

U.S. Exports

U.S. dairy exports continue to improve

Improved sales of nonfat dry milk/skim milk powder (NDM/SMP) to Southeast Asia, whey to China, cheese to South Korea and butter to Canada, plus a recovery in world commodity prices, led U.S. exports to their highest value in 16 months. Overall export value was \$426 million in October, up 5 percent from the depressed levels of a year ago. U.S. dairy exporters shipped 172,245 tons of milk powders, cheese, butterfat, whey and lactose in October, topping year-ago levels for the fifth straight month.

Milk powder exports were up 13 percent from last year. 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 April-October to account for this misclassification.

Adjusted total NDM/SMP exports in October were 57,937 tons. Sales to Southeast Asia were nearly double year-ago levels, paced by record sales (11,160 tons) to the Philippines. Exports to Pakistan also were higher, but shipments to Mexico lagged for the second straight month. Meanwhile, adjusted WMP exports in October were down 55 percent from a year ago.

Whey exports continued their resurgence, led by heavy buying from China and Southeast Asia. In the August-October period, U.S. exports of whey products to China were up 63 percent, year-over-year, and sweet whey shipments alone

were up 257 percent. Whey exports to Southeast Asia were up 68 percent in September-October. Most other customers bought less.

Cheese exports were 24,795 tons, the best month since March, though year-to-date volumes are still 13 percent below 2015 levels and 2016 volume is still 7,400 tons/month less than two years ago. Sales to South Korea were up 43 percent in October, Mexico was up slightly, but Japan and the Middle East/North Africa (MENA) region were off from prior-year levels.

U.S. butterfat exports were 2,833 tons, more than triple year-ago volume. More than 80 percent of October shipments went to Canada, previously a relatively minor customer.

Total dairy export value to Southeast Asia, China and South Korea hit their highest marks in more than a year; combined sales were up 27 percent. Sales to Canada reached a record high in October. In contrast, exports to the MENA region were just \$12 million, the lowest since July 2009.

On a total milk solids basis, U.S. exports were equivalent to 15.7 percent of U.S. milk production in October, bringing the year-to-date proportion to 14.0 percent. Imports were equivalent to 3.4 percent of production, the lowest since April.

U.S. Exports

	OCTOBER (VOLUME, MT)				JANUARY-OCTOBER (VOLUME, MT)			
	LATEST MONTH 2014	2015	2016	% CHG	YEAR-TO-DATE 2014	2015	2016	% CHG
NDM/SMP*	38,576	49,789	57,937	+16	468,652	469,275	498,799	+6
WMP*	3,123	2,812	1,271	-55	40,811	42,112	36,834	-13
Cheese	26,312	23,626	24,795	+5	316,363	269,482	233,469	-13
Butterfat	2,011	852	2,833	+233	64,365	18,554	19,380	+4
Total Whey	42,703	34,311	46,078	+34	417,223	376,493	409,362	+9
-Dry whey	18,382	12,620	19,513	+55	195,645	154,997	155,398	+0
-WPC	21,570	19,560	23,633	+21	198,633	190,388	226,568	+19
-WPI	2,751	2,130	2,932	+38	22,945	31,108	27,396	-12
Lactose	29,678	25,944	32,736	+26	284,872	298,743	300,163	+0
MPC	4,600	2,880	1,501	-48	44,221	26,597	17,251	-35
Food preps (blends)	5,422	6,881	5,094	-26	49,055	46,710	48,506	+4
Aggregate volume**	152,424	147,096	172,245	+17	1,685,562	1,547,966	1,563,765	+1
Fluid milk (000 liters)	7,657	7,643	6,412	-16	67,641	67,629	66,111	-2
Total Value (millions) **	\$ 513.8	\$ 407.6	\$ 426.1	+5	\$ 6,122.6	\$ 4,477.8	\$ 3,832.1	-14

* USDA data for NDM/SMP and WMP adjusted to reflect shipments to Mexico misclassified as WMP.

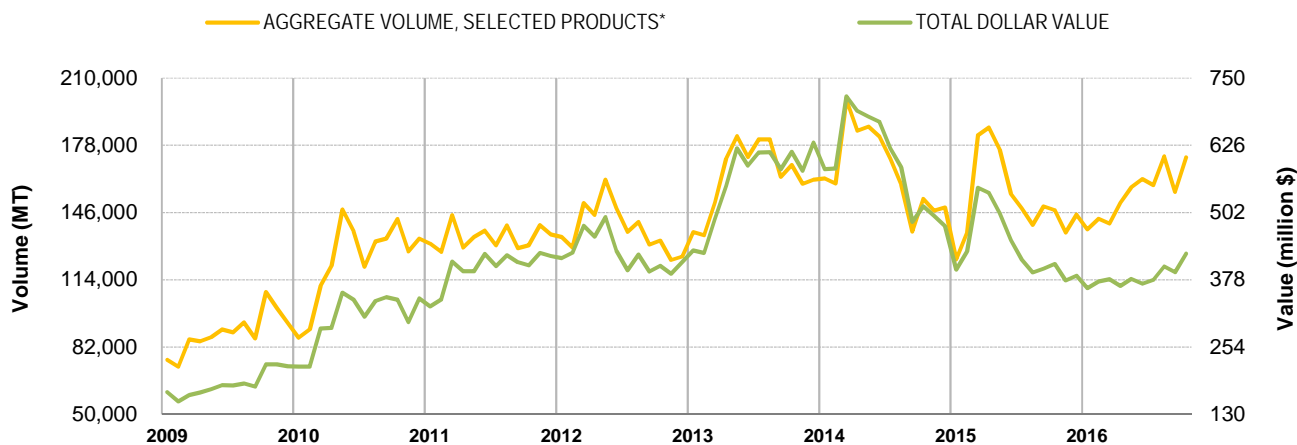
** Aggregate volume includes the products listed above, except fluid milk. Total value includes other products in addition to the ones listed here.

Source: USDA, USDEC.

U.S. Exports

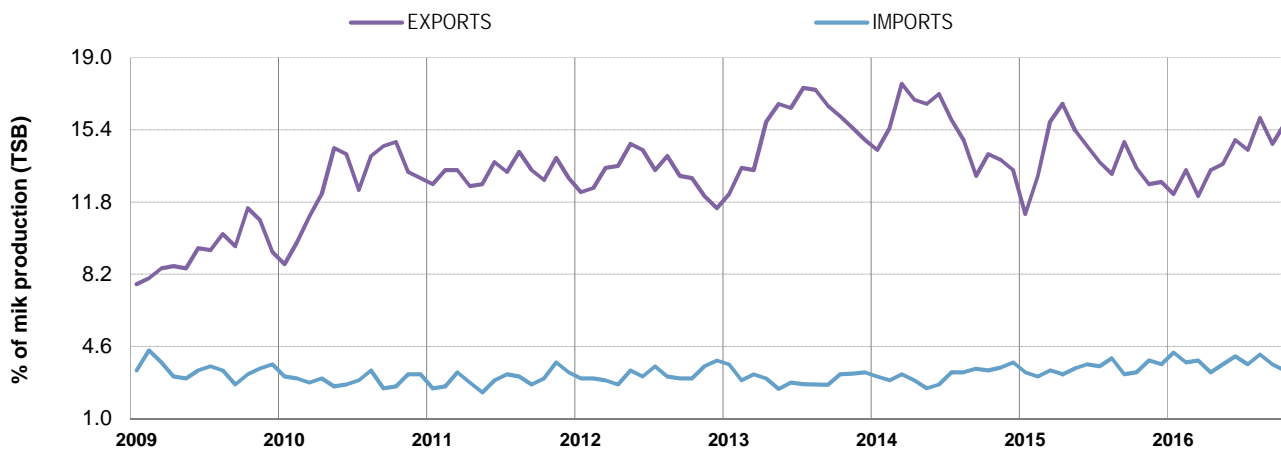
U.S. EXPORTS

VOLUME AND VALUE



* Volume includes SMP, WMP, food preps, 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 16	vs. yr ago
Mexico	\$ 104.7	-13%
Southeast Asia	71.0	+25%
Canada	61.1	+30%
China	37.0	+21%
So. Korea	23.0	+44%
South America	20.9	-16%
Caribbean	18.2	+0%
Japan	16.6	-11%
Oceania	15.2	-1%
Middle East/North Africa	12.4	-16%

U.S. EXPORTS AS % OF PRODUCTION

	October	yr ago	Jan-Oct 16	yr ago
NDM/SMP	70%	69%	57%	54%
Total cheese	5.3%	5.1%	5.1%	6.1%
Butterfat	4.4%	1.3%	2.7%	2.7%
Dry sweet whey	51%	36%	43%	42%
Lactose	81%	69%	73%	75%
Total milk solids	15.7%	13.5%	14.0%	14.2%

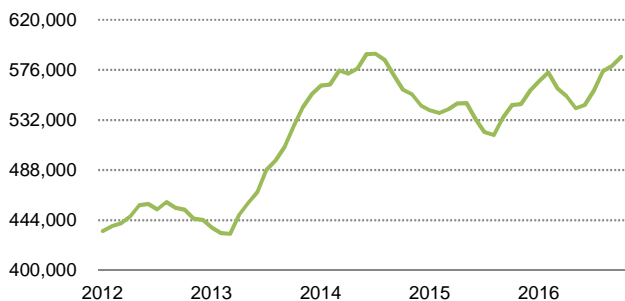
ACCESS U.S. EXPORT DATA ONLINE

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

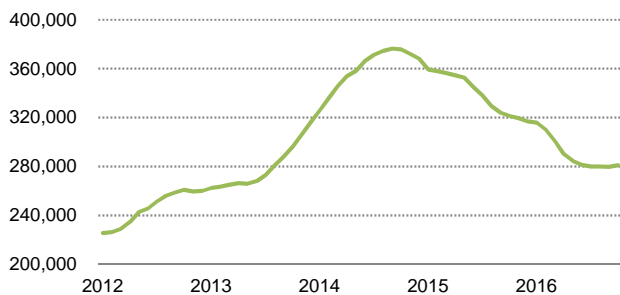
Source: USDA, USDEC, National Milk Producers Federation.

U.S. Exports: Rolling 12-Month Volume

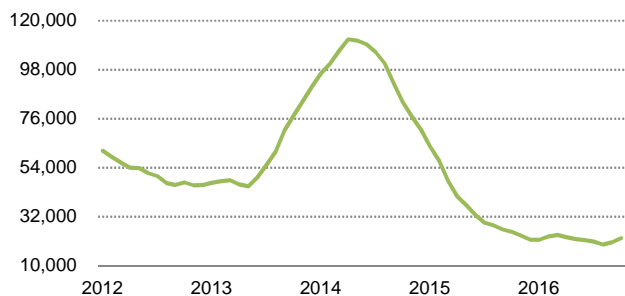
U.S. NDM/SMP EXPORTS (MT)



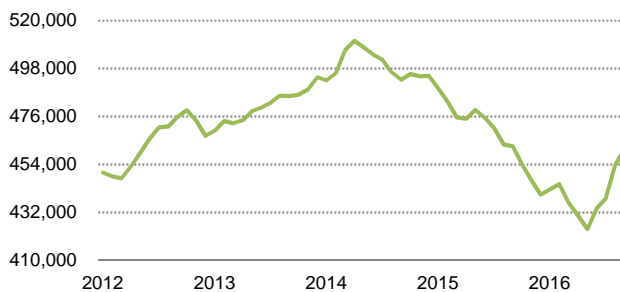
U.S. CHEESE EXPORTS (MT)



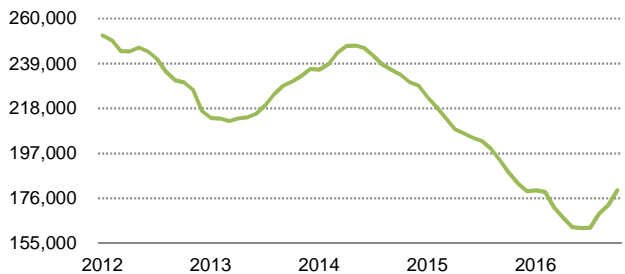
U.S. BUTTERFAT EXPORTS (MT)



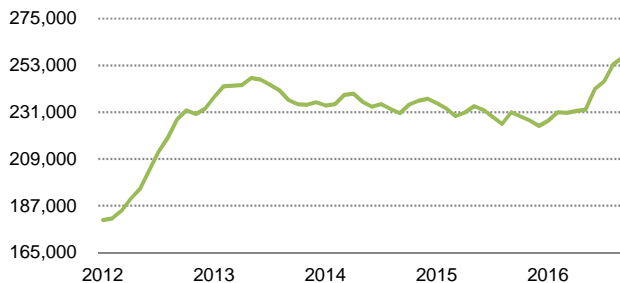
U.S. TOTAL WHEY EXPORTS (MT)



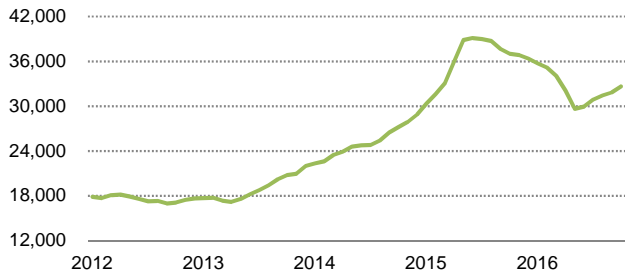
U.S. DRY WHEY EXPORTS (MT)



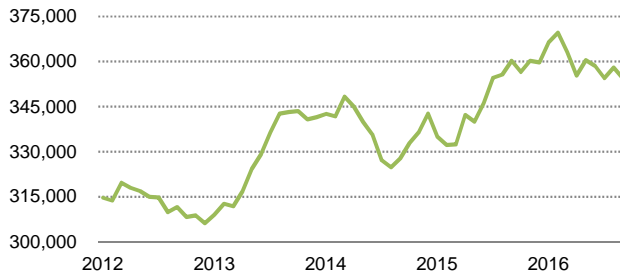
U.S. WPC EXPORTS (MT)



U.S. WPI EXPORTS (MT)



U.S. LACTOSE EXPORTS (MT)



Source: USDA, USDEC.