

MMO Economic Board

Meeting of 25 September 2023

- o The 47th meeting of the MMO Economic Board took place on 25/09/2023 by video-conference, with the participation of experts from the milk supply chain: COPA-COGECA (producers and cooperatives), EMB (European Milk Board), ECVC (Via Campesina), CEJA (young farmers), EDA (dairy industry), Eucolait (dairy trade) and Eurocommerce (retail). Presentations and information exchanged during the meeting highlighted the following:
 - o EU cow's milk collection has been increasing since September 2022. In Jan-Jul 2023, production was +0.8% higher than in the same period in 2022. By July, 14 MS reported increased milk deliveries, including DE, BE, NL and PL. Milk collection is declining in other main producing MS: FR, IT and IE. The estimated value of EU milk production in Jan-Jul 2023 was 5.6% higher than in 2022 and 37% higher than in 2021.
 - o EU SMP production decreased in Jan-Jul 2023. Production increased for other dairy products: WMP, butter, cheese, concentrated milk, drinking milk, fermented and cream.
 - o EU average farm gate milk prices continue declining but this downward move is slowing down. They dropped by some 25% since the beginning of 2023. In July 2023, they decreased by 1.3% (compared to June 2023), down to 43.7 c/kg, and were 14.4% lower than a year ago but still above the 5-year average (+20.2%).
 - o 3.9% raw milk collected in July 2023 was organic. The EU average organic milk price was 51c/kg. The price premium for organic is increasing.
 - o Feed costs (based on a mix of cereals, rapeseed meal and soybean meal) have been declining since April 2022 when they reached a record level.
 - o EU average dairy commodity prices slightly decreased last month, except for SMP and whey powder. All prices are lower than a year ago, except for Emmental (+2%). The EU is the most price competitive for cheddar and almost on par with Oceania for butter.
 - o The assessment of EU stock levels based on a residual approach (EU production + EU imports – EU internal consumption – EU exports) shows that SMP stocks stabilized and are slightly lower than a year ago, still considered at a normal level. Butter stocks have been increasing since November 2022, and are higher than in recent years due to growing production. Since the beginning of 2023, cheese stocks have increased by 60000 tons, but the cheese market is in a good shape and balanced.
- o In the first seven months of 2023, milk collection in the main exporting countries/regions (AU, EU, USA, UK, NZ, AR, UY) globally increased by +0.2%. Production growth has been slowing down in Jun-Jul, especially in NZ, US and AR.
- o In 1H2023, global dairy exports increased by 1.9%, mainly due to higher exports of SMP and WMP. Export shares of major exporters (EU, NZ) grew at the expense of the US and smaller exporters. South-East Asian demand has been sluggish and the evolution of Chinese buying remains uncertain. Strong demand for SMP and WMP was observed from Algeria (+51% and +10% respectively). EU exports are performing well. China, the UK, Algeria, the US and Indonesia were the top-5 EU export destinations in 1H2023 (39% share).
- o Confronted with inflation, consumers are actively searching for promotions and switching to less expensive food. Consumers are reducing their purchase of fresh products, organic food and premium products. Fewer consumers are willing to pay a higher price to get healthier products. Products with private labels are gaining market shares as well as discounters.
- o The Commission presented the latest short-term EU dairy market outlook. EU milk deliveries could slightly increase in 2023. More favourable weather conditions than in 2022 contribute to higher milk availability and to an increase in milk solids content. EU cheese and whey production are likely to benefit from higher milk availability, and their EU exports could increase in 2023.
- o The Board heard a presentation of two Dutch schemes (LBV and LBV plus) aiming to compensate livestock farmers for the voluntary closure of livestock husbandry to reduce nitrogen deposition. The total budget is EUR 1.48 billion. 90 dairy farms have shown interest to participate in LBV.
- o The overall sentiment remains rather bearish due to economic headwinds affecting demand, despite improved global trade flows. Production costs are still high for farmers and processors and may limit global production growth in 2H2023.

ANNEX 1

Milk Market Situation

European Commission



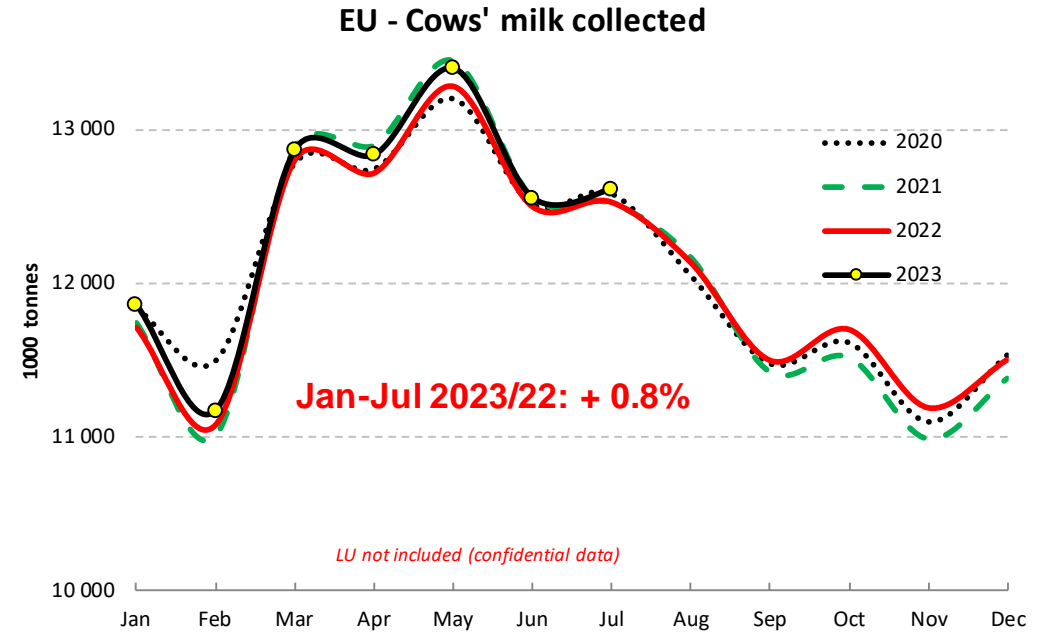
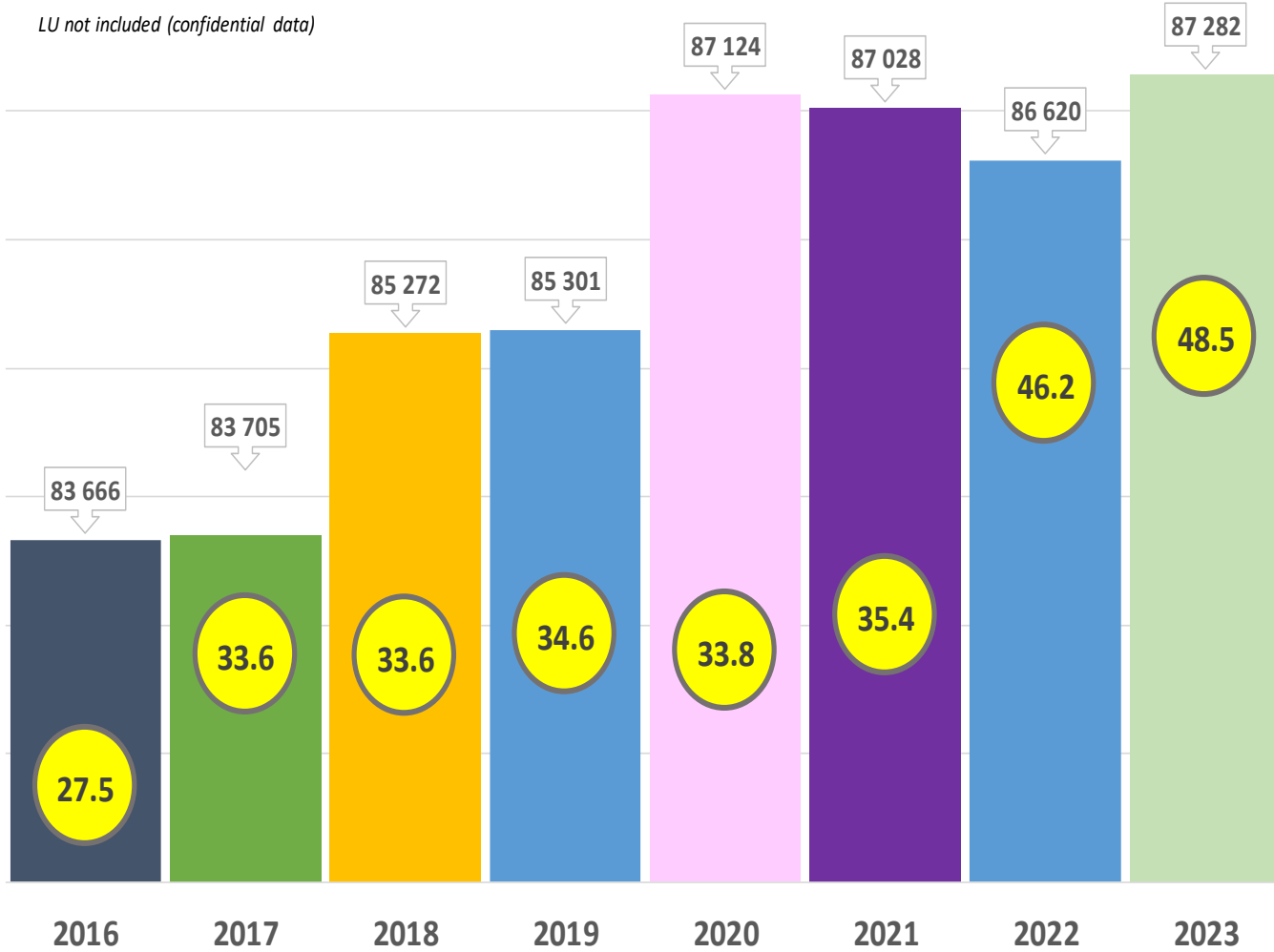
Milk Market Situation

MMO meeting

Brussels, 25 September 2023

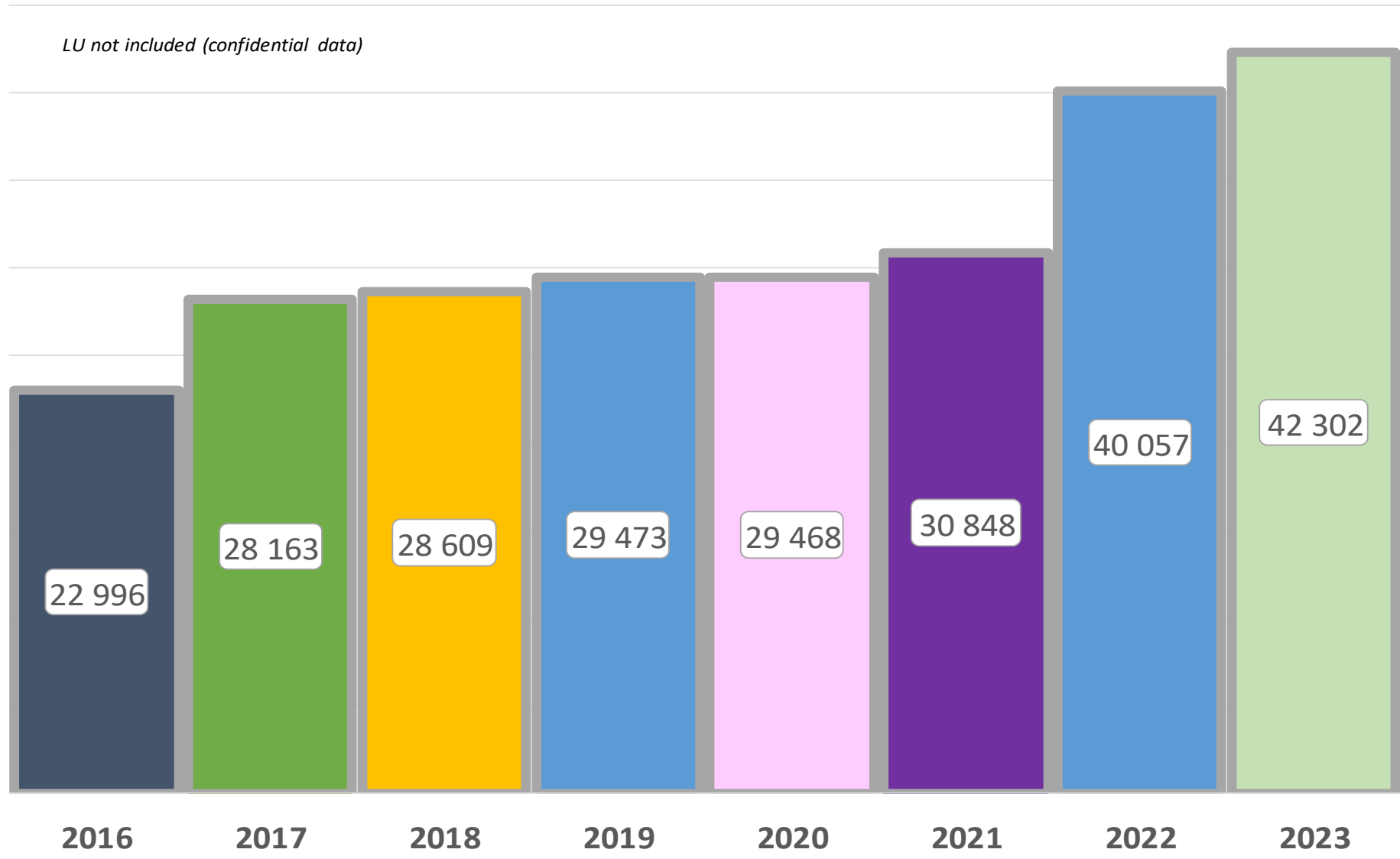
EU-27 milk deliveries and price Jan-Jul 2016-23 (x1000 t, c/kg)

LU not included (confidential data)



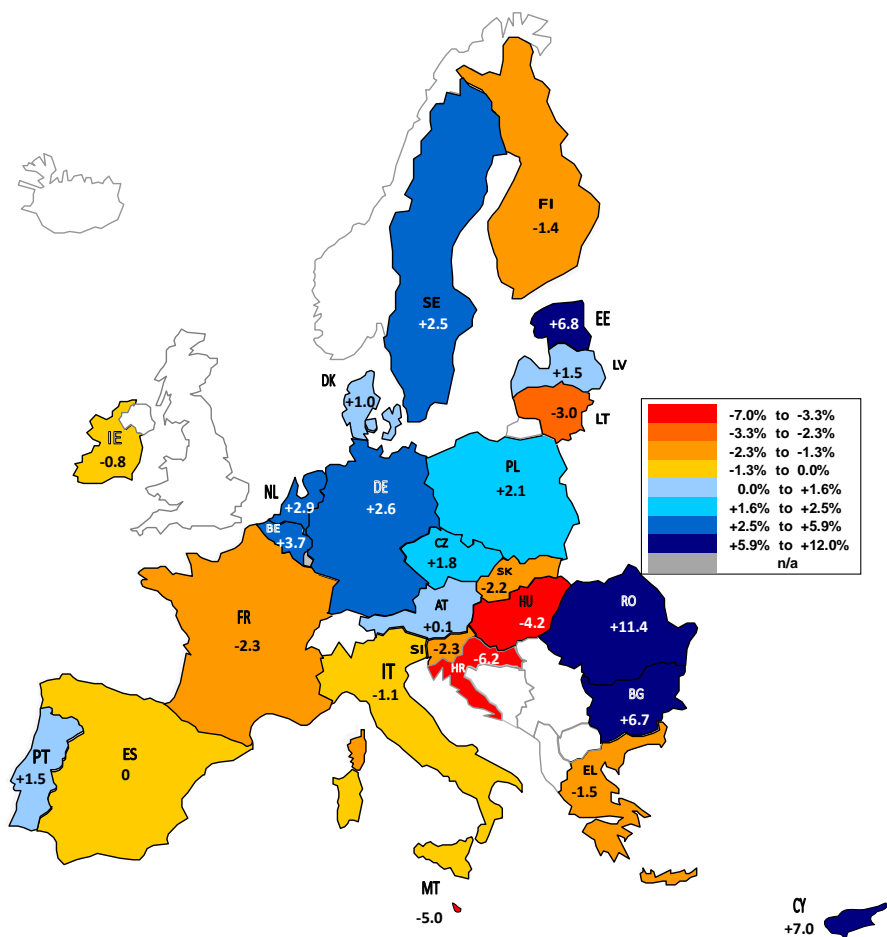
EU-27 value milk production Jan-Jul 2016-23 (x million €)

LU not included (confidential data)



EU Milk Deliveries compared to last period (in %)

(Jan - Jul 2023 / Jan - Jul 2022)



Source : MS' Communications to Eurostat, FEGA, AGEA, Reg.479/2010.1(a)1

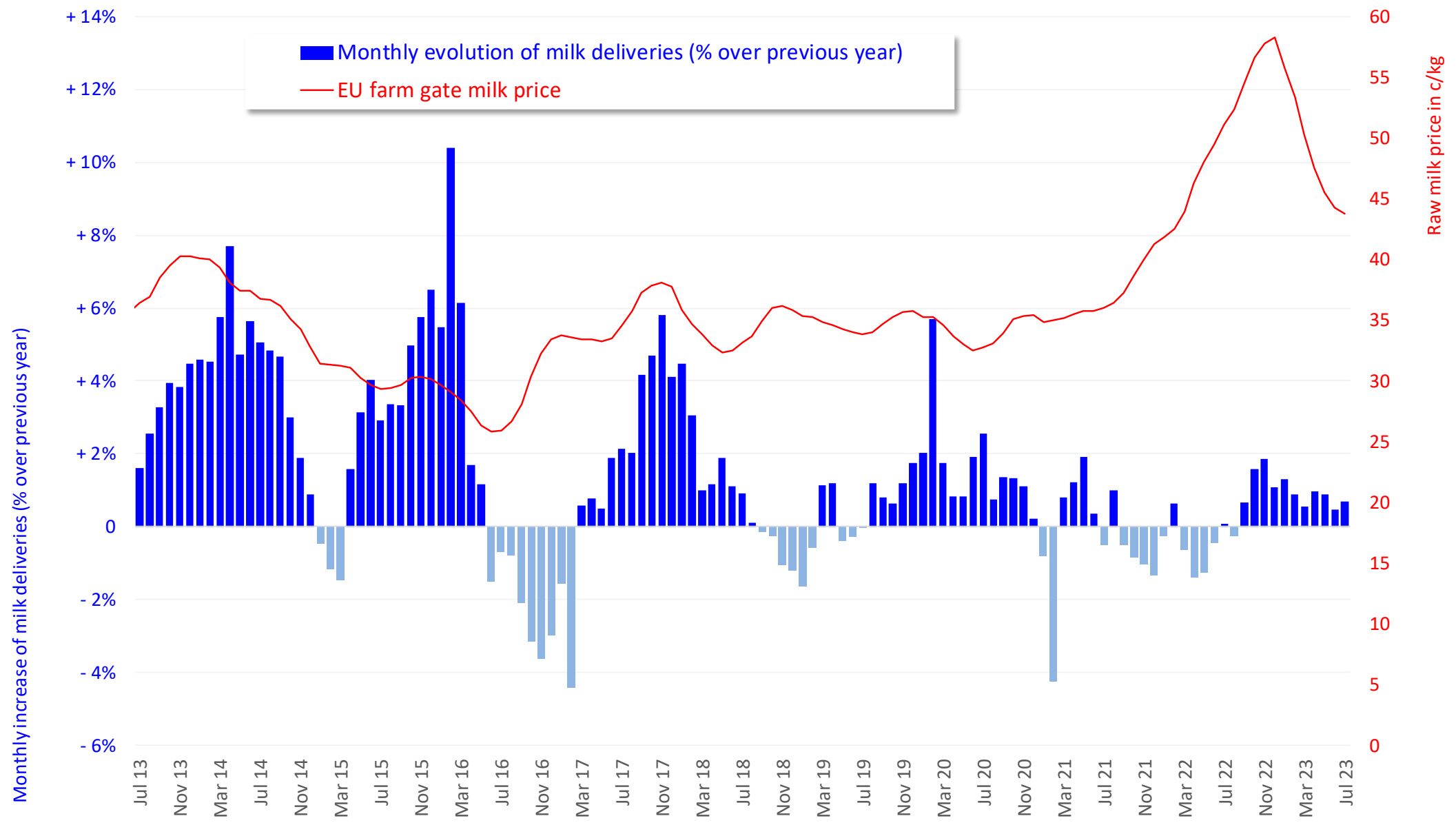
The designations employed and the presentation of material on the map do not imply the expression of any opinion whatsoever on the part of the European Union concerning the legal status of any country, territory or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

Jul 23 compared to Jul 22

Rank	evolution in %		evolution in 1000 Tons	
	MS	%	MS	Tons
1.	EE	+ 8.5%	DE	+ 58
2.	RO	+ 7.4%	PL	+ 23
3.	CY	+ 7.2%	NL	+ 21
4.	PT	+ 3.8%	ES	+ 11
5.	SE	+ 3.5%	BE	+ 10
6.	BG	+ 2.8%	SE	+ 8
7.	BE	+ 2.7%	RO	+ 7
8.	CZ	+ 2.7%	CZ	+ 7
9.	PL	+ 2.1%	PT	+ 6
10.	DE	+ 2.1%	EE	+ 6
11.	ES	+ 1.8%	DK	+ 4
12.	NL	+ 1.8%	CY	+ 2
13.	LV	+ 0.9%	BG	+ 2
14.	DK	+ 0.9%	LV	+ 1
15.	FI	+ 0.3%	FI	+ 1
16.	AT	+ 0.2%	AT	+ 1
17.	IE	- 0.2%	MT	- 0
18.	IT	- 0.9%	SI	- 1
19.	SI	- 2.3%	SK	- 2
20.	SK	- 2.3%	IE	- 2
21.	LT	- 2.6%	HR	- 3
22.	HU	- 2.7%	LT	- 3
23.	FR	- 2.9%	EL	- 3
24.	EL	- 6.5%	HU	- 4
25.	MT	- 8.5%	IT	- 10
26.	HR	- 8.5%	FR	- 57
EU		+ 0.7%	EU	+ 82

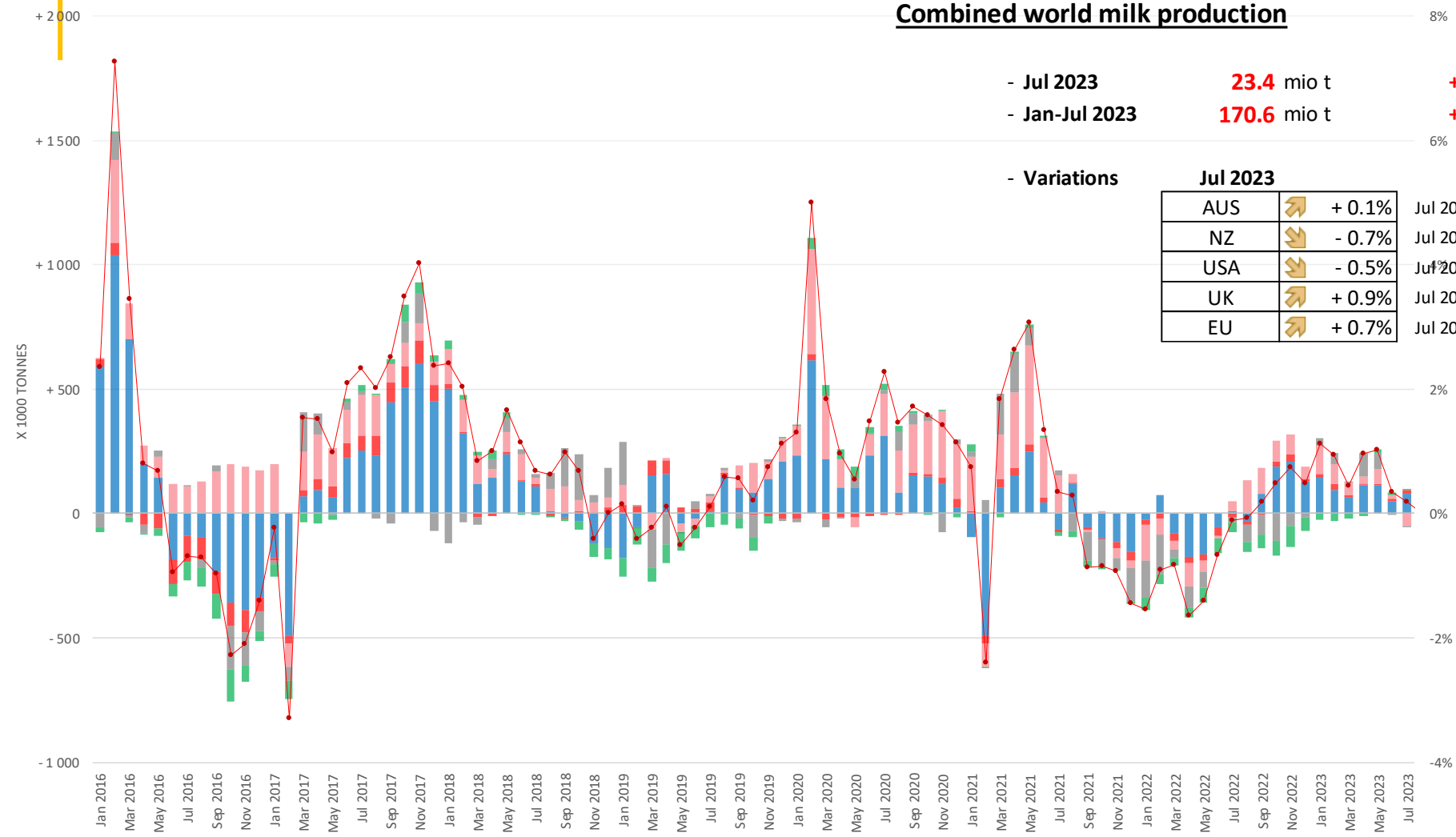
rem: LU not included (confidential data)

Increased production since Sept



EU*+UK+US+NZ+AUS COMBINED MILK PRODUCTION GROWTH

Combined world milk production



- Jul 2023 **23.4** mio t **+ 0.2%**
 - Jan-Jul 2023 **170.6** mio t **+ 0.7%**

- Variations

Jul 2023	
AUS	↘ + 0.1%
NZ	↘ - 0.7%
USA	↘ - 0.5%
UK	↗ + 0.9%
EU	↗ + 0.7%

In 2023

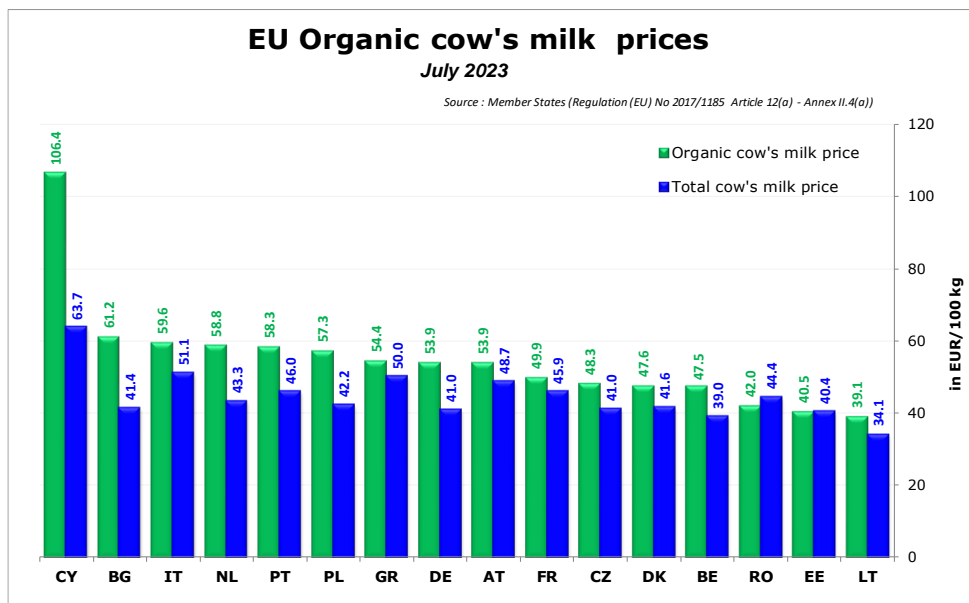
AUS	↘ - 1.4%	(Jan-Jul 2023)
NZ	↗ + 2.7%	(Jan-Jul 2023)
USA	↗ + 0.5%	(Jan-Jul 2023)
UK	↗ + 0.9%	(Jan-Jul 2023)
EU	↗ + 0.8%	(Jan-Jul 2023)



* not including LU (confidential data)

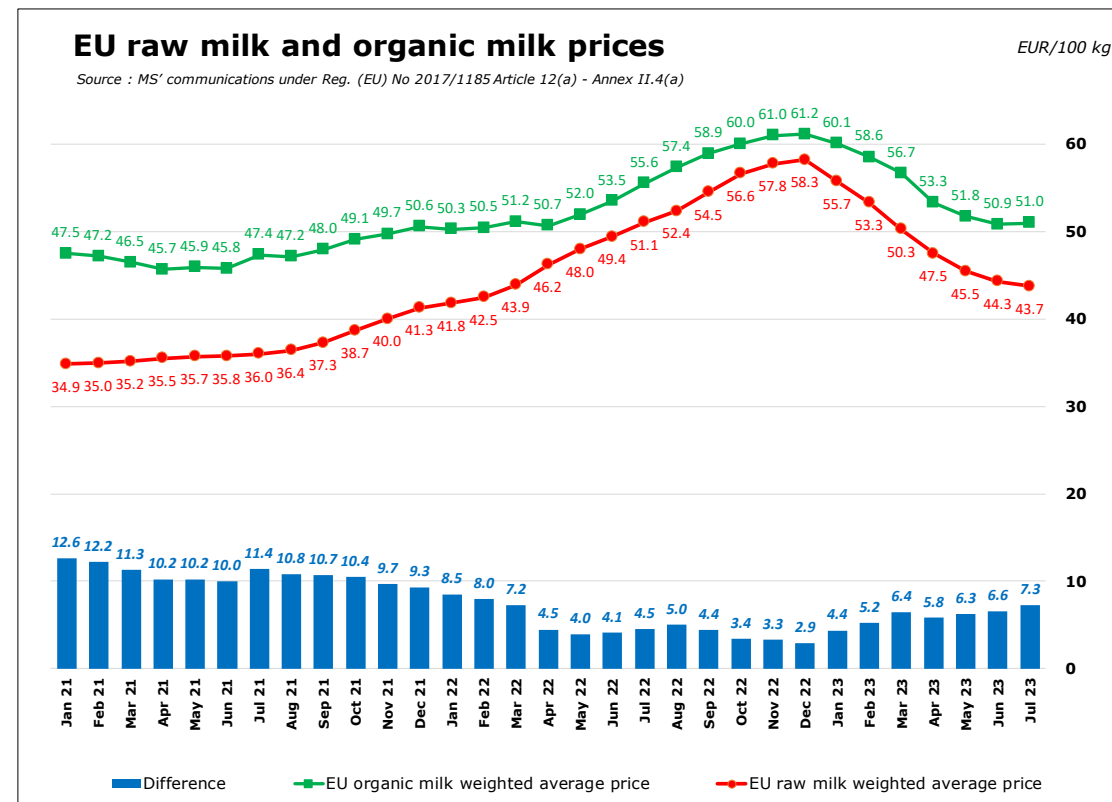
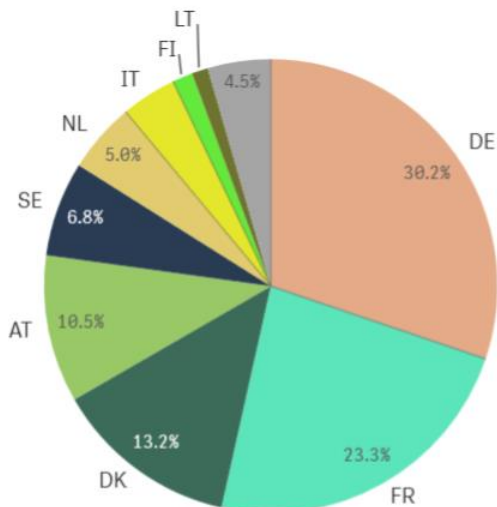
EU UK US NZ AUS Combined increase

EU organic raw milk production & prices



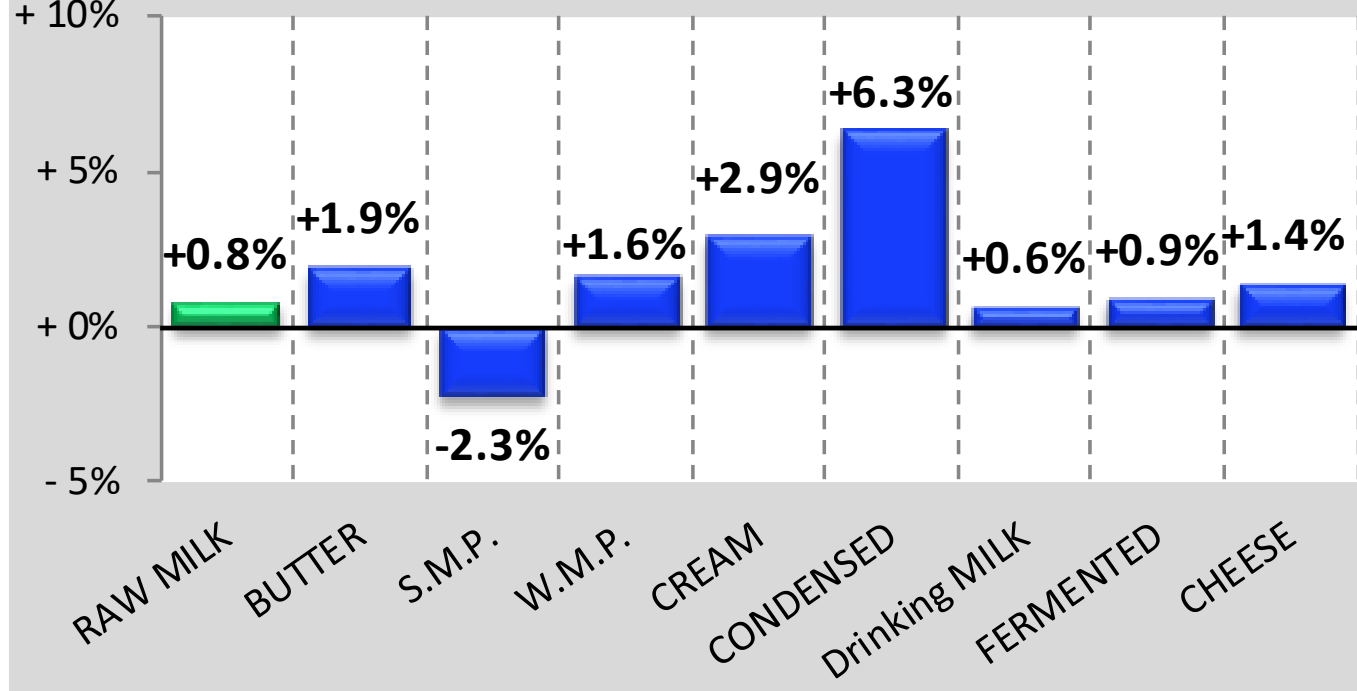
Organic cow's milk deliveries in July 2023

For years: 2023 > Months: 07 > All Member States > Organic raw cow's milk delivered to dairies > Thousand tonnes

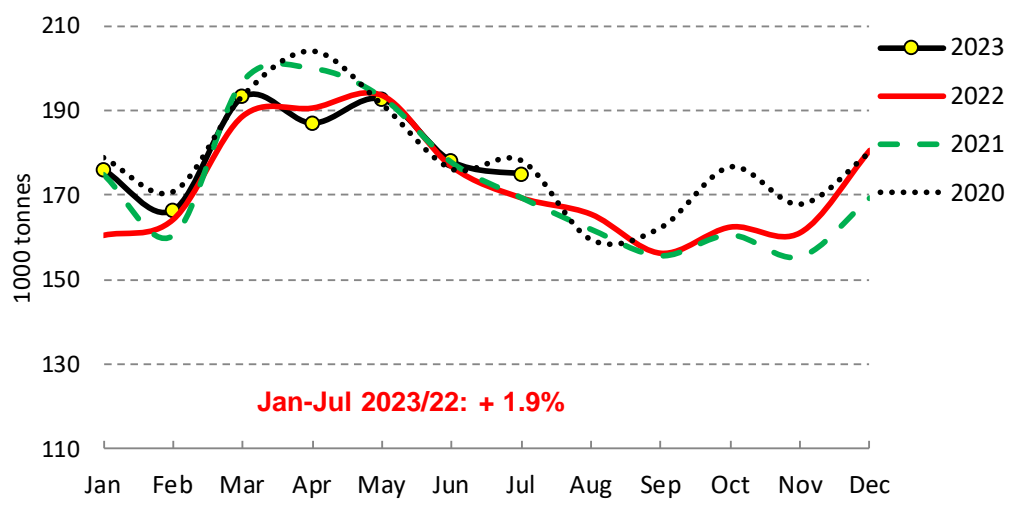


July 2023:
3.9% of total raw milk collected was organic (based on notifications from 22 MS)

EU Productions (Jan-Jul 2023 compared to Jan-Jul 2022)

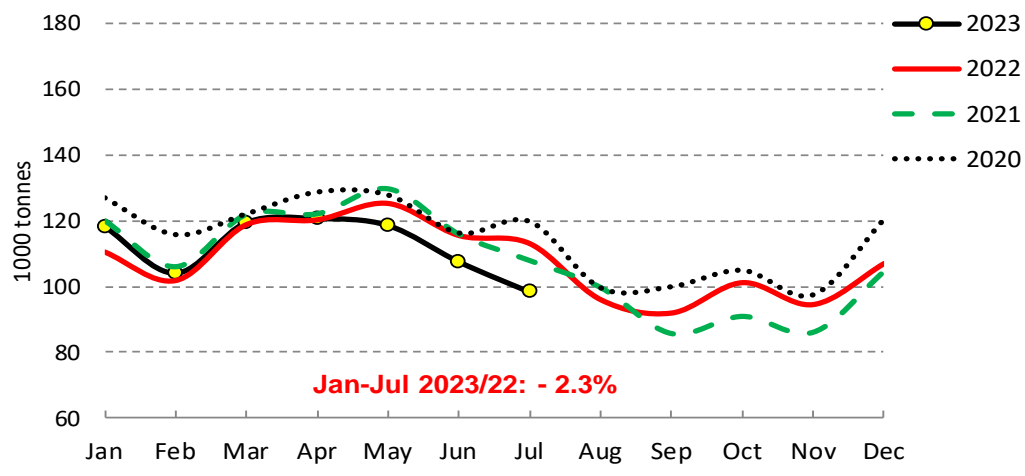


EU - Total Butter



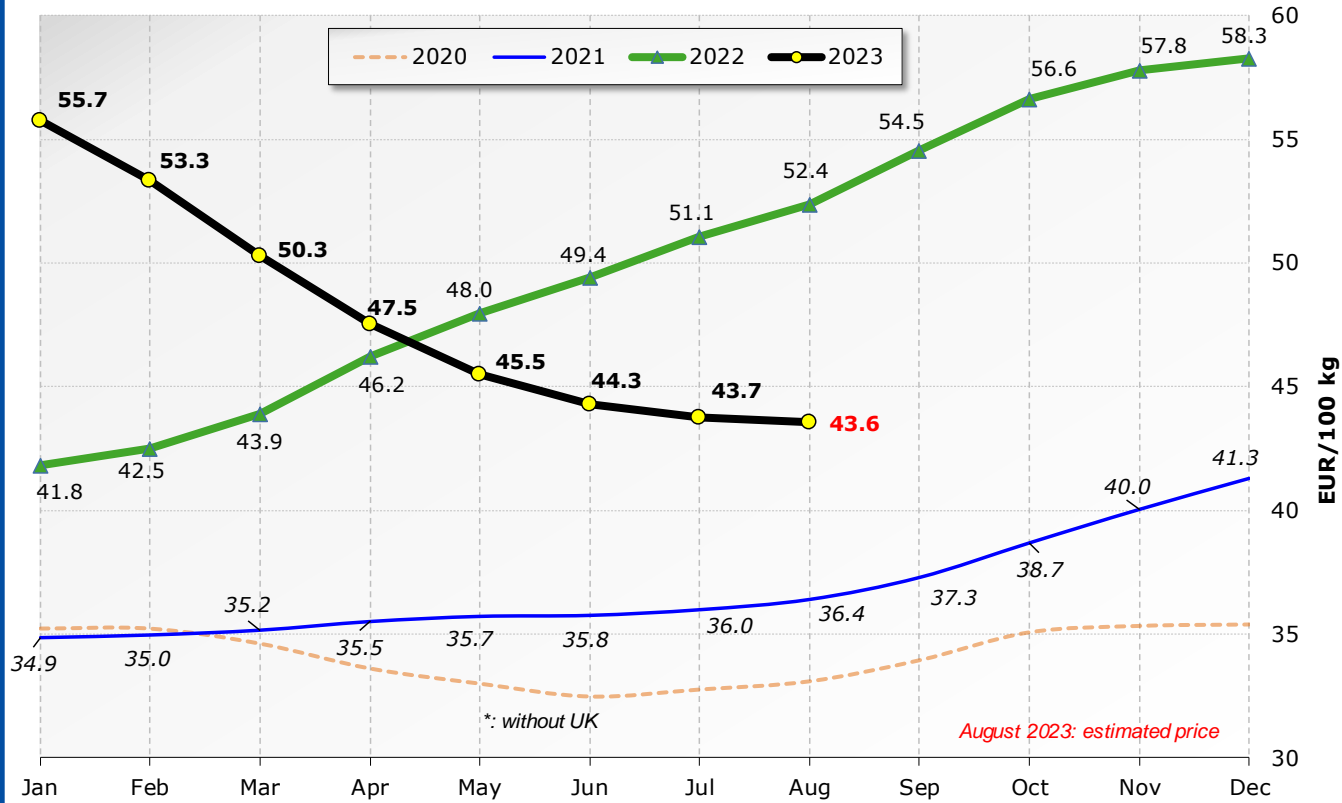
Source : Estat - Newcronos

EU - Skimmed-milk powder

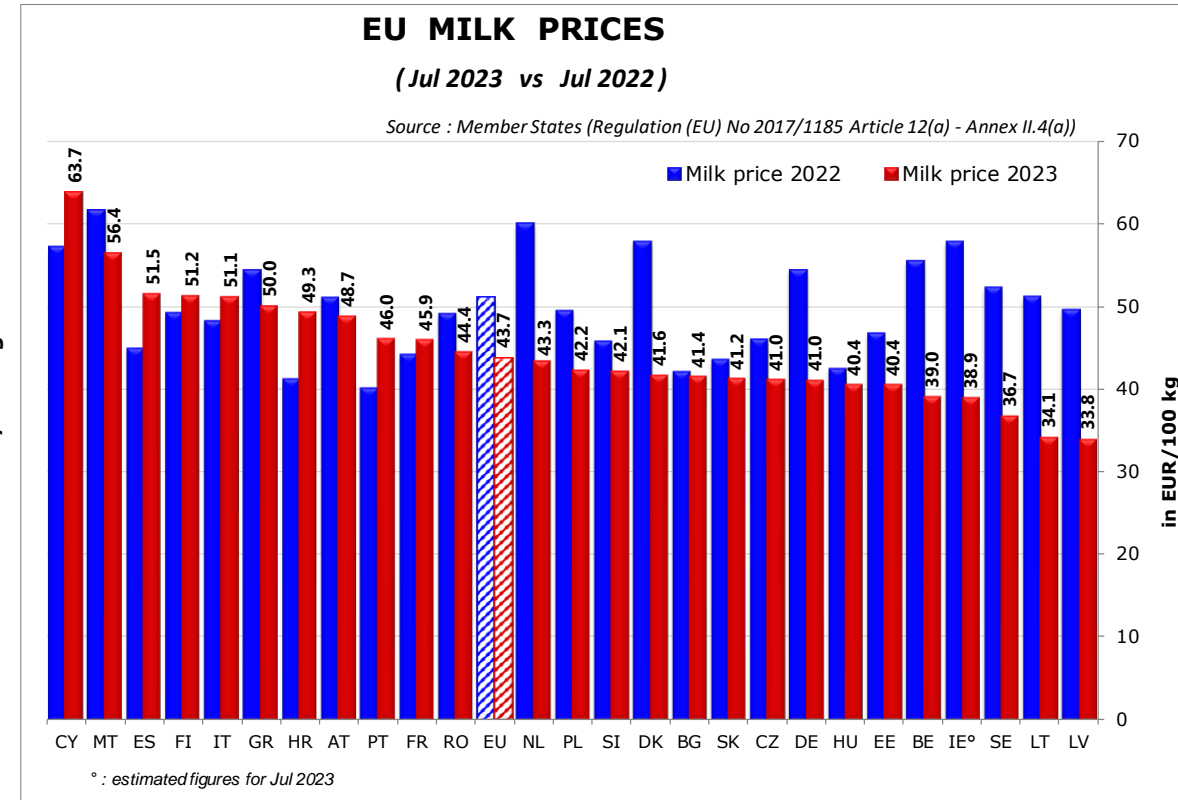


Source : Estat - Newcronos

EU milk prices paid to the producers



Source : Member States Reg. (EU) No 2017/1185 Article 12(a) - Annex II.4(a))

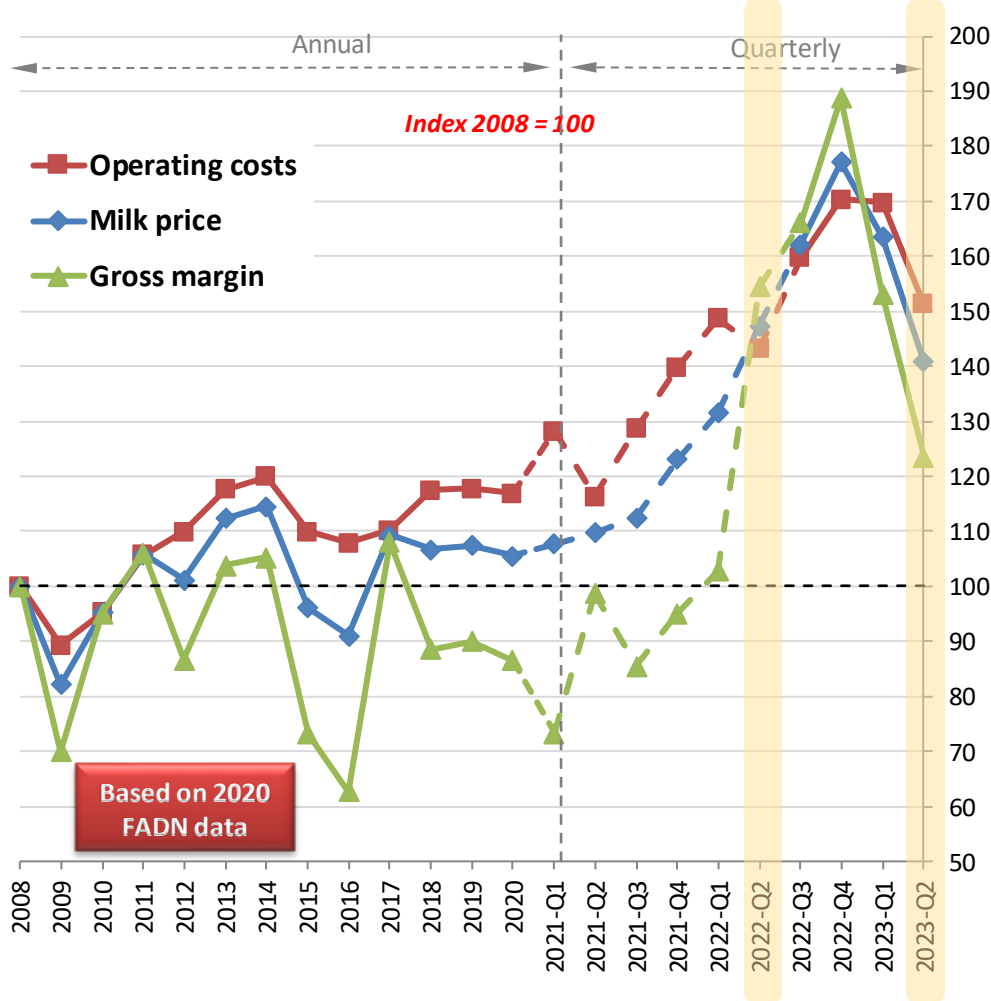


Price of Jul 23 compared to :

	BE	BG	CZ	DK	DE	EE	IE	GR	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	EU (without UK)
Jun 23	-2.5%	+1.1%	-4.9%	-0.3%	-2.4%	-1.3%	-1.5%	+0.3%	-0.7%	+0.6%	-0.8%	-1.1%	+0.2%	-0.2%	-1.0%	-	-7.5%	+0.4%	idem	-3.8%	-2.2%	-4.7%	+5.3%	-1.0%	-3.2%	-0.8%	+0.1%	-1.3%
Jul 22	-29.7%	-1.7%	-10.8%	-28.0%	-24.7%	-13.5%	-32.8%	-8.2%	+14.5%	+4.0%	+19.6%	+5.9%	+11.3%	-31.8%	-33.5%	-	-4.7%	-8.5%	-27.9%	-4.7%	-14.8%	+14.5%	-9.5%	-7.9%	-5.6%	+3.8%	-29.8%	-14.4%

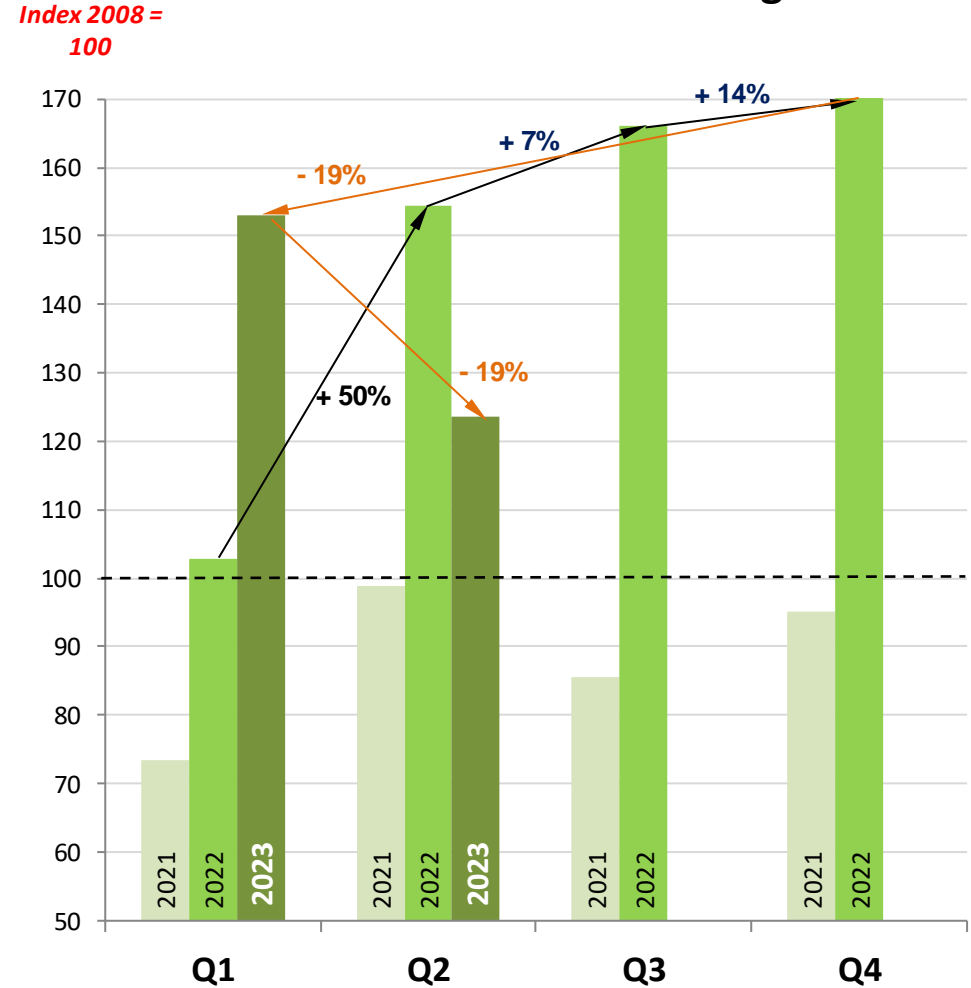
Margins

EU Milk price, operating costs and margin per tonne



Source : FADN (base year 2020) + indexes (Eurostat, DG AGRI)

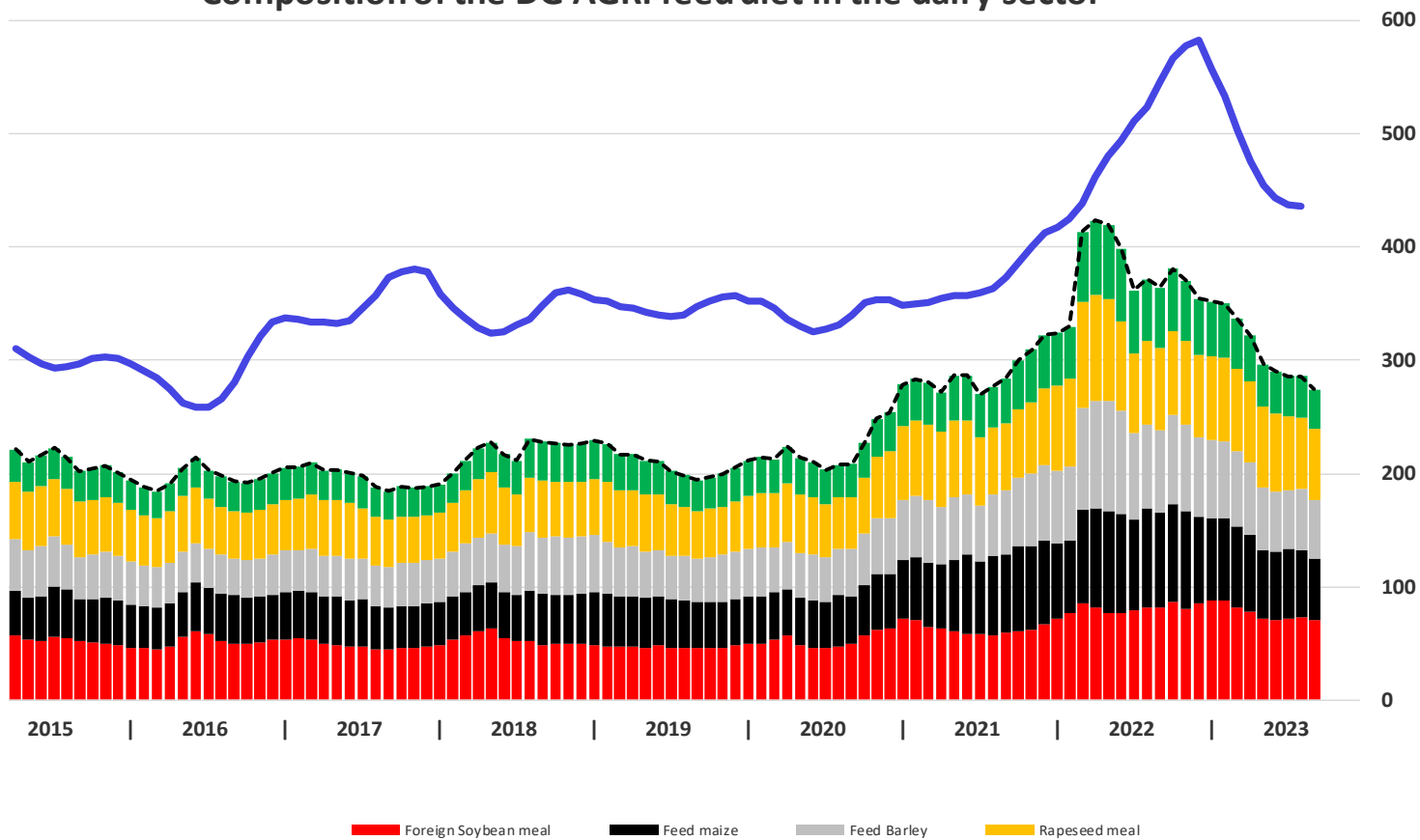
Estimation of EU Gross margin



Source : FADN (base year 2020) + indexes (Eurostat, DG AGRI)

The main cost factor (feed) is no longer increasing

Composition of the DG AGRI feed diet in the dairy sector



OIL : Europe Brent Spot Price (USD/Barrel)



EU dairy quotations

EU evolutive* dairy Quotations

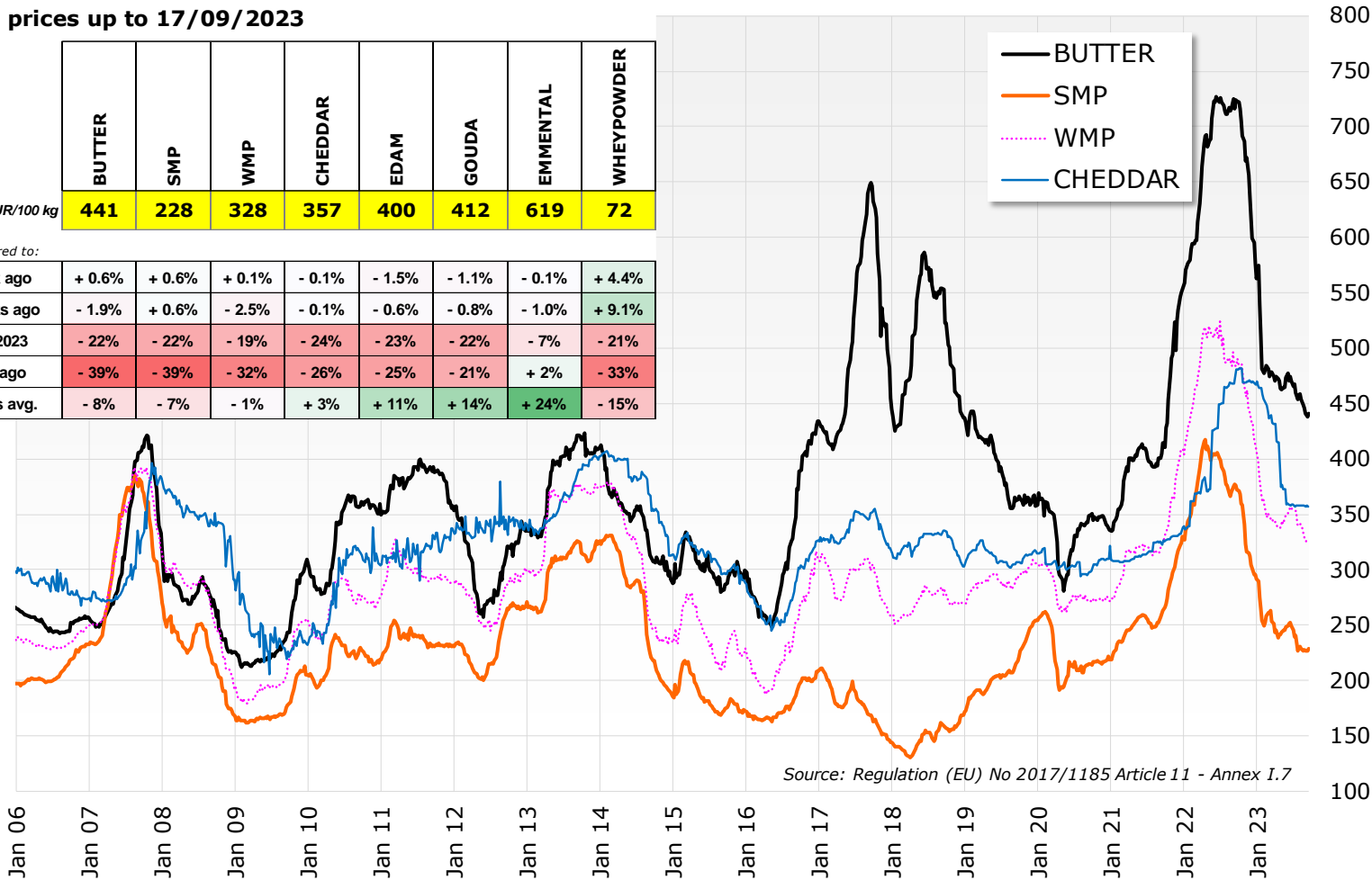
(EU Average Prices based on MS communication and weighted by production)

Dairy prices up to 17/09/2023

	BUTTER	SMP	WMP	CHEDDAR	EDAM	GOUDA	EMMENTAL	WHEYPOWDER
in EUR/100 kg	441	228	328	357	400	412	619	72

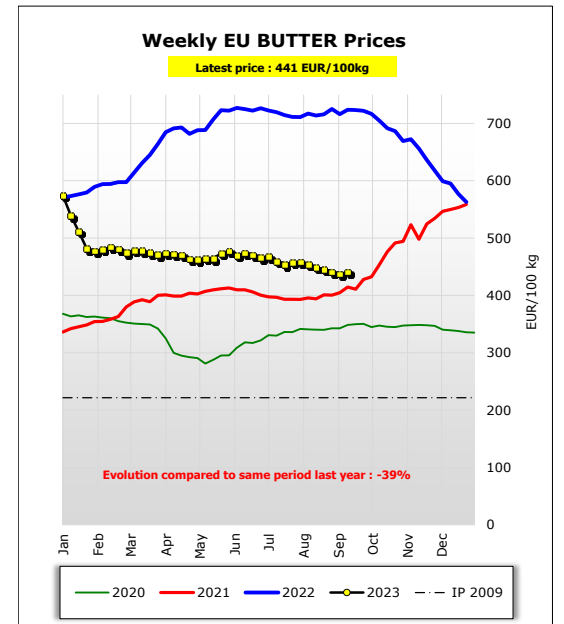
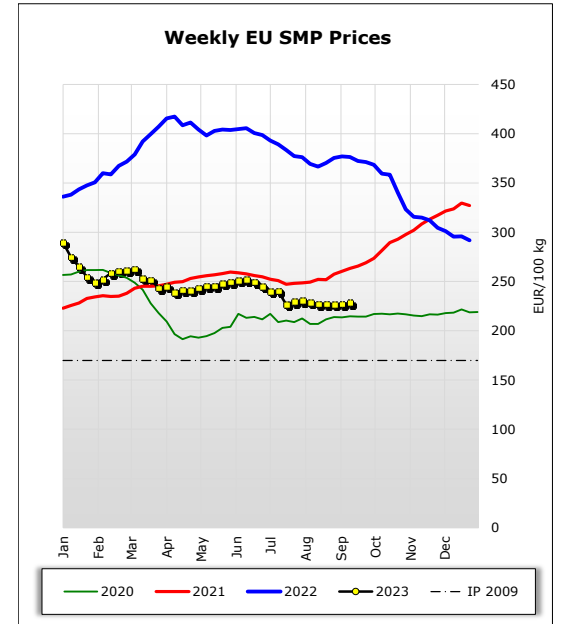
Compared to:

1 week ago	+ 0.6%	+ 0.6%	+ 0.1%	- 0.1%	- 1.5%	- 1.1%	- 0.1%	+ 4.4%
4 weeks ago	- 1.9%	+ 0.6%	- 2.5%	- 0.1%	- 0.6%	- 0.8%	- 1.0%	+ 9.1%
begin 2023	- 22%	- 22%	- 19%	- 24%	- 23%	- 22%	- 7%	- 21%
1 year ago	- 39%	- 39%	- 32%	- 26%	- 25%	- 21%	+ 2%	- 33%
5 years avg.	- 8%	- 7%	- 1%	+ 3%	+ 11%	+ 14%	+ 24%	- 15%



Source: Regulation (EU) No 2017/1185 Article 11 - Annex I.7

in EUR/100 kg

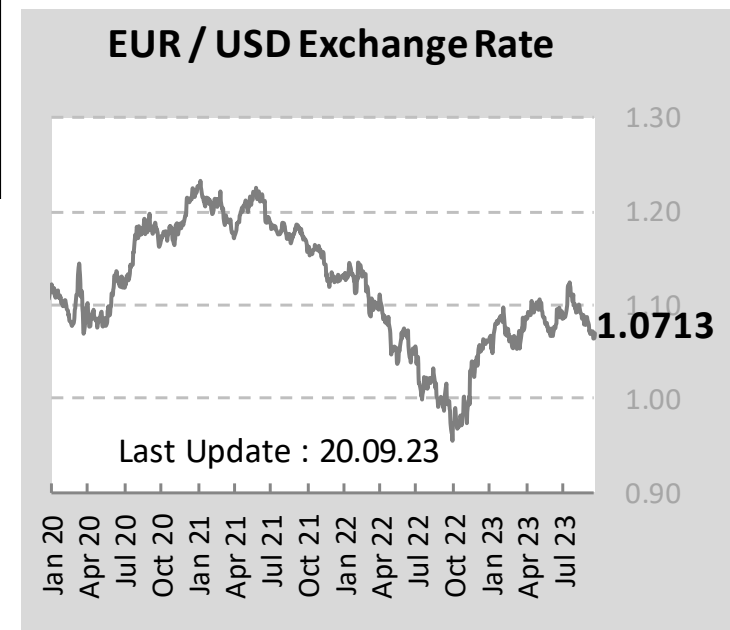
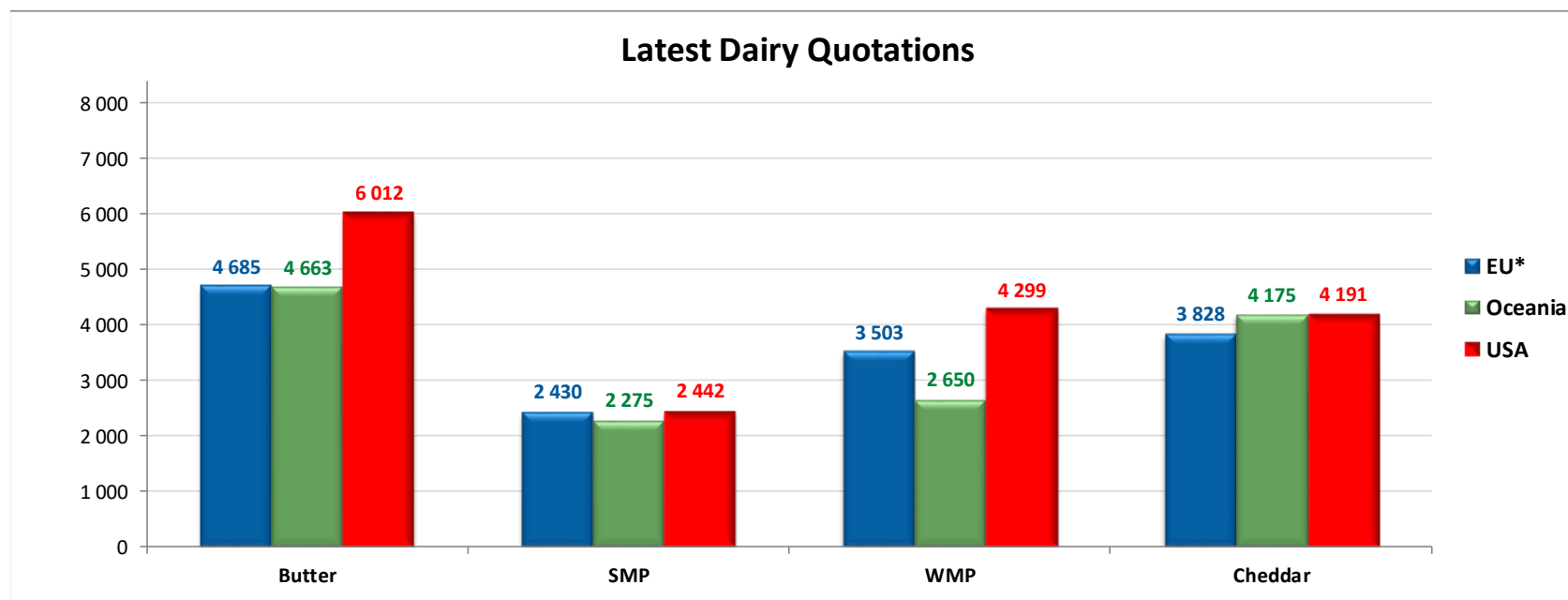


* EU evolutive: EU-15 (before 2004), EU-25 (2004 to 2006), EU-27 (2007 to 2013), EU-28 (2013 to 01/2020), EU-27 without UK (from 02/2020 onwards)

Latest world dairy quotations

In US\$/t	Latest Quotations			Week - 2						Year - 1					
	17/09/2023			03/09/2023			% change (previous quotation)			18 September 2022			% change (1 year)		
	EU*	Oceania	USA	EU*	Oceania	USA	EU*	Oceania	USA	EU*	Oceania	USA	EU*	Oceania	USA
Butter	4 685	4 663	6 012	4 816	4 625	5 827	-2.7%	+0.8%	+3.2%	7 195	5 425	6 910	-35%	-14%	-13%
SMP	2 430	2 275	2 442	2 458	2 388	2 402	-1.1%	-4.7%	+1.7%	3 788	3 575	3 448	-36%	-36%	-29%
WMP	3 503	2 650	4 299	3 568	2 700	4 189	-1.8%	-1.9%	+2.6%	4 875	3 550	5 269	-28%	-25%	-18%
Cheddar	3 828	4 175	4 191	3 864	4 175	4 353	-0.9%	nc	-3.7%	4 705	5 225	4 452	-19%	-20%	-6%

Source : Member States Notifications under Reg. 2017/1185, USDA



Keep in touch and thank you!



ec.europa.eu/agriculture



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[EU agri-food Data portal](#)

ANNEX 2

EU dairy products monthly stock estimates up to end of July 2023

EDA



**EU dairy products
monthly stock estimates
up to end of July 2023**

**Milk Market Observatory
Economic Board**

September 25th, 2023

Methodology

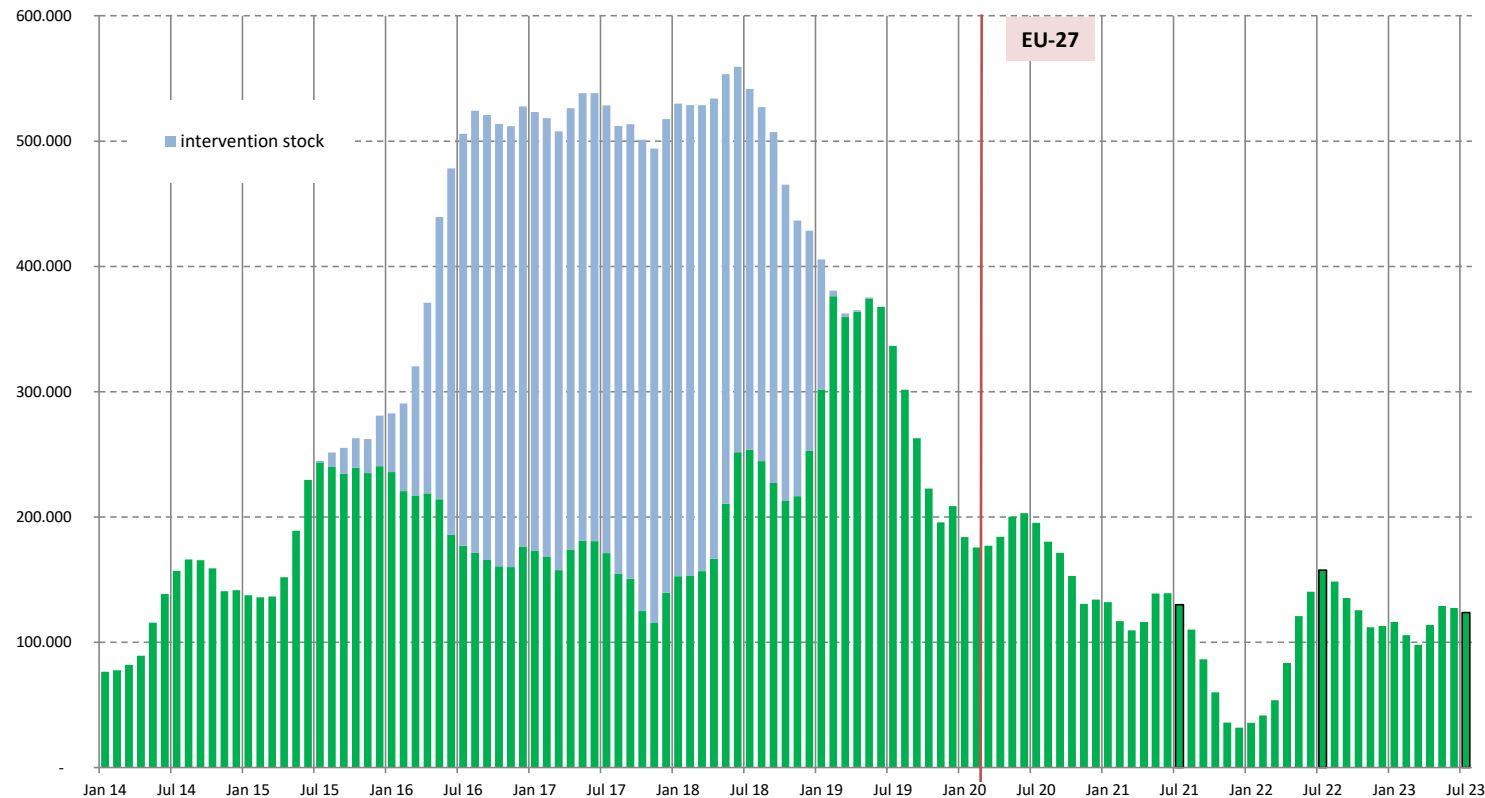
- For each dairy product and each month, the stock estimates are based on the equation:
 - $\text{Stock variation} = \text{EU production} + \text{EU import} - \text{EU internal consumption} - \text{EU exports}$
- ZMB balance sheets and forecasts have been used as references for :
 - End of year stock levels
 - Yearly consumption levels
- Monthly production statistics are based on ZMB Dairy World publications.
- Exports and imports figures are based on MMO website figures and Eurostat. From 2020 onwards, data refer to the EU-27 (coloured in red).
- The initial stocks entered in the model at the beginning of 2012 are :
 - SMP: 152 000 t
 - Butter: 80 000 t
 - Cheese: 200 000 t (arbitrary basis)
- The green/red parts in each graph mean that this stock level can be considered as normal for the month.
- Orange parts mean that this stock level can be considered as too high for the month; intervention stocks are coloured blue.
- These qualifications are based on the EDA analysts' personal views and past market observations.

SMP: Production of SMP started to decline with the beginning of Q2. In summer-time the reduction of production accelerated. Export to international markets had been strong in the first 7 months of 2023. Stocks are different, but in a normal range in total. Prices declined in August due to weak signals from international markets and a quiet demand during the holiday-season. The market stabilized in recent weeks.

stock level
in tons

European stock level estimates - SMP - July 2023

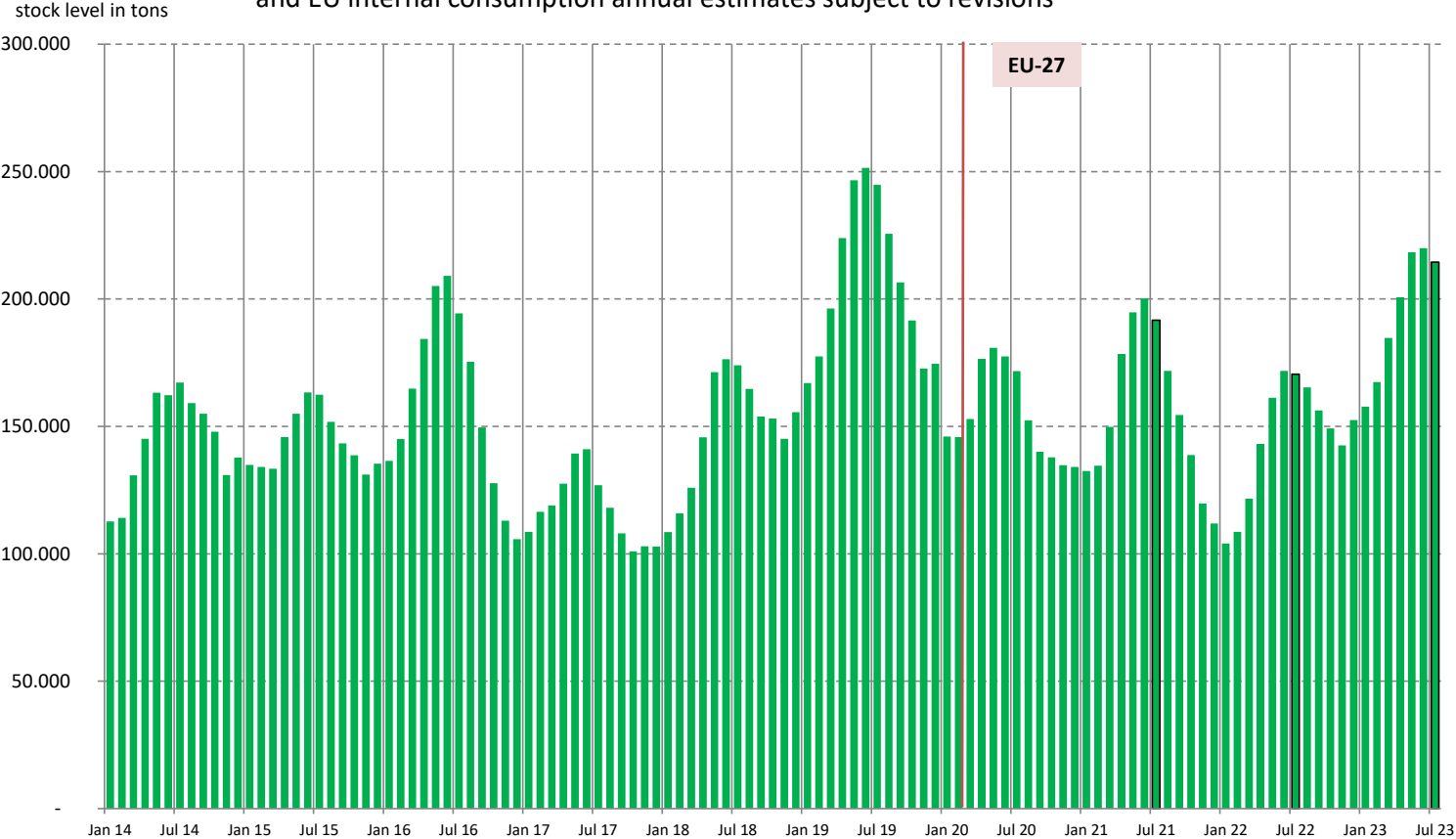
Calculations based on Eurostat production, export and import statistics and EU internal consumption annual estimates subject to revisions



Butter-production increased in the first half of 2023 due to higher milk deliveries and higher fat-contents in delivered milk. Export improved compared with the two previous years. Consumer demand reacted to reduced prices and started to recover. Nevertheless, stocks are higher than in recent years, but still on a normal level.

European stock level estimates - Butter - July 2023

Calculations based on Eurostat production, export and import statistics and EU internal consumption annual estimates subject to revisions



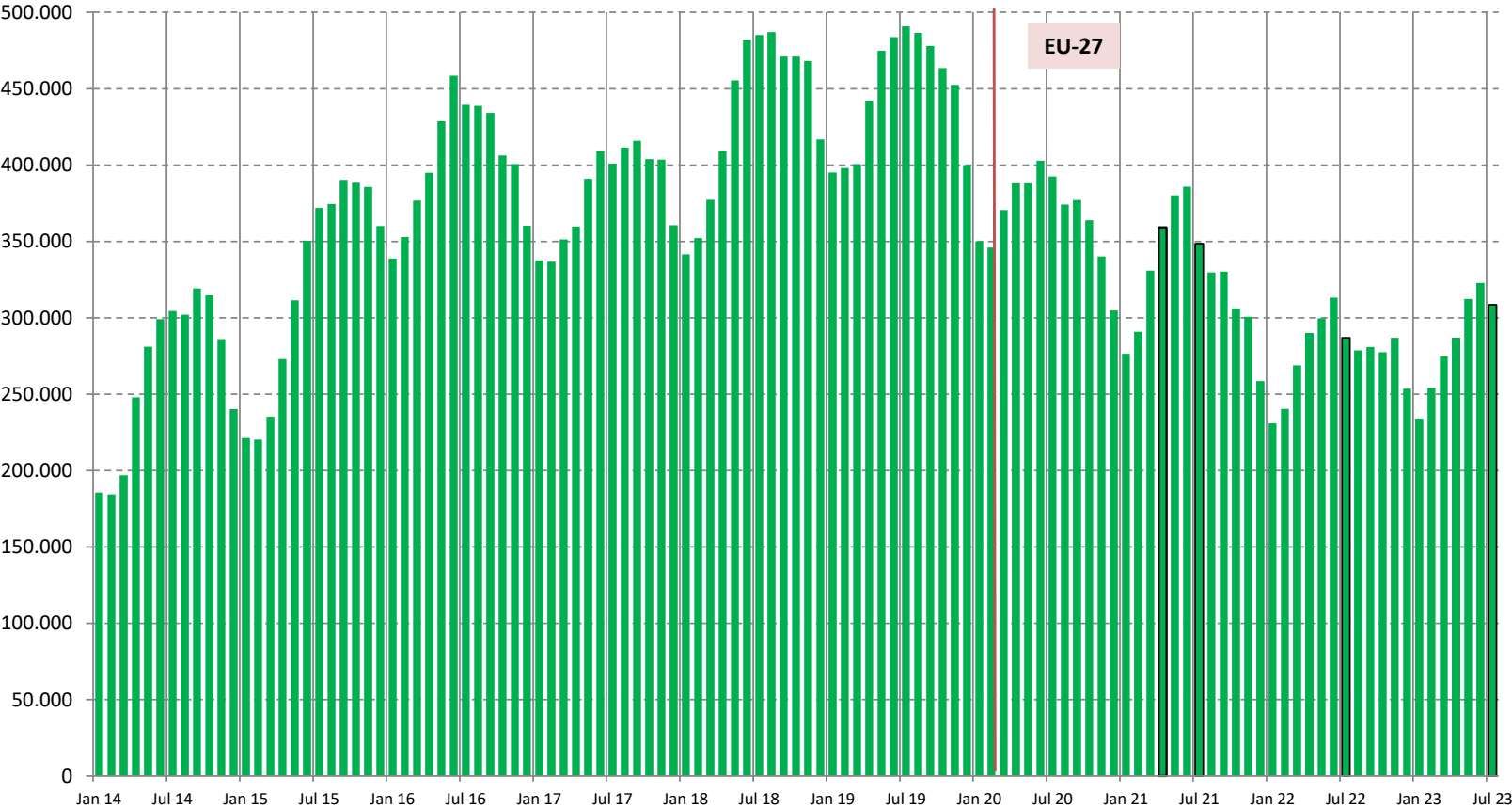
Cheese stocks have a normal level for the time of the year. The produced volumes are absorbed by the demand inside and outside of the EU and the market is balanced so far. Prices reduced compared with the record-level of previous year, but they are still above their long-term average.

European stock level estimates - Cheese - July 2023

Calculations based on Eurostat production, export and import statistics and EU internal consumption annual estimates subject to revisions



stock level in tons



Situation

Milk deliveries are still above previous year's level. Rainy weather conditions in July and first weeks of August in wide parts of Northern- and Western-Europe supported milk output.

EU-export of dairy products increased slightly in the the first half of 2023 despite of the weak global economy and high inflation rates in many countries of the world. Internal demand in the EU is still affected by higher inflation rates and reduced purchasing power.

The dairy market is closed the balance in the most categories. More butter was available than in 2022 so far. The biggest price-pressure was observed for whey-products. The increase of stocks came to an end in June.

Prices of dairy products and producer prices decreased to different extent compared with the record high levels of 2022. They are still above their long-term-average in most cases, but so are costs.

ANNEX 3

Global dairy trade flows

Eucolait



eucolait

*European Dairy Trade
Association*

Global dairy trade flows

MMO EXPERT GROUP

25/09/2023

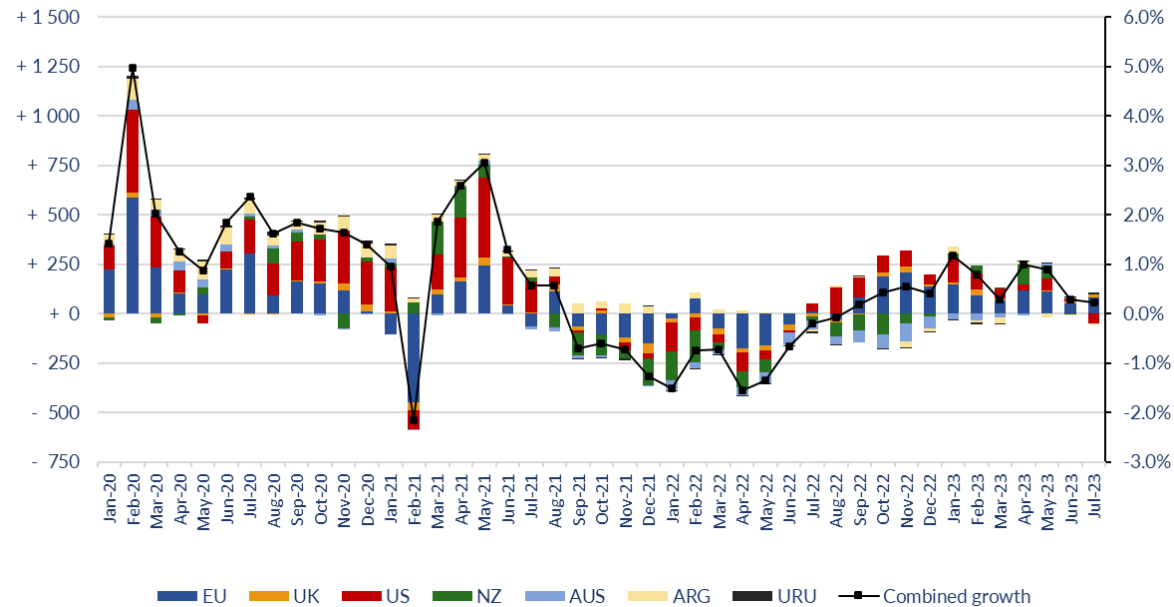
www.eucolait.eu

Outline

- Global supply
- Global exports & imports
- Demand in East Asia & MENA
- EU & UK trade
- Conclusions

Global supply

World milk supply growth in 2020-2023
(EU27, UK, US, NZ, Australia, Argentina, Uruguay)



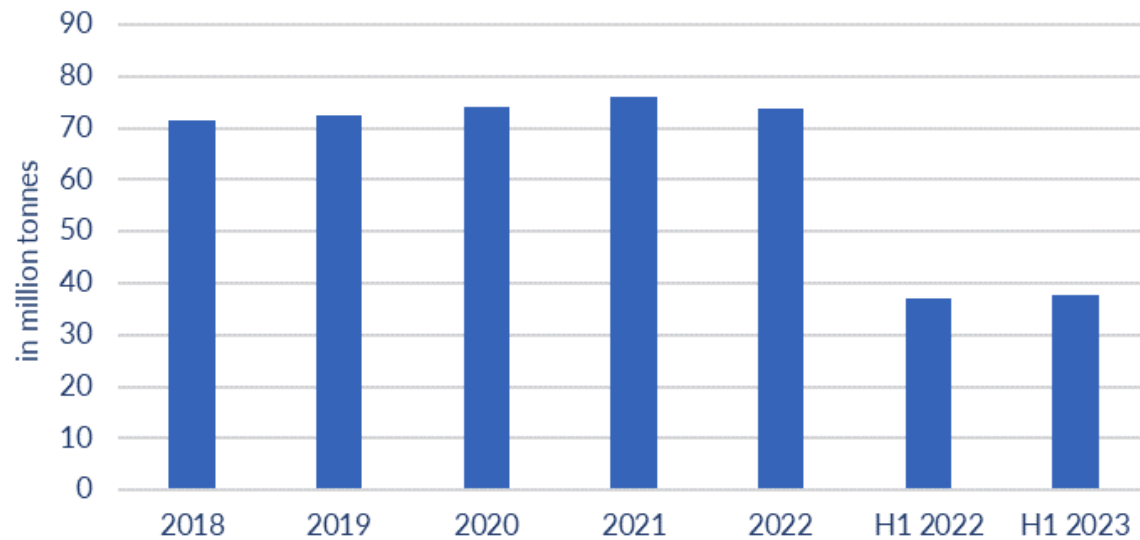
MILK COLLECTION OF MAIN EXPORTERS - JULY 2023					
Country	Volume in '000 tonnes	Δ% YOY 23/22	Volume YTD in '000 tonnes	Δ% YTD 23/22	Δ% Season to date 24/23
EU27	12 611	↑ +0.7%	87 285	↑ +0.8%	
United States	8 659	↓ -0.5%	60 819	↑ +0.5%	
New Zealand	286	↓ -0.7%	8 715	↑ +2.7%	↓ -1.1%
Australia	588	→ +0.1%	3 712	↓ -1.8%	→ +0.1%
Argentina	1 017	→ -0.2%	6 398	↓ -0.3%	
Uruguay	194	↑ +6.4%	1 123	→ +0.2%	
United Kingdom	1 239	↑ +1.1%	8 800	↑ +0.9%	
TOTAL	24 594	→ +0.2%	176 853	↑ +0.7%	

Global dairy exports in ME

Global dairy exports:
H1 2023/2022: +1,9%

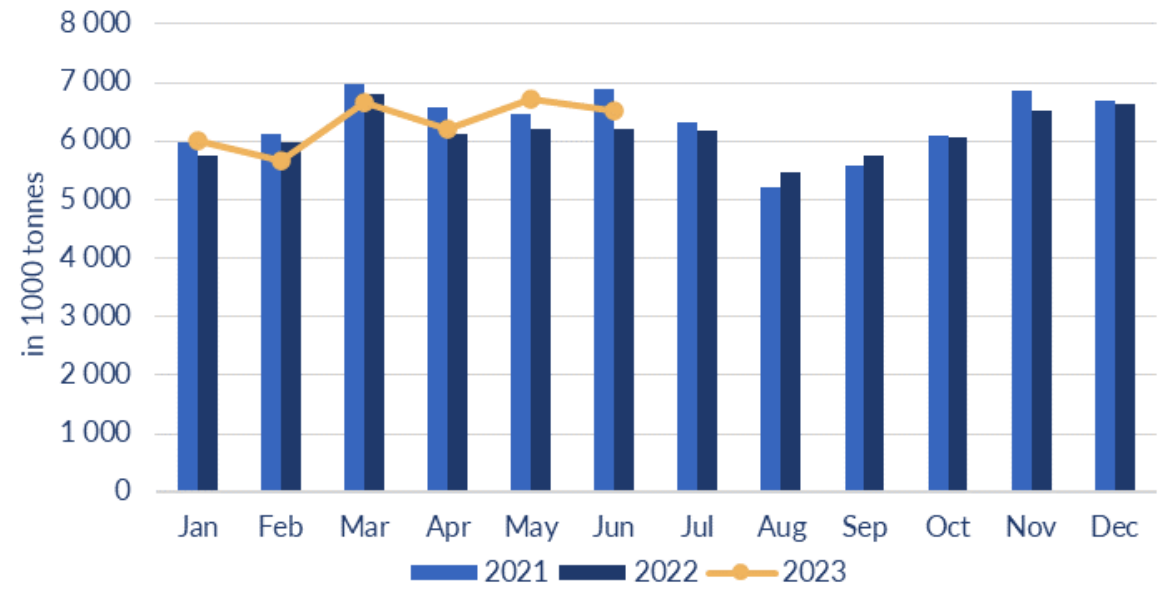
Global dairy exports in milk equivalent

WMP, SMP, butter(oil), cheese, casein(ate)s, whey, lactose



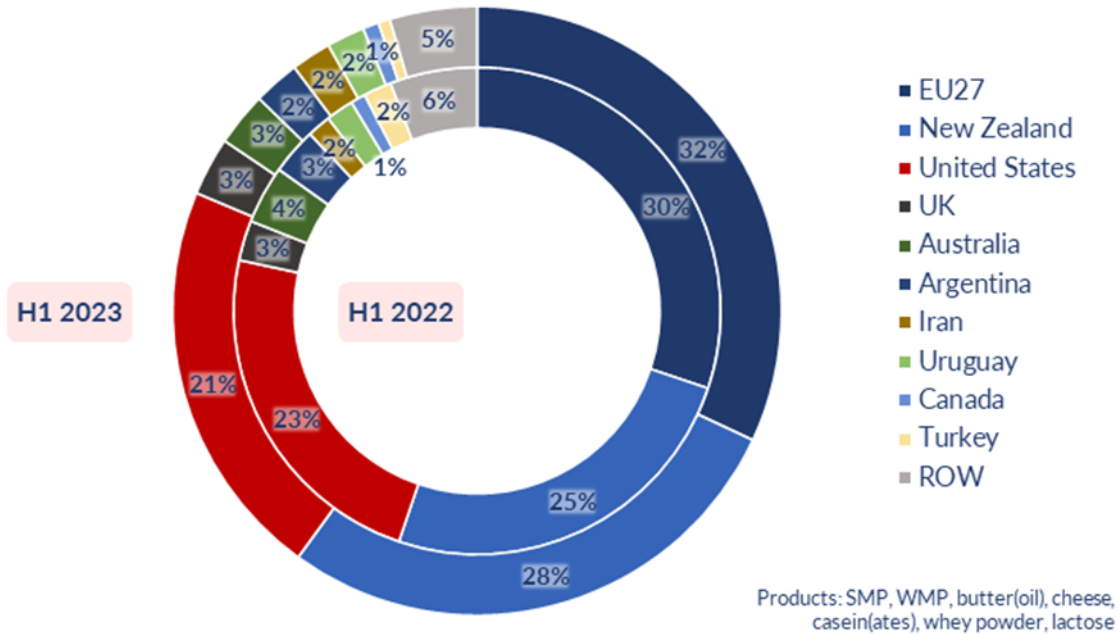
Monthly global dairy exports in milk equivalent

Cheese, butter(oil), SMP, WMP, whey, lactose, casein(ates)

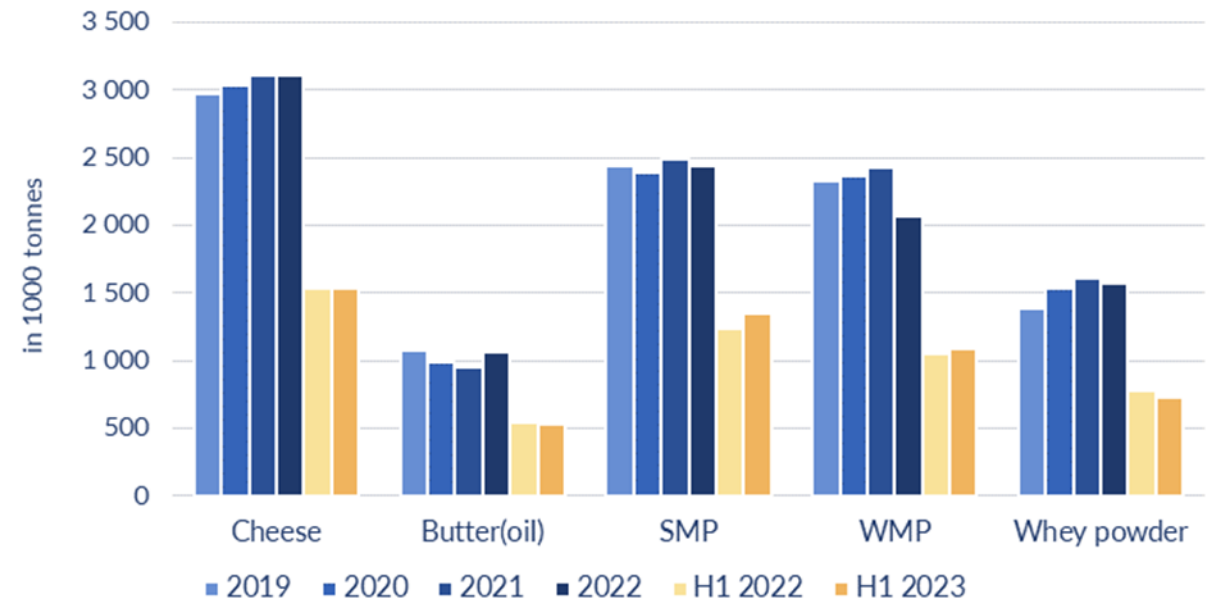


Global dairy exports

Export shares in % of total export volumes
(in milk equivalent)

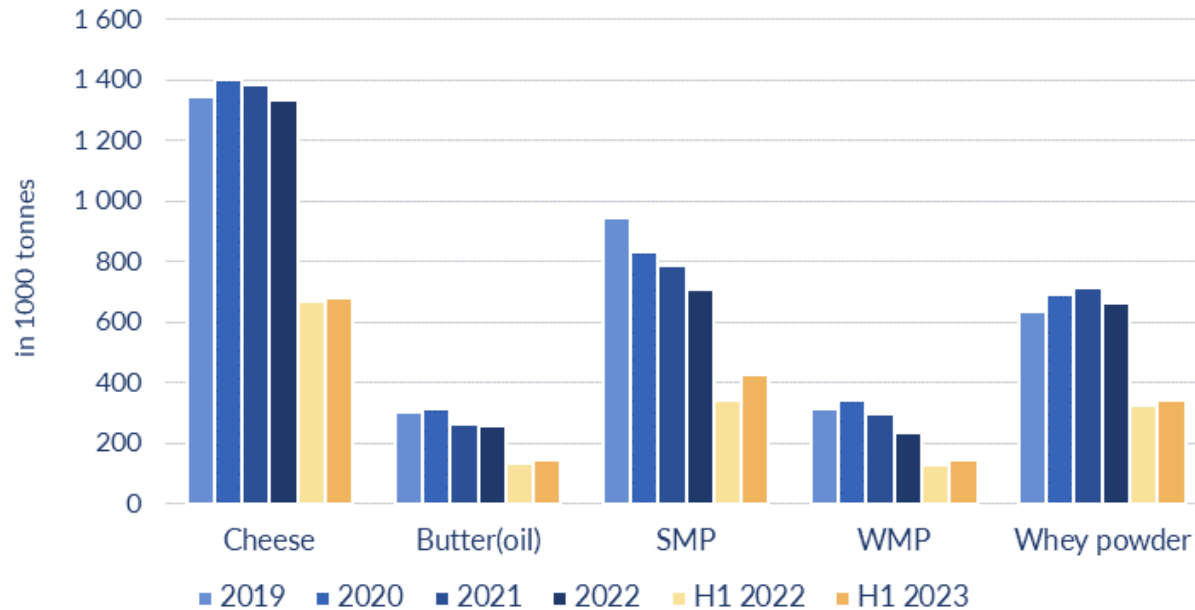


Global exports of main dairy commodities



EU exports by product and destination

EU exports of main dairy commodities

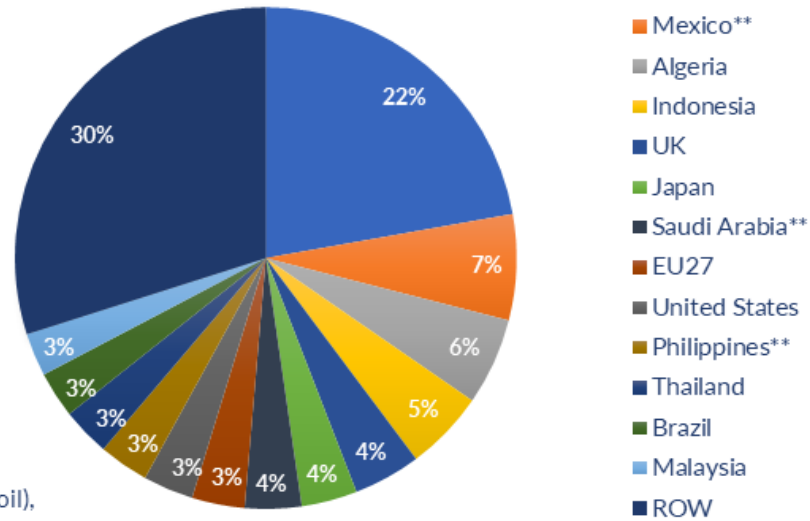


EU export destinations in H1 2023

Country	Share of EU exports	Δ% 23/22
Total	100%	↑ +8%
China	12%	↑ +14%
UK	12%	⇒ +0%
Algeria	7%	↑ +136%
United States	4%	↓ -6%
Indonesia	4%	↓ -27%
Japan	4%	↑ +3%
Malaysia	3%	↓ -1%
Saudi Arabia	3%	↑ +27%
Egypt	3%	↑ +14%
Thailand	3%	↑ +19%
South Korea	2%	⇒ +0%
Switzerland	2%	↑ +4%
Vietnam	2%	↑ +43%
ROW	38%	↑ +4%

Main import markets

Main import markets in H1 2023
(in milk equivalent)



Products: cheese, butter(oil), SMP, WMP, whey, lactose, casein(ates)

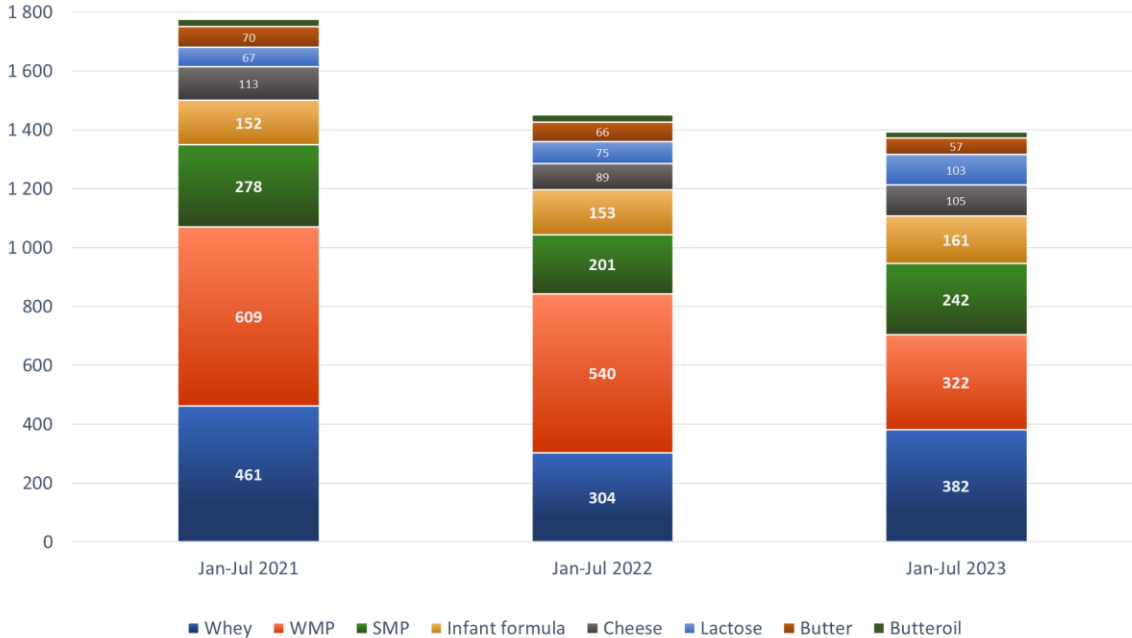
Main import markets in H1 2023	
Importers	Δ% 23/22
Total*	↓ -1%
China	↓ -7%
Mexico**	↑ +32%
Algeria	↑ +27%
Indonesia	↓ -14%
UK	↑ +10%
Japan	↓ -6%
Saudi Arabia**	↑ +6%
EU27	↑ +6%
United States	↑ +6%
Philippines**	↓ -26%
Thailand	↓ -2%
Brazil	↑ +173%
Malaysia	↓ -23%
Other	↓ -6%

** Estimate for June

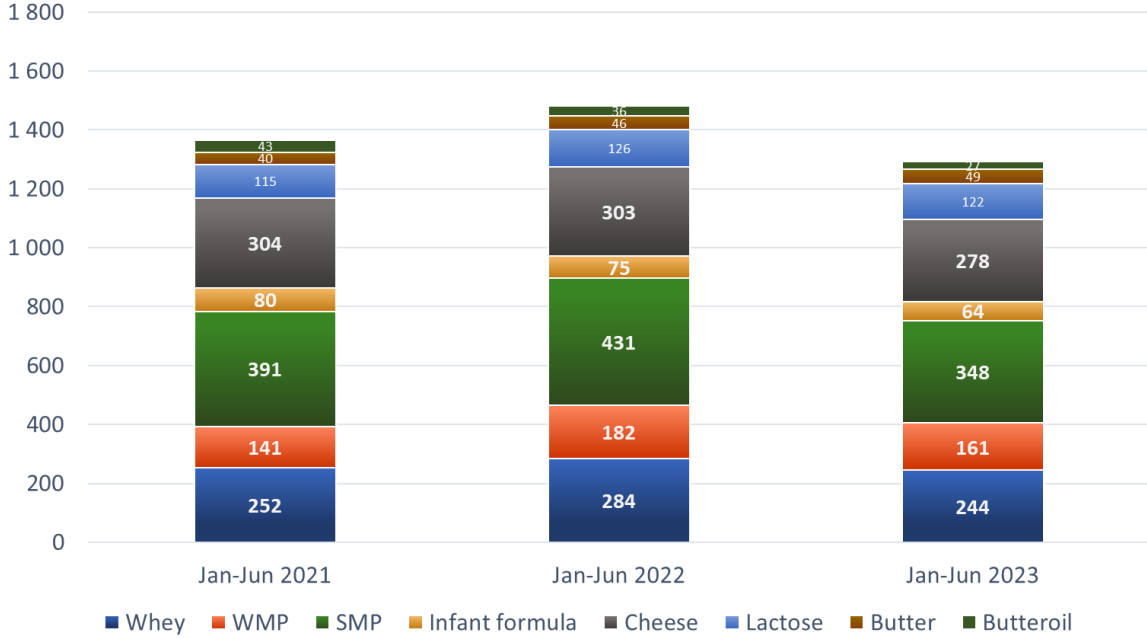
East Asia imports

China imports Jan-Jul 23/22 (in ME): **-5%**
 SE Asia imports Jan-Jun 23/22 (in ME): **-13%**

Cumulated China imports
 (in 1000 tonnes)



Cumulated other East Asia imports
 (in 1000 tonnes)



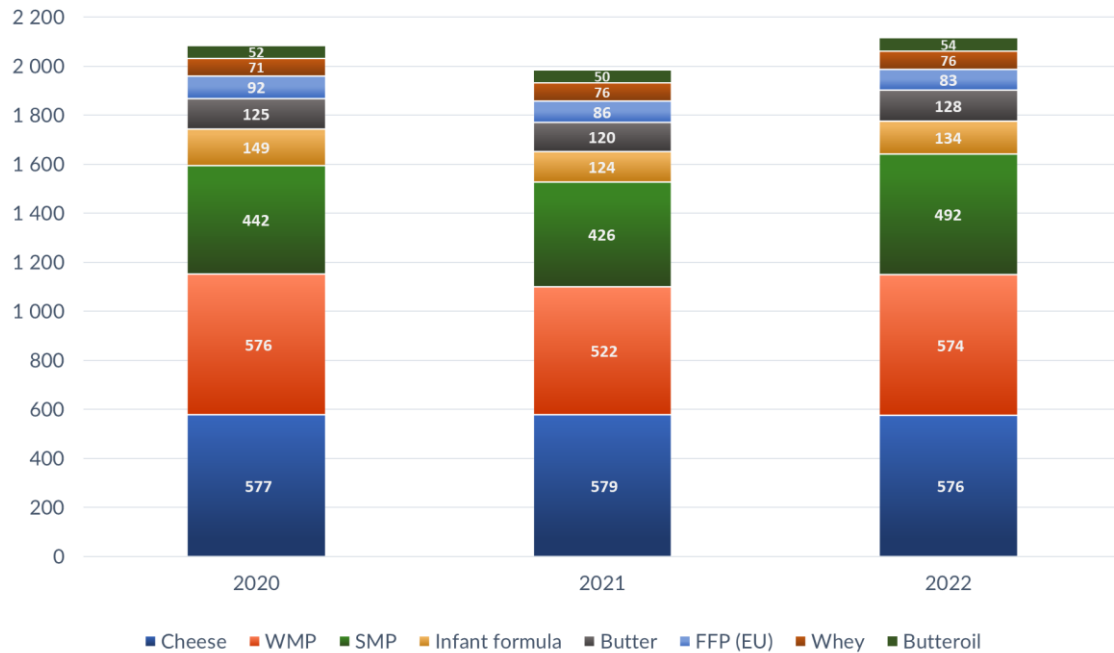
Source: Trade Data Monitor

Other East Asia includes Brunei, Cambodia, Indonesia, Japan, Malaysia, Philippines, Singapore, South Korea, Thailand & Vietnam

Exports to MENA

2022/21 (in ME): +8%
Jan-Jun 23/22 (in ME): +13%

Cumulated global exports to MENA
(in 1000 tonnes)



Cumulated global exports to MENA
(in 1000 tonnes)

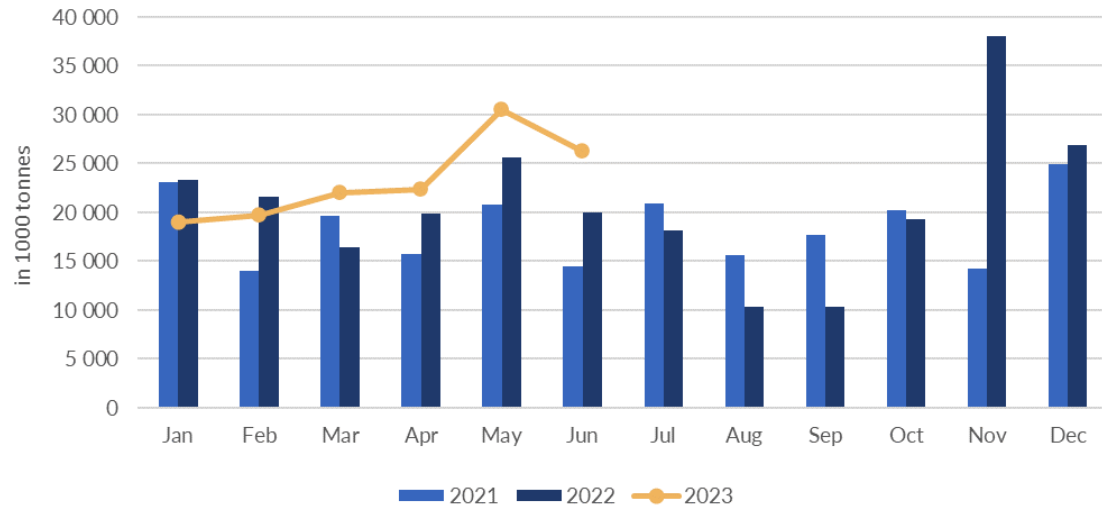


Exports to Algeria

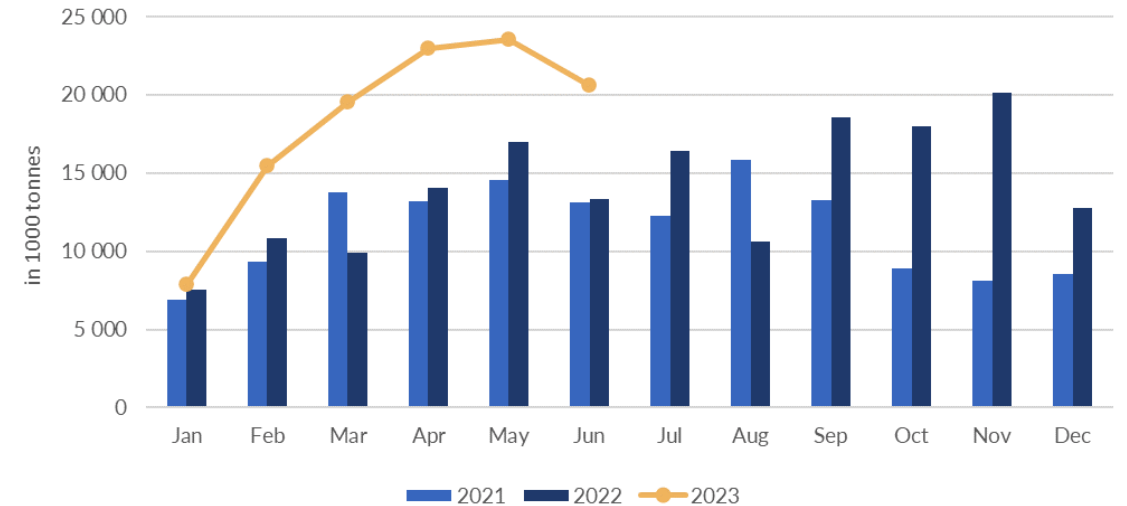
WMP YTD 23/22 : +10%

SMP YTD 23/22 : +51%

Global exports of WMP to Algeria



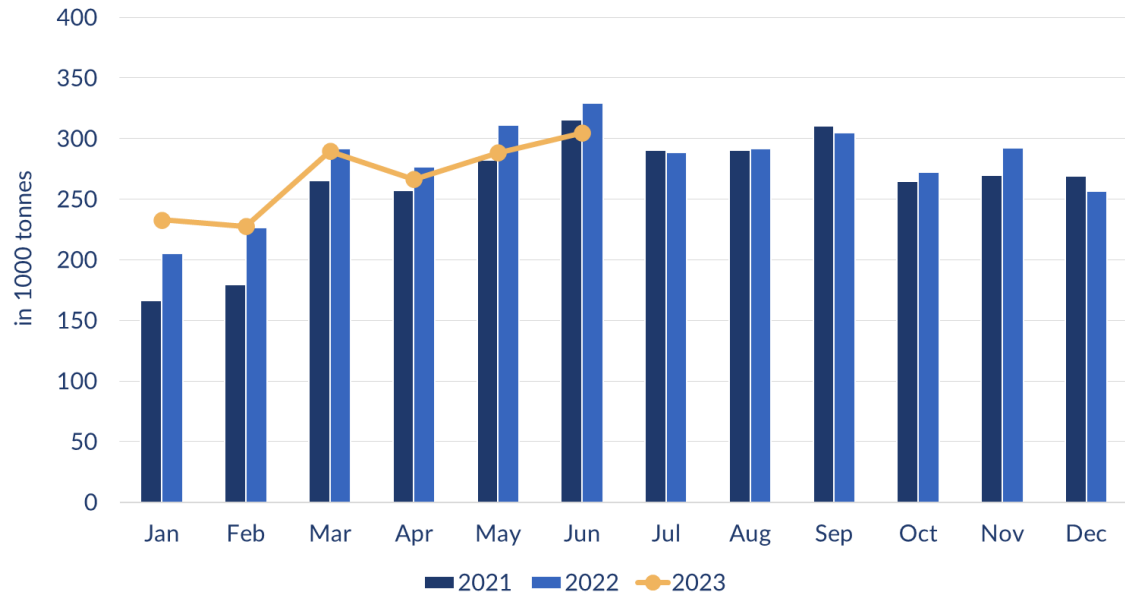
Global exports of SMP to Algeria



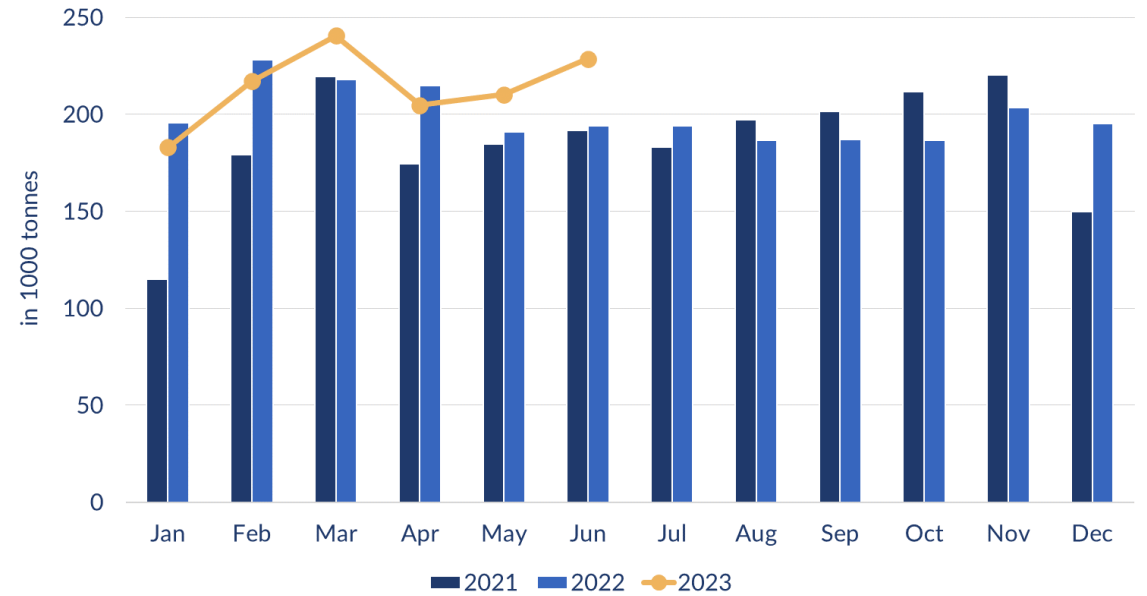
EU-UK trade

EU exports to UK YTD 23/22: **-2%**
UK exports to EU YTD 23/22: **+3%**

EU dairy exports to the UK in milk equivalent
Cheese, butter(oil), SMP, WMP, whey, lactose, casein(ates), milk, cream



UK dairy exports to the EU in milk equivalent
Cheese, butter(oil), SMP, WMP, whey, lactose, casein(ates), milk, cream



Conclusions

- **Global milk collections** continue to slow down and have turned negative in some major producing countries. Further contractions are expected in the coming months as producers are facing reduced milk prices and still elevated input costs. In addition, output figures in the second semester will be lapping over strong volumes in H2 2022.
- Most **concerns are on the demand side** however, despite the improvement of global trade flows in Q2. South-East Asian demand has been sluggish and the evolution of Chinese buying remains uncertain.
- Muted domestic consumption is also a concern, though **high food inflation** seems to gradually be factored in by consumers.
- **EU exports are on the rise**, but this comes after two years of declining shipments. Non-tariff barriers, in particular in Algeria, are challenging trade.
- The overall **sentiment remains rather bearish** due to the **economic headwinds affecting the demand outlook**.

Thank You

Rue Belliard 199 – 1040 Brussels | Belgium
Tel: +32 (0)2 230 44 48 | info@eucolait.eu
www.eucolait.eu | twitter: [@eucolait](https://twitter.com/eucolait)



ANNEX 4

DG AGRI Milk Market Observatory

A retail perspective

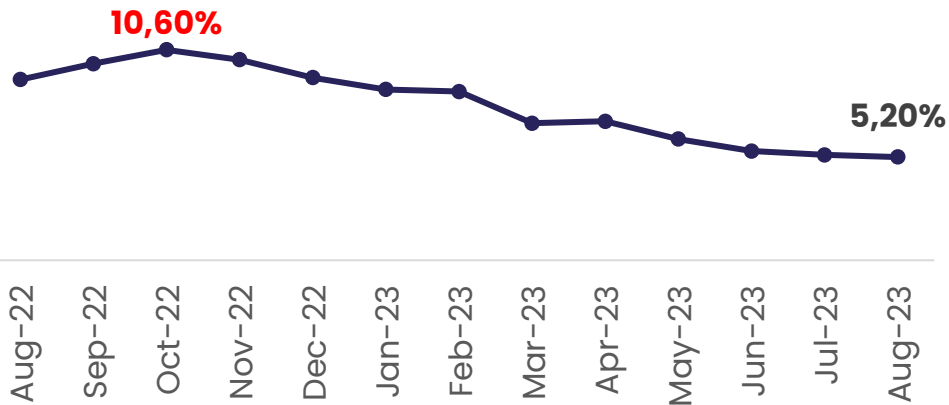
EuroCommerce



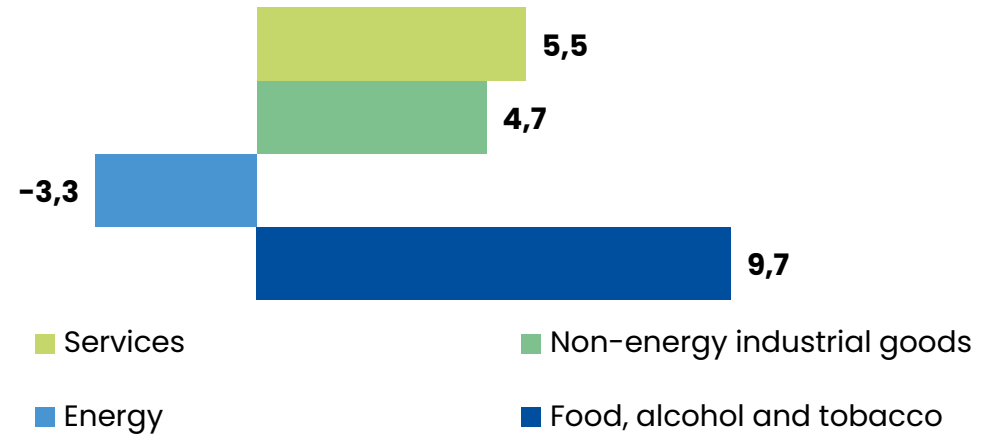
DG AGRI Milk Market Observatory

A retail perspective
25 September 2023

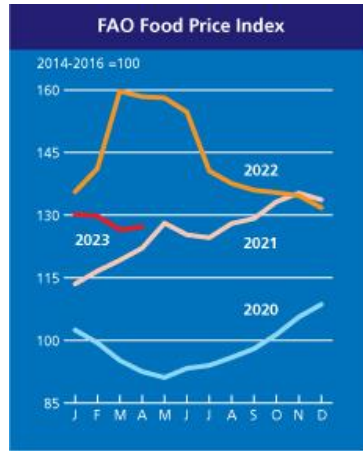
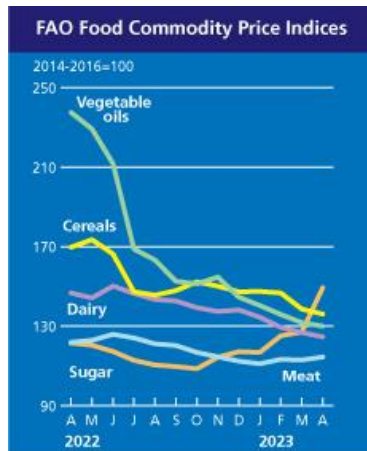
The macroeconomic situation



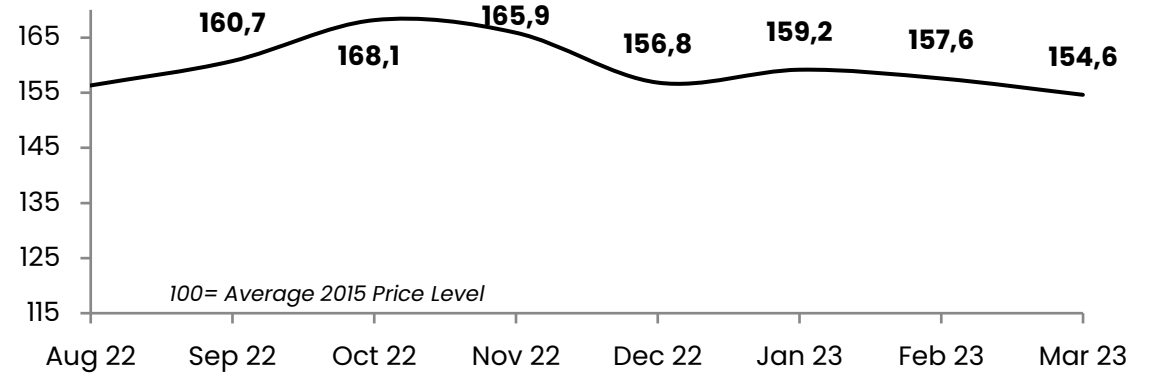
After peaking last October, inflation is slowly decreasing



Food inflation remains higher



Food prices have been decreasing for a few months



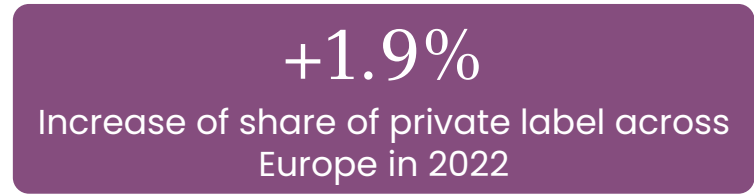
Energy prices have fallen since late 2022

Consumers in a cost-of-living crisis

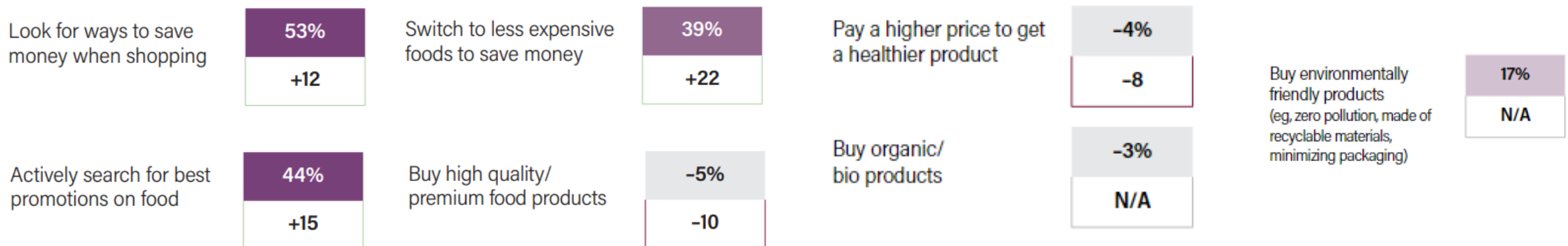
Consumers have downtraded when shopping

Consumers are reducing purchases of fresh products (meat, fish, fruit and vegetables) and organic food to buy more pasta, rice and canned products.

Consumers prefer shopping at discounters to find better deals and purchase more private label products than branded goods.



Amidst a cost-of-living crisis, consumers:



Key trends for the future

01

Normalization of prices/volumes

Retail prices take up to 12 months to follow commodity price evolution. The latter peaked in Q3 2022 so volume decline should halt as prices normalize in H2 2023.

02

Value of private label

84% of consumer respondents rate private labels similar or higher in quality compared to branded products.



04

Sustainability cooperation

The importance of sustainability continues to increase, despite the current dip in consumer demand.

03

Online growth

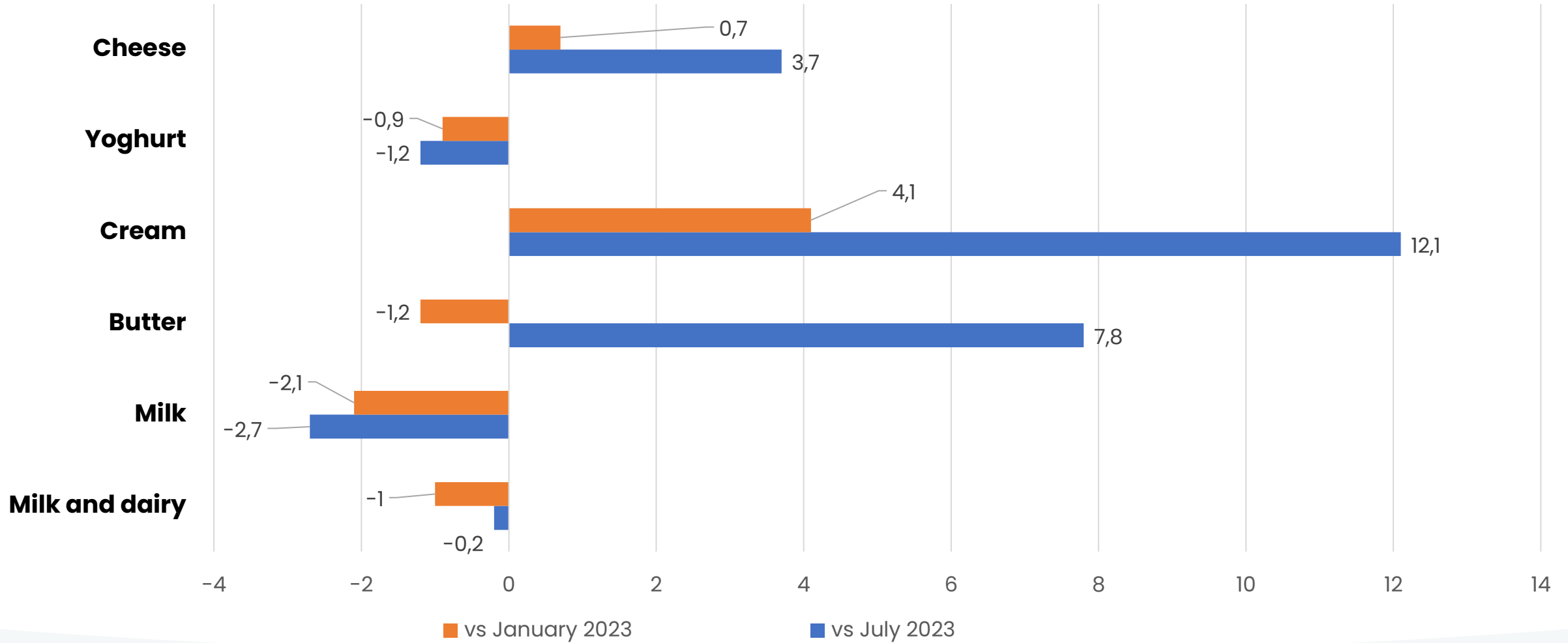
After a period of post-pandemic stagnation, e-grocery is expected to return to moderate growth.

<https://www.eurocommerce.eu/living-with-and-responding-to-uncertainty-the-state-of-grocery-retail-2023/>

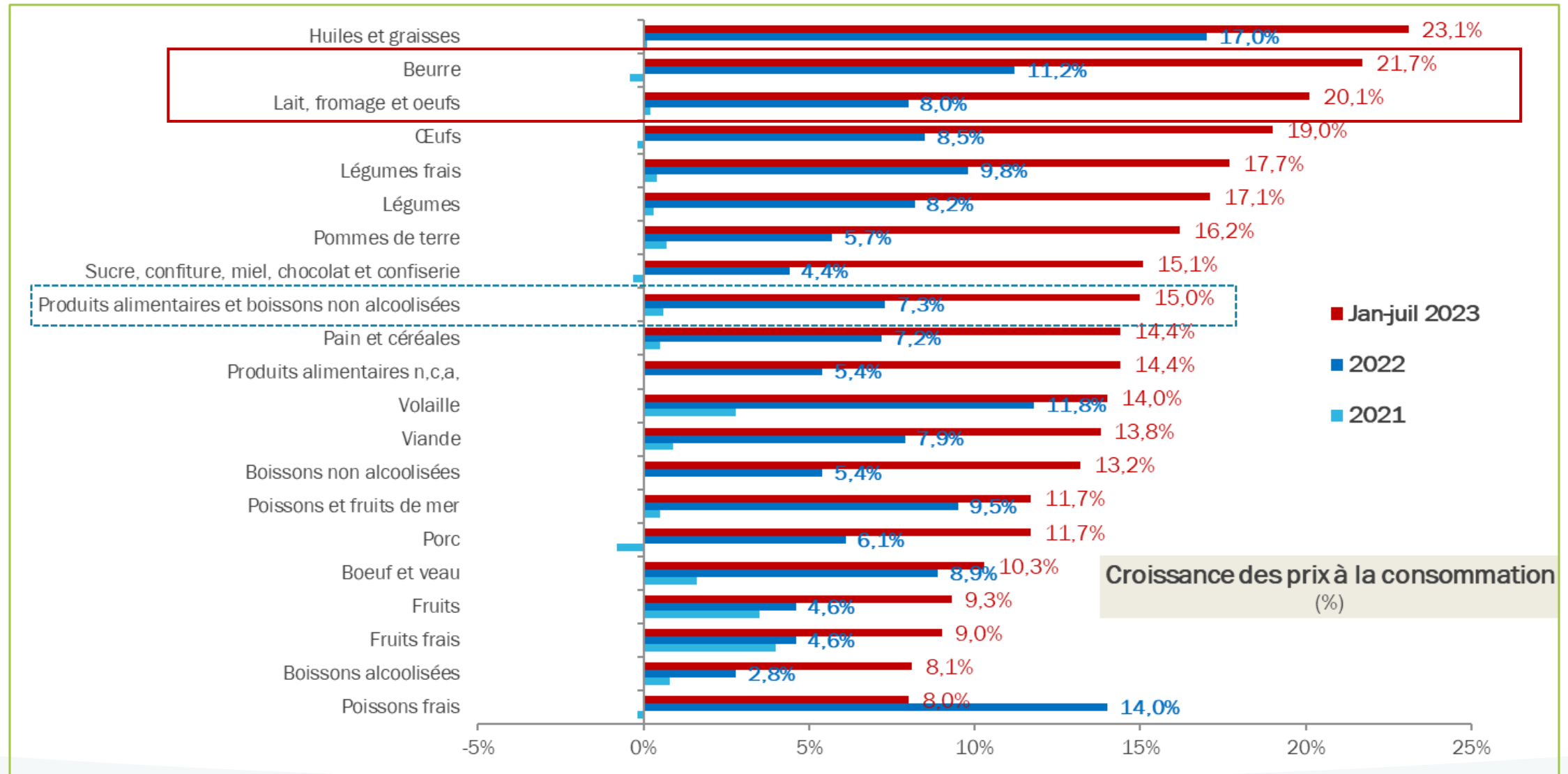
France

Dairy products in hypermarkets and supermarkets

Volume changes (%) for milk and dairy products

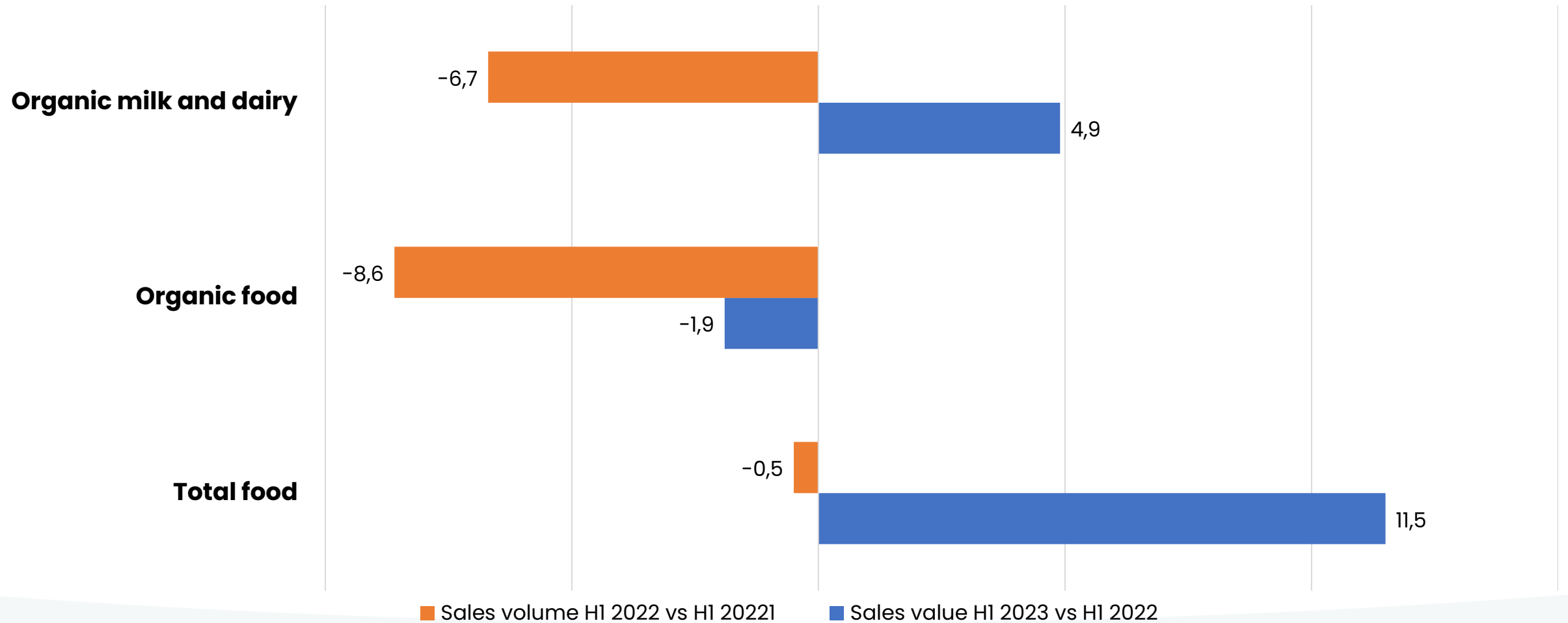


Focus on inflation



The organic market

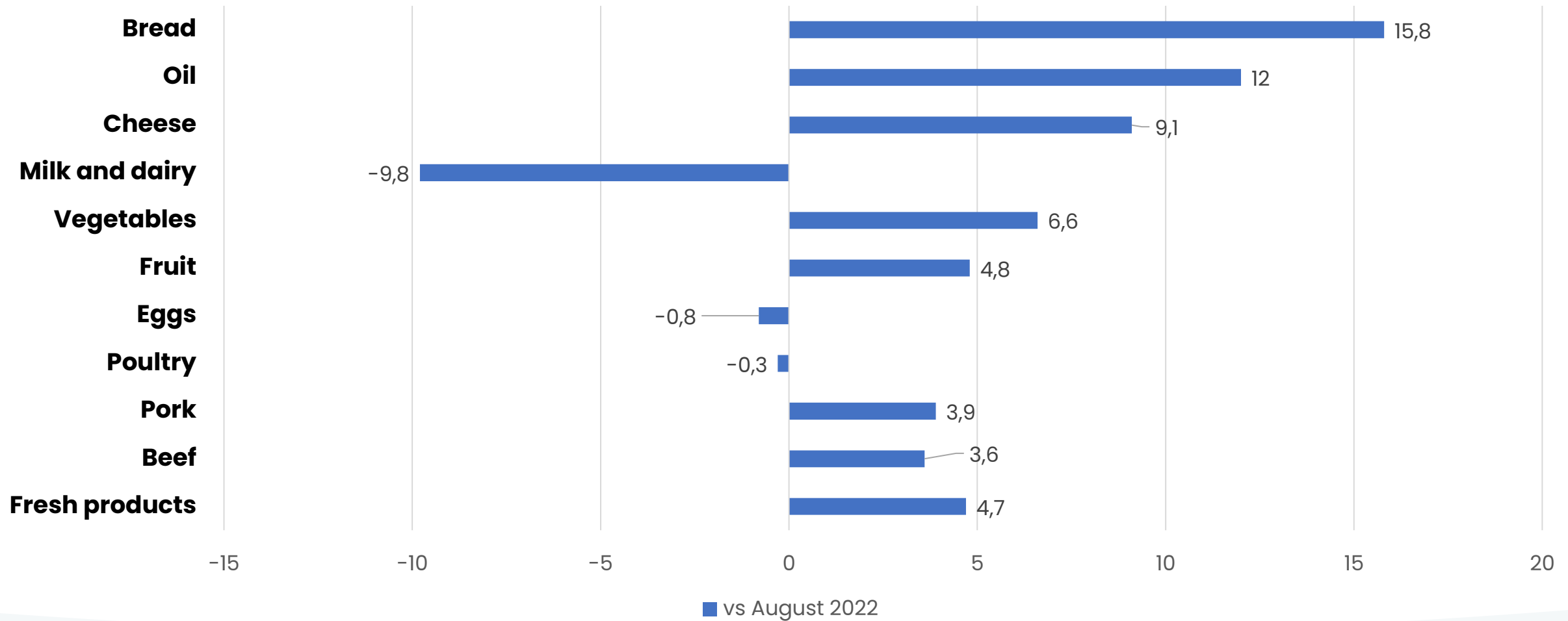
Value and volume variations (%) for organic



Germany

Focus on inflation

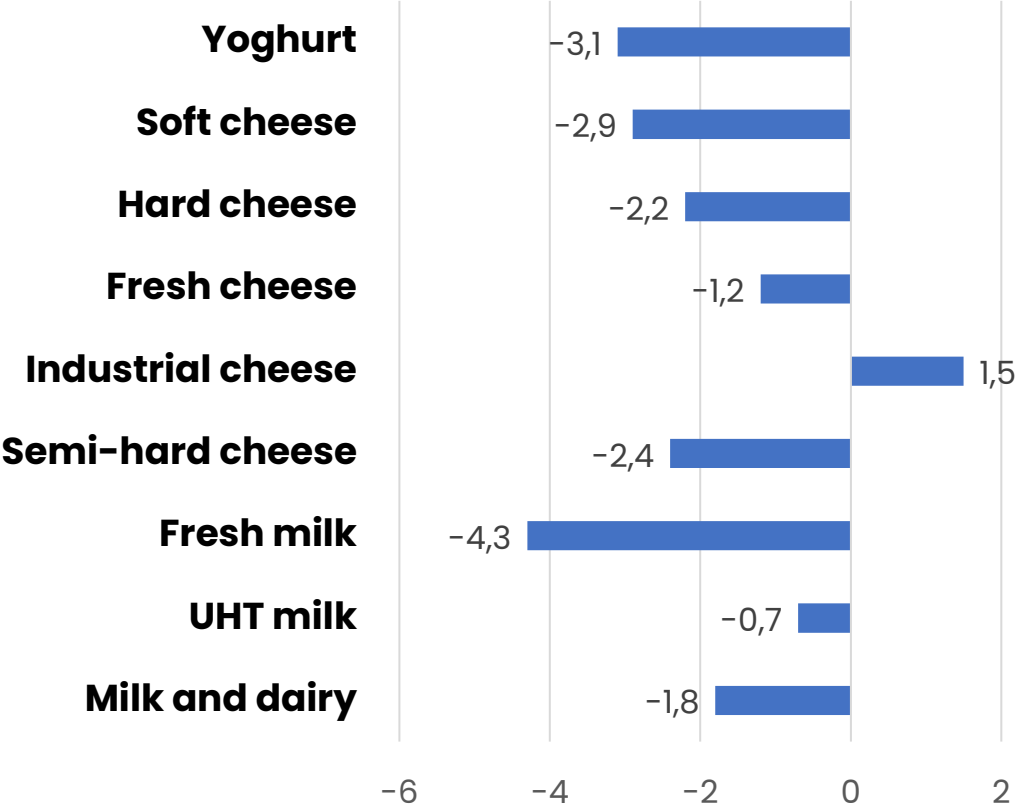
Retail price variations (%) in August 2023



Italy

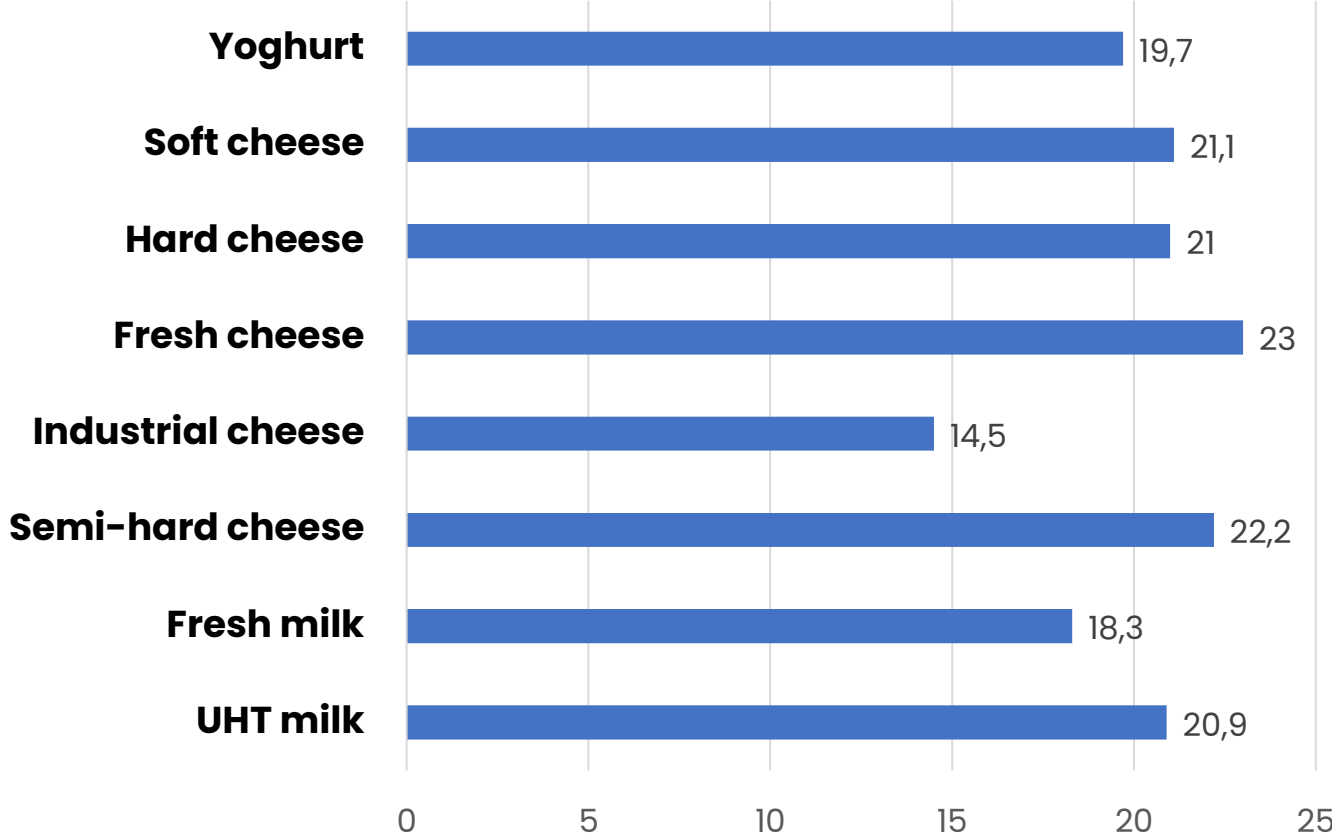
Milk and dairy sales in 2023

Volume variations (%)



■ Sales volume (%) (changes H1 2023 vs H1 2022)

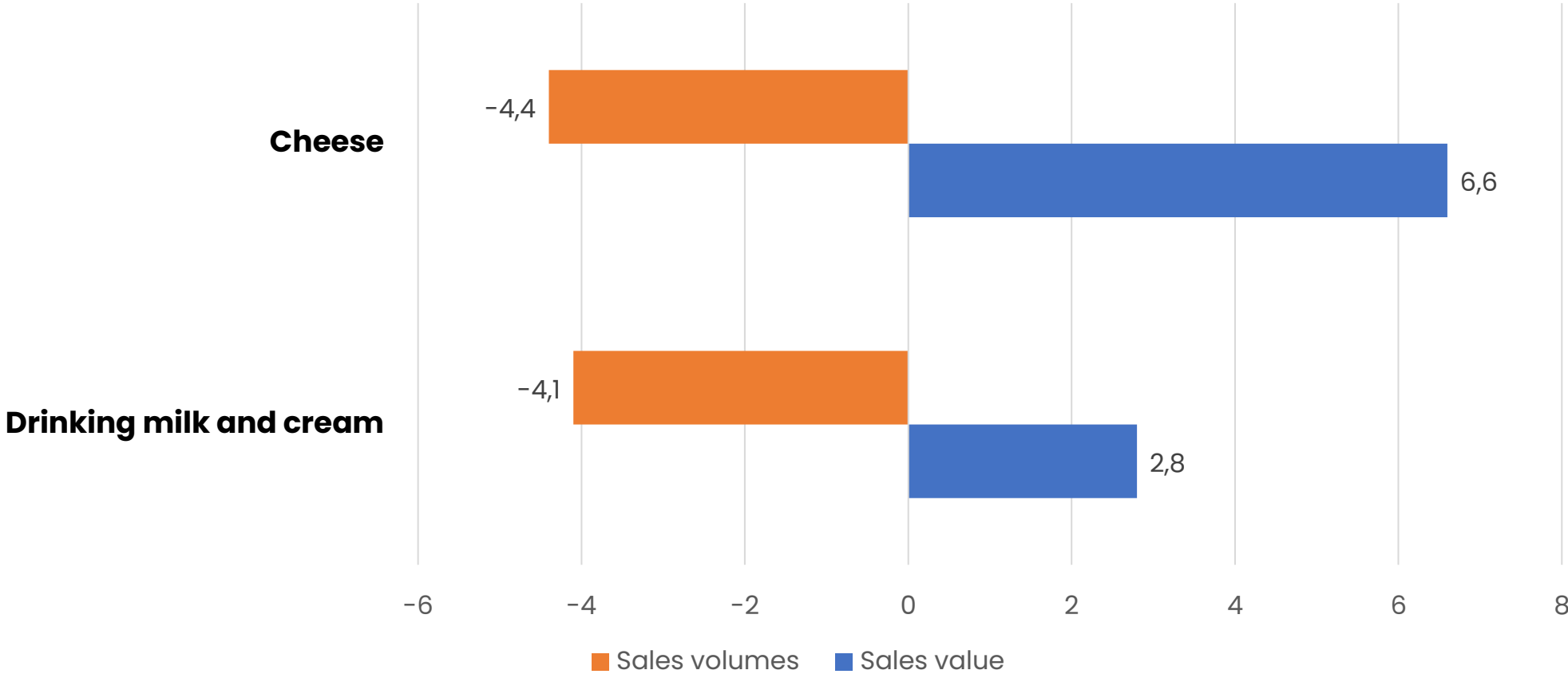
Price variations (%)



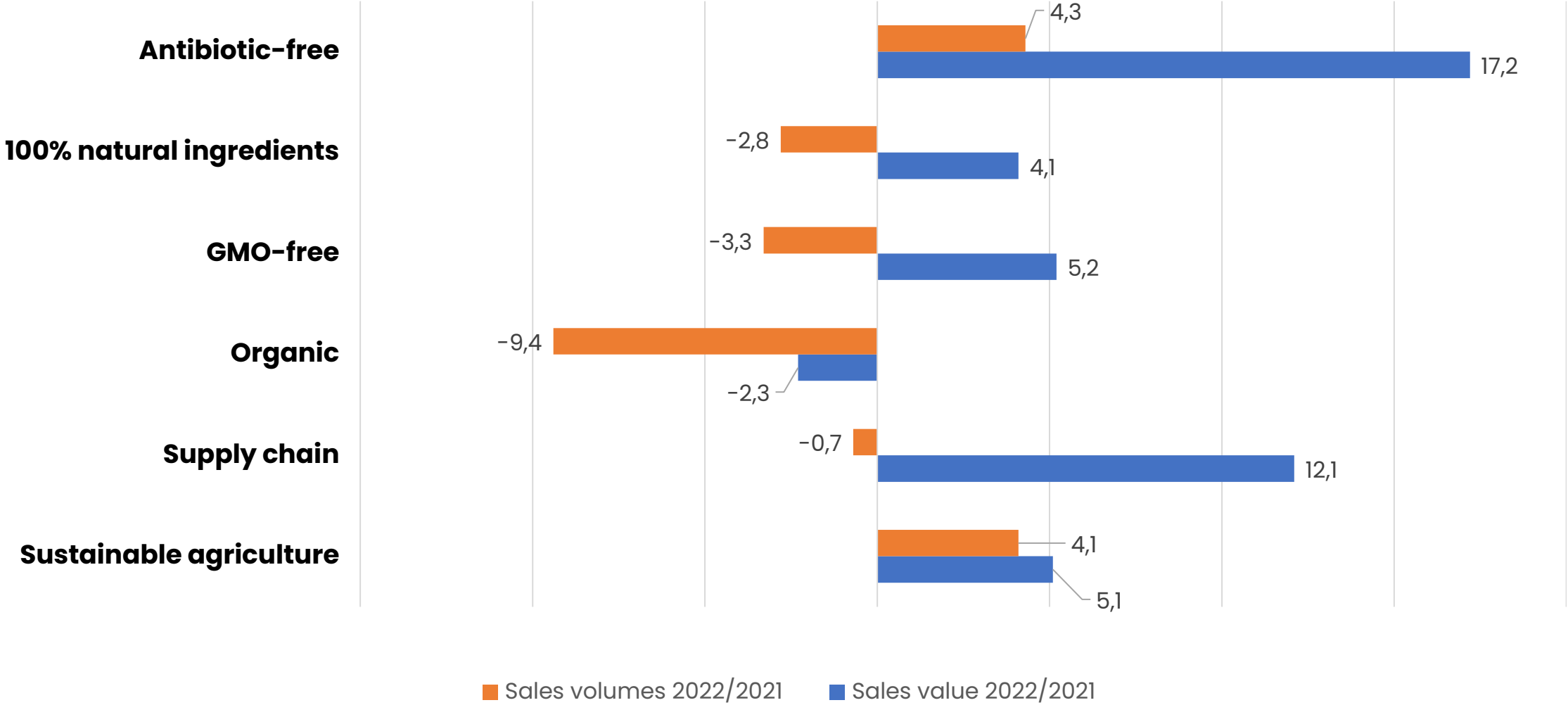
■ Price variations (%) (H1 2023 vs H1 2022)

Milk and dairy sales in 2023 – the latest data

Value and volume in the last 5 weeks (as of 10/9)



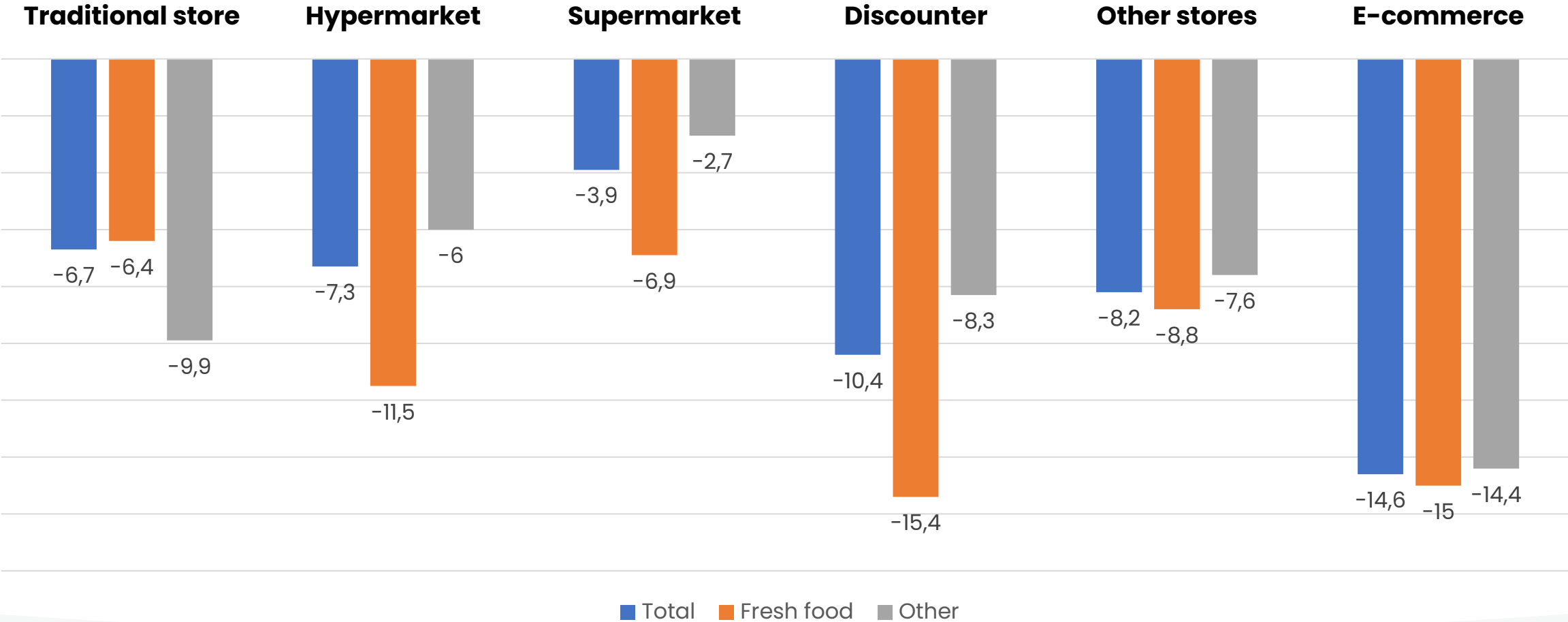
Consumer attitudes towards labels



Spain

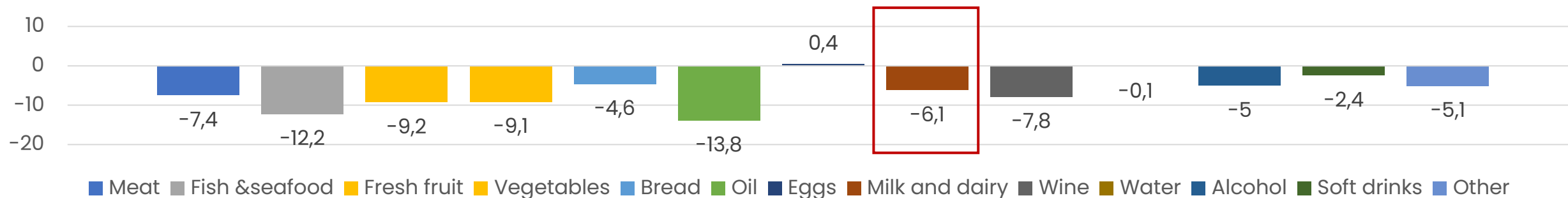
Food consumption per store type in 2023

Volume variations (%) per type of store in April 2023 vs April 2022

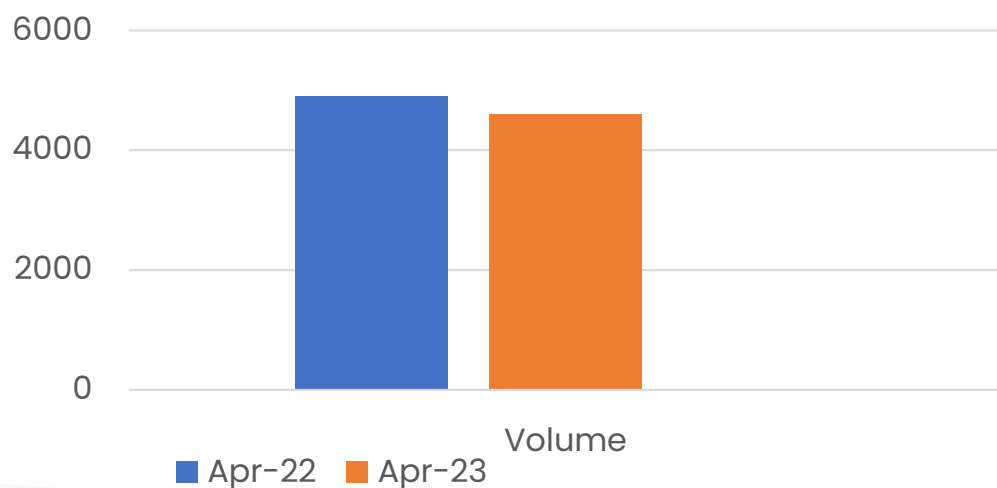


Milk and dairy consumption in 2023 (I)

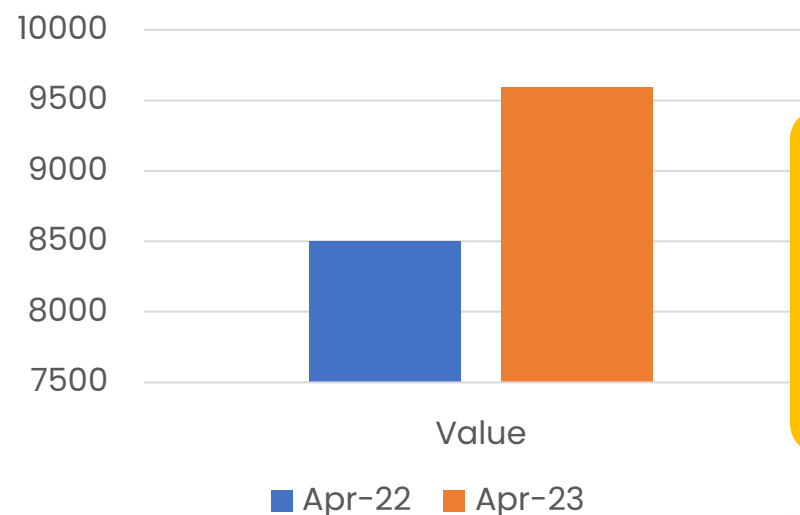
Food home consumption - volume changes (%) in April 2023 vs April 2022



Volume (million kg)



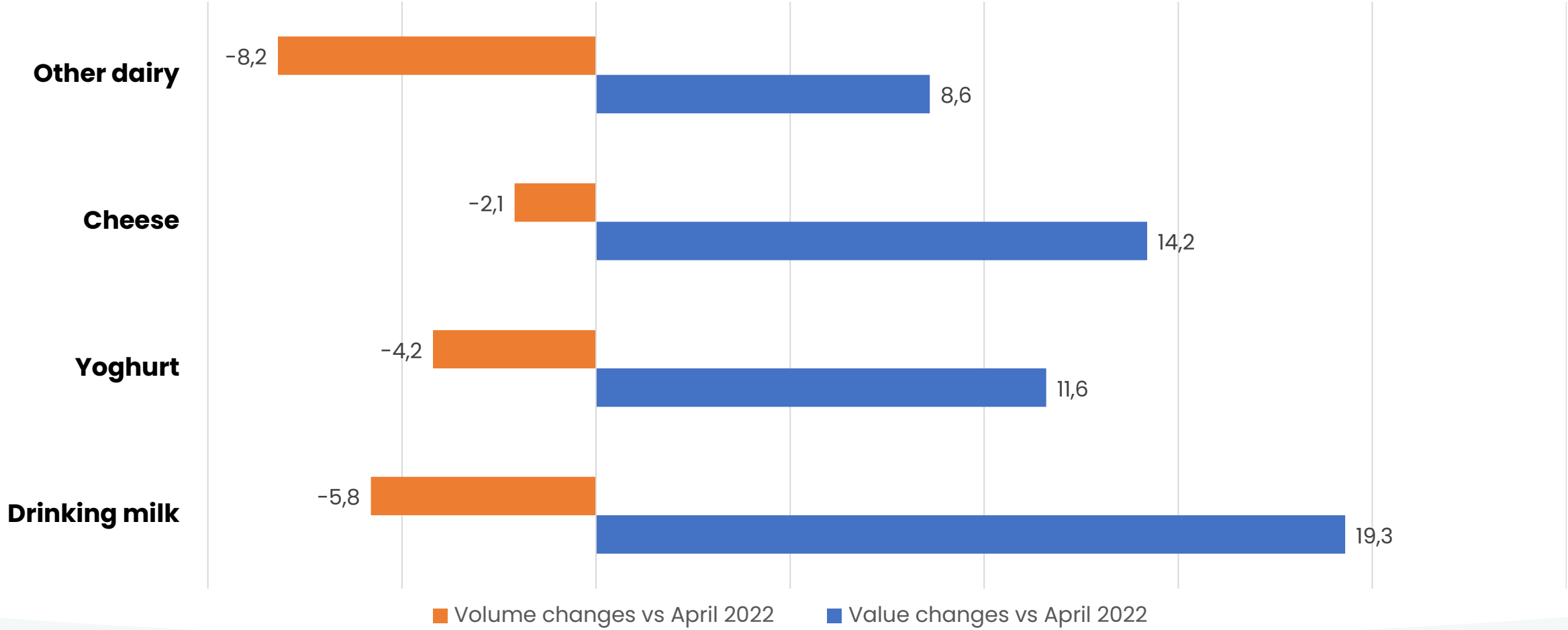
Value (EUR million)



Sales of milk and dairy decreased by 6,1% in volume in 2023 compared to 2022 and increased by 12,8% in value.

Milk and dairy consumption in 2023 (II)

Volume and value variations (%) as of April 2023



ANNEX 5

DG AGRI Milk Market Observatory

***The milk market:
Farm economics under growing
strain, but is demand recovery on
its way?***

LTO



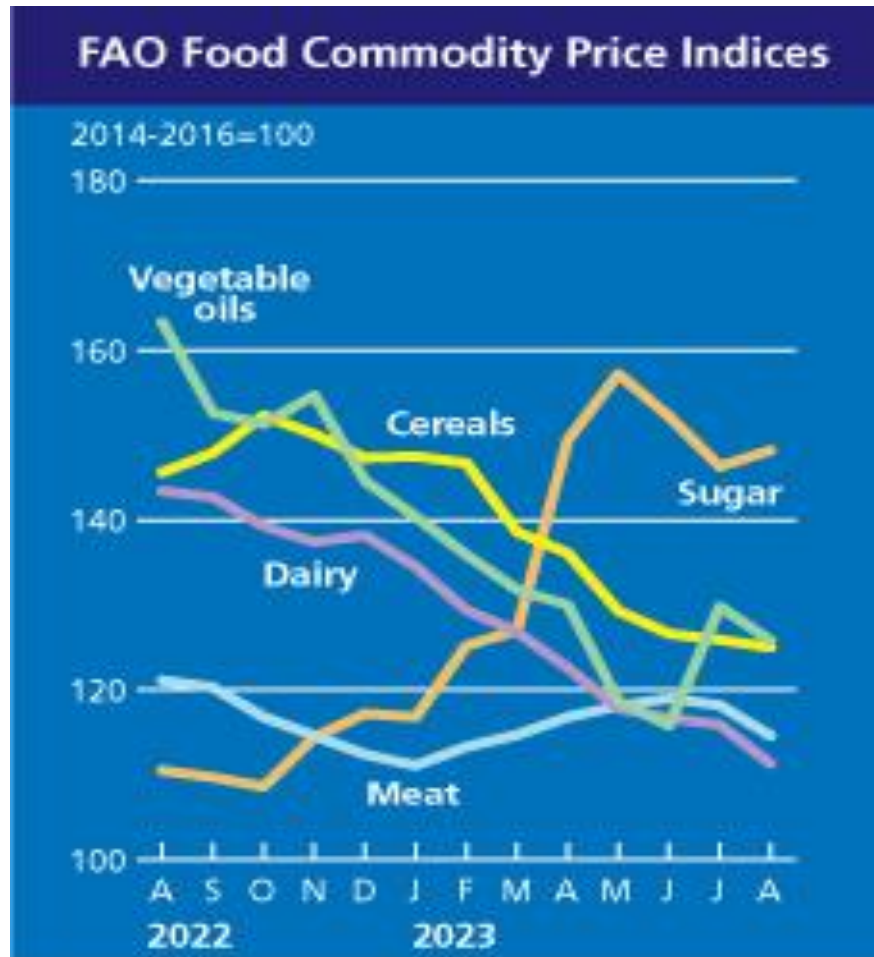
25th September 2023

LTO

The milk market: farm economics under growing strain, but is demand recovery on its way?

**Milk Market
Observatory**

Commodity prices



Most agri commodities have been in gradual decline since early 2022, but sugar and rice are now bucking the trend...

Some spot prices – markets seem “to have woken up”

Gouda cheeses €3,650 firm

SMP: €2,300-2,400 firm

Cream: €6,200+ firm

Butter: €4,600-4,800 firm

Spot milk: €45.00 stable



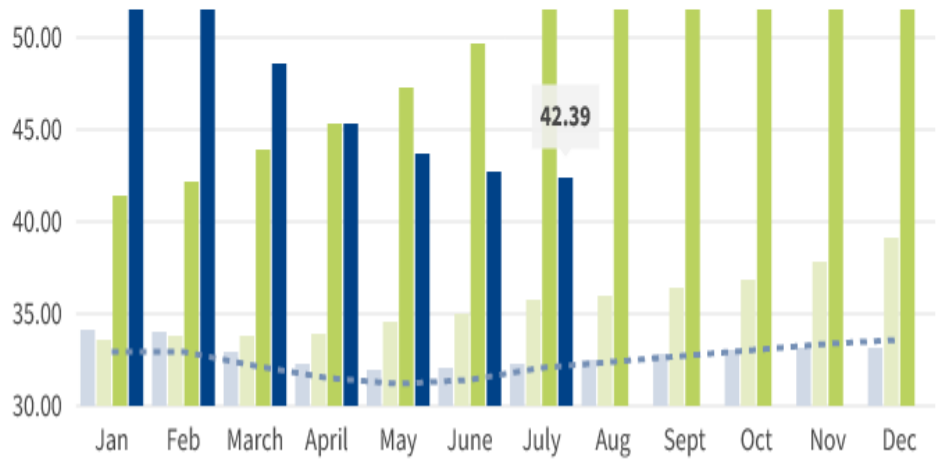
Farm gate milk prices went sharply down....

In euro per 100 kg standard milk with 4.2% fat, 3.4% protein, 1,000,000 kg/year, tbc 24,999 per ml and scc 249,999 per ml, VAT excluded

2020 2021 2022 2023 av 15-19

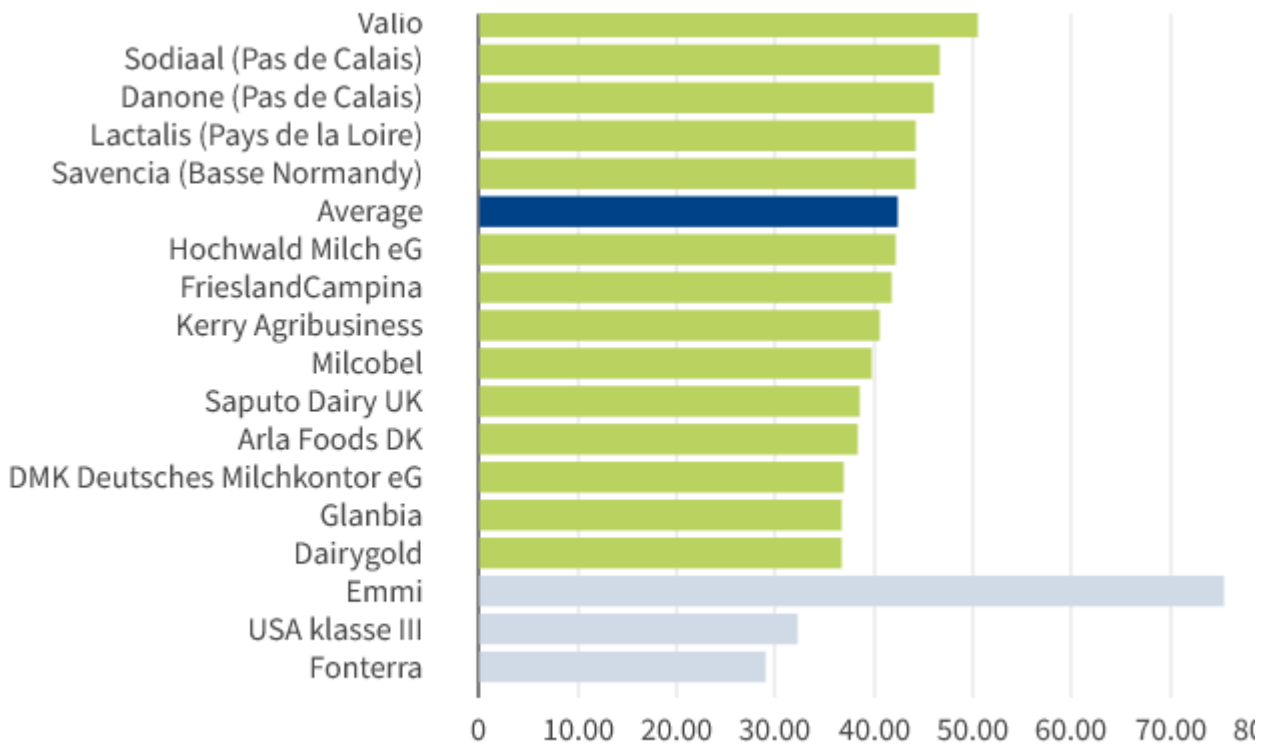


Milk prices About ZuivelNL



As went farm margins....

July 2023:



RFC Sept milk price € 41.25
 Arla Sept milk price € 40.72
 A-Ware Sept milk price € 40.52



COPA-COGECA members comments on prices and volumes

	Milk price and volumes
Austria	July (on April): GMO-free quality milk: 47.35 (52.28); Hay milk: 51.37 (55.89); Organic: 54.50 (59.65). In July 2022 51.11 ct/kg. Since April, slight increase in milk volumes.
Finland	50.95 EUR/100 kg, volume -1.4 % y-o-y. Organics: volume down by 6.7%.
Italy	July 2023: 51,05 EUR/100kg +6% compared to July 2022; -1% compared to June 2023). Volumes -1.2% for Jan-Jun 2023.
Lithuania	34.00 EUR/100 kg (at 4.04% fat, 3.31% protein). “Price still dropping”
Latvia	June: 33.67 EUR/100 kg. Jan-June milk volumes +1% y-o-y.
Portugal	July: 48,57 EUR/100 kg), increase 15,3% on July 2022)
Slovenia	July: 42.12 EUR/100 kg, which is -3.7% on June 2023 and -4.1 % on July 2022. Production -2,6 % on June 2023, -1,9 % on July 2022, and -1,4 % Jan-July 2023/2022
UK	July: 36.11ppl, up 0.3% on the June price. Monthly deliveries July 2023 +0.9% on 2022. Volumes for April-July +0.5% on 2022.

Fonterra came out with a conservative outlook 2023/24

NZ\$ 6.00-7.00 per kg Milksolids, which translates into about € 30.00 per kg milk.

NZ farmers will hold back for the time being

Grass growth has also been prohibitive during the first months of this season

But: check out this video (21st Sept). Fonterra CEO seems in a slightly better mood:

<https://www.nzherald.co.nz/business/fonerras-record-recovery-why-its-still-bullish-on-china/YROXR7BTAREGRKGX7E26PTPKAU/>

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Milk production

USA: USDA estimates (WASDE):
+0.3% (2023), +1.3% (2024)

New Zealand: Rabobank predicting -
1.35% for the 2023/2024 season

EU: production flat in 2023 ?

Germany milk production
4-10 Sept: +0.9% y-o-y

Netherlands milk
production Aug 2023:

- Milk volume +0.3% y-o-y
- Fat volume +3.1% y-o-y

Feedback from COPA-COGECA members on costs

	Comments on input prices
Austria	-
Finland	Variable costs 29c per litre - in July -0.3 %
Italy	Jan-Jun: average costs 56.50 euro, which is +3% on 22. Energy: +31%
Lithuania	“Many farms will begin to close with the start of indoor period, because they did not produce enough fodder due to the drought at the beginning of summer, and, accompanied by low purchase prices, made the decision to withdraw from milk production.”
Latvia	
Portugal	Increase of production costs on 2022: fertilizers - 200%; energy - 60%; feed - 58%
Slovenia	“Since May 2023 the milk price is not covering the cost price”. Average price difference (milk price minus cost price: May 2023: -0,26 ct/kg; June 2023: -0,52 ct/kg; July 2023: -0,89 ct/kg)
UK	Concentrates £349/t, £3/t higher than in 2022. - Feed prices and markets AHDB GB milk to feed price ratio -0.20 on last year. - Milk to feed price ratio (MFPR) AHDB Diesel: -26% on 2022, still 20ppl more than in 2019.

Futures' markets



ife Börsenmilchwert vom 20.09.2023

Kiel, den 21.09.2023

Das ife Institut für Ernährungswirtschaft ermittelt täglich den ife Börsenmilchwert.

Der ife Börsenmilchwert wird berechnet aus den Schlusskursen der an der European Energy Exchange (EEX) mit Sitz in Leipzig handelbaren Kontrakte für Butter und Magermilchpulver. Der Berechnung liegt die Methode des Kieler Rohstoffwertes zugrunde. Der ife Börsenmilchwert gilt für eine Standardmilch mit 4,0% Fett und 3,4% Eiweiß, ab Hof des Milcherzeugers, ohne Mehrwertsteuer.

ife Börsenmilchwert			Mittwoch, den 20.9.2023					
Kontrakt Monat	Kieler Börsenmilchwert*	Änd.	Butter Future	Änd.	OI	MM-Pulver Future	Änd.	OI
	Ct / kg		€ / t		Anz.	€ / t		Anz.
Sep 23	35,1	→	4425	↗	723	2247	↘	877
Okt 23	37,8	↗	4600	↗	518	2425	↗	1264
Nov 23	38,5	↗	4681	↗	621	2463	↗	1316
Dez 23	39,1	↗	4733	↗	443	2500	↗	1385
Jan 24	40,5	↗	4813	↗	439	2598	↗	1032
Feb 24	41,0	→	4913	↗	330	2600	↘	737
Mrz 24	41,8	↗	5000	↗	293	2640	↘	698
Apr 24	42,8	→	5127	↗	242	2675	↘	129
Mai 24	43,3	↗	5146	↗	230	2716	↘	121
Jun 24	44,0	↗	5200	↗	226	2760	↗	94
Jul 24	44,1	↗	5213	↗	6	2770	↗	23
Aug 24	44,5	↗	5225	↗	6	2800	↗	18
Sep 24	44,7	↗	5238	↗	3	2813	↗	12
Okt 24	44,9	↗	5263	↗	0	2825	↗	6
Nov 24	45,8	↗	5275	↗	0	2913	↗	6
Dez 24	46,2	↗	5288	↗	0	2938	↗	6
Jan 25	46,6	↗	5338	↗	0	2963	↗	0
Feb 25	46,7	↗	5338	↗	0	2970	↗	0
Mrz 25	46,8	↗	5300	↗	0	3000	→	0
Summe					4080			7724

* Berechnung nach: Methode Kieler Rohstoffwert, 4,0% F., 3,4% Eiw., ab Hof, o. MwSt.
 Änd. = Änderung zu Vortag, OI = Open Interest (Anzahl der bestehenden Kontrakte)
 Quelle: © ife Institut Kiel, www.ife-ev.de

Ansprechpartnerin:

Dr. Henrike Burchardi

ife Institut für Ernährungswirtschaft Kiel, Fraunhoferstraße 13, 24118 Kiel

Published on TradingView.com, Sep 24, 2023 06:38 UTC-5



TradingView

Oil prices are rising

92,24 USD

NYMEX: BZWO0

+9,67 (11,71%) ↑ afgelopen maand

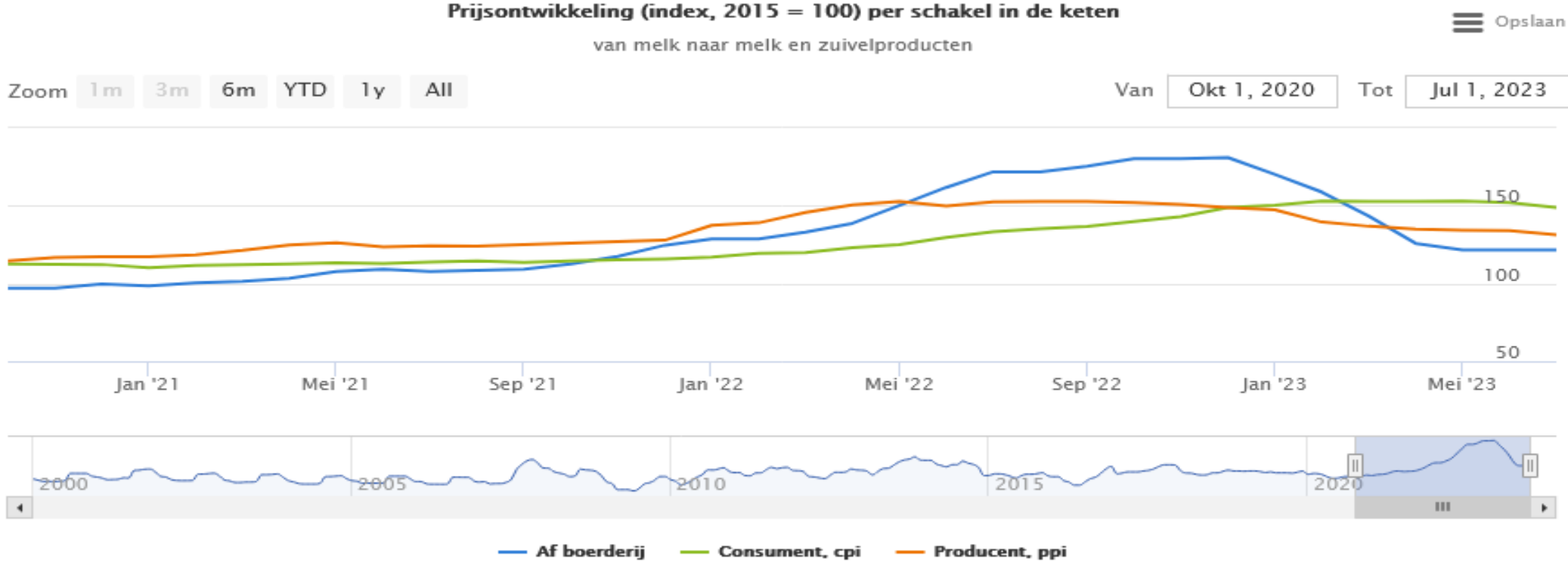
22 Sep 16:56 GMT-4 • Disclaimer

1D | 5D | 1M | 6M | YTD | 1J | 5J | Max.



LTO

Wageningen University 'agrimatie' shows consumer prices lag farm prices



Bron: Wageningen Economic Research en CBS

Green line: consumer price index
Blue line: raw milk price index - (2015 = 100)



Some conclusions and a question ...

Elevated costs of rent, energy, wages, etc limit milk production growth globally (EU, New Zealand, US,.....).

Add to that the effects of El Niño, and the war in Ukraine....

But consumers behave with caution,.... example: organics...

The good news is: China was more active on GDT last time. And oil producers have more cash to spend. The market is looking up again – this could continue the coming months

Q for the longer term: the cumulative impact of environmental policies on volumes?

Another question: what will be the impact of the China-New Zealand FTA?

1st January 2024: China applies 0% import tariff on NZ dairy

For other countries, the import tariff remains 10%, except for Australia (2%)

For WMP, NZ already supplied 90% of China imports

For SMP, NZ supplied 45% of 335,000 MT in 2022. 45.7% of 242,000MT during Jan-July 2023. Australia supplied 18%, the EU 29% and the USA 7%.

Q: what happens if China imports more SMP from NZ. Will the EU, Australia and US be able to shift exports to other destinations?

Dutch state aid buy-out schemes (1)

Two schemes are open for registration by livestock farmers:

- Lbv (“*beëindigingsregeling veehouderijlocaties*” – general buy-out scheme). Budget €500m. Open until 1st December 2023. Open to: pig meat (€ 115m), poultry/turkey (€115m), dairy (€270m) farmers. Compensation: 100% of the replacement value of housing, loss of production rights, demolition costs etc
- Lbv-plus (buy-out scheme for 3,001 “peak emitters”, within 25km of Natura 2000 areas and emitting more than 2,500 mol NH₃. Budget: €975m. Open until 5th April 2024. Open to pig meat, poultry, dairy, veal sectors. Compensation: 120% of replacement value.

Principle: first come – first serve

LTO

Dutch buy-out schemes (2)

Interest until last week: 522 farmers have registered their interest, of which:

- 231 pig farmers
- 94 poultry farmers
- 90 dairy farmers
- 74 veal farmers

118 applications for the 'plus' scheme. An additional 103 application may also qualify for 'plus'

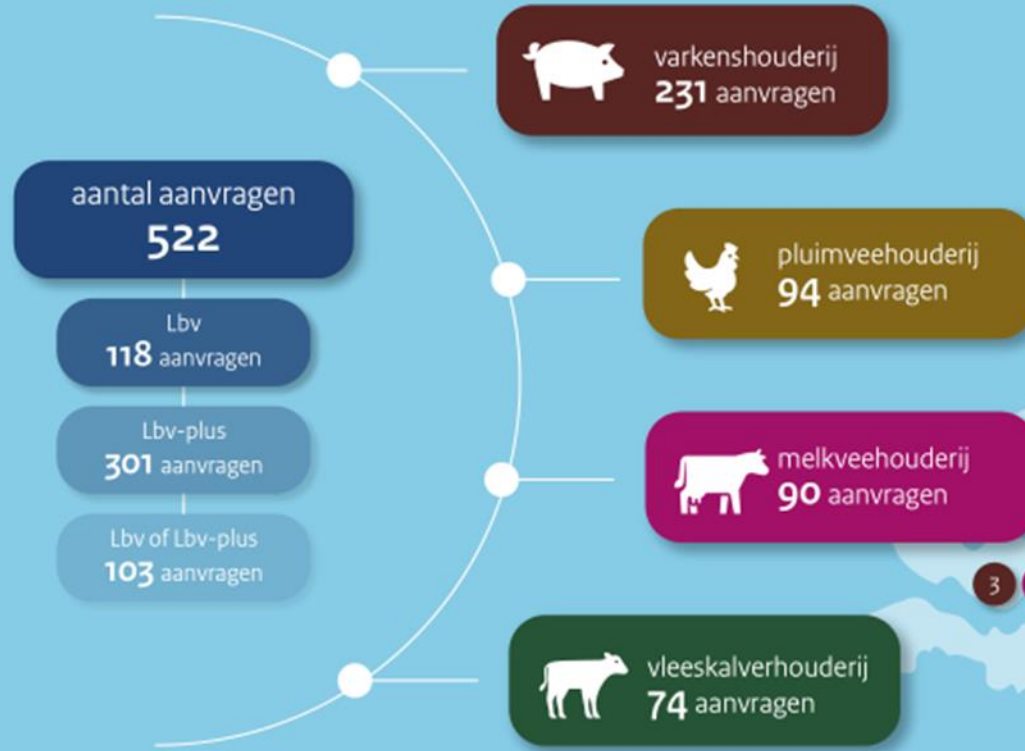
But:

- these applications still need to be validated
- After acceptance of the validation, the farmer will receive a contract to be signed within 6 months
- Applicants may withdraw their interest

Main interest is in the south-east of the country

Landelijke beëindigingsregeling veehouderijlocaties (Lbv) en Lbv-plus in beeld

peildatum: 20 september 2023



Dutch buy-out schemes (3)

Once applicants have signed, they lose their animal production rights. Production needs to cease within 12 months.

This does not automatically mean the end of the farm, the farmer may still continue provided nitrogen emissions remain below 15% of historic emissions , e.g.

- Arable farming
- Tourism
- Care
-

Possible impact on milk volume.....

90 applicants out of 14,000 = about 90 million kg = 0.6% reduction ? Maybe less...

But: what will have more impact: measures piling up (nutrients, climate, biodiversity, water, animal welfare....) the **cumulative effect of measures should be estimated**, e.g. -25% by 2030 or 2035 (estimate by WUR)

Dutch livestock farmers are now paying to get rid of excess manure while they are also paying for artificial fertiliser..... This is the result of the **gradual reduction of the nitrates derogation** in the Netherlands towards 2026.

Farmers want assurances for a viable future farming business model. Farmers' trust in government is low. Farmers have reduced emissions, but innovation is not taken into consideration in new proposals. So why should you invest?



Barge...

Thank you for your attention!

@KJOSinga
kjosinga@lto.nl

LTO