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# Dairy Market Data

A German Perspective

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Brussels, September 11<sup>th</sup> 2018



WHERE

WHO

WHAT

?



# Deutsches Milchkontor GmbH

WHY

WHEN

HOW



**We are  
talking about...**

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**7,500**

**Farmers**

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**Germany's largest dairy cooperative**





We are  
talking about...

**8.1**  
bn. kg  
raw milk

# DMK Group: facts and figures

## 1. OUR VALUE ADDED

**5.8**

billion euros in sales



Farm gate milk price per kilo



**8.1**

billion kilos of milk per year



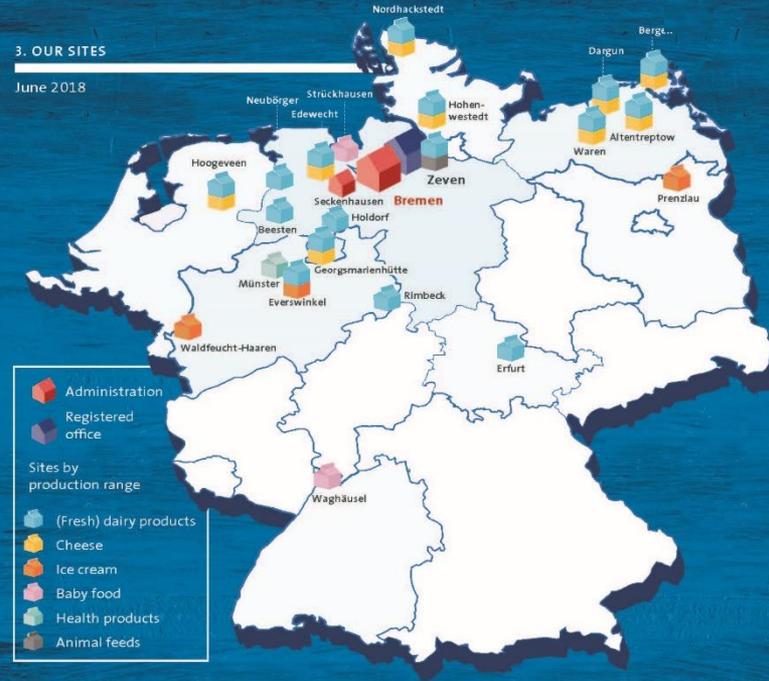
4<sup>th</sup> place in the grocery retailers' supplier ranking

## 2. ORGANISED IN SIX BUSINESS UNITS (BU)

Private Label	Industry	Ice Cream
Brand	Baby	International

## 3. OUR SITES

June 2018



## 4. THE PEOPLE BEHIND THE DMK GROUP



**6**

times in a row as top employer



**200**

apprentices



**7,700**

employees



**7,500**

farmers



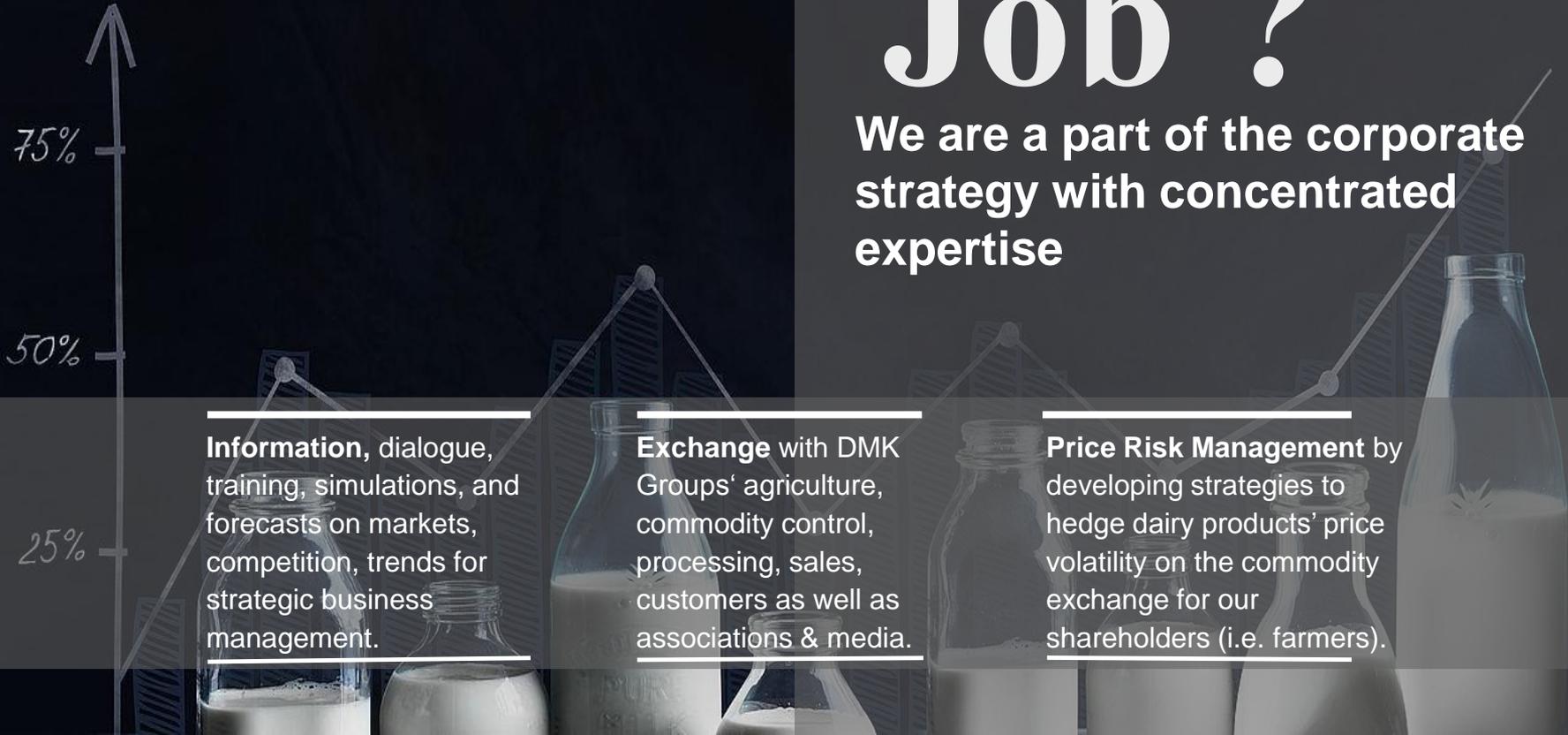
[www.dmk.de](http://www.dmk.de)



@DMK\_Milch

# The M.I. Job ?

We are a part of the corporate strategy with concentrated expertise



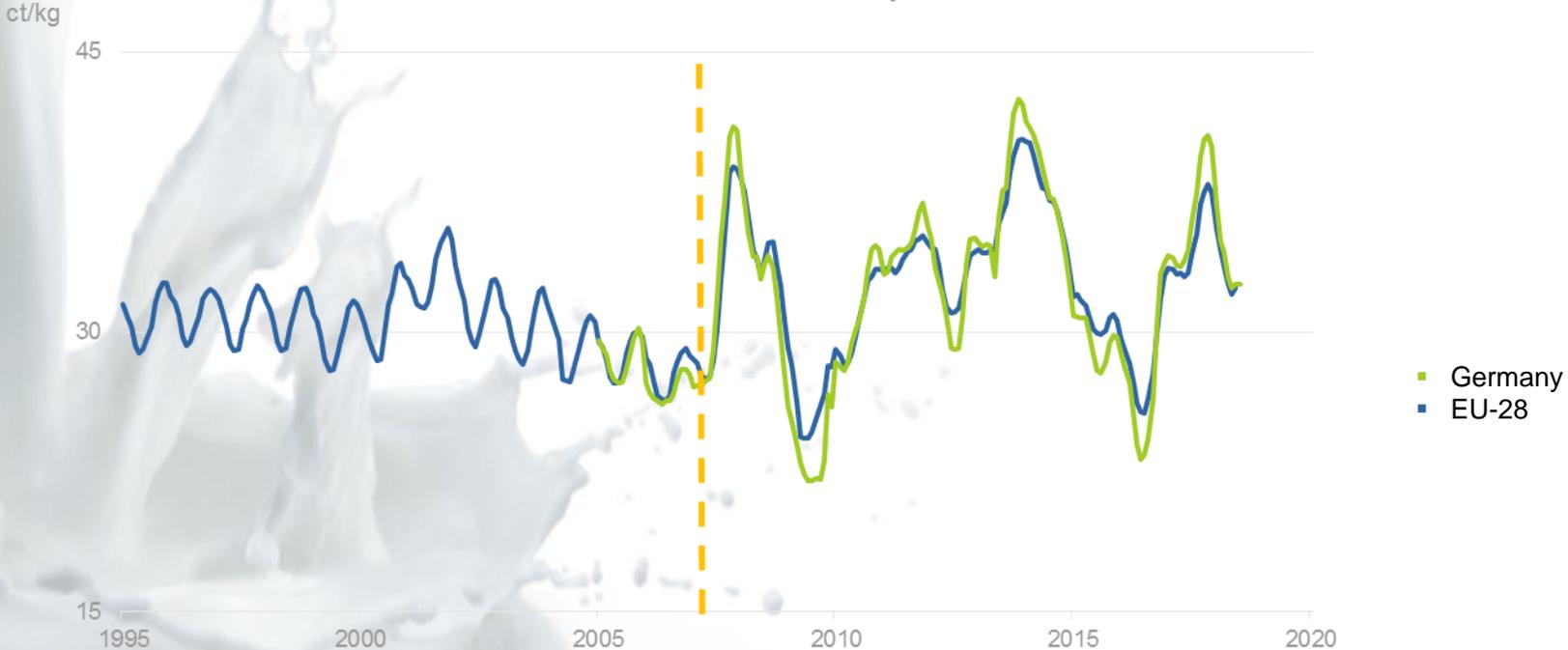
**Information**, dialogue, training, simulations, and forecasts on markets, competition, trends for strategic business management.

**Exchange** with DMK Groups' agriculture, commodity control, processing, sales, customers as well as associations & media.

**Price Risk Management** by developing strategies to hedge dairy products' price volatility on the commodity exchange for our shareholders (i.e. farmers).

# Milk Price

Milk Price EU28 & Germany

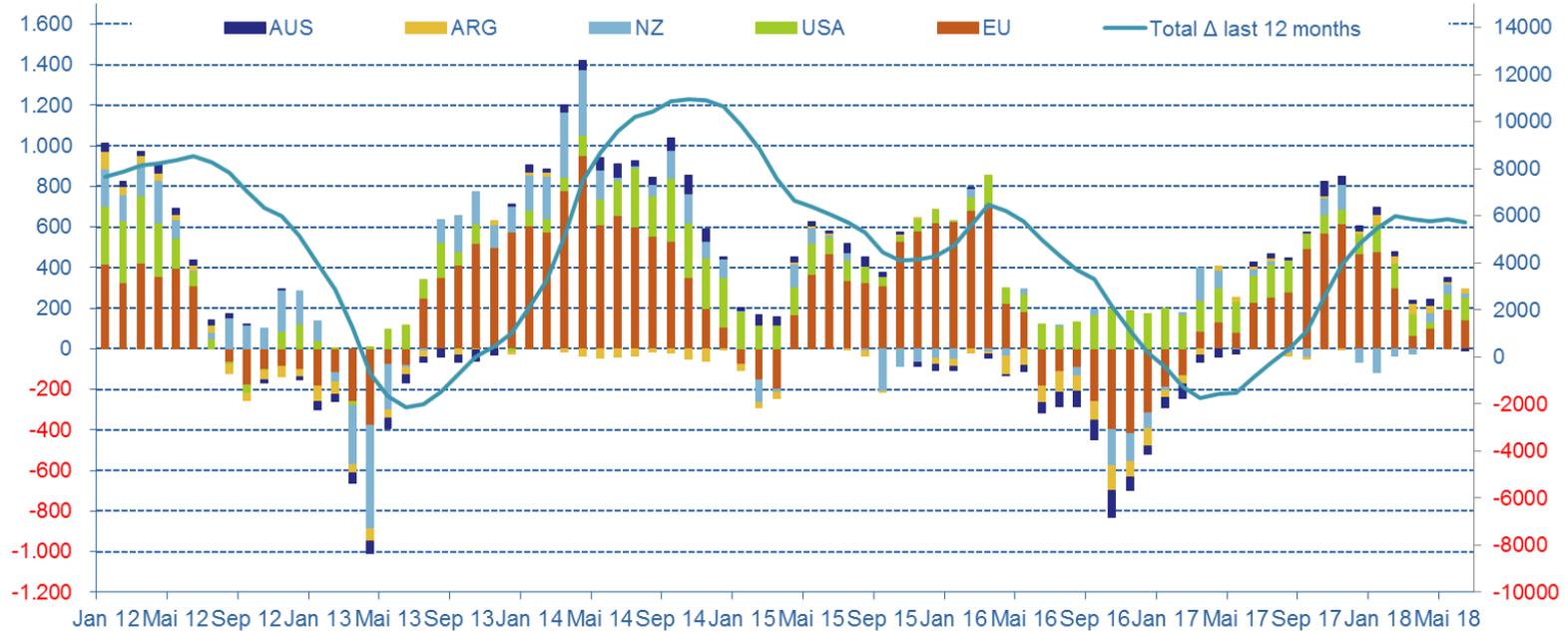


# World Milk Supply

Change milk supply  
(1.000 t)

Milk Supply World

Total volume change  
(1.000 t)

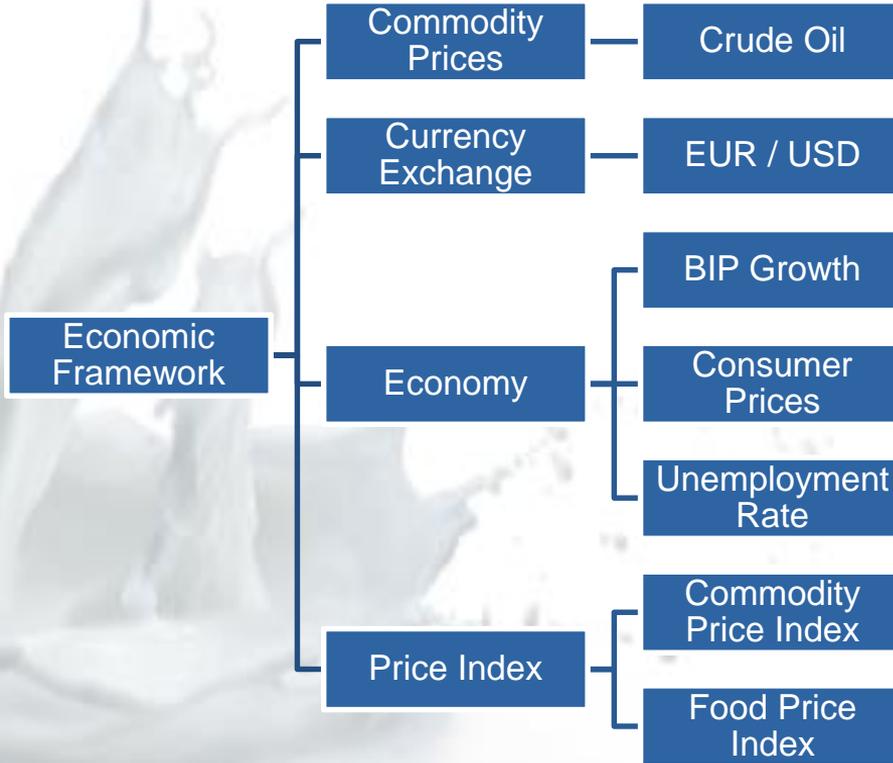




The background of the image is a blurred view of a financial report or newspaper page. It features several line graphs with orange and red lines, and tables of data with columns and rows of text. The overall tone is professional and data-oriented.

# General Economic Data

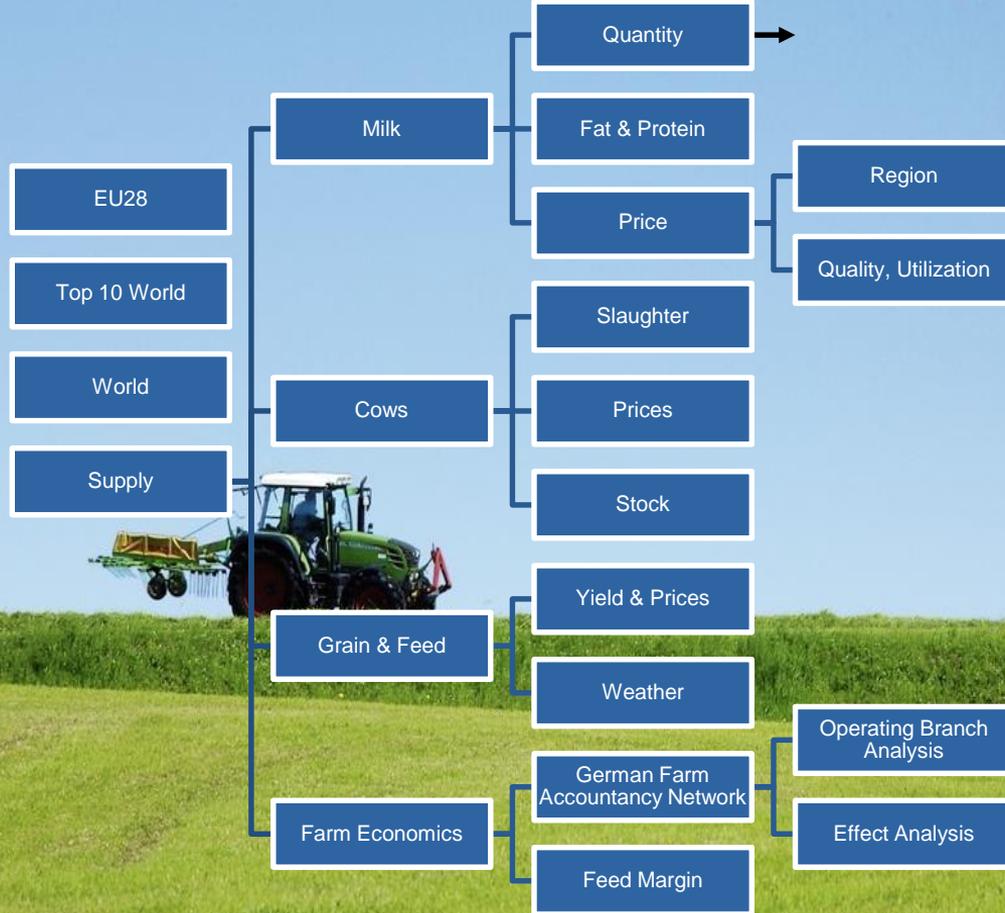
# ***General Economic Data***



A man with grey hair, wearing a grey polo shirt and blue overalls, stands in a dairy barn. He is holding the handle of a tool. In the background, several black and white cows are visible in their stalls. The barn has a wooden roof structure and large windows on the left side.

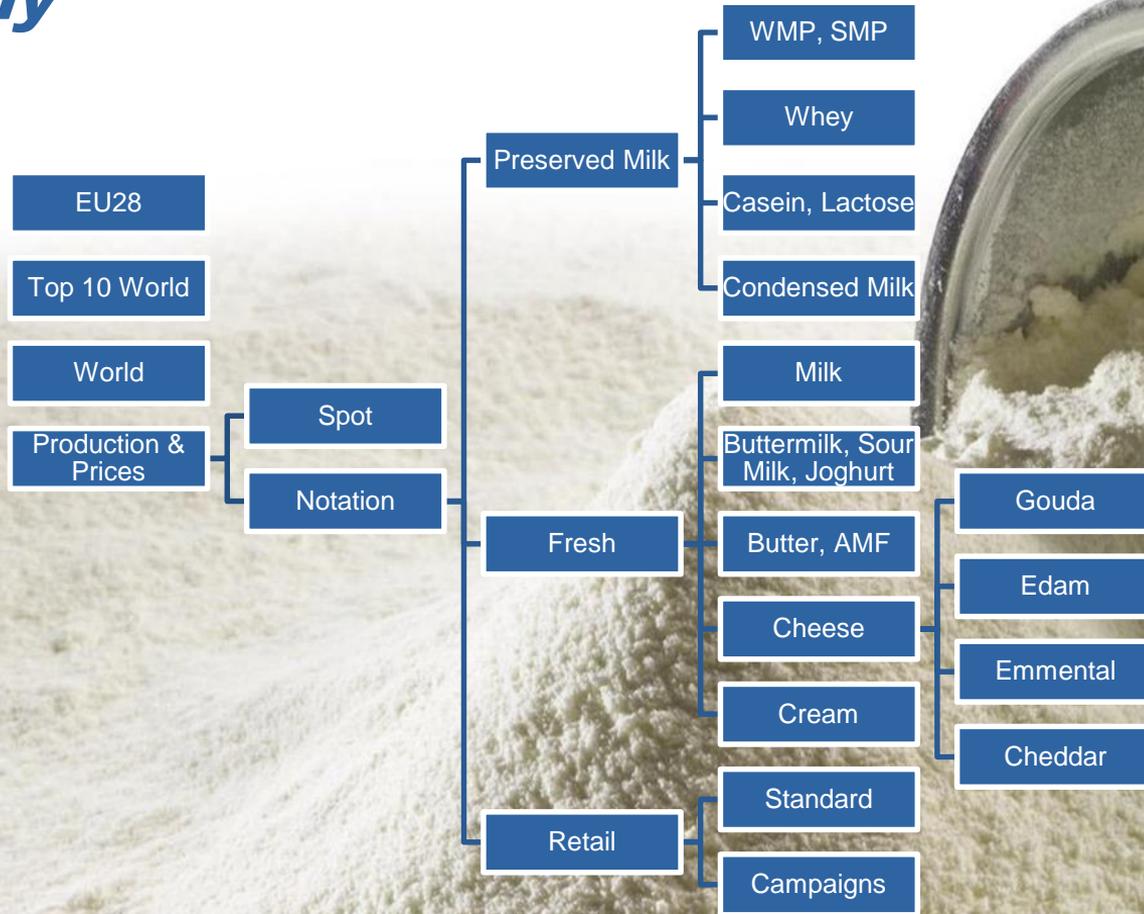
# Dairy Farming Data

# Supply

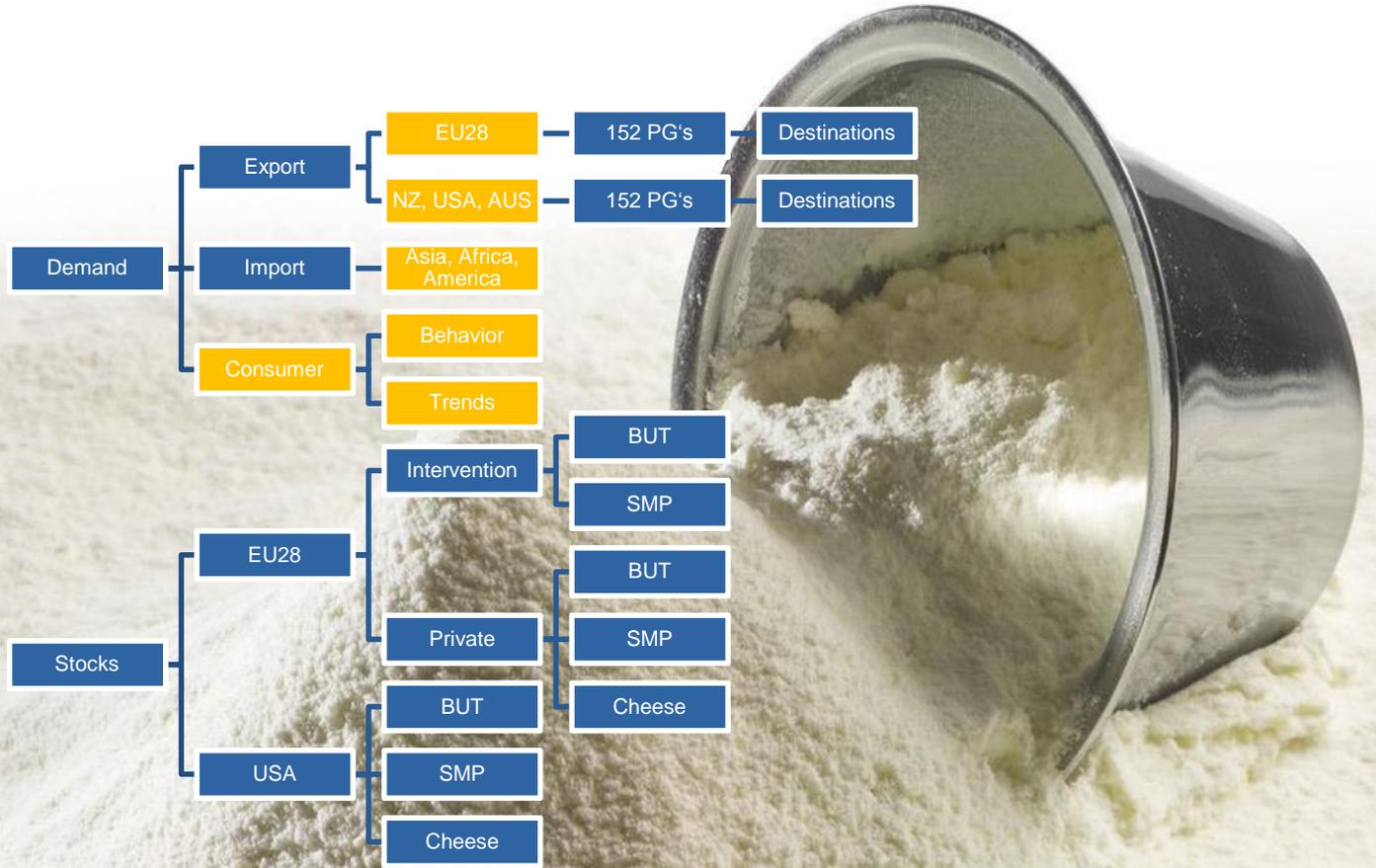




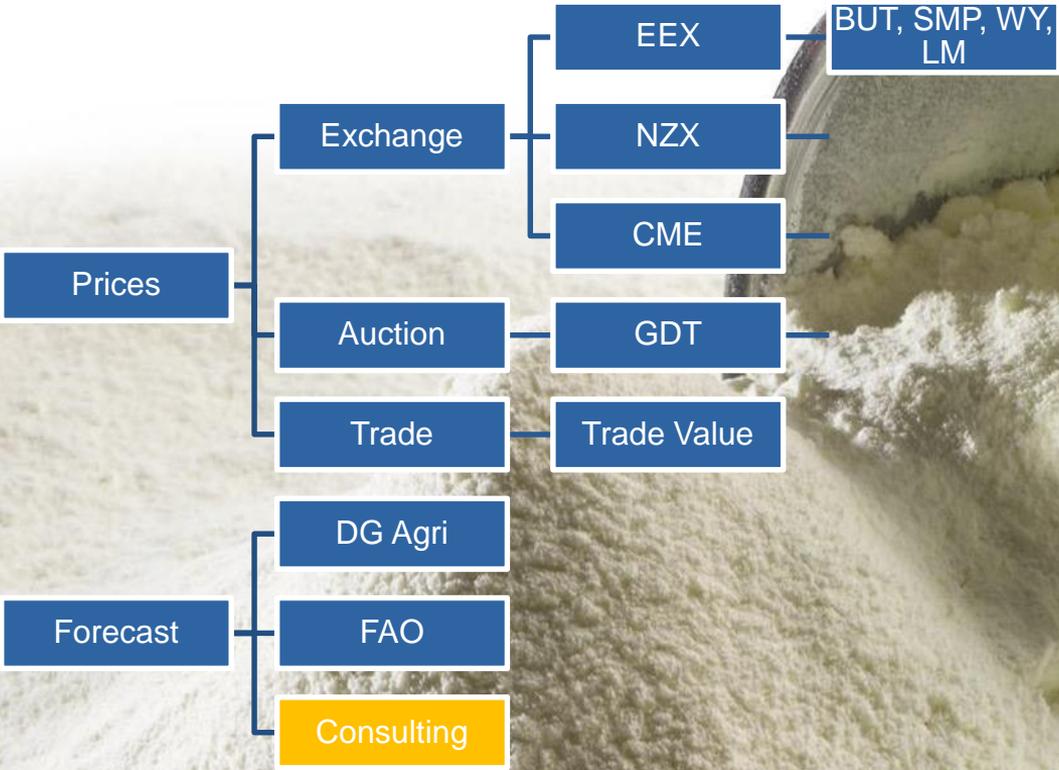
# Supply



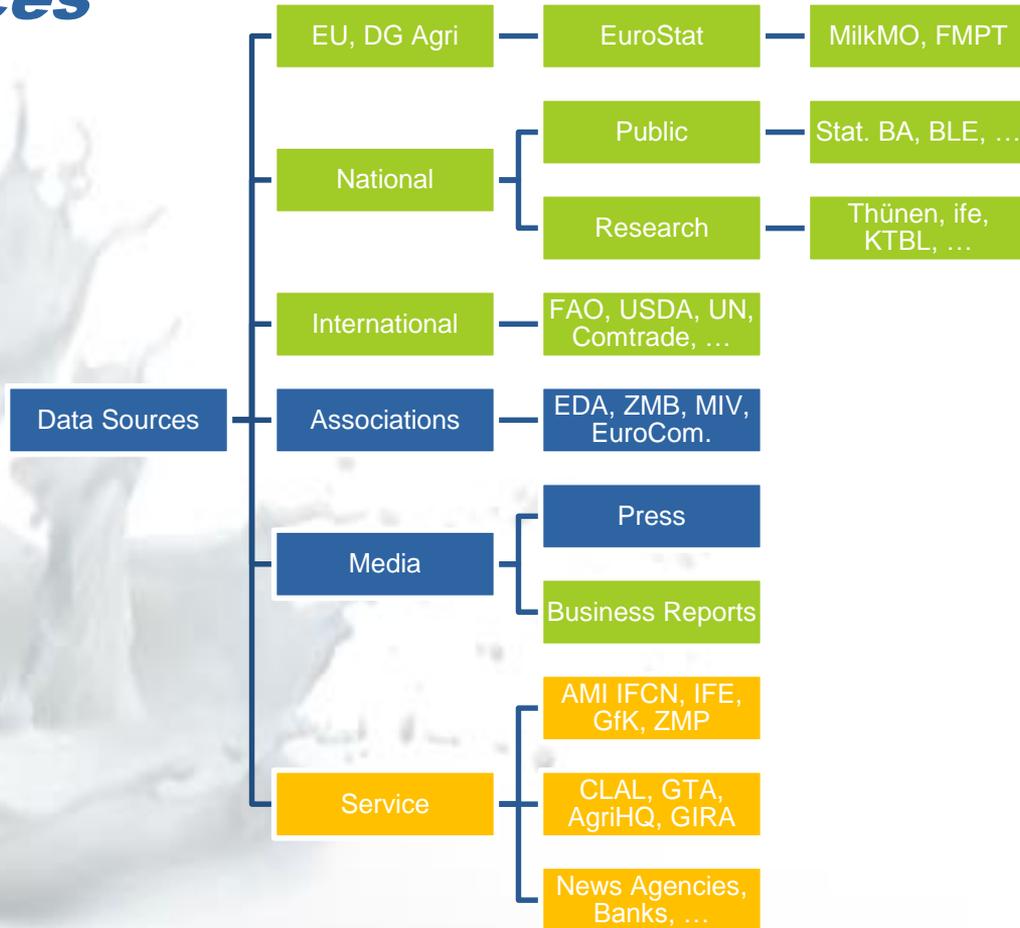
# Demand



# Price Indicators



# Data Sources



# Market transparency for each section





Experiences with the current situation



**Highest degree of market transparency worldwide, equal access, covering wide product range, focus on farmer & manufacturer**

**Facilitates an ex post understanding & assessment of the market basics for own market monitoring and to identify market signals**



**Offers a more efficient use - to interlink data for new and own insights & indices**

**DG Agri made a significant progress in mapping the market (EU28 & World) as well as in communication (e.g. Dashboards)**

# ***Aspirations***

**Increased timing, standardization & reliability of current data**

**Target group orientation (customized dashboards e.g. comext)**

**Exploiting current data with appropriate indicators, include trend & prognosis**

**Covering all member states and main external markets with focus on key products**

**Reduce intransparency in consumption data out of existing national sources; think of news alerts**

**Enhancing the ability to understand and to apply current data more efficiently by utilization, transmission & education**





# More than Numbers

## Chain of Effects

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### Interlinked Data, e.g.

- define demand by heuristic models e.g.  $I_{(d)} = GDP_i + p_{(m)} + e$
- derive effect of demand on product price
- analyse effect of dairy product price on milk price
- derive sensitivity of milk price on milk delivery

**Tool:** e.g. sophisticated analysis in common office suite's environment at low costs and average IT skills

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# **Challenges**

**More resp. new data does not necessarily increase market understanding & comparability**

**More detail may impede transparency, causes muddling and reduced competition, resembles collusion**

**High burden and serious challenge for operators; initial & running processes & costs**

**Focus on transfer prices result in maximum prices, no comparability but puts a downward pressure on prices and farmer's income**

**Dairy sector involves aspects that are not captured by market data; risk of delayed and unrealistic data**

**Benefit for third country traders - whereas farmers, cooperatives, and manufacturers could be penalized**





Group

WELLMAYER

ROW DM 443

Thank you!