

COLD

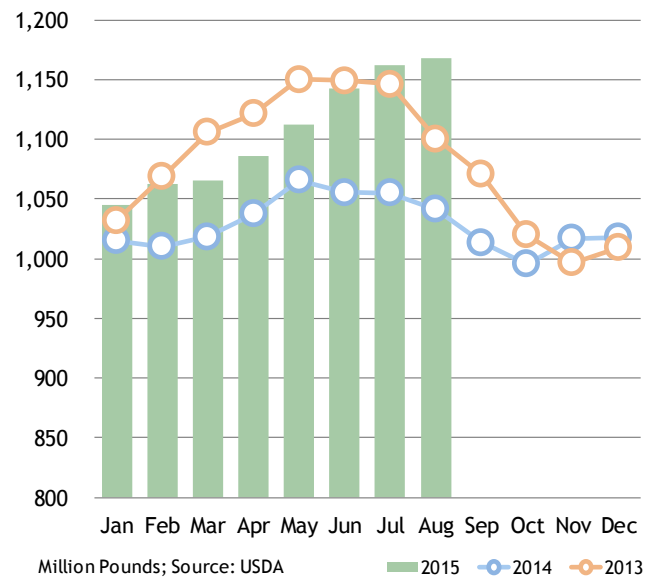
Volume 8 • Number 9
September 22, 2015

storage

Total Cheese Stocks (million pounds)

Month	2011	2012	2013	2014	2015	Change
Jan	1,052	1,020	1,032	1,015	1,045	3%
Feb	1,035	1,026	1,069	1,010	1,063	5%
Mar	1,029	1,045	1,106	1,018	1,065	5%
Apr	1,040	1,072	1,121	1,038	1,086	5%
May	1,049	1,069	1,150	1,066	1,112	4%
Jun	1,051	1,095	1,149	1,055	1,142	8%
Jul	1,085	1,093	1,146	1,055	1,162	10%
Aug	1,065	1,049	1,100	1,041	1,168	12%
Sep	1,046	1,040	1,071	1,014		
Oct	1,018	995	1,020	996		
Nov	978	986	997	1,017		
Dec	992	1,023	1,009	1,018		

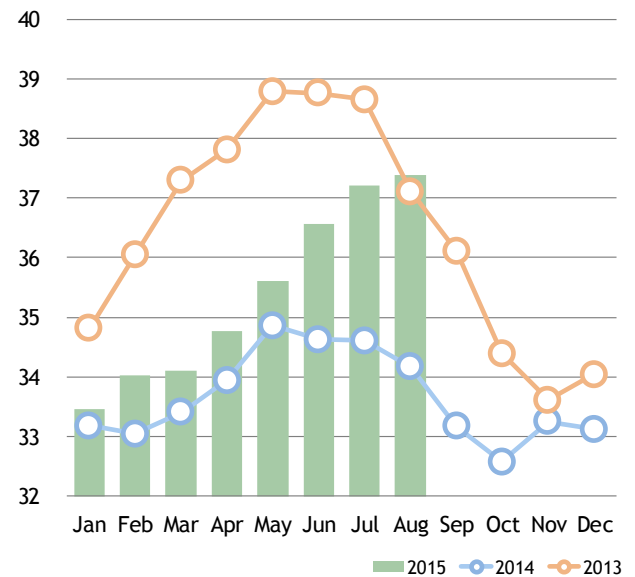
Total Cheese Stocks



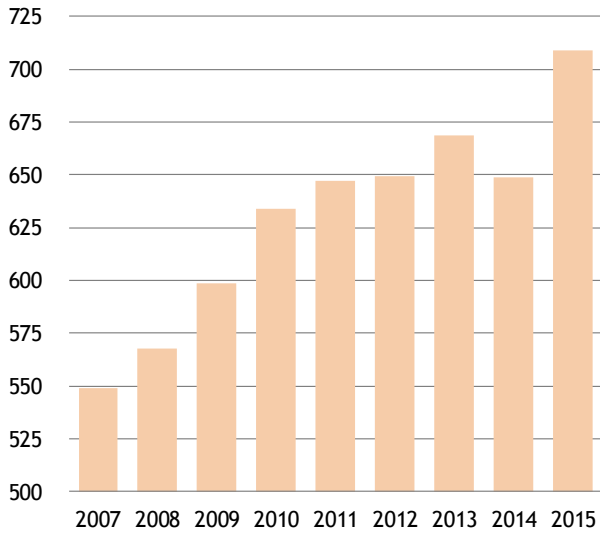
Total Cheese: Days Supply in Storage

Month	2011	2012	2013	2014	2015	Change
Jan	37	35	35	33	33	1%
Feb	37	35	36	33	34	3%
Mar	36	36	37	33	34	2%
Apr	37	37	38	34	35	2%
May	37	37	39	35	36	2%
Jun	37	38	39	35	37	6%
Jul	38	37	39	35	37	8%
Aug	38	36	37	34	37	9%
Sep	37	36	36	33		
Oct	36	34	34	33		
Nov	34	34	34	33		
Dec	35	35	34	33		

Total Cheese: Days Supply

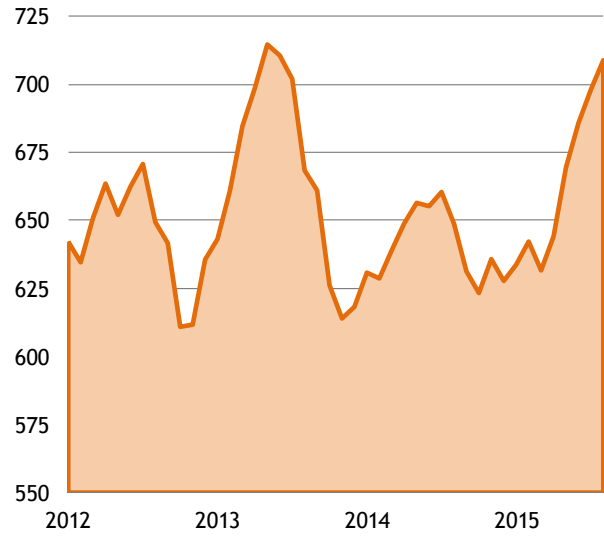


August 31 American Stocks



Million Pounds; Source: USDA

American-Type Cheese Stocks

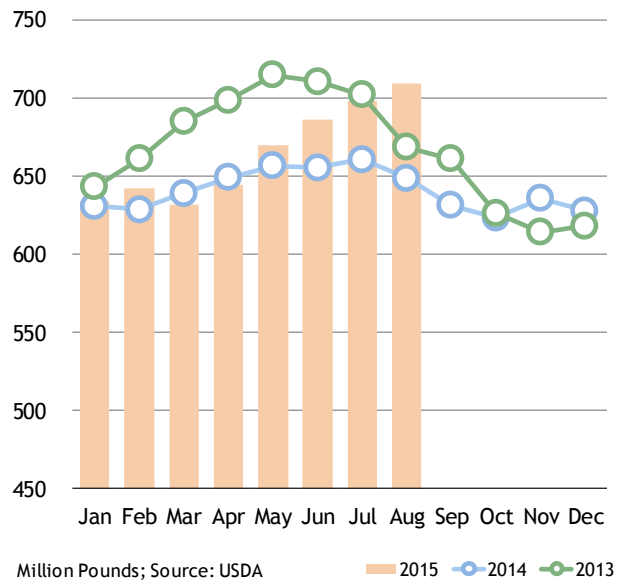


Million Pounds; Source: USDA

American-Type Stocks (million pounds)

Month	2011	2012	2013	2014	2015	Change
Jan	638	642	643	631	634	0%
Feb	621	635	661	629	642	2%
Mar	611	651	685	639	632	-1%
Apr	622	664	699	649	644	-1%
May	623	652	715	656	669	2%
Jun	619	662	711	655	686	5%
Jul	649	671	702	660	698	6%
Aug	647	649	668	649	709	9%
Sep	639	642	661	631		
Oct	619	611	626	623		
Nov	593	612	614	636		
Dec	611	636	618	628		

American-Type Cheese Stocks



Million Pounds; Source: USDA

2015 2014 2013

First Impressions

- Any question about the spot cheese market's collapse over the past month can be quickly answered with a look at August's total inventory number. For the first time since 1986, month-to-month inventories increased – compared to a five-year average decrease of 27 million pounds – growing by 6 million pounds.
- With strong milk production in the Upper Midwest, and more milk being directed to cheese vats, total inventories were up 12% or 126 million pound from a year ago. And, with exports slowing, more and more of that excess is being pushed into American cheese. Indeed, the August stock's growth was primarily driven by American-type cheese inventories, up 11 million pounds from July.

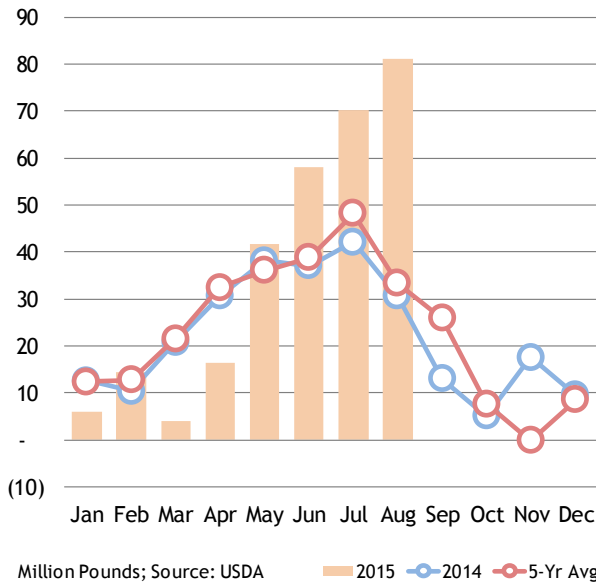
Cumulative American-Type Cheese Inventory Build (million pounds)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2015	6	14	4	16	42	58	70	81				
2014	13	10	21	31	38	37	42	31	13	5	18	10
5-Yr Avg	12	13	21	32	36	39	48	33	26	8	(0)	9

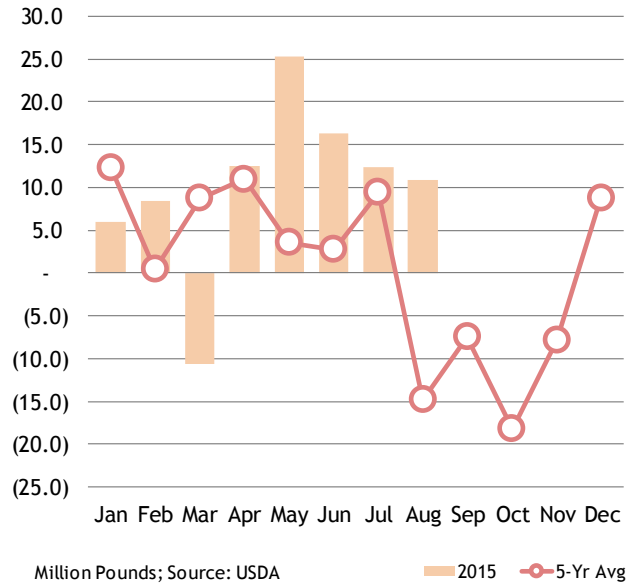
American-Type Cheese Inventories: Monthly Change (million pounds)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2015	6	8	(11)	12	25	16	12	11				
2014	13	(2)	10	10	8	(1)	5	(12)	(18)	(8)	12	(8)
5-Yr Avg	12	0	9	11	4	3	9	(15)	(7)	(18)	(8)	9

Cumulative American Build



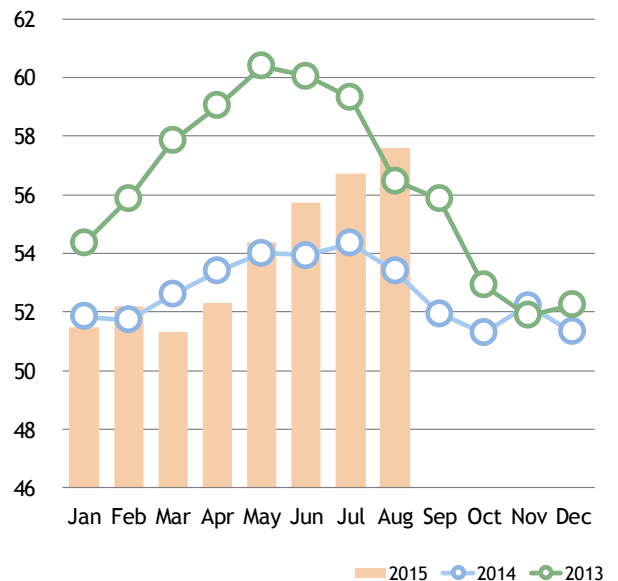
American Cheese M-to-M Change



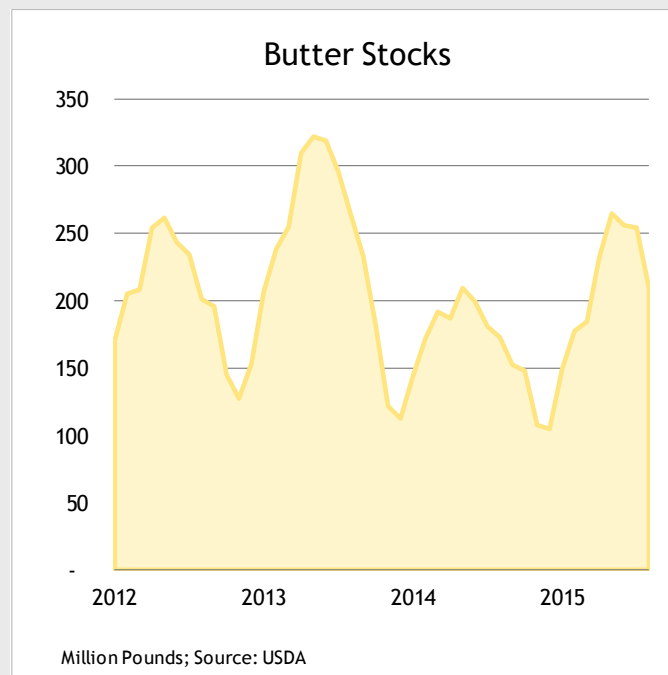
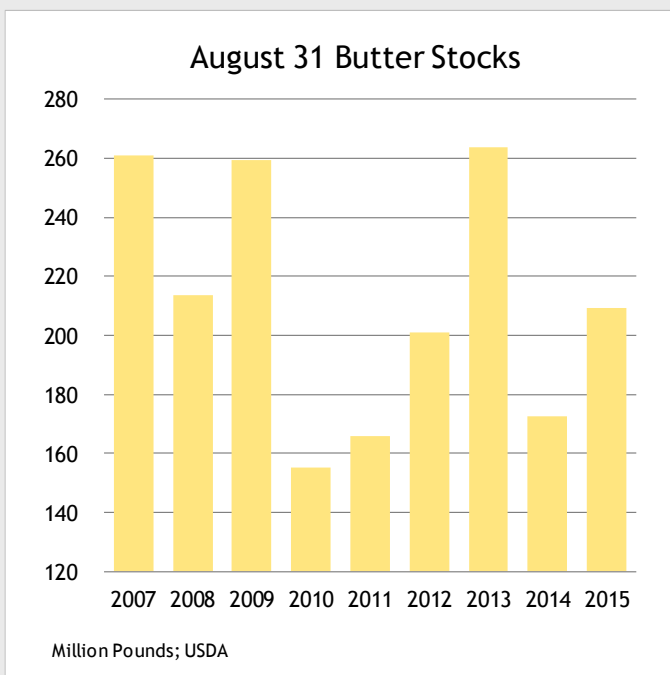
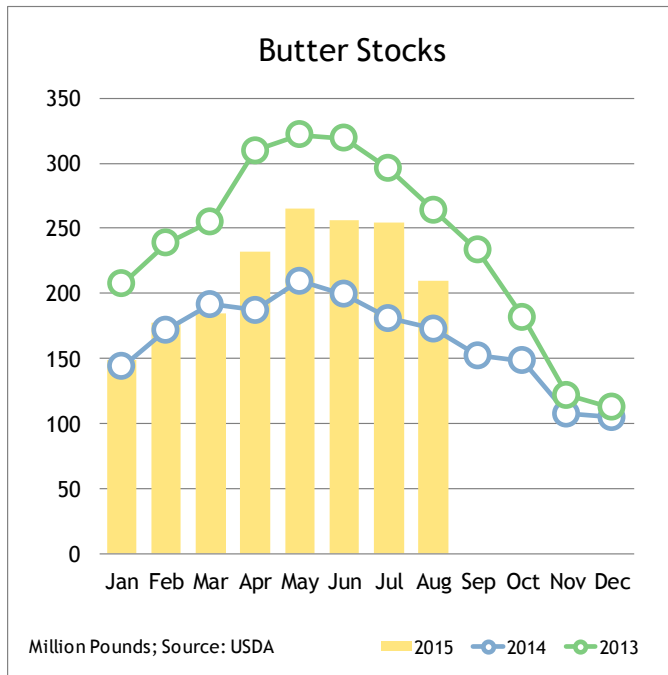
American Cheese: Days Supply in Storage

Month	2011	2012	2013	2014	2015	Change
Jan	55	55	54	52	51	-1%
Feb	54	54	56	52	52	1%
Mar	53	56	58	53	51	-2%
Apr	54	57	59	53	52	-2%
May	54	56	60	54	54	1%
Jun	53	57	60	54	56	3%
Jul	56	58	59	54	57	4%
Aug	56	56	56	53	58	8%
Sep	55	55	56	52		
Oct	53	52	53	51		
Nov	51	52	52	52		
Dec	53	54	52	51		

American Cheese: Days Supply



Butter Stocks (million pounds)						
Month	2011	2012	2013	2014	2015	Change
Jan	119	170	207	144	149	3%
Feb	139	205	238	172	177	3%
Mar	144	208	255	192	184	-4%
Apr	142	254	310	187	232	24%
May	170	262	322	209	265	26%
Jun	190	243	319	199	256	28%
Jul	188	234	296	181	254	41%
Aug	166	201	264	173	209	21%
Sep	151	196	233	152		
Oct	131	145	182	148		
Nov	94	127	122	108		
Dec	107	153	112	105		



First Impressions

- Tight cream supplies limited August churn activity, pushing manufacturers to draw inventories out of coolers. As a result, butter inventories from July fell 45 million pounds (18%) – marking the largest July to August draw down since 1993.
- Despite the sizable month-to-month decline in stocks, August ending inventories were more than 20% (36 million pounds) higher than a year ago at 209 million pounds.
- While the large draw down has certainly contributed to the market’s rally in the past month – and is already priced into the market – the report could fan bullish flames as the holiday demand season nears.

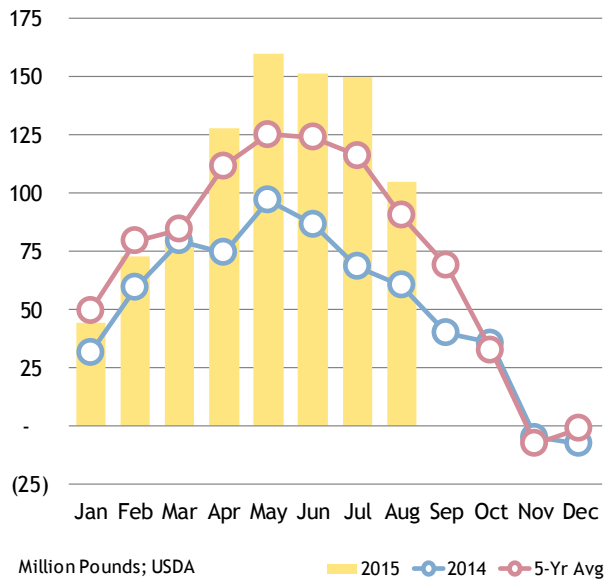
Cumulative Butter Inventory Build (million pounds)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2015	44	73	80	128	160	151	150	105				
2014	31	59	79	74	97	87	68	60	40	35	(5)	(8)
5-Yr Avg	49	79	84	112	125	124	116	90	69	33	(8)	(1)

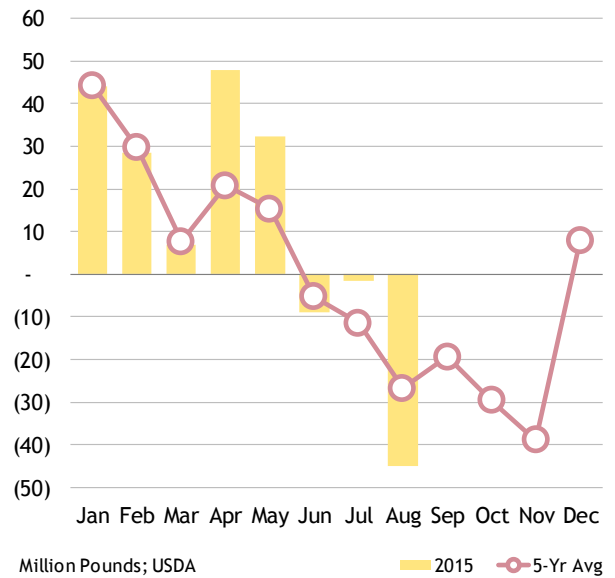
Butter Inventories: Monthly Change (million pounds)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2015	44	29	7	48	32	(9)	(2)	(45)				
2014	31	28	20	(5)	23	(10)	(18)	(8)	(20)	(4)	(40)	(3)
5-Yr Avg	44	30	8	21	15	(5)	(11)	(27)	(19)	(30)	(39)	8

Cumulative Butter Build



Butter Stocks M-to-M Change



Butter: Days Supply in Storage

Month	2011	2012	2013	2014	2015	Change
Jan	27	35	42	28	30	7%
Feb	31	42	48	31	35	13%
Mar	33	43	52	37	37	0%
Apr	32	52	63	33	46	39%
May	38	54	65	37	53	43%
Jun	43	50	64	38	51	33%
Jul	42	48	60	35	50	46%
Aug	37	41	53	33	42	25%
Sep	34	40	47	28		
Oct	30	30	37	26		
Nov	21	26	25	19		
Dec	24	31	23	20		

Butter: Days Supply

