

DAIRY&GRAIN

report

Volume 24 | Number 25 | July 17, 2020

vs Last Week	vs Last Year	Market	17-Jul	10-Jul	2-Jul	26-Jun	19-Jun	12-Jun	5-Jun
19%	67%	Barrel Cheddar (CME average; lb)	\$2.8320	\$2.3760	\$2.4038	\$2.3785	\$2.3080	\$2.3685	\$2.2705
-13%	36%	Block Cheddar (CME average; lb)	\$2.4180	\$2.7785	\$2.6438	\$2.6485	\$2.5300	\$2.5450	\$2.4975
0%	-29%	Butter (CME average; lb)	\$1.7090	\$1.7095	\$1.7544	\$1.7925	\$1.8255	\$1.9140	\$1.8100
-2%	-1%	Nonfat Dry Milk (CME average; lb)	\$1.0080	\$1.0250	\$1.0081	\$1.0290	\$1.0215	\$0.9795	\$1.0070
11%	-1%	Dry Whey (CME average; lb)	\$0.3250	\$0.2925	\$0.3238	\$0.3100	\$0.3140	\$0.3235	\$0.3250
-2%	-4%	WPC (AMS Central/West AOM; lb)	\$0.8938	\$0.9088	\$0.9038	\$0.9225	\$0.9275	\$0.9525	\$0.9525
0%	-11%	Dry Buttermilk (AMS West AOM; lb)	\$0.9250	\$0.9250	\$0.9250	\$0.9250	\$0.9250	\$0.9250	\$0.9150
-2%	27%	Class III Futures (CME 2nd nearby; cwt)	\$22.49	\$23.04	\$20.95	\$21.64	\$21.18	\$18.54	\$18.67
-3%	30%	All Cheese Futures (CME 2nd nearby; lb)	\$2.3930	\$2.4610	\$2.2180	\$2.2900	\$2.2370	\$1.9570	\$1.9550
-5%		Block Cheese Futures (CME 2nd nearby; lb)	\$2.4620	\$2.5850	\$2.2720	\$2.3550	\$2.2620	\$2.0330	\$2.0300
0%	-27%	Cash Butter Futures (CME 2nd nearby; lb)	\$1.7700	\$1.7650	\$1.8600	\$1.8373	\$1.9098	\$1.9903	\$2.0000
3%	-13%	Dry Whey Futures (CME 2nd nearby; lb)	\$0.3103	\$0.3005	\$0.3380	\$0.3350	\$0.3475	\$0.3325	\$0.3600
-2%	-2%	NDM Futures (CME 2nd nearby; lb)	\$1.0075	\$1.0300	\$1.0400	\$1.0100	\$1.0300	\$1.0323	\$1.0083
-3%	-17%	Class IV Futures (CME 2nd nearby; cwt)	\$14.05	\$14.45	\$14.74	\$14.45	\$14.82	\$15.27	\$15.20
-2%	-23%	Corn (CBOT nearby; bu)	\$3.3300	\$3.4050	\$3.4250	\$3.1700	\$3.3250	\$3.3000	\$3.3125
-55%	-56%	Soybeans (CBOT nearby; bu)	\$3.9800	\$8.9150	\$8.9250	\$8.6500	\$8.7650	\$8.7125	\$8.6775
0%	6%	Wheat (CBOT nearby; bu)	\$5.3475	\$5.3575	\$4.9000	\$4.7400	\$4.8120	\$5.0200	\$5.1520
-1%	-8%	Soymeal (CBOT nearby; ton)	\$286.50	\$290.80	\$293.50	\$282.10	\$287.00	\$289.00	\$289.10
6%	6%	Soyoil (CBOT nearby; lb)	\$0.2992	\$0.2811	\$0.2796	\$0.2720	\$0.2852	\$0.2750	\$0.2814
-5%	-12%	Cocoa (ICE nearby; ton)	\$ 2,160	\$ 2,278	\$ 2,214	\$ 2,352	\$ 2,387	\$ 2,396	\$ 2,398
0%	1%	Sugar #11 (ICE nearby; lb)	\$0.1173	\$0.1176	\$0.1224	\$0.1155	\$0.1205	\$0.1187	\$0.1202
-1%	22%	Orange Juice (ICE nearby; lb)	\$1.2730	\$1.2895	\$1.2375	\$1.1950	\$1.1905	\$1.2285	\$1.2755
5%	-5%	Coffee (NYMEX; lb)	\$1.0105	\$0.9615	\$1.0225	\$0.9565	\$0.9375	\$0.9520	\$0.9890
15%	-37%	Lean Hogs (CME nearby; lb)	\$0.5280	\$0.4583	\$0.4473	\$0.4525	\$0.4843	\$0.4800	\$0.4758
3%	-4%	Live Cattle (CME nearby; lb)	\$1.0328	\$1.0000	\$0.9940	\$0.9470	\$0.9470	\$0.9608	\$0.9390
-5%	-24%	Natural Gas (NYMEX nearby; mmbtu)	\$ 1.718	\$ 1.813	\$ 1.734	\$ 1.495	\$ 1.669	\$ 1.731	\$ 1.782
0%	-27%	Crude Oil (NYMEX nearby; bbl)	\$ 40.59	\$ 40.53	\$ 40.65	\$ 38.49	\$ 39.75	\$ 36.26	\$ 39.55
-4%	-33%	Unleaded Gas (NYMEX nearby; gal)	\$1.2245	\$1.2816	\$1.2592	\$1.1363	\$1.2716	\$1.1243	\$1.2136
-2%	-35%	Heating Oil (NYMEX nearby, gal)	\$1.2191	\$1.2420	\$1.2311	\$1.1533	\$1.2114	\$1.1014	\$1.1347
6%	-2%	Dow Jones Industrials	26,671	25,075	25,827	25,016	25,871	25,606	27,111
-1%	29%	NASDAQ	10,502	10,617	10,214	9,757	9,946	9,592	9,814
1%	8%	S&P 500 Index	3,225	3,178	3,129	3,007	3,059	3,035	3,186
1%	2%	Euro/Dollar	1.14	1.13	1.12	1.12	1.12	1.12	1.13
0%	-4%	Canadian Dollar/Dollar	0.74	0.74	0.74	0.73	0.74	0.73	0.74
0%	27%	Gold	\$ 1,810	\$ 1,802	\$ 1,790	\$ 1,780	\$ 1,753	\$ 1,737	\$ 1,683

roundup

- US consumers made up for lost time in June. Census Bureau's *US Retail Sales* report showed June spending up a whopping 7.5% from May. That compares to the consensus call near +5.0%. Overall sales increased by 1.1% year-over-year. There's still a wide gap between restaurant and grocery store spending. Food and drinking place sales accelerated 20.0% from May to June but still fell 26.3% behind prior year levels. Grocery store sales, meanwhile, were still trending 11.7% ahead of June 2019 levels but backed off 1.6% from May.
- Food is getting more expensive. According to the Bureau of Labor Statistics, June food-at-home inflation bumped up another 0.5% from May and 5.6% from June 2019. That marks the biggest year-to-year increase going back to December 2011. Food-away-from-home inflation also pushed higher, gaining 3.1% year-over-year.
- Several areas in the US are rolling back activities – particularly California. This could have some demand-side impacts for dairy going forward as restaurants re-evaluate needs.
- On the supply side of things, USDA reported an uptick in spot milk prices in the Upper Midwest. This week spot milk was trading at a \$1.00 under class midpoint, up from -\$2.50 over the past two weeks. That's on par with typical discounts this time of year.

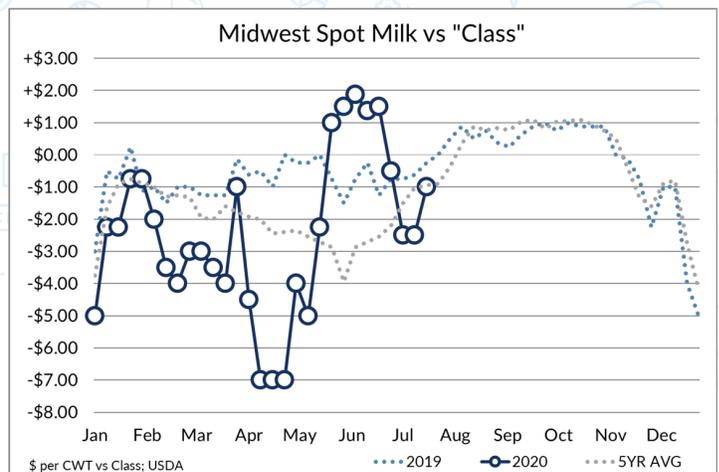
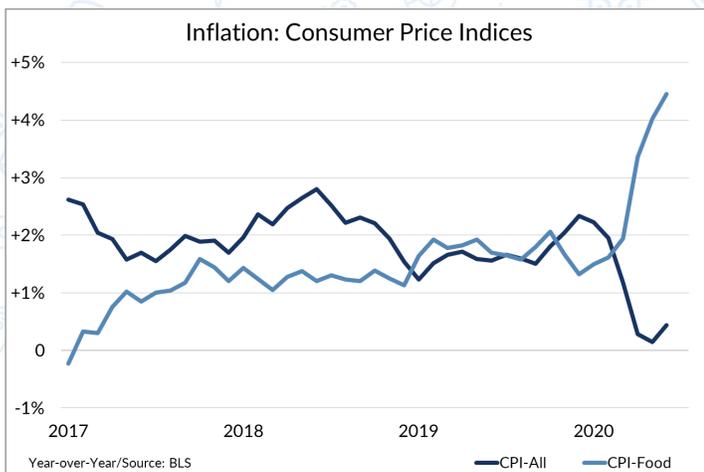
cheese

CME Spot: Blocks: \$2.6600, down \$0.2550. Barrels: \$2.4300, up \$0.0900.

Spot Volume: 16 lots of blocks; 17 loads of barrels

Q4 Futures: All cheese: \$1.8560, up \$0.0457. Block cheese: \$1.9510, up \$0.1047.

- On Monday, the CME block cheese market rang the \$3.00 bell. The market did not hang out there long, however. By Friday, prices gave up 34 cents to hit \$2.6600 – the lowest since July 1. Sellers had more volume for Chicago but the buyers stayed more or less sidelined.
- Futures remain volatile, yet deferred months continue to point to a sharp decline in prices with the August “all cheese” contract near \$2.40.
- It's tough to tell whether it's easing orders or better positioned supply that's taking the edge off the block market. Some reports point to lighter demand as a result of high prices. Cheese makers



continue to have plenty of milk to work with, and some contacts suggest that active schedules over the past few weeks have suppliers in a better position.

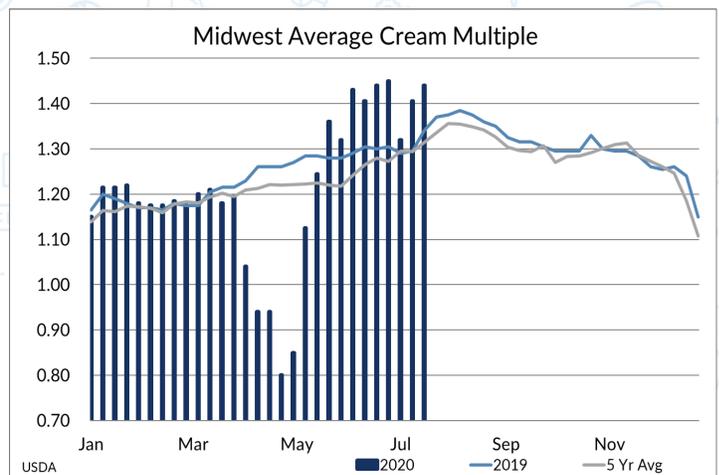
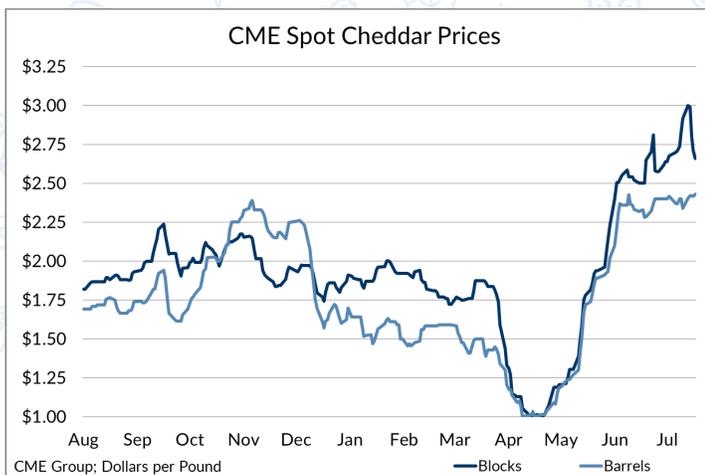
- The pizza industry was already a leader in delivery and takeout heading into the pandemic and the past few months only solidified that position. One major pizza chain announced this week that its second quarter same-store-sales increased more than 16% year-over-year. With a new round of restaurant closures or limits going back into place across the country, expect pizza demand to stay strong.
- German Edam prices pushed up to €2,950 per metric ton (\$1.53 per pound), up 3.5%. That's the strongest cheese price going back to late April yet remains significantly more competitive than US values.

butter

CME Spot: \$1.6900, unchanged, 20 lots trading.

Futures: Q4: \$1.8093, down \$0.1122. 2H: \$1.7888, down \$0.1011.

- Prices remained relatively steady around the \$1.70 mark this week. But so far this month, the CME spot butter price padded between \$1.7500 at the top end of the range to \$1.6875 at the bottom – a roughly six cent range.
- Bulk demand is seasonally soft, and retail sales seem to be tapering some. We're still a couple of weeks from sweet corn season and higher temperatures are keeping consumers from firing up their ovens. More stores ran advertisements this week, but price points were not nearly as eye-catching. For the current week, 2,923 stores ran promotions at an average of \$3.70 per pound, compared to 1,211 stores last week advertising at \$3.07 per pound.
- USDA announced awards for over 8 million pounds of print butter under the Section 32 umbrella. That could keep pressure on cream supplies and multiples supported later into the year than normal.
- The Upper Midwest saw USDA implied Class II cream multiples tick up to 144 this week, compared to 141 last week and 134 last year. Cream availability has varied across the country. But no matter where you are in the US, cream continues to make its way into cups, cones, and ice cream sandwiches.



- German and Dutch butter prices were unchanged this week, holding at €3,425 per metric ton (\$1.77 per pound) and €3,425 per metric ton (\$1.73 per pound), respectively.

nonfat dry milk

CME Spot: \$1.0000, down \$0.0150, 14 lots trading.

Futures: Q4: \$1.0983, down \$0.0002. 2H: \$1.0581, down \$0.0104.

- The NDM market still appears well supplied. Powder plants are staying busy and contacts say there's still plenty in the warehouse. On the demand side, reports point to only modest interest.
- German and Dutch SMP prices ticked down slightly. Next week brings another GlobalDairyTrade auction. September NZX SMP contracts closed at \$2,700 metric tons, up \$50 from last week.
- EU SMP exports totaled 77,264 metric tons in May, falling 7.8% from 2019. Sales to Algeria nearly doubled, however, bumping up to 14,218 metric tons.

dry whey

CME Spot: \$0.3350, up \$0.0475, 2 lots trading.

Futures: Q4: \$0.3380, down \$0.0087. 2H: \$0.3300, down \$0.0155.

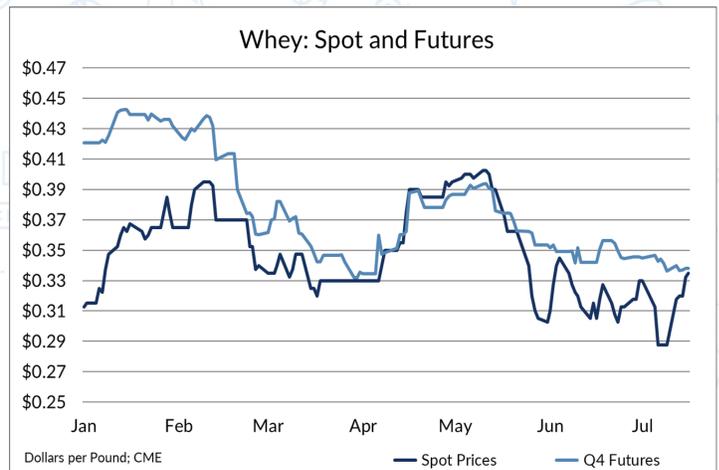
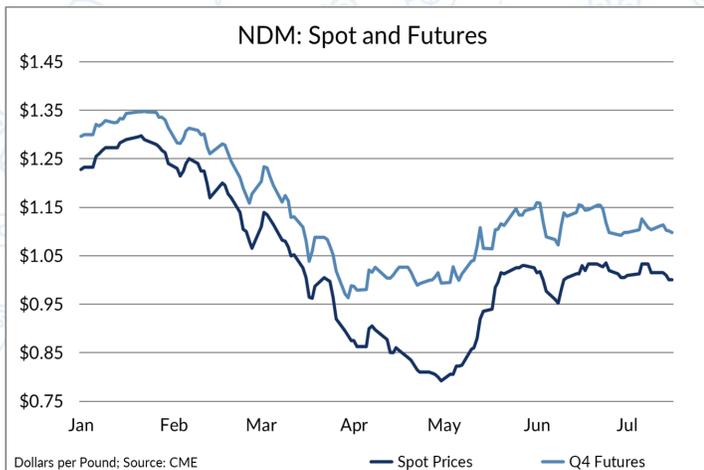
- Contacts continue to point to plentiful supplies of dry whey as cheese makers run full schedules.
- Floods are driving new outbreaks of ASF in China, potentially pushing back on feed demand.
- WPC markets remain weak. Contacts report second half contracts are behind prior-year levels.

grains

September Corn Futures: \$3.3300, down \$0.0425.

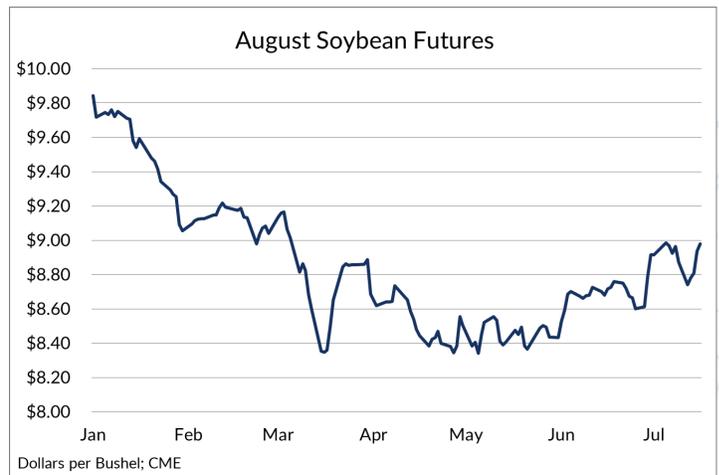
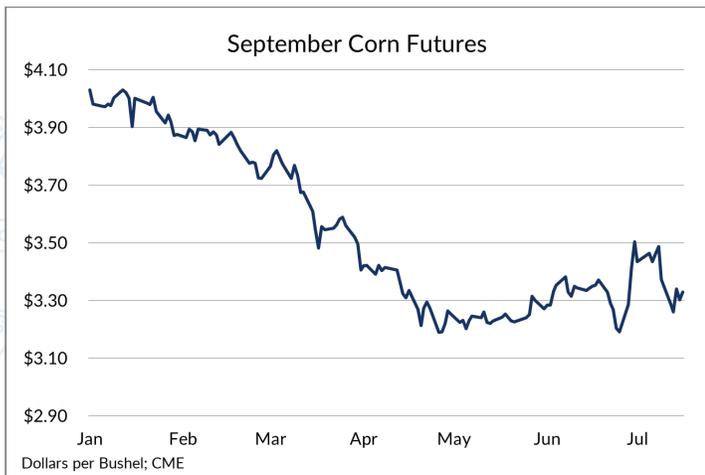
August Soybean Futures: \$8.9800, up \$0.1075.

- Rainfall in most of the Central and Eastern parts of the country fueled crop growth this week. USDA rated 69% of this year's corn crop in good or excellent condition for the week ended July



12, a drop from 71% last week but up from 58% last year. Soybeans are flourishing, with 68% in good or excellent condition. That's down slightly from 71% last week but better than 56% in 2019.

- Soybean futures ticked up after USDA reported sales of more than 575,000 tons to China and nearly 387,000 tons to other unnamed destinations. The market remains hopeful that China will fulfill Phase One trade deal agreements.
- While temperatures will remain hot, forecasts from the National Weather Service are calling for above-average chances of rainfall across the Upper Midwest next week.



CME Spot Prices											
	Blocks		Barrels		Butter		NDM		Dry Whey		
	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume	
13-Jul	\$ 3.0000	7	\$ 2.4025	5	\$ 1.7275	11	\$ 1.0150	2	\$ 0.3175	0	
14-Jul	\$ 2.9900	2	\$ 2.4200	2	\$ 1.7450	5	\$ 1.0150	2	\$ 0.3200	0	
15-Jul	\$ 2.8000	0	\$ 2.4200	5	\$ 1.6925	3	\$ 1.0100	0	\$ 0.3200	0	
16-Jul	\$ 2.7100	2	\$ 2.4175	0	\$ 1.6900	1	\$ 1.0000	10	\$ 0.3325	0	
17-Jul	\$ 2.6600	5	\$ 2.4300	5	\$ 1.6900	0	\$ 1.0000	0	\$ 0.3350	2	
Average	\$ 2.8320	16	\$ 2.4180	17	\$ 1.7090	20	\$ 1.0080	14	\$ 0.3250	2	
Fri-Fri Change	\$ (0.2550)		\$ 0.0900		\$ -		\$ (0.0150)		\$ 0.0475		
Futures											
	All Cheese		Block Cheese		Butter		NDM		Dry Whey		
	Friday Close	Change	Friday Close	Change	Friday Close	Change	Friday Close	Change	Friday Close	Change	
Fourth Quarter	\$ 1.8560	0.0457	\$ 1.9510	0.1047	\$ 1.8093	(0.1122)	\$ 1.0983	(0.0002)	\$ 0.3380	(0.0087)	
Second Half	\$ 2.1100	0.0993	\$ 2.2040	0.1332	\$ 1.7888	(0.1011)	\$ 1.0581	(0.0104)	\$ 0.3300	(0.0155)	

Americans lose sight of how diverse they are. Families braved the virus to visit a reopened Disney World this week because Disney is important to them in a way that most of us can't grok. Papers around the country offer stories on local airports coming back to life... This will annoy the bejesus out of epidemiologists. It turns upside-down who really is at risk from whom. But then America is a country for people, not epidemiologists.
-Holman W. Jenkins Jr.

Price and Volume Data				
vs Last Week	vs Last Year	Week Ending	11-Jul	4-Jul
2%	43%	NDPSR Block Cheddar (lb)	\$ 2.6358	\$ 2.5946
1%	37%	NDPSR Barrel Cheddar (lb)	\$ 2.4228	\$ 2.3927
1%	-24%	NDPSR Butter (lb)	\$ 1.8104	\$ 1.7988
-1%	-8%	NDPSR NDM (lb)	\$ 0.9675	\$ 0.9763
4%	-6%	NDPSR Dry Whey (lb)	\$ 0.3467	\$ 0.3341
8%	1%	NDPSR NDM Sales (mil lbs)	16.5	15.3
vs Last Week	vs Last Year	Week Ending	16-Jul	9-Jul
31%	23%	Class III Volume	8,143	9,663
7%	23%	Class III Futures OI	25,871	24,505
42%	-41%	Cash-Settled All Cheese Volume	2,014	2,363
2%	12%	Cash-Settled All Cheese OI	22,970	22,076
71%		Block Cheese Volume	23	14
3%		Block Cheese OI	199	192
26%	14%	Cash Butter Volume	1,369	779
1%	18%	Cash Butter Futures OI	9,315	8,990
67%	-16%	Nonfat Dry Milk Volume	1,376	973
-1%	-10%	Nonfat Dry Milk Futures OI	8,184	7,974
64%	-2%	Dry Whey Volume	298	574
11%	28%	Dry Whey Futures OI	3,472	3,230

International Prices									
vs Last Week	vs Last Year	Market	17-Jul	10-Jul	2-Jul	26-Jun	19-Jun	12-Jun	5-Jun
0%	3%	Skim Milk Powder (Dutch Dairy Board)	€ 2,140	€ 2,150	€ 2,160	€ 2,180	€ 2,200	€ 2,200	€ 2,170
1%	-1%	Whole Milk Powder (Dutch Dairy Board)	€ 2,720	€ 2,680	€ 2,680	€ 2,680	€ 2,630	€ 2,630	€ 2,600
0%	-7%	Butter (Dutch Dairy Board)	€ 3,330	€ 3,330	€ 3,300	€ 3,150	€ 3,120	€ 3,120	€ 3,100
0%	11%	Whey (Dutch Dairy Board)	€ 700	€ 700	€ 710	€ 730	€ 730	€ 750	€ 750
-1%	4%	Skim Milk Powder (Kempten, Germany)	€ 2,165	€ 2,190	€ 2,190	€ 2,200	€ 2,190	€ 2,190	€ 2,150
0%	-4%	Whole Milk Powder (Kempten, Germany)	€ 2,750	€ 2,750	€ 2,750	€ 2,750	€ 2,725	€ 2,695	€ 2,660
0%	-7%	Butter 25 kg (Kempten, Germany)	€ 3,425	€ 3,425	€ 3,400	€ 3,275	€ 3,225	€ 3,150	€ 3,075
4%	-4%	Edamer, 40% (Hannover, Germany)	€ 2,950	€ 2,850	€ 2,800	€ 2,800	€ 2,775	€ 2,750	€ 2,700
0%	8%	Skim Milk Powder (GlobalDairyTrade)	\$ 2,694	\$ 2,694	\$ 2,609	\$ 2,609	\$ 2,609	\$ 2,530	\$ 2,530
0%	4%	Whole Milk Powder (GlobalDairyTrade)	\$ 3,208	\$ 3,208	\$ 2,829	\$ 2,829	\$ 2,829	\$ 2,761	\$ 2,761
0%	-28%	Anhydrous Milk Fat (GlobalDairyTrade)	\$ 3,981	\$ 3,981	\$ 3,993	\$ 3,993	\$ 3,993	\$ 3,960	\$ 3,960
0%	-3%	Cheddar Cheese (GlobalDairyTrade)	\$ 3,762	\$ 3,762	\$ 3,631	\$ 3,631	\$ 3,631	\$ 3,520	\$ 3,520
0%	-16%	Butter (GlobalDairyTrade)	\$ 3,717	\$ 3,717	\$ 3,597	\$ 3,597	\$ 3,597	\$ 3,631	\$ 3,631
0%		Buttermilk Powder (GlobalDairyTrade)	\$ 2,417	\$ 2,417				\$ 2,344	\$ 2,344
0%		Lactose (GlobalDairyTrade)	\$ 1,309	\$ 1,309	\$ 1,290	\$ 1,290	\$ 1,290	\$ 1,279	\$ 1,279
0%	6%	Rennet Casein (AMS US; lb)	\$3.6438	\$3.6438	\$3.6438	\$3.7050	\$3.9563	\$3.9513	\$3.9563
0%	19%	Acid Casein (AMS US; lb)	\$3.8500	\$3.8500	\$3.8500	\$3.8500	\$3.8500	\$3.8500	\$3.9000
1%	73%	Lactose Edible (AMS Central/West AOM; lb)	\$0.5200	\$0.5150	\$0.5050	\$0.4750	\$0.4650	\$0.4525	\$0.4375