



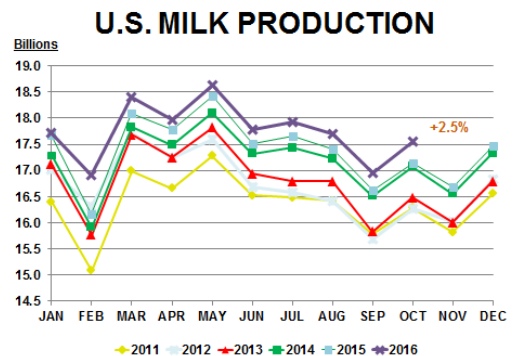
Class IV Market News and Summary

December 1, 2016

The November Class IV price was \$13.76/cwt. up \$0.10 /cwt. from the previous month. Class IV projection for December is \$14.96 /cwt.

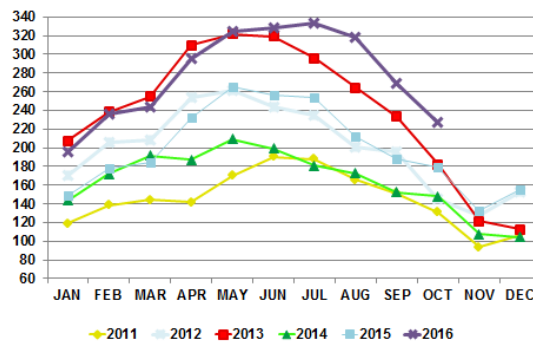
The November Class III price was \$16.76/cwt. up \$1.94/cwt. from the previous month. Class III projection for November is \$16.61/cwt.

October Milk Production up 2.7 Percent Milk production in the 23 major States during October totaled 16.5 billion pounds, up 2.7 percent from October 2015. Production per cow in the 23 major States averaged 1,903 pounds for October, 43 pounds above October 2015. The number of milk cows on farms in the 23 major States was 8.67 million head, 31,000 head more than October 2015, but 2,000 head less than September 2016.

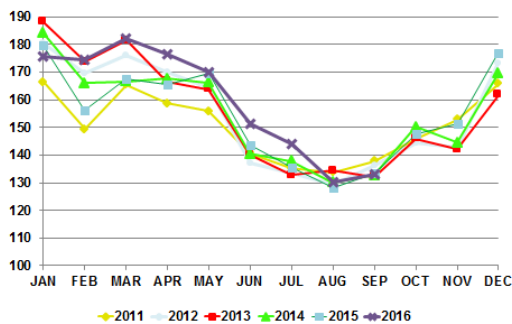


On October 31 Butter stocks were down 15 percent from last month, and down 41.1 million pounds from the previous month's level. This marks the second month in a row where butter stocks dropped over 40 million pounds, (the five-year average October drawdown is 27.1 million pounds). Month-ending October butter stocks still remain 27.4% above last year's level. Octobers cold storage levels have contributed to the recent rally in CME spot and Futures butter prices.

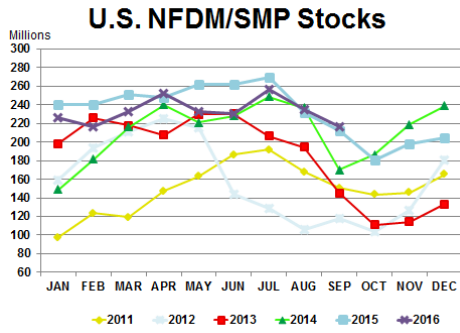
U.S. BUTTER IN COLD STORAGE



U.S. BUTTER PRODUCTION



Butter production in September was 133 million pounds, 0.4 percent below September 2015 but 2.3 percent above August 2016.

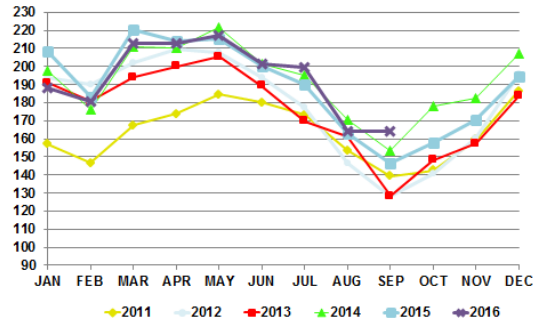


Dry milk stocks at the end of September are up 4.5 million pounds more than last year's September. This represents around 5 weeks of production in inventory

powders Dry milk powders (comparisons September 2015)
 Nonfat dry milk, human - 126 million pounds, up 4.7 percent. Skim milk powders - million pounds, up 43.3 percent.

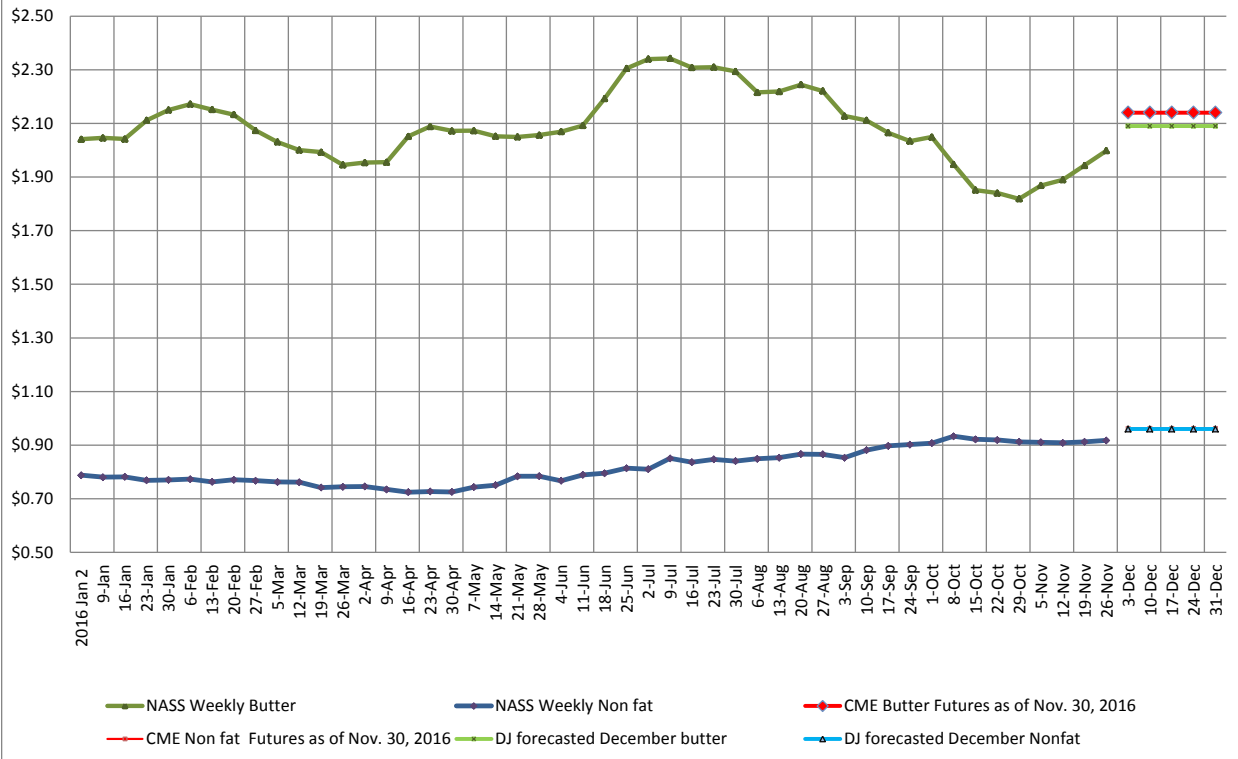
Dry

Skim/NFDM Production



milk with
 38.4

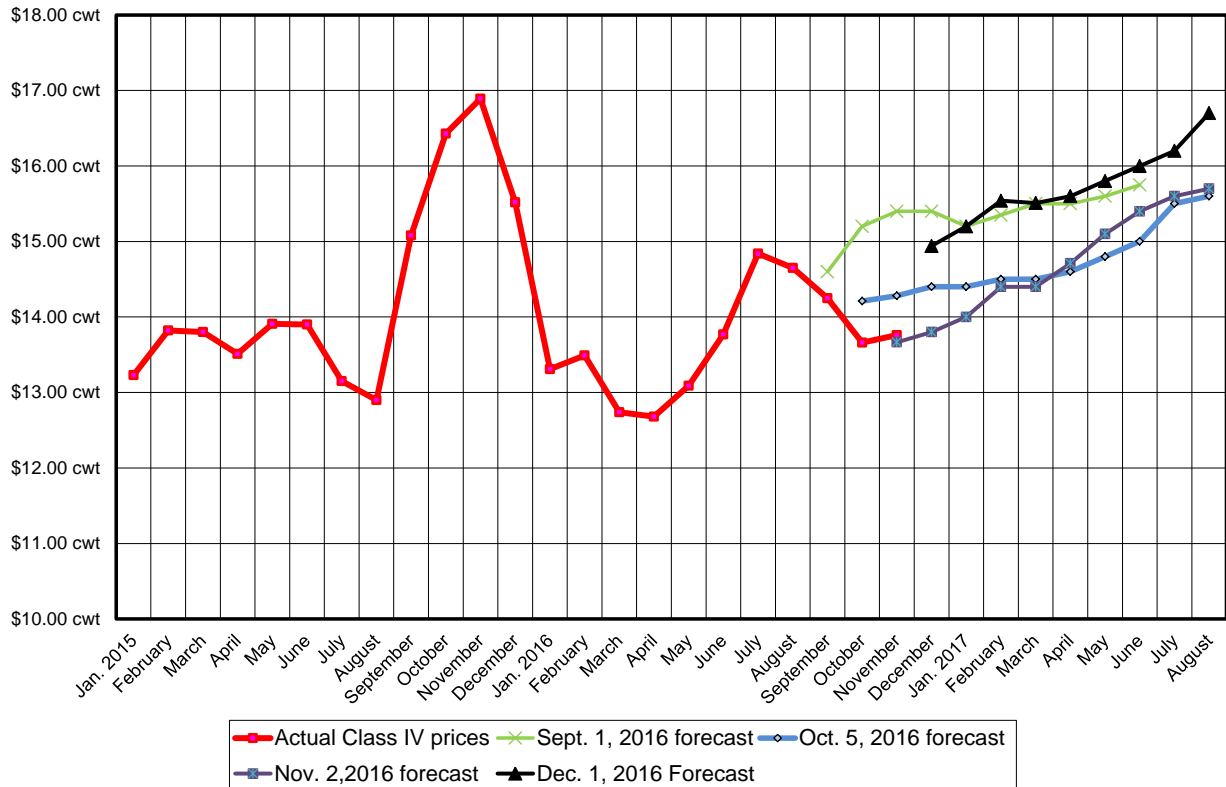
Weekly NASS butter and nonfat powder prices, CME Futures prices, and VernDale forecasted monthly prices as of December 1, 2016



Forecasted Class IV prices as of December 1, 2016

2016	Dec	\$ 14.96
2017	Jan	\$ 15.20
2017	Feb	\$ 15.54
2017	March	\$ 15.51
2017	April	\$ 15.60
2017	May	\$ 15.80
2017	June	\$ 16.00
2017	July	\$ 16.20
2017	August	\$ 16.70
2017	September	\$ 16.80
2017	October	\$ 16.80
2017	November	\$ 17.10

December 1, 2016 VernDale Class IV Forecast vs. Past Months Forecasts



Happy holidays
Dale Johnson