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MD DA640 Nonfat Dry Milk - West

MADISON, WI. January 12, 2017 (REPORT 2)

NONFAT DRY MILK - WEST

F.O.B spot prices for western low/medium heat nonfat dry milk (NDM) are mixed on the range, but higher on the mostly series. There are different opinions from industry participants about the current market situation. Some manufacturers think NDM supplies are in good balance and the strong demand from Mexico is boosting prices. Conversely, some buyers/end users point out that in general, inventories are readily available in the market and there is not a solid explanation for the straightening in NDM values. Currently, some traders have held a considerable amount of NDM stocks as they anticipate higher prices in the near term as futures values continue improving. Production is active as moderate to heavy condensed skim volumes continue clearing into dryers in most balancing plants. Inventories are steady to higher, but highly committed thru Q1. Prices for high heat nonfat dry milk are steady on very light trading. Production is irregular, mainly driven by contractual requirements. Inventories continue to be very tight. The NASS Dairy Products report noted U.S. human NDM production during November 2016 in the West region totaled 72.2 million pounds, 10.4 percent lower than one year ago, and 13.1 percent below the previous month. Total U.S. human NDM production during November 2016 was 126.8 million pounds, 0.9 percent lower than last year. During January-November 2016, U.S. human NDM production totaled 1.593 billion pounds, 4.7 percent less than the same period in 2015. Total U.S. NDM, human, month ending stocks for November were 215.8 million pounds, 8.5 percent above a year ago. According to FAS, during November, U.S. NDM exports totaled 120 million pounds, 28% higher than a year ago. From January-November, U.S. NDM exports totaled 1,147 million pounds, 1.6% above last year during the same time span.

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

LOW/MEDIUM HEAT: .9625 - 1.1000 MOSTLY: 1.0200 - 1.0700

HIGH HEAT: 1.0550 - 1.1650

U.S. NDM Exports, H.S. Code 0402100000(FAS)

	2016 Exports (Million Lb.)	% Change From 1 Year Ago
November Total	120.0	+ 28
TOTAL, JAN - NOV	1,146.7	+ 1.6
1 Mexico	493.0	- 2
2 Philippines	173.3	+ 32
3 Indonesia	108.2	+ 37
4 Vietnam	55.8	- 19
5 Malaysia	50.5	+ 4

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