



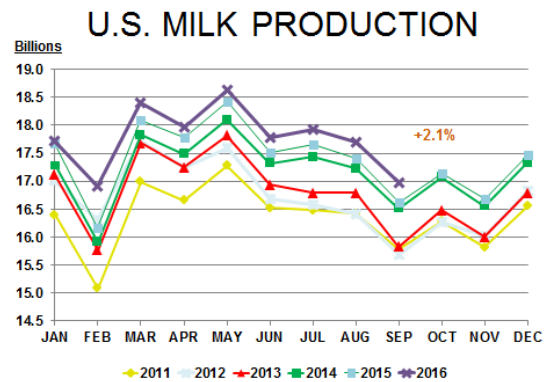
Class IV Market News and Summary

November 2, 2016

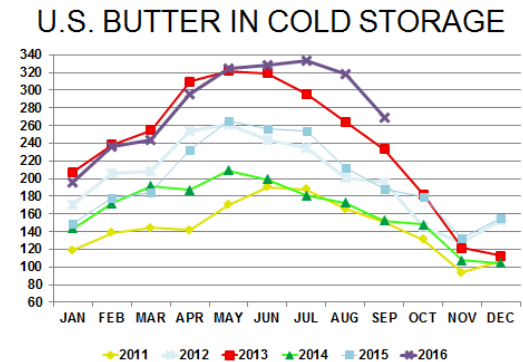
The October Class IV price was \$13.66/cwt. down \$0.59 /cwt. from the previous month. Class IV projection for November is \$13.67 /cwt.

The October Class III price was \$14.82/cwt. down \$1.57/cwt. from the previous month. Class III projection for November is \$15.67/cwt.

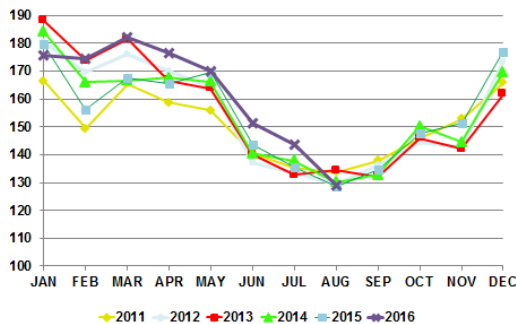
September Milk Production up 2.3 Percent
 Milk production in the 23 major States during September totaled 16.0 billion pounds, up 2.3 percent from September 2015. Production per cow in the 23 major States averaged 1,842 pounds for September, 35 pounds above September 2015. The number of milk cows on farms in the 23 major States was 8.67 million head, 36,000 head more than September 2015, but 2,000 head less than August 2016. July-September Milk Production up 1.7 Percent, over the same period last year.



On September 30 Butter stocks were down 16 percent from last month but still 43.5% higher than they were in 2015 and about 85.2 million lbs. above the 5-year average. Stocks fell 49.6 million lbs. in September to arrive at 269.2 million pounds which was a significant draw down.



U.S. BUTTER PRODUCTION



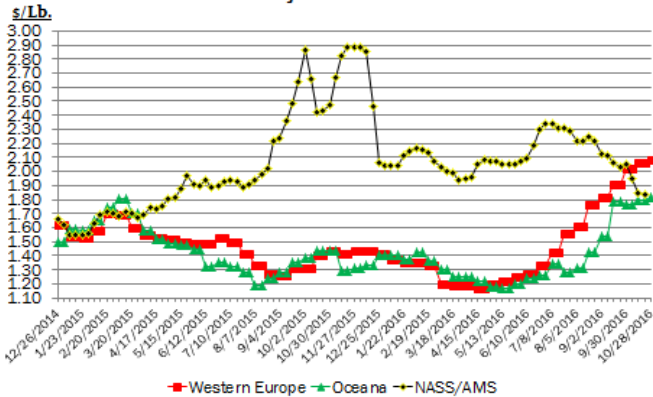
Butter production in August was 129 million pounds, 0.7 percent above August 2015 but 10.4 percent below July 2016. September production has not yet been released.

Domestic VS World prices

As shown in the graphs below, domestic butter and skim powder prices are in line if not below world prices making exporting more likely, if the US dollar wasn't so strong.

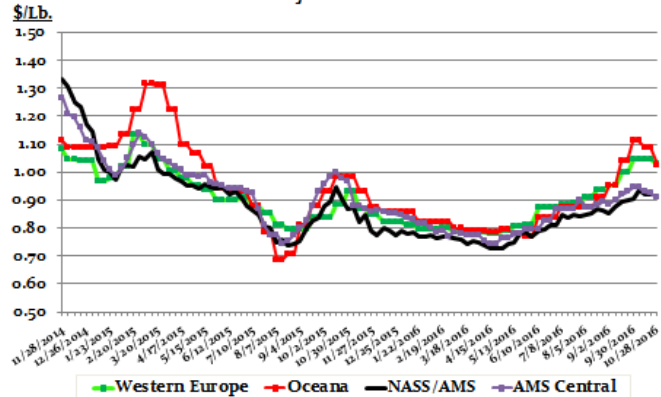
GRADE AA BUTTER

Weekly World Prices

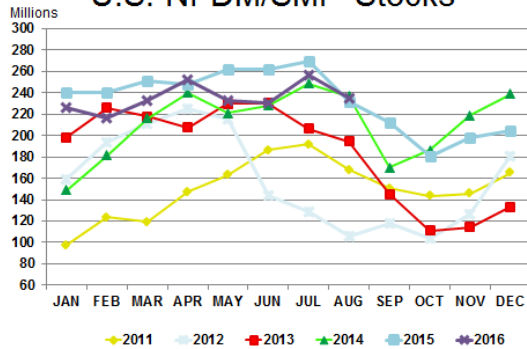


NONFAT DRY MILK

Weekly World Prices



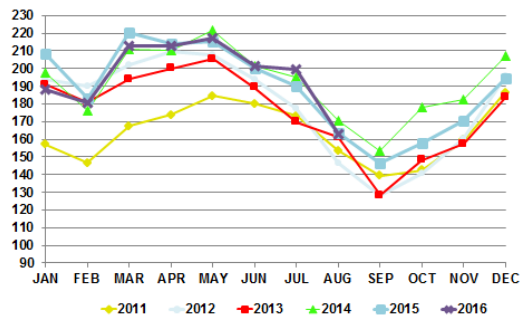
U.S. NFD/SMP Stocks



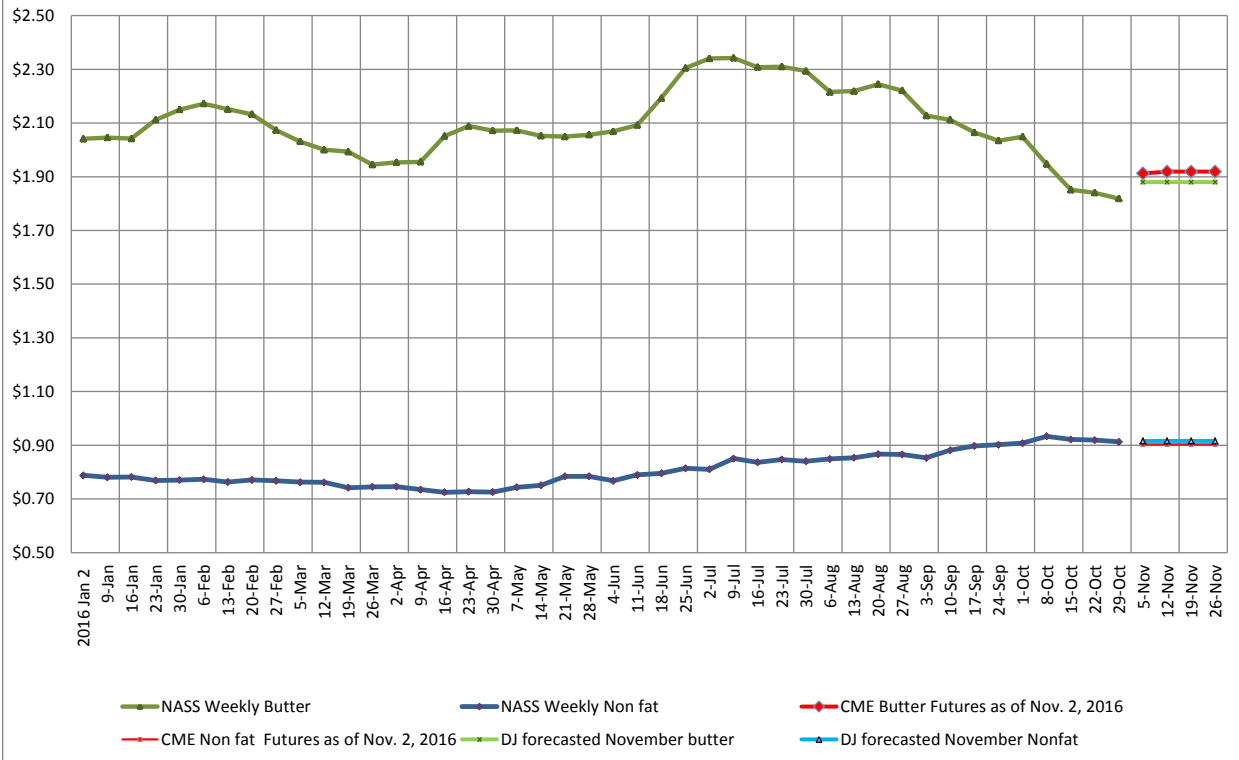
Dry milk stocks August inventories increased from the previous month but remain below July 2015 levels. September stocks have not been released at this time.

Dry milk powders Production (comparisons with August 2015) Nonfat dry milk, human - 117 million pounds, down 5.8 percent. Skim milk powders - 46.1 million pounds, up 17.2 percent. September production numbers are not our yet.

Skim/NFDM Production



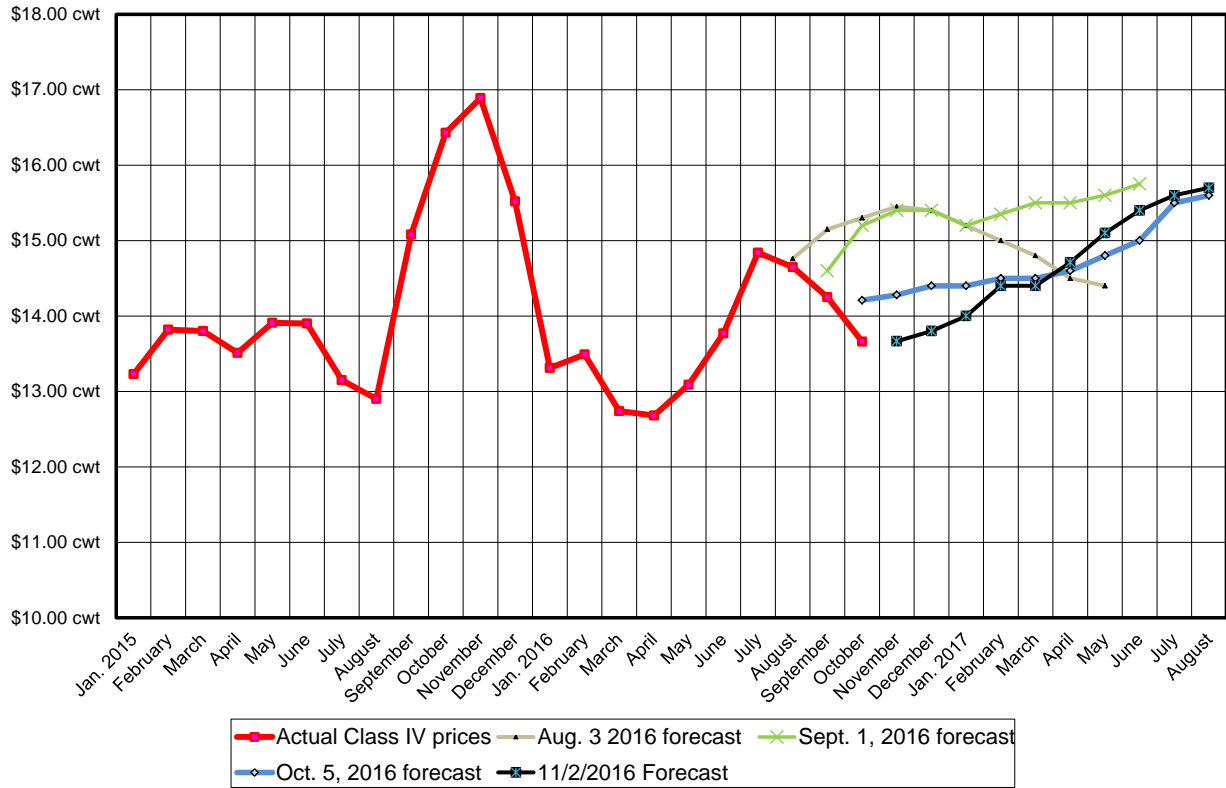
**Weekly NASS butter and nonfat powder prices,
CME Futures prices, and VernDale forecasted monthly prices
as of November 2, 2016**



Forecasted Class IV prices as of November 2, 2016

Year	Month	Projected class IV price
2016	Nov	\$13.67
2016	Dec	\$13.80
2017	Jan	\$14.00
2017	Feb	\$14.40
2017	March	\$14.40
2017	April	\$14.71
2017	May	\$15.10
2017	June	\$15.40
2017	July	\$15.60
2017	August	\$15.70
2017	September	\$15.90

November 2, 2016 VernDale Class IV Forecast vs. Past Months Forecasts



Have a good month, enjoy the summer like weather.

Dale Johnson