

DAIRY MARKET NEWS AT A GLANCE

CME GROUP CASH MARKETS (1/19)

BUTTER: Grade AA closed at \$2.1200. The weekly average for Grade AA is \$2.1406 (-.0299).

CHEESE: Barrels closed at \$1.3450 and 40# blocks at \$1.5650. The weekly average for barrels is \$1.3231 (+.0376) and blocks, \$1.5263 (-.0708).

NONFAT DRY MILK: Grade A closed at \$.7075. The weekly average for Grade A is \$.7050(-.0350).

BUTTER HIGHLIGHTS: Cream into butter production is readily available. Butter production is moderate to active. Some producers are only churning to fill immediate orders, however others are focusing on production for the spring retail push. Inventories are fairly healthy as industry contacts report moving regular contract loads. Butter demand is mixed as some market participants are purchasing steady loads, on the other hand others are holding off on purchases while there are offers on the spot market. Bulk butter prices range from 1 cent under to 8 cents over the market, based on the CME Group with various time periods and averages used. Friday's CME group cash trading saw Grade AA butter close at \$2.1200, down \$.0400 from last Friday.

CHEESE HIGHLIGHTS: Milk availability is plentiful for cheese production needs. Reported spot milk prices from contacts in the Midwest ranged from \$3 under to \$.75 over Class III. Cheese output is active nationwide, parallel to abundant milk supplies. Cheese inventories are heavy in all regions. In the Midwest, to combat increasing supplies, some cheese plant managers report cutting back work schedules to four-day workweeks. Cheese demand is fair. In the West, cheese manufacturers report solid mozzarella sales for the pizza season, but the retail demand for most cheese types is indifferent. The cheese market tone is shaky. Friday on the CME, barrels closed at \$1.3450, up \$.1275 from last Friday. Blocks closed at \$1.5650, up \$.1100 from last Friday.

FLUID MILK: Milk production developments vary across the country. Off the farm volumes in the Midwest and the majority of the Western region reveal a slight increase in output. Conditions are favorable for milk producers in the mountainous states, while steady in the Pacific Northwest. Throughout the East, farm milk volumes are mostly flat, as deficit areas of the region take in additional supplies from other regions. The re-openings of schools and seasonal weather are the stimulus of an upsurge in Class I orders. Relevant to plant and hauling delays, cream is abundant and supplies are readily available in markets for all Class needs. **Across the country, cream multiples range flat market to 1.20 over. Regionally, cream purchases are made based on f.o.b. multiples of **1.00-1.15** in the East; **1.08-1.18** in the Midwest (Class II); and **1.00-1.20** in the West.

DRY PRODUCTS: Low/medium heat nonfat dry milk (NDM) prices are mixed. Spot market activity remained fairly active. The market tone is unstable. High heat NDM prices have slipped. The market tone is uncertain. Demand for spot loads is limited. Dry buttermilk prices are steady to slightly higher. The market tone is subdued. Spot activity is somewhat quiet. Many buyers say that they are only taking contractual loads. Dry whole milk prices are unchanged from last week. Sales remain active. Dry whey prices are steady to slightly lower. In the West, demand is dreary, while in the Central and Northeast regions demand is steady to fairly elevated. The market tone is currently weak. Whey protein concentrate 34% prices slightly slipped. Demand and market tone are unchanged from last week since it varies between different segments of the WPC34% industry. Lactose prices are unchanged. There are reports that lactose is moving favorably through contracts. Casein prices are steady to higher, consistent with most dairy product prices.

INTERNATIONAL DAIRY MARKET NEWS: WESTERN OVERVIEW: European dairy officials are generally pleased with current market conditions as Europe has moved past the quota era,

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CME GROUP CASH TRADING

COMMODITY	MONDAY JAN 15	TUESDAY JAN 16	WEDNESDAY JAN 17	THURSDAY JAN 18	FRIDAY JAN 19	WEEKLY CHANGE*	WEEKLY AVERAGE#
CHEESE BARRELS		\$1.2750 (+.0575)	\$1.3225 (+.0475)	\$1.3500 (+.0275)	\$1.3450 (-.0050)	:: (+.1275)	:: \$1.3231 (+.0376)
40# BLOCKS		\$1.4675 (+.0125)	\$1.5225 (+.0550)	\$1.5500 (+.0275)	\$1.5650 (+.0150)	:: (+.1100)	:: \$1.5263 (+.0708)
NONFAT DRY MILK GRADE A		\$.6900 (+.0225)	\$.7075 (+.0175)	\$.7150 (+.0075)	\$.7075 (-.0075)	:: (+.0400)	:: \$.7050 (+.0350)
BUTTER GRADE AA	NO TRADING	\$2.1600 (N.C.)	\$2.1500 (-.0100)	\$2.1325 (-.0175)	\$2.1200 (-.0125)	:: (-.0400)	:: \$2.1406 (-.0299)

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

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many dairy producers are prospering, and projections for 2018 indicate a good year for European dairy. Seasonal increases in milk intakes continue to register. Early reporting in Germany by Marktwoche Milch is that milk output increased 1.7 percent the first week of January over the last week of December. The first week of January 2018 production is 6.0 percent above the same week of 2017. In France, first week of January 2018 milk production was 2.2 percent above the last week of December. EU cheese production January-November 2017 is up 1.7 percent from the same period of 2016.

EASTERN OVERVIEW: One of the largest dairy companies in Belarus is nearing completion of expanded capacity to package milk into cartons with shelf life of 9-12 months. Sales will be targeted to China. This initiative is intended to divert milk previously used for casein production. The Belarus company has decided that casein markets are less certain than this new fluid milk export option.

AUSTRALIA: As January temperatures increase, hay trading is picking up slightly in the far south of Australia. Hay demand has increased due to light rainfall in the region. However, Cyclone Joyce brought what is called unprecedented rainfall across Western Australia, generally benefitting pastures there. If periodic rains fall during the rest of the season, farmers are optimistic about hay availability moving forward.

NEW ZEALAND: It has been pretty dry in many parts of New Zealand. The conditions are difficult and challenging for dairy producers. This has contributed to lower than previously projected milk volumes. A large dairy cooperative in New Zealand has announced a venture to sell fresh milk on a China-based online platform.

At the January 16 GDT event #204, all contracts prices ranged from +2.2 percent to +8.8 percent over the prior event across categories. The all contracts price averages (US\$ per MT) and percent changes from the previous averages are: anhydrous milk fat, \$6,547, +2.2 percent; butter, \$4,897, +8.8 percent; buttermilk powder, n.a.; cheddar cheese, \$3,486, +5.2 percent; lactose, \$397, n.a.; rennet casein, \$4,709, +5.5 percent; skim milk powder, \$1,818, +6.5 percent; and whole milk powder, \$3,010, +5.1 percent. It has been quite a while since every all contracts price was positive, as with this week's event.

SOUTH AMERICAN OVERVIEW: In **Argentina**, dairy processors report that milk intakes are mostly unchanged from recent weeks. Weather in the main dairy producing regions continues to provide some challenges to dairy farmers for managing cow comfort. Transportation conditions are unchanged. Processors report milk intakes are well within the handling capacities of the regional plants. Cheese production, principally Mozzarella, is ongoing. Condensed skim milk is actively clearing through dryers and into skim milk powder inventories. Cream use is split between butter and cream-based frozen desserts. According to CLAL, January - November 2017 milk deliveries in Argentina decreased .8 percent compared to the same period in 2016.

Dairy producers indicate milk production is steady in **Uruguay**, supported by comfortable temperatures. Processing is active, with skim milk powder, cheese, and butter production facilities clearing intake volumes with some capacity to spare. Consumer packaged milk processing is also active. According to CLAL, November milk deliveries were 6.52 percent higher than year ago volumes. Each month, April - November 2017, milk deliveries have posted gains over year ago monthly deliveries.

Milk production is generally steady through **Brazil**. Ready availability of milk and cream is augmenting active processing schedules. Skim milk powder production is clearing the large volumes of condensed skim milk. Butterfat is clearing readily into butter. Cheese

production is ongoing. Consumer-sized packaged goods processors of UHT and bottled milk report steady orders from retailers. Rainy conditions persist in Brazil, which is benefitting row crops. According to CLAL, January - November 2017 milk deliveries in Brazil increased 4.3 percent compared to the same period in 2016.

NATIONAL RETAIL REPORT (DMN): Advertisement numbers are 19 percent higher for conventional dairy items, but 28 percent lower for organic dairy items. Ad numbers for conventional 1 pound butter very slightly increased, with a U.S. weighted average advertised price of \$3.47, up 11 cents. There are no reported sale prices for organic butter this week. Conventional cream cheese 8 oz. ad numbers increased 47 percent, with an average price of \$1.97. There are no ads for organic cream cheese.

The national weighted average advertised price of conventional 8 ounce block cheese is \$2.49, up 46 cents from last week. Organic 8 ounce blocks average \$2.75, resulting in an organic premium of 26 cents. The price of conventional 8 ounce shred cheese, \$2.40, is up 22 cents from last week. Organic 8 ounce shred cheese averages \$2.99, resulting in an organic premium of 59 cents. Conventional cheese ad numbers increased 52 percent, but organic cheese ad numbers decreased 54 percent.

Conventional yogurt ads increased 6 percent while organic yogurt ads decreased 50 percent. The weighted average price of conventional 4-6 ounce Greek yogurt is \$0.96, and regular 4-6 ounce yogurt is \$0.52. Organic yogurt in 4-6 ounce containers is priced at \$1.21, resulting in an organic premium of 69 cents.

The conventional-organic milk half gallon price spread is \$2.19. The spread is the difference between the conventional milk half gallon average advertised price, \$1.92, and the organic milk half-gallon price, \$4.11. Conventional milk ads decreased 41 percent, but organic milk ads increased 4 percent.

JANUARY SUPPLY AND DEMAND ESTIMATES (WASDE): The milk production estimate for 2017 is reduced on recent data. For 2018, the milk production estimate is reduced on slower anticipated growth in the dairy cow herd combined with continued slow growth in milk per cow. Fat basis imports for 2017 are reduced on slower butter imports, but exports are raised on solid global demand for U.S. butter and other dairy products. Skim-solids basis imports are reduced modestly while exports are raised on strong demand for skim milk powder and several other products. For 2018, the fat basis import forecast is reduced on slowing demand for butter products, while the export forecast is raised on expected robust foreign demand for U.S. fat-containing products. On a skim-solids basis, the 2018 import forecast is reduced on weak demand for U.S. milk protein concentrates. The 2018 skim-solids basis export forecast is raised reflecting stronger demand for a number of products. Dairy product prices for 2017 are adjusted for December data. For 2018, all dairy product prices are reduced on slowing domestic demand and global competition. The Class III and Class IV price forecasts for 2018 are reduced on lower product prices. The all milk price is lowered to \$15.80 to \$16.60 per cwt for 2018.

DECEMBER CONSUMER PRICE INDEX (BLS): The CPI for all food is 251.2, up 1.6 percent from 2016. The dairy products index is 216.9, down 0.5 percent from a year ago. The following are the December to December changes for selected products: fresh whole milk is -3.5 percent; cheese, +1.9 percent; and butter, +6.3 percent.

FEBRUARY FEDERAL MILK ORDER ADVANCE CLASS PRICES (FMMO): Under the Federal milk order pricing system, the base Class I price for February 2018 is \$14.25 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$5.71

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and the advanced butterfat pricing factor of \$2.4976. A Class I differential for each order's principle pricing point (county) is added to the base price to determine the Class I Price. The base Class I price decreased \$1.19 per cwt when compared to the previous month of January 2018.

For selected consumer products, the price changes are: whole milk (3.25% milk fat), -\$0.77 per cwt, -\$0.066 per gallon; reduced fat milk (2%), -\$1.02 per cwt, -\$0.088 per gallon; fat-free (skim milk), -\$1.31 per cwt, -\$0.113 per gallon.

The advanced Class IV skim milk pricing factor is \$4.68. Thus, the Class II skim milk price for February 2018 is \$5.38 per cwt, and the Class II nonfat solids price is \$0.5978. The two-week product price averages for February 2018 are: butter \$2.2339, nonfat dry milk \$0.6926, cheese \$1.5391 and dry whey \$0.2792.

MONDAY, JANUARY 15, 2018

CME CLOSED

TUESDAY, JANUARY 16, 2018

CHEESE – SALES: 16 CARS BARRELS: 1 @ \$1.2275, 3 @ \$1.2325, 1 @ \$1.2275, 1 @ \$1.2500, 3 @ \$1.2525, 4 @ \$1.2650, 2 @ \$1.2650, 1 @ \$1.2750; LAST BID UNFILLED: 18 CARS BARRELS: 1 @ \$1.2150, 1 @ \$1.2075, 1 @ \$1.1975, 1 @ \$1.2650, 2 @ \$1.2000, 4 @ \$1.2725, 1 @ \$1.2275, 2 @ \$1.2525, 1 @ \$1.2600, 2 @ \$1.2675, 2 @ \$1.2700; 2 CARS 40# BLOCKS: 1 @ \$1.4675, 1 @ \$1.4450; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.3000
 NONFAT DRY MILK – SALES: 3 CARS GRADE A @ \$0.6900; LAST BID UNFILLED: 6 CARS GRADE A: 2 @ \$0.6825, 4 @ \$0.6900; LAST OFFER UNCOVERED: 8 CARS GRADE A: 5 @ \$0.7100, 1 @ \$0.7050, 1 @ \$0.7000, 1 @ \$0.6950
 BUTTER – SALES: NONE; LAST BID UNFILLED: NONE; LAST OFFER UNCOVERED: 7 CARS GRADE AA: 2 @ \$2.2000, 2 @ \$2.2200, 1 @ \$2.2000, 1 @ \$2.1850, 1 @ \$2.1875

WEDNESDAY, JANUARY 17, 2018

CHEESE – SALES: 16 CARS BARRELS: 4 @ \$1.3000, 1 @ \$1.3025, 1 @ \$1.3050, 4 @ \$1.3025, 4 @ \$1.3100, 1 @ \$1.3200, 1 @ \$1.3225; LAST BID UNFILLED: 5 CARS BARRELS: 1 @ \$1.3200, 1 @ \$1.2650, 1 @ \$1.3000, 1 @ \$1.3225, 1 @ \$1.3150; 2 CARS 40# BLOCKS: 1 @ \$1.5225, 1 @ \$1.5000; LAST OFFER UNCOVERED: 4 CARS BARRELS: 1 @ \$1.3400, 3 @ \$1.3300
 NONFAT DRY MILK – SALES: 10 CARS GRADE A: 1 @ \$0.7000, 2 @ \$0.7100, 1 @ \$0.7075, 1 @ \$0.7025, 2 @ \$0.7075, 2 @ \$0.7100, 1 @ \$0.7075; LAST BID UNFILLED: 13 CARS GRADE A: 10 @ \$0.6600, 1 @ \$0.7000, 2 @ \$0.7050; LAST OFFER UNCOVERED: 11 CARS GRADE A: 5 @ \$0.7500, 1 @ \$0.7200, 2 @ \$0.7150, 1 @ \$0.7100, 2 @ \$0.7150
 BUTTER – SALES: 1 CAR GRADE AA @ \$2.1500; LAST BID UNFILLED: 3 CARS GRADE AA: 2 @ \$2.1000, 1 @ \$2.1100; LAST OFFER UNCOVERED: 8 CARS GRADE AA: 5 @ \$2.2000, 2 @ \$2.1700, 1 @ \$2.1900

THURSDAY, JANUARY 18, 2018

CHEESE – SALES: 7 CARS BARRELS: 1 @ \$1.3700, 1 @ \$1.3750, 1 @ \$1.3725, 1 @ \$1.3675, 1 @ \$1.3625, 1 @ \$1.3600, 1 @ \$1.3500; 1 CAR 40# BLOCKS @ \$1.5550; LAST BID UNFILLED: 1 CAR BARRELS @ \$1.3100; 2 CARS 40# BLOCKS: 1 @ \$1.4900, 1 @ \$1.5150; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.3700; 2 CARS 40# BLOCKS: 1 @ \$1.5700, 1 @ \$1.5500
 NONFAT DRY MILK – SALES: 3 CARS GRADE A: 1 @ \$0.7125, 2 @ \$0.7150; LAST BID UNFILLED: 15 CARS GRADE A: 1 @ \$0.6800, 1 @ \$0.6850, 1 @ \$0.6800, 10 @ \$0.6500, 1 @ \$0.6950, 1 @ \$0.6975; LAST OFFER UNCOVERED: 10 CARS GRADE A: 5 @ \$0.7500, 1 @ \$0.7400, 1 @ \$0.7375, 1 @ \$0.7350, 1 @ \$0.7250, 1 @ \$0.7200
 BUTTER – SALES: 2 CARS GRADE AA: 1 @ \$2.1350, 1 @ \$2.1325; LAST BID UNFILLED: 3 CARS GRADE AA: 1 @ \$2.0500, 1 @ \$2.1200, 1 @ \$2.0400; LAST OFFER UNCOVERED: 7 CARS GRADE AA: 1 @ \$2.1550, 5 @ \$2.2000, 1 @ \$2.1600

FRIDAY, JANUARY 19, 2018

CHEESE – SALES: 6 CARS BARRELS: 1 @ \$1.3500, 1 @ \$1.3475, 3 @ \$1.3500, 1 @ \$1.3450; 1 CAR 40# BLOCKS @ \$1.5725; LAST BID UNFILLED: 2 CARS BARRELS: 1 @ \$1.3400, 1 @ \$1.2800; LAST OFFER UNCOVERED: 1 CAR BARRELS @ \$1.3500; 2 CARS 40# BLOCKS: 1 @ \$1.6000, 1 @ \$1.5650
 NONFAT DRY MILK – SALES: 17 CARS GRADE A: 2 @ \$0.7050, 3 @ \$0.7075, 1 @ \$0.7050, 1 @ \$0.7075, 1 @ \$0.7125, 2 @ \$0.7100, 7 @ \$0.7075; LAST BID UNFILLED: 5 CARS GRADE A: 2 @ \$0.6800, 1 @ \$0.7050, 1 @ \$0.7000, 1 @ \$0.7075; LAST OFFER UNCOVERED: 4 CARS GRADE A: 1 @ \$0.7400, 1 @ \$0.7375, 1 @ \$0.7400, 1 @ \$0.7200
 BUTTER – SALES: 7 CARS GRADE AA: 1 @ \$2.1125, 1 @ \$2.1225, 1 @ \$2.1175, 2 @ \$2.1200, 1 @ \$2.1150, 1 @ \$2.1200; LAST BID UNFILLED: 11 CARS GRADE AA: 2 @ \$2.0925, 1 @ \$2.1025, 5 @ \$2.0825, 1 @ \$2.0900, 1 @ \$2.0975, 1 @ \$2.1150; LAST OFFER UNCOVERED: 7 CARS GRADE AA: 5 @ \$2.1500, 1 @ \$2.1300, 1 @ \$2.1250

BUTTER MARKETS

NORTHEAST

Butter churns in the Northeast are moderate to active, as cream is available, but some butter manufacturers are only churning to fill immediate orders. Milk clearing into balancing operations is at manageable levels. Butter supplies are fairly healthy as industry contacts report moving regular contract loads. Spot sale trading activities are steady to stagnant as some market participants are purchasing spot loads. On the other hand, others are holding off on purchases while there are offers on the spot market. The bulk butter prices for domestic sales are reported 5 to 8 cents over the market of the CME Group, with various time periods and averages used. At Tuesday’s CME Group trading, daily cash prices saw butter closed at \$2.1600, down \$0.0200 from last Tuesday. This week, a cooperative export assistance program accepted requests for export assistance to sell 688,945 pounds (313 metric tons) of butter. According to the DMN *National Retail Report-Dairy*, January 12-18, 2018, the Northeast weighted average retail price for 1-pound butter was \$3.47, 11 cents higher than the national price, but 48 cents lower than last week’s regional price. Retail butter markets reported prices ranging \$2.39-\$4.99 in the Northeast.

CENTRAL

Cream remains readily available for butter producers throughout the Central region. However, reported cream prices did not differ from last week - ranging from flat market to 1.13 f.o.b. Contacts did relay that cream prices are expected to soften by next week. Butter sales are generally on par with seasonal expectations. The focus currently is on production for the spring retail push. Butter markets are mixed.

Some market participants expect butter to remain above the \$2.00 threshold, while others are starting to question the steadfastness of the recent dairy commodity exception to the rule. Bulk butter prices ranged from 1 cent under to 7 cents over the CME. Wednesday at the CME Group, Grade AA butter closed at \$2.1500, down \$0.0175 from last Wednesday. DMN *National Retail Report-Dairy* for January 12-18 noted the national weighted average advertised price for a 1 pound package of butter is \$3.36, \$.53 below one week ago and \$0.19 below than one year ago.

WEST

Western butter sales are quiet, but some retailers continue to restock their shelves. A few processors report being surprised by how soon retailers' re-orders came back post-holidays. Although current butter supplies are ample, abundant cream availability at lower prices is a big contributing factor to more butter production. Butter sales will have to increase substantially for a large reduction in inventory levels. More manufacturers are redirecting their production schedules toward bulk butter as they expect their butter to be in storage for a longer time. Meanwhile, bulk butter stocks slightly increased, but they are still manageable. Western bulk butter pricing is currently steady at 2 cents to 6 cents above the market, based on the CME Group with various periods and averages used. The Grade AA butter price at the CME Group on Wednesday closed at \$2.1500, down \$0.0175 from a week ago. The DMN *National Retail Report-Dairy* for the week of January 12-18 found that the U.S. weighted average advertised price of 1 pound butter is \$3.36 down \$.53 from last week. The U.S. weighted average price was \$3.55 one

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**NATIONAL DAIRY PRODUCTS SALES REPORT
 U.S. AVERAGES AND TOTAL POUNDS**

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
January 13, 2018	2,2321 4,021,278	1,5221 12,156,702	1,4962 13,088,123	0,2797 7,155,981	0,6896 18,265,365

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year ago. The weighted average price in the Southwest is \$3.00, with no price range. There were no reported advertised prices in the Northwest this week. This week, a cooperative export assistance program accepted requests for 688,945 pounds (313 metric tons) of butter. So far this year, the program has assisted member cooperatives who have contracts to sell 690,047 pounds of butter (82% milkfat) in export markets.

CHEESE MARKETS

NORTHEAST

Northeast cheese makers are busy as milk availability is seasonally stronger. Cheese output is steady and inventories are manageable to increasing. This week on the spot market, some cheese barrel trading activities saw some action as market participants purchased barrels at low prices. In addition, many market participants were bidding on decreased barrel prices. The Northeast wholesale cheddar and Muenster prices declined \$0.0500, and the process cheese price slid \$0.1175. The Grade A Swiss price is unchanged. This week, a cooperative export assistance program accepted requests for export assistance to sell 2.652 million pounds (1,203 metric tons) of cheese. At Tuesday's CME Group trading, daily cash prices saw barrels closed at \$1.2750, down \$0.0250, and blocks closed at \$1.4675, increased \$0.0125 from last Tuesday. The DMN *National Retail Report-Dairy*, for January 12-18, 2018, noted the U.S. weighted average advertised price for 8 ounce cheese block was \$2.03, decreased 24 cents from the previous week and down 13 cents from last year. The U.S. weighted average advertised price of 8 ounce cheese shreds was \$2.18, down 14 cents from last week, but up 6 cents from a year ago. Northeast region's weighted average advertised price for 8 ounce cheese blocks was \$2.06, 3 cents above the U.S. average, with a regional price range of \$1.88-\$2.99. The Southeast region's average price for 8 oz. cheese blocks was \$2.18, 15 cents above the average U.S. price, with a regional price range of \$1.66-\$3.50. The Northeast average price for 8 oz. cheese shreds was \$2.22, up 4 cents from the U.S. average price, with a regional price range of \$1.69-\$2.99. In the Southeast, the average price for 8 oz. shreds was \$2.21, 3 cents above the U.S. average, with prices ranging \$1.99-\$2.50.

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

Cheddar 40# Block	:	1.9125-2.1975
Process 5# Sliced	:	1.4225-1.9025
Muenster	:	1.8975-2.2475
Grade A Swiss Cuts 10 - 14#	:	3.3025-3.6250

MIDWEST CHEESE

Cheese production schedules are mixed within the region. In order to manage growing cheese supplies, some plant managers have cut back work schedules to four-day workweeks. Others relay that schedules are nearly or fully active. Generally, as market prices slide, cheese makers of all varieties relay that production and hauling costs are increasing. Cheese sales are also mixed this week. Midwestern barrel contacts are fretful. As barrel prices have dropped, buyers are waiting out continuing price slips or are simply hesitant to take on extra at this time. On the block side, sales are generally solid and beating some producers' expectations. Pizza cheese makers are concerned regarding inclement winter weather affecting the Northeast, where Super Bowl retail sales are typically strong for some Midwestern mozzarella and provolone manufacturers. Milk prices tightened again this week. As many cheese-makers are opting out of the spot milk market, there were some reports that milk offers have begun to wane as well. Reported spot milk prices ranged from \$3 under to \$.75 over Class III. The cheese market tone is shaky. The block to barrel price gap is relatively large. However, early week CME prices exhibited the potentiality of a bounce back. In CME Group trading Wednesday, barrels closed at \$1.3225, up \$.0275 from last Wednesday and blocks closed at \$1.5225, up \$.0825 from last

Wednesday. The DMN *National Retail Report-Dairy* shows that January 12-18 Midwest ads for 8 ounce shred cheese have a weighted average advertised price of \$1.76, 42 cents below the national average. Midwest prices range from \$.99-\$2.00. One year ago, the national price was \$2.12. For 8 ounce blocks, the Midwest average price is \$1.78, 25 cents below the national average price. Midwest ads are priced from \$.99-\$2.00. Last year, the national price was \$2.16. Midwestern wholesale prices are unchanged for Swiss cuts, down \$.1175 for process and down \$.0500 for all other types.

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

Process American 5# Loaf	:	1.3775-1.7375
Brick And/Or Muenster 5#	:	1.8200-2.2450
Cheddar 40# Block	:	1.5475-1.9425
Monterey Jack 10#	:	1.7950-2.0000
Blue 5#	:	2.0875-3.0750
Mozzarella 5 - 6# (Low Moisture, Part Skim)	:	1.6200-2.5600
Grade A Swiss Cuts 6 - 9#	:	2.8200-2.9375

WEST CHEESE

Western cheese production is active due to plentiful milk supplies. Disruptions at several processing facilities have released more milk into the market. Industry contacts say a few larger cheese plants have agreed to reduce down time or juggle production schedules in order to take in the extra loads of milk. Cheese demand is fair. Manufacturers report the pizza season has generated solid sales for mozzarella, but retail demand is still tepid for most cheese types. Cheese purveyors would like to see much stronger cheese demand to help reduce heavy inventories nationwide. Recent lower prices in some cash markets are helping produce interest in the export market. The DMN *National Retail Report-Dairy* for the week of January 12-18 shows the U.S. weighted average advertised retail price for an 8 ounce pack of natural shredded cheese is \$2.18, down \$.14 from last week. Packs average \$2.04 in the Southwest and \$2.93 in the Northwest. One year ago, the national price was \$2.12. For 8 ounce blocks, the U.S. price is \$2.03, down \$.24 from last week. Blocks average \$1.94 in the Southwest and \$2.31 in the Northwest. One year ago, the national price was \$2.16. In the West, wholesale prices were down \$.1175 for process, and down \$.0500 for cheddar block, cuts, and Monterey Jack. Swiss cut wholesale prices are unchanged from last week. This week, a cooperative export assistance program accepted requests for export assistance on contracts to sell 2.65 million pounds (1,203 metric tons) of cheese. In CME Group trading Wednesday, barrels closed at \$1.3225, up \$.0275 from a week ago and blocks closed at \$1.5225, up \$.0825.

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

Process 5# Loaf	:	1.3650-1.6225
Cheddar 40# Block	:	1.5800-2.0250
Cheddar 10# Cuts	:	1.7600-1.9800
Monterey Jack 10#	:	1.7700-1.9300
Grade A Swiss Cuts 6 - 9#	:	2.8800-3.3100

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CHEESE MARKETS

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FOREIGN TYPE CHEESE

The market for semi-hard cheese in the European Union is active after being quiet after the holidays. Demand is good, and orders are starting to increase. However, sliced cheese sales are declining. Cheese exports to Southern Europe are lower, but typical for the season. Reports suggest that current cheese prices have declined, and price discussions have softened. Cheese production in the European Union is ongoing due to abundant milk availability. Cheese inventories are bountiful. In the United States, the prices for wholesale blue, gorgonzola, parmesan Italy, and Romano are down by \$.0500 while all other prices are steady from a week ago.

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

VARIETY	: NEW YORK	: DOMESTIC
	: IMPORTED	
	:	:
Blue	: 2.6400-5.2300	: 1.9650-3.4525*
Gorgonzola	: 3.6900-5.7400	: 2.4725-3.1900*
Parmesan (Italy)	: -0-	: 3.3550-5.4450*
Romano (Cows Milk)	: -0-	: 3.1550-5.3050*
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-	: 3.3400-3.6625
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
	:	:
01/15/18	9,775	: 94,464
01/01/18	8,950	: 96,245
CHANGE	825	: -1,781
% CHANGE	9	: -2

FLUID MILK AND CREAM

EAST

Northeast milk production is steady and many balancing operation intakes are at manageable levels. Some market participants report not having to do any tolling or cream salvage. Bottling facilities are getting back to routine orders. Milk production in the **Southeast** is steady to flat. Some Southeastern industry contacts are pulling milk from other regions to support current demand. Class I sales are steady this week. **Cream multiples** are **1.00-1.15**. The availability is high and cream is available for Class II and IV production. **Condensed skim** market conditions are unchanged as inventories are aplenty with loads available upon request. According to the DMN *National Retail Report-Dairy*, for the period of January 12-18, 2018, the U.S. weighted average advertised price for the half gallon pack size milk was \$2.25, down 58 cents compared to last week and 60 cents lower from last year. In the Southeast, the weighted average price for the half gallon pack size was \$2.32, down 67 cents from the previous week.

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

F.O.B. producing plants: Northeast -	2.1705-2.4961
F.O.B. producing plants: Upper Midwest -	2.3414-2.5612

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

PRODUCING PLANTS:

Northeast - Class II - includes monthly formula prices -	.65- .83
Northeast - Class III - spot prices -	.55- .97

MIDWEST

Central fluid milk output reports are somewhat mixed, but a number of contacts suggest milk output is increasing and some producers are continuing to increase their herd numbers. Class I orders were reportedly up this week. As schools are back in full swing, bottling sales have increased. Class III orders, on the other hand, have slowed. Some cheese producers have cut back on production or are using internally sourced milk. Cheese producers reported receiving fewer spot milk offers this week. Cream is readily available for all uses. Cream prices reported this week were mixed, but a number of contacts expect cream prices to soften next week. Placing an extra load, due to plant or hauling delays, has become more difficult recently according to cream suppliers. Class II **cream** purchases have increased recently. Contacts suggest although the Midwest is by no means experiencing warm weather, a thirty degree increase in temperature spurs on ice cream sales nonetheless. Class II **cream multiples** ranged from **1.08 to 1.18** f.o.b. The DMN *National Retail Report-Dairy* for January 12-18 noted the national weighted average advertised price for one gallon of milk was \$2.67, down \$.34 from last week and \$.39 cents lower than a year ago. The weighted average regional prices in the Midwest and South Central were \$2.02 and \$2.58, respectively.

WEST

California milk output has increased since last week. Some manufacturing plant operators say that they are getting close to the flush production levels. This week, sales into Class 1 are steady with schools' milk needs being fulfilled. According to some market participants, a fire at one nonfat dry milk plant diverted milk intakes to Class 4 manufacturing plants in the area. Current higher hay prices coupled with lower milk sale prices are putting more pressure on some dairies as they battle to make a profit. In **Arizona**, farm milk output is trending higher as the weather conditions are increasing cows' well-being. A shut down at one local plant resulted in more

milk intakes by other plants. Most dairy plants are running at full capacity and cannot afford any down time due to excess milk that needs to be taken care of as soon as possible. No milk is currently being shipped out of state for processing. Class I intakes are steady this week. Milk pooled on the Arizona Order 131 totaled 423.2 million pounds in December 2017. Class I utilization accounted for about 25.6 percent of producer milk. The uniform price was \$15.44, down \$0.58 from last month and \$1.36 below one year ago. **New Mexico** milk production is up this week. Total Class I intakes remain higher. However, Class II and III sales declined partly due to repair/maintenance workloads in some processing plants. In addition, with the closure of some plants for the holiday, holdovers are higher. **Pacific Northwest** milk production is steady. Milk intakes are returning to normal following the annual juggling of holiday milk. The bottling pipeline has mostly refilled following the winter holidays and manufacturers are finding milk intakes generally in good balance with processing needs. Milk pooled on Pacific Northwest Order 124 totaled 610.2 million pounds in December 2017. Class I utilization accounted for about 25.9 percent of producer milk. The uniform price was \$15.21, down \$0.48 from last month and \$1.16 below one year ago. In the mountain states of **Colorado, Idaho** and **Utah** there is a lot of milk and very little to stanch the flow of milk. Although temperatures have been fluctuating between cold and mild, dairymen are generally finding conditions to be favorable for milk production. Industry contacts say loads of milk are moving around within the region. Most loads are finding homes within the milk shed without stressing processing capacity too much. In the West, **condensed skim** is mainly being dried. Inventories are easily accessible to processors. Western **cream** supplies are steady to large. Some contacts report that their stocks are manageable while other are overwhelmed with theirs. Butter churning is strong as more cream moves to the churns. Cream multiples for all Classes vary greatly from state to state in the West. **Multiples** this week range **1.00-1.20**. According to the DMN *National Retail Report-Dairy* for the week of January 12-18, the national weighted average advertised price for one gallon of milk is \$2.67, down \$0.34 from last week, and \$0.39 lower from a year ago. The weighted average regional price in the Southwest is \$2.66, with a price range of \$1.89-\$3.99. The weighted average regional price in the Northwest is \$1.99, with no price range.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

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

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Low/medium heat nonfat dry milk (NDM) prices in the Central region lowered slightly. Low/medium heat NDM spot markets were fairly active, but offers remain more pervasive than buys. Low/medium heat NDM drying continues actively, although upticks in demand for condensed skim for cheese fortification have some supplies diverting elsewhere. Low/medium heat NDM inventories are readily available. High heat NDM prices slipped on the top of the range. Central region high heat NDM inventories are available, but interest remains fairly spotty. The NDM market tone is uncertain, but some contacts have pointed to GDT event results and recent CME upticks as indicators of a possible bullish rebound.

EAST: Eastern low/medium heat nonfat dry milk (NDM) prices are lower in the mostly series, while steady to lower in the range. Recent GDT results have breathed life into NDM futures, but that optimism is not reflected in the Eastern spot market, as prices remain depressed. With the plentiful supply of low/medium heat NDM, some buyers favor securing loads at the bottom end of the range. Low/medium heat NDM production is steady to lower, as milk supplies shrink with increases in Class I bottling needs, due to the wintery weather's impact on consumer purchasing. Low/medium heat NDM domestic demand is mostly steady. Some cheesemakers are using additional NDM supplies. In general, buyers remain content with as-needed-buying, while looking for available market discounts. The market tone is unstable. High heat NDM prices shifted higher on the bottom, but lower on the top due to weaker index pricing. Spot loads of high heat are not as available due to limited production. Wednesday at the CME Group, Grade A NDM closed at \$0.7075, up \$0.0425 from last Wednesday.

F.O.B. CENTRAL/EAST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: .6500 - .7200 MOSTLY: .6700 - .7000
HIGH HEAT: .8200 - .9800

NONFAT DRY MILK - WEST

F.O.B. prices for western low/medium heat nonfat dry milk are higher at both ends of the range and at the bottom of the mostly price series. Contacts report that an uptick on this week's gDT skim milk powder prices is stimulating low/medium heat nonfat dry milk prices. Furthermore, they suggest that the low/medium heat nonfat dry milk market is stabilizing. However, doubts about the outcomes of trade discussions and the intervention in the European Union are creating uncertainties as market players wait to get a clear direction of the market. Low/medium heat nonfat dry milk supplies are currently higher than demand. Production is very active as plenty of condensed skim volumes find their way to the dryers. High heat nonfat dry milk prices have increased at the bottom of the range. Inventories are lower to steady, but more than sufficient to meet current requests. Production is infrequent as priority is given to low/medium heat nonfat dry milk production. Contractual sales are predominant. Therefore, demand for spot loads is limited. At the gDT Event 204 on January 16, 2018 skim milk powder (SMP) prices across all contract periods averaged \$.8246 per pound, up 6.5 percent from the last event.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: .6300 - .7400 MOSTLY: .6700 - .7200
HIGH HEAT: .8500 - .9200

CALIFORNIA MANUFACTURING PLANTS - NONFAT DRY MILK

WEEK ENDING	PRICE	TOTAL SALES
January 12	\$.7110	5,284,310
January 5	\$.7054	4,527,027

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: Prices for Central dry buttermilk are steady. Dry buttermilk spot activity was somewhat quiet in the Central region, and some producers report limited supplies. However, some other producers and end users have reported that there are options available, but interests are generally light as current market prices are not enticing. Dry buttermilk production has experienced a seasonal cutback since the fall. The dry buttermilk market tone is subdued in the Central region.

EAST: Dry buttermilk prices are steady. With heavy cream availability, a slight uptick in churning translates to an upturn in the East region dry buttermilk output. Availability by plant varies, as the manufacturing of dry buttermilk remains intermittent at some dry buttermilk processing facilities. Supplies, in general, are adequate. Limited trading in cash markets indicate fair to slow interest. The market tone is unsettled.

F.O.B. CENTRAL/EAST: .6500 - .8500

DRY BUTTERMILK - WEST

In the West, f.o.b. prices for dry buttermilk are slightly elevated at the top of the range and at the bottom of the mostly price series. Current demand is steady compared to last week. Many buyers say that they are only taking contractual loads. Dry buttermilk supplies are mixed as some processors report lower inventories while others state that their inventories are balanced. Output was up during the holiday weekend, but it is now back to its pre-holiday level.

F.O.B. WEST: .6500 - .7700 MOSTLY: .6900 - .7200

DRY WHOLE MILK - NATIONAL

F.O.B. prices for national dry whole milk are unchanged from the previous week. However, several contacts believe that the increase in gDT prices could also positively affect domestic dry whole milk prices in the near term. Dry whole milk output varies from plant to plant as some processors are drying more to help reduce milk/cream intakes while others are putting further emphasize on nonfat dry milk and/or skim milk powder production that requires less drying time. Overall, dry whole milk inventories are mixed in the country. Several processing plants have limited amounts to offer. Sales are active. At the GDT Event 204 on January 16, whole milk powder (WMP) prices across all contract periods averaged \$1.3653 per pound, up 5.1 percent from the last event.

F.O.B. PRODUCING PLANT: 1.3500 - 1.4500

WHEY, WPC 34%, LACTOSE & CASEIN

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

DRY WHEY - CENTRAL

Central whey spot prices slipped on the top of the range and both ends of the mostly price series. Spot activity has remained fairly elevated throughout 2018, and this week was no exception. Whey production is expected to slow down, at least minimally, as some Midwestern cheesemakers are cutting back on production in order to manage diminishing warehouse space. A number of producers report that exports are crucial in clearing some stocks. Animal feed whey prices slipped on the top of the range. The animal feed whey spot market was busier than it has been in months. Dry whey market tones remain shaky, but a majority of producers are finding buyers in the low to mid \$.20s.

F.O.B. CENTRAL: .1800 - .2900 MOSTLY: .2150 - .2700
F.O.B. CENTRAL: ANIMAL FEED MILK REPLACER: .1500 - .2475

DRY WHEY - NORTHEAST

Northeastern dry whey prices are steady to slightly lower on the price series this week. Spot sale trading activities are steady to mild as many traders and end users are content with their supply and are waiting to see where the price is going. Dry whey production is active as cheese output is stable. Whey powder supplies are steady to manageable. The market tone is currently weak.

F.O.B. NORTHEAST: EXTRA GRADE AND GRADE A: .2500 - .3200

DRY WHEY - WEST

Western whey prices edged slightly lower at the top of the range and bottom of the mostly price series. Demand is dreary and many industry contacts hope for something to invigorate the market. Dry whey production is active as some manufacturers seek to adapt to a messy whey protein complex and produce dry whey in lieu of higher protein concentrations. Inventories of dry whey remain heavy.

NONHYGROSCOPIC: .2000 - .3100 MOSTLY: .2400 - .2800

WHEY PROTEIN CONCENTRATE 34% - CENTRAL AND WEST

Whey protein concentrate 34% prices slipped slightly lower at the bottom of the range and the top of the mostly price series. Weak prices in other protein markets continually beleaguer WPC34% prices. Some manufacturers say it is difficult to get premium prices from buyers, especially if their WPC34% is interchangeable with other protein sources. However, approved or favorite brands can hold higher values in the eyes of some buyers. Inventories range from readily available to committed, depending on brand. Production is relatively steady, but down from previous years.

F.O.B. EXTRA GRADE 34% PROTEIN: .6000 - .9400 MOSTLY: .6500 - .8000

LACTOSE - CENTRAL AND WEST

Lactose prices are unchanged. Industry contacts say lactose is moving favorably through contracts. Asian buyers are working to avoid receiving shipments during the upcoming Chinese New Year. Manufacturers are trying to adapt to the shipping window by adjusting the ship dates for their domestic customers. Production levels are mixed. A few processors say their production is increasing, but others suggest it is lower due to some manufacturers making more dry whey compared to higher protein concentrations, resulting in less available lactose. Some manufacturers report having committed inventories, but industrywide stocks are heavy and the market faces significant competition from European producers. At the GDT Event 204 on January 16, lactose prices across all contract periods averaged \$0.1801 per pound. The event represents the first event results from the newly created U.S. Lactose Pool.

Including spot sales and up to 3 month contracts.

F.O.B. EDIBLE, NON PHARMACEUTICAL .1600 - .3500 MOSTLY: .1800 - .2450

CASEIN - NATIONAL

Rennet casein prices are higher. Acid casein prices increased at the bottom of the price range but remained steady at the top. Prices moved stronger consistent with most dairy product prices, so casein market participants do not attribute this price strength to any casein specific factor. While not a significant producer of casein in global terms, Belarus is reducing casein production in favor of other options for using the milk. The new product focus is believed by dairy officials in that country to be more likely to generate higher returns. At GDT event 204 on January 16, 2017, the all contracts casein price, \$2.1360, increased 5.5 percent.

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: 2.0850 - 2.1425
ACID: 2.9500 - 3.3000

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

WEEK ENDING	2017 WEEKLY DAIRY COWS	2017 CUMULATIVE DAIRY COWS	2016 WEEKLY DAIRY COWS	2016 CUMULATIVE DAIRY COWS
12/30/2017	44.6	2,987.6	49.7	2,881.7*

*Correction made to previous total

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% Butterfat)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2013	18.14	17.25	16.93	17.59	18.52	18.02	17.38	17.91	18.14	18.22	18.83	18.95
2014	21.15	23.35	23.33	24.31	22.57	21.36	21.60	22.25	24.60	23.82	21.94	17.82
2015	16.18	15.46	15.56	15.81	16.19	16.72	16.33	16.27	15.82	15.46	15.30	14.44
2016	13.72	13.80	13.74	13.63	12.76	13.22	15.24	16.91	16.39	14.82	16.76	17.40
2017	16.77	16.88	15.81	15.22	15.57	16.44	15.45	16.57	16.36	16.69	16.88	15.44

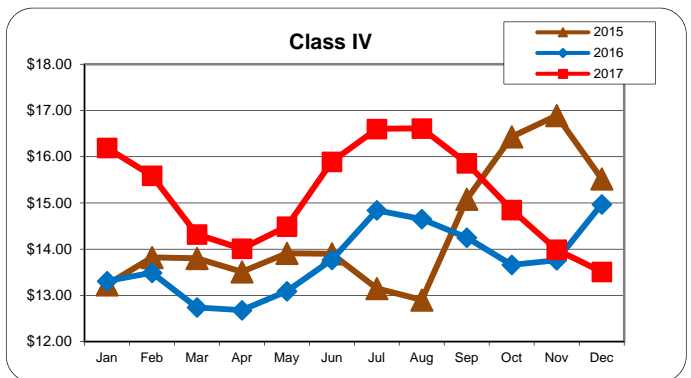
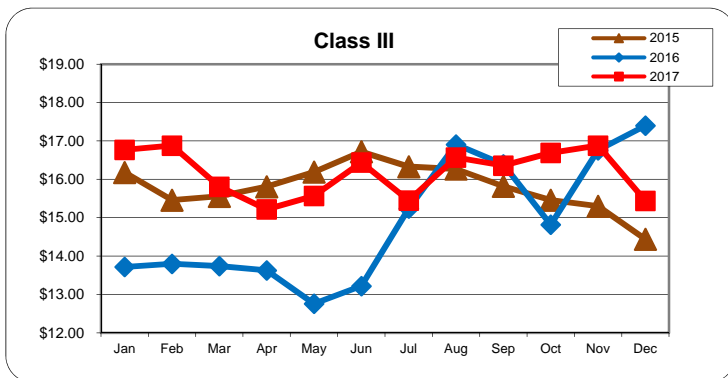
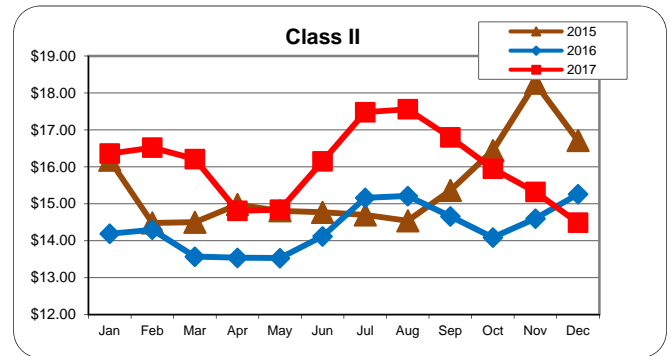
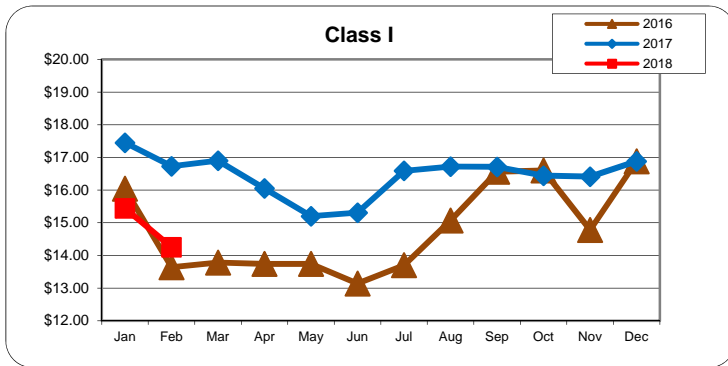
CLASS IV MILK PRICES (3.5% Butterfat)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2013	17.63	17.75	17.75	18.10	18.89	18.88	18.90	19.07	19.43	20.17	20.52	21.54
2014	22.29	23.46	23.66	23.34	22.65	23.13	23.78	23.89	22.58	21.35	18.21	16.70
2015	13.23	13.82	13.80	13.51	13.91	13.90	13.15	12.90	15.08	16.43	16.89	15.52
2016	13.31	13.49	12.74	12.68	13.09	13.77	14.84	14.65	14.25	13.66	13.76	14.97
2017	16.19	15.59	14.32	14.01	14.49	15.89	16.60	16.61	15.86	14.85	13.99	13.51

FEDERAL MILK ORDER CLASS PRICES FOR 2018 (3.5% Butterfat)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	15.44	14.25										
II												
III												
IV												

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 January 8 - 19, 2018

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 dairy officials are generally pleased with current market conditions as Europe has moved past the quota era, many dairy producers are prospering, and projections for 2018 indicate a good year for European dairy. Seasonal increases in milk intakes continue to register. Early reporting in Germany by Marktwoche Milch is that milk output increased 1.7 percent the first week of January over the last week of December. The first week of January 2018 production is 6.0 percent above the same week of 2017. In France, first week of January 2018 milk production was 2.2 percent above the last week of December. EU cheese production January-November 2017 is up 1.7 percent from the same period of 2016.

BUTTER/BUTTEROIL: Butter prices in Western Europe firmed, increasing more at the bottom of the price range than at the top. Butteroil prices are steady to higher. Within major butter producing countries of Europe, prices tend to be highest in Germany but lower in the Netherlands. French and Italian prices range between. Butter sales have increased following the holiday period. The uptick began the second week of January and increased during the third week.

EU production of butter January-November 2017, is 1.0 percent lower than the same period of 2016 according to CLAL. For the six largest butter producing countries January-November 2017, production compared with year earlier is as follows: Germany, -4.52 percent; France, -5.79 percent; Ireland, +11.57 percent; Netherlands, -10.48 percent; UK, -1.45 percent; and Italy, +0.98 percent.

82% BUTTERFAT:	4,925 - 5,125
99% BUTTERFAT:	6,400 - 8,025

SKIM MILK POWDER (SMP): Prices for skim milk powder in Western Europe are steady to higher. Germany tends to span the range of highest and lowest prices. France and Netherlands fall in between. Demand for current production SMP has increased.

EU production of SMP January-November 2017, is 2.6 percent higher than the same period of 2016 according to CLAL. Among the largest SMP producing countries January-November 2017, production compared with year earlier is as follows: Germany, -1.9 percent; France, -9.46 percent; Belgium, -6.89 percent; and Ireland, -0.28 percent.

1.25% BUTTERFAT:	1,600 - 1,725
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SWEET WHEY POWDER: Whey prices in Germany are up slightly at the bottom of the price range but steady at the top. Buying interest in food grade whey is called intermittent, or patchy.

NONHYGROSCOPIC:	750 - 900
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WHOLE MILK POWDER (WMP): Western European whole milk powder prices are higher. Increases are greater at the lower end of the price range than at the top. The lower prices are noted in Netherlands and Germany, while the highest price is in Germany.

More recent activity within European WMP markets is noted. Confidence that price levels may have stabilized is growing.

EU production of WMP January-November 2017, 747,000 MT, is 3.5 percent higher than the same period of 2016 according to CLAL. For the five largest WMP producing countries January-November 2017, production compared with year earlier is as follows: Germany, -0.05 percent; Netherlands, +13.87 percent; France, +2.94 percent; Denmark, -5.76 percent; and Belgium, +59.17 percent.

26% BUTTERFAT:	2,975 - 3,150
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EASTERN OVERVIEW: One of the largest dairy companies in Belarus is nearing completion of expanded capacity to package milk into cartons with shelf life of 9-12 months. Sales will be targeted to China. This initiative is intended to divert milk previously used for casein production. The Belarus company has decided that casein markets are less certain than this new fluid milk export option.

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered January 8 - 19, 2018

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

AUSTRALIA: As January temperatures increase, hay trading is picking up slightly in the far south of Australia. Hay demand has increased due to light rainfall in the region. However, Cyclone Joyce brought what is called unprecedented rainfall across Western Australia, generally benefiting pastures there. If periodic rains fall during the rest of the season, farmers are optimistic about hay availability moving forward.

NEW ZEALAND: It has been pretty dry in many parts of New Zealand. The conditions are difficult and challenging for dairy producers. This has contributed to lower than previously projected milk volumes.

A large dairy cooperative in New Zealand has announced a venture to sell fresh milk on a China-based online platform.

At the January 16 GDT event #204, all contracts prices ranged from +2.2 percent to +8.8 percent over the prior event across categories. The all contracts price averages (US\$ per MT) and percent changes from the previous averages are: anhydrous milk fat, \$6,547, +2.2 percent; butter, \$4,897, +8.8 percent; buttermilk powder, n.a.; cheddar cheese, \$3,486, +5.2 percent; lactose, \$397, n.a.; rennet casein, \$4,709, +5.5 percent; skim milk powder, \$1,818, +6.5 percent; and whole milk powder, \$3,010, +5.1 percent. It has been quite a while since every all contracts price was positive, as with this week's event.

BUTTER: Butter prices in Oceania firmed. Prices tend to be highest for butter in the near term. However, with Oceania prices below the range for butter in Europe, some hope there could be more price strength in coming weeks.

Australia imports of butter January-November 2017, 30,000 MT, are 18.0 percent higher than the same period of 2016 according to CLAL.

At GDT Event 204 on January 16, the butter all contracts price, \$4,897, increased 8.8 percent. The February contract increased 10.8 percent.

82% BUTTERFAT: 4,525 - 5,025

SKIM MILK POWDER (SMP): Oceania skim milk powder prices are mixed. Prices firmed at the bottom of the price range but fell slightly at the top.

Australia imports of SMP January-November 2017, 7,500 MT, are 24.2 percent higher than the same period of 2016 according to CLAL.

At GDT Event 204 on January 16, the SMP all contracts price, \$1,818, increased 6.5 percent. However, the February contract declined 0.5 percent.

1.25% BUTTERFAT: 1,775 - 1,850

CHEDDAR CHEESE: Cheddar prices in Oceania firmed. There has been a slight increase in buyer activity following the holiday weeks.

Australia imports of cheese January-November 2017, 106,000 MT, are 18.9 percent higher than the same period of 2016 according to CLAL.

At GDT Event 204 on January 16, the cheddar all contracts price, \$3,486, increased 5.2 percent. The February contract increased 1.3 percent.

39% MAXIMUM MOISTURE: 3,375 - 3,500

WHOLE MILK POWDER (WMP): Whole milk powder prices in Oceania firmed. With WMP being the major dairy product in the region, a significant factor in farm milk prices, this is most welcome.

Australia imports of WMP January-November 2017, 25,000 MT, are 68.1 percent higher than the same period of 2016 according to CLAL.

At GDT Event 204 on January 16, the WMP all contracts price, \$3,010, increased 5.1 percent. The February contract increased 4.9 percent.

26% BUTTERFAT: 2,925 - 3,025

INTERNATIONAL DAIRY MARKET NEWS - SOUTH AMERICA

Information gathered January 8 -19, 2018

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** dairy processors report that milk intakes are mostly unchanged from recent weeks. Weather in the main dairy producing regions continues to provide some challenges to dairy farmers for managing cow comfort. Transportation conditions are unchanged. Processors report milk intakes are well within the handling capacities of the regional plants. Cheese production, principally Mozzarella, is ongoing. Condensed skim milk is actively clearing through dryers and into skim milk powder inventories. Cream use is split between butter and cream-based frozen desserts. According to CLAL, January - November 2017 milk deliveries in Argentina decreased .8 percent compared to the same period in 2016.

Dairy producers indicate milk production is steady in **Uruguay**, supported by comfortable temperatures. Processing is active, with skim milk powder, cheese, and butter production facilities clearing intake volumes with some capacity to spare. Consumer packaged milk processing is also active. According to CLAL, November milk deliveries were 6.52 percent higher than year ago volumes. Each month, April - November 2017, milk deliveries have posted gains over year ago monthly deliveries.

Milk production is generally steady through **Brazil**. Ready availability of milk and cream is augmenting active processing schedules. Skim milk powder production is clearing the large volumes of condensed skim milk. Butterfat is clearing readily into butter. Cheese production is ongoing. Consumer-sized packaged goods processors of UHT and bottled milk report steady orders from retailers. Rainy conditions persist in Brazil, which is benefitting row crops. According to CLAL, January - November 2017 milk deliveries in Brazil increased 4.3 percent compared to the same period in 2016.

SKIM MILK POWDER (SMP): In the Southern Cone region, skim milk powder (SMP) f.o.b.

exporting prices are higher. Even with the continuing overhang of EU intervention stocks, many buyers are interested in current production. This has contributed to price strengthening.

Milk production is steady in Uruguay and mostly unchanged in Argentina. This results in sufficient milk availability for SMP needs.

At the GDT Event 204 on January 16, skim milk powder (SMP) prices across all contract periods averaged \$1,818 per metric ton, up 6.5 percent from the last event.

1.25% BUTTERFAT: 2,500 - 2,600

WHOLE MILK POWDER (WMP): Free on board, export prices for whole milk powder (WMP) adjusted higher across the Southern Cone region, following recent upward trends at the GDT. With Oceania being a significant global source of WMP, the early 2018 GDT price strength is significant.

In Argentina dairy processors report that milk intakes are mostly unchanged from recent weeks. Weather in the main dairy producing regions continues to provide some challenges to dairy farmers for managing cow comfort. Transportation conditions are unchanged.

Dairy producers indicate milk production is steady in Uruguay, supported by comfortable temperatures.

Milk production is generally steady through Brazil.

At the GDT Event 204 on January 16, whole milk powder (WMP) prices across all contract periods averaged \$3,010 per metric ton, up 5.1 percent from the last event. The February contract, \$2,962, increased 4.9 percent.

26% BUTTERFAT: 2,875 - 3,450

INTERNATIONAL DAIRY MARKET NEWS

US\$/MT	Global/Dairy Trading (gDT) Event 204 Recap - January 16, 2018													
	Contract 1		Contract 2		Contract 3		Contract 4		Contract 5		Contract 6		All Contracts	
	Feb-18		Mar-18		Apr-18		May-18		Jun-18		Jul-18			
Anhydrous Milk Fat	\$6,615	2.2%	\$6,575	3.1%	\$6,532	1.8%	\$6,508	1.2%	\$6,473	1.7%	n.a.	\$6,547	2.2%	
Butter	\$5,025	10.8%	\$4,878	8.5%	\$4,915	9.1%	\$4,888	8.7%	\$4,857	8.2%	n.a.	\$4,897	8.8%	
Buttermilk Powder	n.a.		n.a.		n.a.		n.a.		n.a.		n.a.	n.a.		
Cheddar	\$3,395	1.3%	\$3,455	4.1%	\$3,495	5.0%	\$3,500	6.3%	\$3,625	9.8%	n.a.	\$3,486	5.2%	
Lactose	n.a.		\$397	n.a.	n.a.		n.a.		n.a.		n.a.	\$397	n.a.	
Rennet Casein	\$4,705	5.2%	\$4,698	5.1%	\$4,725	7.8%	\$4,718	4.4%	\$4,735	6.0%	n.a.	\$4,709	5.5%	
Skim Milk Powder	\$1,850	-0.5%	\$1,790	6.4%	\$1,840	5.1%	\$1,923	10.3%	\$1,899	10.5%	n.a.	\$1,818	6.5%	
Whole Milk Powder	\$2,962	4.9%	\$3,013	6.1%	\$3,025	4.9%	\$3,010	4.2%	\$3,021	3.7%	n.a.	\$3,010	5.1%	

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

US\$/Pound	Global/Dairy Trading (gDT) Event 204 Recap - January 16, 2018													
	Contract 1		Contract 2		Contract 3		Contract 4		Contract 5		Contract 6		All Contracts	
	Feb-18		Mar-18		Apr-18		May-18		Jun-18		Jul-18			
Anhydrous Milk Fat	\$3.0005	2.2%	\$2.9824	3.1%	\$2.9629	1.8%	\$2.9520	1.2%	\$2.9361	1.7%	n.a.	\$2.9697	2.2%	
Butter	\$2.2793	10.8%	\$2.2126	8.5%	\$2.2294	9.1%	\$2.2172	8.7%	\$2.2031	8.2%	n.a.	\$2.2213	8.8%	
Buttermilk Powder	n.a.		n.a.		n.a.		n.a.		n.a.		n.a.	n.a.		
Cheddar	\$1.5400	1.3%	\$1.5672	4.1%	\$1.5853	5.0%	\$1.5876	6.3%	\$1.6443	9.8%	n.a.	\$1.5812	5.2%	
Lactose	n.a.		\$0.1801	n.a.	n.a.		n.a.		n.a.		n.a.	\$0.1801	n.a.	
Rennet Casein	\$2.1342	5.2%	\$2.1310	5.1%	\$2.1432	7.8%	\$2.1401	4.4%	\$2.1478	6.0%	n.a.	\$2.1360	5.5%	
Skim Milk Powder	\$0.8392	-0.5%	\$0.8119	6.4%	\$0.8346	5.1%	\$0.8723	10.3%	\$0.8614	10.5%	n.a.	\$0.8246	6.5%	
Whole Milk Powder	\$1.3436	4.9%	\$1.3667	6.1%	\$1.3721	4.9%	\$1.3653	4.2%	\$1.3703	3.7%	n.a.	\$1.3653	5.1%	

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

CME GROUP, INC FUTURES

Selected settling prices

Month	1/05	1/08	1/09	1/10	1/11	1/12	1/15	1/16	1/17	1/18
III MILK FUTURES (Pit-Traded) (\$/cwt)										
JAN 18	13.94	13.85	13.80	13.78	13.81	13.76	NO TRADING	13.77	13.84	13.83
FEB 18	13.44	13.24	13.18	13.13	13.21	13.07		13.37	13.69	13.54
MAR 18	13.50	13.31	13.19	13.18	13.25	13.16		13.43	13.75	13.52
APR 18	13.83	13.64	13.53	13.58	13.65	13.54		13.81	14.02	13.73
MAY 18	14.22	14.07	13.97	14.03	14.07	13.92		14.15	14.30	14.13
JUN 18	14.66	14.52	14.39	14.43	14.48	14.37		14.53	14.61	14.57
JUL 18	15.22	15.17	15.05	15.08	15.08	14.99		15.09	15.19	15.13
AUG 18	15.46	15.42	15.35	15.36	15.40	15.41		15.45	15.53	15.50
SEP 18	15.63	15.58	15.51	15.55	15.56	15.56		15.63	15.67	15.66
OCT 18	15.71	15.67	15.62	15.68	15.68	15.65		15.73	15.78	15.76
CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)										
JAN 18	13.30	13.30	13.30	13.30	13.27	13.27	NO TRADING	13.27	13.27	13.27
FEB 18	13.22	13.17	13.08	13.08	13.06	13.03		13.15	13.39	13.39
MAR 18	13.46	13.33	13.16	13.16	13.16	13.16		13.35	13.50	13.51
APR 18	13.72	13.66	13.50	13.45	13.39	13.39		13.55	13.67	13.67
CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)										
JAN 18	223.75	222.28	222.55	222.63	222.30	222.00	NO TRADING	222.00	222.00	221.75
FEB 18	222.75	220.25	219.70	219.40	218.00	217.00		218.98	218.50	218.35
MAR 18	223.78	221.00	220.00	220.25	218.30	218.30		219.03	219.38	218.78
APR 18	225.95	223.75	222.53	221.53	220.25	219.75		220.25	220.38	219.00
NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)										
JAN 18	69.85	69.75	69.85	69.08	69.00	69.75	NO TRADING	70.30	70.33	70.33
FEB 18	69.50	69.25	69.20	68.50	68.75	69.50		71.23	72.88	73.30
MAR 18	71.25	70.35	70.25	69.50	70.33	70.85		72.53	74.40	74.98
APR 18	73.50	72.50	72.00	71.48	72.00	73.00		74.60	76.00	76.23
WHEY (Electronic-Traded) (¢/lb)										
JAN 18	26.75	26.00	26.00	26.08	26.08	26.08	NO TRADING	26.25	26.25	26.25
FEB 18	24.88	23.65	23.78	24.25	24.50	24.53		24.75	25.25	25.80
MAR 18	25.13	23.63	23.73	23.75	24.25	24.35		24.35	24.78	26.00
APR 18	25.03	24.88	24.00	24.00	24.88	24.75		24.98	25.03	26.40
CHEESE CSC (Electronic-Traded) (\$/lb)										
JAN 18	1.51	1.51	1.50	1.50	1.50	1.50	NO TRADING	1.50	1.50	1.50
FEB 18	1.48	1.46	1.45	1.45	1.45	1.44		1.47	1.50	1.48
MAR 18	1.48	1.47	1.46	1.46	1.46	1.45		1.47	1.50	1.47
APR 18	1.51	1.50	1.49	1.50	1.50	1.49		1.51	1.53	1.50
MAY 18	1.54	1.54	1.53	1.54	1.54	1.53		1.55	1.56	1.54

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

January Supply and Demand Estimates

The milk production estimate for 2017 is reduced on recent data. For 2018, the milk production estimate is reduced on slower anticipated growth in the dairy cow herd combined with continued slow growth in milk per cow. Fat basis imports for 2017 are reduced on slower butter imports, but exports are raised on solid global demand for U.S. butter and other dairy products. Skim-solids basis imports are reduced modestly while exports are raised on strong demand for skim milk powder and several other products. For 2018, the fat basis import forecast is reduced on slowing demand for butter products, while the export forecast is raised on expected robust foreign demand for U.S. fat-containing products. On a skim-solids basis, the 2018 import forecast is reduced on weak demand for U.S. milk protein concentrates. The 2018 skim-solids basis export forecast is raised reflecting stronger demand for a number of products. Dairy product prices for 2017 are adjusted for December data. For 2018, all dairy product prices are reduced on slowing domestic demand and global competition. The Class III and Class IV price forecasts for 2018 are reduced on lower product prices. The all milk price is lowered to \$15.80 to \$16.60 per cwt for 2018.

U.S. Milk Supply and Use					
Commodity	2016	2017		2018 Projected	
		Projected	Estimated		
		Dec	Jan	Dec	Jan
<i>(billion pounds)</i>					
Milk					
Production	212.4	215.7	215.5	219.3	218.8
Farm Use	1.0	1.0	1.0	1.0	1.0
Fat Basis Supply					
Beginning Commercial Stocks	12.3	12.7	12.7	13.6	13.6
Marketings	211.4	214.7	214.5	218.3	217.8
Imports	7.0	6.1	6.0	6.1	6.0
Total Commercial Supply	230.8	233.6	233.3	238.0	237.4
Fat Basis Use					
Commercial Exports	8.4	9.1	9.3	9.4	9.5
Ending Commercial Stocks	12.7	13.6	13.6	12.8	12.8
CCC Donations	0.0	0.0	0.0	0.0	0.0
Domestic Commercial Use	209.7	210.8	210.4	215.9	215.1
Skim-Solid Basis Supply					
Beginning Commercial Stocks	9.2	9.5	9.5	12.6	12.2
Marketings	211.4	214.7	214.5	218.3	217.8
Imports	6.5	6.1	6.0	6.1	5.9
Total Commercial Supply	227.1	230.4	230.1	237.0	236.0
Skim-Solids Basis Use					
Commercial Exports	39.0	40.1	40.4	41.8	42.0
Ending Commercial Stocks	9.5	12.6	12.2	12.0	11.6
CCC Donations	0.0	0.0	0.0	0.0	0.0
Domestic Commercial Use	178.5	177.6	177.4	183.2	182.4

NOTE: Totals may not add due to rounding.

Continued on page 11

January Milk Supply and Demand Estimates-cont'd

U.S. Dairy Prices					
Commodity	2016	2017		2018 Projected	
		Projected	Estimated		
		Dec	Jan	Dec	Jan
<i>(dollars per pound)</i>					
Product Prices ¹					
Cheese	1.6050	1.630-1.640	1.6344	1.620-1.700	1.535-1.615
Butter	2.0777	2.315-2.345	2.3303	2.270-2.380	2.245-2.355
Nonfat Dry Milk	0.8292	0.855-0.875	0.8666	0.745-0.805	0.715-0.775
Dry Whey	0.2875	0.440-0.450	0.4437	0.310-0.340	0.270-0.300
<i>(dollars per cwt)</i>					
Milk Prices ²					
Class III	14.87	16.15-16.25	16.17	15.30-16.10	14.25-15.05
Class IV	13.77	15.05-15.25	15.16	13.90-14.80	13.55-14.45
All Milk ³	16.30	17.60-17.70	17.65	16.65-17.45	15.80-16.60
Quarterly					
	2017 IV	2018 I ⁴	2018 II ⁴	2018 III ⁴	2018 IV ⁴
<i>(billion pounds)</i>					
Milk Production	53.2	54.3	56.2	54.2	54.2
<i>(dollars per cwt)</i>					
All Milk Price ^{2,3}	17.75-17.85	15.70-16.10	15.35-16.05	15.45-16.45	16.80-17.80
Class III Price ²	16.30-16.40	13.75-14.15	14.05-14.75	14.25-15.25	15.00-16.00
Class IV Price ²	14.00-14.20	13.05-13.55	13.40-14.20	13.60-14.70	14.10-15.20

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

Source: U.S. Department of Agriculture. World Agricultural Outlook Board. *World Agricultural Supply and Demand Estimates, WASDE-573, January 12, 2018*. Approved by the Interagency Commodity Estimates Committee [members for Dairy are: Shayle Shagam, Chairperson, WAOB; Carolyn Liebrand, AMS; Paul Kiendl, FAS; Jerry Cessna, ERS; and Milton Madison, FSA].

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	CPI ²	Pct. Chg ³	CPI ²	Pct. Chg ³	CPI ²	Pct. Chg ³	CPI ²	Pct. Chg ³
Oct 2017	251.4	1.3	217.2	-0.5	196.9	-4.7	230.5	0.8	244.8	3.8	248.4	1.5
Nov 2017	250.9	1.4	216.9	0.0	199.6	-3.0	229.7	1.2	242.6	7.1	247.0	1.4
Dec 2017	251.2	1.6	216.9	-0.5	199.7	-3.5	228.5	1.9	238.2	6.3	248.4	2.8

U.S. City Average Retail Prices										
Month	Whole Milk ⁴		Butter ⁵		Process Cheese ⁶		Natural Cheese ⁷		Ice Cream ⁸	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	<i>(dollars)</i>									
Oct	3.158	3.292	N/A	N/A	4.089	4.484	5.028	5.352	4.683	4.712
Nov	3.150	3.280	N/A	N/A	4.091	4.322	5.006	4.914	4.567	4.615
Dec	3.155	3.290	N/A	N/A	4.130	4.214	4.950	4.895	4.758	4.682

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.

Federal Milk Order Advance Class Prices, February 2018

Base Class I Price: Under the Federal milk order pricing system, the base Class I price for February 2018 is \$14.25 per cwt. This price is derived from the advanced Class III skim milk pricing factor of \$5.71 and the advanced butterfat pricing factor of \$2.4976. A Class I differential for each order's principle pricing point (county) is added to the base price to determine the Class I Price.

Comparison to Previous Month: The base Class I price decreased \$1.19 per cwt when compared to the previous month of January 2018. For selected consumer products, the price changes are: whole milk (3.25% milk fat), -\$0.77 per cwt, -\$0.066 per gallon; reduced fat milk (2%), -\$1.02 per cwt, -\$0.088 per gallon; fat-free (skim milk), -\$1.31 per cwt, -\$0.113 per gallon.

Class II Price Information: The advanced Class IV skim milk pricing factor is \$4.68. Thus, the Class II skim milk price for February 2018 is \$5.38 per cwt, and the Class II nonfat solids price is \$0.5978.

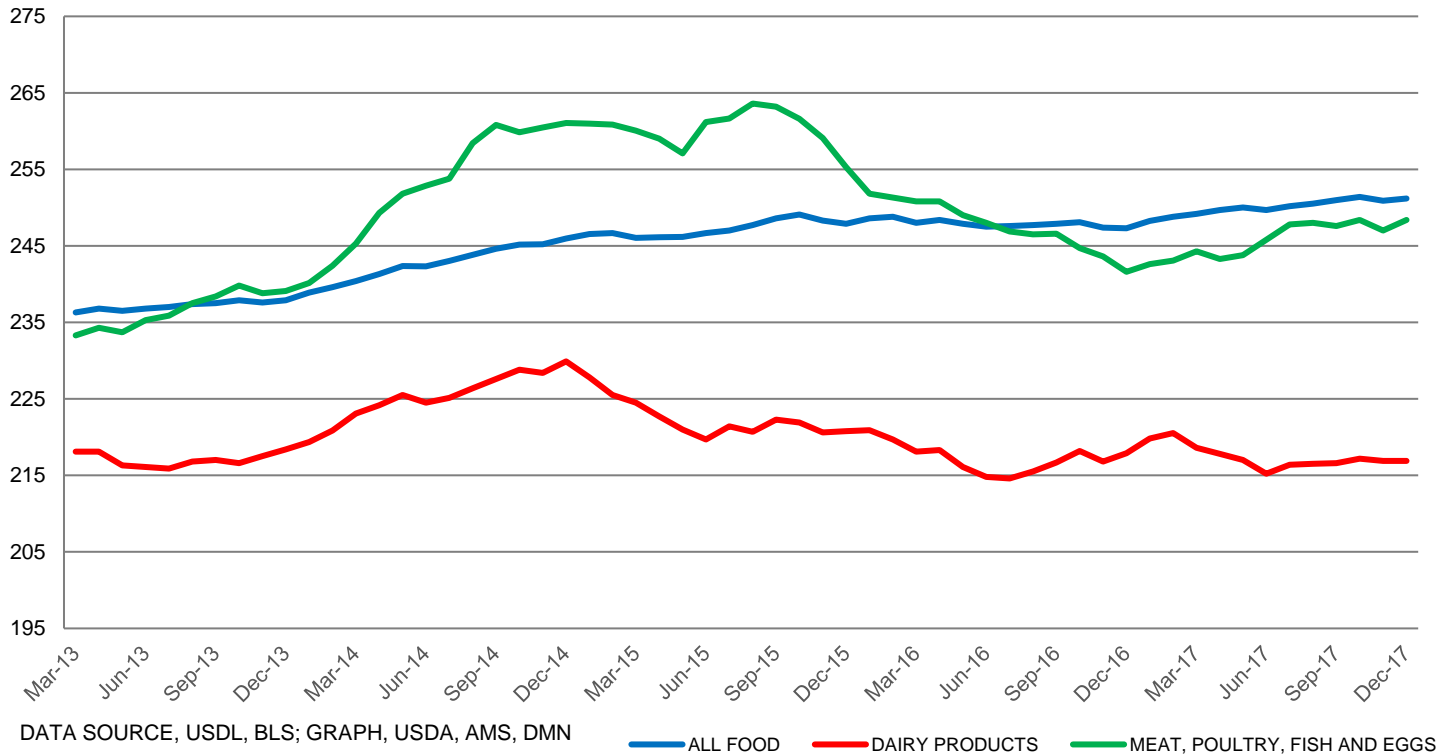
Product Price Averages: The two-week product price averages for February 2018 are: butter \$2.2339, nonfat dry milk \$0.6926, cheese \$1.5391 and dry whey \$0.2792.

Federal Milk Order Class I Price Information ^{1 2}				
Federal Milk Order Marketing Area ³	Order Number	Feb 2018		
		Class I Price (3.5%) <i>(dollars per cwt)</i>	Class I Skim Milk Price <i>(dollars per cwt)</i>	Class I Butterfat Price <i>(dollars per pound)</i>
Northeast (Boston) ⁴	001	17.50	8.96	2.5301
Appalachian (Charlotte) ⁵	005	17.65	9.11	2.5316
Florida (Tampa) ⁶	006	19.65	11.11	2.5516
Southeast (Atlanta) ⁷	007	18.05	9.51	2.5356
Upper Midwest (Chicago) ⁸	030	16.05	7.51	2.5156
Central (Kansas City) ⁹	032	16.25	7.71	2.5176
Mideast (Cleveland) ¹⁰	033	16.25	7.71	2.5176
Pacific Northwest (Seattle) ¹¹	124	16.15	7.61	2.5166
Southwest (Dallas) ¹²	126	17.25	8.71	2.5276
Arizona (Phoenix)	131	16.60	8.06	2.5211
All-Market Average		17.14	8.60	2.5265

¹ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63 - the approximate number of gallons in 100 pounds of milk. ² Note: The mandatory \$0.20 per cwt processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. ³ Names in parentheses are the major city in the principal pricing point of the markets. ⁴ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25, and Washington, DC, minus \$0.25. ⁵ Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10. ⁶ Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40. ⁷ Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90; Nashville, minus \$0.90; and Springfield, MO, minus \$1.40. ⁸ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10. ⁹ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55. ¹⁰ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20. ¹¹ Class I prices at other cities are: Portland, same; and Spokane, same. ¹² Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75.
Report Contact: Randal Stoker, randal.stoker@usda.gov or 202-690-1932.

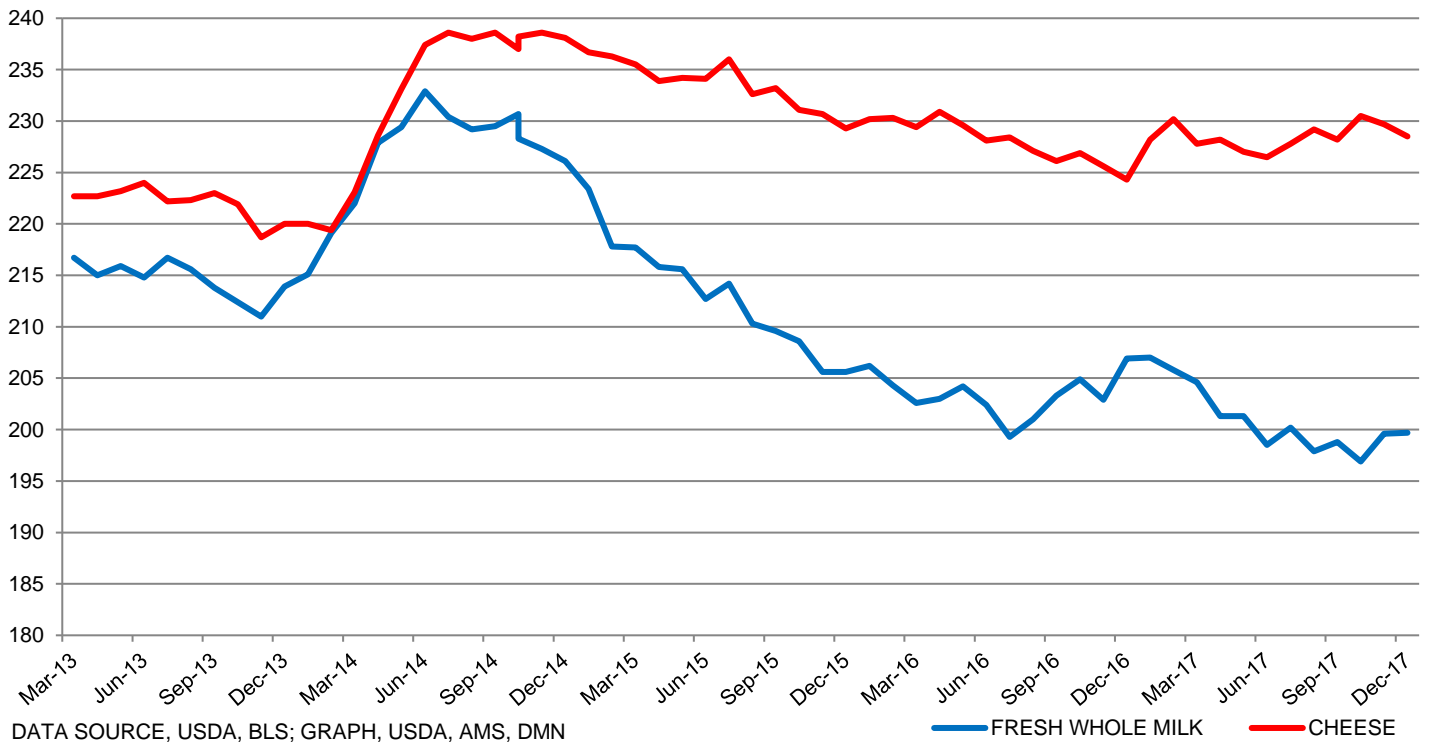
1982 - 1984 = 100

Consumer Price Index

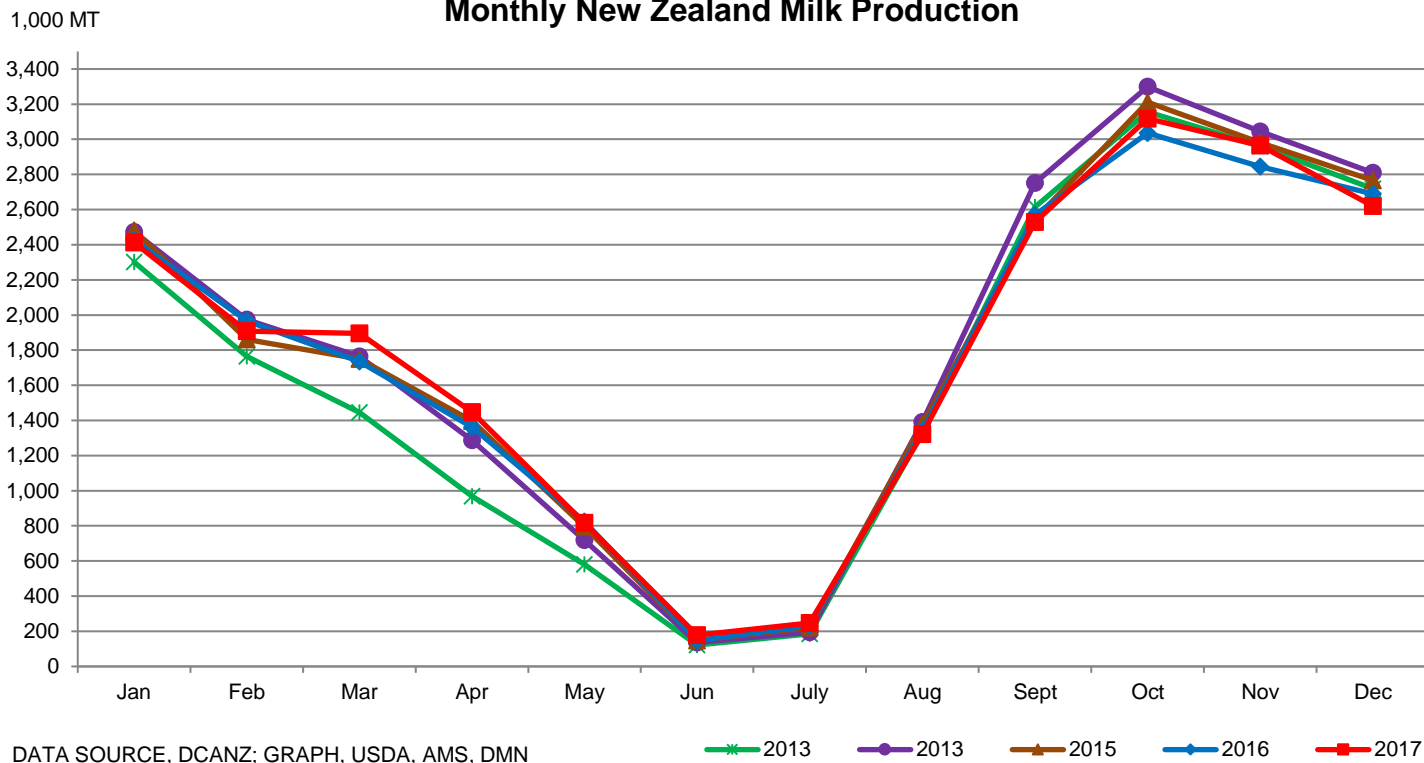


1982 - 1984 = 100

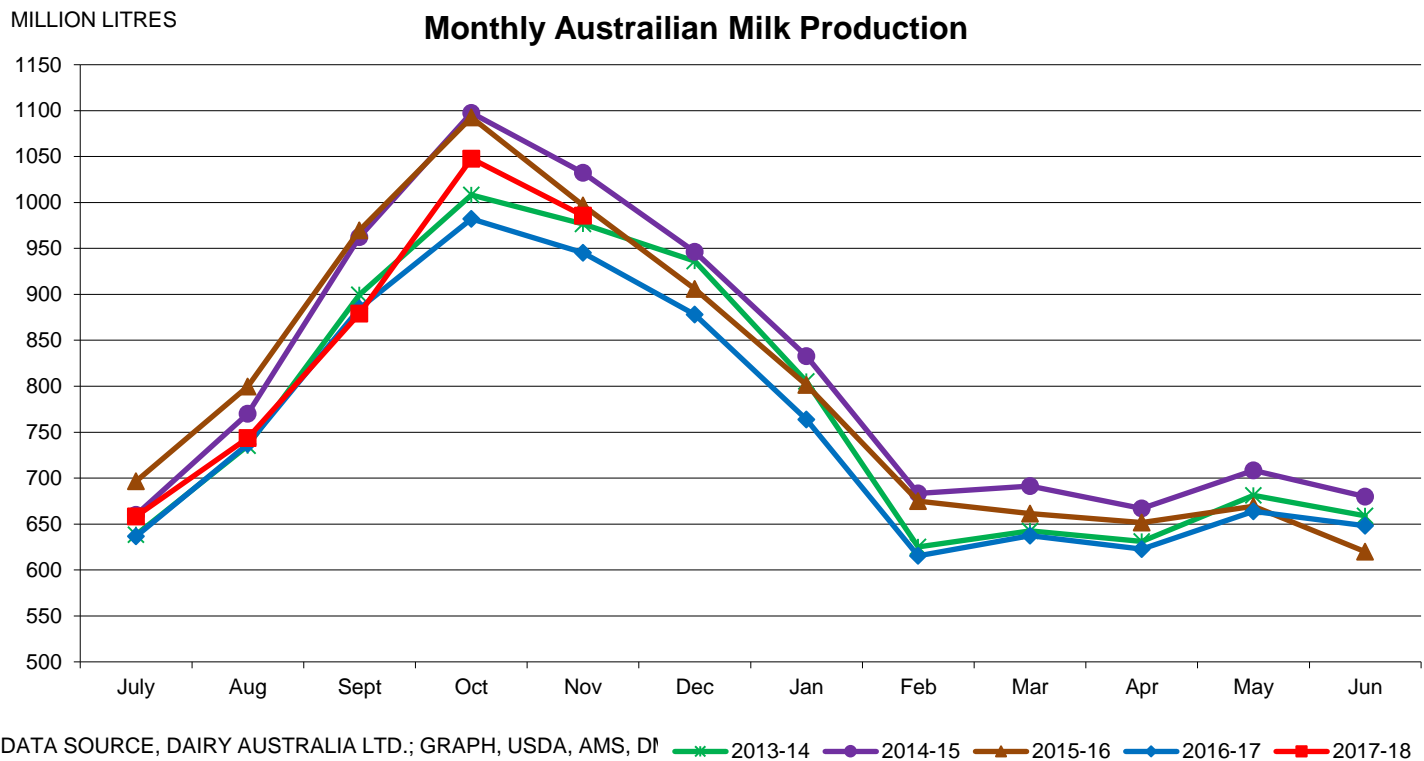
Consumer Price Index Dairy Products



Monthly New Zealand Milk Production



Monthly Australian Milk Production





Dairy Market News Branch

**Agricultural
Marketing
Service**

National Retail Report-Dairy

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

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Advertised Prices for Dairy Products at Major Retail Supermarket Outlets ending during the period of 01/19/2018 to 01/25/2018

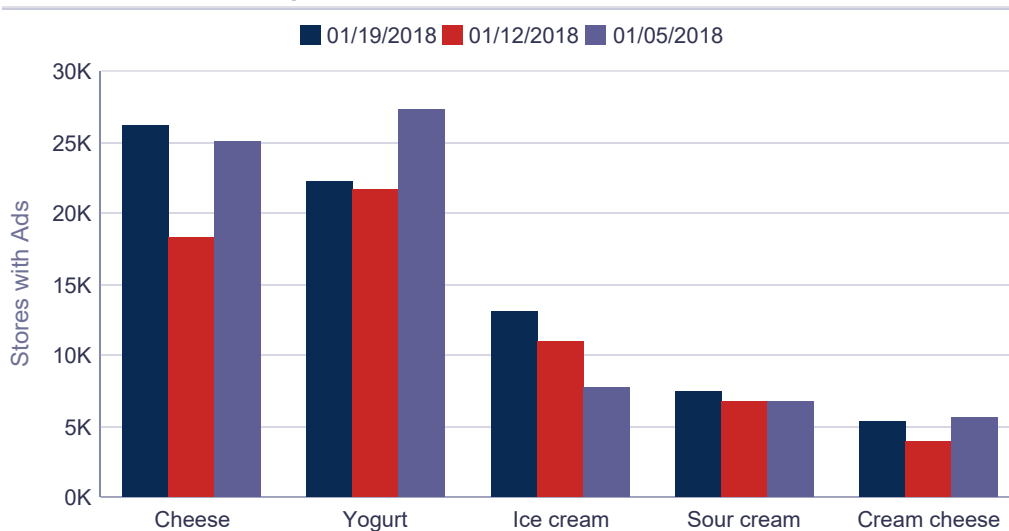
Advertisement numbers are 19 percent higher for conventional dairy items, but 28 percent lower for organic dairy items. Ad numbers for conventional 1 pound butter very slightly increased, with a U.S. weighted average advertised price of \$3.47, up 11 cents. There are no reported sale prices for organic butter this week. Conventional cream cheese 8 oz. ad numbers increased 47 percent, with an average price of \$1.97. There are no ads for organic cream cheese.

The national weighted average advertised price of conventional 8 ounce block cheese is \$2.49, up 46 cents from last week. Organic 8 ounce blocks average \$2.75, resulting in an organic premium of 26 cents. The price of conventional 8 ounce shred cheese, \$2.40, is up 22 cents from last week. Organic 8 ounce shred cheese averages \$2.99, resulting in an organic premium of 59 cents. Conventional cheese ad numbers increased 52 percent, but organic cheese ad numbers decreased 54 percent.

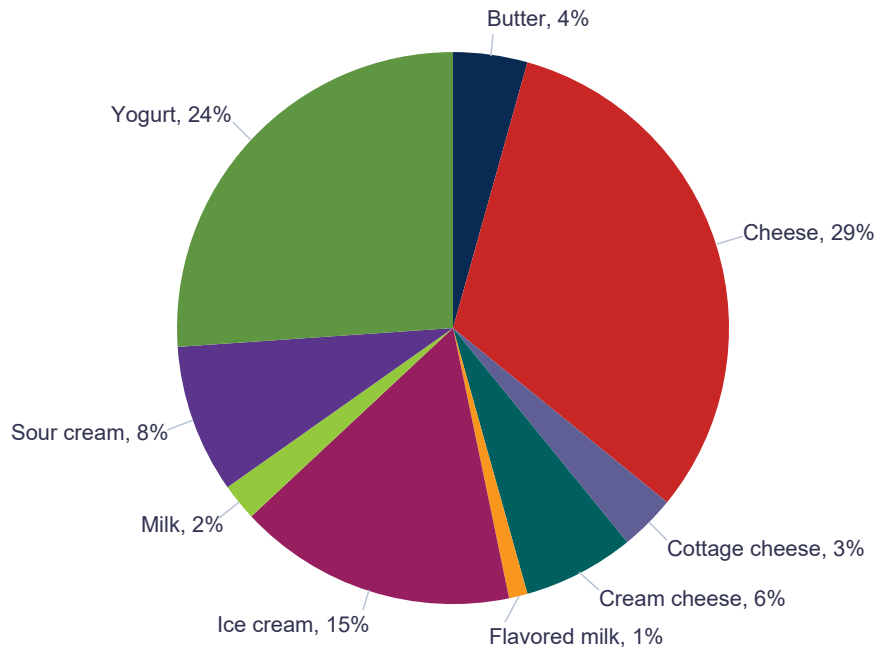
Conventional yogurt ads increased 6 percent while organic yogurt ads decreased 50 percent. The weighted average price of conventional 4-6 ounce Greek yogurt is \$0.96, and regular 4-6 ounce yogurt is \$0.52. Organic yogurt in 4-6 ounce containers is priced at \$1.21, resulting in an organic premium of 69 cents.

The conventional-organic milk half gallon price spread is \$2.19. The spread is the difference between the conventional milk half gallon average advertised price, \$1.92, and the organic milk half-gallon price, \$4.11. Conventional milk ads decreased 41 percent, but organic milk ads increased 4 percent.

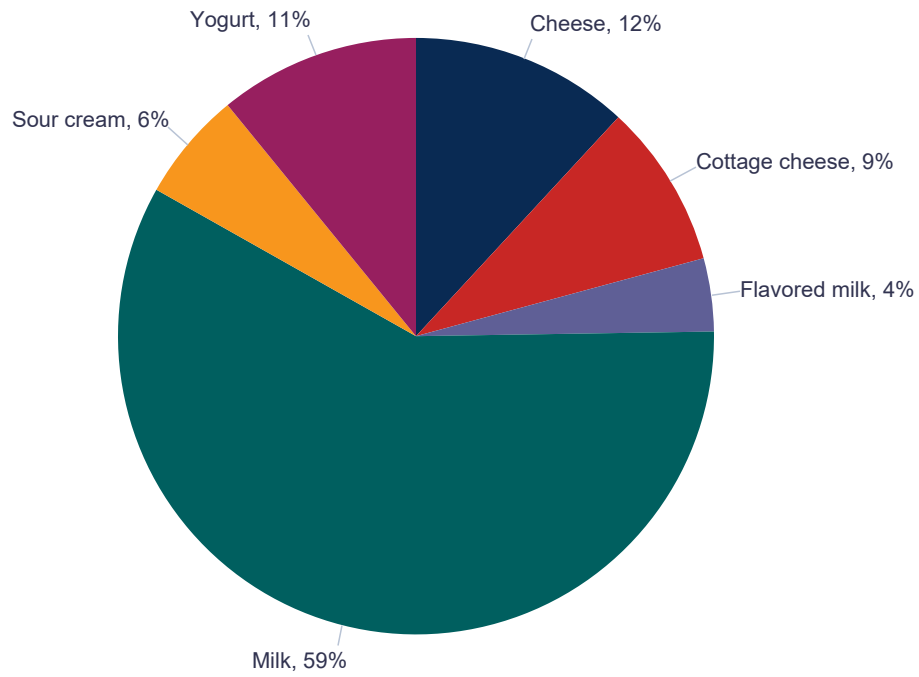
Top 5 Commodities Featured This Week



Percentage of Total Conventional Ads by Commodity



Percentage of Total Organic Ads by Commodity





NATIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		LAST WEEK		LAST YEAR	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	3978	3.47	3956	3.36	2830	3.25
Cheese	Natural Varieties	8 oz block	9421	2.49	6275	2.03	7522	2.20
Cheese	Natural Varieties	1 # block	2721	3.65	638	3.73	1212	4.28
Cheese	Natural Varieties	2 # block	1009	5.12	536	5.45	190	4.99
Cheese	Natural Varieties	8 oz shred	10750	2.40	8852	2.18	8423	2.22
Cheese	Natural Varieties	1 # shred	1542	3.68	443	3.60	1193	3.97
Cottage cheese		16 oz	2836	1.98	2731	2.02	4344	1.99
Cream cheese		8 oz	5378	1.97	3664	1.86	6831	1.68
Flavored milk	All fat tests	half gallon	21	2.79	1054	2.31	585	2.56
Flavored milk	All fat tests	gallon	568	2.08	440	2.11	230	1.99
Ice cream		48-64oz	13123	2.99	10945	2.87	10380	2.96
Milk	All fat tests	half gallon	193	1.92	988	2.25	1107	2.77
Milk	All fat tests	gallon	1493	2.39	1855	2.67	2311	2.39
Sour cream		16 oz	7169	1.60	6193	1.88	7878	1.77
Yogurt	Greek	4-6 oz	12542	.96	11011	.94	13324	.95
Yogurt	Greek	32 oz	1786	4.67	1548	4.43	1571	4.51
Yogurt	Yogurt	4-6 oz	5763	.52	5613	.46	6353	.50
Yogurt	Yogurt	32 oz	1505	2.43	2167	2.34	1221	2.33

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 #	1.99-4.99	2108	3.56	2.49-4.99	862	3.77	3.00-3.99	319	3.33
Cheese	Natural Varieties	8 oz block	1.77-2.50	1507	2.13	1.66-3.50	4456	2.78	1.66-2.99	1288	2.23
Cheese	Natural Varieties	1 # block	2.99-3.49	855	3.27	2.99-4.49	1014	4.06			
Cheese	Natural Varieties	8 oz shred	1.77-4.79	2427	2.51	1.66-3.00	3892	2.40	1.66-2.99	1185	2.29
Cheese	Natural Varieties	1 # shred	3.99	135	3.99	2.99-4.49	1014	4.06			
Cottage cheese		16 oz	1.99-2.49	1301	2.08	1.66-2.00	716	1.76			
Cream cheese		8 oz	1.50-2.50	713	1.84	1.66-2.50	2337	2.09	1.49-1.67	475	1.62
Flavored milk	All fat tests	gallon							2.99	53	2.99
Ice cream		48-64oz	1.88-4.99	3045	2.84	1.99-3.99	2953	2.93	2.49-3.99	2008	2.93
Milk	All fat tests	gallon	3.99	137	3.99				1.99-2.99	339	2.56
Sour cream		16 oz	1.49-1.69	2556	1.57	1.49-2.00	2520	1.59	1.29-2.50	1095	1.80
Yogurt	Greek	4-6 oz	0.59-1.29	3592	.97	0.60-1.00	3290	.98	0.70-1.00	816	.92
Yogurt	Greek	32 oz	4.99	303	4.99	5.00	214	5.00	3.49-4.99	393	4.18
Yogurt	Yogurt	4-6 oz	0.42-0.88	2018	.58	0.50-0.60	1337	.57	0.25-0.50	405	.43
Yogurt	Yogurt	32 oz	1.49-2.50	632	2.14	2.99	214	2.99	2.50	180	2.50



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 #	2.00-3.69	352	3.03	1.99-3.00	177	2.35	2.50	69	2.50
Cheese	Natural Varieties	8 oz block	1.50-2.99	1044	2.24	1.50-3.49	716	2.41	1.99-2.50	349	2.08
Cheese	Natural Varieties	1 # block	2.49-3.79	534	3.09	3.99	246	3.99			
Cheese	Natural Varieties	2 # block	3.44-4.99	370	4.76	4.99-8.99	176	6.40	3.99-5.99	463	4.91
Cheese	Natural Varieties	8 oz shred	1.67-3.50	1730	2.30	1.50-3.50	1371	2.34	2.50	60	2.50
Cheese	Natural Varieties	1 # shred	2.49-2.50	194	2.50	2.49	178	2.49			
Cottage cheese		16 oz	1.50-2.00	173	1.66	1.25-2.50	483	2.04	2.00	105	2.00
Cream cheese		8 oz	1.25-2.99	979	2.17	1.50-1.99	832	1.71			
Flavored milk	All fat tests	gallon	1.99	121	1.99				1.99	394	1.99
Ice cream		48-64oz	2.50-5.00	1988	3.29	2.50-4.00	2108	2.97	2.50-3.99	873	2.93
Milk	All fat tests	half gallon	1.89-1.99	193	1.92						
Milk	All fat tests	gallon	1.99	201	1.99	1.99-2.49	422	2.28	1.99	394	1.99
Sour cream		16 oz	1.48-2.00	481	1.55	0.99-2.00	421	1.30			
Yogurt	Greek	4-6 oz	0.79-1.19	1527	.95	0.68-1.00	2660	.91	0.87-1.00	593	.98
Yogurt	Greek	32 oz	4.29-4.99	388	4.64	4.29-4.99	356	4.64	4.49	105	4.49
Yogurt	Yogurt	4-6 oz	0.29-0.50	501	.39	0.39-0.50	987	.47	0.40-0.60	419	.45
Yogurt	Yogurt	32 oz	2.00-2.50	152	2.24	2.50-2.89	306	2.72			

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 #	2.47-4.29	91	3.71			
Cheese	Natural Varieties	8 oz block				2.49-3.50	61	3.05
Cheese	Natural Varieties	1 # block	4.29	21	4.29	4.29-6.99	51	5.72
Cheese	Natural Varieties	8 oz shred	3.28-3.79	24	3.73	2.49-3.50	61	3.05
Cheese	Natural Varieties	1 # shred	4.49	21	4.49			
Cottage cheese		16 oz	2.48-2.79	24	2.75	2.79	34	2.79
Cream cheese		8 oz	1.50-1.99	42	1.75			
Flavored milk	All fat tests	half gallon	2.79	21	2.79			
Ice cream		48-64oz	2.99-5.99	42	4.49	3.50-5.99	106	4.75
Sour cream		16 oz	1.50-2.78	45	2.05	2.00-2.50	51	2.26
Yogurt	Greek	4-6 oz	1.25	3	1.25	1.25-1.50	61	1.36
Yogurt	Greek	32 oz				6.99	27	6.99
Yogurt	Yogurt	4-6 oz	0.39-0.80	45	.47	0.60-0.75	51	.67
Yogurt	Yogurt	32 oz	2.29	21	2.29			

NATIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD	LAST WEEK	LAST YEAR
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Wtd Avg - Simple weighted average



			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #					509	5.66
Cheese	Natural Varieties	8 oz block	233	2.75	548	2.99		
Cheese	Natural Varieties	8 oz shred	123	2.99	970	2.99		
Cheese	Natural Varieties	1 # shred	372	7.49	80	7.49		
Cottage cheese		16 oz	517	3.68	1060	3.23		
Cream cheese		8 oz			341	2.50	462	2.50
Flavored milk	All fat tests	half gallon	214	4.49				
Milk	All fat tests	half gallon	2782	4.11	2720	3.88	3291	3.91
Milk	All fat tests	gallon	213	6.99	465	5.53	121	4.99
Milk	All fat tests	8 oz UHT	551	.95	214	1.00	492	2.36
Sour cream		16 oz	335	2.42	623	3.19	743	2.42
Yogurt	Greek	4-6 oz					538	.91
Yogurt	Greek	32 oz			381	4.59	1615	5.77
Yogurt	Yogurt	4-6 oz	295	1.21	188	1.29	366	1.42
Yogurt	Yogurt	32 oz	347	3.58	711	3.30	199	4.29

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
Cheese	Natural Varieties	8 oz block							2.49-2.99	233	2.75
Cheese	Natural Varieties	8 oz shred							2.99	123	2.99
Cottage cheese		16 oz	4.49	108	4.49	4.49	61	4.49	3.29	348	3.29
Flavored milk	All fat tests	half gallon				4.49	214	4.49			
Milk	All fat tests	half gallon	2.99-3.99	126	3.57	3.98-4.49	1339	4.14			
Milk	All fat tests	gallon							6.99	213	6.99
Milk	All fat tests	8 oz UHT	0.83-1.00	216	.92	1.00	61	1.00			
Sour cream		16 oz				2.50	214	2.50			
Yogurt	Yogurt	4-6 oz	1.33	147	1.33						
Yogurt	Yogurt	32 oz	3.50-3.99	167	3.67				3.50	180	3.50

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	1 # shred	7.49	194	7.49	7.49	178	7.49			
Milk	All fat tests	half gallon	2.99	176	2.99	3.99-4.99	696	4.68	2.99-4.49	394	3.39

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
Milk	All fat tests	8 oz UHT				0.92-1.00	274	.96			
Sour cream		16 oz	2.29	121	2.29						
Yogurt	Yogurt	4-6 oz	1.00	121	1.00						

Commodity	Type	Pack Size	ALASKA U.S.			HAWAII U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Milk	All fat tests	half gallon				5.79-6.99	51	6.43
Yogurt	Yogurt	4-6 oz				1.50	27	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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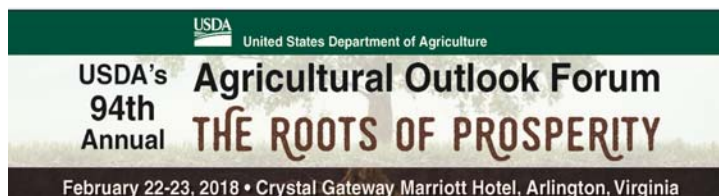
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