

DAIRY&GRAIN

report

Volume 24 | Number 18 | May 1, 2020

vs Last Week	vs Last Year	Market	1-May	24-Apr	17-Apr	10-Apr	3-Apr	27-Mar
11%	-30%	Barrel Cheddar (CME average; lb)	\$ 1.1425	\$ 1.0255	\$ 1.0115	\$ 1.0638	\$ 1.1985	\$ 1.4125
16%	-28%	Block Cheddar (CME average; lb)	\$ 1.1965	\$ 1.0310	\$ 1.0080	\$ 1.1094	\$ 1.2995	\$ 1.7545
2%	-48%	Butter (CME average; lb)	\$ 1.1735	\$ 1.1525	\$ 1.1575	\$ 1.2669	\$ 1.3265	\$ 1.6360
-3%	-23%	Nonfat Dry Milk (CME average; lb)	\$ 0.8030	\$ 0.8250	\$ 0.8585	\$ 0.8913	\$ 0.8785	\$ 0.9775
1%	13%	Dry Whey (CME average; lb)	\$ 0.3905	\$ 0.3860	\$ 0.3650	\$ 0.3375	\$ 0.3300	\$ 0.3300
-2%	8%	WPC (AMS Central/West AOM; lb)	\$ 0.9775	\$ 0.9988	\$ 1.0088	\$ 1.0150	\$ 1.0125	\$ 1.0150
-4%	-10%	Dry Buttermilk (AMS West AOM; lb)	\$ 0.9050	\$ 0.9450	\$ 1.0000	\$ 1.0250	\$ 1.1300	\$ 1.1300
13%	-26%	Class III Futures (CME 2nd nearby; cwt)	\$ 12.19	\$ 10.80	\$ 11.10	\$ 11.43	\$ 12.18	\$ 15.32
12%	-23%	All Cheese Futures (CME 2nd nearby; lb)	\$ 1.3140	\$ 1.1710	\$ 1.1900	\$ 1.2330	\$ 1.3260	\$ 1.6300
12%		Block Cheese Futures (CME 2nd nearby; lb)	\$ 1.3500	\$ 1.2100	\$ 1.2340	\$ 1.2340	\$ 1.3800	\$ 1.7500
5%	-47%	Cash Butter Futures (CME 2nd nearby; lb)	\$ 1.2408	\$ 1.1795	\$ 1.2600	\$ 1.3800	\$ 1.3923	\$ 1.5333
-1%	-1%	Dry Whey Futures (CME 2nd nearby; lb)	\$ 0.3720	\$ 0.3750	\$ 0.3803	\$ 0.3605	\$ 0.3403	\$ 0.3625
-1%	-20%	NDM Futures (CME 2nd nearby; lb)	\$ 0.8388	\$ 0.8503	\$ 0.8673	\$ 0.8813	\$ 0.8610	\$ 0.9450
5%	-37%	Class IV Futures (CME 2nd nearby; cwt)	\$ 10.51	\$ 10.05	\$ 10.66	\$ 11.41	\$ 11.15	\$ 12.64
-1%	-14%	Corn (CBOT nearby; bu)	\$ 3.1150	\$ 3.1575	\$ 3.2225	\$ 3.3175	\$ 3.3075	\$ 3.4600
2%	2%	Soybeans (CBOT nearby; bu)	\$ 8.4725	\$ 8.3225	\$ 8.3250	\$ 8.6350	\$ 8.5425	\$ 8.8140
-1%	22%	Wheat (CBOT nearby; bu)	\$ 5.2150	\$ 5.2675	\$ 5.3350	\$ 5.5650	\$ 5.4925	\$ 5.7120
0%	-2%	Soymeal (CBOT nearby; ton)	\$ 287.40	\$ 287.70	\$ 288.20	\$ 292.50	\$ 303.20	\$ 323.40
4%	-3%	Soyoil (CBOT nearby; lb)	\$ 0.2614	\$ 0.2505	\$ 0.2629	\$ 0.2741	\$ 0.2643	\$ 0.2685
3%	2%	Cocoa (ICE nearby; ton)	\$ 2,420	\$ 2,341	\$ 2,379	\$ 2,305	\$ 2,264	\$ 2,257
13%	-9%	Sugar #11 (ICE nearby; lb)	\$ 0.1097	\$ 0.0973	\$ 0.1037	\$ 0.1043	\$ 0.1031	\$ 0.1110
0%	18%	Orange Juice (ICE nearby; lb)	\$ 1.1060	\$ 1.1115	\$ 1.0660	\$ 1.0975	\$ 1.1250	\$ 1.1820
-1%	17%	Coffee (NYMEX; lb)	\$ 1.0445	\$ 1.0520	\$ 1.1605	\$ 1.1860	\$ 1.1490	\$ 1.1585
20%	-26%	Lean Hogs (CME nearby; lb)	\$ 0.6288	\$ 0.5253	\$ 0.3793	\$ 0.4343	\$ 0.4023	\$ 0.5840
3%	-23%	Live Cattle (CME nearby; lb)	\$ 0.8725	\$ 0.8498	\$ 0.9465	\$ 0.9400	\$ 0.8833	\$ 1.0095
8%	-26%	Natural Gas (NYMEX nearby; mmbtu)	\$ 1.890	\$ 1.746	\$ 1.753	\$ 1.733	\$ 1.621	\$ 1.634
17%	-68%	Crude Oil (NYMEX nearby; bbl)	\$ 19.78	\$ 16.94	\$ 18.27	\$ 22.76	\$ 28.34	\$ 21.51
16%	-62%	Unleaded Gas (NYMEX nearby; gal)	\$ 0.7663	\$ 0.6612	\$ 0.7107	\$ 0.6773	\$ 0.6916	\$ 0.5737
23%	-62%	Heating Oil (NYMEX nearby; gal)	\$ 0.7961	\$ 0.6467	\$ 0.9563	\$ 0.9726	\$ 1.0706	\$ 1.0685
0%	-10%	Dow Jones Industrials	23,724	23,775	24,242	23,719	21,053	21,637
0%	5%	NASDAQ	8,605	8,635	8,650	8,154	7,373	7,500
0%	-4%	S&P 500 Index	2,831	2,837	2,875	2,790	2,489	2,526
2%	-2%	Euro/Dollar	1.10	1.08	1.09	1.09	1.08	1.11
0%	-5%	Canadian Dollar/Dollar	0.71	0.71	0.71	0.72	0.71	0.72
-2%	33%	Gold	\$ 1,701	\$ 1,736	\$ 1,699	\$ 1,753	\$ 1,646	\$ 1,625

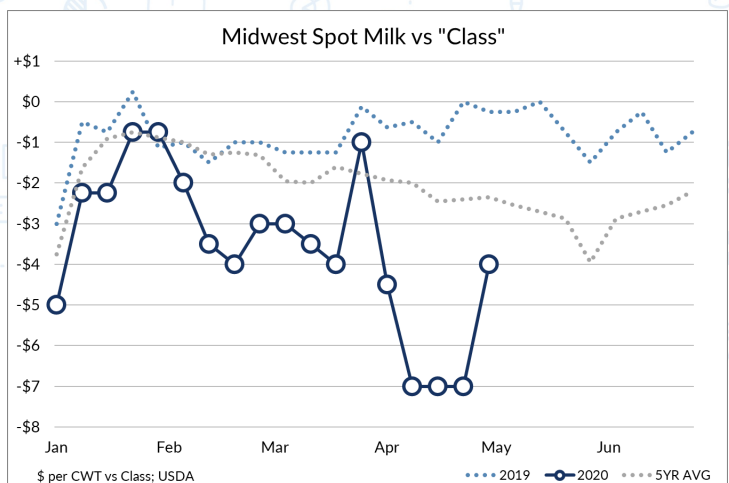
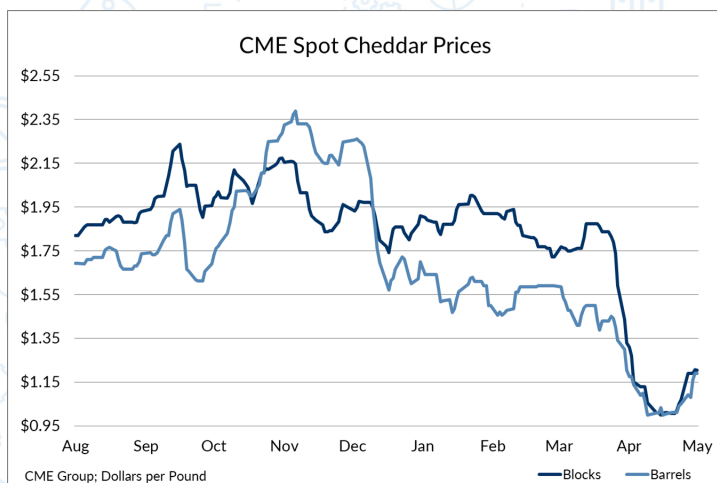
cheese

CME Spot: Blocks: \$1.2050, up \$0.1350. Barrels: \$1.1900, up \$0.1400.

Spot Volume: 3 lots of blocks; 13 loads of barrels

Q3 Futures: All cheese: \$1.5387, up \$0.0240. Block cheese: \$1.5430, up \$0.0253.

- Multiple contacts and price action suggest the cheese market is a little more cleaned up. Bargain buyers are doing some of that clean-up work, picking up more volume at historically low-price levels. Order flow is increasing, too, with food service accounts showing renewed signs of life. Restaurant sales are decidedly less terrible than a few weeks ago. Block Box Intelligence data confirmed as much with weekly restaurant same-store sales down 48% for the week ending April 18, up from -59% the week before and the smallest decline since March 11. Retail sales growth, meanwhile, is slipping some. Are people tiring of the same old routine? Over the same period, Nielsen data showed total grocery in-store sales up just 8%. That compares to +27% the week prior and the +77% peak the week ending March 16.
- Better export orders are helping to keep cheese moving, as well with competitive US prices stirring up interest. German gouda prices fell to €2,900 per metric ton (\$1.42 per pound), 1.7% lower. CWT is in the mix, too, assisting with 191,802 pounds of cheese for export.
- Attempts to cut back milk supply across the country appear to be working. Contacts say milk was not quite as sloppy this week. USDA reported spot prices in the Upper Midwest steady between -\$8.00 and flat Class, a -\$4.00 midpoint. That was up from -\$7.00 over the last three weeks. Increased slaughter activity may begin to play a role in supply reduction. For the week ending April 18, USDA reported slaughter at 67,748 dairy cows—an 11.1% leap from the year prior and 4.9% higher than last week.



butter

CME Spot: \$1.1875, up \$0.0425, 14 trades.

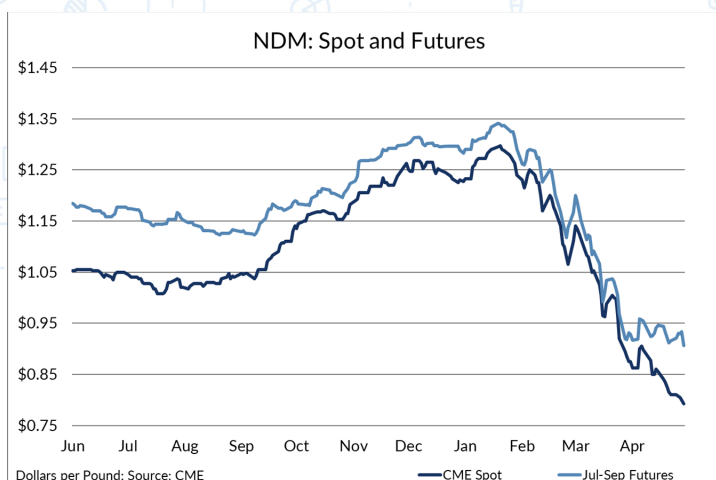
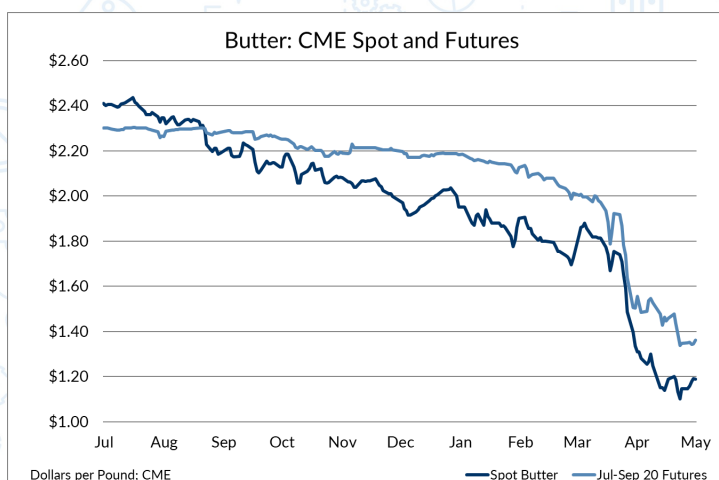
Futures: Q3 futures: \$1.3602, up \$0.0119. 2H futures: \$1.4338, up \$0.0078.

- For the first time since early March, CME spot butter increased week-over-week.
- Cream markets seem more stable, but multiples are still very low. USDA implied Class II multiples in the Upper Midwest rose to 85, up from 80 last week. Eastern implied multiples picked up four points, landing at 74 while USDA reported the cream multiple across all classes in the West five points higher at 73. Some contacts did report bids of 100 or better in some regions.
- We continue to hear that firms with working capital and warehouse space are taking advantage of arbitrage opportunities. October futures, for instance, are trading at a near 25-cent premium to spot. But increasingly limited storage availability remains a key concern for anyone churning extra butter.
- With Easter and panic buying in the rearview, demand is slowing some, though retail sales continue to outpace prior year levels.
- Contacts note improving international demand for US butter, and more export business is being booked. CWT assisted with 83,776 pounds of US butter for export. The Dutch butter quotation held steady at €2,570 per metric ton (\$1.23 per pound adjusted to 80% fat).

nonfat dry milk

CME Spot: \$0.7925, down \$0.0175, 3 trades.

Futures: Q2 futures: \$0.9067, down \$0.0086. 2H futures: \$0.9503, down \$0.0037.



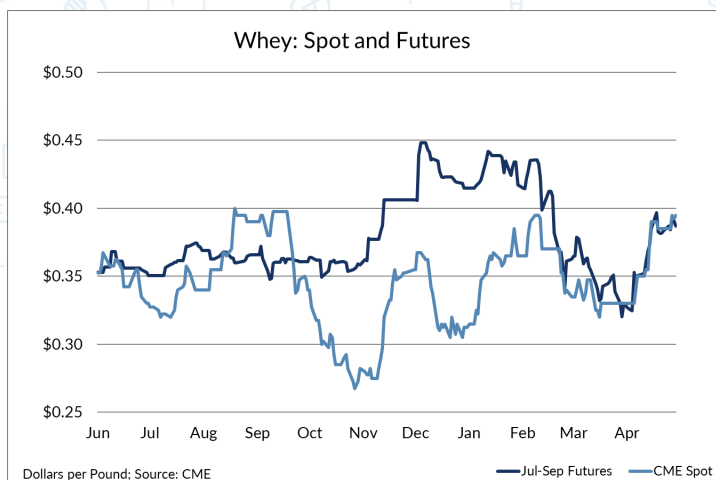
- US powder still reigns as the cheapest in the world. That continues to garner attention from overseas buyers. Mexico, however, is still quiet.
- Higher European prices are helping keep US product competitive. The Dutch SMP quotation rose to €1,900 per metric ton (\$0.93 per pound), up 1.1%. The European Commission announced that the Private Storage Aid will open May 7. The Commission reportedly has €6 million set aside for SMP storage aid and anticipate they will be able to support about 90,000 metric tons of product.
- In the US, contacts note that dryers are not running as hard as they had been over the past few weeks, likely a side effect of lighter milk flows.
- China SMP imports totaled 88,835 metric tons year-to-date through March, down 16% year-over-year. Inbound WMP volume fell to 268,136 metric tons over the same period, down 3%.

dry whey

CME Spot: \$0.3950, up \$0.0100, 7 trades.

Futures: Q2 futures: \$0.3869, up \$0.0033. 2H futures: \$0.3869, up \$0.0060.

- China imported 126,554 metric tons of dry whey between January and March, up 10% year-over-year. Volume from the US leapt to 54,859 metric tons, a 56% gain from year-to-date March 2019.
- African Swine Fever resurfaced in China after nearly four months of no reported new cases. Could another potential wave of culling impact whey feed demand in the coming weeks?

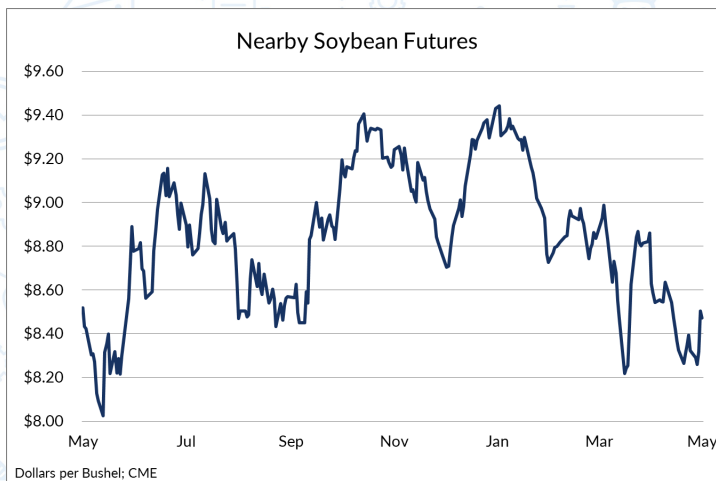


grains

May Corn Futures: \$3.1150, down \$0.0425.

May Soybean Futures: \$8.4725, up \$0.1500.

- Soybeans saw another volatile week. Renewed trade tensions between the US and China in regard to Phase 1 trade commitments pressured prices lower heading into the weekend. Soybean sales to China have been rising, however, with USDA confirming sales of 264,00 metric tons of US product to China this week.
- Favorable warm weather and a faster planting pace than last season is weighing on corn values. Prices are already crippled from slumping ethanol demand.



CME Spot Prices

	Blocks		Barrels		Butter		NDM		Dry Whey	
	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume
27-Apr	\$ 1.1900	0	\$ 1.0925	0	\$ 1.1450	0	\$ 0.8100	0	\$ 0.3850	0
28-Apr	\$ 1.1900	1	\$ 1.0800	3	\$ 1.1575	2	\$ 0.8075	0	\$ 0.3850	0
28-Apr	\$ 1.1900	0	\$ 1.1600	6	\$ 1.1800	4	\$ 0.8050	1	\$ 0.3950	4
29-Apr	\$ 1.2075	2	\$ 1.1900	4	\$ 1.1975	7	\$ 0.8000	1	\$ 0.3925	2
30-Apr	\$ 1.2050	0	\$ 1.1900	0	\$ 1.1875	1	\$ 0.7925	1	\$ 0.3950	1
Average	\$ 1.1965	3	\$ 1.1425	13	\$ 1.1735	14	\$ 0.8030	3	\$ 0.3905	7
Fri-Fri Change	\$ 0.1350		\$ 0.1400		\$ 0.0425		\$ (0.0175)		\$ 0.0100	

Futures

	All Cheese		Block Cheese		Butter		NDM		Dry Whey	
	Friday Close	Change	Friday Close	Change	Friday Close	Change	Friday Close	Change	Friday Close	Change
Third Quarter	\$ 1.5387	0.0240	\$ 1.5430	0.0253	\$ 1.3602	0.0119	\$ 0.9067	(0.0086)	\$ 0.3869	0.0033
Second Half	\$ 1.6022	0.0230	\$ 1.6092	0.0210	\$ 1.4338	0.0078	\$ 0.9503	(0.0037)	\$ 0.3869	0.0060

People have made predictions about the demise of urban life before, and this isn't meant as another one. Long after the advent of the telephone and email, long after manufacturing had moved away and downtown business districts had shrunk or disappeared, cities somehow managed to persist. Yet another pandemic won't spell their end, either.
 -Jason L. Riley

Price and Volume Data				
vs Last Week	vs Last Year	Week Ending	25-Apr	18-Apr
-12%	-28%	NDPSR Block Cheddar (lb)	\$1.2225	\$1.3859
-9%	-32%	NDPSR Barrel Cheddar (lb)	\$1.0993	\$1.2131
-10%	-50%	USDA/NDPSR Butter (lb)	\$1.1229	\$1.2489
-5%	-10%	USDA/NDPSR NDM (lb)	\$0.8851	\$0.9315
0%	-5%	USDA/NDPSR Dry Whey (lb)	\$0.3721	\$0.3739
3%	-8%	NDPSR NDM Sales (mil lbs)	24.7	24.0
vs Last Week	vs Last Year	Week Ending	1-May	24-Apr
-24%	19%	Class III Futures Volume	6,862	9,083
-9%	13%	Class III Futures Open Interest	23,042	25,434
-54%	6%	Cash-Settled Cheese Futures Volume	1,937	4,241
-11%	30%	Cash-Settled All Cheese Open Interest	24,148	27,086
-93%		Block Cheese Futures Volume	19	287
-6%		Block Cheese Open Interest	743	791
-32%	28%	Cash Butter Futures Volume	1,148	1,691
-15%	31%	Cash Butter Futures Open Interest	9,821	11,526
-35%	35%	Nonfat Dry Milk Futures Volume	1,476	2,265
-12%	5%	Nonfat Dry Milk Futures Open Interest	9,033	10,296
-45%	-64%	Dry Whey Futures Volume	110	201
-14%	26%	Dry Whey Futures Open Interest	3,408	3,954

International Prices

vs Last Week	vs Last Year	Market	1-May	24-Apr	17-Apr	10-Apr	3-Apr	27-Mar	20-Mar
1%	-3%	Skim Milk Powder (Dutch Dairy Board)	€ 1,900	€ 1,880	€ 1,850	€ 1,850	€ 2,020	€ 2,130	€ 2,230
0%	-16%	Whole Milk Powder (Dutch Dairy Board)	€ 2,550	€ 2,550	€ 2,550	€ 2,670	€ 2,670	€ 2,750	€ 2,960
0%	-38%	Butter (Dutch Dairy Board)	€ 2,570	€ 2,570	€ 2,550	€ 2,700	€ 3,200	€ 3,300	€ 3,410
0%	-7%	Whey (Dutch Dairy Board)	€ 700	€ 700	€ 660	€ 630	€ 660	€ 660	€ 660
2%	-2%	Skim Milk Powder (Kempton, Germany)	€ 1,965	€ 1,930	€ 1,930	€ 1,965	€ 2,100	€ 2,245	€ 2,300
0%	-10%	Whole Milk Powder (Kempton, Germany)	€ 2,675	€ 2,685	€ 2,685	€ 2,685	€ 2,800	€ 2,870	€ 2,930
2%	-37%	Butter 25 kg (Kempton, Germany)	€ 2,650	€ 2,600	€ 2,600	€ 2,850	€ 3,250	€ 3,500	€ 3,500
-2%	-4%	Edamer, 40% (Hannover, Germany)	€ 2,900	€ 2,950	€ 2,950	€ 3,000	€ 3,200	€ 3,250	€ 3,250
	-3%	Skim Milk Powder (GlobalDairyTrade)	\$ 2,380	\$ 2,380	\$ 2,514	\$ 2,514	\$ 2,527	\$ 2,527	\$ 2,527
	-18%	Whole Milk Powder (GlobalDairyTrade)	\$ 2,707	\$ 2,707	\$ 2,820	\$ 2,820	\$ 2,797	\$ 2,797	\$ 2,797
	-33%	Anhydrous Milk Fat (GlobalDairyTrade)	\$ 4,083	\$ 4,083	\$ 4,345	\$ 4,345	\$ 4,331	\$ 4,331	\$ 4,331
	4%	Cheddar Cheese (GlobalDairyTrade)	\$ 4,480	\$ 4,480	\$ 4,395	\$ 4,395	\$ 4,398	\$ 4,398	\$ 4,398
	-26%	Butter (GlobalDairyTrade)	\$ 4,117	\$ 4,117	\$ 4,263	\$ 4,263	\$ 4,144	\$ 4,144	\$ 4,144
		Buttermilk Powder (GlobalDairyTrade)			\$ 2,466	\$ 2,466			
	46%	Rennet Casein (GlobalDairyTrade)	\$ 9,409	\$ 9,409	\$ 9,717	\$ 9,717	\$ 9,987	\$ 9,987	\$ 9,987
0%	43%	Rennet Casein (AMS US; lb)	\$ 4.3275	\$ 4.3275	\$ 4.4350	\$ 4.4350	\$ 4.5275	\$ 4.5275	\$ 4.5263
0%	27%	Acid Casein (AMS US; lb)	\$ 3.9950	\$ 3.9950	\$ 4.0000	\$ 4.0000	\$ 4.0000	\$ 3.9250	\$ 3.7363
6%	10%	Lactose Edible (AMS Central/West AOM; lb)	\$ 0.3750	\$ 0.3550	\$ 0.3425	\$ 0.3375	\$ 0.3175	\$ 0.3100	\$ 0.3100