

# MMO Economic Board

## Meeting of 28 June 2019

- o The 30th meeting of the MMO Economic Board took place on 28/06/2019, with the participation of experts from the milk supply chain: CEJA (young farmers), COPA-COGECA (producers and cooperatives), EMB (European Milk Board), ECVC (Via Campesina), EDA (dairy industry), Eucolait (dairy trade) and Eurocommerce (retail). Presentations and information exchanged during the meeting showed the following.
- o EU milk deliveries modestly increased in Jan-Apr 2019 by 0.3%. In April, EU deliveries increased by 1.3% with IE (+15%, +127 000 tonnes) and the UK reporting the highest production growth and FR, NL and DE the main contraction. The moderate increase of milk collection in the last 4 months translates into limited production growth for most dairy products: butter (+2.4%), cheese (+0.5%) or SMP (+0.3%). Yet, production of SMP and butter in April increased noticeably (+10% and +5% respectively). Decreased production in Jan-Apr has been reported for WMP (-12%) and drinking milk (-1.9%).
- o The EU average farm gate milk price is reported at 34.3 c/kg in April, which is 6% above the last 5 years' average. Indexes for milk prices and operating costs show stable gross margins in Q1 2019, yet lower than last year's levels.
- o Prices of dairy products are generally above 5-year averages, notably for SMP (+12%), WMP (+10%), Gouda (+9.5%), Edam (+9.2%) and Emmental (+6.1%). On the contrary, butter prices are now 4% lower. So far this year the improvement of SMP prices (+18%) would have offset the drop in butter prices (-9%) so that the resulting milk equivalent price is now 1.4% higher than at the beginning of 2019.
- o The assessment of EU stock levels based on a residual approach (production + imports - consumption - exports) shows a sharp reduction of SMP stocks in the last 12 months (softened in April by the production increase), mainly driven by strong exports. Conversely, butter stocks are at record high levels (substitution effect from times of high prices and low availability). Cheese stocks are at normal levels, reflecting the healthy situation of this market segment.
- o Global milk supply shrank in the first 4 months of the year (-0.6%), with notable production drops in Oceania and South America, more than offsetting the moderate growth in the EU and the US. Yet, a modest increase is forecasted for H2 2019.
- o Combined global exports have been increasing for 9 consecutive months, though in April 2019 they were slightly below 2018 levels. NZ and the EU lead export expansion so far this year, with the US reporting important drops, notably for SMP and wheypowder. China and the US are the two top destinations for EU exports (in value) and Japan has replaced Algeria in the 5<sup>th</sup> position. Wheypowder is the only product showing a decrease of combined global exports (-16%) due to lower demand in China (effects of African Swine Fever). Biggest trade increases are reported for cream and butteroil (+19% and +15%, mainly by NZ) and liquid milk (+14%, mainly by the EU). Demand for milk powders in China has increased by April (WMP, SMP and infant formula). Butter imports in the US have grown significantly, but the threat of additional duties later this year are a matter of concern. Despite the economic recession in Brazil, dairy imports have increased substantially in 2019, especially for WMP.
- o With regard to retail sales, cheese stands as the best performing segment. Domestic consumption of drinking milk follows the structural declining trend, albeit the development of organic production could mitigate this effect. Butter consumption is now decreasing at double-digit rates.
- o The Commission presented the summer edition of its Short Term Outlook. Sustained demand for EU dairy products and favourable weather conditions are likely to support a moderate growth of EU milk production (+1% in 2019).
- o The Commission presented an overview of the evolution of the Fat Filled Powders market. The EU and Southeast Asia are the main world producers, accounting for 95% of total production. Demand for FFP increased through the last decade due to its price differential with WMP, better shelf life in hot climates. Nigeria and Senegal are the main two world importers.
- o The Commission presented concrete proposals concerning milk and milk products in the framework of the Market Transparency initiative, namely production and prices of organic raw milk, selling prices for cream, drinking milk and mozzarella cheese, buying prices for butter and cheeses, and production and prices of Fat Filled Powders .
- o The global dairy market is in balance. With uncertainties on the demand side (Brexit and US tariffs), milk output growth (especially in the EU) will be key.

# **ANNEX 1**

## **Milk Market Situation**

***European Commission***



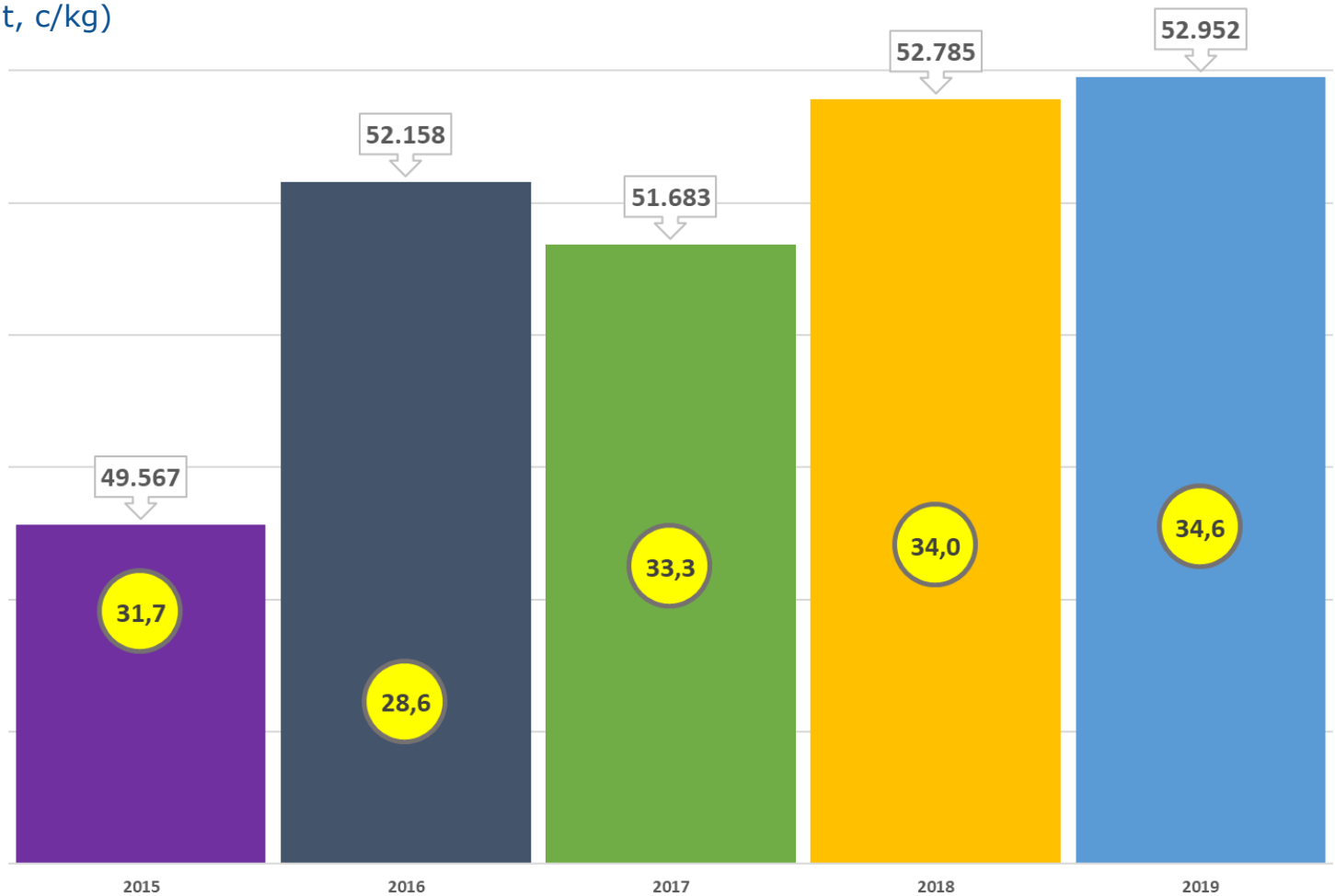
European  
Commission



# Milk Market Situation

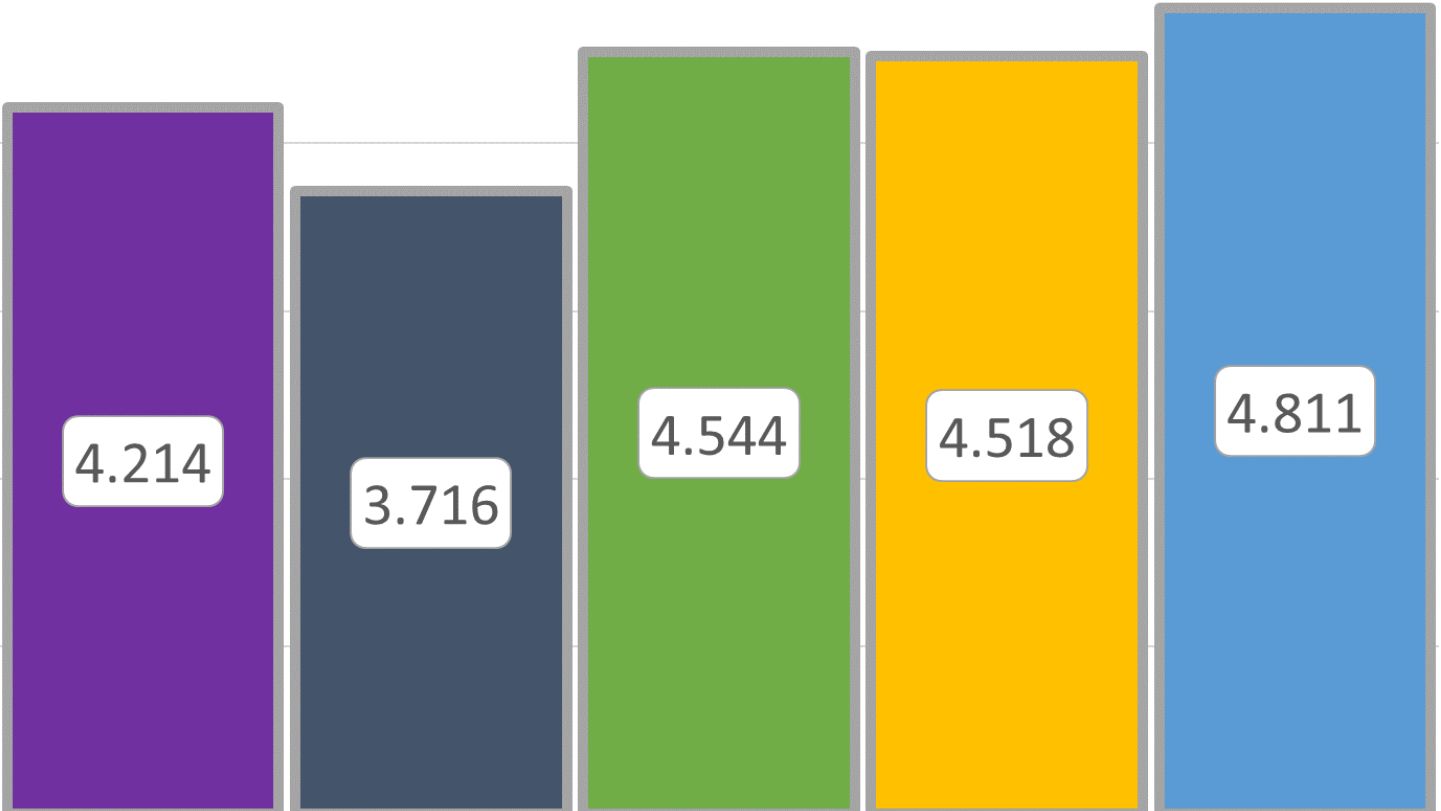
**Brussels, 28 June 2019**

EU milk deliveries and price  
Jan-Apr 2015-19  
(x1000 t, c/kg)

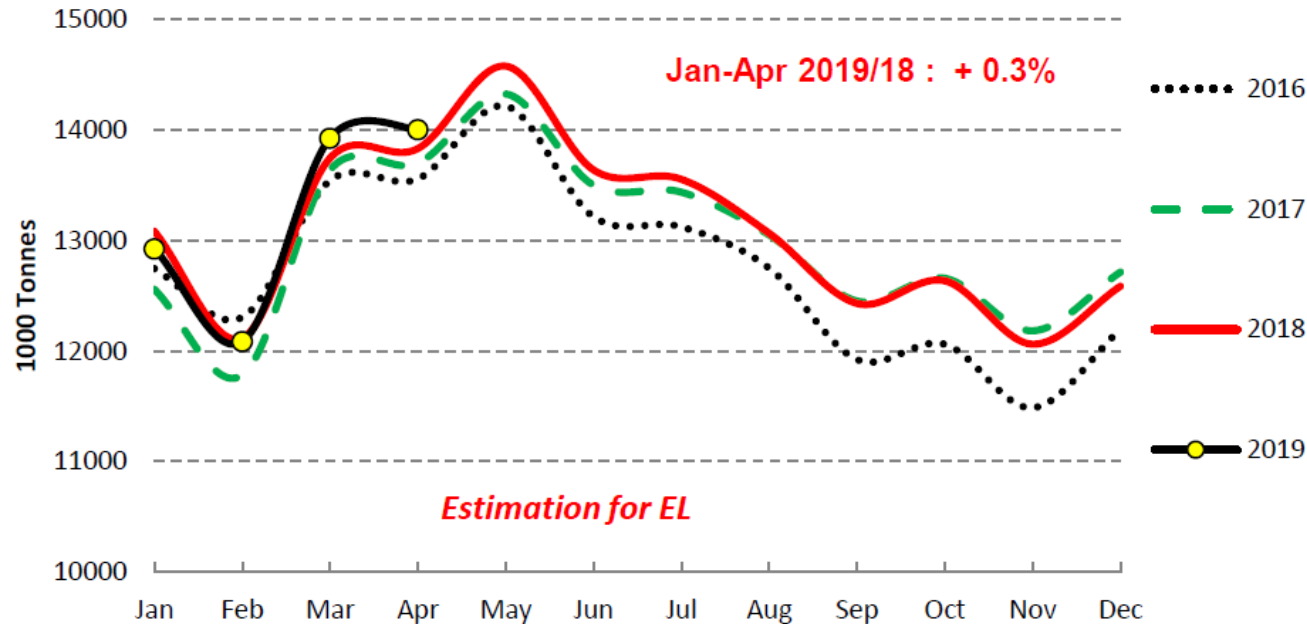




EU value milk production  
Jan-Apr 2015-19 (x million €)



## EU - Cows' milk collected



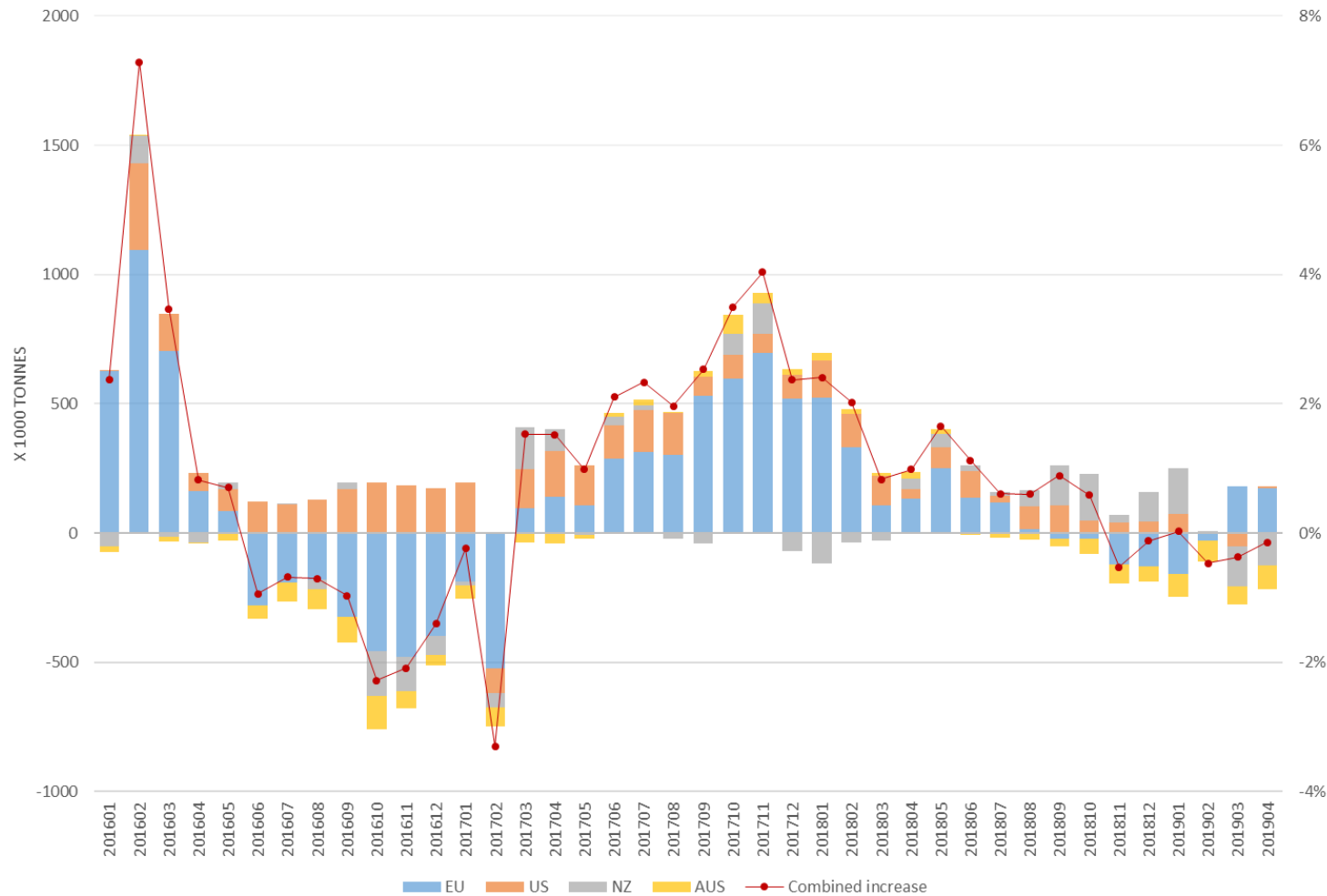
Source : Estat - Newcronos

Last update : Jan-Apr

## Apr 19 compared to Apr 18

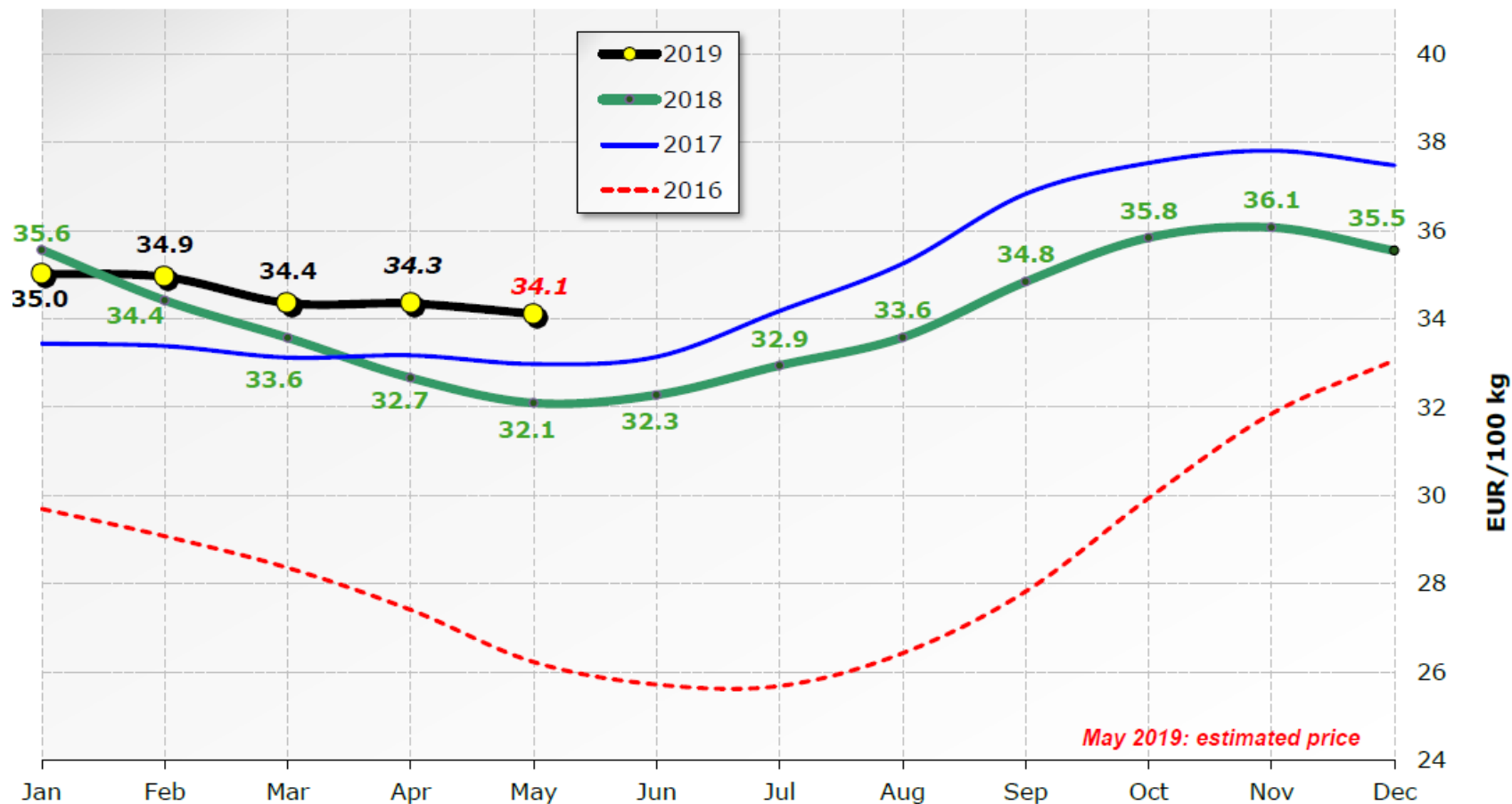
Rank	evolution in %		evolution in 1000 Tons	
	MS	%	MS	Tons
1.	IE	+ 15.0%	IE	+ 127
2.	EE	+ 5.7%	UK	+ 58
3.	RO	+ 5.0%	PL	+ 28
4.	MT	+ 4.7%	BE	+ 13
5.	UK	+ 4.4%	DK	+ 9
6.	BE	+ 3.5%	ES	+ 7
7.	EL	+ 3.0%	SE	+ 5
8.	PL	+ 2.8%	RO	+ 5
9.	CY	+ 2.7%	EE	+ 4
10.	SE	+ 2.1%	EL	+ 2
11.	DK	+ 1.9%	LT	+ 1
12.	ES	+ 1.2%	CY	+ 1
13.	LU	+ 0.9%	LU	+ 0
14.	LT	+ 0.7%	HU	+ 0
15.	HU	+ 0.2%	MT	+ 0
16.	FI	- 0.3%	LV	- 0
17.	DE	- 0.5%	FI	- 1
18.	LV	- 0.7%	BG	- 1
19.	FR	- 1.0%	HR	- 2
20.	IT	- 1.2%	SI	- 2
21.	CZ	- 1.4%	SK	- 2
22.	PT	- 1.4%	PT	- 2
23.	AT	- 1.6%	CZ	- 4
24.	NL	- 1.7%	AT	- 5
25.	BG	- 2.0%	IT	- 13
26.	SK	- 2.5%	DE	- 13
27.	SI	- 3.2%	NL	- 20
28.	HR	- 3.9%	FR	- 21
	EU28	+ 1.3%	EU28	+ 174

# EU+US+NZ+AUS COMBINED MILK PRODUCTION GROWTH



# Milk Prices paid to the Producers

## EU (weight. avg.)



May 2019: estimated price



[http://ec.europa.eu/agriculture/rca/publications\\_en.cfm#DAIRY](http://ec.europa.eu/agriculture/rca/publications_en.cfm#DAIRY)

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Agriculture - FADN : F. A. D. N. X

http://ec.europa.eu/agriculture/rca/publications\_en.cfm#DAIRY

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[Policy Focus about the dairy crisis \(June 2010\)](#)  



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[Impact on milk margins of a price reduction. Complement on mountain areas \(January 2008\)](#)  

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[Milk margins evolution in the European Union \(1998-2005\) \(December 2007\)](#)  

[Milk margins in the European Union \(2004\) \(October 2007\)](#)  

[Costs of production for milk in the European Union, period 1997 - 2003 \(February 2006\)](#)  

[Rice](#)

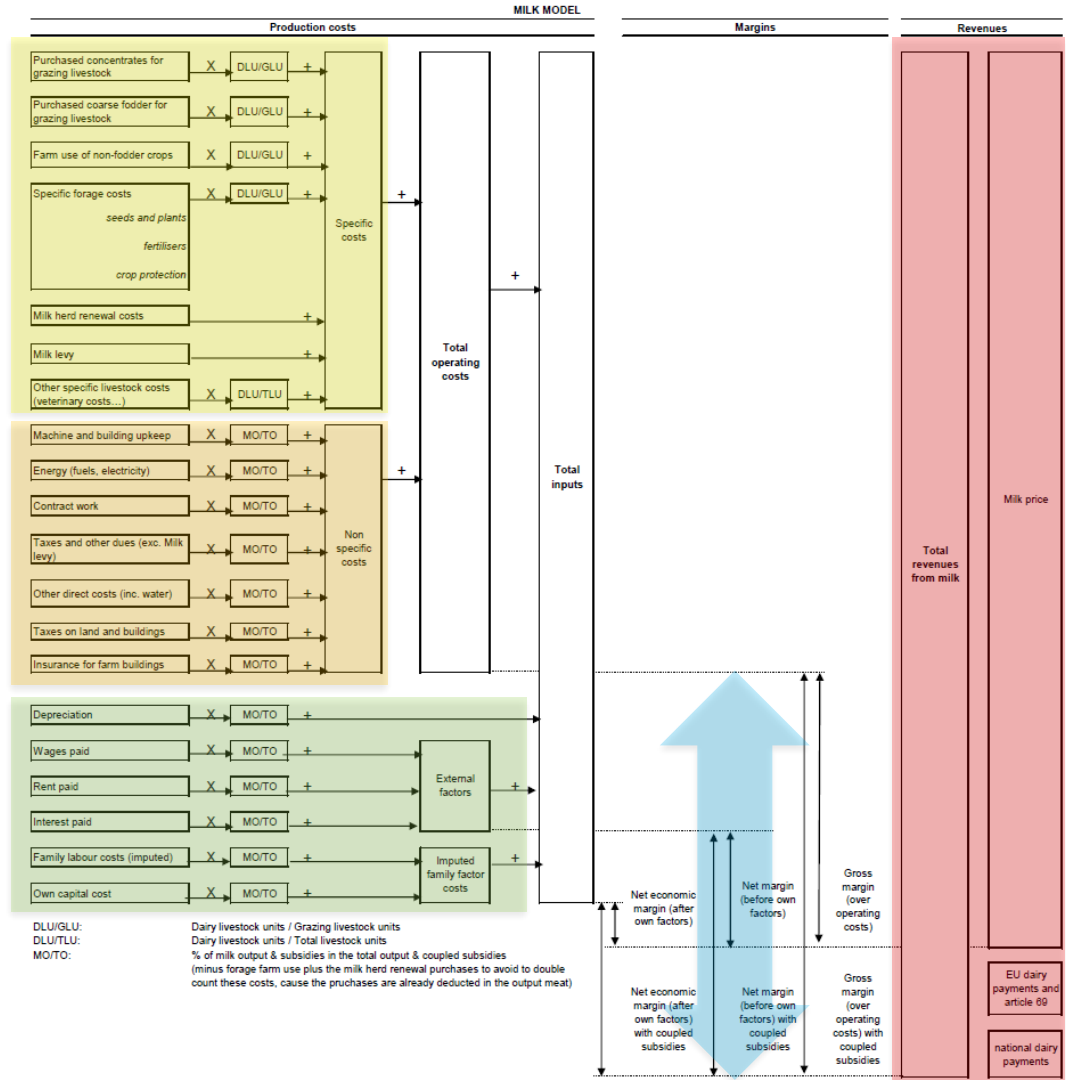
[Nuts](#)

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[Olive](#)

**Rural development**

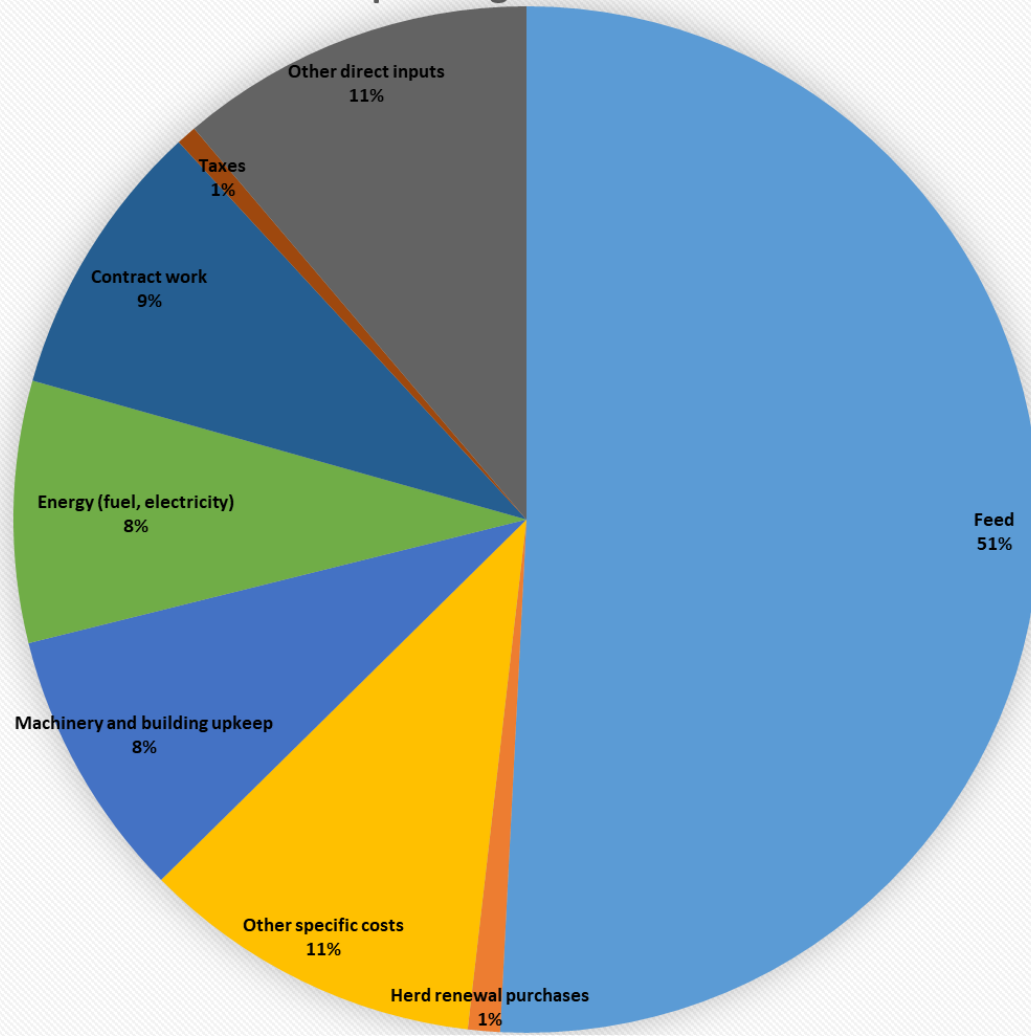
[Cereals](#)



## EU dairy farm structure

	EU 28	DE	FR	UK	NL	PL	CZ	RO
Farms represented	595.383	58.520	57.793	12.732	17.166	88.094	1.165	185.220
Forage area - ha	30	57	75	109	50	15	265	2
Dairy cows - LU	33	66	59	130	90	18	154	4
Rented UAA - %	59%	64%	88%	42%	40%	29%	84%	28%
Total labour - AWU	2	2,1	1,9	2,7	1,7	1,9	15,7	1,0
Family labour - %	83%	69%	87%	61%	90%	96%	9%	98%
Milk yield - kg/cow	7.021	7.574	6.963	7.152	8.222	5.741	7.699	3.227
<b>Milk production - t</b>	233	502	412	933	742	104	1.188	12

# Operating costs 2016



€/kg

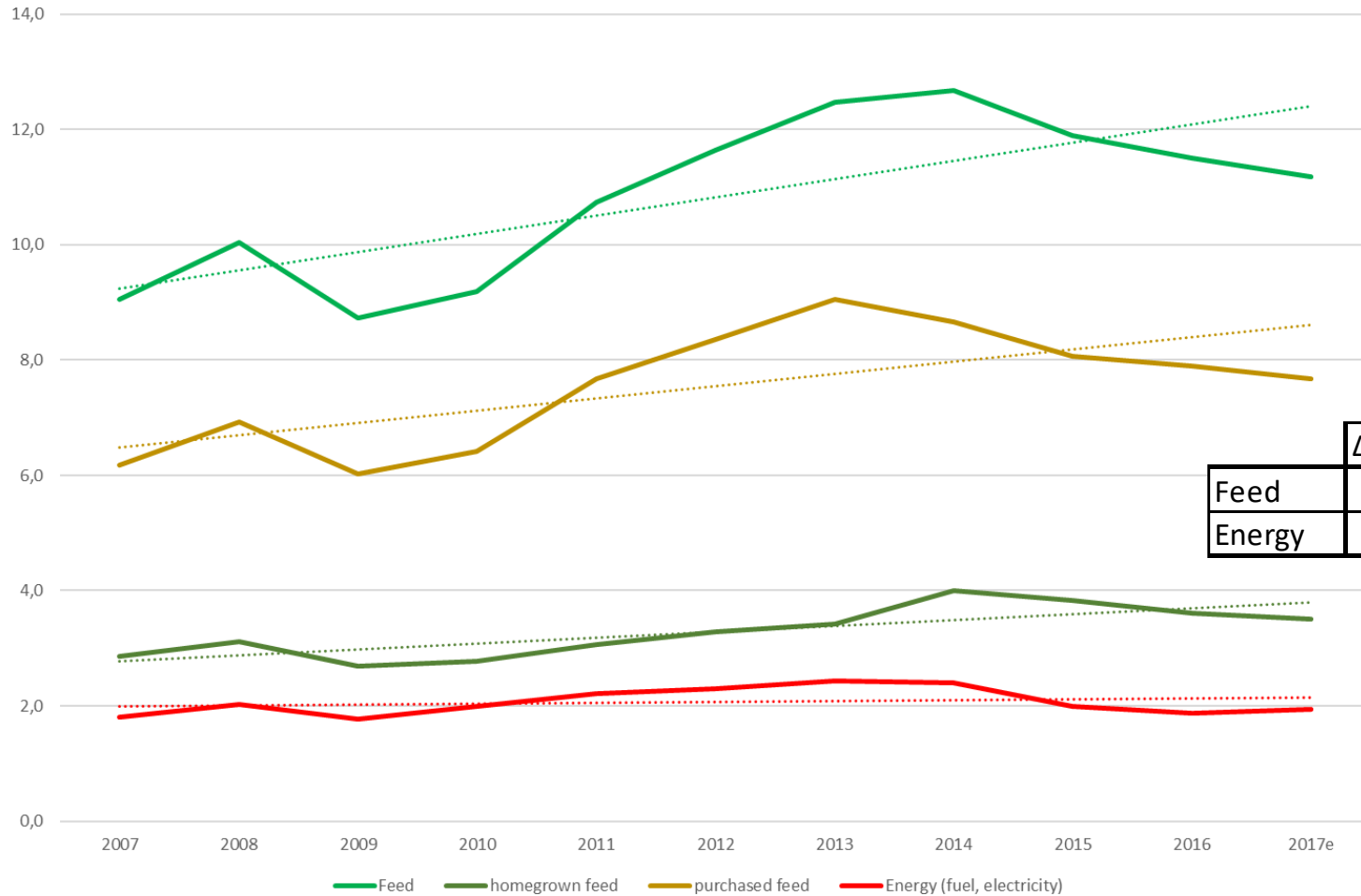
<b>Specific costs</b>	<b>14,2</b>
Feed	11,5
Herd renewal purchases	0,2
Milk levy	0,0
Other specific costs	2,4

<b>Non specific costs</b>	<b>8,5</b>
Machinery and building upkeep	1,9
Energy (fuel, electricity)	1,9
Contract work	2,0
Taxes	0,1
Other direct inputs	2,5

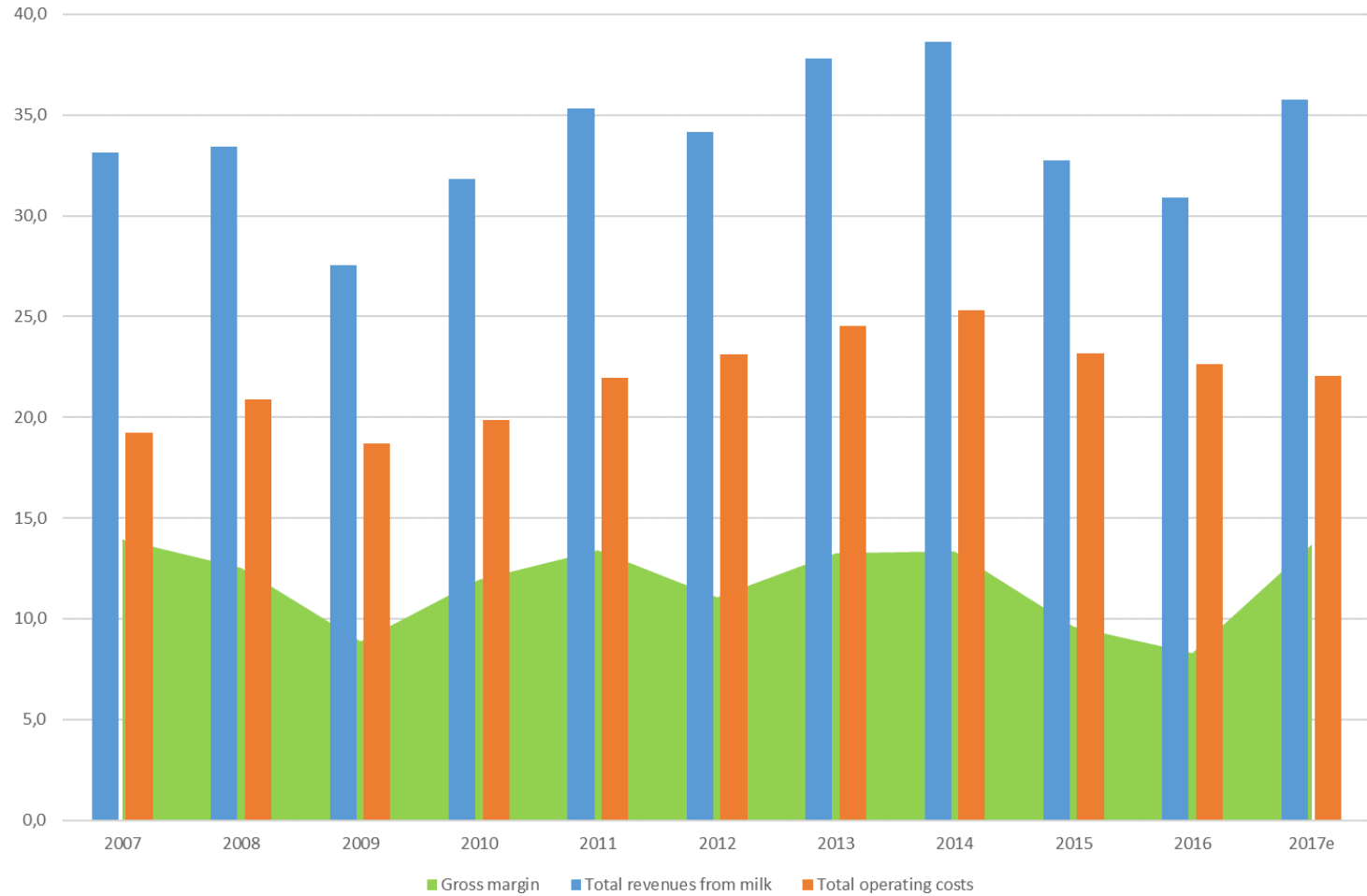
<b>Total operating costs</b>	<b>22,6</b>
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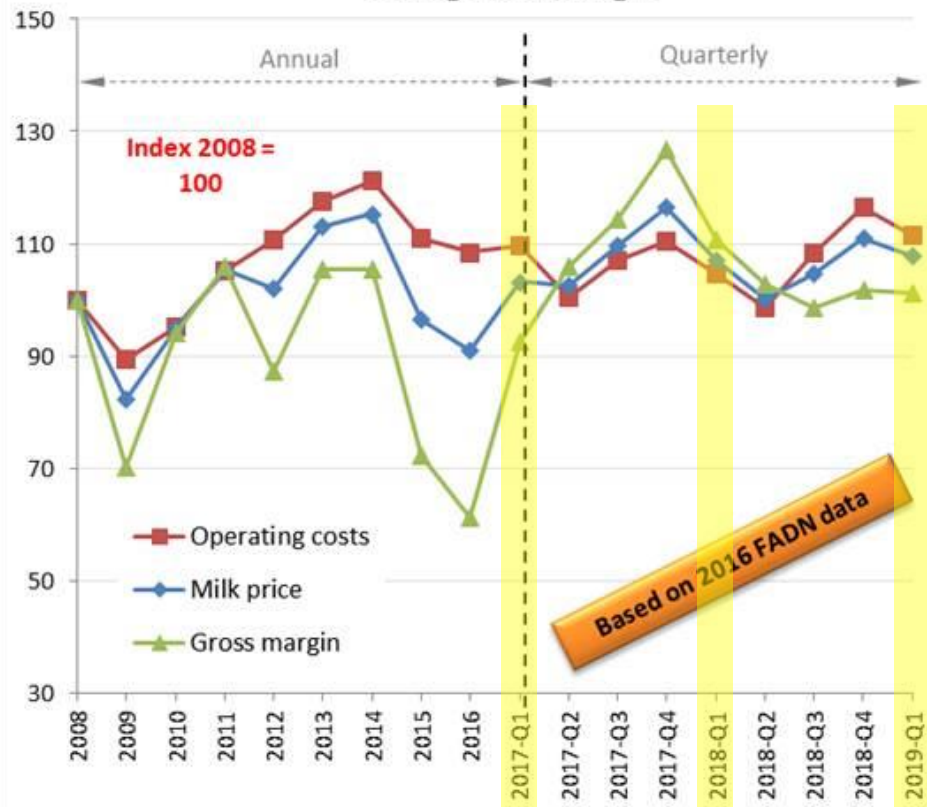
## Evolution operating costs (€/kg)



## Evolution Gross margin (€/kg)



## EU indexes for milk price, operating costs and gross margin



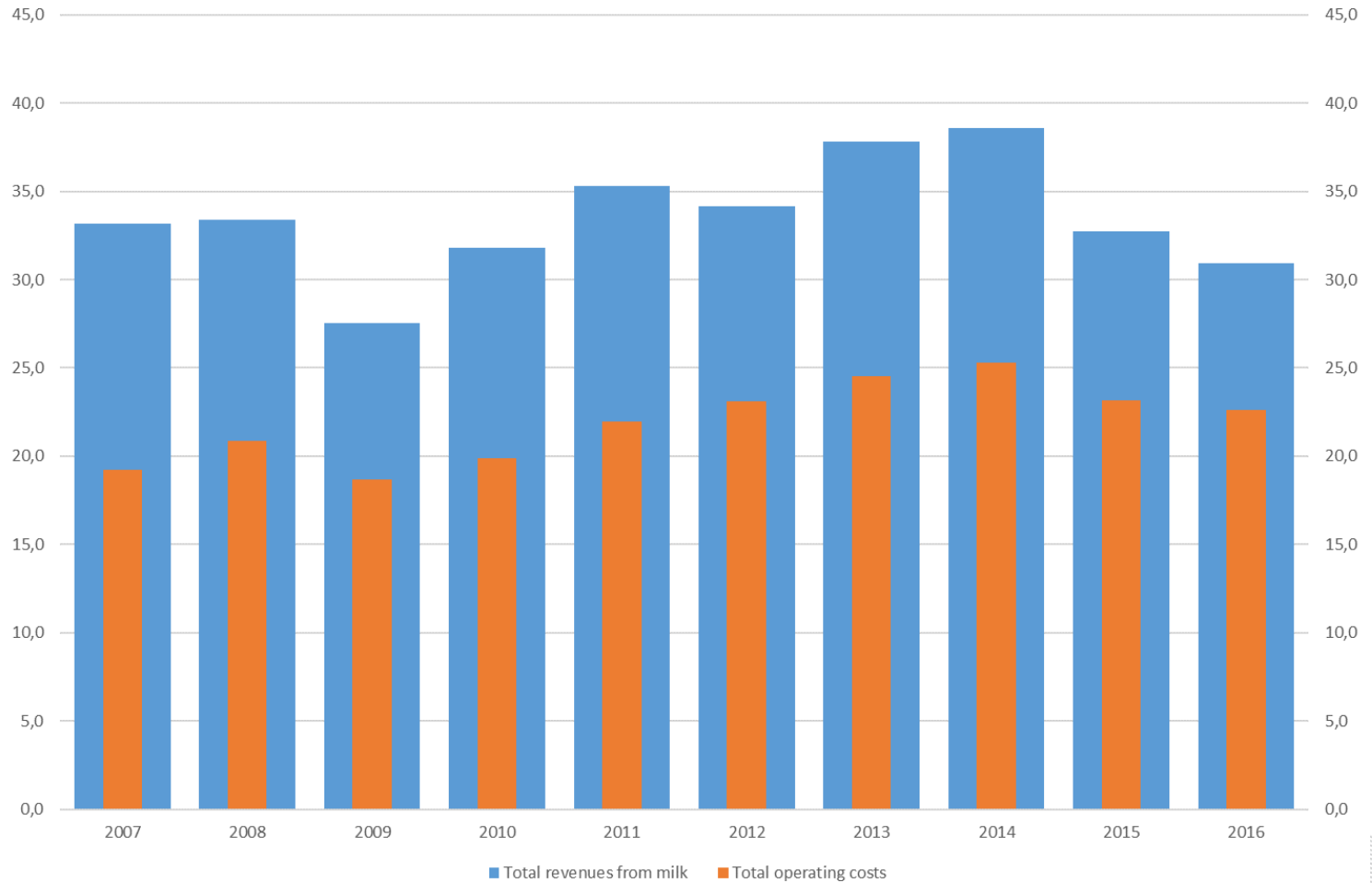
Source : FADN (base year 2016) + indexes (Eurostat, DG AGRI)

## Estimation of EU Gross margin

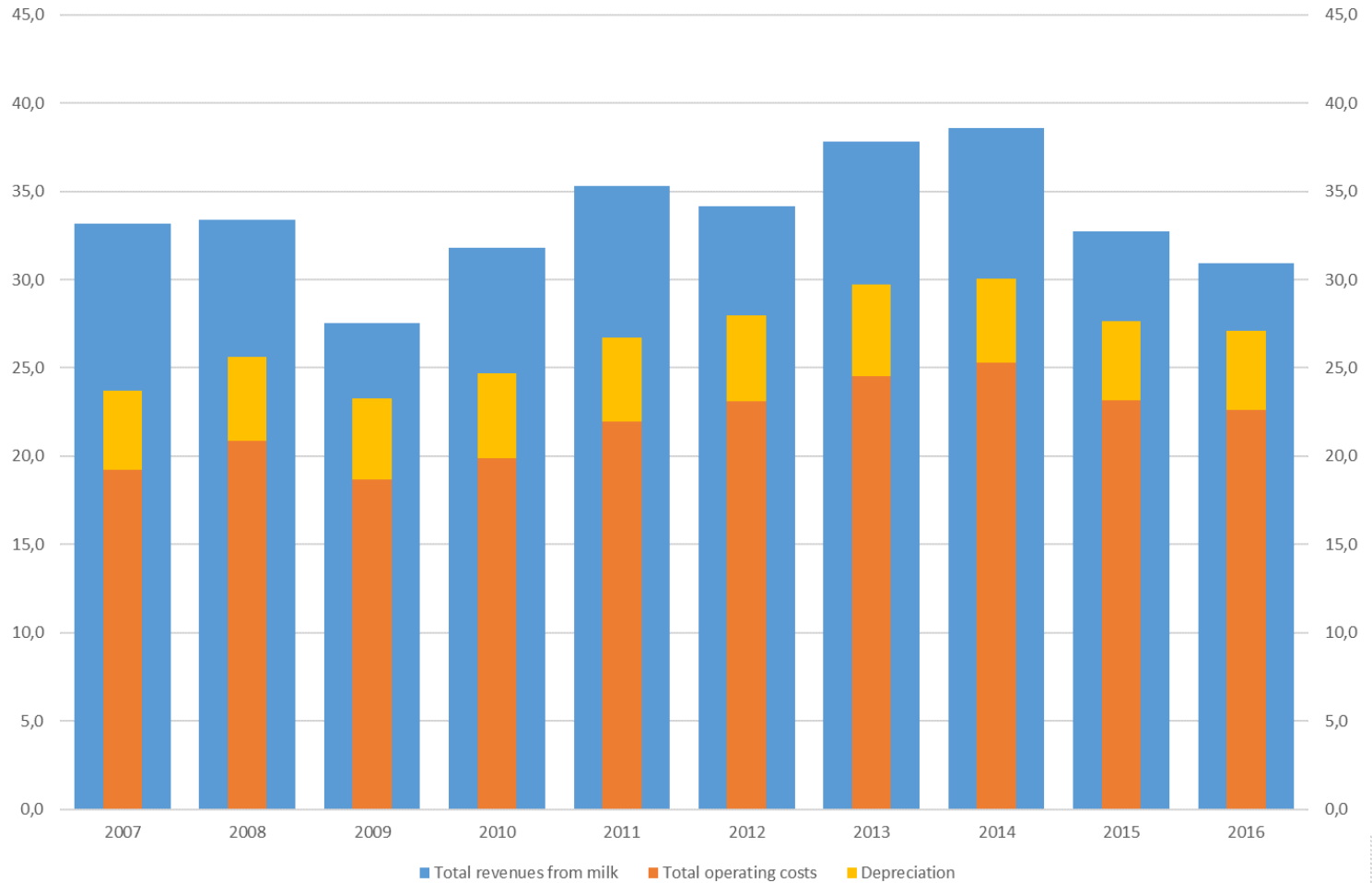


Source : FADN (base year 2016) + indexes (Eurostat, DG AGRI)

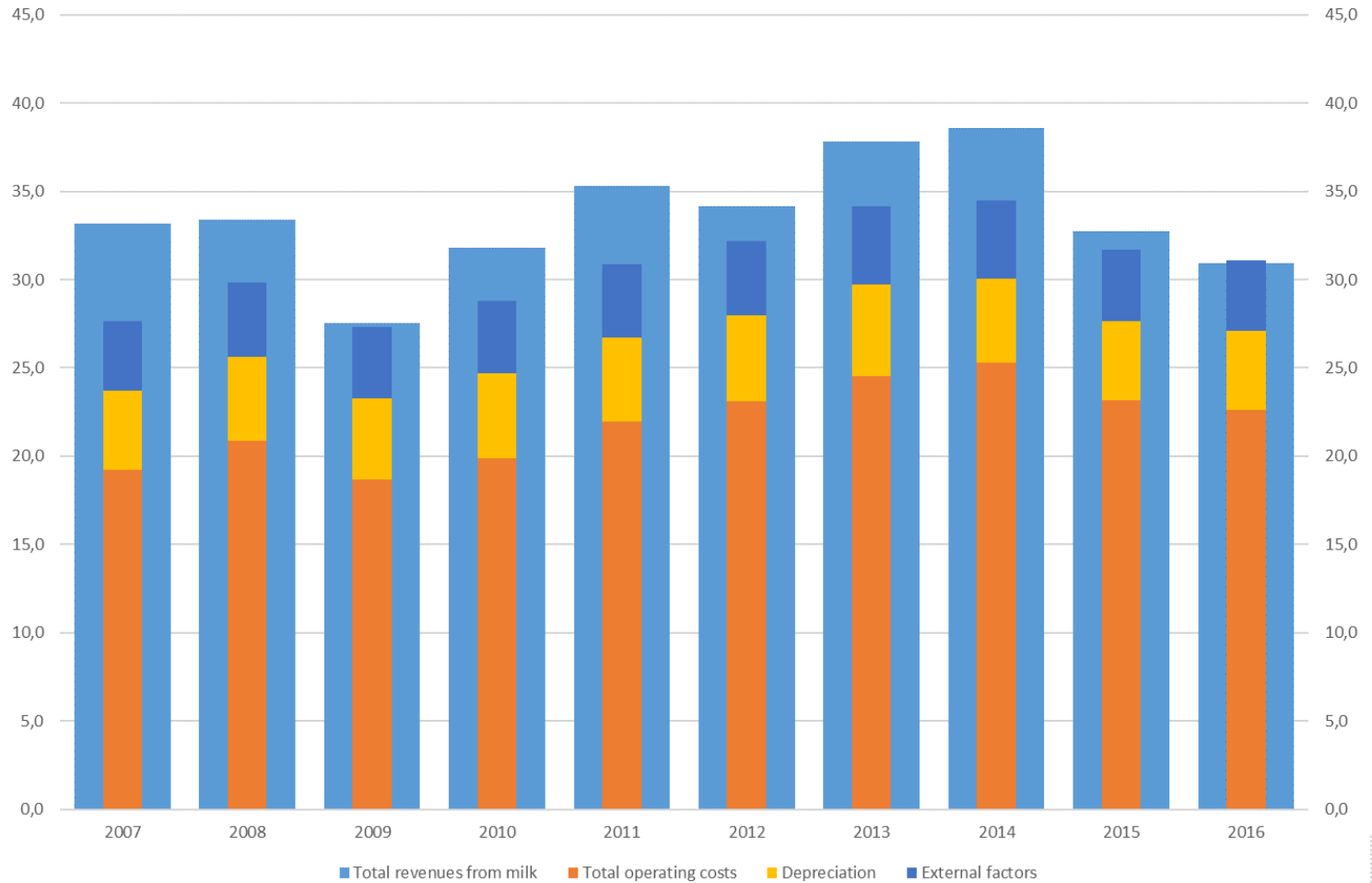
## Evolution Net margin (€/kg)



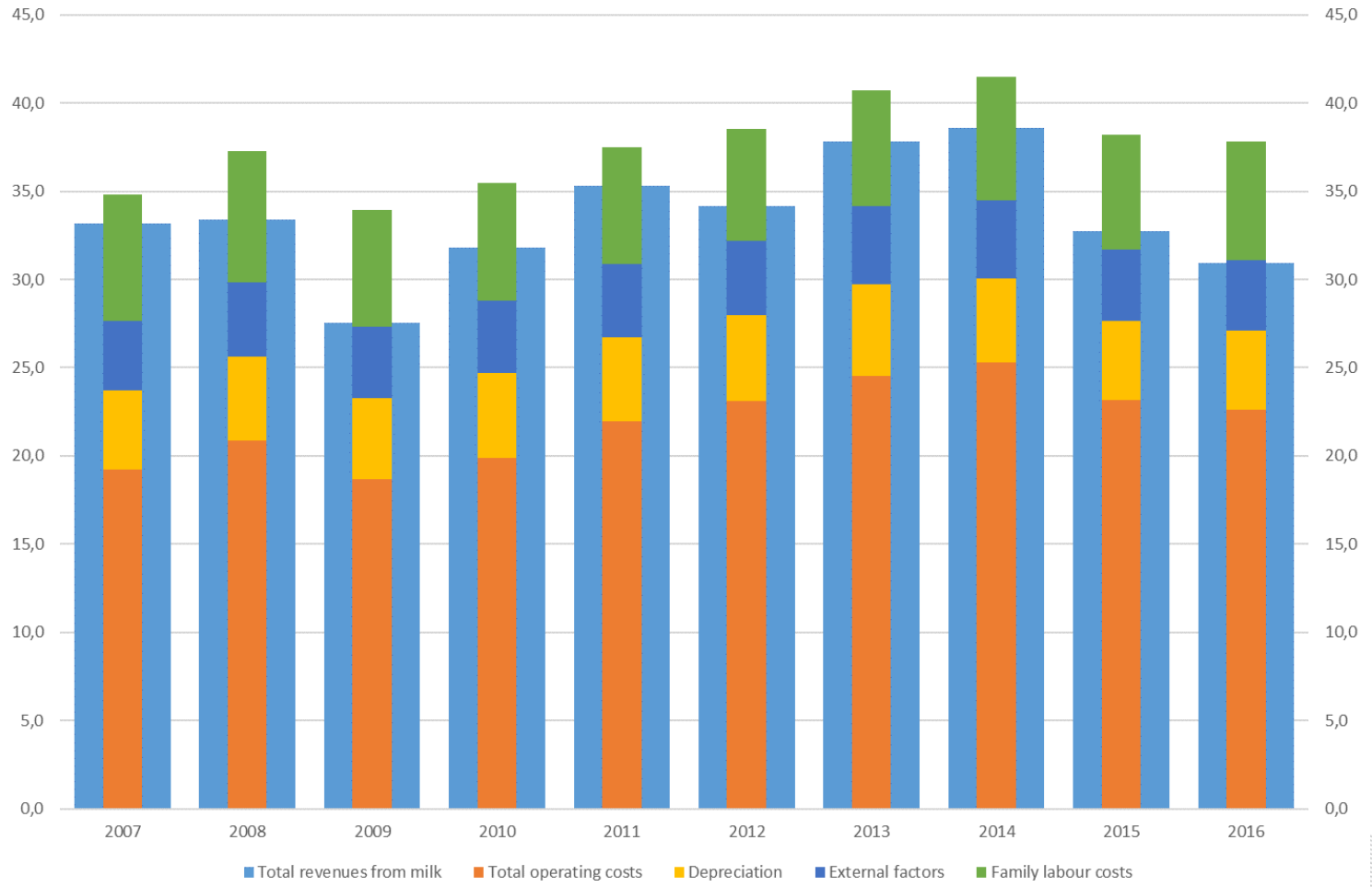
## Evolution Net margin (€/kg)



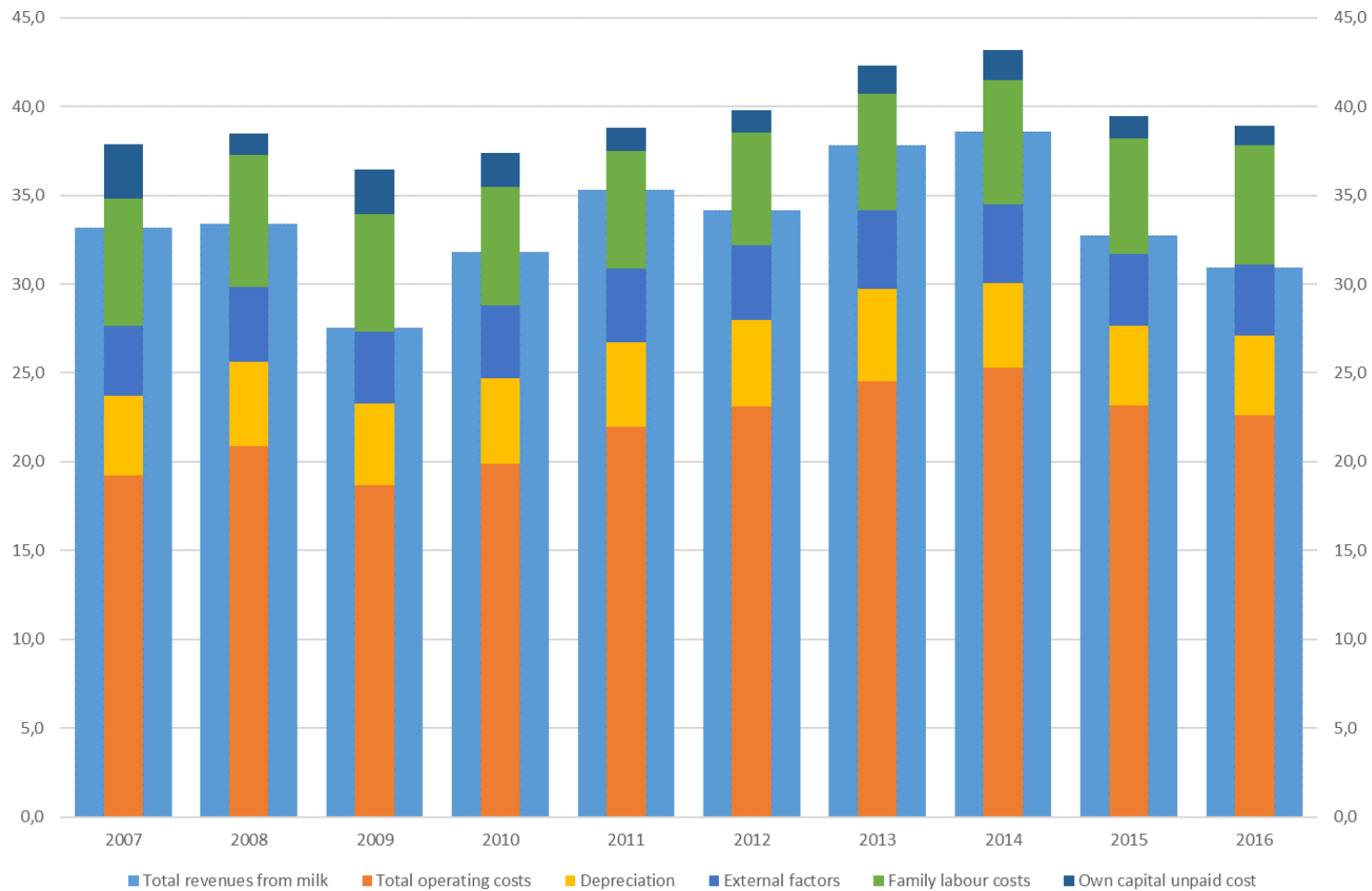
## Evolution Net margin (€/kg)



## Evolution Net Economic margin (€/kg)

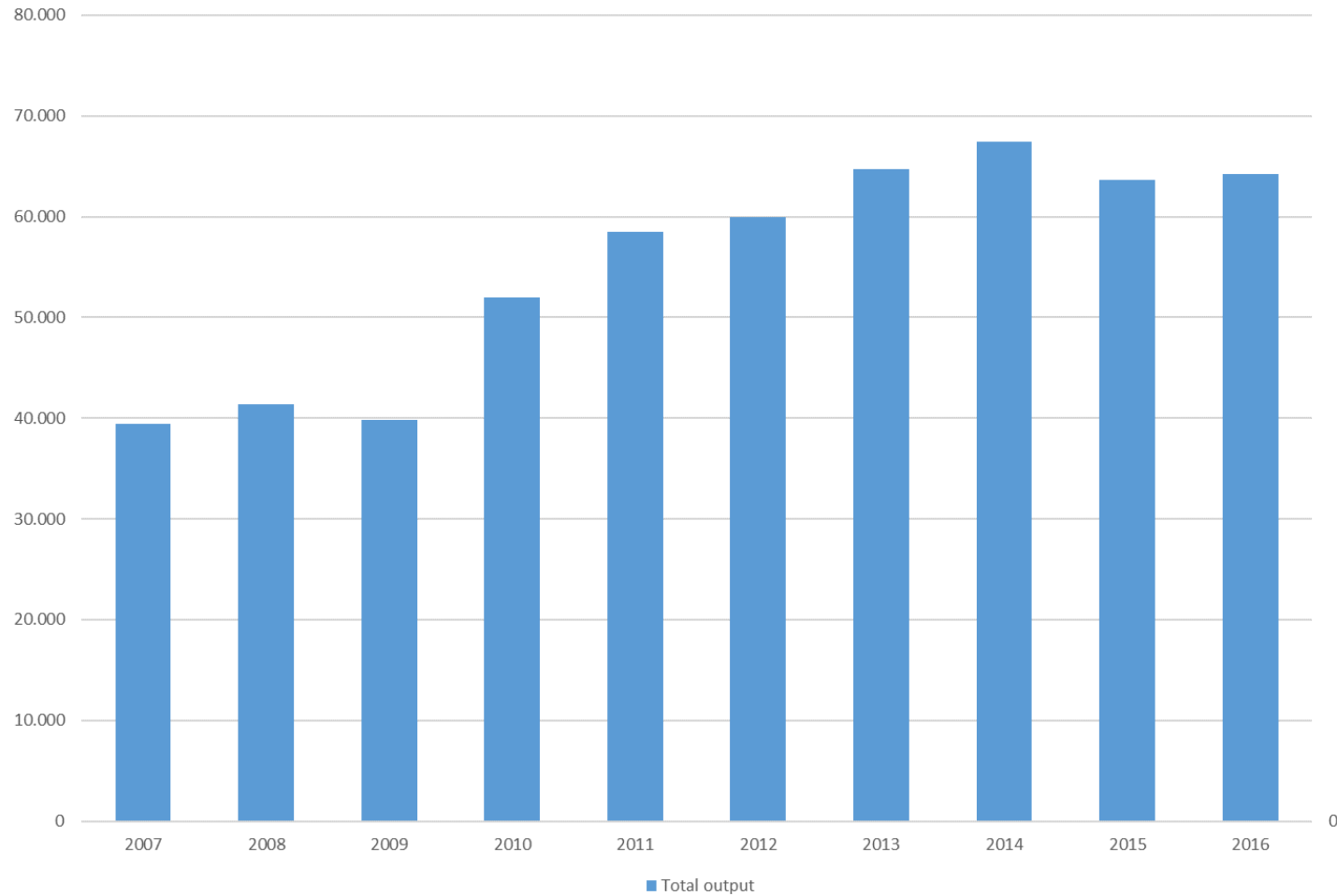


## Evolution Net Economic margin (€/kg)

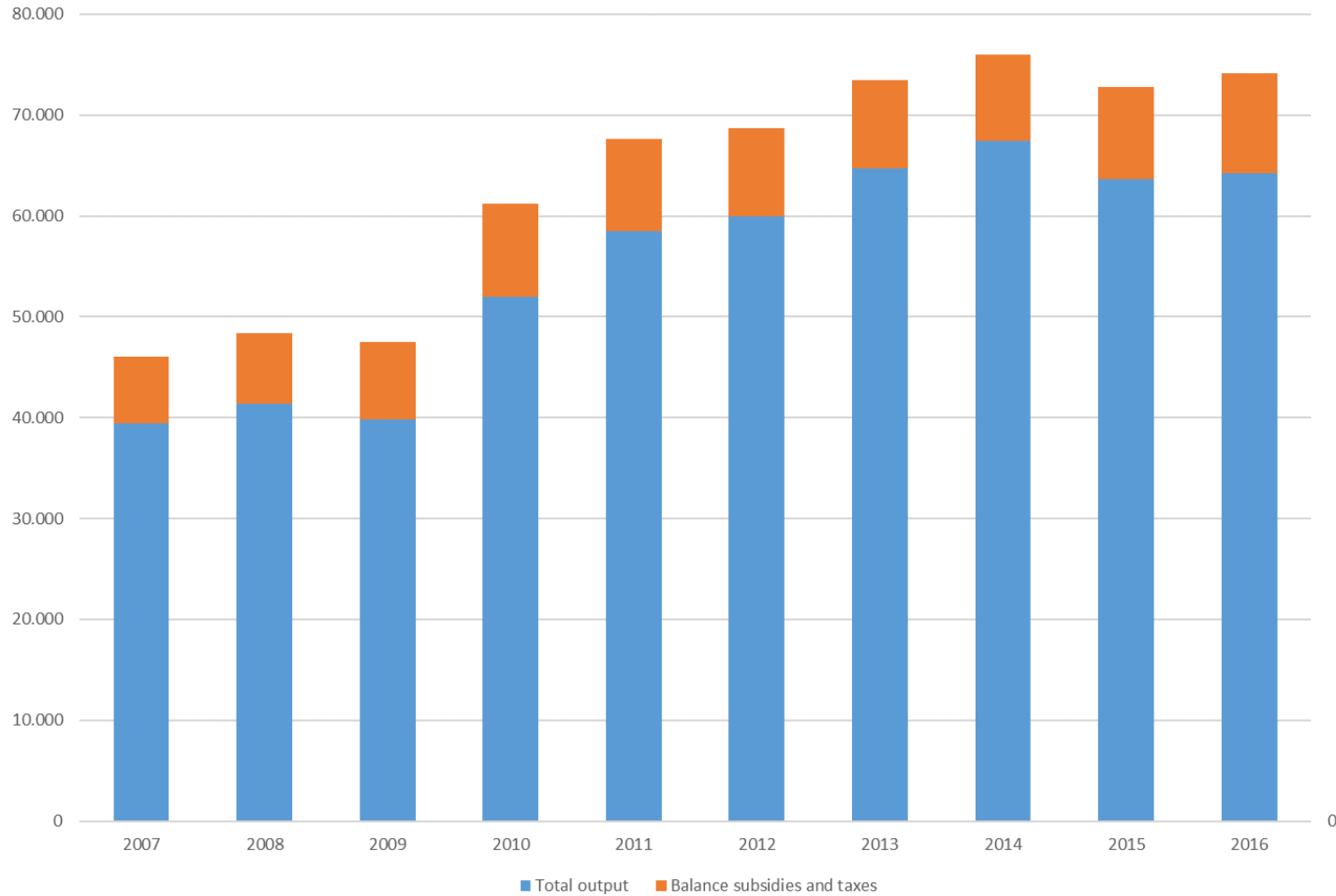




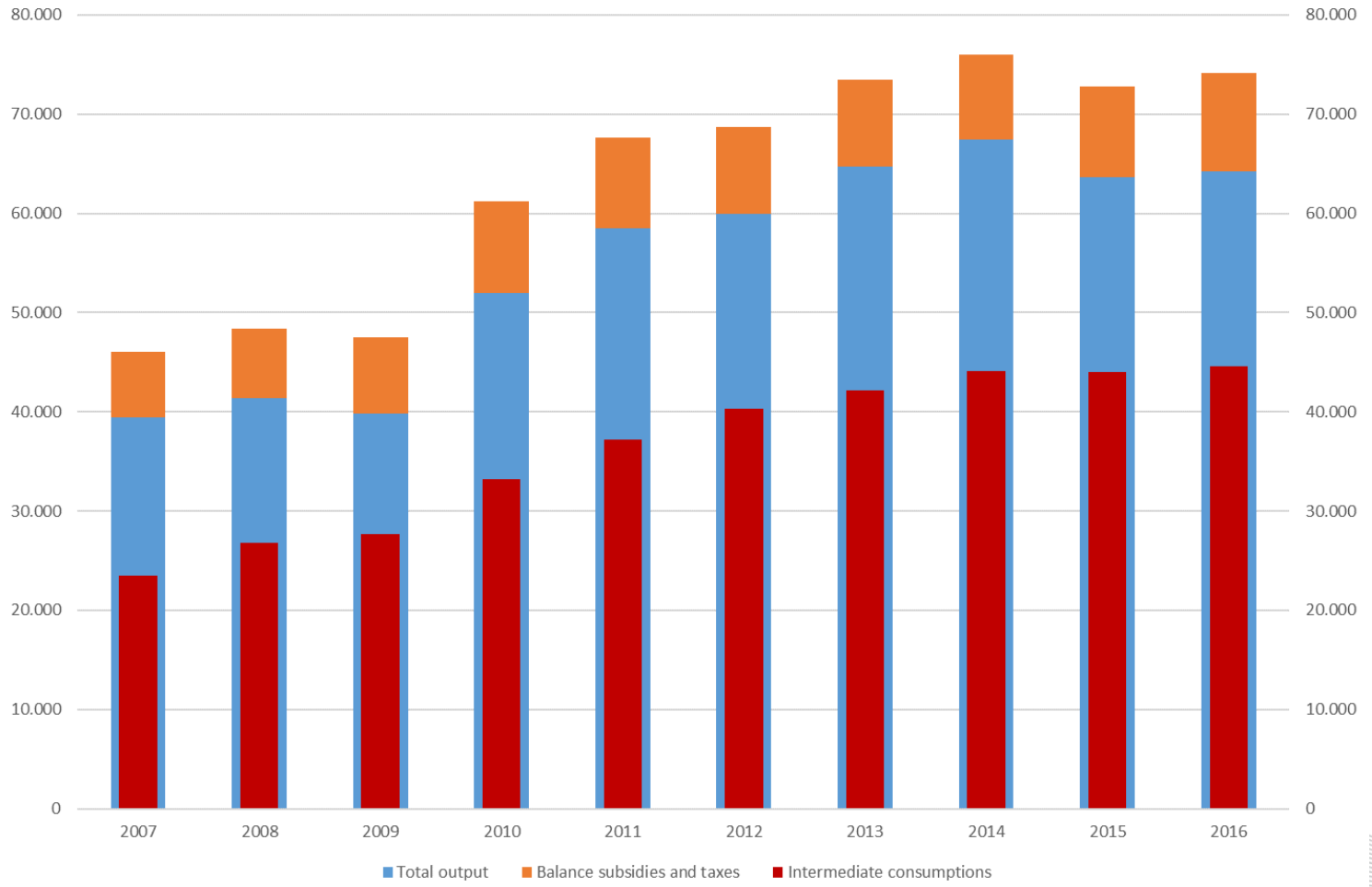
## Evolution FNVA (€/AWU)



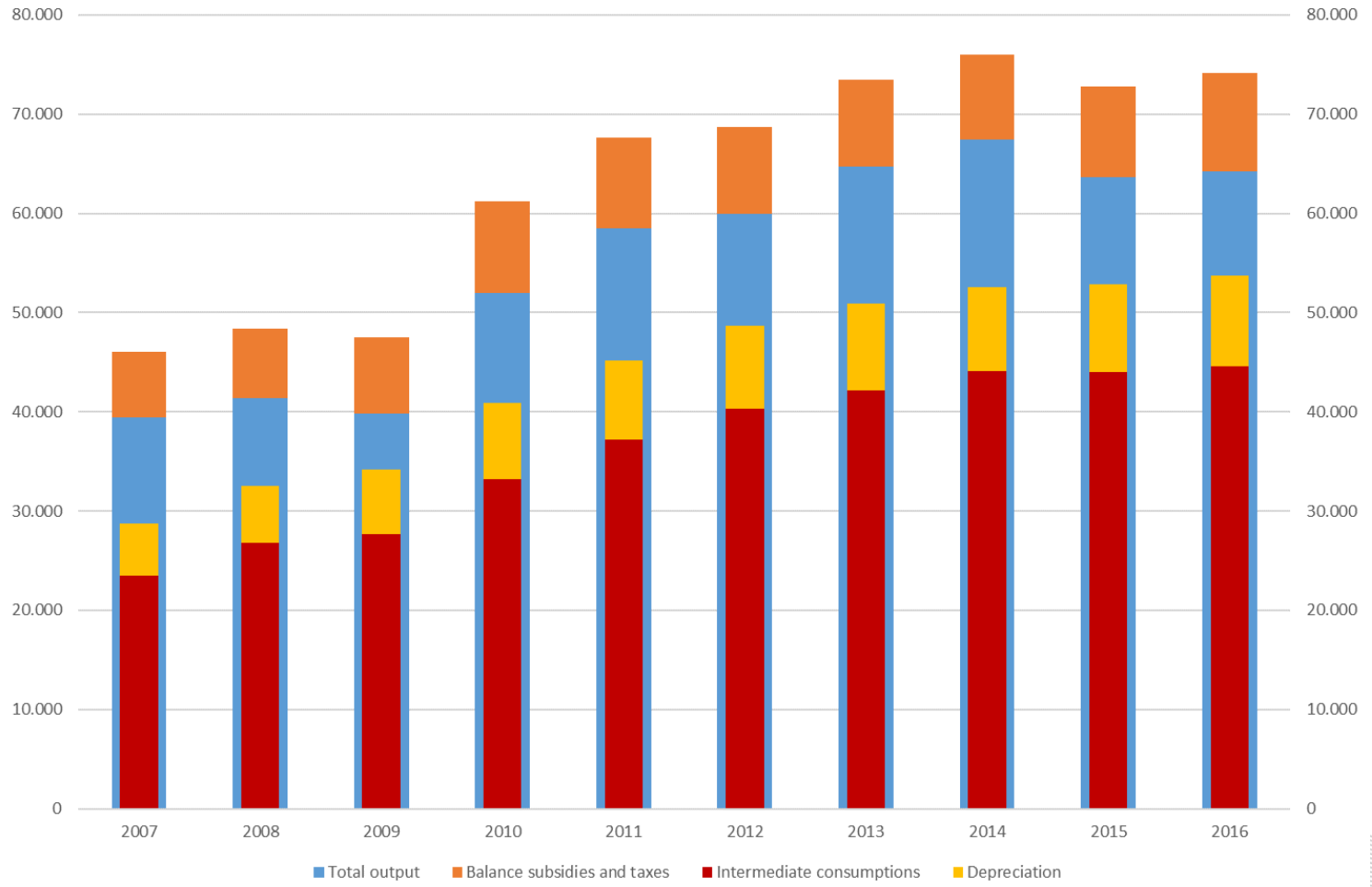
## Evolution FNVA (€/AWU)



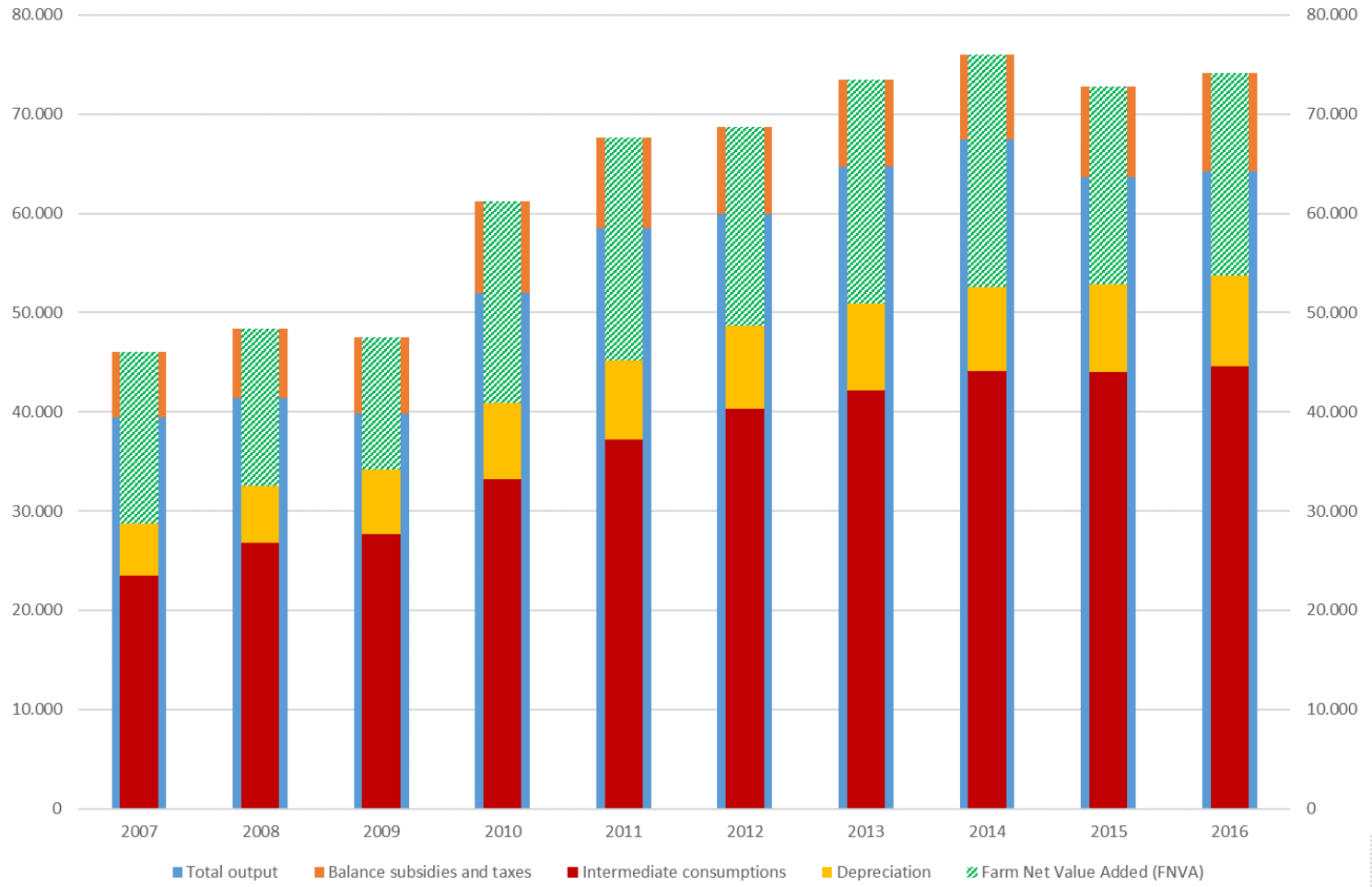
# Evolution FNVA (€/AWU)



# Evolution FNVA (€/AWU)

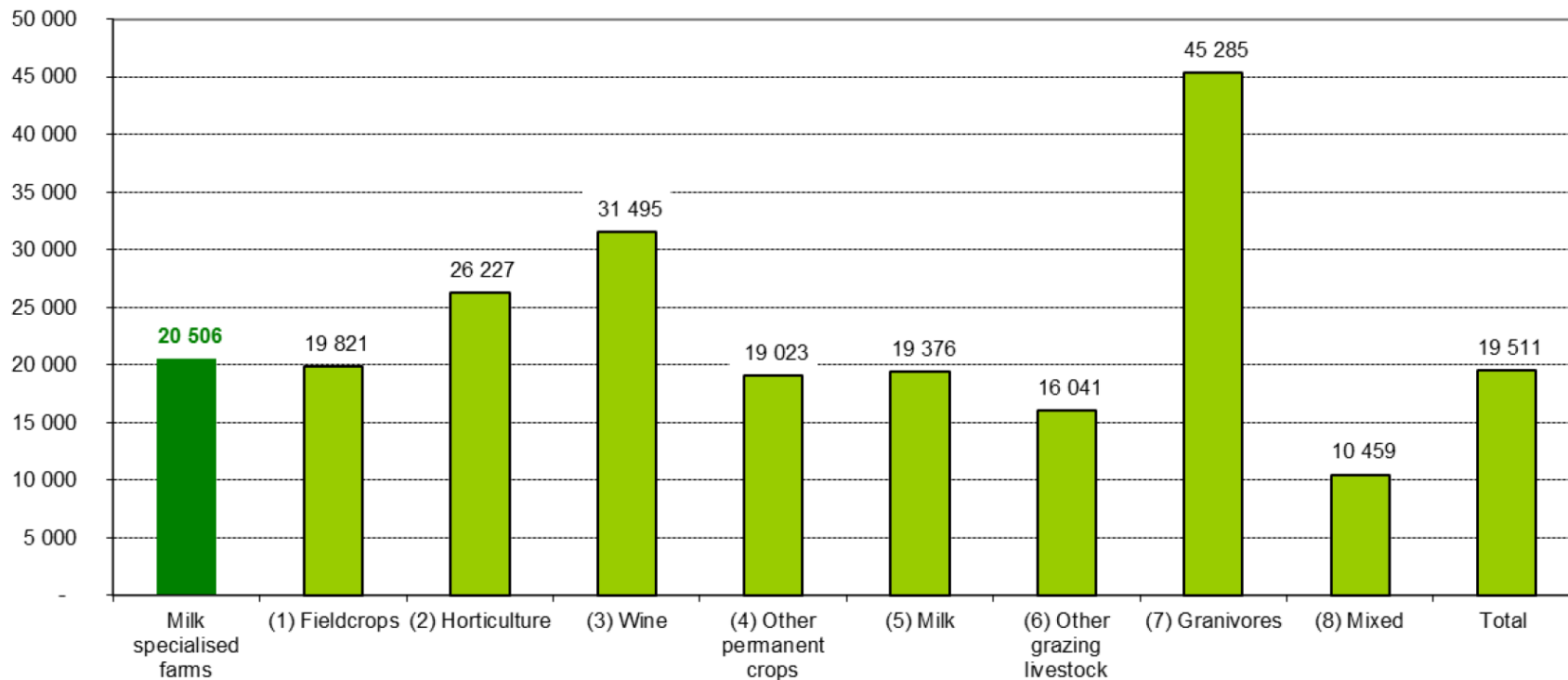


## Evolution FNVA (€/AWU)

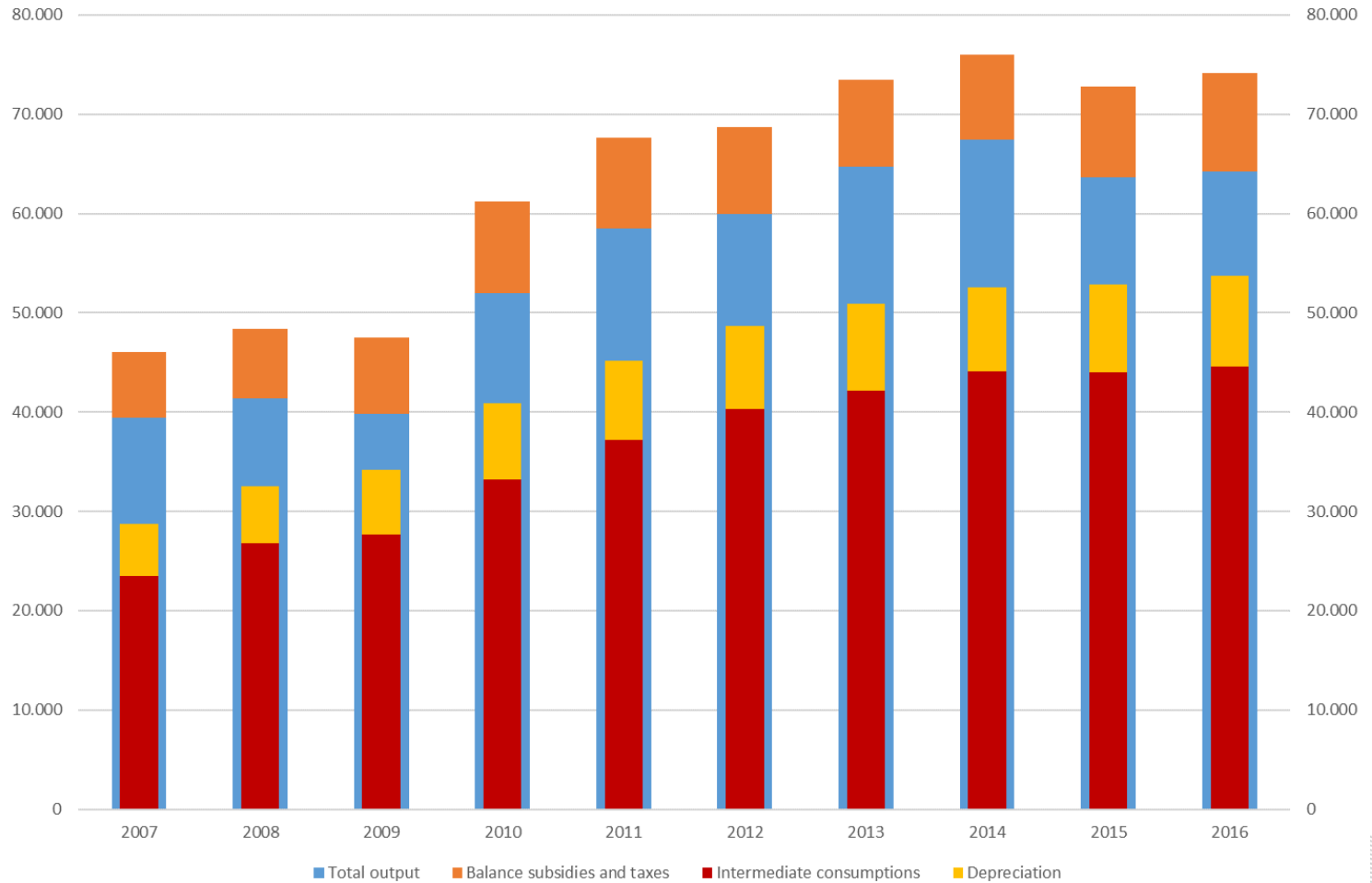


EUR/AWU

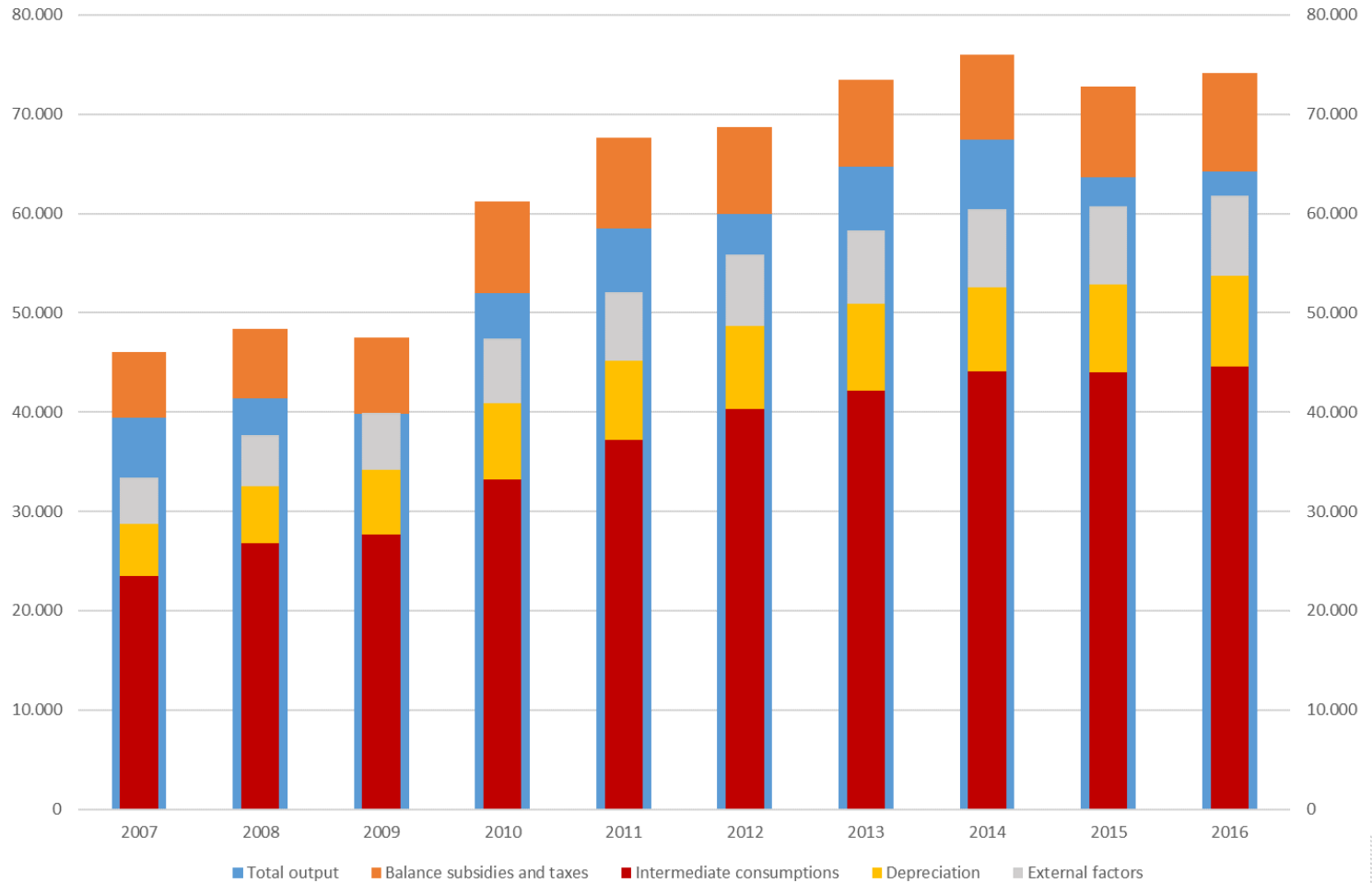
### Farm Net Value Added by Agricultural Work Unit (FNVA/AWU)



## Evolution FNI (€/AWU)

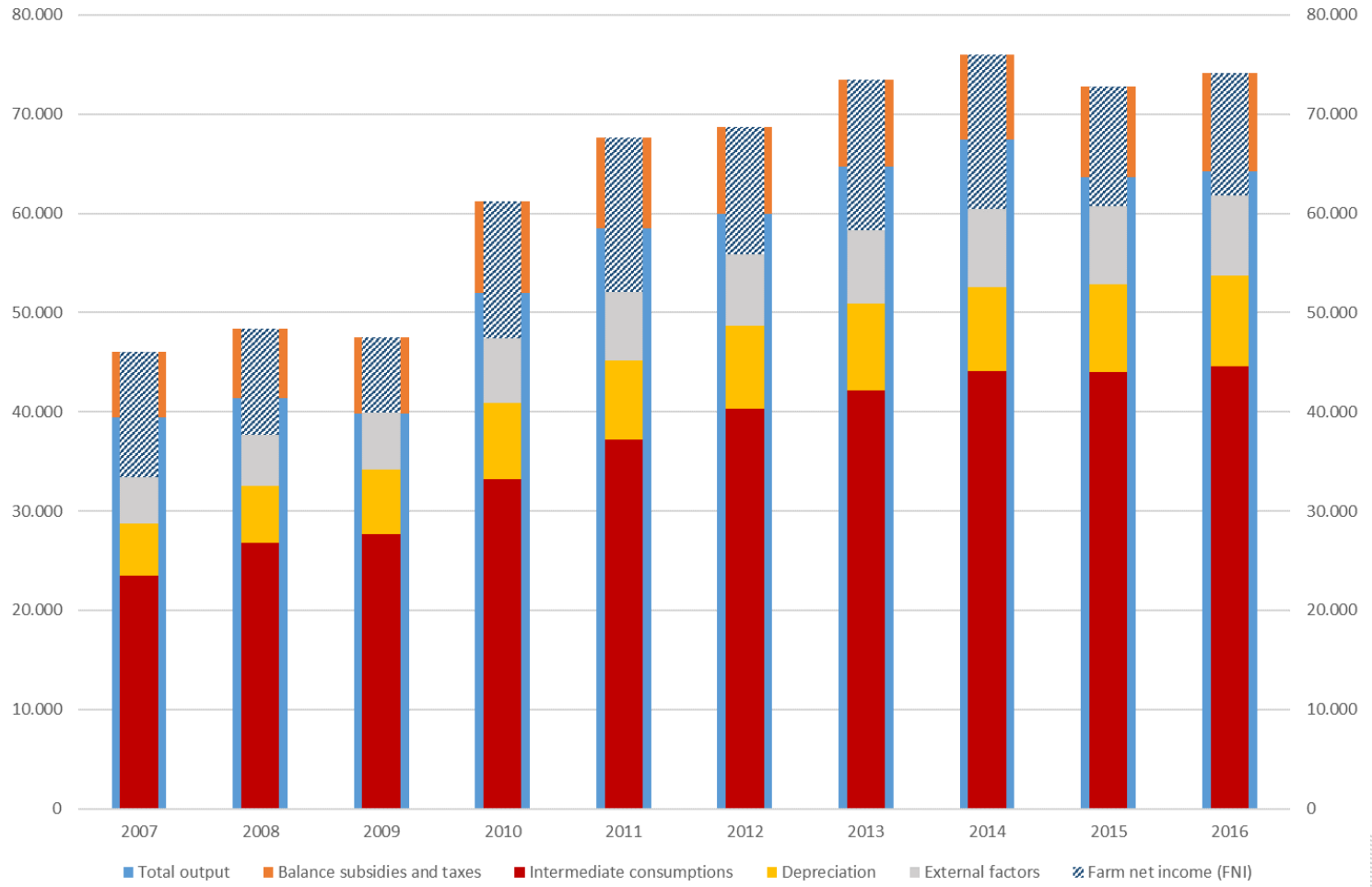


## Evolution FNI (€/AWU)



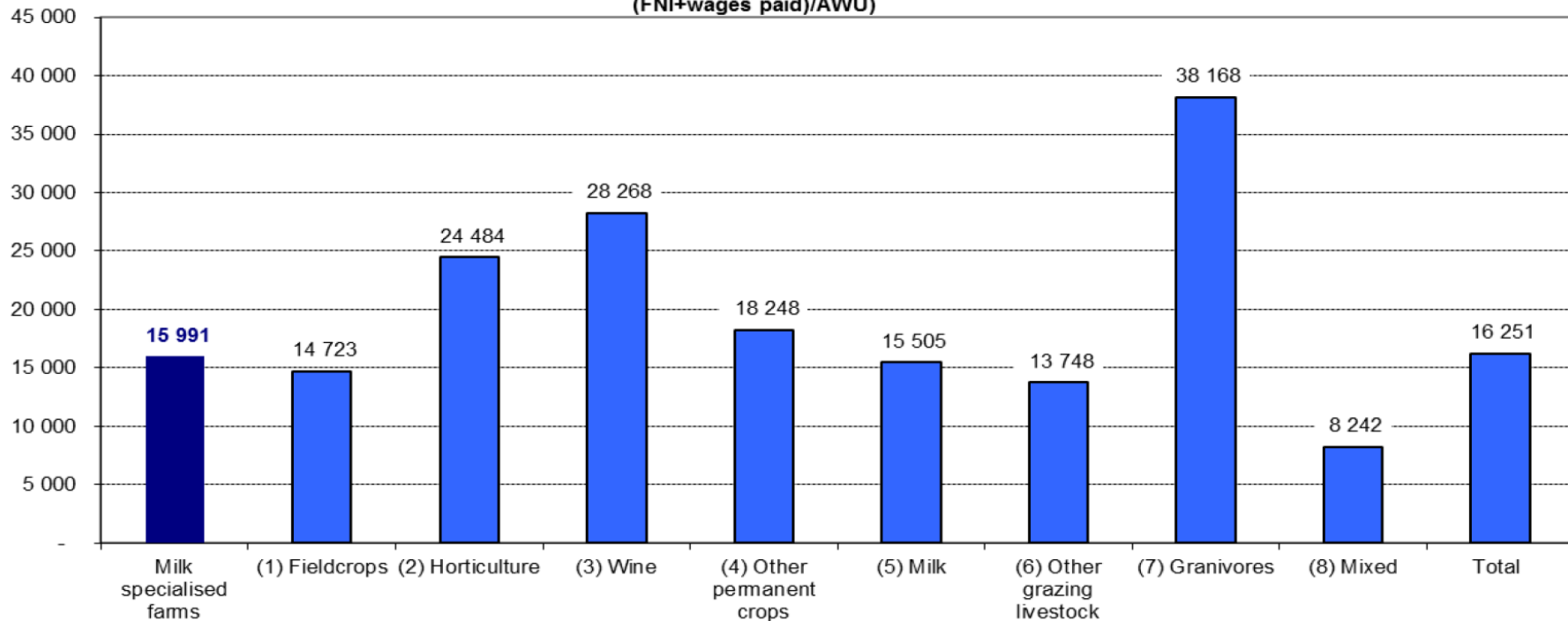


## Evolution FNI (€/AWU)

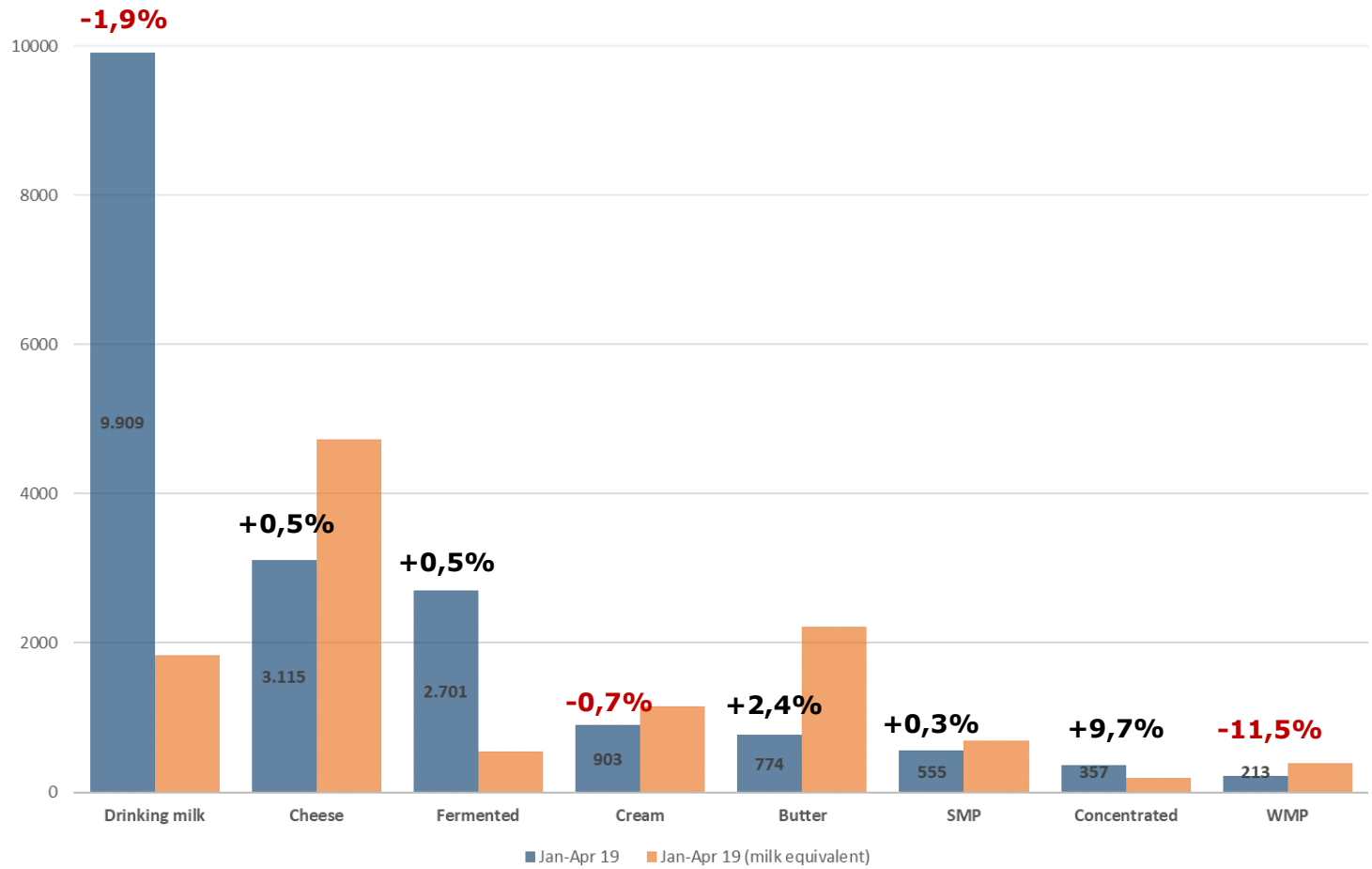


EUR/AWU

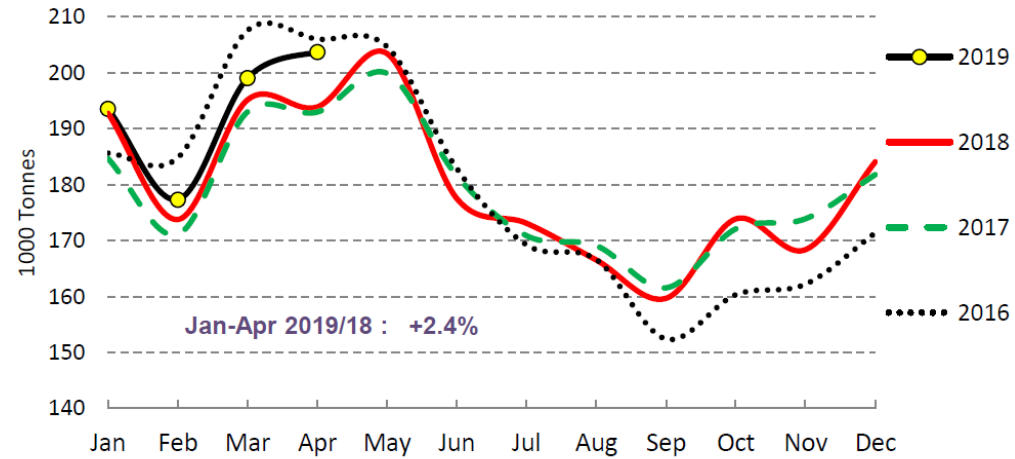
### Farm Net Income by Agricultural Work Unit (FNI+wages paid)/AWU



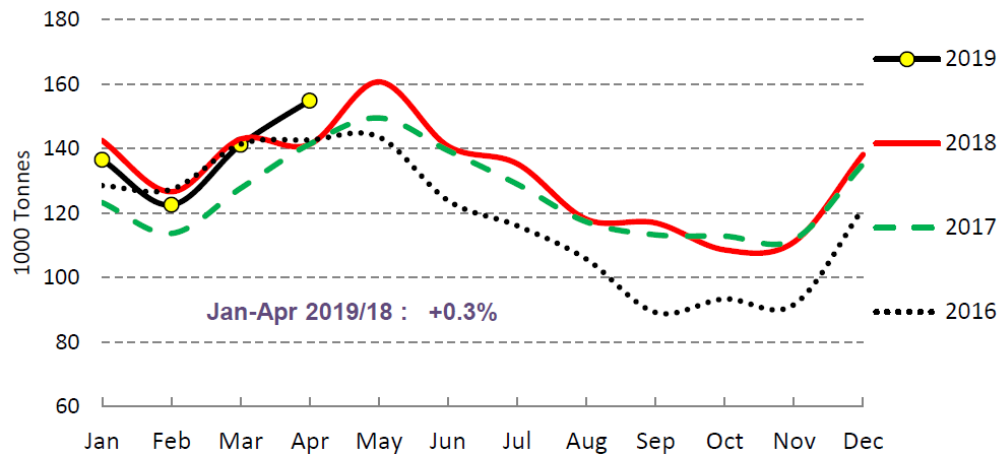
# EU dairy production (x1000 t, x1000 t milk equivalent)



## EU - Butter

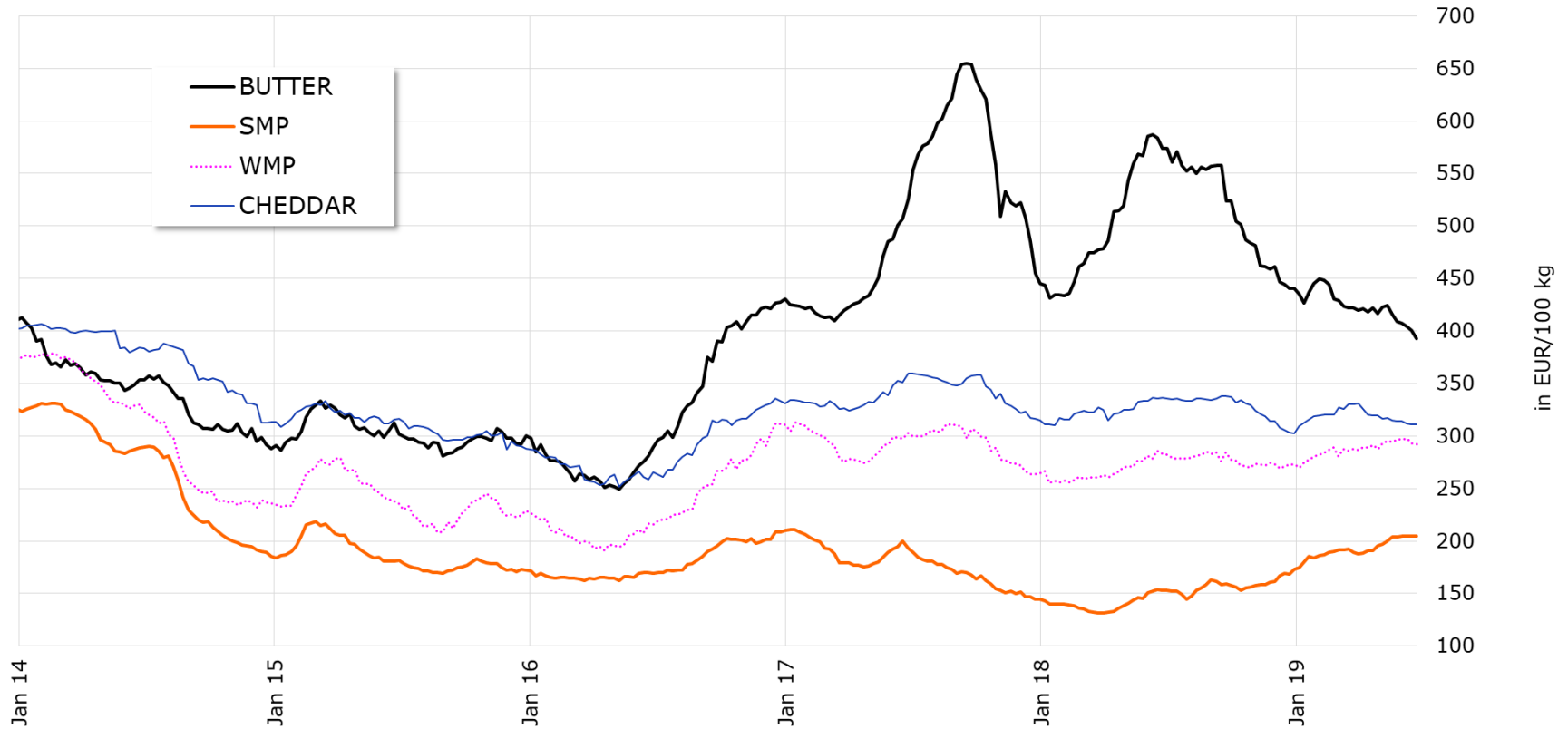


## EU - Skimmed-milk powder



# EU Dairy Quotations

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

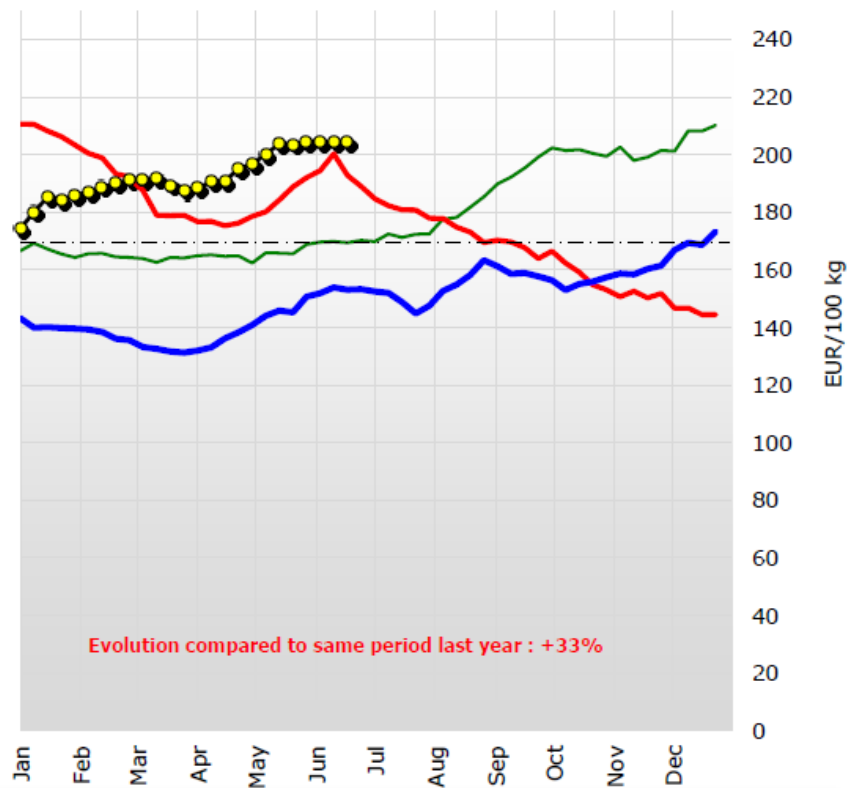


# Prices of EU Dairy commodities

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

## Weekly EU SMP Prices

Latest price : 204 EUR/100kg

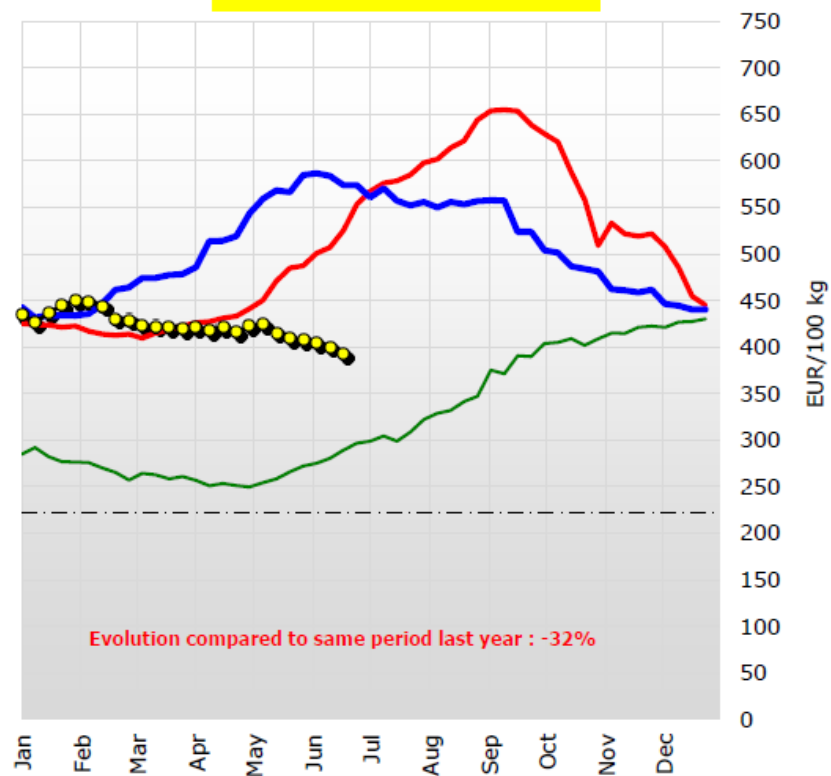


Evolution compared to same period last year : +33%

— 2016 — 2017 — 2018 —●— 2019 - - - IP 2009

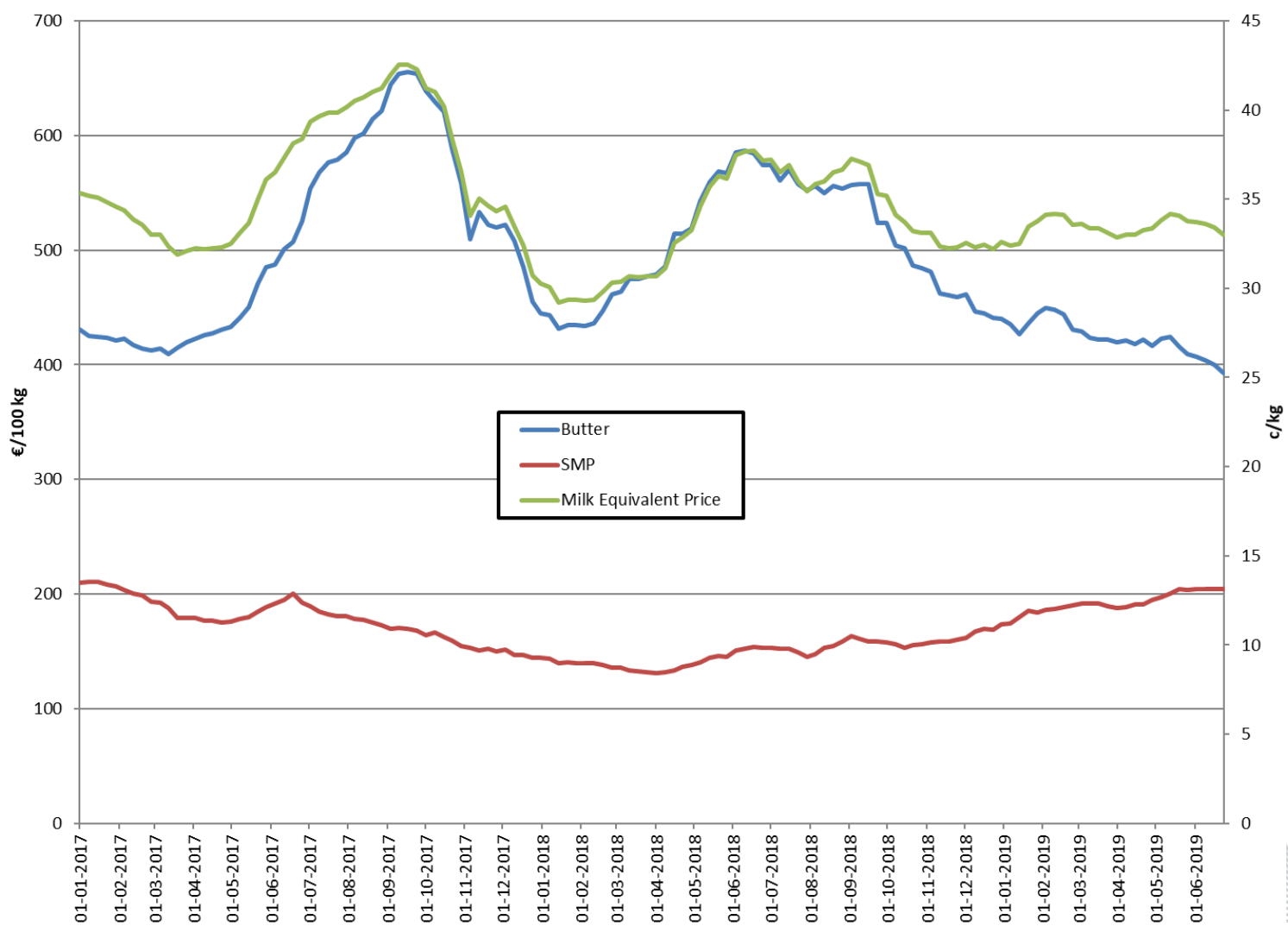
## Weekly EU BUTTER Prices

Latest price : 393 EUR/100kg



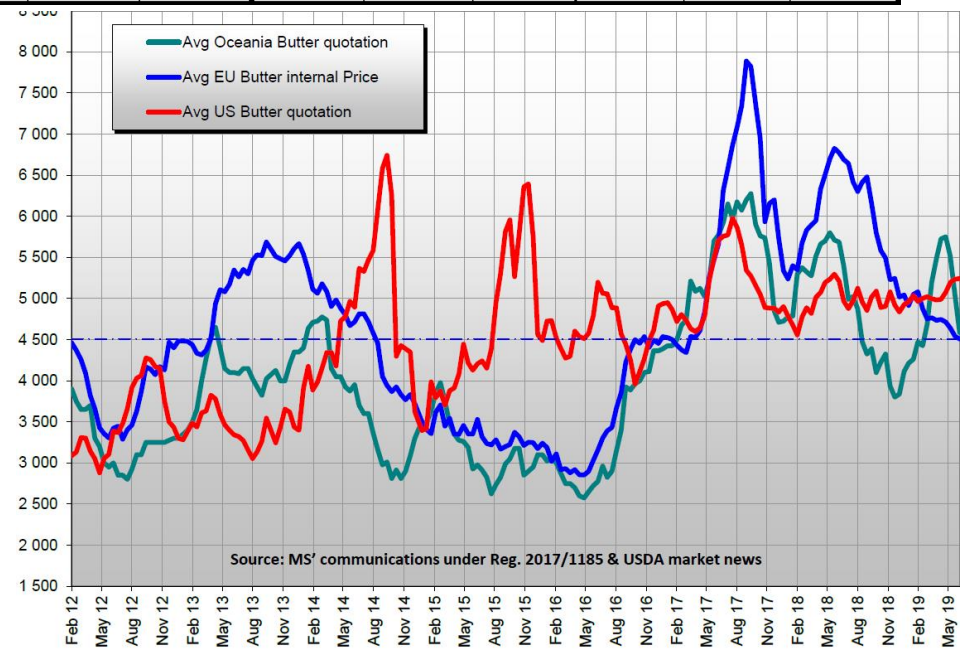
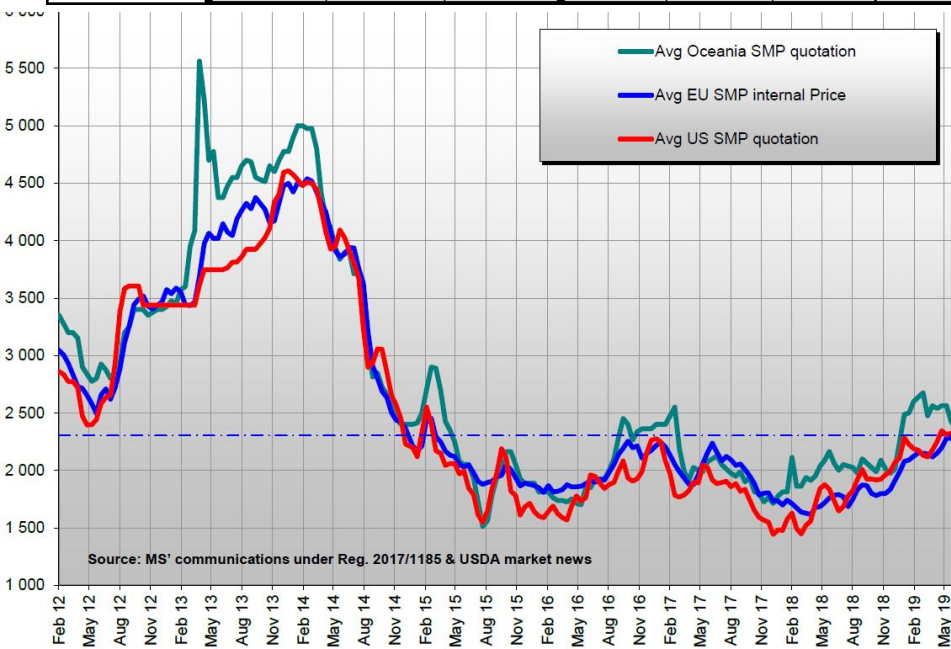
Evolution compared to same period last year : -32%

— 2016 — 2017 — 2018 —●— 2019 - - - IP 2009



# Latest World Quotations of Dairy Products

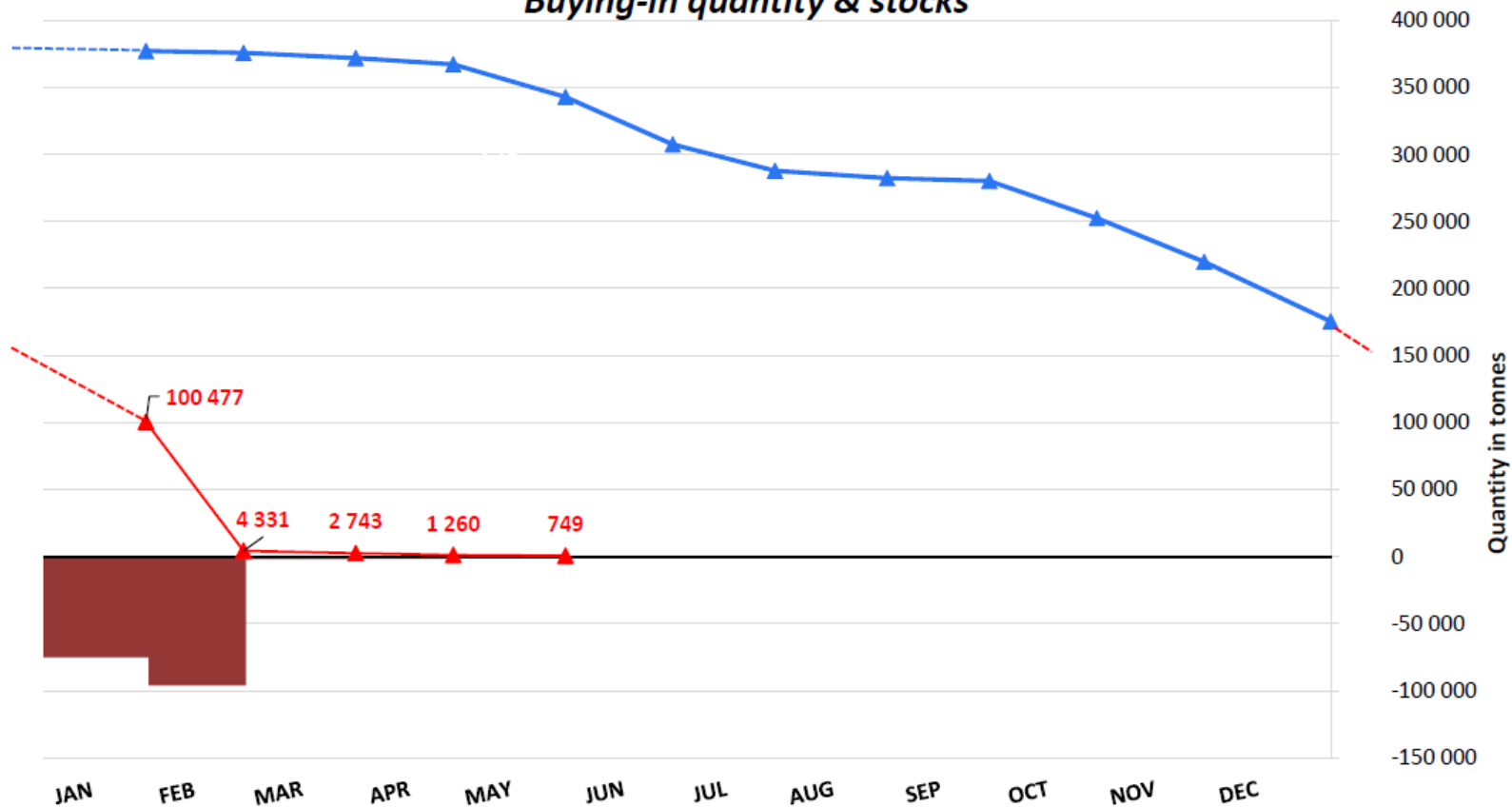
In US\$/t	Latest Quotations			Week - 2						Year - 1					
	23/06/2019			09/06/2019			% change (previous quotation)			24 June 2018			% change (1 year)		
	EU	Oceania	USA	EU	Oceania	USA	EU	Oceania	USA	EU	Oceania	USA	EU	Oceania	USA
Butter	4 509	4 588	5 244	4 542	5 038	5 235	↔ -0.7%	↓ -8.9%	↔ +0.2%	6 772	5 688	5 212	↓ -33%	↓ -19%	↔ +1%
SMP	2 303	2 363	2 307	2 278	2 425	2 324	↗ +1.1%	↘ -2.6%	↔ -0.7%	1 785	2 063	1 735	↗ +29%	↗ +15%	↗ +33%
WMP	3 300	3 000	3 704	3 310	3 138	3 715	↔ -0.3%	↘ -4.4%	↔ -0.3%	3 318	3 200	3 505	↔ -1%	↓ -6%	↗ +6%
Cheddar	3 506	3 838	3 958	3 499	4 050	3 821	↔ +0.2%	↓ -5.2%	↗ +3.6%	3 895	3 925	3 571	↓ -10%	↘ -2%	↗ +11%





# Public SMP Intervention scheme (2018-2019)

## Buying-in quantity & stocks



Quantities In (2019)

Quantities Out (2019)

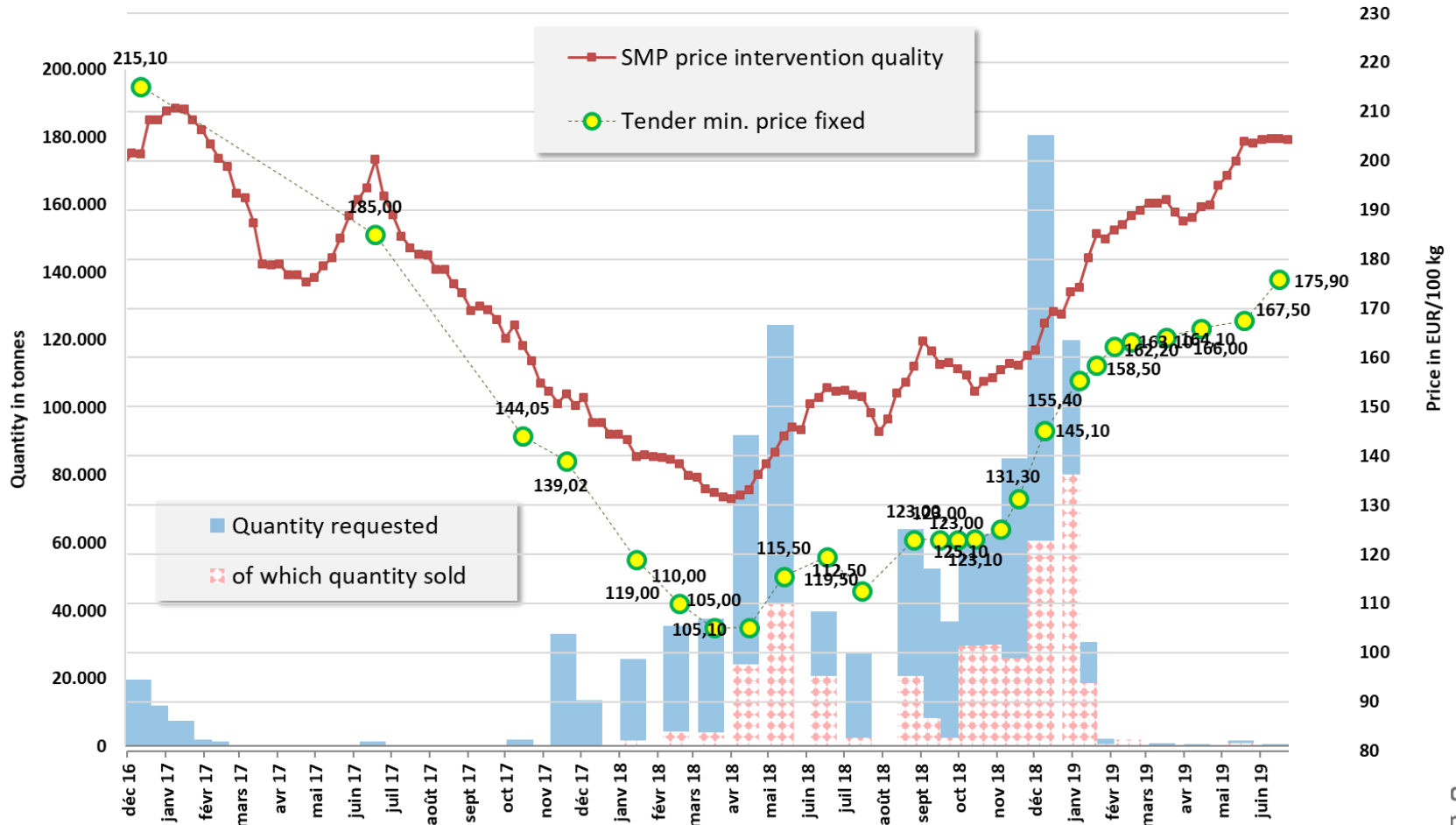
Quantity offered (2019)

Stocks level end of month (2019)

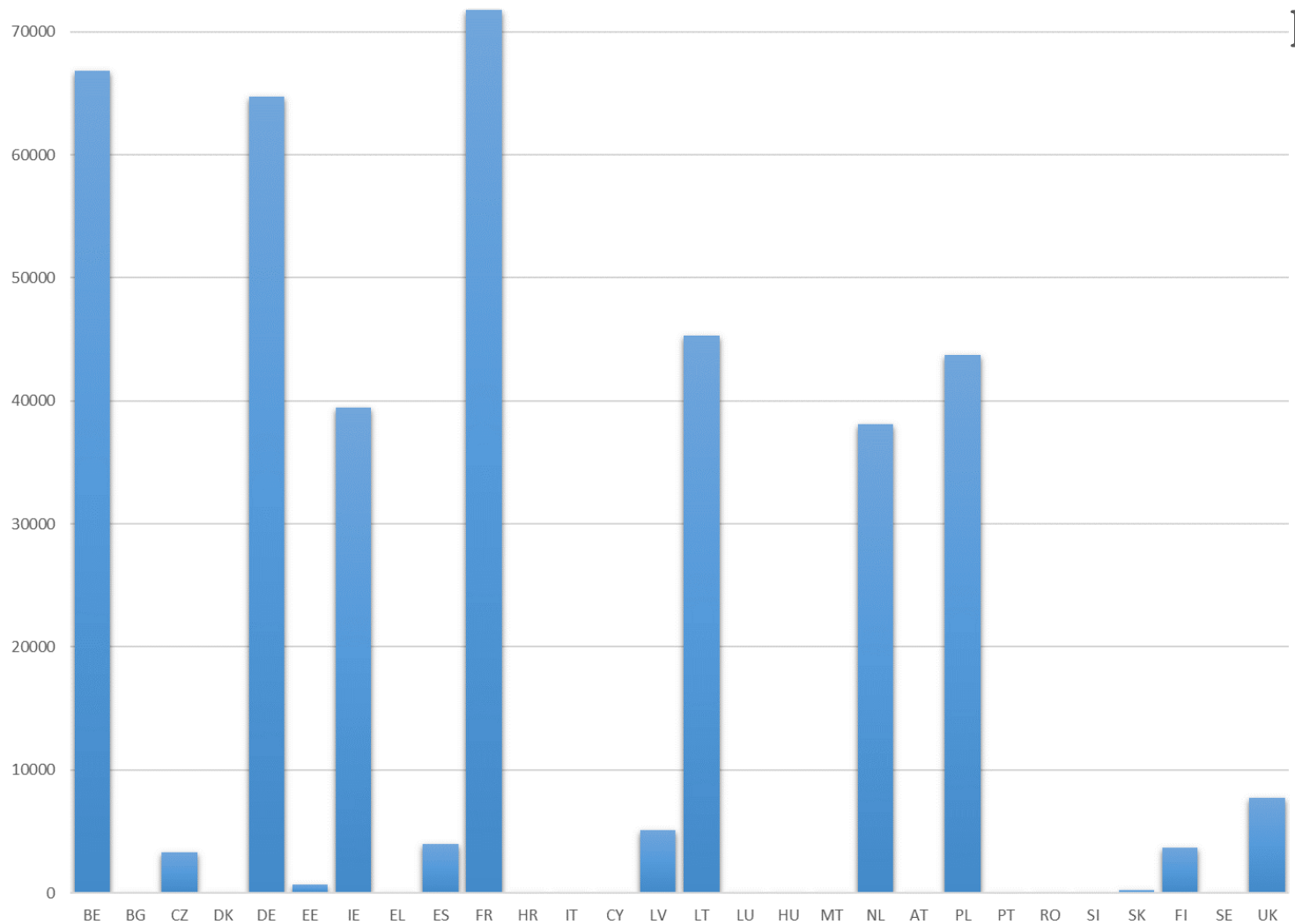
Stocks level end of month (2018)

# EU average SMP prices evolution

Last update: 19/06/2019

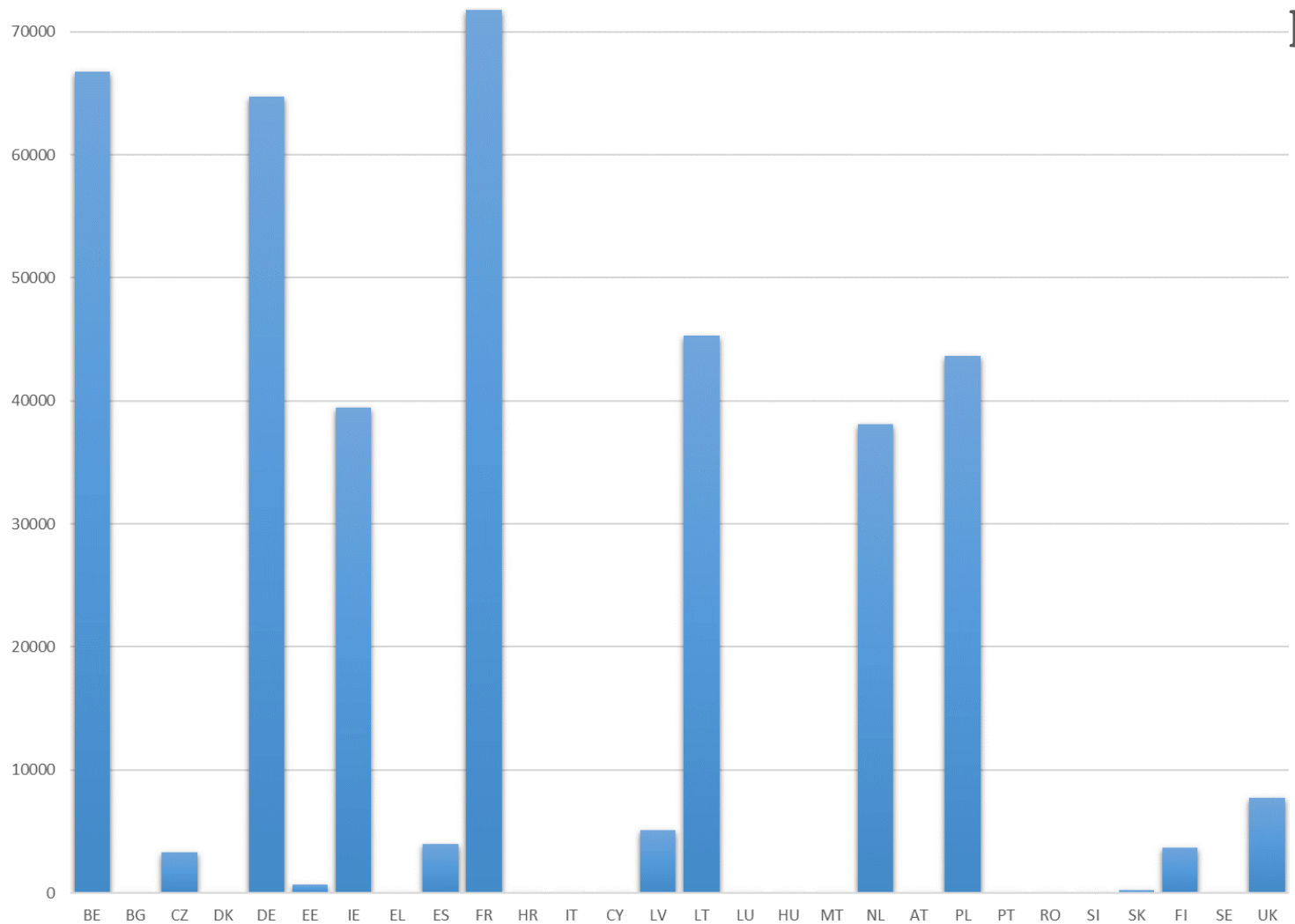


12/2016



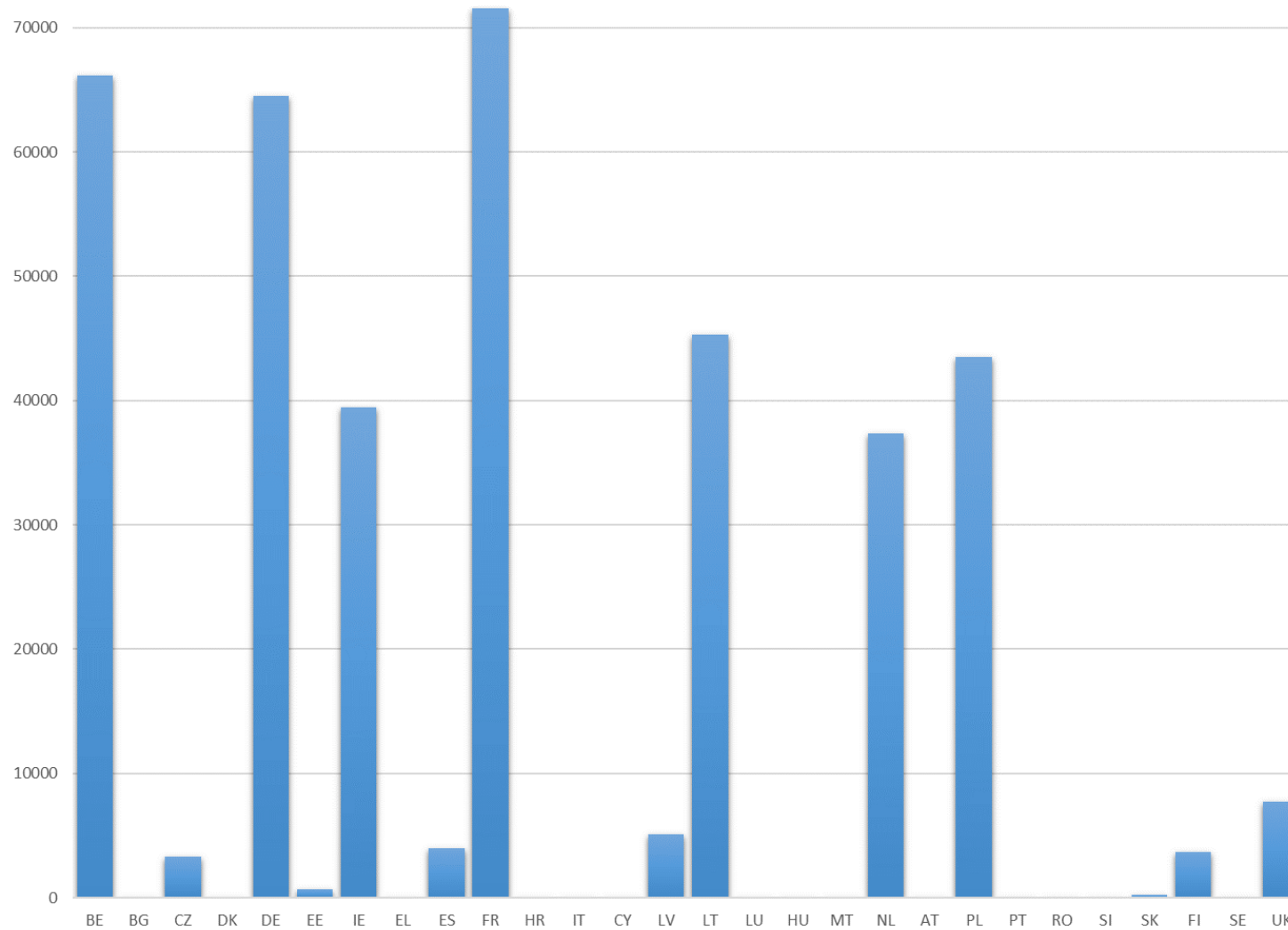
12/2017

-180 T



01/2018

-1900 T



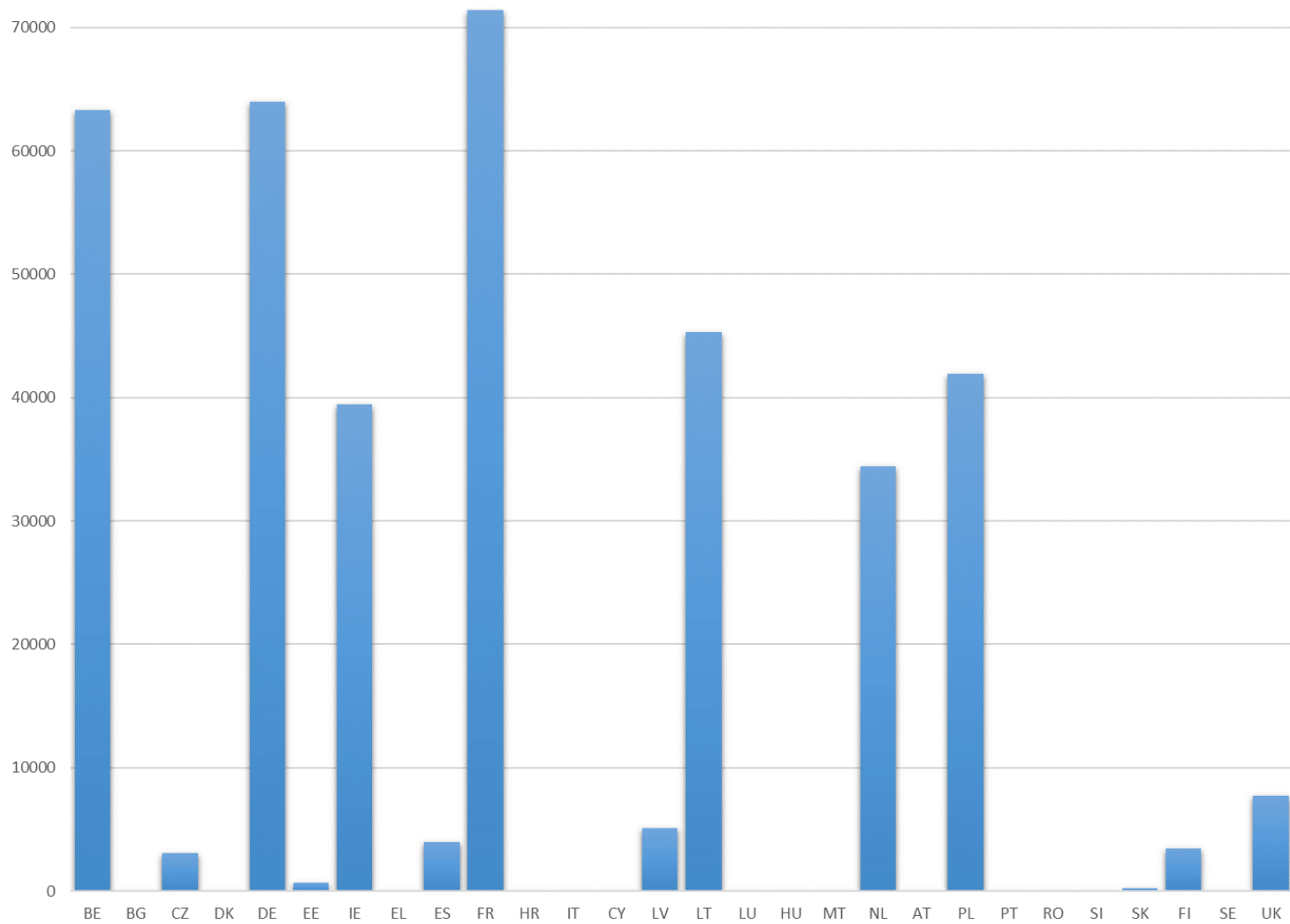
02/2018

-4300 T



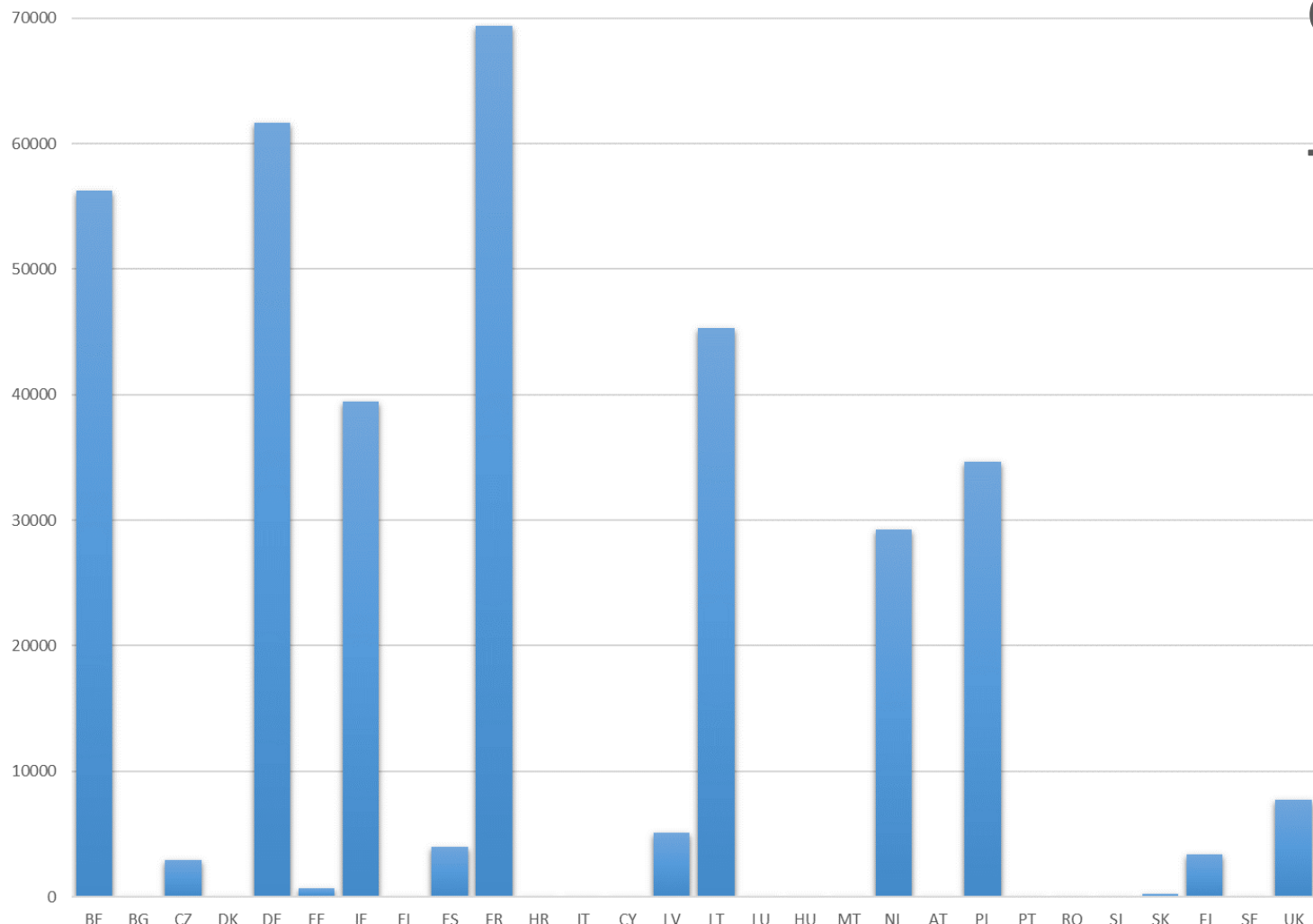
03/2018

-4100 T



04/2018

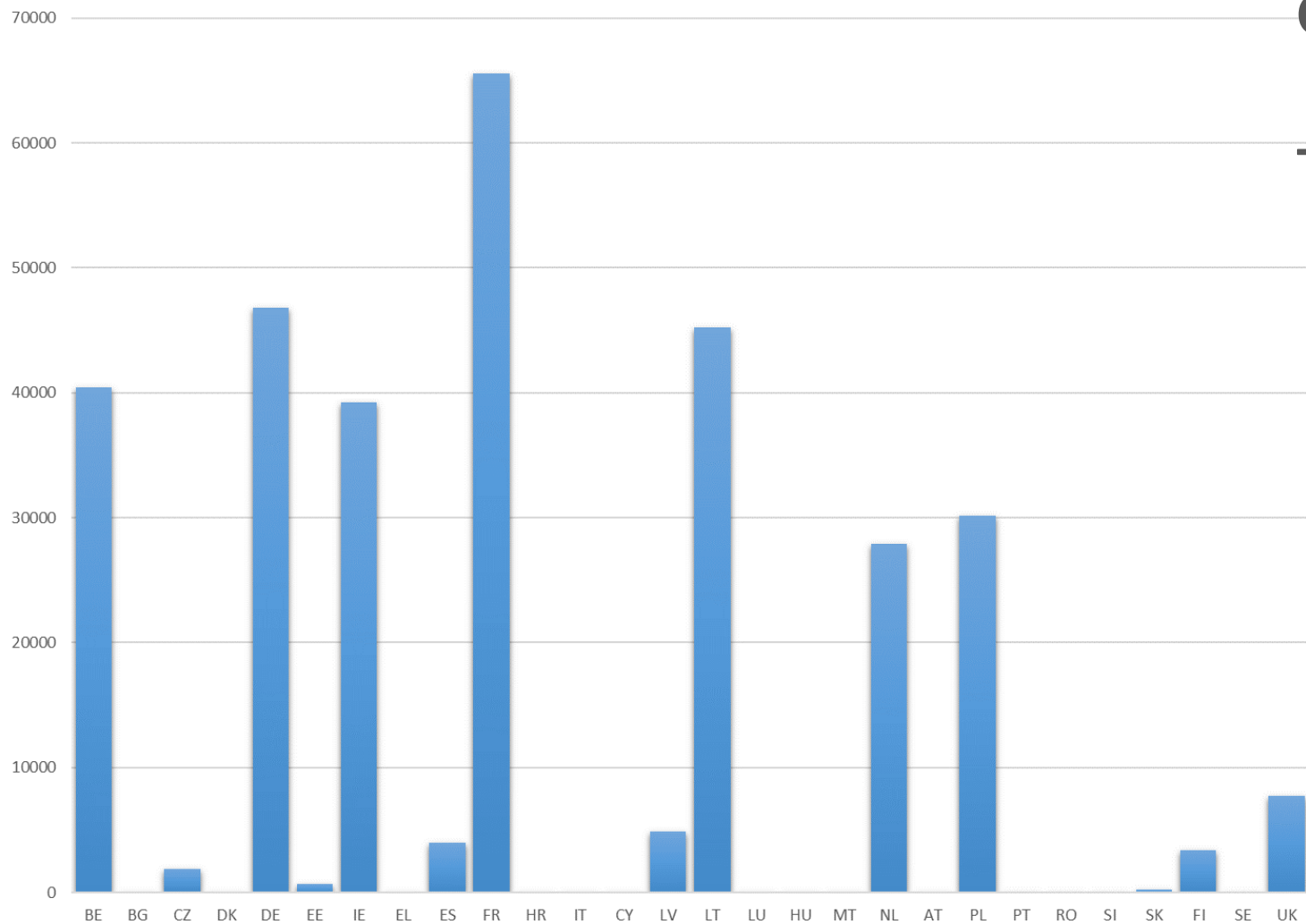
-24000 T





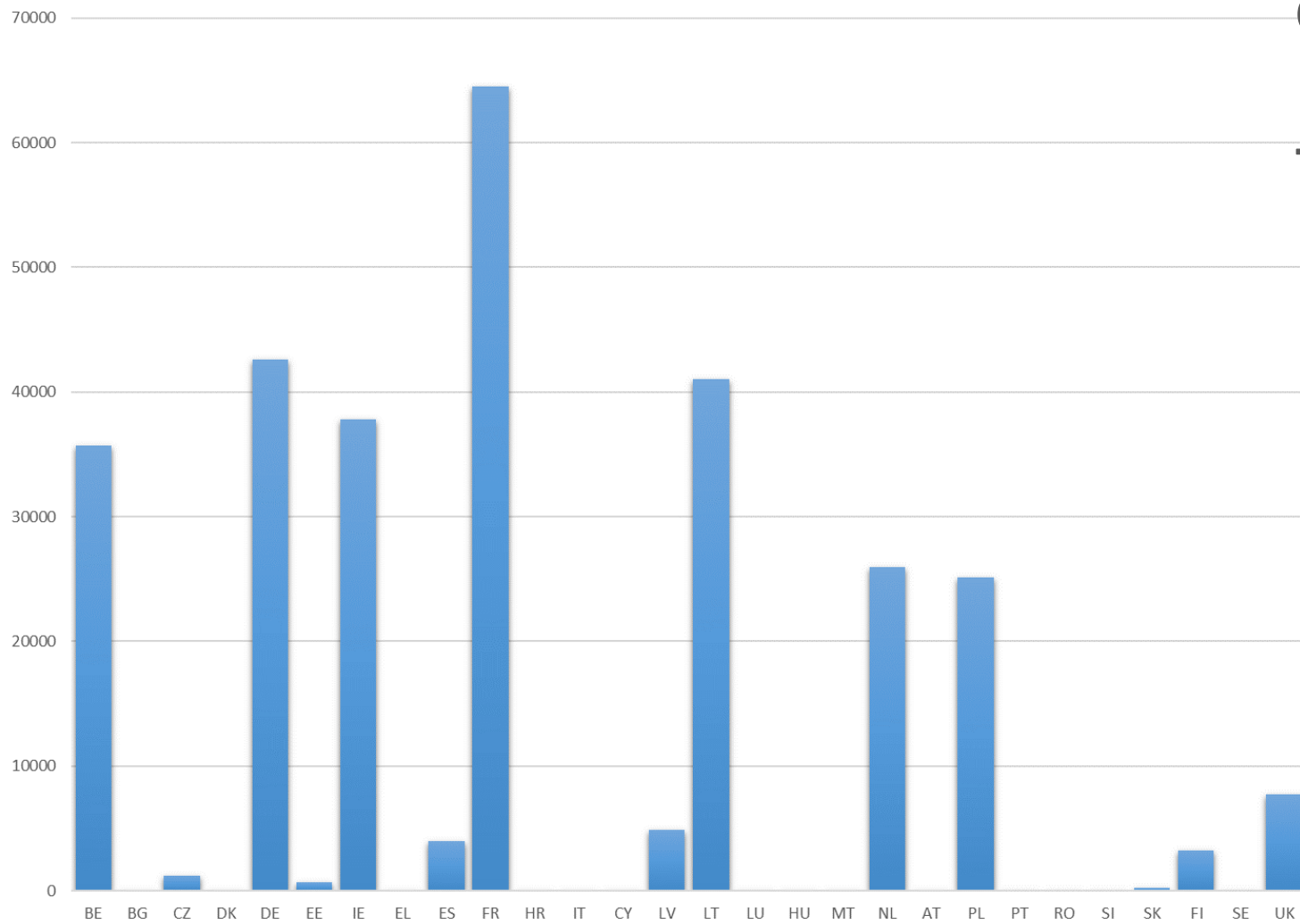
05/2018

-42000 T



06/2018

-24000 T



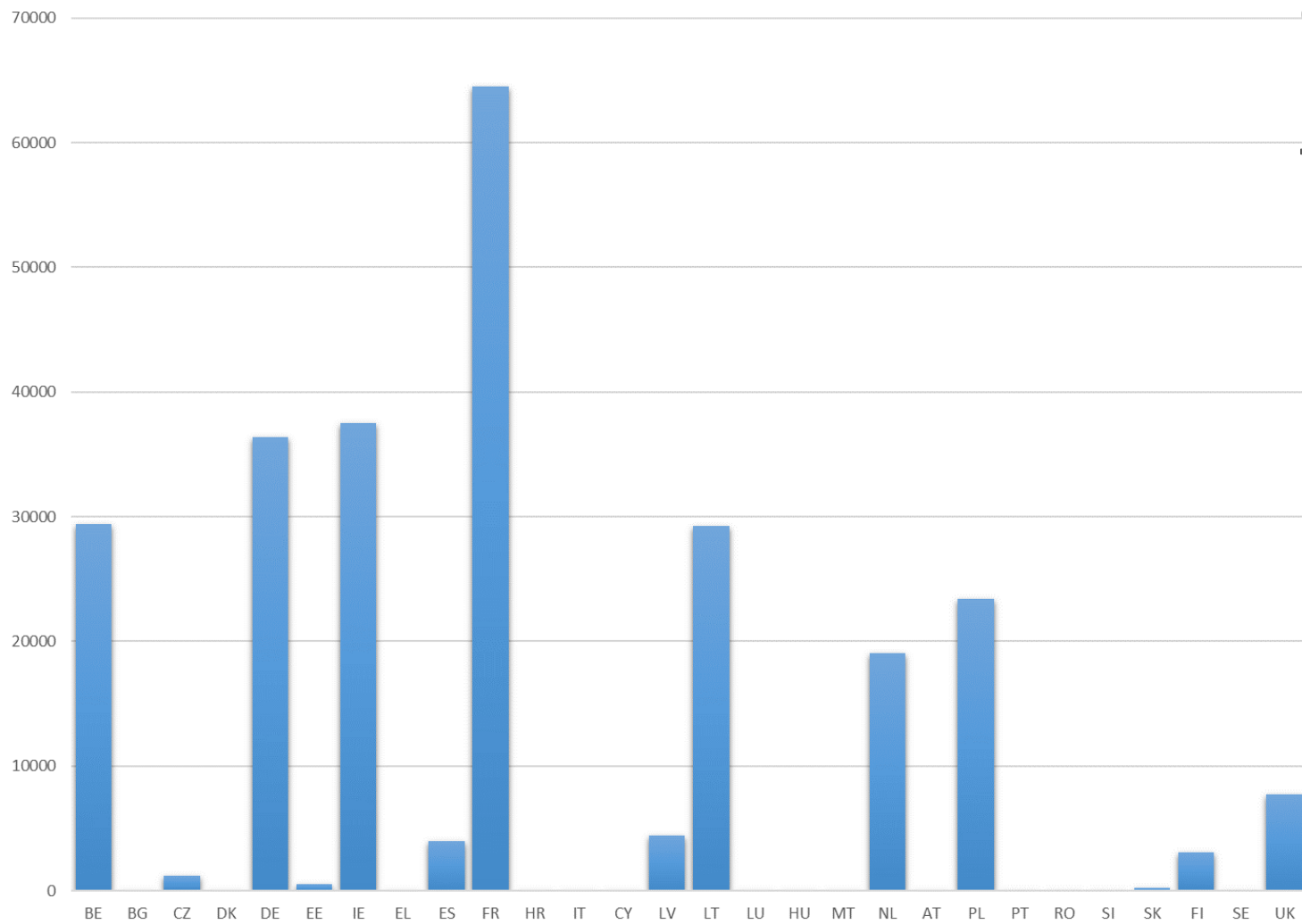
07/2018

-2400 T



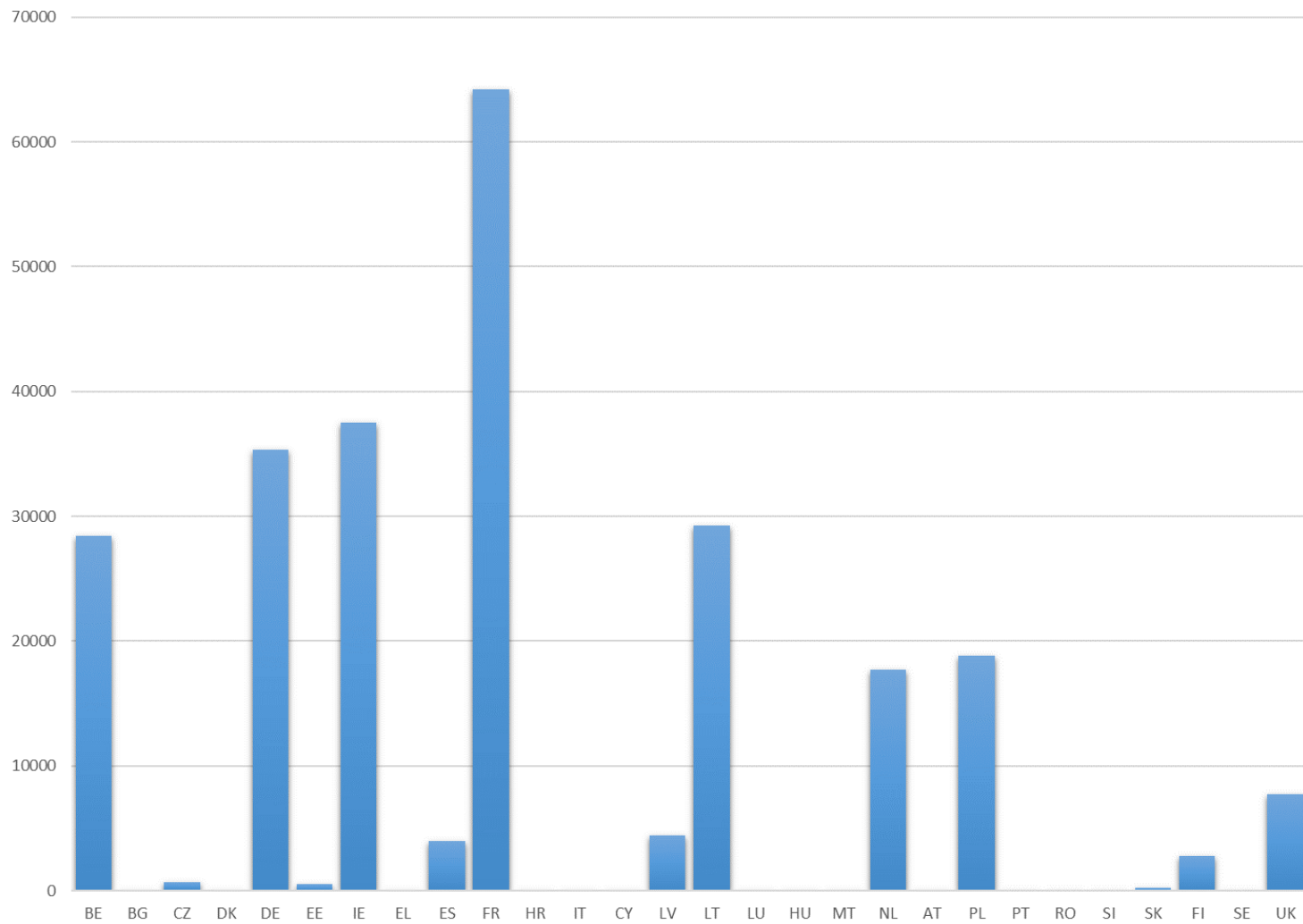
08/2018

-31500 T



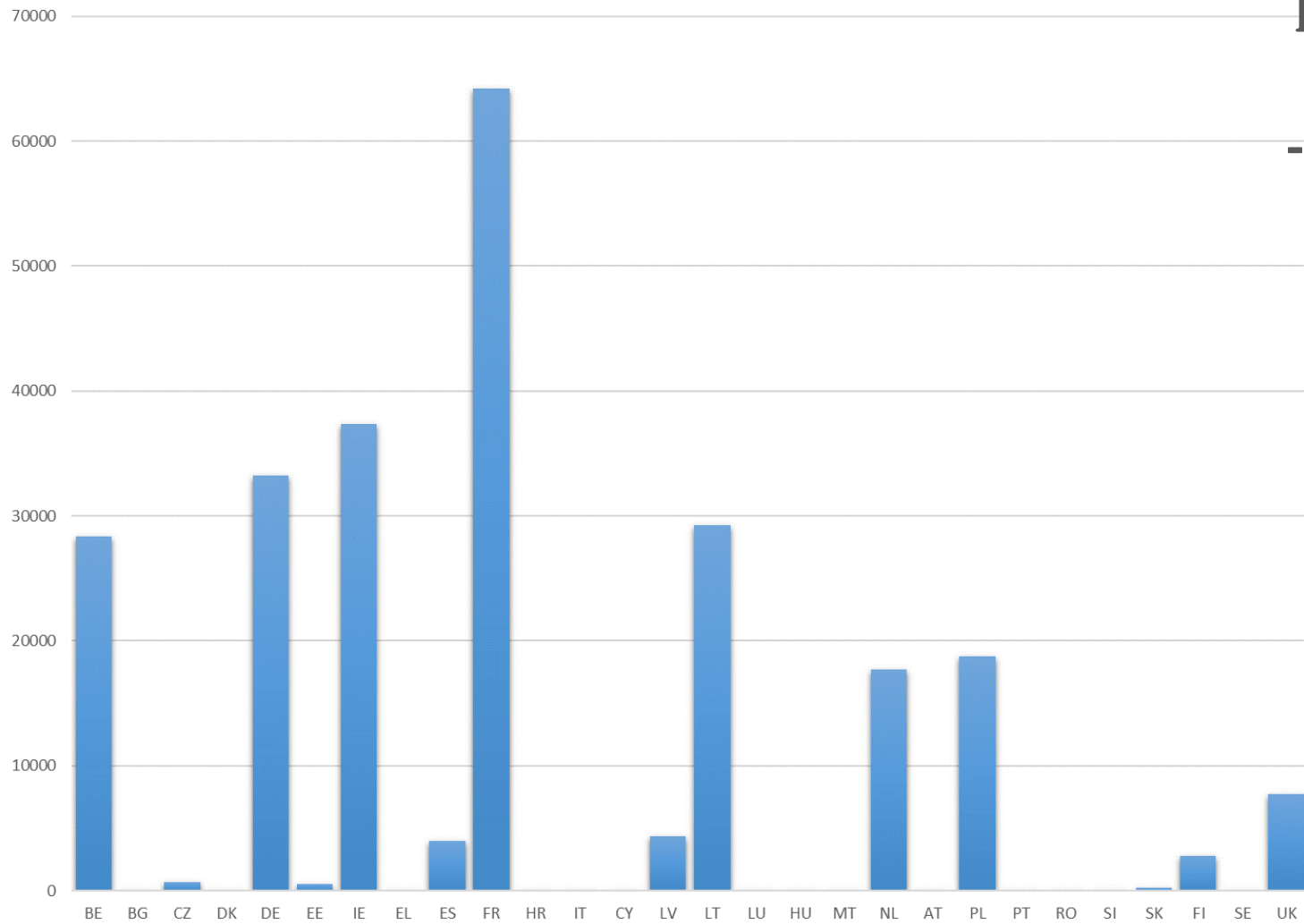
09/2018

-9000 T



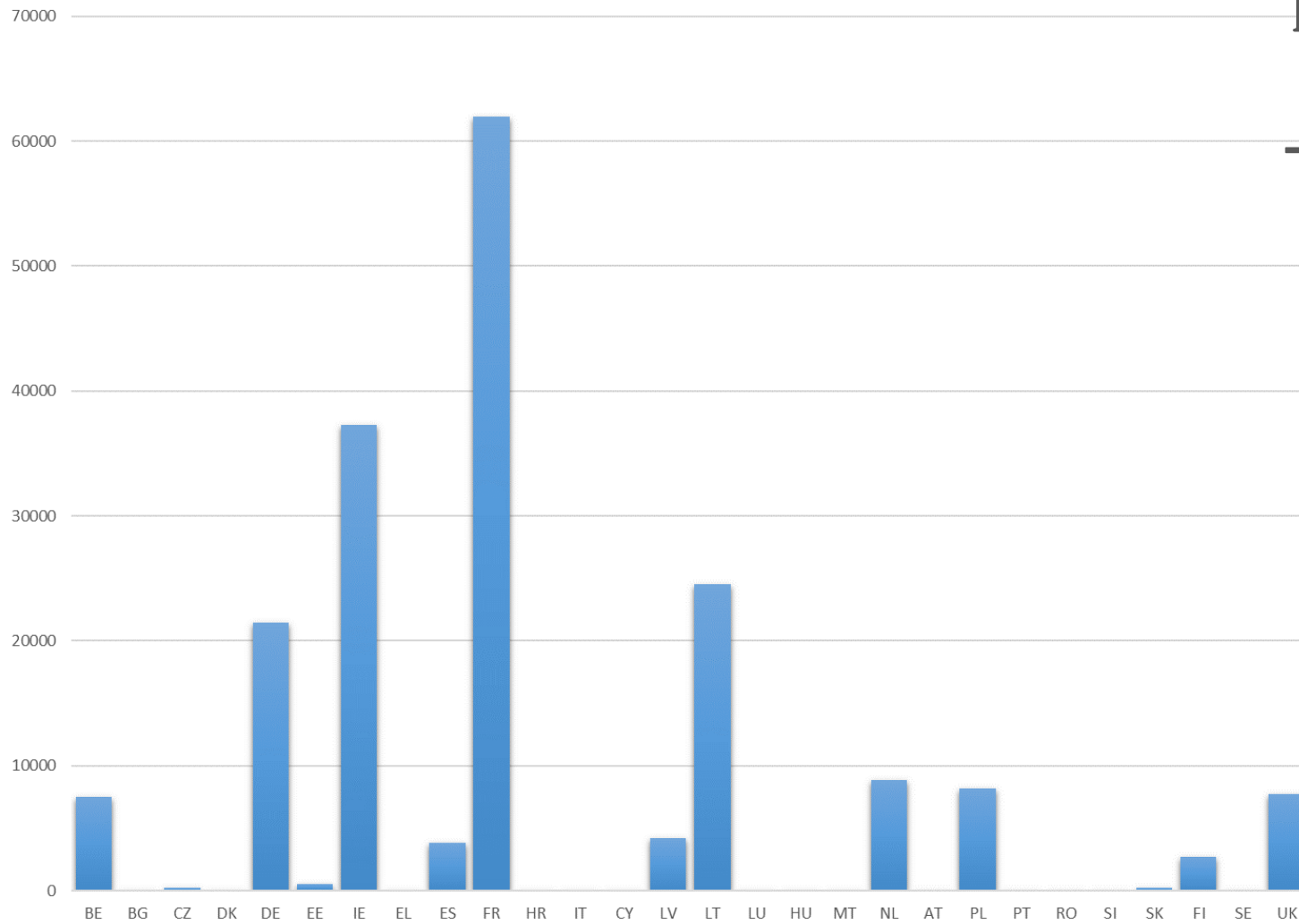
10/2018

-2500 T



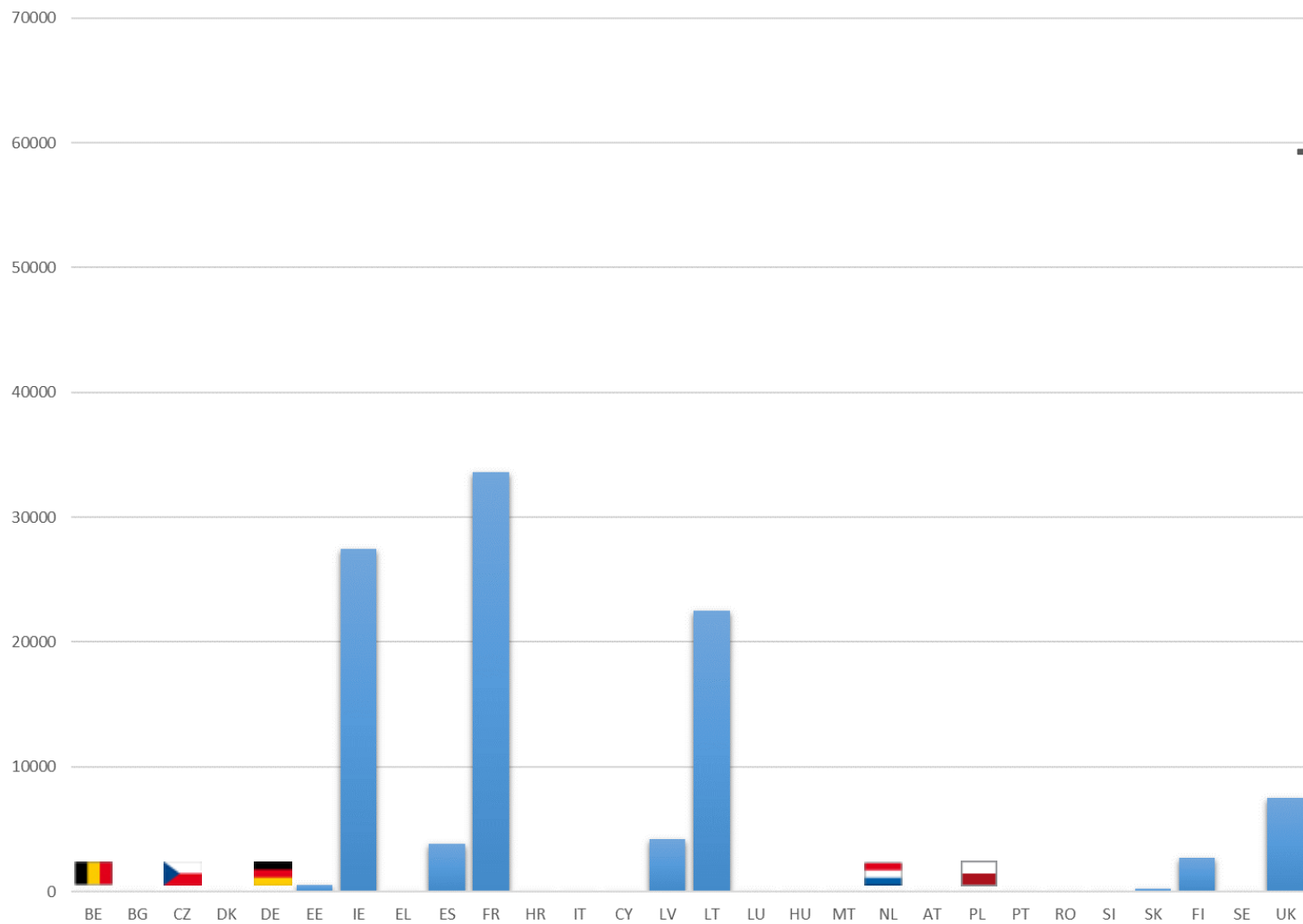
11/2018

-60 000 T



12/2018

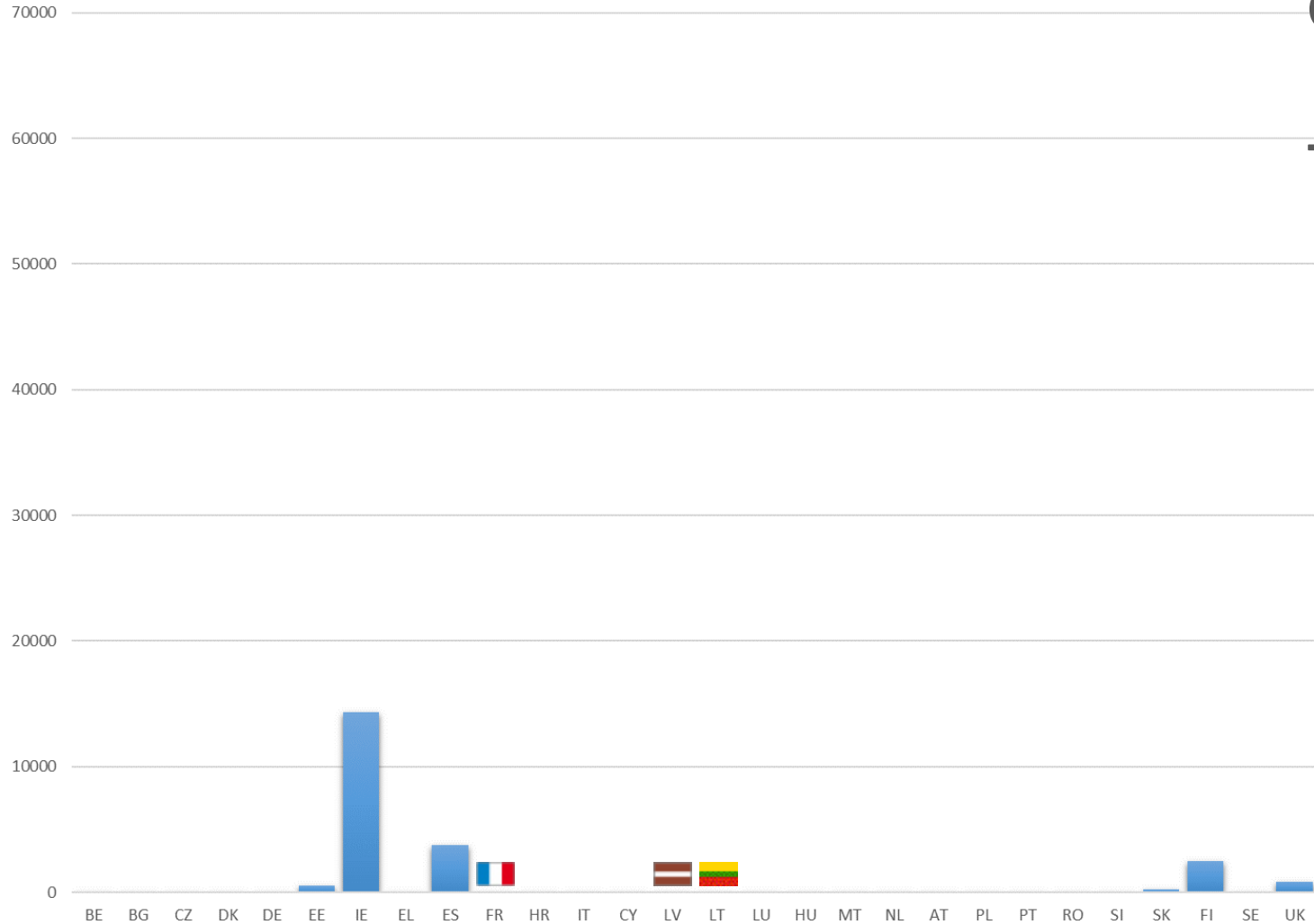
-87000 T





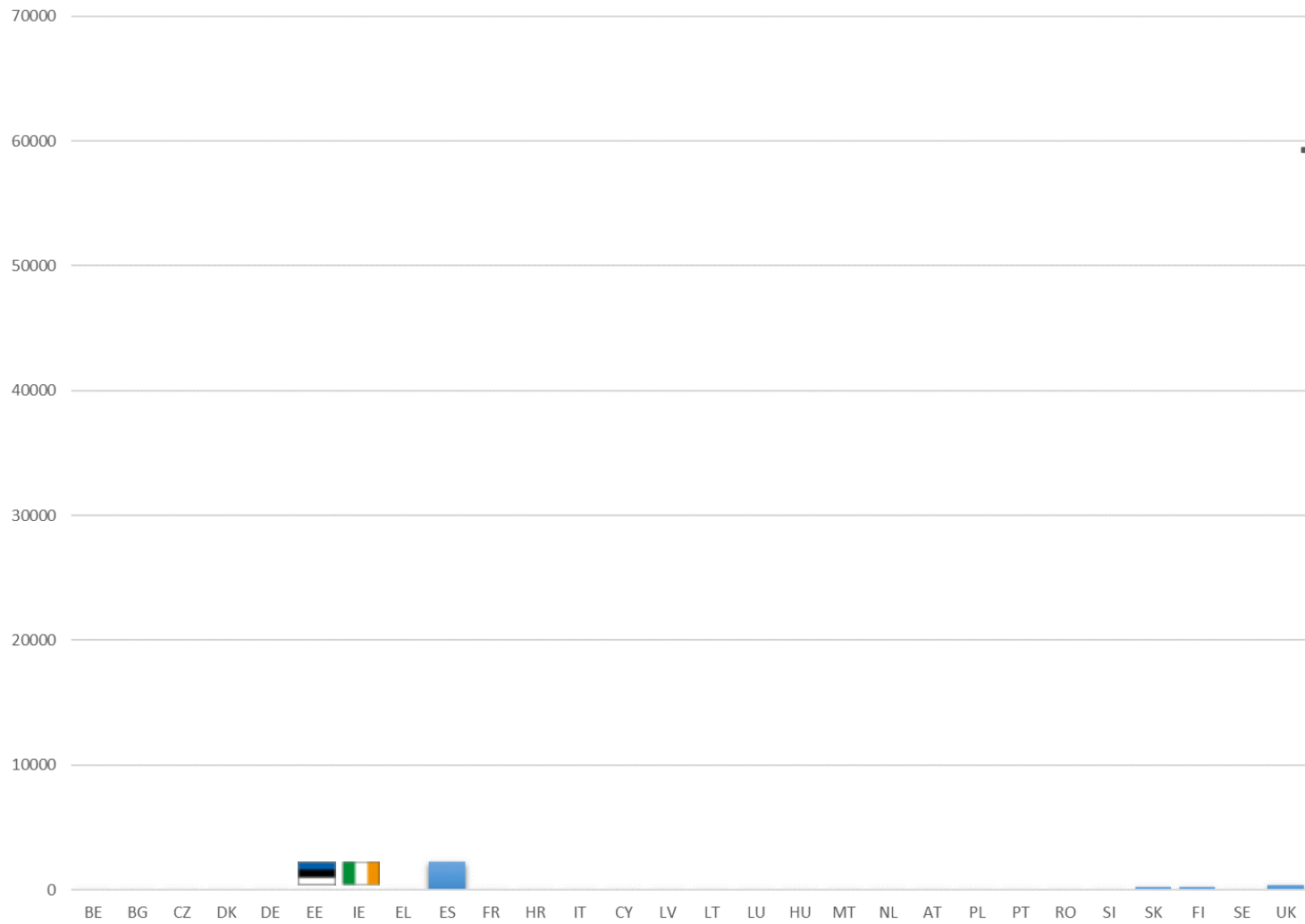
01/2019

-80000 T



02/2019

-19000 T



03/2019

-2000 T



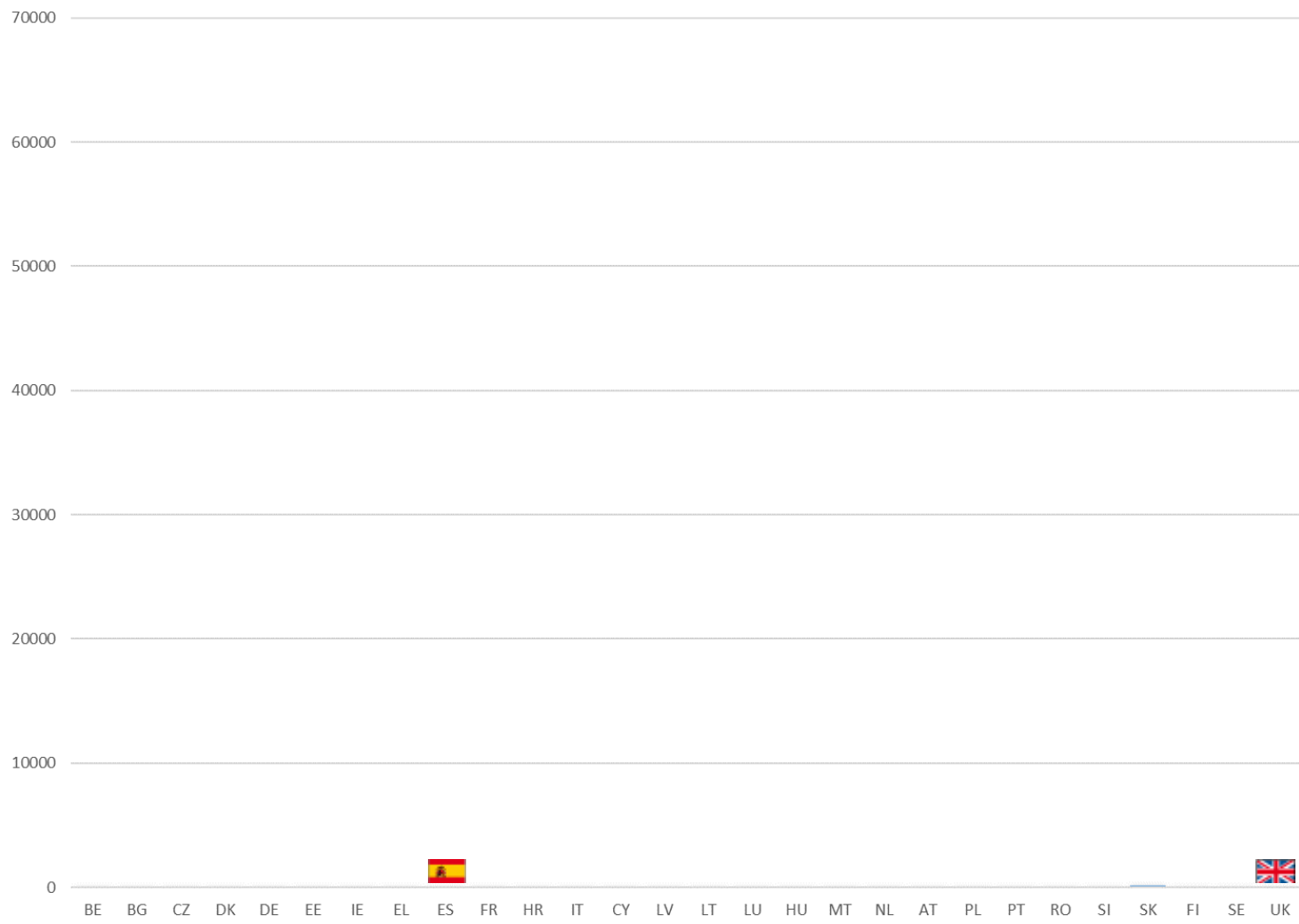
04/2019

-33 T



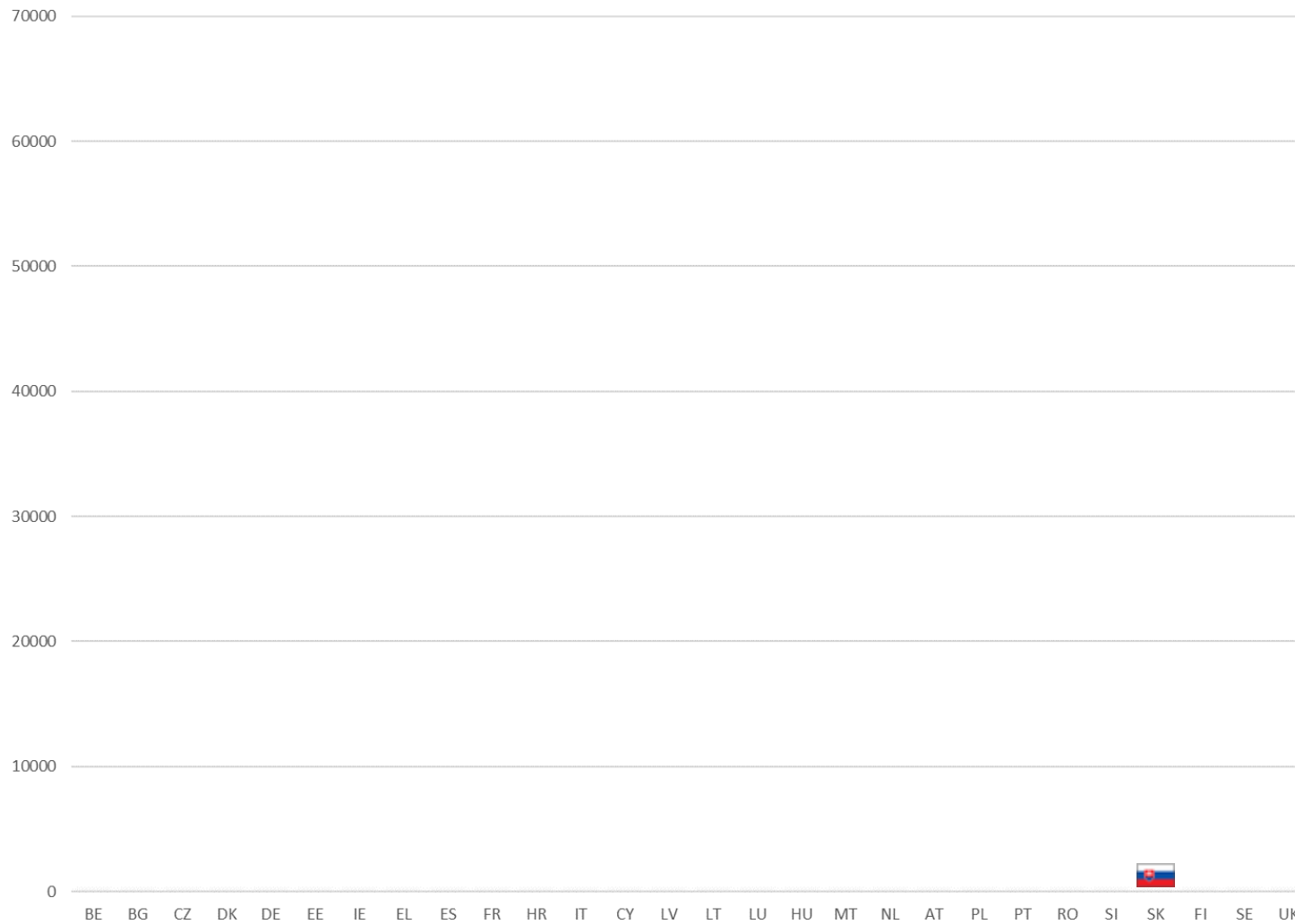
05/2019

-925 T



06/2019

-162 T



# **ANNEX 2**

## **Milk Market Situation**

***LTO Nederland***

# Milk market situation

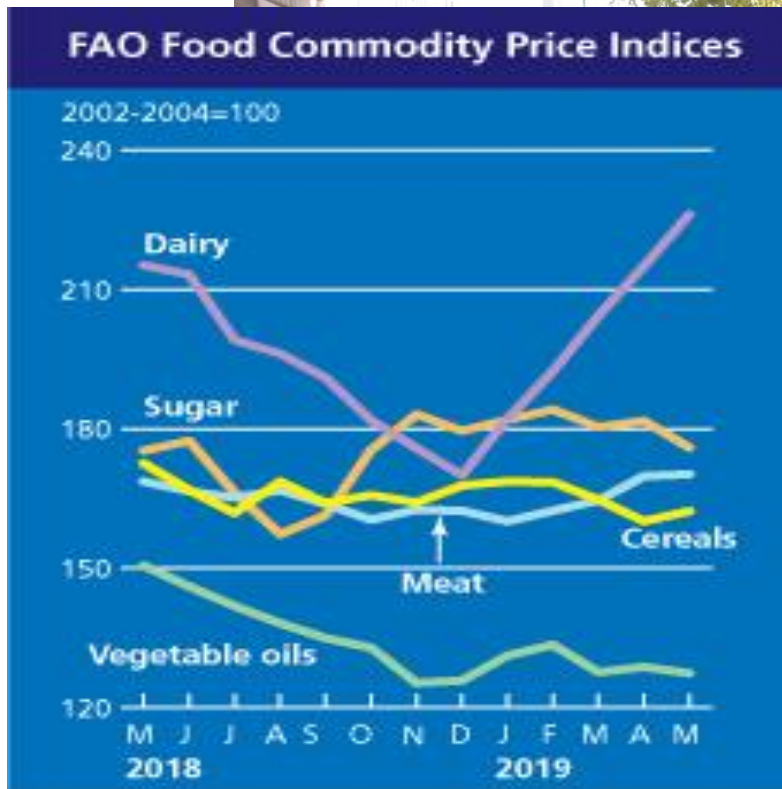


1. Milk Prices
2. Production
3. Futures, indices
4. Conclusions
5. Farmers' sentiment

**June 28, 2019**



# 1. The big picture....



# African Swine Fever impacts on markets

ASF is reducing China's and Vietnamese pig herds at an alarming rate.

Total reduction in Chinese pork herd 25%. China is responsible for 50% of global pork production. A 25% reduction equates to 12.5% of world output.

China seeks to replace lost output. Chinese beef imports have rocketed. In April, China imported 130,000 tonnes up 75% compared to April 2018. Chinese beef prices were up 8% in April.

Rabobank: *“Further escalations in beef prices could trigger accelerated culling of dairy cows, which would then stall milk production growth in China, resulting in greater imports”*



Picture taken in Vietnam, June 12

*LTO International comparison  
of producer prices for milk*

# 2018



*prezzi di latte • melkprizen • prix du lait • molkeprizen  
milch preise • milk prices • maelke priser • maidon hinnat*

**LTO** Nederland

**ZuivelNL**  
KETENORGANISATIE VAN DE ZUIVELSECTOR



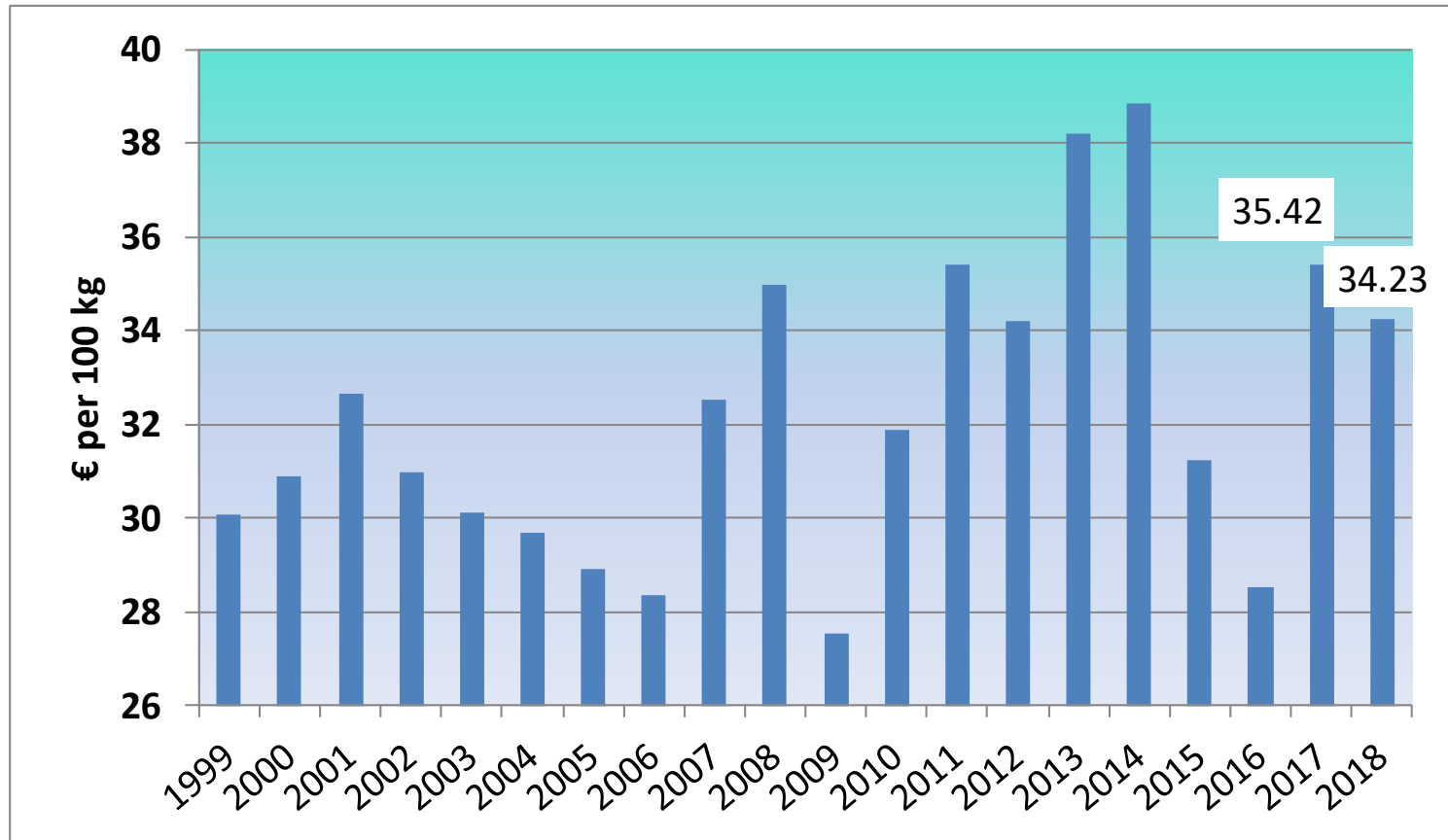
**ZuivelNL**  
KETENORGANISATIE VAN DE ZUIVELSECTOR



<http://milkprices.nl/>



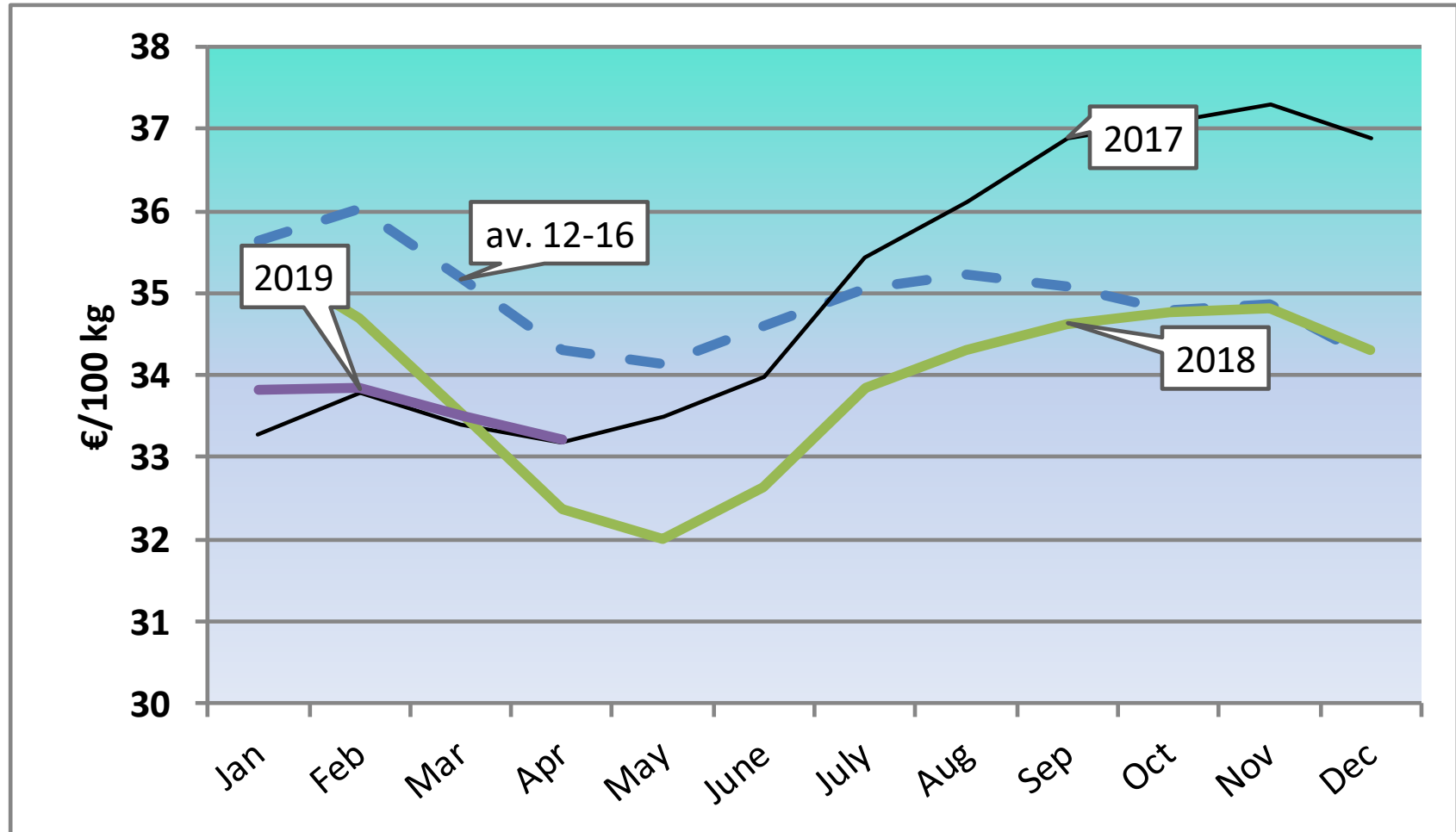
## 2018 was an average year



## Milk prices 2018 and 2017

Company	Country	2018		2017		2018-2017	2018/2017	National currency
Granarolo (North)	IT	38.36	1	39.81	1	-1.45	-3.6%	
Valio	FI	36.74	2	36.64	4	0.10	0.3%	
FrieslandCampina	NL	36.07	3	38.56	2	-2.50	-6.5%	
Arla Foods DK	DK	35.48	4	36.46	5	-0.98	-2.7%	-2.5%
Royal A-ware	NL	35.13	5	37.95	3	-2.82	-7.4%	
Sodiaal (Pas de Calais)	FR	34.93	6	34.37	10	0.55	1.6%	
Danone (Pas de Calais)	FR	34.55	7	34.47	9	0.08	0.2%	
Lactalis (Pays de la Loire)	FR	33.98	8	33.55	16	0.43	1.3%	
Hochwald Milch eG	DE	33.74	9	34.08	14	-0.35	-1.0%	
Savencia (Basse Normandie)	FR	33.69	10	33.93	15	-0.24	-0.7%	
Müller (Leppersdorf)	DE	33.02	11	35.38	8	-2.36	-6.7%	
DMK Deutsches Milchkontor eG	DE	32.91	12	35.65	7	-2.74	-7.7%	
Dairygold	IE	32.75	13	34.26	13	-1.51	-4.4%	
Milcobel	BE	32.72	14	35.75	6	-3.03	-8.5%	
Dairy Crest (Davidstow)	UK	32.67	15	32.65	17	0.02	0.1%	1.0%
Glanbia	IE	32.59	16	34.31	12	-1.72	-5.0%	
Kerry Agribusiness	IE	32.51	17	34.31	11	-1.80	-5.3%	
<b>Average milk price</b>		<b>34.23</b>		<b>35.42</b>		<b>-1.19</b>	<b>-3.4%</b>	
Emmi	CH	48.25		51.88		-3.64	-7.0%	-3.1%
Fonterra	NZ	29.40		31.63		-2.24	-7.1%	0.3%
USA class III	US	31.49		36.22		-4.73	-13.1%	-8.4%

# LTO milk prices average



# Farm gate milk prices € per 100 kg standardised milk



Dairy Company		April 2019	Rank	Rolling average (12 months)	Rank	Changes in May/June	Most recent profit payment
GRANAROLO (North)	ITA	38.84	1	37.96	1		
FRIESLANDCAMPINA	NLD	35.48	2	35.66	2	+0.50; -0.75	0.57
SAVENCIA (BASSE NORMANDIE)	FRA	34.94	3	34.16	7		
VALIO	FIN	34.91	4	34.91	4		0.92
LACTALIS (PAYS DE LA LOIRE)	FRA	34.50	5	34.56	5		
DANONE (PAS DE CALAIS)	FRA	34.37	6	34.49	6		
SODIAAL (PAS DE CALAIS)	FRA	34.09	7	34.93	3		0.23
ARLA FOODS	DK	32.63	8	33.26	9	0.00, 0.00	2.30
MÜLLER (LEPPERSDORF)	DEU	32.47	9	32.48	8		
HOCHWALD MILCH eG	DEU	31.94	10	32.82	7		0.02
MILCOBEL	BEL	31.72	11	33.15	10		0.24
DMK DEUTSCHES MILCHKONTOR eG	DEU	31.71	12	32.91	11		
KERRY AGRIBUSINESS	IRL	31.41	13	32.39	13		
DAIRY CREST (DAVIDSTOW)	UK	30.93	14	32.66	12		
DAIRYGOLD	IRL	30.80	15	32.01	14		
GLANBIA	IRL	30.68	16	31.83	15		0.40
VREUGDENHIL	NL						
Average		33.21		33.76			
EMMI	CH	47.38		49.36			
FONTERRA	NZ	29.43		29.02			
USA Class III (USDA)	USA	35.89		32.78			

Deliveries 1 million kg / year, 4.2% fat

[milkprices.nl](http://milkprices.nl)

# Comparison of milk prices has become more difficult



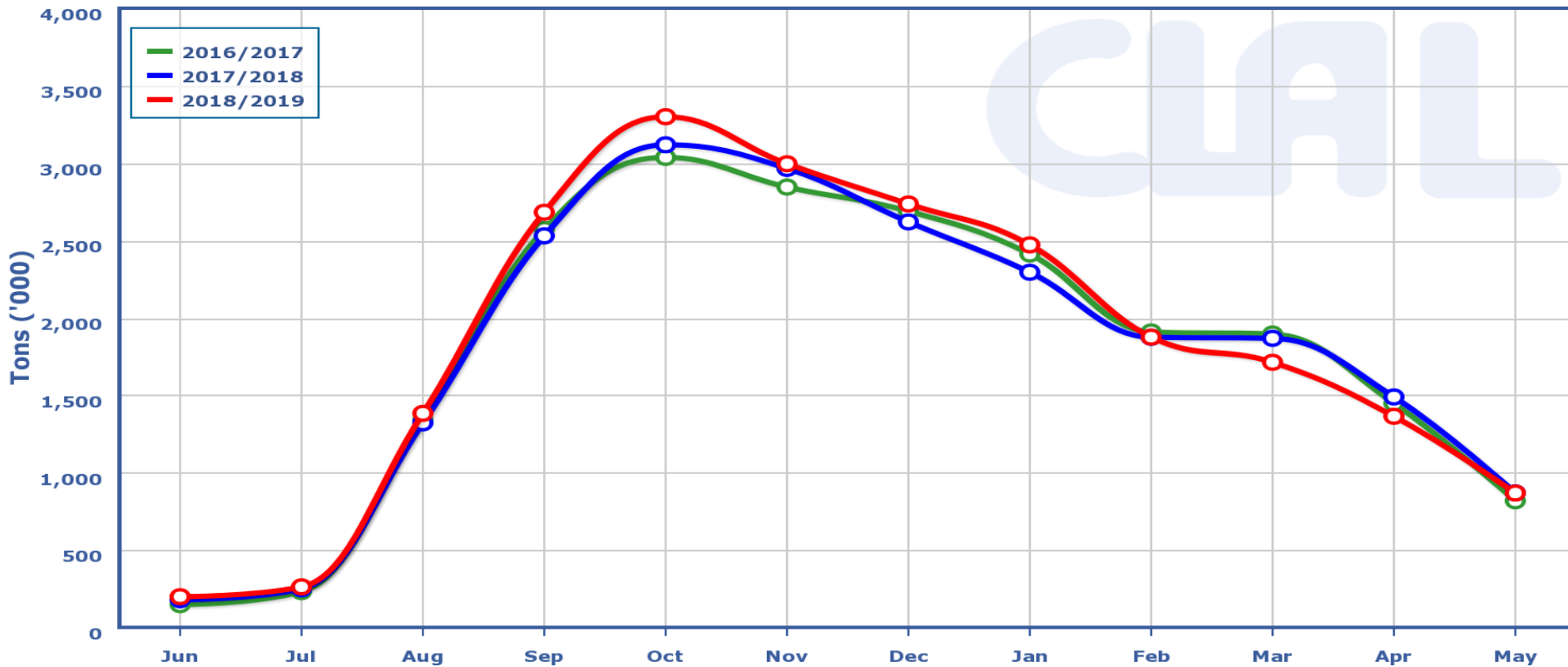


# 2. Milk production

New Zealand 2018-2019: +2.3%

**New Zealand - Triennial overview of monthly Milk production**

Source: DCANZ

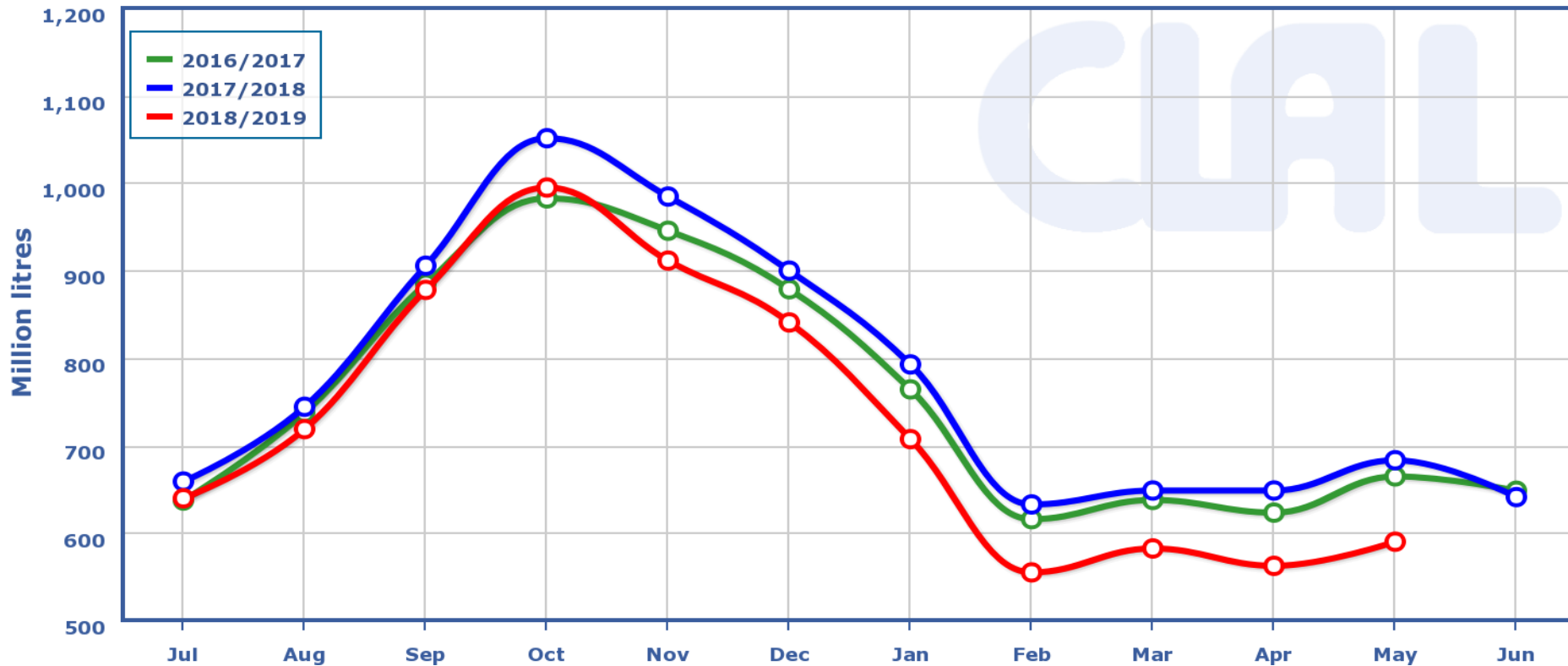


# Milk production (2)

Australia: 2018-2019 -7.7%

Australia - Triennial overview of monthly Milk production

Source: Dairy Australia



# Production Mercosur (3)...



2018:

- Argentina production +4.2% year-on-year
- Uruguay production +7.2%

Mostly H1 2018!

2019 first quarter:

- Argentina production -6.3%
- Uruguay production -9.1%
- Brazil: +3%, but imports +23% Jan-April 2019

Expectation: less exports from this region in 2019

# Milk production (4)

United States: no growth

USDA (y-o-y):

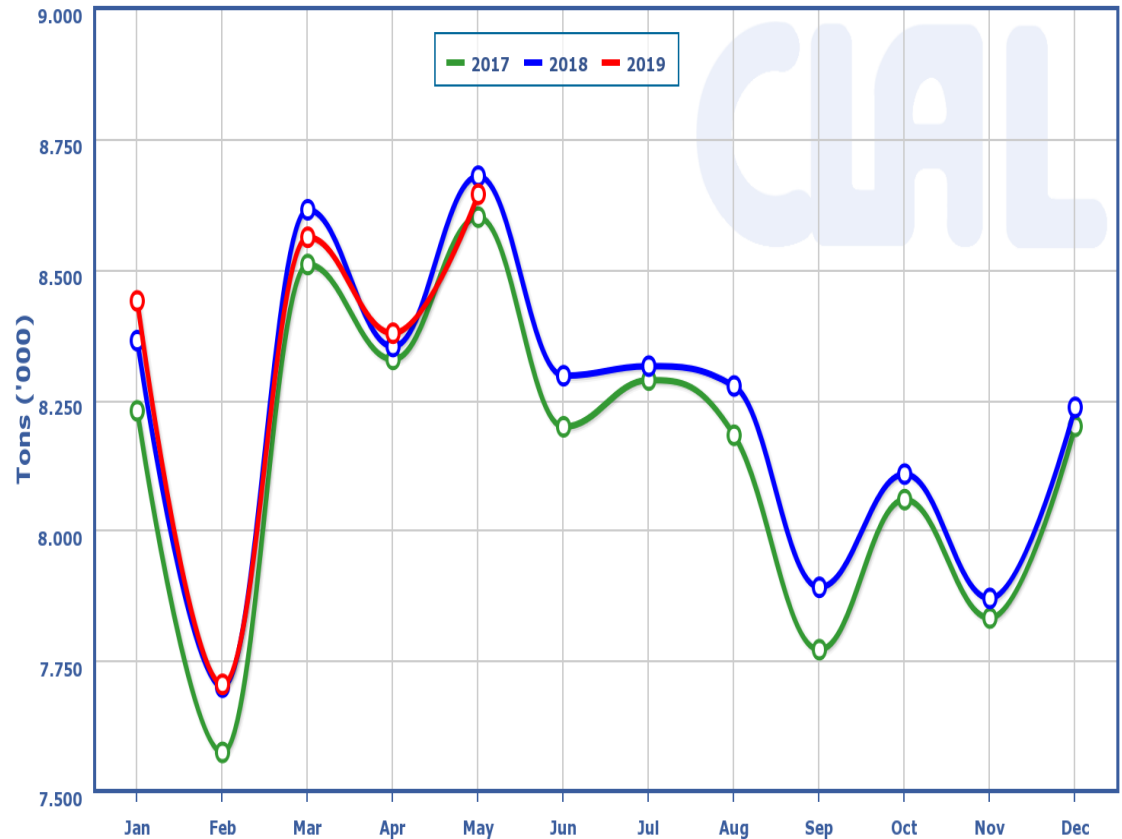
March: -0.6%

April: +0.1%

May: -0.4%

US: Triennial overview of monthly Milk production

Source: National Agricultural Statistics Service



# Milk production (5)



## EU – latest data:

Germany

France

UK

Netherlands

Ireland

Portugal

Belgium

Lithuania

Finland

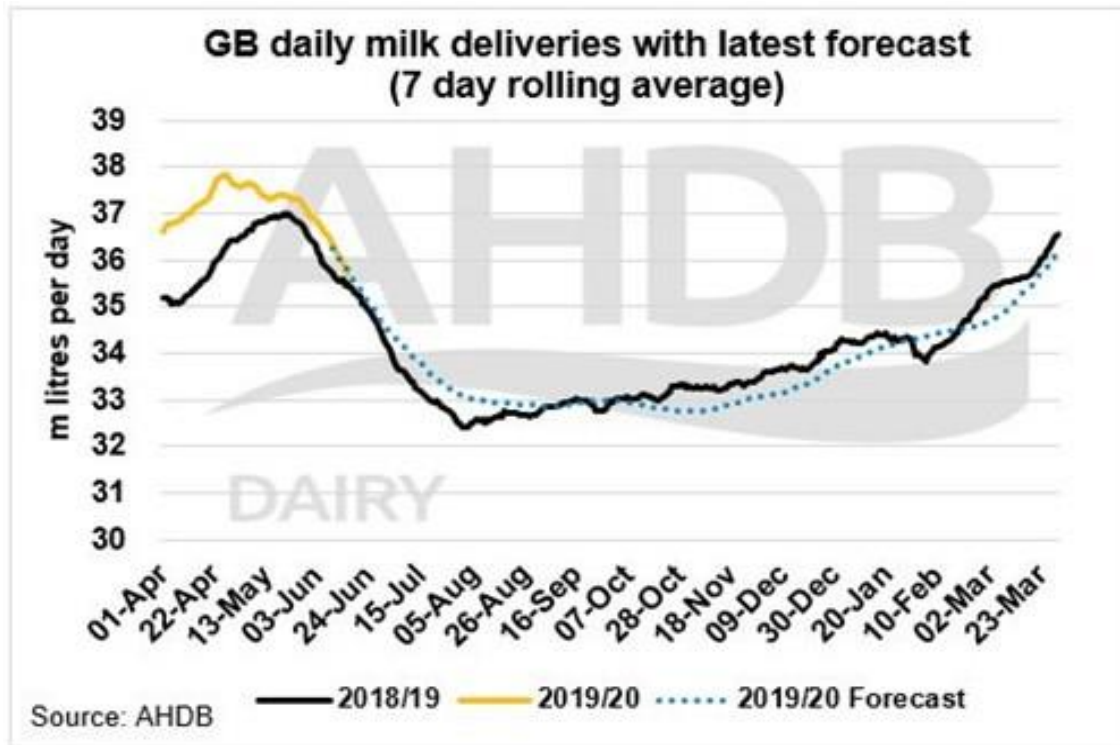
Austria

Slovenia

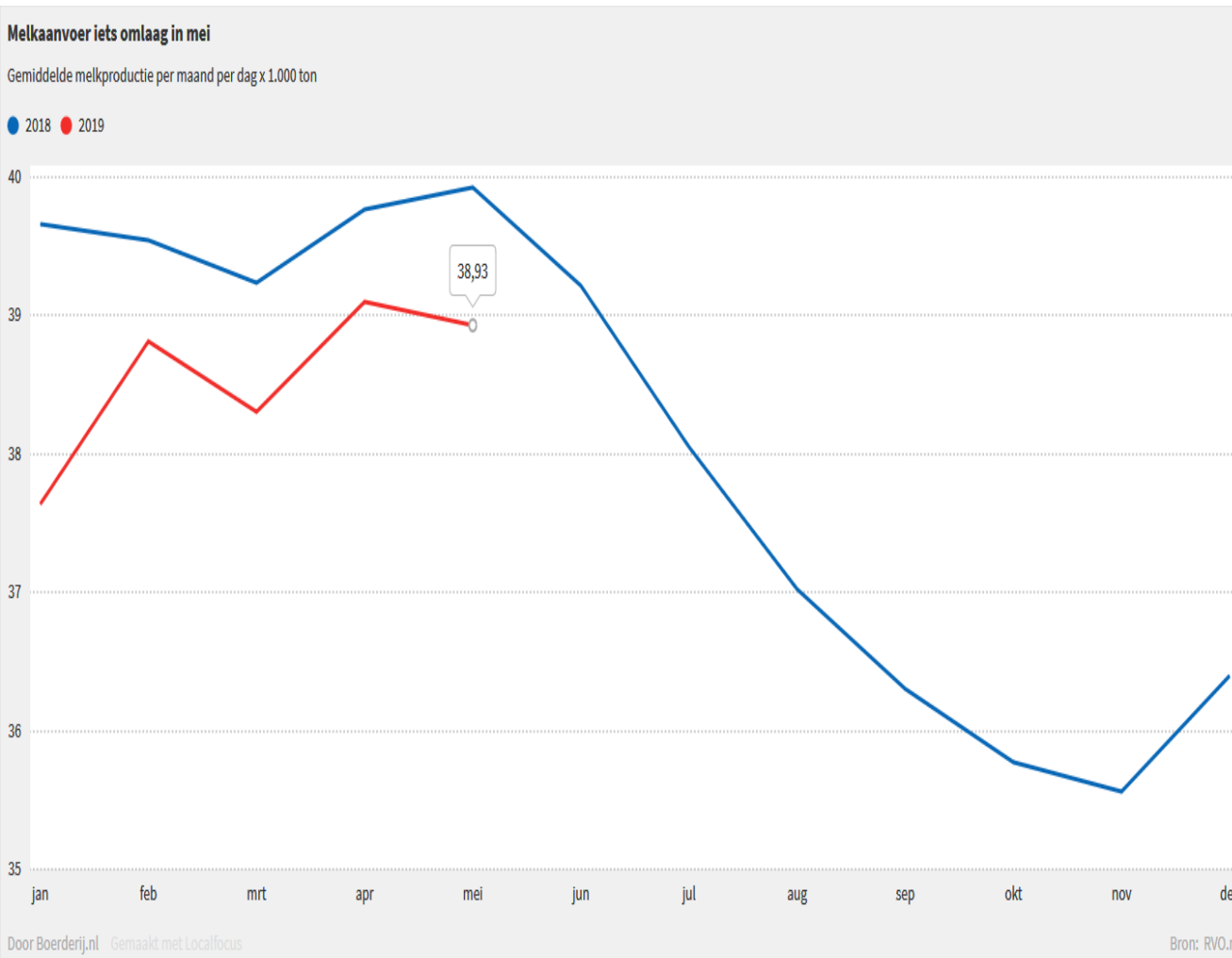
# Germany & France milk production (year-on-year)

Week	Germany	France
Week 24	-1.0%	
Week 23	-0.8%	+0.3%
Week 22	-0.6%	+0.2%
Week 21	-1.9%	-1.0%
Week 20	-1.4%	-1.0%
Week 19	-1.3%	-0,4%
Week 18		-1.0%
Week 17		-0.7%

# Great Britain (y-o-y)



# Netherlands milk production



Jan-May 2019:

-2.7% (milk)

-2.3% (fat)

May 2019:

-2.5%

-0.3% (fat)



# Lithuania

Milk prices May 27.9 ct/kg (-7,3 % on April 2019)

Production in May: 119m kg, -5.8 % on May 2018,

Production January - May: -0.9 % y-o-y

Costs are increasing because of severe drought this year. In Lithuania drought rises for a second spring in a row.

# Belgium

Production:

April +3,5% production year-on-year

January-April +1.9%



# Finland

Production:

January- May: *966m litres, incl. organic milk (-1.0%).*

Estimate for 2019 is 2,251m litres, -1.5%

*Average producer price 37,60 c/l*

In the 1<sup>st</sup> quarter of the year 2019, feedstuffs were 12% more expensive than a year before. The costs of fuels increased by 5%, fertilizers by 3% and electricity by 11%.

# Portugal

Production: -2% for the months January-April 2019 on the same months of 2018.

Trend: slight decrease

Milk price: € 31.32/100 kg (mainland)

Price trend: stable

# Slovenia

Production in April: 46.8m kg (-2.6%)

Lower production since June last year, slowly recovering.

Slovenia had no issues with the last year's drought, corn yield was extraordinary, problems with cereals because of too much moist

Milk price: 32,40 ct/kg (April, +13,4 % year-on-year).  
This year's prices are in average 9 % higher than last year...

# Austria

## Prices:

- **Average Price:** 37.84 ct/kg
- **GMO free Quality:** 35.25 ct/kg
- **Organic Milk:** 45.13 ct/kg
- **Hay milk:** 39.60 ct/kg
- **Organic Hay milk:** 49.48 ct/kg

# Ireland: +11.8% (Jan-April)

Expectation for the year 2019 of 5.5% increase to 8,000m litres.

“Massive increase in 2018 production costs due to weather related fodder shortages. 2019 expected better as production conditions (weather) thus far has been very favourable.

Significant increases in unit prices, especially of feed, but also fertiliser, energy in fuel in the last 12 months.”

*Source: IFA*

# Summary EU milk production

Growth in Poland,  
Belgium, UK, Ireland

No production growth  
or less milk in France,  
Netherlands, Germany,  
Italy





# Milk production 2019

Calendar year 2019 (billion kg milk)

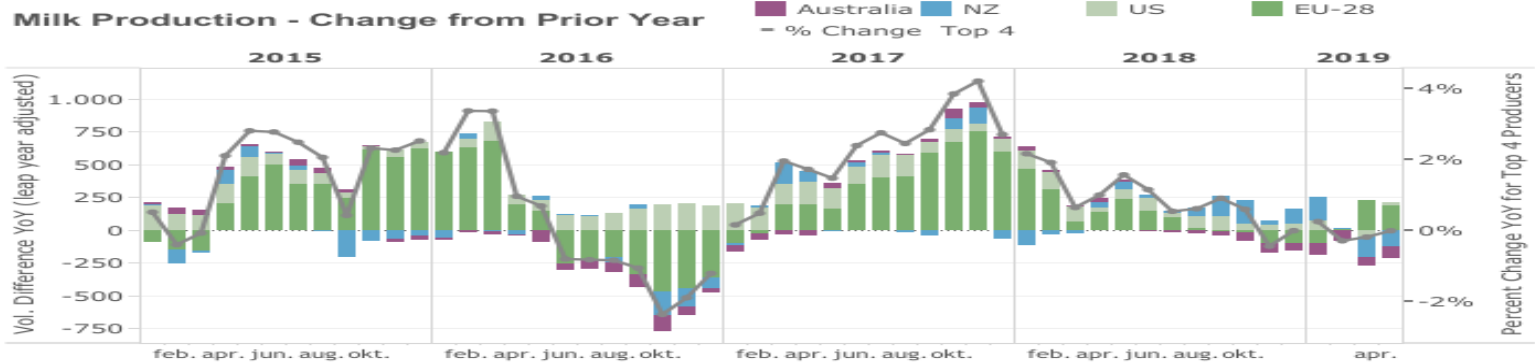
EU	+	1.5 (= +1%)
USA	+	0.5 (= +0.5%)
New Zealand	+	0.5 (= +2.5%) (2019/20)
Australia	-	0.2 (= -1%)
Argentina	+	0

**Total + 2.3 billion kg – low!**

(Volume of world market is about 60 bn kg)

# Hardly any milk production growth....

## Milk Production from Major Exporters (000 MT)



## NZ Milk Production



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	TOTAL
2012	2.208	1.874	1.737	1.479	802	131	195	1.218	2.436	2.994	2.848	2.595	7.298	20.517
2013	2.302	1.764	1.446	969	580	122	185	1.330	2.615	3.156	2.961	2.718	6.481	20.148
2014	2.473	1.973	1.764	1.287	719	136	195	1.390	2.752	3.299	3.045	2.809	7.497	21.842
2015	2.481	1.861	1.749	1.396	796	147	229	1.379	2.543	3.211	2.980	2.765	7.487	21.537
2016	2.428	1.966	1.735	1.361	824	147	231	1.342	2.570	3.036	2.845	2.689	7.490	21.174
2017	2.412	1.909	1.895	1.447	818	178	248	1.321	2.529	3.118	2.965	2.620	7.663	21.460
2018	2.294	1.874	1.867	1.489	869	198	262	1.383	2.682	3.299	2.995	2.735	7.524	21.947
2019	2.471	1.875	1.713	1.364									7.423	7.423

EU-28 is milk deliveries. Volumes converted to 30-day months for graphs. Source: USDA, EuroStat, DCANZ and Dairy Australia. Latest months may include USDEC estimates. Percent changes adjusted for leap day.

# 3. CME Chicago (27 June) contract Dec 2019



17,00 US\$ per 100 cwt is € 33.00 per 100 kg (3,5% fat)

# Some dairy quotations

*ZuivelNL* quotations June 26, 2019:

Butter, 25 kg cartons:	- €12.00	€ 368.00
WMP, 26% fat:	-€ 10.00	€ 276.00
SMP extra quality:	-€ 3.00	€ 204.00
SMP feed quality:	-€ 2.00	€ 187.00
Whey powder:	-€ 4.00	€ 67.00

Cheese Edam/Gouda: Hannover € 2.90-3.20 (stable, 26/6)

Milk spot price (*DCA*) € 0.335 (+0.015) (week 25)

*Ife-Rohstoffwert* € 32.00 (+1.40) (4% fat, May 2018)

# 4. Conclusions

Situation in balance mid-2019 – gap between proteïne and fat closing

Not much milk production growth but milk price development is disappointing, has global demand stalled?

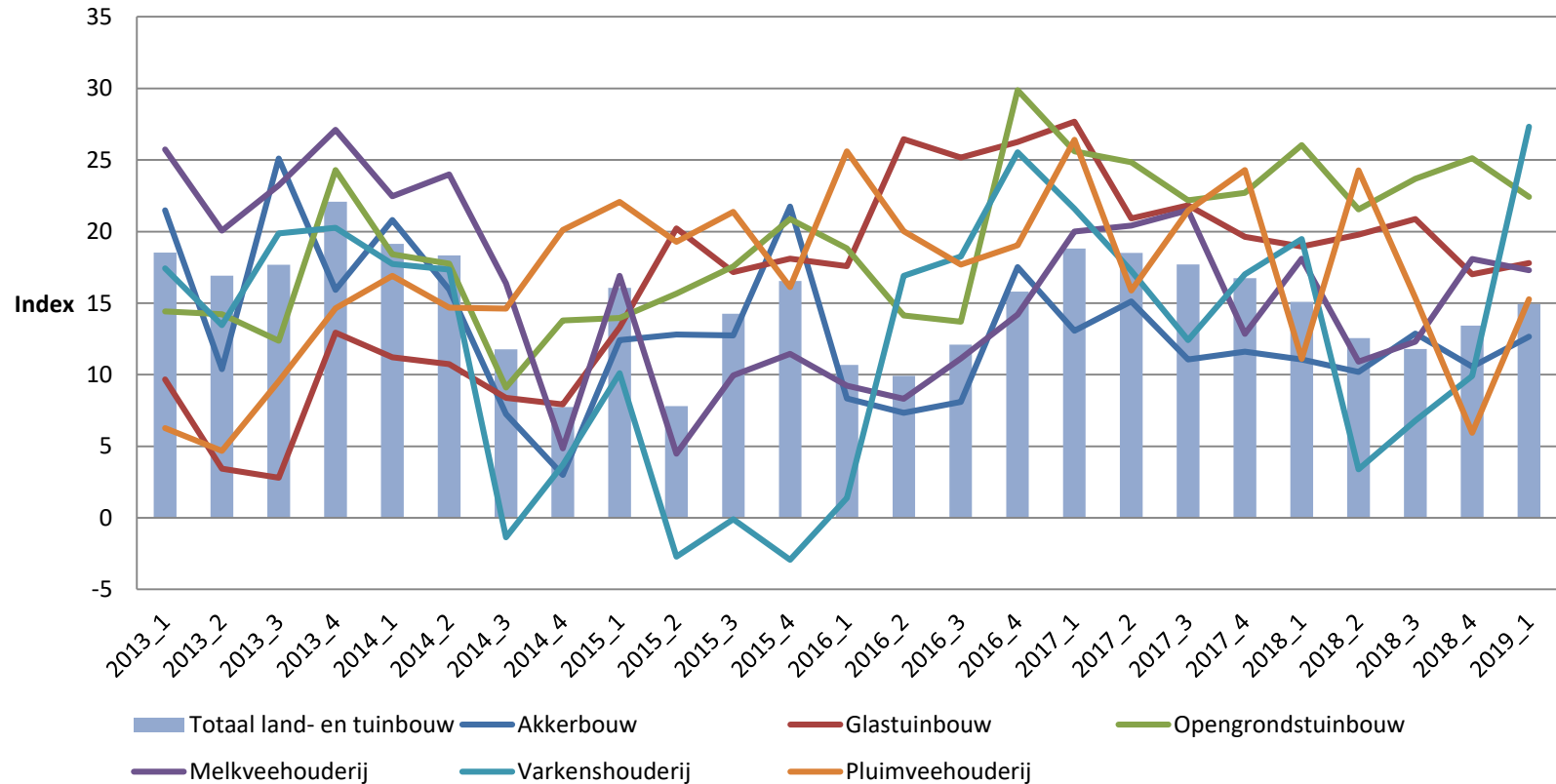
Impact of ASF in Asia on global food markets will be considerable



Brexit is going to last beyond October 31 (Halloween) ....

# 5. Farmers' confidence

## Agro Vertrouwensindex



Q1 2019



# Thank you for your attention

LTO Nederland



# **ANNEX 3**

## **EU dairy products monthly stock estimates at the end of April 2019**

***EDA***





**EU dairy products  
monthly stock estimates  
at the end of April 2019**

**Milk Market Observatory**

**Economic Board**

**June 28<sup>th</sup> , 2019**

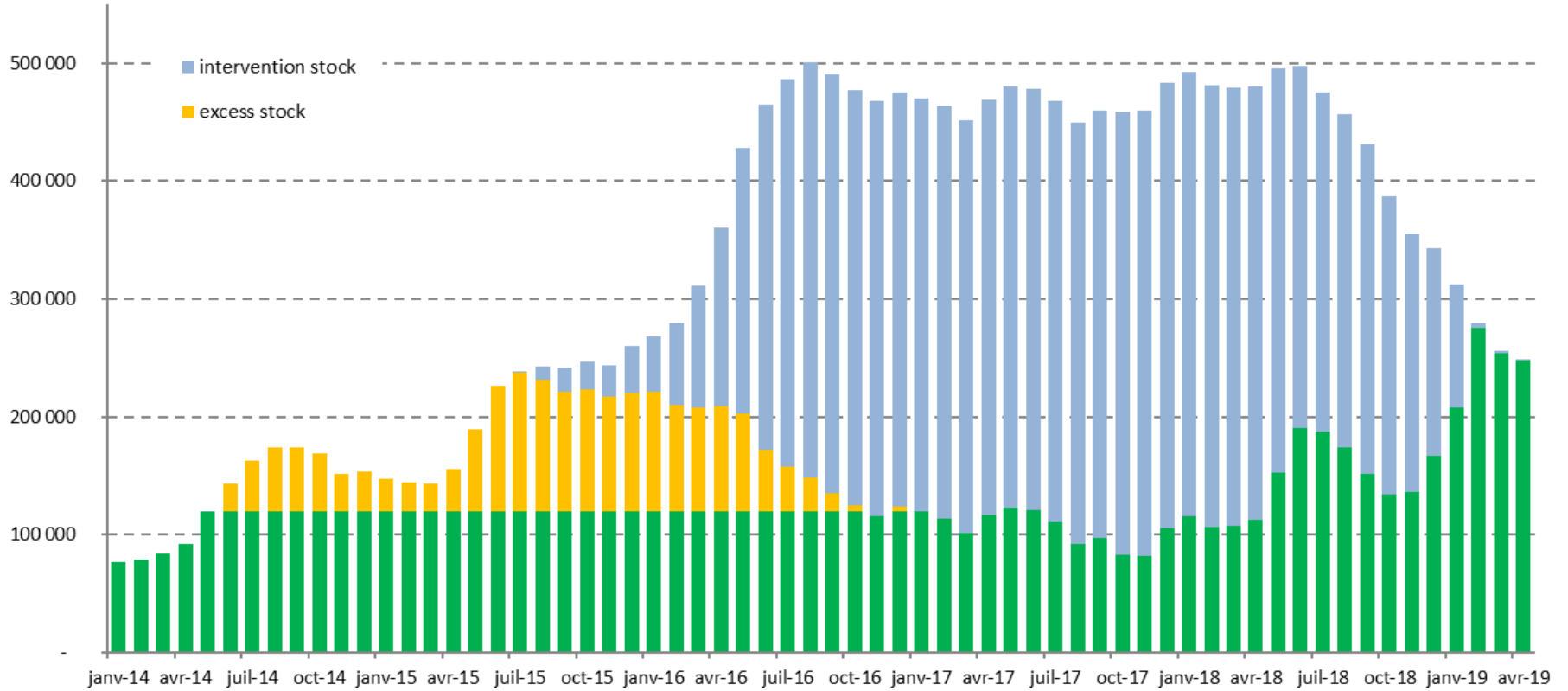
# Methodology

- For each dairy product and each month, the stock estimates are based on the equation:
  - **Stock variation** = EU production + EU import – EU internal consumption – 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.
- 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 parts in each graph mean that this stock level can be considered as normal for the month.
- The orange part means that this stock level can be considered as too high for the month.
- These qualifications are based on the EDA analysts' personal views and past market observations.

# European stock level estimates - SMP

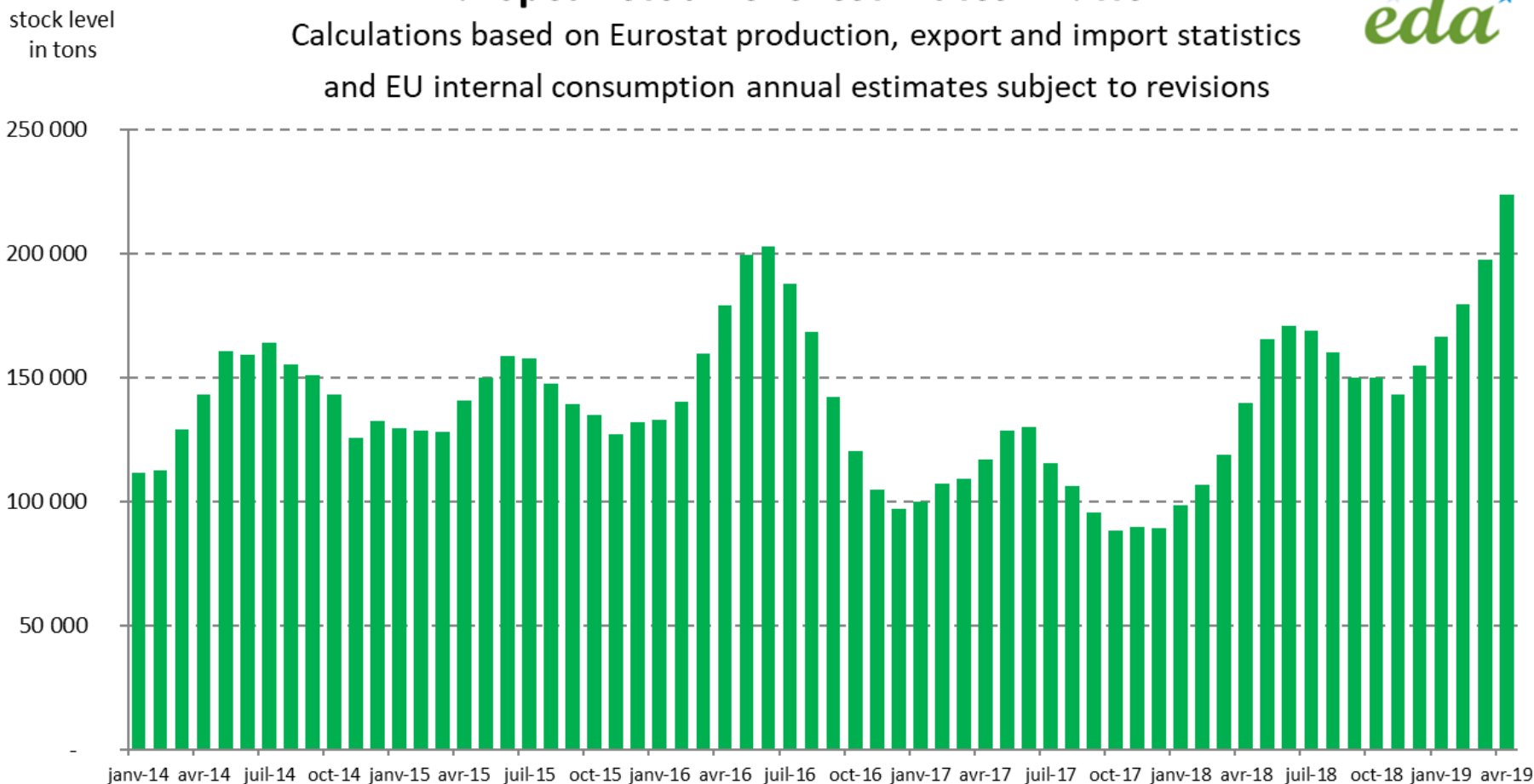
Calculations based on Eurostat production, export and import statistics and EU internal consumption annual estimates subject to revisions

stock level  
in tons



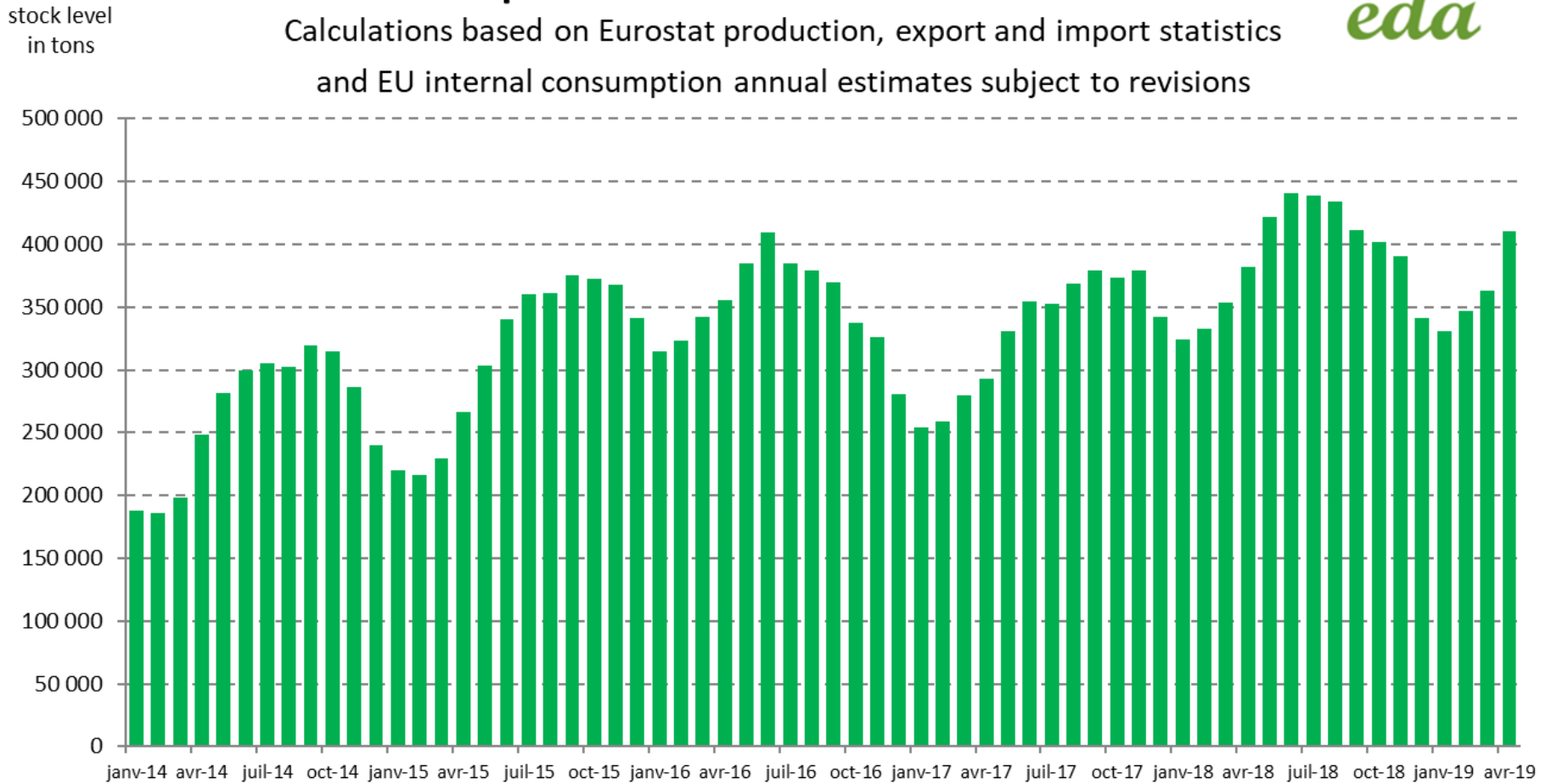
# European stock level estimates - Butter

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



# European stock level estimates - Cheese

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



# **ANNEX 4**

## **Perspectives from the Dairy Trade**

***Eucolait***



# **Perspectives from the Dairy Trade**

MMO Economic Board

28 June 2019



# Outline

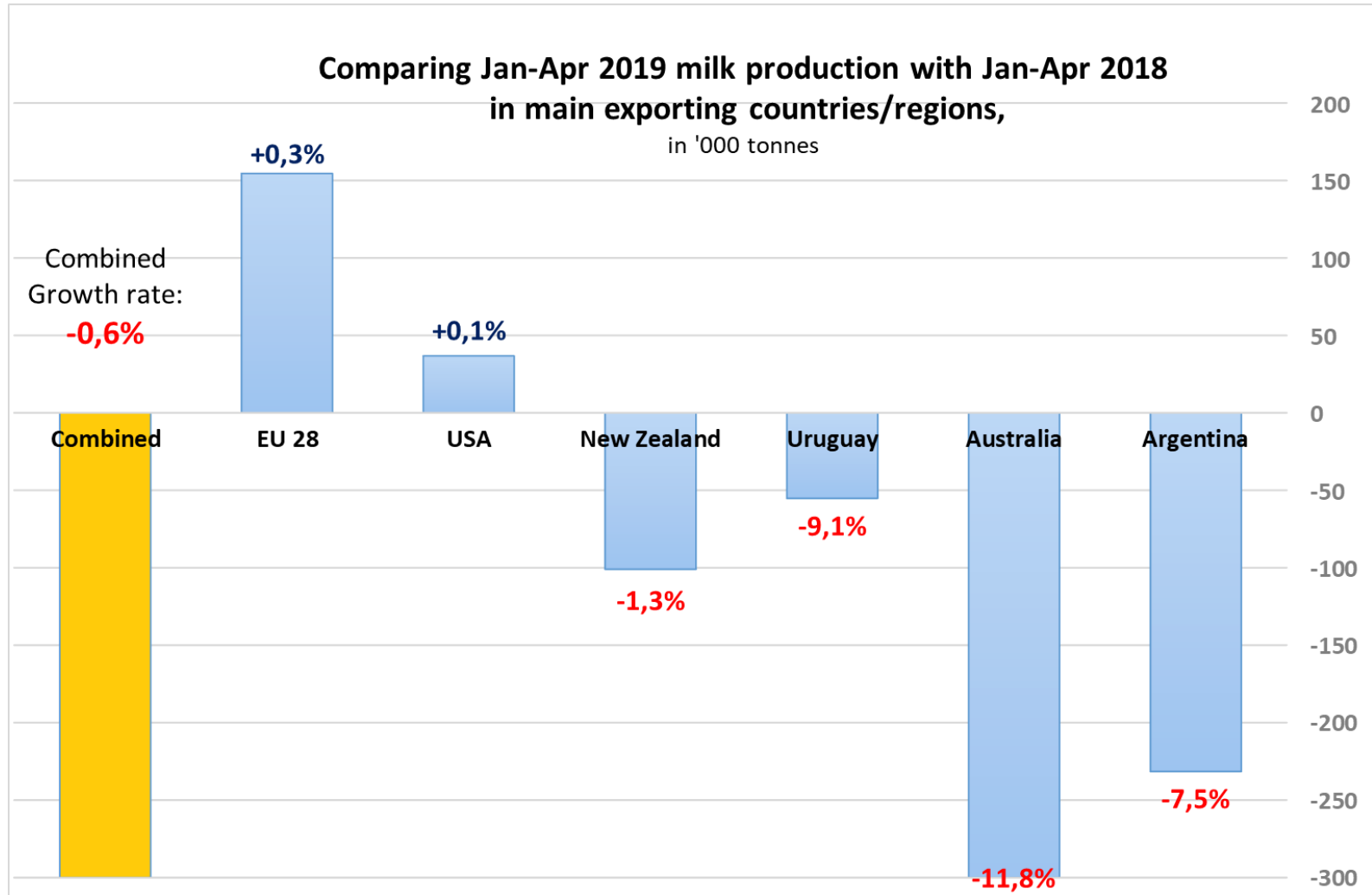
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- Global supply
- Global exports & demand
- Developments in key import markets
- Conclusions



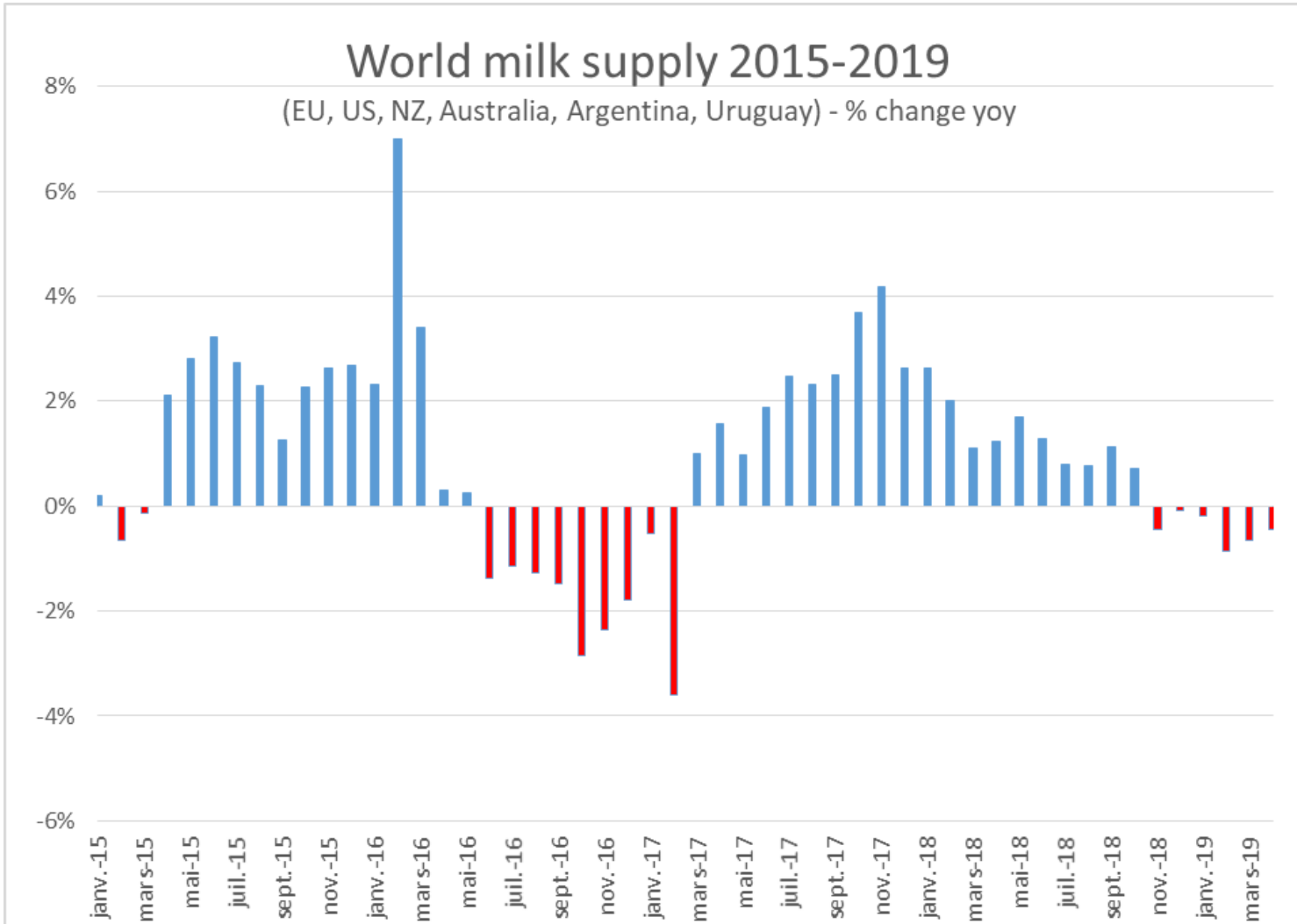


# Milk production in key export regions





# Milk production in key export regions





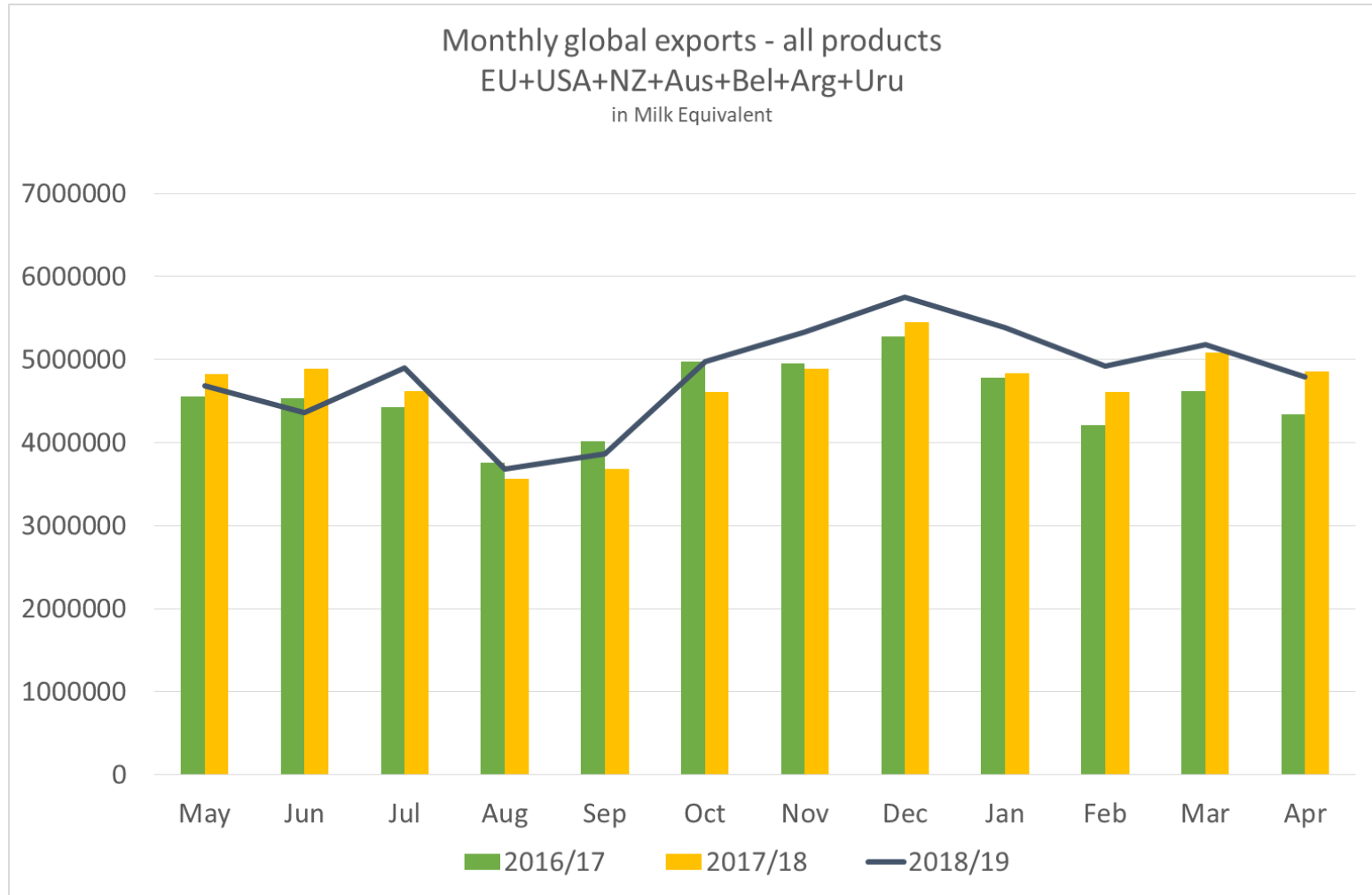
# Production outlook

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- **EU milk production is ramping up:** after falling for 5 consecutive months, EU milk flows increased in Mar (+1,3%) and April yoy (+1,1%). **Modest growth expected for the whole year 2019**
- **US milk collections were down by -0,4% in May** (2<sup>nd</sup> decline in the past three months), a diminished herd is likely limiting also growth potential in the months ahead, **USDA revised 2019 outlook down to +0,3%, 2020 outlook +1,7%**
- **NZ milk production experienced a sharp decline since March (after a strong first half of the season)** but bounced back to -0,1% in May yoy. Output decrease occurred due to very dry weather. This resulted in a total increase of **+2,3% for the 2018/19 season. Outlook: -1% in 2019**
- **Australia milk production continues to fall sharply (May yoy -13,6%, season to May -7,7%) and represents the lowest in 20 years**, drought conditions have a major impact, Outlook: more drought expected for the months to come
- **South America: milk production in 2019 was below 2018 levels**, Uruguay April yoy production -15,2%, Argentina April yoy production -5%, main reasons: challenging weather and economic stress in Argentina, Outlook: further declines are likely
- **Global milk supply:** overall supply was down in April (for the 7th month), Outlook: increase at a modest rate in H2 2019



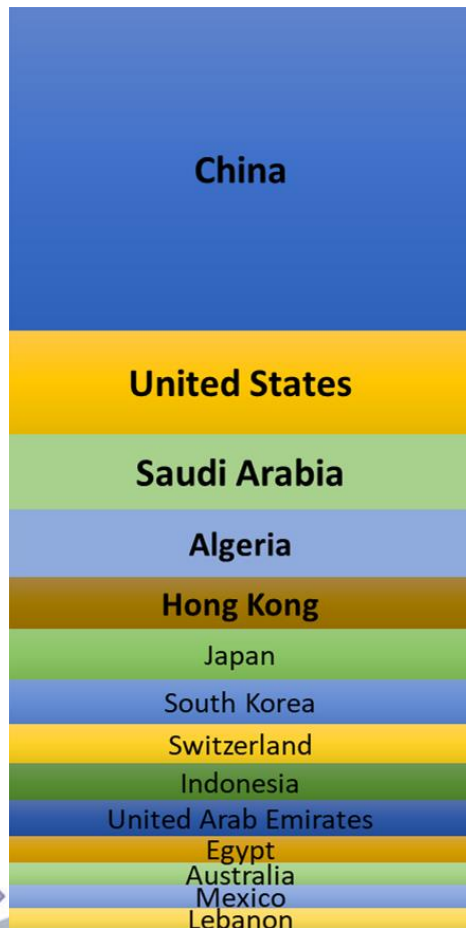
# Dairy exports of main market players in ME





# Main EU export markets for all dairy products (in value - €)

Jan-Apr  
2017



Jan-Apr  
2018



Jan-Apr  
2019





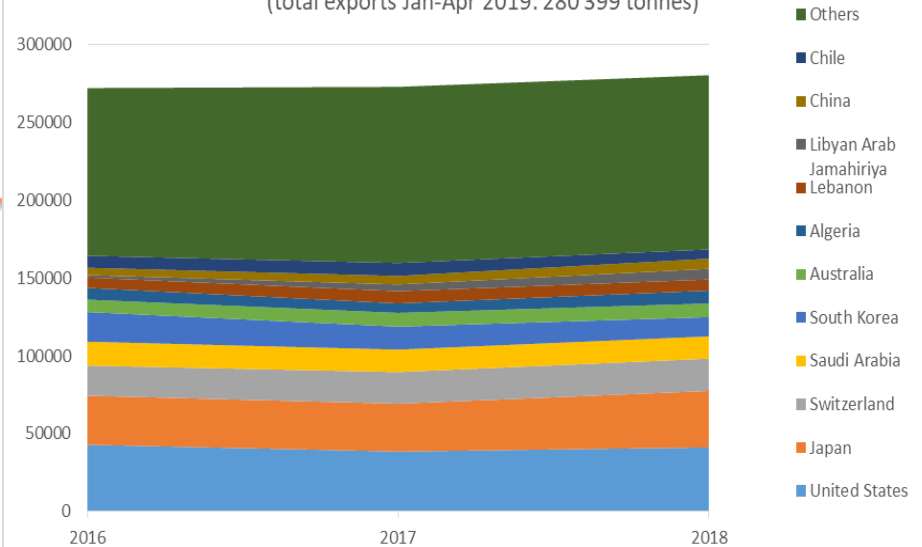
# Cheese trade

- EU cheese exports:
  - Growth rate Jan-Apr 19/18: +2,7%
- Combined cheese exports:
  - Growth rate Jan-Apr 19/18: +6,3%

Development of EU export destinations for cheese

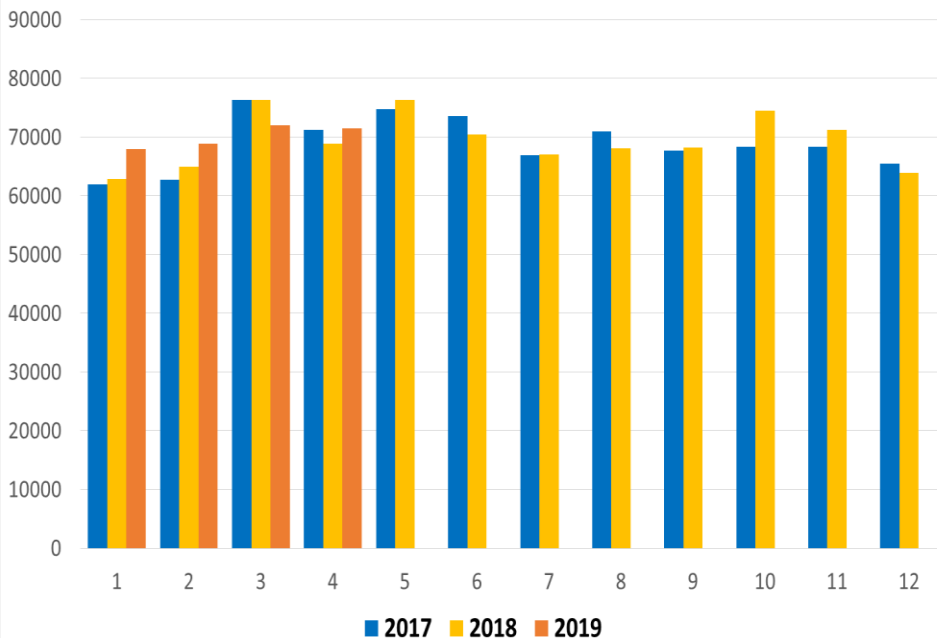
Jan-Apr 2017, 2018, 2019

(total exports Jan-Apr 2019: 280 399 tonnes)

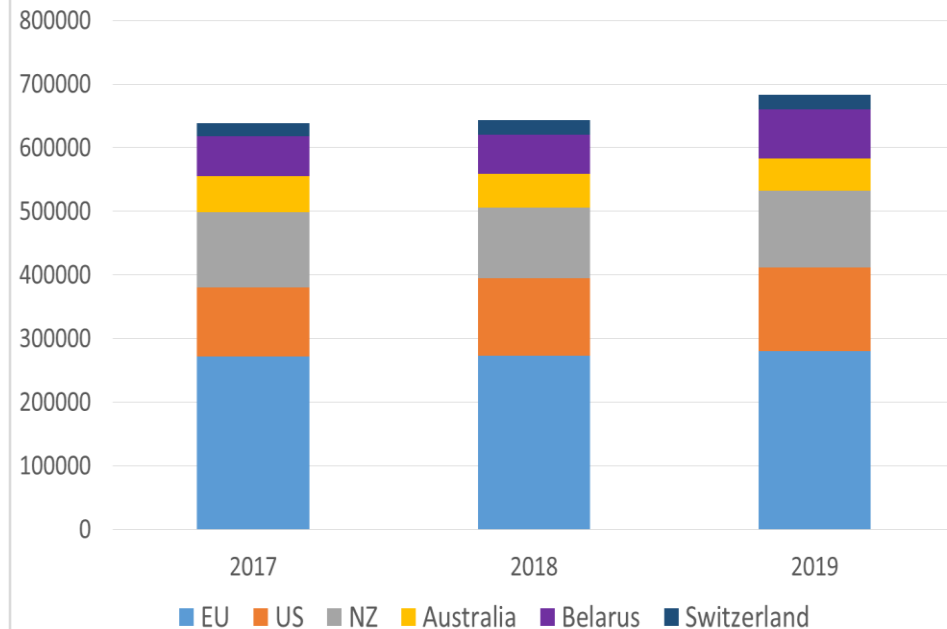


EU Cheese Exports

(tonnes)



Cumulated Cheese Exports for Jan-Apr 2017, 2018 & 2019 of major Exporters (tonnes)





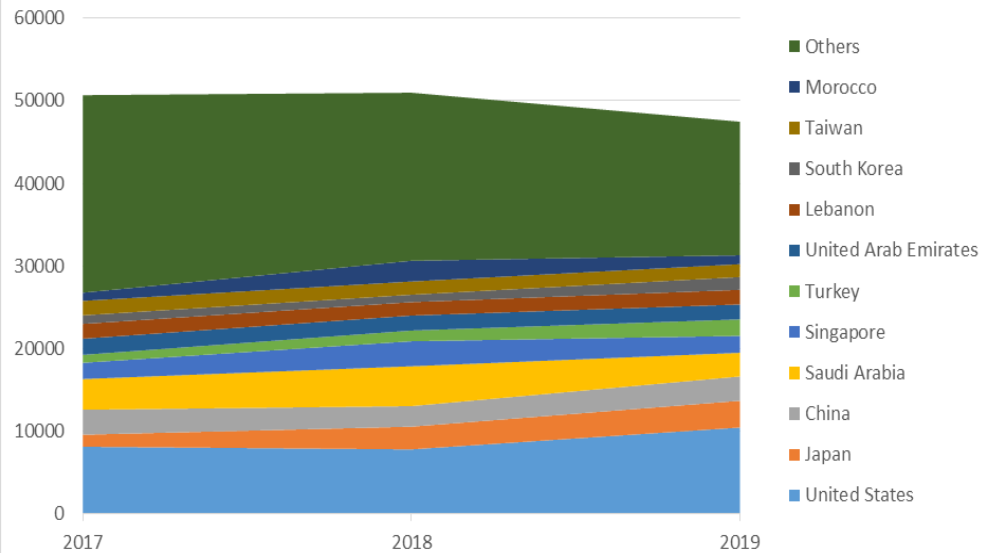
# Butter trade

- EU butter exports:
  - Growth rate Jan-Apr 19/18: -6,9%
- Combined butter exports:
  - Growth rate Jan-Apr 19/18: +4,2%

## Development of EU export destinations for butter

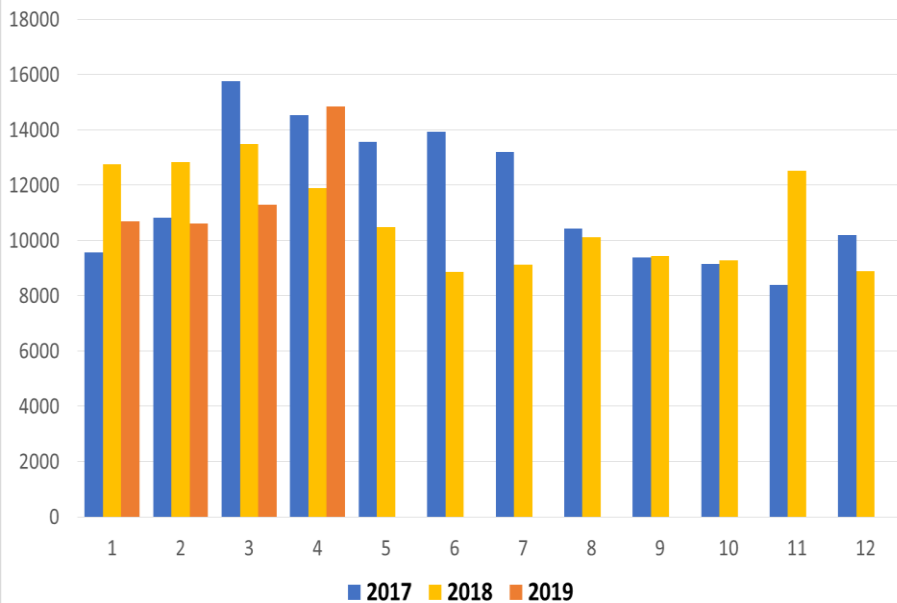
Jan-Apr 2017, 2018, 2019

(total exports Jan-Apr 2019: 47 458 tonnes)

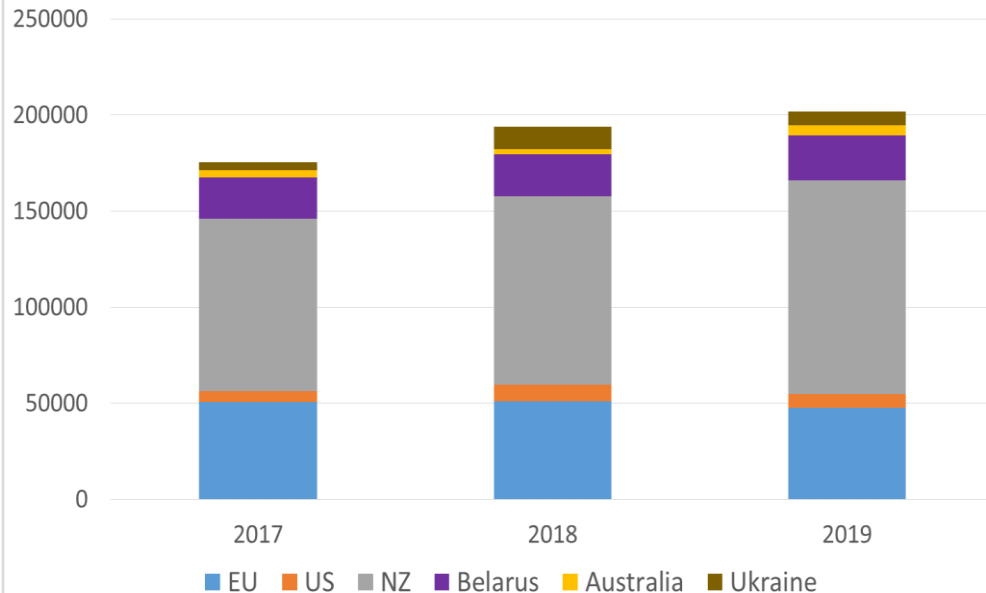


## EU Butter Exports

(tonnes)



## Cumulated Butter Exports for Jan-Apr 2017, 2018 & 2019 of major Exporters (tonnes)

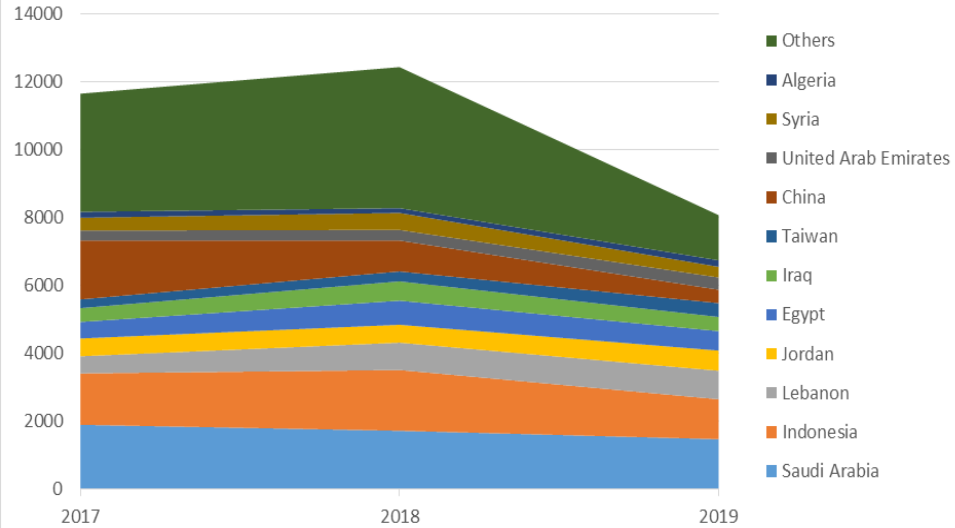




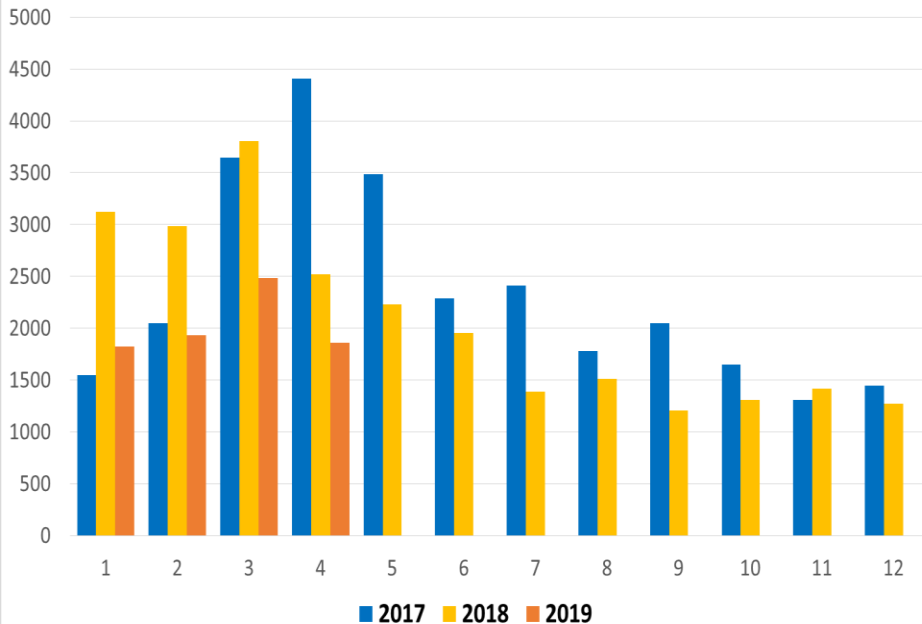
# Butteroil trade

- EU butteroil exports:
  - Growth rate Jan-Apr 19/18: -34,9%
- Combined butteroil exports:
  - Growth rate Jan-Apr 19/18: +14,7%

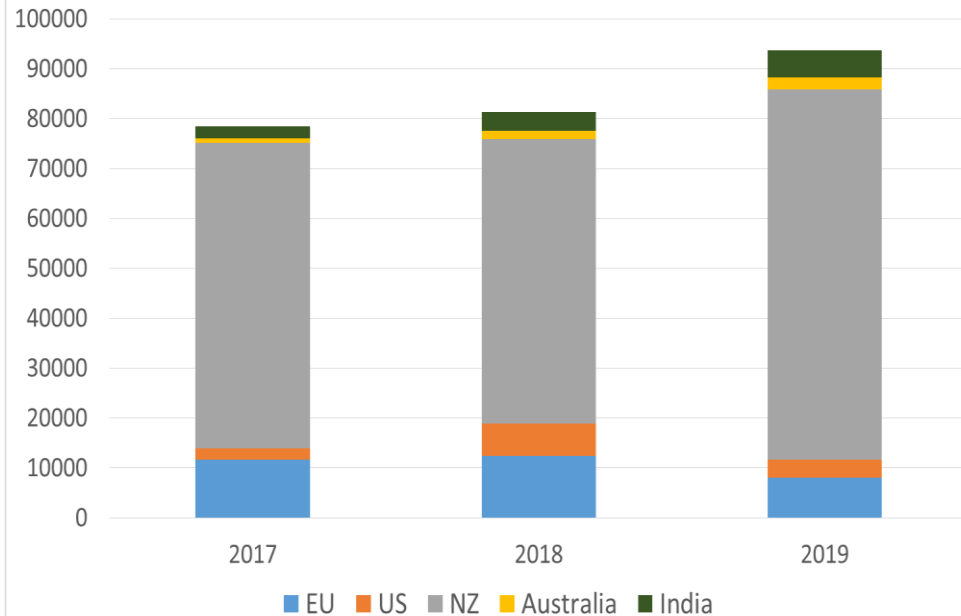
Development of EU export destinations for butteroil Jan-Apr 2017, 2018, 2019  
(total exports Jan-Apr 2019: 8 069 tonnes)



EU Butteroil Exports  
(tonnes)



Cumulated Butteroil Exports for Jan-Apr 2017, 2018 & 2019  
of major Exporters (tonnes)



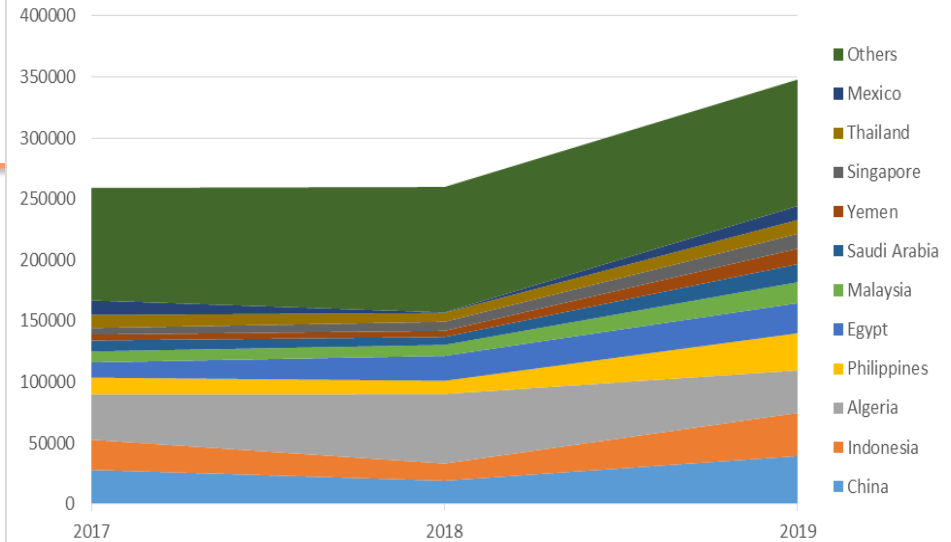




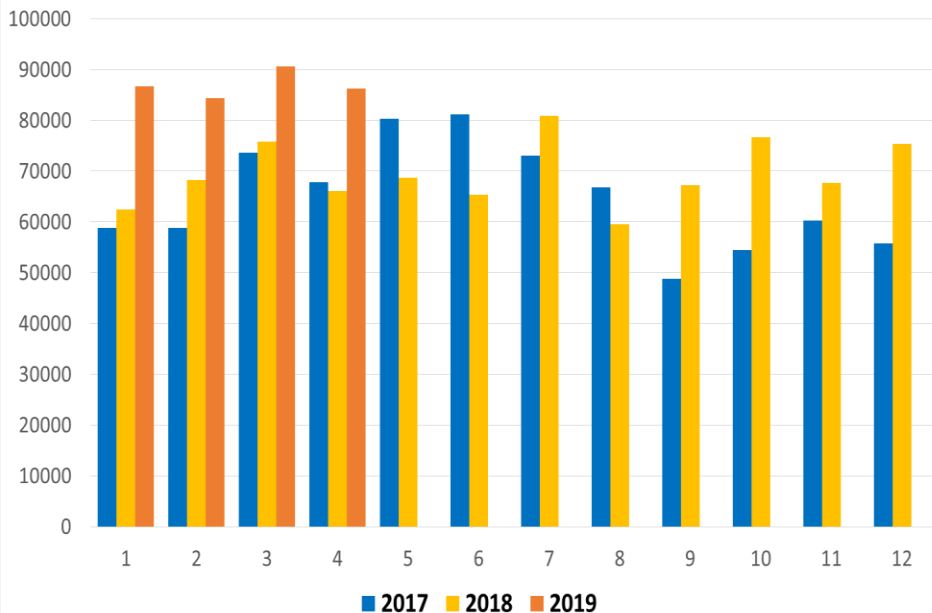
# SMP trade

- EU SMP exports:
  - Growth rate Jan-Apr 19/18: +27,6%
- Combined SMP exports:
  - Growth rate Jan-Apr 19/18: +6%

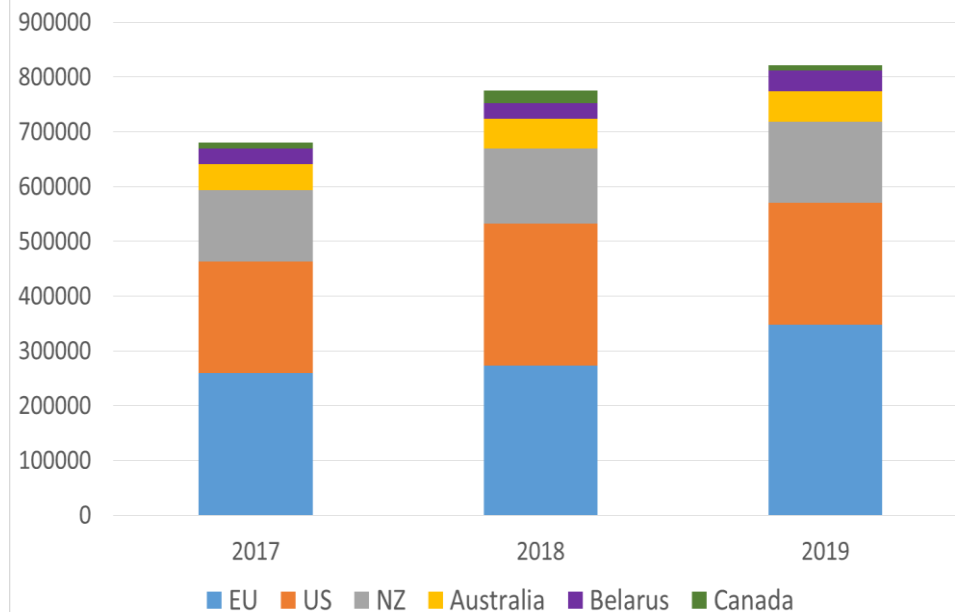
Development of EU export destinations for SMP  
Jan-Apr 2017, 2018, 2019  
(total exports Jan-Apr 2019: 347 935 tonnes )



EU SMP Exports  
(tonnes)



Cumulated SMP Exports for Jan-Apr 2017, 2018 & 2019 of major Exporters (tonnes)





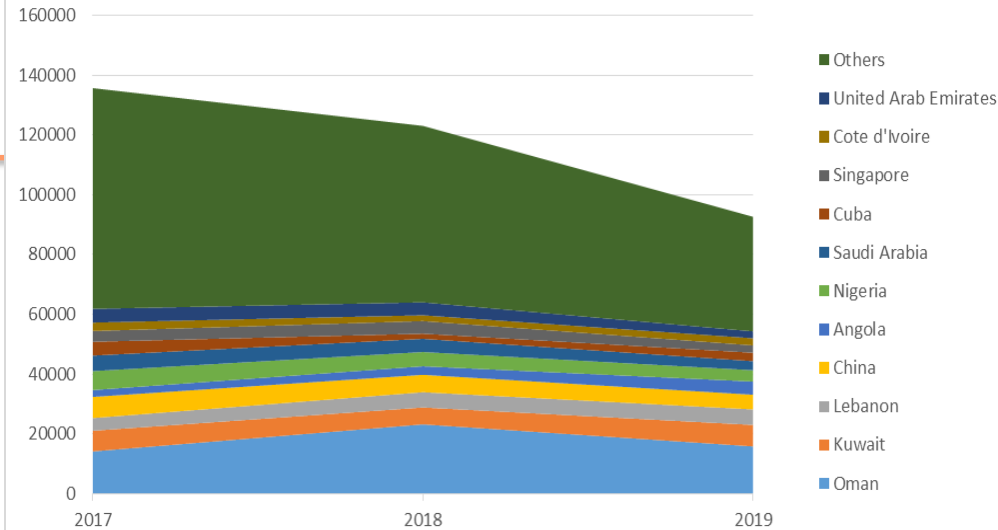
# WMP trade

- EU WMP exports:
  - Growth rate Jan-Apr 19/18: -25%
- Combined WMP exports:
  - Growth rate Jan-Apr 19/18: +10%

Development of EU export destinations for WMP

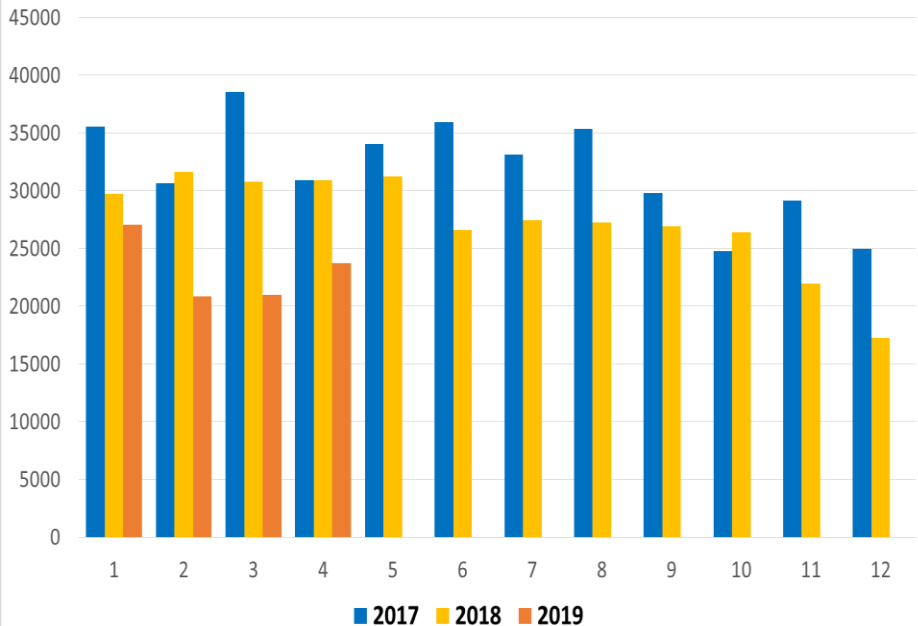
Jan-Apr 2017, 2018, 2019

(total exports Jan-Apr 2019: 92 641 tonnes)

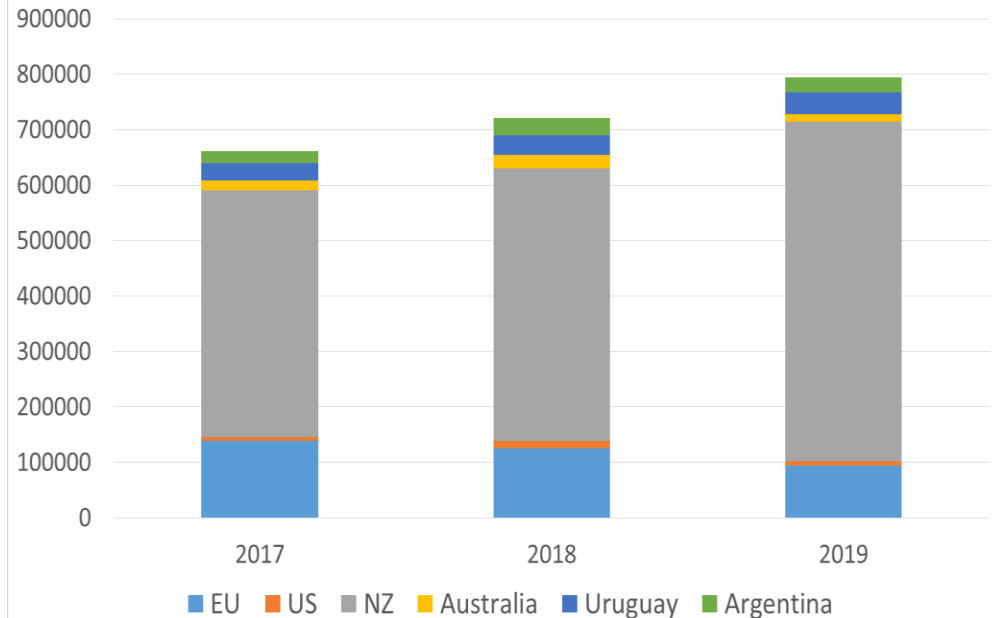


EU WMP Exports

(tonnes)



Cumulated WMP Exports for Jan-Apr 2017, 2018 & 2019 of major Exporters (tonnes)





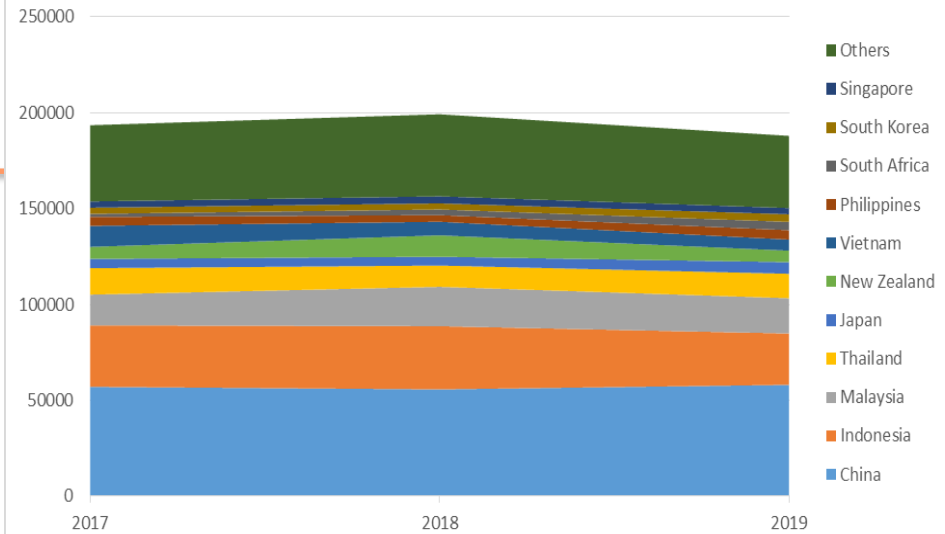
# Whey powder trade

- EU Whey exports:
  - Growth rate Jan-Apr 19/18: -5,7%
- Combined Whey exports:
  - Growth rate Jan-Apr 19/18: -16,2%

Development of EU export destinations for Whey powder

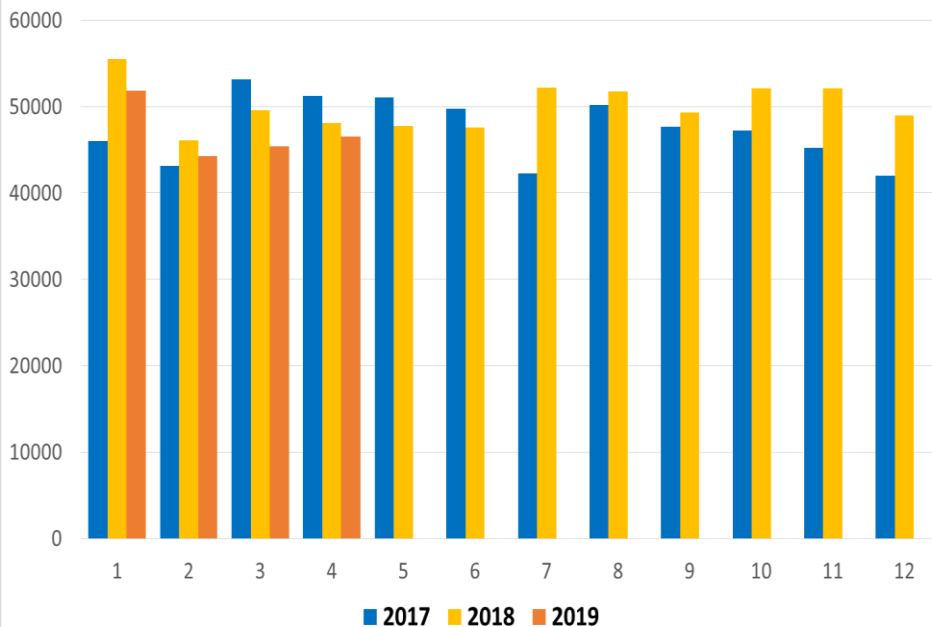
Jan-Apr 2017, 2018, 2019

(total exports in Jan-Apr 2019: 187 999 tonnes )



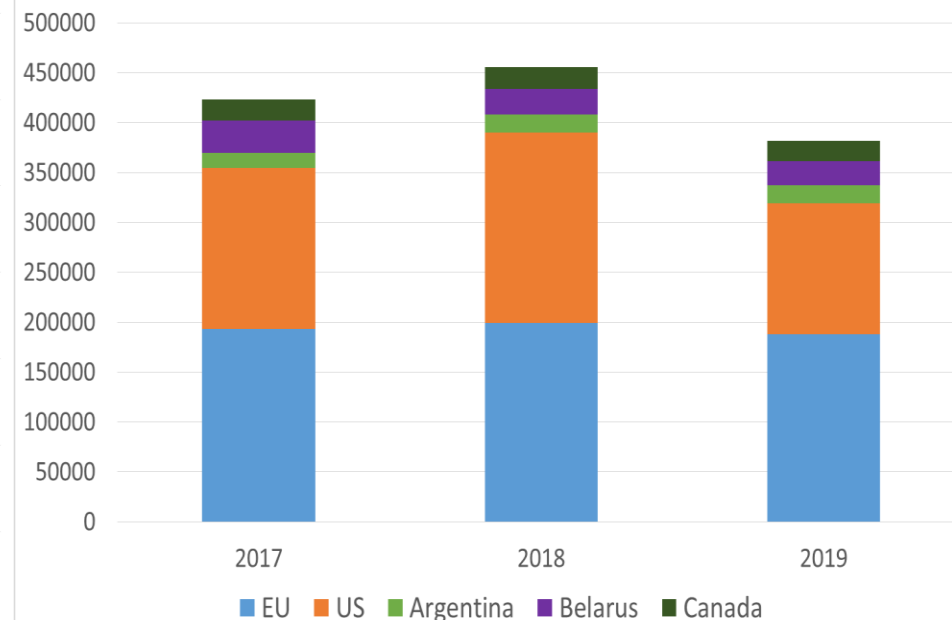
EU Whey powder Exports

(tonnes)



Cumulated Whey powder Exports for Jan-Apr 2017, 2018 & 2019 of major Exporters (tonnes)

(tonnes)

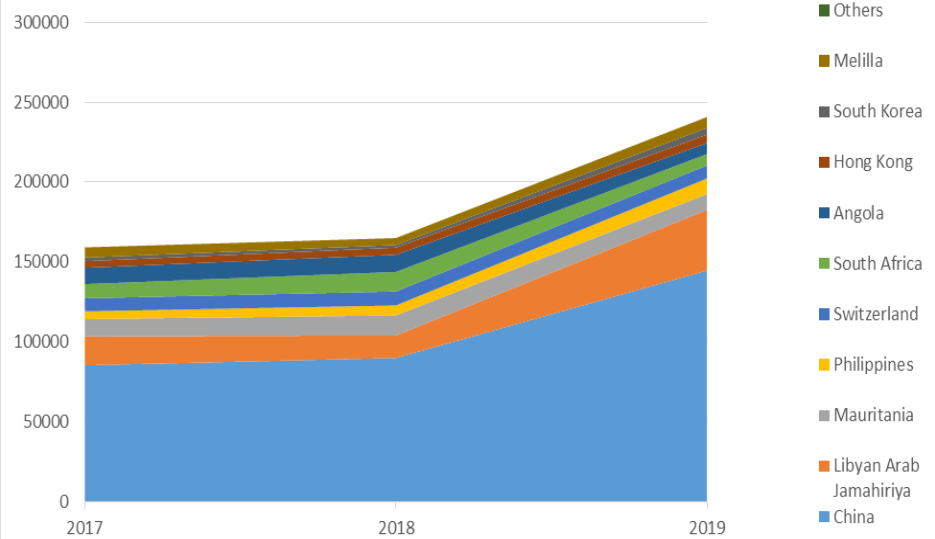




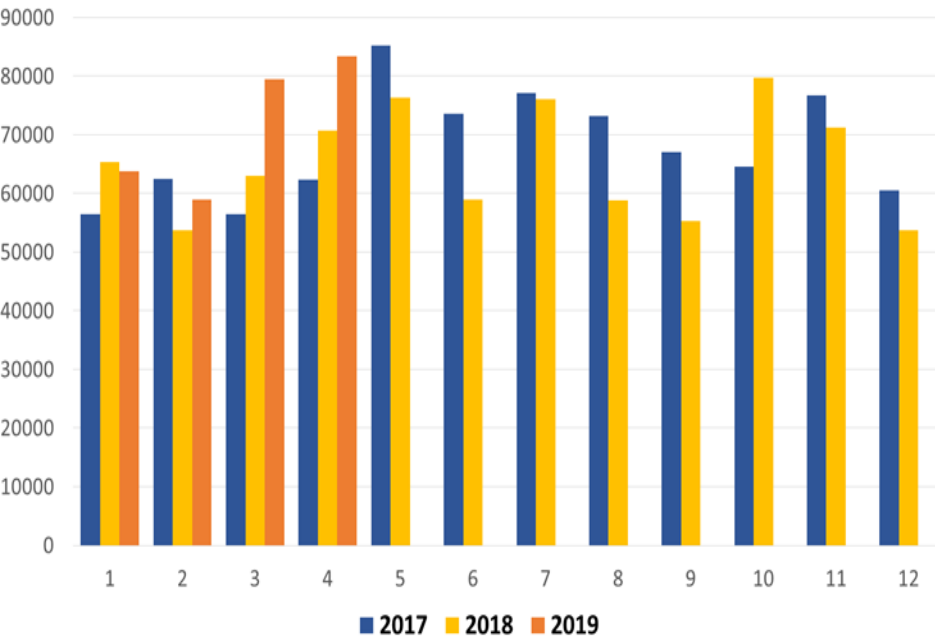
# Trade of milk

- EU milk exports:
  - Growth rate Jan-Apr 19/18: +28,4%
- Combined milk exports:
  - Growth rate Jan-Apr 19/18: +14,1%

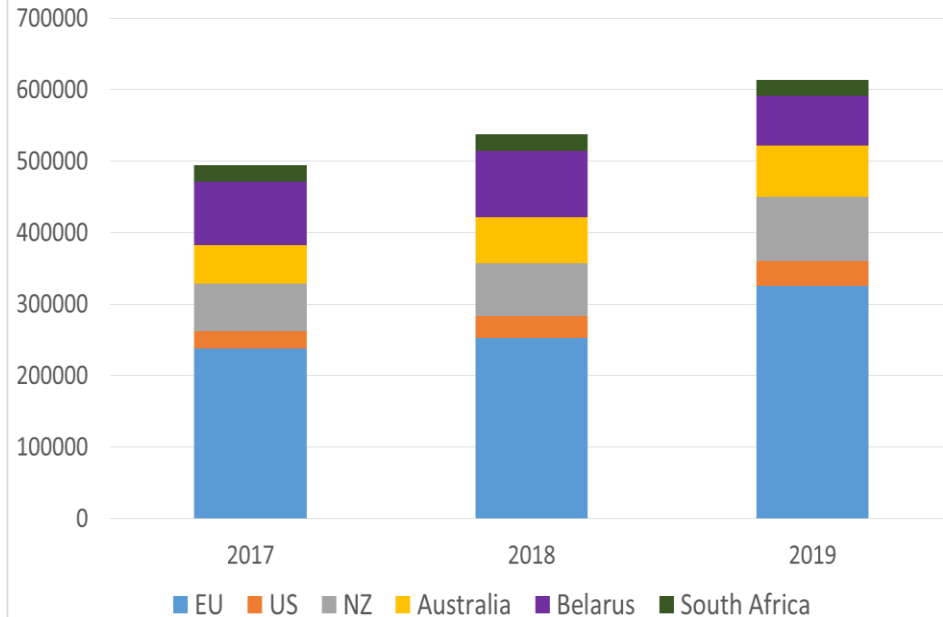
Development of EU export destinations for Liquid milk  
(040120 & 040110) Jan-Apr 2017, 2018, 2019  
(total exports Jan-Apr 2019: 325 155 tonnes)



EU liquid milk exports  
(tonnes)



Cumulated liquid milk Exports for Jan-Apr 2017, 2018 & 2019 of major Exporters (tonnes)

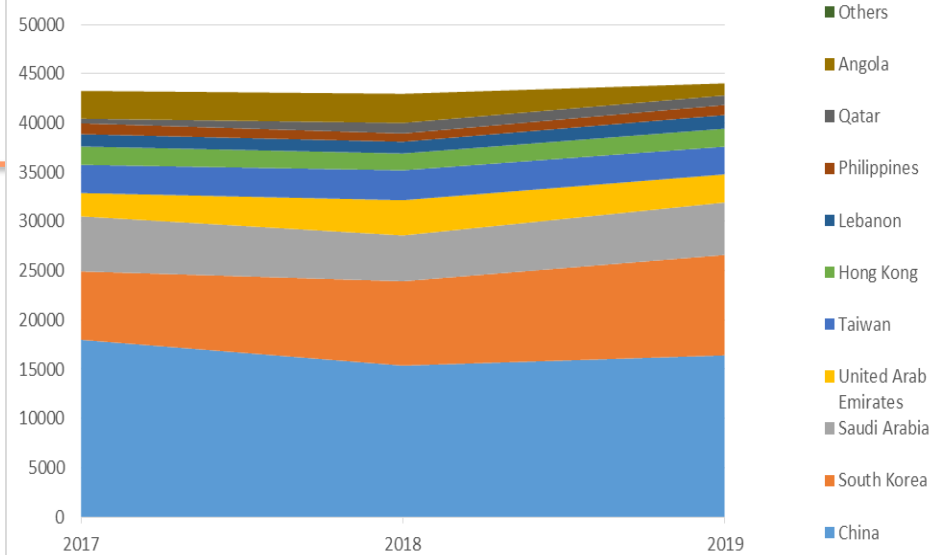




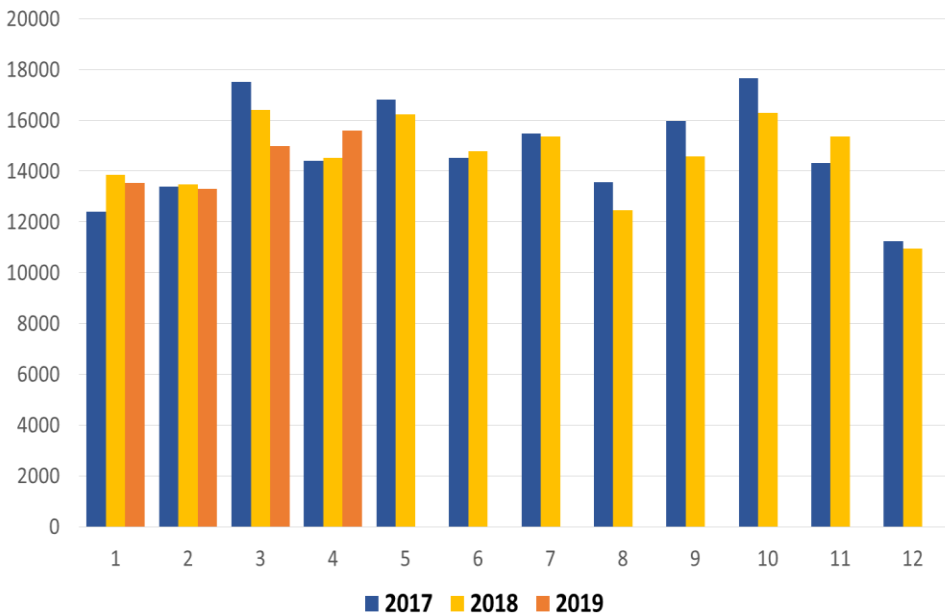
# Trade of cream

- EU cream exports:
  - Growth rate Jan-Apr 19/18: -1,5%
- Combined cream exports:
  - Growth rate Jan-Apr 19/18: +18,7%

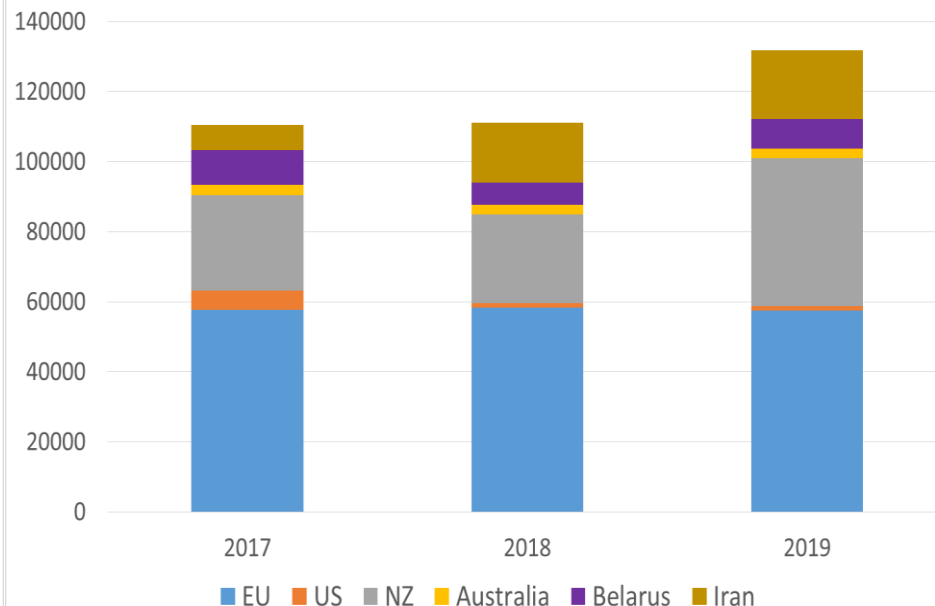
Development of EU export destinations for Cream (040150) Jan-Apr 2017, 2018, 2019  
(total exports Jan-Apr 2019: 57 324 tonnes)



EU cream exports (tonnes)



Cumulated Cream Exports for Jan-Apr 2017, 2018 & 2019 of major Exporters (tonnes)

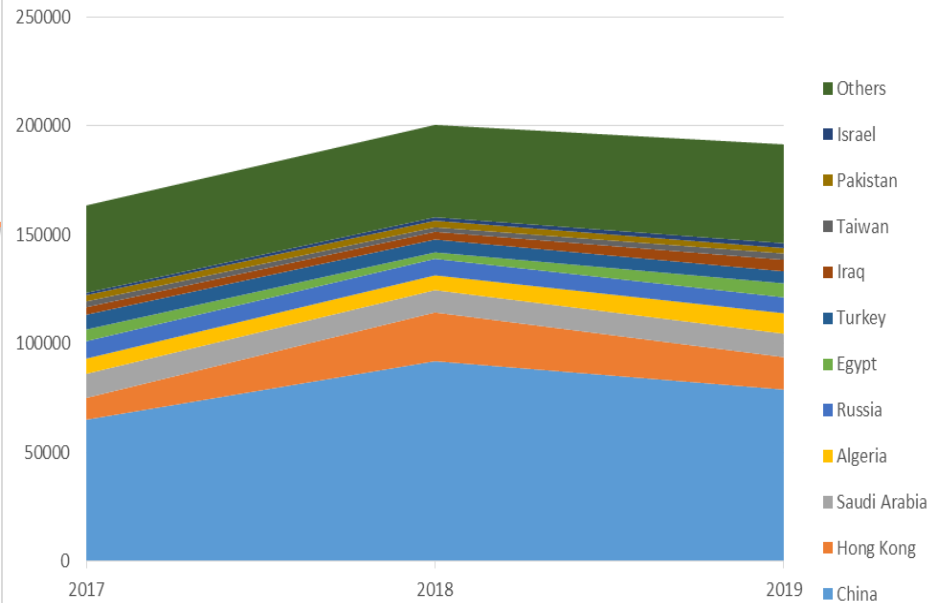




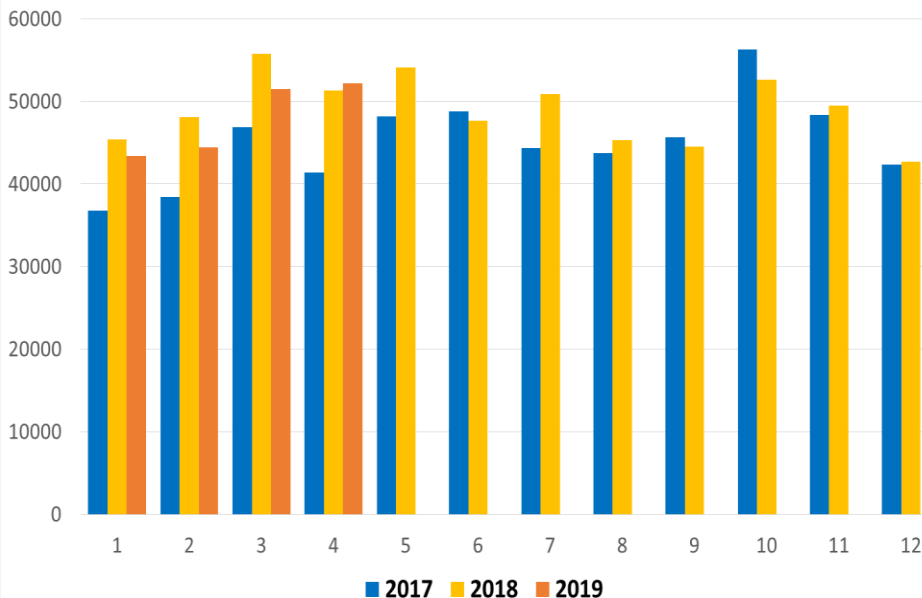
# Infant formula trade

- EU infant formula exports:
  - Growth rate Jan-Apr 19/18: -4,5%
- Combined infant formula exports:
  - Growth rate Jan-Apr 19/18: +4,2%

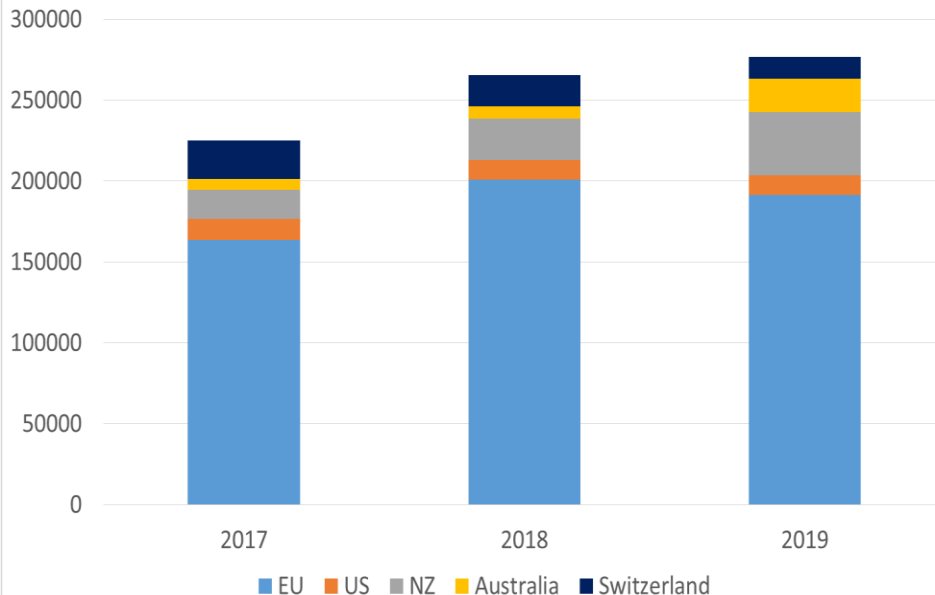
Development of EU export destinations for Infant formula  
Jan-Dec 2017, 2018, 2019 (total exports Jan-Apr 2019: 191 524 tonnes)



EU Infant formula Exports  
(tonnes)



Cumulated Infant formula Exports for Jan-Apr 2017, 2018 & 2019 of major Exporters (tonnes)

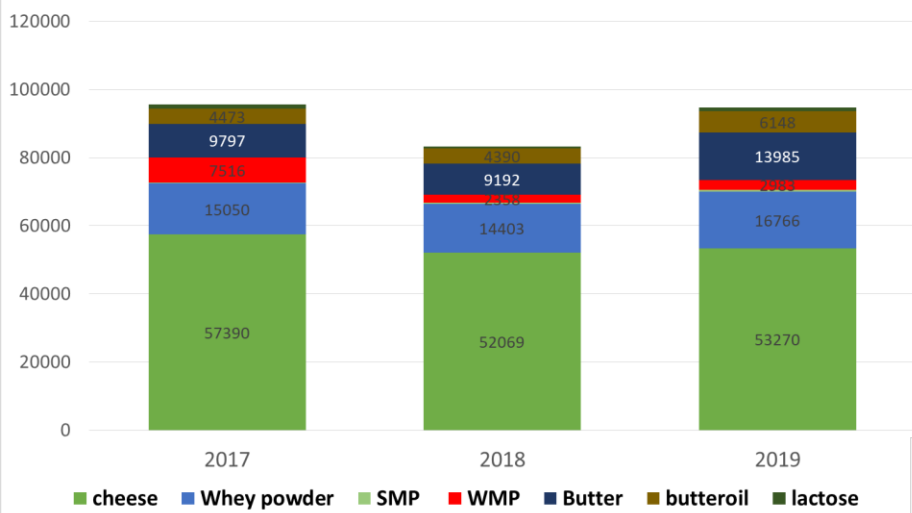




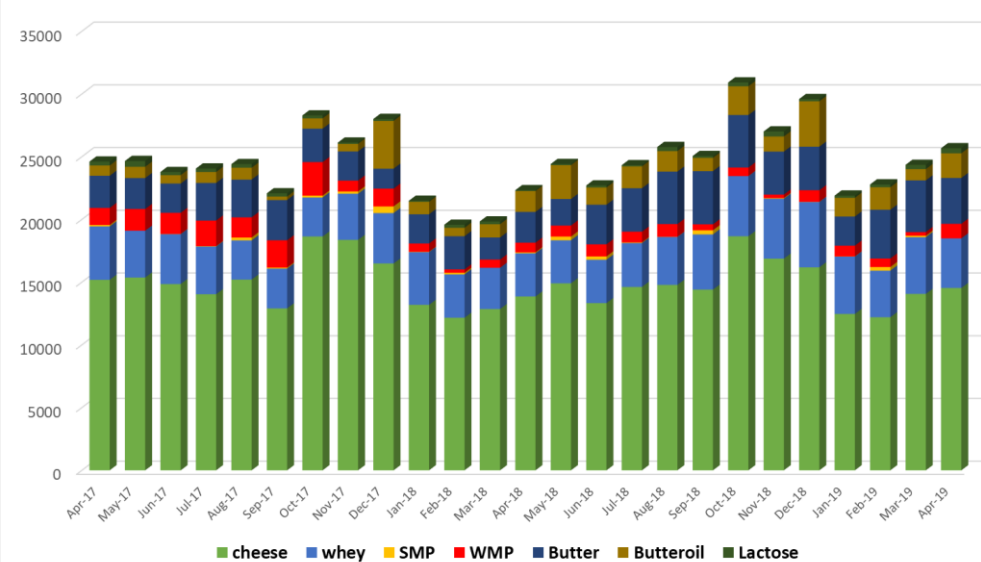


# USA imports

Cumulated USA imports for Jan-Apr 2017, 2018 & 2019 (tonnes)



USA monthly imports (tonnes)

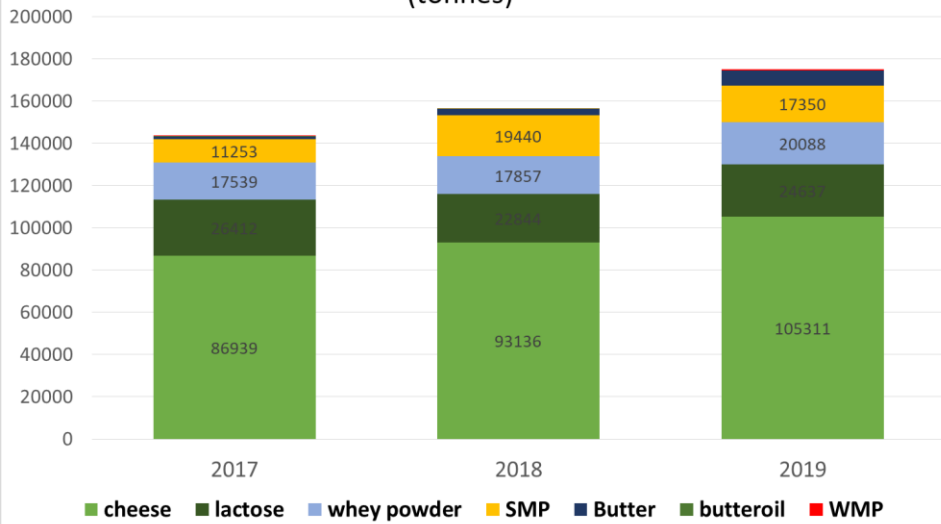




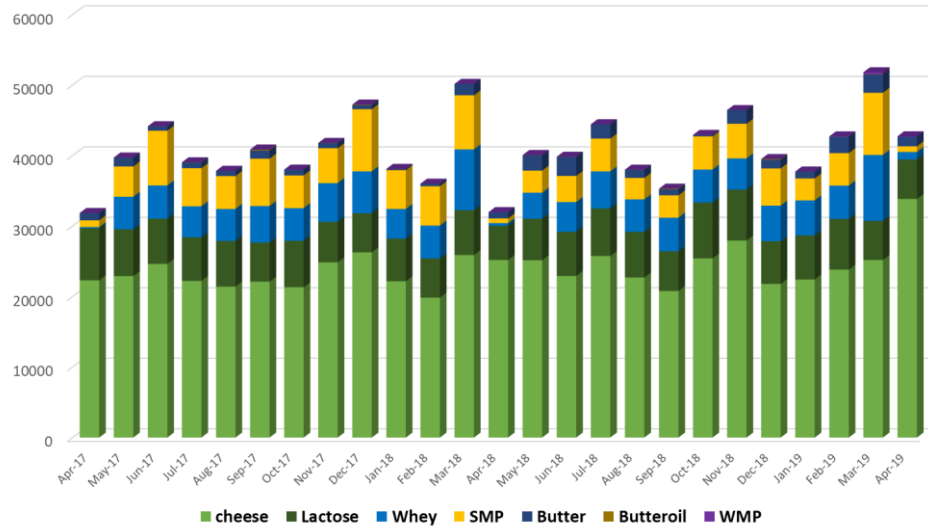


# Japan imports

Cumulated Japan imports for Jan-Apr 2017, 2018 & 2019  
(tonnes)



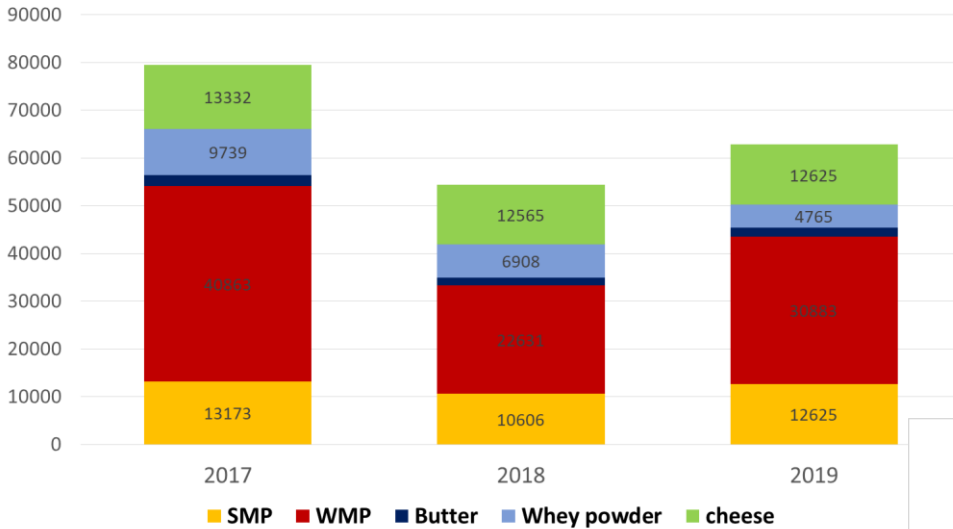
Japan monthly imports  
(tonnes)



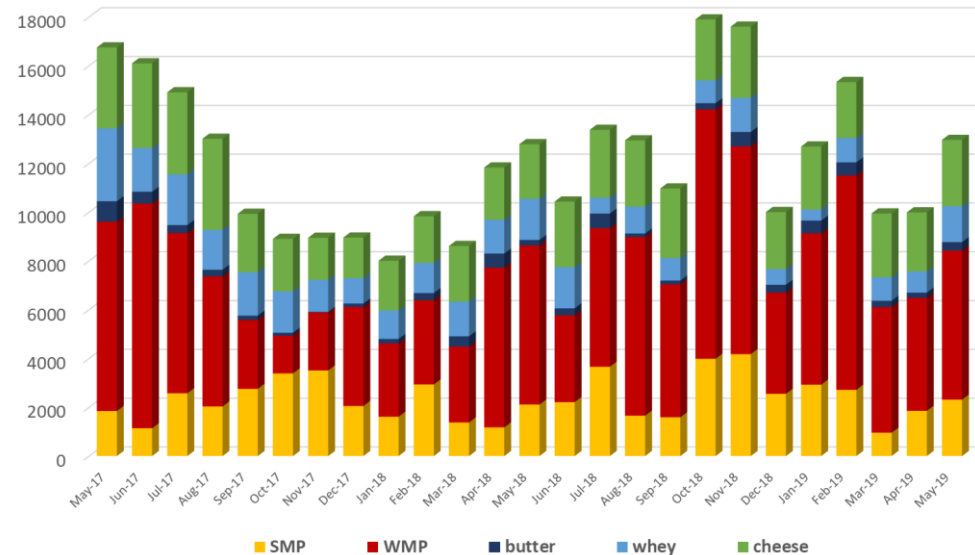


# Brazil imports

Cumulated Brazil imports for Jan-May 2017, 2018 & 2019 (tonnes)



Brazil monthly imports (tonnes)





## Conclusions (1)

---

- **World dairy markets have firmed with slower growth in milk output and solid demand at attractive prices.** Recent downward pressure on prices might have been caused by residual SMP and butter stocks, signs of slightly stronger milk production and a possible slowdown in demand
- **Global demand growth is heavily reliant on China, good demand also from rest of Asia** but the outlook for H2 is more uncertain
- **ASF in Chinese pig herd may have positive and negative impacts on dairy markets** such as the rise in beef price and cow culling & lower whey and lactose usage
- **Oil price fell to \$ 61/barrel** constraining import demand from Middle East/North Africa. Outlook very uncertain due to the situation in Iran and the broader region.
- **Euro has recently strengthened against USD** which is not helpful for exports
- **EU exporters have been able to capitalise on US trade conflict with China, tight Oceania supply as well as on competitive pricing.**



## Conclusions (2)

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- **SMP market firmed due to strong world demand (at low prices), empty IV stocks and muted supply growth.** Despite strong exports, remaining privately held stocks and increasing production limit upward momentum.
- **EU butter market has weakened considerably** because of slower demand and higher stock levels. The situation seems more stable now and the lower prices should continue stimulating exports which will be needed to clear stocks and to respond to the rising production.
- **Relatively balanced cheese market** supported by solid exports offsetting somewhat weaker internal demand.
- **Potential US tariffs on EU cheeses and butter are a serious concern.**
- In general less market activity as we are heading towards holiday mode.
- **Global dairy market is in balance** but there are signs of potential weakening in the form of increasing milk output and uncertainties on the demand side.  
**Growth of (especially EU) milk output will be key for further direction.**



**- Thank you for your attention -**

# **ANNEX 5**

## **Trends in sales of Milk & Dairy products – a retail perspective**

***EuroCommerce***



# TRENDS IN SALES OF MILK & DAIRY PRODUCTS – A RETAIL PERSPECTIVE

**Milk Market Observatory**  
**28 June 2019**

# Belgium

Period ending May 2019

Consumer price index		
Product	May 19 vs May 18	YTD 2019 vs YTD 2018
Whole milk	0.7%	1.0%
Semi-skimmed milk	-0.2%	-0.1%
Concentrated milk, powdered milk	0.5%	1.5%
Yogurt	3.0%	0.4%
Butter	-0.5%	3.7%
Source: SPF Economie (2019)		



# Belgium

Period ending May 2019

	Volume % change	Value % change	Price % change
Total Dairy products	-1.2%	1.8%	3.0%
<i>Source: Nielsen ScanTrack</i>			

# France

Period ending 30 April 2019

Product category	Volume (% change) 4 weeks period (P04'18/P04 '19)	Volume (% change) Year on year (P04'17-P04'18 / P04'18 -P04'19)	Price (% change) 4 weeks period (P04 18/P04 '19)	Price (% change) Year on year (P04'17-P04'18 / P04'18 -P04'19)
Total liquid milk	+6,8%	-4,4%	+0,8%	+1,7%
Of which UHT semi-skimmed milk	+8,1%	-2,8%	+1,8%	+2,0%
Yoghurt & fresh cheese	+3,7%	-1,9%	+4,4%	+1,8%
Butter	+7,6%	-1,7%	+12,0%	+12,7%
Cream	+11,2%	+1,2%	+6,8%	+5,7%
Cheese	+8,7%	+0,1%	+4,2%	+2,1%

Source: Kantar World Panel via FranceAgriMer (Min. de l'Agriculture)

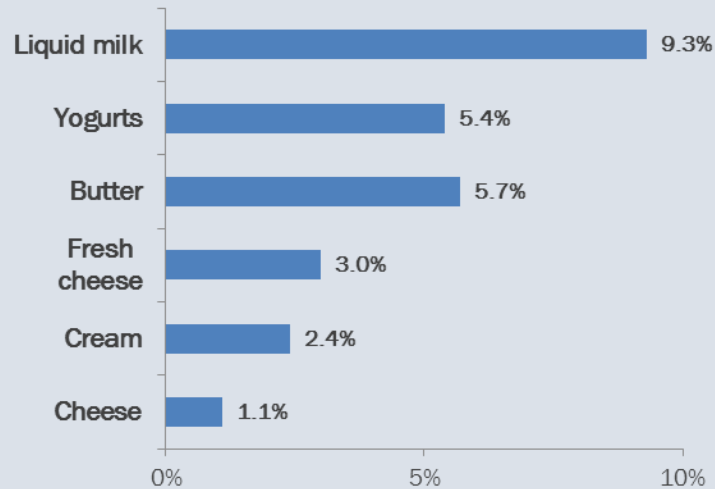
# France

## Sales of organic versus conventional milk & dairy products

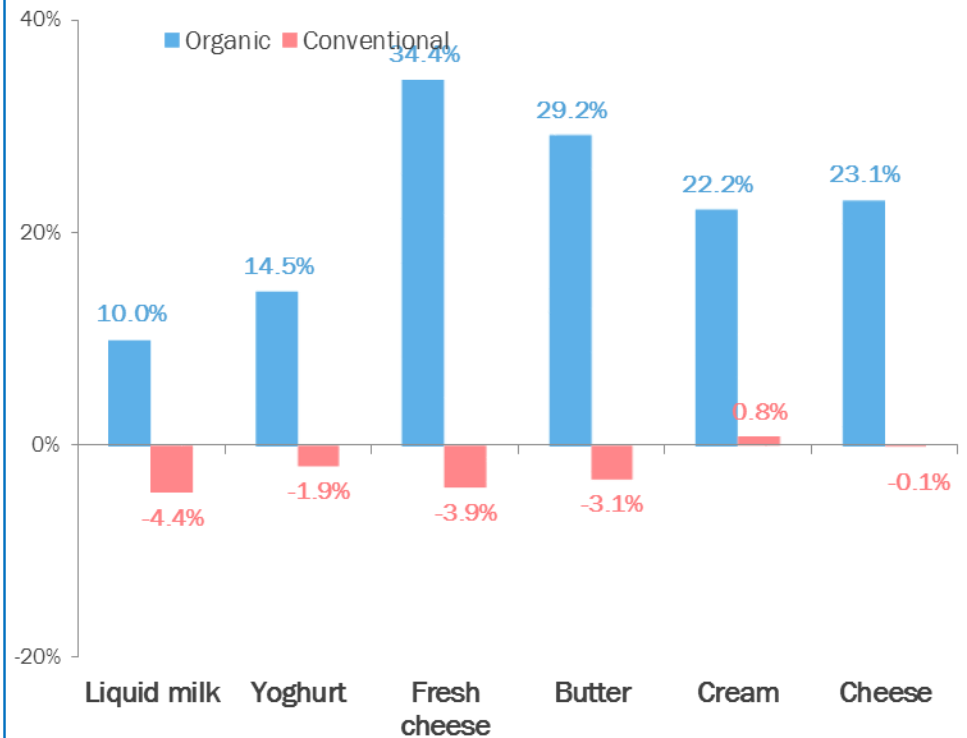
### Organic milk & dairy products

- ❖ Organic dairy products sales have continued to increase. The increase is recorded for every product.

### Organic market shares (% vol. 30/04/2019)



### Consumption of organic versus conventional milk & dairy products % in volume, year to year 52 weeks 30/04/2019



Source: Kantar World Panel via FranceAgriMer (Min. de l'Agriculture)

# Italy

Period: Q1 2019 and year 2018

Product category	<u>VOLUME</u> (1Q 2019 vs 1Q 2018 % change)	<u>VOLUME</u> (Year 2018 vs. Year 2017) % change)	<u>VALUE</u> (1Q 2019 vs 1Q 2018 % change)	<u>VALUE</u> (Year 2018 vs. Year 2017) % change)
Fresh milk	-2,5	-2,3	-4,1	-2,6
UHT milk	-0,3	-1,5	-1,7	-0,9
Fresh cheese*	-0,3	-0,7	-0,2	0,5
Cheese*	0,4	1,3	1,0	2,0
Fresh dessert	-1,1	-2,8	0,9	1,1
Dessert	-19,3	-18,0	-16,5	-11,9
Butter	-7,3	-3,3	-8,0	7,3
Béchamel / Cream	-3,6	-2,6	-3,1	1,0
Yoghurt	1,2	-0,6	2,1	-0,1

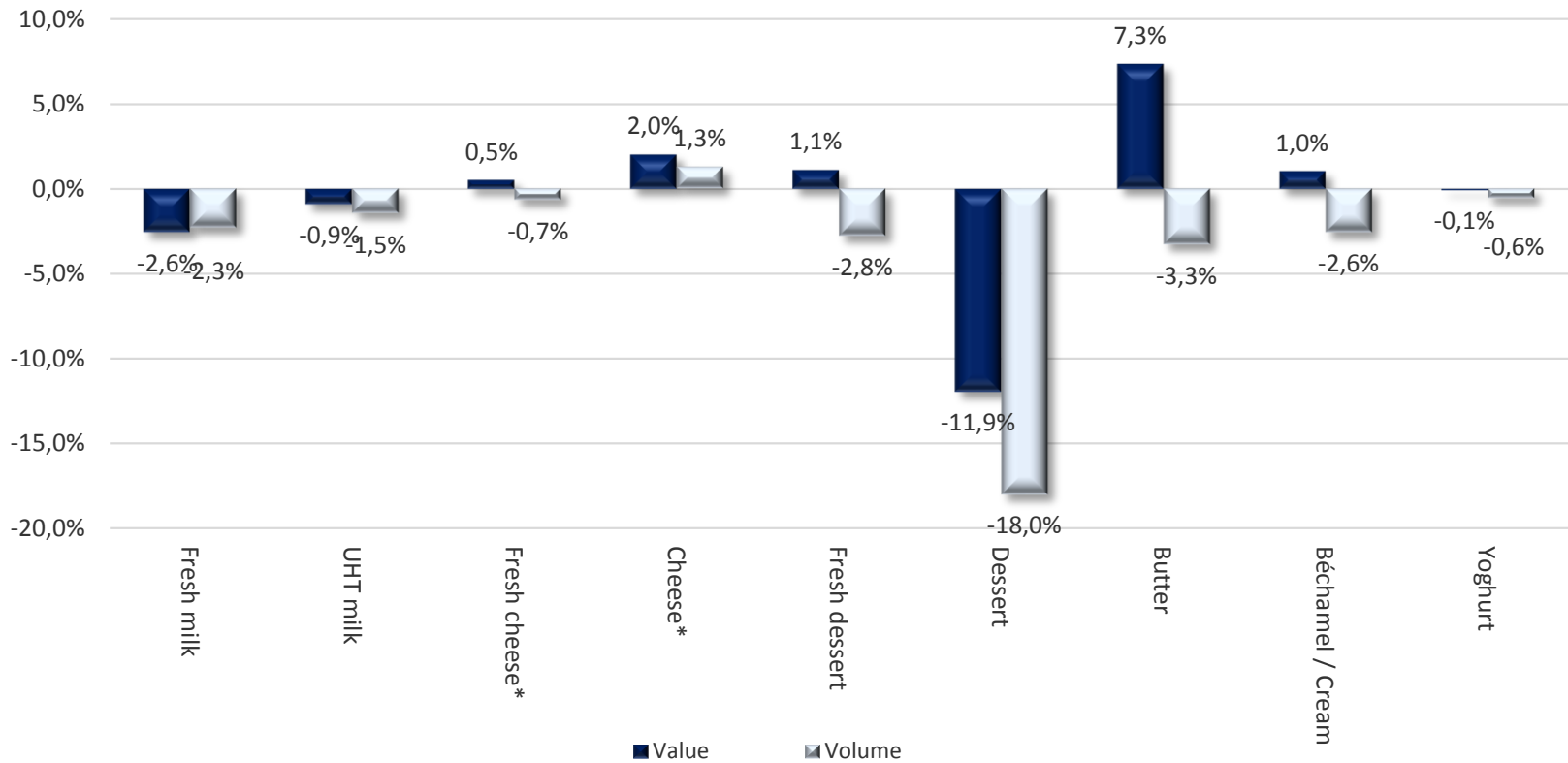
Source: Market Track Nielsen

# Italy

Period: 2018 versus 2017

## Milk and dairy products

Percentage change - 2018 vs 2017

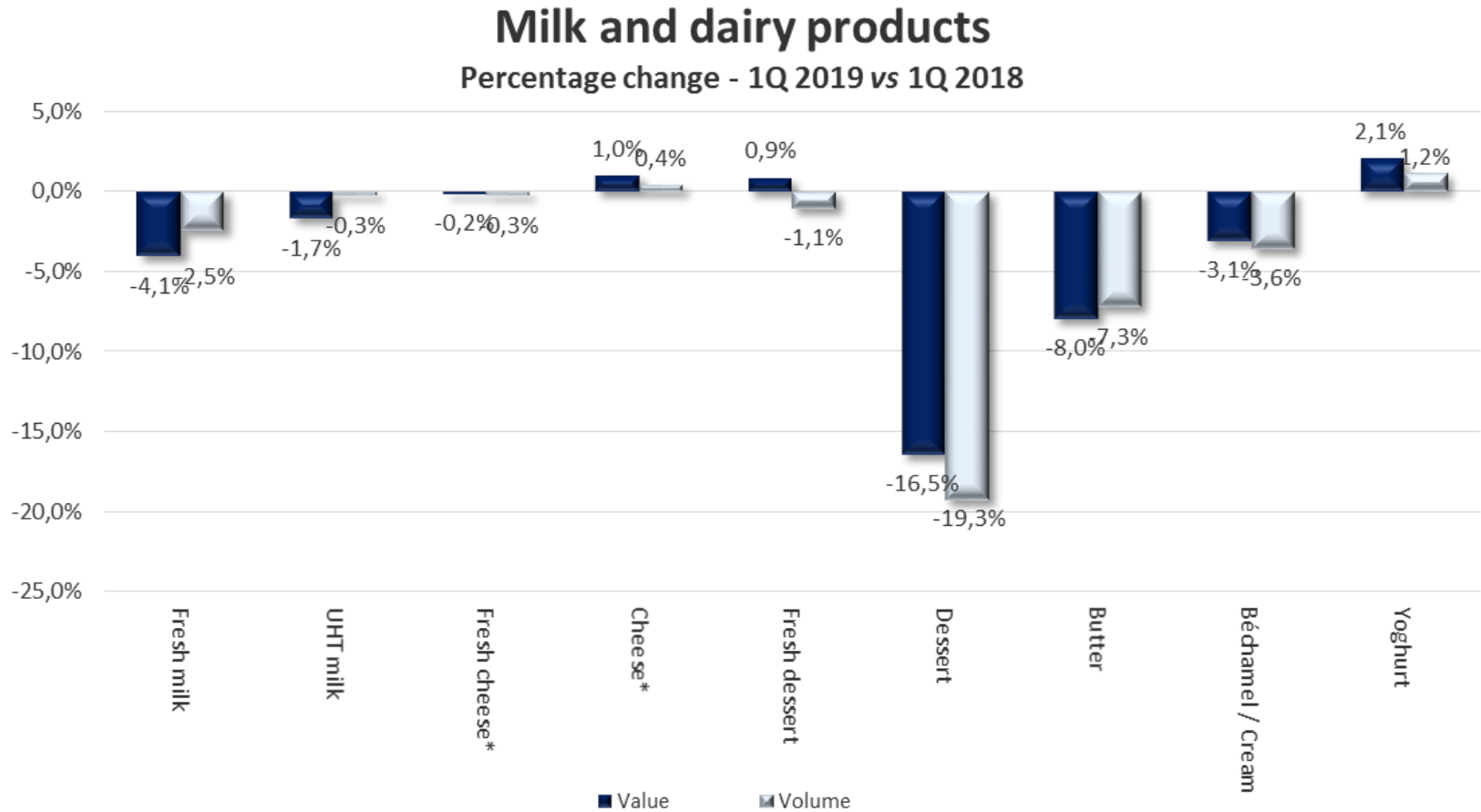


Source: Market Track Nielsen

\* Peso imposto

# Italy

Period: Q1 2019 versus Q1 2018



Source: Market Track Nielsen

# Portugal

Period ending 19 May 2019

Product category	volumes (% change year-to-date)	volumes (% change) Year on year	value (% change year-to-date)	Value (% change) Year on year
Fresh milk	-1,3	0,1	-3,7	-3,7
UHT milk	-3,5	-3,4	-3,2	-2,2
Yoghurt	0,5	-2,8	2,7	-0,3
Butter	2,9	2,9	7,6	7,9
UHT Cream	5,2	3,1	7,3	5,2
Fresh desert	-1,1	-2,2	-6,5	1,1
Cheese	2,6	3,1	2,4	3,0

Source: Nielsen

# Spain

Period ending December 2018

Product category	Volumes (% change Dec 2018 vs Dec 2017)	Volumes (% change YTD Dec 2018)	Value (% change Dec 2018 vs Dec 2017)	Value (% change YTD Dec 2018 )	Price (% change Dec 2018 vs Dec 2017)	Price (% change YTD Dec 2018 )
Standard liquid milk	-4.2	-2.5	-3.6	-2.1	0.4	0.6
Other types of milk	-1.2	2.7	-2.5	1.4	-1.3	-1.3
Milkshakes	-3.1	-5.3	-2.6	-4.5	0.9	0.5
Yoghurts and fermented milk	4.2	2.6	5.5	3.0	0.3	1.2
Fresh desserts	-1.7	-1.2	-1.2	-0.3	0.9	0.4
Fresh cheese	4.9	1.4	5.9	3.7	2.3	0.9
Local, traditional cheese	5.8	6.4	5.0	6.4	0.0	-0.7
Imported cheese specialties	4.4	6.1	3.9	5.0	-1.1	-0.5

Source: Fenil



# Spain

Period ending December 2018

Product category	Volumes (% change Dec 2018 vs Dec 2017)	Volumes (% change YTD Dec 2018)	Value (% change Dec 2018 vs Dec 2017)	Value (% change YTD Dec 2018 )	Price (% change Dec 2018 vs Dec 2017)	Price (% change YTD Dec 2018 )
Grated cheese	1.8	3.5	2.4	4.2	0.7	0.6
Other types of cheese	-2.5	1.9	-4.0	2.9	1.0	-1.5
Cream	-1.9	1.5	-5.3	1.6	0.1	-3.5
Butter	5.0	3.4	5.3	17.9	0.3	14.0
Desserts and long-term conservation yoghurt	-22.9	-24.7	-3.2	-12.2	16.6	25.4
Non-liquid milk	2.4	1.9	2.4	1.9	0.0	0.0
Total dairy products	-1.5	-0.2	1.3	2.2	2.4	2.8

Source: Fenil

# Sweden

Period ending 30 April 2019

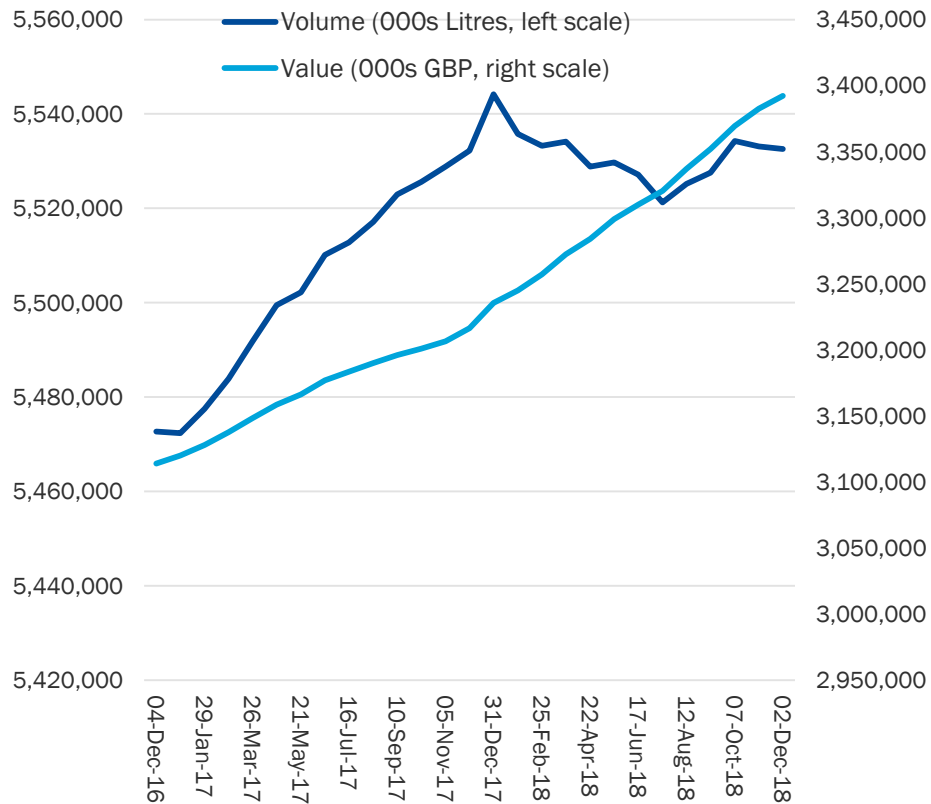
Product Category	Change in values (%)		Change in volumes (%)	
	Last 4 weeks	Last 52 weeks	Last 4 weeks	Last 52 weeks
Milk	1.6	1.6	-0.8	-1.4
Hard Cheese	5.7	1.5	4.0	-0.2
Cream	7.7	3.4	4.6	-0.7
Yoghurt	3.1	4.7	5.5 <sup>45</sup>	3.7
Cottage cheese, curd cheese	-5.6	-6.3	-5.5	-5.6
Cold desserts	-1.6	-12.8	0.2	-13.1
Butter	9.1	-1.7	4.9	-2.9

Source: Nielsen Retail Panel

# United Kingdom: drinking milk consumption

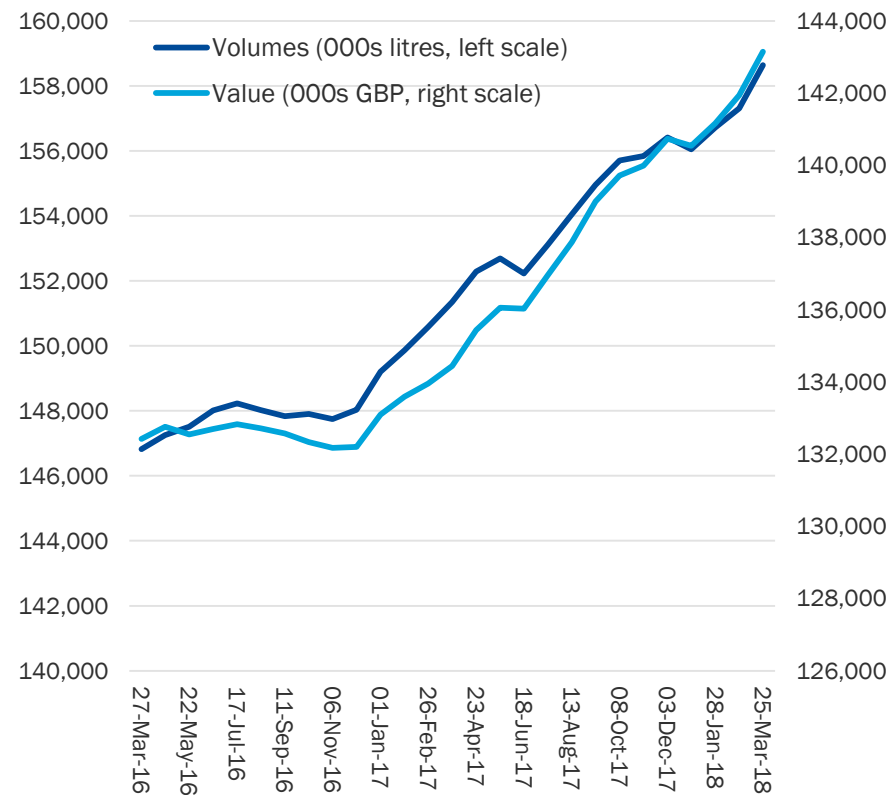
## Period ending 2 December 2018

### Conventional drinking milk



**Y-o-y volumes: 0%**  
**Y-o-y values: +5.5%**

### Organic milk consumption



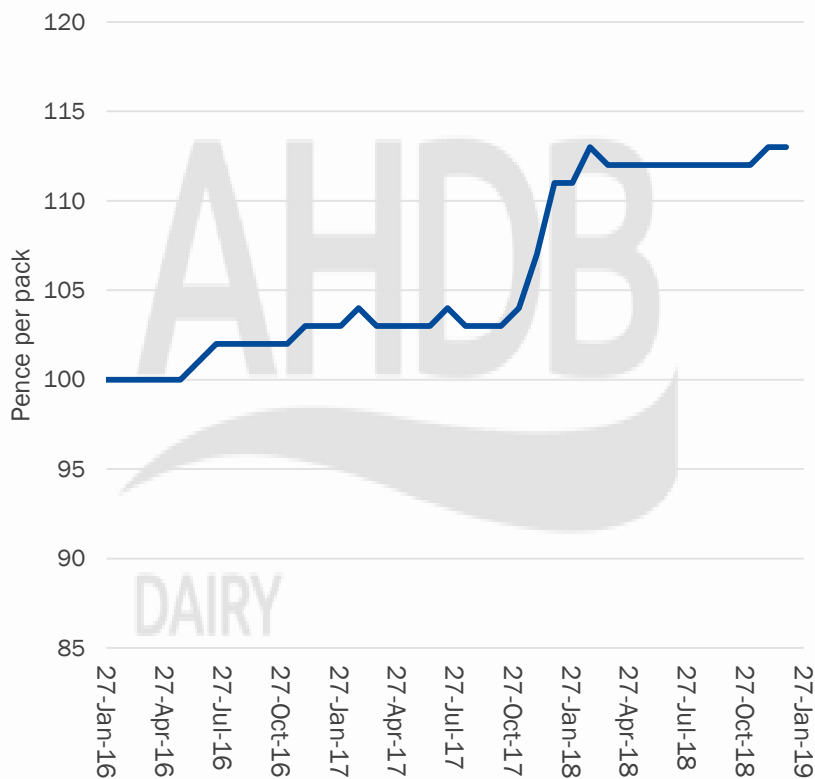
**Y-o-y volumes: +4.8%**  
**Y-o-y values: +6.5%**

Source: Kantar Worldpanel

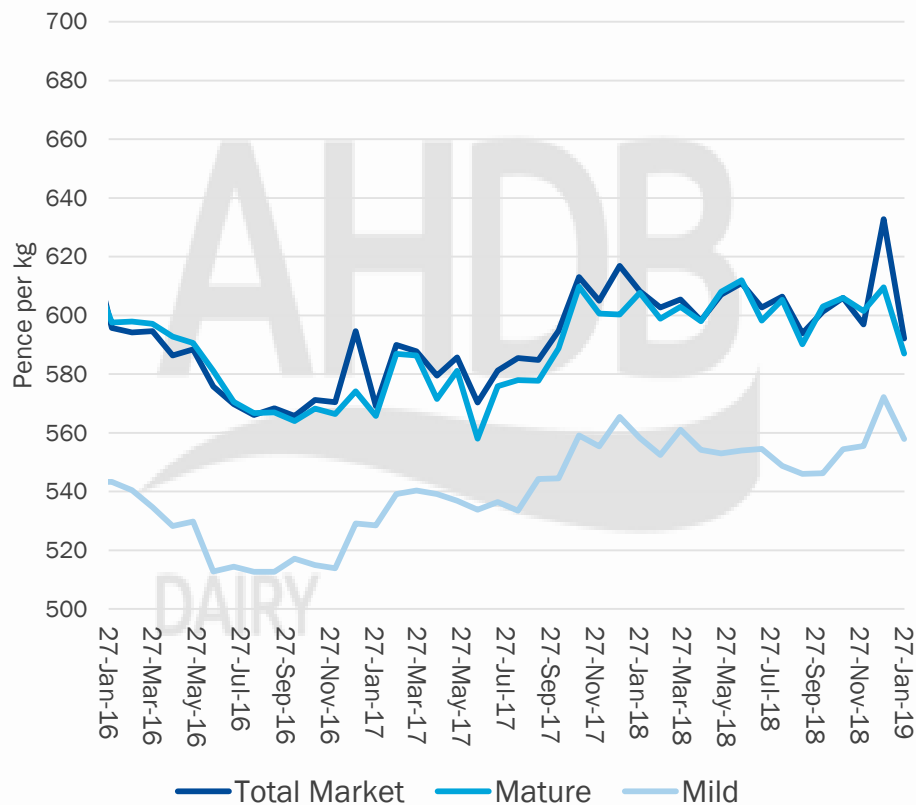
# United Kingdom: retail prices

## Period ending January 2019

GB Retail Prices - Liquid Milk



GB Retail Prices - Cheddar



Unit price (p)		27-Jan-19	30-Dec-18	M-o-m Difference	28-Jan-18	Annual Difference
Liquid milk	Retail	114	113	+1	111	+3

p/kg		27-Jan-19	30-Dec-18	M-o-m Difference	28-Jan-18	Annual Difference
Cheddar	Total market	592	633	-41	608	-16

# United Kingdom: cheese market

## Period ending January 2019

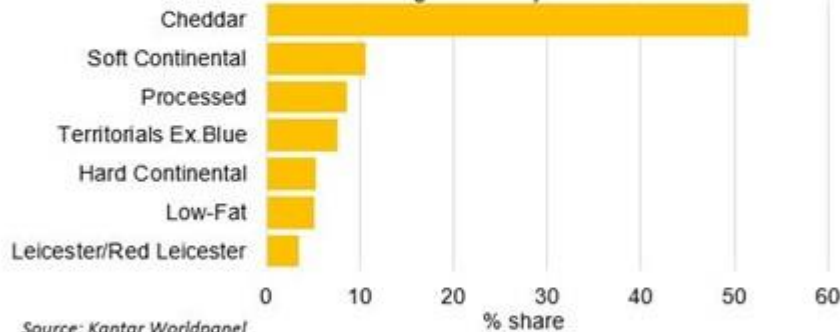
### Cheese retail performance

GB cheese market, year to 27 January 2019

	Spend (£000)	Year on year change	Volume (000kgs)	Year on year change	Average price (£/kg)	Year on year change
Total cheese	2,918,129	+2.7%	451,753	+1.2%	6.46	+1.4%

### Share of total cheese volume

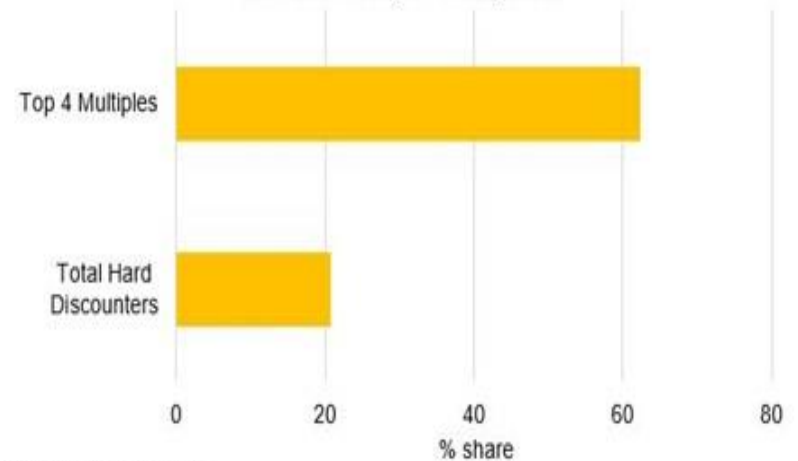
52 weeks ending 27 January 2019



Source: Kantar Worldpanel

### Retailer share of total cheese volume

52 weeks ending 27 January 2019



Source: Kantar Worldpanel

### Year on year % change in volume

Cheddar	Hard Continental	Soft Continental	Territorials Ex.Blue	Leicester/Red Leicester	Processed	Low-Fat
-0.1	1.9	6.6	4.1	6.1	0.7	-0.6

Total Hard Discounters	Top 4 Multiples
11.5%	-1.7%

Year on year % change in volume

Source: Kantar Worldpanel

# **ANNEX 6**

## **EU dairy short-term outlook**

***European Commission***





# EU dairy short –term outlook

Andrea Čapkovičová, DG AGRI – C2

Brussels, MMO, 28 June 2019







# Short-term dairy outlook

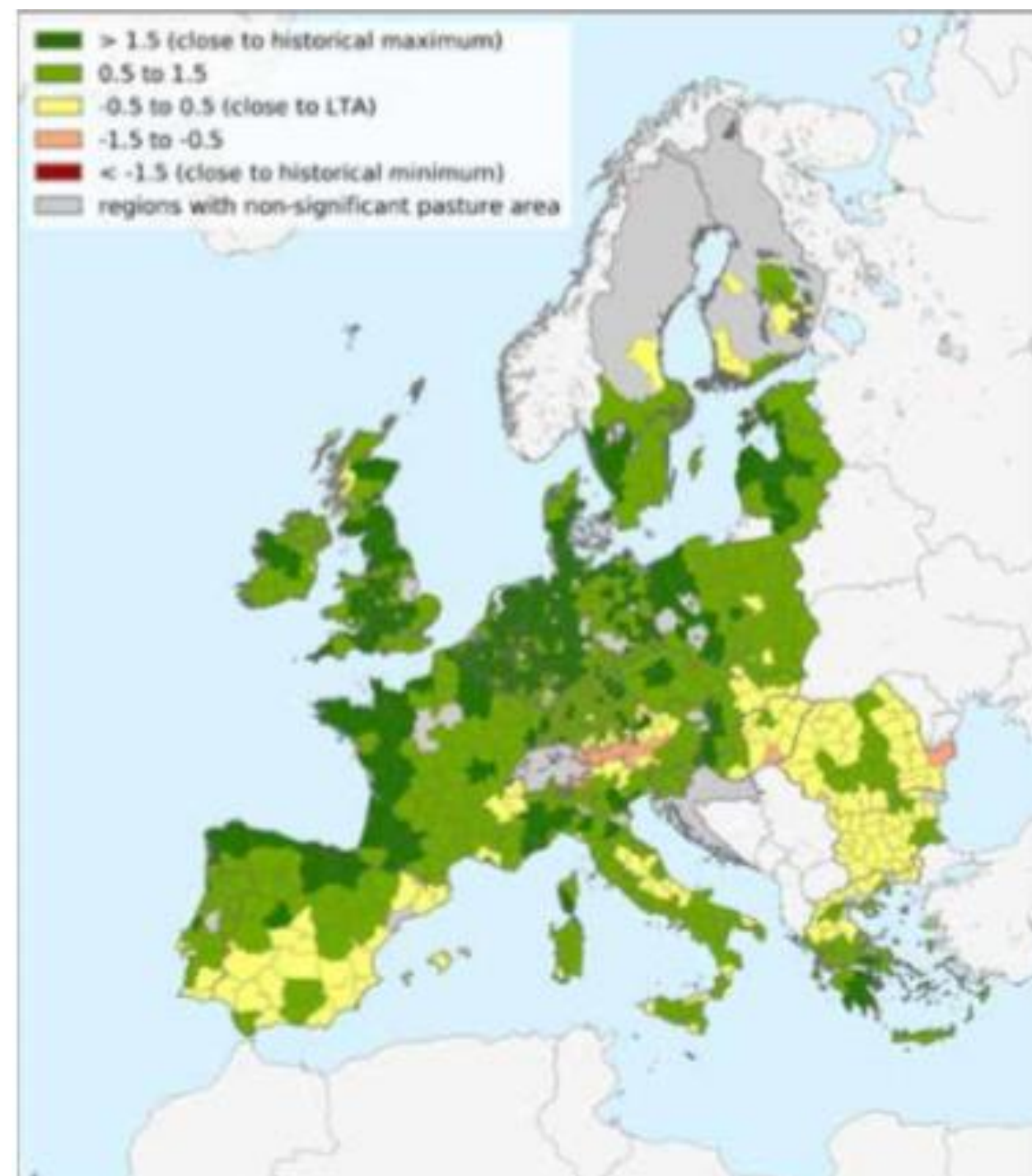


Agriculture  
and Rural  
Development



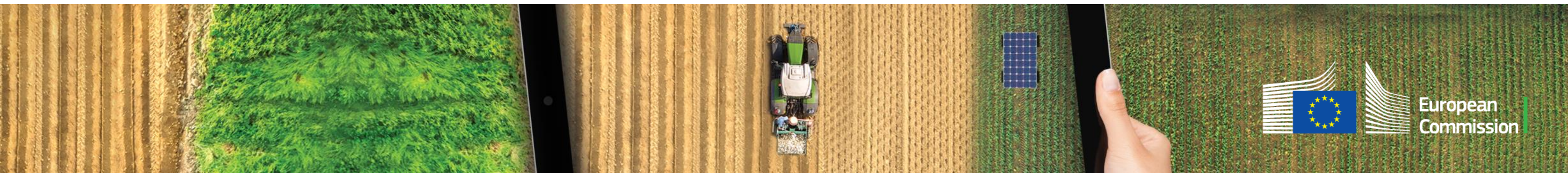
# Weather favouring grass growth in most MS

Relative index of pasture growth  
Period of analysis 1 March – 31 May 2019



- **Above-average biomass accumulation** in most regions – due to warm temperatures in early Spring
- **FR** – favorable weather conditions, especially in western regions
- **DE** – overallly favourable, although some regions in north suffering from dry conditions
- **UK+IE** – benefitting from the rain surplus, resulting in high grass yields

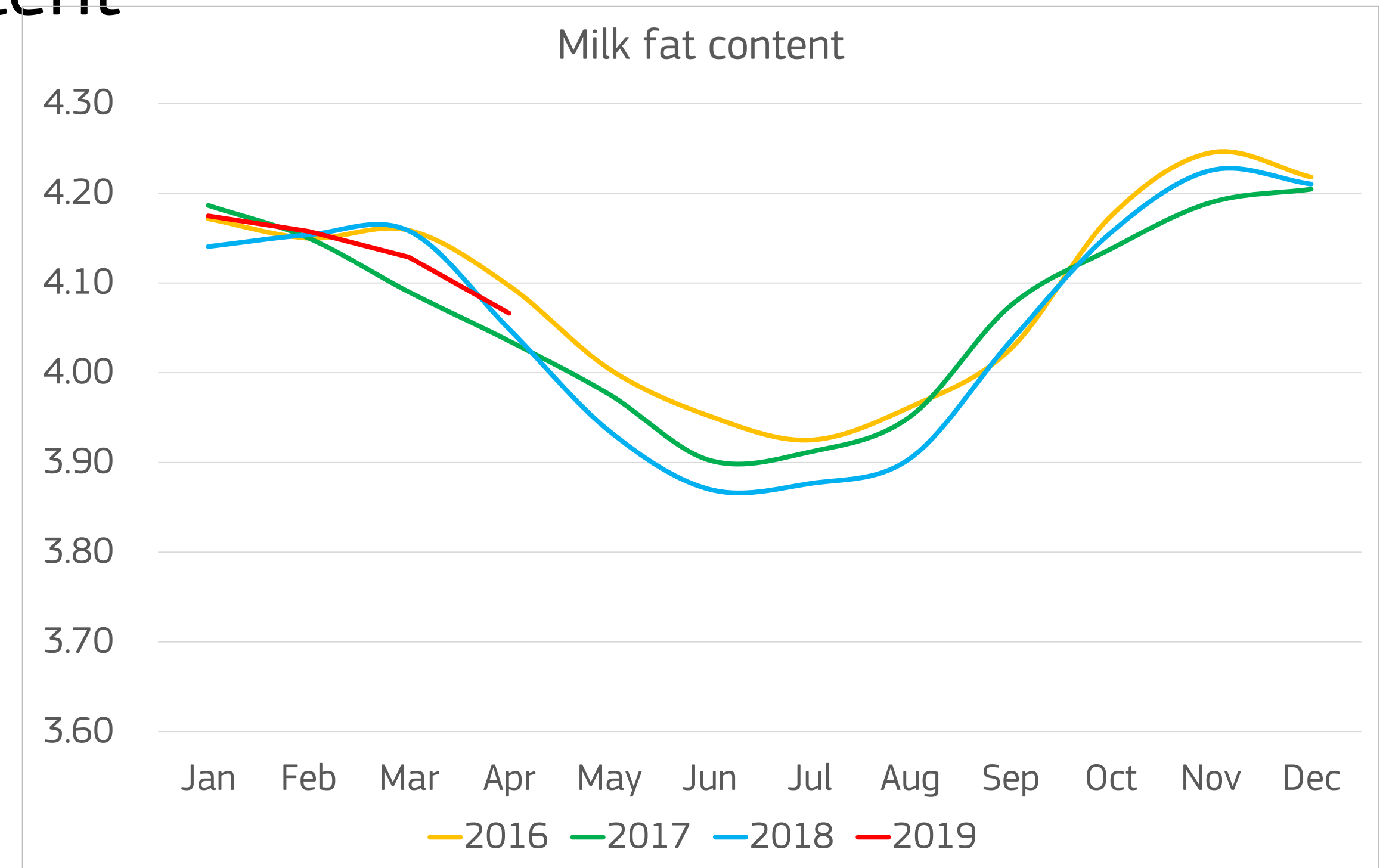
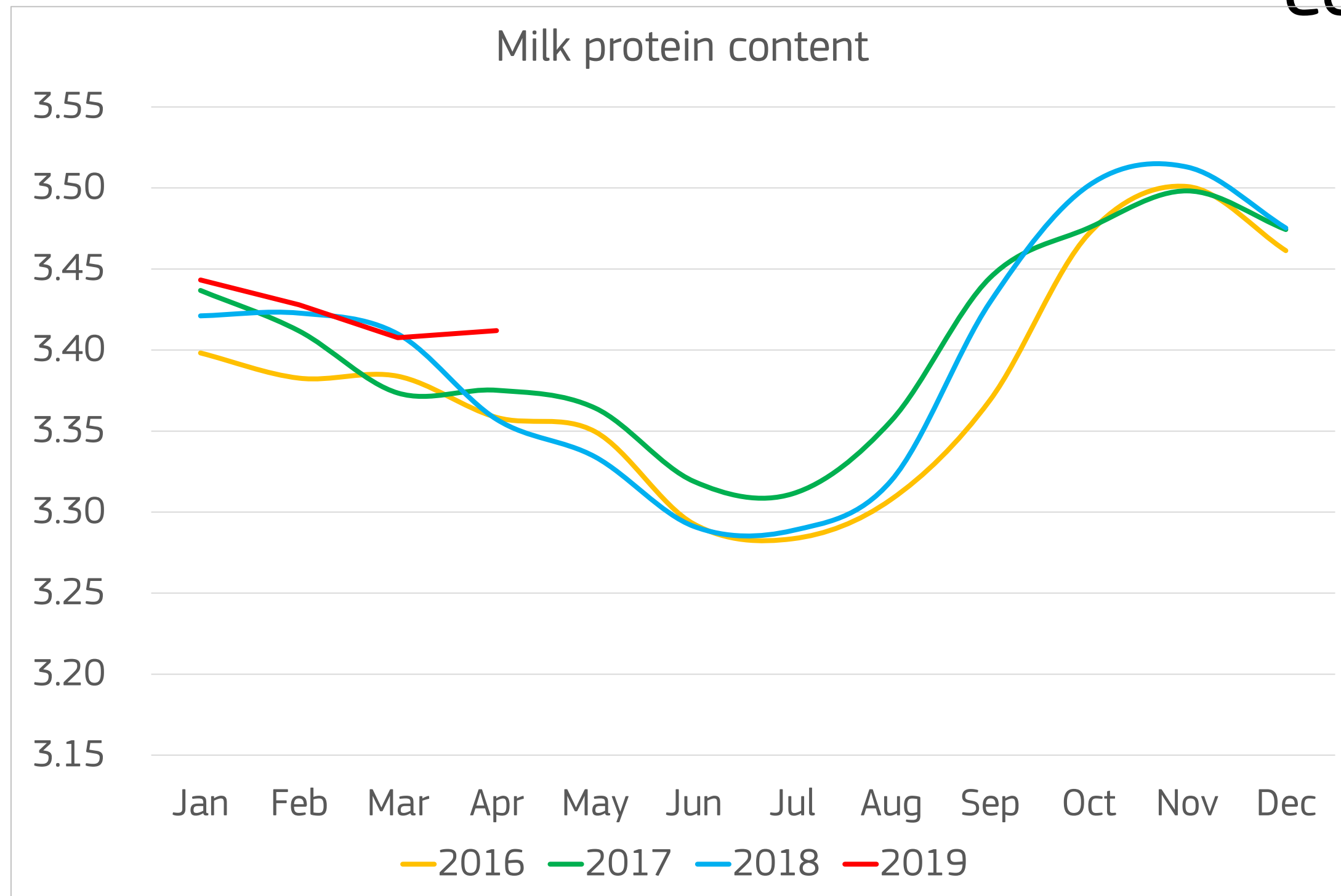
Source: Mars <https://ec.europa.eu/jrc/en/mars/bulletins>



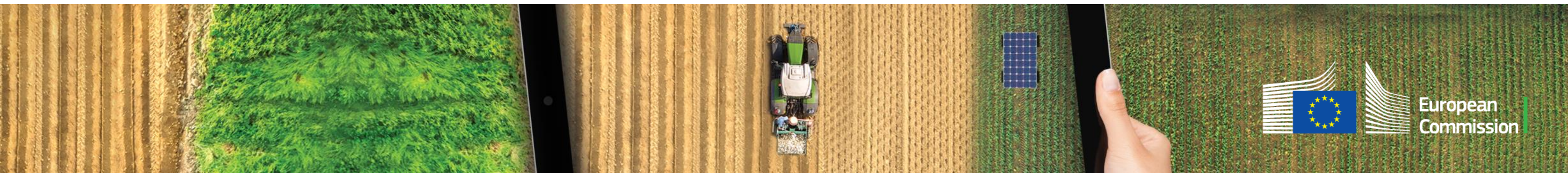


# Feed use and grass development contributing to increasing fat and protein content

content

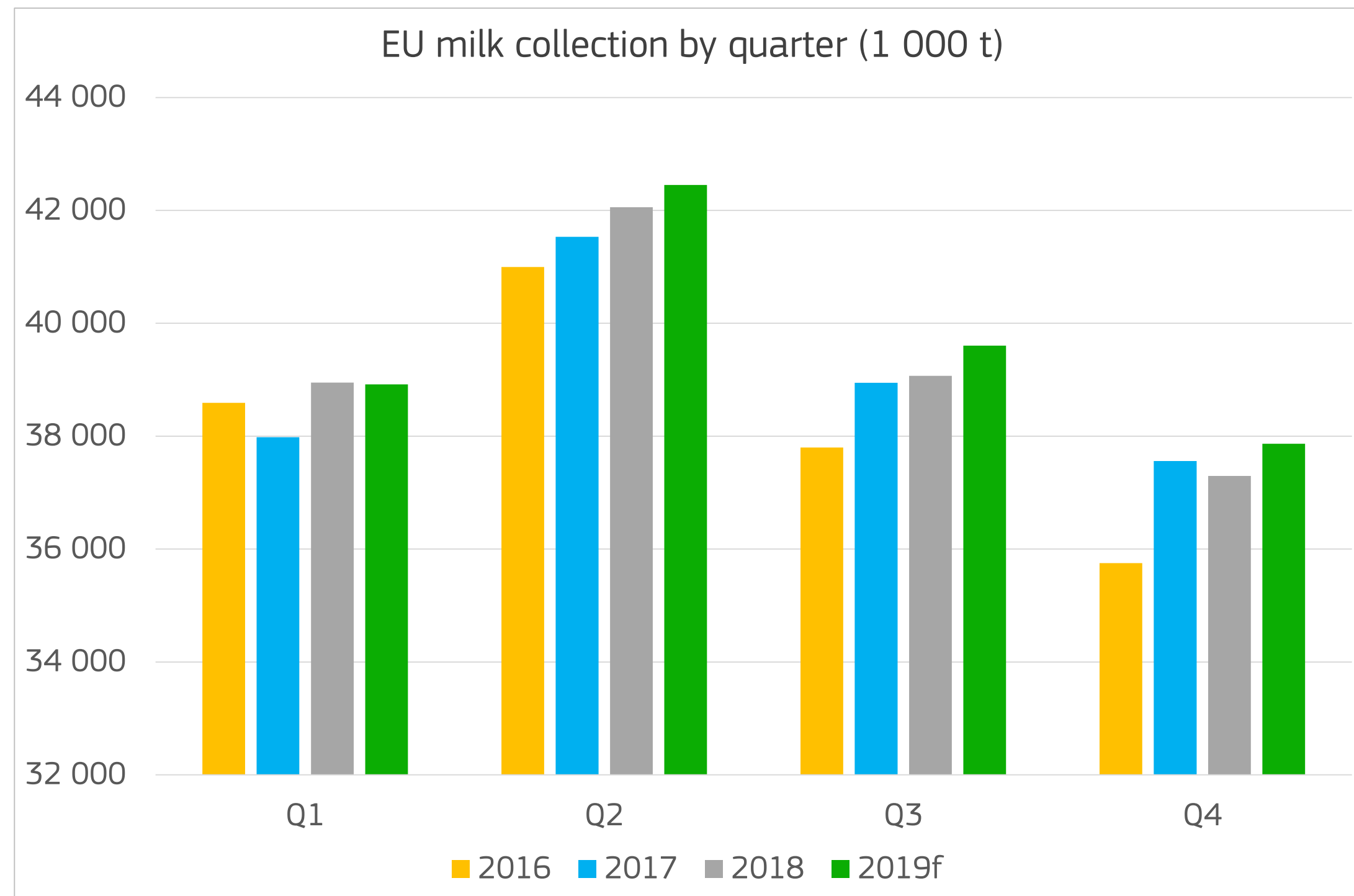


Source: Eurostat





# Further growth of the EU milk production



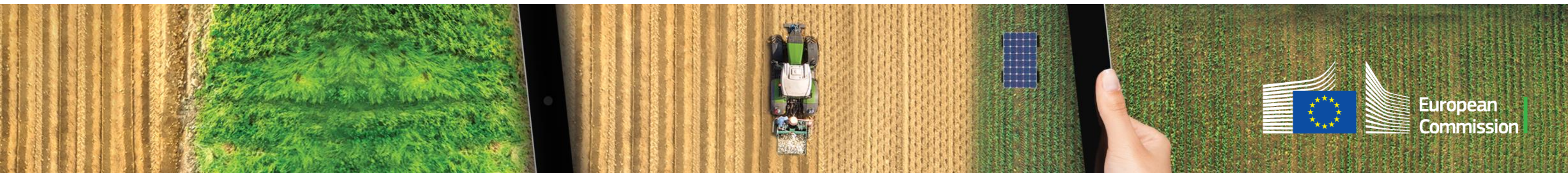
+0.9% in  
2019

+0.9% in  
2020

Driven by:

- **sustained demand** for EU dairy products,
- **favourable weather** conditions,
- **lower supply** in main EU competitors,
- and **price environment**
  
- **Increase** in **Ireland** (4%), **Poland** (3.5%), **Denmark** (1.5%) and **the UK** (2%)
- Production in **France** (0%) and **Germany** (0.5%) is expected to **remain stable**

Source: DG Agriculture and Rural Development, based on Eurostat and MS notifications







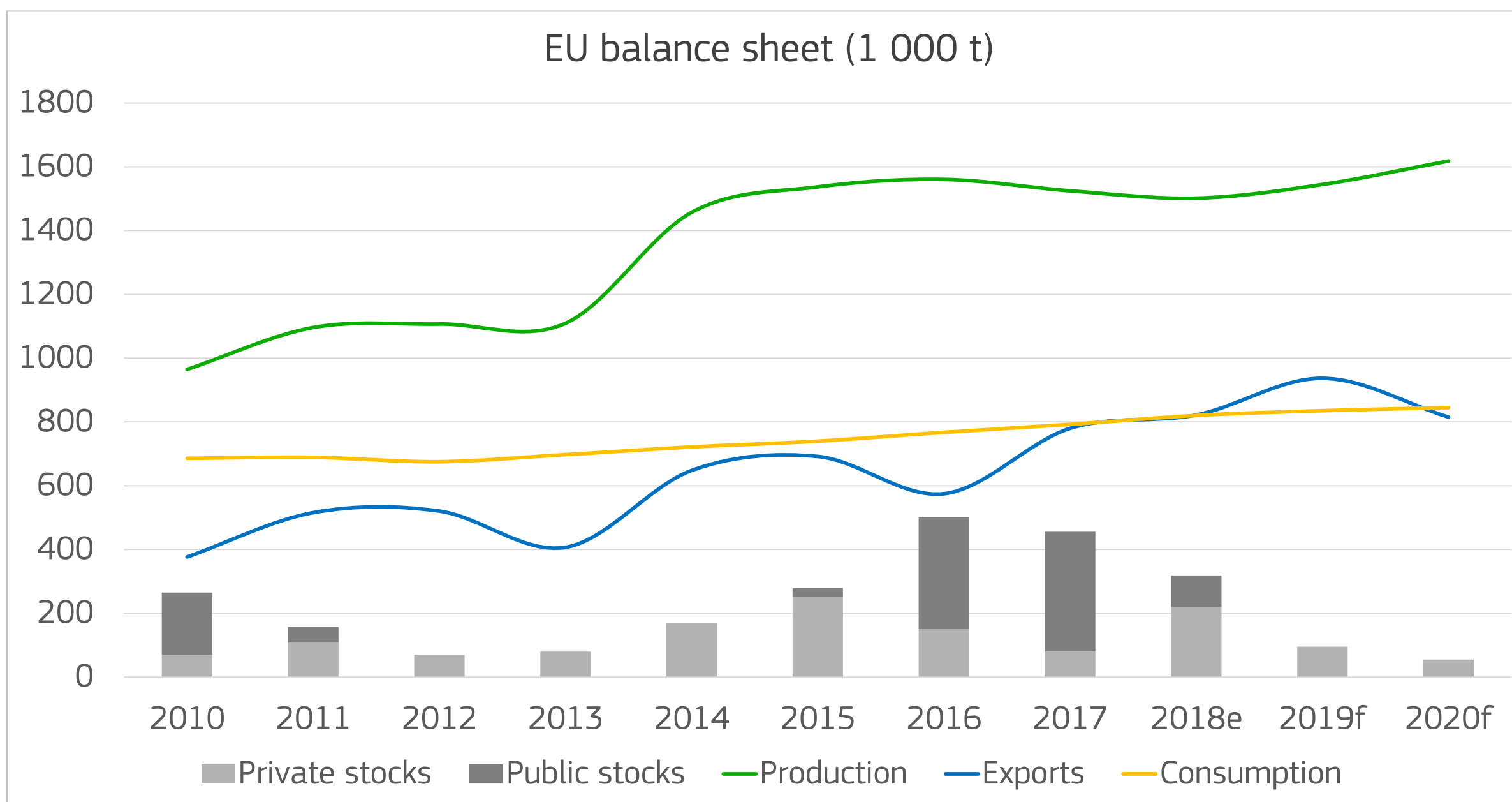
# Dairy products' balance sheets



Agriculture  
and Rural  
Development



## Skimmed milk powder



Source: DG Agriculture and Rural Development, based on Eurostat

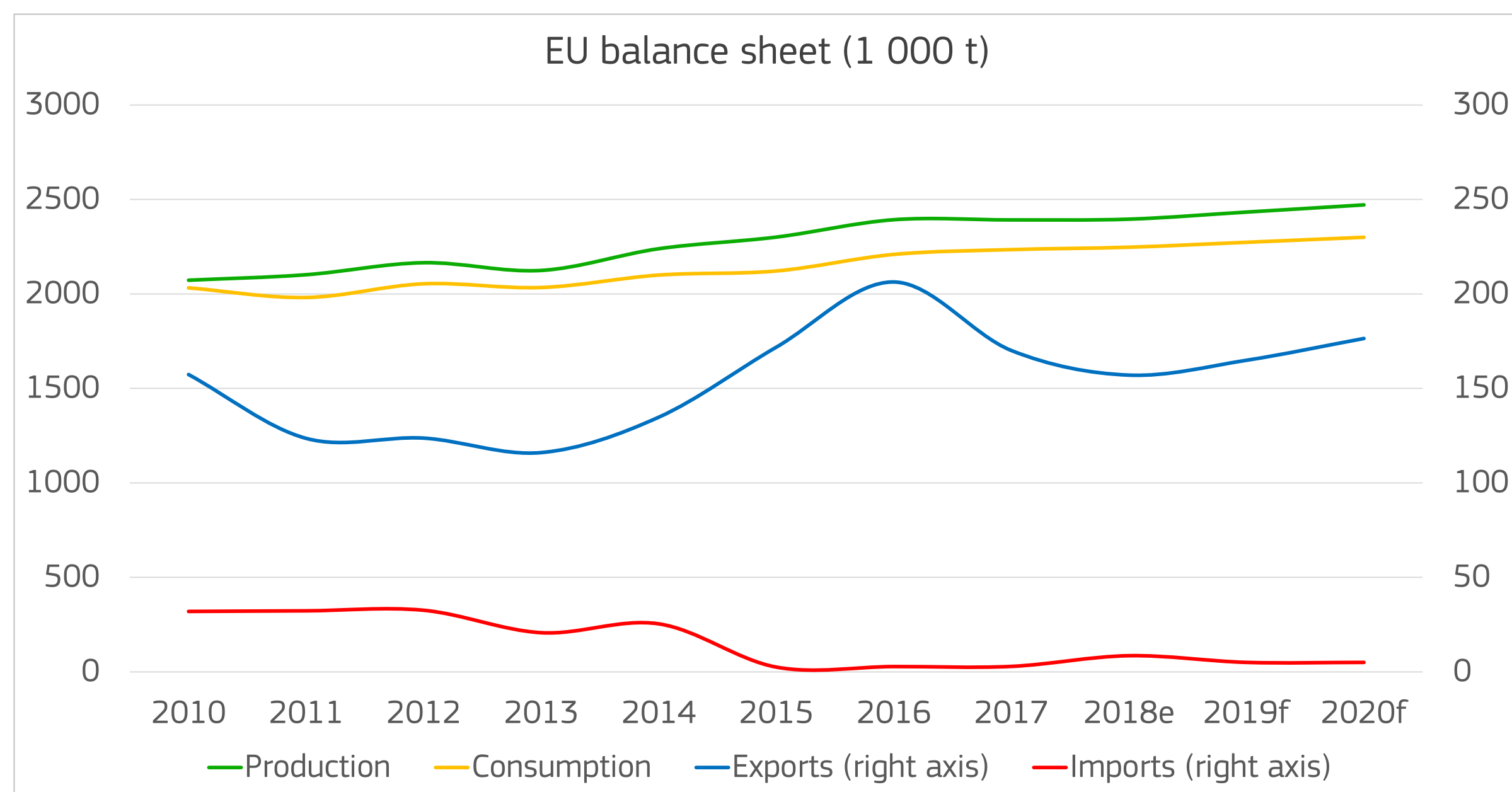
2019:

- SMP production growth (+3%)
- EU SMP exports are forecast 14% up

2020:

- Due to lower availabilities (stocks being low), SMP production might further grow (+5%) to answer demand
- EU SMP exports are expected to decline by more than 10% (likely to remain above the pre-crisis levels)

## Butter



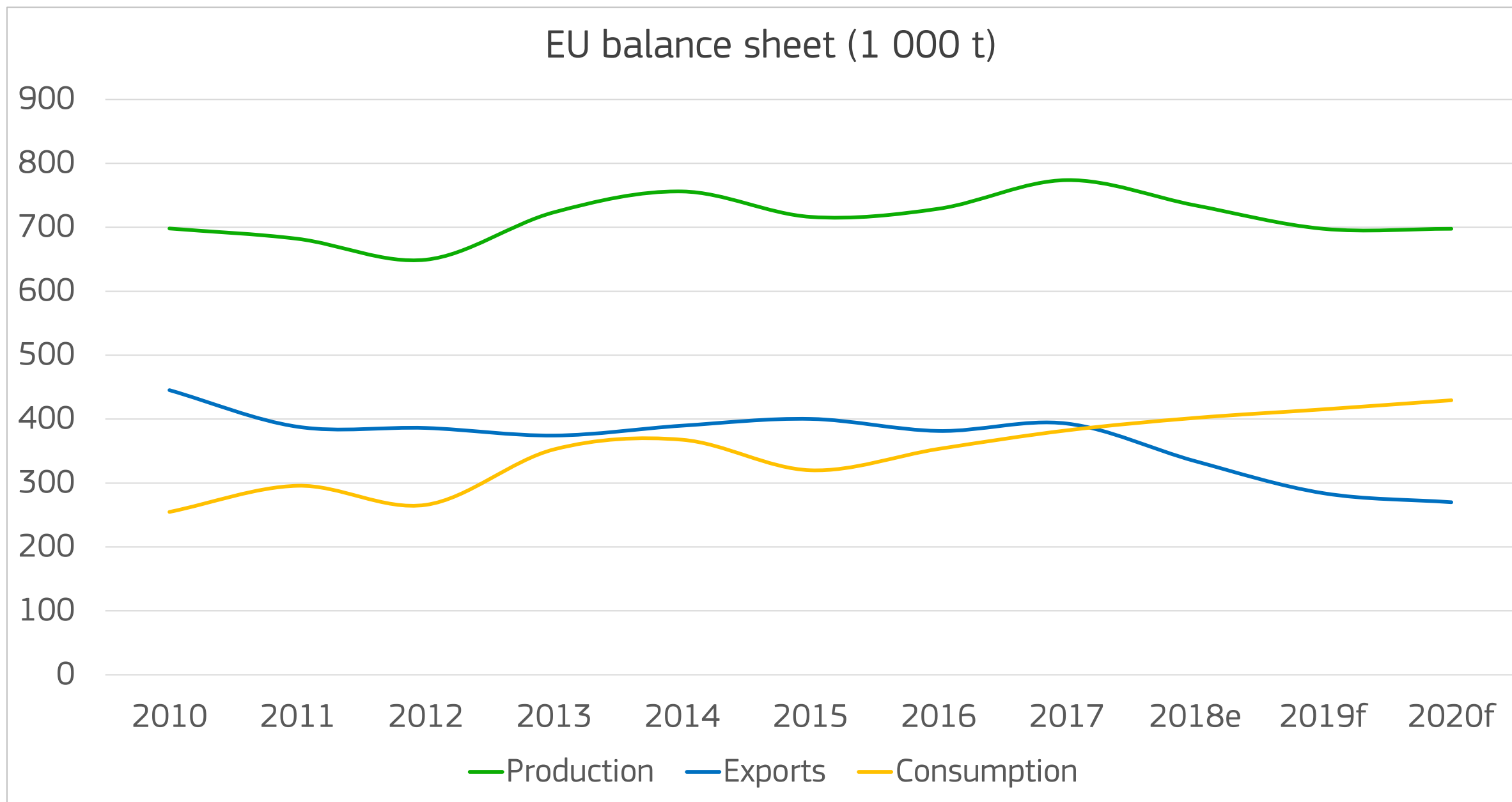
Source: DG Agriculture and Rural Development, based on Eurostat

2019:

- With the decreasing price of butter, the EU exports are expected to increase by 5%
- + further increase in domestic use (+1%)



## Whole milk powder

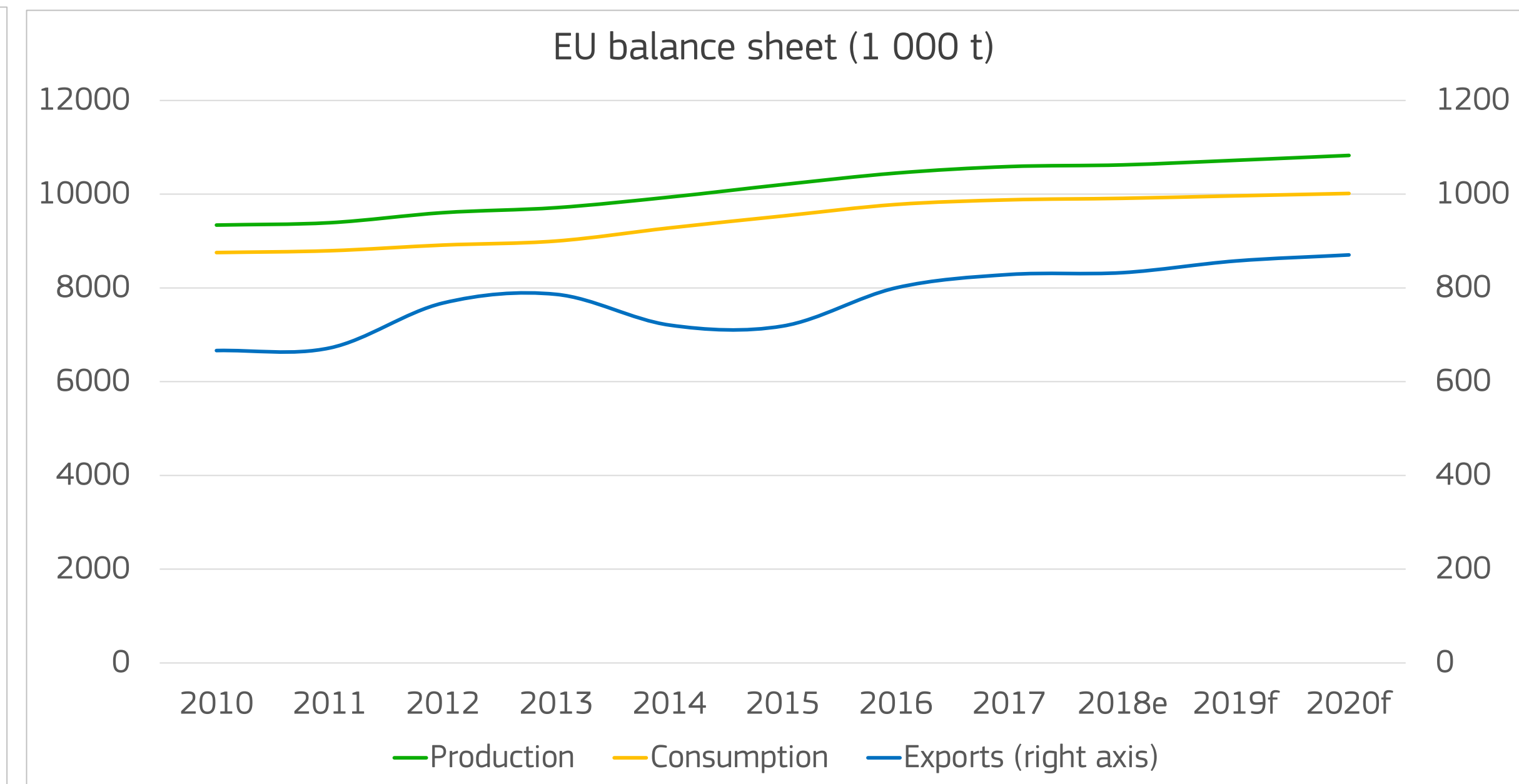


Source: DG Agriculture and Rural Development, based on Eurostat

### 2019:

- Ongoing **decline in exports** – expected to reach **15%**
- EU **domestic use** (for chocolate) is expected to **continue rising** (above 3%)
- **Production decline 5%**
- **Exports of fat-filled powders** to April increased by 12% implying some **shifts** in export demand for **EU powders**

## Cheese



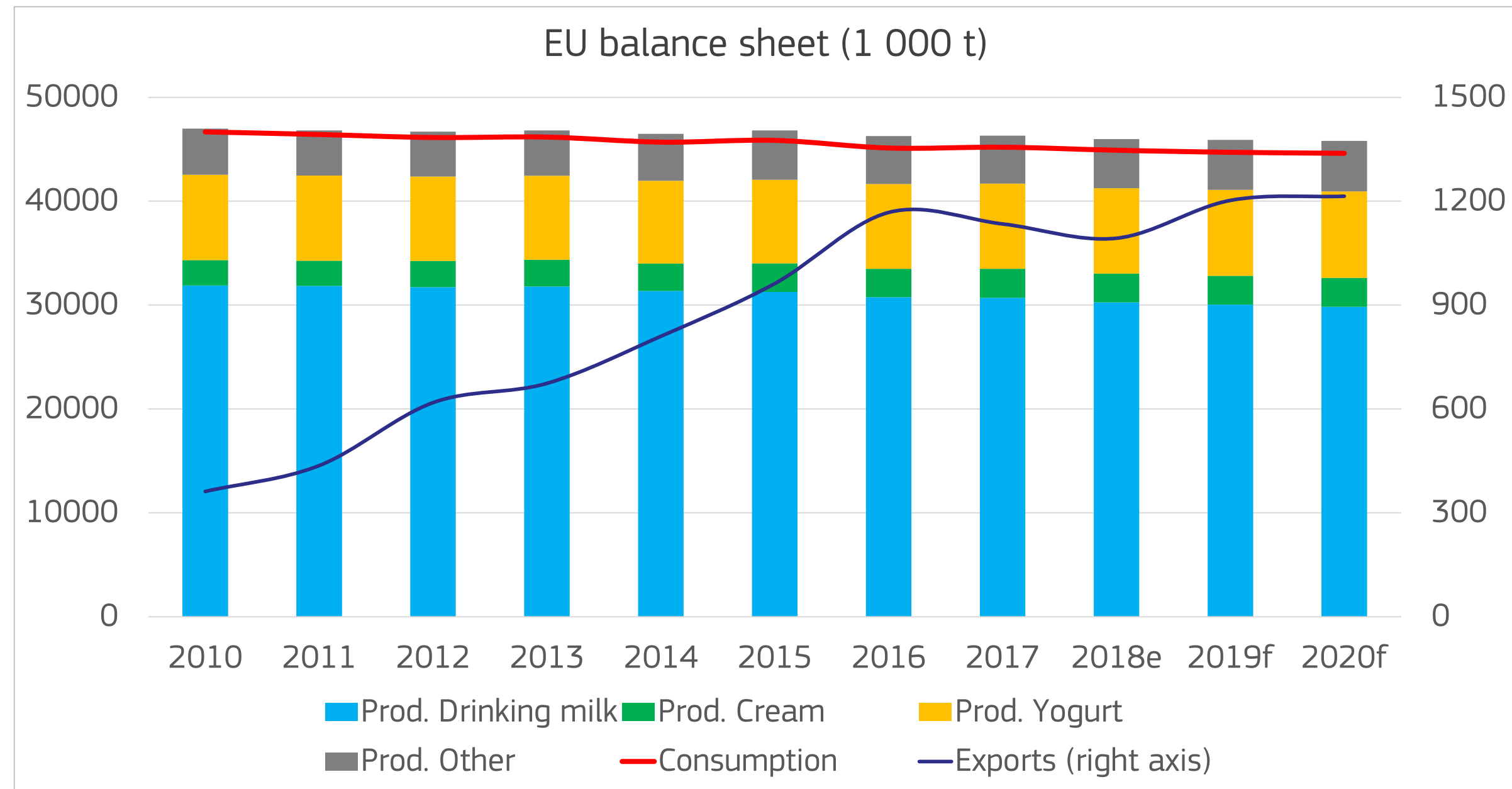
Source: DG Agriculture and Rural Development, based on Eurostat

### 2019:

- Expected **increases** in both **domestic** (+0.5%) and **export demand** (+3%)
- **1% production increase**, in a context of **stable returns** compared to other dairy products



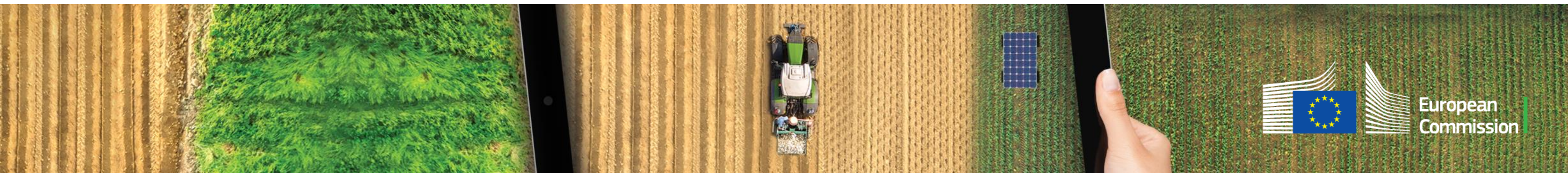
# Fresh dairy products



## 2019:

- The continuous decline in drinking milk consumption in the EU
- Production drop in drinking milk is expected at **0.7%**
- EU exports of drinking milk **growing** (contributing by 32% to the increase of EU FDP exports)
- Expected a **10% growth** of FDP shipments

Source: DG Agriculture and Rural Development, based on Eurostat







# Market of fat-filled powders

Based on GIRA Study

## The Dynamics, Operators & Opportunities in Key Technical Dairy Ingredient Markets to 2021

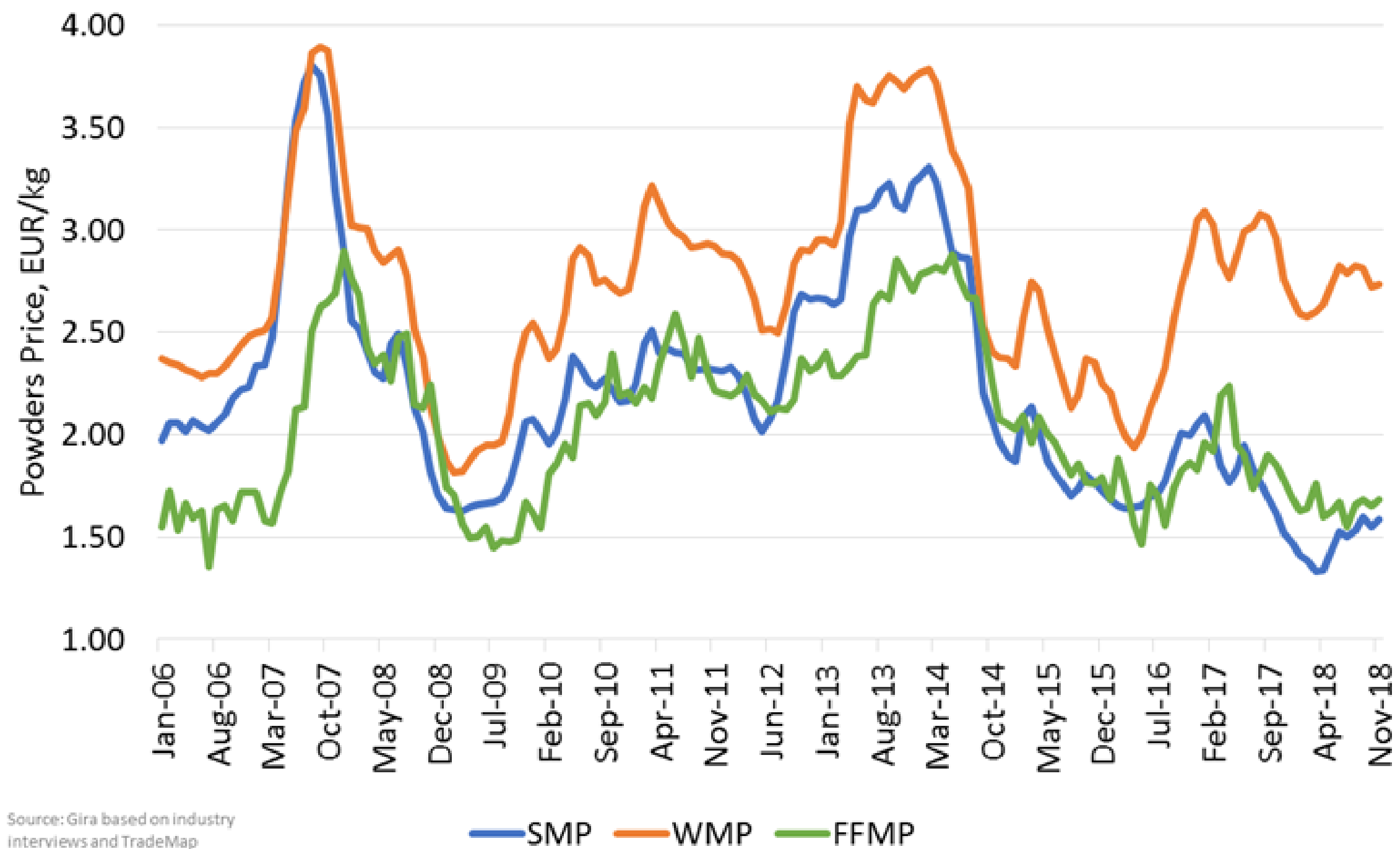


Agriculture  
and Rural  
Development

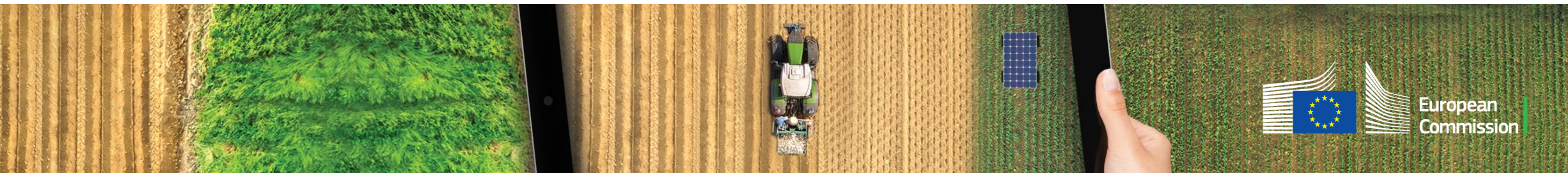


# Evolution of FFP market

## FFP, SMP & WMP Prices, EUR/kg , 2006-18



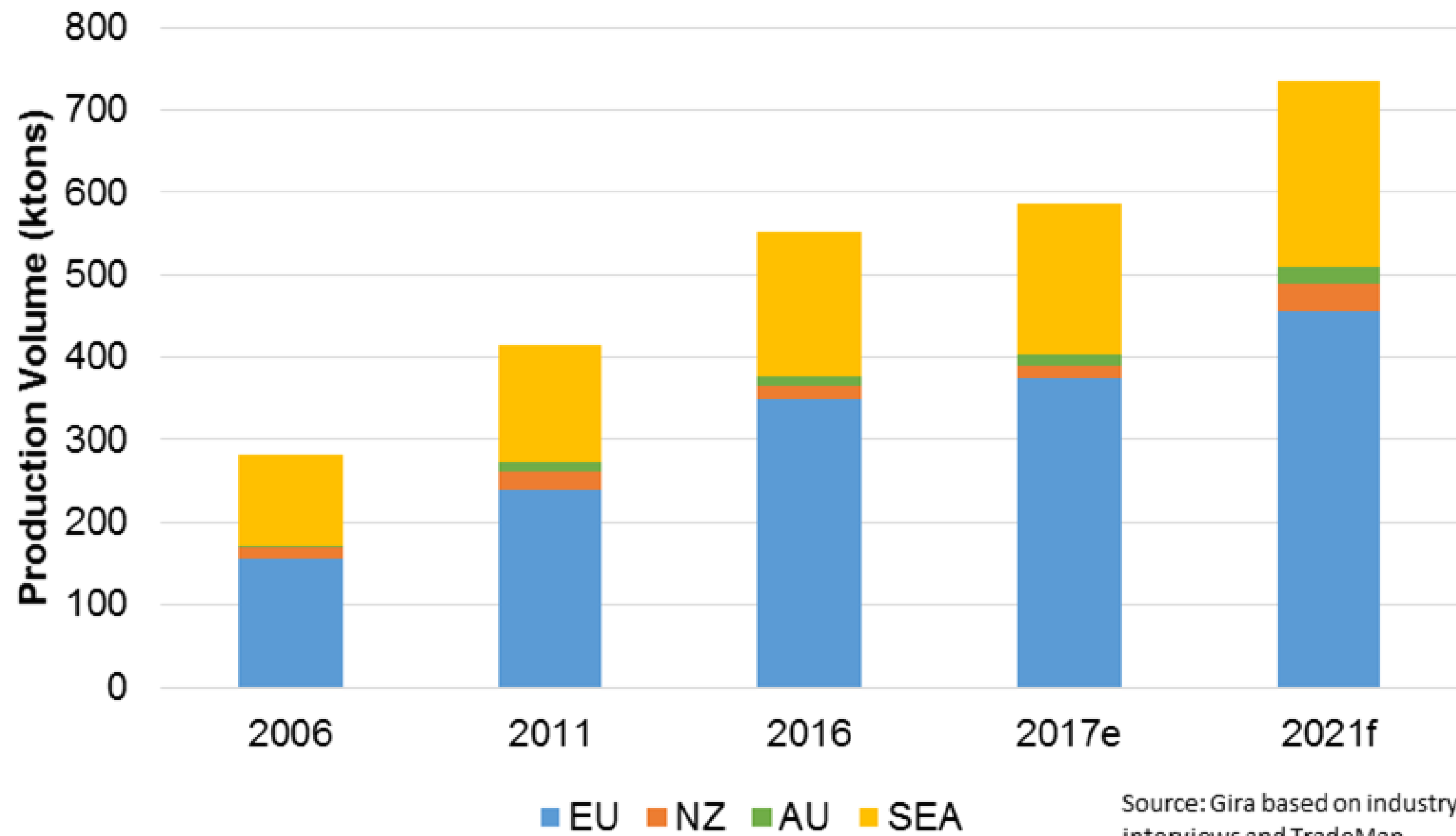
- Initially developed as a cheaper alternative to WMP
- Now evolving from a substitution to an engrained product
- Demand sustained especially through dairy commodity price cycles
- Lower volatility and greater price stability are among key attracting factors



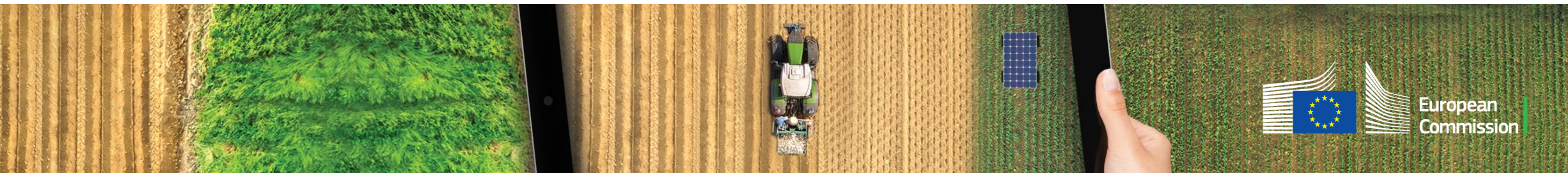


# Evolution of **FFP** as a product

## Global FFP Production by Region, 2006-2021f



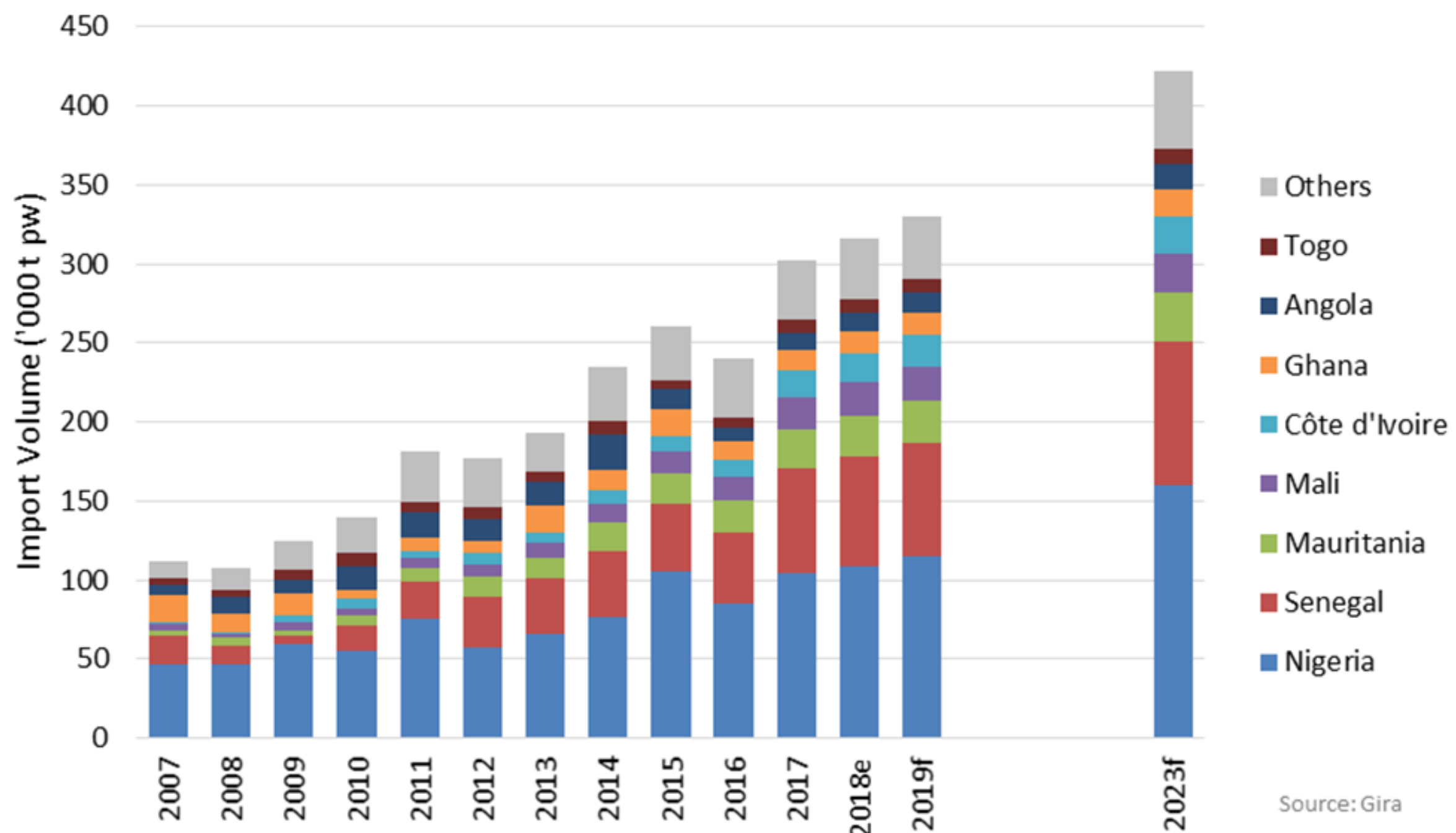
- SEA and the EU are the **main producers** accounting for ~30% and ~65% respectively of total production
- FFP production has evolved considerably as a **product**, particularly over the **last 3-4 years**
- FFPs encompass products with a large **range of fat and protein contents**, as well as **other additional ingredients**
- The offer is also increasingly **tailored towards the needs of the user**



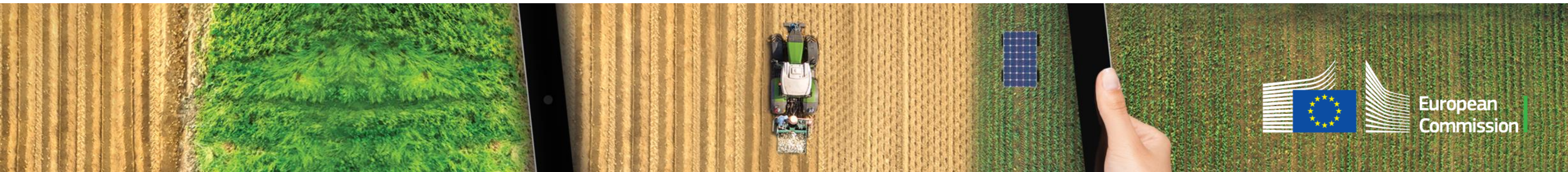


# End users' markets of FFP – Sub-Saharan Africa

## SSA FFP Imports by Country, 2007-2023f

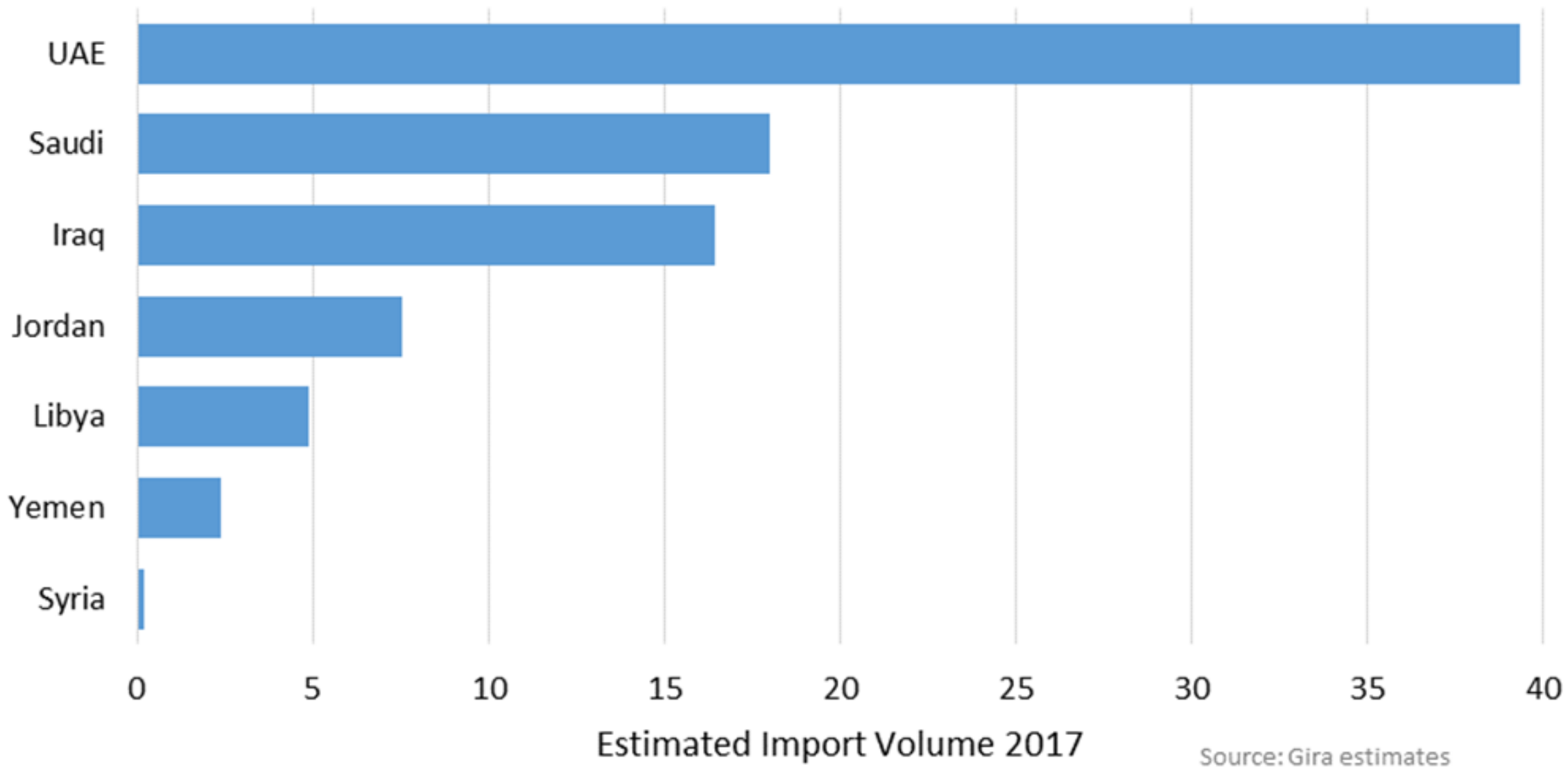


- Sub-Saharan Africa is the largest FFP import market in the world; most notably Nigeria and Senegal
- The improving economic environment in the region has driven a recovery in imports since 2016, and volumes are expected to continue increasing in the mid-term at ~6.6% p.a. to 2021.
- There is variation in the end-use of FFP throughout West and Central Africa. The main sales channel for FFP is through retail channels in sachets
- FFP replacement of WMP sales in these markets has accelerated over the last 2-3 years

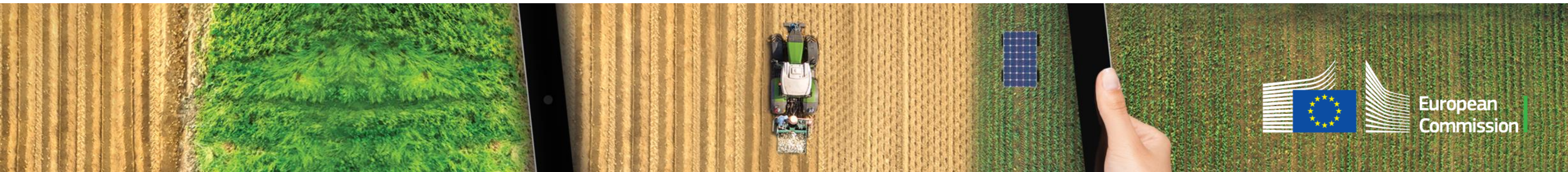




**Middle Eastern FFP Imports by Country, 2017e**



- Imported FFP is largely used by the **manufacturing sector**, rather than sold directly in powder form to consumers.
- **Replacement of WMP** is taking place in the region, particularly in Saudi Arabia as a result of **better performance levels** than WMP
- **Import volumes** are expected to **continue to expand** rapidly in the region; **supply** competition will become **increasingly intense**.





# Thank you

## Agricultural Outlook

[https://ec.europa.eu/agriculture/markets-and-prices/medium-term-outlook\\_en](https://ec.europa.eu/agriculture/markets-and-prices/medium-term-outlook_en)

## Markets briefs

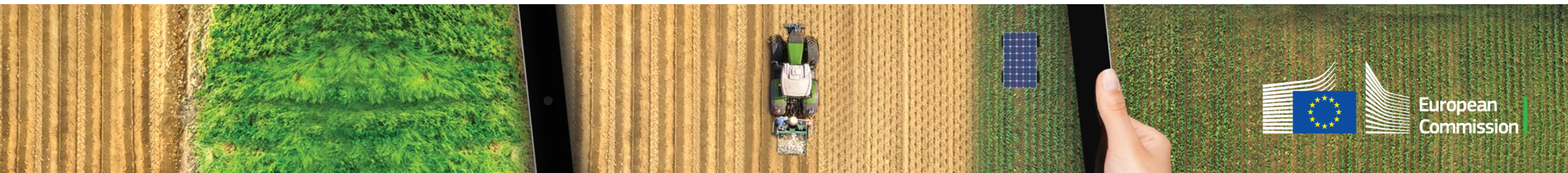
[https://ec.europa.eu/agriculture/markets-and-prices/market-briefs\\_en](https://ec.europa.eu/agriculture/markets-and-prices/market-briefs_en)

## Market observatories

[https://ec.europa.eu/agriculture/market-observatory\\_en](https://ec.europa.eu/agriculture/market-observatory_en)

## CAP reform

[https://ec.europa.eu/agriculture/future-cap\\_en](https://ec.europa.eu/agriculture/future-cap_en)





# **ANNEX 7**

## **Market transparency initiative – Dairy Sector**

***European Commission***



# **MARKET TRANSPARENCY INITIATIVE - *Dairy Sector* -**

**Milk Market Observatory**

**28 June 2019**

# Draft proposal: main elements

- Selling prices completed where needed (processed products), incl. organic products
- Buying prices: new points of observation in the supply chain
- Quantities when useful to understand the chain
- Possibility for MSs to delegate to operators the transmission of information
- Coordination mechanisms with MSs and stakeholders



# Commission proposal prices/quantities to collect

## (1) Horizontal issues

- Member states concerned
  - General rule: **Member States concerned are the ones producing or using more than 2% of the total Union corresponding production or use**
  - Specific rules in some sectors
- Buying Prices (BP)
  - Prices along the FSC (processing and retail prices)
  - Same frequency of reporting as the relevant Selling Prices (SP)
- High added-value products
  - Organic, non-GM
  - Monthly frequency (Annex II)

# Commission proposal prices/quantities to collect

## (2) Summary table – Annex I changes

Sector	R 2017/1185	Addition Implementing Act	Covered by ISAMM forms	Not added
Milk	Whey power, skimmed milk powder, whole milk powder, butter, commodity cheeses	SP Cream, Drinking Milk and fat filled powder BP Butter & Cheese	Mozzarella Cream, drinking milk, fat filled powder <u>Retail + food industry</u> : butter, cheese	Organic drinking milk

# Commission proposal prices/quantities to collect

## *(2) Summary table – Annex II changes*

Sector	R 2017/1185	Addition Implementing Act	Addition ISAMM forms	Not added
Milk	<p>Monthly - Price of raw milk</p> <p>Monthly - Price of non-commodity cheeses</p>	<p>Shorter time period (15<sup>th</sup>)</p> <p>SP Organic raw milk</p>	<p><u>Organic</u>: raw milk</p>	<p>SP PDO / PGI cheeses</p>

# Commission proposal prices/quantities to collect

## (2) Summary table – Annex III changes

Sector	R 2017/1185	Addition Implementing Act	Addition ISAMM forms	Not added
Milk	Monthly - delivery of raw milk  Yearly – none.	Fat filled powder (15 <sup>th</sup> of the month)  Delivery or raw organic milk (15 <sup>th</sup> of the month)	Fat-filled powder.  Organic raw milk	Yearly domestic use: Skimmed milk powder, whole milk powder, whey powder, butter, cheese - retail, food industry, feed, other

# Tentative schedule

- Stakeholder conference 25 Feb / CMO committee (horizontal) Feb-Mar sessions
- Preparation of proposal (internal procedure)
- Continuing technical exchanges in all fora
- Discussion in CMO committee
- Vote (July?)
- Implementation --> 6 months
- Preparation of cards containing product definitions, stage of information collection, market coverage, number of operators
- Technical guidance / implementation



**Thank you.**



# **Dairy – provisions in Annex I, II & III**

# Commission proposal prices/quantities to collect

## (2) Milk

*Concrete proposals*

### Annex I - weekly prices

#### 2. Milk and milk products

##### a) Selling prices

- *Representative market prices* (NB. **Mozarella** to be included in ISAMM form as part of commodity cheeses)
- **Addition regulation: cream, drinking milk, fat filled powder.**

##### b) Buying prices

- **Representative retailer and food industry buying price of butter and commodity cheese expressed per 100kg of product.**



# Commission proposal prices/quantities to collect

## (2) Milk

*Concrete proposals*

## Annex II – non-weekly prices

### *2. Milk and milk products*

#### *Selling prices*

- *Organic raw milk*
- *the price shall be that paid by first purchasers established in the territory of the Member State*

# Commission proposal prices/quantities to collect

## (2) Milk

*Concrete proposals*

### Annex III – Production and market information

#### 2. Milk and milk products

##### Production quantity

- Organic cow's raw milk
- Fat-filled powder
- Fat and protein content of raw milk (incl. organic) ~  
Discontinued by Eurostat as from 2023.