

# MILK

Volume 4 • Number 7

July 21, 2016

# production

- June production up 1.6% year-over-year.
- Cow numbers unchanged month-over-month.

## NORTHWEST

- June production down 1.0% year-over-year.
- Cow numbers down 1,000 month-over-month.

## CALIFORNIA

- June production up 0.6% year-over-year.
- Cow numbers up 3,000 month-over-month.

## SOUTHWEST

- June production up 3.4% year-over-year.
- Cow numbers up 3,000 month-over-month.

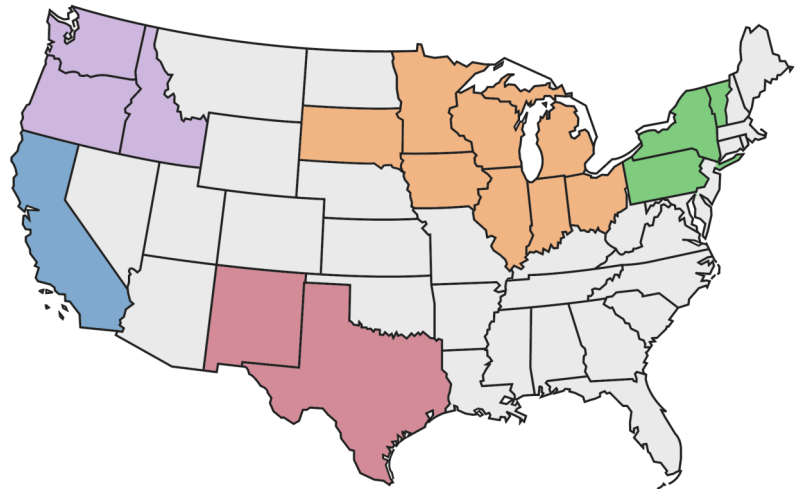
## MIDWEST

- June production up 2.5% year-over-year.
- Cow numbers unchanged month-over-month.

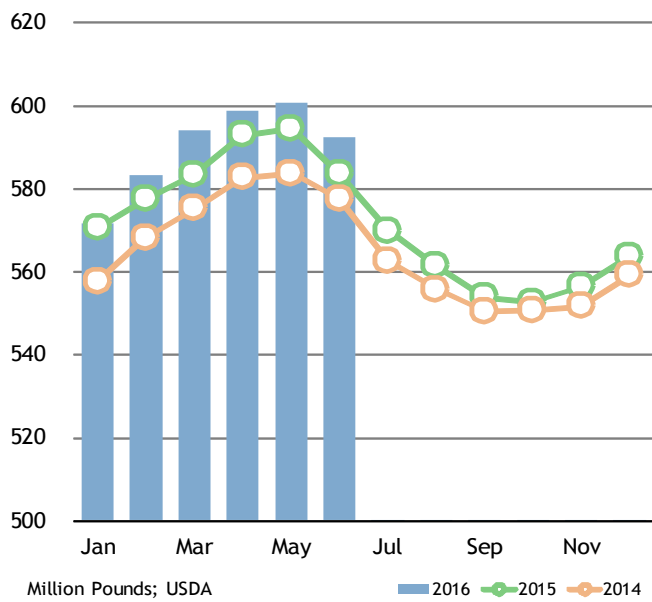
## NORTHEAST

### 50 State Total

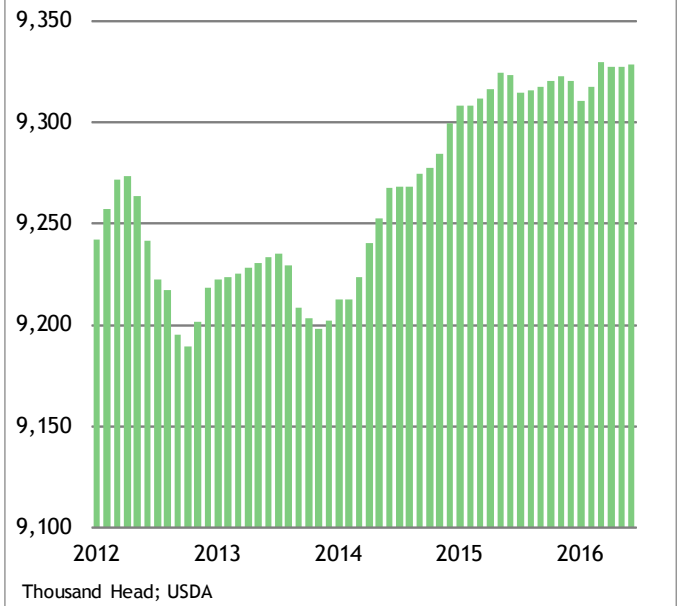
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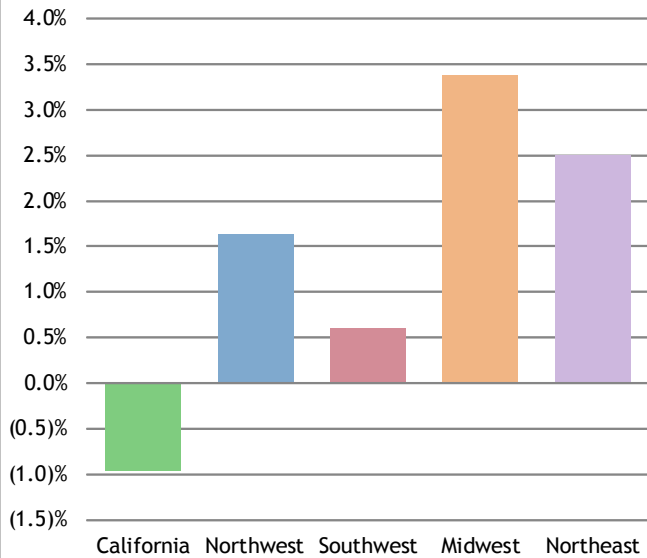
Daily Milk Production



US Cow Numbers

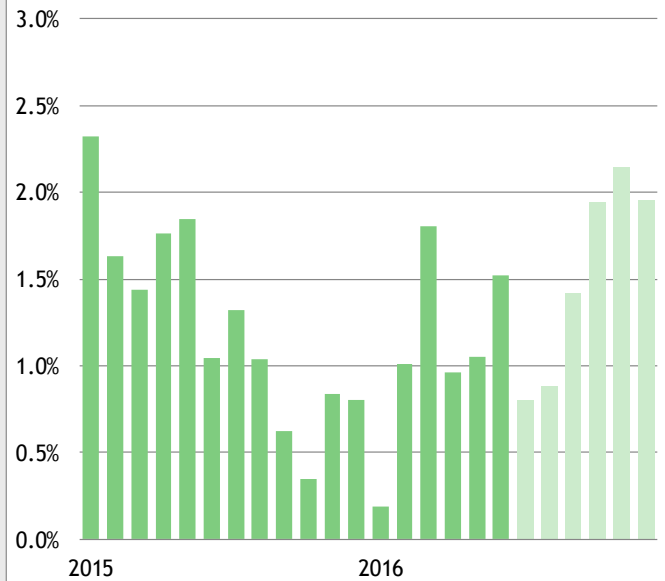


### Regional Milk Production: June



Year-Over-Year Growth ; USDA

### US Milk Production Forecast



USDA, Blimling Estimates; Year-Over-Year Growth

### June Milk Production

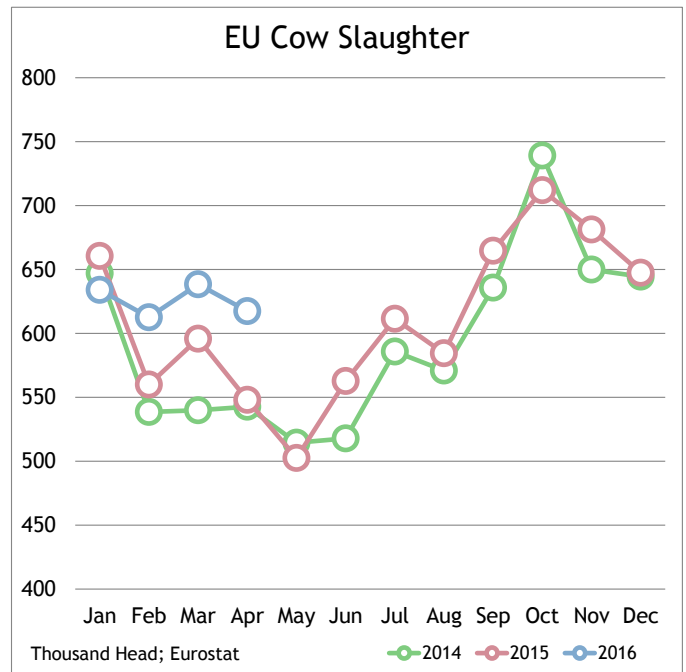
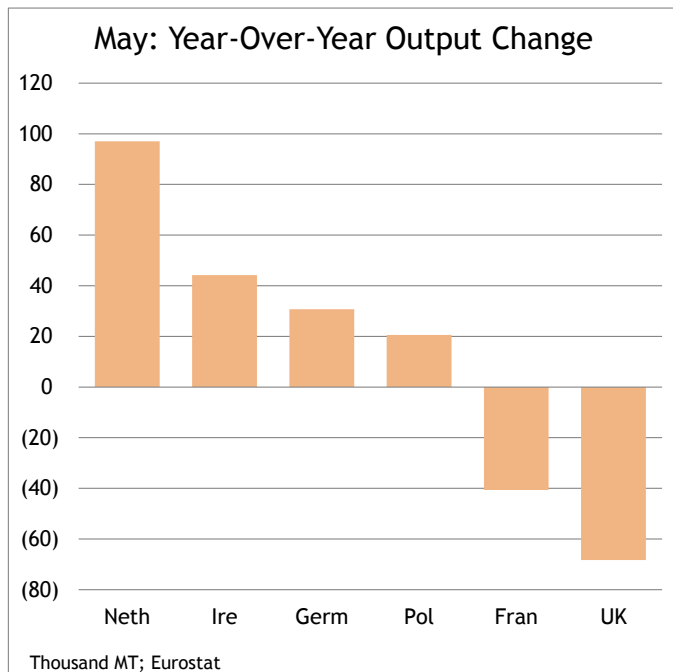
State	Production			Daily Milk Per Cow			Cows		
	(mil lbs.)	vs May	vs '15	(lbs.)	vs May	vs '15	(000 head)	vs May	vs '15
CA	3,363	-5.3%	-1.0%	63	-2.1%	-0.5%	1,770	-1	-8
WI	2,543	-3.7%	+3.8%	66	-0.4%	+3.9%	1,278	-1	-2
MN	813	-3.9%	+2.1%	59	-1.2%	+1.4%	463	+2	+3
MI	918	-3.9%	+5.4%	73	-1.0%	+2.6%	419	+1	+11
OH	466	-4.3%	+1.3%	58	-1.2%	+1.2%	266	0	0
IA	413	-5.7%	+2.0%	65	-2.6%	+2.4%	211	0	-1
IN	337	-6.9%	+2.1%	61	-3.8%	+0.3%	184	0	+3
SD	210	-3.7%	+6.6%	61	-1.3%	-1.6%	115	+1	+9
IL	160	-6.4%	+0.6%	57	-3.5%	+0.6%	94	0	0
NY	1,249	-3.4%	+4.2%	67	-0.1%	+3.9%	620	0	+2
PA	914	-5.3%	+0.6%	58	-2.1%	+0.6%	530	0	0
VT	229	-3.4%	+1.3%	58	-0.1%	+2.3%	131	0	-1
NM	634	-6.8%	-3.5%	68	-3.7%	+0.5%	310	0	-13
TX	880	-4.9%	+3.8%	63	-2.4%	+2.5%	468	+3	+6
ID	1,223	-2.6%	+2.3%	69	0.7%	+1.5%	591	0	+5
WA	553	-3.3%	0.0%	67	-0.1%	0.0%	275	0	0
OR	219	-3.5%	+1.9%	58	-0.4%	+0.3%	126	0	+2
AZ	410	-7.0%	+2.8%	69	-3.9%	+1.2%	198	0	+3
CO	317	-3.4%	+2.3%	71	0.0%	-0.5%	149	0	+4
KS	268	-6.3%	+3.5%	62	-3.2%	+1.9%	145	0	+2
FL	214	-7.0%	-4.5%	59	-3.0%	-2.0%	122	-1	-3
VA	143	-6.5%	-2.7%	53	-3.6%	-1.9%	90	0	-1
UT	179	-3.8%	-6.3%	65	0.8%	-2.0%	92	-1	-4
23 State	16,655	-4.5%	+1.6%	64	-1.4%	+1.4%	8,647	+3	+17
50 State	17,770	-4.6%	+1.5%	64	-1.4%	+1.5%	9,328	+1	+5

# European Milk Production

EU Milk Production										
	EU-28		Germany		France		Netherlands		Ireland	
	Output	YOY Change	Output	YOY Change	Output	YOY Change	Output	YOY Change	Output	YOY Change
Jun-15	13,399	3.8%	2,751	2.5%	2,125	2.0%	1,145	9.5%	844	11.9%
Jul-15	13,246	2.7%	2,775	2.0%	2,031	-0.1%	1,162	10.5%	792	11.8%
Aug-15	12,843	2.7%	2,719	2.1%	1,972	0.0%	1,147	10.6%	714	14.1%
Sep-15	12,180	1.8%	2,567	2.4%	1,938	1.4%	1,091	9.3%	622	16.4%
Oct-15	12,439	5.0%	2,601	2.6%	2,067	3.1%	1,132	11.4%	552	25.8%
Nov-15	11,874	4.9%	2,523	3.9%	2,034	2.1%	1,112	13.8%	358	46.3%
Dec-15	12,467	5.2%	2,698	6.2%	2,190	2.5%	1,205	16.6%	187	32.0%
Jan-16	12,696	5.4%	2,762	5.8%	2,244	1.9%	1,215	15.5%	157	32.7%
Feb-16	12,280	6.1%	2,633	6.7%	2,105	1.3%	1,161	17.5%	315	37.3%
Mar-16	13,467	5.8%	2,824	5.3%	2,232	-0.5%	1,240	16.8%	601	28.6%
Apr-16	13,518	1.7%	2,778	2.3%	2,243	-0.9%	1,219	10.8%	777	-3.7%
May-16	14,130	0.8%	2,886	1.1%	2,260	-1.8%	1,263	8.3%	945	4.9%
Rolling 12-months	154,538	3.8%	32,517	3.5%	25,441	0.9%	14,091	12.5%	6,865	14.8%

Thousand Metric Tons, Leap Year Adjusted

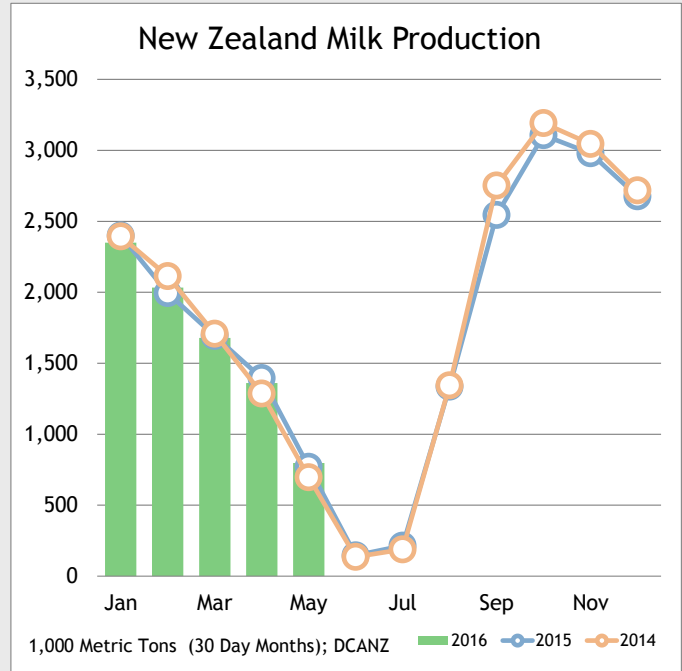
- EU production growth relaxed to +0.8% year-over-year in May. The slower pace was likely the result of strong year-over-year comparisons and tighter on-farm margins. Indeed, some producers are beginning to pullback in response to falling milk prices—particularly France (-1.8%) and the UK (-4.8%).
- EU cow culling is up +6% year-to-date through April—partially in response to strained on-farm profitability -- but also the result of an increased dairy cow population.
- The EU Commission announced another set dairy support measures, including €150 million tied to a voluntary reduction in milk output. The details need to be finalized, but reports suggest that over the fourth quarter producers will receive payments for any reduction in volume compared to 2015.



# Oceania Milk Production

Oceania Milk Production				
	New Zealand		Australia	
	Output	YOY Change	Output	YOY Change
Jun-15	147	8.5%	704	3.2%
Jul-15	222	13.7%	721	5.5%
Aug-15	1,379	-0.8%	827	3.8%
Sep-15	2,545	-7.5%	1,004	0.8%
Oct-15	3,211	-2.7%	1,131	-0.4%
Nov-15	2,980	-2.1%	1,032	-3.5%
Dec-15	2,765	-1.6%	938	-4.3%
Jan-16	2,428	-2.1%	830	-3.7%
Feb-16	1,966	2.0%	699	-4.6%
Mar-16	1,735	-0.8%	684	-4.4%
Apr-16	1,361	-2.5%	674	-2.3%
May-16	824	3.5%	693	-5.5%
Rolling 12-months	21,563	-1.8%	9,936	-1.4%

Thousand Metric Tons, Leap Year Adjusted



- New Zealand production is in its seasonal lull, however, milk flows will pick up soon as calving starts.
- Fonterra reported June output as down 10% year-over-year. But considering the month only accounts for 1% of annual output, the decline is not likely a solid barometer for the upcoming season. Still, current forecasts call for -2 to -3% reduction for the 2016/17 season as milk prices remain below the breakeven point on many farms. As always, however, actual performance will be dependent on how the weather impacts pasture growth—which, at least for now, seems to be doing fine.
- Australia posted an eighth consecutive month of contraction—production down 5.5% in May.

