



Class IV Market News and Summary

January 5, 2017

The December Class IV price was \$14.97/cwt. up \$ 1.21 /cwt. from the previous month. Class IV projection for January is \$16.01 /cwt.

The December Class III price was \$17.40/cwt. up \$0.64/cwt. from the previous month. Class III projection for January is \$16.61/cwt.

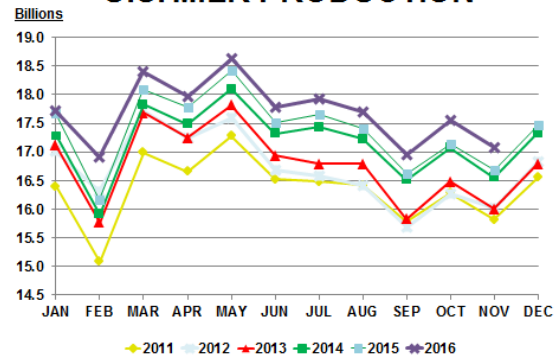
November Milk Production was up 2.6 Percent

Milk production in the 23 major States during November totaled 16.1 billion pounds, up 2.6 percent from November 2015.

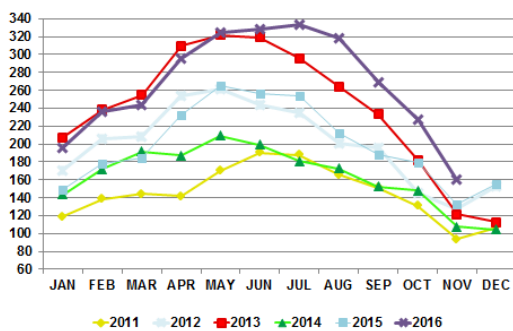
Production per cow in the 23 major States averaged 1,851 pounds for November, 40 pounds above November 2015.

The number of milk cows on farms in the 23 major States was 8.67 million head, 33,000 head more than November 2015, and 4,000 head more than October 2016.

U.S. MILK PRODUCTION



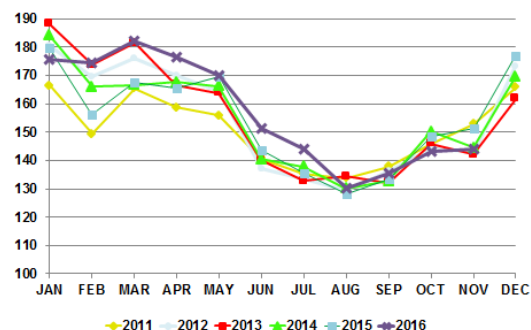
U.S. BUTTER IN COLD STORAGE



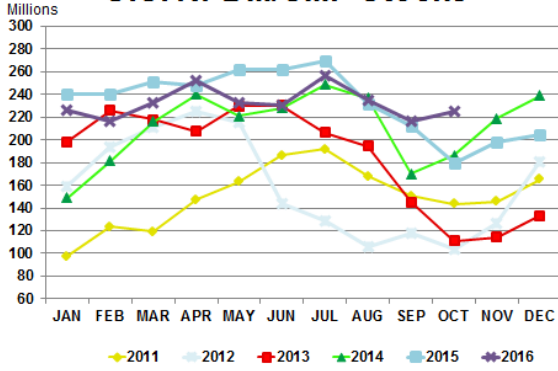
Butter stocks Butter storage at the end of November is running 28.1 million pounds ahead of last year's November position. The November drawdown of butter stocks brings the inventory to levels more typical for this time of year. The inventory level represents nearly 8 weeks worth of production.

Butter production for November was down 5.7% compared to November 2015. The lower production is lightly a contributor to the drawdown in November butter stocks

U.S. BUTTER PRODUCTION



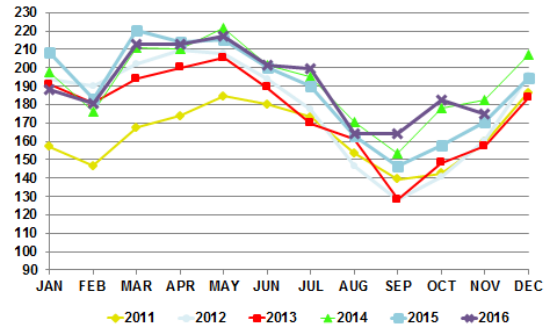
U.S. NFDM/SMP Stocks



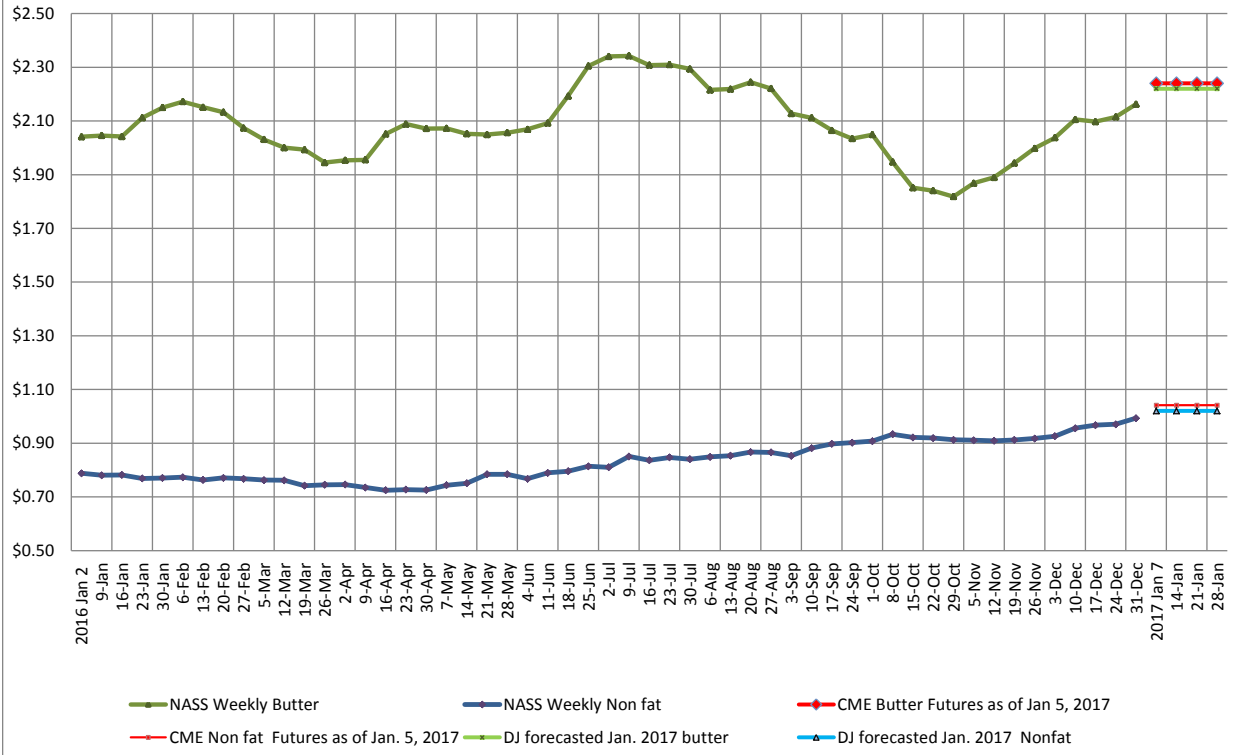
Dry milk powders (comparisons with November 2015) Nonfat dry milk, human - 127 million pounds, down 0.9 percent.
Skim milk powders - 48.1 million pounds, up 7.0 percent.

Dry milk stocks increased from September 2016 which is not typical for October. October ending stocks were slightly over 225 million lbs. This is 9 million pounds higher than September 2016 and 45 million over October 2015.

Skim/NFDM Production



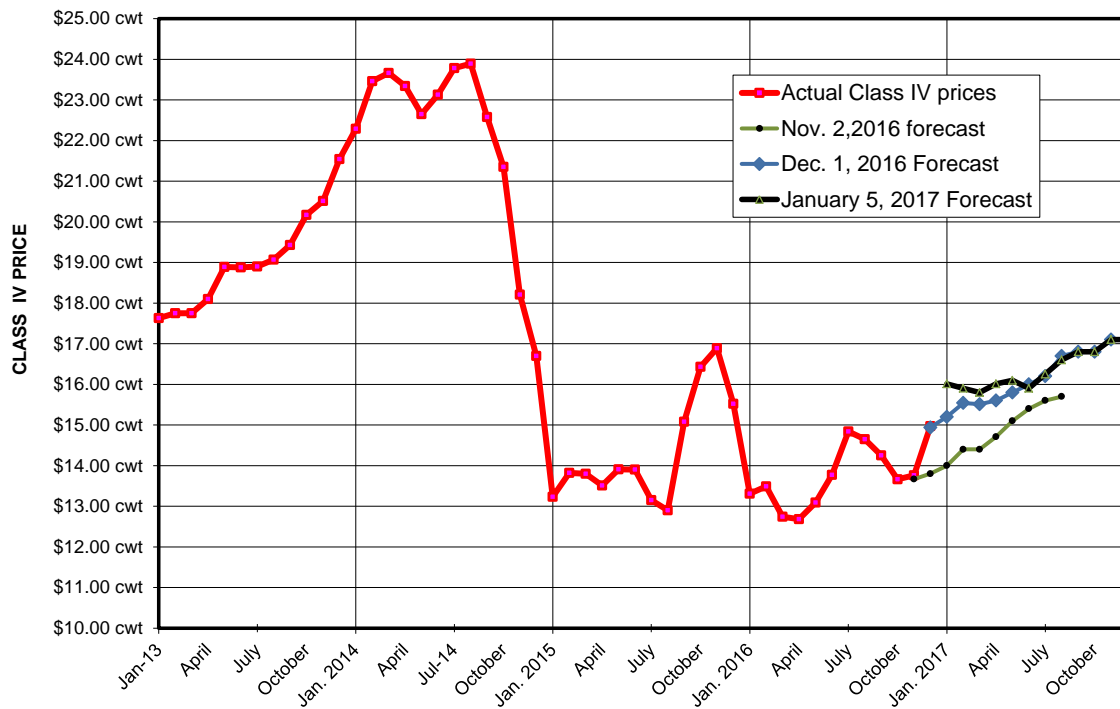
Weekly NASS butter and nonfat powder prices, CME Futures prices, and VernDale forecasted monthly prices as of January 5, 2017



Forecasted Class IV prices as of January 5, 2017

2017	Jan	\$ 16.01
2017	Feb	\$ 15.90
2017	March	\$ 15.80
2017	April	\$ 16.01
2017	May	\$ 16.10
2017	June	\$ 15.90
2017	July	\$ 16.25
2017	August	\$ 16.60
2017	September	\$ 16.80
2017	October	\$ 16.80
2017	November	\$ 17.10
2017	December	\$ 17.10

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



Dale Johnson