



# UPPER MIDWEST DAIRY NEWS

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## Cheese Prices Down for Month, Butter Up

Prices for cheddar cheese on the Chicago Mercantile Exchange (CME) started the month strong, but fell off sharply in the second half, with butter and nonfat dry milk prices generally increasing most of the month and finishing strong.

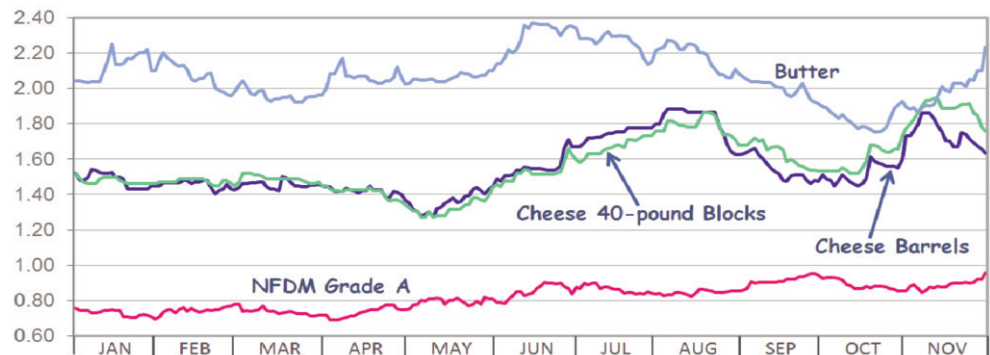
On November 30, the CME barrel cheese price closed at \$1.63½ per pound, down 9½¢ from a month earlier, but 22½¢ below the November high. The 40-pound block price of \$1.76 on November 30 was down 1¢ from a month earlier and 18¼¢ below the November high.

The CME butter price closed at \$2.23 per pound on November 30, up 33¼¢ from a month earlier.

The CME Grade A nonfat dry milk price was up 10¼¢ per pound from a month earlier, closing at \$0.95¾ on November 30.

The November Federal order Class III price of \$16.76 per cwt. rebounded \$1.94 from an October price that had fallen \$1.57 from September. The November 30 CME Class III futures market has the price rising to \$16.94 for December, and then staying around \$16.50 for several months.

## Chicago Mercantile Exchange - Selected Commodity Prices \*



\*Prices depicted are dollars per pound for each day that trading occurred from January 1 to November 30, 2016.

## Pool Summary

- In October, producer milk totaled 2.8 billion pounds, up 458 million pounds from September and 23 million pounds above October 2015.
- Class I utilization totaled 284 million pounds, down 5.4% from September on a daily basis and 7.2% below last year. Class I usage accounted for 10.2% of producer milk.
- Class III utilization totaled 2.1 billion pounds and accounted for 78.2% of producer milk.
- The October Producer Price Differential (PPD) was \$0.19 per cwt.
- The Statistical Uniform Price was \$15.01 per cwt., down \$1.36 from September and \$0.76 below October 2015.
- Market statistics for October are shown on Pages 3, 4, and 5.

## October 2016 Producer Milk by Class

|              | Percent | Product Pounds       | Price \$/cwt. |
|--------------|---------|----------------------|---------------|
| Class I      | 10.2    | 283,741,717          | 18.40         |
| Class II     | 6.7     | 184,219,807          | 14.09         |
| Class III    | 78.2    | 2,166,299,688        | 14.82         |
| Class IV     | 4.9     | 136,511,218          | 13.66         |
| <b>Total</b> |         | <b>2,770,772,430</b> |               |

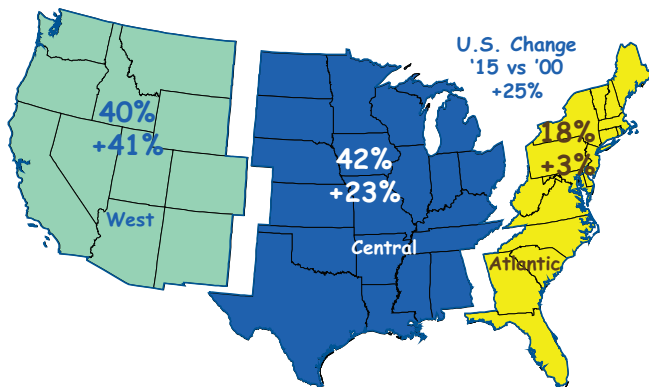
# Where's The Milk . . . . . ???

Consistent with most years, United States milk production increased in 2015. Total production increased 1.3% from 2014 to a record 208.6 billion pounds, up 2.58 billion pounds. Since 1991, there have only been four years during which total milk production decreased from year-earlier levels -- 1993, 1996, 2001 and 2009.

This article addresses the question, "Where's The Milk?", in terms of geographic production and dairy product manufacturing. The map graphics contained in this article illustrate regional production of milk, cheese, butter, nonfat dry milk, and yogurt. The top number shown in each region provides the proportion of total 2015 U.S. production for the product depicted by the respective map. The bottom number provides the percentage change in production of the product comparing 2015 with 2000. Comparisons made to 2000 in the narrative portion of this article are adjusted for number of days because 2000 was a leap year.

## Milk Production

*Regional Milk Production as a Percentage of 2015 Total U.S. Milk Production with Percentage Change in Production: 2015 vs 2000 <sup>1/</sup>*

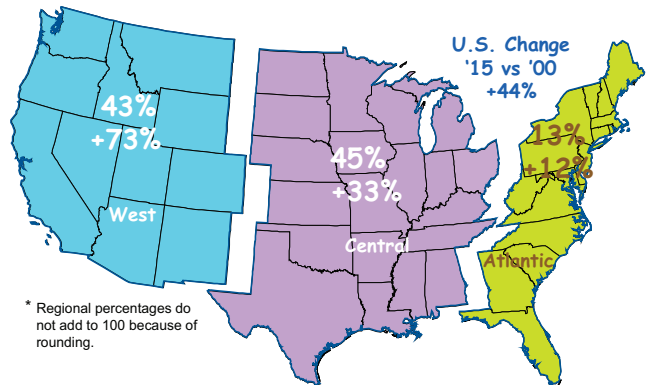


U.S. milk production totaled a record high 208.6 billion pounds in 2015, up 25% from 2000. The **West and Central Regions** increased milk production 41% and 23%, respectively, from 2000 levels, while the **Atlantic Region's** production gained 3%. The **West Region** accounted for 40% of U.S. milk production in 2015, up 4.6 percentage points from 2000, but 1.1 percentage points below 2014. The **Central Region** accounted for 42% of total U.S. production, down 0.7 percentage points from 2000, but 1.0 percentage points above 2014. The **Atlantic Region** accounted for the smallest portion of the 2015 total at 18%, down 3.9 percentage points compared with 2000, but 0.1 percentage points above 2014.

U.S. milk production in 2015 increased 41.1 billion pounds compared with 2000. The additional milk required to meet increased cheese production during the same period was approximately 35.8 billion pounds.

## Cheese Production

*Regional Cheese Production as a Percentage of 2015 Total U.S. Cheese Production with Percentage Change in Production: 2015 vs 2000 <sup>2/</sup>*



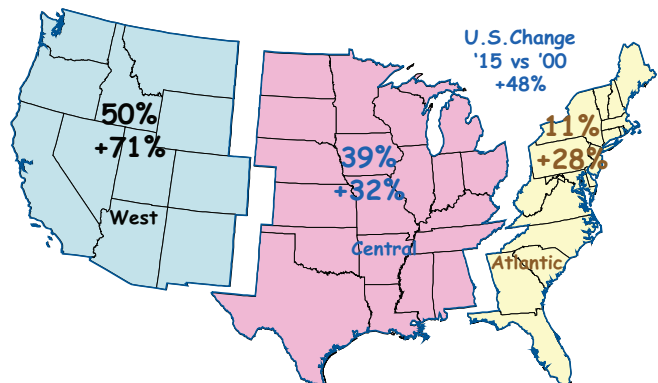
\* Regional percentages do not add to 100 because of rounding.

U.S. cheese production totaled 11.8 billion pounds during 2015, an increase of 2.8% over 2014 and 44% greater than the amount produced in 2000. As depicted by the accompanying map, all three regions recorded increases from 2000 to 2015. The **West Region** posted a 73% increase from 2000, and accounted for 43% of U.S. cheese production in 2015. This region's portion of the U.S. total increased from 36% to 43% in the 15 years. The **Central Region** accounted for 45% of the 2015 total, and increased 33% over 2000. The **Atlantic Region** produced 13% of the U.S. total in 2015, and this region's cheese production increased 12% from 2000 to 2015.

Milk used in cheese production in the **Central Region** increased approximately 12.9 billion pounds from 2000 to 2015, while milk production rose about 16.0 billion pounds in this region during the same time period. In the **West Region**, milk used in cheese increased 21 billion pounds during the period, with milk production increasing 24.3 billion pounds.

## Butter Production

*Regional Butter Production as a Percentage of 2015 Total U.S. Butter Production\* with Percentage Change in Production: 2015 vs 2000 <sup>2/</sup>*

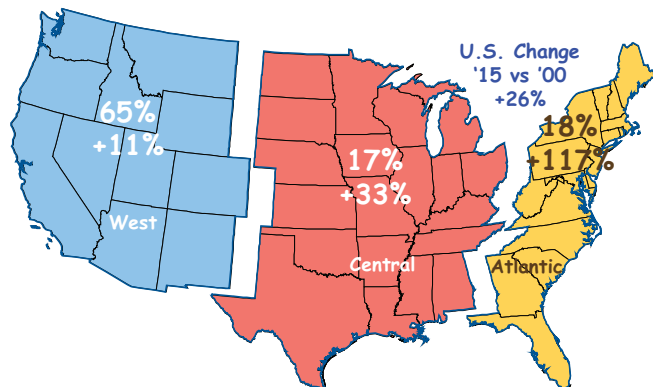


U.S. butter production increased 48% from 2000 to 2015. Butter production totaled 1.9 billion pounds during 2015, up 0.1% from 2014. As depicted by the map on Page 2, the *West and Central Regions* posted increases of 71% and 32%, respectively, over 2000. The *West Region's* production actually decreased 0.1% from 2014 and the *Central Region's* production decreased 1.1%. The *West Region* retained its title as the largest butter producer, accounting for 50% of the 2015 U.S. total, followed by the *Central Region* with 39%. The *Atlantic Region* accounted for about 11% of the U.S. total. Butter production in this region increased 6.7% from 2014 to 2015 and gained 28% from 2000 to 2015.

The *West Region's* share of U.S. butter production has increased from 43% in 2000 to 54% in 2010, before falling off to 50% by 2015. The *Central Region* meanwhile has decreased its proportion from 44% to 39% during that time frame.

### Nonfat Dry Milk Production

*Regional NFDM Production as a Percentage of 2015 Total U.S. NFDM Production with Percentage Change in Production: 2015 vs 2000 2/*

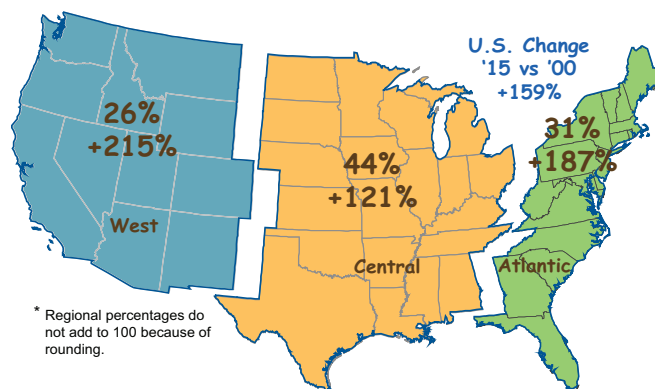


U.S. nonfat dry milk (NFDM) production increased 26%, comparing 2015 with 2000. The NFDM production totaled 1.8 billion pounds in 2015, up 3.3% from 2014. As depicted in the map above, the *Central and Atlantic Regions* posted NFDM production increases of 33% and 117%, respectively, from 2000 to 2015. Together, these two regions accounted for 35% of the NFDM produced in the U.S. in 2015. The *Central Region* accounted for the smallest proportion of production at 17% of the U.S. total, and the *Atlantic Region* was next with

18% of the total. This *Atlantic Region's* percentage of the U.S. total increased 2 percentage points over the last year from 16% to 18%, and NFDM production in this region increased by 15% from 2014 and by 117% overall from 2000. The *West Region's* NFDM production accounted for 65% of the 2015 U.S. total, however, the region's percentage of the total decreased by 9 points, comparing 2015 with 2000.

### Yogurt Production

*Regional Yogurt Production as a Percentage of 2015 Total U.S. Yogurt Production\* with Percentage Change in Production: 2015 vs 2000 2/*



\* Regional percentages do not add to 100 because of rounding.

U.S. yogurt production increased by 159% from 2000 to 2015. Production totaled 4.7 billion pounds in 2015, down 0.3% from 2014. As depicted by the map above, 2015 yogurt production in all three regions increased significantly from 2000. The *Atlantic Region* nearly tripled with a 187% gain, while the *West Region* more than tripled, jumping 215%. The *Central Region* more than doubled during the period, posting a 121% gain. The *Atlantic Region* recorded a 1.4% increase in production from 2014, while the *Central Region* was up 0.8% and the *West Region* posted a 4.0% decrease. The *Central Region* accounted for 44% of the yogurt produced in the U.S. in 2015, however, its share declined by 7.6 percentage points from 2000, while the *West and Atlantic Regions' proportions* had increases of 4.6 and 3.0 percentage points, respectively, during the 15-year period.

1/ Source: NASS: Milk Production, February 2016 and February 2002.

2/ Source: NASS: Dairy Products Annual Summary, April 2016 and April 2002.

## Upper Midwest Pool Statistics - October 2016

| Market Class I Differential Rate | Pool Plants | Received at Pool Plants | Diverted to Pool and Nonpool Plants | Total                | Location Adjustment to Producers | Class I Differential to Handlers |
|----------------------------------|-------------|-------------------------|-------------------------------------|----------------------|----------------------------------|----------------------------------|
| Cwt.                             | Number      | Pounds                  | Pounds                              | Pounds               | Value                            | Pounds                           |
| \$1.80                           | 3           | 90,286,690              | 4,803,104                           | 95,089,794           | \$ 0                             | 82,433,745                       |
| \$1.75                           | 34          | 119,868,003             | 1,280,795,361                       | 1,400,663,364        | 700,332                          | 62,240,421                       |
| \$1.70                           | 27          | 210,740,702             | 1,021,999,667                       | 1,232,740,369        | 1,232,741                        | 123,756,104                      |
| \$1.65                           | 3           | 18,830,512              | 23,448,391                          | 42,278,903           | 63,418                           | 15,311,447                       |
| <b>Total</b>                     | <b>67</b>   | <b>439,725,907</b>      | <b>2,331,046,523</b>                | <b>2,770,772,430</b> | <b>\$1,996,491</b>               | <b>283,741,717</b>               |
|                                  |             |                         |                                     |                      |                                  | <b>Value</b>                     |
|                                  |             |                         |                                     |                      |                                  | <b>\$1,483,807</b>               |
|                                  |             |                         |                                     |                      |                                  | <b>1,089,207</b>                 |
|                                  |             |                         |                                     |                      |                                  | <b>2,103,854</b>                 |
|                                  |             |                         |                                     |                      |                                  | <b>252,639</b>                   |
|                                  |             |                         |                                     |                      |                                  | <b>\$4,929,507</b>               |

## Computation of Producer Price Differential - October 2016

|   | Utilization<br>Percentage | Product<br>Pounds    | Component<br>Pounds | Rate          | Value                    |
|---|---------------------------|----------------------|---------------------|---------------|--------------------------|
| <b>Class I</b>  |                           |                      |                     |               | \$ 4,929,507.43          |
| Differential Value  |                           |                      |                     |               |                          |
| Product   | 10.2%                     | 283,741,717          |                     |               |                          |
| Skim Milk   |                           |                      | 279,202,032         | \$ 8.7800     | 24,513,938.45            |
| Butterfat   |                           |                      | 4,539,685           | 2.3223        | 10,542,510.49            |
| <b>Class II</b>   | 6.7%                      | 184,219,807          |                     |               |                          |
| Product   |                           |                      |                     |               |                          |
| Nonfat Solids   |                           |                      | 16,051,830          | 0.7933        | 12,733,916.75            |
| Butterfat   |                           |                      | 10,568,435          | 2.0563        | 21,731,872.91            |
| <b>Class III</b>  | 78.2%                     | 2,166,299,688        |                     |               |                          |
| Product   |                           |                      |                     |               |                          |
| Protein   |                           |                      | 68,636,320          | 2.2975        | 157,691,945.29           |
| Other Solids  |                           |                      | 124,269,379         | 0.1351        | 16,788,793.11            |
| Butterfat   |                           |                      | 79,305,276          | 2.0493        | 162,520,302.12           |
| <b>Class IV</b>   | 4.9%                      | 136,511,218          |                     |               |                          |
| Product   |                           |                      |                     |               |                          |
| Nonfat Solids   |                           |                      | 11,487,961          | 0.7469        | 8,580,358.04             |
| Butterfat   |                           |                      | 12,722,497          | 2.0493        | 26,072,213.13            |
| SCC Adjustment (Class II, III, and IV)                            |                           |                      |                     |               | 2,813,648.16             |
| <b>Total Producer Milk *</b>                                      |                           | <b>2,770,772,430</b> |                     |               | <b>\$ 448,919,005.88</b> |
| Add:  |                           |                      |                     |               |                          |
| Overage   |                           |                      |                     |               | 22,941.77                |
| Inventory Reclassified  |                           |                      |                     |               | 41,183.64                |
| Other Source Milk \$.60(h)  |                           |                      |                     |               | 0.00                     |
| Other Source Milk \$.60(i)  |                           | 34,457               |                     |               | 1,229.78                 |
| Subtract:   |                           |                      |                     |               |                          |
| Transportation Credit   |                           |                      |                     |               | 5,512.61                 |
| Assembly Credit   |                           |                      |                     |               | 225,526.18               |
| Credit for Reconstituted FMP                                      |                           |                      |                     |               | 0.00                     |
| Producer Milk Protein   |                           |                      |                     |               | 201,188,144.12           |
| Producer Milk Other Solids  |                           |                      |                     |               | 21,423,506.83            |
| Producer Milk Butterfat   |                           |                      |                     |               | 219,553,585.52           |
| Producer Milk SCC Adjustment                                      |                           |                      |                     |               | 3,145,314.83             |
| Total Milk and Value  |                           | 2,770,806,887        |                     |               | \$ 3,442,770.98          |
| Add:  |                           |                      |                     |               |                          |
| Location Adjustment -- Producer and Unregulated Supply Plant Milk |                           |                      |                     |               | 1,996,494.40             |
| One-Half Unobligated Balance Producer Settlement Fund             |                           |                      |                     |               | 978,237.80               |
| Total Value   |                           |                      |                     | 0.231611      | \$ 6,417,503.18          |
| Subtract:   |                           |                      |                     |               |                          |
| Producer Settlement Fund Reserve                                  |                           |                      |                     | 0.041611      | 1,152,970.09             |
| <b>Producer Price Differential **</b>                             |                           |                      |                     | <b>\$0.19</b> | <b>\$ 5,264,533.09</b>   |

\* An estimated 652 million pounds of milk was not pooled.

\*\* Producer Price Differential is dollars per cwt. at the Base Zone of Cook County, Illinois.



## Utilization and Classification of Milk

|   | October 2016         |                    | September 2016       | October 2015         |
|---|----------------------|--------------------|----------------------|----------------------|
|   | Product Pounds       | Butterfat Pounds   | Product Pounds       | Product Pounds       |
| <b>Class I Utilization:</b>               |                      |                    |                      |                      |
| Packaged Disposition                      |                      |                    |                      |                      |
| Milk                                      | 47,840,049           | 1,575,331          | 50,147,556           | 47,301,032           |
| Flavored Milk                             | 2,719,080            | 89,546             | 2,296,757            | 2,849,755            |
| Reduced Fat Milk                          | 102,566,470          | 1,989,684          | 103,436,893          | 109,583,082          |
| Lowfat Milk                               | 54,481,716           | 515,793            | 53,249,193           | 57,310,646           |
| Fat Free Milk                             | 44,940,254           | 41,436             | 47,192,295           | 54,009,021           |
| Flavored Reduced and Fat Free Milk        | 31,690,236           | 260,134            | 30,701,822           | 29,574,814           |
| Buttermilk                                | 2,905,453            | 45,904             | 3,220,943            | 2,870,986            |
| Total Packaged Disposition                | 287,143,258          | 4,517,828          | 290,245,459          | 303,499,336          |
| Total Ending Inventory                    | 20,867,143           | 342,240            | 24,670,113           | 22,406,564           |
| Bulk to Nonpool Plants                    | 1,754,576            | 41,675             | 215,314              | 2,557,880            |
| Shrinkage                                 | 1,188,347            | 50,209             | 966,048              | 1,391,271            |
| Total Class I Utilization                 | 310,953,324          | 4,951,952          | 316,096,934          | 329,855,051          |
| Other Order Plants                        | (2,268,261)          | (46,699)           | (2,401,437)          | (2,370,395)          |
| Beginning Inventory                       | (24,315,101)         | (354,187)          | (23,039,135)         | (21,136,332)         |
| Reused Products                           | 0                    | 0                  | 0                    | 0                    |
| Other Source Milk                         | (600,768)            | (10,390)           | (589,459)            | (703,599)            |
| Overage                                   | 0                    | 0                  | 0                    | 0                    |
| Interhandler Adjustment                   | (27,477)             | (991)              | 43,695               | 7,114                |
| <b>Class I Producer Milk</b>              | <b>283,741,717</b>   | <b>4,539,685</b>   | <b>290,110,598</b>   | <b>305,651,839</b>   |
| <b>Class II Utilization:</b>              |                      |                    |                      |                      |
| Total Class II Utilization                | 191,499,537          | 10,678,359         | 188,875,313          | 56,309,873           |
| Other Order Plants                        | --                   | --                 | 0                    | --                   |
| Beginning Inventory                       | (611,626)            | (44,905)           | (2,131,840)          | --                   |
| Reused Products                           | (6,668,104)          | (65,019)           | (7,398,401)          | (5,660,261)          |
| Other Source Milk                         | --                   | --                 | (693,799)            | 0                    |
| Overage                                   | --                   | --                 | --                   | 0                    |
| <b>Class II Producer Milk</b>             | <b>184,219,807</b>   | <b>10,568,435</b>  | <b>178,651,273</b>   | <b>50,649,612</b>    |
| <b>Class III Utilization:</b>             |                      |                    |                      |                      |
| Total Class III Utilization               | 2,172,406,877        | 79,397,044         | 1,731,271,120        | 2,397,127,360        |
| Other Order Plants                        | (442,222)            | (4,230)            | --                   | (4,578,643)          |
| Beginning Inventory                       | (3,377,909)          | (30,831)           | (5,370,108)          | (6,039,585)          |
| Reused Products                           | --                   | --                 | 0                    | 0                    |
| Other Source Milk                         | (2,222,895)          | (52,114)           | (2,421,496)          | (10,227,257)         |
| Overage                                   | (64,163)             | (4,593)            | (92,079)             | (83,604)             |
| <b>Class III Producer Milk</b>            | <b>2,166,299,688</b> | <b>79,305,276</b>  | <b>1,723,387,437</b> | <b>2,376,198,271</b> |
| <b>Class IV Utilization:</b>              |                      |                    |                      |                      |
| Total Class IV Utilization                | 208,020,574          | 15,895,946         | 197,567,080          | 103,137,642          |
| Other Order Plants                        | (8,760,880)          | (358,875)          | (6,114,713)          | (3,727,777)          |
| Beginning Inventory                       | (10,388,077)         | (730,850)          | (13,738,083)         | (11,460,556)         |
| Reused Products                           | 0                    | 0                  | 0                    | 0                    |
| Other Source Milk                         | (52,304,436)         | (2,081,187)        | (57,051,687)         | (73,056,050)         |
| Overage                                   | (55,963)             | (2,537)            | (8,937)              | (1,878)              |
| <b>Class IV Producer Milk</b>             | <b>136,511,218</b>   | <b>12,722,497</b>  | <b>120,653,660</b>   | <b>14,891,381</b>    |
| <b>Total Producer Milk -- All Classes</b> | <b>2,770,772,430</b> | <b>107,135,893</b> | <b>2,312,802,968</b> | <b>2,747,391,103</b> |

-- Restricted Information

# Commodity Prices

| Month/Year | Weighted Monthly Average Prices |         |         |        |          |          | Weighted Two-Week Average Prices |         |         |        |          |          |
|------------|---------------------------------|---------|---------|--------|----------|----------|----------------------------------|---------|---------|--------|----------|----------|
|            | Cheddar Cheese                  |         |         | Nonfat |          |          | Cheddar Cheese                   |         |         | Nonfat |          |          |
|            | Blocks                          | Barrels | Average | Butter | Dry Milk | Dry Whey | Blocks                           | Barrels | Average | Butter | Dry Milk | Dry Whey |
|            | <i>Dollars per Pound</i>        |         |         |        |          |          | <i>Dollars per Pound</i>         |         |         |        |          |          |
| Nov 2015   | 1.6598                          | 1.6093  | 1.6503  | 2.7999 | 0.8372   | 0.2341   | 1.6608                           | 1.6279  | 1.6594  | 2.7353 | 0.8464   | 0.2332   |
| Dec        | 1.5752                          | 1.5377  | 1.5719  | 2.5709 | 0.7893   | 0.2336   | 1.5761                           | 1.5443  | 1.5753  | 2.6787 | 0.7970   | 0.2341   |
| Jan 2016   | 1.4823                          | 1.5309  | 1.5178  | 2.0759 | 0.7776   | 0.2351   | 1.4699                           | 1.5297  | 1.5115  | 2.0442 | 0.7817   | 0.2344   |
| Feb        | 1.4985                          | 1.5125  | 1.5170  | 2.1350 | 0.7689   | 0.2469   | 1.4985                           | 1.5088  | 1.5158  | 2.1618 | 0.7684   | 0.2426   |
| Mar        | 1.5062                          | 1.4991  | 1.5162  | 1.9905 | 0.7522   | 0.2477   | 1.5024                           | 1.5009  | 1.5148  | 1.9969 | 0.7504   | 0.2502   |
| Apr        | 1.4918                          | 1.4899  | 1.5041  | 2.0192 | 0.7307   | 0.2466   | 1.5034                           | 1.4926  | 1.5119  | 2.0092 | 0.7298   | 0.2465   |
| May        | 1.3907                          | 1.4070  | 1.4104  | 2.0580 | 0.7607   | 0.2505   | 1.4300                           | 1.4408  | 1.4477  | 2.0632 | 0.7469   | 0.2522   |
| Jun        | 1.4015                          | 1.4820  | 1.4477  | 2.1623 | 0.7888   | 0.2601   | 1.3963                           | 1.4789  | 1.4432  | 2.1359 | 0.7925   | 0.2576   |
| Jul        | 1.5871                          | 1.6830  | 1.6419  | 2.3155 | 0.8363   | 0.2742   | 1.5721                           | 1.6636  | 1.6231  | 2.3245 | 0.8428   | 0.2745   |
| Aug        | 1.7556                          | 1.8600  | 1.8119  | 2.2254 | 0.8588   | 0.2846   | 1.7156                           | 1.8277  | 1.7771  | 2.2173 | 0.8512   | 0.2827   |
| Sep        | 1.7578                          | 1.7134  | 1.7514  | 2.0775 | 0.8847   | 0.3055   | 1.7781                           | 1.7428  | 1.7758  | 2.0892 | 0.8906   | 0.3015   |
| Oct        | 1.5893                          | 1.5455  | 1.5830  | 1.8637 | 0.9222   | 0.3303   | 1.5965                           | 1.5432  | 1.5860  | 1.8849 | 0.9275   | 0.3173   |
| Nov        | 1.7769                          | 1.7087  | 1.7596  | 1.9092 | 0.9119   | 0.3690   | 1.7799                           | 1.7286  | 1.7706  | 1.9142 | 0.9105   | 0.3706   |

| Month/Year | Chicago Mercantile Exchange |                |         |         | USDA Dairy Market News |        |             |         |        |
|------------|-----------------------------|----------------|---------|---------|------------------------|--------|-------------|---------|--------|
|            | Butter                      | Cheddar Cheese |         | NFDM    | NFDM Low/Medium Heat   |        | Whey Powder |         |        |
|            | Grade AA                    | Blocks         | Barrels | Grade A | Central & East         | West   | Northeast   | Central | West   |
|            | <i>Dollars per Pound</i>    |                |         |         |                        |        |             |         |        |
| Nov 2015   | 2.8779                      | 1.6176         | 1.5305  | 0.7822  | 0.8923                 | 0.8168 | 0.2271      | 0.2238  | 0.2553 |
| Dec        | 2.3318                      | 1.4616         | 1.4638  | 0.7685  | 0.8509                 | 0.7789 | 0.2500      | 0.2282  | 0.2600 |
| Jan 2016   | 2.1214                      | 1.4757         | 1.4842  | 0.7312  | 0.8202                 | 0.7496 | 0.2572      | 0.2296  | 0.2650 |
| Feb        | 2.0840                      | 1.4744         | 1.4573  | 0.7410  | 0.7894                 | 0.7444 | 0.2569      | 0.2321  | 0.2794 |
| Mar        | 1.9605                      | 1.4877         | 1.4530  | 0.7413  | 0.7778                 | 0.7473 | 0.2560      | 0.2333  | 0.2625 |
| Apr        | 2.0563                      | 1.4194         | 1.4231  | 0.7306  | 0.7689                 | 0.7260 | 0.2505      | 0.2327  | 0.2508 |
| May        | 2.0554                      | 1.3174         | 1.3529  | 0.7880  | 0.7828                 | 0.7690 | 0.2398      | 0.2454  | 0.2464 |
| Jun        | 2.2640                      | 1.5005         | 1.5301  | 0.8476  | 0.8184                 | 0.8200 | 0.2649      | 0.2569  | 0.2544 |
| Jul        | 2.2731                      | 1.6613         | 1.7363  | 0.8638  | 0.8824                 | 0.8736 | 0.2787      | 0.2903  | 0.2853 |
| Aug        | 2.1776                      | 1.7826         | 1.8110  | 0.8454  | 0.8732                 | 0.8609 | 0.2921      | 0.3046  | 0.3110 |
| Sep        | 1.9950                      | 1.6224         | 1.5415  | 0.9160  | 0.9089                 | 0.9189 | 0.3218      | 0.3293  | 0.3418 |
| Oct        | 1.8239                      | 1.6035         | 1.5295  | 0.8852  | 0.9361                 | 0.9142 | 0.3554      | 0.3402  | 0.3631 |
| Nov        | 1.9899                      | 1.8775         | 1.7424  | 0.8914  | 0.9268                 | 0.8987 | 0.3828      | 0.3558  | 0.3910 |

# Market Statistics

| Month/Year | Distributing Plants | Supply Plants | Coop .9(c) Handlers | Producers | Total Producer Milk | Est. Average Daily Delivery Per Producer | Class I Utilization | Butterfat Test | Protein Test | Other Solids Test | Weighted Average SCC |
|------------|---------------------|---------------|---------------------|-----------|---------------------|--|---------------------|----------------|--------------|-------------------|----------------------|
|            |                     |               |                     |           | Mil. lbs.           | Pounds                                   | Percent             | Percent        | Percent      | Percent           |                      |
|            |                     |               |                     |           |                     |  |                     |                |              | (000)             |                      |
| Aug 2015   | 16                  | 46            | 13                  | 9,141     | 2,013               | 7,098                                    | 13.9                | 3.66           | 3.01         | 5.75              | 218                  |
| Sep        | 17                  | 46            | 13                  | 10,227    | 2,443               | 7,957                                    | 11.9                | 3.71           | 3.05         | 5.75              | 218                  |
| Oct        | 15                  | 46            | 13                  | 10,718    | 2,747               | 8,268                                    | 11.1                | 3.85           | 3.16         | 5.73              | 199                  |
| Nov        | 16                  | 47            | 12                  | 10,997    | 2,848               | 8,625                                    | 10.3                | 3.91           | 3.18         | 5.74              | 192                  |
| Dec        | 17                  | 47            | 12                  | 11,233    | 3,079               | 8,830                                    | 10.0                | 3.90           | 3.17         | 5.74              | 192                  |
| Jan 2016   | 16                  | 48            | 12                  | 11,432    | 3,256               | 9,185                                    | 9.1                 | 3.92           | 3.18         | 5.69              | 198                  |
| Feb        | 17                  | 46            | 11                  | 11,225    | 3,101               | 9,525                                    | 9.2                 | 3.90           | 3.15         | 5.73              | 200                  |
| Mar        | 17                  | 46            | 11                  | 10,226    | 3,127               | 9,863                                    | 9.4                 | 3.86           | 3.12         | 5.75              | 197                  |
| Apr        | 17                  | 46            | 13                  | 10,420    | 3,193               | 10,214                                   | 8.9                 | 3.84           | 3.11         | 5.74              | 194                  |
| May        | 16                  | 46            | 13                  | 10,565    | 3,165               | 9,657                                    | 8.9                 | 3.78           | 3.08         | 5.76              | 191                  |
| Jun        | 16                  | 46            | 13                  | 10,597    | 3,035               | 9,544                                    | 8.6                 | 3.71           | 3.03         | 5.77              | 208                  |
| Jul        | 16                  | 46            | 14                  | 9,941     | 2,713               | 8,799                                    | 9.5                 | 3.67           | 2.98         | 5.77              | 222                  |
| Aug        | 17                  | 50            | 14                  | 8,882     | 2,173               | 7,887                                    | 13.2                | 3.67           | 3.00         | 5.75              | 234                  |
| Sep        | 17                  | 50            | 14                  | 9,465     | 2,313               | 8,140                                    | 12.6                | 3.77           | 3.08         | 5.77              | 224                  |
| Oct        | 17                  | 50            | 13                  |           | 2,771               |  | 10.2                | 3.87           | 3.16         | 5.72              | 206                  |

# Class Prices

| Month/Year | Class I Price Mover |             |             | Class I Price at Cook County, IL |             |             | Class II Price |               |             |             |
|------------|---------------------|-------------|-------------|----------------------------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat           | Skim Milk   | 3.50%       | Butterfat                        | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>          | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>                       | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Dec 2015   | 3.1048              | 6.05        | 16.71       | 3.1228                           | 7.85        | 18.51       | 2.9127         | 0.7500        | 6.75        | 16.71       |
| Jan 2016   | 3.0362              | 5.61        | 16.04       | 3.0542                           | 7.41        | 17.84       | 2.3132         | 0.7011        | 6.31        | 14.19       |
| Feb        | 2.2678              | 5.91        | 13.64       | 2.2858                           | 7.71        | 15.44       | 2.3848         | 0.6856        | 6.17        | 14.30       |
| Mar        | 2.4103              | 5.54        | 13.78       | 2.4283                           | 7.34        | 15.58       | 2.2098         | 0.6722        | 6.05        | 13.57       |
| Apr        | 2.2106              | 6.22        | 13.74       | 2.2286                           | 8.02        | 15.54       | 2.2446         | 0.6544        | 5.59        | 13.54       |
| May        | 2.2255              | 6.12        | 13.70       | 2.2435                           | 7.92        | 15.50       | 2.2916         | 0.6344        | 5.71        | 13.53       |
| Jun        | 2.2908              | 5.31        | 13.14       | 2.3088                           | 7.11        | 14.94       | 2.4179         | 0.6511        | 5.86        | 14.12       |
| Jul        | 2.3789              | 5.57        | 13.70       | 2.3969                           | 7.37        | 15.50       | 2.6034         | 0.6967        | 6.27        | 15.16       |
| Aug        | 2.6073              | 6.16        | 15.07       | 2.6253                           | 7.96        | 16.87       | 2.4943         | 0.7456        | 6.71        | 15.21       |
| Sep        | 2.4775              | 8.17        | 16.56       | 2.4955                           | 9.97        | 18.36       | 2.3152         | 0.7544        | 6.79        | 14.66       |
| Oct        | 2.3223              | 8.78        | 16.60       | 2.3403                           | 10.58       | 18.40       | 2.0563         | 0.7933        | 7.14        | 14.09       |
| Nov        | 2.0749              | 7.79        | 14.78       | 2.0929                           | 9.59        | 16.58       | 2.1114         | 0.8300        | 7.47        | 14.60       |
| Dec        | 2.1104              | 9.84        | 16.88       | 2.1284                           | 11.64       | 18.68       |                | 0.8133        | 7.32        |             |

| Month/Year | Class III Price |            |              |             |             | Class IV Price |               |             |             |
|------------|-----------------|------------|--------------|-------------|-------------|----------------|---------------|-------------|-------------|
|            | Butterfat       | Protein    | Other Solids | Skim Milk   | 3.50%       | Butterfat      | Nonfat Solids | Skim Milk   | 3.50%       |
|            | <i>lb.</i>      | <i>lb.</i> | <i>lb.</i>   | <i>cwt.</i> | <i>cwt.</i> | <i>lb.</i>     | <i>lb.</i>    | <i>cwt.</i> | <i>cwt.</i> |
| Nov 2015   | 3.1830          | 1.3205     | 0.0361       | 4.31        | 15.30       | 3.1830         | 0.6627        | 5.96        | 16.89       |
| Dec        | 2.9057          | 1.3599     | 0.0355       | 4.43        | 14.44       | 2.9057         | 0.6153        | 5.54        | 15.52       |
| Jan 2016   | 2.3062          | 1.8169     | 0.0371       | 5.85        | 13.72       | 2.3062         | 0.6037        | 5.43        | 13.31       |
| Feb        | 2.3778          | 1.7389     | 0.0492       | 5.68        | 13.80       | 2.3778         | 0.5951        | 5.36        | 13.49       |
| Mar        | 2.2028          | 1.9206     | 0.0501       | 6.25        | 13.74       | 2.2028         | 0.5786        | 5.21        | 12.74       |
| Apr        | 2.2376          | 1.8450     | 0.0489       | 6.01        | 13.63       | 2.2376         | 0.5573        | 5.02        | 12.68       |
| May        | 2.2846          | 1.4935     | 0.0529       | 4.94        | 12.76       | 2.2846         | 0.5870        | 5.28        | 13.09       |
| Jun        | 2.4109          | 1.4807     | 0.0628       | 4.96        | 13.22       | 2.4109         | 0.6148        | 5.53        | 13.77       |
| Jul        | 2.5964          | 1.9112     | 0.0774       | 6.38        | 15.24       | 2.5964         | 0.6618        | 5.96        | 14.84       |
| Aug        | 2.4873          | 2.5738     | 0.0881       | 8.50        | 16.91       | 2.4873         | 0.6841        | 6.16        | 14.65       |
| Sep        | 2.3082          | 2.5675     | 0.1096       | 8.61        | 16.39       | 2.3082         | 0.7097        | 6.39        | 14.25       |
| Oct        | 2.0493          | 2.2975     | 0.1351       | 7.92        | 14.82       | 2.0493         | 0.7469        | 6.72        | 13.66       |
| Nov        | 2.1044          | 2.8085     | 0.1750       | 9.74        | 16.76       | 2.1044         | 0.7367        | 6.63        | 13.76       |

# Producer Prices

| Month/Year | Producer Price Differential | Statistical Uniform Price (at 3.50%) | Butterfat Price   | Protein Price     | Other Solids Price | SCC Adjustment Rate | Producer Mailbox Price (at test) |
|------------|-----------------------------|--------------------------------------|-------------------|-------------------|--------------------|---------------------|----------------------------------|
|            | <i>\$ per cwt.</i>          | <i>\$ per cwt.</i>                   | <i>\$ per lb.</i> | <i>\$ per lb.</i> | <i>\$ per lb.</i>  | <i>\$ per cwt.</i>  | <i>\$ per cwt.</i>               |
| Sep 2015   | 0.38                        | 16.20                                | 2.7531            | 1.9801            | 0.0465             | 0.00086             | 17.81                            |
| Oct        | 0.31                        | 15.77                                | 2.9087            | 1.7019            | 0.0328             | 0.00084             | 17.82                            |
| Nov        | 0.45                        | 15.75                                | 3.1830            | 1.3205            | 0.0361             | 0.00083             | 17.91                            |
| Dec        | 0.42                        | 14.86                                | 2.9057            | 1.3599            | 0.0355             | 0.00079             | 17.61                            |
| Jan 2016   | 0.23                        | 13.95                                | 2.3062            | 1.8169            | 0.0371             | 0.00076             | 16.22                            |
| Feb        | 0.19                        | 13.99                                | 2.3778            | 1.7389            | 0.0492             | 0.00076             | 16.09                            |
| Mar        | 0.10                        | 13.84                                | 2.2028            | 1.9206            | 0.0501             | 0.00076             | 15.79                            |
| Apr        | 0.15                        | 13.78                                | 2.2376            | 1.8450            | 0.0489             | 0.00075             | 15.58                            |
| May        | 0.32                        | 13.08                                | 2.2846            | 1.4935            | 0.0529             | 0.00071             | 14.80                            |
| Jun        | 0.24                        | 13.46                                | 2.4109            | 1.4807            | 0.0628             | 0.00072             | 15.08                            |
| Jul        | 0.10                        | 15.34                                | 2.5964            | 1.9112            | 0.0774             | 0.00082             | 16.75                            |
| Aug        | (0.25)                      | 16.66                                | 2.4873            | 2.5738            | 0.0881             | 0.00091             | 18.00                            |
| Sep        | (0.02)                      | 16.37                                | 2.3082            | 2.5675            | 0.1096             | 0.00088             | 18.05                            |
| Oct        | 0.19                        | 15.01                                | 2.0493            | 2.2975            | 0.1351             | 0.00079             |                                  |

Address Service Requested

## Summary of Federal Order Data - October 2016

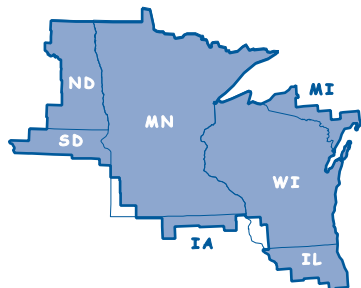
| Federal Order Number / Name          | Producer Deliveries<br><i>— Thousand Pounds —</i> | Class I Producer Receipts | Class I Utilization<br><i>Percent</i> | Class I Price<br><i>— Dollars per Cwt. —</i> | Producer Price Differential | Uniform or Statistical Uniform Price at 3.5% Butterfat |   |                           |
|--------------------------------------|---|---------------------------|---------------------------------------|--|-----------------------------|--|---|---------------------------|
|                                      |   |                           |                                       |  |                             | FOB Market   | FOB Cook Cty. Illinois<br><i>Dollars per Cwt.</i> | Change From Previous Year |
| 1 Northeast                          | 2,245,103   | 758,498                   | 33.8                                  | \$ 19.85                                     | \$ 1.41                     | \$ 16.23   | \$ 14.78  | \$(1.37)                  |
| 5 Appalachian                        | 454,528   | 320,776                   | 70.6                                  | 20.00  | n/a                         | 18.10  | 16.50   | (0.72)                    |
| 6 Florida                            | 224,195   | 186,283                   | 83.1                                  | 22.00  | n/a                         | 20.39  | 16.79   | (0.50)                    |
| 7 Southeast                          | 425,841   | 316,344                   | 74.3                                  | 20.40  | n/a                         | 18.72  | 16.72   | (0.71)                    |
| <b>30 Upper Midwest</b>              | <b>2,770,772</b>                                  | <b>283,742</b>            | <b>10.2</b>                           | <b>18.40</b>                                 | <b>0.19</b>                 | <b>15.01</b>   | <b>15.01</b>                                      | <b>(0.76)</b>             |
| 32 Central                           | 1,345,850   | 414,028                   | 30.8                                  | 18.60  | 0.53                        | 15.35  | 15.15   | (0.93)                    |
| 33 Mideast                           | 1,691,455   | 559,239                   | 33.1                                  | 18.60  | 0.59                        | 15.41  | 15.21   | (1.18)                    |
| 124 Pacific Northwest                | 614,412   | 168,736                   | 27.5                                  | 18.50  | 0.14                        | 14.96  | 14.86   | (1.32)                    |
| 126 Southwest                        | 1,269,458   | 372,166                   | 29.3                                  | 19.60  | 1.31                        | 16.13  | 14.93   | (0.93)                    |
| 131 Arizona                          | 404,313   | 112,530                   | 27.8                                  | 18.95  | n/a                         | 15.39  | 14.84   | (1.41)                    |
| <b>All Market Average or Total *</b> | <b>11,445,927</b>                                 | <b>3,492,343</b>          | <b>30.5</b>                           |  |                             |  |   |                           |

n/a = Not applicable.

\* May not add due to rounding.

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