



LMIC
Livestock Marketing
Information Center



Speed of Change: Dairy Issues and Outlook

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Livestock Marketing Information Center

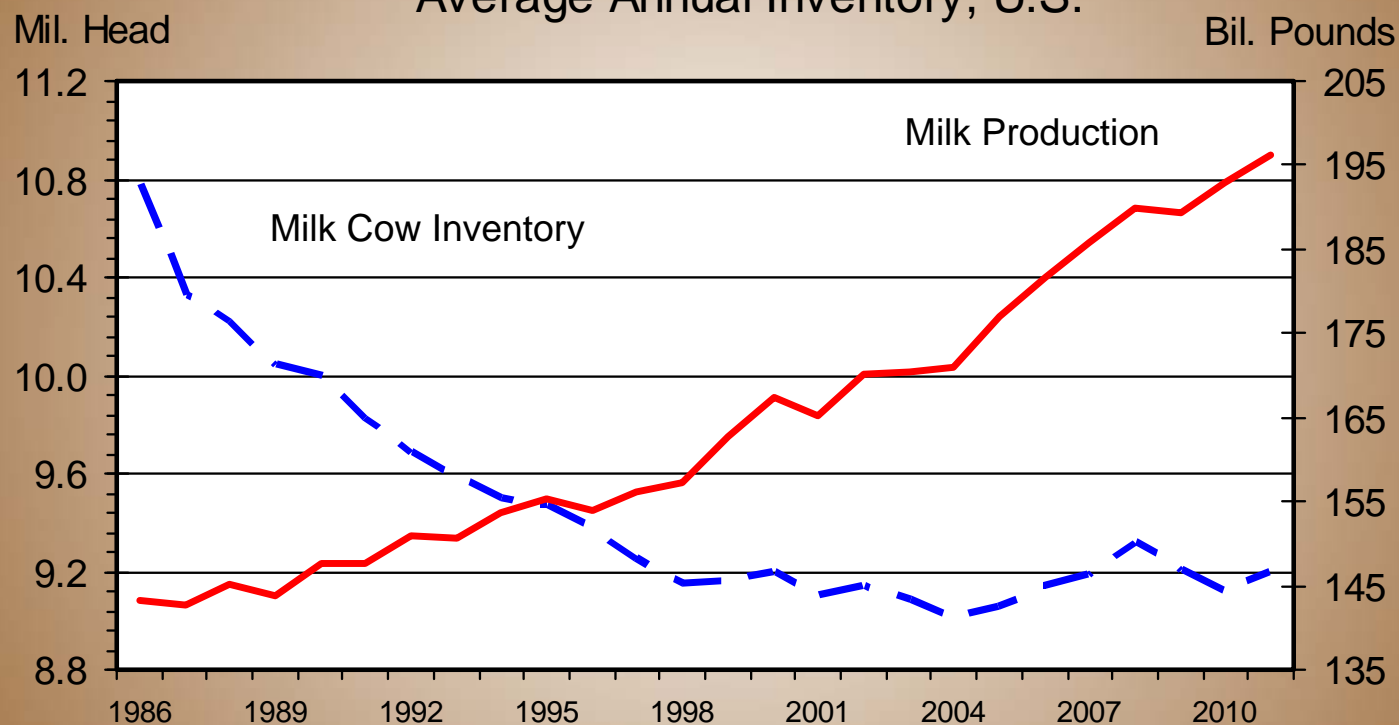
Topics

- Long-term Trends
- Current Situation
- Dairy Trade
- Key Drivers
- Outlook



MILK PRODUCTION vs. MILK COW INVENTORY

Average Annual Inventory, U.S.



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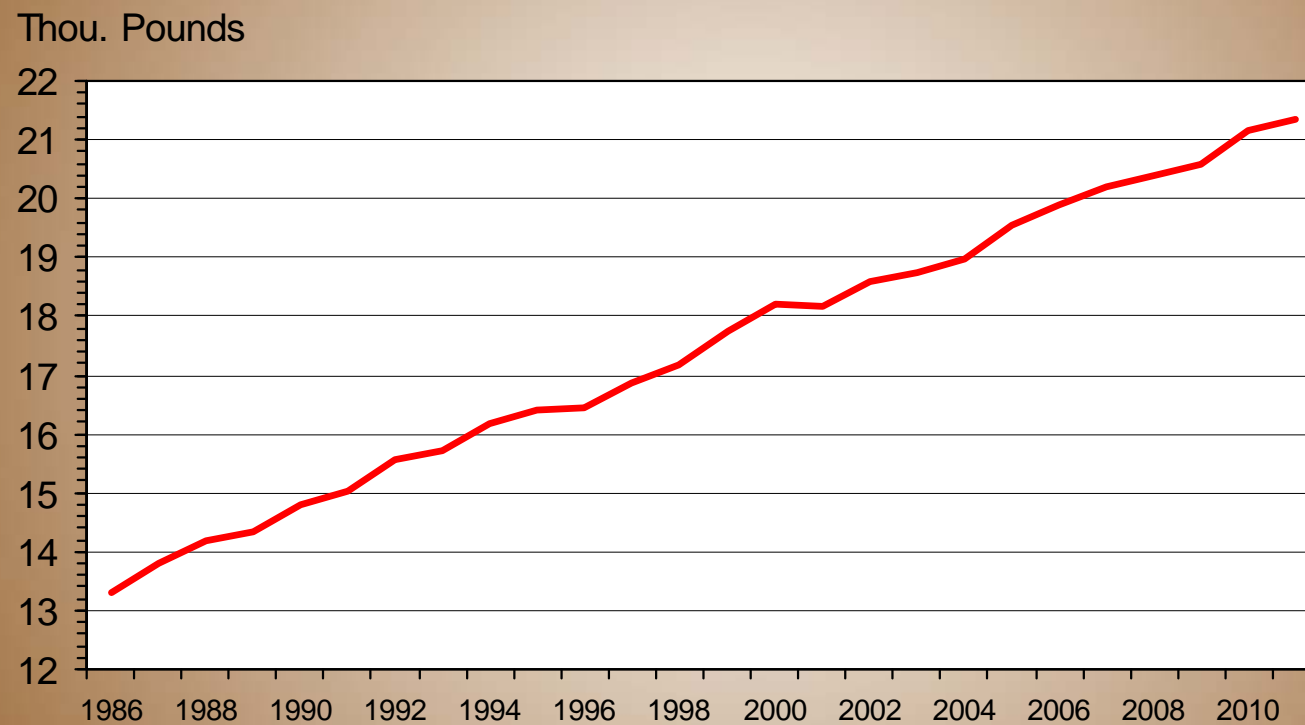
Data Source: USDA/NASS

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05/24/11

MILK PRODUCTION PER MILK COW

1986-2011, Annual



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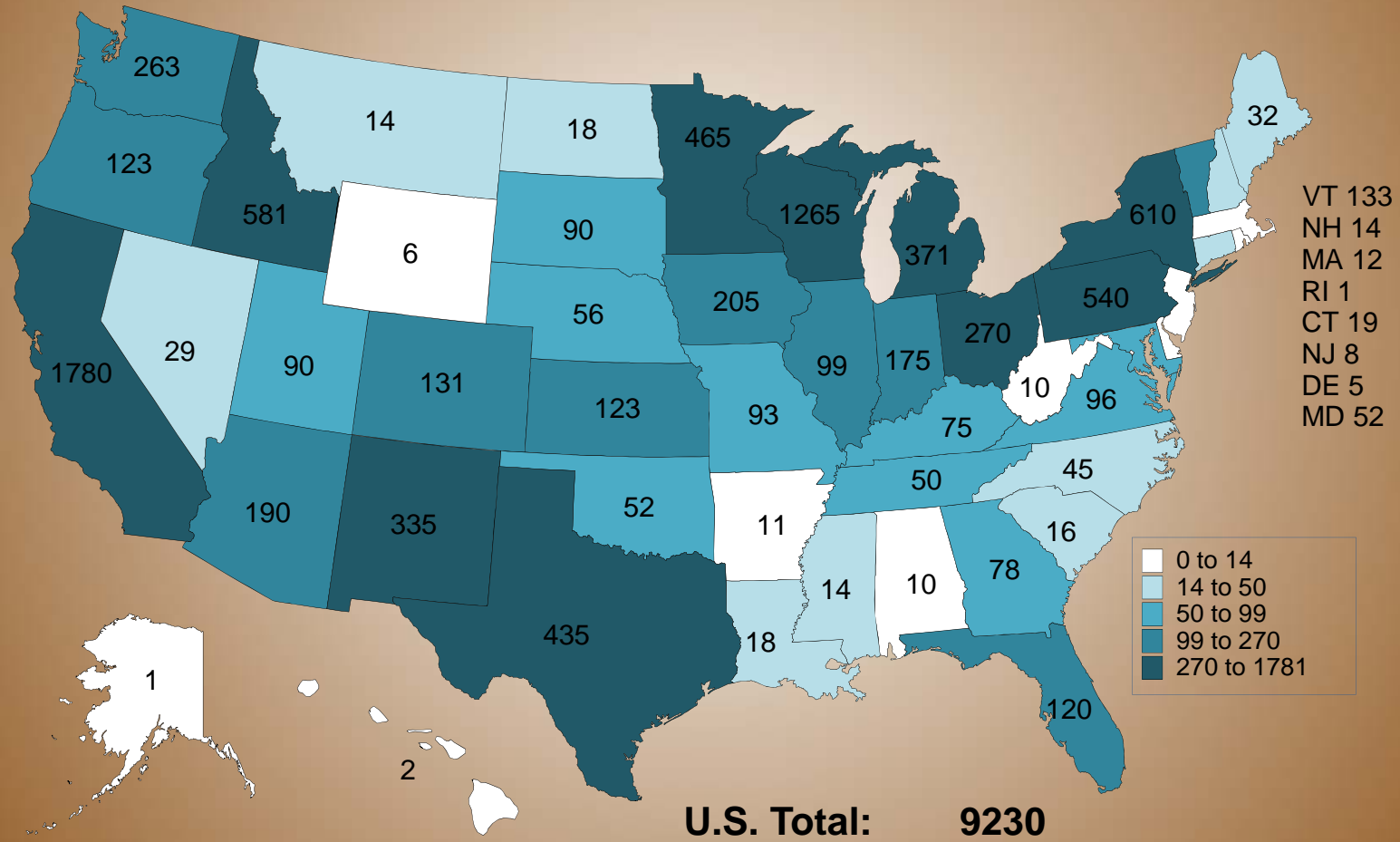
Data Source: USDA/NASS

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Cow Numbers: 2007 to Present



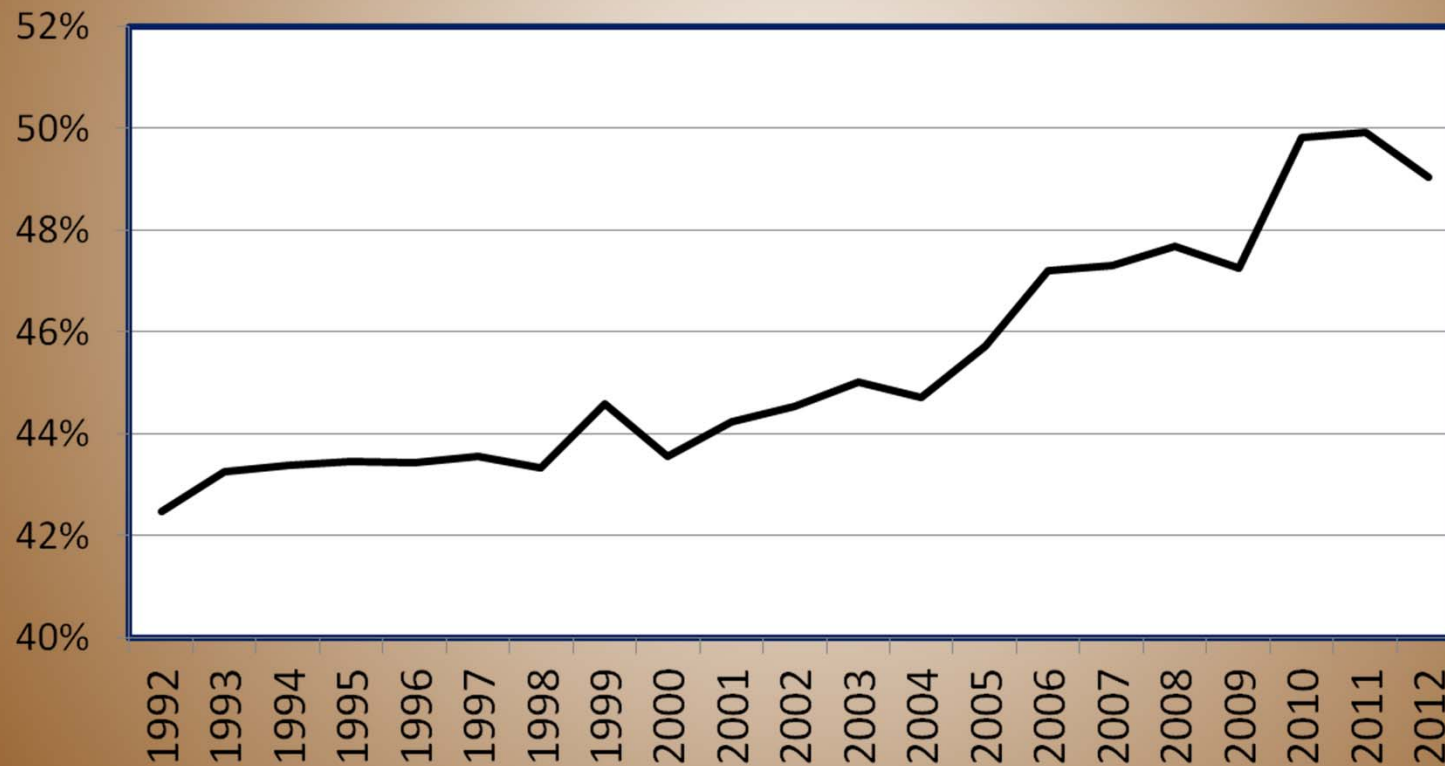
MILK COWS THAT HAVE CALVED JANUARY 1, 2012 (1000 Head)



Cow Herd Replacements

January 1 Inventory

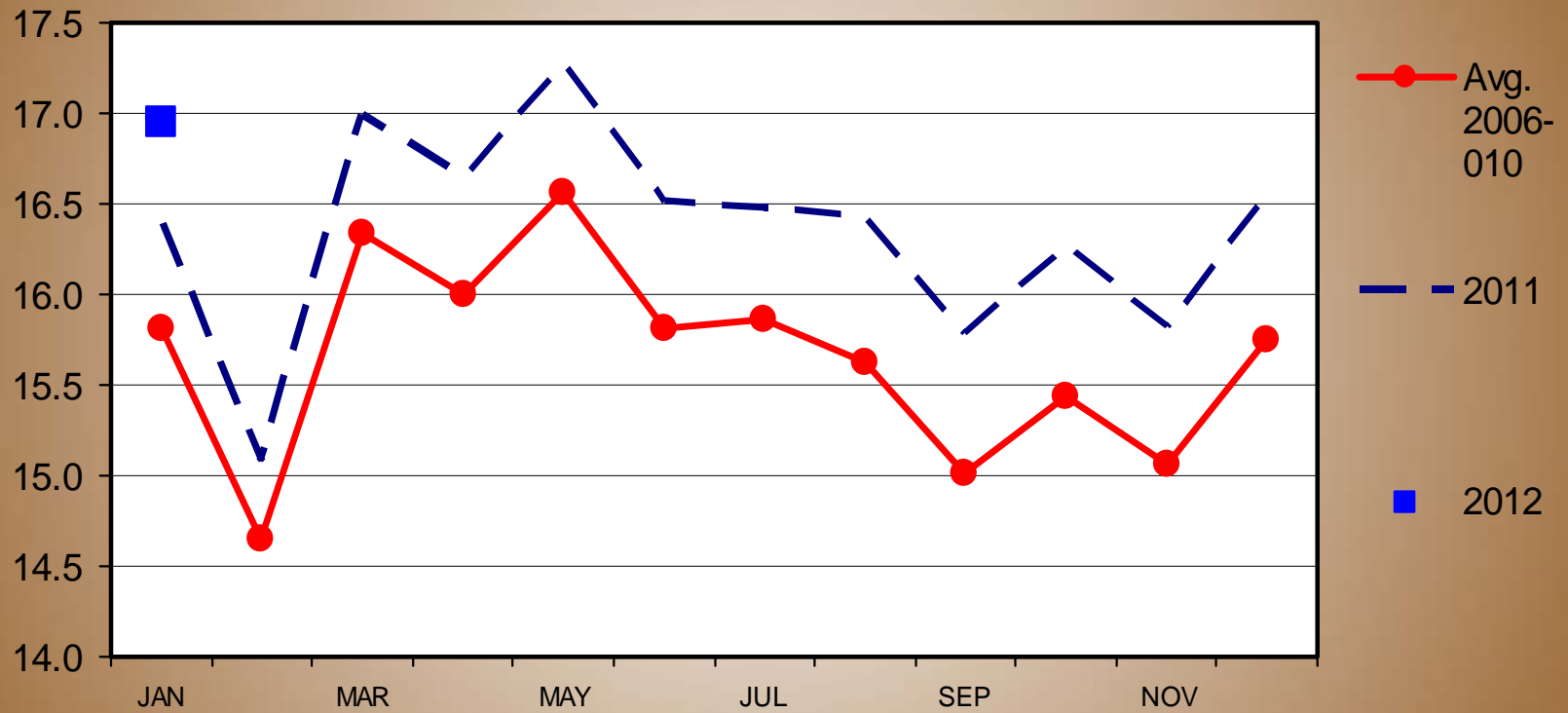
Percent of
Cow Herd



MILK PRODUCTION

US Total, Monthly

Bil Pounds

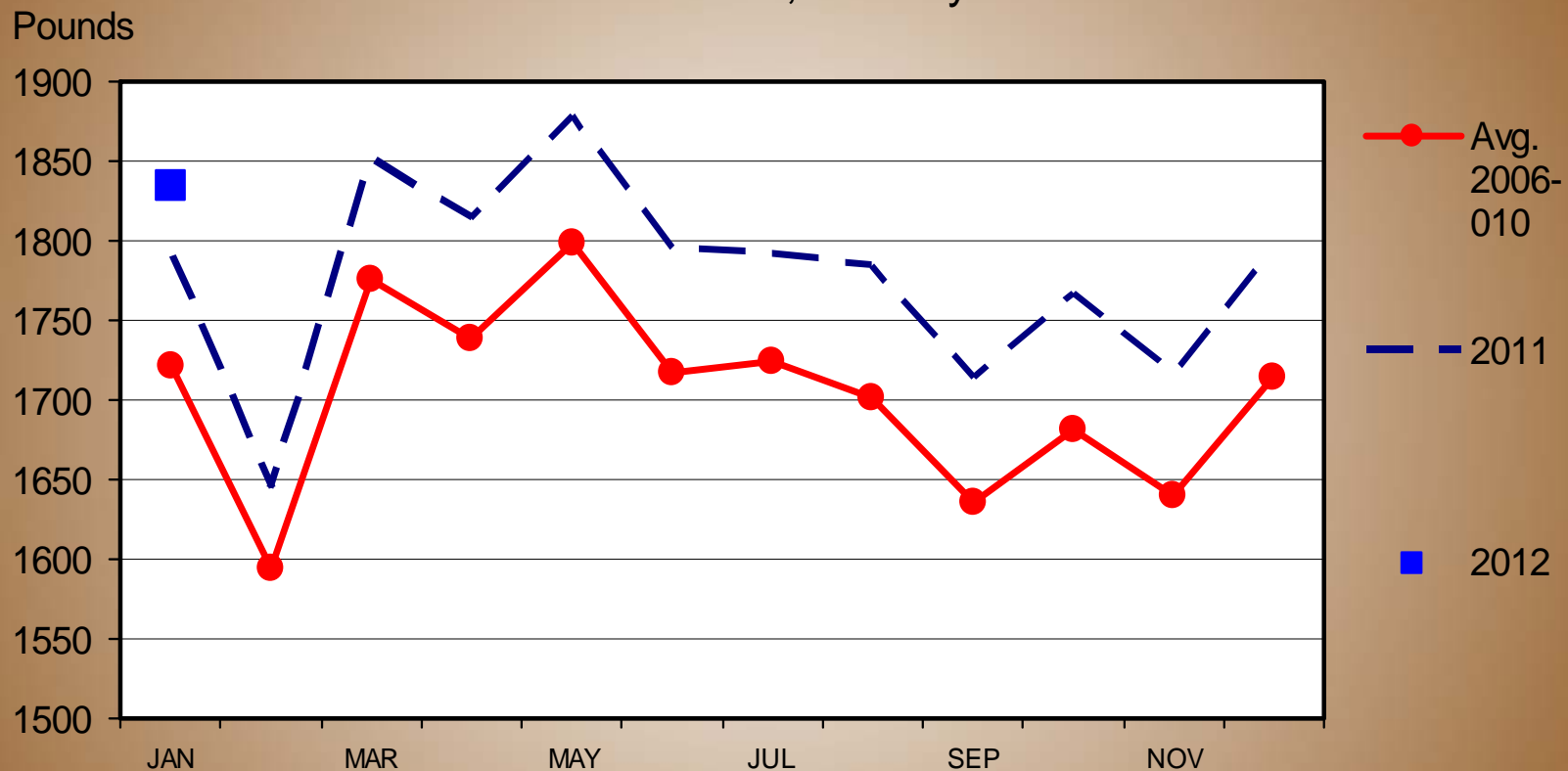


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Data Source: USDA-NASS

MILK PRODUCED PER COW

US Total, Monthly



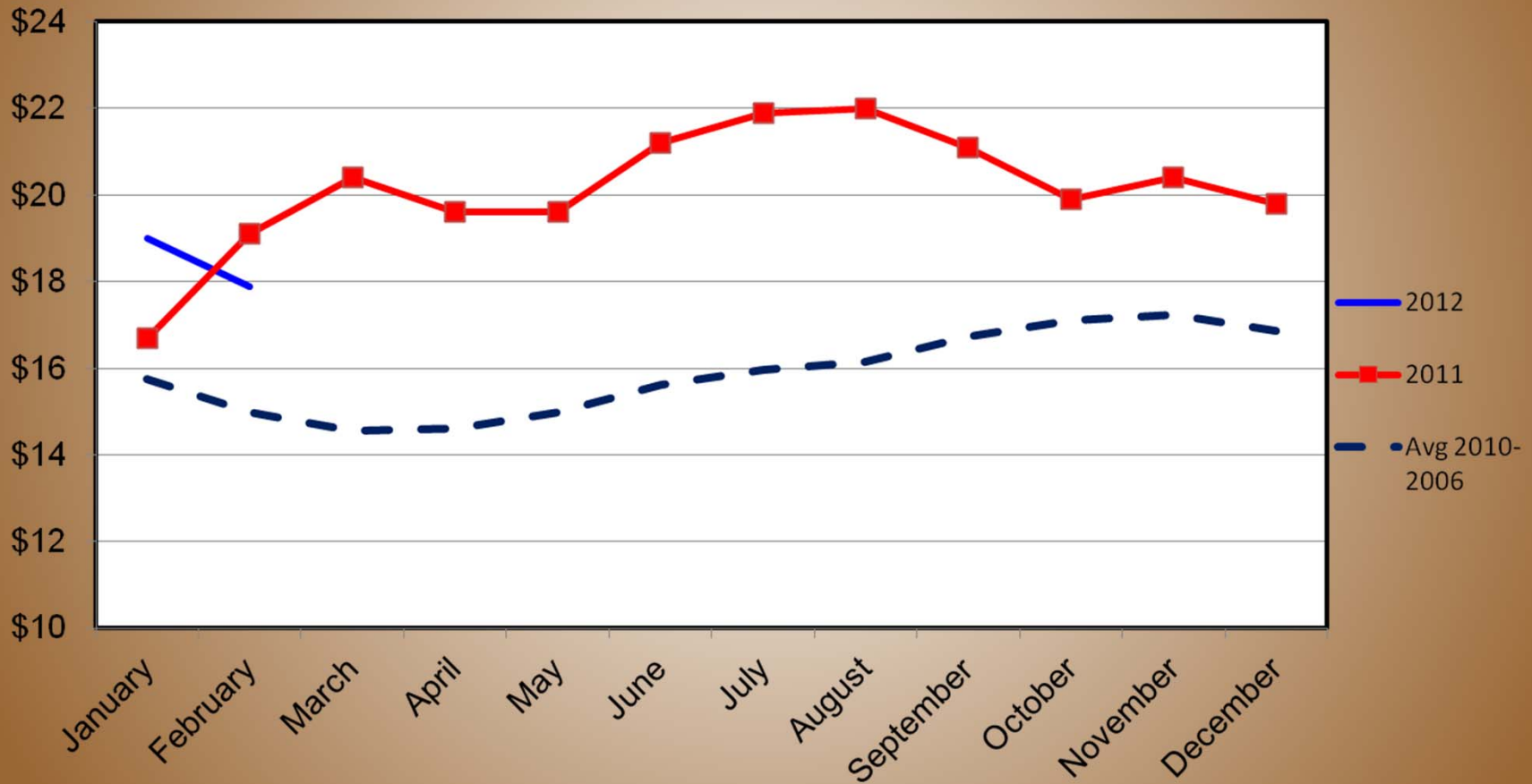
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Data Source: USDA-NASS

ALL MILK PRICE

US, Monthly

\$/CWT



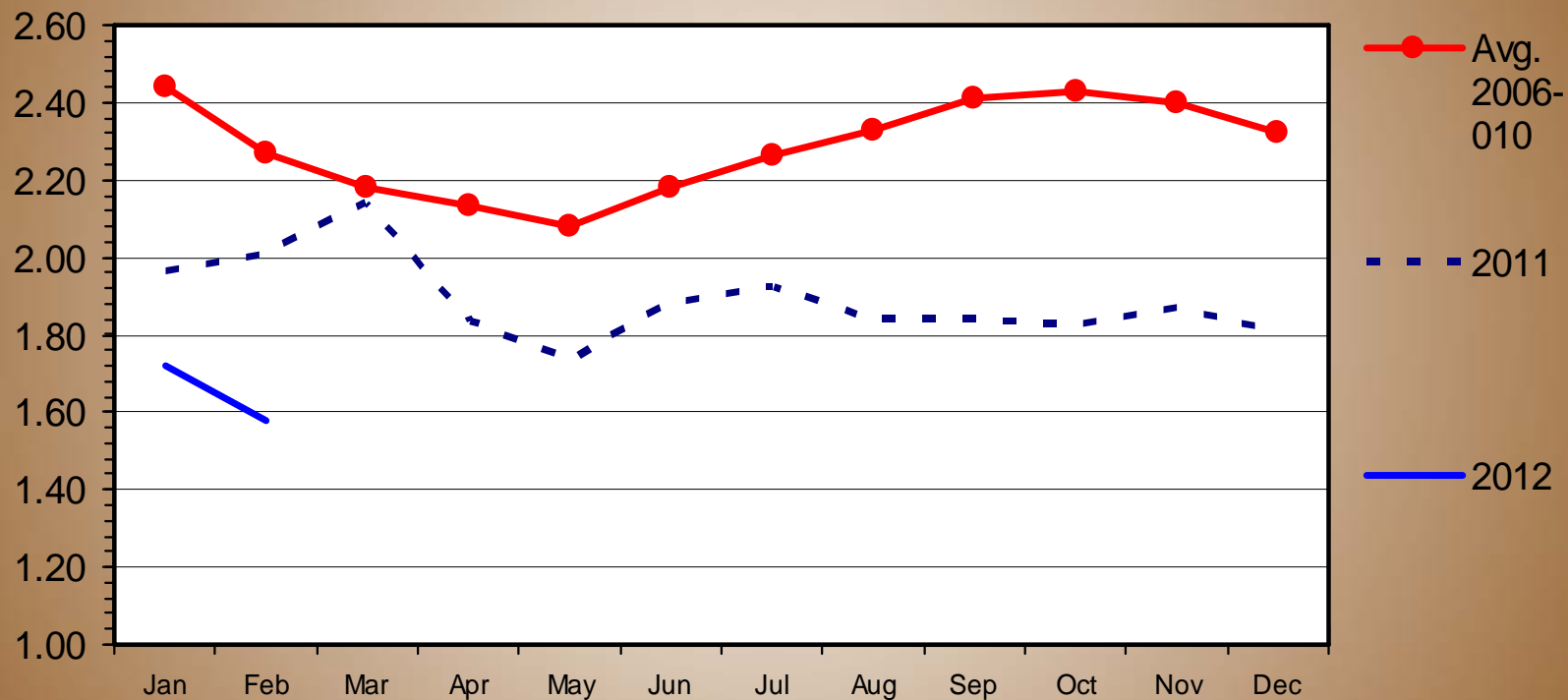
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Data Source: USDA-NASS

MILK-FEED PRICE RATIO

US, Monthly

\$ Per Pound



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Data Source: USDA-NASS

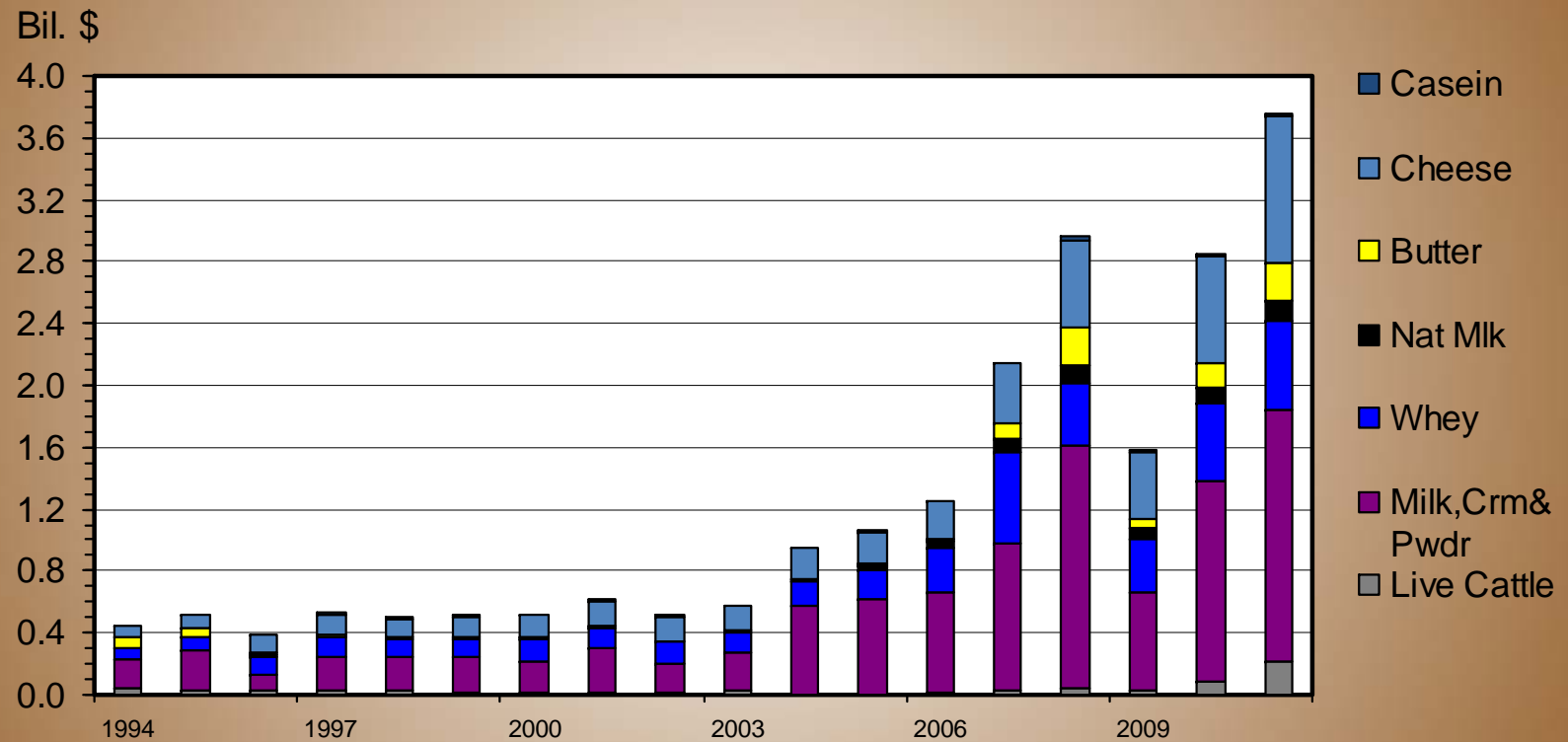
03/02/12

Dairy Trade

- Complex
- Residual Supplier: Exported excess in domestically demanded goods
- Tastes and Preferences of Overseas Consumers
- Seasonality of Competitive Suppliers

U S DAIRY INDUSTRY EXPORT VALUES

Annual



Livestock Marketing Information Center

Data Source: USDA-FAS, Compiled & Analysis by LMIC

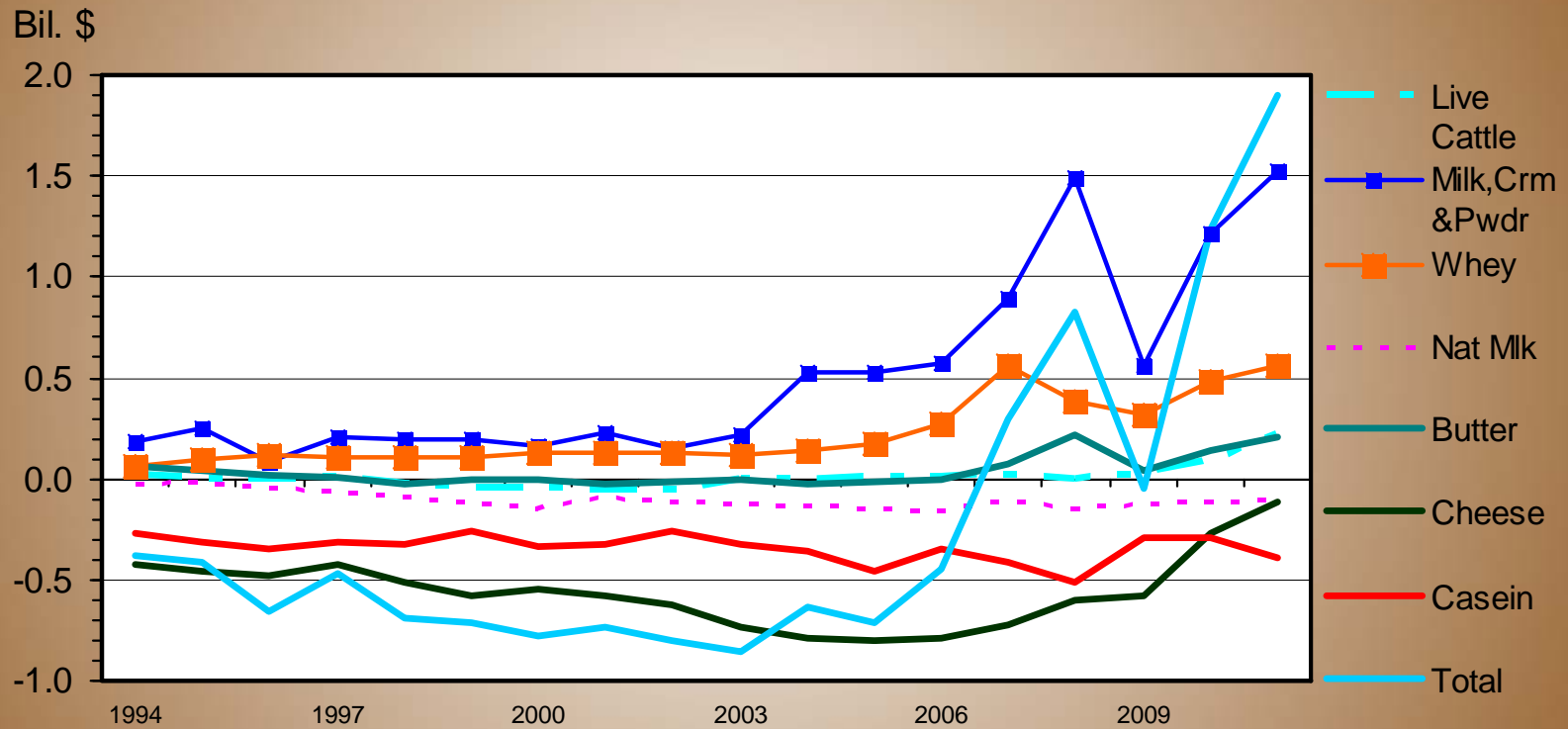
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Trade Destinations 2011

- Fluid Products:
 - Canada and Mexico
- Concentrated Products
 - Mexico and Philippines
- Buttermilk Products
 - Mexico (Value) and Dominican Republic (Quantity)
- Whey Products
 - China and Mexico
- Butter and Oil Products
 - Saudi Arabia
- Cheeses and Curds
 - Mexico and South Korea

U S DAIRY INDUSTRY NET EXPORT VALUES

Annual



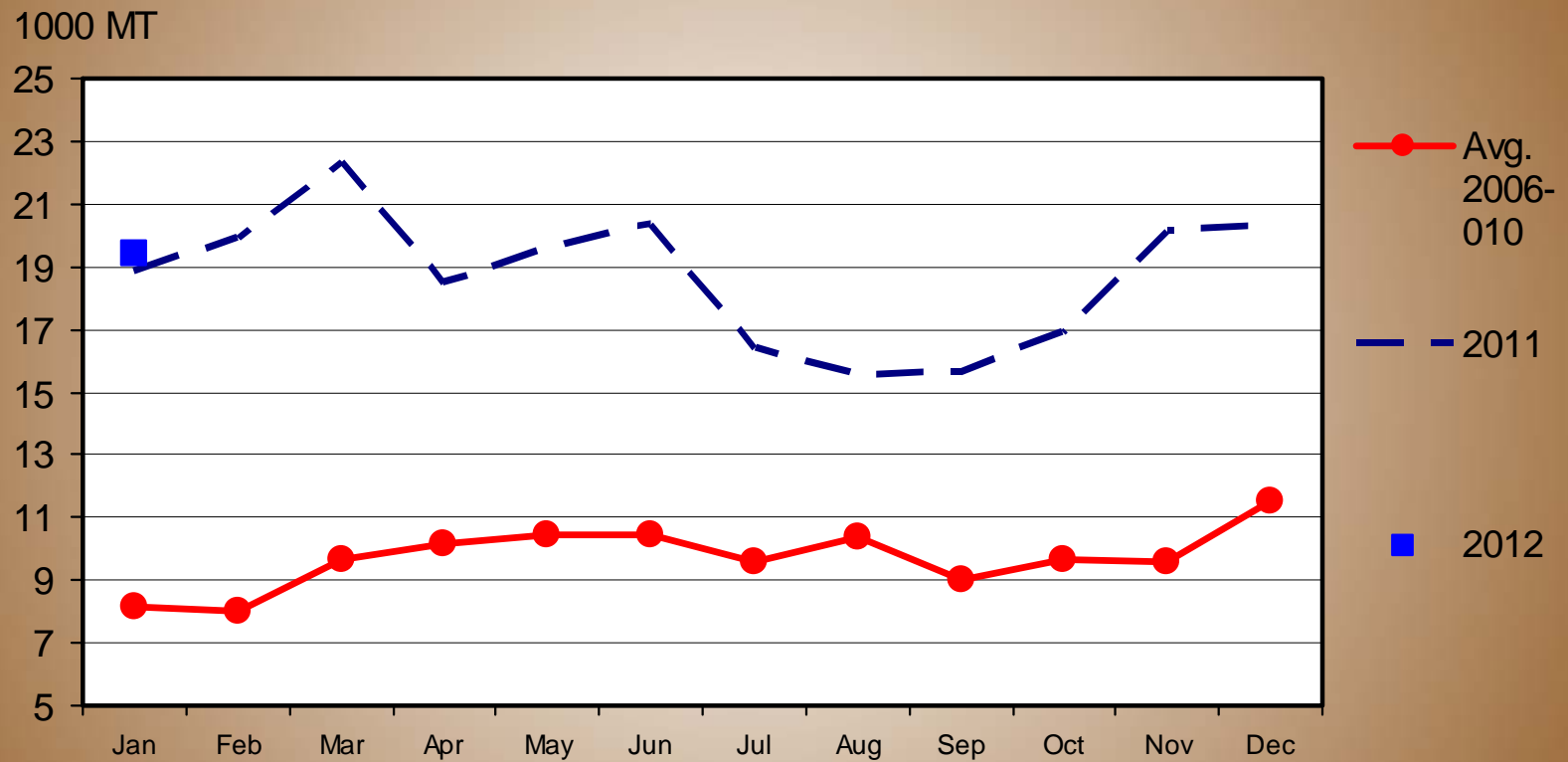
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Data Source: USDA-FAS, Compiled & Analysis by LMIC

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CHEESE AND CURD EXPORTS

Monthly



Livestock Marketing Information Center

Data Source: USDA-FAS

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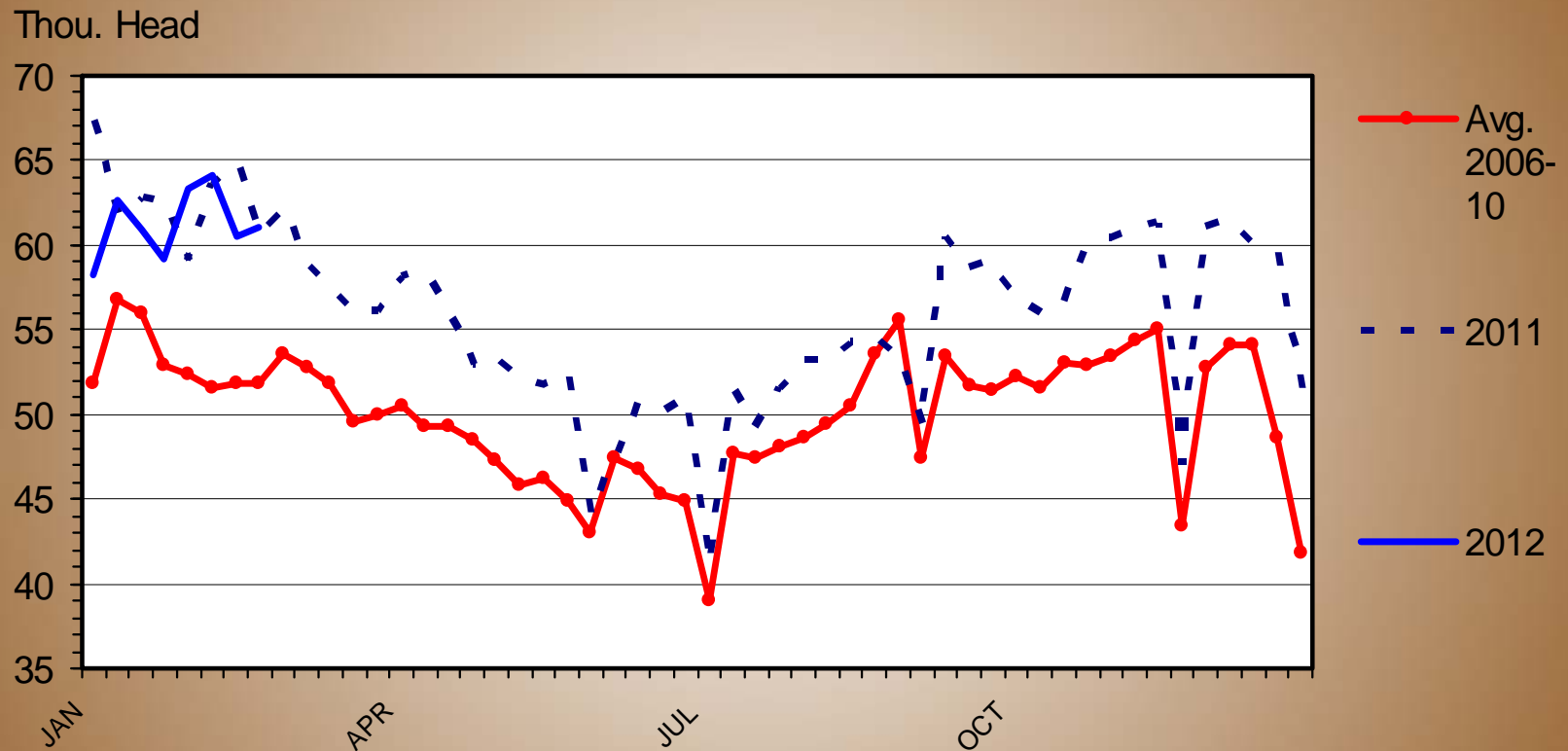
Key Drivers

- Cull Cow Prices Continue to Encourage High Herd Turnover Rates
- Strength of the Overall Economy
- Exports
 - Competition from New Zealand and Australia



DAIRY COW SLAUGHTER

Federally Inspected, Weekly



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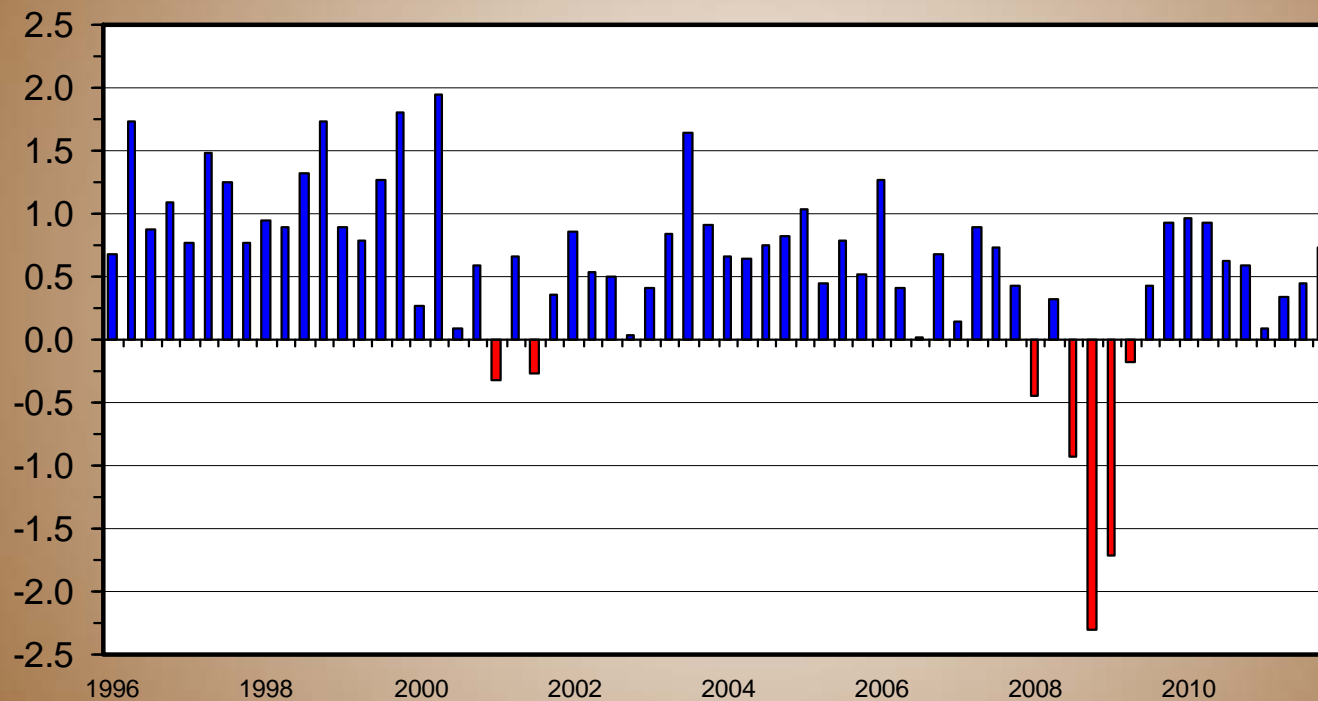
Data Source: USDA-AMS & USDA-NASS

C-S-35
03/09/12

QTRLY GROSS DOMESTIC PRODUCT (GDP)

Real Dollar (2005) Change from Previous Quarter

Percent Change



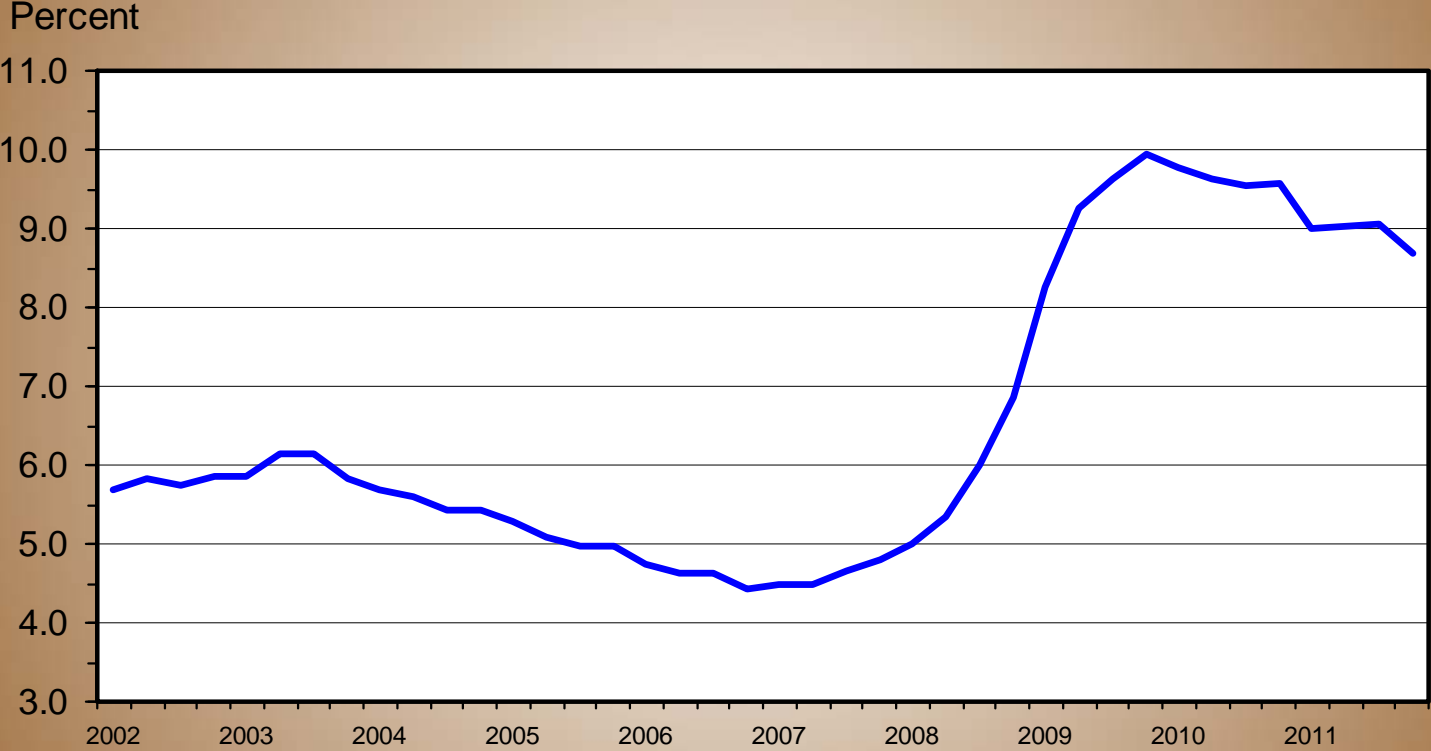
Livestock Marketing Information Center

02/29/12

Data Source: Bureau of Economic Analysis, Compiled & Analysis by LMIC

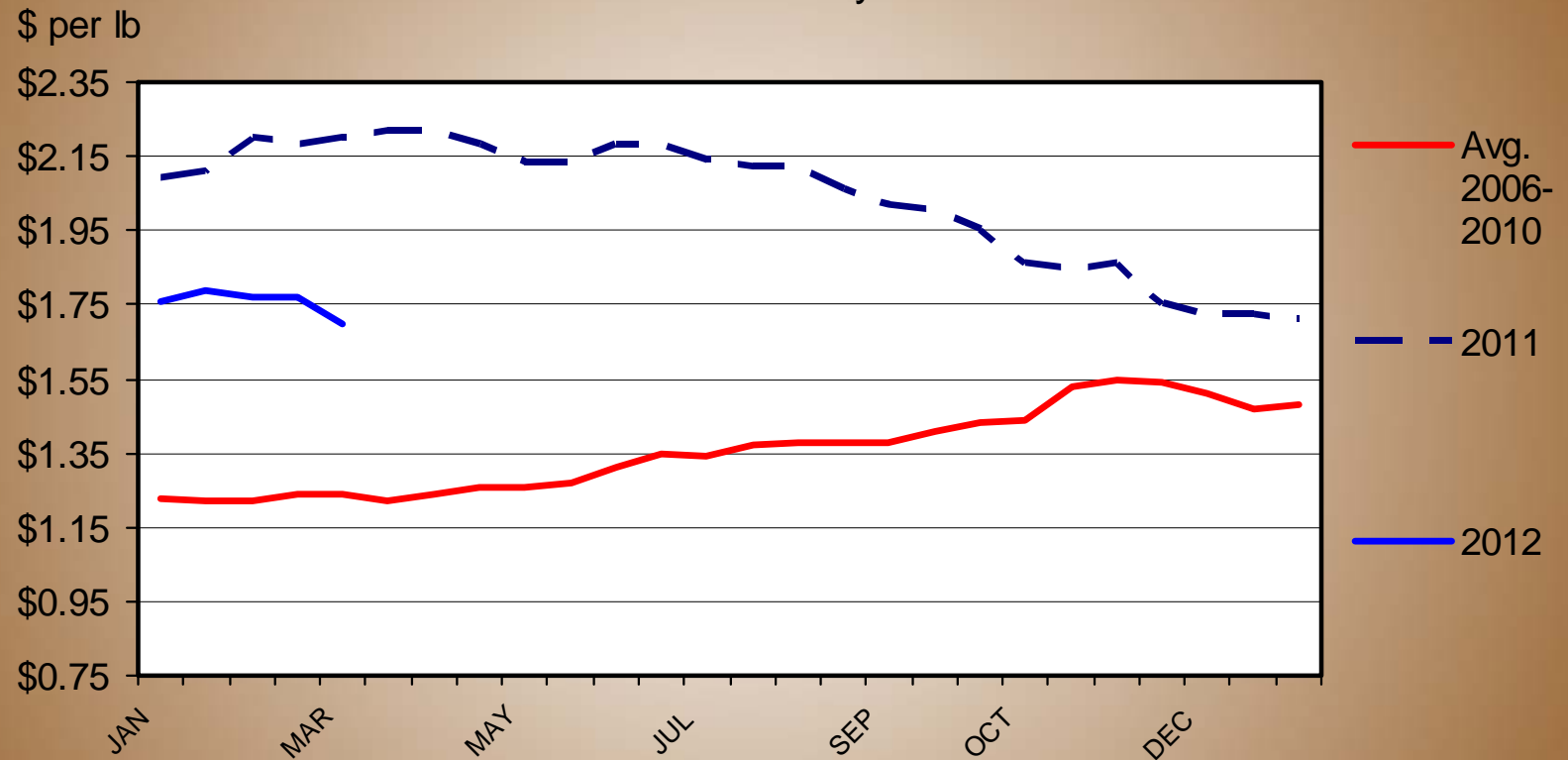
U.S. UNEMPLOYMENT RATE

Seasonally Adjusted, Quarterly



Oceania Butter

Biweekly



**U.S. QUARTERLY MILK PRODUCTION, COMMERCIAL
DISAPPEARANCE, AND SELECTED PRICES ^a**

03/13/12

10.111

| Year Quarter | Average Number Milk Cows (1,000 Head) | % Chg. from Year Ago | Production Per Cow (Lbs.) | % Chg. from Year Ago | Total Milk Production (Mil. Lbs.) | % Chg. from Year Ago | Commercial Disappearance ^e (Milk Equivalent ^d) (Mil. Lbs..) | % Chg. from Year Ago | Class III Price (\$/Cwt.) | % Chg. from Year Ago | US All Milk Price (\$/Cwt.) | NCE/CME 40# Block Price (\$/LB.) |
|-----------------|--|----------------------------|------------------------------------|----------------------------|--|----------------------------|---|----------------------------|---------------------------------|----------------------------|--------------------------------------|---|
| 2011 | | | | | | | | | | | | |
| I | 9168 | 0.82 | 5286 | 1.42 | 48459 | 2.25 | 47703 | 3.50 | 16.63 | 20.02 | 18.73 | 1.7443 |
| II | 9191 | 0.79 | 5489 | 0.49 | 50448 | 1.28 | 49608 | -0.34 | 17.50 | 31.51 | 20.13 | 1.7963 |
| III | 9200 | 0.81 | 5292 | 0.47 | 48684 | 1.28 | 50024 | 0.12 | 20.71 | 37.52 | 21.67 | 1.9479 |
| IV | 9216 | 0.94 | 5279 | 1.36 | 48654 | 2.33 | 51080 | 2.73 | 18.62 | 20.90 | 20.03 | 1.7372 |
| Year | 9194 | 0.82 | 21345 | 0.93 | 196245 | 1.76 | 198415 | 1.62 | 18.37 | 27.48 | 20.14 | 1.8064 |
| 2012 | | | | | | | | | | | | |
| I ^b | 9200 | 0.35 | 5415 | 2.44 | 49818 | 2.80 | 48250 | 1.15 | 16.15-16.65 | -1.36 | 17.90-18.40 | 1.47-1.57 |
| II ^c | 9195 | 0.04 | 5521 | 0.58 | 50766 | 0.63 | 50000 | 0.79 | 16.65-17.15 | -3.43 | 18.75-19.25 | 1.53-1.63 |
| III | 9167 | -0.36 | 5315 | 0.43 | 48723 | 0.08 | 50150 | 0.25 | 17.25-18.25 | -14.29 | 19.25-20.25 | 1.50-1.65 |
| IV | 9165 | -0.55 | 5270 | -0.17 | 48300 | -0.73 | 51100 | 0.04 | 17.80-18.30 | -3.08 | 19.20-20.2 | 1.55-1.70 |
| Year | 9182 | -0.13 | 21521 | 0.82 | 197606 | 0.69 | 199500 | 0.55 | 16.95-17.95 | -4.98 | 18.65-20.15 | 1.55-1.75 |
| 2013 | | | | | | | | | | | | |
| I | 9152 | -0.52 | 5420 | 0.09 | 49604 | -0.43 | 48320 | 0.15 | 16.90-18.40 | 7.62 | 18.30-19.80 | 1.60-1.80 |
| II | 9150 | -0.49 | 5580 | 1.07 | 51057 | 0.57 | 50183 | 0.37 | 17.10-18.60 | 5.62 | 18.75-20.25 | 1.65-1.85 |
| III | 9120 | -0.51 | 5400 | 1.60 | 49248 | 1.08 | 51160 | 2.01 | 17.15-18.65 | 0.85 | 19.15-20.65 | 1.65-1.85 |
| IV | 9110 | -0.60 | 5323 | 1.01 | 48493 | 0.40 | 51489 | 0.76 | 17.55-19.05 | 1.39 | 19.20-20.70 | 1.67-1.87 |
| Year | 9133 | -0.53 | 21723 | 0.94 | 198401 | 0.40 | 201152 | 0.83 | 17.20-18.70 | 2.87 | 18.85-20.35 | 1.62-1.82 |

^a Totals may not add due to rounding. Beginning in 2008 disappearance is domestic only (excludes exports).

^b Estimated quarter by LMIC

Sources: Historical data from various USDA Publications by NASS, AMS, ERS

^c Forecasted quarters by LMIC

^d Milk-equivalent, milkfat basis.

^e Commercial Disappearance = Beginning Stocks+Production+ Imports- Ending Stocks

Questions

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