

Dairy Situation & Outlook

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Livestock Marketing Information Center

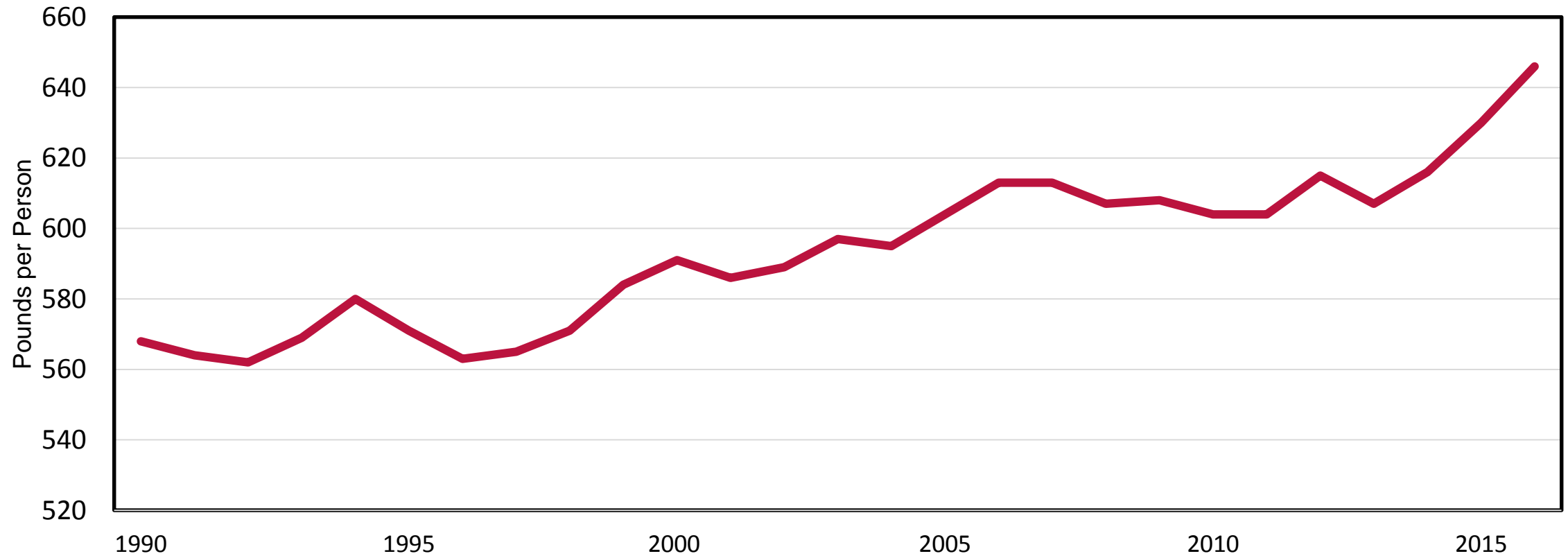
August 13, 2018



Consumption

ALL DAIRY PRODUCTS

M.E. equivalent, fat basis

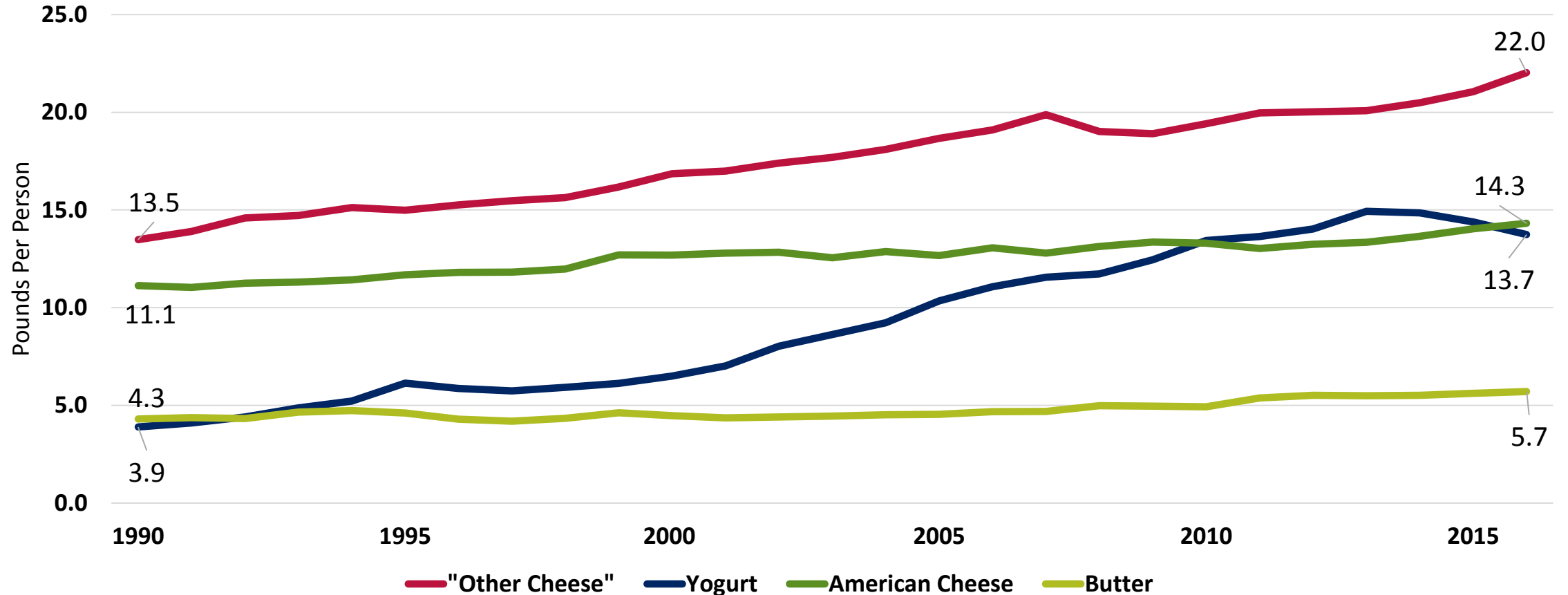


Data Source: USDA ERS



Consumption: Rising Stars

YOGURT, BUTTER, AND CHEESE CONSUMPTION



Data Source: USDA ERS



The pizza equivalent...

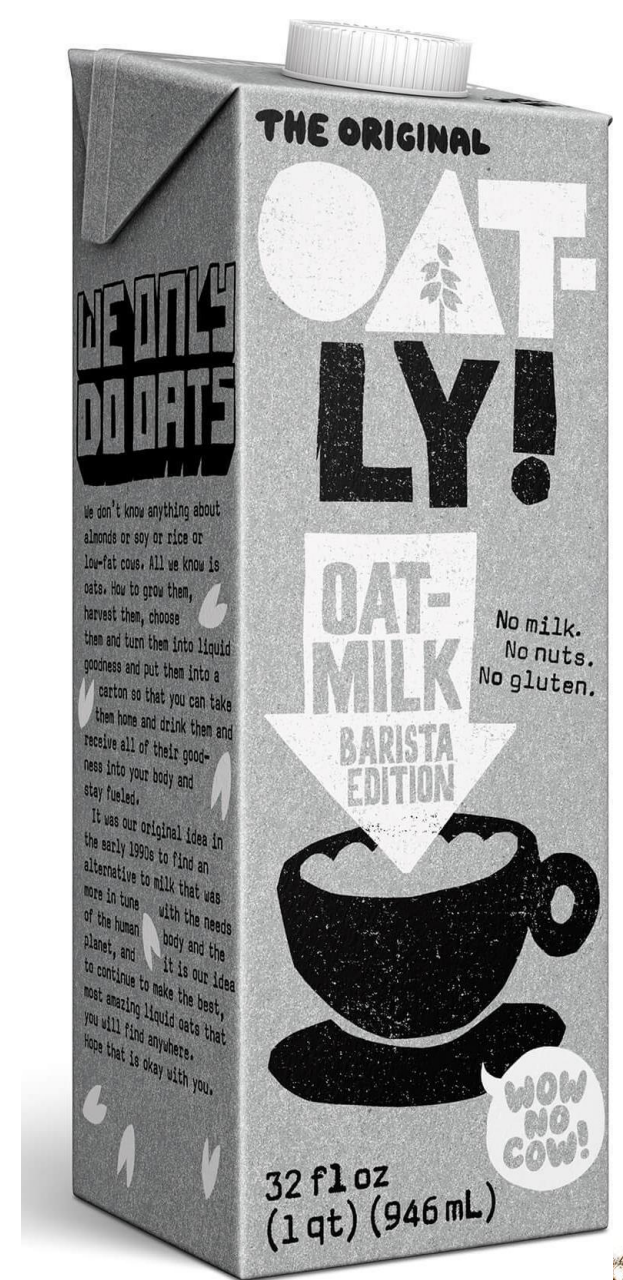
- Americans Eat...

46 slices per person per year
(23 pounds)



Consumption: Race to the Bottom

- USDA ERS 2016 vs. 1990
 - Fluid Milk: 154 lbs. per person, -66 lbs./person
 - Regular Ice Cream: 13.1 lbs./person, -2.3 lbs./person
 - Dry Whey & WPC: 2.3 lbs./person, -1.4 lbs./person



Source: <https://us.oatly.com/products/barista-edition-oatmilk>



Dairy



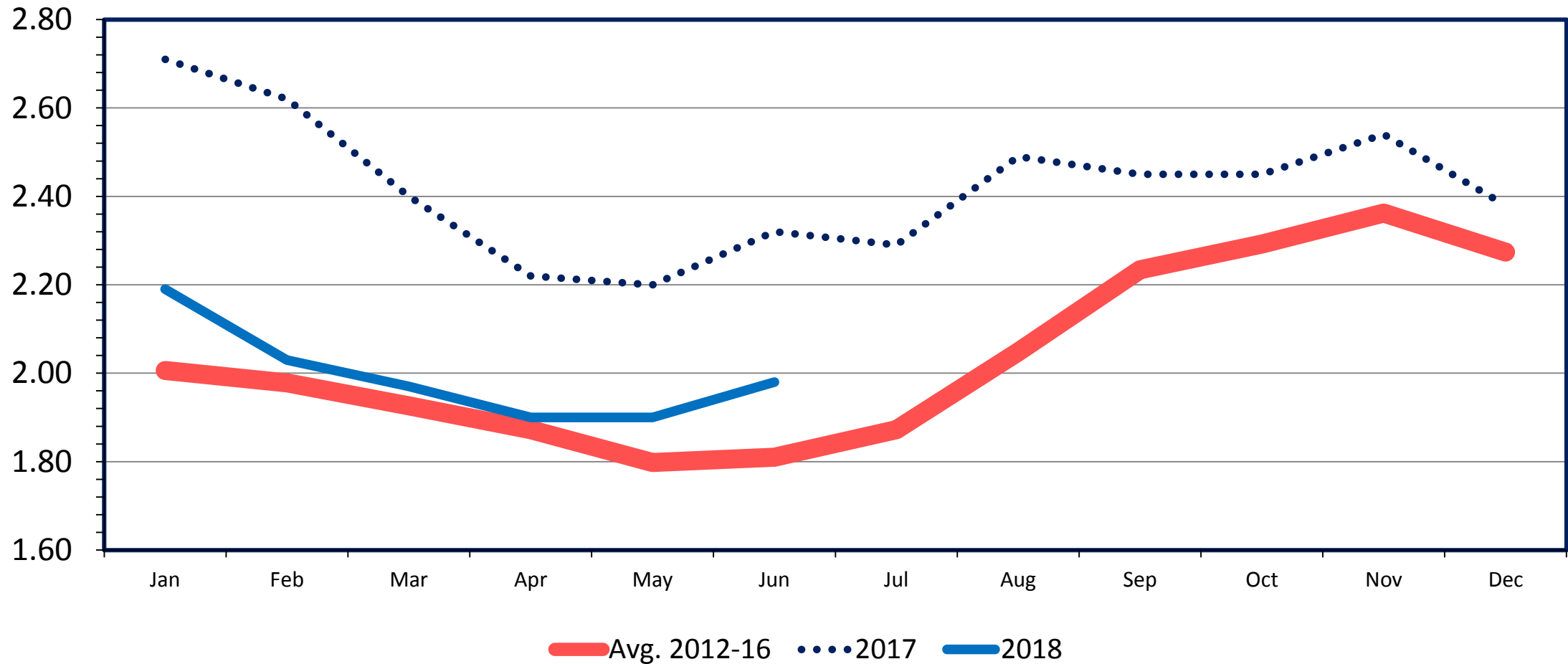
Source: QUOI Media Group//CC BY-SA 2.0
<https://creativecommons.org/licenses/by-sa/2.0/>



MILK-FEED PRICE RATIO

Milk Price (\$ Per Cwt.) to Commercial Prepared Feed (\$ Per Cwt.)
U.S., Monthly

Index

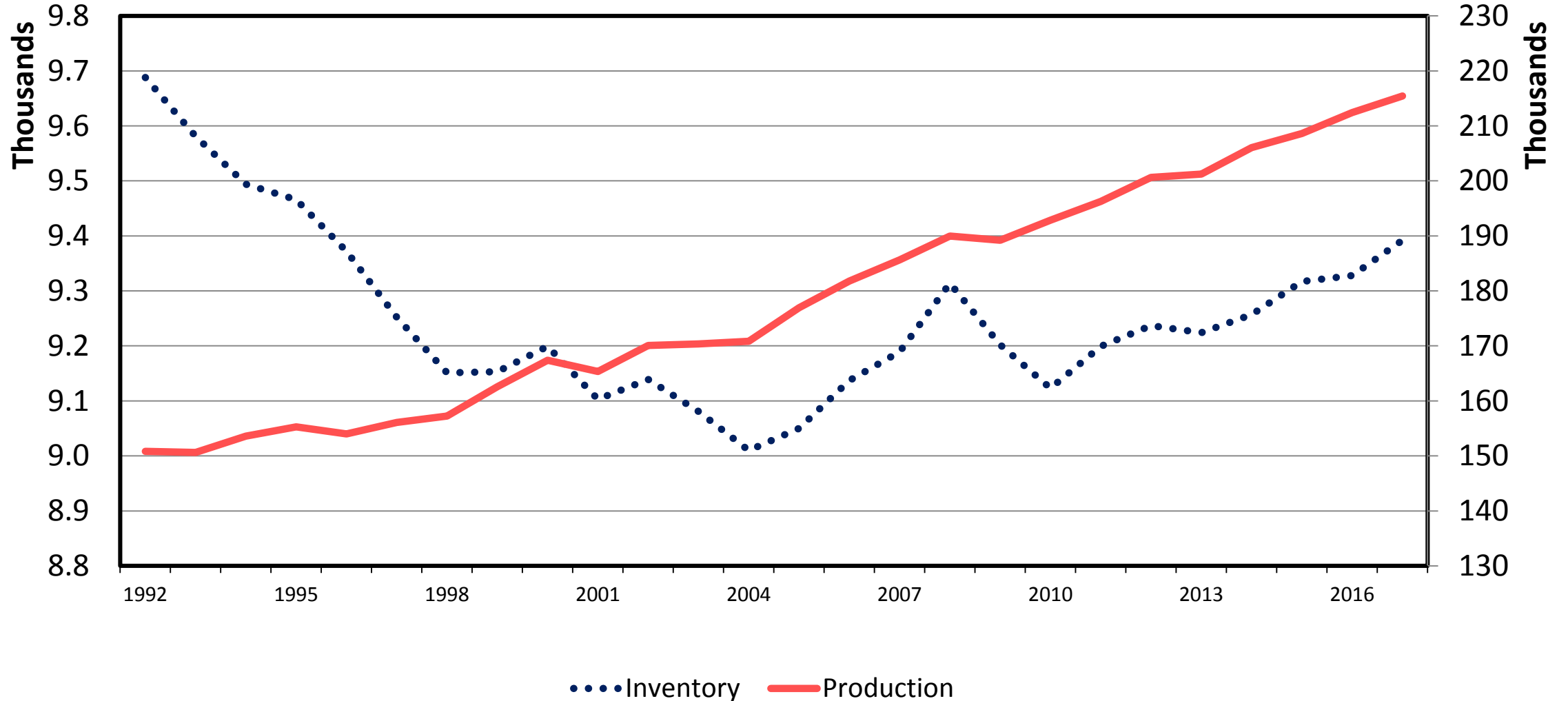


Data Source: USDA-NASS

MILK PRODUCTION vs. MILK COW INVENTORY AVERAGE ANNUAL INVENTORY, U.S.

Mil. Head

Bil. Pounds

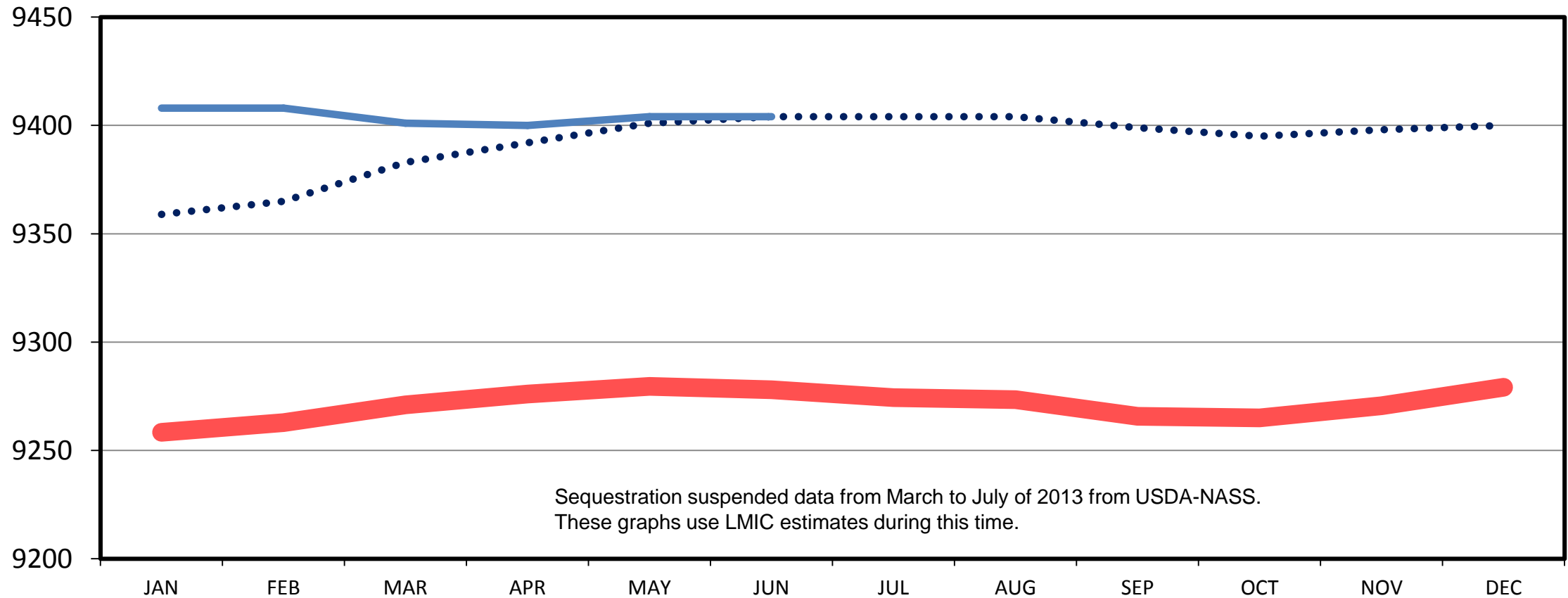


Data Source: USDA/NASS

DAIRY COW INVENTORY

US Total, Monthly

Thou. Head



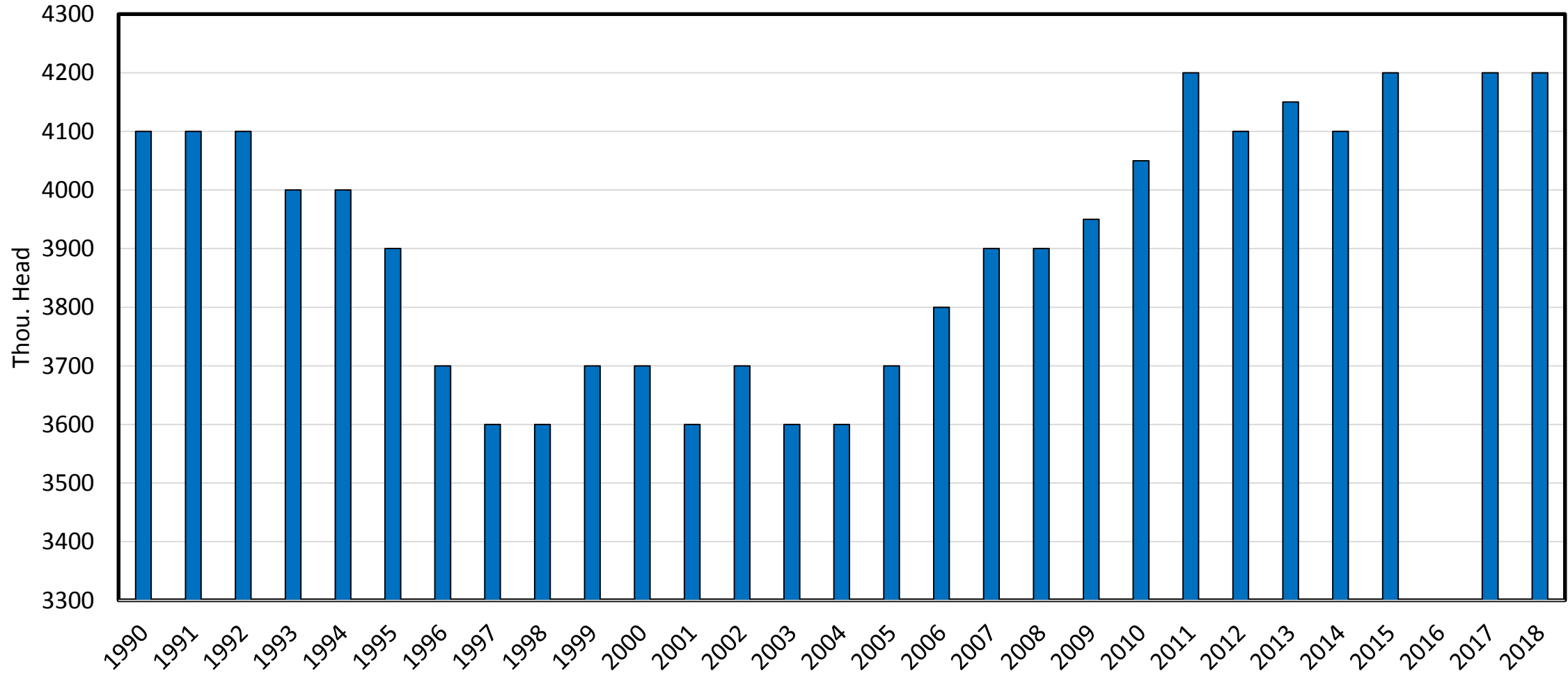
Sequestration suspended data from March to July of 2013 from USDA-NASS.
These graphs use LMIC estimates during this time.

Data Source: USDA-NASS

— Avg. 2012-16
 •••• 2017
 — 2018

HEIFERS HELD AS DAIRY COW REPLACEMENTS

July 1, U.S.



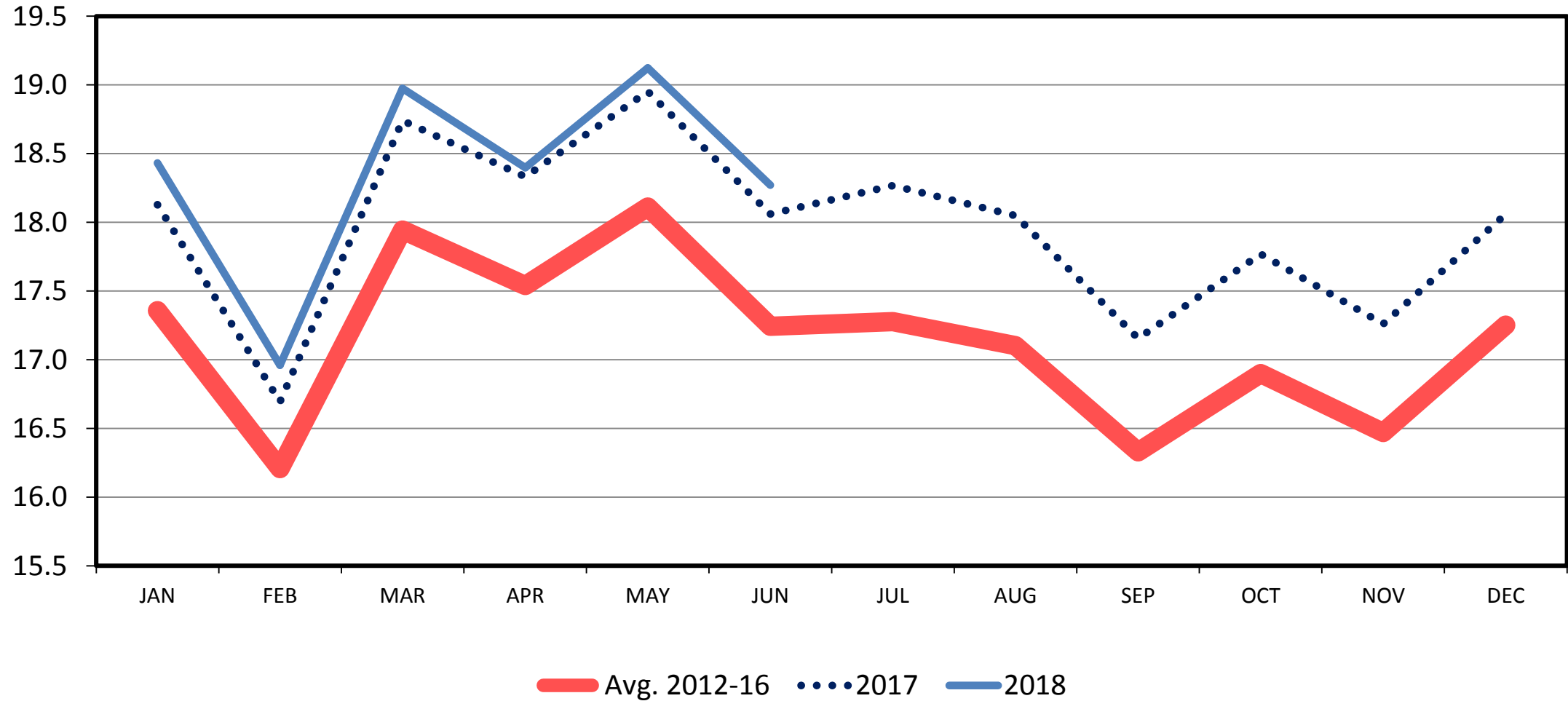
Data Source: USDA-NASS

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MILK PRODUCTION

US Total, Monthly

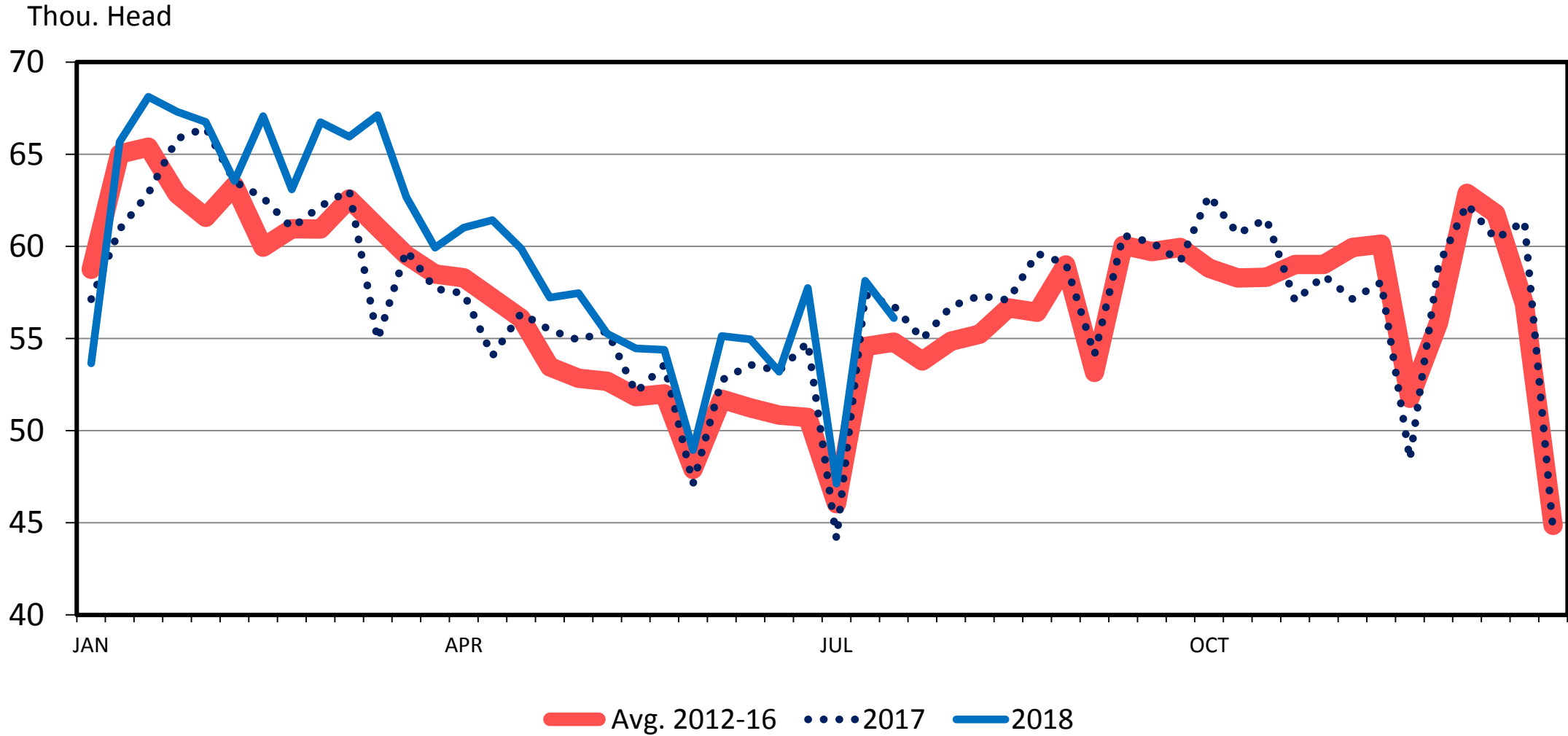
Bil. Pounds



Data Source: USDA-NASS

DAIRY COW SLAUGHTER

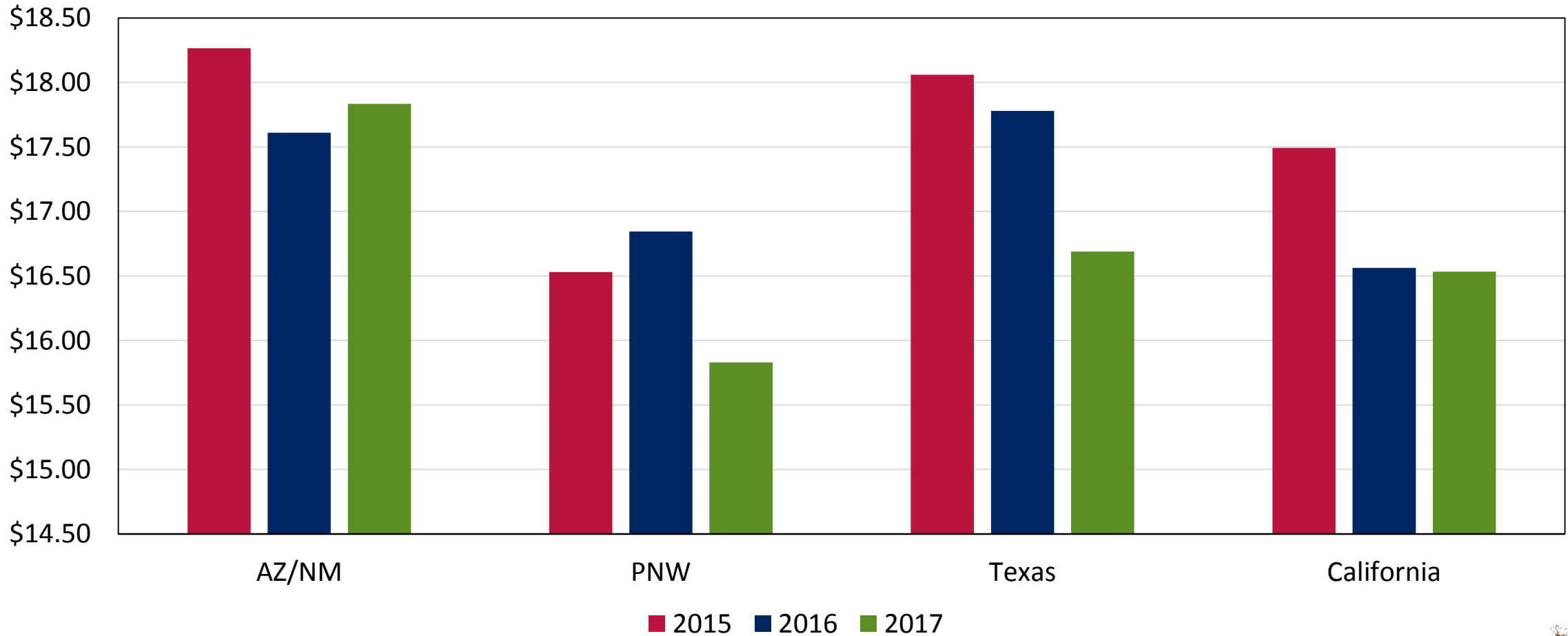
Federally Inspected, Weekly



Data Source: USDA-AMS & USDA-NASS

Regions: COP Matters

WESTERN DAIRY COST OF PRODUCTION, FY 2017

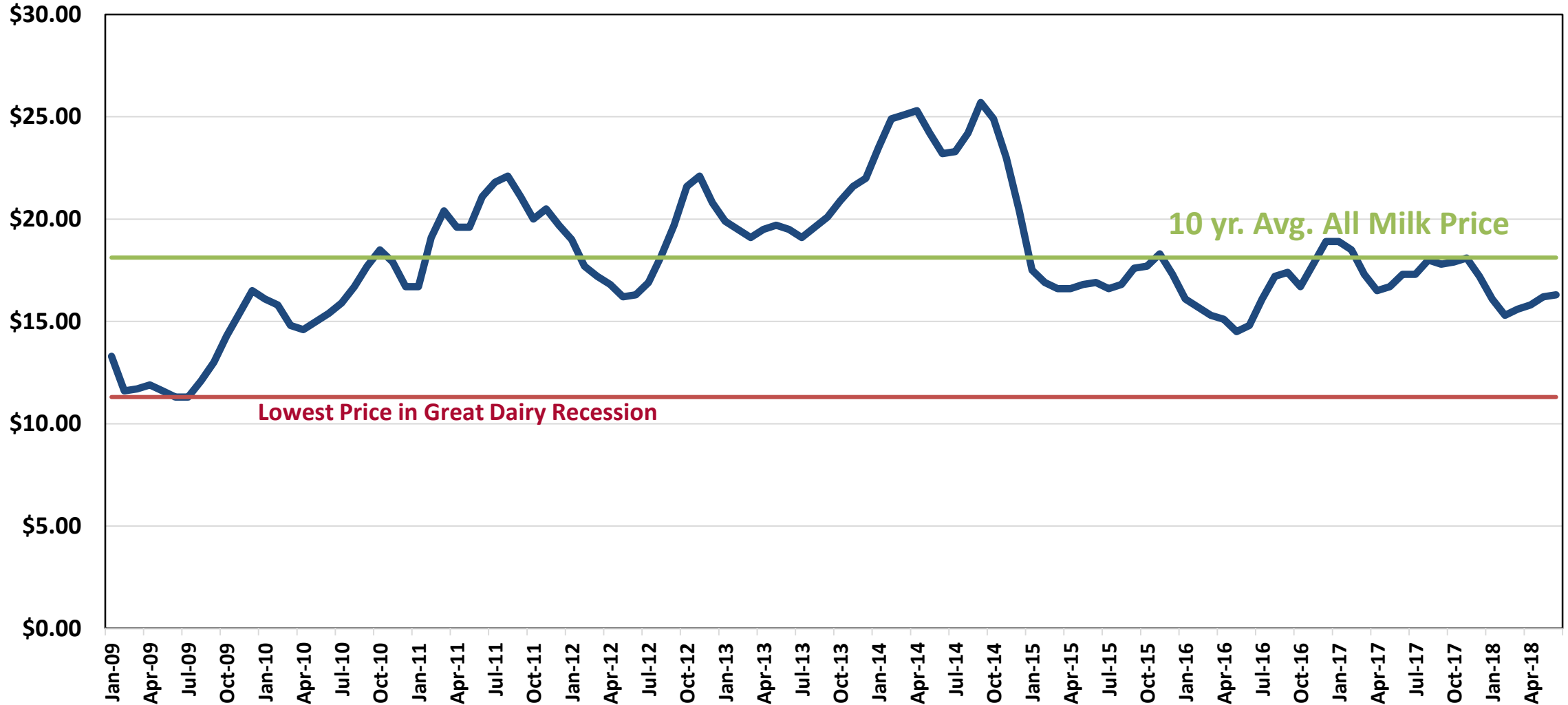


Source: Frazer Accounting LLP



ALL MILK PRICE

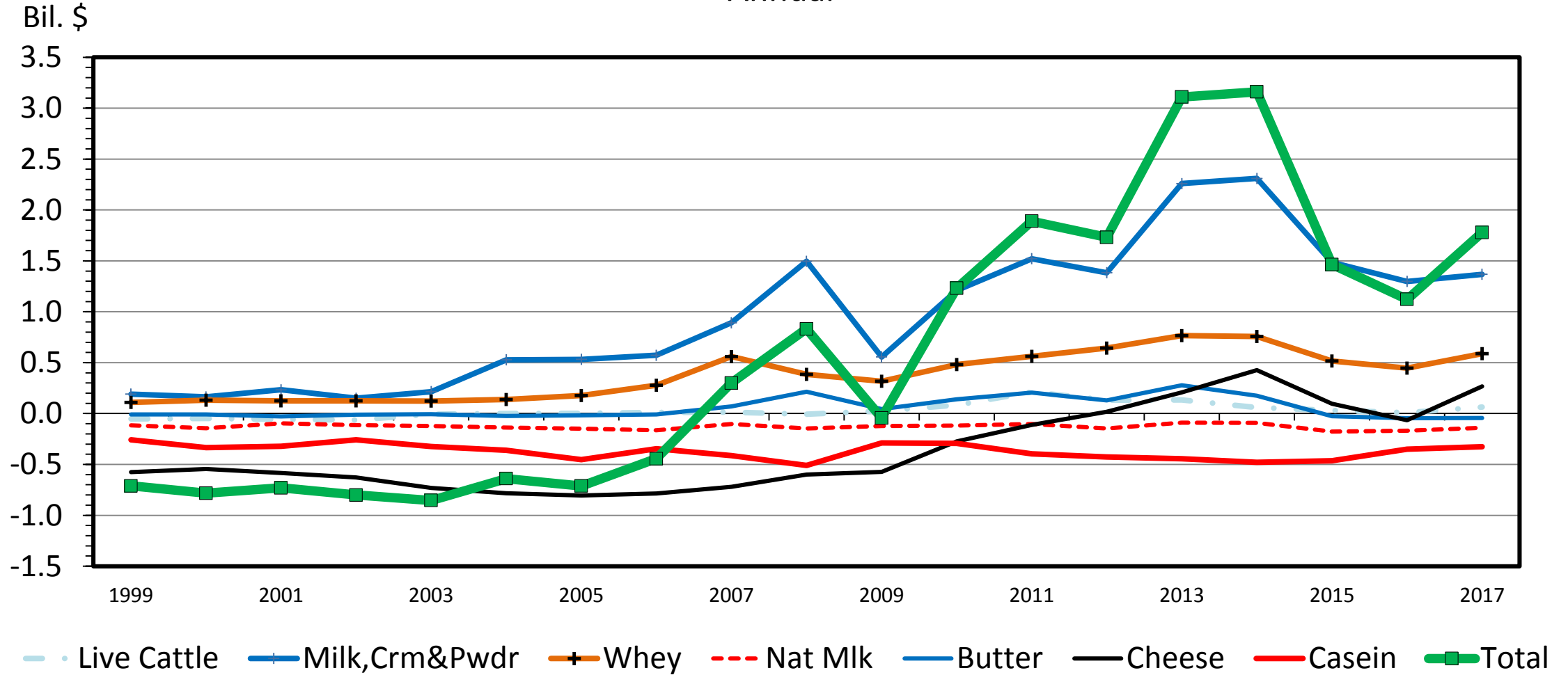
U.S., Monthly, Jan 2009-Current



Data Source: USDA-NASS

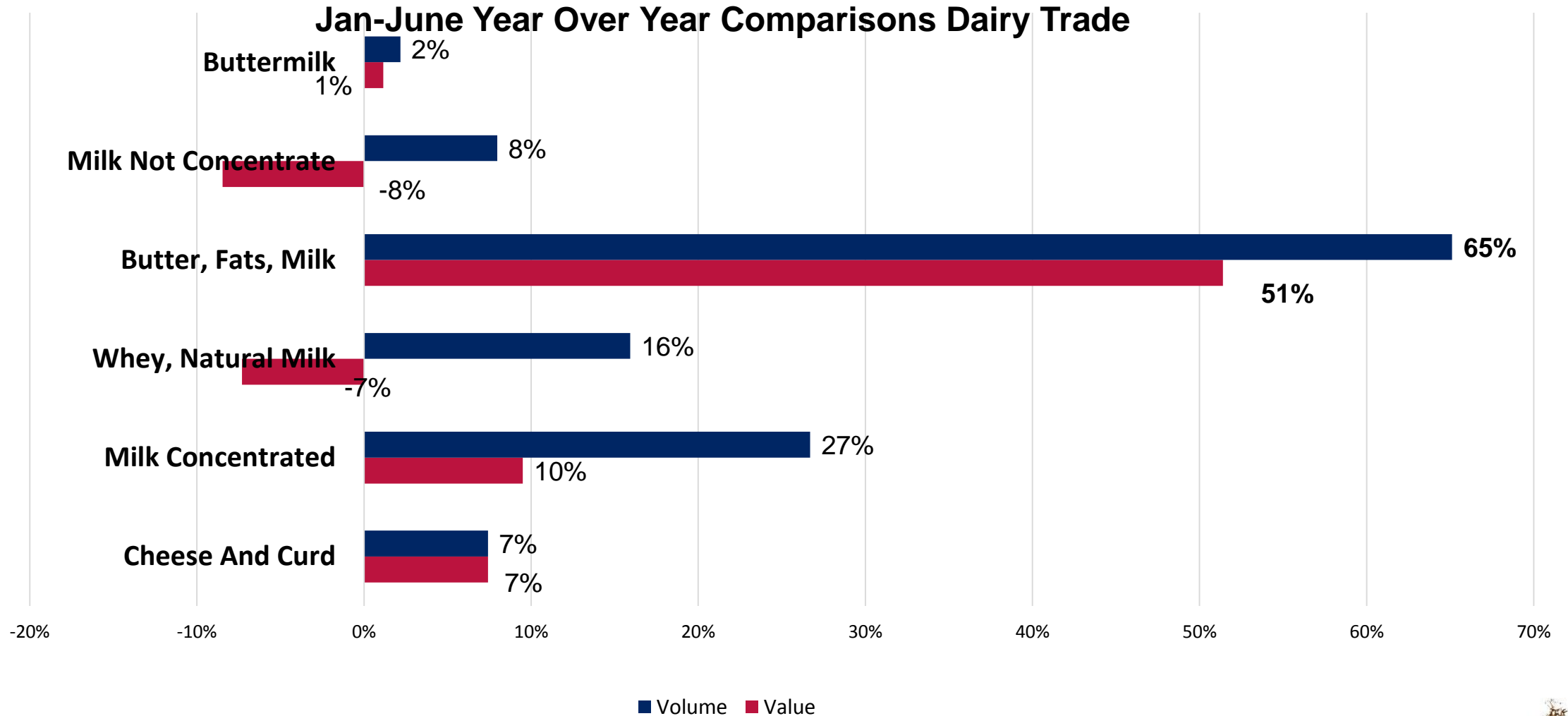
US DAIRY INDUSTRY NET EXPORT VALUES

Annual



Data Source: USDA-FAS, Compiled & Analysis by LMIC

Trade Remains Critical

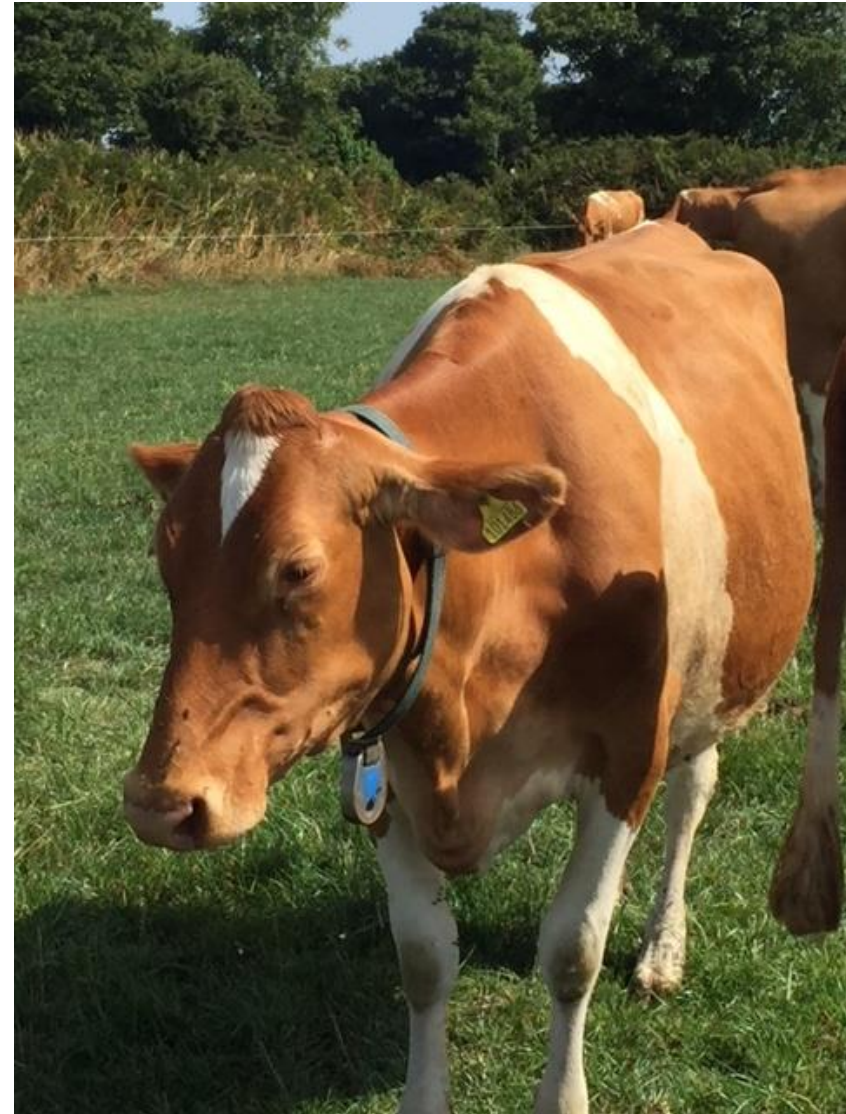


Data Source: USDA-FAS, Compiled & Analysis by LMIC



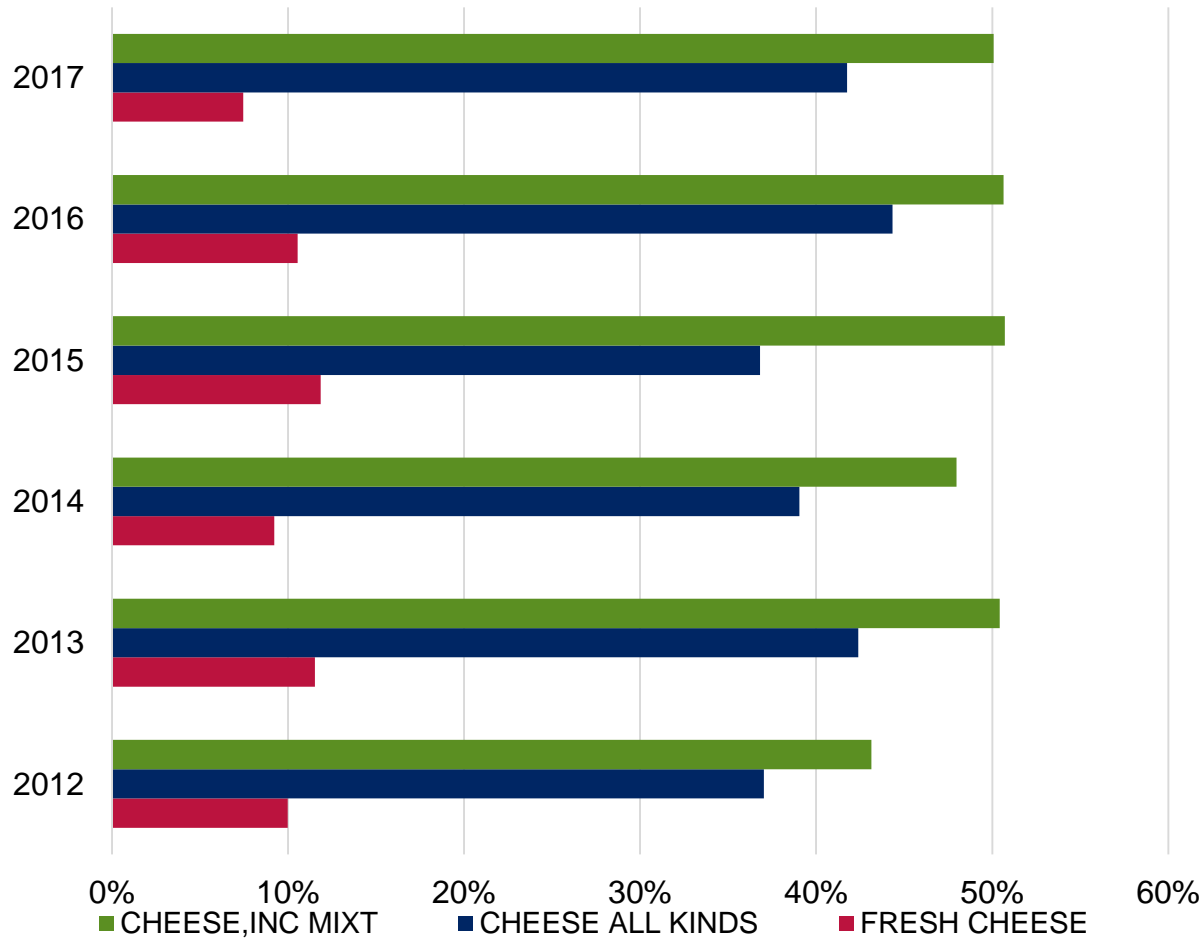
The Tariff Lists/Rate Effective Date

- Mexico: Cheese, July 5
- China: Dairy, July 1
- Canada: Yogurt, July 1

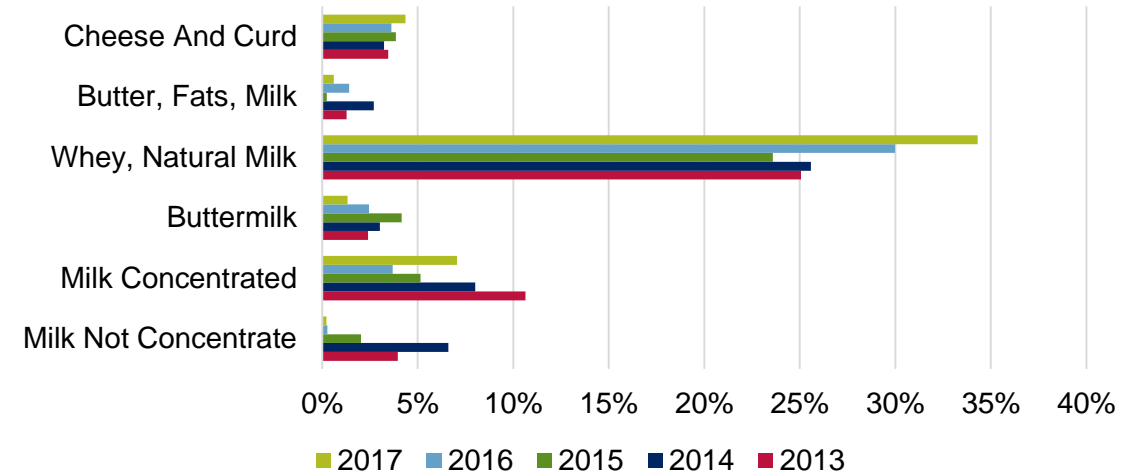


Percent of U.S. Exported Value by HTS Code

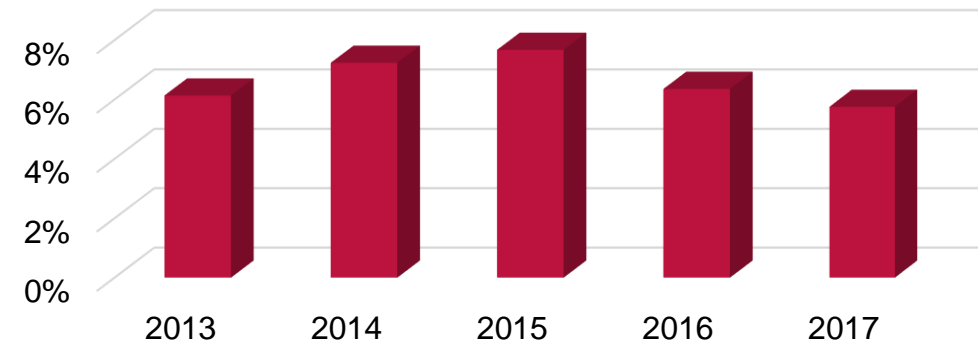
Mexican Cheese Shipments % of Value



China Shipments As a % of Value



Canada Shipments As a % of Value

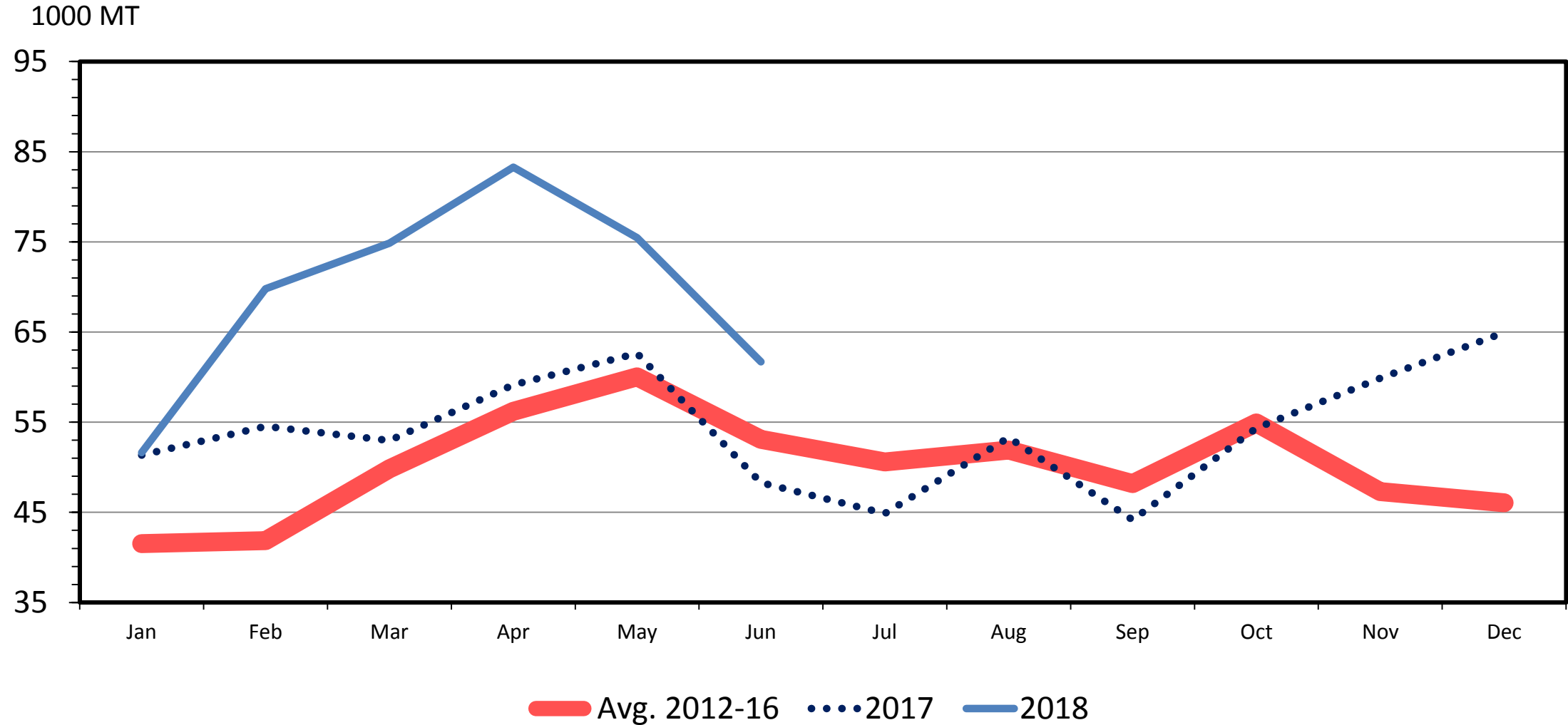


Data Source: USDA-FAS, Compiled & Analysis by LMIC



MILK AND CREAM EXPORTS

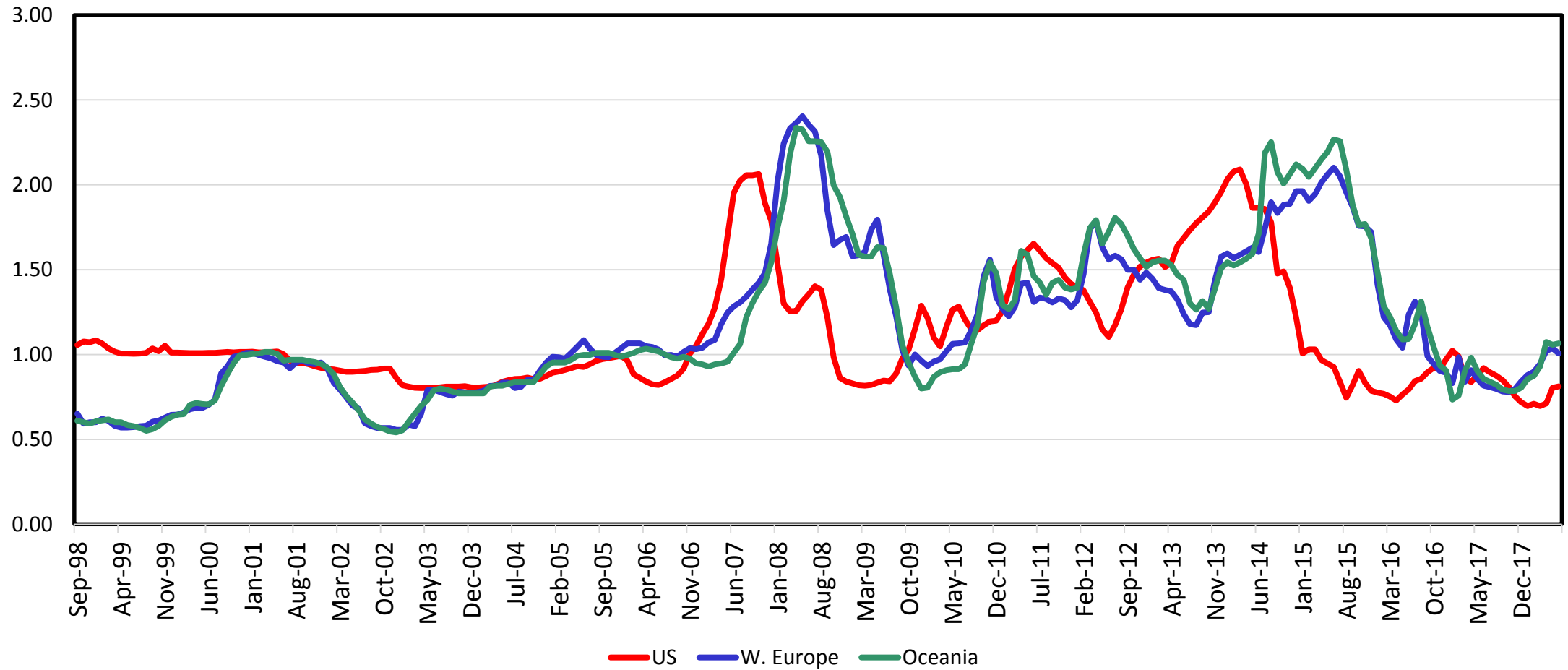
Concentrated or Sweetened, Monthly



Data Source: USDA-FAS

INTERNATIONAL NONFAT DRY MILK PRICES

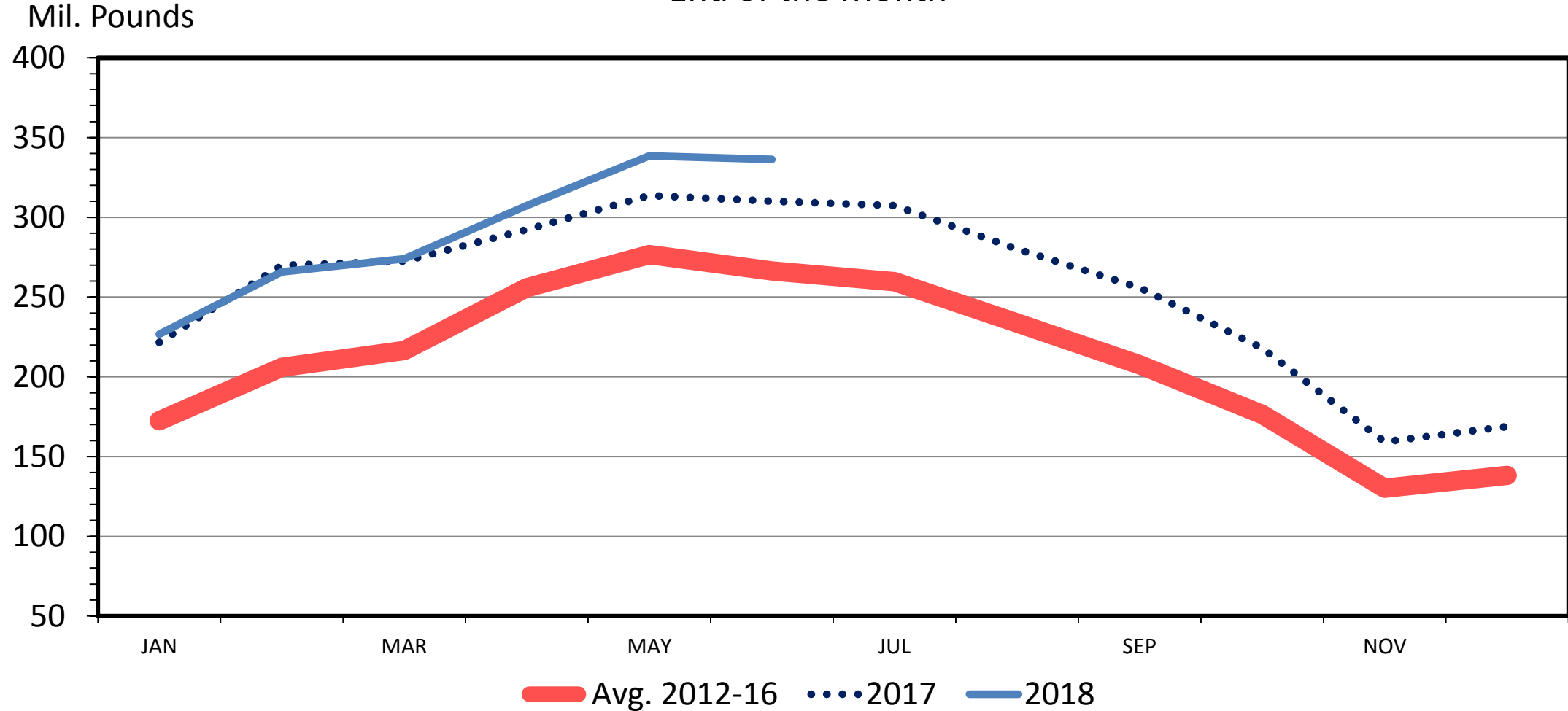
Monthly Averages



Data Source: USDA-AMS

BUTTER IN COLD STORAGE

End of the Month



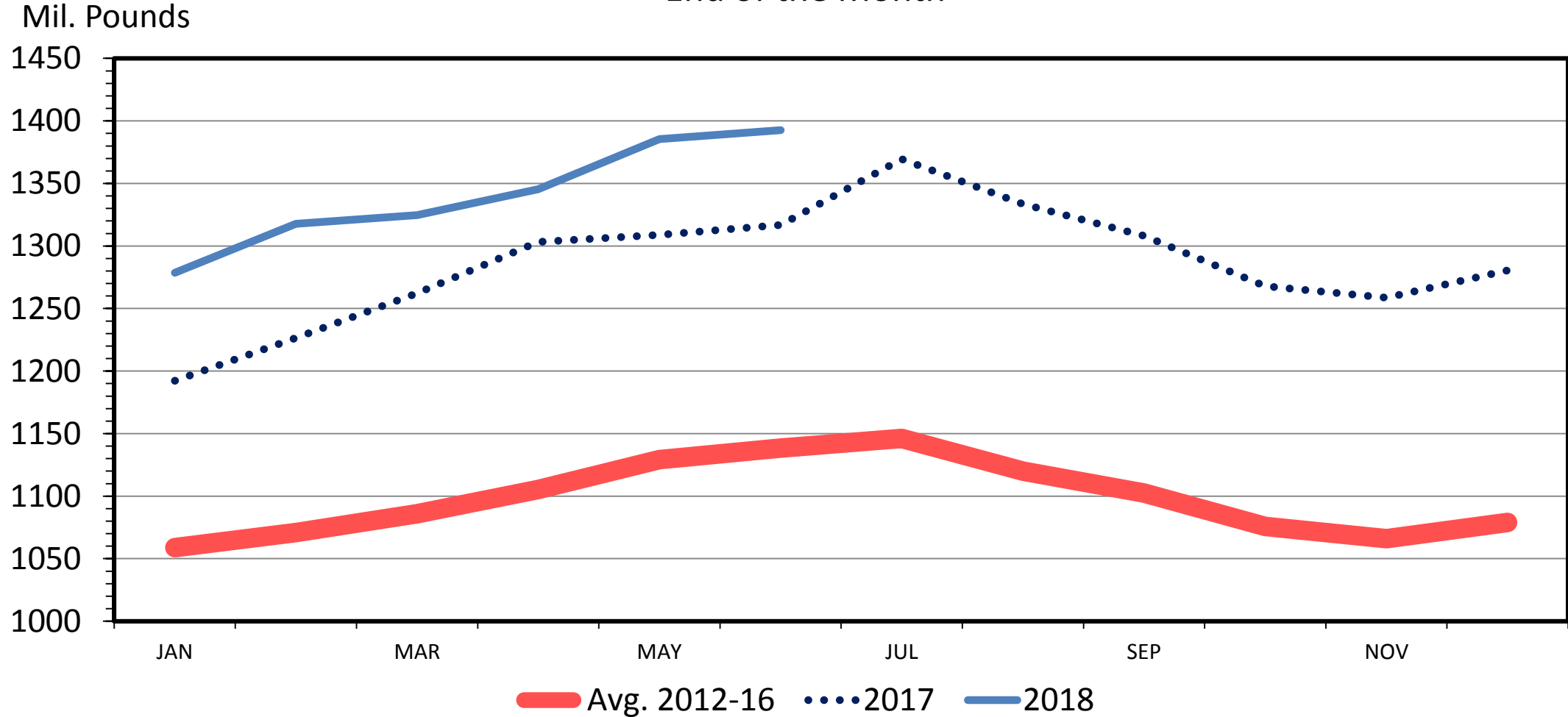
Data Source: USDA-NASS

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07/23/18

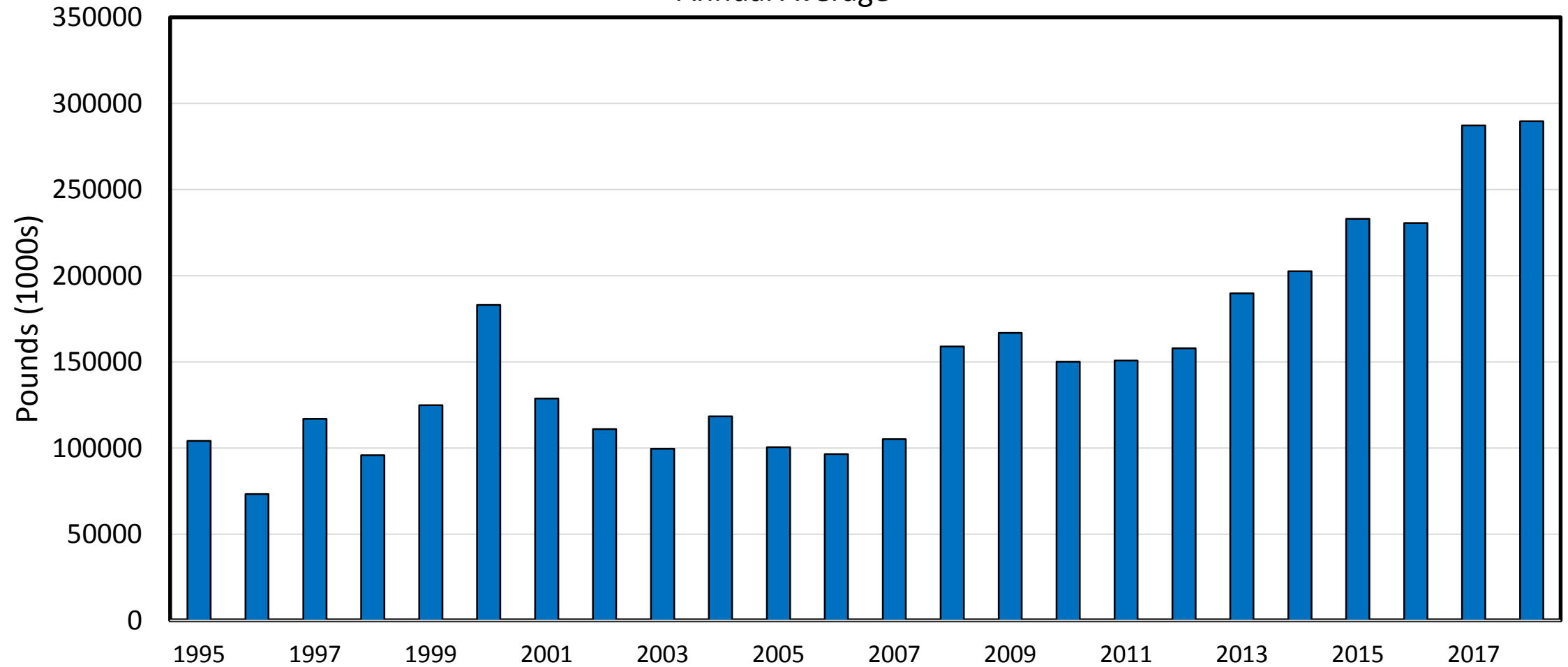
TOTAL CHEESE IN COLD STORAGE

End of the Month



COMMERCIAL STOCKS OF NONFAT DRY MILK

Annual Average



Data Source: USDA-NASS

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Pressure on Dairy Moving Forward

- Exports are Good, but...
 - Shipping at lower prices
 - Mexico Tariffs
- Larger Dairies Still Above COP, but...
 - Regional Differences Exist
 - Prices expected to be systemically lower for the next 2-3 years



**U.S. QUARTERLY MILK PRODUCTION, COMMERCIAL
DISAPPEARANCE, AND SELECTED PRICES ^a**

08/08/18
10.111

Year Quarter	Average Number Milk Cows (1,000 Head)	% Chg. from Year Ago	Production Per Cow (Lbs.)	% Chg. from Year Ago	Total Milk Production (Mil. Lbs.)	% Chg. from Year Ago	Fluid Product Sales (Mil. Lbs.)	% Chg. from Year Ago	Class III Price (\$/Cwt.)	% Chg. from Year Ago	US All Milk Price (\$/Cwt.)	NCE/CME 40# Block Price (\$/LB.)
2013												
I	9227	(0.32)	5479	(0.64)	50557	(1)	13078	(3)	17.44	7.1	19.50	1.654
II	9233	(0.28)	5634	1.28	52022	1	12543	(2)	18.04	13.8	19.57	1.781
III	9227	0.17	5356	1.36	49421	2	12654	(2)	17.81	0.0	19.60	1.751
IV	9203	-	5350	0.27	49231	0	13238	(3)	18.67	(7.5)	21.50	1.872
Year	9223	(0.11)	21819	0.56	201231	0	51513	(3)	17.99	2.6	20.04	1.764
2014												
I	9216	(0.12)	5535	1.02	51007	0.89	12894	(1.41)	22.61	29.6	24.50	2.258
II	9253	0.21	5717	1.46	52896	1.68	12118	(3.39)	22.75	26.1	24.23	2.094
III	9271	0.48	5520	3.06	51176	3.55	12192	(3.65)	22.82	28.1	24.40	2.173
IV	9288	0.92	5488	2.59	50975	3.54	12914	(2.45)	21.19	13.5	22.77	1.913
Year	9257	0.37	22260	2.02	206054	2.40	50118	(2.71)	22.34	24.2	23.98	2.109
2015												
I	9309	1.01	5579	0.80	51936	1.82	12598	(2.30)	15.73	(30.4)	17.00	1.538
II	9321	0.73	5763	0.82	53720	1.56	11959	(1.31)	16.24	(28.6)	16.77	1.642
III	9315	0.48	5548	0.51	51685	0.99	11766	(3.49)	16.14	(29.3)	17.00	1.679
IV	9321	0.36	5503	0.27	51292	0.62	12811	(0.80)	15.07	(28.9)	17.77	1.582
Year	9317	0.64	22394	0.60	208633	1.25	49134	(1.96)	15.80	(29.3)	17.13	1.610
2016												
I	9312	0.03	5691	2.01	52998	2.04	12543	(0.44)	13.75	(12.6)	15.70	1.479
II	9323	0.02	5828	1.12	54331	1.14	11915	(0.37)	13.20	(18.7)	14.80	1.412
III	9331	0.17	5636	1.58	52590	1.75	12020	2.16	16.18	0.2	16.90	1.689
IV	9344	0.25	5620	2.13	52517	2.39	12660	(1.18)	16.33	8.4	17.80	1.738
Year	9328	0.12	22775	1.70	212436	1.82	49138	0.01	14.87	(5.9)	16.30	1.580
2017												
I	9369	0.61	5717	0.45	53562	1.06	12280	(2.10)	16.49	19.9	18.23	1.580
II	9399	0.82	5888	1.04	55344	1.86	11648	(2.24)	15.74	19.2	16.83	1.575
III	9402	0.76	5687	0.91	53473	1.68	11732	(2.40)	16.13	(0.3)	17.70	1.660
IV	9398	0.57	5649	0.51	53087	1.09	12400	(2.05)	16.34	0.1	17.73	1.627
Year	9392	0.69	22941	0.73	215466	1.43	48060	(2.19)	16.17	8.8	17.63	1.611
2018												
I	9406	0.39	5780	1.11	54367	1.50	12066	(1.74)	13.87	(15.9)	15.67	1.524
II ^b	9403	0.04	5933	0.77	55790	0.81	11469	(1.54)	14.95	(5.0)	16.10	1.603
III ^c	9405	0.03	5745	1.02	54032	1.04	11673	(0.50)	15.90-16.10	(0.8)	16.15-16.35	1.69-1.71
IV ^c	9409	0.12	5711	1.10	53735	1.22	12371	(0.23)	16.25-16.75	1.0	16.75-17.25	1.73-1.78
Year	9406	0.14	23170	0.99	217924	1.14	47579	(1.00)	16.05-16.45	0.5	16.43-16.83	1.71-1.75
2019												
I ^c	9413	0.08	5779	(0.02)	54398	0.06	12246	1.49	15.75-16.25	15.3	16.25-16.75	1.63-1.68
II ^c	9430	0.29	5946	0.21	56071	0.50	11660	1.67	15.50-16.00	5.3	16.25-16.75	1.63-1.68
III ^c	9432	0.29	5740	(0.09)	54140	0.20	11698	0.21	16.00-17.00	3.1	17.00-18.00	1.70-1.80
IV ^c	9437	0.30	5706	(0.09)	53848	0.21	12396	0.20	16.75-17.75	4.5	17.50-18.50	1.75-1.85
Year	9428	0.24	23171	0.01	218456	0.24	48000	0.88	15.88-16.88	0.8	16.63-17.63	1.66-1.76



Questions?



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