

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (12/24)**

BUTTER: Grade AA closed at \$2.0375. The weekly average for Grade AA is \$2.0331 (-.0359).

CHEESE: Barrels closed at \$1.4300 and 40# blocks at \$1.4050. The weekly average for barrels is \$1.4300 (+.0010) and blocks, \$1.4138 (-.0152).

NONFAT DRY MILK: Grade A closed at \$.7600. The weekly average for Grade A is \$.7600 (-.0175).

BUTTER HIGHLIGHTS: Butter production is very active across the country as cream demand from sour cream, whipping cream, aerated cream, and ice cream manufacturers fell sharply ahead of the holiday. Butter makers are ambivalent about churning during this unsettled market. Multiples are lower on cream loads, which benefits cost of production. However, with weak domestic demand and comparatively lower world prices, butter producers are hesitant to add to already sizeable butter inventories. At the end of November, butter stocks were at their highest level since November, 2009. The NASS Cold Storage report noted U.S. butter stocks as of November 30, 2015, were 132.7 million pounds, down 26% from last month, but 23% higher than one year ago. The butter market is unsettled, with butter trading within a narrow range for the week. The Grade AA butter price at the CME Group closed the week at \$2.0375, down 2.25 cents for the week.

CHEESE HIGHLIGHTS: As usual, more milk is available for making cheese over the yearend holidays and cheesemakers are taking advantage of the increased milk that is available. Midwest and Western cheese plants will be running full schedules throughout the holidays to handle the milk supplies. Spot milk in the Midwest is available for making cheese at \$6 to \$7 under Class. Inventories in the Midwest are noted as building. According to the NASS Cold Storage report, U.S. stocks of cheese (total natural) at the end of November 2015 were 1.146 billion pounds, unchanged from October 2015, but up 13% from November 2014. At the CME Group, Barrels closed the week Thursday (no Friday trading) at \$1.4300, down \$0.0200 and blocks closed at \$1.4050, down \$0.0350 from last week's close.

FLUID MILK: Milk production across the nation is steady to higher. Some processors in the West also note an improvement in milk components. Spot loads of milk are more available. Prices in the Central region range from \$7.00 to \$3.00 under Class. Bottling

demand is sharply lower this week as most K-12 and many higher education institutions enter the winter break. Milk is shifting back into manufactured dairy products as bottling slows over the holidays. Cream demand is also light and will likely continue until after the New Year. Cream multiples range from .90 to 1.25 in the East, .95 to 1.13 in the Central, and 1.00 to 1.19 in the West.

DRY PRODUCTS: Prices for both low/medium heat and high heat nonfat dry milk are unchanged on light trading in the East and Central regions, and mostly lower in the West. Low/medium heat production is more active compared to last week as sales into condensed skim and bottling slow during the holiday week. Prices for dry buttermilk are steady to higher in the East and Central, but steady to lower in the West. Dry buttermilk production is projected to be higher this week as additional cream volumes head towards the churns. Dry whole milk prices are steady to slightly higher. Prices for dry whey are unchanged in the West and Northeast, but declined in the Central region. Dry whey inventories are projected to build through the two holiday weeks as production increases and many buyers and sellers take a wait and see position until after the holidays. Whey protein concentrate 34% prices are stable with limited spot market activity. Lactose prices moved slightly higher as spot sale prices continue to inch upward. Casein prices are steady.

INTERNATIONAL DAIRY MARKET NEWS (DMN): WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW: Milk production in the E.U. has been stronger overall than previously expected during the final three months of the year. Countries noted as having particularly strong milk production include Ireland, The Netherlands, the United Kingdom, Germany and France. Production during the first 3 months of 2016 is expected to be ahead of the first 3 months of 2015. Higher than expected milk production during the final quarter of the year, ahead of the same period the previous year, is considered indicative of the potential for higher production during the first part of 2016. Typically milk production increases from January into May in the E.U. Caution is being voiced that beginning 2016 with atypically higher milk volumes could lead to keeping processing facilities very busy. There is concern about potential production bottlenecks next year. This is viewed as keeping pressure on prices next year, particularly skim milk powder leading to

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CME GROUP CASH TRADING

COMMODITY	MONDAY DEC 21	TUESDAY DEC 22	WEDNESDAY DEC 23	THURSDAY DEC 24	FRIDAY DEC 25	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.4500 (N.C.)	\$1.4200 (-.0300)	\$1.4200 (N.C.)	\$1.4300 (+.0100)	CME CLOSED	:: :: (-.0200)	:: :: \$1.4300 :: (+.0010)
40# BLOCKS	\$1.4400 (N.C.)	\$1.4100 (-.0300)	\$1.4000 (-.0100)	\$1.4050 (+.0050)		:: :: (-.0350)	:: :: \$1.4138 :: (-.0152)
NONFAT DRY MILK GRADE A	\$.7600 (-.0050)	\$.7600 (N.C.)	\$.7600 (N.C.)	\$.7600 (N.C.)		:: :: (-.0050)	:: :: \$.7600 :: (-.0175)
BUTTER GRADE AA	\$2.0175 (-.0425)	\$2.0350 (+.0175)	\$2.0425 (+.0075)	\$2.0375 (-.0050)		:: :: (-.0225)	:: :: \$2.0331 :: (-.0359)

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

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continuing intervention purchases, as well as whole milk powder. This view of 2016 suggests a challenge for a market recovery. Some of the increased milk production this year has gone into cheese manufacturing, where pre-Christmas sales have been especially strong. This has somewhat drawn down cheese inventories immediately ready for sale but manufacturers are comfortable with inventories at this time. Cheese in aging programs overall remains early in the process and has some months to go before becoming sale ready. Cheese export sales are stable. Fluid milk sales are expected to be lower, as many businesses close over a 3 or 4 day period with people staying close to home. Markets for milk powders are mostly quiet, which is the typical situation at this time of year in the E.U. The European food industry is believed to be adequately stocked. This leaves potential buyers cautious and price sensitive. Particularly with skim milk powder being sold into intervention, for the first time since 2009, expectations are for pricing to remain near current levels for a while which lessens pressure to finalize transactions. Pricing for whole milk powder and skim milk powder have trended lower throughout 2015. **EASTERN OVERVIEW:** Poland is the fourth largest milk producer in the E.U. and a net exporter of dairy products. Production January-September 2015 is up 1.9% from the same period of 2014. September 2015 farm gate milk prices were 11% below prices in September 2014. Lower prices are attributed to increasing production but slower export markets. Expectations are that lower milk prices will not lead to some dairy producers reducing milk production. Revenue dependency necessary to repay 2013 and 2014 credits used to enlarge and modernize farms necessitates certain levels of revenue. **OCEANIA OVERVIEW:** This is the beginning of the summer season in Australia when many people take vacation. This in itself leads to lower levels of market activity. **Australia** just had the first real extreme weather for the year, with the hottest December day for many years throughout Victoria and the hottest December night on record in many parts of the state as well. Market activity has slowed with the effect of vacations beginning. Some processors report milk volumes received are slightly below levels at this time last year. Pasture growth in Victoria, a substantial milk producing state, continues to decline due to dryness. While irrigation has historically helped maintain pasture growth, water this year is more expensive and difficult to source. This has led to purchasing more feed, which is also more expensive due to dry conditions. With lower milk prices this year, there has been some selling of cows, which reduces milk production. That is also being encouraged by higher beef prices. Some **New Zealand** milk producers will receive higher pay prices in the current milk year. The New Zealand dairy herd mid-year was just over 5 million cows, 3.3% lower than one year earlier and the first contraction in some years. The highest number of cows reported in recent years was 5.176 million in 2014.

NATIONAL RETAIL REPORT-DAIRY (DMN): Conventional dairy ads increased 15% compared to the previous week. Cream cheese, 16 ounce, is the most advertised item this period, with an increase of 26% in ads volume. The U.S. weighted average price is \$1.49, 6 cents above last week. Ads volume for sour cream, 16 ounce, increased by 29%, the average price is \$1.81, 16 cents above last week. Ads volume for ice cream, 48-64 ounce, increased by 63%, the average price is \$2.97, 4 cents lower than the previous week. For other featured holiday dairy products, the change in ad volumes, average prices, and price changes from last week are as follows: 1 pound butter, -6%, \$3.03, down 7 cents; 16 ounce cottage cheese, +23%, \$1.84, down 3 cents; and half gallon eggnog, -22%, \$3.82, up 28 cents. The U.S. advertised price for 8 ounce conventional cheese blocks averaged

\$2.19, down 3 cents from last week and 32 cents below a year ago; 8 ounce shred cheese averaged \$2.27, unchanged from last week, but 8 cents below one year ago. Ads for conventional cheese increased 1% from last week, but organic cheese ads decreased 51%. Conventional yogurt in 4-6 ounce packages averaged 51 cents, unchanged from last week but 3 cents higher than a year ago. The average price of 4-6 ounce conventional Greek yogurt is \$.96, 2 cents up from last week and 1 cent above a year ago. Conventional yogurt ad numbers increased 11% from last week. Organic yogurt ads decreased 5%.

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NOVEMBER MILK PRODUCTION (NASS): Milk production in the 23 major States during November totaled 15.6 billion pounds, up 0.6 percent from November 2014. Production per cow averaged 1,808 pounds for November, 2 pounds above November 2014. This is the highest production per cow for the month of November since the 23 State series began in 2003. The number of milk cows was 8.64 million head, 37,000 head more than November 2014, but unchanged from October 2015.

NOVEMBER COLD STORAGE (NASS): On November 30, U.S. cold storage holdings of butter totaled 132.7 million pounds, down 26% from the previous month, but up 23% from November 2014. Natural American cheese holdings total 697.9 million pounds, unchanged from the previous month and 10% more than November 2014. Total natural cheese stocks were 1.146 billion pounds, unchanged from last month but 13% more than November 2014.

JANUARY FEDERAL MILK ORDER ADVANCE PRICES (FMMO): Under the Federal milk order pricing system, the base Class I price for January 2016 is \$16.04 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of \$5.61 and the advanced butterfat pricing factor of \$3.0362. A Class I differential for each order's principle pricing point (county) is added to the base price to determine the Class I Price. The base Class I price decreased \$0.67 per cwt when compared to the previous month of December 2015. For selected consumer products, the price changes are: whole milk (3.25% milk fat), -\$0.64 per cwt, -\$0.055 per gallon; reduced fat milk (2%), -\$0.57 per cwt, -\$0.049 per gallon; fat-free (skim milk), -\$0.47 per cwt, -\$0.041 per gallon. The advanced Class IV skim milk pricing factor is \$5.61. Thus, the Class II skim milk price for January 2016 is \$6.31 per cwt, and the Class II nonfat solids price is \$0.7011. The two-week product price averages for January 2016 are: butter \$2.6787, nonfat dry milk \$0.7970, cheese \$1.5753 and dry whey \$0.2341.

CME GROUP

MONDAY, DECEMBER 21, 2015

CHEESE -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.4700
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$0.7600; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.7300; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 8 CARS GRADE AA: 1 @ \$2.0250, 2 @ \$2.0225, 1 @ \$2.0100, 1 @ \$2.0125, 2 @ \$2.0150, 1 @ \$2.0175; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.0000; LAST OFFER UNCOVERED: 2 CARS GRADE AA @ \$2.0200

TUESDAY, DECEMBER 22, 2015

CHEESE -- SALES: 5 CARS BARRELS: 1 @ \$1.4500, 1 @ \$1.4450, 1 @ \$1.4400, 1 @ \$1.4350, 1 @ \$1.4200; 7 CARS 40# BLOCKS: 1 @ \$1.4300, 1 @ \$1.4225, 5 @ \$1.4100; LAST BID UNFILLED: 2 CARS 40# BLOCKS @ \$1.3900; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4300
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE A @ \$0.7550; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 9 CARS GRADE AA: 3 @ \$2.0175, 2 @ \$2.0200, 1 @ \$2.0250, 1 @ \$2.0275, 1 @ \$2.0300, 1 @ \$2.0350; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.0300; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.0500

WEDNESDAY, DECEMBER 23, 2015

CHEESE -- SALES: 3 CARS 40# BLOCKS: 1 @ \$1.4075, 1 @ \$1.4050, 1 @ \$1.4000; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4200; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE A @ \$0.7600; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 4 CARS GRADE AA: 1 @ \$2.0350, 2 @ \$2.0450, 1 @ \$2.0425; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.0400; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.0500

THURSDAY, DECEMBER 24, 2015

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.4500, 1 @ \$1.4300; LAST BID UNFILLED: 2 CARS BARRELS @ \$1.4200; 1 CAR 40# BLOCKS @ \$1.4050; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4400
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.7400; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 10 CARS GRADE AA: 1 @ \$2.0425, 3 @ \$2.0400, 2 @ \$2.0375, 3 @ \$2.0350, 1 @ \$2.0375; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.0350; LAST OFFER UNCOVERED: NONE

FRIDAY, DECEMBER 25, 2015 THE CME GROUP IS CLOSED, NO TRADING

BUTTER MARKETS

NORTHEAST

Additional cream for churning is available with volumes expected to reach burdensome levels for some butter operations. Regional cream sales are sluggish, with some sellers finding it a challenge to clear the surplus. Transactions that occur are mostly at flat market. Manufacturers are concerned with the likelihood of uncommitted production and subsequent increases in butter stocks. Food service orders are temperate but should see a slight upswing through the yearend holiday period into the New Year. The market undertone continues to weaken. This week, bulk butter prices for domestic sales are flat market to 5 over the market of the CME Group, with various time frames and averages used. According to the *DMN National Retail Report-Dairy*, during the week of December 18-24, 2015, the U.S. weighted average advertised price for 1 pound butter was \$3.10, down 22 cents from a year ago, and down 9 cents from the previous week. The weighted average butter price in the Northeast was \$3.32, down 21 cents from last week. At the CME Group Grade AA butter closed Wednesday at \$2.0425, down \$0.0350 from last Wednesday.

CENTRAL

Central butter production is steady to higher as cream availability improves compared to last week. Cream spot loads from the East region continue to find processing room in the Central. Balancing plant managers are taking in some cream loads at discounted prices, which is an incentive for receiving cream in an unsettled market. Butter makers indicate the market has them in a quandary. Although butter prices have declined from the \$2.90s, there is no sure price direction for the beginning of 2016. Should stocks be purposely built up and held with confidence, or should churn operators lighten holdings before prices further deteriorate? Butter makers indicate their strategies depend on the size of the operation, risk management opportunities, and current buyer interest, to name a few factors.

There is not one strategy to fit all the butter operations in the Central region. Operators are trying to assure customer satisfaction as well as economic viability when yearend butter prices are relatively high. Currently, retail demand is lower as most shopping for holiday meals is complete. Producers are slanting butter production toward food service and bulk. The *DMN National Retail Report-Dairy* for December 18-24 noted the national weighted average advertised price for a 1 pound package of butter was \$3.10, down \$0.09 from one week ago and \$0.22 lower than a year ago. The weighted average prices in the Midwest and South Central regions, respectively, are \$2.59 and \$2.70. The CME Group Grade AA butter market closed Wednesday at \$2.0425. This is down 3.5 cents from last Wednesday. Bulk butter prices range from 4 cents under to 7 cents over the market, based on CME Group prices and various indices.

WEST

Holiday butter sales have finished. Manufacturers say there was a good draw down of butter stocks for the season. With the peak demand for butter and seasonal cream favorites waning, processors are finding cream more available. Some butter makers expect to run full production schedules over the holidays to absorb the inexpensive cream and rebuild their inventories. Most of the butter production is focused on making bulk butter, with print made only for immediate needs. The *DMN National Retail Report-Dairy* for the week of December 18-24 found that the U.S. weighted average advertised price of 1 pound butter is \$3.10, down \$0.09 from one week ago and down \$0.22 from one year ago. In the Southwest, the weighted average advertised price for 1 pound butter was \$3.34 with a price range of \$1.97-\$3.99, and in the Northwest, \$3.22 with a price range of \$2.50-\$4.00.

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NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

<u>WEEK ENDING</u>	<u>BUTTER</u>	<u>CHEESE 40# BLOCKS</u>	<u>CHEESE BARRELS 38% MOISTURE</u>	<u>DRY WHEY</u>	<u>NDM</u>
December 19, 2015	2,4642 2,996,042	1,5577 12,860,229	1,5362 10,400,022	.2308 8,333,087	.7918 20,311,023

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

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The NASS *Cold Storage* report noted U.S. butter stocks as of November 30, 2015, were 132.7 million pounds, down 26% from last month. Butter stocks in all warehouses were 107.6 million pounds last year at this time. Bulk butter pricing in the West this week is 4 cents under market to 2 cents above, based on the CME Group with various time frames and averages used. The Grade AA butter price at the CME Group on Wednesday closed at \$2.0425, down \$.0350 from a week ago.

CHEESE MARKETS

NORTHEAST

Cheese production is steady to heavier as fluid milk demand slows with school closings for the holidays. Some smaller add-on orders are being shipped, as buyers hold back on sizeable purchases until the yearend holiday period concludes. Most packagers and processors will operate on holiday shortened schedules over the next two weeks, limiting the need for bulk cheese. At this point, cheese manufacturers are comfortable with their stock levels. This week, Northeast cheese price drops were the same for 40# blocks and Muenster, and process cheese. Wholesale prices for each cheese type dropped \$0.0475. Grade A Swiss prices are unchanged. According to the DMN National Retail Report-Dairy, during the week of December 18-24, 2015 the weighted average advertised price for 8 ounce cheese blocks in the Northeast was \$2.38, 16 cents more than the national average, but 9 cents less than a week ago. The Southeast 8 ounce block cheese price was \$2.34, 20 cents less than a week ago. Wednesday's CME Group daily cash trading saw barrels close at \$1.4200, up \$0.0100 from a week ago; blocks closed at \$1.4000, down \$0.0100 from a week ago.

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

Cheddar 40# Block	:	1.8275-2.1125
Process 5# Sliced	:	1.6450-2.1250
Muenster	:	1.8475-2.1975
Grade A Swiss Cuts 10 - 14#	:	3.2100-3.5325

MIDWEST

Midwest cheese makers report good movement of cheese leading up to the winter holidays. Domestic specialty cheese, food service and retail demand have been good, but are slowing slightly. Processors anticipate more milk to become available over the next two weeks. Some spot loads of milk are available at \$6 to \$7 under Class. A few manufacturers are receiving offers for milk shipments in advance of the holidays from across the region. Cheese production is vigorous and cheese makers expect to run full schedules over the holidays. Inventories are building and adding to already heavy cheese supplies. The DMN National Retail Report-Dairy shows that December 18-24 Midwest ads for 8 ounce shred cheese have a weighted average advertised price of \$1.94, 33 cents lower than the national average. Midwest prices range from \$.98-\$2.50. One year ago, the national price was \$2.45. For 8 ounce blocks, the Midwest average price is \$1.86, 36 cents lower than the national average price. Midwest ads are priced from \$.98-\$2.25. Last year, the national price was \$2.62. Midwestern wholesale prices are unchanged for Swiss cuts, and down \$.0475 for process and all other types. This week, a cooperative export assistance program accepted requests for 3.515 million pounds of cheese. According to the NASS Cold Storage report, the East North Central region (Wisconsin, Illinois, Michigan, Indiana and Ohio) American cheese stocks on November 30, 2015 were 123% of last year, and 100% of last month. East North Central region other cheese stocks were 116% of November 30, 2014 and 102% of October 31, 2015. Total U.S. natural cheese stocks on November 30, 2015 were 113% of a year ago and 100% of a month ago. In CME Group trading Wednesday, barrels closed at \$1.4200, up \$.0100 from last Wednesday and blocks closed at \$1.4000, down \$.0100.

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

Process American 5# Loaf	:	1.5275-1.8875
Brick And/Or Muenster 5#	:	1.8075-2.2325
Cheddar 40# Block	:	1.5350-1.9300
Monterey Jack 10#	:	1.7825-1.9875
Blue 5#	:	2.0750-3.0625
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6075-2.5475
Grade A Swiss Cuts 6 - 9#	:	2.7275-2.8450

WEST

Western cheese production is steady to higher. Domestic retail and food service sales have been good, but have slackened slightly as the holidays draw near. A few manufacturers are trying to get remaining annual contracts in place before the end of the year. Milk is readily available for processing and many cheesemakers expect to run at full production over the next two weeks. Industry contacts report a lot of cheese is available, especially cheese used for further processing. The DMN National Retail Report-Dairy for the week of December 18-24 shows the U.S. weighted average advertised retail price for an 8 ounce pack of natural shredded cheese is \$2.27, up \$.07 from last week, but down \$.18 from a year ago. Packs averaged \$2.31 in the Southwest and \$2.38 in the Northwest. For 8 ounce blocks, the U.S. price is \$2.22, down \$.07 from last week, and down \$.40 from a year ago. Blocks averaged \$2.37 in the Southwest and \$2.38 in the Northwest this week. In the West, wholesale prices are down \$.0475 for process, cheddar block, cuts, and Monterey Jack. Prices are unchanged for Swiss cuts. This week, a cooperative export assistance program accepted requests for 3.515 million pounds of cheese. According to the NASS Cold Storage report, U.S. stocks of cheese (total natural) at the end of November 2015 were 1.146 billion pounds, unchanged from October 2015, but up 13% from November 2014. American stocks were 10% more, other natural stocks were 19% more, but Swiss stocks were 7% less than last year. In the Mountain Region, American cheese stocks were 23% more than one year earlier and 6% higher than one month earlier. Pacific Region American cheese stocks were 3% less than one year earlier and unchanged from the previous month. Also in the Pacific Region, other natural cheese stocks were 14% above a year ago but 1% below a month ago. In CME Group trading Wednesday, barrels closed at \$1.4200, up \$.0100 from a week ago and blocks closed at \$1.4000, down \$.0100.

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

Process 5# Loaf	:	1.5425-1.8000
Cheddar 40# Block	:	1.5400-1.9850
Cheddar 10# Cuts	:	1.7200-1.9400
Monterey Jack 10#	:	1.7300-1.8900
Grade A Swiss Cuts 6 - 9#	:	2.7875-3.2175

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CHEESE MARKETS

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FOREIGN

European cheese markets are in equilibrium, with retail holiday demand filled and product manufacturing demand ongoing at expected levels to supply food manufacturing and food service. Cheese export demand is stable, with stocks in aging programs being weighted toward the early stages, destined to be market ready in several months. Increasing consumption of cheese in some E.U. countries in 2015 contributed to marginally lessening the need to seek exports into other countries such as the U.S. Domestic foreign type cheese prices in the U.S. adjusted down \$.0475 except for Swiss, which was unchanged. E.U. cheese production each month May through October 2015 (the most current month with data) is higher than the same month in 2014. This strong cheese production is expected to continue into 2016. January-October 2015 E.U. 28 cheese production leads production in the U.S.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.3800	: 2.0025-3.4900*
Gorgonzola	: 3.6900-5.8900	: 2.5100-3.2075*
Parmesan (Italy)	: -0-	: 3.3925-5.4825*
Provolone (Italy)	: -0-	: 2.0450-2.2975*
Romano (Cows Milk)	: -0-	: 3.1925-5.3425*
Sardo Romano (Argentine)	: 2.8500-4.9300	: -0-
Reggianito (Argentine)	: 3.2900-4.9300	: -0-
Jarlsberg-(Brand)	: 2.9500-6.4500	: -0-
Swiss Cuts Switzerland	: -0-	: 3.2475-3.5700
Swiss Cuts Finnish	: 2.6700-2.9300	: -0-

* = Price change.

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

	<u>BUTTER</u>	:	<u>CHEESE</u>
12/21/15	6,565	:	92,269
12/01/15	7,684	:	94,943
CHANGE	-1,119	:	-2,674
% CHANGE	-15	:	-3

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	60	0	10	0	0
SOUTHEAST STATES	0	0	0	0	0	0

Milk production in the Northeast and Mid-Atlantic regions is mostly flat, although output tends to be somewhat higher in New York. With declines in bottling orders and shifting of milk to processing, capacity production is likely for both churns and dryers over the course of the holiday week. Milk production in the Southeast is level. Multiple supporting plants are taking in surplus milk, as bottlers shrink orders. Florida milk production is up slightly over last week. The rise has led to an increase in export milk shipments, from 10 spot loads last week to 60 this week. Bottling sales are fairly flat, while stronger at some plants than others. Class I plant closures are expected on Christmas day. According to the DMN *National Retail Report-Dairy*, from December 18-24, 2015, the U.S. weighted average advertised price for a gallon of milk was \$2.72, down 68 cents from a year ago, but up 8 cents from last week.

Condensed skim markets continue to exhibit little spot movement. Loads are being discounted, with prices lower for both Class II and Class III. Heavy volumes of condensed skim are being cleared to nonfat dry milk processing. **Cream multiples** are ranging .90-1.25. Sales are fairly active in the Class III spot market. However, this holiday week, regional sellers have been challenged to find takers for spot cream. As a result, loads are clearing to other areas while trading at the low end of the range. Heavy cream supplies will linger into next week, as some cream processing plants will remain closed until the New Year. At the CME Group, Grade AA butter closed Wednesday at \$2.0425, down \$0.0350 from last Wednesday.

MILK PRODUCTION: According to NASS, milk production in the 23 major states during November 2015 totaled 15.6 billion pounds, up 0.6% from one year ago. The following table shows Eastern states included in the report and the changes compared to a year ago:

November 2015 Milk Production, (USDA-NASS)

(Million Lb.) % Change From
1 Year Ago

Florida	193	+ 2.1
New York	1,147	+ 3.3
Pennsylvania	856	...
Vermont	215	...
Virginia	140	- 2.1

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES:

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

F.O.B. producing plants: Northeast - 1.8000-2.5862

F.O.B. producing plants: Upper Midwest - 1.9656-2.3380

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS,

F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices - .60-.80

Northeast - Class III - spot prices - .40-.53

MIDWEST

Central region milk production is generally steady to higher. Milk availability on the spot market is higher. Marketers report they continue to manage transfers of milk loads from plant to plant as modifications are made to production schedules. Prices range from \$7.00 to \$3.00 under Class. Sales into bottling are trending sharply lower as the week advances as most K-12 and many higher education institutions enter the semester break. Class II end uses are lower as several ice cream operations scheduled closures over the holiday weekend. Central Class II cream multiples range from .95 to 1.13. Cream interest is light for Class II end uses. According to the DMN *National Retail Report-Dairy* for the week of December 18-24, the national and Midwest weighted average advertised prices for one gallon of milk are, respectively, \$2.72 and \$2.49. The Central region is receiving additional precipitation, mostly rain, this week. Some limited areas within the region still rate within the moderate to abnormally dry drought ratings, but most of the region has received sufficient moisture to exit the drought ratings. Conversely, many localized areas are subject to minor flooding. This has halted any late corn harvesting activities in most areas of the region. The NASS *Milk Production* report noted November milk production in the 23 selected states was 15.6 billion pounds, 0.6% above a year ago. Milk cows in the 23 selected states totaled 8.635 million head, 37,000 head more than a year ago. The following table shows Central states included in the report and the changes compared to a year ago:

November 2015 Milk Production, (USDA-NASS)

(Million Lb.) % Change From
1 Year Ago

Illinois	150	+ 2.0
Indiana	331	+ 4.1
Iowa	387	+ 1.3
Kansas	252	- 1.6
Michigan	836	+ 6.4
Minnesota	759	+ 2.4
Ohio	435	+ 0.5
South Dakota	199	+13.1
Texas	825	- 1.7
Wisconsin	2,349	+ 4.3

WEST

Winter storm Ferus is bringing rain, snow, and high winds to California. There are some logistic hauling issues in the Sacramento Valley. Nevertheless, the overall effect to the farm level milk output in the state is minimal. Milk production is steady to higher in California. Sales into Class 1 and Class 2 are trending lower as some bottling plants will be closed over the extended holiday weekend. In addition, most schools will be closed during the winter break period. As a result, milk volumes clearing into Class 4a (butter/NDM) are increasing. Bottled milk demand from grocery stores and food service is active. According to California Department of Food and Agriculture, November 2015 pool receipts of milk in the state total 3.09 billion pounds. This is 5.0% lower compared to the same month a year ago. From January through November 2015, receipts

FLUID MILK AND CREAM

CONTINUED FROM PAGE 4

are 4.3% lower from the comparable period in 2014. The Value at Test price is \$16.59, 52 cents higher than the previous month but \$3.83 lower from a year ago. The percentage of receipts used in Class 1 products is 14.89%. The November quota price is \$16.76 and the over quota price is \$15.06. These prices are 16 cents higher than October 2015 but \$3.94 below a year ago. Temperatures continue dropping in Arizona. This is boosting comfort of milking cows. Consequently, milk production is still inching up. Some producers note an increase in the butterfat component level of the milk. Some bottling plants are readjusting orders schedules, as some educational institutions will be closed during the current week. Thus, milk intakes moving into Class I and Class II are lower. Milk production in New Mexico is on the rise. Manufacturing milk volumes are heavy. Producers and processors are concerned about the snowstorm predicted for this weekend and its possible impact. Sales into Class I plants are lower. Some Class III (cheese) processors are cutting milk orders as they have operational problems with the clean in place (CIP) systems. As a result, milk volumes clearing into NDM and MPC are increasing. Pacific Northwest milk production is steady. Industry contacts say components are improving. Some milk is shifting back into manufactured products as bottling slows over the holidays. Weather damage created a few delays for milk shipping as heavy rains and high winds continued in parts of the region. Utah and Idaho milk processors have not seen any drop off in milk production. Milk is readily available and additional spot loads are available at Class. A winter storm brought a foot of snow to parts of the region earlier this week. The snow made transporting milk a little more difficult for a short time, but is a welcomed addition to the snow pack building in the mountains. Over the last couple weeks, a few milk haulers moved several loads of milk from the region to the southwest to fill some bottling needs. Western demand for cream is light. Supplies are steady to higher. Some butter processors are helping to clear up cream surplus. Thus, butter churning is active in the region. Multiples for all classes are mixed, ranging from 1.00 to 1.19. At the CME Group, Grade AA butter price on Wednesday closed at \$2.0425, 3.5 cents lower from a week ago. According to NASS, November milk production for the 23 surveyed states totals 15.6 billion pounds, 0.6% higher than a year ago. Monthly milk production per cow is 2 pounds above November 2014. Milk cow numbers on farms in totaled 8.64 million cows, 37,000 head more than November 2014. November milk production changes from a year ago for selected Western states are as follows:

November 2015 Milk Production, (USDA-NASS)

	(Million Lb.) 1 Year Ago	% Change From 1 Year Ago
Arizona	380	+ 1.3
California	3,206	- 4.4
Colorado	305	+ 3.4
Idaho	1,136	+ 1.9
New Mexico	617	- 3.3
Oregon	197	- 1.5
Utah	177	- 1.1
Washington	524	- 0.4

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: Prices for low/medium heat nonfat dry milk, Central region, are unchanged on light trading. The market is weak as buyers continue to receive offers from manufacturers and resellers for near term deliveries. With prices unable to sustain steady upward trends, many buyers are content to wait. Low/medium heat NDM production is more active compared to last week as many smaller end users of fluid milk and condensed skim are running abbreviated production schedules during the holiday week. Therefore, balancing plant managers have full production schedules on tap for most dryers. Inventories of low/medium heat NDM are steady to building. High heat NDM prices are steady. Interest is moderate outside of contracts. Many manufacturers do not have high heat NDM production scheduled for this week as the hope is to stay ahead of milk intakes by processing low/medium heat NDM. Inventories are mostly steady and geared towards contract fulfillment.

EAST: Prices for Eastern low/medium nonfat dry milk are unchanged, with limited spot trading occurring. Production rates are steady to increasing as sales into condensed skim and bottling slow. In general, market participants are curbing purchases of NDM, with the majority of purchases based on buyers' immediate needs. Offerings in the resell market are active as sellers seek buyers, in hope of reducing holdings in an unsettled market. The market has a steady to soft undertone. High heat nonfat dry milk prices are steady. Production is intermittent as manufacturers adjust drying schedules to facilitate heavy milk intakes. Stocks are light. Spot availability is limited.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: .8000 - .8800 MOSTLY: .8300 - .8700
 HIGH HEAT: .9000 - 1.1500

NONFAT DRY MILK - WEST

Prices for low/medium heat nonfat dry milk (NDM) are mixed on the range but lower on the mostly series. Balancing plants are operating on expanded schedules in order to clear heavy milk volumes. Thus, production is increasing. The market undertone is weaker. Spot sales are light. Demand is waning. Some buyers are quiet, taking a wait and see attitude, anticipating lower prices in the next few weeks. Prices for high heat nonfat dry milk are lower. Production is steady to higher. The activity in the spot market is sluggish. The market tone is weaker. Interest from buyers/end users is decreasing. Most sales are based on contracts.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: .7050 - .8800 MOSTLY: .7500 - .7800
 HIGH HEAT: .8400 - 1.1000

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES
December 18	\$.7864	8,836,061
December 11	\$.7985	9,590,696

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

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Central region dry buttermilk prices are unchanged to higher. The market tone is mixed as prices for nonfat and butterfat components look for support while a few manufacturers are still able to garner usual premiums to market indices. Dry buttermilk production is projected to be higher this week as additional cream volumes head towards the churns. This is because fluid milk intakes have fewer outlets as many small to mid-size processors are running shorter schedules for the holiday week. Condensed buttermilk is being offered to various processors, but interest is light. Dry buttermilk inventories are steady to building.

EAST: East dry buttermilk prices are steady to fractionally higher this short holiday week. Dry buttermilk production is expanding. Regional ice cream manufacturers have downgraded the need for condensed buttermilk as plants shutdown for the holidays. Spot market activity is light, which is typical for this time of year. Sources anticipate the market will remain sluggish into the New Year. Inventories are adequate and building. The market undertone is steady.

F.O.B. CENTRAL/EAST: .8100 - .8850

DRY BUTTERMILK - WEST

Dry buttermilk prices are steady to lower on the range but unchanged on the mostly series. Sales in the spot market are light. The market undertone is weak. Production is increasing as expanded cream volumes are channeled into butter churning. In addition, some Class II processing plants will be closed during the extended holiday weekend. Supplies are building.

F.O.B. WEST: .8200 - .9100 MOSTLY: .8300 - .8600

DRY WHOLE MILK - NATIONAL

Dry whole milk prices are steady to slightly higher. Some manufacturers indicate domestic demand is light. The market undertone is unsettled. Most sales are based on contractual needs. This week, a cooperative export assistance program accepted requests for 9.215 million pounds of dry whole milk. Inventories are steady to higher.

F.O.B. PRODUCING PLANT: 1.3000 - 1.4800

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 declined on the bottom of the range and mostly price series as regional manufacturers pushed loads onto the spot market ahead of the close of the year. Buyers indicate they are able to obtain dry whey from several sources, including manufacturers and resellers. Pricing is a main factor in closing deals. The current availability has taken some of the urgency out of 2016 contracting. However, buyers also want to have some coverage going into 2016. Dry whey production is steady to higher this week as many cheese plant managers report getting milk loads under Class prices. This is boosting cheese and dry whey production. Managers also indicate dry whey inventories are at projected levels, but will build through the next two holiday weeks. Animal feed dry whey prices are steady to lower as some producers cleared loads ahead of 2016. Some other manufacturers indicate they have loads available, but they are not in a rush to sell.

F.O.B. CENTRAL: .1700 - .2800 MOSTLY: .1800 - .2425
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .1425 - .1850

DRY WHEY - NORTHEAST

Dry whey prices are unchanged on a steady market. The rate of production is increasing and will likely hold at higher levels the course of the holiday period into next week. Producers' offerings are light for spot market trading. Some buyers opted to take a few loads this week in anticipation of potential trading in Q1 2016.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2200 - .2800

DRY WHEY - WEST

Western whey prices held steady on limited spot market activity. Many manufacturers have been able to reduce their inventories to more comfortable levels. Most buyers and sellers seem willing to take a wait and see position until after the holidays. Dry whey production remains steady.

NONHYGROSCOPIC: .2100 - .3100 MOSTLY: .2200 - .2600

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices are stable with limited spot market activity. The market tone remains generally weak. Some manufacturers report inventories are tightening. A few processors have shifted production from WPC34% to whey protein isolates, while others have steady production.

F.O.B. EXTRA GRADE 34% PROTEIN: .4200 - .6500 MOSTLY: .4900 - .5700

LACTOSE - CENTRAL AND WEST

Lactose prices are mostly steady this week. The bottom of the mostly price series moved slightly higher as spot sales continue to inch upward. Some manufacturers state their lactose stocks are a little tight. A few processors have drawn down inventories to the point of needing to increase production again to maintain comfortable supplies of lactose.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .1400 - .2650 MOSTLY: .1700 - .2200

CASEIN - NATIONAL

Casein markets are quiet this week as the end of the year nears. Prices are steady, with low spot market sales activity. Strong milk production in Europe resulting in significant supplies of skim milk powder, leading to sales into intervention, in addition to ample SMP supplies in Oceania, all factor into casein pricing.

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: 2.6500 - 3.3500
ACID: 2.7000 - 3.5000

U.S. Dairy Cow Slaughter (1000 head) under Federal Inspection

WEEK ENDING	2015 WEEKLY DAIRY COWS	2015 CUMULATIVE DAIRY COWS	2014 WEEKLY DAIRY COWS	2014 CUMULATIVE DAIRY COWS
12/05/2015	58.7	2,744.2	61.8	2,644.4

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
2010	14.50	14.28	12.78	12.92	13.38	13.62	13.74	15.18	16.26	16.94	15.44	13.83
2011	13.48	17.00	19.40	16.87	16.52	19.11	21.39	21.67	19.07	18.03	19.07	18.77
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

CLASS IV MILK PRICES (3.5%)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2010	13.85	12.90	12.92	13.73	15.29	15.45	15.75	15.61	16.76	17.15	16.68	15.03
2011	16.42	18.40	19.41	19.78	20.29	21.05	20.33	20.14	19.53	18.41	17.87	16.87
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

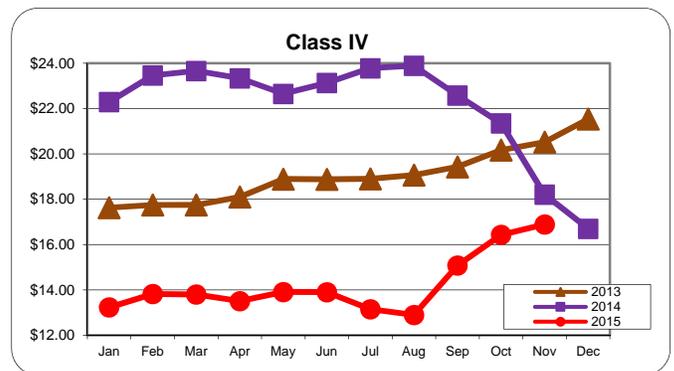
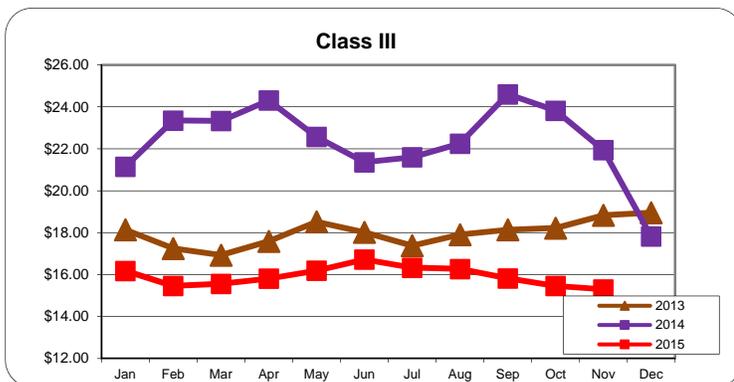
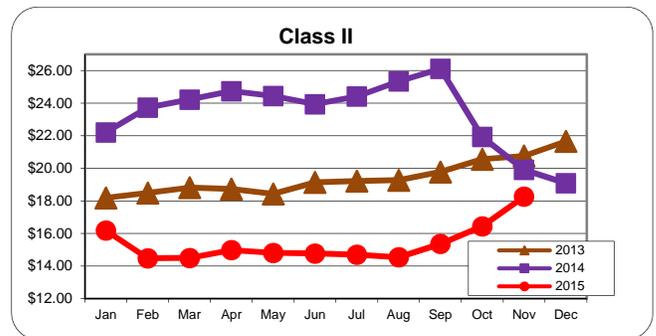
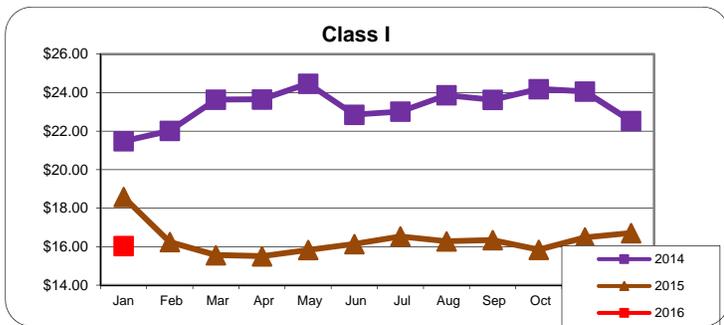
FEDERAL MILK ORDER CLASS PRICES FOR 2015 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	18.58	16.24	15.56	15.50	15.83	16.14	16.53	16.28	16.34	15.84	16.48	16.71
II	16.18	14.48	14.50	14.98	14.81	14.77	14.70	14.54	15.36	16.44	18.26	
III	16.18	15.46	15.56	15.81	16.19	16.72	16.33	16.27	15.82	15.46	15.30	
IV	13.23	13.82	13.80	13.51	13.91	13.90	13.15	12.90	15.08	16.43	16.89	

FEDERAL MILK ORDER CLASS PRICES FOR 2016 (3.5%)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	16.04											

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 December 14 - 25, 2015

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

WESTERN OVERVIEW: Milk production in the E.U. has been stronger overall than previously expected during the final three months of the year. Countries noted as having particularly strong milk production include Ireland, The Netherlands, the United Kingdom, Germany and France. Production during the first 3 months of 2016 is expected to be ahead of the first 3 months of 2015. Higher than expected milk production during the final quarter of the year, ahead of the same period the previous year, is considered indicative of the potential for higher production during the first part of 2016. Typically milk production increases from January into May in the E.U. Caution is being voiced that beginning 2016 with atypically higher milk volumes could lead to keeping processing facilities very busy. There is concern about potential production bottlenecks next year. This is viewed as keeping pressure on prices next year, particularly skim milk powder leading to continuing intervention purchases, as well as whole milk powder. This view of 2016 suggests a challenge for a market recovery. Some of the increased milk production this year has gone into cheese manufacturing, where pre-Christmas sales have been especially strong. This has somewhat drawn down cheese inventories immediately ready for sale but manufacturers are comfortable with inventories at this time. Cheese in aging programs overall remains early in the process and has some months to go before becoming sale ready. Cheese export sales are stable. Fluid milk sales are expected to be lower, as many businesses close over a 3 or 4 day period with people staying close to home. Markets for milk powders are mostly quiet, which is the typical situation at this time of year in the E.U. The European food industry is believed to be adequately stocked. This leaves potential buyers cautious and price sensitive. Particularly with skim milk powder being sold into intervention, for the first time since 2009, expectations are for pricing to remain near current levels for a while which lessens pressure to finalize transactions. Pricing for whole milk powder and skim milk powder have trended lower throughout 2015.

BUTTER/BUTTEROIL: Prices for butter in Europe are steady to lower. Most Christmas and holiday season demand has been filled. Butter production remains stable, with many manufacturers not being particularly motivated to reduce pricing to levels buyers, not facing immediate needs, prefer to pay. This is leading to some inventory building but at levels manufacturers are at ease with. That may change early next year as buyers become more motivated to complete purchases and manufacturers become more motivated to control inventory building. Export sales have been good. All in all, making butter remains the preferred use for milk in Europe. January-October 2015 butter exports for the EU-28, as reported by GTIS, increased 13.9% compared to the same period last year. Export volume every month of 2015 has been above the same month in 2014.

82% BUTTERFAT: 3,000 - 3,225
99% BUTTERFAT: 3,500 - 4,000

SKIM MILK POWDER (SMP): The market for skim milk powder in Europe is attuned to ongoing sales into the intervention program, occurring this year for the first time since 2009. Pricing is unchanged this week, sitting close to the intervention price of 1,698 Euros, which this week equals \$1,855. SMP priced at the lower end of the price range tends to be older production, not eligible for intervention sales. Sales at the upper price range tends to be fresh production, typically less than 3 months old. Not all SMP inventories can be directly sold into intervention because there are specific packaging, age and other product requirements. Some current manufacturing is being made and bagged specifically for sales into intervention, and will not reach the spot market. Last week's sales volume into intervention, was a level that was disappointingly low to some in the industry. Most potential European buyers of SMP are well covered and not particularly interested in purchases now, leaving the volumes of transactions low. January-October 2015 skim milk powder exports for the EU-28, as reported by GTIS, increased 8.4% compared to the same period last year. However, October export volume was the lowest month of this year.

1.25% BUTTERFAT: 1,725 - 1,900

SWEET WHEY POWDER: Sweet whey prices in Europe are unchanged. There is some pressure on this market from WPC80%, tending to keep prices from increasing. Buyers can readily find ample volumes available for sale from varied sources. Exports of sweet dry whey for January-October 2015, as reported by GTIS, showed an increase of 5.9%, compared to the same period last year.

NONHYGROSCOPIC: 525 - 750

WHOLE MILK POWDER (WMP): Whole milk powder pricing in Europe is unchanged, with low levels of transactions. Demand in Europe is tepid and manufacturers are aware that competing with production from Australia and New Zealand in international markets is challenging. Production levels reflect these factors. The market is stable with most trading occurring in internal E.U. markets. January - October 2015 whole milk powder exports for the EU-28, as reported by GTIS, decreased 3.9% compared to the same period last year.

26% BUTTERFAT: 2,150 - 2,500

EASTERN OVERVIEW: Poland is the fourth largest milk producer in the E.U. and a net exporter of dairy products. Production January-September 2015 is up 1.9% from the same period of 2014. September 2015 farm gate milk prices were 11% below prices in September 2014. Lower prices are attributed to increasing production but slower export markets. Expectations are that lower milk prices will not lead to some dairy producers reducing milk production. Revenue dependency necessary to repay 2013 and 2014 credits used to enlarge and modernize farms necessitates certain levels of revenue.

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered December 14 - 25, 2015

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.

OCEANIA OVERVIEW: This is the beginning of the summer season in Australia when many people take vacation. This in itself leads to lower levels of market activity. Australia just had the first real extreme weather for the year, with the hottest December day for many years throughout Victoria and the hottest December night on record in many parts of the state as well. Market activity has slowed with the effect of vacations beginning. Some processors report milk volumes received are slightly below levels at this time last year. Pasture growth in Victoria, a substantial milk producing state, continues to decline due to dryness. While irrigation has historically helped maintain pasture growth, water this year is more expensive and difficult to source. This has led to purchasing more feed, which is also more expensive due to dry conditions. With lower milk prices this year, there has been some selling of cows, which reduces milk production. That is also being encouraged by higher beef prices. Some New Zealand milk producers will receive higher pay prices in the current milk year. The New Zealand dairy herd mid-year was just over 5 million cows, 3.3% lower than one year earlier and the first contraction in some years. The highest number of cows reported in recent years was 5.176 million in 2014. *GDT SUMMARY: At the December 15 GDT event #154, average prices ranged from 9.5% lower to 9.0% higher from the prior event across categories. The all contracts price averages (US\$ per MT) and percent changes from the previous average are: anhydrous milk fat, \$3,721 +6.1%; butter, \$3,136 +9.0%; buttermilk powder, \$1,564 -6.1%; cheddar cheese, \$2,856 +1.1%; lactose, \$542 +6.8%; rennet casein, \$4,541 -9.5%; skim milk powder, \$1,891 +0.2%; and whole milk powder, \$2,304 +1.8%.

BUTTER: Butter prices in Oceania increased at both ends of the price range. Recent demand for near time shipments to Asia moved sufficient volumes to contribute to higher pricing. That was supplemented by shifting of some milkfat from butter production into other product streams, in contributing to some firming in butter pricing.

82% BUTTERFAT: 2,900 - 3,300

SKIM MILK POWDER (SMP): Prices for skim milk powder in Oceania are steady. Ongoing pressure from strong supplies has kept prices from rising, while intervention in the E.U. is acting to mitigate downward price movement. Some buyers of Oceania SMP continue to be willing to pay a slight premium for specific sourcing.

1.25% BUTTERFAT: 1,725 - 2,050

CHEDDAR CHEESE: Cheddar pricing is steady in Oceania. As the hot season arrives and milk production is affected, the need to find outlets for milk lessens. Effects of international price competition and domestic demand contribute to price stability for cheese.

39% MAXIMUM MOISTURE: 3,000 - 3,300

WHOLE MILK POWDER (WMP): Whole milk powder pricing in Oceania is steady. Because other manufacturing streams are more profitable and demand is spotty, production volumes are uneven for most manufacturers. More buyer interest and higher manufacturing volumes are not expected in the immediate future, but neither is significant downside price risk expected.

26% BUTTERFAT: 2,100 - 2,400

**Exchange rates for selected foreign currencies:
December 21, 2015**

.0781 Argentina Peso	.0083 Japan Yen
.7189 Australian Dollar	.0583 Mexican Peso
.7162 Canadian Dollar	.6762 New Zealand Dollar
1.0916 Euro	.2566 Poland Zloty
.0151 India Rupee	

To compare the value of 1 US Dollar to Mexican Pesos: (1/.0583) = 17.1527 Mexican Pesos. Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS

US\$/MT	Global/Dairy Trading (gDT) Event 154 Recap - December 15, 2015													
	Contract 1		Contract 2		Contract 3		Contract 4		Contract 5		Contract 6		All Contracts	
	Jan-16		Feb-16		Mar-16		Apr-16		May-16		Jun-16			
Anhydrous Milk Fat	n.a.	\$3,725	6.9%	\$3,762	6.5%	\$3,659	4.1%	\$3,678	5.7%	\$3,780	4.9%	\$3,721	6.1%	
Butter	n.a.	\$3,145	10.5%	\$3,190	11.1%	\$3,060	4.8%	\$3,085	6.6%	\$3,115	1.6%	\$3,136	9.0%	
Buttermilk Powder	n.a.	\$1,552	-4.9%	\$1,640	-13.0%		n.a.		n.a.		n.a.	\$1,564	-6.1%	
Cheddar	n.a.	\$2,945	5.0%	\$2,783	-1.4%	\$2,839	-0.2%		n.a.		n.a.	\$2,856	1.1%	
Lactose	n.a.	\$542	6.8%		n.a.		n.a.		n.a.		n.a.	\$542	6.8%	
Rennet Casein	n.a.	\$4,473	-10.0%	\$4,691	-8.5%		n.a.		n.a.		n.a.	\$4,541	-9.5%	
Skim Milk Powder	\$1,795	2.3%	\$1,863	1.5%	\$1,897	-1.8%	\$1,930	-4.1%	\$1,994	1.4%	\$2,000	-2.0%	\$1,891	0.2%
Sweet Whey Powder	n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.	
Whole Milk Powder	n.a.	\$2,252	3.5%	\$2,289	1.0%	\$2,409	1.4%	\$2,399	-0.6%	\$2,419	-1.8%	\$2,304	1.8%	

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

US\$/Pound	Global/Dairy Trading (gDT) Event 154 Recap - December 15, 2015													
	Contract 1		Contract 2		Contract 3		Contract 4		Contract 5		Contract 6		All Contracts	
	Jan-16		Feb-16		Mar-16		Apr-16		May-16		Jun-16			
Anhydrous Milk Fat	n.a.	\$1.6896	6.9%	\$1.7064	6.5%	\$1.6597	4.1%	\$1.6683	5.7%	\$1.7146	4.9%	\$1.6878	6.1%	
Butter	n.a.	\$1.4266	10.5%	\$1.4470	11.1%	\$1.3880	4.8%	\$1.3993	6.6%	\$1.4130	1.6%	\$1.4225	9.0%	
Buttermilk Powder	n.a.	\$0.7040	-4.9%	\$0.7439	-13.0%		n.a.		n.a.		n.a.	\$0.7094	-6.1%	
Cheddar	n.a.	\$1.3358	5.0%	\$1.2624	-1.4%	\$1.2878	-0.2%		n.a.		n.a.	\$1.2955	1.1%	
Lactose	n.a.	\$0.2458	6.8%		n.a.		n.a.		n.a.		n.a.	\$0.2458	6.8%	
Rennet Casein	n.a.	\$2.0289	-10.0%	\$2.1278	-8.5%		n.a.		n.a.		n.a.	\$2.0598	-9.5%	
Skim Milk Powder	\$0.8142	2.3%	\$0.8451	1.5%	\$0.8605	-1.8%	\$0.8754	-4.1%	\$0.9045	1.4%	\$0.9072	-2.0%	\$0.8578	0.2%
Sweet Whey Powder	n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.	
Whole Milk Powder	n.a.	\$1.0215	3.5%	\$1.0383	1.0%	\$1.0927	1.4%	\$1.0882	-0.6%	\$1.0973	-1.8%	\$1.0451	1.8%	

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

CME GROUP, INC FUTURES

Selected settling prices

Month	12/10	12/11	12/14	12/15	12/16	12/17	12/18	12/21	12/22	12/23
CLASS III MILK FUTURES (Pit-Traded) (\$/cwt)										
DEC 15	14.60	14.56	14.58	14.58	14.53	14.51	14.52	14.53	14.53	14.53
JAN 16	14.03	13.70	13.73	13.67	13.57	13.67	13.59	13.48	13.41	13.36
FEB 16	14.24	14.01	14.01	13.98	13.91	13.92	13.75	13.41	13.39	13.32
MAR 16	14.65	14.46	14.42	14.40	14.30	14.40	14.22	13.94	13.81	13.77
APR 16	15.05	14.86	14.74	14.70	14.62	14.67	14.64	14.44	14.19	14.19
MAY 16	15.44	15.17	15.02	14.96	14.95	15.00	14.95	14.78	14.52	14.51
JUN 16	15.80	15.50	15.38	15.33	15.27	15.36	15.35	15.19	14.90	14.89
JUL 16	16.19	15.90	15.84	15.79	15.77	15.86	15.85	15.73	15.38	15.35
AUG 16	16.45	16.22	16.17	16.07	16.12	16.18	16.14	16.06	15.75	15.73
SEP 16	16.62	16.43	16.36	16.29	16.28	16.36	16.36	16.32	15.98	16.02
CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)										
DEC 15	15.86	15.86	15.63	15.56	15.79	15.78	15.74	15.74	15.74	15.74
JAN 16	13.75	13.75	13.75	13.50	14.10	13.77	13.71	13.51	13.51	13.51
FEB 16	13.97	13.97	14.14	14.06	14.14	14.14	13.81	13.69	13.69	13.69
MAR 16	14.45	14.45	14.46	14.46	14.46	14.55	14.44	14.21	14.14	14.14
CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)										
DEC 15	267.00	262.00	260.35	260.50	261.83	260.45	260.93	260.50	260.50	262.18
JAN 16	200.00	197.25	202.00	202.00	207.00	208.50	208.98	204.75	205.75	206.50
FEB 16	191.50	191.00	195.00	196.00	200.03	203.00	204.00	201.73	204.00	205.53
MAR 16	192.00	191.75	194.95	194.95	199.00	202.00	202.53	201.85	203.53	205.90
NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)										
DEC 15	77.75	78.05	78.05	78.00	78.50	78.65	78.68	78.68	78.68	78.60
JAN 16	84.53	85.03	86.03	83.35	83.28	82.50	81.23	80.78	80.28	80.50
FEB 16	93.00	93.43	94.00	90.80	91.10	88.18	85.45	84.15	83.50	83.33
MAR 16	98.00	99.00	99.33	96.10	96.50	94.00	91.75	89.75	89.00	88.58
WHEY (Electronic-Traded) (¢/lb)										
DEC 15	23.78	23.33	23.75	23.85	23.85	23.88	23.88	23.88	23.88	23.88
JAN 16	25.53	24.75	24.85	24.53	24.53	24.75	24.00	23.63	23.23	23.30
FEB 16	25.75	24.93	24.85	24.38	24.50	24.53	24.23	23.63	23.05	23.00
MAR 16	27.03	25.90	25.65	24.80	24.93	24.50	24.00	23.50	23.00	23.08
CHEESE CSC (Electronic-Traded) (\$/lb)										
DEC 15	1.58	1.58	1.58	1.58	1.58	1.57	1.57	1.57	1.57	1.57
JAN 16	1.54	1.51	1.52	1.51	1.50	1.51	1.50	1.49	1.49	1.48
FEB 16	1.57	1.55	1.55	1.55	1.54	1.54	1.52	1.49	1.49	1.48
MAR 16	1.60	1.59	1.59	1.59	1.58	1.58	1.57	1.55	1.54	1.53
APR 16	1.64	1.63	1.62	1.61	1.61	1.62	1.61	1.59	1.57	1.57
MAY 16	1.67	1.65	1.65	1.64	1.64	1.64	1.64	1.62	1.61	1.60

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

2016 OFFICIAL MONTHLY AVERAGE RELEASE TIMES

<u>MONTH - 2016</u>	<u>RELEASE DAY*</u>
JANUARY	MONDAY, FEBRUARY 1, 2016
FEBRUARY	FRIDAY, MARCH 4
MARCH	FRIDAY, APRIL 1
APRIL	MONDAY, MAY 2
MAY	FRIDAY, JUNE 3
JUNE	FRIDAY, JULY 1
JULY	MONDAY AUGUST 1
AUGUST	FRIDAY, SEPTEMBER 2
SEPTEMBER	MONDAY, OCTOBER 3
OCTOBER	FRIDAY, NOVEMBER 4
NOVEMBER	FRIDAY, DECEMBER 2
DECEMBER	TUESDAY, JANUARY 3, 2017

*Release time: 9:00 am Central time

November Milk Production

Milk production in the 23 major States during November totaled 15.6 billion pounds, up 0.6 percent from November 2014. October revised production, at 16.1 billion pounds, was up 0.3 percent from October 2014. The October revision represented an increase of 30 million pounds or 0.2 percent from last month's preliminary production estimate.

Production per cow in the 23 major States averaged 1,808 pounds for November, 2 pounds above November 2014. This is the highest production per cow for the month of November since the 23 State series began in 2003.

The number of milk cows on farms in the 23 major States was 8.64 million head, 37,000 head more than November 2014, but unchanged from October 2015.

November 2015 Milk Cows and Milk Production, by States

State	Milk Cows ¹		Milk per Cow ²		Milk Production ²		
	2014	2015	2014	2015	2014	2015	Change from 2014
	<i>(thousands)</i>		<i>(pounds)</i>		<i>(million pounds)</i>		<i>(percent)</i>
AZ	193	195	1,945	1,950	375	380	1.3
CA	1,780	1,776	1,885	1,805	3,355	3,206	-4.4
CO	145	146	2,035	2,090	295	305	3.4
FL	123	125	1,535	1,545	189	193	2.1
ID	579	587	1,925	1,935	1,115	1,136	1.9
IL	93	94	1,580	1,600	147	150	2.0
IN	179	184	1,775	1,800	318	331	4.1
IA	208	210	1,835	1,845	382	387	1.3
KS	143	142	1,790	1,775	256	252	-1.6
MI	399	410	1,970	2,040	786	836	6.4
MN	460	460	1,610	1,650	741	759	2.4
NM	323	323	1,975	1,910	638	617	-3.3
NY	615	620	1,805	1,850	1,110	1,147	3.3
OH	267	266	1,620	1,635	433	435	0.5
OR	124	123	1,615	1,600	200	197	-1.5
PA	530	530	1,615	1,615	856	856	---
SD	98	109	1,795	1,830	176	199	13.1
TX	470	462	1,785	1,785	839	825	-1.7
UT	96	96	1,865	1,840	179	177	-1.1
VT	132	131	1,630	1,640	215	215	---
VA	92	90	1,550	1,550	143	140	-2.1
WA	276	276	1,905	1,900	526	524	-0.4
WI	1,273	1,280	1,770	1,835	2,253	2,349	4.3
23 State Total	8,598	8,635	1,806	1,808	15,527	15,616	0.6

¹ Includes dry cows. Excludes heifers not yet fresh.

² Excludes milk sucked by calves.

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Milk Production*, (December 2015).

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

NOTE: Data for this report is collected from public, private and semiprivate warehouses, apple houses, and meat packing plants where food products are generally stored for 30 days or more. Commodities in space owned or leased and operated by the armed services are not reported. Food stocks held under bond are included in the storage data.

All stocks in thousand pounds except where otherwise indicated

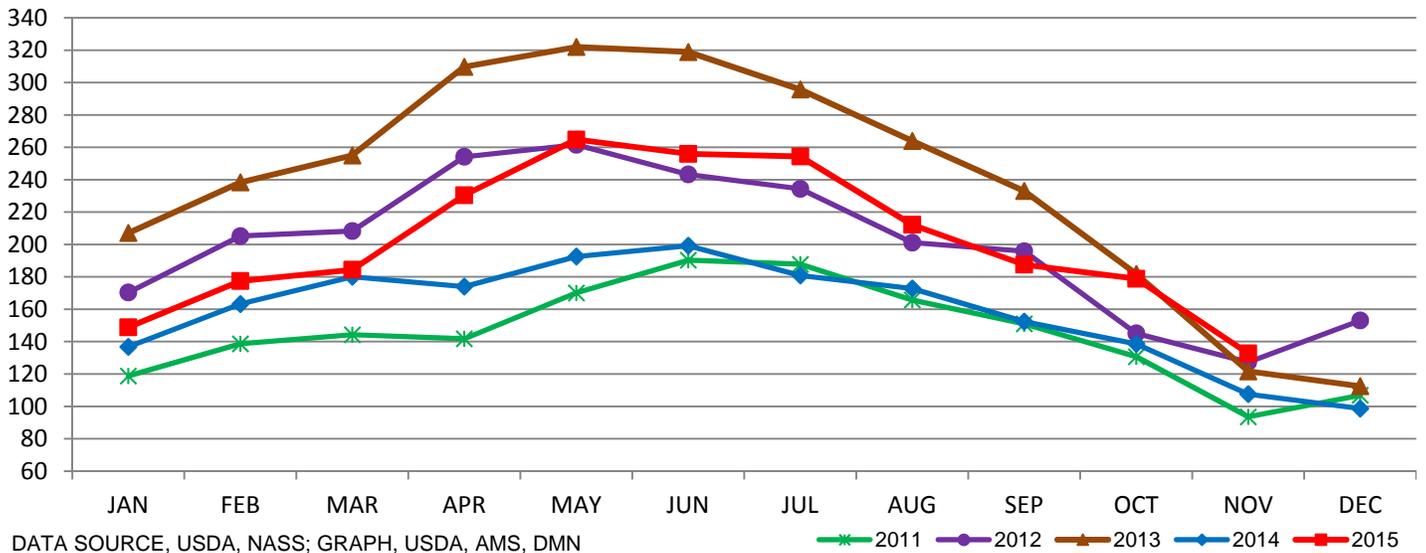
U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	OCT 31, 2013	OCT 31, 2014	REVISED OCT 31, 2015	NOV 30, 2013	NOV 30, 2014	NOV 30, 2015
Butter	181,799	147,956	178,834	121,627	107,566	132,702
Cheese, Natural American	626,161	623,336	696,770	613,965	635,776	697,937
Cheese, Swiss	27,923	25,600	21,404	26,102	24,419	22,596
Cheese, Other Natural	365,632	346,730	428,006	356,542	356,997	425,111
Total Cheese	1,019,716	995,666	1,146,180	996,609	1,017,192	1,145,644

NOVEMBER STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
New England	50,948	62,082	62,198	---	---	---	850	1,038	1,135
Middle Atlantic	60,582	68,152	72,797	---	---	---	13,403	22,843	23,989
East North Central	236,537	225,158	276,503	---	---	---	254,385	232,670	270,643
West North Central	93,137	101,218	111,410	---	---	---	39,782	42,360	47,880
South Atlantic	652	726	786	---	---	---	4,963	3,292	22,621
East South Central	3,294	4,872	4,387	---	---	---	9,352	16,493	12,927
West South Central	8,400	22,562	11,047	---	---	---	462	492	969
Mountain	49,415	49,420	60,711	---	---	---	3,254	2,258	4,292
Pacific	111,000	101,586	98,098	---	---	---	30,091	35,551	40,655
TOTAL	613,965	635,776	697,937	121,627	107,566	132,702	356,542	356,997	425,111

*Regional breakdowns are not reported to avoid possible disclosure of individual operations.

MILLION POUNDS

BUTTER COLD STORAGE HOLDINGS



FEDERAL MILK ORDER ADVANCE PRICES, JANUARY

Base Class I Price: Under the Federal milk order pricing system, the base Class I price for January 2016 is \$16.04 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of \$5.61 and the advanced butterfat pricing factor of \$3.0362. A Class I differential for each order's principal pricing point (county) is added to the base price to determine the Class I Price

Comparison to Previous Month: The base Class I price decreased \$0.67 per cwt when compared to the previous month of December 2015. For selected consumer products, the price changes are: whole milk (3.25% milk fat), -\$0.64 per cwt, -\$0.055 per gallon; reduced fat milk (2%), -\$0.57 per cwt, -\$0.049 per gallon; fat-free (skim milk), -\$0.47 per cwt, -\$0.041 per gallon

Class II Price Information: The advanced Class IV skim milk pricing factor is \$5.61. Thus, the Class II skim milk price for January 2016 is \$6.31 per cwt, and the Class II nonfat solids price is \$0.7011.

Product Price Averages: The two-week product price averages for January 2016 are: butter \$2.6787, nonfat dry milk \$0.7970, cheese \$1.5753 and dry whey \$0.2341.

FEDERAL MILK ORDER CLASS I PRICE INFORMATION^{1, 2}

Federal Milk Order Marketing Area ³	Order Number	January 2016		
		Class I Price (3.5%) <i>(dollars per cwt)</i>	Class I Skim Milk Price <i>(dollars per cwt)</i>	Class I Butterfat Price <i>(dollars per pound)</i>
Northeast (Boston) ⁴	001	19.29	8.86	3.0687
Appalachian (Charlotte) ⁵	005	19.44	9.01	3.0702
Florida (Tampa) ⁶	006	21.44	11.01	3.0902
Southeast (Atlanta) ⁷	007	19.84	9.41	3.0742
Upper Midwest (Chicago) ⁸	030	17.84	7.41	3.0542
Central (Kansas City) ⁹	032	18.04	7.61	3.0562
Mideast (Cleveland) ¹⁰	033	18.04	7.61	3.0562
Pacific Northwest (Seattle) ¹¹	124	17.94	7.51	3.0552
Southwest (Dallas) ¹²	126	19.04	8.61	3.0662
Arizona (Phoenix)	131	18.39	7.96	3.0597
All-Market Average		18.93	8.50	3.0651

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

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

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

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

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

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

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

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

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

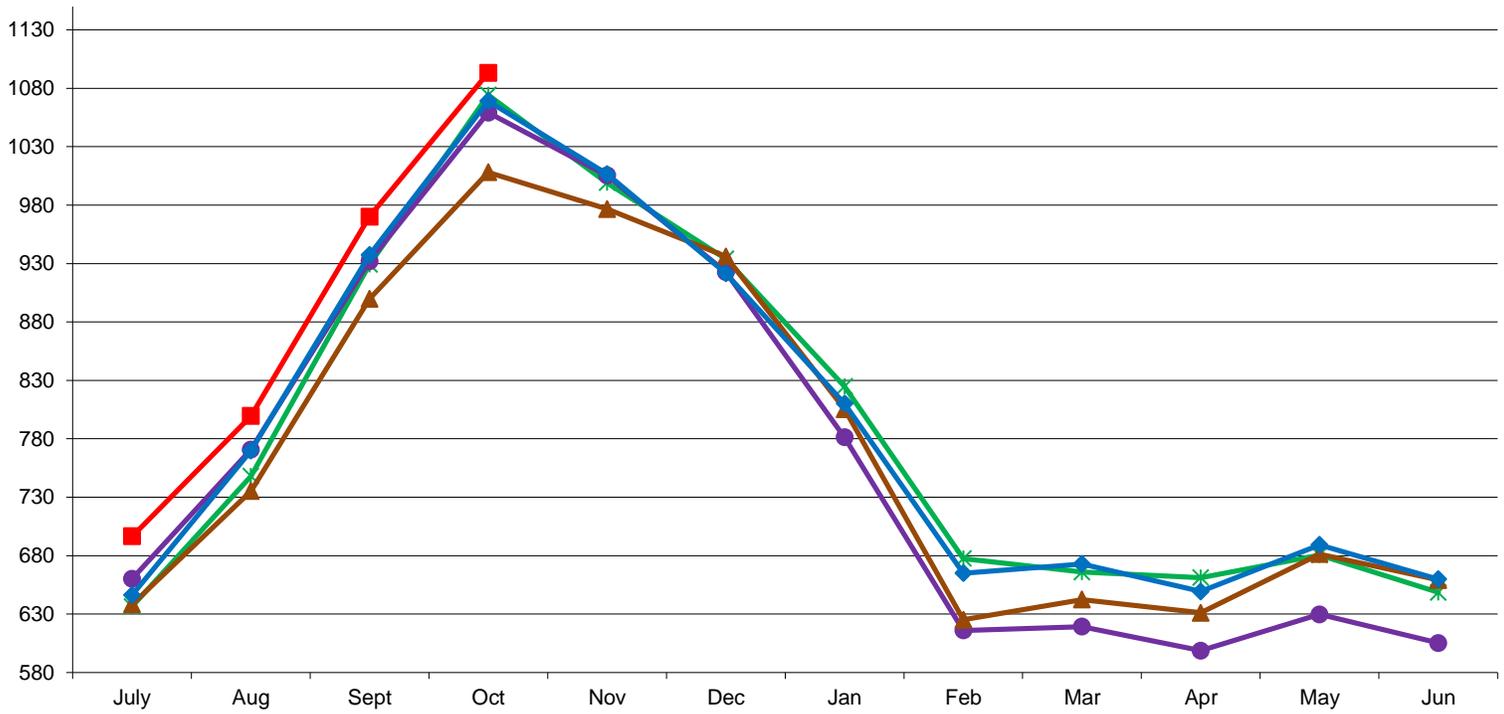
¹⁰ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20.

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

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

Monthly Australian Milk Production

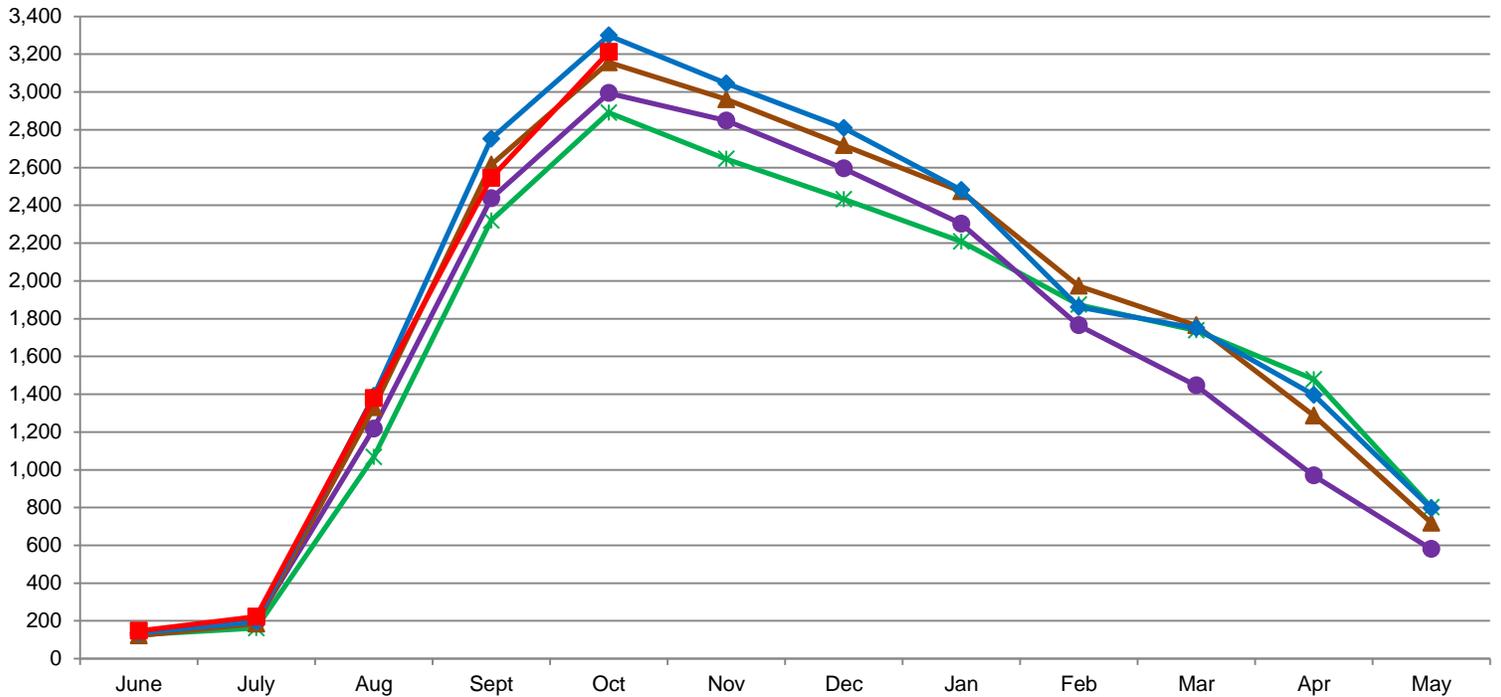
MILLION LITRES



DATA SOURCE, DAIRY AUSTRALIA LTD.; GRAPH, USDA, AMS, DMN 2011-12 2012-13 2013-14 2014-15 2015-16

Monthly New Zealand Milk Production

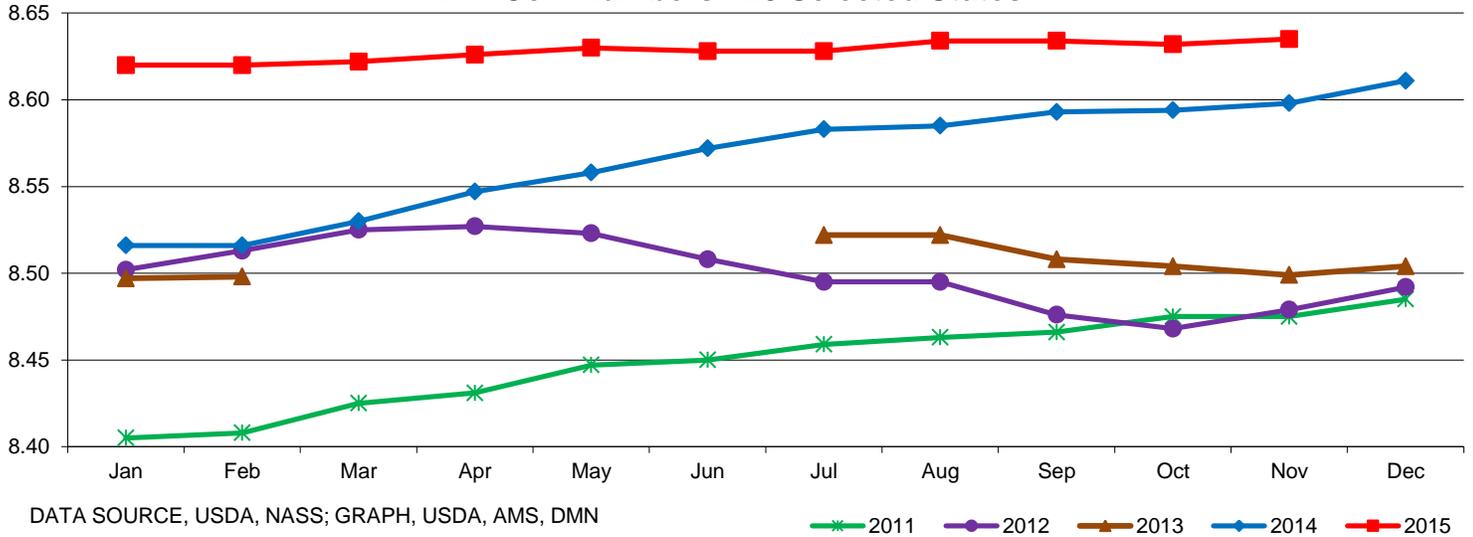
1,000 MT



DATA SOURCE, DCANZ; GRAPH, USDA, AMS, DMN 2011-12 2012-13 2013-14 2014-15 2015-16

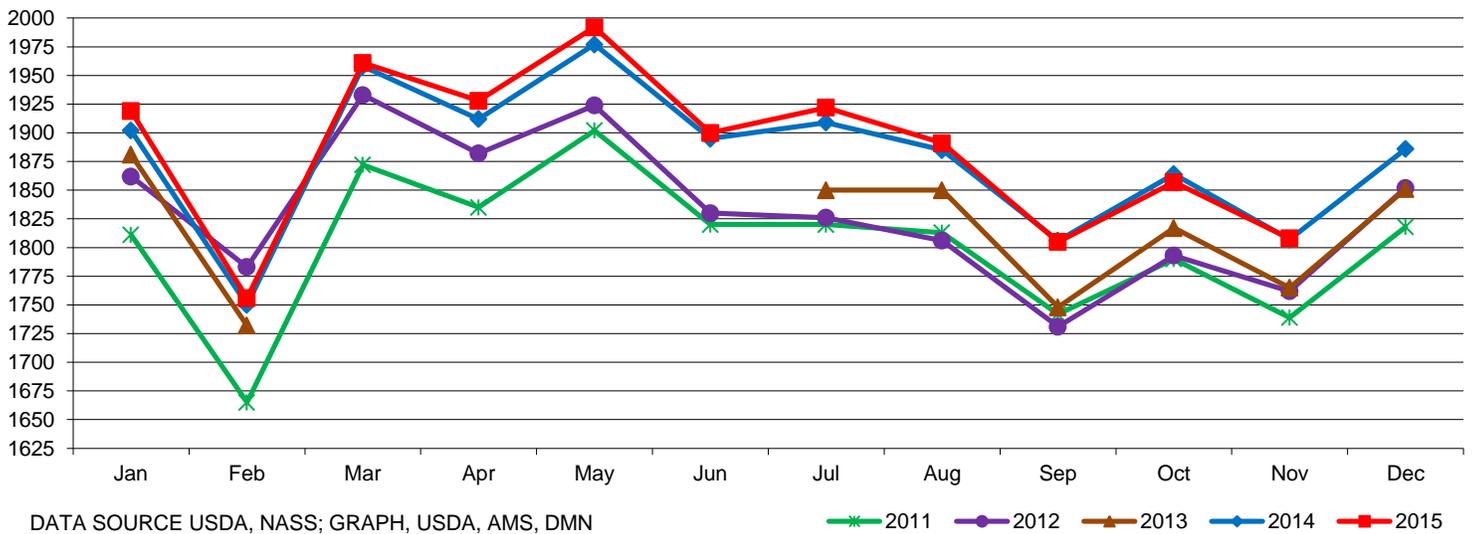
MILLION HEAD

Milk Cow Numbers - 23 Selected States



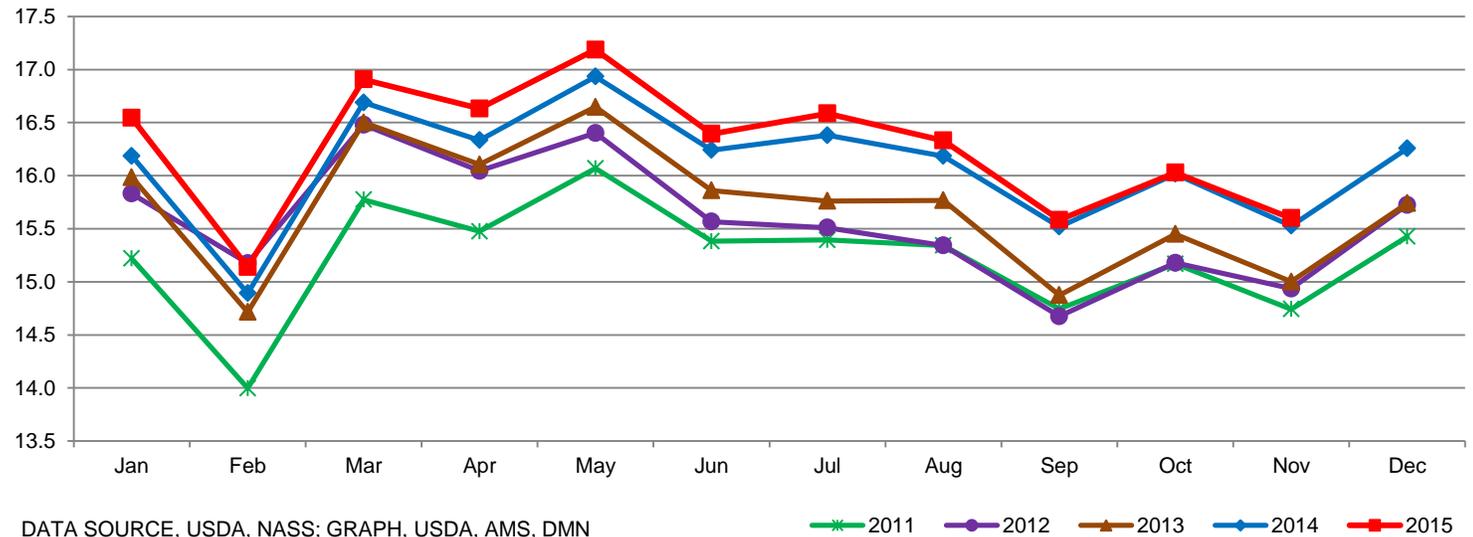
POUNDS

Monthly Milk Per Cow - 23 Selected States



BILLION POUNDS

Milk Production - 23 Selected States





Dairy Market News Branch

Agricultural
Marketing
Service

National Retail Report - Dairy

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

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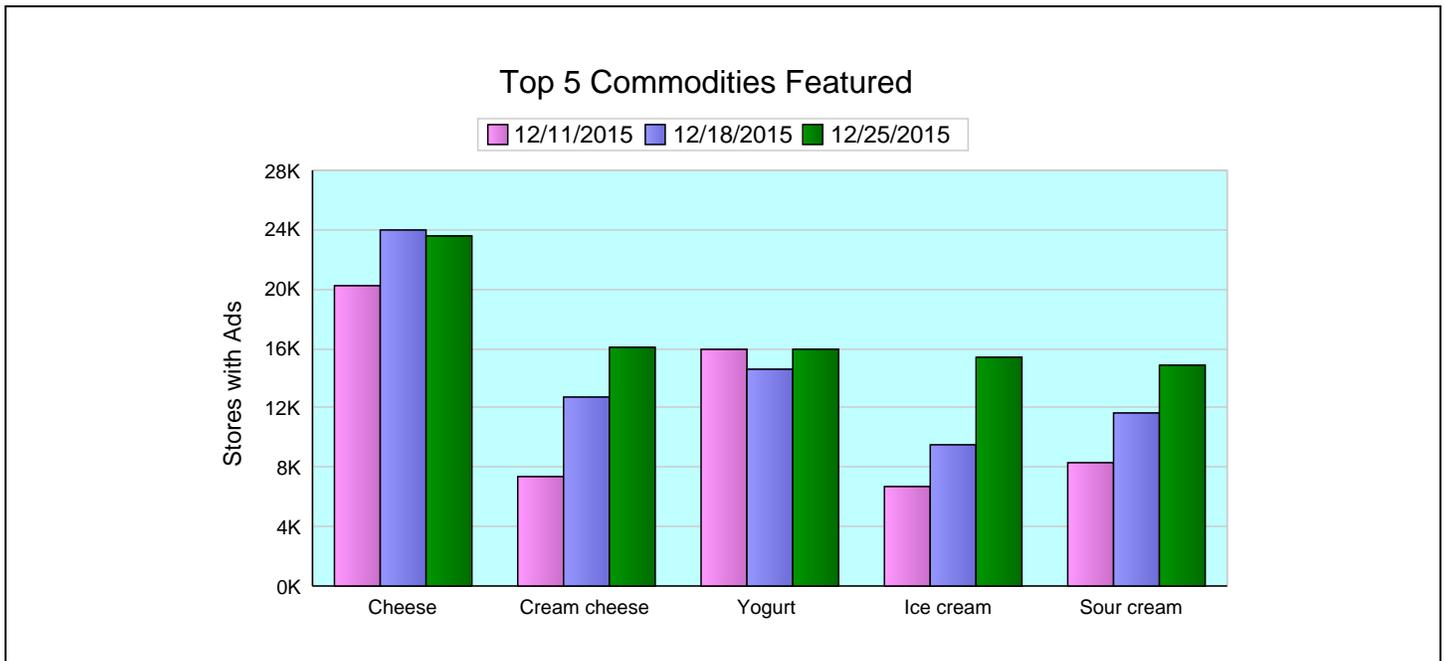
Thursday, December 24, 2015

Advertised Prices for Dairy Products at Major Retail Supermarket Outlets ending during the period of 12/25/2015 to 12/31/2015

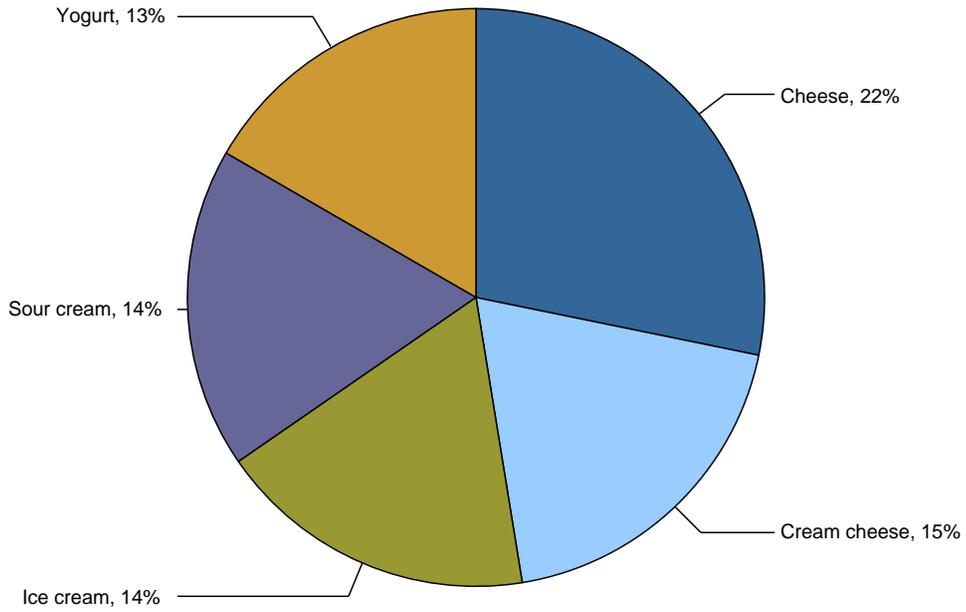
Conventional dairy ads increased 15% compared to the previous week. Cream cheese, 16 ounce, is the most advertised item this period, with an increase of 26% in ads volume. The U.S. weighted average price is \$1.49, 6 cents above last week. Ads volume for sour cream, 16 ounce, increased by 29%, the average price is \$1.81, 16 cents above last week. Ads volume for ice cream, 48-64 ounce, increased by 63%, the average price is \$2.97, 4 cents lower than the previous week. For other featured holiday dairy products, the change in ad volumes, average prices, and price changes from last week are as follows: 1 pound butter, -6%, \$3.03, down 7 cents; 16 ounce cottage cheese, +23%, \$1.84, down 3 cents; and half gallon eggnog, -22%, \$3.82, up 28 cents.

The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.19, down 3 cents from last week and 32 cents below a year ago; 8 ounce shred cheese averaged \$2.27, unchanged from last week, but 8 cents below one year ago. Ads for conventional cheese increased 1% from last week, but organic cheese ads decreased 51%.

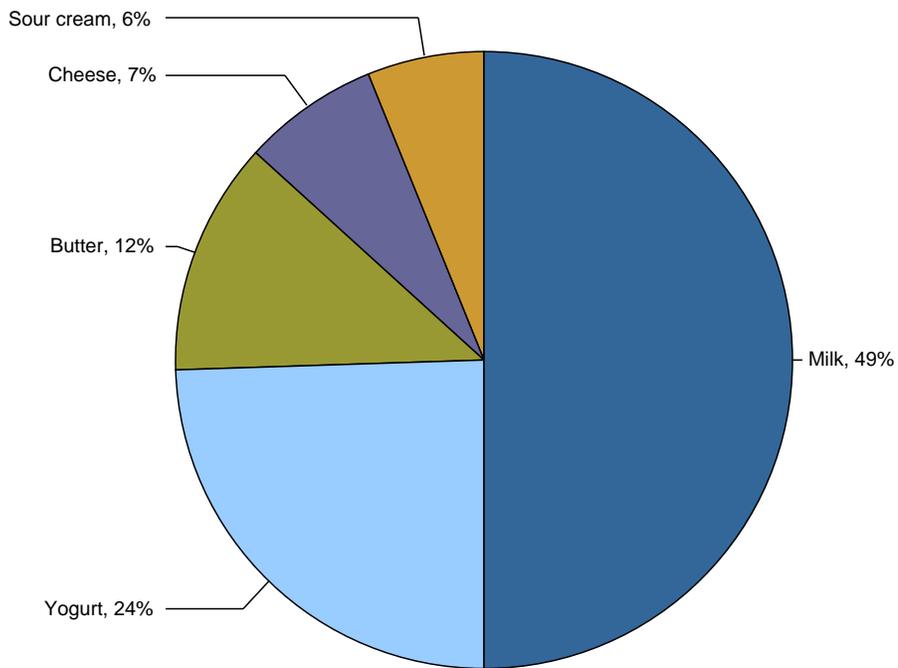
Conventional yogurt in 4-6 ounce packages averaged 51 cents, unchanged from last week but 3 cents higher than a year ago. The average price of 4-6 ounce conventional Greek yogurt is \$.96, 2 cents up from last week and 1 cent above a year ago. Conventional yogurt ad numbers increased 11% from last week. Organic yogurt ads decreased 5%.



Top 5 Percentage of Total Conventional Ads



Top 5 Percentage of Total Organic Ads





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 #	11067	3.03	11834	3.10	9237	3.06
Cheese	Natural Varieties	8 oz block	10422	2.19	10789	2.22	9443	2.51
Cheese	Natural Varieties	1 # block	1347	3.69	928	4.08	555	3.74
Cheese	Natural Varieties	2 # block	1227	6.55	835	6.36	957	7.83
Cheese	Natural Varieties	8 oz shred	9300	2.27	9800	2.27	7738	2.35
Cheese	Natural Varieties	1 # shred	806	3.99	579	4.36	495	3.61
Cottage cheese		16 oz	5360	1.84	4359	1.87	1624	1.86
Cream cheese		8 oz	16051	1.49	12723	1.43	15132	1.42
Egg nog		quart	1129	2.95	1623	2.98	678	2.33
Egg nog		half gallon	1648	3.82	2113	3.54	4704	3.73
Flavored milk	All fat tests	half gallon	400	3.36	213	2.94	271	2.53
Flavored milk	All fat tests	gallon			276	3.44	51	4.19
Ice cream		48-64oz	15347	2.97	9441	3.01	10459	2.98
Milk	All fat tests	half gallon			27	3.70	70	2.50
Milk	All fat tests	gallon	1064	2.72	1064	2.72	1582	3.15
Sour cream		16 oz	14415	1.81	11215	1.65	9792	1.67
Yogurt	Greek	4-6 oz	11584	.96	9230	.94	9934	.95
Yogurt	Greek	32 oz	906	3.99	677	4.14	1923	4.84
Yogurt	Yogurt	4-6 oz	1207	.51	2249	.51	1238	.48
Yogurt	Yogurt	32 oz	430	2.42	556	2.37	63	2.50

REGIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	2.50-3.99	1799	3.24	3.00-3.50	2358	3.29	1.97-3.49	1370	2.35
Cheese	Natural Varieties	8 oz block	1.88-2.50	2089	2.25	1.99-2.50	657	2.31	0.98-2.50	2256	2.01
Cheese	Natural Varieties	1 # block	3.99	270	3.99				3.99	213	3.99
Cheese	Natural Varieties	2 # block	6.99	108	6.99						
Cheese	Natural Varieties	8 oz shred	1.88-3.00	2037	2.54	2.50-3.00	424	2.57	1.49-2.50	1476	2.17
Cheese	Natural Varieties	1 # shred	3.99	270	3.99						
Cottage cheese		16 oz	1.99-2.99	584	2.37	2.00	1002	2.00	1.25-1.98	401	1.48
Cream cheese		8 oz	0.99-2.00	2564	1.61	1.50-2.00	3919	1.58	0.89-2.00	3356	1.17
Egg nog		quart	2.89-3.99	431	3.47	2.99	184	2.99	2.39-2.99	226	2.67
Egg nog		half gallon	3.89-4.99	750	4.48				2.99-3.49	388	3.06
Flavored milk	All fat tests	half gallon	3.49	137	3.49				2.50	53	2.50
Ice cream		48-64oz	1.99-3.99	3890	2.68	1.99-3.00	2318	2.86	2.50-3.99	2576	3.07
Milk	All fat tests	gallon	3.69	137	3.69				1.97	53	1.97
Sour cream		16 oz	1.29-2.50	2481	1.79	1.66-2.50	4187	1.96	0.99-1.99	1537	1.30

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Yogurt	Greek	4-6 oz	1.00-1.25	2921	1.07	0.70-1.25	2913	.95	0.70-1.00	1137	.91
Yogurt	Greek	32 oz	3.99	167	3.99				3.99	180	3.99
Yogurt	Yogurt	4-6 oz	0.49-0.50	388	.50	0.50	64	.50	0.50	180	.50
Yogurt	Yogurt	32 oz	1.50-2.49	132	1.95						

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 #	1.99-3.99	2083	2.63	1.69-3.99	2783	3.23	2.50-4.00	585	3.24
Cheese	Natural Varieties	8 oz block	0.98-2.99	2378	2.21	1.49-3.49	2351	2.22	1.79-2.50	650	2.26
Cheese	Natural Varieties	1 # block	3.99	242	3.99	2.99-3.99	343	3.41	2.99-3.99	279	3.24
Cheese	Natural Varieties	2 # block	5.99	121	5.99	5.99-7.99	626	7.04	4.99-6.99	370	5.74
Cheese	Natural Varieties	8 oz shred	0.98-2.88	2141	2.01	1.49-3.00	2444	2.25	1.89-2.50	742	2.28
Cheese	Natural Varieties	1 # shred	3.99	242	3.99	3.99	225	3.99	3.99	69	3.99
Cottage cheese		16 oz	1.25-2.28	1068	1.63	0.99-2.00	1350	1.57	1.25-2.50	889	2.07
Cream cheese		8 oz	0.88-2.00	2096	1.42	0.99-2.49	2980	1.58	0.99-2.99	1022	1.76
Egg nog		quart	2.50	121	2.50	1.99	137	1.99			
Egg nog		half gallon	2.99	288	2.99				2.99-3.99	182	3.33
Flavored milk	All fat tests	half gallon							3.49	210	3.49
Ice cream		48-64oz	1.99-5.99	2936	3.35	2.49-3.99	3202	2.90	2.97-3.50	256	3.10
Milk	All fat tests	gallon	1.99-3.99	710	2.47	2.88	137	2.88			
Sour cream		16 oz	1.00-2.00	2082	1.61	0.99-4.88	3199	1.92	1.25-2.50	819	1.96
Yogurt	Greek	4-6 oz	0.70-1.00	1494	.83	0.70-1.00	2642	.95	0.70-1.00	422	.91
Yogurt	Greek	32 oz				3.99	244	3.99	3.99	315	3.99
Yogurt	Yogurt	4-6 oz	0.50	201	.50	0.50	178	.50	0.50-0.60	166	.56
Yogurt	Yogurt	32 oz	2.29	51	2.29				2.50	210	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 #	3.49-5.98	55	4.95	4.49	34	4.49
Cheese	Natural Varieties	8 oz block	2.49-2.79	38	2.66	3.50	3	3.50
Cheese	Natural Varieties	2 # block	8.99-9.99	2	9.49			
Cheese	Natural Varieties	8 oz shred	2.50-3.98	9	2.99	3.00	27	3.00
Cottage cheese		16 oz	1.49-3.50	39	2.93	2.29-2.77	27	2.34
Cream cheese		8 oz	1.66-2.88	73	2.32	1.50-3.00	41	2.02
Egg nog		quart				1.99-3.49	30	3.34
Egg nog		half gallon	3.98-7.98	40	7.12			
Ice cream		48-64oz	3.00-7.99	68	5.53	3.50-4.08	101	3.82
Milk	All fat tests	gallon				4.99	27	4.99
Sour cream		16 oz	1.49-3.50	52	2.75	2.50-2.69	58	2.61
Yogurt	Greek	4-6 oz				1.00-1.25	55	1.23



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
Yogurt	Yogurt	4-6 oz				0.60-1.29	30	.67
Yogurt	Yogurt	32 oz				2.50-3.99	37	3.87

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 #	879	5.13	1080	5.13		
Cheese	Natural Varieties	8 oz block	84	3.50	631	4.54	1616	3.95
Cheese	Natural Varieties	8 oz shred	438	3.73	432	4.11	989	3.99
Egg nog		quart			100	4.50	63	2.99
Ice cream		48-64oz	117	4.99	117	4.99		
Milk	All fat tests	half gallon	3025	3.89	2669	3.78	176	3.15
Milk	All fat tests	gallon	137	6.98	347	5.99	1421	5.89
Milk	All fat tests	8 oz UHT	596	1.07				
Sour cream		16 oz	472	2.25	474	2.37		
Yogurt	Greek	4-6 oz			137	1.25	235	1.25
Yogurt	Greek	32 oz	298	3.34	692	2.86		
Yogurt	Yogurt	4-6 oz	137	1.00	137	1.00		
Yogurt	Yogurt	32 oz	1417	2.50	983	2.50	141	3.49

REGIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #							4.99-5.49	429	5.41
Cheese	Natural Varieties	8 oz block	3.50	84	3.50						
Milk	All fat tests	half gallon	3.99	137	3.99	2.99-4.29	1267	4.10	2.99	110	2.99
Milk	All fat tests	8 oz UHT	1.08	543	1.08	1.00	53	1.00			
Yogurt	Greek	32 oz	5.49	84	5.49	2.50	214	2.50			
Yogurt	Yogurt	32 oz							2.50	110	2.50

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	4.99	228	4.99	4.49	117	4.49	5.00	105	5.00
Cheese	Natural Varieties	8 oz shred	3.49-3.50	228	3.50				3.99	210	3.99
Ice cream		48-64oz				4.99	117	4.99			
Milk	All fat tests	half gallon	2.99-3.19	288	3.14	2.99-4.49	1054	3.89	2.99	121	2.99
Milk	All fat tests	gallon				6.98	137	6.98			
Sour cream		16 oz	1.99	228	1.99	2.49	244	2.49			
Yogurt	Yogurt	4-6 oz				1.00	137	1.00			
Yogurt	Yogurt	32 oz	2.50	642	2.50	2.49-2.50	599	2.49	2.50	66	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
Milk	All fat tests	half gallon	3.29	11	3.29	5.87-7.89	37	7.73

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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GENERAL NUMBER

(608)557-7000

Elizabeth Frederick

(608) 557-7002

Elizabeth.Frederick@AMS.USDA.GOV

EAST

Daniel Johnson

(608) 557-7006

Daniel.Johnson@AMS.USDA.GOV

CENTRAL

Janet Linder

(608) 557-7003

Janet.Linder@AMS.USDA.GOV

SOUTHWEST

Angel Teran

(608) 557-7011

Angel.Teran@AMS.USDA.GOV

NORTHWEST/MOUNTAIN

Mike Bandli

(608) 557-7010

Mike.Bandli@AMS.USDA.GOV

NATIONAL SUPERVISOR

Butch Speth

(608) 557-7001

Butch.Speth@AMS.USDA.GOV

ORGANIC/INTERNATIONAL

Eric Graf

(608) 557-7005

Eric.Graf@AMS.USDA.GOV

INTERNET ADDRESS

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

MARKET NEWS PORTAL

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

RECORDED INFORMATION SYSTEM

(608) 557-7000

FAX

(608) 819-0629

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