

U.S. Exports

U.S. exports now falling short of 2016 pace

U.S. exports of nonfat dry milk/skim milk powder (NDM/SMP) have been unable to match last year's record pace in recent months, dragging on overall trade performance. U.S. suppliers shipped 166,778 tons of milk powder, cheese, butterfat, whey and lactose in October, down 11% from last year. U.S. exports were valued at \$466 million, down 1%.

Exports of **NDM/SMP** in October were 51,394 tons, down 34% vs. last year's record volume of 77,566 tons. Sales to Mexico and the Philippines were robust last autumn (43,319 tons and 11,287 tons, respectively, in October 2016) but were barely half that (23,872 tons and 6,220 tons, respectively) this year. Shipments to Southeast Asia's other countries were down as well, amounting to a 33% drop-off for the region. In contrast, exports to China continued to increase; 2017 volume is twice the rate posted in 2016.

(Official USDA data continues to show an increase in WMP exports to Mexico. However, Mexican import data and trade sources don't corroborate this, and we believe this volume represents SMP sales that were misclassified at the port. Therefore, we've adjusted NDM/SMP and WMP trade data for June 2016 to October 2017 to account for this misclassification.)

Cheese exports have declined from the volumes seen in Q2, but remain

above year-ago levels. October exports were up 9%. In October, U.S. cheese exporters posted record-high volumes in sales to China (2,028 tons, +82%) and Central America (2,354 tons, mostly from Panama and Guatemala, +42%). In addition, exports to the Middle East/North Africa (MENA) region have improved in recent months; during the August-October period, volumes were up 88%. Shipments to Australia, Japan and South Korea also continue to increase at double-digit rates, while October exports to Mexico were the lowest in three-and-a-half years, down 30% year-over-year.

Whey exports have reached all-time high volumes this year, in the face of steadily falling global prices. Shipments of modified whey products (primarily permeate) have been especially strong. Total whey products exports were up 9% in October, bringing the year-to-date increase to +8%. Exports of modified whey were up 20% in October, while WPC shipments were up 15% and WPI exports were up 22%. Sales to China were flat in October, but exporters shipped more to Mexico and Japan.

On a total milk solids basis, U.S. exports were equivalent to 15.2% of U.S. milk production in October, while imports were equivalent to 3.5% of production. In the first 10 months of 2017, exports represented 14.3% of milk solids output.

U.S. Exports

	OCTOBER (VOLUME, MT)					JANUARY - OCTOBER (VOLUME, MT)			
	LATEST MONTH 2015	2016	2017	% CHG		YEAR-TO-DATE 2015	2016	2017	% CHG
NDM/SMP*	49,789	77,566	51,394	-34	NDM/SMP*	469,314	496,561	492,558	-1
WMP*	2,812	1,271	1,890	+49	WMP*	31,876	20,394	19,734	-3
Cheese	23,608	24,795	27,005	+9	Cheese	269,450	233,092	284,480	+22
Butterfat	864	2,833	3,199	+13	Butterfat	18,567	19,385	21,271	+10
Total Whey	34,311	46,360	50,504	+9	Total Whey	376,491	410,928	444,761	+8
-Dry whey	12,620	19,776	19,214	-3	-Dry whey	154,993	155,223	172,835	+11
-WPC	10,090	12,155	13,971	+15	-WPC	87,046	118,546	117,498	-1
-Modified whey	9,470	11,497	13,750	+20	-Modified whey	103,345	109,780	125,143	+14
-WPI	2,130	2,932	3,568	+22	-WPI	31,107	27,379	29,285	+7
Lactose	25,944	32,537	31,227	-4	Lactose	298,726	300,163	294,623	-2
MPC	2,880	1,479	1,559	+5	MPC	26,597	17,276	19,391	+12
Aggregate volume**	140,209	186,841	166,778	-11	Aggregate volume**	1,491,020	1,497,800	1,576,817	+5
milk/cream (000 liters)	8,366	11,507	8,546	-26	milk/cream (000 liters)	89,426	90,808	88,791	-2
Total Value (millions) **	\$ 415.8	\$ 469.8	\$ 466.2	-1	Total Value (millions) **	\$ 4,581.6	\$ 3,922.1	\$ 4,537.0	+16

* USDA data for NDM/SMP and WMP for June 2016-October 2017 adjusted to reflect shipments to Mexico misclassified as WMP.

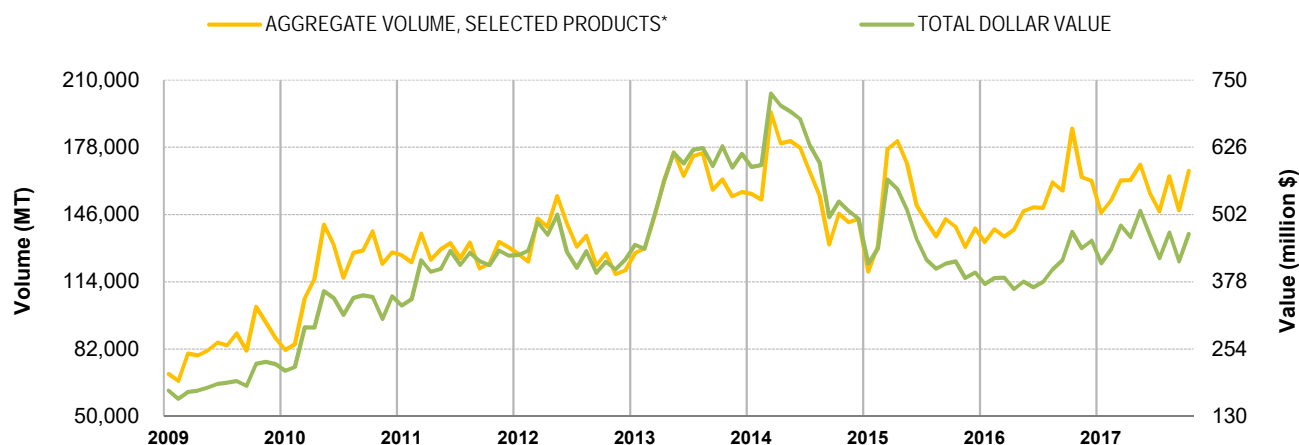
** Aggregate volume includes the products listed above, except fluid milk. Total value includes other products in addition to the ones listed here.

Source: USDA, USDEC.

U.S. Exports

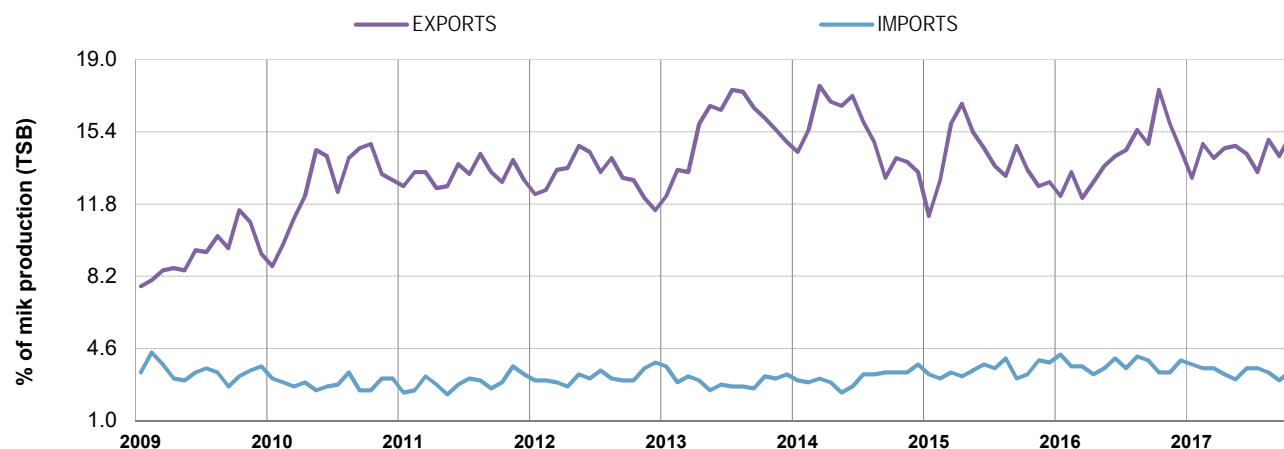
U.S. EXPORTS

VOLUME AND VALUE



* Volume includes SMP, WMP, MPC, whey, cheese, butterfat, lactose

U.S. EXPORTS AND IMPORTS AS A PERCENT OF MILK PRODUCTION



U.S. DAIRY EXPORTS, TOP 10 MARKETS

(million \$)	October 17	vs. yr ago
Mexico	\$ 102.9	-26%
Southeast Asia	57.6	-21%
China	52.9	+42%
Canada	51.1	-16%
Japan	25.2	+52%
South America	24.8	+19%
So. Korea	22.3	-2%
Middle East/North Africa	22.1	+78%
Caribbean	20.6	+14%
Oceania	19.9	+31%

U.S. EXPORTS AS % OF PRODUCTION

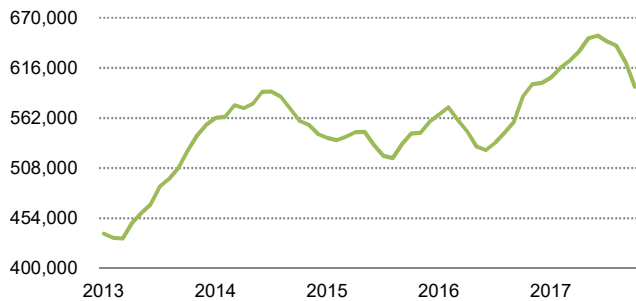
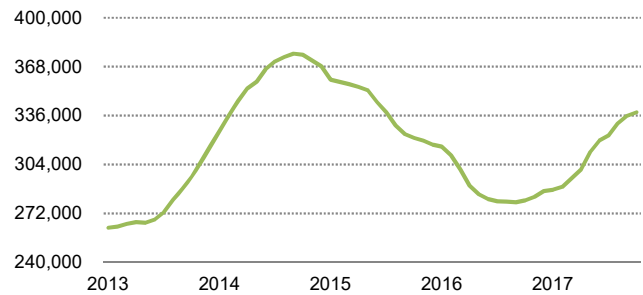
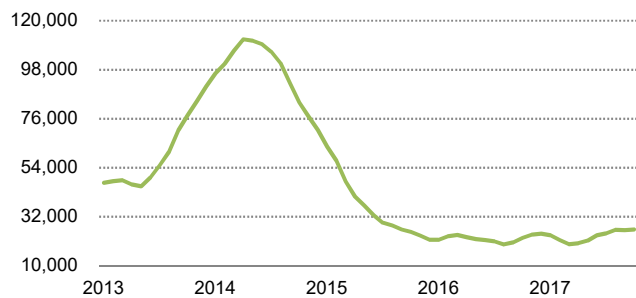
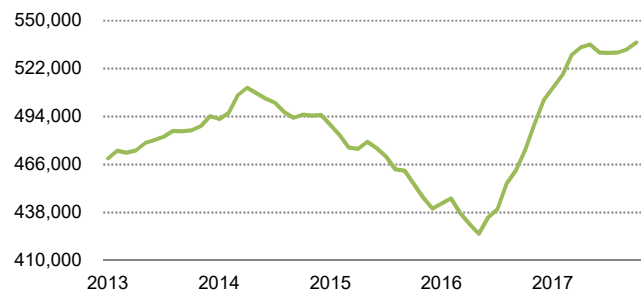
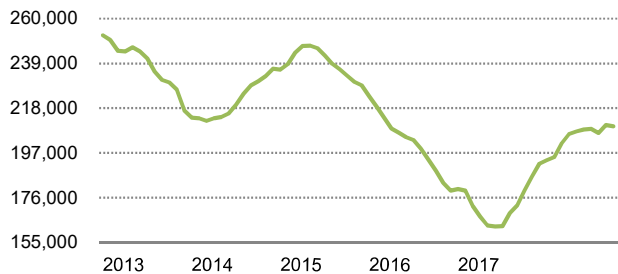
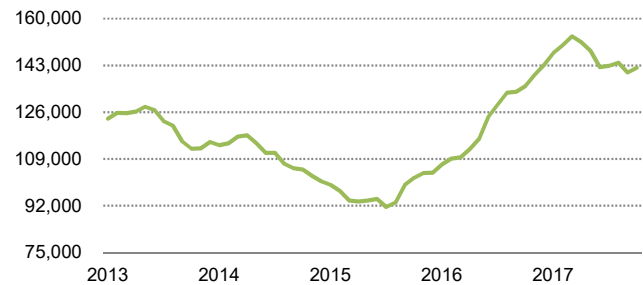
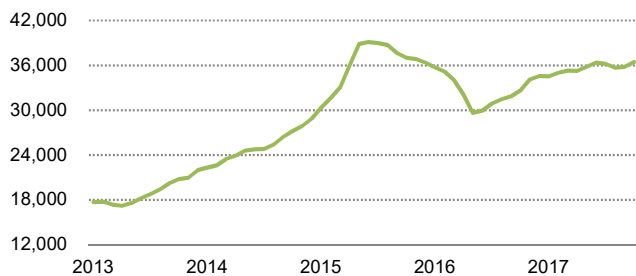
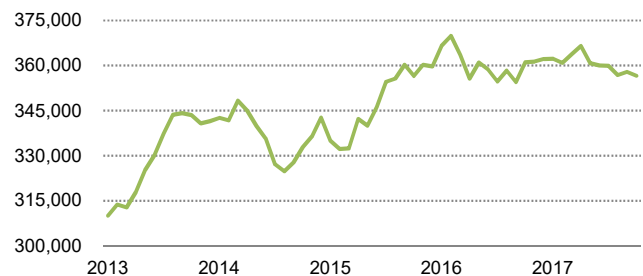
	October	yr ago	Jan-Oct 17	yr ago
NDM/SMP	65%	93%	55%	57%
Total cheese	5.6%	5.2%	6.1%	5.1%
Butterfat	4.9%	4.5%	3.1%	2.8%
Dry sweet whey	53%	52%	44%	43%
Lactose	74%	80%	69%	72%
Total milk solids	15.2%	17.5%	14.3%	14.1%

ACCESS U.S. EXPORT DATA ONLINE

Visit usdec.org/research-and-data/market-data/us-export-data

Source: USDA, USDEC, National Milk Producers Federation.

U.S. Exports: Rolling 12-Month Volume

U.S. NDM/SMP EXPORTS (MT)

U.S. CHEESE EXPORTS (MT)

U.S. BUTTERFAT EXPORTS (MT)

U.S. TOTAL WHEY* EXPORTS (MT)

U.S. DRY WHEY EXPORTS (MT)

U.S. WPC EXPORTS (MT)

U.S. WPI EXPORTS (MT)

U.S. LACTOSE EXPORTS (MT)


* Total whey includes dry whey, WPC, modified whey products and WPI.

Source: USDA, USDEC.