SUBMISSION COVER SHEET

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Registered Entity Identifier Code (optional): 16-282

Organization: Chicago Mercantile Exchange Inc. ("CME")

Filing as a: ☒ **DCM** ☐ **SEF** ☐ **DCO** ☐ **SDR**

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): July 22, 2016 Filing Description: Increasing Spot Month Limits of the Nonfat Dry Milk and Dry Whey Futures and Options Contracts

SPECIFY FILING TYPE

Please note only ONE choice allowed per Submission.

Organization Rules and Rule Amendments

☐	Certification	§ 40.6(a)
☐	Approval	§ 40.5(a)
☐	Notification	§ 40.6(d)
☐	Advance Notice of SIDCO Rule Change	§ 40.10(a)
☐	SIDCO Emergency Rule Change	§ 40.10(h)

Rule Numbers:

New Product **Please note only ONE product per Submission.**

☐	Certification	§ 40.2(a)
☐	Certification Security Futures	§ 41.23(a)
☐	Certification Swap Class	§ 40.2(d)
☐	Approval	§ 40.3(a)
☐	Approval Security Futures	§ 41.23(b)
☐	Novel Derivative Product Notification	§ 40.12(a)
☐	Swap Submission	§ 39.5

Official Product Name:

Product Terms and Conditions (product related Rules and Rule Amendments)

☒	Certification	§ 40.6(a)
☐	Certification Made Available to Trade Determination	§ 40.6(a)
☐	Certification Security Futures	§ 41.24(a)
☐	Delisting (No Open Interest)	§ 40.6(a)
☐	Approval	§ 40.5(a)
☐	Approval Made Available to Trade Determination	§ 40.5(a)
☐	Approval Security Futures	§ 41.24(c)
☐	Approval Amendments to enumerated agricultural products	§ 40.4(a), § 40.5(a)
☐	"Non-Material Agricultural Rule Change"	§ 40.4(b)(5)
☐	Notification	§ 40.6(d)

Official Name(s) of Product(s) Affected: See filing.

Rule Numbers: See filing.

Christopher Bowen
Managing Director and Chief Regulatory Counsel
Legal Department

July 22, 2016

VIA ELECTRONIC PORTAL

Mr. Christopher J. Kirkpatrick
Office of the Secretariat
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, N.W.
Washington, D.C. 20581

Re: CFTC Regulation 40.6(a) Certification. Notification Regarding Increasing Spot Month Limits of the Nonfat Dry Milk and Dry Whey Futures and Options Contracts. CME Submission No. 16-282

Dear Mr. Kirkpatrick:

Chicago Mercantile Exchange Inc. ("CME" or "Exchange") is notifying the Commodity Futures Trading Commission ("CFTC" or "Commission") that it is self-certifying amendments to CME Rulebook Chapter 5 Position Limits, Position Accountability and Reportable Level Table to increase the spot month position limits for the Nonfat Dry Milk Futures & Options (Rule Chapters 54, 54A Commodity Code NF) and Dry Whey Futures & Options (Rule Chapters 57, 57A Commodity Code DY) contracts (the "Contracts"), effective on trade date Monday, August 8, 2016 and commencing with the August 2016 contract month and beyond.

As a result of the amendments to the spot month position limits of the Contracts, the Exchange is amending the spot month limits to a thousand (1,000) contract equivalents for Nonfat Dry Milk and five hundred (500) contract equivalents for Dry Whey. Please see Appendix A, which is attached under separate cover.

The Exchange reviewed the designated contract market core principles ("Core Principles") as set forth in the Commodity Exchange Act ("CEA" or "Act") and identified that the following Core Principles may be impacted by this initiative as follows:

- **Contracts Not Readily Subject to Manipulation:** Due to mandatory price reporting and continuous production of these dairy products, the Contracts are not readily subject to manipulation as illustrated in the enclosed Cash Market Overview, which is attached hereto as Appendix B.

- **Position Limitations or Accountability:** The spot-month speculative position limits for the contracts are set with guidance from CFTC Regulation 150.5(b)(1) for cash-settled contracts, as illustrated in the enclosed Analysis of Deliverable Supply, which is attached hereto as Appendix B.

- **Availability of General Information:** The Exchange will make publicly available the details of the spot month position limit increases by publishing a Market Surveillance Notice ("MSN") to the market. The MSN will be available on CME Group's website.

Pursuant to Section 5c(c) of the Act and CFTC Regulation 40.6(a), the Exchange hereby certifies that the amendments comply with the Act, including regulations under the Act. There were no substantive opposing views to this proposal.

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The Exchange certifies that this submission has been concurrently posted on the Exchange's website at http://www.cmegroup.com/market-regulation/rule-filings.html.

Should you have any questions concerning the above, please contact the undersigned at 212-299-2200 or via e-mail at CMEGSubmissionInquiry@cmegroup.com.

Sincerely,

/s/ Christopher Bowen
Managing Director and Chief Regulatory Counsel

Attachments: Appendix A – Amendments to CME Chapter 5 – Position Limits, Position Accountability and Reportable Level Table (under separate cover)
Appendix B – Cash Market Overview and Analysis of Deliverable Supply

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Appendix A

Position Limit, Position Accountability, and Reportable Level Table in Chapter 5 of the CME Rulebook

(Attached under separate cover)

Appendix B

Cash Market Overview and Analysis of Deliverable Supply

Exchange staff conducted a review of the underlying cash markets and deliverable supply of Nonfat Dry Milk and Dry Whey. Based on the analysis presented herein, the Exchange determined to increase the spot month limits for its Nonfat Dry Milk Futures (Rule Chapter 54, Commodity Code GNF) and Dry Whey Futures (Rule Chapter 57, Commodity Code DY).

Data Sources

The Exchange based its analysis of deliverable supply of Nonfat Dry Milk and Dry Whey on data provided by United States Department of Agriculture (USDA) ERS and AMS Divisions.

http://www.ers.usda.gov/data-products/dairy-data.aspx
https://www.ams.usda.gov/mnreports/dywdairyproductssales.pdf.

The data compiled by ERS reports the month production, beginning stocks and disappearance for all dairy products including, nonfat dry milk and dry whey. While the AMS data is weekly and reports the amount sold and price of arm's length transactions. The AMS data is collected under mandatory price reporting legislation.
USDA-AMS conducts a weekly census of manufacturers, and from the Statistical Methodology section of the USDA-AMS National Dairy Products Sales (NDPSR) report, we know that the data comes from 33 plants reporting Nonfat Dry Milk and 20 plants reporting Dry Whey. Since this is a census, with the same plants report each week, any unusual activity would be readily apparent and easy to detect.

In addition, participation by these manufacturers is mandatory and subject to verification under Public Law 106-532. From the Code of Federal Regulations, Title 7, Part 1170 – Dairy Product Mandatory Reporting:

> **§ 1170.11 Records.**
> Each person required to report information to the Secretary shall maintain, and make available to the Secretary, on request, original contracts, agreements, receipts, and other records associated with the sale or storage of any dairy products during the 2-year period beginning on the date of the creation of the records.

These records are required for use in audits and other verification efforts.
USDA-AMS verification and enforcement procedures are described below:

> **§ 1170.13 Verification of reports.**
> For the purpose of assuring compliance and verification, records and reports required to be filed by manufacturers or other persons pursuant to section 273(b)(1)(A)(i) of the Act, the Agricultural Marketing Service, through its duly authorized agents, shall have access to any premises where applicable records are maintained, where dairy products are produced or stored, and at any time during reasonable business hours shall be permitted to inspect such manufacturer or person, and any original contracts, agreements, receipts, and other records associated with the sale of any dairy products.
>
> **§ 1170.14 Noncompliance procedures.**
> (a) When the Secretary becomes aware that a manufacturer or person may have willfully delayed reporting of, or failed or refused to provide, accurate information pursuant to section 273(b)(1)(A)(i) of the Act, the Secretary may issue a cease and desist order.
> (b) Prior to the issuance of a cease and desist order, the Secretary shall provide notice and an opportunity for an informal hearing regarding the matter to the manufacturer or person involved.

(c) The notice shall contain the following information:
(1) That the issuance of a cease and desist order is being considered;
(2) That the reasons for the proposed cease and desist order in terms sufficient to put the person on notice of the conduct or lack thereof upon which the notice is based;
(3) That within 30 days after receipt of the notice, the manufacturer or person may submit, in person, in writing, or through a representative, information and argument in opposition to the proposed cease and desist order; and
(4) That if no response to the notice is received within the 30 days after receipt of the notice, that a cease and desist order may be issued immediately.
(d) If a manufacturer or person requests a hearing, the hearing should be held at a location and time that is convenient to the parties concerned, if possible. The hearing will be held before the Deputy Administrator, Dairy Programs, Agricultural Marketing Service, or a designee. The manufacturer or person may be represented. Witnesses may be called by either party.
(e) The Deputy Administrator, Dairy Programs, Agricultural Marketing Service, or a designee will make a decision on the basis of all the information in the administrative record, including any submission made by the manufacturer or person. The decision of whether a cease and desist order should be issued shall be made within 30 days after receipt of any information and argument submitted by the manufacturer or person. The cease and desist order shall be final unless the affected manufacturer or person requests a reconsideration of the order to the Administrator, Agricultural Marketing Service, within 30 days after the date of the issuance of the order.

§ 1170.15 Appeals.
If the cease and desist order is confirmed by the Administrator, Agricultural Marketing Service, the manufacturer or person may appeal the order in the appropriate United States District Court not later than 30 days after the date of the confirmation of the order.
§ 1170.16 Enforcement.
(a) If a person subject to the Dairy Product Mandatory Reporting program fails to obey a cease and desist order after the order has become final and unappealable, or after the appropriate United States district court has entered a final judgment in favor of the Administrator, Agricultural Marketing Service, the United States may apply to the appropriate United States district court for enforcement of the order.
(b) If the court determines that the cease and desist order was lawfully made and duly served and that the manufacturer or person violated the order, the court shall enforce the order.
(c) If the court finds that the manufacturer or person violated the cease and desist order, the manufacturer or person shall be subject to a civil penalty of not more than the amount specified at § 3.91(b)(1)(liv) of this title for each offense.
[73 FR 34181, June 17, 2008, as amended at 75 FR 17561, Apr. 7, 2010]

In addition to these active efforts by USDA-AMS to prevent manipulation and distortion, the use of a volume-weighted average of weekly prices for a calendar month provides a passive, structural deterrent that limits the impact of any individual's action on the final settlement price. It would be extremely difficult for an individual or entity to maintain an artificially high or artificially low price for each week in an entire month without being detected. Furthermore, each individual or entity's contribution to the final settlement price is proportional to the number of pounds of nonfat or dry whey reported by that individual or entity.

Cash Market Overview

NONFAT DRY MILK

Nonfat dry milk production totaled 1.817 billion pounds in 2015, up from 1.765 billion pounds in 2014 (Table 1). The top producing states are California, Pennsylvania, Washington and Michigan. As nonfat is manufactured from fluid milk, it is dependent on fluid milk production which is heaviest in the spring and declines through the fall. Nonfat acts to absorb an excess of fluid milk production that cannot be stored. While nonfat production does vary from month to month, ample supplies are produced each month to satisfy demand. Table 1 shows the monthly ending stocks in storage.

Demand for nonfat encompasses infant formula, baking and confectionery. It has also become a highly popular export product due to its nutritional content and long storage life. Food manufacturers are also using nonfat in the production of cheese, frozen desserts and drink mixes.

The manufacturing on nonfat is essentially a dehydrated form of fluid milk. Nonfat is manufactured by taking whole fluid milk, removing the butterfat, allowing for evaporation and then putting the milk into a dryer which leaves 3-5% of the moisture. One hundred pounds of fluid milk can produce 8.6 pounds of nonfat dry milk. A low heat process is used for dry milk that will be recombined with water while a high heat process is used for dry milk used in bakery products. Industry sources estimate that at least 80% of dry milk is produced via the low heat method.

There are two commercial grades that meet our contract specifications both low and high heat dry milk used for human consumption. The first, Extra Grade, may be made from manufacturing grade (Grade B) milk or Grade A milk and must meet USDA standards for Extra Grade nonfat dry milk. The other, Grade A, must be made from Grade A milk only. Grade A NFDM must meet the standards set in the Grade A Pasteurized Milk Ordinance issued by the United States Public Health Service/Food and Drug Administration. Most nonfat dry milk produced for human consumption meets Grade A standards as Grade A fluid milk is 95% of all milk produced.

More of the production of nonfat has been shifting to the west. Midwestern manufacturers have converted plants from nonfat to cheese production due to the advantage the west coast has to the export markets, while many plants in the northeast and south are operated only seasonally.

Most dryers are associated with churns which use the fat in the fluid milk to manufacture butter. This allows a plant to manufacture products from both the fat and nonfat components of milk. Many nonfat manufacturers also own cheese plants and will use fluid milk to make cheese or nonfat and butter based on which product provides the best return. As more milk becomes available mainly in the west and southwest, drying plants have been built exclusively for drying to manage the new supply of milk.

Pricing of nonfat has become more transparent over the past few years due in part to a more robust spot market. The USDA's AMS publishes the weekly NDPSR that gives the average price and quantity sold for the prior week (Table 2), quantity only is used for analysis. The NDPSR is conducted through mandatory price reporting as outlined earlier.

The west coast is home to the largest and most efficient plants and their prices are usually lower than plants from other regions of the country. But nonfat produced in those other regions become competitive in price when freight costs are added into the western producers' product prices.

Nonfat is stored in warehouses suitable for the storage of food products. Inventories are held by manufacturers, resellers and end-users, but the bulk of stocks are typically held by manufacturers. Nonfat is usable out of storage after one year but buyers rarely purchase stocks older than six months. Storage is typically done away from the manufacturing facility due to limited capacity on-site.

Nonfat is packaged in a standard 25-kilogram bag. A standard truckload, the normal method of transport, is 44,000 pounds or 800 bags. NFDM is also shipped by rail and a carlot equals two to three truckloads.

DRY WHEY

Dry whey production totaled 964 million pounds in 2015, up from 856 million pounds in 2014 (Table 3). The top producing states are New York, Wisconsin and Minnesota. Dry whey is manufactured from cheese, so it is dependent on cheese production which is heaviest in the spring and declines through the fall. While dry whey production does vary from month to month, ample supplies are produced each month to satisfy demand. Table 3 shows the monthly ending stocks in storage.

End-users of dry whey are mostly food manufacturers, particularly manufacturers of other dairy products. Dry whey is also used as an ingredient in non-dairy food products such as: prepared dry mixes, sports drinks, confectionery goods, ice cream, snack foods, protein bars and bakery products.

Dry whey is a dehydrated by-product of cheese production. It is manufactured by taking the by-product of cheese called "whey" and removing all but 3-5% of the moisture and leaving not more than 1.5% milkfat. New manufacturing techniques are being used today to produce a non-hygroscopic product, one that will not absorb moisture. Dry whey's processing is similar to that of nonfat dry milk. A high heat process is normally used to produce dry whey for use in bakery products.

There is only one grade of dry whey: Extra. Extra Grade may be made from manufacturing grade (Grade B) milk or Grade A milk and must meet USDA standards for Extra Grade dry whey.

Many cheese manufacturers today see dry whey as a revenue enhancing product, whereas whey was once considered a waste product of cheese manufacturing.

Prices are FOB and are determined by what the market will bear at the time of the sale. Dry whey prices are published by USDA's AMS NDPSR that gives the average price and quantity sold for the prior week (Table 4), quantity only is used for analysis. The NDPSR is conducted through mandatory price reporting as outlined earlier. Prices may vary depending on the quantity ordered and other terms of sale. For example, purchases made from the same manufacturer during the same week in the same region could have a different price for a broker buying one truckload than for an end-user buying 10 truckloads. Brokers can also have long-term exclusive agreements with manufacturers to get a better price and then divide the product into smaller lots for either resale or export to end-users.

There are two types of packaging for dry whey: bags and totes. The most common type of packaging is the 25 kg or 50 lb. bag. The most common method of shipping is by truckload lot, with 50 lb. bags shrink-wrapped on pallets.

Analysis of Deliverable Supply

The analysis was conducted using guidance from the Commodity Exchange Act, PART 150-LIMITS ON POSITIONS:

> **Exchange-set speculative position limits**
>
> §150.5(b)(1) For physical delivery contracts, the spot month limit level must be no greater than one-quarter of the estimated spot month deliverable supply, calculated separately for each month to be listed, and for cash settled contracts, the spot month limit level must be no greater than necessary to minimize the potential for manipulation or distortion of the contract's or the underlying commodity's price;

In estimating deliverable supply for the CME Dry Whey Futures and Options and the CME Nonfat Dry Milk Futures and Options, the Chicago Mercantile Exchange Inc. ("CME" or "Exchange") relied on long-standing precedent, which provides that the key component in estimating deliverable supply is the portion of typical supply stocks that could reasonably be considered to be readily available for delivery. In its guidance on estimating deliverable supply, the Commodity Futures Trading Commission ("CFTC" or "Commission") states:

> In general, the term "deliverable supply" means the quantity of the commodity meeting a derivative contract's delivery specifications that can reasonably be expected to be readily available to short traders and saleable by long traders at its market value in normal cash marketing channels at the derivative contract's delivery points during the specified delivery period, barring abnormal movement in interstate commerce. Typically, deliverable supply reflects the quantity of the commodity that potentially could be made available for sale on a spot basis at current prices at the contract's delivery points. For a non-financial physical-delivery commodity contract, this estimate might represent product which is in storage at the delivery point(s) specified in the futures contract or can be moved economically into or through such points consistent with the delivery procedures set forth in the contract and which is available for sale on a spot basis within the marketing channels that normally are tributary to the delivery point(s).[1]

All Exchange traded dairy contracts are cash-settled using the USDA's Class and Component prices that are "released at 3:00 p.m. ET no later than the 5th of the following month. If the release date does not fall on the 5th, the most current release preceding the 5th will be used in the price calculation."

The Exchange used the data from the USDA'S Monthly Commercial Disappearance of Nonfat Dry Milk (Table 1) and Dry Whey (Table 3) along with the Weekly NDPSR data for Nonfat Dry Milk (Table 2) and Dry Whey (Table 4) to arrive at deliverable supply monthly totals along with an average monthly supply for 2014-2015 of 313 million pounds of nonfat dry milk and 94 million pounds of dry whey (Table 5).

Nonfat Dry Milk Data used from (Table 1) includes the following: beginning stocks, nonfat dry milk, skim milk powder (SMP) and imports. Domestic disappearance and exports are also used to arrive at ending commercial stocks. SMP is included in the count because it can be sold as nonfat dry milk, however nonfat dry milk cannot be sold as SMP due to the fact that SMP has a specific protein level 34% while nonfat dry milk has a protein range (31%-35%). Protein is the most valuable part of nonfat dry milk.

Dry whey data used from (Table 3) includes "human use only" beginning stocks, production and ending stocks.

Increasing the spot month limit for Nonfat Dry Milk to one thousand (1,000) contracts in net futures equivalents, is approximately fourteen (14) percent of deliverable supply for nonfat dry milk (contract size: 44,000 pounds) and increasing the spot month limit for Dry Whey to five hundred (500) contracts in net futures equivalents, is twenty-three (23) percent of deliverable supply for dry whey (contract size: 44,000 pounds). These changes to the spot month limits will become effective for the August 2016 and subsequent contract months.

The Exchange also analyzed the average daily trading volume data for both the preceding and spot months for nonfat dry milk and dry whey to illustrate that the month preceding the spot month has more activity than that of the spot month (Table 6).

This trading activity is unique to dairy for two reasons. The first, the dairy markets are cash-settled using the USDA Class and Component Prices. As the weekly averages are released in the spot month, which make up the final settlement prices for these products, participants know another point of the settlement price and have derived that the final settlement prices for these products are not going to fundamentally change, because of mandatory price reporting, and therefore have no need to actively trade the spot month. Second, dairy is traded in packs/strips where coops and manufacturers lock in prices at intervals from three (3) to twenty-four (24) months and once a position moves to the spot month participants don't trade out because they are true hedgers and others don't trade out because of the dairy pricing structure. For example: a dairy cooperative wants to lock in prices for eighteen (18) months for nonfat dry milk. They know the following: 1) spot month limit is 100 contracts and the single month limit is one thousand

[1] http://www.ecfr.gov/cgi-bin/text-idx?SID=74959c3dbae469e2efe0a42b45b8dfae&mc=true&node=ap17.1.38_11201.c&rgn=div9

(1,000) contracts. 2) spot month activity declines to a point where they can't trade out to get down to the spot limit in the last five (5) days of trading. Therefore, the hedger will do one of the following; only trade one hundred (100) contracts across all eighteen (18) months, they will go to the OTC market or not hedge at all. By increasing the spot limit they will be able to carry the full limit across all eighteen (18) months and better hedge their actual needs instead of a smaller portion that relates to the spot month limit of one hundred (100) contracts. Replacing the entire spot month limit with the one thousand (1,000) contract single month limit for Nonfat Dry Milk and five hundred (500) contracts spot month limit for Dry Whey will also increase liquidity in the contracts along with the liquidity in the other complimentary dairy contracts such as the Class III and IV milk and Butter contracts. Therefore, if the current pattern of spot month activity were to change, it would only alert both internal and external oversight to any type of possible distortion or market manipulation in these contracts or the underlying commodity prices.

Another factor preventing manipulation of these products is that of continuous production from both the dairy farm and processing/manufacturing side. Milk is produced 24/7 and must be consumed/processed within in a seventy-two (72) hour window if it is to be used in higher valued human grade products. After that timeframe, the milk cannot be used for human consumption and will then be shifted to lower standard/value animal products.

Table 1

Monthly commercial disappearance of nonfat dry milk and skim milk powder, 2014-2015 (millions of pounds)

		Supply							Commercial use			
			Production									
Year	Month	Beginning commercial stocks	Nonfat dry milk (NDM)	Skim milk powder (SMP) [1]	NDM + SMP	Imports	Total supply	USDA net removals [2]	Domestc commercial disappearance	Commercial exports [3]	Total commercial disappearance	Ending commercial stocks
2014	Jan	135.1	138.7	60.4	199.1	0.9	335.1	NA	100.5	85.6	186.1	149.0
	Feb	149.0	141.2	36.6	177.8	0.1	326.9	NA	65.1	79.7	144.8	182.1
	Mar	182.1	167.9	43.3	211.1	0.1	393.3	NA	63.8	113.6	177.3	216.0
	Apr	216.0	160.3	50.0	210.3	0.0	426.3	NA	69.7	116.8	186.5	239.8
	May	239.8	162.1	59.4	221.6	0.1	461.4	NA	107.3	133.0	240.3	221.1
	Jun	221.1	148.6	53.0	201.7	0.0	422.8	NA	60.7	134.3	195.1	227.8
	Jul	227.8	166.6	28.5	195.1	1.0	423.9	NA	61.0	114.4	175.4	248.5
	Aug	248.5	116.5	54.1	170.6	1.9	421.0	NA	84.7	99.9	184.6	236.4
	Sep	236.4	112.3	40.9	153.3	0.0	389.7	NA	148.9	71.0	219.9	169.8
	Oct	169.8	134.7	43.4	178.1	0.0	348.0	NA	76.2	85.4	161.7	186.3
	Nov	186.3	151.7	30.6	182.3	0.7	369.3	NA	57.3	93.1	150.4	218.9
	Dec	218.9	163.8	43.2	207.0	0.5	426.4	NA	112.3	75.2	187.4	239.0
2015	Jan	239.0	164.9	43.7	208.6	0.4	448.0	NA	130.5	77.0	207.5	240.4
	Feb	240.4	150.8	32.4	183.3	0.0	423.7	NA	104.7	78.5	183.2	240.5
	Mar	240.5	180.0	39.4	219.4	0.2	460.1	NA	87.6	121.3	208.9	251.2
	Apr	251.2	181.9	34.5	216.4	0.0	467.6	NA	93.0	126.5	219.5	248.1
	May	248.1	180.3	35.5	215.8	0.0	463.9	NA	68.8	133.6	202.5	261.4
	Jun	261.4	165.1	34.7	199.8	0.0	461.2	NA	96.1	102.8	198.8	262.3
	Jul	262.3	155.6	34.2	189.8	0.1	452.2	NA	92.9	89.4	182.3	269.9
	Aug	269.9	124.2	39.3	163.5	0.0	433.4	NA	107.8	94.5	202.3	231.1
	Sep	231.1	119.7	26.8	146.5	0.1	377.7	NA	61.4	104.7	166.1	211.6
	Oct	211.6	118.2	39.7	157.9	0.0	369.5	NA	79.6	109.8	189.4	180.1
	Nov	180.1	125.5	44.9	170.4	0.6	351.2	NA	58.8	93.9	152.7	198.5
	Dec	198.5	150.7	43.5	194.2	0.3	393.0	NA	86.8	101.9	188.7	204.3

[1] USDA National Agricultural Statistics Service began reporting SMP production in 2005. SMP does not meet the U.S. standard of identity for NDM, usually because the protein content of the product has been adjusted to buyer specification by addition of milk retentate, milk permeate, or lactose. Throughout the reporting period, trade data have not distinguished between NDM and SMP.

[2] The Dairy Products Price Support Program and the Dairy Export Incentive Program were repealed through the Agricultural Act of 2014. USDA net removals = price support purchases + Dairy Export Incentive Program exports - unrestricted sales of stocks held by USDA Commodity Credit Corporation (CCC). USDA conducted a domestic barter program in 2009 and 2010; Government stocks of nonfat dry milk were exchanged for products containing substantial dairy content. Although barters are different from USDA net removals, nonfat dry milk released to the commercial market in exchange for other products was subtracted from USDA net removals column in this table.

[3] Commercial exports = total exports - Dairy Export Incentive Exports - Government donations to foreign countries.

Weekly Nonfat Dry Milk NDPSR Series (2014-2015) (million pounds) Contract Equivalence (Contract Size: 44,000 lbs.)

Table 2

Date	Weekly Qty.	Monthly Qty.	Contract Eq.		Date	Weekly Qty.	Monthly Qty.	Contract Eq.
01/04/14	13955693				01/03/15	13082732		
01/11/14	18130668				01/10/15	22617053		
01/18/14	21888317				01/17/15	25855580		

01/25/14	17701815				01/24/15	22755290		
02/01/14	16707594	88,384,087	2,009		01/31/15	33817711	118,128,366	2,685
02/08/14	23417968				02/07/15	19256143		
02/15/14	15668096				02/14/15	22232140		
02/22/14	17084214				02/21/15	27248665		
03/01/14	19260147	75,430,425	1,714		02/28/15	26221144	94,958,092	2,158
03/08/14	16822501				03/07/15	16964521		
03/15/14	16344887				03/14/15	15699807		
03/22/14	16787532				03/21/15	20309303		
03/29/14	20144671	70,099,591	1,593		03/28/15	29102705	82,076,336	1,865
04/05/14	23869288				04/04/15	18818117		
04/12/14	27682766				04/11/15	21893401		
04/19/14	21446419				04/18/15	26419146		
04/26/14	18908679	91,907,152	2,089		04/25/15	39623920	106,754,584	2,426
05/03/14	28217139				05/02/15	19773154		
05/10/14	28897396				05/09/15	18542278		
05/17/14	29316026				05/16/15	20531068		
05/24/14	36265429				05/23/15	20446097		
05/31/14	21704687	144,400,677	3,282		05/30/15	37118680	116,411,277	2,646
06/07/14	22318229				06/06/15	22594394		
06/14/14	22837013				06/13/15	22171264		
06/21/14	18014931				06/20/15	26937281		
06/28/14	18945181	82,115,354	1,866		06/27/15	24510368	96,213,307	2,187
07/05/14	22306200				07/04/15	12570063		
07/12/14	18618029				07/11/15	15282763		
07/19/14	18913681				07/18/15	14847951		
07/26/14	19346335	79,184,245	1,800		07/25/15	18249413		
08/02/14	17405384				08/01/15	11828748	72,778,938	1,654
08/09/14	18094075				08/08/15	16796802		
08/16/14	18715742				08/15/15	17118372		
08/23/14	19606448				08/22/15	30145402		
08/30/14	20663836	94,485,485	2,147		08/29/15	31481713	95,542,289	2,171
09/06/14	37008975				09/05/15	27270237		
09/13/14	36964957				09/12/15	19347588		
09/20/14	21350013				09/19/15	21036435		
09/27/14	40800023	136,123,968	3,094		09/26/15	19789428	87,443,688	1,987
10/04/14	17334878				10/03/15	18363059		
10/11/14	16424869				10/10/15	21472345		
10/18/14	17033791				10/17/15	13392258		
10/25/14	17053007				10/24/15	18306605		
11/01/14	17067915	84,914,460	1,930		10/31/15	17162596	88,696,863	2,016

11/08/14	16580555				11/07/15	14120771		
11/15/14	18296910				11/14/15	16705886		
11/22/14	22031838				11/21/15	18009440		
11/29/14	16846822	73,756,125	1,676		11/28/15	10207170	59,043,267	1,342
12/06/14	19568454				12/05/15	14812837		
12/13/14	19414918				12/12/15	19828853		
12/20/14	16796447				12/19/15	20311023		
12/27/14	11458771	67,238,590	1,528		12/26/15	12265158	67,217,871	1,528
	Maximum	144,400,677	3,282			Maximum	118,128,366	2,685
	Minimum	67,238,590	1,528			Minimum	59,043,267	1,342
	Average	90,670,013	2,061			Average	90,438,740	2,055

Table 3

Monthly commercial disappearance of dry whey, 2014-2015 (million pounds)

		Supply [1]								Commercial Use			Ending stocks		
		Beginning stocks			Production										
Year	Month	For animal use	For human use	Total	For animal use	For human use	Total	Imports	Total supply	Domestic commercial disappearance	Commercial exports	Total commercial disappearance	For animal use	For human use	Total
2014	Jan	0.5	62.2	62.7	1.0	69.0	70.0	0.0	132.7	33.9	40.4	74.3	0.7	57.7	58.4
	Feb	0.7	57.7	58.4	1.0	64.6	65.6	0.0	124.0	26.4	41.7	68.1	0.5	55.4	55.9
	Mar	0.5	55.4	55.9	2.0	69.5	71.5	0.0	127.4	16.7	50.9	67.6	0.5	59.3	59.9
	Apr	0.5	59.3	59.9	1.4	70.2	71.6	0.0	131.5	24.0	50.2	74.2	0.6	56.7	57.3
	May	0.6	56.7	57.3	1.2	81.2	82.5	0.0	139.8	26.3	49.6	75.9	0.5	63.4	63.9
	Jun	0.5	63.4	63.9	1.0	78.3	79.3	0.0	143.2	38.0	43.1	81.1	0.6	61.5	62.1
	Jul	0.6	61.5	62.1	0.7	72.7	73.5	0.0	135.6	32.2	39.5	71.8	0.8	63.1	63.8
	Aug	0.8	63.1	63.8	1.0	70.1	71.0	0.0	134.9	40.4	38.9	79.3	0.8	54.8	55.5
	Sep	0.8	54.8	55.5	1.3	68.4	69.7	0.0	125.2	34.1	36.6	70.7	0.8	53.8	54.6
	Oct	0.8	53.8	54.6	1.0	67.3	68.3	0.0	122.8	25.2	40.5	65.8	1.1	56.0	57.1
	Nov	1.1	56.0	57.1	1.0	70.4	71.5	0.0	128.5	27.0	36.5	63.4	0.8	64.3	65.1
	Dec	0.8	64.3	65.1	0.9	74.3	75.1	0.0	140.2	41.0	36.4	77.4	0.8	62.1	62.9
2015	Jan	0.8	62.1	62.9	0.9	74.7	75.6	0.0	138.4	45.6	29.9	75.5	0.8	62.1	62.9
	Feb	0.8	62.1	62.9	1.4	76.5	77.9	0.0	140.9	47.1	31.2	78.3	0.8	61.7	62.6
	Mar	0.8	61.7	62.6	1.4	85.0	86.5	0.0	149.0	41.7	39.0	80.7	0.7	67.7	68.3
	Apr	0.7	67.7	68.3	1.6	74.9	76.5	0.0	144.9	35.2	38.8	73.9	0.7	70.3	71.0
	May	0.7	70.3	71.0	1.5	79.1	80.6	0.0	151.6	34.8	44.5	79.4	2.1	70.1	72.2
	Jun	2.1	70.1	72.2	1.3	83.8	85.1	0.0	157.3	41.8	38.6	80.4	2.1	74.7	76.9
	Jul	2.1	74.7	76.9	1.0	79.7	80.7	0.0	157.6	45.3	36.5	81.8	2.5	73.3	75.8
	Aug	2.5	73.3	75.8	1.0	83.0	84.0	0.0	159.8	48.5	30.6	79.1	2.7	78.0	80.7
	Sep	2.7	78.0	80.7	1.5	77.2	78.7	0.0	159.4	65.6	24.8	90.4	3.1	65.8	69.0
	Oct	3.1	65.8	69.0	1.7	73.9	75.6	0.0	144.6	57.5	26.7	84.2	2.3	58.0	60.4
	Nov	2.3	58.0	60.4	1.7	83.0	84.7	0.0	145.1	55.1	26.3	81.3	2.3	61.5	63.7
	Dec	2.3	61.5	63.7	1.8	92.6	94.4	0.0	158.1	57.8	27.7	85.4	2.2	70.5	72.7

[1] USDA National Agricultural Statistics Service began reporting SMP production in 2005. SMP does not meet the U.S. standard of identity for NDM, usually because the protein content of the product has been adjusted to buyer specification by addition of milk retentate, milk permeate, or lactose. Throughout the reporting period, trade data have not distinguished between NDM and SMP.

[2] The Dairy Products Price Support Program and the Dairy Export Incentive Program were repealed through the Agricultural Act of 2014. USDA net removals = price support purchases + Dairy Export Incentive Program exports - unrestricted sales of stocks held by USDA Commodity Credit Corporation (CCC). USDA conducted a domestic barter program in 2009 and 2010; Government stocks of nonfat dry milk were exchanged for products containing substantial dairy content. Although barters are different from USDA net removals, nonfat dry milk released to the commercial market in exchange for other products was subtracted from USDA net removals column in this table.

[3] Commercial exports = total exports - Dairy Export Incentive Exports - Government donations to foreign countries.

Weekly Dry Whey NDPSR Series (2014-2015) (million pounds) Contract Equivalence (Contract Size: 44,000 lbs.)

Table 4

Date	Weekly Qty.	Monthly Qty.	Contract Eq.		Date	Weekly Qty.	Monthly Qty.	Contract Eq.
01/04/14	4,351,557				01/03/15	3,290,908		
01/11/14	6,006,029				01/10/15	7,420,741		
01/18/14	6,694,017				01/17/15	7,869,175		
01/25/14	7,382,325				01/24/15	6,838,549		
02/01/14	7,190,857	31,624,785	719		01/31/15	5,683,872	31,103,245	707
02/08/14	6,691,268				02/07/15	7,444,949		
02/15/14	5,540,421				02/14/15	8,849,602		
02/22/14	5,948,559				02/21/15	8,619,181		
03/01/14	6,669,670	24,849,918	565		02/28/15	5,916,618	30,830,350	701

03/08/14	6,078,308				03/07/15	6,479,236		
03/15/14	6,510,617				03/14/15	9,776,642		
03/22/14	6,865,000				03/21/15	6,572,906		
03/29/14	6,807,137	26,261,062	597		03/28/15	6,343,117	29,171,901	663
04/05/14	7,024,434				04/04/15	7,109,602		
04/12/14	6,081,479				04/11/15	7,027,849		
04/19/14	7,270,696				04/18/15	6,983,999		
04/26/14	7,312,703	27,689,312	629		04/25/15	7,299,719	28,421,169	646
05/03/14	8,168,437				05/02/15	5,882,249		
05/10/14	9,268,017				05/09/15	8,061,707		
05/17/14	8,775,747				05/16/15	6,834,322		
05/24/14	8,224,028				05/23/15	7,749,550		
05/31/14	7,861,366	42,297,595	961		05/30/15	8,316,331	36,844,159	837
06/07/14	8,393,226				06/06/15	5,994,829		
06/14/14	6,612,310				06/13/15	4,986,501		
06/21/14	8,670,085				06/20/15	5,221,189		
06/28/14	8,075,563	31,751,184	722		06/27/15	8,395,977	24,598,496	559
07/05/14	5,923,192				07/04/15	9,570,599		
07/12/14	8,739,512				07/11/15	6,183,387		
07/19/14	7,979,968				07/18/15	6,362,819		
07/26/14	8,537,679	31,180,351	709		07/25/15	6,481,326		
08/02/14	7,392,965				08/01/15	5,779,857	34,377,988	781
08/09/14	7,456,294				08/08/15	5,902,880		
08/16/14	7,766,750				08/15/15	5,745,186		
08/23/14	7,683,789				08/22/15	7,480,924		
08/30/14	7,114,068	37,413,866	850		08/29/15	9,838,206	28,967,196	658
09/06/14	6,847,814				09/05/15	6,181,075		
09/13/14	9,105,564				09/12/15	7,576,518		
09/20/14	7,736,515				09/19/15	8,109,785		
09/27/14	7,099,328	30,789,221	700		09/26/15	9,434,967	31,302,345	711
10/04/14	7,024,740				10/03/15	8,058,046		
10/11/14	6,935,449				10/10/15	8,175,689		
10/18/14	7,784,703				10/17/15	7,747,966		
10/25/14	7,683,060				10/24/15	8,490,541		
11/01/14	7,446,164	36,874,116	838		10/31/15	7,477,593	39,949,835	908
11/08/14	6,818,751				11/07/15	5,514,493		
11/15/14	6,866,719				11/14/15	6,221,371		
11/22/14	7,551,092				11/21/15	7,476,381		
11/29/14	5,083,406	26,319,968	598		11/28/15	3,736,045	22,948,290	522
12/06/14	9,977,102				12/05/15	7,289,093		
12/13/14	8,327,696				12/12/15	6,583,031		

12/20/14	6,444,391				12/19/15	8,333,087		
12/27/14	3,453,282	28,202,471	641		12/26/15	6,217,195	28,422,406	646
	Maximum	42,297,595	961			Maximum	39,949,835	908
	Minimum	24,849,918	565			Minimum	22,948,290	522
	Average	31,271,154	711			Average	30,578,115	695

Consolidated Monthly Ending Stocks and NDPSR Numbers

TABLE 5

Monthly Ending Stocks & NDPSR Nonfat Dry Milk (Millions of Pounds)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
2014	237	257	286	332	365	310	327	331	306	271	293	306	
2015	358	335	333	355	377	358	343	327	299	269	257	271	
Average Weight	298	296	310	343	371	334	335	329	302	270	275	289	313
Proposed Spot Limit (Millions of lbs.)	44	44	44	44	44	44	44	44	44	44	44	44	Average
Spot Limit Percentage	0.15%	0.15%	0.14%	0.13%	0.12%	0.13%	0.13%	0.13%	0.15%	0.16%	0.16%	0.15%	0.14%
Monthly Ending Stocks & NDPSR Dry Whey (Millions of Pounds)													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
2014	90	80	85	85	105	93	94	92	85	93	90	90	
2015	93	93	97	98	107	100	107	107	97	98	84	99	
Average Weight	91	87	91	91	106	97	101	99	91	96	87	94	94
Proposed Spot Limit (Millions of lbs.)	22	22	22	22	22	22	22	22	22	22	22	22	Average
Spot Limit Percentage	0.24%	0.25%	0.24%	0.24%	0.21%	0.23%	0.22%	0.22%	0.24%	0.23%	0.25%	0.23%	0.23%

Average Daily Volume Futures and Options (Preceding Month vs. Spot)

Table 6

	NDM				Dry Whey		
	Preceding	Spot	% Change		Preceding	Spot	% Change
Dec-15	155	36	-77.00%	Dec-15	13	5	-62.00%
Jan-16	116	26	-78.00%	Jan-16	32	7	-78.00%
Feb-16	95	37	-61.00%	Feb-16	27	13	-52.00%
Mar-16	93	54	-42.00%	Mar-16	14	5	-64.00%
Apr-16	88	14	-84.00%	Apr-16	9	9	0.00%