

MMO Economic Board

Meeting of 27 November 2015

- o The 11th meeting of the MMO Economic Board took place on 27 November 2015, with the participation of experts from the various steps in the milk supply chain: CEJA (young farmers), COPA-COGECA (producers and cooperatives), ECVV (Via Campesina), EMB (European Milk Board), EDA (dairy industry), Eucolait (dairy trade) and Eurocommerce (retail). DG AGRI presentations and information exchanged during the meeting showed the following.
 - o EU milk collection was up by 1.5% in the first 9 months of the year. Among the big producing MS, only FR and IT registered decreasing deliveries. In the UK, PL and ES, deliveries continued to be higher than in the same period last year, but the trend reversed in September. In DE, IE and NL, deliveries continued to constantly increase.
 - o Average farm gate milk prices approximated 29.9 c/kg in September and a further slight increase is likely in October (30.1 c/kg). Cash flow difficulties at farm level continue to be crucial for the short term.
 - o Applications for private storage aid have reached 157 000 t butter and 59 000 t SMP since the opening of the scheme in the wake of the Russian import ban. The latter figure contains 4 200 t SMP under the enhanced PSA scheme. With regard to offers for sale into intervention, after having decreased week after week from the end of September till mid-November, an surge appeared last week (1 800 t SMP, most of it in BE).
 - o New pressure is building up on dairy product quotations, after having recovered since their lowest level in August. SMP prices have reached intervention level or even underscoring it for feed uses. On the world market, prices expressed in US\$ generally decreased, except for EU cheddar (stable) and Oceania butter (+ 1.8%). Lower US prices for SMP and cheddar can be related to lower US exports and higher stocks.
 - o The assessment of EU stock levels based on a residual approach (production + imports - consumption - exports) confirmed important stocks for SMP, above normal needs and without reduction in July-September (against normal seasonal pattern). They might weigh heavily on the market at the beginning of 2016 when EU milk production starts to rally for peak production. The picture is clearly better for butter whose stock level is normal and declined in July-September. With regard to cheese, stocks increased in September against the normal seasonal pattern, since only half of the export lost to Russia could be compensated by sales elsewhere. The increase of milk production after its lowest point in November is likely to put pressure on cheese production, once drying towers have reached full capacity.
- o At world level, milk production increased by some 2.5 million t in the first 9 months of the year, mainly due to the EU (+ 1.7 million t) and the US (+ 1 million t). EU milk production is declining seasonally but volumes remain above 2014 levels. US production growth slowed down in August-October. The USDA forecast for the year was reviewed downwards at + 1.3%. NZ forecasts lower production for the new season (- 5%), while Australia expects + 2% for the season. Demand in the US and in other developed markets remains solid.
- o With regard to EU internal consumption, no significant signs of recovery at retail level was mentioned for FR, IT, ES and PT, while milk sales increased by 2.6% in volume in the UK. Supply chain dialogue continues in an effort to bring elements of stabilisation for all actors concerned.
- o A dedicated presentation was made on the effects of the FTA between China and NZ and implications for the EU dairy sector. While NZ dairy products will benefit from zero duty in China in 2019 at the latest (with some products enjoying already zero duty since 2012 and others to come in 2017), the growth of NZ and EU dairy exports to China over the last 8 years shows comparable impressive developments. NZ and the EU have developed market shares in the Chinese market for different products (commodity products for NZ, infant formula for the EU). China's growth has allowed competing exporters to get a share each. The question is to which extent this will still be possible if China's dairy boom slows down.
- o Overall, market sentiment is more bearish after the uplift linked to the Thanksgiving, Christmas and New Year period. Improvement in the supply/demand equation remains necessary.

ANNEX 1

Milk Market Situation

European Commission



European
Commission



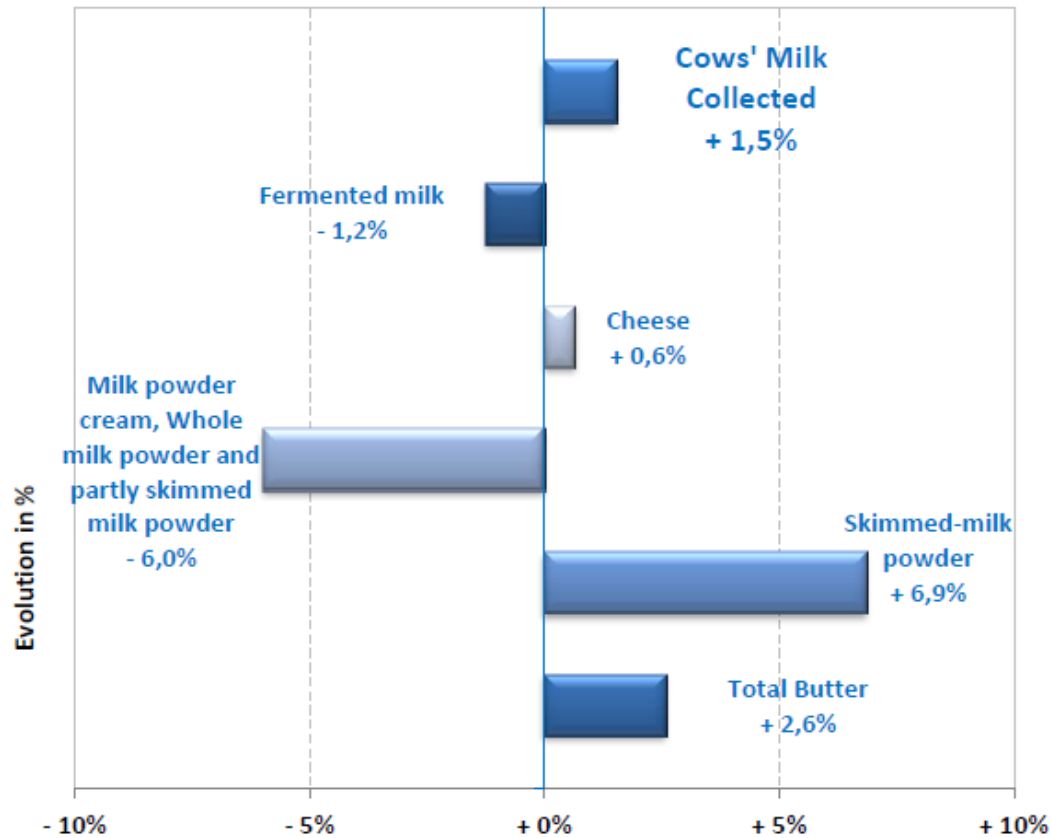
Milk Market Situation

Brussels, 27 November 2015

EU Productions



EU-28 Deliveries/Productions development (Jan-Sep 2015 compared to Jan-Sep 2014)



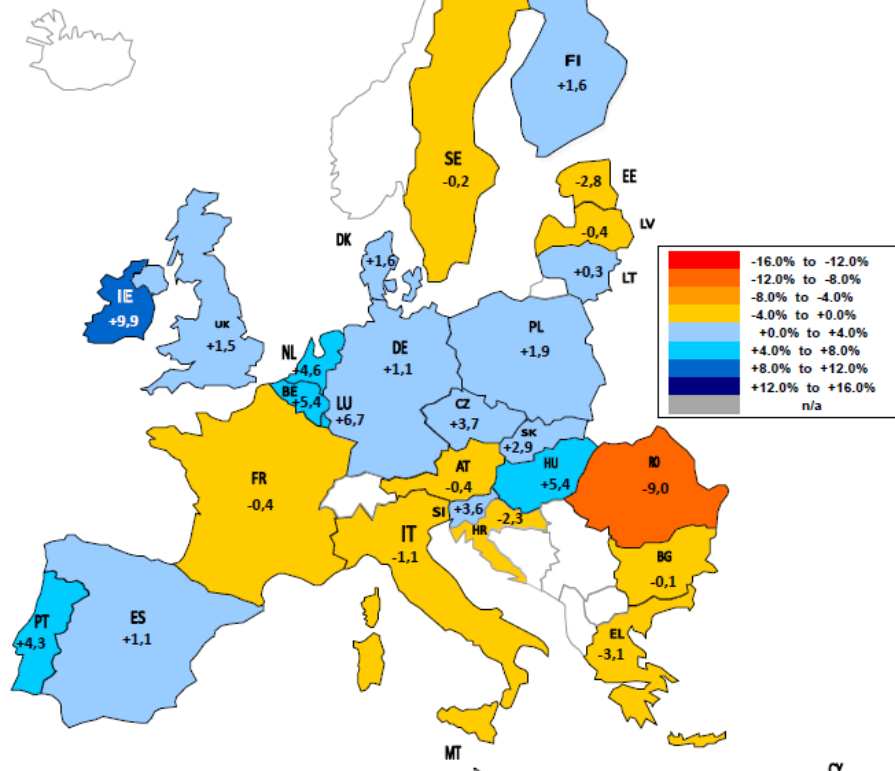
Rem : ES/IT milk deliveries estimated
ES data not considered (except cow's milk)

Source : MS' Communications to Eurostat,
and, for milk : AGEA, FEAGA,
Reg. 479/2010.Art1(a)1

!!! Data from some Member States are confidential and are NOT included in this table !!!

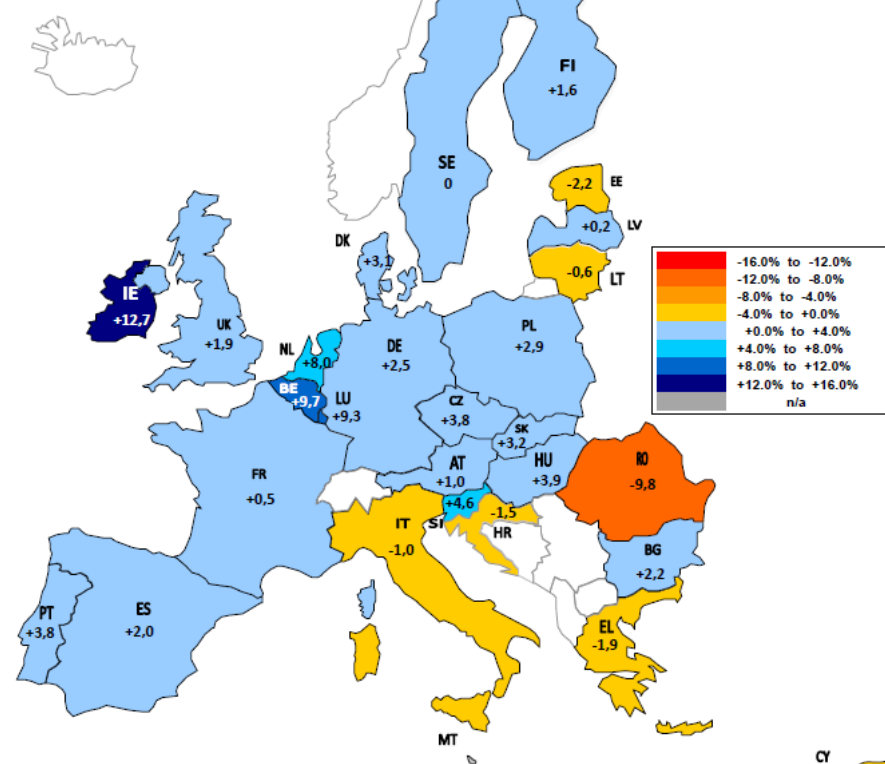
EU Milk Deliveries compared to last period (in %)

(Jan - Sep 2015 / Jan - Sep 2014)



EU Milk Deliveries compared to last period (in %)

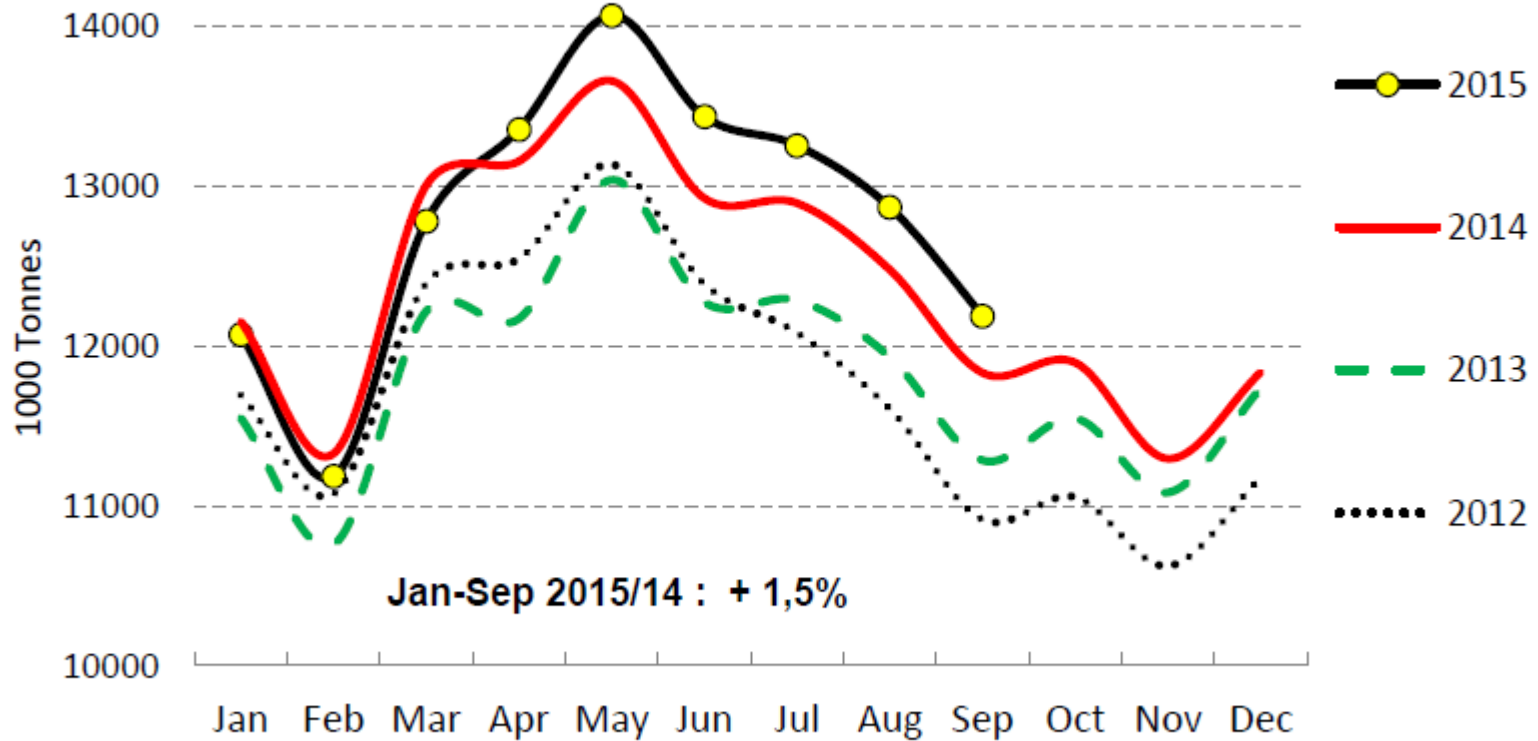
(Apr - Sep 2015 / Apr - Sep 2014)



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

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

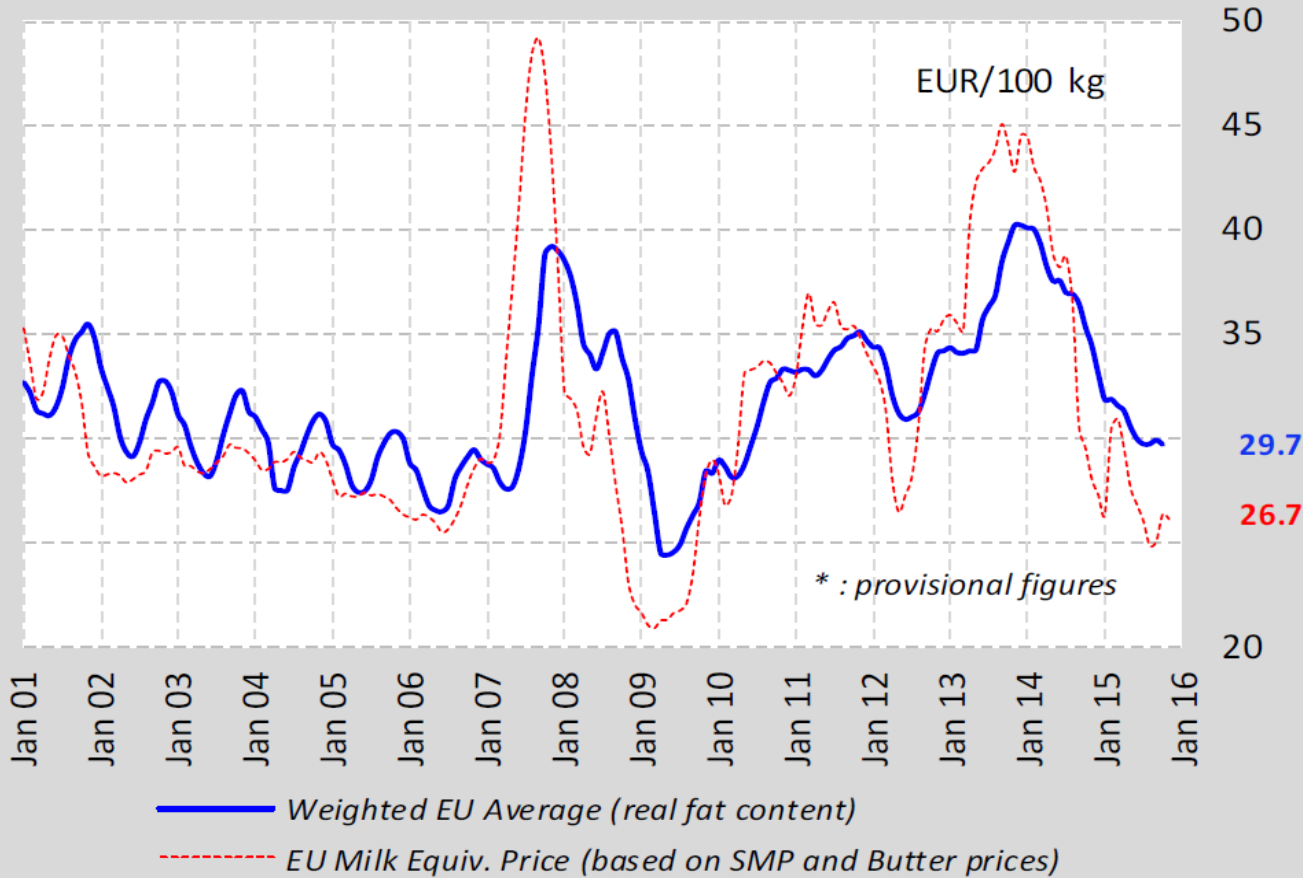
EU - Cows' milk collected



Source : Estat - Newcronos

Last update : Jan-Sep

EU Raw Milk Prices Evolution (up to October 2015*)



Source : DG AGRI – Reg. 479/2010 Art. 2

EU Price
Sep 2015

Raw Milk

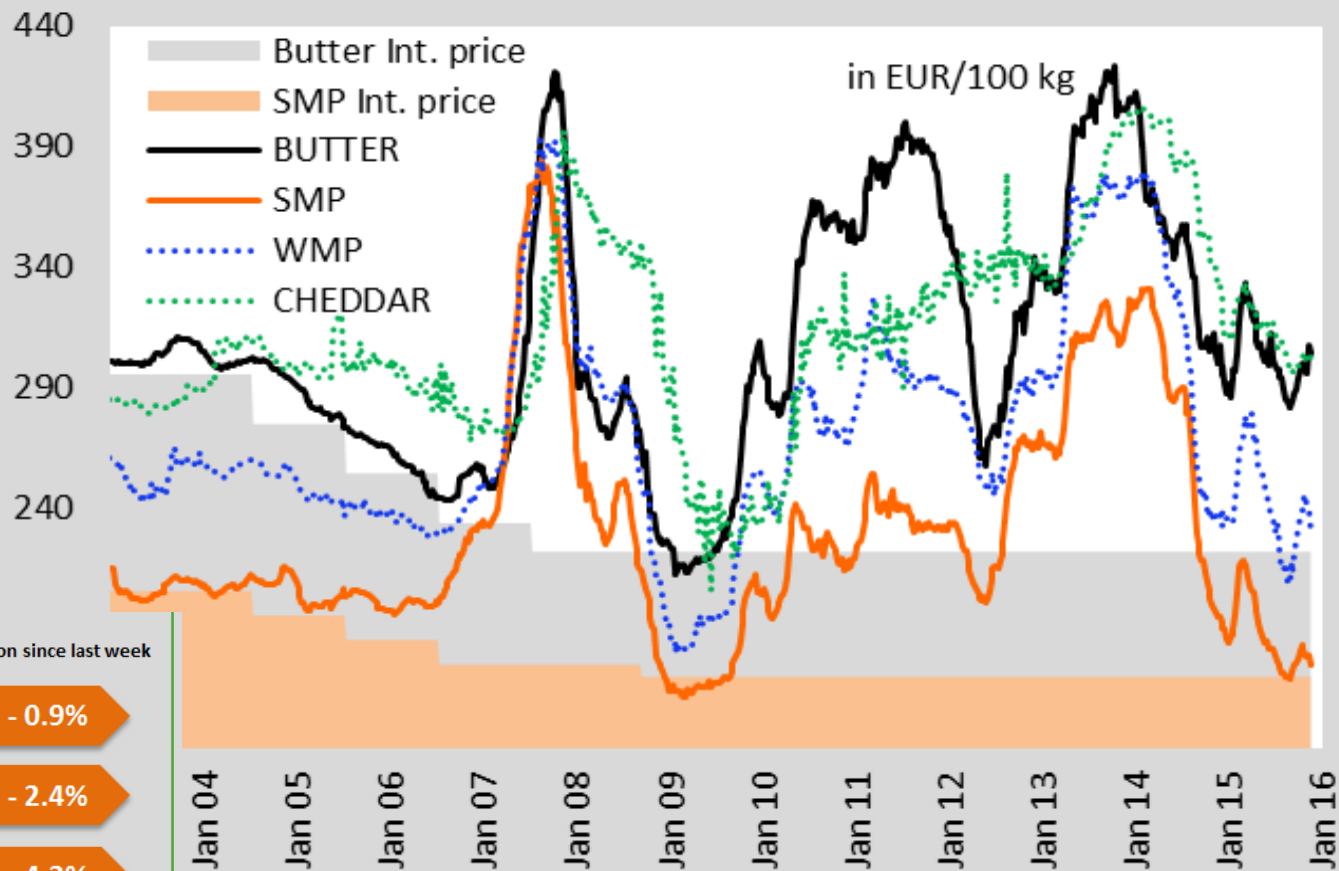
29.9

€/100 kg

Evolution since
last month

+ 0.6%

EU average quotations of main commodities



EU Prices (week 47)

Evolution since last week

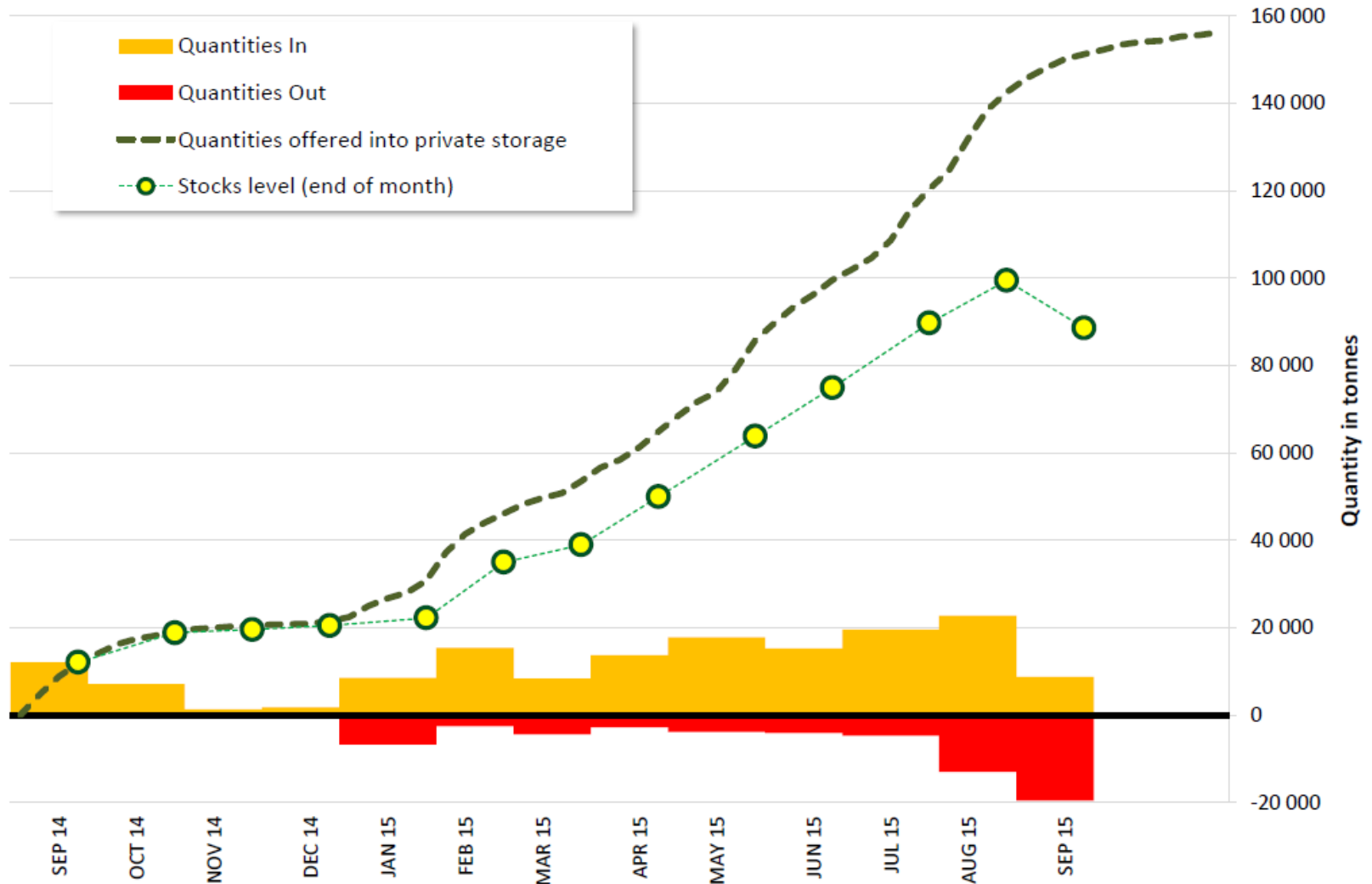
BUTTER **304** €/100 kg - 0.9%

S.M.P. **174** €/100 kg - 2.4%

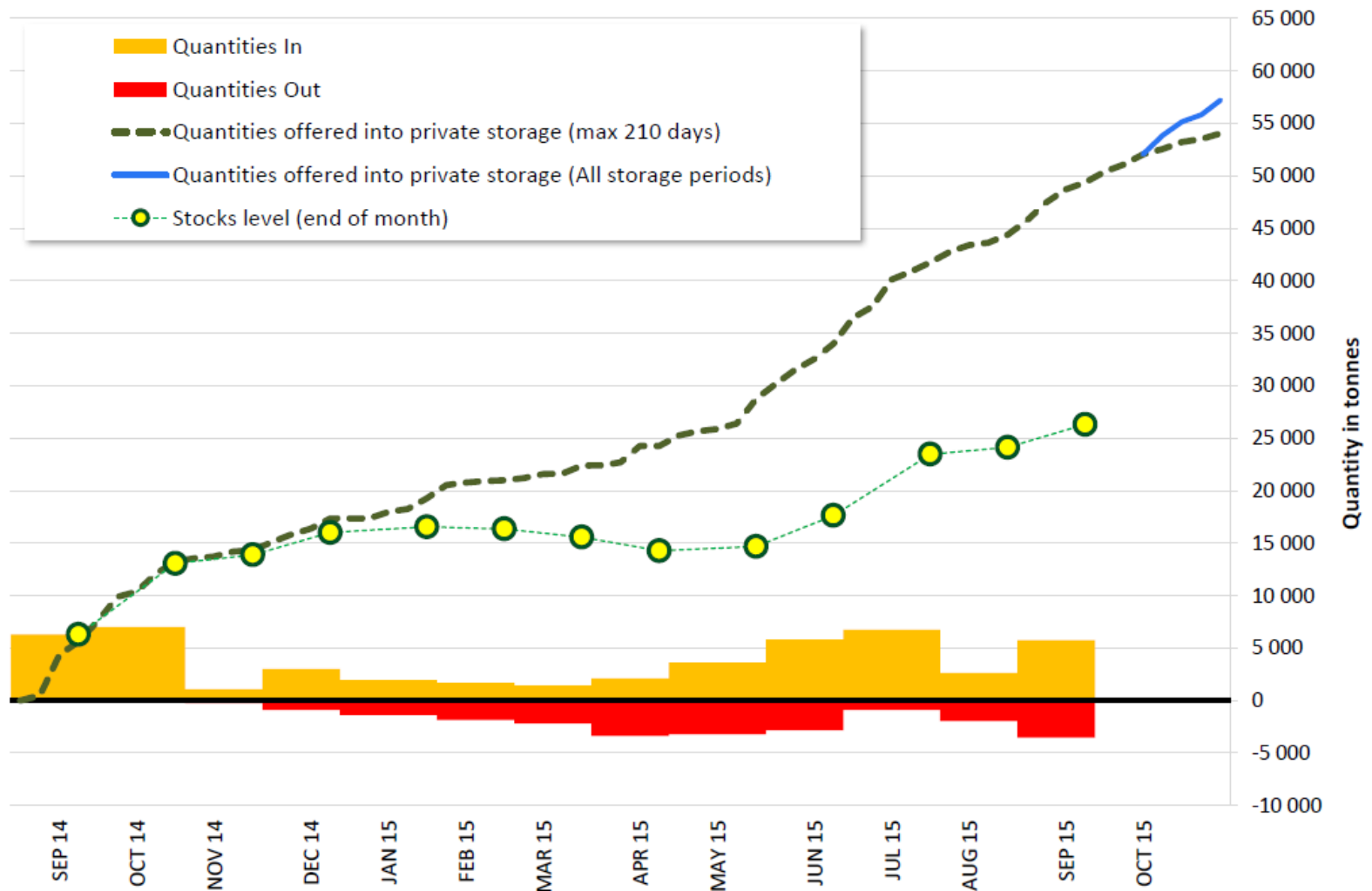
W.M.P. **229** €/100 kg - 4.3%

CHEDDAR **303** €/100 kg + 0.8%

Private Storage Aid Scheme (2014-2015) - BUTTER



Private Storage Aid Scheme (2014-2015) - S.M.P.



LATEST WORLD QUOTATIONS

	Latest price in USD/Tonne on 27.11.2015			% change (15 days ago)		
	EU	Oceania	USA	EU	Oceania	USA
Butter	3 252	2 900	6 360	↘ - 1.6%	↗ + 1.8%	→ -
SMP	1 864	1 925	1 699	↘ - 3.1%	↘ - 6.1%	↘ - 4.6%
WMP	2 443	2 275	2 866	↘ - 5.0%	↘ - 9.0%	→ -
Cheddar	3 238	3 150	3 474	→ + 0.0%	→ -	↘ - 5.4%

Source : DG AGRI, USDA

ANNEX 1a

The effects of China - New Zealand FTA on dairy trade flows and implications for the EU dairy sector

European Commission



The effects of China - New Zealand FTA on dairy trade flows and implications for the EU dairy sector

Milk Market Observatory meeting

27 November 2015

Alberto D'Avino

***DG Agriculture and Rural Development
Analysis of trade and international policies***



Overall context

- China – New Zealand free trade agreement (FTA) signed in April 2008
- First comprehensive trade agreement between China and a developed country
- Most significant FTA for NZ since the one with Australia in 1984
- China removing tariffs on 96% of NZ imports (35% on entry into force, 31% by 2012 (5y), sensitive products by 2019 (12y)) – excluded lines non agricultural ones
- NZ offering China duty free access (39% on e.i.f., most sensitive products by 2016 at latest)

Agricultural provisions

- China set to remove import tariffs on NZ imports of all dairy products.
- Phasing-out period for dairy products lasting 5, 10 or 12 years (i.e. complete liberalisation by 2012, 2017 and 2019 respectively).
- As from 2012, NZ market access to China fully liberalised for yoghurts, buttermilk, whey and preparations for infant use.
- In 2015, preferential tariffs applied to NZ for not yet fully liberalised products all comprised between 2% and 3.3%.

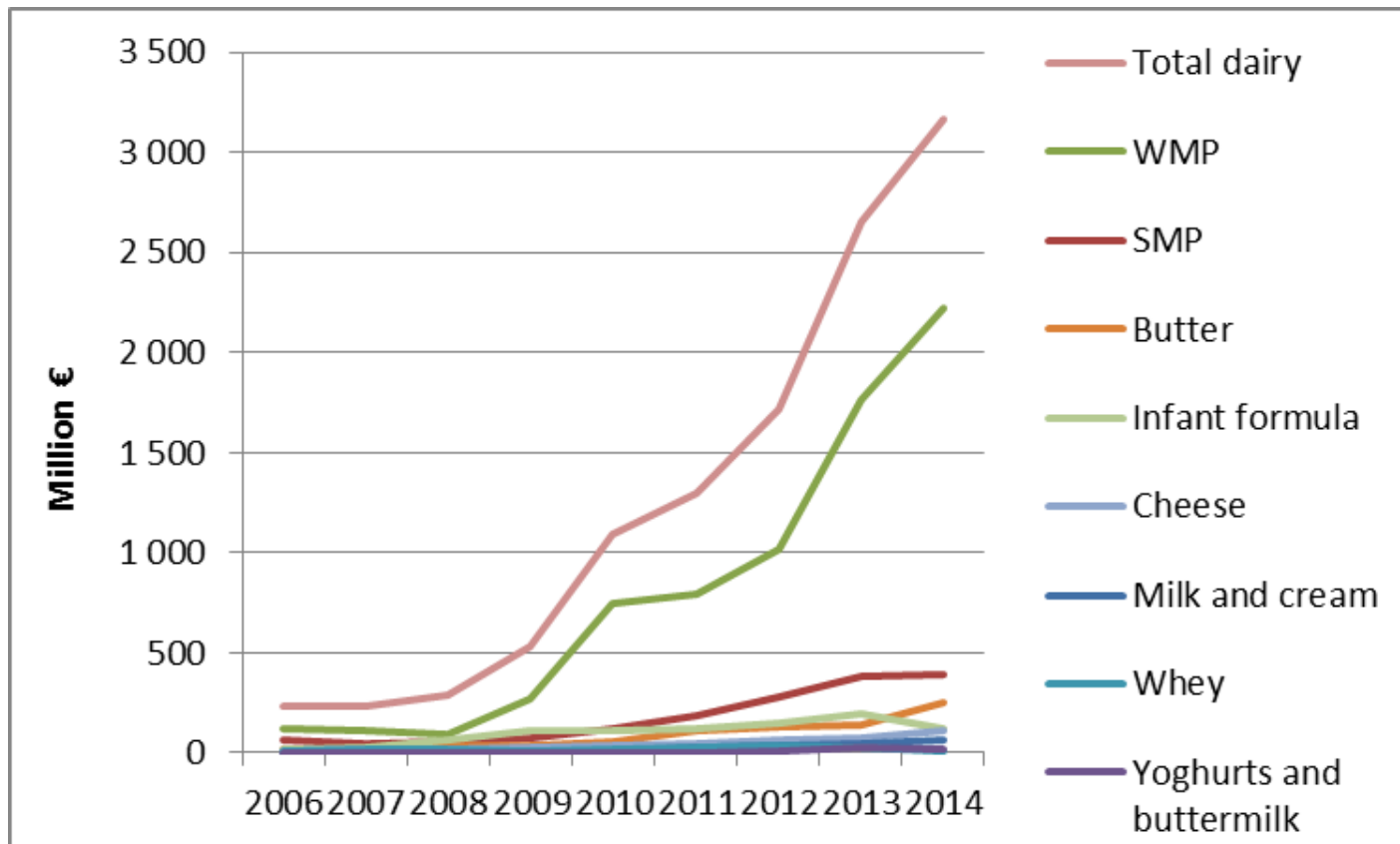
Detailed phasing-out scheme of Chinese dairy tariffs for NZ

Code	Description	MFN rate	Preferential New Zealand												
			2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	End date
040110	Milk & cream of <= 1% fat, not concentrated or sweetened	15	12	9	6	3	0	0	0	0	0	0	0	0	2012
040120	Milk & cream of > 1% but <= 6% fat, not concentrated or sweetened	15	13.5	12	10.5	9	7.5	6	4.5	3	1.5	0	0	0	2017
040130	Milk & cream of > 6% fat, not concentrated or sweetened	15	13.5	12	10.5	9	7.5	6	4.5	3	1.5	0	0	0	2017
040210	Milk & cream in solid forms, of <= 1,5% fat	10	9.2	8.3	7.5	6.7	5.8	5.0	4.2	3.3	2.5	1.7	0.8	0	2019
040221	Milk & cream in solid forms, of > 1,5% fat, unsweetened	10	9.2	8.3	7.5	6.7	5.8	5.0	4.2	3.3	2.5	1.7	0.8	0	2019
040229	Milk & cream in solid forms, of > 1,5% fat, sweetened	10	9.2	8.3	7.5	6.7	5.8	5.0	4.2	3.3	2.5	1.7	0.8	0	2019
040291	Concentrated milk & cream, unsweetened (excl. in solid forms)	10	9.2	8.3	7.5	6.7	5.8	5.0	4.2	3.3	2.5	1.7	0.8	0	2019
040299	Concentrated milk & cream, sweetened (excl. in solid forms)	10	8	6	4	2	0	0	0	0	0	0	0	0	2012
040310	Yogurt	10	8	6	4	2	0	0	0	0	0	0	0	0	2012
040390	Buttermilk, curdled milk and cream (excl. yogurt)	20	16	12	8	4	0	0	0	0	0	0	0	0	2012
040410	Whey and modified whey	6	4.8	3.6	2.4	1.2	0	0	0	0	0	0	0	0	2012
040490	Products consisting of natural milk constituents n.e.s.	20	16	12	8	4	0	0	0	0	0	0	0	0	2012
040510	Butter	10	9	8	7	6	5	4	3	2	1	0	0	0	2017
040520	Dairy spreads	10	8	6	4	2	0	0	0	0	0	0	0	0	2012
040590	Fats and oils derived from milk	10	9	8	7	6	5	4	3	2	1	0	0	0	2017
040610	Fresh cheese, incl. whey cheese, and curd	12	10.8	9.6	8.4	7.2	6	4.8	3.6	2.4	1.2	0	0	0	2017
040620	Grated or powdered cheese	12	9.6	7.2	4.8	2.4	0	0	0	0	0	0	0	0	2012
040630	Processed cheese, not grated or powdered	12	10.8	9.6	8.4	7.2	6	4.8	3.6	2.4	1.2	0	0	0	2017
040640	Blue-veined cheese	15	12	9	6	3	0	0	0	0	0	0	0	0	2012
040690	Cheese n.e.s.	12	10.8	9.6	8.4	7.2	6	4.8	3.6	2.4	1.2	0	0	0	2017
190110	Preparations for infant use, for retail sale (infant formula)	15	12	9	6	3	0	0	0	0	0	0	0	0	2012

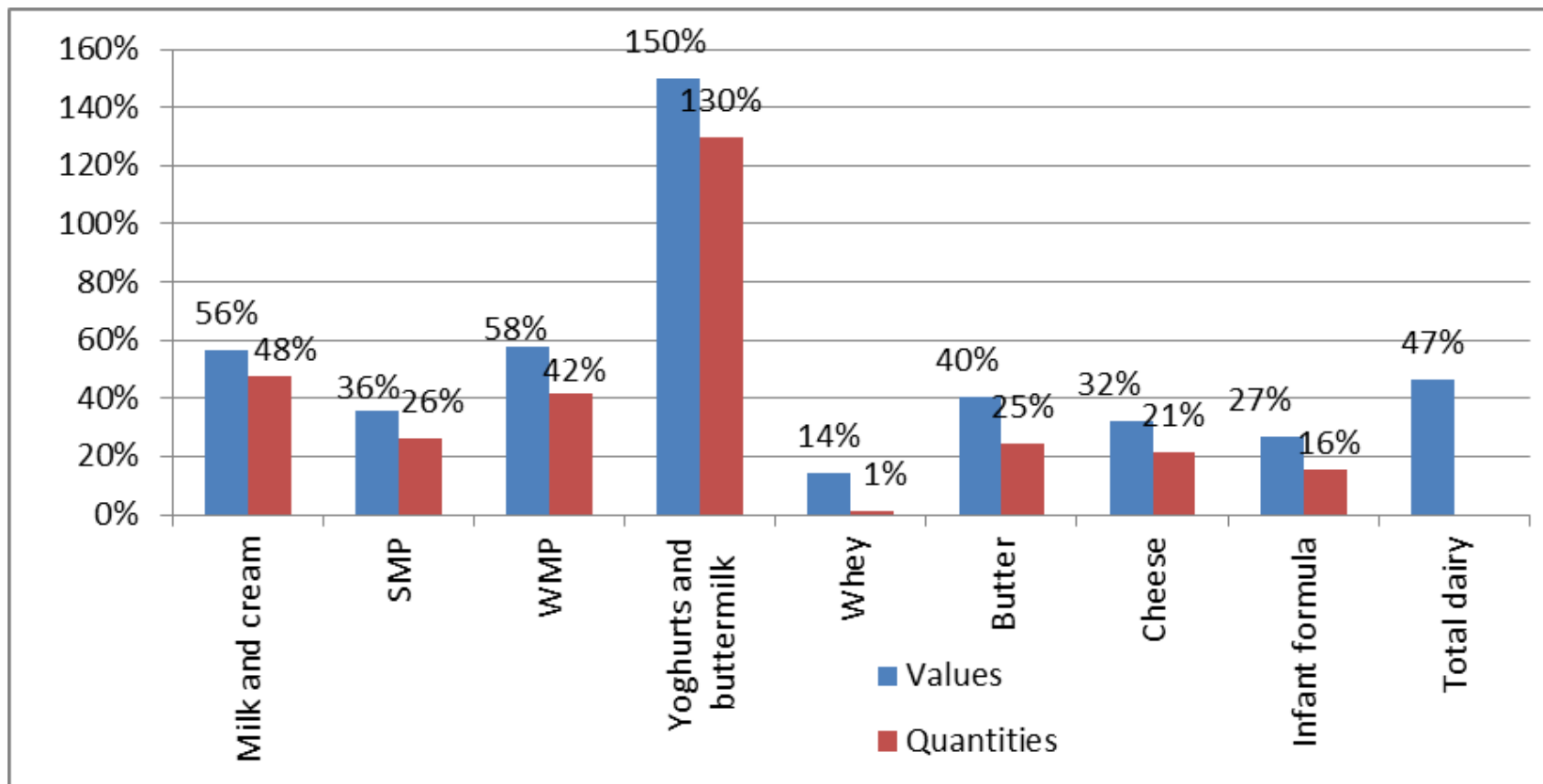


European
Commission

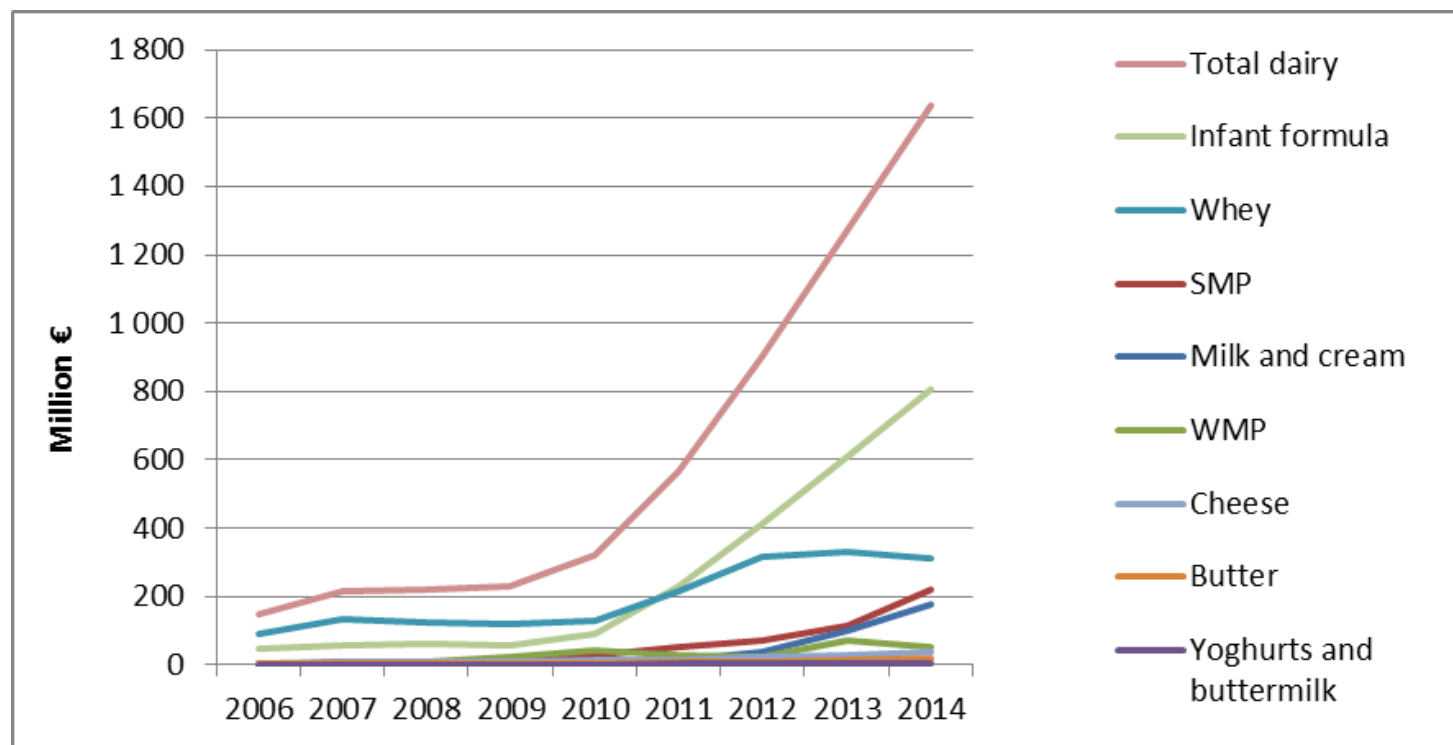
Chinese imports of dairy products from New Zealand 2006 - 2014 (EUR million)



Annual growth rate in Chinese dairy imports from New Zealand between 2006 and 2014

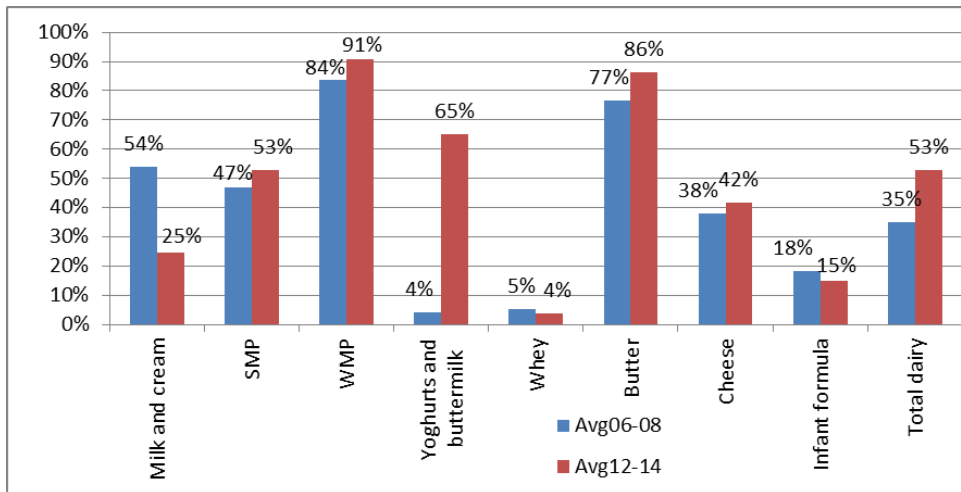


Chinese imports of dairy products from the EU 2006 - 2014 (EUR million)

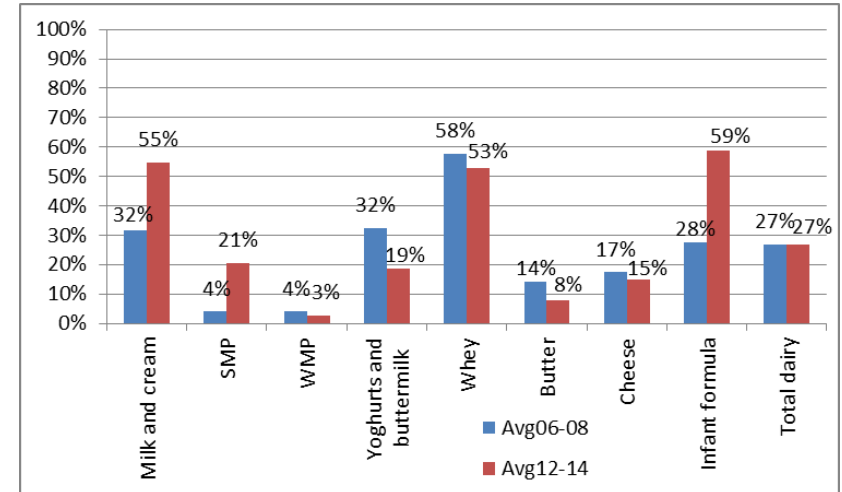


Evolution of NZ and EU share in total Chinese dairy imports in value (average 2006-08 vs. 2012-14)

NZ

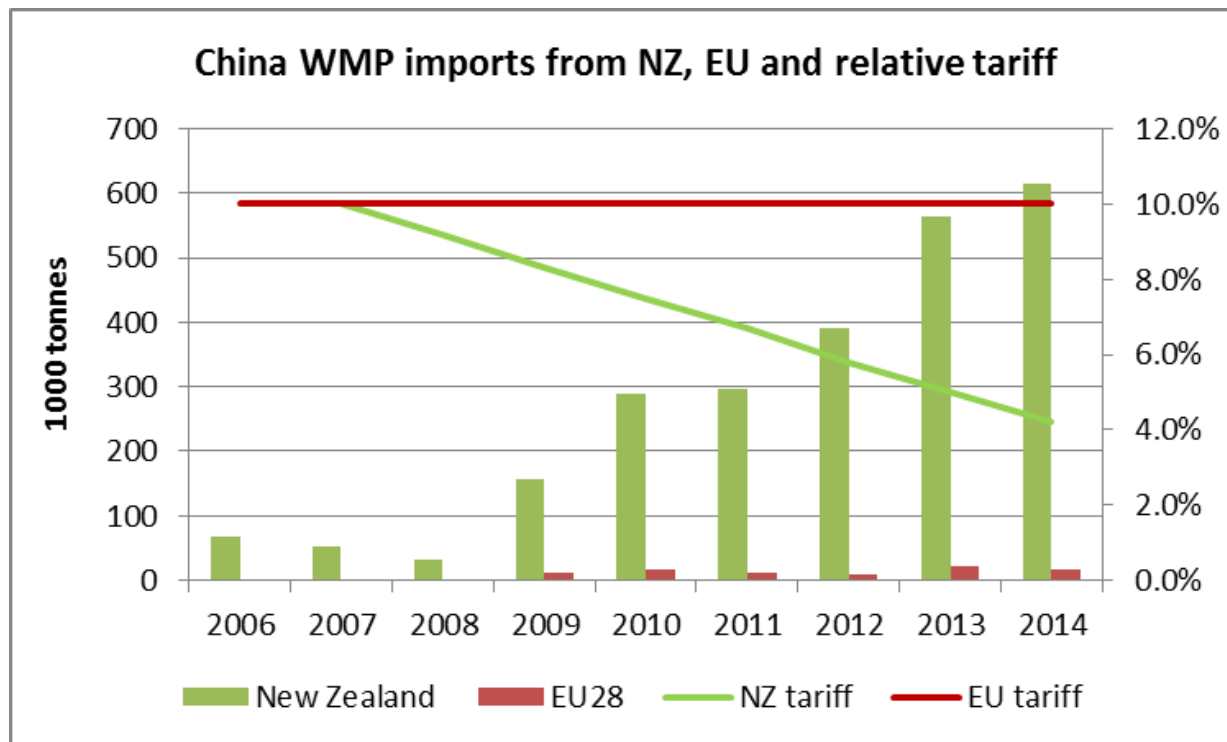


EU



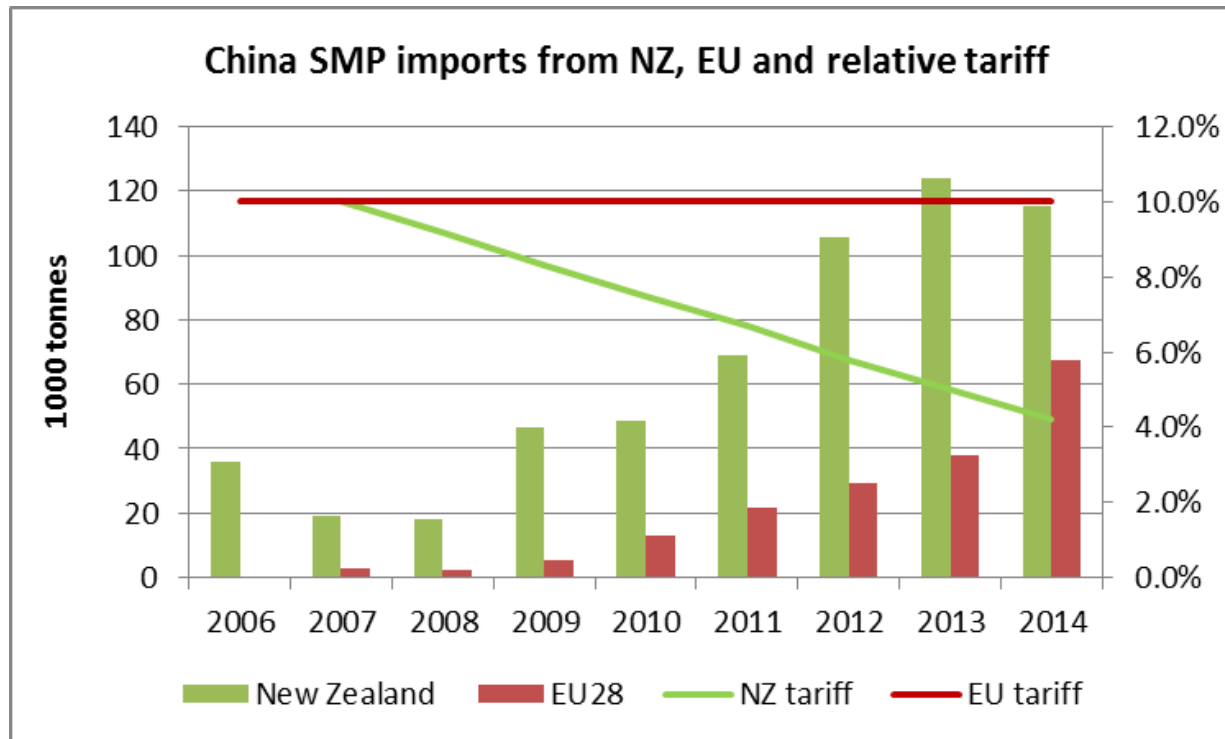
Detailed analysis by product: compared evolution of China imports from NZ and the EU 2006 - 2014 (in 1000 t)

WMP



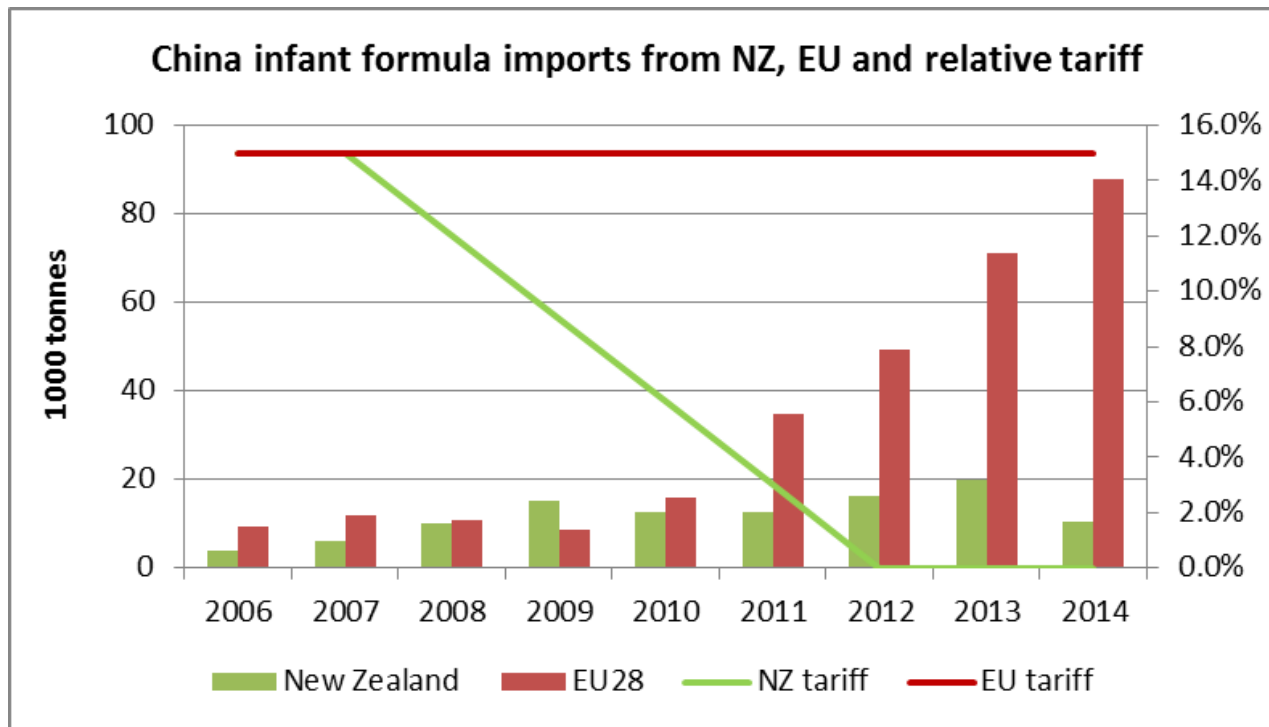
Detailed analysis by product: compared evolution of China imports from NZ and the EU 2006 - 2014 (in 1000 t)

SMP



Detailed analysis by product: compared evolution of China imports from NZ and the EU 2006 - 2014 (in 1000 t)

Infant formula



Conclusions:

- The growth of NZ dairy exports to China between 2006 and 2014 was extraordinary!
- EU growth was equally impressive (without benefitting from preferential tariff). But - contrary to NZ - no increase in overall export share to CHN for dairy product as a whole.
- Detailed product-specific analysis, linking trade developments with tariff differential, is not conclusive: tariff preference might have helped, but other factors (product specialisation, specific market dynamics) seemed to play a bigger role.
- In a booming market, all exporters can find space to grow. But what if China's dairy boom slows down? Will tariff differential become key?



Questions ?

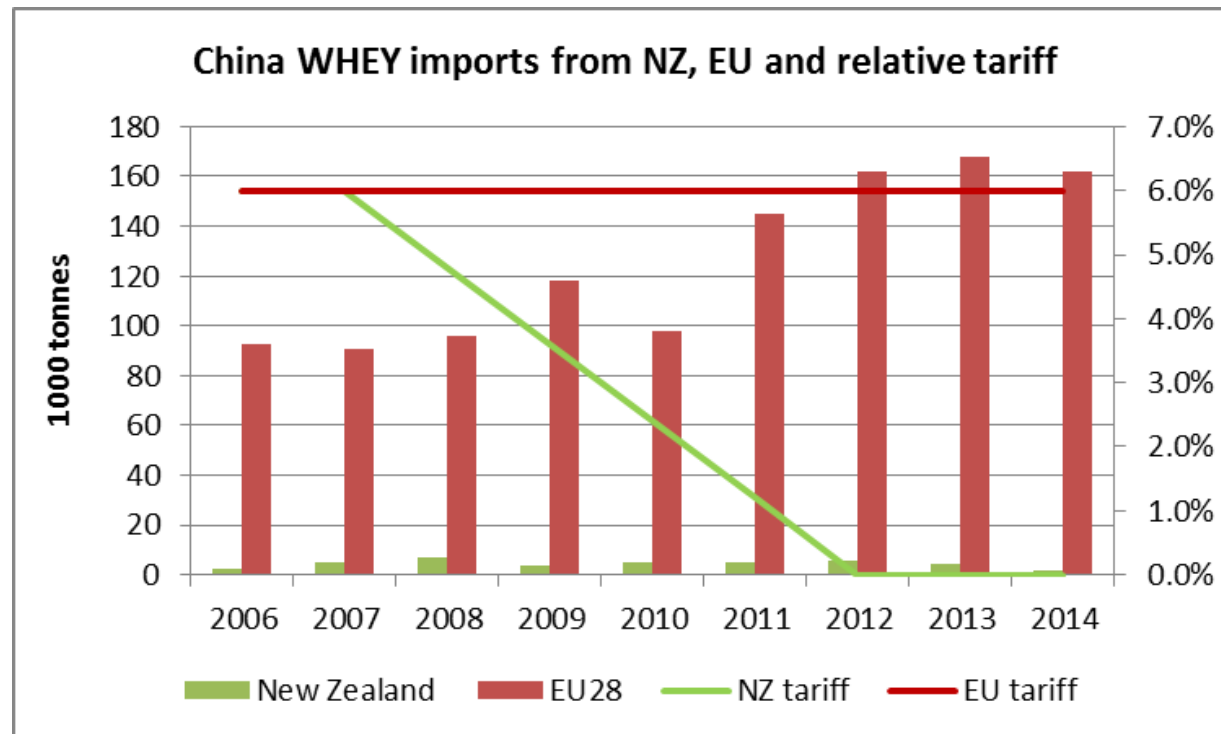
- *DG AGRI website on bilateral relations (en anglais):*
http://ec.europa.eu/agriculture/bilateral-relations/index_en.htm
- *DG AGRI website on analysis of agricultural trade*
http://ec.europa.eu/agriculture/trade-analysis/index_en.htm



Annex: specific analysis for other products

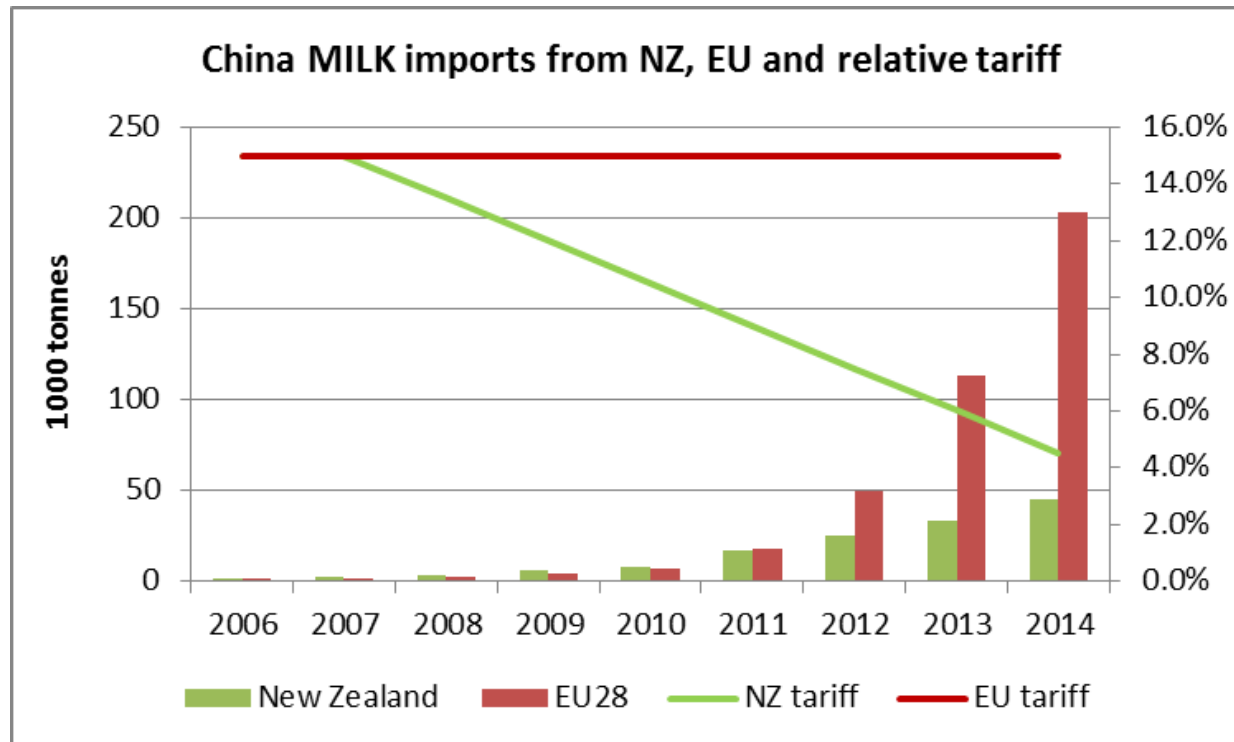
Detailed analysis by product: compared evolution of China imports from NZ and the EU 2006 - 2014 (in 1000 t)

Whey



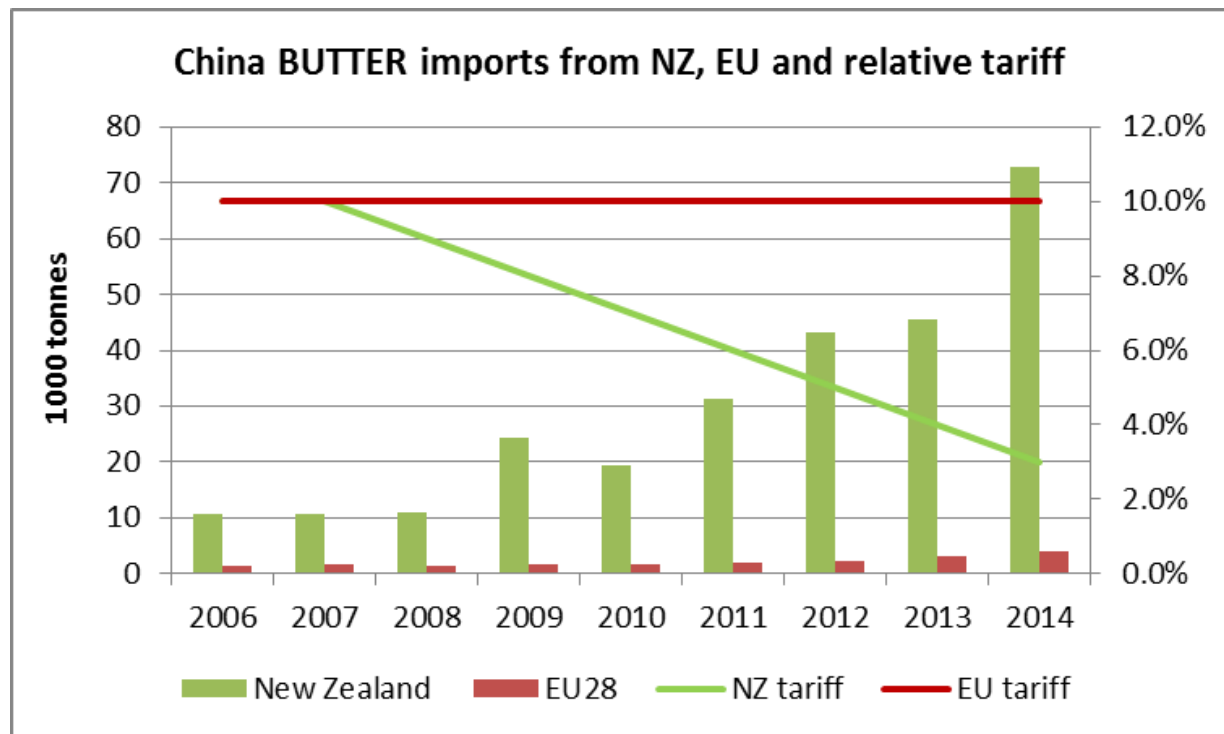
Detailed analysis by product: compared evolution of China imports from NZ and the EU 2006 - 2014 (in 1000 t)

Milk and cream



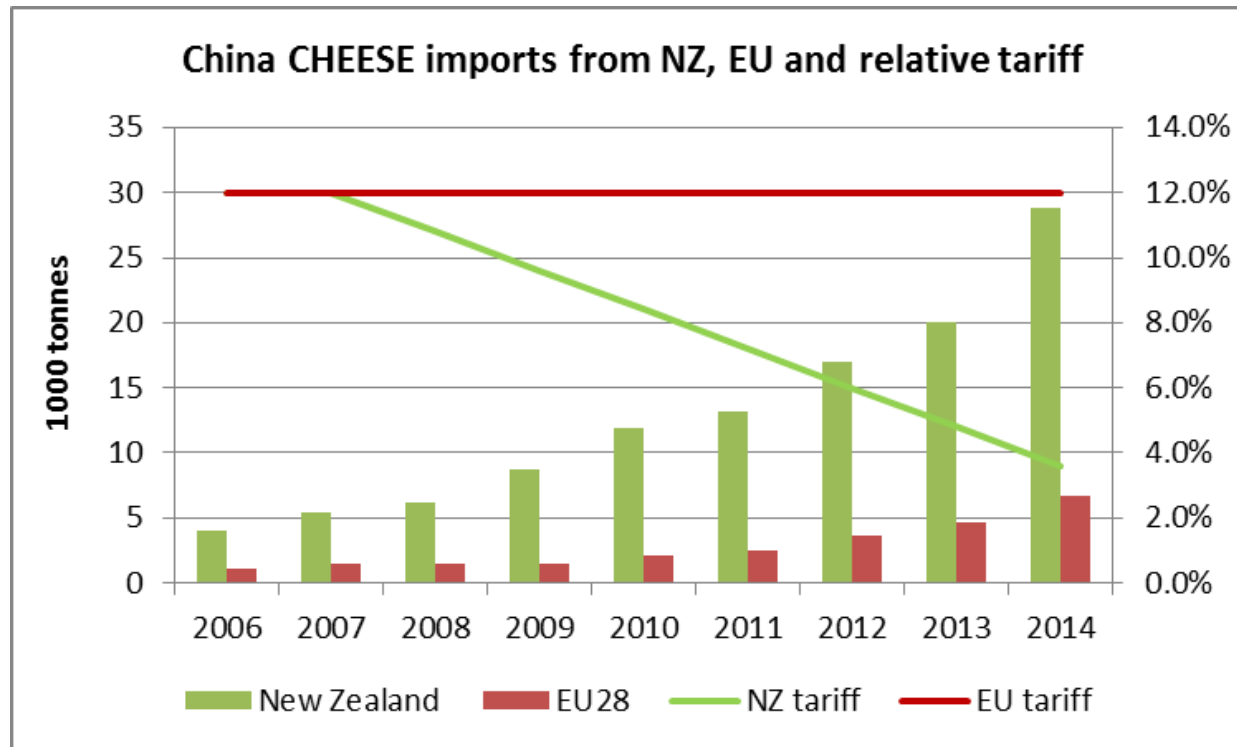
Detailed analysis by product: compared evolution of China imports from NZ and the EU 2006 - 2014 (in 1000 t)

Butter



Detailed analysis by product: compared evolution of China imports from NZ and the EU 2006 - 2014 (in 1000 t)

Cheese



ANNEX 2

EU dairy products monthly stock situation at the end of August, 2015

EDA



**EU dairy products
monthly stock situation
at the end of September 2015**

Milk Market Observatory

Economic Board

November 27th, 2015

Methodology

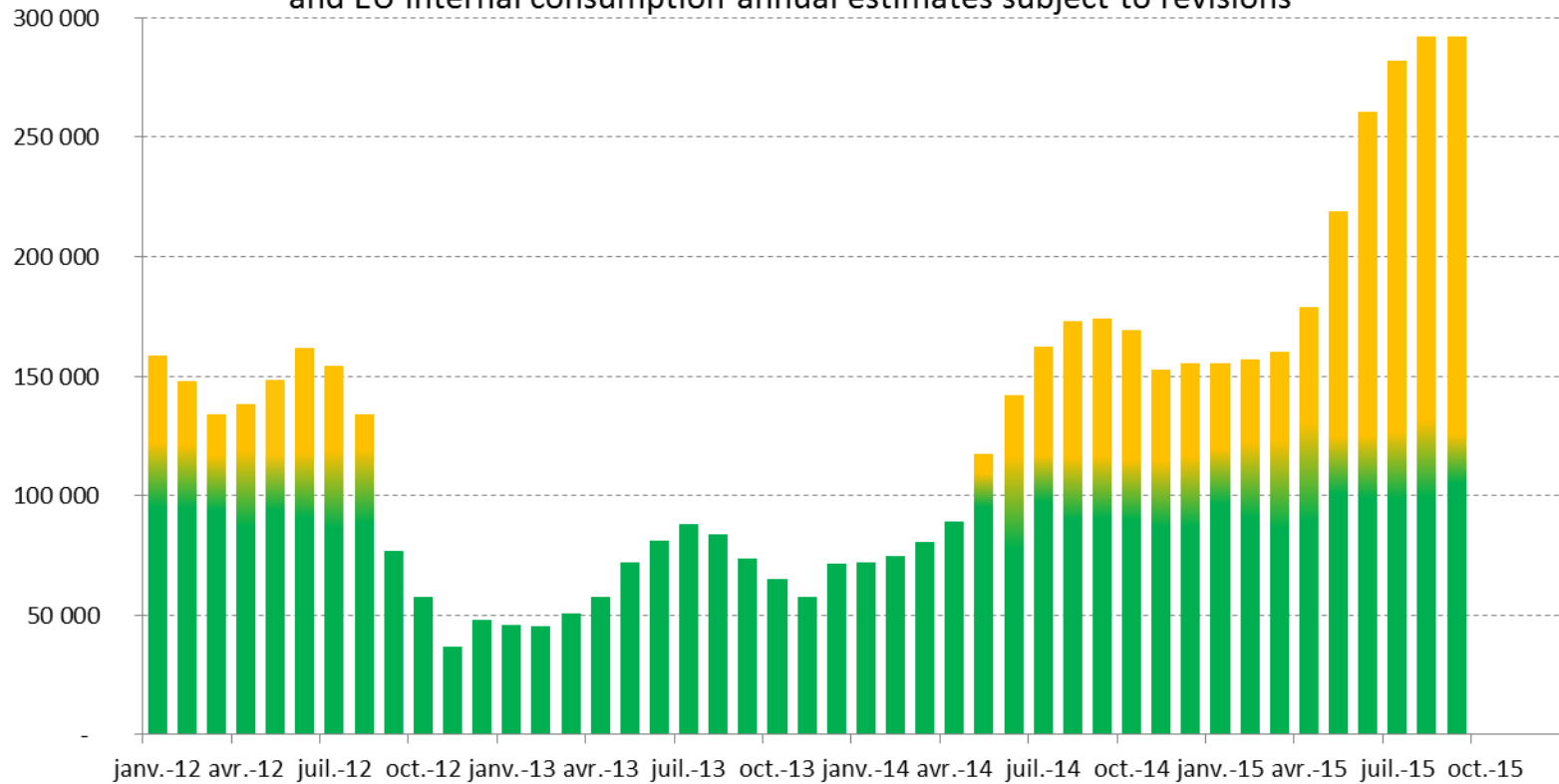
- For each dairy product and each month, the stock estimates are based on the equation:
 - **Stock variation** = EU production + EU import – EU internal consumption – EU exports
- ZMB balance sheets and forecasts have been used as references for :
 - End of year stocks levels in 2012 and 2013
 - Yearly consumption levels in 2012, 2013, 2014 and forecast for 2015
- 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 observation.

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

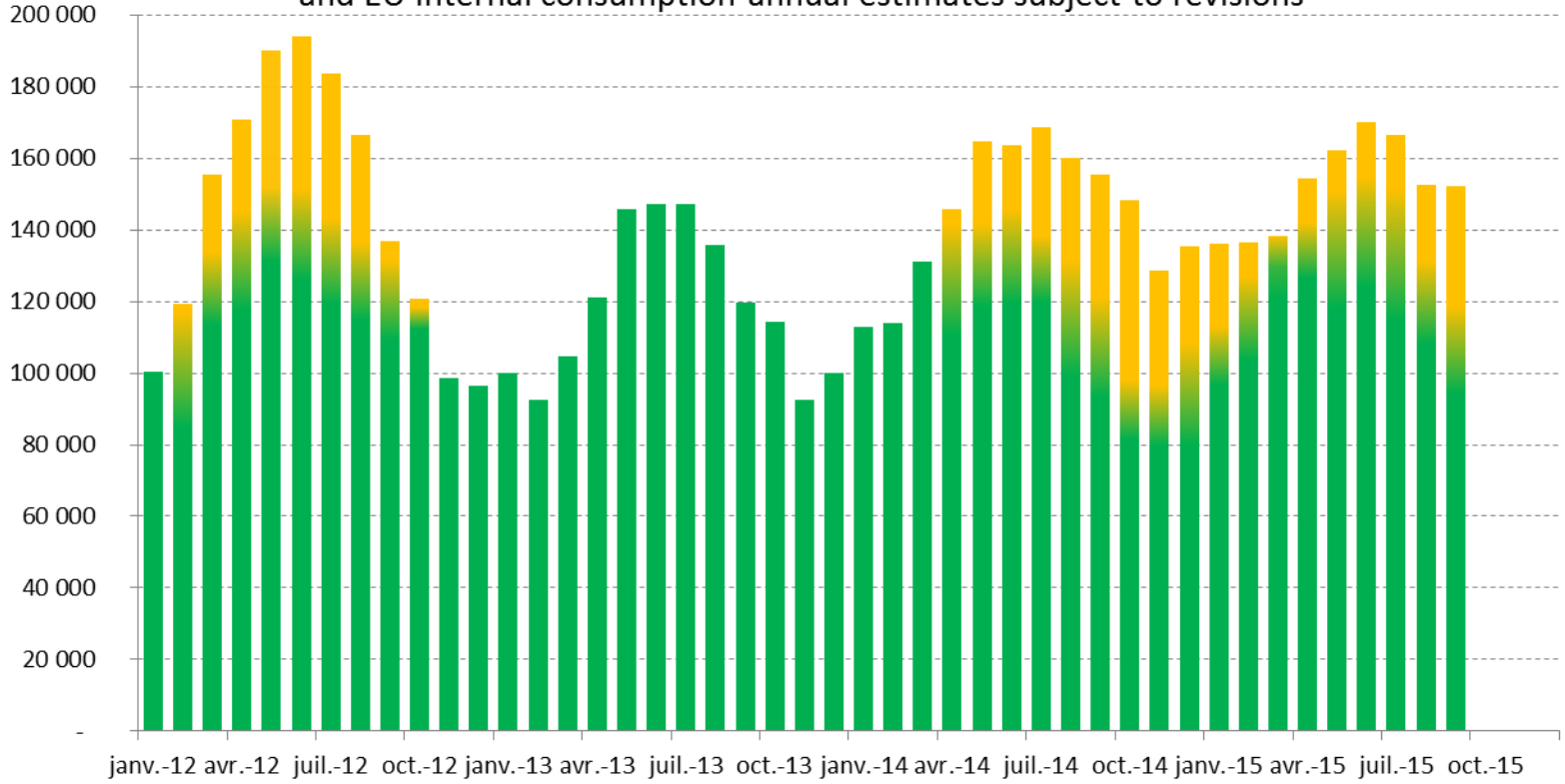


European stock level estimates - Butter



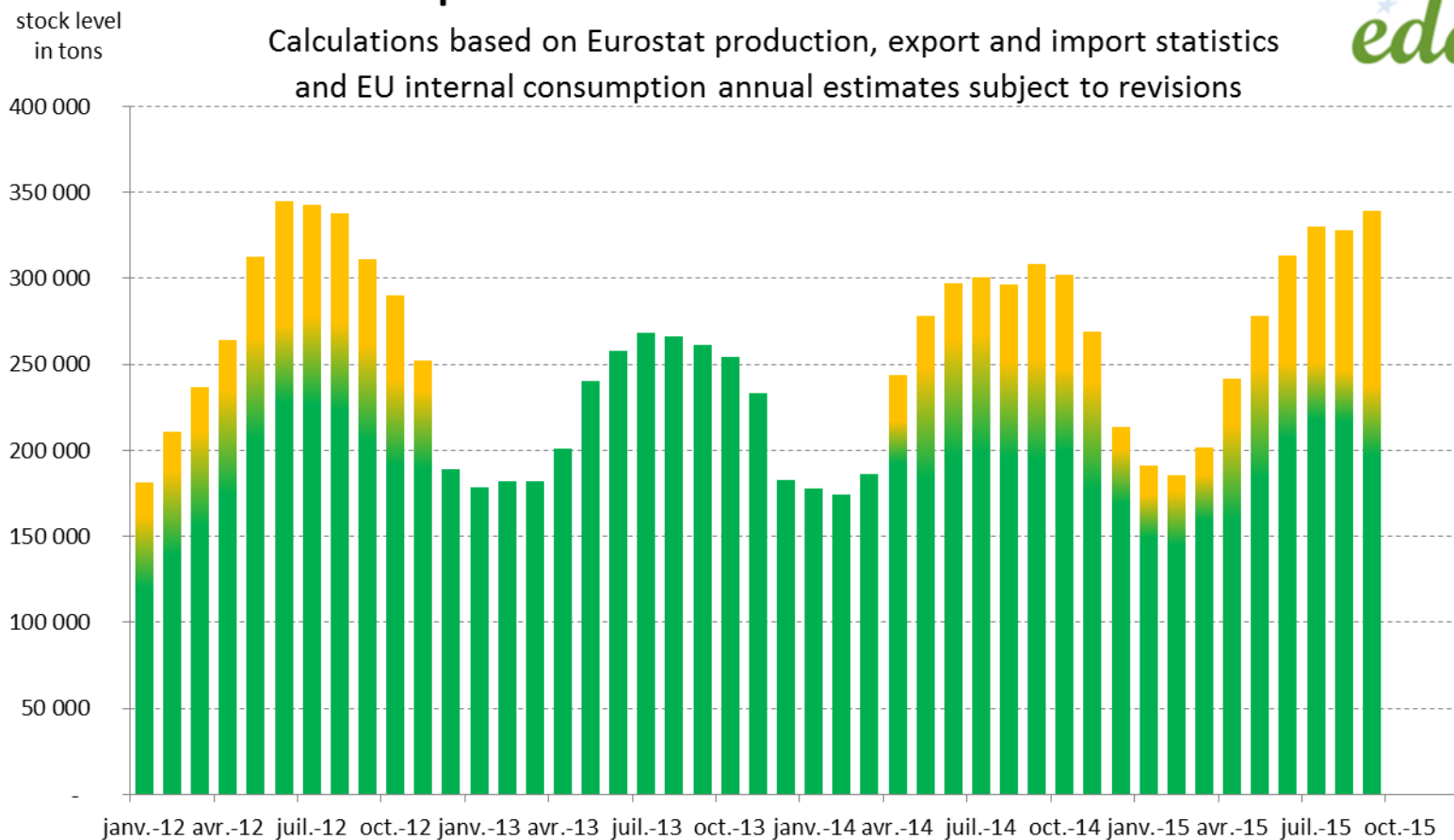
Calculations based on Eurostat production, export and import statistics and EU internal consumption annual estimates subject to revisions

stock level
in tons



European stock level best estimates - Cheese

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



ANNEX 3

Perspectives from the Dairy Trade

Eucolait



Perspectives from the Dairy Trade

MMO Economic Board
27 November 2015



Outline



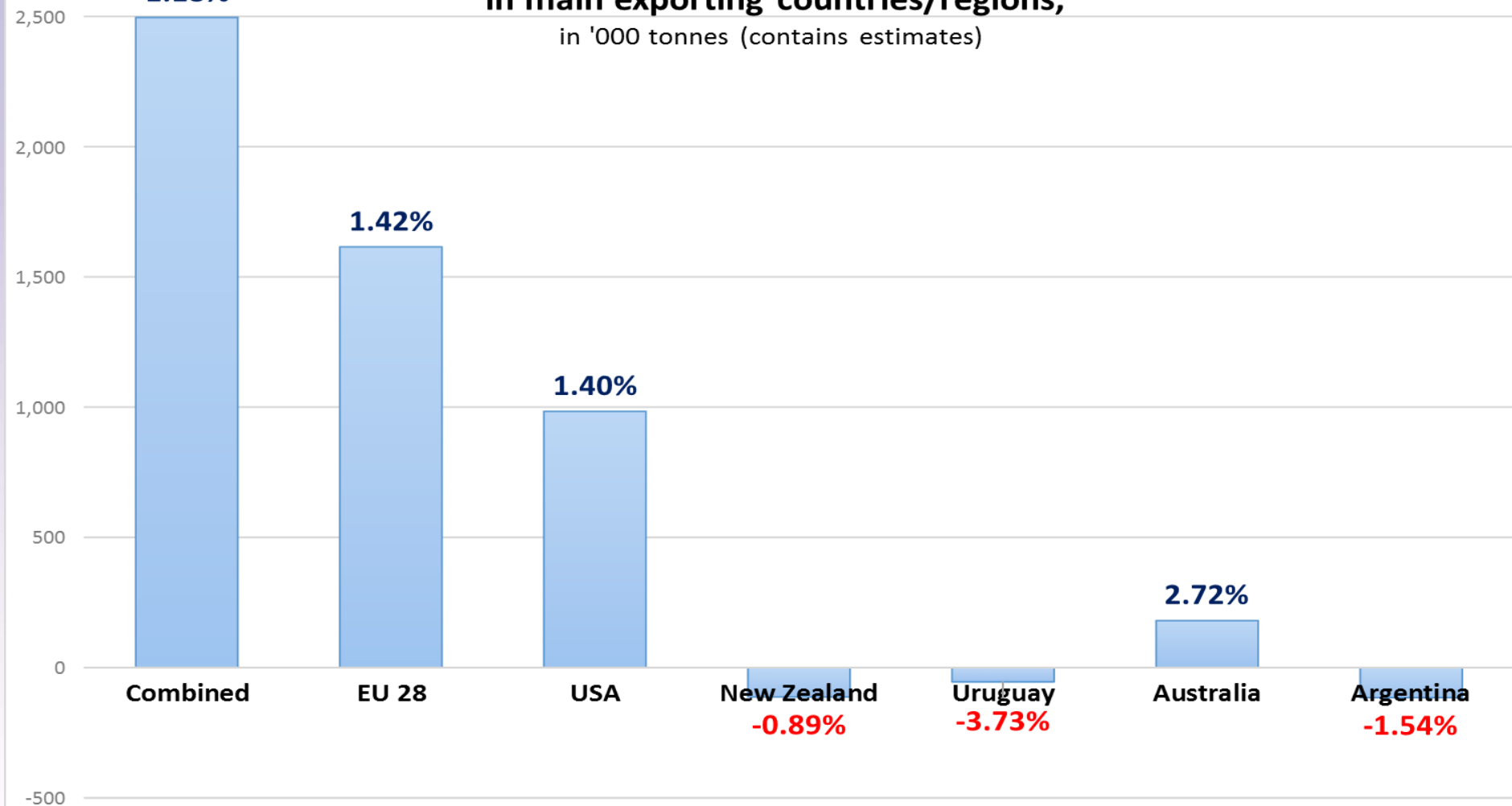
- Global Supply
- Global Exports
- Global Demand
- Conclusions



Milk production in key export regions



**Comparing Jan-Sept 2015 milk production with Jan-Sept 2014
in main exporting countries/regions,
in '000 tonnes (contains estimates)**





Production outlook



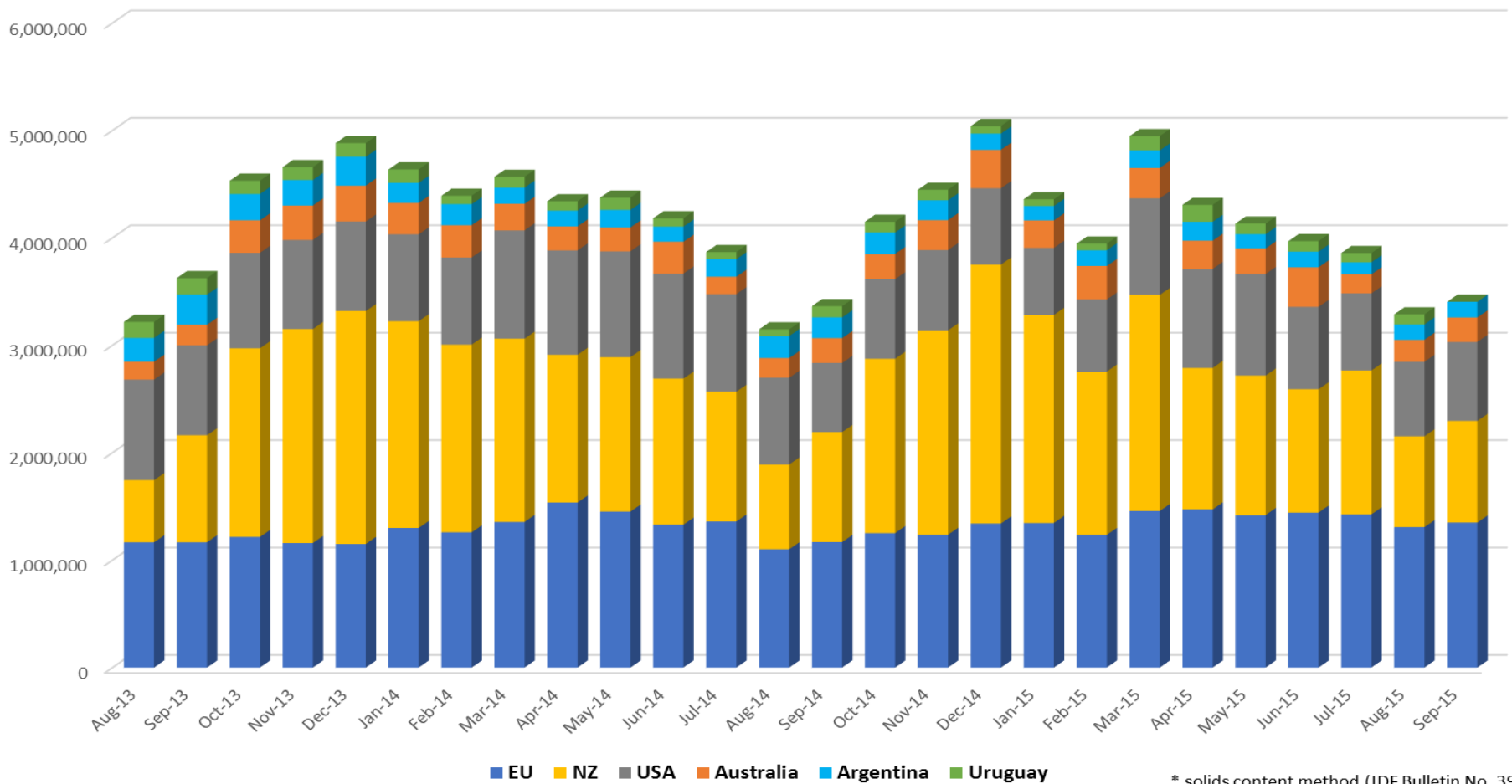
- EU milk production declining seasonally but Q3 volumes were stronger in comparison to 2014 levels than in Q2. +1,5% for the whole year expected
- US production growth has slowed down further in October (+0,1%). USDA forecast for Q4 2015 reduced in consequence, estimate for whole year 2015 +1,27%
- New Zealand: so far -4% season to date with October peak past; could well end up between -5% and -10% for 2015/16 season as forecasted
- Australia: good start into new season, but lower growth in September. +2% expected for 2015/16
- El Nino impact?



Dairy exports of main market players in ME



Monthly global exports
(Butter+ Butteroil + Cheese + SMP + WMP + Whey)
(in tonnes, Milk Equivalent*)



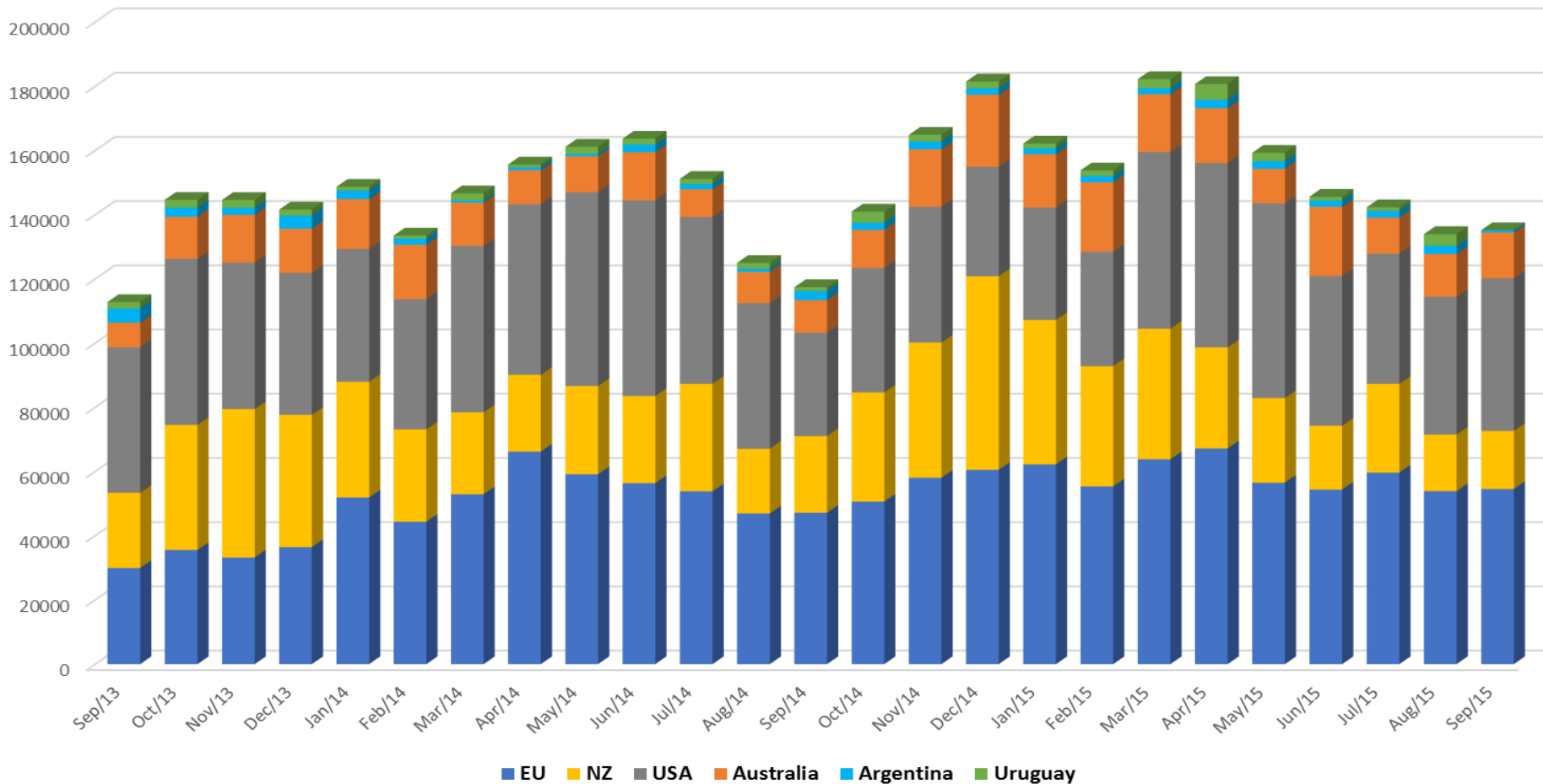
* solids content method (IDF Bulletin No. 390)



SMP exports of main market players



Monthly SMP exports
EU+USA+NZ+Aus+Arg+Uru
(tonnes)

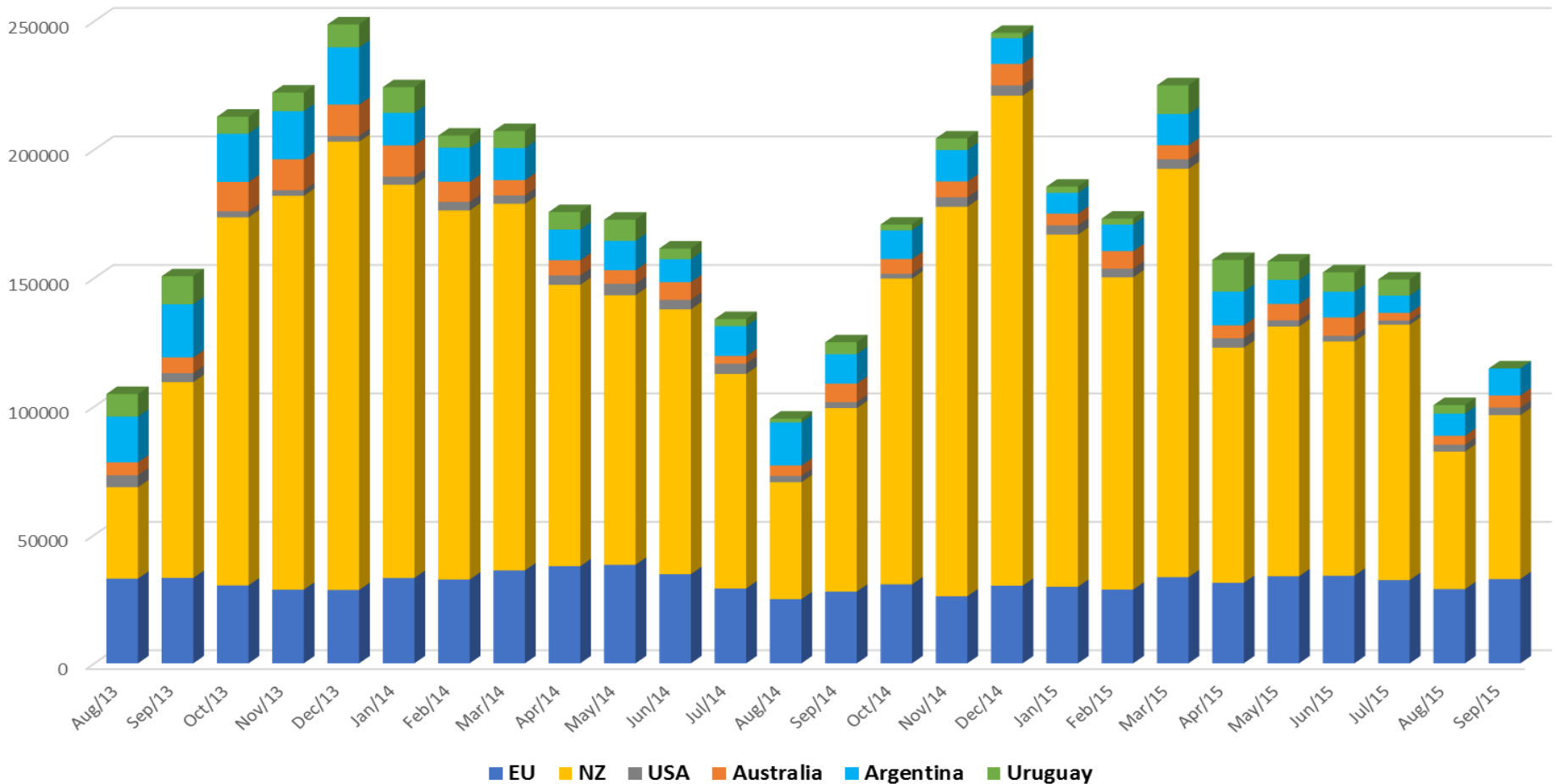




WMP exports of main market players



Monthly WMP exports
EU+USA+NZ+Aus+Arg+Uru
(tonnes)

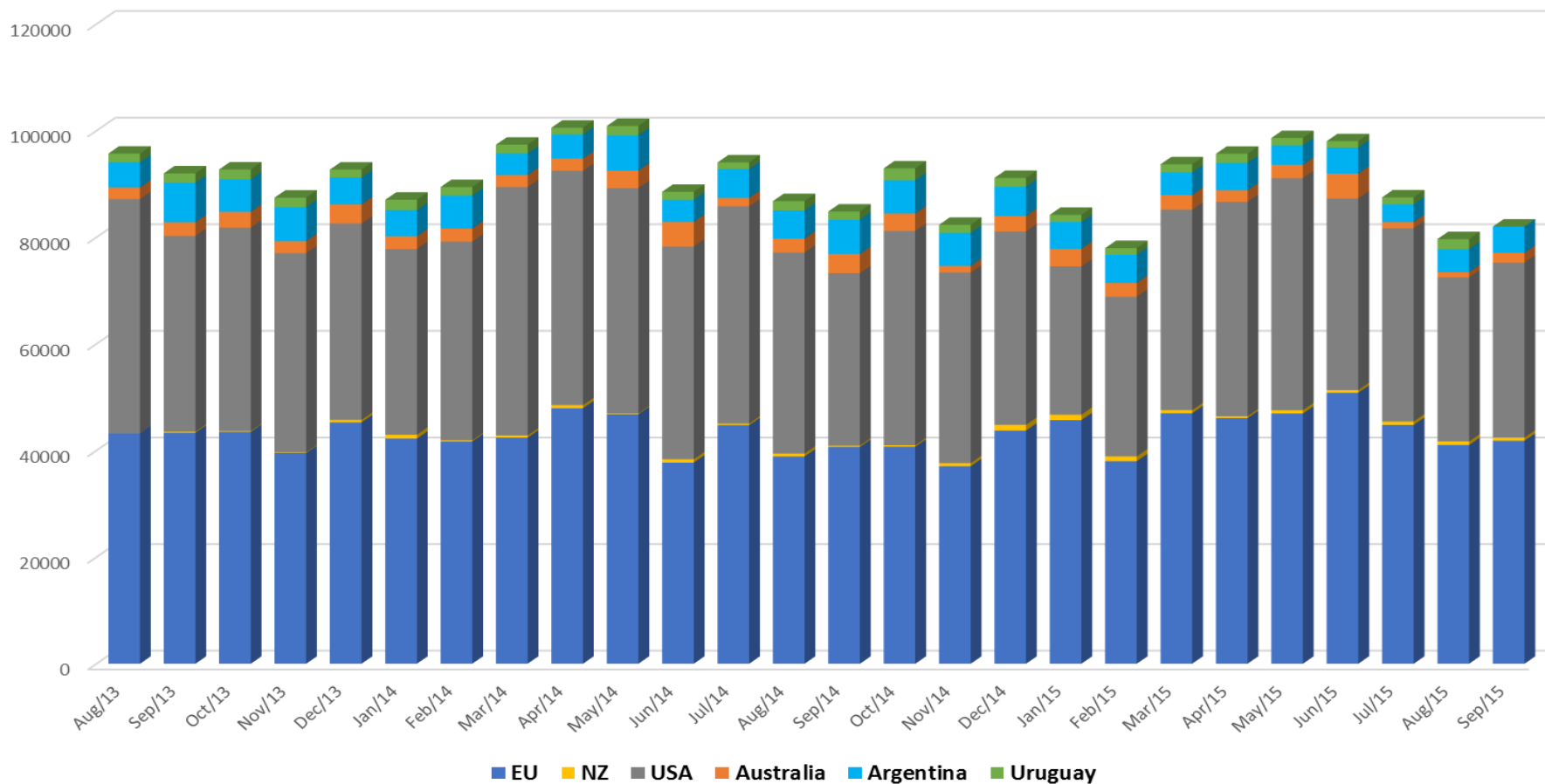




Whey powder exports of main market players



Monthly Whey exports
EU+USA+NZ+Aus+Arg+Uru
(tonnes)

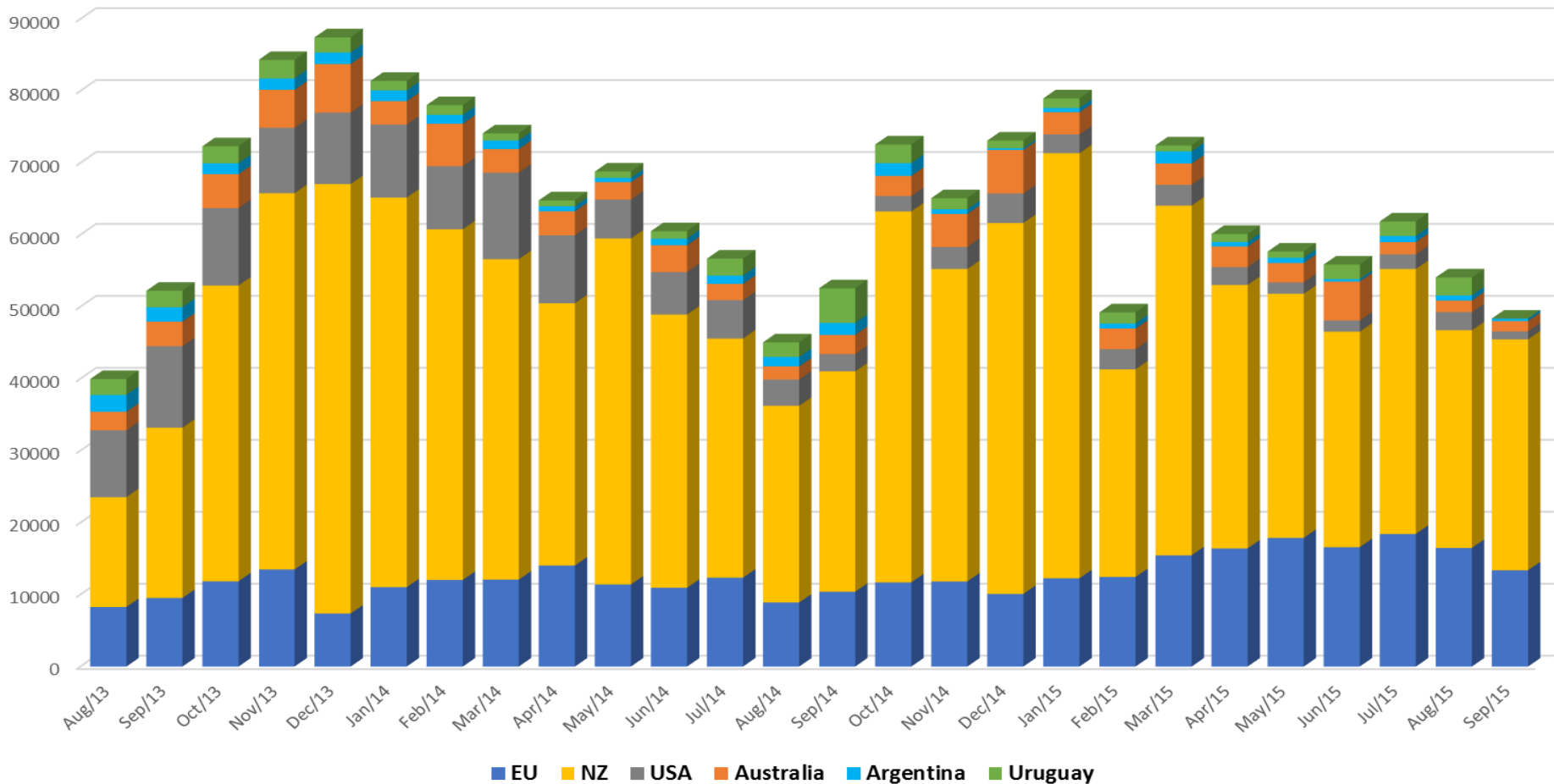




Butterfat exports of main market players



Monthly Butter and Butteroil exports
EU+USA+NZ+Aus+Arg+Uru
(tonnes)

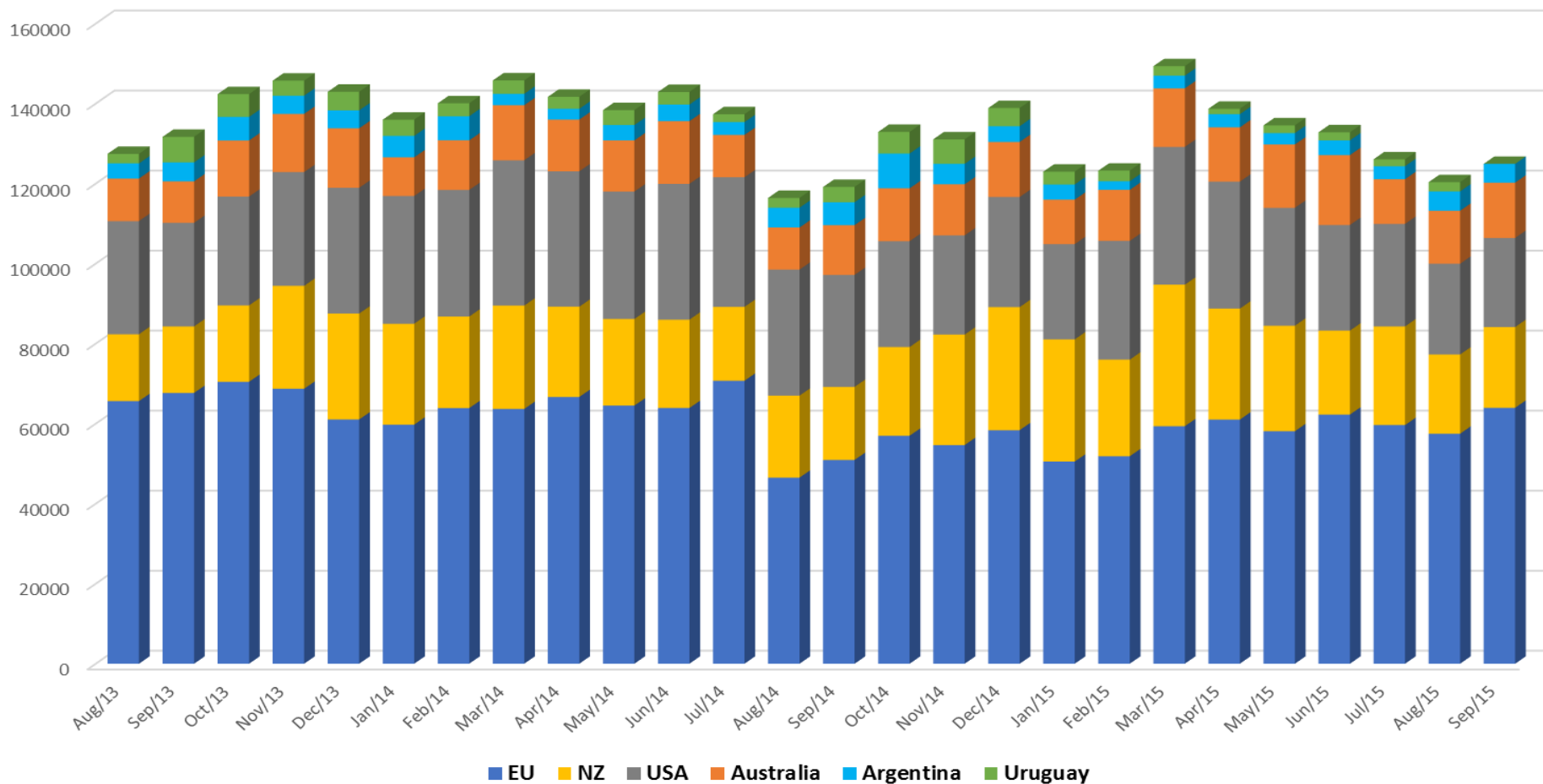




Cheese exports of main market players



Monthly cheese exports
EU+USA+NZ+Aus+Arg+Uru
(tonnes)

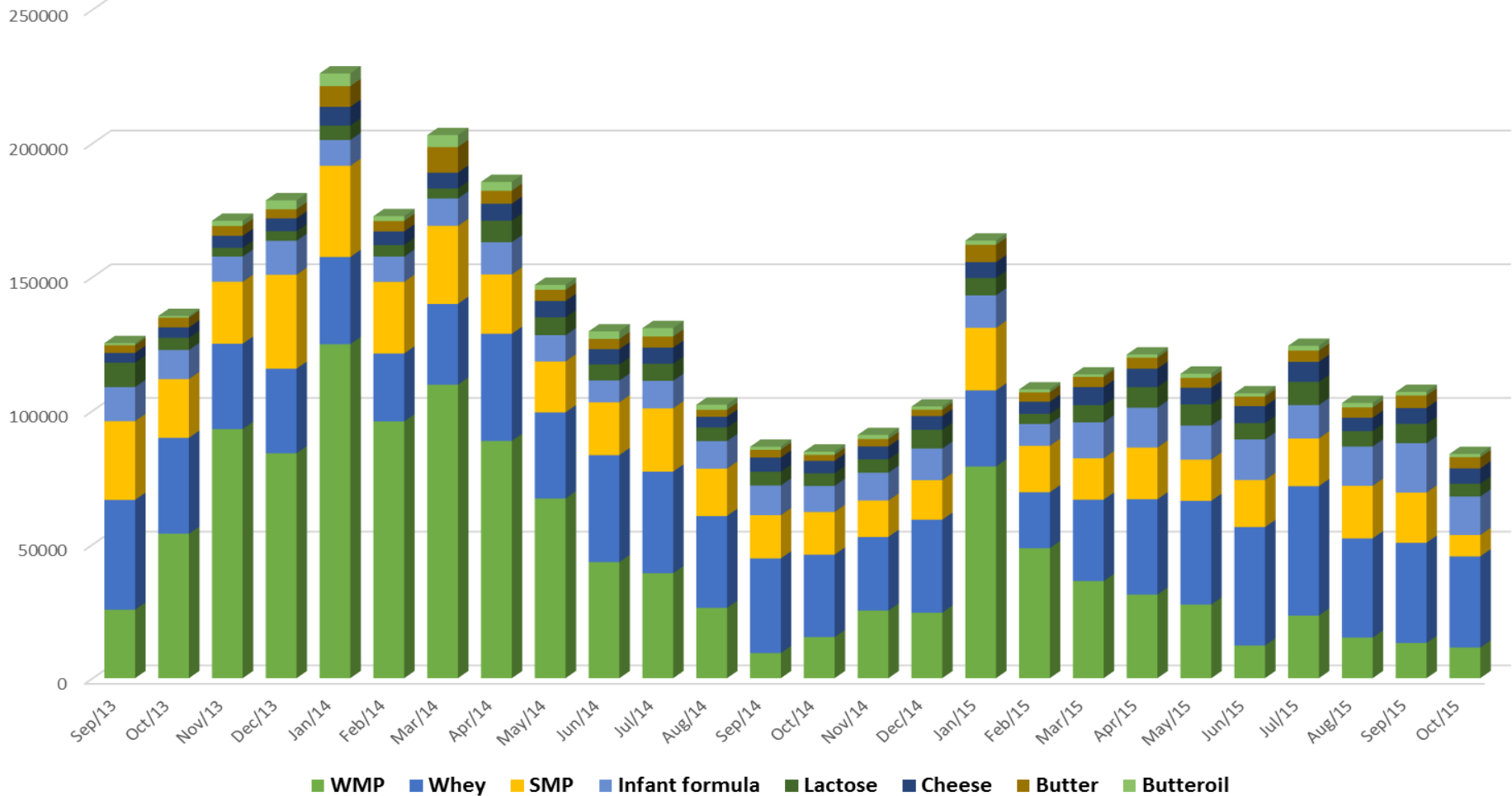




China Imports



China monthly imports
(tonnes)

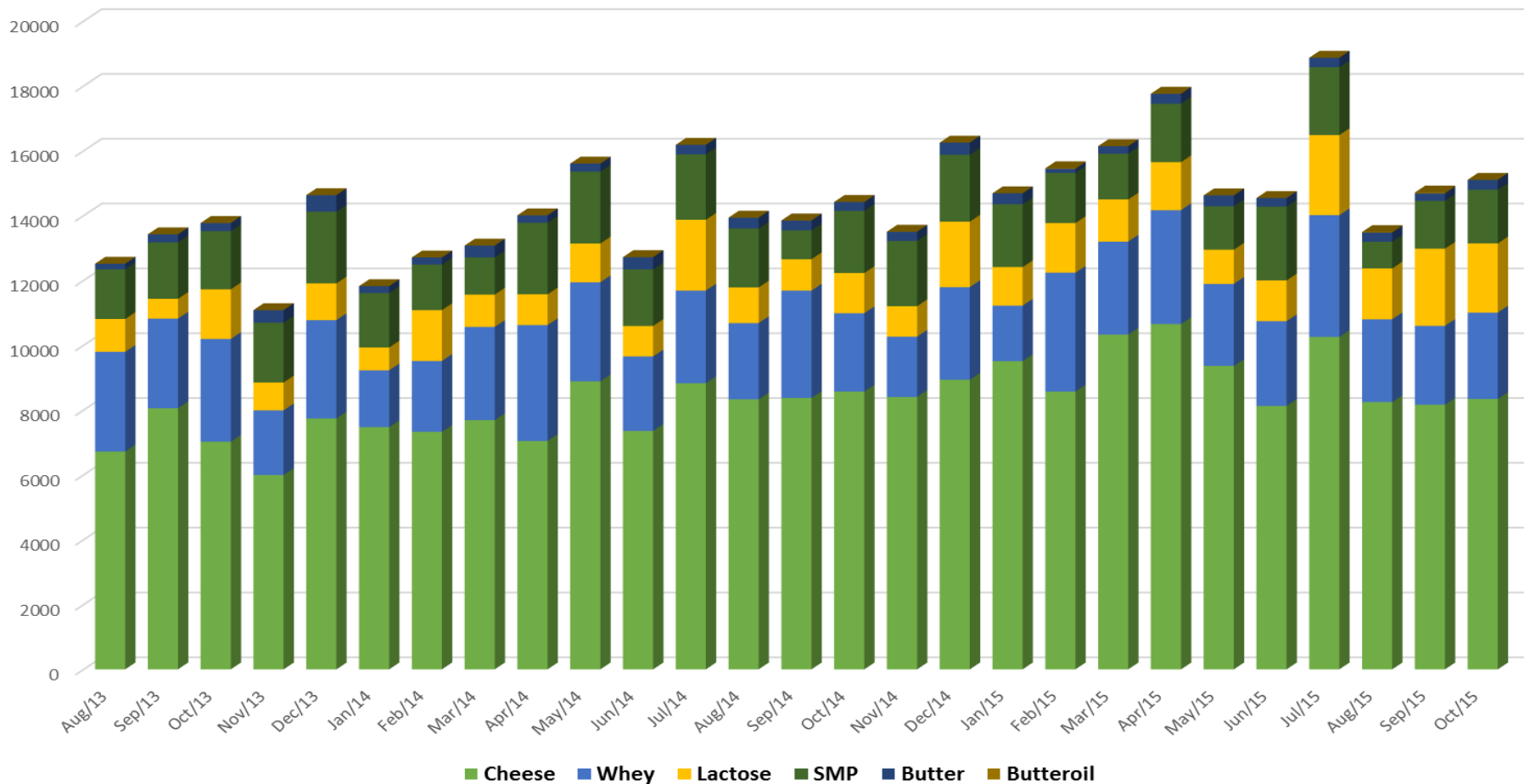




South Korea imports



South Korea monthly imports
(tonnes)

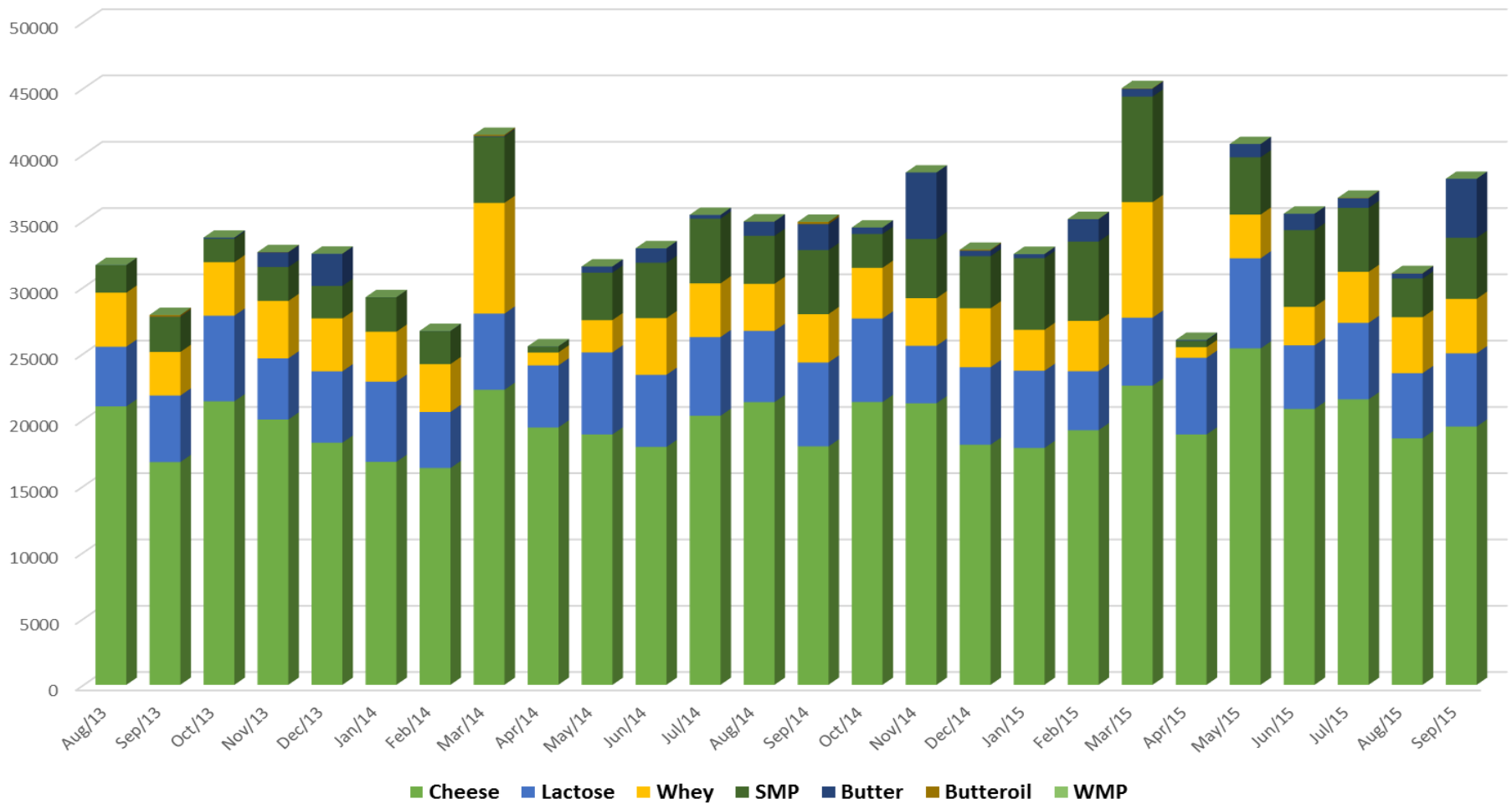




Japan imports



Japan monthly imports
(tonnes)

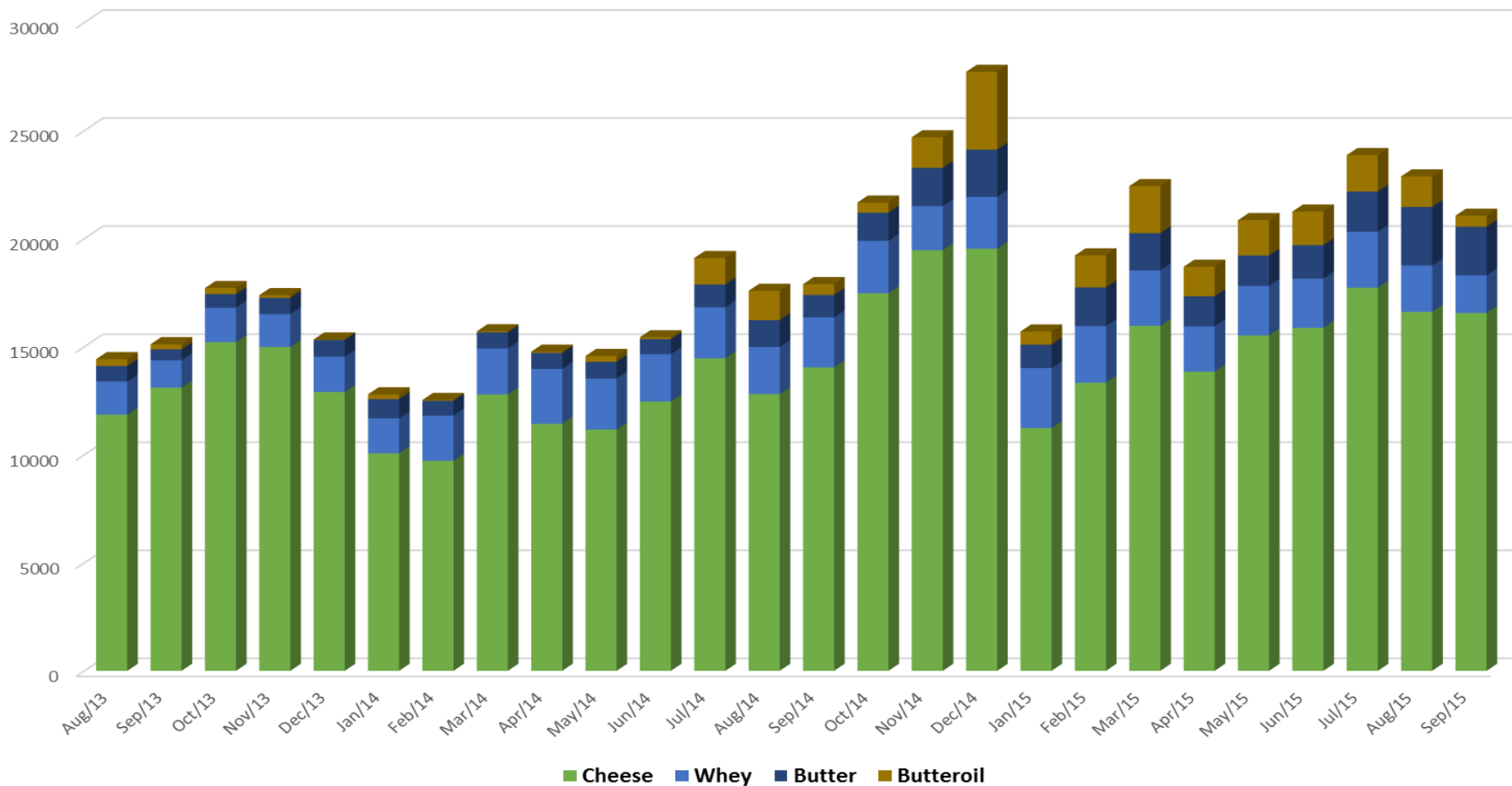




USA Imports



USA monthly imports
(tonnes)





Conclusions



- Milk supply (growth) in exporting regions is slowing down except for the EU
- Paradoxically this is coinciding with the more bearish sentiment over the past weeks
- On the positive side, demand in the US and in other 'developed markets' remains solid
- Protectionist actions in certain EU Member States are distorting trade and the market
- Recent upward movements seem to have been sentiment driven, no real change in the supply/demand fundamentals
- Continued strong EU export performance and an adjustment on the supply side required



Thank You

Sources used in presentation: GTIS, EU Commission, USDA, Dairy Australia, DCANZ, Fonterra, Clal, Inale,

Eucolait

www.eucolait.eu

info@eucolait.eu

ANNEX 4

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

EUROCOMMERCE



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

Milk Market Observatory
27 November 2015

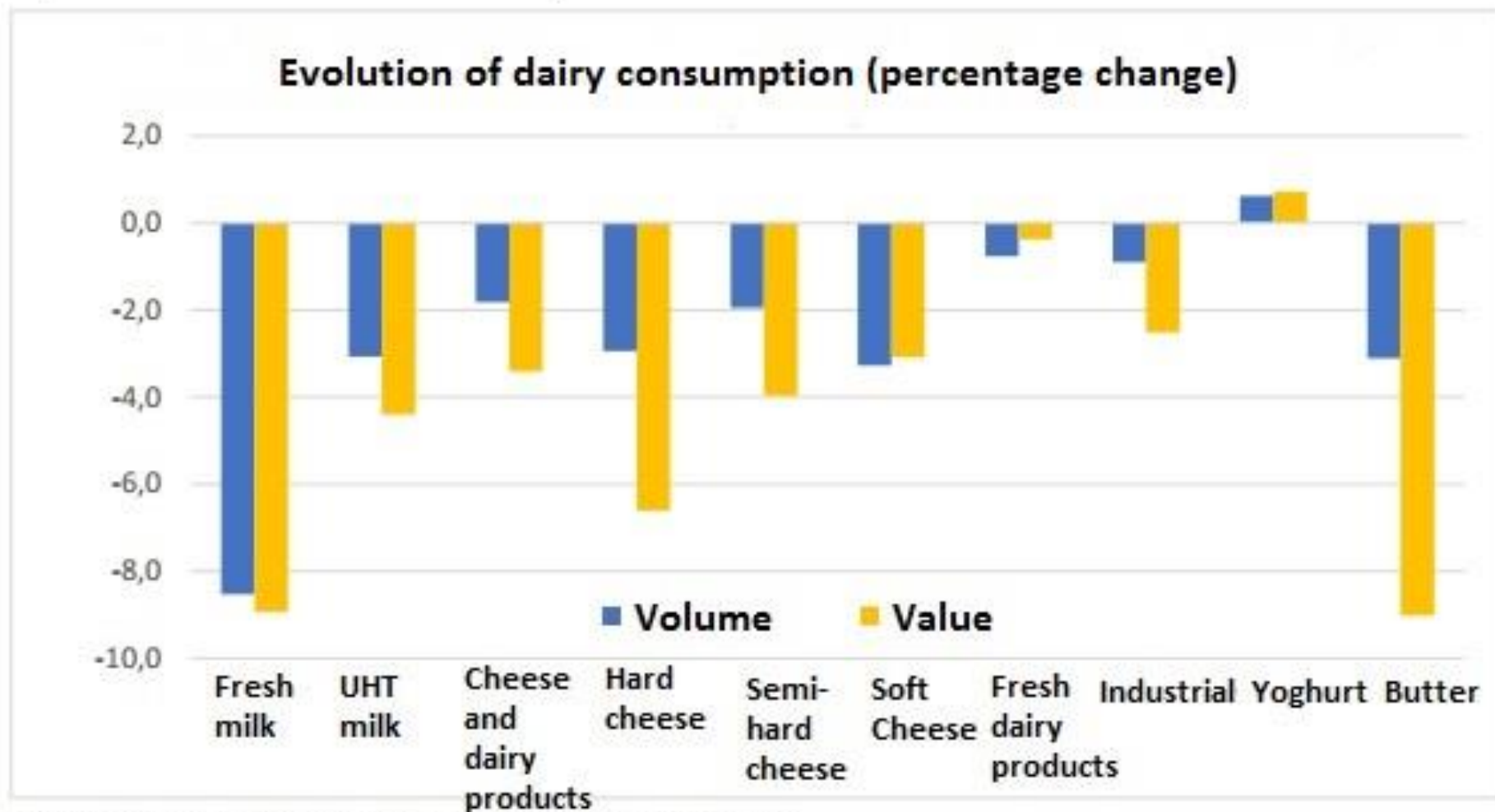
France

Product category	volumes (% change) 4 week period (P10 2015/P9 2015)	volumes (% change) Year on year (P10/2015-P10/2014)	Value (% change) Year on year (P10 2015/P10 2014)
Total liquid milk	+1,4%	-2,9%	+1,6%
- Of which UHT semi-skimmed milk	+2,9%	-2.7%	+0,4,%
Yoghurt & fresh cheese	+6,1%	-2,7%	-0,2%
Butter	+10,4%	+5,9%	+3,3%
Cream	+8,4%	+0.1%	+0,5%
Cheese	+4,3%	+4.5	+0,2%

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

Italy

Period: Year-to-date (04/10/15)



Fonte: elaborazione ISMEA su dati Panel Consumer NIELSEN

Portugal

Period: Year-to-date (04/10/2015)

Product category	volumes (% change)	volumes (% change) Year on year	value (% change)	Value (% change) Year on year
Fresh milk	-10,1	-8,9	-7,5	-7,0
UHT milk	-7,1	-7,3	-14,7	-13,4
Joghurt	-5,9	-5,7	-6,9	-6,3
Fresh cheese	-4,1	-2,9	-3,1	-1,9
Butter	0,6	0,5	-2,6	-2,7
UHT Cream	-4,2	-3,8	-2,3	-1,3
Fresh desert	12,0	12,3	15,0	14,1
Cheese	2,2	1,5	-0,5	-0,4

Source: Nielsen (Market Track - Total Portugal)

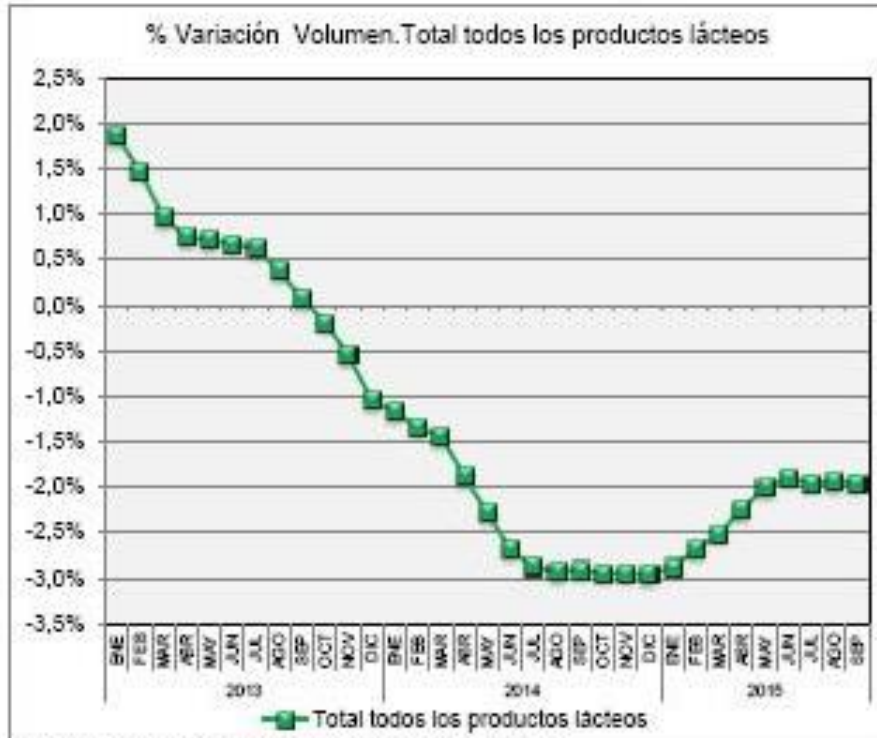
Spain

	Sales in Euro		Evolution
	September 2014	September 2015	Value Change
Total milk and milkshakes	2.265.884.936	2.184.194.332	-3,60%
Liquid milk	1.509.366.272	1.418.990.080	-6,00%
Other types of milk	605.301.208	607.217.756	0,30%
Milkshakes	151.217.456	157.986.496	4,50%
Total yoghurt, fermented milk and fresh desserts	2.167.626.752	2.147.849.376	-0,90%
Yoghurt and fermented milk	1.692.544.192	1.661.273.792	-1,80%
Fresh desserts	475.082.560	486.575.584	2,40%
Total cheese	2.163.549.827	2.191.969.197	1,30%
Fresh cheese	421.770.561	422.152.321	0,10%
Traditional national cheese	816.070.400	822.662.944	0,80%
Processed cheese	210.922.353	210.411.897	-0,20%
Imported cheese specialties	300.879.604	310.357.752	3,20%
Grated cheese	195.809.856	198.964.944	1,60%
Others	218.097.053	227.419.339	4,30%
Total other dairy products	289.929.501	287.675.729	-0,80%
Cream	137.136.656	133.969.560	-2,30%
Butter	84.946.304	84.246.256	-0,80%
Desserts and yoghurts with a long shelf life	4.957.301	6.597.979	33,10%
Powdered milk	62.889.240	62.861.934	0,00%
Total dairy products	6.886.991.015	6.811.688.634	-1,10%

Source: Symphony IRI Group

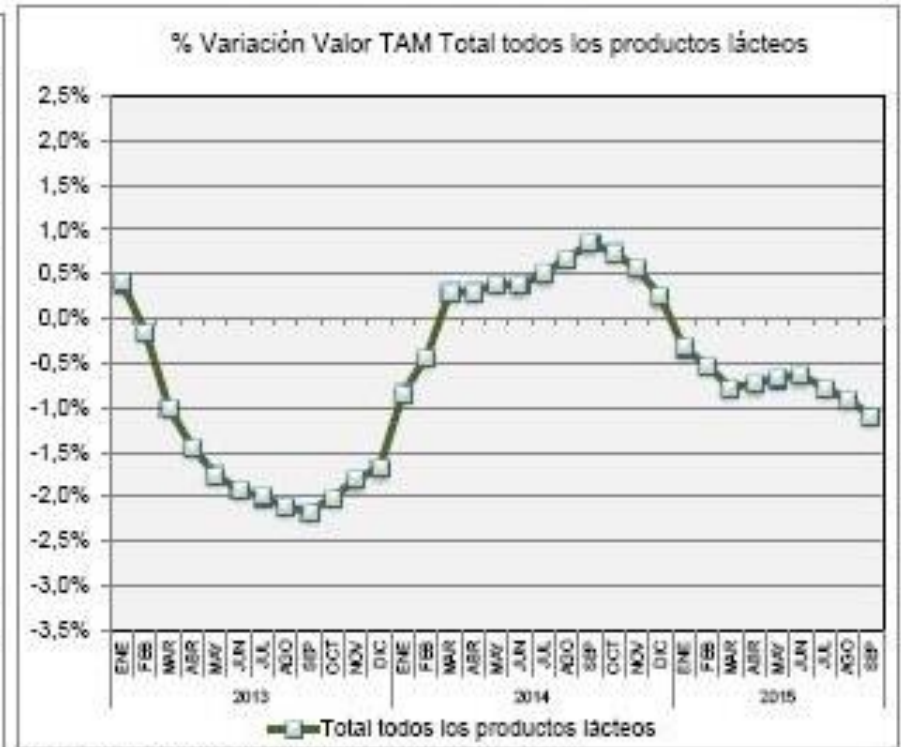
Spain

Variation in sales volume



Fuente: Elaboración propia a partir de datos de Symphony IRI Group

Variation in sales value



Fuente: Elaboración propia a partir de datos de Symphony IRI Group

Source: Symphony IRI

United Kingdom

UK Dairy Product Retail Price Indices

In September 2015 the RPI decreased by 0.08% compared with August but is 0.78% higher than the same month last year. The fresh milk price index decreased by 0.40% on the previous month and decreased on the year by 7.34%. The butter index increased on the month by 0.8% and increased on the year by 0.65%. Cheese saw an increase on the month of 0,33% and a decrease of 4.28% on the year.

PRODUCT PRICE INDICES			
		compared with	
	Sep-15	1 month before	12 months before
RPI price index	259.6	-0.08%	0.78%
Fresh Milk	223.4	-0.40%	-7.34%
Butter	327.3	0.80%	0.65%
Cheese	241.5	0.33%	-4.28%

Source: Office for National Statistics (ONS)

Please note: the reference base is January 1987.

Source: <http://dairy.ahdb.org.uk/market-information/dairy-sales-consumption/gb-retail-prices/>

United Kingdom

Companies	Price Sep	Average Annual
Dairy Crest M&S - Profile 1	33.14	33.38
Dairy Crest M&S - Variable 1	34.64	33.30
Müller Wiseman Dairies Booths	35.00	32.92
Müller Wiseman Dairies M&S	34.47	32.37
Müller Wiseman Dairies Tesco 2	33.37	31.30
Dairy Crest Sainsbury- Profile 1	30.60	30.83
Müller Wiseman Dairies Sainsbury	32.87	30.79
Dairy Crest Sainsbury -Variable 1	32.10	30.76
DC Waitrose Profile	30.45	30.68
First Milk Tesco 2	30.61	30.65

- Published on November 5th, this table shows the best paid prices to milk producers on a selection of contracts for milk.

<http://dairy.ahdb.org.uk/market-information/milk-prices-contracts/milk-calculator-and-contracts/league-tables/#.VlBLcnYvcdV>

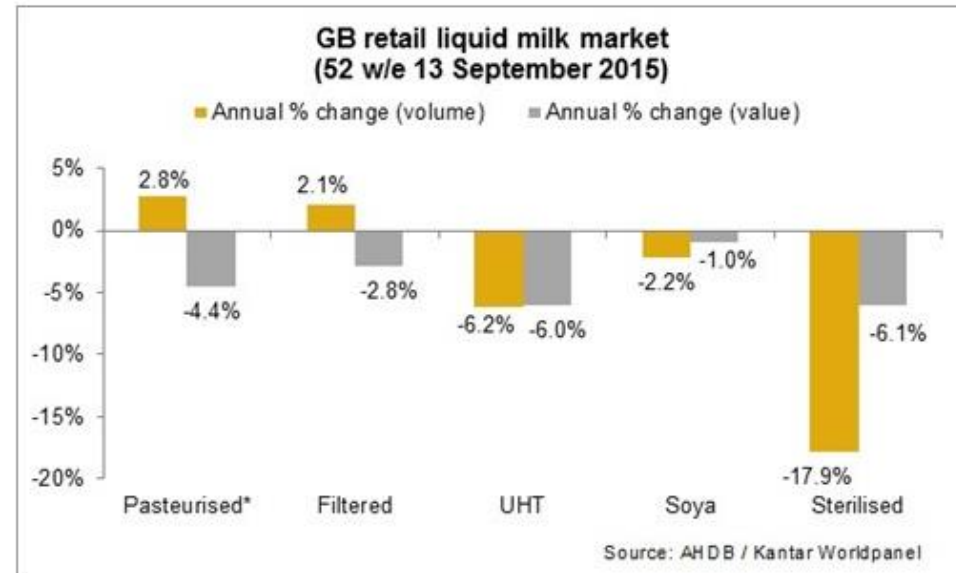
UK volume sales

52 weeks ending 13 September 2015

	Volume (000 Litres)	YOY diff	Spend (£000s)	YOY diff	Average price (£/Litre)	YOY diff
Total milk market	5,509,062	2.6%	3,141,510	-3.4%	0.57	-5.8%
Pasteurised*	4,814,239	2.8%	2,565,664	-4.4%	0.53	-7.1%
Filtered	279,056	2.1%	219,174	-2.8%	0.79	-4.8%
UHT	255,419	-6.2%	170,036	-6.0%	0.67	0.3%
Soya	78,446	-2.2%	74,741	-1.0%	0.95	1.3%
Sterilised	7,775	-17.9%	7,863	-6.1%	1.01	14.4%
Other milk types	74,126	41.3%	104,032	37.2%	1.40	-2.9%

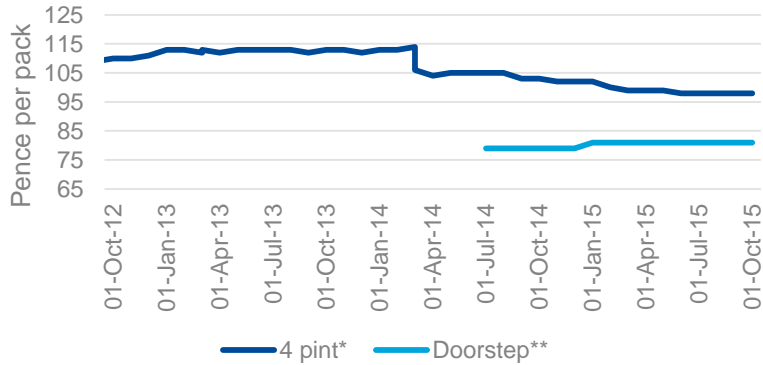
Source: Kantar Worldpanel

*Kantar Worldpanel classify all non bar-coded products such as doorstep milk as pasteurised.

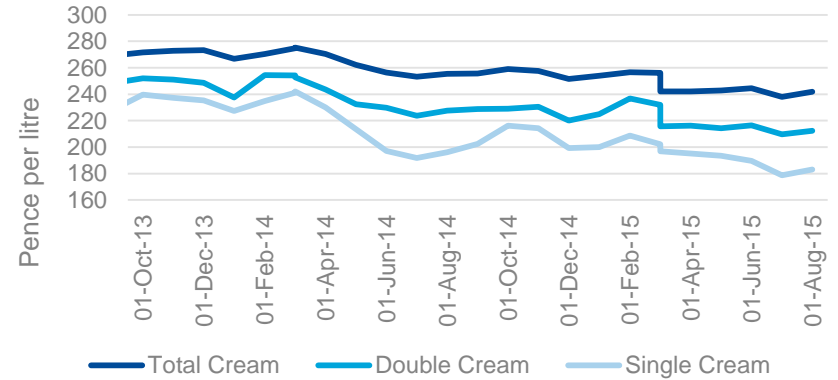


United Kingdom

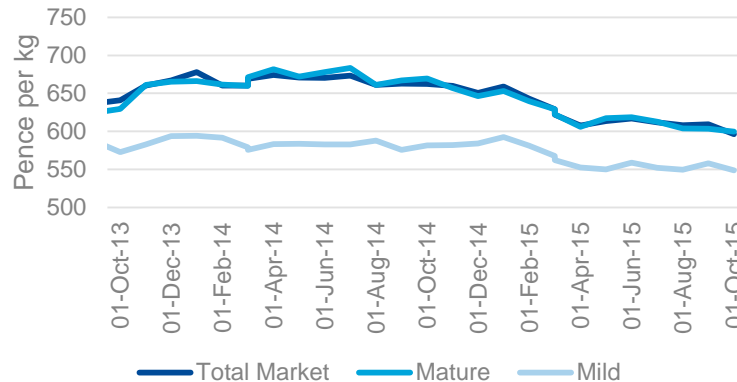
GB Retail Prices - Liquid Milk



GB Retail Prices - Cream



GB Retail Prices - Cheddar



Source: <http://dairy.ahdb.org.uk/resources-library/market-information/dairy-sales-consumption/#:v155Dk4vcdv>

ANNEX 5

Milk market situation LTO Nederland

LTO Nederland

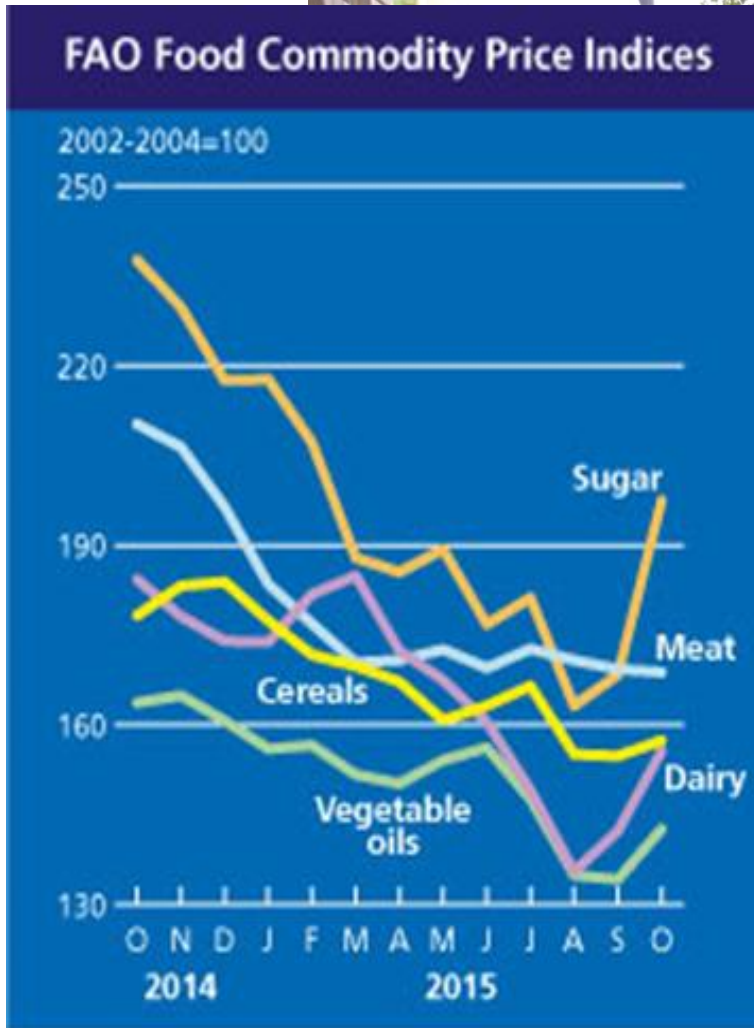
Milk market situation



[Klaas Johan Osinga](#)
kjosinga@lto.nl, [@KJOsinga](#)

MMO,
27 November 2015

The big picture....



Farm gate milk prices € per 100 kg standardised milk



		2014		2013		Sept 2015	Change in: Oct 2015	Nov 2015
Hämeenlinnan O.	FI	45.91	1	45.18	1	39.71		
Granarolo (North)	IT	44.67	2	41.88	2	38.29		
FrieslandCampina	NL	41.17	3	40.95	3	27.71	+0.50	+0.75
Dairy Crest (Davidstow)	UK	39.45	4	36.51	11	36.41	+0.70	-2.00
Arla Foods DK	DK	39.44	5	38.60	6	27.92	+0.60	No change
Bongrain (Basse Normandie)	FR	38.31	6	35.93	14	33.30	-0.90	
Sodiaal (Pas de Calais)	FR	38.21	7	36.12	12	35.91		
Danone (Pas de Calais)	FR	37.94	8	35.98	13	35.72	-5.60	
Lactalis (Pays de la Loire)	FR	37.88	9	35.34	15	32.16		
DMK	DE	36.73	10	36.97	10	25.19	No change	+1.00
DOC Cheese	NL	36.56	11	38.97	4	24.19	No change	
First Milk (compositional)	UK	36.52	12	34.00	16	25.26		
Müller(Leppersdorf)	DE	36.46	13	37.37	8	26.38	+0.50	
Glanbia	IE	36.24	14	37.63	7	23.99		
Milcobel	BE	36.23	15	38.68	5	26.39	No change	
Kerry Agribusiness	IE	36.15	16	37.30	9	26.52	No change	
Average milk price		38.62		37.96		30.32		
Emmi	CH	51.07		49.64		54.03	-	
Fonterra	NZ	28.76		35.50		21.67	-	
United States class III	US	41.46		33.28		35.97	-	

Milk production (1)

New Zealand:

August 2015: - 0,8% (- 11m kg)

Sept 2015: - 7,5% (- 207m kg)

Oct 2015: - 2.7% (- 88m kg)

To date: - 3.0%

Fonterra 2015/16 estimate - 5% (1 bn kg)

Rabobank 2015/16 estimate - 7-10%

Milk production (2)

Australia:

July: +5.5% (+37m litres)

August: +3,8% (+30m litres)

Sept: + 0,8% (+8m litres)

Oct: -0.4% (-4m litres)

July - Oct 2015: +2,0% (+69m litres)



Milk production (3)

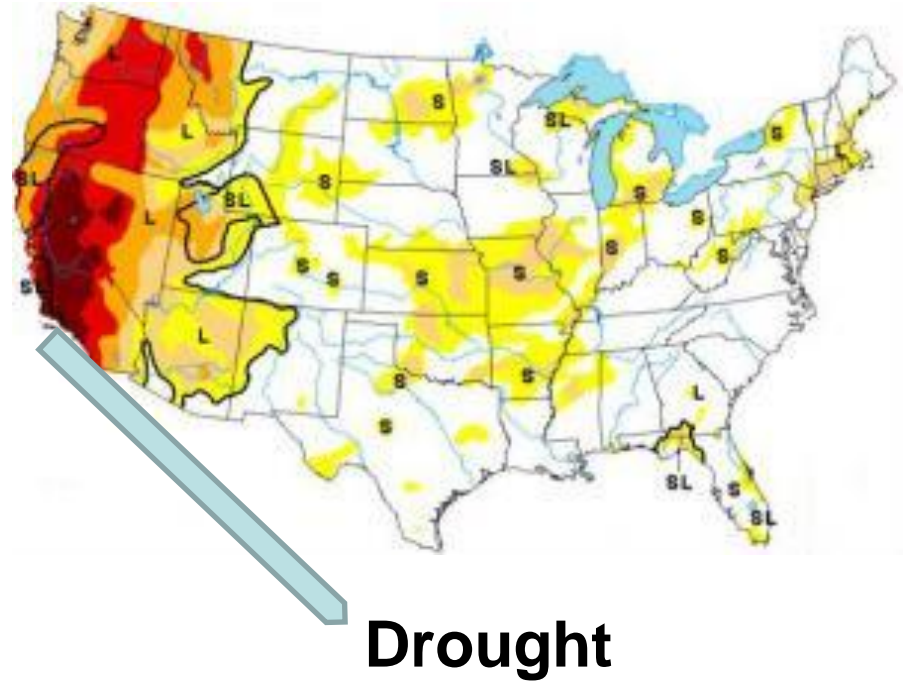
USA

USDA:

2015: +1,3% (1.4bn kg)

Oct 2015: +0.1%

2016: +2.0% (1.9bn kg)?



Rabobank estimate for H1 2016: +0.5%

Milk production (4)

EU:

- Germany: +1.5% (2-8 Nov)
- France: - 0,3% (2-8 Nov)
- UK: +3.0% (1-11 Nov); +4,8% (17-31 okt)
- Netherlands: + 11,5% (Oct)
- Italy: - 1.0% (Sept) (+8.0% in May)
- Poland: +0.8% (Sept) (+3.7/3.2/2.6% in June/July/Aug)

EU January-August: +1,3%.

Milk prod growth is limited



	2015	2016 (billion kg milk)
EU	+2,3	+0.8
USA	+1,2	+0.9
New Zealand	- 0.4	- 1,0
Australia	+0,2	+0,2
Total	+3.3	+0.9 billion kg

China's import demand



In milk equivalent: down 2bn kg (8bn 2015 vs 10bn 2014)

USDA Agriculture's Beijing Bureau:

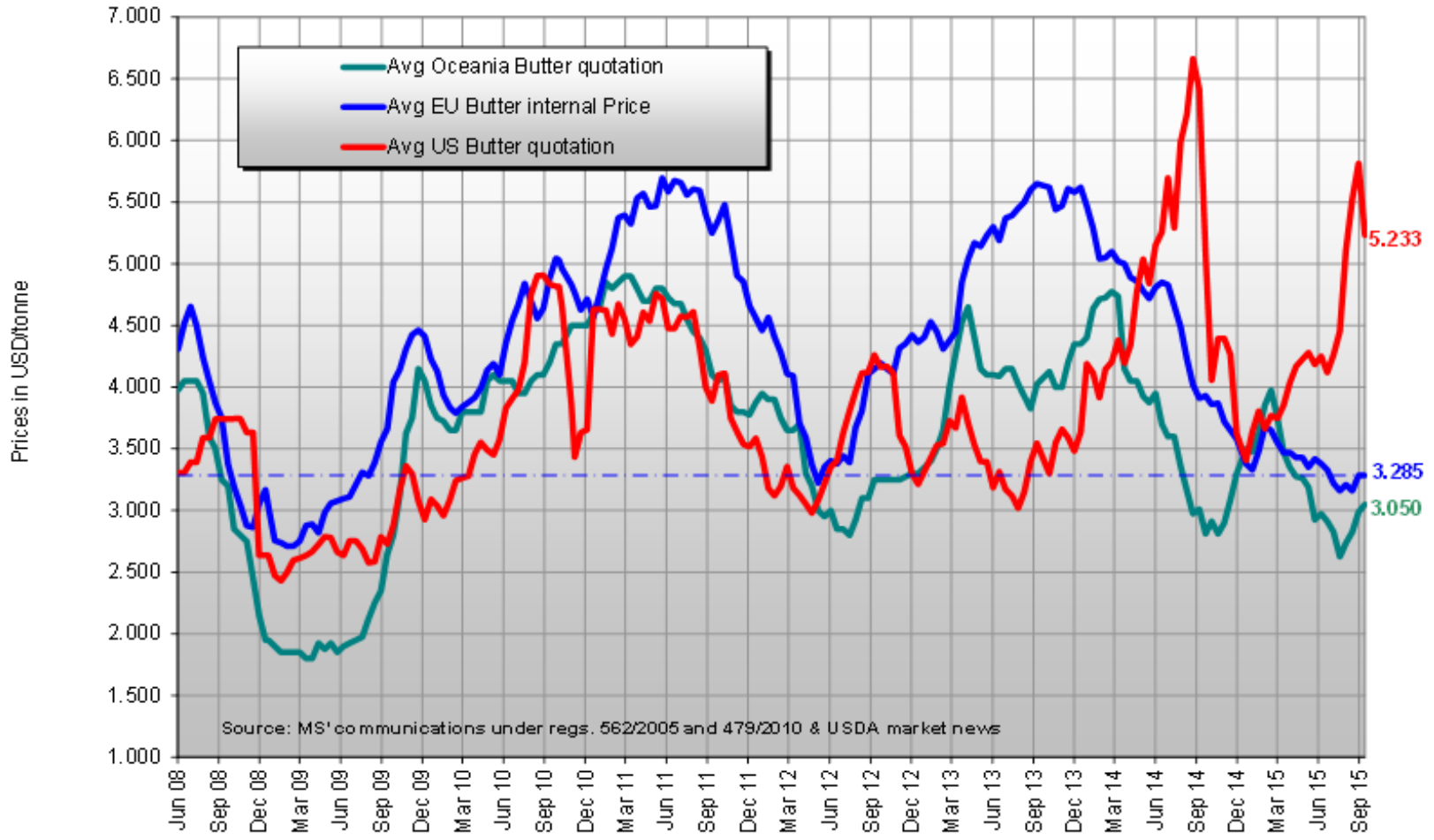
- 2013/2014: > 600,000 tonnes WMP
- 2015: 350,000 tonnes WMP
- 2016: 400,000 tonnes WMP (total consumption 1.9m)

Stocks? Remains up for debate...

Macquarie: 300,000 tonnes.

USDA estimate for 2016: 89,000 tonnes

EU/US/Oceania Quotations of Butter



New York Times (23/9): Consumers Are Embracing Full-Fat Foods

“sales of butter in the United States rose 14 percent last year and climbed another 6 percent in the first three months of 2015. Sales of whole milk rose 11 percent in the first half of this year, while skim milk purchases fell 14 percent. The report also predicted that consumption of red meat and eggs would climb in the coming years.”*

Reason: ‘Natural foods’

* <http://publications.credit-suisse.com/tasks/render/file/index.cfm?fileid=9163B920-CAEF-91FB-EE5769786A03D76E>

Chicago: now moving towards world market level (contract June 16)

DC M6 [10] - MILK CLASS III-GLOBEX

11/25/2015



15,80 US\$ per 100 cwt is € 32.80 per 100 kg (3,5% fat)

Summary

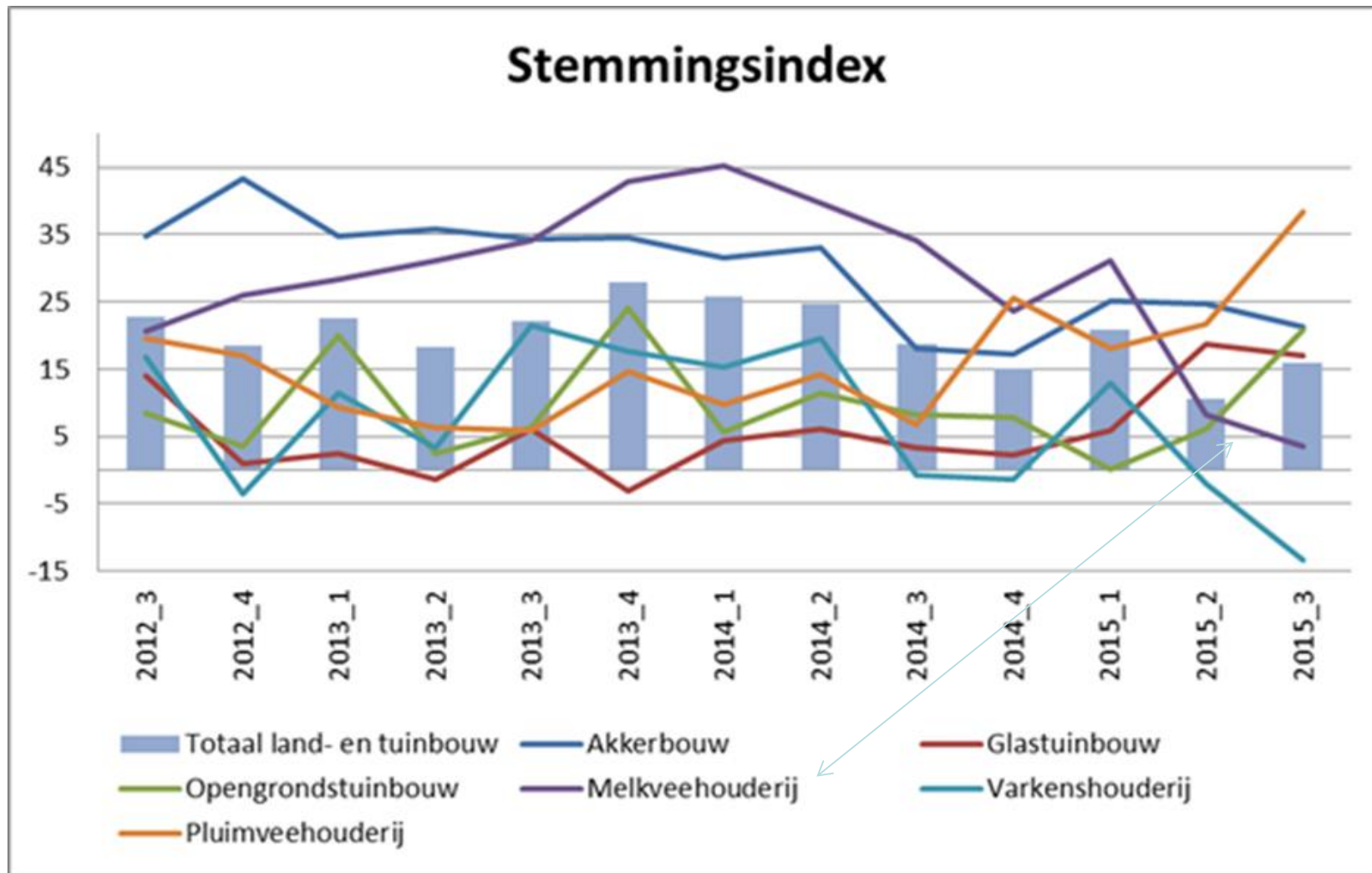
Production growth limited, even negative in NZ & Australia

“Tipping point” is close

?? Russia, China, US dollar, oil, Syria



How is confidence?



Thank you for your attention

LTO Nederland



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