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MD DA640 Nonfat Dry Milk - West

MADISON, WI. January 05, 2017 (REPORT 1)

NONFAT DRY MILK - WEST

Western low/medium heat nonfat dry milk (NDM) f.o.b. prices are mixed as the bottom price of the range and mostly series shifted up, but the top held steady. At this point, the market undertone is steady to firmer. Most regional balancing plants were actively processing NDM over the past holiday weekend into the first half of the current week. Therefore, inventories are steady to higher, but are highly committed to cover Q1 contract needs. Consequently, offers from manufacturers are limited in the spot market and trading activity has been light throughout the week. Domestic demand from the food-processing sector is fair to good. In addition, the demand from Mexico is improving. High heat nonfat dry milk prices are unchanged on light trading. Production is sporadic, mostly based on contractual needs. Inventories are very tight. The CME Group monthly average price for Grade A NDM during December was \$1.0019, compared to \$0.7685 a year ago. The December 2016 Dairy Market News monthly average for the West low/medium heat nonfat dry milk mostly series is \$0.9907 compared to \$.7662 a year ago. The average for Western high heat nonfat dry milk is \$1.0797 compared to \$.9870 a year ago. According to California Department of Food and Agriculture (CDFA), November 2016 nonfat dried milk (NDM) production in California totaled 38.6 million pounds, 19.5% lower than a year ago. From January through November 2016, NDM production totaled 513.8 million pounds, down 20.8% from the same period in 2015.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A

LOW/MEDIUM HEAT: .9650 - 1.0700 MOSTLY: 1.0000 - 1.0500

HIGH HEAT: 1.0550 - 1.1650

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