

MMO Economic Board

Meeting of 19 March 2024

- o The 49th meeting of the MMO Economic Board took place on 19/03/2024 by video-conference, with the participation of experts from the milk supply chain: COPA-COGECA (producers and cooperatives), ECVV (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 declining since August 2023. 2023 production was 0.1% higher than in 2022. Milk collection decreased in January 2024 by 1.3% with 15 MS reporting decline of milk deliveries, including IE, NL, DE, FR, ES and IT. Deliveries are increasing in the Baltic States and the Eastern part of the EU. The estimated value of EU milk production in 2023 was slightly lower (-6%) than in 2022 but 28% higher than in 2021.
 - o EU SMP production decreased by 4.9% in 2023 while production increased for other dairy products: WMP (+3%), butter (+2.2%), cheese (+1.5%), concentrated milk (+6.7%), drinking milk (+0.3%), fermented (+1.8%) and cream (+3%).
 - o EU average farm gate milk prices have been improving since September 2023. They further increased in January 2024 by 0.3% to 46.7 c/kg. Prices are 16% lower than a year ago but 15% above the 5-year average.
 - o 3.7% of milk collected in January 2024 was organic, 77% of which was produced in 4 MS (DE, FR, DK, AT). The EU average organic milk price was 53.6 c/kg (on par with December 2023).
 - o Feed costs (based on a mix of cereals, rapeseed meal and soybean meal) have been stable for the last 6 months and are 36% lower than the peak of April 2022.
 - o EU average dairy commodity prices (up to 10/03/2024) increased in the last month, except for SMP and whey powder. Compared to the 5-year average, only whey powder and SMP prices are lower (-15% and -7% respectively). Butter prices are high (+18% vs. -1y and +26% vs. -5 y avg.). Oceania is the most price competitive exporter for WMP, the US for cheddar and SMP, and the EU for butter.
 - o The assessment of EU stock levels based on a residual approach (EU production+ EU imports- EU internal consumption- EU exports) shows SMP stocks declining, due to lower production in Q4 2023. In December 2023, SMP stocks were lower than in December 2022 (-50 000 t), and on par with two years ago. Butter stocks decreased substantially in 2H2023 and are much lower (-50 000 t) than in December 2022 due to good domestic and global demand. Cheese stocks declined as well and are lower than in previous years (approx. 300 000 t).
- o In 2023, milk collection in the main exporting countries/regions (AU, EU, USA, UK, NZ, AR, UY) was flat due to a weak 2H2023. In 2023, production increased slightly in AU (+0.2%), NZ (+0.9%), UY (+1.2%) and the EU (+0.1%).
- o In 2023, global dairy exports slightly increased by +0.2%, mainly due to higher exports of cheese and SMP. Three major exporters (EU, NZ, US) have an 80% share in total export volumes. EU and NZ gained global export shares taking over from the US. A solid demand in MENA countries, Mexico and Brazil largely compensated for a decline in China and SE Asia. Imports in many SE Asian countries (Thailand, Vietnam and Malaysia) have however improved recently. Global exports to MENA increased by 5% in 2023. China dairy imports continue to decline (-7% in 2023). Overall EU exports have recovered (following two years of decline) but slowed down towards the end of 2023. On milk powders, EU products are facing stronger competition from NZ. The UK, China, Algeria, the US, Indonesia, Malaysia, Japan, Saudi Arabia, Thailand, and Egypt were the top-10 EU export destinations of EU dairy exports in 2023 (56% share).
- o Due to higher costs of living, consumers are buying fewer organic products and switching from fresh to frozen products. Private labels have gained market share.
- o The Commission presented potential drivers of short-term market developments (decreasing global supply, slowing food inflation, cost of production, agrometeorological conditions, crop outlook, global demand etc.).
- o The general sentiment improved in recent months, but the market is lacking a clear direction due to questions around the strength of demand recovery and geopolitical factors. EU milk prices are improving while milk supply continues to decline.

ANNEX 1

Milk Market Situation

European Commission

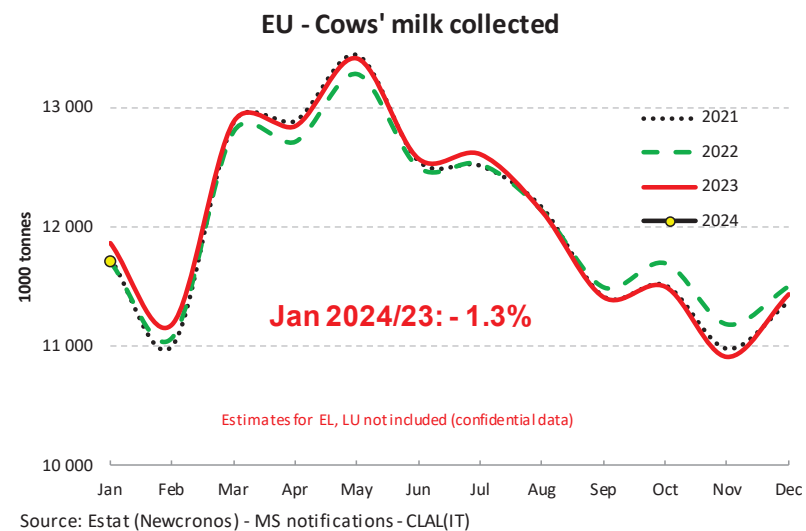
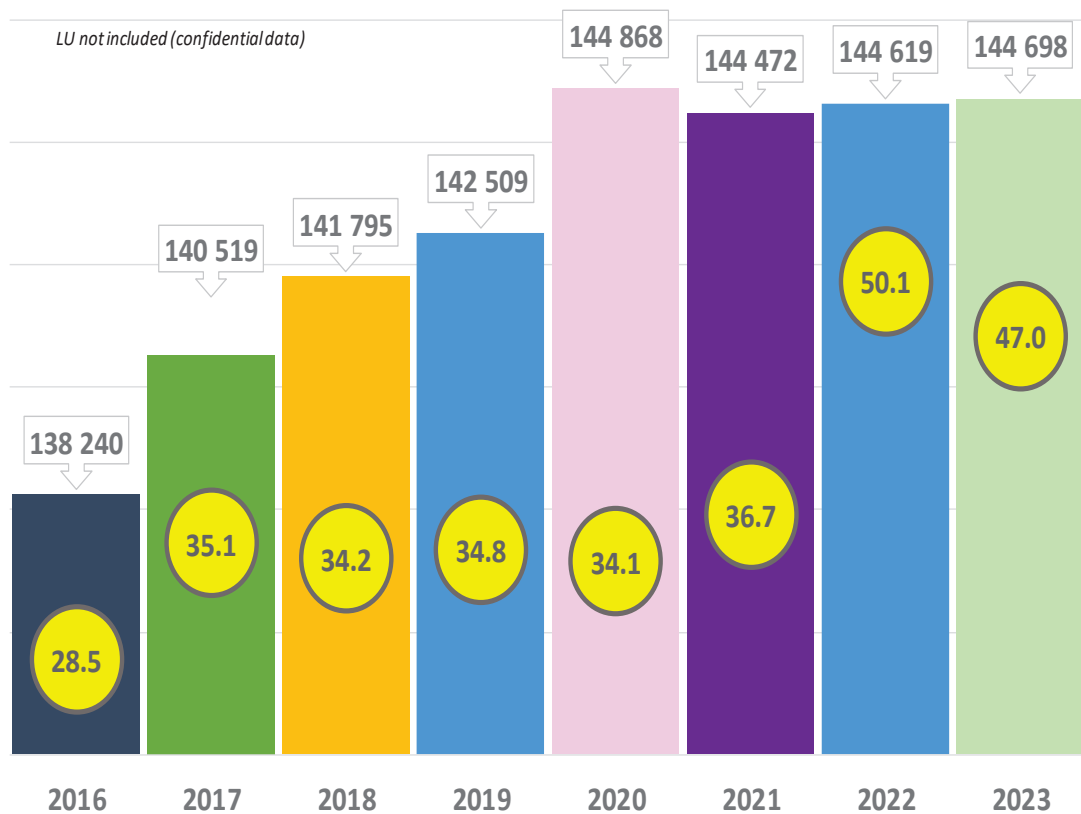


Milk Market Situation

MMO meeting

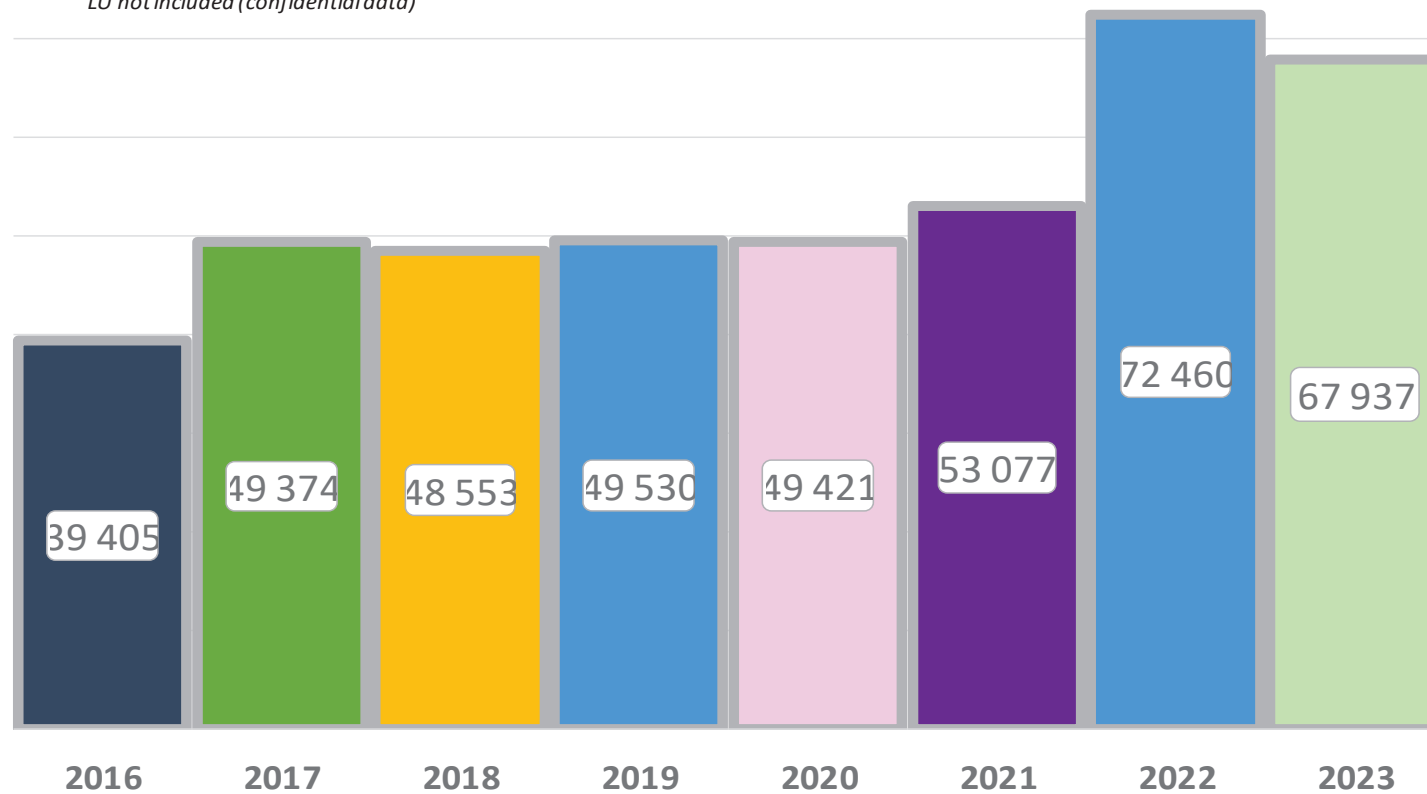
Brussels, 19 March 2024

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



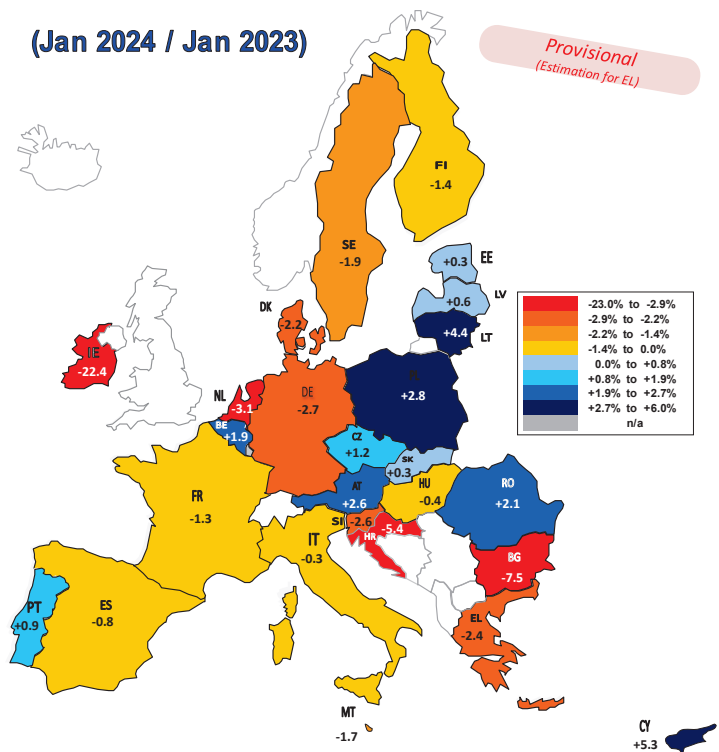
EU-27 value milk production
Jan-Dec 2016-23 (x million €)

LU not included (confidential data)



EU Milk Deliveries compared to last period (in %)

(Jan 2024 / Jan 2023)



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.

Jan 24 compared to Jan 23

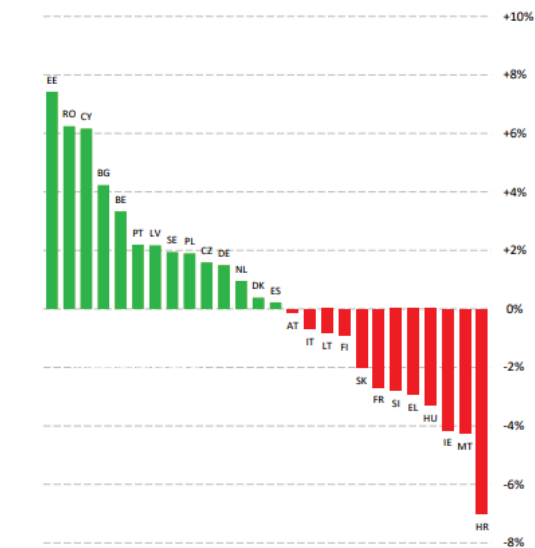
| Rank | evolution in % | | evolution in 1000 Tons | |
|-----------|----------------|---------------|------------------------|--------------|
| | MS | % | MS | Tons |
| 1. | CY | + 5.3% | PL | + 30 |
| 2. | LT | + 4.4% | BE | + 8 |
| 3. | PL | + 2.8% | AT | + 7 |
| 4. | AT | + 2.6% | LT | + 5 |
| 5. | RO | + 2.1% | CZ | + 3 |
| 6. | BE | + 1.9% | RO | + 2 |
| 7. | CZ | + 1.2% | PT | + 1 |
| 8. | PT | + 0.9% | CY | + 1 |
| 9. | LV | + 0.6% | LV | + 0 |
| 10. | SK | + 0.3% | SK | + 0 |
| 11. | EE | + 0.3% | EE | + 0 |
| 12. | IT | - 0.3% | MT | - 0 |
| 13. | HU | - 0.4% | HU | - 1 |
| 14. | ES | - 0.8% | SI | - 1 |
| 15. | FR | - 1.3% | EL | - 1 |
| 16. | FI | - 1.4% | HR | - 2 |
| 17. | MT | - 1.7% | FI | - 3 |
| 18. | SE | - 1.9% | IT | - 3 |
| 19. | DK | - 2.2% | BG | - 4 |
| 20. | EL | - 2.4% | SE | - 4 |
| 21. | SI | - 2.6% | ES | - 5 |
| 22. | DE | - 2.7% | DK | - 11 |
| 23. | NL | - 3.1% | FR | - 27 |
| 24. | HR | - 5.4% | NL | - 37 |
| 25. | BG | - 7.5% | IE | - 42 |
| 26. | IE | - 22.4% | DE | - 76 |
| EU | | - 1.3% | EU | - 159 |

EL: estimates

rem: LU not included (confidential data)

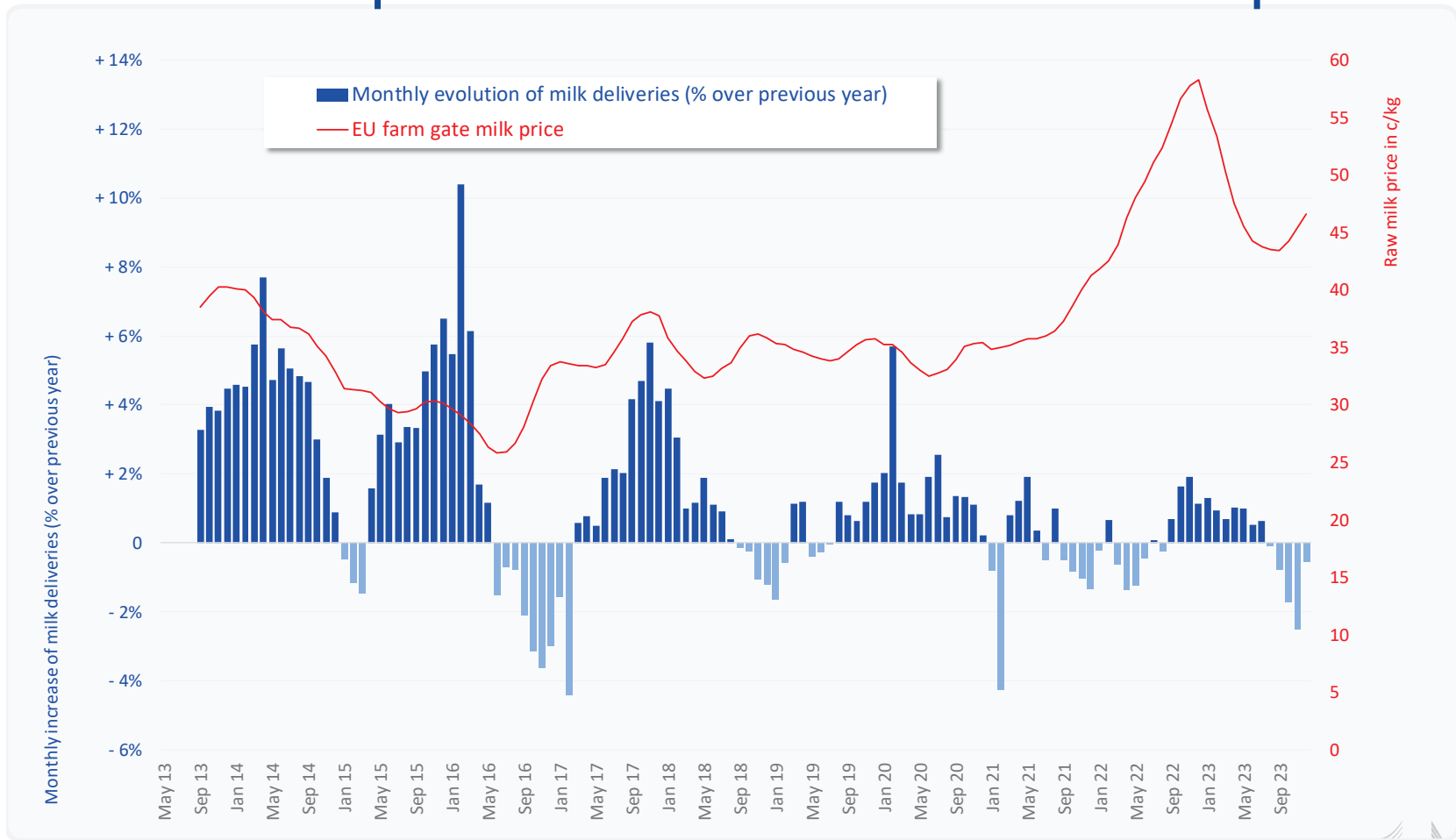
Cows' milk collected

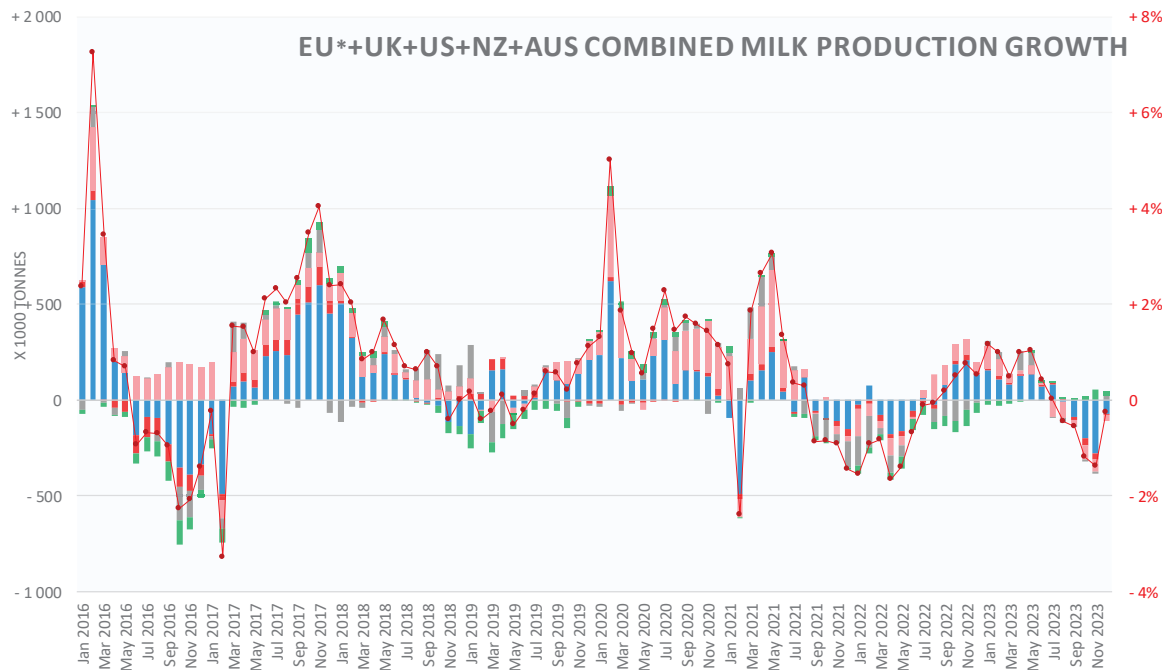
2023/22 Jan-Dec (y/y % chg)



Source: Estat (Newcronos) - MS notifications-CLAL(IT)

Development of milk deliveries and prices





* not including LU (confidential data)

EU UK US NZ AUS Combined increase (in %)

Combined world milk production

- Dec 2023 **24.7** mio t **- 0.2%**
 - Jan-Dec 2023 **292.5** mio t **+ 0.1%**

- Variations

Dec 2023

| | | |
|-----|---|--------|
| AUS | ↑ | + 2.2% |
| NZ | ↔ | + 0.9% |
| USA | ↔ | - 0.3% |
| UK | ↔ | - 0.2% |
| EU | ↔ | - 0.6% |

In 2023

| | | | | |
|----------|-----|---|--------|----------------|
| Dec 2023 | AUS | ↔ | + 0.5% | (Jan-Dec 2023) |
| Dec 2023 | NZ | ↔ | + 0.9% | (Jan-Dec 2023) |
| Dec 2023 | USA | ↔ | + 0.0% | (Jan-Dec 2023) |
| Dec 2023 | UK | ↔ | + 0.0% | (Jan-Dec 2023) |
| Dec 2023 | EU | ↔ | + 0.1% | (Jan-Dec 2023) |

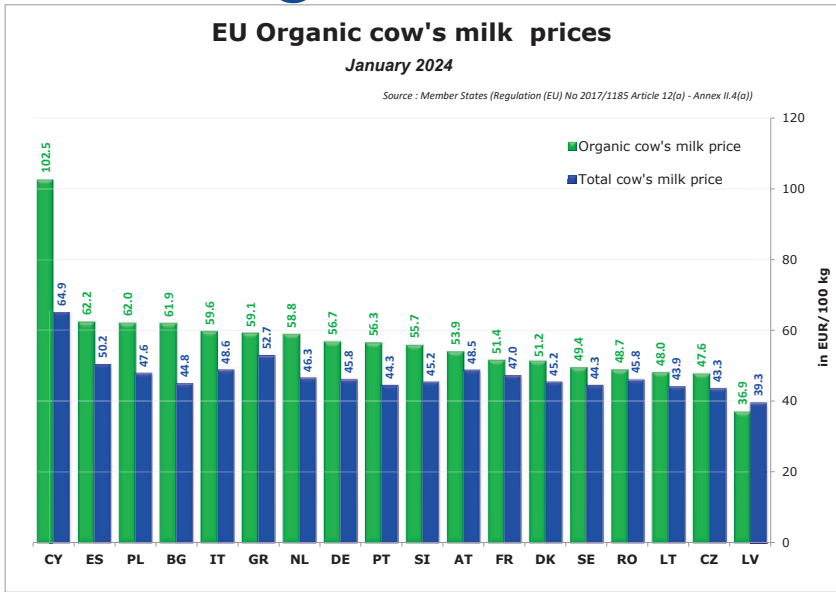
- Jan 2024 **24.7** mio t **- 1.0%**
 - Jan-Jan 2024 **24.7** mio t **- 1.0%**

- Variations

Jan 2024

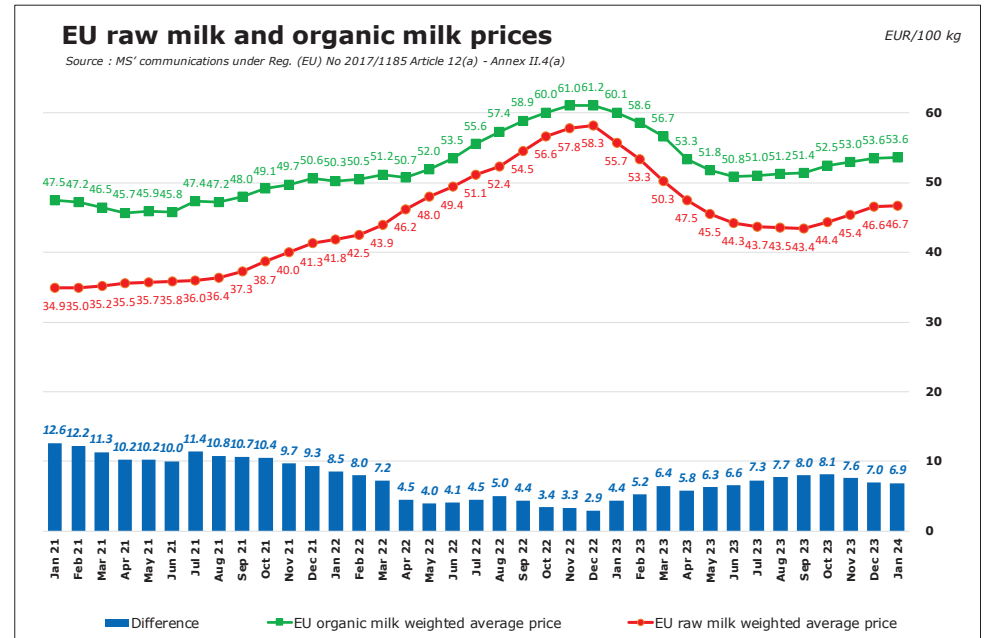
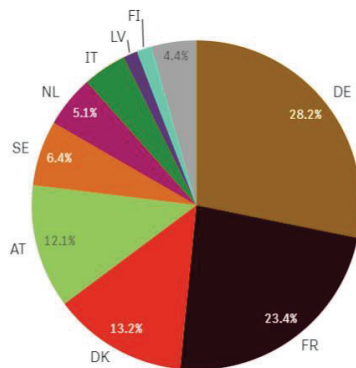
| | | | | |
|----------|-----|---|--------|----------|
| Jan 2024 | AUS | ↑ | + 4.9% | Jan 2024 |
| Jan 2024 | NZ | ↔ | - 1.2% | Jan 2024 |
| Jan 2024 | USA | ↔ | - 1.1% | Jan 2024 |
| Jan 2024 | UK | ↔ | - 0.4% | Jan 2024 |
| Jan 2024 | EU | ↔ | - 1.3% | Jan 2024 |

EU organic raw milk production & prices



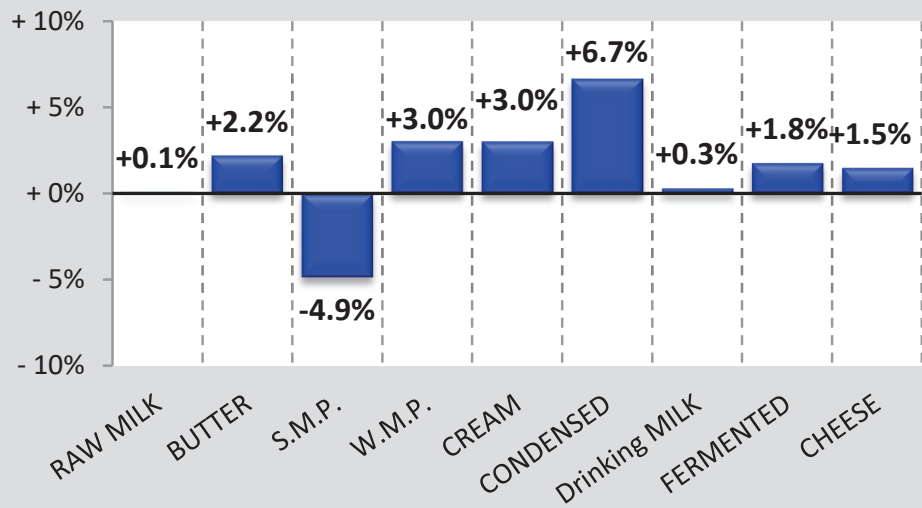
Organic cow's milk deliveries in January 2024

For years 2024 > All months > All Member States > Organic raw cow's milk delivered to dairies > Thousand tonnes

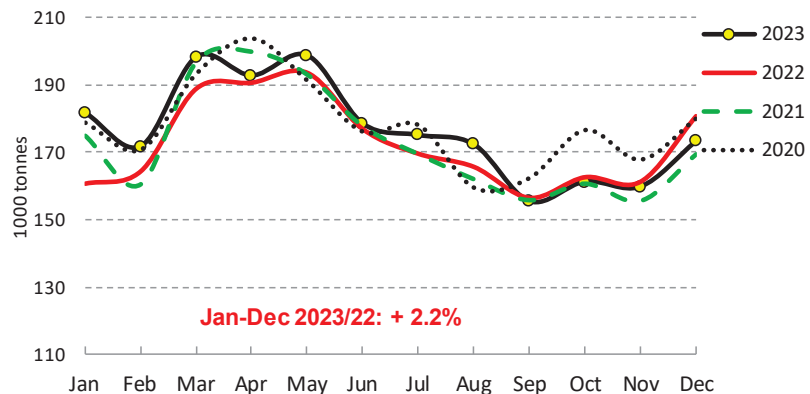


In Jan 2024 3.7% of total raw milk collected was organic (Estimates for BE)

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

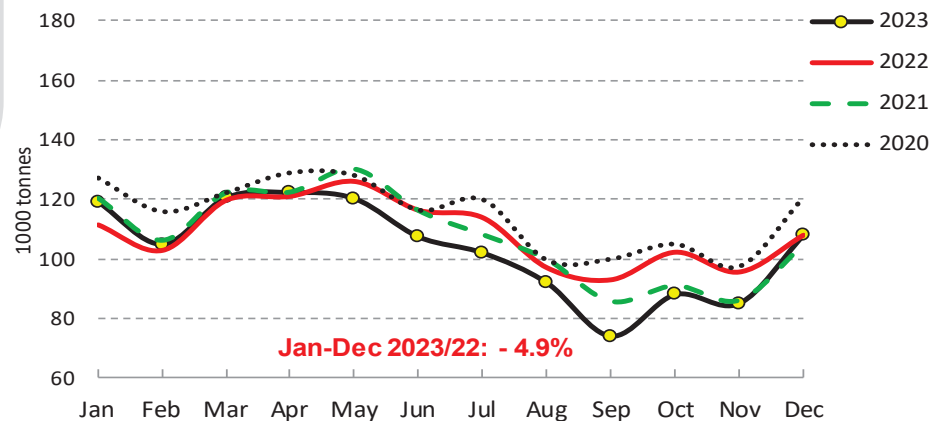


EU - Total Butter



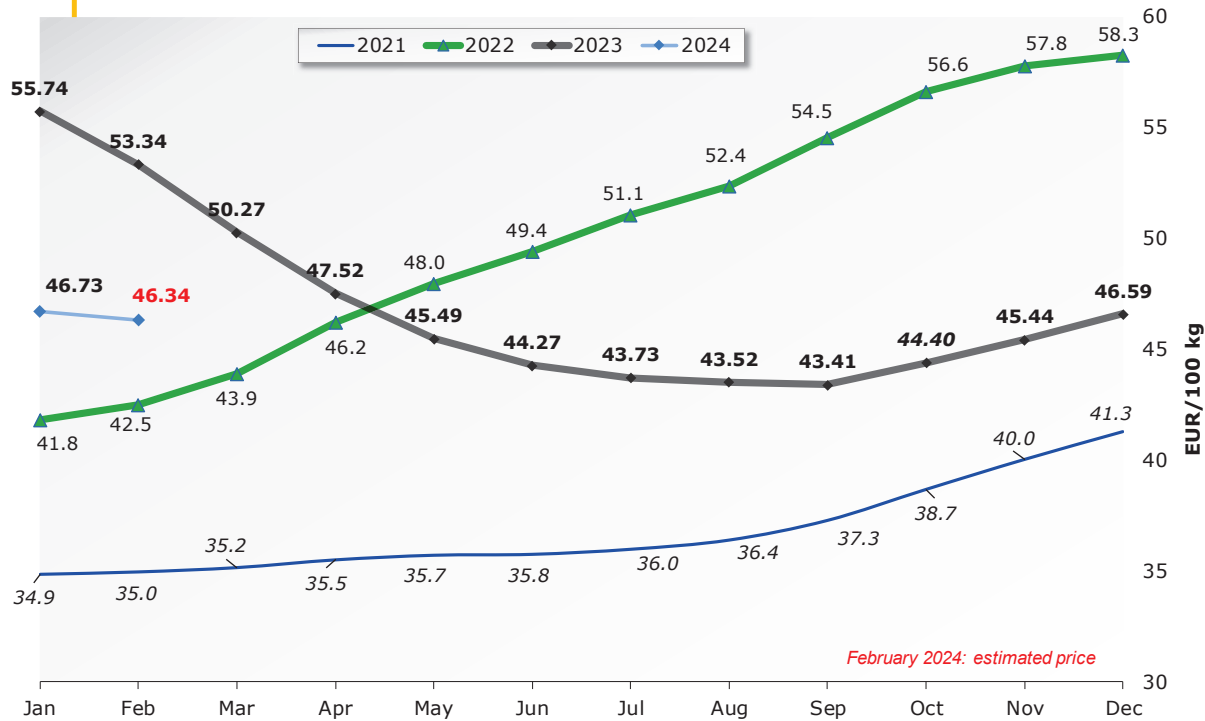
Source : Estat - Newcronos

EU - Skimmed-milk powder

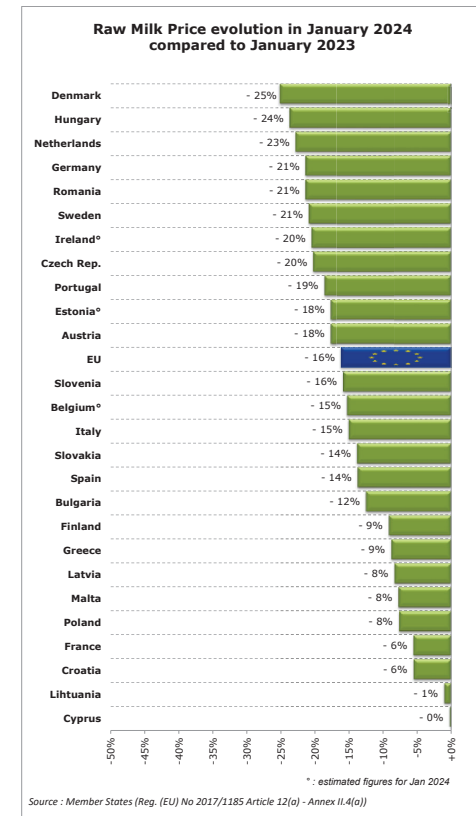


Source : Estat - Newcronos

EU milk prices paid to the producers



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



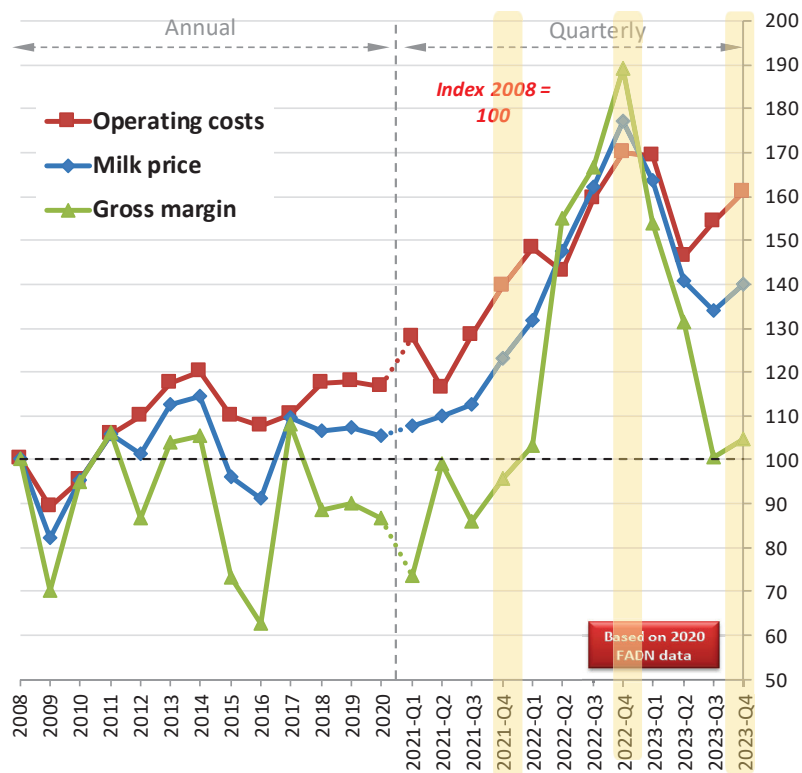
* - estimated figures for Jan 2024
Source : Member States (Reg. (EU) No 2017/1185 Article 12(a) - Annex II.4(a))

Price of Jan 24 compared to :

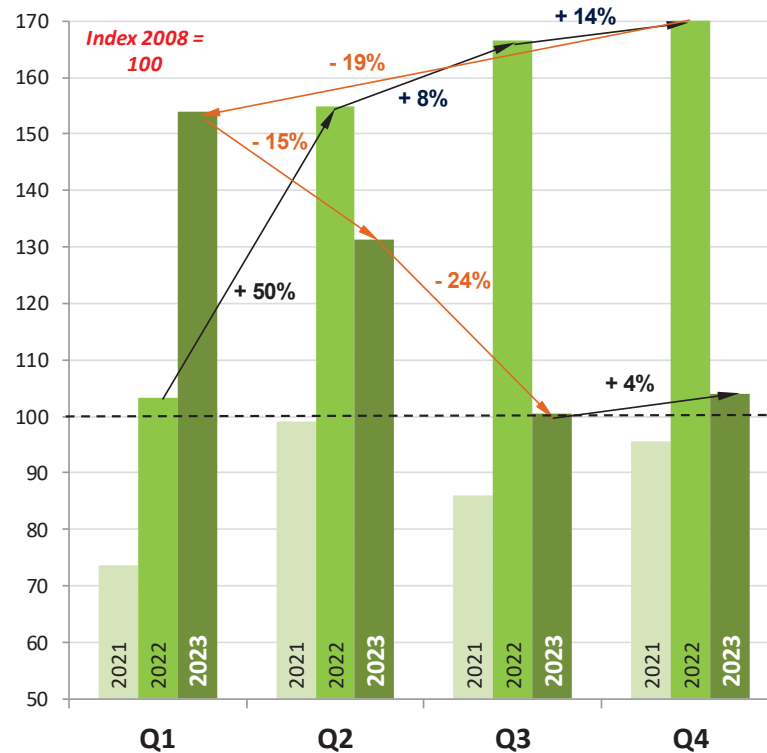
| | BE | BG | CZ | DK | DE | EE | IE | GR | ES | FR | HR | IT | CY | LV | LT | LU | HU | MT | NL | AT | PL | PT | RO | SI | SK | FI | SE | EU (without UK) |
|--------|--------|--------|--------|--------|--------|--------|--------|-------|--------|-------|-------|--------|-------|-------|-------|----|--------|-------|--------|--------|-------|--------|--------|--------|--------|-------|--------|-----------------|
| Dec 23 | +4.4% | +1.5% | +0.1% | +6.0% | +0.9% | +0.7% | +6.8% | +0.2% | -0.8% | -0.6% | -0.9% | -2.4% | +0.0% | +2.5% | +0.5% | - | +1.6% | +1.0% | idem | -1.8% | -3.6% | -0.7% | +2.2% | -1.4% | -0.2% | -2.0% | +6.6% | +0.3% |
| Jan 23 | -15.3% | -12.5% | -20.2% | -25.1% | -21.4% | -17.7% | -20.5% | -8.8% | -13.7% | -5.5% | -5.5% | -15.0% | -0.2% | -8.3% | -1.0% | - | -23.7% | -7.7% | -22.8% | -17.7% | -7.7% | -18.6% | -21.3% | -15.8% | -13.8% | -9.1% | -20.8% | -16.2% |

Margins

EU Milk price, operating costs and margin per tonne



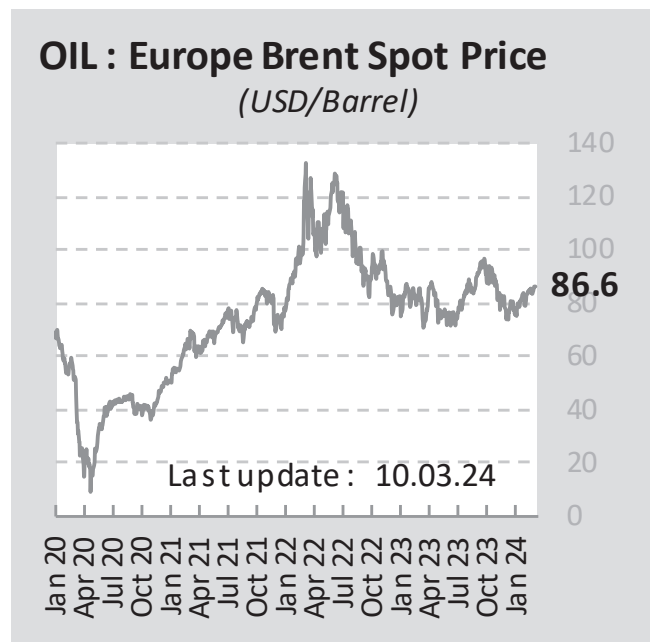
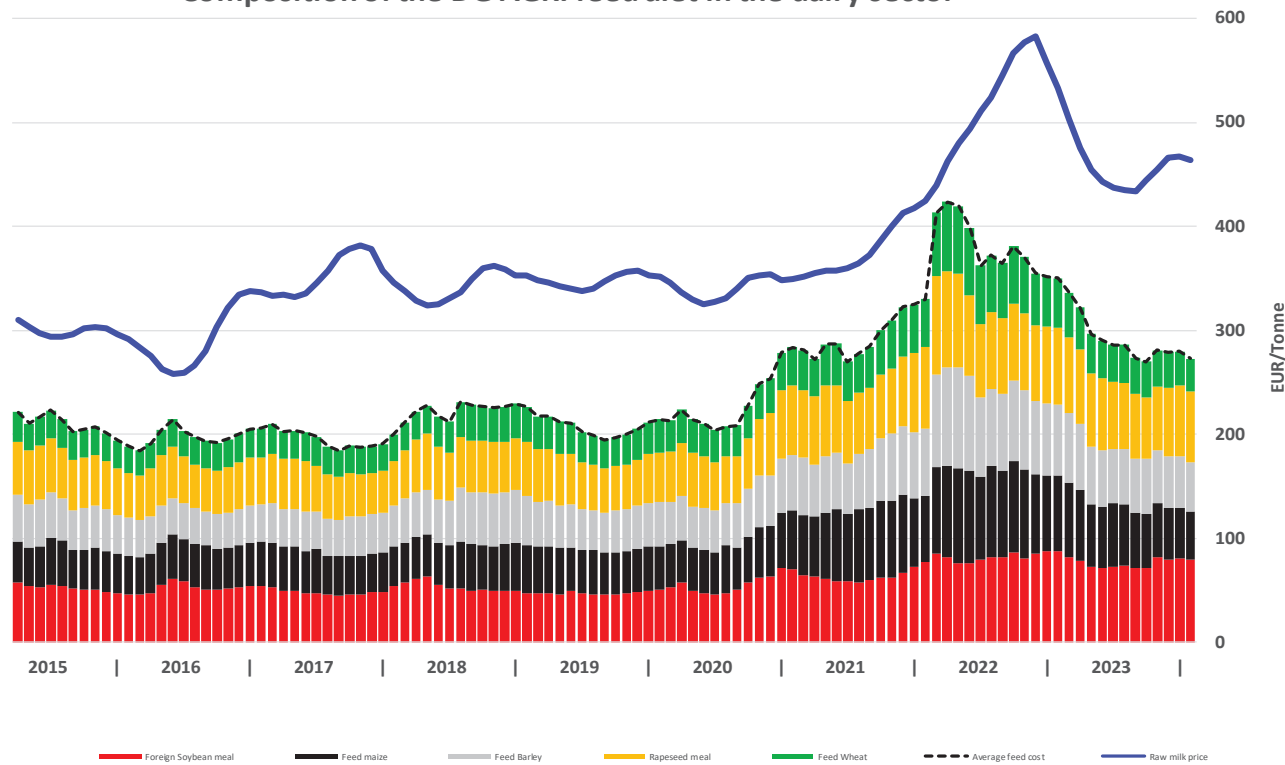
Estimation of EU Gross margin



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

Feed costs still decreasing

Composition of the DG AGRI feed diet in the dairy sector



EU dairy quotations

EU evolutive* dairy Quotations

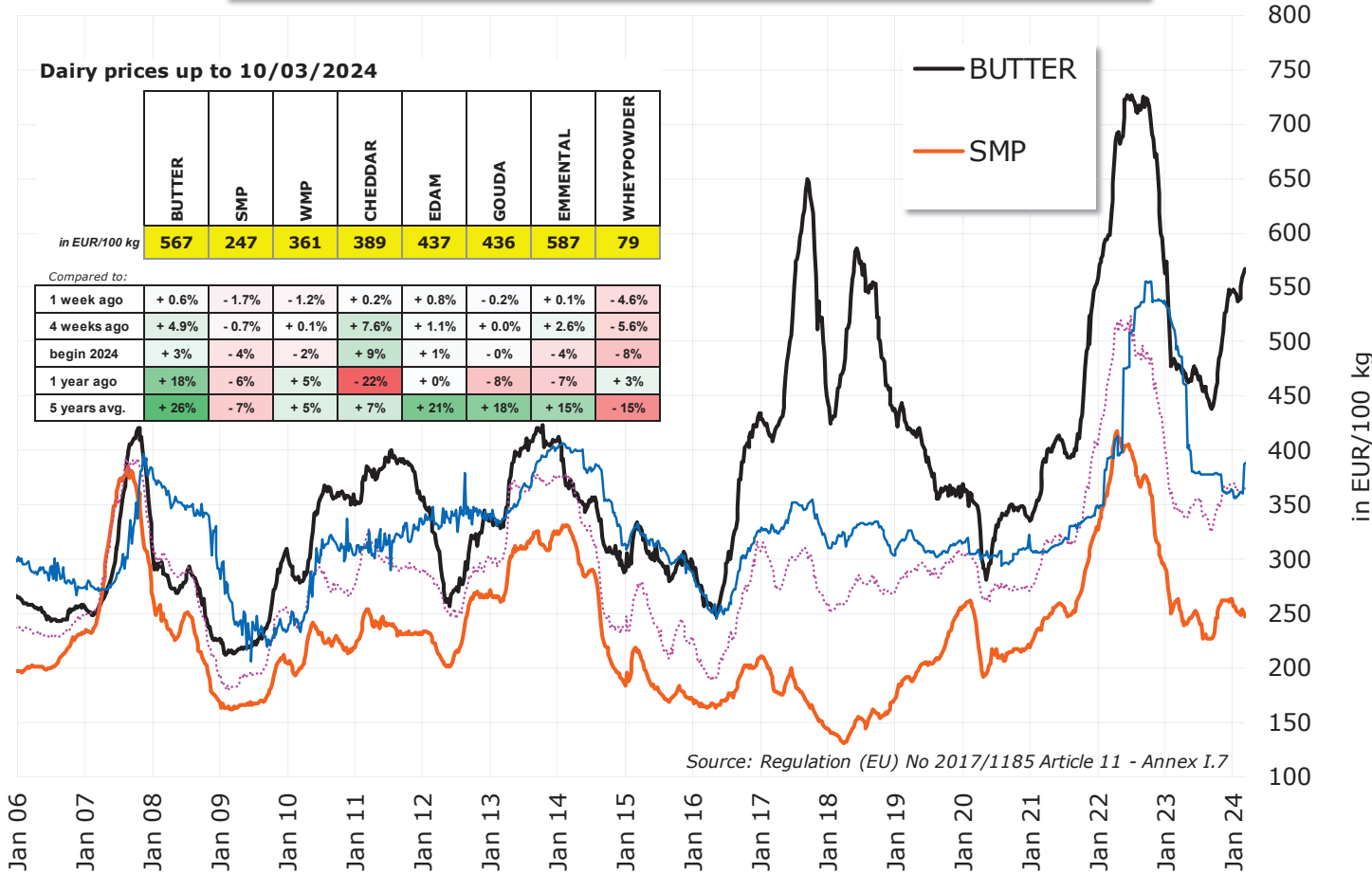
(EU Average Prices based on MS communication and weighted by production)

Dairy prices up to 10/03/2024

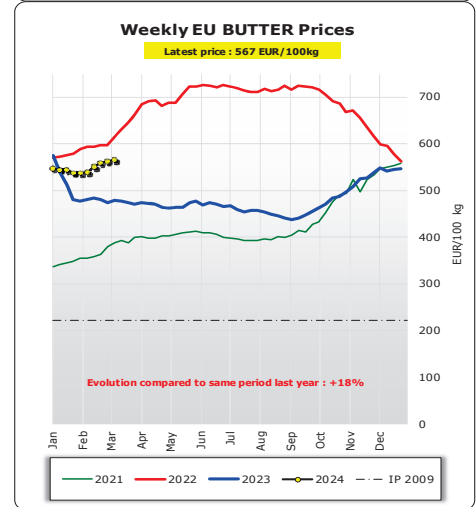
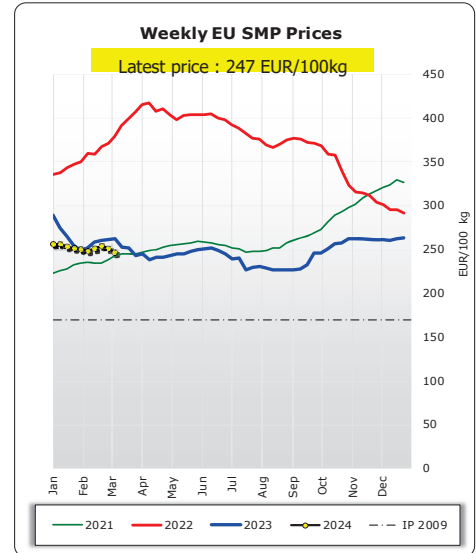
| | BUTTER | SMP | WMP | CHEDDAR | EDAM | GOUDA | EMMENTAL | WHEYPOWDER |
|---------------|--------|-----|-----|---------|------|-------|----------|------------|
| in EUR/100 kg | 567 | 247 | 361 | 389 | 437 | 436 | 587 | 79 |

Compared to:

| | | | | | | | | |
|--------------|--------|--------|--------|--------|--------|--------|--------|--------|
| 1 week ago | + 0.6% | - 1.7% | - 1.2% | + 0.2% | + 0.8% | - 0.2% | + 0.1% | - 4.6% |
| 4 weeks ago | + 4.9% | - 0.7% | + 0.1% | + 7.6% | + 1.1% | + 0.0% | + 2.6% | - 5.6% |
| begin 2024 | + 3% | - 4% | - 2% | + 9% | + 1% | - 0% | - 4% | - 8% |
| 1 year ago | + 18% | - 6% | + 5% | - 22% | + 0% | - 8% | - 7% | + 3% |
| 5 years avg. | + 26% | - 7% | + 5% | + 7% | + 21% | + 18% | + 15% | - 15% |



Source: Regulation (EU) No 1717/1185 Article 11 - Annex 1.7

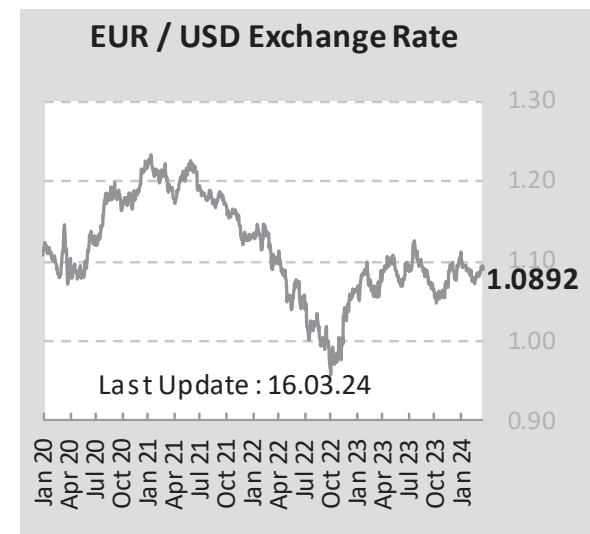
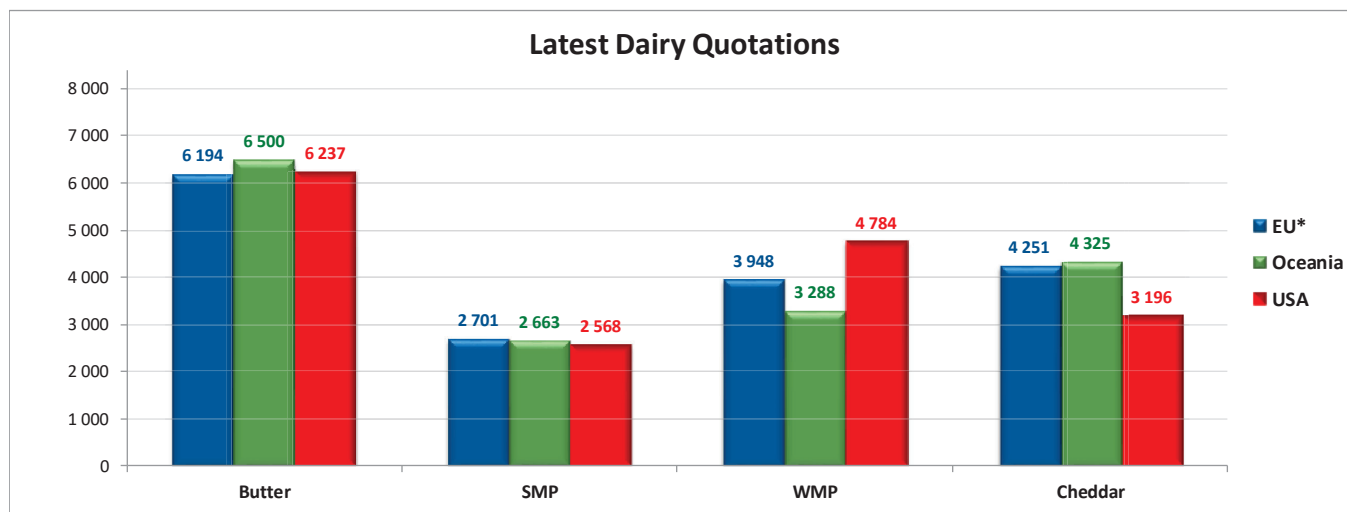


* EU evolutive: EU-15 (before 2004), EU-25 (2004 to 2006), EU-27 (2007 to 2013), EU-28 (2013 to 01/2020), EU-27 without UK (from 02/2020 onwards)

Latest world dairy quotations

| In US\$/t | Latest Quotations | | | Week - 2 | | | | | | Year - 1 | | | | | |
|-----------|-------------------|---------|-------|------------|---------|-------|-------------------------------|---------|-------|---------------|---------|-------|-------------------|---------|------|
| | 17/03/2024 | | | 03/03/2024 | | | % change (previous quotation) | | | 19 March 2023 | | | % change (1 year) | | |
| | EU* | Oceania | USA | EU* | Oceania | USA | EU* | Oceania | USA | EU* | Oceania | USA | EU* | Oceania | USA |
| Butter | 6 194 | 6 500 | 6 237 | 6 059 | 6 650 | 6 176 | +2.2% | -2.3% | +1.0% | 5 064 | 4 925 | 5 243 | +22% | +32% | +19% |
| SMP | 2 701 | 2 663 | 2 568 | 2 754 | 2 813 | 2 626 | -1.9% | -5.3% | -2.2% | 2 782 | 2 750 | 2 545 | -3% | -3% | +1% |
| WMP | 3 948 | 3 288 | 4 784 | 3 938 | 3 375 | 4 630 | +0.2% | -2.6% | +3.3% | 3 650 | 3 263 | 4 740 | +8% | +1% | +1% |
| Cheddar | 4 251 | 4 325 | 3 196 | 3 909 | 4 213 | 3 514 | +8.8% | +2.7% | -9.1% | 5 250 | 4 650 | 4 473 | -19% | -7% | -29% |

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 December 2023

EDA



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

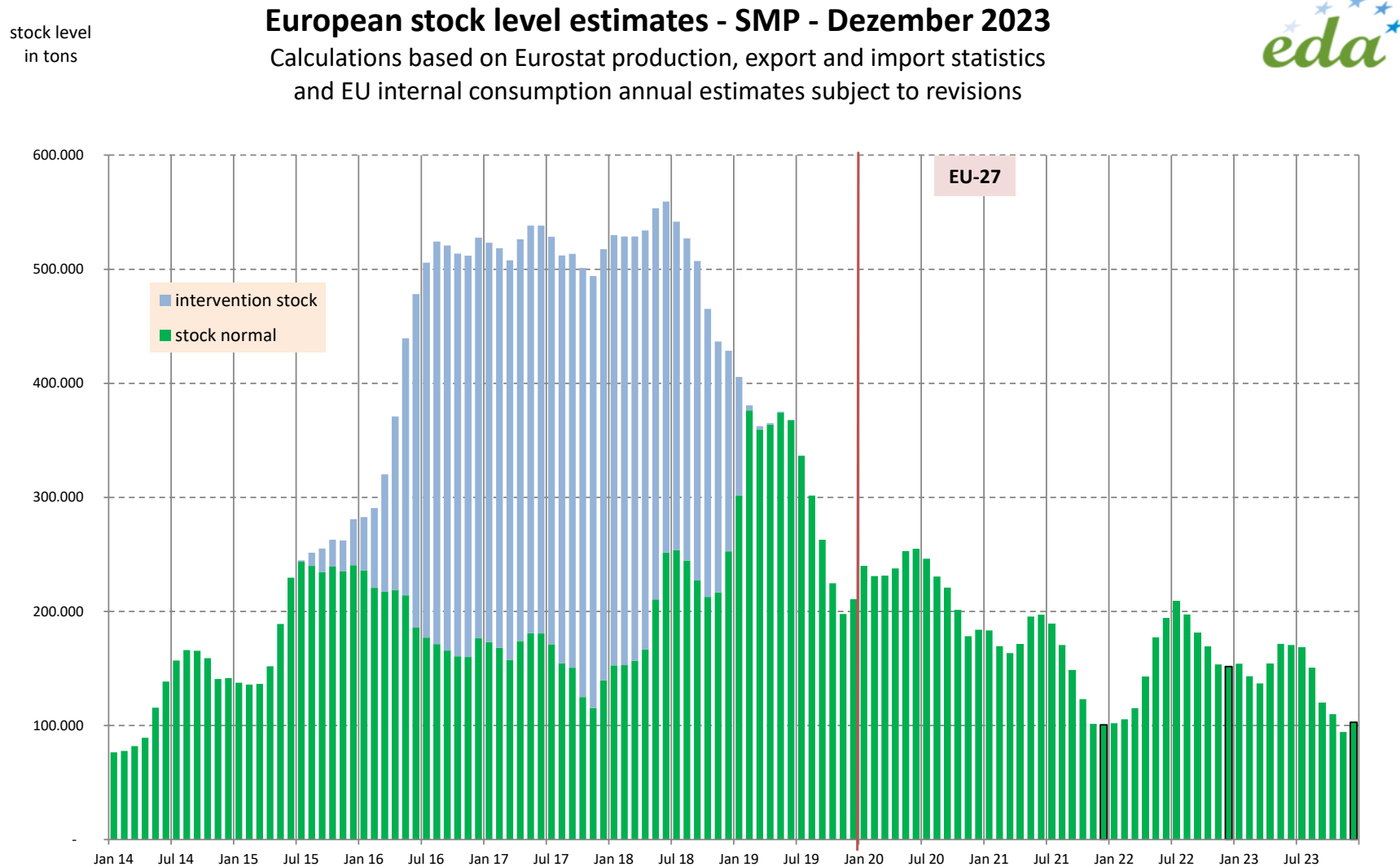
**Milk Market Observatory
Economic Board**

March 19th, 2024

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.

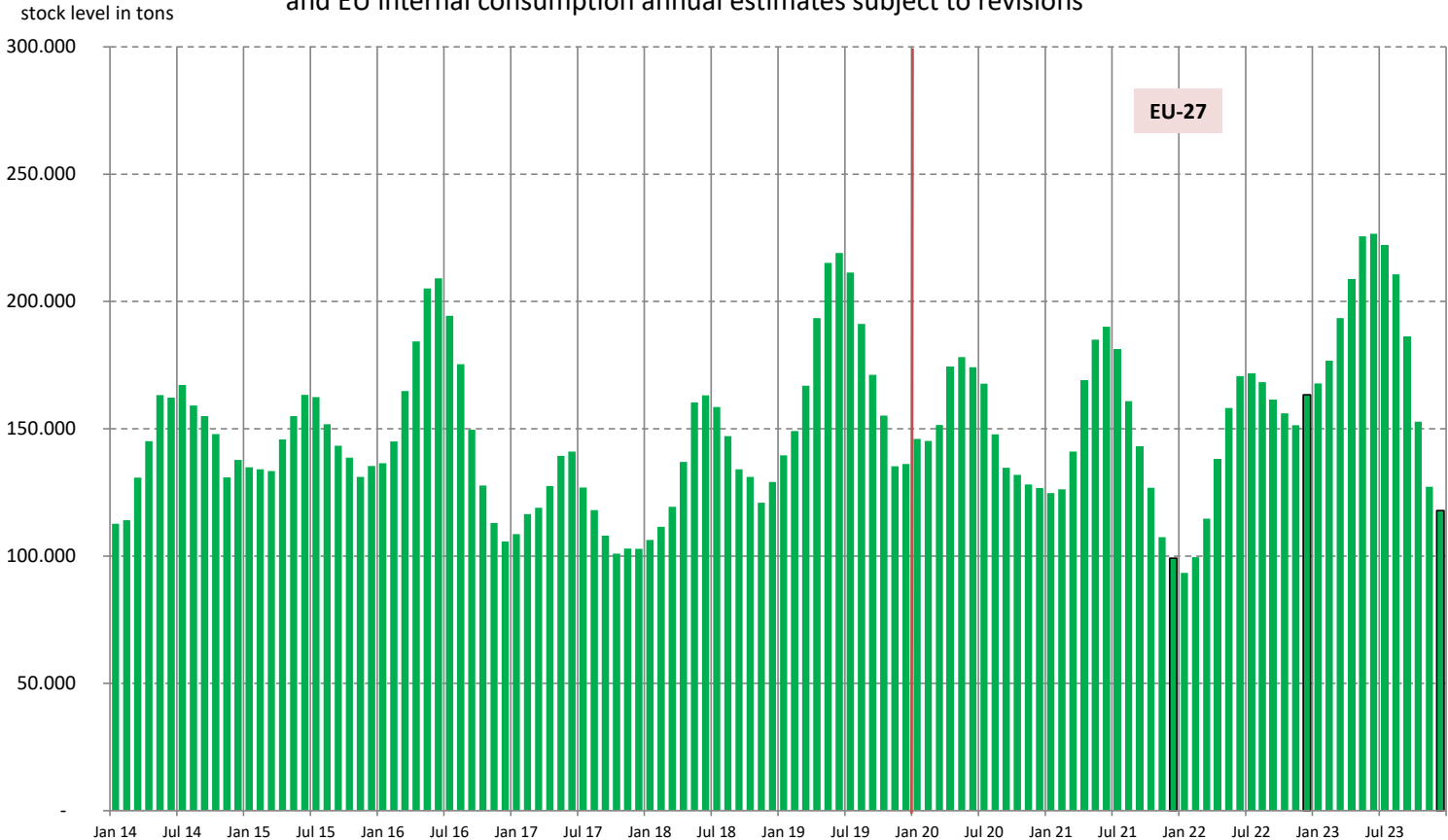
SMP: Production of SMP in Q4 was lower than in the same period of 2022. Export was lower than in the year before with stronger competition from other suppliers. Prices declined in the first months of 2024 after a recovery in October and November 2023.



Butter-production fell below previous year's level in the last quarter of 2023. Domestic demand for butter was good. Stocks decreased quickly in the second half of 2023 and had been substantially lower at the of the year than one year ago. There are signs that the build up of stocks in the first months of 2024 was lower than normal.

European stock level estimates - Butter - Dezember 2023

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



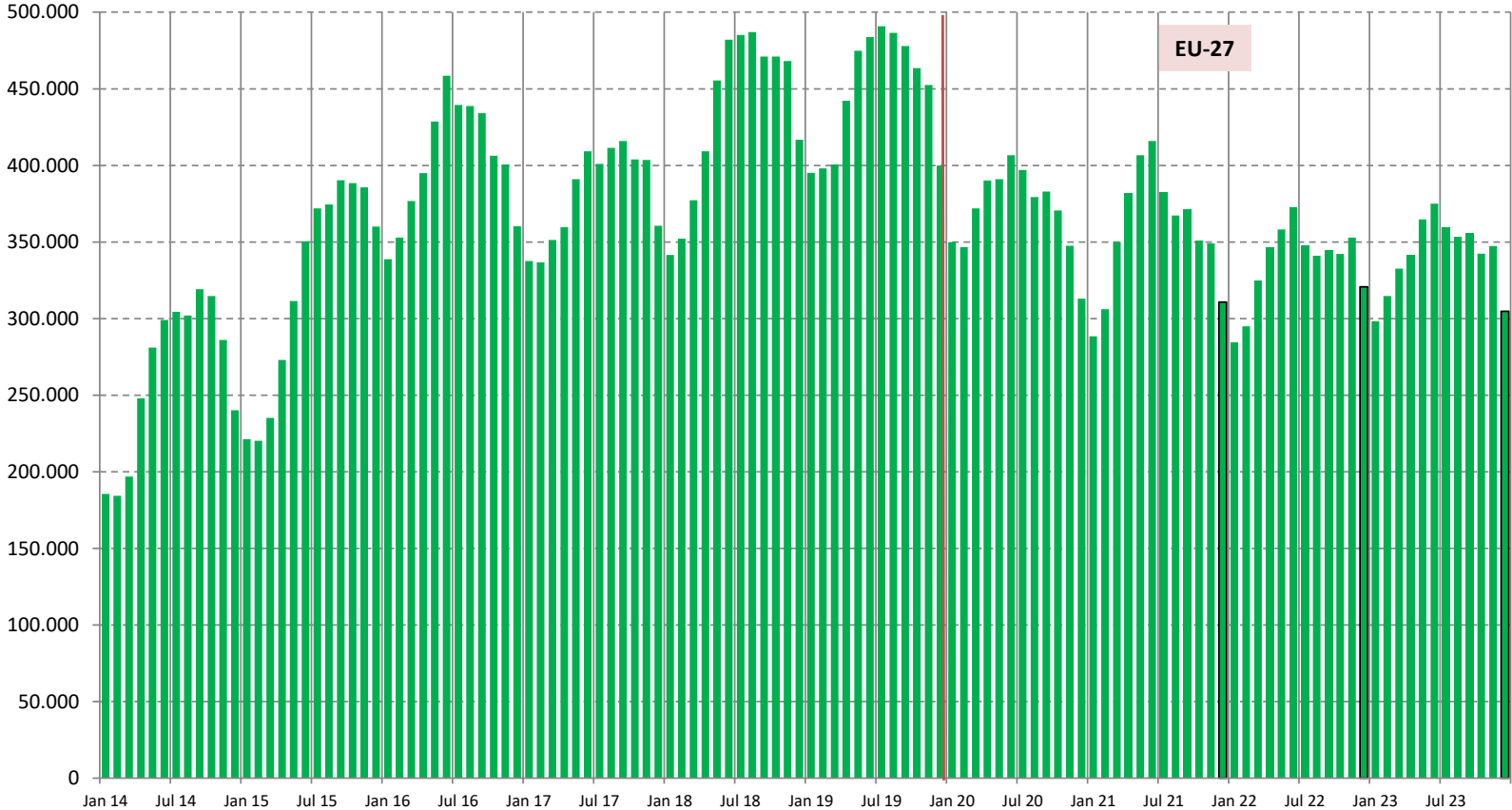
The cheese market grew again in 2023. Domestic demand was good and exports recovered compared with 2022. Stocks at the end of the year had been lower than in the years before. Healthy demand continued at the beginning of 2024.

European stock level estimates - Cheese - Dezember 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 in the majority of the member states had been lower than last year at the beginning of 2024. 2023 milk output was stable in average on the level of 2022. More cheese was produced again.

EU-export of dairy products recovered in 2023 compared with 2022. Export demand was partly quiet at the beginning of 2024. Domestic demand started healthy.

The dairy market is still in balance with weaker tendencies in the recent two weeks. There are some uncertainties about the further development of the skim-side, while milk-fat is still firm for the time of year.

Quotations of dairy products declined slightly since the beginning of 2024. Butter and cheese are firmer than skimmed-milk powder and whey powder.

ANNEX 3

Global dairy trade flows

Eucolait



eucolait

*European Dairy Trade
Association*

Global dairy trade flows

MMO EXPERT GROUP

19/03/2024

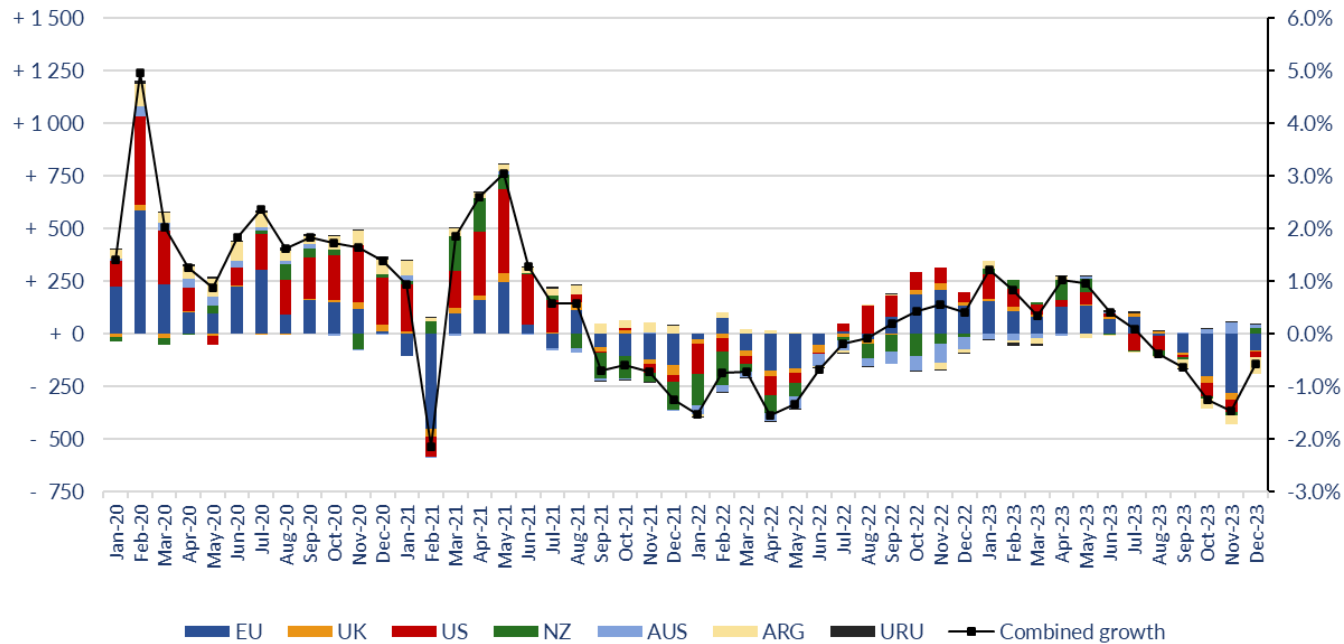
www.eucolait.eu

Outline

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

Global supply

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

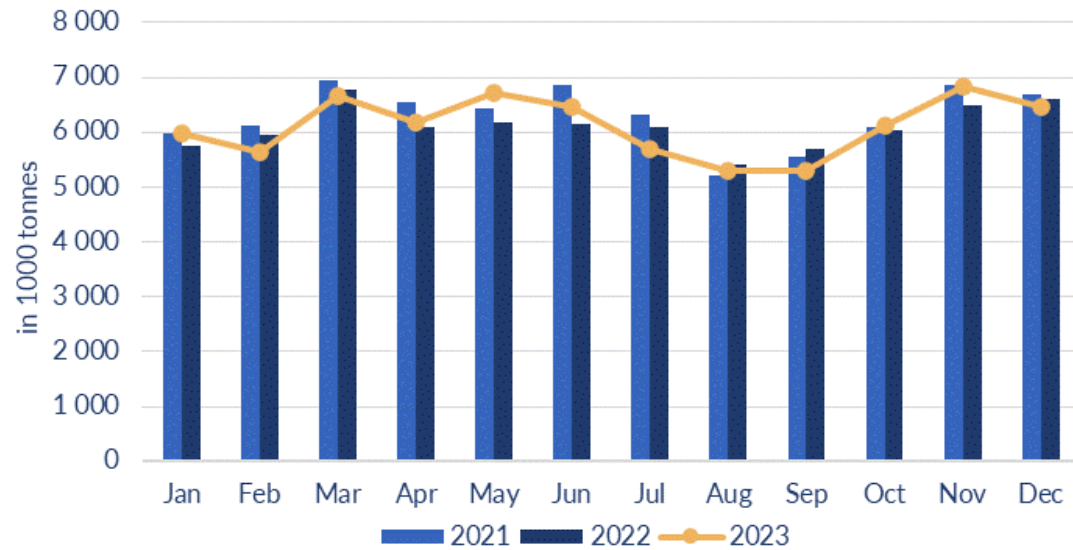


| MILK COLLECTION OF MAIN EXPORTERS - DECEMBER 2023 | | | | | |
|---|-----------------------|----------------|---------------------------|----------------|-------------------------|
| Country | Volume in '000 tonnes | Δ% YOY 23/22 | Volume YTD in '000 tonnes | Δ% YTD 23/22 | Δ% Season to date 24/23 |
| EU27 | 11 427 | ↓ -0.7% | 144 714 | → +0.1% | |
| United States | 8 553 | ↓ -0.3% | 102 837 | → +0.0% | |
| New Zealand | 2 612 | ↑ +0.9% | 21 247 | ↑ +0.9% | → -0.3% |
| Australia | 832 | ↑ +2.2% | 8 471 | → +0.2% | ↑ +2.1% |
| Argentina | 980 | ↓ -7.7% | 11 665 | ↓ -2.0% | |
| Uruguay | 190 | ↑ +1.2% | 2 178 | ↑ +1.2% | |
| United Kingdom | 1 180 | ↓ -0.5% | 14 577 | → +0.0% | |
| TOTAL | 25 774 | ↓ -0.6% | 305 688 | → +0.0% | |

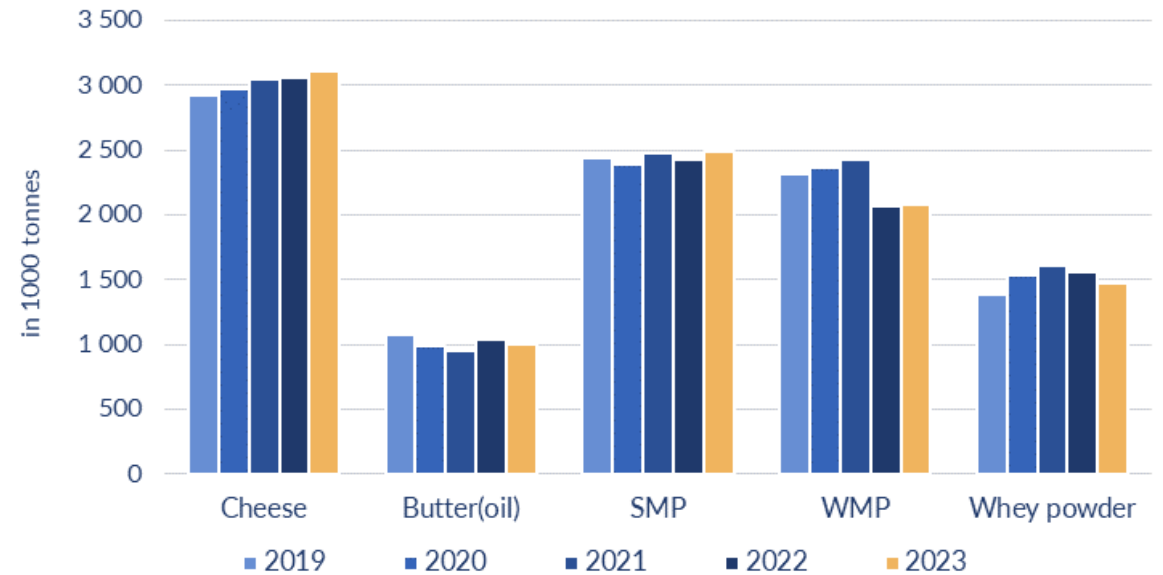
Global dairy exports in ME

Global dairy exports:
Jan-Dec 2023/2022: +0,2%

Monthly global dairy exports in milk equivalent
Cheese, butter(oil), SMP, WMP, whey, lactose, casein(ates)

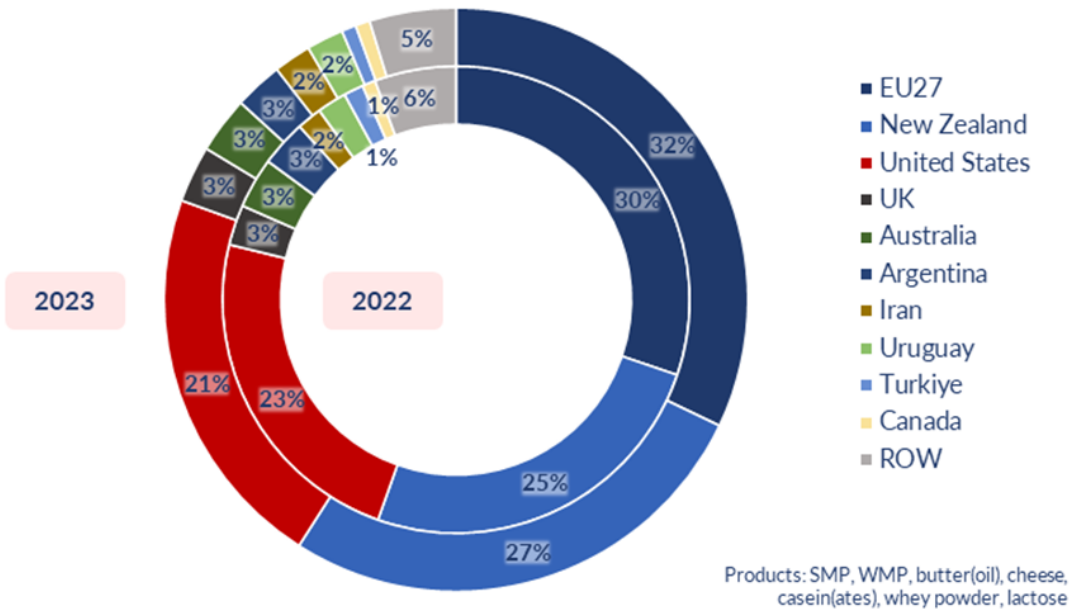


Global exports of main dairy commodities

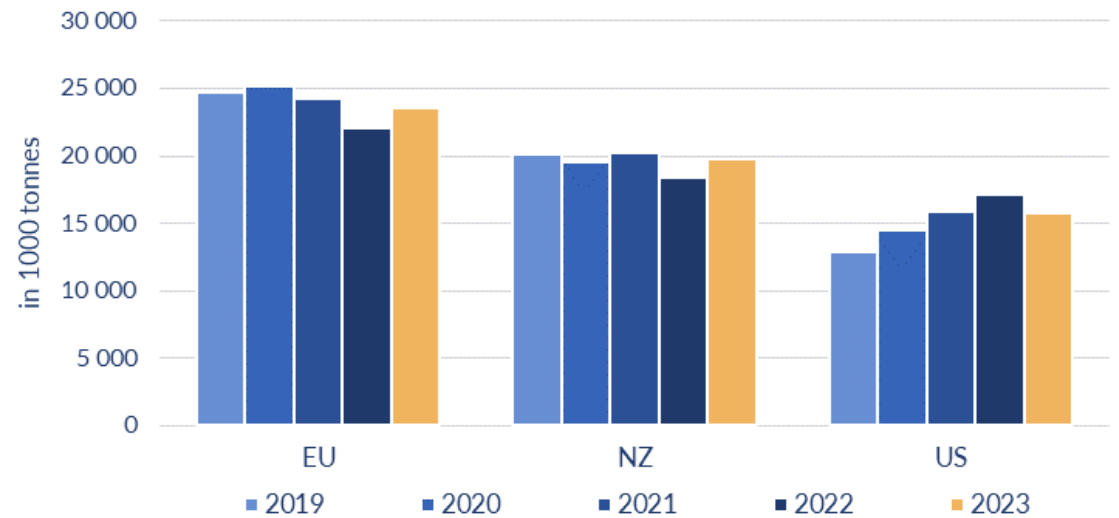


Global dairy exports

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

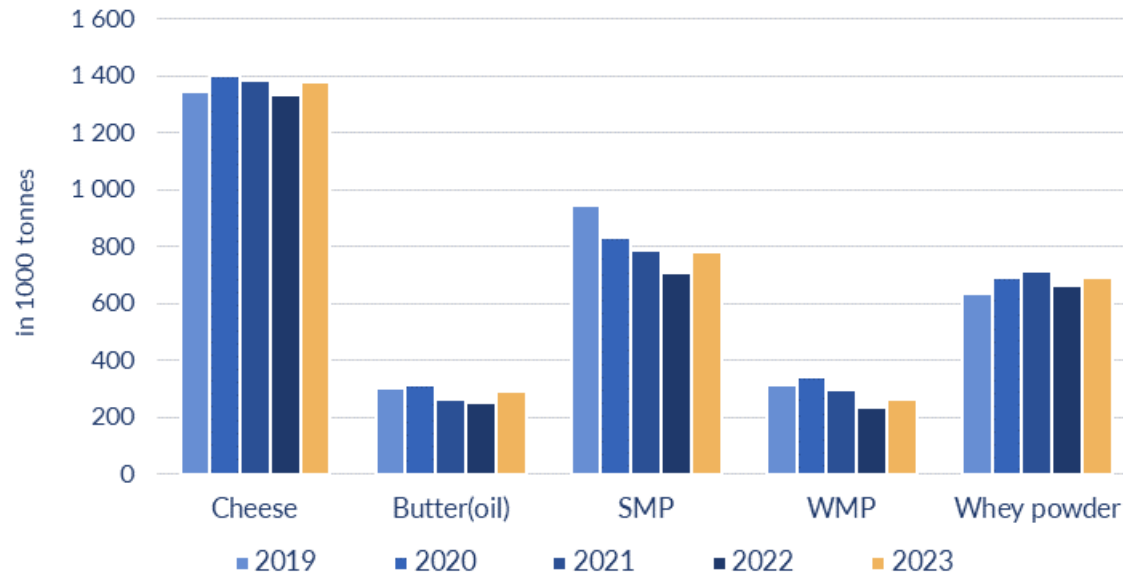


Exports of the 3 main suppliers in ME
WMP, SMP, butter(oil), cheese, casein(ates), whey, lactose



EU exports by product and destination

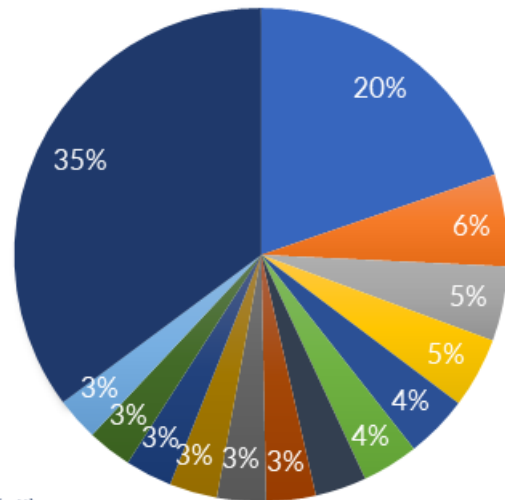
EU exports of main dairy commodities



| EU export destinations in 2023 | | |
|--------------------------------|---------------------|----------|
| Country | Share of EU exports | Δ% 23/22 |
| Total | 100% | ↑ +6% |
| UK | 13% | ↓ -1% |
| China | 11% | ↓ -2% |
| Algeria | 6% | ↑ +38% |
| United States | 5% | ↑ +2% |
| Indonesia | 4% | ↓ -17% |
| Malaysia | 4% | ↑ +23% |
| Japan | 4% | ↓ -5% |
| Saudi Arabia | 3% | ↑ +27% |
| Thailand | 3% | ↑ +16% |
| Egypt | 3% | ↑ +22% |
| Vietnam | 2% | ↑ +28% |
| South Korea | 2% | ↓ -6% |
| Switzerland | 2% | → +1% |
| ROW | 40% | ↑ +9% |

Main import markets

Main import markets in 2023
(in milk equivalent)



- China
- Mexico
- Indonesia
- Algeria
- UK
- Saudi Arabia
- Japan
- EU27
- United States
- Malaysia
- Philippines*
- Brazil
- Thailand
- ROW

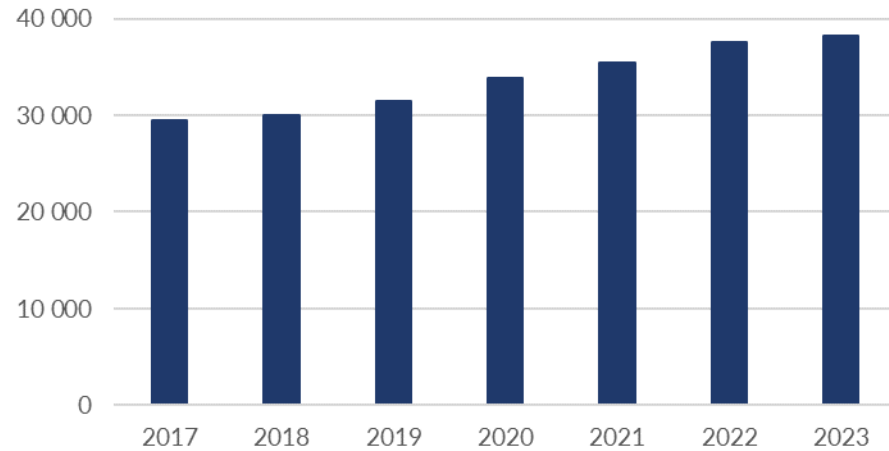
Products: cheese, butter(oil), SMP, WMP, whey, lactose, casein(ates)

| Main import markets in 2023 | |
|-----------------------------|----------|
| Importers | Δ% 23/22 |
| Total** | ↓ -1% |
| China | ↓ -7% |
| Mexico | ↑ +5% |
| Indonesia | ↓ -15% |
| Algeria | → -0% |
| UK | ↑ +5% |
| Saudi Arabia | ↑ +14% |
| Japan | ↓ -9% |
| EU27 | ↓ -6% |
| United States | ↓ -5% |
| Malaysia | ↓ -3% |
| Philippines* | ↓ -22% |
| Brazil | ↑ +62% |
| Thailand | ↑ +4% |
| Other | ↑ +1% |

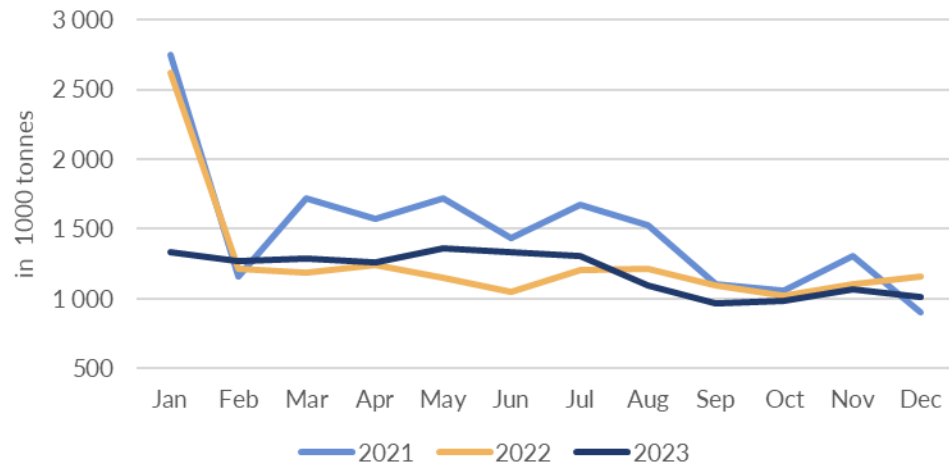
* Estimate for Dec 2023

China

China milk production (in 1000 tonnes)



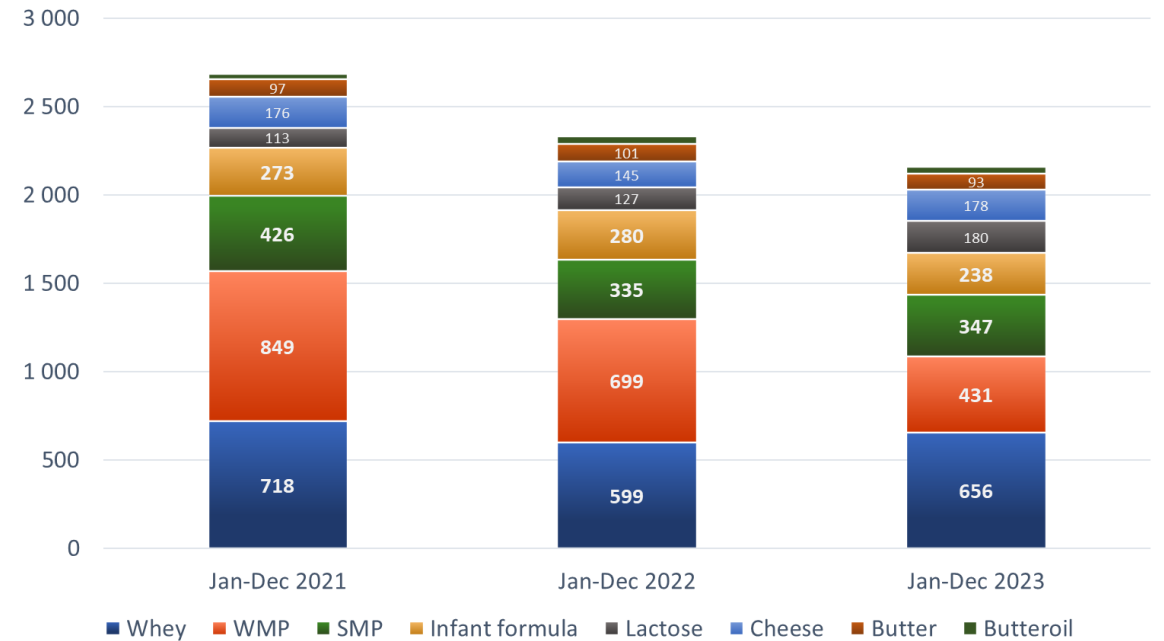
China dairy imports in ME



China imports 2023/22: **-7%**

Cumulated China imports

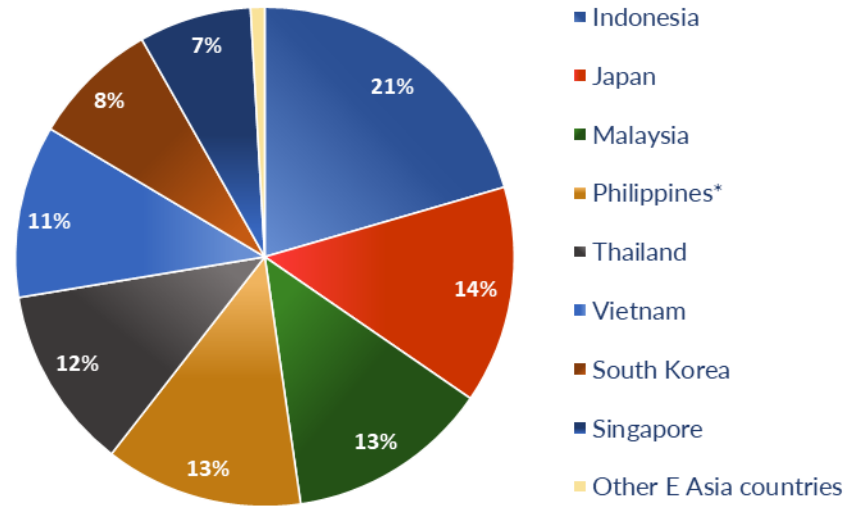
(in 1000 tonnes)



Other East Asia

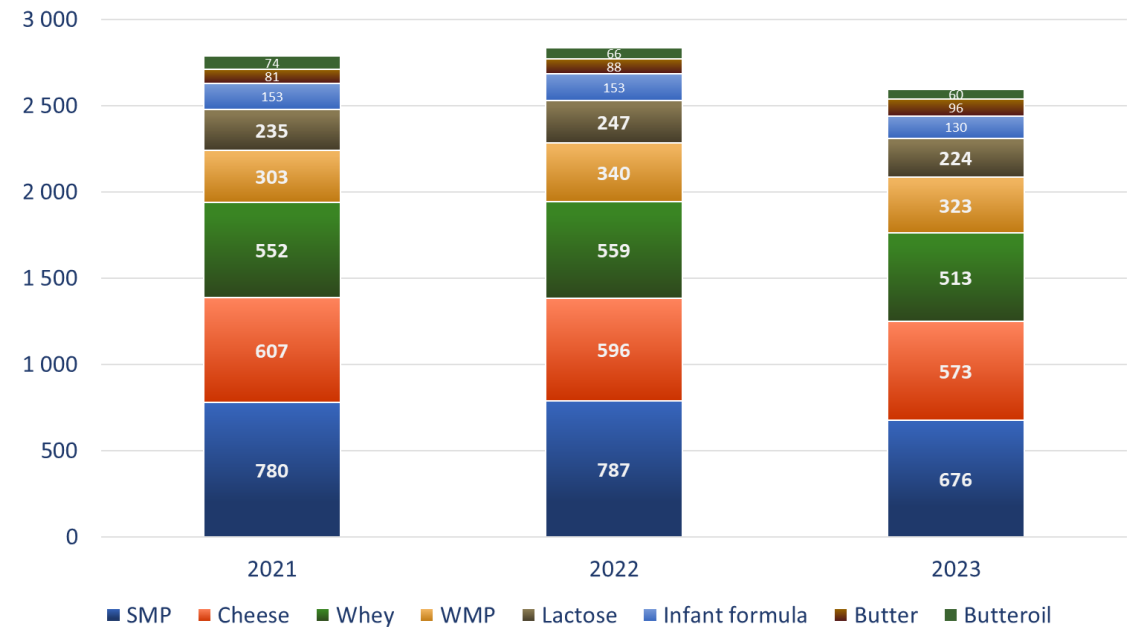
Other East Asia imports 2023/22: **-9%**

Other East Asia import markets in 2023



Cumulated other East Asia imports

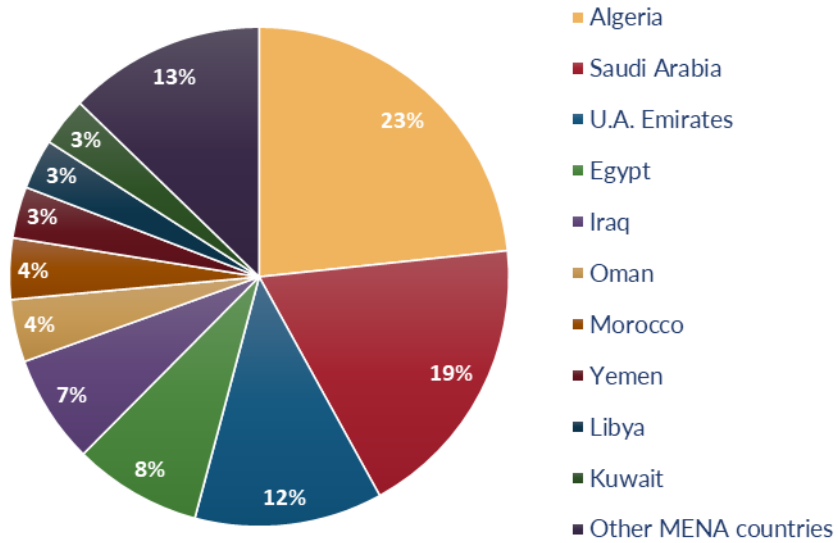
(in 1000 tonnes)



Middle-East & North Africa

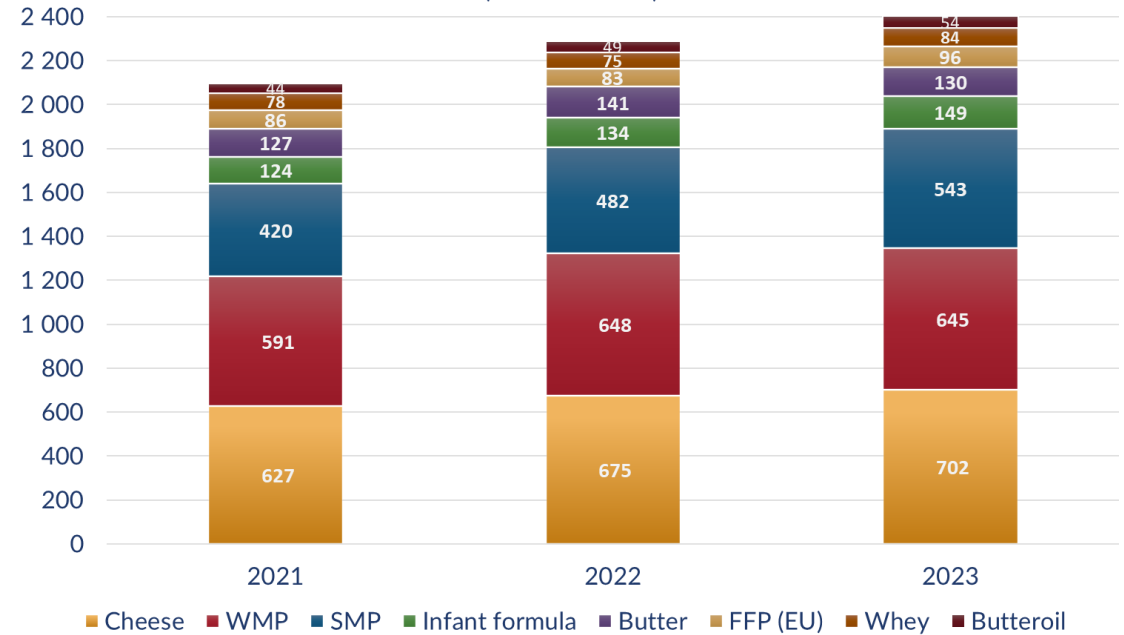
MENA imports 2023/22: +5%

MENA import markets in 2023



Cumulated global exports to MENA

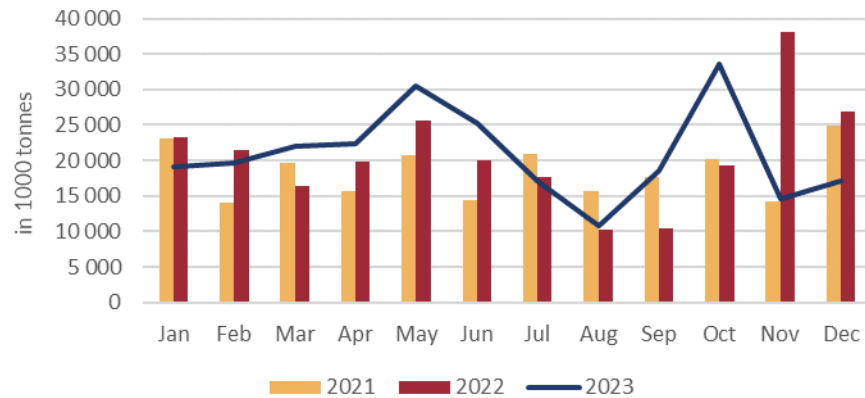
(in 1000 tonnes)



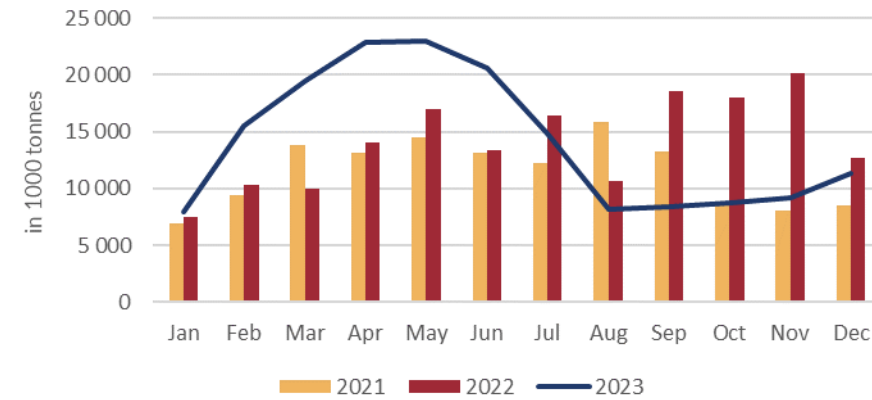
Exports to Algeria

WMP 2023/22 : +0,5%
SMP 2023/22 : +0,2%

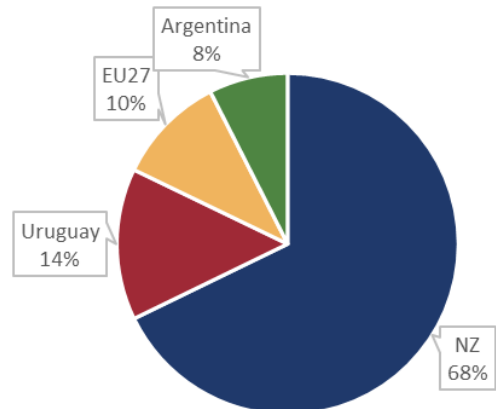
Global exports of WMP to Algeria



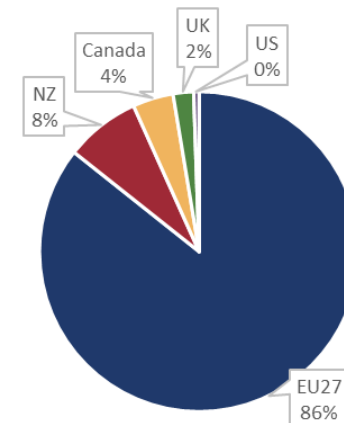
Global exports of SMP to Algeria



Global WMP exports to Algeria - market share



Global SMP exports to Algeria - market share



Conclusions

- Milk production in the main export regions was flat in 2023 due to a weak H2 and has continued to struggle into 2024. The outlook for the year is one of very modest growth.
- Global trade was flat in 2023 after having fallen in the previous year. Solid demand in MENA, Mexico and Brazil largely compensated for the decline in China and SE Asia. Imports in many SE Asian countries (Thailand, Vietnam and Malaysia) have however improved recently.
- EU exports have recovered across the board (following two years of decline) but slowed down towards the end of the year. Reduced milk flows, higher product prices and somewhat improved domestic demand are likely to constrain exports going forward. On milk powders, the EU is facing strong competition from NZ which benefits from geographical proximity and better market access to China & SE Asia.
- The balance between low production and low demand could shift, as contracting inflation improves purchasing power.
- The market is however lacking a clear direction due to questions around the strength of demand recovery and geopolitical factors.

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

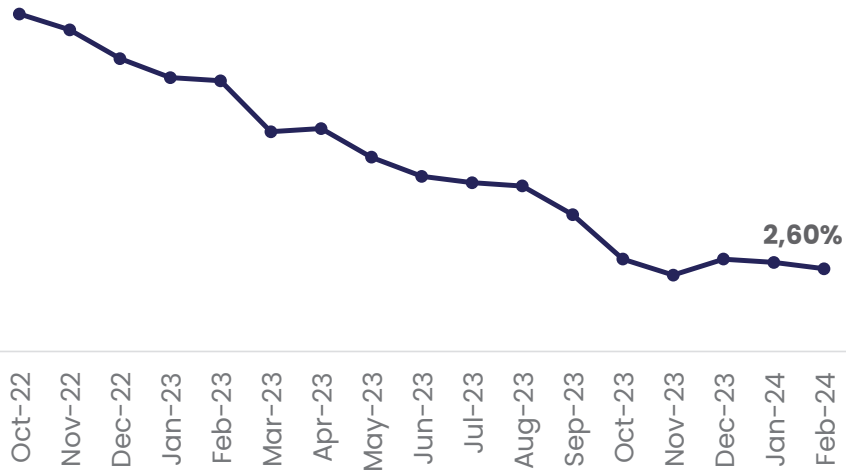
EuroCommerce



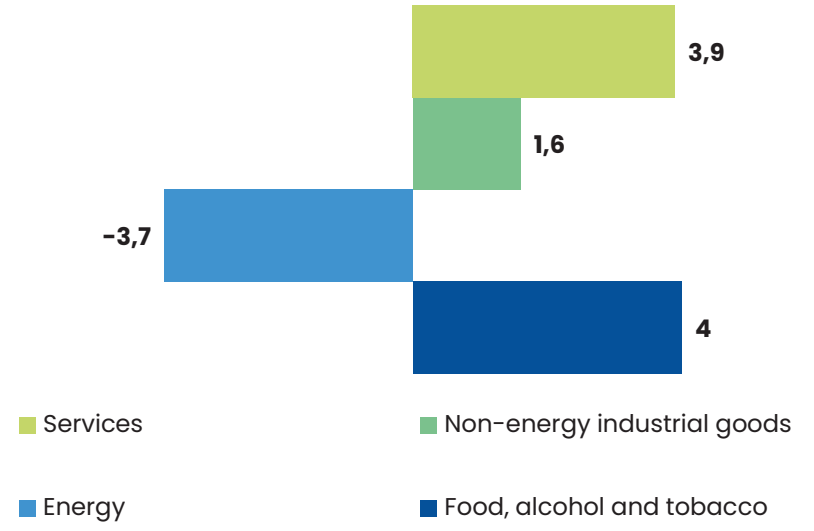
DG AGRI Milk Market Observatory

A retail perspective
19 March 2024

The macroeconomic situation

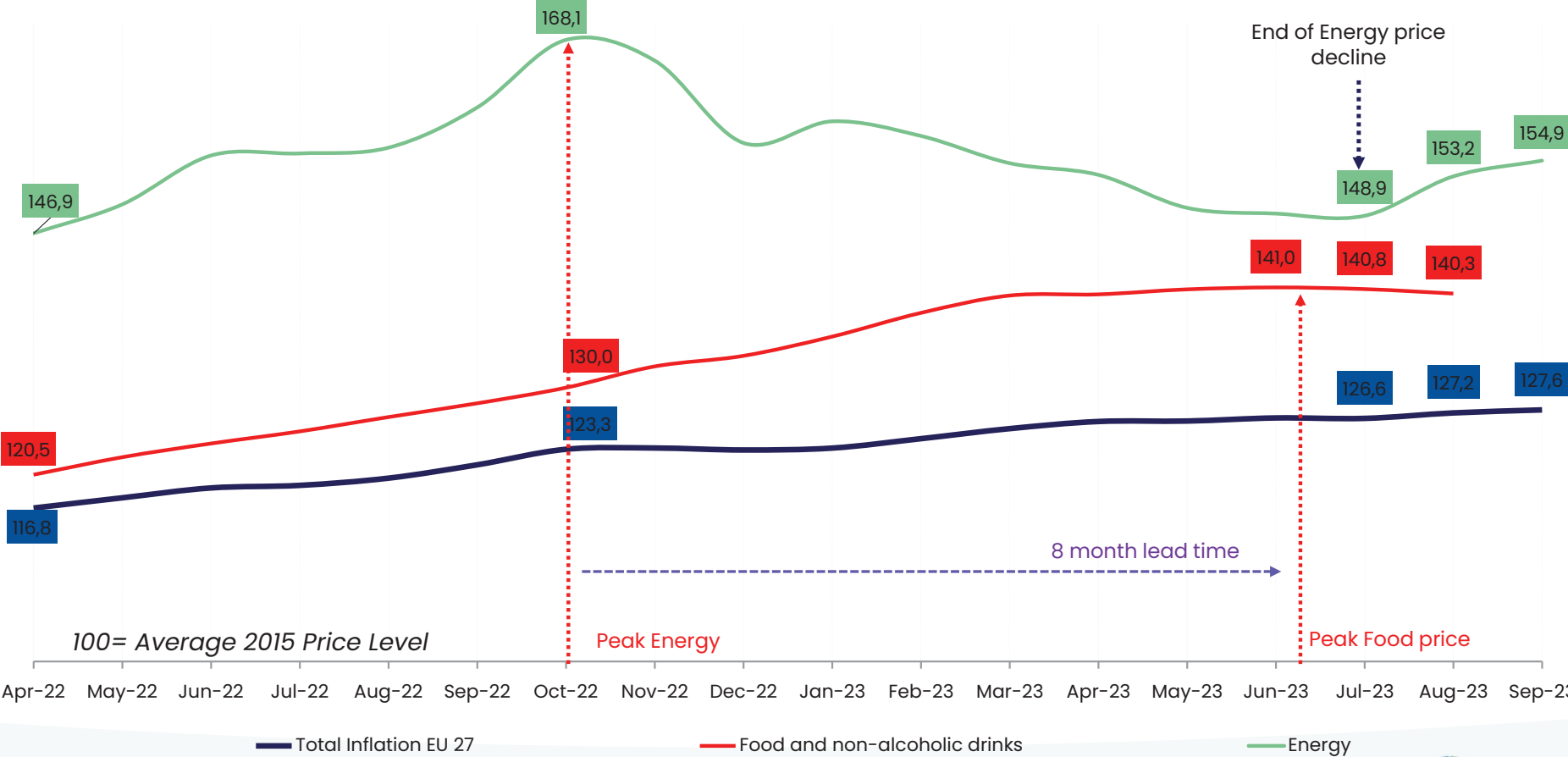


After peaking in 2022, inflation is decreasing



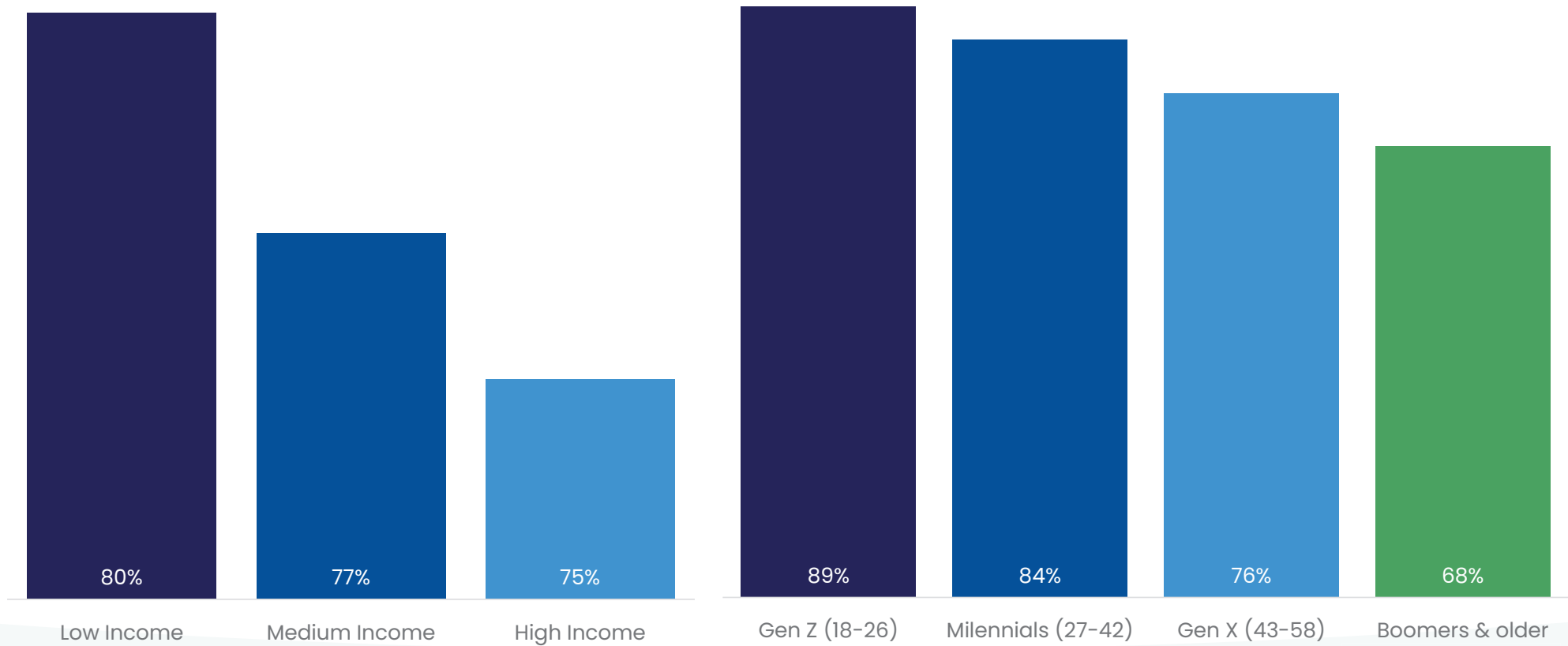
Food inflation remains higher

Energy price decline ended, slight food price decline



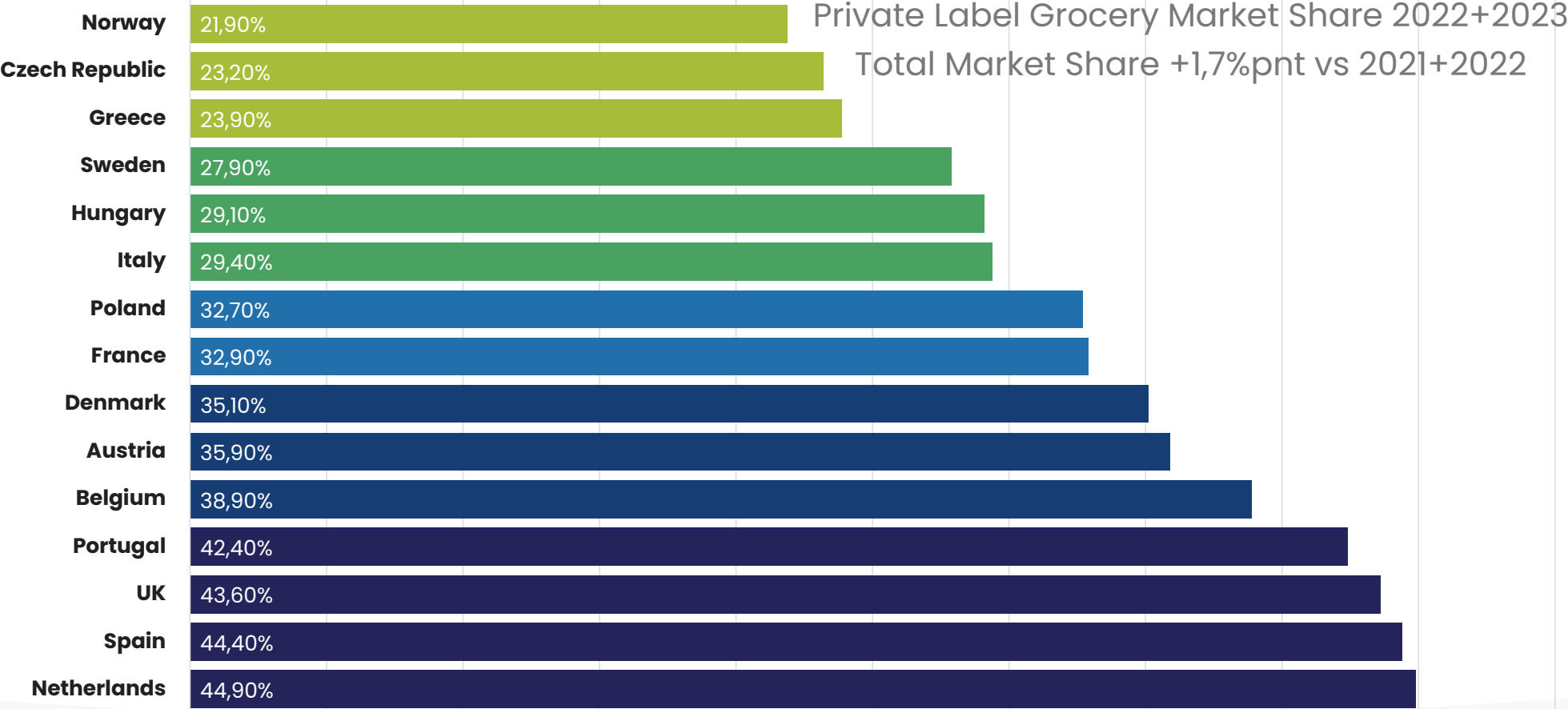
Share of consumers that traded down due to inflation

Survey in the 5 biggest European Countries (France, Germany, Italy, Spain & UK)



4 Source: [McKinsey Consumer Sentiment Update End of January 2024](#)

Private label gained market share across Europe

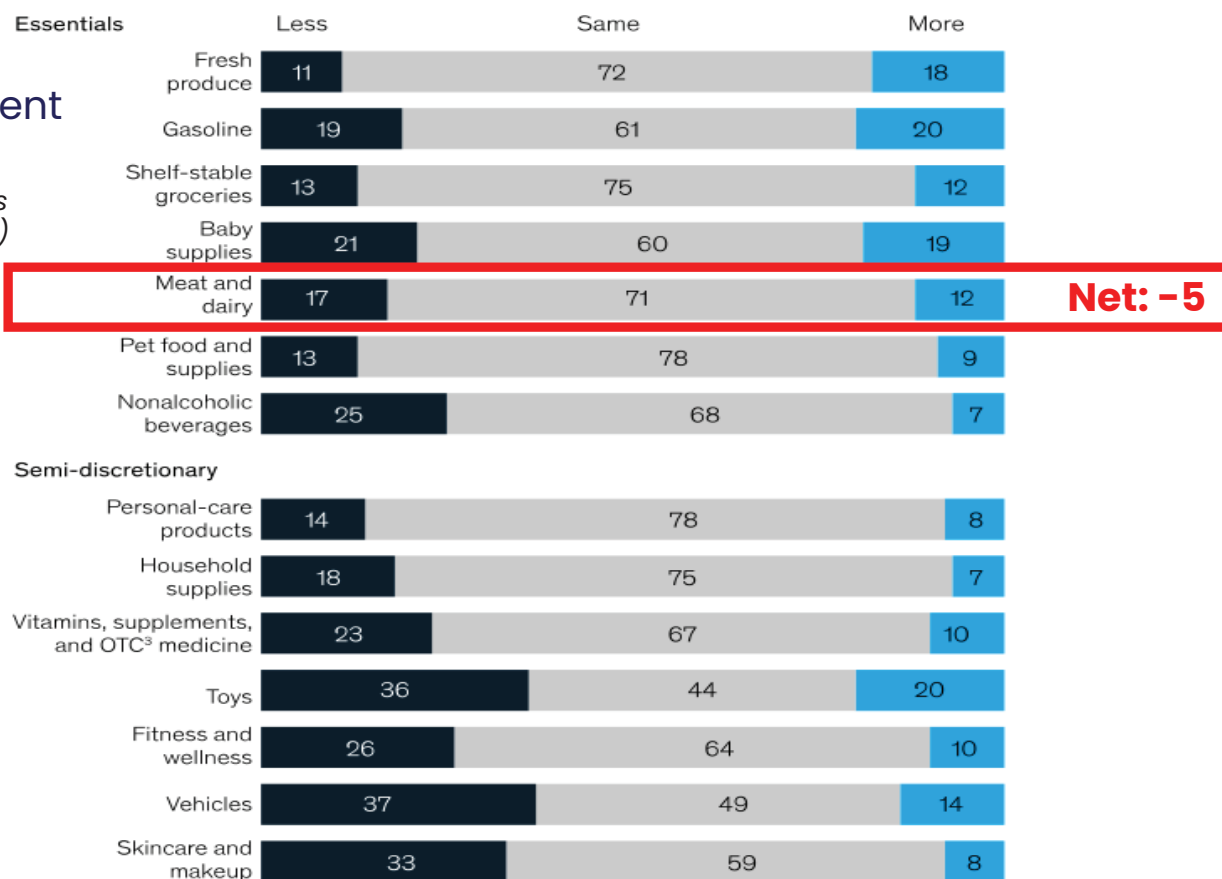


5 Source: [PLMA 2023, based on Nielsen IQ](#)

Consumers still careful, only trading up for health

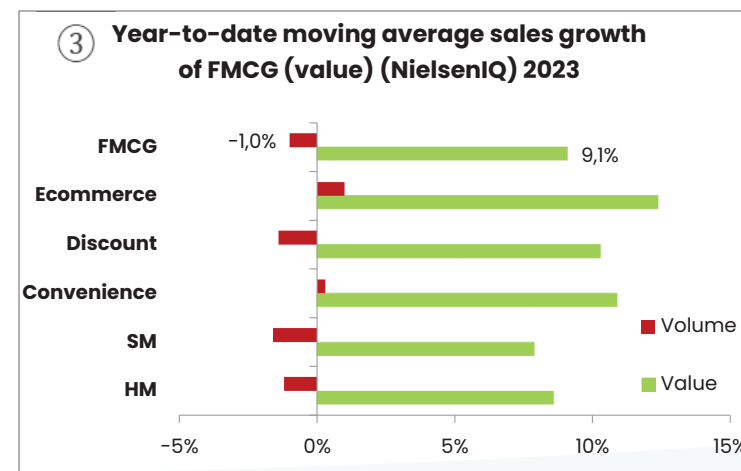
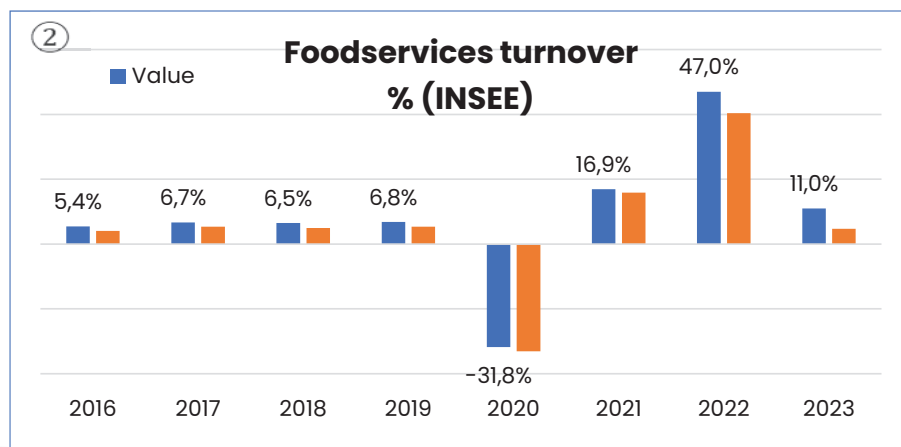
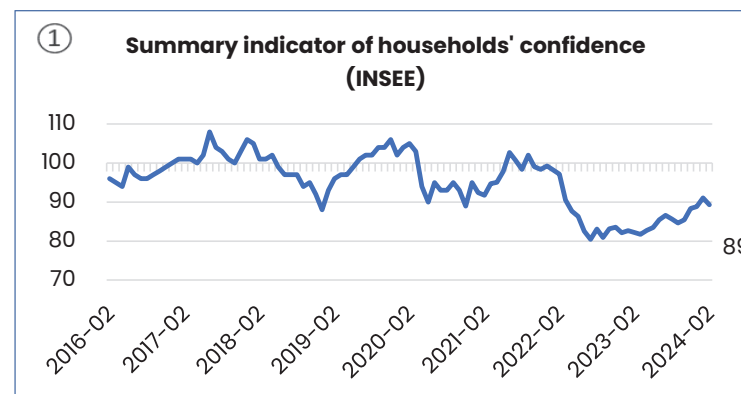
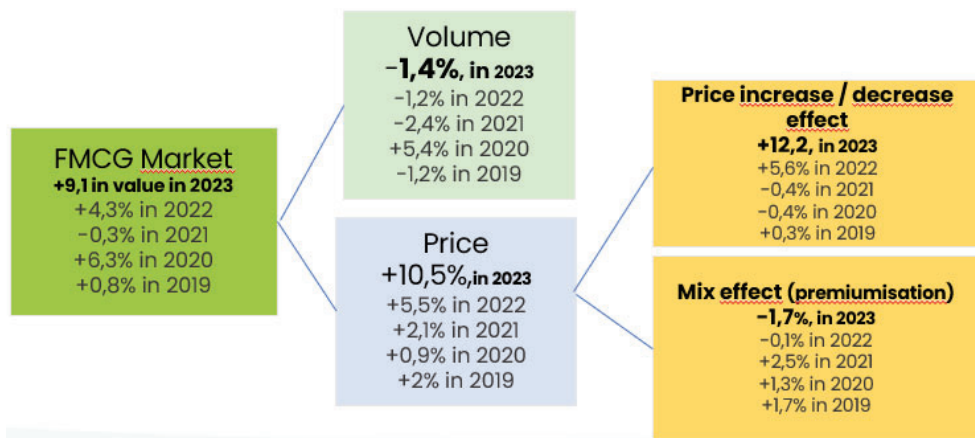
Consumer Spending Intent Q1 2024

in the 5 biggest European Countries
(France, Germany, Italy, Spain & UK)



France

Economic context



Focus on dairy market in hypermarkets and supermarkets (I)

Sales of **dairy products** in hypermarkets and supermarkets remained stable in volume during in 2023 and increased by 11% in value.

2023 // 2022

| CUMUL A DATE HMSM+SDMP+ECOMMERCE+PROXI | EVOLUTION VALEUR | POIDS VALEUR | CONTRIBUTION GAINS/PERTES | EVOLUTION VOLUME UC |
|---|------------------|--------------|------------------------------|------------------------|
| FRAIS | 11.0% | 35.5% | | -0.2% |
| FRAIS - LAITIER | 14.9% | 16.9% | 26% | 0.7% |
| FRAIS - NON LAITIER | 7.7% | 18.5% | 16% | -1.3% |

12 months to 28 january 2024 // 12 months to 28 jan 2023

| CUMUL ANNUEL MOBILE HMSM+SDMP+ECOMMERCE+PROXI | EVOLUTION VALEUR | POIDS VALEUR | CONTRIBUTION GAINS/PERTES | EVOLUTION VOLUME UC |
|--|------------------|--------------|------------------------------|------------------------|
| FRAIS | 10.2% | 35.5% | | -0.2% |
| FRAIS - LAITIER | 14.0% | 17.0% | 26% | 0.8% |
| FRAIS - NON LAITIER | 7.0% | 18.5% | 15% | -1.3% |






Focus on dairy market in hypermarkets and supermarkets (II)

Data : January 2024

French consumers' purchases of dairy products fell by 0,4% in volume over the last 12 months to the end of January 2024.

The fall affected 3 product segments, with more marked decline for **liquid milk** (-1,2%).

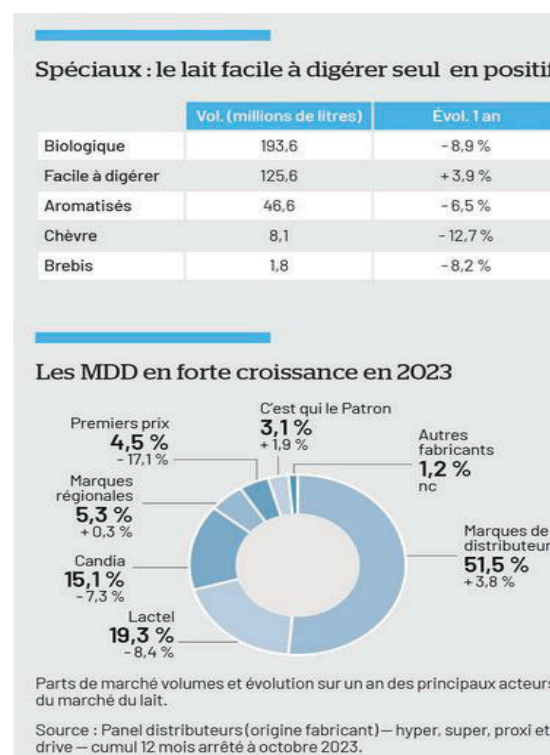
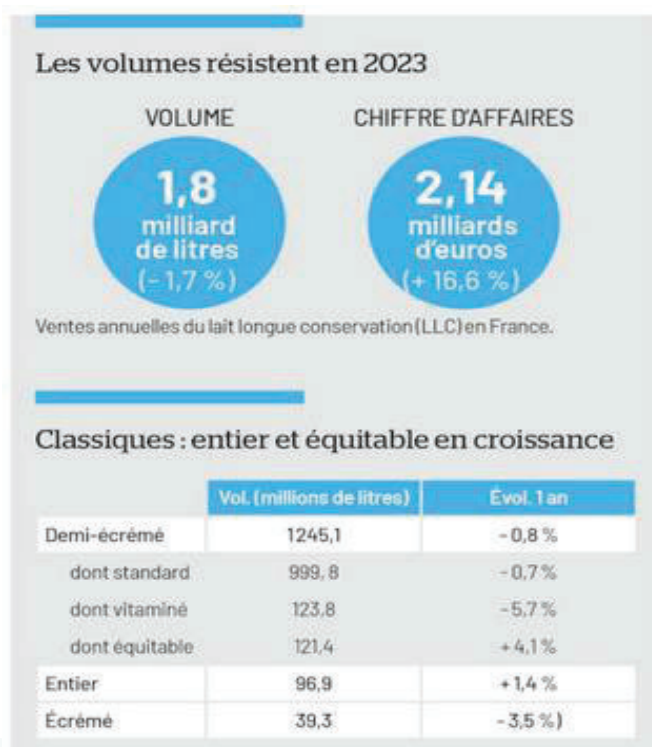
On the other hand, cream and cheese have held up well: +3,4% and +1%).

| Evolution Ventes volume (%) | | Sur le mois | Depuis le 1 ^{er} janvier | Sur un an |
|---|--------------------------------|-------------|-----------------------------------|-----------|
|  | Total Produits Laitiers | ● -0,5 | ● -0,5 | ● -0,4 |
|  | Lait liquide | ● 2,2 | ● 2,2 | ● -1,2 |
|  | Mat. grasses laitières | ● -1,7 | ● -1,7 | ● -0,6 |
|  | Crème | ● 0,2 | ● 0,2 | ● 3,4 |
|  | Ultra-frais | ● -3,5 | ● -3,5 | ● -0,4 |
| | Fromages LS | ● -1,7 | ● -1,7 | ● 1,0 |

Source: Circana via Cniel – HMSM Discount Ecommerce

Focus on dairy market in hypermarkets and supermarkets (II)

Sales of liquid milk contracted by 1.7% in volume over 12 months to the end of October 2023. Value sales rose by 16.6%. sales of organic milk fell by almost 9% in volume.



Source: Linéaires, January 2024

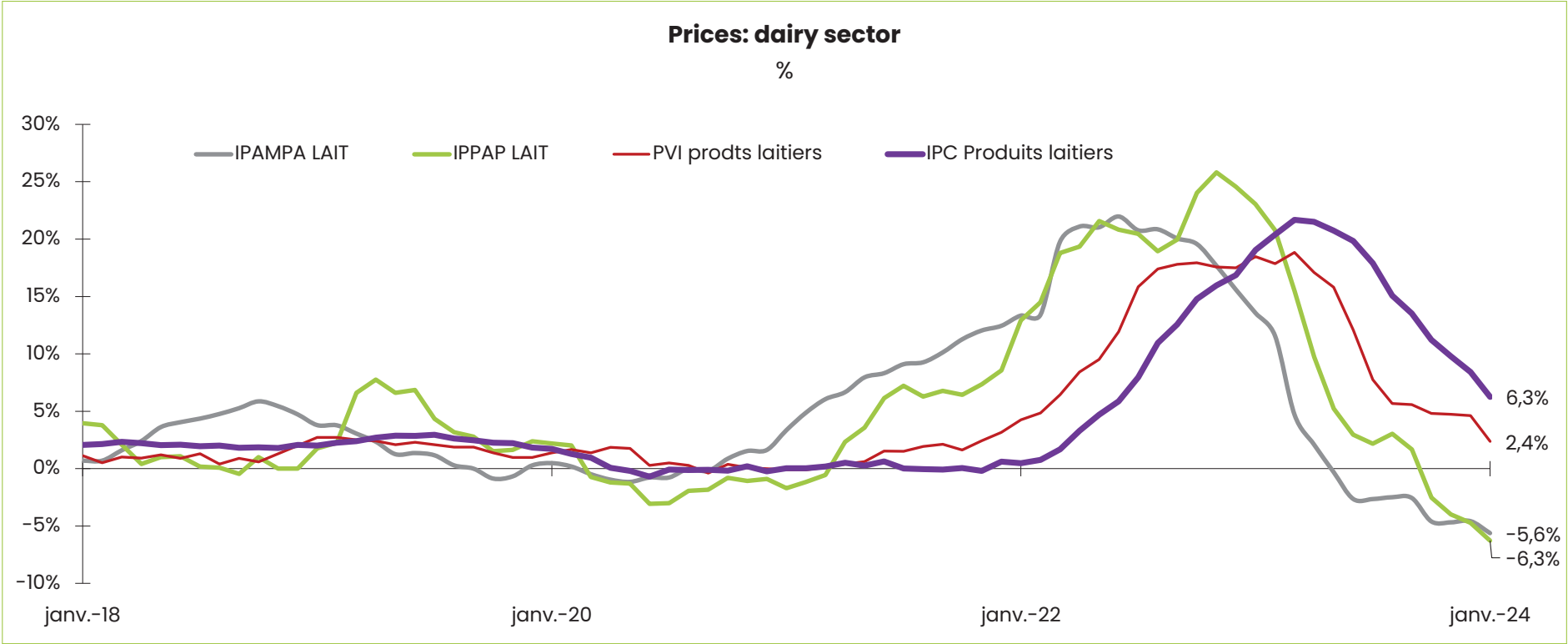
Inflation (I)

Feb 2024 / Feb 2023

| | Tous Circuits | | | |
|-------------------------------|---------------|-----|------|------|
| | Tous produits | MN | MDD | PPX |
| TOTAL INFOSCAN CIRCANA | 4,5 | 5,2 | 3,1 | 2,3 |
| INFOSCAN ALIMENTAIRE | 4,5 | 5,3 | 3,1 | 2,4 |
| DPH | 0,6 | 1,1 | 0,0 | -1,8 |
| ENTRETIEN | 1,1 | 1,5 | 0,5 | -2,6 |
| HYGIENE | 0,4 | 0,9 | -0,2 | -1,5 |
| EPICERIE | 5,8 | 6,4 | 4,3 | 2,7 |
| EPICERIE SALEE | 6,0 | 7,1 | 4,1 | 1,1 |
| EPICERIE SUCREE | 5,7 | 6,0 | 4,5 | 4,9 |
| FLS POIDS FIXE | 4,4 | 5,7 | 2,9 | 2,6 |
| CREMERIE | 5,5 | 7,1 | 3,4 | 3,7 |
| FRAIS NON LAITIERS LS | 3,1 | 3,8 | 2,3 | 1,8 |
| SURGELES GLACES | 4,5 | 6,0 | 3,1 | 3,4 |
| LIQUIDES | 4,8 | 4,7 | 5,4 | 6,0 |
| BIERES ET CIDRES | 5,6 | 5,7 | 3,9 | 3,9 |
| BRSA ET EAUX | 5,6 | 5,3 | 6,5 | 11,2 |
| SPIRITUEUX ET CHAMPAGNES | 3,2 | 3,1 | 3,8 | 2,9 |
| INFOSCAN BAZAR | 2,3 | 3,1 | 1,0 | -0,2 |

Source: Circana

Inflation (II)



Source: INSEE

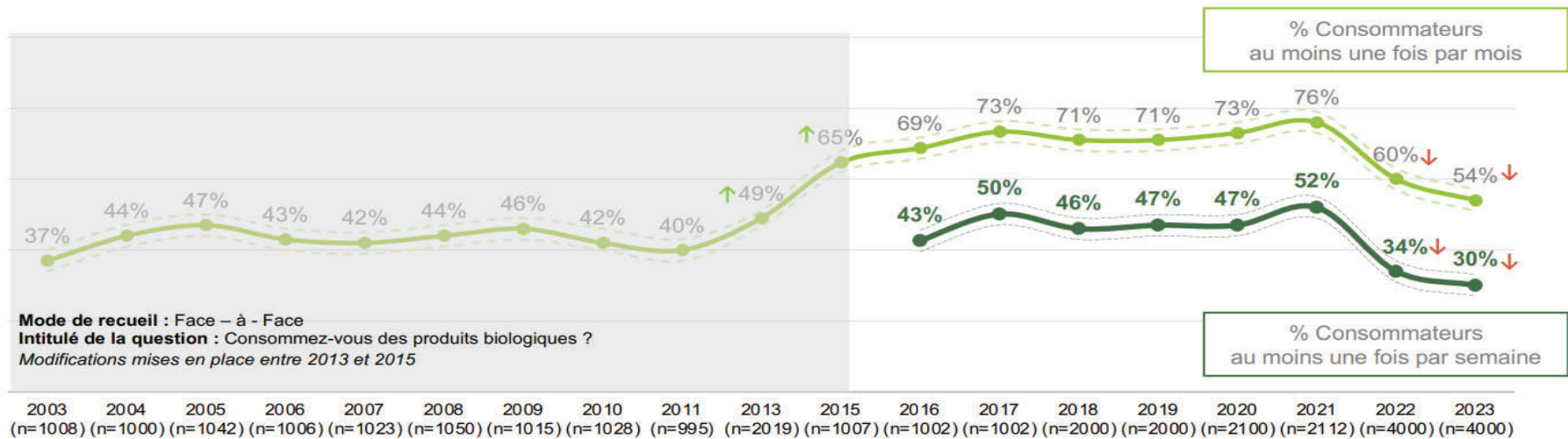
Organic market (I)



Consommation de produits biologiques

Avez-vous consommé des produits biologiques au cours des 12 derniers mois ?

Base totale, n=4000



Source: Agence Bio, Comprendre le consommateur - Baromètre édition 2024

Organic market (hyper, supermarkets, discount, ecommerce) (II)



96.7%
-0.6 point vs
An-1

Pénétration



157.2€
-9.64€ vs
An-1

Sommes dépensées
par acheteur (€)

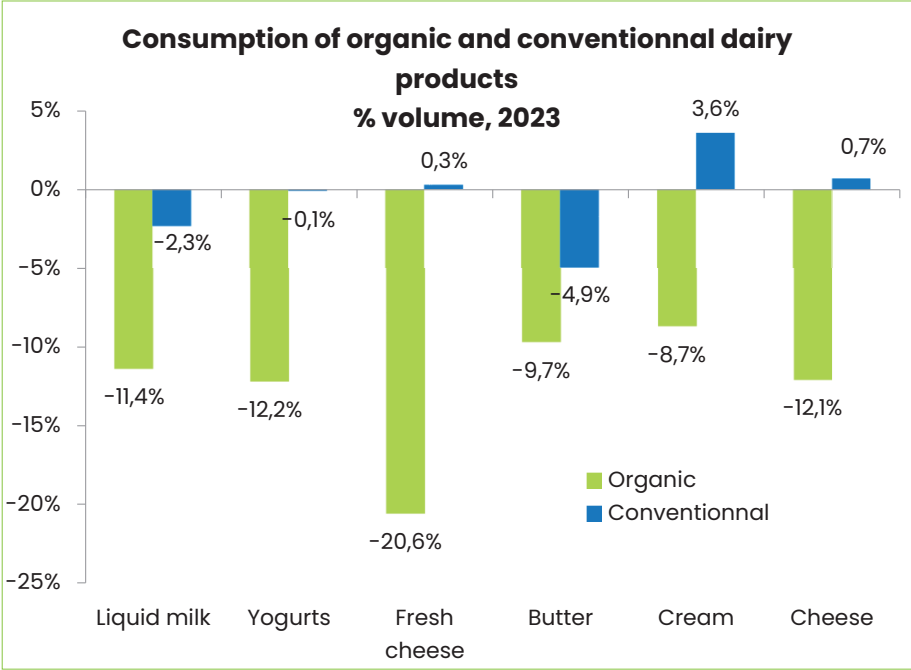
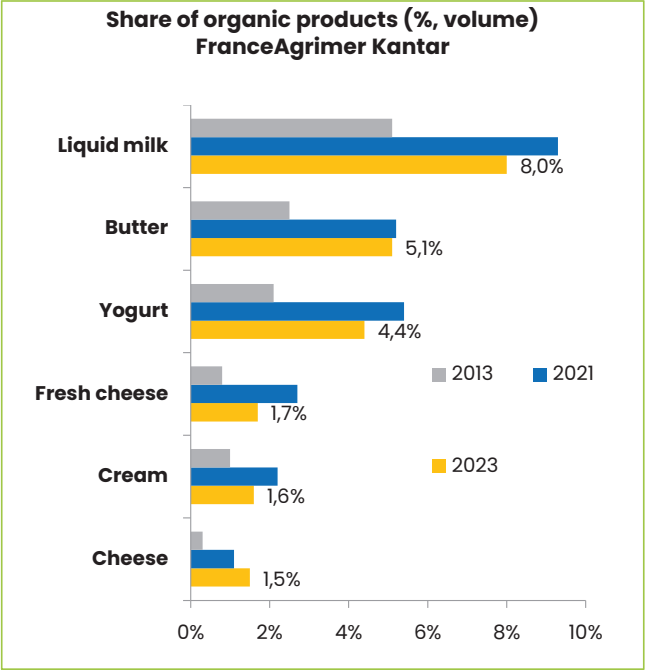
CAM P13 2023

| | Evolution PGC FLS | Evolution BIO | Poids du BIO (vs PGC FLS) | Contribution du BIO aux gains valeur | Contribution des fabricants et distributeurs aux pertes du BIO | |
|----------------------------------|----------------------|------------------|------------------------------|--|---|--------------|
| | | | | | IMDD BIO | IMIN BIO |
| HMSM+SDMP+ECOMMERCE+PROXI | 9.1% | -3.1% | 4.2% | -100.0% | -100.0 | 100.0 |
| ENSEIGNES HM | 8.6% | -2.0% | 3.7% | -100.0% | -100.0 | 100.0 |
| ENSEIGNES SM | 7.9% | -3.1% | 4.7% | -100.0% | -100.0 | 100.0 |
| ENSEIGNES PROXI | 10.9% | -1.0% | 5.0% | -100.0% | -100.0 | 100.0 |
| TOTAL ECOMMERCE | 12.4% | -4.9% | 6.4% | -100.0% | -94.1 | -5.9 |
| ENSEIGNES SDMP | 10.3% | -7.1% | 2.4% | -100.0% | -62.6 | -37.4 |

| | Basket |
|------|---------|
| 2017 | 109,5 € |
| 2018 | 130,6 € |
| 2019 | 152,7 € |
| 2020 | 172,2 € |
| 2021 | 172,1 € |
| 2022 | 167,2 € |
| 2023 | 157,2 € |

Source: NielsenIQ

Organic market (III)

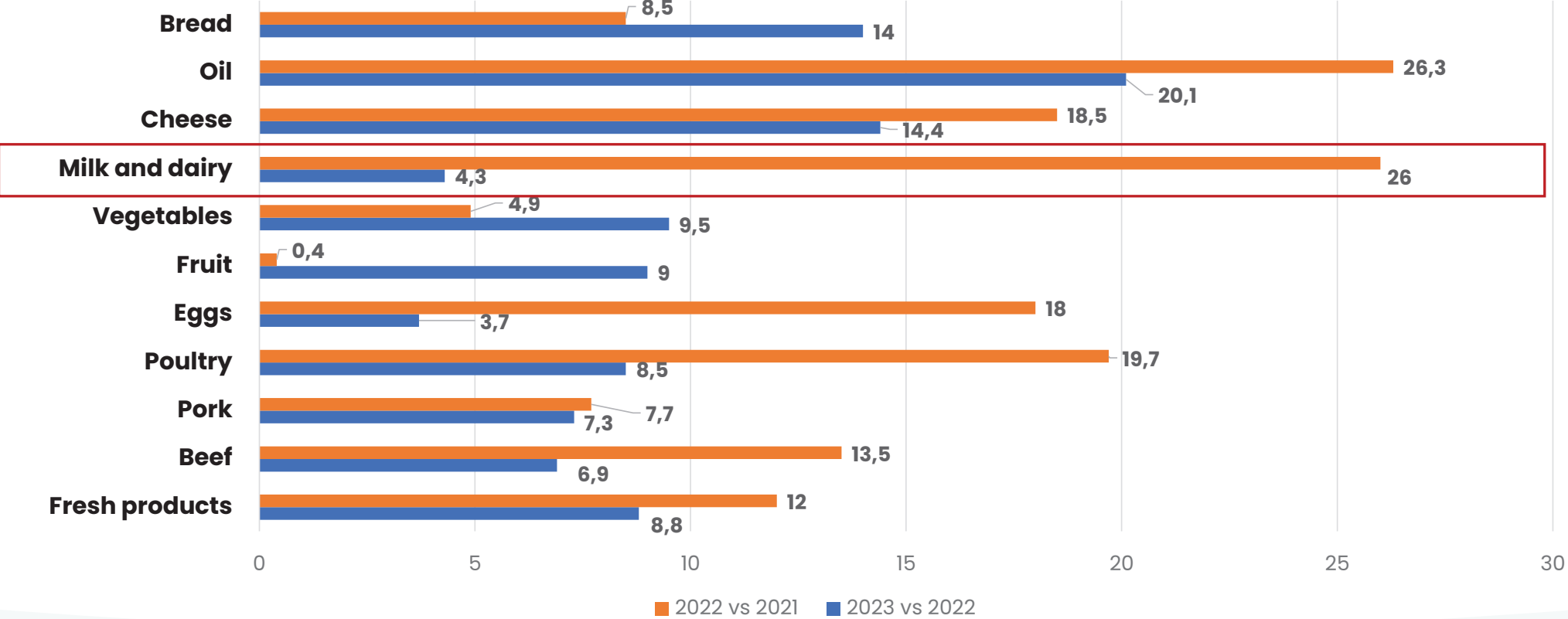


Source: FranceAgriMer - Kantar

Germany

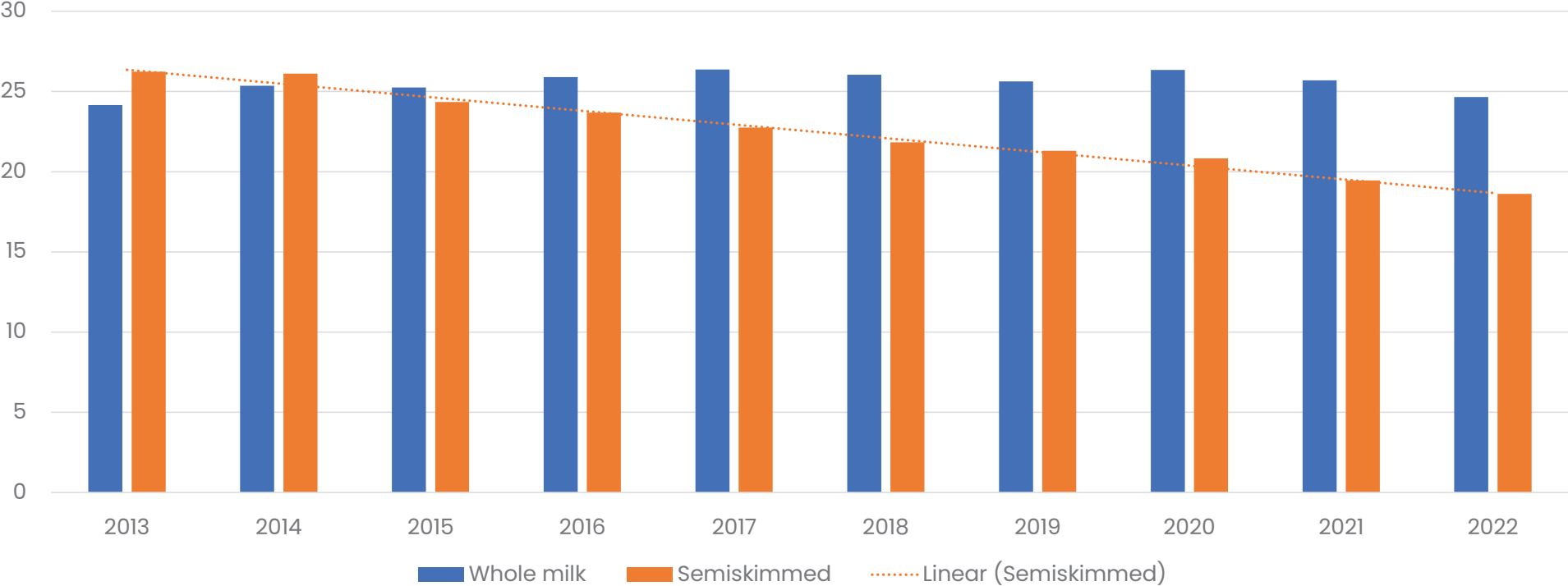
Focus on inflation

Retail price variations (%) in 2023



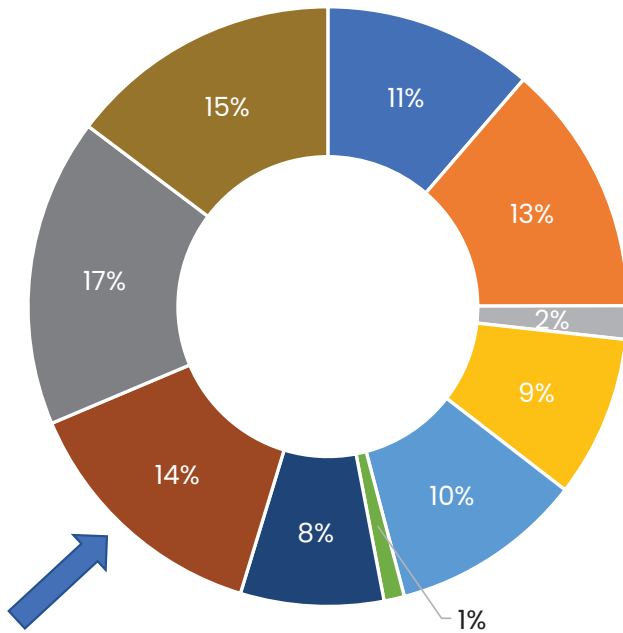
Consumption of milk in Germany

Consumption of milk in Germany (kg/pro capita)



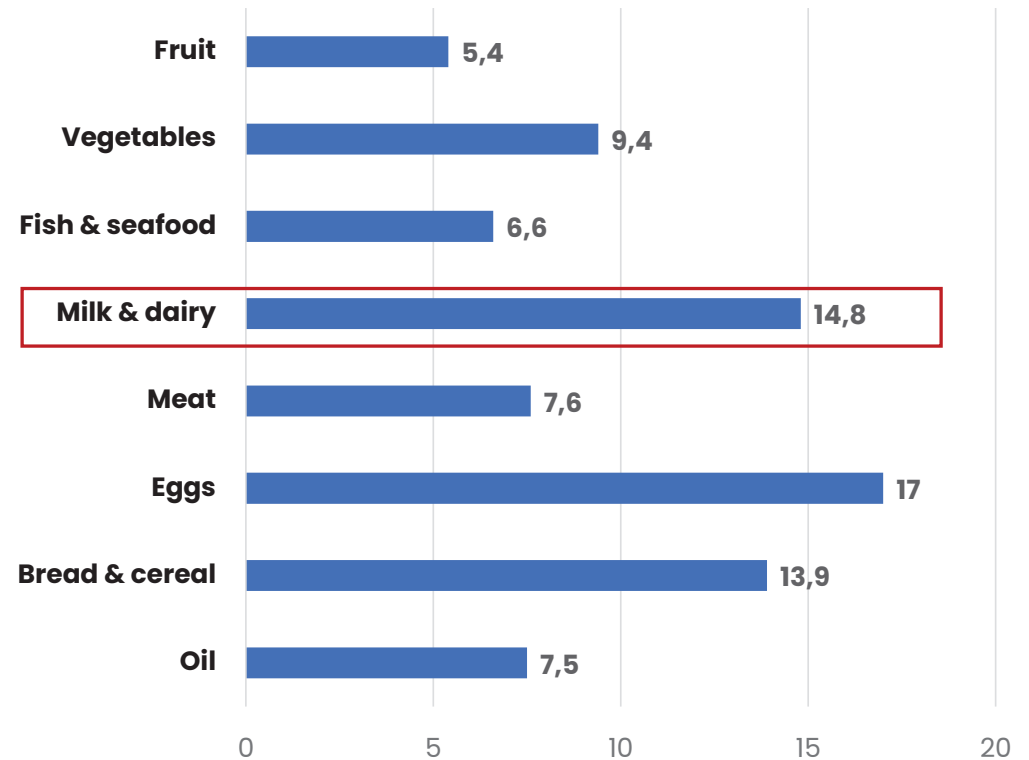
Italy

The shopping basket in 2023



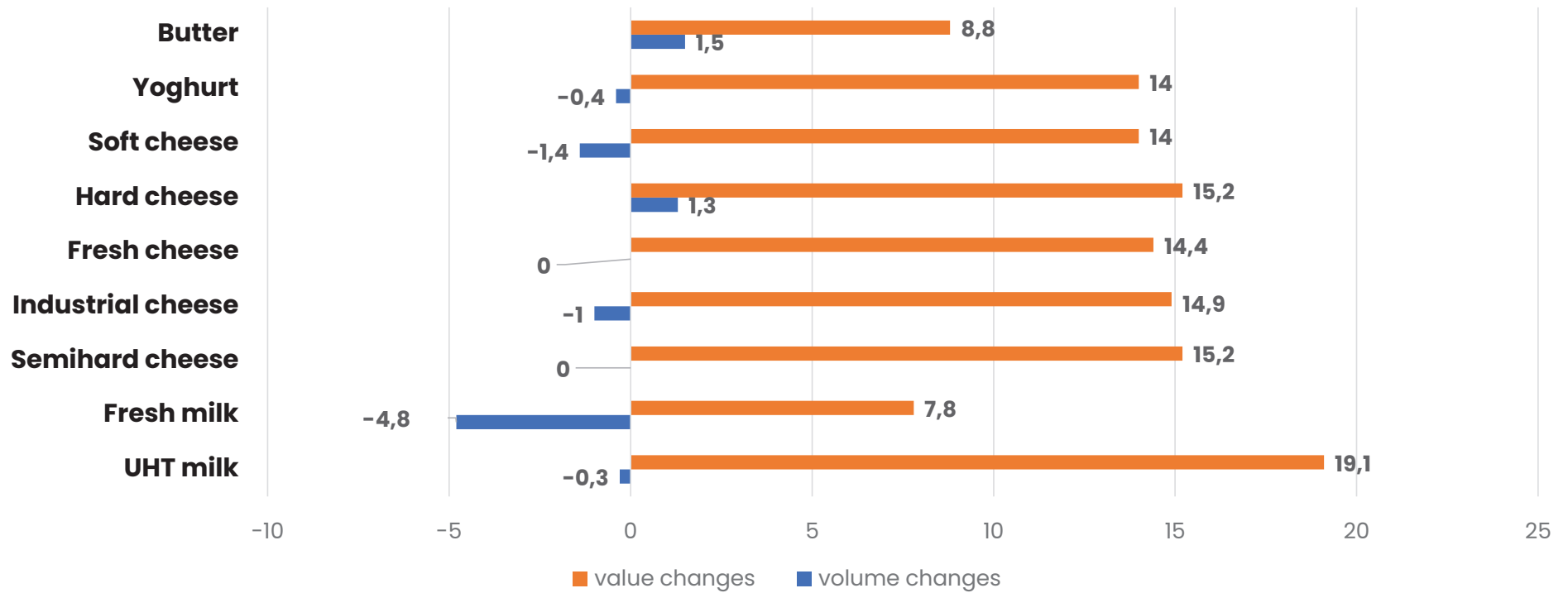
- Drinks (incl. alcohol)
- Fruit
- Fish & seafood
- Bread & cereal
- Other
- Vegetables
- Milk and dairy
- Meat
- Oil
- Eggs

Sales value changes (%) - 2023 vs 2022



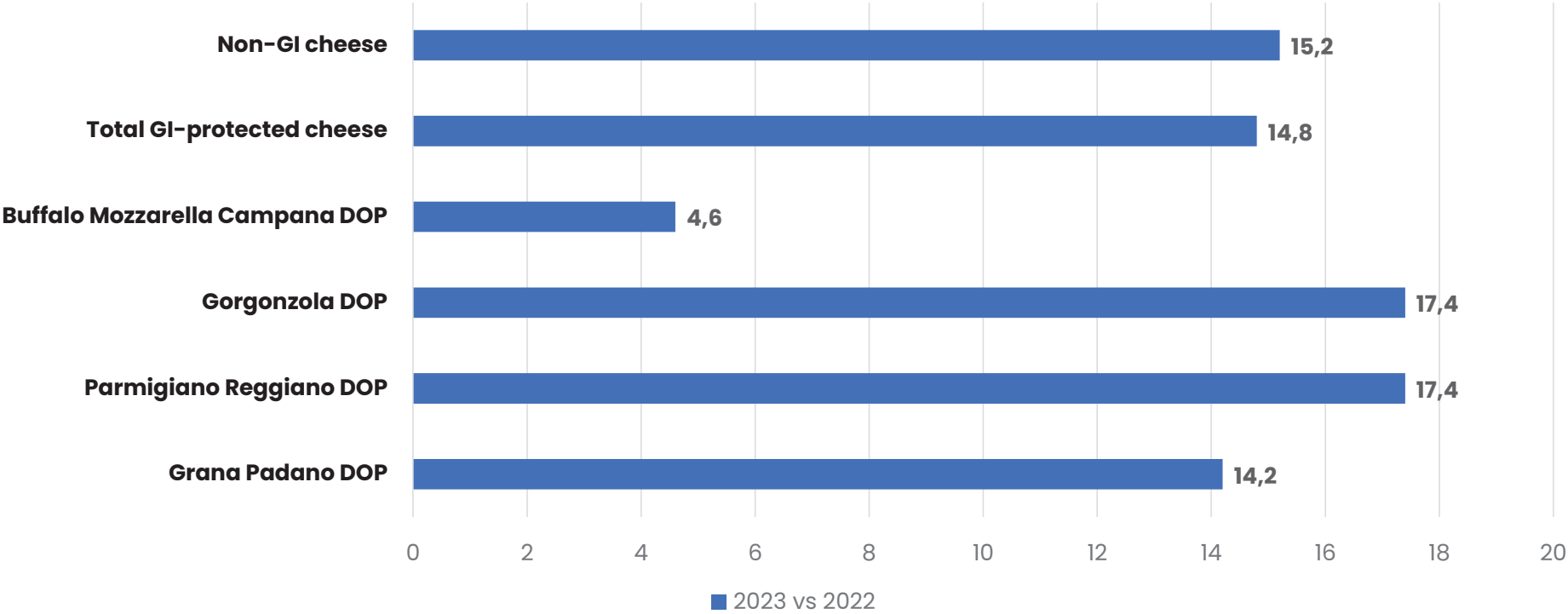
Milk and dairy sales in 2023

Changes in value and volumes (%) – 2023 vs 2022



Focus on Geographical Indications

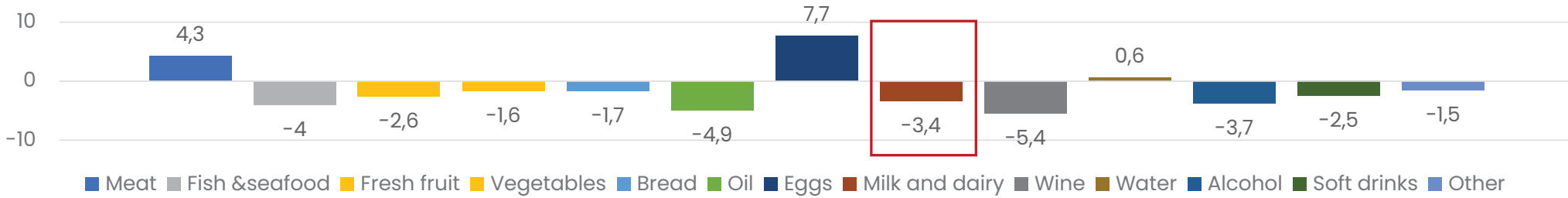
Changes in value (%) – 2023 vs 2022



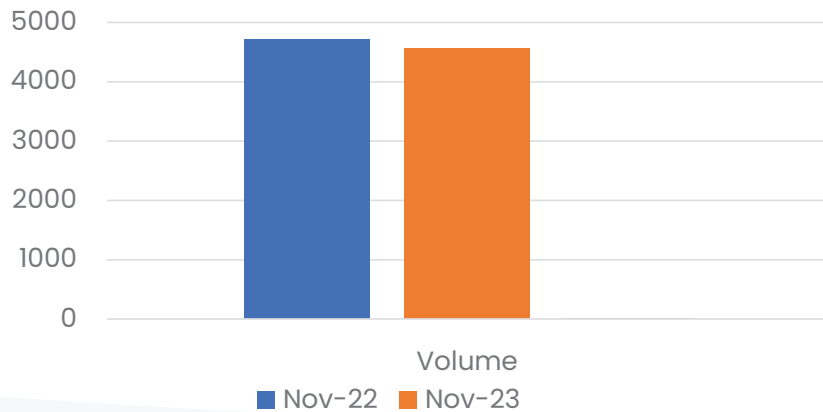
Spain

Milk and dairy sales in 2023 (I)

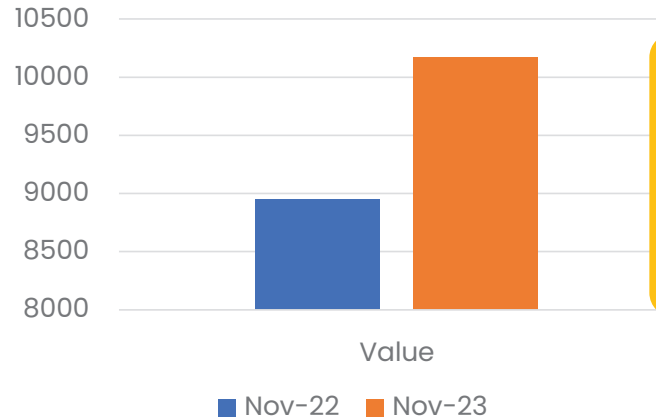
Food home consumption - volume changes (%) in Nov 2023 vs Nov 2022



Volume (million kg)



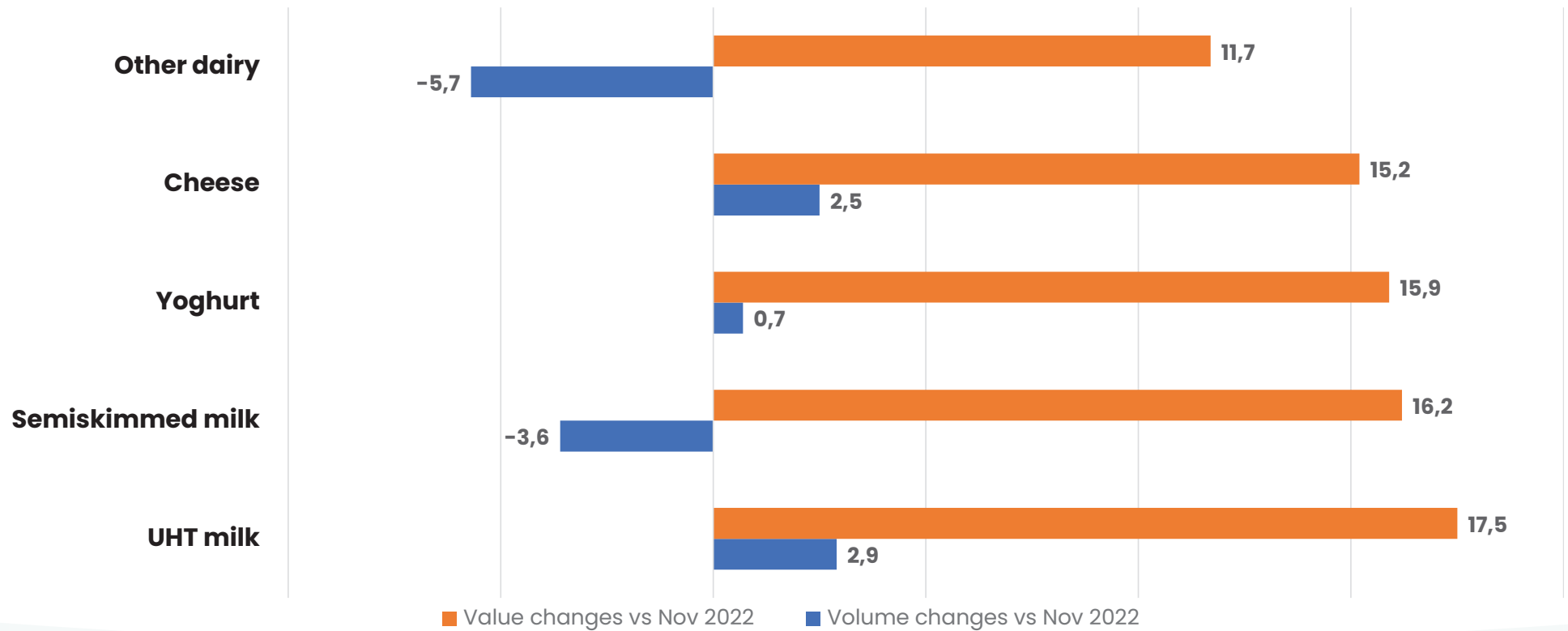
Value (EUR million)



Sales of milk and dairy increased by 13,6% in volume in 2023 compared to 2022 and increased by 12,5% in value.

Milk and dairy sales in 2023 (II)

Volume and value changes (%) as of November 2023



ANNEX 5

Recent Market Developments and their Potential Impact on Short-Term Market Projections

European Commission


AGRICULTURAL OUTLOOK

Sowing the Future of EU Agriculture



Recent market developments and their potential impact on
short-term market projections

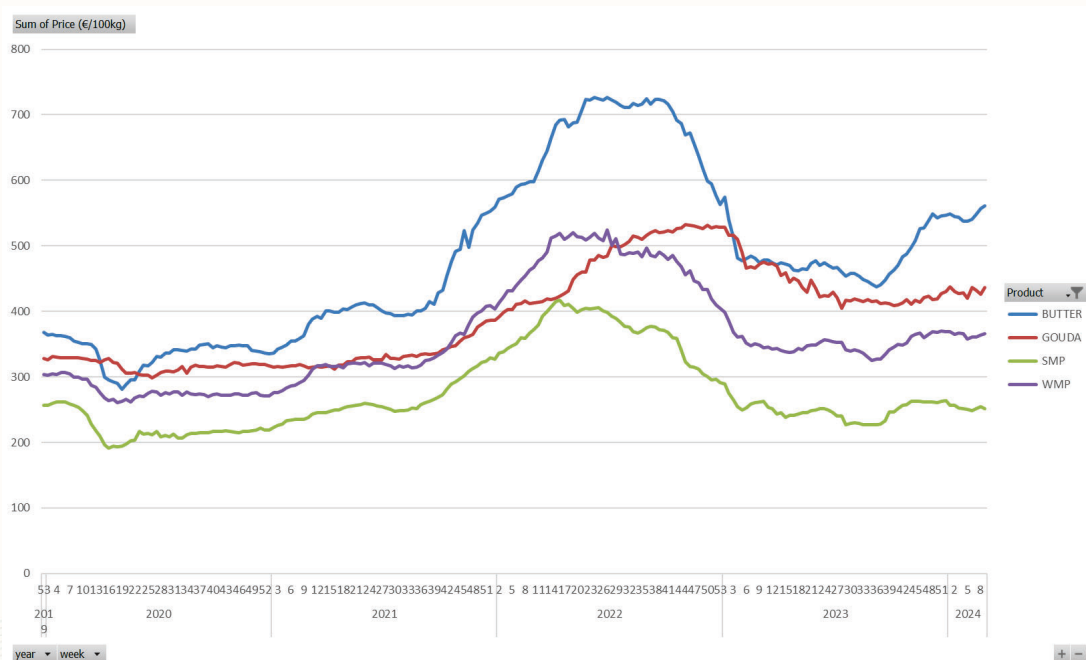
Milk Market Observatory, 19.03.2024



Potential drivers of short-term market developments

EU dairy prices development

EU product price developments for selected dairy commodities (EUR/100kg, butter, SMP, WMP, cheese)



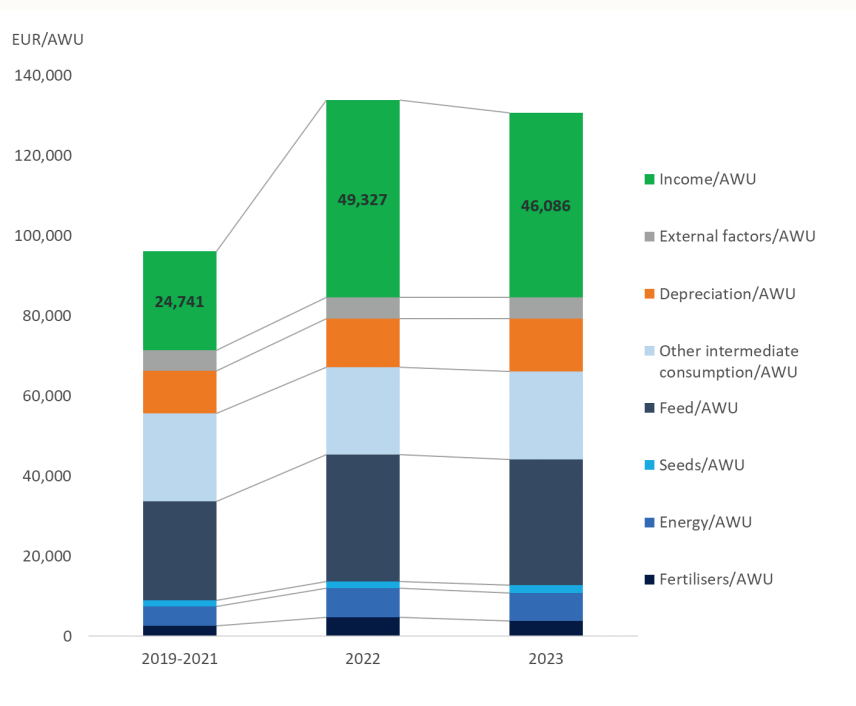
Source: AgriFood Data Portal, DG AGRI, Food Security Monitoring

- Decreasing global supply in Q3-Q4 of 2023 meeting sluggish/slowly recovering demand
- Slowly recovering prices?
 - Can lead to somewhat improving milk price and farm margins?

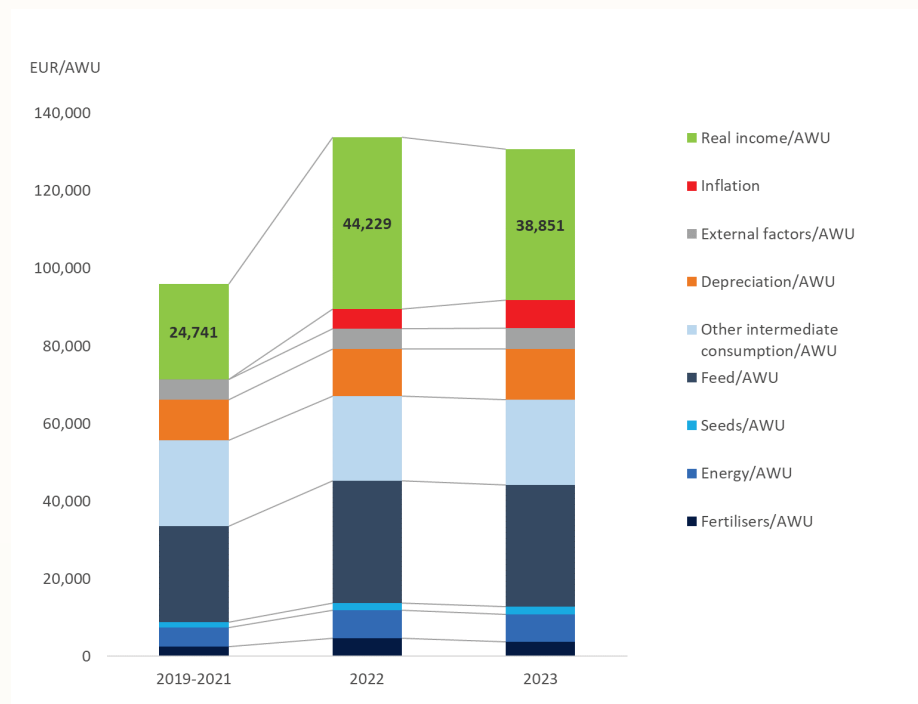


Income of milk specialised farms in the EU

Nominal income and selected costs (EUR/AWU) in milk specialised farms



Real income and selected costs (EUR/AWU) in milk specialised farms

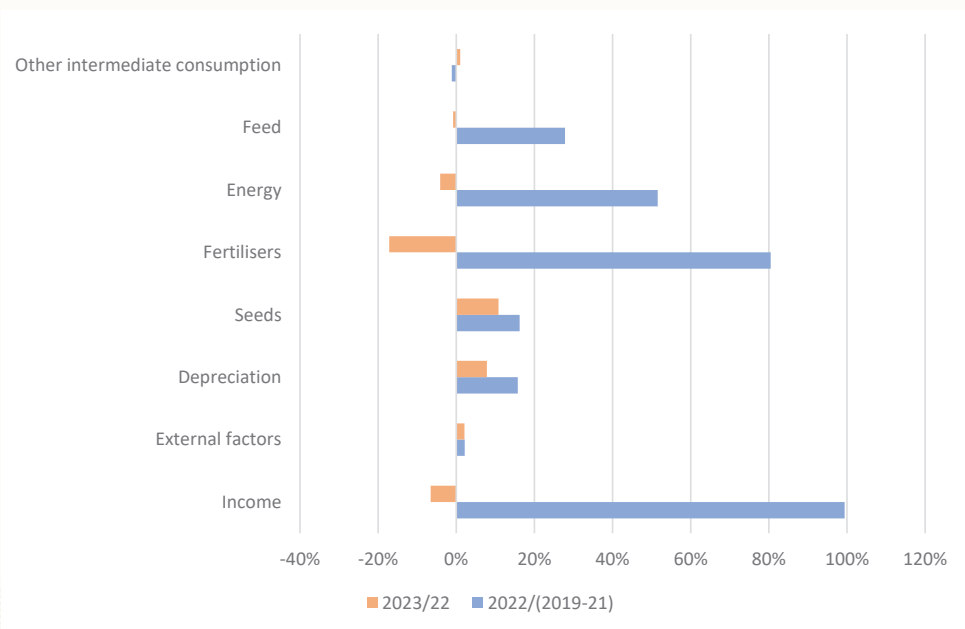


Note: **External factors** - Remuneration of inputs (work, land and capital) which are not the property of the holder = wages, rent and interest paid; **Total intermediate consumption** - Total specific costs (including inputs produced on the holding) and overheads arising from production in the accounting year / "Other" includes all except the ones displayed separately.

Source: DG Agriculture and Rural Developments, based on FADN data (2019-2021) and Eurostat (EAA)

Development of costs of production

Nominal income and selected costs (EUR/AWU) in milk specialised farms



Source: DG Agriculture and Rural Developments, based on FADN data

- Cost increase slowed down and even reversed for some cost items in 2023 (y-o-y!)
 - Slowing food inflation/dairy commodity price developments also impact income





Supply side factors

Agrometeorological conditions in EU

Areas of concern

- *Excess rainfall* – water saturated fields in Benelux, N-W DE, DK, and S-E SE
- *Rain deficit* – negative effect on winter crops in coastal ES, S-E RO and N-E BG
- *Drought* in Sicily
- *High temperatures* – *dehardening* crop vulnerability in S-E DE, AT, CZ, SI, HR, HU, RO and BG

Feed

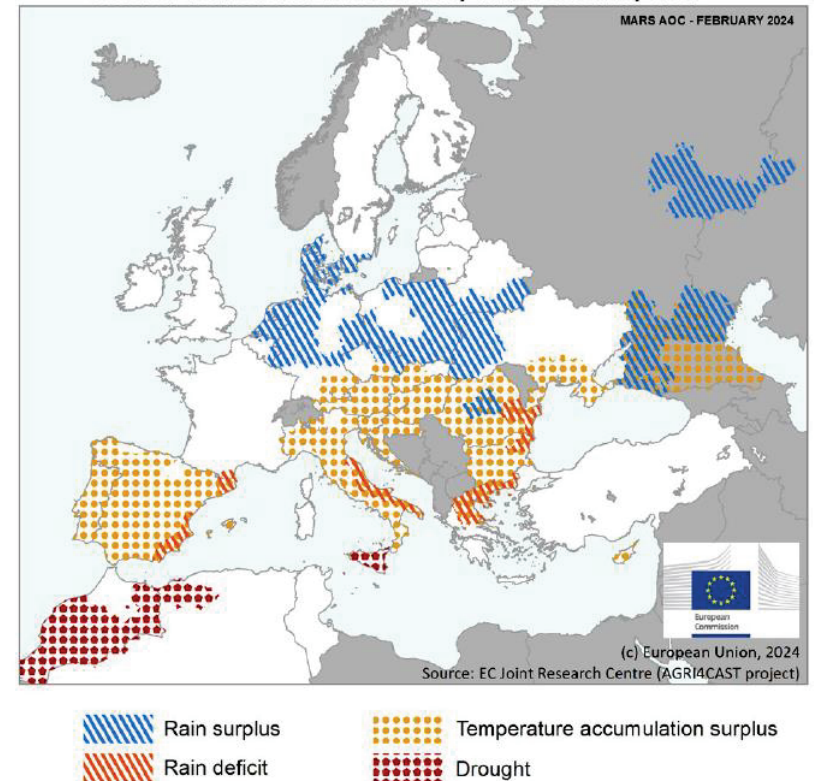
- Good pasture conditions
- Better feed quality might help improving milk solids content

Globally

- El Nino passed the peak November-January; Lower than expected impact on agriculture

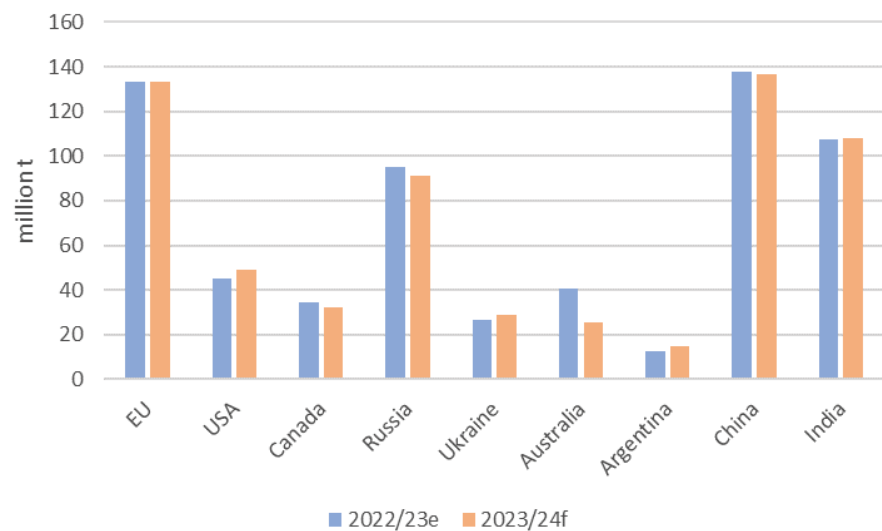
AREAS OF CONCERN - EXTREME WEATHER EVENTS

Based on weather data from 1 January until 18 February 2024

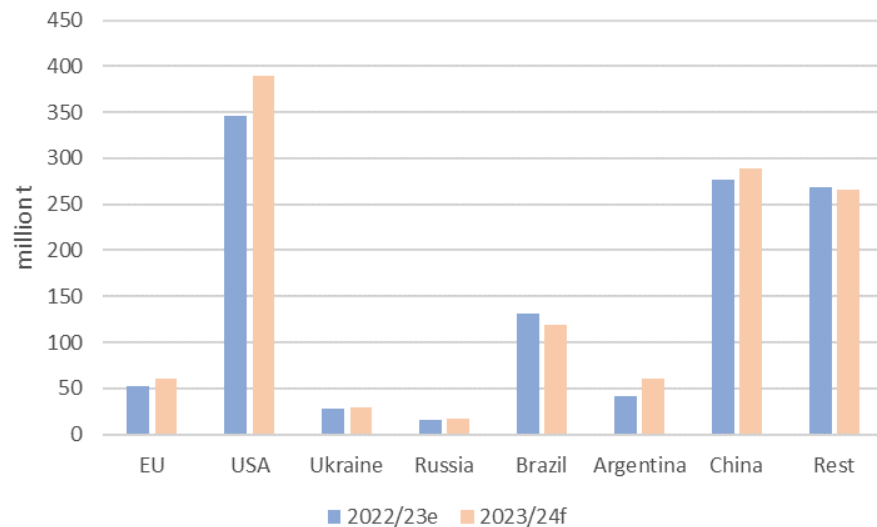


Crop outlook

Global wheat production estimates



Global maize production estimates



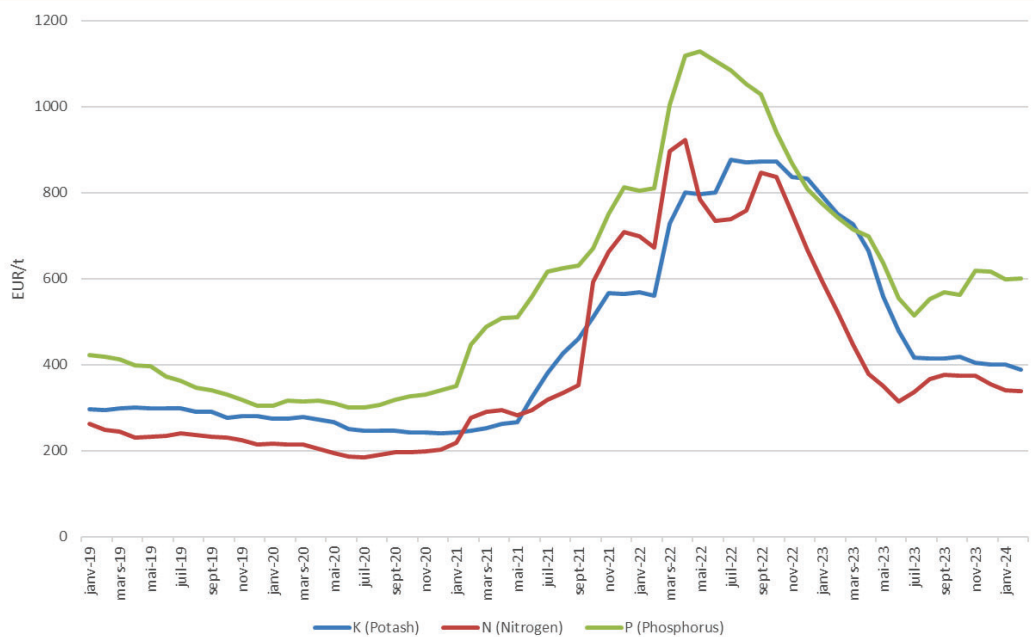
Source: DG Agriculture and Rural Developments, based on IGC

- Wheat production 2nd largest on record
- Maize: record harvest in China and US



Fertilizers

EU fertilizer prices (N,P,K fertilizers), EUR/t



Source: AgriFood Data Portal, DG AGRI, Food Security Monitoring

- Fertilizers are more affordable but remain relatively expensive
 - High energy prices also keep fertilizer prices elevated
- High natural gas storage levels in EU
- Some uncertainties remain: war in Ukraine, Houthi attacks, India elections and subsidies, Chinese policy





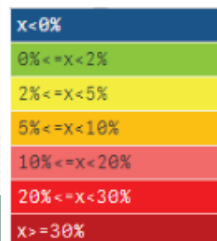
Demand side factors

Inflation slowing down but still elevated

Annual inflation rate comparing June 2023 with June 2022

| Member State | General inflation | Food | Milk, cheese and eggs |
|----------------|-------------------|------|-----------------------|
| European Union | 6.4 | 13.8 | 17.7 |
| Euro area | 5.5 | 12.6 | 17.0 |
| Belgium | 1.6 | 14.5 | 20.6 |
| Bulgaria | 7.5 | 14.0 | 19.0 |
| Czechia | 11.2 | 12.0 | 13.1 |
| Denmark | 2.4 | 8.7 | 10.6 |
| Germany | 6.8 | 14.1 | 20.4 |
| Estonia | 9.0 | 19.8 | 16.2 |
| Ireland | 4.8 | 10.1 | 12.8 |
| Greece | 2.8 | 12.6 | 15.2 |
| Spain | 1.6 | 10.2 | 14.9 |
| France | 5.3 | 14.3 | 19.8 |
| Croatia | 8.3 | 14.8 | 13.8 |
| Italy | 6.7 | 11.1 | 13.5 |
| Cyprus | 2.8 | 10.4 | 11.2 |
| Latvia | 8.1 | 14.1 | 8.3 |
| Lithuania | 8.2 | 14.3 | 10.5 |
| Luxembourg | 1.0 | 11.4 | 15.8 |
| Hungary | 19.9 | 28.4 | 33.3 |
| Malta | 6.2 | 12.2 | 17.0 |
| Netherlands | 6.4 | 13.2 | 17.0 |
| Austria | 7.8 | 10.7 | 9.6 |
| Poland | 11.0 | 19.0 | 19.2 |
| Portugal | 4.7 | 8.3 | 13.6 |
| Romania | 9.3 | 18.1 | 21.2 |
| Slovenia | 6.6 | 12.7 | 15.7 |
| Slovakia | 11.3 | 19.1 | 21.6 |
| Finland | 4.1 | 9.8 | 10.6 |
| Sweden | 6.3 | 13.5 | 14.3 |

Legend



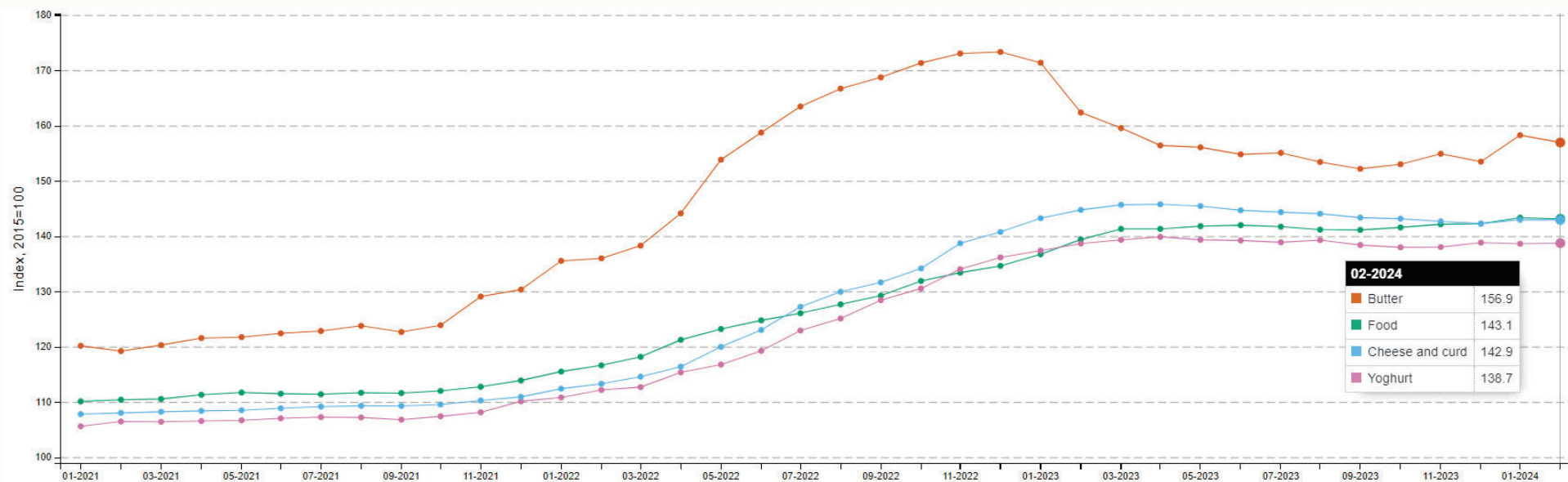
Annual inflation rate comparing January 2024 with January 2023

| Member State | General inflation | Food | Milk, cheese and eggs |
|----------------|-------------------|------|-----------------------|
| European Union | 3.1 | 4.8 | -0.8 |
| Euro area | 2.8 | 5.3 | 0.1 |
| Belgium | 1.5 | 5.3 | 3.3 |
| Bulgaria | 4.0 | 4.9 | -1.8 |
| Czechia | 2.7 | -4.8 | -14.2 |
| Denmark | 0.9 | 1.8 | -3.4 |
| Germany | 3.1 | 4.4 | -3.8 |
| Estonia | 5.0 | 4.7 | 1.9 |
| Ireland | 2.7 | 4.3 | -0.5 |
| Greece | 3.2 | 8.3 | 0.8 |
| Spain | 3.5 | 7.5 | 1.0 |
| France | 3.4 | 5.7 | 6.3 |
| Croatia | 4.8 | 6.3 | -4.0 |
| Italy | 0.9 | 6.0 | 0.4 |
| Cyprus | 2.1 | 2.9 | -0.4 |
| Latvia | 1.1 | 2.3 | -7.4 |
| Lithuania | 1.1 | 1.0 | -4.7 |
| Luxembourg | 3.0 | 6.4 | 4.4 |
| Hungary | 3.7 | -0.8 | -12.5 |
| Malta | 3.7 | 11.0 | 12.3 |
| Netherlands | 3.1 | 2.1 | -3.9 |
| Austria | 4.3 | 4.8 | -0.5 |
| Poland | 4.5 | 5.7 | 0.4 |
| Portugal | 2.5 | 2.6 | -2.2 |
| Romania | 7.3 | 4.5 | 1.0 |
| Slovenia | 3.4 | 2.8 | -2.9 |
| Slovakia | 4.4 | 4.9 | -3.2 |
| Finland | 1.1 | 1.4 | -0.1 |
| Sweden | 3.4 | 3.6 | -3.9 |

Source: AgriFood Data Portal, DG AGRI, Food Security Monitoring

Food inflation – consumer prices

Harmonized index for consumer prices for selected dairy products (butter, cheese and curd, yoghurt) and food total, in the EU (2005=100)



Source: Food Price Monitoring Tool, Eurostat



Global demand

- *China: mixed development in 2023; imports of high value-added cheese +22% and whey +11% increased; WMP decreased (-38%)*
- *Southeast Asia: decreasing SMP imports in 2023 in Indonesia, Philippines and Japan (inflationary pressure)*
- *Strong demand in MENA in 2023, but price-sensitivity of these markets creates uncertainty for 2024*
- *Mexico increasing market, US dependency increases*
- *Argentina increased its exports to Brazil in 2023*



AGRICULTURAL OUTLOOK

Sowing the Future of EU Agriculture



European
Commission 14