

## U.S. Exports

# Loss of China sales dents U.S. export performance

U.S. dairy exports were virtually flat on both a volume and value basis in October, undermined by a continued loss of sales to China since implementation of retaliatory tariffs. Shipments of milk powder, whey, lactose, cheese and butterfat to China were down 47% in October, while U.S. exports elsewhere were up 14%, with large gains in sales to Southeast Asia and Mexico.

In the four months since China put additional tariffs in place, U.S. whey exports to China were down 36% (-6,909 tons/month) compared with a year ago. SMP sales were down 54% (-1,333 tons/month), WMP sales were down 97% (-1,288 tons/month) and cheese exports were down 56% (-752 tons/month). On a value basis, total dairy exports to China were down 36% in the July-October period.

Meanwhile, exports to Mexico and Southeast Asia were up 25% and 29%, respectively, in October (on a value basis) – mostly on the strength of improved sales of nonfat dry milk/skim milk powder (NDM/SMP).

U.S. exports of **NDM/SMP** totaled 60,672 tons in October, a 19% increase vs. a year ago. Shipments to Mexico (32,734 tons, +37%) remained heavy in October, while sales to Southeast Asia (a six-month high of 20,401 tons, mostly Indonesia, Philippines and Malaysia) were up 39%.

*(USDEC has adjusted official U.S. Bureau of Census trade data for NDM/SMP and WMP since June 2016 to account for shipments we believe are misclassified.)*

**Whey** exports in October were 40,765 tons, down 19% from a year ago. Exports to China in October were just 10,167 tons (-51%), the worst month since November 2015. Once again, suppliers diverted whey sales to Southeast Asia, where volumes were up 19%.

**Cheese** exports (26,931 tons) were on par with a year ago in October. Cheese shipments to Mexico improved despite retaliatory tariffs, up 31%, offsetting losses in China, Japan and Australia.

**Lactose** exports totaled 29,070 tons in October, the lowest figure in 17 months (daily-average basis). Shipments to China were off 9%, following implementation of new tariffs in late September, while sales to Southeast Asia were down 18%.

On a total milk solids basis, U.S. exports were equivalent to 15.3% of U.S. milk production in October, bringing the year-to-date percentage to 16.3%.

### U.S. Exports

	LATEST MONTH				OCTOBER (VOLUME, MT)					YEAR-TO-DATE				JANUARY-OCTOBER (VOLUME, MT)			
	2016	2017	2018	% CHG	2016	2017	2018	% CHG		2016	2017	2018	% CHG	2016	2017	2018	% CHG
NDM/SMP*	77,566	51,067	60,672	+19	NDM/SMP*	496,611	492,349	617,096	+25								
WMP*	1,271	1,890	4,227	+124	WMP*	20,337	19,743	39,985	+103								
Cheese	24,793	26,993	26,931	-0	Cheese	233,073	284,588	293,216	+3								
Butterfat	2,833	3,198	5,603	+75	Butterfat	19,385	21,265	38,158	+79								
Total Whey	46,360	50,497	40,765	-19	Total Whey	410,959	444,461	470,346	+6								
-Dry whey	19,776	19,336	16,244	-16	-Dry whey	155,253	172,647	189,106	+10								
-WPC	12,155	13,843	10,433	-25	-WPC	118,546	117,414	135,006	+15								
-Modified whey	11,497	13,750	10,793	-22	-Modified whey	109,780	125,154	111,586	-11								
-WPI	2,932	3,568	3,296	-8	-WPI	27,379	29,246	34,648	+18								
Lactose	32,529	31,303	29,070	-7	Lactose	300,063	294,951	339,035	+15								
MPC	1,476	1,559	3,362	+116	MPC	17,269	19,393	26,826	+38								
Food preps (blends)	5,116	7,779	6,318	-19	Food preps (blends)	53,295	58,008	53,012	-9								
<b>Aggregate volume**</b>	<b>191,944</b>	<b>174,286</b>	<b>176,948</b>	<b>+2</b>	<b>Aggregate volume**</b>	<b>1,550,991</b>	<b>1,634,757</b>	<b>1,877,674</b>	<b>+15</b>								
Milk/cream (000 liters)	11,475	8,546	10,077	+18	Milk/cream (000 liters)	90,788	88,395	96,351	+9								
<b>Total Value (millions) **</b>	<b>\$ 469.8</b>	<b>\$ 465.8</b>	<b>\$ 459.8</b>	<b>-1</b>	<b>Total Value (millions) **</b>	<b>\$ 3,921.9</b>	<b>\$ 4,537.3</b>	<b>\$ 4,714.1</b>	<b>+4</b>								

\* U.S. Census Bureau data for NDM/SMP and WMP since June 2016 adjusted to reflect shipments to Mexico misclassified as WMP.

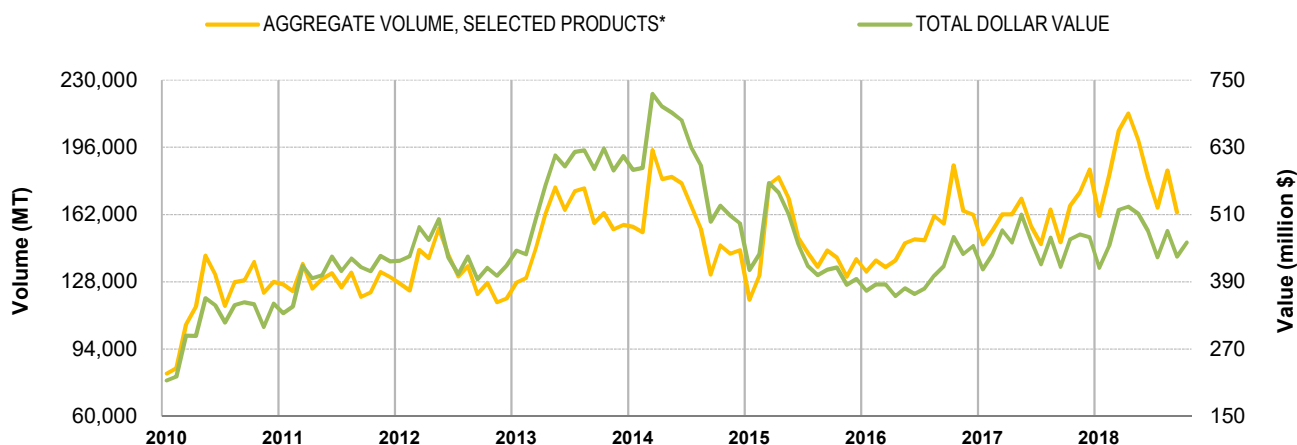
\*\* Aggregate volume includes the products listed above, except fluid milk. Total value includes other products in addition to the ones listed here.

Source: USDEC, U.S. Bureau of Census.

# U.S. Exports

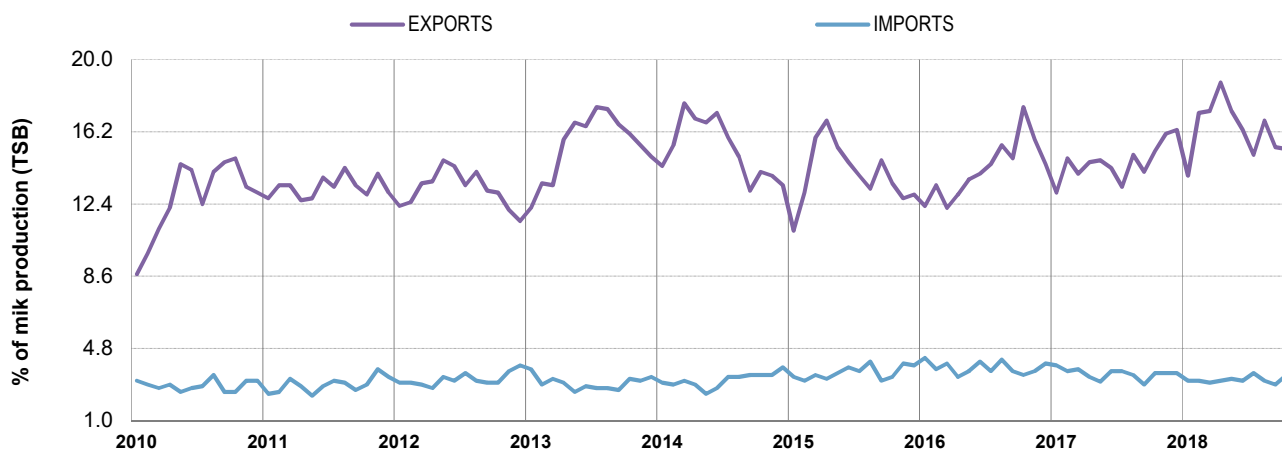
## U.S. EXPORTS

## 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 \$)	Oct. 18	vs. yr ago
Mexico	\$ 128.8	+25%
Southeast Asia	74.3	+29%
Canada	49.1	-4%
China	32.5	-38%
So. Korea	25.5	+14%
Japan	21.3	-16%
Oceania	19.9	+0%
Middle East/North Africa	19.4	-12%
South America	18.8	-24%
Caribbean	16.6	-19%

### U.S. EXPORTS AS % OF PRODUCTION

	October	yr ago	Jan-Oct 18	yr ago
NDM/SMP	82%	65%	70%	55%
Total cheese	5.3%	5.5%	6.0%	6.0%
Butterfat	8.6%	4.9%	5.4%	3.1%
Dry sweet whey	41%	53%	49%	44%
Lactose	75%	74%	81%	69%
Total milk solids	15.3%	15.2%	16.3%	14.3%

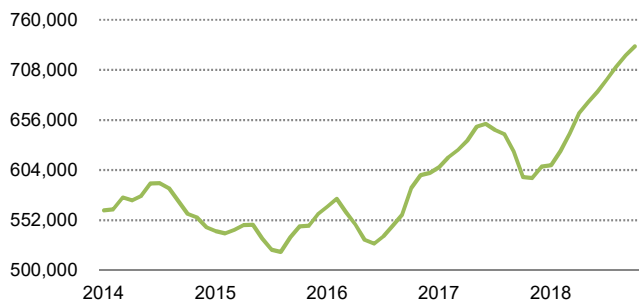
### ACCESS U.S. EXPORT DATA ONLINE

Visit [usdec.org/research-and-data/market-data/us-export-data](https://usdec.org/research-and-data/market-data/us-export-data)

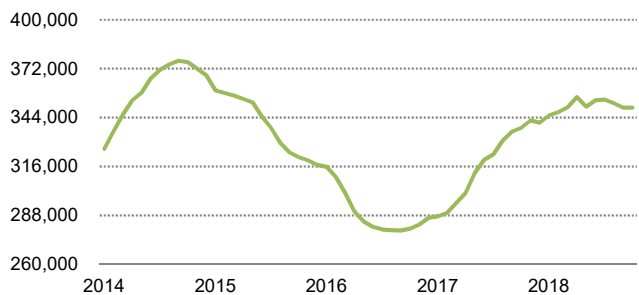
Source: USDEC, National Milk Producers Federation, U.S. Bureau of Census.

# U.S. Exports: Rolling 12-Month Volume

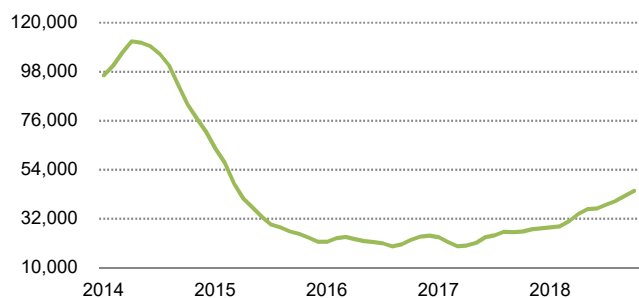
**U.S. NDM/SMP EXPORTS (MT)**



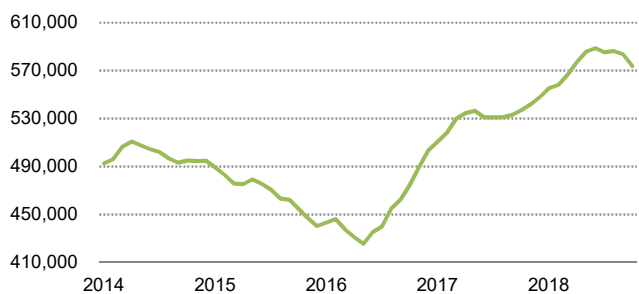
**U.S. CHEESE EXPORTS (MT)**



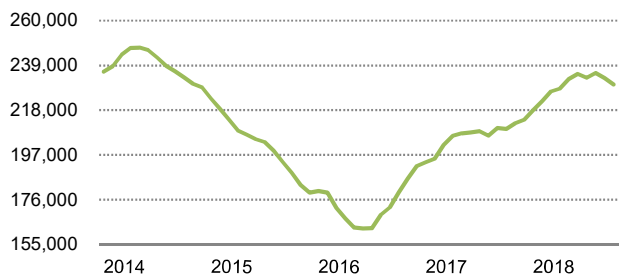
**U.S. BUTTERFAT EXPORTS (MT)**



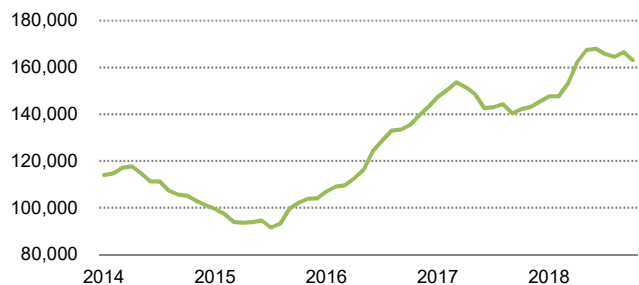
**U.S. TOTAL WHEY\* EXPORTS (MT)**



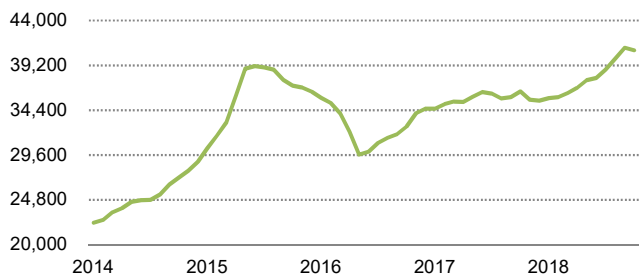
**U.S. DRY WHEY EXPORTS (MT)**



**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: USDEC, U.S. Bureau of Census.