

INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered May 13 - 24, 2024

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN OVERVIEW

As European weather patterns transition from spring to summer, industry sources suggest the seasonal milk peak may have been summited. Weekly milk collections vary only slightly within Germany and France, but milk collections recently turned lower in Great Britain. Analysts have mixed views of the milk season so far but seem to lean toward the feeling that milk production and availability may be below expectations. While there is currently enough milk for most processing needs, processors are watching availability closely to see how summertime heat and economics impact milk supplies in the months to come.

According to CLAL data made available to USDA, March 2024 EU cows' milk delivered to dairies is estimated at 12,953,000 MT, up 0.6 percent compared to last year. Year-to-date EU cows' milk delivered to dairies through March 2024 is estimated at 36,323,000 MT, up 1.1 percent when compared to January-March 2023 EU milk production. Among some of the top Western EU milk producers, the year-to-date milk deliveries and percentage changes from January-March 2023 are Germany, 8,191,000 MT, +0.4 percent; France, 6,184,000 MT, +1.6 percent; and Netherlands, 3,513,000 MT, - 1.1 percent. The provisional March 2024 cows' milk delivered to dairies in the UK was 1,362,400 MT, unchanged from March 2023. Year-to-date cows' milk deliveries in the UK for January-March 2024, 3,865,800 MT, was up 0.8 percent compared to total milk deliveries in January-March 2023.

The Special Committee of Agriculture has approved significant changes to portions of the Common Agricultural Practice (CAP) Strategic Plans. The changes will provide member states more flexibility to implement and enforce the CAP rules. The changes will also exempt some smaller farms from compliance rules. The reduction of regulatory burdens may help farmers become better able to face economic and climatic challenges within the CAP framework.

EASTERN EUROPE

EU milk production has largely been above previous year levels to start the year, and Eastern European countries continue to have above average milk production increases. According to CLAL data made available to USDA, some of the top Eastern EU milk producers, the year-to-date milk deliveries and percentage changes from January-March 2023 are Poland, 3,395,000 MT, +5.0 percent; Czech Republic, 829,000 MT, +3.2 percent; and Hungary, 438,000 MT, +3.3 percent. In addition, the provisional March 2024 cows' milk production in Belarus was 742,000 MT, up 7.4 percent from March 2023. January - March 2024 provisional milk production in Belarus, 2,134,000 MT, is up 8.3 percent from January - March 2023.

BUTTER/BUTTEROIL

Prices for both European butteroil and butter have increased in recent weeks. Industry sources report inventories are tight. Because the availability of cream has been low and cream prices high, butter production has been below the level of the previous year. In addition to lower production, demand triggered from a bunch of factors has kept market prices supported. Industry sources say the spring holidays, retail food promotions, and the asparagus season have all prompted strong retail butter sales. Buyers within the bulk butter sector have also been active, eager to gain coverage of butter needs for the next few months ahead of the European holiday season.

Western Europe 82% Butterfat, Free on Board - Port Butter
Price Range - \$/MT 6,350 - 7,050

Western Europe 99% Butterfat, Free on Board - Port Butteroil
Price Range - Butteroil \$/MT 6,850 - 7,700

SKIM MILK POWDER

European skim milk powder (SMP) prices moved higher. Demand, especially from within Europe, has picked up considerably lately. Buyers are interested in getting their Q3 coverage in place ahead of the summer holidays. Export demand, although not as robust, has picked up as well. SMP inventories are a little tight. Production is steady. However, with rising skim milk concentrate prices, the cost to make SMP has increased, and buyers and sellers are eager to have their SMP needs met to control potential increases in costs.

Prices for: Europe, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder
Price Range - 1.25% Butterfat; \$/MT: 2,475 - 2,750

WHEY

European whey prices are steady to higher. Although industry sources suggest dry whey has been moving a little easier lately, there is still an uneasy market tone in the air. Dry whey demand is steady but trailing behind other dairy products. Production of dry whey is aligned with cheese production and is relatively active. Dry whey inventories are generally available for most buyer needs.

Prices for: Western Europe, All First Sales, Free on Board - Port, , Conventional, and Edible Dry Whey
Price Range - Non-Hygroscopic; \$/MT: 675 - 1,100

WHOLE MILK POWDER

Prices for European whole milk powder (WMP) moved higher. Industry sources report demand for WMP has picked up in the last few weeks. While production is still mostly focused on existing orders, the increase in end user inquiries has helped demand closely match current supply. Supplies are still sufficient to meet most buyer needs, but inventories are tight. Manufacturers are trying to make sure they have the milk needed to make WMP.

Prices for: Europe, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder
Price Range - 26% Butterfat; \$/MT: 3,875 - 4,150

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Secondary Sourced Information:

EU Butter Production

According to CLAL data made available to USDA, EU March 2024: Butter production is estimated at 189,037 MT, a decrease of 4.5 percent from March 2023. EU butter production during January-March 2024 is estimated at 531,266 MT, a decrease of 3.6 percent from January-March 2023.

EU SMP Production

SMP production is estimated at 119,895 MT, a decrease of 0.5 percent from March 2023. EU SMP production January-March 2024 is estimated at 348,657 MT, an increase of 1.3 percent from January-March 2023.

EU WMP Production

WMP production is estimated at 63,157 MT, a decrease of 1.7 percent from March 2023. EU WMP production January-March 2024 is estimated at 180,537 MT, an increase of 0.1 percent from January-March 2023.

Among some of the leading European

Butter producers, January-March 2024:

Butter production and the percentage change compared with January-March 2023 are Germany, 133,316 MT (estimated), unchanged; France, 108,890 MT, - 4.6 percent; and Poland, 67,840 MT, - 4.4 percent.

SMP producing countries, the January-March 2024 quantity and percentage change compared with January-March 2023 are Germany, 98,777 MT (estimated), unchanged; France, 99,400 MT, +0.7 percent; and Belgium, 51,540 MT, + 1.4 percent.

WMP producing countries, the January-March 2024 quantity and percentage change compared with January-March 2023 are Germany, 76,087 MT (estimated), unchanged; France, 30,040 MT, - 2.7 percent; and Netherlands, 21,400 MT, +5.4 percent.

EU Butter Exports

According to CLAL data made available to USDA, year to date through March 2024:

Butter and other fats exports from the EU27, 46,000 MT, are down 1.5 percent compared to January-March 2023. Main destinations January-March 2024, quantity, and percent change from last year are United Kingdom, 12,260 MT, + 4.96 percent; United States, 11,586 MT, - 21.69 percent; and Saudi Arabia, 4,768 MT, +69.21 percent.

EU SMP Exports

SMP exports from the EU27 January-March 2024, 187,000 MT, decreased 11.1 percent from January-March 2023 according to CLAL data made available to USDA. Main destinations January-March 2024, quantity, and percent change from January-March 2023 are Algeria, 48,163 MT, +21.25 percent; Egypt, 12,704 MT, - 20.16 percent; and Philippines, 12,341 MT, +143 percent.

EU Whey Exports

Whey exports from the EU27 January-March 2024, 192,000 MT, increased 0.9 percent from January-March 2023 according to CLAL data made available to USDA. Main destinations from January-March 2024, the quantity, and percent change from January-December 2023 are China, 42,198 MT, - 15.65 percent; Indonesia,

18,918 MT, - 8.00 percent; and Malaysia, 17,609 MT, +44.51 percent.

EU WMP Exports

WMP exports from the EU27 January-March 2024, 56,000 MT, increased 2.4 percent from January-March 2023 according to CLAL data made available to USDA. Main destinations January-March 2024, quantity, and percent change from January-March 2023 are Oman, 13,309 MT, + 26.35 percent; China, 4,815 MT, + 27.41 percent; and, Kuwait, 4,626 MT, + 52.88 percent.

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

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OCEANIA DAIRY MARKET OVERVIEW

AUSTRALIA: Dairy Australia recently released the Situation and Outlook report for May 2024. The report stated milk production for the 2023/2024 season is expected to be higher than they previously forecasted. Dairy Australia now anticipates total milk output for the 2023/2024 season to exceed the prior season by 2 to 3 percent. For the 2024/2025 season, the organization is forecasting milk production to decline from 0 to 1 percent, as processors have indicated milk prices may be lower in the upcoming season.

The April 2024 Production Inputs Monitor from Dairy Australia was recently released. This report relayed rainfall varied throughout the country during April. Rainfall was above average in much of the northern and eastern parts of the country and in parts of Victoria, but dry conditions were present throughout South Australia and the south-western portion of Western Australia. The far-west and far-east of Australia had the warmest April on record and temperatures are expected to remain above average through the winter.

In Australia, the deadline for setting minimum milk pricing, established by the government's mandatory code of conduct, for the 2024/2025 season is June 1st. A large dairy processor in the country announced a potential opening milk price for the upcoming season. The price relayed to farmers was down 15 percent from the 2023/2024 season, ranging from \$7.80 - \$8.00/kgMS. The processor stated they anticipate lower prices for the upcoming season due to volatility in domestic and global dairy markets. They noted this price was an early range and could be adjusted over time.

Leadership of a dairy farming group in Australia recently voiced opposition to lower farmgate milk prices for the 2024/2025 season. The GDT price Index has increased at consecutive GDT events. Early in May the president of the dairy farming group noted the GDT price index is up significantly from a year ago. They further stated farmgate milk prices should remain strong in the upcoming season.

A spokesperson for a dairy processing policy group recently stated milk prices should be lower in the upcoming season to remain competitive globally. The spokesperson stated farmgate milk prices in the country are currently around \$9.50 per kilogram of milk solid, and this price is too high to remain competitive internationally. They noted that from March of 2023 to 2024, global prices for cheese, skim milk powder and whole milk powder dropped. The spokesperson mentioned cheese uses more milk than any other commodity in the country and the price has dropped 29 percent from March of last year to this year while production prices continue to rise.

A dairy cooperative based out of New Zealand recently announced plans to sell the division of the company located within Australia. The cooperative has provided limited information regarding the sale. Dairy leaders in Australia stated the cooperative pays lower prices for milk from farmers in New Zealand than it pays farmers within Australia. They further stated they anticipate the cooperative may look to import more dairy products to Australia following the sale.

NEW ZEALAND: Milk production data from New Zealand for April 2024 was recently released. This data showed total April 2024 production was down 2.6 percent on a tonnage basis compared to a year earlier. During April 2024, the total kg of milk solids decreased by 4.1 percent from the previous year.

A dairy cooperative in New Zealand recently announced changes to their strategy going forward, which includes the sale of their consumer business and integrated businesses. The cooperative stated the

businesses they are looking to divest utilize roughly 15 percent of the total mix solids, but the sale would allow them to focus more on ingredients and foodservice. The cooperative stated they anticipate the process of selling these arms of the businesses to take a minimum of 12 to 18 months.

A group in New Zealand, which forecasts dairy prices, increased the forecasted milk price for the 2024/2025 season, following GDT event 356, by 47 cents, to \$8.89/kgMS. The group stated the GDT price index rose 3.3 percent during the event, exceeding expectations for most commodities. They further noted weakness for the New Zealand dollar has contributed to a lower exchange rate to US dollars and 2 cent/kgMS increase in forecasted milk price.

BUTTER/BUTTEROIL

Oceania butter prices moved lower at the bottom of the range, while holding steady at the top, during the current reporting period. Milk production continues to decline in Oceania, contributing to lighter butter production. Contacts report steady demand for butter in the region. At GDT event 356 this week butter prices moved higher in every contract period and the all contracts index increased to the highest price in the last year. The volume of butter moved during GDT event 356 was up from the previous event, but down from a year ago.

Oceania 82% Butterfat, Free on Board - Port Butter
Price Range - \$/MT Butter

6,650 - 7,025

SKIM MILK POWDER

The price range for Oceania skim milk powder (SMP) moved higher during the current reporting period. Softening seasonal milk output is contributing to lighter SMP production. Contacts in the region say SMP inventories are tightening, due to declining production and steady demand. At GDT event 356, SMP prices rose in most contract periods, only declining in the October 2024 contract. The volume of SMP sold during the most recent GDT event was up from the prior event, but less SMP was sold compared to a year ago.

Prices for: Oceania, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder
Price Range - 1.25% Butterfat; \$/MT:

2,575 - 2,725

CHEESE

The bottom of the Oceania cheddar cheese price range moved higher during the current reporting period, while the top of the range was unchanged. Demand for cheddar cheese is steady in Oceania. Farm level milk output is declining seasonally in Oceania, and cheesemakers say this is having a negative impact on production in the region. The only commodity at GDT event 356 which did not see an increase in the all contract price was cheddar cheese. During every contract period in which loads were traded, except contract period 2, cheddar cheese prices decreased at the most recent GDT event. The volume of cheddar cheese sold at GDT event was down from the previous event and from a year ago.

Prices for: Oceania, Cheese, Cheddar, 39% Maximum Moisture, Free on Board - Port
Price Range - \$/MT:

4,300 - 4,350

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Exchange rates for selected foreign currencies:

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| | |
|-------------------------|--------------------------|
| .0011 Argentina Peso | .0120 India Rupee |
| .6668 Australian Dollar | .0064 Japan yen |
| .1959 Brazil Real | .0604 Mexican Peso |
| .7340 Canadian Dollar | .6106 New Zealand Dollar |
| .0011 Chile Peso | .2553 Poland Zloty |
| 1.0857 Euro | .0260 Uruguay Peso |

Conversion example: To compare the value of 1 US Dollar to Mexican Pesos: $(1/.0604) = 16.5563$ Mexican Pesos.

Source: "Wall Street Journal"

WHOLE MILK POWDER

During the current reporting period, prices for whole milk powder (WMP) in Oceania increased at the bottom of the range but decreased at the top of the range. Milk output continues to decline, following seasonal trends in Oceania. Processors in the regions say this is contributing to lighter WMP production schedules. The prices for WMP increased during every contract period in which loads were offered during GDT event 356 this week and the all contracts index settled at the second highest price in the past year. The volume of WMP traded during this week's GDT event increased from the previous event, but was down from a year ago.

Prices for: Oceania, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder

Price Range - 26% Butterfat; \$/MT: 3,325 - 3,450

Secondary Sourced Information:

During GDT event 356, on May 21, 2024:

Butter all contracts price, \$6,931, increased 5.1 percent from the prior event. The June contract, \$6,997, was up 1.7 percent.

SMP all contracts price, \$2,629, increased 3.5 percent from the prior event. The June contract, \$2,618, was up 3.0 percent.

Cheddar all contracts price, \$4,239, was unchanged from the prior event. The June contract, \$4,320, was down 0.3 percent.

WMP all contracts price, \$3,408, increased 2.9 percent from the prior event. The June contract, \$3,387, was up 3.1 percent.

INTERNATIONAL DAIRY MARKET NEWS - SOUTH AMERICA

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SOUTH AMERICA OVERVIEW

The 2024 calendar year has brought catastrophes, in the form of floods, to all the key dairy producing/trading countries in the region. In early May, the Brazilian state of Rio Grande do Sul faced the worst flood that country has seen in 80 years. Rio Grande do Sul is a notable dairy state, on both the production and processing sides of the coin. Contacts throughout South America, and their U.S. counterparts, say dairy markets are currently facing a growing number of questions, from immediate aid needs to simply stocking/restocking grocery store and restaurant spaces.

Contacts in lesser-affected areas say milk output is on par with seasonal trends. Argentine and Uruguayan contacts say that the upcoming months are likely to bring on stronger milk yields in line with seasonally cooler temperatures. Traders say Brazil's internal stocks have subdued intakes to a certain extent, but orders for dairy products based on the aforementioned floods are with some immediacy. International bullishness on dairy powders has also kept both Brazilian and other net-import countries interested. All said, market tones for South America based dairy commodities are firm to bullish near-term.

SKIM MILK POWDER

Skim milk powder (SMP) prices are firming, despite being somewhat quiet ahead of the third quarter changeover. Traders in export markets, namely Argentina and Uruguay, say that Brazilian needs have generally been met in recent weeks. They say milk availability for SMP production is far from flush, though, and stores are currently and expected to be somewhat snug until the seasonal milk output picture changes in the next couple of months. International market bullishness, albeit moderate, has kept interests intact. In Brazil, the recent catastrophic flooding in Rio Grande do Sul, a strong area in both dairy production and processing, has given rise to a number of market-related questions that will take time to find answers to. That said, marketers say Brazil continues to build stocks both internally and via import channels.

Prices for: South America, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder

Price Range - 1.25% Butterfat; \$/MT: 3,200 - 3,300

WHOLE MILK POWDER

Whole milk powder (WMP) prices are continuing upward this report week. Contacts say Brazilian importers, due at least in part to the needs created by the recent flooding in Rio Grande do Sul, are purchasing beyond their contractual intakes and requesting prompt shipment. Additionally, international markets are exhibiting somewhat bullish signals in recent weeks. Between Argentina and Uruguay, there are gaps in milk availability and processing capacity. WMP prices from Argentina are pushing higher, while a more robust milkshed in Uruguay has contacts from Montevideo saying prices are steady to only slightly higher from the last report week. All said, market tones are firmer due to near-term needs from Brazil to fulfill both day-to-day and aid-related needs.

Prices for: South America, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder

Price Range - 26% Butterfat; \$/MT: 3,700 - 4,000

Secondary Sourced Information:

At GDT Event 356, on May 21:

Skim milk powder prices across all contracts averaged \$2,629 per metric ton, up 3.5 percent from the previous GDT event.

Whole milk powder prices across all contracts averaged \$3,408 per metric ton, up 2.9 percent from the previous GDT event.

SMP exports from Argentina during January-March 2024, 5,700 MT, increased 13.8 percent from the same duration in 2023, according to CLAL data made available to USDA.

WMP exports from Argentina during January-March 2024, 36,000 MT, increased 41.8 percent from the same duration in 2023, according to CLAL data made available to USDA.

SMP exports from Uruguay during January-March 2024, 4,000 MT, decreased 3.5 percent from the same duration in 2023, according to CLAL data made available to USDA.

WMP exports from Uruguay during January-March 2024, 37,000 MT, decreased 2.5 percent from the same duration in 2023, according to CLAL data made available to USDA.

SMP imports to Brazil during January-April 2024, 14,100 MT, increased 16.8 percent from the same duration in 2023, according to CLAL data made available to USDA.

WMP imports to Brazil during January-April 2024, 50,100 MT, increased 6.6 percent from the same duration in 2023, according to CLAL data made available to USDA.