

NATIONAL DAIRY MARKET NEWS AT A GLANCE**CME GROUP CASH MARKETS (10/28)**

BUTTER: Grade AA closed at \$1.9250. The weekly average for Grade AA is \$1.8650 (+.1015).

CHEESE: Barrels closed at \$1.5975 and 40# blocks at \$1.7300. The weekly average for barrels is \$1.5650 (-.0020) and blocks, \$1.6635 (+.0105).

NONFAT DRY MILK: Grade A closed at \$.8550. The weekly average for Grade A is \$.8645 (-.0150).

BUTTER HIGHLIGHTS: Butter production is active in the country as cream is readily available for churning. Many processors are running operations at full capacity ahead of the year-end holidays. Some manufacturers, throughout the country, are lowering bulk stocks after microfixing. According to some industry participants, bulk demand is improving, thus, spot prices at the CME group are starting to firm again. Print orders from many retail channels are strong. Some manufacturers and buyers are settling up contract agreements for Q1 2017. This week, a cooperative export assistance program accepted requests for export assistance to sell 873,031 pounds of butter. The NASS Cold Storage report noted U.S. butter stocks as of September 30, 2016 were 269.2 million pounds, up 44% from last year, but down 16% from last month. Friday at the CME Group, Grade AA butter closed at \$1.9250, up 16.5 cents from last Friday.

CHEESE HIGHLIGHTS: Midwest and Western cheese manufacturers report cheese production as steady, strong and active. In the West, cheese makers take available extra milk but in the Midwest, only when the price is right and there is room for the cheese. Eastern cheese production is comparable to last week, with steady sales, stocks mostly current, but with an unsettled undertone. Midwest cheese inventories are a little heavy for barrels but in better balance for blocks. Western block supplies are lighter than earlier in the season but there is still plenty of cheese available. Eastern cheese stocks are mostly current with good demand for mozzarella and aged cheddar. In CME Group trading Friday, barrels closed at \$1.5975, up \$.0275 from last Friday. Blocks closed at \$1.7300, up \$.0800 from last Friday.

FLUID MILK: Seasonally, farm milk production is mostly steady in the East with pockets in the Southeast and Florida seeing marginal rises. In the Midwest, milk production has upturned in southern areas as moderate weather raises cow comfort levels. Out west, California is uneven, with higher milk yields in southern areas, contrasting the northern part of the state due to wet conditions. Meanwhile, in Arizona and New Mexico, milk output is higher.

Colorado, Utah and Idaho are generating milk along seasonal patterns, with adequate to good supplies into manufacturing. Milk production approaches the bottom of the annual cycle in the Pacific Northwest. Class I milk sales are steady in the East, depressed somewhat in the Midwest, while rising in the West. In the Central region, prices on spot milk loads range from \$1.00 to \$1.50 over Class. The NASS *Milk Production* report noted September 2016 milk production in the 23 selected states was 16.0 billion pounds, 2.3% above a year ago. Cream interest is active as Classes II and III pull on available supplies. Across the U.S., cream multiples strengthened, in the East ranging 1.27-1.36; Midwest, 1.17-1.30; and West, 1.02-1.23.

DRY PRODUCTS: Nonfat dry milk markets resonate uncertainty as prices fluctuate in an unsettled market. This week, NDM prices are generally steady to slightly lower through the regions. Production continues to be subject to manufacturing milk availability. Dry buttermilk markets are mixed. Churning schedules limit output in both the East and Midwest regions, with more activity in the West. Dry whey prices are steady to higher. Most manufacturers' whey volumes are adequate for near term needs, but stocks, in general, are tight. Whole milk prices are mixed, as interest picks up. Market prices are unchanged to higher. Whey protein 34% markets are steady to firm. Interest is active for the limited number of spot offerings from manufacturers. Lactose prices are mixed this week. Buyers appear eager to establish 2017 contract agreements. Casein prices are unchanged.

INTERNATIONAL DAIRY MARKET NEWS (DMN): WESTERN AND EASTERN EUROPE: WESTERN OVERVIEW: European Union milk production during August was the third consecutive month of 2016 with lower production than year earlier. However, total January-August milk production is 2.3% ahead of that period last year. The top three milk producing countries reported lower milk production for August 2016 than 2015: Germany, -1.8%; France, -2.0%; and United Kingdom -7.1%. The fourth highest milk producing European country, the Netherlands, reported 4.9% higher milk production this August compared with August last year. The lower current production is expected to be beneficial in terms of pricing. Milk prices had been lower than desired as 2016 began. The lower production is a factor in manufactured dairy products increasing in price, which will also benefit farm milk prices. Northern Europe

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CME GROUP CASH TRADING

COMMODITY	MONDAY OCT 24	TUESDAY OCT 25	WEDNESDAY OCT 26	THURSDAY OCT 27	FRIDAY OCT 28	:: WEEKLY CHANGE*	:: WEEKLY AVERAGE#
CHEESE							
BARRELS	\$1.5600 (-.0100)	\$1.5600 (N.C.)	\$1.5575 (-.0025)	\$1.5500 (-.0075)	\$1.5975 (+.0475)	:: (+.0275)	:: \$1.5650 (-.0020)
40# BLOCKS	\$1.6400 (-.0100)	\$1.6375 (-.0025)	\$1.6550 (+.0175)	\$1.6550 (N.C.)	\$1.7300 (+.0750)	:: (+.0800)	:: \$1.6635 (+.0105)
NONFAT DRY MILK							
GRADE A	\$.8775 (-.0025)	\$.8700 (-.0075)	\$.8650 (-.0050)	\$.8550 (-.0100)	\$.8550 (N.C.)	:: (-.0250)	:: \$.8645 (-.0150)
BUTTER							
GRADE AA	\$1.7800 (+.0200)	\$1.8300 (+.0500)	\$1.8850 (+.0550)	\$1.9050 (+.0200)	\$1.9250 (+.0200)	:: (+.1650)	:: \$1.8650 (+.1015)

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-**

generally experiences the seasonal low point in milk production in late November. Current reports from processors in Germany and France are that milk intakes are moving lower, as expected. Milk production in the Netherlands is also slowing. **EASTERN OVERVIEW:** Belarus continues to supply a significant portion of dairy imports to Russia. This year through August, whole milk powder, skim milk powder, cheese and whey powder imports to Russia have increased and are also higher than August last year. **OCEANIA OVERVIEW:** Milk production expectations for **Australia** are being revised lower. According to Dairy Australia, September 2016 milk production in Australia was 10.2% below September 2015. The state changes from September a year earlier are: New South Wales, -6.4%; Victoria, -12.2%; Queensland, +3.5%; South Australia, -13.7%; Western Australia, -0.9% and Tasmania, -7.3%. Each state's percentage of total Australian production, is: New South Wales, 11.7%; Victoria, 66.7%; Queensland, 4.3%; South Australia, 4.6%; Western Australia, 3.9%; and Tasmania, 8.8%. Reasons for the lower production include continuing producer dissatisfaction with recent pricing decisions. This has resulted in a number of producers seeking alternate outlets for their milk. Because many other processors are limited by capacity in terms of accepting new milk sources, there has been an increase in culling cows. Wet conditions in Northern Australia and Western Victoria have further impacted milk production. This is already leading to expectations that October milk production will be lower than October last year, leading to revisions of previous predictions of slightly lower October production. Some analysts are pondering 12 month production being lower than volumes for a number of years, historically low milk production. **New Zealand** milk production during September, as reported by DCANZ, was up from August 1.1% on a volume basis and up 0.3% on a milk solids basis. However, season to date milk volume through September was down 0.2% and down 0.8% on a milk solids basis. Production for 12 months through September was down 0.8% on a volume basis and down 0.9% on a milk solids basis. September milk production was 2.57 million MT, up from 1.34 million MT in August. During September 2015, milk production was 2.54 million MT. September milk solids, 210.11 million kg, are up from 113.13 million kg in August. During September 2015, milk solids were 209.49 million kg. However, there are increasingly voiced expectations that production in December and January, typically among the highest producing months, will be sufficient to result in seasonal production higher than last season. A new initiative to produce and export butter from grass fed milk is underway. This is expected to create a new outlet for New Zealand milk, a substantial portion of which is be exported rather than being consumed domestically. Hopes are high that the increasing global interest in grass fed dairy products will lead to a significant outlet for a higher return dairy product, grass fed butter. At the October 18 GDT event #174, average prices ranged from 4.5% lower to 5.6% higher from the prior event across categories. The all contracts price averages (US\$ per MT) and percent changes from the previous averages are: anhydrous milk fat, \$5,007 +1.1%; butter, \$3,984 +2.6%; buttermilk powder, \$2,583 +0.2%; cheddar cheese, \$3,290 -3.7%; lactose, \$780 +5.6%; rennet casein, \$6,286 -4.5%; skim milk powder, \$2,204 -0.3%; and whole milk powder, \$2,760 +2.9%. **SOUTH AMERICA OVERVIEW:** In Argentina, farm milk output is up, following seasonal patterns. Farm milk supply is near to the peak of the spring flush. Although rainfalls are present in the main dairy basins, milk yields have been marginally affected. Milk volumes are sufficient to meet processing needs. In fact, there are enough milk surplus to process dry whole milk. Pulls from "dulce de leche" (milk caramel) makers are strong. Bottled milk sales to grocery stores, food service and educational institutions are solid. Demand for UHT milk is active. According to some industry participants, pasture conditions are good in Cordoba, Santa Fe and Buenos Aires. In Uruguay, milk

production is seasonally higher, but below the levels from last year. Nevertheless, there are enough milk volumes moving into processing facilities. Milk components are steadily improving. Fluid milk demand from several retail channels are fair to good. The lack of water throughout the country is degrading pasture quality. Consequently, several dairy operators are feeding cows with supplementary grains, lowering their revenues margins. According to the National Institute of Milk (INALE), in September, Uruguay farm milk production sent to processors was 164.6 million liters, 6.2% above the previous month, but 12.2% below a year ago. From January to September 2016, milk output sent to manufacturing plants totaled 1,226 million liters, down 12.7% from the same period of 2015. Milk prices paid to milk producers in September were \$8.79 Uruguayan pesos (UYU) per liter, up 9.2% from last month and 16.1% above the previous year. The September price paid to producers is equivalent to \$0.31 USD/liter or around \$13.43/cwt. In Brazil, milk production at the farm level is improving. Compared to the previous weeks, there are more milk supplies moving into manufacturing plants. Fluid milk interest from retailers and restaurants is good. Processors are demanding higher volumes of milk in the spot market. Spot sales activity for UHT milk has been light. The current quality of pasture in key dairy states such as Minas Gerais and Goias is fair. However, the rainy season is starting in these areas. Thus, many dairy operators are anticipating a quality improvement on pasture and crops in the short term. Compared to the past two weeks, as reported by Milkpoint, spot milk prices per liter in Brazil slightly fell from \$1.14 to \$1.12 Brazilian reals (BRL), equivalent to \$0.36 USD. The average spot price for UHT milk remains steady from last week at \$1.97 BRL/liter or \$0.63 USD/liter.

NATIONAL RETAIL REPORT (DMN): Total conventional dairy advertisements declined 4% while organic dairy ads increased 22%. Seasonal ads for quarts of egg nog have appeared, with an average price of \$2.78. The national average price for 1 pound conventional butter is \$3.31, up 33 cents from last week. Organic butter averaged \$4.71, an organic price premium of \$1.40. Conventional yogurt ads declined 14% this week but organic yogurt ads increased 23%. The average price for 4-6 ounce conventional Greek yogurt was \$0.99, while 4-6 ounce organic Greek yogurt averaged \$1.31, an organic price premium of \$.32. The average price for 4-6 ounce conventional yogurt was \$0.52, while 4-6 ounce organic yogurt averaged \$1.29, an organic price premium of \$.77. The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.25, down 7 cents from last week. Ads for conventional 8 ounce shred cheese averaged \$2.22, down 4 cents from last week. The collective number of conventional cheese ads increased 22%. This week, the difference between the average weighted price for organic half gallon milk, \$4.01, and the average weighted price for conventional half gallon milk, \$2.23, resulted in an organic price premium of \$1.78, down 24 cents from last week. Organic milk advertisements decreased 54%, while ads for conventional milk increased 40%.

SEPTEMBER COLD STORAGE (NASS): On September 30, 2016 U.S. cold storage holdings of butter totaled 269.2 million pounds, down 16% from the previous month, but up 44% from September 2015. Natural American cheese holdings total 744.0 million pounds, unchanged from the previous month, but 6% more than September 2015. Total natural cheese stocks were 1.238 billion pounds, unchanged from last month, but 7% more than September 2015.

SEPTEMBER CONSUMER PRICE INDEX (BLS): The September CPI for all food is 247.9, down 0.3% from 2015. The dairy products index is 216.7, down 2.5% from a year ago. The following are the September to September changes for selected products: fresh whole milk is -3.0%; cheese, -3.1%; and butter, -0.3%.

CME GROUP

MONDAY, OCTOBER 24, 2016

CHEESE – SALES: 1 CAR BARRELS @ \$1.5600; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5700; 1 CAR 40# BLOCKS @ \$1.6400
 NONFAT DRY MILK – SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$0.8775
 BUTTER – SALES: 1 CAR GRADE AA @ \$1.7800; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.7700; LAST OFFER UNCOVERED: NONE

TUESDAY, OCTOBER 25, 2016

CHEESE – SALES: 5 CARS BARRELS: 3 @ \$1.5600, 1 @ \$1.5700, 1 @ \$1.5600; 2 CARS 40# BLOCKS @ \$1.6375; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5700
 NONFAT DRY MILK – SALES: 3 CARS GRADE A: 2 @ \$0.8750, 1 @ \$0.8700; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.8600; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$0.8725
 BUTTER – SALES: 20 CARS GRADE AA: 1 @ \$1.7900, 2 @ \$1.8000, 4 @ \$1.8100, 4 @ \$1.8200, 1 @ \$1.8250, 4 @ \$1.8300, 1 @ \$1.8325, 1 @ \$1.8350, 1 @ \$1.8300, 1 @ \$1.8275; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: NONE

WEDNESDAY, OCTOBER 26, 2016

CHEESE – SALES: 2 CARS BARRELS: 1 @ \$1.5600, 1 @ \$1.5575; 3 CARS 40# BLOCKS @ \$1.6550; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5500; 1 CAR 40# BLOCKS @ \$1.6400; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5700
 NONFAT DRY MILK – SALES: 1 CAR GRADE A @ \$0.8700; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.8500; LAST OFFER UNCOVERED: 1 CAR GRADE A @ \$0.8650
 BUTTER – SALES: 4 CARS GRADE AA: 3 @ \$1.8800, 1 @ \$1.8850; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.8800; LAST OFFER UNCOVERED: NONE

THURSDAY, OCTOBER 27, 2016

CHEESE – SALES: NONE; LAST BID UNFILLED: 1 CAR 40# BLOCKS @ \$1.6550; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.5500
 NONFAT DRY MILK – SALES: 1 CAR GRADE A @ \$0.8550; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.8400; LAST OFFER UNCOVERED: 2 CARS GRADE A @ \$0.8550
 BUTTER – SALES: 7 CARS GRADE AA: 1 @ \$1.8875, 5 @ \$1.9200, 1 @ \$1.9050; LAST BID UNFILLED: 1 CAR GRADE AA @ \$1.9000; LAST OFFER UNCOVERED: NONE

FRIDAY, OCTOBER 28, 2016

CHEESE – SALES: 11 CARS BARRELS: 2 @ \$1.5550, 1 @ \$1.5600, 2 @ \$1.5700, 1 @ \$1.5750, 1 @ \$1.5900, 3 @ \$1.6000, 1 @ \$1.5975; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.5800; 1 CAR 40# BLOCKS @ \$1.7300; LAST OFFER UNCOVERED: NONE
 NONFAT DRY MILK – SALES: NONE; LAST BID UNFILLED: 1 CAR GRADE A @ \$0.8400; LAST OFFER UNCOVERED: NONE
 BUTTER – SALES: 6 CARS GRADE AA: 1 @ \$1.9025, 2 @ \$1.9000, 1 @ \$1.9125, 2 @ \$1.9200; LAST BID UNFILLED: 2 CARS GRADE AA @ \$1.9250; LAST OFFER UNCOVERED: NONE

BUTTER MARKETS

NORTHEAST

Some butter operations in the region are subject to an ease in production as Class II cream procurements peak for holiday processing needs, as those operations rely upon in-house and contracted cream loads. Butter plants continue to grind and micro fix existing bulk supplies to fill orders. Inventories are sufficient for near term customer needs. The market undertone remains unsettled. This week, reported bulk butter transactions included prices ranging 3 to 5 over the CME Group with various time frames and averages used. Active price fluctuations at the CME Group are limited in effect, on buyers' demand, as the CME volume of butter transactions surged. Tuesday's CME Group cash trading saw Grade AA butter close at \$1.8300, up \$0.0625 from the previous week. According to the DMN *National Retail Report-Dairy*, for October 21-27, 2016, the national advertised weighted average price for 1-pound butter was \$2.98, down 31 cents from last week and down 37 cents from a year ago. The Northeast regional price was \$3.37, 4 cents less than the previous week's price. In the Southeast, the butter price averages \$3.14, a decline of 36 cents from last week's average price.

COLD STORAGE: According to NASS, U.S. butter in storage on September 30, 2016 totaled 269.2 million pounds, 44% above a year ago, but 16% below last month. Public warehouse stocks totals 245.1 million pounds.

CENTRAL

Regional butter manufacturing is very active. Farm milk output and components are up. As a result, cream is readily available for churning. Most butter processors are running at full capacity as holiday orders continue to develop. Bulk stocks are heavy to moderate. Some churn operators are trying to lower inventories after microfixing. Spot prices at the CME Group are starting to firm again. Print production is ongoing. Demand from retailers is strong as the Q4 holidays are very close. Some manufacturers and buyers are settling up contracts agreements for Q1 2017. Bulk butter prices reported ranged from one cent under market to 6 cents over the market, with various periods and averages used. The DMN *National Retail Report-Dairy* for October 21-27 noted the national weighted average advertised price for a 1 pound package of butter is \$2.98, 31 cents below one week ago and 37 cents lower than one year ago. The regional weighted average prices in the Midwest

and South Central are \$2.85 and \$2.79, respectively. The NASS *Cold Storage* report noted U.S. butter stocks as of September 30, 2016 were 269.2 million pounds, up 44% from last year, but down 16% from last month. Bulk stocks in all warehouses were 187.5 million pounds last year at this time. This week, a cooperative export assistance program accepted requests for 873,031 pounds of butter. So far this year, the program has accepted assistance requests for 10.326 million pounds of butter. Wednesday at the CME Group, Grade AA butter closed at \$1.8850, up 13 cents from last Wednesday.

WEST

Western butter churns are active as butter makers ramp up in advance of holiday demand. Industry contacts say production and sales are strong. Cream supplies are adequate for most processing needs, although cottage cheese, cream cheese sour cream are pulling heavily for available cream. Butter inventories may still be long as compared to last year, but end users suggest there has been a good draw down of available butter stocks. Bulk butter pricing in the West this week is 2 cent under market to 2 cents above, based on the CME Group with various time frames and averages used. The DMN *National Retail Report-Dairy* for the week of October 21-27 found that the U.S. weighted average advertised price of 1 pound butter is \$2.98, down \$.31 from last week. The U.S. weighted average price was \$3.35 one year ago. In the Southwest, the weighted average advertised price of 1 pound butter is \$2.52 with a price range of \$0.79-\$3.49. In the Northwest, the weighted average advertised price of 1 pound butter is \$3.10, with a price range of \$2.49-\$3.99. This week, a cooperative export assistance program accepted requests for 873,031 pounds (396 metric tons) of butter. So far this year, the program has assisted member cooperatives who have contracts to sell 10.3 million pounds of butter (82% milkfat) in export markets. The NASS *Cold Storage* report noted U.S. butter stocks as of September 30, 2016, were 269.2 million pounds, down 16% from last month, but up 44% from last year. Butter stocks in all warehouses were 187.5 million pounds last year at this time. According to the California Department of Food and Agriculture, September 2016 butter production was 40.0 million pounds, up 3.8% from a year ago. California year-to-date butter production through September is 428.0 million pounds, down 3.1% from 2015 butter production through September. The Grade AA butter price at the CME Group on Wednesday closed at \$1.8850, up \$.1300 from a week ago.

NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
October 22, 2016	1,8405 2,869,450	1,5644 12,866,698	1,5250 10,393,863	3,428 5,593,347	.9193 11,975,791

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

CHEESE MARKETS

NORTHEAST

Cheese production continues at a pace comparable to last week. Additional demand for fluids from Class II accounts, for holiday production needs, bears on some plants' milk supplies. Cheese stocks are mostly current with good demand for mozzarella, aged cheddar, and cream cheese. Sales transactions are steady. Cream cheese is progressing into typical heavy fall production. The market undertone is unsettled. Last week, the CME Group's weekly average blocks and barrels cheese prices surged \$.1250 and \$.1025, respectively. As a result, this week Northeast wholesale cheese prices are higher, excluding Swiss cuts, which are unchanged from the last week. Tuesday's CME Group daily cash prices saw barrel cheese close at \$1.5600, down 5 cents from a week ago and cheese blocks close at \$1.6375, down \$0.0425 from the previous Wednesday. The DMN *National Retail Report-Dairy*, for October 21-27, 2016, noted the Northeast weighted average advertised price for 8 oz. cheese blocks was \$2.28, down 4 cents compared to national average, but 3 cents more than the previous week. The Southeast 8 oz. block cheese price was \$2.31, dropping 52 cents from last week. The Northeast advertised price for 8 oz. cheese shreds was \$2.30, 4 cents above the national average price and 4 cents more than the previous week. In the Southeast, the average price for 8 oz. shred cheese was \$2.25 down 20 cents from last week.

COLD STORAGE: According to NASS, U.S. stocks of total natural cheese as of September 30, 2016 totaled 1.238 billion pounds, unchanged from the previous month, but 7% more than a year ago. Swiss cheese totaled 25.2 million pounds, 14% more than a year ago, but down 3% from last month.

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

Cheddar 40# Block	:	2.0525-2.3375
Process 5# Sliced	:	1.7675-2.2475
Muenster	:	2.0375-2.3875
Grade A Swiss Cuts 10 - 14#	:	3.1425-3.4650

MIDWEST

Midwest cheese makers say milk is in good balance with production needs. With steady milk production and increasing components, cheese yields are improving. Spot loads of milk are available, but many cheese makers are content to use the milk available to them and only buy the milk if they have room and if the price is right. A few manufacturers are noting warehouses seem full as processors ramp up production for the holidays. Contacts think this will resolve itself once seasonal demand overtakes supply. Cheese inventories are a little heavy for barrels but in better balance for blocks. Retail domestic consumer demand is solid, but seasonally slowing for process cheese. The DMN *National Retail Report-Dairy* shows that October 21-27 Midwest ads for 8 ounce shred cheese have a weighted average advertised price of \$2.33, 7 cents higher than the national average. Midwest prices range from \$1.66-\$2.50. One year ago, the national price was \$2.29. For 8 ounce blocks, the Midwest average price is \$2.69, 37 cents above the national average price. Midwest ads are priced from \$1.66-\$3.50. Last year, the national price was \$2.16. Midwestern wholesale prices are unchanged for Swiss cuts, up \$.1025 for process, and up \$.1250 for all other types. This week, a cooperative export assistance program accepted requests for 136,687 pounds (62 metric tons) of cheese. So far this year, the program has assisted member cooperatives who have

contracts to sell 42.4 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 September 2016 were 1.238 billion pounds, unchanged from August 2016, but up 7% from September 2015. American stocks were 6% more, other natural stocks were 9% more, and Swiss stocks were up 14% compared to last year. In the East North Central region (Wisconsin, Illinois, Michigan, Indiana and Ohio) American cheese stocks at the end of September 2016, were 8% higher than last year, but unchanged from last month. Other cheese stocks in the East North Central region were 10% higher than September 30, 2015, and 1% above August 31, 2016. In the West North Central region (Minnesota, Iowa, Missouri, Kansas, Nebraska, South Dakota and North Dakota) American cheese stocks at the end of September 2016, were 9% higher than last year, but 2% below last month. Other cheese stocks in the West North Central region were 3% higher than September 30, 2015, but unchanged from August 31, 2016. In CME Group trading Wednesday, barrels closed at \$1.5575, down \$.0325 from last Wednesday and blocks closed at \$1.6550, down \$.0250.

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

Process American 5# Loaf	:	1.6600-2.0200
Brick And/Or Muenster 5#	:	2.0225-2.4475
Cheddar 40# Block	:	1.7500-2.1450
Monterey Jack 10#	:	1.9975-2.2025
Blue 5#	:	2.2900-3.2775
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.8225-2.7625
Grade A Swiss Cuts 6 - 9#	:	2.6600-2.7775

WEST

Western dairy contacts say cheese production is strong and active. Manufacturers seem willing to take extra loads of milk when available. Overall, milk is in pretty good balance with processing needs and gets quickly gobbled up by nearby processors. Cheese makers report good domestic retail demand and a solid pull from food service accounts. Some industry contacts suggest there is still plenty of cheese available, however others report that Western block supplies are much lighter than they were earlier in the season. The DMN *National Retail Report-Dairy* for the week of October 21-27 shows the U.S. weighted average advertised retail price for an 8 ounce pack of natural shredded cheese is \$2.26, down \$.04 from last week and down \$.03 from a year ago. Packs average \$2.26 in the Southwest and \$1.64 in the Northwest. For 8 ounce blocks, the U.S. price is \$2.32, down \$.13 from last week, but up \$.16 from a year ago. Blocks average \$2.99 in the Southwest and \$1.53 in the Northwest this week. In the West, wholesale prices are up \$.1025 for process, and up \$.1250 for cheddar block, cuts, and Monterey Jack. Swiss cut wholesale prices are unchanged. This week, a cooperative export assistance program accepted requests for 136,687 pounds (62 metric tons) of cheese. So far this year, the program has assisted member cooperatives who have contracts to sell 42.4 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 September 2016 were 1.238 billion pounds, unchanged from August 2016 holdings, but up 7% from September 2015. American stocks were 6% more, other natural stocks were 9% more, and Swiss stocks were up

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CHEESE MARKETS

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14% compared to last year. In the Mountain Region, American cheese stocks were 21% lower than one year earlier, and 3% less than one month earlier. Pacific Region American cheese stocks were 1% more than one year earlier, and 4% more than the previous month. Also in the Pacific Region, other natural cheese stocks were 15% above a year ago, and up 3% from a month ago. According to the California Department of Food and Agriculture, September 2016 cheese production was 202.5 million pounds, up 4.9% from a year ago. California year-to-date cheese production through September is 1.874 billion pounds, up 2.9% from 2015 cheese production through September. In CME Group trading Wednesday, barrels closed at \$1.5575, down \$.0325 from a week ago and blocks closed at \$1.6550, down \$.0250.

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

	BUTTER	CHEESE
	:	:
10/24/16	19,591	82,592
10/01/16	23,462	87,250
CHANGE	-3,871	-4,658
% CHANGE	-16	-5

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

Process 5# Loaf	:	1.6750-1.9325
Cheddar 40# Block	:	1.7550-2.2000
Cheddar 10# Cuts	:	1.9350-2.1550
Monterey Jack 10#	:	1.9450-2.1050
Grade A Swiss Cuts 6 - 9#	:	2.7200-3.1500

FOREIGN TYPE

Foreign type cheese prices continue to increase in Europe, most strongly for cheddar and mozzarella, less so for Emmentaler and hard Italian varieties. Stocks are at a low level. With the European milk supply continuing to decline, there is scant expectation of cheese stocks being rebuilt in coming weeks. In the U.S., wholesale blue, gorgonzola, parmesan and Romano prices increased \$.1250. 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	: 2.2175-3.7050*
Gorgonzola	: 3.6900-5.7400	: 2.7250-3.4425*
Parmesan (Italy)	: -0-	: 3.6075-5.6975*
Romano (Cows Milk)	: -0-	: 3.4075-5.5575*
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-	: 3.1800-3.5025

* = Price change.

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	50	0	50	0	120	0
SOUTHEAST STATES	0	0	0	0	0	0

Milk production in the Northeast is flat. Class I demand is unchanged. Manufacturing milk supplies remain sufficient for processors' needs. Mid-Atlantic farm level production is steady. Class I sales are firm as Class II sales progress. Manufacturing milk supplies are adequate as most producers are comfortable with current levels. The Southeast milk output is increasing marginally. Balancing plants are able to fill fluid contracts, although minimal supplies remain for manufacturing. Farm milk production in Florida is holding steady, with slight increases in some areas. Components are trending up. Class I demand is stable, prompting identical import milk shipments as last week. **Cream** supplies continue to see strong pulls from Class II. Regionally, availability is somewhat tight. Cream multiples ranged **1.27-1.36** as cream cheese production escalates. The CME Group saw prices for Grade AA butter close Wednesday at \$1.8850, up \$0.1300 from a week ago. **Condensed skim** milk supplies are adequate for meeting fluid contracts, although limited supplies remain for manufacturing or spot sales. According to the *DMN National Retail Report-Dairy*, October 21-27 2016, the U.S. weighted average advertised price for a gallon of milk was \$2.99, up 44 cents compared to last week and up 39 cents from the previous year. The Northeast weighted average price for a gallon of milk was \$3.27, 28 cents above the national average, and 61 cents higher compared to the previous week.

MILK PRODUCTION: According to NASS, milk production in the 23 major states during September 2016 totaled 16.0 billion pounds, up 2.3% from one year ago. Eastern states' milk production are as follows:

September 2016 Milk Production, (USDA-NASS)

	(Million Lb.)	% Change From 1 Year Ago
Florida	176	- 2.8
New York	1,209	+ 4.9
Pennsylvania	867	+ 1.3
Vermont	220	+ 3.3
Virginia	134	- 3.6

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 - 2.2396-2.3984

F.O.B. producing plants: Upper Midwest - 2.0633-2.2926

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

Northeast - Class II - includes monthly formula prices - .83-.98

Northeast - Class III - spot prices - .85-.96

MIDWEST

Milk production has turned upward in many southern areas of the Central region. Weather conditions have moderated, and cow comfort is on the rise. In the North Central area, dairy operators report generally steady milk production, but protein and butterfat

components are recording some increases. Overall Class I demand for milk is stepping lower. Several balancing plant operators indicate they are regularly fielding cancelations on orders. This is leaving some milk available for spot clearing. Interest from Class III operators is steady for some specialty cheese production. Commodity cheese producers are generally not looking for additional milk loads. Spot prices on milk loads range from \$1.00 -\$1.50 over Class. Cream is readily available within the region. Class II operators are taking in lower cream volumes as production runs shift toward fall/winter norms. Cream multiples are mixed, ranging from 1.17-1.30, depending on location and timing. The *DMN National Retail Report-Dairy* for October 21-27 noted the national weighted average advertised price for one gallon of milk is \$2.99. There were not recorded retail advertisements in the Midwest for the week. The weighted average regional price in the South Central \$3.04. Some fall tillage was completed ahead of rain entering the Central region late in the week. Corn harvest is progressing in the North Central area, but is mostly complete in the South Central area. The *NASS Milk Production* report noted September 2016 milk production in the 23 selected states was 16.0 billion pounds, 2.3% above a year ago. Milk cows in the 23 selected states totaled 8.67 million head, 36,000 head more than a year ago. The following table shows Central states included in the report and the monthly milk production changes compared to a year ago:

September 2016 Milk Production, (USDA-NASS)

	(Million Lb.)	% Change From 1 Year Ago
Illinois	142	- 0.7
Indiana	332	+ 1.8
Iowa	397	+ 4.5
Kansas	268	+ 6.3
Michigan	874	+ 5.8
Minnesota	770	+ 2.4
Ohio	442	...
South Dakota	207	+ 5.1
Texas	869	+ 5.3
Wisconsin	2,439	+ 3.3

WEST

Milk production is uneven in California. Milk yields are slightly lower in Northern California due to the wet weather. However, milk output is seasonally higher in Southern California as the good climate has been conducive to cow comfort. Milk volumes are in balance with processing needs. There is a strong demand for milk from Class 2 manufacturers ahead of the year-end holidays. Class 1 sales to grocery stores are up. Bottled milk requests from schools and food service are even this week. Cotton and alfalfa harvesting is active throughout the state. According to California Department of Food and Agriculture (CDFA), September 2016 pool receipts of milk in the state total 3.02 billion pounds. This is 0.9% lower compared to the same month a year ago. From January through September 2016, receipts are 2.2% lower from the comparable period in 2015. The Value at Test price is \$15.85, \$0.14 lower than the previous month and \$0.15 lower from a year ago. The percentage of receipts used in Class 1 products is 14.96%. The September quota price is \$16.34 and the over quota price is \$14.64. These prices are \$0.40 lower than August 2016 and \$0.34 below a year ago. According to CDFA, September 2016 Class 1 sales in California totaled 54.2 million

FLUID MILK AND CREAM

-CONTINUED FROM PAGE 4-

gallons, down 1.7% from the previous year. From January through September 2016, Class 1 sales totaled 479.6 million gallons, down 2.6% from the comparable period in 2015. In Arizona, milk output is trending higher. Milk components continue improving. Milk intakes are in good balance with current processing needs. Class I sales to retailers and restaurants are up. Bottled milk orders from educational institutions are improving, too. Demand for Class II is strong as the Q4 holidays approach. In New Mexico, milk yields are higher as cooler temperatures are boosting cow comfort. Class I sales are up as some grocery stores are restocking shelves. Class II sales are lower. Class III processors are demanding higher milk volumes this week. New Mexico is between the fifth and sixth cutting of alfalfa hay. According to the *DMN National Retail Report-Dairy* for the week of October 21-27, the national weighted average advertised price for one gallon of milk is \$2.99. The weighted average regional prices in the Southwest and Northwest are \$2.19 and \$2.69, respectively. Milk production in the Pacific Northwest is following typical seasonal patterns. It is nearing the bottom of the annual cycle, but manufacturers report having adequate supplies for most processing needs. Bottling demand is steady, with many of the school food pipelines filled. Pasture and rangeland condition is good or excellent in 25% of Oregon and 48% of Washington. In the mountain states of Colorado, Utah and Idaho, milk production is easing back along seasonal patterns. Manufacturers report their milk is in good supply and adequate to meet most processing needs. A few processors would take a few extra loads of milk if available, but much of the extra milk is getting used close to home. Bottlers say their fluid milk products have strong sales for the time of year. Pasture and rangeland condition is good or excellent in 54% of Colorado, 41% of Utah and 47% of Idaho. Condensed skim is readily available in the West region. Moderate to heavy volumes continue clearing into NDM and SMP manufacturing. Western cream demand from Class II/III processors is strong as sour cream and cream cheese production is ramping up ahead of the year-end holidays. Butter churners continue pulling heavy cream supplies. However, demand from ice cream makers is weak. This week, **multiples** for all classes are mixed, ranging from **1.02 to 1.23**. The *NASS Milk Production* report noted September 2016 milk production in the 23 selected states was 16.0 billion pounds, 2.3% above a year ago. Milk cows in the 23 selected states totaled 8.67 million head, 36,000 head more than a year ago. The following table shows western states included in the report and the monthly milk production changes compared to a year ago:

September 2016 Milk Production, (USDA-NASS)

	(Million Lb.)	% Change From 1 Year Ago
Arizona	354	+ 1.1
California	3,170	- 0.1
Colorado	325	+ 4.5
Idaho	1,228	+ 4.9
New Mexico	625	- 1.3
Oregon	210	- 0.5
Utah	174	- 3.3
Washington	543	+ 1.3

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Prices for low/medium nonfat dry milk (NDM) are lower through the mostly series, in an unsettled market. Aside from price fluctuations, the market is seeing a significant difference in the trade prices of low/medium heat NDM. Some buyers/sellers point to the varying age of product currently moving in the market as the basis of those differences. Buyer interest is mostly light to moderate, as reluctance is displayed in making block purchases and contentment with acquiring individual loads. NDM production is expected to rally in the near term, but for now, seasonal Class pulls weigh on milk supplies. Prices for high heat NDM are mixed. High heat stocks are tight. However, product is adequate for near term commitments.

EAST: Low/medium nonfat dry milk (NDM) prices saw marginal declines due to f.o.b. spot purchases. Overall, the regions' production rates are steady to lower. Both maintenance programs and limited condensed skim availability push against output rates. Spot load availability is scarce in balancing with little to no drying occurring at some NDM facilities. Following pressure from low/medium NDM markets, high heat nonfat dry milk prices moved lower at the bottom of the range, but moved higher at the top as some buyers seek product from specific manufacturers. Most inventories are low on product. Buyers' purchases, based on baking interest, are light to moderate. The market undertone is mixed. Wednesday at the CME Group, Grade A NDM closed at \$0.8650, down \$0.0175 from last week.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: .8650 - .9925 MOSTLY: .8775 - .9400
 HIGH HEAT: 1.0250 - 1.1500

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk (NDM) f.o.b. spot prices are mixed on the range and the mostly series. Manufacturers and buyers agree that sales activity in the spot market has been light throughout the week as most sales have been based on contracts. At this time, the market tone is uncertain. Buyers/end users are putting pressure on manufacturers, holding purchases, and taking a wait and see approach, anticipating lower prices. However, processors are optimistic about future prices. Low/medium heat NDM inventories from recent production are readily available. Also, some processors are trying to clear old stocks with some age at prices close to the bottom of the range. Production is ongoing as moderate to heavy condensed skim volumes continue clearing into dryers. High heat nonfat dry milk prices are higher on the bottom of the range, but steady on the top. Production is sporadic, mostly based on contractual needs. Trading is light as supplies are tight. According to California Department of Food and Agriculture (CDFA), September 2016 nonfat dried milk (NDM) production in California totaled 41.8 million pounds, 14.2% lower than a year ago. From January through September 2016, NDM production totaled 431.3 million pounds, down 22.4% from the same period in 2015.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
 LOW/MEDIUM HEAT: .8100 - .9900 MOSTLY: .9000 - .9500
 HIGH HEAT: 1.0200 - 1.1050

CALIFORNIA MANUFACTURING PLANTS - NDM

WEEK ENDING	PRICE	TOTAL SALES
October 21	\$.8907	5,479,051
October 14	\$.8993	8,063,329

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 mixed in f.o.b. spot markets. Production rates vary, as some regional manufacturers are drying buttermilk while others are selling condensed buttermilk. Market sources report a few processors in a sold-out position. Holdings of dry buttermilk are uneven in a tight market. Established customer accounts are handled in a timely manner. Demand is light, as buyers are not yet actively seeking dry buttermilk. The market undertone is unsettled.

EAST: Prices for dry buttermilk rose slightly at the top of the range, based on limited f.o.b. spot transaction. Tight cream supplies and minimal churning at some balancing facilities limit Eastern dry buttermilk output. At this point, f.o.b. spot and reseller load availability is light. Buyers, in general, continue to remain cautious with hand-to-mouth purchases. The undertone is mixed, in an unsettled market.

F.O.B. CENTRAL/EAST: .8400 - .9250

DRY BUTTERMILK - WEST

Western dry buttermilk prices are unchanged on the range, but mixed on the mostly series. The market undertone continues to be unsettled. Spot sales activity is light to moderate. Interest from bakers and dry mix manufacturers is active. Dry buttermilk production is steady to higher, parallel with the regional butter churning. Inventories are steady to slightly higher.

F.O.B. WEST: .8000 - .9200 MOSTLY: .8500 - .8700

DRY WHOLE MILK - NATIONAL

National f.o.b. spot prices for dry whole milk mixed. Some spot sales shifted higher the top of the range. According to some industry participants, the market undertone is firmer in the East, steady in the Central region and weak in the West. Trading activity in the spot market is light. Interest from bakers and dry mix processors is improving. Production is irregular, dictated by contractual requirements. Inventories vary from plant to plant throughout the country.

F.O.B. PRODUCING PLANT: 1.2000 - 1.4500

WHEY, WPC 34%, LACTOSE & CASEIN

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

DRY WHEY - CENTRAL

The top end of the mostly price series moved up for central whey, while the price range and bottom of the mostly price series held steady. Manufacturers report growing interest from buyers to establish contracts for 2017. Demand is decent and dry whey is moving well through existing agreements. Production is solid. Inventories are mixed. A number of manufacturers have tight or committed inventories, but industry contacts suggest dry whey is available from some processors and in the secondary market. A few end users are content to work through remaining supplies as opposed to making new purchases. Prices for animal feed whey moved slightly higher. A few contacts suggest prices for whey permeate and other feed ingredients are providing some support for animal feed whey prices.

F.O.B. CENTRAL: .2600 - .4100 MOSTLY: .3050 - .3650
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .2200 - .3000

DRY WHEY - NORTHEAST

Dry whey f.o.b. spot prices continue to strengthen, while basing points moved contract prices higher. Production is steady to lower as some cheese manufacturers' milk receipts lessened. The dry whey market has few supplies available separate from committed product. Buyers' demand is light to moderate, with a firm market undertone.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .3400 - .3925

DRY WHEY - WEST

Western whey prices moved higher. Specific brands or whey having characteristics desired by end users are commanding prices at the top of the price range. Industry contacts say demand is decent in domestic and export markets. Some buyers are seeking agreements for Q1 and Q2 of 2017. Manufacturers' inventories remain tight and committed. Production is steady, but a few processors are making other dry products instead of dry whey.

NONHYGROSCOPIC: .3200 - .4200 MOSTLY: .3400 - .3900

WHEY PROTEIN CONCENTRATE - CENTRAL AND WEST

Whey protein concentrate 34% prices moved higher at the top of the price range, but otherwise held steady. There remains a two tier market in place. A few manufacturers and end users report spot sales at the low end of the price range. Some buyers say they will look for bargains on WPC34% that is interchangeable with other protein sources. Other industry contacts report spot sales above the mostly price series. A few buyers are willing to make purchases of WPC34% at a premium to assure availability, especially if the WPC34% is a highly desired brand or meets strict specifications. Production is generally below the levels of a year ago, and demand is relatively steady. As a result, inventories are tight especially for WPC34% that meets the strict buyer specifications.

F.O.B. EXTRA GRADE 34% PROTEIN: .6300 - .9350 MOSTLY: .7300 - .8300

LACTOSE - CENTRAL AND WEST

Lactose prices are mixed this week. A few spot sales moved the bottom of the price range lower, while the top of both the range and mostly price series held steady. The bottom of the mostly price series moved up. Industry contacts report lactose continues to move well through regular contracts. Some buyers are wanting to make sure of a consistent supply of lactose and are making requests to establish agreements for 2017 now. Inventories remain tight with a number of manufacturers. A few processors report not having lactose available for sales outside of contracts. Production is active and steady.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .2700 - .4800 MOSTLY: .3300 - .3700

CASEIN - NATIONAL

Rennet and acid casein prices are unchanged this week. A number of buyers are well supplied and are holding back to evaluate the next GDT event. United States imports of casein and caseinates through August were down 7.4% from the same period last year. Primary sources and percentage of imports were: New Zealand, 45.9%; Ireland, 15.5%; and Netherlands, 9.8%. New Zealand casein and caseinate exports through August were down 5.1% from the same period of 2015. Of total exports, 31.2% went to the United States, 13.9% to China, and 9.4% to Japan. EU casein/caseinate exports through August were up 63.3%. Primary export destinations and percentage of total exports were: Thailand, 27.4%; United States, 16.6%; and Vietnam, 15.4%.

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: 2.9900 - 3.0500
ACID: 3.0200 - 3.0700

INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered October 17 - 28, 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: European Union milk production during August was the third consecutive month of 2016 with lower production than year earlier. However, total January-August milk production is 2.3% ahead of that period last year. The top three milk producing countries reported lower milk production for August 2016 than 2015: Germany, -1.8%; France, -2.0%; and United Kingdom -7.1%. The fourth highest milk producing European country, the Netherlands, reported 4.9% higher milk production this August compared with August last year. The lower current production is expected to be beneficial in terms of pricing. Milk prices had been lower than desired as 2016 began. The lower production is a factor in manufactured dairy products increasing in price, which will also benefit farm milk prices. Northern Europe generally experiences the seasonal low point in milk production in late November. Current reports from processors in Germany and France are that milk intakes are moving lower, as expected. Milk production in the Netherlands is also slowing. **EASTERN OVERVIEW:** Belarus continues to supply a significant portion of dairy import to Russia. This year through August, whole milk powder, skim milk powder and whey powder imports to Russia have increased and are also higher than August last year.

BUTTER/BUTTEROIL: Western European butter prices firmed at each end of the price range. This took butter prices to another high for 2016. Butteroil prices firmed at the top of the price range, primarily for current purchases with some delivery urgency. There are no intervention stocks of butter and private storage stocks are considered normal. Butter stocks are tighter. Declining milk production has some buyers more anxious to secure butter commitments. Butter production in Europe during August this year is 0.2% below August last year according to Eucolait. Production January-August this year is 7.7% greater than production for the same period last year. During the first eight months of this year, the top producing nations were: Germany, France, Poland, Ireland, and Netherlands. European export volume of butter January-August 2016 was 38.0% above the same period last year. The three main destinations of exports and percentage of the total were: Saudi Arabia, 12.0%; United States, 9.9%; and Egypt, 9.1%.

82% BUTTERFAT: 4,500 - 4,700
99% BUTTERFAT: 4,000 - 4,900

SKIM MILK POWDER (SMP): In Europe skim milk powder prices weakened at each end of the price range, retreating slightly from 2016 highs. Demand is quiet, reflecting the substantial intervention stocks being held. SMP production in Europe during August this year is 1.4% below August last year according to Eucolait. Production January-August this year is 9.9% greater than production for the same period last year. During the first eight

months of this year, the top SMP producing nations were: Germany, France, Belgium, Poland and Ireland. European export volume of SMP January-August 2016 was 18.3% below the same period last year. The three main destinations of exports and percentage of the total were: Algeria, 14.5%; China, 8.2%; and Indonesia, 7.8%. The volume exported to Algeria decreased more than 30% from the volume January-August last year.

1.25% BUTTERFAT: 2,175 - 2,375

SWEET WHEY POWDER: Whey prices slightly declined at the lower end of the price range, reflecting feed grade whey pricing. Whey pricing is expected to move up and down to a small degree in coming weeks, moving within a trading range. Overall supply and demand are considered generally in balance. European whey export volume January-August 2016 was 5.9% above the same period last year. The three main destinations of exports and percentage of the total were: China, 29.4%; Indonesia, 15.3%; and Malaysia, 10.2%. European whey import volume January-August 2016 was 6.0% below the same period last year. The three main sources of imports and percentage of the total were: Switzerland, 89.5%; Norway, 6.4%; and United States, 3.2%.

NONHYGROSCOPIC: 875 - 1,100

WHOLE MILK POWDER (WMP): Whole milk powder prices in Europe firmed at each end of the price range this week. This represents a new high for 2016 prices. The fact of WMP prices in Oceania being higher yet is helping lift prices in Europe. WMP production in Europe during August this year is 0.5% above August last year according to Eucolait. Production January-August this year is 4.8% greater than production for the same period last year. During the first eight months of this year, the top producing nations were: Netherlands, France, Germany, Denmark, and Sweden. European export volume of SMP January-August 2016 was 3.7% above the same period last year. The three main destinations of exports and percentage of the total were: Oman, 15.6%; Algeria, 8.8%; and Lebanon, 4.6%.

26% BUTTERFAT: 2,900 - 3,100

EASTERN OVERVIEW: Belarus continues to supply a significant portion of dairy imports to Russia. This year through August, whole milk powder, skim milk powder, cheese and whey powder imports to Russia have increased and are also higher than August last year.

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered October 17 - 28, 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.

Milk production expectations for **Australia** are being revised lower. According to Dairy Australia, September 2016 milk production in Australia was 10.2% below September 2015. The state changes from September a year earlier are: New South Wales, -6.4%; Victoria, -12.2%; Queensland, +3.5%; South Australia, -13.7%; Western Australia, -0.9% and Tasmania, -7.3%. Each state's percentage of total Australian production, is: New South Wales, 11.7%; Victoria, 66.7%; Queensland, 4.3%; South Australia, 4.6%; Western Australia, 3.9%; and Tasmania, 8.8%. Reasons for the lower production include continuing producer dissatisfaction with recent pricing decisions. This has resulted in a number of producers seeking alternate outlets for their milk. Because many other processors are limited by capacity in terms of accepting new milk sources, there has been an increase in culling cows. Wet conditions in Northern Australia and Western Victoria have further impacted milk production. This is already leading to expectations that October milk production will be lower than October last year, leading to revisions of previous predictions of slightly lower October production. Some analysts are pondering 12 month production being lower than volumes for a number of years, historically low milk production.

New Zealand milk production during September, as reported by DCANZ, was up from August 1.1% on a volume basis and up 0.3% on a milk solids basis. However, season to date milk volume through September was down 0.2% and down 0.8% on a milk solids basis. Production for 12 months through September was down 0.8% on a volume basis and down 0.9% on a milk solids basis. September milk production was 2.57 million MT, up from 1.34 million MT in August. During September 2015, milk production was 2.54 million MT. September milk solids, 210.11 million kg, are up from 113.13 million kg in August. During September 2015, milk solids were 209.49 million kg. However, there are increasingly voiced expectations that production in December and January, typically among the highest producing months, will be sufficient to result in seasonal production higher than last season. A new initiative to produce and export butter from grass fed milk is underway. This is expected to create a new outlet for New Zealand milk, a substantial portion of which is being exported rather than being consumed domestically. Hopes are high that the increasing global interest in grass fed dairy products will lead to a significant outlet for a higher return dairy product, grass fed butter. At the October 18 GDT event #174, average prices ranged from 4.5% lower to 5.6% higher from the prior event across categories. The all contracts price averages (US\$ per MT) and percent changes from the previous averages are: anhydrous milk fat, \$5,007 +1.1%; butter, \$3,984 +2.6%; buttermilk powder, \$2,583 +0.2%; cheddar cheese, \$3,290 -3.7%; lactose, \$780 +5.6%; rennet casein, \$6,286 -4.5%; skim milk powder, \$2,204 -0.3%; and whole milk powder, \$2,760 +2.9%.

BUTTER: Oceania butter prices firmed at the bottom of the price range to the highest low end level of 2016, but are unchanged at the top, also the highest of 2016. Stocks of butter are being drawn down. There is little expectation of production significantly increasing in coming weeks, which some observers believe may support prices trending up looking forward. GDT event 174 on October 18 yielded butter prices for the November 2016 contract down 4.8%, but for all contracts up 2.6%.

82% BUTTERFAT: 3,975 - 4,025

SKIM MILK POWDER (SMP): Skim milk powder prices in Oceania weakened at each end of the price range. This represents a retreat from the 2016 peak of SMP prices 4 weeks ago. While regional milk supplies available to make SMP are tighter, the large stocks of SMP held in Europe are a concern in Oceania. In particular, uncertainty as to how and when the EU will move SMP held by the intervention program into markets is causing nervousness and weaker prices. GDT event 174 on October 18 yielded SMP prices for the November 2016 contract down 3.6% and for all contracts down 0.3%.

1.25% BUTTERFAT: 2,175 - 2,350

CHEDDAR CHEESE: Cheddar prices in Oceania weakened at each end of the price range. This decline pulled prices back from 2016 highs. It is believed that recent substantial export activity having slowed, markets are reacting to the relatively quick slowing of export volumes. GDT event 174 on October 18 yielded cheddar prices for the November 2016 contract down 13.9% and for all contracts down 3.7%.

39% MAXIMUM MOISTURE: 3,475 - 3,750

WHOLE MILK POWDER (WMP): Whole milk powder prices in Oceania firmed at the bottom of the price range but remained unchanged at the top. The strength in WMP prices reflects both the importance of WMP to the region, and the importance of the region to supplying global WMP markets. With weaker milk production, concerns about milk volumes that will be available to manufacture WMP in coming months caused heightened current buying interest this week, strengthening prices. GDT event 174 on October 18 yielded WMP prices for the November 2016 contract up 2.3% and for all contracts up 2.9%.

26% BUTTERFAT: 2,750 - 2,900

**Exchange rates for selected foreign currencies:
October 10, 2016**

.0659 Argentina Peso	.0096 Japan Yen
.7611 Australian Dollar	.0539 Mexican Peso
.7526 Canadian Dollar	.7138 New Zealand Dollar
1.0881 Euro	.2521 Poland Zloty
.0150 India Rupee	

Conversion example: To compare the value of 1 US Dollar to Mexican Pesos: (1/.0539) = 18.5529 Mexican Pesos. Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS

US\$/MT	Global/Dairy Trading (gDT) Event 174 Recap - October 18, 2016													
	Contract 1 Nov-16		Contract 2 Dec-16		Contract 3 Jan-17		Contract 4 Feb-17		Contract 5 Mar-17		Contract 6 Apr-17		All Contracts	
Anhydrous Milk Fat	\$5,125	2.3%	\$5,027	0.5%	\$5,003	2.1%	\$4,927	0.9%	\$4,948	0.7%	\$4,991	0.5%	\$5,007	1.1%
Butter	\$4,022	-4.8%	\$3,991	0.0%	\$3,995	4.9%	\$3,960	4.9%	\$3,970	7.5%	\$3,975	2.7%	\$3,984	2.6%
Buttermilk Powder		n.a.	\$2,580	-1.3%	\$2,580	0.8%	\$2,615	4.8%		n.a.		n.a.	\$2,583	0.2%
Cheddar	\$3,465	-13.9%	\$3,298	-1.9%	\$3,258	-4.3%	\$3,272	-4.0%	\$3,464	-3.8%		n.a.	\$3,290	-3.7%
Lactose		n.a.	\$780	5.6%		n.a.		n.a.		n.a.		n.a.	\$780	5.6%
Rennet Casein	\$6,590	-6.5%	\$6,199	-4.9%	\$6,471	-1.8%	\$6,186	-6.4%		n.a.		n.a.	\$6,286	-4.5%
Skim Milk Powder	\$2,170	-3.6%	\$2,182	-2.1%	\$2,203	0.7%	\$2,213	0.9%	\$2,240	2.9%	\$2,460	8.6%	\$2,204	-0.3%
Sweet Whey Powder		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.
Whole Milk Powder	\$2,791	2.3%	\$2,791	0.7%	\$2,687	2.5%	\$2,783	5.4%	\$2,780	7.1%	\$2,834	7.2%	\$2,760	2.9%

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

US\$/Pound	Global/Dairy Trading (gDT) Event 174 Recap - October 18, 2016													
	Contract 1 Nov-16		Contract 2 Dec-16		Contract 3 Jan-17		Contract 4 Feb-17		Contract 5 Mar-17		Contract 6 Apr-17		All Contracts	
Anhydrous Milk Fat	\$2.3247	2.3%	\$2.2802	0.5%	\$2.2693	2.1%	\$2.2349	0.9%	\$2.2444	0.7%	\$2.2639	0.5%	\$2.2712	1.1%
Butter	\$1.8244	-4.8%	\$1.8103	0.0%	\$1.8121	4.9%	\$1.7962	4.9%	\$1.8008	7.5%	\$1.8030	2.7%	\$1.8071	2.6%
Buttermilk Powder		n.a.	\$1.1703	-1.3%	\$1.1703	0.8%	\$1.1862	4.8%		n.a.		n.a.	\$1.1716	0.2%
Cheddar	\$1.5717	-13.9%	\$1.4960	-1.9%	\$1.4778	-4.3%	\$1.4842	-4.0%	\$1.5713	-3.8%		n.a.	\$1.4923	-3.7%
Lactose		n.a.	\$0.3538	5.6%		n.a.		n.a.		n.a.		n.a.	\$0.3538	5.6%
Rennet Casein	\$2.9892	-6.5%	\$2.8118	-4.9%	\$2.9352	-1.8%	\$2.8060	-6.4%		n.a.		n.a.	\$2.8513	-4.5%
Skim Milk Powder	\$0.9843	-3.6%	\$0.9897	-2.1%	\$0.9993	0.7%	\$1.0038	0.9%	\$1.0161	2.9%	\$1.1158	8.6%	\$0.9997	-0.3%
Sweet Whey Powder		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.		n.a.
Whole Milk Powder	\$1.2660	2.3%	\$1.2660	0.7%	\$1.2188	2.5%	\$1.2624	5.4%	\$1.2610	7.1%	\$1.2855	7.2%	\$1.2519	2.9%

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

INTERNATIONAL DAIRY MARKET NEWS - SOUTH AMERICA

Information gathered October 17 - 28, 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.

SOUTH AMERICA OVERVIEW: In Argentina, farm milk output is up, following seasonal patterns. Farm milk supply is near to the peak of the spring flush. Although rainfalls are present in the main dairy basins, milk yields have been marginally affected. Milk volumes are sufficient to meet processing needs. In fact, there is enough milk surplus to process dry whole milk. Pulls from “dulce de leche” (milk caramel) makers are strong. Bottled milk sales to grocery stores, food service and educational institutions are solid. Demand for UHT milk is active. According to some industry participants, pasture conditions are good in Cordoba, Santa Fe and Buenos Aires. In Uruguay, milk production is seasonally higher, but below the levels from last year. Nevertheless, there are enough milk volumes moving into processing facilities. Milk components are steadily improving. Fluid milk demand from several retail channels are fair to good. The lack of water throughout the country is degrading pasture quality. Consequently, several dairy operators are feeding cows with supplementary grains, lowering their revenues margins. According to the National Institute of Milk (INALE), in September, Uruguay farm milk production sent to processors was 164.6 million liters, 6.2% above the previous month, but 12.2% below a year ago. From January to September 2016, milk output sent to manufacturing plants totaled 1,226 million liters, down 12.7% from the same period of 2015. Milk prices paid to milk producers in September were \$8.79 Uruguayan pesos (UYU) per liter, up 9.2% from last month and 16.1% above the previous year. The September price paid to producers is equivalent to \$0.31 USD/liter or around \$13.43/cwt. In Brazil, milk production at the farm level is improving. Compared to the previous weeks, there are more milk supplies moving into manufacturing plants. Fluid milk interest from retailers and restaurants is good. Processors are demanding higher volumes of milk in the spot market. Spot sales activity for UHT milk has been light. The current quality of pasture in key dairy states such as Minas Gerais and Goias is fair. However, the rainy season is starting in these areas. Thus, many dairy operators are anticipating a quality improvement on pasture and crops in the short term. Compared to the past two weeks, as reported by Milkpoint, spot milk prices per liter in Brazil slightly fell from \$1.14 to \$1.12 Brazilian reals (BRL), equivalent to \$0.36 USD. The average spot price for UHT milk remains steady from last week at \$1.97 BRL/liter or \$0.63 USD/liter.

WHOLE MILK POWDER (WMP): Whole milk prices in South America are mixed. The top price of the range was adjusted higher in order to reflect several export transactions from Uruguay to Brazil. According to industry participants, the WMP market is balanced. WMP demand from buyers/end users is strong. There are enough milk volumes moving into dryers throughout the Southern Cone. WMP drying schedules are very active in most processing plants. Inventories are mostly steady. Milk producers in Brazil are asking the government to regulate the volume of WMP imports coming from Uruguay. According to the National Milk Institute (INALE), cumulative WMP imports from January to September 2016 in Uruguay totaled 103,595 MT, up 51% from the same period in 2015.

26% BUTTERFAT:

2,750 - 3,100

CME GROUP, INC FUTURES
Selected settling prices

Month	10/14	10/17	10/18	10/19	10/20	10/21	10/24	10/25	10/26	10/27
CLASS III MILK FUTURES (Pit-Traded) (\$/cwt)										
OCT 16	14.68	14.71	14.73	14.70	14.72	14.73	14.70	14.73	14.72	14.78
NOV 16	15.04	15.25	15.61	15.47	15.41	15.46	15.36	15.40	15.43	15.51
DEC 16	15.13	15.27	15.49	15.28	15.18	15.21	15.13	15.20	15.25	15.37
JAN 17	15.32	15.42	15.60	15.38	15.33	15.36	15.28	15.36	15.39	15.45
FEB 17	15.57	15.58	15.77	15.56	15.52	15.55	15.47	15.58	15.61	15.65
MAR 17	15.64	15.66	15.90	15.75	15.71	15.76	15.73	15.81	15.84	15.89
APR 17	15.80	15.80	15.98	15.87	15.85	15.90	15.86	15.88	15.91	15.96
MAY 17	15.96	15.95	16.10	16.02	16.00	16.00	16.00	16.01	16.01	16.06
JUN 17	16.18	16.17	16.28	16.20	16.20	16.20	16.20	16.20	16.23	16.25
JUL 17	16.40	16.40	16.48	16.38	16.39	16.40	16.40	16.39	16.41	16.41
CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)										
OCT 16	13.88	13.88	13.85	13.82	13.73	13.67	13.67	13.67	13.67	13.68
NOV 16	13.78	13.77	13.59	13.50	13.60	13.54	13.50	13.67	13.67	13.83
DEC 16	14.07	14.07	13.96	13.91	13.90	13.75	13.75	13.89	13.96	14.15
JAN 17	14.44	14.44	14.38	14.26	14.26	14.11	14.15	14.23	14.26	14.48
CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)										
OCT 16	189.63	188.00	188.00	186.95	186.25	186.25	186.25	186.25	186.25	186.35
NOV 16	182.00	182.03	183.15	182.00	184.00	184.48	185.00	187.03	189.00	195.00
DEC 16	182.50	183.50	183.00	182.55	183.00	183.00	184.50	189.50	193.50	197.03
JAN 17	184.50	186.00	185.85	185.30	185.83	186.50	187.38	192.38	196.75	199.98
NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)										
OCT 16	93.03	93.45	93.08	92.63	92.40	92.48	92.48	92.48	92.10	92.40
NOV 16	94.68	94.75	92.90	92.80	91.28	91.50	91.30	90.80	90.78	90.00
DEC 16	98.33	98.68	96.20	95.65	94.20	94.00	94.00	93.93	93.28	93.10
JAN 17	102.25	101.95	100.00	99.50	98.10	97.00	96.50	96.50	96.00	96.38
WHEY (Electronic-Traded) (¢/lb)										
OCT 16	31.90	31.90	31.95	31.90	32.40	32.40	32.40	32.40	32.40	32.90
NOV 16	34.25	34.25	34.25	34.28	35.13	34.73	35.70	35.83	36.08	36.00
DEC 16	35.25	34.40	34.75	35.00	36.83	36.83	36.25	36.50	36.85	37.10
JAN 17	35.28	35.28	35.28	35.10	36.28	36.28	36.85	36.85	36.85	36.85
CHEESE CSC (Electronic-Traded) (\$/lb)										
OCT 16	1.57	1.57	1.58	1.58	1.58	1.58	1.57	1.58	1.58	1.58
NOV 16	1.60	1.62	1.66	1.65	1.63	1.64	1.63	1.63	1.63	1.64
DEC 16	1.61	1.62	1.64	1.62	1.60	1.61	1.59	1.60	1.60	1.61
JAN 17	1.62	1.63	1.65	1.64	1.62	1.62	1.61	1.62	1.62	1.62
FEB 17	1.64	1.64	1.67	1.65	1.64	1.64	1.63	1.64	1.64	1.64

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

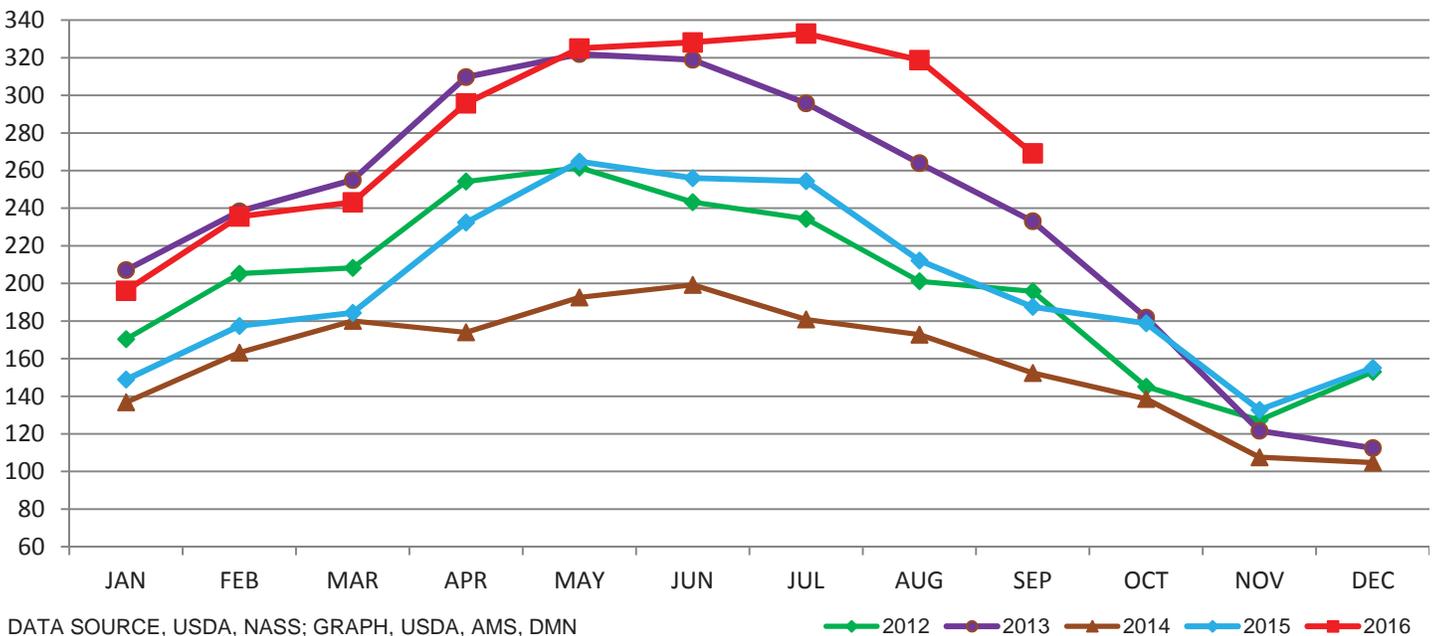
U.S. HOLDINGS OF DAIRY PRODUCTS						
COMMODITY	AUG 31, 2014	AUG 31, 2015	REVISED AUG 31, 2016	SEP 30, 2014	SEP 30, 2015	SEP 30, 2016
Butter	172,789	212,189	318,774	152,361	187,528	269,170
Cheese, Natural American	648,784	709,029	742,497	631,279	698,875	744,003
Cheese, Swiss	27,085	22,203	26,019	25,684	22,037	25,151
Cheese, Other Natural	365,539	436,161	472,603	356,819	431,534	468,854
Total Cheese	1,041,408	1,167,393	1,241,119	1,013,782	1,152,446	1,238,008

SEPTEMBER STORAGE HOLDINGS BY REGION									
REGION	Natural American Cheese			Butter *			Other Natural Cheese		
	2014	2015	2016	2014	2015	2016	2014	2015	2016
New England	63,593	63,275	64,662				1,003	727	938
Middle Atlantic	54,112	72,990	88,389				22,094	22,909	17,176
East North Central	237,633	273,814	296,942				239,228	272,267	299,535
West North Central	107,592	110,814	121,163				42,244	46,927	48,320
South Atlantic	636	830	1,411				5,576	28,979	28,142
East South Central	4,773	6,386	6,679				13,942	12,678	22,007
West South Central	17,870	13,296	18,662				704	1,055	1,244
Mountain	53,786	59,822	47,001				2,115	3,950	3,034
Pacific	91,284	97,648	99,094				29,913	42,042	48,458
TOTAL	631,279	698,875	744,003	152,361	187,528	269,170	356,819	431,534	468,854

*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

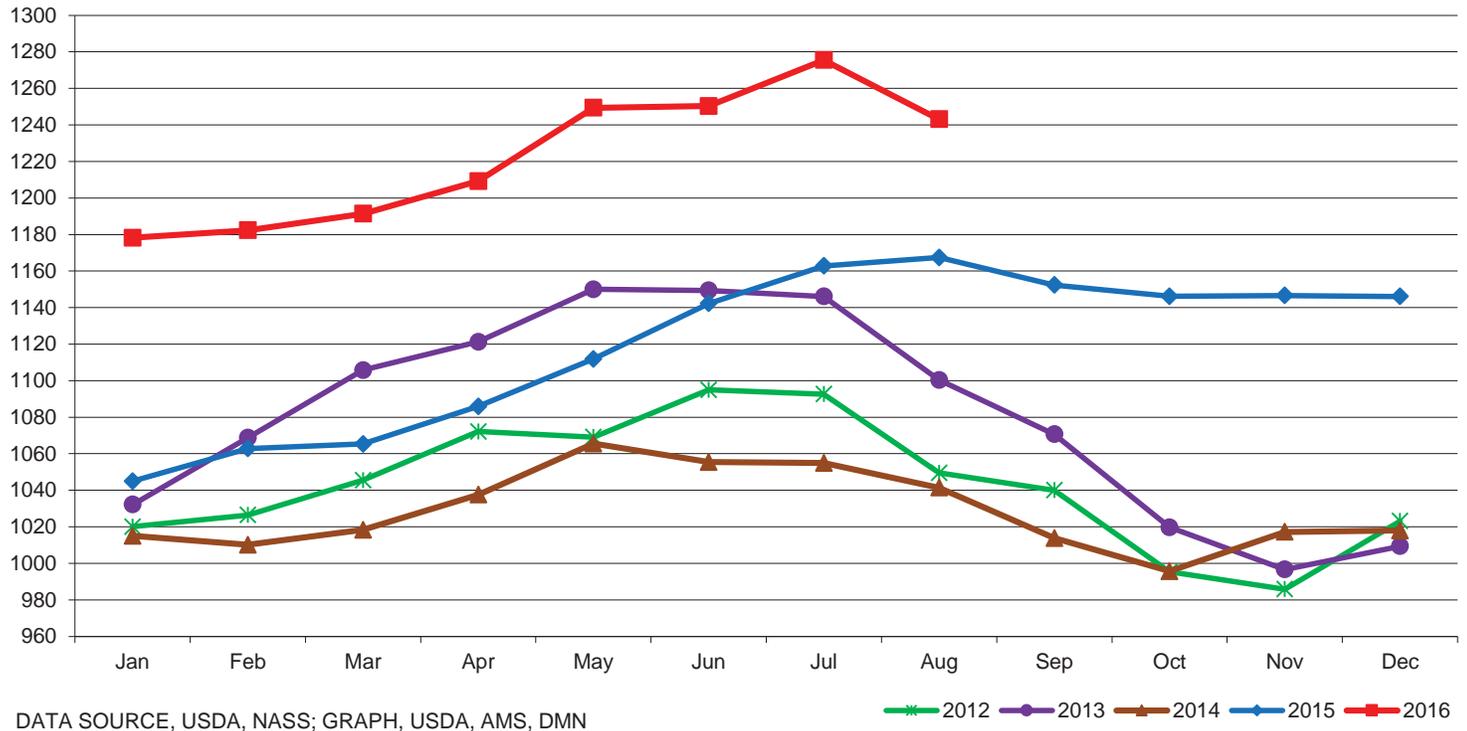
Consumer Price Index												
Month	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish, and Eggs	
	CPI ²	Pct. Chg ³	CPI ²	Pct. Chg ³								
Jul 2016	247.6	0.2	214.6	-3.1	197.8	-7.0	226.6	-3.2	235.7	3.1	246.9	-5.6
Aug 2016	247.7	0.0	215.5	-2.4	200.1	-4.4	226.4	-2.4	239.0	2.6	246.5	-6.5
Sep 2016	247.9	-0.3	216.7	-2.5	204.3	-3.0	226.0	-3.1	239.3	-0.3	246.6	-6.3

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>									
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
Sep	3.229	3.392	N/A	N/A	4.396	4.439	5.023	5.382	4.695	4.791

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.

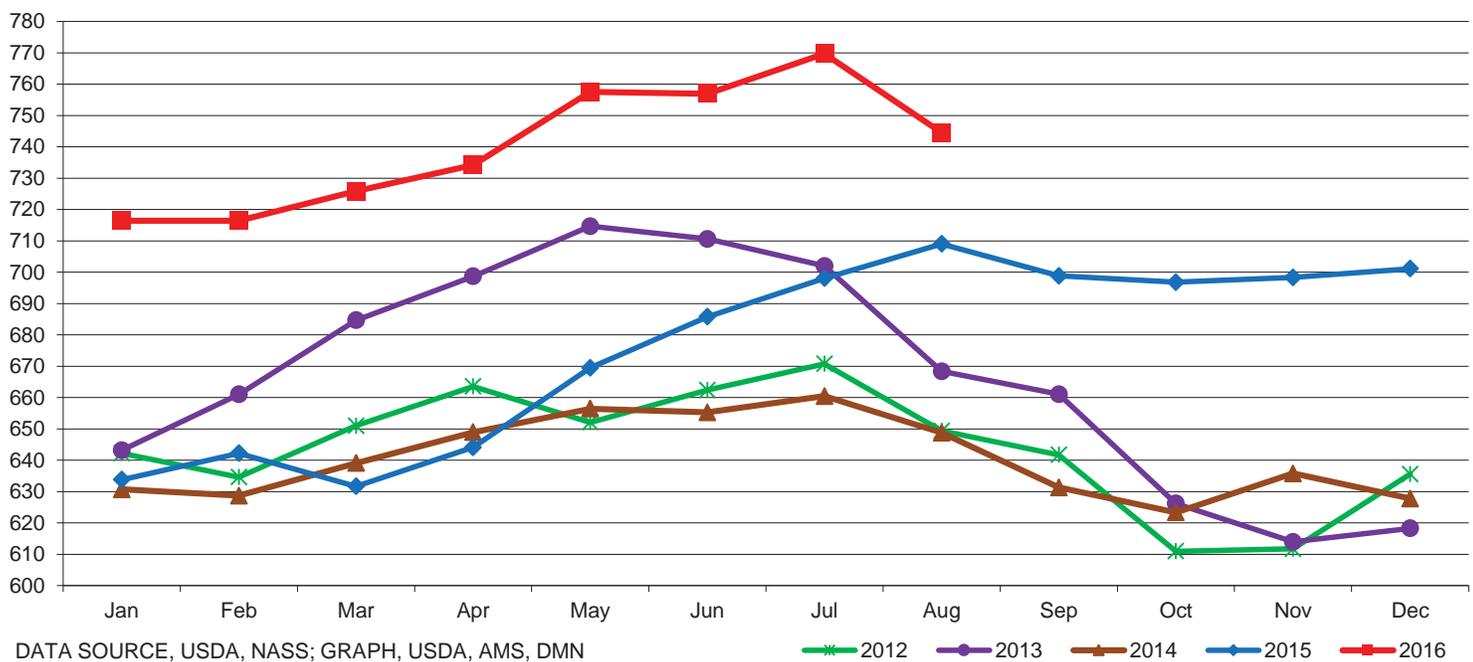
MILLION POUNDS

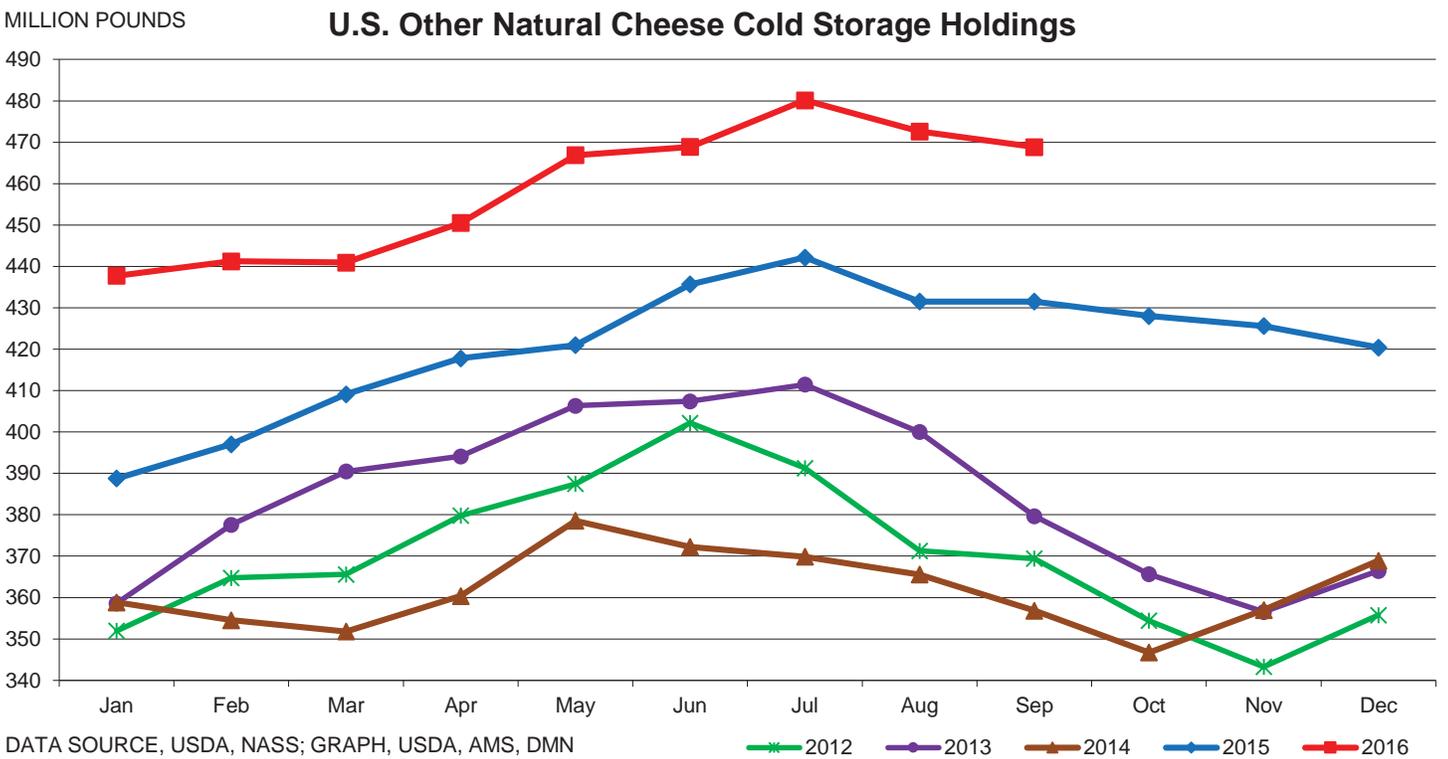
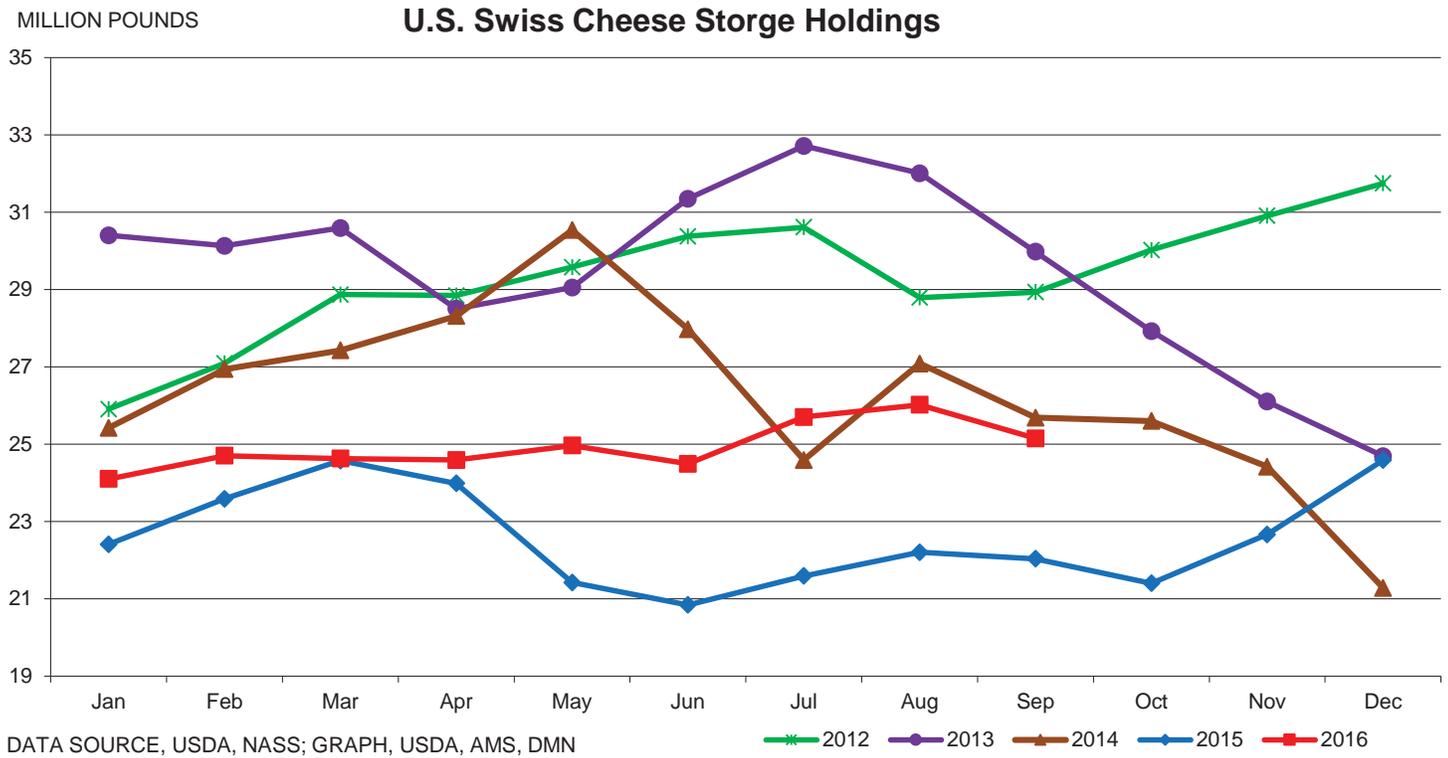
U.S. Total Natural Cheese Cold Storage Holdings

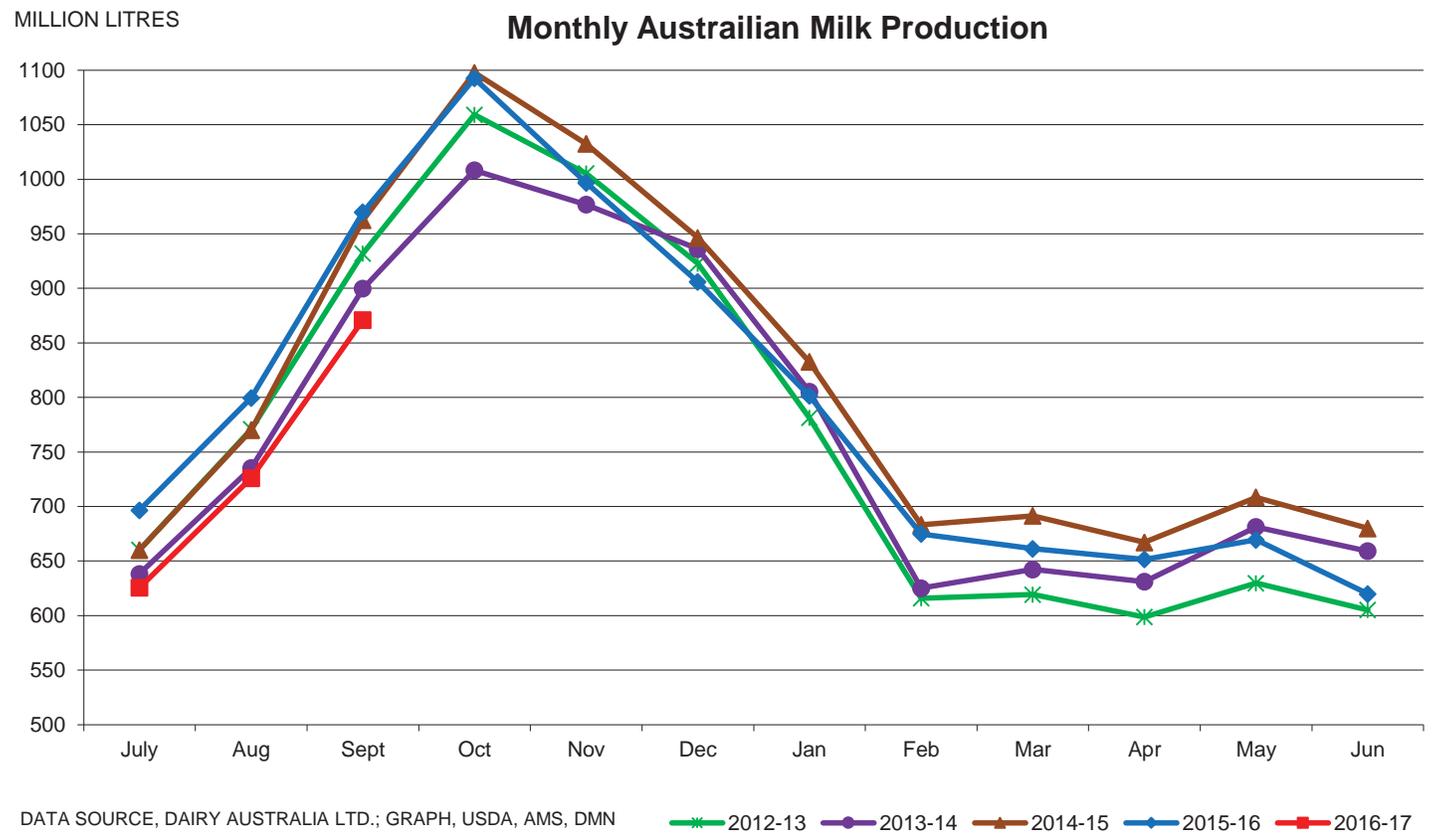
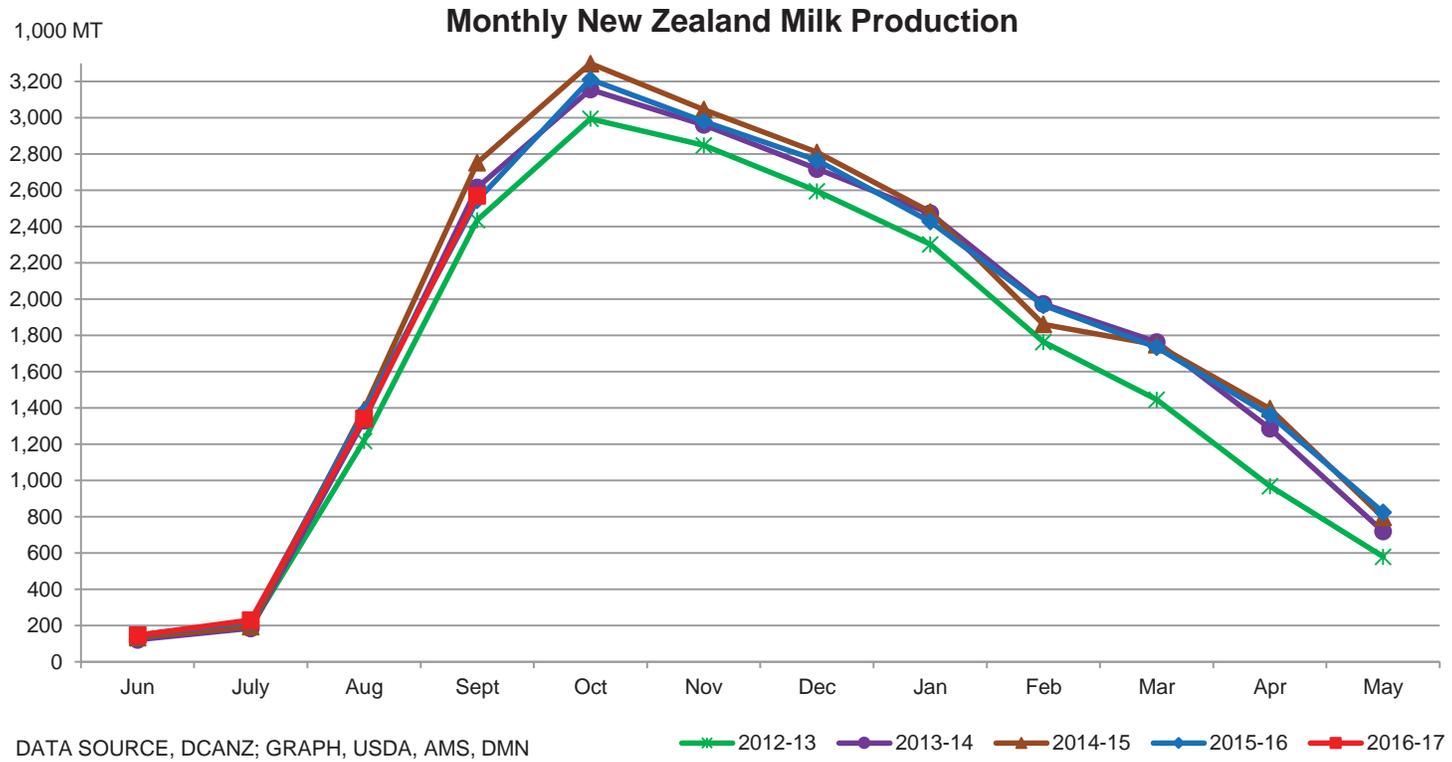


U.S. Natural American Cheese Cold Storage Holdings

MILLION POUNDS

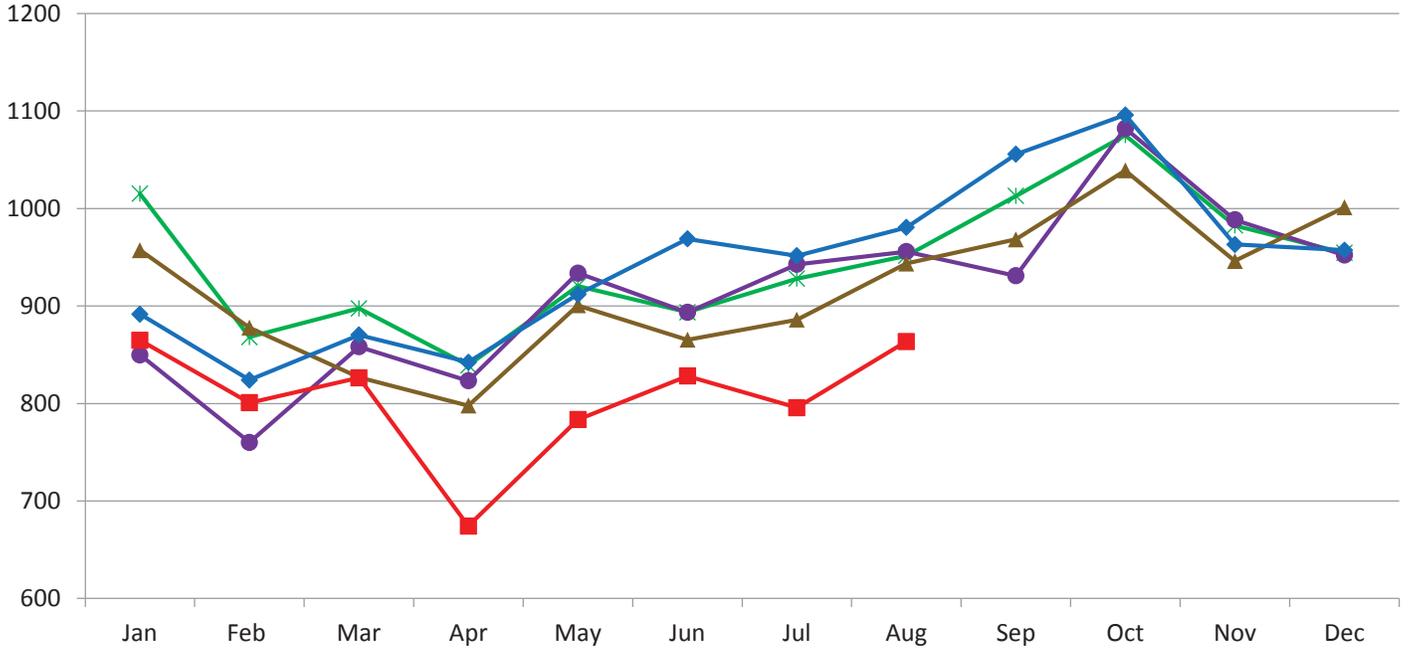






MILLION LITERS

Monthly Argentina Milk Production

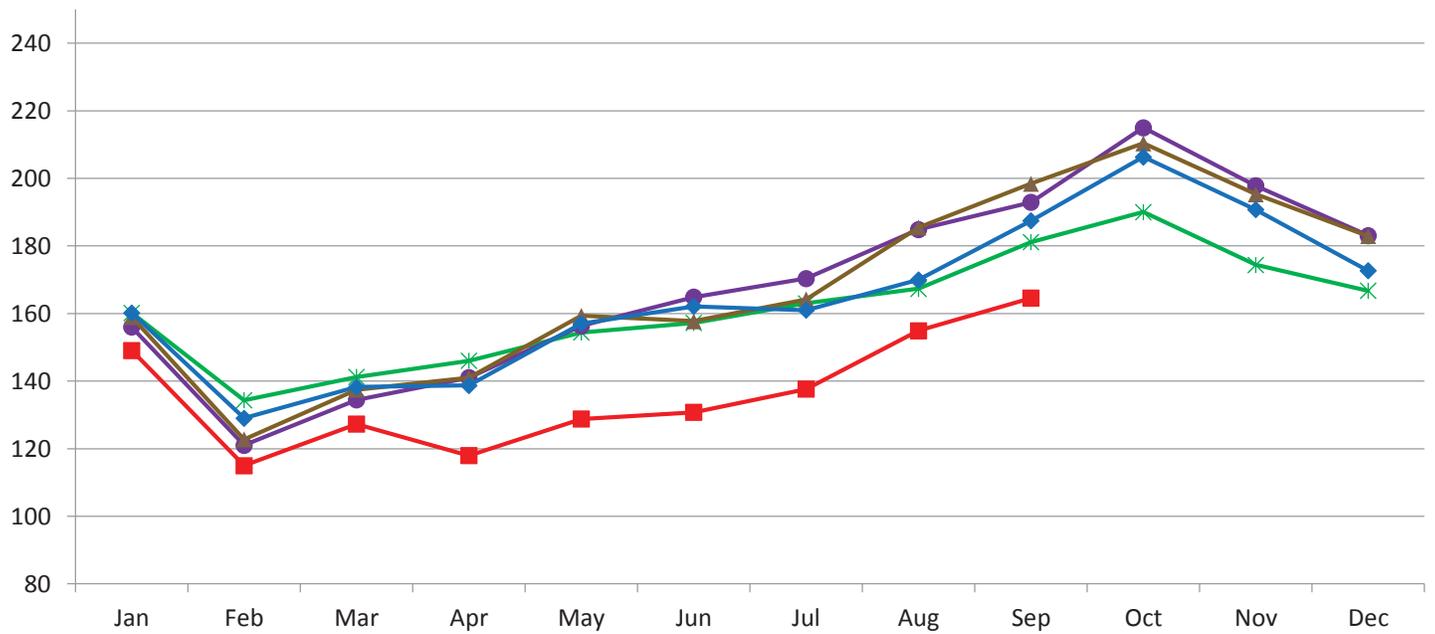


DATA SOURCE, MINAGRI; GRAPH, USDA, AMS, DMN

—*— 2012 ● 2013 ▲ 2014 ◆ 2015 ■ 2016

MILLION LITERS

Monthly Uruguay Milk Production



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

—*— 2012 ● 2013 ▲ 2014 ◆ 2015 ■ 2016



Dairy Market News Branch

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National Retail Report-Dairy

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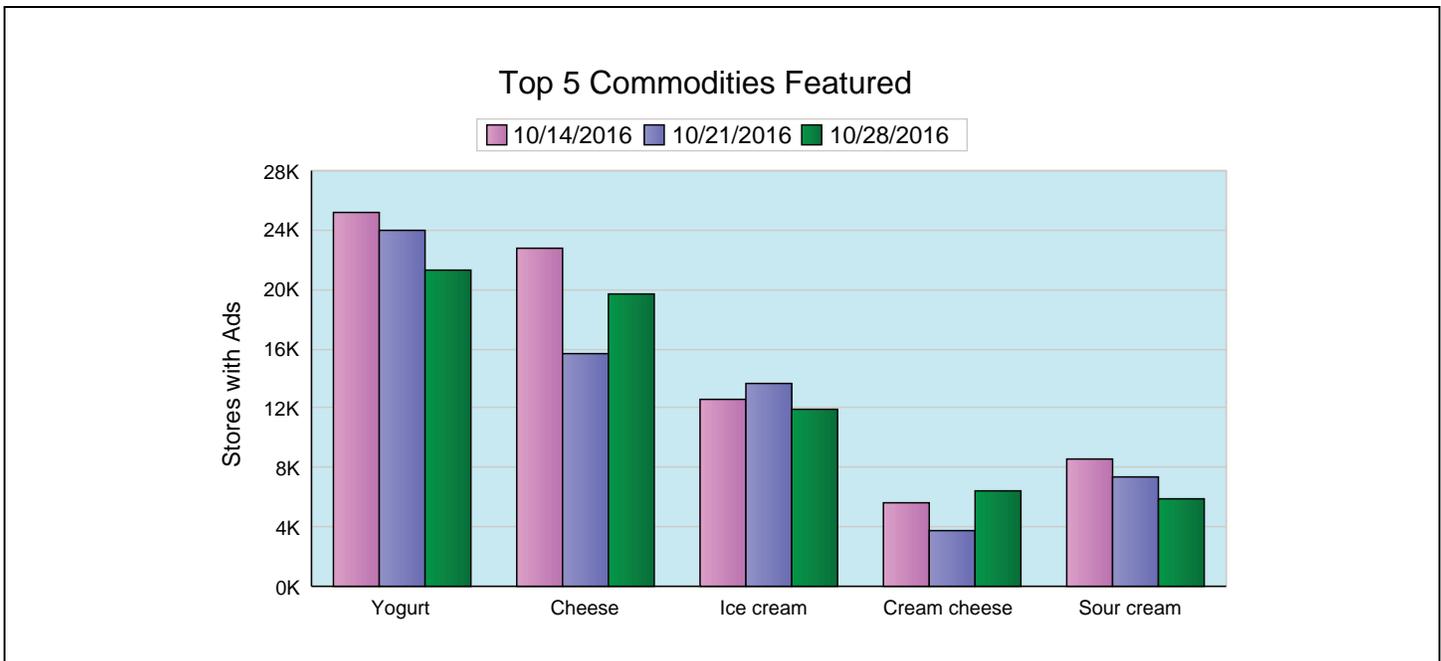
Advertised Prices for Dairy Products at Major Retail Supermarket Outlets ending during the period of 10/28/2016 to 11/03/2016

Total conventional dairy advertisements declined 4% while organic dairy ads increased 22%. Seasonal ads for quarts of egg nog have appeared, with an average price of \$2.78. The national average price for 1 pound conventional butter is \$3.31, up 33 cents from last week. Organic butter averaged \$4.71, an organic price premium of \$1.40.

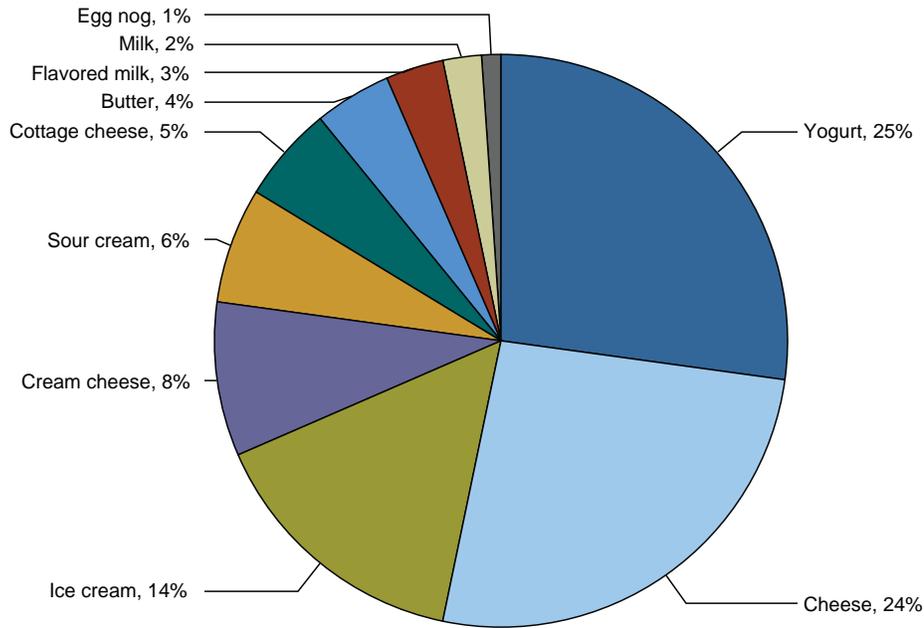
Conventional yogurt ads declined 14% this week but organic yogurt ads increased 23%. The average price for 4-6 ounce conventional Greek yogurt was \$0.99, while 4-6 ounce organic Greek yogurt averaged \$1.31, an organic price premium of \$.32. The average price for 4-6 ounce conventional yogurt was \$0.52, while 4-6 ounce organic yogurt averaged \$1.29, an organic price premium of \$.77.

The U.S. advertised price for 8 ounce conventional cheese blocks averaged \$2.25, down 7 cents from last week. Ads for conventional 8 ounce shred cheese averaged \$2.22, down 4 cents from last week. The collective number of conventional cheese ads increased 22%.

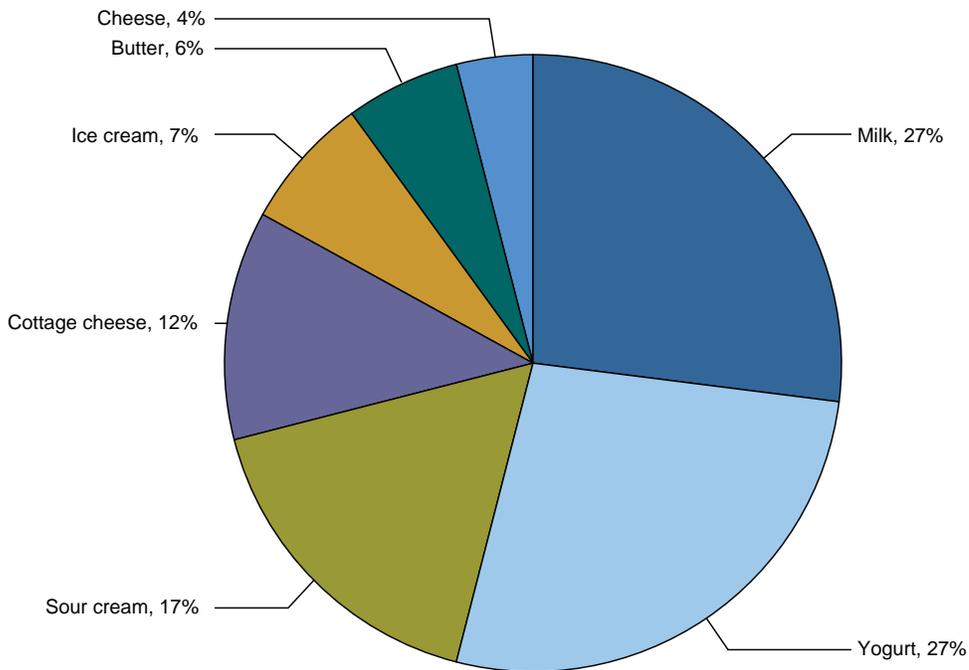
This week, the difference between the average weighted price for organic half gallon milk, \$4.01, and the average weighted price for conventional half gallon milk, \$2.23, resulted in an organic price premium of \$1.78, down 24 cents from last week. Organic milk advertisements decreased 54%, while ads for conventional milk increased 40%.



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 #	2883	3.31	6122	2.98	2061	3.51
Cheese	Natural Varieties	8 oz block	6608	2.25	5020	2.32	11230	2.29
Cheese	Natural Varieties	1 # block	1600	4.85	1858	3.09	974	3.77
Cheese	Natural Varieties	2 # block	1437	6.76	833	7.03	98	6.11
Cheese	Natural Varieties	8 oz shred	8580	2.22	6059	2.26	10502	2.14
Cheese	Natural Varieties	1 # shred	1190	4.89	1966	2.87	4227	4.55
Cottage cheese		16 oz	3699	2.05	4632	1.78	2608	2.20
Cream cheese		8 oz	6393	2.12	3687	2.04	7073	1.73
Egg nog		quart	574	2.78				
Flavored milk	All fat tests	half gallon	575	2.43	753	1.99	893	1.59
Flavored milk	All fat tests	gallon	2172	2.65	84	4.49	1086	3.01
Ice cream		48-64oz	11490	3.23	13646	3.15	10604	2.90
Milk	All fat tests	half gallon	243	2.09	554	1.72	242	3.00
Milk	All fat tests	gallon	1503	2.54	652	2.99	1340	2.14
Sour cream		16 oz	4789	1.76	7330	1.52	7822	1.82
Yogurt	Greek	4-6 oz	10383	.99	11249	.97	15463	.94
Yogurt	Greek	32 oz	1007	4.06	1787	4.17	815	4.20
Yogurt	Yogurt	4-6 oz	7039	.52	8624	.53	6024	.50
Yogurt	Yogurt	32 oz	1202	2.76	995	2.80	881	2.12

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 #	1.99-3.99	838	3.02	3.00-3.59	1411	3.44			
Cheese	Natural Varieties	8 oz block	1.49-3.50	1896	2.18	1.66-3.00	2712	2.49	1.49-2.29	585	1.93
Cheese	Natural Varieties	1 # block	2.99-7.99	410	4.71	4.99	1083	4.99	3.88	107	3.88
Cheese	Natural Varieties	8 oz shred	1.99-3.00	1772	2.30	1.66-3.00	2802	2.49	1.49-2.50	824	2.02
Cheese	Natural Varieties	1 # shred				4.99	1083	4.99	3.88	107	3.88
Cottage cheese		16 oz	1.66-3.00	926	2.18	2.00-2.50	1504	2.17	2.00	213	2.00
Cream cheese		8 oz	1.25-2.50	955	1.92	1.50-2.50	2982	2.28	1.79-2.25	401	2.09
Egg nog		quart				3.00	214	3.00			
Flavored milk	All fat tests	half gallon	2.99	135	2.99	1.99	64	1.99	2.00	180	2.00
Flavored milk	All fat tests	gallon	3.49	62	3.49	2.50-3.99	1492	2.78			
Ice cream		48-64oz	1.99-3.99	2470	2.89	2.50-3.99	2171	2.93	1.88-4.50	1439	3.22
Milk	All fat tests	gallon				3.99	214	3.99	2.99	69	2.99
Sour cream		16 oz	1.50-2.00	1005	1.78	1.50-2.00	1361	1.90	0.99-1.50	489	1.37
Yogurt	Greek	4-6 oz	0.83-1.25	1229	1.02	1.00-1.25	3828	1.02	0.88-1.00	1285	.97
Yogurt	Greek	32 oz	3.99-4.49	525	4.28				2.99-3.99	393	3.53
Yogurt	Yogurt	4-6 oz	0.40-2.88	1321	.60	0.40-0.50	2596	.46	0.50-0.66	607	.55

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Yogurt	Yogurt	32 oz	1.99-2.99	598	2.60	3.78	195	3.78	1.99	116	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 #	2.50-3.00	183	2.83	2.49-3.99	423	3.59			
Cheese	Natural Varieties	8 oz block	1.50-2.00	608	1.77	1.66-3.50	518	2.25	0.99-2.00	174	1.39
Cheese	Natural Varieties	2 # block	4.99-6.99	262	6.07	5.77-7.99	818	7.24	5.99-6.99	355	6.18
Cheese	Natural Varieties	8 oz shred	1.50-2.50	1212	1.97	1.66-2.50	1220	2.05	0.99-2.00	634	1.79
Cottage cheese		16 oz	0.99-2.50	253	1.69	1.29-2.49	354	1.84	1.50-2.00	394	1.63
Cream cheese		8 oz	0.99-2.50	784	1.92	1.50-2.49	958	2.15	1.50	289	1.50
Egg nog		quart				2.50-2.99	360	2.66			
Flavored milk	All fat tests	half gallon	1.99	82	1.99	2.99	114	2.99			
Flavored milk	All fat tests	gallon	2.19-3.99	215	2.81	1.99	114	1.99	1.99	289	1.99
Ice cream		48-64oz	1.97-4.99	1559	3.58	2.49-4.99	2529	3.49	2.49-5.00	1135	3.21
Milk	All fat tests	half gallon	1.69-1.99	216	1.91						
Milk	All fat tests	gallon	1.99-2.19	221	2.12	1.99-2.69	706	2.40	1.99	289	1.99
Sour cream		16 oz	0.99-1.99	594	1.69	1.29-2.49	707	1.84	1.50	499	1.50
Yogurt	Greek	4-6 oz	0.50-1.25	1123	.94	0.77-1.25	2381	.97	0.89-1.00	455	.91
Yogurt	Greek	32 oz				4.99	62	4.99			
Yogurt	Yogurt	4-6 oz	0.33-1.00	586	.55	0.38-0.77	1227	.49	0.39-0.89	634	.53
Yogurt	Yogurt	32 oz	1.99	54	1.99	2.99	178	2.99	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 #	4.50	28	4.50			
Cheese	Natural Varieties	8 oz block	1.79-2.49	26	2.36	2.25-4.49	89	3.46
Cheese	Natural Varieties	2 # block	7.99	2	7.99			
Cheese	Natural Varieties	8 oz shred	1.79-3.50	54	2.95	2.25-3.25	62	3.01
Cottage cheese		16 oz	2.00	21	2.00	3.00	34	3.00
Cream cheese		8 oz	1.79	21	1.79	1.50	3	1.50
Ice cream		48-64oz	2.98-8.99	68	6.07	3.25-4.99	119	4.02
Milk	All fat tests	half gallon				2.79-3.69	27	3.59
Milk	All fat tests	gallon				5.19	4	5.19
Sour cream		16 oz	2.00-3.50	49	2.86	1.88-3.00	85	2.44
Yogurt	Greek	4-6 oz	0.99-1.33	28	1.02	0.99-1.50	54	1.35
Yogurt	Greek	32 oz				5.49	27	5.49
Yogurt	Yogurt	4-6 oz	0.70-1.20	31	1.15	0.59-0.99	37	.69



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 #	351	4.71			62	4.98
Cheese	Natural Varieties	8 oz block	246	6.99			63	4.75
Cheese	Natural Varieties	8 oz shred					267	3.69
Cottage cheese		16 oz	770	3.07	105	3.49		
Ice cream		48-64oz	448	4.99			244	4.49
Milk	All fat tests	half gallon	1549	4.01	1841	3.74	3032	4.52
Milk	All fat tests	gallon			289	5.00	221	6.98
Milk	All fat tests	8 oz UHT	156	1.00	1548	1.00	688	1.00
Sour cream		16 oz	1097	3.17				
Yogurt	Greek	4-6 oz	1041	1.28	521	1.20	573	1.16
Yogurt	Greek	32 oz	283	3.24	368	3.79		
Yogurt	Yogurt	4-6 oz	364	1.29	225	.90	63	.99
Yogurt	Yogurt	32 oz			196	3.99	3	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 #	4.49	100	4.49				4.49	116	4.49
Cottage cheese		16 oz				2.99-3.49	210	3.28	2.99	137	2.99
Milk	All fat tests	half gallon	3.50-3.99	420	3.80	3.98	195	3.98	4.78	180	4.78
Sour cream		16 oz				2.99-3.49	210	3.28	2.99	247	2.99
Yogurt	Greek	4-6 oz	1.00	72	1.00				1.25-1.50	350	1.40
Yogurt	Greek	32 oz				3.00	214	3.00			
Yogurt	Yogurt	4-6 oz	1.25	59	1.25	1.33	195	1.33	1.25	110	1.25

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #				4.99	114	4.99			

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Cheese	Natural Varieties	8 oz block				6.99	246	6.99			
Cottage cheese		16 oz	2.99	219	2.99	2.99	204	2.99			
Ice cream		48-64oz	4.99	141	4.99	4.99	241	4.99	4.99	66	4.99
Milk	All fat tests	half gallon	4.49	118	4.49	2.99-3.99	474	3.75	3.49-4.49	135	3.98
Milk	All fat tests	8 oz UHT	1.00	156	1.00						
Sour cream		16 oz	2.99	219	2.99	2.99-3.49	355	3.33	3.29	66	3.29
Yogurt	Greek	4-6 oz	1.25	219	1.25	1.25	331	1.25	1.25	66	1.25
Yogurt	Greek	32 oz							3.99	69	3.99

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 #	5.49	21	5.49			
Milk	All fat tests	half gallon				4.99	27	4.99
Yogurt	Greek	4-6 oz				1.50	3	1.50

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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