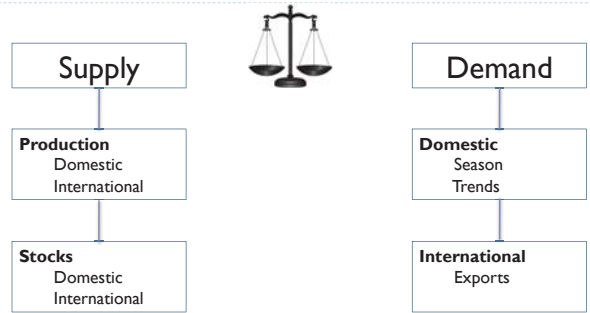




Milk Price Recovery or Not?

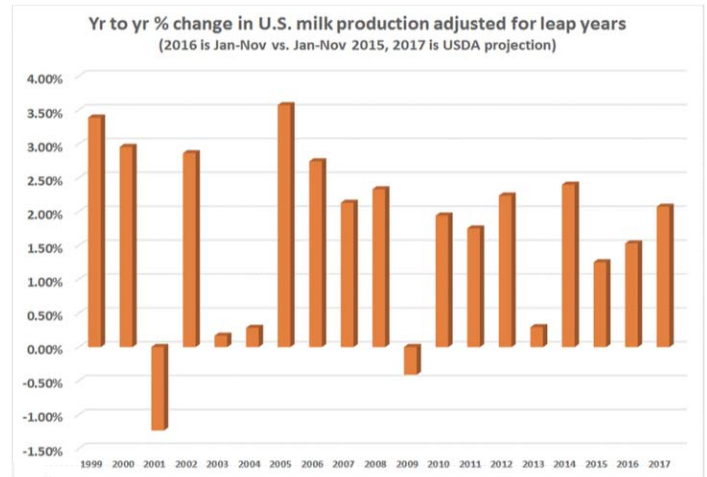
Normand St-Pierre, Ph.D., P.A.S.

Big Factors Affecting Milk Prices

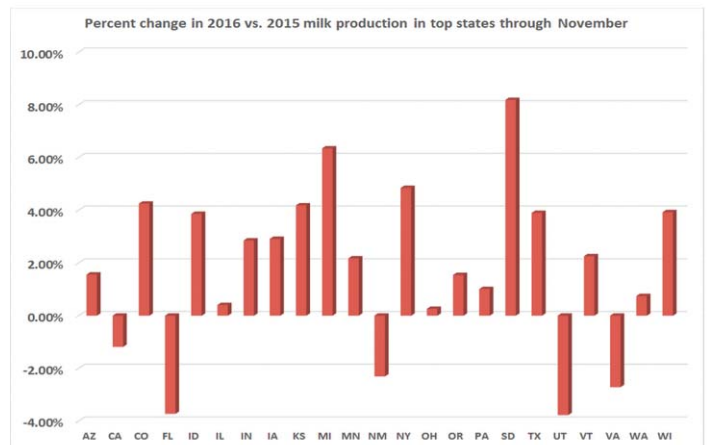
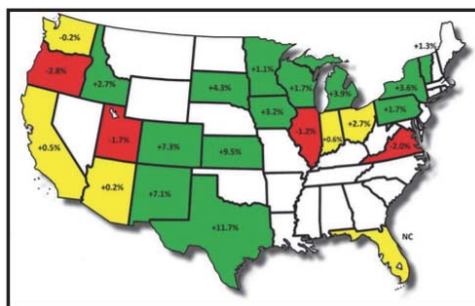


Things to understand (or not)

- ▶ Domestic Markets



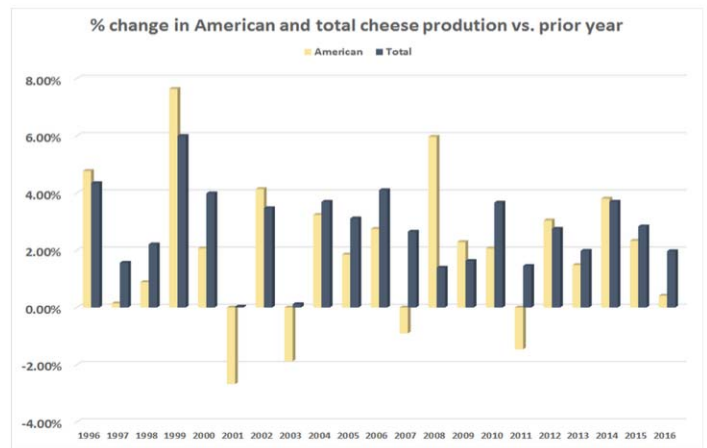
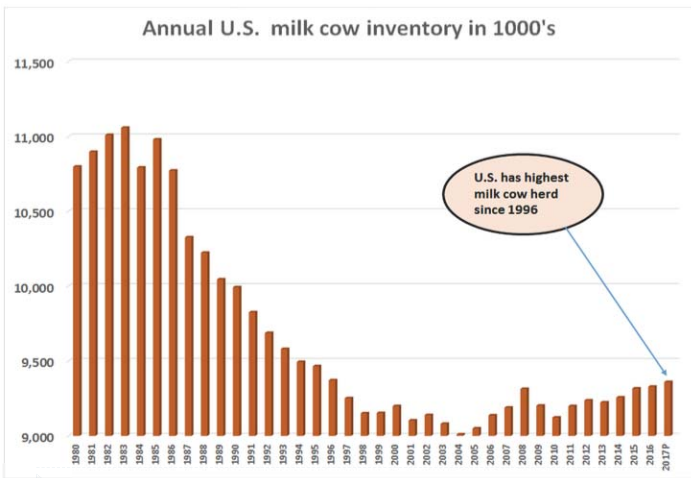
Source: J. Karlin

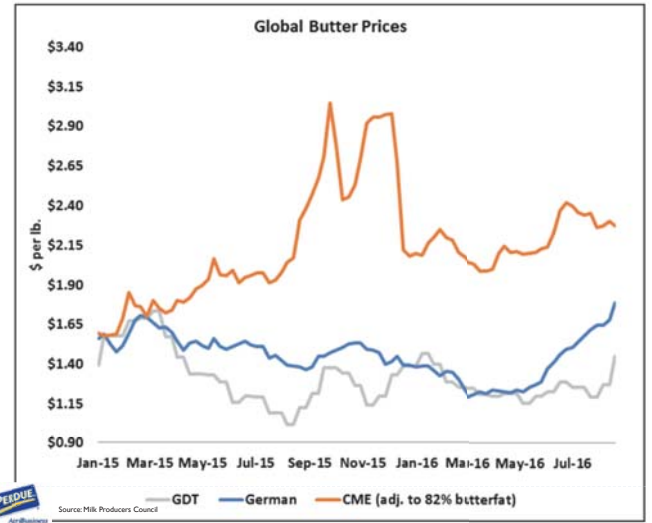
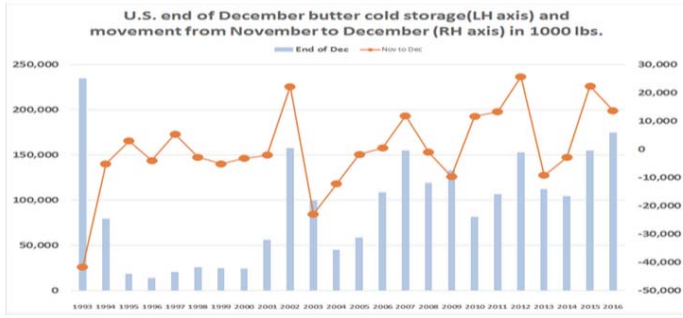


Source: J. Karlin



Source: Milk Producers Council

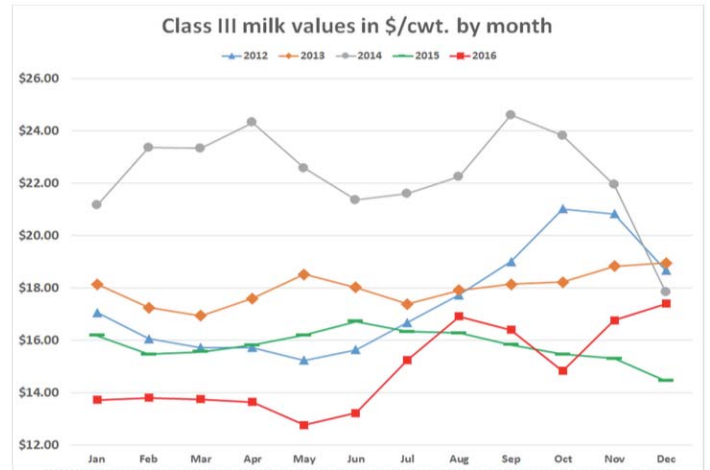




PERDUE Agribusiness Source: J. Karlin

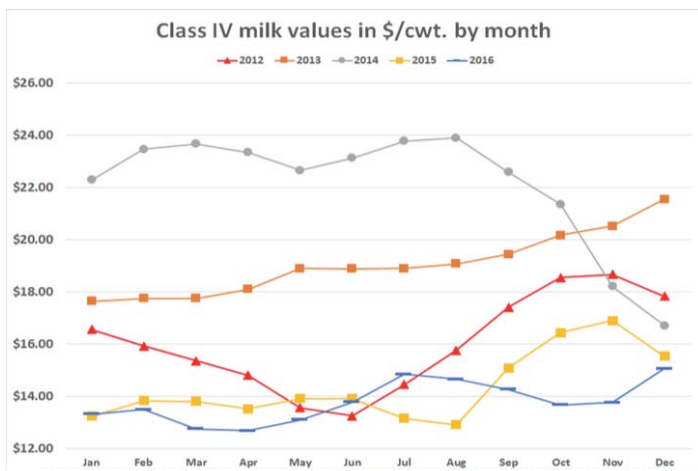
PERDUE Agribusiness Source: Milk Producers Council

	Average 2016 value	Average 2015 value	Five yr average
Class III, \$/cwt.	\$14.87	\$15.80	\$17.69
Class IV, \$/cwt.	\$13.77	\$14.35	\$17.05
Block cheese, \$/lb.	\$1.5812	\$1.6109	\$1.7525
Butter, \$/lb.	\$2.0824	\$2.0815	\$1.8978
Non fat dry milk, \$/lb.	\$0.8348	\$0.8908	\$1.3058
Dry whey, \$/lb.	\$0.2831	\$0.3602	\$0.4801

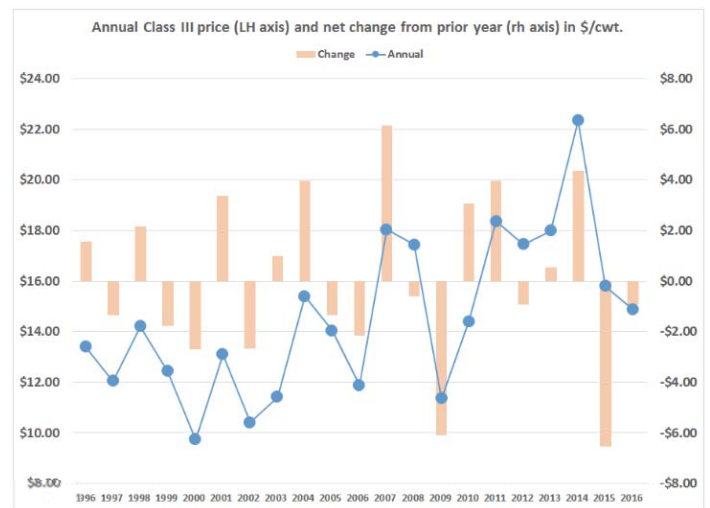


PERDUE Agribusiness Source: J. Karlin

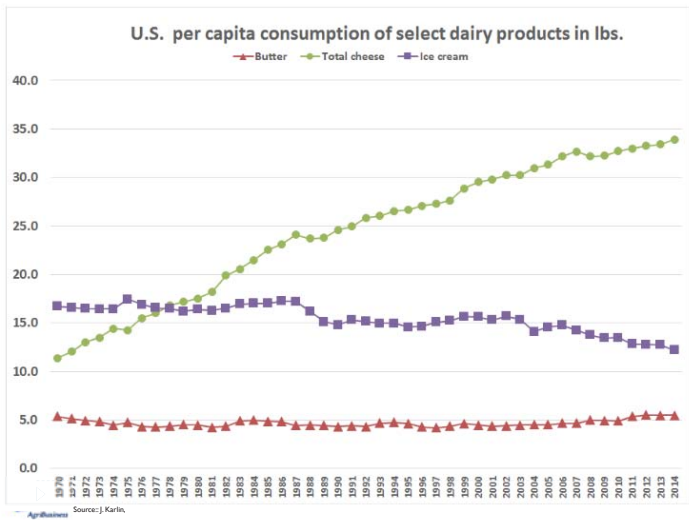
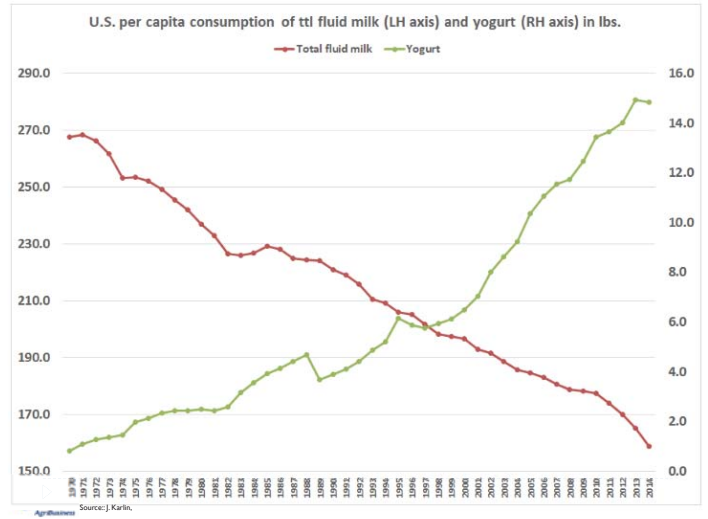
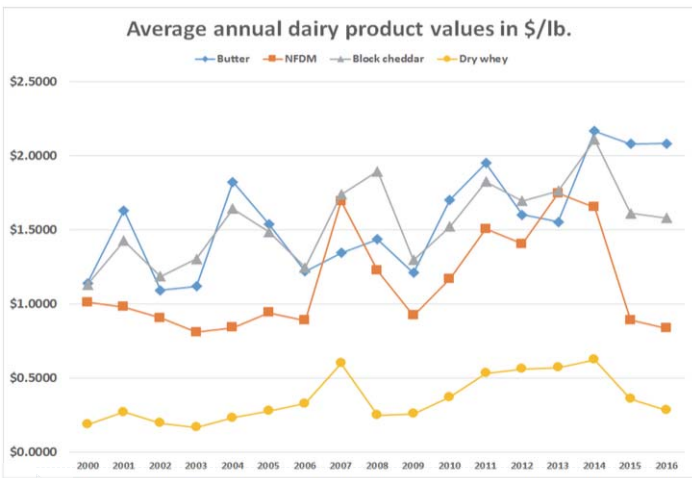
PERDUE Agribusiness Source: J. Karlin



PERDUE Agribusiness Source: J. Karlin



PERDUE Agribusiness Source: J. Karlin



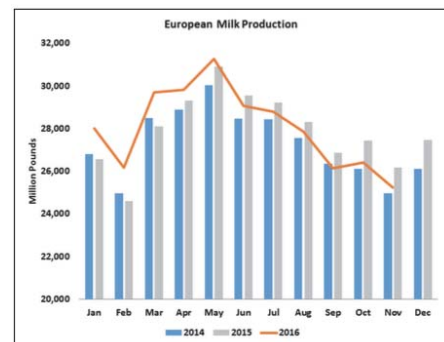
Things to understand (or not)

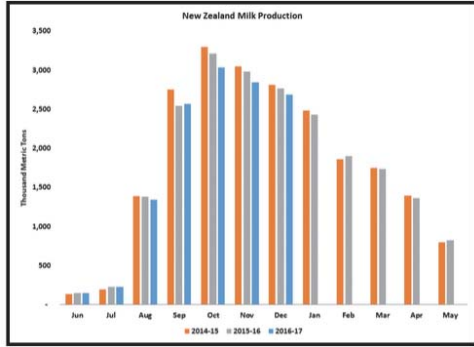
- ▶ Domestic Markets
 - ▶ When you got burned you are weary of anything looking hot!



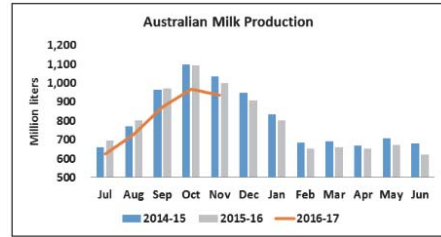
Things to understand (or not)

- ▶ Domestic Markets
- ▶ World Markets





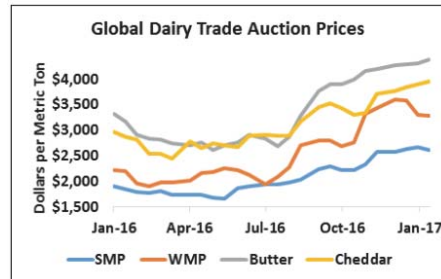
PERDUE Agribusiness Source: Milk Producers Council



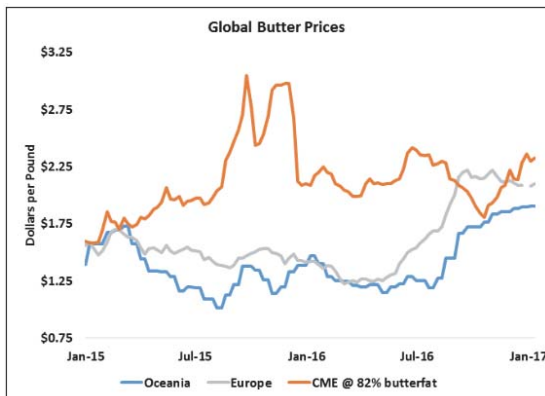
PERDUE Agribusiness Source: Milk Producers Council



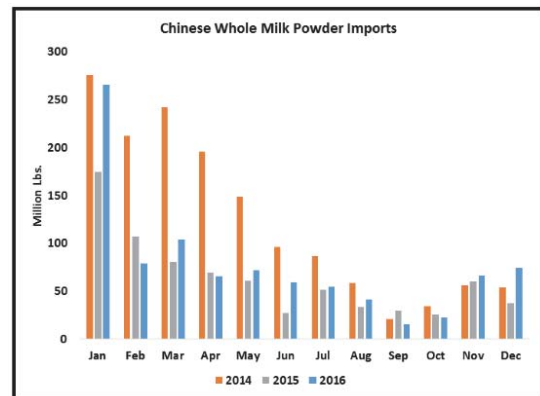
PERDUE Agribusiness Source: Milk Producers Council



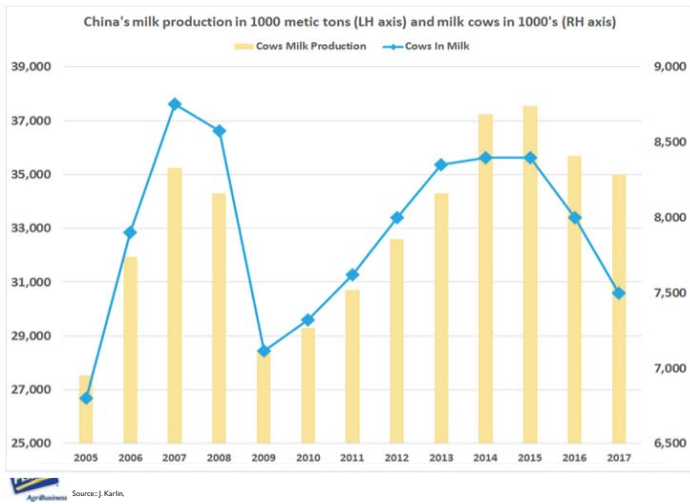
PERDUE Agribusiness Source: Milk Producers Council



PERDUE Agribusiness Source: Milk Producers Council



PERDUE Agribusiness Source: Milk Producers Council



Things to understand (or not)

- ▶ Domestic Markets
- ▶ World Markets
 - ▶ European production is down and not likely to recover soon
 - ▶ Oceania production is contracting
 - ▶ Moderately in NZ
 - ▶ Severely in Australia
 - ▶ WMP prices at Global Dairy Trade generally up
 - ▶ US NDM competitive with world price for Skim Milk Powder



Things to understand (or not)

- ▶ Domestic Markets
- ▶ World Markets
- ▶ US Exports

- ▶ US Outlook

\$17/cwt is the new \$12/cwt

- ▶ National break-even price is at ~ \$17/cwt Class III,
- ▶ or \$18.50 - \$19.00 /cwt mailbox price

- ▶ ... You have to be able to make money at these prices!



... which is why we **cannot** forecast milk prices!

