

DAIRY MARKET NEWS AT A GLANCE

CME GROUP CASH MARKETS (1/18)

BUTTER: Grade AA closed at \$2.2400. The weekly average for Grade AA is \$2.2515 (+.0140).

CHEESE: Barrels closed at \$1.2000 and 40# blocks at \$1.4000. The weekly average for barrels is \$1.2050 (-.0565) and blocks, \$1.4090 (+.0190).

NONFAT DRY MILK: Grade A closed at \$1.0300. The weekly average for Grade A is \$1.0350 (+.0305).

DRY WHEY: Extra grade dry whey closed at \$0.5050. The weekly average for dry whey is \$0.5130 (+.0260).

BUTTER HIGHLIGHTS: In general, throughout the country, butter output is active as processors capitalize on discounted cream values. Therefore, most churns are full of cream, while butter makers continue seasonally building their stocks for later use, especially in summer. Print and bulk butter orders from retailers are surprising stronger than expected in some regions. Bulk butter pricing varies among the regions: East, 5.0 cents to 8.0 cents over the market; Central, 5.0 cents to 7.0 cents above the market; West, 2.0 cents to 7.5 cents over the market, with various periods and averages used.

CHEESE HIGHLIGHTS: In the coastal regions, cheese production continues actively. While still active in the Central region, producers are reining in manufacturing levels following typically heavy post-holiday inventories. Milk availability, although readily accessible, has settled somewhat as bottlers are taking priority. Spot milk prices ranged from \$.50 over to \$2 under Class. Post-holiday cheese demand is expectedly softer. Western cheese contacts report production is outpacing demand. Undoubtedly, there are ample amounts of cheese in the warehouse. Cheese markets in the U.S. are somewhat shaky. The large block to barrel CME price gulf adversely affects most producers. Cheese contacts suggest the possibility of block prices descending toward an expected proximity, most suggest \$.05 or thereabouts, creates buyer hesitancy.

FLUID MILK: Nationally, farm milk output is generally steady, with some slight increases reported. Cow comfort has been optimal,

but some harsh winter weather has Midwestern and Northeastern contacts concerned about the upcoming weekend. Bottlers are planning to get a jump on increasing supplies ahead of the forecasted winter storms. Spot milk available for cheese remains strong nationally, but the heavy discounts of the post-holiday weeks ebbed somewhat: spot milk prices ranged from \$2 under to \$.50 over Class III. Cream demand is strong, as butter churning is nearing its peak in many areas. Midwestern contacts suggest cream demand may remain healthy, as cream cheese producers, amongst others, came into 2019 light on inventories. Ice cream production is increasing, following holiday downtime. F.O.B. cream multiples are 1.05-1.20 in the East, 1.00-1.25 in the Midwest, and .95-1.16 in the West.

DRY PRODUCTS: Low/medium heat nonfat dry milk (NDM) prices are up in all facets, in all regions. As Mexican orders increase, prices and market tones follow suit. The high heat NDM price increased on the bottom of the Central/East range, while increasing on the top of the Western price range. Dry buttermilk prices shifted up in all regions, as well. Buttermilk powder buying interests are strong ahead of the spring baking season, while production schedules are variant within the regions. The dry whole milk price range is mixed, as domestic prices are higher than those of international competitors. Dry whey prices are steady to mixed in the Central, while increasing in the West and East. End users are receiving offers in the Midwest and West, but remain hesitant regarding current price points. Eastern buyers are more active when spots become available. Whey protein concentrate (WPC) 34% prices are mixed on a segmented market. As is typical with WPC 34%, brand specific or requirement-meeting loads are holding buyers' interests, while interchangeable WPC 34% is garnering less end user attention. Lactose prices are steady on the mostly, but mixed on the price range. Similar to WPC 34%, markets are mixed depending on mesh size and buyer requirements. Rennet and acid casein prices are lower, as buyers are acutely aware of the higher casein availability.

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DAIRY MARKET NEWS PRICE SUMMARY FOR JANUARY 14-18, 2019
PRICES (\$/LB) & CHANGES FROM PREVIOUS PUBLISHED PRICES

Commodity	Range	Mostly	Commodity	Range	Mostly	Commodity	Range	Mostly
NDM								
Central Low/Med. Heat	0.9300	1.0300	0.9800	1.0150	Central/East	0.9600	1.0050	
Change	0.0400	0.0300	0.0400	0.0400	Change	0.0200	0.0150	
Central High Heat	1.0500	1.1200			West	0.8700	0.9800	0.9000 0.9600
Change	0.0100	N.C.			Change	0.0050	N.C.	N.C. N.C.
West Low/Med. Heat	0.9300	1.0650	0.9475	1.0400	WHEY			
Change	N.C.	0.0450	0.0075	0.0400	Central	0.3700	0.5200	0.4400 0.5000
West High Heat	1.0900	1.1950			Change	-0.0100	-0.0300	N.C. N.C.
Change	N.C.	0.0450			West	0.4300	0.5450	0.4500 0.5000
DRY WHOLE MILK								
National	1.5500	1.6500			Change	0.0300	0.0100	0.0150 0.0100
Change	0.0700	N.C.			Northeast	0.4775	0.5175	
					Change	0.0050	0.0125	

DAIRY MARKET NEWS PRICE SUMMARY FOR JANUARY 7-18, 2019
PRICES (\$/MT) & CHANGES FROM PREVIOUS PUBLISHED PRICES

Commodity	Range	Commodity	Range	Commodity	Range
SMP					
W. Europe	2025 2200	W. Europe	3100 3250	W. Europe	4875 5275
Change	125 125	Change	100 75	Change	150 25
Oceania	2325 2650	Oceania	2725 2800	Oceania	4125 4300
Change	225 250	Change	50 50	Change	100 100
S. America	2575 2875	S. America	2600 3100	BUTTEROIL	
Change	200 200	Change	75 75	W. Europe	6850 6975
WHEY					
W. Europe	925 1075			Change	25 N.C.
Change	50 50			CHEDDAR CHEESE	
				Oceania	3425 3550
				Change	75 25

DAIRY MARKET NEWS AT A GLANCE**CONTINUED FROM PAGE 1****INTERNATIONAL DAIRY MARKET NEWS: AUSTRALIA:**

Central and southeast Australia continue to suffer under intense daytime temperatures in excess of 100 degrees Fahrenheit. Some locations hover near 116 degrees. Cows and pastures are suffering. Much of western Australia reaches temperature highs into the 80s. China is the largest single market for dairy exports from Australia according to Dairy Australia. It is also noted that infant formula exported to China is now Australia's most valuable dairy export to any market.

NEW ZEALAND: Temperatures in much of the North and South Islands are reaching daytime highs in the 70s and 80s Fahrenheit. Milk production continues to be strong. The early new year has produced renewed dairy product market and trading activity. Manufacturers are increasingly working to assure adequate low season carryover stocks are in place for June, July and August, while also finalizing good sales opportunities for the near term. Optimism remains that this will be a strong milk production season in New Zealand.

EUROPEAN DAIRY MARKET OVERVIEW: WESTERN:

The official publication last week of the February 1, 2019 commencement date of the EU-Japan Economic Partnership makes the agreement effective. Tariff concessions offered by Japan will apply to EU exports with specified product codes, in specified quantities, with annual adjustments spanning varied years, for cheese, whey, butter, SMP, WMP, buttermilk powder, condensed milk, evaporated milk, fermented dairy products, whipped cream in pressurized containers, casein, caseinates, lactose, MPC, milk and cream. EU sources believe the U.S. wants to include agriculture, which some EU interests oppose. More significantly, the EU is reportedly unlikely to back off insisting on geographical indicators as part of the agreement. The substantially lopsided vote in Parliament on Tuesday rejecting the Brexit deal negotiated by Prime Minister May leaves incredible uncertainty as to what will happen with dairy trade between the Republic of Ireland and the UK. **EASTERN:** Belarus has recently been the principal single source of dairy product imports by Russia. January-November 2018 Belarus exports to Russia overall show less dependence by Russia on Belarus. Russia has significantly increased recent cheese imports from all sources, but reduced imports of butter, WMP and SMP.

SOUTH AMERICAN OVERVIEW: In Argentina, floods have harshly impacted dairy farmers during the past few days. Several numbers of milking cows have died, and sanitary measures have been lifted to control mastitis and other diseases. That said, farm milk production has been reduced throughout the country, while milk hauling has been a major issue. Processors are not receiving enough milk/cream to maximize their production. However, manufacturing of main dairy commodities such as cheese, yogurt, butter, and dairy powder are stable at this point. In Brazil climate conditions have been variable, but not much has changed in the dairy industry during the past two weeks. Farm milk output is steadily slowing down after reaching the top peak of the season. Manufacturing milk/cream volumes are enough to meet most processors needs.

NATIONAL RETAIL REPORT (DMN): The total number of conventional dairy advertisements decreased 3 percent, while organic dairy ads increased 4 percent. Total conventional yogurt ads declined by 6 percent week over week. The total number of conventional milk ads decreased 19 percent. Conventional cheese ad numbers decreased 11 percent, while no ads were reported for organic cheese this week.

DECEMBER CONSUMER PRICE INDEX (BLS): The Consumer Price Index (CPI) for the all food category is 255.2, up 1.6 percent from 2017. The dairy products index is 216.7, down 0.1 percent from a year ago. The following are the December 2017 to December 2018 changes for the selected products: fresh whole milk is -1.8 percent; cheese, -0.4 percent; and butter, -0.2 percent.

FEBRUARY FEDERAL MILK ORDER ADVANCED PRICES

(FMMO): Under the Federal milk order pricing system, the base Class I price for February 2019 is \$15.30 per cwt. This price is derived from

the advanced Class IV skim milk pricing factor of \$6.80 and the advanced butterfat pricing factor of \$2.4962. A Class I differential for each order's principle pricing point (county) is added to the base price to determine the Class I Price. The advanced Class IV skim milk pricing factor is \$6.80. Thus, the Class II skim milk price for February 2019 is \$7.50 per cwt, and the Class II nonfat solids price is \$0.8333. The two-week product price averages for February 2019 are: butter \$2.2328, nonfat dry milk \$0.9315, cheese \$1.3930 and dry whey \$0.4793.

COMMODITY	MONDAY JAN 14	TUESDAY JAN 15	WEDNESDAY JAN 16	THURSDAY JAN 17	FRIDAY JAN 18	:: WEEKLY CHANGE	:: WEEKLY AVERAGE
CHEESE							
BARRELS	\$1.2300 (-0.0150)	\$1.2100 (-0.0200)	\$1.2000 (-0.0100)	\$1.1850 (-0.0150)	\$1.2000 (+0.0150)	:: (-0.0450)	:: \$1.2050 (-0.0565)
40 POUND BLOCKS	\$1.4225 (+0.0125)	\$1.4175 (-0.0050)	\$1.4175 (N.C.)	\$1.3875 (-0.0300)	\$1.4000 (+0.0125)	:: (-0.0100)	:: \$1.4090 (+0.0190)
NONFAT DRY MILK							
GRADE A	\$1.0425 (+0.0125)	\$1.0450 (+0.0025)	\$1.0300 (-0.0150)	\$1.0275 (-0.0025)	\$1.0300 (+0.0025)	:: (N.C.)	:: \$1.0350 (+0.0305)
BUTTER							
GRADE AA	\$2.2575 (N.C.)	\$2.2575 (N.C.)	\$2.2625 (+0.0050)	\$2.2400 (-0.0225)	\$2.2400 (N.C.)	:: (-0.0175)	:: \$2.2515 (+0.0140)
DRY WHEY							
EXTRA GRADE	\$0.5050 (+0.0100)	\$0.5100 (+0.0050)	\$0.5250 (+0.0150)	\$0.5200 (-0.0050)	\$0.5050 (-0.0150)	:: (+0.0100)	:: \$0.5130 (+0.0260)

Prices shown are in U.S. dollars per lb. in carlot quantities. Carlot unit weights: CHEESE, 40,000-44,000 lbs.; NONFAT DRY MILK, 41,000-45,000 lbs.; BUTTER, 40,000-43,000 lbs.; DRY WHEY, 41,000-45,000 lbs. Weekly Change is the sum of Daily Price Changes. Weekly Average is the simple average of the Daily Cash Close prices for the calendar week. Weekly Average Change is the difference between current and previous Weekly Average. Computed by Dairy Market News for informational purposes. This data is available on the Internet at WWW.AMS.USDA.GOV/MARKET-NEWS/DAIRY

NOTICE: Five days of trading information can be found at www.cmegroup.com/trading/agricultural/spot-call-data.html

BUTTER MARKETS

NORTHEAST

Eastern cream supplies continue to be available on the spot market for market participants' immediate needs. Some butter operations are purchasing cream spot loads for production needs. Current cream multiples range in the low to upper teens. Although the holidays are past, butter churns are fairly active in the region at this time. Inventories are stable to somewhat limited. Moreover, a few manufacturers are churning to cover customers' requests. Butter spot market prices are stable right now. Trading activity is steady to a bit higher. The bulk butter price is reported 5 cents to 8 cents over the market of the CME Group, with various time frames and averages used. The market undertone is stable.

Prices for: Eastern U.S., All First Sales, F.O.B., Grade AA, Conventional, and Edible Butter
Bulk Basis Pricing - 80% Butterfat \$/LB: +0.0500 - +0.0800

Secondary Sourced Information:

This week, a cooperative export assistance program accepted seven requests for export assistance to sell 454,152 pounds (206 metric tons) of butter.

Tuesday's CME Group butter price closed the day at \$2.2575, up \$.0275 from the previous Tuesday's closing price.

CENTRAL

Cream situations are similar to last week for butter producers. Cream prices have been reported at or near the same range as last week, therefore butter churning remains active. Butter plant managers are preparing for the spring push, and multiple contacts have said this is the peak of butter production for the year. Butter demand remains healthy, as well as the butter market

tone. Contacts suggest with bullish powder markets, dryers will be more active, and this could weigh on butter markets. However, they also point out the resiliency of recent butter markets, and their tendency to ignore otherwise bearish indicators.

Prices for: Central U.S., All First Sales, F.O.B., Grade AA, Conventional, and Edible Butter
Bulk Basis Pricing - 80% Butterfat \$/LB: +0.0500 - +0.0700

WEST

In the West, butter churns are full of cream as processors take advantage of cheap cream prices to seasonally build their butter inventories for use later in the year. Currently, stocks of butter are heavy and will likely get heavier in the coming months. However, processors are comfortable with their holdings. Print and bulk butter orders from retailers are surprising stronger than expected. Most bulk butter buyers are looking to satisfy their first and second quarters' needs. Export demand is currently stable, but sellers hope that it will respond positively to competitive domestic prices.

Prices for: Western U.S., All First Sales, F.O.B., Grade AA, Conventional, and Edible Butter
Bulk Basis Pricing - 80% Butterfat \$/LB: +0.0200 - +0.0750

Secondary Sourced Information:

The Grade AA butter price at the CME Group on Wednesday closed at \$2.2625, compared to the weekly average price of \$2.2375 from a week ago.

This week, a cooperative export assistance program accepted requests for 454,152 pounds (206 metric tons) of butter.

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NATIONAL DAIRY PRODUCTS SALES REPORT

U.S. AVERAGES AND TOTAL POUNDS

WEEK ENDING	BUTTER	CHEESE 40# BLOCKS	CHEESE BARRELS 38% MOISTURE	DRY WHEY	NDM
01/12/2019	2,2496 4,355,446	1,4268 13,907,494	1,3279 11,308,543	.4769 4,529,938	.9481 14,906,699

Further data and revisions may be found on the internet at: <http://www.ams.usda.gov/rules-regulations/mmr/dmr>

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National Retail Report Dairy – Butter Summary

Advertised Prices at Major Retail Supermarket Outlets ending during the period of 1/11/2019 to 1/17/2019

Butter 1# National	<u>Weighted Average Price</u>		
	This Period	Last Week	Last Year
Organic	\$5.29	\$5.63	n.a.
Conventional	\$3.47	\$3.67	\$3.36

Regional (Conventional)	<u>Prices This Period</u>		
	Wtd. Ave.	Low	High
Alaska	\$4.75	\$3.79	\$5.97
Hawaii	n.a.	n.a.	n.a.
Midwest	\$2.99	\$2.99	\$2.99
Northeast	\$3.67	\$2.99	\$4.99
Northwest	\$2.50	\$2.50	\$2.50
South Central	\$3.33	\$2.99	\$4.79
Southeast	\$3.94	\$3.50	\$3.99
Southwest	\$2.50	\$2.50	\$2.50

CHEESE MARKETS

NORTHEAST

Cheese production continues to be strong in the Northeast. Milk is available in the region, and extra loads are clearing into manufacturers' intakes. Many operations are at full capacity at this time. Inventories are fairly stable to growing at a steady rate. Retailers' regular cheese orders are good, however there are some reports of weaker domestic demand as holiday sales have passed. Currently, the CME group cheddar cheese block and barrel price spread is very wide. Market participants report there is heavy cheese production and lower demand. Overall, prices are weakening. Furthermore, there are some reports of decreased export interest from some markets. However, many dairy contacts relay they are not purchasing on the spot market and waiting to see where the prices lead. Northeast wholesale cheese prices for cheddar and Muenster shifted down by \$0.0300, moreover the process cheese prices moved down by \$0.0375. The Grade A Swiss price is unchanged this week.

WHOLESALE SELLING PRICES: DELIVERED
DOLLARS PER POUND(MIXED LOTS (1000-5000 POUNDS))

Cheddar 40 pound Block	1.8450-2.1300
Muenster	1.8300-2.1800
Process American 5 pound Sliced	1.3975-1.8775
Swiss 10-14 pound Cuts	3.1750-3.4975

MIDWEST

Cheese production has scaled back since the holidays, as regional producers manage post-holiday inventories. Some have reported that stores are back to normal. Plant managers who typically run a six or seven-day workweek have reported limiting work to five days when possible, depending on milk availability. More spot milk prices are zeroing in toward flat Class this week, while some discounts and overages were reported. The spot milk range is \$2 under to \$.50 over Class. The CME market price gap, between block and barrel prices, has returned to the \$.20 range this week. Barrel producers who can shift production to other varieties and/or sell milk back on the spot market are doing so. Additionally, block producers are concerned while the large market price chasm exists. They suggest even though there is a chance barrel prices could ascend to meet block prices, the inverse possibility of block prices declining to converge with barrel prices creates hesitant buyers and a generally inferior market dynamic. Midwestern wholesale prices are unchanged for Swiss Cuts, down \$.0375 for barrels and down \$.0300 other types.

WISCONSIN WHOLESALE SELLING PRICES: DELIVERED
DOLLARS PER POUND(MIXED LOTS (1000-5000 POUNDS))

Blue 5 pounds	2.0200-3.0900
Brick 5 pounds	1.7525-2.1775
Cheddar 40 pound Block	1.4800-1.8750
Monterey Jack 10 pounds	1.7275-1.9325
Mozzarella 5-6 pounds	1.5525-2.4925
Muenster 5 pounds	1.7525-2.1775
Process American 5 pound Loaf	1.3525-1.7125
Swiss 6-9 pound Cuts	2.6900-2.8075

WEST

With plenty of milk available, western cheese makers continue to run cheese vats at or near capacity. Mozzarella demand is solid due to the football playoffs and pizza season. However, the winter holiday season that generates peak consumption is a memory and processed cheese demand continues to struggle. The retail cheese market is seasonally slower, and some industry contacts suggest sales are lagging. Others say demand is as would be expected, but produc-

tion is outpacing demand. There are ample amounts of block and barrel cheese in the warehouse. The stocks are weighing heavily on cheese prices and end users report getting many offers for consideration. Meanwhile, the spread between block and barrel prices remains well above the typical 3 to 4 cent spread. Manufacturers are adapting to this through a number of means, using risk management strategies, or offsetting the milk intake costs with greater value generation in the whey protein complex. In the West, wholesale prices were down \$.0375 for process, and down \$.0300 for cheddar block, cuts and Monterey Jack. Swiss cut wholesale prices are unchanged from the previous week.

WHOLESALE SELLING PRICES: DELIVERED
DOLLARS PER POUND(MIXED LOTS (1000-5000 POUNDS))

Cheddar 10 pound Cuts	1.6925-1.9125
Cheddar 40 pound Block	1.5125-1.9550
Monterey Jack 10 pounds	1.7025-1.8625
Process American 5 pound Loaf	1.3400-1.5950
Swiss 6-9 pound Cuts	2.7725-3.2025

FOREIGN TYPE

The market for semi-hard cheese in Germany is developing in a stable way. However, inventories have recovered less than expected from the levels at which they were during the year-end holidays. Sales of cheese to the retail sector and to processors have currently a good tone. Deliveries of cheese to Southern Europe are maintained within the seasonal norms. On the other hand, price discussions for sliced cheese have calmed down and the price trend has stabilized. In general, milk volumes produced in Germany, United Kingdom and France are lower than expected. As the result, cheese output cannot be significantly increased. The U.S. domestic prices for wholesale blue, gorgonzola, parmesan Italy, and Romano dropped \$.0300, whereas all other prices remain flat.

WHOLESALE SELLING PRICES: FOB DISTRIBUTORS DOCK
DOLLARS PER POUND (1000 - 5000 POUNDS, MIXED LOTS)

VARIETY	NEW YORK IMPORTED	DOMESTIC
Blue	2.6400-5.2300	1.8975-3.3850*
Gorgonzola	3.6900-5.7400	2.4050-3.1225*
Parmesan	-0-	3.2875-5.3775*
Romano	-0-	3.0875-5.2375*
Sardo Romano (Argentina)	2.8500-4.7800	-0-
Reggianito (Argentina)	3.2900-4.7800	-0-
Jarlsberg	2.9500-6.4500	-0-
Swiss	-0-	3.2125-3.5350
Swiss (Finland)	2.6700-2.9300	-0-

* = Price change.

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CHEESE MARKETS

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National Retail Report Dairy – Cheese Summary

Advertised Prices at Major Retail Supermarket Outlets ending during the period of 1/11/2019 to 1/17/2019

Cheese 8 oz. Blocks	<u>Weighted Average Price</u>		
	<u>This Period</u>	<u>Last Week</u>	<u>Last Year</u>
National			
Organic	n.a.	n.a.	\$2.99
Conventional	\$1.91	\$2.27	\$2.03

<u>Regional (Conventional)</u>	<u>Wtd. Ave.</u>	<u>Low</u>	<u>High</u>
Alaska	n.a.	n.a.	n.a.
Hawaii	\$2.66	\$2.50	\$2.99
Midwest	\$1.78	\$0.99	\$1.88
Northeast	\$2.16	\$1.66	\$2.50
Northwest	\$2.42	\$1.88	\$2.99
South Central	\$1.61	\$1.23	\$2.50
Southeast	\$1.86	\$1.23	\$2.99
Southwest	\$2.30	\$1.49	\$2.99

Cheese 8 oz. Shred	<u>Weighted Average Price</u>		
	<u>This Period</u>	<u>Last Week</u>	<u>Last Year</u>
National			
Organic	\$2.49	n.a.	\$2.99
Conventional	\$2.32	\$2.06	\$2.18

<u>Regional (Conventional)</u>	<u>Wtd. Ave.</u>	<u>Low</u>	<u>High</u>
Alaska	n.a.	n.a.	n.a.
Hawaii	\$2.50	\$2.50	\$2.50
Midwest	\$2.08	\$1.66	\$3.49
Northeast	\$2.55	\$1.66	\$3.49
Northwest	\$2.65	\$1.88	\$3.00
South Central	\$2.25	\$1.98	\$2.50
Southeast	\$2.28	\$1.88	\$3.00
Southwest	\$2.14	\$1.49	\$2.99

FLUID MILK AND CREAM

EAST

Northeast milk production is level to slightly increasing. Class I sales are strong, yet some market participants report sales have not fully rebounded back at this time. Some balancing operations are running full, while others are not at capacity. **Mid-Atlantic** milk output is flat to a bit lower. Manufacturers are below capacity as many operations are receiving lower milk intakes. **Southeast** milk output is fairly flat currently. Class I sales have improved. Manufacturers are receiving lower milk volumes. Milk loads from other regions continue to be transported into the Southeast. **Florida** milk output is climbing at a steady rate. Class I sales are steady to strong. Florida is receiving milk loads from parts of the Mideast. Market participants are able to purchase available **cream** on the spot market. Multiples range 1.05-1.20 at this time. Market participants are seeing increased demand this week. **Condensed skim** sales are stable to slower. In some Eastern areas, balancing operations are focusing on condensed skim customers.

Northeastern U.S., F.O.B. Condensed Skim	
Price Range - Class II; \$/LB Solids:	0.70 - 0.80
Price Range - Class III; \$/LB Solids:	0.70 - 0.78
Northeastern U.S., F.O.B. Cream	
Multiples Range - All Classes:	1.0500 - 1.2000
Price Range - Class II; \$/LB Butterfat:	2.3494 - 2.6850

MIDWEST

Farm milk output has remained steady week over week, as winter weather has set in in the upper Midwest. That said, as more farms close and as more dairy cows are culled, most contacts expect lower milk production numbers in 2019. Cheese plant managers are reporting more spot milk prices around Class prices, but there were some discounts and a smattering of overages reported. The spot milk range into Class III production ranged from \$2 under to \$.50 over. Fittingly, some cheesemakers are scaling back production as holiday inventories get worked down. Bottling upticks last week have continued into week 3. Some Midwestern and Northeastern bottlers are expected to up orders as forecasted weekend wintry weather is expected to be intense in areas. **Cream** is somewhat sideways week over week, as Class II multiples kept the same range. Some contacts suggest ice cream production is picking up after weeks of slow, holiday related downtime.

Midwestern U.S., F.O.B. Cream	
Multiples Range - All Classes:	1.0000 - 1.2500
Price Range - Class II; \$/LB Butterfat:	2.5284 - 2.7969
Multiples Range - Class II:	1.1300 - 1.2500

WEST

California milk volumes are reasonably balanced with current demand. Processing plants are busy with milk clearing schedules and are not taking any additional loads from outside the region. Milk production is mostly flat, but component levels are stronger. Class I sales are unchanged from a week ago. In **Arizona**, milk balancing is going well with most processing facilities running at full capacities or close to it. Milk output is growing seasonally, while remaining at levels that are manageable within the state. Weather is contributing to increased milk yield per cow. Class I requests are even. **New Mexico**

Class III milk intakes grew due to increased cheese manufacturing. However, Class I inquiries declined while Class II demand stayed at the same levels as last week. Shipments of milk to the Southeast increased slightly this week. Milk production is trending higher and holdovers are a bit above normal weekly level. Nonetheless, handlers are efficiently finding room for the excess loads. **Pacific Northwest** milk production is in good balance with processing needs. The school bottling pipeline is getting refilled following the winter holidays and more milk is moving back into processing channels. Manufacturers say they do not have any troubles getting the milk needed for their processing runs. Relatively clement weather has aided cow comfort. Milk handlers expect milk production to remain strong into the near future. Strong milk production is currently getting absorbed by processors within the mountain states of **Idaho, Utah** and **Colorado**. Industry contacts suggest fewer loads are currently leaving the immediate area looking for homes. However, as milk intakes increase through the spring, industry contacts worry about milk flows stressing available processing capacity, especially in northern parts of the region. While there are several plans for additional processing facilities in Idaho, those plans may come too late for some of the farms that have faced three years of below breakeven milk prices. **Condensed skim** supplies continue to be heavy in the West. Good volumes are still moving across state lines and prices are balanced with demand. **Cream** volumes in the West have bumped up, but not to the point of swamping processors. Loads are readily available to spot buyers at bargain prices. Therefore, butter makers are taking advantage of this opportunity by churning more cream for future usages. Ice cream manufacturers are also taking some loads. Cream multiples for all usages dropped to .95-1.16 this week.

Western U.S., F.O.B. Cream	
Multiples Range - All Classes:	0.9500 - 1.1600

Secondary Sourced Information:

Milk pooled on the Pacific Northwest Order 124 totaled 806.8 million pounds in December 2018. Class I utilization accounted for 21.0 percent of producer milk. The uniform price was \$14.96, down \$0.26 from last month, and \$0.25 below one year ago.

Milk pooled on the Arizona Order 131 totaled 444.6 million pounds in December 2018. Class I utilization accounted for about 23.6 percent of producer milk. The uniform price was \$15.30, down \$0.39 from last month, and \$0.14 below one year ago.

FLUID MILK AND CREAM

CONTINUED FROM PAGE 4

National Retail Report Dairy – Fluid Milk Summary

Advertised Prices at Major Retail Supermarket Outlets ending during the period of 1/11/2019 to 1/17/2019

Half Gallon, All Fat Tests	Weighted Average Price		
	This Period	Last Week	Last Year
National			
Organic	\$3.84	\$3.91	\$3.88
Conventional	\$2.25	\$2.46	\$2.25

Regional (Conventional)	Wtd. Ave.	Low	High
Alaska	\$4.37	\$2.79	\$4.99
Hawaii	n.a.	n.a.	n.a.
Midwest	n.a.	n.a.	n.a.
Northeast	n.a.	n.a.	n.a.
Northwest	n.a.	n.a.	n.a.
South Central	\$1.84	\$1.50	\$1.99
Southeast	n.a.	n.a.	n.a.
Southwest	n.a.	n.a.	n.a.

Regional (Organic)	Wtd. Ave.	Low	High
Alaska	n.a.	n.a.	n.a.
Hawaii	n.a.	n.a.	n.a.
Midwest	\$2.91	\$2.79	\$3.29
Northeast	\$4.28	\$3.89	\$4.99
Northwest	\$3.43	\$2.50	\$3.99
South Central	n.a.	n.a.	n.a.
Southeast	\$4.04	\$3.88	\$4.48
Southwest	\$4.53	\$3.99	\$4.99

Gallon, All Fat Tests	Weighted Average Price		
	This Period	Last Week	Last Year
National			
Organic	\$5.65	\$6.18	\$5.53
Conventional	\$2.95	\$2.50	\$2.67

Regional (Conventional)	Wtd. Ave.	Low	High
Alaska	\$3.89	\$3.89	\$3.89
Hawaii	n.a.	n.a.	n.a.
Midwest	\$2.50	\$2.50	\$2.50
Northeast	\$3.49	\$3.49	\$3.49
Northwest	\$2.58	\$1.99	\$2.99
South Central	\$3.13	\$2.89	\$3.99
Southeast	n.a.	n.a.	n.a.
Southwest	n.a.	n.a.	n.a.

Regional (Organic)	Wtd. Ave.	Low	High
Alaska	\$5.99	\$5.99	\$5.99
Hawaii	n.a.	n.a.	n.a.
Midwest	n.a.	n.a.	n.a.
Northeast	\$7.99	\$7.99	\$7.99
Northwest	n.a.	n.a.	n.a.
South Central	n.a.	n.a.	n.a.
Southeast	\$4.99	\$4.99	\$4.99
Southwest	n.a.	n.a.	n.a.

NONFAT DRY MILK, BUTTERMILK & WHOLE MILK

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

NONFAT DRY MILK - CENTRAL AND EAST

CENTRAL: Low/medium heat nonfat dry milk prices continue in a bullish fervor. Prices in the Central region are aggressively reaching over \$1. Undoubtedly, Mexican demand has propelled the market early this year. Some contacts suggest Mexican importers are looking to add to nonfat dry milk stores through Q1 and Q2. Hence, production is picking up while inventories head south and therefore are tight, particularly in recently produced powders. Regional buyers suggest they are stocked, and those who can use WPC blends are choosing to, as those prices are more favorable. High heat trading within the region was slow, after those prices pushed higher in week 2. Nonfat dry milk markets are bullish with markedly increased interest from south of the U.S. border.

EAST: Low/medium heat nonfat dry milk prices in the region continue to heighten on all four sides of the range and mostly price series. Many buyers are willing to purchase spot loads at current market prices. Manufacturers' spot offers are steady to somewhat limited at this time. Drying schedules are active to short, as a few balancing operations are not receiving enough milk for production needs. Most supplies are committed to contracts currently. However, some manufacturers are able to offer available loads. The market undertone has strengthened. High heat nonfat dry milk prices are unchanged this week. Spot trades are few, and many manufacturers are not offering on the spot market. When available, some buyers are purchasing spot loads for their immediate needs. There are a few operations taking the time to dry high heat nonfat dry milk. Current market conditions are steady.

Prices for: Eastern and Central U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Nonfat Dry Milk
Price Range - Low & Medium Heat; \$/LB: .9300 - 1.0300
Mostly Range - Low & Medium Heat; \$/LB: .9800 - 1.0150

Prices for: Eastern and Central U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Nonfat Dry Milk
Price Range - High Heat; \$/LB: 1.0500 - 1.1200

Secondary Sourced Information:

Wednesday at the CME Group Grade A NDM closed at \$1.0300, up \$0.0275 compared to last Wednesday.

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk (NDM) prices have moved up on both the range and the mostly price series. The market has been showing signs of strength for the past three weeks. According to industry contacts, this is because domestic and international demands are both robust. In addition, with the decrease in the EU intervention stocks of skim milk powder (SMP), global NDM/SMP powder inventories are shrinking, and positively affecting prices worldwide. In the West, low/medium heat (NDM) production is active, prompted by heavy milk availability. However, supplies of low/medium heat (NDM) seem to be in good balance with inquiries, with a minor tightness reported in some areas. High heat nonfat dry milk prices are up at the top of the range while remaining stable at the bottom. Production is sporadic and mostly based on the needs of contractual buyers. Inventories are very tight, but enough to satisfy all customers' requests.

Prices for: Western U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Nonfat Dry Milk
Price Range - Low & Medium Heat; \$/LB: .9300 - 1.0650
Mostly Range - Low & Medium Heat; \$/LB: .9475 - 1.0400

Prices for: Western U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Nonfat Dry Milk
Price Range - High Heat; \$/LB: 1.0900 - 1.1950

Secondary Sourced Information:

At the GDT Event 228 on January 15, 2019 skim milk powder (SMP) prices across all contract periods averaged \$1.0909 per pound, up 10.3% from the last event.

DRY BUTTERMILK - CENTRAL AND EAST

CENTRAL: After a busy previous week, buttermilk markets remained somewhat active while slower than in week 2. That said, even with fewer trades, prices have shown continued bullishness and are higher on the top end. Centrally, prices are pushing over the \$1 mark, echoing those of nonfat dry milk. Butter churning is increasing, therefore dried buttermilk drying has been active in 2019, but current inventories are moving quickly. Some less-than-load (LTL) trades were reported above the current high end, but full truckloads are finding themselves in and around the \$1 zone. Dry buttermilk market tones are steadily bullish.

EAST: Dry buttermilk spot prices shifted up on both the top and bottom of the price series. Overall spot load availability is very limited in the Eastern market currently. Some buyers are purchasing less than load (LTL) trades from manufacturers at prices above the price range. Some operations are taking the time to produce dry buttermilk for immediate obligations. Inventories are generally tight. The market undertone is stable at this time.

Prices for: Eastern and Central U.S., All First Sales, F.O.B., Conventional, and Edible Buttermilk
Price Range ; \$/LB: .9600 - 1.0050

DRY BUTTERMILK - WEST

This week, western dry buttermilk prices are slightly up at the bottom of the range, but stayed stable at the top of the range and the mostly price series. Domestic orders remain solid. However, spot sales are limited while contractual sales are the most predominant. Ice cream producers are requesting more dry buttermilk as they slowly start to build their inventories. Stocks of dry buttermilk are tight and drying schedules for condensed buttermilk are sporadic as nonfat dry milk remains the production of choice.

Prices for: Western U.S., All First Sales, F.O.B., Conventional, and Edible Buttermilk
Price Range ; \$/LB: .8700 - .9800
Mostly Range - ; \$/LB: .9000 - .9600

U.S. WHOLE MILK - U.S.

National free on board (f.o.b.) spot prices for dry whole milk are mixed as a few transactions pulled up the bottom price of the range. Currently, dry whole milk prices are above international WMP values, which makes it less competitive in offshore markets. Nationwide, cash sales have been slow during the week as supplies are limited, driven by contractual needs. At this point, the market undertone is mixed throughout the country.

Prices for: U.S., All First Sales, F.O.B., Conventional, and Edible Dry Whole Milk
Price Range - 26% Butterfat; \$/LB: 1.5500 - 1.6500

WHEY, WPC 34%, LACTOSE & CASEIN

Prices represent carlot/trucklot quantities for domestic and export sales packaged in 25 kg. or 50 lb. bags, or totes, spray process, dollars per pound.

DRY WHEY- CENTRAL

The Central dry whey spot trading market is dividing into two segments. On the high end, brand specific trades are pushing over the \$.50 mark. On the lower end, Chinese exporting slumps have increased regional offers/purchases. Those purchases start in the high \$.30s into the low/mid \$.40s. All said, the divergence has kept most prices static. Dry whey production is slowing from the uptick in holiday-level milk intakes, but whey inventories remain available for end users in the region. Animal feed whey inventories are reportedly tight, and those prices are increasing. Animal feed whey spot activity picked up somewhat this week. Dry whey market tones are uncertain.

Prices for: Central U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Dry Whey
 Price Range - Animal Feed; \$/LB: .3600 - .4300

Prices for: Central U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Dry Whey
 Price Range - Non-Hygroscopic; \$/LB: .3700 - .5200
 Mostly Range - Non-Hygroscopic; \$/LB: .4400 - .5000

DRY WHEY- NORTHEAST

Eastern dry whey prices are higher on both sides of the price range this week. Market participants are actively purchasing spot loads when offers are available. Moreover, spot load prices increased on many pricing indices. Overall trading activity has picked up currently. Dry whey production is fairly stable in the region. Manufacturers' dry whey supplies are balanced to short as the majority of inventories are clearing to committed contracts. Some buyers are willing to purchase from resellers at increased prices as well. Market conditions have firmed.

Prices for: Eastern U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Dry Whey
 Price Range - Non-Hygroscopic; \$/LB: .4775 - .5175

DRY WHEY- WEST

Western whey prices stepped higher across both the price range and mostly price series. Some industry contacts say Mexican whey demand has returned to an active state, and domestic demand is solid. However, some other contacts also caution that this demand can dissipate as quickly as it develops. Inventories are healthy and in better balance than they were a few months ago. Whey production is active and in congruence with current cheese production. The market tone seems cautiously optimistic with firming cash market prices, but market participants also see a level of stagnant future prices.

Prices for: Western U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Dry Whey
 Price Range - Non-Hygroscopic; \$/LB: .4300 - .5450
 Mostly Range - Non-Hygroscopic; \$/LB: .4500 - .5000

WHEY PROTEIN CONCENTRATE

While the whey protein concentrate 34% market is not necessarily farouche, it does contain several market segments that appear to be moving in different directions. Prices for WPC 34% widened the gap between the top and bottom of both the range and mostly price series this week. Favorite brands and WPC34% that meet infant formula requirements continue to be in tight supply. Buyers are seeking out available supplies and manufacturers have been able to hold the line on prices or push for premiums. This market segment is further supported by strengthening prices in other whey protein

concentration markets. Meanwhile, WPC 34% that is more substitutable with other protein sources has yet to realize any benefit from upward trends in nonfat and other protein sources. Within this market segment, inventories are available, but not burdensome. WPC 34% production is steady across the industry, but some contacts speculate that production could decrease if manufacturers favor higher protein concentrations as those markets strengthen.

Prices for: Central and Western U.S., All First Sales, F.O.B., Extra Grade, Conventional, and Edible Whey Protein Concentrate
 Price Range - 34% Protein; \$/LB: .8000 - 1.0475
 Mostly Range - 34% Protein; \$/LB: .8300 - .9625

LACTOSE

Lactose prices held steady on the mostly price series, but the price range expanded. A few manufacturers capitalized on eager buyers, perhaps prompted by the jump of prices on the recent GDT event. However, other suppliers report weak prices prevail in some markets, specifically, lower mesh sizes destined into markets that have low cost thresholds for their carbohydrate needs. Market participants are working hard to try to understand the nomothetic principles on display within lactose supply and demand. Many expect a continuance of the slow, methodical firming tone within lactose markets. Inventories are tight, or at least comfortable. Production is steady and in generally good balance with stable demand. Furthermore, some contacts see the disappearance of skim milk powder stocks in the EU as a possible signal that the EU may shift to more skim milk powder production, and therefore, use more lactose for standardization. However, there are also bearish signals. Some contacts suggest trade issues between the U.S. and China are taking a toll on business relationships. In addition, some see a weakening Chinese economy that may dampen any further upswing of lactose markets. Time will tell whether bulls or bears prevail.

Prices for: Central and Western U.S., Spot Sales And Up to 3 Month Contracts, F.O.B., Conventional, and Edible Lactose
 Price Range - Non Pharmaceutical; \$/LB: .2800 - .5000
 Mostly Range - Non Pharmaceutical; \$/LB: .3200 - .4200

Secondary Sourced Information:

At the GDT Event 228 on January 15, the lactose price for the March contract period was \$0.4681 per pound, up 7.9 percent.

CASEIN

Prices for both rennet and acid casein are lower. Growing realization among buyers of more casein availability is cited as a big factor leading to lower prices. Oceania manufacturers point out that recent casein volumes available for sale have increased. That has contributed to weaker pricing. Ireland, a significant source for casein in the EU, ended 2018 with strong milk production which reportedly made more milk available for casein. November 2018 milk production in Ireland was +23.1 percent from November 2017, according to AMI.

Prices for: Spot Sales And Up to 3 Month Contracts, Free on Board - Warehouse, Non-Restricted, All Mesh Sizes, Conventional, and Edible Casein

Acid; Price Range - \$/LB: 3.0050-3.1100
 Rennet; Price Range - \$/LB: 2.2600-2.5900

Secondary Sourced Information:

At GDT event 228 on January 15, 2019, the all contracts rennet casein price, \$2.2893, decreased 1.4 percent. The February contract, \$2.2793, decreased 2.3 percent.

U.S. Dairy Cow Slaughter (1000 head) under Federal Inspection

WEEK ENDING 2018 WEEKLY 2018 2017 WEEKLY 2017
 DAIRY COWS CUMULATIVE DAIRY COWS DAIRY COWS CUMULATIVE DAIRY COWS

Due to a lapse in federal funding, the USDA-NASS data used to populate this report is not available.

WEBSITE: http://www.ams.usda.gov/mnreports/sj_ls714.txt

SOURCE: The slaughter data are gathered and tabulated in a cooperative effort by the Agricultural Marketing Service, the Food Safety and Inspection Service, and the National Agricultural Statistics Service, all of USDA

CLASS III MILK PRICES (3.5% Butterfat)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2014	21.15	23.35	23.33	24.31	22.57	21.36	21.60	22.25	24.60	23.82	21.94	17.82
2015	16.18	15.46	15.56	15.81	16.19	16.72	16.33	16.27	15.82	15.46	15.30	14.44
2016	13.72	13.80	13.74	13.63	12.76	13.22	15.24	16.91	16.39	14.82	16.76	17.40
2017	16.77	16.88	15.81	15.22	15.57	16.44	15.45	16.57	16.36	16.69	16.88	15.44
2018	14.00	13.40	14.22	14.47	15.18	15.21	14.10	14.95	16.09	15.53	14.44	13.78

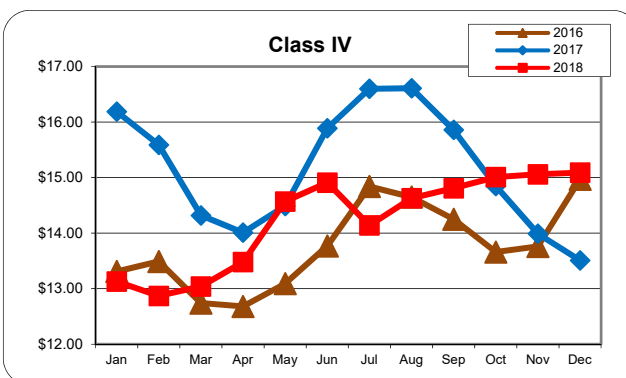
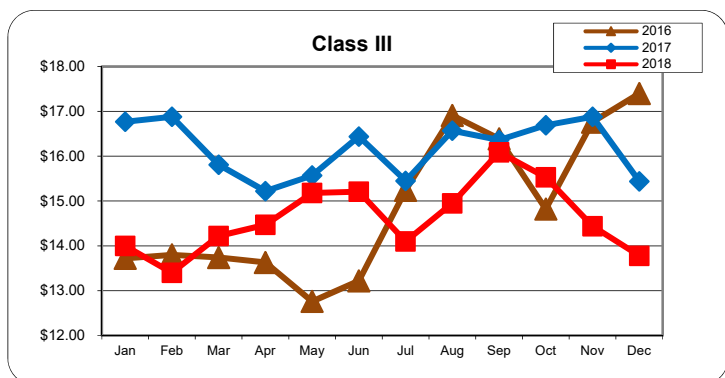
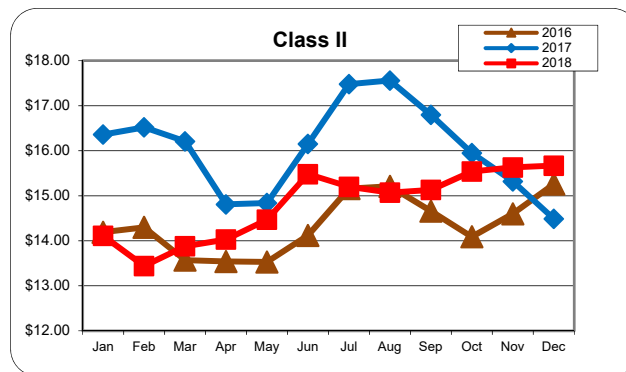
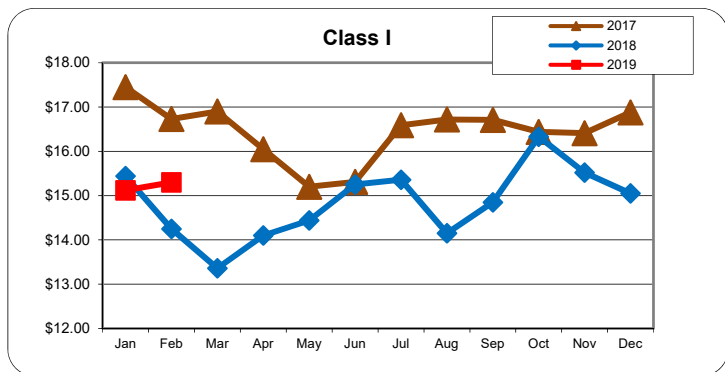
CLASS IV MILK PRICES (3.5% Butterfat)

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2014	22.29	23.46	23.66	23.34	22.65	23.13	23.78	23.89	22.58	21.35	18.21	16.70
2015	13.23	13.82	13.80	13.51	13.91	13.90	13.15	12.90	15.08	16.43	16.89	15.52
2016	13.31	13.49	12.74	12.68	13.09	13.77	14.84	14.65	14.25	13.66	13.76	14.97
2017	16.19	15.59	14.32	14.01	14.49	15.89	16.60	16.61	15.86	14.85	13.99	13.51
2018	13.13	12.87	13.04	13.48	14.57	14.91	14.14	14.63	14.81	15.01	15.06	15.09

FEDERAL MILK ORDER CLASS PRICES FOR 2019 (3.5% Butterfat)

CLASS	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
I 1/	15.12	15.30										
II												
III												
IV												

1/ Specific order differentials to be added to this base price can be found by going to: www.ams.usda.gov/DairyMarketingStatistics; then select "Prices"; and then select "Principal Pricing Points."



INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered January 7 - 18 2019

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN OVERVIEW

The official publication last week of the February 1, 2019 commencement date of the EU-Japan Economic Partnership makes the agreement effective. Tariff concessions offered by Japan will apply to EU exports with specified product codes, in specified quantities, with annual adjustments spanning varied years, for cheese, whey, butter, SMP, WMP, buttermilk powder, condensed milk, evaporated milk, fermented dairy products, whipped cream in pressurized containers, casein, caseinates, lactose, MPC, milk and cream. Preliminary recent discussions between the EU and the United States about the concept of an EU-U.S. transatlantic trade agreement have already identified a possible point of substantial disagreement. EU sources believe the U.S. wants to include agriculture, which some EU interests oppose. More significantly, the EU is reportedly unlikely to back off insisting on geographical indicators as part of the agreement. EU sources believe this is unacceptable to the U.S. agricultural interests.

This is an anxious period for the Republic of Ireland dairy industry, a member state of the EU, (not to be confused with Northern Ireland, part of the United Kingdom). The substantially lopsided vote in Parliament on Tuesday rejecting the Brexit deal negotiated by Prime Minister May leaves incredible uncertainty as to what will happen with dairy trade between the Republic of Ireland and the UK. The UK, including Northern Ireland, is an important dairy market. About one-fourth of Irish butter was sent to the UK in 2017, according to AMI. About one half of Irish cheese has been shipped to the UK in recent years. While there has been some recent shifting of Irish butter and cheese exports away from the UK in recent years, how Brexit finally resolves is expected to be a factor in the pacing of Irish efforts to forge new dairy export patterns, or not, specifically, Irish butter and cheese export patterns and preferred targeted export markets. Obviously, the proximity of the Republic of Ireland and the UK makes trade optimally efficient in terms of transportation. But if the common market link between Ireland and the UK dissolves, other factors ascend in importance. A reciprocal factor is should there be less motivation or opportunity for Irish butter and cheese to reach the UK, it remains an open question where the UK will look to acquire adequate imports of butter and cheese. Back up plans for dairy shipments are being actively gamed out in Ireland and the UK. For example, there are strong indications that the UK and Canada will seek to recreate terms of the EU-Canada Comprehensive Economic and Trade Agreement (CETA) as a bilateral agreement should Brexit occur. CETA removed most export duties between Canada and EU members. If carried forward, that will facilitate trade between the UK and Canada.

BUTTER/BUTTEROIL

Butter prices in Europe moved up. Butteroil prices firmed at the low end of the price range.

Buyers only now seeking EU manufactured butter for Q1 are likely to pay higher prices. Supply, demand, and cream costs are unified in pushing prices up. Sellers are not in any way limited in terms of finding willing buyers. Moreover, cream prices are increasing, which helps push up butter prices. Both manufacturers and potential buyers have enough uncertainty as to pricing likely to prevail in Q2, that contracting is slow for that period.

Buyers have some anxiety about not being covered. With the prevailing price expectation of most manufacturers' hovering above the comfort level of many buyers, some buyers are waiting a bit longer

before committing. Because many buyers will not risk going too long without more supply assurance, a reconciliation is likely in coming weeks.

Western Europe, 82% Butterfat, Free on Board - Port Butter
Price Range - \$/MT: 4,875 - 5,275

Western Europe, 99% Butterfat, Free on Board - Port Butteroil
Price Range - \$/MT: 6,850 - 6,975

SKIM MILK POWDER

European skim milk powder prices increased. However, prices lag Oceania SMP prices. The market undertone is firmer.

Some observers note that is not always the situation early in a year. It is distinctly the situation this year. Demand is brisk. The recent interest in acquiring intervention stocks characterizes the overall market firmness. Fresh SMP isn't as available as some buyers would like. In coming months milk availability for making SMP may decrease as prioritization sends more milk to cheese plants. That portends constricted SMP supplies and upward price pressure.

The results of SMP tender 30, which closed January 8, 2019, cleared all but 22,000 MT of SMP held as intervention stocks according to Euclait. A total of 80,242 MT sold at a minimum selling price of 1554 euros/MT. The high end of bids was 1,676 euros/MT. The deadline to bid on the remaining tender SMP is January 22, 2019.

The current focus for EU SMP manufacturers is exports. Internal EU demand for SMP is less active than for exports outside the EU.

Prices for: Europe, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder
Price Range - 1.25% Butterfat; \$/MT: 2,025 - 2,200

DRY WHEY

Sweet whey prices in Europe are higher. Demand is called lively. There is some trepidation among buyers as to supply availability/price in coming months.

Concerns as to expected sub optimal EU milk production and lower quality/quantity of feed hampering whey production are at the forefront of discussions. This is fueling more current whey market activity to reduce the risk.

Prices for: Western Europe, All First Sales, Free on Board - Port, Conventional, and Edible Dry Whey
Price Range - Non-Hygroscopic; \$/MT: 925 - 1,075

WHOLE MILK POWDER

Whole milk powder prices in Europe are higher, above Oceania levels. Even with EU WMP not being strongly competitive globally, internal EU demand has increased since 2019 began. That has helped to firm prices.

Most EU WMP manufacturers are primarily focused on EU internal markets and not so much on export markets. Manufacturers and buyers in the EU are generally comfortable with the current situation. General steadiness is expected in coming weeks.

CONTINUED ON PAGE 8A

INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered January 7 - 18 2019

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

CONTINUED FROM PAGE 8

Prices for: Europe, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder

Price Range - 26% Butterfat; \$/MT: 3,100 - 3,250

EASTERN OVERVIEW

Belarus exports through November 2018 for various dairy products, compared with last year, increased as shown in the table below (CLAL data).

	Export % Change
Product	Jan.-Nov.2018/2017
Cheese	+10.3
Butter	+ 9.2
SMP	+ 6.1
WMP	+11.4

Belarus has recently been the principal single source of dairy product imports by Russia. January-November 2018 Belarus exports to Russia overall show less dependence by Russia on Belarus, quantified below (CLAL data):

	Export % Change
Product	Jan.-Nov.2018/2017
Cheese	+ 8.0
Butter	-27.9
SMP	-33.3
WMP	-34.5

Russia has significantly increased recent cheese imports from all sources, but reduced imports of butter, WMP and SMP. January-November overall Russia imports are shown below (CLAL data).

	Export % Change
Product	Jan.-Nov.2018/2017
Cheese	+65.4
Butter	-17.9
SMP	-35.5
WMP	-54.2

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered January 7 - 18, 2019

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

OCEANIA DAIRY MARKET OVERVIEW

AUSTRALIA: Central and southeast Australia continue to suffer under intense daytime temperatures in excess of 100 degrees Fahrenheit. Some locations hover near 116 degrees. Cows and pastures are suffering. Much of western Australia reaches temperature highs into the 80s. The heat is obviously adversely affecting milk production in a country that has already opened the season with disappointing milk production results. Most Q1 dairy product production is committed. The disappointingly low milk production is crimping manufacturers' schedules.

China is the largest single market for dairy exports from Australia according to Dairy Australia. It is also noted that infant formula exported to China is now Australia's most valuable dairy export to any market.

Infant milk formula exports from Australia January-November 2018 were up 51.6 percent from January-November 2017, according to CLAL. Exports to China are slightly over eight times greater than the next nine destinations combined. The table below shows the top export destinations and country percent change comparing January-November 2018 with 2017.

Australia Infant Milk Formula Exports

Destination	% Change Jan.-Nov. 2018/2017
China	+ 68.0
Taiwan	+109.0
Hong Kong	- 52.5
South Korea	+155.0

NEW ZEALAND: Temperatures in much of the North and South Islands are reaching daytime highs in the 70s and 80s Fahrenheit. Milk production continues to be strong. The early new year has produced renewed dairy product market and trading activity. Manufacturers are increasingly working to assure adequate low season carry-over stocks are in place for June, July and August, while also finalizing good sales opportunities for the near term. Optimism remains that this will be a strong milk production season in New Zealand.

This month marks another annual January downward adjustment of tariffs applicable to dairy exports from New Zealand to China under the 2008 free trade agreement between New Zealand and China.

BUTTER/BUTTEROIL

Butter prices in Oceania are stronger. Few are surprised considering lower milk and cream supplies will be available in coming weeks and months. Regional butter production is steady to slightly lower. Early year demand is active. Buyers are seeking butter and they are looking a bit harder to get it

Australia was a net importer of butter through November 2018. New Zealand was the primary source of butter imports, multiples higher than other sources. No single country stood out as the primary destination for Australian butter exports. Exports were about 40 percent of imports.

Oceania, 82% Butterfat, Free on Board - Port Butter
Price Range - \$/MT:

4,125 - 4,300

Secondary Sourced Information:

Butter exports from Australia January-November 2018 were up 3.2 percent from January-November 2017, according to CLAL. The table below shows the top export destinations and country percent change comparing January-November 2018 with 2017.

Australia Butter Exports

Destination	% Change Jan.-Nov. 2018/2017
Thailand	+18.1
China	- 6.3
Malaysia	+36.5
Singapore	+ 4.2
Hong Kong	+15.2

Butter imports to Australia January-November 2018 were up 21.6 percent from January-November 2017, according to CLAL. The table below shows the top import origins and country percent change comparing January-November 2018 with 2017. Imports from New Zealand are nearly nine times greater than total combined imports from the other listed countries.

Australia Butter Imports

Origin	% Change Jan.-Nov. 2018/2017
New Zealand	+ 22.2
United Kingdom	- 80.0
France	+155.0
Denmark	+ 12.0
India	+126.0
Ireland	+ 56.6

Butter imports by China January-November 2018 increased 30.3 percent from January-November 2017, according to CLAL. New Zealand overwhelmingly dominates the top sources, supplying nearly ten times more butter to China than the next six countries shown in the table below combined. The table below shows the top import origins and country percent change comparing January-November 2018 with 2017.

China Butter Imports

Origin	% Change Jan.-Nov. 2018/2017
New Zealand	+35.8
France	- 9.6
Belgium	-24.3
Australia	- 4.2
Netherlands	-29.7
Germany	+60.5
Ireland	+ 9.3

Butter imports by Japan January-November 2018 increased 90.7 percent from January-November 2017, according to CLAL. New Zealand dominates the top ten sources, supplying more butter to Japan than the next nine countries combined. The table below shows the top import origins and country percent change comparing January-November 2018 with 2017.

CONTINUED ON PAGE 8C

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered January 7 - 18, 2019

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

CONTINUED FROM PAGE 8B

Japan Butter Imports

Origin	% Change Jan.-Nov. 2018/2017
New Zealand	+132.0
Netherlands	+ 42.2
Germany	+ 56.4
France	+ 39.7
Belgium	- 63.2

At GDT event 228 on January 15, the butter all contracts price, \$4,262, increased 4.6 percent. The February contract price, \$4,270, increased 1.8 percent.

SKIM MILK POWDER

Prices for SMP in Oceania firmed and lead prices in the EU. Buyers are actively seeking SMP from Oceania.

SMP production in Oceania has begun a seasonally normal decline during the downward side of the milk season. This is believed to be a contributing factor to price firming. Another factor is the milk draw from WMP manufacturers to maintain as much WMP production as they can. Buyers are also apprehensive about possible SMP supply tightness overall, taking a cue from the recent rapid draw-down of EU intervention SMP. That recent development rings like a bell which still echoes through buyer discussions in Oceania.

Australia was a significant net exporter of SMP through November 2018. China and Indonesia were the two primary destinations for Australian SMP exports. Exports were nearly 12 times greater than imports. New Zealand was the most significant source of Australian SMP imports.

Prices for: Oceania, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder
Price Range - 1.25% Butterfat; \$/MT: 2,325 - 2,650

Secondary Sourced Information:

SMP exports from Australia January-November 2018 were down 1.2 percent from January-November 2017, according to CLAL. The table below shows the top export destinations and country percent change comparing January-November 2018 with 2017. Volumes exported to China and Indonesia are very similar and each received multiples of the volumes going to each of the other four countries listed.

Australia SMP Exports

Destination	% Change Jan.-Nov. 2018/2017
China	+10.8
Indonesia	- 7.9
Malaysia	- 21.2
Thailand	+78.5
Singapore	- 27.0
Japan	- 53.7

SMP imports to Australia January-November 2018 were up 62.2 percent from January-November 2017, according to CLAL. New

Zealand was the most significant source, with volumes up 50.7 percent.

SMP imports by China January-November 2018 increased 10.5 percent from January-November 2017, according to CLAL. New Zealand supplies China with slightly more SMP than the next six countries shown in the table below combined, but the dominance is less substantial than with WMP and butter. The table below shows the top import origins and country percent change comparing January-November 2018 with 2017.

China SMP Imports

Origin	% Change Jan.-Nov. 2018/2017
New Zealand	+ 8.5
Australia	+ 2.7
United States	- 15.9
Germany	- 18.4
Finland	+22.6
France	- 17.8
Sweden	+15.7

SMP imports by Japan January-November 2018 decreased 5.9 percent from January-November 2017, according to CLAL. New Zealand and Australia dominate the top three sources, supplying nearly three times as much SMP as the United States. The table below shows the top import origins and country percent change comparing January-November 2018 with 2017.

Japan SMP Imports

Origin	% Change Jan.-Nov. 2018/2017
New Zealand	-17.4
United States	- 7.1
Australia	+23.7
Belgium	- 60.6
France	- 1.4

At GDT event 228 on January 15, the SMP all contracts price, \$2,405, increased 10.3 percent. The February contract price, \$2,643, increased 10.6 percent.

CHEESE

Oceania cheddar prices firmed, following the positive price direction of other Oceania dairy products.

Cheddar production is continuing at a pace consistent with recent expectations and manufacturer plans. Looking into the near future, after filling contractual obligations, some milk which could be accommodated by cheddar plants, may transition toward powders, which are considered to be more profitable right now.

Through November 2018, Australia was a net cheese exporter. The primary export destination was Japan. The primary source of cheese imports was New Zealand. Imports were about 58 percent of exports.

CONTINUED ON PAGE 8D

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered January 7 - 18, 2019

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CONTINUED FROM PAGE 8C

Prices for: Oceania Cheese, Cheddar, Free on Board - Port,
Price Range - \$/MT: 3,425 - 3,550

Secondary Sourced Information:

Cheese exports from Australia January-November 2018 were up 1.2 percent from January-November 2017, according to CLAL. The table below shows the top export destinations and country percent change comparing January-November 2018 with 2017. Exports to Japan are nearly double the combined amount to the other four countries listed.

Australia Cheese Exports

Destination	% Change Jan.-Nov. 2018/2017
Japan	+ 5.1
China	- 8.7
South Korea	- 8.8
Malaysia	- 14.0
Philippines	+41.5

Cheese imports to Australia January-November 2018 were down 14.8 percent from January-November 2017, according to CLAL. The table below shows the top import origins and country percent change comparing January-November 2018 with 2017. More imports come from New Zealand than the next five countries combined. New Zealand supplies nearly twice as much as the United States, the number two source.

Australia Cheese Imports

Origin	% Change Jan.-Nov. 2018/2017
New Zealand	- 22.8
United States	- 14.2
Italy	+14.1
Netherlands	+ 0.6
France	+ 8.3
Germany	- 2.5

Cheese imports by China January-November 2018 decreased 3.3 percent from January-November 2017, according to CLAL. New Zealand overwhelmingly dominates the top sources, supplying more cheese to China than the next six countries shown in the table below combined. The EU countries shown supply more cheese to China than the United States. While United States cheese exports to China decreased, the EU share increased. The table below shows the top import origins and country percent change comparing January-November 2018 with 2017.

China Cheese Imports

Origin	% Change Jan.-Nov. 2018/2017
New Zealand	- 6.4
Australia	- 8.5
United States	- 4.8
Denmark	+0.7
Italy	+9.3
France	+3.4
Germany	+1.3

Cheese imports by Japan January-November 2018 increased 7.1 percent from January-November 2017, according to CLAL. Australia and New Zealand dominate the top ten sources, supplying over four times more cheese to Japan than the United States. Australia and New Zealand supply nearly twice as much cheese to Japan as the top four EU sources of cheese. The table below shows the top import origins and country percent change comparing January-November 2018 with 2017.

Japan Cheese Imports

Origin	% Change Jan.-Nov. 2018/2017
Australia	+ 2.7
New Zealand	+ 3.8
United States	+ 7.8
Netherlands	+11.0
Denmark	+15.5
Germany	+ 9.9
France	+ 4.8

At GDT event 228 on January 15, the cheddar all contracts price, \$3,504, increased 4.2 percent. The February contract price, \$3,476, decreased 0.6 percent.

WHOLE MILK POWDER

Whole milk powder prices firmed in Oceania. It is true that WMP production remains active. Some observers believe more WMP may be available than at this time last year. However, current demand and meeting contract obligations each keep WMP moving. Most scheduled Q1 2019 production has been committed. With some remaining Q1 as well as Q2 contracting still being discussed, manufacturers anticipate that what is produced will be sold. WMP remains the default priority Oceania dairy product because margins are typically good. Many foreign buyers have come to depend on WMP from Oceania, especially from New Zealand.

Australia was a net exporter of WMP through November 2018. Exports were nearly twice the magnitude of imports. China was the most significant destination for Australian WMP exports. New Zealand was the largest single source of WMP imports. Total WMP exports are a bit less than twice total imports.

Prices for: Oceania, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder
Price Range - 26% Butterfat; \$/MT: 2,725 - 2,800

Secondary Sourced Information:

WMP exports from Australia January-November 2018 were up 5.6 percent from January-November 2017, according to CLAL. The table below shows the top export destinations and country percent change comparing January-November 2018 with 2017. Almost twice as much is exported to China than the other five countries combined.

CONTINUED ON PAGE 8E

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

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Exchange rates for selected foreign currencies:
January 14, 2019

Australia WMP Exports	
Destination	% Change Jan.-Nov. 2018/2017
China	+ 44.4
Thailand	+ 80.3
Bangladesh	+ 77.5
Singapore	- 39.4
Oman	+ 37.5
Algeria	+125.0

.0270 Argentina Peso	.0141 India Rupee
.7198 Australian Dollar	.0093 Japan yen
.2702 Brazil Real	.0527 Mexican Peso
.7528 Canadian Dollar	.6821 New Zealand Dollar
.0015 Chile Peso	.2672 Poland Zloty
1.1472 Euro	.0305 Uruguay Peso

Conversion example: To compare the value of 1 US Dollar to Mexican Pesos: $(1/.0527) = 18.9753$ Mexican Pesos. Source: "Wall Street Journal"

WMP imports to Australia January-November 2018 were up 6.2 percent from January-November 2017, according to CLAL. The table below shows the top import origins and country percent change comparing January-November 2018 with 2017. Imports from New Zealand are over five times greater than total combined imports from the other listed countries.

Australia WMP Imports	
Origin	% Change Jan.-Nov. 2018/2017
New Zealand	- 0.1
Austria	+ 92.2
Germany	+483.0
Netherlands	+ 0.4
Belgium	+ 21.2
United States	+166.0

WMP imports by China January-November 2018 increased 6.7 percent from January-November 2017, according to CLAL. New Zealand overwhelmingly dominates the top sources, supplying nearly nine times more WMP to China than the next six countries shown in the table below combined. The table below shows the top import origins and country percent change comparing January-November 2018 with 2017.

China WMP Imports	
Origin	% Change Jan.-Nov. 2018/2017
New Zealand	+ 2.3
Australia	+ 41.6
Belarus	+1,104.3
France	- 16.7
United States	+ 11.2
Netherlands	+ 29.5
Spain	+ 311.0

At GDT event 228 on January 15, the WMP all contracts price, \$2,777, increased 3.0 percent. The February contract price, \$2,783, increased 4.1 percent.

INTERNATIONAL DAIRY MARKET NEWS - SOUTH AMERICA

Information gathered January 7 - 18, 2019

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

SOUTH AMERICA OVERVIEW

In **Argentina**, floods have harshly impacted dairy farmers during the past few days. Several numbers of milking cows have died, and sanitary measures have been lifted to control mastitis and other diseases. That said, farm milk production has been reduced throughout the country, while milk hauling has been a major issue. Processors are not receiving enough milk/cream to maximize their production. However, manufacturing of main dairy commodities such as cheese, yogurt, butter, and dairy powder are stable at this point.

In **Brazil** climate conditions have been variable, but not much has changed in the dairy industry during the past two weeks. Farm milk output is steadily slowing down after reaching the top peak of the season. Manufacturing milk/cream volumes are enough to meet most processors needs. Cheese and butter production remain ongoing. However, competition for cream among butter churners and ice cream makers is heating up, while the butterfat market continues firming.

SKIM MILK POWDER

Globally, SMP spot prices surprised the dairy industry as prices increased significantly during the last two weeks. An important factor that has contributed to the increase in SMP prices worldwide is the reduction of intervention stocks in the E.U. That said, during the past two weeks, SMP export prices in South America rose considerably, in line with international market trends. Meanwhile, since most of the time is being devoted to processing WMP, SMP production remains sporadic throughout the continent. In general, demand for SMP is steady, but supplies are limited, thus the market is in a bullish position at this point.

Prices for: South America, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder
Price Range - 1.25% Butterfat; \$/MT: 2,575 - 2,875

Secondary Sourced Information:

At the GDT Event 228 on January 15, skim milk powder (SMP) prices across all contract periods averaged \$2,405 per metric ton, up 10.3 percent from the last event.

WHOLE MILK POWDER

In South America, free on board export prices for whole milk powder (WMP) adjusted slightly up, in line with recent WMP upward pricing trends at the GDT. Albeit, farm milk production is seasonally lower, condensed whole milk volumes are relatively available for WMP processing. Therefore, WMP production is ongoing throughout the continent. However, inventory levels are lower compared to Q4, 2018. The bottom price of the range is reflecting active WMP export to Algeria and Russia, while the top is mirroring slow trading to Brazil.

Prices for: South America, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder
Price Range - 26% Butterfat; \$/MT: 2,600 - 3,100

Secondary Sourced Information:

At the GDT Event 228 on January 15, whole milk powder (WMP) prices across all contract periods averaged \$2,777 per metric ton, up 3.0 percent from the last event.

CME GROUP, INC FUTURES

Selected settling prices

Month	01/04	01/07	01/08	01/09	01/10	01/11	01/14	01/15	01/16	01/17
III MILK FUTURES (Pit-Traded) (\$/cwt)										
JAN 19	14.25	14.14	14.08	14.05	14.08	14.07	14.07	14.05	14.06	14.00
FEB 19	14.74	14.57	14.41	14.32	14.45	14.49	14.30	14.34	14.27	14.14
MAR 19	15.15	14.98	14.88	14.88	14.96	15.06	14.93	14.93	14.82	14.63
APR 19	15.52	15.41	15.31	15.32	15.42	15.51	15.40	15.40	15.29	15.14
MAY 19	15.86	15.79	15.70	15.72	15.81	15.90	15.82	15.82	15.72	15.56
JUN 19	16.09	16.00	15.93	15.96	16.04	16.12	16.08	16.07	16.01	15.88
JUL 19	16.41	16.30	16.26	16.30	16.36	16.44	16.38	16.40	16.35	16.26
AUG 19	16.56	16.52	16.46	16.49	16.51	16.59	16.58	16.58	16.52	16.41
SEP 19	16.77	16.72	16.65	16.67	16.72	16.77	16.75	16.74	16.69	16.60
CLASS IV MILK FUTURES (Pit-Traded) (\$/cwt)										
JAN 19	15.39	15.39	15.39	15.39	15.42	15.43	15.45	15.51	15.51	15.51
FEB 19	15.69	15.75	15.65	15.73	15.77	15.86	15.85	15.89	15.87	15.87
MAR 19	16.00	16.04	15.90	16.03	16.03	16.18	16.19	16.26	16.18	16.04
APR 19	16.29	16.32	16.24	16.27	16.32	16.43	16.49	16.43	16.40	16.22
CASH SETTLED BUTTER FUTURES (Electronic-Traded) (¢/lb)										
JAN 19	224.25	223.90	223.30	223.45	223.45	224.25	224.25	224.25	224.00	224.00
FEB 19	225.00	223.25	221.88	222.70	222.00	224.75	224.75	224.75	225.98	225.75
MAR 19	226.63	225.00	223.30	224.25	223.75	225.03	225.50	225.50	226.40	225.50
APR 19	228.98	227.85	225.63	226.00	225.65	227.08	227.50	227.80	228.20	227.00
NONFAT DRY MILK FUTURES (Pit-Traded) (¢/lb)										
JAN 19	94.80	95.43	94.73	94.90	95.05	95.05	95.05	95.05	94.83	95.00
FEB 19	97.63	98.98	97.70	99.00	99.50	99.25	99.15	99.78	98.80	99.03
MAR 19	100.08	101.00	99.88	101.33	102.50	103.13	102.60	102.75	102.00	100.30
APR 19	102.50	103.00	102.05	103.50	104.08	104.65	104.63	104.60	103.83	102.38
WHEY (Electronic-Traded) (¢/lb)										
JAN 19	47.90	48.13	47.85	48.20	49.00	49.00	49.00	49.20	48.98	48.33
FEB 19	46.50	47.00	46.75	47.00	48.00	48.00	47.95	48.03	48.18	47.55
MAR 19	44.70	45.00	45.23	45.38	46.38	46.75	46.80	46.80	46.63	45.88
APR 19	44.00	44.10	44.25	44.35	45.00	45.45	46.15	46.15	45.50	44.63
CHEESE CSC (Electronic-Traded) (\$/lb)										
JAN 19	1.42	1.40	1.40	1.39	1.39	1.39	1.39	1.39	1.39	1.39
FEB 19	1.47	1.48	1.44	1.43	1.44	1.44	1.42	1.42	1.42	1.41
MAR 19	1.52	1.51	1.50	1.50	1.50	1.51	1.49	1.49	1.48	1.47
APR 19	1.57	1.58	1.55	1.55	1.55	1.56	1.55	1.55	1.54	1.53

Source: <http://www.cmegroup.com/market-data/daily-bulletin.html>

Consumer Price Index and Average Retail Prices for Selected Products, U.S. City Average ¹

Consumer Price Index												
Month/Year	All Food		Dairy Products		Fresh Whole Milk		Cheese		Butter		Meat, Poultry, Fish, and Eggs	
	CPI ²	Pct. Chg ³	CPI ²	Pct. Chg ³	CPI ²	Pct. Chg ³	CPI ²	Pct. Chg ³	CPI ²	Pct. Chg ³	CPI ²	Pct. Chg ³
Oct 2018	254.4	1.2	216.8	-0.2	197.4	0.2	228.3	-1.0	246.2	0.6	248.0	-0.2
Nov 2018	254.4	1.4	215.9	-0.5	196.4	-1.6	227.4	-1.0	242.3	-0.1	248.0	0.4
Dec 2018	255.2	1.6	216.7	-0.1	196.2	-1.8	227.5	-0.4	237.7	-0.2	247.3	-0.4

U.S. City Average Retail Prices										
Month	Whole Milk ⁴		Butter ⁵		Process Cheese ⁶		Natural Cheese ⁷		Ice Cream ⁸	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	<i>(dollars)</i>									
Oct	2.913	3.158	N/A	N/A	3.994	4.089	5.158	5.028	4.864	4.683
Nov	2.877	3.150	N/A	N/A	3.862	4.091	5.229	5.006	4.786	4.567
Dec	2.853	3.155	N/A	N/A	3.944	4.130	5.360	4.950	4.812	4.758

N/A = Not available. ¹ "CPI Detailed Report," "Consumer Prices: Energy and Food," BLS, U.S. Department of Labor. According to BLS, average prices are best used to measure the price level in a particular month. To measure price change over time, the CPI is more appropriate. ² The standard reference base period for these indexes is 1982-1984 = 100. ³ Percent change over previous year. ⁴ Per gallon. ⁵ Per pound. Grade AA, salted, stick butter. ⁶ Per pound, any size and type of package. ⁷ Per pound, cheddar cheese in any size and type of package and variety (sharp, mild, smoked, etc). ⁸ Per 1/2 gallon prepackaged regular.

February 2019 Highlights

Base Class I Price: Under the Federal milk order pricing system, the base Class I price for February 2019 is \$15.30 per cwt. This price is derived from the advanced Class IV skim milk pricing factor of \$6.80 and the advanced butterfat pricing factor of \$2.4962. A Class I differential for each order's principle pricing point (county) is added to the base price to determine the Class I Price.

Class II Price Information: The advanced Class IV skim milk pricing factor is \$6.80. Thus, the Class II skim milk price for February 2019 is \$7.50 per cwt, and the Class II nonfat solids price is \$0.8333.

Product Price Averages: The two-week product price averages for February 2019 are: butter \$2.2328, nonfat dry milk \$0.9315, cheese \$1.3930 and dry whey \$0.4793.

Advanced Class Prices for February 2019

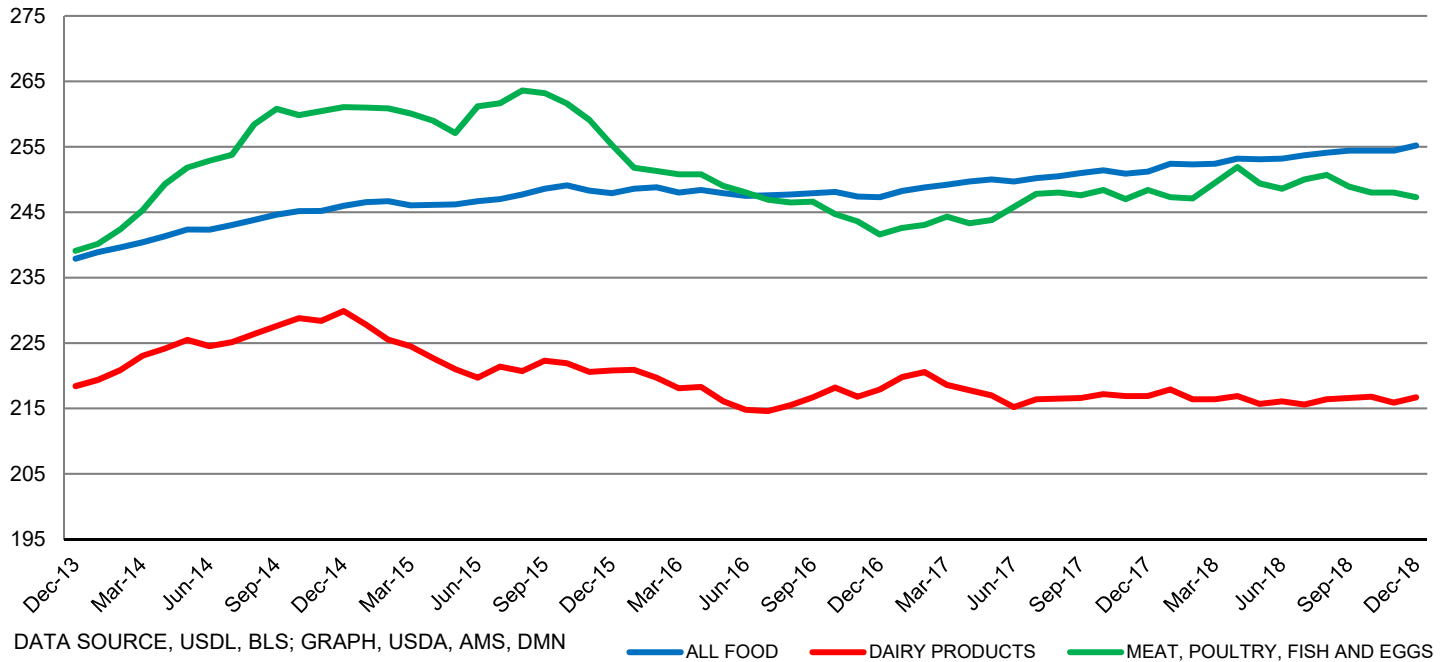
Federal Milk Order Class I Price Information^{1,2}

Federal Milk Order Marketing Area ³	Order Number	February 2019		
		Class I Price (3.5%) <i>(dollars per cwt)</i>	Class I Skim Milk Price <i>(dollars per cwt)</i>	Class I Butterfat Price <i>(dollars per pound)</i>
Northeast (Boston) ⁴	001	18.55	10.05	2.5287
Appalachian (Charlotte) ⁵	005	18.70	10.20	2.5302
Florida (Tampa) ⁶	006	20.70	12.20	2.5502
Southeast (Atlanta) ⁷	007	19.10	10.60	2.5342
Upper Midwest (Chicago) ⁸	030	17.10	8.60	2.5142
Central (Kansas City) ⁹	032	17.30	8.80	2.5162
Mideast (Cleveland) ¹⁰	033	17.30	8.80	2.5162
California (Los Angeles) ¹¹	051	17.40	8.90	2.5172
Pacific Northwest (Seattle) ¹²	124	17.20	8.70	2.5152
Southwest (Dallas) ¹³	126	18.30	9.80	2.5262
Arizona (Phoenix)	131	17.65	9.15	2.5197
All-Market Average		18.12	9.62	2.5244

¹ To convert the Class I price per 100 pounds to the Class I price per gallon, divide by 11.63 - the approximate number of gallons in 100 pounds of milk. ² Note: The mandatory \$0.20 per cwt processor assessment under the Fluid Milk Promotion Order is not included in the Class I prices shown on this table. ³ Names in parentheses are the major city in the principal pricing point of the markets. ⁴ Class I prices at other cities are: New York City, minus \$0.10; Philadelphia, minus \$0.20; Baltimore, minus \$0.25, and Washington, DC, minus \$0.25. ⁵ Class I prices at other cities are: Knoxville, minus \$0.20 and Louisville, minus \$1.10. ⁶ Class I prices at other cities are: Orlando, same; Miami, plus \$0.60; and Jacksonville, minus \$0.40. ⁷ Class I prices at other cities are: New Orleans, same; Memphis, minus \$0.90; Nashville, minus \$0.90; and Springfield, MO, minus \$1.40. ⁸ Class I prices at other cities are: Milwaukee, minus \$0.05; and Minneapolis, minus \$0.10. ⁹ Class I prices at other cities are: Des Moines, minus \$0.20; Omaha, minus \$0.15; Oklahoma City, plus \$0.60; St. Louis, same; and Denver, plus \$0.55. ¹⁰ Class I prices at other cities are: Indianapolis, same; Cincinnati, plus \$0.20; Pittsburgh, plus \$0.10; and Detroit, minus \$0.20; ¹¹ Class I prices at other cities are: San Francisco, minus \$0.30; Sacramento, minus \$0.40; Tulare, minus \$0.50. ¹² Class I prices at other cities are: Portland, same; and Spokane, same. ¹³ Class I prices at other cities are: Houston, plus \$0.60; San Antonio, plus \$0.45; Albuquerque, minus \$0.65; and El Paso, minus \$0.75. Report Contact: Randal Stoker, randal.stoker@usda.gov or 202-690-1932.

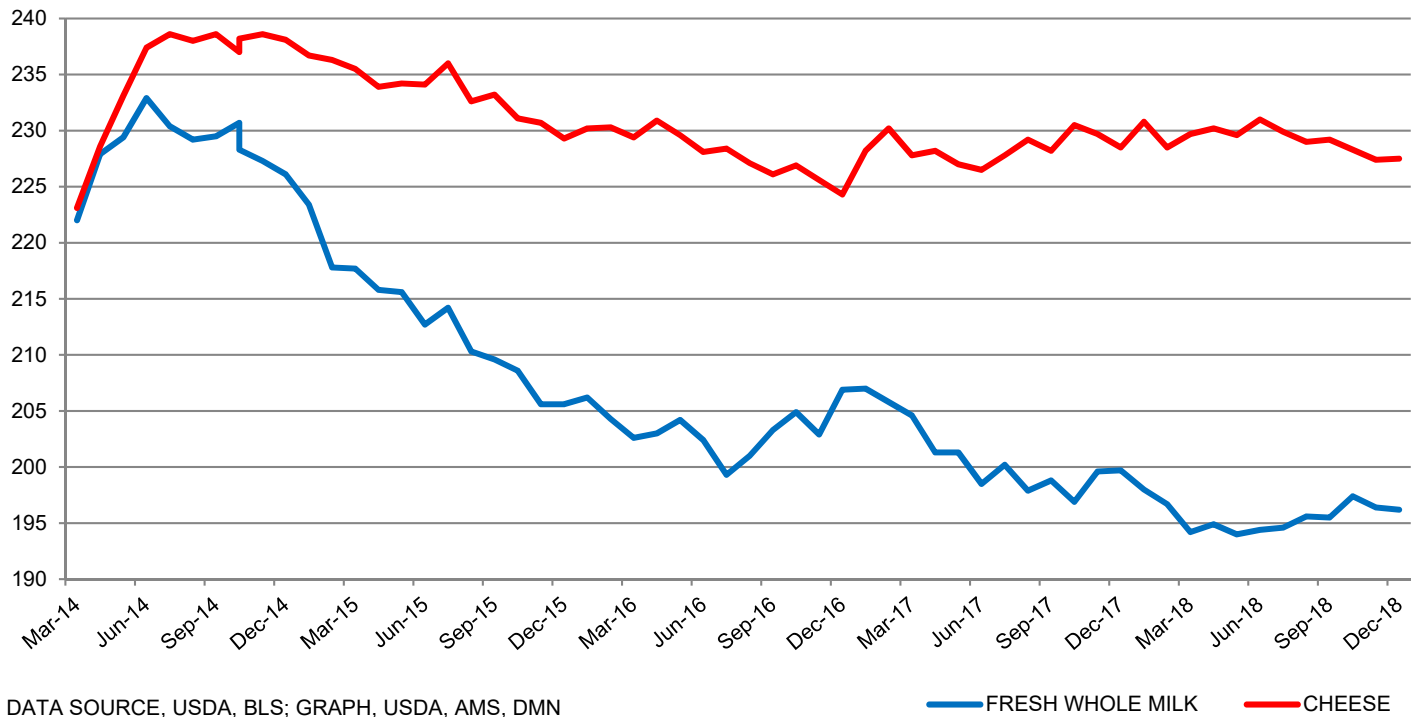
1982 - 1984 = 100

Consumer Price Index



Consumer Price Index Dairy Products

1982 - 1984 = 100





Dairy Market News Branch

Agricultural
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National Retail Report-Dairy

Websites: <http://www.marketnews.usda.gov/mnp/da-home> and <http://www.ams.usda.gov/mnreports/dybretail.pdf>

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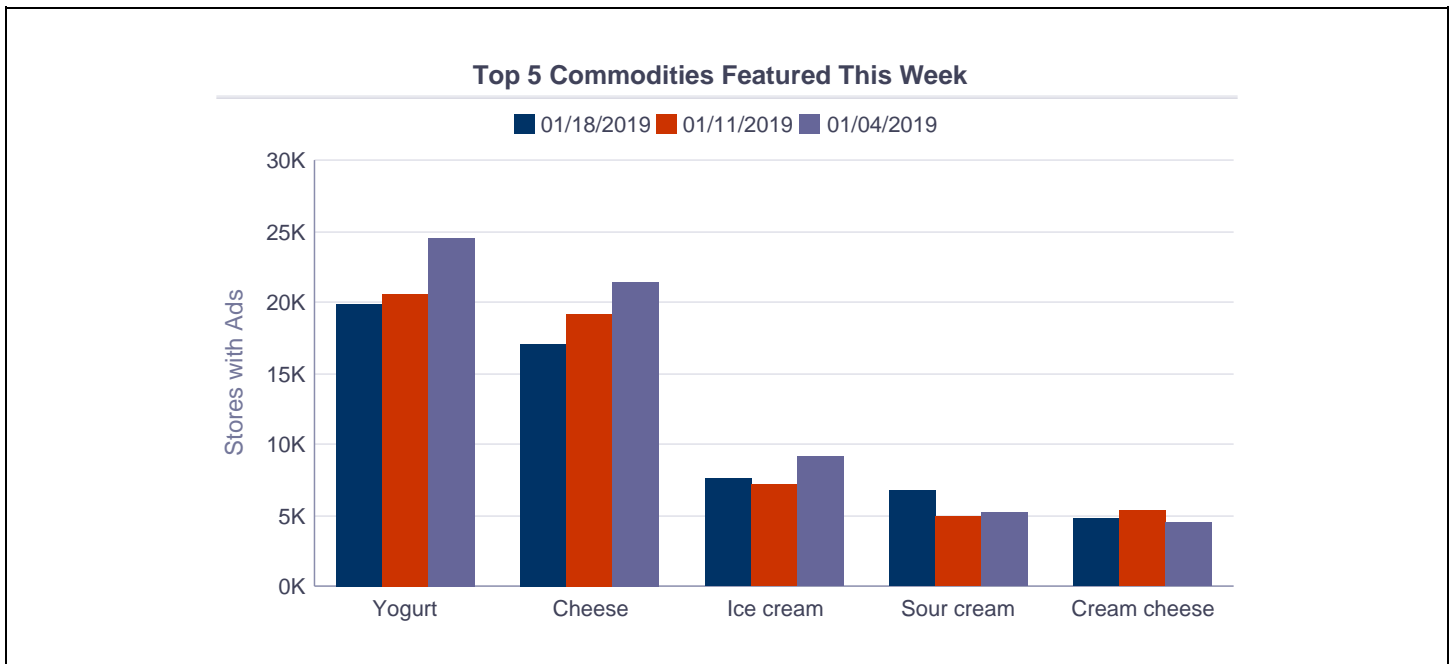
Advertised Prices for Dairy Products at Major Retail Supermarket Outlets ending during the period of 01/18/2019 to 01/24/2019

The total number of conventional dairy advertisements decreased 3 percent, while organic dairy ads increased 4 percent. Conventional Greek yogurt in 4 to 6 ounce containers was the most advertised item of the week, while conventional 2 pound cheese block ads increased by the largest percentage. In the organic aisle, half gallon milk ads were the most advertised item of the week.

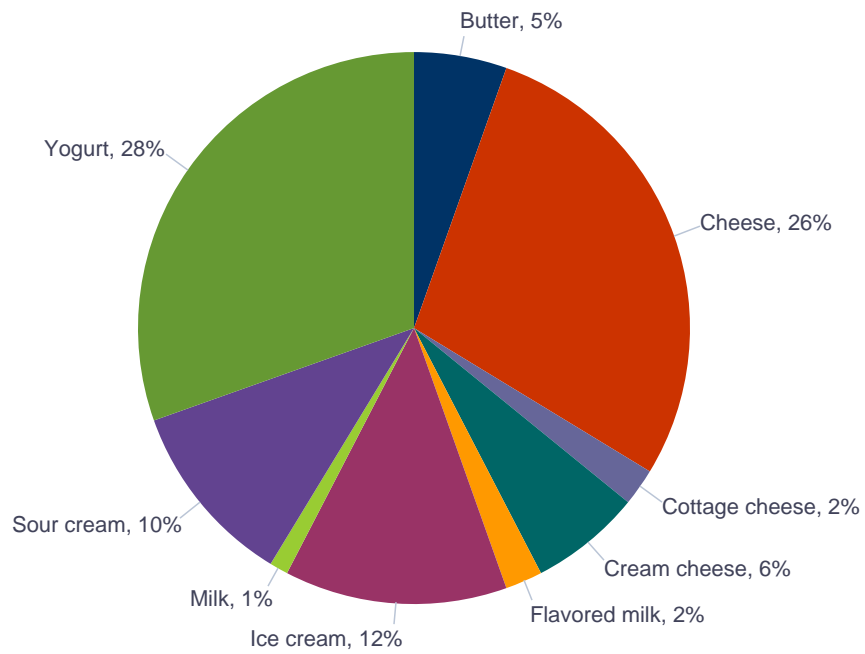
Total conventional yogurt ads declined by 6 percent week over week. Resolutions push retail trends, so while conventional and organic egg nog ads dwindle to zero, organic yogurt advertisements increased 45 percent. Organic yogurt in 32-ounce containers was the second most organic dairy item advertised, just ahead of organic cream cheese in 8 ounce containers.

The total number of conventional milk ads decreased 19 percent. Total organic milk advertisements decreased 8 percent. The weighted average price for organic half gallons was \$3.72, compared to \$1.70 for conventional half gallons, an organic premium of \$2.02.

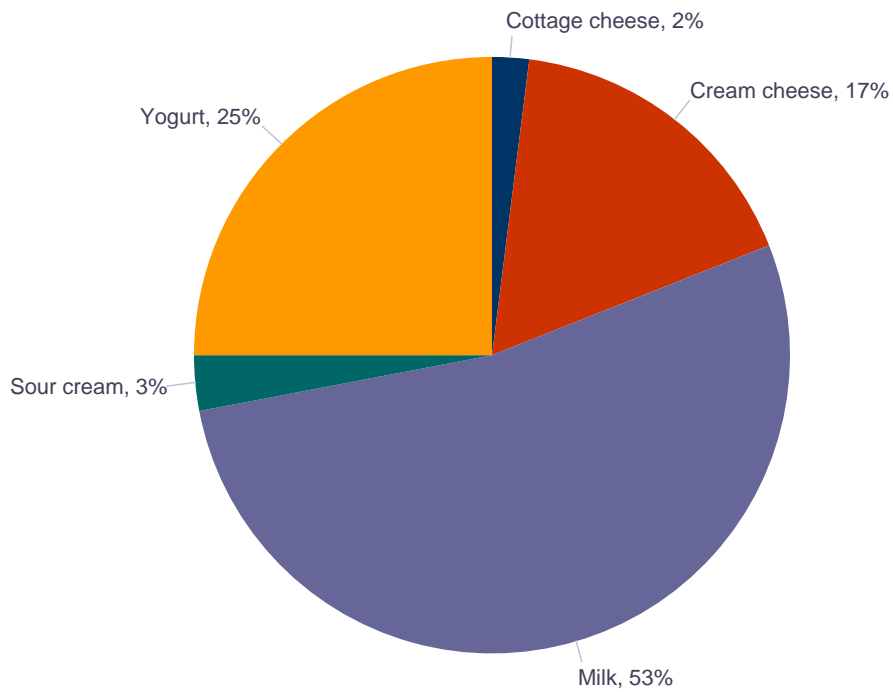
Conventional cheese ad numbers decreased 11 percent, while no ads were reported for organic cheese this week. The weighted average advertised price for conventional 8-ounce block cheese is \$2.15, while conventional 8-ounce shred cheese registers in at the same price, \$2.15.



Percentage of Total Conventional Ads by Commodity



Percentage of Total Organic Ads by Commodity





NATIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD		LAST WEEK		LAST YEAR	
			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #	3544	3.23	2408	3.47	3978	3.47
Cheese	Natural Varieties	8 oz block	6720	2.15	8647	1.91	9421	2.49
Cheese	Natural Varieties	1 # block	342	3.43	1443	3.94	2721	3.65
Cheese	Natural Varieties	2 # block	773	5.13	83	6.60	1009	5.12
Cheese	Natural Varieties	8 oz shred	8997	2.15	8424	2.32	10750	2.40
Cheese	Natural Varieties	1 # shred	135	3.99	398	3.83	1542	3.68
Cottage cheese		16 oz	1632	2.14	1936	2.04	2836	1.98
Cream cheese		8 oz	3785	1.80	4746	2.19	5378	1.97
Flavored milk	All fat tests	half gallon	723	2.02	1398	2.26	21	2.79
Flavored milk	All fat tests	gallon	392	2.72	305	3.41	568	2.08
Ice cream		48-64oz	7611	2.89	7045	3.05	13123	2.99
Milk	All fat tests	half gallon	218	1.70	242	2.25	193	1.92
Milk	All fat tests	gallon	610	2.79	775	2.95	1493	2.39
Sour cream		16 oz	6638	1.70	4709	1.72	7169	1.60
Yogurt	Greek	4-6 oz	9258	.95	8489	.98	12542	.96
Yogurt	Greek	32 oz	1880	4.18	2144	4.44	1786	4.67
Yogurt	Yogurt	4-6 oz	5240	.49	7907	.48	5763	.52
Yogurt	Yogurt	32 oz	1675	2.47	929	2.35	1505	2.43

REGIONAL -- CONVENTIONAL DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	1.48-4.99	1156	3.15	2.99-3.99	1687	3.34	3.00-3.49	233	3.38
Cheese	Natural Varieties	8 oz block	1.97-3.99	1377	2.43	1.23-3.00	3361	1.95	1.99-2.99	438	2.28
Cheese	Natural Varieties	1 # block	1.99-5.99	342	3.43						
Cheese	Natural Varieties	2 # block							5.99	107	5.99
Cheese	Natural Varieties	8 oz shred	1.97-3.00	2294	2.28	1.99-2.99	2013	2.07	1.50-2.50	919	2.06
Cheese	Natural Varieties	1 # shred	3.99	135	3.99						
Cottage cheese		16 oz	1.49-2.99	915	2.31				1.89	119	1.89
Cream cheese		8 oz	1.50-2.50	652	1.91	1.50-2.50	541	1.72	1.50-2.00	1149	1.82
Flavored milk	All fat tests	half gallon	1.99	84	1.99				0.99	106	.99
Flavored milk	All fat tests	gallon							2.99	287	2.99
Ice cream		48-64oz	1.99-3.50	2261	2.69	1.99-3.79	1588	2.64	2.50-3.88	1285	2.97
Milk	All fat tests	half gallon	1.99	84	1.99						
Milk	All fat tests	gallon	3.49	137	3.49				1.99-2.79	175	2.31
Sour cream		16 oz	1.29-2.19	2632	1.72	1.50-2.00	2689	1.75	1.00-1.99	714	1.38
Yogurt	Greek	4-6 oz	0.59-1.25	3146	.97	0.79-1.00	2514	.95	0.79-1.00	988	.92
Yogurt	Greek	32 oz	2.99-4.99	673	4.10	3.50-5.00	301	4.57	3.99	180	3.99

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Yogurt	Yogurt	4-6 oz	0.44-0.60	1326	.52	0.40-0.50	1884	.47	0.39-0.49	307	.43
Yogurt	Yogurt	32 oz	2.49-3.50	506	3.17	1.99-2.49	405	2.24			

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Butter		1 #	2.99-3.99	285	3.18	2.47	114	2.47	2.88	69	2.88
Cheese	Natural Varieties	8 oz block	1.49-2.99	699	2.19	1.67-3.00	534	2.39	2.00-2.50	226	2.23
Cheese	Natural Varieties	2 # block	4.99	114	4.99	4.99	422	4.99	4.99	130	4.99
Cheese	Natural Varieties	8 oz shred	1.23-2.99	2039	1.71	1.67-3.00	1133	2.60	2.00-3.00	520	2.78
Cottage cheese		16 oz	1.25-2.99	176	1.79	1.79-2.69	306	1.97	1.99	105	1.99
Cream cheese		8 oz	1.49-1.69	269	1.64	1.67-2.50	853	1.90	1.50	289	1.50
Flavored milk	All fat tests	half gallon				2.50	244	2.50	1.99	289	1.99
Flavored milk	All fat tests	gallon							1.99	105	1.99
Ice cream		48-64oz	2.50-3.99	808	3.23	2.50-3.99	1024	3.20	2.50-3.50	645	3.18
Milk	All fat tests	half gallon	0.99-1.98	134	1.52						
Milk	All fat tests	gallon	2.89-3.78	193	3.17				1.99	105	1.99
Sour cream		16 oz	1.50-1.67	192	1.60	1.49	244	1.49	1.99	105	1.99
Yogurt	Greek	4-6 oz	0.80-1.00	658	.95	0.88-1.00	1536	.98	0.59-1.19	340	.87
Yogurt	Greek	32 oz	3.98-4.99	126	4.41	4.99	137	4.99	3.50-5.00	463	3.83
Yogurt	Yogurt	4-6 oz	0.49-1.00	332	.59	0.40-0.60	882	.50	0.39-0.50	485	.45
Yogurt	Yogurt	32 oz	1.98-2.50	352	2.30	2.99	62	2.99	1.67-2.50	350	1.81

Commodity	Type	Pack Size	ALASKA U.S.			HAWAII U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Cheese	Natural Varieties	8 oz block				2.25-3.50	85	2.99
Cheese	Natural Varieties	8 oz shred	1.67	21	1.67	2.25-3.50	58	2.98
Cottage cheese		16 oz	1.99	11	1.99			
Cream cheese		8 oz	2.00-2.29	32	2.19			
Sour cream		16 oz	1.99	11	1.99	2.25-2.99	51	2.64
Yogurt	Greek	4-6 oz	0.99-1.00	49	1.00	1.00	27	1.00
Yogurt	Yogurt	4-6 oz				0.50	24	.50

NATIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	THIS PERIOD	LAST WEEK	LAST YEAR
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Wtd Avg - Simple weighted average



			Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price	Stores With Ads	Wtd Avg Price
Butter		1 #			121	5.29		
Cheese	Natural Varieties	8 oz block					233	2.75
Cheese	Natural Varieties	8 oz shred			137	2.49	123	2.99
Cheese	Natural Varieties	1 # shred					372	7.49
Cottage cheese		16 oz	137	3.99			517	3.68
Cream cheese		8 oz	1040	2.10	673	1.99		
Flavored milk	All fat tests	half gallon					214	4.49
Ice cream		48-64oz			189	5.99		
Milk	All fat tests	half gallon	2332	3.72	3092	3.84	2782	4.11
Milk	All fat tests	gallon	350	5.99	284	5.65	213	6.99
Milk	All fat tests	8 oz UHT	489	.88	61	.83	551	.95
Sour cream		16 oz	167	2.49	214	2.50	335	2.42
Yogurt	Greek	32 oz	382	4.56	315	3.12		
Yogurt	Yogurt	4-6 oz	72	.69	147	1.50	295	1.21
Yogurt	Yogurt	32 oz	1065	2.65	584	2.62	347	3.58

REGIONAL -- ORGANIC DAIRY PRODUCTS

Commodity	Type	Pack Size	NORTHEAST U.S.			SOUTHEAST U.S.			MIDWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Cream cheese		8 oz	2.99	161	2.99	1.50	214	1.50	1.99-2.49	587	2.09
Milk	All fat tests	half gallon	3.49-4.99	758	4.16	2.49-4.28	309	3.62	2.49-3.99	702	3.08
Milk	All fat tests	gallon				5.99	61	5.99			
Milk	All fat tests	8 oz UHT	1.00	108	1.00						
Yogurt	Greek	32 oz	5.99	108	5.99				1.99	137	1.99
Yogurt	Yogurt	4-6 oz	0.69	72	.69						
Yogurt	Yogurt	32 oz	2.29-3.99	481	2.98				1.99-2.49	331	2.18

Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Cottage cheese		16 oz				3.99	137	3.99			
Cream cheese		8 oz	1.99	78	1.99						
Milk	All fat tests	half gallon				2.99-4.99	274	3.99	3.99	289	3.99
Milk	All fat tests	gallon							5.99	289	5.99
Milk	All fat tests	8 oz UHT				0.83-0.86	381	.84			

Wtd Avg - Simple weighted average



Commodity	Type	Pack Size	SOUTH CENTRAL U.S.			SOUTHWEST U.S.			NORTHWEST U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price
Sour cream		16 oz				2.49	167	2.49			
Yogurt	Greek	32 oz				5.99	137	5.99			
Yogurt	Yogurt	32 oz	1.99-3.99	133	2.82	2.49	120	2.49			

Commodity	Type	Pack Size	ALASKA U.S.			HAWAII U.S.		
			Price Range	Stores with Ads	Wtd Avg Price	Price Range	Stores with Ads	Wtd Avg Price

REGIONAL DEFINITIONS

As used in this report, regions include the following states:

- NORTHEAST U.S. Connecticut, Delaware, Massachusetts, Maryland, Maine, New Hampshire, New jersey, New York, Pennsylvania, Rhode Island and Vermont
- SOUTHEAST U.S. Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee, Virginia and West Virginia
- MIDWEST U.S. Iowa, Illinois, Indiana, Kentucky, Michigan, Minnesota, North Dakota, Nebraska, Ohio, South Dakota and Wisconsin
- SOUTH CENTRAL U.S. Arkansas, Colorado, Kansas, Louisiana, Missouri, New Mexico, Oklahoma, and Texas
- SOUTHWEST U.S. Arizona, California, Nevada and Utah
- NORTHWEST U.S. Idaho, Montana, Oregon, Washington, and Wyoming
- ALASKA Alaska
- HAWAII Hawaii
- NATIONAL Continental United States



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