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Dairy

Dairy exports continue strong pace

By **CAROL RYAN DUMAS**
Capital Press

Despite challenges, U.S. dairy exports for the first half of the year were up 13% in both volume and value.

Shipments of nonfat dry milk and skim milk powder led the way with a nearly 15% increase year over year from January through June — despite congestion at ports, particularly in California.

Snarled ports weighed on U.S. dairy exports to Southeast Asia, particularly milk powders, according to analysts with the U.S. Dairy Export Council. Product still moved, with nonfat dry milk and skim milk powder up 1% in the first half of the year.

“But we believe that plenty of product that has

been booked for export has not left U.S. shores yet,” the analysts said.

With slower exports to Southeast Asia, the recovery in milk powder demand to Mexico has been particularly welcome. Total nonfat dry milk and skim milk powder to Mexico in the first half of the year increased 25% over a year earlier.

“While we attribute some of the strength in Mexico’s demand to drought that is affecting local milk production, the overall gain in imports is still a positive signal for recovering consumer demand within the country,” the analysts said.

Recession and the pandemic depressed dairy demand and imports in Mexico for most of 2020.

As for whey exports, the story has been one of demand. U.S. whey exports were up nearly 24% in the first half of the year, putting the U.S. on pace for another record year in that category.

“At the risk of sounding like a broken record, China is fueling the growth,” the analysts said.

Whey for feed has been the key driver as China’s pork industry consolidates into more commercial operations and continues to rebuild its swine herd following the devastation of African swine fever.

“The approval for permeate to be used in food has undoubtedly helped as well, but the market remains small at this point,” the analysts said.

Permeate is used globally in bakery and confectionery items, beverages, dairy and snacks.

On the high value side, China’s push to increase domestic manufacturing of infant formula has increased demand for high-protein whey, known as WPC80. The increase is also due to its use in nutritional supplements, beverages and yogurt.

Compared with the steady growth of powder and whey, U.S. cheese exports have been on a roller coaster — diving in January, spiking in April and diving again in June.

“Still, U.S. cheese sales managed positive growth through the first six months and rose a respectable 2.3%,” the analysts said.

U.S. dairy exports January – June 2021

Product	(Metric Tons)		% change
	2020	2021	
NDM/SMP	408,623	469,644	14.9
Dry whey products	257,588	318,607	23.7
Cheese	192,538	197,037	2.3
Lactose	199,996	197,922	-1.0
WMP	20,474	21,401	4.5
Butterfat	11,648	26,716	129.4
MPC	23,103	21,232	-8.1
Infant formula	17,767	14,286	-19.6
Evap/Cond milk	5,444	6,423	18.0
Casein	1,686	1,120	-33.6
Milk/cream (liters)	64,564	71,312	10.5
Total volume* (metric tons)	1,049,449	1,183,185	12.7
Total value (million dollars)	3,361.7	3,809.4	13.3

*milk solids equivalent

Source: U.S. Dairy Export Council and U.S. Census Bureau



Dairy West

High Desert Milk CEO and co-founder Randy Robinson and Brandon Carter, the cooperative’s director of research and development, examine a milk sample they’re testing in the Burley, Idaho, processing plant’s lab.

Idaho milk processor to double output

Capital Press

BURLEY, Idaho — High Desert Milk is investing \$50 million in a project to increase its annual butter output from 45 million pounds to 85 million pounds and add a new, high-demand milk-powder product — MPC-70 — to its lineup.

The co-op, in Burley, Idaho, announced its expansion in a press release.

MPC-70 is a milk-protein concentrate often used in sports-nutrition beverages, protein bars, icings, desserts, soups, sauces, baked goods and dairy foods.

The co-op plans to produce 36 million pounds of MPC-70 annually, with 60% earmarked for Latin America.

The new production line, which is part of a 10-year growth plan, became operational in June. Although a cooperative, High Desert recently began contracting milk.

“Finding new sources of milk is a new business model for us as a vertically integrated cooperative,” Randy Robinson, High Desert CEO, said in the press release.

“We currently receive 2.2 million pounds of milk per day, and when our MPC-70 production line goes online our intake capacity will reach 4.7 million pounds per day,” he said.

The co-op also produces 68 million pounds of nonfat dry milk annually.

A half-dozen dairy farm families joined together in 2001 to establish High Desert Milk as a marketing cooperative to secure better pricing. It built a milk powder plant in 2008 and began offering sweet cream in 2008 and butter in 2013.

“We have dedicated people, the resources and the room it takes to have a thriving dairy industry in this state. Our ability to provide the world with safe, nutritious, sustainable and affordable products is one of our greatest assets,” Robinson said.

High Desert Milk handles everything from the animal feed to the milking parlor to the package, allowing the company to

control quality and food safety, he said.

The company has been a leading innovator in the food-production business since its inception, said Karianne Falow, CEO of Dairy West, a regional dairy promotion organization.

Strong powder, whey exports expected

By **CAROL RYAN DUMAS**
Capital Press

The U.S. Dairy Export Council sees plenty of demand for milk powders and whey exports in the second half of the year but says cheese exports will depend on pandemic progress.

In the first half of 2021, year-over-year exports were up 14.9% for nonfat dry milk and skim milk powder, 23.7% for whey and 2.3% for cheese.

While port congestion will remain a headache for U.S. powder exporters through at least the end of the year, strong growth is expected as plenty of product already sold to overseas buyers is waiting to be shipped.

“That product will move — even if it ships two months later than it was supposed to,” USDEC analysts said.

With robust U.S. milk production expected in the second half of the year, there

should be plenty of available supply for export.

While there remain plenty of things to keep an eye on — the most significant being COVID-19 outbreaks in Southeast Asia — the U.S. should be well-placed to grow its powder exports given limited production in Europe and New Zealand’s focus on satisfying Chinese demand, the analysts said.

On the whey front, China’s insatiable demand for whey for feed to rebuild its swine herd has been put into question with the collapse of pork prices in China.

“This seems to have already impacted whey demand as U.S. dry whey prices have fallen from their peak and industry contacts confirm Chinese purchasing has slowed,” the analysts said.

But that price decline fails to tell the whole story. More recent outbreaks of African swine fever in China had pro-

ducers sending hogs to market in a frenzy to avoid outbreaks on their operations, fueling the collapse in pork prices.

Pork prices are now at pre-ASF levels. If they begin to tick back up, there may be renewed demand for whey as pork producer margins become more conducive to expansion.

Additionally, the whey market is not only about China — particularly regarding higher protein whey. U.S. whey exports to countries other than China showed solid growth in the first half of the year, despite historically high prices, the analysts said.

“Overall, demand is expected to be strong globally for whey in the back half of the year. And while there is risk of a slight pullback from China, we still expect whey exports to be at — or, more likely, above — where they

were in 2020 through the end of the year,” they said.

U.S. cheese exports have been on a roller coaster this year, but favorable U.S. prices have incentivized international customers to look to the U.S. for supply.

“While nations are tightening foodservice restrictions in the face of the Delta variant (of COVID-19), few of the major cheese buyers have so far returned to complete lockdown status,” the analysts said.

But there’s a lot of uncertainty, and much of U.S. cheese export performance will depend on pandemic progress.

“Overall, we anticipate favorable pricing, good demand and plenty of supply available for export — which should result in growth in the second half of the year — but don’t expect the roller coaster to be over,” the analysts said.



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