

Dairy Market Outlook

Southern Extension Outlook Conference
Atlanta, GA

September 28, 2016

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Professor and Extension Economist

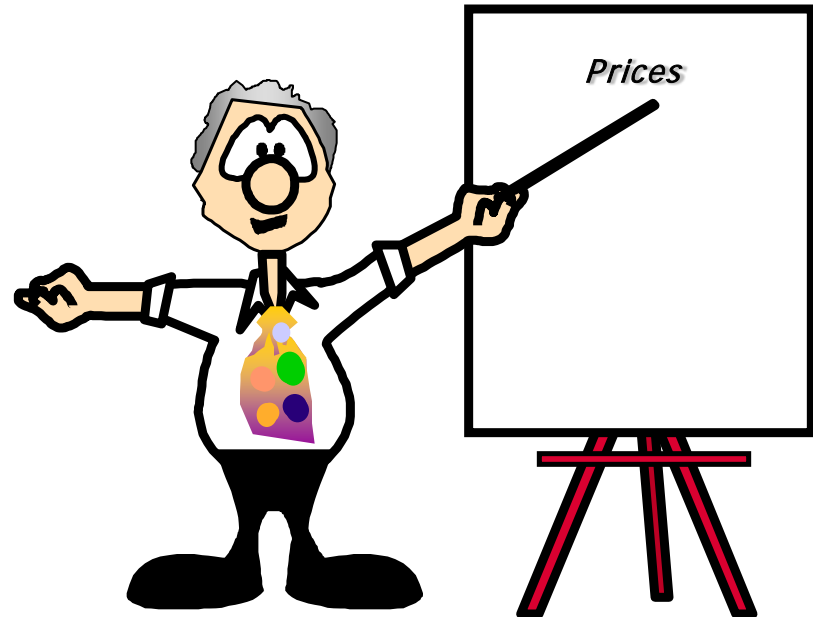
TEXAS A&M
AGRI LIFE
EXTENSION

Alternate Title

It's Better to be Lucky Than
Good!

Overview

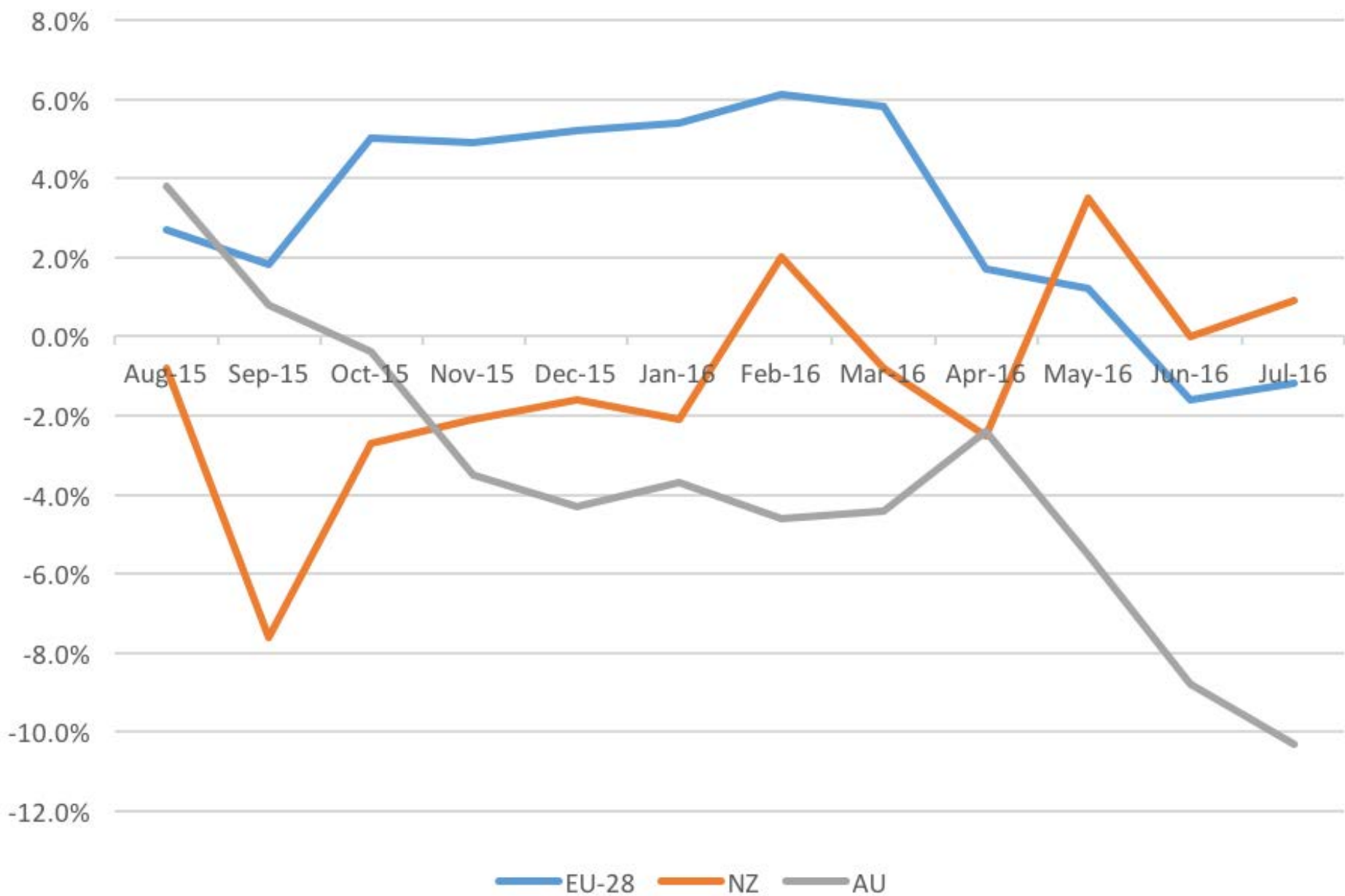
- Depressed Prices
- Supply Response?
- Demand



Boom and Bust

- Oceania
- EU – End of the Quota
 - What happens when you get rid of a quota?
- Trade Dependent
 - China slowdown
 - Russia, Ukraine Trade Problems
- Price Collapse

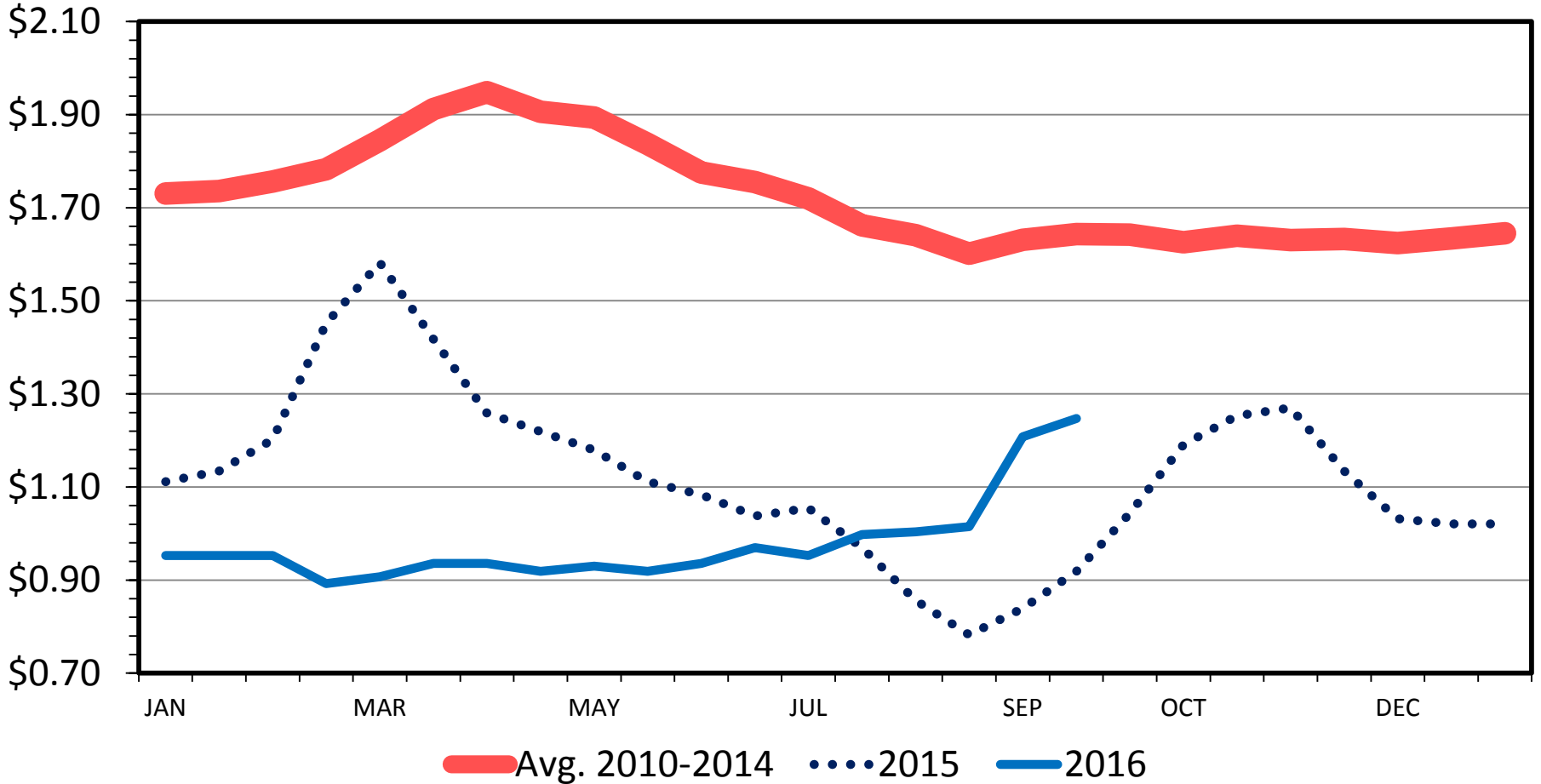
Percent Change in Milk Production from Year Ago Levels



OCEANIA WHOLE MILK POWDER

Biweekly

\$ per lb

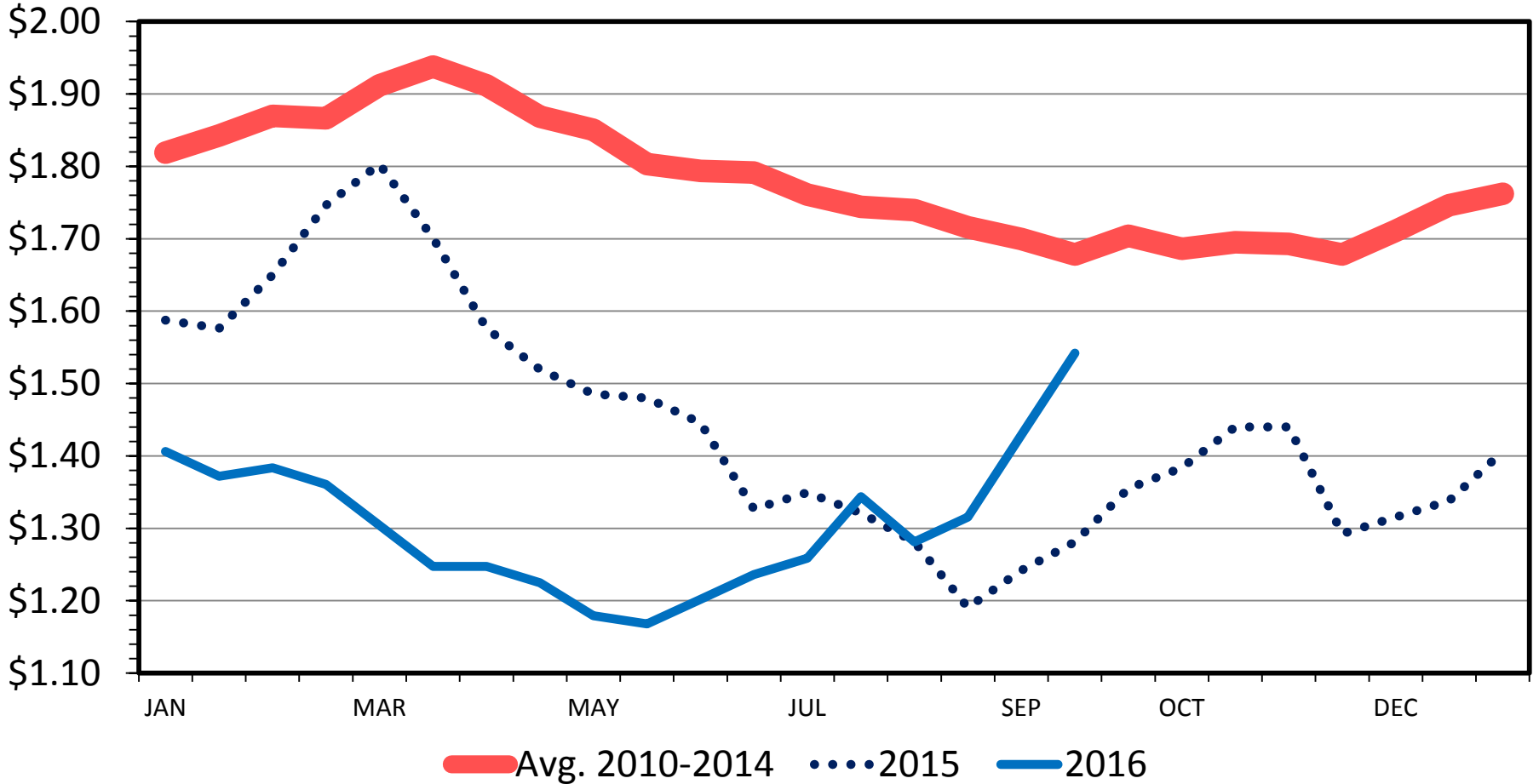


Data Source: USDA-AMS
Livestock Marketing Information Center

OCEANIA BUTTER

Biweekly

\$ per lb

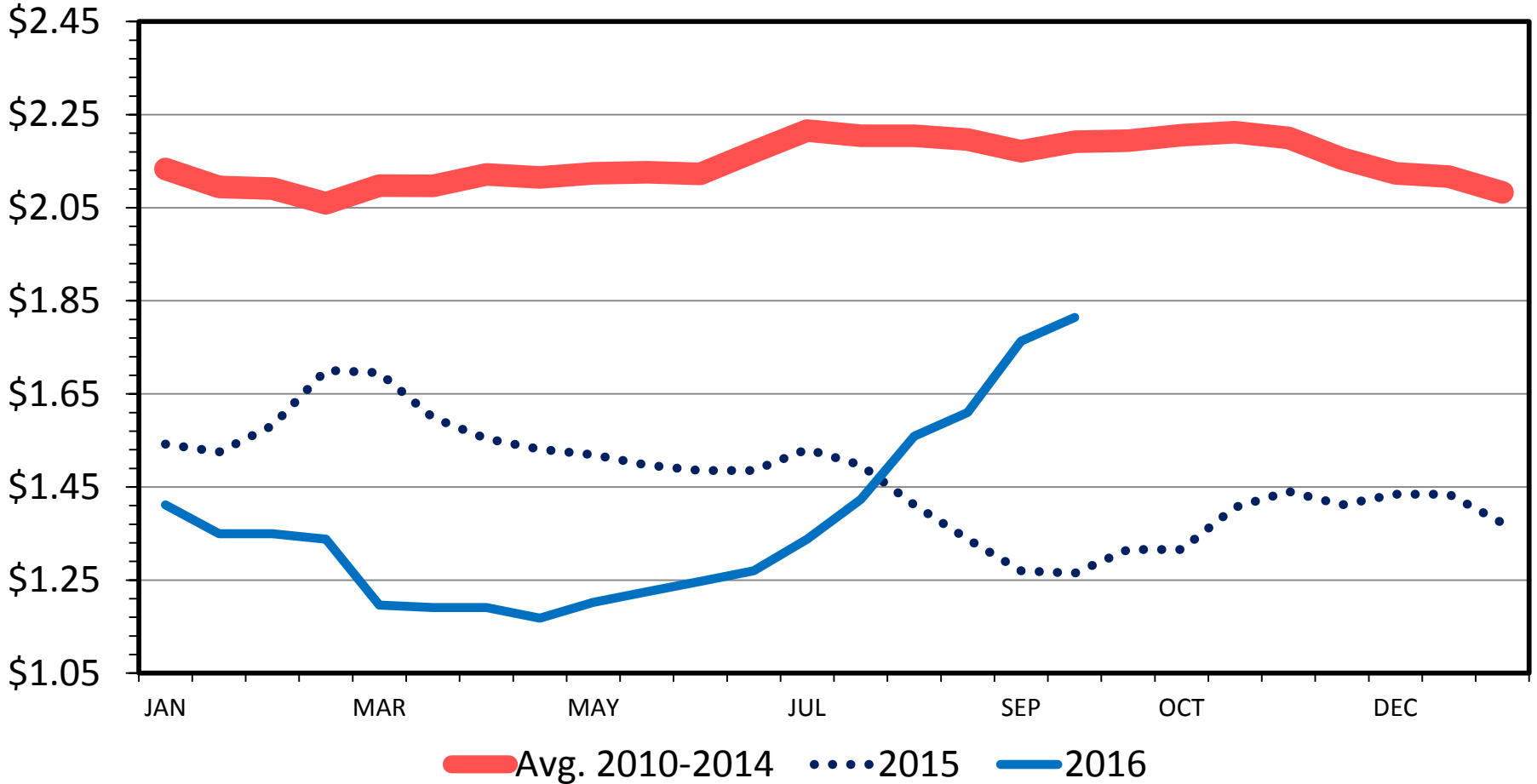


Data Source: USDA-AMS
Livestock Marketing Information Center

EUROPE BUTTER

Biweekly

\$ per lb

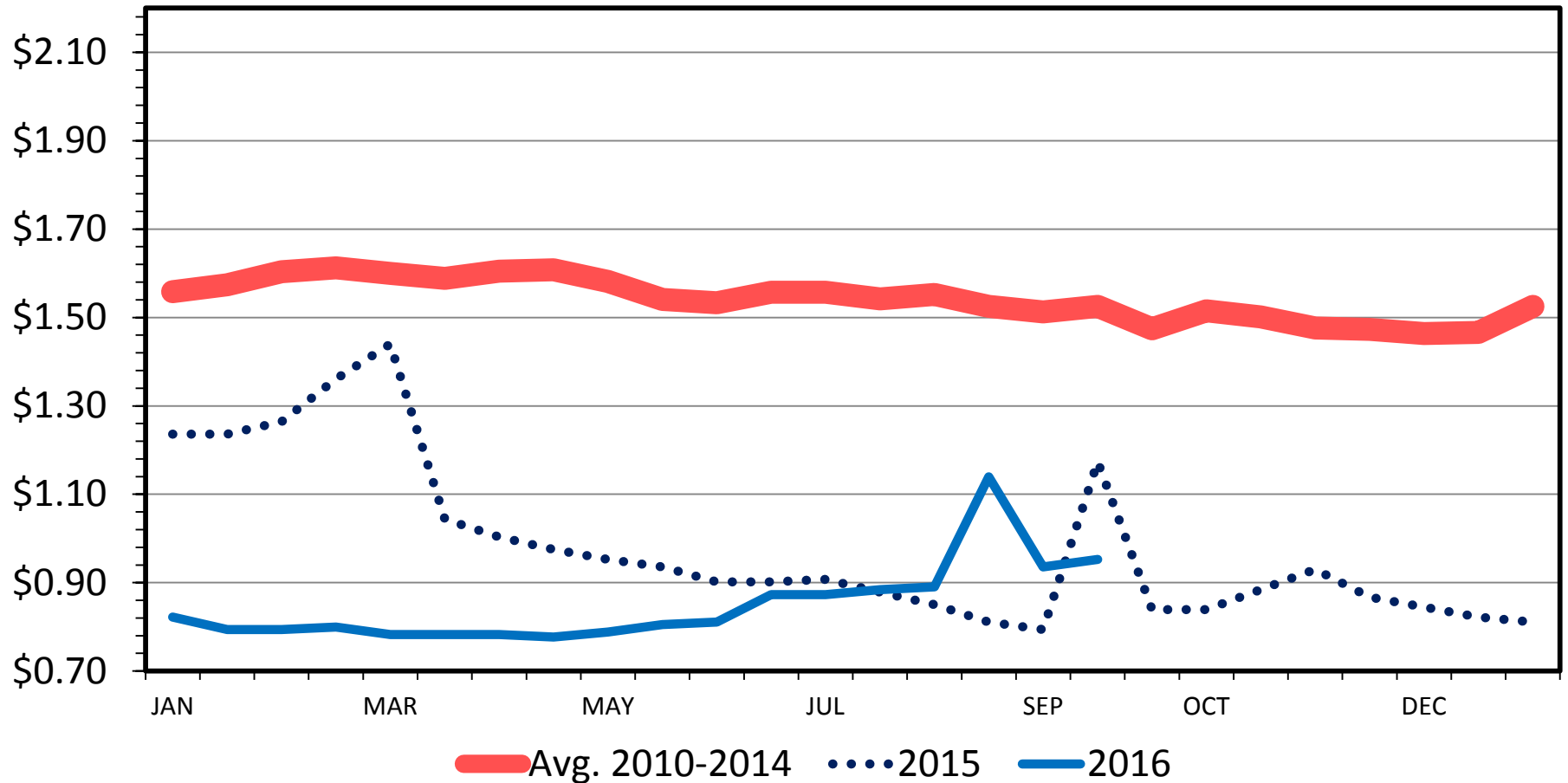


Data Source: USDA-AMS
Livestock Marketing Information Center

EUROPE WHOLE MILK POWDER

Biweekly

\$ per lb

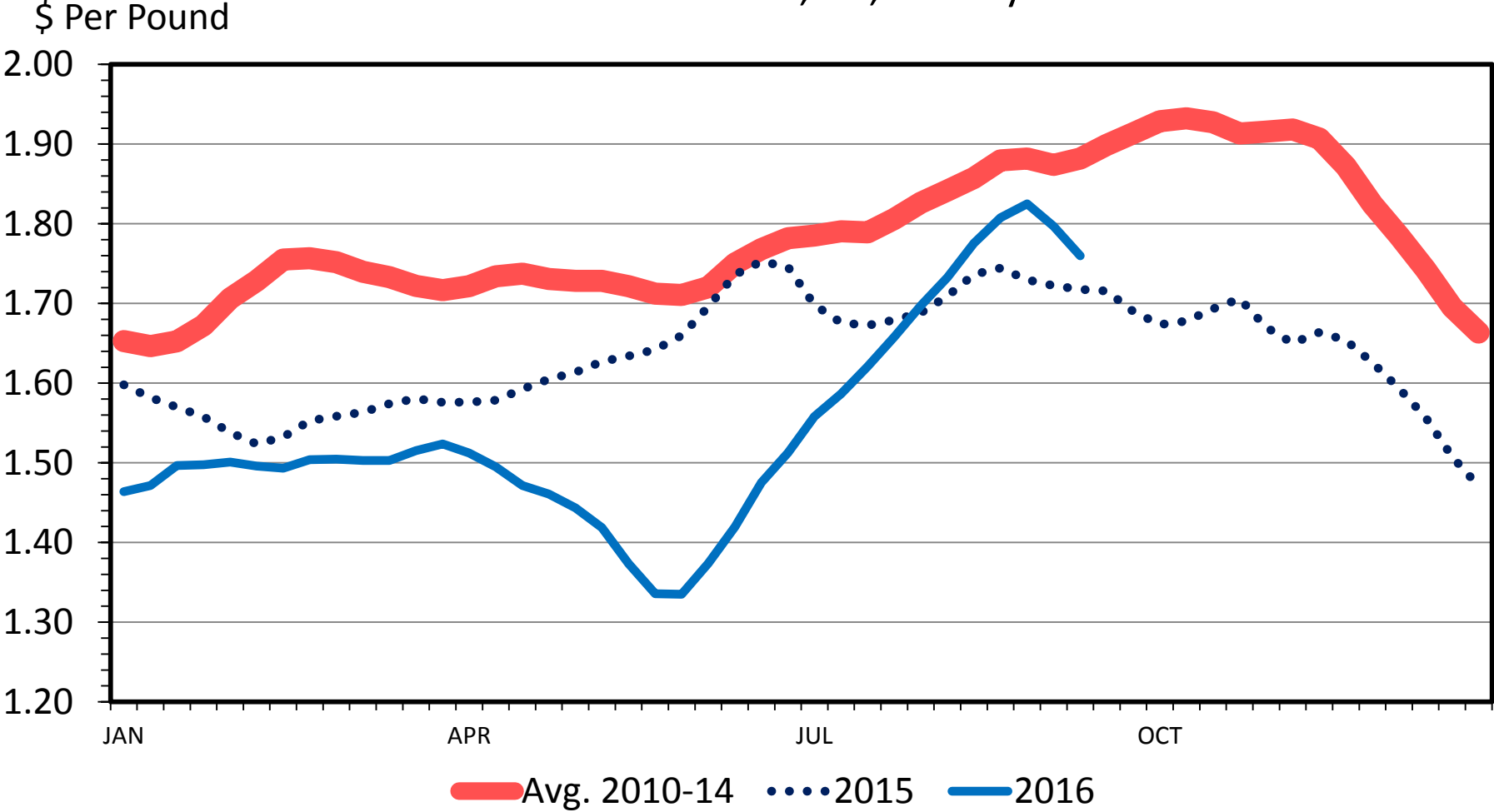


Data Source: USDA-AMS

Livestock Marketing Information Center

CHEDDAR CHEESE PRICES

40 Pound Block, US, Weekly



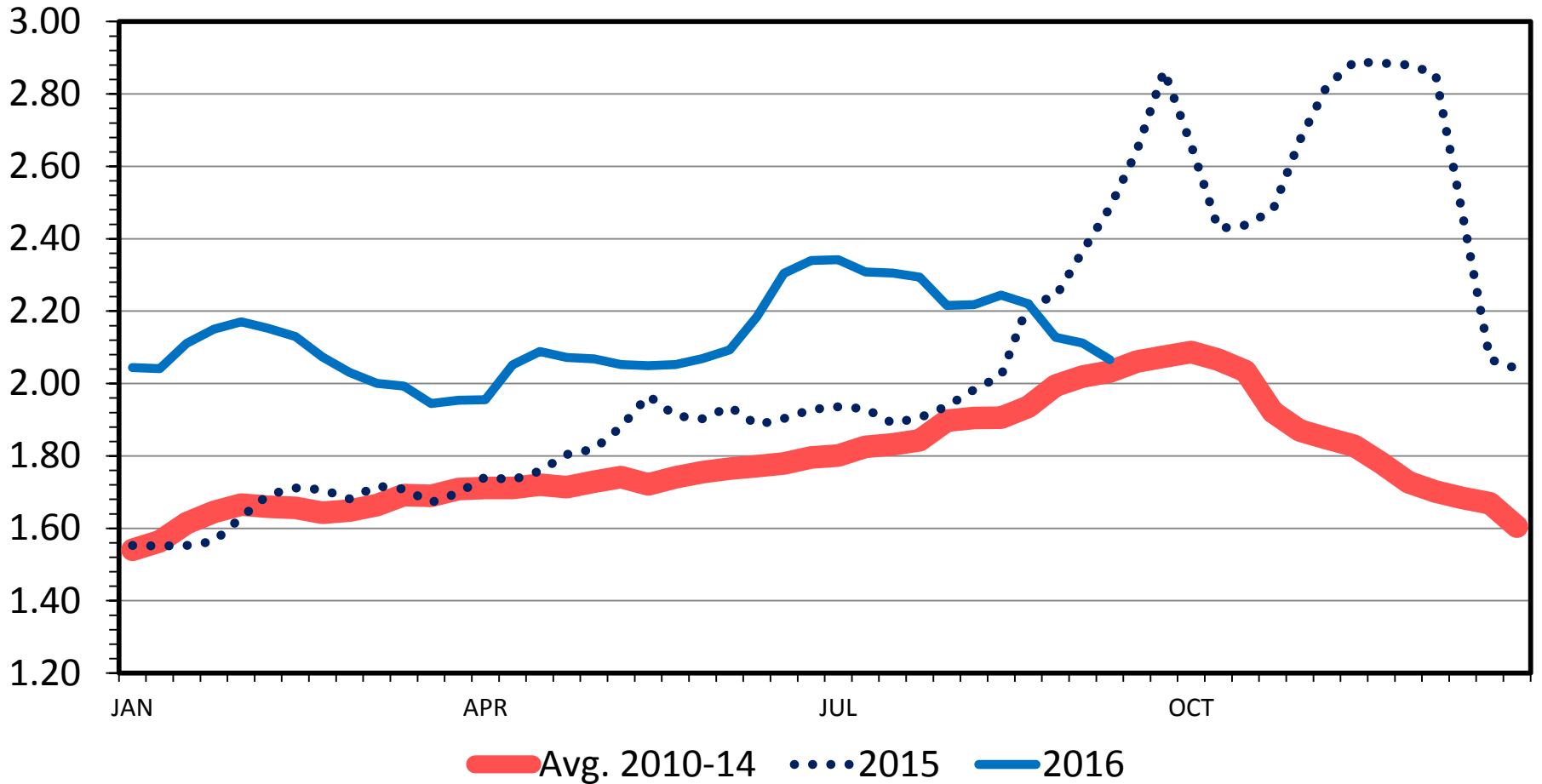
Data Source: USDA-NASS

Livestock Marketing Information Center

BUTTER PRICES

US, Weekly

\$ Per Pound



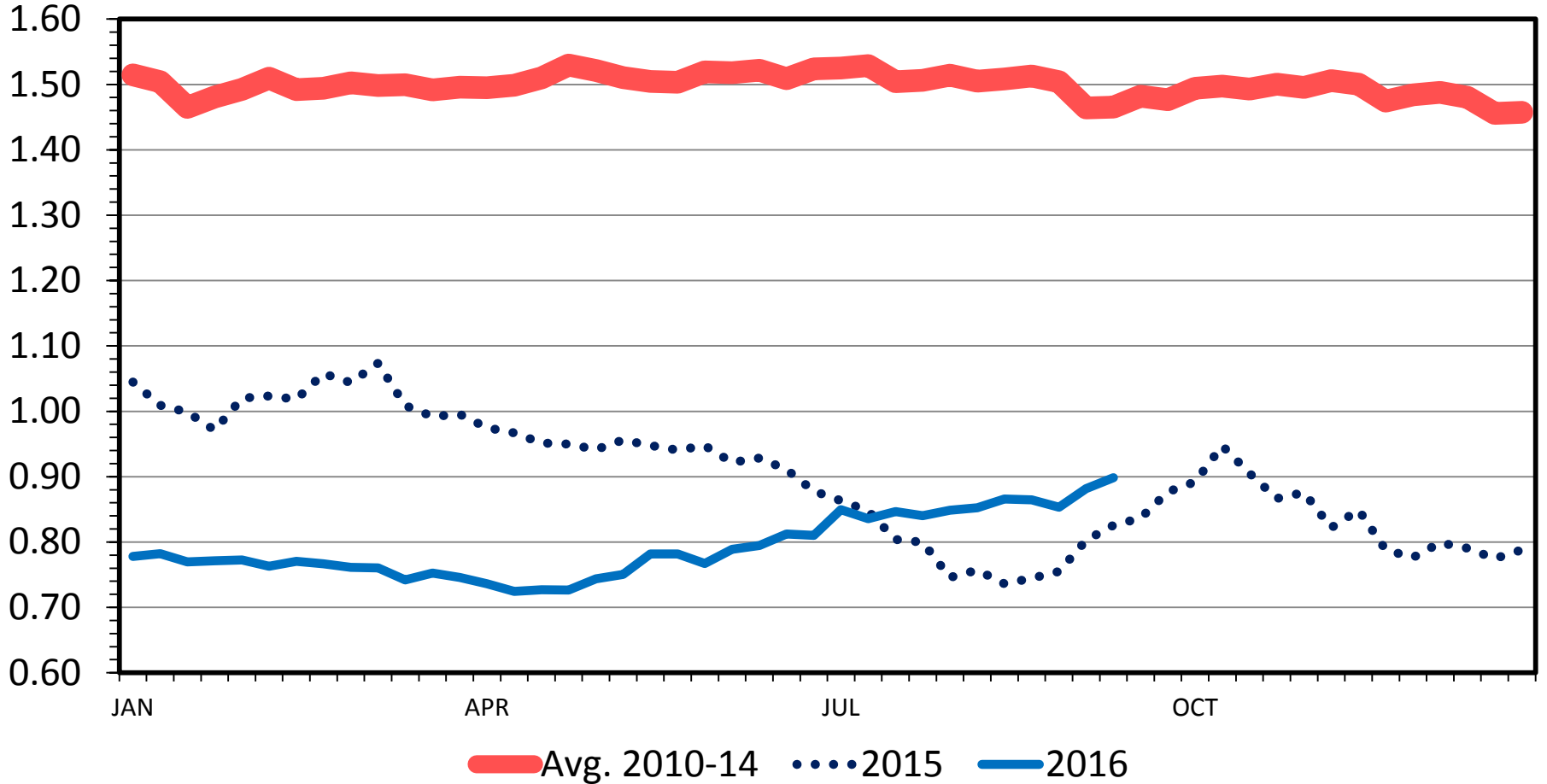
Data Source: USDA-NASS

Livestock Marketing Information Center

NONFAT DRY MILK PRICES

US, Weekly

\$ Per Pound



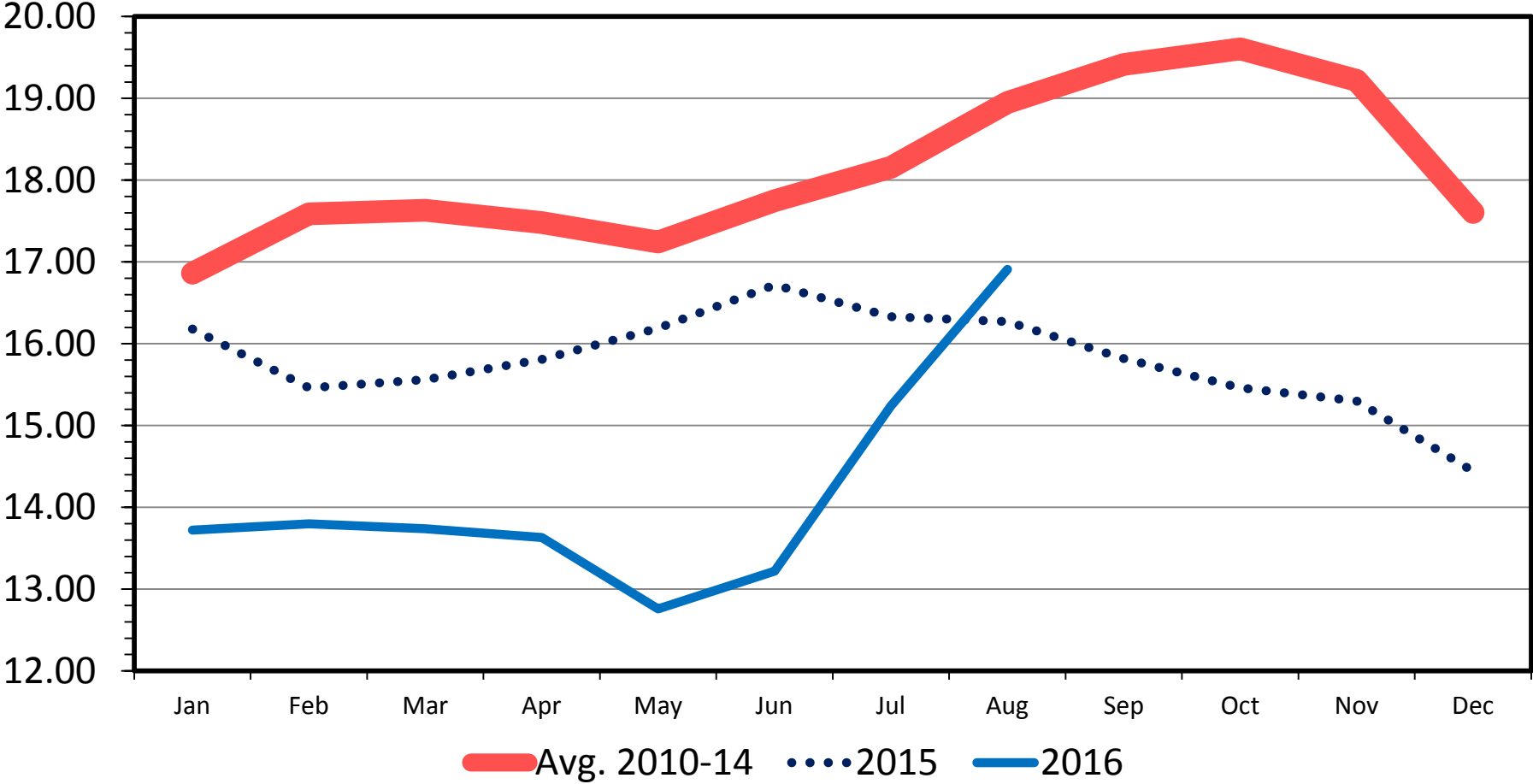
Data Source: USDA-NASS

Livestock Marketing Information Center

CLASS III MILK PRICES

FMMO, Monthly

\$ Per Pound

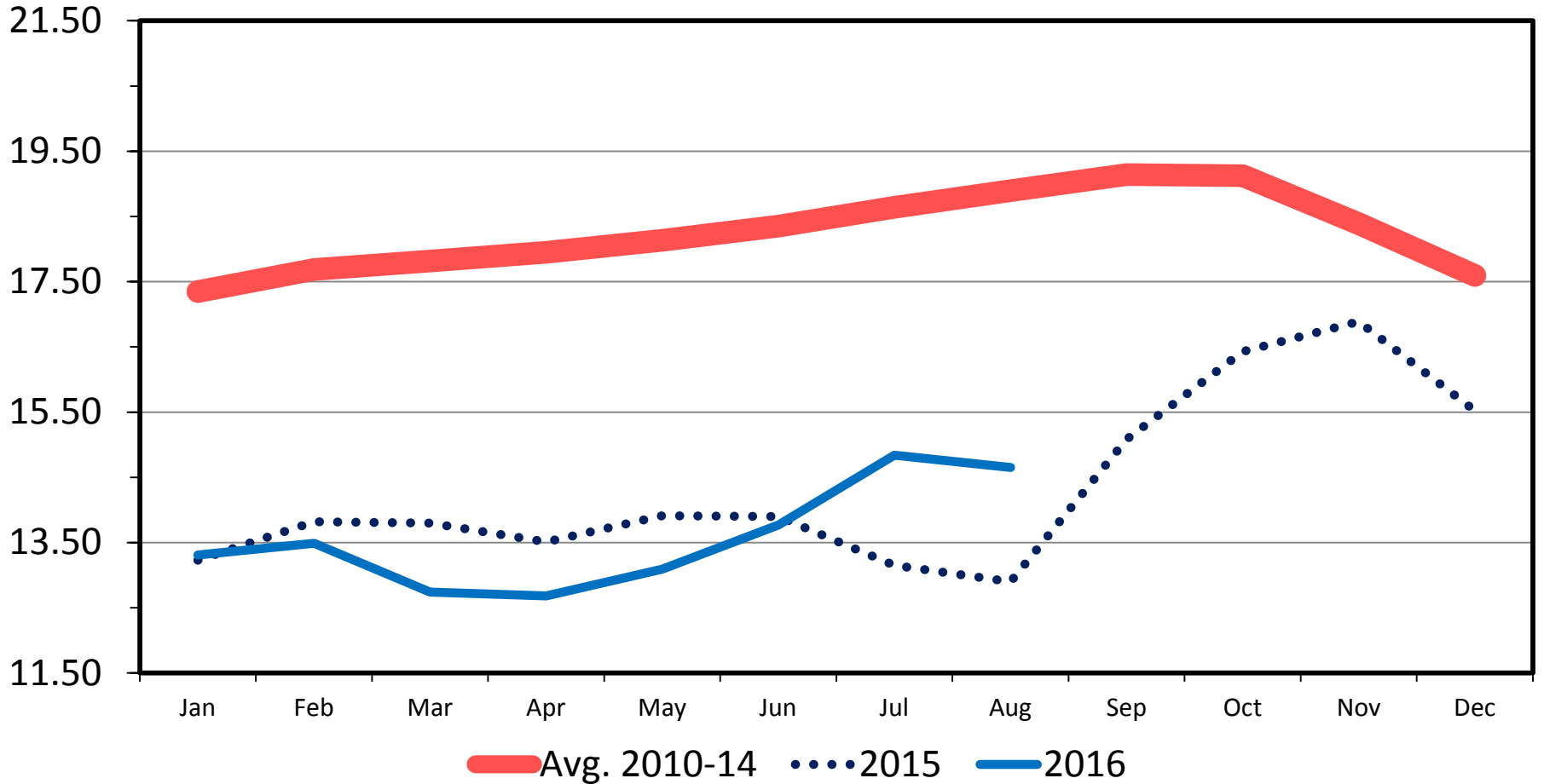


Data Source: USDA-AMS, Dairy Market News
Livestock Marketing Information Center

CLASS IV MILK PRICES

FMMO, Monthly

\$ Per Pound



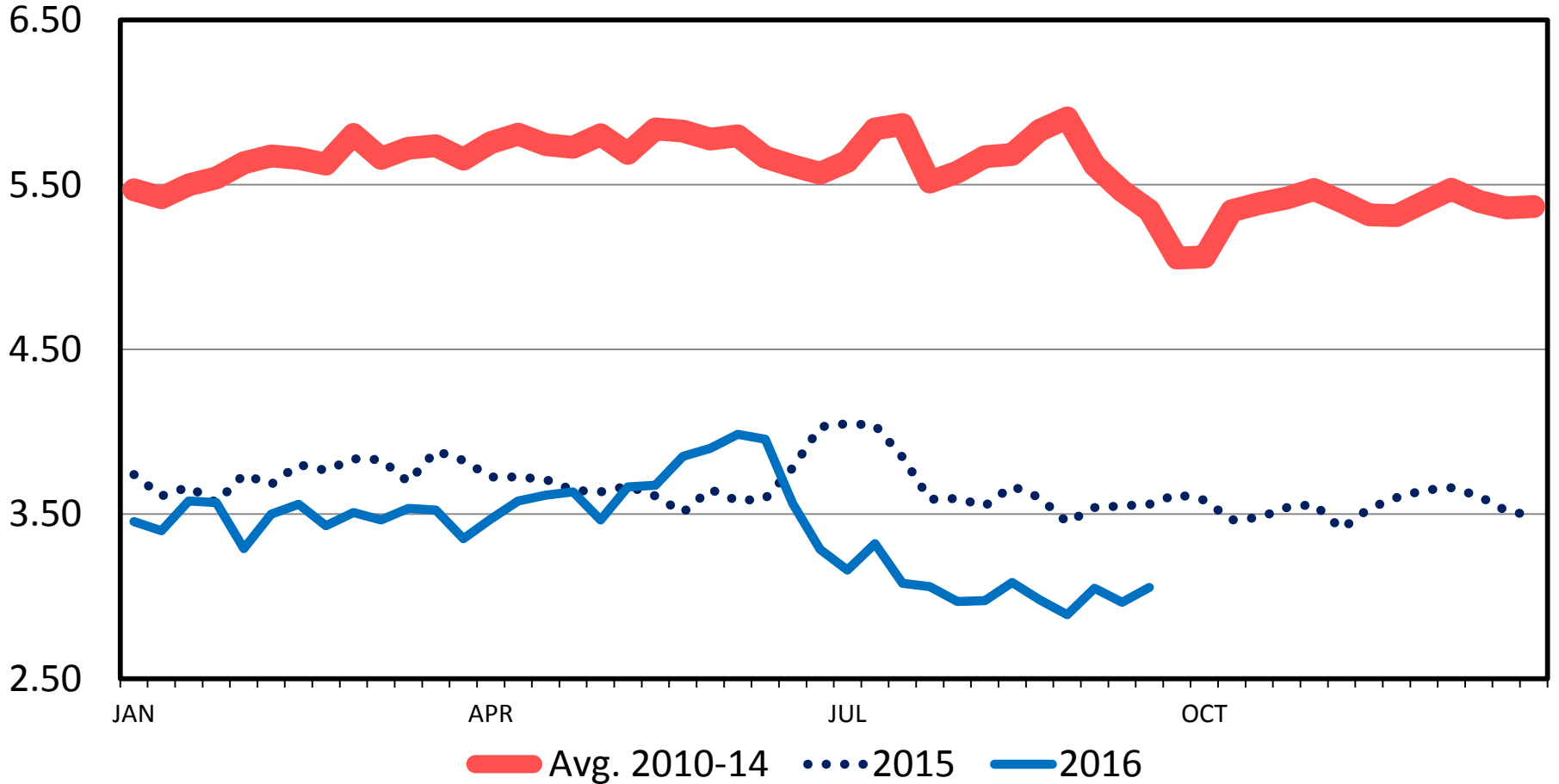
Data Source: USDA-AMS, Dairy Market News
Livestock Marketing Information Center

Supply Response

OMAHA CORN PRICES

Weekly

\$ Per Bu.

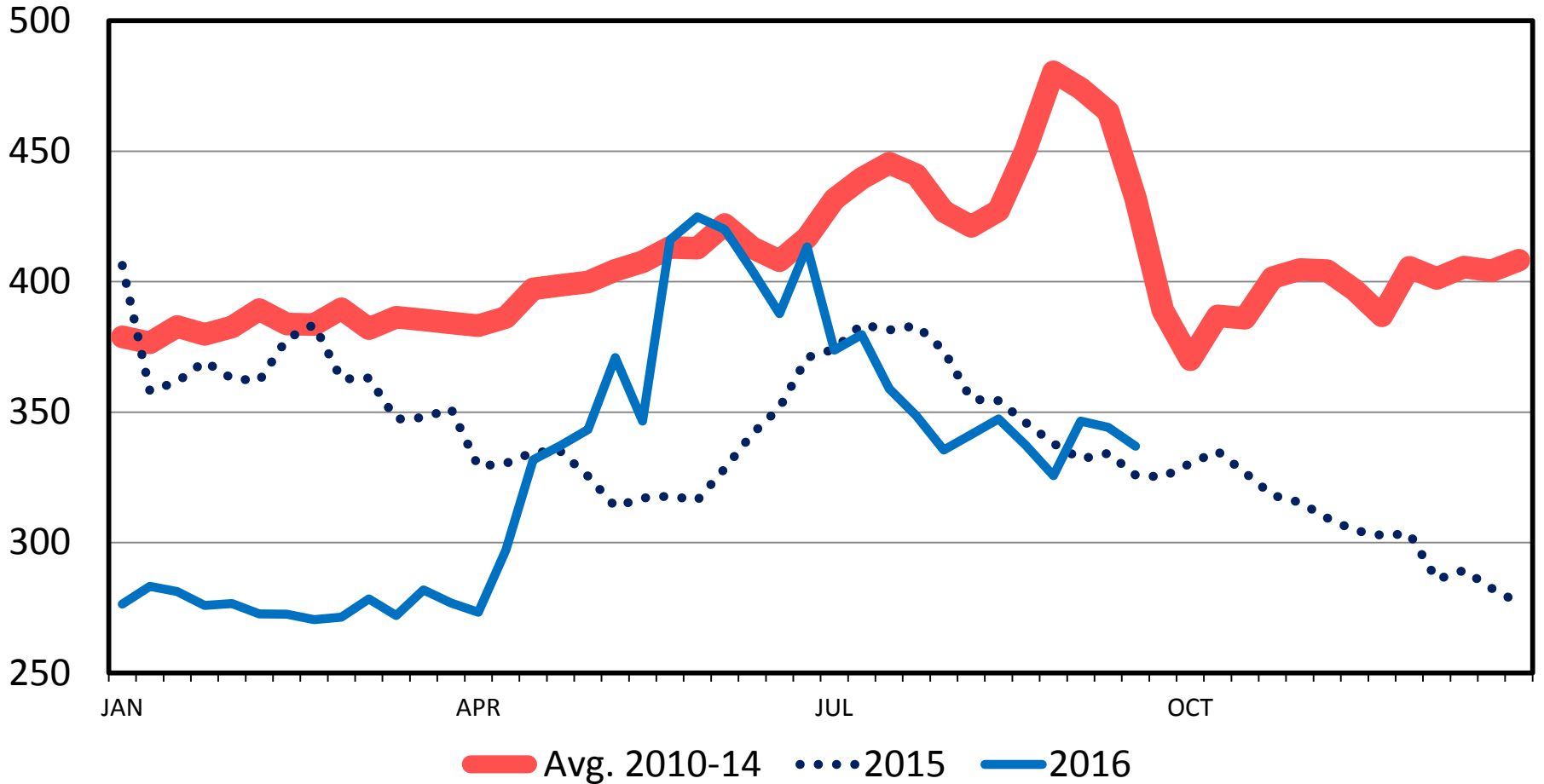


Data Source: USDA-AMS
Livestock Marketing Information Center

CENTRAL ILLINOIS SOYBEAN MEAL (48%) PRICES

Weekly

\$ Per Ton

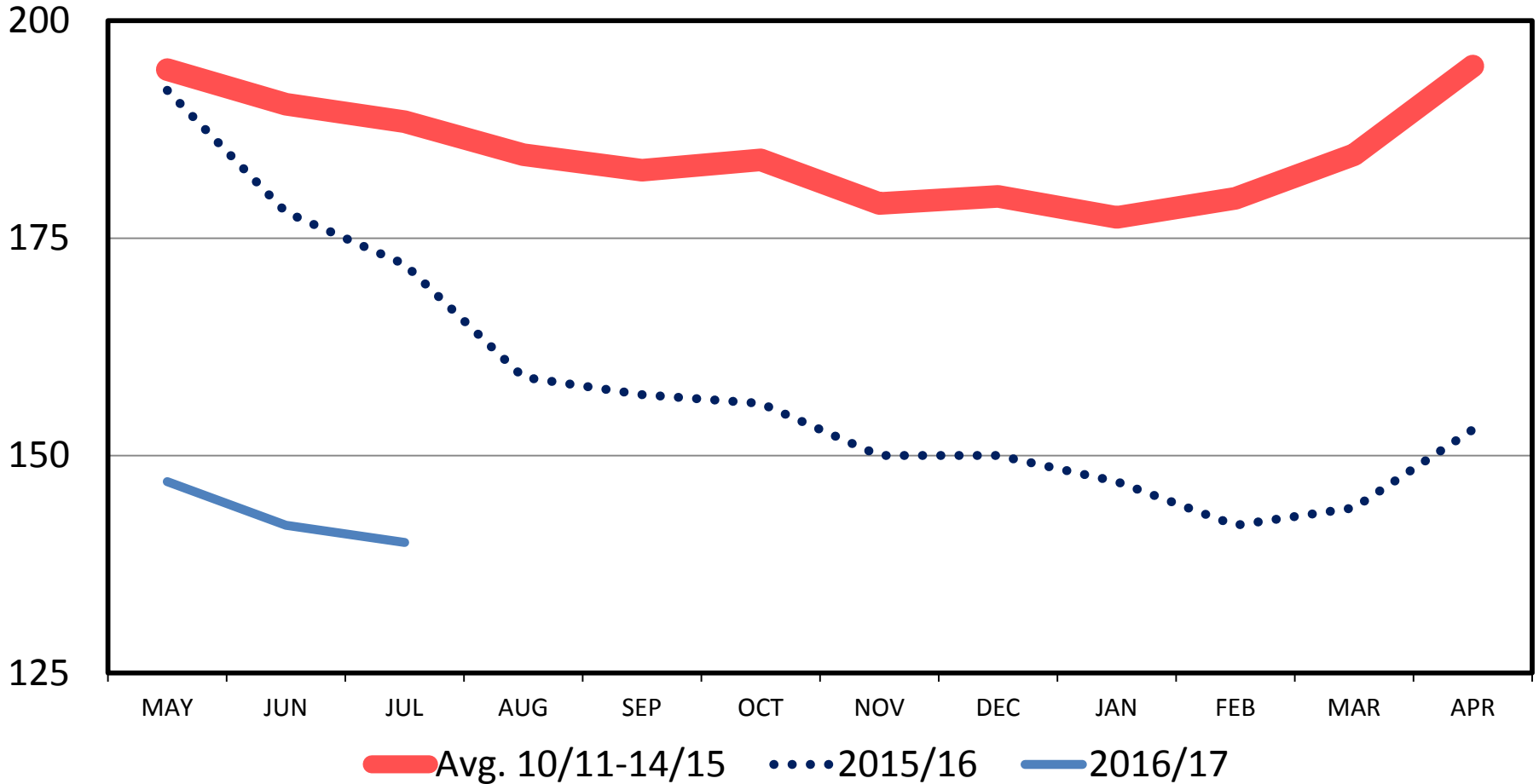


Data Source: USDA-AMS
Livestock Marketing Information Center

ALFALFA HAY – MONTHLY AVERAGE PRICE

Received by Farmers, U.S., Crop Year

\$ Per Ton

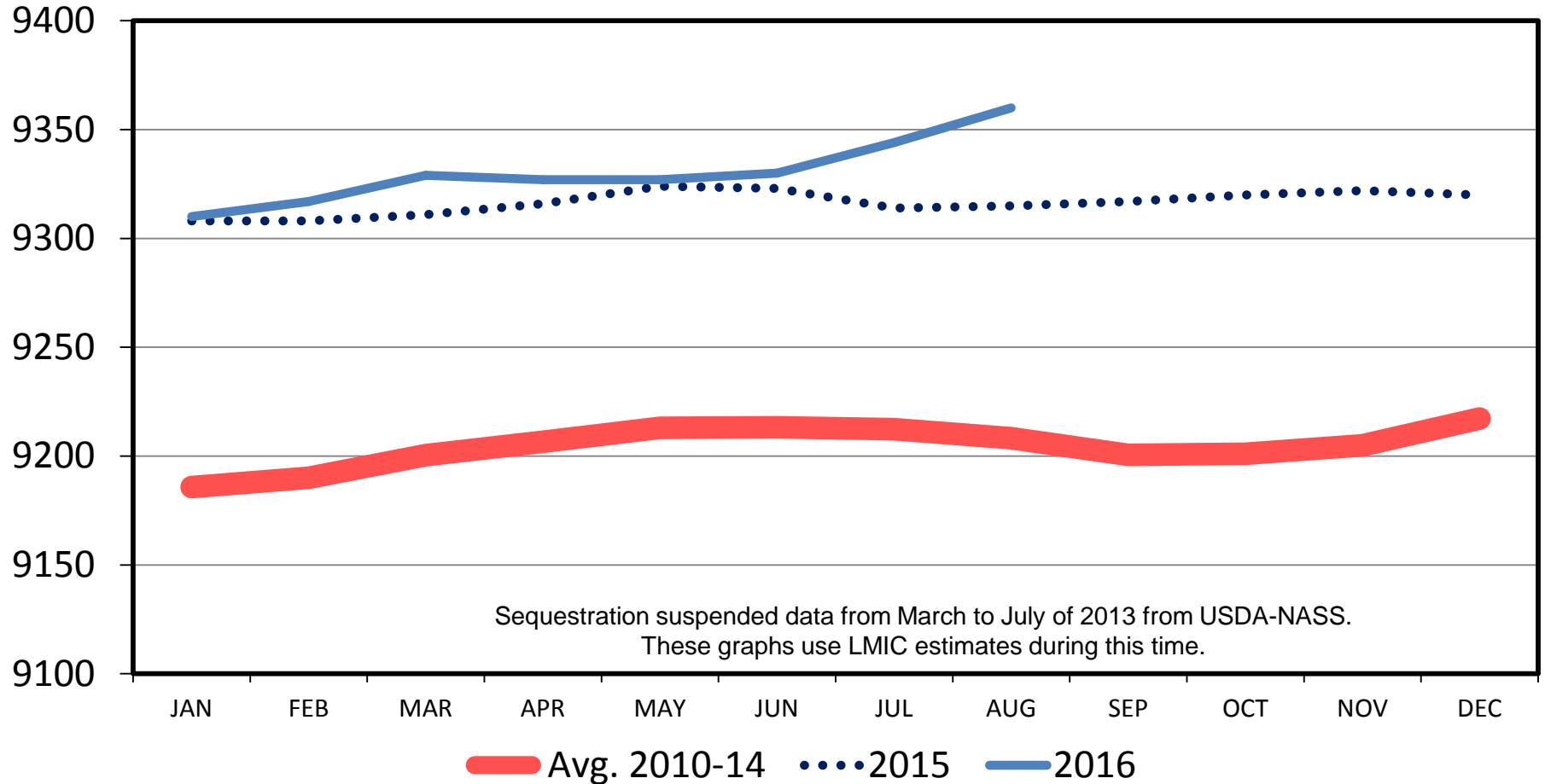


Data Source: USDA-NASS
Livestock Marketing Information Center

DAIRY COW INVENTORY

US Total, Monthly

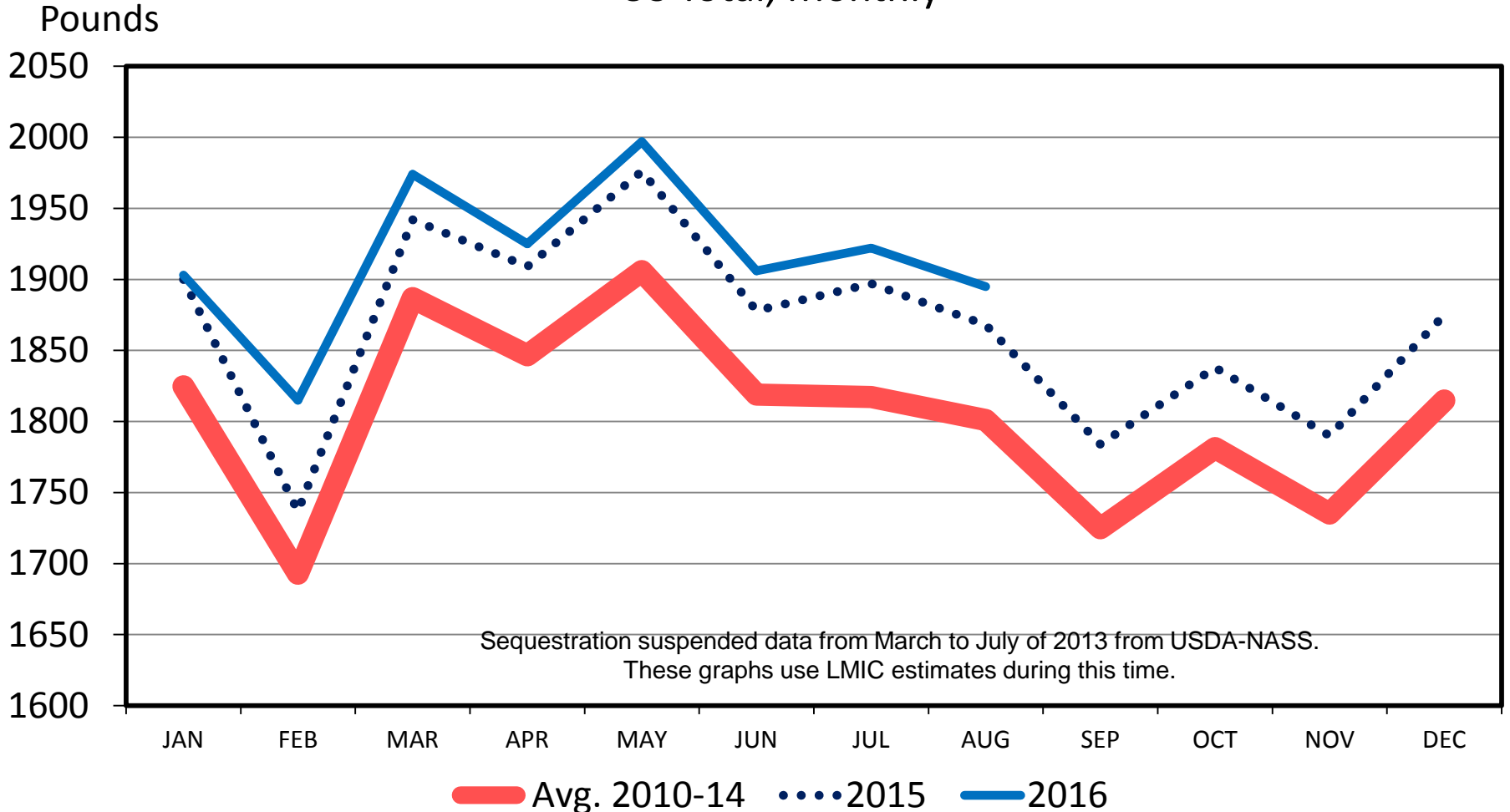
Thou. Head



Data Source: USDA-NASS
Livestock Marketing Information Center

MILK PRODUCED PER COW

US Total, Monthly

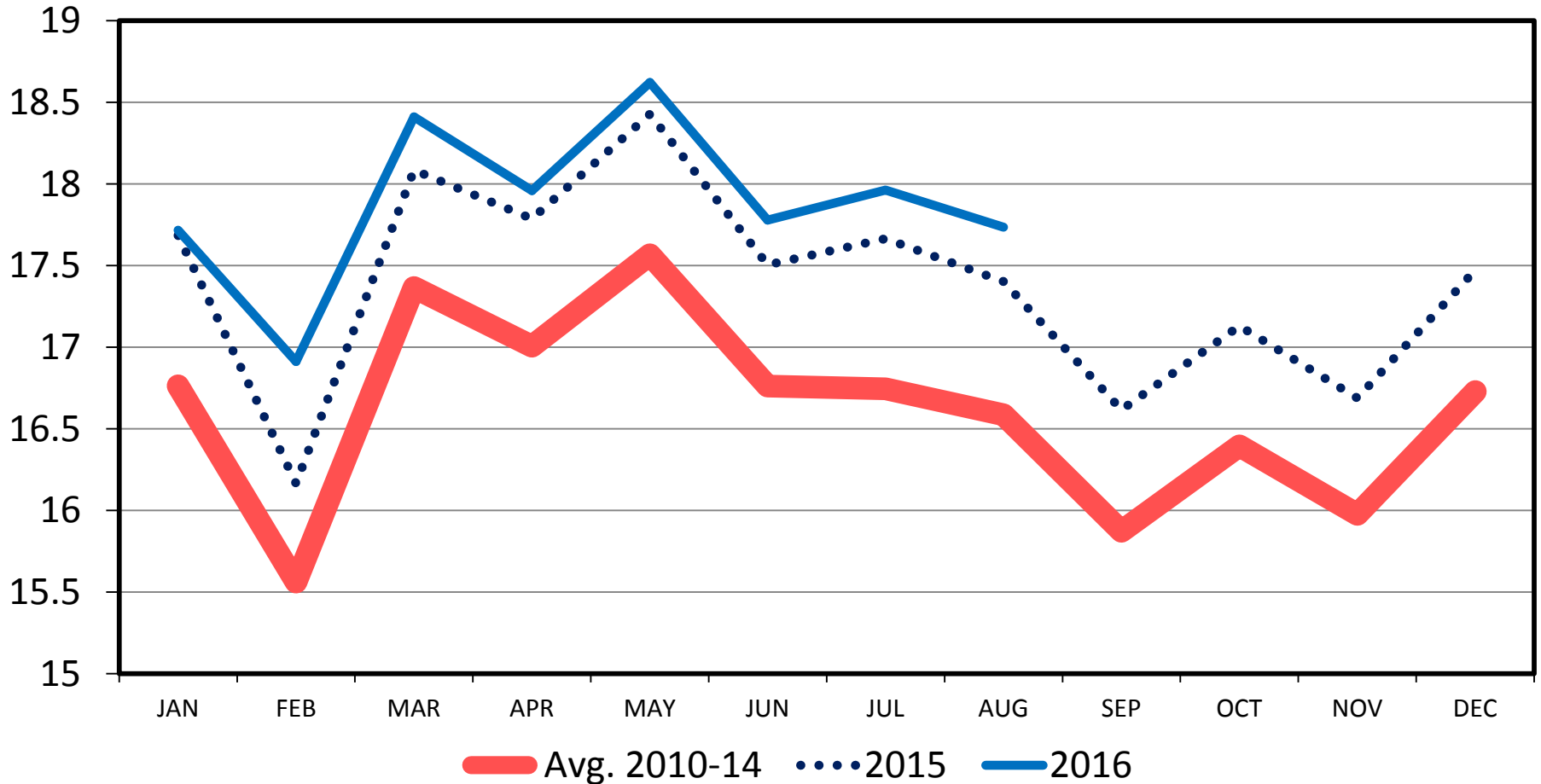


Data Source: USDA-NASS
Livestock Marketing Information Center

MILK PRODUCTION

US Total, Monthly

Bil. Pounds

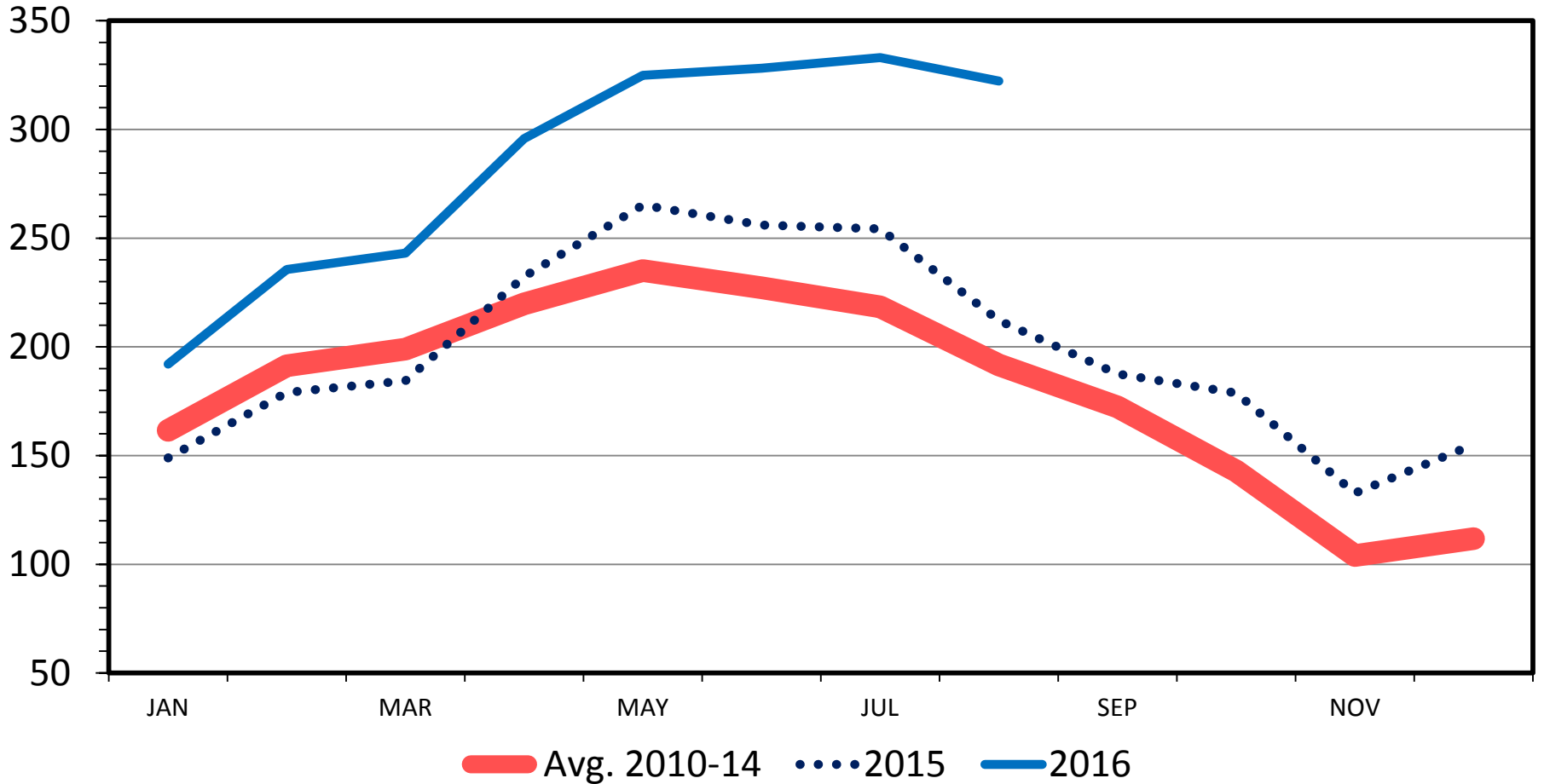


Data Source: USDA-NASS
Livestock Marketing Information Center

BUTTER IN COLD STORAGE

End of the Month

Mil. Pounds



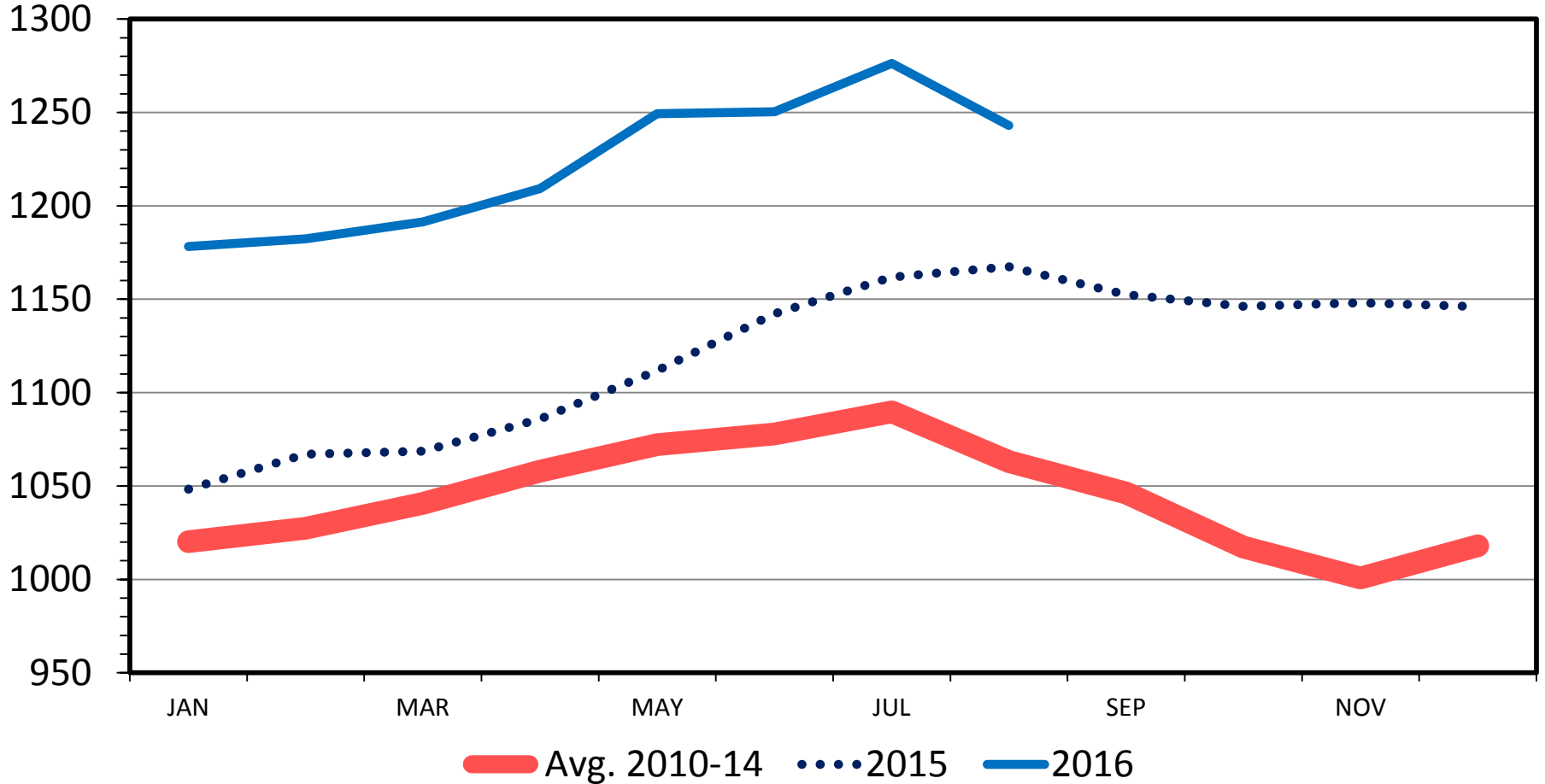
Data Source: USDA/NASS

Livestock Marketing Information Center

TOTAL CHEESE IN COLD STORAGE

End of the Month

Mil. Pounds



Data Source: USDA/NASS

Livestock Marketing Information Center

Supply Notes

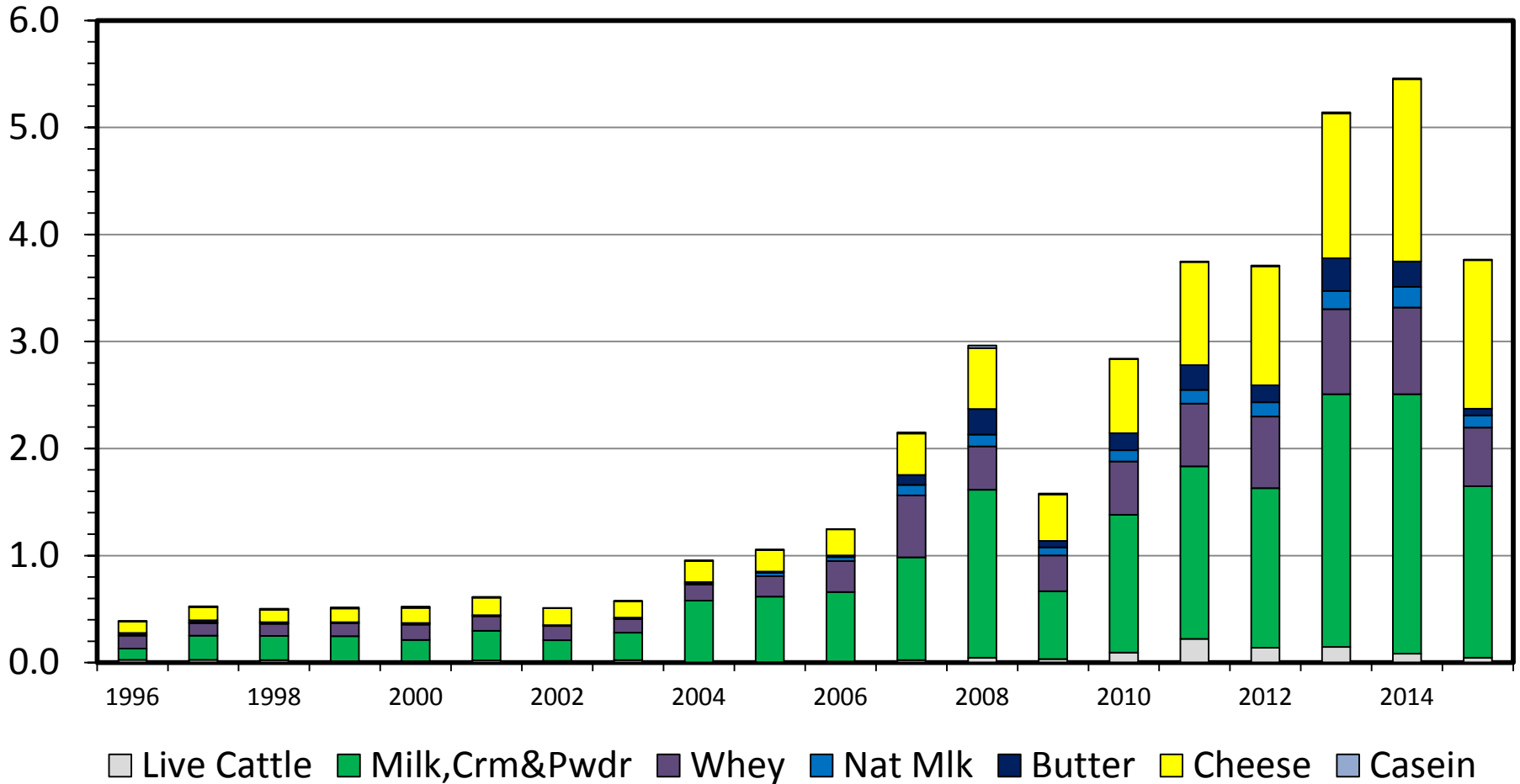
- Large Regional Differences
 - California
 - Texas, West, Midwest
- Small vs Large Dairies
- Drought, Feed Quality
- Cheap Feed

Trade

US DAIRY INDUSTRY EXPORT VALUES

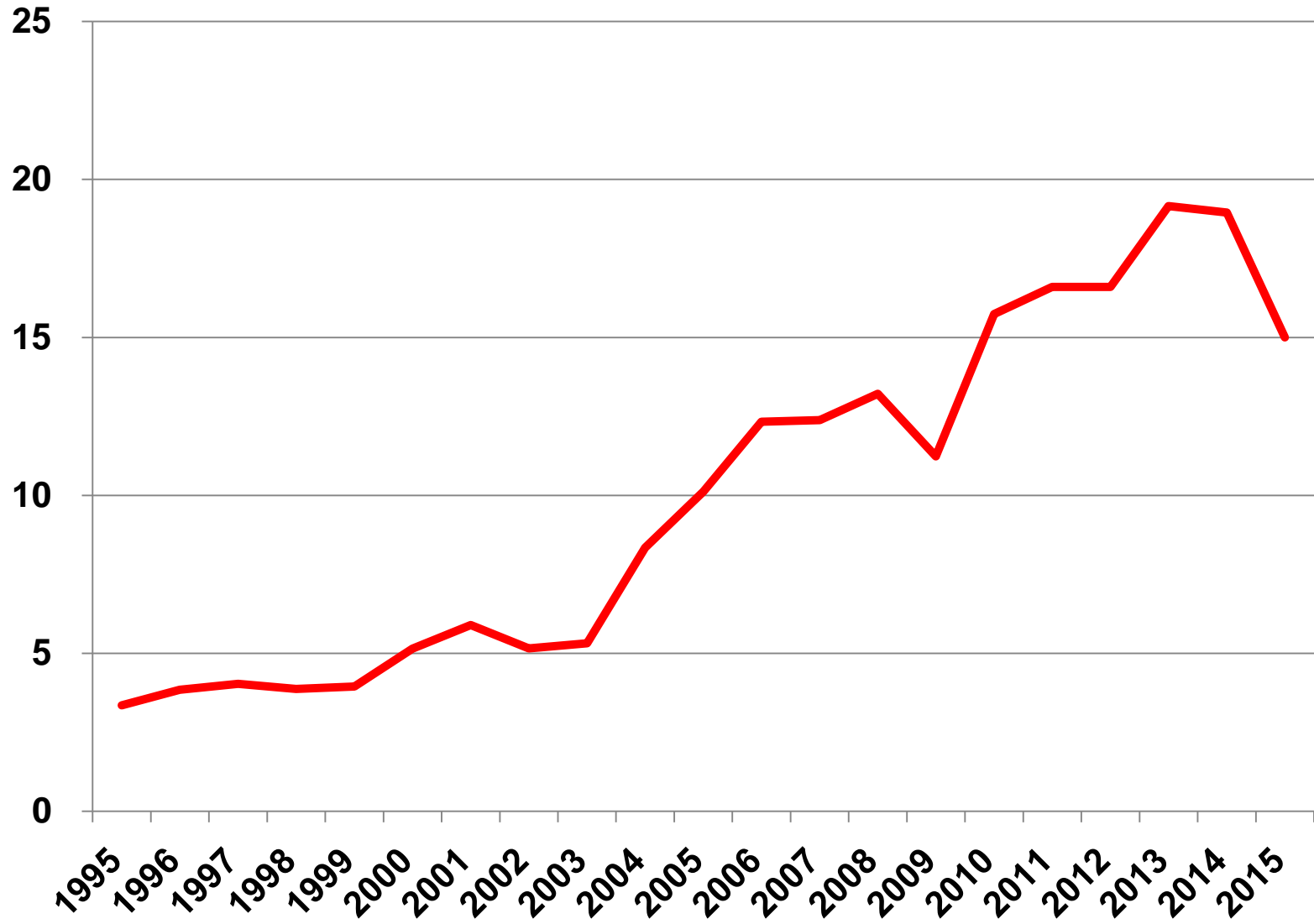
Annual

Bil. \$



Data Source: USDA-FAS, Compiled & Analysis by LMIC
Livestock Marketing Information Center

EXPORTS AS A PERCENT OF PRODUCTION



Big Trade Issues

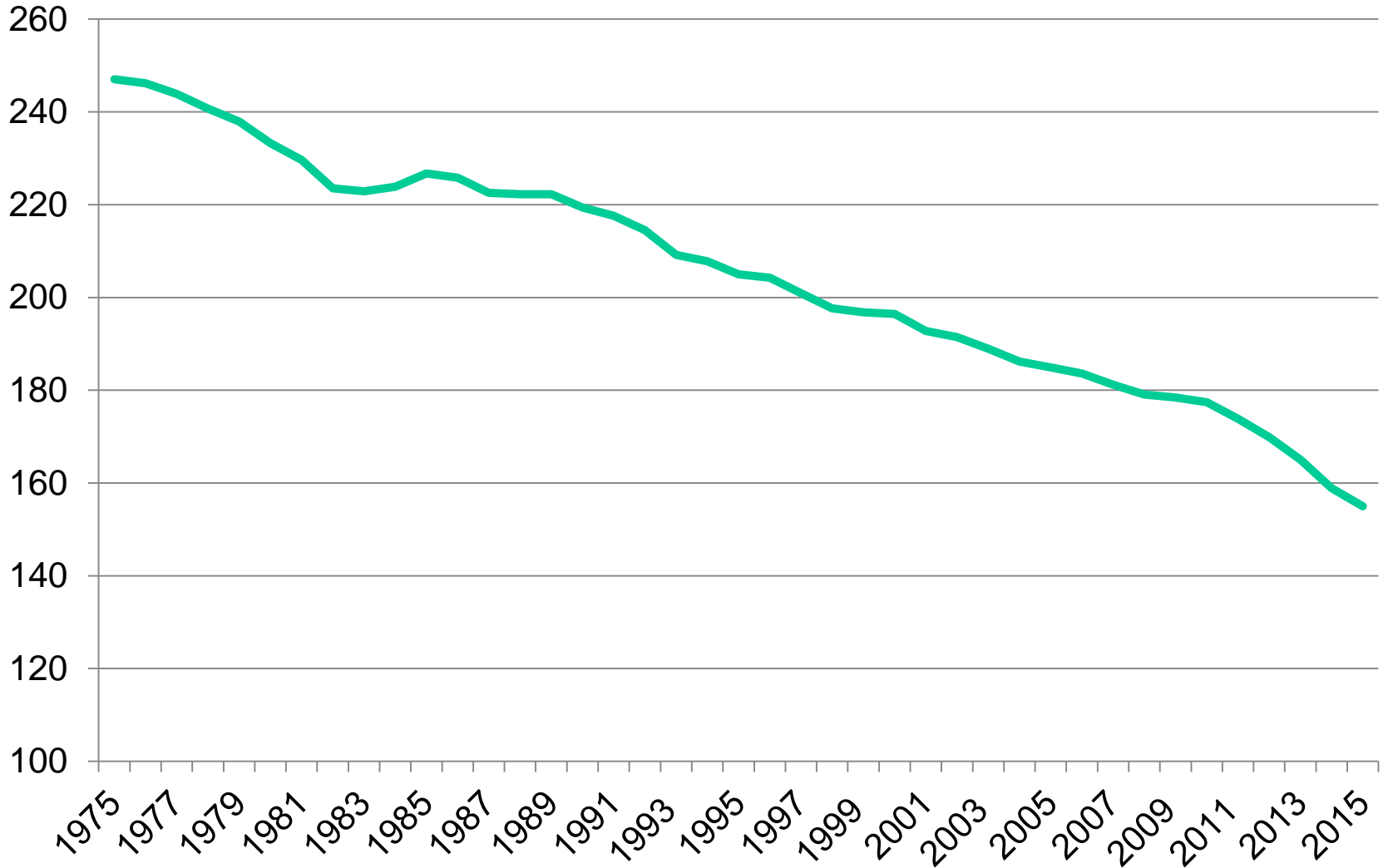
- Oceania Drought Recovery
 - But production cuts
- China Recovery?
- Russia, Ukraine
- Strong Dollar Overall, But Moderating vs Oceania

Demand

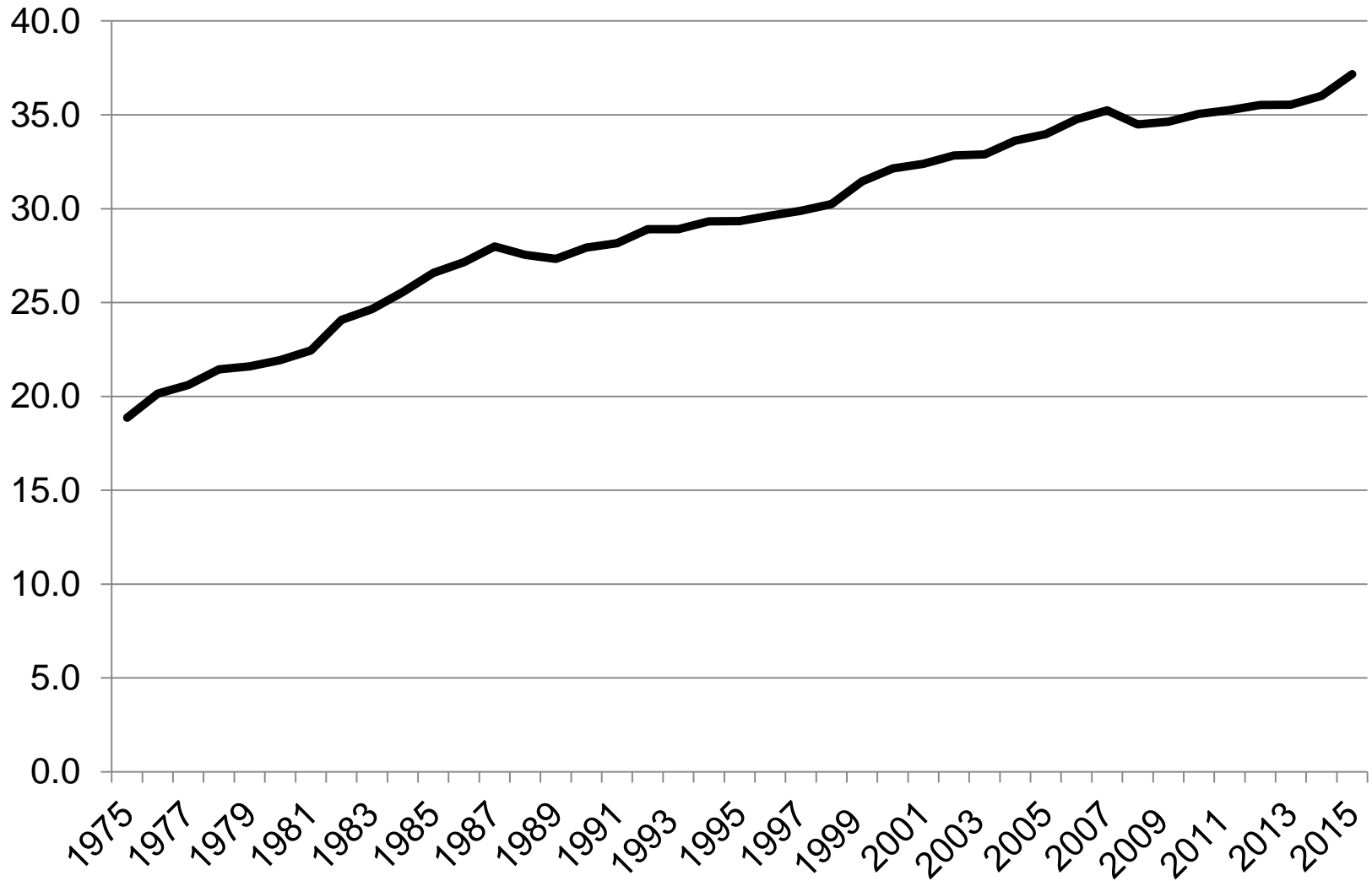
Demand Notes

- Yogurt
 - Greek and other
- Butter
 - McDonalds, back to butter
- Milk
 - New products
 - New demand or cannibalizing real milk?

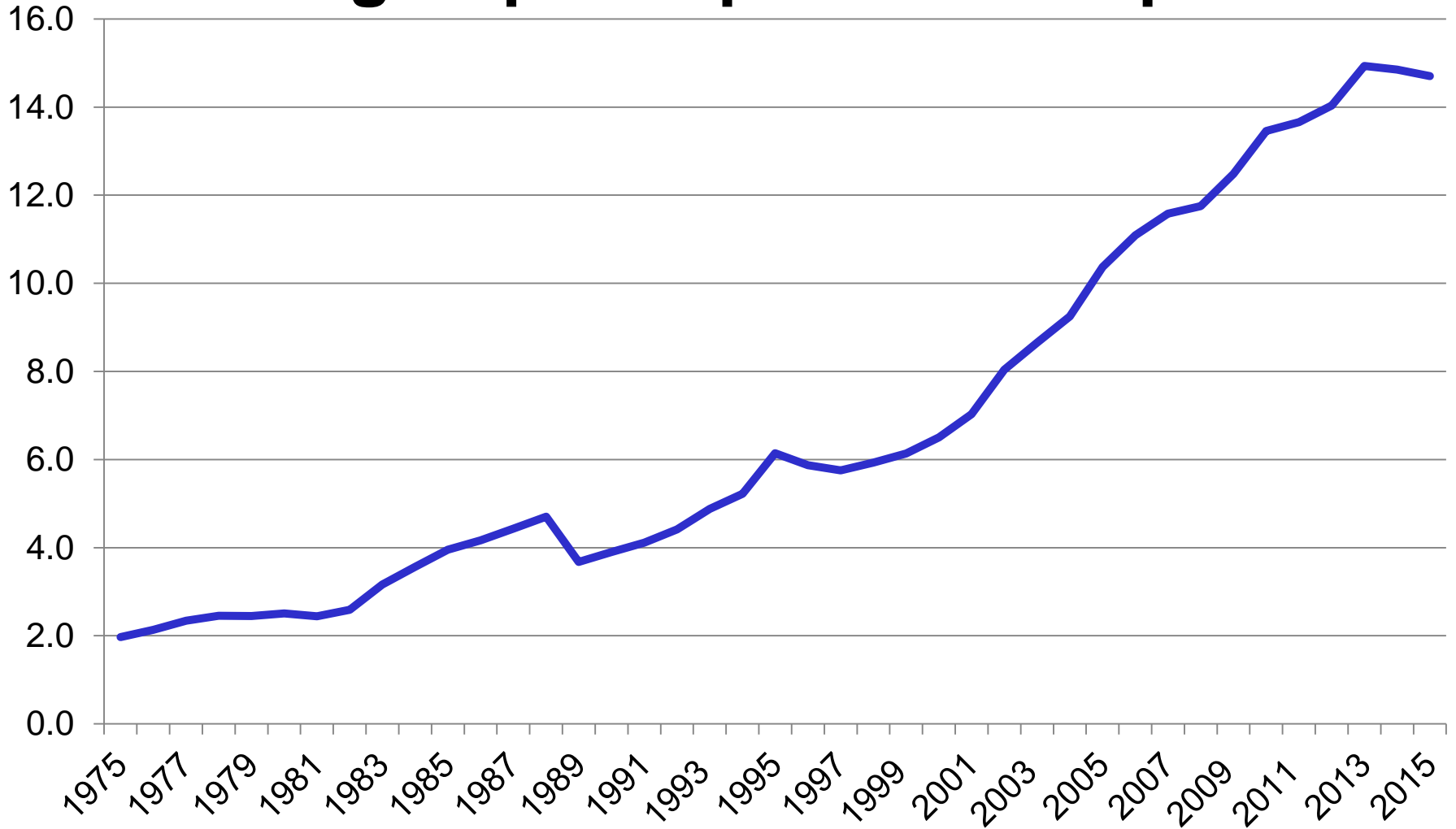
Milk Per Capita Consumption, Lbs



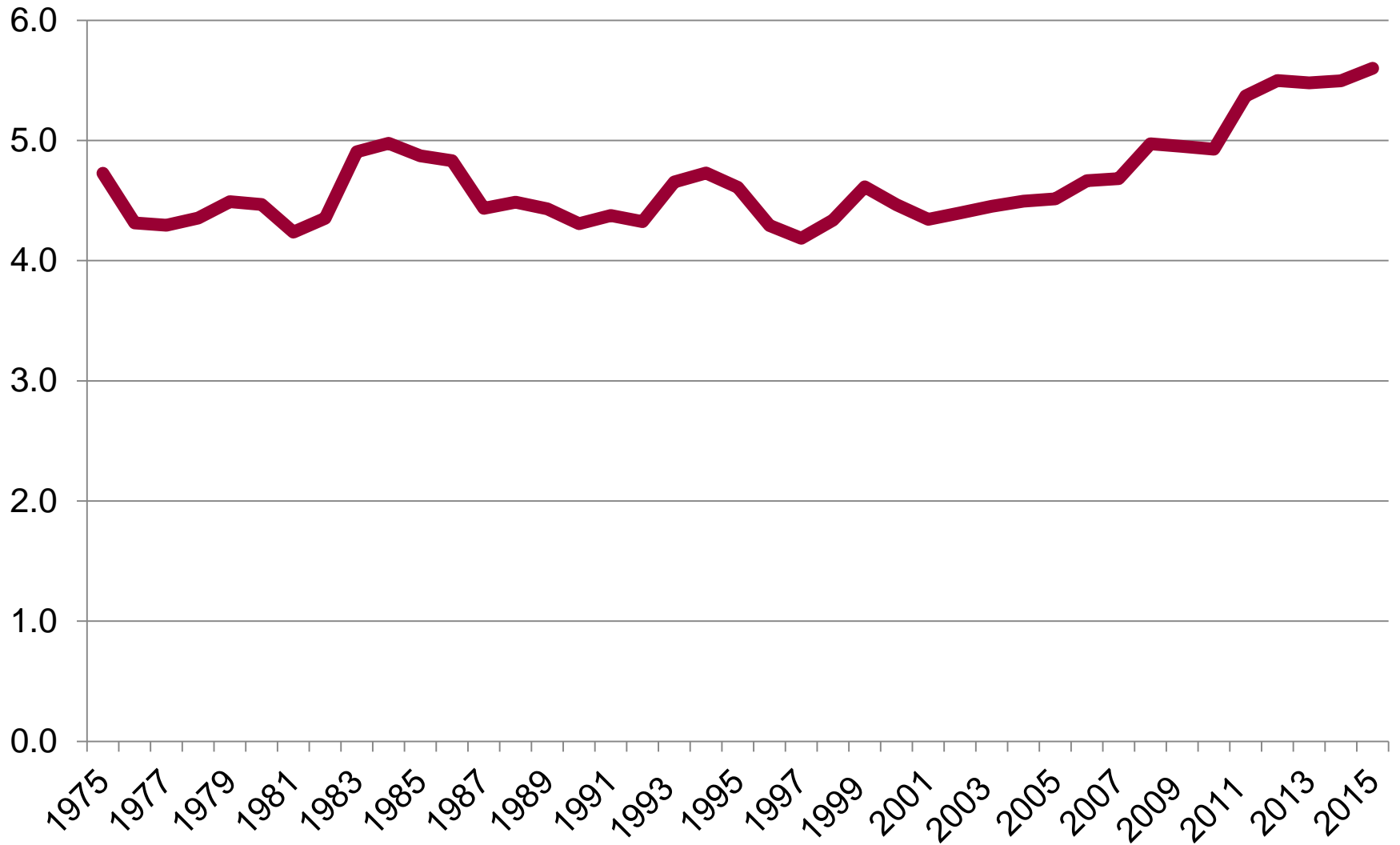
Cheese Per Capita Consumption, Lbs



Yogurt per Capita Consumption



Butter Per Capita Consumption



Projected Prices for 2015-2017

	Production	Class III	All Milk
2015	208.6	15.80	17.11
2016 I	53.04	13.75	15.70
II	54.36	13.20	14.77
III	52.35	16.00-16.20	16.30-16.50
IV	52.30	14.80-15.50	15.50-16.60
2017 I	53.52	14.20-15.00	15.40-16.50
II	54.90	14.80-15.50	16.00-16.85
III	52.85	15.00-15.75	16.20-17.00
IV	52.82	15.00-17.00	16.50-18.50

Summary

- Moderating Supplies Worldwide
- Production Growth in U.S.
- Good Domestic Demand
 - Cheese, butter

Southern Dairy Conference

March 6-8, 2017
