

SITUATION AND OUTLOOK FOR THE U.S. DAIRY INDUSTRY

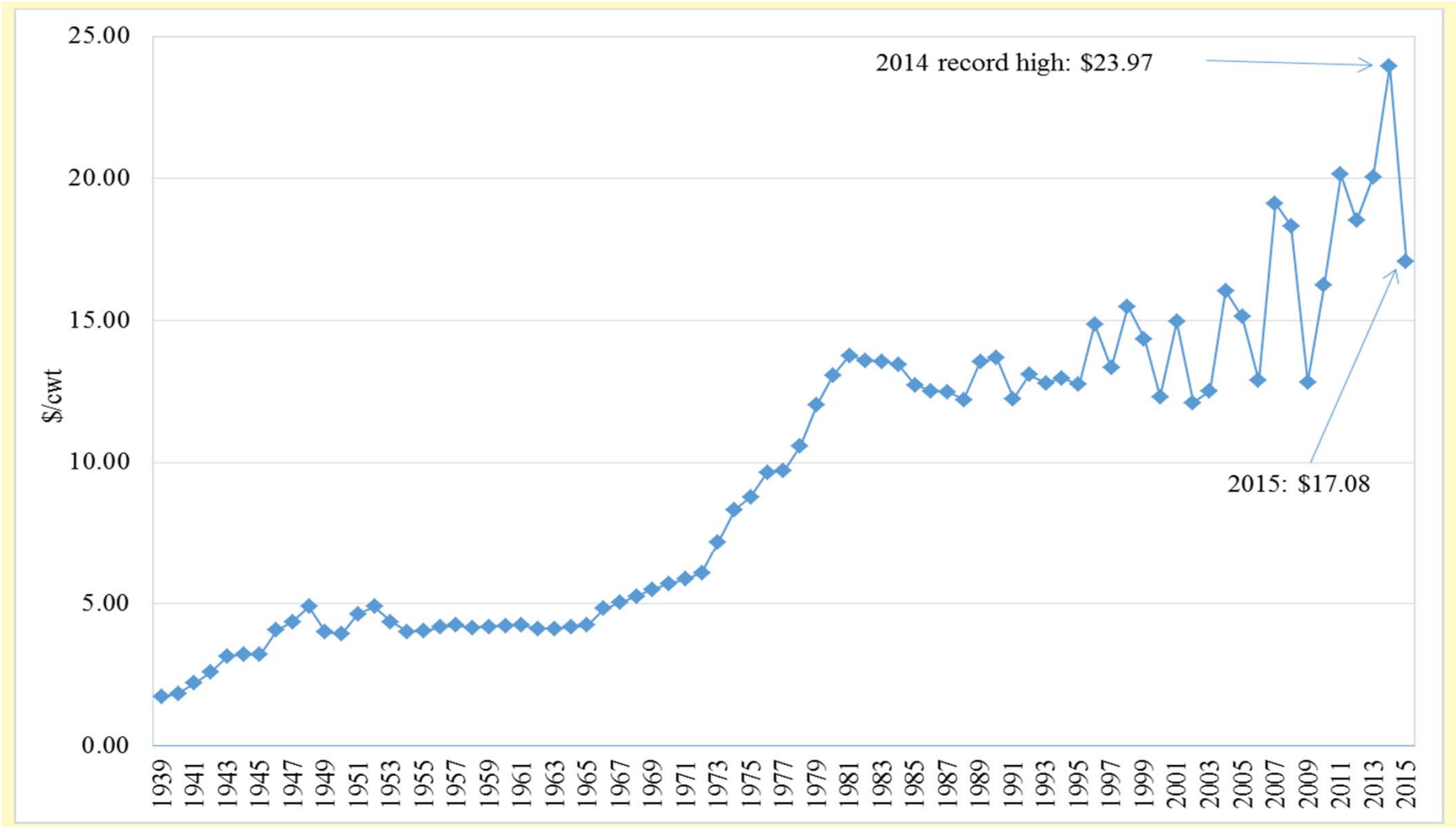
Amanda Steeneck
Agricultural
Economist
USDA Agricultural
Marketing Service
Dairy Program

February 26, 2016

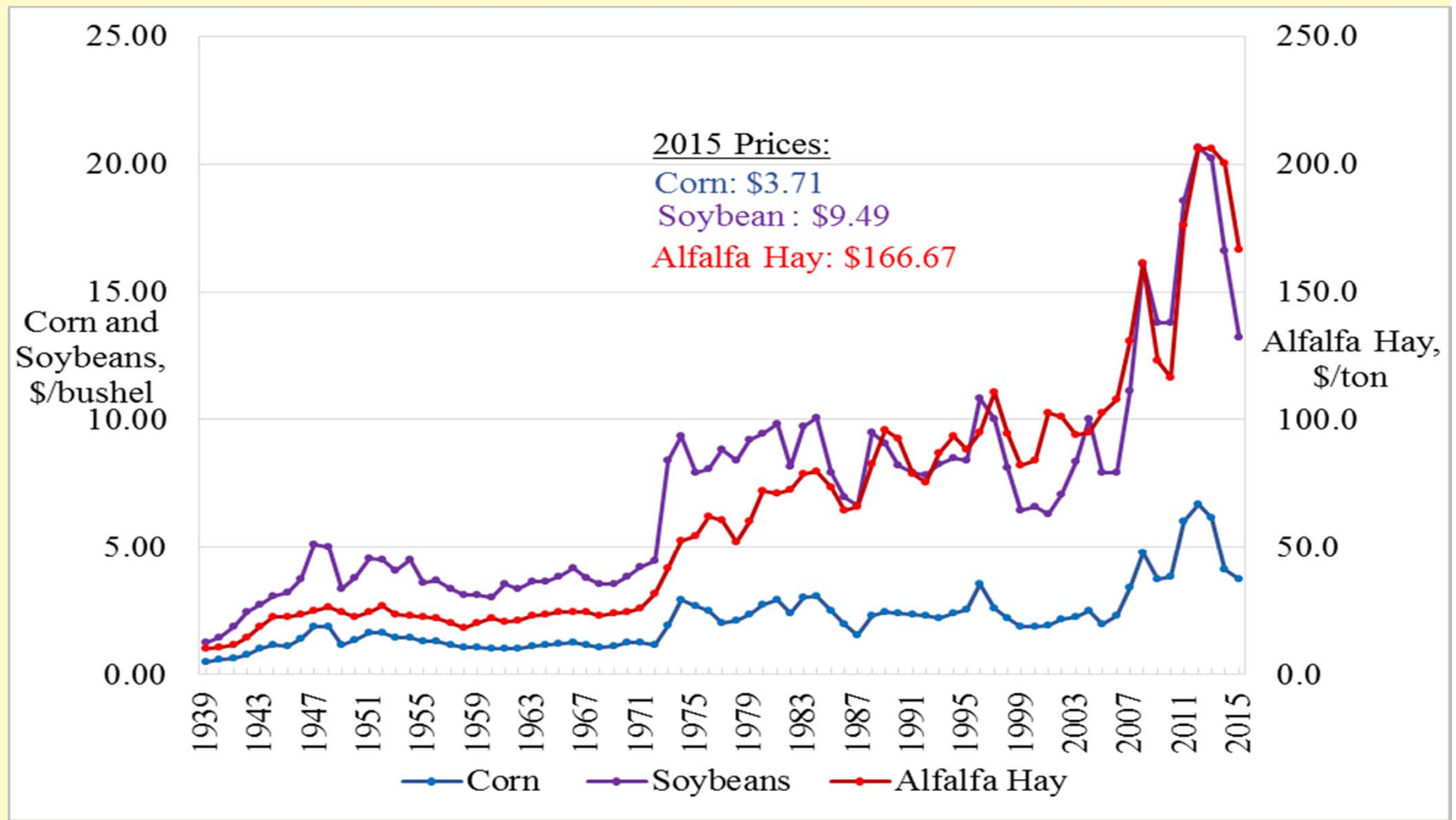
2015 REVIEW

- **Milk Production increased by 2.6 billion pounds**
- **All-Milk Price: \$17.08 per cwt.**
- **Commercial Disappearance**
 - **Fat ME Basis: 202.6 billion pounds**
 - **Skim Solids ME Basis: 175.6 billion pounds**
- **Stocks**
 - **Fat ME Basis: 13.3 billion pounds**
 - **Skim Solids ME Basis: 13.8 billion pounds**
- **Imports**
 - **Fat ME Basis: 5.7 billion pounds**
 - **Skim Solids ME Basis: 5.9 billion pounds**
- **Exports**
 - **Fat ME Basis: 8.8 billion pounds**
 - **Skim Solids ME Basis: 37.3 billion pounds**

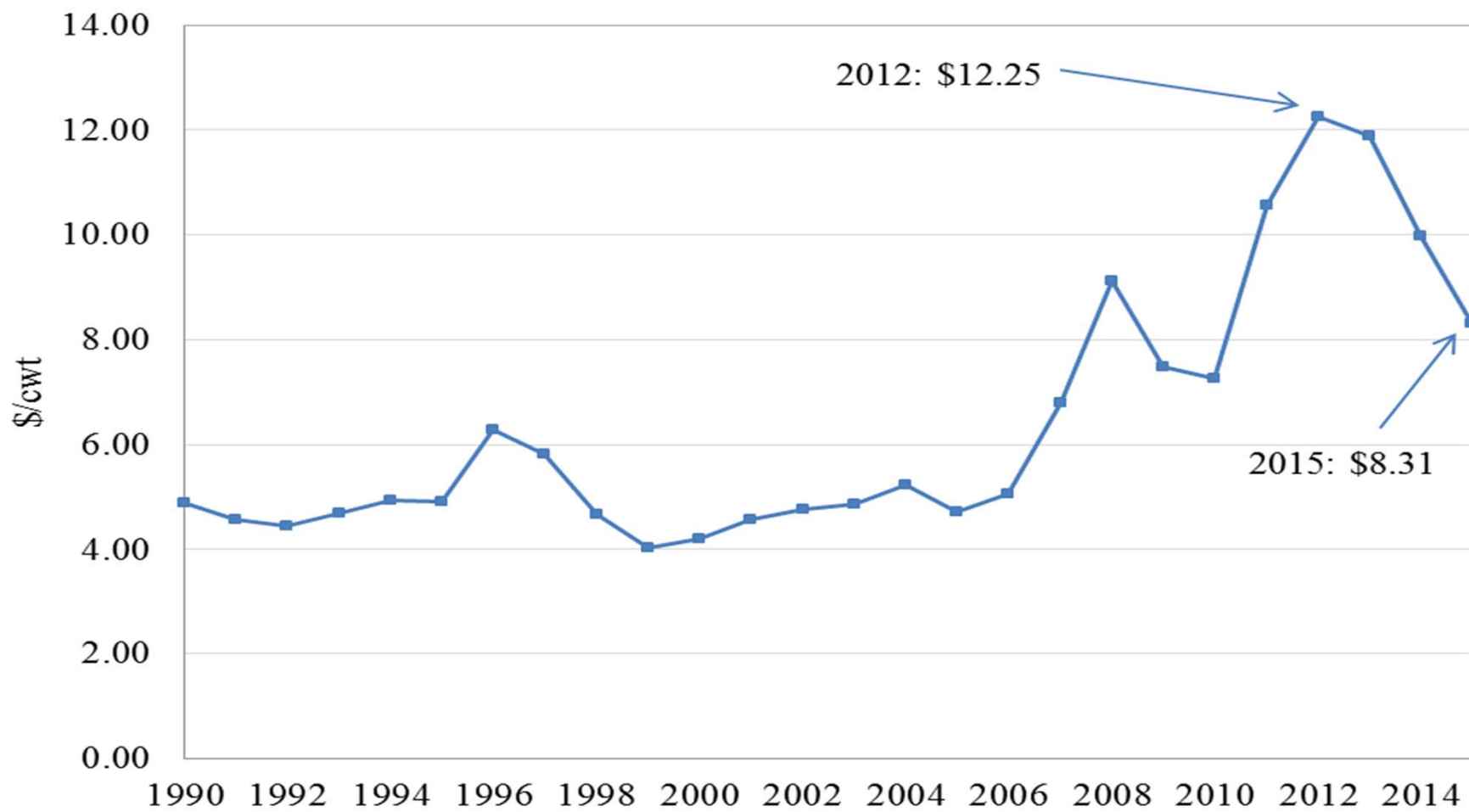
ALL-MILK PRICE



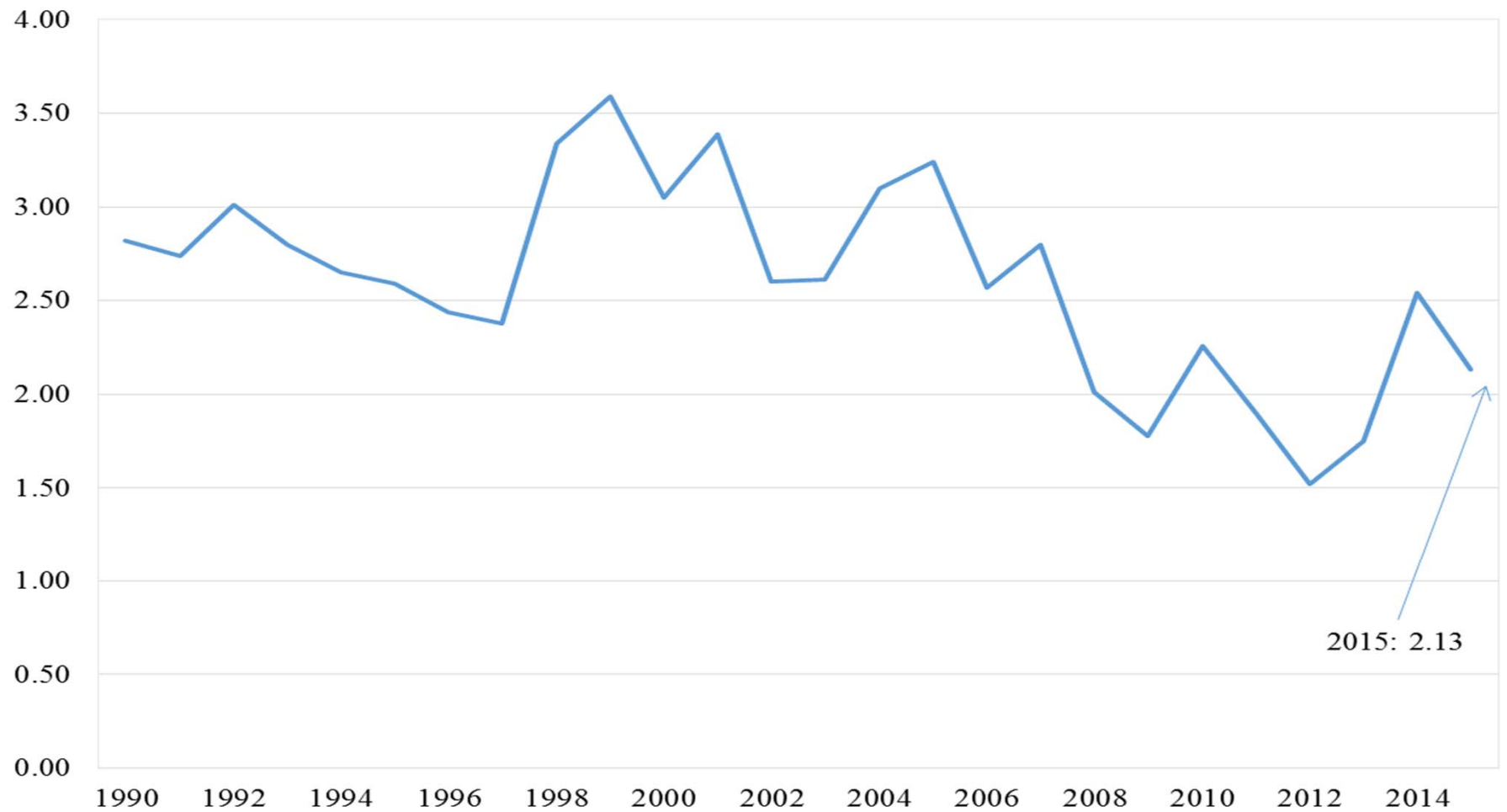
PRICES OF FEEDSTUFF



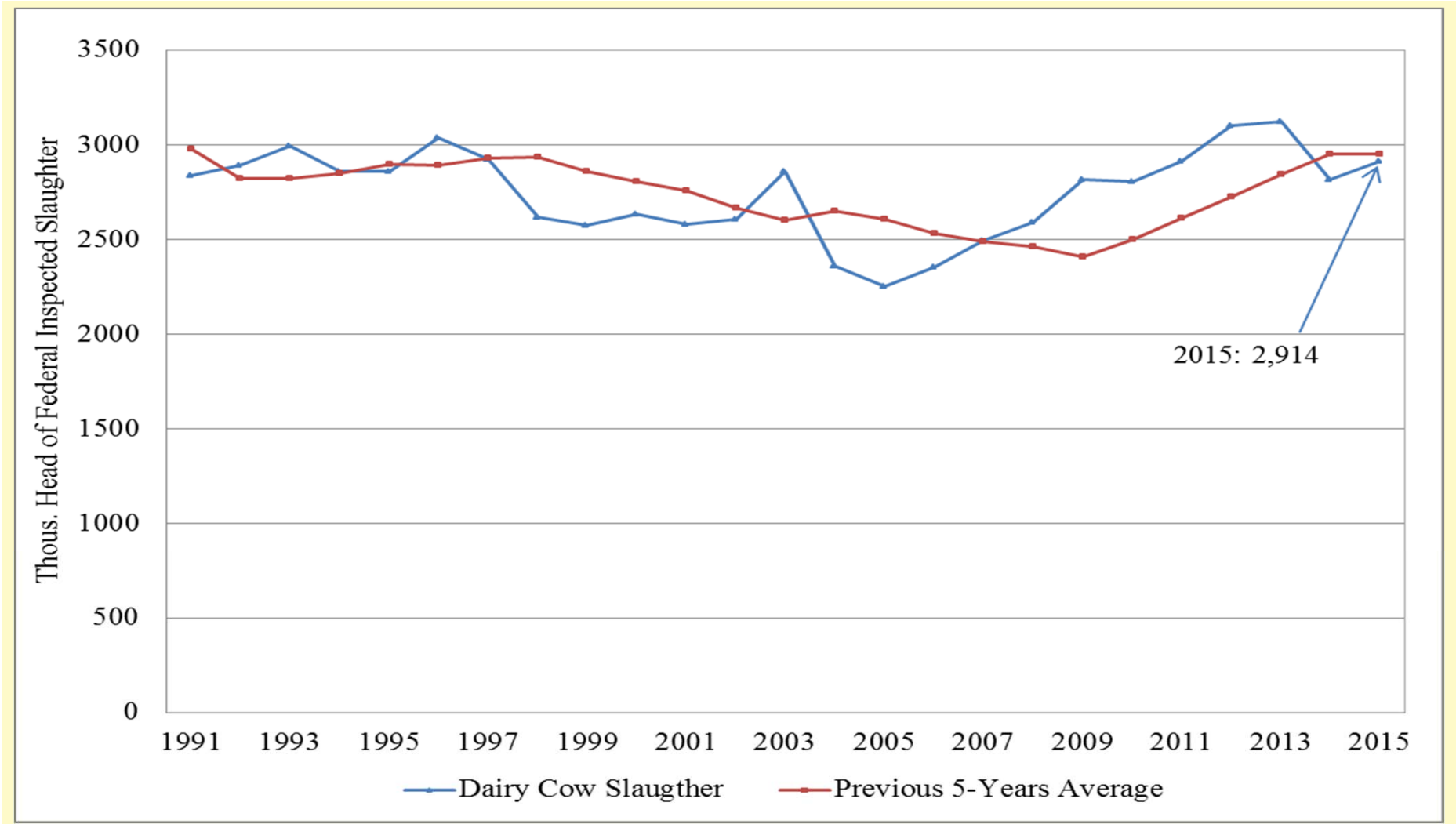
16 PERCENT MIXED FEED RATION



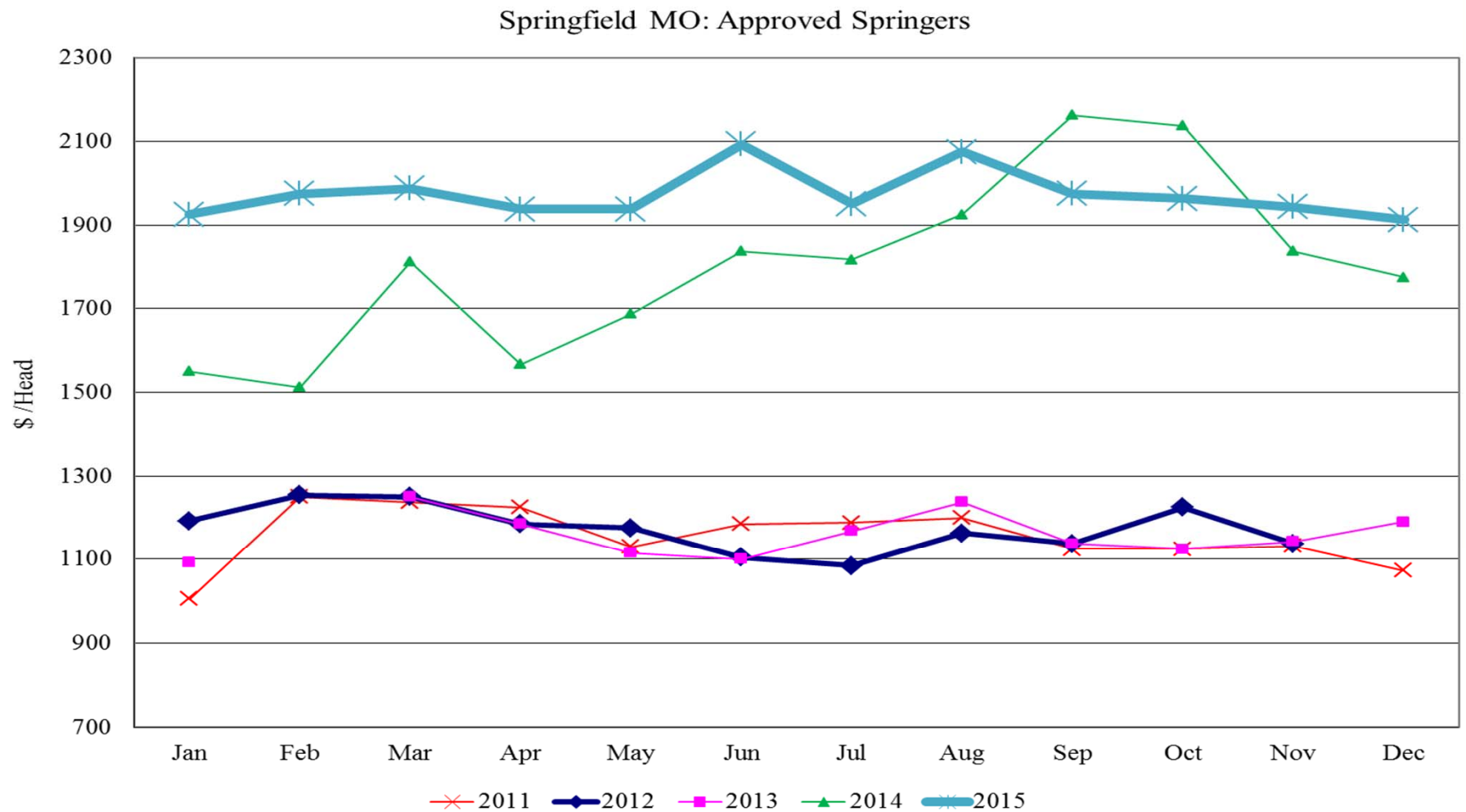
NASS MILK-FEED PRICE RATIO



DAIRY COW SLAUGHTER



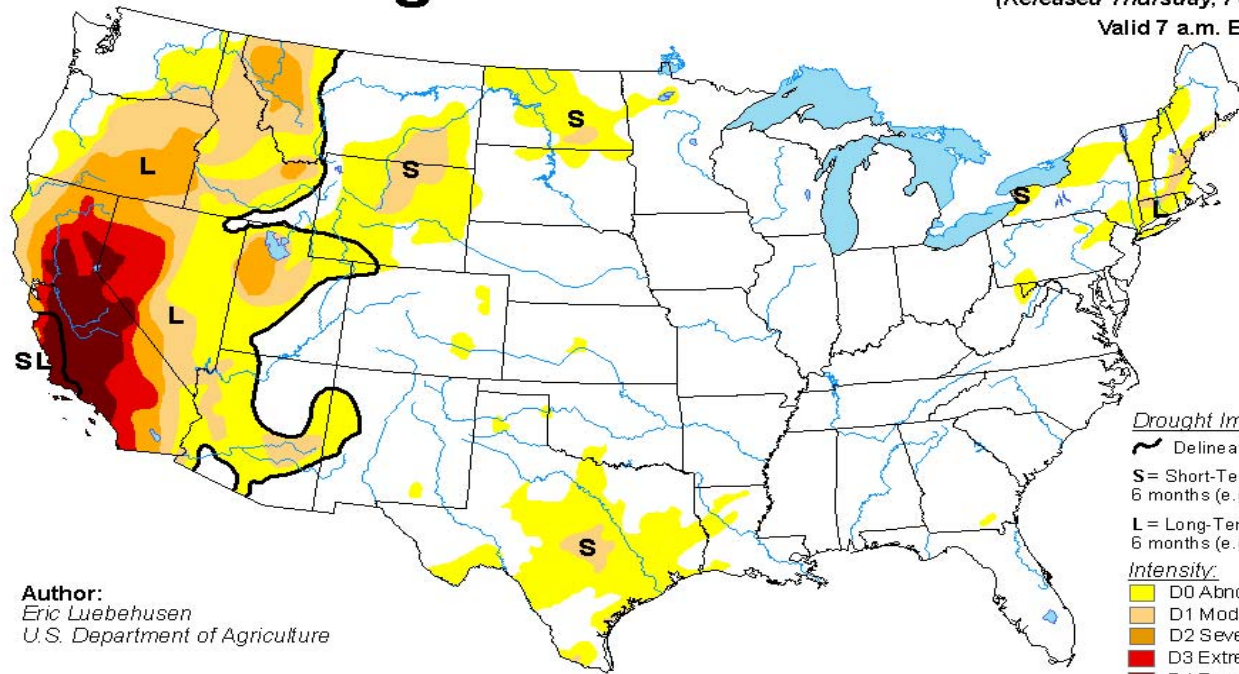
SPRINGER PRICES



WESTERN U.S. DROUGHT

U.S. Drought Monitor

February 16, 2016
(Released Thursday, Feb. 18, 2016)
Valid 7 a.m. EST



Author:
Eric Webehusen
U.S. Department of Agriculture

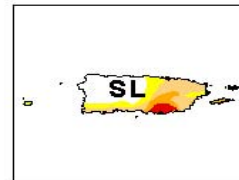
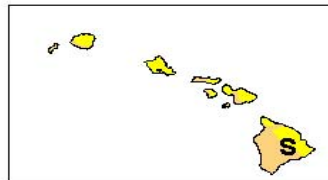
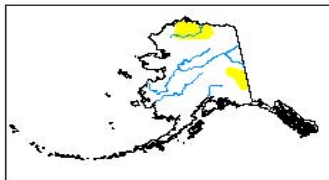
Drought Impact Types:

- ~ Delineates dominant impacts
- S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:

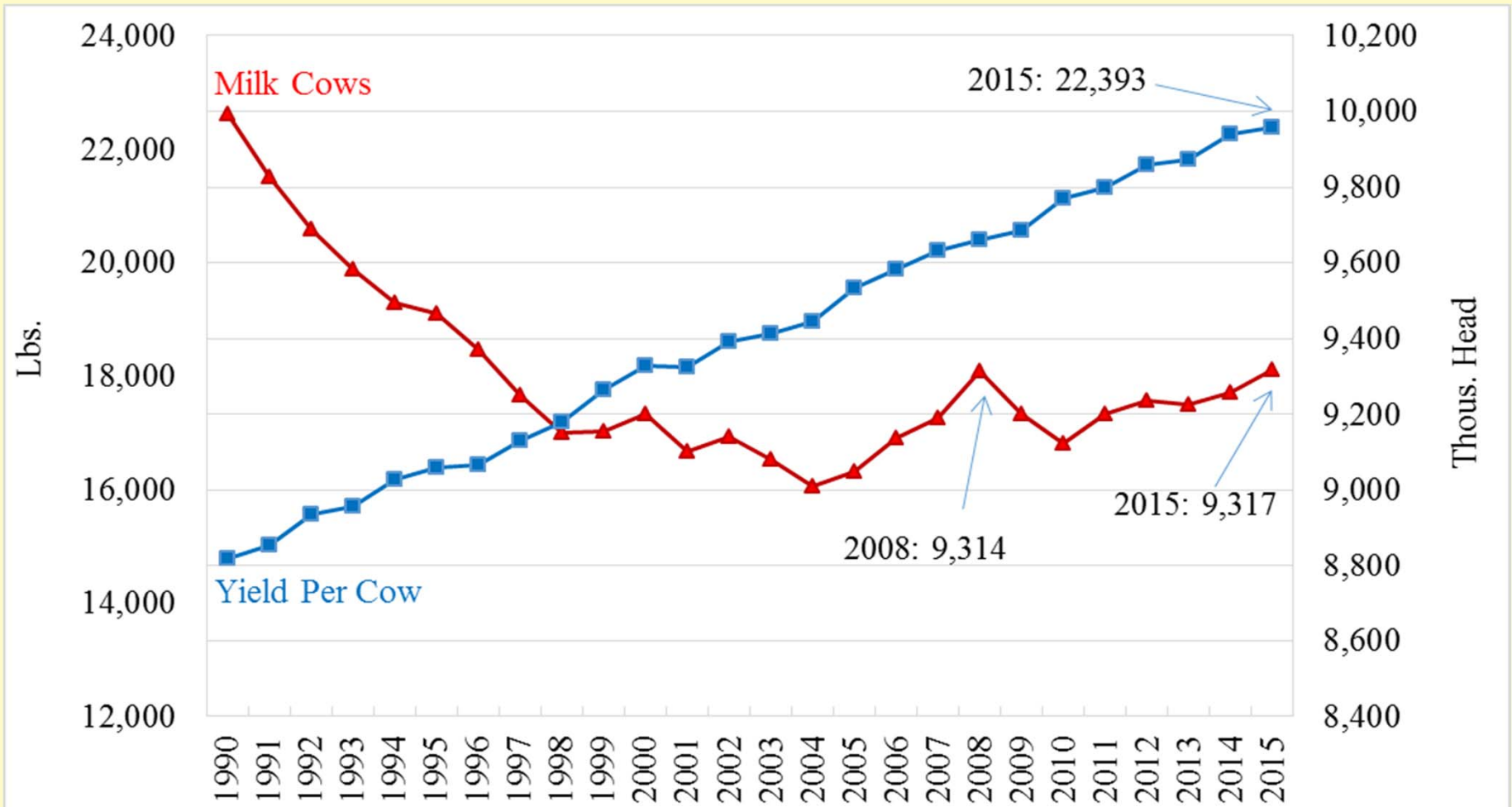
- D0 Abnormally Dry
- D1 Moderate Drought
- D2 Severe Drought
- D3 Extreme Drought
- D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

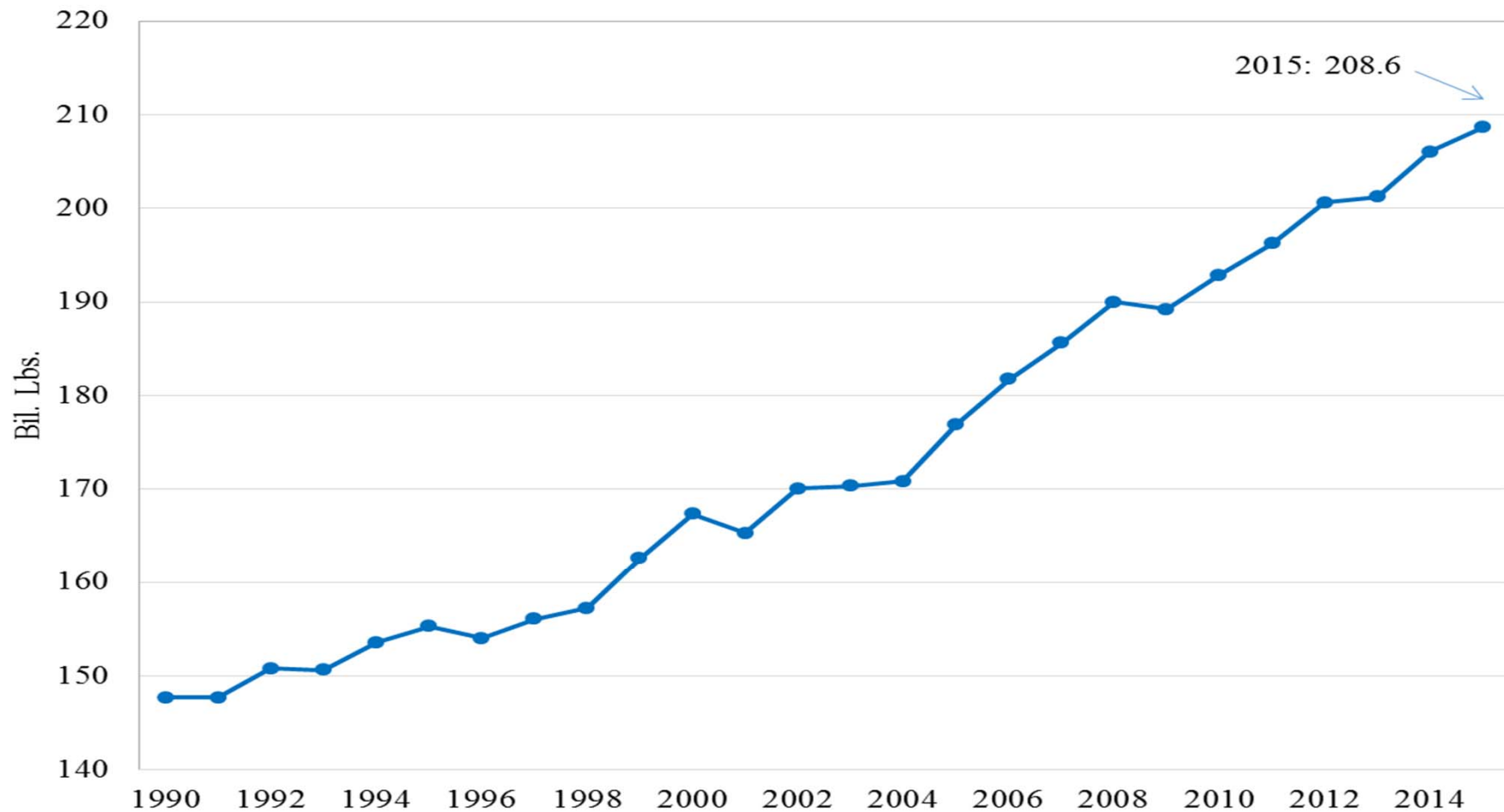


<http://droughtmonitor.unl.edu/>

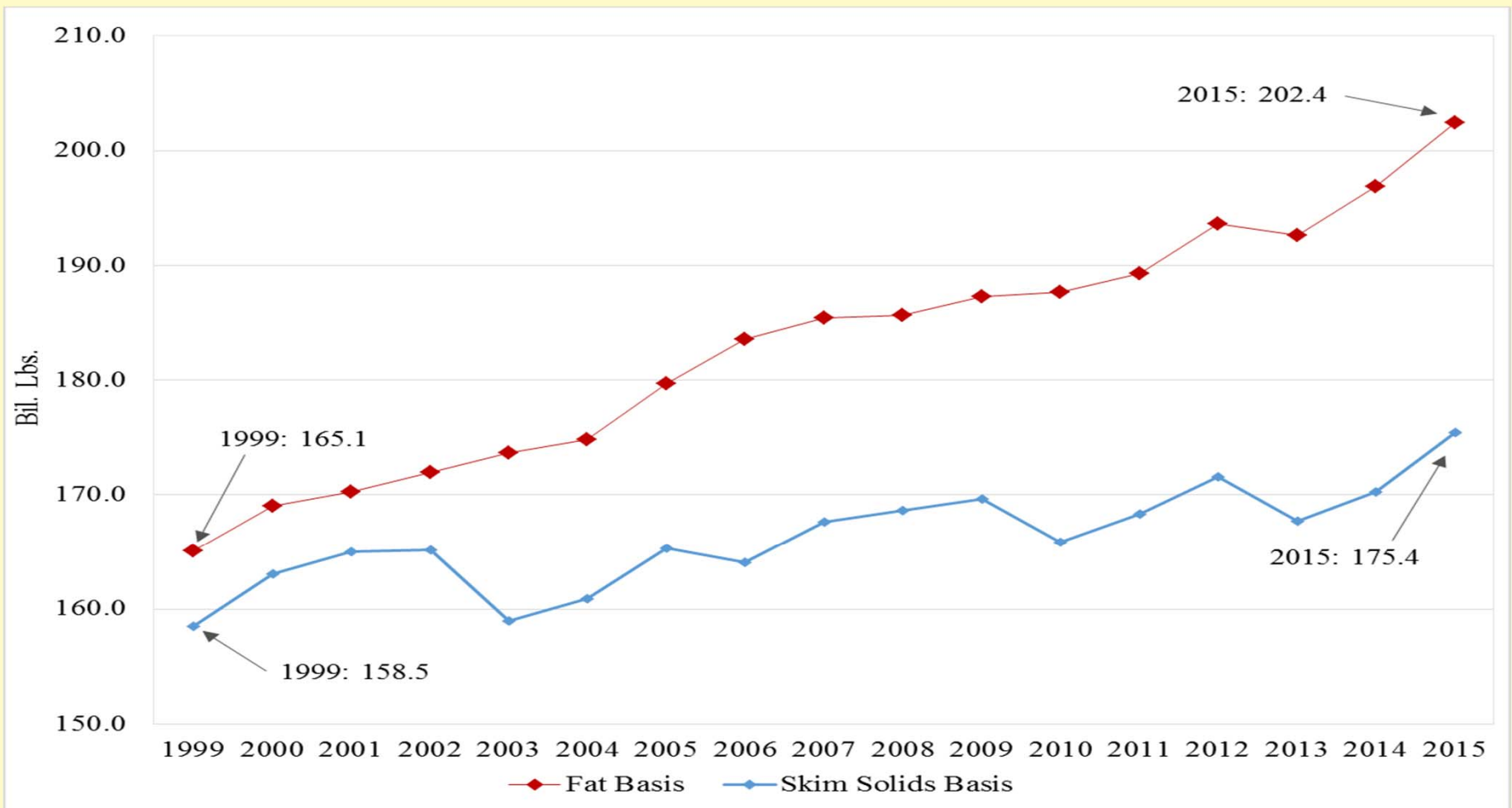
MILK COW NUMBERS AND MILK PRODUCTION PER COW



MILK PRODUCTION

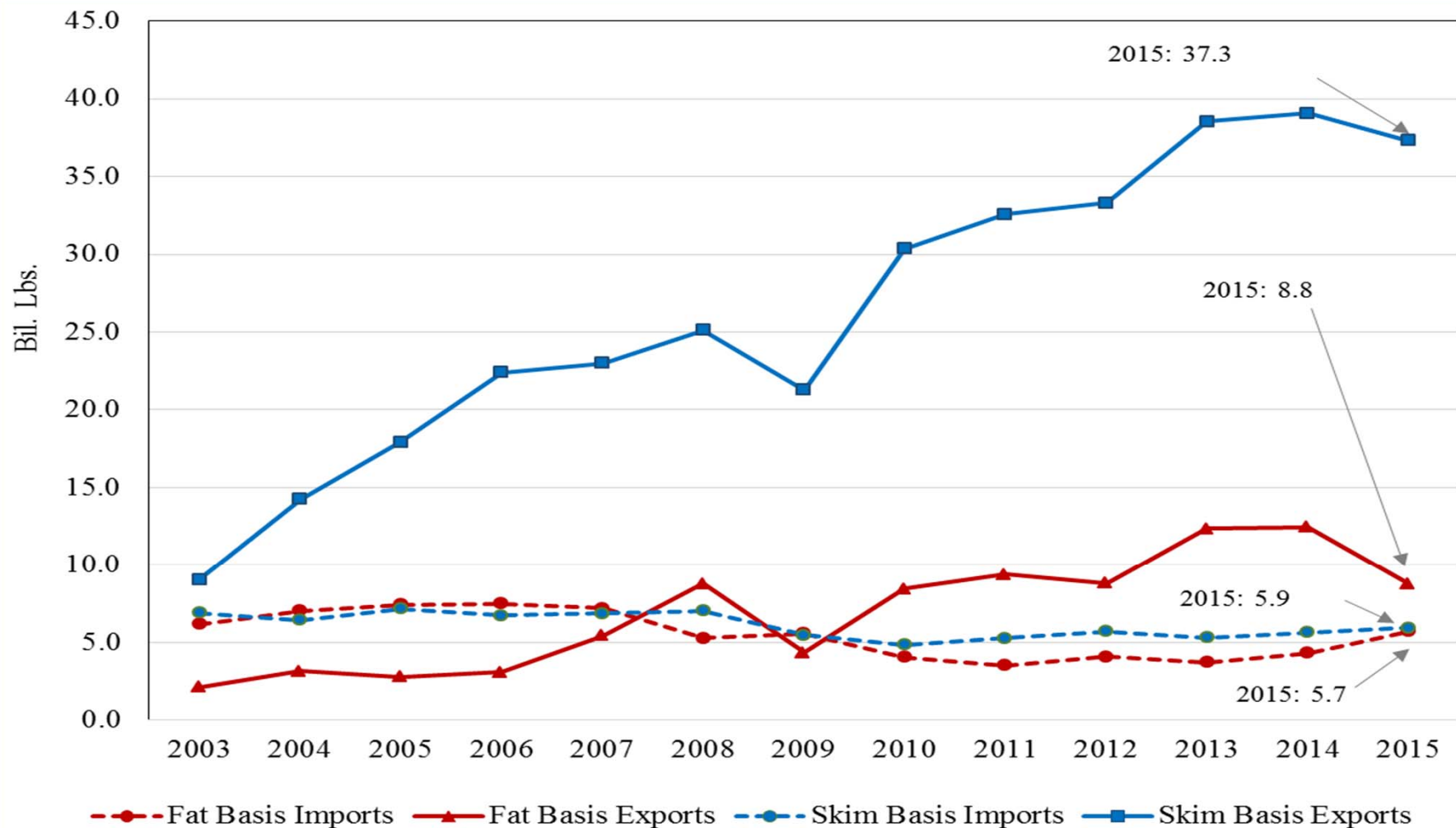


DOMESTIC COMMERCIAL DISAPPEARANCE

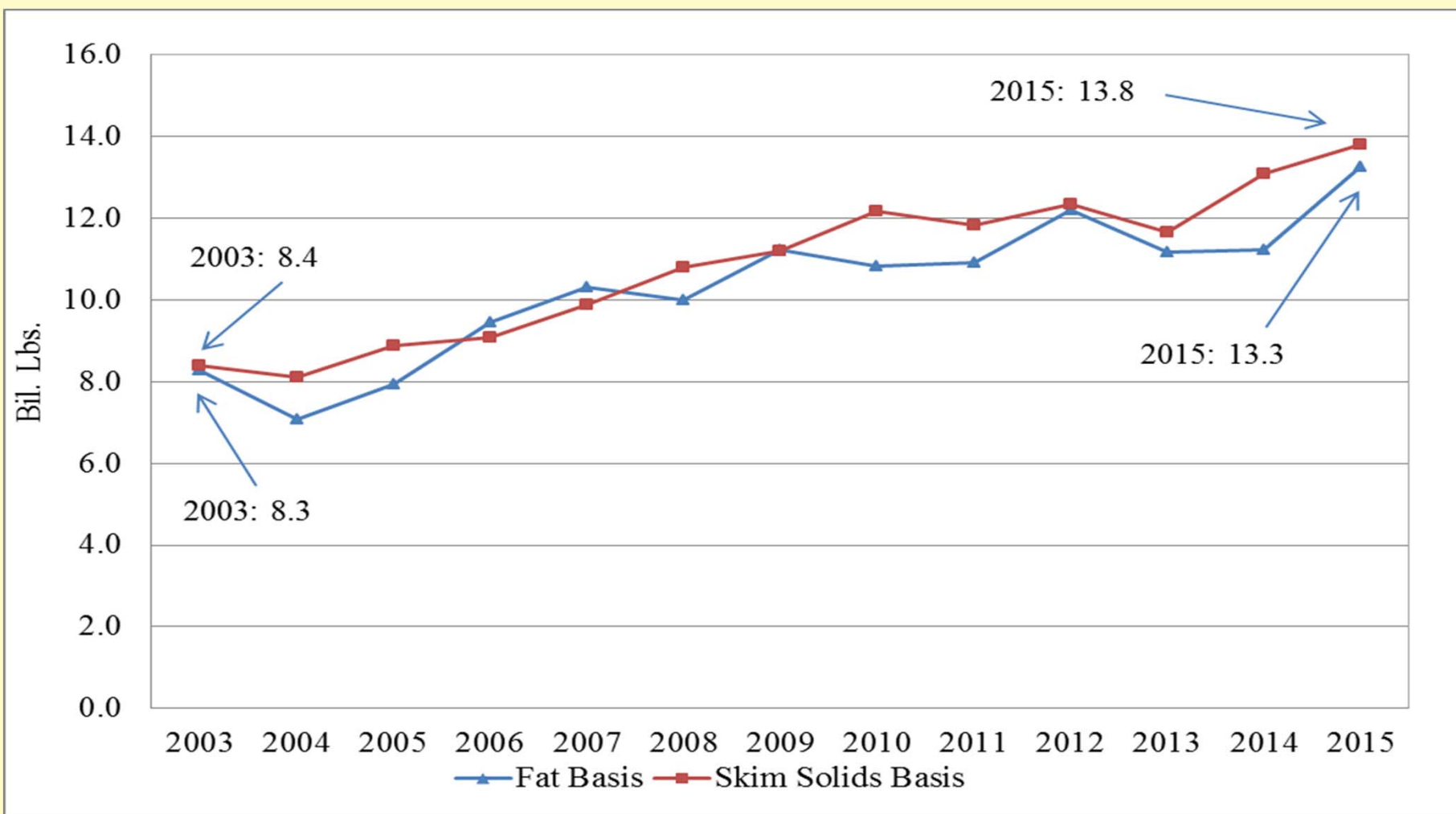


Source: February 2016 World Agricultural Supply and Demand Estimates

COMMERCIAL EXPORTS AND IMPORTS ON A MILK EQUIVALENT BASIS

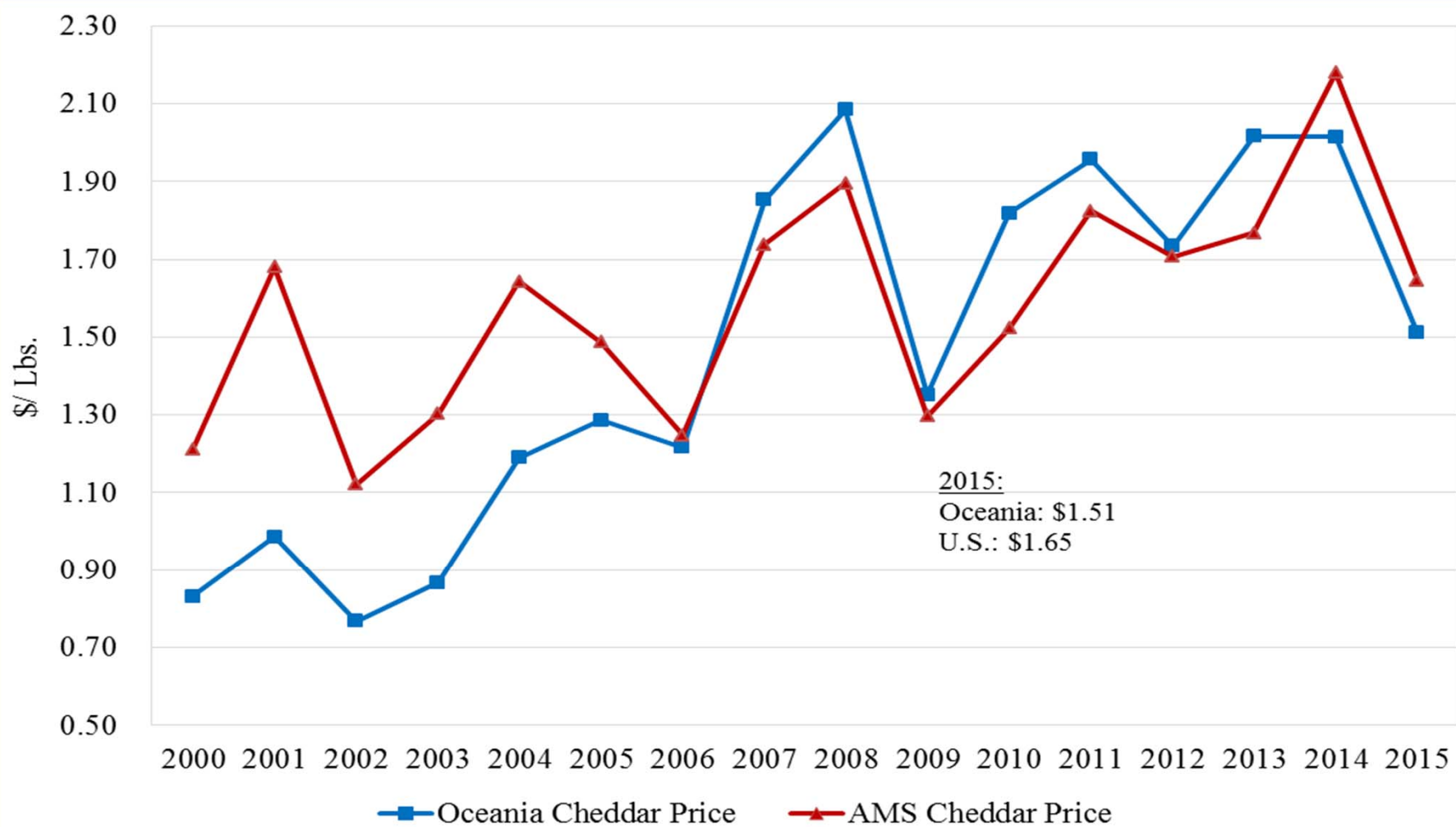


ANNUAL ENDING STOCKS ON A MILK EQUIVALENT BASIS

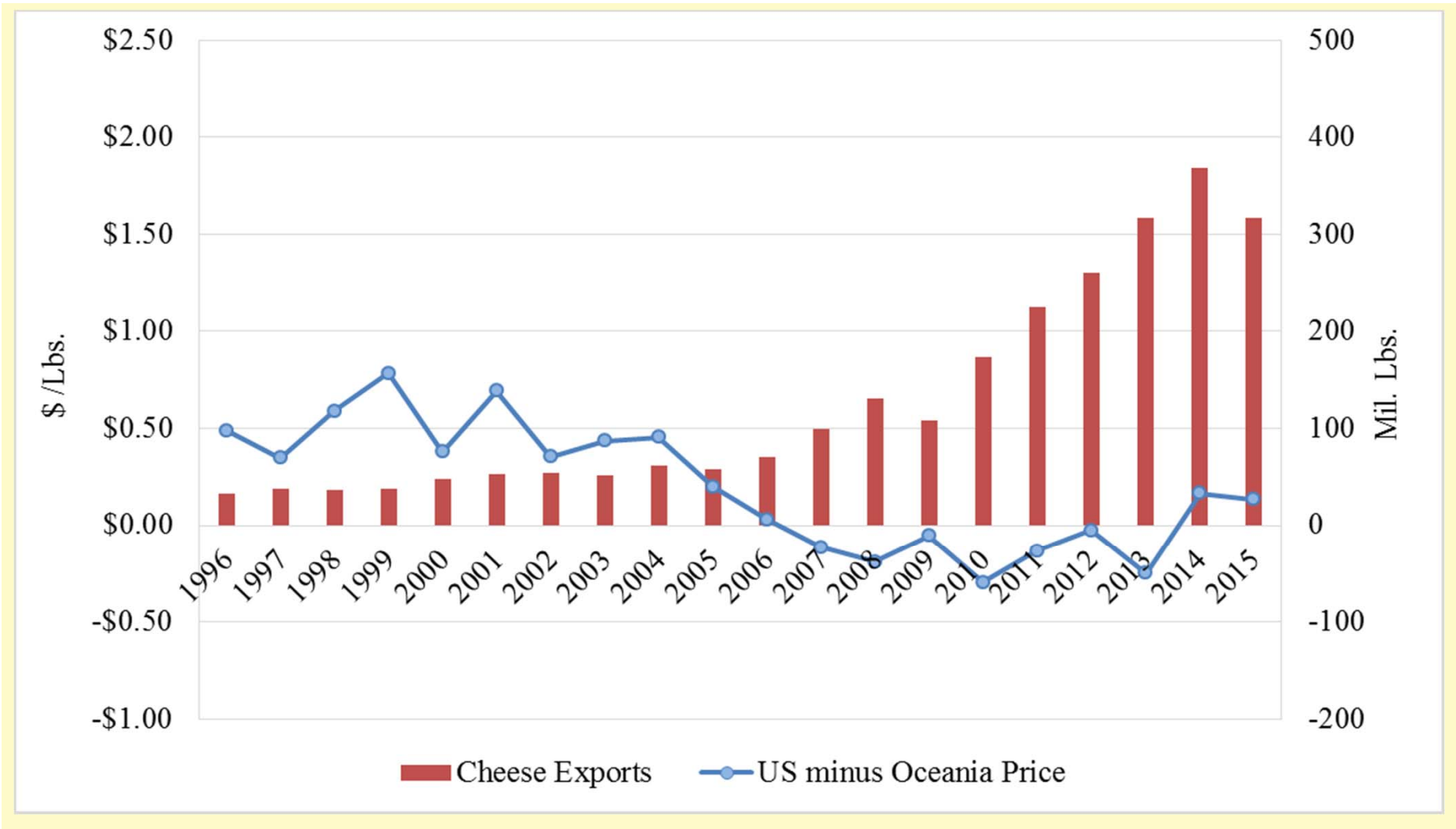


A CLOSER LOOK AT MAJOR DAIRY PRODUCT MARKETS

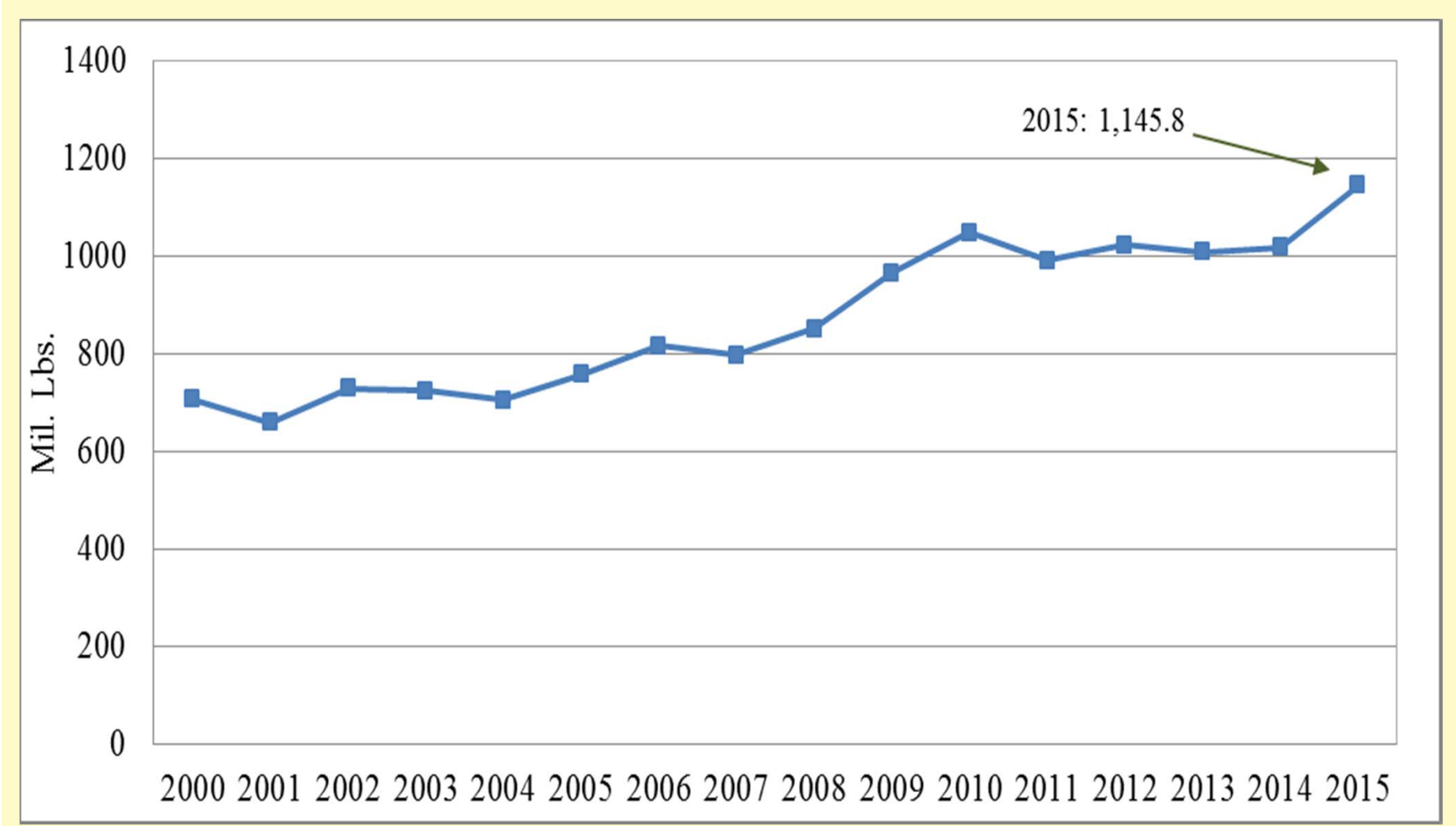
CHEESE PRICES



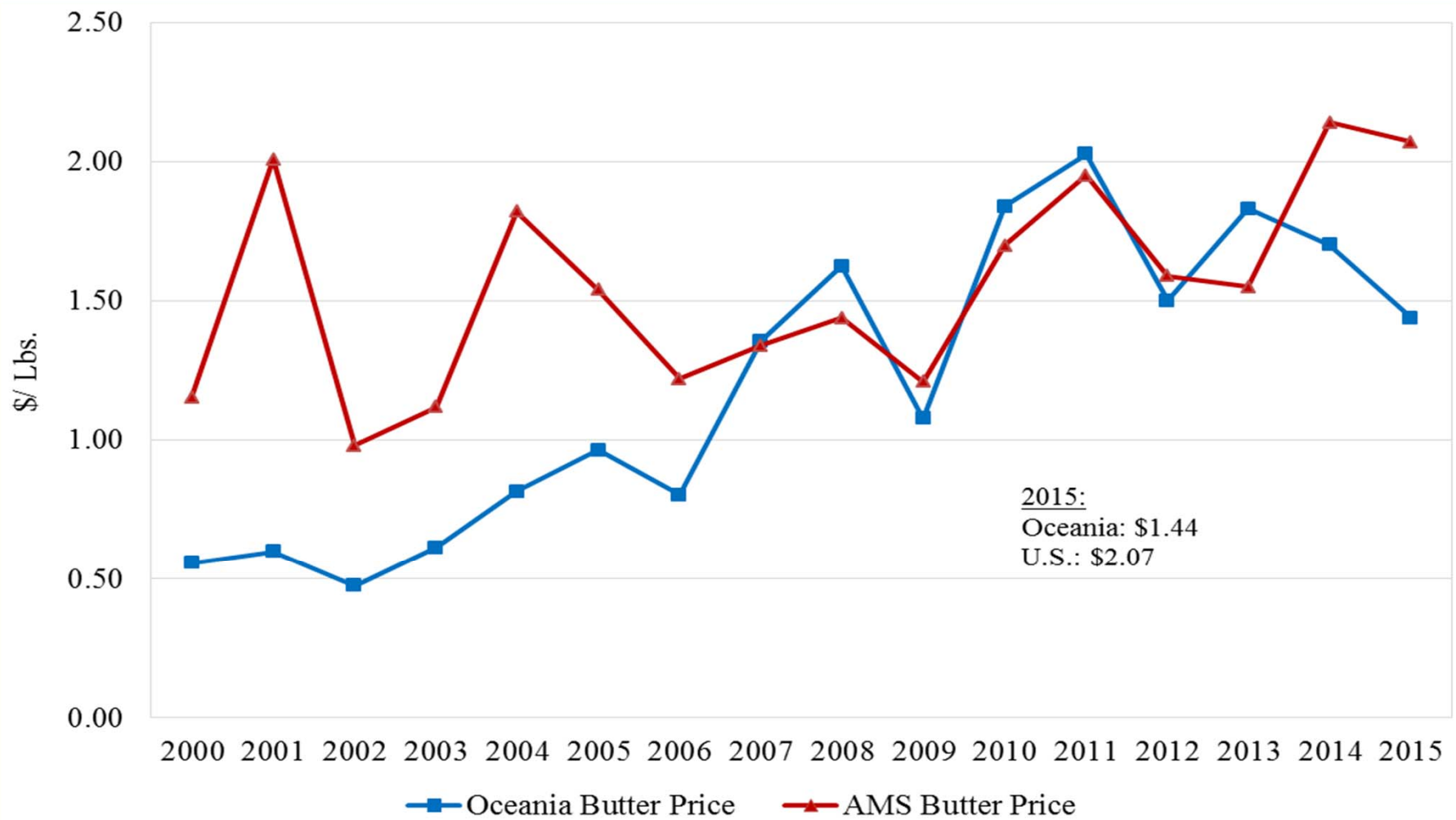
CHEESE PRICE RELATIONSHIP WITH EXPORTS



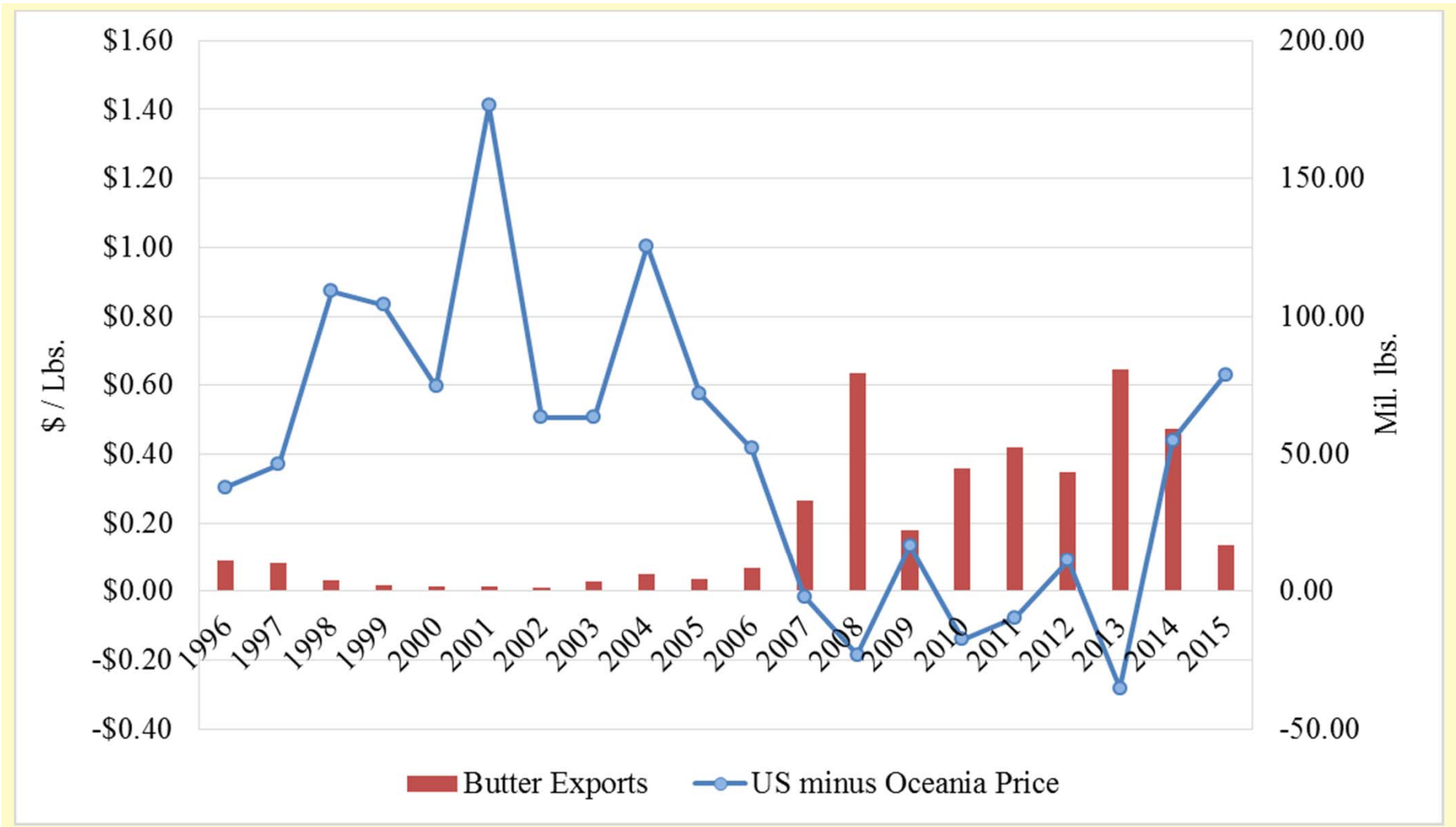
ANNUAL CHEESE ENDING STOCKS



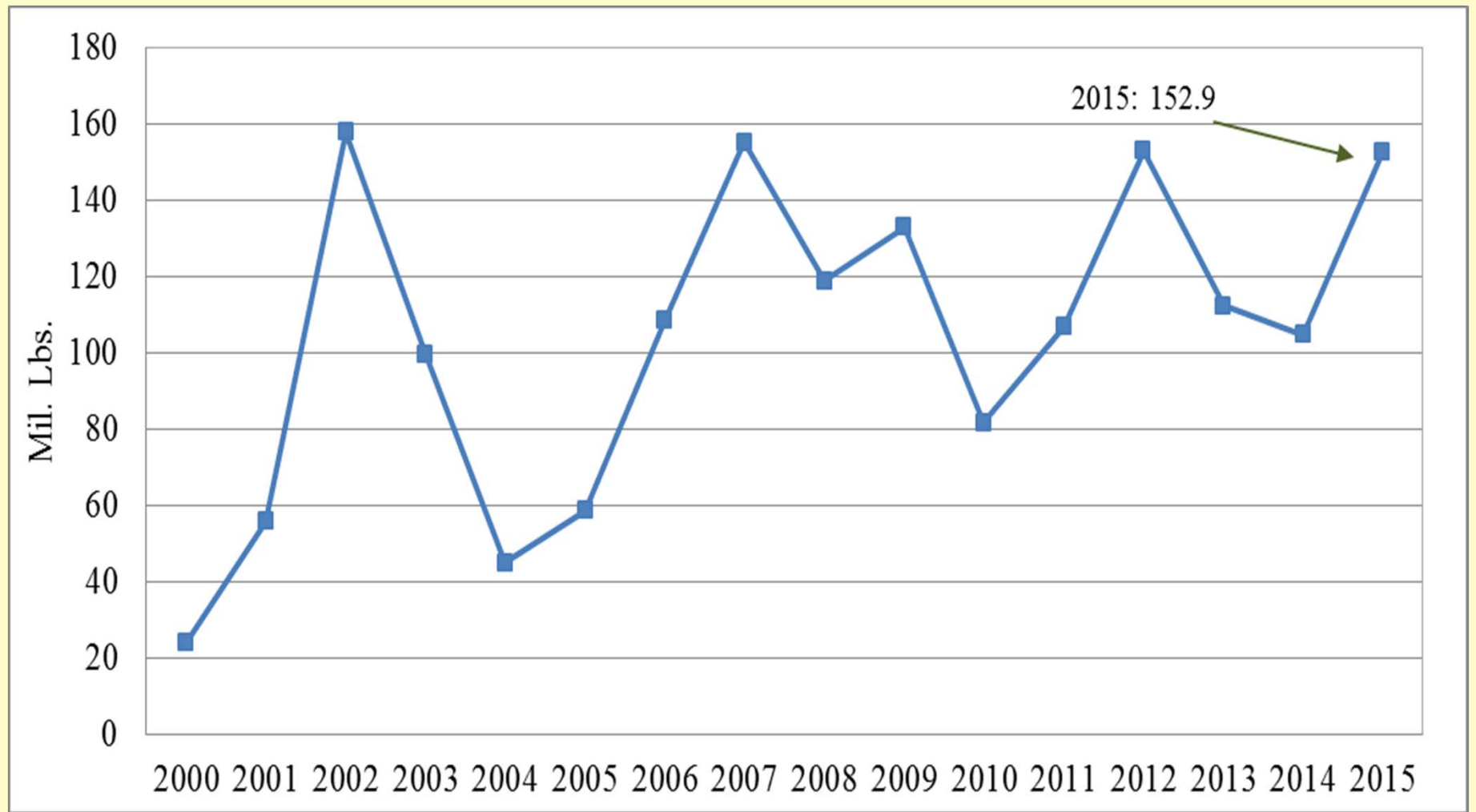
BUTTER PRICES



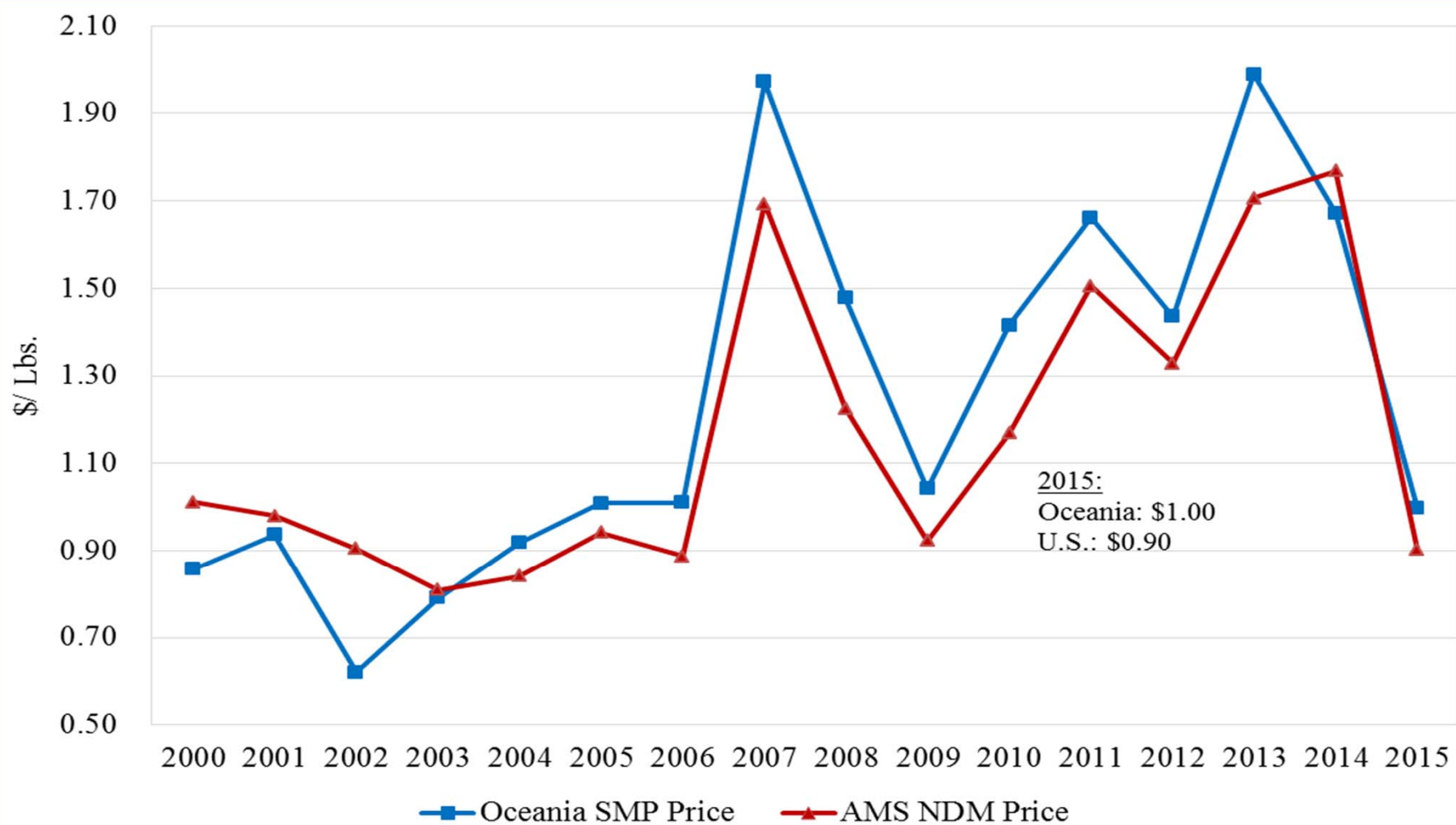
BUTTER PRICE RELATIONSHIP WITH EXPORTS



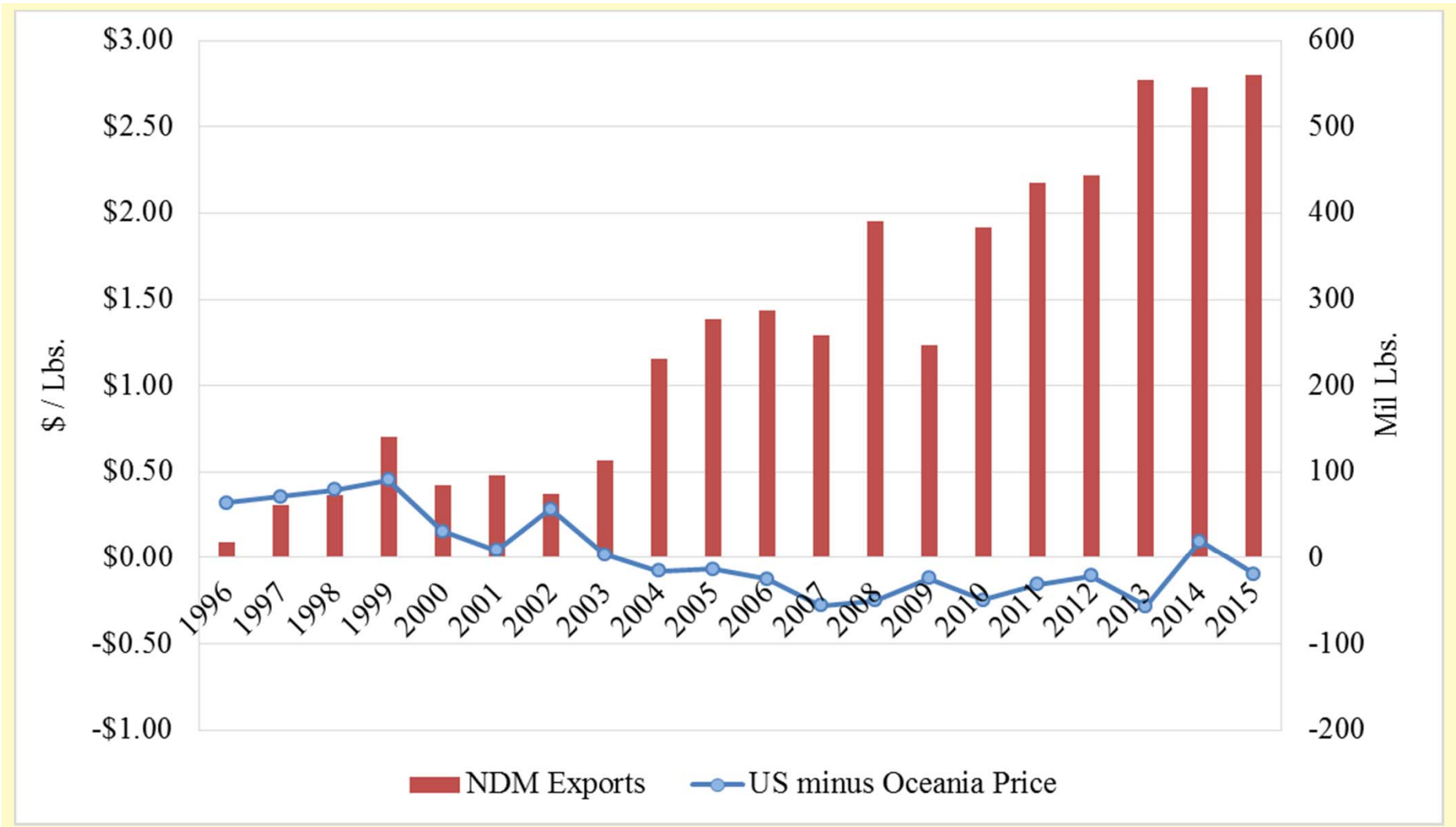
ANNUAL BUTTER ENDING STOCKS



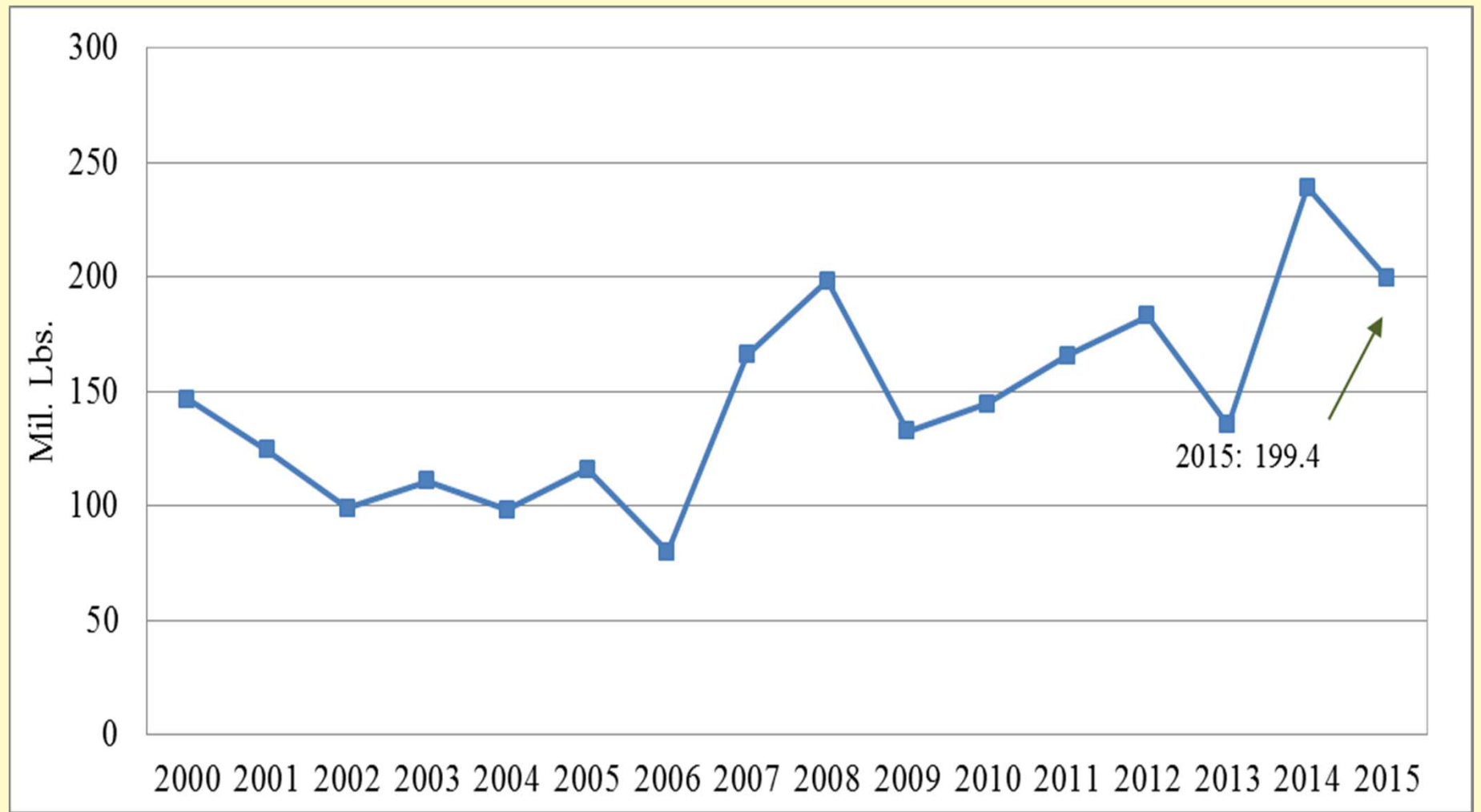
NONFAT DRY MILK PRICES



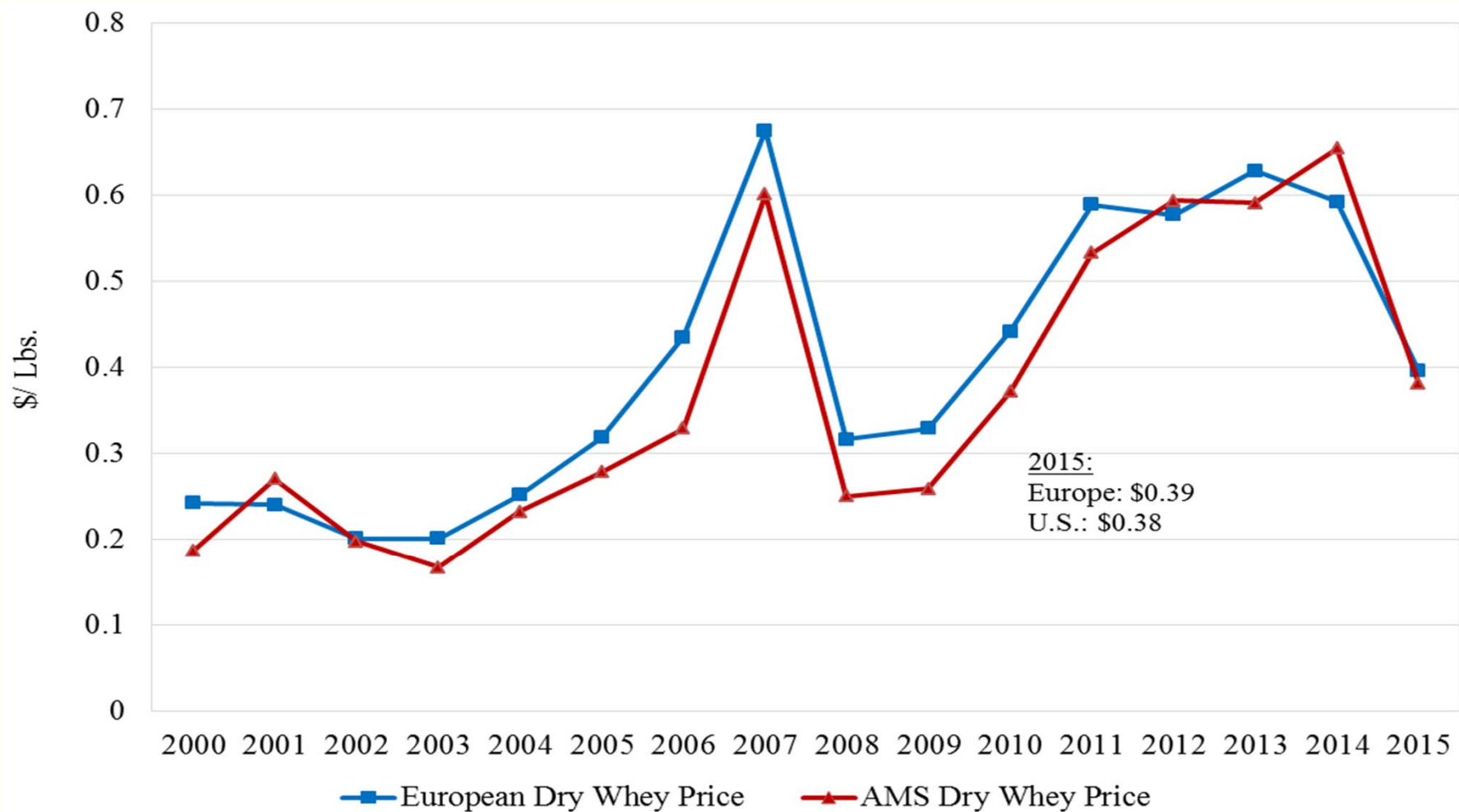
NONFAT DRY MILK PRICE RELATIONSHIP WITH EXPORTS



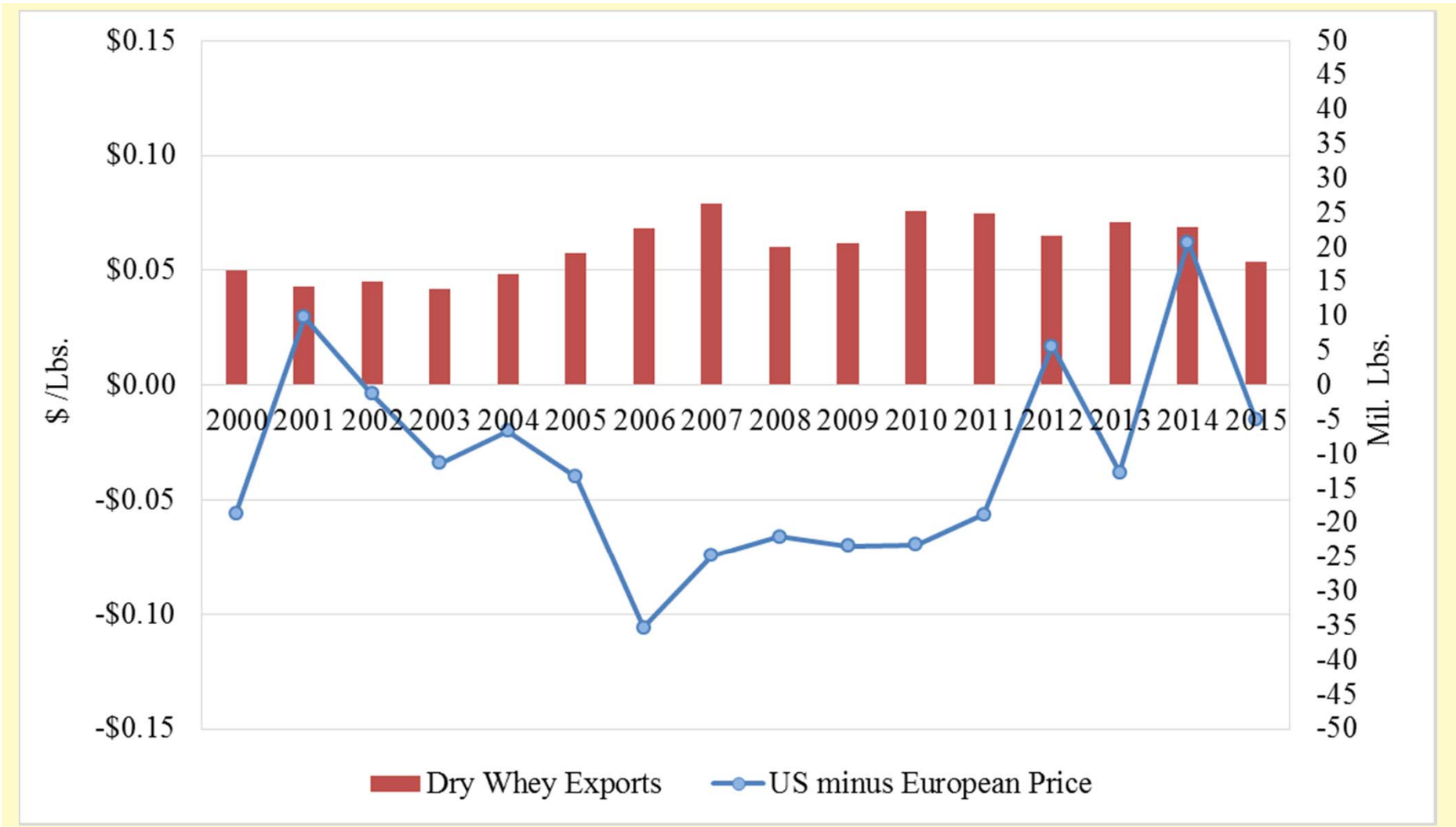
ANNUAL NONFAT DRY MILK FOR HUMAN CONSUMPTION ENDING STOCKS



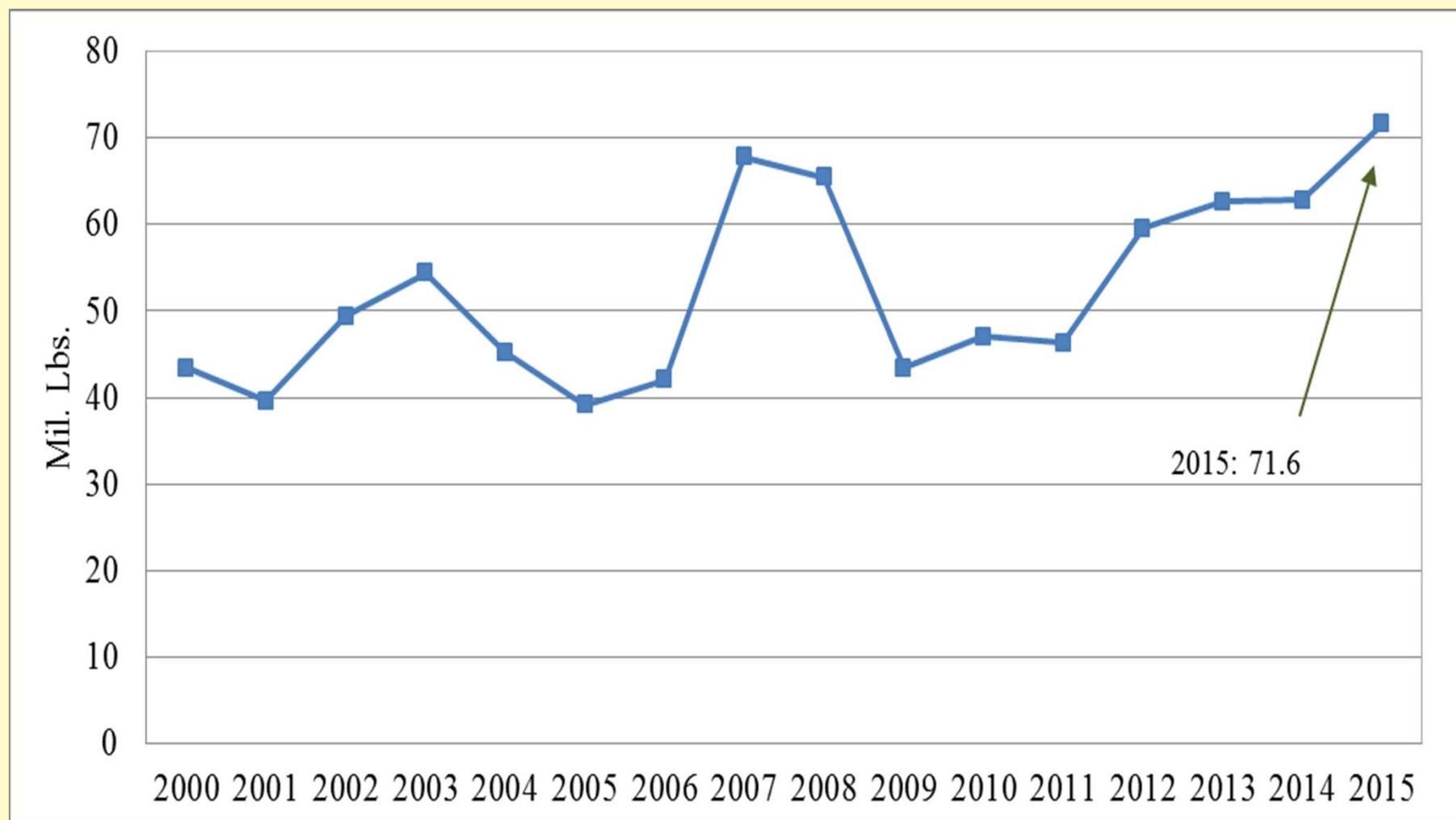
DRY WHEY PRICES



DRY WHEY PRICE RELATIONSHIP WITH EXPORTS

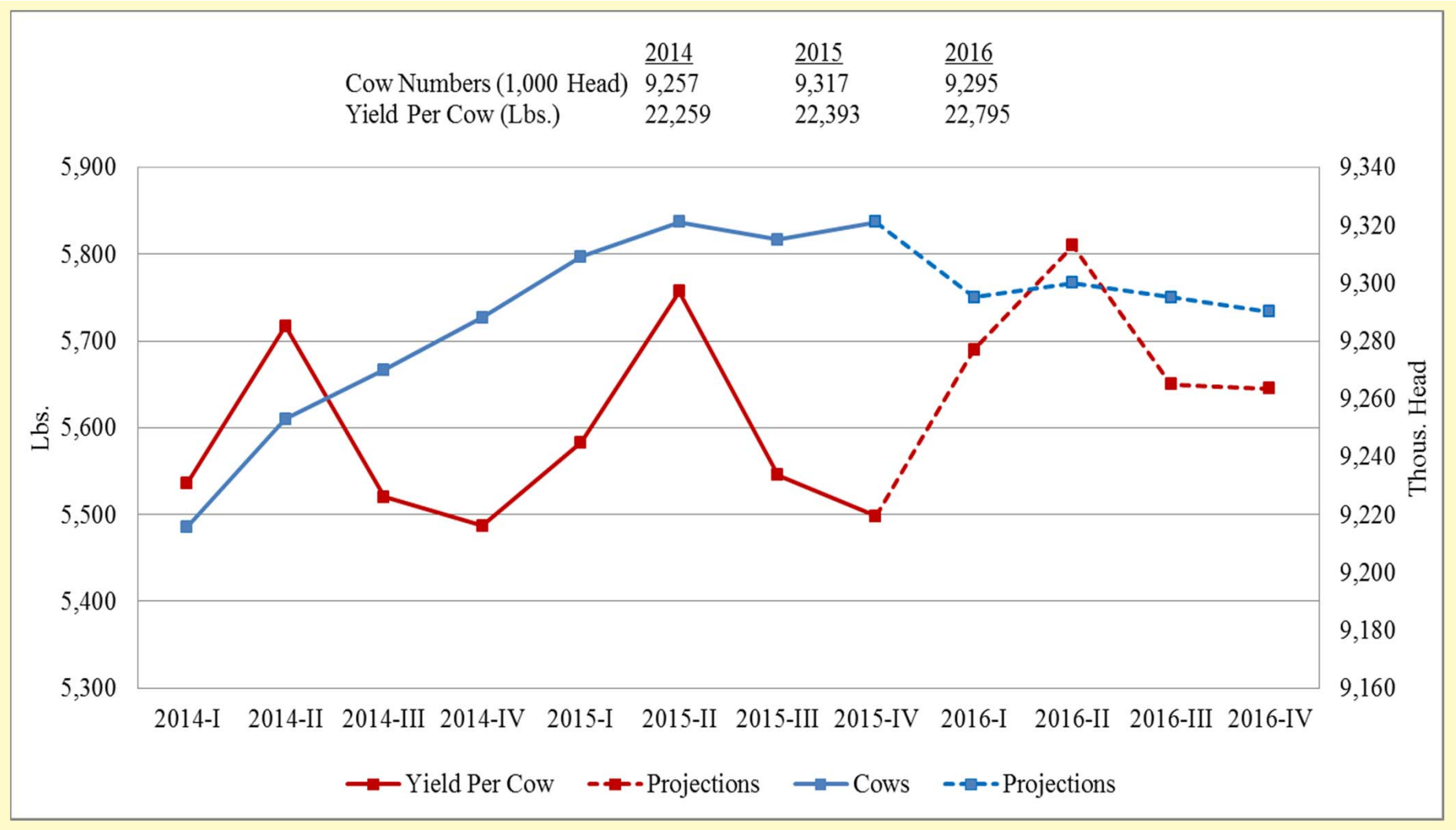


ANNUAL DRY WHEY ENDING STOCKS

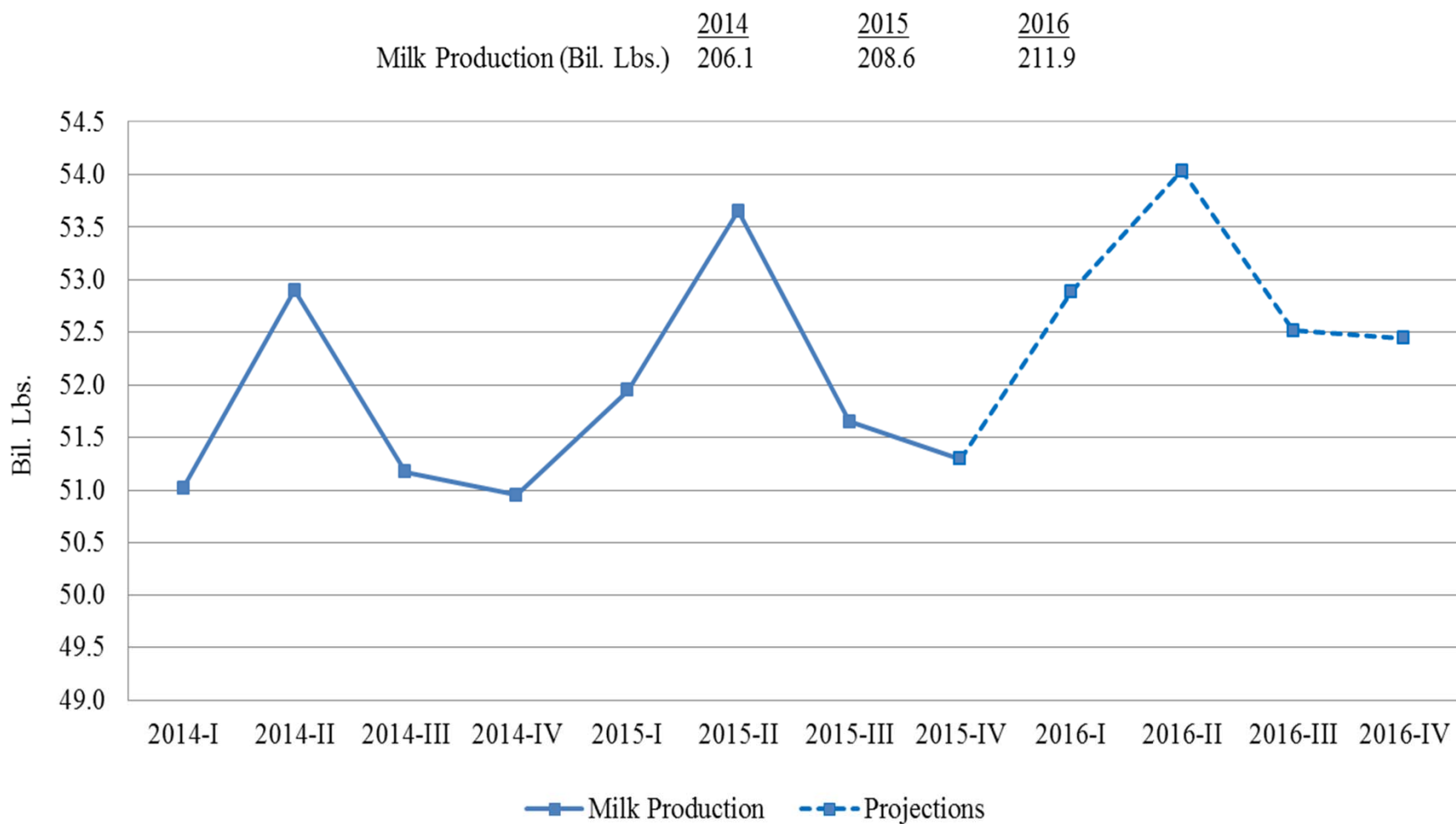


2016 FORECASTS

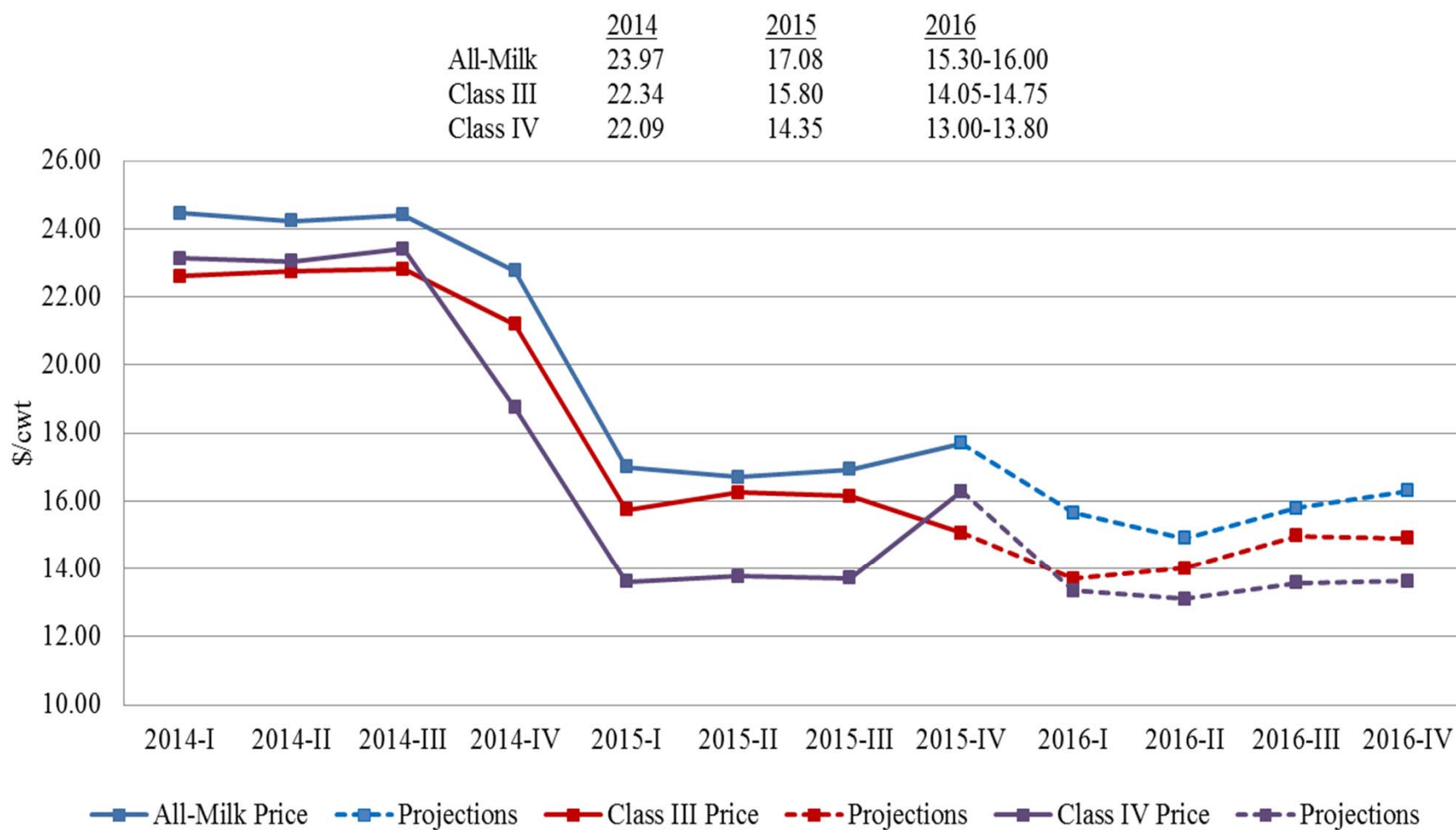
NUMBER OF COWS AND MILK PRODUCTION PER COW



MILK PRODUCTION

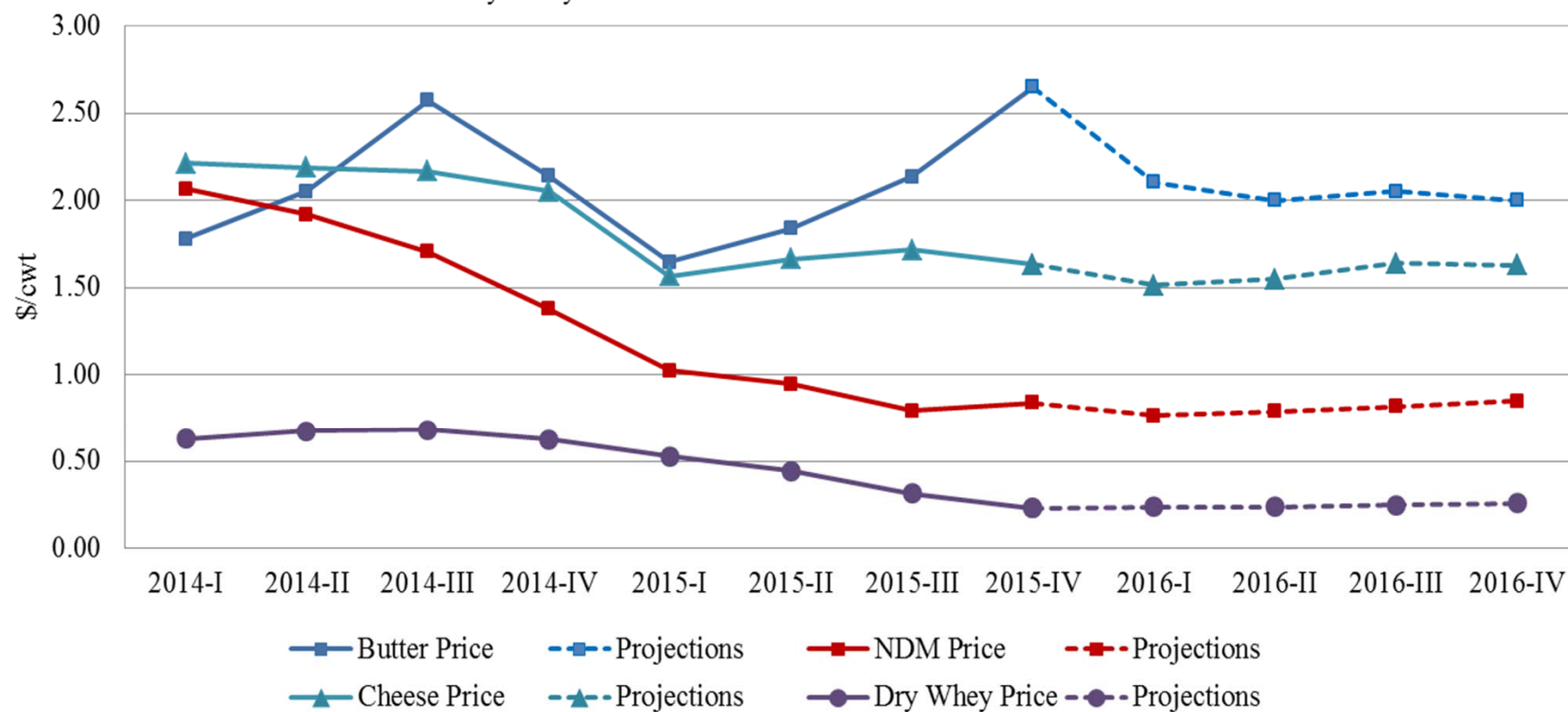


MILK PRICES



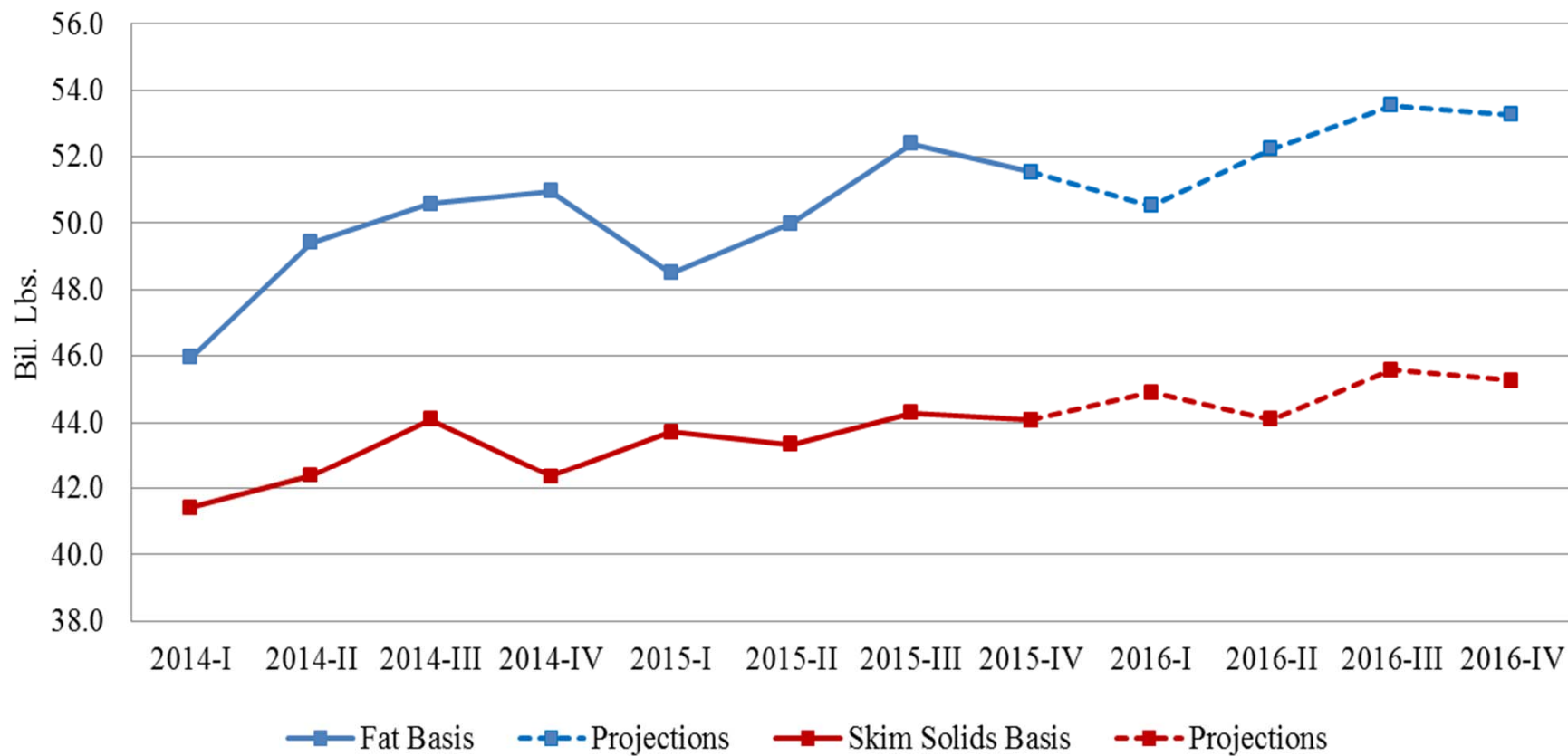
DAIRY PRODUCT PRICES

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Butter	2.14	2.07	1.99-2.09
Cheese	2.16	1.65	1.55-1.62
NDM	1.77	0.90	0.78-0.84
Dry Whey	0.65	0.38	0.23-0.26



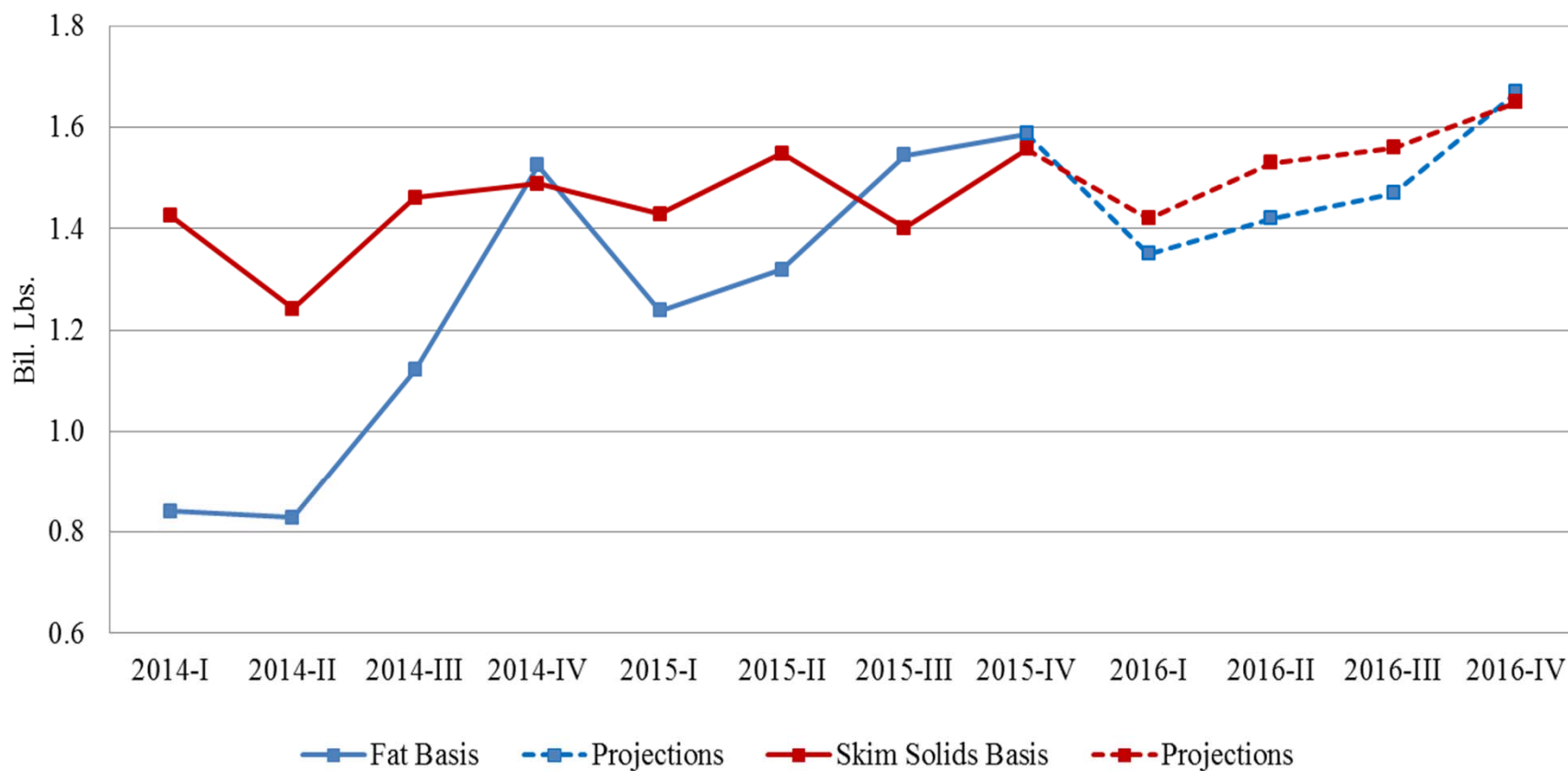
DOMESTIC COMMERCIAL USE

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Fat Basis (Bil. Lbs.)	196.9	202.4	209.6
Skim Basis (Bil. Lbs.)	170.2	175.4	179.8

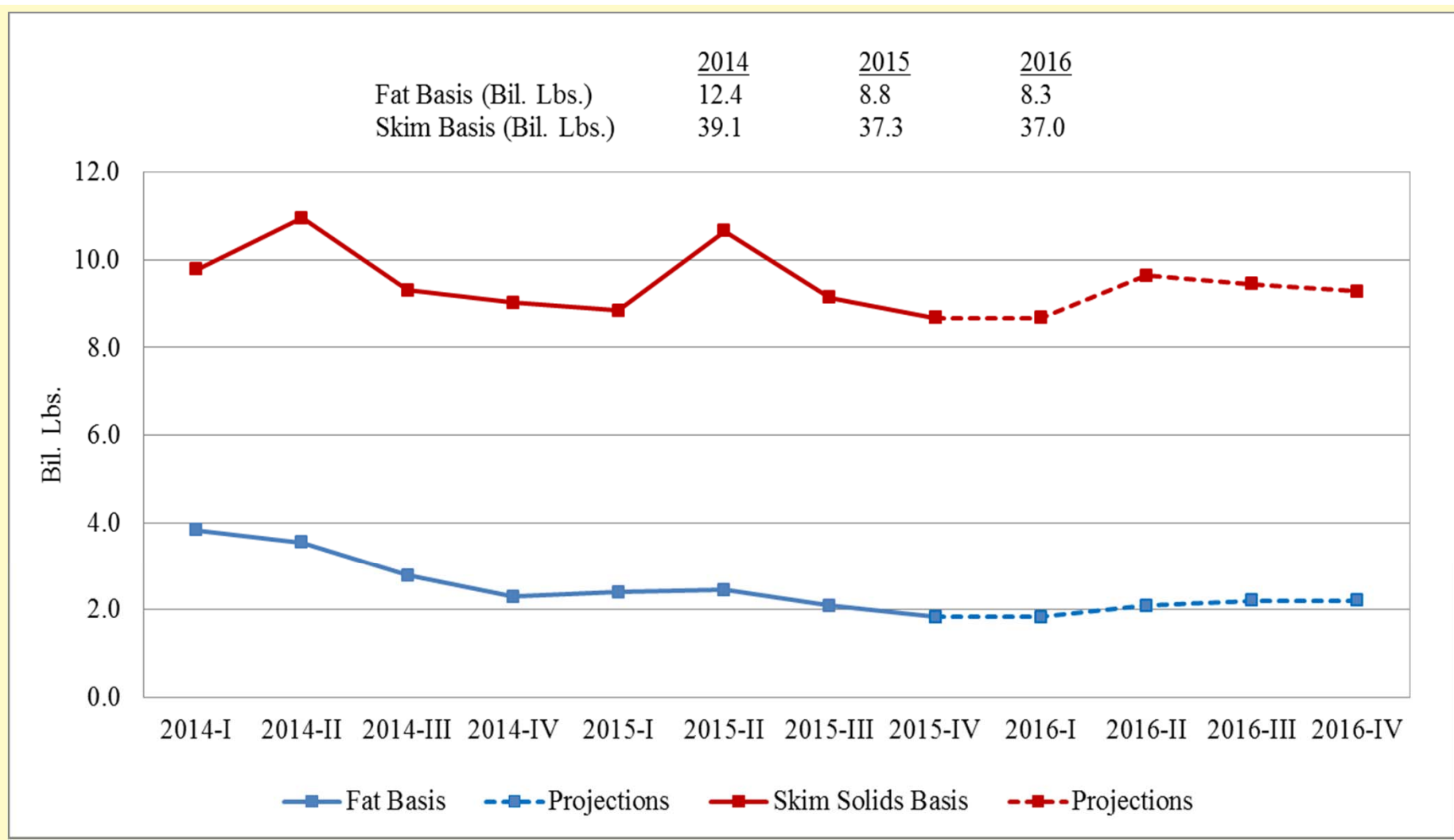


IMPORTS

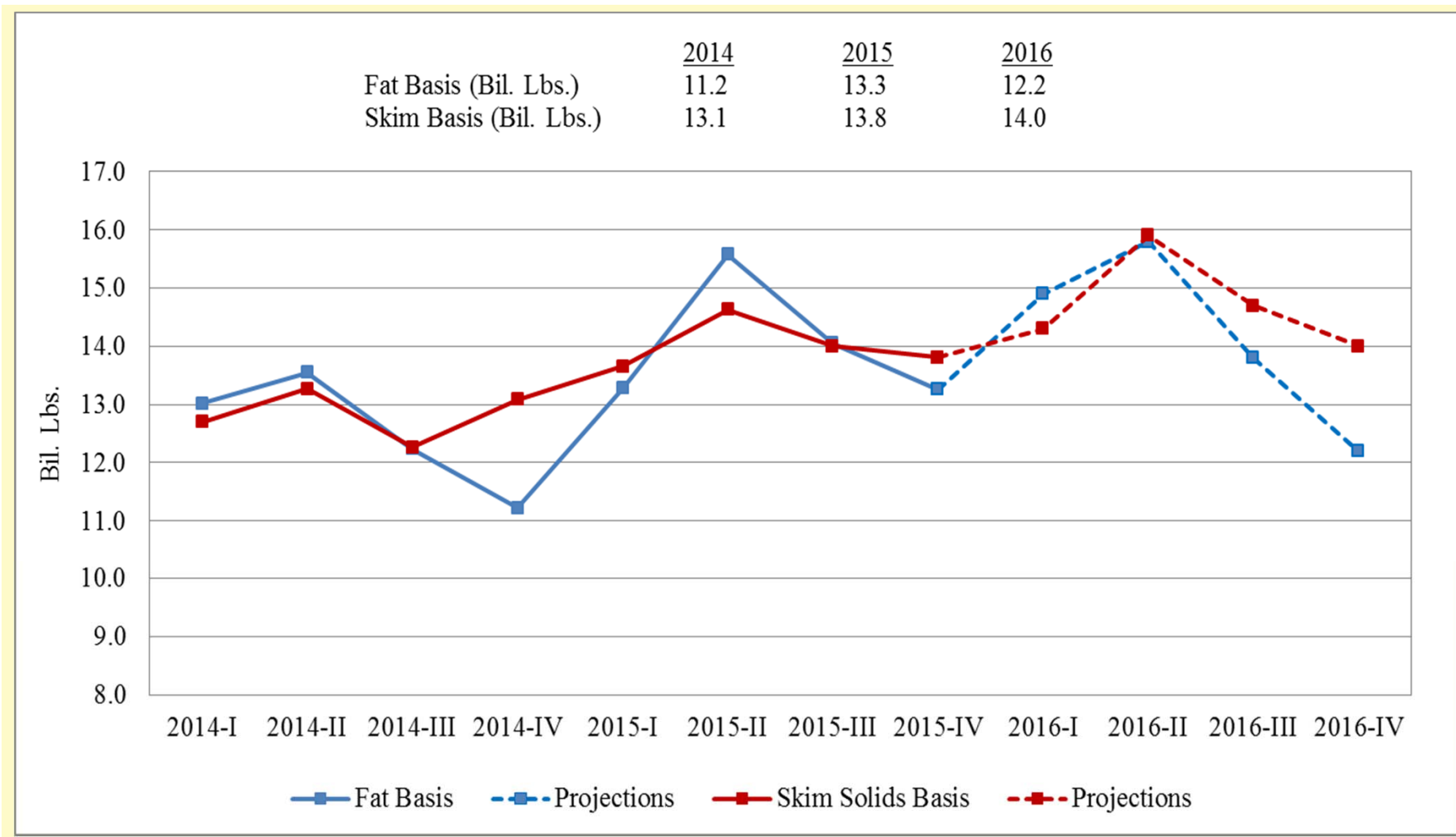
	<u>2014</u>	<u>2015</u>	<u>2016</u>
Fat Basis (Bil. Lbs.)	4.3	5.7	5.9
Skim Basis (Bil. Lbs.)	5.6	5.9	6.2



COMMERCIAL EXPORTS

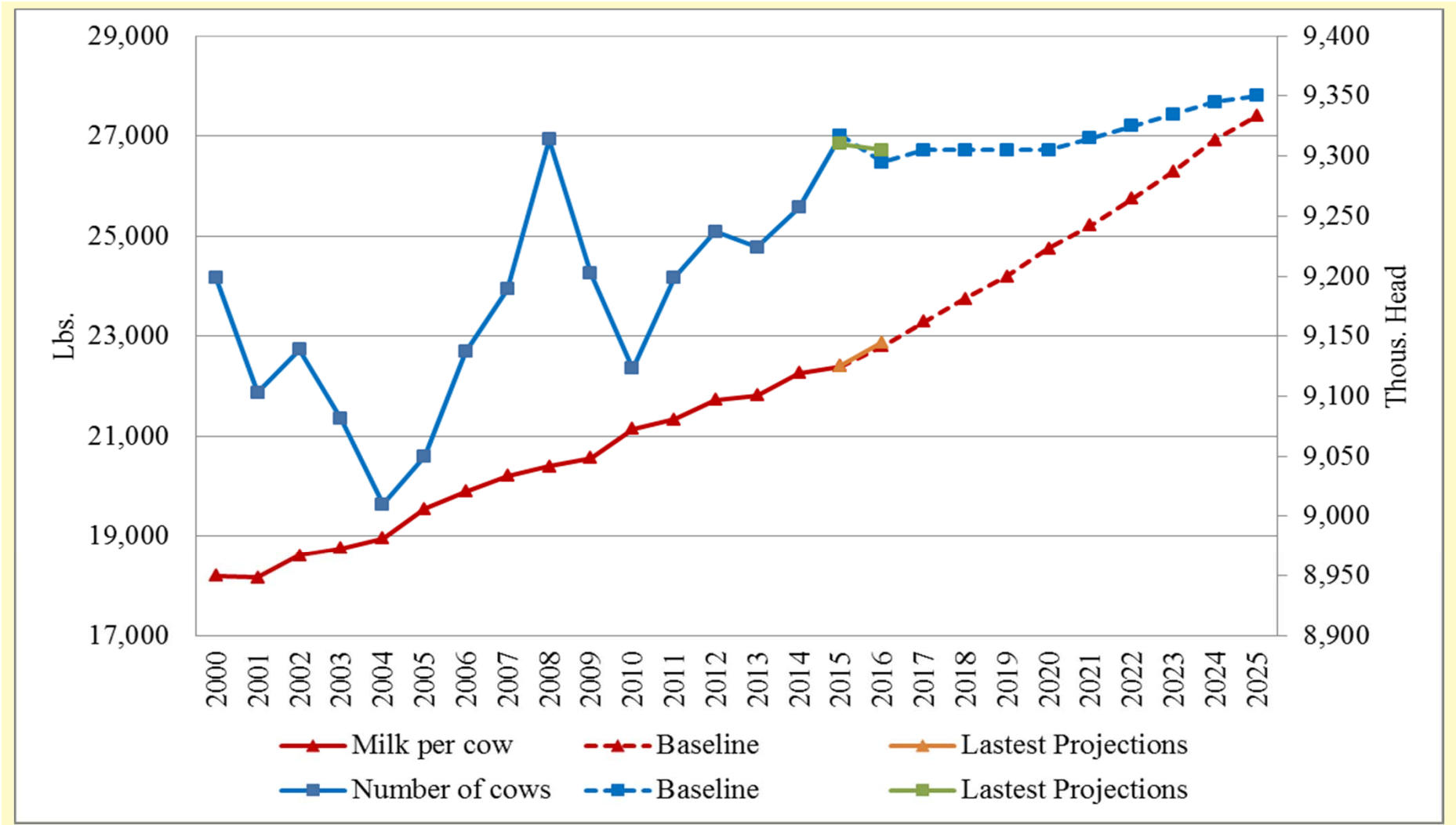


ENDING COMMERCIAL STOCKS

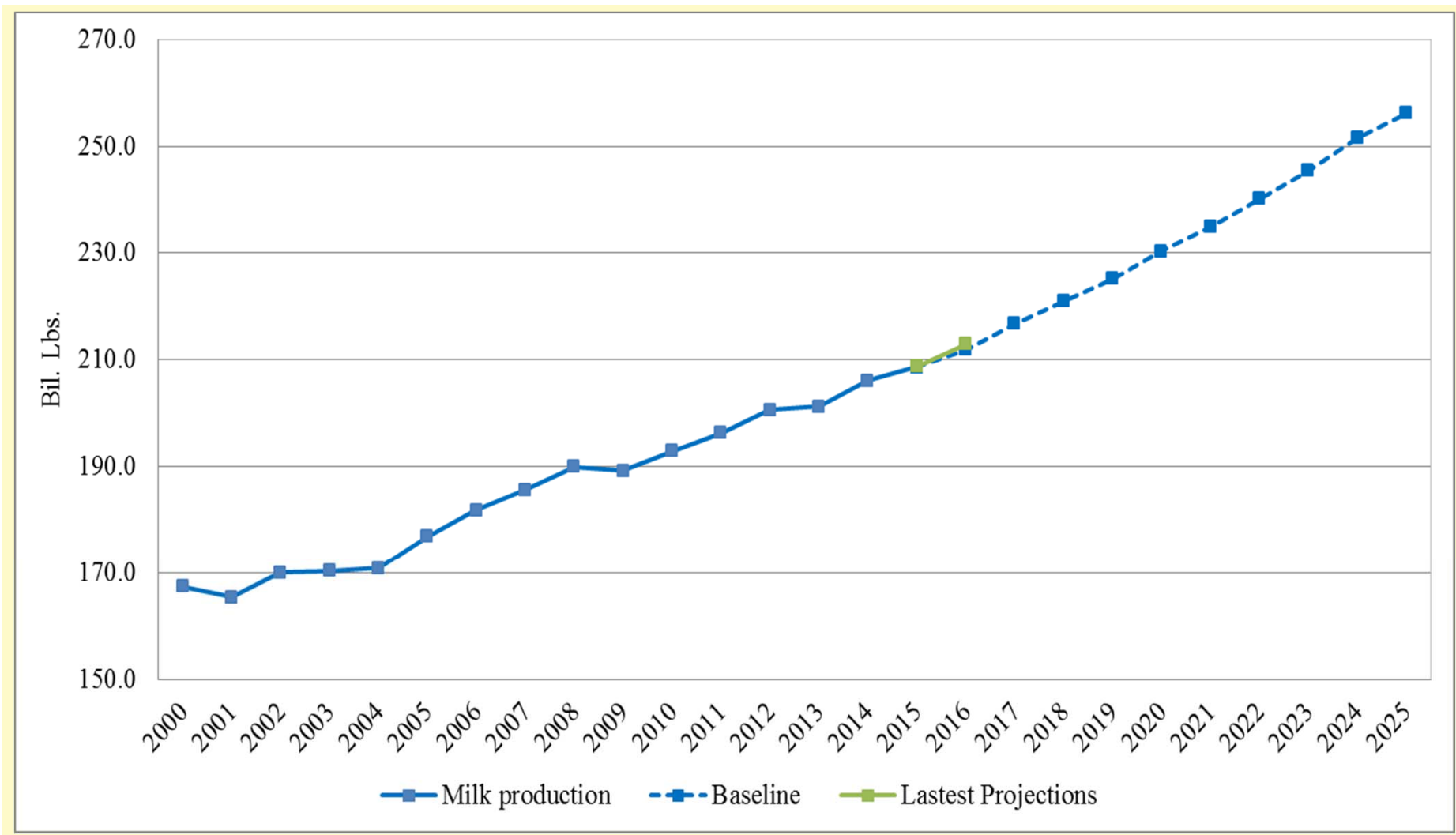


LONG-TERM PROJECTIONS

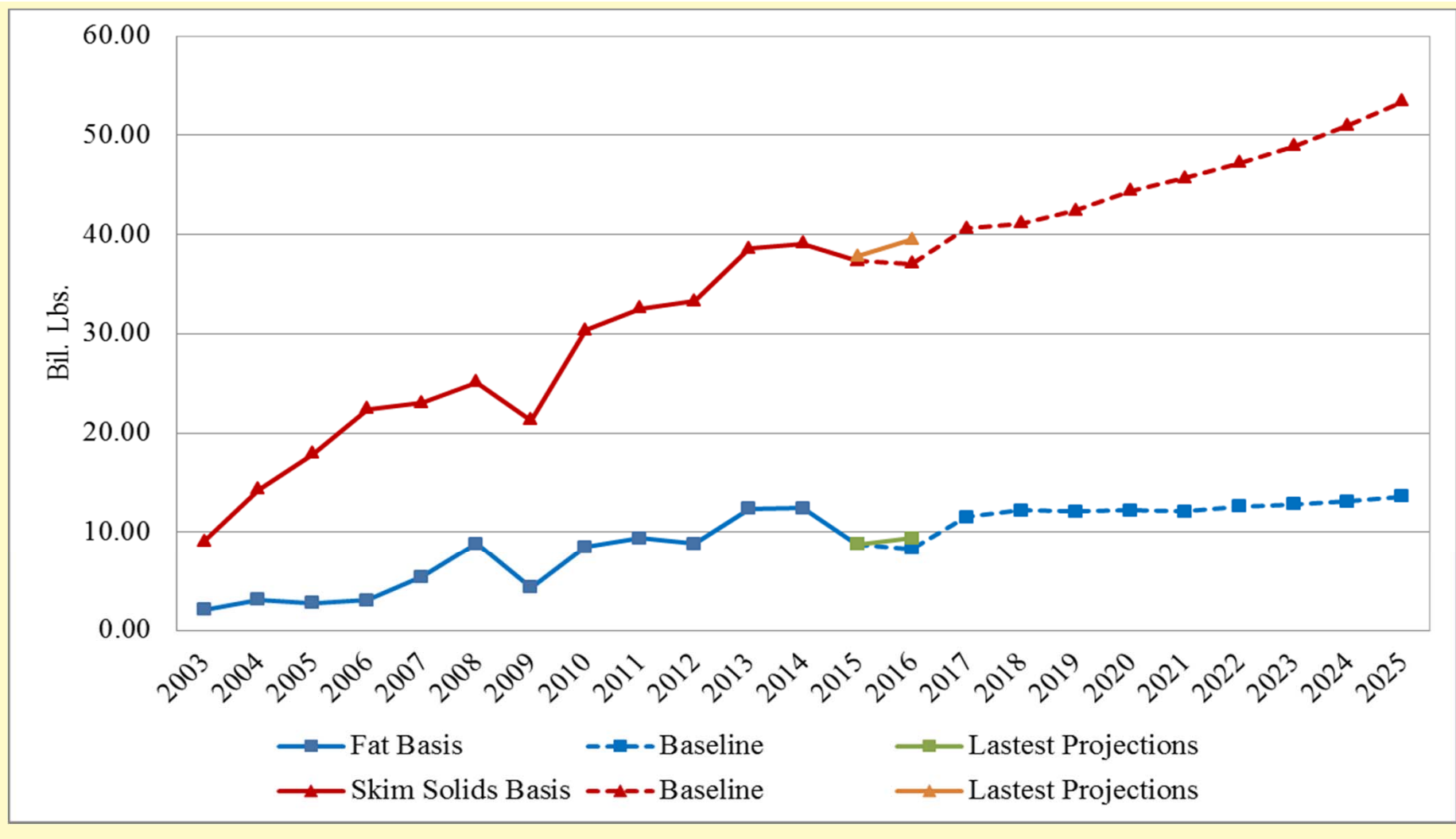
NUMBER OF COWS AND MILK PRODUCTION PER COW



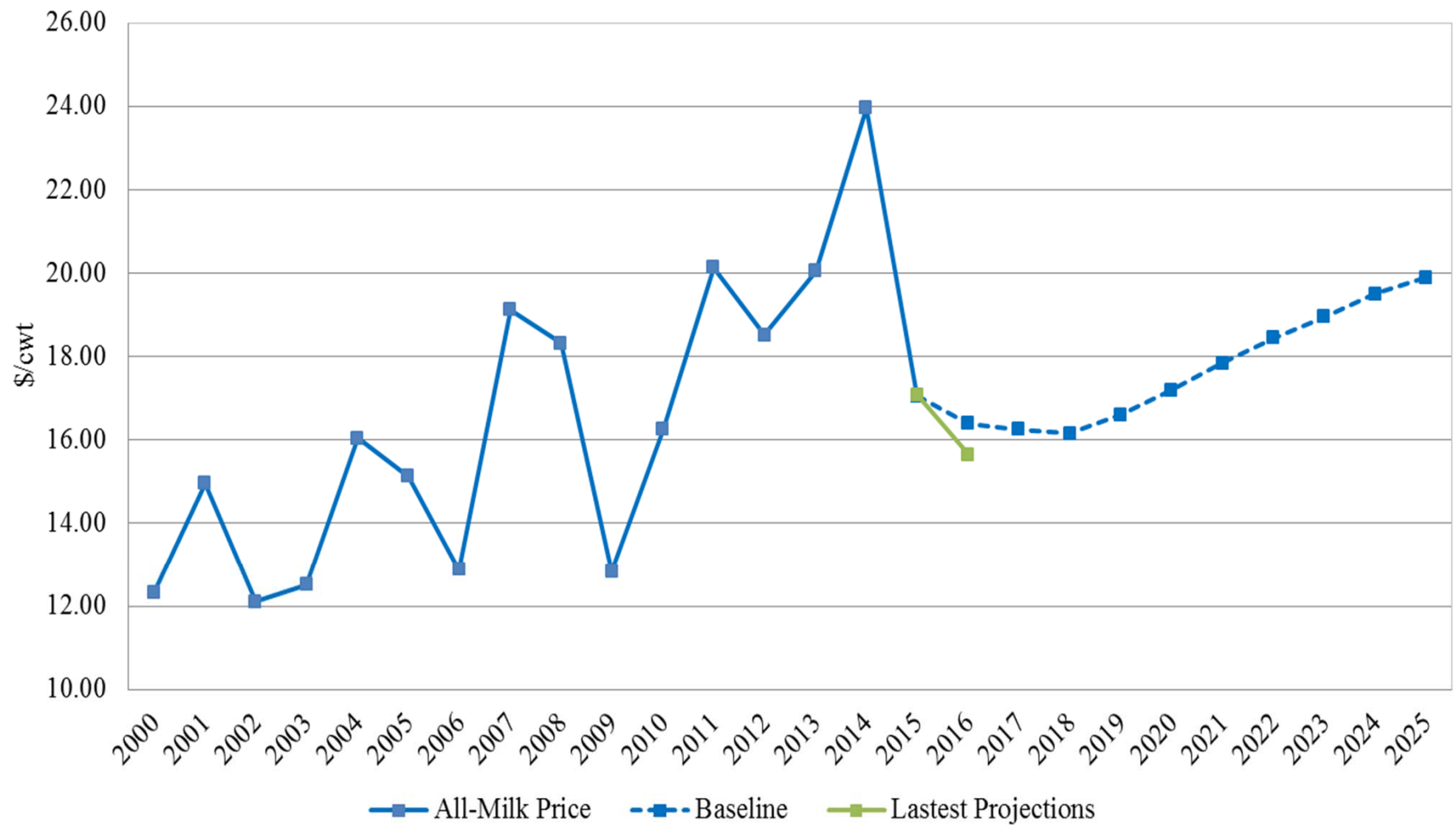
MILK PRODUCTION



COMMERCIAL EXPORTS



ALL-MILK PRICE



THANK YOU!