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MD DA640 Nonfat Dry Milk - West

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NONFAT DRY MILK - WEST

In the west region, low/medium heat nonfat dry milk (NDM) f.o.b. spot prices are lower on moderate trading. With some variable indices currently at lower levels, many buyers want to close Q1 contracts ahead of any possible NDM pricing raise during Q4. NDM futures appear to be stagnant, at mid-70 cents per pound, for the remainder of the fourth quarter of 2017 and the first quarter of 2018. The low/medium heat NDM market tone is unsteady, partly due to the uncertain future of the intervention in Europe, according to some contacts. Nevertheless, NDM requests from the bakery sector are active ahead of the year-end holiday needs. The Mexican demand for NDM/SMP is still active. However, that country is receiving attractive offers from Europe, which is putting some pressure on national processors' competitiveness. Back to the U.S., NDM/SMP production is ongoing prompted by higher regional farm milk output. Low/medium heat NDM supplies are readily available to satisfy spot and contractual needs.

Meanwhile, f.o.b. spot prices for high heat NDM shifted down, in line with downward value trends for low/medium heat NDM. Production is more active compared to few weeks ago, mainly due to higher condensed skim volumes available for processing. High heat NDM stocks are building while the market is weakening.

According to California Department of Food and Agriculture (CDFA), September 2017 nonfat dried milk (NDM) production in California totaled 37.0 million pounds, 11.4 percent lower than a year ago. From January through September 2017, NDM production totaled 411.1 million pounds, down 4.7 percent from the same period in 2016.

F.O.B. WEST: Includes EXTRA GRADE and GRADE A
LOW/MEDIUM HEAT: .6700 - .8500 MOSTLY: .7200 - .8200
HIGH HEAT: .9000 - .9900

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