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MD DA640 Nonfat Dry Milk - West

MADISON, WI. February 09, 2017 (REPORT 6)

NONFAT DRY MILK - WEST

The f.o.b. spot pricing for western low/medium nonfat dry milk (NDM) is mixed as some sales, based on specific brand, pushed up the top of the range. Nevertheless, prices are lower on the mostly series, in line with downward movements on various indices. Spot trading activity is light to moderate. Currently, the market undertone is unsettled. Several buyers are pushing strong in the spot market in order to get lower values. As a result, some manufacturers have been forced to drop prices to cover immediate needs from buyers. Conversely, a few NDM processors are stocking inventories with the hope that prices will rise during the upcoming spring baking season. Furthermore, some manufacturers are confident about price trends in the future markets. Demand for low/medium NDM from Mexico is waning as some Mexican buyers/end users are looking to buy NDM/SMP from other countries aside from the United States. In addition, Mexican SMP production has been stronger compared to a couple of weeks ago. Back into the U.S. markets, low/medium heat NDM production is active throughout the western region as milk intakes step seasonally higher. Therefore, more farm milk is clearing through balancing plants into NDM. Low/medium heat NDM inventories are steady to building. High heat nonfat dry milk prices are lower on light trading. Supplies are steady. Most sales are based on contracts. Production is light as manufacturers are opting to maximize clearing condensed skim through low/medium NDM production. The CME Group monthly average price for Grade A NDM during December was \$1.0043, compared to \$0.7312 a year ago. The January 2017 Dairy Market News monthly average for the West low/medium heat nonfat dry milk mostly series is \$1.0320 compared to \$0.7399 a year ago. The average for Western high heat nonfat dry milk is \$1.1190 compared to \$0.9680 a year ago. The NASS Dairy Products report noted U.S. human NDM production during December 2016 in the West region totaled 94.5 million pounds, 3.3 percent higher than one year ago, and 30.8 percent above the previous month. Total U.S. human NDM production during December 2016 was 156 million pounds, 3.2 percent higher than last year. During January-December 2016, U.S. human NDM production totaled 1.750 billion pounds, 4.0 percent less than the same period in 2015. Total U.S. NDM, human, month ending stocks for December were 228.4 million pounds, 11.8 percent above a year ago.

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

LOW/MEDIUM HEAT: .8800 - 1.0800 MOSTLY: .9700 - 1.0200

HIGH HEAT: 1.0800 - 1.1700

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