$2.21, up \$.09 from last week. Packs average \$2.28 in the Southwest and \$2.06 in the Northwest. One year ago, the national price was \$2.28. For 8 ounce blocks, the U.S. price is \$2.15, up \$.09 from last week. Blocks average \$2.35 in the Southwest and \$1.92 in the Northwest. One year ago, the national price was \$2.29. In the West, wholesale prices are down \$.0800 for process, and down \$.0375 for cheddar block, cuts, and Monterey Jack. Swiss cut wholesale prices are up \$.0700. This week, a cooperative export assistance program accepted requests for export assistance on contracts to sell 4.616 million pounds (2,094 metric tons) of cheese. So far this year, the program has assisted member cooperatives who have contracts to sell 15.6 million pounds of cheese in export markets. *Dairy Products* (NASS) reports January 2017 U.S. total cheese production, 1.040 billion pounds, is 1.2% below December 2016. In the West, total cheese production for January 2017 was 441.4 million pounds, 1.6% less than last month. For total cheese production and various types of cheese, January 2017 U.S. and West cheese production percent changes compared to January 2016 are as follows:

	U.S.	West
Total Cheese	+ 3.7%	+ 3.1%
American	+ 3.0%	- 0.1%
Cheddar	+ 3.5%	+ 1.9%
Total Italian	+ 3.8%	+ 6.3%
Mozzarella	+ 4.5%	+ 7.4%
Swiss	- 5.4%	...

The CME Group February 2017 monthly average price for barrels, \$1.6230, is up from the January 2017 monthly average of \$1.5573, and up from the monthly average of a year ago, \$1.4573. Blocks' February average price, \$1.6199, is down from the \$1.6866 January monthly average, but up from \$1.4744 one year ago. In CME Group trading Wednesday, barrels closed at \$1.4500, down \$.0150 from a week ago and blocks closed at \$1.4400, down \$.0500.

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

Process 5# Loaf	:	1.5550-1.8125
Cheddar 40# Block	:	1.6325-2.0775
Cheddar 10# Cuts	:	1.8125-2.0325
Monterey Jack 10#	:	1.8225-1.9825
Grade A Swiss Cuts 6 - 9#	:	2.9575-3.3875

## FOREIGN TYPE CHEESE

According to Eurostat, European Union (EU) cheese production for 2016 was 1.3% higher than 2015. EU cheese exports were 11% higher in 2016 compared to 2015. USA, Japan and Switzerland are the three top countries to which EU exported cheese in 2016. From 2015 to 2016, these exports increased by 2% for USA, 15% for Japan, and 4% for Switzerland. The European cheese market is currently stable, with inventories at normal levels and higher demand from importing countries. Domestic demand is normal and supply-demand is balanced. In the U.S., wholesale blue, gorgonzola, parmesan Italy and Romano prices decreased \$.0375. Swiss cuts Switzerland increased \$.0700, and all other varieties are unchanged.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2300	: 2.0175-3.5050*
Gorgonzola	: 3.6900-5.7400	: 2.5250-3.2425*
Parmesan (Italy)	: -0-	: 3.4075-5.4975*
Romano (Cows Milk)	: -0-	: 3.2075-5.3575*
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-	: 3.4175-3.7400*
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
03/06/17	17,752	: 86,955
03/01/17	20,155	: 86,899
CHANGE	-2,403	: 56
% CHANGE	-12	: 0

## 2017 U.S. Cheese and Curd Exports (USDA-FAS)

	2017 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JANUARY	50.0	+ 3
1 Mexico	12.0	- 28
2 South Korea	7.3	+ 20
3 Australia	4.8	+ 63
4 Japan	4.1	- 28
5 Canada	2.4	+ 83

## FLUID MILK AND CREAM

## EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	140	0	140	0	90
SOUTHEAST STATES	0	0	0	0	0	0

Milk production is plentiful throughout the Eastern region, continuing to moderately grow and supply manufacturing plants' needs. In the Northeast, milk supplies into balancing plants are sufficient. According to Federal Milk Order No. 1, a request was submitted to temporarily dispose of surplus milk. The time period covered by this request is March 1, 2017 to May 31, 2017. Milk production is strong in the Mid-Atlantic and plant managers note milk receipts give the feel of May. Areas in Florida are experiencing conditions favorable to cow comfort. Class I sales are flat to weaker. In parts of the Southeast, with schools out for spring break, Class I sales shifted downward a bit. Florida's milk shipments continue to export around 140. **Cream multiples** shifted upward this week with reports of multiples high as **1.30**, based on time and need. However, most multiples range **flat to 1.20**. Early in the week, traders communicated cream orders are slightly improving. A Northeastern market participant reported selling some spot loads at a price higher than the high end of the range price series, based on time and need this week. Some Northeastern manufacturers have sufficient cream, and do not need to purchase additional loads. This week, **condensed skim** shifted lower on the bottom of the price range, but shifted higher on the high end of the range, based on spot trading and new announcements of class and component prices. Condensed skim is ample all over the East. Contacts report having to move most condensed skim far distances in order to find processing room. The Dairy Market News (DMN) February monthly average for Northeast Class II cream was \$2.2658, compared to \$2.5239 a year ago. The DMN February monthly average for Northeast Class II condensed skim was \$0.6944, compared to \$0.7440 a year ago. With last Wednesday's announcement of the Class and Component Prices, the Class III Skim Milk price increased \$0.47, compared to the previous month. According to the DMN *National Retail Report-Dairy*, for March 3-9, 2017, the U.S. weighted average advertised price for a half gallon of milk was \$1.77, down \$0.50 cents compared to last week, and an increase of \$0.36 from last year. In the Northeast, the weighted advertised price for a half gallon of milk is \$2.49

DAIRY PRODUCTS: According to NASS, January 2017 hard ice cream production in the Atlantic region totaled 13.1 million gallons, 12.0% more than last month and 4.2% more than a year ago. Cumulative 2017 production through January totaled 56.6 million gallons, 0.8% less than the previous year total through December. U.S. Yogurt production (plain and flavored) for January totaled 375.4 million pounds, up 4.4% from last month, but down 4.9% from the previous year.

## FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES

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

F.O.B. producing plants: Northeast-	2.1795-2.8334
F.O.B. producing plants: Upper Midwest-	2.2667-2.5282

## PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

## F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices-	.25-1.01
Northeast - Class III - spot prices -	.25-.97

## MIDWEST

Milk production continues without a slowdown in the Central United States. Some Central region contacts estimate the spring flush will only provide a minor variation, as recent weather and feed quality have been favorable for milk components and production. However, other contacts expect a noteworthy increase in milk production from mid-March through May. Contacts report that Class I interest is slow. Many educational institutions are in the midst of spring break, or will be on break in the upcoming two weeks. Class III manufacturers are hesitant to take on spot milk, as they are finding contracted milk supplies sufficient. Most reports on spot milk prices into Class III operations range from \$1.50 to \$4.00 under Class, a few reports noted offers of spot milk as low as \$6.00 under Class III. Cheesemakers, even at discounted spot milk prices, are hesitant or unable to take on spot milk as their current contractual supplies are sufficient. Cream is also abundant. Butter producers are opting to churn cream and store the bulk butter, instead of offering cream on the spot market at the currently discounted prices. Multiples for cream headed into Class IV production have been reported at flat market. Interest from ice cream makers continues to grow, but some cream contacts say ice cream inquiries started later this year than in years' past. Whipping cream and cream cheese manufacturers are also continuing to order cream, as spring holidays are nearing. Class II **cream multiples** are in the **1.04 to 1.16** range. The DMN monthly average of the range price series for Upper Midwest Class II cream during February 2017 was \$2.4132, compared to \$2.5590 a year ago. The NASS *Dairy Products* report noted January 2017 U.S. regular (hard) ice cream production totaled 56.6 million gallons, down 0.8 percent from last year. January production in the Central region totaled 29.3 million gallons, 8.3 percent below a year ago. The DMN *National Retail Report-Dairy* for March 3-9 noted the national weighted average advertised price for one gallon of milk was \$3.11, up \$0.80 from a week ago and \$0.73 higher than a year ago. The weighted average regional prices in the Midwest and South Central were \$2.41 and \$3.07, respectively.

## WEST

According to dairy contacts in California, farm milk production is trending slightly higher this week. Fluid milk pulls from retailers and restaurants are still up. Contrary to the few years of drought in California, this year, recent rains are helping recharge reservoirs and guaranty water availability throughout the year. The February 4a price (butter/powder) in California is \$15.40, down 27 cents from the previous month, but \$2.12 higher from a year ago. This compares to the Federal Order Class IV price of \$15.59 for February. The July 4b price (cheese) is \$15.81, down 18 cents from the previous month, but \$2.76 above a year ago. This compares to the Federal Order Class III price for July at \$16.88. Milk output in Arizona is higher as weather continues to get warmer. Many dairy producers expect the flush season to hit its peak within the next three weeks. Some plant managers are handling their milk intakes more efficiently this week. Many dryers are running at full capacity. Bottled milk demand is lower as spring break is around the corner. Some milk is being processed into nonfat dry milk. In New Mexico, the dairy market is saturated with farm milk. Milk pickup volumes are building up from week to week. The requests for farm milk are lower than the supplies. Handlers are actively looking for additional sales outlets, including spot sale opportunities to avoid, as much as possible, discarding milk. They are also selling their milk to calf farms to release some

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pressures and free up trailers for milk pickups. A few plants have weather or internal issues that slowed down their daily activities. In addition, one cheese processing plant has a short-term expansion project that reduced its milk intakes. Farm milk is clearing into condensed skim, cream, and cheese. Interests from Class II and I buyers are down this week. Sales into Class III are slightly higher. Inventories are high and continue to build up. Pacific Northwest dairy contacts say milk is readily available in the area. Farm milk production is rebounding as warmer temperatures build into the region. Some industry contacts suggest the area could have very heavy milk supplies within the next month if the weather patterns hold. Bottling demand is steady and following seasonal patterns. In the mountain states of Idaho, Utah, and Colorado, most milk is finding a home within the region. Milk production is strong and growing to meet processing capacity expansion in Colorado. A mild winter and good snowpack in the mountains has set up favorable milk production conditions in the area. Northern Utah and Idaho have had harsh winter weather over the last few weeks. Alternate periods of cold, snow, thawing and flooding have suppressed milk production. Industry contacts say, however, milk production is coming back strongly with more favorable temperatures. Milk intakes are generally adequate for most processing needs. A few contacts report milk handlers are offering loads from the Midwest and Southwest into the region. Condensed skim processing is increasing in the West. However, due to limited capacity, some manufacturers cannot afford to dry too much condensed skim. The sales are flat this week. Due to a higher supply of milk in the western market, the cream supply is abundant this week, and it is expected to further increase in the coming weeks. According to some contacts, more cream has been available this year in the region compared to other years. Manufacturers are actively transforming their cream into butter. In addition, cream volumes moving into ice cream and sour cream processing plants are improving. Many processors are finding it difficult to sell their cream. **Cream multiples range 0.98-1.20.** According to the DMN *National Retail Report-Dairy* for the week of March 3-9, the national weighted average advertised price for one gallon of milk is \$3.11, up 80 cents from last week and 73 cents higher from a year ago. The weighted average regional price in the Southwest is \$1.99, with no price range. The weighted average regional price in the Northwest is \$2.11, with a price range of \$1.69-2.39. According to the NASS *Dairy Products* report, hard ice cream production in the West region for January 2017 is 14.3 million gallons, 6% higher than a year ago, and 28.8% higher than the previous month.



## NONFAT DRY MILK, BUTTERMILK &amp; WHOLE MILK

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

## NONFAT DRY MILK - CENTRAL AND EAST

**CENTRAL:** Low/medium heat nonfat dry milk (NDM) prices are mixed. Price changes for low/medium heat NDM result from adjustments based on spot sales and pricing indices. Spot market reports of low/medium heat NDM are less frequent, compared to a relatively busy late February. Spot offers were reported, but end users and buyers are hesitant to take on additional inventories as prices have continued sliding from early January. Some contacts assert that many end users bought surplus loads when the price points began moving downward, thus the domestic market is currently quiet. Regarding export markets, Mexican demand has quieted. Trade relations with Mexico remain a concern with low/medium heat NDM contacts in the Central U.S. With surplus milk supplies, production of NDM continues at active levels. High heat NDM prices remained steady this week. The high heat NDM spot market was quiet. High heat NDM production is light, keeping pace with demand. The market tone remains fair on high heat NDM. Inventories are light, but adequate. According to NASS, U.S. production of human food nonfat dry milk during January 2017 totaled 155.0 million pounds, 13.1% higher than a year ago and no percentage change from the previous month. Month ending stocks, at 229.0 million pounds are 1.1% higher than a year ago. Cumulative 2017 U.S. year to date nonfat dry milk production through January totaled 155.0 million pounds, 13.1% more than 2016 during the same time span. The CME Group monthly average price for Grade A NDM during February was \$0.9000, compared to \$0.7410 a year ago. The DMN monthly average of the mostly price series for Central and East low/medium heat NDM during February was \$0.9882, compared to \$0.7860 a year ago.

**EAST:** Low/medium heat nonfat dry milk (NDM) prices are steady to lower in the mostly series. Producers continue to see considerable condensed skim move through drying, as lots of low/medium heat NDM is available. As confidence falls out of the market, producers with older inventories are looking to move volume loads prior to the spring peak. Meanwhile, domestic buyers continue to pressure the market, with delayed purchasing, as some anticipate current prices will move lower. Global demand is fair to light. Some see those markets, particularly Mexico, circumventing U.S. NDM powder for the short term. The market undertone is steady to weak. Prices for high heat NDM are unchanged in a fairly quiet market this week. Supplies of high heat NDM remain tight. Producers are limited in available dryer time. The DMN monthly average of the range price series for Central and East low/medium heat NDM during February 2017 was \$0.9721, compared to \$0.7894 a year ago. The February 2017 monthly average of the range price series for Central and East high heat was \$1.1114 compared to \$1.0220 a year ago. Wednesday at the CME Group, Grade A NDM closed at \$0.8100, down \$0.0150 from last Wednesday.

**DAIRY PRODUCTS:** According to NASS, U.S. production of human food nonfat dry milk in the Atlantic region totaled 30.2 million pounds, 2.8% more than a year ago and 6.9% above the previous month. The January 2017 U.S. production of skim milk powder totaled 50.5 million pounds, 1.4% less than a year ago and 7.6% less than last month. Cumulative 2017 U.S. year to date skim milk powder production through January totals 50.5 million pounds, a 1.4% decrease from 2016.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUM HEAT: 0.8000 - 1.0000 MOSTLY: .8500 - .9300  
HIGH HEAT: 1.0625 - 1.1500

## NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk (NDM) f.o.b. spot prices are down on both the range and mostly series. In the same way, NDM futures prices shifted lower, too. Many NDM processors have had to reduce prices to be more competitive in the market. Spot trading is light

as most sales are based on contracts this week. With various NDM contract base indices trending down, some NDM buyers are delaying Q2 negotiations, expecting lower values in the near term. The NDM market conditions are steady to weaker, as there is an increasing oversupply. Overall, buyers/end users' interest is light. However, the current NDM values are attracting the attention of some WPC34% customers. Low/medium heat NDM production is steady to higher as regional farm milk intakes trend upward. Many NDM manufacturers are clearing large stocks to have sufficient storage space to accommodate high NDM/SMP supplies throughout the spring flush. Therefore, some NDM producers are selling NDM loads from 2016 at prices around the low end of the pricing range. Demand from Mexico is sluggish. The uncertainty about free trade agreements, the strong U.S. currency, and higher Mexican milk production are the main factors contributing to a light NDM/SMP interest from Mexico. High heat NDM production increased slightly at some regional plants. Inventories are sufficient for fulfilling customer orders. Prices for high heat nonfat dry milk shifted slightly down this week. The CME Group monthly average price for Grade A NDM during February was \$0.9000, compared to \$0.7410 a year ago. The February 2017 Dairy Market News monthly average for the West low/medium heat nonfat dry milk mostly series is \$0.9758 compared to \$.7296 a year ago. The average for Western high heat nonfat dry milk is \$1.1116 compared to \$.9648 a year ago. The NASS *Dairy Products* report noted U.S. human NDM production during January 2017 in the West region totaled 96.1 million pounds, 16.9 percent higher than one year ago, and 1.7 percent above the previous month. Total U.S. human NDM production during January 2017 was 155.0 million pounds, 13.1 percent higher than last year. Total U.S. NDM, human, month ending stocks for January were 229.0 million pounds, 1.1 percent above a year ago. According to California Department of Food and Agriculture (CDFA), January 2017 nonfat dried milk (NDM) production in California totaled 53.5 million pounds, 13.9% higher than a year ago. According to FAS, during January, U.S. NDM exports totaled 105.2 million pounds, 11% higher than a year ago.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
LOW/MEDIUM HEAT: 0.7700 - 1.0000 MOSTLY: .8200 - .9350  
HIGH HEAT: 1.0250 - 1.1350

## CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	TOTAL SALES
March 3	\$.9258	6,173,797
February 24	\$.9619	5,072,529

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
January Total	105.2	+ 11
TOTAL, JAN	105.2	+ 11
1 Mexico	41.9	- 5
2 Philippines	16.6	+ 16
3 Indonesia	11.9	+ 81
4 Vietnam	6.7	+ 7
5 China	5.5	+ 110

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## NONFAT DRY MILK, BUTTERMILK &amp; WHOLE MILK

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

**-CONTINUED FROM PAGE 5-****DRY BUTTERMILK - CENTRAL AND EAST**

**CENTRAL:** Central region dry buttermilk prices are steady. The dry buttermilk spot market was quieter than last. Dry buttermilk demand continues upward as the spring holidays get closer. However, some contacts expect demand to peak soon, as some end users of dry buttermilk can opt for less costly low/medium heat NDM. Dry buttermilk production is limited as low/medium heat NDM is still taking the lion's share of dryer time. With limited production, inventories remain slightly tight. The market tone is fair.

**DAIRY PRODUCTS:** According to NASS, U.S. production of dry buttermilk during January 2017 totaled 11.8 million pounds, 3.3% up from a year ago and 7.3% more than the previous month. Month ending stocks were 22.3 million pounds, up 4.0% from last year, but down 2.3% from last month.

**EAST:** This week, prices for buttermilk powder are unchanged. As plants with limited drying capacity prioritize processing of heavy condensed skim volumes, dry buttermilk production is mostly irregular, as output generally meets contracted customer needs. Hence, producers offering spot loads are limited, as they opt to reserve product. On the buyer side, market participants who typically purchase dry buttermilk are drawn to NDM, due to the cost advantage. Some marketers suggest this may temporarily increase the supply of dry buttermilk. However, there is anticipation of an imminent decline in prices as dry buttermilk prices align with NDM. As well, increased seasonal interest from ice cream is expected to stabilize inventory growth. The market undertone is steady to unsettled. The February 2017 Dairy Market News monthly average for the Central and East dry buttermilk series is \$0.9742 compared to \$0.7974 a year ago.

F.O.B. CENTRAL/EAST: .8800 - 1.0500

**DRY BUTTERMILK - WEST**

F.O.B. spot prices for western dry buttermilk are unchanged in an unsettled market. According to a few industry contacts, dry buttermilk spot inventories are more available. Conversely, some buyers/end users have some difficulty finding dry buttermilk spot loads, as supplies continue to be tight. Therefore, sales activity in the spot market has been very light throughout the week. Dry buttermilk production is limited as most processors are placing emphasis on drying large condensed skim volumes, curtailing condensed buttermilk drying time. The February 2017 Dairy Market News monthly average for the West dry buttermilk mostly series is \$1.000 compared to \$0.8018 a year ago. The NASS *Dairy Products* report noted U.S. dry buttermilk production during January 2017 totaled 11.8 million pounds, 3.3 percent higher than a year ago. Total U.S. dry buttermilk month ending stocks for January were 22.3 million pounds, 4 percent above last year.

F.O.B. WEST: .8800 - 1.0500 MOSTLY: .9800 - 1.0200

**DRY WHOLE MILK - NATIONAL**

National dry whole milk f.o.b. prices are unchanged on light trading. At this point, national pricing is above international WMP values. In the U.S., dry whole milk drying schedules are steady. However, production is expected to increase throughout the spring flush season. Inventories are mixed in the spot market, but are sufficient to meet contractual needs. The February 2017 Dairy Market News monthly average for the National price series for dry whole milk is \$1.4950 compared to \$1.2812 a year ago. The NASS *Dairy Products* report noted U.S. dry whole milk production during January 2017 totaled 10.7 million pounds, 10.3 percent higher than a month ago, and 7.2 percent higher from one year ago. Total U.S. dry whole milk month ending stocks for January were 16.5 million pounds, 26 percent above last year.

F.O.B. PRODUCING PLANT: 1.4000 - 1.5500

**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 dry whey prices were mixed on the range and remained steady on the mostly price series. Production of dry whey continues at active levels. Some Midwestern cheesemakers report ongoing export interest in whey from Southeast Asian markets. Domestic demand is steady. Reports vary on where the whey market is heading. Some contacts suggest a near term steadiness to a slow growth. Other contacts report that whey prices have peaked, as pushback at the top end of the range has been reported. Spot market activity was fairly quiet this week as end users work through contracts. Once again, inventory reports ranged from tight to suitable for contract needs. Animal feed whey prices were steady this week. Animal feed whey spots were infrequently reported, as contacts suggest feed whey is becoming increasingly harder to find. The DMN monthly average of the mostly price series for Central dry whey during February was \$0.4684, compared to \$0.2393 a year ago. The monthly average of the range price series for Central animal feed whey during February was \$0.4002, compared to \$0.1735 a year ago. The NASS *Dairy Products* report noted U.S. total dry whey production for January 2017 was 79.8 million pounds, down 0.8 percent from a year ago. The Central region produced 39.2 million pounds of U.S. human dry whey production in January. This production is 4.8 percent higher than a year ago. The Foreign Agricultural Service (FAS) reports that January 2017 U.S. dry whey exports totaled 34.0 million pounds, a 15% increase from a year ago.

F.O.B. CENTRAL: .4325 - .5550 MOSTLY: .4600 - .5100  
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3375 - .4800

**DRY WHEY - NORTHEAST**

Prices for dry whey adjusted marginally lower at the bottom of the range. Spot availability continues to be limited. Loads are clearing to contracts on time, although some inventories appear to be tight. With the current disparity between dry whey and nonfat dry milk prices, on a per unit of protein basis, market participants are unsure of near term market trends. Inquiries are active ahead of ice cream season. Dry whey export demand is sluggish. The market undertone is steady, but with some uncertainty. The February 2017 Dairy Market News monthly average for Northeast dry whey was \$0.4896 compared to \$0.2569 one year ago. DAIRY PRODUCTS: According to NASS, January 2017 U.S. human food dry whey production totaled 79.8 million pounds, 0.8% less than a year ago, but 4.0% more than the previous month. The Atlantic region's production of human food dry whey in January 2017 totaled 22.3 million pounds, 4.7% more than a year ago and 8.4% more than last month.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .4300 - .5400

**DRY WHEY - WEST**

Western whey prices decreased at the bottom of both the range and mostly price series. Production is steady, but demand is trending lower. Mexican buyers are not as active as they were earlier this winter, but buyers from Southeast Asia are providing relatively steady demand. Inventories have grown somewhat. Some manufacturers have dry whey stocks that they are eager to move before spring flush. They have sold some loads of dry whey at lower

prices. Other processors report they are seeing some stability in the market and feel any price adjustment is unnecessary. The DMN monthly average of the mostly price series for West dry whey during February was \$0.4938 compared to \$0.4606 one month ago and \$0.2500 a year ago. NASS reports that January 2017 U.S. human dry whey production, 79.8 million pounds, is down 0.8% from a year ago, but up 4.0% from December 2016. The Western region produced 18.3 million pounds of edible dry whey during January, down 15.9% from last year, but up 8.6% from December. Month ending stocks for U.S. human dry whey, at 66.4 million pounds, are 18.9% lower than one year ago, but up 4.1% from December 2016.

NONHYGROSCOPIC: .4300 - .5700

MOSTLY: .4500 - .5300

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

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
January Total	34.0	+ 15
TOTAL, JAN	34.0	+ 15
1 China	13.1	+ 95
2 Canada	3.9	- 6
3 Mexico	3.4	+ 5
4 Philippines	1.9	- 29
5 Japan	1.8	- 37

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

The price range for whey protein concentrate 34% widened, but the mostly price series is unchanged. Production is steady. Manufacturers report customers that are dependent on WPC34% in their recipes and require tight specifications are willing to pay premiums to assure coverage. Producers who make WPC34% that meets those tight specifications report very limited inventories, many inquiries, and a few spot sales at the top of the price range. However, WPC34% that is interchangeable with other protein sources is coming under considerable pricing pressure from lower cost nonfat dry milk. Manufacturers who make this type of WPC34% are finding it more difficult to hold prices and make sales. The February 2017 Dairy Market News average of the mostly price series for Central and West whey protein concentrate 34% was \$0.9905 compared to \$0.9318 one month ago and \$0.5750 one year ago. According to the NASS *Dairy Products* report U.S. production of WPC (25.0-49.9% protein) during January 2017 totaled 15.0 million pounds, 0.4% lower than one year ago, but 3.2% higher than December. Manufacturers' end-of-month stocks for WPC (25.0-49.9% protein) totaled 19.3 million pounds, 31.3% lower than one year ago, but 0.8% more than December 2016.

F.O.B. EXTRA GRADE 34% PROTEIN: .8300 - 1.2350 MOSTLY: .9000 - 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
TOTAL, JANUARY	29.4	+ 51
1 China	15.2	+ 94
2 Mexico	3.7	+ 77
3 Canada	3.3	+ 46
4 Indonesia	1.5	+155
5 Vietnam	1.1	+ 54

**LACTOSE - CENTRAL AND WEST**

Lactose prices held steady this week. Processers report inventories are tight to well-balanced. Domestic end users are providing good demand and buyers are making regular inquiries, especially for lactose that meets tight specifications. Manufacturers are starting to work on Q2 contracting and are suggesting a slow rise in pricing into the next quarter. A few industry contacts, however, think the price has reached the top and is set for a correction. Many contacts see the lactose market tone as stable at this point in time. The February 2017 Dairy Market News average of the mostly price series for Central and West lactose was \$0.3750, compared to \$0.3718 one month ago and \$0.2166 one year ago. NASS's *Dairy Products* report shows U.S. lactose production during January 2017 totaled 92.2 million pounds, a 9.0% increase from one year ago. Month ending stocks, at 109.0 million pounds, are 5.6% lower than one year ago, but 8.5% more than December 2016. At the GDT Event 183 on March 7, lactose prices across all contract periods averaged \$0.4191 per pound, down 4.3%.

Including spot sales and up to 3 month contracts.

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

Rennet casein prices moved into a wider range, while acid casein prices strengthened. Renet markets, especially in Europe, are conflicted. While nervous about weaker current GDT event results, the reality is that higher contract pricing in coming quarters has and still is being finalized to secure rennet casein. Uncertainty as to European milk supply trends and milk availability for rennet casein manufacturing is also a significant uncertainty affecting rennet casein pricing. The recent GDT result had limited impact on current rennet casein transactions in Europe, but future events will be of interest as to whether weakness becomes a trend or not. Acid casein markets remain tight. With New Zealand being a significant global supplier, and late 2016 milk production having been lower than year earlier volumes, there is concern as to acid casein availability. Many buyers are contracted through Q3, some beyond. It is increasingly challenging to get contracts in place, keeping pressure on prices. At GDT event 183 on March 7, the all contracts price for rennet casein, \$2.5755, was 6.6% lower than the previous event.

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:	2.7500 - 3.3000
ACID:	3.4500 - 3.7000

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

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JANUARY	47.1	+ 11
1 Mexico	12.3	+183
2 China	6.5	+ 10
3 New Zealand	5.5	- 51
4 Japan	5.1	+ 28
5 Indonesia	3.3	+ 3

**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>
02/18/2017	62.6	439.2	58.6	489.9

**WEBSITE:** [http://www.ams.usda.gov/mnreports/sj\\_ls714.txt](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)

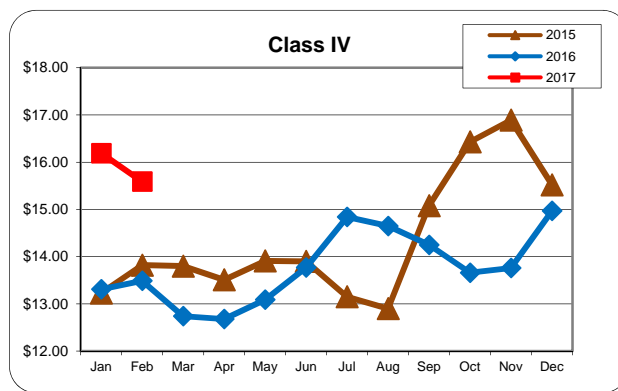
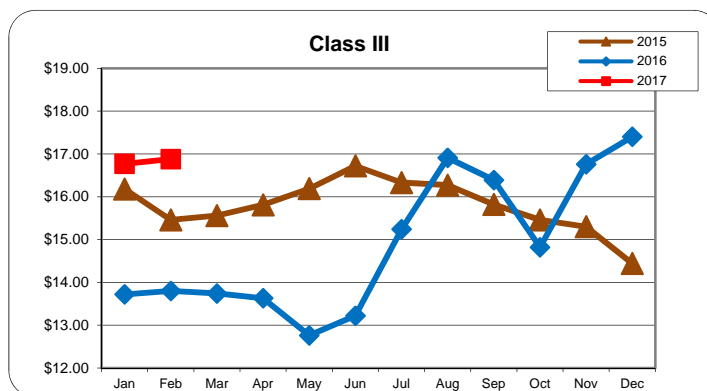
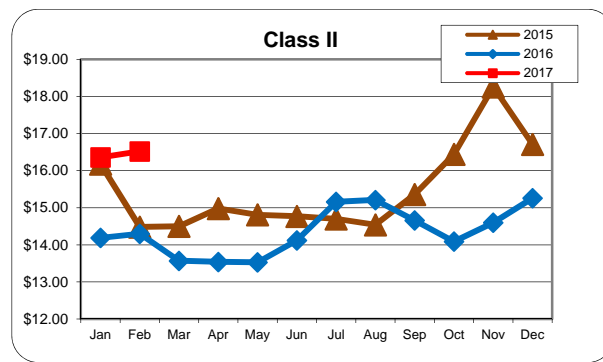
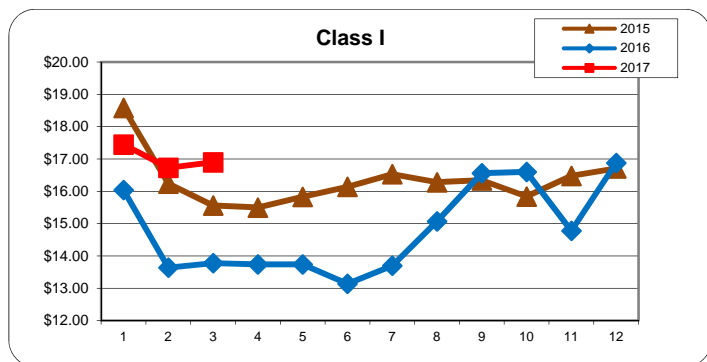
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2012	17.05	16.06	15.72	15.72	15.23	15.63	16.68	17.73	19.00	21.02	20.83	18.66
2013	18.14	17.25	16.93	17.59	18.52	18.02	17.38	17.91	18.14	18.22	18.83	18.95
2014	21.15	23.35	23.33	24.31	22.57	21.36	21.60	22.25	24.60	23.82	21.94	17.82
2015	16.18	15.46	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](http://www.ams.usda.gov/DairyMarketingStatistics); then select “Prices”; and then select “Principal Pricing Points.”





## ORGANIC DAIRY MARKET NEWS

Information gathered February 27 - March 10, 2017

## ORGANIC DAIRY FLUID OVERVIEW

AMS reports January 2017 total organic milk products sales at 228 million pounds, up 4.7% from the previous year.

January organic whole milk sales are 87 million pounds, up 12.5% from January last year.

## ESTIMATED TOTAL U.S. SALES OF FLUID MILK PRODUCTS, January 2017, WITH COMPARISONS 1/

Product Name	Sales		Y-T-D	
Change from: 2/	Jan.	Y-T-D	Prev Yr.	Y-T-D
	Mil. Lbs.		Percent	

## ORGANIC PRODUCTION PRACTICE

Whole Milk	87	87	12.5	12.5
Reduced Fat Milk (2%)	71	71	3.9	3.9
Low Fat Milk (1%)	35	35	-9.4	-9.4
Fat-Free Milk (Skim)	25	25	-10.2	-10.2
Flavored Fat-Reduced Milk	11	11	70.7	70.7
Other Fluid Milk Products	0	0	5.3	5.3
Total Fat-Reduced Milk 3/	142	142	0.5	0.5
Tot. Organic Milk Products	228	228	4.7	4.7

\*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/ Both conventional and organic fat-reduced milk categories are total of reduced fat, lowfat, skim, and flavored fat reduced milk. 4/ Sales volumes and percent changes have been adjusted for calendar composition.

**Current Organic Dairy Happenings.** Higher organic milk production continues to adversely impact some organic dairy producers. A number of organic milk producers selling milk to a smaller Wisconsin processor have been told that they are being cut this month because the higher volumes being received are problematic. These producers are now left searching for new sales outlets for their milk. Other organic producers have been subject to new production quota requirements that organic milk produced over volumes set for each producer, will only receive conventional milk pay prices. These are some of the ways that organic milk processors are using to deal with higher organic milk intakes, measures some processors say are necessary due to insufficient processing capacity proximate to production volumes within a certain distance of each processing facility. Another challenging factor is the difficulty in placing higher volumes of organic dairy products into expanded numbers of retail outlets. Some processors are presently ramping up to expand distribution outlets but that is still in the process of occurring.

At a recent organic annual conference in Wisconsin, there was substantial conversation as to the organic integrity of organic feed grain imports from Turkey and Ukraine, which are a significant factor in supplying the U.S. market for organic grains used for feed. An oft heard discussion addressed whether these organic grain imports were helping larger organic producers to raise more milk with less pasture grazing or use of home grown feed, than is typical on smaller size organic dairy operations. Many of the conference participants expressed concerns that organic dairy producers with organic plans specifying much more pasture access than minimums, were being disadvantaged twice: by the questioned imports and by resulting higher organic milk production from larger organic dairy operations.

An irony at this time of higher organic milk production and production quotas, is that some existing well capitalized dairy manufacturers with interest in expanding into organic production, have held back due to uncertainty as to availability of desired volumes of organic milk on a long term basis. Investments in new organic dairy manufacturing plants requires millions of dollars. The money is readily available to some of the interested parties, but the hesitation is uncertainty that there will be a sufficiently reliable supply of organic milk over a number of years to make the initial investment prudent. It is in essence a chicken and egg situation. Organic producers are increasingly challenged in selling higher organic milk volumes, yet new organic manufacturing capacity is slow to emerge due to concerns about the organic milk supply.

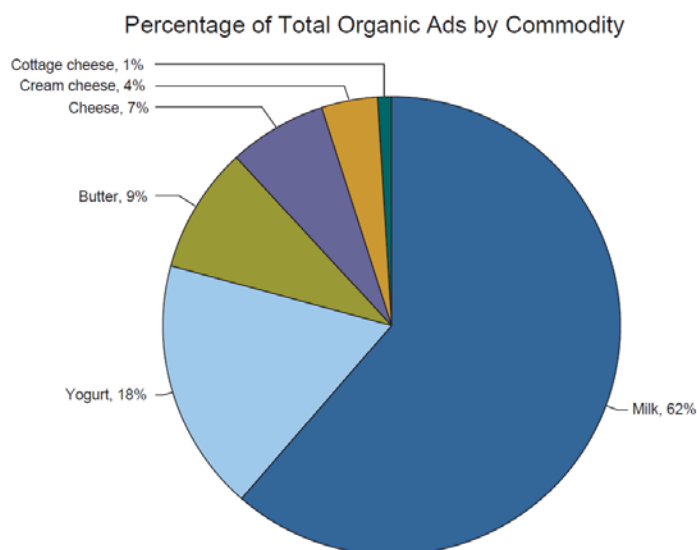
**ORGANIC GRAIN AND FEEDSTUFF MARKETS:** Bids on feed grade organic grains were steady, with instances of organic wheat advancing by \$1.00. Feed grade organic corn demand is moderate to good, trading slightly lower at mostly 7.75-8.25 f.o.b. Interest increased in organic feed soybeans, trading \$1.31 higher than the prior period. Organic soybean meal traded steady. There was too little trading for organic soybean oil, rye, and barley to trend. Organic HRW feed wheat activity is light. Forward contract activity on new crop organic grains is good, mostly on corn and soybeans, with limited contracting on food and feed wheat.

Additional livestock and grain market news information is available at: [www.ams.usda.gov/LSMarketNews](http://www.ams.usda.gov/LSMarketNews)

## ORGANIC DAIRY RETAIL OVERVIEW

**Organic Dairy Overview.** This week, the volume of organic dairy ads for surveyed retail outlets are unchanged from the previous period. Organic milk accounts for 62% of organic dairy retail ad numbers by commodity, up 27% when compared to the last period. Organic yogurt ads declined 22%, while accounting for 18% of organic retail ads this period. For each of the remaining organic dairy commodities considered, percentages can be seen in the pie chart below.

Data source/graph USDA Dairy Market News



Advertising information presented is compiled from nearly 23,000 surveyed newspaper supermarket ads. Prices are valid from March 3-9, 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:

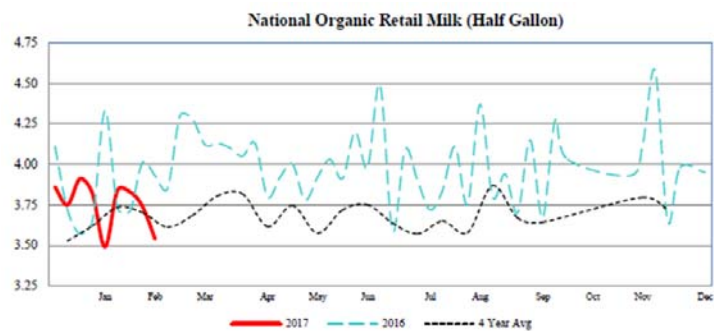
## NATIONAL RETAIL ORGANIC DAIRY (Wtd.Avg.Price)

Commodity	This Week	Last Week	Last Year
Butter	\$5.82	\$5.61	\$5.47
Milk			
Half gal.	\$3.54	\$3.74	\$3.85
Gal.	\$4.70	\$5.99	\$5.20
8 oz.	\$1.00	...	\$1.11
Yogurt			
4-6 oz. Greek	\$1.27	...	\$1.29
32 oz. Greek	\$4.58	\$5.99	\$5.87
4-6 oz. Yogurt	...	\$.69	\$1.20
32 oz. Yogurt	\$2.79	\$2.88	\$3.13

CONTINUED ON PAGE -8A-

**ORGANIC DAIRY MARKET NEWS**  
Information gathered February 27 - March 10, 2017

CONTINUED FROM PAGE -8-



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>

## January Milk Sales

During January, 4.3 billion pounds of packaged fluid milk products is estimated to have been sold in the United States. This was 0.8 percent lower than January 2016. Estimated sales of total conventional fluid milk products decreased 1.1 percent from January 2016 and estimated sales of total organic fluid milk products increased 4.7 percent from a year earlier.

Estimated Total U.S. Sales of Fluid Milk Products, January 2017, with Comparisons <sup>1</sup>				
Product Name	Sales		Change from: <sup>2</sup>	
	January	Year to Date	Previous Year	Year to Date
	(million pounds)		(percent)	
Conventional Production Practice				
Whole Milk	1,262	1,262	3.5	3.5
Flavored Whole Milk	52	52	10.1	10.1
Reduced Fat Milk (2%)	1,336	1,336	-2.7	-2.7
Low Fat Milk (1%)	581	581	-5.5	-5.5
Fat-Free Milk (Skim)	380	380	-11.9	-11.9
Flavored Fat-Reduced Milk	373	373	8.4	8.4
Buttermilk	42	42	0.4	0.4
Other Fluid Milk Products	5	5	15.6	15.6
Total Fat-Reduced Milk <sup>3</sup>	2,670	2,670	-3.4	-3.4
Total Conventional Milk Products	4,031	4,031	-1.1	-1.1
Organic Production Practice				
Whole Milk	87	87	12.5	12.5
Reduced Fat Milk (2%)	71	71	3.9	3.9
Low Fat Milk (1%)	35	35	-9.4	-9.4
Fat-Free Milk (Skim)	25	25	-10.2	-10.2
Flavored Fat-Reduced Milk	11	11	70.7	70.7
Other Fluid Milk Products	0	0	5.3	5.3
Total Fat-Reduced Milk <sup>3</sup>	142	142	0.5	0.5
Total Organic Milk Products	228	228	4.7	4.7
Total Fluid Milk Products	4,260	4,260	-0.8	-0.8

<sup>1</sup> 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. <sup>2</sup> Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis. <sup>3</sup> Both conventional and organic fat-reduced milk categories are total of reduced fat, lowfat, skim and flavored fat-reduced milk. Report contact: Daniel Manzoni, [Daniel.manzoni@ams.usda.gov](mailto:Daniel.manzoni@ams.usda.gov) or 202-720-2352.

Packaged Sales of Total Fluid Milk Products in Federal Milk Orders and California, January 2017, with Comparisons <sup>1</sup>					
Marketing Area	Order Number	Sales		Change from: <sup>2</sup>	
		January	Year to Date	Previous Year	Year to Date
		(million pounds)		(percent)	
Northeast	001	705	705	-2.5	-2.5
Appalachian	005	287	287	-1.3	-1.3
Florida	006	246	246	0.3	0.3
Southeast	007	398	398	-1.7	-1.7
Upper Midwest	030	319	319	-0.1	-0.1
Central	032	371	371	2.3	2.3
Mideast	033	469	469	-2.2	-2.2
Pacific Northwest	124	173	173	1.4	1.4
Southwest	126	398	398	0.8	0.8
Arizona	131	91	91	-3.1	-3.1
California	---	464	464	-0.9	-0.9
All Orders (Total)		3,455	3,455	-0.8	-0.8
All Areas (Total)		3,919	3,919	-0.8	-0.8

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

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

## March Supply and Demand Estimates

The 2017 milk production forecast is raised as milk cow numbers are expected to increase more rapidly. However, growth in milk per cow is reduced on January data. Dairy exports on a fat basis for 2017 are unchanged, while skim-solids basis exports are lowered on expected strong competition in international skim milk powder markets. Both fat basis and skim-solids basis imports forecasts are unchanged. Skim-solids basis ending stocks are forecast higher for 2017 on higher production of dairy products and weaker exports. Fat-basis ending stocks are unchanged. Historical milk production and stock estimates reflect recently released revisions. The cheese price forecast for 2017 is reduced as stocks of cheese are high and are expected to pressure prices. The butter price forecast is raised on continued demand strength. The nonfat dry milk price is forecast lower on expectations of slower export growth due to increased competition from global competitors. The whey price forecast is raised reflecting recent market strength. The Class III price is raised as the higher whey price more than outweighs the reduced cheese price. The Class IV price forecast is lowered, reflecting a weaker nonfat dry milk price which more than offsets a higher forecast butter price. The all milk price for 2017 is forecast at \$17.80 to \$18.40 per cwt.

U.S. Milk Supply and Use					
Commodity	2015	2016 Estimated		2017 Projected	
		Feb	Mar	Feb	Mar
Milk	<i>(billion pounds)</i>				
Production	208.6	212.5	212.4	217.4	217.5
Farm Use	1.0	1.0	1.0	1.0	1.0
Fat Basis Supply					
Beginning Commercial Stocks	11.2	13.3	13.3	14.3	14.0
Marketings	207.6	211.5	211.5	216.4	216.5
Imports	5.7	7.0	7.0	6.6	6.6
Total Commercial Supply	224.6	231.9	231.8	237.3	237.2
Fat Basis Use					
Commercial Exports	8.8	9.2	9.2	8.3	8.3
Ending Commercial Stocks	13.3	14.3	14.0	14.3	14.3
CCC Donations	0.0	0.0	0.0	0.0	0.0
Domestic Commercial Use	202.5	208.5	208.6	214.7	214.6
Skim-Solid Basis Supply					
Beginning Commercial Stocks	13.1	13.9	13.9	14.8	14.7
Marketings	207.6	211.5	211.5	216.4	216.5
Imports	6.0	6.5	6.5	6.2	6.2
Total Commercial Supply	226.7	231.9	231.9	237.3	237.4
Skim-Solids Basis Use					
Commercial Exports	37.3	38.9	38.9	40.1	39.8
Ending Commercial Stocks	13.9	14.8	14.7	14.0	14.5
CCC Donations	0.0	0.0	0.0	0.0	0.0
Domestic Commercial Use	175.5	178.3	178.3	183.2	183.1

NOTE: Totals may not add due to rounding.

Continued on page 11

## March Milk Supply and Demand Estimates-cont'd

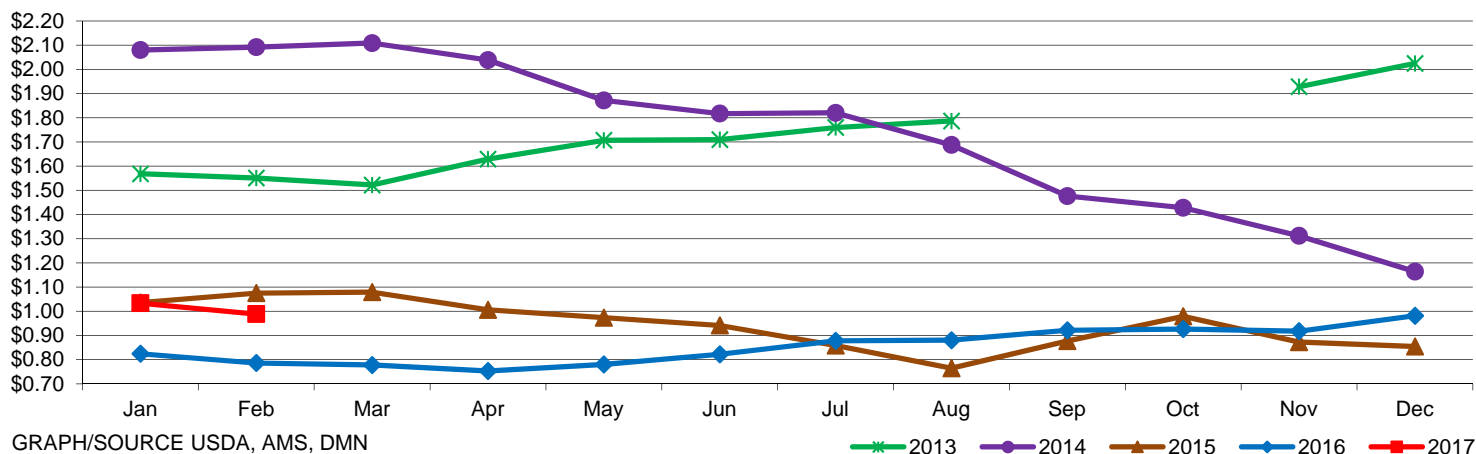
U.S. Dairy Prices						
Commodity	2015	2016 Estimated		2017 Projected		
		Feb	Mar	Feb	Mar	
Product Prices <sup>1</sup>	(dollars per pound)					
	Cheese	1.6454	1.6050	1.6050	1.660-1.730	1.645-1.705
	Butter	2.0670	2.0777	2.0777	2.045-2.145	2.120-2.210
	Nonfat Dry Milk	0.9016	0.8292	0.8292	0.990-1.050	0.925-0.975
	Dry Whey	0.3804	0.2875	0.2875	0.455-0.485	0.495-0.525
Milk Prices <sup>2</sup>	(dollars per cwt)					
	Class III	15.80	14.87	14.87	16.45-17.15	16.60-17.20
	Class IV	14.35	13.77	13.77	15.10-15.90	14.85-15.55
	All Milk <sup>3</sup>	17.12	16.24	16.24	17.70-18.40	17.80-18.40
	Quarterly					
	2016 IV	2017 I <sup>4</sup>	2017 II <sup>4</sup>	2017 III <sup>4</sup>	2017 IV <sup>4</sup>	
Milk Production	(billion pounds)					
	52.5	53.8	55.7	54.0	54.0	
All Milk Price <sup>2,3</sup>	(dollars per cwt)					
	17.67	18.15-18.35	17.10-17.60	17.65-18.45	18.15-19.15	
	16.33	16.45-16.65	16.35-16.85	16.80-17.60	16.70-17.70	
Class III Price <sup>2</sup>	14.13	15.40-15.70	14.55-15.15	14.75-15.65	14.55-15.65	

<sup>1</sup> 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.” <sup>2</sup> 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. <sup>3</sup> Does not reflect any deductions from producers as authorized by legislation. <sup>4</sup> Projection.

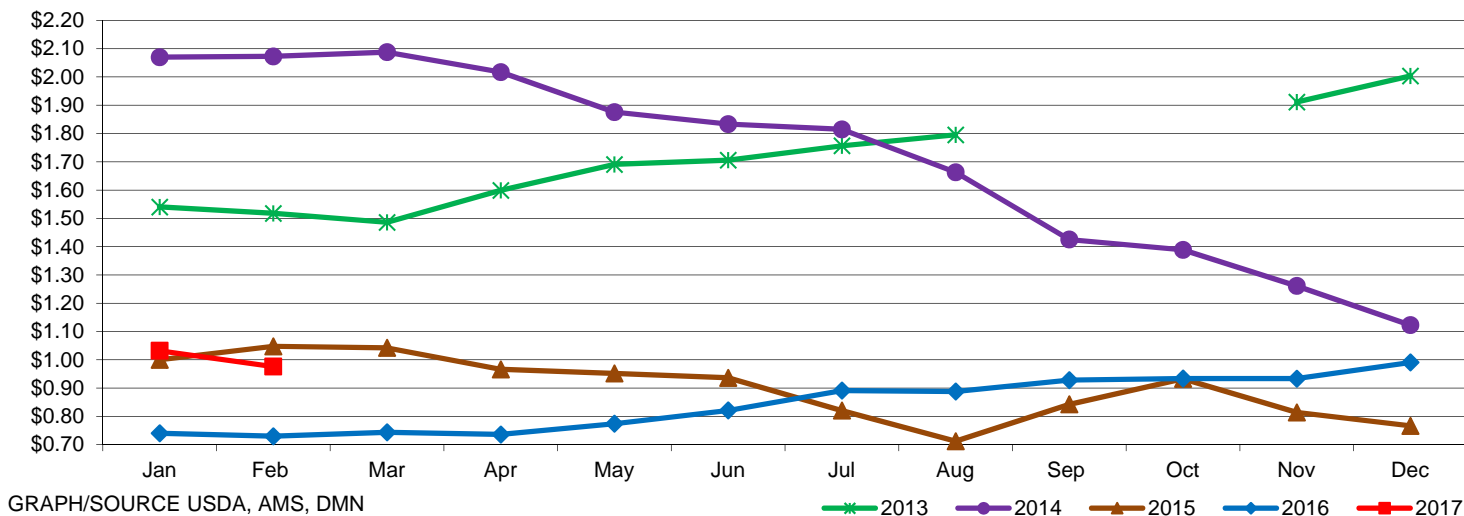
**Source:** U.S. Department of Agriculture. World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates, WASDE-563, March 9, 2017*. Approved by the Interagency Commodity Estimates Committee [members for Dairy are: Shayle Shagam, Chairperson, WAOB; Carolyn Liebrand, AMS; Paul Kiendl, FAS; Jerry Cessna, ERS; and Milton Madison, FSA].



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

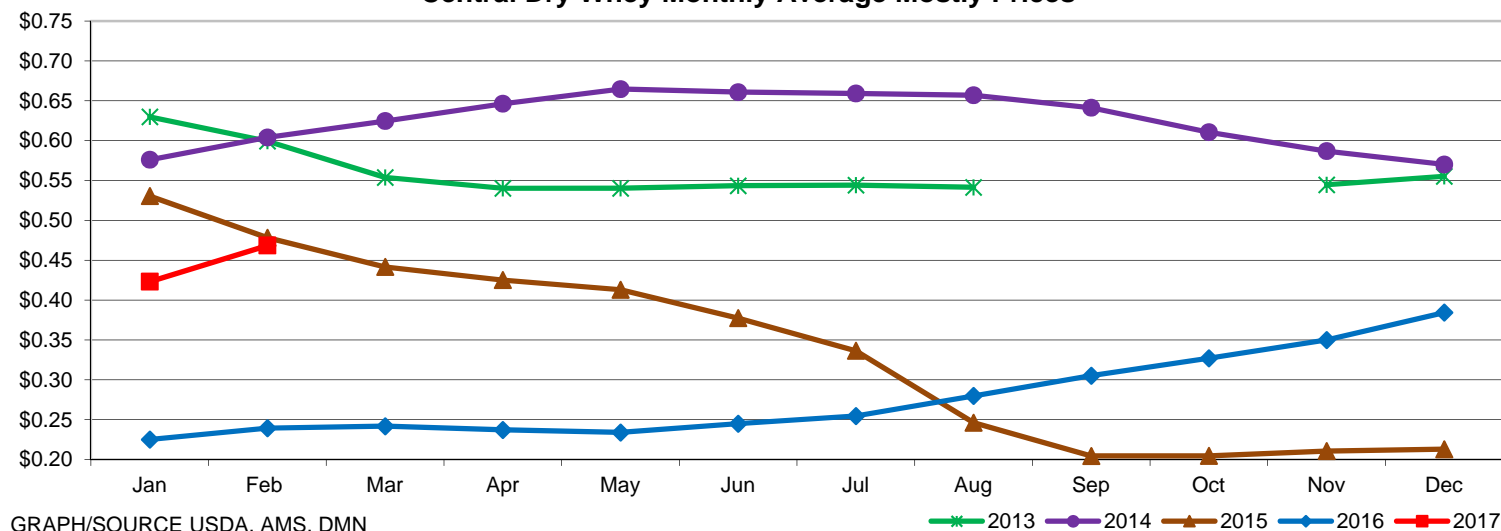


### Western Low/Medium Heat Nonfat Dry Milk Monthly Average Mostly Prices



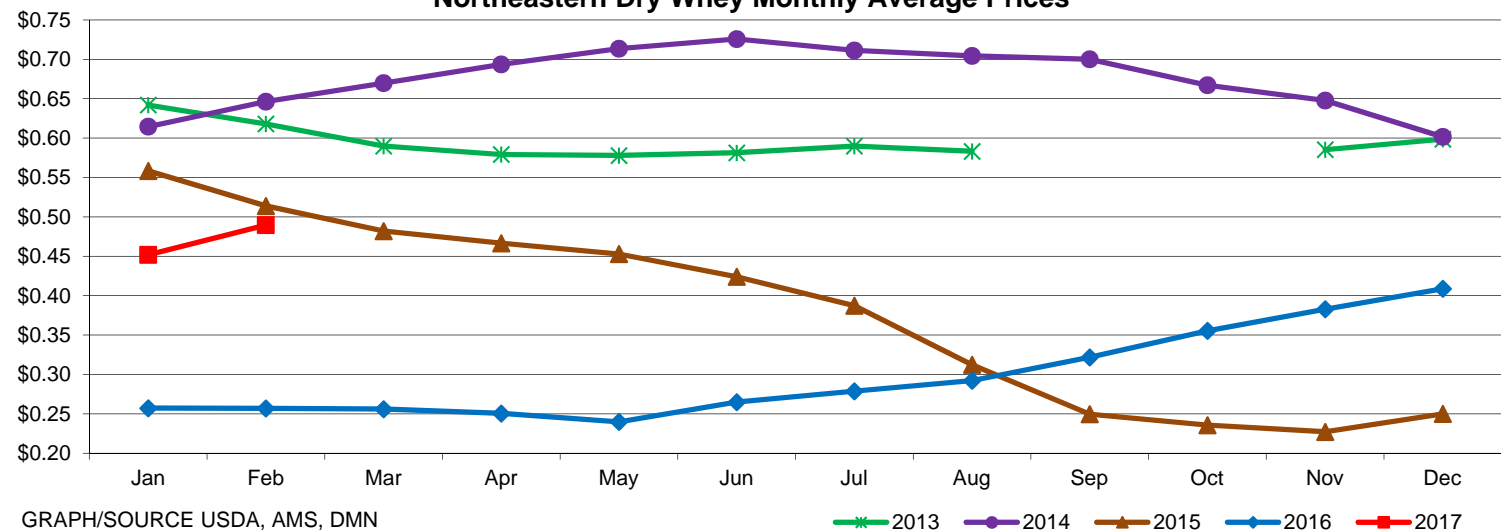
PER POUND

### Central Dry Whey Monthly Average Mostly Prices



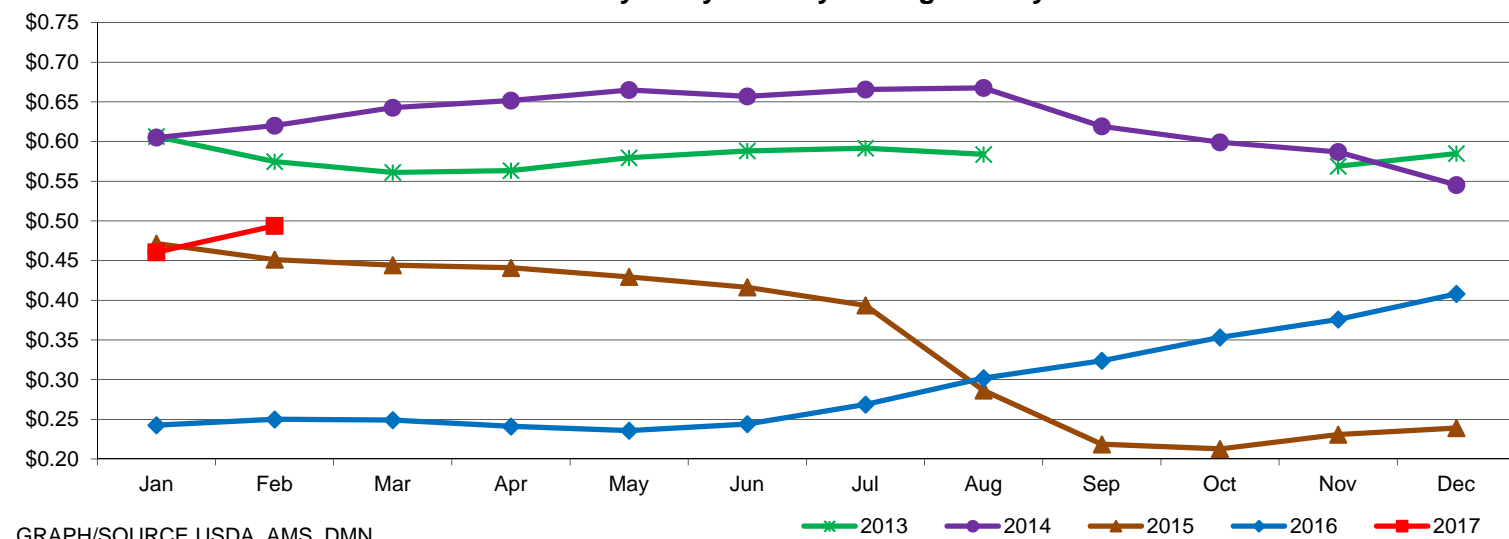
PER POUND

### Northeastern Dry Whey Monthly Average Prices

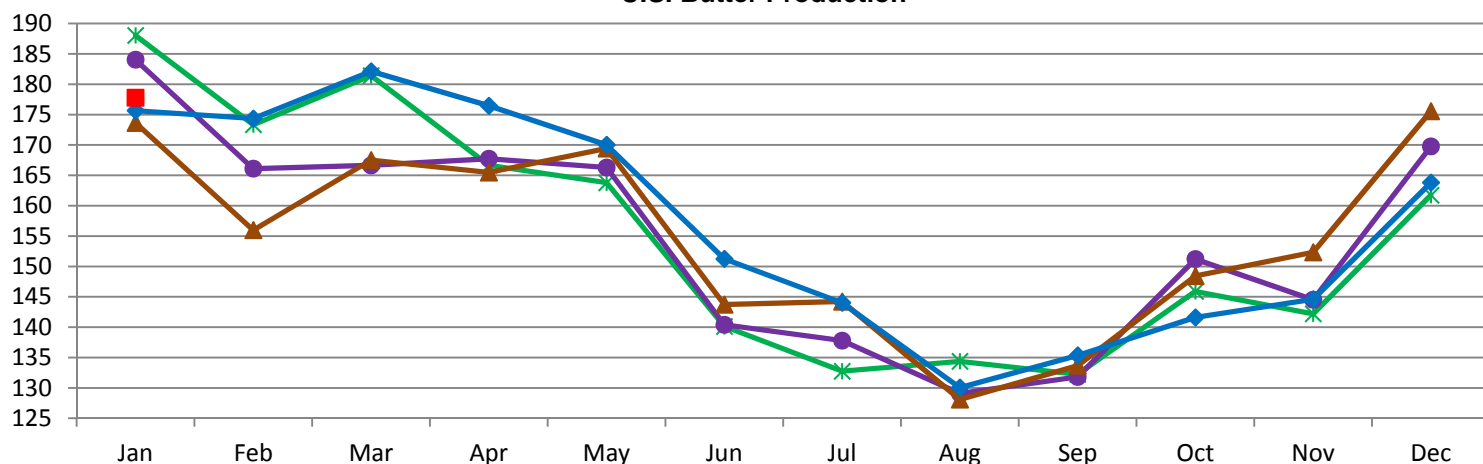


PER POUND

## Western Dry Whey Monthly Average Mostly Prices



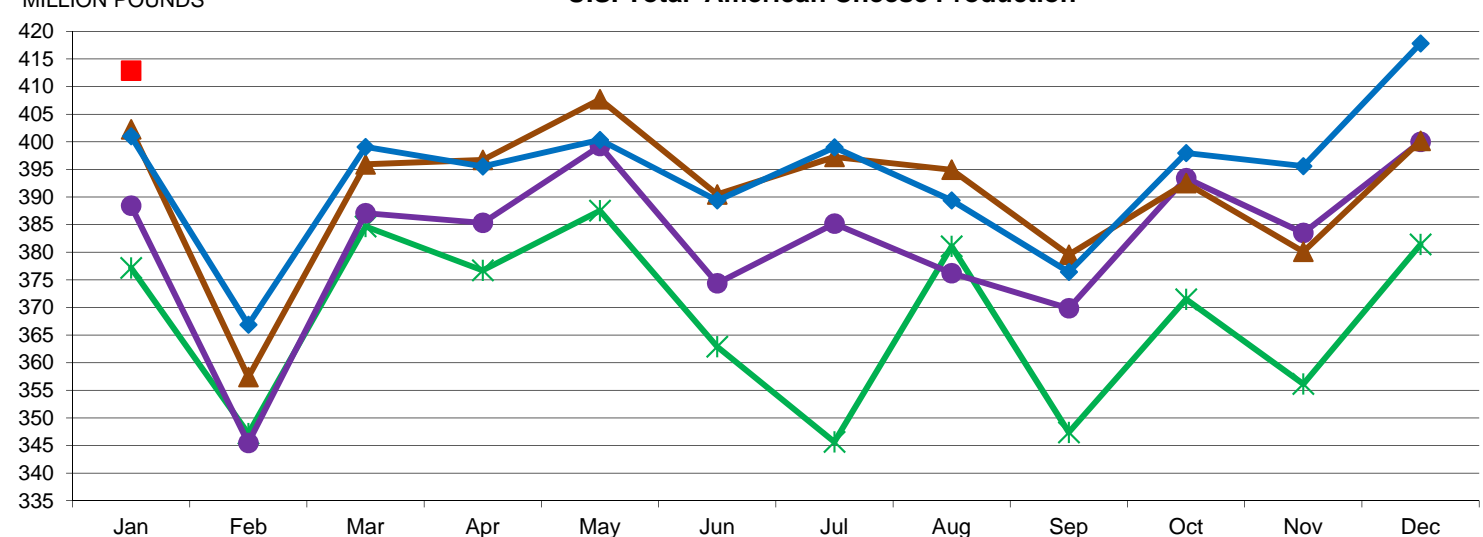
MILLION POUNDS

**U.S. Butter Production**

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

✱ 2013   
● 2014   
▲ 2015   
◆ 2016   
■ 2017

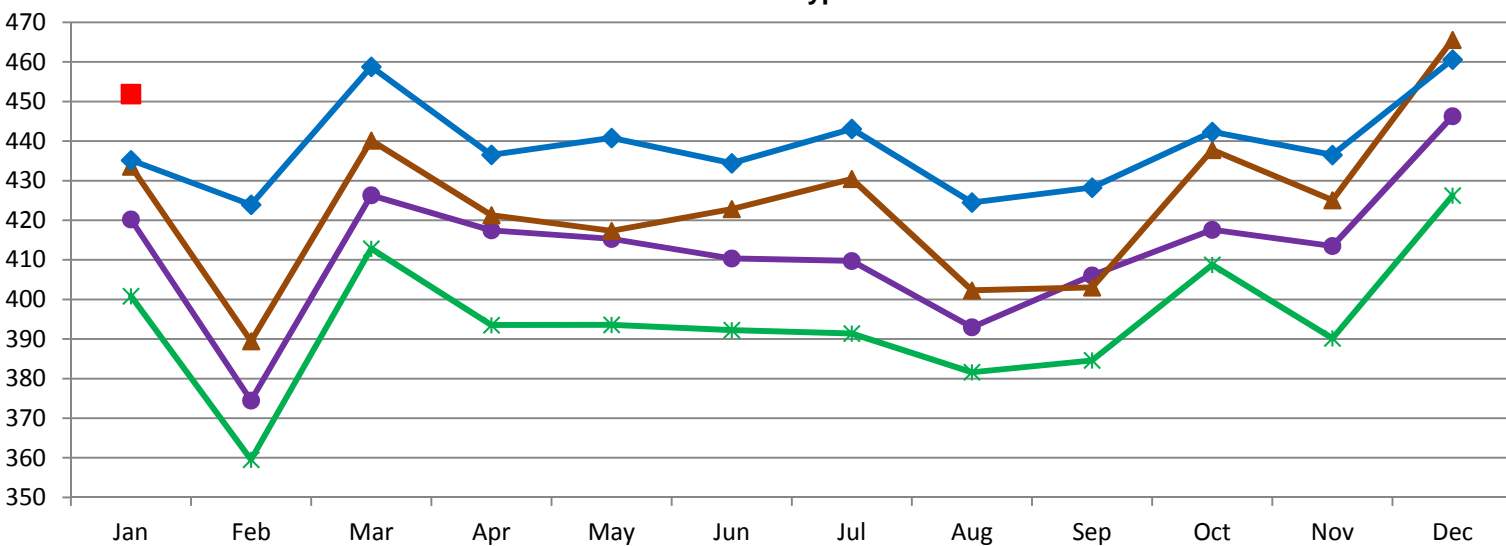
MILLION POUNDS

**U.S. Total American Cheese Production**

DATA SOURCE USDA, NASS; GRAPH, USDA, DMN

✱ 2013   
● 2014   
▲ 2015   
◆ 2016   
■ 2017

MILLION POUNDS

**U.S. Total Italian-Type Cheese Production**

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

✱ 2013   
● 2014   
▲ 2015   
◆ 2016   
■ 2017



## 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 10

Issued Weekly

Friday, March 10, 2017

### Advertised Prices for Dairy Products at Major Retail Supermarket Outlets ending during the period of 03/10/2017 to 03/16/2017

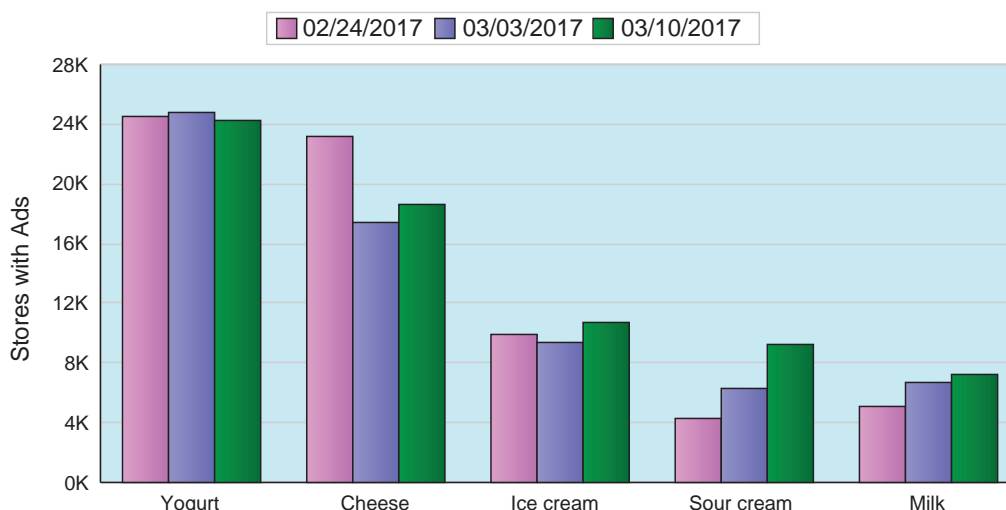
This week, total conventional dairy advertisements increased 4%, but organic dairy ads were unchanged. Conventional butter ads increased 44%, while organic butter ads saw an 11% increase. The national average price for 1 pound conventional butter is \$3.18, while 1 pound organic butter is \$5.01, representing an organic price premium of \$1.83.

Conventional yogurt ads decreased 4%, and organic yogurt ads decreased 22%. The average sale price for 4-6 ounce conventional Greek yogurt is \$0.97, while 4-6 ounce organic Greek yogurt is \$1.14, an organic price premium of \$0.17. The average sale price for 4-6 ounce conventional yogurt is \$0.50, while 4-6 ounce organic yogurt is \$1.10, an organic price premium of \$0.60.

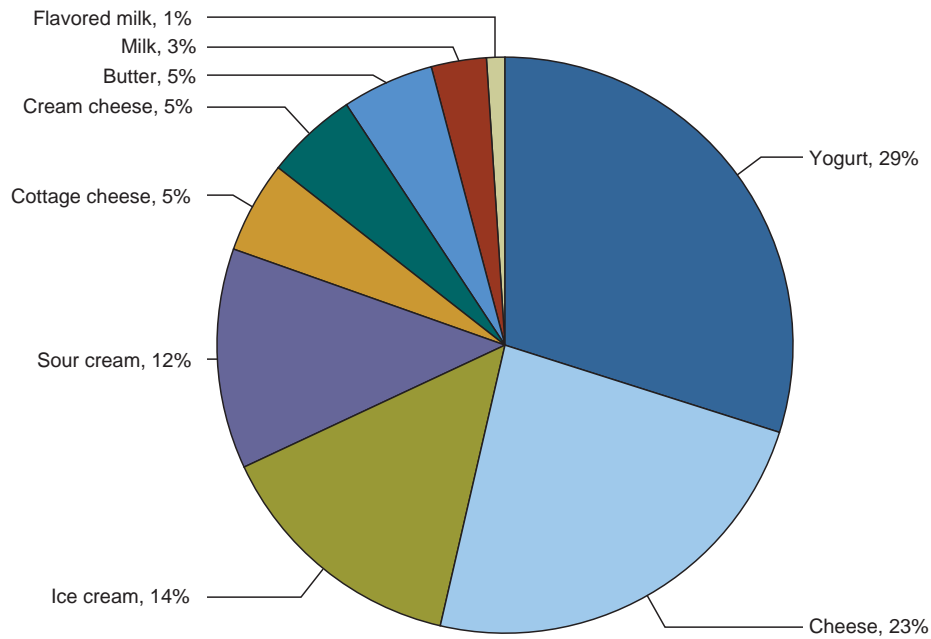
The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.31, while organic 8 ounce blocks averaged \$3.08, an organic premium of \$0.77. Ads for conventional 8 ounce shred cheese averaged \$2.31, while organic 8 ounce shred averaged \$4.06, an organic premium of \$1.75. The collective number of conventional cheese ads decreased 3%.

This week, the difference between the weighted average price for organic half gallon milk, \$3.69, and the weighted average price for conventional half gallon milk, \$1.55, resulted in an organic price premium of \$2.14. Organic milk advertisements increased 27%, but ads for conventional milk decreased 19%.

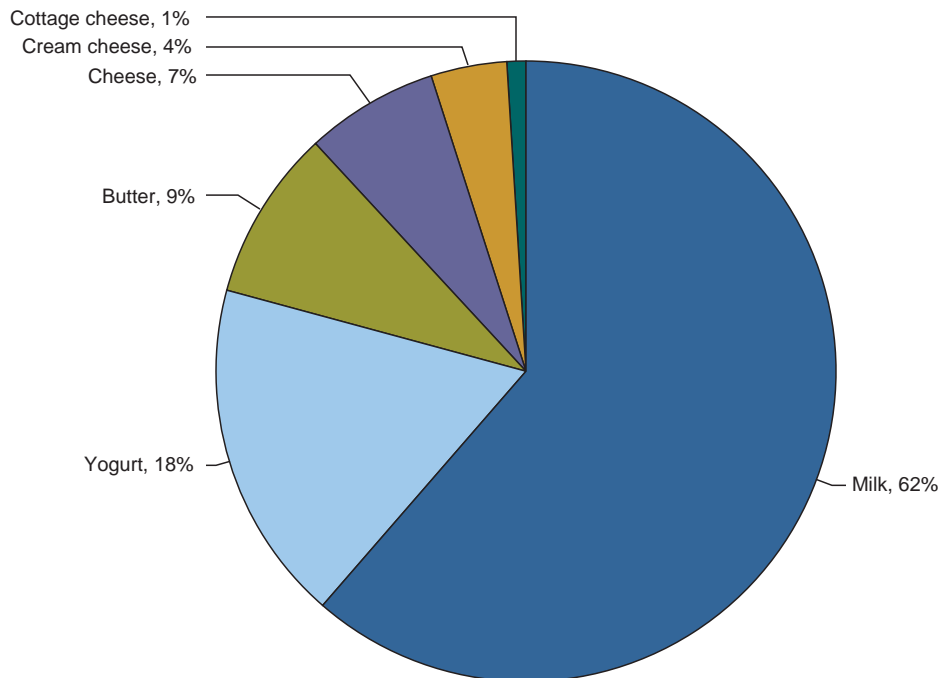
Top 5 Commodities Featured



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 #	3882	3.18	2688	3.04	1703	3.43
Cheese	Natural Varieties	8 oz block	8250	2.25	8831	2.15	7351	2.43
Cheese	Natural Varieties	1 # block	1253	3.45	897	3.44	3604	3.46
Cheese	Natural Varieties	2 # block	247	6.01	298	5.79	1217	5.84
Cheese	Natural Varieties	8 oz shred	7611	2.31	7118	2.21	5999	2.29
Cheese	Natural Varieties	1 # shred	695	3.07	262	3.15	3163	3.48
Cottage cheese		16 oz	4115	1.90	4751	1.84	3155	2.07
Cream cheese		8 oz	4076	1.90	4371	1.66	5191	1.70
Flavored milk	All fat tests	half gallon	268	1.36	122	2.56	308	2.76
Flavored milk	All fat tests	gallon	716	2.53	576	2.82	977	3.01
Ice cream		48-64oz	10781	3.27	9425	3.03	9418	3.11
Milk	All fat tests	half gallon	655	1.55	296	1.77	536	2.54
Milk	All fat tests	gallon	1522	2.51	2395	3.11	1797	2.54
Sour cream		16 oz	9252	1.84	5885	1.73	4618	1.75
Yogurt	Greek	4-6 oz	10958	.97	11945	.97	16561	.91
Yogurt	Greek	32 oz	2951	4.64	984	4.03	565	4.58
Yogurt	Yogurt	4-6 oz	7859	.51	8658	.53	6799	.48
Yogurt	Yogurt	32 oz	1029	3.59	1358	2.39	2342	2.14

## 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 #	2.77-4.49	1074	3.21	2.50-3.49	1970	3.18	2.50-3.00	554	2.80
Cheese	Natural Varieties	8 oz block	1.79-4.49	2315	2.50	1.79-3.00	3175	2.30	1.48-2.50	1697	1.97
Cheese	Natural Varieties	1 # block	3.99	296	3.99	3.48-3.50	279	3.49	2.49-3.33	206	2.77
Cheese	Natural Varieties	2 # block				5.99	64	5.99			
Cheese	Natural Varieties	8 oz shred	1.66-3.59	2316	2.36	1.99-2.50	2516	2.40	1.48-2.50	1010	2.13
Cheese	Natural Varieties	1 # shred	3.99	147	3.99	3.50	84	3.50	2.49	137	2.49
Cottage cheese		16 oz	1.79-2.49	895	1.98	1.00-2.99	2473	1.94	1.00	348	1.00
Cream cheese		8 oz	1.49-1.99	1133	1.69	1.29-2.50	1370	1.99	1.60-2.99	432	2.32
Flavored milk	All fat tests	half gallon							2.00	81	2.00
Flavored milk	All fat tests	gallon							1.69-2.50	179	2.00
Ice cream		48-64oz	1.99-3.29	2950	2.57	1.99-4.99	4326	3.56	2.49-4.49	1591	3.35
Milk	All fat tests	half gallon	2.50	135	2.50				0.69	137	.69
Milk	All fat tests	gallon	3.33	62	3.33				1.58-2.50	370	1.98
Sour cream		16 oz	1.50-2.00	2073	1.85	1.00-2.99	3832	1.92	1.00-1.98	1502	1.67
Yogurt	Greek	4-6 oz	0.75-1.25	2667	1.00	0.80-1.25	4560	.95	0.88-1.29	1649	.99
Yogurt	Greek	32 oz	3.39-4.99	1213	4.48	3.78-4.99	1197	4.79	3.99	185	3.99
Yogurt	Yogurt	4-6 oz	0.39-1.25	2337	.52	0.30-0.90	3973	.51	0.40-0.60	691	.51

Wtd Avg - Simple weighted average



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Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Yogurt	Yogurt	32 oz	2.00-4.99	675	3.80	4.99	61	4.99	2.39	180	2.39

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	2.99-4.49	197	3.74				3.89	61	3.89
Cheese	Natural Varieties	8 oz block	1.50-2.50	368	1.98	1.79-1.99	410	1.93	1.69-2.99	240	2.18
Cheese	Natural Varieties	1 # block	2.49-4.49	223	3.23	2.49	120	2.49	3.99-4.99	127	4.47
Cheese	Natural Varieties	2 # block				5.99	178	5.99			
Cheese	Natural Varieties	8 oz shred	1.25-2.69	398	1.95	1.79-2.99	988	2.27	1.69-3.00	301	2.35
Cheese	Natural Varieties	1 # shred	2.49	141	2.49	2.49	120	2.49	3.99	66	3.99
Cottage cheese		16 oz				1.25-2.00	200	1.76	2.50	105	2.50
Cream cheese		8 oz	1.50-1.98	241	1.64	1.25-1.99	399	1.76	1.49-2.69	422	1.80
Flavored milk	All fat tests	half gallon							0.99-1.25	187	1.08
Flavored milk	All fat tests	gallon	2.19-3.99	417	2.91	1.99	120	1.99			
Ice cream		48-64oz	2.50-5.00	946	3.57	2.89-3.99	758	3.53	3.99	132	3.99
Milk	All fat tests	half gallon	1.89-2.00	193	1.92				0.99-1.25	187	1.08
Milk	All fat tests	gallon	2.19-2.99	436	2.73	1.99-2.99	627	2.49			
Sour cream		16 oz	0.99-1.98	1254	1.84	1.25-2.00	378	1.73	1.49-1.99	166	1.67
Yogurt	Greek	4-6 oz	0.79-1.00	373	.92	0.70-1.00	1234	.92	0.88-1.00	370	.97
Yogurt	Greek	32 oz				4.99	356	4.99			
Yogurt	Yogurt	4-6 oz	0.50	205	.50	0.33-0.40	364	.35	0.50-0.60	232	.55
Yogurt	Yogurt	32 oz	3.99	62	3.99						

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 #	4.19-4.29	23	4.28	4.29	3	4.29
Cheese	Natural Varieties	8 oz block	2.79	11	2.79	1.99-3.00	34	2.48
Cheese	Natural Varieties	1 # block	5.29	2	5.29			
Cheese	Natural Varieties	2 # block	6.99	5	6.99			
Cheese	Natural Varieties	8 oz shred	2.79-3.98	14	3.05	1.99-3.25	68	2.86
Cottage cheese		16 oz	2.89-3.98	33	3.81	2.25-2.50	61	2.49
Cream cheese		8 oz	2.49-3.50	52	3.06	2.49	27	2.49
Ice cream		48-64oz	3.49-4.99	41	4.25	4.29-4.79	37	4.33
Milk	All fat tests	half gallon				2.89	3	2.89
Milk	All fat tests	gallon				4.99	27	4.99
Sour cream		16 oz	1.98-2.14	11	2.10	2.00-2.50	36	2.41
Yogurt	Greek	4-6 oz	1.00-1.66	64	1.41	0.88-1.33	41	1.26
Yogurt	Yogurt	4-6 oz	0.60-0.80	23	.62	0.75	34	.75
Yogurt	Yogurt	32 oz				2.49-3.59	51	3.01

Wtd Avg - Simple weighted average



## NATIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		LAST WEEK		LAST YEAR	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	751	5.01	679	5.82	486	5.10
Cheese	Natural Varieties	8 oz block	312	3.08			225	4.46
Cheese	Natural Varieties	8 oz shred	238	4.06			393	3.09
Cottage cheese		16 oz	51	2.99	502	3.47	550	3.00
Cream cheese		8 oz	306	2.59	666	2.76		
Milk	All fat tests	half gallon	3754	3.69	3350	3.54	1757	4.30
Milk	All fat tests	gallon	1133	5.03	471	4.70	474	5.81
Milk	All fat tests	8 oz UHT	216	.50	183	1.00	174	1.00
Sour cream		16 oz			461	2.99	210	2.99
Yogurt	Greek	4-6 oz	510	1.14	376	1.27	535	1.28
Yogurt	Greek	32 oz			549	4.58	518	3.03
Yogurt	Yogurt	4-6 oz	384	1.10			462	.97
Yogurt	Yogurt	32 oz	588	2.99	983	2.79	322	2.88

## 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 #	3.99-5.49	280	4.93				4.49	119	4.49
Cream cheese		8 oz	2.99	59	2.99				2.50	247	2.50
Milk	All fat tests	half gallon	3.79-3.99	933	3.97	2.99-3.99	1297	3.70	2.95-4.99	1207	3.27
Milk	All fat tests	gallon				4.99	1083	4.99			
Milk	All fat tests	8 oz UHT	0.50	100	.50				0.50	116	.50
Yogurt	Greek	4-6 oz							1.00-1.25	366	1.09
Yogurt	Yogurt	4-6 oz	1.00	304	1.00						
Yogurt	Yogurt	32 oz							2.99	588	2.99



Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	4.99-5.49	133	5.30	4.99	114	4.99	5.49	105	5.49
Cheese	Natural Varieties	8 oz block	3.00-3.50	192	3.13	3.00	120	3.00			
Cheese	Natural Varieties	8 oz shred	3.50-4.49	133	4.11				3.99	105	3.99
Cottage cheese		16 oz	2.99	51	2.99						
Milk	All fat tests	half gallon				3.99	178	3.99	4.39	105	4.39
Milk	All fat tests	gallon				5.99	50	5.99			
Yogurt	Greek	4-6 oz	1.25	141	1.25						
Yogurt	Yogurt	4-6 oz	1.50	80	1.50						

Commodity	Type	Pack Size	ALASKA U.S.			HAWAII U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Milk	All fat tests	half gallon				6.49	34	6.49
Yogurt	Greek	4-6 oz				1.50	3	1.50

#### REGIONAL DEFINITIONS

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

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



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Market Information Branch

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