



# EU dairy short –term outlook

DG AGRI – C2

Brussels, CDG Milk, 4 October 2019



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Development



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# Milk collection

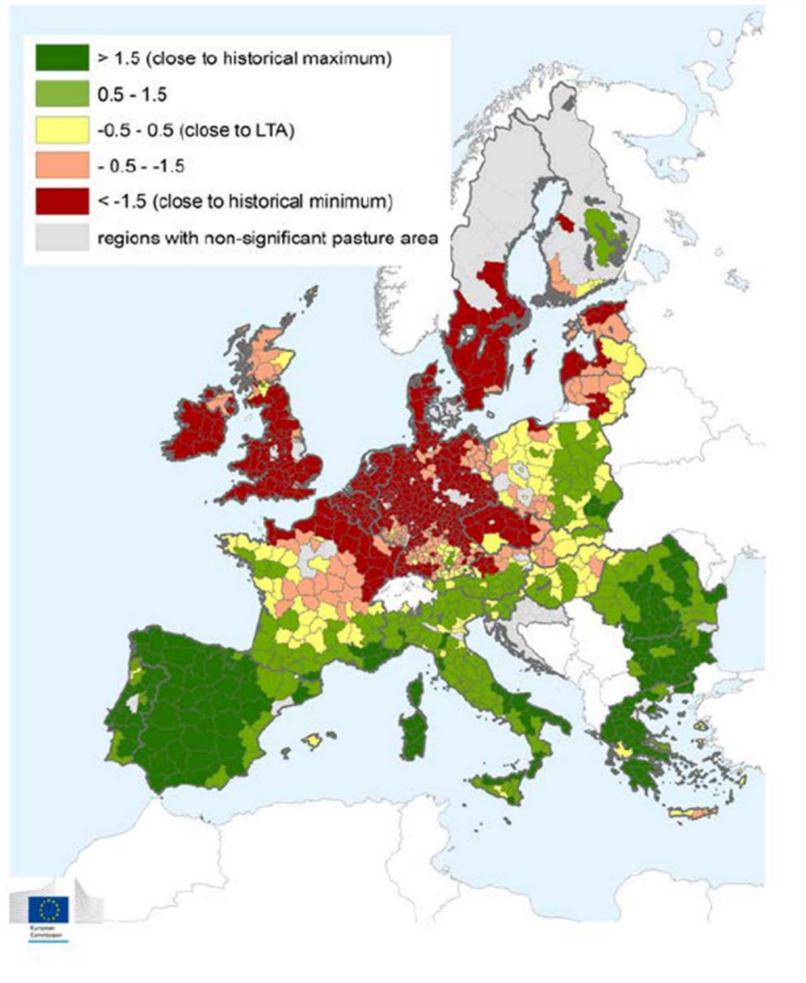


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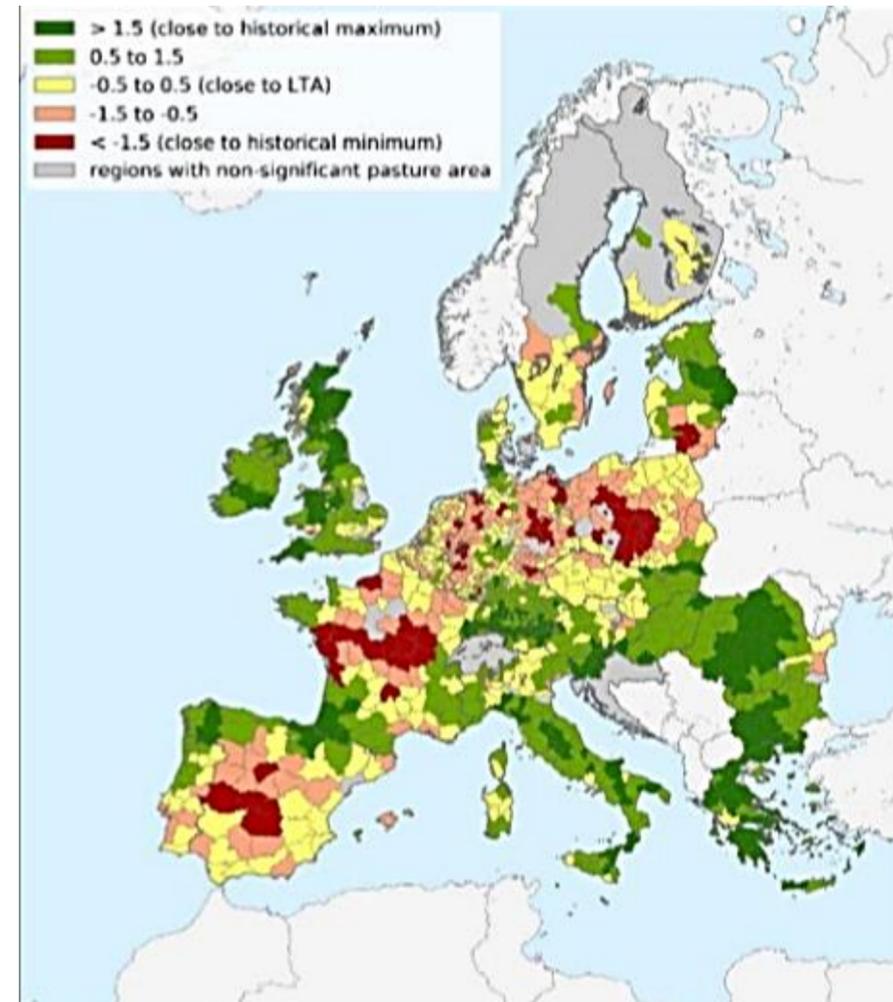
# Pasture prospects

## Mixed impact of the summer on the grassland growth

1 July – 20 August **2018**



1 July – 31 August **2019**



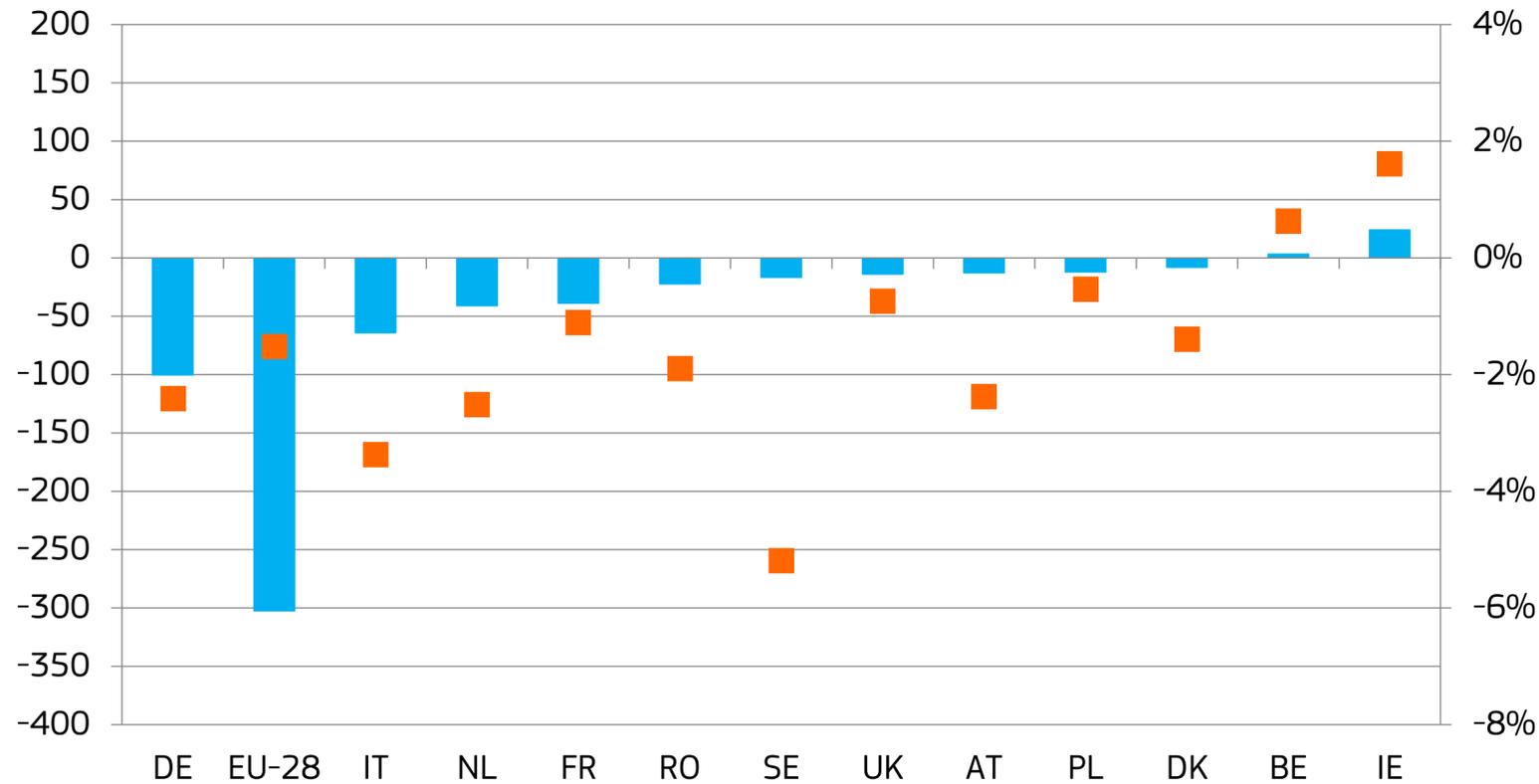
- **Warmer than usual** summer temperatures and **rainfalls below average** => **constrained grass development** in many parts of the EU
- **Dry conditions** over the summer **compromised** also the **production of silage maize**, in particular in central and northern France, northern Germany and western Poland.

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

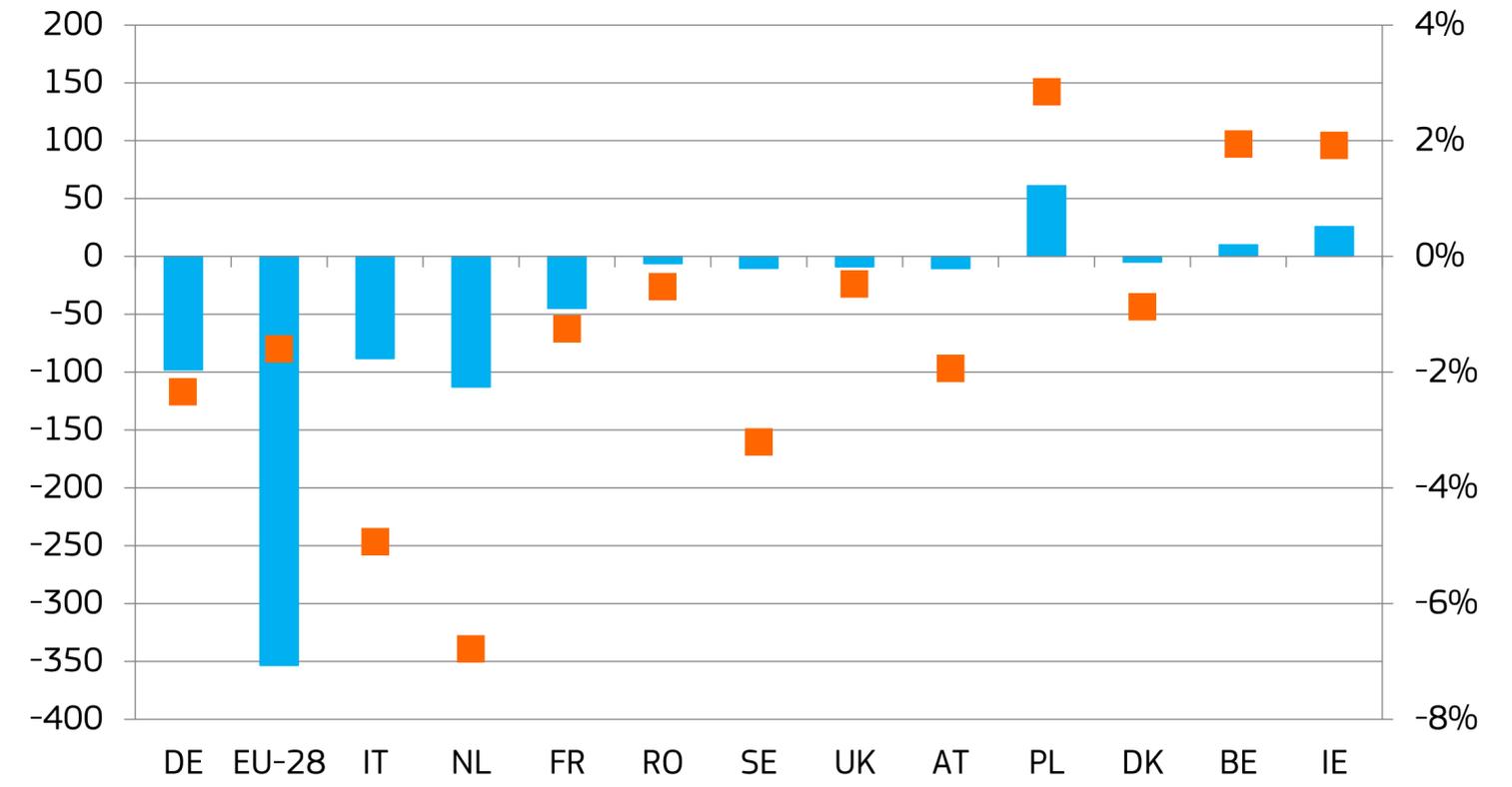
# Dairy herd development

## Livestock survey

May-June '19/ May-June '18



December '18/ December '17



■ Absolute ■ Relative

■ Absolute ■ Relative

Source: Eurostat

- In **2019**, the **decline in the dairy herd** is expected to continue at a **slower pace (-0.7% /2018)**
- In Jan-June, **cow's slaughterings 5% below** last year
- **Milk yield growth** in 2019 is expected **below last year (+1.1%)** due to the drought and lower purchases of compound feed



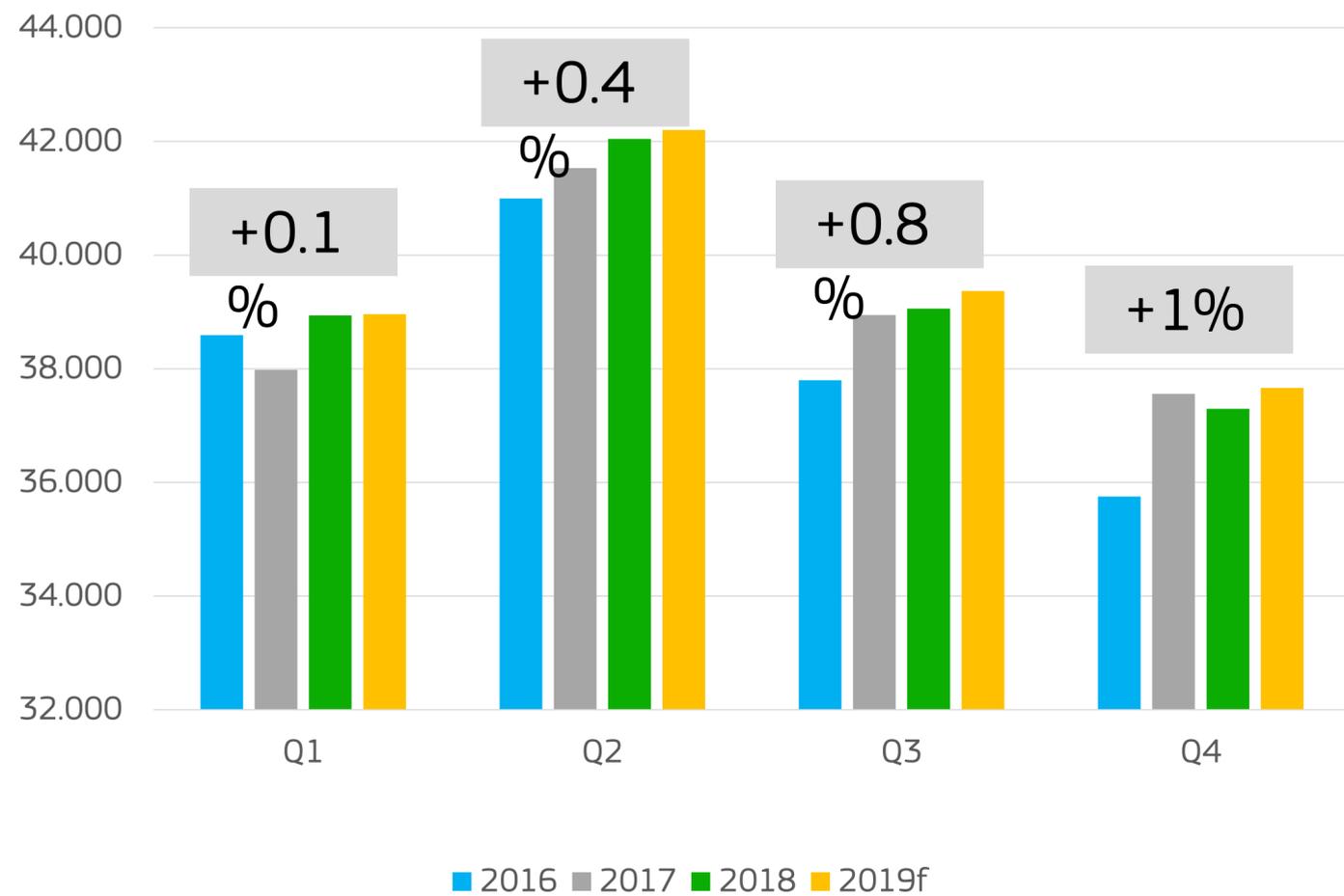
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# Milk collection development

+860 000 tonnes more milk in 2019

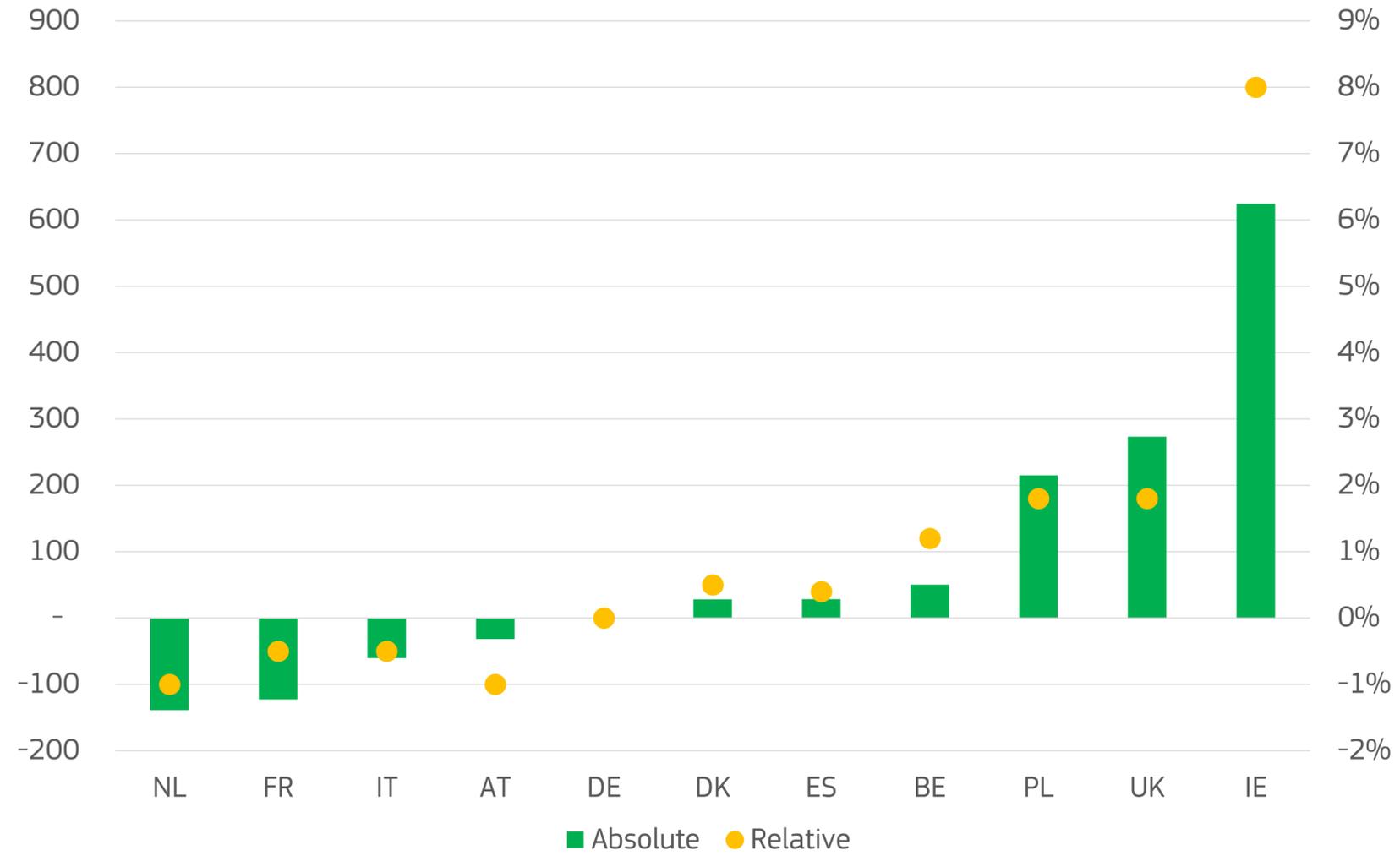
EU milk collection by quarter (1 000 t)



**+0.5% in 2019**

**+0.7% in 2020**

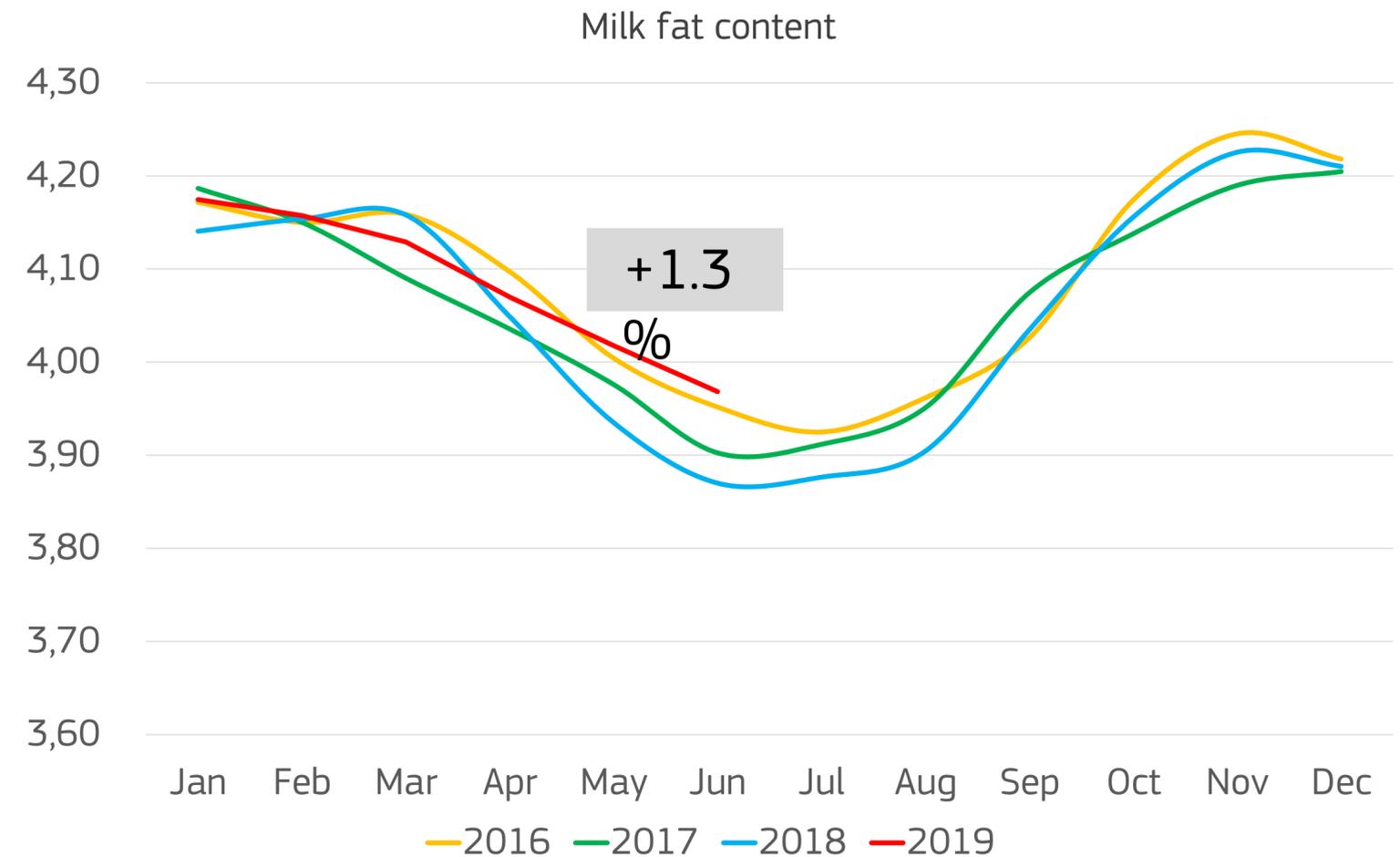
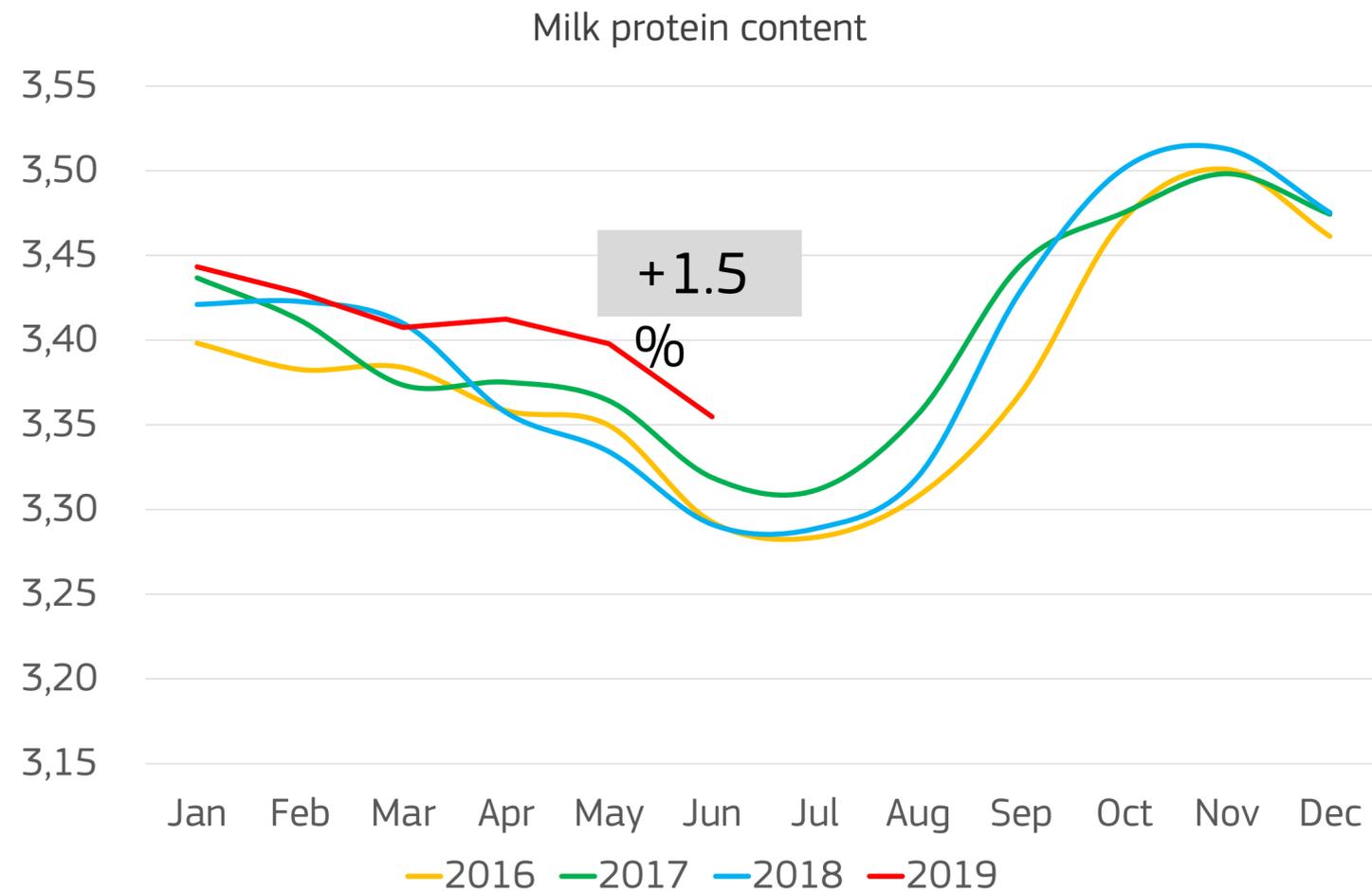
Annual milk collection change by MS (1 000 t)



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

# Milk solids content

Stronger growth than the milk collection



Source: Eurostat

- **Feed quality, change in the feed ration**, as well as a growing **share of MS** with higher milk solid content in the EU milk pool (i.e. Ireland) => growth of the **milk solids**
- **Milk fat** grew by 1.3% and **milk protein** by 1.5%
- The **higher availability of milk solids** => should allow a higher growth rate of dairy products' production

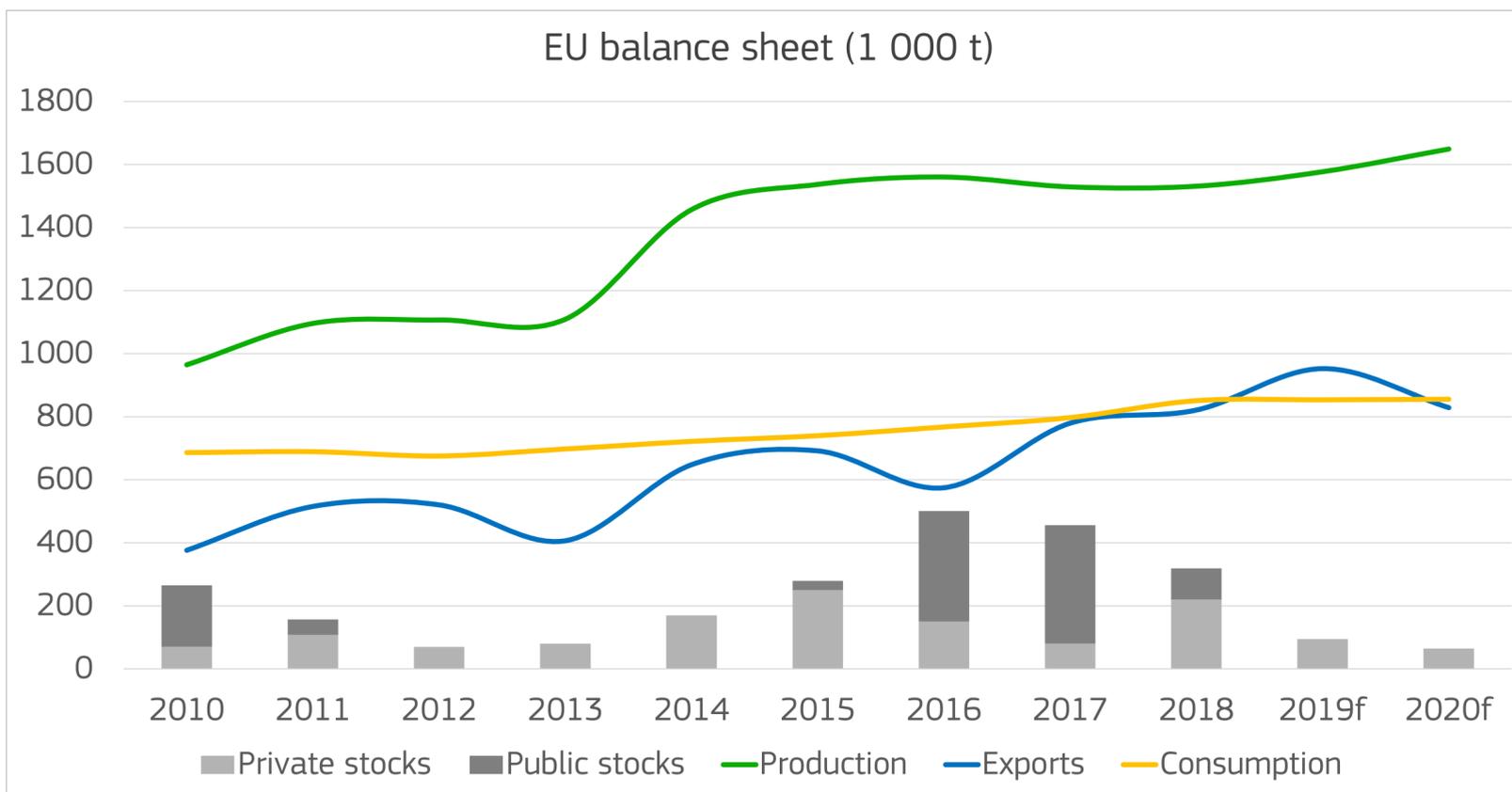


# Dairy products



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## Skimmed milk powder



Source: DG Agriculture and Rural Development, based on Eurostat

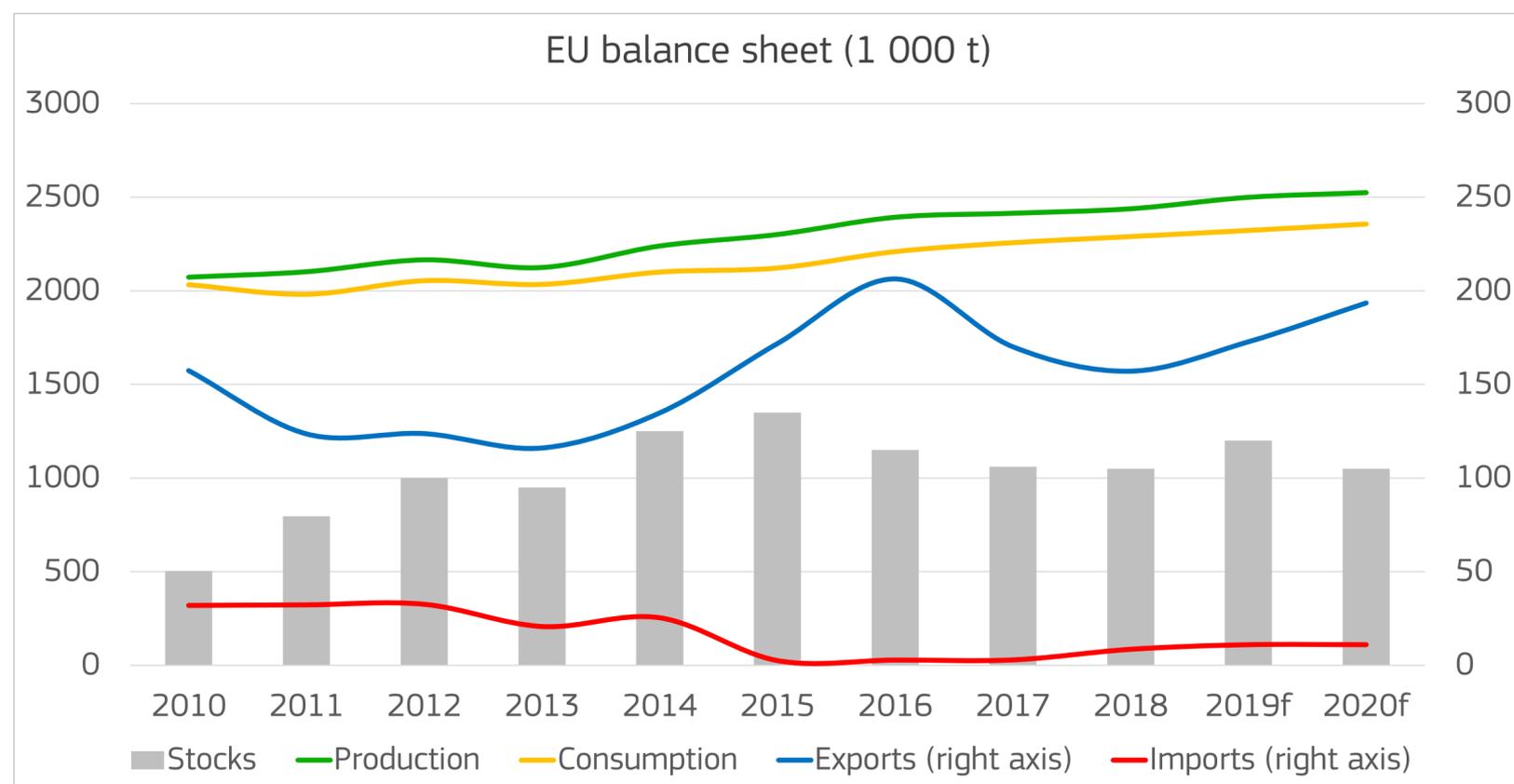
2019:

- SMP production growth (+3%)
- EU SMP exports are forecasted to be of record level 950 000 t (+16%)

2020:

- Due to **lower availabilities** (stocks being low) a further recovery in SMP price are likely to reduce EU exports
- **Nevertheless**, further **production growth in 2020 (+5%)**

## Butter



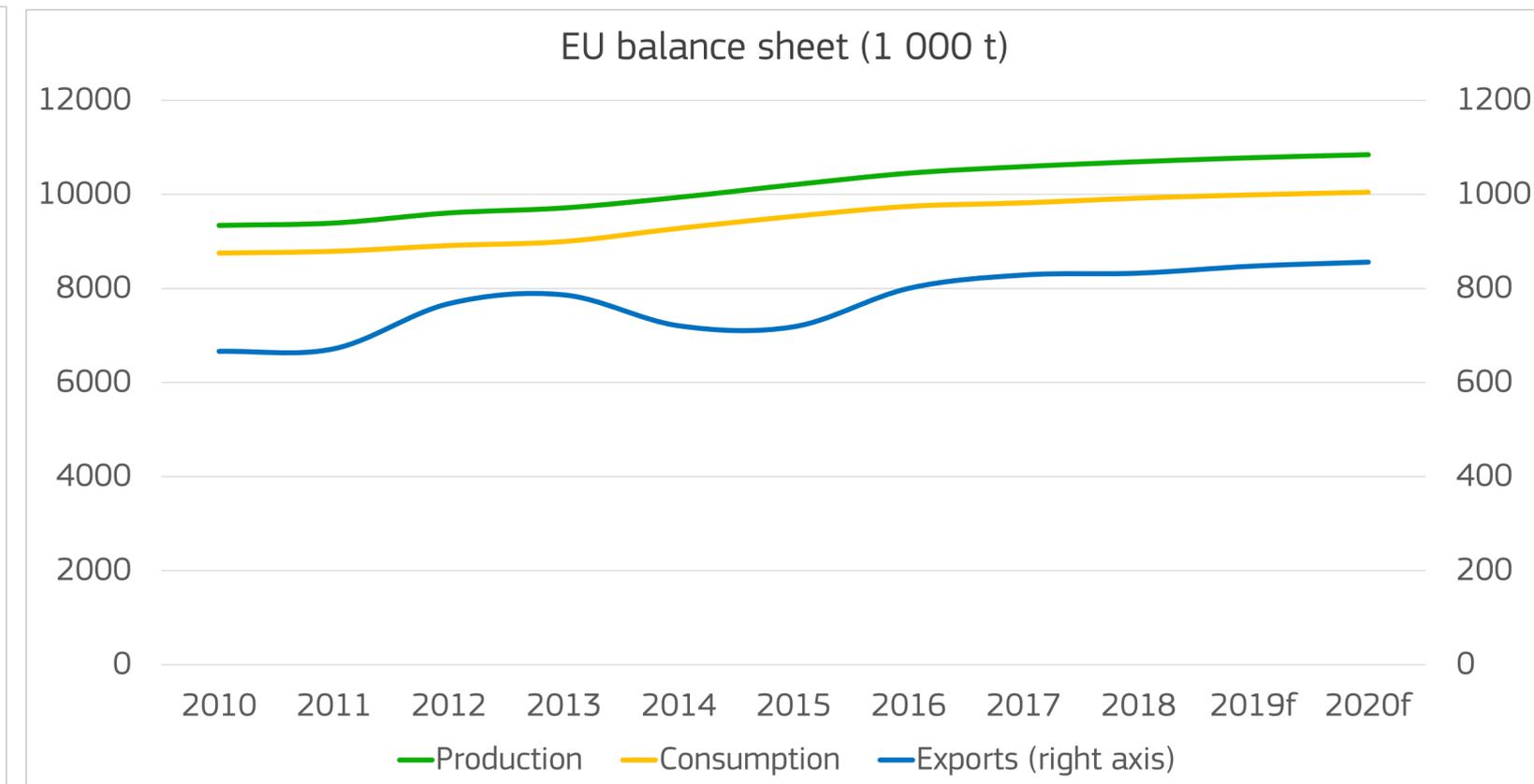
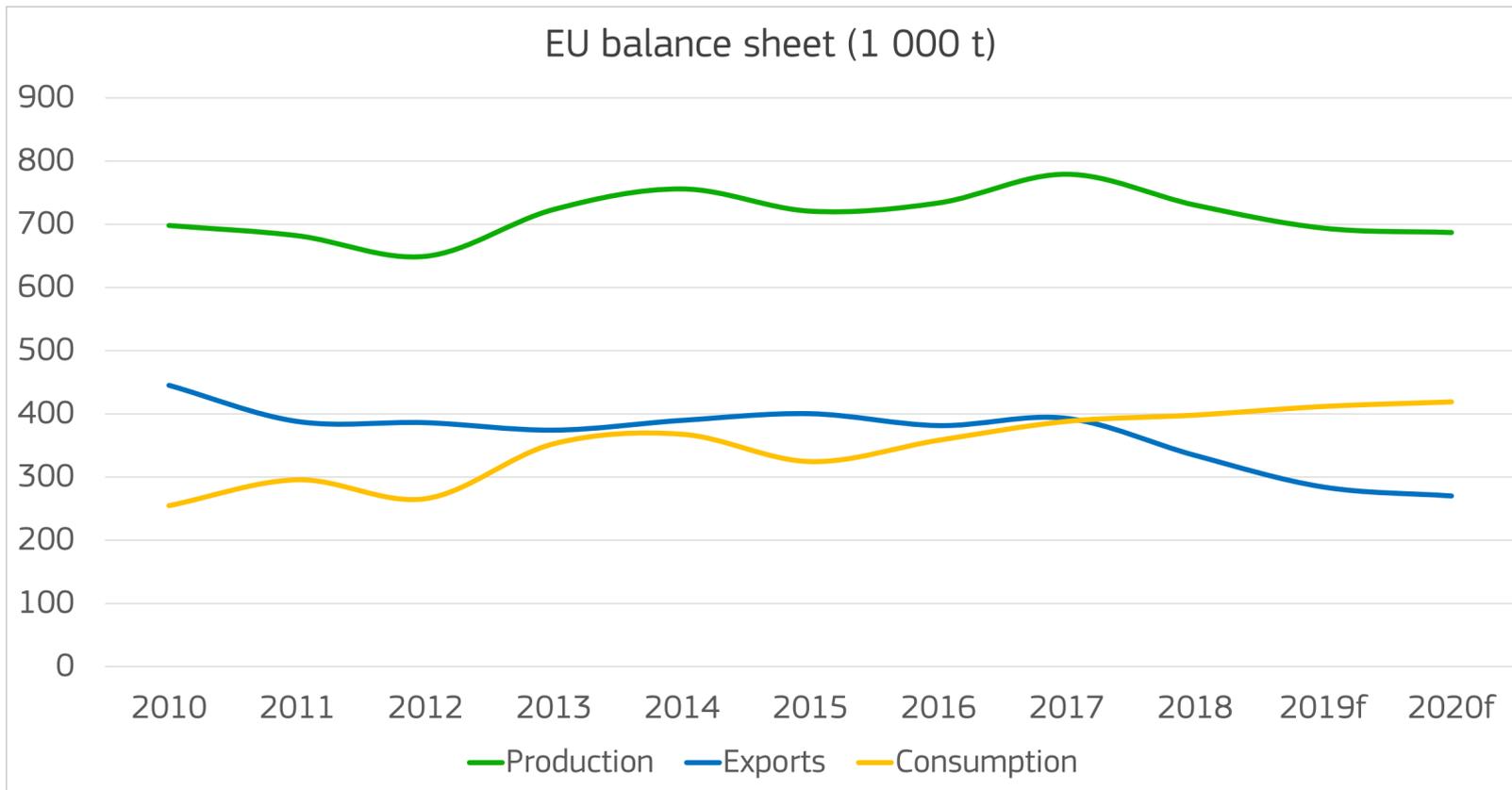
Source: DG Agriculture and Rural Development, based on Eurostat

2019:

- Increased availability of milk fat => a further growth of EU butter production (+2.5%)
- **Convergence of butter prices** in the EU and Oceania => EU more competitive (+10% export growth)
- Despite the **decline in EU butter price** => a **slower** growth in the **domestic use** (butter replacement in recipes)
- **Stock increase** (+15 000 t) (around 25% of the production increase)

## Whole milk powder

## Cheese



Source: DG Agriculture and Rural Development, based on Eurostat

Source: DG Agriculture and Rural Development, based on Eurostat

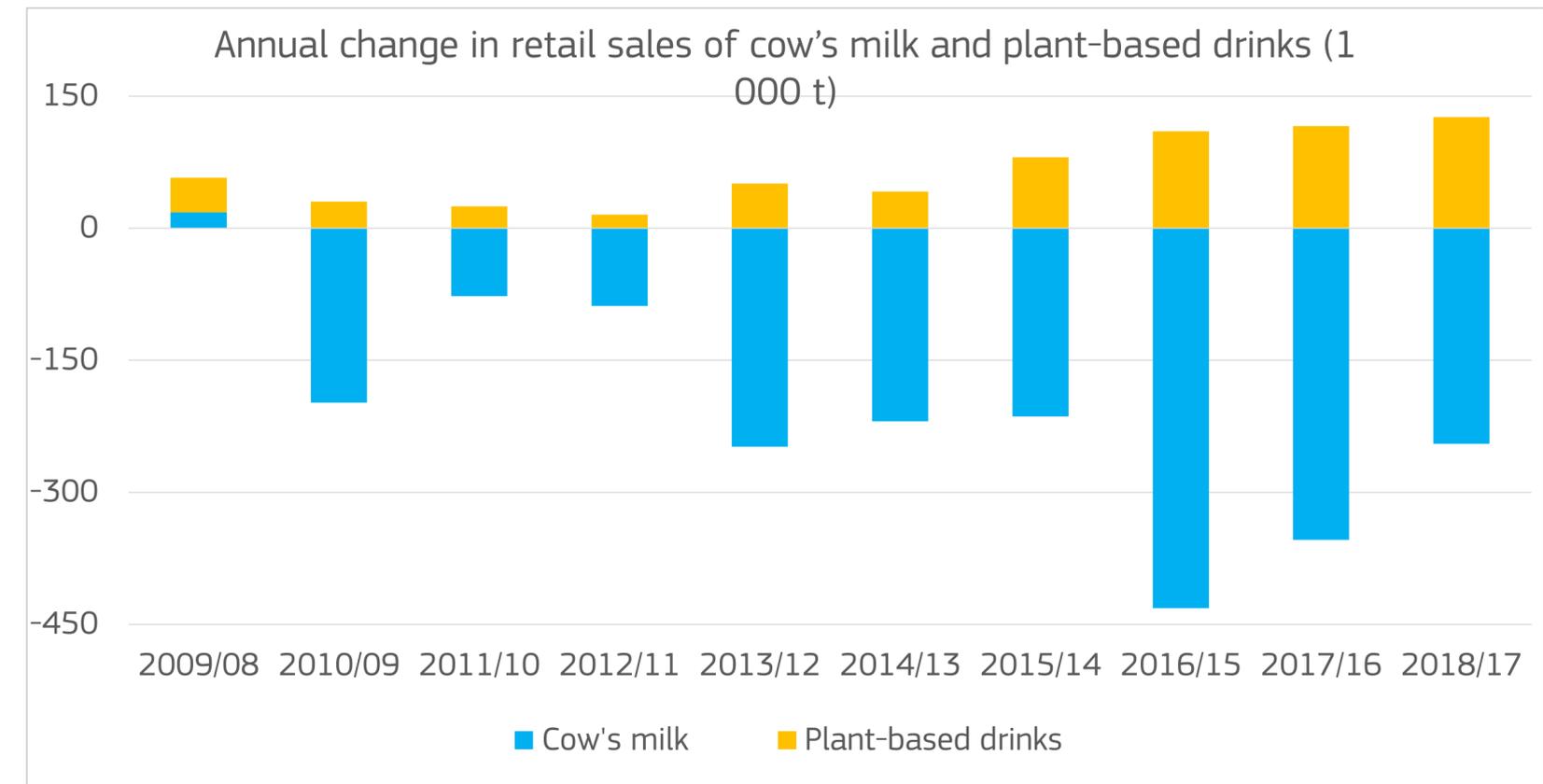
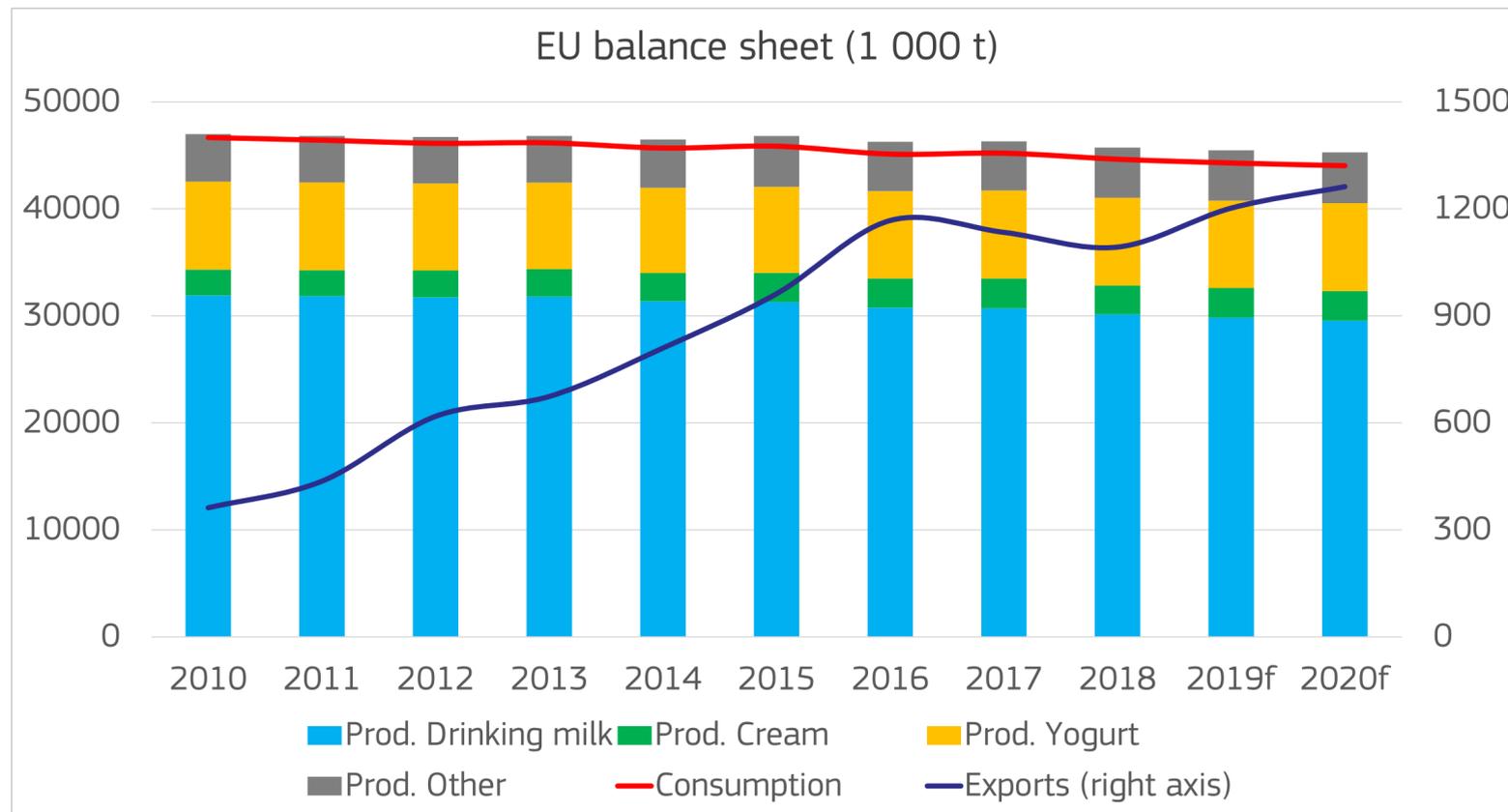
### 2019:

- Ongoing **decline in exports** – expected to reach **15%**
- EU **domestic use** (for chocolate) is expected to **continue rising** (above 3%)
- Production **decline 5%**

### 2019:

- **Sustained world demand** to contribute to an **increase of exports** close to **2%**
- EU **domestic use** to remain **stable**
- => resulting in a **production increase** (around **1%**)

# Fresh dairy products



Source: DG Agriculture and Rural Development, based on Eurostat

Source: DG Agriculture and Rural Development, based on Euromonitor International, Packaged Food

## 2019:

- The **continuous decline** in drinking milk consumption Compared to 2018 (almost 2%), the **declining trend** is expected to **slow down (-1%)**
- **Higher segmentation** in the drinking milk market => the increasing demand for **organic** and **other production systems** (e.g. hay milk, pasture-based milk, GM-free)

- **Increasing sales of plant-based drinks** - at EU level around **4%** of cow's milk sales
- Some **dairy producers** are adding these products into their portfolios
- This **rise is lower than the loss in drinking milk sales**

# 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)