

Nonfat Dry Milk - Western U.S.

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In the West region, free on board (f.o.b.) spot prices for low/medium heat nonfat dry milk (NDM) adjusted slightly down on both the range and mostly series, in contrast with SMP upward pricing trends in some offshore auctions. The bottom price of both ranges reflects NDM export mainly to Mexico, while the top is mirroring several transactions in the domestic market. This week, cash trading has been moderate. Thoughts about what is currently happening in the NDM market continue to be mixed within the regional dairy industry. For example, some buyers/end users think that the NDM values are falling due to an excess of supply, compared to their steady demands. However, some manufacturers say that the NDM market is mainly in balance and prices will rise again very soon, supported by higher future values for Q3/Q4. Meanwhile, some NDM processors had to adjust prices to be more competitive in the international market, especially with Mexico, which is also buying SMP from Europe. At this point, the NDM market tone is uncertain. Having said that, several NDM buyers are taking a wait-and-see approach as they are anticipating a drop in the values of several NDM variable indexes at the beginning of Q3. Low/medium heat NDM production is less active as regional farm milk intakes are seasonally steady to decreasing. In general, NDM inventory levels vary throughout the region. Prices for high heat nonfat dry milk are lower, following low/medium heat NDM pricing trends. Sales activity outside contracts is light. Production is intermittent based on filling near-term contractual obligations. Inventories are balanced to cover contractual needs, but are slightly tight in the cash market.

Prices for: Western U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Nonfat Dry Milk

Price Range - Low & Medium Heat; \$/LB:	.7500 - .8700
Mostly Range - Low & Medium Heat; \$/LB:	.7800 - .8600

Prices for: Western U.S., All First Sales, F.O.B., Extra Grade & Grade A, Conventional, and Edible Nonfat Dry Milk

Price Range - High Heat; \$/LB:	.9300 - 1.0700
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