



Impact of Covid-19 on the dairy market

CDG meeting

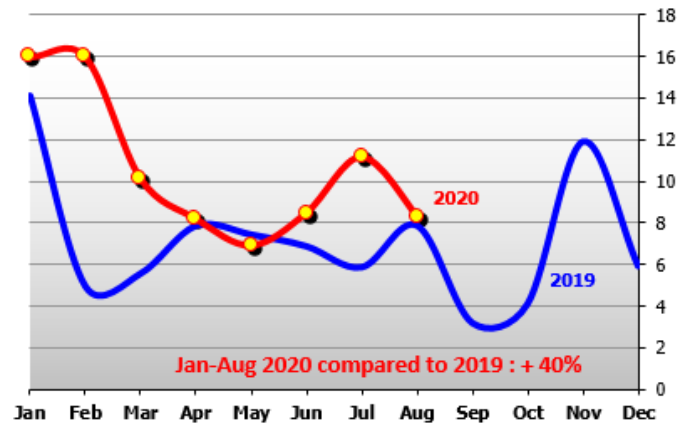
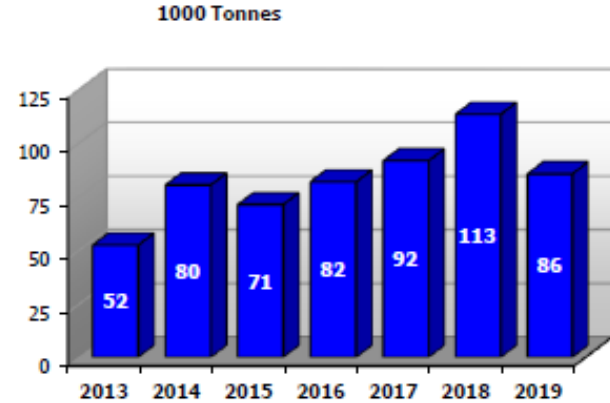
Brussels, 16 October 2020

Outline

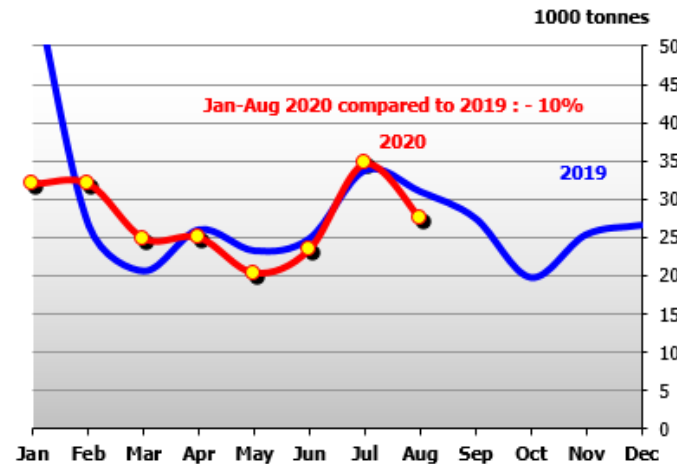
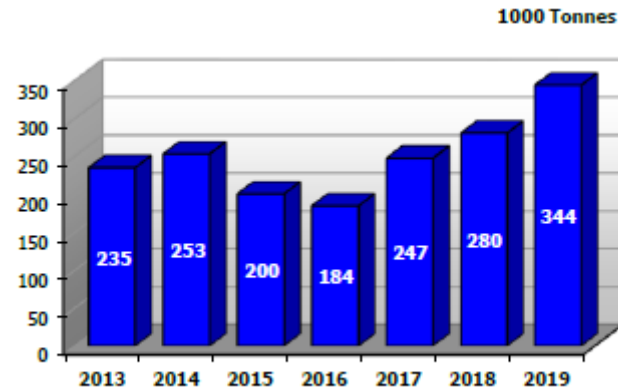
- ❑ Trade with China
- ❑ EU exports
- ❑ Domestic consumption
- ❑ EU and world dairy quotations
- ❑ EU milk prices
- ❑ EU and world milk production
- ❑ PSA for dairy- update

Dairy imports into China

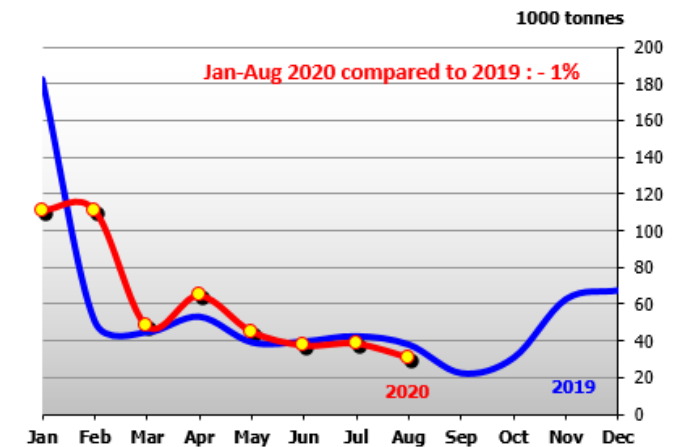
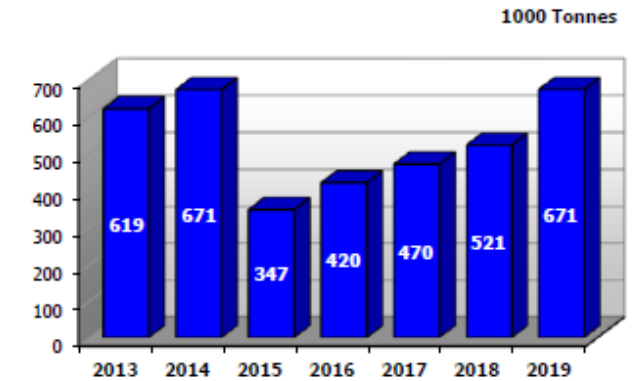
Butter



SMP

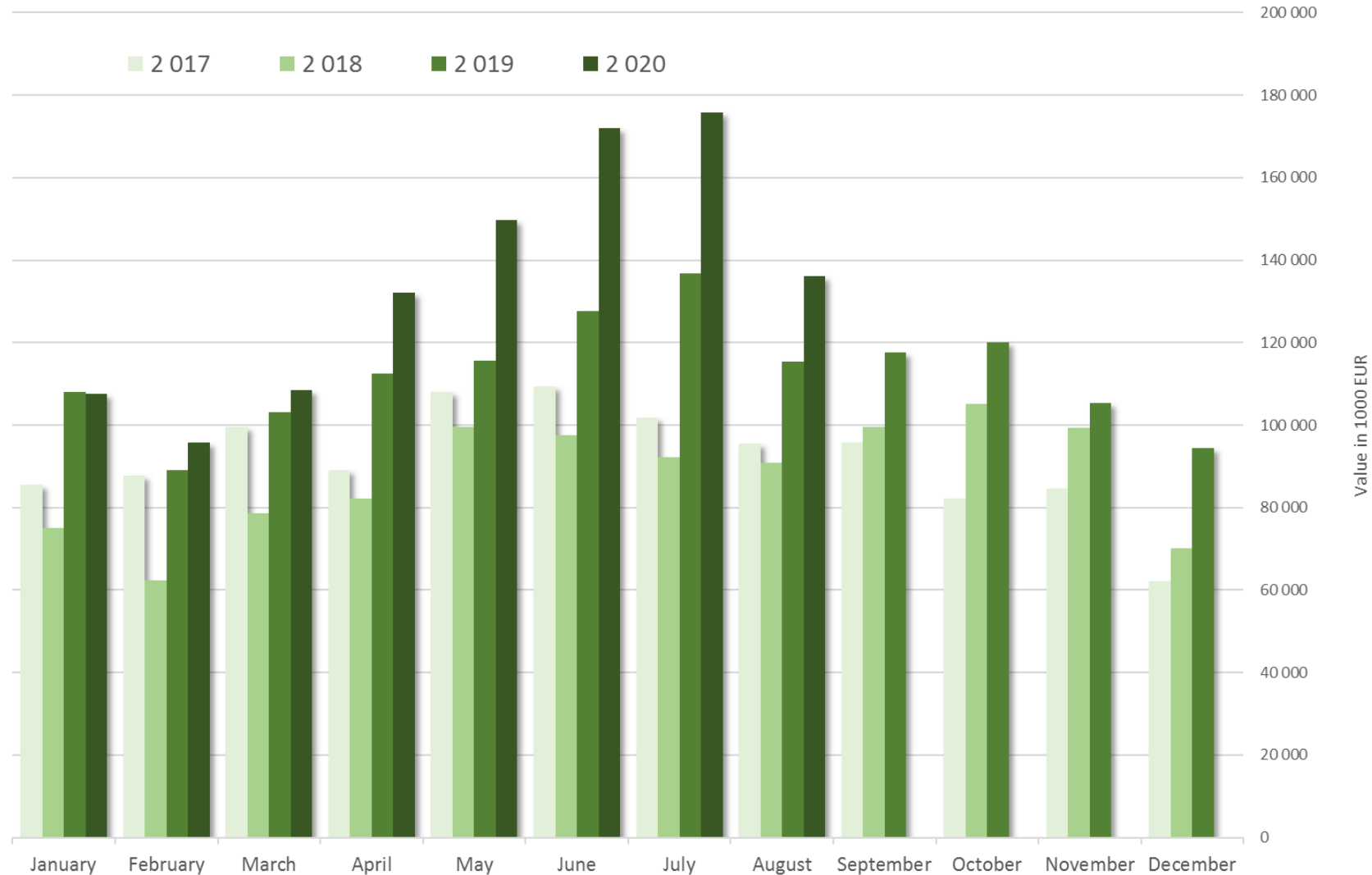


WMP



EU exports to China

EU exports of Dairy Products to CHINA

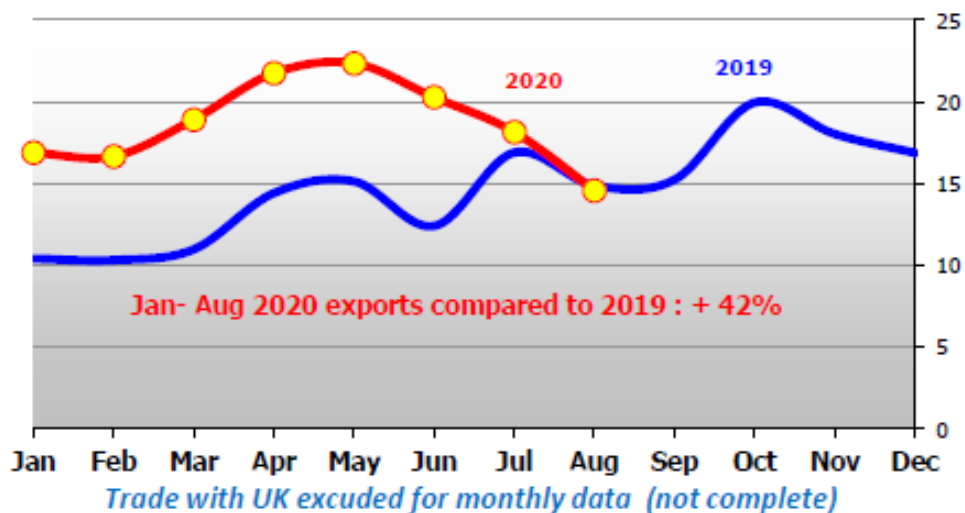


EU* Dairy Exports to Third countries (January-August)

*: without UK

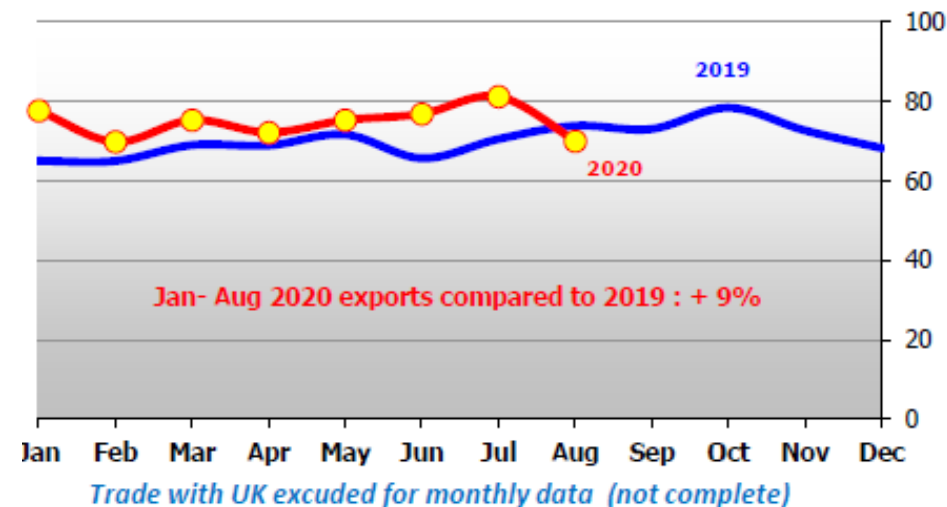
BUTTER exports

1000 tonnes



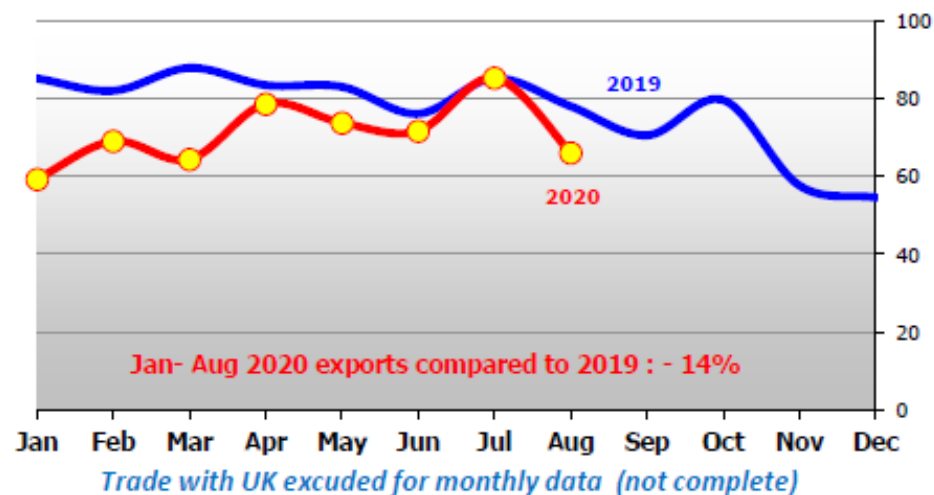
CHEESE exports

1000 tonnes



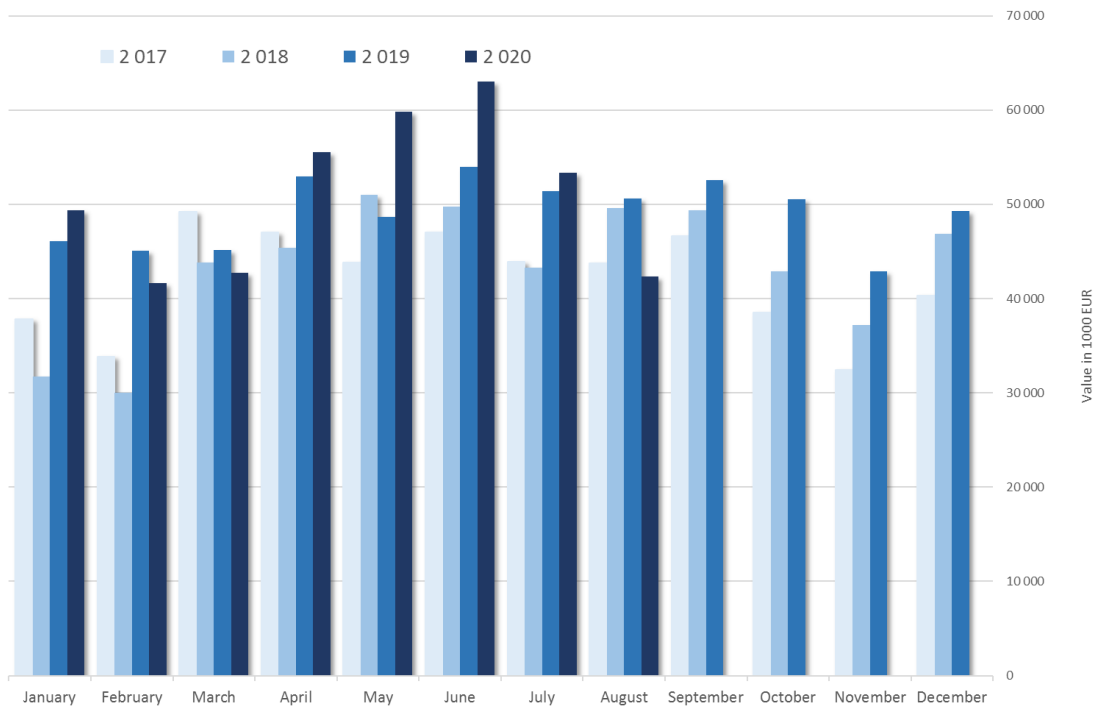
SMP exports

1000 tonnes

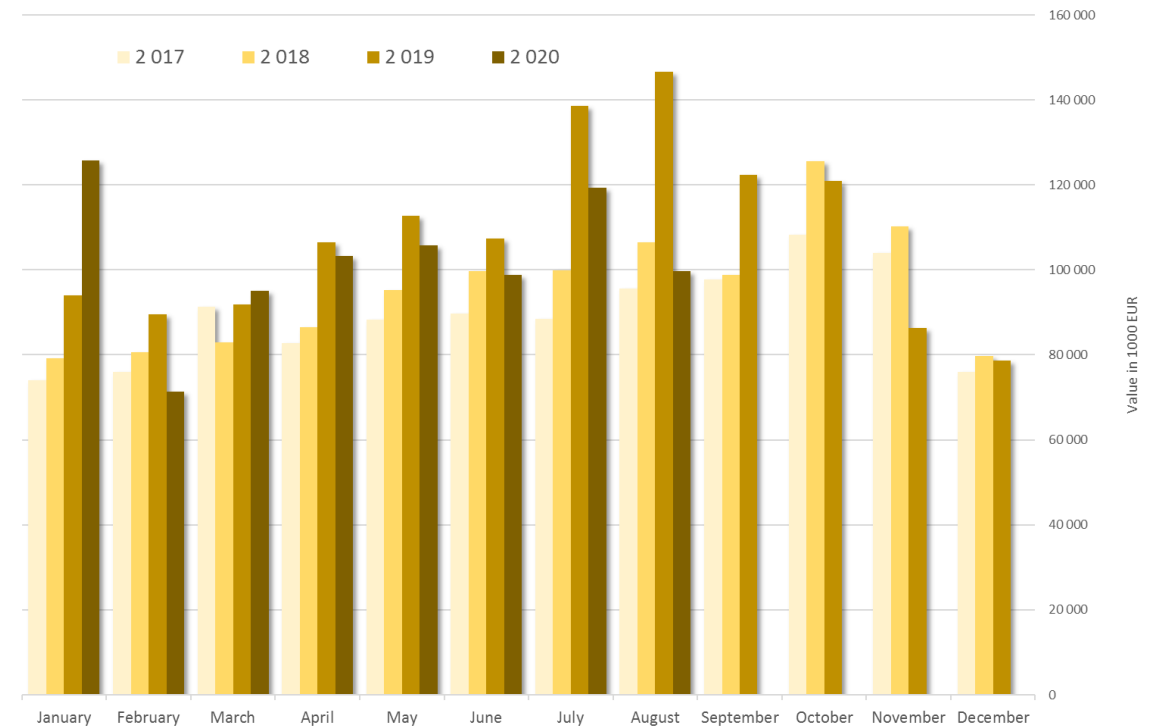


EU exports to US and Japan

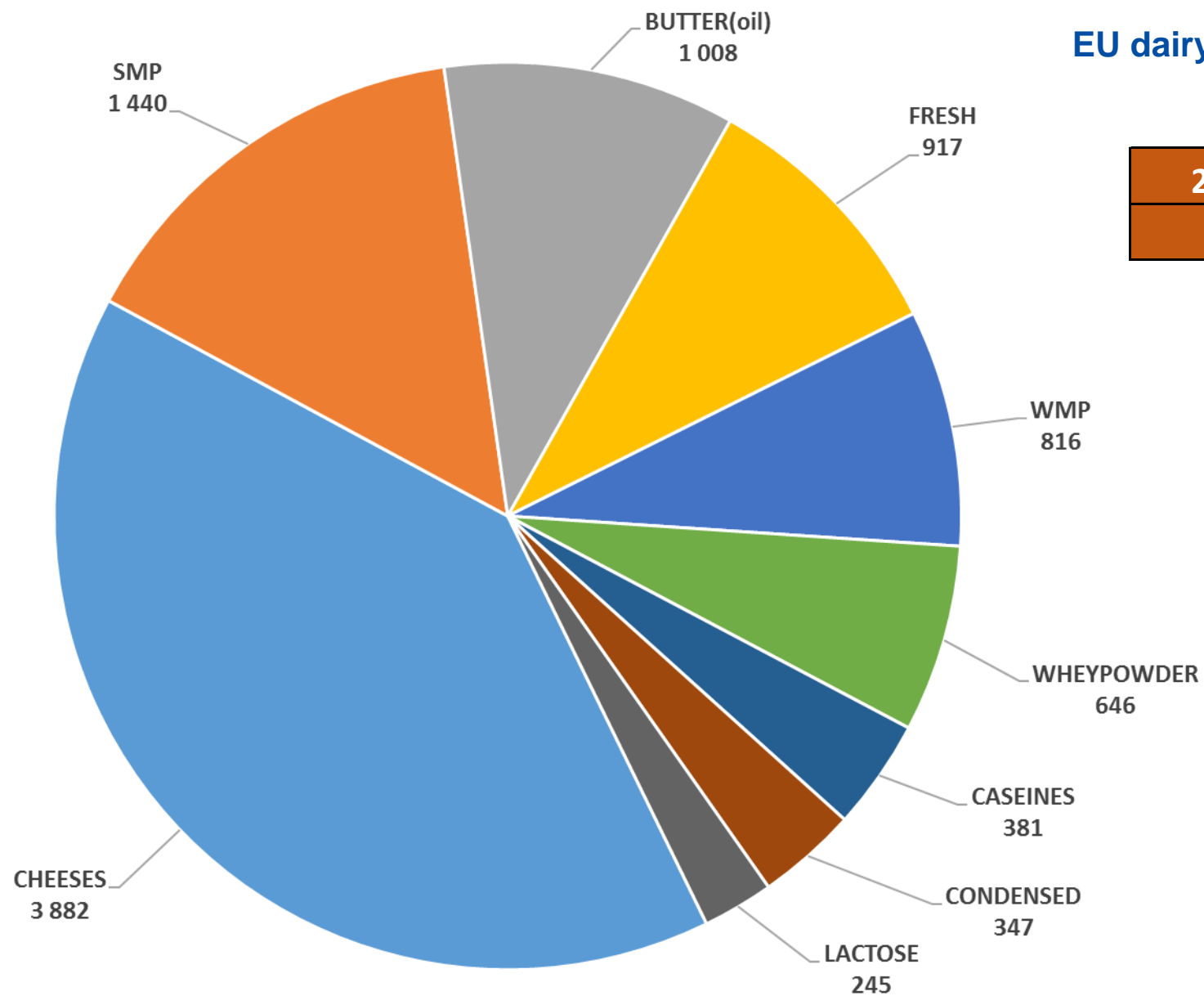
EU exports of Dairy Products to JAPAN



EU exports of Dairy Products to U.S.A.



EU dairy exports Jan-Aug 2020 (x mio €)



2019	2020	Δ
9 140	9 681	+ 6%

MAIN EXPORTING THIRD COUNTRIES

Jan-Jul 2020 compared to 2019	BUTTER(OIL)		CHEESE		S.M.P.		W.M.P.	
	Qty in ktons	% 2020 /19	Qty in ktons	% 2020 /19	Qty in ktons	% 2020 /19	Qty in ktons	% 2020 /19
EU*	203	↑ +27%	776	→ +2%	520	↓ -12%	208	↑ +13%
New Zealand	262	↓ -9%	192	↓ -8%	219	↓ -5%	875	↓ -3%
United States	16	↓ -14%	224	→ +1%	487	↑ +29%	24	↑ +25%
Belarus	40	↓ -4%	149	↑ +11%	72	→ +4%	16	↑ +16%
United Kingdom	36	↓ -22%	98	↓ -6%	39	↓ -29%	23	↓ -23%
Australia	7	↓ -45%	89	↓ -3%	74	↓ -11%	20	↓ -22%

Source : IHS Markit/GTA

MAIN IMPORTING THIRD COUNTRIES

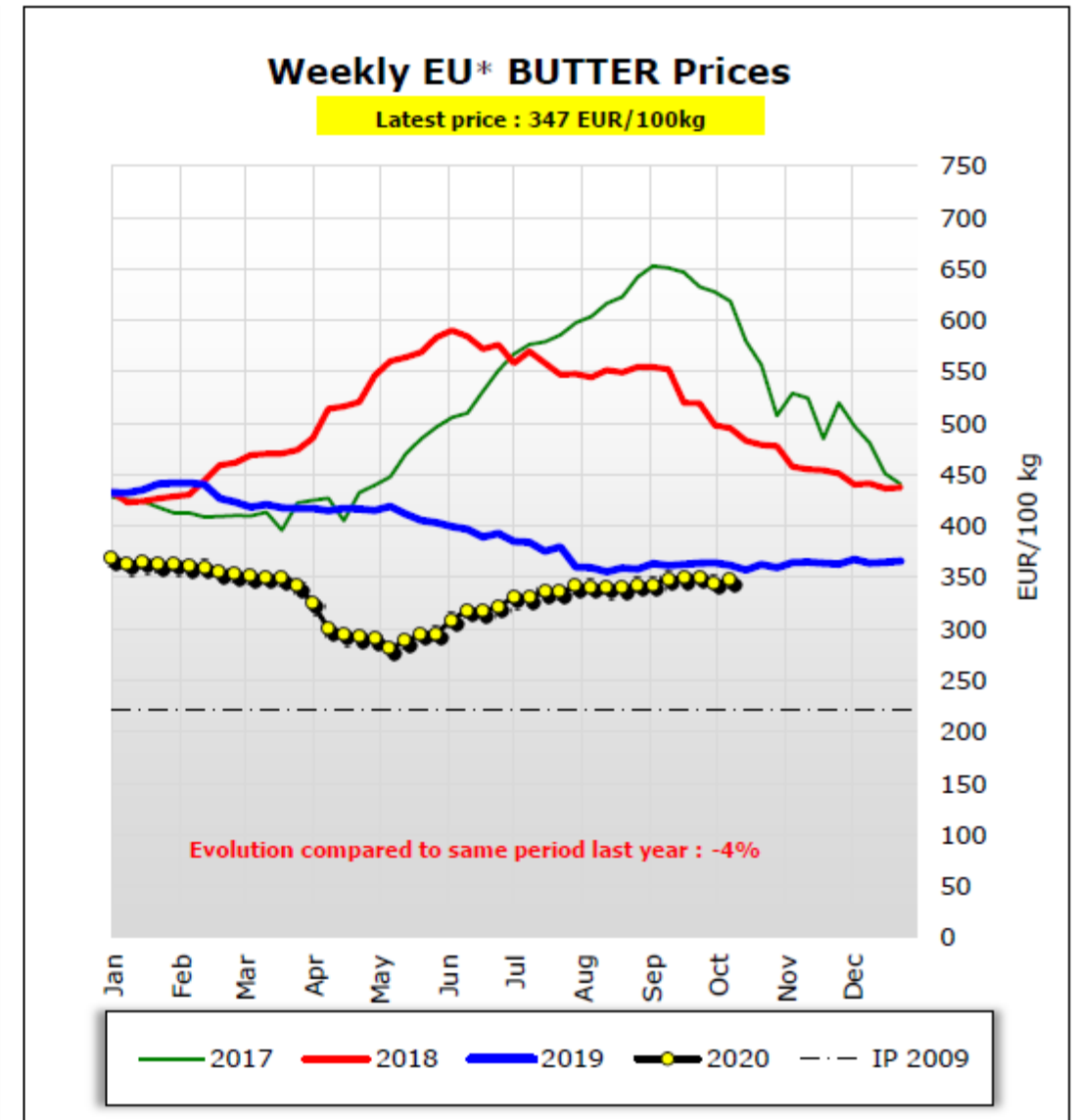
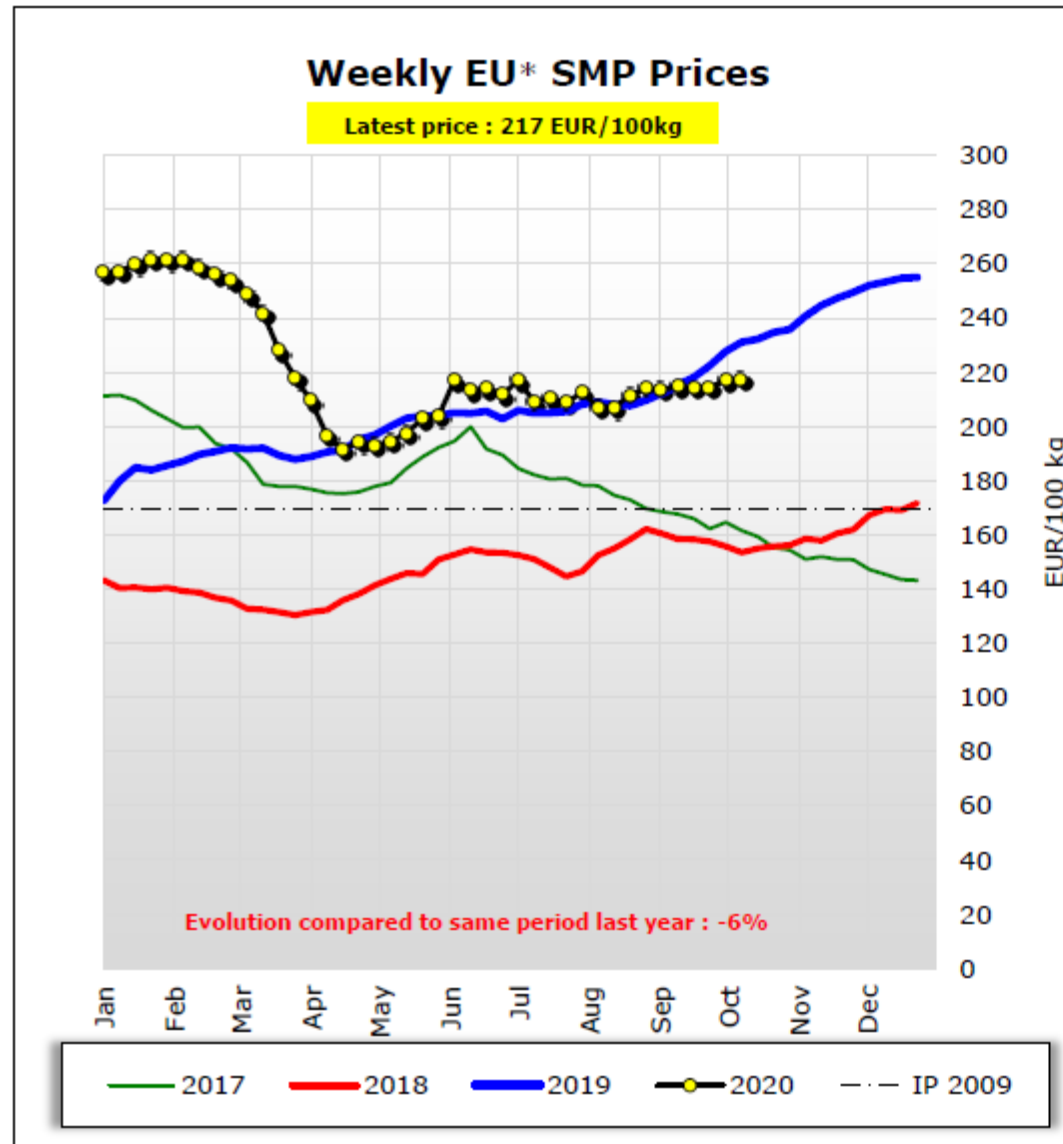
Jan-Jul 2020 compared to 2019	BUTTER(OIL)		CHEESE		S.M.P.		W.M.P.	
	Qty in ktons	% 2020 /19	Qty in ktons	% 2020 /19	Qty in ktons	% 2020 /19	Qty in ktons	% 2020 /19
China	77	↑ +46%	78	↑ +17%	192	↓ -10%	454	→ +1%
United Kingdom	40	↓ -22%	248	↓ -14%	18	↑ +59%	15	↓ -21%
Russia up to Jun	63	↑ +12%	135	→ +3%	28	↓ -43%	16	↓ -39%
Japan	12	↓ -21%	170	↓ -5%	25	↓ -13%	1	↑ +151%
EU*	31	↓ -43%	115	↓ -2%	24	↓ -30%	14	↓ -46%
Indonesia	9	↓ -24%	16	↓ -6%	122	↑ +11%	27	↓ -16%

Domestic consumption

- Retail demand for dairy products was exceptionally strong as consumption almost exclusively took place at home.
- Consumption of fresh milk and cheese products such as mozzarella drastically decreased, while consumption of UHT milk, butter and aged cheeses increased.
- Switch to e-commerce was significant but answering capacity by retailers was low.
- Closure of open-air food markets cutting off a big number of SME dairies from their most important outlet.
- Uncertainty related to the evolution of the Covid-19 pandemic and the economic downturn have an impact on the confidence of consumers as well as of dairy farmers.

EU * averages of main dairy commodities

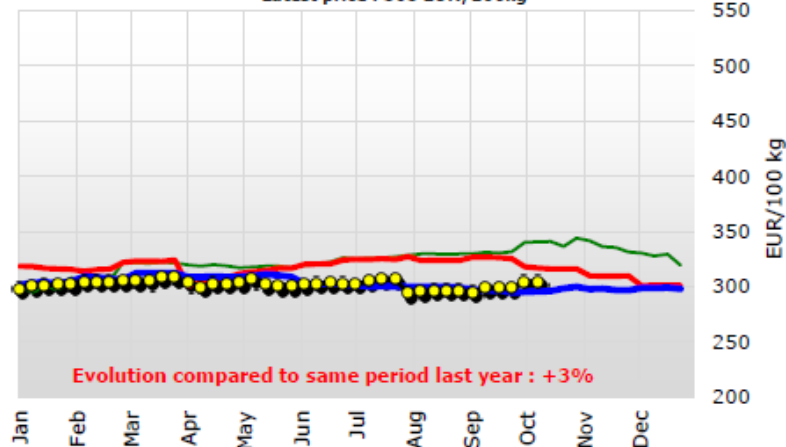
(Source: Regulation (EU) No 2017/1185 Article 11 - Annex I.7)



* As of 1 February 2020, the calculated EU average refers to EU (without UK). For comparison purposes, EU (without UK) averages have also been recalculated for the previous years. The weighting coefficients and the list of Member States included in the calculation of the EU averages have also been updated.

Weekly EU* CHEDDAR Prices

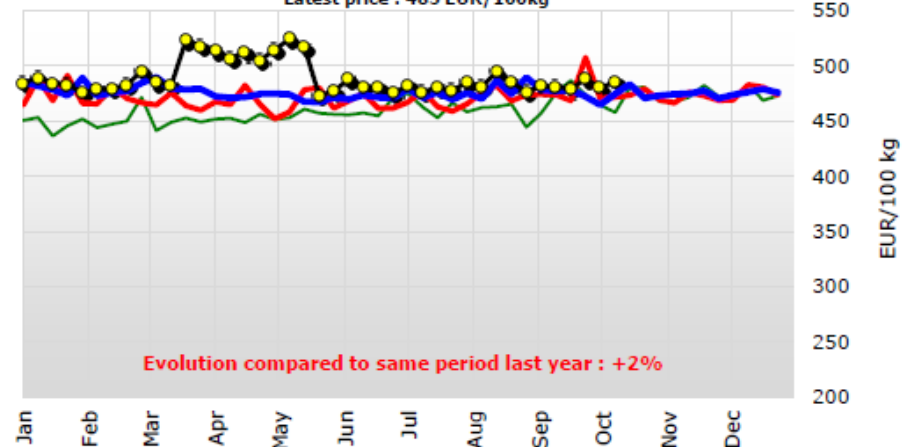
Latest price : 305 EUR/100kg



— 2017 — 2018 — 2019 —●— 2020

Weekly EU* EMMENTAL Prices

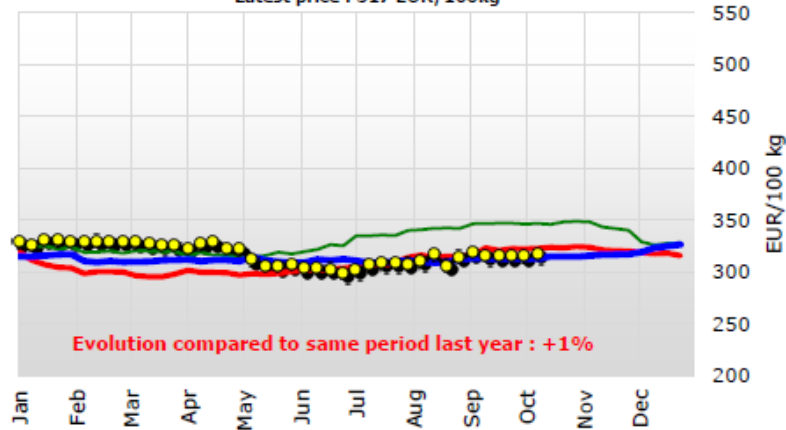
Latest price : 485 EUR/100kg



— 2017 — 2018 — 2019 —●— 2020

Weekly EU* GOUDA Prices

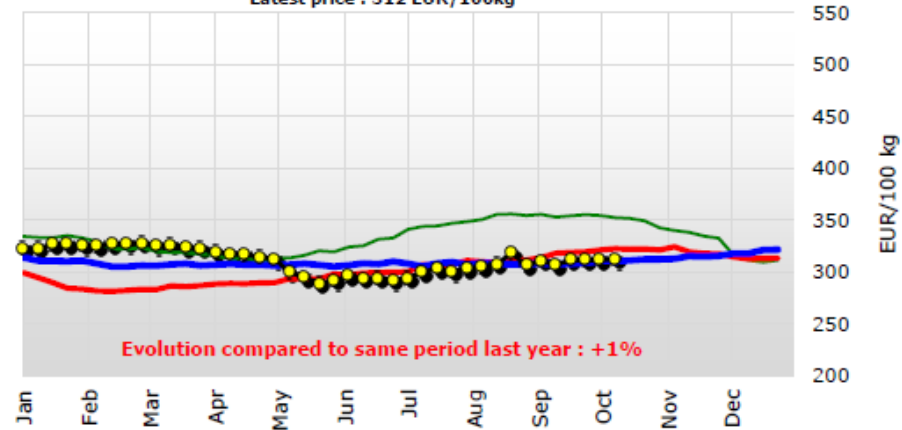
Latest price : 317 EUR/100kg



— 2017 — 2018 — 2019 —●— 2020

Weekly EU* EDAM Prices

Latest price : 312 EUR/100kg



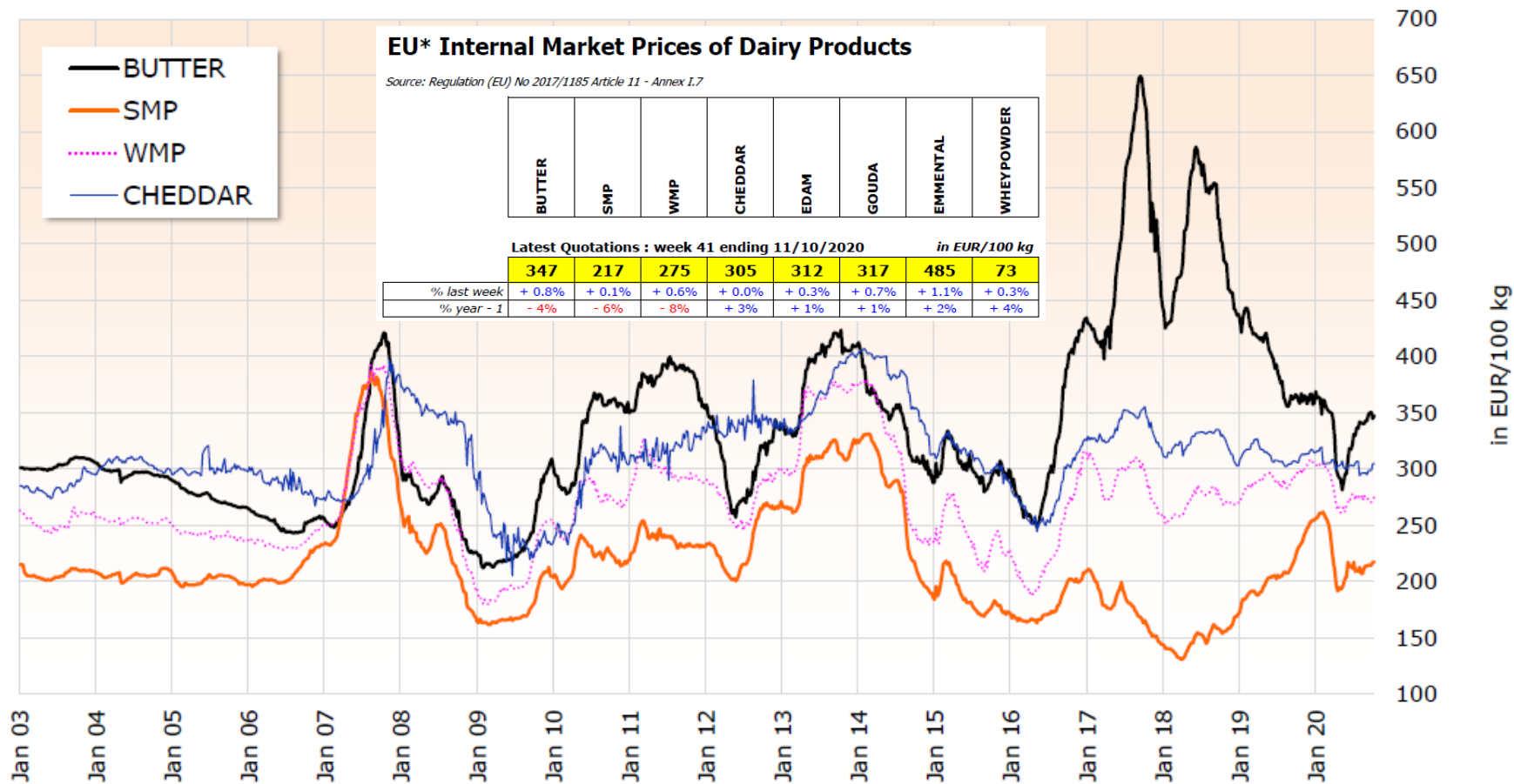
— 2017 — 2018 — 2019 —●— 2020

* As of 1 February 2020, the calculated EU average refers to EU (without UK). For comparison purposes, EU (without UK) averages have also been recalculated for the previous years. The weighting coefficients and the list of Member States included in the calculation of the EU averages have also been updated.

EU dairy quotations

EU evolutive* dairy Quotations

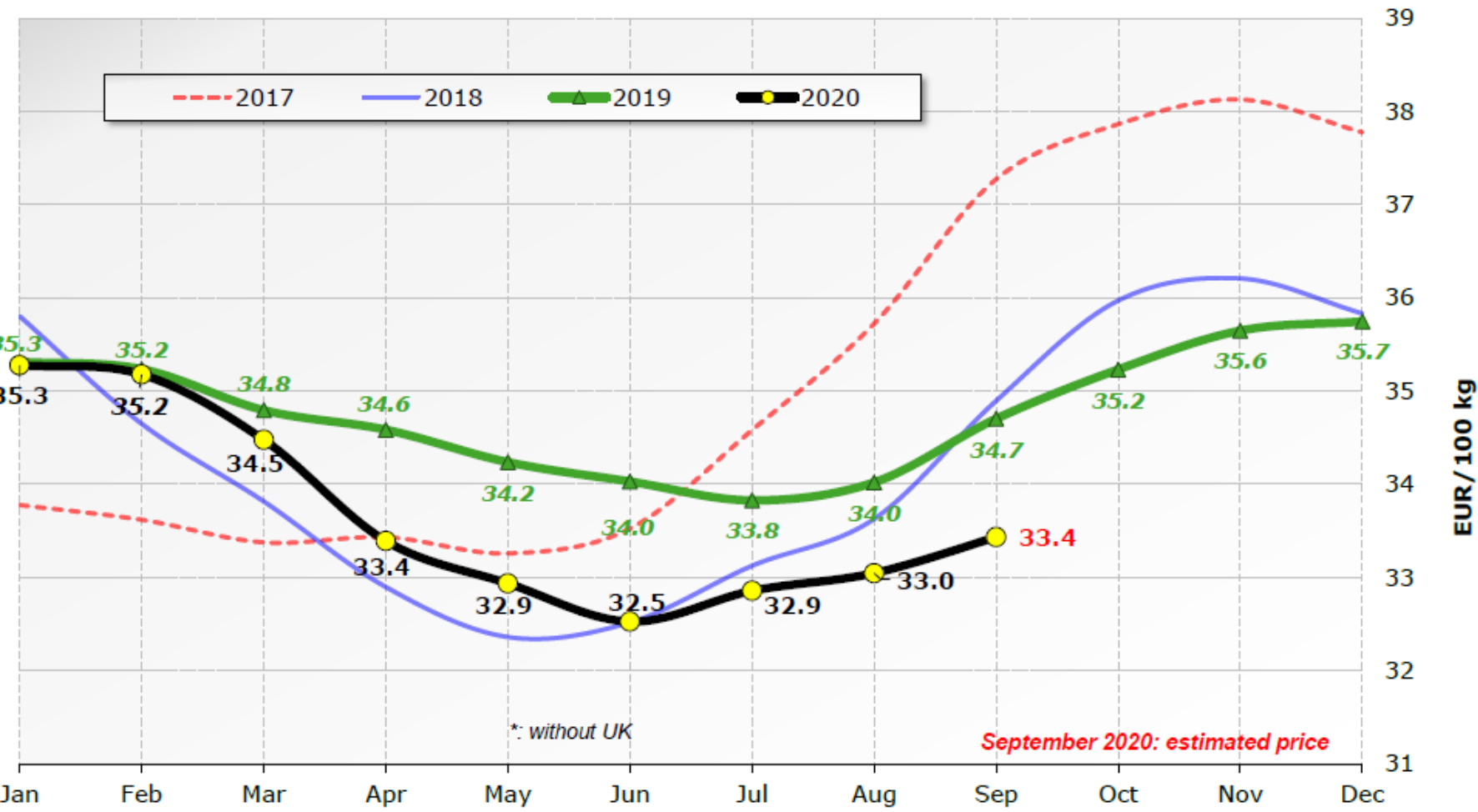
(EU Average Prices based on MS communication and weighted by production)



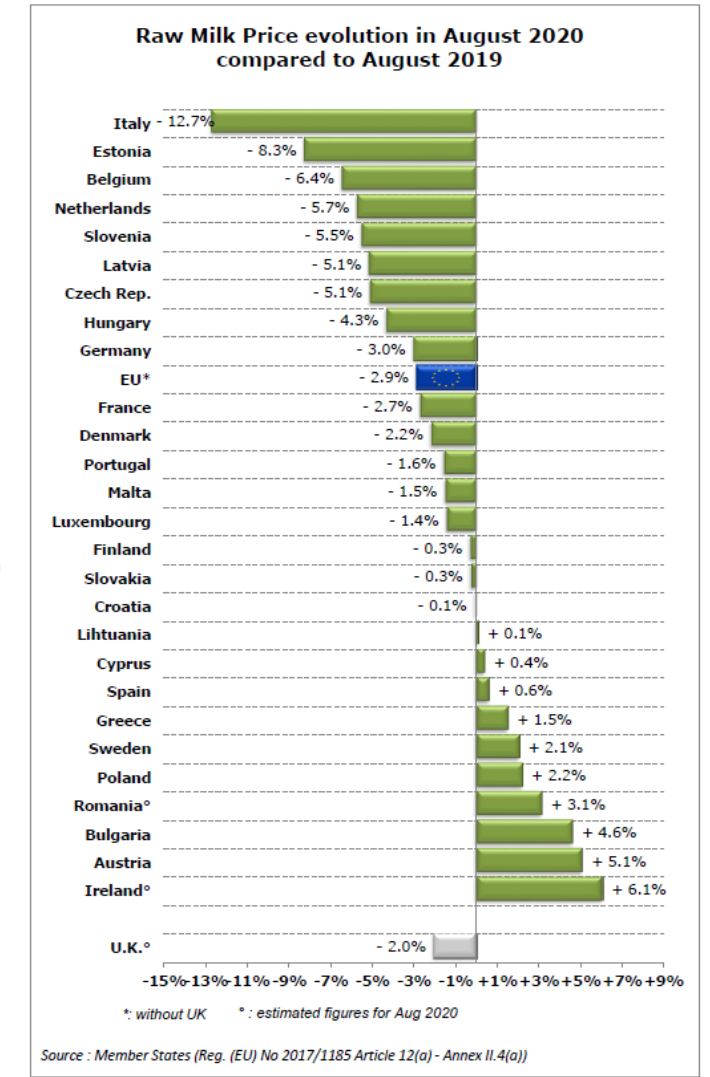
Source: Regulation (EU) No 2017/1185 Article 11 - Annex I.7

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

EU milk prices paid to the producers



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

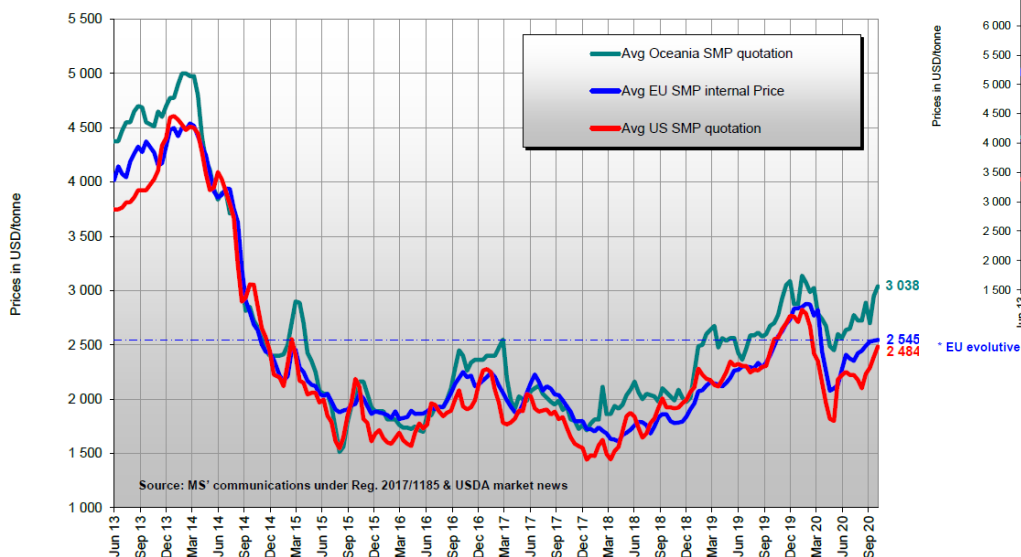


Latest world dairy quotations

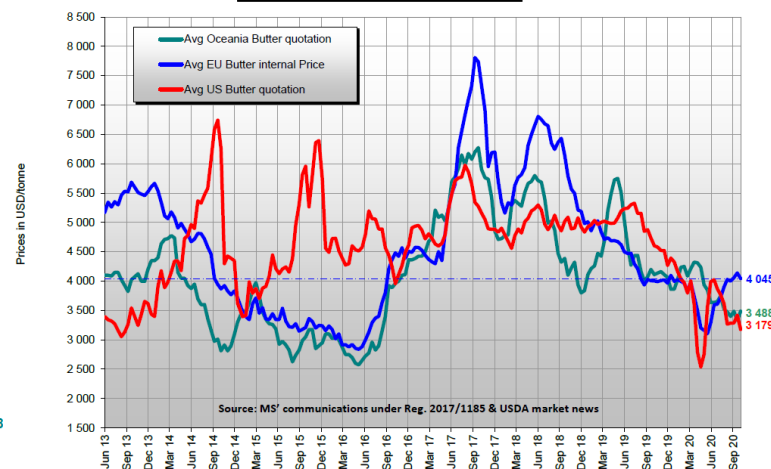
In US\$/t	Latest Quotations			Week - 2						Year - 1					
	11/10/2020			27/09/2020			% change (previous quotation)			13 October 2019			% change (1 year)		
	EU*	Oceania	USA	EU*	Oceania	USA	EU*	Oceania	USA	EU*	Oceania	USA	EU*	Oceania	USA
Butter	4 045	3 488	3 179	4 139	3 325	3 420	-2.3%	+4.9%	-7.1%	4 001	4 113	4 603	+1%	-15%	-31%
SMP	2 545	3 038	2 484	2 537	2 950	2 389	+0.3%	+3.0%	+4.0%	2 500	2 700	2 553	+2%	+13%	-3%
WMP	3 202	3 038	3 638	3 226	3 000	3 748	-0.7%	+1.3%	-2.9%	3 250	3 175	3 913	-1%	-4%	-7%
Cheddar	3 573	3 763	5 835	3 531	3 675	5 680	+1.2%	+2.4%	+2.7%	3 243	3 788	4 544	+10%	-1%	+28%

Source : Member States Notifications under Reg. 2017/1185, US¹

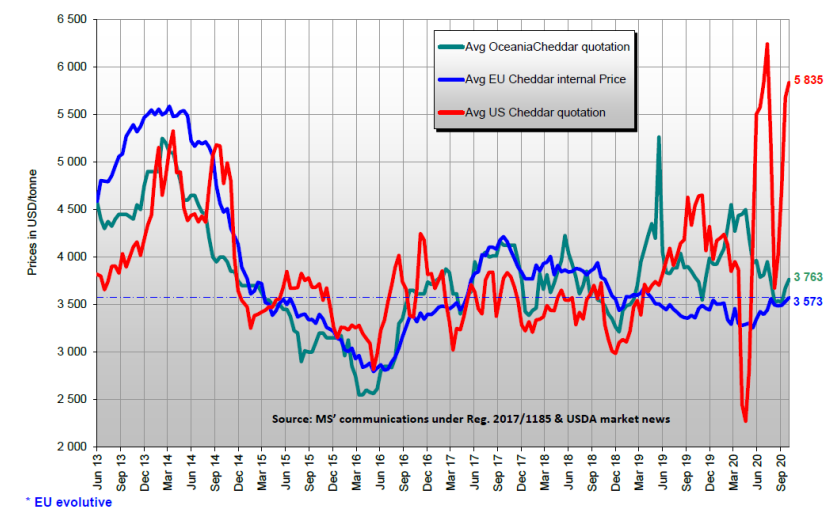
EU*/US/Oceania Quotations of SMP



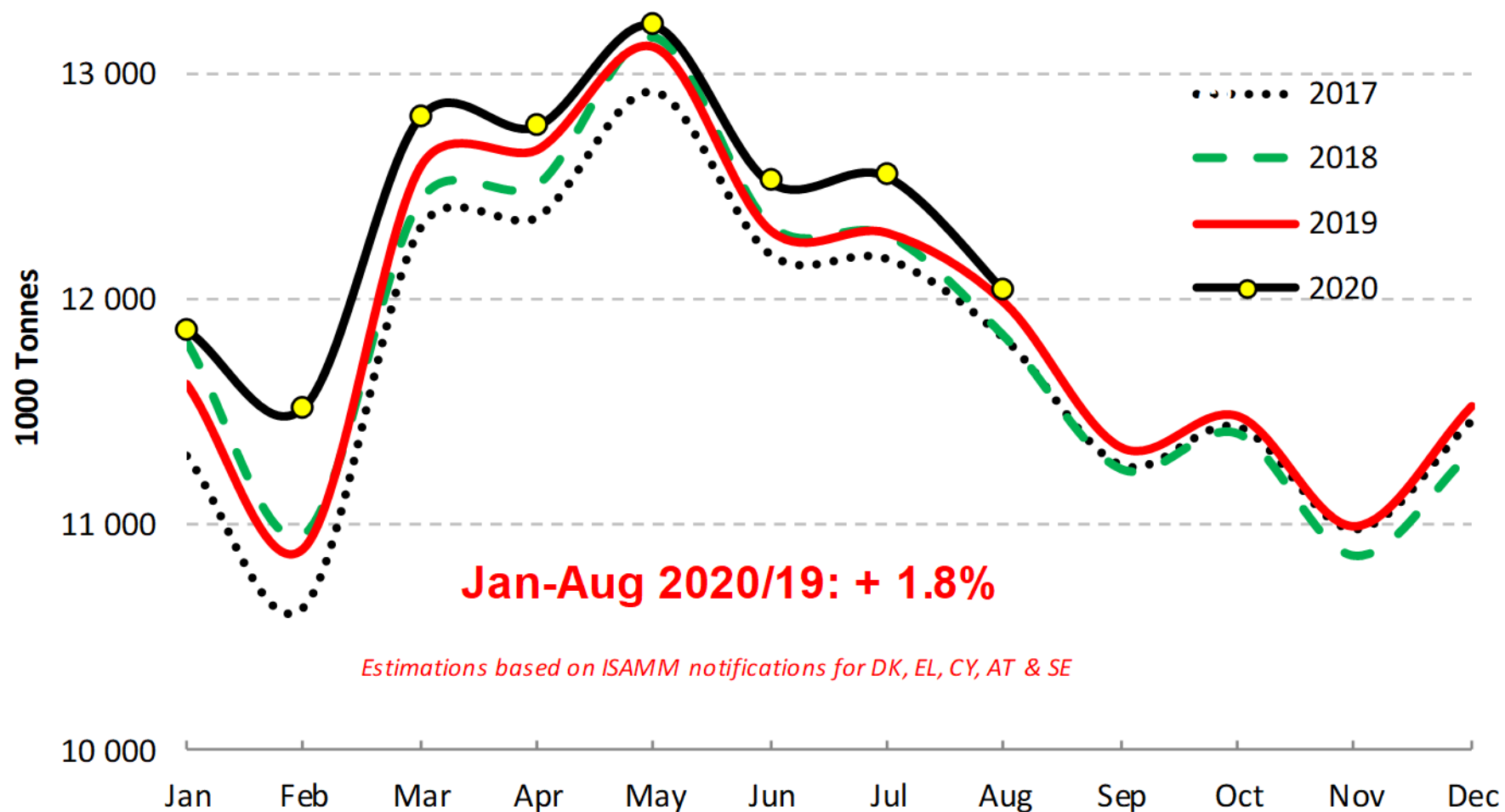
EU*/US/Oceania Quotations of Butter



EU*/US/Oceania Quotations of Cheddar



EU* - Cows' milk collected



Source: Estat (Newcronos) - MS notifications

Aug 20 compared to Aug 19

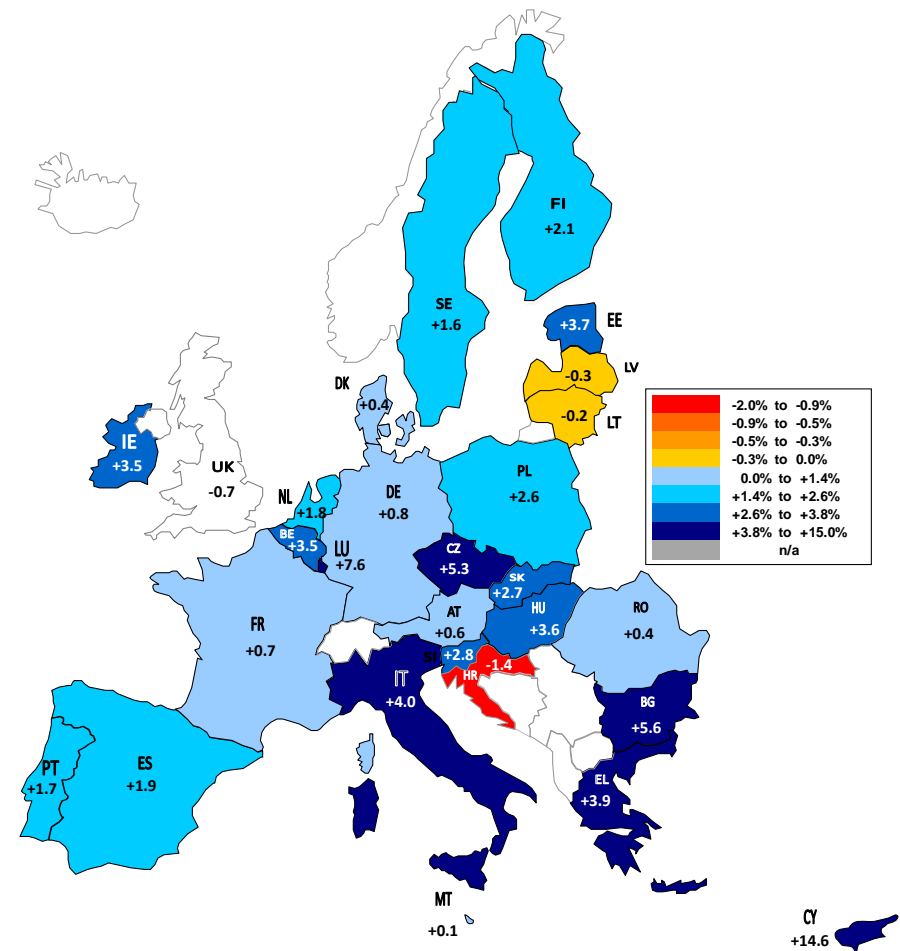
Rank	evolution in %		evolution in 1000 Tons	
	MS	%	MS	Tons
1.	CY°	+ 17.7%	IE	+ 25
2.	EL°	+ 12.7%	IT	+ 24
3.	SE°	+ 5.8%	PL	+ 20
4.	LU	+ 4.7%	SE°	+ 13
5.	RO	+ 4.3%	CZ	+ 10
6.	CZ	+ 3.9%	EL°	+ 7
7.	EE	+ 3.7%	RO	+ 4
8.	BG	+ 3.4%	HU	+ 4
9.	HU	+ 3.2%	PT	+ 3
10.	IE	+ 2.9%	CY°	+ 3
11.	MT	+ 2.8%	EE	+ 2
12.	SI	+ 2.6%	DK°	+ 2
13.	IT	+ 2.5%	BG	+ 2
14.	PT	+ 2.2%	FI	+ 2
15.	PL	+ 2.0%	LU	+ 2
16.	HR	+ 1.8%	SI	+ 1
17.	SK	+ 1.6%	SK	+ 1
18.	FI	+ 0.8%	HR	+ 1
19.	DK°	+ 0.5%	MT	+ 0
20.	LV	- 0.5%	LV	- 0
21.	ES	- 0.5%	LT	- 2
22.	DE	- 0.8%	ES	- 3
23.	FR	- 0.9%	AT°	- 3
24.	AT°	- 1.4%	BE	- 9
25.	NL	- 1.5%	NL	- 17
26.	LT	- 1.8%	FR	- 18
27.	BE	- 2.4%	DE	- 21
EU*		+ 0.4%	EU*	+ 52
UK		- 0.9%	UK	- 11
EU+UK		+ 0.3%	EU+UK	+ 42

*: EU without UK

°: estimates

EU Milk Deliveries compared to last period (in %)

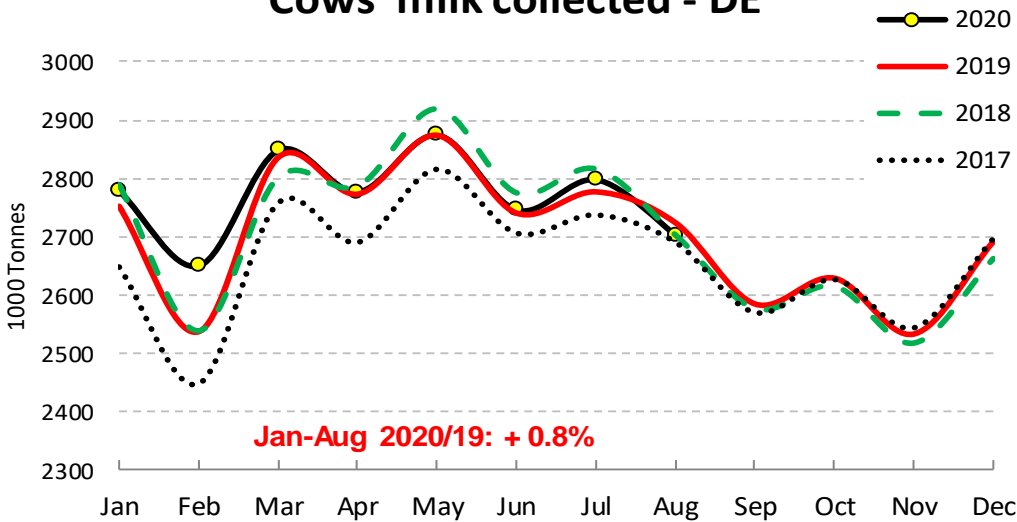
(Jan - Aug 2020 / Jan - Aug 2019)



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

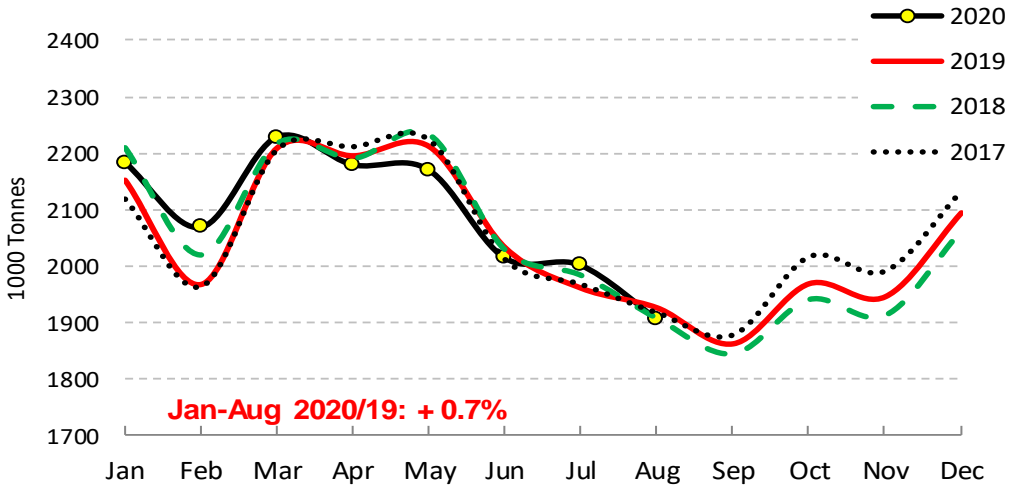
The designations employed and the presentation of material on the map do not imply the expression of any opinion whatsoever on the part of the European Union concerning the legal status of any country, territory or area or of its authorities, or concerning the delimitation of its frontiers or boundaries.

Cows' milk collected - DE



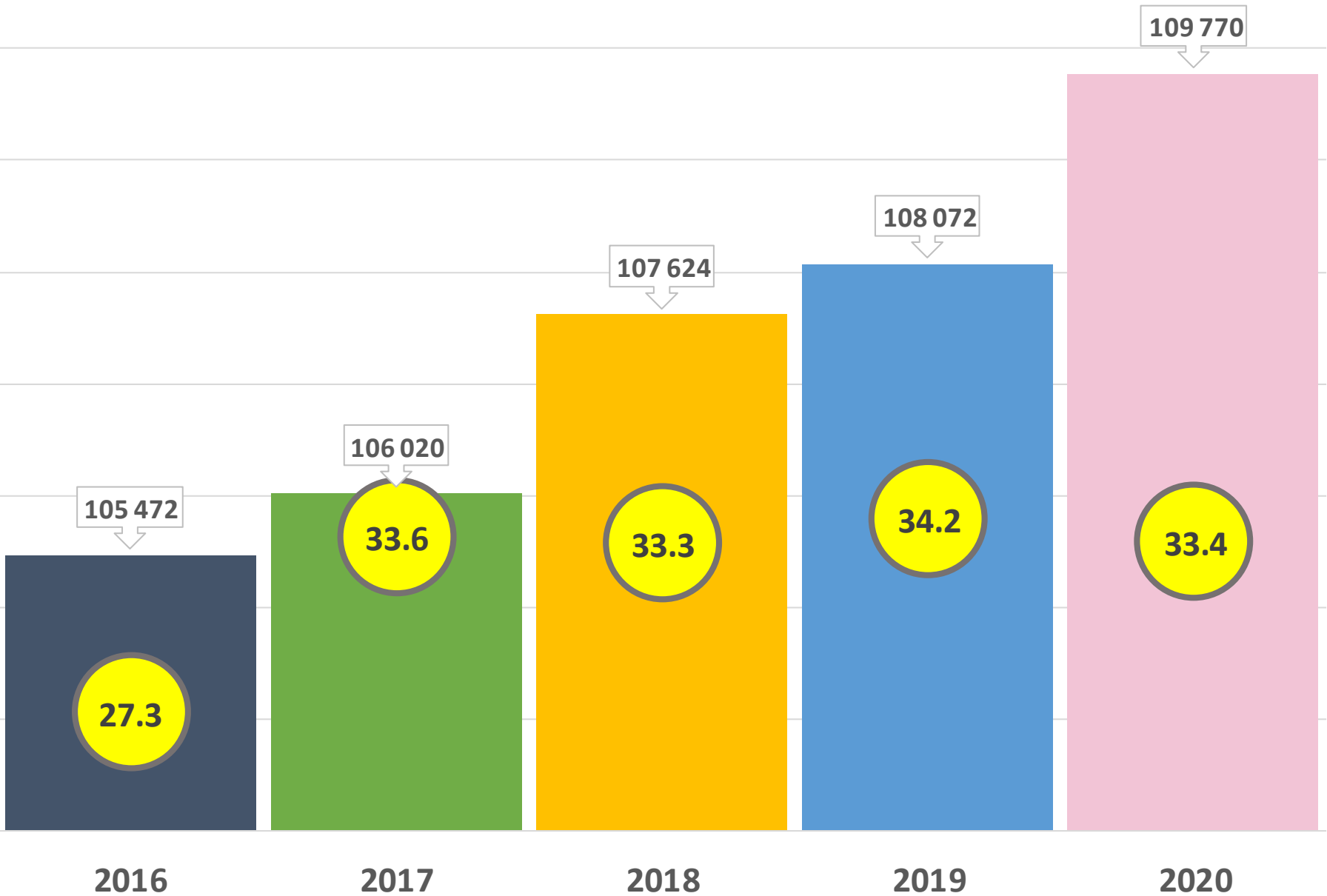
Source : Estat, Newcronos

Cows' milk collected - FR

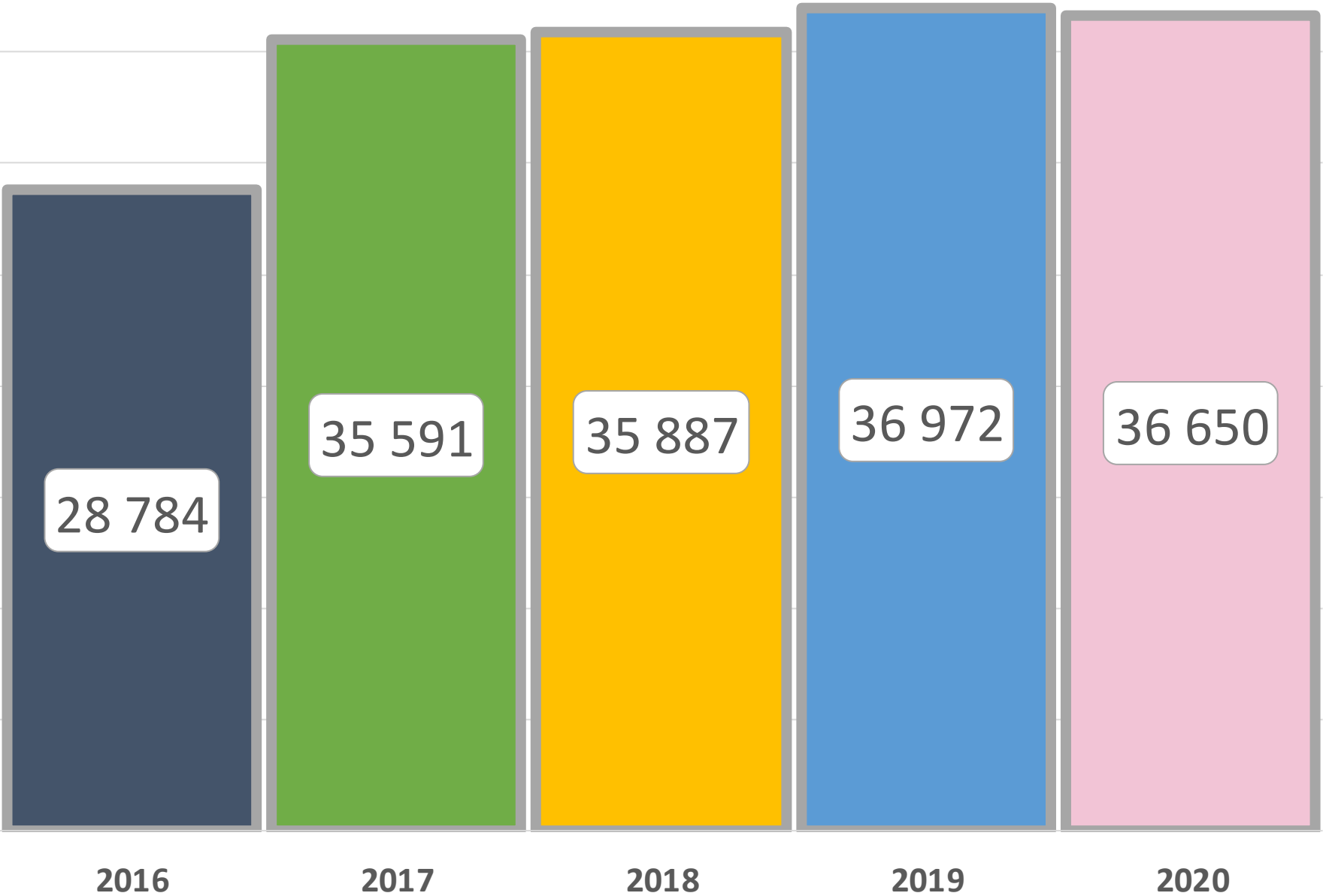


Source : Estat, Newcronos

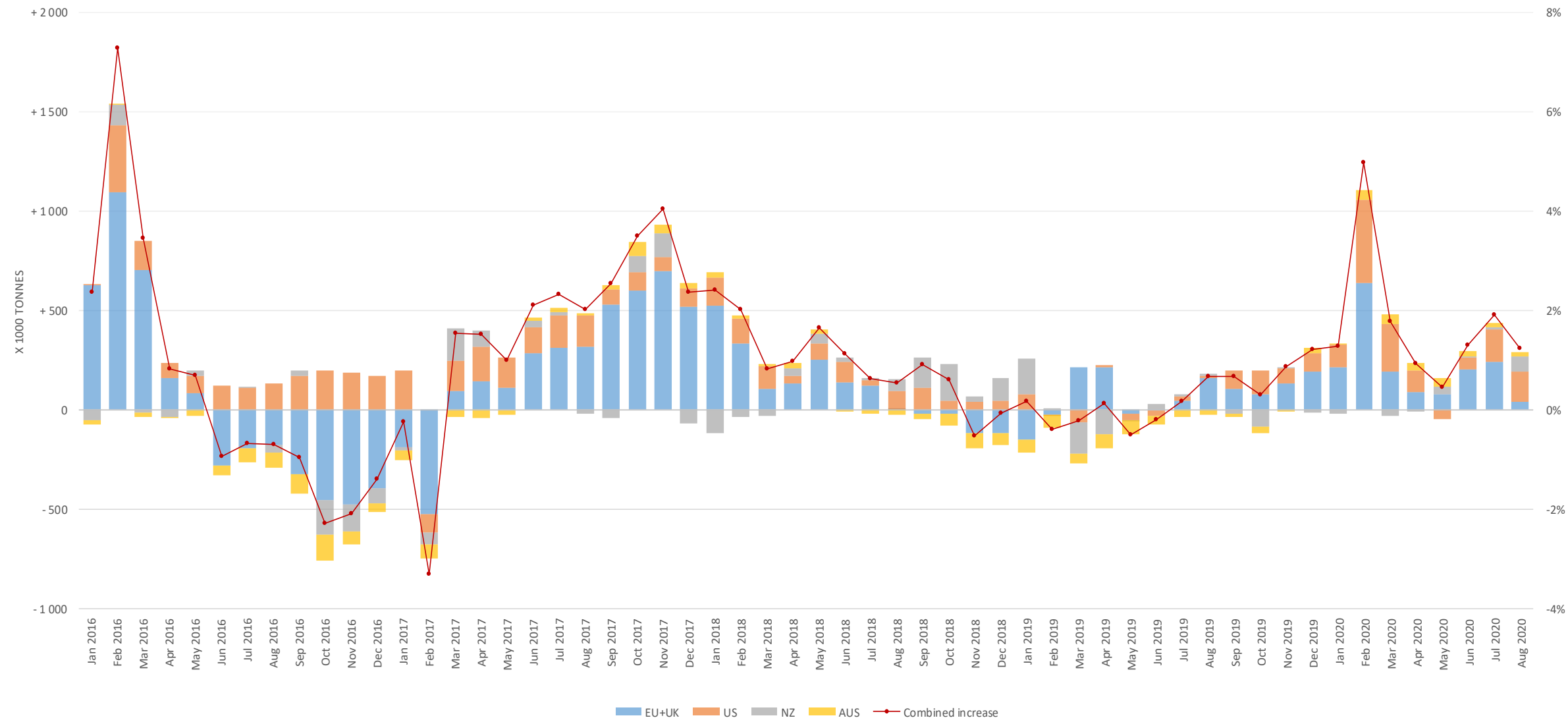
EU+UK milk deliveries and price
Jan-Aug 2016-20 (x1000 t, c/kg)



EU+UK value milk production
Jan-Aug 2016-20 (x million €)

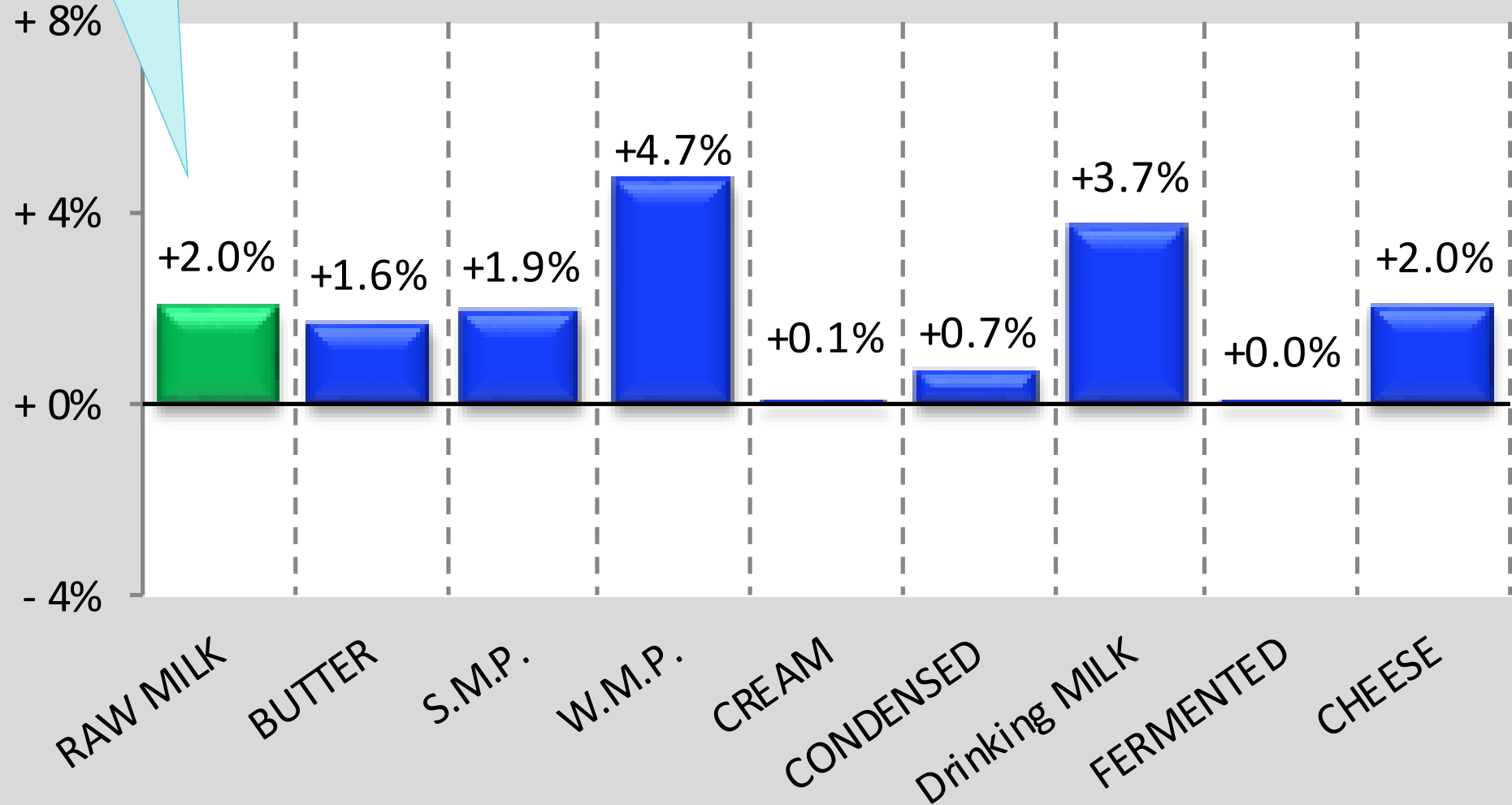


EU+UK+US+NZ+AUS COMBINED MILK PRODUCTION GROWTH

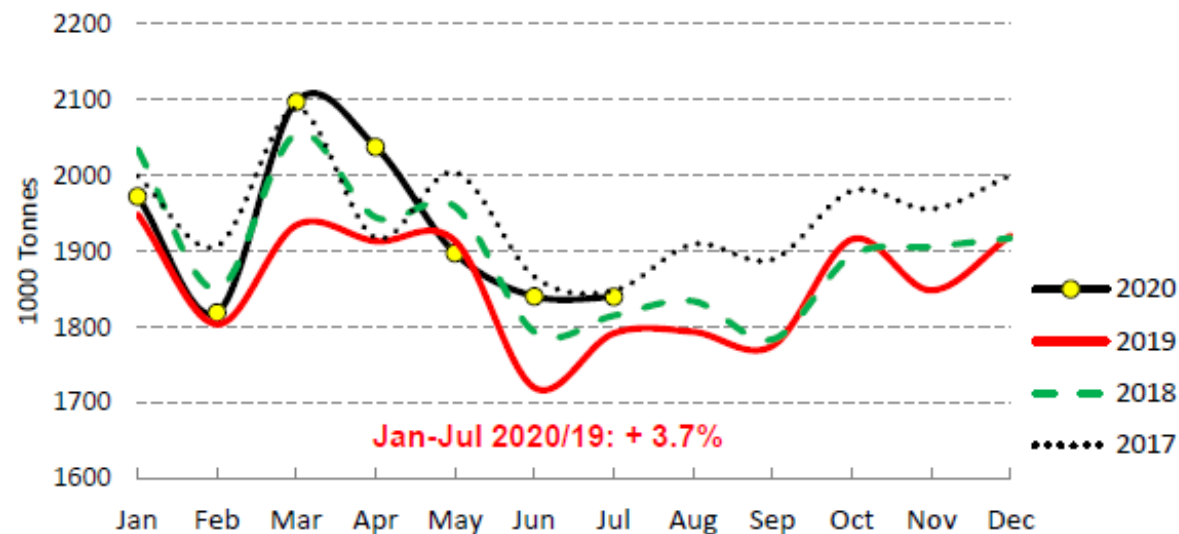


Jan-Aug 2020/2019: + 1.8% (prov.)

EU* Productions (Jan-Jul 2020 compared to Jan-Jul 2019)

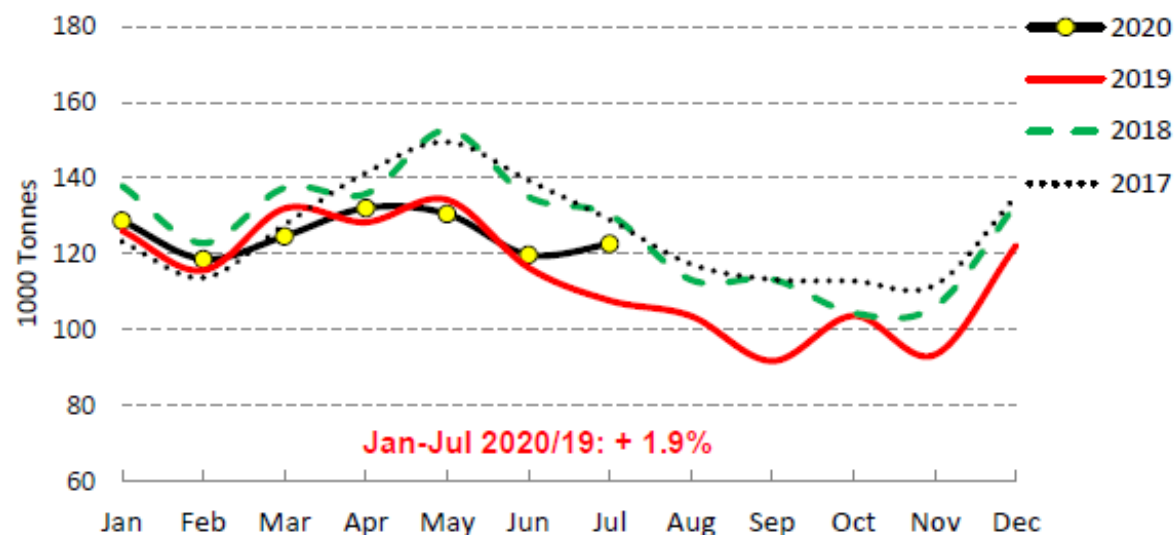


EU* - Drinking milk



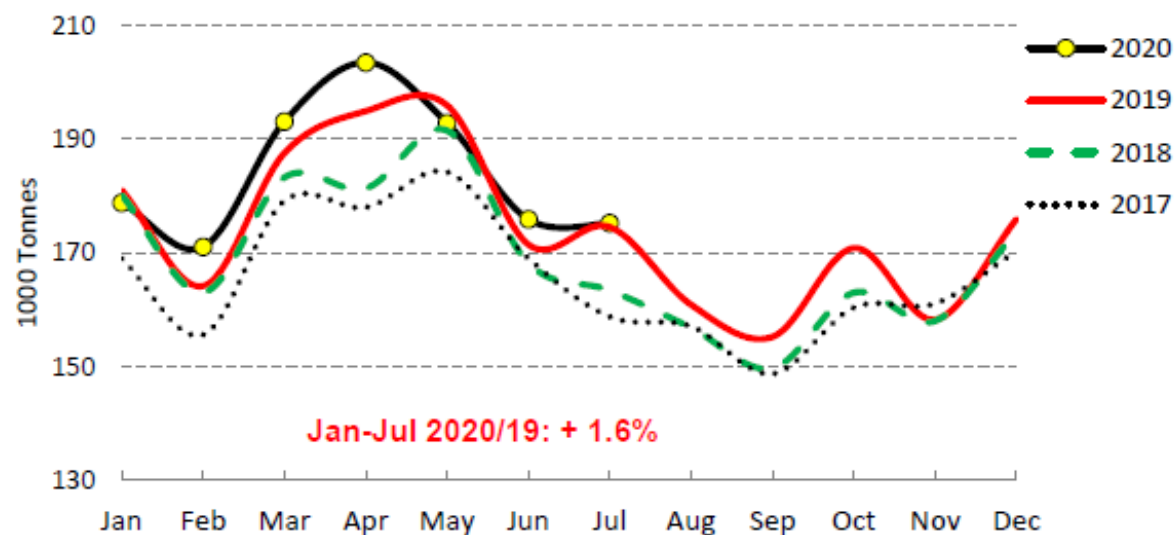
Source : Estat - Newcronos

EU* - Skimmed-milk powder



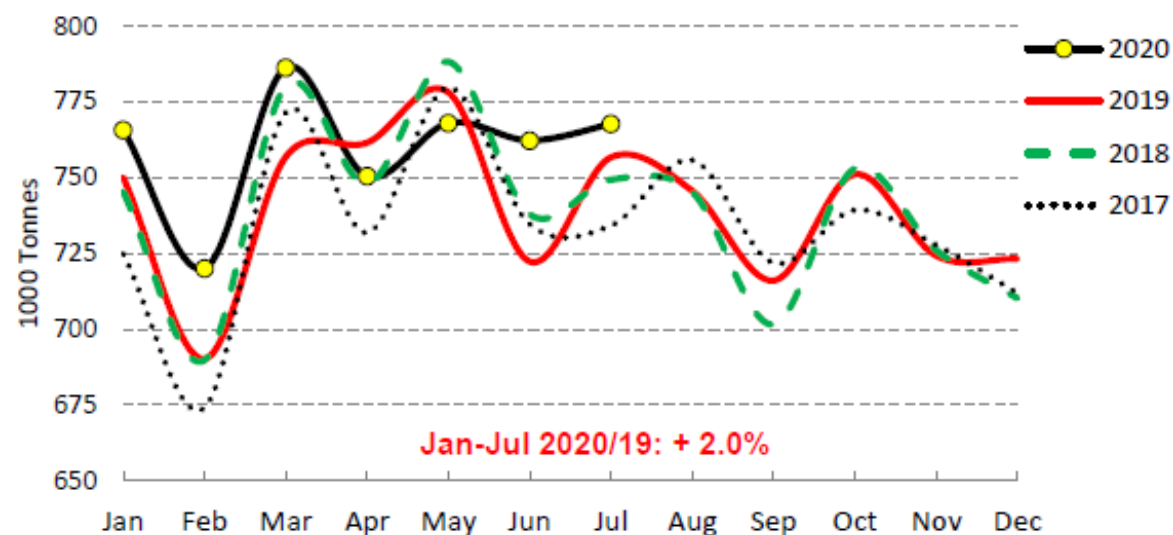
Source : Estat - Newcronos

EU* - Total Butter



Source : Estat - Newcronos

EU* - Cheese



PSA for dairy

DAIRY PRIVATE STORAGE - RECENT STOCKS EVOLUTION

Data up to : up to : August 2020

Applications from 7 May - 30 June 2020 (tonnes)		
	UK	EU+UK
cheese	4 499	47 739
butter	1 695	67 694
SMP	0	20 138

S.M.P.

IN and OUT in
August 20

Stock at the end of the month

In tonnes	May 20	Jun 20	Jul 20	Aug 20	IN	OUT
Belgium	-	1 845	1 825	1 713		112
Bulgaria	-	-	-	-		
Czechia	356	447	447	379		68
Denmark	-	-	-	-		
Germany	2 417	10 025	8 454	8 238		216
Estonia	-	-	-	-		
Ireland	-	-	-	-		
Greece	-	-	-	-		
Spain	-	50	185	185		
France	-	-	-	-		
Croatia	-	-	-	-		
Italy	-	-	-	-		
Cyprus	-	-	-	-		
Latvia	-	-	-	-		
Lithuania	536	724	724	693		31
Luxembourg	-	-	-	-		
Hungary	-	-	-	-		
Malta	-	-	-	-		
Netherlands	652	4 710	4 710	4 710		
Austria	-	-	-	-		
Poland	-	-	354	354		
Portugal	1 825	1 825	1 825	1 825		
Romania	-	23	23 *	23		
Slovenia	-	-	-	-		
Slovakia	-	-	-	-		
Finland	-	-	-	-		
Sweden	-	-	-	-		
United Kingdom	-	-	-	-		
TOTAL EU+UK	5 787	19 649	18 547	18 120	0	426

Butter

IN and OUT in
August 20

Stock at the end of the month

In tonnes	May 20	Jun 20	Jul 20	Aug 20	IN	OUT
Belgium	2 268	3 448	3 312	3 195		117
Bulgaria	-	-	-	-		
Czechia	-	12	12	12		
Denmark	-	-	-	-		
Germany	6 392	11 914	11 852	11 543		309
Estonia	-	-	-	-		
Ireland	8 981	14 840	14 840	14 286		554
Greece	-	-	-	-		
Spain	743	783	783	783		
France	639	5 003	7 102	7 079	23	46
Croatia	238	238	238	238		
Italy	-	109	109	56		53
Cyprus	-	-	-	-		
Latvia	-	-	-	-		
Lithuania	1 307	1 717	1 717	1 272		445
Luxembourg	-	-	-	-		
Hungary	-	60	60	60		
Malta	-	-	-	-		
Netherlands	12 459	21 602	21 602	21 181		421
Austria	206	547	547	507		40
Poland	-	189	431	431		
Portugal	1 085	1 085	1 085	1 085		
Romania	-	38	38 *	38 *		
Slovenia	-	-	-	-		
Slovakia	-	-	-	-		
Finland	230	230	230	230		
Sweden	-	-	-	-		
United Kingdom	685	1 695	1 695	1 695		
TOTAL EU+UK	35 232	63 508	65 652	63 691	23	1 985

Cheese

IN and OUT in
August 20

Stock at the end of the month

In tonnes	May 20	Jun 20	Jul 20	Aug 20	IN	OUT
Belgium	1 079	1 130	1 116	1 096		19
Bulgaria	-	55	55	-		55
Czechia	-	185	185	-		185
Denmark	-	-	-	-		
Germany	464	901	737	415		322
Estonia	-	-	-	-		
Ireland	2 179	2 179	2 179	2 179		
Greece	-	-	-	-		
Spain	4 591	4 361	3 465	2 751		714
France	3 975	5 919	6 717	5 218		1 500
Croatia	-	-	-	-		
Italy	12 654	12 654	10 823	9 309		1 514
Cyprus	-	-	-	-		
Latvia	-	-	-	-		
Lithuania	819	978	978	978		
Luxembourg	-	-	-	-		
Hungary	-	78	78	78		
Malta	-	-	-	-		
Netherlands	7 355	8 002	7 598	7 121		477
Austria	1 085	1 172	1 172	117		1 056
Poland	39	39	-	-		
Portugal	132	69	69	69		
Romania	-	178	178 *	55		123
Slovenia	-	-	-	-		
Slovakia	-	-	-	-		
Finland	349	472	432	420		11
Sweden	791	787	787	787		
United Kingdom	4 499	3 564	3 199	3 199		
TOTAL EU+UK	40 010	42 723	39 769	33 794	0	5 975

Keep in touch and thank you!



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