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MD DA640 Nonfat Dry Milk - West

MADISON, WI. June 8, 2017 (REPORT 23)

NONFAT DRY MILK - WEST

F.o.b prices for Western low/medium heat nonfat dry milk (NDM) prices shifted upward at the bottom of the price range and the top of the mostly price series. The market undertone is weak. Contacts report that most sales are made in the mid \$.90s, and buyers are showing some resistance for prices in the high \$.90s. Others believe that prices are about to stabilize. Inventory levels are mixed depending on the sellers. Some processors report lower inventories, while others have steady to abundant stocks. A presence of 8-9 months inventories was noted in some plants. However, supplies are rotating as newer stocks add up. Production is a little over seasonal levels. Demand is steady to slowing down. Contacts reveal that the demand for RBST free NDM is increasing. Overall, sales continue to be largely based on contracts. Trading activities in the spot market is moderate. High heat nonfat dry milk prices are higher on the upper end of the price range and steady on the lower end. The market undertone is firming. Production is irregular, mostly aimed at meeting upcoming contractual needs. Supplies at most manufacturing plants are tight and demand is unchanged from last week. The CME Group monthly average price for Grade A NDM during May was \$0.8888, compared to \$0.7880 a year ago. The May 2017 Dairy Market News monthly average for the West low/medium heat nonfat dry milk mostly series is \$0.8882 compared to \$0.7739 a year ago. The average for Western high heat nonfat dry milk is \$1.0041 compared to \$.9098 a year ago. The NASS Dairy Products report noted U.S. human NDM production during April 2017 in the West region totaled 102.4 million pounds, 3.6 percent lower than one year ago, but 9.2 percent higher from the previous month. Total U.S. human NDM production during April 2017 was 170.9 million pounds, unchanged from last year. Cumulative human NDM production from January to April was 625.4 million pounds, 0.3 % above the previous year. Total U.S. NDM, human, month ending stocks for April were 266.3 million pounds, 5.6 percent above a year ago. According to FAS, during April, U.S. NDM exports totaled 122.5 million pounds, 20% higher than a year ago. From January-April, U.S. NDM exports totaled 449.0 million pounds, 19% above last year during the same time span. At the GDT Event 189 on June 6, skim milk powder (SMP) prices across all contract periods averaged \$.9780 per pound, up 7.9% from the last event.

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

LOW/MEDIUM HEAT: .8900 - 1.0000 MOSTLY: .9200 - .9850

HIGH HEAT: .9700 - 1.1050

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