

The Relationship Between U.S. and International Prices for Dairy Commodities



20th Annual National Workshop for Dairy Economists & Policy Analysts
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Sources for International Prices

- USDA Agricultural Marketing Service (AMS) Dairy Market News (DMN) VS Dairy Mandatory Reporting Program (DPMRP) for US
- Global Dairy Trade (GDT)
- Eurostat
- Dairy Co
- Statistics New Zealand
- Livestock Improvement Corporation (LIC) New Zealand
- Australian Bureau of Agricultural & Resource Economics & Sciences (ABARES)
- Dairy Australia
- CLAL
- Global Trade Information System (GTIS)

DMN International Prices

<http://marketnews.usda.gov/>

- Product price series: Sept. 1993-present
- Products include butter, cheddar, SMP, whey, WMP, butter oil
- Prices collected & published bi-weekly
- Prices submitted are voluntary through phone calls

DPMRP US Prices

<http://www.ams.usda.gov/dairy>

- Cheddar price series: March 1997-present & butter, NDM and whey price series: Sept. 1998-present
- Products include butter, cheddar, NFDM, whey
- Prices collected & published weekly
- Prices submitted are mandatory through an electronic system

DMN cont.

- Prices reported by co-ops, brokers, marketers, gov't agencies
- Prices published are a low-high range
- Volumes are not reported nor published
- Prices are when buyer & seller agree to a sale, not when product is shipped
- Prices are FOB Port

DPMRP cont.

- Prices reported by plants
- Prices published are a weighted average
- Volumes are reported and published
- Prices are when title transfers & product ships. Prices could not have been set 30 or more days before
- Prices are FOB Port

AMS DMN – Other Points of Interest

- Prices cover majority of volumes sold
- Discretion is used on reporting prices
 - For example, if a price collected seems really outside the range of other collected prices, staff will ask further questions and may find out a price is much lower than the range they have seen because it is a year long contract. DMN may decide to not include this price in the range that is published.

AMS DMN cont.

Oceania

- Overview
- Butter
- Butter Oil
- SMP
- WMP
- Cheddar Cheese

Western Europe

- Overview
- Butter
- Butter Oil
- SMP
- WMP
- Sweet Whey

Eastern Europe

- Overview

Global Dairy Trade (GDT)

<http://www.globaldairytrade.info/>

- Established in 2008
- Trading auction events occur 2X month
- GDT is operated by Global Dairy Trade Holdings Limited, a wholly-owned subsidiary of Fonterra Co-operative Group Limited (Fonterra). GDT is operated separately from Fonterra, and all auctions are run entirely by the Trading Manager, CRA International, Inc.

GDT Products Offered

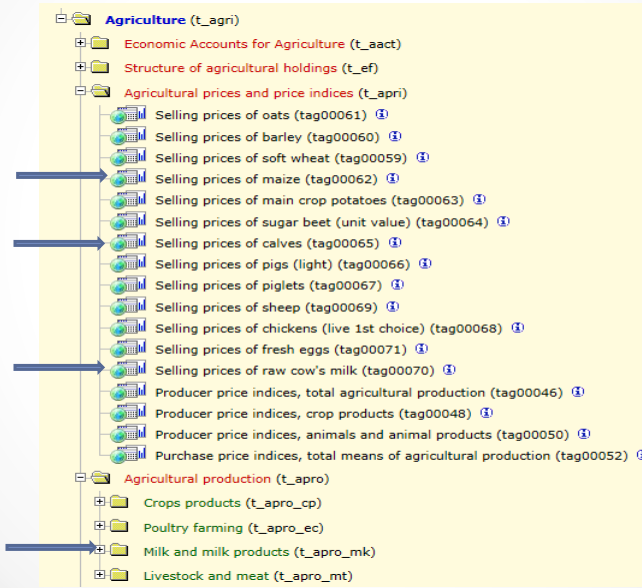
Fonterra Only

- AMF (regular & premium grades from NZ/Aus)
- Butter (salted & unsalted)
- Cheddar Cheese (frozen, hi solid & young)
- MPC70
- Ren Cas (30 & 90 mesh)
- WMP (regular and instant fortified from NZ/Aus & for UHT)

Multiple Suppliers

- BMP (for UHT from Fonterra & std. from Arla)
- Edible & Refined Edible Lactose (Murray Goulburn)
- SMP (low, med, high heats & for UHT from Fonterra), (low & med, reg & upgraded from Dairy America), (low & med reg heats from Arla)

Eurostat: the statistical office of the European Union
<http://epp.eurostat.ec.europa.eu>



Dairy Co: Not-for-profit organization working on behalf of Britain's dairy farmers
<http://www.dairyco.org.uk/>

Milk Prices & Contracts



- Farmgate Prices
- Wholesale Prices
- Market Indicators
- League Tables

[View All...](#)

Dairy Sales & Consumption



- Liquid Milk Market
- Cheese Market
- Yogurt Market
- UK Retail Prices

[View All...](#)

Supply & Production



- Milk Supply
- Composition
- Hygiene
- UK Milk Diagram

[View All...](#)

Processing & Trade



- Imports & Exports
- Liquid Milk Margins
- Product Production
- EU Market Support

[View All...](#)

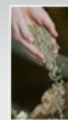
Farming Data



- TB Data
- Producer Numbers
- Milk Yield
- Cow Numbers

[View All...](#)

Farm Expenses



- Cow & Heifer Prices
- Feed Prices
- Fertiliser Prices
- Fuel Prices

[View All...](#)

Statistics New Zealand

<http://www.stats.gov.nz>

- Gov't Dept., National Statistical Office
- Downloadable Statistics Database
- Detailed info. on number, type & age of cows & slaughter
- Dairy input expense indexes
- Milk food price Index
- Export & Import quantities & values

LIC New Zealand

<http://www.lic.co.nz>

- Dairy Cooperative
- Annual Reports
- Number of cows & detailed info. on herds
- Average dairy co. payout per kg/ milksolids
- Production of milk & components

**Australian Bureau of Agricultural & Resource
Economics & Sciences**

Department of Agriculture, Fisheries & Forestry

<http://www.abares.gov.au>

Australian Commodities Quarterly Reports

- World View
- Production and Consumption Data
- Cow Numbers
- Provides world price forecasts for farmgate milk, WMP, SMP, cheddar cheese and butter
- Supply and Demand outlooks and prospects for specific products and in particular for Australia

Dairy Australia: Funded by government & dairy farmers

<http://www.dairyaustralia.com.au/>

Farmgate milk price

Farmgate milk price is the price farmers receive from processors for the milk they produce.

> [Learn more](#)



EU indicative export prices

Australian farm gate returns are heavily influenced by international market conditions and...

> [Learn more](#)

Milk price forecast

Dairy Australia provides a milk price forecast as part of the Situation & Outlook report, which...

> [Learn more](#)



US indicative export prices

Australian farm gate returns are heavily influenced by international market conditions and...

> [Learn more](#)



Prices for farm inputs

To help farmers make expenditure decisions, we provide updates on prices for key production inputs

Dairy Australia cont.

- Production & Sales Statistics
 - Milk Powder
 - Cheese (multiple varieties)
 - Butter
 - Casein & Whey
 - Fresh Products (yogurts, desserts, etc.)
- Cow Numbers & Prices
- Domestic Sales & Consumption Summaries

CLAL

<http://www.clal.it/>

- An Italian Dairy Economic Consulting firm
- Market Analysis: (production, stocks, prices) for milk and dairy products in Italy, Europe, US, Oceania, Argentina, etc.
- World trade flows: breakdown by the main dairy exporting and importing countries and by single dairy product
- Forecasts: dairy products short-term trend analyses for production, stocks, and prices.

CLAL cont. (Page extracted April 23, 2013)

| Market News Italy | Market News Europe | Market News World |
|--|--|--|
| ▼ I - Valtellina Casera Cheese, Production -29,59% | ▲ EU - Butter stock (ton) +107,10% | ▲ US - Butter stock +6,91% |
| ▼ I - Verona, foreign Skim Spot milk price -3,33% | ▼ Poland - Edam 42% price -0,53% | ▼ US - Cow's milk production -0,31% |
| ▲ I - Verona, Centrifuged Cream price +1,54% | ▲ Poland - Butter min 82% price +2,82% | ▲ US - Whey Protein Concentrate (34%) price +0,40% |
| ▲ I - Milan, Butter churned price +3,57% | ▼ US - Weekly Europe Brent Spot Price FOB -3,56% | ▲ US - Whey Powder Animal Feed price +3,85% |
| ▲ I - Milan - Butter CEE 1255/99 price +2,86% | ▼ Slovak Rep. - Edam 45% price -4,48% | ▲ US - Nonfat Dry Milk Price +3,70% |
| ▲ I - Milan, Butter pasteurised price +3,33% | ▼ Slovak Republic - Butter blocks price -1,88% | ▲ US - Cheese 40 # Blochs price +2,31% |
| ▼ I - Thiene, Asiago cheese mature price -14,68% | ▲ France - Whey Powder price +2,24% | ▲ US - Butter, Grade AA price +2,73% |
| ▼ I - Thiene, Asiago cheese fresh price -3,13% | ▲ France - Poudre 0%, Humaine - (SMP) +6,58% | ▼ Belarus - Milk Production -0,70% |

CLAL cont.

Market

| | |
|---|--|
| <p>Farm-gate & "spot" milk Overview World Europe Italy</p> | <p>Cheese Overview World Europe Italy</p> |
| <p>Butter and Cream Overview World Europe Italy</p> | <p>Whey and by-products Overview World Europe Italy</p> |
| <p>Milk Powders Overview World Europe</p> | |

CLAL cont.

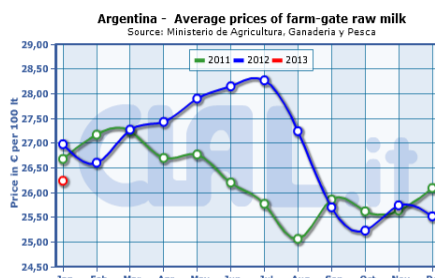
| Product | Price formation area | Product | Country and/or Region |
|--------------------|--------------------------------|--|--------------------------|
| Farm-gate raw milk | Argentina | Farm-gate raw milk | Germany (Bavaria) |
| Farm-gate raw milk | Brazil | Farm-gate raw milk | France (Rhône-Alpes) |
| Farm-gate raw milk | Chile | Farm-gate raw milk | Austria |
| Farm-gate raw milk | Japan | Farm-gate raw milk | Slovak Republic |
| Farm-gate raw milk | New Zealand | Farm-gate raw milk | Czech Republic |
| Farm-gate raw milk | Russia | Spot raw milk | The Netherlands |
| Farm-gate raw milk | United States of America (USA) | Connection between milk deliveries and milk price at farmgate | Germany (Bavaria) |
| Farm-gate raw milk | Uruguay | Connection between milk deliveries and milk price at farmgate | France (Rhône-Alpes) |
| | | Comparison between farm-gate prices of milk in some Eastern Europe Countries | Eastern Europe Countries |
| | | Comparison between farm-gate prices of milk in some Baltic Europe Countries | Baltic Countries |
| | | Milk: Comparative study in the European market area | European Market Area |

CLAL cont.

| Argentina Monthly average prices of farm-gate milk AR\$\$/Lt - € per 100 Lt. (VAT not included) | | | | | | | |
|---|----------------|--------------|----------------|--------------|----------------|--------------|------------------|
| Survey Date | 2011 AR\$\$ | 2011 € | 2012 AR\$\$ | 2012 € | 2013 AR\$\$ | 2013 € | ± on 2012 (€) |
| January | 1,42 | 26,68 | 1,50 | 26,98 | 1,73 | 26,24 | -2,76% |
| February | 1,49 | 27,17 | 1,53 | 26,60 | | | |
| March | 1,54 | 27,24 | 1,57 | 27,27 | | | |
| April | 1,57 | 26,70 | 1,59 | 27,43 | | | |
| May | 1,57 | 26,77 | 1,59 | 27,90 | | | |
| June | 1,54 | 26,20 | 1,58 | 28,15 | | | |
| July | 1,51 | 25,77 | 1,58 | 28,27 | | | |
| August | 1,50 | 25,06 | 1,56 | 27,24 | | | |
| September | 1,50 | 25,86 | 1,54 | 25,70 | | | |
| October | 1,48 | 25,62 | 1,55 | 25,23 | | | |
| November | 1,48 | 25,64 | 1,58 | 25,74 | | | |
| December | 1,47 | 26,09 | 1,63 | 25,52 | | | |
| Avg Annual Price | 1,51 | 26,23 | 1,57 | 26,84 | 1,73 | 26,24 | |
| ± on the previous year | | | +4,1% | +2,3% | +10,1% | -2,2% | |

(e) = estimated price
Conversion in € is calculated using the average exchange rate of the reference month.

Source: Ministerio de Agricultura, Ganadería y Pesca



Visit the pages below:

- [Farm-gate milk prices - Italy, Brazil, Argentina, Chile, Uruguay \(comparison\)](#)
- [Argentina: Milk Deliveries](#)

CLAL cont.

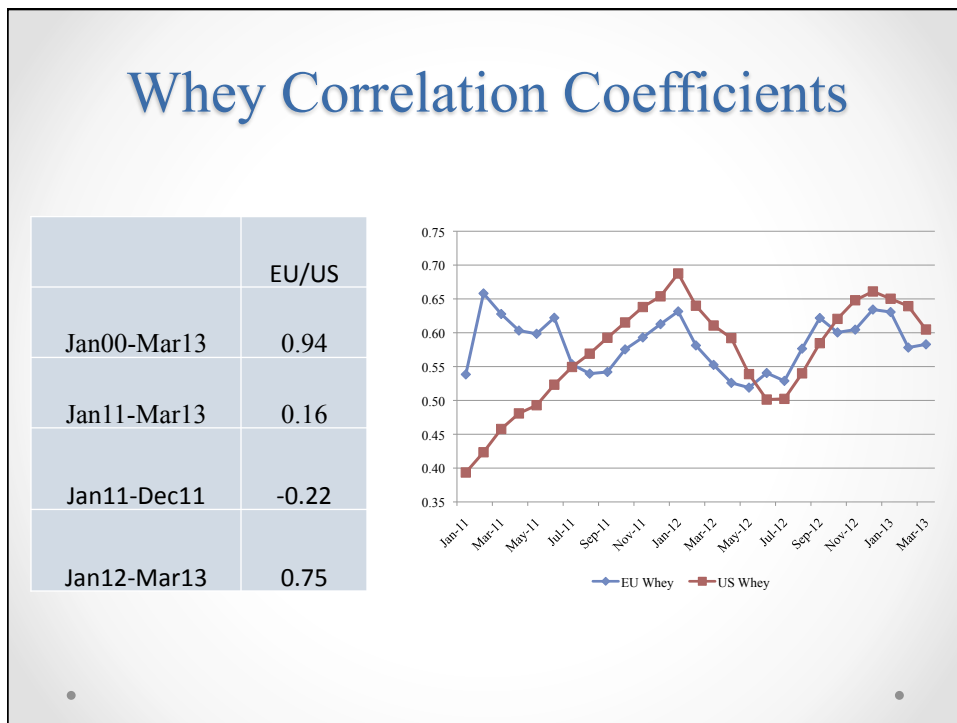
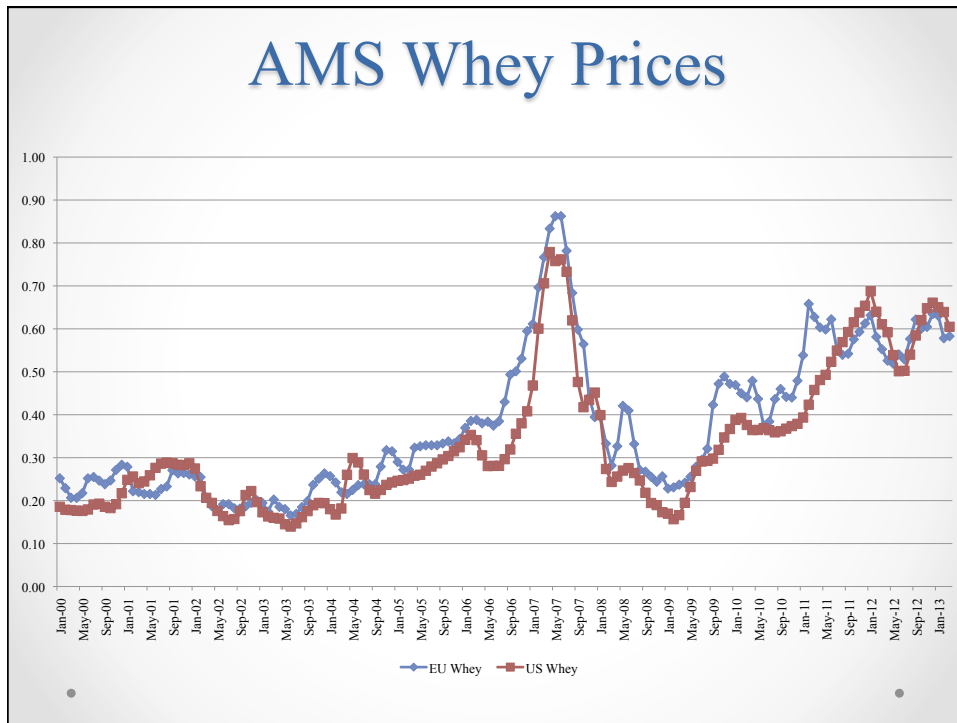
- Focus on Italy
- Other EU countries: France, Germany, Poland, Netherlands, Czech Republic, Slovak Republic
- Cheese
 - Japan import prices for caseins
- Butter
 - Malaysia palm oil wholesale prices
- WMP
 - Argentina wholesale prices

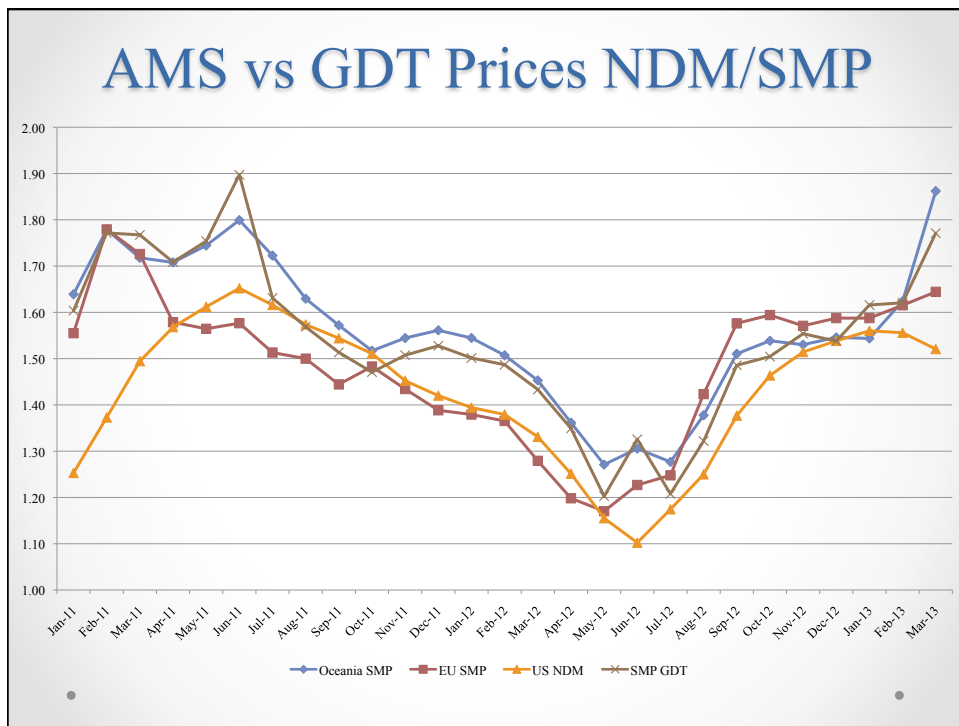
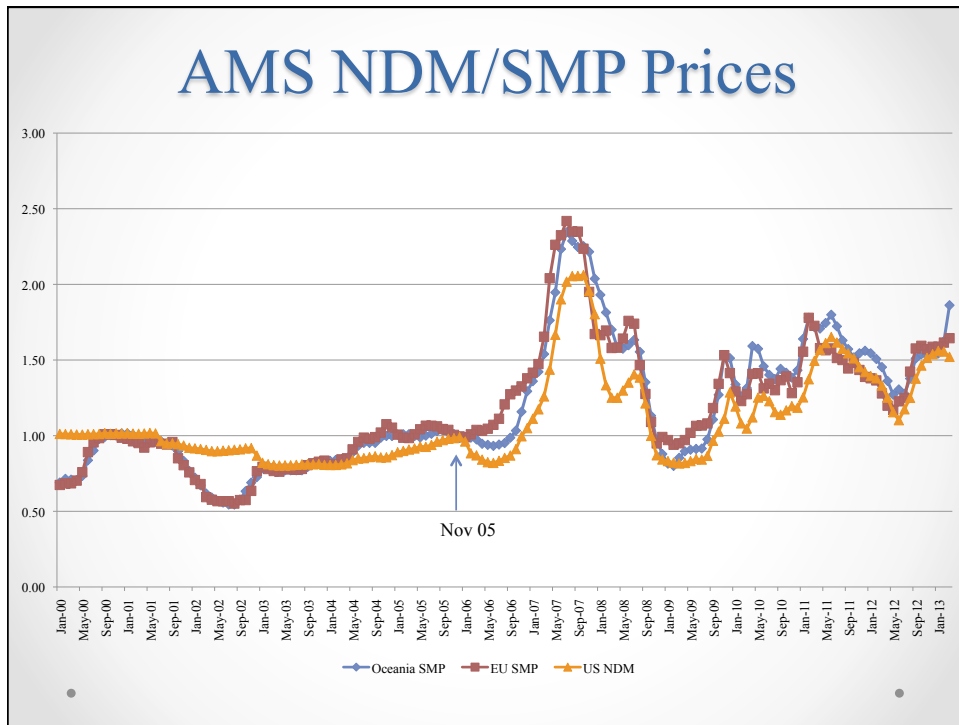
Global Trade Information Services Inc. (GTIS)

<http://www.gtis.com/english/>

- Private Company – must pay for this product
- Import and Export Bi-lateral Customs Data
- Monthly and Annual
- More than 80 countries
- By HTS codes
 - At the six digit level codes are harmonized among countries
 - Goes further than six digits for some countries

Price Graphs & Correlation Coefficients



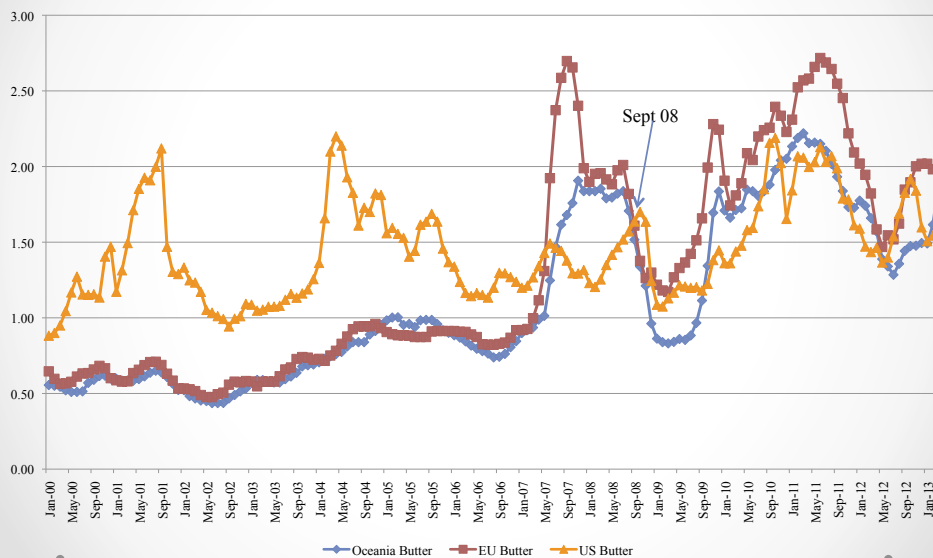


SMP/NDM Correlation Coefficients

| | OC/EU | OC/US | EU/US |
|-------------|-------|-------|-------|
| Jan00-Mar13 | 0.97 | 0.93 | 0.88 |
| Jan05-Mar13 | 0.94 | 0.83 | 0.90 |
| Jan11-Mar13 | 0.82 | 0.77 | 0.67 |
| Jan12-Mar13 | 0.82 | 0.84 | 0.89 |

| | OC/GDT | EU/GDT | US/GDT |
|-------------|--------|--------|--------|
| Jan11-Mar13 | 0.97 | 0.83 | 0.83 |

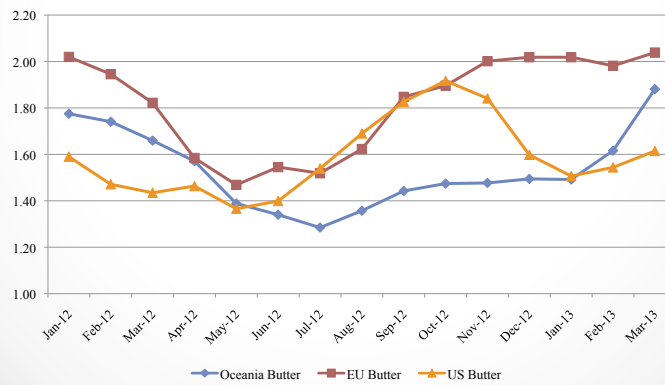
AMS Butter Prices



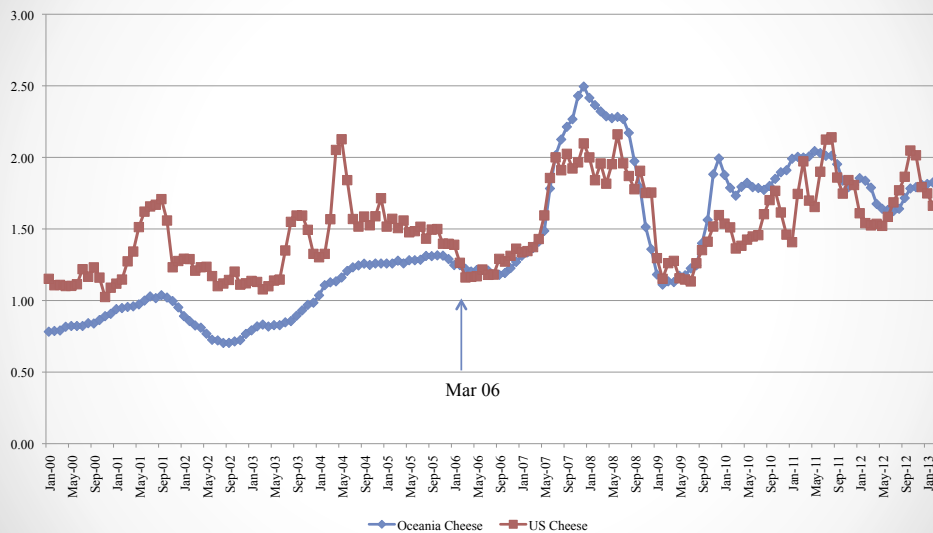
Butter Correlation Coefficients

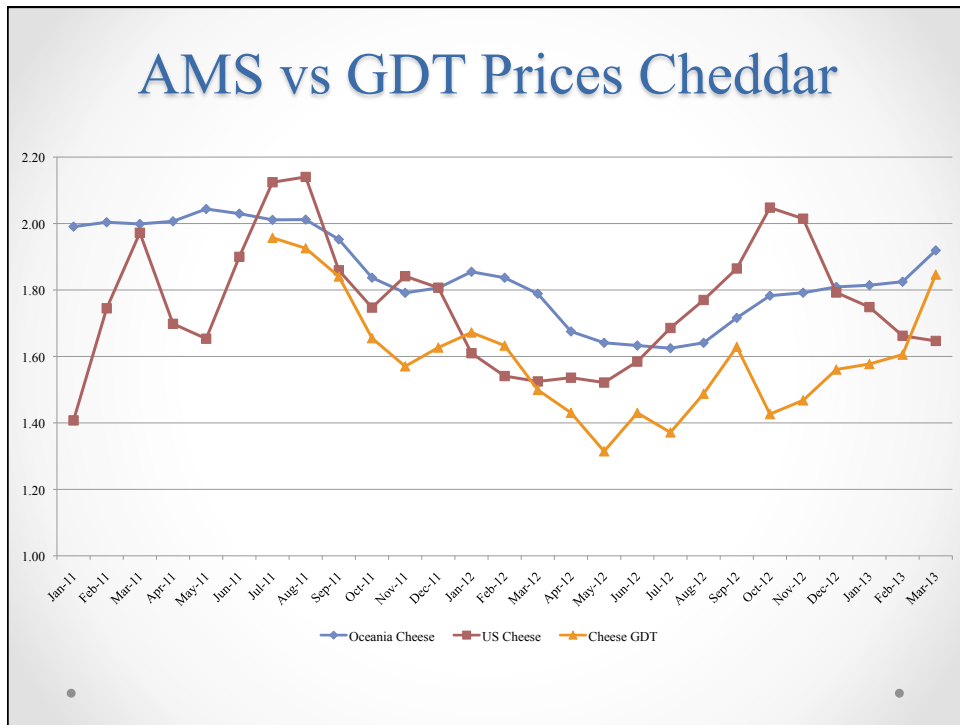
Note: GDT first butter event was February 2013

| | OC/EU | OC/US | EU/US |
|-------------|-------|-------|-------|
| Jan00-Mar13 | 0.96 | 0.52 | 0.48 |
| Jan08-Mar13 | 0.90 | 0.71 | 0.77 |
| Jan11-Mar13 | 0.91 | 0.74 | 0.86 |
| Jan12-Mar13 | 0.65 | -0.08 | 0.41 |



AMS Cheddar Prices





Cheddar Correlation Coefficients

| | | |
|-------------|--------|--------|
| | OC/US | |
| Jan00-Mar13 | 0.78 | |
| Jan06-Mar13 | 0.84 | |
| Jan11-Mar13 | 0.53 | |
| Jan12-Mar13 | 0.11 | |
| | OC/GDT | US/GDT |
| Jul11-Mar13 | 0.91 | 0.47 |

Contact Information

Agricultural Marketing Service, Dairy Programs

<http://www.ams.usda.gov/AMsv1.0/dairy>

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