



US Dairy Products Commercial Disappearance

September 2019

US Dairy Commercial Disappearance: Key Takeaways Within Report



- Total cheese disappearance marked the strongest September demand on record and was spurred higher by both higher domestic and export demand. Domestic disappearance has performed better versus prior year for six of the nine months this year to date.
- Total butter disappearance dropped lower versus both prior year and prior month levels even as total volumes remained higher versus the slower demand months of May-July.
- NDM domestic disappearance fell in half versus in August, DOWN 51.1%. Over the past five years, September domestic demand has grown on average 7.7% versus August, pushing this September well opposite of trend.
- Total dry whey disappearance jumped higher versus prior year for the strongest year over year gain since April 2018! The move higher was driven by continued strong domestic disappearance.
- Total WPC disappearance remained lower versus prior year levels for the eighth consecutive month as both domestic and export disappearance dropped lower.
- Lower exports were the key factor pulling total lactose disappearance down as domestic demand remained UP for the second consecutive month.

September 2019 U.S. Dairy Product Commercial Disappearance

Commodity	Total					Domestic					Export				
	Million Pounds	Metric Tons	vs. last year	vs. last month	YTD vs. prior year	Million Pounds	Metric Tons	vs. last year	vs. last month	YTD vs. prior year	Million Pounds	Metric Tons	vs. last year	vs. last month	YTD vs. prior year
American Cheese	413.3	187,470	+0.8%	-8.8%	+1.3%	402.5	182,571	+0.7%	-8.7%	+1.1%	10.7	4,853	+4.9%	-11.5%	+6.1%
Other Cheese	693.3	314,476	+5.7%	+5.7%	+2.2%	643.5	291,887	+5.1%	+5.3%	+2.2%	49.7	22,544	+13.0%	+11.2%	+2.5%
Total Cheese	1,106.6	501,945	+3.8%	-0.2%	+1.8%	1,046.0	474,458	+3.4%	-0.6%	+1.7%	60.4	27,397	+11.4%	+6.3%	+3.3%
Butter	149.0	67,585	-2.4%	-10.9%	-0.2%	145.4	65,952	-2.0%	-11.3%	+0.9%	3.6	1,633	-18.2%	+9.4%	-30.8%
NDM & SMP	187.2	84,912	+3.8%	-5.0%	-3.3%	43.2	19,595	-32.9%	-51.1%	+11.6%	144.0	65,317	+24.2%	+32.4%	-11.0%
Dry Whey	84.9	38,510	+14.6%	+9.3%	-9.3%	57.6	26,127	+47.7%	+18.6%	+10.7%	27.4	12,428	-22.2%	-5.9%	-31.0%
WPC	40.8	18,507	-17.9%	-8.9%	-9.9%	17.2	7,802	-28.0%	-25.6%	+16.4%	23.6	10,705	-8.9%	+8.9%	-27.9%
Lactose	96.0	43,545	-0.3%	+1.4%	+3.7%	32.1	14,560	+16.3%	+17.6%	+40.1%	63.9	28,985	-7.0%	-5.1%	-8.4%

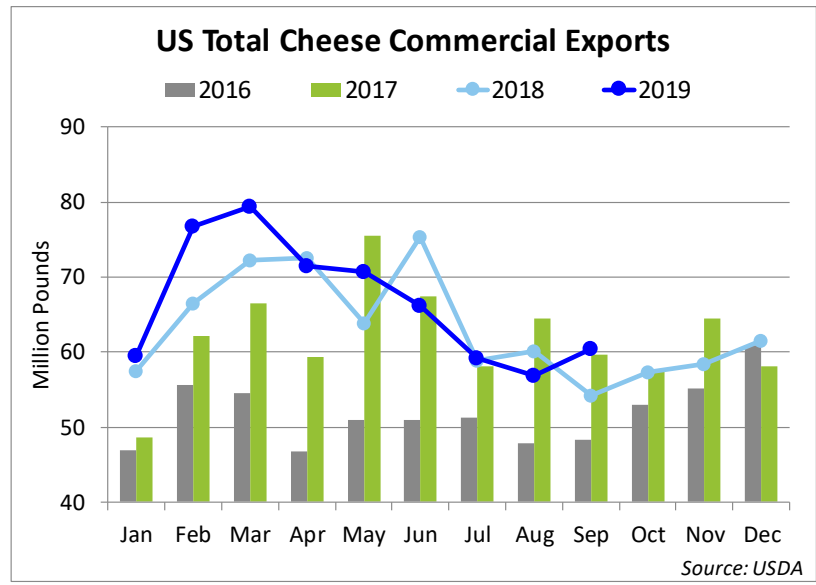
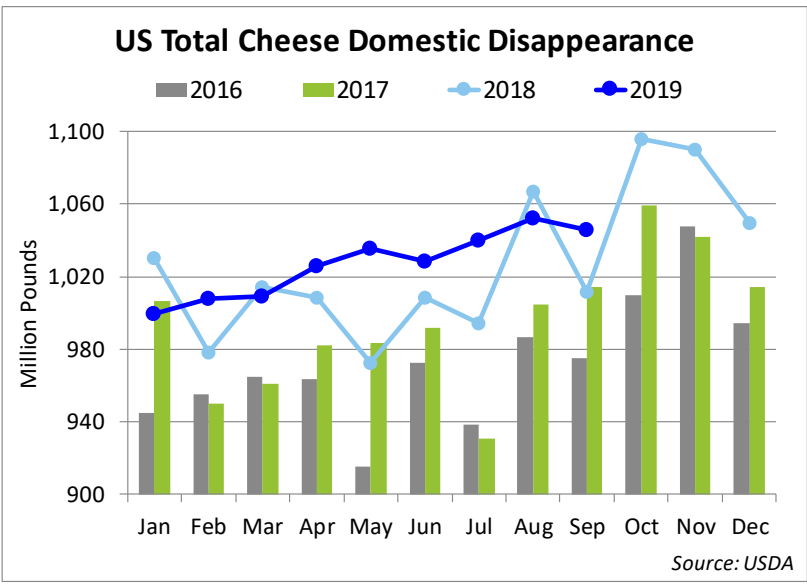
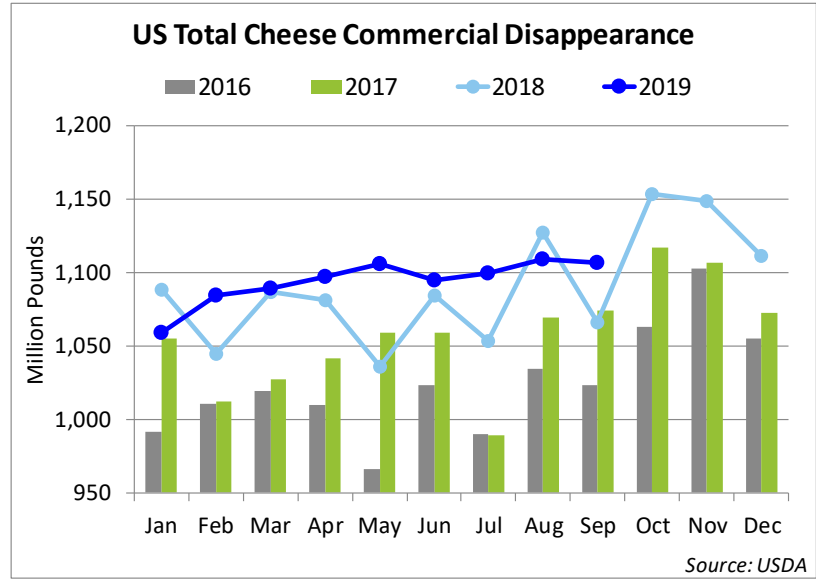
Source: USDA

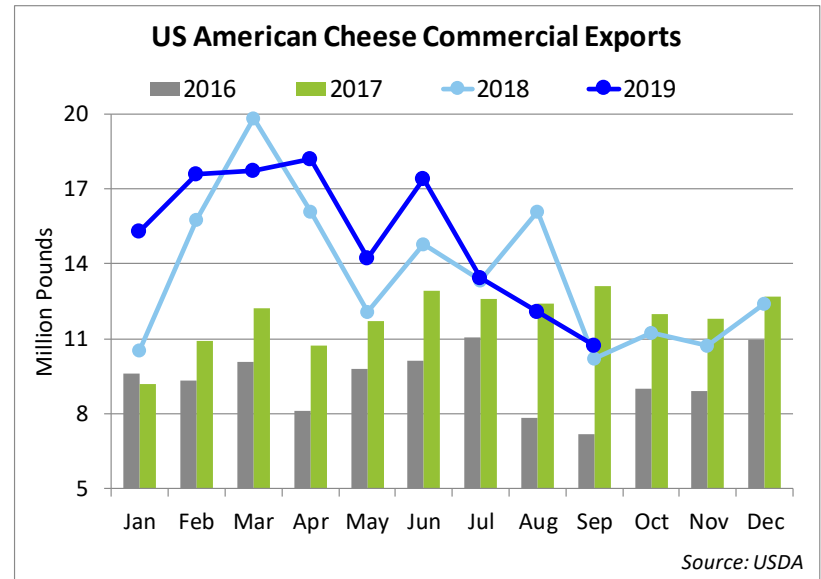
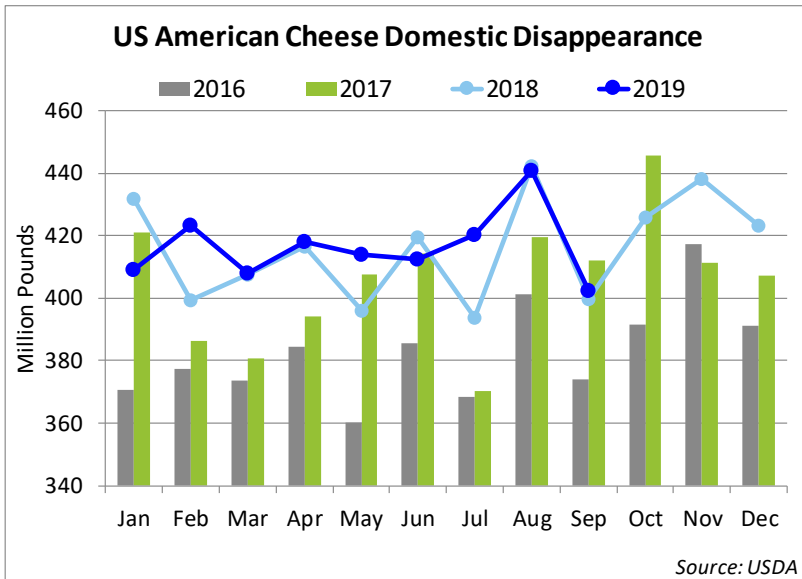
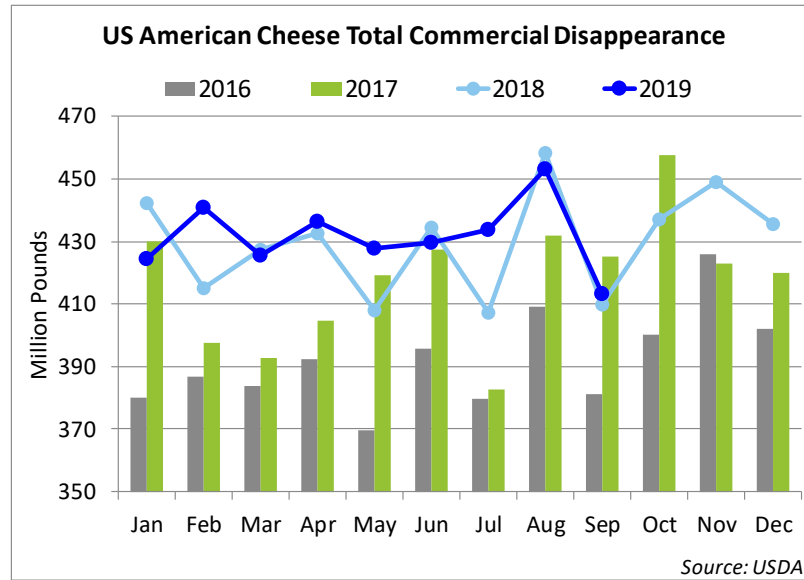
(all percentages adjusted to 30-day months)

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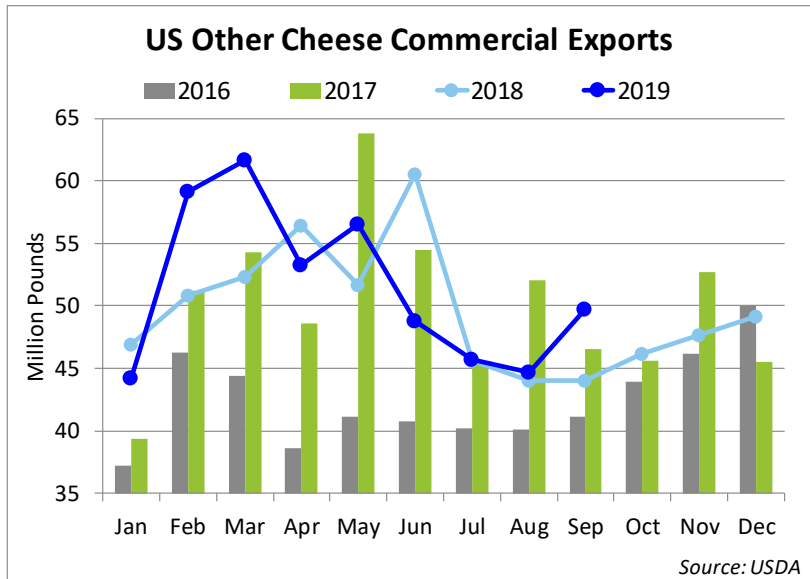
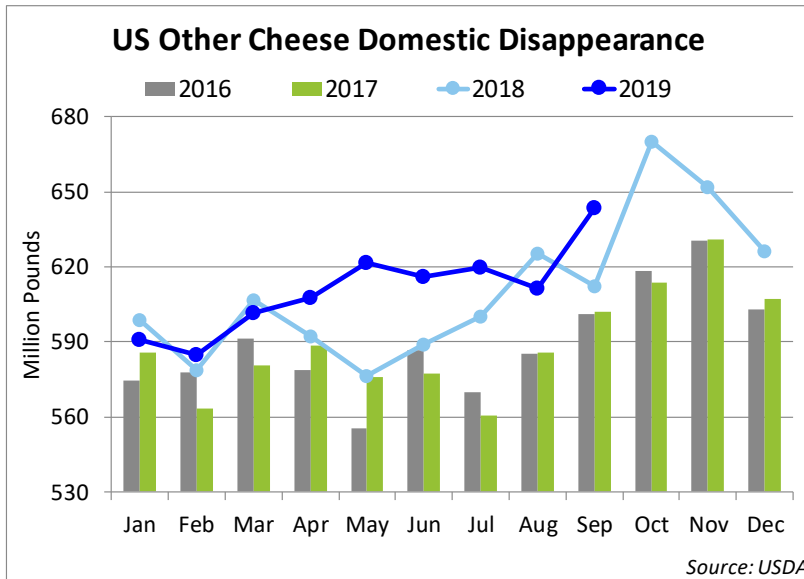
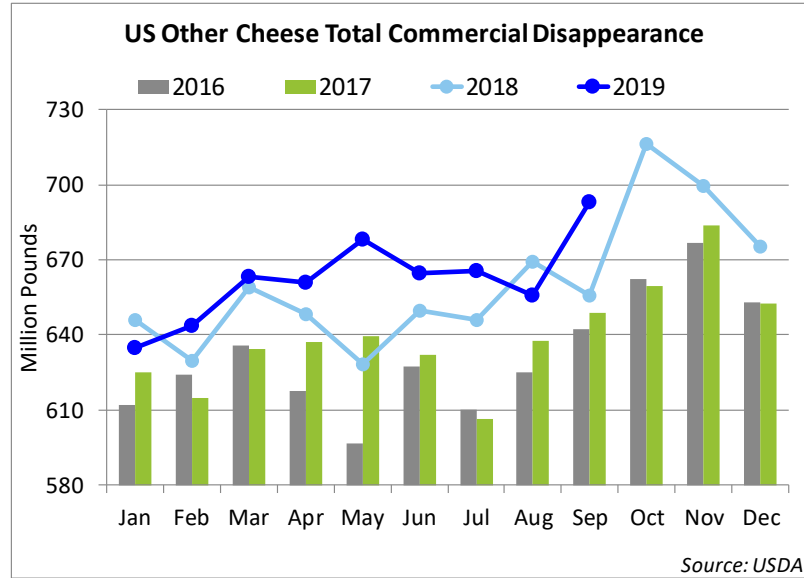
US Commercial Disappearance: Cheese

- Total cheese disappearance moved higher versus prior year into September after falling lower in August and marked the second strongest disappearance year to date, also after August's good demand. The month marked the strongest September demand on record. Cheese demand will likely move stronger still into the peak demand months of Q4.
- Total cheese disappearance was spurred higher by both domestic and export demand. Domestic disappearance has performed better versus prior year for six of the nine months this year to date. On a year to date basis, total disappearance remains UP 1.8% versus the first nine months of 2018 for a gain of 177.6 million pounds.
- Other-than-American cheese was a key driver of the total cheese disappearance, jumping 5.7% YoY for the strongest growth versus prior year since May. American-style cheese disappearance still outperformed prior year but by just 0.8%. Year to date disappearance remains stronger for both American and non-American styles.





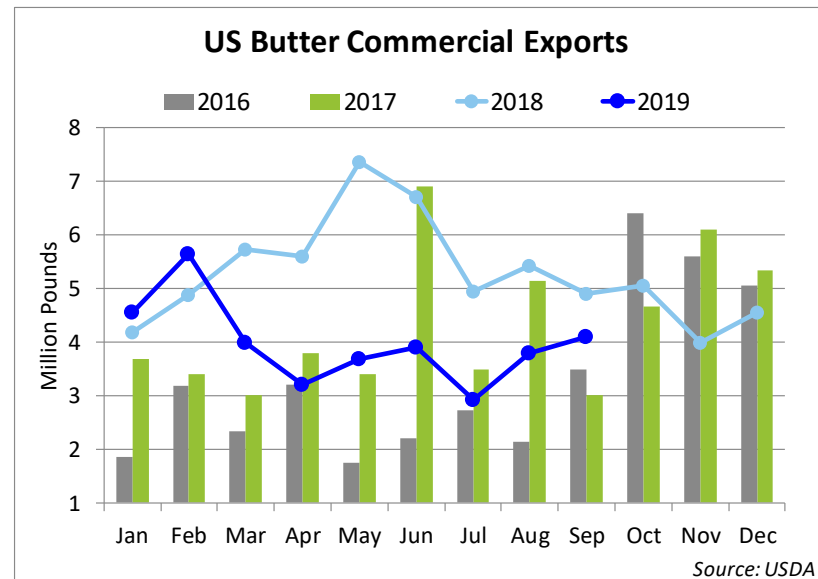
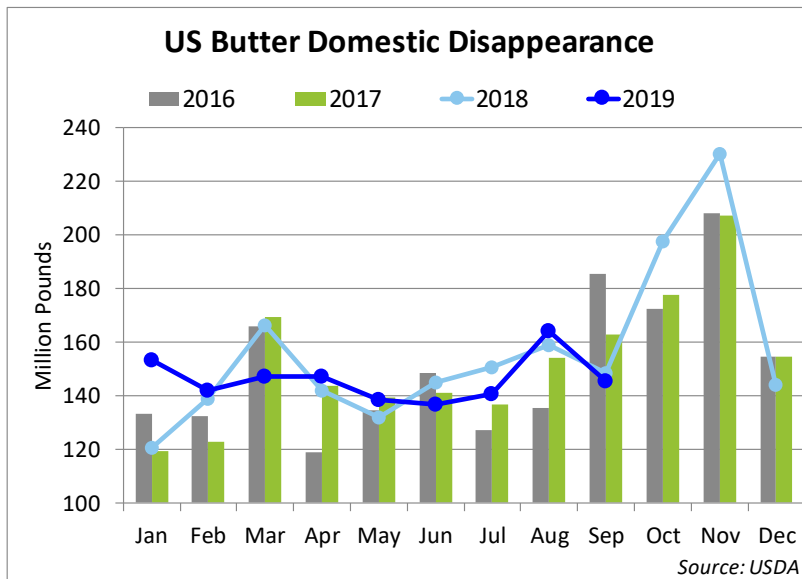
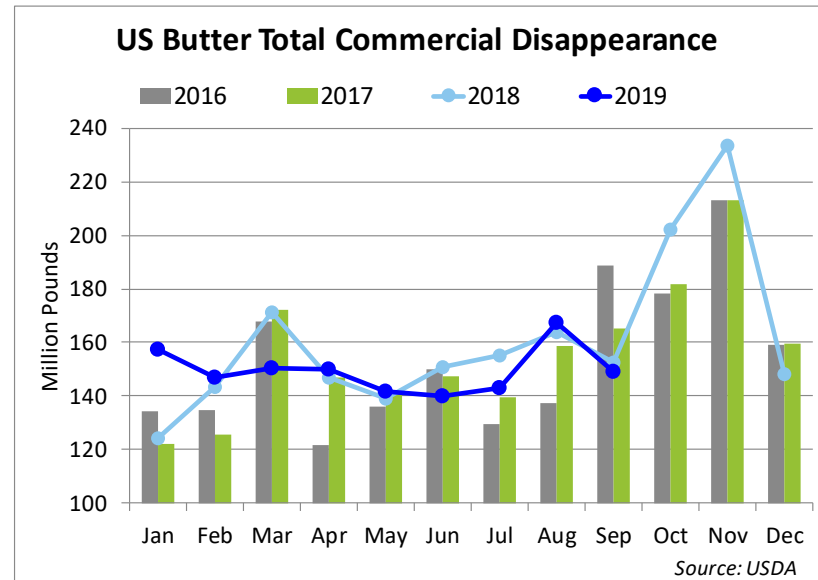
(All graphs in this report are in millions of pounds, adjusted for 30 day months unless stated otherwise. Source: USDA)



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US Commercial Disappearance: Butter

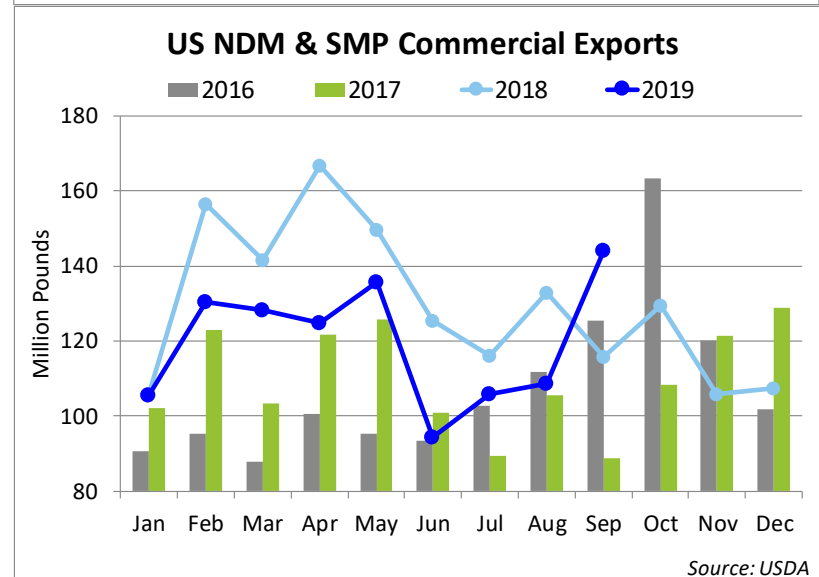
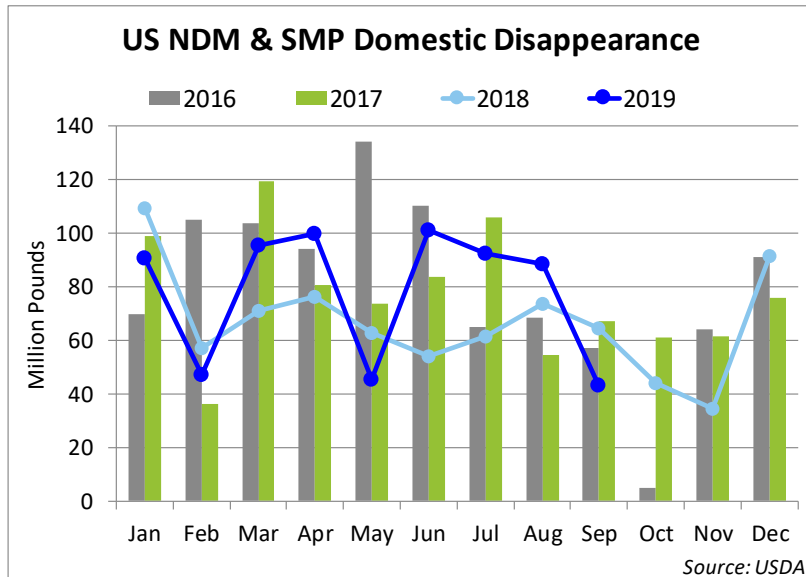
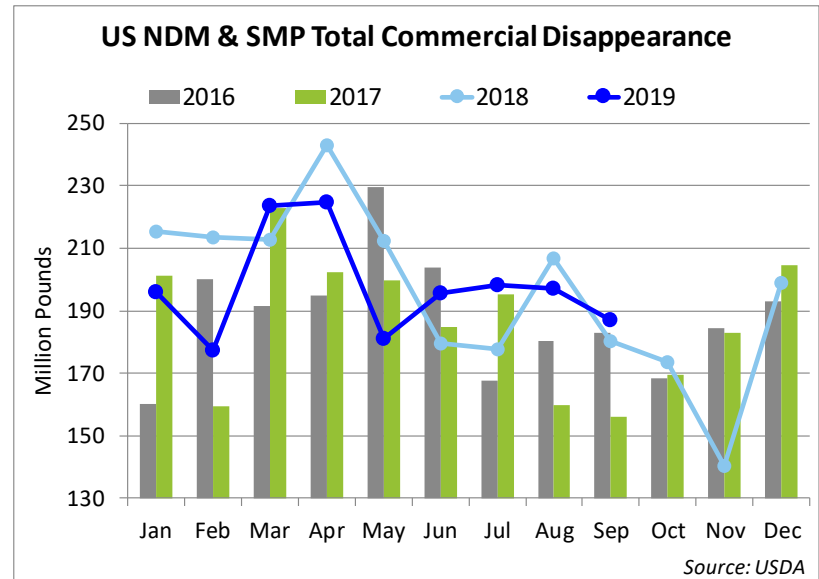
- Total butter disappearance dropped lower versus both prior year and prior month levels even as total volumes remained higher versus the slower demand months of May-July. On a year to date basis, total disappearance moved back lower versus prior year after showing a 0.1% gain at the end of August.
- Total disappearance moved DOWN 10.9%, sharply opposite the five-year average 8.8% CLIMB in September disappearance versus August. By August, bearish sentiment had taken hold of the market, which may have caused some buyers to hold off butter purchases in anticipation of lower prices to arrive into Q4.
- Domestic disappearance remains UP year to date, but the demand collapse in exports continues to pull total disappearance lower. Domestic disappearance also saw a sharp decline into September versus the prior month even as exports climbed to their highest level since February.



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US Commercial Disappearance: NDM & SMP

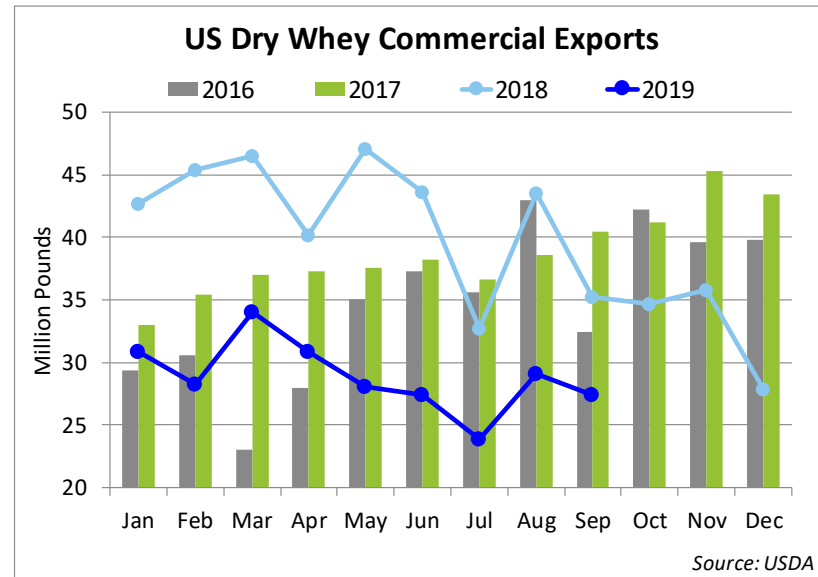
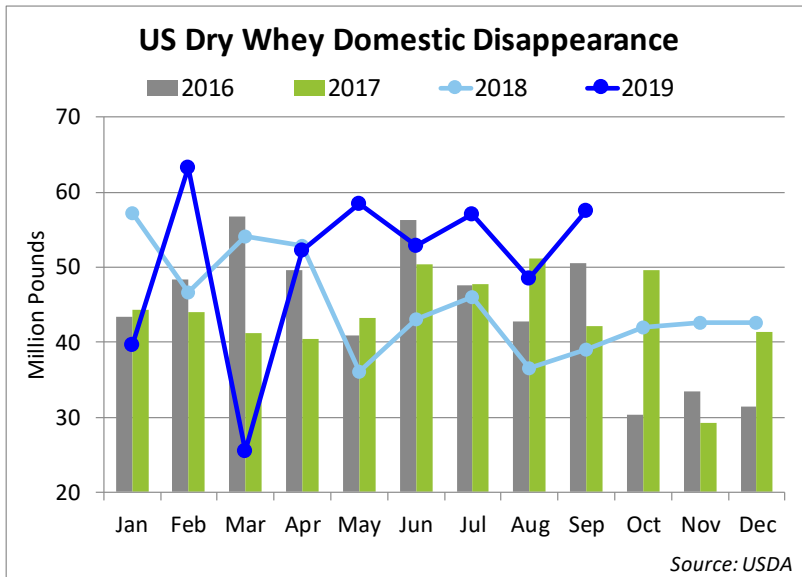
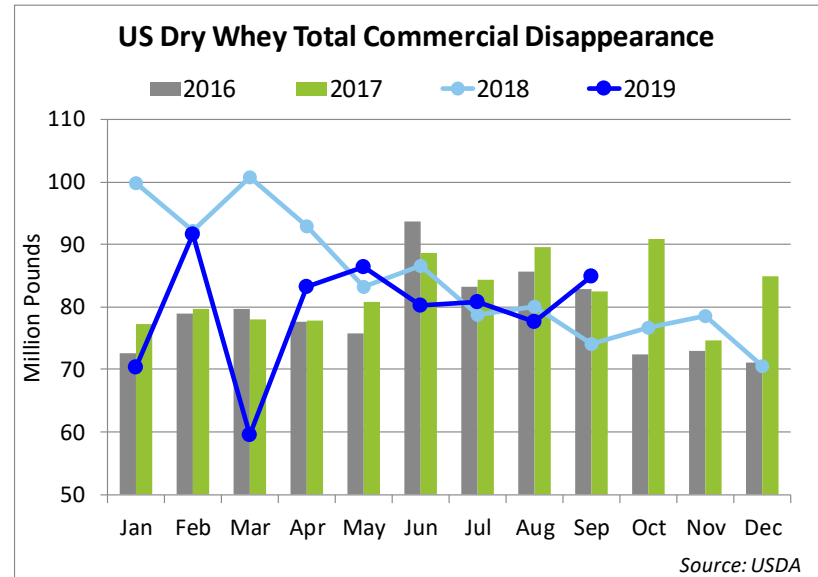
- Total disappearance climbed higher versus prior month driven by sharply stronger exports in the month that overcame lower domestic disappearance. September marked the strongest total disappearance for the month since 2014.
- Year to date disappearance still remains DOWN versus 2018. Domestic and export demand year to date are almost the exact opposite of each other: domestic disappearance remains UP 11.6% while export disappearance remains DOWN 11.0% year to date. With exports accounting for a larger percentage of overall demand, lower exports year to date are keeping total disappearance lower as well.
- Domestic disappearance fell in half versus in August, DOWN 51.1%. Over the past five years, September domestic demand has grown on average 7.7% versus August, pushing this September well opposite of trend.



(All graphs in this report are in millions of pounds, adjusted for 30 day months unless stated otherwise. Source: USDA. NDM/SMP charts reflect HG Dairy Estimates)

US Commercial Disappearance: Dry Whey

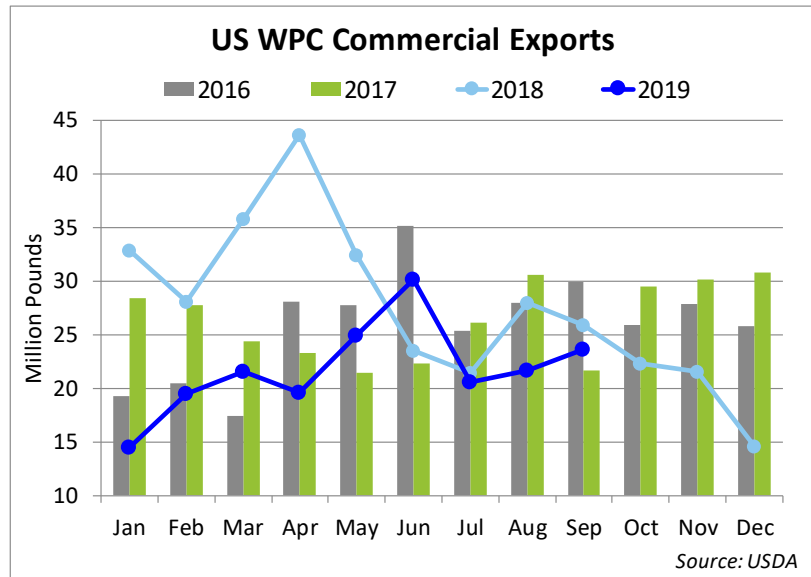
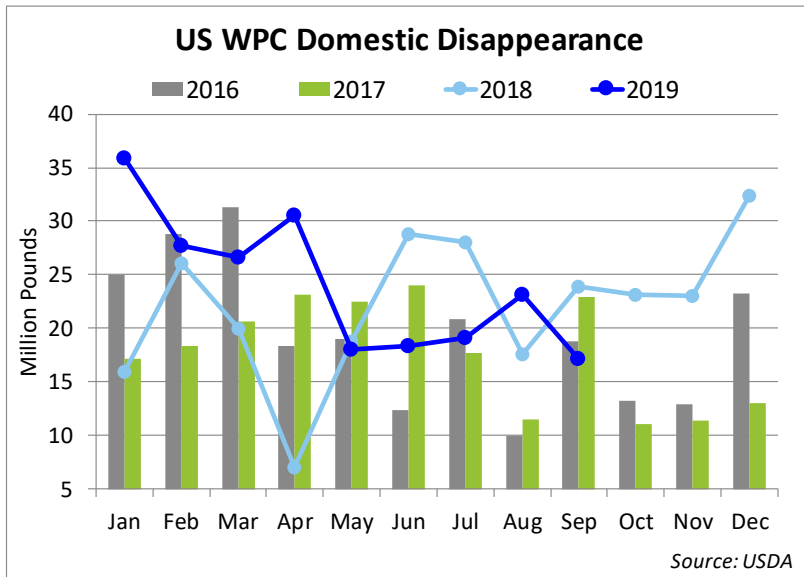
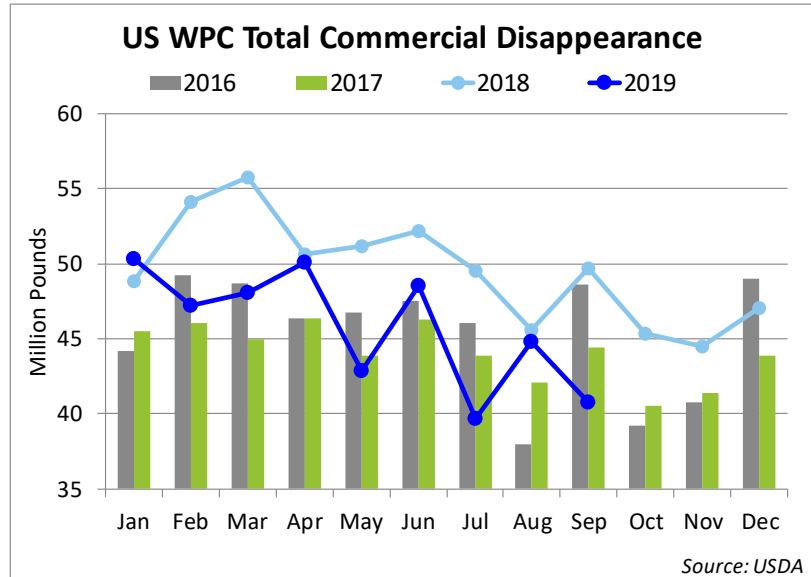
- Total dry whey disappearance jumped higher versus prior year for the strongest year over year gain since April 2018! The move higher was driven by continued strong domestic disappearance that jumped a whopping 47.7% higher versus prior year. Domestic dry whey disappearance has been UP a double digit percentage for five consecutive months now, driving year to date domestic disappearance UP a strong 10.7% for the first nine months of the year.
- On a volume basis, both total and domestic disappearance were the strongest for a single month since May.
- Exports continue to drag lower driven by sharply lower Chinese demand. September marked the 13th consecutive month of lower exports versus prior year. It was the lowest September exports since 2015.



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US Commercial Disappearance: WPC

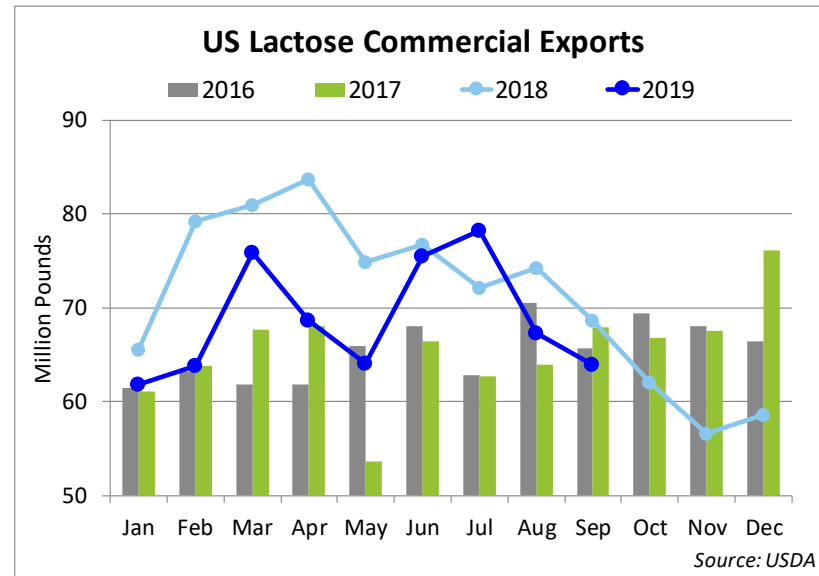
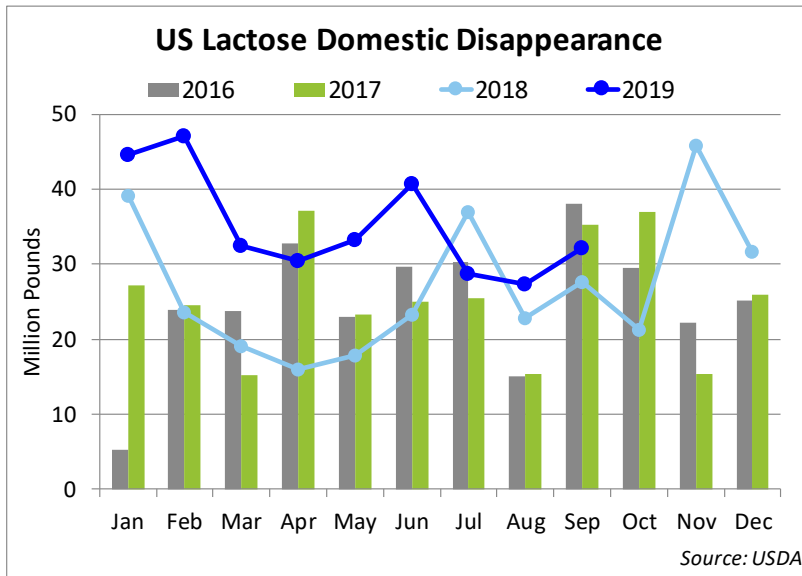
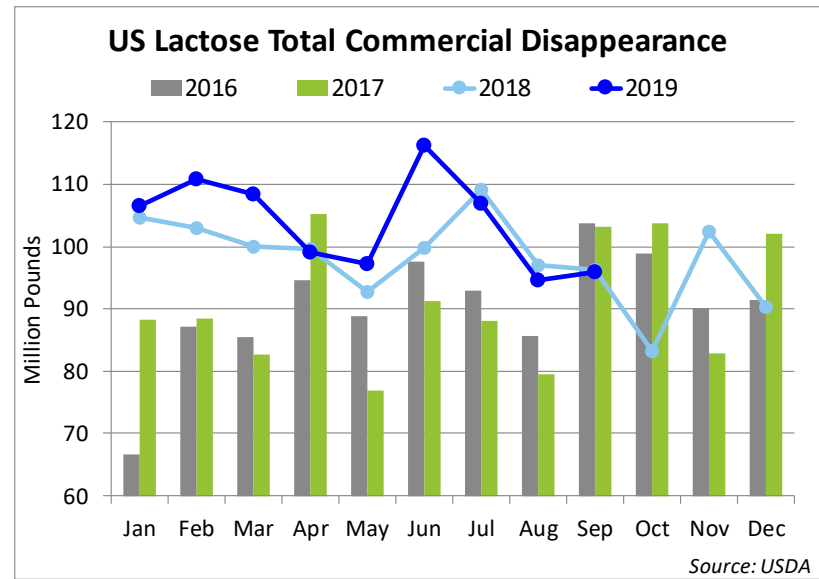
- Total WPC disappearance remained lower versus prior year levels for the eighth consecutive month as both domestic and export disappearance dropped lower. On a volume basis, September was the second lowest disappearance of the year to date with only July showing lower total WPC disappearance.
- Domestic WPC disappearance marked the lowest monthly volume of the year to date. It was the lowest WPC domestic disappearance since May 2018. For the month of September, domestic demand was the lowest since 2015. However, due to strong demand earlier in the year, year to date domestic disappearance remains UP 16.4% versus the first nine months of 2018.
- Exports remained lower for the third consecutive month but climbed higher versus both July and August. Lower exports year to date continue to pull total WPC disappearance DOWN on a year to date basis.



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US Commercial Disappearance: Lactose

- Lactose disappearance slipped just slightly lower versus prior year and marked the third consecutive month of lower disappearance. Good demand earlier in the year has continued to support year to date disappearance which remains UP 3.7%.
- Lower exports were the key factor pulling total disappearance down as domestic demand remained UP for the second consecutive month. Domestic demand has been especially strong, UP 40.1%, keeping pace with record US production seen throughout most of this year.
- Even though domestic disappearance was UP YoY in September, volumes were DOWN versus both 2016 and 2017. On a monthly basis, September domestic disappearance climbed 17.6% versus August versus the five-year average 53.6% climb higher.

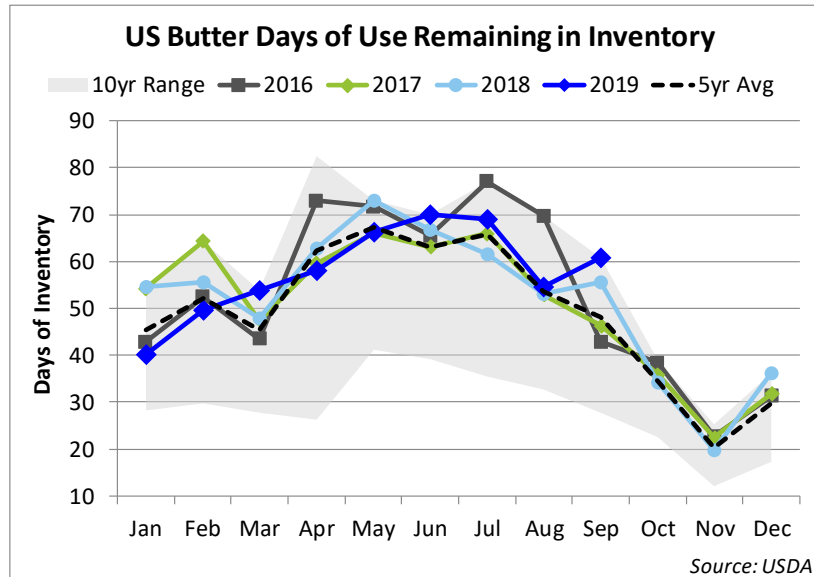
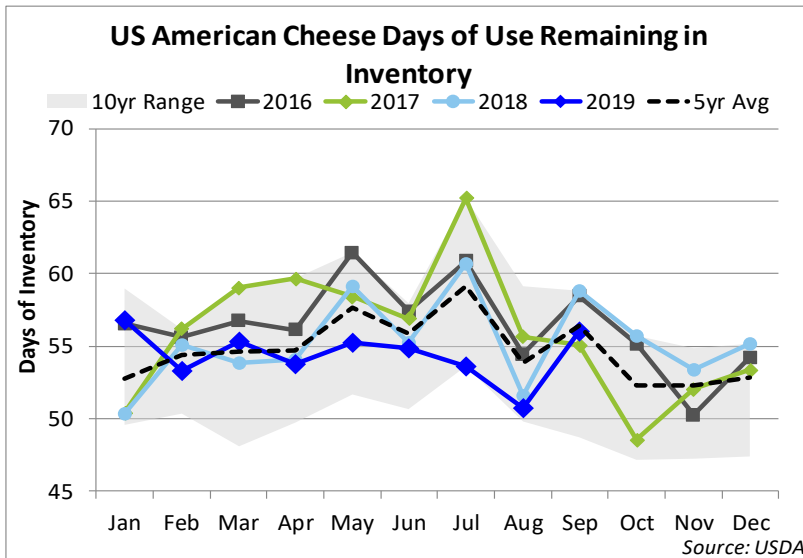
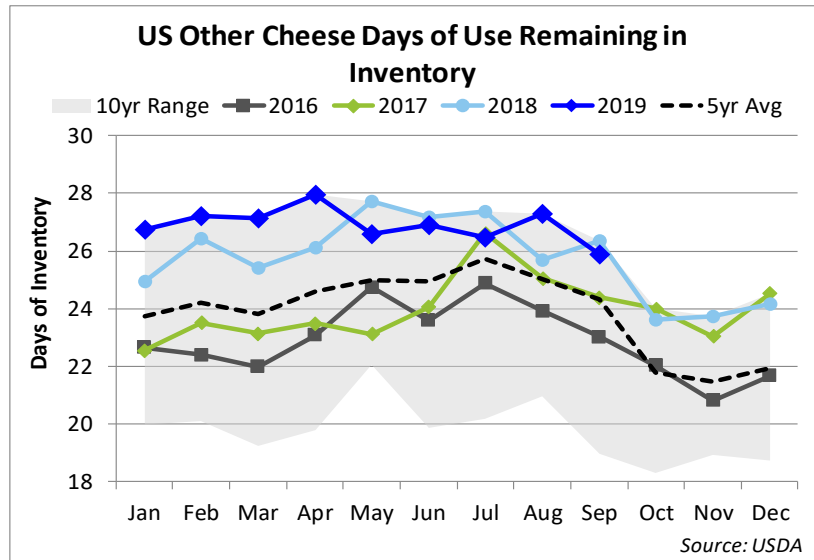
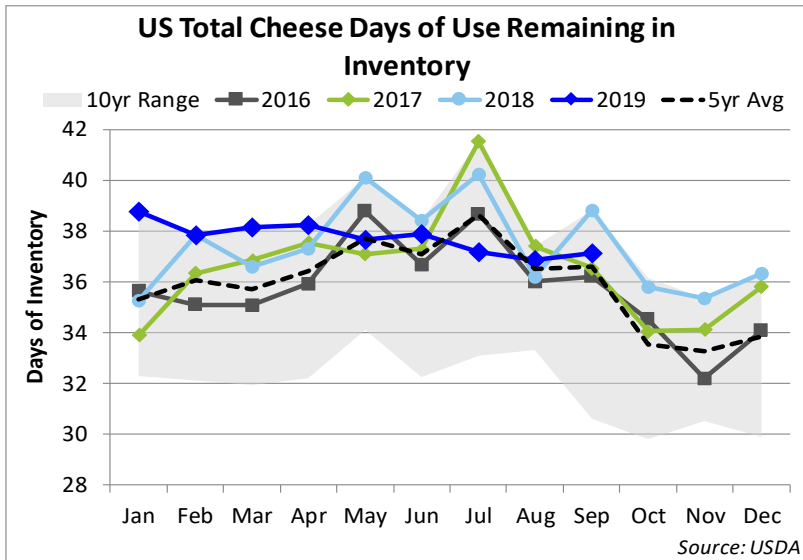


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US Commercial Disappearance: Inventory Days on Hand



Dairy

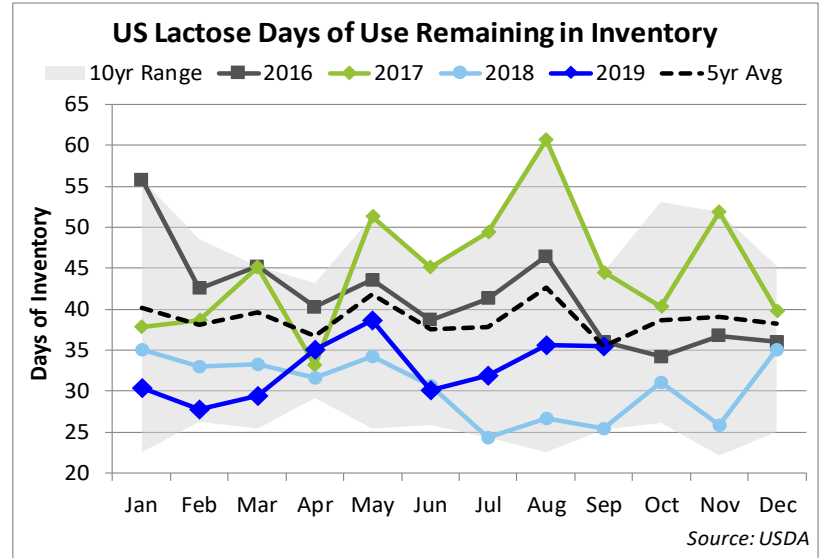
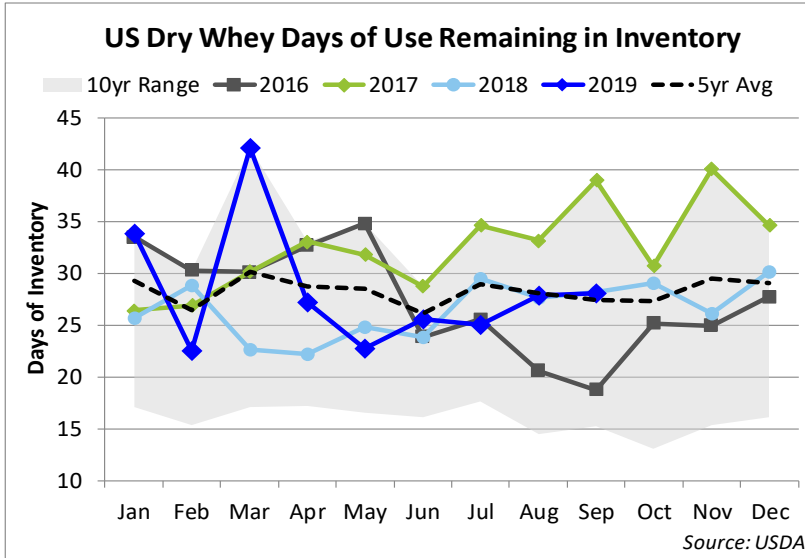
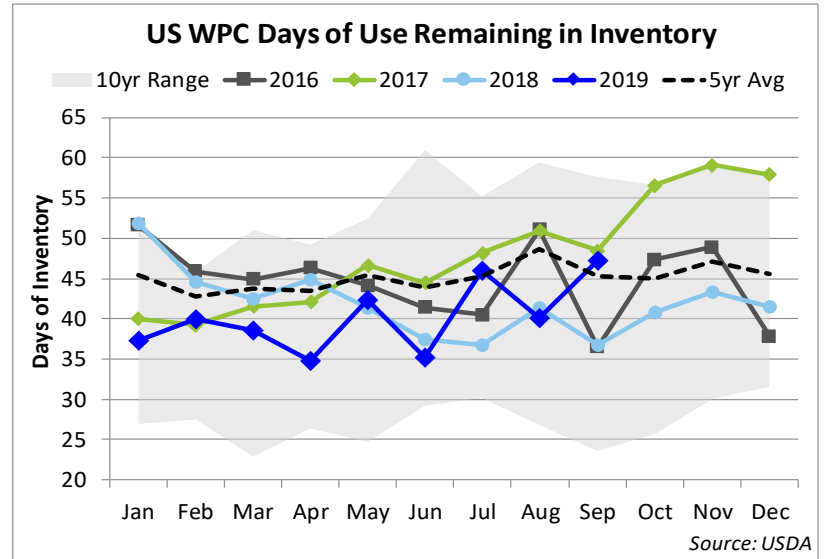
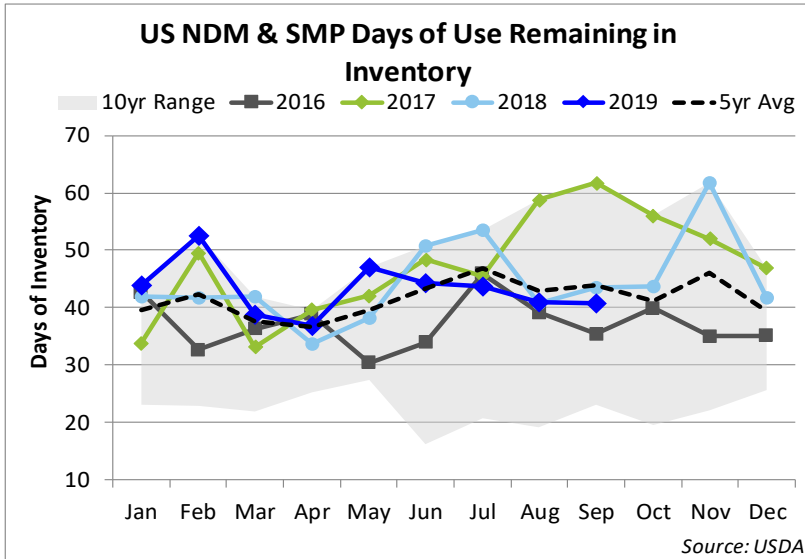


(All graphs in this report are in millions of pounds, 10 YR Range is from 2010 to 2019. Source: USDA)

US Commercial Disappearance: Inventory Days on Hand



Dairy



(All graphs in this report are in millions of pounds, 10 YR Range is from 2010 to 2019. Source: USDA)

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