

DAIRY MARKET NEWS AT A GLANCE

CME GROUP CASH MARKETS (2/1)

BUTTER: Grade AA closed at \$2.2900. The weekly average for Grade AA is \$2.2835 (+.0535).

CHEESE: Barrels closed at \$1.3000 and 40# blocks at \$1.5000. The weekly average for barrels is \$1.2755 (+.1061) and blocks, \$1.4610 (+.0785).

NONFAT DRY MILK: Grade A closed at \$1.0025. The weekly average for Grade A is \$1.0095 (+.0032).

DRY WHEY: Extra grade dry whey closed at \$0.3625. The weekly average for dry whey is \$0.3885 (-.0378).

BUTTER HIGHLIGHTS: The polar vortex, which caused extreme cold weather during this week, especially in the Midwest and East, has not stopped the active production of butter in these regions of the country. However, some hauling issues were reported, such as delays in the delivery of print/bulk butter to wholesalers, retailers and food service. There were also some slowdowns on milk/cream shipments from dairy operations to manufacturing plants. Meanwhile, in the West, butter churning remains strong, adding to the pile of post-holiday stocks. In general, the national demand for butter is seasonally steady. Bulk butter pricing varies among the regions: East, 5.0 cents to 8.0 cents over the market; Central, 5.0 cents to 7.0 cents above the market; West, 2.0 cents to 7.5 cents over the market, with various periods and averages used.

CHEESE HIGHLIGHTS: Cheese market upturns this week have provided some relief to cheesemakers in all regions. While the CME block to barrel cheese spread remains large and concerning, both block and barrel prices have made marked gains. Contacts in the West acknowledge heavy inventories, and they are preparing to accept current conditions as the new norm. Weather has created some minor hiccups, but cheese plant managers relayed only minor issues as contingencies were in place in most cases. Bottling plant closures due to weather/maintenance pushed some milk into Class III production at larger discounts than in recent weeks. Spot milk prices were reported from \$2.75 under to \$.50 over Class. Production, therefore, has been

steady. Pizza style cheese orders have been strong early in 2019, as is seasonally expected.

FLUID MILK: Extreme winter weather through the Midwest and Northeast has caused some hauling delays and plant closures, but most contacts suggest contingency plans were in place and disturbances were minimal. That said, some Midwestern farmers are concerned about the temperature hikes coming into the weekend. Pneumonia and other cow health issues are expected. All said, milk production has been generally steady to strong. Western milk output reports point to a generally steady balance. Midwestern contacts suggest bottling plant closures, due to weather related maintenance issues, pushed more milk into Class III production. Current cream supplies are available nationwide, and some butter manufacturers are clearing plentiful quantities in order to prepare for upcoming seasonal demand increases. F.O.B. cream multiples are **1.05-1.25** in the East, **1.10-1.21** in the Midwest, and **1.00-1.17** in the West.

DRY PRODUCTS: Low/medium heat nonfat dry milk spot prices are stable to somewhat mixed in the country. Many sellers report that buyers are responsive to current prices. Some dairy contacts are trying to figure out the future direction of the market. Current market conditions are steady to a bit bullish. High heat nonfat dry milk prices are mixed. Spot trades are intermittent, yet the demand is steady to strong. The market tone is steady to balanced. Dry buttermilk prices are mostly higher in the United States this week. The demand is steady to mixed. There are reports of demand increasing soon because of the approaching baking season. Market conditions are steady to strengthening. Dry whole milk prices are unchanged. Interest from hot chocolate mix makers remains strong as winter is at its height. Dry whey prices are mixed in the U.S. There are reports of the market dividing within itself. Some buyers are trying to determine current market conditions. Animal feed whey buyers have started to pick up activity. Whey protein concentrate WPC34% spot prices are unchanged

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DAIRY MARKET NEWS PRICE SUMMARY FOR JANUARY 28, 2018 - FEBRUARY 1, 2019
PRICES (\$/LB) & CHANGES FROM PREVIOUS PUBLISHED PRICES

Commodity	Range	Mostly	Commodity	Range	Mostly	Commodity	Range	Mostly
NDM			BUTTERMILK			LACTOSE		
Central Low/Med. Heat	0.9500 1.0350	0.9850 1.0300	Central/East	0.9600 1.0325		Central/West	0.2000 0.4500	0.3200 0.4200
Change	N.C. -0.0050	0.0050 -0.0050	Change	N.C. 0.0100		Change	-0.0800 N.C.	N.C. N.C.
Central High Heat	1.0500 1.1300		West	0.9000 0.9900	0.9200 0.9700	WPC 34%		
Change	N.C. 0.0100		Change	0.0300 0.0100	0.0200 0.0100	Central/West	0.8000 1.0575	0.8350 0.9625
West Low/Med. Heat	0.9500 1.0550	0.9800 1.0200	WHEY			Change	N.C. N.C.	0.0050 N.C.
Change	N.C. N.C.	N.C. N.C.	Central	0.3700 0.5100	0.4375 0.5000	CASEIN		
West High Heat	1.0700 1.1850		Change	N.C. -0.0100	-0.0025 N.C.	Rennet	2.2600 2.5900	
Change	-0.0200 N.C.		West	0.3500 0.5375	0.4450 0.5000	Change	N.C. N.C.	
DRY WHOLE MILK			Change	-0.0300 N.C.	-0.0050 N.C.	Acid	3.0050 3.1100	
National	1.5000 1.6500		Northeast	0.4800 0.5100		Change	N.C. N.C.	
Change	N.C. N.C.		Change	0.0025 N.C.		ANIMAL FEED WHEY		
						Central	0.3500 0.4000	
						Change	-0.0100 -0.0300	

DAIRY MARKET NEWS PRICE SUMMARY FOR JANUARY 21, 2018 - FEBRUARY 1, 2019
PRICES (\$/MT) & CHANGES FROM PREVIOUS PUBLISHED PRICES

Commodity	Range	Commodity	Range	Commodity	Range
SMP		WHOLE MILK POWDER		BUTTER	
W. Europe	2125 2275	W. Europe	3175 3375	W. Europe	4900 5250
Change	100 75	Change	75 125	Change	25 -25
Oceania	2350 2650	Oceania	2775 2825	Oceania	4200 4325
Change	25 N.C.	Change	50 25	Change	75 25
S. America	2475 2775	S. America	2575 3150	BUTTEROIL	
Change	-100 -100	Change	-25 50	W. Europe	6600 6875
WHEY				Change	-250 -100
W. Europe	1000 1075			CHEDDAR CHEESE	
Change	75 N.C.			Oceania	3450 3550
				Change	25 N.C.

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

on the range, but slightly increased on the bottom of the mostly series. The demand for specific WPC34% that meets infant formula requirements is solid. WPC34% that is interchangeable does not have the same market energy. The majority of lactose prices are unchanged, however prices shifted down on the bottom of the range this week. Some manufacturers are setting up Q2 contract negotiations. Buyers are willing to move forward to assure coverage. Casein prices are steady currently. Some buyers who do not have immediate needs are being cautious and price sensitive.

INTERNATIONAL DAIRY MARKET NEWS: AUSTRALIA: Weather is not giving any relief to depressed milk production in Australia. Heat continues to be a very serious problem starting 2019. Peak temperatures in some inland areas this week hit 115 degrees Fahrenheit. Feed is getting harder to find, poorer quality, and more expensive. Some dairy producers are having great difficulty getting enough water to cows. Cows are literally dying. It is a very sad and painful situation. The recovery timetable is uncertain. Seasonal milk production in Australia through November is 4.8 percent lower than last year. The states of South Australia and Tasmania are up, but the other four states, which account for the bulk of milk production, are lower.

NEW ZEALAND: New Zealand is approaching a four to six week period when the final outcome of the milk production season will be essentially determined. The very good seasonal increases so far are not expected to slip much. Barring unexpected weather, the point of reasonable seasonal certainty is drawing closer. Parts of each island reached inland highs in the mid 80s Fahrenheit. Many coastal areas are slightly cooler. This is tolerable weather for late January in New Zealand. There has been light rain over much of the country.

EUROPEAN DAIRY MARKET OVERVIEW: WESTERN: It seems likely that final 2018 results will not measure up to early 2018 expectations for EU milk production increases. EU milk production through November 2018 was 1.0 percent higher than 2017 according to Eurostat. November 2018 production was 0.7 percent lower than November 2017. Many European dairy manufacturing representatives are away from offices and in Brussels this week for meetings of a European dairy association. While these meetings are always filled with transactional activity, advanced consideration of the consequences of a no deal Brexit are actively under discussion. The consensus of many dairy officials is that the more open and unrestricted the flow of dairy products is between Great Britain and the EU, the better.

EASTERN: Poland continues to be a strong performer in the EU dairy industry. It is the sixth largest EU milk producer and the largest in Eastern Europe. November 2018 production was 3.0 percent greater than November 2017. January-November 2018 was 2.5 percent greater than the prior year. Poland is number 5 in EU cheese production, narrowly trailing Netherlands.

SOUTH AMERICAN OVERVIEW: The main dairy producing countries in South America are suffering some effects of the El Niño phenomenon, such as heavy rains. Although these atmospheric effects had not been catastrophic, they are still harming the continental dairy industry, especially the dairy farmers. That said, the humidity conditions in several dairy basins in Argentina and Uruguay continue to hamper milk yields. On the contrary, the production of farm milk continues to improve in Brazil. Manufacturing of cheese, butter and yogurt are active. However, the general consumption of dairy products in the continent is slow, according to several industry contacts. In contrast, international interest, especially from Algeria, remains strong.

NATIONAL RETAIL REPORT (DMN): Ad numbers for conventional 16 oz sour cream increased 47 percent. The weighted average advertised price, \$1.75, increased 10 cents from last week. The national weighted average advertised price for conventional milk half gallons is \$2.46, compared to \$3.63 for organic milk half gallons, an organic price premium of \$1.17. Ad numbers for conventional 8 oz block cheese, the single most advertised category/size, increased 42

percent, with a weighted average advertised price of \$2.05, down 23 cents. The weighted average advertised price for conventional Greek yogurt in 4 to 6 oz. containers is \$0.96, up 2 cents from last week.

NOVEMBER AGRICULTURAL PRICES HIGHLIGHTS (NASS): The All Milk price received by farmers was \$17.00 in November, down \$1.20 from November 2017. The alfalfa hay price was \$175.00 in November, up \$25.00 from November 2017. The corn price was \$3.41 in November, up \$0.26 from November 2017. The soybean price was \$8.37 in November, down \$0.85 from November 2017. The milk-feed price ratio was 2.18 in November, down 0.36 from November 2017. The index of prices received by farmers for dairy products during the month of November 2018 was down 2 to 84.6 Compared to November 2017, the index was down 5.9 points (-6.5 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in November 2018 was down 0.4 points to 109.0. Compared with November 2017, the index was up 1.9 points (1.8 percent).

JANUARY CLASS AND COMPONENT PRICES (USDA, FMMO): The following are the January 2019 class prices under the Federal milk order pricing system and changes from the previous month: Class II: \$15.74 (+\$0.07), Class III: \$13.96 (+\$0.18), and Class IV: \$15.48 (+\$0.39). Under the Federal milk order pricing system, the butterfat price for January 2019 is \$2.4981 per pound. Thus, the Class II butterfat price is \$2.5051 per pound. The protein and other solids prices for January 2019 are \$1.1927 and \$0.2898 per pound, respectively. These component prices set the Class III skim milk price at \$5.41 per cwt. The January 2019 Class IV skim milk price is \$6.98, which is derived from the nonfat solids price of \$0.7757 per pound. The product price averages for January 2019 are: butter: \$2.2343, nonfat dry milk: \$0.9513, cheese: \$1.3868 and dry whey: \$0.4805.

COMMODITY	MONDAY JAN 28	TUESDAY JAN 29	WEDNESDAY JAN 30	THURSDAY JAN 31	FRIDAY FEB 1	::	WEEKLY CHANGE	::	WEEKLY AVERAGE
CHEESE BARRELS	\$1.2100 (+0.0300)	\$1.2625 (+0.0525)	\$1.3025 (+0.0400)	\$1.3025 (N.C.)	\$1.3000 (-0.0025)	::	(+0.1200)	::	\$1.2755 (+0.1061)
40 POUND BLOCKS	\$1.3975 (+0.0075)	\$1.4450 (+0.0475)	\$1.4700 (+0.0250)	\$1.4925 (+0.0225)	\$1.5000 (+0.0075)	::	(+0.1100)	::	\$1.4610 (+0.0785)
NONFAT DRY MILK GRADE A	\$1.0200 (+0.0075)	\$1.0175 (-0.0025)	\$1.0075 (-0.0100)	\$1.0000 (-0.0075)	\$1.0025 (+0.0025)	::	(-0.0100)	::	\$1.0095 (+0.0032)
BUTTER GRADE AA	\$2.2600 (+0.0150)	\$2.2850 (+0.0250)	\$2.2925 (+0.0075)	\$2.2900 (-0.0025)	\$2.2900 (N.C.)	::	(+0.0450)	::	\$2.2835 (+0.0535)
DRY WHEY EXTRA GRADE	\$0.4000 (-0.0050)	\$0.4000 (N.C.)	\$0.3900 (-0.0100)	\$0.3900 (N.C.)	\$0.3625 (-0.0275)	::	(-0.0425)	::	\$0.3885 (-0.0378)

Prices shown are in U.S. dollars per lb. in carlot quantities. Carlot unit weights: CHEESE, 40,000-44,000 lbs.; NONFAT DRY MILK, 41,000-45,000 lbs.; BUTTER, 40,000-43,000 lbs.; DRY WHEY, 41,000-45,000 lbs. Weekly Change is the sum of Daily Price Changes. Weekly Average is the simple average of the Daily Cash Close prices for the calendar week. Weekly Average Change is the difference between current and previous Weekly Average. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKET-NEWS/DAIRY

NOTICE: Five days of trading information can be found at www.cmegroup.com/trading/agricultural/spot-call-data.html

BUTTER MARKETS

NORTHEAST

The Northeast region is undergoing brutally cold and windy climate conditions this week. There are some reports of slowdowns along transportation routes, and many market participants are prepared if power outages occur. At this time, cream availability is seasonally stronger. Most multiples range in the low to high teens. Manufacturers are receiving heavy cream supplies for active butter production. Some operations are making salted butter, and others are making both salted and unsalted currently. Inventories are growing a bit, yet some manufacturers' stocks are clearing to committed contracts. Butter demand on the spot market is stable to increased and spot prices are fairly steady. The market undertone is stable this week. The bulk butter price is reported 5 cents to 8 cents over the market of the CME Group, with various time frames and averages used.

Prices for: Eastern U.S., All First Sales, F.O.B., Grade AA, Conventional, and Edible Butter
Bulk Basis Pricing - 80% Butterfat \$/LB: +0.0500 - +0.0800

Secondary Sourced Information:

Tuesday's CME Group butter price closed the day at \$2.2850, up \$.0525 from the previous Tuesday's closing price.

CENTRAL

Cream remains abundant for butter producers in the region. Reported cream multiples are either steady or slightly lower than last week. Butter plant managers report they expect similar availability to last through February. Butter sales are a little lower than expected in some cases, but somewhat steady overall. Butter production continues apace, as plant managers suggest inventories for spring/summer are building. Fortunately, butter

contacts suggest the frigid conditions in the Midwest have only slightly impacted production/hauling. Butter markets are steady, perpetually so.

Prices for: Central U.S., All First Sales, F.O.B., Grade AA, Conventional, and Edible Butter
Bulk Basis Pricing - 80% Butterfat \$/LB: +0.0500 - +0.0700

WEST

Western butter inventories remain abundant while prices are higher compared to last year at the same period. Industry contacts believe increased costs of managing inventories could be a contributing factor for the high value of butter. According to them, last year's holiday sales haven't been as robust compared to previous years. In addition, with easily accessible cream, butter output continues to be strong, adding to the pile of post-holiday stocks. Nevertheless, some butter vendors are reporting solid Q1 sales to the point where their sales are almost above current production levels. U.S. butter prices are competitive in the global market, so sellers hope that export demand will react to the prices. Bulk butter pricing in the West this week is 2 cents below to 7.5 cents above the market, based on the CME Group with various periods and averages used.

Prices for: Western U.S., All First Sales, F.O.B., Grade AA, Conventional, and Edible Butter
Bulk Basis Pricing - 80% Butterfat \$/LB: +0.0200 - +0.0750

Secondary Sourced Information:

The Grade AA butter price at the CME Group on Wednesday closed at \$2.2925, compared to the weekly average price of \$2.2300 from a week ago.

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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
01/26/2019	2.2696 3,482,734	1.4323 11,603,683	1.2886 10,963,672	.4798 5,652,851	.9713 18,638,748

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This week, a cooperative export assistance program accepted requests for 169,756(77 metric tons) pounds of butter. So far this year, the program has assisted member cooperatives who have contracts to sell 707,684 pounds of butter (82% milkfat) in export markets.

National Retail Report Dairy – Butter Summary
 Advertised Prices at Major Retail Supermarket Outlets ending
 period of 1/25/2019 to 1/31/2019

Butter l#	Weighted Average Price		
	This Period	Last Week	Last Year
National			
Organic	\$5.29	n.a	n.a.
Conventional	\$3.30	\$3.23	\$3.80

Regional (Conventional)	Prices This Period		
	Wtd. Ave.	Low	High
Alaska	n.a.	n.a.	n.a.
Hawaii	\$4.99	\$4.99	\$4.99
Midwest	\$2.86	\$2.59	\$2.99
Northeast	\$3.59	\$2.99	\$4.99
Northwest	\$2.82	\$2.50	\$2.99
South Central	\$2.99	\$2.99	\$2.99
Southeast	\$3.22	\$2.99	\$3.98
Southwest	\$4.00	\$2.50	\$4.99

CHEESE MARKETS

NORTHEAST

Cheese manufacturers continue to receive heavy milk loads in the Northeast. This week, the region is experiencing dangerous temperatures. Many market participants are preparing for some disruptions in transportation. Although there are some anticipations in driving delays, cheese production schedules are active. Market participants report many operations are running at capacity. Inventories are stable to growing. Pizzerias' cheese orders are strong, as the restaurant owners are gearing up for this Sunday's Super Bowl. Cheddar cheese spot market trading activity is fairly steady. Spot prices have somewhat increased, yet the price spread between the CME Group's cheddar block and barrel cheese is long. Northeast wholesale cheese prices for cheddar and Muenster shifted down by \$0.0275, also the process cheese prices moved down by \$0.0350. The Grade A Swiss price is unchanged this week.

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

Cheddar 40 pound Block	1.8375-2.1225
Muenster	1.8225-2.1725
Process American 5 pound Sliced	1.3050-1.7850
Swiss 10-14 pound Cuts	3.1750-3.4975

MIDWEST

A number of Midwestern cheese producers reported slightly higher demand when compared to recent weeks. Football's finale this week-end, along with upcoming basketball playoffs, have proven positive for mozzarella and provolone producers in the region. They say despite weather, things are generally running on time and orders have picked up. Some cheesemakers saw more spot milk available this week. Spot milk loads ranged from \$2.75 under to \$.50 over Class III. That said, the impact of current Siberian-like cold weather conditions have some cheese plant managers expecting fewer discounts near term. Cheese markets are showing some pluckiness this week. Even still, last week's woes and general market weakness of late 2018 and early 2019 are fresh in the minds of contacts in the Midwest. Cheese producers have reported little change to production schedules week over week. Midwestern wholesale prices are unchanged for Swiss Cuts, down \$.0350 for barrels and down \$.0275 for other types.

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

Blue 5 pounds	2.0125-3.0825
Brick 5 pounds	1.7450-2.1700
Cheddar 40 pound Block	1.4725-1.8675
Monterey Jack 10 pounds	1.7200-1.9250
Mozzarella 5-6 pounds	1.5450-2.4850
Muenster 5 pounds	1.7450-2.1700
Process American 5 pound Loaf	1.2600-1.6200
Swiss 6-9 pound Cuts	2.6900-2.8075

WEST

Western cheese production continues to be at or near full capacity. Industry contacts acknowledge inventories are long, but there seems to be a consensus that this may be a new norm. Market participants are eager to get updated statistics on cheese production and inventories. They expect large cheese stocks in the warehouse, but are not sure how large and at what point inventories become burdensome. Some feel the storage numbers are only part of the story. A few contacts say manufacturers are placing a bit more cheese into aging programs to extract greater value out of the cheese and deal with available milk. The action may move stock numbers higher, but it better meets consumer demand trends. Cheese makers say domestic de-

mand has been steady. Lower cheese prices on the CME have generated some interest in export markets. However, developing new export business is challenging when foreign cheese buyers expect heavy inventories to automatically mean lower prices. With increasing prices on the CME this week, a few expect more resistance to U.S. cheese offers.

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

Cheddar 10 pound Cuts	1.6850-1.9050
Cheddar 40 pound Block	1.5050-1.9475
Monterey Jack 10 pounds	1.6950-1.8550
Process American 5 pound Loaf	1.2475-1.5025
Swiss 6-9 pound Cuts	2.7725-3.2025

Secondary Sourced Information:

This week, a cooperative export assistance program accepted requests for export assistance on contracts to sell 4.343 million pounds (1,970 metric tons) of cheese. So far this year, the program has assisted member cooperatives who have contracts to sell 11.729 million pounds of American-type cheeses in export markets. When combined with butter and whole milk powder, the program has assisted members with sales of 140.6 million pounds of milk on a milkfat basis.

FOREIGN TYPE

Sliced cheese demand continues to be brisk in Germany. In the market for semi-hard cheese, demand is unusually above seasonal norms. Manufacturers are busy fulfilling existing domestic contractual needs as well as orders from other European countries. Stocks of cheese are available to fulfill recent contractual inquiries. However, they are limited for additional spot requests that might come up. Cheese production is generally stable to down, in line with milk output. Cheese sellers are demanding higher premiums for present contract discussions. The U.S. domestic prices for wholesale blue, gorgonzola, parmesan Italy, and Romano declined \$.0275, whereas all other prices remain unchanged from the previous week.

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

VARIETY	NEW YORK	
	IMPORTED	DOMESTIC
Blue	2.6400-5.2300	1.8900-3.3775*
Gorgonzola	3.6900-5.7400	2.3975-3.1150*
Parmesan	-0-	3.2800-5.3700*
Romano	-0-	3.0800-5.2300*
Sardo Romano (Argentina)	2.8500-4.7800	-0-
Reggianito (Argentina)	3.2900-4.7800	-0-
Jarlsberg	2.9500-6.4500	-0-
Swiss	-0-	3.2125-3.5350
Swiss (Finland)	2.6700-2.9300	-0-

* = Price change.

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CHEESE MARKETS

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National Retail Report Dairy – Cheese Summary

Advertised Prices at Major Retail Supermarket Outlets ending during the period of 1/25/2019 to 1/31/2019

Cheese 8 oz. Blocks		<u>Weighted Average Price</u>	
National	This Period	Last Week	Last Year
Organic	n.a.	n.a.	\$2.49
Conventional	\$2.28	\$2.15	\$2.28
<u>Regional (Conventional)</u>		<u>Wtd. Ave.</u>	<u>Low</u>
Alaska	n.a.	n.a.	n.a.
Hawaii	\$2.49	\$2.49	\$2.49
Midwest	\$1.48	\$1.47	\$1.49
Northeast	\$2.30	\$1.77	\$2.99
Northwest	\$2.75	\$2.50	\$3.00
South Central	\$1.71	\$1.23	\$2.50
Southeast	\$2.62	\$1.88	\$3.00
Southwest	\$2.47	\$1.99	\$2.99

Cheese 8 oz. Shred		<u>Weighted Average Price</u>	
National	This Period	Last Week	Last Year
Organic	\$3.49	n.a.	\$2.90
Conventional	\$2.23	\$2.15	\$2.27
<u>Regional (Conventional)</u>		<u>Wtd. Ave.</u>	<u>Low</u>
Alaska	n.a.	n.a.	n.a.
Hawaii	n.a.	n.a.	n.a.
Midwest	\$2.34	\$1.49	\$2.99
Northeast	\$2.33	\$1.77	\$3.00
Northwest	\$2.61	\$1.67	\$3.00
South Central	\$2.30	\$1.66	\$2.99
Southeast	\$1.99	\$1.23	\$2.50
Southwest	\$2.33	\$1.99	\$3.00

FLUID MILK AND CREAM

EAST

Milk output off **Northeast** farms is slightly making its way up in some areas. Harmfully cold weather conditions are in parts of the region. Many market participants are prepared for slowdowns along transportation routes and potential power outages. Class I sales have increased currently. Some balancing plants are receiving more milk loads this week. Currently, **Mid-Atlantic** milk production is unchanged as volumes are fairly flat. Some operations are below capacity at this time. **Southeast** milk output is level in some areas, and slightly coming up in other areas this week. There is an uptick in Class I sales. Many manufacturing plants are not receiving milk. **Florida** milk production has increased. Temperatures continue to be cooler in the area. Class I sales are strong right now. **Cream** supplies are available in the East. Some manufacturers are purchasing on the spot market for production needs. Cream multiples currently range 1.05-1.25. Manufacturers' butter churns are active. **Condensed skim** sales have increased this week. Some operations are focused on condensed skim orders.

Northeastern U.S., F.O.B. Condensed Skim

Price Range - Class II; \$/LB Solids:

0.70 - 0.76

Price Range - Class III; \$/LB Solids:

0.70 - 0.75

Northeastern U.S., F.O.B. Cream

Multiples Range - All Classes:

1.0500 - 1.2500

Price Range - Class II; \$/LB Butterfat:

2.3415 - 2.7875

but remains strong. Milk clearing is not as challenging this year due to smaller volumes produced compared to last year. There are currently more than enough loads of milk to meet all requests within the state. Class I demand is stable. Class IV usages are efficient, and some processors prefer to make more butter instead of selling their cream at a discount. Class III sales are up because of rampant cheese output ahead of the Super Bowl. Farm milk output is at the expected seasonal level in **New Mexico**. Components in milk are steadily increasing. Some processing facilities are running more whole milk this week. The football season is also calling for more cheese production. However, bottled milk inquiries are steady. Milk production in the **Pacific Northwest** is slowly growing. Manufacturers report having plenty of milk from their usual sources to keep facilities near capacity. Forays into neighboring states for extra loads of milk are not needed. Bottling demand is steady. In the mountain states of **Idaho, Utah** and **Colorado**, milk production is generally steady. A few industry contacts report production had backed off a bit, but so too, have fluid milk sales into processors. Many manufacturers are still running near full schedules, but there is such a close balance between supply and demand that any little disruption pushes a few extra loads into neighboring states. **Condensed skim** continues to clear into nonfat dry milk. Supplies are ample in the West. The **cream** market is mixed. Spot loads are easily accessible to buyers/end users. Churning activities are ongoing as processors build butter stocks. Cream multiples for all Classes are 1.00-1.17.

Western U.S., F.O.B. Cream

Multiples Range - All Classes:

1.0000 - 1.1700

MIDWEST

Although frigid conditions in the Midwest have contacts expecting milk output declines, more milk was available for a variety of uses this week. One of multiple factors for the availability is that some production plants were forced to close, in some cases for multiple days. Some analysts suggest the problem may not simply be the sub-zero temperatures in recent days, but the forecasted temperature spike, in some cases more than 60 degrees from midweek into the weekend. They suggest this may be difficult for dairy cows to adjust to, and they are concerned about pneumonia and/or other maladies related to such a quick temperature spike. Bottling has been lackluster and reported plant closures have sent milk into other facilities. Cheesemakers reported spot milk prices as low as \$2.75. **Cream** availability is steady to slightly more available for all uses. Butter churners continue to report having plentiful cream supplies. Contacts suggest most Class IV production has yet to pick up any steam.

Midwestern U.S., F.O.B. Cream

Multiples Range - All Classes:

1.1000 - 1.2100

Price Range - Class II; \$/LB Butterfat:

2.5199 - 2.6983

Multiples Range - Class II:

1.1300 - 1.2100

WEST

In **California**, fluid milk production is flat, and milk sales through diverse channels are strong. Class I requests are back to normal in Southern California after last week's incident that prompted the closing of some schools. Milk clearing activities remain lively with handlers securing new balancing agreements to offset the closing of a plant in Hughson. **Arizona** milk yield is unchanged from a week ago,

CONTINUED ON PAGE 4A

FLUID MILK AND CREAM

CONTINUED FROM PAGE 4

National Retail Report Dairy – Fluid Milk Summary

Advertised Prices at Major Retail Supermarket Outlets ending during the period of 1/25/2019 to 1/31/2019

Half Gallon, All Fat Tests	<u>Weighted Average Price</u>		
	This Period	Last Week	Last Year
National			
Organic	\$3.98	\$3.72	\$3.58
Conventional	\$1.00	\$1.70	\$1.72

Regional (Conventional)	Wtd. Ave.	Low	High
Alaska	n.a.	n.a.	n.a.
Hawaii	n.a.	n.a.	n.a.
Midwest	\$0.86	\$0.77	\$0.99
Northeast	\$1.88	\$1.88	\$1.88
Northwest	\$0.99	\$0.99	\$0.99
South Central	\$1.01	\$0.88	\$1.50
Southeast	\$0.84	\$0.77	\$0.99
Southwest	\$0.98	\$0.98	\$0.98

Regional (Organic)	Wtd. Ave.	Low	High
Alaska	n.a.	n.a.	n.a.
Hawaii	n.a.	n.a.	n.a.
Midwest	\$3.29	\$3.29	\$3.29
Northeast	\$4.26	\$3.97	\$4.99
Northwest	\$3.99	\$3.99	\$3.99
South Central	\$3.50	\$3.50	\$3.50
Southeast	\$4.00	\$4.00	\$4.00
Southwest	\$3.76	\$2.99	\$4.99

Gallon, All Fat Tests	<u>Weighted Average Price</u>		
	This Period	Last Week	Last Year
National			
Organic	\$6.85	\$5.99	\$6.99
Conventional	\$2.65	\$2.79	\$2.82

Regional (Conventional)	Wtd. Ave.	Low	High
Alaska	n.a.	n.a.	n.a.
Hawaii	n.a.	n.a.	n.a.
Midwest	\$2.53	\$1.99	\$2.99
Northeast	\$1.99	\$1.99	\$1.99
Northwest	\$0.99	\$0.99	\$0.99
South Central	\$3.17	\$2.89	\$3.78
Southeast	n.a.	n.a.	n.a.
Southwest	\$2.85	\$2.59	\$3.49

Regional (Organic)	Wtd. Ave.	Low	High
Alaska	n.a.	n.a.	n.a.
Hawaii	n.a.	n.a.	n.a.
Midwest	\$6.99	\$6.99	\$6.99
Northeast	\$6.99	\$6.99	\$6.99
Northwest	n.a.	n.a.	n.a.
South Central	n.a.	n.a.	n.a.
Southeast	\$5.99	\$5.99	\$5.99
Southwest	n.a.	n.a.	n.a.

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) trading remained somewhat busy in week 5. Price ranges narrowed on the mostly series. More shipments into Mexico from the Midwest were reported, and buyers and sellers have found a near term agreeable range at or around \$1. Contacts suggest as long as Mexican buyers are willing to pay current prices, the markets will remain steady to bullish. NDM drying is active, and condensed skim suppliers relay seeing strengthened demand this week. Some buyers have suggested they are seeing results of active drying as offers have increased. That said, producers report generally balanced inventories. High heat NDM continues to show strength week over week. Drying is limited, and demand is steady to strong. High heat prices moved up a penny on the top of the range.

EAST: Low/medium heat nonfat dry milk spot prices are steady on the bottom, but lower on the top of the range. On the mostly range, prices are a bit higher on the bottom, but lower on the top this week. Trading activity is stable to a bit lower at this time. The demand is steady to a tad weaker, as some traders have sufficient supplies for the time being. In general, spot sales have been slower this week. Drying schedules are fairly heavy in some operations. Inventories are steady to lower. Some operations' current supplies are committed to customers. The market tone is steady to a bit weaker. High heat nonfat dry milk prices are steady on the bottom, but higher on the top of the range this week. There are very few offers on the spot market. Production schedules are limited and inventories are short. Market conditions are fairly unchanged.

Prices for: Eastern and Central U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Nonfat Dry Milk
Price Range - Low & Medium Heat; \$/LB: .9500 - 1.0350
Mostly Range - Low & Medium Heat; \$/LB: .9850 - 1.0300

Prices for: Eastern and Central U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Nonfat Dry Milk
Price Range - High Heat; \$/LB: 1.0500 - 1.1300

NONFAT DRY MILK - WEST

Western f.o.b. prices for low/medium heat nonfat dry milk are stable. Market conditions are in good balance, and sellers say that buyers are responsive to current prices. However, it seems like some participants are trying to figure out the future direction of the market as it hasn't quite been what they are used to seeing at this time of the year. Low/medium heat nonfat dry milk production is ongoing, supported by abundant milk availability in the West. Low/medium heat nonfat dry milk sales are unchanged from a week ago, both in the domestic and international markets. However, inventories are mixed, going from balanced to heavy depending on the manufacturers. On the other hand, high heat nonfat dry milk prices are a bit lower at the bottom of the range. Supplies are limited as dryers are running based on the need to satisfy current contractual obligations. Spot trades are low. Overall, market conditions are even.

Prices for: Western U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Nonfat Dry Milk
Price Range - Low & Medium Heat; \$/LB: .9500 - 1.0550
Mostly Range - Low & Medium Heat; \$/LB: .9800 - 1.0200

Prices for: Western U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Nonfat Dry Milk
Price Range - High Heat; \$/LB: 1.0700 - 1.1850

Secondary Sourced Information:

Grade A nonfat dry milk price at the CME Group on Wednesday closed at \$1.0075, up from last week's average of \$1.0063, but unchanged from last Wednesday's closing price.

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: Buttermilk powder prices shifted up on the top of the range, while holding steady on the bottom. More prices are being reported in the upper \$.90s, a shift from recent weeks when most reported spot prices were landing at \$1+ in the Central region. Dry buttermilk availability is mixed. Some producers are seeing higher demand and suggest supplies are limited. Others have said they have loads they can dedicate to spot markets if needed. Undoubtedly, with heavy butter churning continuing now for multiple weeks, condensed buttermilk availability has increased. Buttermilk drying is still limited. As nonfat dry milk demand from Mexico has increased, dryer time is oftentimes dedicated to drying condensed skim. Dry buttermilk market tones are steady.

EAST: Dry buttermilk spot prices in the East are steady to a bit higher this week. Trading activity is light in the region due to limited offers on the spot market. Manufacturers' drying schedules are somewhat lower, as some operations are focused on other production needs. Inventories are steady to lower. A few plants are drying for committed agreements. The demand is stable to somewhat light. Some buyers are purchasing less than loads at premium prices. In general, market participants report spot sales are a bit lower. Market conditions are fairly steady.

Prices for: Eastern and Central U.S., All First Sales, F.O.B., Conventional, and Edible Buttermilk
Price Range ; \$/LB: .9600 - 1.0325

DRY BUTTERMILK - WEST

Western dry buttermilk prices are trending up on the range and on the mostly price series. Contractual sales are going as planned, but spot trades are a bit quiet. Demand for dry buttermilk is likely to surge soon because of the approaching baking season. Dry buttermilk production schedules are running low because of limited drying time, but are still a bit higher than a few weeks ago. Inventories are balanced for the most part. Overall, the market for dry buttermilk is strengthening.

Prices for: Western U.S., All First Sales, F.O.B., Conventional, and Edible Buttermilk
Price Range ; \$/LB: .9000 - .9900
Mostly Range - ; \$/LB: .9200 - .9700

DRY WHOLE MILK - NATIONAL

According to some industry contacts, the national dry whole milk spot market is mostly in balance in each region of the country, reflected on steady prices this week. Spot trading activity is light as most sales are dictated by contractual obligations. The interest from hot chocolate mix makers remains strong as winter is at its height. National dry whole milk output is sporadic, but some processors anticipate increasing production as the spring baking season is getting close. Currently, inventories are steady to slightly short in the cash market across the country with the expectation stocks will increase in the near term.

Prices for: U.S., All First Sales, F.O.B., Conventional, and Edible Dry Whole Milk
Price Range - 26% Butterfat; \$/LB: 1.5000 - 1.6500

WHEY, WPC 34%, LACTOSE & CASEIN

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

DRY WHEY- CENTRAL

Dry whey markets in the region were a little slow this week, likely caused by sub-zero temperatures keeping some number of industry actors at home. That said, the dry whey market is dividing within itself, similar to the whey protein concentrate 34% market in recent years. Preferred brand loads are still moving at or around \$.50, while interchangeable loads are being pressured into the lower \$.40s. Multiple buyers in recent weeks have suggested, due to limited warehouse space, they have balked at offers they would typically consider. Production and overall availability have increased, with the exception of this week, due to multiple plant closures because of the extreme cold. Prices are down slightly on the top of the food grade price range and down on the bottom of the mostly. Animal feed whey has become more available, as well. Feed buyers have started to pick up activity recently. Animal feed whey prices also shifted south.

Prices for: Central U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Dry Whey
Price Range - Animal Feed; \$/LB: .3500 - .4000

Prices for: Central U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Dry Whey
Price Range - Non-Hygroscopic; \$/LB: .3700 - .5100
Mostly Range - Non-Hygroscopic; \$/LB: .4375 - .5000

DRY WHEY- NORTHEAST

Eastern dry whey spot prices are mostly steady. Currently, sales are trading within the price range in the region. Spot trades are fairly stable, as traders are purchasing regular loads. There are little to no reports of discounted dry whey. Production schedules are fairly stable. Whey powder inventories are steady to growing a bit due to more milk making its way into Class III production. The demand is fairly steady. Some market participants report seeing prices softening. However, there are many market participants purchasing at current price levels off various pricing indices. The market undertone is steady to somewhat mixed.

Prices for: Eastern U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Dry Whey
Price Range - Non-Hygroscopic; \$/LB: .4800 - .5100

DRY WHEY- WEST

Western whey prices moved lower at the bottom of the range and mostly price series, while the top of each series was unchanged. As the dry whey price on the CME spot market has lost ground over the last few weeks, it has given a few raddled market participants a pause as they try to sleuth the meaning behind the price erosion. Some buyers are trying to determine if this is a temporary condition or a developing trend. Industry contacts suggest that although production and supplies have picked up somewhat over the last few weeks, inventories remain relatively tight. Dry whey appears to be moving well through current contracts. However, lingering trade issue concerns, weakened whey permeate markets, uninspired futures markets, and some instability in markets that utilize U.S. dry dairy products have proliferated a sentiment of caution.

Prices for: Western U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Dry Whey
Price Range - Non-Hygroscopic; \$/LB: .3500 - .5375
Mostly Range - Non-Hygroscopic; \$/LB: .4450 - .5000

WHEY PROTEIN CONCENTRATE

Whey protein concentrate 34% prices are unchanged on the range and top of the mostly price series. However, the bottom of the mostly price

series took a small step up. Manufacturers continue to report relatively tight supplies and solid demand for WPC 34% that meets infant formula requirements or has a charismatic draw on consumers. Industry contacts suggest some end users are willing to take an extra load when they are available. While not necessarily in the doldrums, WPC 34% that is more interchangeable with other protein sources does not have the same market energy. Buyers are more reticent about taking extra loads and are slower to react to offers. WPC 34% production is generally steady.

Prices for: Central and Western U.S., All First Sales, F.O.B., Extra Grade, Conventional, and Edible Whey Protein Concentrate
Price Range - 34% Protein; \$/LB: .8000 - 1.0575
Mostly Range - 34% Protein; \$/LB: .8350 - .9625

LACTOSE

Prices for lactose, while mostly unchanged, moved significantly lower at the bottom of the price range. With Chinese New Year next week, the market in southeast Asia has gone quiet, and only bargain deals are moving outside of current contracts. Ironically, 2019 is the year of the pig according to the Chinese New Year. Issues with African swine fever have hammered prices for whey permeate and lactose destined for the feed market. Industry contacts suggest some buyers are taking a myopic view of feed lactose prices and trying to extend that to Q2 contract negotiations. Some manufacturers are now setting up Q2 agreements. They report buyers are willing to move forward to assure coverage. So far, prices on new contracts appear firm. While inventories are generally tight, or at least committed, for some manufacturers, a few others say inventories are growing. Production is steady, but some contacts expect this to increase if higher whey protein concentration prices remain supportive.

Prices for: Central and Western U.S., Spot Sales And Up to 3 Month Contracts, F.O.B., Conventional, and Edible Lactose
Price Range - Non Pharmaceutical; \$/LB: .2000 - .4500
Mostly Range - Non Pharmaceutical; \$/LB: .3200 - .4200

CASEIN

Casein prices are steady this week. While some sellers feel that prices should increase moving further into the declining milk production season, many buyers, recalling recent price declines, are cautious. Buyers who do not need to immediately close transactions are being cautious and price sensitive. The GDT event skipped a week and will return next week following a three-week gap. After the results are known, that will be an additional price indicator moving forward for non-GDT sales.

Prices for: Spot Sales And Up to 3 Month Contracts, Free on Board - Warehouse, Non-Restricted, All Mesh Sizes, Conventional, and Edible Casein
Acid; Price Range - \$/LB: 3.0050-3.1100
Rennet; Price Range - \$/LB: 2.2600-2.5900

Secondary Sourced Information:

Casein exports from New Zealand during 2018 are -2.9 percent from 2017, according to CLAL. Top export destinations during 2018 and percentage change from 2017 are:

Country	% Change	Quantity MT
China	+7.8	8,916
United States	-7.0	5,707
Japan	+0.7	5,359
Indonesia	-29.4	2,325
Singapore	+83.2	1,878

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

WEEK ENDING

2019
CUMULATIVE DAIRY COWS

2018 WEEKLY
DAIRY COWS

2018
CUMULATIVE DAIRY COWS

Due to a lapse in federal funding, the USDA-NASS data used to populate this report is not available.

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)

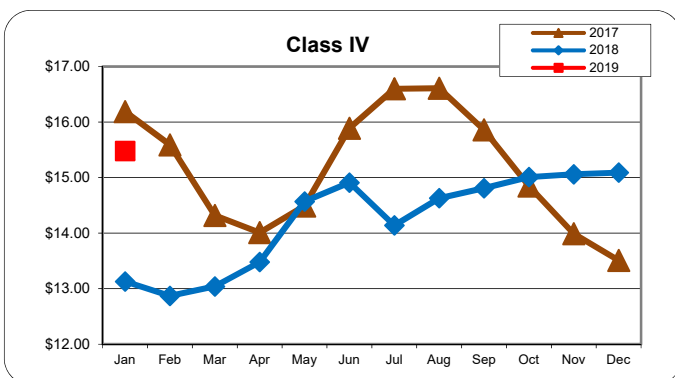
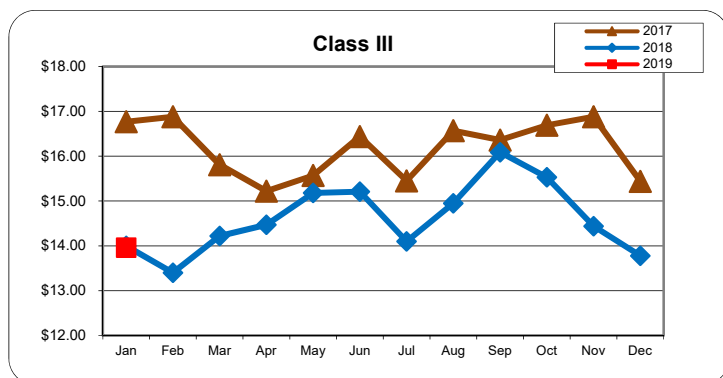
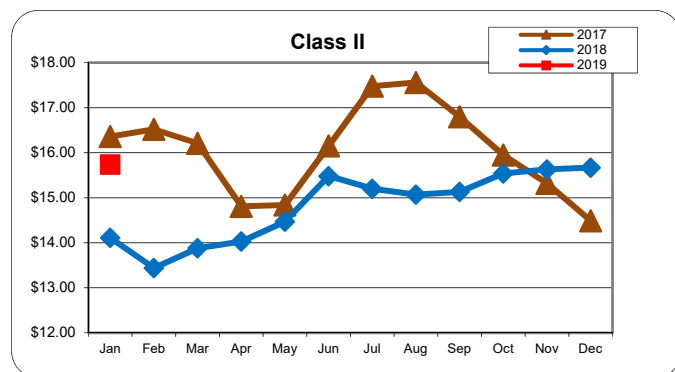
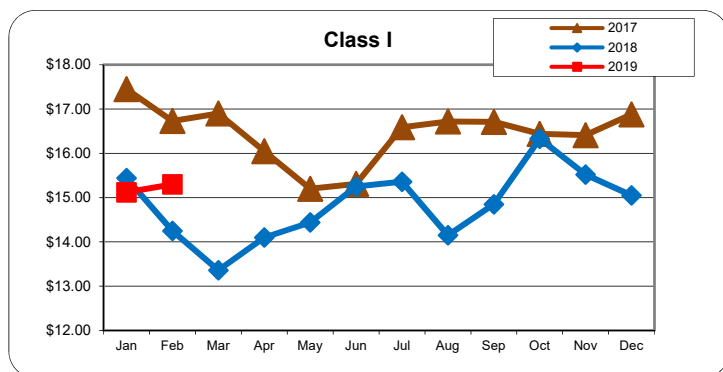
YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2014	21.15	23.35	23.33	24.31	22.57	21.36	21.60	22.25	24.60	23.82	21.94	17.82
2015	16.18	15.46	15.56	15.81	16.19	16.72	16.33	16.27	15.82	15.46	15.30	14.44
2016	13.72	13.80	13.74	13.63	12.76	13.22	15.24	16.91	16.39	14.82	16.76	17.40
2017	16.77	16.88	15.81	15.22	15.57	16.44	15.45	16.57	16.36	16.69	16.88	15.44
2018	14.00	13.40	14.22	14.47	15.18	15.21	14.10	14.95	16.09	15.53	14.44	13.78

CLASS IV MILK PRICES (3.5% Butterfat)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
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
2018	13.13	12.87	13.04	13.48	14.57	14.91	14.14	14.63	14.81	15.01	15.06	15.09

FEDERAL MILK ORDER CLASS PRICES FOR 2019 (3.5% Butterfat)[illegible]

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 21 - February 1 2019

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

It seems likely that final 2018 results will not measure up to early 2018 expectations for EU milk production increases. EU milk production through November 2018 was 1.0 percent higher than 2017 according to Eurostat. November 2018 production was 0.7 percent lower than November 2017.

MILK PRODUCTION PERCENTAGE CHANGE
JANUARY-NOVEMBER 2018/2017 YTD AND
PERCENTAGE CHANGE NOVEMBER 2018/2017

COUNTRY	YTD	NOVEMBER
Germany	+2.0	-1.2
France	0.0	-3.7
U.K.	+0.2	+0.6
Netherlands	-2.6	-6.8
Italy*	+1.2	-1.6

*CLAL Data

Positive news comes in early 2019 German reporting for the third week of January by ZMB, noting 0.9 percent more milk than the prior week. However, production in France was believed to be about 2 percent less than the same week in 2018.

Many European dairy manufacturing representatives are away from offices and in Brussels this week for meetings of a European dairy association. While these meetings are always filled with transactional activity, advanced consideration of the consequences of a no deal Brexit are actively under discussion. The consensus of many dairy officials is that the more open and unrestricted the flow of dairy products is between Great Britain and the EU, the better. Some attendees noted that while the impact of the 2015 and 2016 Russian dairy ban on dairy imports from the EU was disruptive, U.K. dairy trade with the EU is much greater. They believe the impact of a no deal Brexit would likely be very difficult for the EU dairy industry.

Secondary Sourced Information:

EU cheese production through November 2018 was 1.2 percent higher than 2017 according to Eurostat. November 2018 production was 0.4 percent lower than November 2017.

CHEESE PRODUCTION PERCENTAGE CHANGE
JANUARY-NOVEMBER 2018/2017 YTD AND
PERCENTAGE CHANGE NOVEMBER 2018/2017

COUNTRY	YTD	NOVEMBER
Germany	+1.1	+1.9
France	- 0.9	- 3.1
Italy	+4.5	+0.6
Netherlands	+1.7	+4.5

EU cheese exports January-November 2018, 768,823 MT, increased 1 percent from the same period of 2017 according to Eurostat. The table below shows metric tons and percentage change for some top destinations.

EU CHEESE EXPORTS – TOP 3 DESTINATIONS
Metric Tons January-November 2018
Percent change 2018/2017

DESTINATION	MT	PERCENT CHANGE
United States	123,845	- 6
Japan	98,741	+13
Switzerland	56,881	+3

BUTTER/BUTTEROIL

Western European butter prices are up slightly at the lower end of the price range. Prices are slightly lower at the top. Overall butter pricing is essentially stable in the view of various European sources. Butteroil is adjusting lower, partly due to less buying interest right now.

Packaged butter demand has increased in recent weeks. This is typical at this time of year. Some butter buyers expect prices to weaken in February and that has stalled much current butter price movement. A few butter sellers and buyers have already begun discussing Q3 and Q4 butter contracting. Generally sellers are less motivated to commit now for that far ahead, so quotations given reflect this.

Western Europe, 82% Butterfat, Free on Board - Port Butter
Price Range - \$/MT: 4,900 - 5,250

Western Europe, 99% Butterfat, Free on Board - Port Butteroil
Price Range - \$/MT: 6,600 - 6,875

Secondary Sourced Information:

EU butter production through November 2018 was 0.7 percent higher than 2017 according to Eurostat. November 2018 production was 2.7 percent lower than November 2017. The table below shows data for some top milk producing EU countries.

BUTTER PRODUCTION PERCENTAGE CHANGE
JANUARY-NOVEMBER 2018/2017 YTD AND
PERCENTAGE CHANGE NOVEMBER 2018/2017

COUNTRY	YTD	NOVEMBER
Germany	-2.9	-10.8
France	+2.8	+ 3.4
Ireland	+5.2	+12.2
Poland	+3.7	- 2.0

EU butter exports January-November 2018, 119,178 MT, decreased 6 percent from the same period of 2017 according to Eurostat.

EU BUTTER EXPORTS – TOP 3 DESTINATIONS
Metric Tons January-November 2018
Percent change 2018/2017

DESTINATION	MT	PERCENT CHANGE
United States	26,453	+6
Saudi Arabia	10,711	+17
China	7,437	n/c

CONTINUED ON PAGE 8A

INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered January 21 - February 1 2019

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.

CONTINUED FROM PAGE 8

SKIM MILK POWDER

Western European skim milk powder prices firmed. Demand is considered calmer but adequately steady to snap up what is available. There is buying interest for spot markets, Q1, Q2 and even Q3 of 2019. The depth of the demand over this time frame is keeping pressure on prices. Buyers outside the EU continue to be actively seeking SMP supplies. Internal EU demand is steady.

The last tender of intervention SMP on January 17 resulted in 18,514 MT of intervention stocks being sold, according to Eurolait. The minimum price set was 1,585 euros/MT. All but 3,651 MT of intervention stocks were sold. The next sale for remaining stocks will occur on February 5, 2019.

Prices for: Europe, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder
Price Range - 1.25% Butterfat; \$/MT: 2,125 - 2,275

Secondary Sourced Information:

EU SMP production through November 2018 was 1.0 percent lower than 2017 according to Eurostat. November 2018 production was 7.4 percent lower than November 2017. The table below shows data for some top milk producing EU countries.

SMP PRODUCTION PERCENTAGE CHANGE
JANUARY-NOVEMBER 2018/2017 YTD AND
PERCENTAGE CHANGE NOVEMBER 2018/2017

COUNTRY	YTD	NOVEMBER
Germany	-1.4	-10.9
France	-2.4	-19.5
Belgium	+11.2	- 2.9
Poland	+12.3	+14.3

EU SMP exports January-November 2018, 758,818 MT, increased 5 percent from the same period of 2017 according to Eurostat.

EU SMP EXPORTS – TOP 3 DESTINATIONS
Metric Tons January-November 2018
Percent change 2018/2017

DESTINATION	MT	PERCENT CHANGE
Algeria	132,697	+12
China	85,352	+24
Indonesia	51,412	- 8

WHEY

European sweet whey prices are higher at the low end of the price range but firm at the top. This reflects recent stronger buying interest. Pricing in coming weeks is expected to benefit from continued good buying activity. Whey supplies are tighter than many buyers would like. Cheese production continuing to remain lower than optimal is a concern in whey markets.

Prices for: Western Europe, All First Sales, Free on Board - Port, Conventional, and Edible Dry Whey
Price Range - Non-Hygroscopic; \$/MT: 1,000 - 1,075

WHOLE MILK POWDER

Whole milk powder prices in Western Europe are higher. The market has a firm undertone. Most sales are going to the internal EU market. Export sales are slow and are expected to stay that way with Oceania WMP prices being more attractive to buyers. Another factor in play is that lower WMP production in Europe, reflecting the state of milk production, leaves less WMP available to export after internal markets are taken care of. Manufacturers are expected to continue a focus on supplying Europe in coming months.

Prices for: Europe, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder
Price Range - 26% Butterfat; \$/MT: 3,175 - 3,375

Secondary Sourced Information:

EU WMP production through November 2018 was 5.1 percent lower than 2017 according to Eurostat. November 2018 production was 18.9 percent lower than November 2017. The table below shows data for some top milk producing EU countries.

WMP PRODUCTION PERCENTAGE CHANGE
JANUARY-NOVEMBER 2018/2017 YTD AND
PERCENTAGE CHANGE NOVEMBER 2018/2017

COUNTRY	YTD	NOVEMBER
Netherlands	-11.9	-28.9
Germany	+ 7.3	- 8.6
France	-19.0	-17.1

EU WMP exports January-November 2018, 316,285 MT, decreased 14 percent from the same period of 2017 according to Eurostat.

EU WMP EXPORTS – TOP 3 DESTINATIONS

Metric Tons January-November 2018
Percent change 2018/2017

DESTINATION	MT	PERCENT CHANGE
Oman	47,472	+25
Algeria	25,523	-59
China	20,746	-7

EASTERN OVERVIEW

Poland continues to be a strong performer in the EU dairy industry. It is the sixth largest EU milk producer and the largest in Eastern Europe. November 2018 production was 3.0 percent greater than November 2017. January-November 2018 was 2.5 percent greater than the prior year. Poland is number 5 in EU cheese production, narrowly trailing Netherlands. January-November 2018 cheese production was up 2.0 percent. November 2018 was up 0.2 percent from November 2017.

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered January 21 - February 1, 2019

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

OCEANIA DAIRY MARKET OVERVIEW

Australia: Weather is not giving any relief to depressed milk production in Australia. Heat continues to be a very serious problem starting 2019. Peak temperatures in some inland areas this week hit 115 degrees Fahrenheit. Wildfires rage. The dry conditions have led to severe dust storms. Power usage is so high that power outages are increasingly common. Public owned electric trains have been slowed with reduced schedules to save power. All of this hangs over the dairy industry. Feed is getting harder to find, poorer quality, and more expensive. Some dairy producers are having great difficulty getting enough water to cows. Cows are literally dying. It is a very sad and painful situation. The recovery timetable is uncertain.

Seasonal milk production in Australia through November is 4.8 percent lower than last year. The states of South Australia and Tasmania are up, but the other four states, which account for the bulk of milk production, are lower. The following table displays Dairy Australia data through November.

AUSTRALIA MILK PRODUCTION, MILKFAT and PROTEIN

State	July-November 2018		November 2018	
	Million Liters	Percent Change From 1 Year Ago	Milkfat Percentage	Protein Percentage
New South Wales	466.3	-9.5	3.87	3.19
Victoria	2,732.1	-5.5	4.02	3.34
Queensland	165.2	-10.0	3.92	3.22
South Australia	221.3	+3.5	3.74	3.21
Western Australia	166.5	-1.5	3.86	3.29
Tasmania	383.9	+4.1	4.14	3.40
Australia (Total)	4,135.3	-4.8	4.00*	3.32**

* +2.0 percent from prior year period

** +0.2 percent from prior year period

Data from Dairy Australia

New Zealand: New Zealand is approaching a four to six week period when the final outcome of the milk production season will be essentially determined. The very good seasonal increases so far are not expected to slip much. Barring unexpected weather, the point of reasonable seasonal certainty is drawing closer. Parts of each island reached inland highs in the mid 80s Fahrenheit. Many coastal areas are slightly cooler. This is tolerable weather for late January in New Zealand. There has been light rain over much of the country.

December 2018 New Zealand milk production reported by DCANZ was 2.7 million MT, up 3.8 percent from December 2017 milk production, 2.6 million MT. December 2018 milk solids, 228.2 million kg, are up 6.1 percent from December 2017, 215.1 million kg.

Full year 2018 New Zealand milk production reported by DCANZ was 21.9 million MT, up 1.9 percent from full year 2017 milk production, 21.5 million MT. Full year 2018 milk solids, 1.894 billion kg, are up 2.1 percent from full year 2017, 1.855 billion kg.

BUTTER/BUTTEROIL

Oceania butter prices firmed. They remain lower than European prices. Looking ahead, many people expect continued price strength in the coming months. The question week to week is expected to mostly be the magnitude of the upward price trend.

Butter production in Oceania is primarily destined to fill contracts already in place or contribute to carryover stocks needed as seasonal production moves lower in coming months. Spot market butter availability is limited.

Oceania, 82% Butterfat, Free on Board - Port Butter

Price Range - \$/MT: 4,200 - 4,325

Secondary Sourced Information:

Seasonal 2018 exports of butter (July-November) from Australia, 5,285 MT, increased 28.2 percent from the previous year according to Dairy Australia. The value of the 2018 butter exports, 41.1 million Australian dollars, increased 31.6 percent from last year.

SKIM MILK POWDER

Prices for skim milk powder in Oceania increased slightly at the low end of the price range but remained steady at the top. The Oceania price range is higher than in Western Europe. Oceania price strength is expected to continue in coming months. However, there is no consensus whether this will move prices much higher than presently. Almost no one expects near term price weakness.

SMP demand remains strong, keeping the available current supplies tight. Production has begun to slow for the season. Output is still decent for this time of year but is past the peak.

Prices for: Oceania, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder

Price Range - 1.25% Butterfat; \$/MT: 2,350 - 2,650

Secondary Sourced Information:

Seasonal 2018 exports of SMP (July-November) from Australia, 63,127 MT, decreased 2.4 percent from the previous year according to Dairy Australia. The value of the 2018 SMP exports, 191.2 million Australian dollars, decreased 0.3 percent from last year.

CHEESE

Oceania cheddar prices slightly firmed at the low end of the price range but remained steady at the top. The price adjustment reflects a generally steady market.

Cheddar production is taking care of existing commitments. Stocks on hand are decent, but ideally need to increase before the low months of milk production. This keeps currently available cheese supplies a bit tight.

CONTINUED ON PAGE 8C

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered January 21 - February 1, 2019

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.

CONTINUED FROM PAGE 8B

Prices for: Oceania Cheese, Cheddar, Free on Board - Port,
Price Range - \$/MT: 3,450 -
3,550

Secondary Sourced Information:

Seasonal 2018 exports of cheddar (July-November) from Australia, 23,636 MT, increased 16.2 percent from the previous year according to Dairy Australia. The value of the 2018 cheddar exports, 145.3 million Australian dollars, increased 27.1 percent from last year. Seasonal 2018 exports of other cheese (July-November) from Australia, 45,167 MT, decreased 2.7 percent from the previous year according to Dairy Australia. The value of the 2018 other cheese exports, 265.2 million Australian dollars, increased 6.3 percent from last year.

WHOLE MILK POWDER

Whole milk powder prices in Oceania strengthened. Buyers are eager to lock in future supplies. This is expected to continue to support strengthening prices in coming months as regional milk production continues to move down seasonally. Many plants welcome as much milk as they can receive.

WMP now being manufactured is mostly already committed. Manufacturers welcome all the milk they can get. Contracting for Q1 and Q2 is mostly in place. Spot market availability is quite limited. Price firming continues to assure manufacturers that making WMP is a good production decision.

Prices for: Oceania, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder
Price Range - 26% Butterfat; \$/MT: 2,775 - 2,825

Secondary Sourced Information:

Seasonal 2018 exports of WMP (July-November) from Australia, 21,874 MT, decreased 35.3 percent from the previous year according to Dairy Australia. The value of the 2018 SMP exports, 186.0 million Australian dollars, decreased 47.6 percent from last year.

**Exchange rates for selected foreign currencies:
January 28, 2019**

.0269 Argentina Peso	.0141 India Rupee
.7164 Australian Dollar	.0092 Japan yen
.2658 Brazil Real	.0525 Mexican Peso
.7541 Canadian Dollar	.6831 New Zealand Dollar
.0015 Chile Peso	.2662 Poland Zloty
1.1429 Euro	.0307 Uruguay Peso

Conversion example: To compare the value of 1 US Dollar to Mexican Pesos: $(1/.0525) = 19.0476$ Mexican Pesos. Source: "Wall Street Journal"

INTERNATIONAL DAIRY MARKET NEWS - SOUTH AMERICA

Information gathered January 21 - February 1, 2019

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

The main dairy producing countries in South America are suffering some effects of the El Niño phenomenon, such as heavy rains. Although these atmospheric effects had not been catastrophic, they are still harming the continental dairy industry, especially the dairy farmers. That said, the humidity conditions in several dairy basins in Argentina and Uruguay continue to hamper milk yields. On the contrary, the production of farm milk continues to improve in Brazil. In general, at the continental level, milk intakes are enough to meet most manufacturing needs as most schools remain closed and requests from bottlers are down. Cream supplies remain limited while butterfat demands strengthen among the cream-based dairy markets. Manufacturing of cheese, butter and yogurt are active. However, the general consumption of dairy products in the continent is slow, according to several industry contacts. In contrast, international interest, especially from Algeria, remains strong.

SKIM MILK POWDER

South America f.o.b. export prices for skim milk powder (SMP) shifted down on light trading. Prices have been very volatile during the past couples of weeks, which is typical for a niche market, especially in uncertain circumstances. Prices are reflecting slow export transactions within and outside the Mercosur bloc. In general, SMP production is unsteady, while inventories are mixed throughout the continent. Market conditions are expected to be clearer during the next upcoming weeks, but for now, the market is unsettled for most contacts in the industry.

Prices for: South America, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder

Price Range - 1.25% Butterfat; \$/MT: 2,475 - 2,775

WHOLE MILK POWDER

In South America, free on board export prices for whole milk powder (WMP) shifted down at the lower end of the range, but rose at the higher end on moderate trading. The current prices are reflecting mixed conditions in the market within the last two weeks. While several processors report a balanced WMP market in terms of demand and supply, some customers differ from this. According to several buyers/end users, WMP supplies are above their needs, thus, prices should be lower, at least within the Mercosur bloc. Meanwhile, in terms of production, WMP manufacturing is less active compared to one or two months ago mainly due to lower farm milk intakes throughout the continent. Demand within South America is reported as sluggish, while offshore interest, especially from Algeria is strong. In fact, relatively weak currencies in the Southern Cone countries are enhancing exports to Africa and Russia.

Prices for: South America, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder

Price Range - 26% Butterfat; \$/MT: 2,575 - 3,150

CME GROUP, INC FUTURES

Selected settling prices

Month	01/18	01/21	01/22	01/23	01/24	01/25	01/28	01/29	01/30	01/31
III MILK FUTURES (Pit-Traded) (\$/cwt)										
JAN 19	13.99	NO TRADING	13.99	13.98	13.98	13.98	13.98	13.98	13.98	
FEB 19	14.22		14.13	13.97	13.94	13.98	13.98	14.05	14.03	14.02
MAR 19	14.64		14.49	14.22	14.12	14.26	14.24	14.39	14.46	14.36
APR 19	15.05		14.88	14.60	14.46	14.53	14.48	14.57	14.64	14.53
MAY 19	15.53		15.40	15.11	14.98	15.03	15.00	15.06	15.18	15.04
JUN 19	15.85		15.76	15.52	15.42	15.44	15.43	15.48	15.57	15.48
JUL 19	16.22		16.14	15.98	15.87	15.90	15.87	15.90	15.95	15.97
AUG 19	16.41		16.35	16.23	16.13	16.15	16.16	16.20	16.26	16.25
SEP 19	16.57		16.51	16.42	16.33	16.34	16.36	16.40	16.45	16.43
CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)										
JAN 19	15.51	NO TRADING	15.51	15.51	15.51	15.51	15.51	15.54	15.48	
FEB 19	15.97		15.94	15.75	15.82	15.91	15.87	15.93	15.85	15.83
MAR 19	16.06		16.00	15.89	15.84	15.98	16.00	16.06	16.02	15.99
APR 19	16.29		16.22	16.02	16.07	16.20	16.22	16.26	16.26	16.22
CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)										
JAN 19	223.53	NO TRADING	223.50	223.50	223.50	223.50	223.50	223.95	223.43	
FEB 19	225.00		224.50	223.75	224.00	225.00	225.80	226.00	226.43	226.23
MAR 19	224.98		224.40	224.48	224.90	225.50	226.50	227.75	228.95	228.50
APR 19	227.00		227.00	226.23	226.63	227.43	228.95	229.50	230.45	230.03
NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)										
JAN 19	95.00	NO TRADING	95.00	95.00	95.00	95.25	95.25	95.25	95.13	
FEB 19	100.50		100.50	99.03	99.20	99.30	99.60	99.53	98.53	98.73
MAR 19	101.50		101.38	99.00	99.50	100.28	100.00	100.25	99.00	99.15
APR 19	103.28		103.33	100.50	100.50	101.90	101.88	102.03	100.43	100.43
WHEY (Electronic-Traded) (¢/lb)										
JAN 19	48.33	NO TRADING	48.33	48.25	48.33	48.35	48.35	48.25	48.05	
FEB 19	47.50		47.00	45.60	45.90	45.85	45.85	46.00	45.95	45.95
MAR 19	45.70		44.50	43.23	43.05	43.10	44.00	44.25	43.80	43.75
APR 19	44.35		43.73	41.85	41.03	41.23	41.70	41.80	41.80	41.80
CHEESE CSC (Electronic-Traded) (\$/lb)										
JAN 19	1.39	NO TRADING	1.39	1.39	1.39	1.39	1.39	1.39	1.39	
FEB 19	1.41		1.41	1.40	1.40	1.40	1.40	1.41	1.41	1.40
MAR 19	1.47		1.46	1.44	1.43	1.45	1.44	1.45	1.46	1.45
APR 19	1.52		1.51	1.49	1.48	1.49	1.48	1.49	1.49	1.48

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

2019 MONTHLY AVERAGES

AREA and PRODUCT	: JAN
CME Group ¹	
BUTTER - DAILY TRADING	
GRADE AA	2.2481
CHEESE - DAILY TRADING	
BARRELS	1.2379
40 POUND BLOCKS	1.4087
NONFAT DRY MILK - DAILY TRADING	
GRADE A	1.0075
WHEY - DAILY TRADING	
EXTRA GRADE	0.4640
DAIRY MARKET NEWS ²	
CHEESE	
WISCONSIN	
PROCESS AMERICAN 5 POUND LOAF	1.5164
BRICK AND/OR MUENSTER 5 POUNDS	1.9720
CHEDDAR 40 POUND BLOCK	1.6845
MONTEREY JACK 10 POUNDS	1.8370
BLUE 5 POUNDS	2.5620
MOZZARELLA 5-6 POUNDS	2.0295
SWISS 6-9 POUND CUTS	2.7577
NORTHEAST	
CHEDDAR 40 POUND BLOCK	1.9945
PROCESS AMERICAN 5 POUND SLICED	1.6214
MUENSTER	2.0120
SWISS 10-14 POUND CUTS	3.3452
WEST	
PROCESS AMERICAN 5 POUND LOAF	1.4514
CHEDDAR 40 POUND BLOCK	1.7408
CHEDDAR 10 POUND CUTS	1.8095
MONTEREY JACK 10 POUNDS	1.7895
SWISS 6-9 POUND CUTS	2.9964
FLUID PRODUCTS	
CLASS II CREAM	
NORTHEAST - F.O.B.	2.4925
UPPER MIDWEST - F.O.B.	2.6433
CONDENSED SKIM - NORTHEAST - F.O.B.	
CLASS II	0.7567
CLASS III	0.7357

1 Monthly averages are a simple average of all the closes during the month.

2 Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays, Sundays and National Holidays excluded.

2019 MONTHLY AVERAGES

AREA and PRODUCT	:	JAN
DAIRY MARKET NEWS, CONTINUED ²		
DRY PRODUCTS		
NONFAT DRY MILK		
CENTRAL/EAST - LOW/MEDIUM HEAT		0.9669
--MOSTLY		0.9821
CENTRAL/EAST - HIGH HEAT		1.0769
WEST - LOW/MEDIUM HEAT		0.9848
--MOSTLY		0.9807
WEST - HIGH HEAT		1.1199
WHEY POWDER		
CENTRAL -		0.4488
--MOSTLY		0.4676
WEST -		0.4645
--MOSTLY		0.4689
NORTHEAST - EXTRA AND GRADE A		0.4924
WHEY PROTEIN CONCENTRATE 34%		
CENTRAL AND WEST		0.9293
-- MOSTLY		0.8929
ANIMAL FEED		
CENTRAL - MILK REPLACER		0.3655
DRY BUTTERMILK		
CENTRAL/EAST		0.9780
WEST		0.9250
--MOSTLY		0.9286
DRY WHOLE MILK		
NATIONAL		1.5750
LACTOSE		
CENTRAL AND WEST		0.3652
-- MOSTLY		0.3700
CASEIN		
RENNET		2.4540
ACID		3.0651

2 Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month - Saturdays and Sundays and National Holidays excluded.

2019 INTERNATIONAL MONTHLY AVERAGES

AREA and PRODUCT	: JAN
DAIRY MARKET NEWS ³	
BUTTER (82% BUTTERFAT)	
-- OCEANIA	4215
-- WEST EUROPE	5060
BUTEROIL (99% BUTTERFAT)	
-- WEST EUROPE	6842
CHEDDAR CHEESE (39% MAXIMUM MOISTURE)	
-- OCEANIA	3484
SKIM MILK POWDER (1.25% BUTTERFAT)	
-- OCEANIA	2451
-- SOUTH AMERICA	2651
-- WEST EUROPE	2125
WHEY POWDER (NONHYGROSCOPIC)	
-- WEST EUROPE	1006
WHOLE MILK POWDER (26% BUTTERFAT)	
-- OCEANIA	2768
-- SOUTH AMERICA	2842
-- WEST EUROPE	3199

³ Monthly averages are based on weekly prices and are time-weighted according to the number of workdays in the month – Saturdays and Sundays excluded.

November Agricultural Prices Highlights

The All Milk price received by farmers was \$17.00 in November, down \$1.20 from November 2017. The alfalfa hay price was \$175.00 in November, up \$25.00 from November 2017. The corn price was \$3.41 in November, up \$0.26 from November 2017. The soybean price was \$8.37 in November, down \$0.85 from November 2017. The milk-feed price ratio was 2.18 in November, down 0.36 from November 2017.

The index of prices received by farmers for dairy products during the month of November 2018 was down 2 to 84.6 Compared to November 2017, the index was down 5.9 points (-6.5 percent). The index of prices paid by farmers for commodities and services, interest, taxes, and wage rates in November 2018 was down 0.4 points to 109.0. Compared with November 2017, the index was up 1.9 points (1.8 percent).

Selected Milk Prices, Milk Cows, and Feed Prices, Selected States and U.S., November 2018 with Comparisons								
State	All-Milk price ^{1,2}		Alfalfa hay, baled		Corn for Grain		Soybeans	
	November		November		November		November	
	2017	2018	2017	2018	2017	2018	2017	2018
	<i>(dollars per cwt)</i>		<i>(dollars per ton)</i>		<i>(dollars per bushel)</i>		<i>(dollars per bushel)</i>	
AZ	16.70	16.40	170.00	190.00	(D)	(D)	---	---
CA	16.85	16.44	185.00	205.00	(D)	(D)	---	---
CO	18.50	17.60	170.00	225.00	3.24	3.65	---	---
ID	18.10	16.20	140.00	160.00	(D)	4.47	---	---
IN	17.90	17.20	195.00	185.00	3.32	3.49	9.41	8.58
IA	18.80	16.50	133.00	127.00	3.14	3.40	9.21	8.49
MI	16.60	16.10	160.00	165.00	3.24	3.34	9.22	8.37
MN	18.80	16.80	134.00	156.00	2.92	3.26	9.07	8.35
NM	17.10	15.30	180.00	250.00	(D)	(D)	---	---
NY	18.30	17.80	244.00	185.00	3.78	3.93	---	---
OH	18.70	17.50	180.00	180.00	3.37	3.48	9.44	8.67
PA	18.90	18.00	191.00	217.00	3.74	3.87	---	---
TX	19.20	17.50	174.00	203.00	3.81	4.11	---	---
WA	18.30	17.80	150.00	185.00	(D)	(D)	---	---
WI	19.10	16.90	138.00	180.00	3.12	3.35	9.40	8.28
U.S.	18.20	17.00	150.00	175.00	3.15	3.41	9.22	8.37

NA = Not available. (D) = Withheld to avoid disclosing data for individual operations. (S) = Insufficient number of reports to establish an estimate. ¹ Prices are shown at reported butterfat test. ² Before deduction for hauling. Includes quality, quantity, and other premiums. Excludes hauling subsidies.

Milk-Feed Price Ratio, Selected States and U.S., November 2018 with Comparisons			
Milk-feed: pounds of 16% mixed dairy feed equal in value to 1 pound of whole milk ¹			
State ²	November 2017	October 2018	November 2018
IA	2.76	2.55	2.42
MI	2.32	2.19	2.14
MN	2.84	2.59	2.31
OH	2.59	2.52	2.28
WI	2.76	2.31	2.15
U.S.	2.54	2.20	2.18

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

General Price Measures, U.S., November 2018 with Comparisons			
Item	November 2017	October 2018	November 2018
Index Numbers (1990-92=100):			
Prices received by farmers for dairy production	90.5	86.6	84.6
Prices paid by farmers for commodities and services, interest taxes, and wage rates	107.1	109.4	109.0

Source: U.S. Department of Agriculture. National Agricultural Statistics Service. Agricultural Statistics Board. *Agricultural Prices, January 2019*.

Final Class Prices by Order, January 2019

January 2019 Highlights

Class Prices: The following are the January 2019 class prices under the Federal milk order pricing system and changes from the previous month: Class II: \$15.74 (+\$0.07), Class III: \$13.96 (+\$0.18), and Class IV: \$15.48 (+\$0.39).

Component Price Information: Under the Federal milk order pricing system, the butterfat price for January 2019 is \$2.4981 per pound. Thus, the Class II butterfat price is \$2.5051 per pound. The protein and other solids prices for January 2019 are \$1.1927 and \$0.2898 per pound, respectively. These component prices set the Class III skim milk price at \$5.41 per cwt. The January 2019 Class IV skim milk price is \$6.98, which is derived from the nonfat solids price of \$0.7757 per pound.

Product Price Averages: The product price averages for January 2019 are: butter: \$2.2343, nonfat dry milk: \$0.9513, cheese: \$1.3868 and dry whey: \$0.4805.

Final Class Prices for January 2019

Federal Milk Order Minimum Class Prices for Milk of 3.5 Percent Butterfat ^{1, 2}

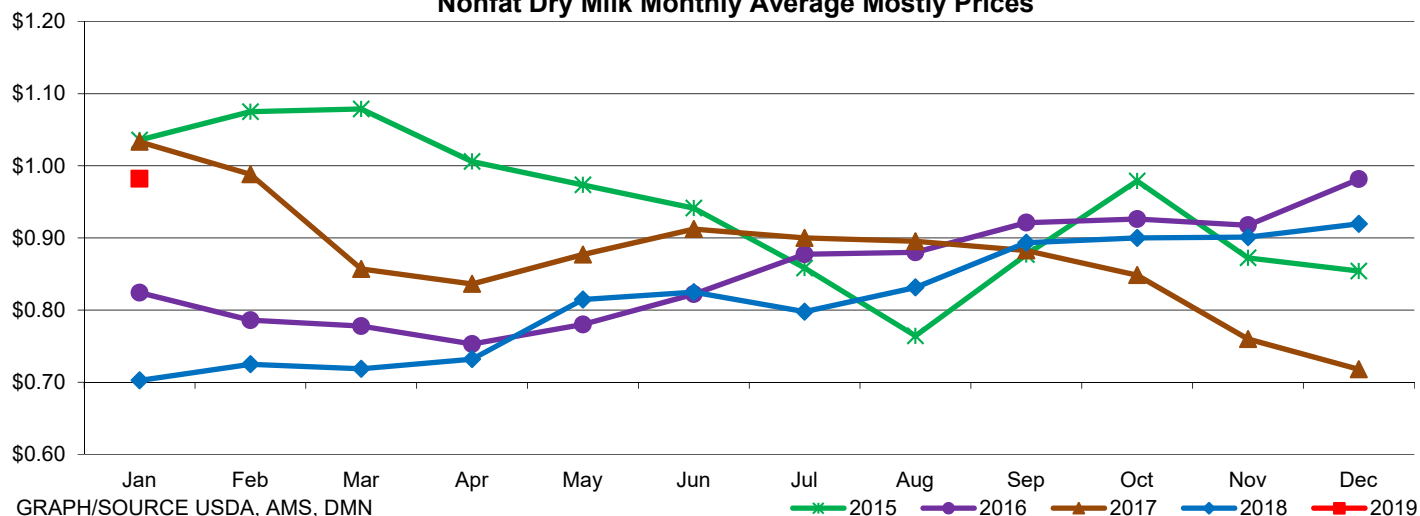
Federal Milk Order Marketing Area ³	Order Number	Jan 2019				Feb 2019
		Class I	Class II	Class III	Class IV	Class I
		<i>(dollars per cwt)</i>				
Northeast (Boston) *	001	18.37	15.74	13.96	15.48	18.55
Appalachian (Charlotte) *	005	18.52	15.74	13.96	15.48	18.70
Florida (Tampa) *	006	20.52	15.74	13.96	15.48	20.70
Southeast (Atlanta) *	007	18.92	15.74	13.96	15.48	19.10
Upper Midwest (Chicago) *	030	16.92	15.74	13.96	15.48	17.10
Central (Kansas City) *	032	17.12	15.74	13.96	15.48	17.30
Mideast (Cleveland) *	033	17.12	15.74	13.96	15.48	17.30
California (Los Angeles) *	051	17.22	15.74	13.96	15.48	17.40
Pacific Northwest (Seattle) *	124	17.02	15.74	13.96	15.48	17.20
Southwest (Dallas) *	126	18.12	15.74	13.96	15.48	18.30
Arizona (Phoenix)	131	17.47	15.74	13.96	15.48	17.65
All-Market Average		17.94	15.74	13.96	15.48	18.12

¹ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63 - the approximate number of gallons in 100 pounds of milk. ² The mandatory \$0.20 per cwt processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. ³ Names in parentheses are the major city in the principal pricing point of the markets.

* Marketing Area footnotes: Class I prices at other cities are: Northeast (Boston): New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25, and Washington, DC, minus \$0.25; Appalachian (Charlotte): Knoxville, minus \$0.20; and Louisville, minus \$1.10; Florida (Tampa): Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40; Southeast (Atlanta): New Orleans, same; Memphis, minus \$0.90; Nashville, minus \$0.90; and Springfield, MO, minus \$1.40; Upper Midwest (Chicago): Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10; Central (Kansas City): Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55; Mideast (Cleveland): Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20; California (Los Angeles): San Francisco, minus \$0.30; Sacramento, minus \$0.40; Tulare, minus \$0.50; Pacific Northwest (Seattle): Portland, same; and Spokane, same; Southwest (Dallas): 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

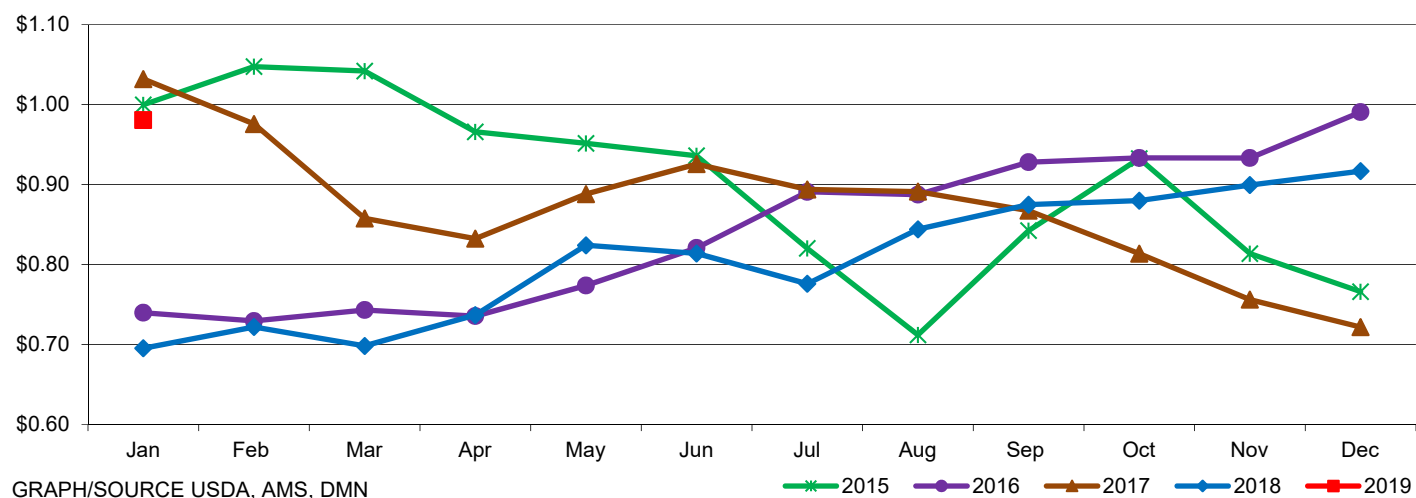
PER POUND

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



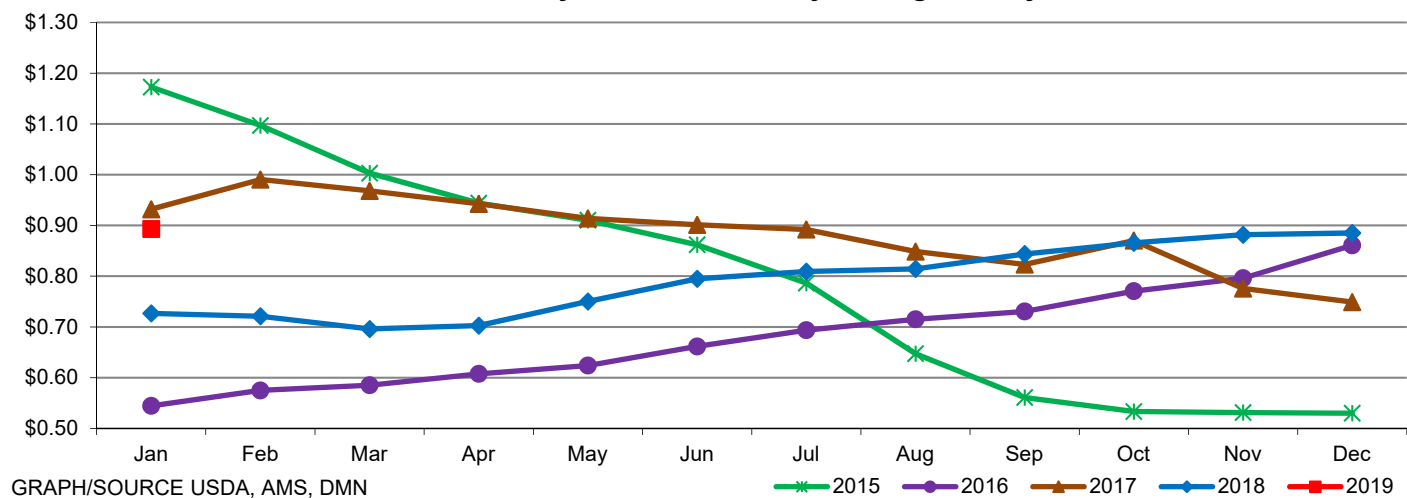
PER POUND

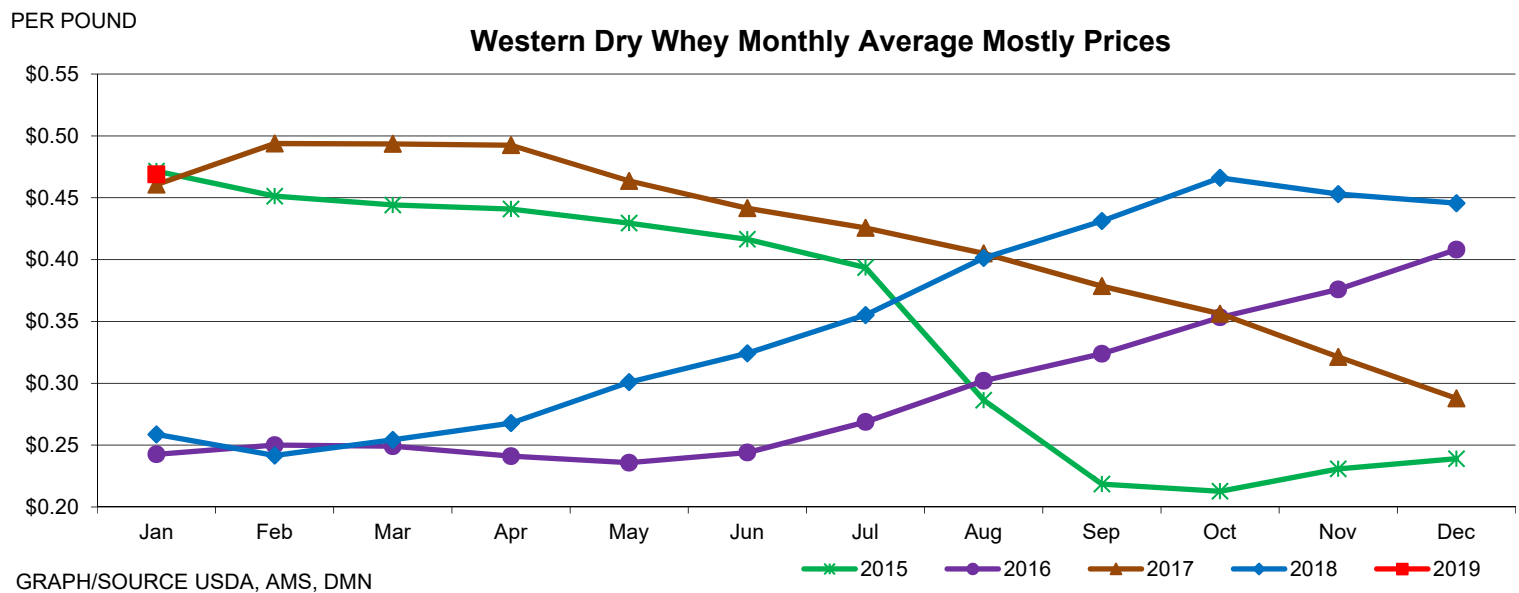
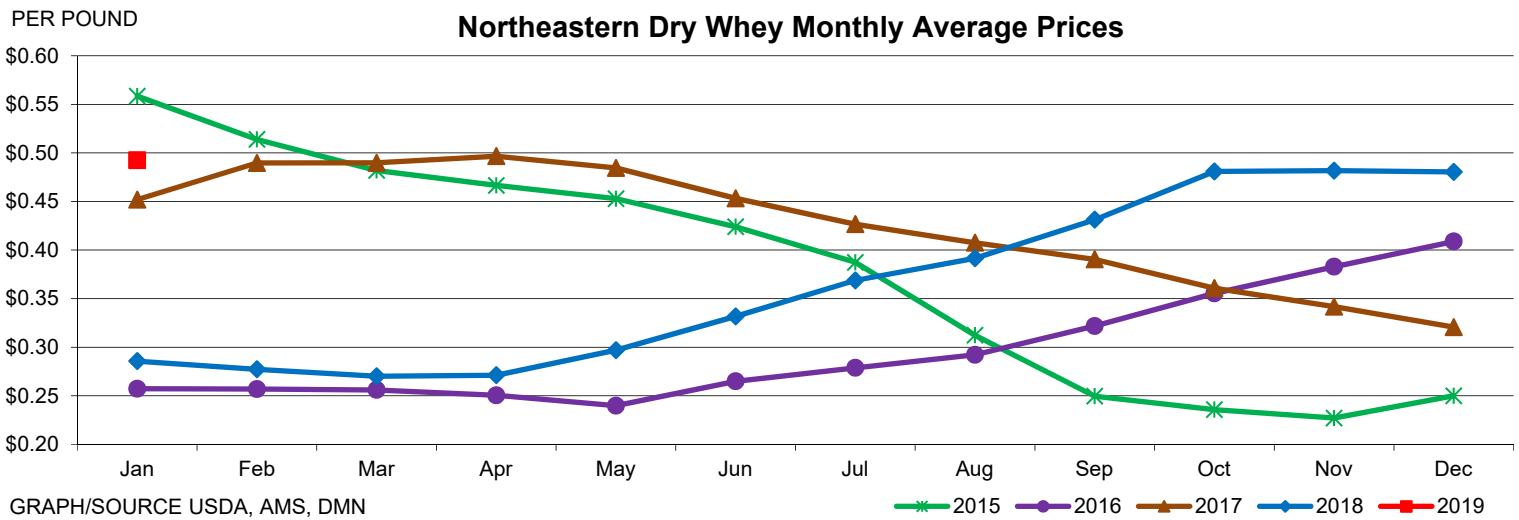
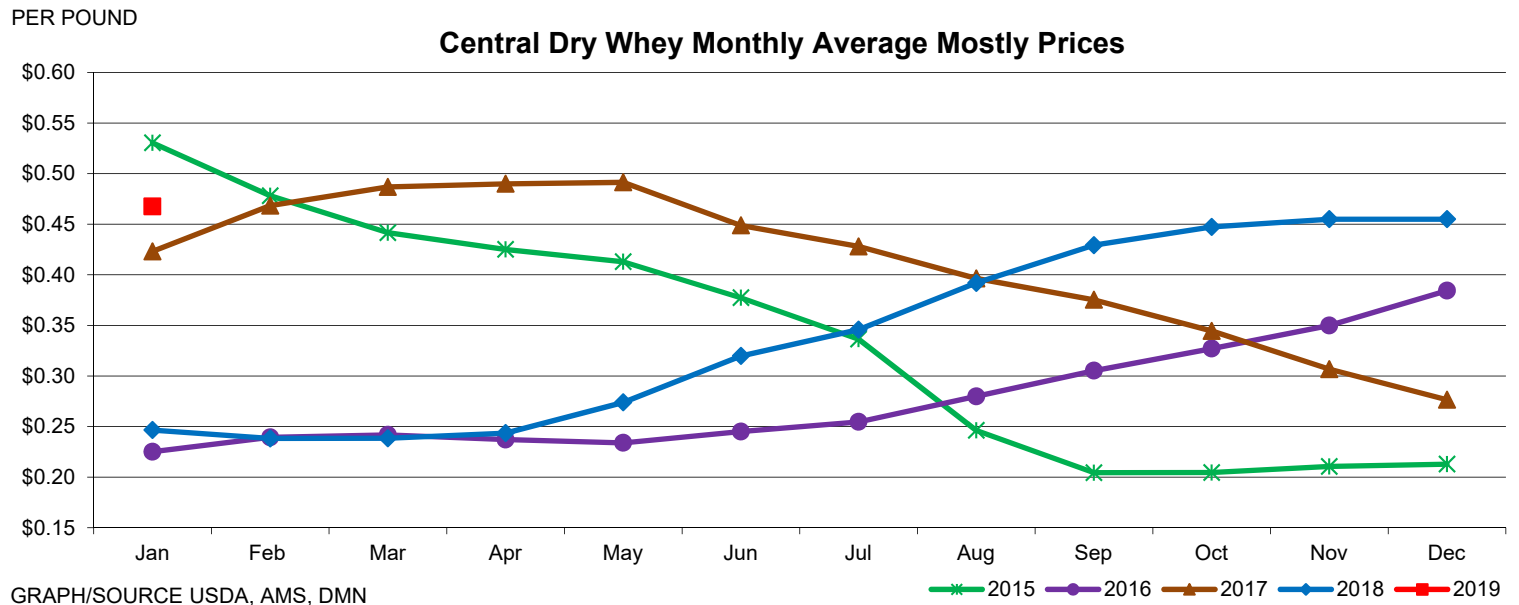
Western Low/Medium Heat Nonfat Dry Milk Monthly Average Mostly Prices



PER POUND

Central & West Dry WPC 34% Monthly Average Mostly Prices







Dairy Market News Branch

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Friday, February 1, 2019

Advertised Prices for Dairy Products at Major Retail Supermarket Outlets ending during the period of 02/01/2019 to 02/07/2019

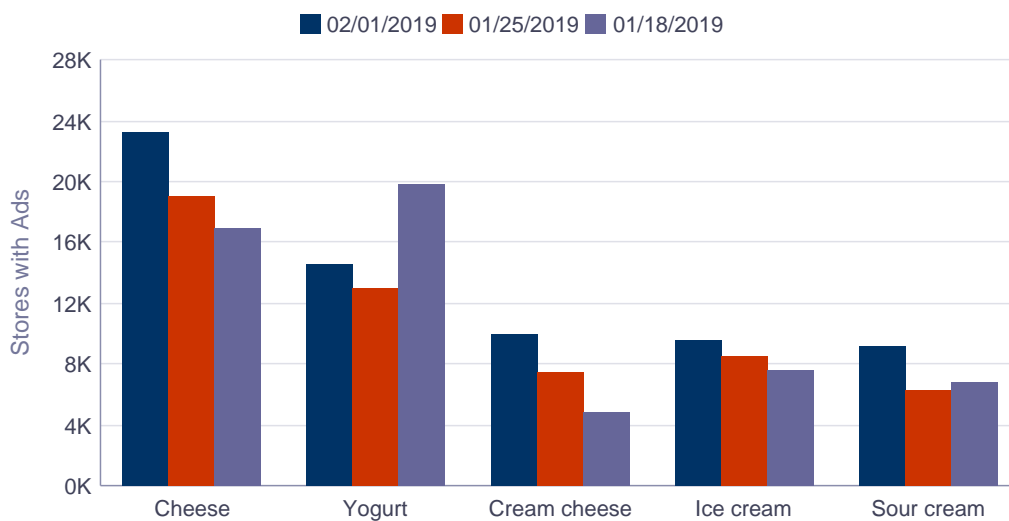
Ad numbers for conventional 16 oz sour cream increased 47 percent. The weighted average advertised price, \$1.75, increased 10 cents from last week. There are no ads for organic sour cream.

The national weighted average advertised price for conventional milk half gallons is \$2.46, compared to \$3.63 for organic milk half gallons, an organic price premium of \$1.17. Conventional milk ad numbers decreased 75 percent. Organic milk ad numbers increased 68 percent. There are nearly eighteen times more ads for organic half gallons than conventional half gallons.

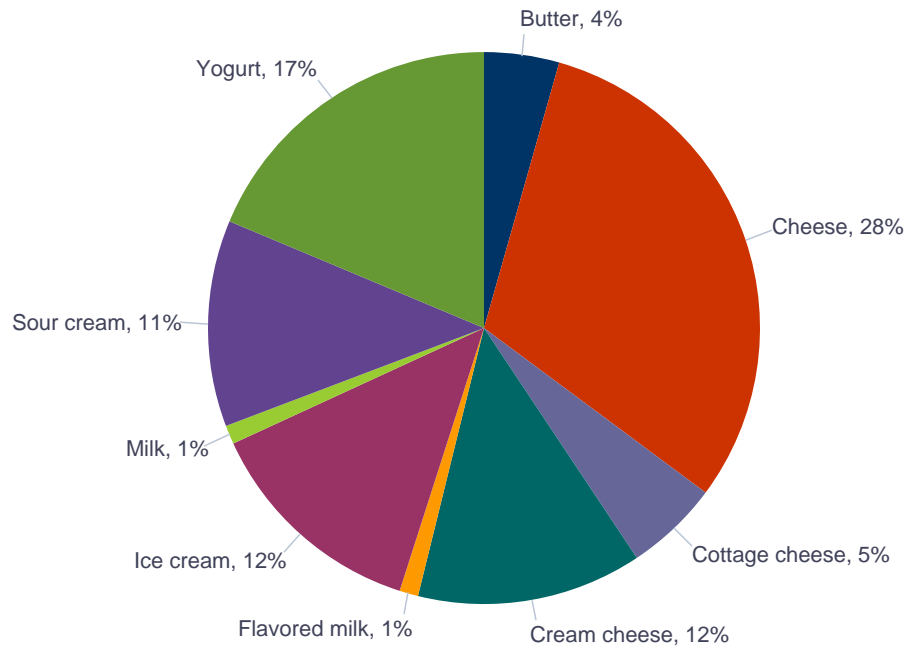
Conventional cheese ad numbers increased 22 percent. The weighted average price for conventional 8 oz shred cheese is \$2.11. The weighted average price for organic 8 oz shred cheese is \$3.99, a \$1.88 cent organic price premium. Conventional 8 oz shred cheese was the second most advertised category/size this week. Ad numbers for conventional 8 oz block cheese, the single most advertised category/size, increased 42 percent, with a weighted average advertised price of \$2.05, down 23 cents.

Conventional yogurt ad numbers increased 17 percent. Organic yogurt ads decreased 53 percent. The weighted average advertised price for conventional Greek yogurt in 4 to 6 oz. containers is \$0.96, up 2 cents from last week. The weighted average price for conventional yogurt in 4 to 6 oz. containers, \$0.52, is up 3 cents from last week.

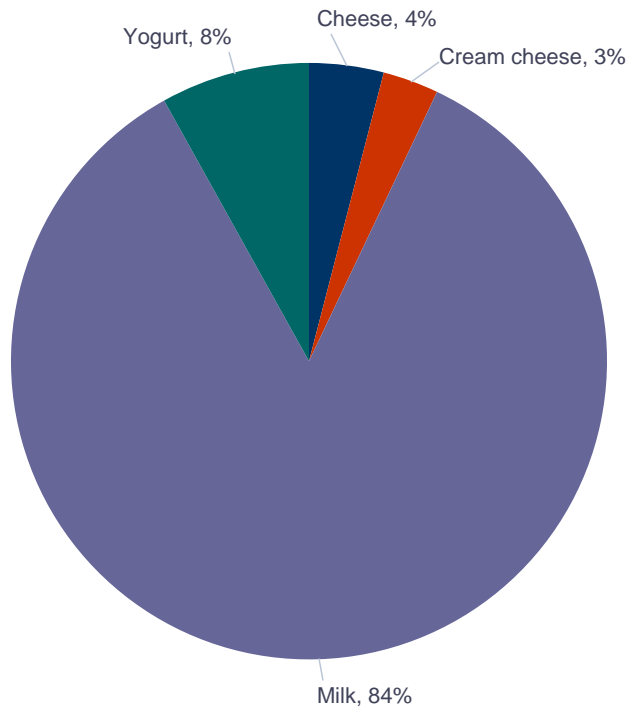
Top 5 Commodities Featured This Week



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 #	3460	3.55	2482	3.30	3612	3.79
Cheese	Natural Varieties	8 oz block	10275	2.05	7243	2.28	9180	2.10
Cheese	Natural Varieties	1 # block	888	3.22	1602	3.64	2770	3.37
Cheese	Natural Varieties	2 # block	1009	5.08	467	5.40	945	5.36
Cheese	Natural Varieties	8 oz shred	10054	2.11	8383	2.23	10731	2.18
Cheese	Natural Varieties	1 # shred	820	2.91	1240	3.64	1668	3.13
Cottage cheese		16 oz	4377	1.84	4732	1.85	3986	1.90
Cream cheese		8 oz	9252	1.73	7402	1.73	11274	1.65
Flavored milk	All fat tests	half gallon	802	1.99	640	1.69	1599	2.34
Flavored milk	All fat tests	gallon	219	1.99	422	3.49	139	2.85
Ice cream		48-64oz	9551	3.08	8523	3.05	10782	3.03
Milk	All fat tests	half gallon	205	2.46	1684	1.00	651	1.27
Milk	All fat tests	gallon	658	2.65	1721	2.65	828	2.88
Sour cream		16 oz	9242	1.75	6293	1.65	10468	1.75
Yogurt	Greek	4-6 oz	8495	.96	7001	.94	11459	.97
Yogurt	Greek	32 oz	1634	4.12	1489	4.20	1513	4.41
Yogurt	Yogurt	4-6 oz	3523	.52	2757	.49	4264	.52
Yogurt	Yogurt	32 oz	417	1.95	859	2.08	1388	2.63

REGIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	2.50-4.49	1106	3.16	3.99	214	3.99	2.59-3.33	282	2.77
Cheese	Natural Varieties	8 oz block	1.66-3.00	2365	2.24	1.23-3.00	4726	2.03	1.00-2.49	368	1.77
Cheese	Natural Varieties	1 # block	3.99-4.99	144	4.49				2.49-2.99	544	2.69
Cheese	Natural Varieties	8 oz shred	1.50-3.49	2559	2.10	1.50-3.50	2781	2.01	1.00-2.49	1449	1.99
Cheese	Natural Varieties	1 # shred	3.99	135	3.99				2.49-3.00	380	2.86
Cottage cheese		16 oz	1.66-2.99	897	2.00	0.89-2.00	1800	1.93	0.89-1.66	681	1.30
Cream cheese		8 oz	0.79-2.50	2519	1.67	1.50-2.49	1848	1.72	1.00-2.49	1412	1.74
Flavored milk	All fat tests	half gallon	2.00	100	2.00				1.99-2.00	223	2.00
Ice cream		48-64oz	1.99-3.99	3025	3.02	2.29-3.99	3255	2.99	2.29-3.88	1367	2.73
Milk	All fat tests	gallon	3.49	137	3.49				1.98-1.99	110	1.98
Sour cream		16 oz	1.29-2.50	2489	1.80	0.89-2.00	2096	1.89	0.89-2.00	1396	1.43
Yogurt	Greek	4-6 oz	0.69-1.00	2313	.95	0.88-1.00	2551	1.00	0.99-1.00	725	1.00
Yogurt	Greek	32 oz	3.49-4.99	790	4.42	3.50	214	3.50	3.99	180	3.99
Yogurt	Yogurt	4-6 oz	0.42-0.60	1365	.52	0.49-0.50	184	.49	0.50-0.60	525	.55
Yogurt	Yogurt	32 oz	2.69	59	2.69				2.50	69	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 #	3.99	176	3.99	2.49-4.49	1411	3.80	3.99	210	3.99
Cheese	Natural Varieties	8 oz block	1.23-2.49	1855	1.67	1.49-3.29	901	2.60	2.00	60	2.00
Cheese	Natural Varieties	1 # block				3.75	200	3.75			
Cheese	Natural Varieties	2 # block				4.88-4.99	835	4.97	4.99-5.99	174	5.59
Cheese	Natural Varieties	8 oz shred	1.67-2.50	1117	2.01	0.99-3.00	1484	2.20	1.99-3.00	636	2.64
Cheese	Natural Varieties	1 # shred	2.49	305	2.49						
Cottage cheese		16 oz	1.50-2.00	340	1.89	1.50-2.00	424	1.86	1.79-2.50	235	2.06
Cream cheese		8 oz	1.25-2.49	1786	1.84	1.25-2.00	1085	1.69	1.50-1.99	568	1.68
Flavored milk	All fat tests	half gallon	1.67	121	1.67				1.99-2.50	358	2.09
Flavored milk	All fat tests	gallon				1.99	114	1.99	1.99	105	1.99
Ice cream		48-64oz	2.98-4.99	606	3.66	2.99-3.99	951	3.56	2.49-3.00	251	2.75
Milk	All fat tests	half gallon	1.89-3.50	205	2.46						
Milk	All fat tests	gallon	3.78	60	3.78	2.49	246	2.49	1.99	105	1.99
Sour cream		16 oz	0.89-2.00	1352	1.60	0.89-2.50	1236	1.91	0.89-1.99	584	1.58
Yogurt	Greek	4-6 oz	0.80-1.00	869	.90	0.75-1.00	1517	.95	0.87-1.00	493	.96
Yogurt	Greek	32 oz	4.49	99	4.49	4.99	62	4.99	3.50	289	3.50
Yogurt	Yogurt	4-6 oz	0.33-0.77	790	.51	0.49-0.50	631	.50			
Yogurt	Yogurt	32 oz							1.67	289	1.67

Commodity	Type	Pack Size	ALASKA U.S.			HAWAII U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #				3.99-4.50	61	4.27
Cheese	Natural Varieties	8 oz shred	4.99	28	4.99			
Cream cheese		8 oz				2.50	34	2.50
Ice cream		48-64oz	6.99	28	6.99	3.99-5.69	68	4.84
Sour cream		16 oz	3.50	28	3.50	2.99	61	2.99
Yogurt	Greek	4-6 oz				1.00	27	1.00
Yogurt	Yogurt	4-6 oz	1.00	28	1.00			

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 #			121	5.29	1266	5.40
Cheese	Natural Varieties	8 oz block	131	3.99				
Cheese	Natural Varieties	8 oz shred	82	3.99	119	3.49	441	4.15

Wtd Avg - Simple weighted average



Cottage cheese		16 oz			994	3.13		
Cream cheese		8 oz	161	2.99	120	1.99		
Milk	All fat tests	half gallon	3612	3.63	1820	3.98	1972	3.96
Milk	All fat tests	gallon	213	6.01	421	6.85		
Milk	All fat tests	8 oz UHT	341	.92	245	1.10	244	.75
Yogurt	Greek	4-6 oz					284	1.13
Yogurt	Greek	32 oz	214	3.00	137	5.99	121	5.69
Yogurt	Yogurt	4-6 oz			515	.72	277	1.05
Yogurt	Yogurt	32 oz	195	3.50	216	3.50	214	3.00

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
Cream cheese		8 oz	2.99	161	2.99						
Milk	All fat tests	half gallon	3.49-3.99	473	3.82	2.79-4.78	925	3.83	2.79-3.79	740	3.19
Milk	All fat tests	gallon	6.99	108	6.99						
Milk	All fat tests	8 oz UHT	1.00	108	1.00				0.88	233	.88
Yogurt	Greek	32 oz				3.00	214	3.00			
Yogurt	Yogurt	32 oz				3.50	195	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	8 oz block	3.99	131	3.99						
Cheese	Natural Varieties	8 oz shred	3.99	82	3.99						
Milk	All fat tests	half gallon	3.49-4.29	622	3.80	2.49-3.99	563	3.33	3.99	289	3.99
Milk	All fat tests	gallon							5.00	105	5.00

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

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

Wtd Avg - Simple weighted average



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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