

Nonfat Dry Milk - Western U.S.

Report 16 - Released on April 18, 2019

In the west region, free on board cash prices for low/medium heat nonfat dry milk (NDM) adjusted higher, mirroring a firmer market tone compared to the previous week. Some NDM buyers seem to be optimistic as future values improved for Q2 and Q3. Recently, in some overseas auctions, the average price of SMP for all 2019 contracts increased slightly, which probably had some impact on the upturn movement of the regional NDM pricing, according to some market participants. Albeit NDM regional spot pricing is up, prices are still below several international SMP values, which in turn is boosting the competitive advantage of many regional manufacturers when it comes to export. As reported by some processors, the NDM market is steadily strengthening based on a robust demand within the domestic food processing market. However, not all opinions in the industry are optimistic as to some customers it seems strange that the NDM values continue raising, especially throughout the spring flush when milk intakes moving into dryers are usually higher. According to them, their demands are not outpacing supply and a few manufacturers are reserving some NDM/SMP volumes from recent production in order to sell it soon at a higher price. The international demand, specifically from Mexico, had backed down a little bit as they are thru their spring flush and some buyers are concerned about border matters. Back to the U.S., the production of low/medium nonfat dry milk is very active, sustained by higher farm milk outputs that are at or near to the seasonal peak. However, to date, production remains below the production levels of the previous year. Low/medium heat NDM inventories are stable to steadily building. Prices for high heat NDM are higher on a quiet market. Production is irregular, mostly driven by current contractual requirements. Inventories are in balance with contract needs but are tight in the spot market.

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

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|--|----------------|
| Price Range - Low & Medium Heat; \$/LB:  | .9400 - 1.0225 |
| Mostly Range - Low & Medium Heat; \$/LB: | .9800 - 1.0100 |

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

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|---------------------------------|-----------------|
| Price Range - High Heat; \$/LB: | 1.1000 - 1.1800 |
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