

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (8/5)**

BUTTER: Grade AA closed at \$2.2700. The weekly average for Grade AA is \$2.2180 (+.0110).

CHEESE: Barrels closed at \$1.8800 and 40# blocks at \$1.8150. The weekly average for barrels is \$1.8220 (+.0470) and blocks, \$1.7655 (+.0460).

NONFAT DRY MILK: Grade A closed at \$0.8325. The weekly average for Grade A is \$0.8360 (-.0065).

BUTTER HIGHLIGHTS: National butter production is steady, but at a lower rate compared to Q1 and Q2 production levels. Cream supplies continue tightening throughout the country. Consequently, a few manufacturers are selling cream rather than churning. Some processors are focusing production on filling immediate buyers' needs, while others are running at full capacity. Butter demands from retailers and food service are fair to good. The market undertone is mixed. Inventories are steady to building. Bulk butter prices reported throughout the country are ranging from one cent under to 8 cents over the market, based on the CME Group with various time frames and averages used. The NASS Dairy Products report noted June U.S. butter production totaled 152.9 million pounds, up 6.4 percent from a year ago, but 10.1 percent lower from last month. January-June cumulative U.S. butter production totals 1,031.5 million pounds, 5.7 percent ahead of 2015 during the same time span. The Grade AA butter price at the CME Group on Friday closed at \$2.2700, up \$.1350 from a week ago.

CHEESE HIGHLIGHTS: Despite hot temperatures taking their toll on milk production across the country, cheese making remains active. A few Midwest cheese makers are now fortifying to improve yields. Western manufacturers are bringing in extra loads from time to time to fill in any gaps in production schedules. Demand in the East and West is mostly steady. Midwest contacts report strong sales for processed cheese, Italian type cheeses, and cheese curds. Eastern manufacturers are sitting on comfortable inventories. Block and barrel stocks are mostly long in the West. Midwest inventories are mixed, depending on variety. International interest in the U.S. cheese market remains light. The market undertone is mixed. In CME Group trading Friday, barrels closed at \$1.8800, up \$.1050 from last Friday and blocks closed at \$1.8150, up \$.0825.

FLUID MILK: Across the nation, farm milk production has been falling due to the spike in temperature and humidity in their

respective regions. However, manufacturers are supplementing production by seeking additional loads of milk from out of state and regional suppliers, covering current production needs. Most Class I processors are preparing for an upsurge in bottled milk demand with the commencement of classes at educational institutions being just around the corner. Ice cream and frozen dessert processors continue pulling in large amounts of cream. Cream supplies remain steady to tight with multiples increasing. In the East, cream multiples range from 1.28-1.35; in the West multiples from 1.16-1.30; and in the Central multiples from 1.20-1.36.

DRY PRODUCTS: Low/medium heat nonfat dry milk production is ongoing, but at a lower rate than the Q1 and Q2 production levels. Fresh NDM is moving at higher prices, while older NDM prices are heading towards the lower end of the range. Dry whole milk production has tapered off, as less fluid milk volumes are available to dry, moving prices upward. The dry buttermilk market is steady to firm. Dry buttermilk production is low as ice cream manufacturers are pulling in significant amounts of condensed buttermilk. Whey has been tight, resulting in slight increases of market prices. Whey production is slower as manufacturers are seeing the upside of producing more WPC and lactose than whey. There is less spot load availability in the market, making some brands a little harder to find. The WPC market undertone is mixed. Some processors are getting inquiries from buyers even though manufacturers describe the current market as lackluster. The lactose market is a sellers' market as supply is snug, enabling processors to refuse low bids.

INTERNATIONAL DAIRY MARKET NEWS (DMN): WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW: Expectations in the EU are for second half milk production to be below year ago volumes. EU dairy producers have increased culling and feeding of concentrates has been reduced. Recent actions in the EU are moving toward increasing labeling of milk and dairy products as to country of origin. The recent action of the European Commission, to allow France to begin a trial period where mandatory country of origin labeling is required on dairy products, continues to be a matter of intense discussion and commentary in the EU. Other countries are now responding in ways seeking similar market identification. Italy has now begun moving a proposal seeking

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CME GROUP CASH TRADING

COMMODITY	MONDAY AUG 01	TUESDAY AUG 02	WEDNESDAY AUG 03	THURSDAY AUG 04	FRIDAY AUG 05	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS	\$1.7750 (N.C.)	\$1.8000 (+.0250)	\$1.8000 (N.C.)	\$1.8550 (+.0550)	\$1.8800 (+.0250)	:: (+.1050)	:: \$1.8220 (+.0470)
40# BLOCKS	\$1.7325 (N.C.)	\$1.7600 (+.0275)	\$1.7600 (N.C.)	\$1.7600 (N.C.)	\$1.8150 (+.0550)	:: (+.0825)	:: \$1.7655 (+.0460)
NONFAT DRY MILK GRADE A	\$.8425 (-.0075)	\$.8350 (-.0075)	\$.8400 (+.0050)	\$.8300 (-.0100)	\$.8325 (+.0025)	:: (-.0175)	:: \$.8360 (-.0065)
BUTTER GRADE AA	\$2.1500 (+.0150)	\$2.2150 (+.0650)	\$2.2225 (+.0075)	\$2.2325 (+.0100)	\$2.2700 (+.0375)	:: (+.1350)	:: \$2.2180 (+.0110)

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-**

the same authority affecting Italian manufacturers of dairy products. That would lead to mandatory labeling of Italian dairy products similar to France. Lithuania has also begun seeking similar approval. Early indications suggest Spain and Portugal are seeking authority to follow in the French model. Critics raise the issue of the single market concept, which has been at the heart of the EU, as being undermined.

EASTERN OVERVIEW: Poland has begun a different approach to dairy product identification. The term "Polish Product" has been designated as one that may be voluntarily used. Those using it on a package or container must use milk and dairy ingredients sourced in Poland and processed in Poland. The distinction from the French labeling model, is Poland's program is voluntary rather than mandatory. Separately, Romania has a new food law obliging retailers to source at least 51% of their products from a 'short supply chain', which effectively means from Romania. This law takes effect in 2017.

OCEANIA OVERVIEW: Most of northern **Australia** is experiencing good rainfall and crop growth. This is adding to a positive outlook for supplemental feeding when needed. Many hay buyers continue to be feedlotters and farmers weaning cattle. In southern regions, continued slowing of demand has led to little price easing. This is attributed to a tight supply in Victoria, which is expected to remain tight pending new fodder being offered to the market. However, in Tasmania, hay prices are dropping. This is attributed to lessening of drought conditions. Most fodder purchases are last minute due to cash tightness. In Western Australia, early crops are ahead of schedule. Prices are mostly steady. According to Dairy Australia, June 2016 milk production in Australia was 8.8% below June 2015. The state changes from June a year earlier are: New South Wales, -8.4%; Victoria, -9.1%; Queensland, -0.2%; South Australia, -11.6%; Western Australia, +2.0% and Tasmania, -18.2%. Australia's milk production season to date (July, 2015-June, 2016) is down -2.0%, compared to the prior season. The state changes for the 2015-16 season compared with the prior season, and state percentage of total Australian production, are: New South Wales, +0.4%, 12.2%; Victoria, -3.2%, 64.8%; Queensland, -1.4%, 4.2%; South Australia, -0.5%, 5.4%; Western Australia, +6.5%, 4.1%; and Tasmania, -0.9%, 9.3%. A leading dairy cooperative in **New Zealand** recently announced that for the present, it will hold its previously projected milk pay price. This is welcome to dairy producers. With cooler weather and recent rain in New Zealand, hopes are increasing for production improvements. The rain is welcome in replenishing areas, which have been dry. June New Zealand milk production, as reported by DCANZ, was 147,000 MT, down from 824,000 MT in May. During June 2015, milk production was even with this June. June milk solids, 13.01 million kg, are down from 82.8 million in May. That said, June production volumes are less than 1% of annual production and thus, comparisons with other June production volumes are not particularly indicative in terms of a seasonal trend. At the August 2 GDT event #169, average prices ranged from 0.8% lower to 16.3% 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, \$3,797 +4.7%; butter, \$2,871 +6.6%; buttermilk powder, \$1,661 +7.7%; cheddar cheese, \$2,889 -0.8%; lactose, \$741 +3.7%; rennet casein, \$6,161 +16.3%; skim milk powder, \$1,965 +2.1%; and whole milk powder, \$2,265 +9.9%.

NATIONAL RETAIL REPORT (DMN): Conventional ice cream in 48 to 64 ounce containers is the single most advertised dairy item, having a U.S. weighted average advertised price of \$3.01, down from \$3.02. Total conventional dairy ad numbers increased 6%, and organic dairy ad numbers increased 23%. The price spread between

organic and conventional half gallon milk is \$1.17. Last week the spread was \$1.45. The price spread is the difference between the national weighted average price for organic, \$3.84, and conventional, \$2.67. Conventional milk ad numbers decreased this week, while organic milk ad numbers increased. The national weighted average price for conventional 1 pound butter is \$2.99, while organic 1 pound butter is \$5.27, an organic premium of \$2.28. When compared to the previous week, the volume of ad numbers for conventional butter increased 27%, and organic butter ad numbers increased 6%. The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.14, up 9 cents from last week; 8 ounce shred cheese averaged \$2.29, up 7 cents from last week. Ads for 8 ounce organic shred cheese average \$3.79, an organic premium of \$1.50. The number of conventional cheese ads increased 33%, and organic cheese ads increased 34% this week.

JUNE AGRICULTURAL PRICES HIGHLIGHTS (NASS):

The All Milk price received by farmers was \$14.80 in June, down \$2.20 from June 2015. The alfalfa hay price was \$142.00 in June, down \$36.00 from June 2015. The corn price was \$3.82 in June, up \$0.23 from June 2015. The soybean price was \$10.20 in June, up \$0.62 from June 2015. The milk-feed price ratio was 1.91 in June, down 0.16 from June 2015. The index of prices received by farmers for dairy products during the month of June 2016 was up 1.5 to 73.6. Compared to June 2015, the index was down 11 points (-13.0%). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in June 2016 was up 0.4 point to 107.5. Compared with June 2015, the index was down 3.7 points (-3.3%).

JULY FEDERAL MILK ORDER FINAL CLASS AND COMPONENT PRICES (FMMO):

The following are the July 2016 class prices under the Federal milk order pricing system and changes from the previous month: Class II: \$15.16 (+\$1.04), Class III: \$15.24 (+\$2.02), and Class IV: \$14.84 (+\$1.07). Under the Federal milk order pricing system, the butterfat price for July 2016 is \$2.5964 per pound. Thus, the Class II butterfat price is \$2.6034 per pound. The protein and other solids prices for July 2016 are \$1.9112 and \$0.0774 per pound, respectively. These component prices set the Class III skim milk price at \$6.38 per cwt. The July 2016 Class IV skim milk price is \$5.96, which is derived from the nonfat solids price of \$0.6618 per pound. The product price averages for July 2016 are: butter: \$2.3155, nonfat dry milk: \$0.8363, cheese: \$1.6419, and dry whey: \$0.2742.

JUNE DAIRY PRODUCT HIGHLIGHTS (NASS): Butter production was 153 million pounds, 6.4% above June 2015, but 10.1% below May 2016. American type cheese production totaled 390 million pounds, 0.2% below June 2015, and 2.6% below May 2016. Total cheese output (excluding cottage cheese) was 987 billion pounds, 1.1% above June 2015, but 1.5% below May 2016. Nonfat dry milk production, for human food, totaled 144 million pounds, 13.2% below June 2015, and 13.5% below May 2016. Dry whey production, for human food, was 78 million pounds, 8.2% below June 2015, and 3.8% below May 2016. Ice cream, regular hard production totaled 75.6 million gallons, 4.2% above June 2015, and 5.2% above May 2016.

CME GROUP

MONDAY, AUGUST 1, 2016

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.7750; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE A @ \$0.8200; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.1500; LAST OFFER UNCOVERED: NONE

TUESDAY, AUGUST 2, 2016

CHEESE -- SALES: 2 CARS BARRELS: 1 @ \$1.7925, 1 @ \$1.8000; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.8000; 1 CAR 40# BLOCKS @ \$1.7600; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 4 CARS GRADE A: 3 @ \$0.8450, 1 @ \$0.8350; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$0.8400
 BUTTER -- SALES: 16 CARS GRADE AA: 1 @ \$2.2000, 1 @ \$2.2025, 1 @ \$2.2000, 5 @ \$2.2500, 1 @ \$2.2550, 1 @ \$2.2500, 1 @ \$2.2400, 1 @ \$2.2300, 1 @ \$2.2075, 2 @ \$2.2100, 1 @ \$2.2150; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

WEDNESDAY, AUGUST 3, 2016

CHEESE -- SALES: NONE; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.8000; 1 CAR 40# BLOCKS @ \$1.7600; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 8 CARS GRADE A: 6 @ \$0.8350, 2 @ \$0.8400; LAST BID UNFILLED: 7 CARS GRADE A @ \$0.8350; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$0.8500
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.2225; LAST OFFER UNCOVERED: NONE

THURSDAY, AUGUST 4, 2016

CHEESE -- SALES: 11 CARS BARRELS: 1 @ \$1.8050, 1 @ \$1.8300, 1 @ \$1.8325, 4 @ \$1.8350, 1 @ \$1.8400, 1 @ \$1.8500, 2 @ \$1.8550; 6 CARS 40# BLOCKS: 3 @ \$1.7700, 1 @ \$1.7800, 1 @ \$1.7900, 1 @ \$1.7600; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.8550; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 4 CARS GRADE A: 1 @ \$0.8375, 1 @ \$0.8300, 1 @ \$0.8275, 1 @ \$0.8300; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.8275; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$0.8300
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$2.2325; LAST OFFER UNCOVERED: NONE

FRIDAY, AUGUST 5, 2016

CHEESE -- SALES: 7 CARS BARRELS: 1 @ \$1.8625, 1 @ \$1.8700, 1 @ \$1.8775, 4 @ \$1.8800; 3 CARS 40# BLOCKS: 1 @ \$1.7600, 1 @ \$1.7500, 1 @ \$1.8000; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.8150; LAST OFFER UNCOVERED: 1 CAR 40# BLOCKS @ \$1.8200
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.8325; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$0.8400
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 2 CARS GRADE AA @ \$2.2700; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$2.3100

BUTTER MARKETS

NORTHEAST

Butter plants are focusing production efforts on filling current orders. Industry contacts note milk intakes are marginally lower. Manufacturers are looking to sell cream for the production of Class II products rather than produce butter. In some parts of the East, the market might expect falloff in availability due to the effect of heat waves covering the Eastern region. Domestic demand for butter is fair, with steady orders from private labels. Inventory volumes are sufficient to meet current demands. The Northeast cash price for bulk butter is market to 8 over, based on the CME Group, depending on various factors like time frames and averages used. The butter market has a mixed undertone, as prices fluctuate. According to the DMN *National Retail Report-Dairy*, for July 29-August 4, this week's national weighted average advertised price for 1-pound butter is \$3.21, up 14 cents from last week, but down 15 cents from the previous year. The Northeast regional price is \$3.43, up 10 cents from the previous week, and the Southeast regional price is \$3.14. The July CME Group monthly average for Grade AA butter is \$2.2731, up from last year's monthly average of \$1.9056. Tuesday's CME Group cash trading saw Grade AA butter close at \$2.2150, down \$0.0325 from a week ago.

CENTRAL

Butter production in the Central region is steady this week. Cream remains available and manufacturers are running full schedules. Demand for butter remains strong. Brokers and manufacturers both report calls from buyers seeking loads of butter. Sales into retail and food service outlets are steady. However, industry contacts with butter stocks remain reluctant to make a spot sale. Inventories are comfortable for many manufacturers in the Midwest. Because production levels are higher than manufacturers had anticipated, some processors are building inventories. End users and other market participants report mixed inventories. Bulk butter prices

reported ranged from market to 7.5 cents over the market, with various time frames and averages used. International interest is light. The market undertone is steady. The DMN *National Retail Report-Dairy* for July 29-August 4 noted the national weighted average advertised price for a 1 pound package of butter was \$3.21, \$0.14 above one week ago, but \$0.15 below one year ago. Prices in the Midwest region for 1 pound packages of butter range from \$1.99-\$2.50 with a weighted average price of \$2.19. The weighted average price in the South Central region was \$2.01 with a price range of \$0.88-\$2.99. The CME Group monthly average price for Grade AA butter during July was \$2.2731, compared to \$1.9056 a year ago. Prices on the CME Group saw a large drop in price last week but have made a small recovery so far this week. Wednesday at the CME Group, Grade AA butter closed at \$2.2225, unchanged from last Wednesday.

WEST

Western butter production continues to be in a steady pattern. Some manufacturers are transitioning more production time into print versus bulk butter. Other manufacturers are slowing their churn rates to keep inventories in check. Cream is generally available for most processing needs. Industry contacts say domestic butter demand is good with a lot of interest coming from retailers. Contacts also note a cat and mouse game going on with the price of butter. Fluctuations in the butter price can spur on or suppress buyer interest rather quickly. Buyers have a fair amount of pent-up demand as they want to assure Q4 coverage of their butter needs, but they are also wanting to get favorable pricing from manufacturers. Both sides will be closely watching the availability of butterfat over the next few months and how that will play into butter markets. A number of market participants see this as the quiet time before baking season

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NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

<u>WEEK ENDING</u>	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
July 30, 2016	2,2938 3,840,238	1,6576 12,247,121	1,7729 9,459,430	.2694 7,062,380	.8407 18,424,046

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

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moves into top gear. The DMN *National Retail Report–Dairy* for the week of July 29-August 4 found that the U.S. weighted average advertised price of 1 pound butter is \$3.21, up \$.14 from last week. The U.S. weighted average price is down \$.15 from \$3.36 one year ago. In the Southwest, the weighted average advertised price of 1 pound butter is \$3.99. In the Northwest, the weighted average advertised price of 1 pound butter is \$2.99. According to the California Department of Food and Agriculture, June 2016 butter production was 46.0 million pounds, up 2.5% from a year ago. California year-to-date butter production through June is 306.4 million pounds, down 4.8% from 2015 butter production through June. Bulk butter pricing in the West this week is 1 cent under market to 3 cents above, based on the CME Group with various time frames and averages used. The CME Group July 2016 monthly average price for AA butter, \$2.2731, is up from the June monthly average of \$2.2640 and up from the July 2015 monthly average of \$1.9056. The Grade AA butter price at the CME Group on Wednesday closed at \$2.2225, unchanged from a week ago.

CHEESE MARKETS

NORTHEAST

Milk supplies to cheese manufacturers have been fair, even with some heat and humidity waves in certain parts of the East. Cheese producers are maintaining mostly steady production schedules with demand for cheese remaining constant. Manufacturing inventories are adequate with short-term orders filled. The market undertone is steady to firm. According to the DMN *National Retail Report-Dairy*, for July 29-August 4, the Northeast weighted average advertised price for 8 oz. cheese blocks was \$2.07, 2 cents above the national average and 7 cents above the previous week's Northeast price. The Southeast 8 oz. block cheese price was \$2.14, up 16 cents from last week's Southeast price. The July CME Group monthly average for barrels of cheese is \$1.7363, up \$.1050 from last year's monthly average, and 40-pound cheese blocks averaged \$1.6613, down \$.0046 from last year's monthly average. Tuesday, at the CME Group, cheese barrels closed at \$1.8000, up \$0.0250 from last week, while blocks closed at \$1.7600, up \$0.0550 from week ago prices.

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

Cheddar 40# Block	:	2.1225-2.4075
Process 5# Sliced	:	1.9750-2.4550
Muenster	:	2.1425-2.4925
Grade A Swiss Cuts 10 - 14#	:	2.9650-3.2875

CENTRAL

Cheese production is steady to slightly lower this week. Milk production continues to fall in the Central region. Several cheese manufacturers are choosing not to seek out additional spot loads of milk to make up for drops in fluid milk intakes. Other processors are taking measures to fortify and improve yields. Manufacturers currently utilizing spot loads of milk are preparing for spot load availability to disappear and production slow-downs as educational institutions begin to reopen. Although production is tapering off some, inventories of aged cheese remain large in the Central region. Fresh cheese, processed cheese and cheese curds are all up in sales and manufacturers report little to no inventories. Manufacturers and brokers both continue to receive calls from buyers seeking loads of several varieties of cheese. Inquiries for cheddar and Italian cheeses have grown this week. Several industry contacts report increases in sales this week. However, they speculate this may be a case of buyers jumping in the market now as they anticipate prices to continue to climb. International interest is light. The market undertone is steady. The DMN *National Retail Report-Dairy* shows that July 29-August 4 Midwest ads for 8 ounce shred cheese have a weighted average advertised price of \$1.92, 30 cents lower than the national average. Midwest prices range from \$1.49-\$2.00. One year ago, the national price was \$2.21. For 8 ounce blocks, the Midwest average price is \$1.84, 21 cents below the national average price. Midwest ads are priced from \$1.49-\$2.50. Last year, the national price was \$2.22. Midwestern wholesale prices are unchanged for Swiss cuts, but up \$.0175 for process, and up \$.0400 for all other types. The CME Group July 2016 monthly average price for barrels, \$1.7363, compares with \$1.6313 for July last year. The July 2016 price for blocks, \$1.6613, compares with \$1.6659 in July last year. In CME Group trading Wednesday, barrels closed at \$1.8000, up \$.0250 from last Wednesday and blocks closed at \$1.7600 up \$.0400 from last Wednesday

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

Process American 5# Loaf	:	1.8675-2.2275
Brick And/Or Muenster 5#	:	2.0925-2.5175
Cheddar 40# Block	:	1.8200-2.2150
Monterey Jack 10#	:	2.0675-2.2725
Blue 5#	:	2.3600-3.3475
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8925-2.8325
Grade A Swiss Cuts 6 - 9#	:	2.4825-2.6000

WEST

Western cheese production is active and steady. Milk is generally available for most processing needs, with a few extra loads moving around the region to fill in any production voids. Although food service demand has eased a bit, buyers are making regular orders, but are not actively looking for extra cheese. Retail demand is solid while export markets continue to be weak. Some manufacturers are eager to move into the fall football/pizza season and are anticipating the increased demand will help reduce inventories of mozzarella and other cheeses used on pizzas. Inventories for both blocks and barrels are typically long with some age. The DMN *National Retail Report-Dairy* for the week of July 29-August 4 shows the U.S. weighted average advertised retail price for an 8 ounce pack of natural shredded cheese is \$2.22, down \$.04 from last week, but up \$.01 from a year ago. Packs average \$2.17 in the Southwest and \$2.28 in the Northwest. For 8 ounce blocks, the U.S. price is \$2.05, down \$.08 from last week, and down \$.17 from a year ago. Blocks average \$2.35 in the Southwest and \$2.28 in the Northwest this week. In the West, wholesale prices are up \$.0175 for process, and up \$.0400 for cheddar block, cuts, and Monterey Jack. Swiss cut wholesale prices are unchanged. According to the California Department of Food and Agriculture, June 2016 cheese production was 207.5 million pounds, up 2.3% from a year ago. California year-to-date cheese production through June is 1.252 billion pounds, up 1.6% from 2015 cheese production through June. The CME Group July 2016 monthly average price for barrels, \$1.7363, is up from the June 2016 monthly average of \$1.5301, and up from the monthly average of a year ago, \$1.6313. Blocks' July average price, \$1.6613, is up from the \$1.5005 June monthly average, but down from \$1.6659 one year ago. In CME Group trading Wednesday, barrels closed at \$1.8000, up \$.0250 from a week ago and blocks closed at \$1.7600, up \$.0400.

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

Process 5# Loaf	:	1.8825-2.1400
Cheddar 40# Block	:	1.8250-2.2700
Cheddar 10# Cuts	:	2.0050-2.2250
Monterey Jack 10#	:	2.0150-2.1750
Grade A Swiss Cuts 6 - 9#	:	2.5425-2.9725

FOREIGN

In the EU semi hard cheese stocks are described as barely sufficient to meet demand. Declining milk production and components are factors limiting cheese production. Cheese in aging programs has been drawn down. Manufacturers are being cautious before entering into contracts for future cheese sales to be certain that there will be cheese available to deliver, as well as because expectations are for pricing to increase and thus, not wanting to leave too much money on the table by locking

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CHEESE MARKETS

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in a price too early. In the U.S., wholesale domestic blue, gorgonzola, parmesan and Romano cheese prices increased \$0.0400 following higher weekly average CME Group block prices. The remaining prices are unchanged.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	: 2.6400-5.2300	: 2.2875-3.7750*
Gorgonzola	: 3.6900-5.7400	: 2.7950-3.5125*
Parmesan (Italy)	: -0-	: 3.6775-5.7675*
Romano (Cows Milk)	: -0-	: 3.4775-5.6275*
Sardo Romano (Argentine)	: 2.8500-4.7800	: -0-
Reggianito (Argentine)	: 3.2900-4.7800	: -0-
Jarlsberg-(Brand)	: 2.9500-6.4500	: -0-
Swiss Cuts Switzerland	: -0-	: 3.0025-3.3250
Swiss Cuts Finnish	: 2.6700-2.9300	: -0-

* = Price change.

COLD STORAGE

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

	BUTTER	CHEESE
08/01/16	29,546	92,876
08/01/16	29,546	92,876
CHANGE	0	0
% CHANGE	0	0

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	5	0	0	13	50	0
SOUTHEAST STATES	0	0	0	0	0	0

Milk production continues to taper off in the southernmost areas of the Northeast and Mid-Atlantic areas. Southeast milk marketers are bringing in loads of fluid milk from other areas of the country to supplement production losses. Draws from Class I plants are anticipated to pick up towards the end of this week as educational institutions prepare to begin the school year. Bottlers report growing orders for single serve containers. Florida milk production is steady to slightly lower. Milk marketers in the area believe that drops in milk production will continue throughout the month of August. There were no export milk shipments this week but five milk shipments were imported. **Condensed skim** is readily available. However, as high temperatures prevail, farm level milk production is falling and decreasing the overall supply. Many Southeast schools begin the school year next week and have milk marketers prepared for the condensed skim supply to tighten further. A few Midwest manufacturers continue to purchase condensed skim loads out of the Eastern region. **Cream** in the East is relatively balanced. Cream handlers report having adequate supplies. Some contacts report a more readily available supply of cream than they had anticipated for this point in the summer. Ice cream and frozen dessert manufacturers continue to utilize a large portion of the cream supply. Cream **multiples** for all classes hold steady this week, 1.28-1.35. According to the DMN *National Retail Report-Dairy*, for July 29-August 1, the U.S. weighted average advertised price for a gallon of milk was \$2.66, a \$0.30 increase compared to last year and a \$0.25 increase from last week. The weighted average regional price for a gallon of milk in the Northeast was \$2.57. The DMN July monthly average for Northeast Class II cream was \$2.9970, compared to \$2.8390 a year ago. The DMN July monthly average for Northeast Class II condensed skim was \$0.5563, compared to \$0.7370 a year ago.

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 -	2.9363-3.0969
F.O.B. producing plants: Upper Midwest -	2.6484-3.0015

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS, F.O.B. PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	.45-.90
Northeast - Class III - spot prices -	.43-.65

MIDWEST

Milk production continues to fall in the Central region. Several North Central area milk marketers report a stronger fall off in production than in previous weeks. Some processors are seeking additional loads of milk from out of state and regional suppliers. Spot load availability is decreasing. However, industry contacts do report more spot load availability at the end of the week flowing into the weekend. Market participants report little to no spot loads being offered at discounts. Spot load prices reported this week ranged from class to \$1.50 over class. Bottlers report steady demand from retail and food service outlets and are preparing for educational institutions to reopen their doors in the upcoming weeks. Cream remains readily available in the Central region. Industry contacts report few setbacks when pursuing spot loads of cream. Some manufacturers are content with current cream intakes and

are not seeking or offering cream on the spot market. A few butter manufacturers in the Central region were not churning this week, resulting in higher volumes of cream available for spot purchases. Ice cream and frozen dessert processors continue to pull large amounts of Class II cream off the spot market and into production. Class II cream multiples are steady to higher on the bottom end of the range, 1.20-1.36. The DMN *National Retail Report-Dairy* for July 29-August 4 noted the national weighted average advertised price for one gallon of milk was \$2.66, up \$0.25 from a week ago, and \$0.30 higher than a year ago. The weighted average regional prices in the Midwest and South Central were \$2.05 and \$2.99, respectively. The DMN monthly average of the range price series for Upper Midwest Class II cream during July was \$2.8892, compared to \$2.7777 a year ago. The DMN monthly average of the range price series for Upper Midwest Class II cream during July was \$2.8892, compared to \$2.7777 a year ago. Producers in the South Central area continue to make progress with corn harvest. Roughly 85 percent of soybeans in the area are blooming and 50 percent are setting pods. North Central area soybeans are making great progress as the NASS *Crop Progress* report states 93 percent of soybean acreage is at or beyond the blooming stage and 88 percent of this year's crop is rated good to excellent.

WEST

Farm level milk production is trending lower in California. Daytime temperatures are reaching 109 degrees in the Central Valley. Consequently, cows' stress is increasing. However, manufacturers report having enough milk supplies to cover current production needs. Orders from bottlers are steadily improving as most educational institutions are reopening in the next few weeks. Bottled milk requests from retailers and food service are steady. Demands for ice cream and frozen desserts are strong, which is usual for this time of the year. Condensed skim volumes moving into Class 4a(butter/powder) and Class 4b(cheese) are steady. Dairy operators' demand for high quality alfalfa hay is moderate to high, but supplies are tight. Therefore, many dairy operators are buying alfalfa from nearby states. The July 4a price (butter/powder) in California is \$14.23, up 72 cents from the previous month and \$1.20 higher from a year ago. This compares to the Federal Order Class IV price of \$14.84 for July. The July 4b price (cheese) is \$14.67, up \$1.64 from the previous month, but 31 cents below a year ago. This compares to the Federal Order Class III price for July at \$15.24. The monsoon activity and high humidity are negatively affecting milk yields in Arizona. A few hauling issues have been reported due to flooding along highways. Class I orders from educational institutions are ramping up as most K-12 schools are reopening this week. Requests from retailers are higher as some supermarkets are restocking shelves. Class I sales into restaurants are even this week. Demands for various Class II dairy products are fair to good. Moderate condensed skim volumes continue moving into NDM processing. The rains have delayed alfalfa hay harvesting in some areas of the state. In New Mexico, the warm and rainy weather conditions are dropping farm milk intakes. Sales into Class I balancing plants are steady. Bottled milk demands from retailers and food service are even this week. However, many processors are anticipating higher Class I sales as K-12 schools are reopening soon. Class II sales are higher as interest for ice cream is strong. Condensed skim demand from NDM manufacturers is active. According to the DMN *National Retail Report-Dairy* for the week of July 29-August 4, the national weighted average advertised price for one gallon of milk is \$2.66, up 25 cents from last

FLUID MILK AND CREAM

-CONTINUED FROM PAGE 4-

week and 30 cents higher from a year ago. The weighted average regional prices in the Southwest and Northwest are \$2.34 and \$2.10, respectively. Pacific Northwest dairies have experienced a stretch of relatively good milk production weather. With the occasional touch of summer heat, milk production is steady to lower and following typical seasonal trends. Sufficient supplies of milk are available for most processing needs. Bottling demand is stable, but processors are anticipating the start of school terms over the next few weeks will increase bottling draws. Feed supplies are adequate. Pasture and rangeland conditions are good or excellent in 34% of Oregon, and 63% of Washington. Milk production is stable in the mountain states of Colorado, Idaho and Utah. Recent higher temperatures may have taken milk intakes down a notch, but there is still plenty of milk for most processing needs. Industry contacts report milk receipts are in pretty good balance with processing needs. Although a few loads of milk are being shipped into other western states, extra milk is mostly finding homes at nearby facilities. Hay making is ongoing and feedstocks are in good supply. Pasture and rangeland conditions are good or excellent in 66% of Colorado, 56% of Idaho, and 55% of Utah. Western cream supplies continue to narrow. Cream volumes moving into butter churning are steady. However, ice cream makers continue pulling significant amounts of cream. The market undertone is firm. This week, multiples for all classes are higher, ranging from 1.16 to 1.30.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Low/medium heat nonfat dry milk prices are lower this week. Several industry contacts report six month or older low/medium heat NDM being offered on the spot market at prices towards the lower end of the range. However, fresher low/medium heat NDM is moving at higher prices. Inventories are long in the Central region. Some manufacturers faced with large stocks are using low/medium heat NDM to fortify other dairy products as a way of managing stock levels. Several market participants report inventory pressures and the need to make sales in order to free up space in warehouses for new production. Overall, low/medium heat NDM production is steady this week. Demand is mixed. Industry contacts feel many buyers are content with their current low/medium heat NDM stocks and are choosing to sit on the sidelines for the time being. The market undertone is steady. High heat NDM prices hold steady this week on light trading. Production is steady to slightly higher. A few manufacturers are stepping up production and are producing more high heat NDM than is needed for contractual needs. However, these manufacturers express little interest in moving any high heat NDM loads outside of contracts right now. Due to this, inventories may increase slightly. Overall, inventories for high heat NDM are tight in the Central region. Demand is steady. The market undertone is firm. The DMN monthly average of the mostly price series for Central and East low/medium heat NDM during July was \$0.8774, compared to \$0.8583 a year ago. The July monthly average of the range price series for Central and East high heat was \$0.9531 compared to \$1.0375 a year ago. The CME Group monthly average price for Grade A NDM during July was \$0.8638, compared to \$0.7622 a year ago.

EAST: F.O.B. spot prices for eastern low/medium nonfat dry milk (NDM) shifted lower on the range and mostly series. Trading activity has been light to moderate throughout the week. At this point, the market undertone is unsettled, according to industry participants. Demands from bakers and cheese manufacturers are fair to good. Eastern NDM production is slightly lower as regional farm milk intakes continue dropping. Inventories are steady. High heat nonfat dry milk prices are unchanged this week. Interest from the bakery sector is active. Drying schedules are irregular in most processing plants. Inventories are tight. Therefore, sales in the f.o.b. market are light.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: .8125 - .9100 MOSTLY: .8475 - .9000
 HIGH HEAT: .9350 - 1.0200

NONFAT DRY MILK - WEST

Western f.o.b. prices for low/medium heat nonfat dry milk (NDM) are mixed on the range and mostly series. The market undertone remains uncertain for many industry participants. Spot sales in the domestic market are light to moderate. Some buyers/end users continue pushing manufacturers to drop prices. On the other hand, some processors prefer to hold NDM stocks rather than selling, anticipating better prices in the near future. Demands from bakers, cheese and dry mix manufacturers are active. Trades to Mexico are less active compared to the past two weeks. Moderate condensed skim volumes continue clearing into NDM processing. NDM production is ongoing, but at a lower rate compared to Q1 and Q2 production levels. Inventories are steady to building. F.O.B. spot prices for high heat nonfat dry milk are steady to higher. Interest from the bakery sector is active. Production is irregular, based on contractual requirements. High heat NDM supplies are very tight. Consequently, spot trading activity is limited. The CME Group monthly average price for Grade A NDM during July was \$0.8638, compared to \$0.7622 a year ago. The July 2016 Dairy Market News monthly average

for the West low/medium heat nonfat dry milk mostly series is \$0.8910 compared to \$.8203 a year ago. The average for Western high heat nonfat dry milk is \$0.9713 compared to \$1.0048 a year ago. According to California Department of Food and Agriculture, June 2016 nonfat dried milk (NDM) production in California totaled 38.0 million pounds, 35.2% lower than June 2015. From January through June 2016, NDM production totaled 314.3 million pounds, down 22.4% from the same period in 2015.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: .7800 - .9300 MOSTLY: .8500 - .9100
 HIGH HEAT: .9350 - 1.0400

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES
July 29	\$.7920	9,091,435
July 22	\$.7859	9,569,453

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

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Dry buttermilk prices are unchanged this week on light trading. Production is steady to lower this week. Some manufacturers continue to move buttermilk as condensed instead of scheduling buttermilk runs on dryer schedules. Many ice cream and frozen dessert producers are running plants at full capacity and are optimizing on the loads of condensed buttermilk manufacturers are moving. As manufacturers opt out of drying buttermilk, many inventories are thinning out. Industry contacts report good interest from buyers. However, the availability of buttermilk on the spot market is declining. Buyers are motivated to make spot load purchases in the current market. A few manufacturers report having little to no spot load availability and speculate the market will continue to firm. The DMN monthly average of the range price series for Central and East dry buttermilk during July was \$0.8065, compared to \$0.8430 a year ago.

EAST: Eastern dry buttermilk prices are unchanged on light trading. Demand from bakers is light to fair. According to most industry participants, the market undertone is unsettled. Dry buttermilk production is trending lower as less cream volumes are clearing into butter churning. In addition, ice cream manufacturers are pulling significant condensed buttermilk volumes. Inventories are mixed throughout the region.

F.O.B. CENTRAL/EAST: .7400 - .8600

DRY BUTTERMILK - WEST

F.O.B. spot prices for dry buttermilk in the West are steady to higher on the range and mostly series. The market undertone is firm as demand is above current supply. Interest from the bakery and confectionery sectors

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

Dry whey prices in the Central region are mostly higher this week. Milk intakes are seasonally decreasing for manufacturers and some contacts are seeing the whey stream slow down slightly because of this. Production is active and any decreases in production are due to a decrease in whey supply. Demand is steady to higher. Several industry contacts report more difficulty finding whey on the spot market than in recent weeks. Market participants note buyers showing little to no resistance to rising prices. Inventories in the Central region are tightening. Many manufacturers report decreasing spot load availability. Some contacts are choosing not to offer any dry whey on the spot market for the time being. International interest is steady to lower after several weeks of active export activity. The market undertone is firming. Animal feed dry whey prices are steady to higher this week. Some feed blenders have worked through large amounts of inventory and are reentering the market looking for dry whey. Contacts report less spot load availability than they had anticipated. Production is steady to higher. Sales are steady this week. The market undertone is firming. The DMN monthly average of the mostly price series for Central dry whey during July was \$0.2546, compared to \$0.3364 a year ago. The monthly average of the range price series for Central animal feed whey during July was \$0.1722, compared to \$0.2330 a year ago.

F.O.B. CENTRAL: .2400 - .3500 MOSTLY: .2450 - .2850
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .1300 - .2550

DRY WHEY - NORTHEAST

The Eastern dry whey price is steady to higher as a result of minor adjustments to pricing indices and limited spot sales. Manufacturers report getting sporadic inquiries from buyers. In some cases, buyers are looking to lock in Q4 deals. Inventories are stable. Dry whey production is down a little due to more interest by manufacturers to make WPC and lactose in lieu of dry whey and seasonal declines in farm milk production. The July 2016 Dairy Market News monthly average for Northeast dry whey was \$0.2787 compared to \$0.3873 one year ago.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2650 - .3125

DRY WHEY - WEST

Prices for western dry whey are mostly higher this week. A few end users are finding specific brands of dry whey to be a little harder to find, but dry whey in general is available. Demand from new business opportunities is lighter compared to recent weeks. Buyers are making sporadic inquiries and are mostly shopping around for deals. Production is steady, but some manufacturers are not seeing a big incentive to make dry whey instead of whey protein concentrates and lactose. The DMN monthly average of the mostly price series for West dry whey during July was \$0.2787 compared to \$0.2649 one month ago and \$0.3873 a year ago.

NONHYGROSCOPIC: .2450 - .3550 MOSTLY: .2700 - .3025

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices moved slightly lower on the bottom of the price range, but higher on the top end of both the range and mostly price series. The market for WPC34% is becoming increasingly polarized. Although a few manufacturers describe the current WPC 34% market as lackluster, other processors are getting a lot of inquiries from buyers looking for WPC34%. In some cases, end users are finding specific brands or WPC 34% with specific mineral composition very difficult to find. A few manufacturers are reluctant to let any extra WPC34% go because they need the inventories for future contractual obligations. Production is slightly down. A few processors continue to choose to produce higher whey protein concentrations in lieu of WPC 34%. The July 2016 Dairy Market News average of the mostly price series for Central and West whey protein concentrate 34% was \$0.6937 compared to \$0.6616 one month ago and \$0.7863 one year ago.

F.O.B. EXTRA GRADE 34% PROTEIN: .5750 - .8100 MOSTLY: .6650 - .7575

LACTOSE - CENTRAL AND WEST

Lactose prices are mostly steady, but the lower end of the price range moved higher. Industry contacts report quiet market activity, with very few spot sales to report. Higher mesh, finely ground lactose continues to have solid demand. Manufacturers say regular customers often ask for additional loads. A few processors say buyers will occasionally push back on price, but, because of snug supplies, the processors can refuse the lower bids. Lactose production is generally active. The July 2016 Dairy Market News average of the mostly price series for Central and West lactose was \$0.2769, compared to \$0.2616 one month ago and \$0.1995 one year ago.

Including spot sales and up to 3 month contracts.
F.O.B. EDIBLE, NON PHARMACEUTICAL .2300 - .3775 MOSTLY: .2300 - .3300

CASEIN - NATIONAL

Rennet and acid casein prices firmed at the bottom of the price range and rennet also firmed at the top. At GDT Event 169 on August 2, rennet casein prices moved more sharply higher on the all contract series than any product traded. Renewed buyer interest is a factor in pricing changes. With milk production at a seasonally lower point in Oceania casein production areas, generating higher output at this time is a challenge.

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: 2.8000 - 2.9500
ACID: 2.8500 - 2.9500

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

WEEK ENDING	2016 WEEKLY DAIRY COWS	2016 CUMULATIVE DAIRY COWS	2015 WEEKLY DAIRY COWS	2015 CUMULATIVE DAIRY COWS
07/16/2016	53.0	1,597.9	52.9	1,625.4

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
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
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

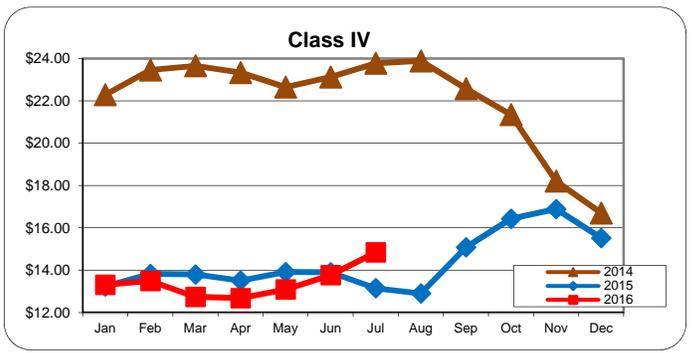
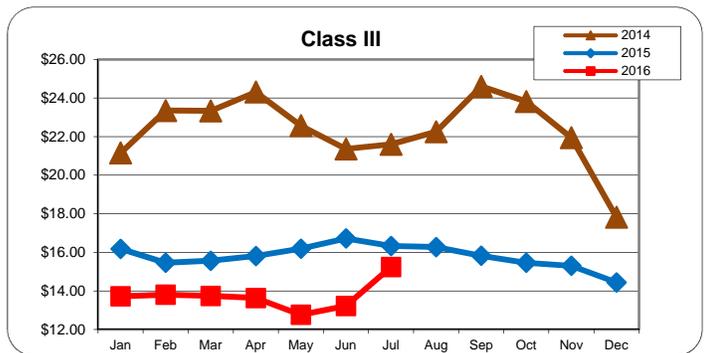
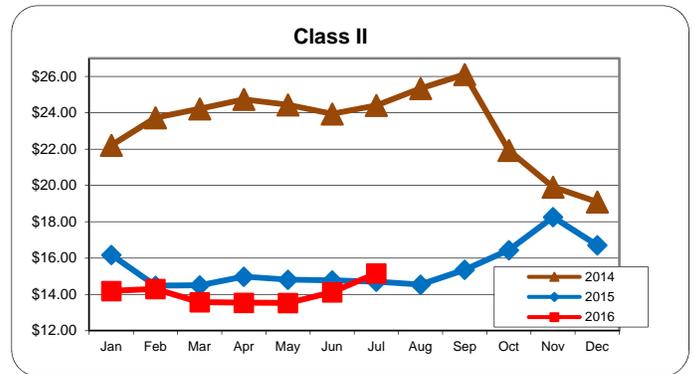
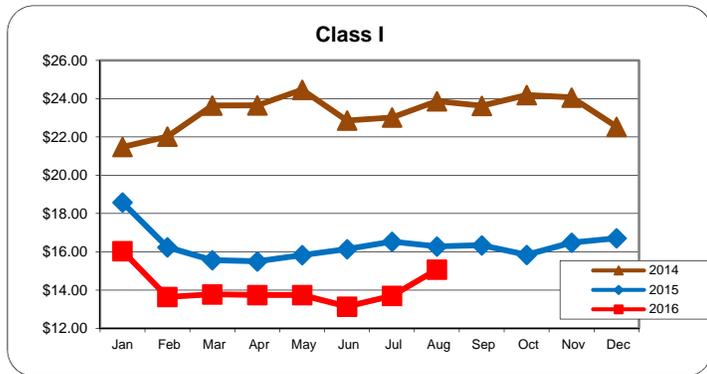
CLASS IV MILK PRICES (3.5%)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
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
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

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	13.64	13.78	13.74	13.70	13.14	13.70	15.07				
II	14.19	14.30	13.57	13.54	13.53	14.12	15.16					
III	13.72	13.80	13.74	13.63	12.76	13.22	15.24					
IV	13.31	13.49	12.74	12.68	13.09	13.77	14.84					

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 July 29 - August 5, 2016

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: Expectations in the EU are for second half milk production to be below year ago volumes. EU dairy producers have increased culling and feeding of concentrates has been reduced. Recent actions in the EU are moving toward increasing labeling of milk and dairy products as to country of origin. The recent action of the European Commission, to allow France to begin a trial period where mandatory country of origin labeling is required on dairy products, continues to be a matter of intense discussion and commentary in the EU. Other countries are now responding in ways seeking similar market identification. Italy has now begun moving a proposal seeking the same authority affecting Italian manufacturers of dairy products. That would lead to mandatory labeling of Italian dairy products similar to France. Lithuania has also begun seeking similar approval. Early indications suggest Spain and Portugal are seeking authority to follow in the French model. Critics raise the issue of the single market concept, which has been at the heart of the EU, as being undermined.

BUTTER/BUTTEROIL: EU butter prices increased at each end of the price range. However, within the EU there is a spread between pricing changes in significant butter producing nations. Dutch and French prices increased while the German quotation was mostly steady. Packaged butter supplies are tightening and finding offerings for immediate delivery is challenging. A recent uptick in orders for packaged butter for future delivery within the EU is believed to have been motivated by retailers stocking up in advance of expected price increases. The demand for bulk butter is quiet and offerings are limited. Production volumes are lower, in part due to increased prices for industrial cream. EU butter production January-May 2016 increased 11.5% from the same period of 2015, according to Eurostat.

82% BUTTERFAT: 3,450 - 3,650
99% BUTTERFAT: 3,800 - 3,900

SKIM MILK POWDER (SMP): EU skim milk powder prices slightly strengthened at each end of the price range. There is price variation within the EU. French SMP prices slightly decreased, but German and Dutch SMP prices slightly increased. Markets are calm, with a number of buyers taking time off during summer holidays. Export interest is also weaker. Production is expected to slow in coming months, as milk production declines. Some future production has already been contracted, leading to further uncertainty as to what volumes will be available in coming months. The price expectations of buyers and sellers are not in harmony, which is causing each side to proceed cautiously. EU SMP production January-May 2016 increased 16.7% from the same period of 2015, according to Eurostat.

1.25% BUTTERFAT: 1,950 - 2,050

SWEET WHEY POWDER: Sweet whey prices in the EU have firmed at each end of the price range. As to internal EU sales, feed grade whey demand has recently been higher. Food grade whey demand is not as active as feed grade, but is still higher than recent weeks. EU dry whey exports January-May 2016 increased 1.9% from the same period of 2015, according to Eucolait. The top three destinations for the period and percentage changes from the prior year are: China, +28.8%; Indonesia, +14.6%; and Malaysia, +10.0%.

NONHYGROSCOPIC: 675 - 825

WHOLE MILK POWDER (WMP): Whole milk powder prices in the EU strengthened at each end of the price range. Internal EU prices for WMP are increasingly diverging from world prices. The EU food industry is mostly stocked through the 3rd quarter, but negotiations continue for 4th quarter sales. Export interest is slow. EU whole milk powder production January-May 2016 increased 10.1% from the same period of 2015, according to Eurostat.

26% BUTTERFAT: 2,375 - 2,650

EASTERN OVERVIEW: Poland has begun a different approach to dairy product identification. The term "Polish Product" has been designated as one that may be voluntarily used. Those using it on a package or container must use milk and dairy ingredients sourced in Poland and processed in Poland. The distinction from the French labeling model is Poland's program is voluntary rather than mandatory. Separately, Romania has a new food law obliging retailers to source at least 51% of their products from a 'short supply chain', which effectively means from Romania. This law takes effect in 2017.

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered July 25 – August 5, 2016

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.

Most of northern **Australia** is experiencing good rainfall and crop growth. This is adding to a positive outlook for supplemental feeding when needed. Many hay buyers continue to be feedlotters and farmers weaning cattle. In southern regions, continued slowing of demand has led to little price easing. This is attributed to a tight supply in Victoria, which is expected to remain tight pending new fodder being offered to the market. However, in Tasmania, hay prices are dropping. This is attributed to lessening of drought conditions. Most fodder purchases are last minute due to cash tightness. In Western Australia, early crops are ahead of schedule. Prices are mostly steady. According to Dairy Australia, June 2016 milk production in Australia was 8.8% below June 2015. The state changes from June a year earlier are: New South Wales, -8.4%; Victoria, -9.1%; Queensland, -0.2%; South Australia, -11.6%; Western Australia, +2.0% and Tasmania, -18.2%. Australia's milk production season to date (July, 2015-June, 2016) is down -2.0%, compared to the prior season. The state changes for the 2015-16 season compared with the prior season, and state percentage of total Australian production, are: New South Wales, +0.4%, 12.2%; Victoria, -3.2%, 64.8%; Queensland, -1.4%, 4.2%; South Australia, -0.5%, 5.4%; Western Australia, +6.5%, 4.1%; and Tasmania, -0.9%, 9.3%. A leading dairy cooperative in New Zealand recently announced that for the present, it will hold its previously projected milk pay price. This is welcome to dairy producers. With cooler weather and recent rain in New Zealand, hopes are increasing for production improvements. The rain is welcome in replenishing areas which have been dry. June **New Zealand** milk production, as reported by DCANZ, was 147,000 MT, down from 824,000 MT in May. During June 2015, milk production was even with this June. June milk solids, 13.01 million kg, are down from 82.8 million in May. That said, June production volumes are less than 1% of annual production and thus, comparisons with other June production volumes are not particularly indicative in terms of a seasonal trend. At the August 2 GDT event #169, average prices ranged from 0.8% lower to 16.3% 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, \$3,797 +4.7%; butter, \$2,871 +6.6%; buttermilk powder, \$1,661 +7.7%; cheddar cheese, \$2,889 -0.8%; lactose, \$741 +3.7%; rennet casein, \$6,161 +16.3%; skim milk powder, \$1,965 +2.1%; and whole milk powder, \$2,265 +9.9%.

BUTTER: Butter prices in Oceania firmed slightly at the bottom of the price range. Most manufacturers have low sales activity at this point in the year. At GDT Event 169 on August 2, while butter prices for the September contract increased 0.8%, the all contract price increased 6.6%. New Zealand butter exports January-June 2016 declined 0.4% from the same period of 2015 according to Eucolait. The top three export destinations and percentage of total exports are: China, 16.1%; Iran, 12.9%; and Egypt, 11.2%.

82% BUTTERFAT: 2,800 - 3,000

SKIM MILK POWDER (SMP): Skim milk powder prices in Oceania remained unchanged. There was little activity to move prices and few spot transactions. SMP production in New Zealand is focused on supplying long term customers and manufacturing operations of New Zealand cooperative owned enterprises. At GDT Event 169 on August 2, while SMP prices for the September contract declined 0.3%, the all contract price increased 2.1%. New Zealand skim milk powder exports

January-June 2016 increased 8.1% from the same period of 2015 according to Eucolait. The volume of exports during June increased from March, April and May. The top three export destinations and percentage of total exports are: China, 32.3%; Philippines, 10.0%; and Malaysia, 8.1%. May's escalated volumes over immediately previous months is believed to reflect increased purchasing interest from Chinese buyers.

1.25% BUTTERFAT: 1,900 - 1,950

CHEDDAR CHEESE: Cheddar prices in Oceania firmed at each end of the price range. Manufacturers feel comfortable with buying interest and profitability of cheddar manufacturing. At GDT Event 169 on August 2, cheddar contracts for the September period did not change price from the previous GDT session. The all contracts price decreased 0.8%. Only November and December reflect increased contract prices. New Zealand cheese exports January-June 2016 increased 9.4% from the same period of 2015 according to Eucolait. The top three export destinations and percentage of total exports are: Japan, 18.1%; Australia, 16.9%; and China, 12.3%.

39% MAXIMUM MOISTURE: 2,900 - 2,975

WHOLE MILK POWDER (WMP): Whole milk powder prices in Oceania firmed at each end of the price range. The prevailing higher price levels in the EU are referred to as a factor helping to strengthen WMP prices in Oceania. WMP remains a significant dairy product focus of manufacturers and many customers have long buying relationships and affinities for their sources. At GDT Event 169 on August 2, WMP prices for the September contract increased 10.4%, and the all contract price increased 9.9%. Every contract period reflected strengthened pricing. New Zealand whole milk powder exports January-June 2016 decreased 3.0% from the same period of 2015 according to Eucolait. The top three export destinations and percentage of total exports are: China, 26.4%; Algeria, 9.1%; and UAE, 8.4%.

26% BUTTERFAT: 2,150 - 2,325

**Exchange rates for selected foreign currencies:
August 1, 2016**

.0669 Argentina Peso	.0098 Japan Yen
.7535 Australian Dollar	.0530 Mexican Peso
.7619 Canadian Dollar	.7175 New Zealand Dollar
1.1164 Euro	.2561 Poland Zloty
.0150 India Rupee	

Conversion example: To compare the value of 1 US Dollar to Mexican Pesos: (1/.0530) = 18.8679 Mexican Pesos. Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS

US\$/MT	Global/Dairy Trading (gDT) Event 169 Recap - August 2, 2016													
	Contract 1 Sep-16		Contract 2 Oct-16		Contract 3 Nov-16		Contract 4 Dec-16		Contract 5 Jan-16		Contract 6 Feb-17		All Contracts	
Anhydrous Milk Fat	\$4,119	11.5%	\$3,787	3.7%	\$3,753	4.1%	\$3,749	4.6%	\$3,792	5.0%	\$3,771	5.2%	\$3,797	4.7%
Butter	\$3,040	0.8%	\$2,800	7.3%	\$2,850	8.1%	\$2,955	8.8%	\$2,875	3.2%	\$2,900	-0.2%	\$2,871	6.6%
Buttermilk Powder		n.a.	\$1,650	10.7%	\$1,675	5.0%	\$1,715	n.a.		n.a.		n.a.	\$1,661	7.7%
Cheddar	\$2,995	n.a.	\$2,861	-11.7%	\$2,849	1.8%	\$2,938	5.5%	\$2,965	n.a.		n.a.	\$2,889	-0.8%
Lactose		n.a.	\$741	3.7%		n.a.		n.a.		n.a.		n.a.	\$741	3.7%
Rennet Casein	\$6,193	n.a.	\$6,204	19.2%	\$6,066	11.4%	\$6,231	11.8%		n.a.		n.a.	\$6,161	16.3%
Skim Milk Powder	\$1,945	-0.3%	\$1,932	2.1%	\$1,984	2.2%	\$1,992	2.4%	\$1,977	1.7%	\$2,000	3.1%	\$1,965	2.1%
Sweet Whey Powder		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.
Whole Milk Powder	\$2,273	10.4%	\$2,205	8.2%	\$2,260	9.9%	\$2,315	11.6%	\$2,334	9.9%	\$2,366	11.8%	\$2,265	9.9%

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

US\$/Pound	Global/Dairy Trading (gDT) Event 169 Recap - August 2, 2016													
	Contract 1 Sep-16		Contract 2 Oct-16		Contract 3 Nov-16		Contract 4 Dec-16		Contract 5 Jan-16		Contract 6 Feb-17		All Contracts	
Anhydrous Milk Fat	\$1.8684	11.5%	\$1.7178	3.7%	\$1.7023	4.1%	\$1.7005	4.6%	\$1.7200	5.0%	\$1.7105	5.2%	\$1.7223	4.7%
Butter	\$1.3789	0.8%	\$1.2701	7.3%	\$1.2928	8.1%	\$1.3404	8.8%	\$1.3041	3.2%	\$1.3154	-0.2%	\$1.3023	6.6%
Buttermilk Powder		n.a.	\$0.7484	10.7%	\$0.7598	5.0%	\$0.7779	n.a.		n.a.		n.a.	\$0.7534	7.7%
Cheddar	\$1.3585	n.a.	\$1.2977	-11.7%	\$1.2923	1.8%	\$1.3327	5.5%	\$1.3449	n.a.		n.a.	\$1.3104	-0.8%
Lactose		n.a.	\$0.3361	3.7%		n.a.		n.a.		n.a.		n.a.	\$0.3361	3.7%
Rennet Casein	\$2.8091	n.a.	\$2.8141	19.2%	\$2.7515	11.4%	\$2.8264	11.8%		n.a.		n.a.	\$2.7946	16.3%
Skim Milk Powder	\$0.8822	-0.3%	\$0.8763	2.1%	\$0.8999	2.2%	\$0.9036	2.4%	\$0.8968	1.7%	\$0.9072	3.1%	\$0.8913	2.1%
Sweet Whey Powder		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.
Whole Milk Powder	\$1.0310	10.4%	\$1.0002	8.2%	\$1.0251	9.9%	\$1.0501	11.6%	\$1.0587	9.9%	\$1.0732	11.8%	\$1.0274	9.9%

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

CME GROUP, INC FUTURES
Selected settling prices

Month	07/22	07/25	07/26	07/27	07/28	07/29	08/01	08/02	08/03	08/04
CLASS III MILK FUTURES (Pit-Traded) (\$/cwt)										
JUL 16	15.27	15.30	15.27	15.27	15.28	15.26	15.26	15.26	15.24	
AUG 16	16.72	16.96	16.86	16.94	16.85	16.84	16.92	17.02	17.02	16.99
SEP 16	16.68	16.89	16.74	16.78	16.78	16.79	16.91	17.02	17.07	16.99
OCT 16	16.63	16.80	16.57	16.65	16.66	16.72	16.84	16.91	16.90	16.80
NOV 16	16.38	16.61	16.35	16.40	16.38	16.39	16.43	16.48	16.42	16.40
DEC 16	16.05	16.25	16.02	16.05	16.10	16.08	16.09	16.08	16.02	15.94
JAN 17	15.94	16.03	15.96	15.98	16.03	16.00	15.99	15.95	15.95	15.95
FEB 17	16.07	16.12	16.09	16.00	16.05	16.00	15.97	15.99	16.02	16.02
MAR 17	16.16	16.18	16.15	16.07	16.13	16.08	16.10	16.10	16.10	16.12
APR 17	16.16	16.21	16.19	16.22	16.25	16.24	16.15	16.15	16.13	16.15
CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)										
JUL 16	14.94	14.94	14.93	14.92	14.92	14.92	14.90	14.85	14.84	
AUG 16	15.47	15.28	15.18	14.91	14.89	14.69	14.70	14.77	14.77	14.77
SEP 16	15.98	15.94	15.79	15.43	15.40	15.04	15.04	15.28	15.28	15.28
OCT 16	16.21	16.21	16.09	15.80	15.54	15.52	15.52	15.76	15.76	15.64
CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)										
JUL 16	231.58	231.03	231.03	231.03	231.13	231.25	231.50	231.50	231.55	
AUG 16	233.50	230.00	229.10	224.10	218.15	218.00	221.75	223.00	225.50	227.00
SEP 16	237.03	233.68	233.00	228.00	221.03	220.00	225.00	225.13	229.00	231.00
OCT 16	237.00	234.00	233.00	228.00	222.00	218.48	223.48	225.53	229.25	229.20
NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)										
JUL 16	84.30	84.30	84.30	83.70	84.10	84.15	84.30	83.65	83.63	
AUG 16	89.25	89.20	88.00	87.50	87.35	87.23	87.00	87.00	86.23	85.10
SEP 16	94.00	94.00	93.00	91.75	91.83	92.03	92.00	92.03	90.50	89.35
OCT 16	97.70	97.70	96.65	95.43	96.00	97.28	96.48	97.03	94.30	92.80
WHEY (Electronic-Traded) (¢/lb)										
JUL 16	27.50	27.50	27.50	27.50	27.50	27.50	27.50	27.50	27.42	
AUG 16	28.18	28.18	28.18	27.50	27.55	27.55	28.15	28.15	28.15	28.15
SEP 16	30.75	30.50	30.25	30.00	30.00	30.00	30.00	30.10	30.50	30.75
OCT 16	31.95	31.95	31.80	31.25	31.15	31.15	31.28	31.28	31.28	32.15
CHEESE CSC (Electronic-Traded) (\$/lb)										
JUL 16	1.64	1.65	1.65	1.65	1.65	1.64	1.64	1.64	1.64	
AUG 16	1.78	1.81	1.80	1.81	1.81	1.81	1.81	1.82	1.83	1.82
SEP 16	1.77	1.79	1.78	1.78	1.79	1.79	1.80	1.81	1.81	1.81
OCT 16	1.75	1.78	1.76	1.76	1.77	1.78	1.78	1.79	1.78	1.78
NOV 16	1.72	1.75	1.73	1.73	1.74	1.74	1.74	1.74	1.73	1.73

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

DAIRY MARKET NEWS MONTHLY SUMMARY AND AVERAGES FOR JULY 2016¹ - (UNLESS OTHERWISE NOTED, PRICES ARE DOLLARS PER POUND, CL/TL)

COMMODITY	:::REPORT NUMBER 26	:::REPORT NUMBER 27	:::REPORT NUMBER 28	:::REPORT NUMBER 29	:::REPORT NUMBER 30	::: 2016	::: 2015
	:-----:-----:-----:-----:-----:					Monthly	Monthly
	JUL 01	JUL 04 - 08	JUL 11 - 15	JUL 18 - 22	JUL 25 - 29	Average	Average

CHEESE

WISCONSIN (WSP, Delivered, LTL)

-- Process American 5# Loaf	:: 1.6325 - 1.9925	:: 1.7200 - 2.0800	:: 1.7800 - 2.1400	:: 1.8225 - 2.1825	:: 1.8500 - 2.2100	:: 1.9688	:: 1.9021
-- Brick And/Or Muenster 5#	:: 1.8875 - 2.3125	:: 1.9575 - 2.3825	:: 1.9750 - 2.4000	:: 2.0125 - 2.4375	:: 2.0525 - 2.4775	:: 2.2084	:: 2.2405
-- Cheddar 40# Block	:: 1.6150 - 2.0100	:: 1.6850 - 2.0800	:: 1.7025 - 2.0975	:: 1.7400 - 2.1350	:: 1.7800 - 2.1750	:: 1.9209	:: 1.9530
-- Monterey Jack 10#	:: 1.8625 - 2.0675	:: 1.9325 - 2.1375	:: 1.9500 - 2.1550	:: 1.9875 - 2.1925	:: 2.0275 - 2.2325	:: 2.0734	:: 2.1055
-- Blue 5#	:: 2.1550 - 3.1425	:: 2.2250 - 3.2125	:: 2.2425 - 3.2300	:: 2.2800 - 3.2675	:: 2.3200 - 3.3075	:: 2.7571	:: 2.7893
-- Mozzarella 5 - 6#	:: 1.6875 - 2.6275	:: 1.7575 - 2.6975	:: 1.7750 - 2.7150	:: 1.8125 - 2.7525	:: 1.8525 - 2.7925	:: 2.2659	:: 2.2980
-- Grade A Swiss Cuts 6 - 9#	:: 2.4950 - 2.6125	:: 2.4825 - 2.6000	:: 2.4825 - 2.6000	:: 2.4825 - 2.6000	:: 2.4825 - 2.6000	:: 2.5419	:: 2.7827

NORTHEAST (WSP, Delivered, LTL)

-- Cheddar 40# Block	:: 1.9175 - 2.2025	:: 1.9875 - 2.2725	:: 2.0050 - 2.2900	:: 2.0425 - 2.3275	:: 2.0825 - 2.3675	:: 2.1684	:: 2.1905
-- Process 5# Sliced	:: 1.7400 - 2.2200	:: 1.8275 - 2.3075	:: 1.8875 - 2.3675	:: 1.9300 - 2.4100	:: 1.9575 - 2.4375	:: 2.1363	:: 2.0796
-- Muenster	:: 1.9375 - 2.2875	:: 2.0075 - 2.3575	:: 2.0250 - 2.3750	:: 2.0625 - 2.4125	:: 2.1025 - 2.4525	:: 2.2209	:: 2.2430
-- Grade A Swiss Cuts 10 - 14#	:: 2.9775 - 3.3000	:: 2.9650 - 3.2875	:: 2.9650 - 3.2875	:: 2.9650 - 3.2875	:: 2.9650 - 3.2875	:: 3.1269	:: 3.3677

WEST COAST (WSP, Delivered, LTL)

-- Process 5# Loaf	:: 1.6475 - 1.9050	:: 1.7350 - 1.9925	:: 1.7950 - 2.0525	:: 1.8375 - 2.0950	:: 1.8650 - 2.1225	:: 1.9325	:: 1.8658
-- Cheddar 40# Block	:: 1.6200 - 2.0650	:: 1.6900 - 2.1350	:: 1.7075 - 2.1525	:: 1.7450 - 2.1900	:: 1.7850 - 2.2300	:: 1.9509	:: 1.9830
-- Cheddar 10# Cuts	:: 1.8000 - 2.0200	:: 1.8700 - 2.0900	:: 1.8875 - 2.1075	:: 1.9250 - 2.1450	:: 1.9650 - 2.1850	:: 2.0184	:: 2.0505
-- Monterey Jack 10#	:: 1.8100 - 1.9700	:: 1.8800 - 2.0400	:: 1.8975 - 2.0575	:: 1.9350 - 2.0950	:: 1.9750 - 2.1350	:: 1.9984	:: 2.0305
-- Grade A Swiss Cuts 6 - 9#	:: 2.5550 - 2.9850	:: 2.5425 - 2.9725	:: 2.5425 - 2.9725	:: 2.5425 - 2.9725	:: 2.5425 - 2.9725	:: 2.7581	:: 2.9989

FLUID PRODUCTS

SPOT PRICES OF CLASS II CREAM (\$ per lb. butterfat)

-- Northeast - f.o.b	:: 2.8296 - 3.1833	:: 2.8008 - 3.1509	:: 2.8711 - 3.1697	:: 2.8550 - 3.0834	:: 2.9363 - 3.0969	:: 2.9970	:: 2.8390
-- Upper Midwest - f.o.b	:: 2.7353 - 3.0654	:: 2.7541 - 3.0342	:: 2.6644 - 3.0319	:: 2.6951 - 3.1049	:: 2.7069 - 3.1198	:: 2.8892	:: 2.7777

PRICES OF CONDENSED SKIM - NORTHEAST (\$ per lb. wet solids) - f.o.b.

-- Class II	:: 0.15 - 0.85	:: 0.15 - 0.85	:: 0.20 - 0.85	:: 0.20 - 0.85	:: 0.45 - 0.90	:: 0.5563	:: 0.7370
-- Class III	:: 0.10 - 0.55	:: 0.10 - 0.55	:: 0.20 - 0.55	:: 0.20 - 0.55	:: 0.43 - 0.65	:: 0.4038	:: 0.8565

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COMMODITY	::REPORT NUMBER 26	::REPORT NUMBER 27	::REPORT NUMBER 28	::REPORT NUMBER 29	::REPORT NUMBER 30	2016	2015
	:-----:-----:-----:-----:-----:-----:-----:-----					Monthly	Monthly
	JUL 01	JUL 04 - 08	JUL 11 - 15	JUL 18 - 22	JUL 25 - 29	Average	Average
DRY PRODUCTS							
NONFAT DRY MILK							
-- Central And East (f.o.b.)							
-- Low/Medium Heat	:: 0.8000 - 0.9500	:: 0.8300 - 0.9600	:: 0.8300 - 0.9600	:: 0.7800 - 0.9300	:: 0.8375 - 0.9400	:: 0.8824	: 0.8539
-- Mostly	:: 0.8450 - 0.8900	:: 0.8500 - 0.8900	:: 0.8500 - 0.8900	:: 0.8500 - 0.8900	:: 0.8700 - 0.9300	:: 0.8774	: 0.8583
-- High Heat	:: 0.8800 - 0.9800	:: 0.8800 - 0.9800	:: 0.8800 - 0.9800	:: 0.9300 - 1.0200	:: 0.9350 - 1.0200	:: 0.9531	: 1.0375
-- West (f.o.b.)							
-- Low/Medium Heat	:: 0.8200 - 0.9300	:: 0.8050 - 0.9500	:: 0.8150 - 0.9500	:: 0.8075 - 0.9500	:: 0.7825 - 0.9300	:: 0.8736	: 0.8115
-- Mostly	:: 0.8300 - 0.8700	:: 0.8500 - 0.9100	:: 0.8700 - 0.9300	:: 0.8700 - 0.9300	:: 0.8500 - 0.9300	:: 0.8910	: 0.8203
-- High Heat	:: 0.9100 - 1.0225	:: 0.9100 - 1.0225	:: 0.9100 - 1.0225	:: 0.9100 - 1.0300	:: 0.9350 - 1.0300	:: 0.9713	: 1.0048
WHEY POWDER (Nonhygroscopic)							
-- Central (f.o.b.)	:: 0.2100 - 0.3500	:: 0.2250 - 0.3500	:: 0.2300 - 0.3500	:: 0.2300 - 0.3500	:: 0.2300 - 0.3600	:: 0.2903	: 0.3632
-- Mostly	:: 0.2250 - 0.2700	:: 0.2350 - 0.2750	:: 0.2350 - 0.2750	:: 0.2350 - 0.2750	:: 0.2350 - 0.2750	:: 0.2546	: 0.3364
-- West (f.o.b.)	:: 0.2200 - 0.3100	:: 0.2300 - 0.3150	:: 0.2350 - 0.3400	:: 0.2350 - 0.3400	:: 0.2350 - 0.3550	:: 0.2853	: 0.3982
-- Mostly	:: 0.2300 - 0.2800	:: 0.2400 - 0.2850	:: 0.2500 - 0.2925	:: 0.2500 - 0.2925	:: 0.2500 - 0.2925	:: 0.2687	: 0.3936
-- Northeast (f.o.b.)	:: 0.2500 - 0.2900	:: 0.2475 - 0.2950	:: 0.2550 - 0.3000	:: 0.2650 - 0.3000	:: 0.2650 - 0.3025	:: 0.2787	: 0.3873
WHEY PROTEIN CONCENTRATE							
-- Central And West (f.o.b.)							
-- Extra Grade 34% Protein	:: 0.5850 - 0.7800	:: 0.5850 - 0.7800	:: 0.5900 - 0.7800	:: 0.5850 - 0.7800	:: 0.5850 - 0.7800	:: 0.6831	: 0.8085
-- Mostly	:: 0.6500 - 0.7100	:: 0.6650 - 0.7100	:: 0.6650 - 0.7275	:: 0.6650 - 0.7275	:: 0.6650 - 0.7275	:: 0.6937	: 0.7863
ANIMAL FEED - WHEY							
-- Central (f.o.b.)							
-- Milk Replacer	:: 0.1300 - 0.2125	:: 0.1300 - 0.2125	:: 0.1300 - 0.2150	:: 0.1300 - 0.2150	:: 0.1300 - 0.2150	:: 0.1722	: 0.2330
BUTTERMILK (Min. 30% protein)							
-- Central And East (f.o.b.)	:: 0.7300 - 0.8400	:: 0.7500 - 0.8600	:: 0.7500 - 0.8600	:: 0.7600 - 0.8800	:: 0.7400 - 0.8600	:: 0.8065	: 0.8430
-- West (f.o.b.)	:: 0.6500 - 0.7600	:: 0.6900 - 0.8000	:: 0.7450 - 0.8200	:: 0.7400 - 0.8400	:: 0.7600 - 0.8400	:: 0.7774	: 0.8043
-- Mostly	:: 0.6700 - 0.7400	:: 0.7000 - 0.7800	:: 0.7500 - 0.8000	:: 0.7600 - 0.8000	:: 0.7800 - 0.8200	:: 0.7720	: 0.7914
DRY WHOLE MILK							
-- National (f.o.b.)	:: 1.1800 - 1.3700	:: 1.2400 - 1.3900	:: 1.1800 - 1.4500	:: 1.1800 - 1.4500	:: 1.1800 - 1.3600	:: 1.3018	: 1.1928
LACTOSE							
-- Central And West (f.o.b.)	:: 0.2200 - 0.3775	:: 0.1850 - 0.3775	:: 0.1850 - 0.3775	:: 0.1850 - 0.3775	:: 0.1850 - 0.3775	:: 0.2821	: 0.2176
-- Mostly	:: 0.2300 - 0.3050	:: 0.2300 - 0.3150	:: 0.2300 - 0.3225	:: 0.2300 - 0.3300	:: 0.2300 - 0.3300	:: 0.2769	: 0.1995
CASEIN - Edible - National (f.o.b.)							
-- Nonrestricted - Rennet	:: 2.5000 - 2.8000	:: 2.5500 - 2.8000	:: 2.6000 - 2.8500	:: 2.6500 - 2.9000	:: 2.6500 - 2.9000	:: 2.7363	: 3.2000
-- Nonrestricted - Acid	:: 2.5500 - 2.9000	:: 2.6000 - 2.9000	:: 2.6500 - 2.9000	:: 2.7000 - 2.9500	:: 2.7000 - 2.9500	:: 2.7925	: 3.2500

¹ Prices for all products are issued once a week and represent a value for the entire week. Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded. No monthly average is computed if one or more weekly prices are missing.

CME GROUP AVERAGES FOR JULY 2016

COMMODITY	:REPORT NUMBER 26:		:REPORT NUMBER 27:		:REPORT NUMBER 28:		:REPORT NUMBER 29:		:REPORT NUMBER 30:		2016 *	2015 *	
	:-----:		:-----:		:-----:		:-----:		:-----:		Monthly	Monthly	
	JUL 1		JUL 5 - 8		JUL 11 - 15		JUL 18 - 22		JUL 25 - 29		Average	Average	
BUTTER*													
-- GRADE AA													
--Monday	::	::	1	::	2.2750	::	2.2925	::	2.2600	::	:	:	
--Tuesday	::	::	2.3400	::	2.2500	::	2.2950	::	2.2475	::	:	:	
--Wednesday	::	::	2.2825	::	2.2725	::	2.2975	::	2.2225	::	:	:	
--Thursday	::	::	2.2825	::	2.3025	::	2.2925	::	2.1700	::	:	:	
--Friday	::	2.3500	::	2.2825	::	2.3200	::	2.2925	::	2.1350	::	2.2731	1.9056
--Weekly Average**	::	2.3340	::	2.2969	::	2.2840	::	2.2940	::	2.2070	::	:	:
CHEESE*													
-- BARRELS													
--Monday	::	::	1	::	1.7200	::	1.7450	::	1.7750	::	:	:	
--Tuesday	::	::	1.6700	::	1.7225	::	1.7550	::	1.7750	::	:	:	
--Wednesday	::	::	1.6700	::	1.7225	::	1.7550	::	1.7750	::	:	:	
--Thursday	::	::	1.6900	::	1.7350	::	1.7550	::	1.7750	::	:	:	
--Friday	::	1.6700	::	1.7200	::	1.7450	::	1.7750	::	1.7750	::	1.7363	1.6313
--Weekly Average**	::	1.6285	::	1.6875	::	1.7290	::	1.7570	::	1.7750	::	:	:
-- 40# BLOCKS													
--Monday	::	::	1	::	1.6300	::	1.6650	::	1.7075	::	:	:	
--Tuesday	::	::	1.5950	::	1.6300	::	1.6800	::	1.7050	::	:	:	
--Wednesday	::	::	1.5800	::	1.6300	::	1.6800	::	1.7200	::	:	:	
--Thursday	::	::	1.6000	::	1.6500	::	1.6650	::	1.7325	::	:	:	
--Friday	::	1.6250	::	1.6300	::	1.6600	::	1.7075	::	1.7325	::	1.6613	1.6659
--Weekly Average**	::	1.5830	::	1.6013	::	1.6400	::	1.6795	::	1.7195	::	:	:
NONFAT DRY MILK*													
-- GRADE A													
--Monday	::	::	1	::	0.8975	::	0.8700	::	0.8450	::	:	:	
--Tuesday	::	::	0.8750	::	0.8975	::	0.8625	::	0.8375	::	:	:	
--Wednesday	::	::	0.8700	::	0.8700	::	0.8625	::	0.8425	::	:	:	
--Thursday	::	::	0.8975	::	0.8750	::	0.8400	::	0.8375	::	:	:	
--Friday	::	0.8350	::	0.8900	::	0.8750	::	0.8450	::	0.8500	::	0.8638	0.7622
--Weekly Average**	::	0.8755	::	0.8831	::	0.8830	::	0.8560	::	0.8425	::	:	:

* Monthly averages are a simple average of all the closes during the month. Weekly and monthly averages are independent calculations.

** Weekly averages are simple averages of the closes during the calendar week and are for information purposes. Should the week be split between two months, the weekly average will appear in the monthly report in which the Friday close is reported.

1/ CME closed on July 4

June Agricultural Prices Highlights

The All Milk price received by farmers was \$14.80 in June, down \$2.20 from June 2015. The alfalfa hay price was \$142.00 in June, down \$36.00 from June 2015. The corn price was \$3.82 in June, up \$0.23 from June 2015. The soybean price was \$10.20 in June, up \$0.62 from June 2015. The milk-feed price ratio was 1.91 in June, down 0.16 from June 2015.

The index of prices received by farmers for dairy products during the month of June 2016 was up 1.5 to 73.6. Compared to June 2015, the index was down 11 points (-13.0 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in June 2016 was up 0.4 point to 107.5. Compared with June 2015, the index was down 3.7 points (-3.3 percent).

Selected Milk Prices, Milk Cows, and Feed Prices, Selected States and U.S., June 2016 with Comparisons

State	All-Milk price ^{1,2}		Alfalfa hay, baled		Corn for Grain		Soybeans	
	June		June		June		June	
	2015	2016	2015	2016	2015	2016	2015	2016
	<i>(dollars per cwt)</i>		<i>(dollars per ton)</i>		<i>(dollars per bushel)</i>		<i>(dollars per bushel)</i>	
AZ	15.80	14.10	160.00	140.00	---	---	---	---
CA	15.72	13.83	205.00	155.00	---	---	---	---
CO	17.40	15.20	190.00	160.00	3.73	3.85	---	---
ID	16.70	14.60	185.00	140.00	---	---	---	---
IN	16.50	14.80	---	---	3.67	4.26	9.91	10.90
IA	17.30	14.90	125.00	96.00	3.58	3.75	9.50	10.00
MI	16.00	13.70	160.00	115.00	3.39	3.95	9.68	10.50
MN	17.90	15.00	133.00	84.00	3.46	3.65	9.40	9.89
NM	15.60	14.10	225.00	165.00	---	---	---	---
NY	17.70	15.80	220.00	200.00	---	---	---	---
OH	17.10	15.50	175.00	170.00	3.71	4.19	10.10	10.60
PA	18.20	15.80	244.00	168.00	3.94	4.31	---	---
TX	17.20	15.30	224.00	182.00	3.97	3.93	---	---
WA	16.50	15.30	195.00	145.00	---	---	---	---
WI	18.00	14.80	105.00	95.00	3.48	3.75	9.44	10.30
U.S.	17.00	14.80	178.00	142.00	3.59	3.82	9.58	10.20

¹ Prices are shown at reported butterfat test. ² Before deduction for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies.

Milk-Feed Price Ratio, Selected States and U.S., June 2016 with Comparisons

Milk-feed: pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk ¹

State ²	June 2015	May 2016	June 2016
IA	2.44	2.24	2.22
MI	2.09	1.88	1.86
MN	2.51	2.32	2.36
OH	2.23	1.79	1.81
WI	2.74	2.30	2.20
U.S.	2.07	1.89	1.91

¹ The price of commercial prepared dairy feed is based on current United States prices received for corn, soybeans, and alfalfa. The modeled feed uses 51 percent corn, 8 percent soybeans, and 41 percent alfalfa hay. ² Available states that provided all necessary data to compute milk-feed price ratios.

General Price Measures, U.S., June 2016 with Comparisons

Item	June 2015	May 2016	June 2016
Index Numbers (1990-92=100):			
Prices received by farmers for dairy production	84.6	72.1	73.6
Prices paid by farmers for commodities and services, interest taxes, and wage rates	111.2	107.1	107.5

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Agricultural Prices, July 2016.*

Federal Milk Order Final Class and Component Prices, July

Class Prices: The following are the July 2016 class prices under the Federal milk order pricing system and changes from the previous month: Class II: \$15.16 (+\$1.04), Class III: \$15.24 (+\$2.02), and Class IV: \$14.84 (+\$1.07).

Component Price Information: Under the Federal milk order pricing system, the butterfat price for July 2016 is \$2.5964 per pound. Thus, the Class II butterfat price is \$2.6034 per pound. The protein and other solids prices for July 2016 are \$1.9112 and \$0.0774 per pound, respectively. These component prices set the Class III skim milk price at \$6.38 per cwt. The July 2016 Class IV skim milk price is \$5.96, which is derived from the nonfat solids price of \$0.6618 per pound.

Product Price Averages: The product price averages for July 2016 are: butter: \$2.3155, nonfat dry milk: \$0.8363, cheese: \$1.6419, and dry whey: \$0.2742.

Federal Milk Order Minimum Class Prices for Milk of 3.5 Percent Butterfat ^{1,2}						
Federal Milk Order Marketing Areas ³	Order Number	July 2016				August 2016
		Class I	Class II	Class III	Class IV	Class I
<i>(dollars per 100 pounds)</i>						
Northeast (Boston) ⁴	001	16.95	15.16	15.24	14.84	18.32
Appalachian (Charlotte) ⁵	005	17.10	15.16	15.24	14.84	18.47
Florida (Tampa) ⁶	006	19.10	15.16	15.24	14.84	20.47
Southeast (Atlanta) ⁷	007	17.50	15.16	15.24	14.84	18.87
Upper Midwest (Chicago) ⁸	030	15.50	15.16	15.24	14.84	16.87
Central (Kansas City) ⁹	032	15.70	15.16	15.24	14.84	17.07
Mideast (Cleveland) ¹⁰	033	15.70	15.16	15.24	14.84	17.07
Pacific Northwest (Seattle) ¹¹	124	15.60	15.16	15.24	14.84	16.97
Southwest (Dallas) ¹²	126	16.70	15.16	15.24	14.84	18.07
Arizona (Phoenix)	131	16.05	15.16	15.24	14.84	17.42
All-Market Average	---	16.59	15.16	15.24	14.84	17.96

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 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.

June 2016 Dairy Products Highlights

Butter production was 153 million pounds, 6.4 percent above June 2015, but 10.1 percent below May 2016. **American type cheese** production totaled 390 million pounds, 0.2 percent below June 2015, and 2.6 percent below May 2016. **Total cheese** output (excluding cottage cheese) was 987 billion pounds, 1.1 percent above June 2015, but 1.5 percent below May 2016. **Nonfat dry milk** production, for human food, totaled 144 million pounds, 13.2 percent below June 2015, and 13.5 percent below May 2016. **Dry whey** production, for human food, was 78 million pounds, 8.2 percent below June 2015, and 3.8 percent below May 2016. **Ice cream, regular hard** production totaled 75.6 million gallons, 4.2 percent above June 2015, and 5.2 percent above May 2016.

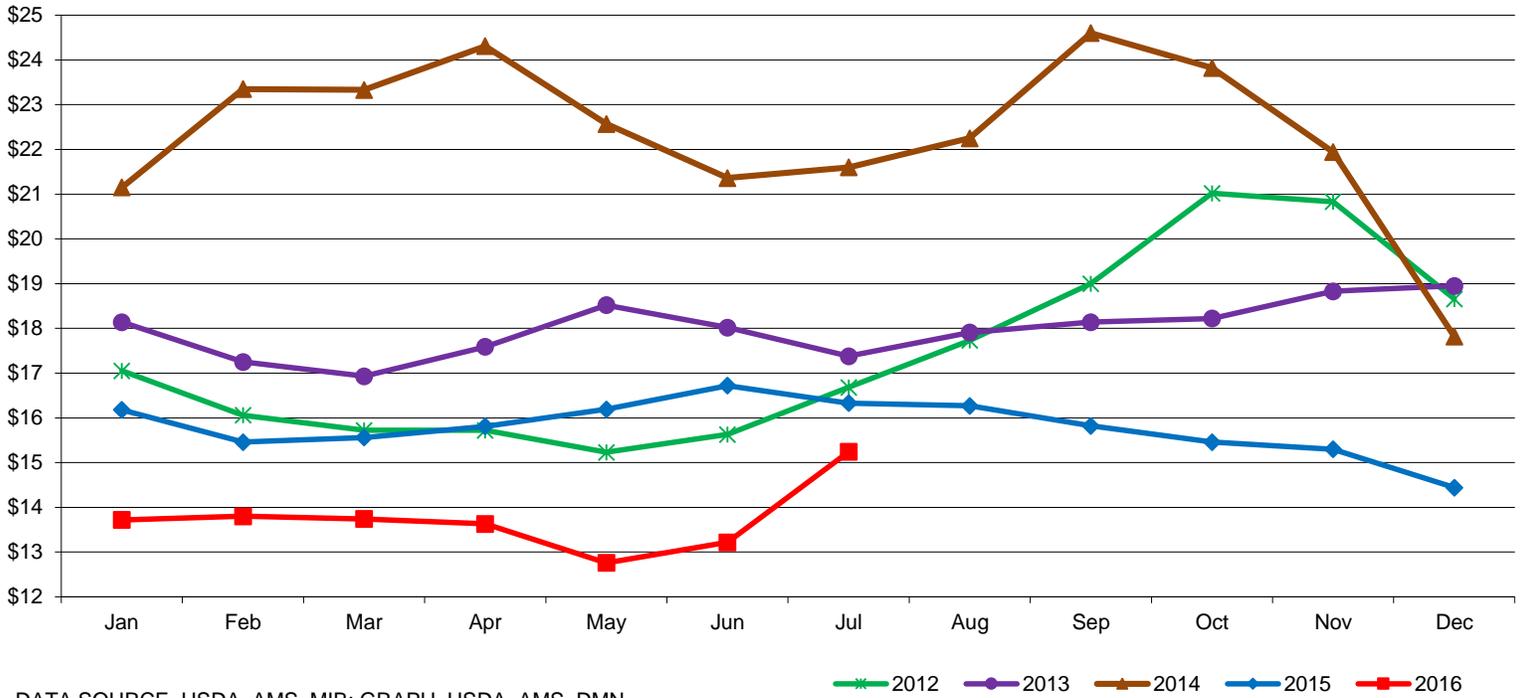
Production of Dairy Products									
Product	June 2016	Change from			Product	June 2016	Change from		
		June 2015	May 2016	Year to Date ¹			June 2015	May 2016	Year to Date ¹
	<i>(1,000 lbs)</i>	<i>(percent)</i>				<i>(1,000 lbs)</i>	<i>(percent)</i>		
Butter	152,855	6.4	-10.1	5.7	Yogurt (plain and flavored)	393,784	-0.5	3.6	-1.0
Cheese					Dry whey, human food	77,525	-8.2	-3.8	---
American types ²	389,744	-0.2	-2.6	0.1	Dry whey, animal feed	1,656	24.4	13.7	---
Cheddar	277,751	-3.5	-4.4	-0.8	Dry whey, total ⁸	79,181	-7.7	-3.5	0.4
Other American	111,993	9.3	2.0	---	Reduced lactose & minerals				
Brick & Muenster	15,177	7.3	-6.7	---	Human food	2,465	-8.7	-13.4	---
Cream & Neufchatel	67,278	-1.9	14.0	---	Animal feed	2,384	-6.0	-4.1	---
Hispanic	22,298	6.8	11.5	---	Lactose, human food & animal feed	91,761	2.0	0.1	0.5
Total Italian types	432,106	2.2	-2.0	4.1	Whey protein concentrate				
Mozzarella	338,344	1.9	-2.1	3.5	Human food ⁹	35,669	-5.5	-5.2	---
Other Italian	93,762	3.1	-1.7	---	Animal feed ⁹	254	-80.0	-27.6	---
Swiss	27,154	6.0	3.5	---	Total ⁹	35,923	-7.9	-5.4	-9.7
All other types	33,663	-1.9	-14.5	---	25.0-49.9 percent ¹⁰	15,172	-24.6	2.4	---
Total	987,420	1.1	-1.5	2.1	50.0-89.9 percent ¹⁰	20,751	9.9	-10.5	---
Cottage cheese, curd ³	34,785	1.7	-2.9	---	Whey protein isolates ¹¹	8,581	6.1	-1.1	---
Cottage cheese, cream ⁴	27,412	0.9	-2.0	2.7					
Cottage cheese, lowfat ⁵	30,856	-3.9	-3.3	1.6					
Dry buttermilk	8,110	22.6	-7.6	---					
Dry whole milk	6,203	-7.7	-27.1	---	Frozen products				
Milk protein conc. (MPC), total ⁶	18,382	35.7	-1.9	---	Ice cream, regular hard	75,615	4.2	5.2	3.0
Nonfat dry milk (NDM), human	143,578	-13.2	-13.5	-9.5	Ice cream, lowfat, hard	18,748	-20.9	2.7	---
Skim milk powders (SMP) ⁷	55,312	59.5	8.7	29.6	Ice cream, lowfat, soft	24,031	5.5	9.0	---
Sour cream	119,437	7.8	5.0	3.5	Ice cream, lowfat, total	42,779	-8.0	6.2	-2.6
					Sherbet, hard	3,612	-6.8	3.7	-6.0
					Frozen yogurt, total	6,328	-10.5	10.0	-7.0

Manufacturers' Stocks, End of Month ¹²							
Product	June 2016	June 2015	May 2016	Product	June 2016	June 2015	May 2016
Dry whey, human food	73,513	-2.3	-14.9	Whey protein concentrate			
Dry whey, animal feed	1,472	-30.9	7.6	Human food ⁹	53,853	-30.1	-4.6
Reduced lactose & minerals—human & animal ¹³	7,673	-17.4	-4.2	Animal feed ⁹	447	-69.3	-22.8
Lactose, human food & animal feed	120,660	-6.3	1.1	Total ⁹	54,300	-30.8	-4.8
Dry buttermilk	21,400	-1.2	-11.2	25.0-49.9 percent ¹⁰	20,917	-39.8	-1.3
Nonfat dry milk, human food	237,592	-9.4	2.3	50.0-89.9 percent ¹⁰	33,383	-23.7	-6.8
				Whey protein isolates ¹¹	17,865	34.5	1.6

¹ 2016 cumulative as percent change of 2015 cumulative. ² Includes Cheddar, Colby, Monterey and Jack. ³ Mostly used for processing into cream or lowfat cottage cheese. ⁴ Fat content 4 percent or more. ⁵ Fat content less than 4 percent. ⁶ Dry milk protein concentrate, 40-89.9 percent. ⁷ Includes protein standardized and blends. ⁸ Excludes all modified dry whey products. ⁹ Whey protein concentrate, 25.0 to 89.9 percent. ¹⁰ Whey protein concentrate, human and animal. ¹¹ Whey protein isolates, 90.0 percent or greater. ¹² Stocks held by manufacturers at all points and in transit. ¹³ Reduced lactose and minerals stocks combined to avoid disclosure of individual operations. **Source:** U.S. Department of Agriculture, National Agricultural Statistics Service, Agricultural Statistics Board, *Dairy Products*, (August 2016).

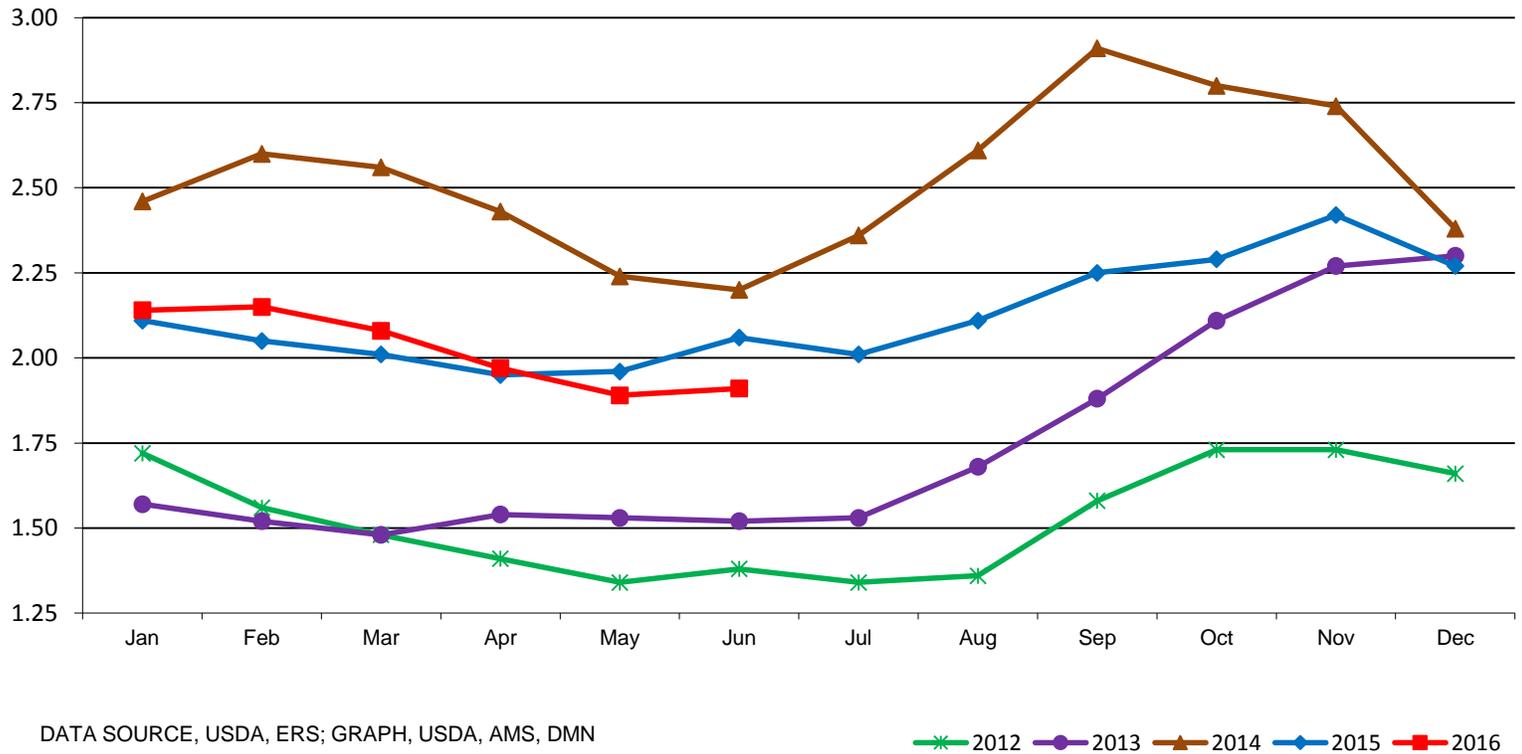
PER CWT

Class III Milk Price at 3.5% Test



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

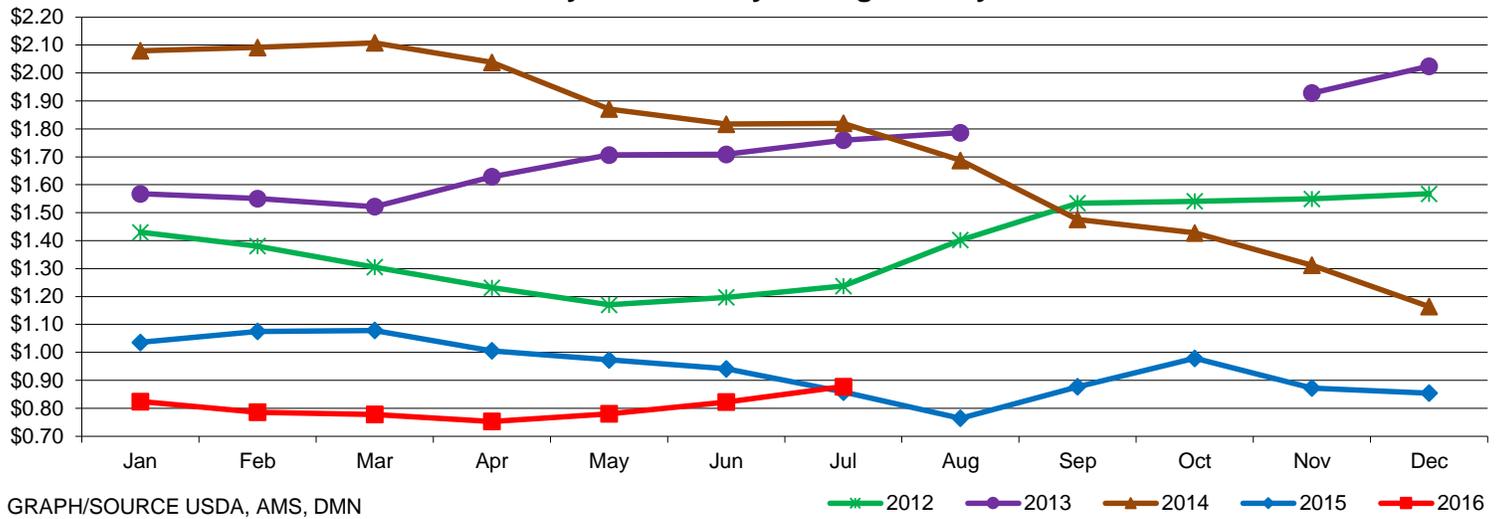
Milk-Feed Price Ratio Based on the Pounds of 16% Mixed Dairy Feed Equal in Value to 1 Pound of Whole Milk



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

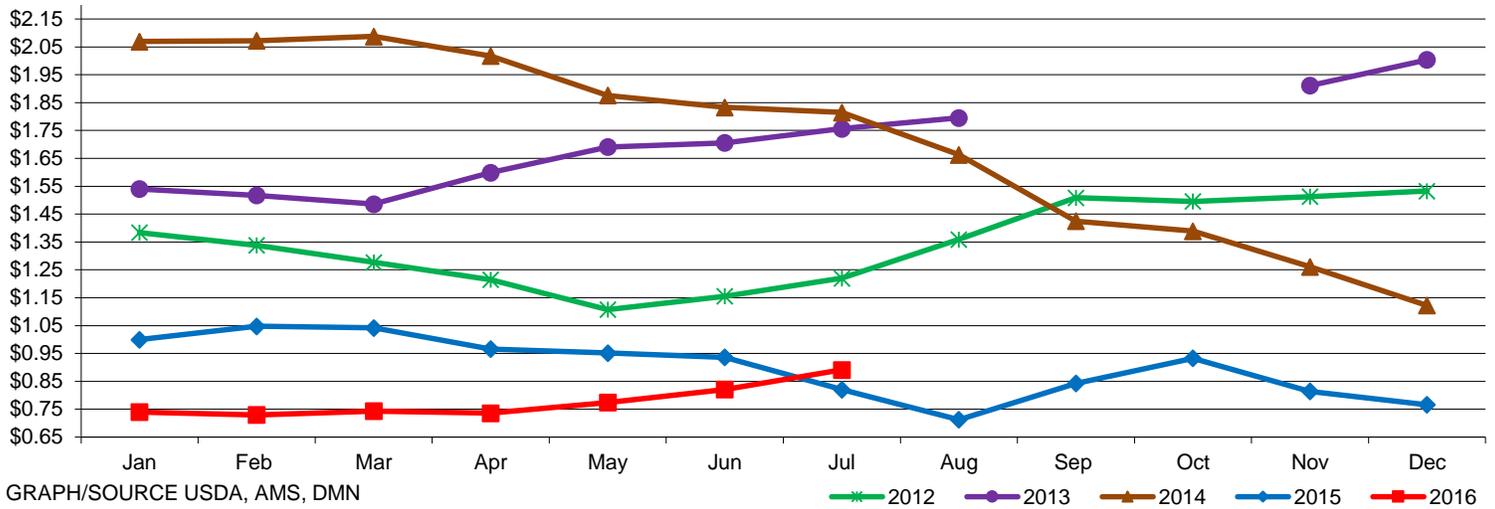
PER POUND

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



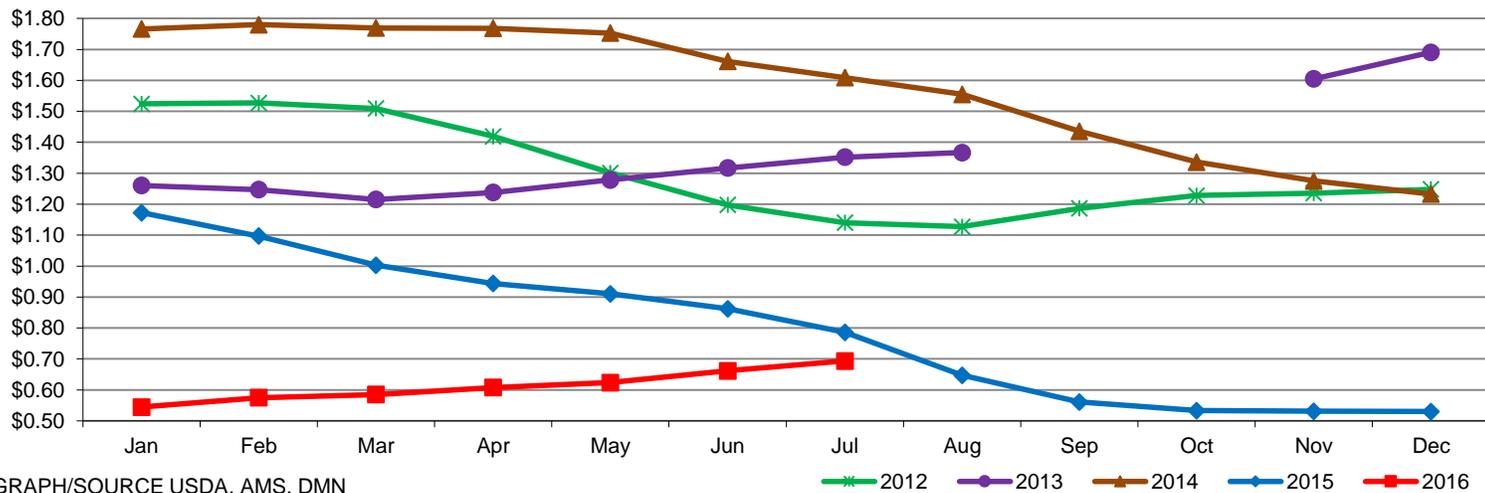
PER POUND

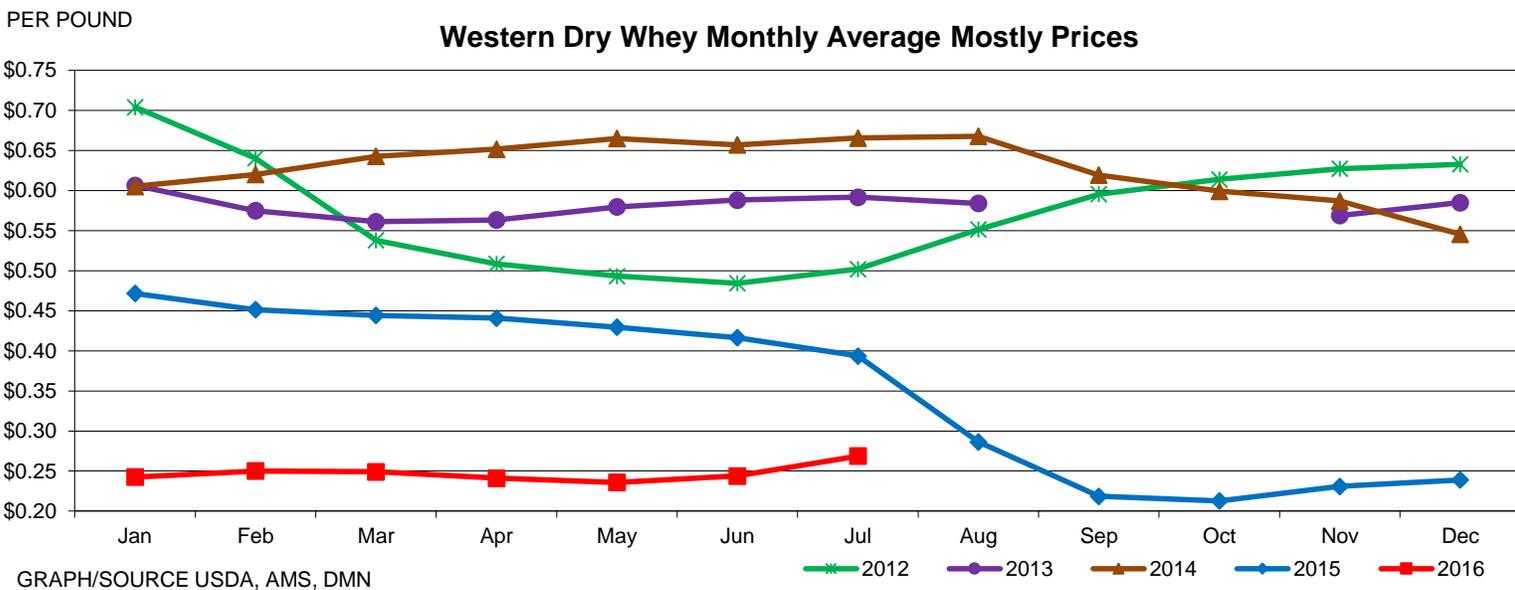
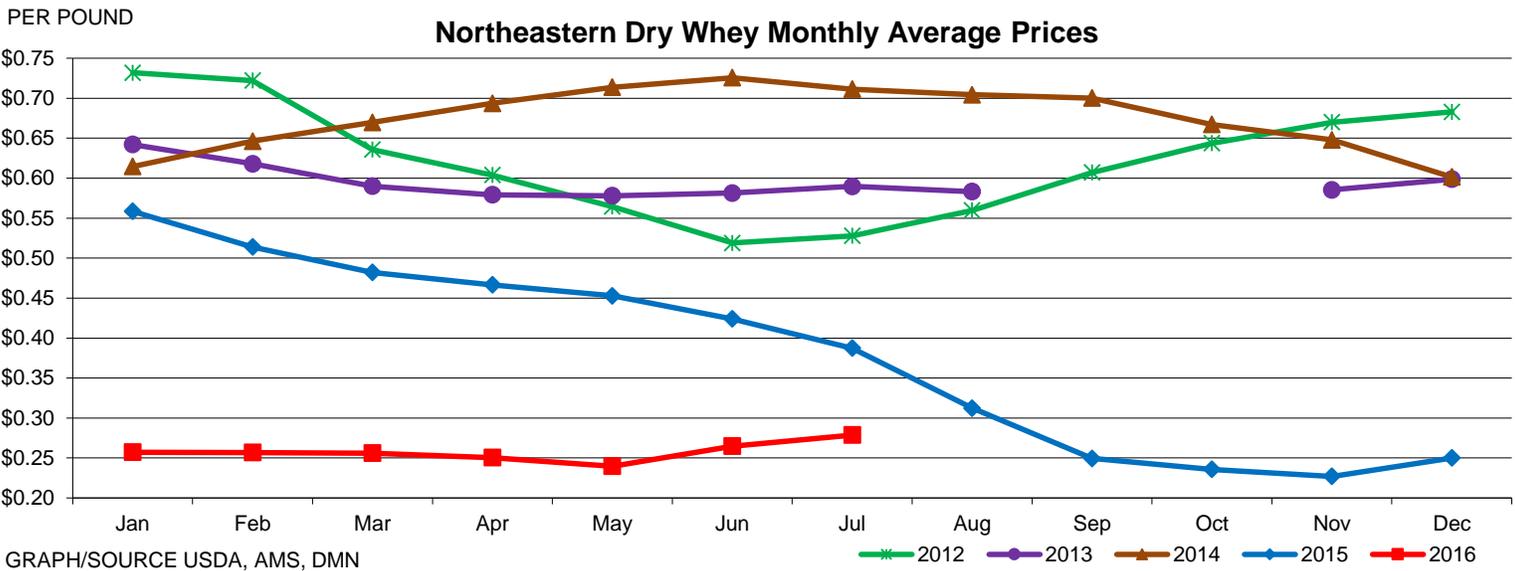
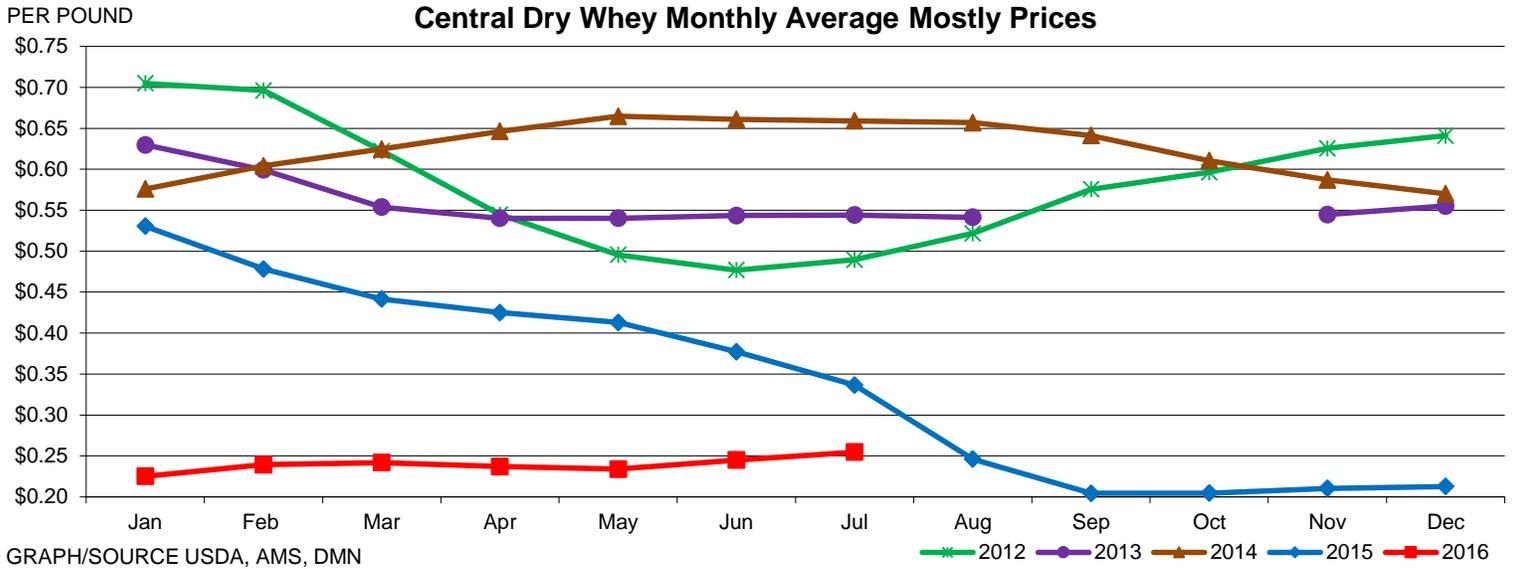
Western Low/Medium Heat Nonfat Dry Milk Monthly Average Mostly Prices



PER POUND

Central & West Dry WPC 34% Monthly Average Mostly Prices







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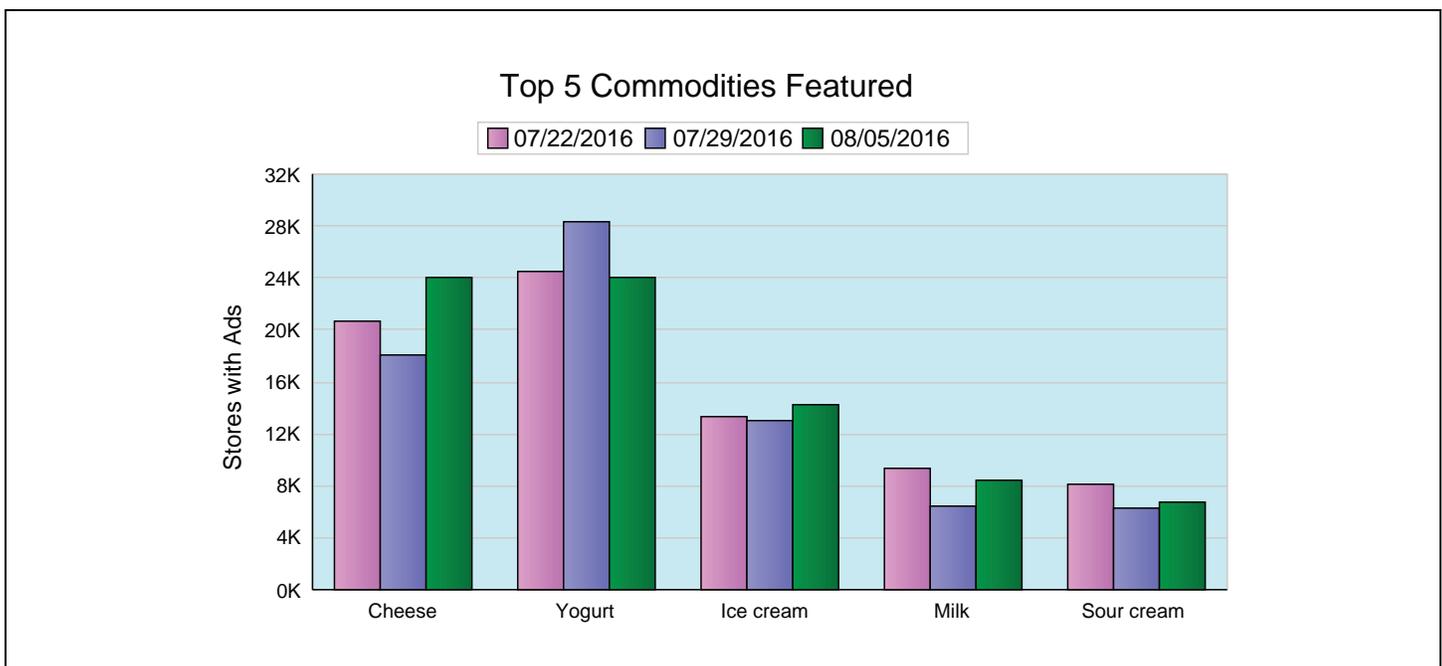
Advertised Prices for Dairy Products at Major Retail Supermarket Outlets ending during the period of 08/05/2016 to 08/11/2016

Conventional ice cream in 48 to 64 ounce containers is the single most advertised dairy item, having a U.S. weighted average advertised price of \$3.01, down from \$3.02. Total conventional dairy ad numbers increased 6%, and organic dairy ad numbers increased 23%.

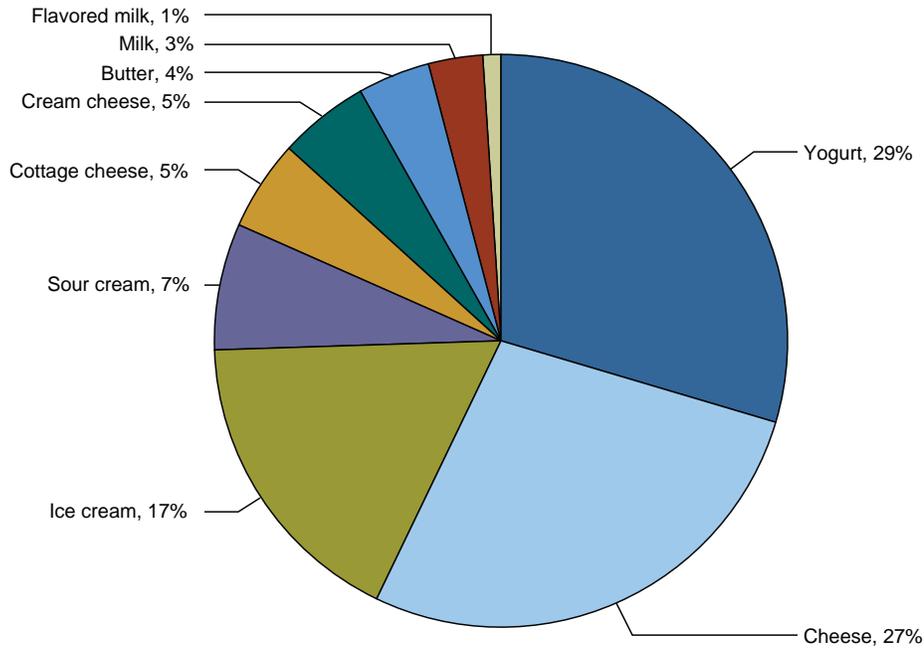
The price spread between organic and conventional half gallon milk is \$1.17. Last week the spread was \$1.45. The price spread is the difference between the national weighted average price for organic, \$3.84, and conventional, \$2.67. Conventional milk ad numbers decreased this week, while organic milk ad numbers increased.

The national weighted average price for conventional 1 pound butter is \$2.99, while organic 1 pound butter is \$5.27, an organic premium of \$2.28. When compared to the previous week, the volume of ad numbers for conventional butter increased 27%, and organic butter ad numbers increased 6%.

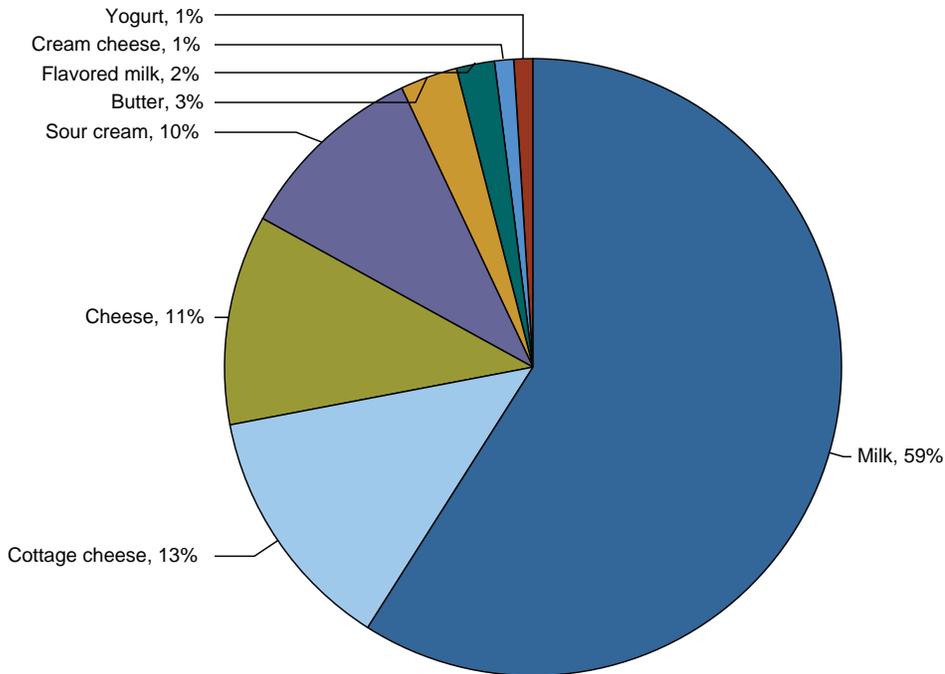
The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.14, up 9 cents from last week; 8 ounce shred cheese averaged \$2.29, up 7 cents from last week. Ads for 8 ounce organic shred cheese average \$3.79, an organic premium of \$1.50. The number of conventional cheese ads increased 33%, and organic cheese ads increased 34% this week.



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 #	3354	2.99	2648	3.21	4267	2.96
Cheese	Natural Varieties	8 oz block	9707	2.14	5834	2.05	7488	2.29
Cheese	Natural Varieties	1 # block	385	4.13	383	4.10	798	4.12
Cheese	Natural Varieties	2 # block	1018	6.67	761	6.59	804	6.21
Cheese	Natural Varieties	8 oz shred	11295	2.29	10264	2.22	9910	2.34
Cheese	Natural Varieties	1 # shred	590	3.52	69	3.99	485	4.85
Cottage cheese		16 oz	4549	2.08	3193	1.80	2413	2.22
Cream cheese		8 oz	3845	1.87	4805	1.88	5334	1.75
Flavored milk	All fat tests	half gallon	214	3.00	1475	2.30	321	2.00
Flavored milk	All fat tests	gallon	528	3.41	380	3.43	194	2.20
Ice cream		48-64oz	14230	3.01	13053	3.02	14685	2.94
Milk	All fat tests	half gallon	386	2.67	907	2.27	1066	2.42
Milk	All fat tests	gallon	2252	2.54	2153	2.66	2995	2.50
Sour cream		16 oz	5782	1.73	6006	1.67	5225	1.77
Yogurt	Greek	4-6 oz	13296	.93	14665	.93	13104	.96
Yogurt	Greek	32 oz	2239	4.23	3183	4.35	1807	4.15
Yogurt	Yogurt	4-6 oz	7231	.48	6513	.46	6473	.48
Yogurt	Yogurt	32 oz	1152	2.10	1005	2.51	1129	2.39

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 #	2.50-4.00	1102	3.32	2.50	210	2.50	2.50-2.99	423	2.58
Cheese	Natural Varieties	8 oz block	1.49-3.00	3066	2.11	1.49-2.50	4079	2.37	1.49-3.00	807	1.94
Cheese	Natural Varieties	1 # block	3.99-5.99	207	4.69						
Cheese	Natural Varieties	2 # block	6.99	108	6.99	5.99	64	5.99			
Cheese	Natural Varieties	8 oz shred	1.50-2.99	2559	2.26	1.49-3.00	4327	2.48	1.49-3.00	932	1.93
Cheese	Natural Varieties	1 # shred	3.99	245	3.99				2.77-3.00	167	2.87
Cottage cheese		16 oz	1.69-3.00	1672	2.38	1.00-2.00	1714	1.89	1.50	137	1.50
Cream cheese		8 oz	1.39-2.50	1403	1.69	1.00-2.50	1009	2.12	0.99-2.49	539	1.54
Flavored milk	All fat tests	half gallon				3.00	214	3.00			
Flavored milk	All fat tests	gallon	3.79	167	3.79						
Ice cream		48-64oz	1.99-3.50	3109	2.65	1.88-3.99	3105	3.12	1.99-3.99	1837	3.12
Milk	All fat tests	half gallon	3.49	226	3.49				0.88	98	.88
Milk	All fat tests	gallon	2.99	135	2.99	1.99	53	1.99	1.99-3.00	376	2.48
Sour cream		16 oz	1.30-2.99	2286	1.67	1.00-2.00	1337	1.84	1.00-3.49	770	1.74
Yogurt	Greek	4-6 oz	0.68-1.00	3513	.91	0.67-1.00	3245	.93	0.70-1.00	1687	.93
Yogurt	Greek	32 oz	3.99-5.00	853	4.62	3.49	87	3.49	3.99-4.99	413	4.43
Yogurt	Yogurt	4-6 oz	0.25-1.00	2372	.47	0.29-0.60	2785	.50	0.39-0.59	425	.52

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	1.49-2.50	514	1.99	1.49	227	1.49	1.99	213	1.99

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	1.00-3.79	540	2.62	2.49-2.99	499	2.61	2.49-3.79	524	3.42
Cheese	Natural Varieties	8 oz block	1.00-2.50	321	1.43	1.49-2.99	775	1.89	1.25-1.99	568	1.60
Cheese	Natural Varieties	1 # block				3.49	178	3.49			
Cheese	Natural Varieties	2 # block				4.99-7.99	435	6.96	4.99-7.99	392	6.37
Cheese	Natural Varieties	8 oz shred	1.49-3.00	1294	2.47	1.49-3.50	1365	2.06	1.25-2.50	695	1.77
Cheese	Natural Varieties	1 # shred				3.49	178	3.49			
Cottage cheese		16 oz	1.25-2.99	513	2.05	1.00-2.49	405	1.94	2.00	105	2.00
Cream cheese		8 oz	2.50-2.99	217	2.87	1.00-2.49	634	1.76			
Flavored milk	All fat tests	gallon	4.29	74	4.29	1.99-3.99	182	2.67	3.49	105	3.49
Ice cream		48-64oz	1.75-4.99	2626	3.15	1.99-3.99	3161	2.92	3.49-4.99	193	4.16
Milk	All fat tests	half gallon				2.49	62	2.49			
Milk	All fat tests	gallon	1.99-3.49	332	2.54	1.89-3.99	1217	2.48	1.99-3.49	130	2.79
Sour cream		16 oz	1.25-2.49	499	1.75	0.99-2.00	388	1.30	1.79-2.00	499	1.95
Yogurt	Greek	4-6 oz	0.69-1.25	1281	.93	0.69-1.00	2287	.90	0.88-1.25	1105	.95
Yogurt	Greek	32 oz	2.50-4.99	303	3.83	3.99	120	3.99	3.49-4.49	463	3.79
Yogurt	Yogurt	4-6 oz	0.33-0.60	473	.44	0.39-0.50	828	.45	0.40	235	.40
Yogurt	Yogurt	32 oz				3.50	137	3.50	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 #	3.50-3.99	29	3.91	4.29-4.79	27	4.73
Cheese	Natural Varieties	8 oz block	1.99-2.79	23	2.06	2.33-3.00	68	2.76
Cheese	Natural Varieties	2 # block	4.99-7.49	19	6.94			
Cheese	Natural Varieties	8 oz shred	1.99-5.00	55	3.63	2.33-3.00	68	2.76
Cottage cheese		16 oz				2.50	3	2.50
Cream cheese		8 oz	1.99	6	1.99	2.50-3.00	37	2.96
Ice cream		48-64oz	2.49-7.49	74	4.96	2.79-4.64	125	3.81
Milk	All fat tests	gallon				4.77-4.79	9	4.78
Sour cream		16 oz				2.50	3	2.50
Yogurt	Greek	4-6 oz	0.99-1.66	83	1.22	0.79-1.50	95	1.20
Yogurt	Yogurt	4-6 oz	0.50-1.25	55	.88	0.50-1.00	58	.76

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 #	309	5.27	291	4.36	183	4.91
Cheese	Natural Varieties	8 oz block	902	4.19	345	4.02	522	3.68
Cheese	Natural Varieties	8 oz shred	178	3.79	463	3.68	162	2.99
Cottage cheese		16 oz	1297	3.51	198	3.41		
Cream cheese		8 oz	72	2.50				
Flavored milk	All fat tests	half gallon	161	4.99				
Ice cream		48-64oz					639	5.53
Milk	All fat tests	half gallon	4965	3.84	2924	3.72	2371	3.45
Milk	All fat tests	gallon	613	4.84	162	5.51	425	5.78
Milk	All fat tests	8 oz UHT	183	1.00	244	1.00	342	1.00
Sour cream		16 oz	997	3.31	324	2.26	190	1.99
Yogurt	Greek	4-6 oz	61	1.67	2296	1.11	595	1.25
Yogurt	Greek	32 oz			422	4.67	118	3.00
Yogurt	Yogurt	4-6 oz					147	1.00
Yogurt	Yogurt	32 oz			221	3.99	69	3.50

REGIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	4.99-5.00	156	5.00	5.99	84	5.99			
Cheese	Natural Varieties	8 oz block	4.49	84	4.49						
Cottage cheese		16 oz	3.99	156	3.99	3.49	210	3.49	3.00-3.49	354	3.33
Cream cheese		8 oz	2.50	72	2.50						
Flavored milk	All fat tests	half gallon	4.99	161	4.99						
Milk	All fat tests	half gallon	3.79-4.79	704	4.25	2.99-3.98	1287	3.76	2.99-4.79	549	3.26
Milk	All fat tests	gallon	5.99	84	5.99				4.78	180	4.78
Sour cream		16 oz				3.49	210	3.49	3.49	137	3.49

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #							5.00	69	5.00
Cheese	Natural Varieties	8 oz block				3.79-4.99	424	4.49	3.49-4.69	394	3.81

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
Cheese	Natural Varieties	8 oz shred				3.79	178	3.79			
Cottage cheese		16 oz	3.49	141	3.49	3.49	331	3.49	3.49	105	3.49
Milk	All fat tests	half gallon	2.79-2.99	333	2.91	2.99-4.49	1471	4.03	2.99-4.29	545	3.81
Milk	All fat tests	gallon				3.99	244	3.99	5.99	105	5.99
Milk	All fat tests	8 oz UHT				1.00	114	1.00	1.00	69	1.00
Sour cream		16 oz	3.49	141	3.49	2.49-3.49	509	3.14			
Yogurt	Greek	4-6 oz							1.67	61	1.67

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	2.99	11	2.99	4.29-7.99	65	6.93

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

Amy Schmitz

(608) 557-7004

Amy.L.Schmitz@AMS.USDA.GOV

SOUTHWEST

Angel Teñan

(608) 557-7011

Angel.Teran@AMS.USDA.GOV

NORTHWEST/MOUNTAIN

Mike Bandli

(608) 557-7010

Mike.Bandli@AMS.USDA.GOV

ORGANIC/INTERNATIONAL

Eric Graf

(608) 557-7005

Eric.Graf@AMS.USDA.GOV

ACTING NATIONAL SUPERVISOR

Janet Linder

(608) 557-7003

Janet.Linder@AMS.USDA.GOV

INTERNET ADDRESS

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

MARKET NEWS PORTAL

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

RECORDED INFORMATION SYSTEM

(608) 557-7000

FAX

(608) 819-0629

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