Dairy Outlook

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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
Stocks – Rising

- Bullish for Butter
- Neutral for Dry Whey
- Bearish for Total Natural Cheese and Nonfat Dry Milk
Margin Protection Program Decision Tool

http://www.fsa.usda.gov/FSA/pages/content/farmBill/fb_MPPDTtool.jsp
# Dairy Price Outlook

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<thead>
<tr>
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<th>1st Half 2015</th>
<th>2nd Half 2015</th>
<th>2015</th>
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<tbody>
<tr>
<td><strong>USDA – All Milk Price</strong></td>
<td>$16.00 - $17.00</td>
<td>$17.05 - $19.30</td>
<td>$17.05 - $17.65</td>
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<td><strong>February 17, 2015</strong></td>
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<td><strong>MO Farm Forecast</strong></td>
<td>$18.25</td>
<td>$19.00</td>
<td>$18.50</td>
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