

Dairy: Changing Paradigms

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Road Map

**Global Supply
& Demand**

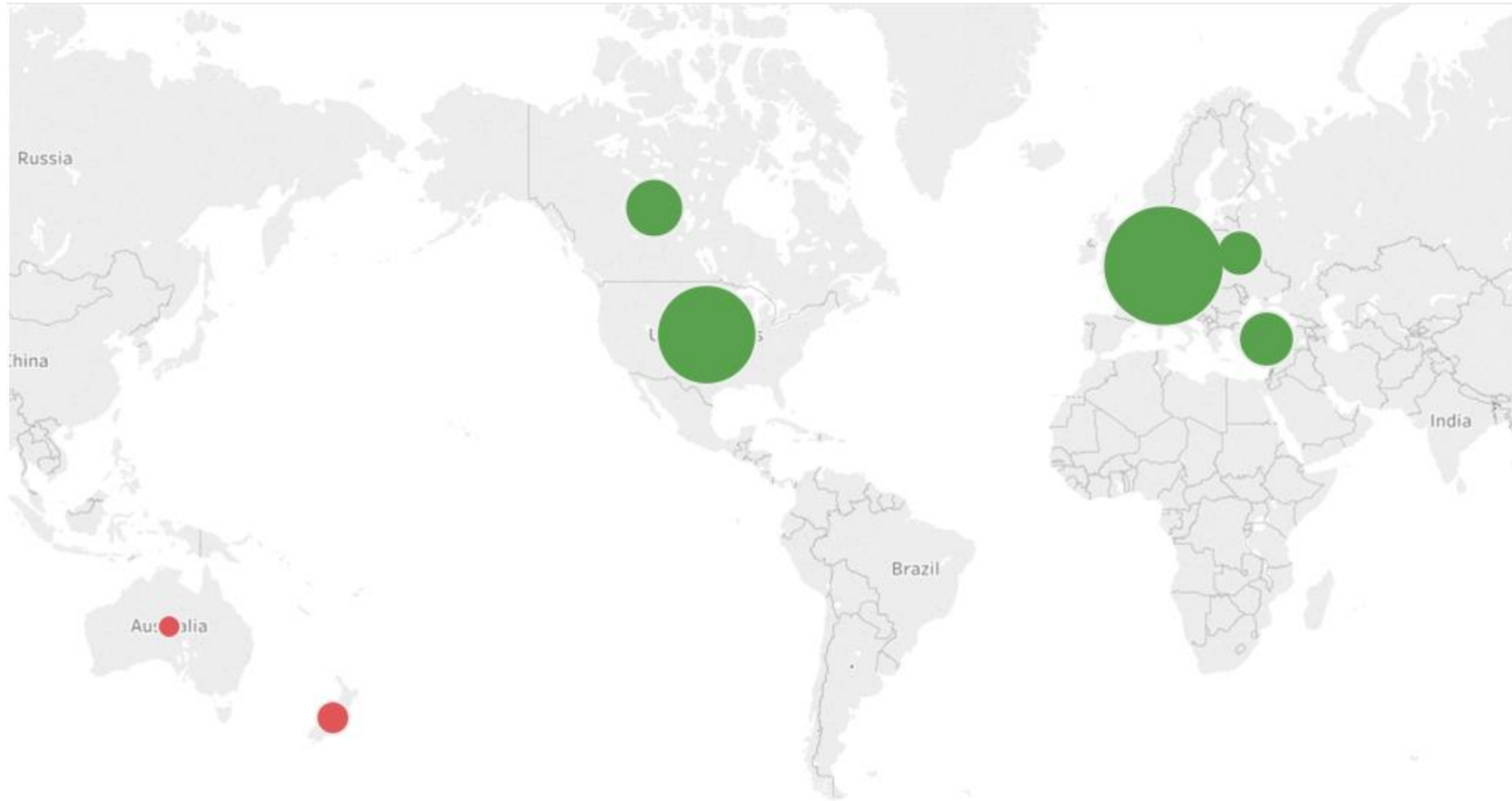
**Outlook by
Product**

Price Forecasts

**Popular Questions:
Trade with Mexico
NAFTA 2.0**

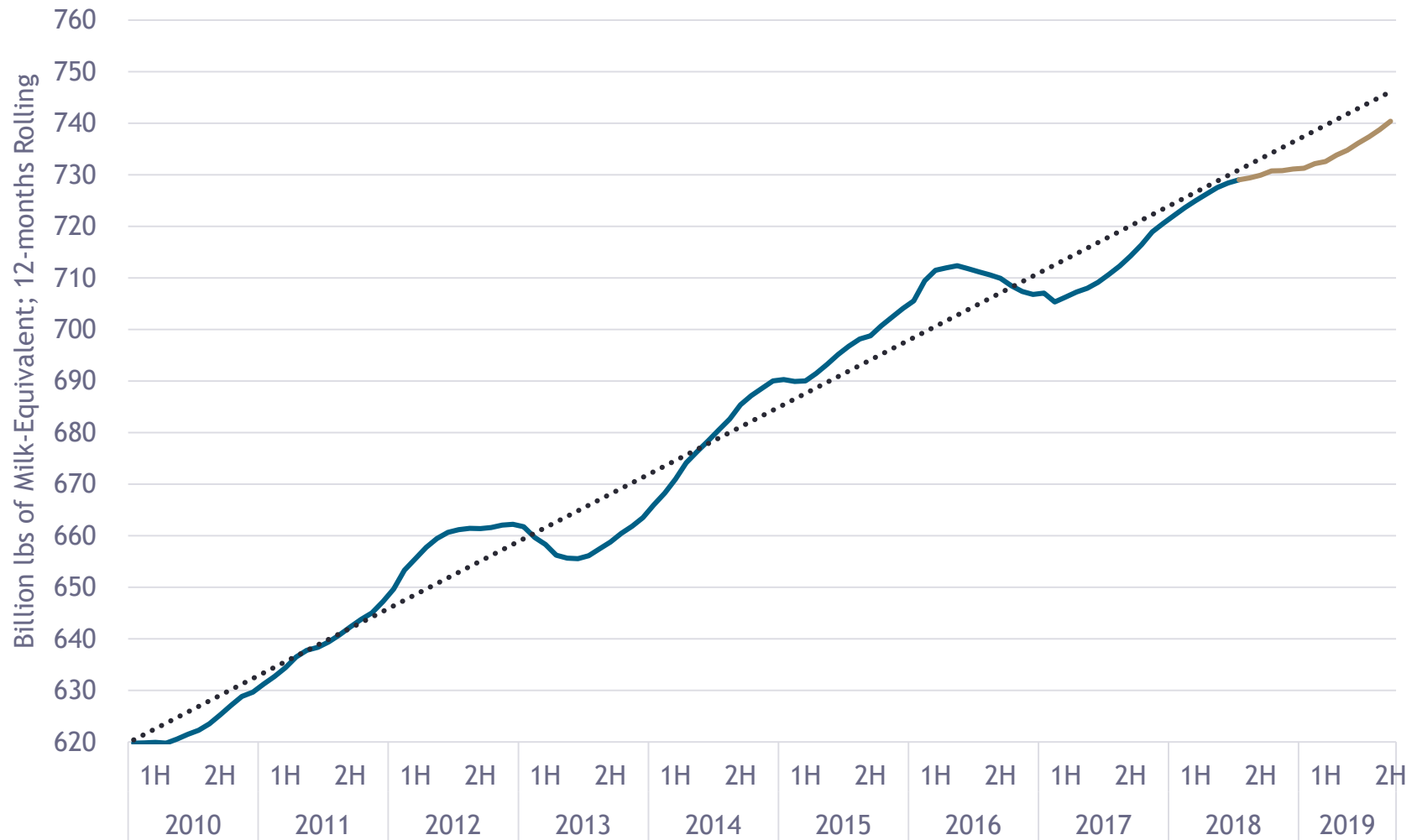
GLOBAL SUPPLY & DEMAND

Map of Milk Production Growth Between 2014 and 2018*

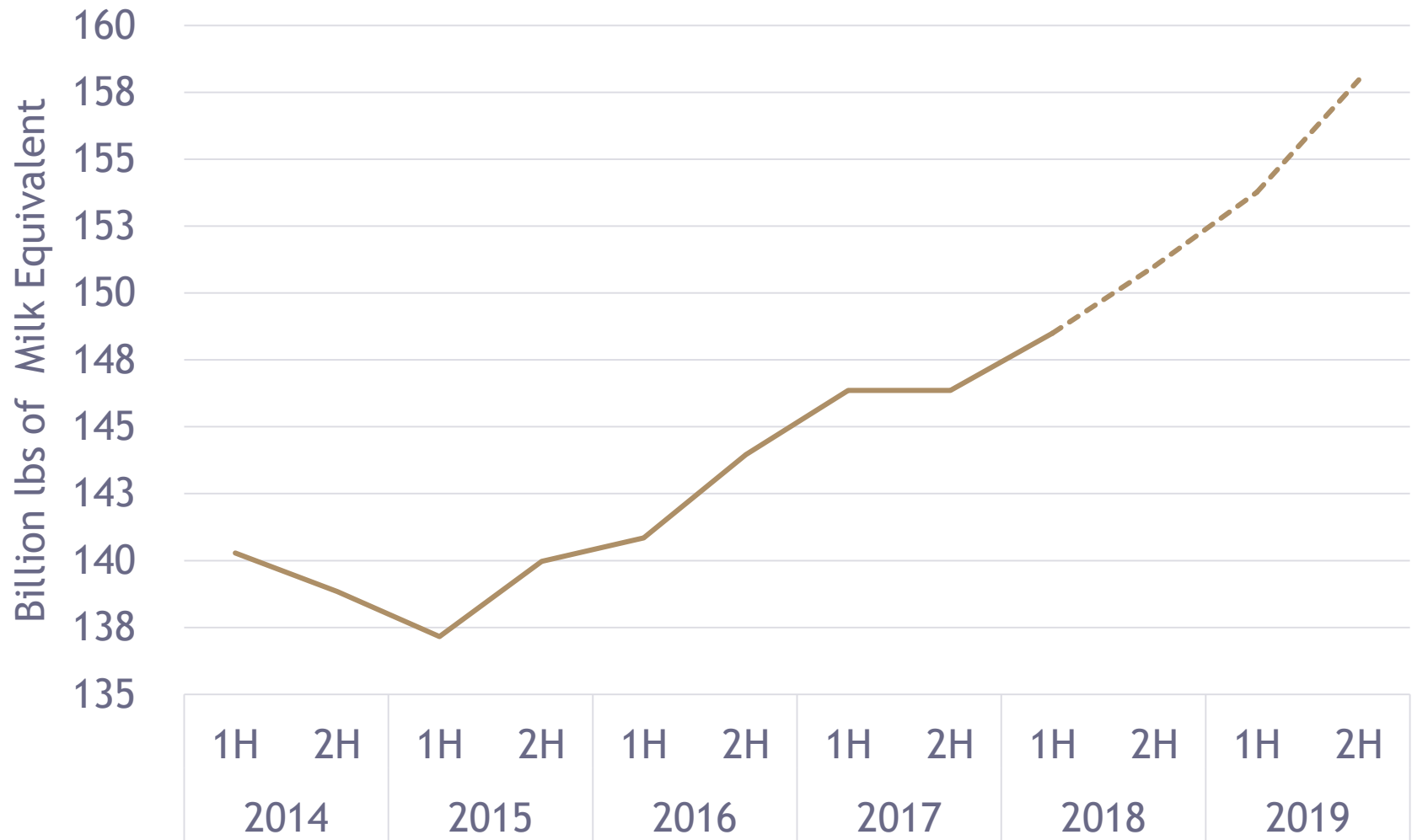


GLOBAL SUPPLY & DEMAND

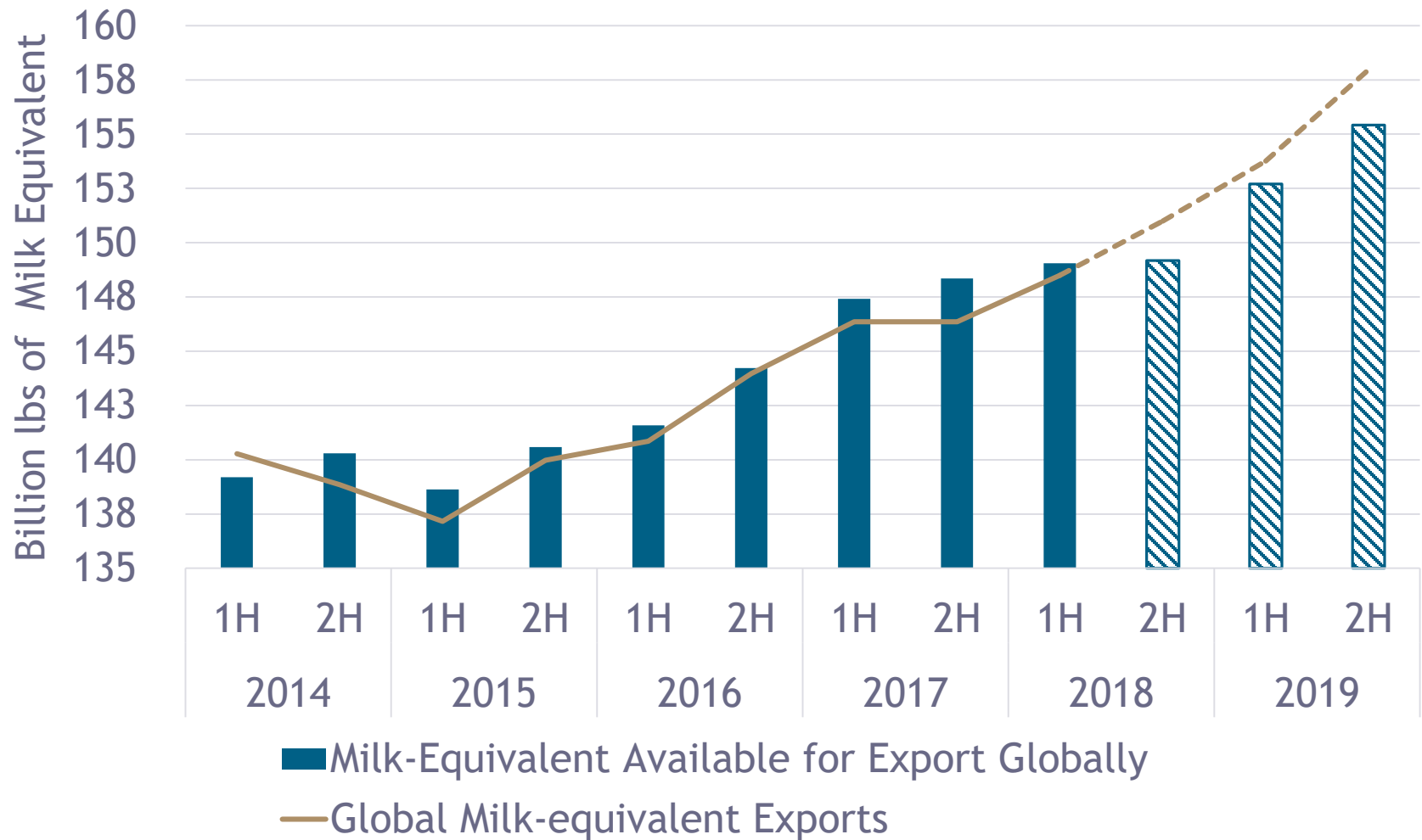
Growth in milk supplies are currently below-trend.



Global Milk-Equivalent Exports

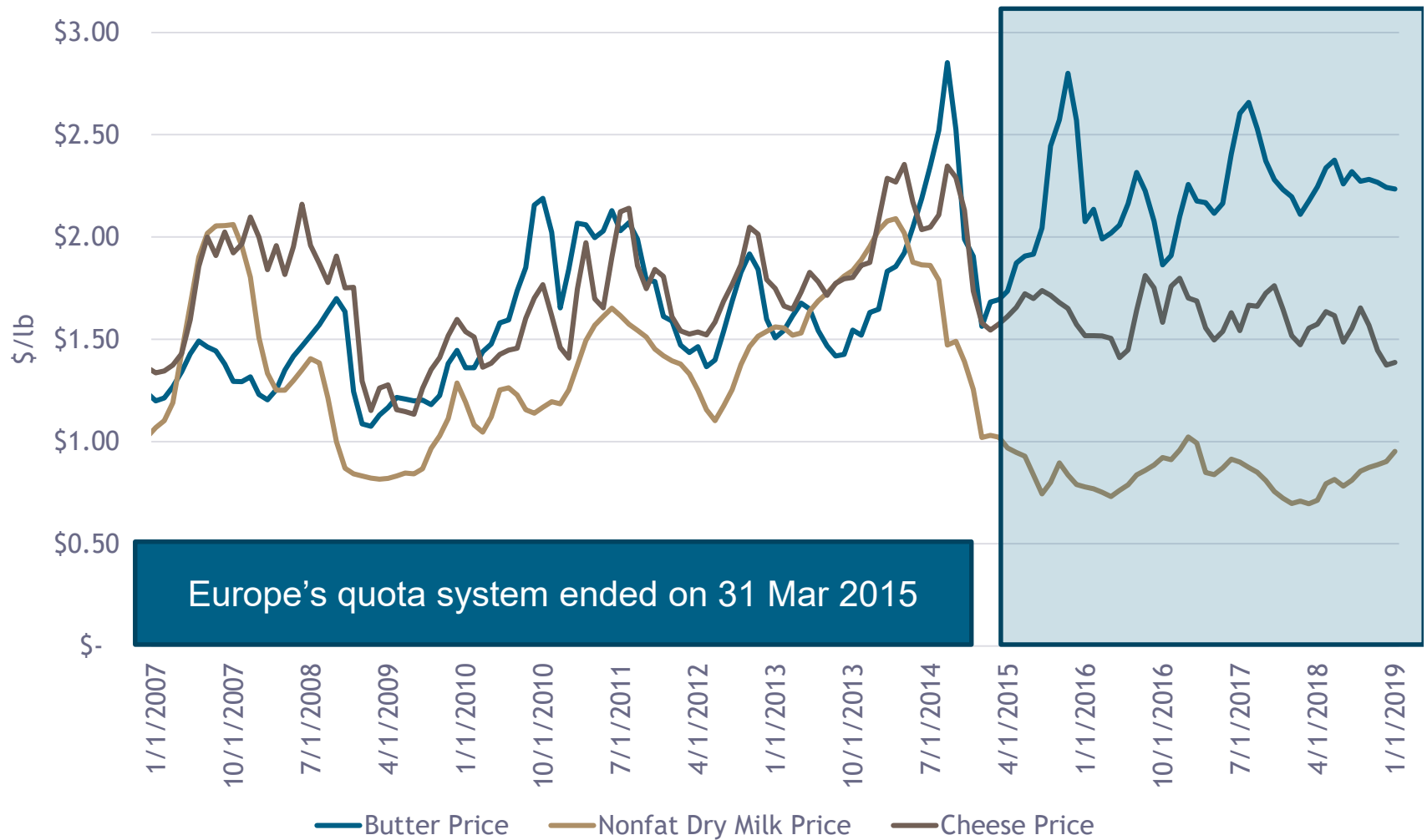


Exports outpaced production beginning in 2H18

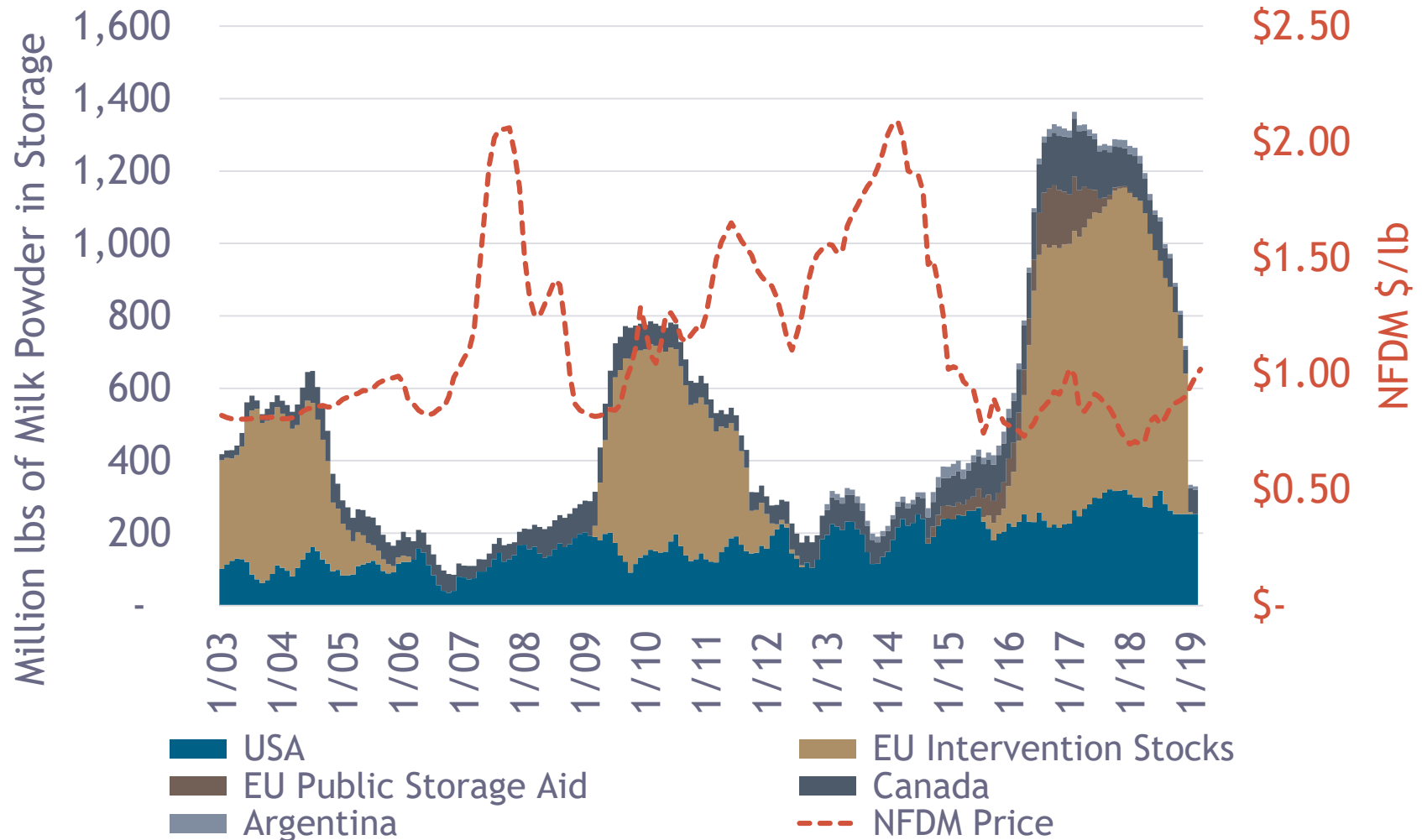


SITUATION BY PRODUCT
GROUP

Dairy product price relationships change after Europe ends quota system.

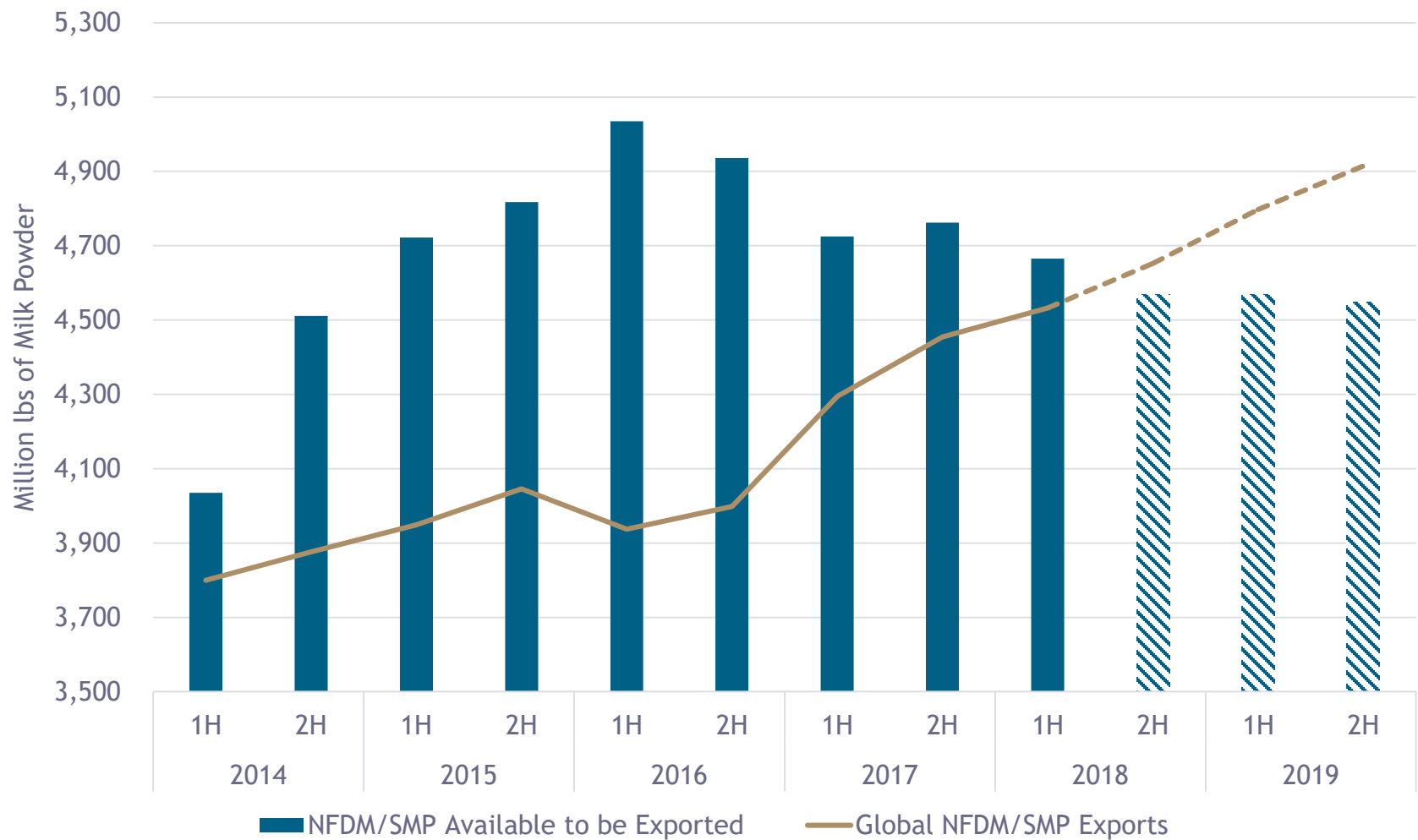


Global NFDM/SMP: Massive inventories are decreasing.

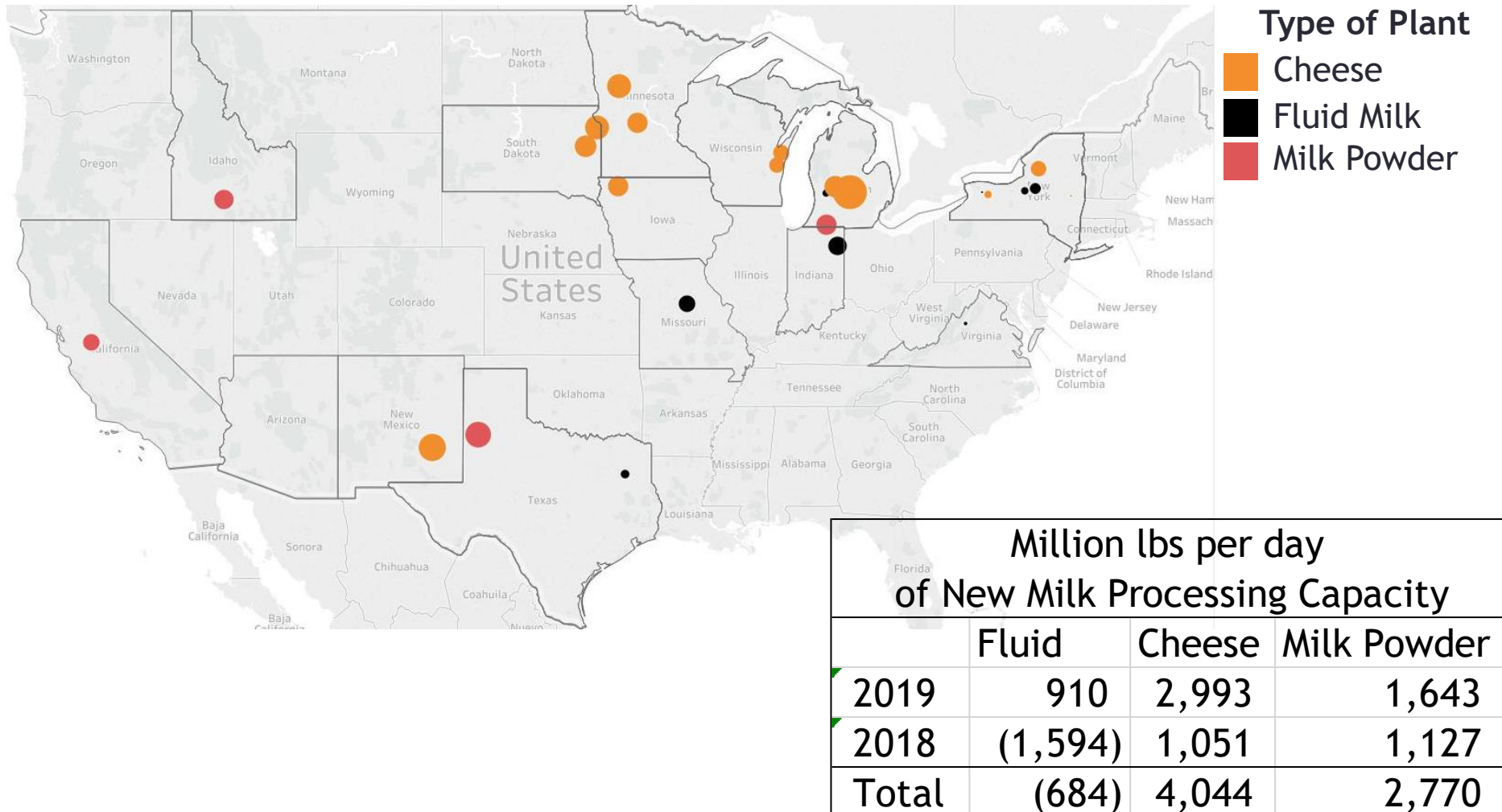


Global Milk Powder:

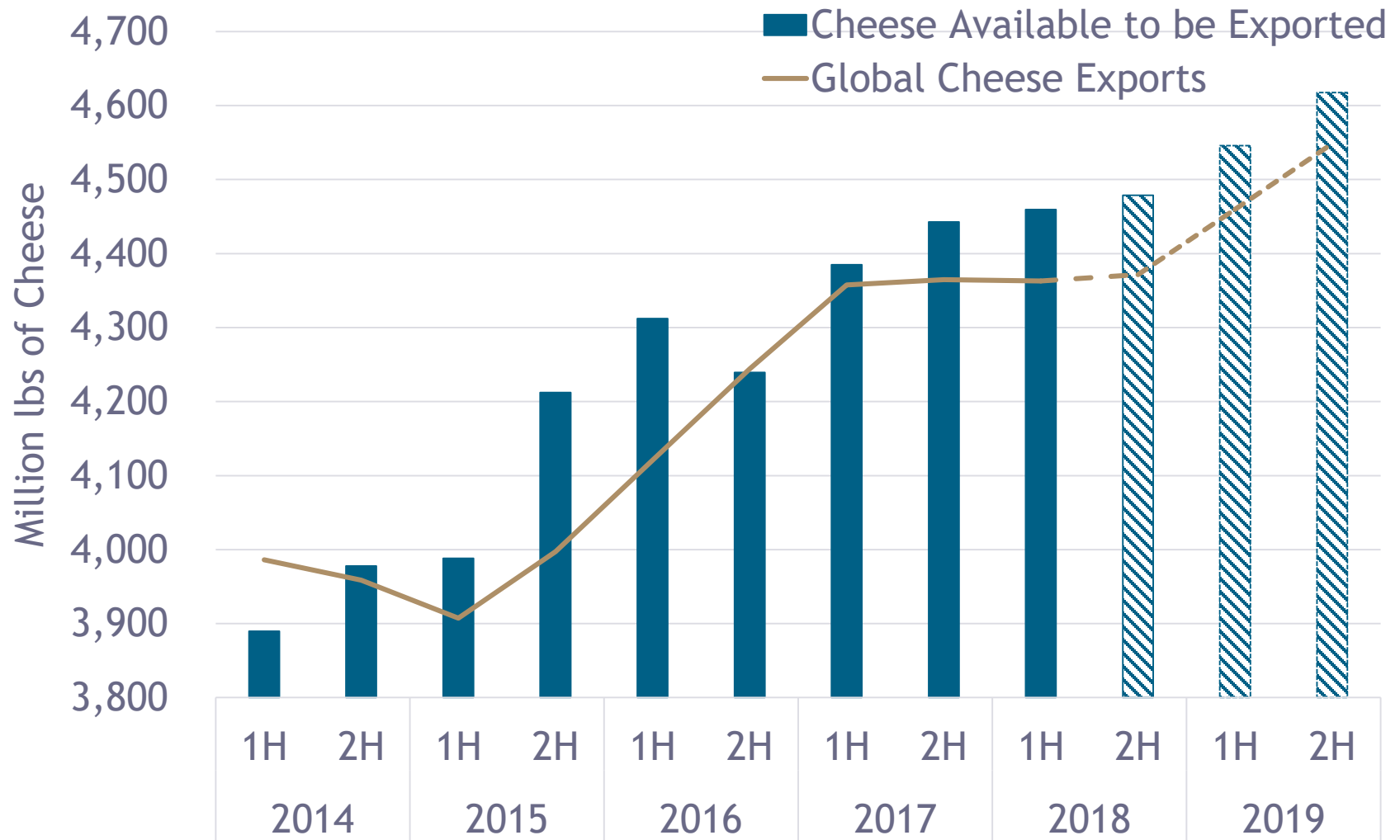
Lower production + greater exports = Less Inventory.



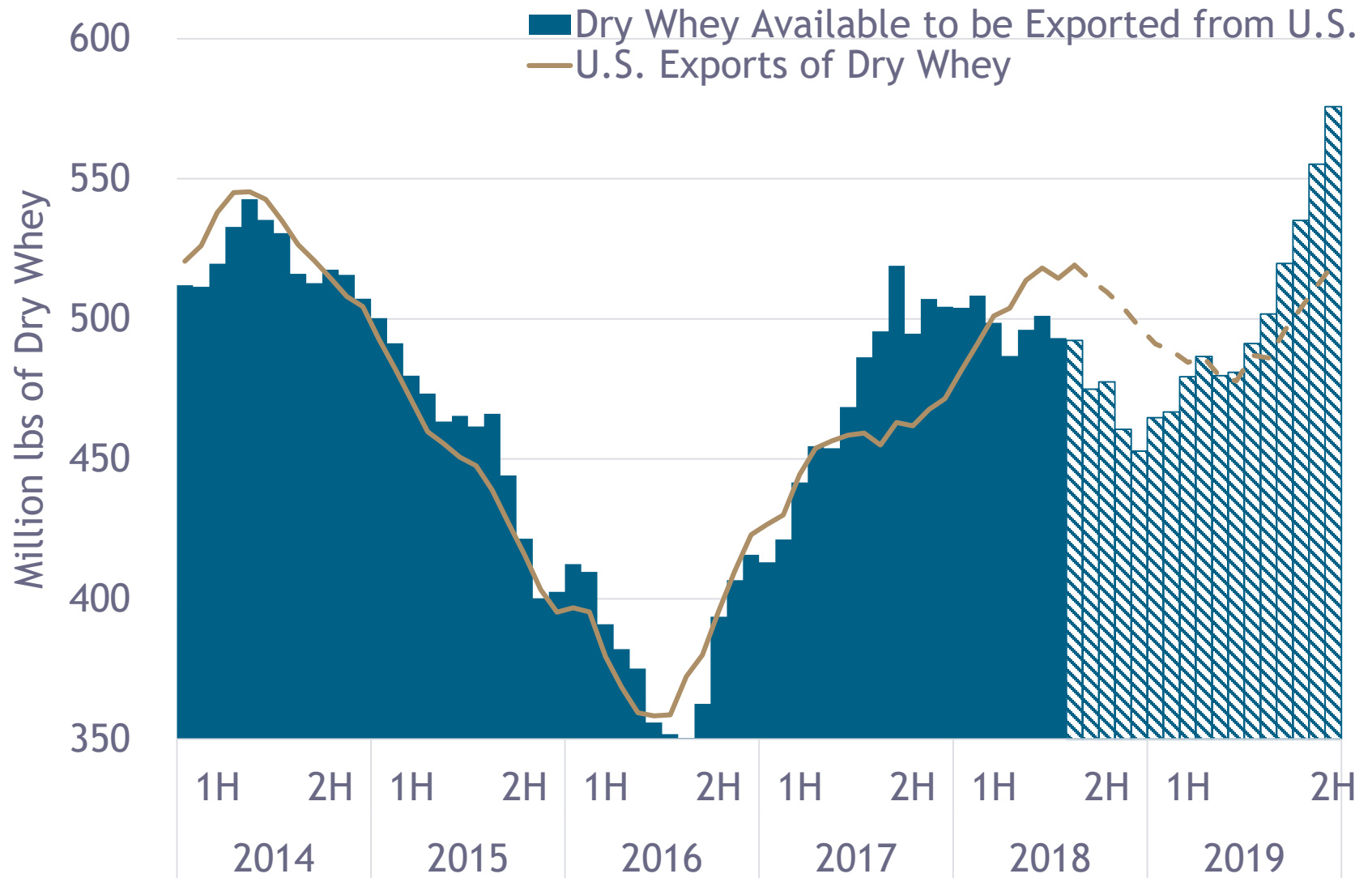
Dairy plant investment 2018 thru 2020. Most of the investment is in new cheese manufacturing capacity.



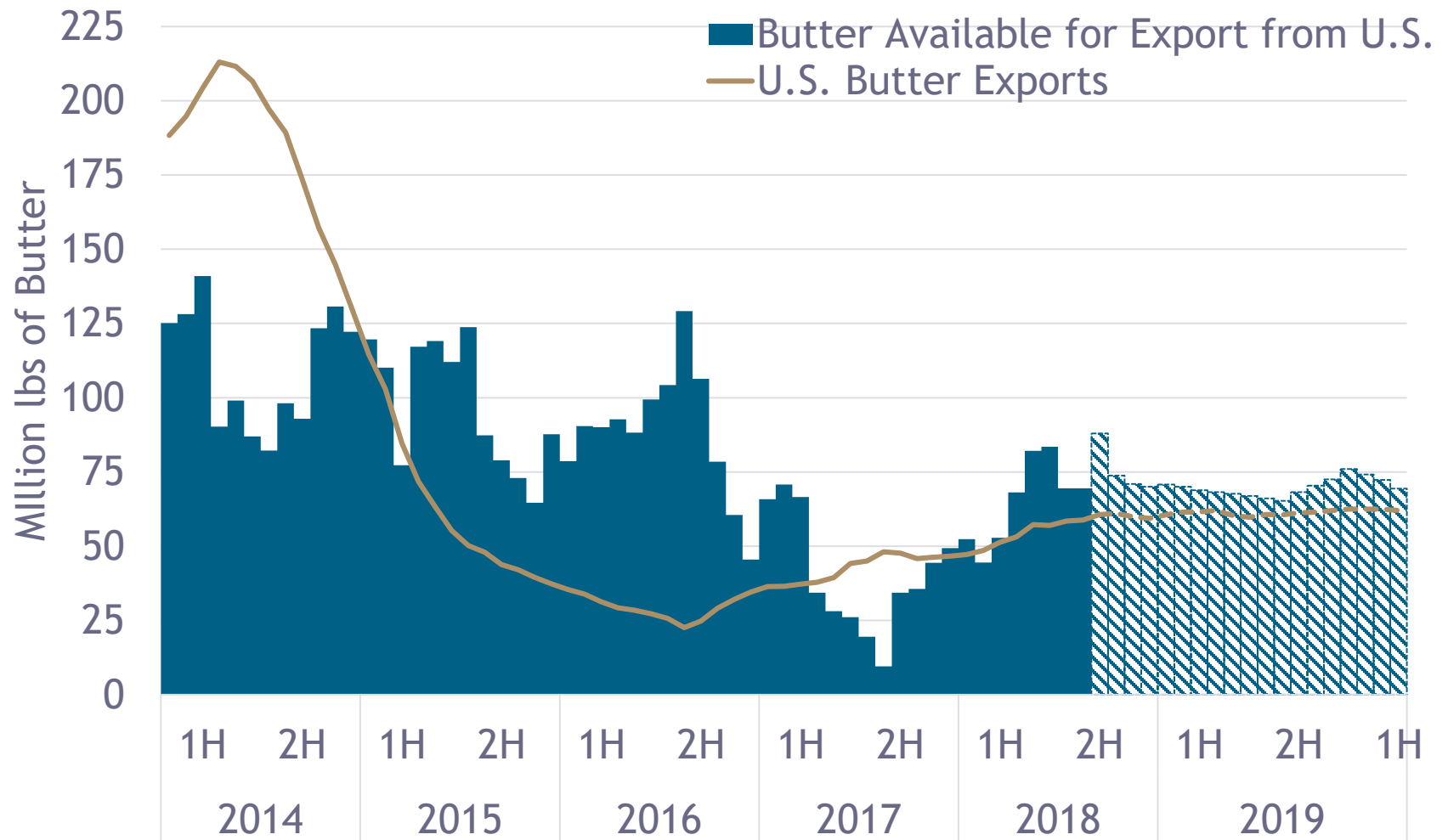
Growth in global cheese markets will be necessary to balance cheese markets in Europe and the USA.



USA Dry Whey: returning to modest oversupply.

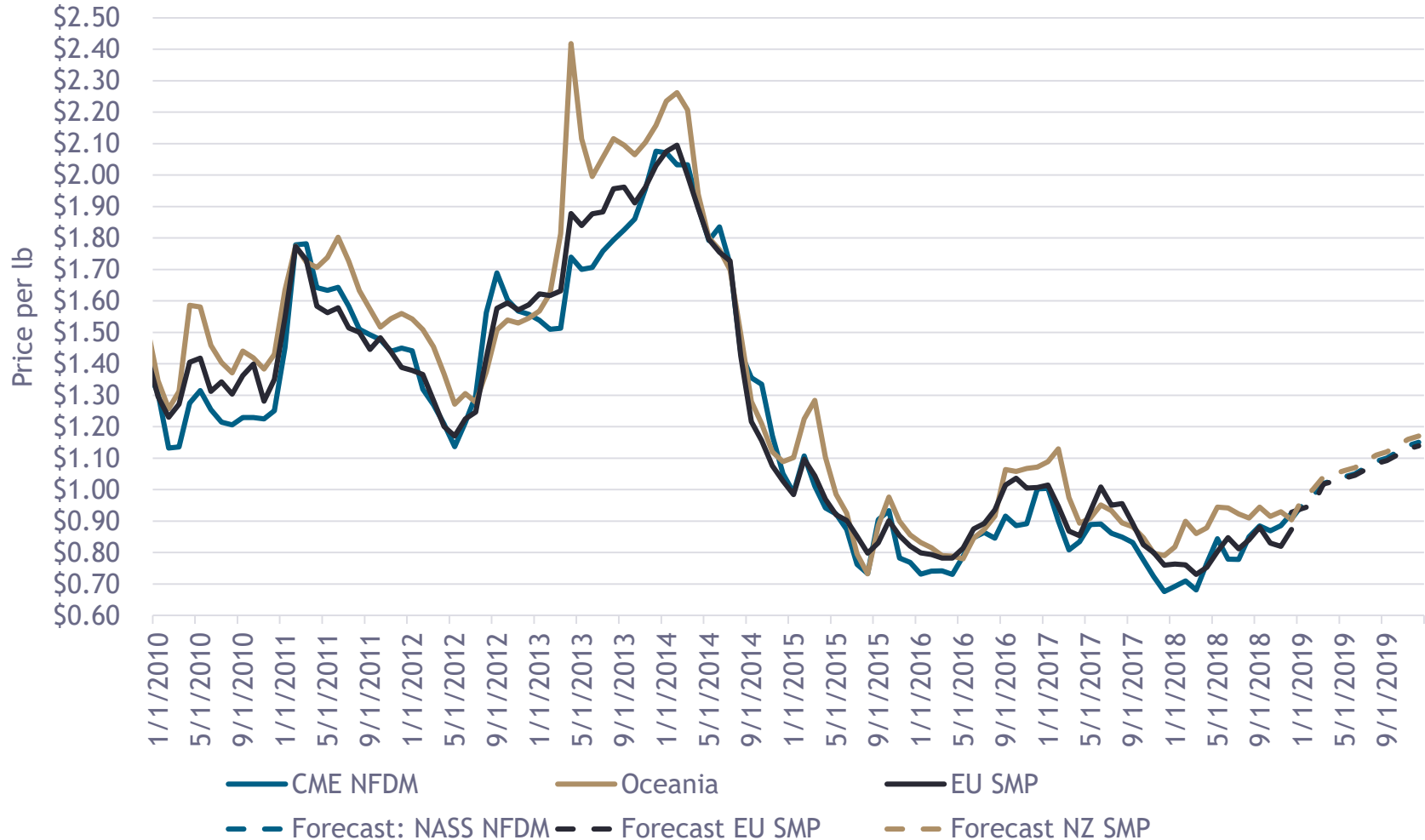


2019 butter market to be nearly balanced in the USA.

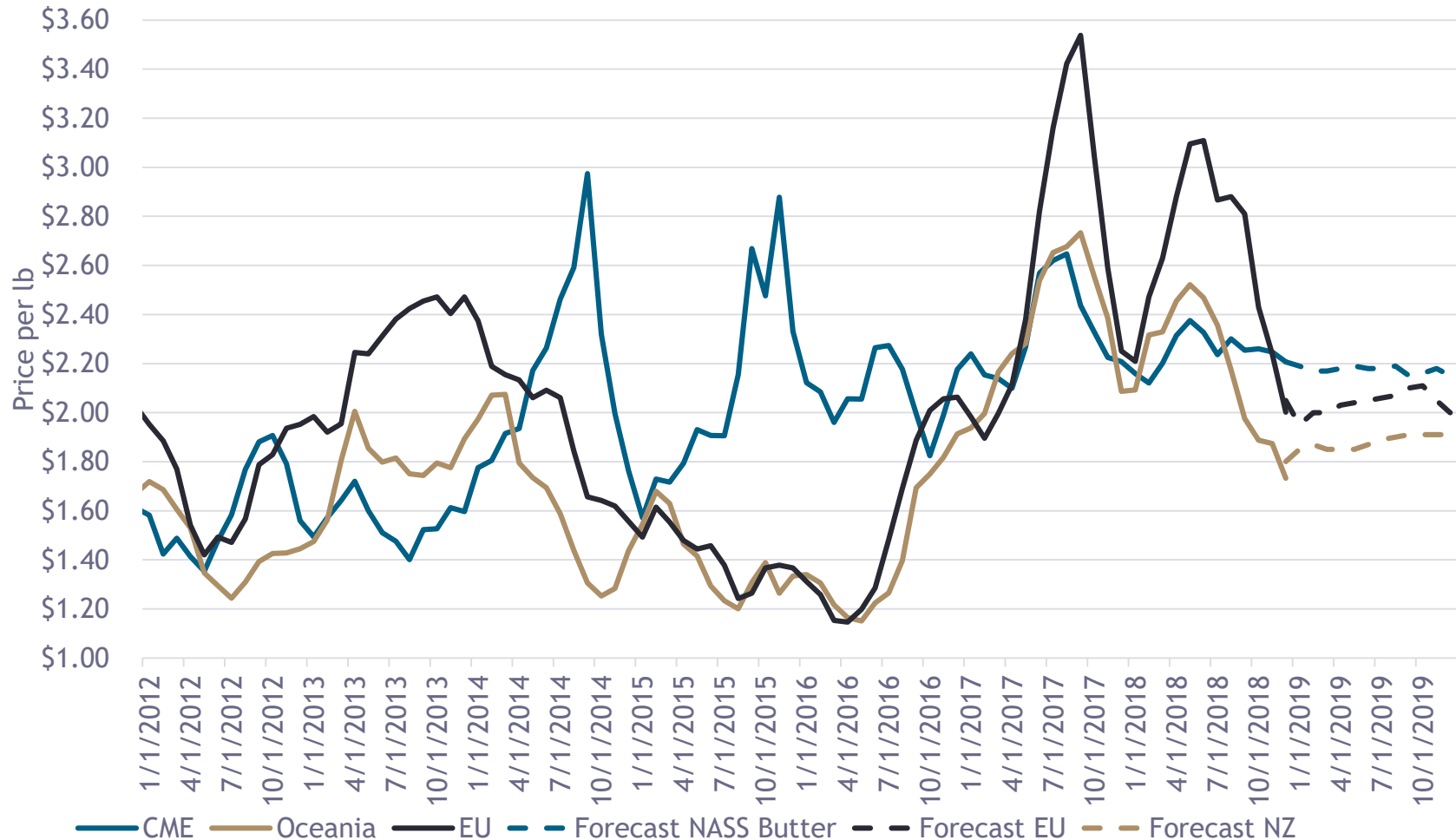


PRICE FORECAST

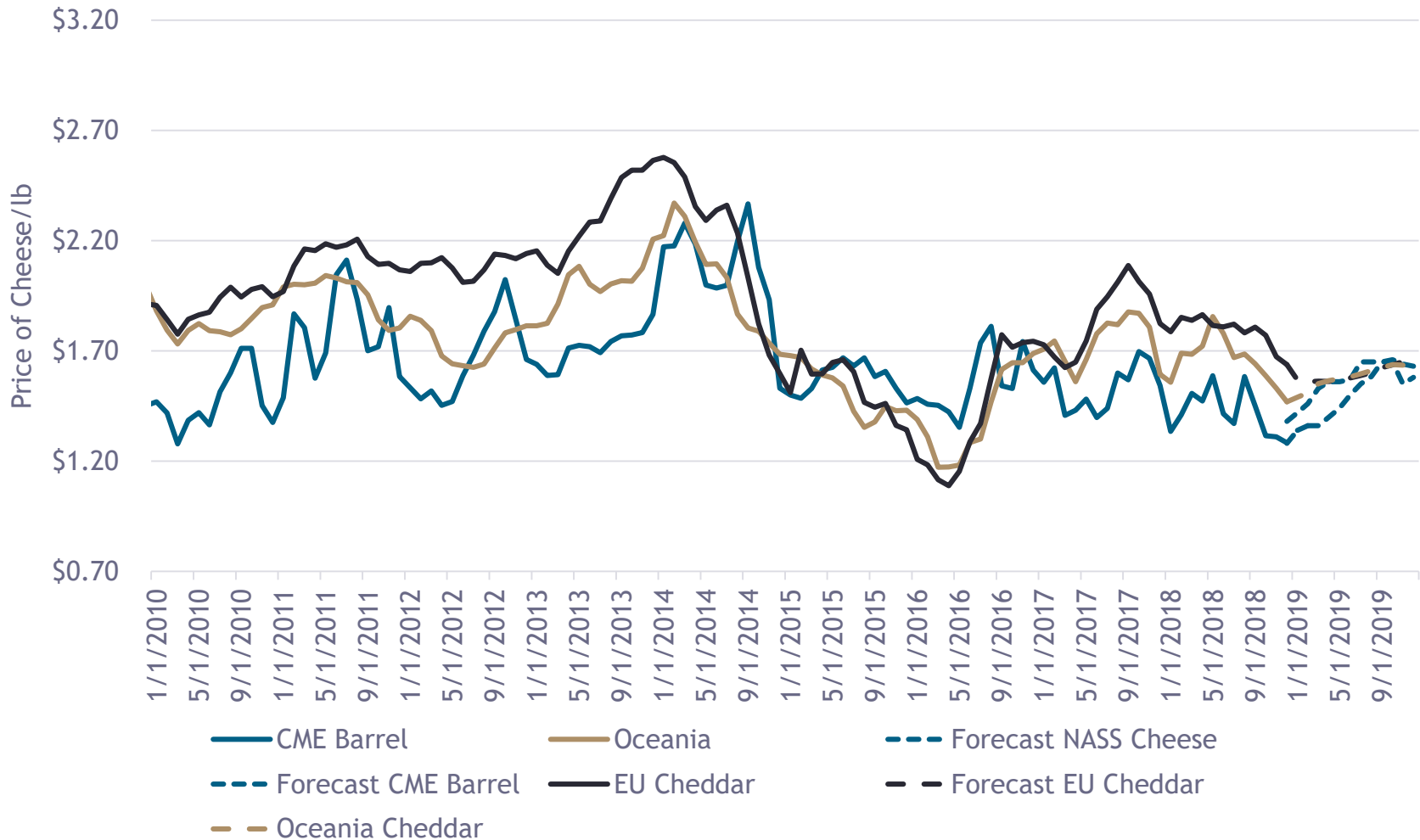
Nonfat Dry Milk Price Forecast



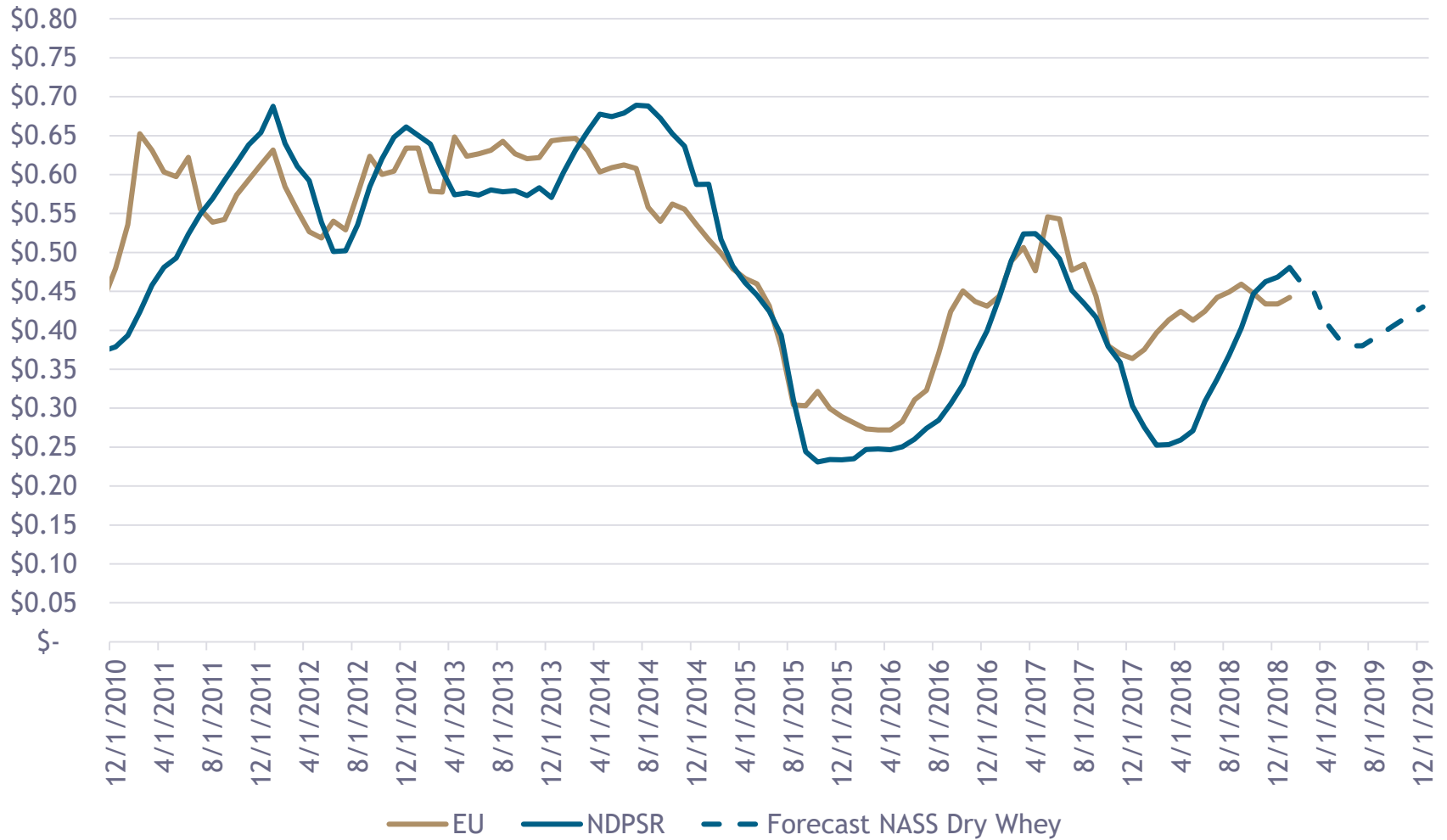
Butter Price Forecast



Cheddar Cheese Price Forecast



Dry Whey Price Forecast

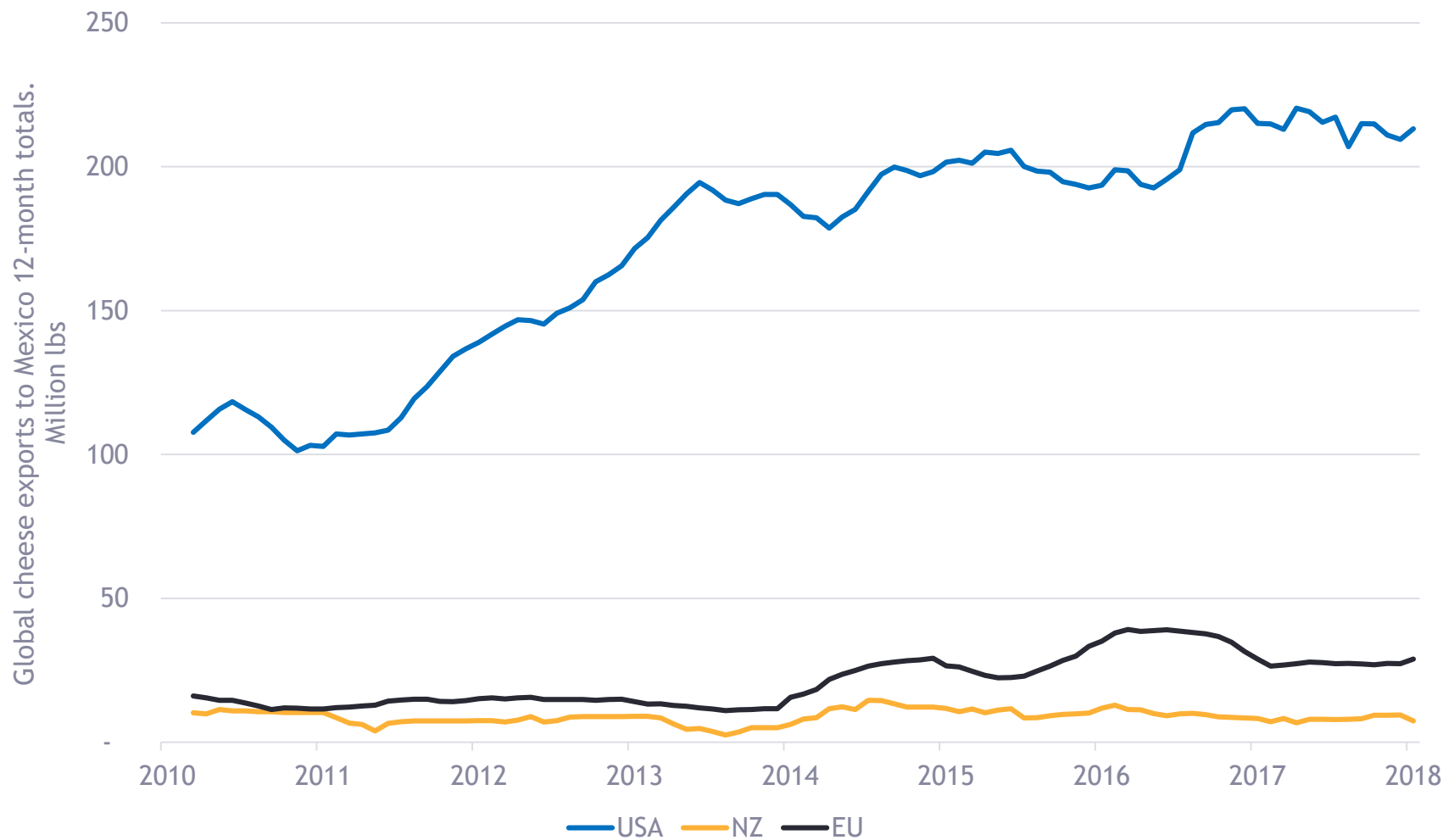


2 POPULAR QUESTIONS

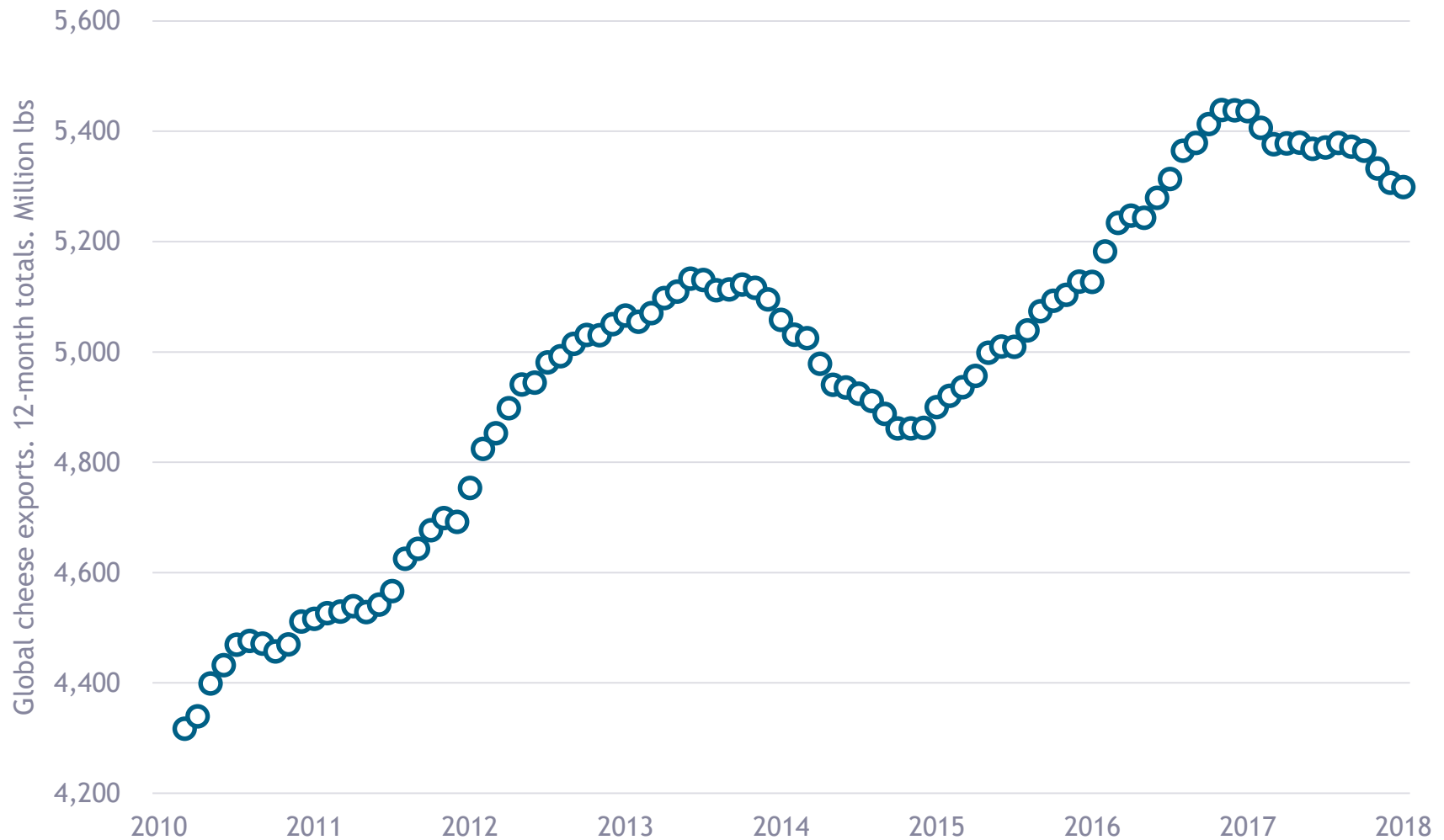
WILL U.S. CHEESE PRICES SOAR
ONCE THE TRUMP
ADMINISTRATION ENDS THE
“SECTION 232” STEEL TARIFFS?

NO.

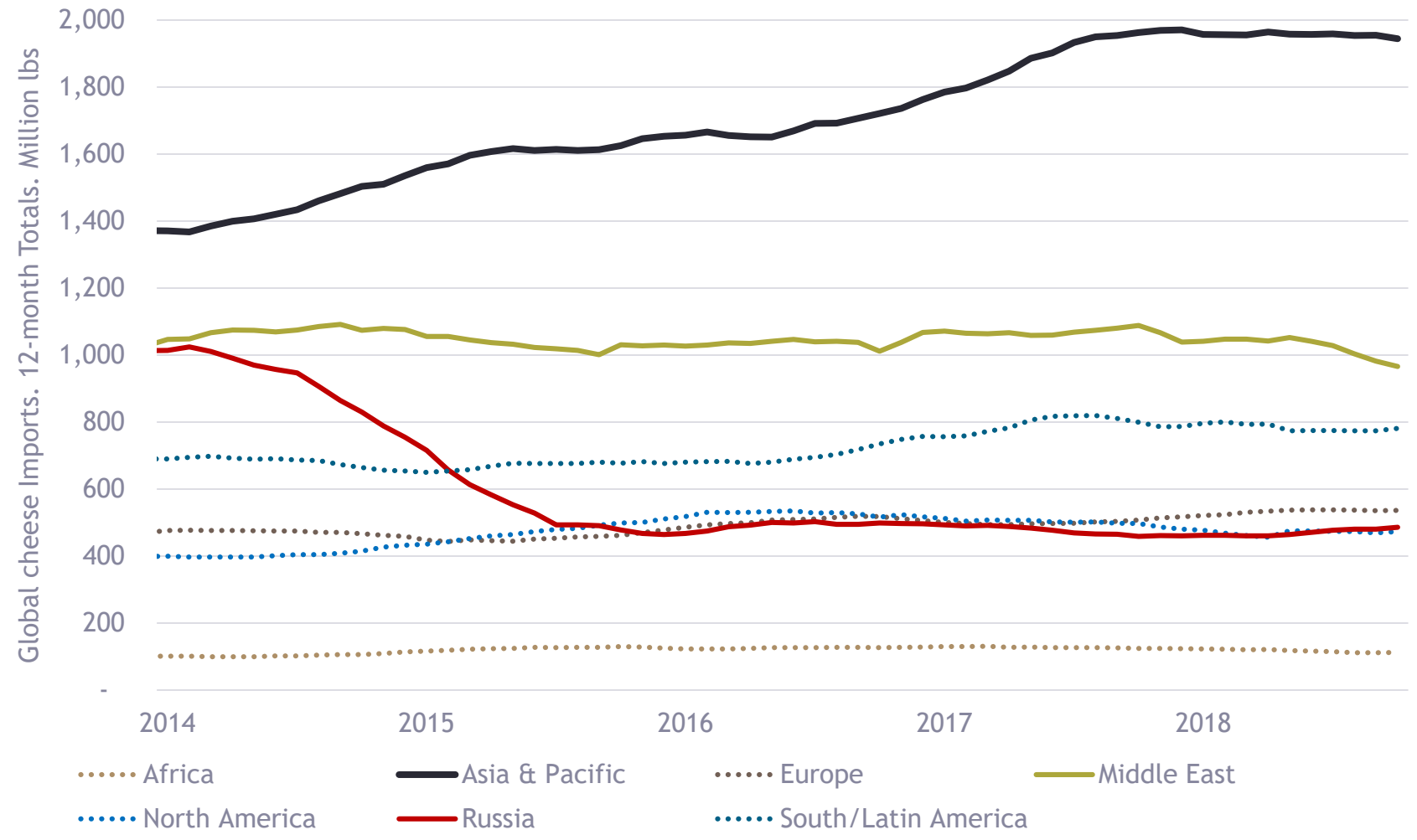
MEXICO: Despite the retaliatory tariffs, the U.S. has been slowly winning share of this market.



Globally traded cheese volumes are below 2017 all-time highs.



Growth has been concentrated in Asia and, to a much smaller degree, South/Latin America.



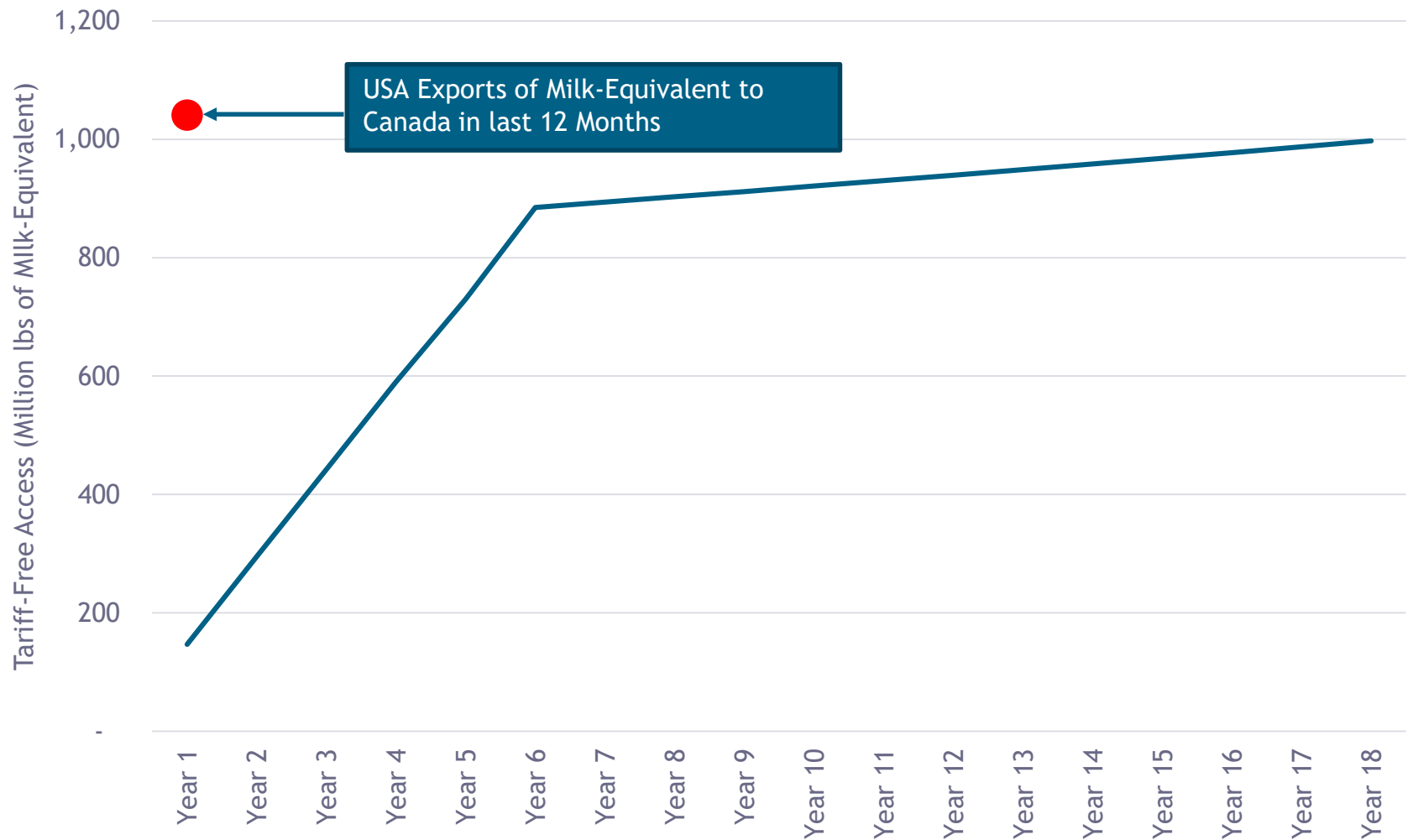
Scorecard for cheese trade: Changes in Cheese Market Share by Region

Recent Trends in Market Share			
	USA	New Zealand	Europe
Mexico	↑	↓	↓
South Korea	↑	↓	↓
Japan	↓	↓	↑
Australia	↓	↓	↑
China	↓	↓	↑

WILL NAFTA 2.0 TURN AROUND DAIRY MARKETS?

NO.

Estimated U.S. Dairy Market Access into Canada under the United States-Mexico Comprehensive Agreement (USMCA)



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Thank you!

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