

U.S. Exports

U.S. dairy exports extend growth streak during June

U.S. dairy marketers kept the growth streak alive during June despite new headwinds from tariffs. On a volume-basis, exports of whole milk powder nearly tripled compared to a year earlier while shipments of all other product categories, except modified whey, were above the prior-year level. In terms of value and volume, June marked the eighth consecutive month of growth in exports.

Marketers shipped 180,984 tons of milk powder, cheese, butterfat, whey products, and lactose during the month, 16% greater than in June 2017. U.S. exports were worth \$481 million, 4% more than a year ago. In the first half of 2018, dairy exports totaled \$2.904 billion, up 5% from the same period in 2017.

Exports of NFD/SMP increased by 24% vs. June 2017 and totaled 57,018 tons. Shipments to Southeast Asia (+49%) and Mexico (+11%) drove the gains.

(Official U.S. Bureau of Census 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 June 2016 to June 2018 to account for this misclassification.)

Whey exports increased 7% and totaled 45,532 tons in June. Gains were concentrated in Southeast Asia, up 22% compared to one year earlier, and in North Africa, up 9,027%. Sales to China fell below the prior-year level for the second consecutive month; down 7% in June.

Lactose exports totaled 34,796 tons, 16% greater than levels one year ago. Shipments to China increased by 109% and were responsible for most of the growth.

Cheese exports were 34,191 tons in June, 12% greater than the previous year. Sales to Mexico increased by 43% and at 12,206 tons were the second highest ever. Exports to Australia more than doubled (+111%) which offset declines in shipments to South Korea, Japan, and China down 7%, 4%, and 14%, respectively.

Butterfat exports totaled 3,814 tons, 9% greater than levels in June 2017. Sales to Mexico rose 184% to 668 tons and shipments to the Middle East/North Africa grew by 152% to 488 tons. These gains offset lower butterfat exports to Canada, down 26%.

On a total milk solids basis, U.S. exports were equivalent to 16.4% of U.S. milk production in June. Imports were equal to 3.1%.

U.S. Exports

| | LATEST MONTH | | June (VOLUME, MT) | | % CHG |
|---------------------------------|-----------------|-----------------|-------------------|--|------------|
| | 2016 | 2017 | 2018 | | |
| NDM/SMP* | 42,757 | 45,816 | 57,018 | | +24 |
| WMP* | 2,421 | 1,169 | 3,483 | | +198 |
| Cheese | 23,056 | 30,578 | 34,191 | | +12 |
| Butterfat | 989 | 3,504 | 3,814 | | +9 |
| Total Whey | 47,726 | 42,558 | 45,532 | | +7 |
| -Dry whey | 16,898 | 17,347 | 19,770 | | +14 |
| -WPC | 15,923 | 10,103 | 10,641 | | +5 |
| -Modified whey | 12,288 | 12,005 | 11,770 | | -2 |
| -WPI | 2,617 | 3,103 | 3,352 | | +8 |
| Lactose | 30,830 | 30,108 | 34,796 | | +16 |
| MPC | 1,685 | 2,074 | 2,151 | | +4 |
| Aggregate volume** | 149,464 | 155,807 | 180,984 | | +16 |
| Milk/cream (000 liters) | 7,018 | 9,144 | 10,359 | | +13 |
| Total Value (millions)** | \$ 368.1 | \$ 462.0 | \$ 481.0 | | +4 |

| | YEAR-TO-DATE | | JANUARY-JUNE (VOLUME, MT) | | % CHG |
|---------------------------------|-------------------|-------------------|---------------------------|--|------------|
| | 2016 | 2017 | 2018 | | |
| NDM/SMP* | 258,201 | 309,341 | 387,049 | | +25 |
| WMP* | 13,937 | 10,725 | 22,069 | | +106 |
| Cheese | 139,928 | 173,071 | 185,910 | | +7 |
| Butterfat | 12,710 | 11,971 | 20,916 | | +75 |
| Total Whey | 231,934 | 259,550 | 300,272 | | +16 |
| -Dry whey | 83,937 | 99,700 | 121,173 | | +22 |
| -WPC | 67,858 | 67,186 | 89,697 | | +34 |
| -Modified whey | 64,055 | 74,807 | 69,096 | | -8 |
| -WPI | 16,084 | 17,856 | 20,307 | | +14 |
| Lactose | 175,252 | 173,488 | 210,198 | | +21 |
| MPC | 11,113 | 12,562 | 14,819 | | +18 |
| Aggregate volume** | 843,075 | 950,708 | 1,141,232 | | +20 |
| Milk/cream (000 liters) | 49,325 | 52,228 | 56,389 | | +8 |
| Total Value (millions)** | \$ 2,255.5 | \$ 2,764.5 | \$ 2,904.2 | | +5 |

* U.S. Census Bureau data for NDM/SMP and WMP for 2016-18 adjusted to reflect shipments to Mexico misclassified as WMP.

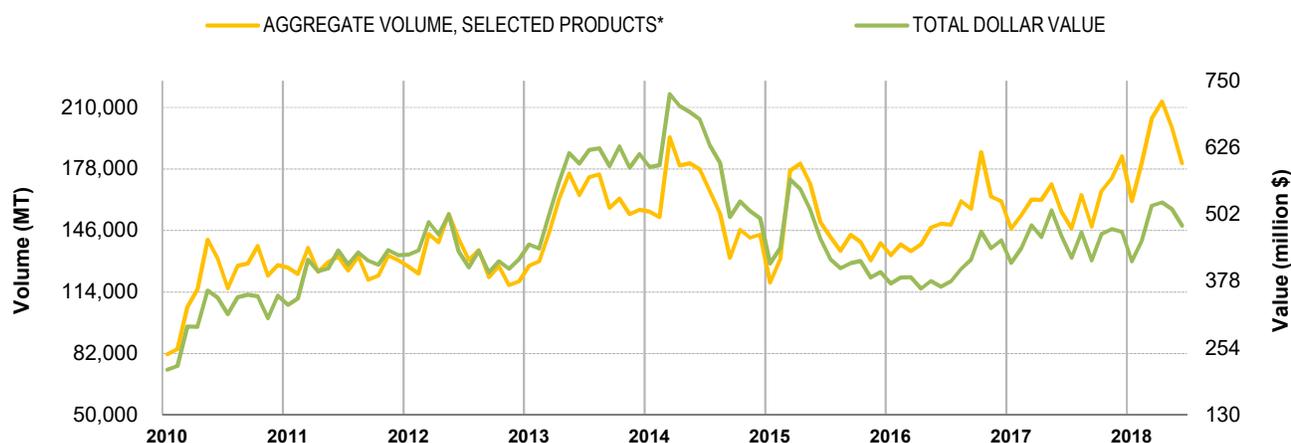
** Aggregate volume includes the products listed above, except fluid milk. Total value includes other products in addition to the ones listed here.

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

U.S. Exports

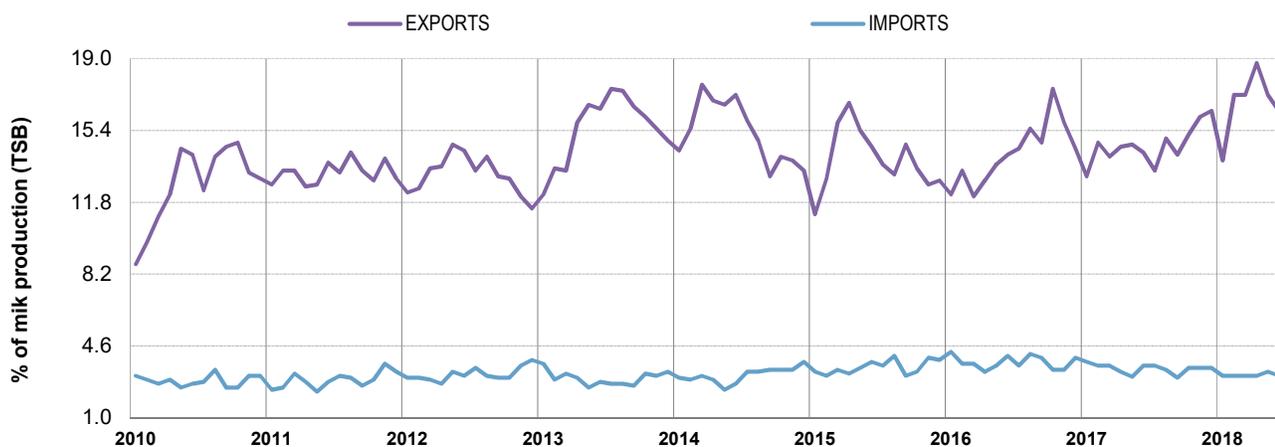
U.S. EXPORTS

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 \$) | Jun 18 | vs. yr ago |
|--------------------------|----------|------------|
| Mexico | \$ 122.9 | +13% |
| Southeast Asia | \$ 60.4 | +11% |
| Canada | \$ 53.8 | -14% |
| China | \$ 46.3 | -4% |
| S. Korea | \$ 28.1 | -13% |
| Japan | \$ 25.8 | -6% |
| Middle East/North Africa | \$ 20.2 | -26% |
| South America | \$ 20.1 | +1% |
| Europe | \$ 18.1 | +44% |
| Caribbean | \$ 17.7 | +7% |

U.S. EXPORTS AS % OF PRODUCTION

| | June | yr ago | Jan-Jun 18 | yr ago |
|-------------------|-------|--------|------------|--------|
| NDM/SMP | 60% | 50% | 68% | 54% |
| Total cheese | 7.1% | 6.4% | 6.4% | 6.1% |
| Butterfat | 5.9% | 5.5% | 4.5% | 2.7% |
| Dry sweet whey | 50% | 43% | 51% | 44% |
| Lactose | 84% | 69% | 83% | 69% |
| Total milk solids | 16.4% | 14.3% | 16.8% | 14.3% |

ACCESS U.S. EXPORT DATA ONLINE

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

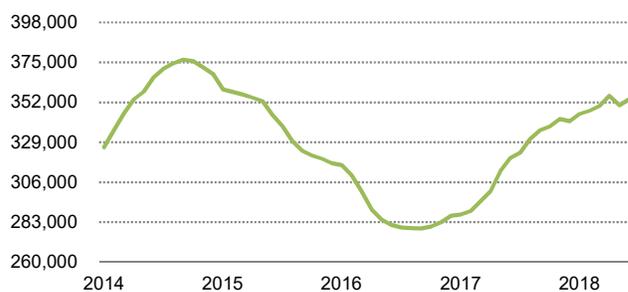
Source: USDEC, National Milk Producers Federation, U.S. Bureau of Census.

U.S. Exports: Rolling 12-Month Volume

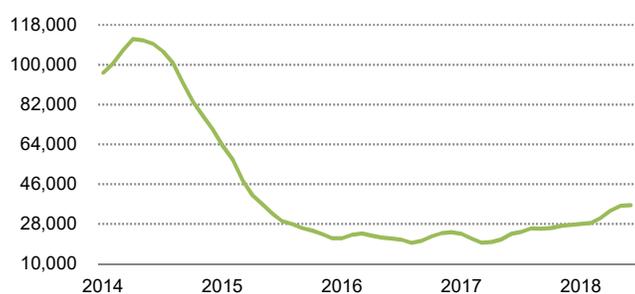
U.S. NDM/SMP EXPORTS (MT)



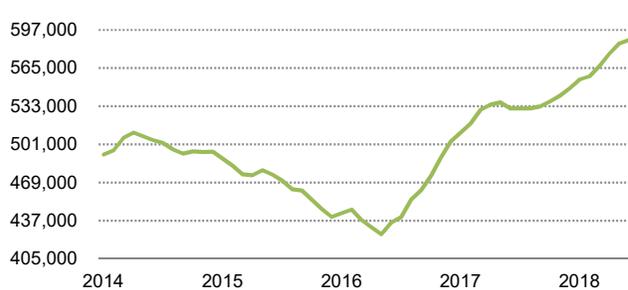
U.S. CHEESE EXPORTS (MT)



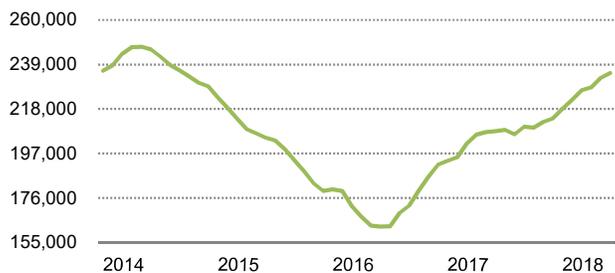
U.S. BUTTERFAT EXPORTS (MT)



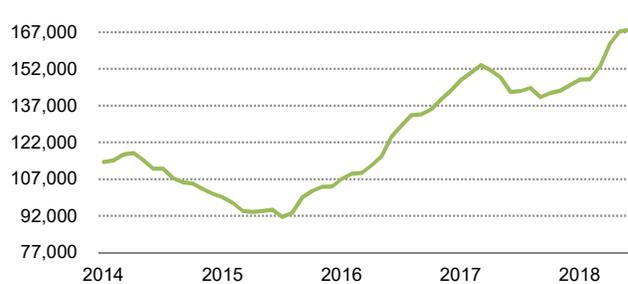
U.S. TOTAL WHEY* EXPORTS (MT)



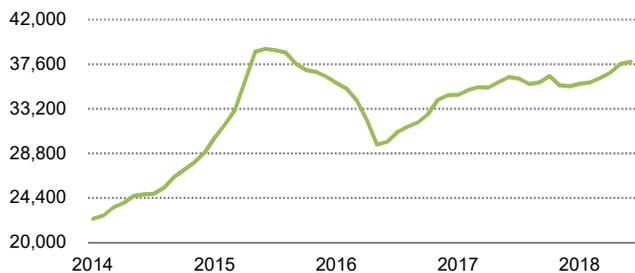
U.S. DRY WHEY EXPORTS (MT)



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.