

October 2019 Milk Production Report

November 19, 2019

INTL FCStone®

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FCM Division

Foods Group

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The October 2019 milk production report released today was *bearish in comparison to expectations.*

Today's Milk Production report blew the doors off our expectations and must be called bearish vs. expectations. We estimated October milk production growth to be at 0.9% vs last year. Today's numbers showed a 1.7% increase. More cows must be freshening in October than we thought – and more dairymen, perhaps, holding onto tail-enders with \$20.00 November Class III milk on the board.

Adjustments were made to last month's data. Milk per-cow was revised 1 lb. lower to 1,890 lbs. However, the USDA adjusted the heard up 12,000 head in September, bringing total milk production for September 7,000 lbs. higher than reported last month. The take away here is that we estimated the USDA to make a downward revision to production per cow last month, or at least a slowdown in the growth rate for October. This did not happen.

The industry has seen bearish reports this fall only to see them coincide with prices not seen since 2014. This report feels a little different though as it comes as NFDN futures make new highs and Barrel cheese is some 30 cents over blocks. Ultimately, we'll have to see how the markets react to what we believe was widely a bearish milk production number vs. expectations. So far there's been little movement from where prices closed today before the report.

We'd expect the report to temper some bullish sentiment out there and expect markets to open tomorrow more mixed. That said, the report doesn't need to work hard to curb bullish sentiment. It seems that for every dairy market bull out there today, there are 9 people who think prices should come down. This report is a feather in their bearish cap.

October 2019 Milk Production

			% Change Prev Yr		% Change Prev Mo.	
	Actual	Expected	Actual	Expected	Actual	Expected
U.S. Production mil lbs	18,105	18,038	1.30%	0.92%	-0.58%	-4.51%
U.S. Milk Cows	9,327	9,314	-0.43%	-0.57%	0.05%	-0.04%
U.S. Milk Per Cow lbs	1,941	1,937	1.73%	1.50%	-0.61%	-4.54%

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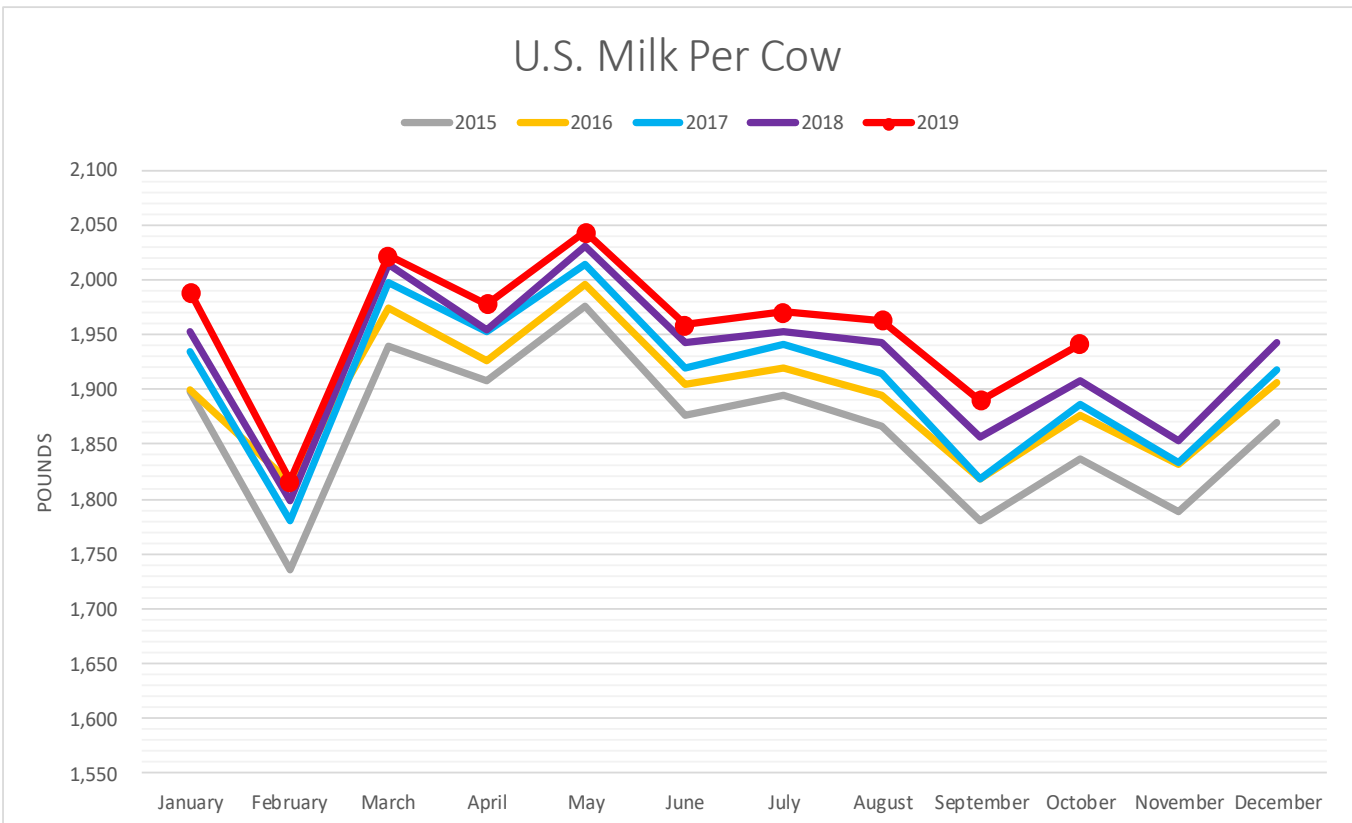
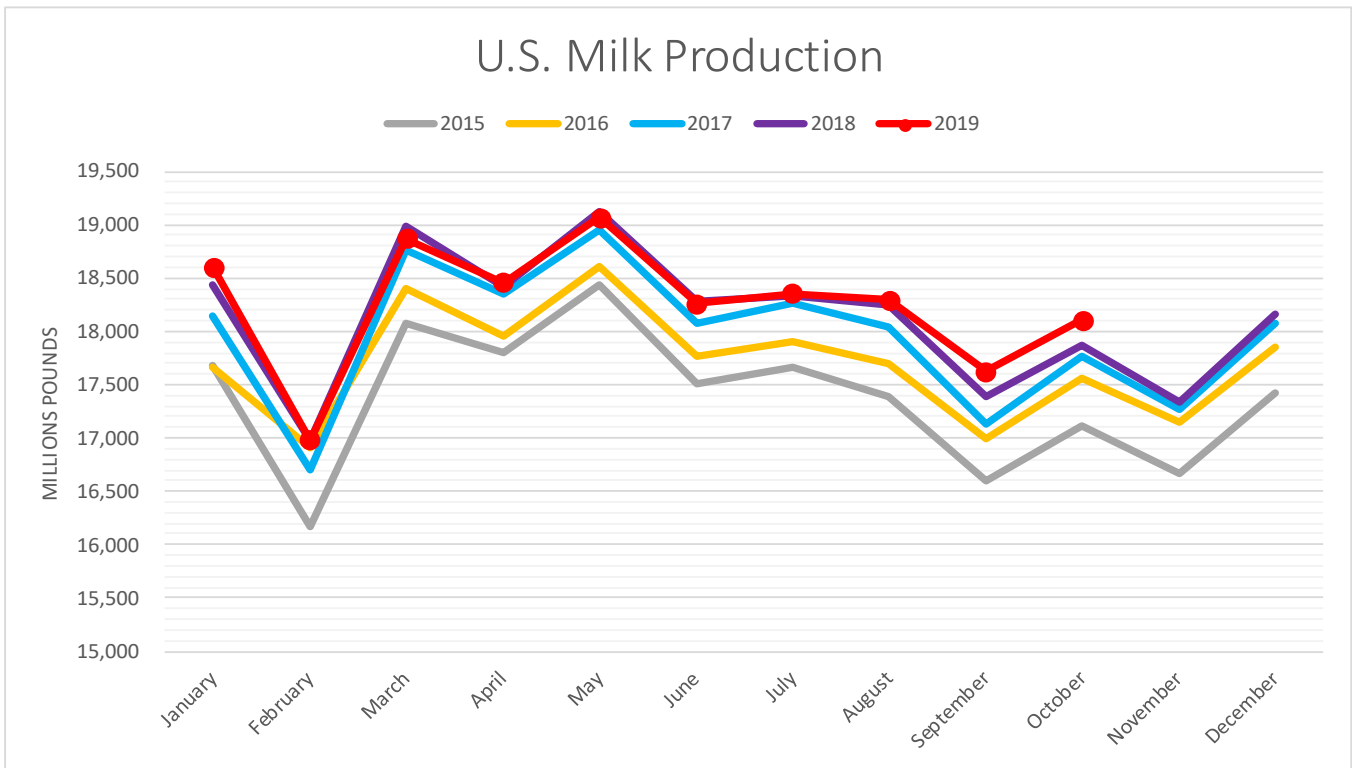
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State	Milk Cows		Milk Per Cow		Milk Production		Percent Change from 2018
	2018	2019	2018	2019	2018	2019	
	HEAD THOUSANDS		LBS		LBS MILLIONS		
Arizona	205	194	1910	1905	392	370	-5.61%
California	1732	1727	1915	1975	3317	3411	2.83%
Colorado	178	189	2165	2160	385	408	5.97%
Florida	118	116	1440	1485	170	172	1.18%
Georgia	81	80	1670	1700	135	136	0.74%
Idaho	610	630	2100	2080	1281	1310	2.26%
Illinois	86	83	1675	1705	144	142	-1.39%
Indiana	182	175	1870	1885	340	330	-2.94%
Iowa	220	217	2025	2035	446	442	-0.90%
Kansas	160	163	1925	1940	308	316	2.60%
Michigan	422	428	2195	2230	926	954	3.02%
Minnesota	451	447	1810	1860	816	831	1.84%
New Mexico	327	328	2015	2055	659	674	2.28%
New York	621	626	1995	2015	1239	1261	1.78%
Ohio	256	252	1750	1790	448	451	0.67%
Oregon	124	124	1725	1735	214	215	0.47%
Pennsylvania	515	485	1665	1705	857	827	-3.50%
South Dakota	121	127	1885	1885	228	239	4.82%
Texas	540	571	1935	2000	1045	1142	9.28%
Utah	100	98	1935	1945	194	191	-1.55%
Vermont	126	125	1760	1785	222	223	0.45%
Virginia	80	73	1595	1625	128	119	-7.03%
Washington	279	281	2045	2025	571	569	-0.35%
Wisconsin	1273	1267	1995	2025	2540	2566	1.02%
Total	8807	8806	1931	1964	17005	17299	1.73%



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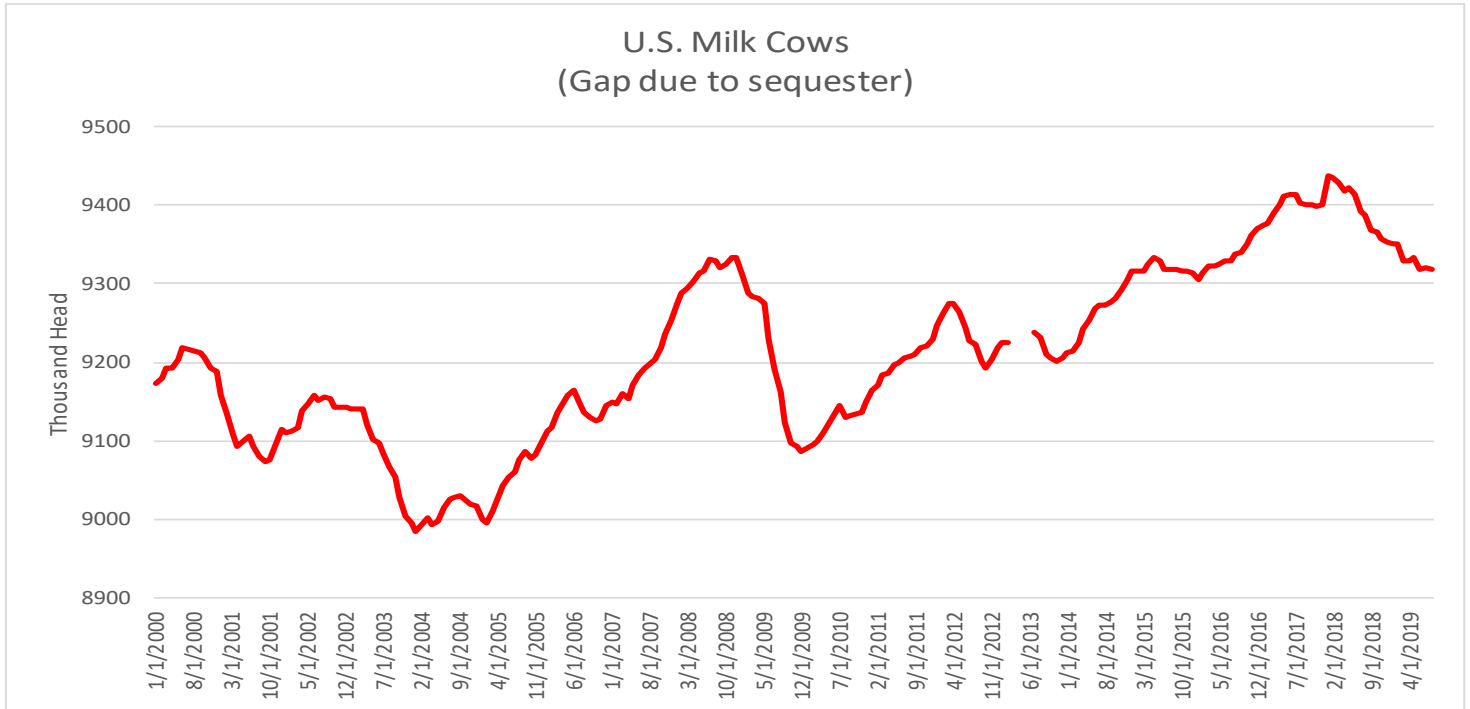


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