



# **Dairy Outlook**

**Joe Horner**

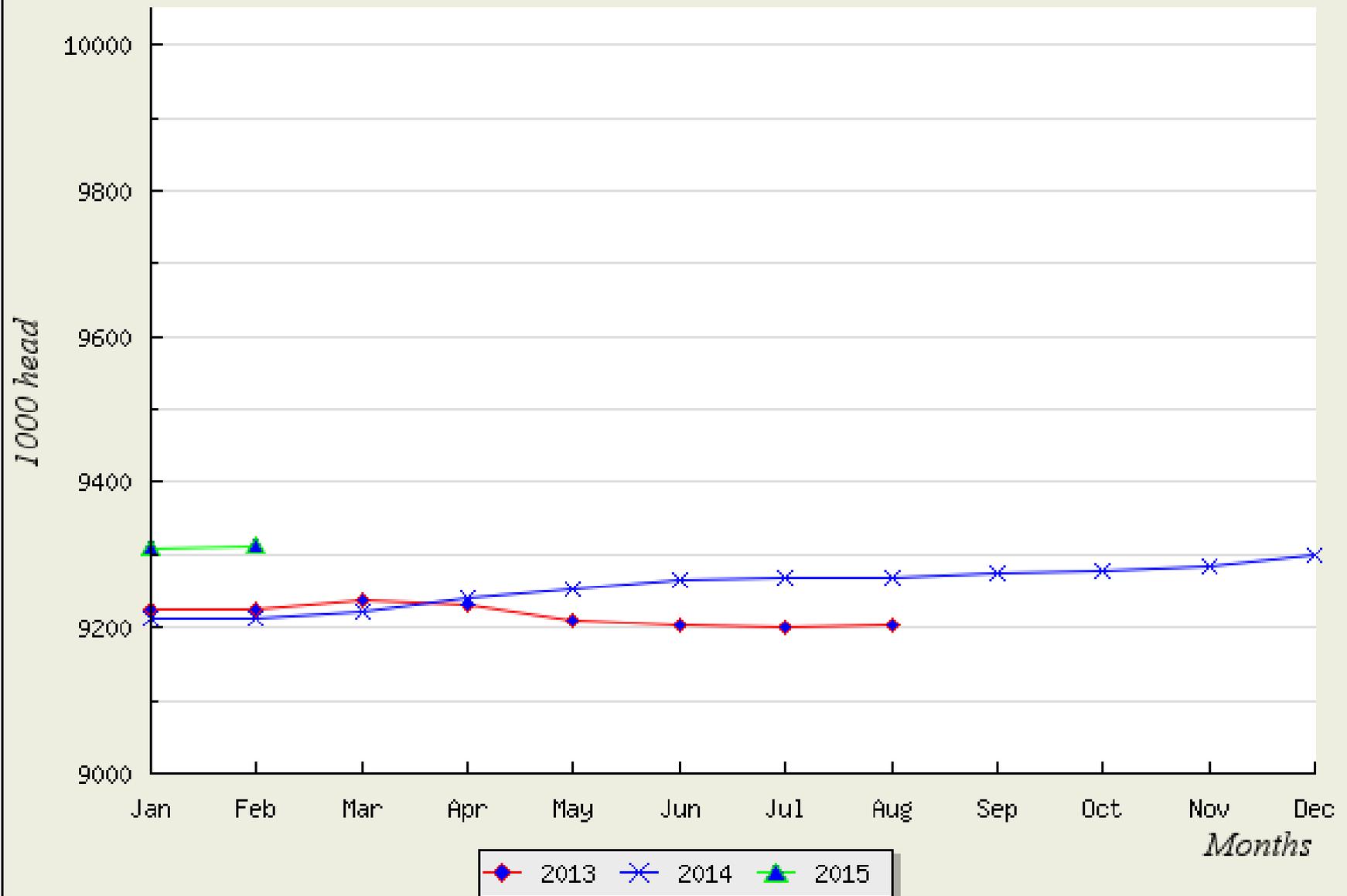
**April 22, 2015**

# Dairy Outlook in a Nutshell

- **Supply Neutral**
  - US cow numbers – rising slowly 1.1% (Feb 2015 year over year)
  - US milk per cow – rising 0.6% (Feb 2015 year over year)
  - US milk production – rising 1.7% (Feb 2015 year over year)
  - California drought constraining 1/5 milk (-3.8% Feb 2015 year over year)
- **Demand Neutral**
  - Domestic – Spring flush moving supply to storage
  - Exports – Strong dollar hurting exports vs. NZ & EU
  - Global – Chinese and Middle Eastern weakness
- **Outlook Better than feared**
  - Margins pressured, but milk price hasn't collapsed
  - Cull cow prices vs. milk prices dictate length of low prices

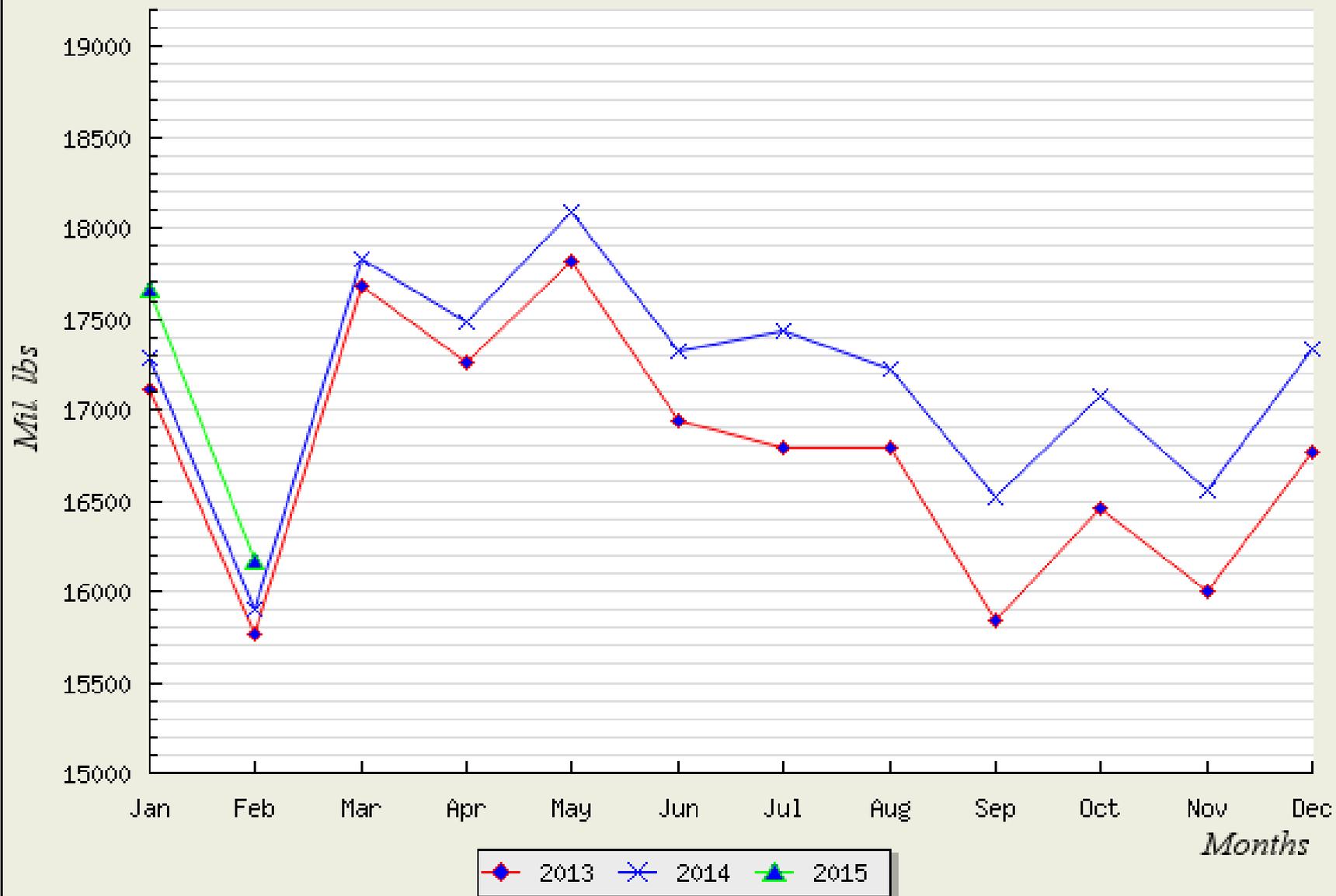
# Milk Cows, States and United States

Area: US

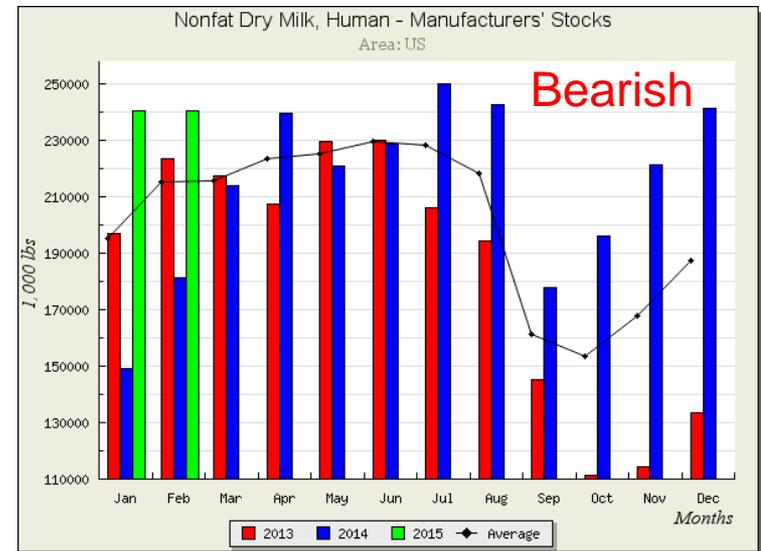
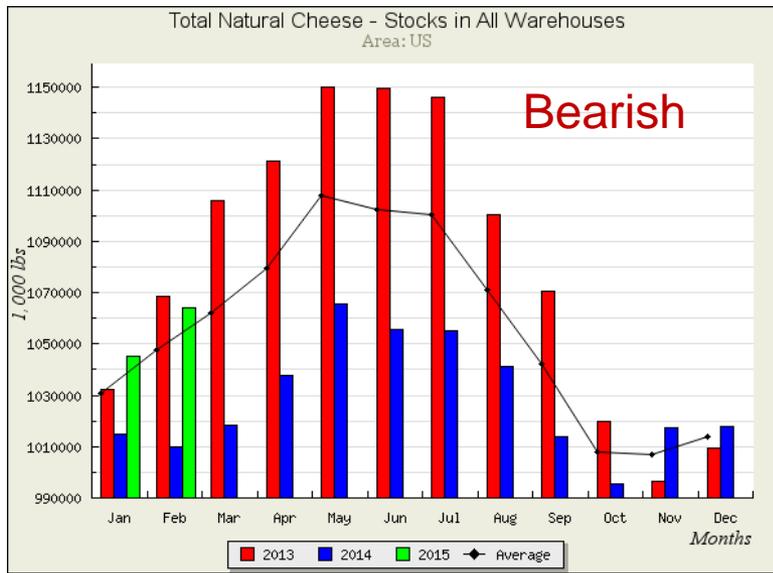
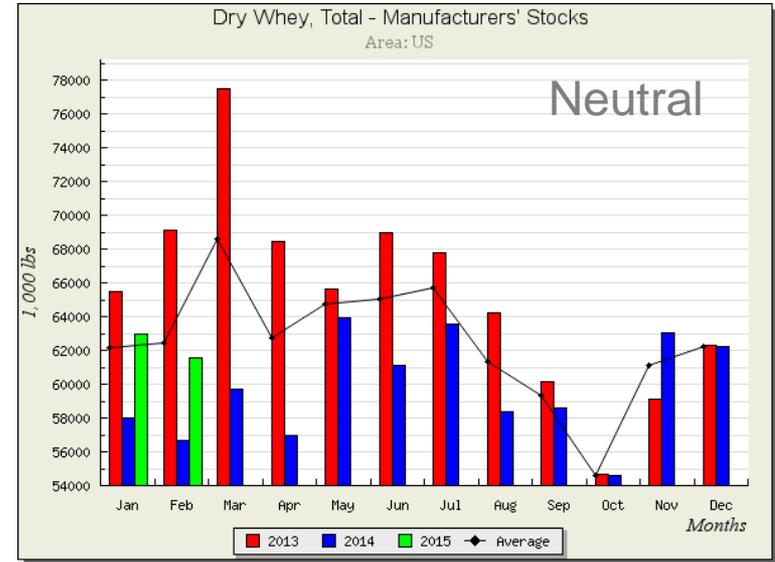
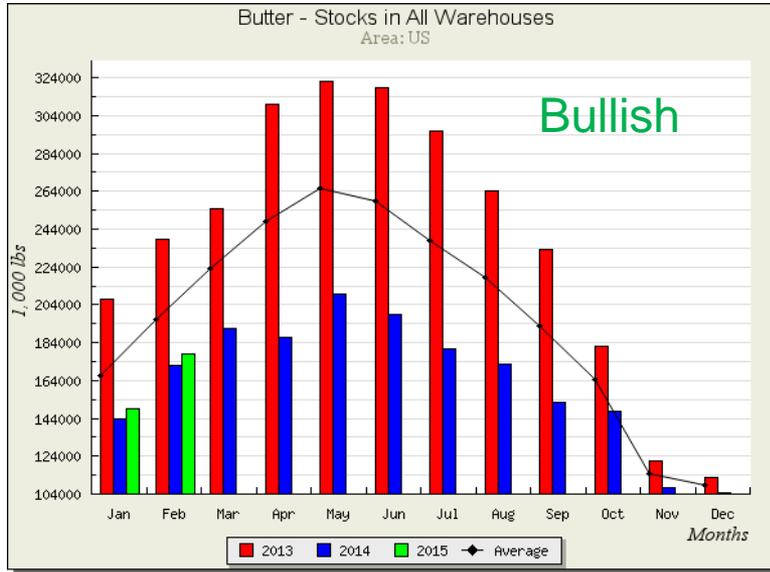


# Milk Production, States and United States

Area: US

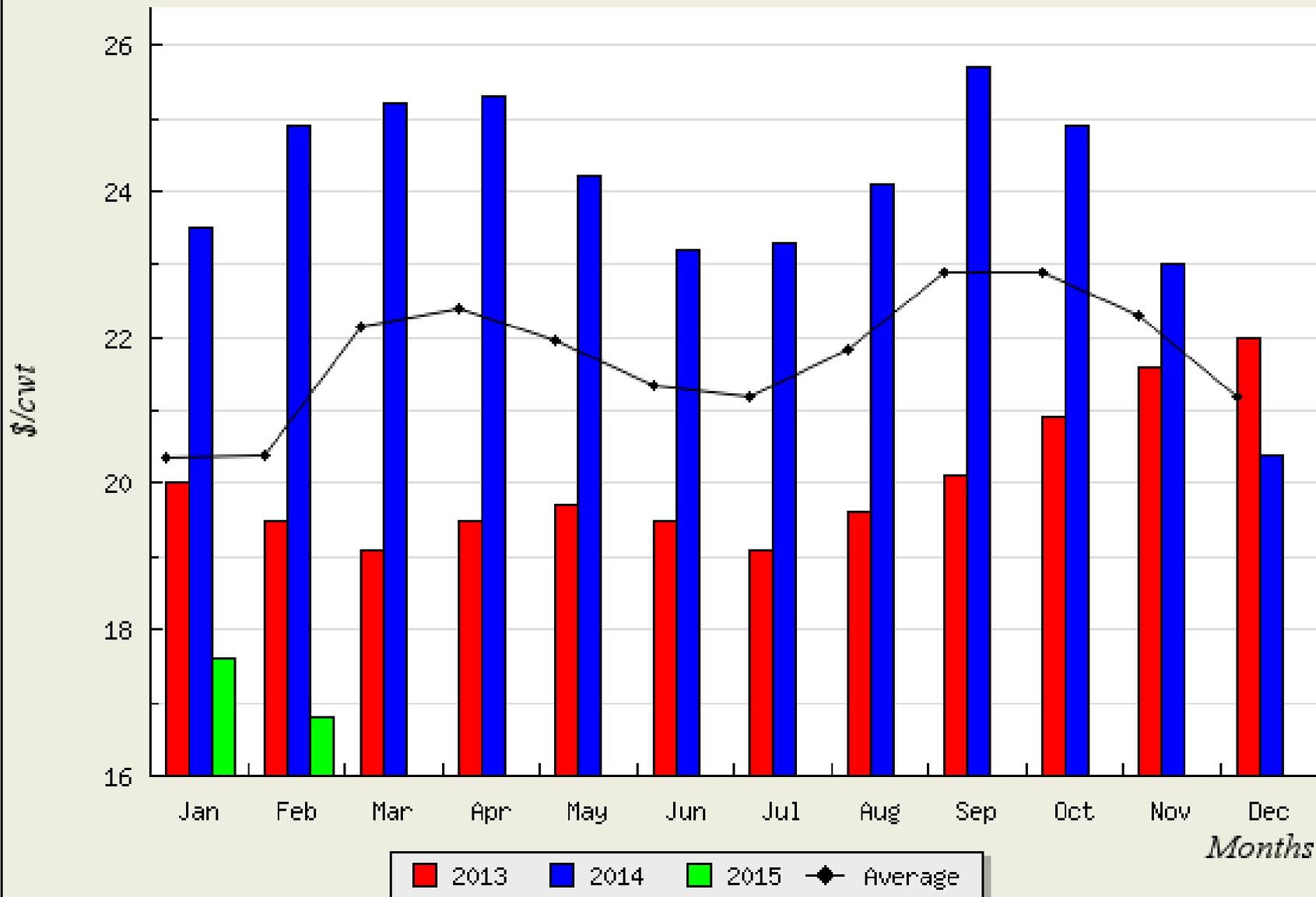


# Stocks – Rising



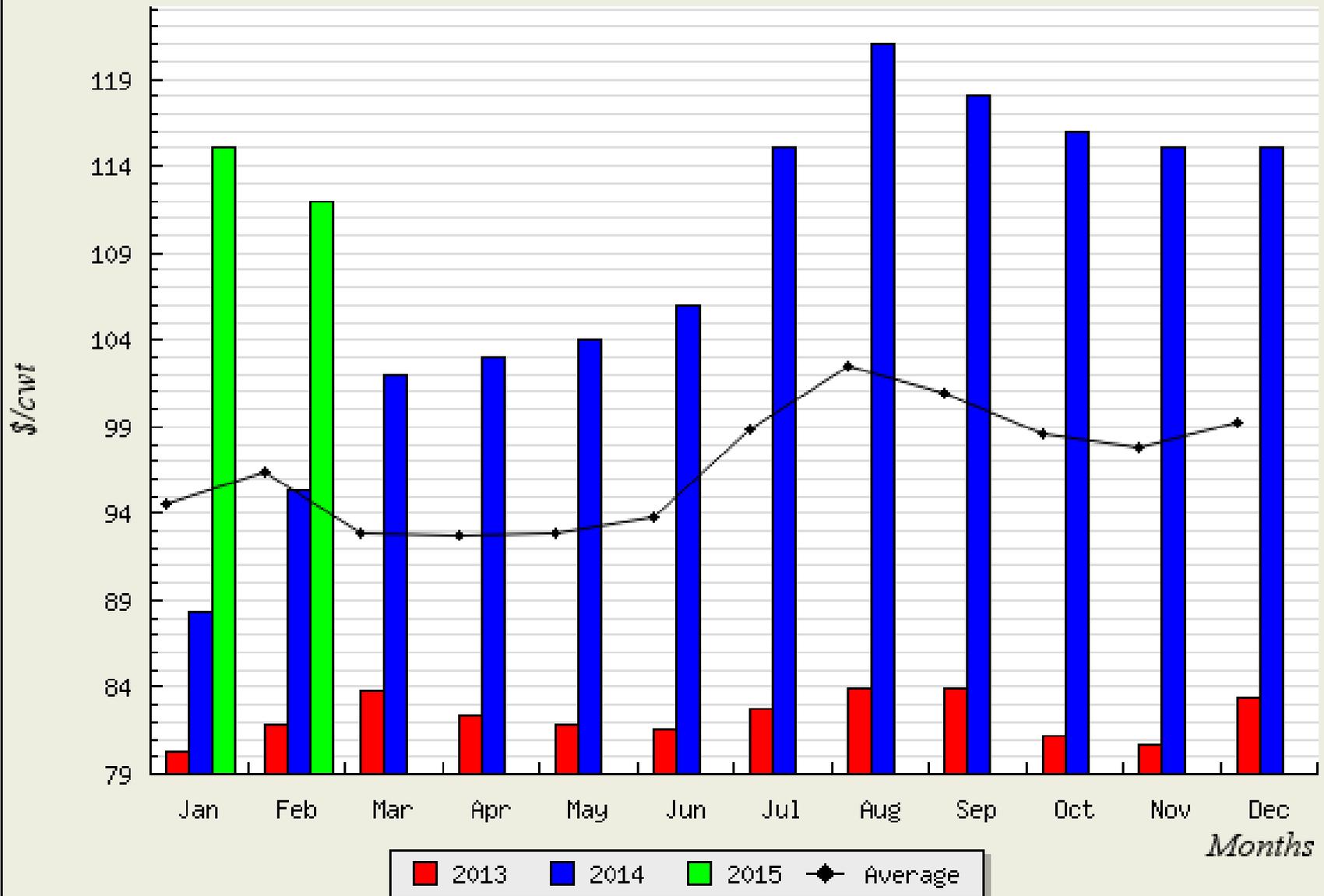
# Milk, All - Price

Area: US



# Cows, Slaughter - Price

Area: US



# Margin Protection Program Decision Tool

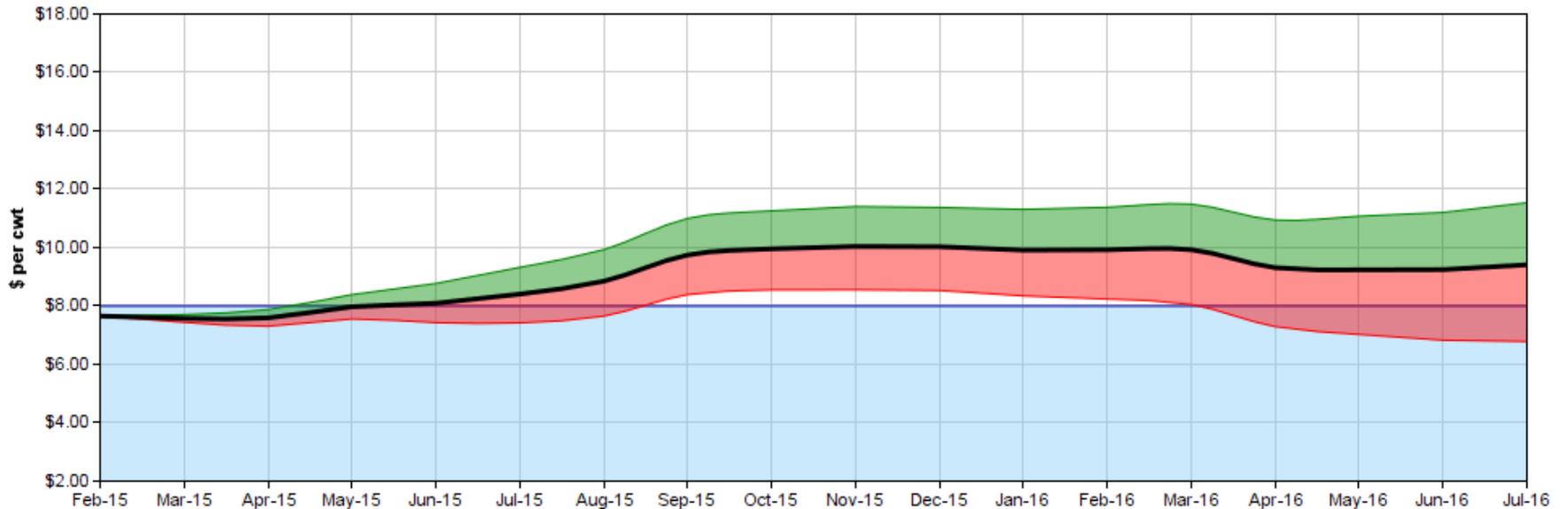
[www.DairyMarkets.org](http://www.DairyMarkets.org)

Farm Name:  Coverage Year:  Actual Production History:  lbs

Forecast Margin  Select Coverage

Probability Table  Forecast Graph

Include Actual Margins



The colored bands show the middle 50% probability interval for forecast margins. There is a 25% chance that the margin could be above the green band and a 25% chance that the margin could be below the red band. The graph data and probabilities are calculated from futures market data available on 04/16/2015.

Margin Level	Mar-Apr 2015	May-Jun 2015	Jul-Aug 2015	Sep-Oct 2015	Nov-Dec 2015	Jan-Feb 2016	Mar-Apr 2016	May-Jun 2016
Expected	\$7.58	\$8.03	\$8.63	\$9.85	\$10.03	\$9.92	\$9.62	\$9.24

[http://www.fsa.usda.gov/FSA/pages/content/farmBill/fb\\_MPPDTool.jsp](http://www.fsa.usda.gov/FSA/pages/content/farmBill/fb_MPPDTool.jsp)

# Dairy Price Outlook

	<b>1<sup>st</sup> Half 2015</b>	<b>2<sup>nd</sup> Half 2015</b>	<b>2015</b>
<b>USDA – All Milk Price</b> <i>February 17, 2015</i>	<b>\$16.00 - \$17.00</b>	<b>\$17.05 - \$19.30</b>	<b>\$17.05 - \$17.65</b>
<b>MO Farm Forecast</b>	<b>\$18.25</b>	<b>\$19.00</b>	<b>\$18.50</b>