

Daily Dairy

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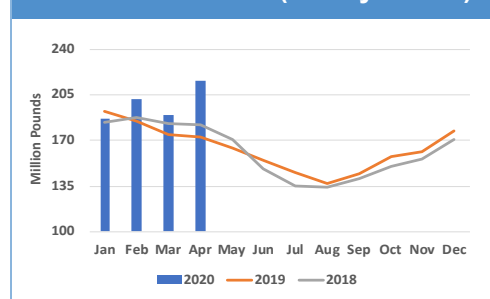
REPORT

Butter Production Hits Record High

Butter production shot to a record-high 215.7 million pounds in April, a 25.1% increase over last year, according to USDA's Dairy Products report released today. As restaurants remained shuttered and cream multiples hit multi-year lows, churns ran heavily in April. But the cream market reversed course and tightened considerably in May. This, coupled with strong retail demand, propelled the CME spot butter price up 29¢ today to a 2020 high. As cream headed to butter in April, skim solids ended up in powder, raising manufacturer's stocks of nonfat dry milk to 392.6 million pounds, up 12.5% vs. March. Manufacturers' stocks of NDM in April were the highest on record but much less than historic government stockpiles. April cheese production fell 1.7% to 1.07 billion pounds, driven mostly by a decrease in production of Italian-style cheeses, while American-style cheese, especially Cheddar, saw gains. Nevertheless, the spot market continued to cry for fresh product today, with both block and barrel prices logging increases.

Meanwhile, U.S. dairy exports in April

Butter Production (30 Day Month)



slipped vs. March but managed to remain above prior-year levels, according to USDA's Global Agricultural Trade System data. Exports of nonfat dry milk (NDM) and whey demonstrated surprising resilience, rising year over year by 19.9% and 12.4%, respectively and compensating for weak Mexican sales with additional shipments into Asian markets. Dragged down by lackadaisical consumer demand and unfavorable exchange rates, the United States sent just 41.7 million pounds of NDM to Mexico in April, the lowest monthly volume since July 2016. However, exports

were up dramatically to the Philippines, Indonesia, and Malaysia as these less-developed markets scrambled to lap up inexpensive U.S. milk powder.

Reduced Mexican demand also weighed on U.S. exports of butter and cheese in April. Exports of cheese totaled just 58.9 million pounds, down 17.6% compared to the same month last year. In the case of cheese, however, weak shipments to South Korea and Japan, down 16.7% and 27.7%, respectively, could not counteract the 24.2% contraction in exports to Mexico.

CME Spot Prices

CME Spot Prices (\$/lb.)	Close	Chg. ¢	Trades
Butter	\$2.0150	+29.00	15
Cheddar Block	\$2.5250	+2.00	2
Cheddar Barrel	\$2.3700	+6.00	2
NDM Grade A	\$1.0000	-1.75	13
Dry Whey	\$0.3400	+1.25	6
Corn Futures (JUL)	\$3.2900	+5.00	NA
Soybean Futures (JUL)	\$8.6775	+10.25	NA
Soybean Meal Futures (JUL)	\$289.80	+350.00	NA
Live Cattle Futures (JUL)	\$97.925	+57.50	NA

June 4 Trading Activity

	CME Futures (United States)												NZX Futures (New Zealand)				EEX Futures (Europe)		
	Class III \$/cwt.	chg. ¢	Class IV \$/cwt.	chg. ¢	Cheese ¢/lb.	chg. ¢	Whey ¢/lb.	chg. ¢	Butter ¢/lb.	chg. ¢	NDM ¢/lb.	chg. ¢	WMP \$/MT	SMP \$/MT	AMF \$/MT	Butter \$/MT	SMP €/MT	Butter €/MT	Whey €/MT
JUN20	20.21	+38	14.21	+16	211.70	+3.60	37.00	+0.50	189.03	+10.0	98.15	-1.35	2,680	2,550	3,900	3,700	2,175	3,250	735
JUL	18.99	+31	15.95	+61	198.40	+2.20	36.00	+0.30	203.00	+5.00	104.65	-3.38	2,730	2,545	4,000	3,650	2,188	3,350	750
AUG	17.56	+20	16.01	+17	184.30	+2.00	35.80	NC	204.00	+5.00	106.50	-4.00	2,740	2,540	4,000	3,600	2,188	3,375	760
SEP	17.07	+5	16.21	+30	178.80	+0.20	35.15	NC	204.50	+5.00	109.25	-3.75	2,750	2,540	4,000	3,550	2,188	3,417	770
OCT	16.86	NC	16.25	-3	177.30	+0.60	35.03	NC	204.63	+5.00	110.98	-4.00	2,770	2,550	4,050	3,575	2,182	3,435	780
NOV	16.70	+4	16.06	+2	175.90	+0.10	34.73	-0.30	205.00	+5.00	112.20	-3.80	2,770	2,560	4,050	3,575	2,182	3,475	790
DEC	16.50	+8	16.15	NC	174.10	+0.40	35.00	-1.03	202.63	+5.00	113.00	-3.68	2,775	2,560	4,050	3,575	2,182	3,500	800
JAN21	16.20	NC	16.11	+1	171.00	NC	35.00	NC	198.30	+5.00	113.08	-3.73	2,770	2,590	4,050	3,500	2,280	3,525	-
FEB	16.18	+8	16.14	NC	171.00	-0.70	35.45	NC	197.30	+5.00	115.00	-2.40	2,770	2,570	4,100	3,500	2,280	3,550	-
MAR	16.14	+8	16.10	+15	171.50	-0.50	36.10	NC	192.78	+5.00	115.20	-2.25	2,770	2,575	4,100	3,500	2,280	3,550	-
APR	16.25	+15	15.88	NC	172.00	-0.40	37.38	NC	192.33	+4.80	115.83	-1.65	2,770	2,575	4,100	3,500	2,300	3,550	-
MAY	16.29	+15	15.75	NC	172.20	-0.30	37.00	-0.50	190.00	+2.48	116.18	-1.43	2,770	2,575	4,100	3,500	2,300	3,550	-

May 2020 milk prices (with chg. vs. prior month): Class III \$12.14 (-\$0.93); Class IV \$10.67 (-\$0.73)

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