



Dairy Outlook

Joe Horner

Extension Economist

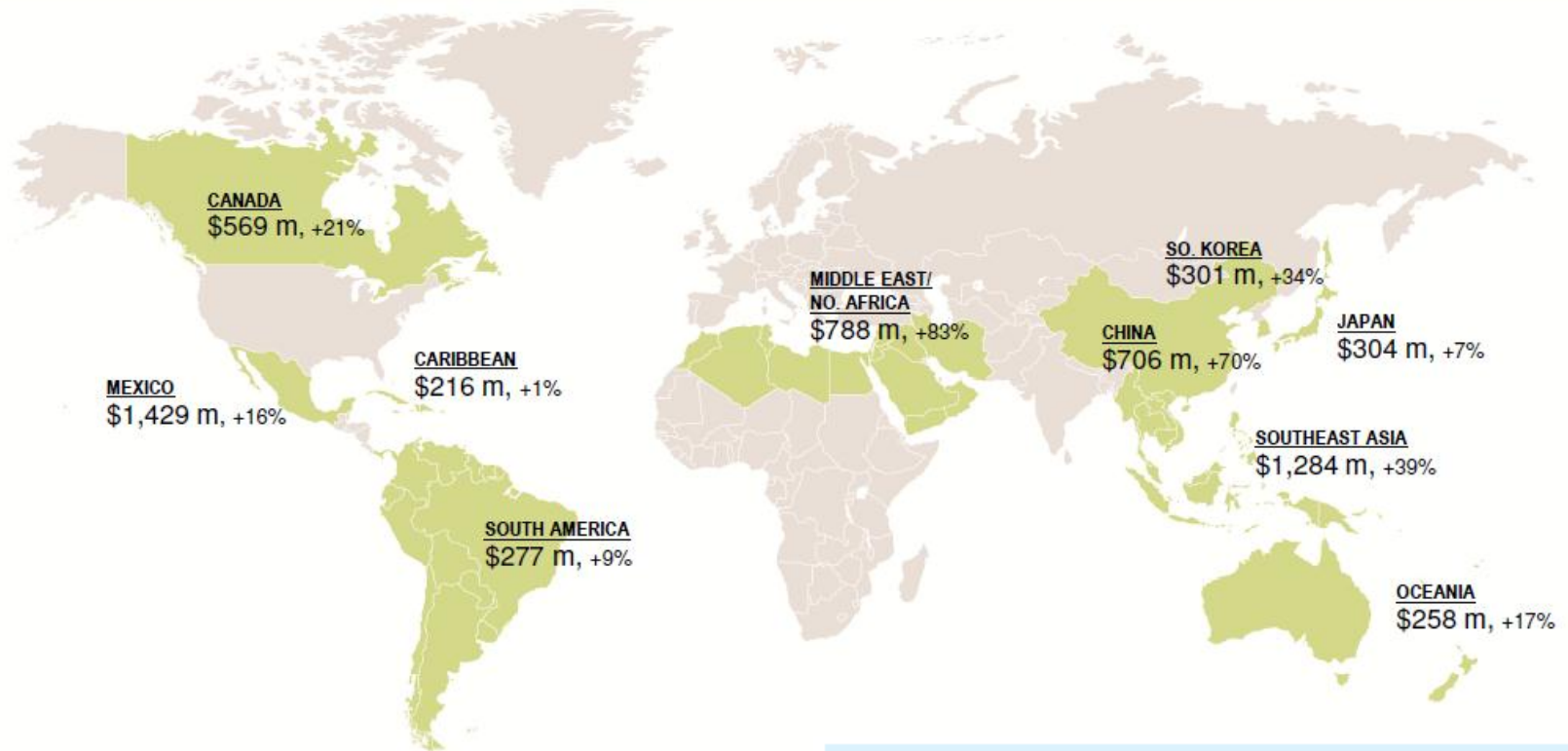
MU Commercial Agriculture Program

Dairy Outlook in a Nutshell

- **Supply Bullish**
 - Cow numbers - flat
 - Milk per cow – rising slower than normal
 - US Milk production –flat
 - US dairy product stocks tight
 - Drought in California
- **Demand Bullish**
 - Domestic – slowly rising
 - Exports – extremely strong
- **Outlook Bullish**
 - Margins best in years with falling feed, rising milk
 - Powder prices driving Class IV and Class I prices, giving producers a higher differential than normal above Class III.

U.S. DAIRY EXPORTS, TOP 10 MARKETS

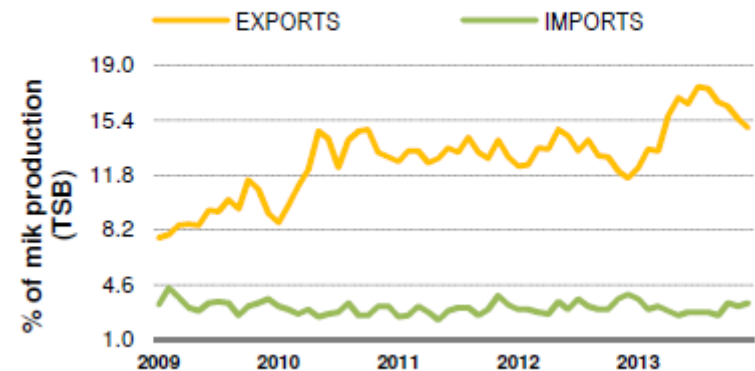
(JANUARY-DECEMBER AND % CHANGE VS. PRIOR YEAR)



U.S. EXPORTS AS % OF PRODUCTION

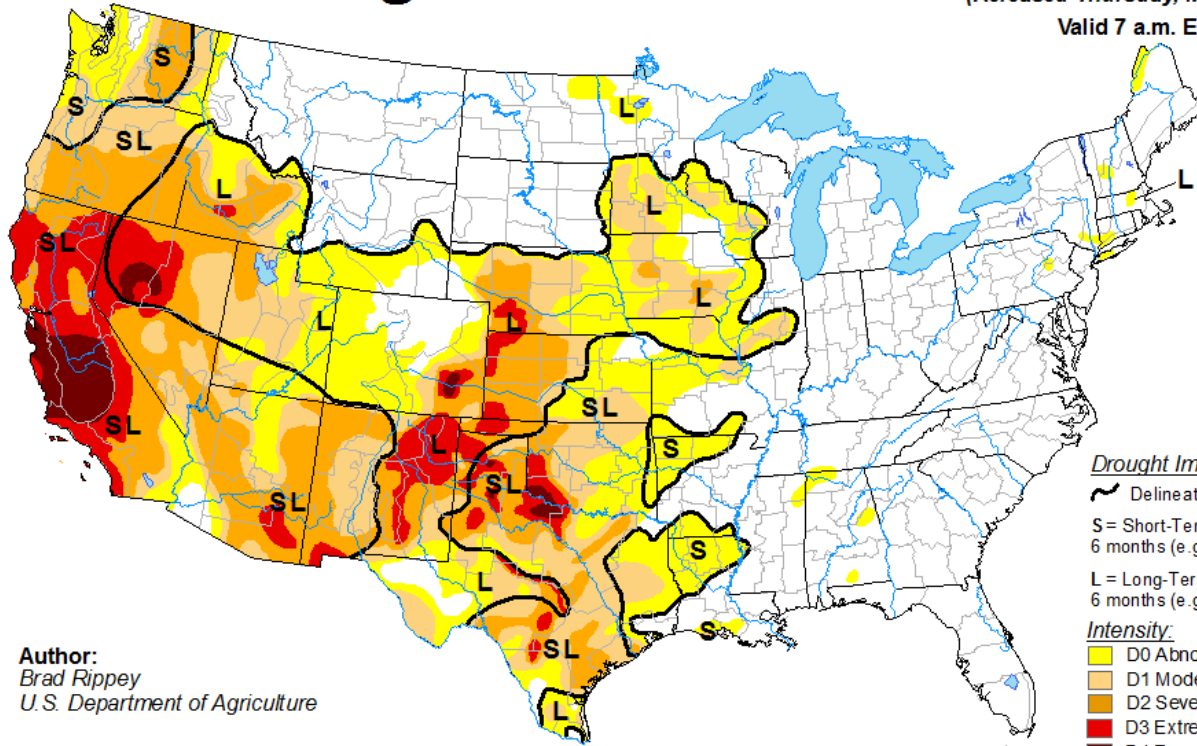
	Jan-Dec 2013	yr ago
NDM/SMP	58%	46%
Total cheese	6.3%	5.3%
Butterfat	10.7%	5.5%
Dry sweet whey	56%	48%
Lactose	72%	66%
Total milk solids	15.5%	13.2%

U.S. EXPORTS AND IMPORTS AS % OF PRODUCTION



U.S. Drought Monitor

March 4, 2014
(Released Thursday, Mar. 6, 2014)
Valid 7 a.m. EST



Author:
Brad Rippey
U.S. Department of Agriculture

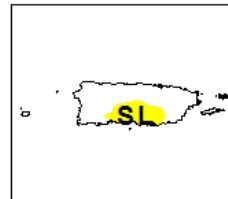
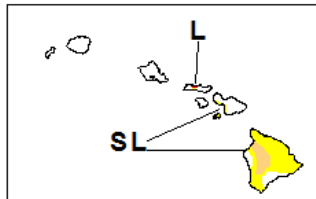
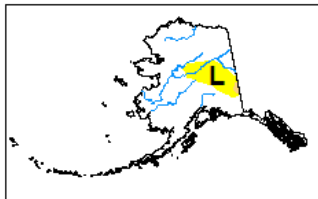
Drought Impact Types:

- ~ Delineates dominant impacts
- S = Short-Term, typically less than 6 months (e.g. agriculture, grasslands)
- L = Long-Term, typically greater than 6 months (e.g. hydrology, ecology)

Intensity:

- Yellow: D0 Abnormally Dry
- Light Orange: D1 Moderate Drought
- Orange: D2 Severe Drought
- Red: D3 Extreme Drought
- Dark Red: D4 Exceptional Drought

The Drought Monitor focuses on broad-scale conditions. Local conditions may vary. See accompanying text summary for forecast statements.

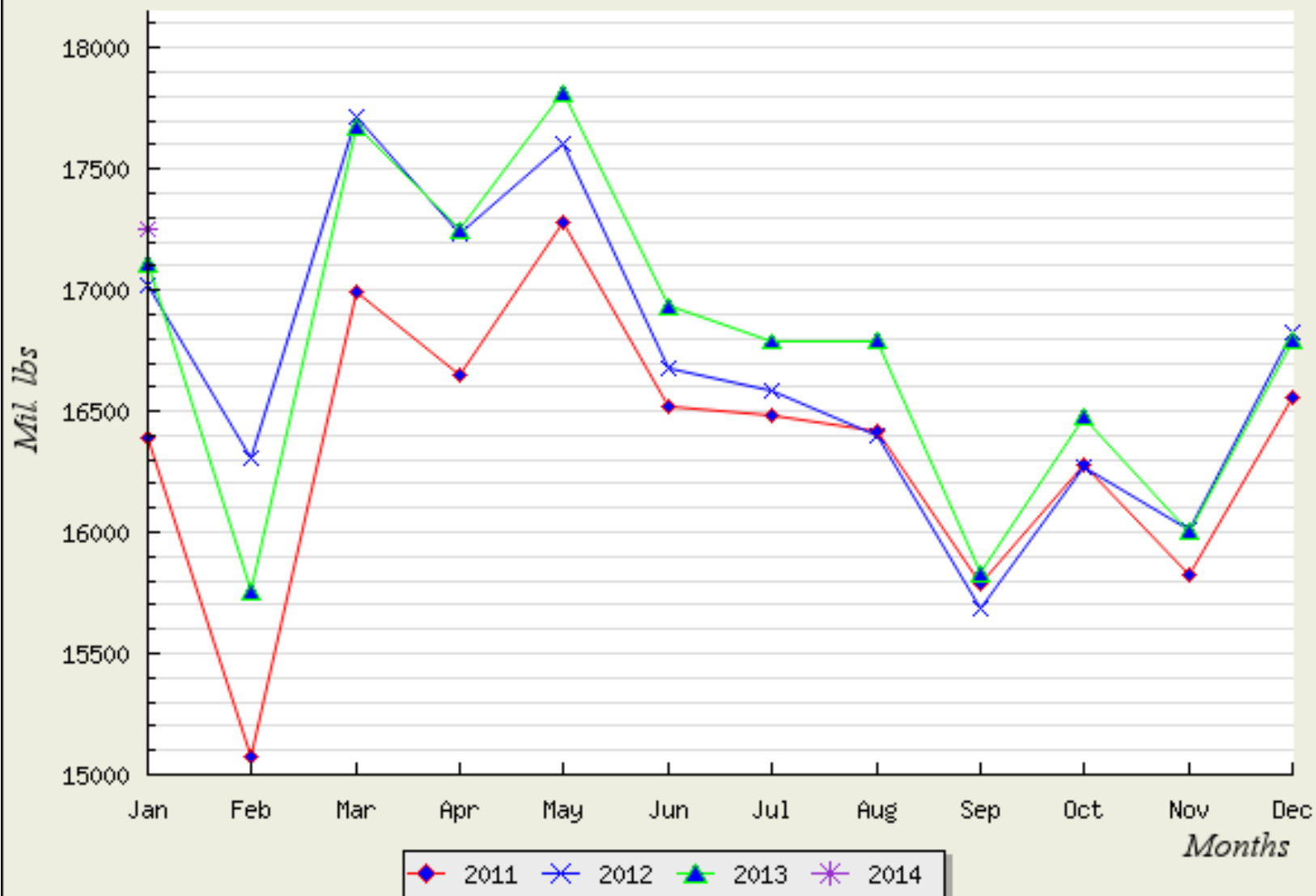


<http://droughtmonitor.unl.edu/>

California is the home of 1 out of 5 dairy cows in the USA

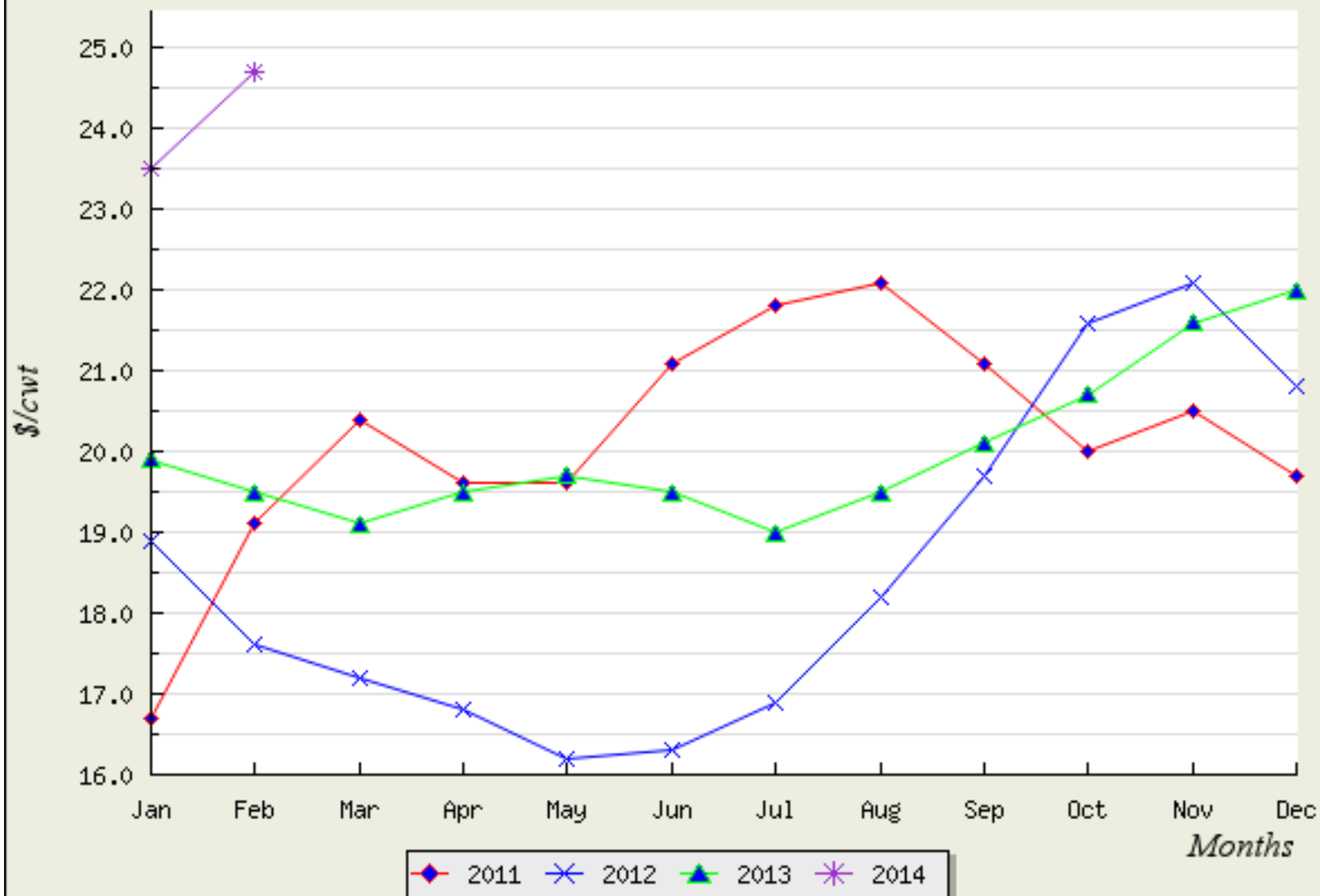
Milk Production

Area: US



All Milk Price

Area: US



Milk Cattle Inventory

January 1

2013

Milk Cows	9,217,900
Replacements	4,550,700
Expected to Calve	2,928,400

2014

Milk Cows	9,208,000
Replacements	4,539,200
Expected to Calve	2,980,700

Heifer Prices – Norwood 2/14/2013

Springer heifers bred seven to nine months:

Supreme	\$1,100 - \$1,285
Approved	\$ 950 - \$1,150
Crossbreds	\$1,000 \$1,040

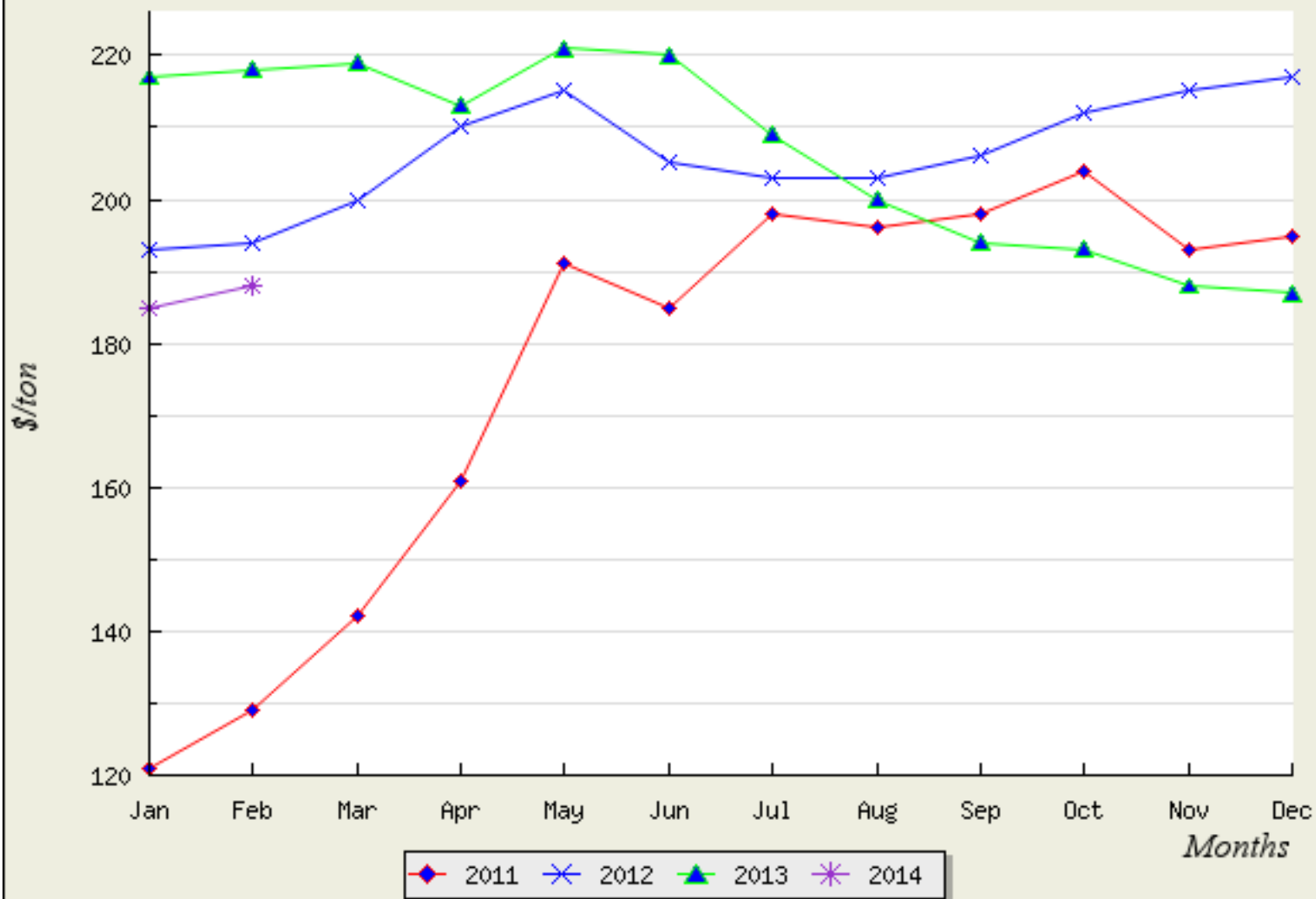
Heifer Prices – Norwood 2/14/2014

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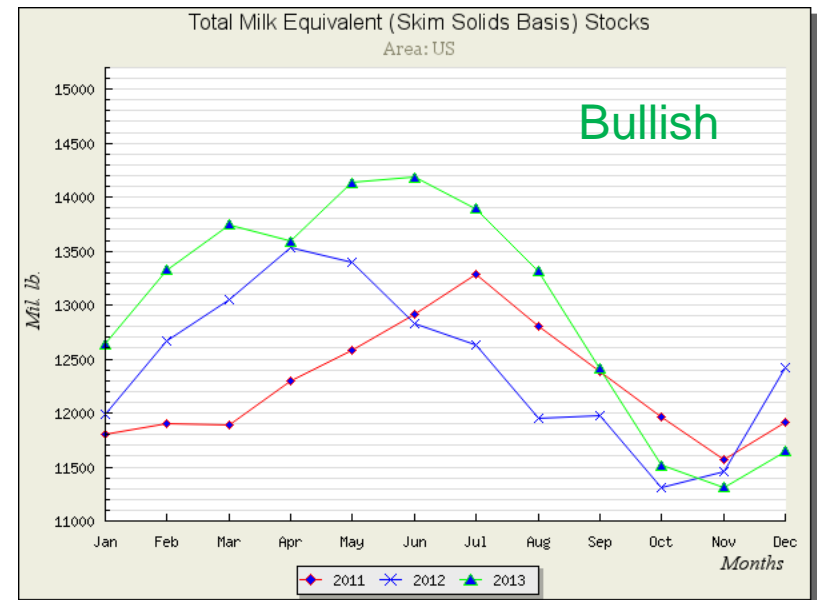
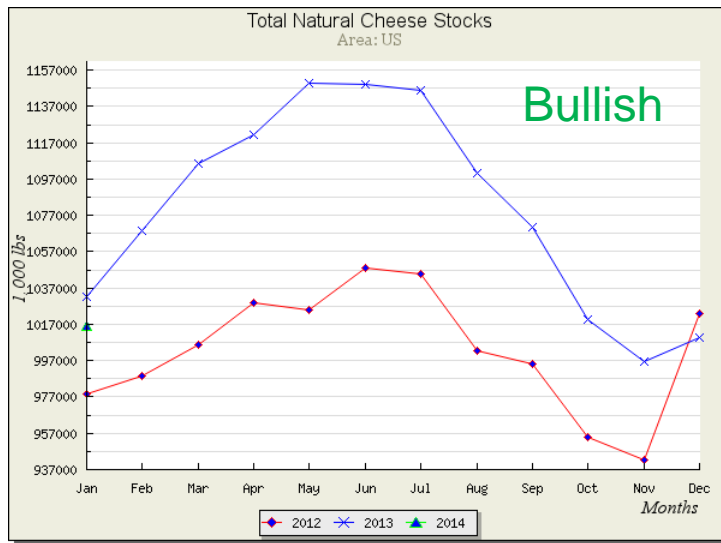
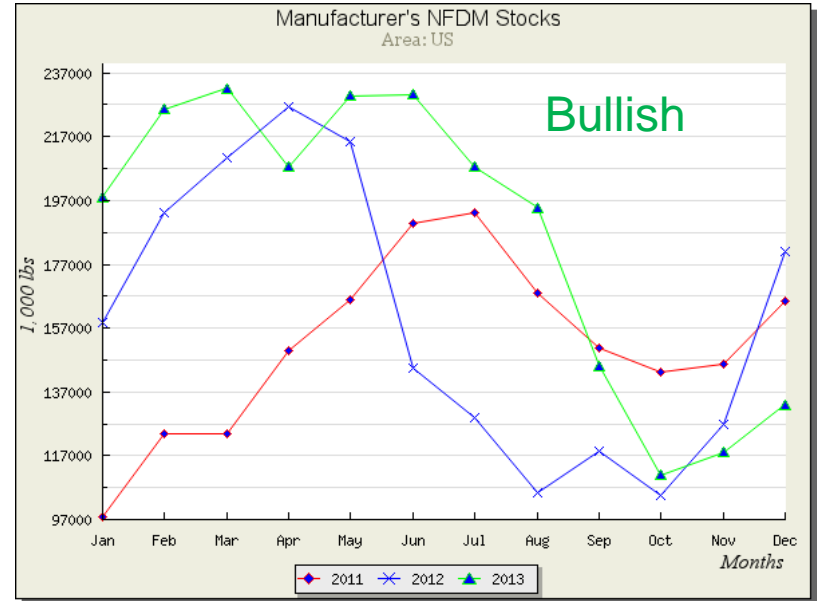
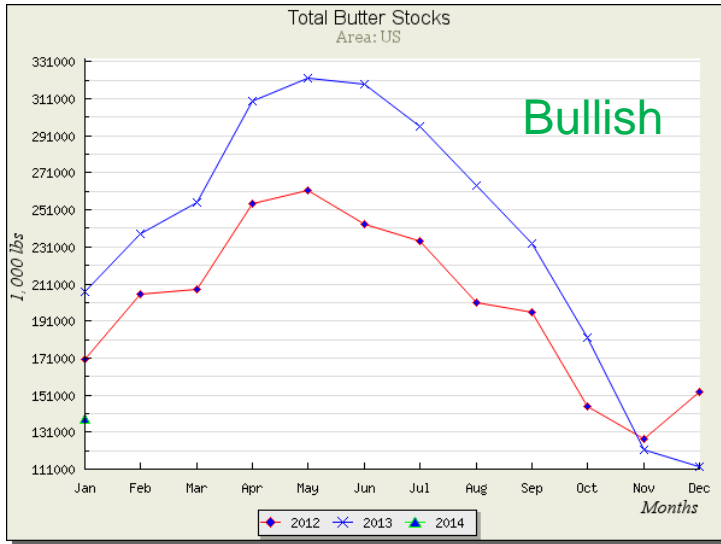
Supreme	\$1,400 - \$1,700
Approved	\$1.200 - \$1,375
Crossbreds	\$1,100 - \$1,250

Price Received for Alfalfa Hay

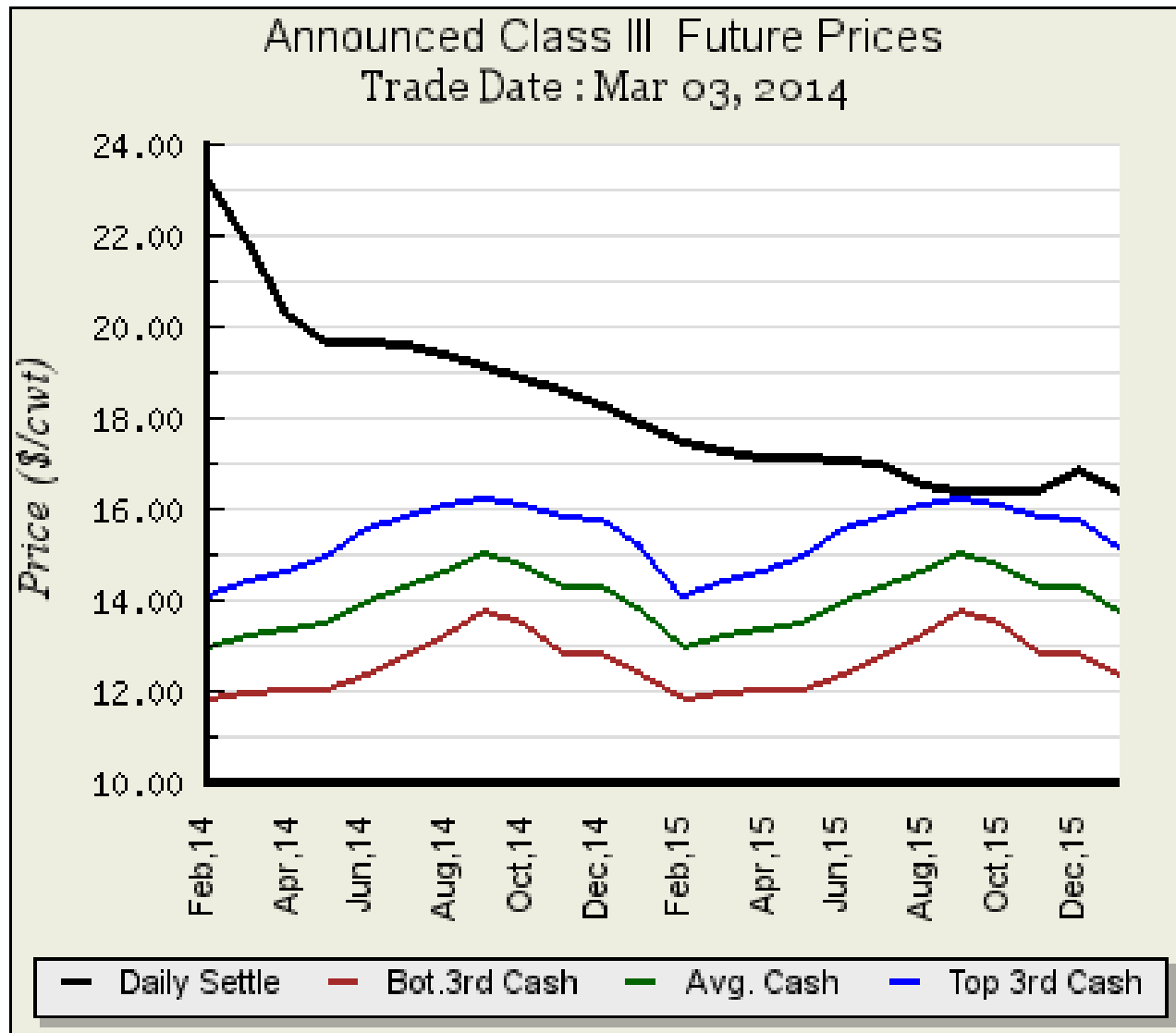
Area: US



Stocks – Bullish



Class III Milk Future Prices



Dairy Price Outlook 2014

	1 st Quarter 2014	2 nd Quarter 2014	All of 2014
USDA – All Milk Price <i>February, 2014</i>	\$23.35-\$23.65	\$21.45-\$22.05	\$20.85-21.55
CME Group Futures Class III <i>March 7, 2014</i>	22.38	21.44	20.31
CME Group Futures Class IV <i>March 7, 2014</i>	23.03	22.26	21.41
MO Farm Forecast	\$24.50	\$22.25	\$22.00