

Dairy

The dairy markets have mostly found support during the last week. Drought conditions in New Zealand continue to limit milk production and exports there. There are signs that European milk production growth may be beginning to slow as well. However, nonfat dry milk stocks, a key data point for international dairy prices, as of December 31st in the U.S. were up 47% from 2016 and a record. This suggests the upside may be limited in several key domestic dairy markets in the coming months, including cheese. The CME butter market is expected to find support relatively soon. But, the upside price risk in butter is likely only modest during this winter.

Product Description	Market Trend	Supplies	Price vs. Last Year
Cheese Barrels (CME)	Increasing	Good	Lower
Cheese Blocks (CME)	Increasing	Good	Lower
American Cheese	Decreasing	Good	Lower
Cheddar Cheese (40 lb)	Decreasing	Good	Lower
Mozzarella Cheese	Decreasing	Good	Lower
Provolone Cheese	Steady	Good	Same
Parmesan Cheese	Decreasing	Good	Lower
Butter (CME)	Decreasing	Good	Lower
Nonfat Dry Milk	Decreasing	Ample	Lower
Whey, Dry	Decreasing	Good	Lower
Class I Base	Steady	Good	Lower
Class II Cream, heavy	Increasing	Good	Higher
Class III Milk (CME)	Increasing	Good	Lower
Class IV Milk (CME)	Increasing	Good	Lower

