

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (3/17)**

**BUTTER:** Grade AA closed at \$2.1300. The weekly average for Grade AA is \$2.1465. (-.0210).

**CHEESE:** Barrels closed at \$1.3650 and 40# blocks at \$1.4000. The weekly average for barrels is \$1.3780(-.0455) and blocks, \$1.3715 (-.0610).

**NONFAT DRY MILK:** Grade A closed at \$0.8050. The weekly average for Grade A is \$.8015 (-.0055).

**BUTTER HIGHLIGHTS:** Cream is readily available for butter production throughout the United States. Production continues to be active, in order to fulfill inventory projection needs. Inventories are building. In the Northeast, heavy print volumes are set to clear ahead of the upcoming spring celebrations. However, in the West, industry contacts expect more U.S. processors will shift butter production from print to bulk after the festivities. In the Central, current demand is strong, but questioned if adequate to keep stocks at comfortable levels. In the West, domestic demand is steady, but outside of contracts, interest is light. End users are focusing on immediate purchases, and not putting large volumes of butter into storage. This week, domestic bulk butter sales across the country are the same as last week at 3 cents below to 7 cents above, based on the CME Group with various time frames and averages used. Friday's CME Group cash trading saw Grade AA butter close at \$2.1300, down \$0.0325 from a week ago.

**CHEESE HIGHLIGHTS:** Abundant milk availability continues for cheesemakers across the nation. In the Midwest, spot milk prices were reported as low as \$5 under Class III. Cheese production is corresponding to milk supply across the nation. In the Northeast, some cheddar processors are running seven days a week. Demand reports, nationwide, range from slow to fair. Food service orders in the Northeast are down as many school districts are on spring break. Contacts in all regions suggest buyers are using a wait-and-see approach as cheese prices continue downward. Western cheese contacts suggest export interest is ticking up with current cheese prices. Cheese inventories are heavy. In the European Union, per capita cheese consumption and cheese demand beat expectations in 2016, thus cheesemakers plan to increase production to meet 2017 demand. In CME Group trading Friday, barrels closed at \$1.3650, down \$0.0350 from last Friday. Blocks closed at \$1.4000, up \$0.0150 from last Friday.

**FLUID MILK:** Across the nation, milk production is higher following seasonal patterns. In some parts of the East region, milk and cream distributions were disrupted by heavy storms. Class I orders are slower in some areas due to students being in spring break or about to go to spring break. Class II demand is mixed in the Midwest, but higher in the West. Cream is plentiful in the West and the Midwest. Manufacturers in the Midwest are opting to churn their cream into butter instead of selling it. Cream multiples are ranging 1.05 to 1.20 in the East, 1.05 to 1.20 in the Midwest, and 1.07 to 1.18 in the West.

**DRY PRODUCTS:** Low/medium heat nonfat dry milk (NDM) prices are lower in all regions. Milk production continues to build up, and some regions are close to their spring flush. In the central region, contacts report that a trade concerns with Mexico, a U.S. strong dollar, and a projected spring flush milk surpluses are the reasons for the downward pressure on prices. Production is higher in many areas, and the market undertone is uncertain for the most part. High heat NDM prices are lower. Production is light in the Central and East regions, but increasing in the West. Market undertone is fair in the Central region. Dry buttermilk prices are mixed throughout the country. Eastern and Central dry buttermilk prices are down, due to some end users' preferences for discounted low/medium heat NDM. Production is up and inventories are plentiful. Dry whole milk prices are mixed, with plentiful supplies in the spot market. The recent decline in international dry whole milk prices increased domestic buyers purchasing opportunities in the international market. Dry whey prices are steady. WPC34% prices are down as a result of increased price pressure from lower priced NDM. Currently, production trends are lower than previous years and WPC34% that can easily be substituted by other proteins are facing intense competition. Lactose production is active, with stable market tone and prices. Nationwide, acid casein demand is strong, with much of the contracting already completed into later 2017.

**INTERNATIONAL DAIRY MARKET NEWS(DMN): WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW:** Milk production in Western Europe continues to increase seasonally. However, current estimates are that in Germany production this week is between 2% and 3% below volumes one year

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**CME GROUP CASH TRADING**

COMMODITY	MONDAY MAR 13	TUESDAY MAR 14	WEDNESDAY MAR 15	THURSDAY MAR 16	FRIDAY MAR 17	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.4000 (N.C.)	\$1.4000 (N.C.)	\$1.3750 (-.0250)	\$1.3500 (-.0250)	\$1.3650 (+.0150)	:- (.0350)	:- \$1.3780 (-.0455)
40# BLOCKS	\$1.3675 (-.0175)	\$1.3700 (+.0025)	\$1.3600 (-.0100)	\$1.3600 (N.C.)	\$1.4000 (+.0400)	:- (+.0150)	:- \$1.3715 (-.0610)
NONFAT DRY MILK GRADE A	\$.8075 (-.0025)	\$.8050 (-.0025)	\$.7950 (-.0100)	\$.7950 (N.C.)	\$.8050 (+.0100)	:- (-.0050)	:- \$.8015 (-.0055)
BUTTER GRADE AA	\$2.1625 (N.C.)	\$2.1800 (+.0175)	\$2.1500 (-.0300)	\$2.1100 (-.0400)	\$2.1300 (+.0200)	:- (-.0325)	:- \$2.1465 (-.0210)

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)

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ago. Production in France this week is estimated at about 1.5% below volumes one year ago. A number of European dairy processors expect a modest increase in European milk production during 2017 over 2016 volumes. Continued increases in butter and cheese production are also expected for 2017. It is anticipated that there will be higher WMP production to satisfy domestic EU consumption, but not for export purposes. Finally, the outlook for SMP is described as uncertain. **EASTERN EUROPEAN OVERVIEW:** Russian imports of butter in December 2016 increased 3.4% from one year earlier, according to Eucolait. Whole milk powder imports during December increased 44.1% from the previous December. Imports of skim milk powder increased 18.1% compared with one year earlier. Finally, December 2016 whey imports are up 7.5% from December 2015. In each instance Belarus supplies over one-half of the imports. Belarus has become a significant supplier of dairy products to Russia.

**OCEANIA OVERVIEW: Australia:** According to Dairy Australia, January 2017 milk production in Australia was 5.9% below January 2016. The state changes from January a year earlier are: New South Wales, -8.4%; Victoria, -7.2%; Queensland, +1.8%; South Australia, -7.5%; Western Australia, -1.8% and Tasmania, +1.4%. July 2016-January 2017 cumulative production is 8.2% below the same period one year ago. The cumulative July 2016-January 2017 changes from July 2015-January 2016 are: New South Wales, -6.6%; Victoria, -9.5%; Queensland, +2.3%; South Australia, -10.8%; Western Australia, -0.9% and Tasmania, -6.6%. Each state's percentage of total January Australian production, is: New South Wales, 10.95%; Victoria, 62.95%; Queensland, 4.52%; South Australia, 5.17%; Western Australia, 3.98%; and Tasmania, 11.28%.

**New Zealand:** Bank economists have cut their 2016-17 New Zealand milk price forecasts following recent lower dairy product prices and indicators of higher milk production than recently forecast. For example, large dairy cooperative in New Zealand recently upgraded its forecast for this season's milk collections to a 5% decline, from 7% previously. That was followed by a decision to offer 4% more volumes in GDT events over the next twelve months. The autumn has been good, especially near Canterbury. Increasingly this is considered a sign that could lead to higher milk production than previously expected. January 2017 New Zealand milk production was 2.41 million MT, down from 2.69 million MT in December, according to DCANZ. During January 2016, milk production was 2.43 million MT. January milk solids, 209.69 million kg, are down from 225.50 million kg in December. During January 2016, milk solids were 208.04 million kg. The weakness in a number of the most recent GDT event commodity results is attributed primarily to several factors. First, some observers believe excessive volumes of some products were offered. A second factor mentioned is sentiment that some recent pricing has been a bit too high above market transactions. Finally, lingering suspicion that New Zealand milk production will be higher than projected motivates some market participants. Even though a price drop was not totally unexpected, the magnitude of the recent GDT result came as a bit of a surprise. At the March 7, 2017 GDT event #183, average prices ranged from 15.5% lower to 8.4% higher from the prior event across categories. The all contracts price averages (US\$ per MT) and percent changes from the previous averages are: anhydrous milk fat, \$5,653 -0.8%; butter, \$4,653 +1.2%; buttermilk powder, \$1,846 +8.4%; cheddar cheese, \$3,435 -4.2%; lactose, \$924 -4.3%; rennet casein, \$5,678 -6.6%; skim milk powder, \$2,118, -15.5; and whole milk powder, \$2,782 -12.4%.

**SOUTH AMERICA OVERVIEW:** The dairy industry in **Argentina** is in crisis, according to several market participants.

The adverse effects of recent floods in the main dairy basins are still taking a toll on farm milk yields. In addition, the summer weather and the scarcity of feeding stocks are limiting cows' productivity. As a result, milk intakes are less than adequate for several processing needs. A few dairy manufacturing companies are closing some plants and reducing personnel due to economic issues. This is creating a lot of uncertainty in the market. Fluid/UHT milk demands from some educational institutions and retailers are strong. In the same way, ahead on the upcoming fall holiday season, demand for cream is robust. However, butterfat supplies remain below adequate to cover all buyers/end users' needs. In keeping with the milk shortage, processors continue prioritizing bottled milk and cheese production, limiting condensed milk drying schedules. Milk production at the farm level is steady in **Uruguay**, following seasonal patterns. However, farm milk intakes are expected to increase in the next few weeks, when temperatures start to drop. Milk components remain low. The demands for cream from butter and milk caramel processors are high on a strong market. In **Brazil**, farm milk production is down, following the usual summer patterns. The lower milk supply is helping to maintain high farm gate prices. After the past holiday celebration, bottled milk/UHT sales to retailers are improving. The consumption of cream is improving. However, current cream supplies are less than sufficient to meet the strong demand. Thus, buyers are paying higher premiums for milk butterfat. Overall, cheese sales to several market channels are steady to lower. Some cheese processors report high levels of stock with some inventories near to maturity.

**DECEMBER MAILBOX MILK PRICES (FMMO) & (CDFA):** In December 2016, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$18.67 per cwt, up \$1.47 per cwt from the November 2016 average and up \$1.54 per cwt from the December 2015 average. The component tests of producer milk in December 2016 were: butterfat, 3.94%; protein, 3.23%; and other solids, 5.74%. When compared to the previous month, the December Mailbox prices increased in all 19 Federal milk order reporting areas. The Florida reporting area increased \$2.18 per cwt, while the Wisconsin reporting area increased only \$1.04 per cwt when compared to the previous month. Averaged over all Federal milk order reporting areas, the December 2016 Mailbox price increased an average of \$1.58 per cwt. Mailbox prices in December 2016 ranged from \$20.15 in Florida to \$16.85 in the Michigan reporting area.

**FEBRUARY FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY (FMMO):** During February, 10.116 billion pounds of milk were received from federally pooled producers. This volume of milk is 9.8 percent lower than the February 2016 volume, factored for leap year. Regulated handlers pooled 3.193 billion pounds of producer milk as Class I products, down 1.7 percent when compared to the previous year, factored for leap year. Class I utilization decreased from last year in 7 of the 10 Federal Milk Order Marketing areas. The all-market average Class utilization percentages were: Class I = 32 percent, Class II = 15 percent, Class III = 37 percent, and Class IV = 17 percent. The weighted average statistical uniform price was \$17.41 per cwt, down \$0.43 from last month but up \$2.69 from last year.

**NATIONAL RETAIL REPORT - DAIRY (DMN):** This week, total conventional dairy advertisement numbers decreased 6%, and organic dairy ads declined 29%. Conventional 8 ounce shredded cheese ad numbers increased 20%, but the weighted average advertised price decreased 3 cents to \$2.28. Conventional 8 ounce

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cream cheese advertisements fell 4%, and the average price decreased 20 cents to \$1.70. Organic one gallon of milk ads decreased 85%, while the average price increased 25 cents to \$5.28. The collective number of conventional cheese ads slightly decreased 1%, while there were no organic cheese advertisements during this week. The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.18. Conventional yogurt ad numbers decreased 9%, and organic yogurt ad numbers declined 35%. The average sales price for 4-6 ounce conventional yogurt is \$0.56, while 4-6 ounce organic yogurt averaged \$1.11, an organic price premium of \$0.55. The average advertised price for 4-6 ounce conventional Greek yogurt is \$0.97, while 4-6 ounce organic Greek yogurt is \$1.21, an organic price premium of \$.24. Organic milk advertisement ad numbers decreased 34%, but ad numbers for conventional milk increased 27%. The weighted average price for organic half gallon milk is \$3.79. For a conventional half gallon of milk, the average price is \$2.43, an organic price premium of \$1.36.

## MONDAY, MARCH 13, 2017

CHEESE -- SALES: 4 CARS 40# BLOCKS: 1 @ \$1.3750, 1 @ \$1.3725, 1 @ \$1.3700, 1 @ \$1.3675; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4000; 1 CAR 40# BLOCKS @ \$1.3700  
 NONFAT DRY MILK -- SALES: 2 CARS GRADE A: 1 @ \$0.8050, 1 @ \$0.8075; LAST BID UNFILLED: 5 CARS GRADE A: 1 @ \$0.8000, 1 @ \$0.8050, 3 @ \$0.7900; LAST OFFER UNCOVERED: 2 CARS GRADE A @ \$0.8100  
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

## TUESDAY, MARCH 14, 2017

CHEESE -- SALES: 4 CARS 40# BLOCKS: 1 @ \$1.3675, 1 @ \$1.3700, 1 @ \$1.3675, 1 @ \$1.3700; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4100; 1 CAR 40# BLOCKS @ \$1.3800  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 11 CARS GRADE A: 10 @ \$0.7700, 1 @ \$0.7900; LAST OFFER UNCOVERED: 7 CARS GRADE A: 3 @ \$0.8100, 2 @ \$0.8075, 2 @ \$0.8050  
 BUTTER -- SALES: 2 CARS GRADE AA: 1 @ \$2.1700, 1 @ \$2.1800; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

## WEDNESDAY, MARCH 15, 2017

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.3950, 1 @ \$1.3750; 4 CARS 40# BLOCKS: 1 @ \$1.3650, 1 @ \$1.3625, 2 @ \$1.3600; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4000; 1 CAR 40# BLOCKS @ \$1.3700  
 NONFAT DRY MILK -- SALES: 6 CARS GRADE A: 1 @ \$0.8050, 2 @ \$0.7900, 2 @ \$0.7875, 1 @ \$0.7900; LAST BID UNFILLED: 3 CARS GRADE A: 1 @ \$0.7600, 1 @ \$0.7875, 1 @ \$0.7950; LAST OFFER UNCOVERED: 2 CARS GRADE A: 1 @ \$0.8025, 1 @ \$0.8000  
 BUTTER -- SALES: 1 CAR GRADE AA @ \$2.1500; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

## THURSDAY, MARCH 16, 2017

CHEESE -- SALES: 11 CARS BARRELS: 3 @ \$1.3625, 1 @ \$1.3600, 2 @ \$1.3525, 1 @ \$1.3600, 1 @ \$1.3475, 3 @ \$1.3500; 3 CARS 40# BLOCKS: 1 @ \$1.3600, 1 @ \$1.3700, 1 @ \$1.3600; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.3400; 1 CAR 40# BLOCKS @ \$1.3600; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.3700; 1 CAR 40# BLOCKS @ \$1.3800  
 NONFAT DRY MILK -- SALES: 5 CARS GRADE A: 2 @ \$0.7900, 1 @ \$0.7875, 1 @ \$0.7900, 1 @ \$0.7950; LAST BID UNFILLED: 3 CARS GRADE A: 2 @ \$0.7800, 1 @ \$0.7900; LAST OFFER UNCOVERED: 2 CARS GRADE A: 1 @ \$0.8100, 1 @ \$0.8000  
 BUTTER -- SALES: 22 CARS GRADE AA: 1 @ \$2.1175, 8 @ \$2.1125, 11 @ \$2.1200, 1 @ \$2.1150, 1 @ \$2.1100; LAST BID UNFILLED: 5 CARS GRADE AA @ \$2.1000; LAST OFFER UNCOVERED: 5 CARS GRADE AA @ \$2.1100

## FRIDAY, MARCH 17, 2017

CHEESE -- SALES: 10 CARS BARRELS: 1 @ \$1.3550, 7 @ \$1.3600, 1 @ \$1.3700, 1 @ \$1.3650; 1 CAR 40# BLOCKS @ \$1.4000; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE  
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 5 CARS GRADE A: 1 @ \$0.7900, 1 @ \$0.7950, 1 @ \$0.8050, 1 @ \$0.7875, 1 @ \$0.7700; LAST OFFER UNCOVERED: 14 CARS GRADE A: 1 @ \$0.8100, 1 @ \$0.8200, 10 @ \$0.8500, 1 @ \$0.8150, 1 @ \$0.8100  
 BUTTER -- SALES: 7 CARS GRADE AA: 1 @ \$2.1100, 6 @ \$2.1300; LAST BID UNFILLED: 5 CARS GRADE AA @ \$2.1300; LAST OFFER UNCOVERED: NONE

## BUTTER MARKETS

## NORTHEAST

Milk input levels continue to encourage the region's seasonally strong butter production. Producers in some areas continue to source cream, for production, from surplus channels in order to fulfill inventory projection needs. Retail business is good. Heavy print volumes are set to clear ahead of the approaching holiday period, with scattered retail feature activity in the plans. Meanwhile, kosher butter transactions are above producers' expectations. The market reports an increase in the margin, well over the previous year. Efforts to establish contracts by some buyers for Q3 and Q4 butter needs are to no avail, at this point, as some processors have backed away from those requests. Inventories, in general, are adequate and building for most near term customer needs. The market undertone is unsettled, as prices fluctuate. Domestic bulk butter sales differ, ranging 1 to 7 cents over the CME Group, based on various time frames and averages used. Tuesday, the CME Group cash trading saw Grade AA butter prices close at \$2.1800, up \$0.0125 from a week ago closing price. According to the *DMN National Retail Report-Dairy*, for March 10-16, 2017, the Northeast weighted average retail price for 1-pound butter was \$3.21, 3 cents higher than the national average price, and 17 cents higher than last week's national average butter price. Markets in the Northeast region reported butter prices ranging \$2.77-\$4.49. In the Southeast, the weighted average butter price is \$3.18, identical to the national average price. Butter prices ranged \$2.50-\$3.49, in southeastern retail markets surveyed.

## CENTRAL

Butter producers in the Central United States are seeing no shortages of cream. Some producers say Class II interest is increasing, but cream is still available and at prices favorable to butter makers.

Butter production is active, and butter inventories are building when demand allows. Reports on butter orders are increasing as spring approaches. Some contacts point to heavy inventories and question whether current demand, although strong, is adequate enough to keep stocks manageable. However, other Central contacts suggest demand is strong enough, and inventories are comfortable for late summer/early fall ordering rushes. The butter market tone is steady. CME butter prices averaged \$2.1675 last week, \$.1865 higher than the same week in 2016. *DMN National Retail Report-Dairy* for March 10-16 noted the national weighted average advertised price for a 1 pound package of butter is \$3.18, \$0.14 above one week ago, but \$0.25 lower than one year ago. The weighted average regional prices in the Midwest and South Central were \$2.80 and \$3.74, respectively. Bulk butter prices reported ranged from 1 to 7 cents over the market, with various periods and averages used. Wednesday at the CME Group, Grade AA butter closed at \$2.1500, down \$.0475 from last Wednesday.

## WEST

Western butter makers report very little change from last week. Cream is readily available for butter production, and manufacturers seem willing to actively churn in order to fill current orders. Domestic demand is steady, but processors say interest is light outside of contracted purchases. End users are focusing predominantly on immediate needs, buying hand to mouth as opposed to putting up large volumes of butter into storage. Inventories are generally growing seasonally. Industry contacts expect more U.S. processors will shift more butter production from print to bulk once the spring holidays pass. Bulk butter pricing in the West this week is 3 cents below to 1 cent above, based on the CME

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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 11, 2017	2.1898 4,196,631	1.5944 12,991,427	1.5936 13,382,652	.5201 6,422,811	.8490 22,924,289

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

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Group with various time frames and averages used. The DMN *National Retail Report–Dairy* for the week of March 10-16 found that the U.S. weighted average advertised price of 1 pound butter is \$3.18, up \$.14 from last week. The U.S. weighted average price was \$3.43 one year ago. In the Northwest, the weighted average advertised price of 1 pound butter is \$3.89. There were no reported advertised sale prices in the Southwest. The Grade AA butter price at the CME Group on Wednesday closed at \$2.1500, down \$.0475 from a week ago.

## CHEESE MARKETS

## NORTHEAST

Northeastern cheese manufacturing plants continue to have abundant milk volumes accessible for cheese production. Cheddar plants are running 7-day work schedules. Interest for mozzarella remains steady. Food service orders are stable to lower as schools are on spring break. Generally, cheese-buying activity is steady to lower, as some market participants hold off on purchases to see if the prices will continue to shift downward. The cheese market undertone is stable. At the CME Group, barrel cheese weekly averages declined \$0.0525 and block weekly averages declined \$0.0750, in a weak market. As a result, East wholesale cheese prices for blocks, process slices and Muenster shifted downward. Tuesday's CME Group daily cash prices saw barrels close at \$1.4000, down \$0.0300 from a week ago; blocks closed at \$1.3700, down \$0.0900 from a week ago. The DMN *National Retail Report-Dairy*, for March 10-16, 2017, noted the Northeast weighted average advertised price for 8 oz. cheese blocks was \$2.50, 25 cents above the national average, with a regional price range of \$1.79-\$4.49. The Southeast 8 oz. block average price was \$2.30, 5 cents above the national average, with a regional price range of \$1.79-\$3.00. The Northeast average advertised price for 8 oz. cheese shreds was \$2.36, 5 cents above the national average price, with a regional price range of \$1.66-\$3.59. In the Southeast, the average price for 8 oz. shreds was \$2.40, 9 cents above the national average, with prices ranging \$1.99-\$2.50.

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

Cheddar 40# Block	:	1.8925-2.1775
Process 5# Sliced	:	1.5575-2.0375
Muenster	:	1.8775-2.2275
Grade A Swiss Cuts 10 - 14#	:	3.3800-3.7025

## MIDWEST

Cheese production in the Midwest is active, keeping pace with readily available milk. Even with spot milk as low as \$5 under Class III, cheese-makers are turning offers away as contractual milk supplies are meeting production needs. The challenge for some Midwestern cheese manufacturers is finding a middle ground between cheese production and managing cheese inventories, which are reportedly long. Demand reports are mixed. Some contacts report steadiness in retail and specialty orders following a post-Super Bowl lull. However, some Midwest cheese producers report a softness on spot orders, suggesting buyers are holding off while cheese prices continue to weaken. The market undertone is unsteady. In CME Group trading Wednesday, barrels closed at \$1.3750, down \$.0750 from last Wednesday and blocks closed at \$1.3600, down \$.0800 from last Wednesday. The DMN *National Retail Report-Dairy* shows that March 10-16 Midwest ads for 8 ounce shred cheese have a weighted average advertised price of \$2.13, 18 cents below the national average. Midwest prices range from \$1.48-\$2.50. One year ago, the national price was \$2.29. For 8 ounce blocks, the Midwest average price is \$1.97, 28 cents below the national average price. Midwest ads are priced from \$1.48-\$2.50. Last year, the national price was \$2.43. Midwestern wholesale prices are unchanged for Swiss cuts, but down \$.0525 for process and down \$.0750 for all other types.

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

Process American 5# Loaf	:	1.5150-1.8750
Brick And/Or Muenster 5#	:	1.7975-2.2225
Cheddar 40# Block	:	1.5250-1.9200
Monterey Jack 10#	:	1.7725-1.9775
Blue 5#	:	2.0650-3.0525
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.5975-2.5375
Grade A Swiss Cuts 6 - 9#	:	2.8975-3.0150

## WEST

Western cheese contacts say milk is readily available and keeping cheese makers busy. Current cheese production is meeting most buyer requests. Some end users suggest their cheese needs are fully satisfied and they are hesitant to increase their purchases further. Although a few contacts suggest activity from food service and retail accounts is slightly slower, cheese processors describe generally steady domestic demand. In addition, some export buyers are expressing more interest in response to lower cheese prices. Western cheese inventories are still heavy and available storage space is limited. Contacts suggest barrel stocks are long, and block volumes are also above current buyer needs. The DMN *National Retail Report-Dairy* for the week of March 10-16 shows the U.S. weighted average advertised retail price for an 8 ounce pack of natural shredded cheese is \$2.31, up \$.10 from last week. Packs average \$2.27 in the Southwest and \$2.35 in the Northwest. One year ago, the national price was \$2.29. For 8 ounce blocks, the U.S. price is \$2.25, up \$.10 from last week. Blocks average \$1.93 in the Southwest and \$2.18 in the Northwest. One year ago, the national price was \$2.43. In the West, wholesale prices are down \$.0525 for process, and down \$.0750 for cheddar block, cuts, and Monterey Jack. Swiss cut wholesale prices are unchanged. In CME Group trading Wednesday, barrels closed at \$1.3750, down \$.0750 from a week ago and blocks closed at \$1.3600, down \$.0800.

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

Process 5# Loaf	:	1.5025-1.7600
Cheddar 40# Block	:	1.5575-2.0025
Cheddar 10# Cuts	:	1.7375-1.9575
Monterey Jack 10#	:	1.7475-1.9075
Grade A Swiss Cuts 6 - 9#	:	2.9575-3.3875

## FOREIGN TYPE CHEESE

European cheese manufacturers are aware of the need to increase cheese production. Increased per capita demand for cheese within the European Union during 2016, the third consecutive year of increases, is expected to continue, according to the Agriculture and Rural Development section of the European Commission. Internal EU cheese consumption during 2016 increased 1.3% per capita and production increased 1.4%. During 2017 and 2018, cheese production is projected by the Commission to increase 2%. With late 2016 cheese sales having required cheese to be removed from storage to meet demand, cheese manufacturers are looking ahead with expectations of needing to ramp up production to meet 2017 demand. In the U.S., wholesale blue, gorgonzola, parmesan Italy, and Romano prices decreased \$0.075. 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	: 1.9425-3.4300*
Gorgonzola	: 3.6900-5.7400	: 2.4500-3.1675*
Parmesan (Italy)	: -0-	: 3.3325-5.4225*
Romano (Cows Milk)	: -0-	: 3.1325-5.2825*
Sardo Romano (Argentina)	: 2.8500-4.7800	: -0-
Reggianito (Argentina)	: 3.2900-4.7800	: -0-
Jarlsberg-(Brand)	: 2.9500-6.4500	: -0-
Swiss Cuts Switzerland	: -0-	: 3.4175-3.7400
Swiss Cuts Finnish	: 2.6700-2.9300	: -0-

\* = Price change.

CONTINUED ON PAGE 3A

## CHEESE MARKETS

CONTINUED FROM PAGE 3

## COLD STORAGE

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

	<u>BUTTER</u>	:	<u>CHEESE</u>
		:	
03/13/17	24,341	:	88,934
03/01/17	20,155	:	86,899
CHANGE	4,186	:	2,035
% CHANGE	21	:	2



## 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	135	0	140	0	120
SOUTHEAST STATES	0	0	0	0	0	0

Farm milk production in the Eastern region of the United States continues to produce ample volumes of milk. Early in the week, a heavy snowstorm affected Northeastern states, causing many disruptions. Mid-Atlantic and Northeastern manufacturing plants shut down, and milk distribution halted. In the Southeast, manufacturing plants are full with milk, with no delays in distribution. A large portion of Florida is experiencing dry to moderate drought. In other areas of Florida, cooler temperatures emerged. Overall, milk production is steady. Eastern Class I sales are down currently with schools closed for spring break. This week, Florida's milk export shipments totaled 135. Presently, **cream multiples** shifted this week, ranging from **1.05 to 1.20**. Due to the intense snowstorm hitting Northeastern states, cream distribution to plants was delayed. Condensed skim prices remained unchanged this week. **Condensed skim** continues to be plentiful all over the East. According to the DMN *National Retail Report-Dairy*, for March 10-16, 2017, the U.S. weighted average advertised price for a half gallon of milk was \$1.55, down \$0.22 cents compared to last week, and a decrease of \$0.99 from last year. In the Northeast, the weighted advertised price for a half gallon of milk is \$2.50

## 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-	2.2759-2.6010
F.O.B. producing plants: Upper Midwest-	2.2759-2.6010

## 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 is in an upward trend in the Central United States. Even with a short stint of single digit temperatures in the Upper Midwest early in the week, contacts do not foresee a production slowdown. South Central contacts report the weather has been beneficial for cow comfort, with few extreme temperatures and low precipitation. Class I demand has not picked up after weeks of slow orders. Some educational institutions are on spring break now, and many more will be away next week. Most Class III contacts continue to report that spot milk is not an option at this time. Spot milk prices ranged from \$2.00 to \$5.00 under Class, but with many cheesemakers contractually content, spot milk entering cheese vats has been light. Reports on Class II demand are mixed. Some contacts report a growing interest from ice cream producers. Other contacts suggest the late winter weather will hold up Class II ordering until late March and into early April. Cream continues to be readily available. Butter makers are still choosing to churn cream and store the butter, in lieu of selling cream on the spot market. Class II **cream multiples** range from **1.05 to 1.20**. Class IV cream multiples have been reported at flat market. The DMN *National Retail Report-Dairy* for March 10-16 noted the national weighted average advertised price for one gallon of

milk was \$2.51, down \$0.60 from a week ago and \$0.03 lower than a year ago. The weighted average regional prices in the Midwest and South Central were \$1.98 and \$2.73, respectively.

## WEST

Dairy producers in California suggest that milk output is higher this week. Cows are back to their comfortable temperatures as the weather remains dry and warm throughout the week. Fluid milk requests are slightly higher. Harvesting of alfalfa hay is active in the region. International markets are aggressively purchasing domestic hay at higher prices. Domestic consumers have sufficient stocks of hay for their cows. Arizona milk yield is rapidly increasing as weather continues to be warmer. Bottled milk intakes by schools are lower as some students are currently on spring break. With the spring holiday around the corner, some contacts report that milk going into Class II production is higher. Dairy processors expect to see their peak flush very soon. Last week, the dairy industry in New Mexico was experiencing some disturbances to the haulage and processing of milk. Fortunately, this week, farm milk activities seem to be almost back to normal. Milk production is building up following its normal course. The weather is getting warmer as days go by. As the result, farmers expect milk output to reach its peak before long. Class II demands are still on the down side as many manufacturers have enough stocks to meet processing requests. Class I sales continue to be lower with spring break around the corner. Pacific Northwest milk production is seasonally climbing due to the lengthening days and slightly warmer temperatures. Milk is readily available for most processing needs. Bottling demand is steady. Industry contacts say the region has gotten plenty of rain and snow and should be in good shape for irrigating crops this summer. Contacts in the mountain states of Idaho, Utah, and Colorado report steady to rising milk intakes. Favorable weather is helping to dry out some paddocks in Idaho and Northern Utah where flooding earlier in the month created hardships for farmers and dairy cows. A few farms are still working through issues with mud, water and degraded feedstocks. Manufacturers say milk intakes are mostly steady and there isn't any difficulty getting enough milk for processing. School milk bottling is steady, although bottlers expect some slowdown as schools enter into spring breaks. Western **condensed skim** production is currently steady to slightly lower. Arizona sales remain steady. Some plants in Arizona are experiencing down time for repairs and maintenance. As a result, some handlers are moving condensed skim at lower prices from Arizona to California. Cream output is higher along the West coast as farm milk continues to be readily available. However, the requests for cream are steady, while the prices are mixed. There are more than sufficient volumes of cream to meet processing requirements. **Cream multiples** are **1.07 to 1.18**. According to the DMN *National Retail Report-Dairy* for the week of March 10-16, the national weighted average advertised price for one gallon of milk is \$2.51, down 60 cents from last week and 3 cents lower from a year ago. The weighted average regional price in the Southwest is \$2.49, with a price range of \$1.99-2.99. No ads were reported in the Northwest.



## 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 decreased on the top of the range and both ends of the mostly price series. Price changes for low/medium heat NDM result from adjustments based on spot sales and pricing indices. The low/medium heat NDM spot market saw slightly more activity than last week. However, some end users report being well stocked and have no urge to take on spot market NDM. Contacts propose various factors are putting downward pressure on low/medium heat NDM including: trade concerns with Mexico, a strong U.S. dollar and projected spring flush milk surpluses. Low/medium heat nonfat dry milk production continues apace with plentiful milk supplies. The low/medium heat NDM market undertone is uncertain. High heat NDM prices decreased on the bottom of the range. Spot market activity increased slightly. High heat NDM production is light. The market tone remains fair. Inventories are adequate for end users' needs.

**EAST:** Low/medium heat nonfat dry milk (NDM) prices decreased on the top of the range and both ends of the mostly price series. Low/medium heat NDM production is not slowing down as milk remains readily available. The spot market was relatively active as producers attempt to clear stores of 2016 production low/medium heat NDM. Domestic demand is steady, but some end users are stocked and expect lower prices to come. International demand is mixed. The market tone is unsteady. Prices for high heat NDM are lower on the bottom of the range. Supplies of high heat NDM remain tight. High heat NDM production is light, as dryer time is focused on low/medium heat NDM.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 0.8000 - 0.9650 MOSTLY: .8300 - .8800  
 HIGH HEAT: 0.9900 - 1.1500

## NONFAT DRY MILK - WEST

In the West, f.o.b. spot prices for low/medium heat nonfat dry milk (NDM) are lower, in line with downward movement in various pricing indices and recent offshore auction results. The domestic market condition is unbalanced as the current heavy NDM supply is above the sluggish buyers/end users' demand. In order to mitigate the growth of NDM supplies over the spring flush, manufacturers are offering/selling several loads at lower prices near the bottom of the price range. Furthermore, some Class III processors are helping to clear several volumes of condensed skim milk as some balancing plants are operating at full capacity, without enough storage room for milk. NDM stocks continue building as on-farm milk production ramps up toward the flush. This week, NDM spot trading activity varies as some buyers/end users postpone purchases, waiting for lower prices in the short term. On the other hand, some customers are buying more NDM, taking advantage of the current cheaper values. At this point, the U.S. SMP pricing is very competitive, boosting the interest from some international customers such as Brazil. However, the Mexican NDM/SMP demand continues to be light due to currency matters and uncertainty on trade policies. Back to the U.S., high heat NDM prices are lower. Some larger operations are producing more high heat NDM this week, ahead of the spring holidays. Stocks on hand are generally sufficient for near term interest. Demand is at seasonal levels.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A  
 LOW/MEDIUM HEAT: 0.7400 - 0.9275 MOSTLY: .8000 - .8800  
 HIGH HEAT: 0.9900 - 1.1150

## CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	TOTAL SALES
March 10	\$ .8337	16,423,208
March 3	\$ .9258	6,173,797

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

## DRY BUTTERMILK - CENTRAL AND EAST

**CENTRAL:** Dry buttermilk prices decreased on the bottom and top of the range. The dry buttermilk spot market remained active, and some larger volume sales were reported as industrial bakeries prepare for the spring. Demand of dry buttermilk is fair, but orders are slightly behind increasing inventories. Dry buttermilk production is up. However, low/medium heat NDM remains the focus of some producers. Inventory reports range from comfortable to heavy. The market tone is stable.

**EAST:** Dry buttermilk prices decreased on the bottom and top of the range. End users opting for discounted low/medium heat nonfat dry milk have put some pressure on dry buttermilk prices. Some larger volume transactions have taken place ahead of the spring holiday season. Dry buttermilk production has increased. The spot market was a little more active. With increased dry buttermilk production, inventories are plentiful for Eastern end users. However, increased ice cream production is expected to help manage growing inventories.

F.O.B. CENTRAL/EAST: .8300 - 1.0000

## DRY BUTTERMILK - WEST

Western f.o.b. spot prices for dry buttermilk are mixed on the range. However, pricing is lower on the mostly series as both butterfat and nonfat solids trend lower. In addition, dry buttermilk supplies are more available in the spot market. The current NDM prices are putting pressure on dry buttermilk values. The top price of the range is reflecting some trades based on specific brands while the bottom is reflecting moderate load sales from 2016 production. Demands from bakers and ice cream makers are fair to good. Dry buttermilk output is slightly increasing in line with regional butter churning rates. Inventories are more in balance, compared to a few weeks ago.

F.O.B. WEST: .8200 - 1.0500 MOSTLY: .8800 - 1.0000

## DRY WHOLE MILK - NATIONAL

F.O.B. spot prices for national dry whole milk are steady on light trading. Some additional spot loads from manufacturers were offered to various buyers/end users, but interest is modest. With the recent decline in international prices, buyers continue to find purchasing opportunities in the global marketplace. Dry whole milk production is generally light as processors divert milk intakes to other dry product manufacturing. Inventories vary from plant to plant.

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 are steady on both the range and the mostly price series. Midwestern dry whey demand is increasing domestically. Export interest reports are mixed. Some cheese producers in the Midwest continue to see Southeast Asian interest. However, other contacts report a slight decline in requests as China's inventories are currently comfortable. With some pushback on prices for higher protein concentrations, dry whey production has increased. Reported spot market activity was fairly active, and contractual obligations remain steady. Inventory reports range from tight to adequate. Animal feed whey prices also remained steady. The feed grade spot market was relatively quiet. Feed whey end users report being adequately stocked, and contacts expect a near term tightness in feed whey.

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

**DRY WHEY - NORTHEAST**

Dry whey prices are unchanged this week, with light trading, due to the powerful snowstorm overspreading the Northeast earlier in the week. Market participants are actively seeking purchases, although uncommitted inventories are limited. Loads clearing to contracts are on schedule. Inventories continue to tighten. Most reports point to a decreasing level of production in dry whey. Some large cheese producers have cut back on production this week for maintenance, which has limited the amount of whey on the market. The market undertone is stable.

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

**DRY WHEY - WEST**

The market tone for western whey is relatively stable, however industry contacts suggest elements of both weakness and strength. Western whey prices are unchanged. Whey inventories remain comfortable to tight and some contacts report resales above published prices. Production is steady and domestic buyers are taking regular shipments. However, a few manufacturers note export buyers are pushing back, suggesting U.S. whey prices are out of alignment. In addition, a few contacts say some processors are opting to sell off whey solids as opposed to drying.

NONHYGROSCOPIC: .4300 - .5700 MOSTLY: .4500 - .5300

**WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST**

Prices for whey protein concentrate 34% moved lower under increased price pressure from lower priced NDM and other proteins. That said, some WPC34% manufacturers are holding firm on pricing. WPC34% that meets tight specifications or is a favored brand has steady demand and commands premium prices. WPC34% that is interchangeable with other proteins has greater availability and is running into stiff competition. WPC34% production trends are lower than previous years.

F.O.B. EXTRA GRADE 34% PROTEIN: .8200 - 1.1850 MOSTLY: .9000 - 1.0525

**LACTOSE - CENTRAL AND WEST**

Lactose prices are unchanged. Industry contacts note a tone of stability. A few contacts report inventories are growing and look to the wide range as a possible indicator that the market may soften. However, others are seeing relatively strong domestic demand and a number of inquiries for export. Some manufacturers say New Zealand buyers are searching out large volumes of lactose for standardization. Contracting for Q2 business is ongoing and prices seem to be slightly firmer than Q1. Some processors report being over committed for their Q2 business already. Lactose production is active.

Including spot sales and up to 3 month contracts.

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

**CASEIN - NATIONAL**

Rennet casein prices weakened at the top of the price range this week. Acid casein prices slightly firmed at the top. European manufacturers of rennet casein are a bit less insistent on holding high end prices in the face of the weakness of prices for a number of other dry dairy products. Acid casein demand remains strong. With much contracting already completed into later 2017, buyers still seeking commitments face price pressures to secure the smaller and smaller volumes still not already committed by manufacturers. 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 - 3.1000  
ACID: 3.4500 - 3.7500

**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>
02/25/2017	61.0	500.2	62.5	552.4

**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)

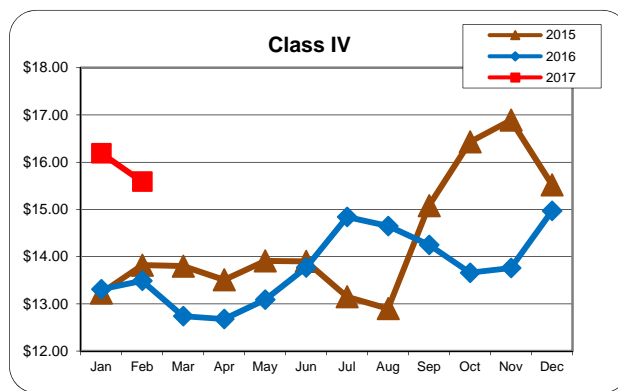
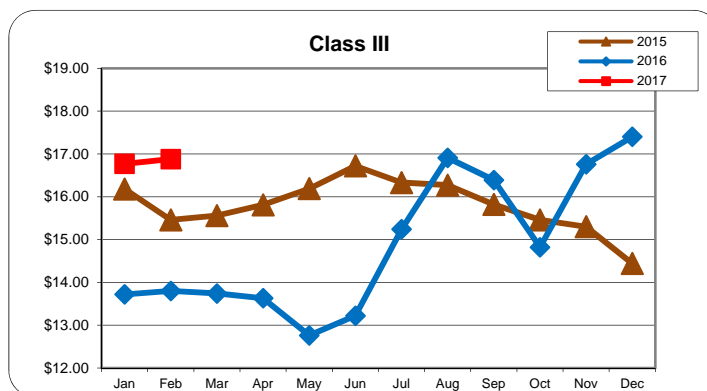
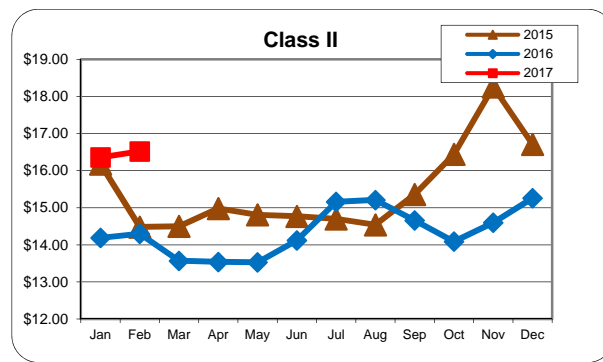
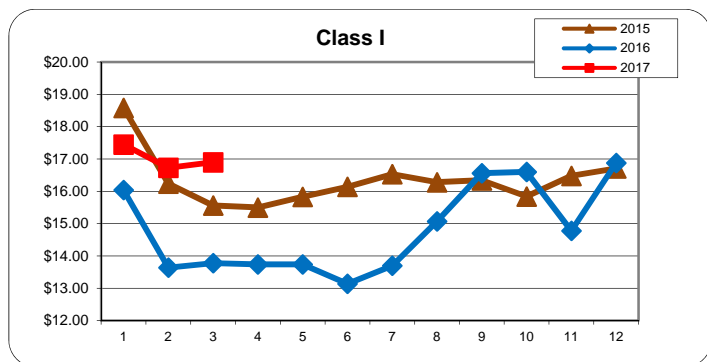
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2012	17.05	16.06	15.72	15.72	15.23	15.63	16.68	17.73	19.00	21.02	20.83	18.66
2013	18.14	17.25	16.93	17.59	18.52	18.02	17.38	17.91	18.14	18.22	18.83	18.95
2014	21.15	23.35	23.33	24.31	22.57	21.36	21.60	22.25	24.60	23.82	21.94	17.82
2015	16.18	15.46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



## INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered March 6 - 17, 2017

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

**WESTERN OVERVIEW:** Milk production in Western Europe continues to increase seasonally. However, current estimates are that in Germany production this week is between 2% and 3% below volumes one year ago. Production in France this week is estimated at about 1.5% below volumes one year ago.

A number of European dairy processors expect a modest increase in European milk production during 2017 over 2016 volumes. Continued increases in butter and cheese production are also expected for 2017. It is anticipated that there will be higher WMP production to satisfy domestic EU consumption, but not for export purposes. Finally, the outlook for SMP is described as uncertain.

weakness. Contributing to price weakness has been increasing buyer pull back from completing all but purchases needed for short term needs. This has been true both as to customers in Europe as well as globally. Compounding buyer pacing, there has been a recent tightness in availability of containers and freight space for exports. Present interest in intervention stocks has decreased. The Dairy Market News February 2017 Western Europe SMP monthly average price per metric ton was \$2,088, compared with \$1,749 one year earlier.

1.25% BUTTERFAT: 1,850 - 2,025

**BUTTER/BUTTEROIL:** Butter prices in Western Europe continued the recent firming trend after a 2017 early year dip. Butteroil prices also strengthened. Butter prices in Germany and Netherlands are higher, with French prices mostly stable. Demand for butter in Europe is called dynamic, consistent with global interest in dairy fats. Growing butter demand is also characterized as signaling a new consumer love affair with butter. Demand for packaged and block butter is firming. Third quarter contract finalization is slow due to buyer and seller uncertainty as to pricing. The Dairy Market News February 2017 Western Europe butter monthly average price per metric ton was \$4,321, compared with \$2,867 one year earlier.

82% BUTTERFAT: 4,450 - 4,525

99% BUTTERFAT: 4,975 - 5,325

**WHOLE MILK POWDER (WMP):** Whole milk powder prices in Europe weakened at each end of the price range. Pricing remains slightly above Oceania pricing, which also weakened. European low end range prices have not been this low since early November 2016 and top range prices have not been this low since last October. The lower prices have attracted some renewed buyer interest, but a number of manufacturers are balking at finalizing sales at current lower price levels. The magnitude of the price downturn seems a bit abrupt to some wishful sellers. Hopes for stronger pricing linger. More sales transactions within Europe have been finalized than export sales. The Dairy Market News February 2017 Western Europe WMP monthly average price per metric ton was \$3,199, compared with \$2,169 one year earlier.

26% BUTTERFAT: 2,925 - 3,175

**SWEET WHEY POWDER:** Whey prices in Europe are steady to slightly higher at the top of the price range. Sellers find interest both within Europe and for export sales to other regions. However, some potential buyers are expressing the view that European whey markets are overvalued, citing beliefs that whey proteins are too expensive compared to all applicable metrics. As long as buyers who need whey in the short term continue to show up, prices may stay near current levels. It is uncertain if or when that will tip toward the buyers concerned with current price levels. The Dairy Market News February 2017 Western Europe whey monthly average price per metric ton was \$1,077, compared with \$603 one year earlier.

NONHYGROSCOPIC: 1,075 - 1,150

**EASTERN OVERVIEW:** Russian imports of butter in December 2016 increased 3.4% from one year earlier, according to Eurolait. Whole milk powder imports during December increased 44.1% from the previous December. Imports of skim milk powder increased 18.1% compared with one year earlier. Finally, December 2016 whey imports are up 7.5% from December 2015. In each instance Belarus supplies over one-half of the imports. Belarus has become a significant supplier of dairy products to Russia.

**SKIM MILK POWDER (SMP):** Skim milk powder prices in Europe weakened at each end of the price range. Larger magnitude declines occurred in France and Netherlands, less so in Germany. Dutch SMP pricing is now very near the Euro intervention price, €1,698/MT, which in U.S. dollars, with a 1.0623 exchange rate, is \$1,804/MT. The SMP price is expected by a number of buyers to remain around current levels given the high stock levels and that the seasonal peak of milk collection is still to come. Nevertheless, there has also been surprise among some market participants at the pace of recent SMP market

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered March 6 - 17, 2017

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

**AUSTRALIA:** According to Dairy Australia, January 2017 milk production in Australia was 5.9% below January 2016. The state changes from January a year earlier are: New South Wales, -8.4%; Victoria, -7.2%; Queensland, +1.8%; South Australia, -7.5%; Western Australia, -1.8% and Tasmania, +1.4%. July 2016-January 2017 cumulative production is 8.2% below the same period one year ago. The cumulative July 2016-January 2017 changes from July 2015-January 2016 are: New South Wales, -6.6%; Victoria, -9.5%; Queensland, +2.3%; South Australia, -10.8%; Western Australia, -0.9% and Tasmania, -6.6%. Each state's percentage of total January Australian production, is: New South Wales, 10.95%; Victoria, 62.95%; Queensland, 4.52%; South Australia, 5.17%; Western Australia, 3.98%; and Tasmania, 11.28%.

**NEW ZEALAND:** Bank economists have cut their 2016-17 New Zealand milk price forecasts following recent lower dairy product prices and indicators of higher milk production than recently forecast.

For example, large dairy cooperative in New Zealand recently upgraded its forecast for this season's milk collections to a 5% decline, from 7% previously. That was followed by a decision to offer 4% more volumes in GDT events over the next twelve months.

The autumn has been good, especially near Canterbury. Increasingly this is considered a sign that could lead to higher milk production than previously expected.

January 2017 New Zealand milk production was 2.41 million MT, down from 2.69 million MT in December, according to DCANZ. During January 2016, milk production was 2.43 million MT. January milk solids, 209.69 million kg, are down from 225.50 million kg in December. During January 2016, milk solids were 208.04 million kg.

The weakness in a number of the most recent GDT event commodity results is attributed primarily to several factors. First, some observers believe excessive volumes of some products were offered. A second factor mentioned is sentiment that some recent pricing has been a bit too high above market transactions. Finally, lingering suspicion that New Zealand milk production will be higher than projected motivates some market participants. Even though a price drop was not totally unexpected, the magnitude of the recent GDT result came as a bit of a surprise.

At the March 7, 2017 GDT event #183, average prices ranged from 15.5% lower to 8.4% higher from the prior event across categories. The all contracts price averages (US\$ per MT) and percent changes from the previous averages are: anhydrous milk fat, \$5,653 -0.8%; butter, \$4,653 +1.2%; buttermilk powder, \$1,846 +8.4%; cheddar cheese, \$3,435 -4.2%; lactose, \$924 -4.3%; rennet casein, \$5,678 -6.6%; skim milk powder, \$2,118, -15.5; and whole milk powder, \$2,782 -12.4%.

**BUTTER:** Oceania butter prices strengthened at the bottom of the price range. Butter price strength continues even with weakness in some other dairy products. Greater anxiety over tighter dairy fats supplies is sustaining this market.

Australian exports of butter from July 2016-January 2017 declined 15.1% from the same period one year earlier, according to Dairy Australia. The value of butter exports compared with one year earlier declined 17.9%.

Australian exports of butteroil from July 2016-January 2017 declined 24.0% from the same period one year earlier, according to Dairy Australia. The value of butteroil exports compared with one year earlier declined 30.5%.

The Dairy Market News February 2017 Oceania butter monthly average price per metric ton was \$4,550, compared with \$2,976 one year earlier. At GDT Event 183 on March 7, the butter all contracts price increased 1.2% and the April contract price increased 5.6%.

82% BUTTERFAT:

4,625 - 4,850

**SKIM MILK POWDER (SMP):** Oceania skim milk powder prices significantly declined at each end of the price range. This has narrowed the differential with European SMP prices although Oceania prices are a bit higher than in Europe.

There was increasing resistance to Oceania SMP pricing from some buyers who found European pricing attractive. This is believed to be a factor in price weakness this period. Moreover, increasing belief in milk production higher than estimated made some buyers wary of recent pricing levels.

Australian exports of SMP from July 2016-January 2017 decreased 17.1% from the same period one year earlier, according to Dairy Australia. However, the value of SMP exports compared with one year earlier declined 19.3%.

The Dairy Market News February 2017 Oceania SMP monthly average price per metric ton was \$2,490, compared with \$1,798 one year earlier. At GDT Event 183 on March 7, the SMP all contracts price decreased 15.5% and no April contract price was reported.

1.25% BUTTERFAT:

2,075 - 2,300

**CHEDDAR CHEESE:** Cheddar prices in Oceania weakened. Some customers have been increasingly feeling that prices have run up a bit too quickly and are comfortable with a price correction.

Australian exports of cheddar from July 2016-January 2017 increased 2.6% from the same period one year earlier, according to Dairy Australia. However, the value of cheddar exports compared with one year earlier declined 3.2%.

Australian exports of other cheese from July 2016-January 2017 declined 5.5% from the same period one year earlier, according to Dairy Australia. The value of other cheese exports compared with one year earlier declined 8.0%.

The Dairy Market News February 2017 Oceania Cheddar cheese monthly average price per metric ton was \$3,847, compared with \$2,887 one year earlier. At GDT Event 183 on March 7, the cheddar all contracts price decreased 4.2% and the April contract price decreased 9.1%.

39% MAXIMUM MOISTURE:

3,500 - 3,725

## INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered March 6 - 17, 2017

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

## CONTINUED FROM PAGE 8A

**WHOLE MILK POWDER (WMP):** Oceania whole milk powder prices weakened significantly. However, market pricing has remained a bit stronger than GDT event prices. Even so, the unexpectedly weak magnitude of recent GDT price outcomes has been reflected in current market price declines. This reverses the previous situation where Oceania WMP pricing was a bit higher than in Europe. One observer of the last GDT event on March 7 characterized WMP prices as having more than plunged, having dived into the unknown. At GDT Event 183 on March 7, the WMP all contracts price decreased 12.4% and the April contract price decreased 13.3%.

Australian exports of WMP from July 2016-January 2017 increased 33.3% from the same period one year earlier, according to Dairy Australia. The value of WMP exports compared with one year earlier increased 31.2%. The Dairy Market News February 2017 Oceania WMP monthly average price per metric ton was \$3,279, compared with \$2,008 one year earlier.

26% BUTTERFAT: 2,825 - 3,100

**Exchange rates for selected foreign currencies:  
March 13, 2017**

.0644 Argentina Peso	.0151 India Rupee
.7571 Australian Dollar	.0087 Japan yen
.3172 Brazil Real	.0510 Mexican Peso
.7437 Canadian Dollar	.6923 New Zealand Dollar
.0015 Chile Peso	.2462 Poland Zloty
1.0653 Euro	.0353 Uruguay Peso

Conversion example: To compare the value of 1 US Dollar to Mexican Pesos:  $(1/.0510) = 19.6078$  Mexican Pesos. Source: "Wall Street Journal"



## INTERNATIONAL DAIRY MARKET NEWS

US\$/MT	Global/Dairy Trading (gDT) Event 183 Recap - March 7, 2017													
	Contract 1		Contract 2		Contract 3		Contract 4		Contract 5		Contract 6		All Contracts	
	Apr-17		May-17		Jun-17		Jul-17		Aug-17		Sep-17			
Anhydrous Milk Fat	\$5,794	-1.4%	\$5,568	-0.6%	\$5,690	-3.4%	\$5,782	2.8%	\$5,625	-0.8%	n.a.		\$5,653	-0.8%
Butter	\$4,835	5.6%	\$4,700	2.3%	\$4,610	-1.0%	\$4,530	-0.8%	\$4,560	0.2%	n.a.		\$4,653	1.2%
Buttermilk Powder	\$1,800	n.a.	\$1,865	8.4%	n.a		\$1,855	n.a.	n.a.		n.a.		\$1,846	8.4%
Cheddar	\$3,495	-9.1%	\$3,437	-1.9%	\$3,384	-6.0%	\$3,460	-3.1%	n.a.		n.a.		\$3,435	-4.2%
Lactose	n.a.		\$924	-4.3%	n.a		n.a.		n.a.		n.a.		\$924	-4.3%
Rennet Casein	\$5,561	-9.2%	\$5,694	-5.2%	\$5,598	-9.4%	\$6,000	-2.7%	n.a.		n.a.		\$5,678	-6.6%
Skim Milk Powder	n.a.		\$2,020	-22.9%	\$2,050	-21.3%	\$2,160	-10.3%	\$2,160	-13.4%	n.a.		\$2,118	-15.5%
Sweet Whey Powder	n.a.		n.a.		n.a		n.a.		n.a.		n.a.		n.a.	
Whole Milk Powder	\$2,737	-13.3%	\$2,775	-14.2%	\$2,775	-14.6%	\$2,838	-11.9%	\$2,875	-10.9%	n.a.		\$2,782	-12.4%

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

US\$/Pound	Global/Dairy Trading (gDT) Event 183 Recap - March 7, 2017													
	Contract 1		Contract 2		Contract 3		Contract 4		Contract 5		Contract 6		All Contracts	
	Apr-17		May-17		Jun-17		Jul-17		Aug-17		Sep-17			
Anhydrous Milk Fat	\$2.6281	-1.4%	\$2.5256	-0.6%	\$2.5810	-3.4%	\$2.6227	2.8%	\$2.5515	-0.8%	n.a.	\$2.5642	-0.8%	
Butter	\$2.1931	5.6%	\$2.1319	2.3%	\$2.0911	-1.0%	\$2.0548	-0.8%	\$2.0684	0.2%	n.a.	\$2.1106	1.2%	
Buttermilk Powder	\$0.8165	n.a.	\$0.8460	8.4%	n.a.		\$0.8414	n.a.	n.a.		n.a.	\$0.8373	8.4%	
Cheddar	\$1.5853	-9.1%	\$1.5590	-1.9%	\$1.5350	-6.0%	\$1.5694	-3.1%	n.a.		n.a.	\$1.5581	-4.2%	
Lactose	n.a.		\$0.4191	-4.3%	n.a.		n.a.		n.a.		n.a.	\$0.4191	-4.3%	
Rennet Casein	\$2.5225	-9.2%	\$2.5828	-5.2%	\$2.5392	-9.4%	\$2.7216	-2.7%	n.a.		n.a.	\$2.5755	-6.6%	
Skim Milk Powder	n.a.		\$0.9163	-22.9%	\$0.9299	-21.3%	\$0.9798	-10.3%	\$0.9798	-13.4%	#####	n.a.	\$0.9607	-15.5%
Sweet Whey Powder	n.a.		n.a.		n.a.		n.a.		n.a.		n.a.	n.a.	n.a.	
Whole Milk Powder	\$1.2415	-13.3%	\$1.2587	-14.2%	\$1.2587	-14.6%	\$1.2873	-11.9%	\$1.3041	-10.9%	#####	n.a.	\$1.2619	-12.4%

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

## INTERNATIONAL DAIRY MARKET NEWS - SOUTH AMERICA

Information gathered March 6 - 17, 2017

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

**SOUTH AMERICA OVERVIEW:** The dairy industry in **Argentina** is in crisis, according to several market participants. The adverse effects of recent floods in the main dairy basins are still taking a toll on farm milk yields. In addition, the summer weather and the scarcity of feeding stocks are limiting cows' productivity. As a result, milk intakes are less than adequate for several processing needs. A few dairy manufacturing companies are closing some plants and reducing personnel due to economic issues. This is creating a lot of uncertainty in the market. Fluid/UHT milk demands from some educational institutions and retailers are strong. In the same way, ahead on the upcoming fall holiday season, demand for cream is robust. However, butterfat supplies remain below adequate to cover all buyers/end users' needs. In keeping with the milk shortage, processors continue prioritizing bottled milk and cheese production, limiting condensed milk drying schedules.

Milk production at the farm level is steady in **Uruguay**, following seasonal patterns. However, farm milk intakes are expected to increase in the next few weeks, when temperatures start to drop. Milk components remain low. The demands for cream from butter and milk caramel processors are high on a strong market.

In **Brazil**, farm milk production is down, following the usual summer patterns. The lower milk supply is helping to maintain high farm gate prices. After the past holiday celebration, bottled milk/UHT sales to retailers are improving. The consumption of cream is improving. However, current cream supplies are less than sufficient to meet the strong demand. Thus, buyers are paying higher premiums for milk butterfat. Overall, cheese sales to several market channels are steady to lower. Some cheese processors report high levels of stock with some inventories near to maturity.

**WHOLE MILK POWDER (WMP):** In the Southern Cone of South America, there are very short supplies of condensed milk moving into whole milk powder (WMP) production. Demand for WMP is strong, but stocks are too low to meet buyers/end users' needs. As a result, buyers are paying higher premiums for WMP. Thus, WMP f.o.b. export prices shifted higher, contrary to the recent downward movements at the GDT. The strong Brazilian currency is making WMP imports from other countries within the Mercosur bloc more accessible. However, regional WMP trading activity is limited to supply availability. In the Brazilian market, some WMP tenders from manufacturers can be found priced above \$3,550 per metric ton.

According to the Ministry of Industry, Trade, and Services (MDIC), Brazil WMP imports during January to February 2017 totaled 18,039 MT, up 261% from the same period in 2016. From this total, imports from Uruguay, Argentina, and Chile represented 56%, 37%, and 7% respectively.

At the GDT Event 183 on March 7, whole milk powder (WMP) prices across all contract periods averaged \$2,782 per metric ton, down 12.4% from the last event.

26% BUTTERFAT: 2,975 - 3,475

**SKIM MILK POWDER (SMP):** In the Southern Cone of South America, skim milk powder (SMP) production is very limited as regional milk intakes trend lower. At this point, the SMP demand from buyers is well above supply on an unbalanced market. Therefore, SMP f.o.b. export prices shifted higher, on very light trading. It is important to mention that unlike Oceania, E.U., and the United States, South America produces low amounts of SMP, therefore prices are typically higher than international values. Limited export trades from Uruguay/Argentina to Brazil are reflected on the top of the pricing range. The bottom price of the range is mirroring sluggish SMP exports from the Southern Cone to countries outside Mercosur such as Russia and Algeria. The lower SMP prices from the U.S. are boosting the interest of some Brazilian buyers. SMP export pricing from U.S. to Brazil is competitive, even with the 28% common external tariff (CET) paid to Mercosur. This tariff applies to milk powder imports coming from countries outside Mercosur.

According to the Ministry of Industry, Trade, and Services (MDIC), Brazil SMP imports from January to February 2017 totaled 7,268 MT, up 109% from the same period in 2016. From this total, imports from Uruguay, Argentina, and United States represented 44%, 37%, and 19% respectively.

At the GDT Event 183 on March 7, skim milk powder (SMP) prices across all contract periods averaged \$2,118 per metric ton, down 15.5% from the last event.

1.25% BUTTERFAT: 2,600 - 3,100

## CME GROUP, INC FUTURES

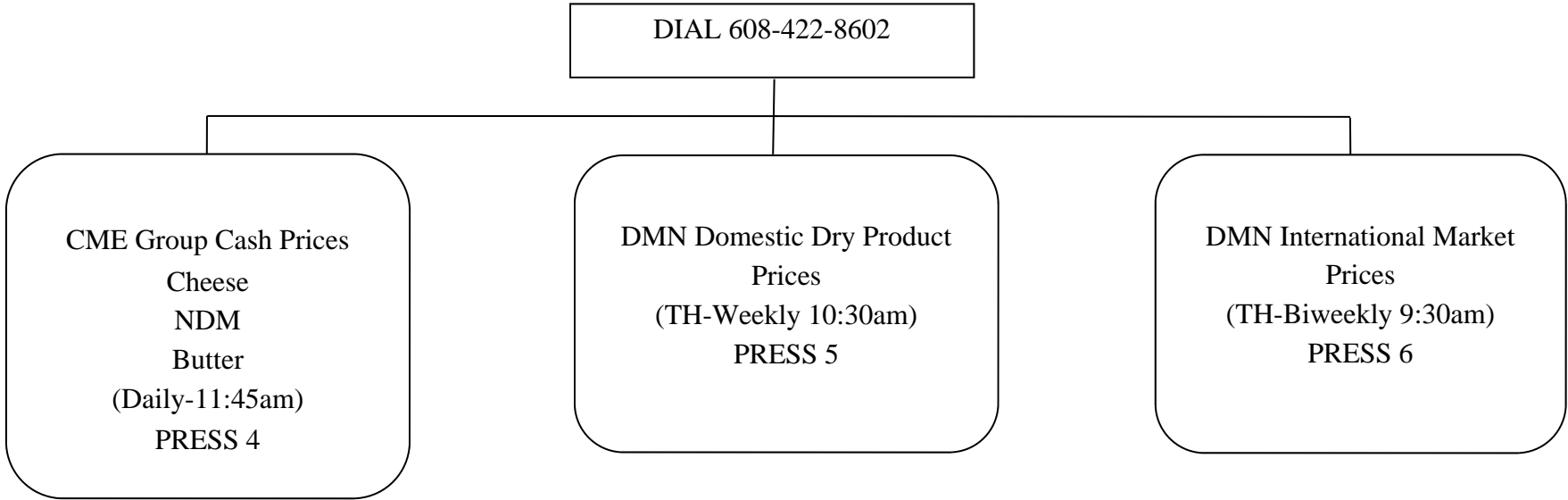
Selected settling prices

Month	03/03	03/06	03/07	03/08	03/09	03/10	03/13	03/14	03/15	03/16
<b>CLASS III MILK FUTURES (Pit-Traded) (\$/cwt)</b>										
MAR 17	15.94	15.89	15.95	15.88	15.82	15.74	15.68	15.72	15.66	15.68
APR 17	15.92	15.83	15.99	16.13	15.88	15.61	15.51	15.51	15.24	14.96
MAY 17	16.04	15.98	16.12	16.25	16.05	15.76	15.64	15.75	15.36	15.11
JUN 17	16.33	16.16	16.29	16.45	16.34	16.10	16.07	16.15	15.83	15.60
JUL 17	16.62	16.52	16.54	16.72	16.65	16.53	16.45	16.55	16.37	16.22
AUG 17	16.91	16.76	16.78	16.95	16.95	16.83	16.73	16.84	16.74	16.56
SEP 17	16.91	16.86	16.84	17.03	17.04	16.93	16.81	16.90	16.80	16.69
OCT 17	16.88	16.78	16.78	16.80	16.82	16.75	16.63	16.68	16.59	16.50
NOV 17	16.80	16.71	16.68	16.71	16.73	16.68	16.55	16.60	16.44	16.38
DEC 17	16.58	16.51	16.58	16.61	16.65	16.54	16.43	16.45	16.32	16.27
<b>CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)</b>										
MAR 17	14.68	14.68	14.68	14.68	14.68	14.68	14.68	14.68	14.45	14.44
APR 17	14.31	14.25	14.44	14.51	14.54	14.44	14.33	14.33	14.27	14.09
MAY 17	14.51	14.40	14.59	14.71	14.64	14.50	14.50	14.49	14.29	14.10
JUN 17	14.65	14.58	14.70	14.89	14.88	14.74	14.64	14.64	14.48	14.40
<b>CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)</b>										
MAR 17	219.60	217.20	217.20	218.20	219.00	218.73	218.73	218.70	218.48	218.48
APR 17	221.00	217.00	219.00	221.00	221.00	219.00	218.08	217.00	216.00	214.75
MAY 17	223.00	219.00	222.00	223.00	222.25	218.05	218.75	218.70	216.88	215.75
JUN 17	224.00	220.60	224.08	225.50	224.03	221.58	221.00	221.00	219.00	217.55
<b>NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)</b>										
MAR 17	88.00	87.63	87.63	87.75	87.63	87.63	87.50	87.83	85.50	85.25
APR 17	82.75	83.33	84.20	85.00	84.75	84.25	84.25	83.08	82.00	82.10
MAY 17	84.00	84.00	85.23	86.48	85.45	85.25	85.10	84.65	83.50	83.33
JUN 17	84.60	85.28	86.25	87.65	87.00	87.00	86.65	86.60	85.25	85.58
<b>WHEY (Electronic-Traded) (¢/lb)</b>										
MAR 17	49.40	49.00	49.40	49.40	50.45	50.90	50.90	50.90	50.90	51.40
APR 17	47.95	47.25	47.25	48.50	49.48	48.75	48.53	49.18	48.68	48.35
MAY 17	46.98	45.25	45.25	46.48	46.28	46.03	45.50	45.73	44.75	44.50
JUN 17	44.00	42.63	42.40	43.50	44.28	43.53	42.78	42.75	42.40	42.00
<b>CHEESE CSC (Electronic-Traded) (\$/lb)</b>										
MAR 17	1.59	1.59	1.59	1.59	1.57	1.56	1.55	1.56	1.55	1.55
APR 17	1.60	1.60	1.60	1.60	1.58	1.55	1.55	1.55	1.52	1.50
MAY 17	1.62	1.61	1.62	1.64	1.62	1.59	1.58	1.59	1.56	1.53
JUN 17	1.66	1.65	1.66	1.67	1.66	1.64	1.64	1.64	1.62	1.60
JUL 17	1.71	1.70	1.70	1.71	1.71	1.69	1.69	1.70	1.69	1.67

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

MARKET NEWS INFORMATION BY PHONE

The system is accessible via a touch-tone telephone. By listening to the menu and pressing the appropriate numbers, you will have access to the latest CME Group daily pricing for cheese, NDM, and butter, weekly domestic DMN dry product prices, and biweekly DMN international dairy product prices. Release day(s) and times (Central) are in parenthesis. 1/



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OF AGRICULTURE  
DAIRY MARKET NEWS  
4600 American Parkway, Suite 106  
Madison, WI 53718  
608-422-8587

1/ Holidays may affect release days and times.

## Mailbox Milk Prices for Selected Reporting Areas in Federal Milk Orders and California, December 2016, With Comparisons

In December 2016, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$18.67 per cwt, up \$1.47 per cwt from the November 2016 average and up \$1.54 per cwt from the December 2015 average. The component tests of producer milk in December 2016 were: butterfat, 3.94%; protein, 3.23%; and other solids, 5.74%. When compared to the previous month, the December Mailbox prices increased in all 19 Federal milk order reporting areas. The Florida reporting area increased \$2.18 per cwt, while the Wisconsin reporting area increased only \$1.04 per cwt when compared to the previous month. Averaged over all Federal milk order reporting areas, the December 2016 Mailbox price increased an average of \$1.58 per cwt. Mailbox prices in December 2016 ranged from \$20.15 in Florida to \$16.85 in the Michigan reporting area.

Reporting Area <sup>1</sup>	Mailbox Milk Price <sup>2</sup>		
	December 2015	November 2016	December 2016
	<i>(dollars per hundredweight)</i>		
New England States <sup>3</sup>	19.05	18.16	19.70
New York	17.73	16.77	18.28
Eastern Pennsylvania <sup>4</sup>	17.91	17.02	18.46
Appalachian States <sup>5</sup>	18.56	17.25	19.08
Southeast States <sup>6</sup>	18.45	17.07	18.92
Southern Missouri <sup>7</sup>	18.75	17.67	19.30
Florida	19.35	17.97	20.15
Western Pennsylvania <sup>8</sup>	17.87	17.06	18.60
Ohio	17.35	17.06	18.76
Indiana	16.98	16.55	18.57
Michigan	16.08	15.10	16.85
Wisconsin	17.26	18.51	19.55
Minnesota	17.00	18.40	19.49
Iowa	17.17	18.15	19.30
Illinois	17.46	17.75	19.48
Corn Belt States <sup>9</sup>	16.27	16.80	18.26
Western Texas <sup>10</sup>	16.07	16.76	18.36
New Mexico	14.96	15.71	17.06
Northwest States <sup>11</sup>	16.44	17.05	18.72
All Federal Order Areas <sup>12</sup>	17.13	17.20	18.67
California <sup>13</sup>	15.19	16.78	17.26

<sup>1</sup> Areas for which prices are reported for at least 75% of the milk marketed under Federal milk orders.

<sup>2</sup> Net pay prices received by dairy farmers for milk. Prices reflect all payments received for milk sold and all costs associated with marketing the milk. Prices are weighted averages of the prices reported for all orders receiving milk from the reporting area and are reported at the average butterfat tests. Prices include, for the most part, the assessment under the Cooperatives Working Together (CWT) program.

<sup>3</sup> Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

<sup>4</sup> Includes all counties to the east of those listed in <sup>8</sup>.

<sup>5</sup> Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia.

<sup>6</sup> Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi.

<sup>7</sup> Includes the counties Vernon, Cedar, Polk, Dallas, Laclede, Texas, Dent, Crawford, Washington, St. Francois, and Perry, and all those to the south of these.

<sup>8</sup> The counties of Warren, Elk, Clearfield, Indiana, Westmoreland, and Fayette, and all those counties to the west of these.

<sup>9</sup> Includes Kansas, Nebraska, and the Missouri counties to the north of those listed in <sup>7</sup>.

<sup>10</sup> Includes all counties to the west of Fanin, Hunt, Van Zandt, Henderson, Houston, Cherokee, Nacogdoches, and Shelby.

<sup>11</sup> Includes Oregon and Washington.

<sup>12</sup> Weighted average of prices for all selected reporting areas.

<sup>13</sup> Calculated by California Department of Food and Agriculture, and published at:

<https://www.cdffa.ca.gov/dairy/uploader/postings/mailboxmap/Default.aspx>

Report Contact: Randal Stoker, [randal.stoker@usda.gov](mailto:randal.stoker@usda.gov) or 202-690-1932

## FEDERAL MILK ORDER MARKETING AND UTILIZATION SUMMARY, FEBRUARY 2017

**Highlights.** Handler reports of receipts and utilization under the Federal milk order system for February 2017 have been filed and tabulated. Combined totals for the 10 consolidated orders are being released. During February, 10.116 billion pounds of milk were received from federally pooled producers. This volume of milk is 9.8 percent lower than the February 2016 volume, factored for leap year. Regulated handlers pooled 3.193 billion pounds of producer milk as Class I products, down 1.7 percent when compared to the previous year, factored for leap year. Class I utilization decreased from last year in 7 of the 10 Federal Milk Order Marketing areas. The all-market average Class utilization percentages were: Class I = 32 percent, Class II = 15 percent, Class III = 37 percent, and Class IV = 17 percent. The weighted average statistical uniform price was \$17.41 per cwt, down \$0.43 from last month but up \$2.69 from last year.

## Price and Pool Statistics for Federal Milk Order Marketing Areas for the Month of February 2017

Federal Milk Order Marketing Area <sup>1</sup>	Order Number	Receipts of Producer Milk		Utilization of Producer Milk in Class I		Utilization of Producer Milk in All Classes <sup>3</sup>				Uniform Price <sup>2</sup>
		Total	Change from Prev. Year	Total	Change from Prev. Year	Class I	Class II	Class III	Class IV	
		(million lbs)	(percent)	(million lbs)	(percent)	(percent) <sup>3</sup>				(\$ per cwt)
Northeast (Boston)	001	2,148.7	4.1	676.9	-3.4	32	24	25	20	17.77
Appalachian (Charlotte)	005	432.0	-1.5	307.4	0.5	71	15	5	9	19.09
Florida (Tampa)	006	213.0	-6.3	177.7	-6.3	83	13	1	3	21.07
Southeast (Atlanta)	007	437.8	6.3	299.8	-0.7	68	11	14	7	19.36
Upper Midwest (Chicago)	030	2,251.1	-24.8	258.3	-5.8	11	8	75	6	16.94
Central (Kansas City)	032	1,226.4	-3.2	384.1	0.9	31	12	39	17	16.83
Mideast (Cleveland)	033	1,609.7	4.1	510.6	2.1	32	20	30	18	16.92
Pacific Northwest (Seattle)	124	551.6	-20.3	148.0	-3.9	27	7	30	36	16.58
Southwest (Dallas)	126	853.8	-26.1	330.0	-3.1	39	13	26	22	17.57
Arizona (Phoenix)	131	392.2	-6.2	100.2	-0.3	26	9	15	51	16.73
ALL MARKET AVERAGE OR TOTAL <sup>3</sup>		10,116.4	-9.8	3,193.0	-1.7	32	15	37	17	17.41

<sup>1</sup> Names in parentheses are the major city in the principal pricing point of the market.

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

<sup>3</sup> Totals may not add to 100 percent due to rounding.

Report Contact: Randal Stoker, [randal.stoker@usda.gov](mailto:randal.stoker@usda.gov) or 202-690-1932.

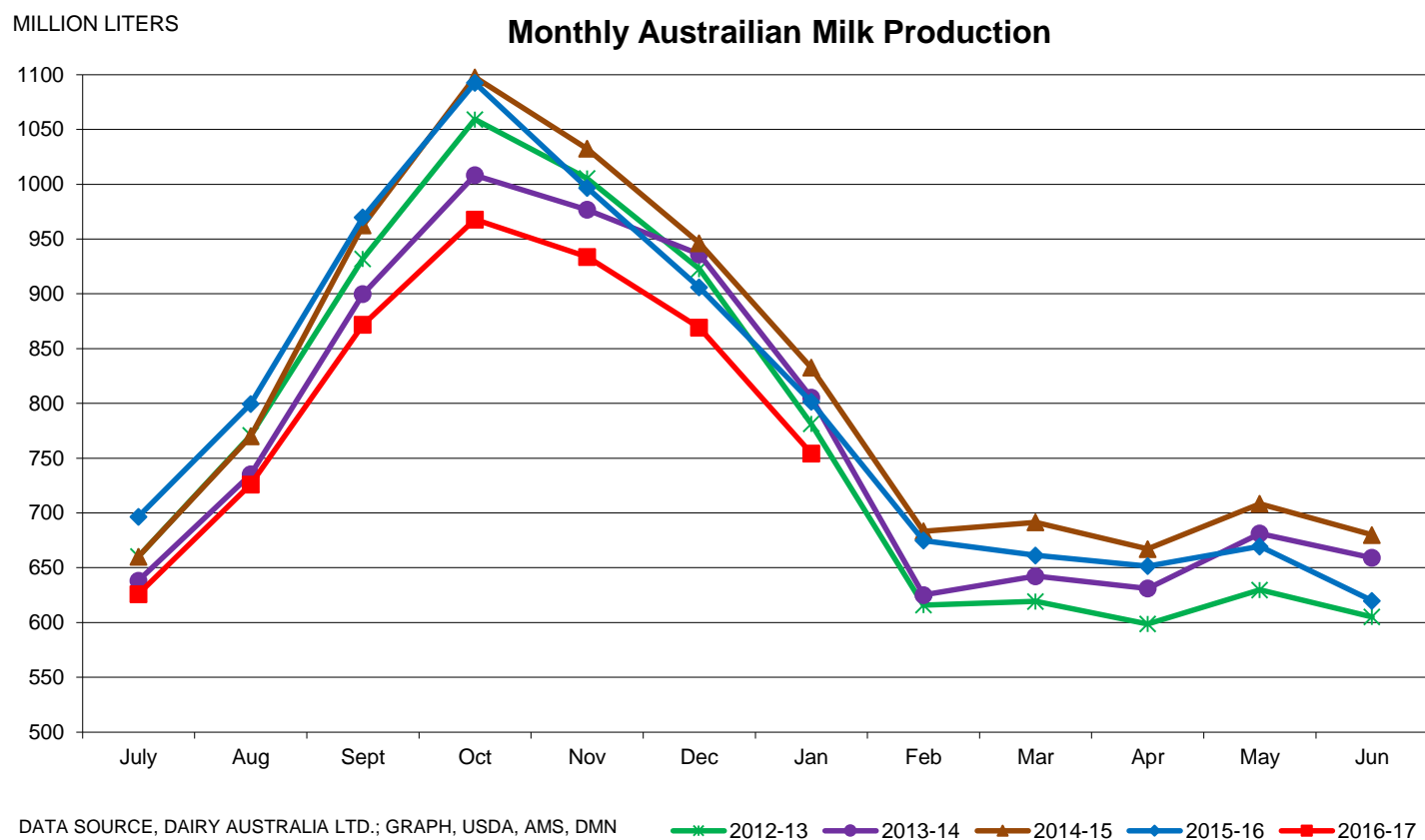
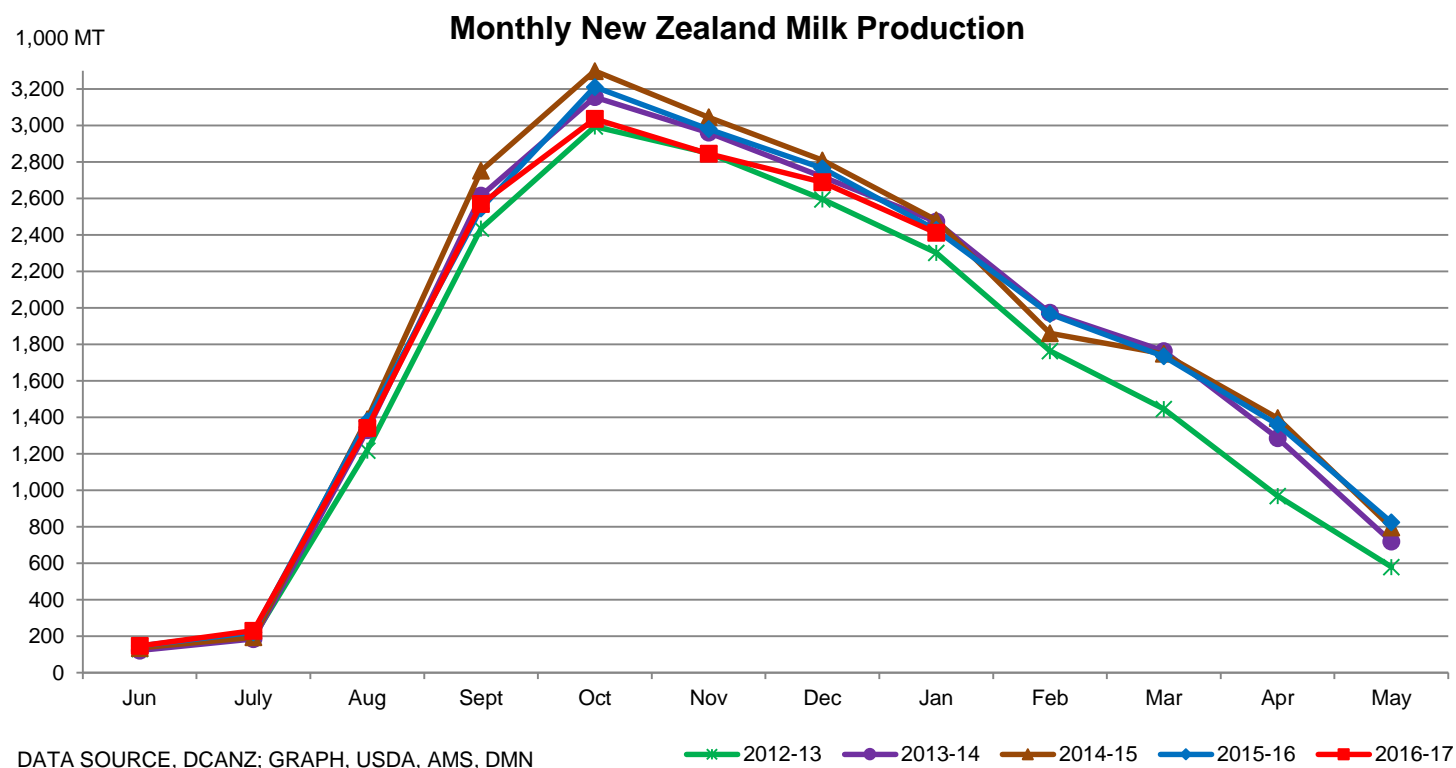


**Retail Prices for Organic Whole and 2% Milk, Average of Two Outlets, by Months, 2017 <sup>1</sup>**

Products	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg. <sup>2</sup>
	<i>(dollars per half gallon)</i>												
Whole Organic Milk	4.31	4.31	4.26										4.29
Organic 2% Milk	4.31	4.32	4.26										4.30

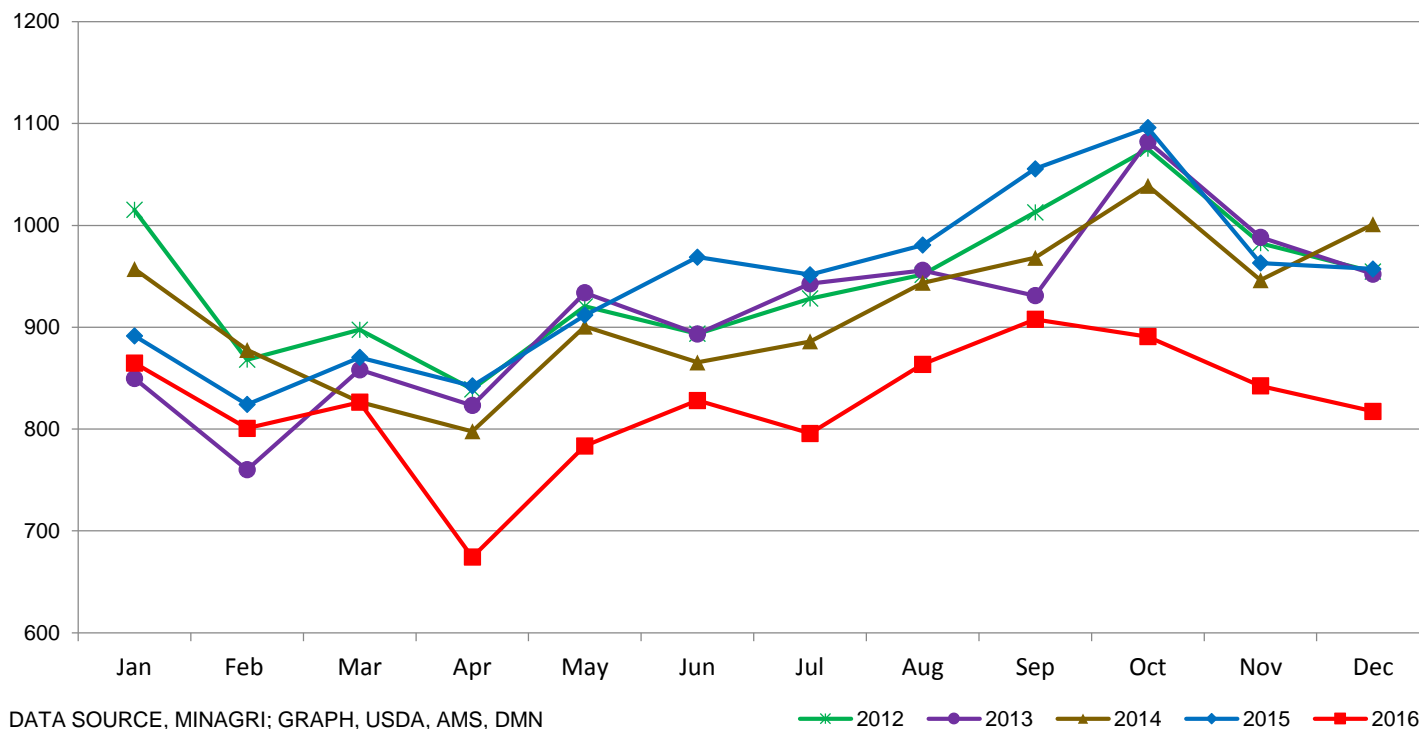
<sup>1</sup> As collected by Federal milk order market administrators based on a survey conducted one day between the 1st and 10th of each month (excluding Fridays and weekends) in 28 selected cities or metropolitan areas. One outlet of the largest and second largest food store chains are surveyed. The price represents the most common brand in nonreturnable containers. <sup>2</sup> Simple average of monthly prices. For more information.

[https://www.ams.usda.gov/sites/default/files/media/Retail\\_Milk\\_Prices.pdf](https://www.ams.usda.gov/sites/default/files/media/Retail_Milk_Prices.pdf)



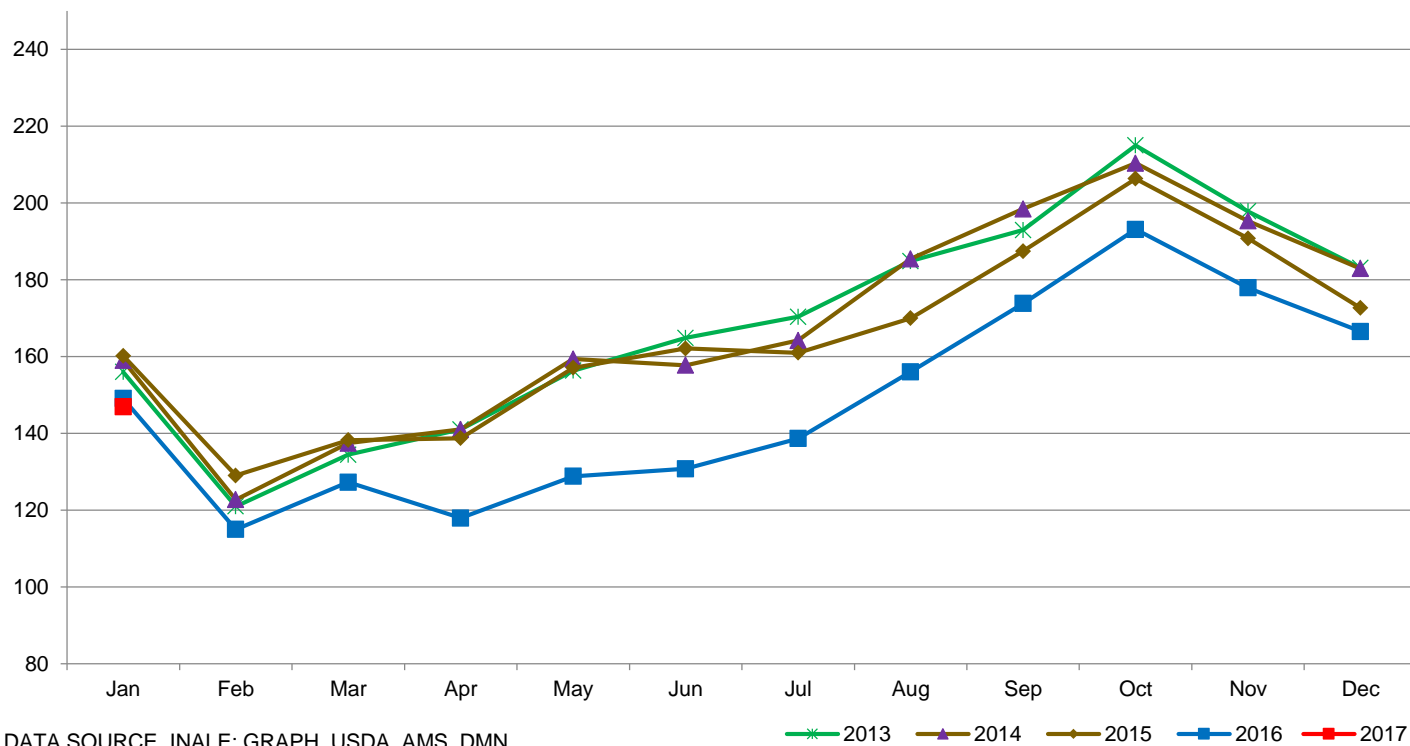
MILLION LITERS

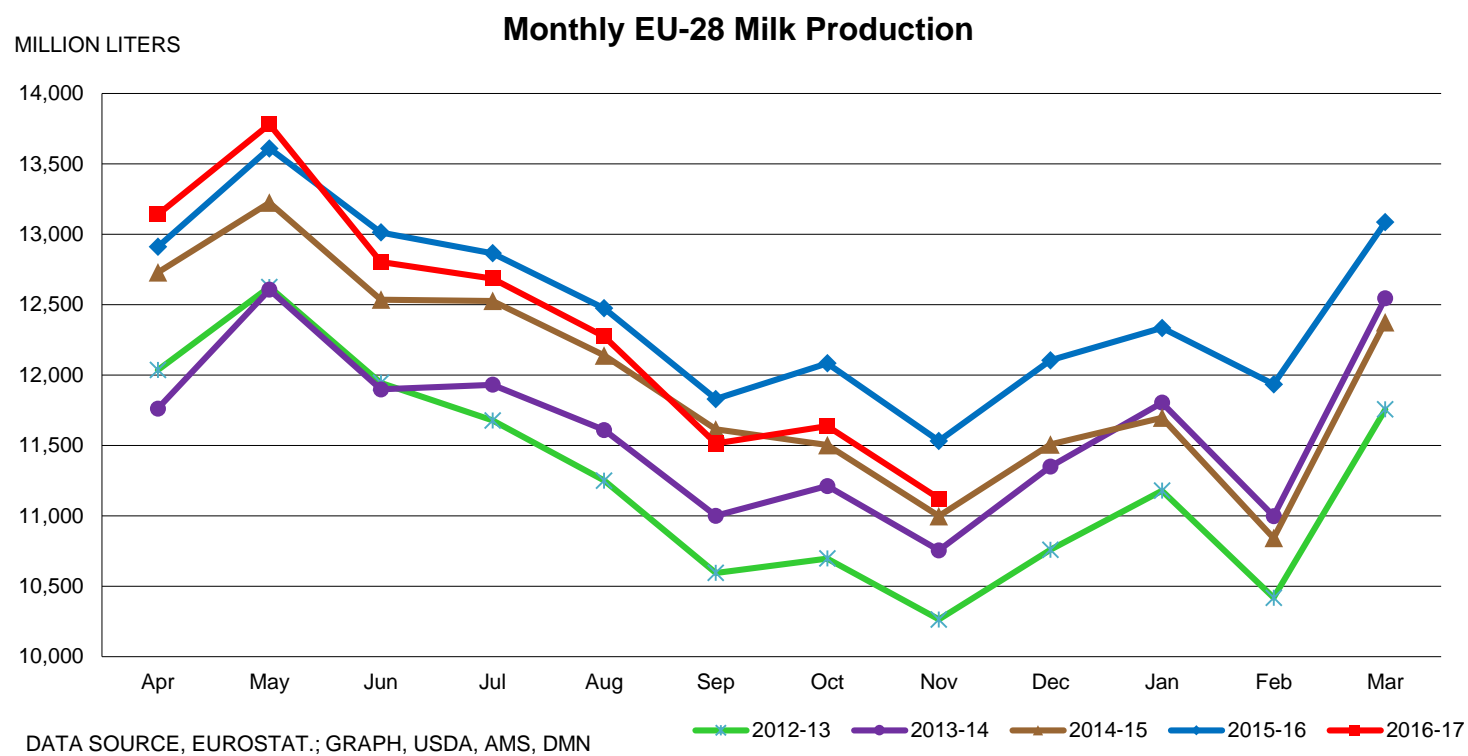
## Montly Argentina Milk Production



MILLION LITERS

## Monthly Uruguay Milk Production







## 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>

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Friday, March 17, 2017

### Advertised Prices for Dairy Products at Major Retail Supermarket Outlets ending during the period of 03/17/2017 to 03/23/2017

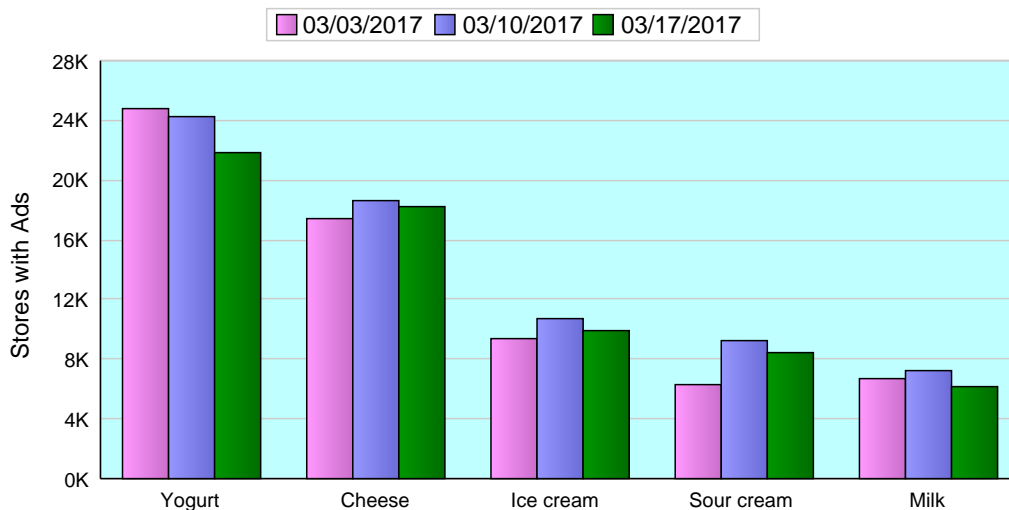
This week, total conventional dairy advertisement numbers decreased 6%, and organic dairy ads declined 29%. Conventional 8 ounce shredded cheese ad numbers increased 20%, but the weighted average advertised price decreased 3 cents to \$2.28. Conventional 8 ounce cream cheese advertisements fell 4%, and the average price decreased 20 cents to \$1.70. Organic one gallon of milk ads decreased 85%, while the average price increased 25 cents to \$5.28.

The collective number of conventional cheese ads slightly decreased 1%, while there were no organic cheese advertisements during this week. The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.18.

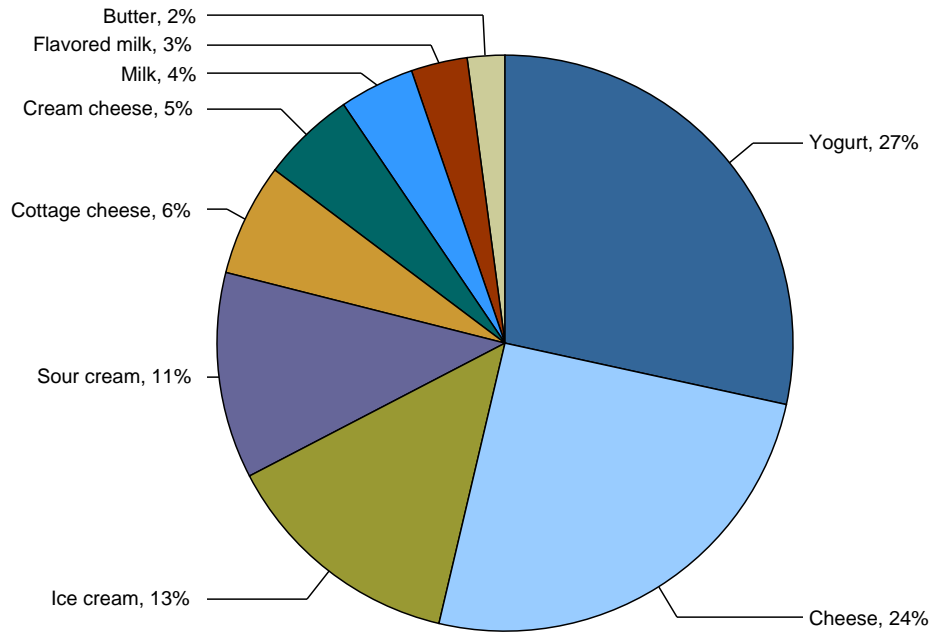
Conventional yogurt ad numbers decreased 9%, and organic yogurt ad numbers declined 35%. The average sale price for 4-6 ounce conventional yogurt is \$0.56, while 4-6 ounce organic yogurt averaged \$1.11, an organic price premium of \$0.55. The average advertised price for 4-6 ounce conventional Greek yogurt is \$0.97, while 4-6 ounce organic Greek yogurt is \$1.21, an organic price premium of \$.24.

Organic milk advertisement ad numbers decreased 34%, but ad numbers for conventional milk increased 27%. The weighted average price for organic half gallon milk is \$3.79. For a conventional half gallon of milk, the average price is \$2.43, an organic price premium of \$1.36.

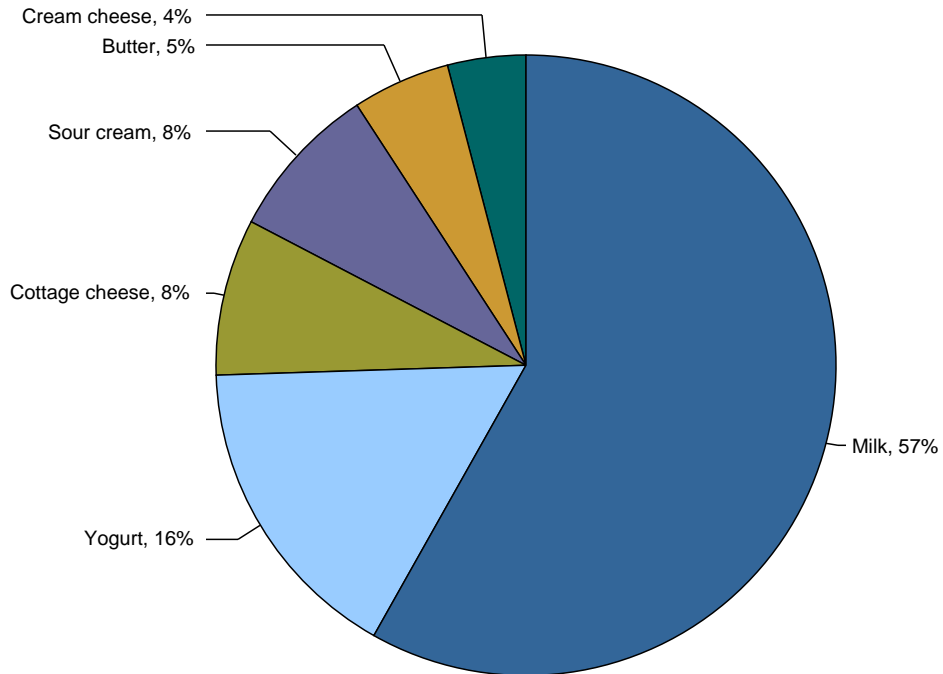
Top 5 Commodities Featured



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 #	1580	3.24	3882	3.18	8212	3.07
Cheese	Natural Varieties	8 oz block	6101	2.18	8250	2.25	7615	2.20
Cheese	Natural Varieties	1 # block	1035	3.70	1253	3.45	1767	4.07
Cheese	Natural Varieties	2 # block	167	7.99	247	6.01	843	5.69
Cheese	Natural Varieties	8 oz shred	9274	2.28	7611	2.31	8713	2.07
Cheese	Natural Varieties	1 # shred	1649	3.27	695	3.07	1384	4.22
Cottage cheese		16 oz	4470	1.86	4115	1.90	4226	1.73
Cream cheese		8 oz	3902	1.70	4076	1.90	6368	1.36
Flavored milk	All fat tests	half gallon	1474	2.39	268	1.36	495	2.98
Flavored milk	All fat tests	gallon	644	2.57	716	2.53	709	3.07
Ice cream		48-64oz	9976	3.15	10781	3.27	10770	3.04
Milk	All fat tests	half gallon	994	2.43	655	1.55	325	1.98
Milk	All fat tests	gallon	1779	2.59	1522	2.51	2449	2.18
Sour cream		16 oz	7987	1.75	9252	1.84	9701	1.57
Yogurt	Greek	4-6 oz	13064	.97	10958	.97	10030	.97
Yogurt	Greek	32 oz	938	4.41	2951	4.64	1492	3.66
Yogurt	Yogurt	4-6 oz	4890	.56	7859	.51	8417	.58
Yogurt	Yogurt	32 oz	1946	2.62	1029	3.59	619	2.51

## 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 #	2.69-4.99	921	3.55				2.50	106	2.50
Cheese	Natural Varieties	8 oz block	1.66-2.99	1688	2.28	1.79-2.50	2046	2.08	1.33-2.50	1288	2.01
Cheese	Natural Varieties	1 # block	3.99	207	3.99	3.97-3.98	276	3.97			
Cheese	Natural Varieties	8 oz shred	1.66-3.00	3304	2.36	1.99-2.50	2368	2.21	1.33-2.50	1301	2.21
Cheese	Natural Varieties	1 # shred	3.99	147	3.99	2.49-3.99	385	3.64	2.49	137	2.49
Cottage cheese		16 oz	1.99-2.49	1769	2.02	1.89-2.00	1306	1.99	1.50-2.00	337	1.79
Cream cheese		8 oz	1.49-2.99	1179	1.73	1.50-2.00	864	1.71	0.99-1.50	420	1.43
Flavored milk	All fat tests	half gallon	2.00	396	2.00	1.99-2.50	125	2.24	1.99-2.00	393	1.99
Flavored milk	All fat tests	gallon							1.69-3.88	217	2.77
Ice cream		48-64oz	1.99-4.29	2827	2.93	2.19-4.99	1699	3.52	2.00-4.49	2240	3.19
Milk	All fat tests	half gallon	2.00-3.99	689	2.69	1.50	114	1.50			
Milk	All fat tests	gallon				2.49-2.79	210	2.66	1.69-3.29	347	2.19
Sour cream		16 oz	1.29-2.00	1773	1.89	1.28-2.00	1532	1.95	1.00-1.98	1385	1.70
Yogurt	Greek	4-6 oz	0.50-1.19	3545	.96	0.80-1.00	3596	.99	0.77-1.29	2293	1.03
Yogurt	Greek	32 oz	3.69-3.99	122	3.84	3.78	195	3.78	3.49-5.48	286	4.74
Yogurt	Yogurt	4-6 oz	0.39-0.70	1793	.51	0.40-0.70	1583	.61	0.40-0.99	695	.62
Yogurt	Yogurt	32 oz	2.50-2.79	761	2.75	2.50-2.79	1063	2.52			

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	2.99	121	2.99	1.99-2.99	371	2.82	3.00	61	3.00
Cheese	Natural Varieties	8 oz block	1.50-2.79	719	2.13	2.50-3.99	291	3.10	2.50	69	2.50
Cheese	Natural Varieties	1 # block	3.99	245	3.99	2.49	120	2.49	3.00-3.99	187	3.35
Cheese	Natural Varieties	2 # block				7.99	167	7.99			
Cheese	Natural Varieties	8 oz shred	1.50-2.79	1308	2.13	1.99-3.00	932	2.38	3.50	61	3.50
Cheese	Natural Varieties	1 # shred	2.99-3.99	342	3.50	2.49-2.99	451	2.76	3.00-3.99	187	3.35
Cottage cheese		16 oz	0.88-2.00	250	1.43	0.88-2.50	808	1.46			
Cream cheese		8 oz	1.49-2.79	540	1.98	1.25-2.00	544	1.50	1.50-2.69	355	1.72
Flavored milk	All fat tests	half gallon	1.99-2.39	136	2.21				1.25-3.99	424	3.22
Flavored milk	All fat tests	gallon	1.99	114	1.99	1.99	244	1.99	4.99	69	4.99
Ice cream		48-64oz	2.49-5.50	1901	3.28	1.99-3.00	1056	2.67	3.00-4.49	253	3.65
Milk	All fat tests	half gallon	2.99	62	2.99	1.99	63	1.99	1.25	66	1.25
Milk	All fat tests	gallon	1.99-4.39	502	2.86	1.99-2.99	720	2.57			
Sour cream		16 oz	0.88-2.00	1482	1.76	0.88-2.50	1168	1.52	1.25-1.89	647	1.43
Yogurt	Greek	4-6 oz	0.69-1.25	1324	.94	0.69-1.00	1449	.91	0.69-1.00	857	.89
Yogurt	Greek	32 oz	3.99-4.49	176	4.33	5.99	90	5.99	3.99	69	3.99
Yogurt	Yogurt	4-6 oz	0.50-0.60	328	.55	0.50-0.70	364	.57	0.50-0.60	127	.55
Yogurt	Yogurt	32 oz							2.50-2.99	122	2.75

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

## NATIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		LAST WEEK		LAST YEAR	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	306	4.80	751	5.01	250	5.11
Cheese	Natural Varieties	8 oz block			312	3.08	105	4.99
Cheese	Natural Varieties	8 oz shred			238	4.06		
Cottage cheese		16 oz	498	3.00	51	2.99	276	2.99
Cream cheese		8 oz	242	2.62	306	2.59		
Milk	All fat tests	half gallon	2587	3.79	3754	3.69	828	4.28
Milk	All fat tests	gallon	171	5.28	1133	5.03	189	6.43
Milk	All fat tests	8 oz UHT	612	.95	216	.50	992	.97

Wtd Avg - Simple weighted average



Sour cream		16 oz	498	3.00				
Yogurt	Greek	4-6 oz	659	1.21	510	1.14	688	1.13
Yogurt	Greek	32 oz					121	3.50
Yogurt	Yogurt	4-6 oz	249	1.11	384	1.10	351	1.25
Yogurt	Yogurt	32 oz	61	3.50	588	2.99	194	2.50

## 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 #	3.99-4.99	226	4.73						
Cottage cheese		16 oz							3.00	137	3.00
Cream cheese		8 oz	2.50-2.99	132	2.72				2.50	110	2.50
Milk	All fat tests	half gallon	3.49-5.69	912	4.61	3.49	288	3.49	2.99-4.50	715	3.48
Milk	All fat tests	8 oz UHT	0.92-1.00	496	.94				1.00	116	1.00
Sour cream		16 oz							3.00	137	3.00
Yogurt	Greek	4-6 oz				1.25	324	1.25	1.00-1.25	335	1.17
Yogurt	Yogurt	4-6 oz	1.50	60	1.50						

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	4.99	80	4.99						
Cottage cheese		16 oz				3.00	361	3.00			
Milk	All fat tests	half gallon	3.00	288	3.00	3.00-3.49	384	3.22			
Milk	All fat tests	gallon				5.99	50	5.99	4.99	121	4.99
Sour cream		16 oz				3.00	361	3.00			
Yogurt	Yogurt	4-6 oz	0.99	72	.99	0.99	117	.99			
Yogurt	Yogurt	32 oz							3.50	61	3.50

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

### 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

Wtd Avg - Simple weighted average



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



# Dairy Market News

United States Department of Agriculture

Agricultural Marketing Service

Dairy Programs

Market Information Branch

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## GENERAL NUMBER

(608) 422-8587

Elizabeth Frederick

(608) 422 -8587

Elizabeth.Frederick@AMS.USDA.GOV

## EAST

Daniel Johnson

(608) 422-8605

Daniel.Johnson@AMS.USDA.GOV

Jessica Mueller

(608) 422-8589

Jessica.Mueller@AMS.USDA.GOV

## CENTRAL

Israel Weber

(608) 422-8601

Israel.Weber@AMS.USDA.GOV

## SOUTHWEST/SOUTH AMERICA

Angel Terán

(608) 422-8593

Angel.Terán@AMS.USDA.GOV

Florence Kone-Gonzalez

(608) 422-8594

Florence.KoneGonzalez@AMS.USDA.GOV

## NORTHWEST/MOUNTAIN

Mike Bandli

(608) 422-8592

Mike.Bandli@AMS.USDA.GOV

## ORGANIC/EUROPE & OCEANIA

Eric Graf

(608) 422-8590

Eric.Graf@AMS.USDA.GOV

## ACTING NATIONAL SUPERVISOR

Janet Linder

(608) 422-8588

Janet.Linder@AMS.USDA.GOV

## INTERNET ADDRESS

[www.ams.usda.gov/market-news/dairy](http://www.ams.usda.gov/market-news/dairy)

## MARKET NEWS PORTAL

[www.marketnews.usda.gov/mnp/da-home](http://www.marketnews.usda.gov/mnp/da-home)

## RECORDED INFORMATION SYSTEM

(608) 422-8602

## FAX

(608) 240-6689

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