

# Daily Dairy

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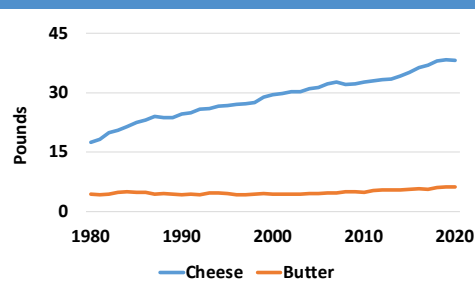
REPORT

## Ice Cream, Butter Sales Spike in Pandemic

During the unprecedented worldwide Covid-19 pandemic, consumer behavior changed substantially. Instead of eating out, consumers cooked most of their meals at home, relied more heavily on takeout and delivery, and upped their intake of comfort foods, including pizza, ice cream, butter, and meat. Whether these shifts in consumption will persist is uncertain, but recent data from USDA's Economic Research Service (ERS) confirms that even some long-term trends were at least interrupted during the pandemic.

According to recent ERS data on per-capita consumption of dairy products, dairy consumption reached an all-time high last year of 655 lbs. per person on a milk-equivalent basis, up 3 lbs. from 2019 and the third consecutive annual increase. Per-capita consumption of fluid milk held steady at 141 lbs. for the first time since 2006, breaking a long streak of year-over-year declines. However, per-capita consumption of fluid milk last year was still more than 20% lower than it was a decade ago.

### U.S. Per Capita Dairy Consumption



Data show that consumers turned to comfort foods to ward off pandemic stress or at least make it more tolerable. Consumption of butter, which has been rising for years—due in part to consumers' desire for natural products with a solid taste profile—rose to 6.3 lbs. per capita last year, an increase of 1.6% from 2019 levels. Last year, consumers ate nearly 30% more butter than a decade earlier. Ice cream's popularity also increased during the pandemic, with consumption of regular ice creams up 3.5% to 12.7 lbs. per person,

and low-fat and no-fat ice cream rising 1.5% to 6.9 lbs. per person. The increases in both categories mark two years of back-to-back gains. According to the International Dairy Foods Association, retail sales of ice cream rose as much as 30% in some months last year, while monthly butter sales spiked as high as 25% as consumers packed their freezers. Buttermilk consumption also ticked higher last year, likely due to the pandemic home-baking craze.

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### CME Spot Prices

CME Spot Prices (\$/lb.)	Close	Chg. ¢	Trades
Butter	\$1.7750	-4.50	9
Cheddar Block	\$1.7800	-2.75	3
Cheddar Barrel	\$1.7900	NC	0
NDM Grade A	\$1.5325	-0.50	2
Dry Whey	\$0.6025	-0.25	2
Corn Futures (DEC)	\$5.2575	+9.00	NA
Soybean Futures (NOV)	\$12.1775	+11.50	NA
Soybean Meal Futures (DEC)	\$326.70	+1260.00	NA
Live Cattle Futures (DEC)	\$130.975	+67.50	NA

### October 15 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
OCT21	17.94	+2	17.05	+2	178.00	+0.40	54.98	NC	176.25	NC	136.28	+0.43	3,740	3,375	5,935	4,900	2,840	4,634	992
NOV	19.28	-8	18.07	NC	189.60	+0.10	58.78	-0.98	181.00	-2.78	145.50	+0.50	3,865	3,530	5,980	4,910	2,925	4,788	1,020
DEC	18.76	-9	18.54	-1	183.90	-0.10	59.00	-1.00	180.03	-4.00	150.50	+0.50	3,860	3,515	6,005	4,950	2,940	4,805	1,020
JAN22	18.16	+2	18.32	-2	177.40	-1.10	58.50	-0.30	179.00	-1.25	150.60	+0.28	3,875	3,550	6,010	4,940	3,015	4,800	975
FEB	18.05	+3	18.22	NC	176.80	NC	58.00	NC	179.50	-0.75	148.50	-0.50	3,870	3,550	6,020	4,945	3,015	4,775	975
MAR	18.10	+6	18.24	-6	177.70	NC	57.55	+0.05	183.50	-0.60	147.53	-0.48	3,870	3,550	5,910	4,850	3,010	4,750	975
APR	18.09	+1	18.15	-10	177.70	NC	57.00	-0.53	184.50	-1.50	146.00	-0.50	3,855	3,550	5,900	4,850	2,970	4,675	940
MAY	18.08	-2	18.10	-6	178.80	-0.20	57.05	+0.05	185.98	-0.53	145.18	-0.58	3,845	3,535	5,730	4,850	2,925	4,650	940
JUN	18.10	-2	18.05	-9	179.00	-0.20	56.50	-0.50	187.00	NC	144.40	-0.40	3,835	3,495	5,720	4,850	2,905	4,625	940
JUL	18.14	NC	18.06	NC	179.90	-0.30	55.13	+0.13	186.03	NC	144.25	NC	3,750	3,450	5,710	4,750	2,940	4,475	925
AUG	18.20	-1	18.06	-3	180.90	-0.10	54.50	NC	187.50	NC	143.50	-0.13	3,750	3,450	5,700	4,750	2,925	4,465	925
SEP	18.20	NC	18.03	-1	180.90	-0.10	54.00	NC	187.75	NC	142.78	-0.25	3,750	3,375	5,930	4,850	2,910	4,455	925

September 2021 milk prices (with chg. vs. prior month): Class III \$16.53 (+\$0.58); Class IV \$16.36 (+\$0.44)

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## Weekly Feature

### ...dairy remains popular with consumers

Total cheese sales, however, slowed slightly in 2020 despite climbing pizza sales. While year-over-year per-capita consumption of American-style cheeses ticked 0.1 lb. higher to 15.6 lbs., consumption of other-than-American cheeses fell 0.2 lbs. to 22.6 lbs. per person, likely due to the struggles experienced by dine-in eating establishments. But for many pizza chains and independent pizzerias, which have excelled at delivery and take out for decades, the pandemic proved to be a sales boon. For instance, for the first nine months of 2020, combined revenues at Domino's and Papa John's climbed nearly 12% or \$432 million.

According to the National Restaurant Association, 2020 restaurant sales of \$659 billion were 36% lower than expected, and 110,000 restaurants remain either permanently or temporarily closed. At the same time, a much smaller number

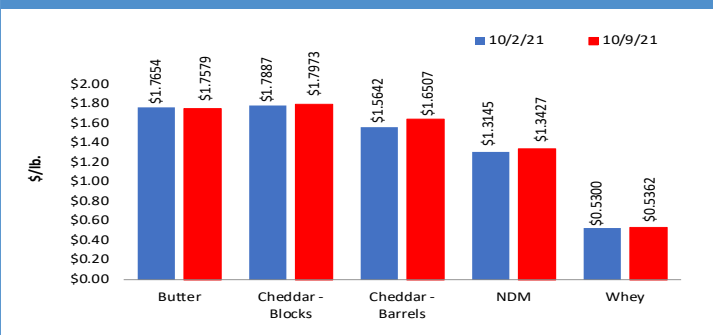
of restaurants, 11,000, opened during the pandemic, and 2,000 of those were pizzerias, the most of any restaurant category. However, it appears that pizza sales last year were not strong enough to offset the decline in cheese consumption at other restaurants, especially those serving cheese-laden entrees.

At the same time per capita dairy consumption hit all-time highs last year, U.S. meat and poultry consumption also reached a new record high of 224.63 lbs. per person, outpacing 2019's 224.1 lbs. according to ERS. While some in the alternative market like to tout the rising popularity of plant-based protein alternatives, often going so far as to suggest that these products are rapidly eroding the market share of dairy and meat, sales and consumption suggest that dairy and meat remain as popular as ever.

## CME Group Spot Dairy Product Prices (\$/lb.)

	Monday	Tuesday	Wednesday	Thursday	Friday	Weekly Average	Change vs. Prior Week	Weekly Volume
Butter	\$1.7200	\$1.7600	\$1.8200	\$1.8200	\$1.7750	\$1.7790	\$0.0800	30
Cheddar Block	\$1.7950	\$1.7825	\$1.7600	\$1.8075	\$1.7800	\$1.7850	\$(0.0215)	9
Cheddar Barrel	\$1.7650	\$1.7500	\$1.7450	\$1.7900	\$1.7900	\$1.7680	\$(0.0175)	8
Grade A NDM	\$1.4600	\$1.4550	\$1.4850	\$1.5375	\$1.5325	\$1.4940	\$0.0640	13
Dry Whey	\$0.5950	\$0.6000	\$0.6000	\$0.6050	\$0.6025	\$0.6005	\$0.0090	7

## AMS Weekly NDPSR Prices (\$/lb.)



## Futures and Options

Futures	Weekly Volume	Open Interest	Options	Weekly Volume	Open Interest
Class III	6,010	23,184	Class III	6,541	89,874
Class IV	882	5,871	Class IV	1,697	21,916
Butter	833	7,469	Butter	206	6,724
Cheese	1,795	18,385	Cheese	265	14,620
Dry Whey	269	3,217	Dry Whey	10	1,067
NDM	1,518	8,017	NDM	846	11,325

Mon. - Thurs. Trading Volume. Open Interest as of 10/14/2021

## USDA Dairy Market News Prices (\$/lb.) Week ending October 15

	Range	Mostly Range	Mostly Average	Change vs. Prior Week	Market Comments
Buttermilk Central	\$1.2400 to \$1.3100	NA	NA	NC	Market is steady
Buttermilk West	\$1.2400 to \$1.3300	\$1.2800 to \$1.3050	\$1.2925	\$0.0225	Market is higher
Dry Whey Central	\$0.4500 to \$0.6100	\$0.5450 to \$0.5850	\$0.5650	\$0.0175	Market is higher
Dry Whey West	\$0.5275 to \$0.6000	\$0.5425 to \$0.5900	\$0.5663	\$0.0087	Market is higher
Whey Protein Conc.	\$1.0700 to \$1.3300	\$1.1100 to \$1.2050	\$1.1575	\$0.0138	Market is higher
Lactose	\$0.3300 to \$0.5500	\$0.3700 to \$0.4800	\$0.4250	\$(0.0100)	Market is lower
NDM Central/East	\$1.3800 to \$1.5200	\$1.4300 to \$1.4800	\$1.4550	\$0.0600	Market is higher
NDM West	\$1.3600 to \$1.4625	\$1.4000 to \$1.4400	\$1.4200	\$0.0600	Market is higher
Whole Milk Powder	\$1.8500 to \$1.9800	NA	NA	\$0.0250	Market is higher