



## Class IV Market News and Summary

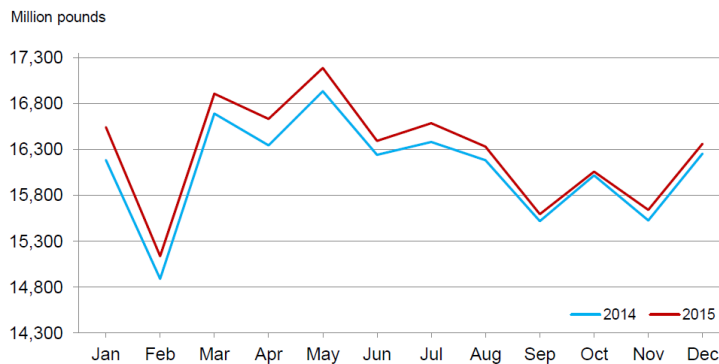
February 4, 2016

**The January Class IV price was \$13.31/cwt.** down \$2.21/cwt. from the previous month. Class IV projection for February is \$13.72 /cwt.

**The January Class III price was \$13.72/cwt.,** down \$0.72/cwt. from the previous month. Class III projection for February is \$13.88 /cwt.

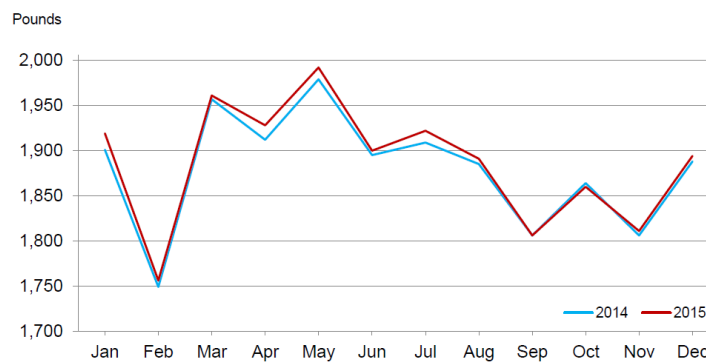
**December Milk production in the 23 major States totaled 16.4 billion pounds,** up 0.7 percent from December 2014.

**Monthly Milk Production – 23 Selected States**

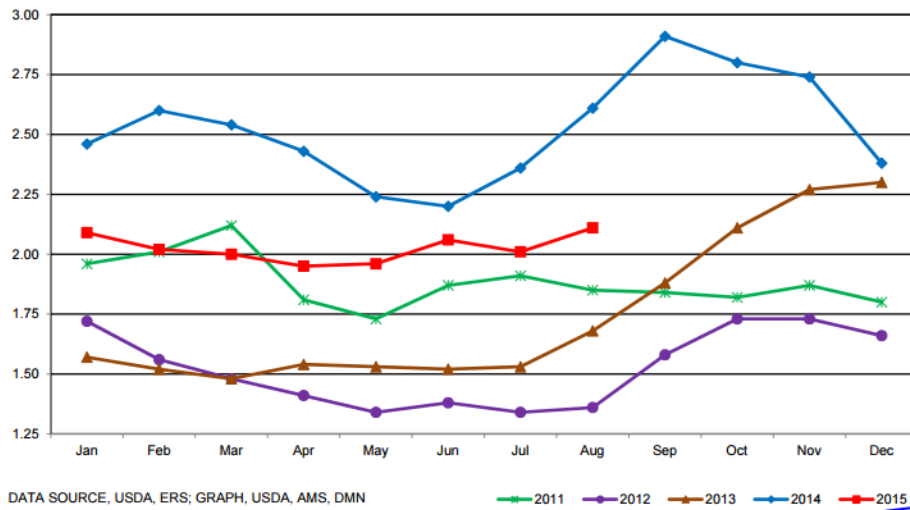


Production per cow in the 23 major States averaged 1,894 pounds for December, 6 pounds above December 2014. This is the highest production per cow for the month of December since the 23 State series began in 2003. The number of milk cows on farms in the 23 major States was 8.64 million head, 29,000 head more than December 2014, and 1,000 head more than November 2015

**Monthly Milk per Cow – 23 Selected States**



**Milk-Feed Price Ratio Based on the Pounds of 16% Mixed Dairy Feed Equal in Value to 1 Pound of Whole Milk**



The milk-feed price ratio shows that dairy farmer margins are in relatively good shape compared to other years. 2014 was a very good year for dairy farmers and 2015 is holding better than most. These margins will not discourage milk production and a contraction in the U.S. dairy herd is not forthcoming. Dairy product markets - which are already amply supplied - could have even more product to contend with going forward. There has been a shifting trend in the production of milk by states. With states experiencing water issues losing production while areas of the Midwest increasing production.

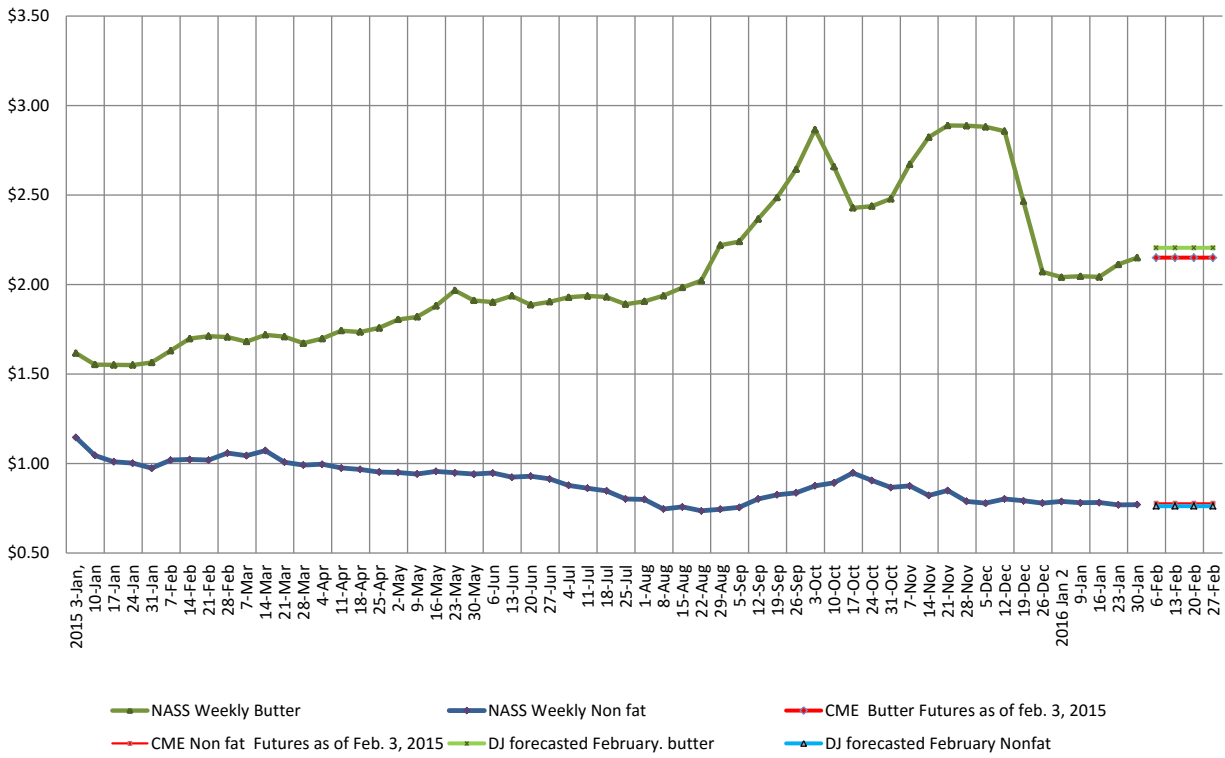
**Butter production** was 177 million pounds, 4.3 percent above December 2014 and 17.0 percent above November 2015.

**Butter stocks** as of Dec 31 were up 15 percent from last month and up 46 percent from a year ago

**Dry milk powders production** (comparisons with December 2014) Nonfat dry milk, human - 147 million pounds, down 10.2 percent. Skim milk powders - 45.4 million pounds, up 5.1 percent.

**Nonfat Stocks** grew by less than 1 million pounds in December 2015 to 199.4 million pounds from November levels. December stocks were 16.6% or 36.7 million pounds below December 2014.

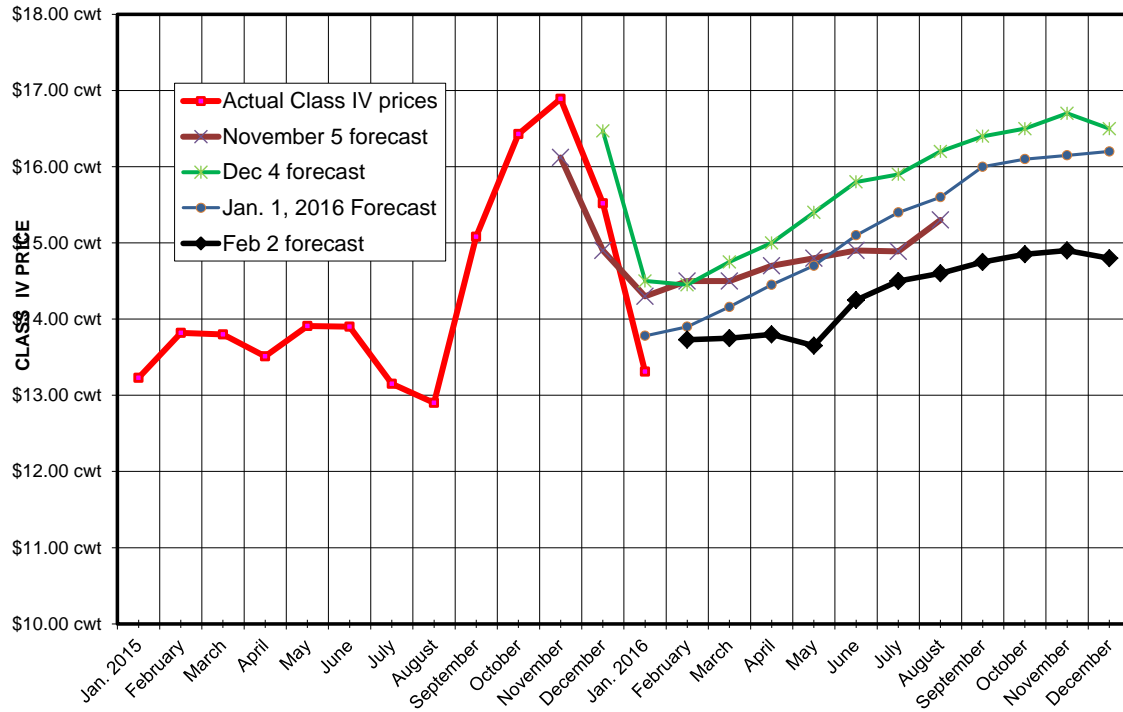
**Weekly NASS butter and nonfat powder prices,  
CME Futures prices, and VernDale forecasted monthly prices  
as of February 4, 2016**



**VernDale Class IV forecast as of February 4, 2016**

Year	Month	Projected classIV price
2016	Feb	\$ 13.73
2016	Mar	\$ 13.75
2016	Apr	\$ 13.80
2016	May	\$ 13.65
2016	Jun	\$ 14.25
2016	Jul	\$ 14.50
2016	Aug	\$ 14.60
2016	Sep	\$ 14.75
2016	Oct	\$ 14.85
2016	Nov	\$ 14.90
2016	Dec	\$ 14.80

February 4, 2016 VernDale Class IV Forecast vs. Past Months Forecasts



Dale Johnson