

FORECAST UPDATE

Volume 24 | Number 5 | June 3, 2020



RUNDOWN
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CHEESE
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BUTTER
page 3

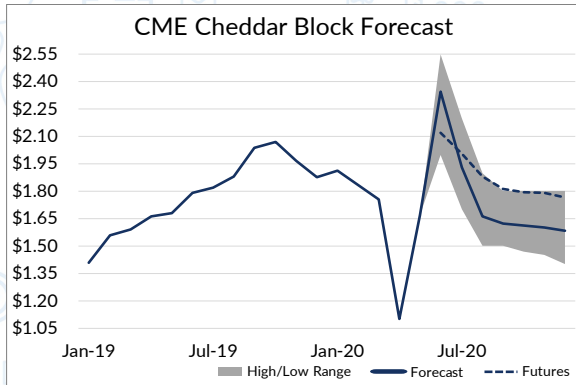


POWDERS
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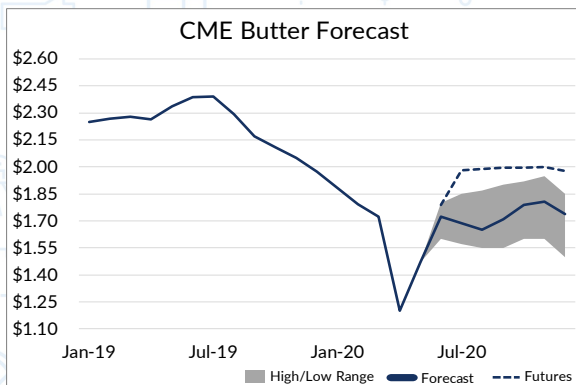


OTHER
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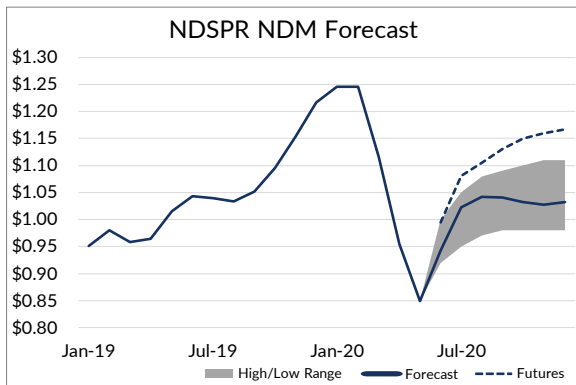
the rundown



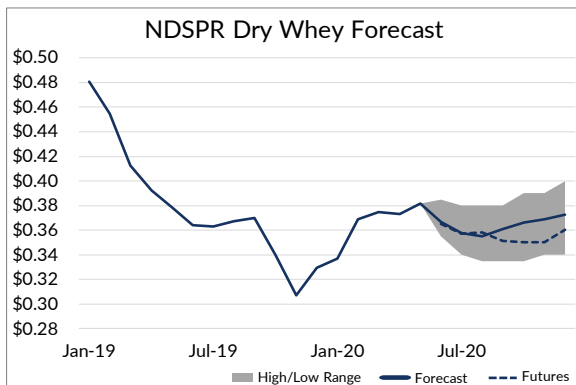
- We are at or very close to the top in the cheese market.
- Demand will struggle to grow at these record high price levels.
- Once the market starts to fall apart, expect a pattern of swift declines followed by some buy-side support, followed by further declines.



- Butter prices will remain choppy in the near-to-medium term, supported by strong demand for print supplies and tight cream availability.
- Sizeable bulk butter inventories built during the first four months of the year. That will help curb market upside over the next few months, but holdings may not be enough to head off higher prices later in 2020.



- Following a 25% rally from early May, prices have started to stabilize.
- Volatility isn't in the rearview, though. Expect prices to be choppy above a dollar in the near-to-medium term.
- Upside risk is on the table if demand stays hot and supply fails to bounce back.



- The recent revival in cheese and dry whey production will likely keep whey prices under pressure. Though, strong carbohydrate values could limit the downside.
- US-China trade relations remain an open concern given strength of exports in recent months.
- Expect prices to remain in the mid-30-cent range for the remainder of 2020.

cheese

CME Block Cheddar Cheese				
	High	Low	Forecast	Futures
2015			1.61	
2016			1.58	
2017			1.61	
2018			1.55	
2019			1.78	
5 Yr Avg			1.62	
Jan-20			1.91	
Feb-20			1.83	
Mar-20			1.76	
Apr-20			1.10	
May-20			1.67	
Jun-20	2.55	2.00	2.34	2.12
Jul-20	2.20	1.70	1.93	2.01
Aug-20	1.90	1.50	1.66	1.88
Sep-20	1.80	1.50	1.62	1.81
Oct-20	1.80	1.47	1.61	1.80
Nov-20	1.80	1.45	1.60	1.79
Dec-20	1.80	1.40	1.58	1.77
2020 Avg	1.84	1.61	1.72	1.79
Jan-21	1.85	1.35	1.55	1.73
Feb-21	1.85	1.40	1.53	1.73
Mar-21	1.85	1.45	1.60	1.73
Apr-21	1.80	1.50	1.63	1.77
May-21	1.75	1.50	1.61	1.77
Jun-21	1.75	1.50	1.61	1.77
Jul-21	1.77	1.50	1.60	1.76
Aug-21	1.77	1.52	1.61	1.75
Sep-21	1.80	1.55	1.66	1.75
Oct-21	1.80	1.57	1.72	1.75
Nov-21	1.85	1.60	1.75	1.75
Dec-21	1.85	1.60	1.71	1.75
2021 Avg	1.81	1.50	1.63	1.75

butter

CME Grade AA Butter				
	High	Low	Forecast	Futures
2015			2.09	
2016			2.08	
2017			2.33	
2018			2.25	
2019			2.23	
5 Yr Avg			2.20	
Jan-20			1.88	
Feb-20			1.79	
Mar-20			1.72	
Apr-20			1.20	
May-20			1.47	
Jun-20	1.80	1.60	1.72	1.79
Jul-20	1.85	1.57	1.69	1.98
Aug-20	1.87	1.55	1.65	1.99
Sep-20	1.90	1.55	1.71	2.00
Oct-20	1.92	1.60	1.79	2.00
Nov-20	1.95	1.60	1.81	2.00
Dec-20	1.85	1.50	1.74	1.98
2020 Avg	1.77	1.59	1.68	1.82
Jan-21	1.75	1.45	1.65	1.93
Feb-21	1.75	1.40	1.57	1.92
Mar-21	1.75	1.40	1.59	1.88
Apr-21	1.75	1.40	1.65	1.88
May-21	1.80	1.45	1.60	1.88
Jun-21	1.85	1.50	1.58	1.89
Jul-21	1.85	1.50	1.59	1.89
Aug-21	1.90	1.53	1.62	1.90
Sep-21	1.95	1.53	1.65	1.93
Oct-21	1.95	1.55	1.72	2.00
Nov-21	1.95	1.55	1.70	2.01
Dec-21	1.95	1.50	1.65	2.01
2021 Avg	1.85	1.48	1.63	1.93

ndm

whey

NDPSR NDM				
	High	Low	Forecast	Futures
2015			0.90	
2016			0.83	
2017			0.87	
2018			0.79	
2019			1.04	
5 Yr Avg			0.89	
Jan-20			1.25	
Feb-20			1.25	
Mar-20			1.12	
Apr-20			0.96	
May-20			0.85	
Jun-20	1.00	0.92	0.94	1.00
Jul-20	1.05	0.95	1.02	1.08
Aug-20	1.08	0.97	1.04	1.11
Sep-20	1.09	0.98	1.04	1.13
Oct-20	1.10	0.98	1.03	1.15
Nov-20	1.11	0.98	1.03	1.16
Dec-20	1.11	0.98	1.03	1.17
2020 Avg	1.08	1.01	1.05	1.10
Jan-21	1.12	0.98	1.04	1.17
Feb-21	1.12	0.97	1.04	1.17
Mar-21	1.13	0.95	1.04	1.17
Apr-21	1.14	0.95	1.05	1.17
May-21	1.14	0.95	1.08	1.18
Jun-21	1.15	0.95	1.09	1.18
Jul-21	1.17	0.97	1.11	1.18
Aug-21	1.20	1.00	1.11	1.21
Sep-21	1.20	1.00	1.13	1.20
Oct-21	1.25	1.02	1.14	1.20
Nov-21	1.25	1.05	1.15	1.20
Dec-21	1.25	1.05	1.15	1.20
2021 Avg	1.18	0.99	1.09	1.19

NDPSR Dry Whey				
	High	Low	Forecast	Futures
2015			0.38	
2016			0.29	
2017			0.44	
2018			0.34	
2019			0.38	
5 Yr Avg			0.37	
Jan-20			0.34	
Feb-20			0.37	
Mar-20			0.37	
Apr-20			0.37	
May-20			0.38	
Jun-20	0.39	0.36	0.37	0.37
Jul-20	0.38	0.34	0.36	0.36
Aug-20	0.38	0.34	0.35	0.36
Sep-20	0.38	0.34	0.36	0.35
Oct-20	0.39	0.34	0.37	0.35
Nov-20	0.39	0.34	0.37	0.35
Dec-20	0.40	0.34	0.37	0.36
2020 Avg	0.38	0.35	0.37	0.36
Jan-21	0.41	0.33	0.37	0.35
Feb-21	0.41	0.32	0.37	0.35
Mar-21	0.42	0.31	0.37	0.36
Apr-21	0.43	0.31	0.37	0.37
May-21	0.45	0.31	0.36	0.38
Jun-21	0.45	0.31	0.36	0.40
Jul-21	0.46	0.32	0.37	0.40
Aug-21	0.46	0.32	0.37	0.40
Sep-21	0.46	0.32	0.38	0.40
Oct-21	0.47	0.33	0.39	0.40
Nov-21	0.47	0.33	0.39	0.40
Dec-21	0.47	0.33	0.39	0.40
2021 Avg	0.45	0.32	0.38	0.39

other forecasts

CME		AMS	FMMO							
	Barrel Cheese	WPC 34	Class I Milk	Class II Milk	Class II Skim	Class III Milk	Class IV Milk	All Cheese	Butter	Butterfat
2015	1.58	0.80	16.34	15.48	7.69	15.80	14.34	1.65	2.07	2.30
2016	1.56	0.68	14.80	14.35	6.47	14.87	13.77	1.61	2.08	2.31
2017	1.53	0.88	16.45	16.04	7.11	16.17	15.16	1.63	2.33	2.61
2018	1.42	0.79	14.84	14.80	6.15	14.61	14.23	1.54	2.26	2.53
2019	1.69	0.93	16.99	16.76	8.24	16.96	16.30	1.76	2.24	2.51
5 Yr Avg	1.55	0.82	15.88	15.49	7.13	15.68	14.76	1.64	2.20	2.45
Jan-20	1.57	1.00	19.01	17.05	9.98	17.05	16.65	1.81	1.92	2.11
Feb-20	1.55	1.01	17.55	16.84	10.24	17.00	16.20	1.79	1.81	1.98
Mar-20	1.44	1.02	17.46	16.75	10.38	16.25	14.87	1.71	1.76	1.92
Apr-20	1.07	1.01	16.64	13.87	9.55	13.07	11.40	1.40	1.26	1.32
May-20	1.60	0.96	12.95	12.30	7.73	12.14	10.67	1.30	1.31	1.38
Jun-20	2.14	0.94	11.41	13.03	6.68	20.51	13.22	2.16	1.72	1.87
Jul-20	1.85	0.93	16.67	13.66	7.33	19.96	13.91	2.11	1.72	1.88
Aug-20	1.61	0.92	17.84	14.43	8.30	16.65	13.92	1.77	1.68	1.83
Sep-20	1.57	0.91	16.28	14.70	8.48	15.68	13.99	1.66	1.70	1.86
Oct-20	1.55	0.91	15.55	15.09	8.47	15.53	14.32	1.64	1.80	1.97
Nov-20	1.52	0.91	15.63	15.17	8.41	15.40	14.42	1.62	1.83	2.01
Dec-20	1.50	0.91	15.65	14.93	8.36	15.22	14.27	1.60	1.79	1.95
2020 Avg	1.58	0.95	16.05	14.82	8.66	16.21	13.99	1.71	1.69	1.84
Jan-21	1.47	0.91	15.52	14.57	8.38	14.95	13.92	1.58	1.70	1.85
Feb-21	1.45	0.91	15.20	14.27	8.43	14.66	13.58	1.55	1.61	1.75
Mar-21	1.54	0.91	14.90	14.25	8.44	14.83	13.60	1.57	1.61	1.74
Apr-21	1.58	0.92	14.82	14.48	8.47	15.55	13.89	1.65	1.65	1.79
May-21	1.56	0.93	15.46	14.55	8.58	15.55	14.07	1.65	1.64	1.78
Jun-21	1.56	0.93	15.54	14.62	8.78	15.42	14.08	1.64	1.62	1.75
Jul-21	1.55	0.94	15.46	14.77	8.95	15.40	14.16	1.63	1.61	1.74
Aug-21	1.56	0.95	15.49	14.98	9.04	15.38	14.38	1.63	1.64	1.78
Sep-21	1.61	0.96	15.59	15.15	9.13	15.70	14.57	1.65	1.66	1.81
Oct-21	1.67	0.97	15.87	15.54	9.25	16.34	14.97	1.71	1.73	1.88
Nov-21	1.70	0.97	16.31	15.68	9.39	16.82	15.01	1.76	1.73	1.88
Dec-21	1.66	0.97	16.60	15.62	9.42	16.82	14.93	1.76	1.71	1.86
2021 Avg	1.58	0.86	15.56	14.87	8.86	15.62	14.26	1.65	1.66	1.80

history

CME Block Price History													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
2015	1.52	1.54	1.55	1.59	1.63	1.71	1.67	1.71	1.66	1.67	1.62	1.46	1.61
2016	1.48	1.47	1.49	1.42	1.32	1.50	1.66	1.78	1.62	1.60	1.88	1.73	1.58
2017	1.69	1.62	1.43	1.50	1.63	1.60	1.66	1.69	1.64	1.73	1.66	1.49	1.61
2018	1.49	1.52	1.56	1.61	1.64	1.56	1.54	1.63	1.64	1.59	1.40	1.38	1.55
2019	1.41	1.56	1.59	1.66	1.68	1.79	1.82	1.88	2.04	2.07	1.97	1.88	1.78
5 Yr Avg	1.52	1.54	1.53	1.55	1.58	1.63	1.67	1.74	1.72	1.73	1.70	1.59	1.62
CME Butter Price History													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
2015	1.57	1.73	1.72	1.79	1.93	1.91	1.91	2.15	2.67	2.48	2.88	2.33	2.09
2016	2.12	2.08	1.96	2.06	2.06	2.26	2.27	2.18	2.00	1.82	1.99	2.18	2.08
2017	2.24	2.15	2.14	2.10	2.27	2.57	2.62	2.65	2.44	2.33	2.22	2.21	2.33
2018	2.16	2.12	2.20	2.31	2.38	2.33	2.24	2.30	2.25	2.26	2.25	2.21	2.25
2019	2.25	2.27	2.28	2.26	2.34	2.39	2.39	2.29	2.17	2.11	2.05	1.97	2.23
5 Yr Avg	2.07	2.07	2.06	2.11	2.19	2.29	2.28	2.31	2.30	2.20	2.28	2.18	2.20
NDPSR NDM Price History													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
2015	1.02	1.03	1.02	0.97	0.95	0.93	0.84	0.74	0.80	0.90	0.84	0.79	0.90
2016	0.78	0.77	0.75	0.73	0.76	0.79	0.84	0.86	0.88	0.92	0.91	0.96	0.83
2017	1.02	0.99	0.85	0.84	0.87	0.91	0.90	0.87	0.85	0.81	0.76	0.72	0.87
2018	0.70	0.71	0.70	0.71	0.79	0.82	0.78	0.81	0.85	0.87	0.89	0.90	0.79
2019	0.95	0.98	0.96	0.96	1.01	1.04	1.04	1.03	1.05	1.10	1.15	1.22	1.04
5 Yr Avg	0.89	0.90	0.86	0.84	0.88	0.90	0.88	0.86	0.89	0.92	0.91	0.92	0.89
NDPSR Dry Whey Price History													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
2015	0.59	0.52	0.48	0.46	0.45	0.42	0.39	0.31	0.24	0.23	0.23	0.23	0.38
2016	0.24	0.25	0.25	0.25	0.25	0.26	0.27	0.28	0.31	0.33	0.37	0.40	0.29
2017	0.44	0.49	0.52	0.52	0.51	0.49	0.45	0.43	0.42	0.38	0.36	0.30	0.44
2018	0.28	0.25	0.25	0.26	0.27	0.31	0.34	0.37	0.40	0.45	0.46	0.47	0.34
2019	0.48	0.45	0.41	0.39	0.38	0.36	0.36	0.37	0.37	0.34	0.31	0.33	0.38
5 Yr Avg	0.40	0.39	0.38	0.38	0.37	0.37	0.36	0.35	0.35	0.35	0.35	0.35	0.37
USDA Class III													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
2015	16.18	15.46	15.56	15.81	16.19	16.72	16.33	16.27	15.82	15.46	15.30	14.44	15.80
2016	13.72	13.80	13.74	13.63	12.76	13.22	15.24	16.91	16.39	14.82	16.76	17.40	14.87
2017	16.77	16.88	15.81	15.22	15.57	16.44	15.45	16.57	16.36	16.69	16.88	15.44	16.17
2018	14.00	13.40	14.22	14.47	15.18	15.21	14.10	14.95	16.09	15.53	14.44	13.78	14.61
2019	13.96	13.89	15.04	15.96	16.38	16.27	17.55	17.60	18.31	18.72	20.45	19.37	16.96
5 Yr Avg	14.93	14.69	14.87	15.02	15.22	15.57	15.73	16.46	16.59	16.24	16.77	16.09	15.68
USDA Class IV													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Avg
2015	13.22	13.82	13.80	13.51	13.91	13.90	13.15	12.90	15.08	16.43	16.89	15.51	14.34
2016	13.31	13.49	12.74	12.68	13.09	13.77	14.84	14.65	14.25	13.66	13.76	14.97	13.77
2017	16.19	15.59	14.32	14.01	14.49	15.89	16.60	16.61	15.86	14.85	13.99	13.51	15.16
2018	13.13	12.87	13.04	13.48	14.57	14.91	14.14	14.63	14.81	15.01	15.06	15.09	14.23
2019	15.48	15.86	15.71	15.72	16.29	16.83	16.90	16.74	16.35	16.39	16.60	16.70	16.30
5 Yr Avg	14.27	14.33	13.92	13.88	14.47	15.06	15.13	15.11	15.27	15.27	15.26	15.16	14.76