

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (9/30)**

BUTTER: Grade AA closed at \$1.8975. The weekly average for Grade AA is \$1.9285 (-.0550).

CHEESE: Barrels closed at \$1.5100 and 40# blocks at \$1.5325. The weekly average for barrels is \$1.4810 (-.0215) and blocks, \$1.5365 (-.0420).

NONFAT DRY MILK: Grade A closed at \$.9275. The weekly average for Grade A is \$.9445 (+.0180).

BUTTER HIGHLIGHTS: Butter production is active across the nation as cream supplies continue to be more available for churning. Many processors are running operations near to full capacity. Some manufacturers continue converting bulk into print butter after microfixing. Nationwide, print butter production is ongoing in order to meet current buyers' needs and the anticipated high demand during Q4. Overall, inventories are still well above previous years. Current demands from many retail channels and the bakery sector are fair to good. 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 periods and averages used. The NASS *Cold Storage* report noted U.S. butter stocks as of August 31, 2016, were 322.2 million pounds, down 3% from last month, but up 52% from last year. Butter stocks in all warehouses were 212.2 million pounds last year at this time. The Grade AA butter price at the CME Group on Friday closed at \$1.8975, down \$.13 from a week ago.

CHEESE HIGHLIGHTS: Cheese production is active in the West and steady in the rest of the United States. Production of cheese is near full capacity in the West and Midwest, where retail and food service orders are strong. Midwest cheese manufacturers are having a more difficult time finding surplus milk this week. Production is below desired levels in the Northeast, where the market undertone is mixed and milk availability is below desired volumes. Cheese stocks remain tight in Western Europe, with production limited by milk availability. In CME Group trading Friday, barrels closed at \$1.5100, even with last Friday and blocks closed at \$1.5325, down \$.0275.

FLUID MILK: Farm milk production is up in the Midwest, California and Arizona, but down in the East, and the mountain states of Colorado, Utah and Idaho. Milk output is steady in New Mexico and the Pacific Northwest. The protein and butterfat milk components continue improving in some regions. Nationwide, manufacturing milk

volumes are adequate to meet current processing needs. Bottled milk sales to retailers and food service are mixed throughout the country. Condensed skim supplies are sufficient and the demand for NDM processing is strong. Cream is more available in the country as ice cream manufacturers are pulling less volumes. However, demands from sour cream and cream cheese makers are inching up. Cream multiples range 1.22-1.33 in the East; 1.08-1.25 in the Midwest; and 1.08-1.25 in the West region.

DRY PRODUCTS: This week, low/medium heat nonfat dry milk (NDM) f.o.b. spot prices shifted higher on a firmer market. NDM demands from bakers, cheese makers and dry mix manufacturers are active. High heat NDM trading activity is limited as inventories continue tightening. Dry buttermilk market undertone is steady to firm. Demand from bakers is inching up as the fall baking season approaches. The National dry whole market undertone continues to be firmer in the East, but unsettled in the West and Central regions. Inventories are tight in most regions. The dry whey market is steady to firm. Spot trading activity is light. Prices for WPC 34% are steady to higher. The resale market is active. Spot sales activity for lactose is light. Inventories are generally tight or committed.

INTERNATIONAL DAIRY MARKET NEWS (DMN):
WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW: EU 28 milk production January-July 2016 is 1.3% below the same period of 2015. This was the second consecutive month in 2016 behind 2015 levels. Of the top 6 milk producing nations, 4 had lower milk production in July 2016 than July last year. The UK had the biggest fall-off in production in July, -8.3%. France and the Netherlands were the only big producers, which saw an increase in milk production. Overall EU milk production is expected by many processors, to be weaker through the rest of 2016.
EASTERN OVERVIEW: Milk production in Poland for July has fallen back to near the level of July, 2014. However, annual 2016 production through August is 3% above the same period of 2015.
OCEANIA OVERVIEW: Hay markets in **Australia** reflect uncertainty as to future price trends, which is keeping a number of producers out of the market. Hay crops are expected to be good, but

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CME GROUP CASH TRADING

COMMODITY	MONDAY SEP 26	TUESDAY SEP 27	WEDNESDAY SEP 28	THURSDAY SEP 29	FRIDAY SEP 30	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.4800 (-.0300)	\$1.4600 (-.0200)	\$1.4800 (+.0200)	\$1.4750 (-.0050)	\$1.5100 (+.0350)	:: (N.C.)	:: \$1.4810 (-.0215)
40# BLOCKS	\$1.5450 (-.0150)	\$1.5350 (-.0100)	\$1.5375 (+.0025)	\$1.5325 (-.0050)	\$1.5325 (N.C.)	:: (-.0275)	:: \$1.5365 (-.0420)
NONFAT DRY MILK							
GRADE A	\$.9450 (+.0100)	\$.9525 (+.0075)	\$.9525 (N.C.)	\$.9450 (-.0075)	\$.9275 (-.0175)	:: (-.0075)	:: \$.9445 (+.0180)
BUTTER							
GRADE AA	\$1.9750 (-.0525)	\$1.9350 (-.0400)	\$1.9200 (-.0150)	\$1.9150 (-.0050)	\$1.8975 (-.0175)	:: (-.1300)	:: \$1.9285 (-.0550)

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

questions remain as to quality following water saturation generated by above average spring rains. Prices are expected to ease as sun dries grasses and cutting gets underway. **New Zealand** milk production during August, as reported by DCANZ, was 1.34 million MT, up from 231,000 MT in July. During August 2015, milk production was 1.38 million MT. August milk solids, 113.13 million kg, are up from 19.92 million kg in July. During August 2015, milk solids were 116.68 million kg. Observers commented that a factor contributing to lower production and solids this August compared with August last year may be bad weather at the end of this August. Nevertheless the August 2016 results have left some anxiety about milk supply volumes that will be available for manufacturing in coming months. A major cooperative in New Zealand recently increased milk pay prices, a welcome turn of events for dairy producers. At the September 20 GDT event #172, average prices ranged from -0.2% to 7.0% higher from the prior event across categories where contracts were executed. The all contracts price averages (US\$ per MT) and percent changes from the previous average are: anhydrous milk fat, \$4,998 +4.6%; butter, \$3,892 +3.6%; buttermilk powder, \$2,276 +7.0%; cheddar cheese, \$3,518 +2.2%; lactose, \$815 +3.7%; rennet casein, \$6,893 +2.0%; skim milk powder, \$2,293 +3.0%; and whole milk powder, \$2,782 -0.2%.

NATIONAL RETAIL REPORT (DMN): The national average price for 1 pound conventional butter is \$3.38, while 1 pound organic butter is \$5.61, an organic price premium of \$2.23. Total conventional butter ads decreased 7% while total organic butter ads decreased 71%. Advertisements for conventional ice cream in 48-64 ounce containers decreased 15% and the national weighted average advertised price is \$3.18 up 11 cents from last week. Conventional Greek yogurt in 4-6 ounce containers have an average price of \$0.97, while 4-6 ounce organic Greek yogurt averaged \$1.28, an organic price premium of \$.31. Conventional yogurt ads increased 2% this week, while organic yogurt ads decreased 26%. The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.27, while 8 ounce organic block cheese averaged \$6.99, an organic price premium of \$4.72. Ads for conventional 8 ounce shred cheese averaged \$2.31 while 8 ounce organic shred cheese averaged \$3.44, an organic price premium of \$1.13. The collective number of conventional cheese ads decreased 35%, but collective prices increased 22%, while ads for organic cheese decreased 34%, but prices increased 14% this week. This week, the organic half gallon milk price, \$3.67, compared to the conventional half gallon milk price, \$3.43, reports an organic price premium of \$0.24. The slight difference in spread reflects the small number of conventional ads in comparison to organic ads. Organic milk advertisements decreased 24%, while ads for conventional milk decreased 77%.

AUGUST AGRICULTURAL PRICES HIGHLIGHTS (NASS): The All Milk price received by farmers was \$17.10 in August, up \$.40 from August 2015. The alfalfa hay price was \$138.00 in August, down \$23.00 from August 2015. The corn price was \$3.21 in August, down \$0.47 from August 2015. The soybean price was \$9.93 in August, up \$0.22 from August 2015. The milk-feed price ratio was 2.42 in August, up 0.32 from August 2015. The index of prices received by farmers for dairy products during the month of August 2016 was up 5 to 85.1. Compared to August 2015, the index was up 2 points (2.4 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in August 2016 was down 0.9 point to 105.7. Compared with August 2015, the index was down 4.4 points (-4.0 percent).

AUGUST COLD STORAGE (NASS): On August 31, U.S. cold storage holdings of butter totaled 322.2 million pounds, down 3 percent from the previous month, but up 52 percent from August 2015. Natural American cheese holdings total 744.5 million pounds, 3 percent lower than the previous month, but 5 percent more than August 2015. Total natural cheese stocks were 1,243.1 billion pounds, 3 percent lower than last month, but 6 percent more than August 2015.

AUGUST CONSUMER PRICE INDEX (BLS): The August CPI for all food is 247.7, even from 2015. The dairy products index is 215.5, down 2.4 percent from a year ago. The following are the August to August changes for selected products: fresh whole milk is down 4.4 percent; cheese, down 2.4 percent; and butter, up 2.6 percent.

CME GROUP

MONDAY, SEPTEMBER 26, 2016

CHEESE -- SALES: 3 CARS BARRELS: 1 @ \$1.4825, 2 @ \$1.4725; 6 CARS 40# BLOCKS: 2 @ \$1.5450, 1 @ \$1.5425, 1 @ \$1.5450, 1 @ \$1.5475, 1 @ \$1.5450; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4800; 1 CAR 40# BLOCKS @ \$1.5450; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4900; 1 CAR 40# BLOCKS @ \$1.5500
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.9450; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.9750; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

TUESDAY, SEPTEMBER 27, 2016

CHEESE -- SALES: 10 CARS BARRELS: 2 @ \$1.4500, 2 @ \$1.4400, 1 @ \$1.4375, 1 @ \$1.4475, 1 @ \$1.4500, 2 @ \$1.4600, 1 @ \$1.4700; 7 CARS 40# BLOCKS: 2 @ \$1.5450, 2 @ \$1.5425, 1 @ \$1.5400, 1 @ \$1.5375, 1 @ \$1.5350; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.4550; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.4600; 1 CAR 40# BLOCKS @ \$1.5400
 NONFAT DRY MILK -- SALES: 1 CAR GRADE A @ \$0.9525; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.9300; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$0.9700
 BUTTER -- SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.9350

WEDNESDAY, SEPTEMBER 28, 2016

CHEESE -- SALES: 13 CARS BARRELS: 1 @ \$1.4475, 1 @ \$1.4500, 1 @ \$1.4475, 1 @ \$1.4500, 1 @ \$1.4475, 1 @ \$1.4500, 1 @ \$1.4450, 1 @ \$1.4500, 1 @ \$1.4525, 3 @ \$1.4600, 1 @ \$1.4800; 5 CARS 40# BLOCKS: 4 @ \$1.5350, 1 @ \$1.5375; LAST BID UNFILLED: 2 CARS 40# BLOCKS @ \$1.5350; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.9400; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: 1 CAR GRADE AA @ \$1.9200; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.8500; LAST OFFER UNCOVERED: NONE

THURSDAY, SEPTEMBER 29, 2016

CHEESE -- SALES: 11 CARS BARRELS: 9 @ \$1.4500, 1 @ \$1.4600, 1 @ \$1.4750; 6 CARS 40# BLOCKS: 3 @ \$1.5375, 2 @ \$1.5350, 1 @ \$1.5325; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.5300; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 2 CARS GRADE A @ \$0.9450; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.9400; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$0.9475
 BUTTER -- SALES: 6 CARS GRADE AA: 1 @ \$1.9175, 1 @ \$1.9350, 1 @ \$1.9325, 1 @ \$1.9225, 1 @ \$1.9100, 1 @ \$1.9150; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

FRIDAY, SEPTEMBER 30, 2016

CHEESE -- SALES: 3 CARS BARRELS: 2 @ \$1.4850, 1 @ \$1.5100; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK -- SALES: 3 CARS GRADE A: 1 @ \$0.9400, 1 @ \$0.9300, 1 @ \$0.9275; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.9200; LAST OFFER UNCOVERED: NONE
 BUTTER -- SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.8700; LAST OFFER UNCOVERED: 1 CAR GRADE AA @ \$1.8975

BUTTER MARKETS

NORTHEAST

Butter output is steady in the region. Some butter manufacturers see the need to diversify production schedules in order to meet customers' salted, unsalted and kosher butter needs. Sales to retail and bakeries remain active, as interest remain steady. New production of bulk butter, for some operations, supports immediate sales activity. Butter stocks appear to be steady, with most manufacturers comfortable with existing inventories. Bulk butter prices range 5-8 over the market of the CME Group, with various time frames and averages used. End-users seem to be cautious, in considering the most favorable situation, for securing year-end holiday needs. The market has a soft to mixed undertone. According to the *DMN National Retail Report-Dairy*, for September 23-29, 2016, the national weighted average ad price for 1-pound butter is \$3.19, down 45 cents from last week and 5 cents lower than a year ago. The Northeast regional price is \$3.53, 53 cents above the previous week's advertised price. In the Southeast, the butter price averages \$3.61, adjusting 60 cents above last week's average. Tuesday's CME Group cash trading saw Grade AA butter close at \$1.9350, down \$0.0200 from a week ago.

COLD STORAGE: According to NASS, U.S. butter storage in all warehouses on August 31, 2016 totaled 322.2 million pounds, 52% above a year ago, but 3% lower than last month. Public warehouse stocks totaled 296.1 million pounds.

CENTRAL

In the Central region, cream supplies continue to be more available for churning. Consequently, butter production is ongoing and many processors are running operations near to full capacity. Print butter manufacturing is very active in order to meet current buyers' needs

and the anticipated high Q4 demand. Some processors continue converting bulk into print butter after microfixing. As a result, bulk inventories are trending lower, but print butter supplies are building. Demands from many retail channels are strong. Bulk butter prices reported ranged from one cent under market to 7 cents over the market, with various periods and averages used. The *DMN National Retail Report-Dairy* for September 23-29 noted the national weighted average advertised price for a 1 pound package of butter is \$3.19, \$0.45 below one week ago and \$0.05 lower than one year ago. The regional weighted average prices in the Midwest and South Central are \$2.94 and \$3.04, respectively. The *NASS Cold Storage* report noted U.S. butter stocks as of August 31, 2016 were 322.2 million pounds, down 3% from last month but 52% higher from last year. One year ago, bulk stocks in all warehouses were 212.2 million pounds. Wednesday at the CME Group, Grade AA butter closed at \$1.9200, down \$0.0475 from last Wednesday.

WEST

Western butter makers continue to try to balance production and supplies held in inventory. Cream is readily available for processing and some butter makers are using the opportunity to churn butter and keep up with current and Q4 butter needs. Other processors are turning over their butter inventories. While others are selling cream and using the growing seasonal butter demand to move some of their butter holdings out. Inventories are still well above previous years and manufacturers expect the seasonal, end of year demand will help draw stocks down. The *DMN National Retail Report-Dairy* for the week of September 23-29 found that the U.S. weighted average advertised price of 1 pound butter is \$3.19, down \$.45 from last week. The U.S. weighted average price

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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
September 24, 2016	2,0342 2,715,525	1,7239 11,292,923	1,6413 10,757,116	.3097 7,179,017	.9022 13,481,957

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

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was \$3.24 one year ago. In the Southwest, the weighted average advertised price of 1 pound butter is \$2.61, with a price range of \$1.88-\$2.99. In the Northwest, the weighted average advertised price of 1 pound butter is \$3.30, with a price range of \$1.99-\$4.49. The NASS *Cold Storage* report noted U.S. butter stocks as of August 31, 2016, were 322.2 million pounds, down 3% from last month, but up 52% from last year. Butter stocks in all warehouses were 212.2 million pounds last year at this time. According to the California Department of Food and Agriculture, August 2016 butter production was 38.2 million pounds, down 6.4% from a year ago. California year-to-date butter production through August is 388.0 million pounds, down 3.8% from 2015 butter production through August. 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 Grade AA butter price at the CME Group on Wednesday closed at \$1.9200, down \$.0475 from a week ago.

CHEESE MARKETS

NORTHEAST

Cheese production is steady. Some manufacturers would make additional cheese if more milk were available. It is noted that strong milk sales are pulling on manufacturing milk supplies. Production is clearing to near-term customers' accounts. Cream cheese activity continues to grow, while foodservice orders increase in the wake of typical seasonal trends. The market undertone is mixed. This week, the Northeast cheese wholesale selling price for cheddar blocks and Muenster shrank \$0.0825. Process 5# prices declined \$0.0275. Grade A Swiss cheese prices are steady. According to the DMN *National Retail Report-Dairy*, for September 23-29, 2016, the Northeast weighted average advertised price for 8 oz. cheese blocks was \$2.17, 1 cent less than the national average, but unchanged from the previous week. The Southeast 8 oz. block cheese price was \$2.25, down 20 cents from last week's average. The Northeast advertised price for 8 oz. cheese shreds was \$2.12, 4 cents lower than the national average price. In the Southeast, the average price for 8 oz. shredded cheese is \$2.18, down 22 cents from last week. Tuesday's CME Group daily cash prices saw barrel cheese close at \$1.4600, down \$0.0475 from the previous week, and blocks closed at \$1.5350, down \$0.0625 from a week ago.

COLD STORAGE: According to NASS, U.S. stocks of total natural cheese in all warehouse as of August 31, 2016 amounted to 1.243 billion pounds, 6% above a year ago, but 3% below last month. Public warehouse stocks totaled 828.6 million pounds. Swiss cheese totaled 26.0 million pounds, 17% above a year ago and 1% more than last month.

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

Cheddar 40# Block	:	1.9775-2.2625
Process 5# Sliced	:	1.7025-2.1825
Muenster	:	1.9625-2.3125
Grade A Swiss Cuts 10 - 14#	:	2.9175-3.2400

MIDWEST

Midwest cheese production is steady. Milk intakes are relatively balanced and many manufacturers are running near full production schedules. A few processors are looking for additional loads of milk to round out production, but spot loads are a little less available for discounted prices. Retail and food service cheese orders are strong and have been building a little into the end of the year. All varieties of natural cheese have good demand. The DMN *National Retail Report-Dairy* shows that September 23-29 Midwest ads for 8 ounce shred cheese have a weighted average advertised price of \$1.78, 38 cents lower than the national average. Midwest prices range from \$1.48-\$1.99. One year ago, the national price was \$2.45. For 8 ounce blocks, the Midwest average price is \$1.90, 28 cents below the national average price. Midwest ads are priced from \$1.48-\$2.50. Last year, the national price was \$2.39. Midwestern wholesale prices are unchanged for Swiss cuts, down \$.0275 for process, and down \$.0825 for all other types. This week, a cooperative export assistance program accepted 32 requests for 5.99 million pounds (2,717 metric tons) of cheese. So far this year, the program has assisted member cooperatives who have contracts to sell 38.1 million pounds of cheese in export markets. According to the NASS *Cold Storage* report, U.S. stocks of cheese (total natural) at the end of August 2016 were 1.243 billion pounds, down 3% from July 2016, but up 6% from August 2015. American stocks were 5% more, other natural stocks were 8% more, and Swiss stocks were up 17% compared to last year. In the East North Central region

(Wisconsin, Illinois, Michigan, Indiana and Ohio) American cheese stocks at the end of August 2016, were 6% higher than last year, but 2% below last month. Other cheese stocks in the East North Central region were 5% higher than August 30, 2015, but 1% below July 31, 2016. In CME Group trading Wednesday, barrels closed at \$1.4800, down \$.0300 from last Wednesday and blocks closed at \$1.5375, down \$.0475.

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

Process American 5# Loaf	:	1.5950-1.9550
Brick And/Or Muenster 5#	:	1.9475-2.3725
Cheddar 40# Block	:	1.6750-2.0700
Monterey Jack 10#	:	1.9225-2.1275
Blue 5#	:	2.2150-3.2025
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.7475-2.6875
Grade A Swiss Cuts 6 - 9#	:	2.4350-2.5525

WEST

Western cheese makers say they are not having any problems getting enough milk for the vats. Cheese production is active and often running near full capacity. Retail and food service demand is firm. Industry contacts still report long inventories, but processors are turning the stocks and a good pull of bulk cheese is moving into cut and wrap facilities. The DMN *National Retail Report-Dairy* for the week of September 23-29 shows the U.S. weighted average advertised retail price for an 8 ounce pack of natural shredded cheese is \$2.16, down \$.23 from last week, and down \$.29 from a year ago. Packs average \$2.29 in the Southwest and \$1.78 in the Northwest. For 8 ounce blocks, the U.S. price is \$2.18, down \$.22 from last week, and down \$.21 from a year ago. Blocks average \$2.24 in the Southwest and \$1.74 in the Northwest this week. In the West, wholesale prices are down \$.0275 for process, and down \$.0825 for cheddar block, cuts, and Monterey Jack. Swiss cut wholesale prices are unchanged. This week, a cooperative export assistance program accepted 32 requests for 5.99 million pounds (2,717 metric tons) of cheese. So far this year, the program has assisted member cooperatives who have contracts to sell 38.1 million pounds of cheese in export markets. According to the NASS *Cold Storage* report, U.S. stocks of cheese (total natural) at the end of August 2016 were 1.243 billion pounds, down 3% from July 2016 holdings, but up 6% from August 2015. American stocks were 5% more, other natural stocks were 8% more, and Swiss stocks were up 17% compared to last year. In the Mountain Region, American cheese stocks were 17% lower than one year earlier, and 2% less than one month earlier. Pacific Region American cheese stocks were 8% less than one year earlier, and 8% less than the previous month. Also in the Pacific Region, other natural cheese stocks were 19% above a year ago, but down 7% from a month ago. According to the California Department of Food and Agriculture, August 2016 cheese production was 205.5 million pounds, up 7.6% from a year ago. California year-to-date cheese production through August is 1.671 billion pounds, up 2.7% from 2015 cheese production through August. In CME Group trading Wednesday, barrels closed at \$1.4800, down \$.0300 from a week ago and blocks closed at \$1.5375, down \$.0475.

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CHEESE MARKETS

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

Process 5# Loaf	:	1.6100-1.8675
Cheddar 40# Block	:	1.6800-2.1250
Cheddar 10# Cuts	:	1.8600-2.0800
Monterey Jack 10#	:	1.8700-2.0300
Grade A Swiss Cuts 6 - 9#	:	2.4950-2.9250

FOREIGN

Cheese stocks remain tight in Western Europe. According to NASS, U.S. stocks of Swiss cheese in all warehouse as of August 31, 2016 totaled 26.0 million pounds, 17% above a year ago and 1% more than last month. In the U.S., wholesale domestic blue, gorgonzola, parmesan and Romano cheese prices decreased \$0.0825 following lower 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	: 2.1425-3.6300*
Gorgonzola	: 3.6900-5.7400	: 2.6500-3.3675*
Parmesan (Italy)	: -0-	: 3.5325-5.6225*
Romano (Cows Milk)	: -0-	: 3.3325-5.4825*
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-	: 2.9550-3.2775
Swiss Cuts Finnish	: 2.6700-2.9300	: -0-

* = Price change.

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

BUTTER : CHEESE

	:	
09/26/16	24,191	: 86,428
09/01/16	27,497	: 89,021
CHANGE	-3,306	: -2,593
% CHANGE	-12	: -3

FLUID MILK AND CREAM

EAST

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

	THIS WEEK		LAST WEEK		LAST YEAR	
	IN	OUT	IN	OUT	IN	OUT
FLORIDA	90	0	70	0	220	0
SOUTHEAST STATES	0	0	0	0	0	0

Northeast milk production is steady volume wise. Sources indicated that good bulk milk sales are affecting milk volumes moving into manufacturing, but milk intakes are adequate. Mid-Atlantic milk production is steady to lower. Bottled milk demand is steady. Southeast milk production is unchanged to lower at seasonal levels. However, ample supplies are available as one plant is unable to process allocated supply volumes due to a major maintenance issue. Manufacturing intakes remain restrained, as surplus milk generated by the situation transfers to bottling. Florida milk is nearing seasonal lows. Some producers have initiated cow freshening. Bottling sales are mostly steady. Class I utilization in Florida, was 84.14 percent in August. This is an increase of 0.81 percent compared to last month and an increase of 1.13 percent compared with August 2015. Imported f.o.b. milk shipments totaled 90 loads this week. Cream markets are balanced. According to some sources, the demand is lacking in a slow market. Multiples are unchanged to lower based on captured data. **Cream multiples** for all Classes ranges **1.22 to 1.33**. Moderate volumes of cream to sour cream and cream cheese replaces loads of cream that would typically clear to ice cream production, which is currently seasonally lower. At the CME Group, Grade AA butter closed Wednesday at \$1.9200, down \$0.0475 from a week ago. **Condensed skim** supplies are sufficient. Surplus volumes are mixed after contractual commitments. The market is seeing steady demand improve as buyers search for additional loads, which are usually available at discount. However, attached freight charges impact sales. With the most recent announcement of Advanced Prices, the Class II Nonfat Solids price is \$0.7933 per pound, an \$0.0389 increase over the previous month. According to the DMN *National Retail Report-Dairy*, for September 23-29, 2016, the U.S. weighted average advertised price for a gallon of milk was \$2.32, down 39 cents compared to last year and down 22 cents from last week. The Northeast weighted average price for a gallon of milk was \$2.18, falling \$1.51 from last week. Prices in the Southeast region range \$2.29-\$2.69.

FLUID CREAM AND CONDENSED SKIM PRICES IN TANKLOT QUANTITIES:
SPOT PRICES OF CLASS II CREAM, DOLLARS PER LB. BUTTERFAT:
F.O.B. producing plants: Northeast - 2.4199-2.6380
F.O.B. producing plants: Upper Midwest - 2.1422-2.4794

PRICES OF CONDENSED SKIM, DOLLARS PER LB. SOLIDS, F.O.B. PRODUCING PLANTS:
Northeast - Class II - includes monthly formula prices - .75-.97
Northeast - Class III - spot prices - .80-.94

MIDWEST

Milk production volumes are picking up, especially in northern parts of the region. Plant problems in the East have resulted in condensed skim from the East being offered in the Midwest, but with few takers. There is limited spot milk activity. Reports are that buyer inquiries are few, because of expectations that prices will fall in the coming weeks. Buyers who can wait are comfortable with holding back. Milk sellers report that interest from ice cream manufacturers is dropping.

The DMN *National Retail Report-Dairy* for September 23-29 noted the national weighted average advertised price for one gallon of milk was \$2.32, down \$0.39 from a week ago, and \$0.22 lower than a year ago. The weighted average regional prices in the Midwest and South Central and changes from the previous week are \$1.55(-\$0.39) and \$2.19(-\$0.80), respectively. Cream multiples are mixed, ranging from 1.08-1.25. Cream is readily available in the region. Some sources are projecting that even more cream will be on the market next week. This is driving multiples down in efforts to secure sales. Some sellers do not see cream cheese manufacturing kicking in and taking cream volumes that might have been expected.

WEST

In California, farm milk output is trending up. Lower seasonal temperatures are supporting cow comfort. Protein and fat components in the milk are steadily improving. Bottled milk orders from the retail and food service sectors are up this week. Orders from most educational institutions are steady. Demands for some Class 2 dairy products, like sour cream, are seasonally improving. Interest for Class 3 (ice cream) continues weakening. Manufacturing milk volumes moving to Class 4b (cheese) are higher as cheese operations are running near full capacity. According to California Department of Food and Agriculture (CDFA), August 2016 pool receipts of milk in the state total 3.13 billion pounds. This is 2.4% lower compared to the same month a year ago. From January through August 2016, receipts are 2.4% lower from the comparable period in 2015. The Value at Test price is \$15.99, \$1.17 higher than the previous month and \$0.59 above from a year ago. The percentage of receipts used in Class 1 products is 14.58%. The August quota price is \$16.74 and the over quota price is \$15.04. These prices are \$1.08 higher than the previous month and \$0.41 above a year ago. According to CDFA, August 2016 Class 1 sales in California totaled 54.6 million gallons, 0.3% higher than a year ago. From January through August 2016, Class 1 sales totaled 425.4 million gallons, down 2.7% from the comparable period in 2015. In Arizona, farm milk intakes are slightly higher due to cooler daytime temperatures, below 100 degrees. Class I sales to retailers are up as some grocery outlets are restocking shelves. Orders from restaurants and schools are flat this week. Demand for ice cream is seasonally waning. However, interest for other Class II products as whipped cream and sour cream is ramping up. In New Mexico, milk production had plateaued as weather conditions are getting better, compared to the previous week. Milk intakes are sufficient to keep balancing plants busy. Bottled milk orders from supermarkets and restaurants are steady to slightly higher. Moderate manufacturing milk volumes continue clearing into Class III processing facilities. According to the DMN *National Retail Report-Dairy* for the week of September 23-29, the national weighted average advertised price for one gallon of milk is \$2.32, down 39 cents from last week and 22 cents lower from a year ago. The weighted average regional prices in the Southwest and Northwest are \$2.31 and \$1.99, respectively. Pacific Northwest milk intakes are steady and following typical seasonal patterns. Manufacturers are getting the milk they need from sources close by. School meal programs continue to pull good volumes into bottling. Manufacturers are ramping up to meet fall and winter demand for cheese and butter. Dairy contacts in the mountain states of Colorado, Utah and Idaho report milk has dropped a little due to seasonal weather changes. The impacts on milk shipments, however, are minimal and most processors say there is plenty of milk

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for processing needs. The area is getting some rain and snow at higher elevations. The snow is a welcome sign for the promise of irrigation water for next year's growing season. Most dairy farmers are entering into the fall and winter season with a good quantity and quality feed stuffs. In the west, demands for condensed skim from NDM and SMP manufacturers are strong, but weak from ice cream makers. Some condensed skim volumes are clearing into Class III. Western cream supplies are more available. Moderate to heavy cream loads continue clearing into butter churning. Interest for cream to manufacture whips and dips is seasonally active. This week, multiples for all classes are lower, ranging from 1.08 to 1.25.

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: Market f.o.b. pricing for low/medium nonfat dry milk (NDM) is higher. Overall, production is mixed. Extra loads of condensed skim were available, as supplies offered out of the East cleared into Central region NDM plants. Inventories are in good position and manufacturers are comfortable as NDM stocks appear to be in balance. However, end users are not excited about current prices and express an unwillingness to chase what they consider too high pricing. Some buyers/sellers see prices easing, as inventories grow and processors' reluctance to carry too much low/medium NDM inventory develops. Aged NDM is filtering the market, although some traders note, the market is less willing to take product without generous discounts. High heat nonfat dry milk prices are climbing. Loads typically are available for committed orders, with lesser supplies for spot trading. High heat NDM undertone characterizes a firm market.

EAST: Regionally, low/medium nonfat dry milk prices continues to display strength. Meanwhile, production is slightly limited as some manufacturing plants' dryer operations remain down. F.O.B. spot trading has been very light in the East. The majority of transactions resulted from negotiated fixed and/or basing prices. As the market looks for signs that best determines the market, a central concern for NDM manufacturers is taking advantage of what some phrase, bull market conditions, as prices consistently trend in a favorable direction. However, the sources indicate the associated demand is slow in materializing. Even so, the NDM market undertone is firm. Prices for high heat NDM continue to move northward. Buyers are cautiously declining manufacturers' premium high heat NDM offerings. Supplies remain tight, as some processors implement active production schedules. Demand is improving in a firming market. Wednesday at the CME Group, Grade A NDM closed at \$0.9525, up \$0.0300 from last week.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: .8850 - 1.0200 MOSTLY: .9200 - .9700
 HIGH HEAT: 1.0200 - 1.0800

NONFAT DRY MILK - WEST

Western f.o.b. spot prices for low/medium heat nonfat dry milk (NDM) are higher on light to moderate trading. The market undertone continues to be firm. Some manufacturers prefer to hold stocks at this point, anticipating higher prices in the near future. Meanwhile, some brokers and end users are taking a wait and see attitude, pushing processors in order to drop prices. NDM demands from bakers, cheese makers and dry mix manufacturers are active. International interest, especially from Mexico, is strong. Low/medium heat production is active as moderate condensed skim volumes continue clearing into dryers. Inventories are steady to slightly tight in many plants. High heat nonfat dry milk prices are higher. Production is irregular, mostly based on contractual needs. Demand from bakers is active as the fall holiday season approaches. Inventories continue tightening. Consequently, trading activity has been very light throughout the week. According to California Department of Food and Agriculture, August 2016 nonfat dried milk (NDM) production in California totaled 30.6 million pounds, 31.8% lower than a year ago. From January through August 2016, NDM production totaled 389.5 million pounds, down 23.2% from the same period in 2015.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: .8800 - 1.0200 MOSTLY: .9400 - .9700
 HIGH HEAT: 1.0000 - 1.0750

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES
September 23	\$.8743	9,088,116
September 16	\$.8710	12,245,635

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

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Central dry buttermilk prices are mixed, as f.o.b. spot sales lowered the bottom of the range, but adjusted marginally higher at the top in a fairly quiet market. Dry buttermilk sales activity is mostly contract based. Reports indicate some suppliers are oversold on product, with no spot availability. Generally, dry buttermilk inventories are tight. In addition, the market notes an ample supply of aged dry buttermilk offered at discounted pricing in the spot market. Demand is at seasonal levels, with good resale activity. The market undertone is firm.

EAST: With marginal upward movement at the top of the range, dry buttermilk prices in the East continues to trend higher. Regional spot market trading is sluggish, as stocks are limited with little product offered beyond manufacturers' commitments. As some dryer operations remain offline, dry buttermilk output and availability affect the dry buttermilk supply. In some instances, manufacturers report processing butter/dry buttermilk for Q4, neither selling nor buying cream. Uncommitted cream availability is expanding, which will likely increase churning and add to dry buttermilk production. The dry buttermilk market undertone is strengthening.

F.O.B. CENTRAL/EAST: .8000 - .9100

DRY BUTTERMILK - WEST

Western f.o.b. spot prices for dry buttermilk are steady on the range, but higher on the mostly series. The market undertone is steady to firm. The recent upward trends on NDM prices are helping to boost dry buttermilk prices. The trading activity is light to moderate this week. Demand from bakers is inching up, as the fall baking season is close. More condensed buttermilk supplies are available to dry as ice cream processors are pulling fewer volumes. Consequently, buttermilk processing is active in line with regional butter production. Inventories are mixed throughout the region.

F.O.B. WEST: .8000 - .9200 MOSTLY: .8400 - .8900

DRY WHOLE MILK - NATIONAL

F.O.B. spot prices for national dry whole milk are steady to higher. The top of the pricing range shifted up due to some spot trading activity in the East. Demands from the bakery and confectionary sectors are active as the fall baking season approaches. The market undertone continues to be firmer in the East, but unsettled in the West and Central regions. Dry whole milk production is sporadic, dictated by contractual requirements. Inventories are tight in most regions.

F.O.B. PRODUCING PLANT: 1.2900 - 1.5000

WHEY, WPC 34%, LACTOSE & CASEIN

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

DRY WHEY - CENTRAL

Central whey prices moved higher at the bottom of both the range and mostly prices series, but held steady at the top of each. Dry whey production is steady, however a number of industry contacts suggest there may be greater interest by manufacturers to make higher protein concentrations instead of dry whey. Contracted customers are taking most of the dry whey produced and processors report limited or no spot market whey availability. Animal whey prices moved higher at the top of the range this week. End users continue to look for deals among feed material options.

F.O.B. CENTRAL: .2750 - .4100 MOSTLY: .2850 - .3350
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2100 - .2950

DRY WHEY - NORTHEAST

Dry whey prices are unchanged in the East. The regions' rate of output for dry whey is improving with active cheese processing, but whey streams do clear to higher protein manufacturing in some instances. Limited supplies in manufacturing channels constrain f.o.b. spot purchases, as contract customer needs take preference. Consequently, resale markets are actively facilitating traders' dry whey requests. Demand is light. The dry whey market undertone is steady to firm.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3000 - .3550

DRY WHEY - WEST

Western whey prices held steady. Demand is reasonably good. Some good volumes of dry whey continue to move into Mexico and Southeast Asia. Most whey is moving consistently through contracts, but spot market activity is a little light. Inventories are mixed. A few manufacturers report being committed through the end of the year. Dry whey production is steady.

NONHYGROSCOPIC: .2850 - .4100 MOSTLY: .3000 - .3525

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Prices for whey protein concentrate 34% are steady to higher. The bottom of the range and top of the mostly price series moved up with a few spot sales. Manufactures are providing limited number of offers due to tight inventories and steady demand. Resale markets are active and some resellers are looking for available loads of all grades of WPC34%. Production is steady to lower. A few processors are currently shut down for repairs and maintenance. Other manufacturers are producing higher protein concentrations instead of WPC34%.

F.O.B. EXTRA GRADE 34% PROTEIN: .6100 - .8750 MOSTLY: .6800 - .7950

LACTOSE - CENTRAL AND WEST

Lactose prices held steady on light spot sales activity. Manufacturers are still circulating a few offers, but most Q4 contracts are in place. Some buyers are looking for longer term agreements or larger volumes of lactose. The requests place more pressure on production facilities, which are already near full capacity. Although there is a little more availability of low mesh lactose, inventories are generally tight or committed. Demand is steady.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .2300 - .4050 MOSTLY: .2800 - .3650

CASEIN - NATIONAL

Rennet and acid casein prices firmed this week at each end of their price ranges. Casein price strengthening is moving with many other dairy powders. At GDT event 172 on September 20, rennet casein contracts for October yielded price increases of 2.6%, while the all contracts average price increase was 2.0%.

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: 3.1150 - 3.1325
ACID: 3.1300 - 3.1500

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
09/10/2016	50.6	2,023.5	51.5	2,053.2

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

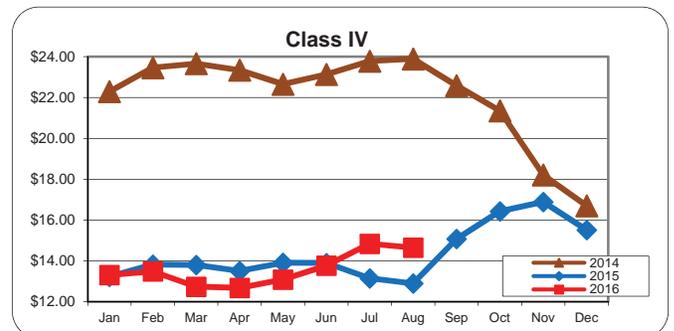
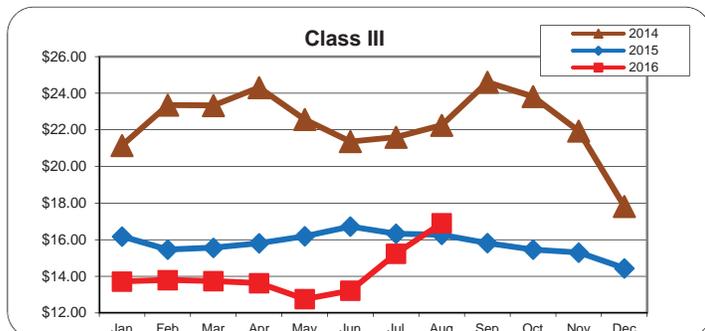
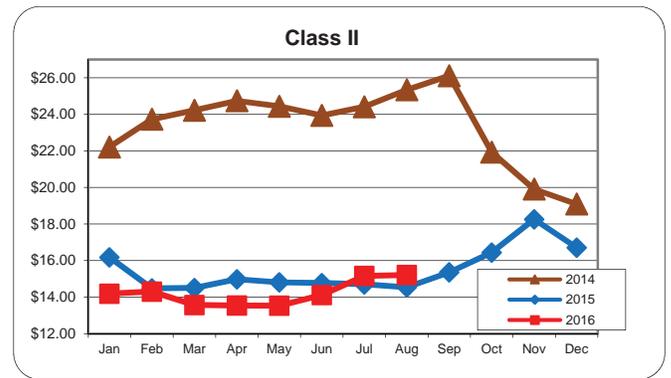
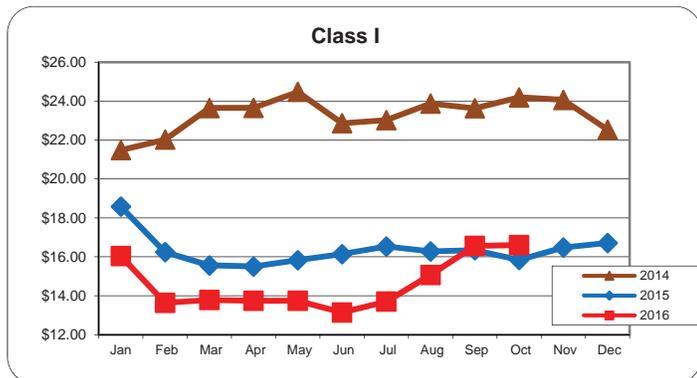
CLASS IV MILK PRICES (3.5%)

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	16.56	16.60		
II	14.19	14.30	13.57	13.54	13.53	14.12	15.16	15.21				
III	13.72	13.80	13.74	13.63	12.76	13.22	15.24	16.91				
IV	13.31	13.49	12.74	12.68	13.09	13.77	14.84	14.65				

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 September 19 - 30, 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: EU 28 milk production January-July 2016 is 1.3% below the same period of 2015. This was the second consecutive month in 2016 behind 2015 levels. Of the top 6 milk producing nations, 4 had lower milk production in July 2016 than July last year. The UK had the biggest fall-off in production in July, -8.3%. France and the Netherlands were the only big producers, which saw an increase in milk production. Overall EU milk production is expected by many processors, to be weaker through the rest of 2016.

WHOLE MILK POWDER (WMP): Western European whole milk powder prices firmed, following global pricing trends. Demand is relatively quiet. EU WMP powder exports January-July 2016 increased 2.3% from the same period of 2015 according to Eucolait. The top three export destinations and percentage of total exports are: Oman, 15.9%; Algeria, 8.3%; and Cuba, 8.5%.

26% BUTTERFAT:

2,875 - 3,025

BUTTER/BUTTEROIL: Western European butter prices firmed at each end of the price range. Demand for packaged butter is good. Price increases are anticipated in coming weeks. Bulk butter interest is slow and production is at a low level, focused on filling existing orders. EU butter exports January-July 2016 increased 34.8% from the same period of 2015 according to Eucolait. The top three export destinations and percentage of total exports are: Saudi Arabia, 12.7%; Egypt, 9.7%; and U.S.A., 9.4%. Butter imports to the EU this year through July decreased 51.5% from the same period of 2015. The top three import origins and percentage of total imports are: New Zealand, 67.9%; United States, 9.7%; and Saudi Arabia, 9.6%.

EASTERN OVERVIEW: Milk production in Poland for July has fallen back to near the level of July, 2014. However, annual 2016 production through August is 3% above the same period of 2015.

82% BUTTERFAT: 4,300 - 4,625

99% BUTTERFAT: 4,000 - 4,600

SKIM MILK POWDER (SMP): Skim milk powder prices in Western Europe firmed at each end of the price range, more at the top, with limited transactions moving that price. Spot market activity is limited, with many buyers more focused on longer term supply arrangements. Production is seasonally declining. There were no intervention transactions during the past week. EU SMP powder exports January-July 2016 decreased 16.7% from the same period of 2015 according to Eucolait. The top three export destinations and percentage of total exports are: Algeria, 14.8%; China, 8.3%; and Egypt, 7.9%.

1.25% BUTTERFAT: 2,200 - 2,400

SWEET WHEY POWDER: Sweet whey powder prices in Western Europe increased at each end of the price range. Production has been dropping in Germany and France. EU whey powder exports January-July 2016 increased 3.7% from the same period of 2015 according to Eucolait. The top three export destinations and percentage of total exports are: China, 29.1%; Indonesia, 15.1%; and Malaysia, 10.1%. Whey powder imports to the EU this year through July decreased 4.1% from the same period of 2015. The top three import origins and percentage of total imports are: Switzerland, 90.0%; Norway, 6.0%; and United States, 3.0%.

NONHYGROSCOPIC: 900 - 1,100

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered September 19 - 30, 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.

Hay markets in **Australia** reflect uncertainty as to future price trends, which is keeping a number of producers out of the market. Hay crops are expected to be good, but questions remain as to quality following water saturation generated by above average spring rains. Prices are expected to ease as sun dries grasses and cutting gets underway. **New Zealand** milk production during August, as reported by DCANZ, was 1.34 million MT, up from 231,000 MT in July. During August 2015, milk production was 1.38 million MT. August milk solids, 113.13 million kg, are up from 19.92 million kg in July. During August 2015, milk solids were 116.68 million kg. Observers commented that a factor contributing to lower production and solids this August compared with August last year may be bad weather at the end of this August. Nevertheless the August 2016 results have left some anxiety about milk supply volumes that will be available for manufacturing in coming months. A major cooperative in New Zealand recently increased milk pay prices, a welcome turn of events for dairy producers. At the September 20 GDT event #172, average prices ranged from -0.2% to 7.0% higher from the prior event across categories where contracts were executed. The all contracts price averages (US\$ per MT) and percent changes from the previous average are: anhydrous milk fat, \$4,998 +4.6%; butter, \$3,892 +3.6%; buttermilk powder, \$2,276 +7.0%; cheddar cheese, \$3,518 +2.2%; lactose, \$815 +3.7%; rennet casein, \$6,893 +2.0%; skim milk powder, \$2,293 +3.0%; and whole milk powder, \$2,782 -0.2%.

BUTTER: Butter prices this week slightly declined at the top of the price range and remained steady at the bottom. The decline at the top of the price range moves that price down from what had been the highest range top price of 2016, while the lower range price remains at the highest point of the year. Some manufacturers have adjusted market pricing following the GDT results last week. There is a good supply of butter available and buyers do not feel pressured to finalize purchases. New Zealand butter exports January-July 2016 increased 5.5% from the same period of 2015 according to Eucolait. The top three export destinations and percentage of total exports are: China, 16.5%; Iran, 14.0%; and Egypt, 10.0%. GDT event 172 on September 20 yielded butter prices for the October 2016 contract down 2.0% and for all contracts up 3.6%.

82% BUTTERFAT: 3,850 - 3,925

SKIM MILK POWDER (SMP): Oceania skim milk powder prices are up slightly at the bottom of the price range but up more at the top. The top range prices are not believed to represent significant volumes of transactions and relate to time imperatives. Sellers and buyers in the region are quite aware of European SMP pricing. Manufacturers in New Zealand feel other dairy products offer more attractive returns. New Zealand SMP exports January-July 2016 increased 12.6% from the same period of 2015 according to Eucolait. The top three export destinations and percentage of total exports are: China, 23.3%; Malaysia, 9.5%; and Philippines, 9.2%. GDT event 172 on September 20 yielded SMP prices for the October 2016 contract down 0.4% and for all contracts up 3.0%.

1.25% BUTTERFAT: 2,300 - 2,600

CHEDDAR CHEESE: Oceania cheddar cheese prices firmed slightly at each end of the price range. Production in New Zealand continues to be lower than desired due to the volumes of early season milk availability. New Zealand Cheese exports January-July 2016 increased 10.7% from the same period of 2015 according to Eucolait. The top three export destinations and percentage of total exports are: Japan, 18.0%; Australia, 17.3%; and China, 12.7%. GDT event 172 on September 20 yielded Cheddar prices for the October 2016 contract down 1.0% and for all contracts up 2.2%.

39% MAXIMUM MOISTURE: 3,500 - 3,800

WHOLE MILK POWDER (WMP): Prices for whole milk powder in Oceania slightly increased at each end of the price range. The increases keep Oceania WMP prices at the highest level of 2016. Manufacturers expect continuing price strength into the Fall. New Zealand WMP exports January-July 2016 decreased 3.6% from the same period of 2015 according to Eucolait. The top three export destinations and percentage of total exports are: China, 25.2%; Algeria, 9.5%; and UAE, 8.0%. GDT event 172 on September 20 yielded WMP prices for the October 2016 contract up 4.5% and for all contracts down 0.2%.

26% BUTTERFAT: 2,800 - 2,975

**Exchange rates for selected foreign currencies:
September 26, 2016**

.0657 Argentina Peso	.0100 Japan Yen
.7635 Australian Dollar	.0503 Mexican Peso
.7560 Canadian Dollar	.7275 New Zealand Dollar
1.1255 Euro	.2617 Poland Zloty
.0150 India Rupee	

Conversion example: To compare the value of 1 US Dollar to Mexican Pesos: $(1/.0503) = 19.8807$ Mexican Pesos. Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS

US\$/MT	Global/Dairy Trading (gDT) Event 172 Recap - September 20, 2016													
	Contract 1 Oct-16		Contract 2 Nov-16		Contract 3 Dec-16		Contract 4 Jan-17		Contract 5 Feb-17		Contract 6 Mar-17		All Contracts	
Anhydrous Milk Fat	\$5,181	7.3%	\$4,999	5.5%	\$4,954	3.6%	\$4,941	3.2%	\$5,031	4.1%	\$5,076	5.3%	\$4,998	4.6%
Butter	\$3,934	-2.0%	\$3,778	0.3%	\$3,980	7.3%	\$3,925	5.9%	\$3,980	6.3%	\$3,990	6.8%	\$3,892	3.6%
Buttermilk Powder		n.a.	\$2,285	7.3%	\$2,255	4.6%	\$2,300	11.7%		n.a.		n.a.	\$2,276	7.0%
Cheddar	\$3,840	-1.0%	\$3,656	9.2%	\$3,448	-0.6%	\$3,383	-1.5%	\$3,645	2.8%		n.a.	\$3,518	2.2%
Lactose		n.a.	\$815	3.7%		n.a.		n.a.		n.a.		n.a.	\$815	3.7%
Rennet Casein	\$6,909	2.6%	\$6,905	2.0%	\$6,878	0.9%	\$6,877	3.3%		n.a.		n.a.	\$6,893	2.0%
Skim Milk Powder	\$2,285	-0.4%	\$2,272	2.5%	\$2,313	3.1%	\$2,294	2.5%	\$2,319	4.8%	\$2,390	6.9%	\$2,293	3.0%
Sweet Whey Powder		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.
Whole Milk Powder	\$2,983	4.5%	\$2,768	-1.2%	\$2,864	2.8%	\$2,711	-1.4%	\$2,695	-2.3%	\$2,845	-4.9%	\$2,782	-0.2%

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

US\$/Pound	Global/Dairy Trading (gDT) Event 172 Recap - September 20, 2016													
	Contract 1 Oct-16		Contract 2 Nov-16		Contract 3 Dec-16		Contract 4 Jan-17		Contract 5 Feb-17		Contract 6 Mar-17		All Contracts	
Anhydrous Milk Fat	\$2.3501	7.3%	\$2.2675	5.5%	\$2.2471	3.6%	\$2.2412	3.2%	\$2.2820	4.1%	\$2.3025	5.3%	\$2.2671	4.6%
Butter	\$1.7845	-2.0%	\$1.7137	0.3%	\$1.8053	7.3%	\$1.7804	5.9%	\$1.8053	6.3%	\$1.8099	6.8%	\$1.7654	3.6%
Buttermilk Powder		n.a.	\$1.0365	7.3%	\$1.0229	4.6%	\$1.0433	11.7%		n.a.		n.a.	\$1.0324	7.0%
Cheddar	\$1.7418	-1.0%	\$1.6584	9.2%	\$1.5640	-0.6%	\$1.5345	-1.5%	\$1.6534	2.8%		n.a.	\$1.5958	2.2%
Lactose		n.a.	\$0.3697	3.7%		n.a.		n.a.		n.a.		n.a.	\$0.3697	3.7%
Rennet Casein	\$3.1339	2.6%	\$3.1321	2.0%	\$3.1198	0.9%	\$3.1194	3.3%		n.a.		n.a.	\$3.1266	2.0%
Skim Milk Powder	\$1.0365	-0.4%	\$1.0306	2.5%	\$1.0492	3.1%	\$1.0406	2.5%	\$1.0519	4.8%	\$1.0841	6.9%	\$1.0401	3.0%
Sweet Whey Powder		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.
Whole Milk Powder	\$1.3531	4.5%	\$1.2556	-1.2%	\$1.2991	2.8%	\$1.2297	-1.4%	\$1.2224	-2.3%	\$1.2905	-4.9%	\$1.2619	-0.2%

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

CME GROUP, INC FUTURES
Selected settling prices

Month	09/16	09/19	09/20	09/21	09/22	09/23	09/26	09/27	09/28	09/29
CLASS III MILK FUTURES (Pit-Traded) (\$/cwt)										
SEP 16	16.36	16.34	16.35	16.36	16.38	16.38	16.38	16.38	16.41	16.39
OCT 16	16.07	15.74	16.20	15.94	15.66	15.56	15.34	15.20	15.27	15.14
NOV 16	16.24	16.01	16.48	16.15	15.90	15.78	15.57	15.43	15.67	15.52
DEC 16	16.00	15.88	16.26	15.96	15.85	15.73	15.44	15.27	15.51	15.43
JAN 17	15.86	15.78	15.94	15.83	15.78	15.62	15.33	15.16	15.33	15.31
FEB 17	15.96	15.90	15.99	15.90	15.91	15.73	15.45	15.34	15.46	15.45
MAR 17	16.05	16.04	16.05	15.98	15.93	15.79	15.54	15.44	15.56	15.59
APR 17	16.15	16.10	16.13	16.01	16.00	15.86	15.66	15.60	15.65	15.70
MAY 17	16.23	16.20	16.22	16.17	16.15	16.05	15.84	15.85	15.88	15.87
JUN 17	16.40	16.38	16.43	16.36	16.36	16.25	16.07	16.06	16.10	16.10
CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)										
SEP 16	14.24	14.24	14.23	14.23	14.23	14.23	14.23	14.26	14.26	14.25
OCT 16	14.72	14.72	14.72	14.72	14.72	14.80	14.80	14.73	14.62	14.55
NOV 16	15.21	15.29	15.14	15.14	15.12	15.20	15.08	14.98	14.97	14.84
DEC 16	15.38	15.49	15.30	15.24	15.24	15.30	15.30	15.18	15.17	15.04
CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)										
SEP 16	206.75	205.75	205.08	205.50	206.28	206.00	206.50	206.05	206.25	206.45
OCT 16	203.25	201.50	199.50	200.03	204.50	204.28	203.00	198.00	198.03	198.00
NOV 16	203.55	202.50	200.53	200.78	205.70	206.03	203.00	198.00	198.03	198.83
DEC 16	201.75	200.03	199.60	199.75	201.85	203.98	198.98	196.00	197.00	196.93
NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)										
SEP 16	88.60	88.60	88.68	88.15	88.75	88.80	89.18	89.55	89.00	88.68
OCT 16	95.50	96.80	96.48	95.58	96.50	96.20	96.75	97.50	96.50	96.00
NOV 16	101.50	102.10	100.63	99.90	101.43	100.55	100.15	101.20	100.53	98.13
DEC 16	104.15	105.50	103.65	103.65	104.43	103.68	103.20	104.35	102.95	101.20
WHEY (Electronic-Traded) (¢/lb)										
SEP 16	30.35	30.35	30.35	30.35	30.70	30.70	30.70	30.70	30.70	30.70
OCT 16	34.50	34.03	34.28	34.50	33.80	33.85	33.05	33.03	33.03	33.03
NOV 16	36.50	36.50	36.50	36.25	35.25	34.90	34.05	34.25	34.50	34.50
DEC 16	37.00	36.30	36.30	36.30	35.75	35.75	34.70	34.45	34.70	34.50
CHEESE CSC (Electronic-Traded) (\$/lb)										
SEP 16	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75	1.75
OCT 16	1.70	1.66	1.71	1.68	1.66	1.65	1.63	1.61	1.62	1.61
NOV 16	1.70	1.68	1.72	1.69	1.67	1.66	1.65	1.63	1.66	1.64
DEC 16	1.68	1.67	1.70	1.68	1.67	1.66	1.64	1.62	1.64	1.63
JAN 17	1.66	1.65	1.67	1.66	1.66	1.64	1.63	1.61	1.62	1.62

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

MONTHLY COLD STORAGE REPORT – TOTAL U.S. STOCKS

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

All stocks in thousand pounds except where otherwise indicated

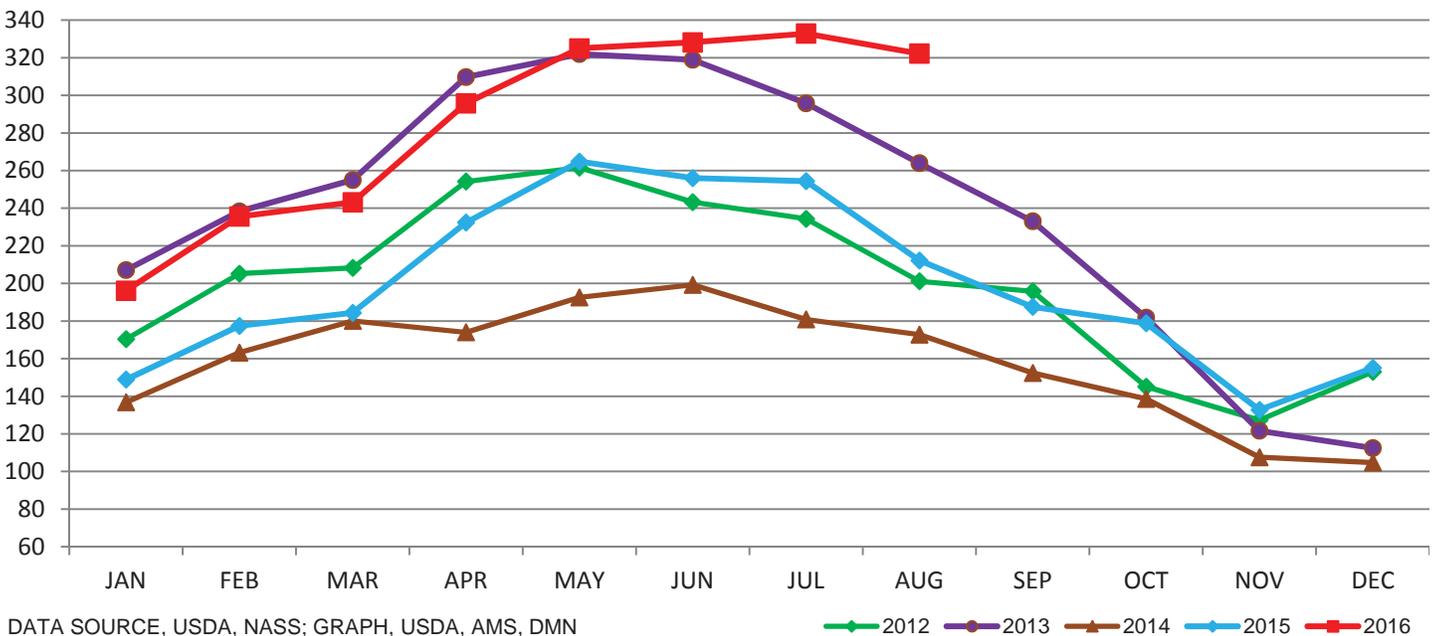
U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	JUL 31, 2014	JUL 31, 2015	REVISED JUL 31, 2016	AUG 31, 2014	AUG 31, 2015	AUG 31, 2016
Butter	180,834	254,347	332,848	172,789	212,189	322,219
Cheese, Natural American	660,438	698,029	769,705	648,784	709,029	744,491
Cheese, Swiss	24,593	21,591	25,702	27,085	22,203	26,006
Cheese, Other Natural	369,861	442,176	480,139	365,539	436,161	472,578
Total Cheese	1,054,892	1,161,796	1,275,546	1,041,408	1,167,393	1,243,075

AUGUST STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
New England	62,866	63,827	64,105				784	912	577
Middle Atlantic	53,398	71,200	88,750				23,385	24,094	19,404
East North Central	243,599	279,468	297,176				246,345	283,568	297,967
West North Central	113,879	112,877	123,530				44,573	45,611	48,379
South Atlantic	605	984	2,106				4,741	26,726	32,240
East South Central	5,119	6,394	6,125				11,701	11,779	21,658
West South Central	18,485	12,090	19,201				504	1,329	1,835
Mountain	53,115	58,483	48,372				2,335	2,667	3,622
Pacific	97,718	103,706	95,126				31,171	39,475	46,896
TOTAL	648,784	709,029	744,491	172,789	212,189	322,219	365,539	436,161	472,578

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

MILLION POUNDS

Butter Cold Storage Holdings



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

Legend: 2012 (green diamond), 2013 (purple circle), 2014 (brown triangle), 2015 (blue diamond), 2016 (red square)

Consumer Price Index and Average Retail Prices for Selected Products, U.S. City Average ¹

Consumer Price Index												
Month	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish, and Eggs	
	CPI ²	Pct. Chg ³	CPI ²	Pct. Chg ³								
Jun 2016	247.5	0.3	214.8	-2.2	199.2	-4.8	225.2	-2.6	233.6	4.8	248.0	-5.0
Jul 2016	247.6	0.2	214.6	-3.1	197.8	-7.0	226.6	-3.2	235.7	3.1	246.9	-5.6
Aug 2016	247.7	0.0	215.5	-2.4	200.1	-4.4	226.4	-2.4	239.0	2.6	246.5	-6.5

U.S. City Average Retail Prices										
Month	Whole Milk ⁴		Butter ⁵		Process Cheese ⁶		Natural Cheese ⁷		Ice Cream ⁸	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	<i>(dollars)</i>									
Jun	3.115	3.366	N/A	N/A	4.310	4.265	5.269	5.256	4.710	4.620
Jul	3.062	3.430	N/A	N/A	4.373	4.352	5.184	5.376	4.691	4.466
Aug	3.141	3.389	N/A	N/A	4.273	4.346	5.272	5.336	4.710	4.597

N/A = Not available. ¹ "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. ² The standard reference base period for these indexes is 1982-1984 = 100. ³ Percent change over previous year. ⁴ Per gallon. ⁵ Per pound. Grade AA, salted, stick butter. ⁶ Per pound, any size and type of package. ⁷ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc). ⁸ Per 1/2 gallon prepackaged regular.

August Agricultural Prices Highlights

The All Milk price received by farmers was \$17.10 in August, up \$.40 from August 2015. The alfalfa hay price was \$138.00 in August, down \$23.00 from August 2015. The corn price was \$3.21 in August, down \$0.47 from August 2015. The soybean price was \$9.93 in August, up \$0.22 from August 2015. The milk-feed price ratio was 2.42 in August, up 0.32 from August 2015.

The index of prices received by farmers for dairy products during the month of August 2016 was up 5 to 85.1. Compared to August 2015, the index was up 2 points (2.4 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in August 2016 was down 0.9 point to 105.7. Compared with August 2015, the index was down 4.4 points (-4.0 percent).

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

State	All-Milk price ^{1,2}		Alfalfa hay, baled		Corn for Grain		Soybeans	
	August		August		August		August	
	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	15.60	16.20	140.00	140.00	---	---	---	---
CA	15.23	15.96	165.00	145.00	---	---	---	---
CO	17.30	17.20	190.00	150.00	3.82	3.43	---	---
ID	16.50	17.30	165.00	130.00	---	---	---	---
IN	16.30	16.60	---	---	3.90	3.54	10.00	10.30
IA	17.10	17.60	115.00	93.00	3.67	3.08	9.49	9.77
MI	16.00	15.60	170.00	155.00	3.69	3.45	10.40	10.10
MN	17.50	18.20	76.00	69.00	3.46	3.04	9.65	9.76
NM	15.40	16.50	215.00	165.00	---	---	---	---
NY	17.40	17.30	166.00	216.00	---	---	---	---
OH	17.10	17.10	140.00	170.00	3.94	3.57	10.20	10.30
PA	17.70	17.50	205.00	182.00	4.08	3.97	---	---
TX	17.60	17.90	205.00	178.00	4.26	3.39	---	---
WA	16.00	17.20	180.00	140.00	---	---	---	---
WI	17.60	18.00	111.00	79.00	3.67	3.12	9.57	9.84
U.S.	16.70	17.10	161.00	138.00	3.68	3.21	9.71	9.93

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., August 2016 with Comparisons

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

State ²	August 2015	July 2016	August 2016
IA	2.46	2.54	2.93
MI	1.94	1.93	2.03
MN	2.92	2.80	3.32
OH	2.33	2.05	2.31
WI	2.55	2.67	3.12
U.S.	2.10	2.14	2.42

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., August 2016 with Comparisons

Item	August 2015	July 2016	August 2016
Index Numbers (1990-92=100):			
Prices received by farmers for dairy production	83.1	80.1	85.1
Prices paid by farmers for commodities and services, interest taxes, and wage rates	110.1	106.6	105.7

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

Measures of Growth in Federal Milk Marketing Orders, 1955 - 2015

Year	Number of Markets ¹	Number of Pool Handlers ¹	Number of Pooled Producers ²	Population of Federal Milk Marketing Areas ³	Total Receipts of Producer Milk ⁴	Producer Milk Used as Class I	Percent Used as Class I	Percentage of All Milk Sold		Milk Price at 3.5% Butterfat Content ⁵		Average Daily Delivery per Producer	Gross Value of Producer Milk ⁶	
								Fluid Grade	All Milk	Class I	Blend		Per Pooled Producer	All Pooled Producers
1955	63	1,483	188,611	46,963	28,948	18,032	62.3	51	32	4.67	4.08	420	6,510	1,227,815
1960	80	2,259	189,816	88,818	44,812	28,758	64.2	64	43	4.88	4.47	648	10,482	1,989,615
1965	73	1,891	158,077	102,351	54,444	34,561	63.5	70	48	4.93	4.31	944	15,300	2,418,526
1970	62	1,588	143,411	125,721	65,104	40,063	61.5	79	59	6.74	5.95	1,244	27,636	3,963,311
1975	56	1,315	123,855	150,666	69,249	40,106	57.9	78	63	9.36	8.64	1,532	49,233	6,097,768
1980	47	1,091	117,490	164,908	83,998	41,034	48.9	80	67	13.77	12.86	1,954	93,685	11,007,001
1985	44	884	116,765	176,440	97,762	42,201	43.2	80	70	13.88	12.61	2,294	107,871	12,595,522
1990	42	753	100,397	195,841	102,396	43,783	42.8	77	70	15.55	13.78	2,796	142,324	14,289,567
1995	33	571	88,717	207,548	108,548	45,044	41.5	75	71	14.19	12.79	3,350	157,754	13,995,454
2000	11	346	69,590	228,899	116,920	45,989	39.3	72	70	14.24	12.11	4,590	207,913	14,468,892
2005	10	302	53,036	238,428	114,682	44,570	38.9	66	65	17.13	15.07	5,904	334,626	17,747,577
2010	10	251	45,918	247,031	126,909	44,970	35.4	67	66	18.25	16.07	7,572	444,038	20,389,201
2011	10	241	43,654	247,675	126,879	44,383	35.0	66	65	21.97	19.87	7,963	577,538	25,211,996
2012	10	237	40,750	250,724	122,388	43,492	35.5	62	61	20.39	18.05	8,229	542,121	22,091,337
2013	10	225	40,048	251,201	132,100	42,742	32.4	67	66	21.80	19.44	9,047	641,295	25,682,588
2014	10	223	38,391	255,184	129,420	41,420	32.0	63	63	26.14	23.54	9,236	793,728	30,472,016
2015	10	214	36,118	256,526	126,126	41,206	32.7	61	61	19.21	16.70	9,559	583,173	21,063,042

¹ End of year.

² Average for year.

³ Figures for following time periods on respective U.S. Census: 1951-59 (1950), 1960-70 (1970), 1980, 1990, 2000, and 2010. Figures for following time periods are estimated based on other Census Bureau reports: 1972-79, 1981-99, 2001-2009, 2011-2015.

⁴ Beginning in 1988, due to disadvantageous price situations in some markets, handlers elected not to pool milk that normally would have been associated with the order. This has reduced, sometimes substantially, the volume of producer milk receipts reported for some markets. This can also affect significantly the comparability of other "Measures of Growth" based on this statistic.

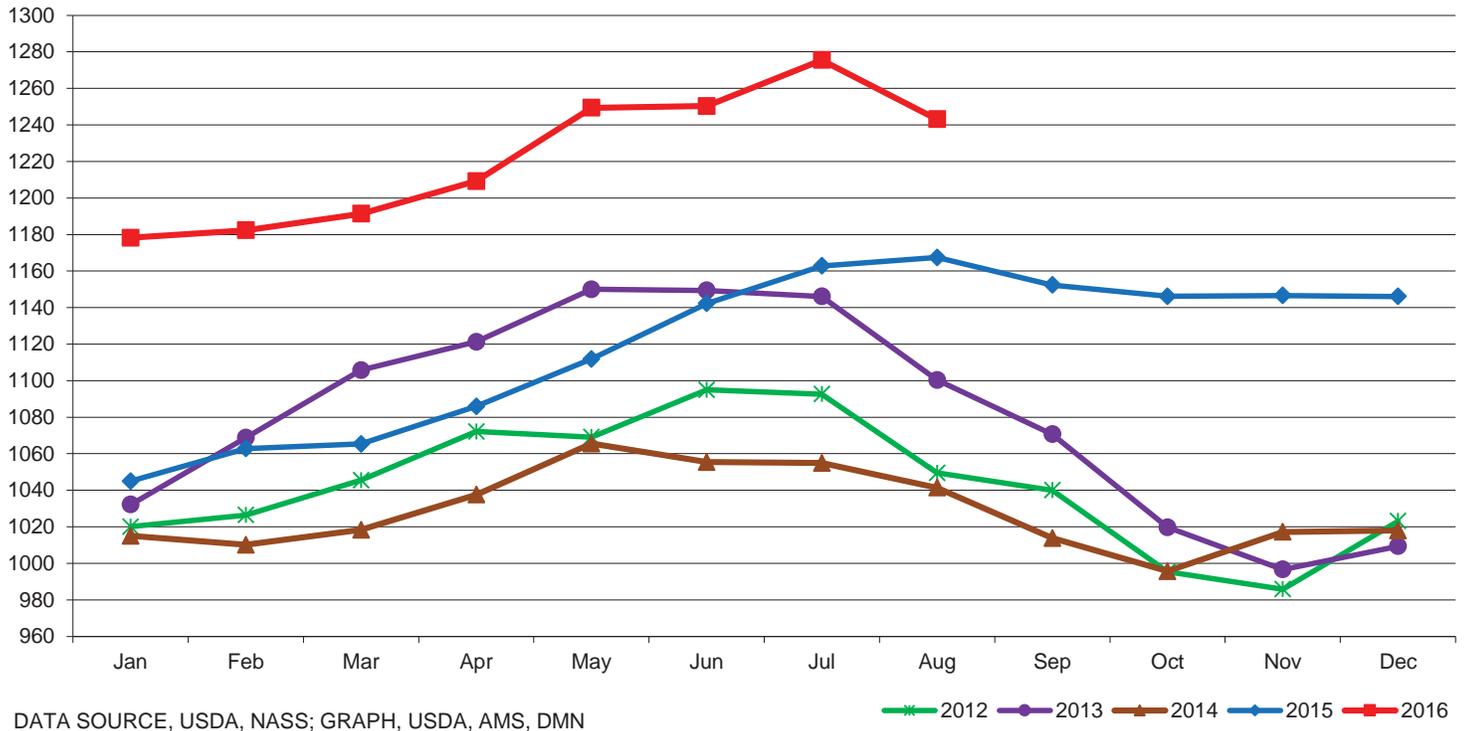
⁵ Prices are simple averages for 1947-61 and weighted averages for 1962 to date.

⁶ Based on blend (uniform) price adjusted for the butterfat content, and starting in 1988, other milk components of producer milk.

Report Contact: Randal Stoker, Dairy Marketing Specialist, randal.stoker@usda.gov or 202-690-1932.

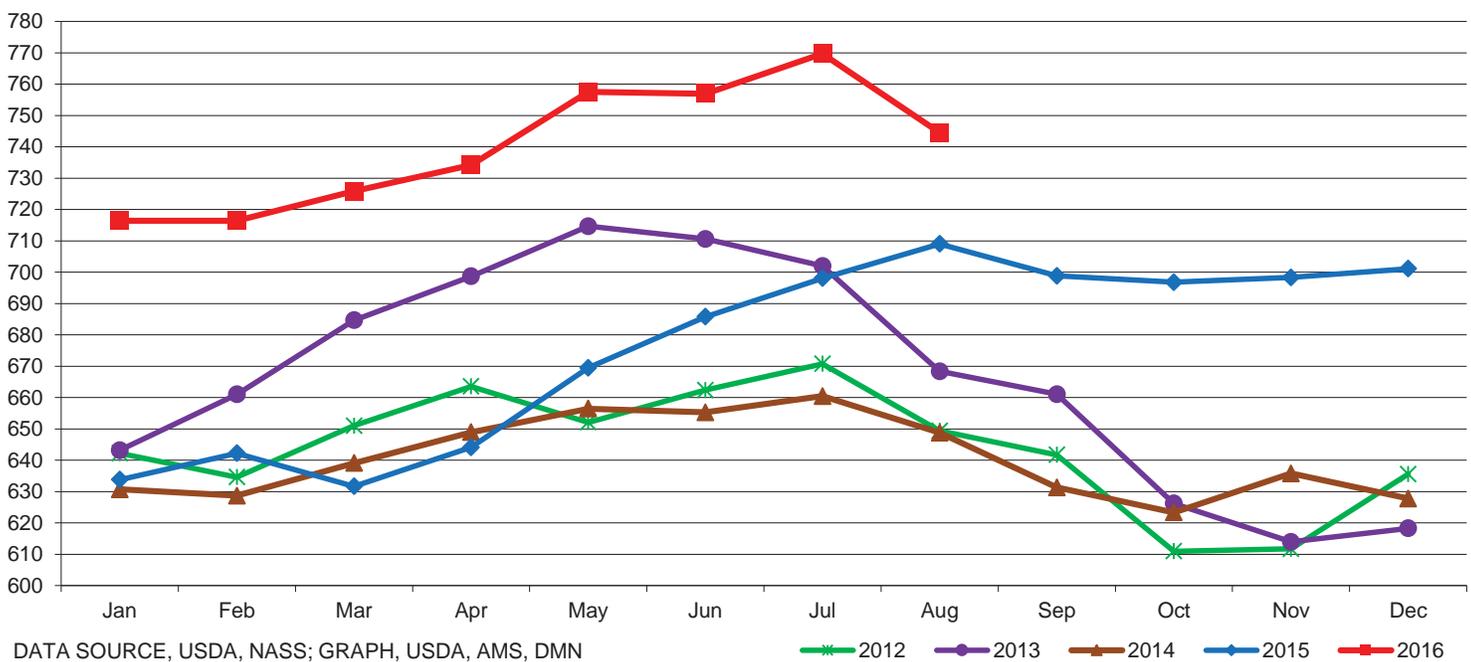
MILLION POUNDS

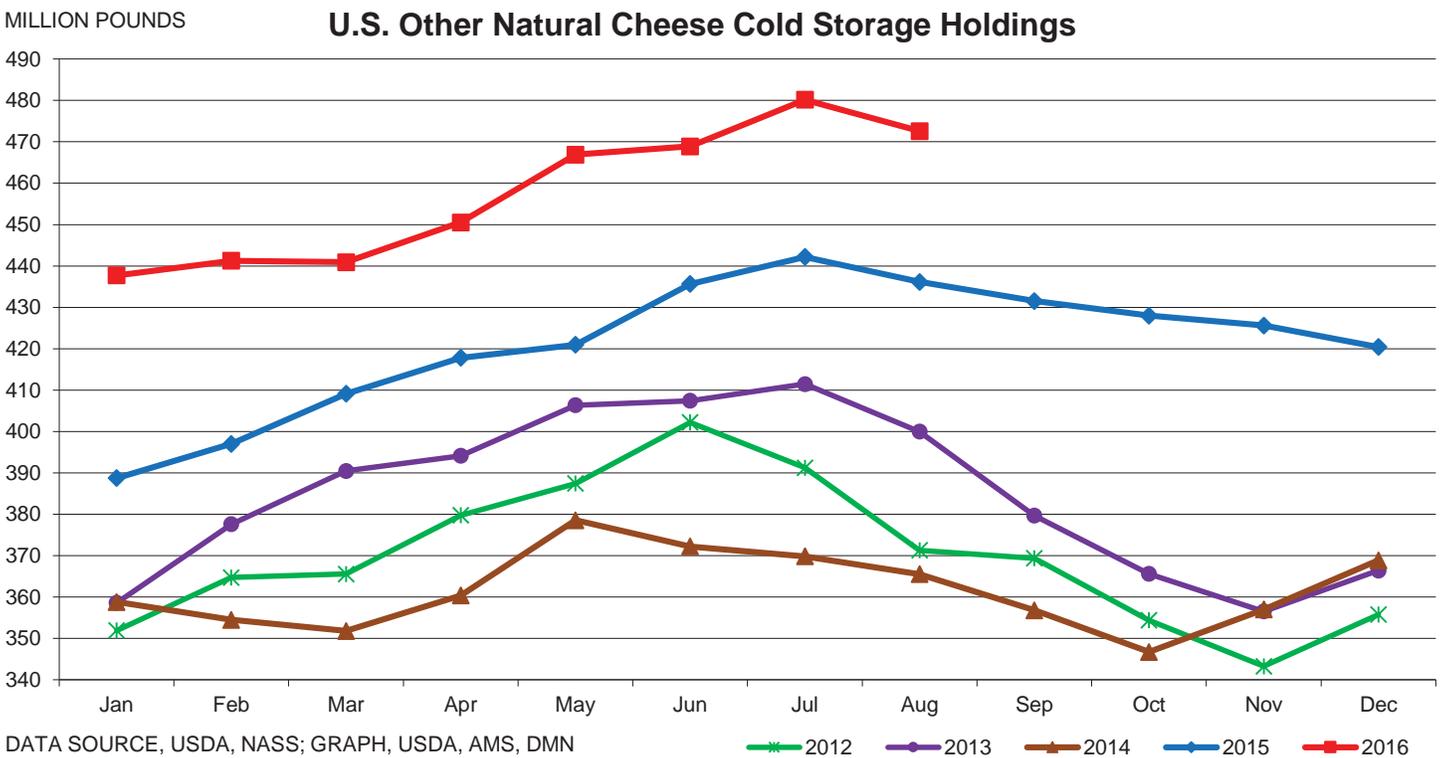
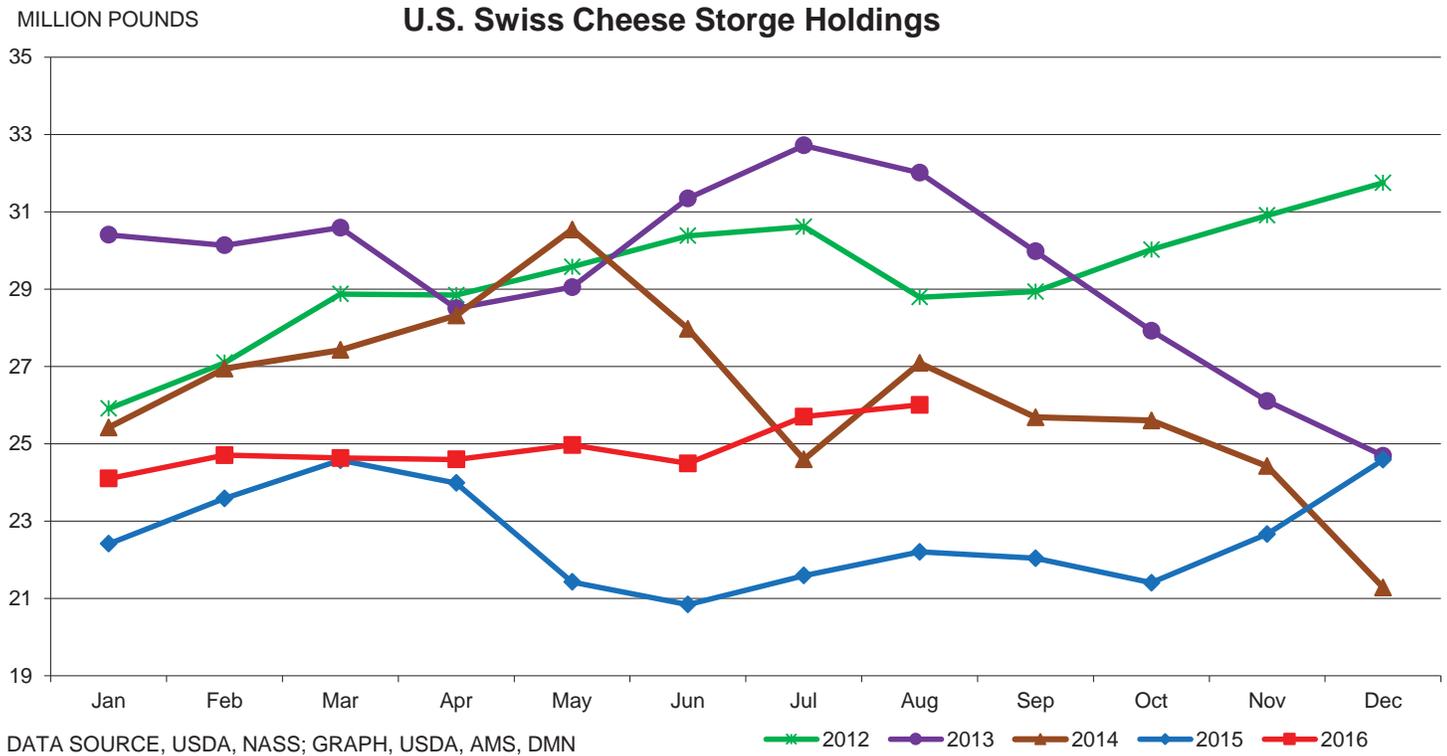
U.S. Total Natural Cheese Cold Storage Holdings



U.S. Natural American Cheese Cold Storage Holdings

MILLION POUNDS







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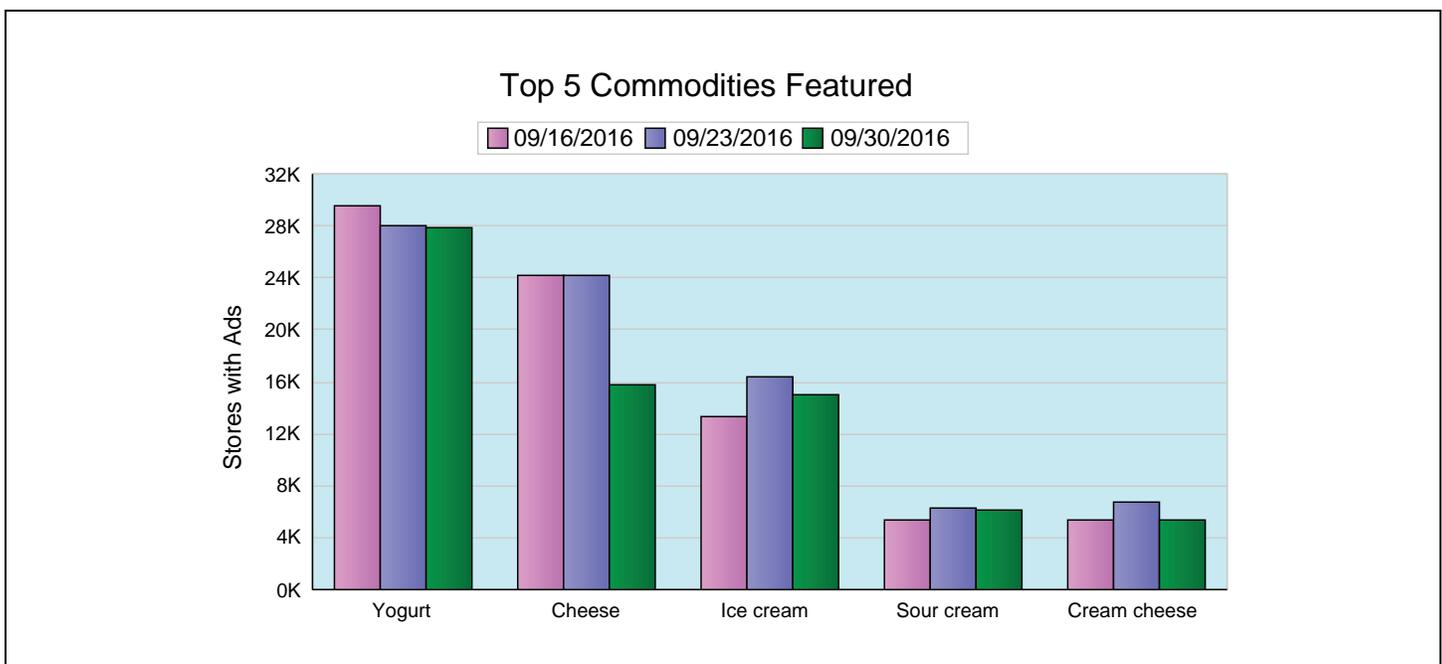
Advertised Prices for Dairy Products at Major Retail Supermarket Outlets ending during the period of 09/30/2016 to 10/06/2016

The national average price for 1 pound conventional butter is \$3.38, while 1 pound organic butter is \$5.61, an organic price premium of \$2.23. Total conventional butter ads decreased 7% while total organic butter ads decreased 71%. Advertisements for conventional ice cream in 48-64 ounce containers decreased 15% and the national weighted average advertised price is \$3.18 up 11 cents from last week.

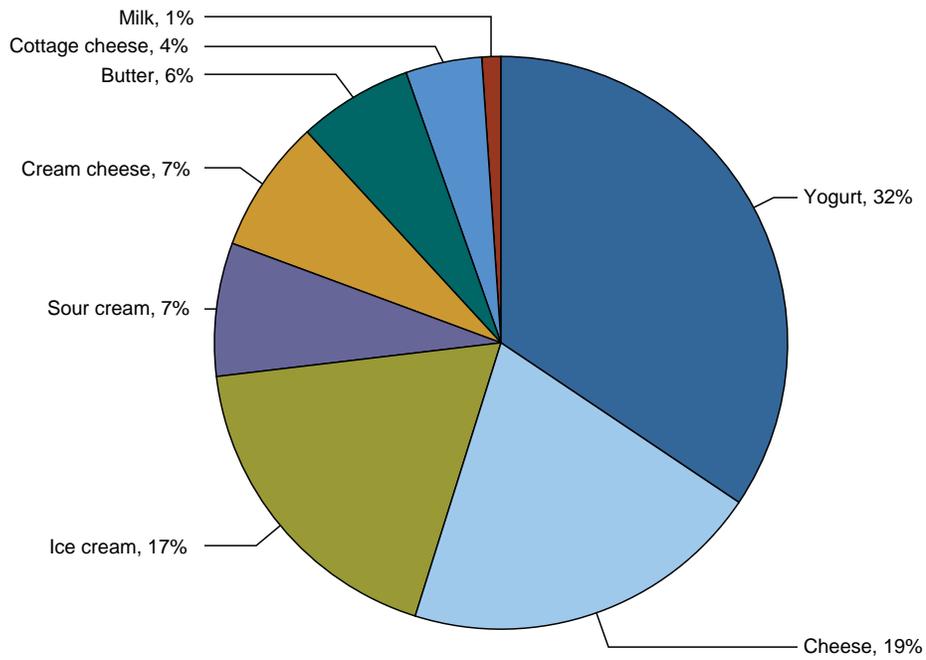
Conventional Greek yogurt in 4-6 ounce containers have an average price of \$0.97, while 4-6 ounce organic Greek yogurt averaged \$1.28, an organic price premium of \$.31. Conventional yogurt ads increased 2% this week, while organic yogurt ads decreased 26%.

The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.27, while 8 ounce organic block cheese averaged \$6.99, an organic price premium of \$4.72. Ads for conventional 8 ounce shred cheese averaged \$2.31 while 8 ounce organic shred cheese averaged \$3.44, an organic price premium of \$1.13. The collective number of conventional cheese ads decreased 35%, but collective prices increased 22%, while ads for organic cheese decreased 34%, but prices increased 14% this week.

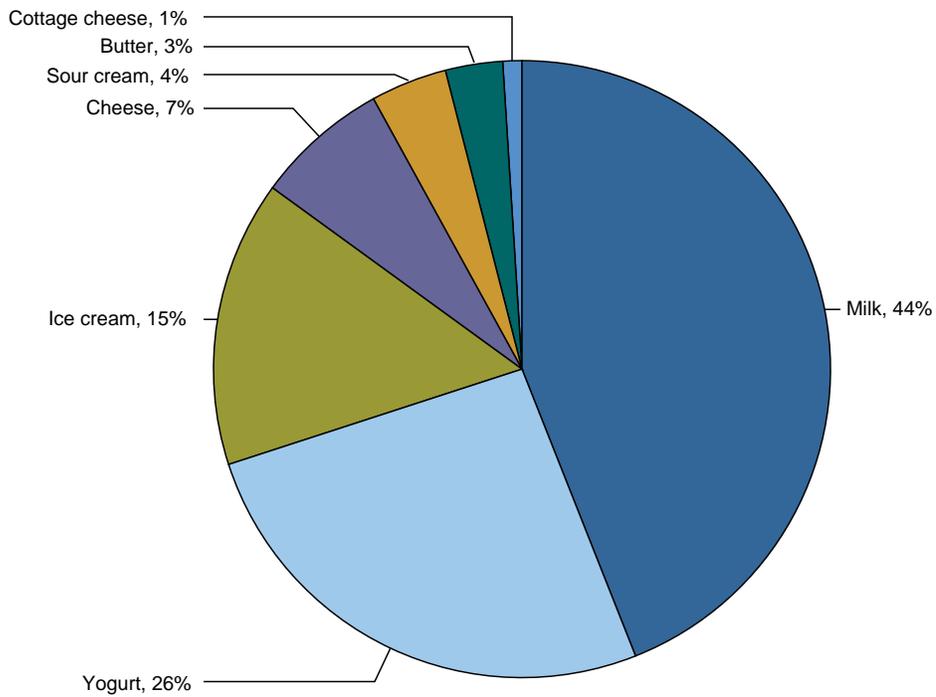
This week, the organic half gallon milk price, \$3.67, compared to the conventional half gallon milk price, \$3.43, reports an organic price premium of \$0.24. The slight difference in spread reflects the small number of conventional ads in comparison to organic ads. Organic milk advertisements decreased 24%, while ads for conventional milk decreased 77%.



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 #	5100	3.38	5462	3.19	4326	3.32
Cheese	Natural Varieties	8 oz block	4702	2.27	8861	2.18	10417	2.44
Cheese	Natural Varieties	1 # block	1526	4.91	1938	3.56	1661	3.48
Cheese	Natural Varieties	2 # block	1207	5.67	690	6.66	346	6.52
Cheese	Natural Varieties	8 oz shred	6441	2.31	9756	2.16	10145	2.40
Cheese	Natural Varieties	1 # shred	1357	5.03	2182	3.25	2024	3.51
Cottage cheese		16 oz	3379	2.04	5157	1.96	2104	2.06
Cream cheese		8 oz	5346	1.98	6445	1.76	4873	1.84
Egg nog		quart	246	2.50				
Flavored milk	All fat tests	half gallon	163	3.46	1241	2.15	322	2.55
Flavored milk	All fat tests	gallon	74	4.29	178	2.99	441	3.28
Ice cream		48-64oz	13877	3.18	16306	3.07	7699	3.11
Milk	All fat tests	half gallon	307	3.43	813	1.10	431	2.51
Milk	All fat tests	gallon	555	3.48	3011	2.32	2229	2.74
Sour cream		16 oz	5923	1.75	6263	1.62	4586	1.70
Yogurt	Greek	4-6 oz	13706	.97	14768	.94	10498	.96
Yogurt	Greek	32 oz	2907	4.36	3204	4.32	637	4.30
Yogurt	Yogurt	4-6 oz	7550	.48	5180	.51	7415	.49
Yogurt	Yogurt	32 oz	1862	2.64	2432	2.39	883	2.63

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 #	2.50-5.00	1389	3.72	2.50-3.28	1511	2.96	2.49-3.49	256	2.92
Cheese	Natural Varieties	8 oz block	1.50-4.99	2147	2.31	2.50	716	2.50	0.98-2.50	385	1.78
Cheese	Natural Varieties	1 # block	2.99-3.99	362	3.45	5.49	1083	5.49	2.99	57	2.99
Cheese	Natural Varieties	8 oz shred	1.67-3.00	2108	2.21	2.50-3.00	857	2.54	0.98-2.00	376	1.62
Cheese	Natural Varieties	1 # shred	3.99	135	3.99	5.49	1083	5.49			
Cottage cheese		16 oz	1.99-3.00	1612	2.22	2.50	195	2.50	1.77-1.99	261	1.84
Cream cheese		8 oz	1.50-2.99	1627	2.05	1.50-2.00	2190	1.90	1.69	119	1.69
Ice cream		48-64oz	1.99-4.99	3156	2.88	2.49-5.00	4521	3.67	1.77-5.48	1575	3.16
Milk	All fat tests	half gallon	4.99	118	4.99						
Milk	All fat tests	gallon				2.49-3.99	276	3.65	2.79	81	2.79
Sour cream		16 oz	1.49-2.00	2085	1.80	1.50-2.00	1235	1.97	1.39-1.50	531	1.46
Yogurt	Greek	4-6 oz	0.75-1.50	4157	.98	0.88-1.25	4581	.99	0.79-1.00	1167	.92
Yogurt	Greek	32 oz	3.00-5.88	519	3.86	3.49-4.49	1394	4.30			
Yogurt	Yogurt	4-6 oz	0.40-0.99	2414	.51	0.39-0.88	1996	.51	0.39-0.60	1030	.48
Yogurt	Yogurt	32 oz	1.99-3.49	1151	2.80	2.69	61	2.69	2.48	180	2.48



Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	2.50-3.50	460	3.00	3.49-3.99	1077	3.91	2.49-3.49	364	2.97
Cheese	Natural Varieties	8 oz block	1.25-3.33	453	2.28	0.99-2.79	651	2.12	0.99-2.99	279	2.24
Cheese	Natural Varieties	2 # block	4.99	121	4.99	5.49-7.99	600	6.44	3.99-4.99	463	4.84
Cheese	Natural Varieties	8 oz shred	1.25-3.33	1263	2.35	0.99-3.00	1249	2.47	0.99-2.99	514	2.24
Cheese	Natural Varieties	1 # shred	2.47	139	2.47						
Cottage cheese		16 oz				1.49-1.99	767	1.71	1.50-2.00	463	1.69
Cream cheese		8 oz	1.50-2.50	426	1.98	1.67-2.49	784	2.12	1.50	121	1.50
Egg nog		quart				2.50	246	2.50			
Flavored milk	All fat tests	half gallon							3.49	105	3.49
Flavored milk	All fat tests	gallon	4.29	74	4.29						
Ice cream		48-64oz	1.88-4.99	1035	2.83	2.49-3.99	2333	2.96	1.67-3.99	1054	2.72
Milk	All fat tests	half gallon	2.50	99	2.50	1.89	63	1.89			
Milk	All fat tests	gallon	2.99	60	2.99				3.49-3.99	138	3.74
Sour cream		16 oz	1.50-1.99	262	1.64	0.99-1.99	1087	1.60	1.50-2.00	673	1.69
Yogurt	Greek	4-6 oz	0.75-1.25	827	.93	0.69-1.00	1743	.92	0.69-1.00	1152	.91
Yogurt	Greek	32 oz				3.49-5.99	898	4.85	3.00	69	3.00
Yogurt	Yogurt	4-6 oz	0.33-0.50	439	.42	0.33-0.50	1204	.43	0.39-0.50	458	.44
Yogurt	Yogurt	32 oz							1.99-2.00	394	1.99

Commodity	Type	Pack Size	ALASKA U.S.			HAWAII U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	2.99-3.99	16	3.30	4.49	27	4.49
Cheese	Natural Varieties	8 oz block	3.00	7	3.00	1.97-3.00	64	2.95
Cheese	Natural Varieties	1 # block				5.49	24	5.49
Cheese	Natural Varieties	2 # block	5.99-7.99	23	6.16			
Cheese	Natural Varieties	8 oz shred	2.98-3.00	10	2.99	1.97-3.00	64	2.95
Cottage cheese		16 oz	2.00-3.98	54	3.10	2.50	27	2.50
Cream cheese		8 oz	1.69	11	1.69	2.75-3.00	68	2.88
Flavored milk	All fat tests	half gallon				3.00-3.99	58	3.41
Ice cream		48-64oz	3.99-4.49	37	4.42	3.49-4.97	166	3.89
Milk	All fat tests	half gallon				3.59-3.77	27	3.61
Sour cream		16 oz	2.00-2.19	26	2.04	2.00	24	2.00
Yogurt	Greek	4-6 oz	1.25	11	1.25	1.25-1.33	68	1.29
Yogurt	Greek	32 oz				4.49	27	4.49
Yogurt	Yogurt	4-6 oz	0.50	5	.50	0.50	4	.50
Yogurt	Yogurt	32 oz	2.99-5.98	49	4.70	2.50-3.50	27	2.61

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 #	233	5.61	793	5.15	432	4.20
Cheese	Natural Varieties	8 oz block	246	6.99	659	4.72	743	3.40
Cheese	Natural Varieties	8 oz shred	255	3.44	105	3.50	535	3.38
Cottage cheese		16 oz	105	2.99	105	2.99	365	3.49
Cream cheese		8 oz			215	2.50		
Ice cream		48-64oz	1083	4.00				
Milk	All fat tests	half gallon	2472	3.67	3338	4.15	1241	3.73
Milk	All fat tests	gallon	226	5.23	205	6.19	1778	5.42
Milk	All fat tests	8 oz UHT	435	1.08	556	1.05	774	.88
Sour cream		16 oz	273	2.04	21	2.49	297	2.29
Yogurt	Greek	4-6 oz	558	1.28	1232	1.15	1291	1.20
Yogurt	Greek	32 oz	246	3.99				
Yogurt	Yogurt	4-6 oz	183	.75			474	1.20
Yogurt	Yogurt	32 oz	868	3.58	1260	2.82	338	2.94

REGIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	5.99	59	5.99						
Ice cream		48-64oz				4.00	1083	4.00			
Milk	All fat tests	half gallon	3.00-4.99	1048	4.09	2.99-4.49	449	3.72	2.99	221	2.99
Milk	All fat tests	gallon	5.49	108	5.49						
Milk	All fat tests	8 oz UHT	1.25	147	1.25						
Yogurt	Greek	4-6 oz	1.25	363	1.25	1.33	195	1.33			
Yogurt	Yogurt	4-6 oz	1.50	60	1.50				0.39	123	.39
Yogurt	Yogurt	32 oz				3.00	214	3.00			

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #							5.00-5.79	174	5.48
Cheese	Natural Varieties	8 oz block				6.99	246	6.99			
Cheese	Natural Varieties	8 oz shred	2.99-3.99	255	3.44						

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Cottage cheese		16 oz							2.99	105	2.99
Milk	All fat tests	half gallon	2.50-3.99	394	2.98	2.99	120	2.99	2.99-4.49	240	3.88
Milk	All fat tests	gallon	4.99	118	4.99						
Milk	All fat tests	8 oz UHT				1.00	114	1.00	1.00	174	1.00
Sour cream		16 oz				1.99	246	1.99			
Yogurt	Greek	32 oz				3.99	246	3.99			
Yogurt	Yogurt	32 oz				2.50-5.00	549	3.83	3.50	105	3.50

Commodity	Type	Pack Size	ALASKA U.S.			HAWAII U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Sour cream		16 oz				2.49	27	2.49

REGIONAL DEFINITIONS

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

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



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GENERAL NUMBER

(608)557-7000

Elizabeth Frederick

(608) 557-7002

Elizabeth.Frederick@AMS.USDA.GOV

EAST

Daniel Johnson

(608) 557-7006

Daniel.Johnson@AMS.USDA.GOV

CENTRAL

Janet Linder

(608) 557-7003

Janet.Linder@AMS.USDA.GOV

SOUTHWEST

Angel 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