

NATIONAL DAIRY MARKET NEWS AT A GLANCE

CME GROUP CASH MARKETS (5/12)

BUTTER: Grade AA closed at \$2.2625. The weekly average for Grade AA is \$2.1730 (+.0620).

CHEESE: Barrels closed at \$1.5300 and 40# blocks at \$1.6350. The weekly average for barrels is \$1.4920 (+.0715) and blocks, \$1.6130 (+.1070).

NONFAT DRY MILK: Grade A closed at \$0.8625. The weekly average for Grade A is \$0.8580 (+.0060).

BUTTER HIGHLIGHTS: Butter prices are mixed in the U.S. In the Northeast and Central, prices are steady to fluctuating, and in the West, prices have firmed and discounted loads are less prevalent. In general, bulk butter prices are 2 cents below, to 7 cents above, based on the CME Group with various time frames and averages used. Butter production is steady to decreasing. In the Northeast, production is active, although some plants are slowing down on production as milk output starts to come down. In the Central, production varies, but some producers are continuing production at steady rates. In the West, some butter makers are slowing the churns to conduct maintenance and repairs. Butter stocks are manageable to growing, as some plants are gearing up supplies for later in the year. Retail interest is mixed this week. In the Northeast, interest is steady to strong for both salted and unsalted. In the Central, retail sales were steady to slower and in the West, interest is steady and some manufacturers predict a slight increase in export opportunities. The market undertone is unchanged. Friday's CME Group cash trading saw Grade AA butter close at \$2.2625, up \$0.1550 from last Friday.

CHEESE HIGHLIGHTS: Milk supplies are plentiful for cheese producers across the United States. Western cheese producers report that milk management is a key concern, as surplus milk supplies continue to flow into the vats. Cheese production, meeting milk intakes, is active. Both Midwestern and Western cheesemakers report that production is at or near full capacity. Cheese demand is up across the country. Grilling season is stimulating interest in the West. Midwestern pizza and traditional cheese producers are reporting increased sales activity week over week. Some Western cheese contacts are seeing increased import and export interests. The cheese market undertone has generally improved. The Foreign Agricultural Service (FAS) reports that January through March 2017 U.S. cheese and curd exports totaled 176.7 million pounds, a 12% increase from the same period a year ago. The FAS reports that January through

March 2017 U.S. cheese and curd imports totaled 93.3 million pounds, a 22% decrease from the same period a year ago. In CME Group trading Friday, barrels closed at \$1.5300, up \$0.0800 from last Friday. Blocks closed at \$1.6350, up \$0.0350 from last Friday.

FLUID MILK: Throughout the U.S., farm milk production is mixed. In the Midwest and most parts of the East, milk output is climbing up, whereas in the West, output varies from state to state. In Florida, California, Arizona, and New Mexico, higher temperatures are contributing to lower milk volumes. Bottled milk demand is steady or slightly down in most regions due to approaching summer breaks at many educational institutions. Class III spot milk prices were reported at \$4.00 to \$6.00 under class in the Midwest. Demand for Class III condensed skim is decent in the East, with some loads clearing to the Central region. In the West, condensed skim sales are mixed. In general, cream is readily available in the nation. Ice cream makers are starting to pull more cream in the East and the West. Cream multiples for various uses range **1.15 to 1.25** in the East, **1.15 to 1.23** in the Midwest, and **1.03 to 1.22** in the West.

DRY PRODUCTS: Low/medium heat nonfat dry milk (NDM) prices are steady in the Central and East, but mixed in the West. Spot activities are quiet to moderate. Production is ongoing, but operating at steady levels in the Central and moderate to high levels in the West and East. The market undertone varies from steady in the East region to mixed in the Central, and uncertain in the West. Nationwide, inventories of low/medium heat NDM are sufficient to meet contractual needs; however, they are limited for spot sales in some areas. High heat NDM prices are mixed across regions. Production is steady and contractual needs are being fulfilled. Dry buttermilk prices shifted down this week, and trading activities are light. Production seems to be light as some processors prefer to sell condensed buttermilk to ice cream makers while others are opting to dry more condensed skim. National dry whole milk prices and production are stable, with light spot trading activity. Demand is fair and in line with contractual volumes. Dry whey prices are steady to lower. In the Central region, due to contractual obligations, some buyers of dry whey are unable to take advantage of the favorable spot prices. Contacts report good and steady demand in the West. Spot trades for animal feed whey in the Central are quiet and inventories are adequate.

-CONTINUED ON PAGE 1A-

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

INTERNATIONAL DAIRY MARKET NEWS (PAGES 8-8C)
DAIRY FUTURES (PAGE 9)
ANNUAL MILK MARKETINGS, BY STATE, 2016 (PAGE 10)
MILK PRODUCTION, DISPOSITION, AND INCOME 2016 (PAGE 11)
MARCH MILK SALES (PAGE 12)

MAY MILK SUPPLY AND DEMAND ESTIMATES (PAGES 13-14)
FEBRUARY MAILBOX PRICES (PAGE 15)
DAIRY GRAPHS (G1-G3)
NATIONAL RETAIL REPORT-DAIRY

CME GROUP CASH TRADING

COMMODITY	MONDAY MAY 08	TUESDAY MAY 09	WEDNESDAY MAY 10	THURSDAY MAY 11	FRIDAY MAY 12	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE BARRELS	\$1.4500 (N.C.)	\$1.4600 (+.0100)	\$1.4600 (N.C.)	\$1.5600 (+.1000)	\$1.5300 (-.0300)	:: (+.0800)	:: \$1.4920 (+.0715)
40# BLOCKS	\$1.5900 (-.0100)	\$1.5900 (N.C.)	\$1.6000 (+.0100)	\$1.6500 (+.0500)	\$1.6350 (-.0150)	:: (+.0350)	:: \$1.6130 (+.1070)
NONFAT DRY MILK GRADE A	\$.8500 (+.0050)	\$.8575 (+.0075)	\$.8575 (N.C.)	\$.8625 (+.0050)	\$.8625 (N.C.)	:: (+.0175)	:: \$.8580 (+.0060)
BUTTER GRADE AA	\$2.1275 (+.0200)	\$2.1050 (-.0225)	\$2.1300 (+.0250)	\$2.2400 (+.1100)	\$2.2625 (+.0225)	:: (+.1550)	:: \$2.1730 (+.0620)

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

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

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

Whey protein concentrate 34% production is steady and prices are weaker. However, some manufacturers report selling a few loads at premium prices. Inventories and demand vary depending on end use. The prices for lactose are mostly unchanged while the demand is strong. In some export markets, price pressures are starting to show up. Inventories are tight to comfortable for highly desirable brands. Rennet casein prices are firm while acid casein prices are steady to firmer. Availability of milk supplies for casein production is getting tighter.

INTERNATIONAL DAIRY MARKET NEWS (DMN): WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW: Dairy trade with Canada is a focus of dairy interests in Europe. European officials believe the Canadian Senate could be finished with their third reading of the EU-Canada Comprehensive Economic and Trade Agreement (CETA) agreement text by the end of May, meaning that CETA could enter into provisional application in July 2017.

The biggest gain for EU dairy is the additional access granted to cheese in the form of a duty free quota (18,500 MT from year 6 of the agreement). 16,800 MT of this quota will be set aside for high value consumer or 'fine' cheese and the remaining 1,700 MT will apply to industrial cheese. Undetermined so far is how Canada will allocate licenses under the treaty.

German dairy processors report lower milk deliveries in April compared with April last year. Similar observations were made in France. Contributing factors were cooler than normal recent weather resulting in slowing pasture development. Data reporting German bulk milk exports to Italy, primarily to make cheese, have been updated this week and reported by CLAL. January bulk whole milk exports, 22.2 million metric tons, were a 0.9% decrease from January 2016. January bulk skimmed milk exports, 13.1 million metric tons, were a 6.6% increase from January 2016.

Efforts in various European countries to increase infant milk formula exports to China have led to overall increases. January-March 2017 exports compared with one year earlier, had the following percentage share of the China import market and percentage changes in imports: Netherlands, 31%, +12%; Ireland, 17%, +17%; France, 13%, +168%; Germany, 9%, -6%; Denmark, 5%, +22%; and Switzerland, 3%, +153%.

EASTERN OVERVIEW: Belarus continues to be the leading source of Russian imports for various dairy products according to Eurolait. January-February Belarus exports to Russia in metric tons and the percentage of total Russian imports are as follows: butter, 9,525, 66.8%; SMP, 15,972, 79.4%; WMP, 2,832, 28.7%; and whey powder, 13,853, 88.8%.

OCEANIA OVERVIEW: AUSTRALIA: Milk production in Australia continues to be limited by generally lower herd sizes, as well as dairy producer caution in making capital investments in farms after recent tough times and claw backs by some processors. While there is increasingly a sense that production recovery is underway, milk production remains lower than recent times.

According to Dairy Australia, March 2017 milk production in Australia was 5.1% below March 2016. The state changes from March a year earlier are: New South Wales, -0.3%; Victoria, -5.7%; Queensland, +0.4%; South Australia, -10.6%; Western Australia, -1.5% and Tasmania, -7.6%. July 2016-March 2017 cumulative production is 8.1% below the same period one year ago. The cumulative July 2016-March 2017 changes are: New South Wales, -6.4%; Victoria, -9.4%; Queensland, +1.7%; South Australia, -10.9%; Western Australia, -1.5% and Tasmania, -6.5%.

Each state's percentage of total March Australian production, is: New South Wales, 13.68%; Victoria, 59.54%; Queensland, 5.05%; South Australia, 5.92%; Western Australia, 4.73%; and Tasmania, 11.07%.

Australia's average milkfat for March 2017 was 4.34%, up 0.5% from one year earlier. Average protein for March was 3.43%, up 0.3% from one year earlier.

NEW ZEALAND: While New Zealand flooding in April continues to be widely discussed as potentially having an adverse impact on milk production, data for March shows gains in milk solids.

March 2017 New Zealand milk production was 1.9 million MT, very slightly lower than February, according to DCANZ. During March 2016, milk production was 1.7 million MT. March milk solids, 178.5 million kg, are up from 171.2 million kg in February. During March 2016, milk solids were 162.4 million kg.

Some observers are encouraged by a growing consensus that dairy herd rebuilding is increasing cow numbers on the North Island more than cow numbers declined on the South Island. If this continues it is expected to benefit milk production moving forward. Dairy processors are beginning to announce milk price forecasts for the coming season. So far, a few relatively smaller processors have projected slight increases for the new season. However, processors accounting for the majority of milk production have not yet made announcements.

At the May 2 GDT event #187, all contracts prices ranged from 0.9% lower to 21.8% 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, \$6,185, +4.7%; butter, \$4,911, +1.1%; buttermilk powder, \$1,859, +21.8%; cheddar cheese, \$3,666, +4.6%; lactose, \$941, +1.1%; rennet casein, \$6,775, +10.4%; skim milk powder, \$1,982, -0.9%; and whole milk powder, \$3,233, +5.2%.

SOUTH AMERICA OVERVIEW: During the past two weeks, the dry and warmer weather conditions improved pasture conditions in the main dairy basins of **Argentina**. As a result, cow milk production is increasing, but slowly. The percentage of fat in the milk is at high seasonal levels. Nevertheless, the current milk/cream supply is below sufficient to cover all manufacturing needs with the exception of cheese and bottled milk. For some butter makers it is difficult to find extra loads of cream as supplies are highly committed through contracts. The country is facing a high level of inflation, which is taking a toll on the domestic consumption of dairy products, especially butter and bottled milk.

Milk production is steady to slightly higher in **Uruguay**, as the favorable climate is increasing the comfort of dairy herds. In general, farm milk intakes are adequate to meet most processing needs. The high combined debt of some \$500 million, including milk producers and manufacturers, remains a major concern for many industry participants. As a result, the government announced a 15% reduction in the cost of energy for all dairy operations from June to August 2017. However, according to several industry contacts, this governmental measure is not enough to completely fix the current industry financial crisis. Meanwhile, butter exports to Russia and Brazil are very active, while most whey powder is exported to China. According to the National Institute of Milk (INALE), in March 2017, Uruguay farm milk volumes sent to processors were 126.1 million liters, 8.1% above the previous month, but 0.9% lower than a year ago. From January to March, milk shipments totaled 395.4 million liters, up 1.0% from the same period in 2016.

-CONTINUED ON PAGE 1B-

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

In **Brazil**, milk production had slightly improved, as climate conditions have been favorable across the main dairy basins. However, farm gate prices remain high. According to some industry stockholders, the economic recession in the country is slowly easing. In this way, the Brazilian currency continues strengthening, prompting dairy imports mainly from Uruguay and Argentina. The cream market continues firming due to the low availability of milk fat throughout the country. The low supply of raw material has also boosted imports of butter. Cheese production rates are lower, as processors try to reduce large inventories to prevent a drop in prices.

NATIONAL RETAIL REPORT-DAIRY (DMN): This week, total conventional dairy advertisements decreased 13%, and organic dairy ads decreased 6%. Ice cream in 46-64 oz. containers is a popular item even though ad numbers declined 5% from last week. The national weighted average advertised price, \$3.06, is up \$0.11 from last week. Organic ice cream in 48-64 oz. containers has an average price of \$4.35, an organic premium of \$1.29. Conventional yogurt ads increased 4%, while organic yogurt ads decreased 78%. The average sale price for 4-6 ounce conventional Greek yogurt is \$0.99, while 4-6 ounce organic Greek yogurt is \$1.00, an organic price premium of \$0.01. The average sale price for 4-6 ounce conventional yogurt is \$0.54, while 4-6 ounce organic yogurt is \$0.88, an organic price premium of \$0.34. The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.25, up \$0.09 from last week. There were no ads for organic 8 ounce cheese blocks. Ads for conventional 8 ounce shred cheese average \$2.31, up \$0.09 from last week. The U.S. advertised price for 8 ounce packages of organic shred cheese is \$3.50, down \$0.99 from last week, a \$1.19 organic premium over conventional shred cheese. The number of conventional cheese ads decreased 17% and organic cheese ad numbers decreased 33%. This week, the difference between the weighted average price for organic half gallon milk, \$3.50, and the weighted average price for conventional half gallon milk, \$1.54, resulted in an organic price premium of \$1.96. Organic milk advertisements decreased 1% and ads for conventional milk decreased 33%. Advertisements for conventional half gallons of flavored milk increased over five times.

MILK PRODUCTION, DISPOSITION, AND INCOME 2016 (NASS): Milk production increased 1.8 percent in 2016 to 212 billion pounds. The rate per cow, at 22,774 pounds, was 378 pounds above 2015. The annual average number of milk cows on farms was 9.33 million head, up 14,000 head from 2015. Cash receipts from marketings of milk during 2016 totaled \$34.5 billion, 3.3 percent lower than 2015. Producer returns averaged \$16.34 per hundredweight, 5.1 percent below 2015. Marketings totaled 211.4 billion pounds, 1.8 percent above 2015. Marketings include whole milk sold to plants and dealers and milk sold directly to consumers. An estimated 1.0 billion pounds of milk were used on farms where produced, 3.3 percent more than 2015. Calves were fed 91 percent of this milk, with the remainder consumed in producer households.

MARCH MILK SALES (FMMO & CDFA): During March, 4.2 billion pounds of packaged fluid milk products are estimated to have been sold in the United States. This was 0.5 percent higher than March 2016. Estimated sales of total conventional fluid milk products increased 0.1 percent from March 2016 and estimated sales of total organic fluid milk products increased 8.0 percent from a year earlier. higher for both fat and skim-solids bases. Non-fat dry milk price forecasts are raised from last month while butter is lower. Cheese and whey prices are unchanged. The Class III price is unchanged while the Class IV is higher than the previous month. The milk price is forecast at \$17.35 to \$17.85 per cwt.

MAY MILK SUPPLY AND DEMAND ESTIMATES(USDA-WAOB): Milk production for 2018 is forecast higher on stronger milk prices and moderate feed prices. Commercial exports on fat and skim-solids bases are forecast higher on stronger global demand. Fat basis imports are forecast modestly higher in 2018 while skim-solids basis imports are forecast lower relative to 2017. Cheese and non-fat dry milk prices are forecast higher than 2017, but butter and whey prices are forecast lower. The increase in the Class III price reflects higher forecast cheese prices which more than offset lower whey prices. The Class IV price is higher as the higher non-fat dry milk price more than offsets lower butter prices. The all milk price is forecast at \$17.55 to \$18.55 per cwt for 2018. Forecast milk production in 2017 is lowered from the previous month on slower growth in milk per cow. Fat basis imports are lowered from the previous month while skim-solids basis imports are increased. Commercial exports are forecast higher for both fat and skim-solids bases. Non-fat dry milk price forecasts are raised from last month while butter is lower. Cheese and whey prices are unchanged. The Class III price is unchanged while the Class IV is higher than the previous month. The milk price is forecast at \$17.35 to \$17.85 per cwt.

FEBRUARY MAILBOX PRICES (FMMO & CDFA): In February 2017, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$18.06 per cwt, down \$0.66 per cwt from the January 2017 average but up \$2.58 per cwt from the February 2016 average. The component tests of producer milk in February 2017 were: butterfat, 3.87%; protein, 3.17%; and other solids, 5.75%. When compared to the previous month, the February Mailbox prices decreased in all 19 of the 19 Federal milk order reporting areas. The Florida reporting area decreased \$1.56 per cwt, while the Wisconsin reporting area decreased only \$0.36 per cwt when compared to the previous month. Averaged over all Federal milk order reporting areas, the February 2017 Mailbox price decreased an average of \$0.81 per cwt. Mailbox prices in February 2017 ranged from \$19.62 in the New England States to \$15.99 in the New Mexico reporting area.

MONDAY, MAY 8, 2017

CHEESE -- SALES: 1 CAR 40# BLOCKS @ \$1.5900; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.6000
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$0.8425; LAST BID UNFILLED: 2 CARS GRADE A @ \$0.8500; LAST OFFER UNCOVERED: 5 CARS GRADE A @ \$0.8900
 BUTTER -- SALES: 1 CAR GRADE AA @ \$2.1275; LAST BID UNFILLED: 5 CARS GRADE AA: 2 @ \$2.1075, 1 @ \$2.1100, 1 @ \$2.1275, 1 @ \$2.1250; LAST OFFER UNCOVERED: 7 CARS GRADE AA: 1 @ \$2.1400, 2 @ \$2.1800, 1 @ \$2.1775, 1 @ \$2.1500, 1 @ \$2.1425, 1 @ \$2.1325

TUESDAY, MAY 9, 2017

CHEESE -- SALES: 10 CARS BARRELS: 3 @ \$1.4400, 4 @ \$1.4500, 3 @ \$1.4600; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.4550; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4675; 1 CAR 40# BLOCKS @ \$1.5900
 NONFAT DRY MILK -- SALES: 5 CARS GRADE A: 1 @ \$0.8550, 1 @ \$0.8575, 1 @ \$0.8600, 1 @ \$0.8575, 1 @ \$0.8550; LAST BID UNFILLED: 4 CARS GRADE A: 2 @ \$0.8500, 2 @ \$0.8575; LAST OFFER UNCOVERED: 28 CARS GRADE A: 10 @ \$0.9500, 8 @ \$0.9200, 10 @ \$0.8950
 BUTTER -- SALES: 9 CARS GRADE AA: 2 @ \$2.1200, 1 @ \$2.1150, 1 @ \$2.1100, 4 @ \$2.1075, 1 @ \$2.1050; LAST BID UNFILLED: 3 CARS GRADE AA: 1 @ \$2.1000, 1 @ \$2.1025, 1 @ \$2.1050; LAST OFFER UNCOVERED: 3 CARS GRADE AA: 1 @ \$2.1400, 1 @ \$2.1600, 1 @ \$2.1075

WEDNESDAY, MAY 10, 2017

CHEESE -- SALES: 3 CARS 40# BLOCKS: 2 @ \$1.5900, 1 @ \$1.6000; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4500; 1 CAR 40# BLOCKS @ \$1.5900; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4600; 1 CAR 40# BLOCKS @ \$1.6100
 NONFAT DRY MILK -- SALES: 2 CARS GRADE A: 1 @ \$0.8600, 1 @ \$0.8575; LAST BID UNFILLED: 3 CARS GRADE A: 1 @ \$0.8575, 2 @ \$0.8500; LAST OFFER UNCOVERED: 15 CARS GRADE A: 10 @ \$0.8725, 4 @ \$0.8725, 1 @ \$0.8650
 BUTTER -- SALES: 2 CARS GRADE AA: 1 @ \$2.1200, 1 @ \$2.1300; LAST BID UNFILLED: 5 CARS GRADE AA: 1 @ \$2.1100, 2 @ \$2.0950, 1 @ \$2.1125, 1 @ \$2.1200; LAST OFFER UNCOVERED: 3 CARS GRADE AA: 1 @ \$2.1500, 1 @ \$2.1475, 1 @ \$2.1400

THURSDAY, MAY 11, 2017

CHEESE -- SALES: 10 CARS BARRELS: 1 @ \$1.4900, 2 @ \$1.5000, 1 @ \$1.5100, 1 @ \$1.5200, 4 @ \$1.5300, 1 @ \$1.5600; 7 CARS 40# BLOCKS: 1 @ \$1.6100, 1 @ \$1.6200, 2 @ \$1.6300, 1 @ \$1.6400, 2 @ \$1.6500; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.6475; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5700; 1 CAR 40# BLOCKS @ \$1.6600
 NONFAT DRY MILK -- SALES: 3 CARS GRADE A: 1 @ \$0.8700, 1 @ \$0.8625, 1 @ \$0.8700; LAST BID UNFILLED: 2 CARS GRADE A: 1 @ \$0.8500, 1 @ \$0.8600; LAST OFFER UNCOVERED: 13 CARS GRADE A: 5 @ \$0.9200, 1 @ \$0.8800, 1 @ \$0.8775, 5 @ \$0.8900, 1 @ \$0.8625
 BUTTER -- SALES: 9 CARS GRADE AA: 2 @ \$2.2300, 1 @ \$2.2350, 1 @ \$2.2325, 1 @ \$2.2500, 1 @ \$2.2475, 3 @ \$2.2400; LAST BID UNFILLED: 7 CARS GRADE AA: 1 @ \$2.2100, 5 @ \$2.2200, 1 @ \$2.1800; LAST OFFER UNCOVERED: 5 CARS GRADE AA: 1 @ \$2.2475, 2 @ \$2.2500, 1 @ \$2.2475, 1 @ \$2.2400

FRIDAY, MAY 12, 2017

CHEESE -- SALES: 5 CARS BARRELS @ \$1.5300; 2 CARS 40# BLOCKS: 1 @ \$1.6225, 1 @ \$1.6300; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5100; 1 CAR 40# BLOCKS @ \$1.6350; LAST OFFER UNCOVERED: 3 CARS BARRELS @ \$1.5300; 1 CAR 40# BLOCKS @ \$1.6400
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE A: 1 @ \$0.8625, 1 @ \$0.8475; LAST OFFER UNCOVERED: 20 CARS GRADE A: 10 @ \$0.9100, 10 @ \$0.8900
 BUTTER -- SALES: 3 CARS GRADE AA @ \$2.2625; LAST BID UNFILLED: 3 CARS GRADE AA: 1 @ \$2.2500, 1 @ \$2.2225, 1 @ \$2.2500; LAST OFFER UNCOVERED: 6 CARS GRADE AA: 2 @ \$2.2975, 1 @ \$2.2875, 1 @ \$2.2750, 1 @ \$2.2825, 1 @ \$2.2625

BUTTER MARKETS

NORTHEAST

Northeast butter markets are mixed, as prices continue to fluctuate. The current bulk butter prices for domestic sales are reported 5-7 cents over the market of the CME Group, with various time frames and averages used. Retail interest is steady to strong, for both salted and unsalted butter. Overall, sales are generally steady this week. At the end of last week, into this week, the CME Group cash trading for butter has had an uptick in trading activity. Butter production is continuous in some plants as heavy cream volumes clear to churns. Although, in some Eastern areas, some plants are starting to slow production down as milk production starts to come down. Salted production is active in most plants, and unsalted production is steady to limited. Stocks are manageable to building, as plants are gearing up for decreased churning in the summer months. The demand is steady for butter and the market tone is unchanged. Tuesday, the CME Group cash trading saw Grade AA butter prices close at \$2.1050, down \$0.0100 from last Tuesday's closing price. This week, a cooperative export assistance program accepted requests for export assistance to sell 440,525 pounds (200 metric tons) of butter. According to the *DMN National Retail Report-Dairy*, for May 5-11, 2017, the Northeast weighted average retail price for 1-pound butter was \$3.51, 66 cents higher than the national average price and 18 cents higher than last week's Northeast average butter price. Retail markets in the region reported butter prices ranging \$2.50-\$4.99. DAIRY PRODUCTS: According to NASS, U.S. butter production for March 2017, totals 175.5 million pounds, up 0.3% from last year and up 9.0% from February 2017. Cumulative 2017 butter production through March totals 514.4 million pounds, 0.1% above the same period for 2016. March 2017 butter production in the Atlantic region totaled 20.7 million pounds, up 8.1% from last year and up 1.1% from February 2017.

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

	2017 Exports (Million Lb.)	% Change From 1 Year Ago
March	3.3	- 55
TOTAL, JAN - MAR	11.5	- 48
1 Canada	5.0	+163
2 Mexico	2.0	- 88
3 Saudi Arabia	1.0	- 31
4 South Korea	0.9	+128
5 UAE	0.4	+173

CENTRAL

Cream into Class IV manufacturing, which displayed some indications of tightening last week, is readily available this week. Class IV cream multiples were reported from 1.15 to 1.18. Butter contacts report that ice cream producers have yet to pull down the overall cream supply, as weather has been cool and wet in the Central U.S. Butter retail sales were reportedly slower, after recent weeks have been steady. Butter production reports vary, but some producers are continuing production at steady rates in order to store bulk supplies for later in the year, taking advantage of the current cream availability. The butter market tone is fair, and butter stores continue to build. *DMN National Retail Report-Dairy* for May 5-11 noted the national weighted average advertised price for a 1 pound package of butter is \$2.85, \$0.37 below one week ago and \$0.06

CONTINUED ON PAGE 2A

NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
May 6, 2017	2.1058 5,156,296	1.5253 12,683,262	1.4573 11,237,229	.5172 6,092,887	.8628 16,837,586

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

CONTINUED FROM PAGE 2

lower than one year ago. The weighted average regional prices in the Midwest and South Central were \$2.35 and \$2.60, respectively. The NASS *Dairy Products* report noted U.S. butter production during March 2017 in the Central region totaled 77.5 million pounds, 6.7 percent higher than one year ago. Total U.S. butter production during March 2017 was 175.5 million pounds, 0.3 percent higher than last year. January through March 2017 U.S. butter production totaled 514.4 million pounds, 0.1 percent higher than the same period in 2016. Bulk butter prices remained 2 to 7 cents over the market, with various periods and averages used. Wednesday at the CME Group, Grade AA butter closed at \$2.1300, up \$.0100 from last Wednesday. This week, a cooperative export assistance program accepted requests for 440,525 pounds (200 metric tons) of butter. So far this year, the program has accepted assistance requests for 1.9 million pounds of butter.

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

	2017 Exports (Million Lb.)	% Change From 1 Year Ago
March	3.3	- 55
TOTAL, JAN - MAR	11.5	- 48
1 Canada	5.0	+163
2 Mexico	2.0	-88
3 Saudi Arabia	1.0	-31
4 South Korea	0.9	+128
5 UAE	0.4	+173

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

	2017 Imports (Million Lb.)	% Change From Last Month
March Imports		
Total Butter and Milk Fat	5.8	+ 11
Butter		
Quota (H.S. Code 405101000)	0.6	+ 22
Over Quota (H.S. Code 405102000)	2.9	- 29
AMF		
Quota (H.S. Code 405901020)	1.2	- 3
Over Quota (H.S. Code 405902020)	0.8	+ 14
Other Milk Fat	0.4	+1141

	2017 Imports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN - MAR	18.5	- 48
1 Ireland	8.2	- 1
2 New Zealand	3.3	- 71
3 Mexico	2.5	- 67
4 Chile	1.3	- 1
5 United Kingdom	1.0	+ 58

WEST

Western butter makers report demand is steady. Some manufacturers, predicting a slight increase in export opportunities over the next few months, are hopeful the additional business can keep inventories in check. Butter stocks are heavy and still growing. However, a few

processors are seeing more prospects to sell off cream in lieu of churning. Some butter makers are slowing the churns and using the time to conduct maintenance and repairs. Butter makers are shifting more production from print to bulk. Bulk butter prices have firmed and discounted loads are less prevalent. Bulk butter pricing in the West this week is 2 cents below to 2 cents above, based on the CME Group with various time frames and averages used. The DMN *National Retail Report-Dairy* for the week of May 5-11 found that the U.S. weighted average advertised price of 1 pound butter is \$2.85, down \$.37 from last week. The U.S. weighted average price was \$2.91 one year ago. In the Southwest, the weighted average advertised price of 1 pound butter is \$2.69 with a price range of \$2.49-\$2.99. In the Northwest, the weighted average advertised price of 1 pound butter is \$2.50 with a price range of \$2.49-\$2.50. This week, a cooperative export assistance program accepted requests for 440,525 pounds (200 metric tons) of butter. So far this year, the program has assisted member cooperatives who have contracts to sell 1.9 million pounds of butter (82% milkfat) in export markets. According to the NASS *Dairy Products* report, U.S. butter production during March 2017, 175.5 million pounds, was 0.3% higher than March 2016, and 9.0% higher than February 2017. U.S. cumulative 2017 butter production through March is 514.4 million pounds, 0.1% higher than the same period last year. In the West, total March butter production was 77.4 million pounds, 7.0% lower than March 2016, but 5.5% higher than February 2017. California March production was 50.7 million pounds, 8.6% lower than last year, but 4.3% higher than last month. The Grade AA butter price at the CME Group on Wednesday closed at \$2.1300, up \$.0100 from a week ago.

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

	2017 Exports (Million Lb.)	% Change From 1 Year Ago
March	3.3	- 55
TOTAL, JAN - MAR	11.5	- 48
1 Canada	5.0	+163
2 Mexico	2.0	- 88
3 Saudi Arabia	1.0	- 31
4 South Korea	0.9	+128
5 UAE	0.4	+173

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

	2017 Imports (Million Lb.)	% Change From Last Month
March Imports		
Total Butter and Milk Fat	5.8	+ 11
Butter		
Quota (H.S. Code 405101000)	0.6	+ 22
Over Quota (H.S. Code 405102000)	2.9	- 29
AMF		
Quota (H.S. Code 405901020)	1.2	- 3
Over Quota (H.S. Code 405902020)	0.8	+ 14
Other Milk Fat	0.4	+ 1141

	2017 Imports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN - MAR	18.5	- 48
1 Ireland	8.2	- 1
2 New Zealand	3.3	- 71
3 Mexico	2.5	- 67
4 Chile	1.3	- 1
5 United Kingdom	1.0	+ 58

CHEESE MARKETS

NORTHEAST

Milk supplies at most cheese locations challenge plant capacity. As cheese production nears annual peak levels, impending school closings are expected to add to the burden. Cheese stocks are fully adequate to ample and building, in some instances. Process interest is active as the grilling season begins. As well, sources feel that Swiss demand should pick up with the outdoor activity. The DMN latest survey of retail stores shows a notable hike in cheese advertisements. Orders for Memorial Day appear in some pipelines. June Dairy Month campaigns are being planned. Cheese exports to Mexico indicate a 5% dip from January – March, compared to a year ago. Active CME barrel trading continued into this week, with barrel prices trending higher. Otherwise, the East wholesale selling price for block and Muenster dipped slightly, falling \$0.0250, while process 5# sliced cheese moved marginally lower \$0.0025. Meanwhile, the Announcement of Class and Component Prices raised the Swiss cuts 10-14# price \$0.0125. Tuesday's CME Group daily cash prices saw barrels close at \$1.4600, up \$0.0450 from a week ago; blocks closed at \$1.5900, up \$0.1100 from a week ago. The DMN *National Retail Report-Dairy*, for May 5-11, 2017, noted the Northeast weighted average advertised price for 8 oz. cheese blocks was \$2.22, 6 cents above the national average and last week's prices. Surveyed retail prices range \$1.49-\$3.50. The Southeast 8 oz. block average price was \$2.39, up 23 cents from the national average price and up 48 cents from the previous week, with surveyed retail prices ranging \$2.00-\$2.50 in the region. The Northeast average advertised price for 8 oz. cheese shreds was \$2.40, 18 cents above the national average price, with prices ranging \$1.67-\$3.00. In the Southeast, the average price for 8 oz. shreds was \$2.36, 31 cents above the previous week, with prices ranging \$2.00-\$2.50 in the region.

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

Cheddar 40# Block	:	1.9650-2.2500
Process 5# Sliced	:	1.5575-2.0375
Muenster	:	1.9500-2.3000
Grade A Swiss Cuts 10 - 14#	:	3.3225-3.6450

MIDWEST

Milk remains available for cheesemakers in the Midwestern United States. Spot milk prices ranged from \$4.00 to \$6.00 under Class III. Some contacts reported that milk offers were starting to slow down, and expectations of milk intakes at current prices are nearing their end. Cheese production continues apace. Some plants remain on 6-7 day work schedules. Demand, both in retail and food service, is generally strong. Both pizza cheese and traditional cheesemakers report that orders are increasing week over week. The cheese market tone has improved. Some cheese contacts view the current CME block price, which jumped \$0.1100 on Friday of last week, as an indication of market growth. Cheese barrel inventories are reportedly long. Producers of block cheese report varying inventory levels. The DMN *National Retail Report-Dairy* shows that May 5-11 Midwest ads for 8 ounce shred cheese have a weighted average advertised price of \$2.31, 9 cents above the national average. Midwest prices range from \$1.66-\$3.00. One year ago, the national price was \$2.24. For 8 ounce blocks, the Midwest average price is \$2.08, 8 cents below the national average price. Midwest ads are priced from \$0.99-\$3.00. Last year, the national price was \$2.11. In CME Group trading Wednesday, barrels closed at \$1.4600, up \$0.0600 from last Wednesday and blocks closed at \$1.6000, up \$0.1200 from last Wednesday. *Dairy Products* (NASS) reports total U.S. cheese production, for March 2017, was 1.062 billion pounds, 3.3 percent above March 2016 and 12.7 percent above February 2017.

Central total cheese production for March 2017 was 488.5 million pounds, 13.2 percent higher than February 2017. For total cheese and various types of cheese, March 2017 U.S. and Central cheese production percentage changes compared to March 2016 were as follows:

	U.S.	Central
Total	+ 3.3%	+ 6.2%
American	+ 3.5%	+ 8.2%
Cheddar	+ 8.0%	+14.1%
Total Italian	+ 2.2%	+ 3.5%
Mozzarella	+ 0.9%	+ 0.4%

This week, a cooperative export assistance program accepted requests for 1.0 million pounds (461 metric tons) of cheese. So far this year, the program has assisted member cooperatives who have contracts to sell 30.7 million pounds of cheese in export markets. Midwestern wholesale prices are up \$.0125 for Swiss cuts, down \$.0025 for process and down \$.0250 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#	:	1.8700-2.2950
Cheddar 40# Block	:	1.5975-1.9925
Monterey Jack 10#	:	1.8450-2.0500
Blue 5#	:	2.1375-3.1250
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6700-2.6100
Grade A Swiss Cuts 6 - 9#	:	2.8400-2.9575

WEST

Western manufacturers report steady cheese production as milk supplies are plentiful. Cheese makers are running facilities at or near full capacity to handle the milk. Industry contacts say there are large stocks of barrels, but cheese block inventories are in better balance. Cheese is generally moving well through existing contracts and some cheese makers report orders are up. A few industry contacts say retail demand is steady and export opportunities are improving. Domestic demand for American cheese varieties has been a little slow to develop due to unfavorable grilling weather, however contacts suggest this, too, may be picking up. The DMN *National Retail Report-Dairy* for the week of May 5-11 shows the U.S. weighted average advertised retail price for an 8 ounce pack of natural shredded cheese is \$2.22, up \$.14 from last week. Packs average \$2.14 in the Southwest and \$1.66 in the Northwest. One year ago, the national price was \$2.24. For 8 ounce blocks, the U.S. price is \$2.16, up \$.15 from last week. Blocks average \$2.11 in the Southwest and \$1.99 in the Northwest. One year ago, the national price was \$2.11. In the West, wholesale prices are down \$.0025 for process, and down \$.0250 for cheddar block, cuts, and Monterey Jack. Swiss cut wholesale prices are up \$.0125. This week, a cooperative export assistance program accepted requests for export assistance on contracts to sell 1 million pounds (461 metric tons) of cheese. So far this year, the program has assisted member cooperatives who have contracts to sell 30.7 million pounds of cheese in export markets. *Dairy Products* (NASS) reports total 2017 U.S. cheese production, year to date through March, is 3.050 billion pounds, 1.6% above January through March 2016. March 2017 U.S. total cheese production, 1.062 billion pounds, is 12.7% above February 2017. In the West, total cheese production for March 2017 was 446.0 million pounds, 13.5% more than last month. For total cheese production and various types of cheese, March 2017 U.S. and West cheese production percent changes compared to March 2016 are as follows:

CONTINUED ON PAGE 3A

CHEESE MARKETS

CONTINUED FROM PAGE 3

	U.S.	West
Total Cheese	+ 3.3%	+ 0.2%
American	+ 3.5%	- 2.5%
Cheddar	+ 8.0%	+ 1.0%
Total Italian	+ 2.2%	+ 1.1%
Mozzarella	+ 0.9%	+ 0.6%
Swiss	+ 3.7%	...

In CME Group trading Wednesday, barrels closed at \$1.4600, up \$.0600 from a week ago and blocks closed at \$1.6000, up \$.1200.

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

Process 5# Loaf	:	1.5025-1.7600
Cheddar 40# Block	:	1.6300-2.0750
Cheddar 10# Cuts	:	1.8100-2.0300
Monterey Jack 10#	:	1.8200-1.9800
Grade A Swiss Cuts 6 - 9#	:	2.9000-3.3300

FOREIGN TYPE CHEESE

In the European Union (EU), cheese production is lower due to a weakening of their milk supplies in recent weeks. The stocks of sliced cheese continue to shrink further as demand increases. Cheese requests from retailers, large consumers and other EU countries are good. In addition, export opportunities have been consistently good. Since the beginning of May, prices have been firm, with a stronger tendency. For June, contracts are negotiated at higher prices. In the U.S., wholesale blue, gorgonzola, parmesan Italy, and Romano prices are down \$0.0250, and Swiss cuts Switzerland increased \$0.0125. All other varieties are unchanged.

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

	NEW YORK	
VARIETY	IMPORTED	DOMESTIC
	:	:
Blue	: 2.6400-5.2300	: 2.0150-3.5025*
Gorgonzola	: 3.6900-5.7400	: 2.5225-3.2400*
Parmesan (Italy)	: -0-	: 3.4050-5.4950*
Romano (Cows Milk)	: -0-	: 3.2050-5.3550*
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-	: 3.3600-3.6825*
Swiss Cuts Finnish	: 2.6700-2.9300	: -0-

* = Price change.

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

	2017 Exports (Million Lb.)	% Change From 1 Year Ago
March	68.7	+ 22
TOTAL, JAN - MAR	176.7	+ 12
1 Mexico	51.8	- 5
2 South Korea	27.9	+ 29
3 Japan	15.6	- 15
4 Australia	15.2	+ 95
5 Canada	7.2	+ 29

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

	2017 Imports (Million Lb.)	% Change From Last Month
March Imports		
TOTAL Cheese and Curd (H.S. Code 0406)	35.2	+ 32
Cheese, Except Fresh (H.S. Code 040690)	30.7	+ 34
Fresh Cheese (H.S. Code 040610)	2.4	+ 16
Cheese, Processed (H.S. Code 040630)	1.5	+ 10
Cheese, Blue-Veined (H.S. Code 040640)	0.6	+ 16
Cheese, Grated (H.S. Code 040620)	0.1	+168

	2017 Imports (Million Lb.)	% Change From 1 Year Ago
TOTAL, JAN - MAR	93.3	- 22
1 Italy	15.9	- 12
2 France	10.6	- 4
3 New Zealand	10.1	- 43
4 Netherlands	6.3	+10
5 Spain	5.8	- 2

COLD STORAGE

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

	BUTTER	CHEESE
	:	:
05/08/17	30,627	: 95,772
05/01/17	29,492	: 100,143
CHANGE	1,135	: -4,371
% CHANGE	4	: -4

FLUID MILK AND CREAM

EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	0	170	0	165	0	160
SOUTHEAST STATES	0	0	0	0	0	0

In the East, bottled milk sales are steady at slow to fair levels throughout. Northeast contacts note that milk output inches upward. Rainfall has been consistent but cows have been put out on grass as fields green up. In the Middle Atlantic area, milk output rises along typical patterns. Surplus milk volumes are still quite heavy, but manageable for some. In the Southeast, milk production remains active. Plants continue to ship milk to other outlets, on prearranged agreements. Manufacturing schedules have changed little from the previous week. Florida's weather continues to be very hot and dry with no rain in the forecast. Fire hazards are still extremely high. Prompted by the heat, milk production is down and expects to trend lower. Milk sales are flat, with the outlook for increasing unfavorable, as schools are set to close in a few weeks. Export milk shipments are trending higher with spot shipments totaling 170 loads this week. The **cream market** undertone continues on the weaker side. Supplies are abundant. Spot movement is sluggish to fair as loads clear within the East and across regions. Ice cream usage is steady, but moving up in some areas, although mixed weather conditions appear to stifle cream interest. Soft serve orders improved in the southernmost parts of the region. Generally, **multiples** range **1.15 to 1.25**. However, some loads clear into other regions as low as flat market to reportedly support butter production. Butter churning is steady at excessive levels. The **condensed skim** market is steady. Distressed loads of condensed skim have been reported, but volumes are dropping somewhat. Demand for Class III condensed skim is fairly decent as shipments to Midwestern cheese continues. Class II wet solids are fair to good, with swings, as yogurt production declines and ice cream production climbs. With the recent Announcement of the Class and Component Prices, the Class III Skim Milk price decreased \$0.59 from the previous month. According to the *DMN National Retail Report-Dairy*, for May 5-11, 2017, the U.S. weighted average advertised price for a gallon of milk is \$2.62, up 26 cents compared to last week and up 33 cents from a year ago. In the Northeast, the weighted average advertised price for a gallon of milk is \$3.12, with a retail price range of \$2.19-\$3.69.

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-	2.4277-2.6388
F.O.B. producing plants: Upper Midwest-	2.4277-2.5965

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices-	.10-.73
Northeast - Class III - spot prices -	.20-.80

MIDWEST

Rain, strong winds, and cooler weather have slowed, but not halted, fieldwork this week in much of the Central region. Some South Central farmers are anxious that continuing rainfall will hurt the quality of the wheat crop. Milk production continues at flush levels. Some contacts are reporting that spot milk offers are starting to taper a bit and that spring flush may be nearing its apex. Even so, Class III

spot milk prices were reported at \$4.00 to \$6.00 under Class. Some cheese producers continue to forego fortifying cheese with nonfat dry milk, as spot milk remains plentiful. Class I demand has slowed a bit, and bottlers are concerned about summer breaks at educational institutions. Some South Central colleges have begun summer vacation, and most Central region school districts will be on break by month's end. **Cream**, which saw some firmness last week, has reportedly returned to the availability levels of previous weeks. **Cream multiples**, into Class II manufacturing, were reported from **1.15 to 1.23**. Some contacts report that ice cream interests have not been substantial yet, a result of the cooler weather. However, with forecasts showing increased temperatures, there are expectations that Class II orders will start to tighten the cream supply soon. The *DMN National Retail Report-Dairy* for May 5-11 noted the national weighted average advertised price for one gallon of milk was \$2.62, up \$.26 from a week ago and \$.33 higher than a year ago. The weighted average regional prices in the Midwest and South Central were \$2.04 and \$1.99, respectively. The *NASS Dairy Products* report noted March U.S. regular (hard) ice cream production totaled 74.7 million gallons, up 2.6 percent from last year. January-March U.S. production totals 190.8 million gallons, 1.6 percent below 2016 during the same period. March production in the Central region totaled 41.6 million gallons, 7.3 percent above a year ago.

WEST

Milk production in California is lower as warmer temperatures settle into the state at the beginning of the week. Cooler weather is expected toward the end of this week, as is modestly higher milk output. Sales into bottling are stable while milk intakes for ice cream and frozen dessert manufacturing are climbing to match the needs of some production lines. Alfalfa hay growth is making excellent progress, and some fields are being cut and baled. In Arizona, higher daytime temperatures are affecting milk output in many areas of the state. Milk production continues to slow down. However, there are enough milk supplies to meet processors' demand. Milk volumes going into Class I are decreasing. Class III intakes are steady to higher. Alfalfa hay, barley, and durum wheat are mostly rated good to excellent, and two-thirds of alfalfa hay was harvested last week. In New Mexico, farm milk volumes into manufacturing facilities are stable to somewhat decreasing this week compared to last week. Some processors are helping clear holdovers of milk created by the blizzard in Kansas. Bottled milk sales to retailers, food service, and educational institutions are steady to slightly down. Class II demand is also stable to slightly down. In New Mexico, only 27% of pasture and range are currently in good to excellent condition. Milk production in the Pacific Northwest is still increasing after a cold, wet winter. Some manufacturers say milk intakes are tighter than usual for this time of year. However, milk supplies are adequate for most processing needs and manufacturers are running facilities at or near full capacity. Bottling demand is steady, but bottlers are beginning to plan for the end of school terms. Farmers are working hard to get spring fieldwork completed and planting is behind schedule. The ample moisture has given a good start to forage production for the year. In Washington, 87% of the pasture and rangeland is in good or excellent condition, while 85% of the pasture and rangeland is in good or excellent condition in Oregon. Some manufacturers in the mountain states of Idaho, Utah and Colorado say milk production is steady and that they do not anticipate a large spring flush this year. They suggest the harsh winter and flooding earlier in the year will

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have created enough stress to curtail cow lactations in parts of the region. Processors report milk intakes are heavy, but not burdensome. Overall, milk supplies are in good balance with processing needs, and not a lot of milk is moving into or out of the immediate region. Spring field work is behind, but farmers benefitted from some favorable weather this last week. Pasture and rangeland in good or excellent condition is 53% of Colorado and 76% of both Utah and Idaho. **Condensed skim** demand is somewhat mixed in the West. In some areas, sales are higher while in other areas, they continue to be lower. **Cream** sales are finally picking up a little more this week compared to last week. Ice cream and frozen yogurt makers are requesting additional loads of cream to meet their seasonal summer needs. In some areas, cream going into butter churning has slowed down. **Cream multiples** for all Classes range **1.03 to 1.22**. According to the DMN *National Retail Report-Dairy* for the week of May 5-11, the national weighted average advertised price for one gallon of milk is \$2.62, up \$0.26 from last week, and \$0.33 higher from a year ago. The weighted average regional price in the Southwest is \$2.60, with a price range of \$1.89-\$3.99. The weighted average regional price in the Northwest is \$1.74, with a price range of \$1.50-\$2.39. According to the NASS *Dairy Products* report, hard ice cream production in the West region for March 2017 is 17.7 million gallons, 25.3% higher than a month ago, but 6.1% below the previous year.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Central low/medium heat nonfat dry milk (NDM) prices remained steady this week. Spot market activity slowed after a busy previous week. Production of low/medium heat NDM is steady, as low/medium heat NDM is the primary focus of many manufacturers over other powders. Some Midwestern end users continue to wait out lower prices. However, other Central contacts report that export interest is up, and Southeast Asian buyers are finding current prices favorable in relation to other global competitors. Inventory reports of low/medium heat NDM vary from completely committed in the near term to readily available. The low/medium heat NDM market tone is mixed. High heat NDM prices slightly decreased on the bottom of the price range. Spot market trading was light. High heat NDM production is steady, and primarily based on contractual needs. The NASS *Dairy Products* report noted U.S. human NDM production during March 2017 in the Central region totaled 33.2 million pounds, 7.3 percent higher than one year ago. Total U.S. human NDM production during March 2017 was 159.7 million pounds, 7.2 percent lower than last year. During January–March 2017, U.S. human NDM production totaled 454.5 million pounds, 0.4 percent more than the same time span in 2016. Total U.S. NDM, human, month ending stocks for March were 247.0 million pounds, 6.4 percent above a year ago.

EAST: Low/medium heat nonfat dry milk (NDM) prices in the East are unchanged in the price series this week. Production is operating at high levels, as dryers run strong every day. With heavy output, low/medium heat NDM inventories are building and are adequate for near term contracts. Interest is mixed. Some buyers think low/medium heat NDM is weakening, so they are waiting to see if the prices will go down. Also, market participants communicate there is a lot of interest, and they are regularly receiving requests. A few buyers are already looking for low/medium heat NDM for Q3 and Q4 contracts. The market tone is unchanged. High heat NDM prices shifted downward on the lower end of the range this week. Spot loads have been quiet to light. Production is unchanged as dryers are focused on low/medium heat production. Contractual needs are being fulfilled, and the demand for high heat NDM is at seasonal levels. Wednesday's CME Group cash trading for Grade A nonfat dry milk closed at \$0.8575, up \$0.0050 from last Wednesday. **DAIRY PRODUCTS:** According to NASS, U.S. production of human food nonfat dry milk in the Atlantic region totaled 32.7 million pounds, 0.6% less than a year ago, but 17.2% above the previous month. The March 2017 U.S. production of skim milk powder totaled 52.7 million pounds, 30.0% more than a year ago and 31.8% more than last month. Cumulative 2017 U.S. year to date skim milk powder production through March totals 148.0 million pounds, a 12.2% increase from 2016.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: .8000 - 0.9000 MOSTLY: .8500 - .8800
HIGH HEAT: .9400 - 1.0500

NONFAT DRY MILK - WEST

Western low medium heat nonfat dry milk (NDM) f.o.b spot prices are mixed as some spot sales pulled up the bottom of the range and mostly series. Spot sales activity is light to moderate. At this point, the market undertone is uncertain for many industry participants. Some manufacturers think the market is firming and are holding some stocks, anticipating higher prices in the near future. This is decreasing the spot availability of NDM in some areas of the region. Meanwhile, some buyers/end users remain baffled about current NDM price trends. According to them, NDM supplies are readily available in the market and prices should be lower. NDM production is ongoing, as moderate to

large condensed skim volumes are clearing into the dryers. In general, inventories are adequate to building in most processing plants. High heat nonfat dry milk spot prices are mixed as a few sales pulled slightly up the top of the range. Production is steady and in line with contractual requirements. Spot sales are seldom and inventories remain tight in the spot market. The NASS *Dairy Products* report noted U.S. human NDM production during March 2017 in the West region totaled 93.8 million pounds, 13.3 percent lower than one year ago, but 10.3 percent higher from the previous month. Total U.S. human NDM production during March 2017 was 159.7 million pounds, 7.2 percent lower than last year. Cumulative human NDM production from January to March was 454.5 million pounds, 0.4 % above the previous year. Total U.S. NDM, human, month ending stocks for March were 247.0 million pounds, 6.4 percent above a year ago. According to FAS, during March, U.S. NDM exports totaled 106.7 million pounds, 18% higher than a year ago. From January–March, U.S. NDM exports totaled 326.6 million pounds, 18% above last year during the same time span.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: .8000 - 0.9000 MOSTLY: .8500 - .8800
HIGH HEAT: .9450 - 1.0575

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	TOTAL SALES
May 5	\$.8548	6,767,287
April 28	\$.8394	16,293,738

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

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

	2017 Exports (Million Lb.)	% Change From 1 Year Ago
March Total	106.7	+ 18
TOTAL, JAN - MAR	326.6	+ 18
1 Mexico	148.1	+ 17
2 Philippines	32.3	- 26
3 China	22.4	+ 172
4 Indonesia	19.0	+ 24
5 Malaysia	16.8	+ 83

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: This week, dry buttermilk prices in the Central region decreased on the bottom and top of the range. Dry buttermilk spot market offers increased, but completed transactions were limited. Demand for dry buttermilk is light, and some contacts suggest current softness may last for the near term. Buttermilk drying is light, as nonfat dry milk takes up the bulk of dryer time. Dry buttermilk inventories are reportedly adequate to long. The dry buttermilk market tone is unsteady. The NASS *Dairy Products* report noted U.S. dry buttermilk production during March 2017 totaled 9.8 million pounds, 1.9 percent higher than a year ago. Total U.S. dry buttermilk month-ending stocks for March were 26.6 million pounds, 6.0 percent above last year.

-CONTINUED ON PAGE 1A-

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

-CONTINUED FROM PAGE 1-

EAST: Dry buttermilk prices in the Eastern region shifted downward on both ends of the prices series this week. Production is active, as dryers are running condensed buttermilk at strong levels. Dry buttermilk stocks are manageable to long. Interest is fair, and trading activity continues to be light. The market tone is unsettled, as prices appear to be weakening.

F.O.B. CENTRAL/EAST: .7800 - .8900

DRY BUTTERMILK - WEST

Western dry buttermilk f.o.b. spot prices are mixed on the range, but steady on the mostly series. A few spot transactions pulled slightly down the top of the range. Some industry contacts suggest the market has been quiet throughout the week. Interest from bakers and some Class II processors is sluggish. Dry buttermilk supplies are slightly lower as some plant managers are clearing more condensed buttermilk volumes into ice cream manufacturing. The NASS *Dairy Products* report noted U.S. dry buttermilk production during March 2017 totaled 9.8 million pounds, 1.9 percent higher than a year ago, but 7.6 percentage lower from the previous month. Total U.S. dry buttermilk month ending stocks for March were 26.6 million pounds, 6.0 percent above last year.

F.O.B. WEST: .7500 - .8900 MOSTLY: .8000 - .8500

DRY WHOLE MILK - NATIONAL

National dry whole milk f.o.b. spot prices are unchanged and are more in line with Oceania and Europe WMP prices. Spot trading activity is light, compared to the previous week. Demand from bakers is fair. Production is steady in most processing plants. Inventories are mixed in the spot market, but are enough to cover contractual needs. U.S. WMP exports are active, especially to Colombia and China. The NASS *Dairy Products* report noted U.S. dry whole milk production during March 2017 totaled 11.2 million pounds, 12.4 percent higher from one year ago, and 10.1 percent higher than the previous month. Total U.S. dry whole milk month ending stocks for March were 22.3 million pounds, 70.8 percent above last year.

F.O.B. PRODUCING PLANT: 1.2800 - 1.4500

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 decreased on the bottom of the range and saw a slight decrease on the top of the mostly price series. The Central dry whey spot market was steady, following a busy week. Some end users report that spot market offers are increasing, but contractual intakes are preventing them from taking advantage of favorable spot prices. Dry whey production is in line with ongoing cheese production and surplus milk supplies. Cheesemakers report that dry whey export interests are trending downward. Dry whey inventory reports vary. Animal feed whey prices remained steady. Animal feed whey spot trades were quiet, but some sellers report moving some less-than-load (LTL) shipments near the top of the current price range. Animal feed whey inventories are adequate. The NASS *Dairy Products* report noted U.S. total human dry whey production for March 2017 was 86.5 million pounds, up 6.7 percent from a year ago. January through March 2017 U.S. total dry whey production totaled 248.3 million pounds, 3.0 percent above the same time span in 2016. The Central region produced 40.5 million pounds of U.S. human dry whey production in March, 3.4 percent higher than a year ago.

F.O.B. CENTRAL: .3700 - .5950 MOSTLY: .4700 - .5250
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .3375 - .4400

DRY WHEY - NORTHEAST

Prices for East dry whey are unchanged. Cheesemakers' output rates are seasonally high. Hence, whey streams are subject to increased dry whey processing. However, plants' dry whey supplies vary around spot market needs, as reports suggest limited availability as producers provide for active contractual customer requirements. End-user usage is fair to good. The market tone for dry whey is mostly steady but somewhat unpredictable.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .4300 - .5625

DRY WHEY - WEST

Western whey prices are steady to lower as the bottom of the range and the top of the mostly price series fell. According to a few industry contacts, demand has been relatively good and steady. However, demand has not been able to keep pace with the growth of inventories at some manufacturers' facilities. Contacts say offers from processors are increasing. In addition, market participants report there is much more price competition in some markets. NASS reports that March 2017 U.S. human dry whey production, 86.5 million pounds, is up 6.7% from a year ago, and up 13.8% from February 2017. The Western region produced 23.8 million pounds of human dry whey during March, up 17.3% from last year, and up 23.9% from last month. Month ending stocks for U.S. human dry whey, at 76.4 million pounds, are 3.1% higher than one year ago, and up 10.7% from February 2017.

NONHYGROSCOPIC: .4000 - .5400

MOSTLY: .4200 - .5100

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices weakened at the bottom of the range and both ends of the mostly price series this week. Industry contacts report production is steady, but WPC34% that is interchangeable with other protein sources is hard to move and inventories have grown somewhat. The top of the price range in this split market, however, held steady as a few manufacturers have completed a limited number of spot sales at premium prices. These manufacturers report tight inventories and continued strong demand as buyers seek out additional loads of WPC34% that meet tight specifications or are highly desired brands. According to the NASS *Dairy Products* report U.S. production of WPC (25.0-49.9% protein) during March 2017 totaled 15.9 million pounds, 0.7% lower than one year ago, but 16.6% higher than February. Year to date total WPC (25.0-49.9% protein) production through March is 44.5 million pounds, 5.9% less than January through March one year ago. Manufacturers' end-of-month stocks for WPC (25.0-49.9% protein) totaled 23.3 million pounds, 20.5% lower than one year ago, but 7.1% more than February 2017.

F.O.B. EXTRA GRADE 34% PROTEIN: .7500 - 1.2350 MOSTLY: .8200 - .9900

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

	2017 Exports (Million Lb.)	% Change From 1 Year Ago
March Total	38.2	+ 61
TOTAL, JAN - MAR	105.1	+ 27
1 China	46.9	+146
2 Canada	12.6	+ 7
3 Mexico	9.8	+ 16
4 Indonesia	5.9	+ 3
5 Philippines	5.4	- 15

U.S. WPC < 80% Exports, H.S. Code 0404100500(FAS)

	2017 Exports (Million Lb.)	% Change From 1 Year Ago
March Total	25.2	+ 40
TOTAL, JAN - MAR	80.5	+ 42
1 China	40.0	+ 87
2 Mexico	10.7	+ 59
3 Canada	8.4	+ 16
4 Philippines	4.3	+148
5 Indonesia	2.7	+ 33

-CONTINUED ON PAGE 6A-

WHEY, WPC 34%, LACTOSE & CASEIN

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

-CONTINUED FROM PAGE 6-

LACTOSE - CENTRAL AND WEST

Prices for lactose are unchanged except the bottom of the range slid lower this week. Lactose market participants generally describe the market tone for lactose as stable or steady. However, a few contacts note price pressures are starting to show up in some export markets. Demand is strong and some buyers are seeking contracts for Q3 or Q4 business. Inventories are tight to comfortable for highly desired brands and lactose that meets rigid product specifications. However, some contacts say stock levels are growing for standard lactose that does not meet specific buyer requirements. NASS's *Dairy Products* report shows U.S. lactose production during March 2017 totaled 97.6 million pounds, a 5.1% increase from one year ago. Year to date lactose production through March is 275.0 million pounds, 3.6% more than a year ago. Month ending stocks, at 119.0 million pounds, are 7.4% lower than one year ago, but 5.1% more than February 2017. According to Eurolait, total annual lactose imports, January through March, into China are up 9.5% from the same period in 2016. Imports from the U.S. comprise 75.3% of those imports. January through March imports of lactose into Japan are up 8.4% from 2016. Imports from the United States make up 59.3% of lactose imports into Japan.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .3200 - .5700 MOSTLY: .3700 - .4500

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

	2017 Exports (Million Lb.)	% Change From 1 Year Ago
March Total	51.8	+ 19
TOTAL, JAN - MAR	139.8	+ 7
1 Mexico	24.2	+42
2 China	21.5	+ 7
3 New Zealand	19.4	- 31
4 Japan	12.3	+12
5 Indonesia	11.0	+ 6

CASEIN - NATIONAL

Rennet casein prices firmed this week. Acid casein prices are steady to firmer. Most casein production is focused on filling second quarter contracts. With the milk season in Oceania drawing closer to the end, available milk supplies are tighter. In Europe, some dairy processors report lower milk deliveries in April compared with April last year. This is heightening competition for milk supplies between manufacturers of various dairy products.

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: 2.9000 - 3.1000
ACID: 3.5000 - 3.7000

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>
04/22/2017	56.4	965.8	53.2	997.4

WEBSITE: http://www.ams.usda.gov/mnreports/sj_ls714.txt

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, The Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA.

CLASS III MILK PRICES (3.5% BF)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2012	17.05	16.06	15.72	15.72	15.23	15.63	16.68	17.73	19.00	21.02	20.83	18.66
2013	18.14	17.25	16.93	17.59	18.52	18.02	17.38	17.91	18.14	18.22	18.83	18.95
2014	21.15	23.35	23.33	24.31	22.57	21.36	21.60	22.25	24.60	23.82	21.94	17.82
2015	16.18	15.46	15.56	15.81	16.19	16.72	16.33	16.27	15.82	15.46	15.30	14.44
2016	13.72	13.80	13.74	13.63	12.76	13.22	15.24	16.91	16.39	14.82	16.76	17.40

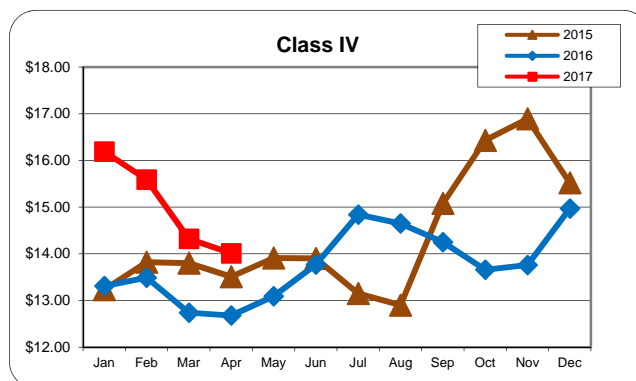
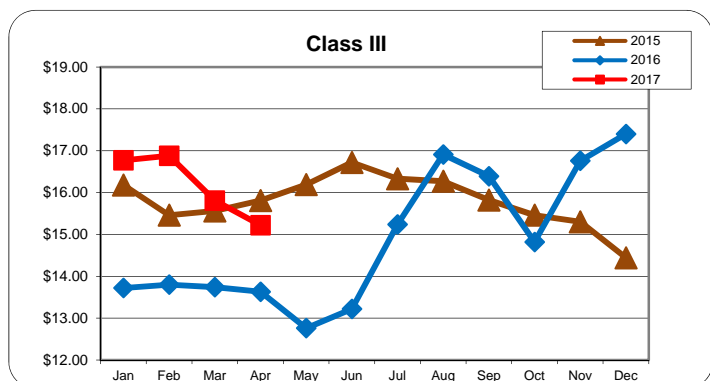
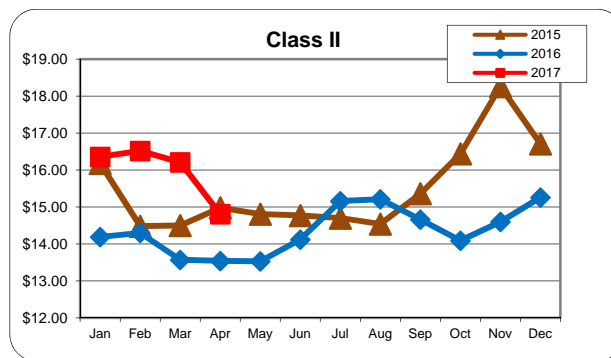
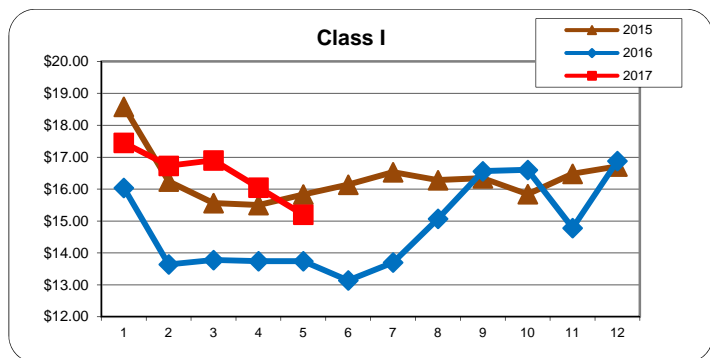
CLASS IV MILK PRICES (3.5%)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2012	16.56	15.92	15.35	14.80	13.55	13.24	14.45	15.76	17.41	18.54	18.66	17.83
2013	17.63	17.75	17.75	18.10	18.89	18.88	18.90	19.07	19.43	20.17	20.52	21.54
2014	22.29	23.46	23.66	23.34	22.65	23.13	23.78	23.89	22.58	21.35	18.21	16.70
2015	13.23	13.82	13.80	13.51	13.91	13.90	13.15	12.90	15.08	16.43	16.89	15.52
2016	13.31	13.49	12.74	12.68	13.09	13.77	14.84	14.65	14.25	13.66	13.76	14.97

FEDERAL MILK ORDER CLASS PRICES FOR 2017 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	17.45	16.73	16.90	16.05	15.20							
II	16.36	16.52	16.21	14.81								
III	16.77	16.88	15.81	15.22								
IV	16.19	15.59	14.32	14.01								

1/ Specific order differentials to be added to this base price can be found by going to: www.ams.usda.gov/DairyMarketingStatistics; then select “Prices”; and then select “Principal Pricing Points.”



INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered May 1 - 12, 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: Dairy trade with Canada is a focus of dairy interests in Europe. European officials believe the Canadian Senate could be finished with their third reading of the EU-Canada Comprehensive Economic and Trade Agreement (CETA) agreement text by the end of May, meaning that CETA could enter into provisional application in July 2017.

The biggest gain for EU dairy is the additional access granted to cheese in the form of a duty free quota (18,500 MT from year 6 of the agreement). 16,800 MT of this quota will be set aside for high value consumer or 'fine' cheese and the remaining 1,700 MT will apply to industrial cheese. Undetermined so far is how Canada will allocate licenses under the treaty.

German dairy processors report lower milk deliveries in April compared with April last year. Similar observations were made in France. Contributing factors were cooler than normal recent weather resulting in slowing pasture development. Data reporting German bulk milk exports to Italy, primarily to make cheese, have been updated this week and reported by CLAL. January bulk whole milk exports, 22.2 million metric tons, were a 0.9% decrease from January 2016. January bulk skimmed milk exports, 13.1 million metric tons, were a 6.6% increase from January 2016.

Efforts in various European countries to increase infant milk formula exports to China have led to overall increases. January-March 2017 exports compared with one year earlier, had the following percentage share of the China import market and percentage changes in imports: Netherlands, 31%, +12%; Ireland, 17%, +17%; France, 13%, +168%; Germany, 9%, -6%; Denmark, 5%, +22%; and Switzerland, 3%, +153%.

BUTTER/BUTTEROIL: Butter prices in Western Europe are stronger, now at the highest level of 2017. Price advances were noted in Germany, France, Netherlands and Italy. Lower price range pricing is even with Oceania, but slightly lower at the top. The price range for butteroil in Europe broadened this week.

Butter stocks in Western Europe are tight. Cream prices have been increasing, which is attributed to the lower than expected milk supply in Europe. Purchasing from manufacturers is increasingly short term. Buyers are wary of locking in high prices, but still somewhat nervous about the potential for prices to continue upward. Fewer long term contracts for butter seem to be in effect than would be expected when compared to many recent years. Recent increased demand for block butter in the short term is particularly demanding on limited stocks of butter.

EU production of butter January-February, 2017, declined 3.7% from the same period of 2016 according to Eurostat.

The Dairy Market News April 2017 Western Europe butter monthly average price per metric ton was \$4,819, compared with \$2,613 one year earlier.

82% BUTTERFAT: 4,900 - 5,050
99% BUTTERFAT: 5,150 - 5,900

SKIM MILK POWDER (SMP): Skim milk powder prices in Europe are higher, but not at record levels for the year. European pricing is lower than in Oceania. Within significant SMP producing countries Germany, France and Netherlands, price strength is exhibited. There is hope that stronger pricing will persist and provide some stability. Favorable signs are recent stronger buyer demand from the European food industry and more buyer inquiries about future transactions. The latter includes European and international buyers. Some manufacturers report noticeable competition from the United States is attracting buyer interest.

EU production of SMP January-February, 2017, declined 9.2% from the same period of 2016 according to Eurostat.

The Dairy Market News April 2017 Western Europe SMP monthly average price per metric ton was \$1,881, compared with \$1,725 one year earlier.

1.25% BUTTERFAT: 1,900 - 2,000

SWEET WHEY POWDER: European whey prices are stronger and set a new high for 2017. Demand has been strong and continuing price strength is expected. Concerns are voiced about potential supply tightness, which, of course, is a factor in current price strength. Buyers tend to be interested in securing contracts but are also conflicted about doing so at 2017 record high price levels.

The Dairy Market News April 2017 Western Europe whey powder monthly average price per metric ton was \$1,050, compared with \$600 one year earlier.

NONHYGROSCOPIC: 1,150 - 1,200

WHOLE MILK POWDER (WMP): Whole milk powder prices in Europe are stronger, but still below prices in Oceania. European internal demand is steady. New export transactions are reported by some manufacturers in varied countries. French WMP manufacturers cite recent gains into the market in China. Internal European demand is believed to be a stronger factor influencing prices than exports.

EU production of WMP January-February, 2017, declined 0.8% from the same period of 2016 according to Eurostat.

The Dairy Market News April 2017 Western Europe WMP monthly average price per metric ton was \$2,925, compared with \$2,040 one year earlier.

26% BUTTERFAT: 3,000 - 3,100

EASTERN OVERVIEW: Belarus continues to be the leading source of Russian imports for various dairy products according to Eurolait. January-February Belarus exports to Russia in metric tons and the percentage of total Russian imports are as follows: butter, 9,525, 66.8%; SMP, 15,972, 79.4%; WMP, 2,832, 28.7%; and whey powder, 13,853, 88.8%.

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered May 1 - 12, 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: Milk production in Australia continues to be limited by generally lower herd sizes, as well as dairy producer caution in making capital investments in farms after recent tough times and claw backs by some processors. While there is increasingly a sense that production recovery is underway, milk production remains lower than recent times. According to Dairy Australia, March 2017 milk production in Australia was 5.1% below March 2016. The state changes from March a year earlier are: New South Wales, -0.3%; Victoria, -5.7%; Queensland, +0.4%; South Australia, -10.6%; Western Australia, -1.5% and Tasmania, -7.6%. July 2016-March 2017 cumulative production is 8.1% below the same period one year ago. The cumulative July 2016-March 2017 changes are: New South Wales, -6.4%; Victoria, -9.4%; Queensland, +1.7%; South Australia, -10.9%; Western Australia, -1.5% and Tasmania, -6.5%.

Each state's percentage of total March Australian production, is: New South Wales, 13.68%; Victoria, 59.54%; Queensland, 5.05%; South Australia, 5.92%; Western Australia, 4.73%; and Tasmania, 11.07%.

Australia's average milkfat for March 2017 was 4.34%, up 0.5% from one year earlier. Average protein for March was 3.43%, up 0.3% from one year earlier.

NEW ZEALAND: While New Zealand flooding in April continues to be widely discussed as potentially having an adverse impact on milk production, data for March shows gains in milk solids.

March 2017 New Zealand milk production was 1.9 million MT, very slightly lower than February, according to DCANZ. During March 2016, milk production was 1.7 million MT. March milk solids, 178.5 million kg, are up from 171.2 million kg in February. During March 2016, milk solids were 162.4 million kg.

Some observers are encouraged by a growing consensus that dairy herd rebuilding is increasing cow numbers on the North Island more than cow numbers declined on the South Island. If this continues it is expected to benefit milk production moving forward.

Dairy processors are beginning to announce milk price forecasts for the coming season. So far, a few relatively smaller processors have projected slight increases for the new season. However, processors accounting for the majority of milk production have not yet made announcements.

At the May 2 GDT event #187, all contracts prices ranged from 0.9% lower to 21.8% 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, \$6,185, +4.7%; butter, \$4,911, +1.1%; buttermilk powder, \$1,859, +21.8%; cheddar cheese, \$3,666, +4.6%; lactose, \$941, +1.1%; rennet casein, \$6,775, +10.4%; skim milk powder, \$1,982, -0.9%; and whole milk powder, \$3,233, +5.2%.

BUTTER: Oceania butter prices are steady to lower. Pricing is now even with Western Europe at the bottom of the price range, but still higher at the top. With the milk season winding to a close, lower milk production is also constricting butter production volumes. New Zealand, in particular, focuses on producing butter for export markets. This year January-March New Zealand exports of butter declined 17.2% from the same period one year earlier, according to Euclait. Export volumes and primary destinations are shown in the following table:

New Zealand Butter Exports
Main Three Destinations
January-March 2017

Destination	Quantity (MT)	% of Total
China	11,009	15.9%
Australia	6,407	9.3%
Saudi Arabia	4,394	6.4%

New Zealand's largest customer for butter, China, overall imported 20.9% less butter January-March than that same period in 2016. However, New Zealand continues to be the source of most of the butter imported into China.

China Butter Imports
Main Three Origins
January-March 2017

Origin	Quantity (MT)	% of Total
New Zealand	16,522	88.5%
France	1,156	6.2%
Australia	393	2.1%

The Dairy Market News April 2017 Oceania butter monthly average price per metric ton was \$5,106, compared with \$2,655 one year earlier.

At GDT Event 187 on May 2, the butter all contracts price increased 1.1%.

82% BUTTERFAT: 4,900 - 5,150

SKIM MILK POWDER (SMP): Oceania skim milk powder prices slightly weakened at each end of the price range, but remain above prices in Western Europe. Most Oceania SMP production is to fill existing contracts. Contracting for the upcoming new milk production season is slow, as buyers are not concerned about getting supply commitments, at least at prices some manufacturers would like to receive, considering the abundance of SMP availability. Exporting SMP continues to be challenging.

New Zealand exports of SMP year to date January-March 2017 declined 18.9% from the same period one year earlier, according to Euclait. Export volumes and primary destinations are shown in the following table:

New Zealand SMP Exports
Main Three Destinations
January-March 2017

Destination	Quantity (MT)	% of Total
China	26,783	25.7%
Thailand	10,880	10.5%
Philippines	10,564	10.2%

New Zealand's biggest customer for SMP, China, has increased import volumes. SMP imports by China January-March this year are up 2.7% from the same period last year according to Euclait.

CONTINUED TO PAGE 8AA

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered May 1 - 12, 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

China SMP Imports
Main Three Origins
January-March 2017

Origin	Quantity (MT)	% of Total
New Zealand	45,944	61.8%
Australia	6,444	8.7%
United States	5,493	7.4%

The Dairy Market News April 2017 Oceania SMP monthly average price per metric ton was \$1,969, compared with \$1,738 one year earlier.

At GDT Event 187 on May 2, the SMP all contracts price decreased 0.9% and the June contract price decreased 2.8%.

1.25% BUTTERFAT: 1,975 - 2,025

CHEDDAR CHEESE: Oceania cheddar prices firmed at each end of the price range. The continuing tightness of dairy fat supplies in Oceania is helping price strength. Consumer demand for cheese is also cited as a factor in price strength. However, export sales have been weaker in 2017.

New Zealand exports of cheese year to date January-March 2017 declined 13.1% from the same period one year earlier, according to Eurolait. Export volumes and primary destinations are shown in the following table:

New Zealand Cheese Exports
Main Three Destinations
January-March 2017

Destination	Quantity (MT)	% of Total
Australia	17,728	19.9%
Japan	15,199	17.1%
China	12,493	14.0%

A positive factor in cheese exports is the strength of imports by China. Imports of cheese by China increased 16.9% January-March this year compared with the same period last year. The majority is sourced in Oceania.

China Cheese Imports
Main Three Origins
January-March 2017

Origin	Quantity (MT)	% of Total
New Zealand	15,221	54.1%
Australia	6,249	22.2%
United States	2,428	8.6%

The Dairy Market News April 2017 Oceania cheddar monthly average price per metric ton was \$3,438, compared with \$2,586 one year earlier.

At GDT Event 187 on May 2, the cheddar all contracts price increased 4.6% and the June contract price increased 3.7%.

39% MAXIMUM MOISTURE: 3,575 - 3,625

WHOLE MILK POWDER (WMP): Oceania whole milk powder prices strengthened, reaching the highest level of the year. This keeps pricing slightly above pricing in Western Europe. Part of the Oceania price strength is attributed to expectations for milk production and pricing in the upcoming milk production season. This level of pricing is making buyers wary of committing very far into the future as they hope for some price relief.

New Zealand exports of WMP year to date January-March 2017 have declined 2.5% from the same period one year earlier, according to Eurolait. Export volumes and primary destinations are shown in the following table:

New Zealand WMP Exports
Main Three Destinations
January-March 2017

Destination	Quantity (MT)	% of Total
China	98,082	28.5%
UAE	35,285	10.2%
Algeria	27,002	7.8%

New Zealand is the source of almost all WMP imports by China. This year, January-March, France is the second highest source. China WMP imports declined 3.8% from the same period last year according to Eurolait.

China WMP Imports
Main Three Origins
January-March 2017

Origin	Quantity (MT)	% of Total
New Zealand	185,051	94.8%
Australia	5,080	2.6%
United States	2,411	1.2%

The Dairy Market News April 2017 Oceania WMP monthly average price per metric ton was \$3,031, compared with \$2,039 one year earlier.

At GDT Event 187 on May 2, the WMP all contracts price increased 5.2% and the June contract price increased 4.3%.

26% BUTTERFAT: 3,100 - 3,300

Exchange rates for selected foreign currencies:
May 8, 2017

.0646 Argentina Peso	.0155 India Rupee
.7388 Australian Dollar	.0088 Japan yen
.3127 Brazil Real	.0521 Mexican Peso
.7304 Canadian Dollar	.6909 New Zealand Dollar
.0015 Chile Peso	.2584 Poland Zloty
1.0925 Euro	.0359 Uruguay Peso

Conversion example: To compare the value of 1 US Dollar to Mexican Pesos: (1/.0521) = 19.1939 Mexican Pesos. Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS

US\$/MT	Global/Dairy Trading (gDT) Event 187 Recap - May 2, 2017													
	Contract 1		Contract 2		Contract 3		Contract 4		Contract 5		Contract 6		All Contracts	
	Jun-17		Jul-17		Aug-17		Sep-17		Oct-17		Nov-17			
Anhydrous Milk Fat	\$6,960	15.2%	\$6,288	7.4%	\$6,225	5.3%	\$5,759	-2.5%	\$5,760	-3.8%	n.a.		\$6,185	4.7%
Butter	\$5,100	2.0%	\$5,105	2.8%	\$5,075	4.9%	\$4,750	-2.7%	\$4,635	-2.9%	n.a.		\$4,911	1.1%
Buttermilk Powder	\$1,905	20.6%	\$1,857	21.8%	\$1,845	13.9%	\$1,845	n.a.	\$1,870	n.a.	n.a.		\$1,859	21.8%
Cheddar	\$3,640	3.7%	\$3,645	6.8%	n.a		\$3,870	n.a.	\$3,650	-1.4%	n.a.		\$3,666	4.6%
Lactose	n.a.		\$941	1.1%	n.a		n.a.		n.a.		n.a.		\$941	1.1%
Rennet Casein	\$7,172	22.6%	\$6,577	6.3%	\$6,796	11.5%	\$7,190	18.7%	n.a.		n.a.		\$6,775	10.4%
Skim Milk Powder	\$2,004	-2.8%	\$1,966	-0.2%	\$2,059	-0.2%	\$2,020	-3.3%	\$1,966	-4.8%	n.a.		\$1,982	-0.9%
Sweet Whey Powder	n.a.		n.a.		n.a		n.a.		n.a.		n.a.		n.a.	
Whole Milk Powder	\$3,110	4.3%	\$3,332	7.9%	\$3,170	-0.9%	\$3,163	2.7%	\$3,152	2.2%	n.a.		\$3,233	5.2%

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

US\$/Pound	Global/Dairy Trading (gDT) Event 187 Recap - May 2, 2017													
	Contract 1		Contract 2		Contract 3		Contract 4		Contract 5		Contract 6		All Contracts	
	Jun-17		Jul-17		Aug-17		Sep-17		Oct-17		Nov-17			
Anhydrous Milk Fat	\$3.1570	15.2%	\$2.8522	7.4%	\$2.8236	5.3%	\$2.6123	-2.5%	\$2.6127	-3.8%	n.a.	\$2.8055	4.7%	
Butter	\$2.3133	2.0%	\$2.3156	2.8%	\$2.3020	4.9%	\$2.1546	-2.7%	\$2.1024	-2.9%	n.a.	\$2.2276	1.1%	
Buttermilk Powder	\$0.8641	20.6%	\$0.8423	21.8%	\$0.8369	13.9%	\$0.8369	n.a.	\$0.8482	n.a.	n.a.	\$0.8432	21.8%	
Cheddar	\$1.6511	3.7%	\$1.6534	6.8%	n.a.		\$1.7554	n.a.	\$1.6556	-1.4%	n.a.	\$1.6629	4.6%	
Lactose	n.a.		\$0.4268	1.1%	n.a.		n.a.		n.a.		n.a.	\$0.4268	1.1%	
Rennet Casein	\$3.2532	22.6%	\$2.9833	6.3%	\$3.0826	11.5%	\$3.2614	18.7%	n.a.		n.a.	\$3.0731	10.4%	
Skim Milk Powder	\$0.9090	-2.8%	\$0.8918	-0.2%	\$0.9340	-0.2%	\$0.9163	-3.3%	\$0.8918	-4.8%	n.a.	\$0.8990	-0.9%	
Sweet Whey Powder	n.a.		n.a.		n.a.		n.a.		n.a.		n.a.	n.a.		
Whole Milk Powder	\$1.4107	4.3%	\$1.5114	7.9%	\$1.4379	-0.9%	\$1.4347	2.7%	\$1.4297	2.2%	n.a.	\$1.4665	5.2%	

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

INTERNATIONAL DAIRY MARKET NEWS - SOUTH AMERICA

Information gathered May 1 - 12, 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: During the past two weeks, the dry and warmer weather conditions improved pasture conditions in the main dairy basins of **Argentina**. As a result, cow milk production is increasing, but slowly. The percentage of fat in the milk is at high seasonal levels. Nevertheless, the current milk/cream supply is below sufficient to cover all manufacturing needs with the exception of cheese and bottled milk. For some butter makers it is difficult to find extra loads of cream as supplies are highly committed through contracts. The country is facing a high level of inflation, which is taking a toll on the domestic consumption of dairy products, especially butter and bottled milk.

Milk production is steady to slightly higher in **Uruguay**, as the favorable climate is increasing the comfort of dairy herds. In general, farm milk intakes are adequate to meet most processing needs. The high combined debt of some \$500 million, including milk producers and manufacturers, remains a major concern for many industry participants. As a result, the government announced a 15% reduction in the cost of energy for all dairy operations from June to August 2017. However, according to several industry contacts, this governmental measure is not enough to completely fix the current industry financial crisis. Meanwhile, butter exports to Russia and Brazil are very active, while most whey powder is exported to China.

According to the National Institute of Milk (INALE), in March 2017, Uruguay farm milk volumes sent to processors were 126.1 million liters, 8.1% above the previous month, but 0.9% lower than a year ago. From January to March, milk shipments totaled 395.4 million liters, up 1.0% from the same period in 2016.

In **Brazil**, milk production had slightly improved, as climate conditions have been favorable across the main dairy basins. However, farm gate prices remain high. According to some industry stockholders, the economic recession in the country is slowly easing. In this way, the Brazilian currency continues strengthening, prompting dairy imports mainly from Uruguay and Argentina. The cream market continues firming due to the low availability of milk fat throughout the country. The low supply of raw material has also boosted imports of butter. Cheese production rates are lower, as processors try to reduce large inventories to prevent a drop in prices.

WHOLE MILK POWDER (WMP): In the Southern Cone of South America, WMP f.o.b. export prices are mixed as the bottom price of the range was adjusted lower to reflect some extra-Mercosur transactions to Algeria, Cuba and Russia. The top of the pricing range is unchanged, mirroring active WMP exports to Brazil mainly from Uruguay, Argentina, and Chile. WMP production is steady while inventories are slightly tight in some regions. In the Brazilian market, some WMP processors reported a slight improvement in domestic sales. However, this market is still under pressure due to lower prices of imported products from nearby countries. In Brazil, some WMP tenders from domestic manufacturers can be found priced at or above \$3,650 per metric ton.

According to the Brazilian government, WMP imports from January to April 2017 totaled 33,106 MT, up 34% from the same period in 2016. From this total, imports from Uruguay, Argentina, and Chile represented 59%, 36%, and 5% respectively.

At the GDT Event 187 on May 2, whole milk powder (WMP) prices across all contract periods averaged \$3,233 per metric ton, up 5.2% from the last event.

26% BUTTERFAT: 3,200 - 3,625

SKIM MILK POWDER (SMP): F.O.B. export prices for skim milk powder (SMP) are higher in the Southern Cone of South America, well above international values. SMP processing is irregular as condensed skim milk intakes are limited throughout the region. Inventories are mostly tight. Consequently, prices are inching up. Brazil continues to be the principal destination of the Uruguay and Argentina SMP exports.

According to the Brazilian government, SMP imports from January to April 2017 totaled 11,329 MT, up 3% from the same period in 2016. From this total, imports from Uruguay, Argentina, and United States represented 41%, 44%, and 15% respectively.

At the GDT Event 187 on May 2, skim milk powder (SMP) prices across all contract periods averaged \$1,982 per metric ton, down 0.9% from the last event.

1.25% BUTTERFAT: 2,700– 3,100

CME GROUP, INC FUTURES

Selected settling prices

Month	04/28	05/01	05/02	05/03	05/04	05/05	05/08	05/09	05/10	05/11
CLASS III MILK FUTURES (Pit-Traded) (\$/cwt)										
APR 17	15.17	15.18	15.18	15.22						
MAY 17	15.35	15.32	15.33	15.32	15.48	15.58	15.55	15.52	15.55	15.61
JUN 17	15.47	15.48	15.55	15.41	15.69	15.87	15.86	15.87	16.09	16.38
JUL 17	15.98	16.02	16.03	15.96	16.21	16.33	16.33	16.30	16.49	16.89
AUG 17	16.39	16.44	16.44	16.40	16.64	16.76	16.74	16.69	16.84	17.20
SEP 17	16.65	16.68	16.74	16.66	16.89	17.01	16.99	16.97	17.07	17.38
OCT 17	16.65	16.69	16.76	16.67	16.83	16.96	16.88	16.92	16.98	17.22
NOV 17	16.67	16.62	16.67	16.62	16.67	16.78	16.74	16.73	16.80	17.01
DEC 17	16.59	16.53	16.53	16.49	16.49	16.60	16.55	16.55	16.60	16.80
JAN 18	16.37	16.36	16.36	16.42	16.38	16.36	16.42	16.40	16.40	16.54
CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)										
APR 17	13.95	13.95	13.95	14.01						
MAY 17	14.38	14.32	14.32	14.32	14.32	14.32	14.32	14.32	14.32	14.41
JUN 17	14.55	14.55	14.55	14.44	14.44	14.44	14.44	14.50	14.68	15.08
JUL 17	14.81	14.73	14.73	14.73	14.73	14.88	14.88	14.88	15.05	15.40
CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)										
APR 17	210.80	210.80	211.18	211.60						
MAY 17	213.50	211.50	212.00	212.00	213.00	213.33	213.33	213.48	213.98	214.03
JUN 17	215.00	213.00	213.00	214.40	215.48	215.83	215.83	216.05	217.98	226.50
JUL 17	216.23	214.00	214.38	215.90	216.00	216.00	216.50	216.63	221.60	229.00
NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)										
APR 17	83.55	83.55	83.55	83.86						
MAY 17	87.63	86.98	86.48	85.50	85.50	86.00	86.00	86.00	86.70	87.88
JUN 17	88.65	88.50	88.00	87.50	87.25	87.50	88.25	87.80	88.50	89.53
JUL 17	90.00	90.05	90.00	89.65	89.65	89.85	90.10	90.45	91.05	91.50
WHEY (Electronic-Traded) (¢/lb)										
APR 17	52.35	52.30	52.00	52.43						
MAY 17	49.38	49.38	49.53	49.28	51.00	50.75	50.75	50.85	51.00	51.00
JUN 17	45.63	45.63	46.50	46.25	47.43	47.30	47.30	47.63	47.83	48.00
JUL 17	41.53	42.18	42.98	42.60	44.75	44.03	44.80	44.93	45.10	46.40
CHEESE CSC (Electronic-Traded) (\$/lb)										
APR 17	1.49	1.49	1.49	1.50						
MAY 17	1.53	1.52	1.53	1.53	1.53	1.54	1.54	1.54	1.54	1.55
JUN 17	1.56	1.56	1.57	1.56	1.58	1.59	1.59	1.59	1.61	1.64
JUL 17	1.64	1.64	1.64	1.63	1.65	1.66	1.66	1.66	1.67	1.70
AUG 17	1.69	1.69	1.69	1.69	1.70	1.71	1.71	1.71	1.72	1.74

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

Annual Milk Marketings by Producers and Cash Receipts from Marketings, by State, 2016

State	Milk Marketed by Producers		Cash Receipts from Marketings	
	Quantity ¹	Fluid Grade ²	Total	Average Return ³
	(million pounds)	(percent)	(1,000 dollars)	(dollars per cwt)
AL	91.0	100	15,561	17.10
AK	3.2	100	701	21.90
AZ	4,775.0	100	721,025	15.10
AR	77.0	100	12,782	16.60
CA	40,438.0	98	6,065,700	15.00
CO	3,901.0	100	651,467	16.70
CT	405.0	100	68,850	17.00
DE	94.5	100	16,065	17.00
FL	2,497.0	100	489,412	19.60
GA	1,822.0	100	318,850	17.50
HI	34.7	100	9,265	26.70
ID	14,634.0	100	2,356,074	16.10
IL	1,891.0	98	313,906	16.60
IN	4,121.0	100	667,602	16.20
IA	5,019.0	99	833,154	16.60
KS	3,315.0	100	530,400	16.00
KY	1,042.0	100	179,224	17.20
LA	166.0	100	27,722	16.70
ME	626.0	100	117,062	18.70
MD	948.0	100	163,056	17.20
MA	213.0	100	36,849	17.30
MI	10,836.0	100	1,636,236	15.10
MN	9,561.0	99	1,606,248	16.80
MS	142.0	100	24,424	17.20
MO	1,352.0	97	228,488	16.90
MT	290.0	100	40,310	13.90
NE	1,392.0	100	235,248	16.90
NV	654.0	100	106,602	16.30
NH	282.0	100	49,068	17.40
NJ	120.0	100	19,680	16.40
NM	7,668.0	100	1,196,208	15.60
NY	14,713.0	100	2,501,210	17.00
NC	960.0	100	164,160	17.10
ND	340.0	97	55,080	16.20
OH	5,505.0	97	924,840	16.80
OK	686.0	100	121,422	17.70
OR	2,572.0	100	465,532	18.10
PA	10,748.0	100	1,848,656	17.20
RI	13.8	100	2,374	17.20
SC	247.0	100	43,966	17.80
SD	2,539.0	100	446,864	17.60
TN	691.0	100	118,852	17.20
TX	10,745.0	100	1,848,140	17.20
UT	2,081.0	100	332,960	16.00
VT	2,707.0	100	468,311	17.30
VA	1,713.0	100	308,340	18.00
WA	6,630.0	100	1,093,950	16.50
WV	131.0	100	21,091	16.10
WI	29,863.0	99	5,016,984	16.80
WY	138.3	100	23,096	16.70
US ⁴	211,434.0	99	34,543,067	16.34

¹ Milk sold to plants and dealers as whole milk and equivalent amounts of milk for cream. Includes milk produced by dealers' own herds and milk sold directly to consumers. Also includes milk produced by institutional herds. ² Percentage of milk sold that is eligible for fluid use (Grade A in most States). Includes fluid grade milk used in manufacturing dairy products. ³ Cash receipts divided by milk marketings. ⁴ May not add due to rounding.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. *Milk Production, Disposition, and Income 2016 Summary*, April 2017.

Milk Production, Disposition, and Income 2016

Milk production increased 1.8 percent in 2016 to 212 billion pounds. The rate per cow, at 22,774 pounds, was 378 pounds above 2015. The annual average number of milk cows on farms was 9.33 million head, up 14,000 head from 2015.

Cash receipts from marketings of milk during 2016 totaled \$34.5 billion, 3.3 percent lower than 2015. Producer returns averaged \$16.34 per hundredweight, 5.1 percent below 2015. Marketings totaled 211.4 billion pounds, 1.8 percent above 2015. Marketings include whole milk sold to plants and dealers and milk sold directly to consumers.

An estimated 1.0 billion pounds of milk were used on farms where produced, 3.3 percent more than 2015. Calves were fed 91 percent of this milk, with the remainder consumed in producer households.

Milk Cows and Production of Milk: United States, 2015-2016

Year	Number of milk cows ¹	Production of Milk ²		
		Per milk cow	All milk percent of fat	Total
		Milk		Milk
	<i>(1,000 head)</i>	<i>(pounds)</i>	<i>(percent)</i>	<i>(million pounds)</i>
2015	9,314	22,396	3.75	208,597
2016	9,328	22,774	3.79	212,436

¹ Average number during year, excluding heifers not yet fresh. ² Excludes milk sucked by calves.

Milk Marketings and Income: United States, 2015-2016

Year	Combined Marketings of Milk and Cream			
	Milk marketed by producers		All milk average returns per cwt ¹	Cash receipts from marketings
	Total ²	Fluid grade ³		
	<i>(million pounds)</i>	<i>(percent)</i>	<i>(dollars)</i>	<i>(1,000 dollars)</i>
2015	207,626	99	17.21	35,732,794
2016	211,434	99	16.34	34,543,067

¹ Cash receipts divided by milk marketings. ² Milk sold to plants and dealers as whole milk and equivalent amounts of milk for cream. Includes milk produced by dealers' own herds and milk sold directly to consumers. Also includes milk produced by institutional herds. ³ Percentage of milk sold that is eligible for fluid use (Grade A in most States). Includes fluid grade milk used in manufacturing dairy products.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. *Milk Production, Disposition, and Income 2016 Summary*, April 2017.

March Milk Sales

During March, 4.2 billion pounds of packaged fluid milk products are estimated to have been sold in the United States. This was 0.5 percent higher than March 2016. Estimated sales of total conventional fluid milk products increased 0.1 percent from March 2016 and estimated sales of total organic fluid milk products increased 8.0 percent from a year earlier.

Estimated Total U.S. Sales of Fluid Milk Products, March 2017, with Comparisons ¹				
Product Name	Sales		Change from: ²	
	March	Year to Date	Previous Year	Year to Date
	<i>(million pounds)</i>		<i>(percent)</i>	
Conventional Production Practice				
Whole Milk	1,257	3,639	4.9	2.2
Flavored Whole Milk	55	157	7.3	7.4
Reduced Fat Milk (2%)	1,308	3,822	-1.2	-3.3
Low Fat Milk (1%)	570	1,665	-4.5	-6.9
Fat-Free Milk (Skim)	372	1,090	-10.8	-12.9
Flavored Fat-Reduced Milk	383	1,102	7.7	3.9
Buttermilk	46	127	1.7	-1.8
Other Fluid Milk Products	5	16	23.6	20.7
Total Fat-Reduced Milk ³	2,633	7,679	-2.2	-4.6
Total Conventional Milk Products	3,997	11,618	0.1	-2.4
Organic Production Practice				
Whole Milk	89	252	17.4	10.6
Reduced Fat Milk (2%)	70	203	7.9	0.9
Low Fat Milk (1%)	36	102	-2.1	-6.6
Fat-Free Milk (Skim)	25	73	-7.1	-11.9
Flavored Fat-Reduced Milk	11	31	16.8	35.9
Other Fluid Milk Products	0	1	11.1	3.0
Total Fat-Reduced Milk ³	142	410	2.9	-1.7
Total Organic Milk Products	231	662	8.0	2.7
Total Fluid Milk Products	4,228	12,280	0.5	-2.1

¹ These figures are representative of the consumption of fluid milk products in Federal milk order marketing areas and California, which account for approximately 92 percent of total fluid milk sales in the United States. An estimate of total U.S. fluid milk sales is derived by interpolating the remaining 8 percent of sales from the Federal milk order and California data. ² Percent changes, as well as sales volumes, unless otherwise noted, are shown on an unadjusted basis. ³ Both conventional and organic fat-reduced milk categories are total of reduced fat, lowfat, skim and flavored fat-reduced milk. Report contact: Daniel Manzoni, Daniel.manzoni@ams.usda.gov or 202-720-2352.

Packaged Sales of Total Fluid Milk Products in Federal Milk Orders and California, March 2017, with Comparisons ¹					
Marketing Area	Order Number	Sales		Change from: ²	
		March	Year to Date	Previous Year	Year to Date
		<i>(million pounds)</i>		<i>(percent)</i>	
Northeast	001	724	2,061	1.9	-2.6
Appalachian	005	279	816	2.2	-1.7
Florida	006	246	716	0.8	-1.0
Southeast	007	385	1,135	0.7	-1.8
Upper Midwest	030	317	921	-4.2	-5.2
Central	032	364	1,062	2.1	0.2
Mideast	033	469	1,358	2.0	-2.1
Pacific Northwest	124	169	496	-0.7	-1.6
Southwest	126	386	1,133	1.8	-0.6
Arizona	131	90	262	-4.2	-4.9
California	---	460	1,338	-1.8	-3.0
All Orders (Total)		3,430	9,959	0.8	-2.0
All Areas (Total)		3,890	11,298	0.5	-2.1

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

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

May Supply and Demand Estimates

Milk production for 2018 is forecast higher on stronger milk prices and moderate feed prices. Commercial exports on fat and skim-solids bases are forecast higher on stronger global demand. Fat basis imports are forecast modestly higher in 2018 while skim-solids basis imports are forecast lower relative to 2017. Cheese and non-fat dry milk prices are forecast higher than 2017, but butter and whey prices are forecast lower. The increase in the Class III price reflects higher forecast cheese prices which more than offset lower whey prices. The Class IV price is higher as the higher non-fat dry milk price more than offsets lower butter prices. The all milk price is forecast at \$17.55 to \$18.55 per cwt for 2018. Forecast milk production in 2017 is lowered from the previous month on slower growth in milk per cow. Fat basis imports are lowered from the previous month while skim-solids basis imports are increased. Commercial exports are forecast higher for both fat and skim-solids bases. Non-fat dry milk price forecasts are raised from last month while butter is lower. Cheese and whey prices are unchanged. The Class III price is unchanged while the Class IV is higher than the previous month. The milk price is forecast at \$17.35 to \$17.85 per cwt. NOTE: U.S. dairy import, export, and stock estimates are adjusted to reflect changes in fat basis and skim-solids basis conversions and changes in the products used for the aggregate stocks estimates. Historical revisions will be available after 1:00pm EDT at <https://www.usda.gov/oce/commodity/wasde/historical.htm>. Documentation of the changes is available at <https://www.ers.usda.gov/data-products/dairy-data/documentation/>

U.S. Milk Supply and Use					
Commodity	2016	2017 Projected		2018 Projected	
		Apr	May	Apr	May
Milk	<i>(billion pounds)</i>				
Production	212.4	217.3	216.9	N/A	222.0
Farm Use	1.0	1.0	1.0	N/A	1.0
Fat Basis Supply					
Beginning Commercial Stocks	12.4	14.0	12.8	N/A	13.2
Marketings	211.4	216.3	215.9	N/A	221.0
Imports	7.0	6.3	5.9	N/A	6.1
Total Commercial Supply	230.8	236.6	234.6	N/A	240.2
Fat Basis Use					
Commercial Exports	8.9	8.2	8.5	N/A	8.7
Ending Commercial Stocks	12.8	14.4	13.2	N/A	12.4
CCC Donations	0.0	0.0	0.0	N/A	0.0
Domestic Commercial Use	209.1	214.0	213.0	N/A	219.2
Skim-Solid Basis Supply					
Beginning Commercial Stocks	9.2	14.7	9.5	N/A	10.0
Marketings	211.4	216.3	215.9	N/A	221.0
Imports	6.5	6.4	6.5	N/A	6.4
Total Commercial Supply	227.1	237.4	231.9	N/A	237.4
Skim-Solids Basis Use					
Commercial Exports	38.9	39.9	40.5	N/A	41.1
Ending Commercial Stocks	9.5	14.7	10.0	N/A	9.4
CCC Donations	0.0	0.0	0.0	N/A	0.0
Domestic Commercial Use	178.8	182.9	181.4	N/A	187.0

NOTE: Totals may not add due to rounding.

Continued on page 14

May Milk Supply and Demand Estimates-cont'd

U.S. Dairy Prices						
Commodity	2016	2017 Projected		2018 Projected		
		Apr	May	Apr	May	
Product Prices ¹	(dollars per pound)					
	Cheese	1.6050	1.600-1.650	1.600-1.650	N/A	1.640-1.740
	Butter	2.0777	2.120-2.200	2.115-2.195	N/A	2.045-2.175
	Nonfat Dry Milk	0.8292	0.865-0.905	0.875-0.915	N/A	0.915-0.985
	Dry Whey	0.2875	0.490-0.520	0.490-0.520	N/A	0.475-0.505
Milk Prices ²	(dollars per cwt)					
	Class III	14.87	16.10-16.60	16.10-16.60	N/A	16.40-17.40
	Class IV	13.77	14.30-14.90	14.35-14.95	N/A	14.40-15.50
	All Milk ³	16.24	17.40-17.90	17.35-17.85	N/A	17.55-18.55
Milk Production	Quarterly					
	2017 I	2017 II ⁴	2017 III ⁴	2017 IV ⁴	2018 I ⁴	
	(billion pounds)					
	53.5	55.6	53.9	53.9	54.8	
	(dollars per cwt)					
	All Milk Price ^{2,3}	18.23	16.30-16.60	17.15-17.75	17.80-18.70	17.25-18.25
	Class III Price ²	16.49	15.30-15.60	16.30-16.90	16.40-17.30	15.95-16.95
	Class IV Price ²	15.37	13.95-14.35	14.25-14.95	13.95-14.95	13.65-14.75

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

Source: U.S. Department of Agriculture. World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates, WASDE-565, May 10, 2017*. Approved by the Interagency Commodity Estimates Committee [members for Dairy are: Shayle Shagam, Chairperson, WAOB; Carolyn Liebrand, AMS; Paul Kiendl, FAS; Jerry Cessna, ERS; and Milton Madison, FSA].

Mailbox Milk Prices for Selected Reporting Areas in Federal Milk Orders and California, February 2017, With Comparisons

In February 2017, mailbox milk prices for selected reporting areas in Federal milk orders averaged \$18.06 per cwt, down \$0.66 per cwt from the January 2017 average but up \$2.58 per cwt from the February 2016 average. The component tests of producer milk in February 2017 were: butterfat, 3.87%; protein, 3.17%; and other solids, 5.75%. When compared to the previous month, the February Mailbox prices decreased in all 19 of the 19 Federal milk order reporting areas. The Florida reporting area decreased \$1.56 per cwt, while the Wisconsin reporting area decreased only \$0.36 per cwt when compared to the previous month. Averaged over all Federal milk order reporting areas, the February 2017 Mailbox price decreased an average of \$0.81 per cwt. Mailbox prices in February 2017 ranged from \$19.62 in the New England States to \$15.99 in the New Mexico reporting area.

Reporting Area ¹	Mailbox Milk Price ²		
	February 2016	January 2017	February 2017
	<i>(dollars per hundredweight)</i>		
New England States ³	17.06	20.13	19.62
New York	15.72	18.69	18.11
Eastern Pennsylvania ⁴	15.87	18.81	18.22
Appalachian States ⁵	16.08	19.71	18.45
Southeast States ⁶	15.75	19.47	17.96
Southern Missouri ⁷	15.68	19.67	18.12
Florida	16.49	20.52	18.96
Western Pennsylvania ⁸	15.82	18.91	18.26
Ohio	15.56	19.00	18.35
Indiana	15.13	18.68	17.90
Michigan	14.17	17.12	16.42
Wisconsin	16.03	19.21	18.85
Minnesota	15.92	18.88	18.37
Iowa	15.59	19.05	18.49
Illinois	15.88	19.47	18.77
Corn Belt States ⁹	14.66	18.13	17.35
Western Texas ¹⁰	14.72	18.13	17.37
New Mexico	13.96	16.80	15.99
Northwest States ¹¹	14.81	19.01	18.38
All Federal Order Areas ¹²	15.48	18.72	18.06
California ¹³	13.99	* 17.15	16.75

* Revised from previous month's report.

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

² 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.

³ Includes Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island and Vermont.

⁴ Includes all counties to the east of those listed in ⁸.

⁵ Includes Kentucky, North Carolina, South Carolina, Tennessee, and Virginia.

⁶ Includes Alabama, Arkansas, Georgia, Louisiana, and Mississippi.

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

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

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

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

¹¹ Includes Oregon and Washington.

¹² Weighted average of prices for all selected reporting areas.

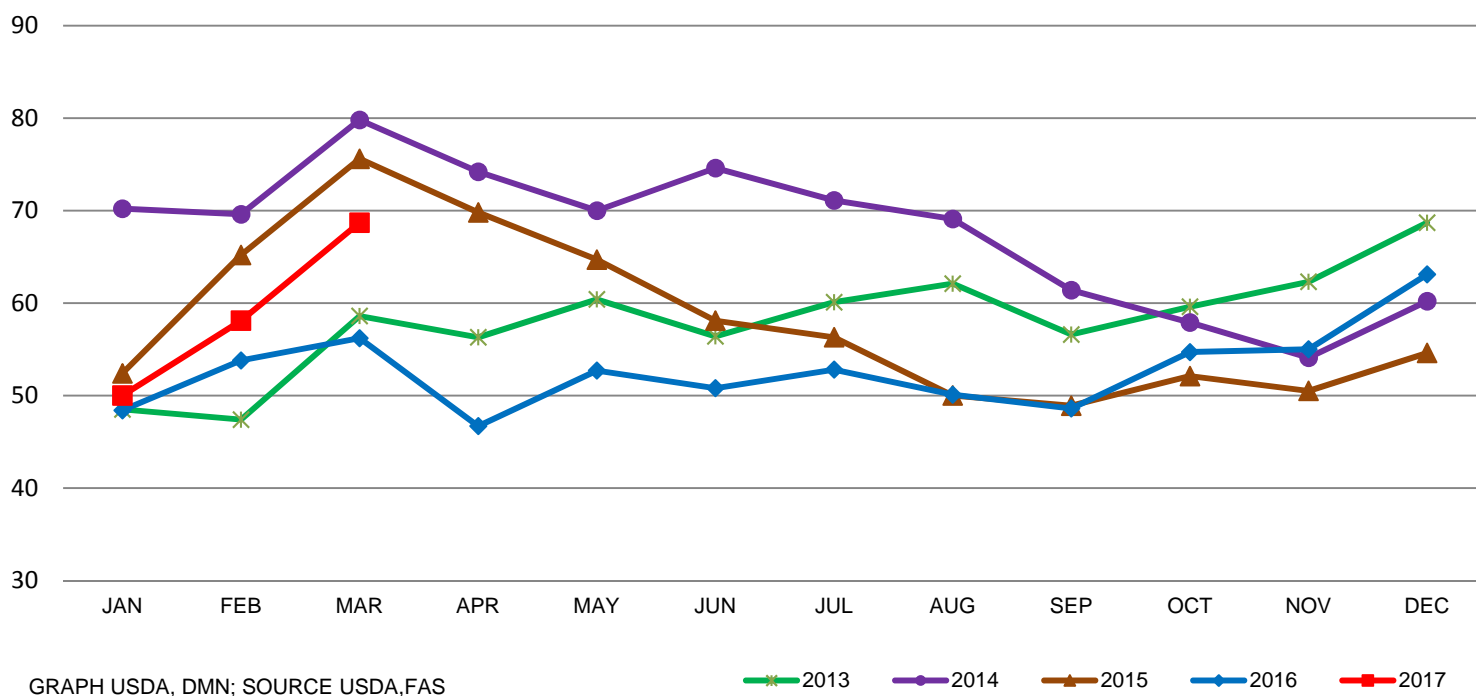
¹³ Calculated by California Department of Food and Agriculture, and published at:

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

Report prepared by Dairy Market News, Inc., 2000 1000 1000

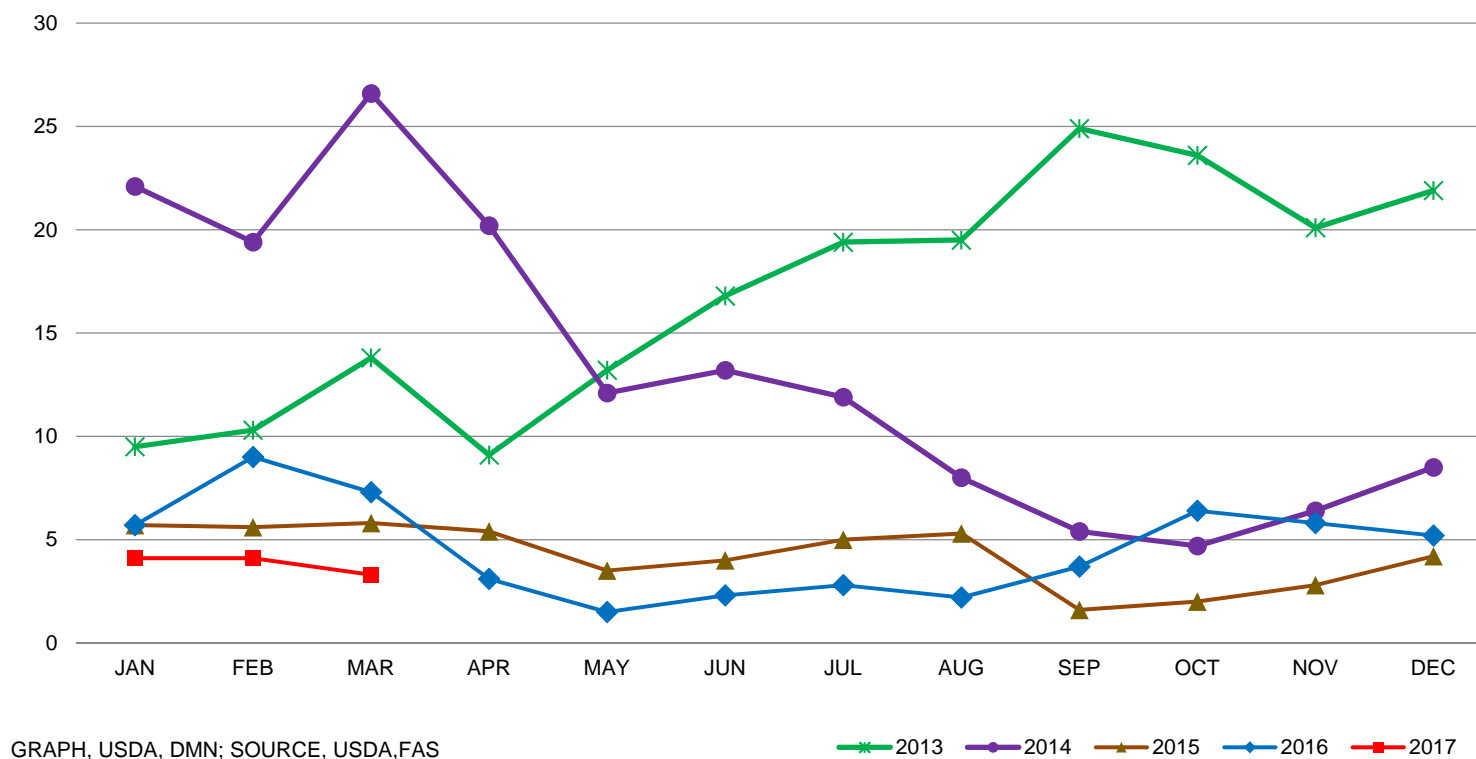
Million Pounds

Cheese Exports (various H.S. Codes)



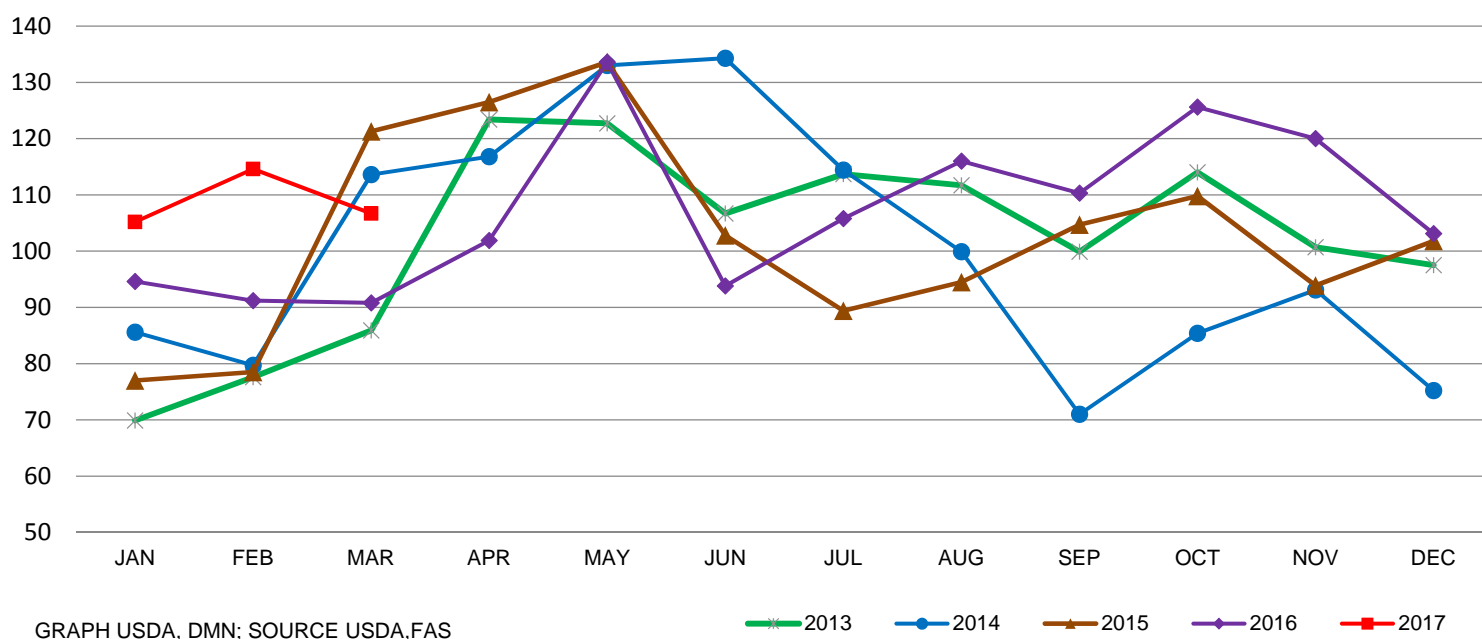
Million Pounds

U.S. Butter and Milkfat Exports (various H.S. Codes)



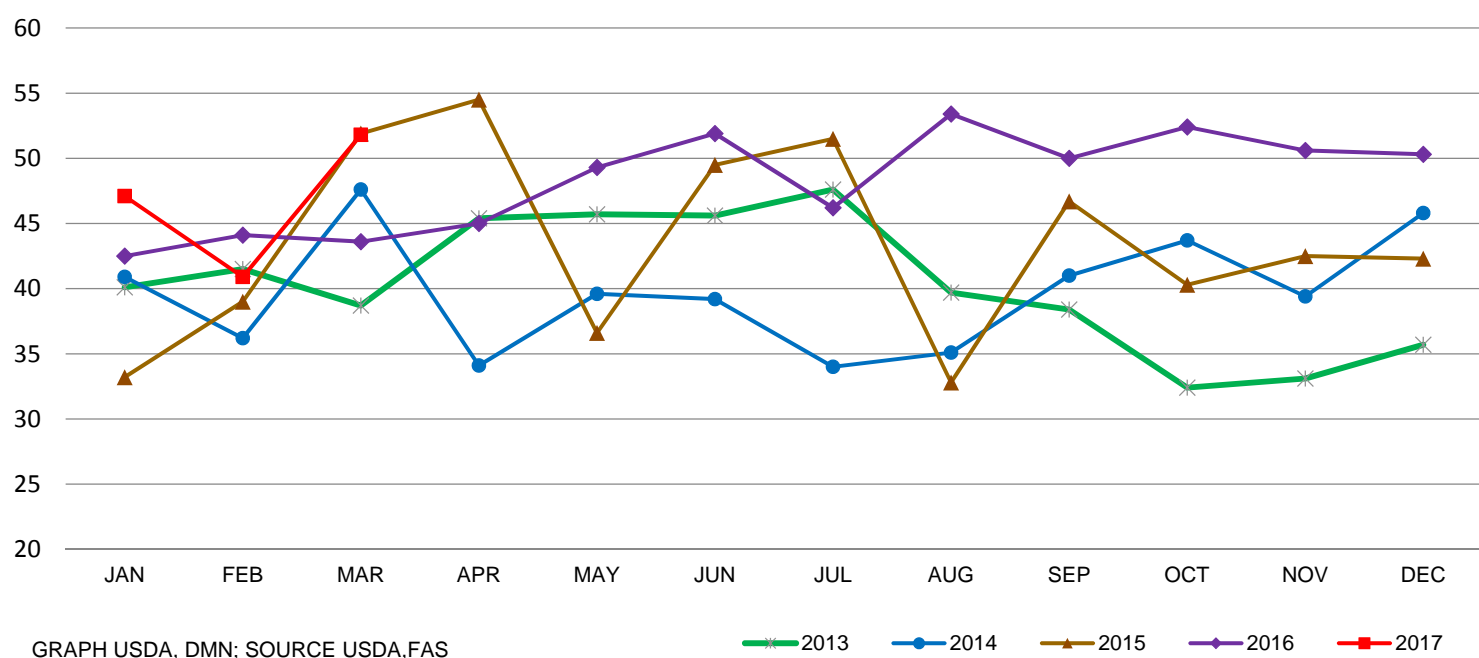
Million Pounds

Monthly Nonfat Dry Milk Exports: H.S. Code 0402100000(FAS)



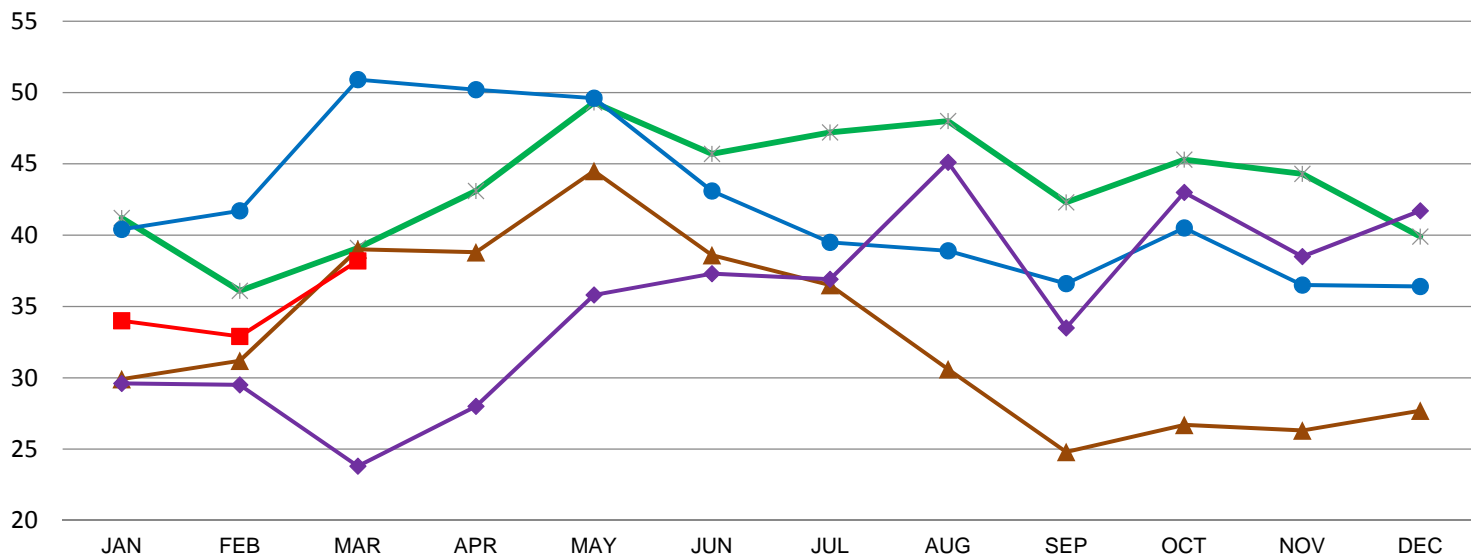
Million Pounds

Monthly Lactose Exports: H.S. Code 1702110000(FAS)



Million Pounds

Monthly Dry Whey Exports: H.S. Code 0404104000(FAS)

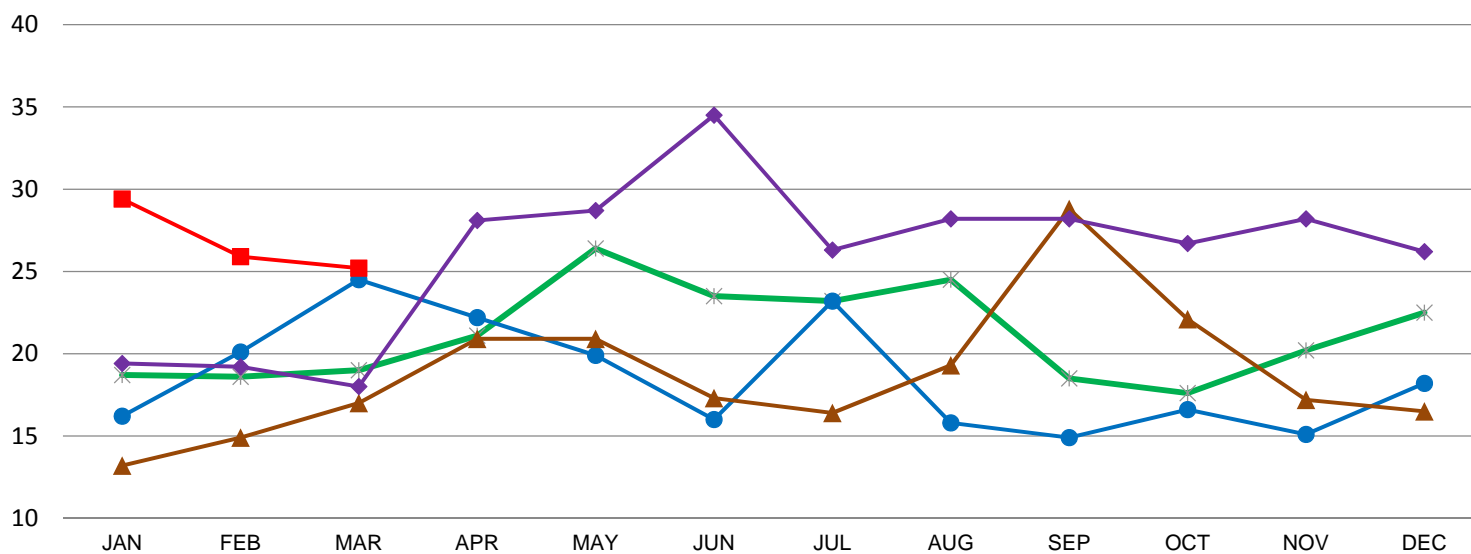


GRAPH USDA, DMN; SOURCE USDA,FAS

2013 2014 2015 2016 2017

Million Pounds

Monthly WPC <80% Exports: H.S. Code 0404100500(FAS)



GRAPH USDA, DMN; SOURCE USDA,FAS

2013 2014 2015 2016 2017



Dairy Market News Branch

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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, May 12, 2017

Advertised Prices for Dairy Products at Major Retail Supermarket Outlets ending during the period of 05/12/2017 to 05/18/2017

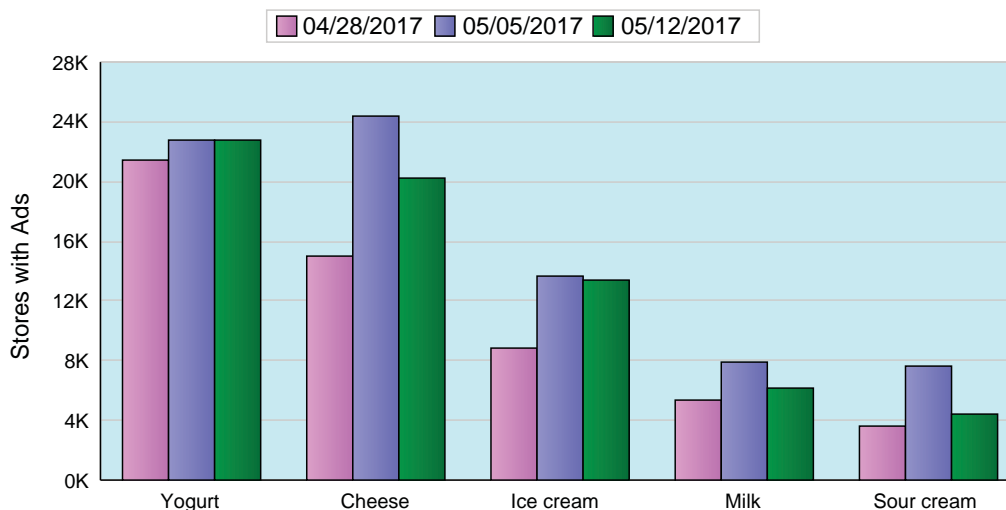
This week, total conventional dairy advertisements decreased 13%, and organic dairy ads decreased 6%. Ice cream in 46-64 oz. containers is a popular item even though ad numbers declined 5% from last week. The national weighted average advertised price, \$3.06, is up \$0.11 from last week. Organic ice cream in 48-64 oz. containers has an average price of \$4.35, an organic premium of \$1.29.

Conventional yogurt ads increased 4%, while organic yogurt ads decreased 78%. The average sale price for 4-6 ounce conventional Greek yogurt is \$0.99, while 4-6 ounce organic Greek yogurt is \$1.00, an organic price premium of \$0.01. The average sale price for 4-6 ounce conventional yogurt is \$0.54, while 4-6 ounce organic yogurt is \$0.88, an organic price premium of \$0.34.

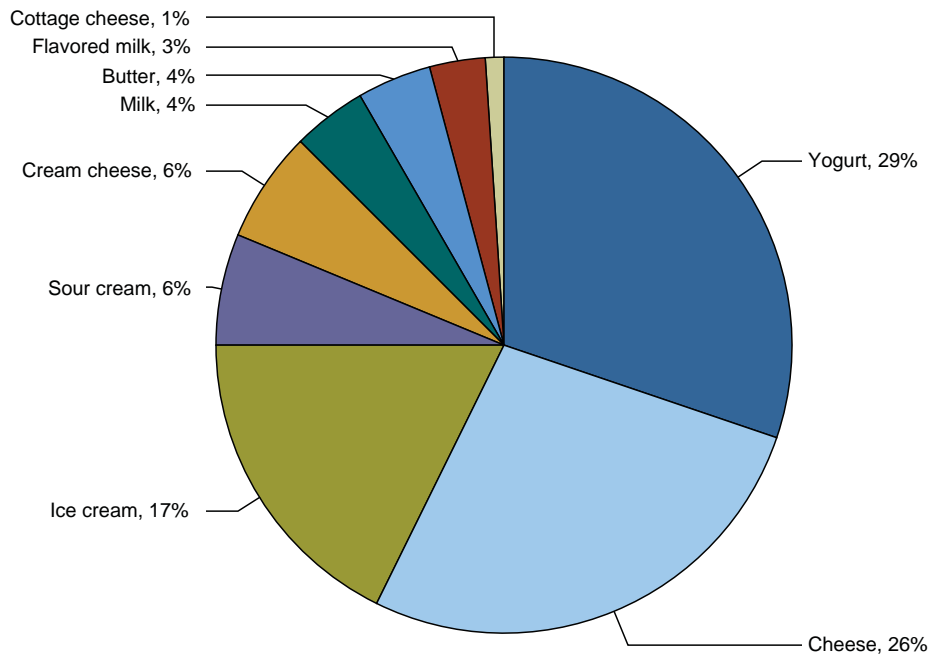
The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.25, up \$0.09 from last week. There were no ads for organic 8 ounce cheese blocks. Ads for conventional 8 ounce shred cheese average \$2.31, up \$0.09 from last week. The U.S. advertised price for 8 ounce packages of organic shred cheese is \$3.50, down \$0.99 from last week, a \$1.19 organic premium over conventional shred cheese. The number of conventional cheese ads decreased 17% and organic cheese ad numbers decreased 33%.

This week, the difference between the weighted average price for organic half gallon milk, \$3.50, and the weighted average price for conventional half gallon milk, \$1.54, resulted in an organic price premium of \$1.96. Organic milk advertisements decreased 1% and ads for conventional milk decreased 33%. Advertisements for conventional half gallons of flavored milk increased over five times.

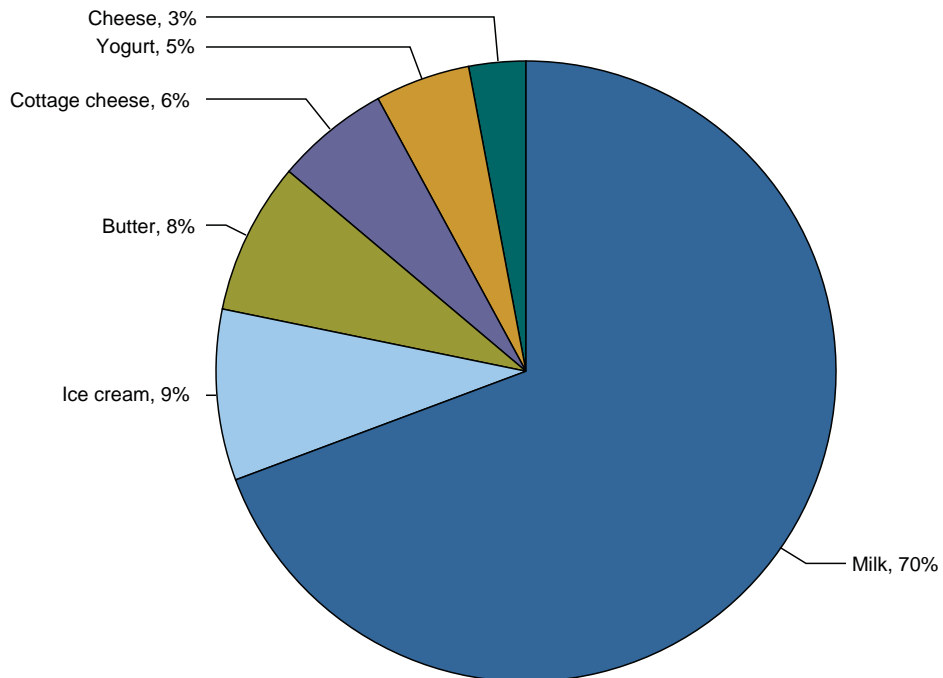
Top 5 Commodities Featured



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 #	2968	3.35	3259	2.85	3743	2.75
Cheese	Natural Varieties	8 oz block	6361	2.25	7637	2.16	7643	2.12
Cheese	Natural Varieties	1 # block	1494	3.37	3400	3.66	1585	4.15
Cheese	Natural Varieties	2 # block	1235	5.80	790	6.04	703	6.05
Cheese	Natural Varieties	8 oz shred	9634	2.31	9628	2.22	9422	2.18
Cheese	Natural Varieties	1 # shred	1352	3.35	2754	3.50	718	3.51
Cottage cheese		16 oz	1013	1.90	3166	1.76	4832	1.96
Cream cheese		8 oz	4396	1.72	5733	1.74	4606	1.80
Flavored milk	All fat tests	half gallon	1352	2.11	252	2.35	670	2.22
Flavored milk	All fat tests	gallon	963	2.31	1190	2.97	393	2.26
Ice cream		48-64oz	13064	3.06	13702	2.95	15657	3.03
Milk	All fat tests	half gallon	836	1.54	1622	2.10	321	2.39
Milk	All fat tests	gallon	2418	2.58	3233	2.62	1807	2.27
Sour cream		16 oz	4438	1.64	7446	1.58	6142	1.54
Yogurt	Greek	4-6 oz	13595	.99	16199	.98	16916	.92
Yogurt	Greek	32 oz	1950	4.06	1888	4.29	2539	4.36
Yogurt	Yogurt	4-6 oz	5729	.54	3261	.61	5636	.75
Yogurt	Yogurt	32 oz	1374	2.61	530	2.40	1777	2.54

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 #	2.49-4.79	732	3.93	2.99-3.79	780	3.51	2.50-3.99	856	3.00
Cheese	Natural Varieties	8 oz block	1.62-3.99	3037	2.31	1.99-2.50	2160	2.26	1.50-3.00	730	2.05
Cheese	Natural Varieties	1 # block	2.99-3.99	471	3.34	2.49-3.49	832	3.10			
Cheese	Natural Varieties	2 # block				6.48	195	6.48			
Cheese	Natural Varieties	8 oz shred	1.69-3.49	3249	2.48	1.99-2.50	3365	2.29	1.50-3.29	1130	2.08
Cheese	Natural Varieties	1 # shred				2.49-3.99	1059	3.29			
Cottage cheese		16 oz	1.79-2.99	430	2.23	1.25	114	1.25	1.25-2.50	265	1.75
Cream cheese		8 oz	1.00-2.50	1521	1.55	1.29-2.00	1478	1.63	1.49-2.89	692	2.00
Flavored milk	All fat tests	half gallon	3.00	100	3.00	1.99-2.49	566	2.43	1.69-3.00	303	2.27
Flavored milk	All fat tests	gallon							1.69-3.99	339	2.68
Ice cream		48-64oz	2.19-3.99	3299	2.85	2.00-4.99	3471	2.95	1.99-3.99	2545	3.19
Milk	All fat tests	half gallon							1.99	137	1.99
Milk	All fat tests	gallon	3.69	137	3.69	2.49-2.69	294	2.55	1.69-3.44	639	2.24
Sour cream		16 oz	0.99-1.99	1427	1.67	1.25-2.00	1796	1.64	1.25-1.89	943	1.64
Yogurt	Greek	4-6 oz	0.62-1.00	3794	.96	1.00	3467	1.00	0.88-1.29	2545	1.03
Yogurt	Greek	32 oz	3.49-3.99	698	3.74	3.49-3.99	341	3.66	3.50-4.49	412	4.07
Yogurt	Yogurt	4-6 oz	0.40-0.67	1857	.54	0.49-0.60	1358	.50	0.40-0.88	836	.59

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Yogurt	Yogurt	32 oz	1.99-2.99	995	2.63	2.18-2.79	256	2.33			

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 #	2.49-3.79	176	2.90	2.49-3.50	351	2.80			
Cheese	Natural Varieties	8 oz block	1.67-2.99	201	2.06	1.88	63	1.88	1.50	121	1.50
Cheese	Natural Varieties	1 # block	3.99-5.99	191	4.62						
Cheese	Natural Varieties	2 # block	6.99	141	6.99	4.99-7.99	373	6.64	3.88-5.99	521	4.62
Cheese	Natural Varieties	8 oz shred	1.67-2.99	766	2.18	1.88-2.50	722	2.12	1.50-3.00	356	2.32
Cheese	Natural Varieties	1 # shred	3.49-3.99	186	3.84	3.00	107	3.00			
Cottage cheese		16 oz				1.49	167	1.49			
Cream cheese		8 oz	1.49-2.49	501	1.85	1.88	63	1.88	2.50	69	2.50
Flavored milk	All fat tests	half gallon	1.00-2.49	196	1.42				0.99-1.25	187	1.08
Flavored milk	All fat tests	gallon	1.99-2.50	260	2.26	1.99	364	1.99			
Ice cream		48-64oz	1.99-4.99	1372	3.23	1.99-3.99	1440	3.21	2.49-3.99	708	3.10
Milk	All fat tests	half gallon	1.00-2.00	388	1.60	0.99	90	.99	0.99-1.25	187	1.08
Milk	All fat tests	gallon	1.99-3.49	346	2.58	1.99-3.99	961	2.58			
Sour cream		16 oz	1.25-1.99	146	1.61	1.25	63	1.25	1.67	61	1.67
Yogurt	Greek	4-6 oz	0.69-1.00	1892	.97	0.88-1.25	1280	.99	0.88-1.00	483	.95
Yogurt	Greek	32 oz				4.79-4.99	430	4.90	3.99	69	3.99
Yogurt	Yogurt	4-6 oz	0.50-0.60	224	.55	0.42-0.60	963	.55	0.50-0.60	416	.52
Yogurt	Yogurt	32 oz				3.49	62	3.49	2.50	61	2.50

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
Butter		1 #	2.98-4.49	39	3.48	3.99	34	3.99
Cheese	Natural Varieties	8 oz block	1.88-4.88	46	3.67	3.00	3	3.00
Cheese	Natural Varieties	2 # block	4.99-7.98	5	6.78			
Cheese	Natural Varieties	8 oz shred	1.88-4.88	43	3.48	3.00	3	3.00
Cottage cheese		16 oz				2.59-3.00	37	2.97
Cream cheese		8 oz	1.50	11	1.50	2.99-3.00	61	3.00
Ice cream		48-64oz	2.79-7.49	93	4.47	3.79-4.49	136	4.04
Milk	All fat tests	half gallon				3.00	34	3.00
Milk	All fat tests	gallon	3.79	11	3.79	4.79-4.99	30	4.97
Sour cream		16 oz	2.00	2	2.00			
Yogurt	Greek	4-6 oz	1.00-1.50	60	1.30	1.20-1.37	74	1.30
Yogurt	Yogurt	4-6 oz	0.60	21	.60	0.69-0.79	54	.74



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 #	345	5.99	63	5.70	656	5.88
Cheese	Natural Varieties	8 oz block					246	3.99
Cheese	Natural Varieties	8 oz shred	119	3.50	178	4.49		
Cottage cheese		16 oz	245	2.99	180	3.49		
Flavored milk	All fat tests	half gallon					1083	4.89
Ice cream		48-64oz	367	4.35				
Milk	All fat tests	half gallon	2565	3.50	2403	3.48	4700	4.00
Milk	All fat tests	gallon	179	5.67	378	5.82	1575	5.30
Milk	All fat tests	8 oz UHT	228	1.00	234	1.00	147	1.08
Sour cream		16 oz			180	2.50	84	2.99
Yogurt	Greek	4-6 oz	114	1.00	479	1.22	72	1.00
Yogurt	Greek	32 oz					244	3.50
Yogurt	Yogurt	4-6 oz	78	.88	394	1.00		
Yogurt	Yogurt	32 oz					120	1.79

REGIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	5.99	167	5.99						
Cheese	Natural Varieties	8 oz shred							3.50	119	3.50
Ice cream		48-64oz							3.99	225	3.99
Milk	All fat tests	half gallon	3.49-4.99	889	4.14	2.99	324	2.99	1.99-2.99	591	2.76
Milk	All fat tests	8 oz UHT				1.00	114	1.00			
Yogurt	Greek	4-6 oz				1.00	114	1.00			

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #				5.99	178	5.99			

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
Cottage cheese		16 oz	2.99	245	2.99						
Ice cream		48-64oz	3.99	78	3.99				5.99	61	5.99
Milk	All fat tests	half gallon	2.99-3.99	192	3.26	2.99-3.99	331	3.72	2.99	187	2.99
Milk	All fat tests	gallon	4.99	118	4.99				6.99	61	6.99
Milk	All fat tests	8 oz UHT	1.00	114	1.00						
Yogurt	Yogurt	4-6 oz	0.88	78	.88						

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
Ice cream		48-64oz	6.98	3	6.98			
Milk	All fat tests	half gallon	2.98-2.99	14	2.99	5.77-6.99	37	6.89

REGIONAL DEFINITIONS

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

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



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