



Class IV Market News and Summary

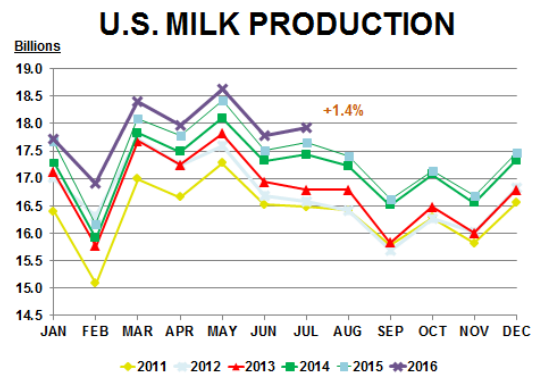
September 1, 2016



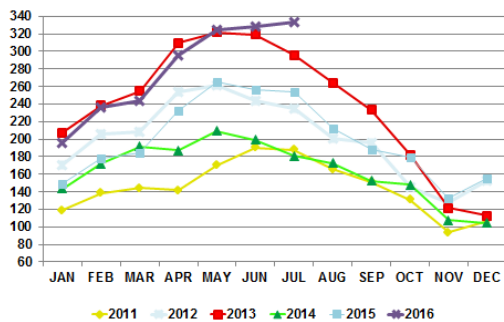
The August Class IV price was \$14.65/cwt. down \$0.19 /cwt. from the previous month. Class IV projection for September is \$14.60 /cwt.

The August Class III price was \$16.91/cwt. up \$1.67/cwt. from the previous month. Class III projection for September is \$16.65/cwt.

Milk production in the 23 major States during July totaled 16.8 billion pounds, up 1.4 percent from July 2015. Production per cow in the 23 major States averaged 1,946 pounds for July, 24 pounds above July 2015. The number of milk cows on farms in the 23 major States was 8.65 million head, 19,000 head more than July 2015, and 2,000 head more than June 2016.



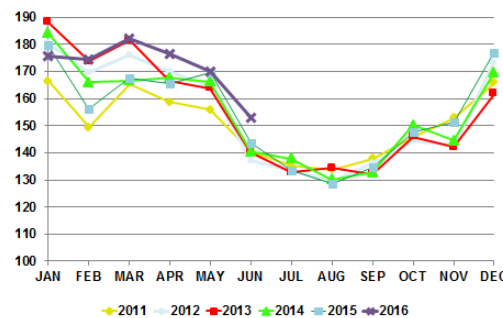
U.S. BUTTER IN COLD STORAGE



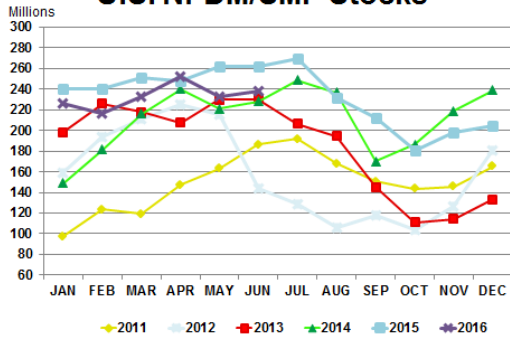
Butter stocks at the end of July were 333.12 million pounds were up 2 percent from last month and up 31 percent from a year ago. It was the first time since 2004 that stocks were higher at the end of July than they were in June. Higher inventories have lowered butter price expectations for the remainder of 2016.

Butter production Total butter production for June was up 6.4% compared to June of 2015. The last four months of strong butter production surpassing the production levels of 2013 plus strong inventory growth should ease pressure on rising butter prices, however continued hot weather across the nation will keep buyers worried over milk production levels.

U.S. BUTTER PRODUCTION



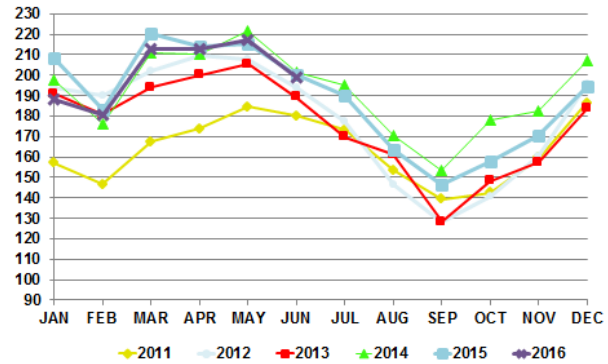
U.S. NFDM/SMP Stocks



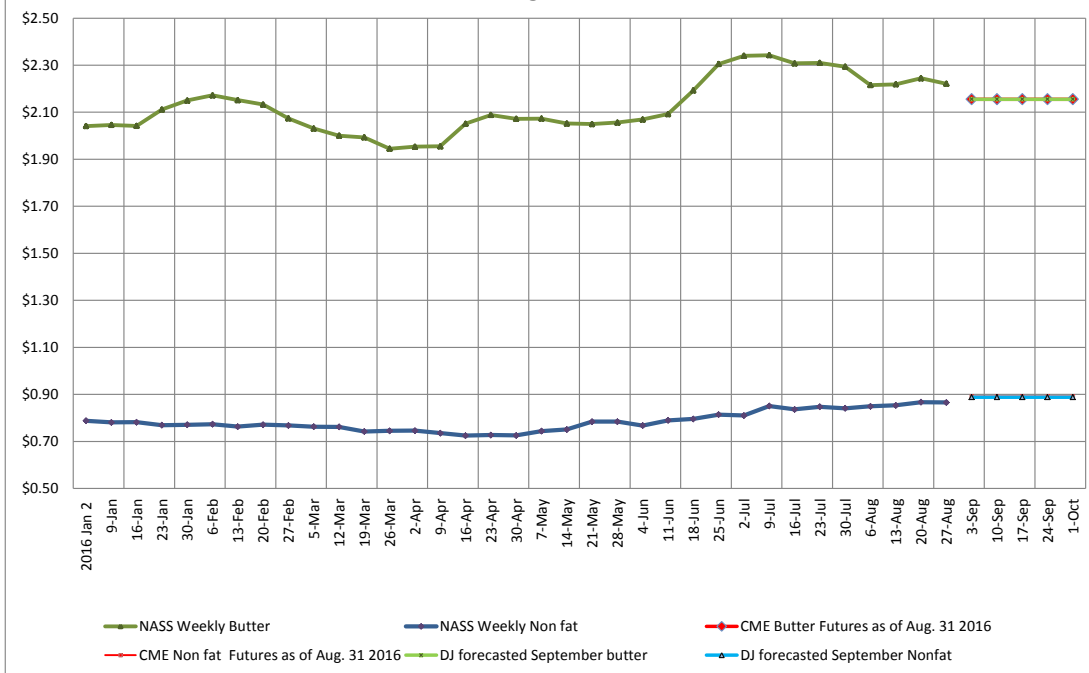
Dry milk stocks June inventories increased from the previous month but remain below June 2015 levels.

Combined nonfat and SMP production for June is down 1.2 million pounds or .6% from last year's June total. YTD production is down 2.6%.

Skim/NFDM Production

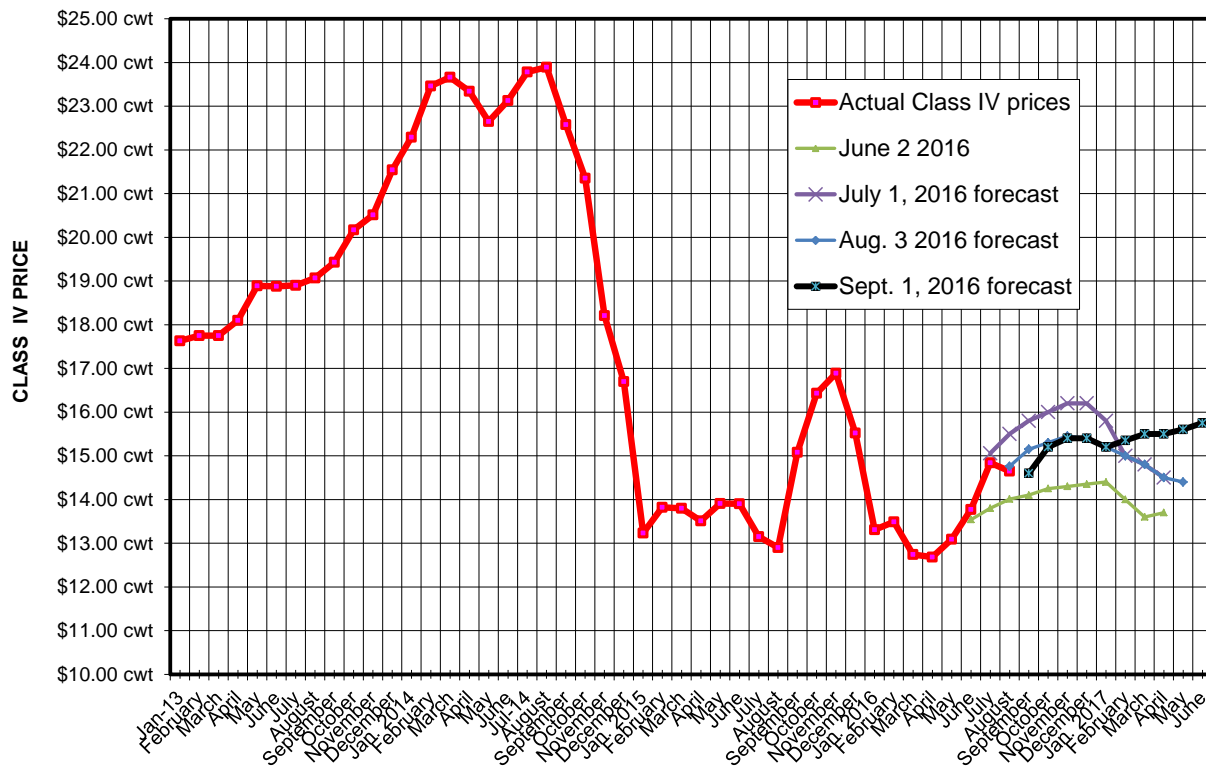


Weekly NASS butter and nonfat powder prices, CME Futures prices, and VernDale forecasted monthly prices as of August 31, 2016



Year	Month	Projected class IV price
2016	Sep	\$14.60
2016	Oct	\$15.20
2016	Nov	\$15.40
2016	Dec	\$15.40
2017	Jan	\$15.20
2017	Feb	\$15.35
2017	March	\$15.50
2017	April	\$15.50
2017	May	\$15.60
2017	June	\$15.75

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



For a long term perspective I included actual Class IV prices going back to 2013

Have a good Labor Day weekend.

Dale Johnson