

# Dairy Market Situation & Outlook: Where are we in June 2020?

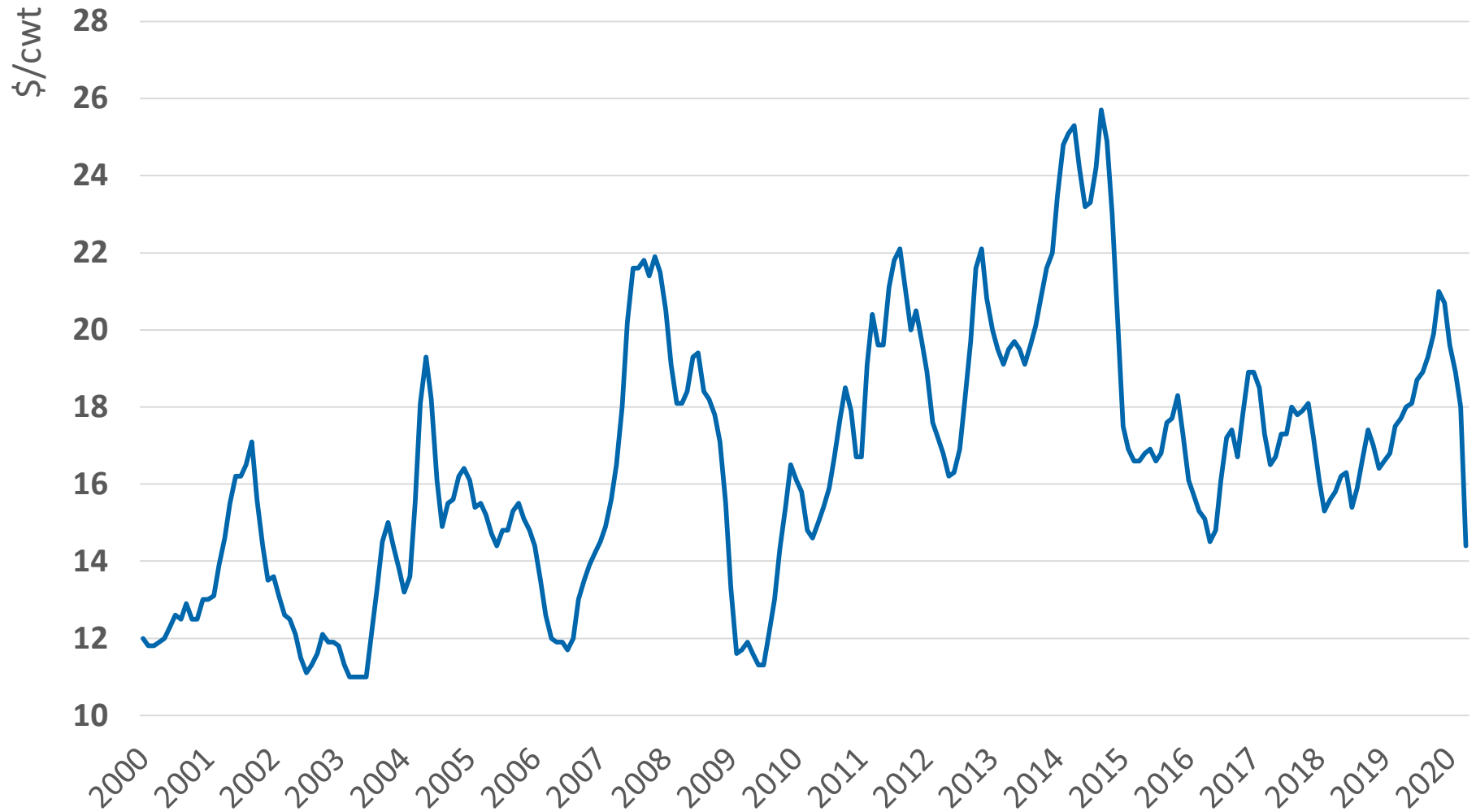
Christopher A. Wolf

E.V. Baker Professor of Agricultural Economics

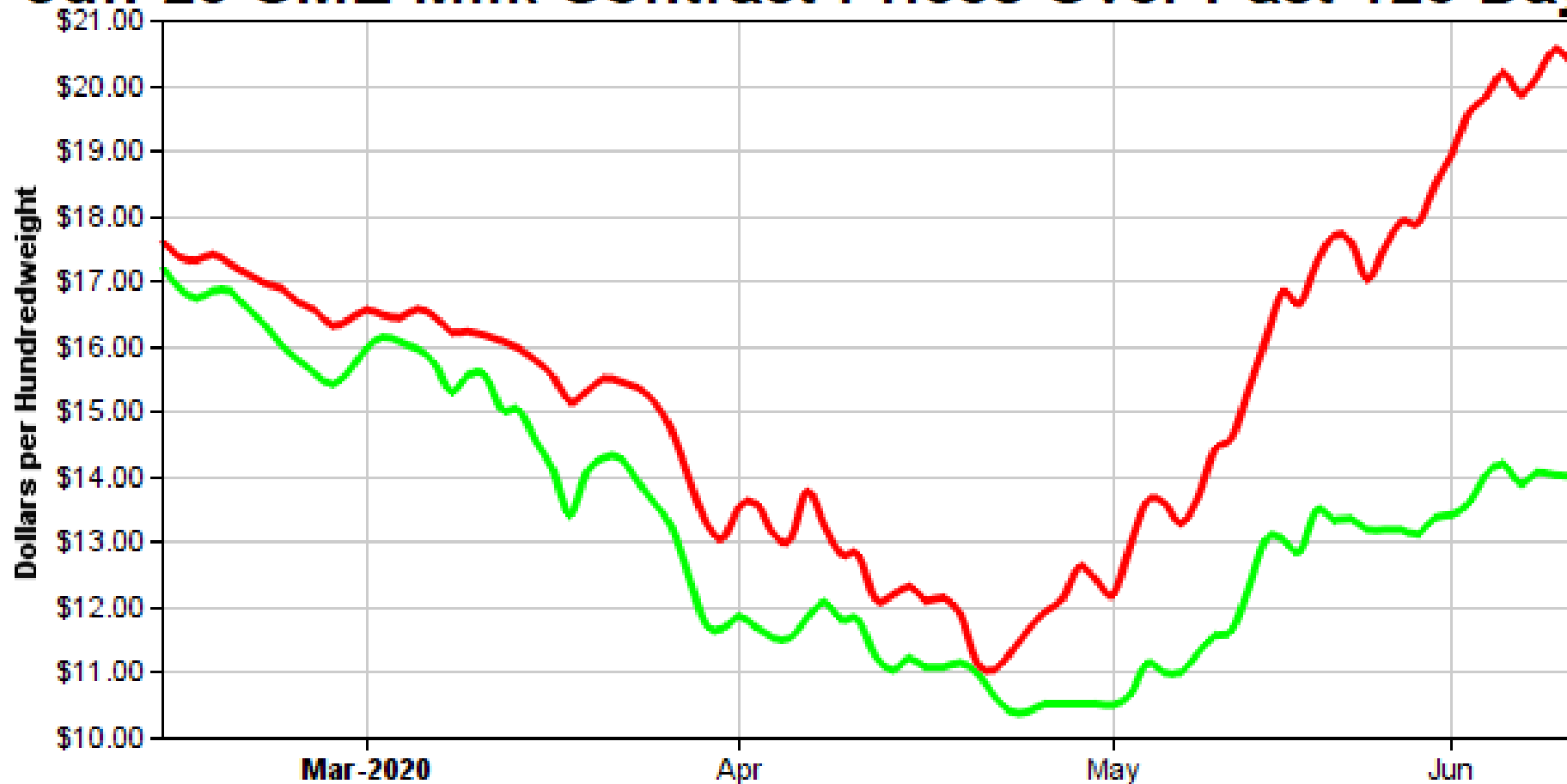
**Dyson School of Applied Economics and Management**

**Cornell University**

# US All Milk Price (2000-2020)



# Jun-20 CME Milk Contract Prices Over Past 120 Days



■ Class III Futures

■ Class IV Futures

*Updated 6/10/20*

# Jul-20 CME Milk Contract Prices Over Past 120 Days

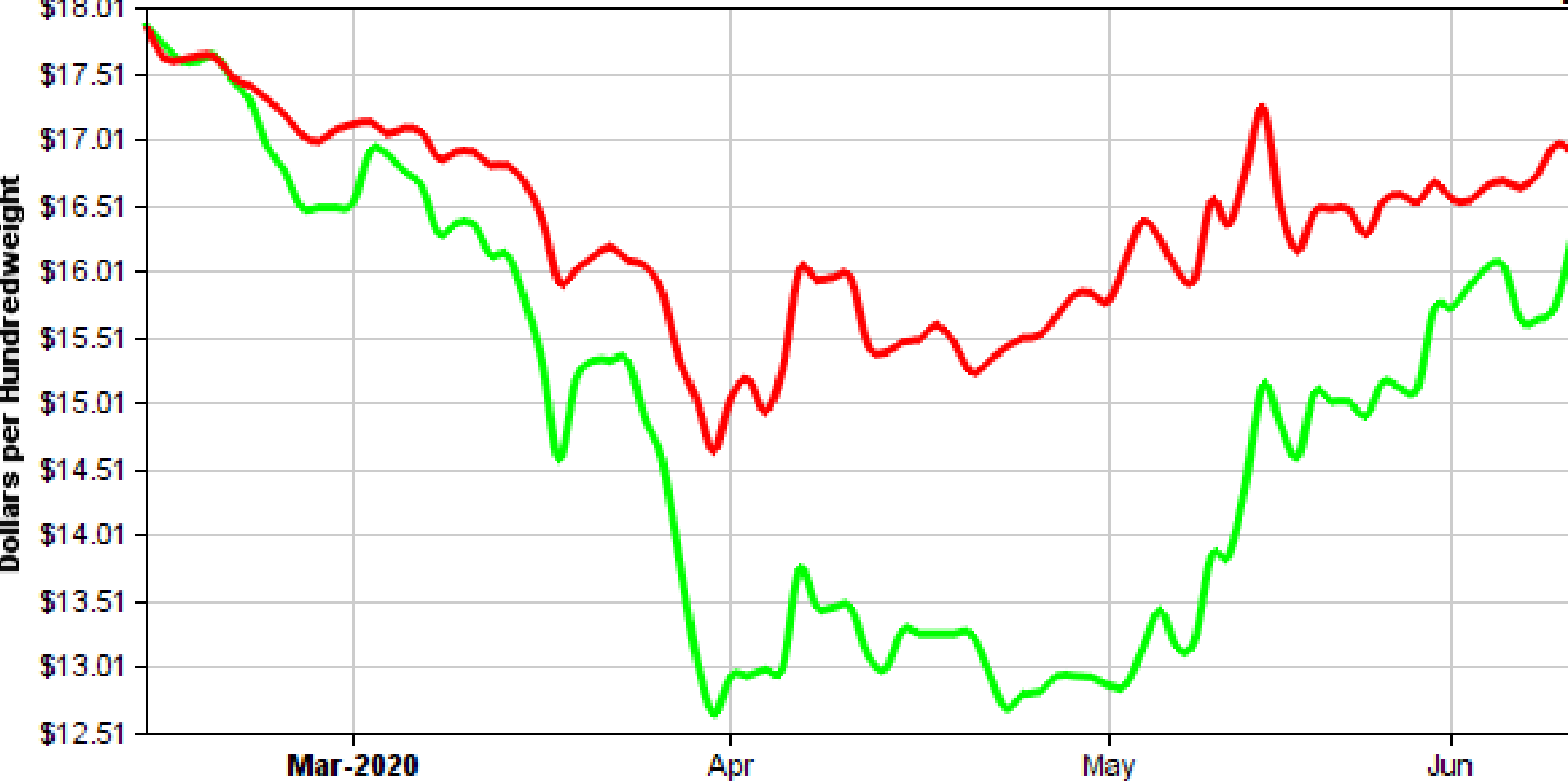


■ Class III Futures

■ Class IV Futures

*Updated 6/10/20*

# Nov-20 CME Milk Contract Prices Over Past 120 Days



■ Class III Futures      ■ Class IV Futures

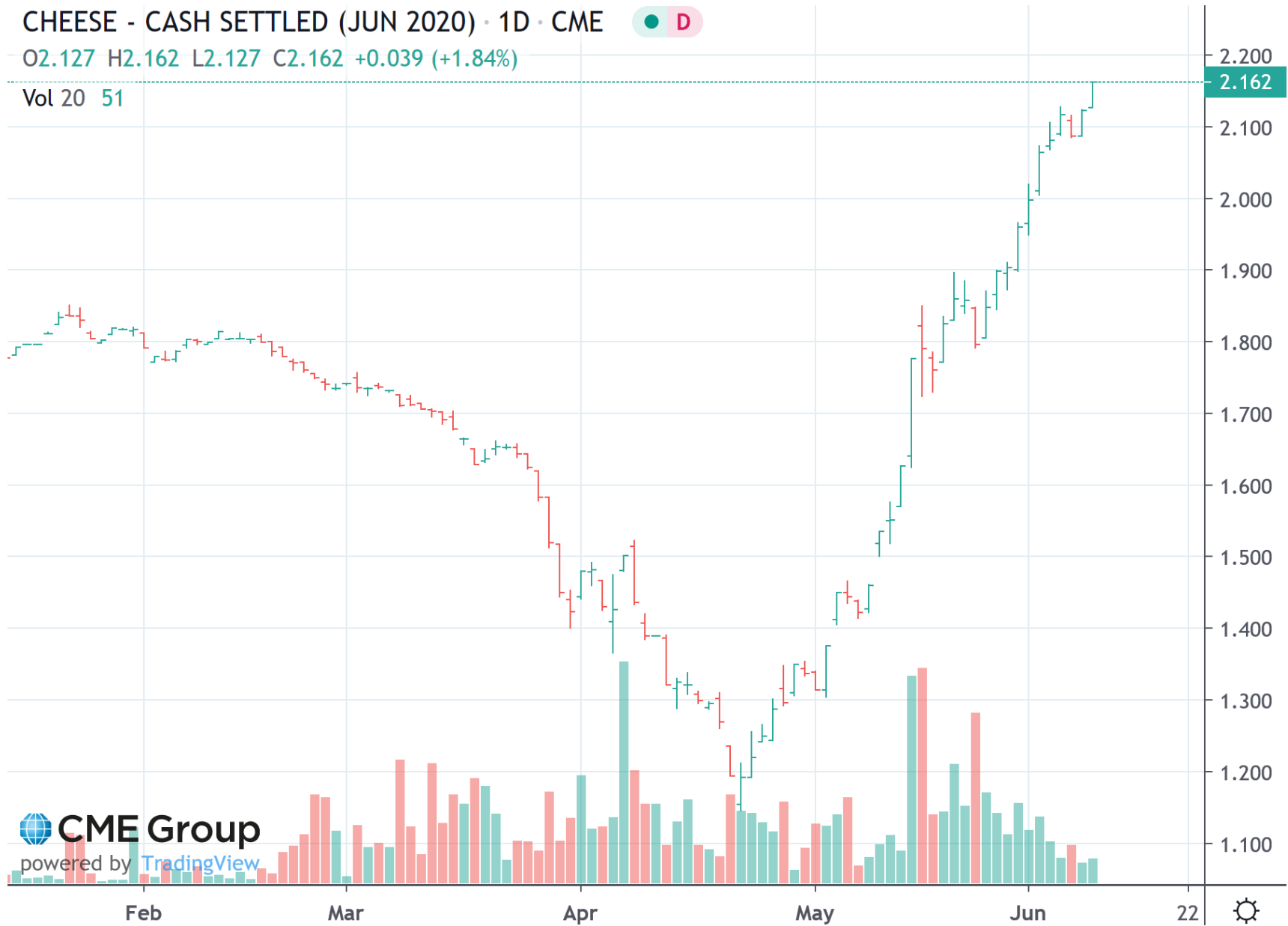
**Updated 6/10/20**

# CHEESE - CASH SETTLED (JUN 2020) · 1D · CME



02.127 H2.162 L2.127 C2.162 +0.039 (+1.84%)

Vol 20 51



 **CME Group**  
powered by  TradingView

Feb

Mar

Apr

May

Jun

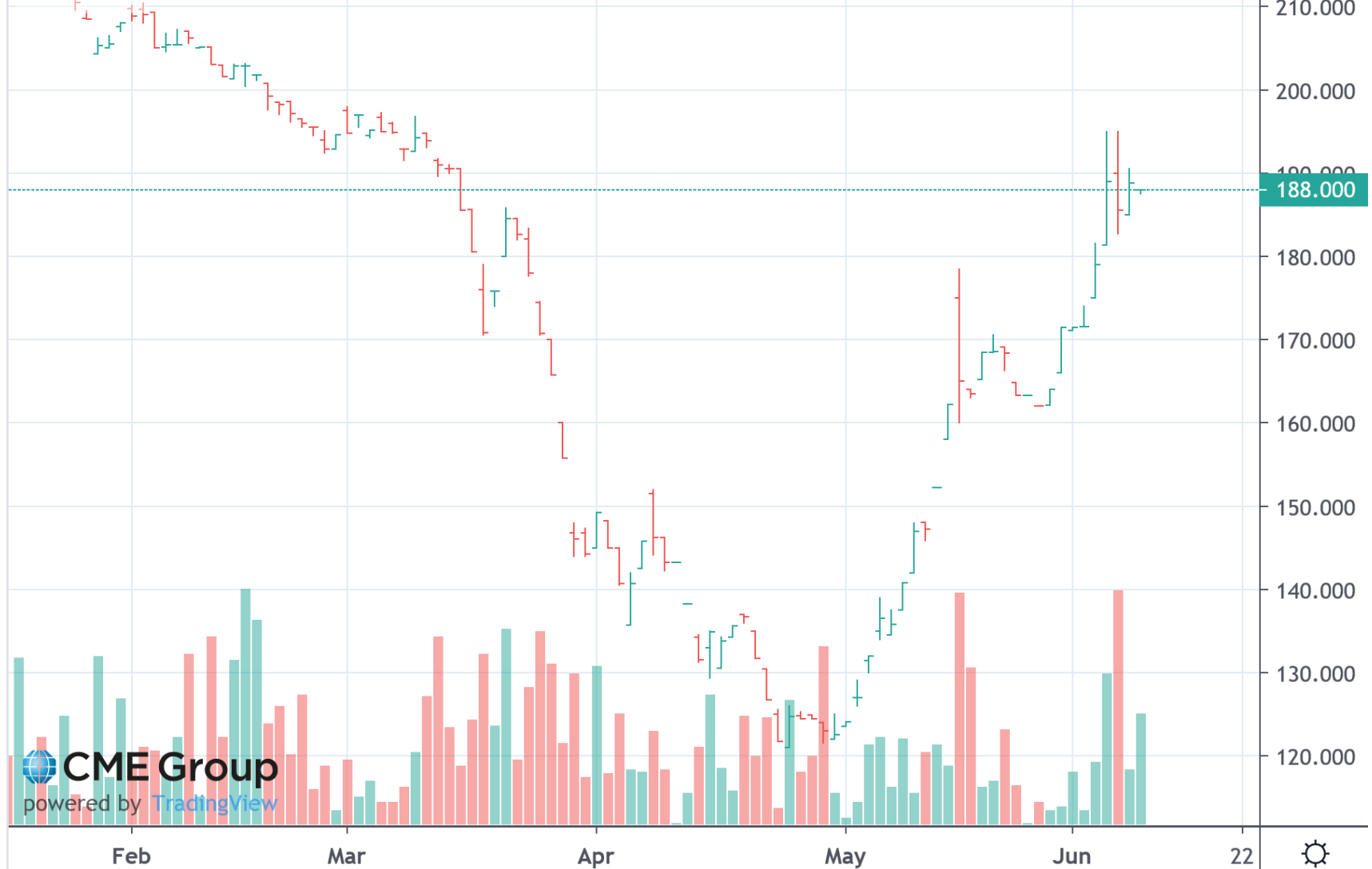
22



# BUTTER FUTURES-CASH (JUN 2020) · 1D · CME

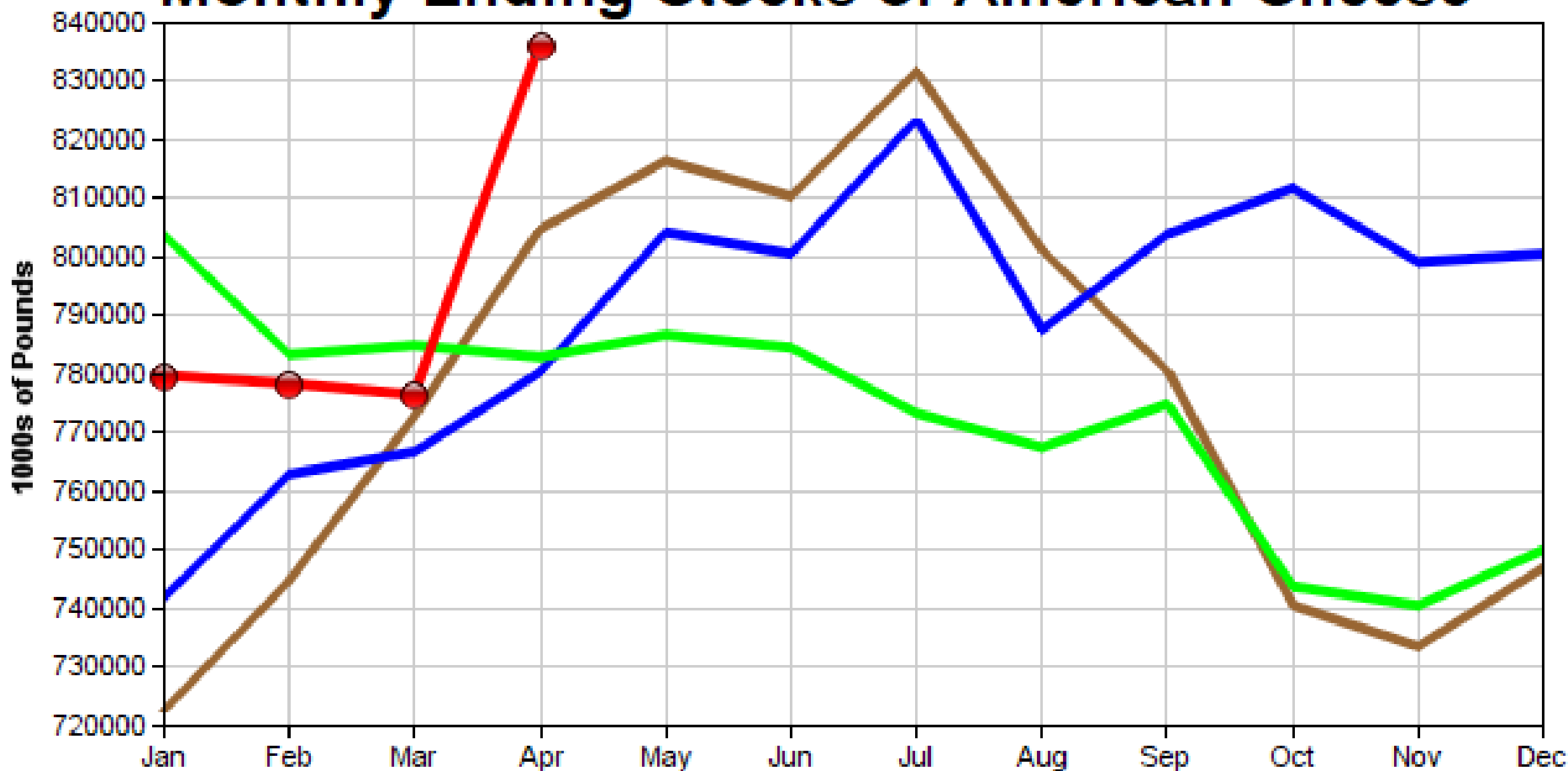
O188.000 H188.000 L187.500 C188.000 -0.800 (-0.42%)

Vol-20 57



CME Group  
powered by TradingView

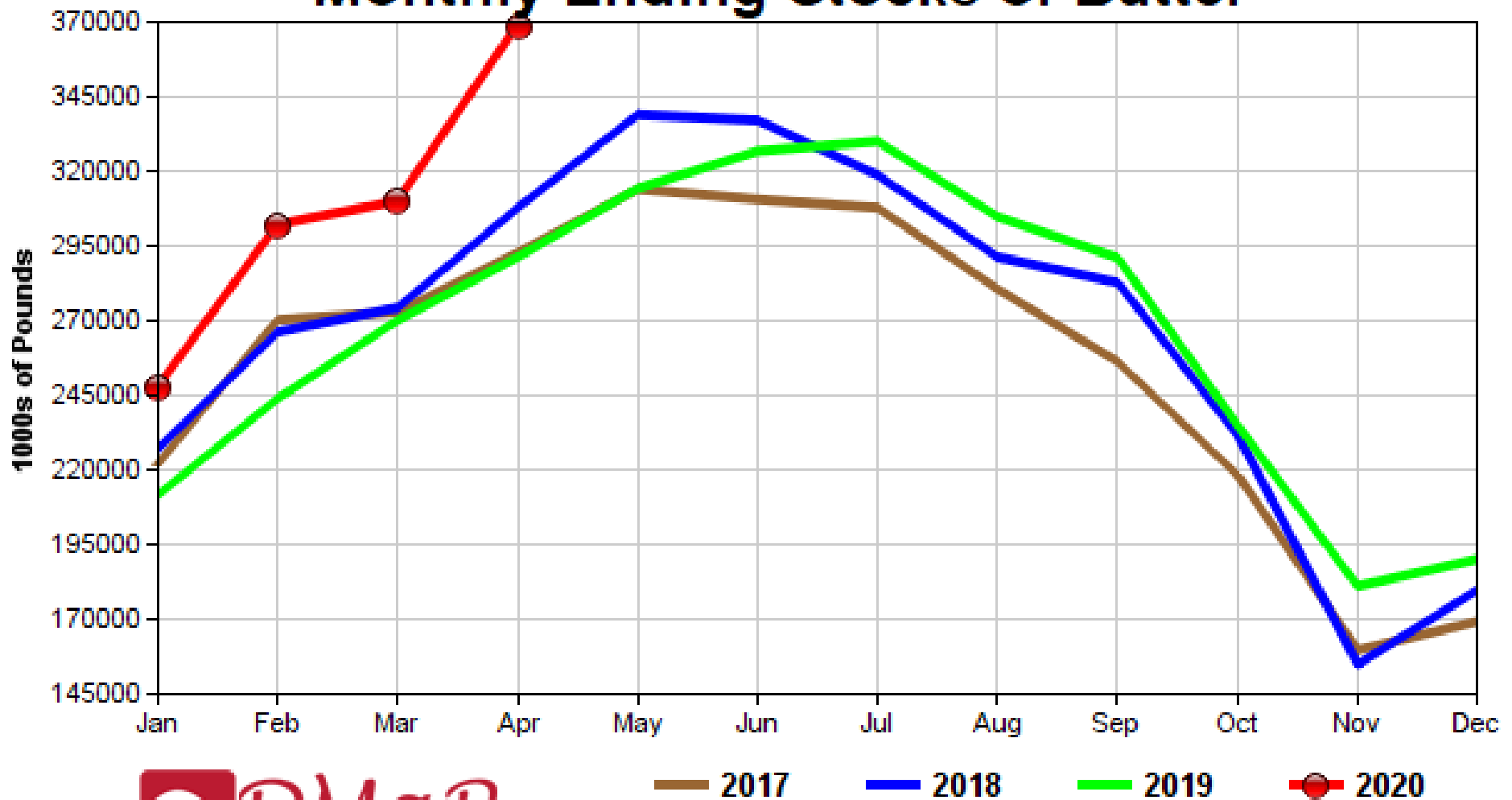
# Monthly Ending Stocks of American Cheese



Updated 5/21/20

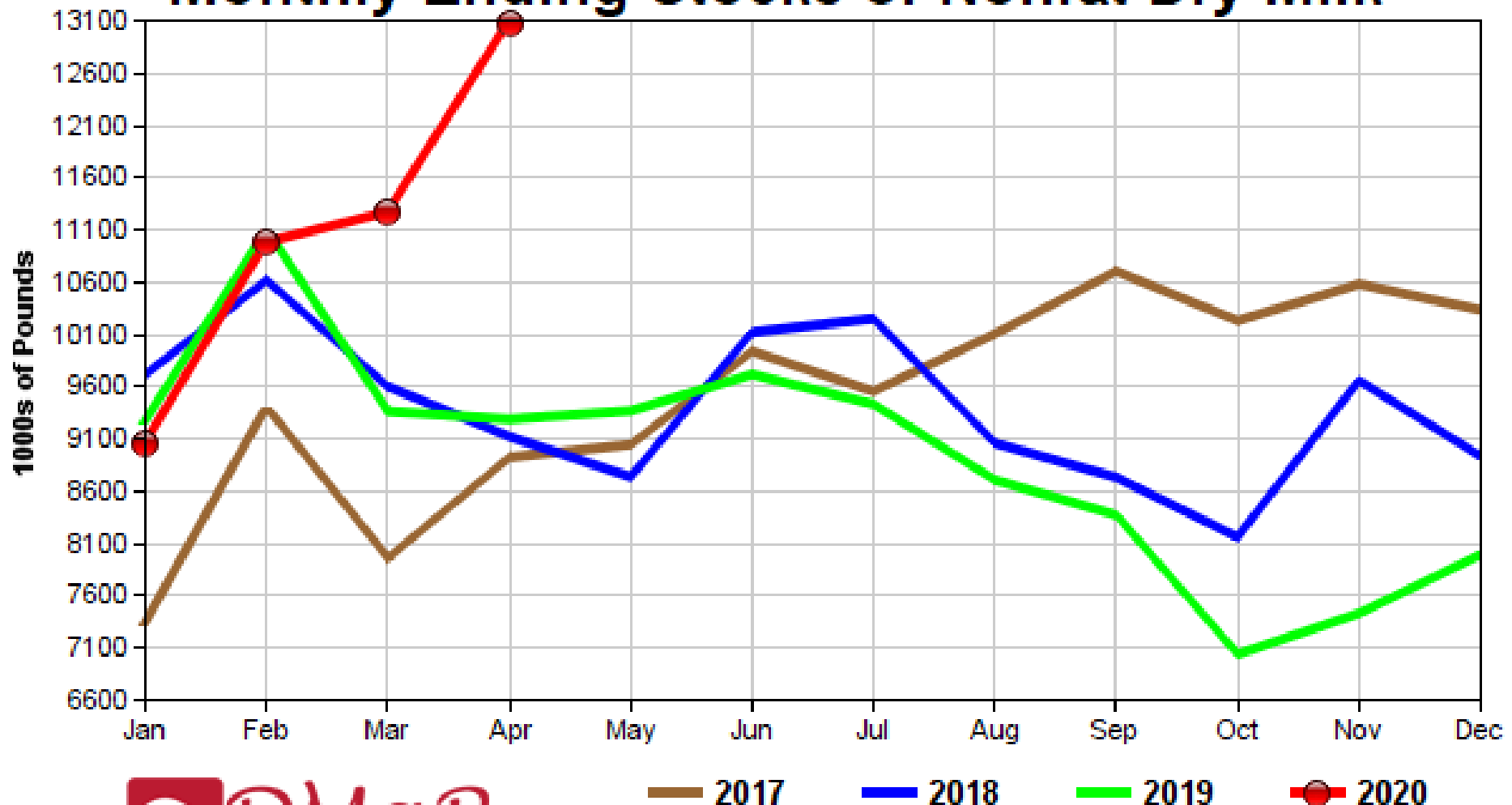


# Monthly Ending Stocks of Butter



Updated 5/21/20

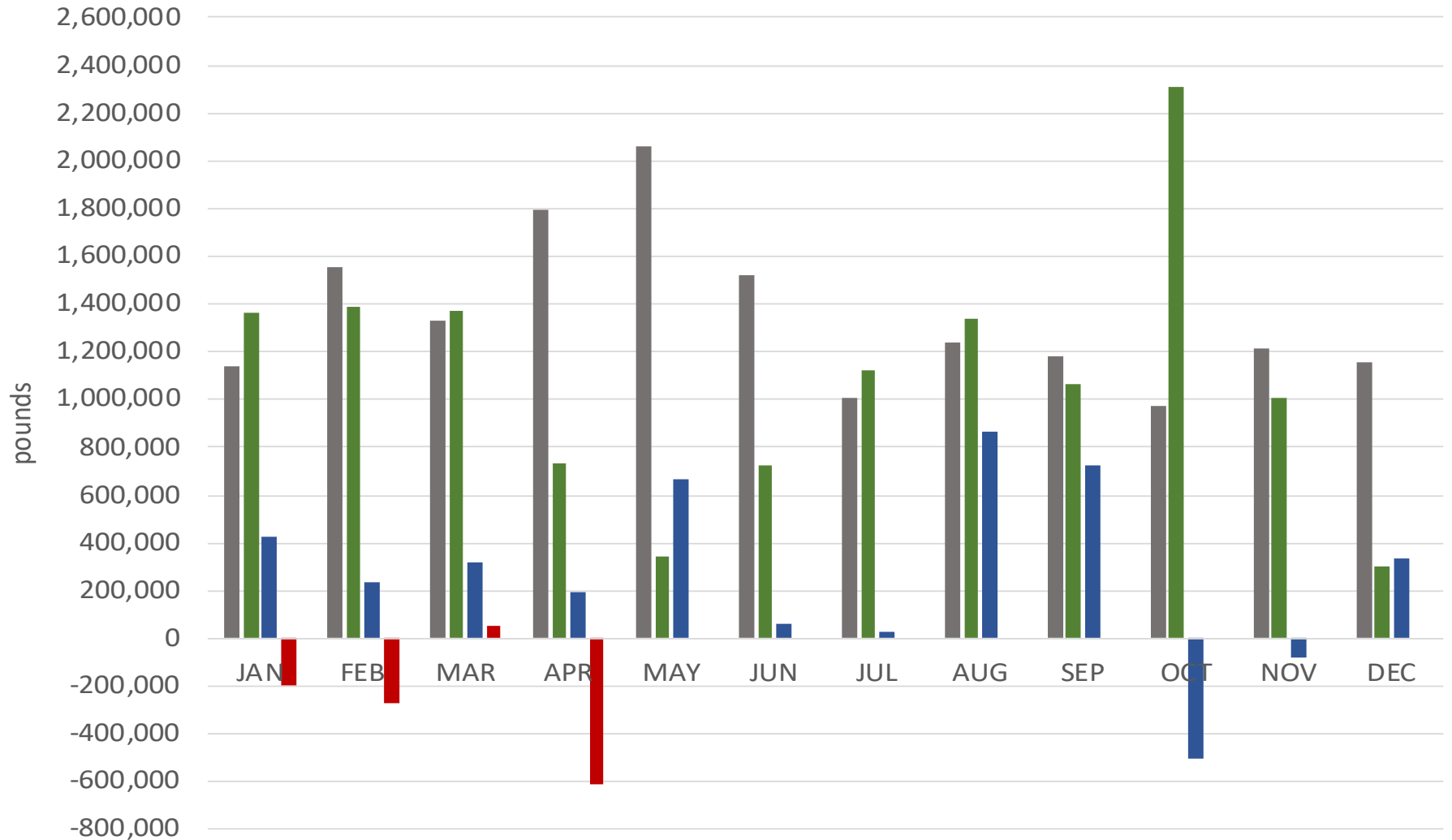
# Monthly Ending Stocks of Nonfat Dry Milk



Updated 6/4/20

# Absolute Change in YOY Daily Average Production of Cheese, 2017-2020

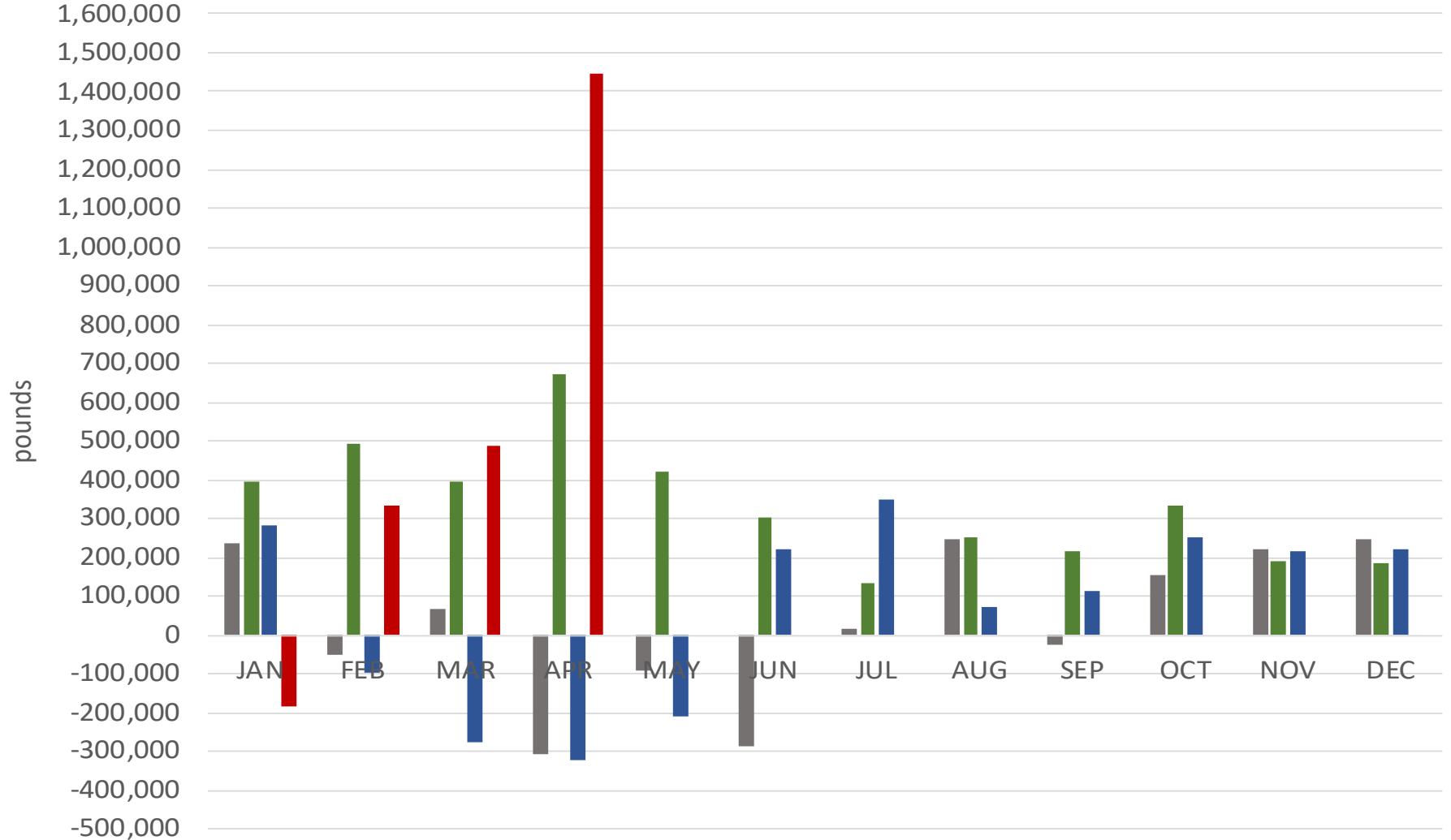
■ 2017 ■ 2018 ■ 2019 ■ 2020



Source: Andy Novakovic

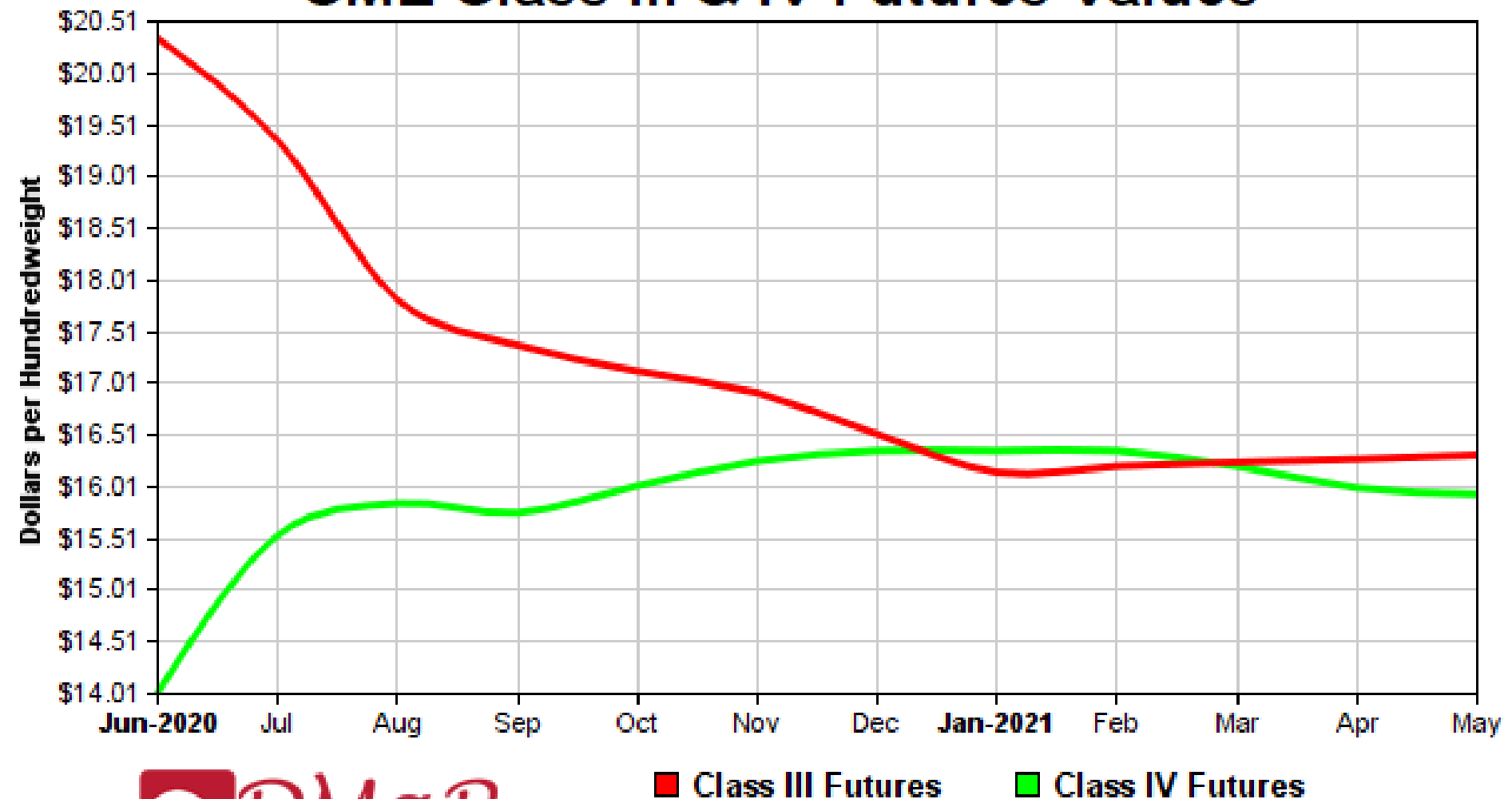
## Absolute Change in YOY Daily Average Production of Butter, 2017-2020

■ 2017 ■ 2018 ■ 2019 ■ 2020



Source: Andy Novakovic

# CME Class III & IV Futures Values

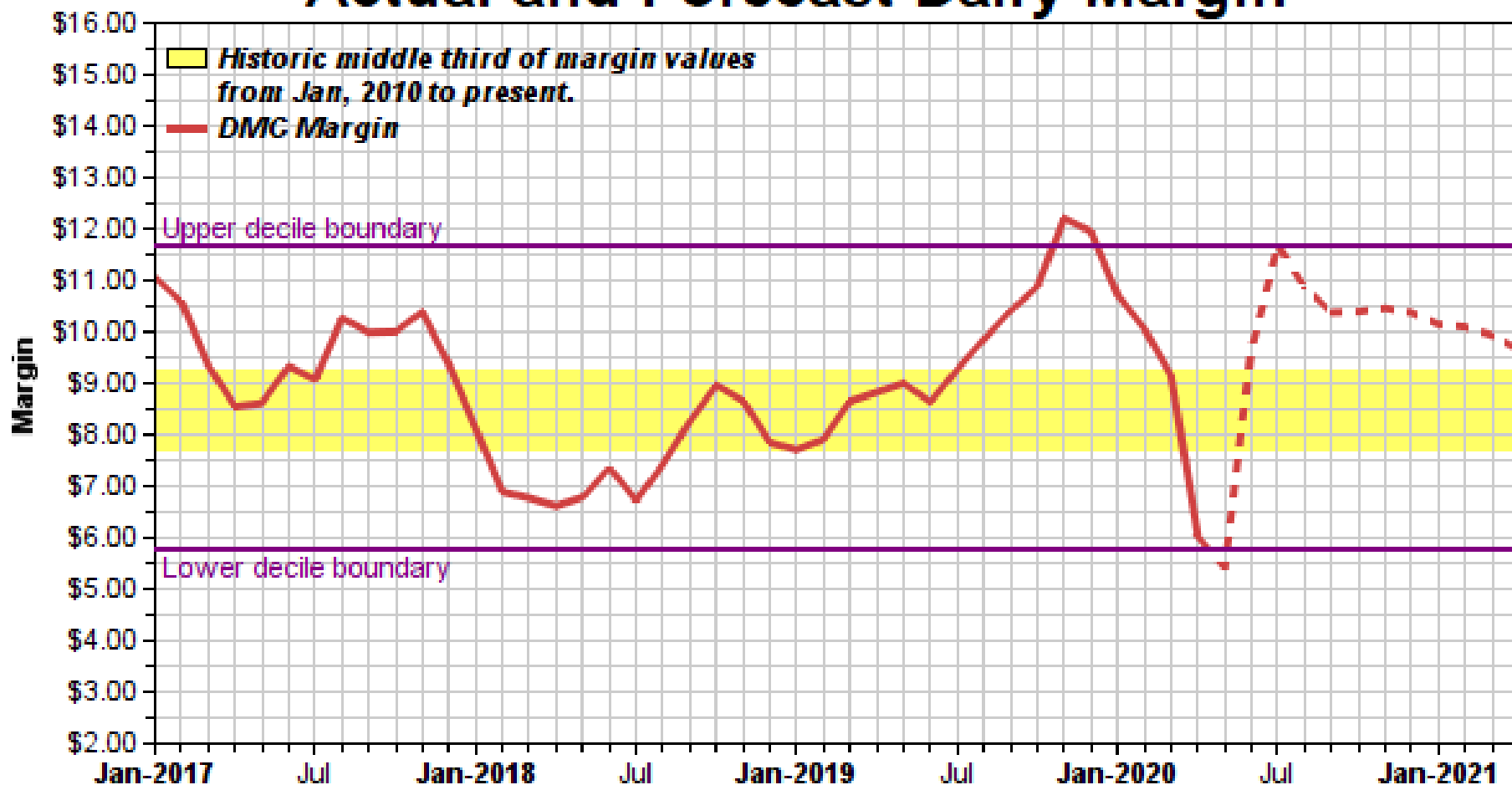


Updated 6/10/20

# Government Programs

- Dairy Margin Coverage Programs
- Dairy Revenue Protection
- Coronavirus Food Assistance Program Payments
- Food Box Program

# Actual and Forecast Dairy Margin



Updated 6/10/20

# Factors to Watch

## Supply

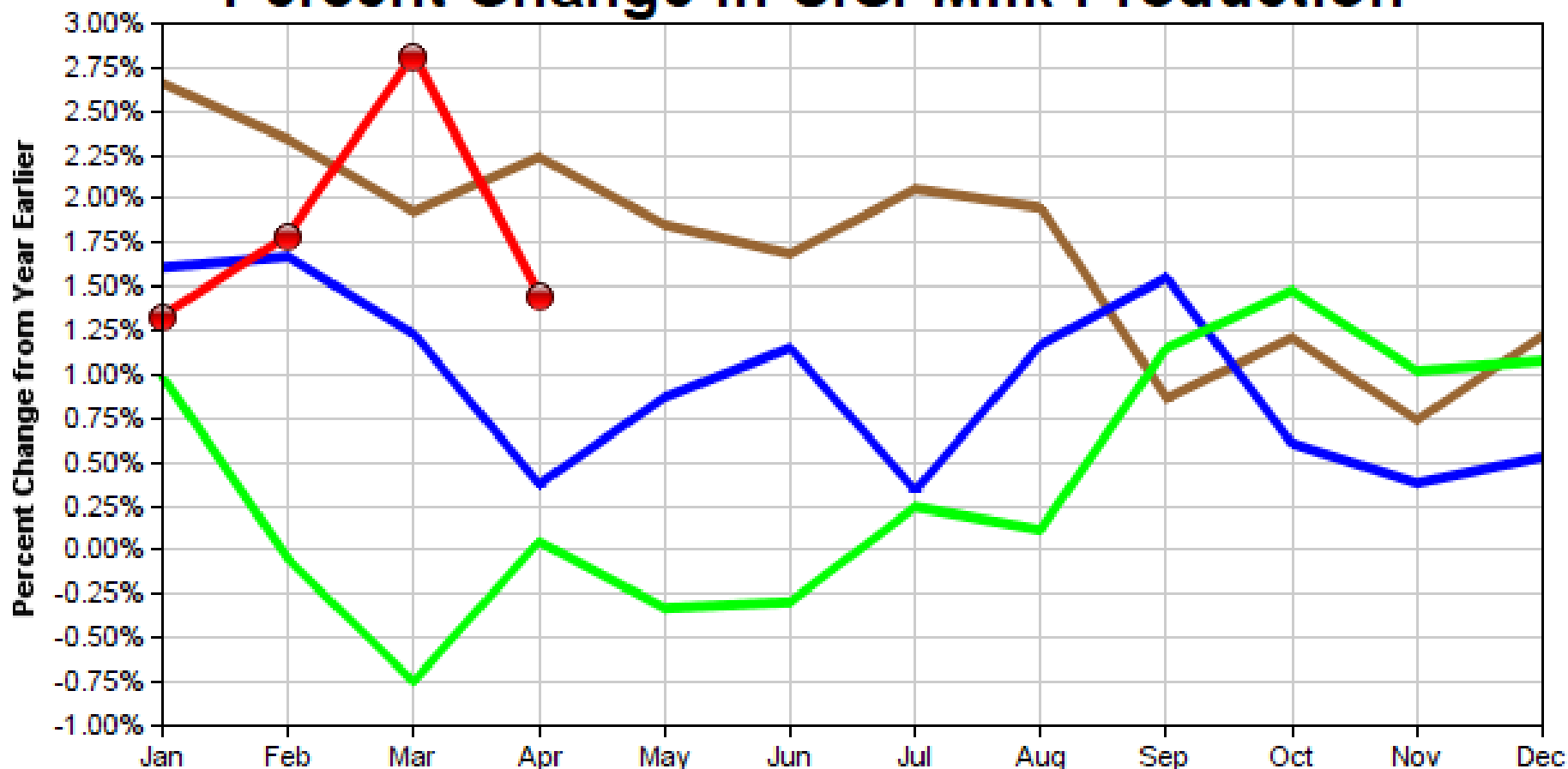
- US production
- Dairy Stocks
- Feed price
  - Weather

## Demand

- Re-opening
  - Restaurants
- Domestic economy
  - Employment
- Int'l economy

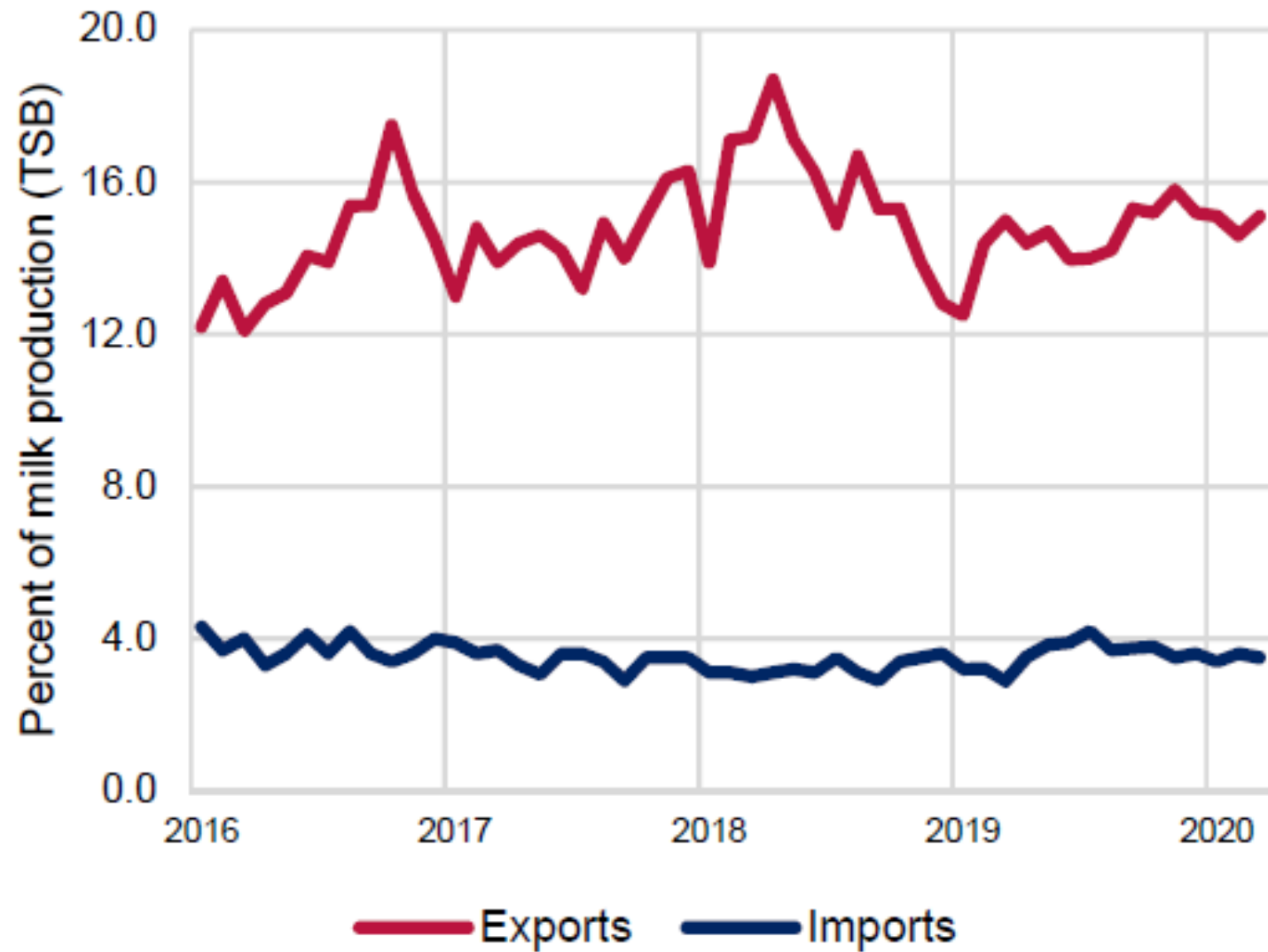


# Percent Change in U.S. Milk Production

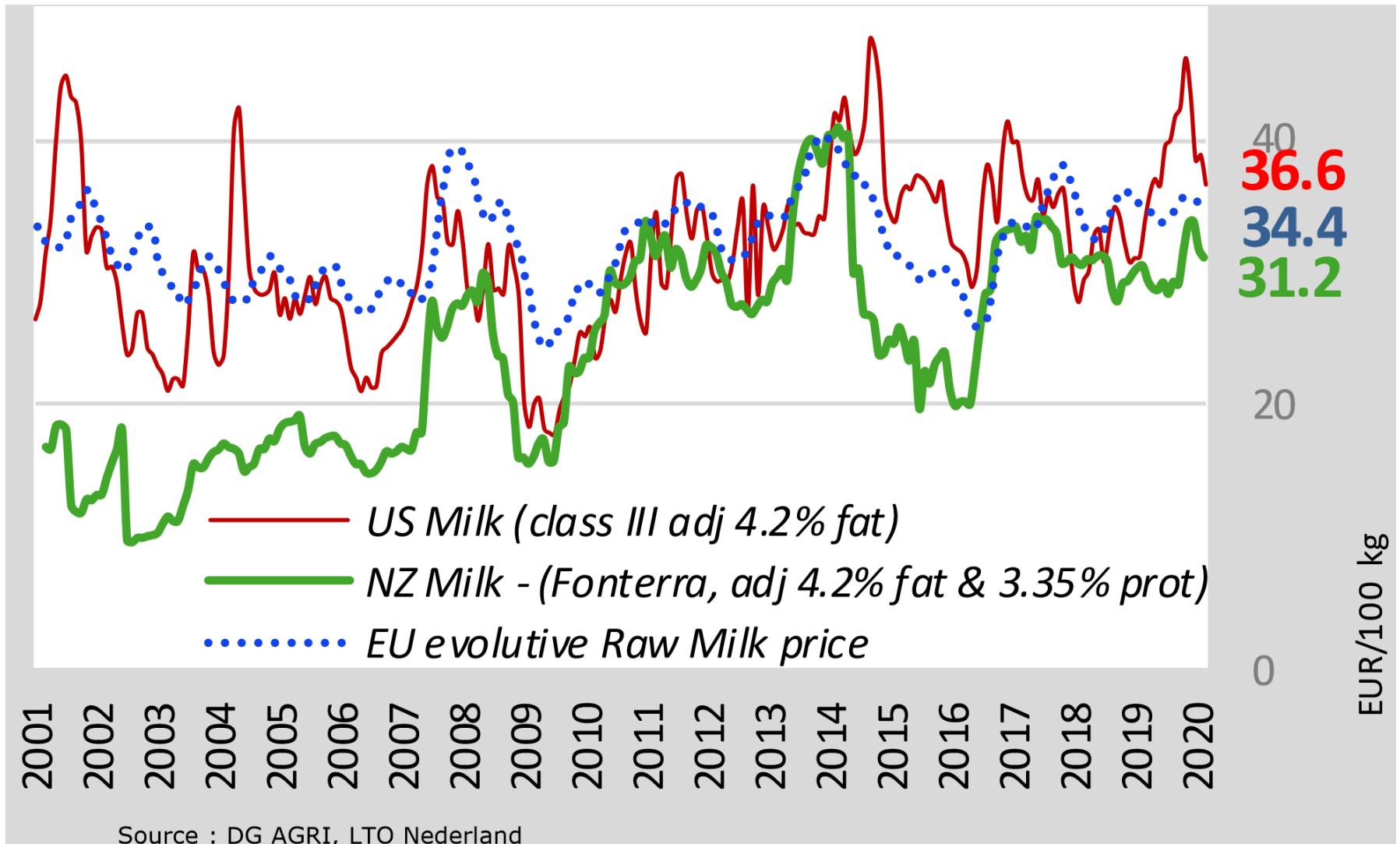


— 2017 — 2018 — 2019 ● 2020  
*Updated 5/20/20*

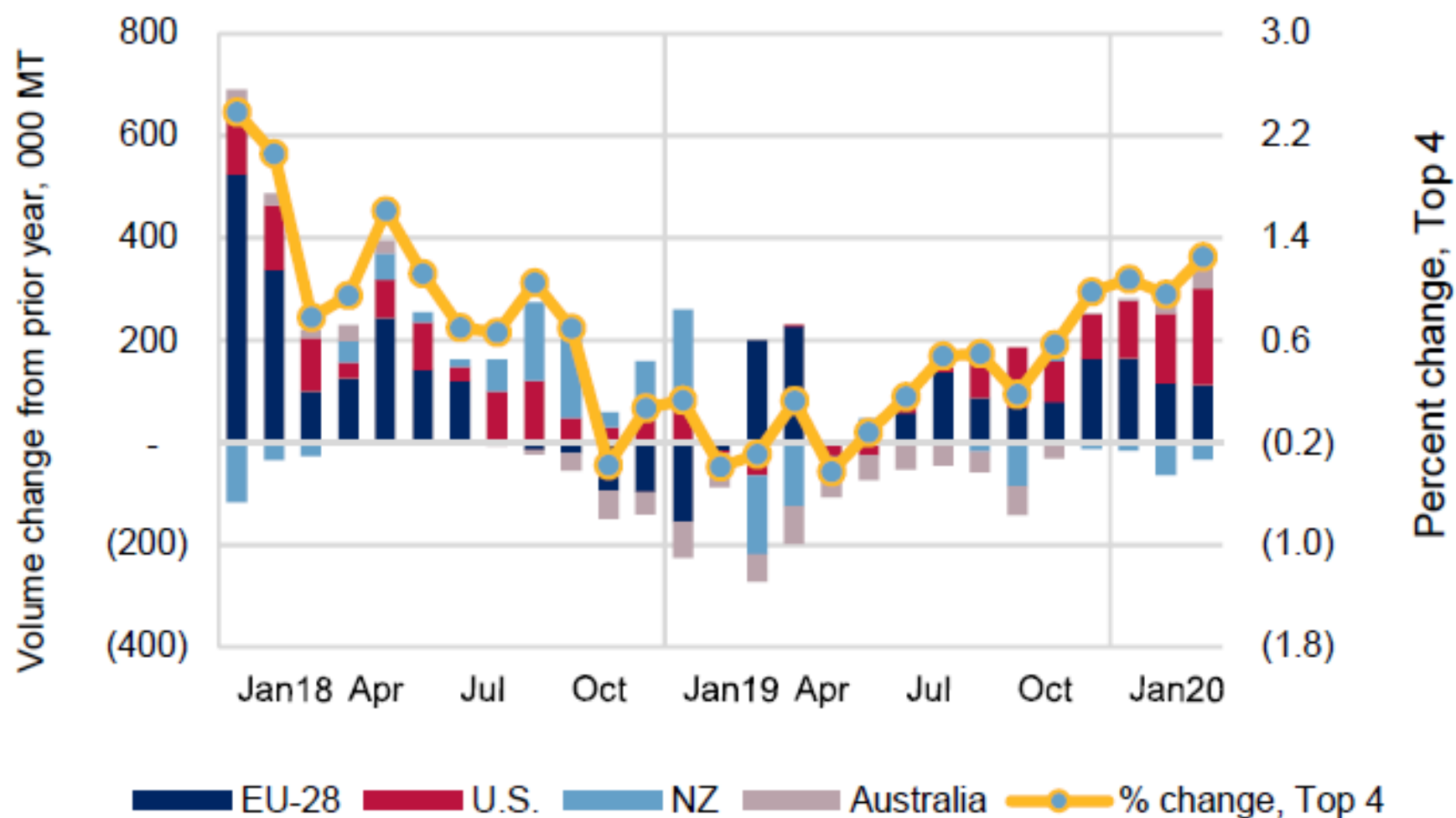
## U.S. Exports and Imports as % of Milk Production



# US, NZ and EU\* milk prices up to March 2020

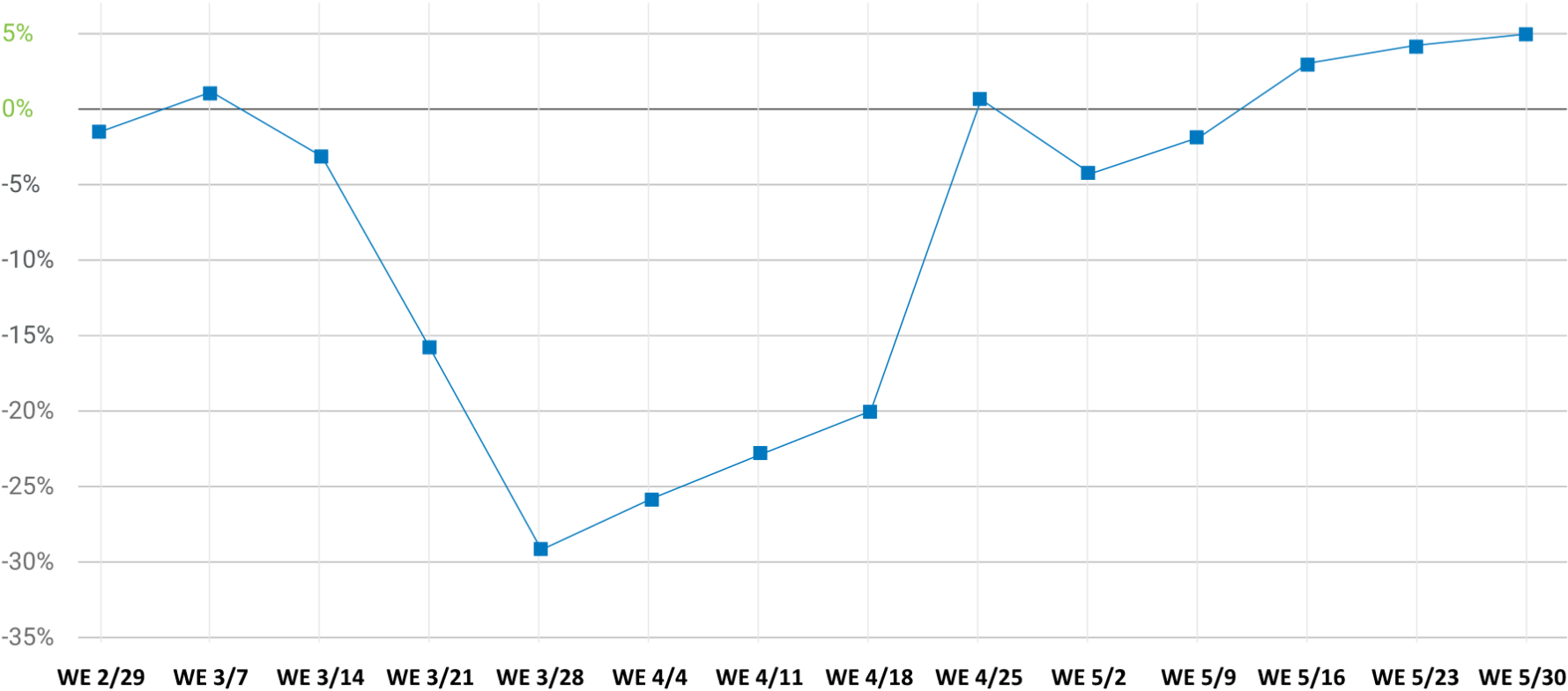


## Milk Production Change from Prior Year, Top 4 Global Suppliers

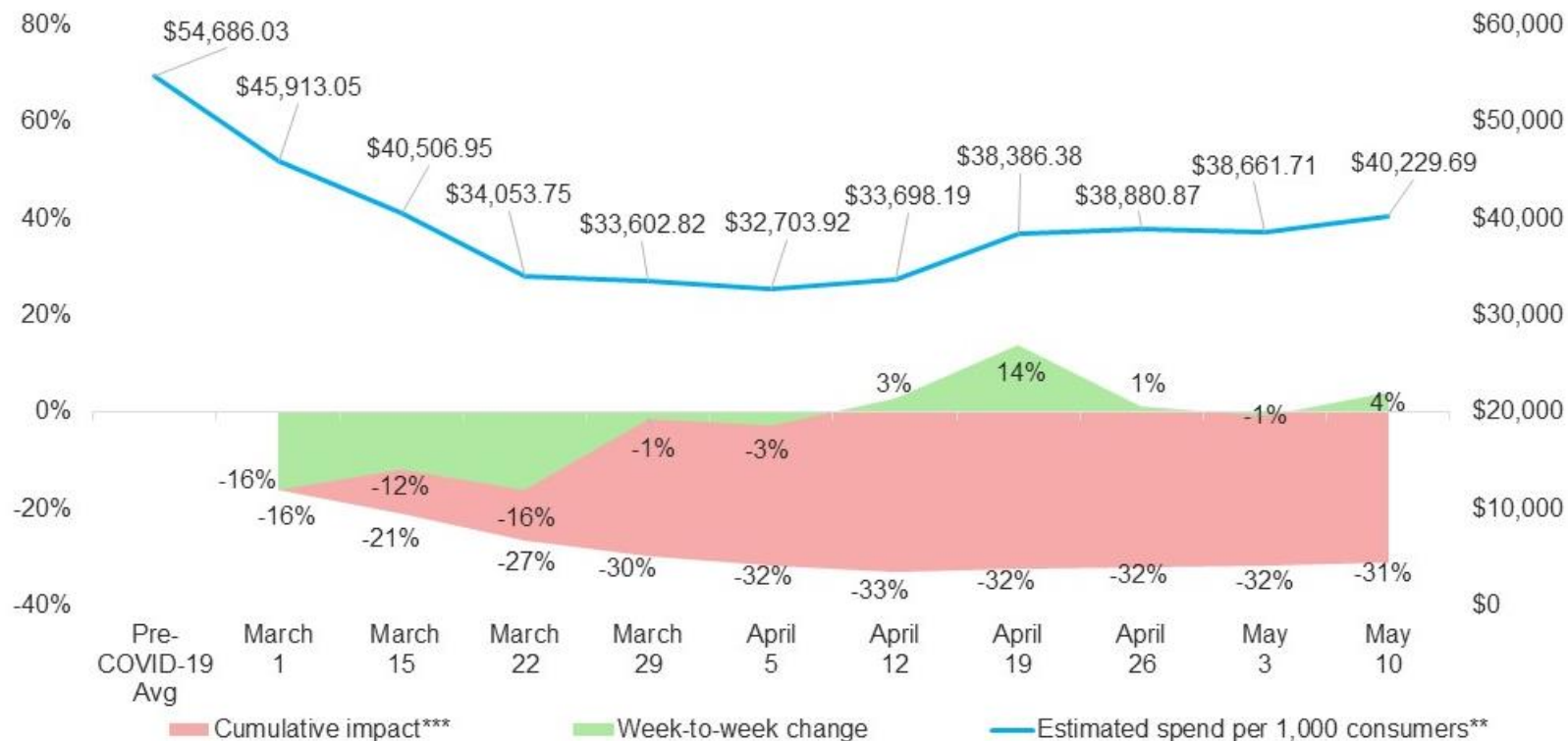


Feb 20 adjusted for leap day. Latest month may include USDEC estimate.

General Merchandise: Dollar Change Versus Year Ago



## ESTIMATED FOODSERVICE SPENDING CHANGES (WEEK OVER WEEK)—ALL CHANNELS



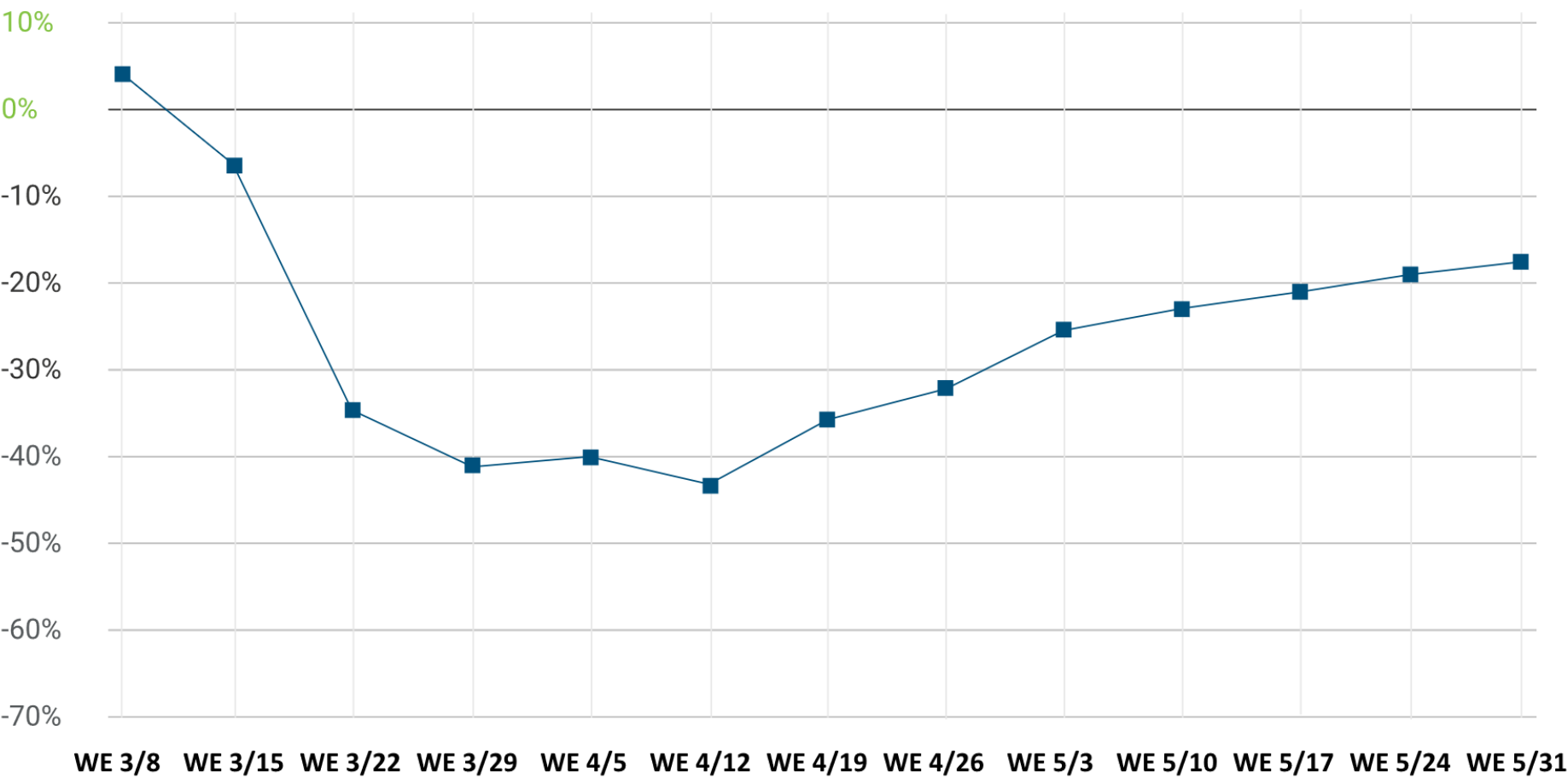
\*Note that these changes in spending are based on the average \$ spent per 1,000 people per week adjusted by the number of people who report they will reduce their spending going forward and by how much. Further adjustments in the estimate are made based on the proportion of consumers who are paying attention to the COVID-19 situation.

\*\* The estimated spend per 1,000 persons for a "Normal Week" is based on the Industry totals from Technomic's Wallchart divided by the total U.S. population, then multiplied by 1,000. Whereas the estimated per 1,000 consumer spending numbers for March 6 onward are based on the reported average spend per person multiplied by 1,000.

\*\*\*The Cumulative Impact is calculated as the percentage change in the spend per 1,000 consumers from the estimated normal week to the week indicated in each column.

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# Foodservice: Transaction Change Versus Year Ago



## PLANNED TIME OF RETURN TO RESTAURANTS/OTHER FOODSERVICE AFTER COVID-19 ENDS

	Week Beginning							% Change From Prior Week
	March 22	March 29	April 5	April 12	April 19	April 26	May 3	
Right away	15%	15%	10%	9%	8%	8%	6%	-2%
A week or two later	33%	28%	27%	24%	20%	13%	16%	+3%
A month later	19%	22%	21%	22%	24%	20%	22%	+2%
More than a month	33%	36%	42%	45%	47%	58%	56%	-2%



# Thank You

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