

Nonfat Dry Milk - Western U.S.

Report 2 - Released on January 10, 2019

In the western region, free on board spot prices for low/medium heat nonfat dry milk (NDM) shifted sharply up on moderate to strong trading. NDM futures values for the first two quarters of the year inched up, too. The main question this week, among the dairy industry, is whether NDM cash values bounced too quickly during the past few days. There are some main reasons according to several market participants. First, the United States dollar continues to decrease, particularly, compared to Mexican currency (pesos), therefore, in theory, it is cheaper for Mexican buyers to acquire NDM/SMP from western United States. However, knowing this, some NDM processors are taking advantage of this opportunity, increasing their prices to maximize profits. Second, with the new year starting, NDM stocks are pretty committed thru contractual needs for Q1 and Q2, thus, supplies are less available in the spot market. Finally, some manufacturers are holding several NDM loads in order to sell it at higher prices in the near future, creating an apparent lower supply in the regional market. Meanwhile, large skim milk volumes continue clearing into dryers. At this point, NDM inventories vary from plant to plant. High heat NDM price are up this week, following low/medium heat price trends. Production is sporadic, based on contractual requirements. Inventories are reported as tight throughout the region.

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: .9300 - 1.0200

Mostly Range - Low & Medium Heat; \$/LB: .9400 - 1.0000

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: 1.0900 - 1.1500

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