

ArrowStream

Dairy - The spot butter market held steady since last week. In November, domestic butter production was down 2.7% year-over-year. But butter output has risen with more available milk (cream) supplies due to costlier Class IV milk prices than Class III milk. The quarterly pivot model hints that spot butter prices could fade to \$2.150 this month. The cheese markets were modestly higher since last week. International cheese prices continue to rise and are higher than their U.S. counterparts. This is encouraging U.S. exports and suggests that the downside risk for the cheese markets is nominal.

Description	Market Trend	Supplies	Price vs. Last Year
Cheese Barrels (CME)	Increasing	Good	Lower
Cheese Blocks (CME)	Increasing	Good	Lower
American Cheese	Increasing	Good	Lower
Cheddar Cheese (40 lb)	Increasing	Good	Lower
Mozzarella Cheese	Increasing	Good	Lower
Provolone Cheese	Steady	Good	Same
Parmesan Cheese	Increasing	Good	Lower
Butter (CME)	Decreasing	Good	Higher
Nonfat Dry Milk	Decreasing	Ample	Higher
Whey, Dry	Decreasing	Good	Higher
Class 1 Base	Steady	Good	Higher
Class II Cream, heavy	Increasing	Good	Higher
Class III Milk (CME)	Increasing	Good	Higher
Class IV Milk (CME)	Decreasing	Good	Higher

