

## CASH DAIRY PRODUCT MARKETS

| For Week Ending:                | Weekly Average for Week Ending: |           |           |           |           |           |           | Friday's<br>Close |
|---------------------------------|---------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------------|
|                                 | 10/27/17                        | 11/03/17  | 11/17/17  | 11/22/17  | 12/01/17  | 12/08/17  | 12/15/17  |                   |
| CME Cheddar 40# Blocks          | \$ 1.7450                       | \$ 1.6705 | \$ 1.6875 | \$ 1.6050 | \$ 1.5845 | \$ 1.4895 | \$ 1.4835 | \$ 1.5300         |
| CME Cheddar Barrels             | \$ 1.7225                       | \$ 1.7235 | \$ 1.6770 | \$ 1.6633 | \$ 1.5370 | \$ 1.5925 | \$ 1.6680 | \$ 1.6600         |
| CME Grade "AA" Butter           | \$ 2.2430                       | \$ 2.2185 | \$ 2.2490 | \$ 2.2150 | \$ 2.2050 | \$ 2.2145 | \$ 2.2230 | \$ 2.2450         |
| USDA Western NFDM (Mostly)      | \$ 0.7700                       | \$ 0.7675 | \$ 0.7550 | \$ 0.7500 | \$ 0.7400 | \$ 0.7350 | \$ 0.7250 |                   |
| USDA Western Whey (Mostly)      | \$ 0.3350                       | \$ 0.3275 | \$ 0.3188 | \$ 0.3150 | \$ 0.3125 | \$ 0.2975 | \$ 0.2975 |                   |
| USDA Central Whey (Mostly)      | \$ 0.3200                       | \$ 0.3150 | \$ 0.3050 | \$ 0.3000 | \$ 0.2950 | \$ 0.2850 | \$ 0.2800 |                   |
| NDPSR Survey For Week Ending:   | 10/21/17                        | 10/28/17  | 11/04/17  | 11/11/17  | 11/18/17  | 11/25/17  | 12/02/17  | 12/09/17          |
| Cheddar 40# Blocks:             | \$ 1.7487                       | \$ 1.6406 | \$ 1.7563 | \$ 1.7534 | \$ 1.7375 | \$ 1.7350 | \$ 1.6853 | \$ 1.6547         |
| Cheddar Barrels (38% Moisture): | \$ 1.7383                       | \$ 1.5686 | \$ 1.7306 | \$ 1.7458 | \$ 1.7566 | \$ 1.7465 | \$ 1.7242 | \$ 1.6644         |
| Butter                          | \$ 2.3744                       | \$ 2.4797 | \$ 2.3328 | \$ 2.2780 | \$ 2.2477 | \$ 2.2726 | \$ 2.2431 | \$ 2.2299         |
| Nonfat Dry Milk                 | \$ 0.7974                       | \$ 0.8357 | \$ 0.7663 | \$ 0.7585 | \$ 0.7554 | \$ 0.7430 | \$ 0.7416 | \$ 0.7310         |
| Whey                            | \$ 0.3881                       | \$ 0.4018 | \$ 0.3711 | \$ 0.3581 | \$ 0.3536 | \$ 0.3478 | \$ 0.3253 | \$ 0.2909         |
| Class III Estimator             | \$ 16.92                        | \$ 15.70  | \$ 16.80  | \$ 16.76  | \$ 16.70  | \$ 16.61  | \$ 16.12  | \$ 15.48          |
| Class IV Estimator              | \$ 14.75                        | \$ 15.53  | \$ 14.31  | \$ 14.01  | \$ 13.85  | \$ 13.85  | \$ 13.71  | \$ 13.57          |

## MONTHLY MILK AND MILK COMPONENT PRICES

| For Month:                                       | Apr-17    | May-17    | Jun-17    | Jul-17    | Aug-17    | Sep-17    | Oct-17    | Nov-17    |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>FMMO Prices, 3.5% Fat, 2.99% True Protein</b> |           |           |           |           |           |           |           |           |
| FMMO Class I Base Price                          | \$ 16.05  | \$ 15.20  | \$ 15.31  | \$ 16.59  | \$ 16.72  | \$ 16.71  | \$ 16.44  | \$16.41   |
| FMMO Class II Price                              | \$ 14.81  | \$ 14.84  | \$ 16.15  | \$ 17.48  | \$ 17.56  | \$ 16.80  | \$ 15.95  | \$15.32   |
| FMMO Class III                                   | \$ 15.22  | \$ 15.57  | \$ 16.44  | \$ 15.45  | \$ 16.57  | \$ 16.36  | \$ 16.69  | \$16.88   |
| FMMO Class IV                                    | \$ 14.01  | \$ 14.49  | \$ 15.89  | \$ 16.60  | \$ 16.61  | \$ 15.86  | \$ 14.85  | \$13.99   |
| <b>FMMO Producer Component Prices Per Pound</b>  |           |           |           |           |           |           |           |           |
| Milkfat  | \$ 2.3548 | \$ 2.4134 | \$ 2.7066 | \$ 2.9456 | \$ 3.0109 | \$ 2.8559 | \$ 2.6646 | \$ 2.5546 |
| True Protein                                     | \$ 1.6955 | \$ 1.7723 | \$ 1.7545 | \$ 1.2248 | \$ 1.5536 | \$ 1.6988 | \$ 2.1084 | \$ 2.3412 |
| Other Solids                                     | \$ 0.3350 | \$ 0.3196 | \$ 0.3014 | \$ 0.2599 | \$ 0.2425 | \$ 0.2241 | \$ 0.1853 | \$ 0.1644 |
| California Overbase Fat                          | \$ 2.2900 | \$ 2.4200 | \$ 2.6920 | \$ 2.7920 | \$ 2.9300 | \$ 2.7500 | \$ 2.6200 |           |
| California Overbase SNF                          | \$ 0.6900 | \$ 0.7200 | \$ 0.6850 | \$ 0.6490 | \$ 0.6850 | \$ 0.6500 | \$ 0.7300 |           |

## CHICAGO MERCANTILE EXCHANGE (CME) FUTURES MARKETS

| Closing Prices                    | DEC17     | JAN18     | FEB18      | MAR18      | APR18      | MAY18      | JUN18      | JUL18      |
|-----------------------------------|-----------|-----------|------------|------------|------------|------------|------------|------------|
| Cash Settled Butter (¢ / lb.):    | 224.750   | 224.500   | 226.250    | 227.800    | 228.950    | 231.750    | 233.275    | 234.100    |
| Change from last week (¢ / lb.):  | 1.000     | 2.225     | 1.725      | 1.725      | 0.725      | (0.025)    | (0.725)    | (1.850)    |
| Cash Settled Cheese (\$ / lb.):   | \$ 1.6600 | \$ 1.5670 | \$ 1.5590  | \$ 1.5700  | \$ 1.5890  | \$ 1.6100  | \$ 1.6350  | \$ 1.6660  |
| Change from last week:            | \$ 0.007  | \$ 0.010  | \$ (0.002) | \$ (0.012) | \$ (0.012) | \$ (0.019) | \$ (0.020) | \$ (0.012) |
| Class III Milk Contract, 3.5% Fat | \$ 15.50  | \$ 14.40  | \$ 14.22   | \$ 14.32   | \$ 14.52   | \$ 14.76   | \$ 15.04   | \$ 15.32   |
| Change from last week:            | \$ (0.10) | \$ 0.02   | \$ (0.10)  | \$ (0.19)  | \$ (0.26)  | \$ (0.29)  | \$ (0.26)  | \$ (0.18)  |
| Open Interest                     | 3896      | 3637      | 3615       | 2986       | 2071       | 1921       | 1781       | 1091       |
| Change from last week:            | (184)     | (205)     | 384        | 238        | 148        | 100        | 60         | 99         |

## DAIRY NEWS OF INTEREST

### Market Update

On the CME cash market this week barrel cheese continues to trade at a high volume, changing hands 97 times for a decrease of 1 cent. Block cheese narrowed the spread this week with a 5.5 cent gain during 7 trades. Butter finished at \$2.2450/lb., up 2.5 cents after 40 trades. Nonfat dry milk traded 11 times and broke last weeks CME record low price, closing at \$0.6575/lb. for a loss of 2.5 cents.

### Domestic Dairy Consumption

USDA's dairy statistics showed that October dairy products consumption was mostly positive when compared to the prior year. American cheese consumption increased by 46 million pounds (11.4%) while other-than-American cheese saw a slight decline of 1.1% when compared to October 2016. Overall total cheese consumption is up 1.3% year-to-date. Butter and dry whey consumption both increased, up 2 million (1.3%) and 20 million pounds (69%) from the previous year, respectively. Nonfat dry milk and skim milk powder saw the largest year-over-year gain, increasing 49 million pounds (962.5%).

### World Agricultural Supply and Demand Estimate

The December WASDE report from USDA showed that the milk production forecast for 2017 has been lowered due to slower gains in milk production per cow. The 2018 production forecast has also been lowered considering that the slowed growth in milk per cow is expected to carry into 2018, in conjunction with a slower rate of growth in cow numbers. Current price weakness and slowed demand have lowered the price forecast for cheese, butter, and nonfat dry milk for 2017. Large stocks and lowered demand has reduced the price forecast for all dairy products in 2018. The all-milk price forecast for 2017 was pegged at \$17.60/cwt to \$17.70/cwt. and \$16.65/cwt. to \$17.45/cwt. for 2018.

### Estimated October Fluid Milk Sales

USDA's Estimated Fluid Milk Products Sales Report depicted the continuing trend of an overall decline in fluid milk sales. Although, whole milk and flavored whole milk sales continue to grow, increasing 2.7% and 12.4% year-over-year, respectively. Reduced fat, low fat, and skim milk decreased 2.1%, 4.5%, and 10.9% from last October, respectively.