

Nonfat Dry Milk - Western U.S.

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Western f.o.b. spot prices for low/medium heat nonfat dry milk (NDM) are up this week. NDM future values are also on a bullish position for the rest of Q3 and Q4. With the expectations of higher prices in the short term, some processors do not hesitate to keep enough NDM stocks to be sold by the end of the current year and/or Q1 2019. This in turn is creating an apparent NDM offer decrease in the current spot market, boosting its values. At this point, the NDM demand from buyers/end users is robust. Furthermore, several NDM processors are anticipating higher interest from customers in the near term as the baking season approaches. According to some contacts, cheese fortification with NDM is active in several processing plants. Production of low/medium NDM is down as there are lower volumes of condensed skim milk in the region due to above normal temperatures throughout the region, especially in California. In addition, a considerable amount of milk is moving to bottling processing as most schools are reopening after the summer break, representing lower manufacturing milk intakes. Meanwhile, Mexico continues strongly requesting NDM/SMP from western USA as farm milk production in that country is steadily waning. Back in the U.S., prices for high heat nonfat dry milk are higher in line with low/medium NDM values. Demand in the cash market is currently steady to higher, but supplies are reported as tight. Therefore, spot sales activity is light as transactions are mainly driven to meet contractual needs.

The July 2018 Dairy Market News monthly average price for the West low/medium heat nonfat dry milk mostly series is \$0.7761 compared to \$0.8940 a year ago. The average for Western high heat nonfat dry milk is \$0.9660 compared to \$1.0226 a year ago.

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:	.7800 - .9100
Mostly Range - Low & Medium Heat; \$/LB:	.8200 - .8650

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:	.9900 - 1.0675
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