



Class IV Market News and Summary

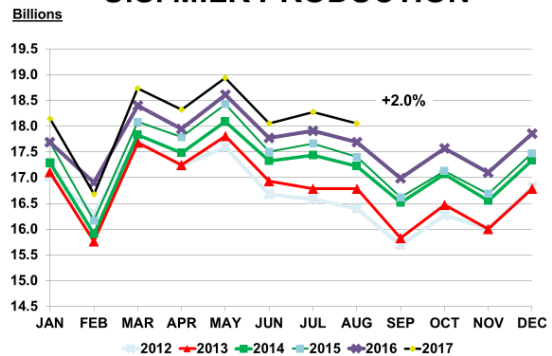
October 5, 2017

The September Class IV price was \$15.86/cwt. Down \$0.75 /cwt. from last month. Class IV projection for October is \$15.27 /cwt.

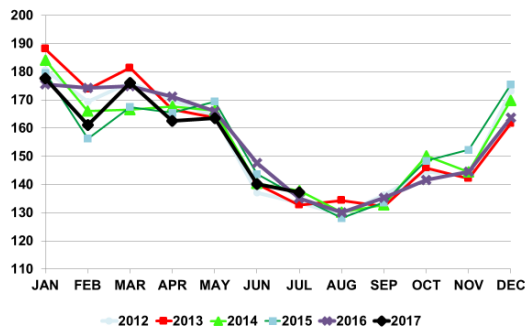
The September Class III price was \$16.36/cwt. Down \$0.21/cwt. from last month. Class III projection for October is \$16.24/cwt.

Milk production in the 23 major States during August totaled 17.0 billion pounds, up 2.1 percent from August 2016. Production per cow in the 23 major States averaged 1,948 pounds for August, 26 pounds above August 2016. The number of milk cows on farms in the 23 major States was 8.73 million head, 66,000 head more than August 2016, but unchanged from July 2017

U.S. MILK PRODUCTION

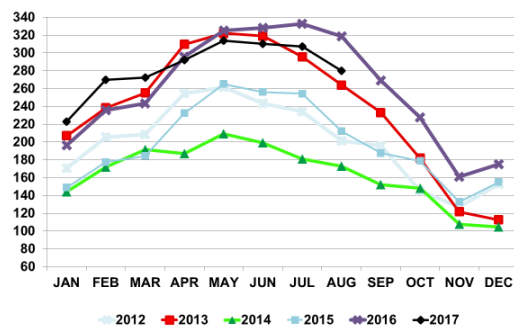


U.S. BUTTER PRODUCTION



Butter production for July was up 1.6% compared to July of 2016. YTD Butter production is down 26.6 million pounds representing a decline of 2.3%.

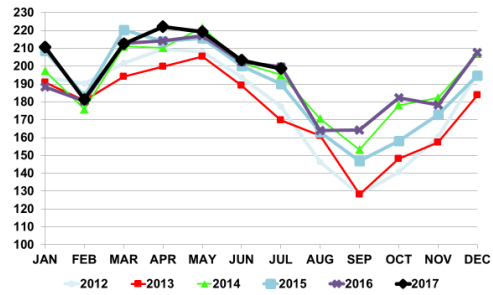
U.S. BUTTER IN COLD STORAGE



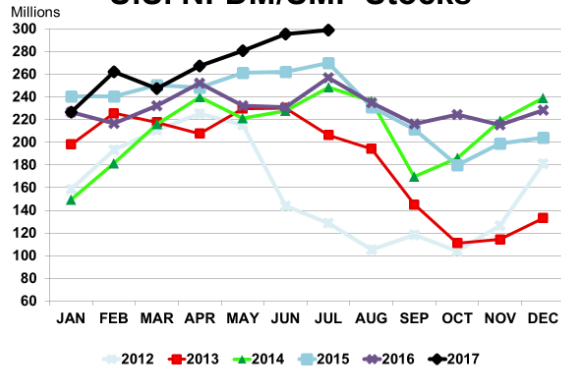
Butter storage at the end of August is running 38.6 million pounds less than last year's August position. The inventory level the end of August looks slightly bullish at this time with European prices holding well above \$3.00 a pound. The YTD storage for 2017 appears slightly less than industry expectations.

Dry milk powders (comparisons with July 2016)
 Nonfat dry milk, human 148 million pounds, down 1.6 percent. Skim milk powders 50.2 million pounds, up 2.9 percent.

Skim/NFDM Production



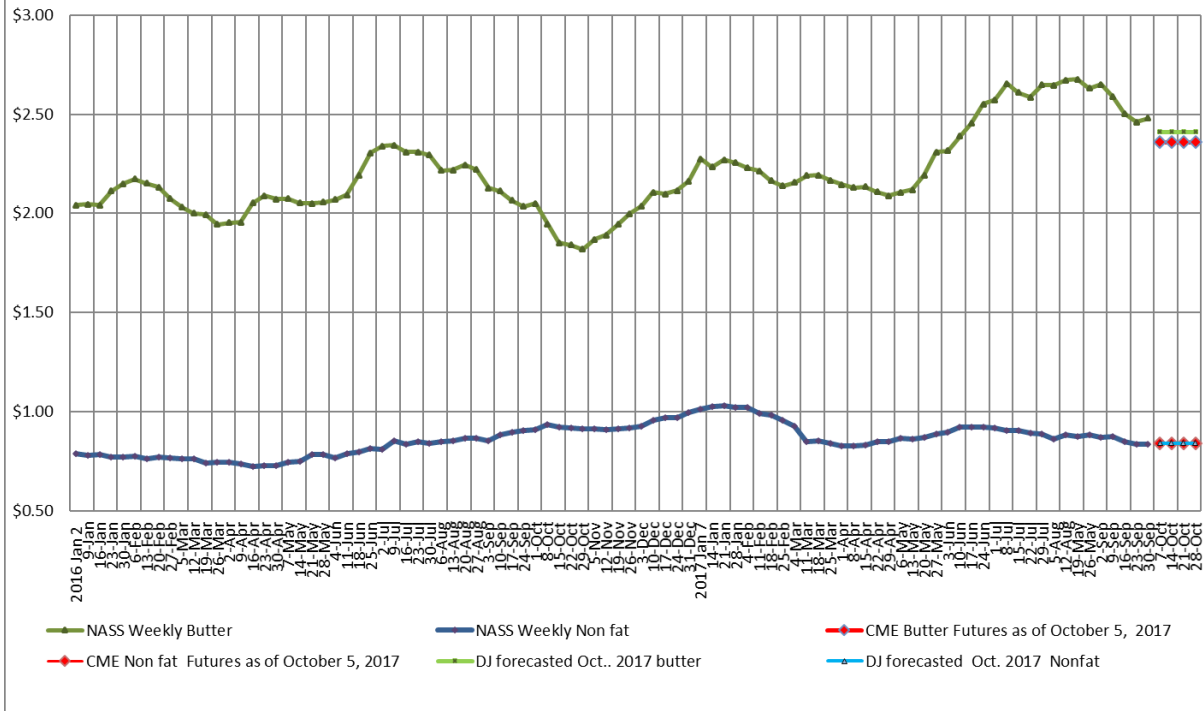
U.S. NFDM/SMP Stocks



Dry milk powders Stocks for July are 298.833 million pounds. Up 1% from the previous month and up 16% from last year.

Weekly NASS butter and nonfat powder prices, and

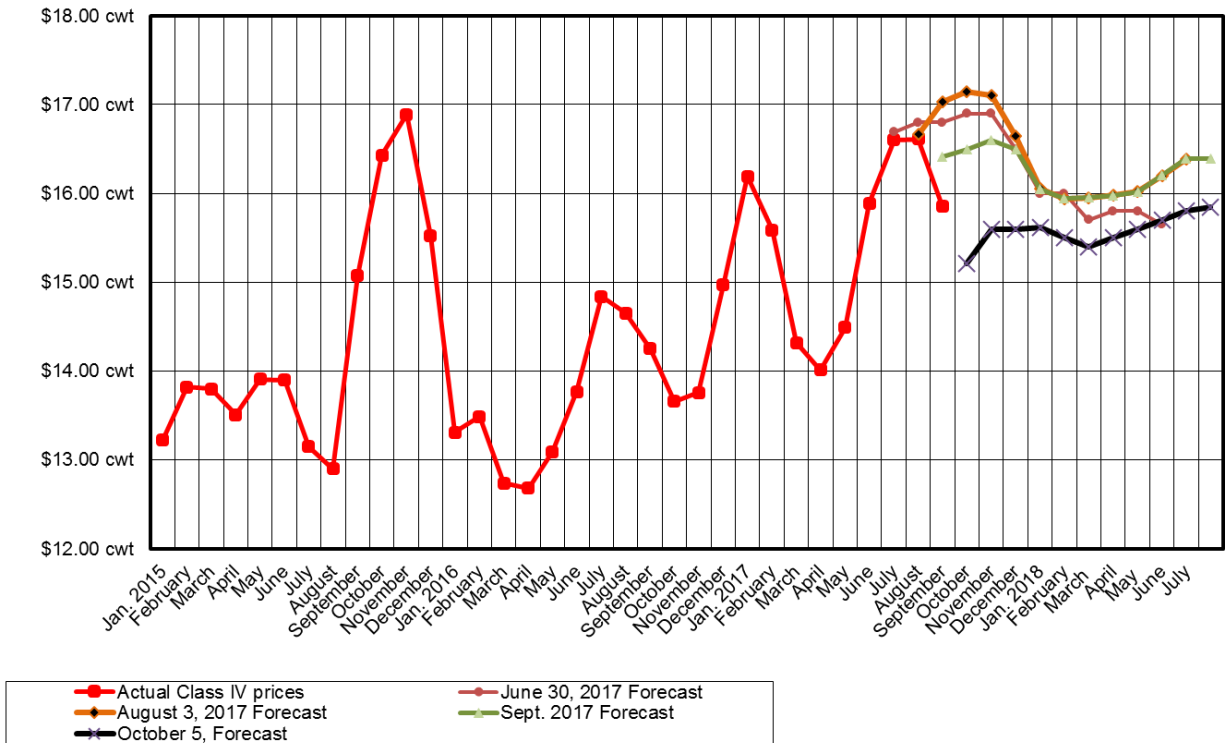
CME Futures prices, VernDale forecasted Butter and Nonfat powder prices as of October 5, 2017



Projected Class IV prices as of October 5, 2017

Year	Month	Projected classIV price
2017	October	\$ 15.27
2017	November	\$ 15.60
2017	December	\$ 15.60
2018	Jan	\$ 15.62
2018	Feb	\$ 15.50
2018	March	\$ 15.40
2018	April	\$ 15.50
2018	May	\$ 15.60
2018	June	\$ 15.70
2018	July	\$ 15.80
2018	August	\$ 15.85

October 5, 2017 VernDale Class IV Forecast vs. Past Months Forecasts



Dale Johnson