

# MMO Economic Board

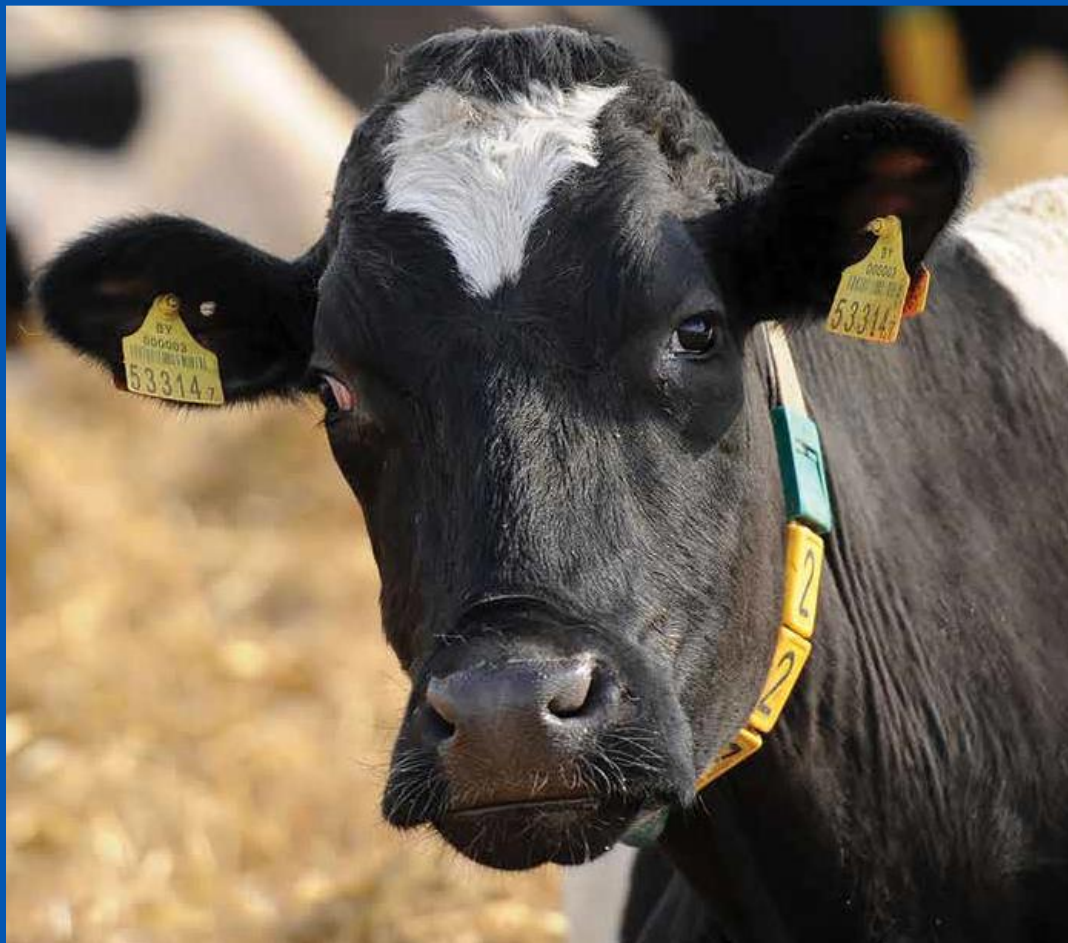
## Meeting of 3 July 2024

- o The 50th meeting of the MMO Economic Board took place on 3/07/2024 by video-conference, with the participation of experts from the milk supply chain: COPA-COGECA (producers and cooperatives), EMB (European Milk Board), ECVC (Via Campesina), CEJA (young farmers), EDA (dairy industry), Eucolait (dairy trade) and Eurocommerce (retail). Presentations and information exchanged during the meeting highlighted the following:
  - o By April 2024, EU cow's milk deliveries increased by 0.2% (leap year adjusted). Deliveries are strongly increasing in the Baltics and Eastern Member States. The estimated value of EU milk production in the first 4 months of 2024 was 9% lower than in 2023 but 8% higher than in 2022.
  - o In Jan-April 2024, EU production declined for butter and milk powders but increased for other dairy products: cheese (+4.3%), concentrated milk (+4.8%), drinking milk (+1.7%), fermented (+5.1%) and cream (+5.3%).
  - o EU average farm gate milk prices have been stable since December 2023 around 46 c/kg. Prices in April were 3% lower than a year ago but 18% above the 5-year average.
  - o 3.7% of milk collected in April 2024 was organic, 91% of which was produced in 7 MS (DE, FR, DK, AT, SE, NL and IT). The EU average organic milk price was 52.2 c/kg. In 4 MS (LV, EE, RO, FR) raw organic milk prices were lower than conventional.
  - o Feed costs (based on a mix of cereals, rapeseed meal and soybean meal) have been slowly decreasing for the last months and are 20% lower than a year ago.
  - o EU average dairy commodity prices (up to 23/06/2024) are higher than a year ago, except for SMP (-2%) and emmental (-4%). Compared to the 5-year average, only whey powder and SMP prices are lower (-11% and -8% respectively). Butter prices are very high (+35% vs -1y and +37% vs -5 y avg.). Oceania is the most price competitive exporter for WMP, the US for cheddar, and the EU for butter and SMP.
  - o The assessment of EU stock levels based on a residual approach (EU production+EU imports-EU internal consumption-EU exports) shows SMP stocks lower than in previous years, due to lower production and strong exports in April. Butter stocks are much lower (-70 000 t) than a year ago due to lower domestic production and good global demand. Cheese stocks are growing and higher than in previous years (approx. +50 000 t compared to April 2023 and April 2022).
- o By April, milk production decreased in other main exporting countries: NZ (-1.6%), UY (-0.2%), UK (-0.7%), ARG (-15%) and the US (-0.8%).
- o In 1Q2024, global dairy exports increased by +6%, mainly due to higher trade in WMP and cheese. Three major exporters (EU, NZ, US) had an 82% share in total export volumes (NZ gaining share from the EU and the US). A healthy demand in MENA countries counterbalances a contraction in Chinese buying. Imports from South-East Asia are in recovery mode, with mixed trends ((increase of imports in Indonesia, Malaysia and Thailand but decline in other countries). The UK, China, Algeria, the US, Indonesia, Saudi Arabia, Malaysia, Japan, Thailand, and the Philippines were the top-10 destinations of EU dairy exports in 1Q2024 (51% share).
- o Retail demand is strong for cheese while drinking milk consumption continues declining. Consumer attitude towards grocery shopping is polarized between low-cost and premium, with big variations in consumption trends across EU MS. After COVID-19 and inflation, consumers are expected to prioritise health, ethics, or convenience over price.
- o The Commission presented different drivers for short-term market developments: GDP-growth, stable energy markets and food inflation (remaining high), decreasing input costs, mixed agrometeorological conditions. According to those, EU milk deliveries could increase in 2024 by 0.4% (leap year adjusted).
- o Markets are rather firm, sustained by good demand and prices for butter and cheese. The outlook is somewhat bullish on the back of limited milk flows, but the strength of Asian demand will be decisive.

# **ANNEX 1**

## **Milk Market Situation**

***European Commission***

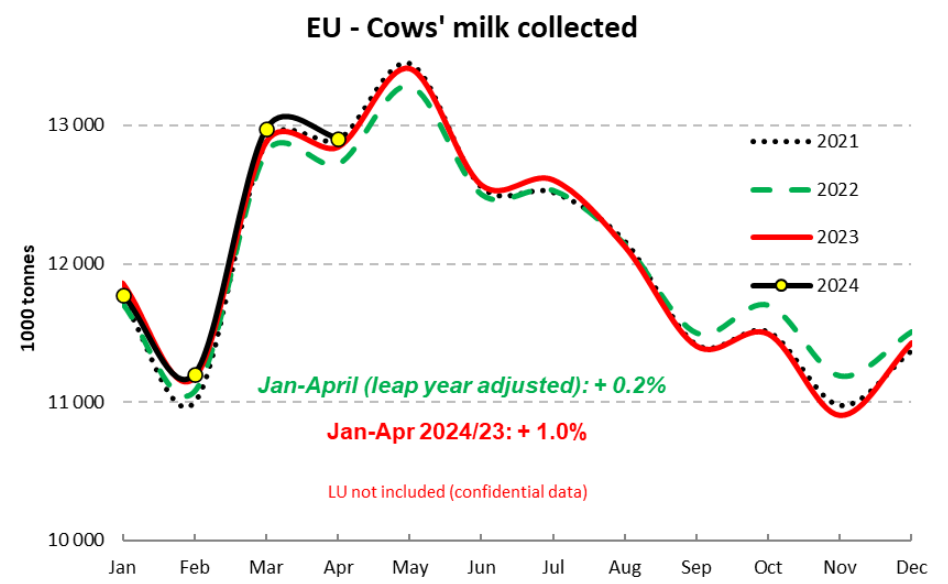
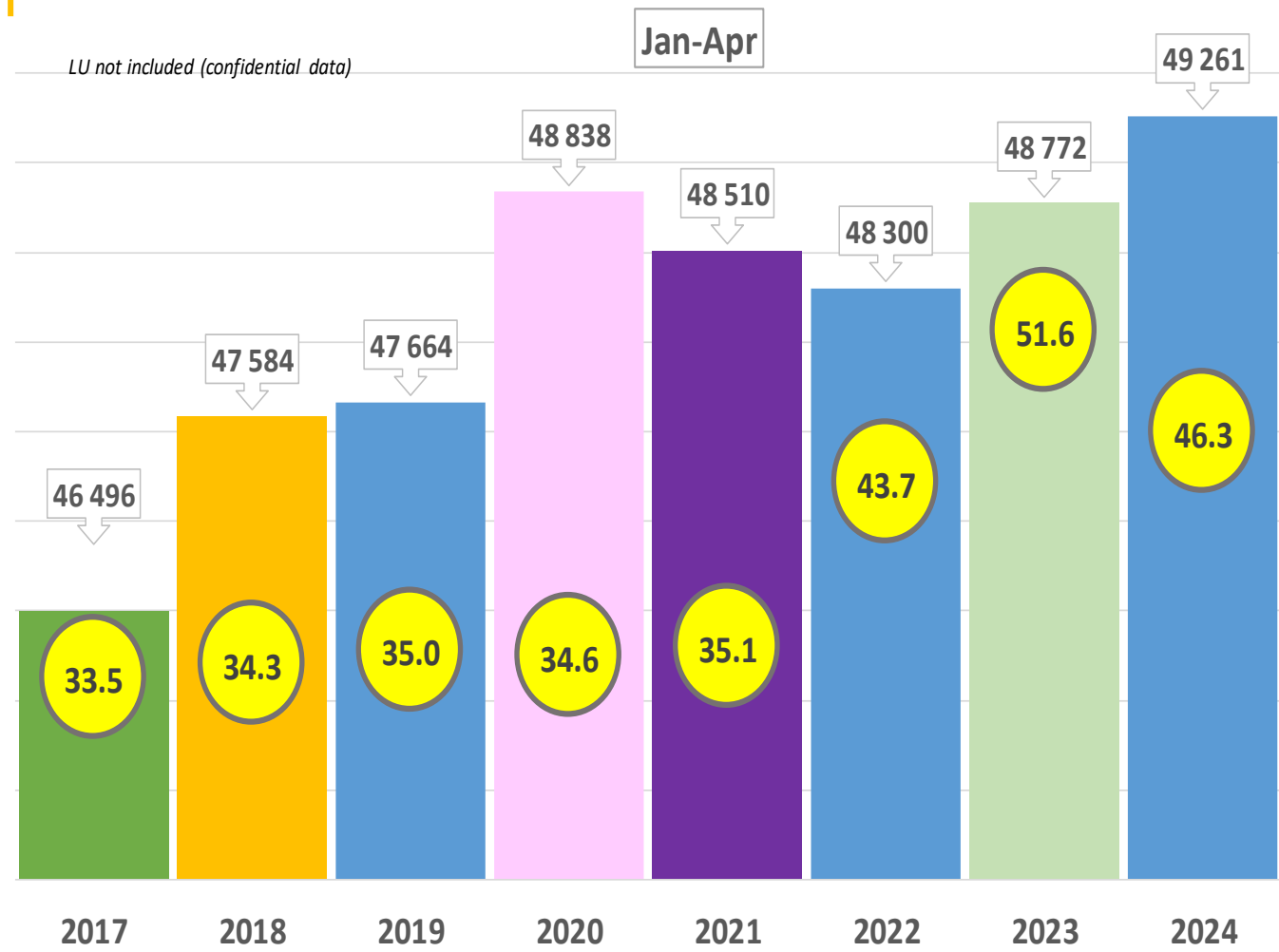


# Milk Market Situation

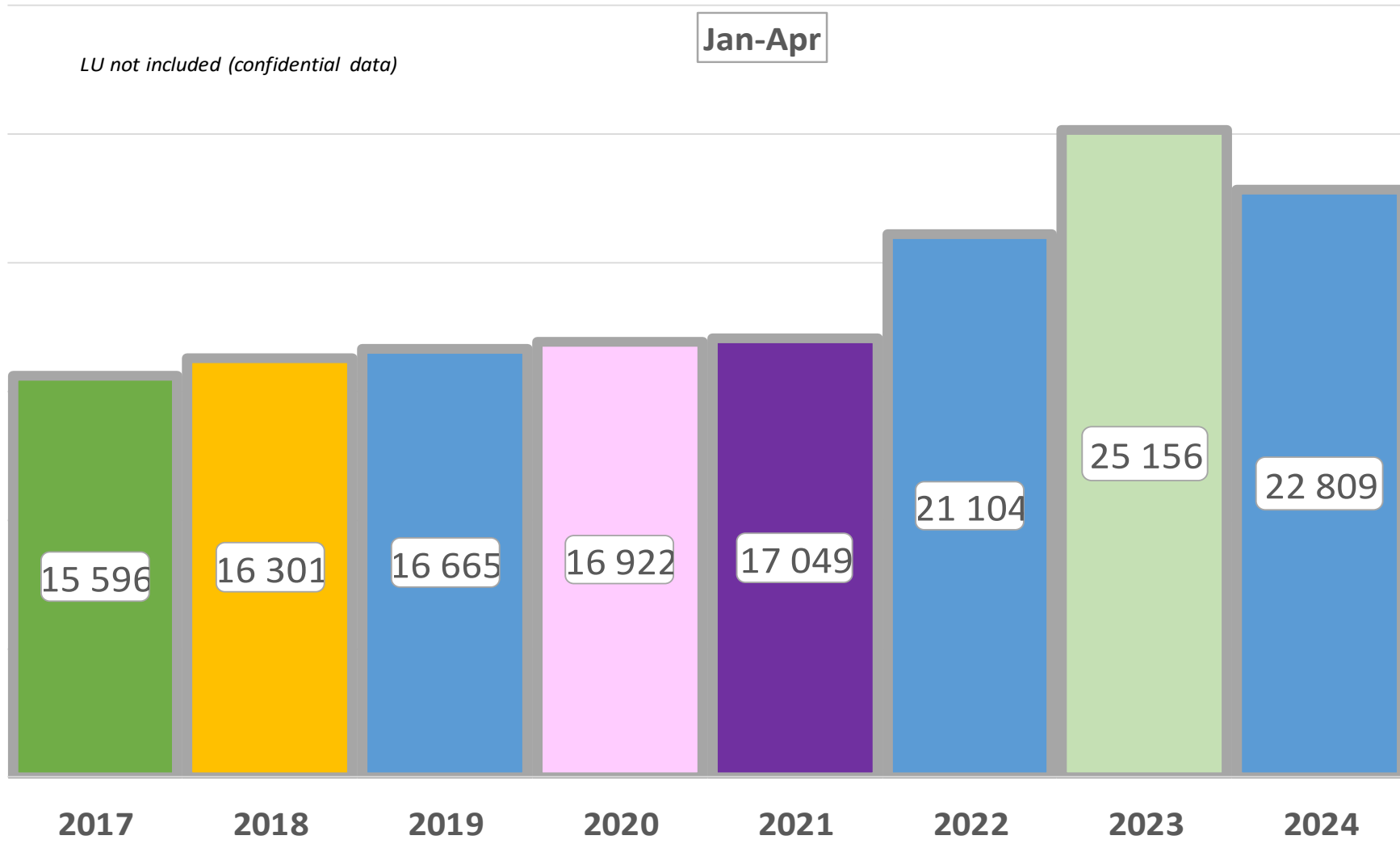
MMO meeting

Brussels, 3 July 2024

### EU-27 milk deliveries and price (x1000 t, c/kg)



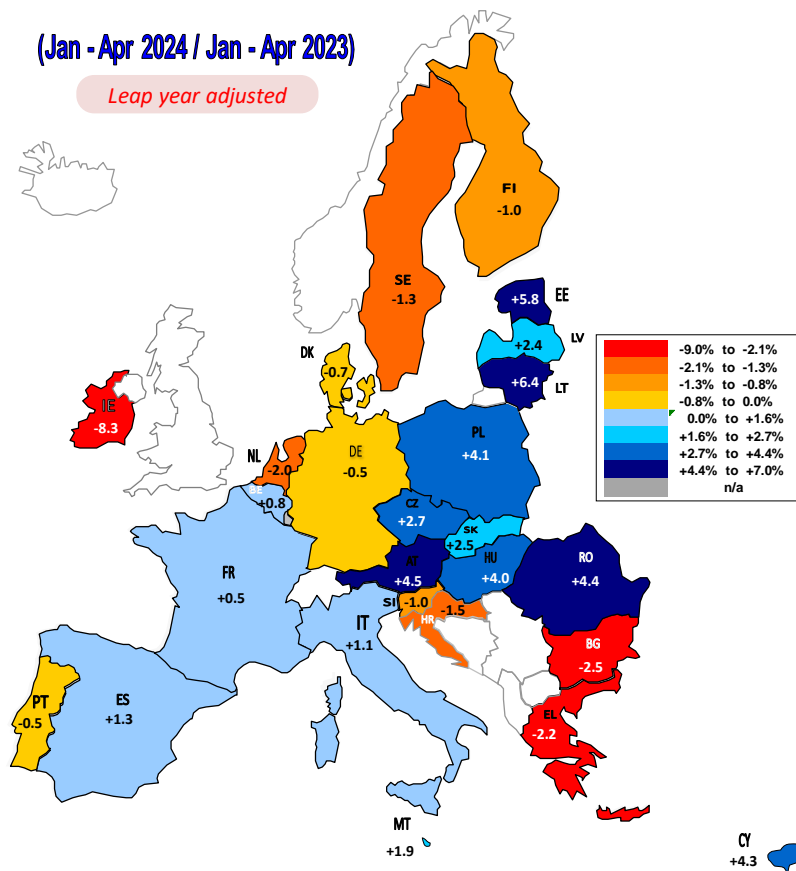
### EU-27 value milk production (x million €)



# EU Milk Deliveries compared to last period (in %)

(Jan - Apr 2024 / Jan - Apr 2023)

Leap year adjusted



Source : MS' Communications to Eurostat, FEAGA, 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.

# Apr 24 compared to Apr 23

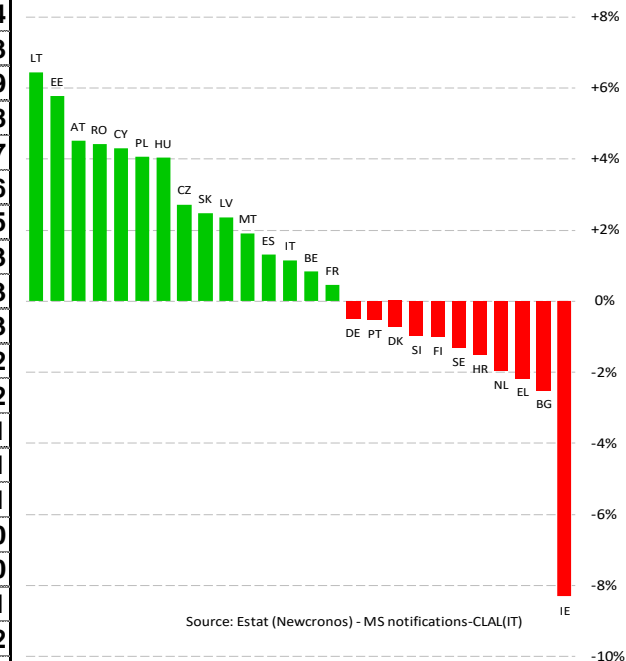
Rank	evolution in %		evolution in 1000 Tons	
	MS	%	MS	Tons
1.	HU	+ 9.7%	PL	+ 60
2.	RO	+ 9.0%	AT	+ 18
3.	LT	+ 8.1%	IT	+ 15
4.	EE	+ 6.7%	HU	+ 14
5.	AT	+ 6.0%	CZ	+ 13
6.	PL	+ 5.4%	RO	+ 9
7.	CZ	+ 4.6%	LT	+ 8
8.	LV	+ 4.1%	ES	+ 7
9.	CY	+ 3.9%	BE	+ 6
10.	SK	+ 3.9%	EE	+ 5
11.	MT	+ 3.4%	FR	+ 3
12.	BG	+ 2.6%	SK	+ 3
13.	HR	+ 1.9%	LV	+ 3
14.	BE	+ 1.4%	DE	+ 2
15.	IT	+ 1.3%	BG	+ 2
16.	EL	+ 1.2%	CY	+ 1
17.	ES	+ 1.1%	EL	+ 1
18.	FR	+ 0.1%	HR	+ 1
19.	SI	+ 0.1%	MT	+ 0
20.	DE	+ 0.1%	SI	+ 0
21.	DK	- 0.2%	DK	- 1
22.	FI	- 1.0%	FI	- 2
23.	SE	- 1.2%	SE	- 3
24.	NL	- 1.3%	PT	- 4
25.	PT	- 2.2%	NL	- 15
26.	IE	- 7.9%	IE	- 83
EU		+ 0.5%	EU	+ 61

rem: LU not included (confidential data)

# Cows' milk collected

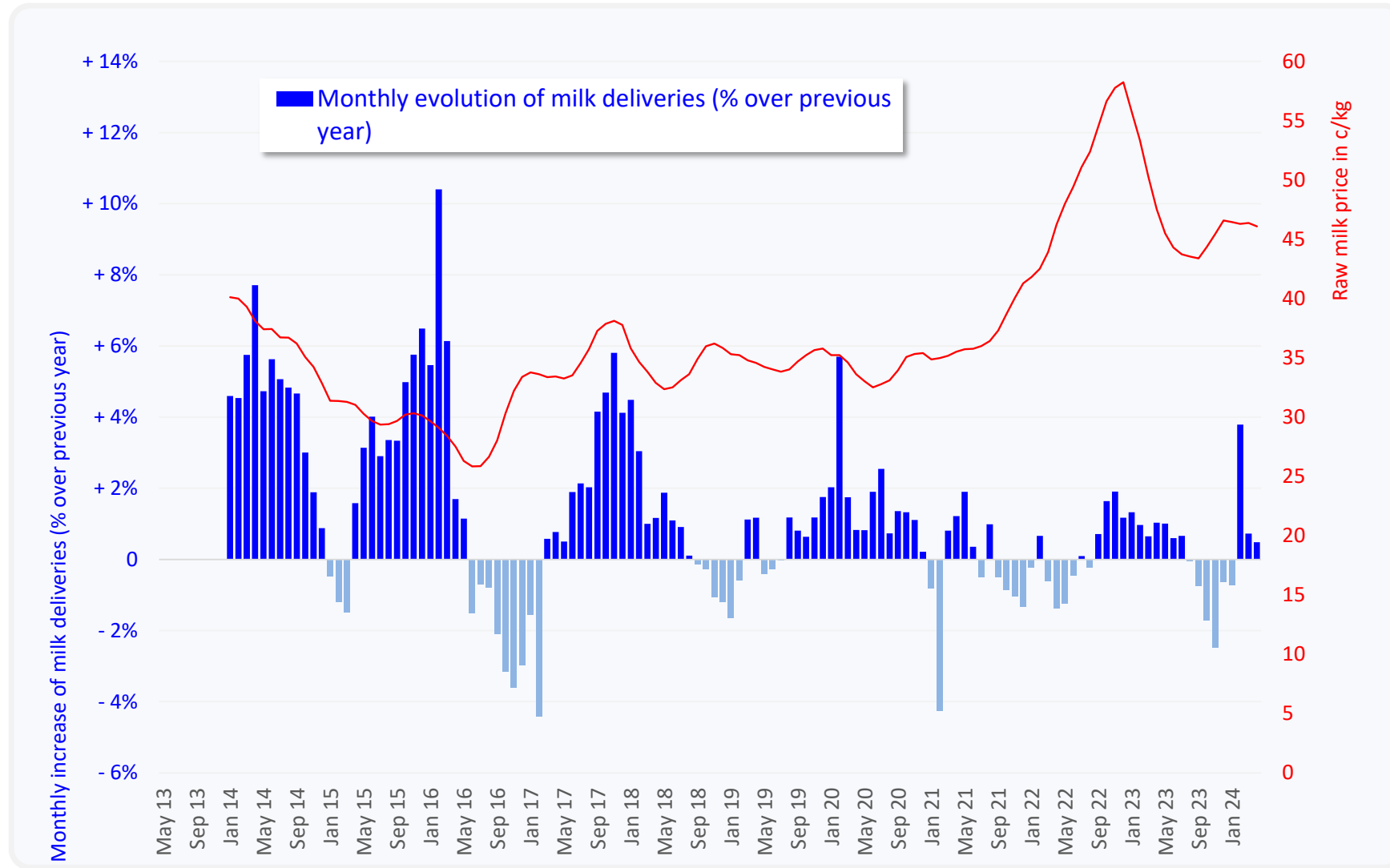
2024/23 Jan-Apr (y/y % chg)

Leap year adjusted



Source: Estat (Newcronos) - MS notifications-CLAL(IT)

# Development of milk deliveries and prices



Combined world milk production



- Apr 2024 **25.0** mio t **-0.1%**  
 - Jan-Apr 2024 **99.0** mio t **+0.6%**

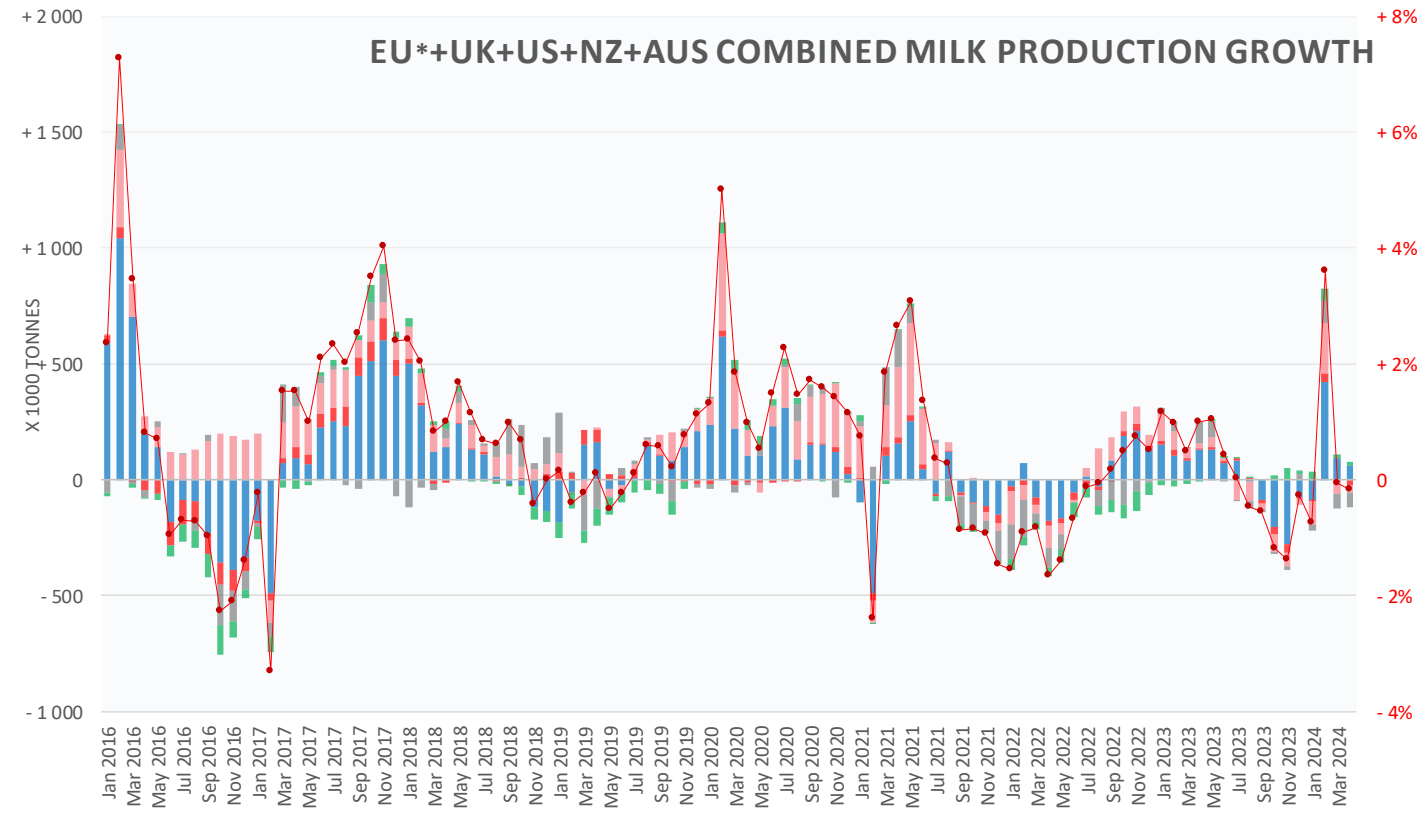
- Variations

Apr 2024

AUS	↑	+ 2.5%
NZ	↓	- 4.1%
USA	↔	- 0.4%
UK	↔	- 1.7%
EU	↔	+ 0.5%

In 2024

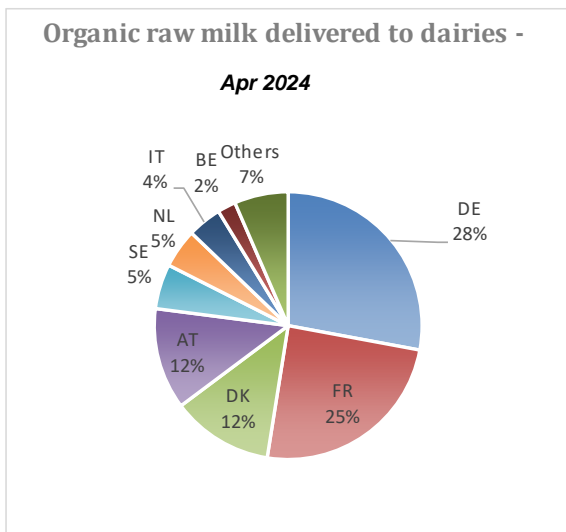
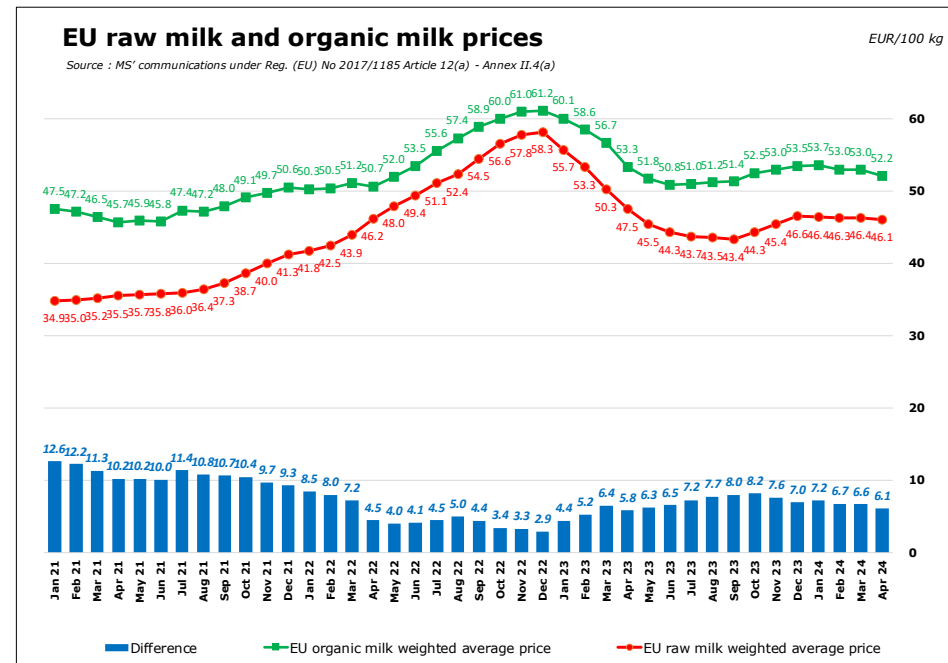
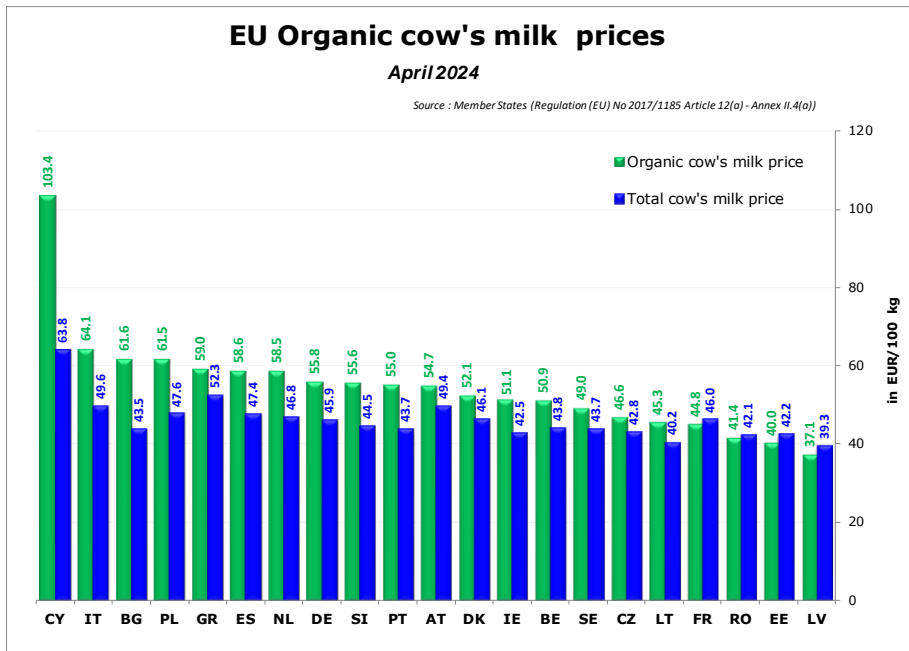
AUS	↑	+ 4.7%	(Jan-Apr 2024)
NZ	↓	- 0.7%	(Jan-Apr 2024)
USA	↔	+ 0.1%	(Jan-Apr 2024)
UK	↔	+ 0.1%	(Jan-Apr 2024)
EU	↔	+ 1.0%	(Jan-Apr 2024)



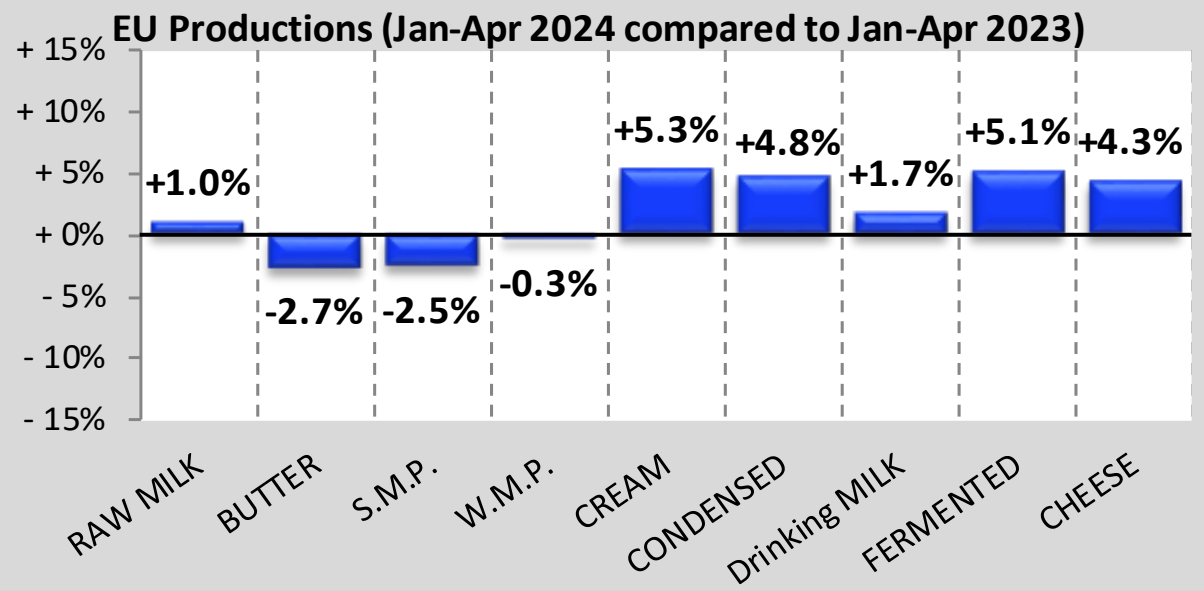
\* not including LU (confidential data)    EU    UK    US    NZ    AUS    Combined increase (in %)



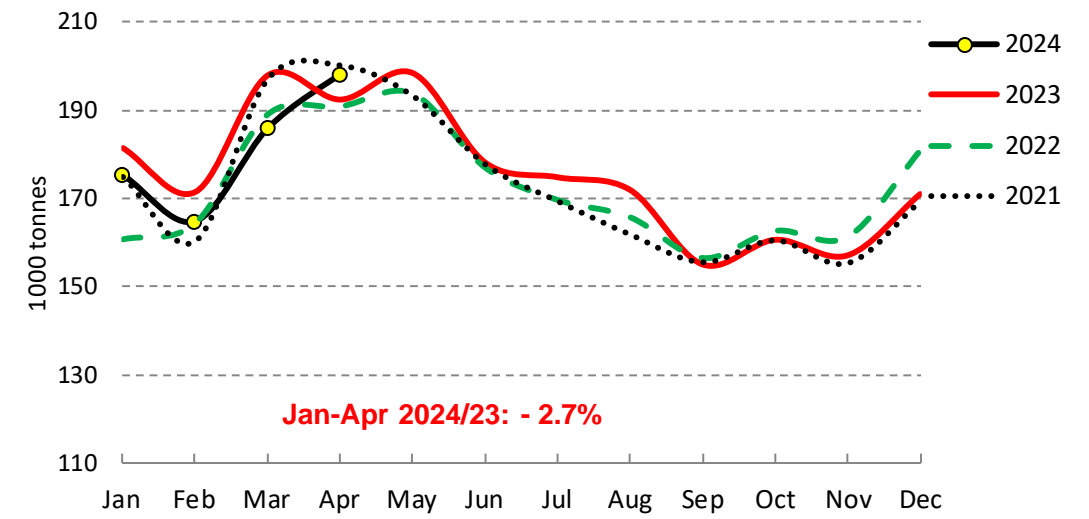
# EU organic raw milk production & prices



In April 2024 3.7% of total raw milk collected was organic

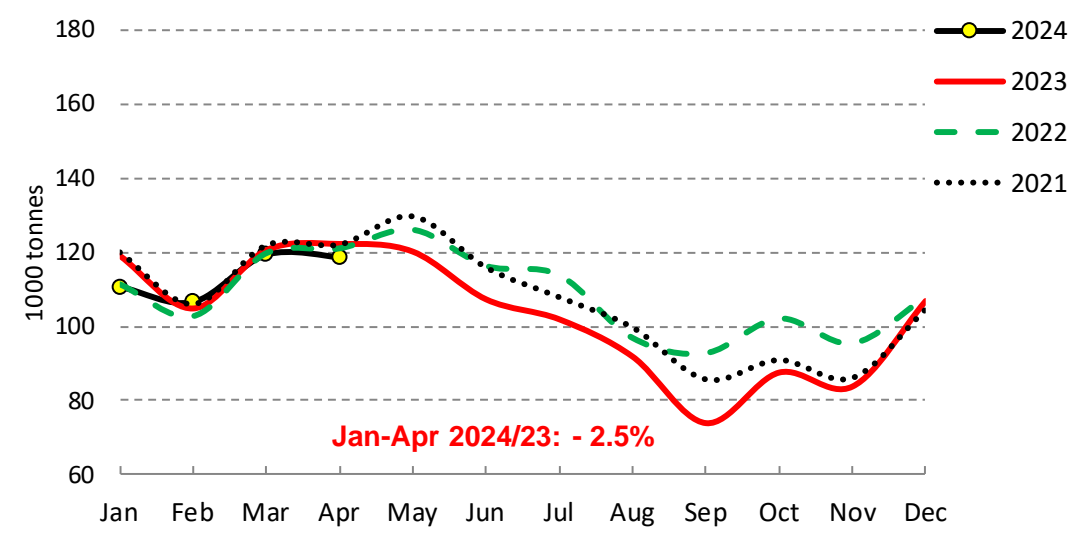


EU - Total Butter



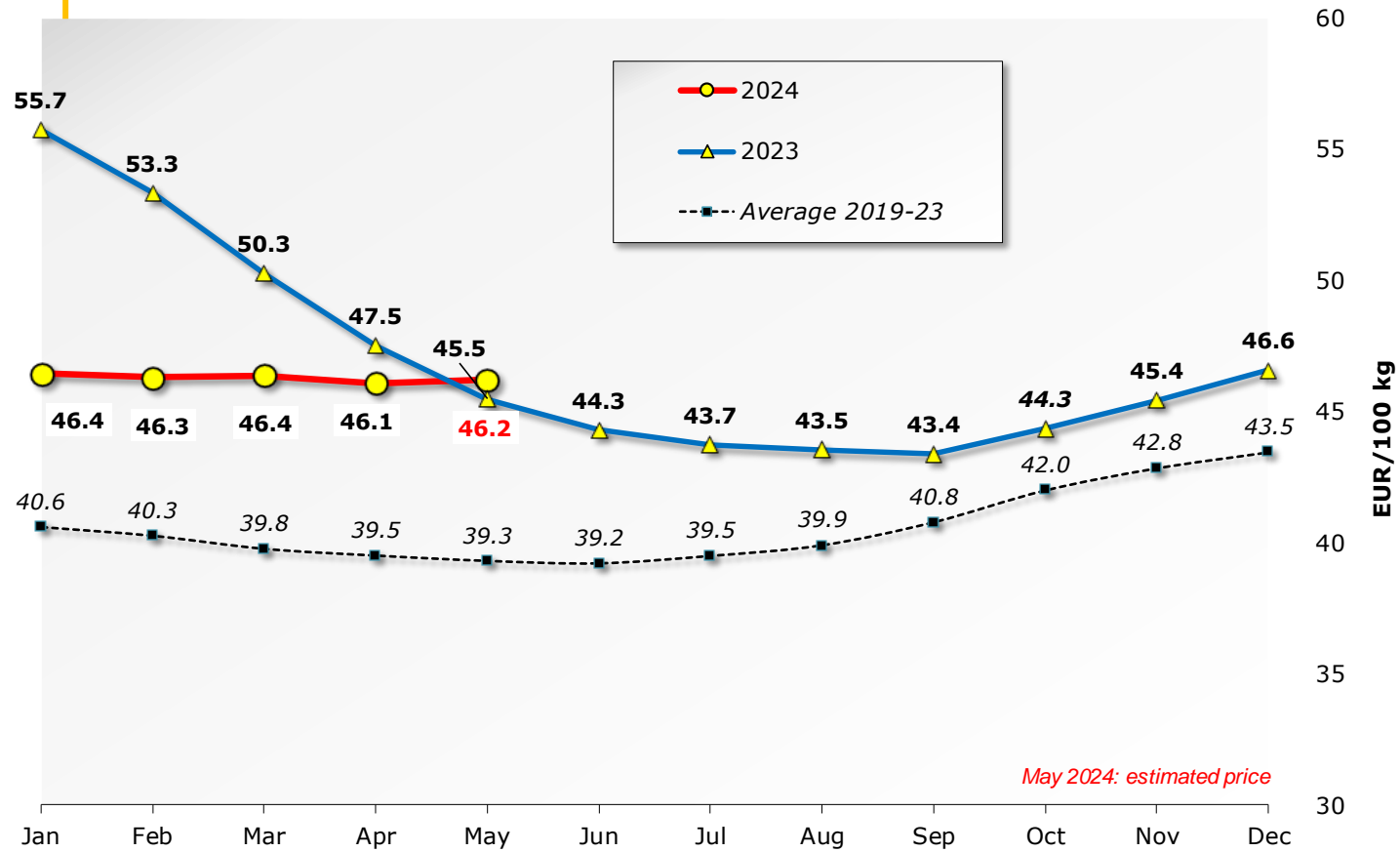
Source : Estat - Newcronos

EU - Skimmed-milk powder

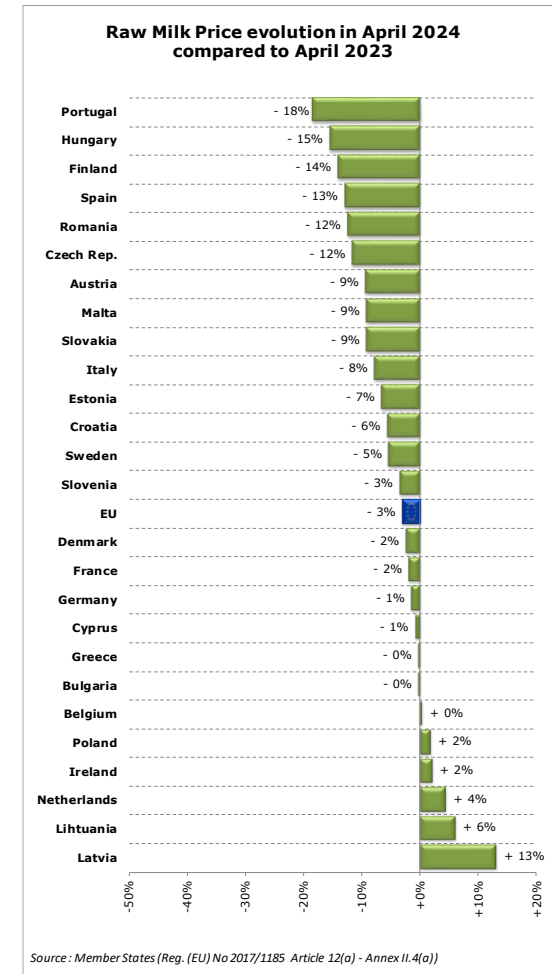


Source : Estat - Newcronos

# EU milk prices paid to the producers



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



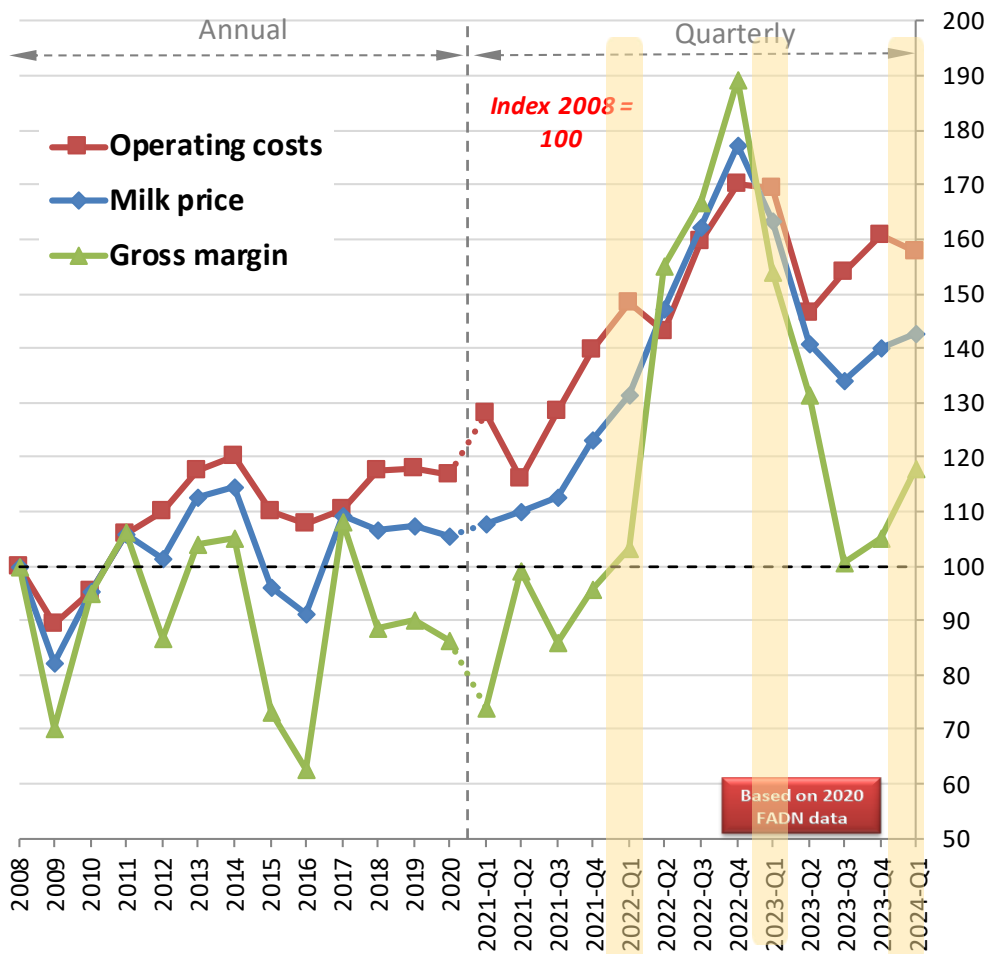
Source : Member States (Reg. (EU) No 2017/1185 Article 12(a) - Annex II.4(a))

## Price of Apr 24 compared to :

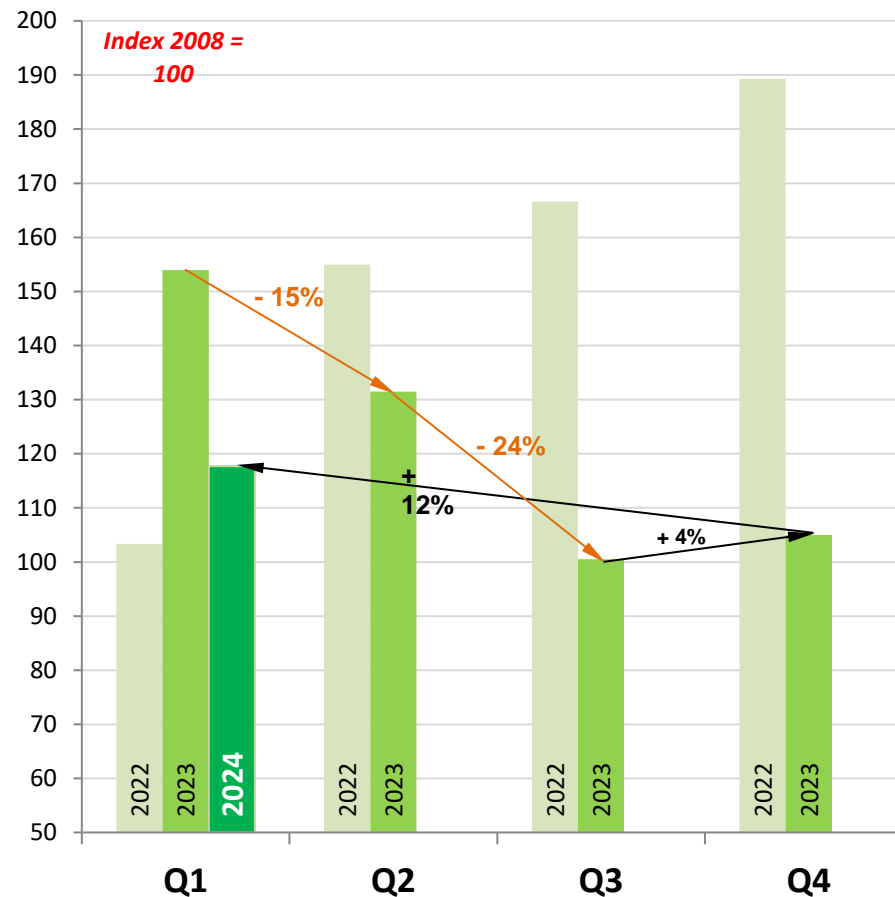
	BE	BG	CZ	DK	DE	EE	IE	GR	ES	FR	HR	IT	CY	LV	LT	LU	HU	MT	NL	AT	PL	PT	RO	SI	SK	FI	SE	EU (without UK)
Mar 24	-0.1%	-1.4%	+0.9%	-0.0%	-0.2%	-1.5%	-1.3%	-0.4%	-4.5%	-1.1%	-0.7%	+1.0%	-1.3%	-0.6%	-5.0%	-	+0.6%	+0.6%	+0.5%	+1.0%	-0.5%	-0.3%	-7.8%	+0.3%	-1.8%	-0.5%	-2.1%	-0.6%
Apr 23	+0.4%	-0.2%	-11.6%	-2.4%	-1.4%	-6.6%	+2.1%	-0.2%	-12.9%	-1.9%	-5.6%	-7.8%	-0.8%	+13.1%	+6.0%	-	-15.4%	-9.2%	+4.5%	-9.3%	+1.8%	-18.4%	-12.4%	-3.5%	-9.2%	-14.0%	-5.3%	-3.0%

# Margins

EU Milk price, operating costs and margin per tonne



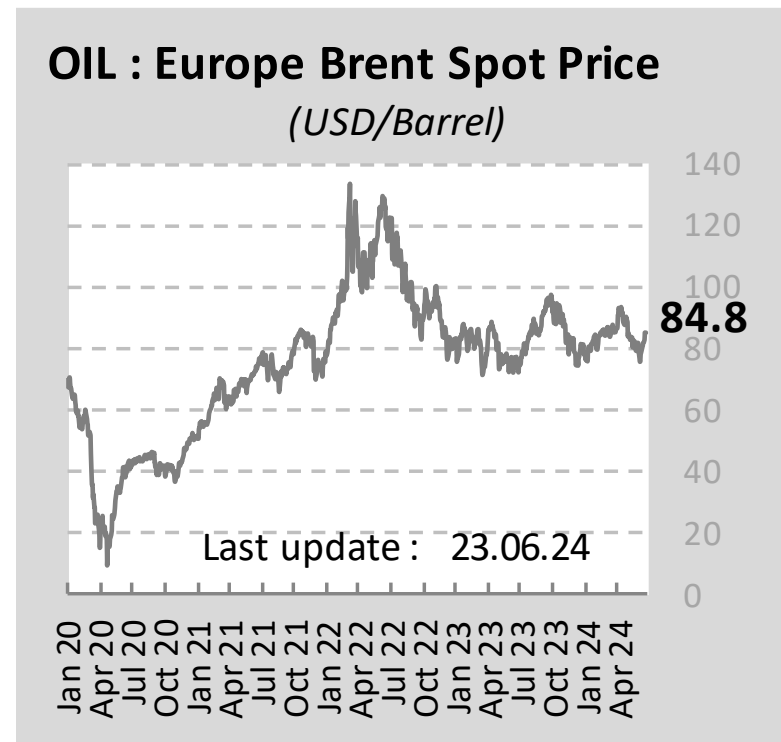
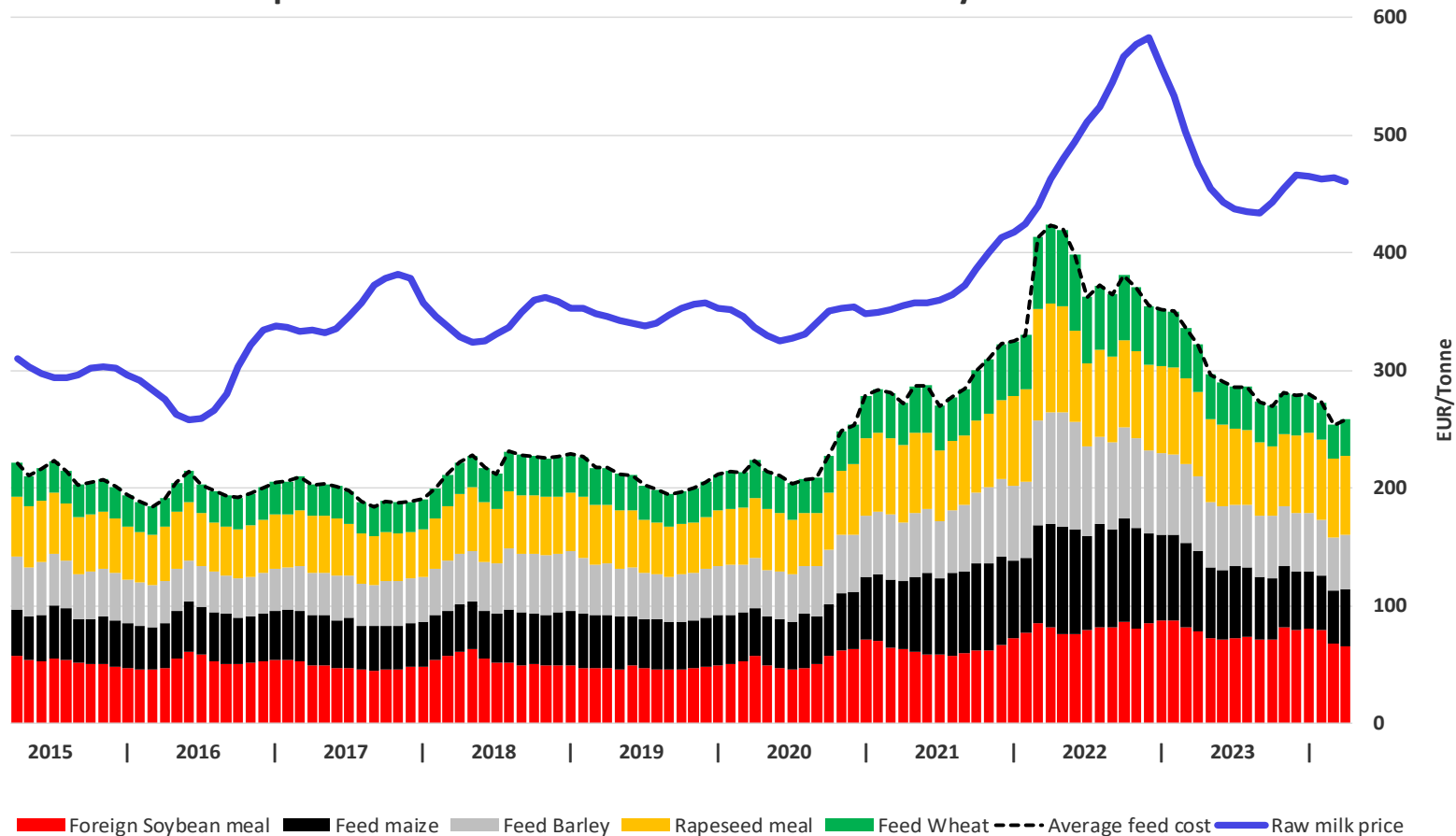
Estimation of EU Gross margin



Source : FADN (base year 2020) + indexes (Eurostat, DG AGRI)

# Feed costs still decreasing

Composition of the DG AGRI feed diet in the dairy sector



# EU dairy quotations

## EU evolutive\* dairy Quotations

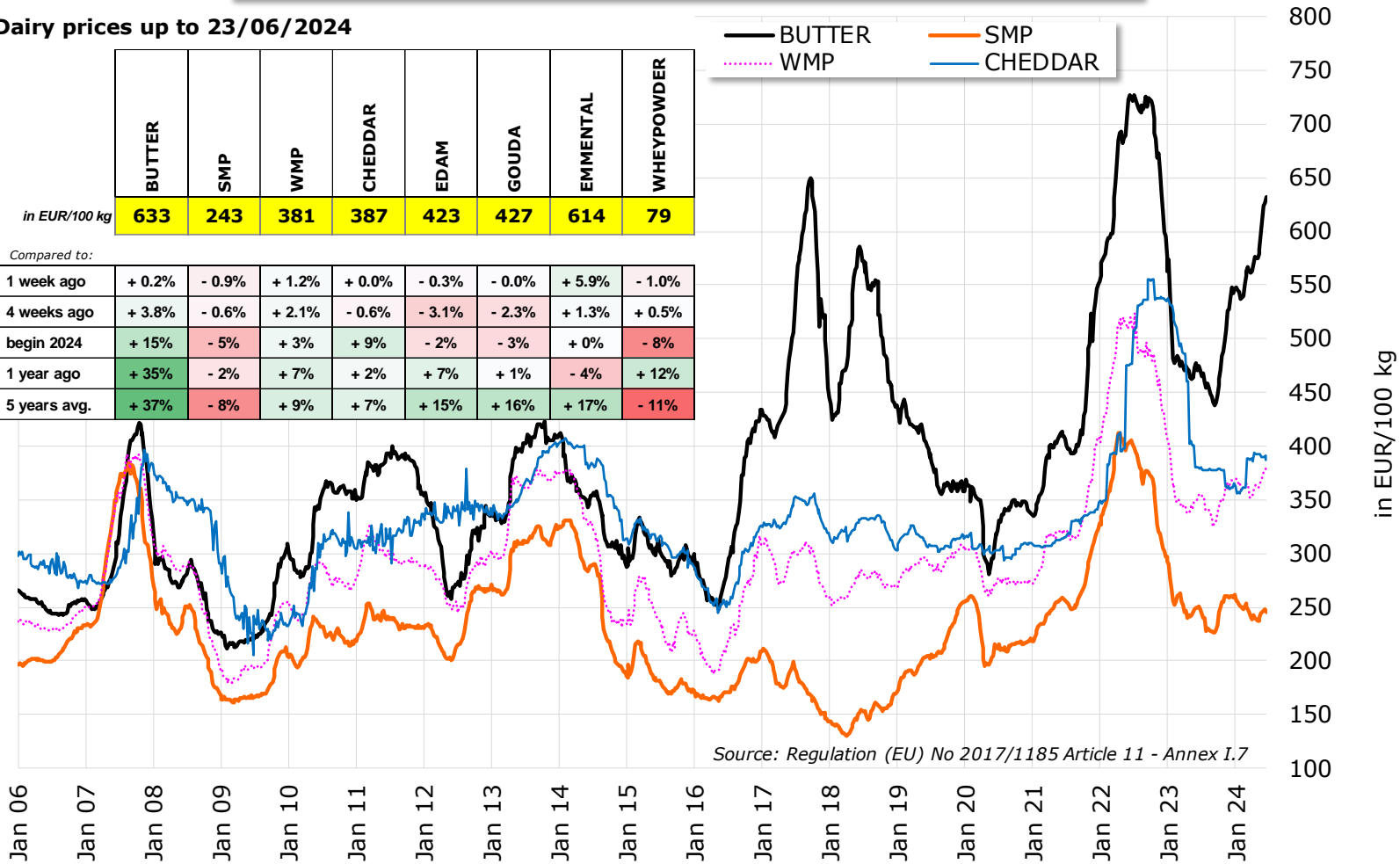
(EU Average Prices based on MS communication and weighted by production)

Dairy prices up to 23/06/2024

	BUTTER	SMP	WMP	CHEDDAR	EDAM	GOUDA	EMMENTAL	WHEYPOWDER
in EUR/100 kg	633	243	381	387	423	427	614	79

Compared to:

1 week ago	+ 0.2%	- 0.9%	+ 1.2%	+ 0.0%	- 0.3%	- 0.0%	+ 5.9%	- 1.0%
4 weeks ago	+ 3.8%	- 0.6%	+ 2.1%	- 0.6%	- 3.1%	- 2.3%	+ 1.3%	+ 0.5%
begin 2024	+ 15%	- 5%	+ 3%	+ 9%	- 2%	- 3%	+ 0%	- 8%
1 year ago	+ 35%	- 2%	+ 7%	+ 2%	+ 7%	+ 1%	- 4%	+ 12%
5 years avg.	+ 37%	- 8%	+ 9%	+ 7%	+ 15%	+ 16%	+ 17%	- 11%

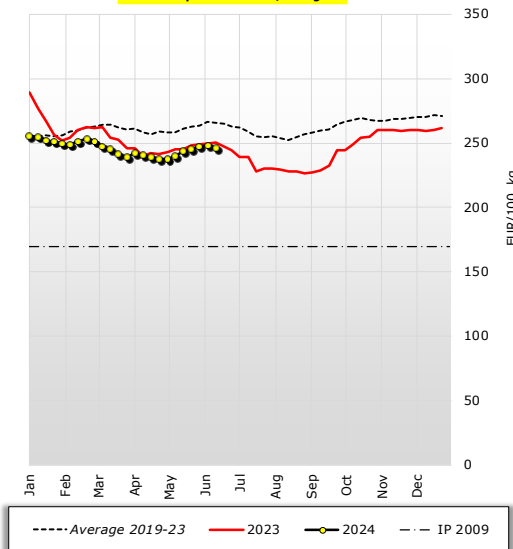


Source: Regulation (EU) No 2017/1185 Article 11 - Annex I.7

\* 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)

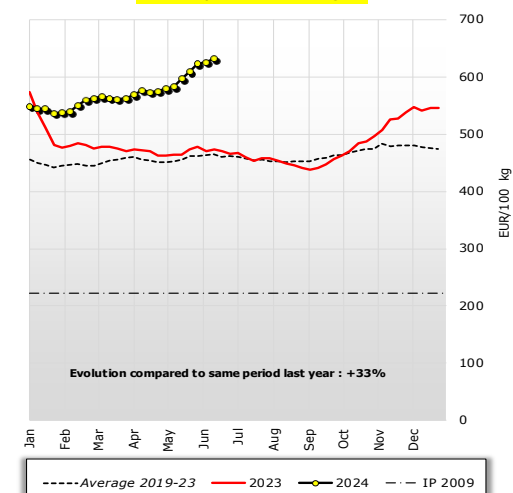
### Weekly EU SMP Prices

Latest price : 246 EUR/100kg



### Weekly EU BUTTER Prices

Latest price : 632 EUR/100kg

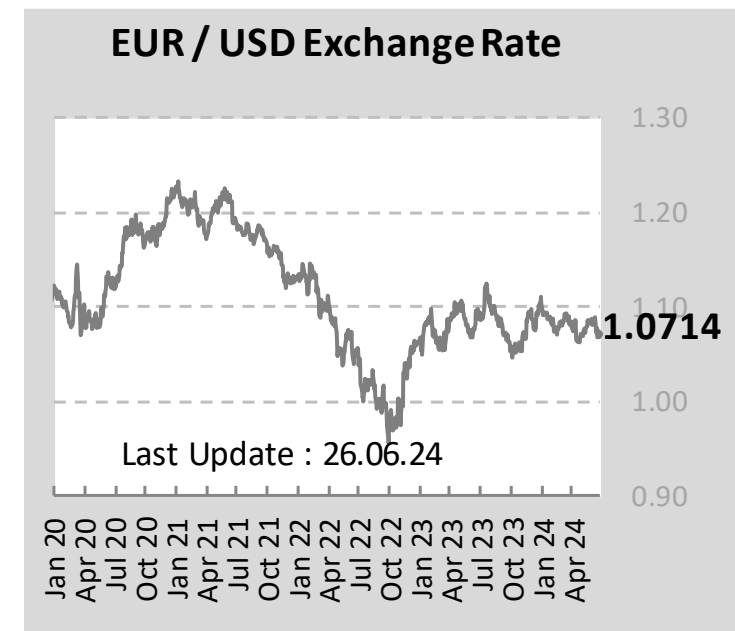
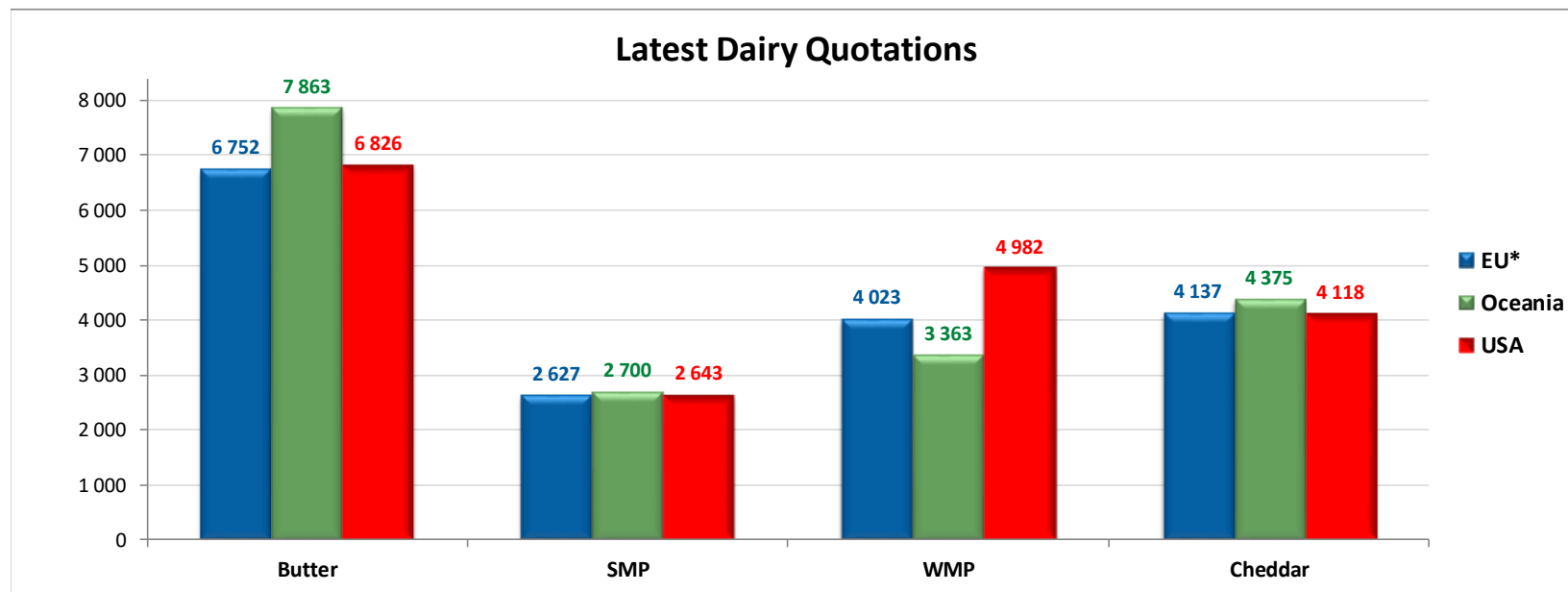


Evolution compared to same period last year : +33%

# Latest world dairy quotations

In US\$/t	Latest Quotations			Week - 2						Year - 1					
	23/06/2024			09/06/2024			% change (previous quotation)			25 June 2023			% change (1 year)		
	EU*	Oceania	USA	EU*	Oceania	USA	EU*	Oceania	USA	EU*	Oceania	USA	EU*	Oceania	USA
Butter	6 752	7 863	6 826	6 766	7 200	6 843	-0.2%	+9.2%	-0.2%	5 199	5 363	5 326	+30%	+47%	+28%
SMP	2 627	2 700	2 643	2 682	2 700	2 622	-2.0%	nc	+0.8%	2 745	2 775	2 468	-4%	-3%	+7%
WMP	4 023	3 363	4 982	4 092	3 413	4 960	-1.7%	-1.5%	+0.4%	3 910	3 150	4 299	+3%	+7%	+16%
Cheddar	4 137	4 375	4 118	4 229	4 325	4 114	-2.2%	+1.2%	+0.1%	4 156	4 650	2 940	-0%	-6%	+40%

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



# Keep in touch and thank you!



[ec.europa.eu/agriculture](https://ec.europa.eu/agriculture)



[EUagri](https://www.youtube.com/EUagri)



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[EU agri-food Data portal](#)



# **ANNEX 2**

## **EU dairy products monthly stock estimates up to end of April 2024**

***EDA***



**EU dairy products  
monthly stock estimates  
up to end of April 2024**

**Milk Market Observatory  
Economic Board**

**July 3rd, 2024**

# Methodology

- For each dairy product and each month, the stock estimates are based on the equation:
  - $\text{Stock variation} = \text{EU production} + \text{EU import} - \text{EU internal consumption} - \text{EU exports}$
- 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 and Eurostat. From 2020 onwards, data refer to the EU-27 (coloured in red).
- 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/red parts in each graph mean that this stock level can be considered as normal for the month.
- Orange parts mean that this stock level can be considered as too high for the month; intervention stocks are coloured blue.
- These qualifications are based on the EDA analysts' personal views and past market observations.

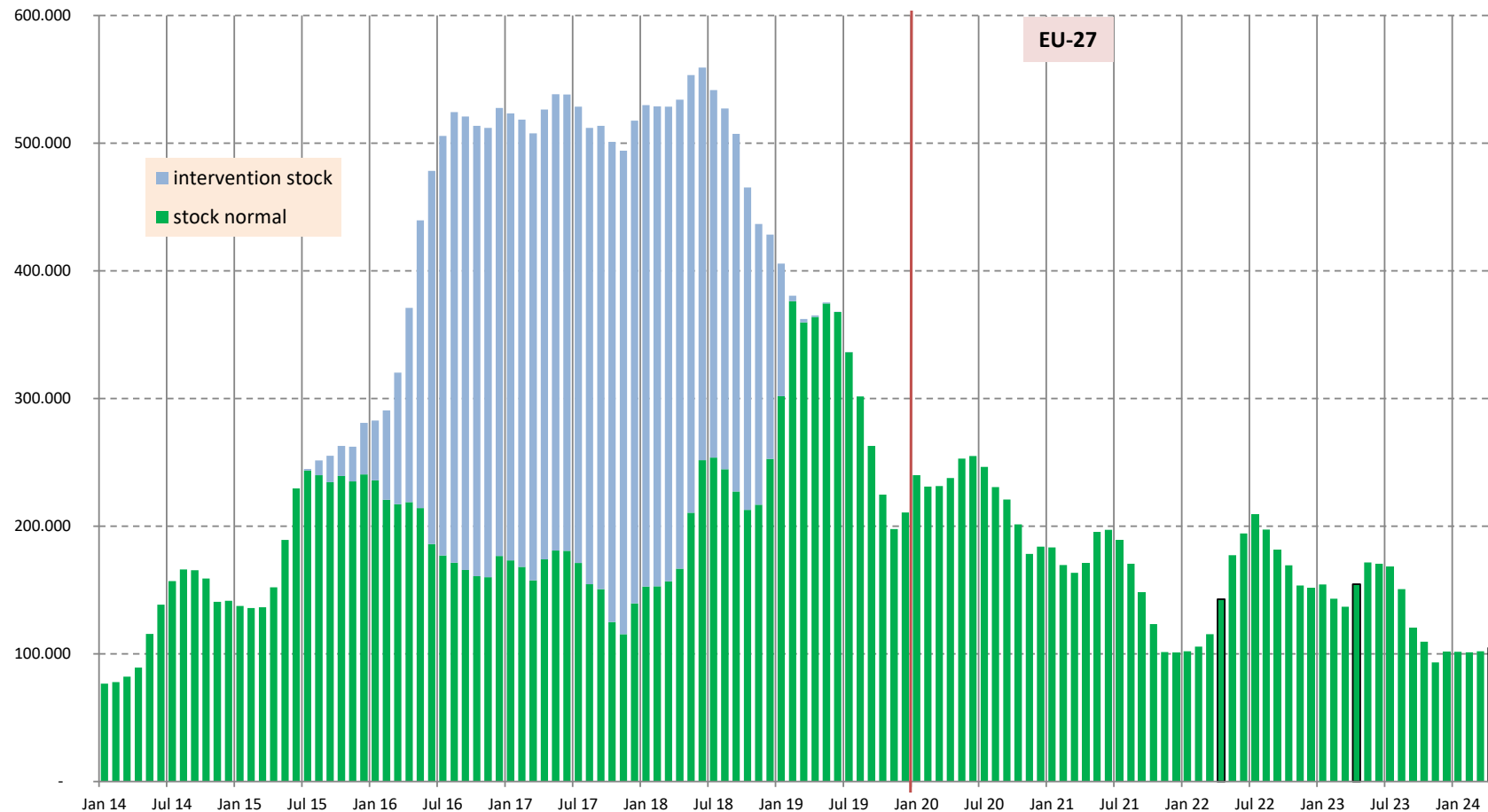
SMP: Production of SMP was reduced during the first 4 months of 2024 compared to the same period of previous year. With strong export especially in April stocks decreased to a low level. Demand was quiet during June. As consequence availability increased and prices weakened.



### European stock level estimates - SMP - April 2024

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

stock level  
in tons





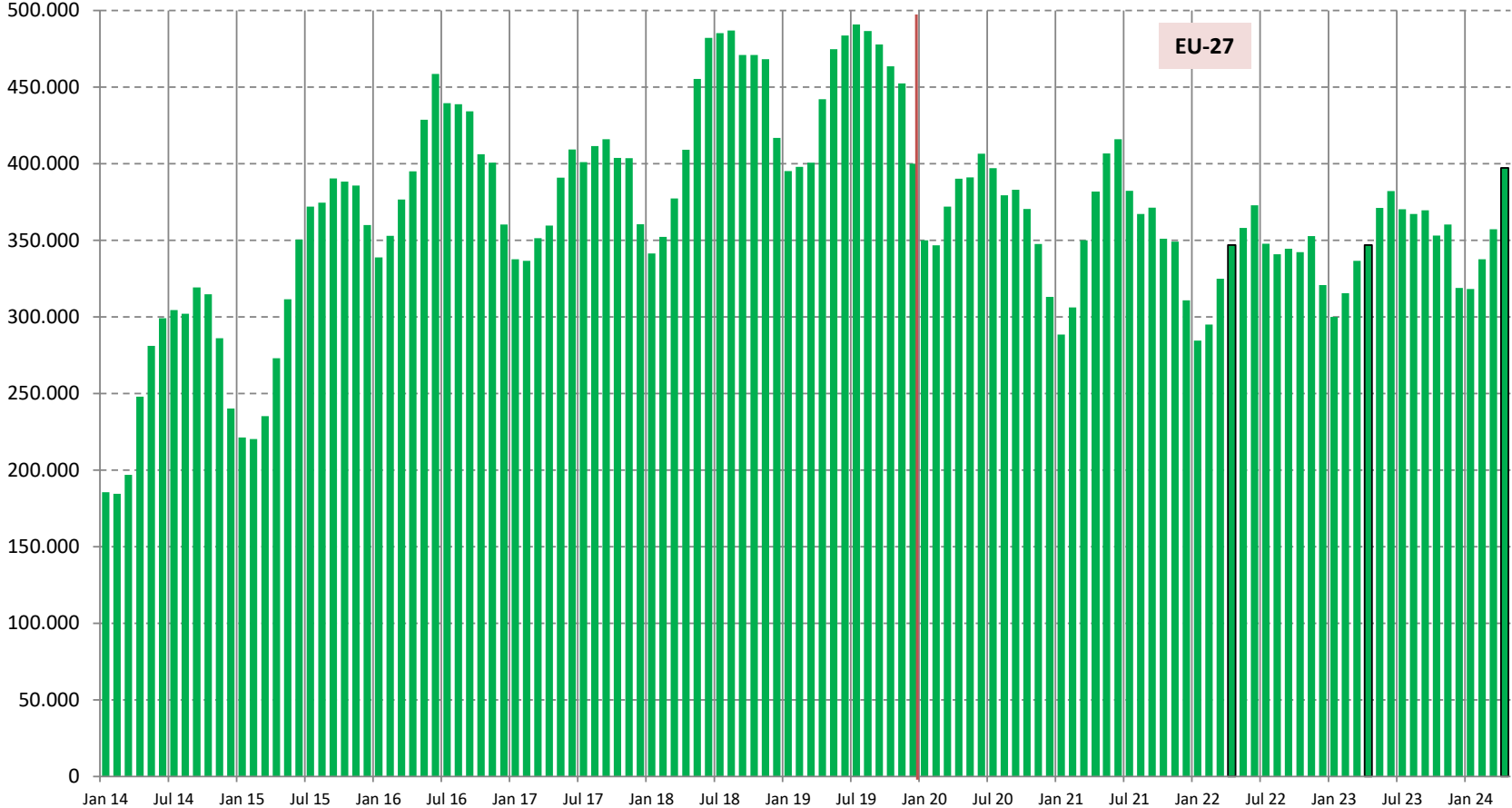
The cheese-market is growing to a higher extent than in the years before. The production in the EU increased strongly in the first 4 months of the year. Strong internal and international demand is absorbing the supply. However, stocks increased in April with the higher production, but remained in a normal range.

### European stock level estimates - Cheese - April 2024

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



stock level in tons



# Situation

Milk deliveries in the majority of the member states increased from February to April. Warm weather-conditions and more rainfall than in recent years supported production. More fresh dairy products and cheese, but less butter and milk powder had been produced.

EU-export of dairy products was mixed up to April and in total nearly stable. In June, the export-demand for milk powder was mostly quiet. International prices are strong for butter, while milk powder is behind expectations.

The EU-dairy market is in balance while the seasonal peak of milk deliveries has been passed. Stocks are low in total, especially butter-stocks.

Prices of dairy products except for SMP increased slightly in recent weeks. Fat is much stronger than protein – similar to 2022. Farmgate-milk prices developed mixed from country to country – without major changes.

# **ANNEX 3**

## **Global dairy trade flows**

***Eucolait***





**eucolait**

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*European Dairy Trade  
Association*

# Global dairy trade flows

MMO EXPERT GROUP

03/07/2024

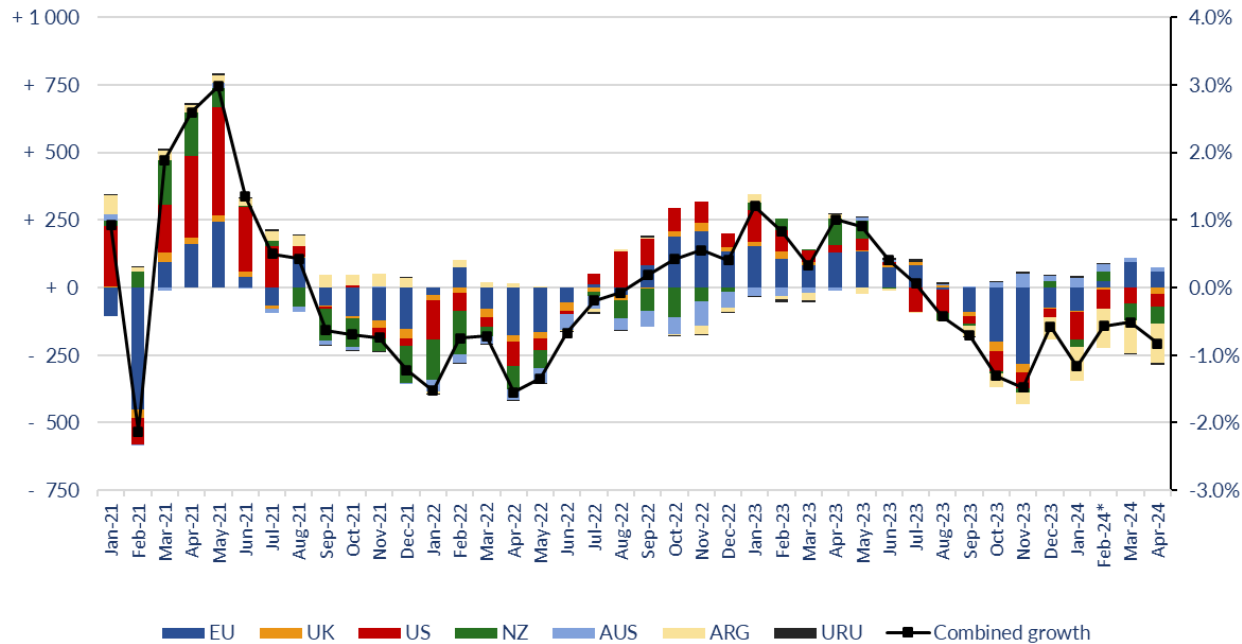
[www.eucolait.eu](http://www.eucolait.eu)

# Outline

- Global supply
- Global exports & imports
- Demand in East Asia & MENA
- Conclusions

# Global supply

World milk supply growth in 2021-2024  
(EU27, UK, US, NZ, Australia, Argentina, Uruguay)

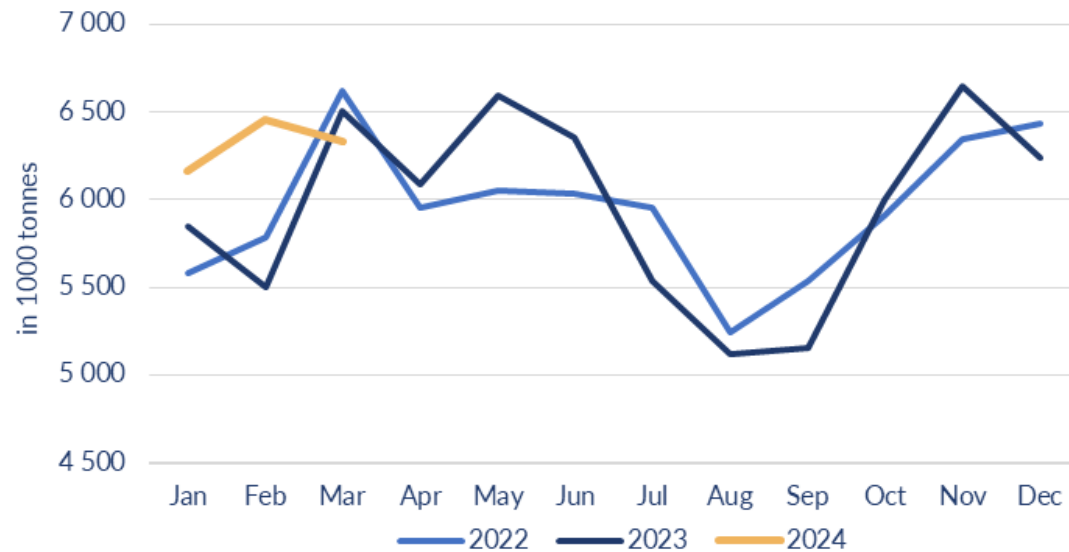


MILK COLLECTION OF MAIN EXPORTERS - APRIL 2024					
Country	Volume in '000 tonnes	Δ% YOY 24/23	Volume YTD in '000	Δ% YTD 24/23	Δ% Season to date 24/23
EU27	12 904	↑ +0.5%	48 859	→ +0.2%	
United States	8 668	↓ -0.6%	34 240	↓ -0.8%	
New Zealand	1 463	↓ -4.1%	7 387	↓ -1.6%	→ -0.8%
Australia	610	↑ +2.5%	2 571	↑ +3.9%	↑ +2.7%
Argentina	736	↓ -16.2%	3 002	↓ -15.1%	
Uruguay	147	↓ -6.6%	581	→ -0.2%	
United Kingdom	1 352	↓ -1.6%	5 171	→ -0.7%	
<b>TOTAL</b>	<b>25 878</b>	<b>↓ -0.8%</b>	<b>101 811</b>	<b>↓ -0.8%</b>	

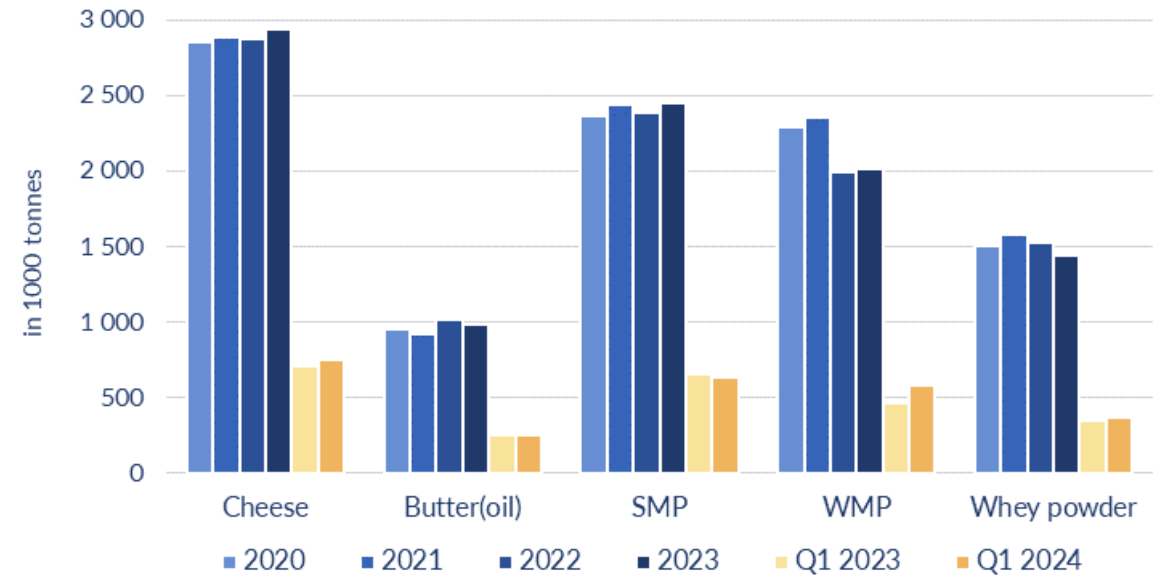
# Global dairy exports in ME

Global dairy exports:  
Jan-Mar 2024/2023: +6%

Monthly global dairy exports in milk equivalent  
Cheese, butter(oil), SMP, WMP, whey, lactose, casein(ates)

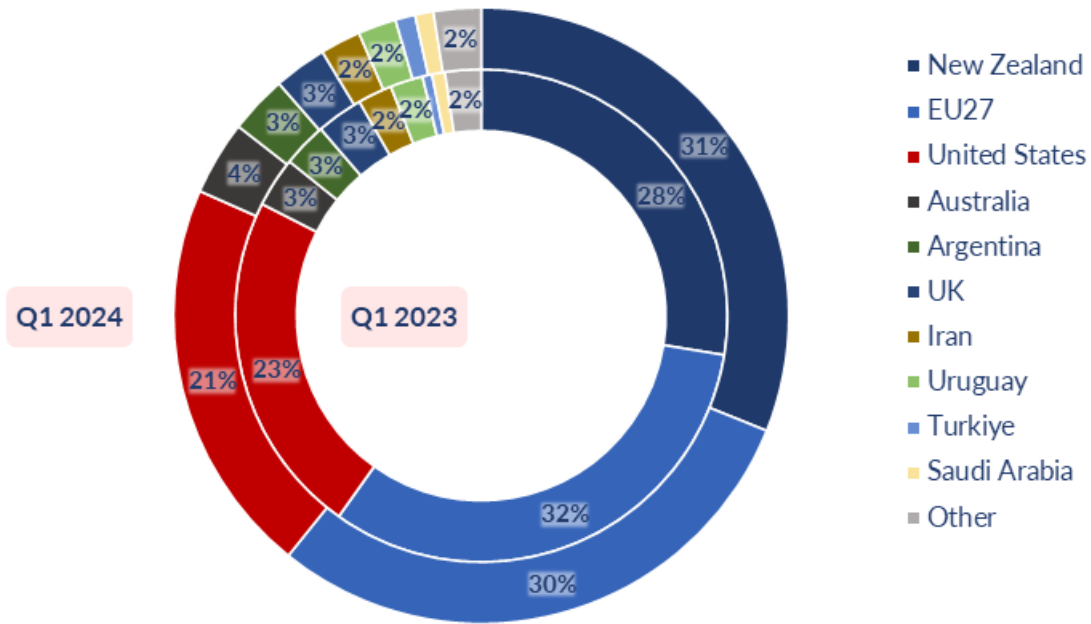


Global exports of main dairy commodities

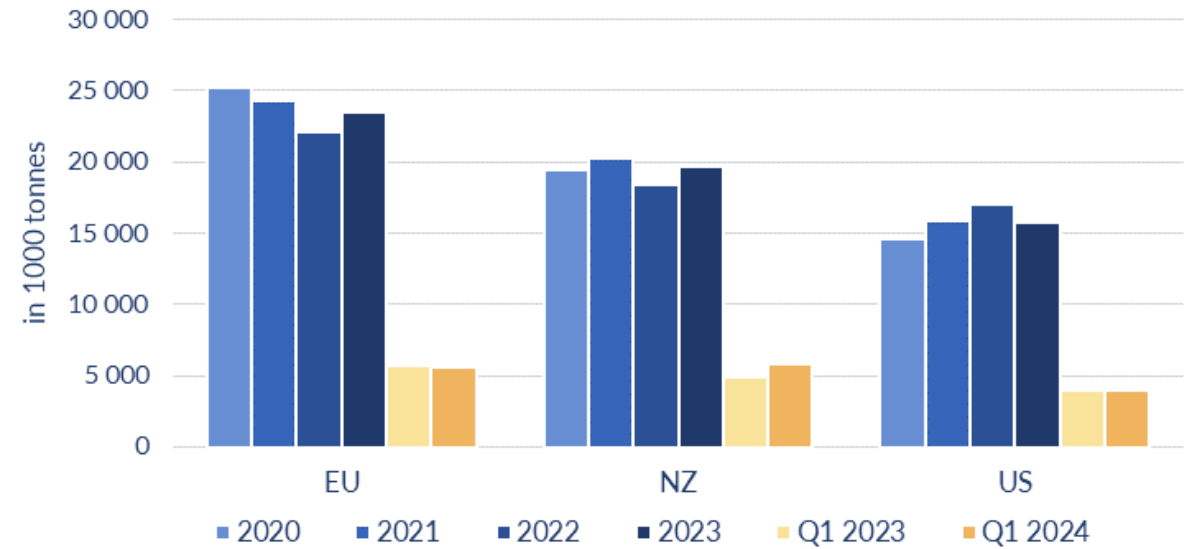


# Global dairy exports

Market shares of main exporters  
(in milk equivalent)

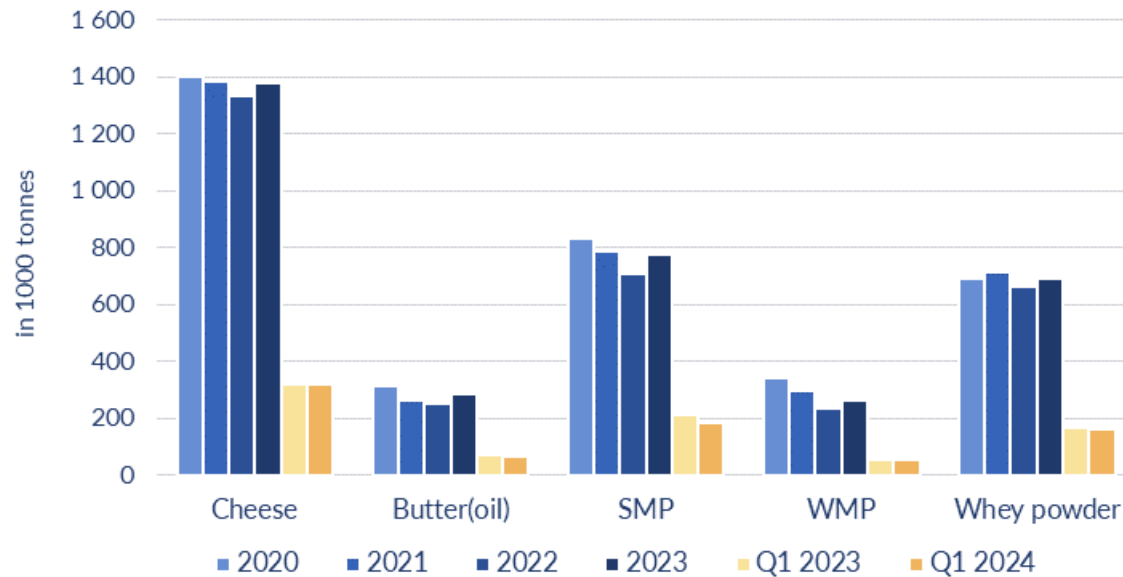


Exports of the 3 main suppliers in ME  
WMP, SMP, butter(oil), cheese, casein(ate)s, whey, lactose



# EU exports by product and destination

EU exports of main dairy commodities

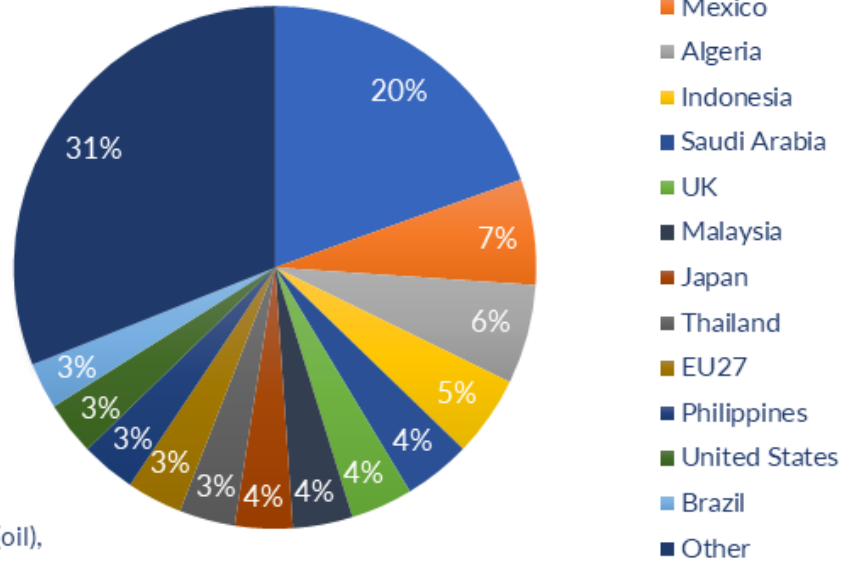


EU export destinations in Q1 2024

Country	Share of EU exports	Δ% 24/23
Total	100%	↓ -2%
UK	12%	↓ -4%
China	9%	↓ -30%
Algeria	7%	↑ +19%
United States	4%	↓ -3%
Indonesia	4%	↓ -3%
Saudi Arabia	3%	↑ +7%
Malaysia	3%	↑ +23%
Japan	3%	↓ -7%
Thailand	3%	↓ -10%
Philippines	3%	↑ +95%
Morocco	3%	↑ +6%
Egypt	2%	↓ -37%
Oman	2%	↑ +31%
ROW	40%	→ +1%

# Main import markets

Main import markets in Q1 2024  
(in milk equivalent)



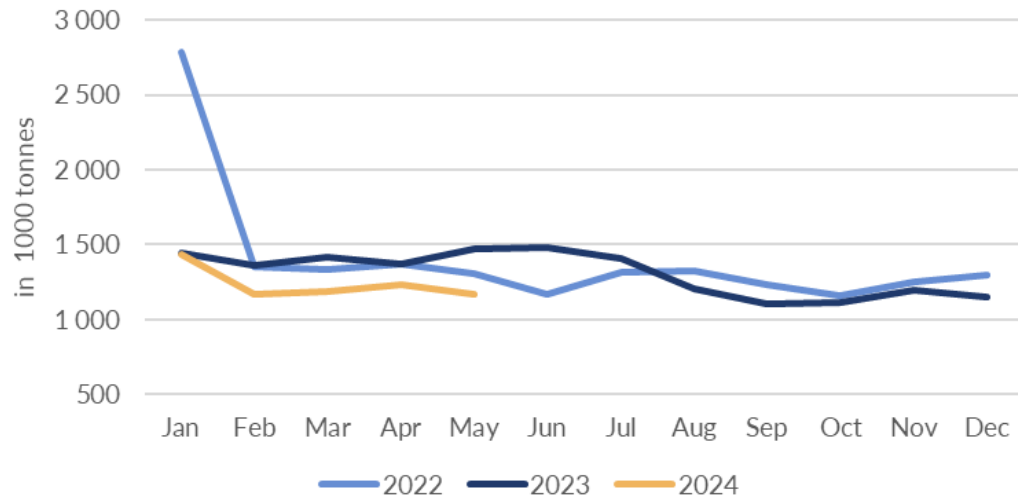
Products: cheese, butter(oil), SMP, WMP, whey, lactose, casein(ates)

Main import markets in Q1 2024	
Importers	Δ% 24/23
China	↓ -11%
Mexico	↓ -15%
Algeria	↑ +35%
Indonesia	→ +0%
Saudi Arabia	↑ +9%
UK	↓ -18%
Malaysia	↑ +47%
Japan	↓ -1%
Thailand	↑ +15%
EU27	↓ -5%
Philippines	↓ -4%
United States	↓ -6%
Brazil	↓ -1%
Other	→ +0%

# China

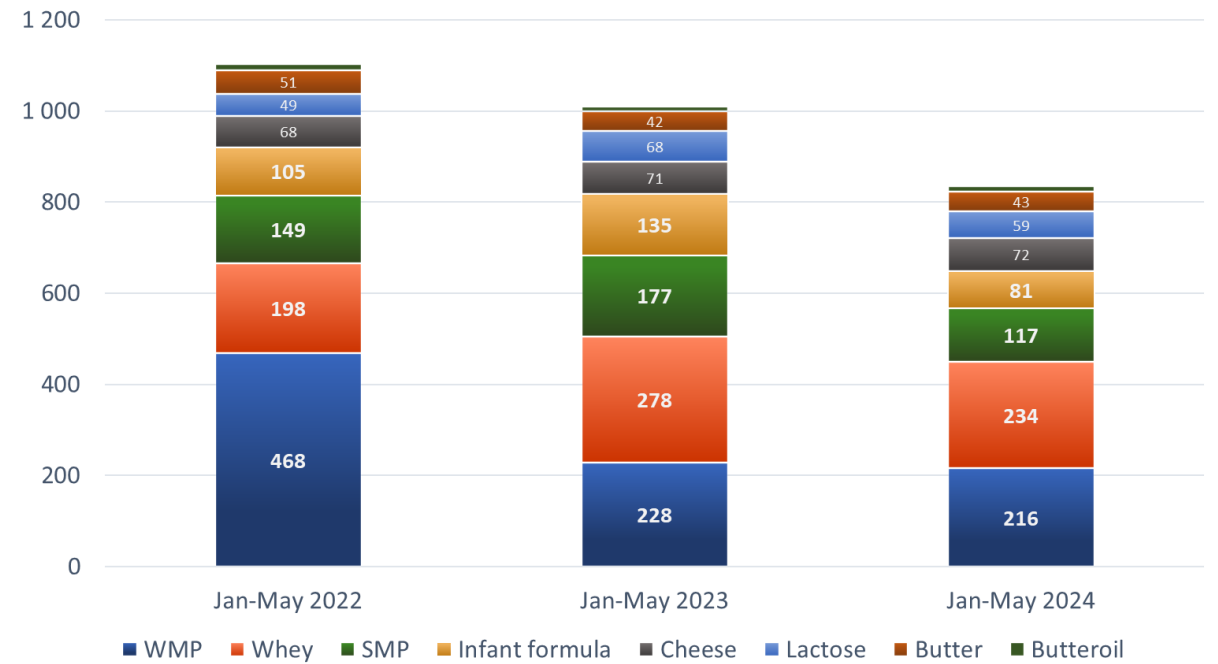
China imports Jan-May 2024/23: **-12%**

China dairy imports in ME



Cumulated China imports

(in 1000 tonnes)

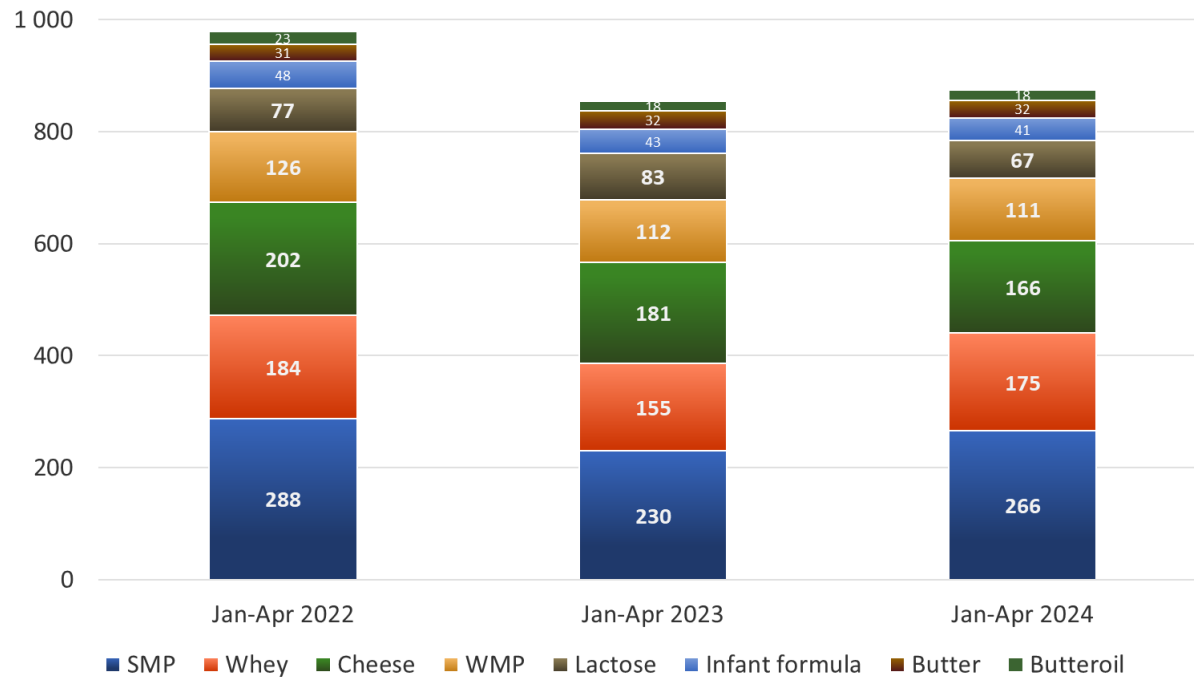




# Other East Asia

Other East Asia imports  
Jan-Apr 2024/23: +4%

Cumulated other East Asia imports  
(in 1000 tonnes)



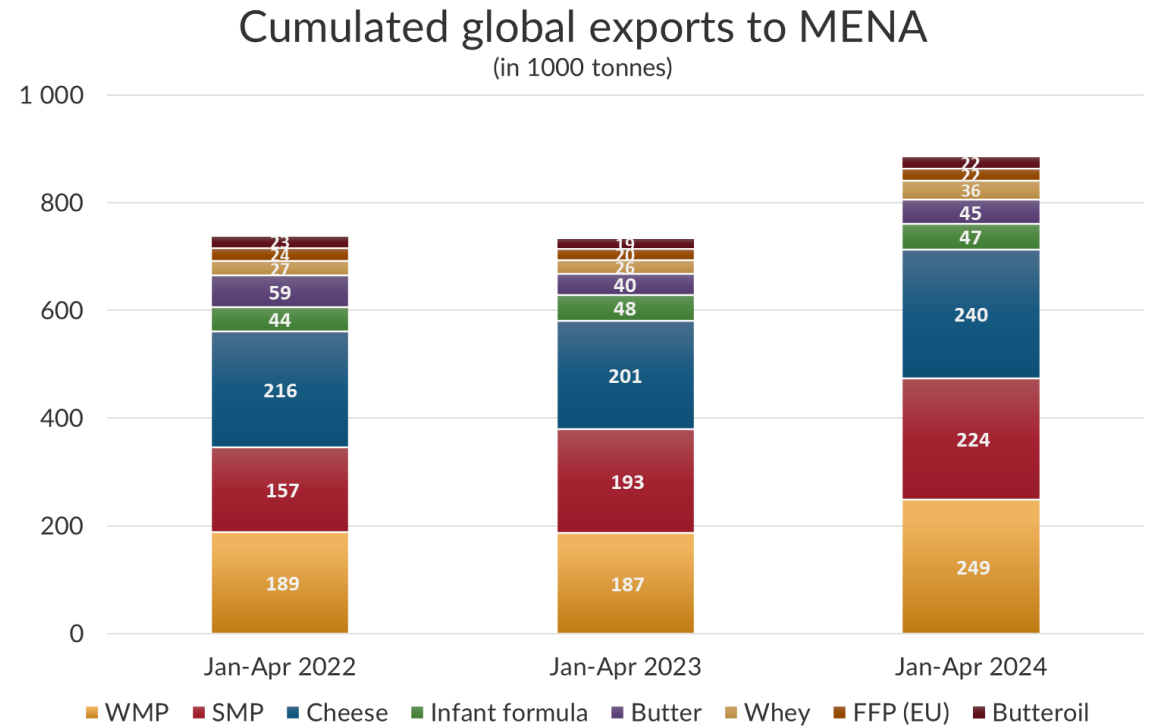
Other East Asia imports in Jan-Apr 2024

Importers	Share of total	Δ% 24/23
<b>Total</b>	<b>100%</b>	<b>↑ +4%</b>
Indonesia	20%	↑ +2%
Malaysia	15%	↑ +43%
Thailand	14%	↑ +16%
Japan	14%	↓ -1%
Philippines*	12%	↓ -2%
Vietnam	10%	↓ -17%
Singapore	7%	↓ -1%
South Korea	7%	↓ -10%
Other E Asia countries	1%	→ -1%

# Middle-East & North Africa

Exports to MENA Jan-Apr 2024/23: **+23%**

Exports to MENA in Jan-Apr 2024			
Countries	Share of total		Δ% 24/23
<b>Total</b>	<b>100%</b>	↑	<b>+23%</b>
Algeria	26%	↑	+22%
Saudi Arabia	16%	↑	+40%
U.A. Emirates	14%	↑	+32%
Egypt	7%	↓	-5%
Iraq	6%	↑	+8%
Oman	5%	↑	+45%
Other MENA countries	25%	↑	+21%



# Conclusions

- **Milk supply in the main export regions** continued to trend lower in April. Some improvement is expected in the second semester which could result in a total production on par with 2023.
- Against a comparatively poor 2023, **global trade** soared at the beginning of the year (Jan-Feb) before declining in March. Healthy demand in MENA keeps supporting the market, offsetting the persistent contraction in Chinese buying. South-East Asia is in recovery mode with mixed trends observed among countries.
- **EU exports** had a slow start into 2024 but bounced back in April (+10%), driven by larger volumes shipped to MENA and SE Asia. Increasing cheese, whey and lactose shipments compensated for the drop in SMP, butter and WMP. Domestic consumption is reportedly improving which could limit export volumes moving forward.
- **Markets are rather firm**, especially when it comes to butter and cheese. The outlook is somewhat bullish on the back of limited milk flows, but the strength of Asian demand remains a concern.

# Thank You

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# **ANNEX 4**

## **DG AGRI Milk Market Observatory**

### ***A retail perspective***

***EuroCommerce***

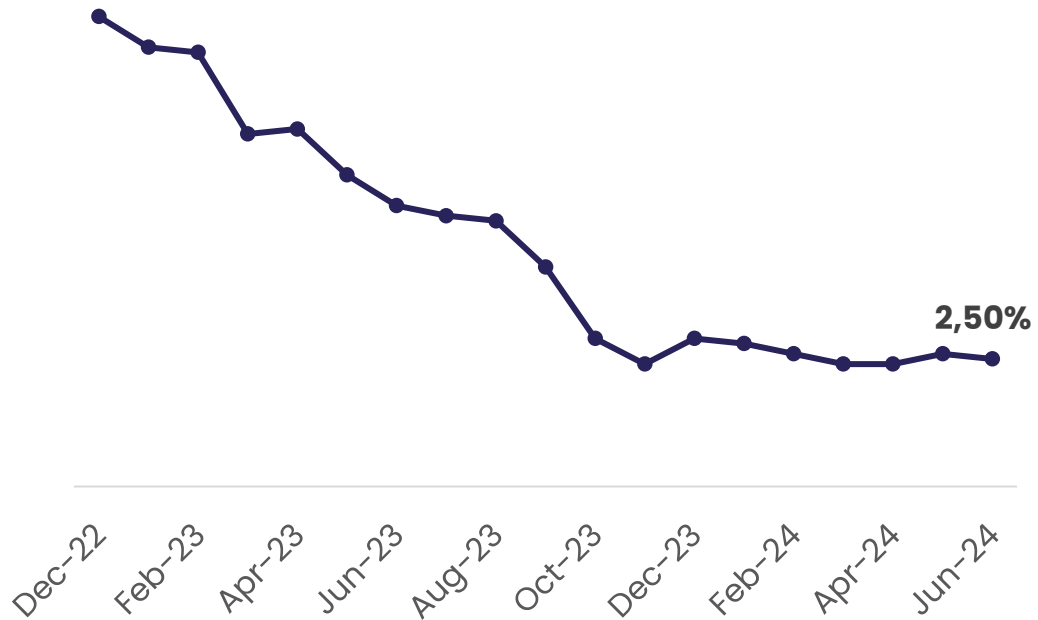


# DG AGRI Milk Market Observatory

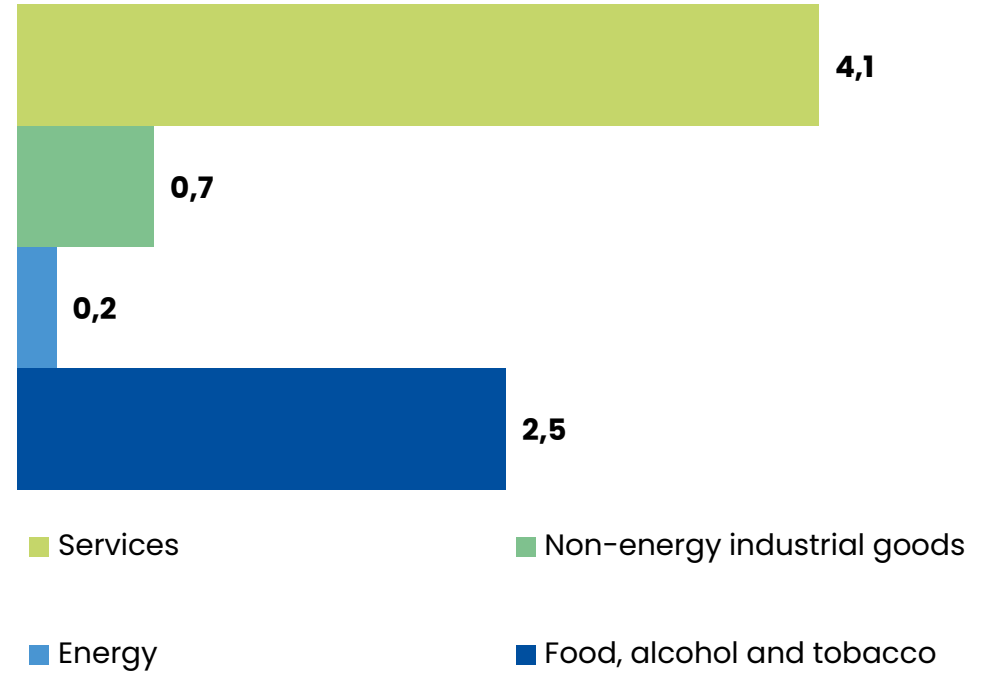
A retail perspective

3 July 2024

# The macroeconomic situation



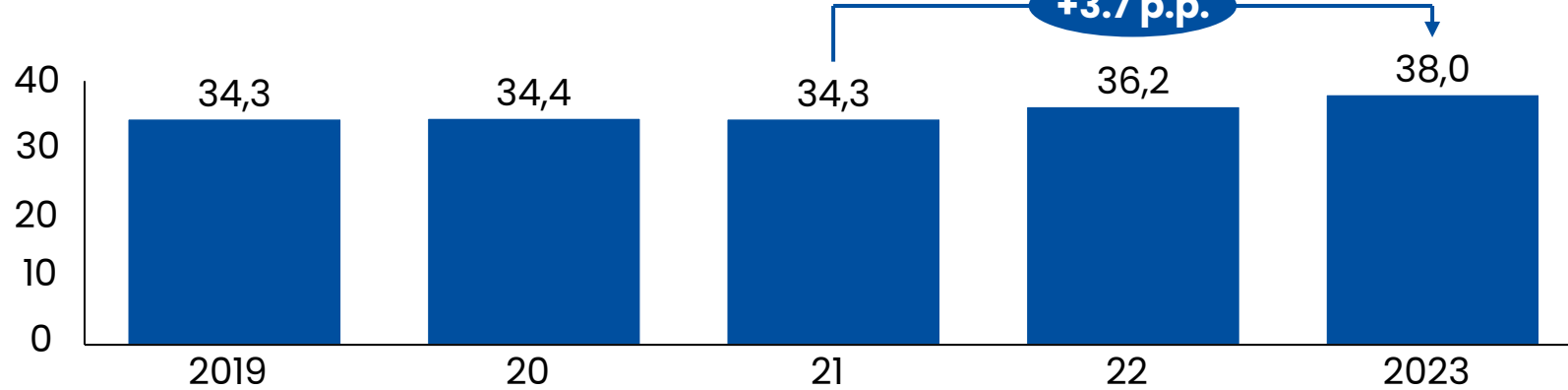
After peaking in 2022, inflation is decreasing



Food inflation remains higher

# 2023: The year of downtrading

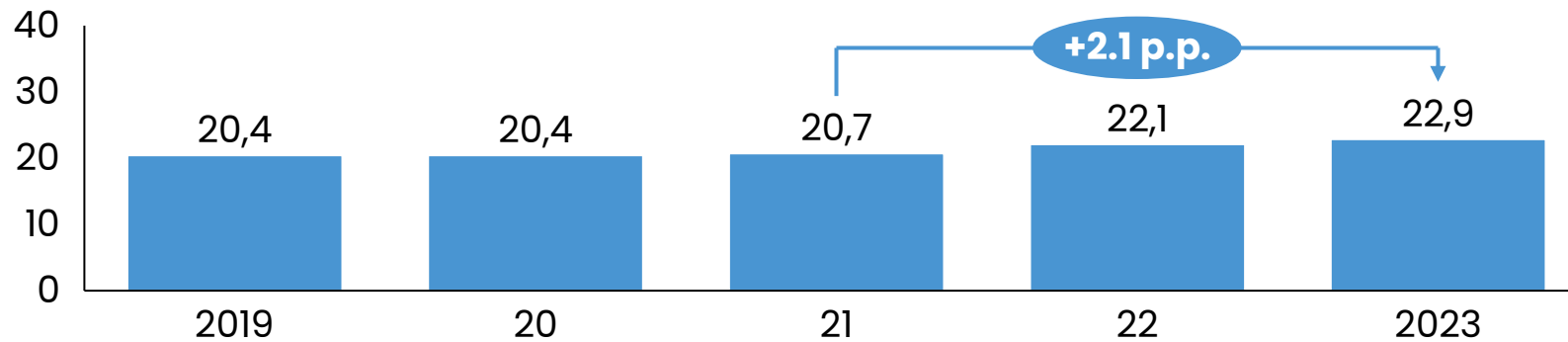
**Private label share of total grocery, EU-11, %**



**Countries**

UK, DE, FR, IT, ES, NL,  
CH, PL, SE, BE, DK

**Discounter channel share of total grocery, EU-11, %**

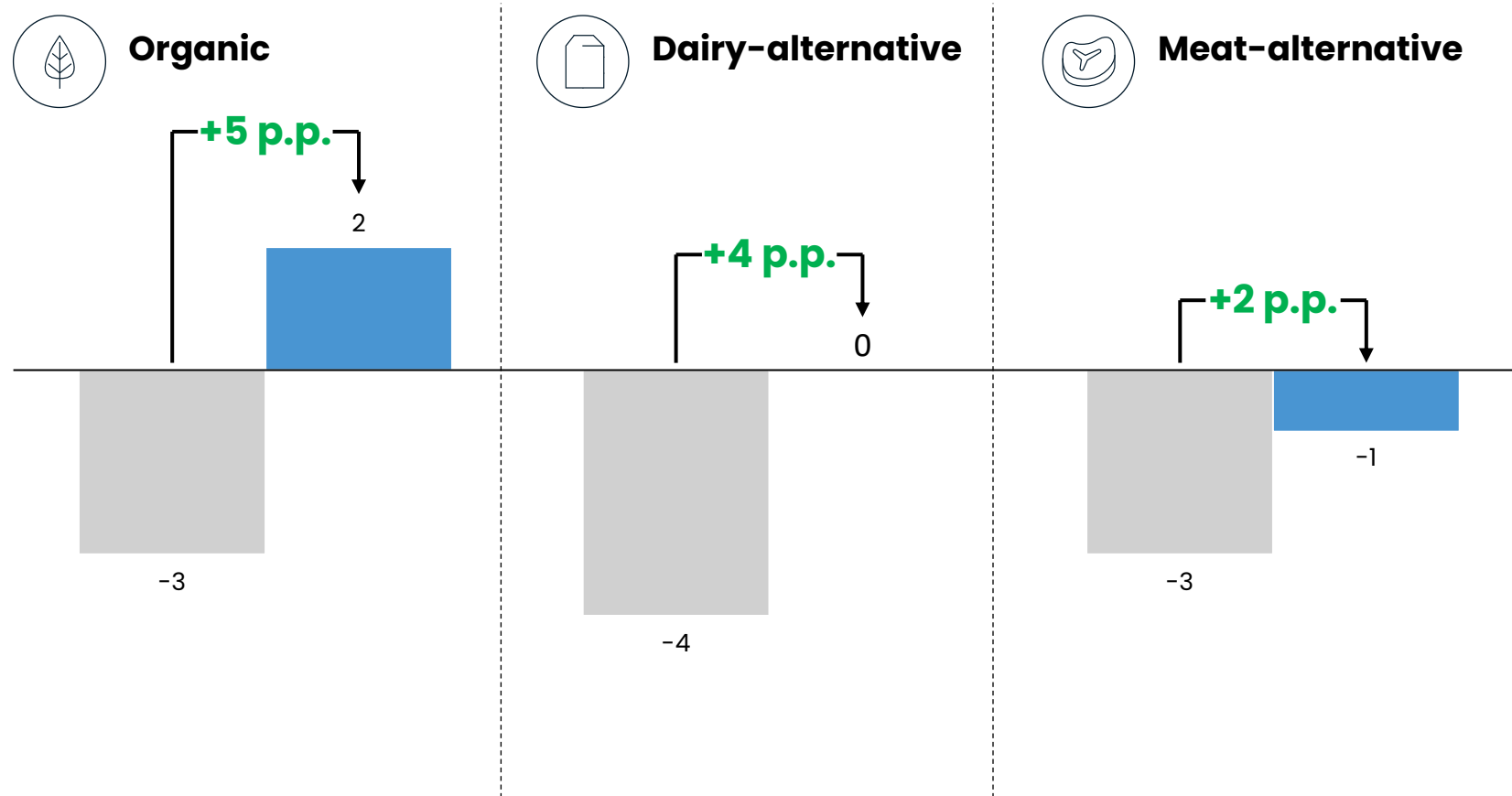




# Appetite for organic, dairy & meat alternatives is growing

Attitude<sup>1</sup> towards grocery shopping, EU-11<sup>2</sup> net intent<sup>3</sup> of consumers, 2024 vs. 2023, %

■ 2023 ■ 2024



**Not only ethics-driven, but also**

- Perceived health benefits
- Increasing quality, diversity & convenience of these alternatives
- Increasing food intolerances
- Increasing food allergies

1. Q: Think about 2024. Are you planning to do more, less or about the same of the following? I plan to...  
2. 2023 and 2024 both cover EU-11 (UK, DE, FR, IT, ES, NL, CH, PL, SE, BE, DK)  
3. Net intent represents the share of consumers who want to do more of the activity minus the share of consumers who want to do less of the activity in 2024 vs. 2023

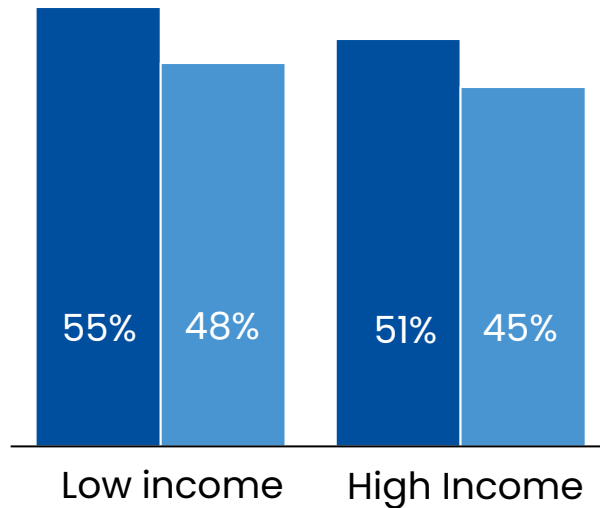
# Consumption is polarizing towards low-cost and premium

**Attitude<sup>1</sup> towards grocery shopping**, EU-11<sup>2</sup> net intent<sup>3</sup> of consumers, 2024 vs. 2023, % ■ 2023 ■ 2024



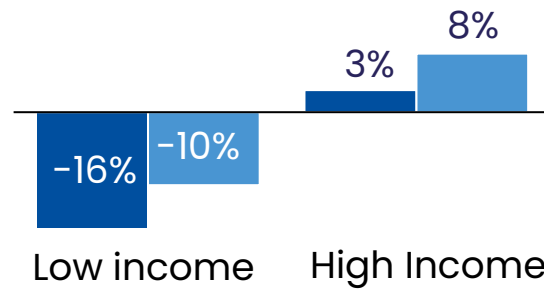
## Price

Intention to look for more ways to save money remains high but decreases



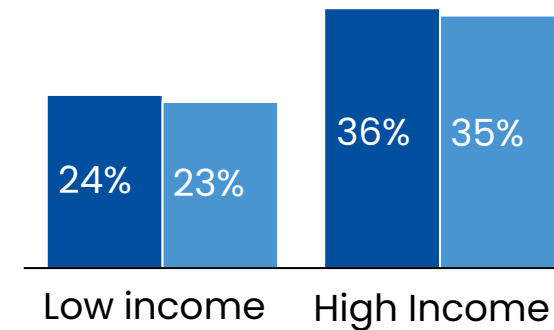
## Quality

Intention to buy high-quality / premium food products increases



## Health

Intention to pay a higher price to get a healthier product




**Data Source:**  
Consumer Survey 2024,  
N=12 598,

UK, DE, FR, IT, ES, NL, CH,  
PL, SE, BE, DK,

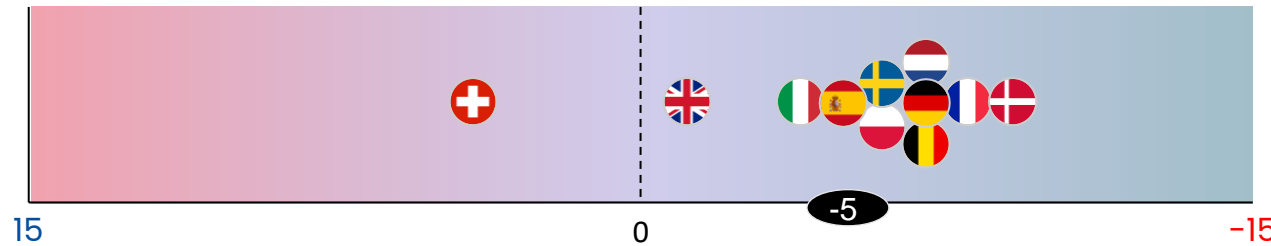
Sample matches  
general population 18+  
years

Before the inflation crisis the difference between low and high income in "Price" was 20 pp, now just 3 pp.

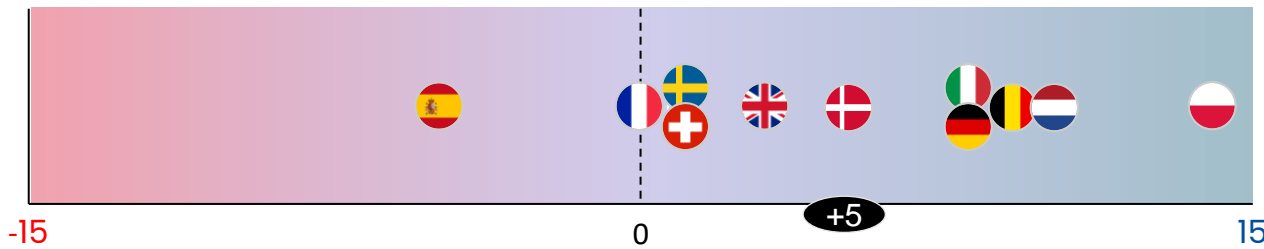
# Big variation in consumption trends across countries

Change in net intent of consumer to... (2024 vs 2023, p.p.)<sup>1</sup>  EU average, p.p.

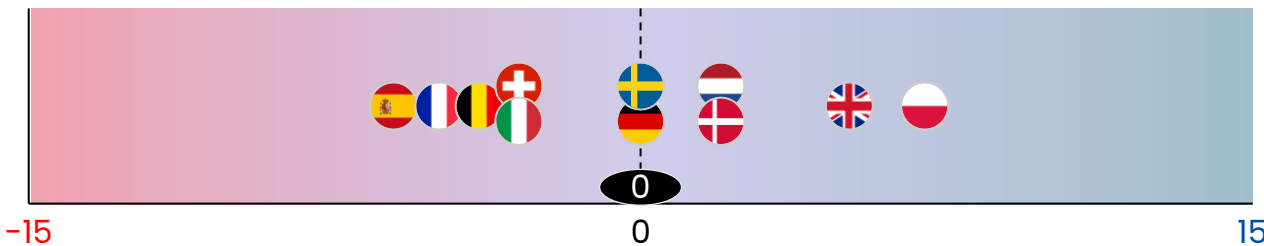
Look for ways to save money when shopping



Buy high-quality/premium food products



Focus on healthy eating and nutrition



## Looking to save money

- Strong correlation with recovery speed of purchasing power.
- Countries with automatic indexation see consumers less intent to downtrade.
- Countries with difficult wage negotiations (eg Italy) or countries with general purchasing power issues are more prone to downtrading.

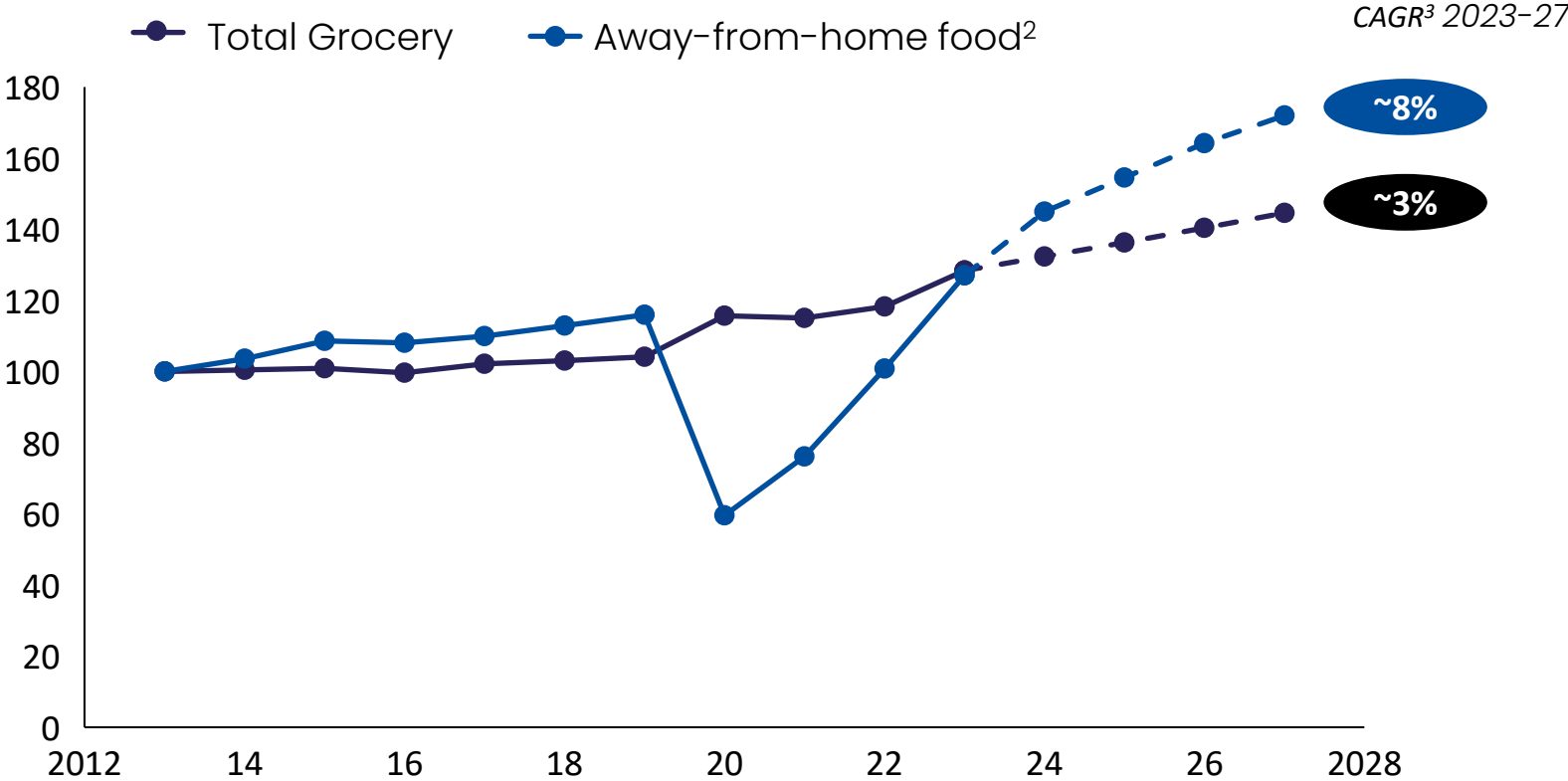
## Health & premium food

- More dependent on local food culture than on economic drivers.

1. Net intent is calculated as  
 % of Total population who plan to do more of it  
 - % of Total population who plan to do less of it

# Food-to-go back to growth

## Grocery and away-from-home market growth, EU-11<sup>1</sup>, Indexed (2013 = 100)



Food-to-Go growth expected to outpace grocery by 2.5x as:

- People get out more
- Purchasing power recovering

1. UK, DE, FR, IT, ES, NL, CH, PL, SE, BE, DK  
 2. Based on Operator Buying Prices  
 3. Compound Annual Growth Rate



# Consumer Food Decision Matrix

## COVID-19 Crisis

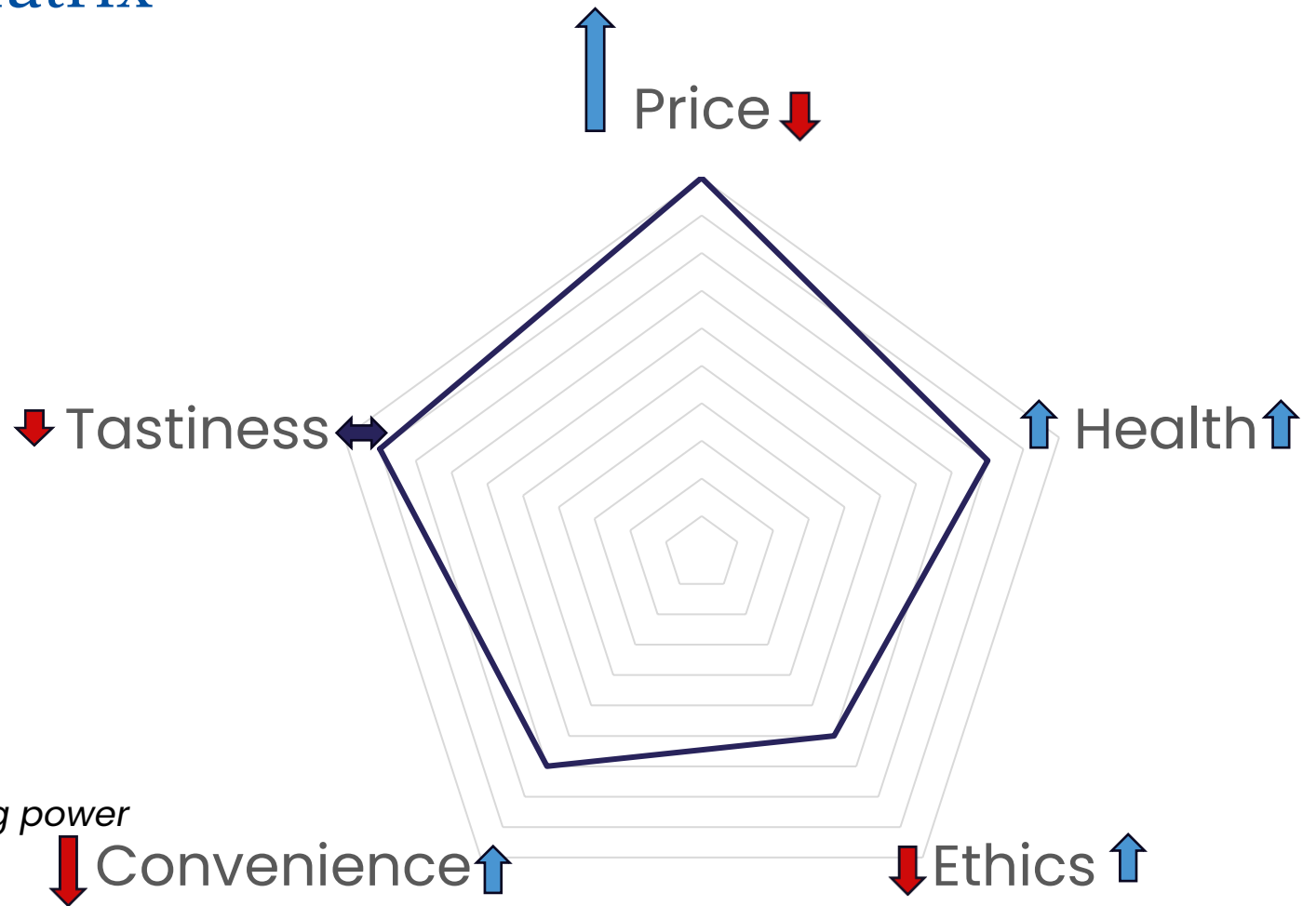
- Strong decline in need for convenience
- Increase in health awareness
- Other elements mostly stable

## Inflation Crisis

- Extremely strong increase in price awareness at the expense of all other elements except health.
- Convenience recovers as people return to work

## Near future

- Decline in price sensitivity, but some elements of downtrading are sticky.
- Speed of decline linked to recovery in purchasing power => different from country to country
- Health keeps slowly gaining importance
- Ethics are 'cost of doing business', growing requirements but decreasing willingness to pay extra



Arrows indicate average evolution of relative importance

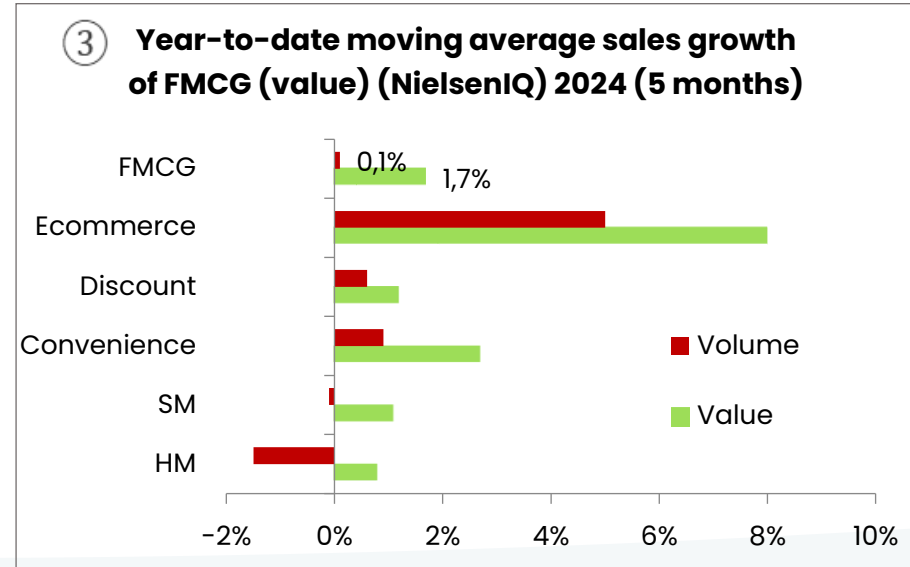
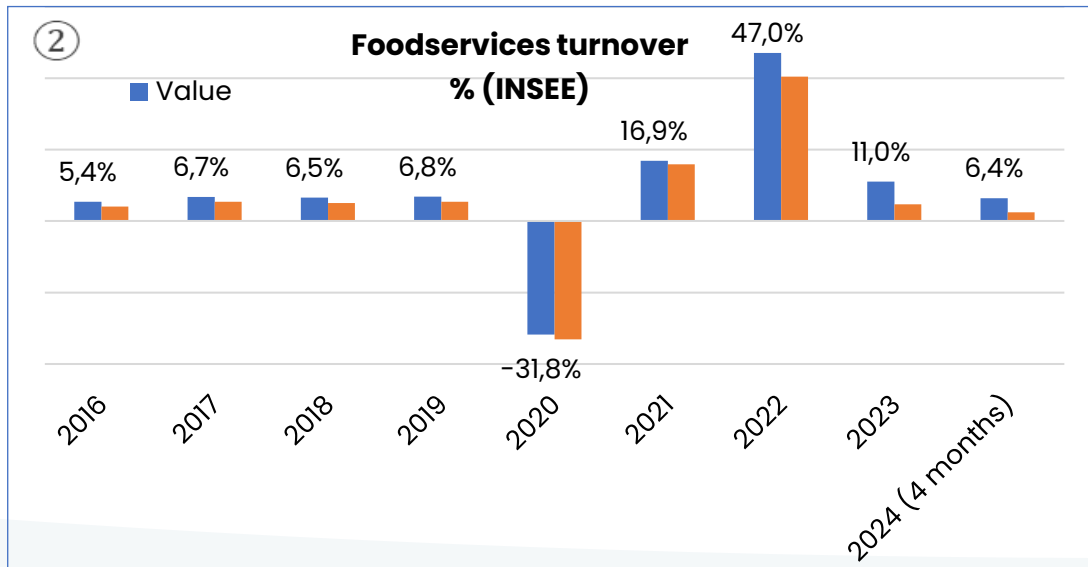
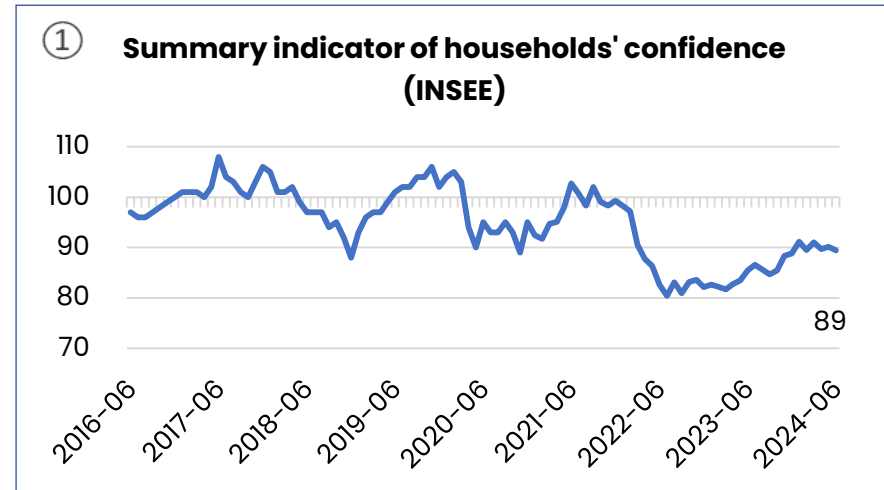
Left arrows: impact COVID-19 & Inflation crises

Right arrows: expected evolution

# France

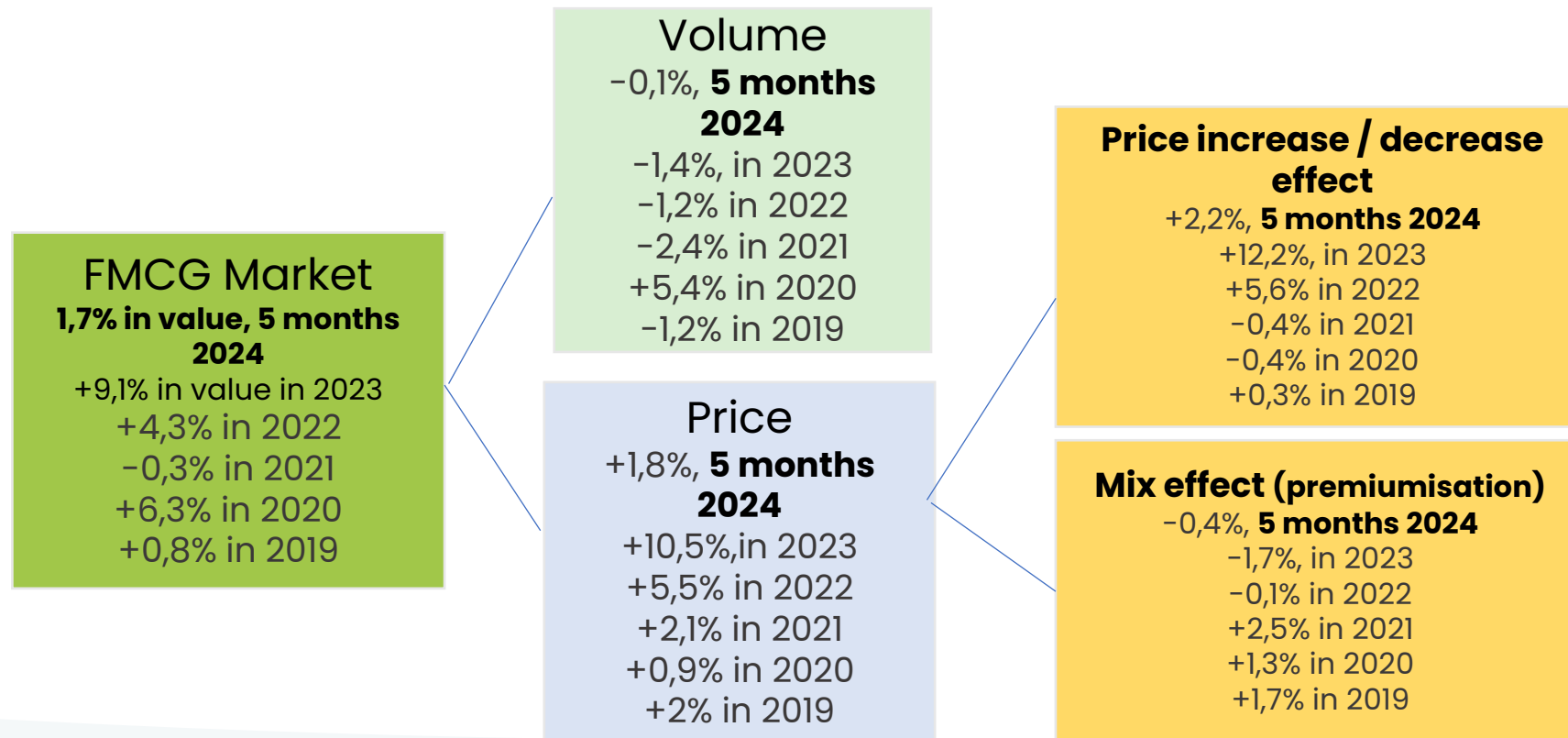
# Economic Context (i)

- ① In June 2024, household confidence has fallen back. At 89, the indicator that summarizes it, has fallen by one point, remaining well below its long-term average (100 between January 1987 and December 2023).
- ② Restaurant sales rose by 11% in 2023, vs +47% in 2022. The trend is now towards a slowdown.
- ③ FMCG sales increased in value in 2024 during the first 5 months (+1,7%) but were stable in volume (-0,1%).



## Economic Context (ii)

- ❖ According to NielsenIQ, the FMCG-FLS market grew by 1,7% in value 2024 during the first 5 months. Volumes were stable over the period, reflecting household consumption choices.
- ❖ Consumer prices increased by 1,8% during the first 5 months of the year. Note also the end of the valuation effect: -0,4% over the same period, reflecting changes in consumer behaviour (switching to cheaper products in an inflationary environment).





# Focus on dairy market in hypermarkets and supermarkets (i)

Sales of dairy products in hypermarkets and supermarkets remained stable in volume during the 5 first months of 2024, and increased by 1,6% in value.

2024 // 2023 (5 months)

CUMUL A DATE HM5M+SDMP+ECOMMERCE+PROXI	EVOLUTION VALEUR	POIDS VALEUR	CONTRIBUTION GAINS/PERTES	EVOLUTION VOLUME UC
FRAIS	1.6%	35.8%		0.4%
FRAIS - LAITIER	3.1%	17.6%	29%	1.2%
FRAIS - NON LAITIER	0.3%	18.2%	3%	-0.6%

12 months to 19 may 2024 // 12 months to 19 may 2023







CUMUL ANNUEL MOBILE HM5M+SDMP+ECOMMERCE+PROXI	EVOLUTION VALEUR	POIDS VALEUR	CONTRIBUTION GAINS/PERTES	EVOLUTION VOLUME UC
FRAIS	6.3%	35.4%		0.3%
FRAIS - LAITIER	8.7%	17.0%	25%	1.2%
FRAIS - NON LAITIER	4.1%	18.4%	13%	-0.7%

# Focus on dairy market in hypermarkets and supermarkets (ii)

## Data : June 2024

French consumers' purchases of dairy products increased by 0,8% in volume over the last 12 months to the end of June 2024.

All segments saw a return to growth in consumption, and in particular the cream (+2,9% in volume).

Evolution Ventes volume (%)		Sur le mois	Depuis le 1 <sup>er</sup> janvier	Sur un an
	Total Produits Laitiers*	● 4,4	● 1,2	● 0,8
	Lait liquide	● 5,4	● 2,6	● 0,3
	Mat. grasses laitières	● 5,6	● 0,5	● 0,6
	Crème	● 8,3	● 2,8	● 2,9
	Ultra-frais	● 2,9	● 0,8	● 0,5
	Fromages LS	● 2,4	● 1,3	● 1,4

\*Le total produits laitiers est exprimé en volumes équivalents lait

Source: Circana via Cniel – HMSM Discount Ecommerce

# Inflation

## Inflation in **June 2024** : FMCG

- ❖ One-year inflation decelerated to -0,4% overall vs -0,1% in May.
- ❖ Some markets are now in deflation : fresh produce and beauty & care.
- ❖ The **dairy product** section is in deflation (0,2% between June 2023 and June 2024). Between May and June, the prices decreased by -0,1%.

## June 2024 / June 023

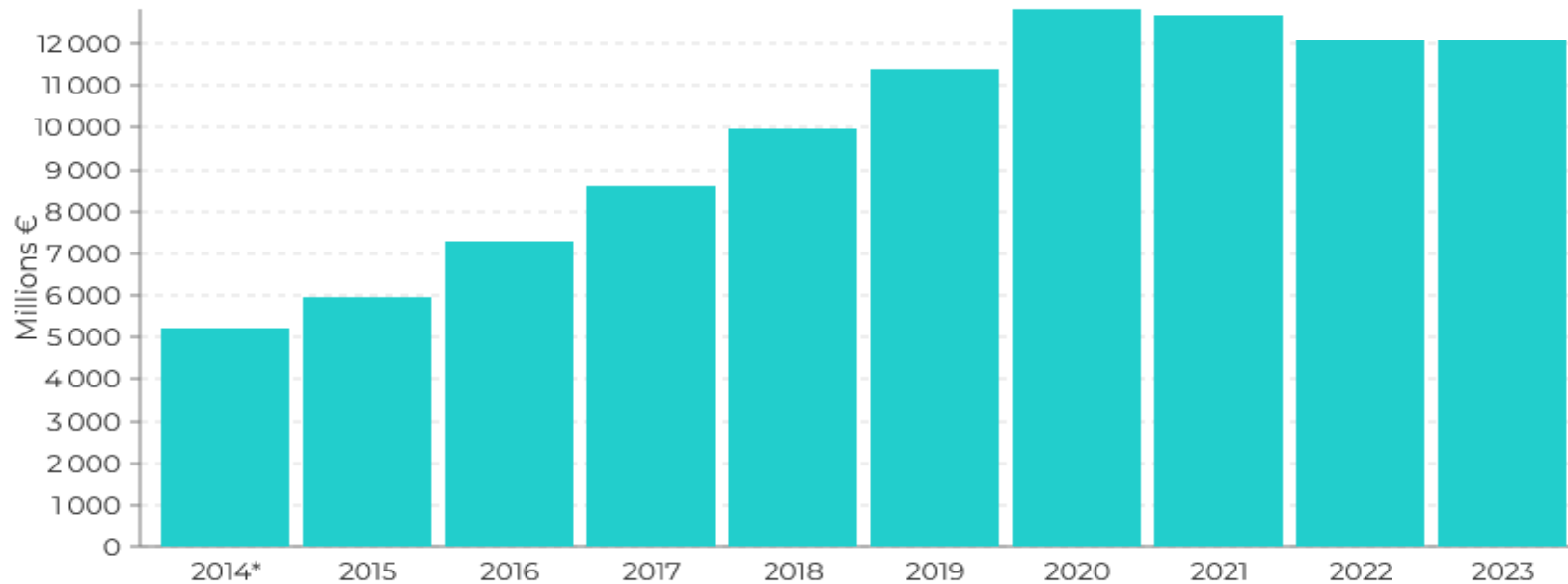
Tous Circuits				
	Tous produits	MN	MDD	PPX
<b>TOTAL INFOSCAN CIRCANA</b>	-0,4	-0,5	-0,2	-0,2
<b>INFOSCAN ALIMENTAIRE</b>	-0,4	-0,5	-0,2	-0,1
<b>DPH</b>	-2,4	-2,2	-2,9	-1,7
ENTRETIEN	-2,2	-2,0	-2,7	-2,3
HYGIENE	-2,5	-2,2	-3,0	-1,4
<b>EPICERIE</b>	<b>0,2</b>	<b>-0,1</b>	<b>1,0</b>	<b>0,6</b>
EPICERIE SALEE	0,4	0,0	1,3	-1,6
EPICERIE SUCREE	0,1	-0,1	0,6	3,5
<b>FLS POIDS FIXE</b>	<b>-0,9</b>	<b>-1,1</b>	<b>-0,7</b>	<b>-0,5</b>
CREMERIE	-0,2	-0,2	-0,3	0,5
FRAIS NON LAITIERS LS	-1,5	-1,8	-1,0	-1,1
SURGELES GLACES	-1,5	-1,8	-1,3	-0,2
<b>LIQUIDES</b>	<b>0,5</b>	<b>0,2</b>	<b>2,5</b>	<b>1,9</b>
BIERES ET CIDRES	0,3	0,3	0,7	-1,6
BRSA ET EAUX	0,9	0,2	3,5	5,5
SPIRITUEUX ET CHAMPAGNES	0,2	0,1	0,9	1,2
<b>INFOSCAN BAZAR</b>	<b>0,1</b>	<b>0,6</b>	<b>-0,5</b>	<b>-2,0</b>

Source: Circana

# Organic market (i)

Organic market sales remained stable last year, at 12 billion euros, but volumes were down 7%. The proportion of organic products on our plates has fallen below 6%. The only positive sign is that specialist stores saw their sales increase by 2.2% in 2023.

## The organic market (M€)

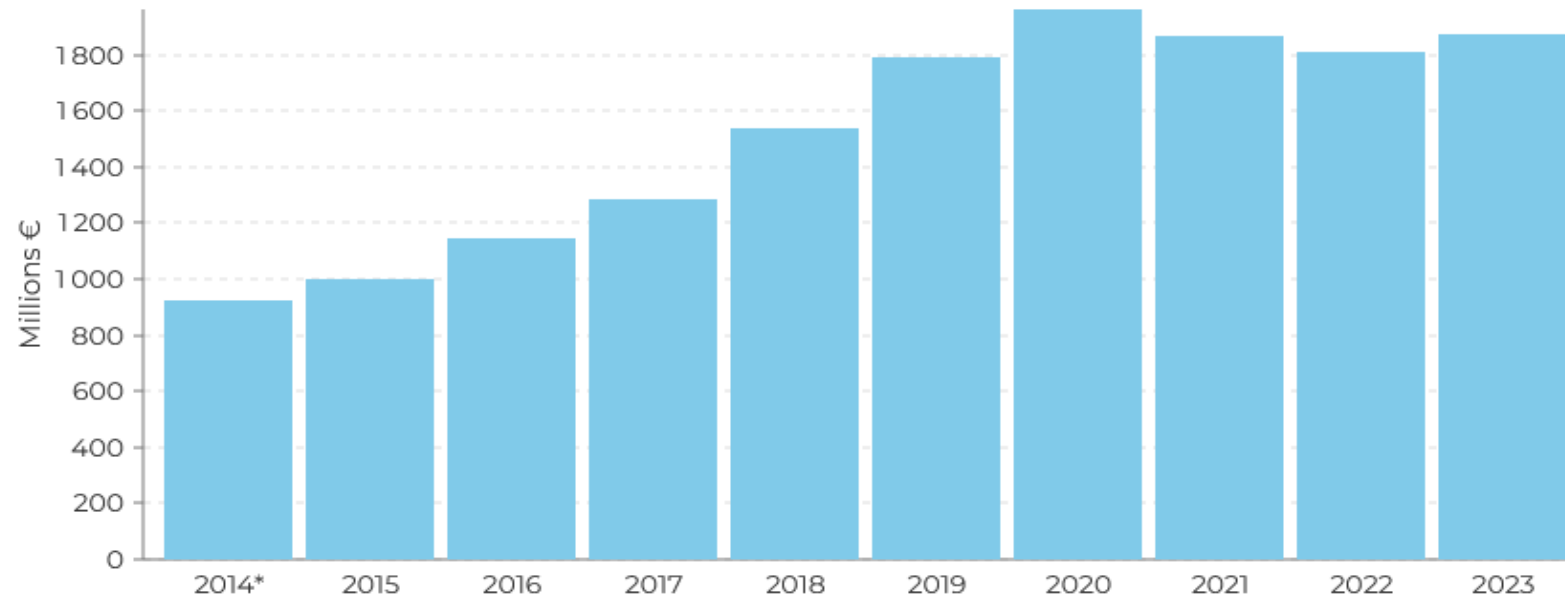


\* Achats hors taxes évalués par enquête auprès des fournisseurs et des acheteurs, depuis 2014 en restauration commerciale et depuis 2009 en restauration collective.

# Organic market (ii)

Sales of dairy products increased by 3.3% in 2023, in an inflationary context, after two years of decline (-4,9% in 2021, -2,9% en 2022).

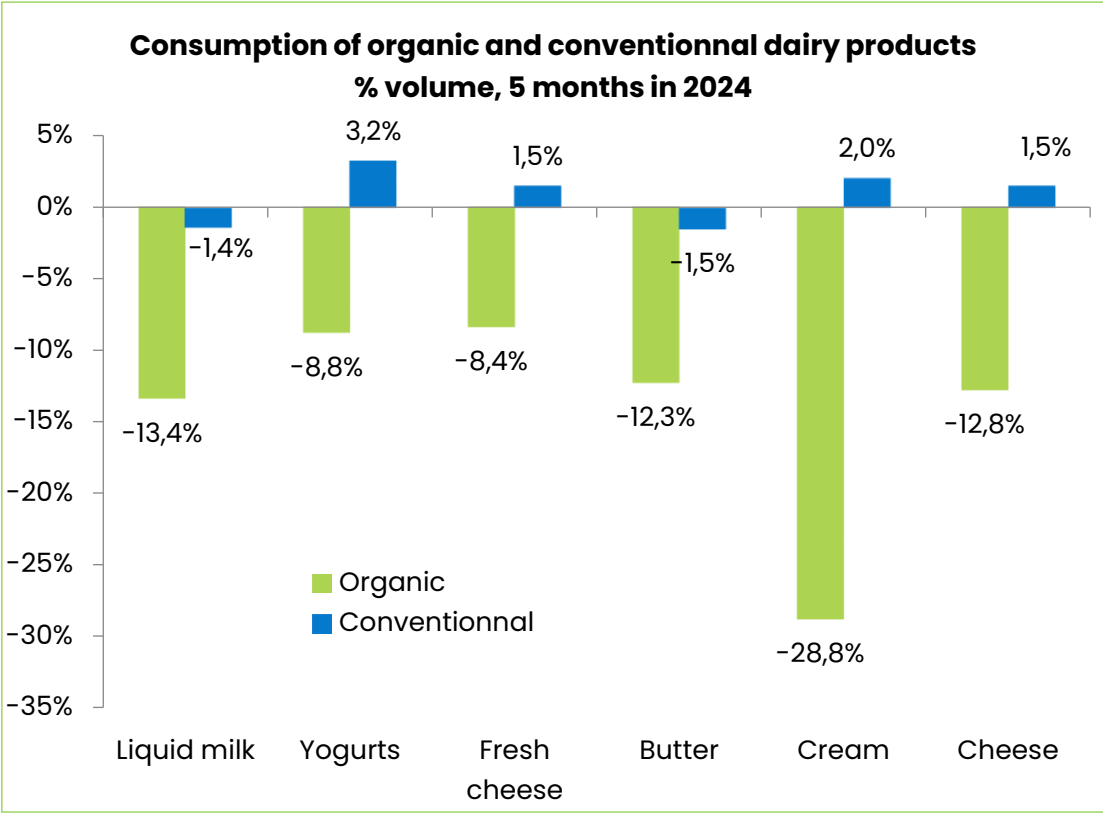
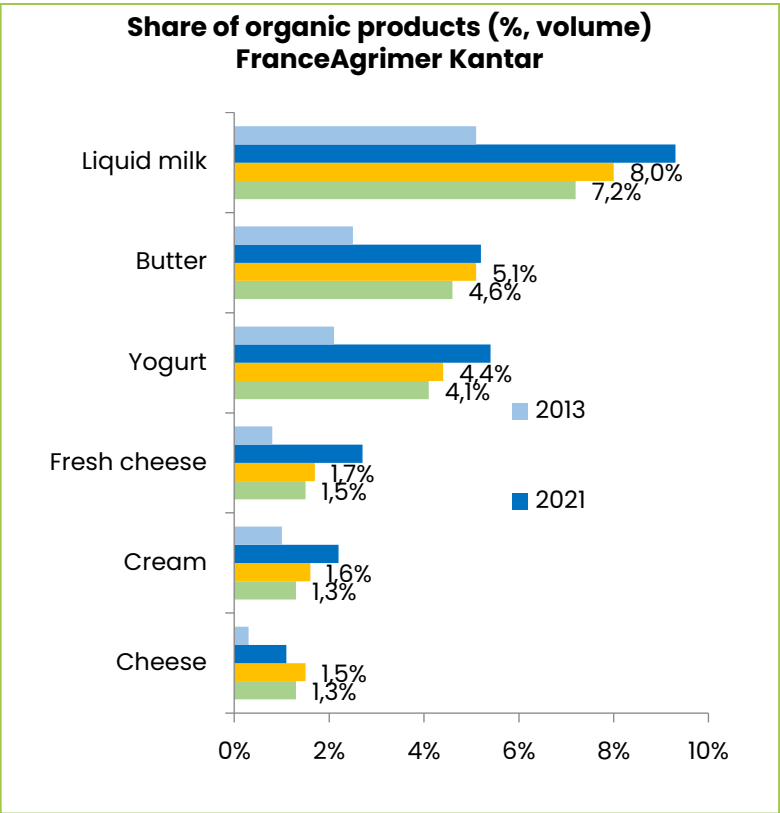
## The organic dairy market (M€)



\* Achats hors taxes évalués par enquête auprès des fournisseurs et des acheteurs, depuis 2014 en restauration commerciale et depuis 2009 en restauration collective.

# Organic market (iii)

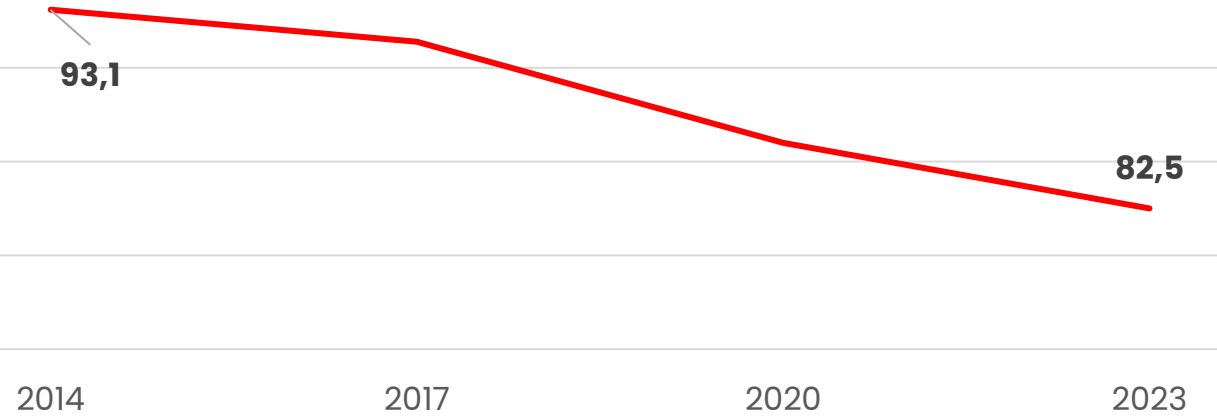
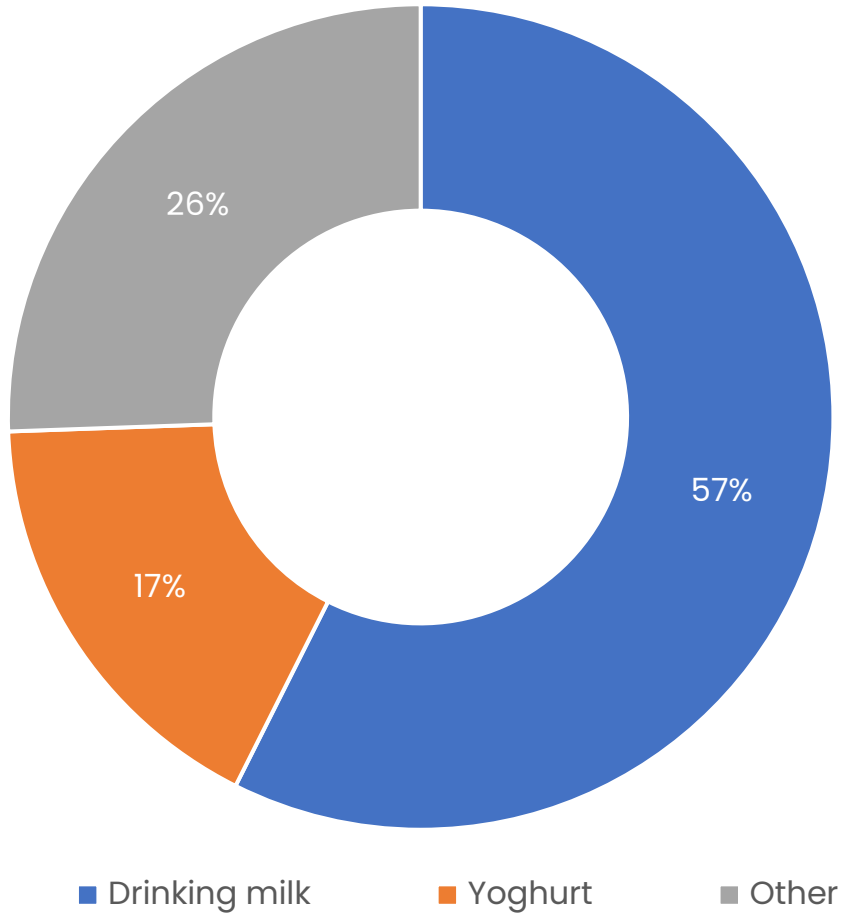
The organic dairy products market (all channels combined) has continued to shrink in 2024 in volume. All organic dairy products lost market share between 2021 and 2024.



# Germany

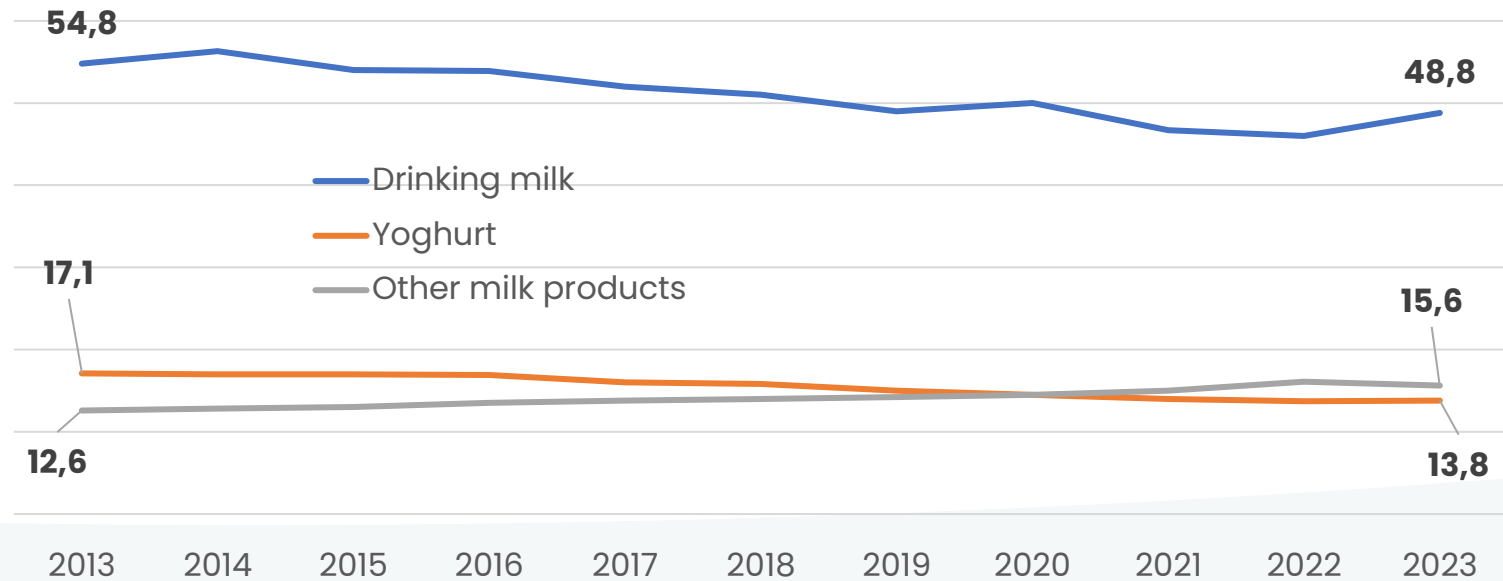
# Milk consumption in Germany

## 2023 milk consumption (%)



## Total consumption of milk products (kg/pro capita)

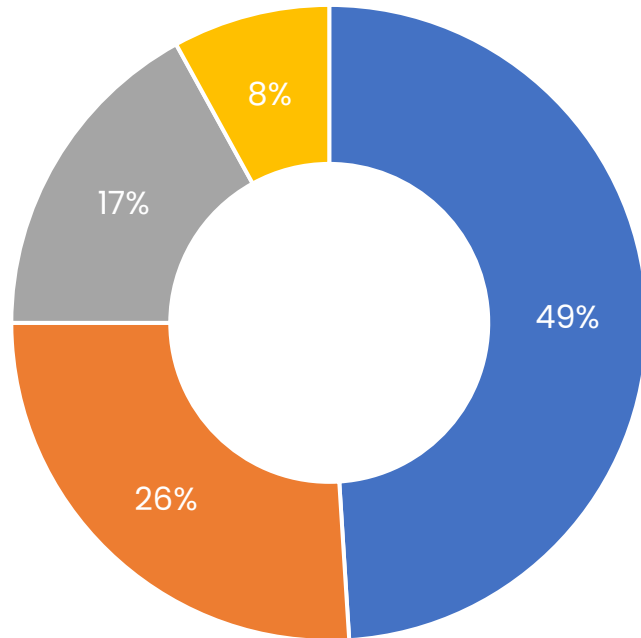
## Consumption of milk product (kg/pro capita)



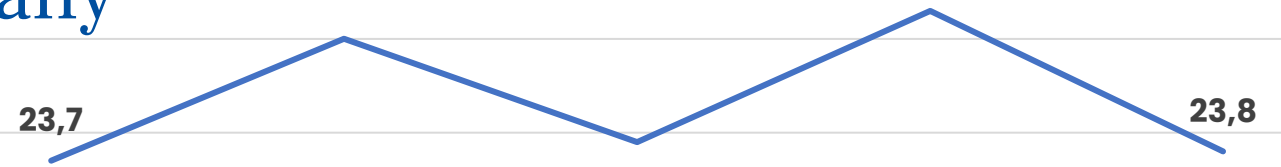


# Cheese consumption in Germany

## 2023 cheese consumption (%)



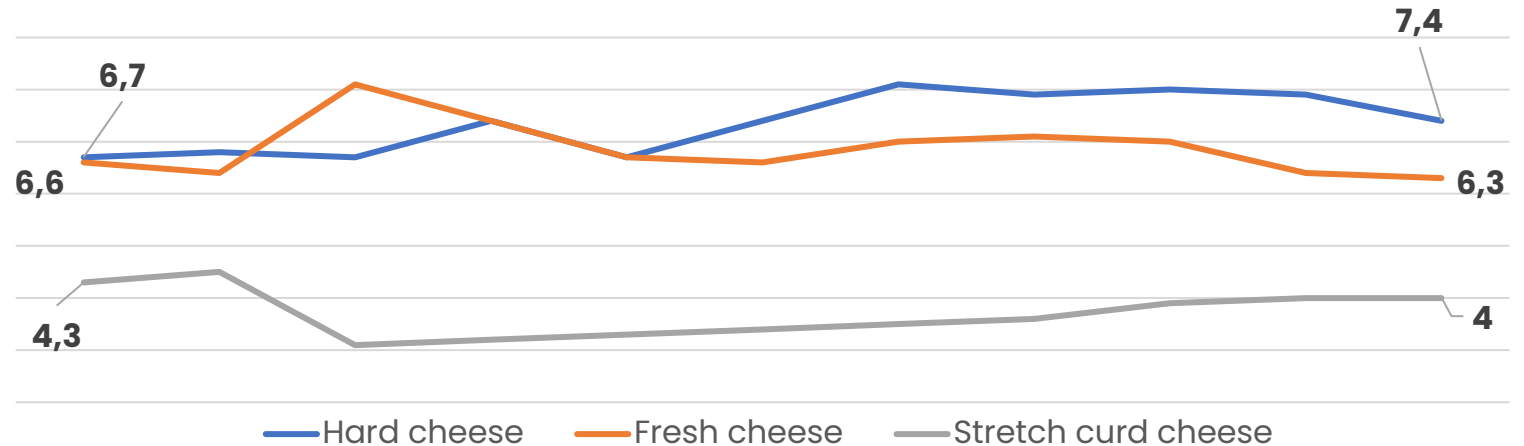
- Hard, semi-hard & soft cheese
- Fresh cheese
- Stretched curd cheese
- Other



## Total cheese consumption (kg/pro capita)

2013 2016 2017 2021 2023

## Consumption of cheese products (kg/pro capita)

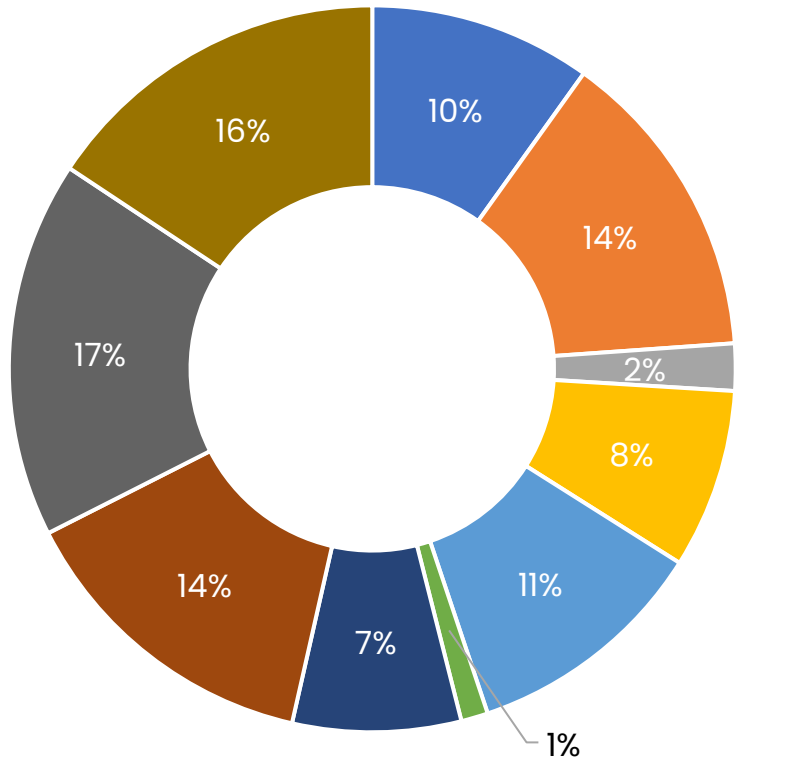


- Hard cheese
- Fresh cheese
- Stretch curd cheese

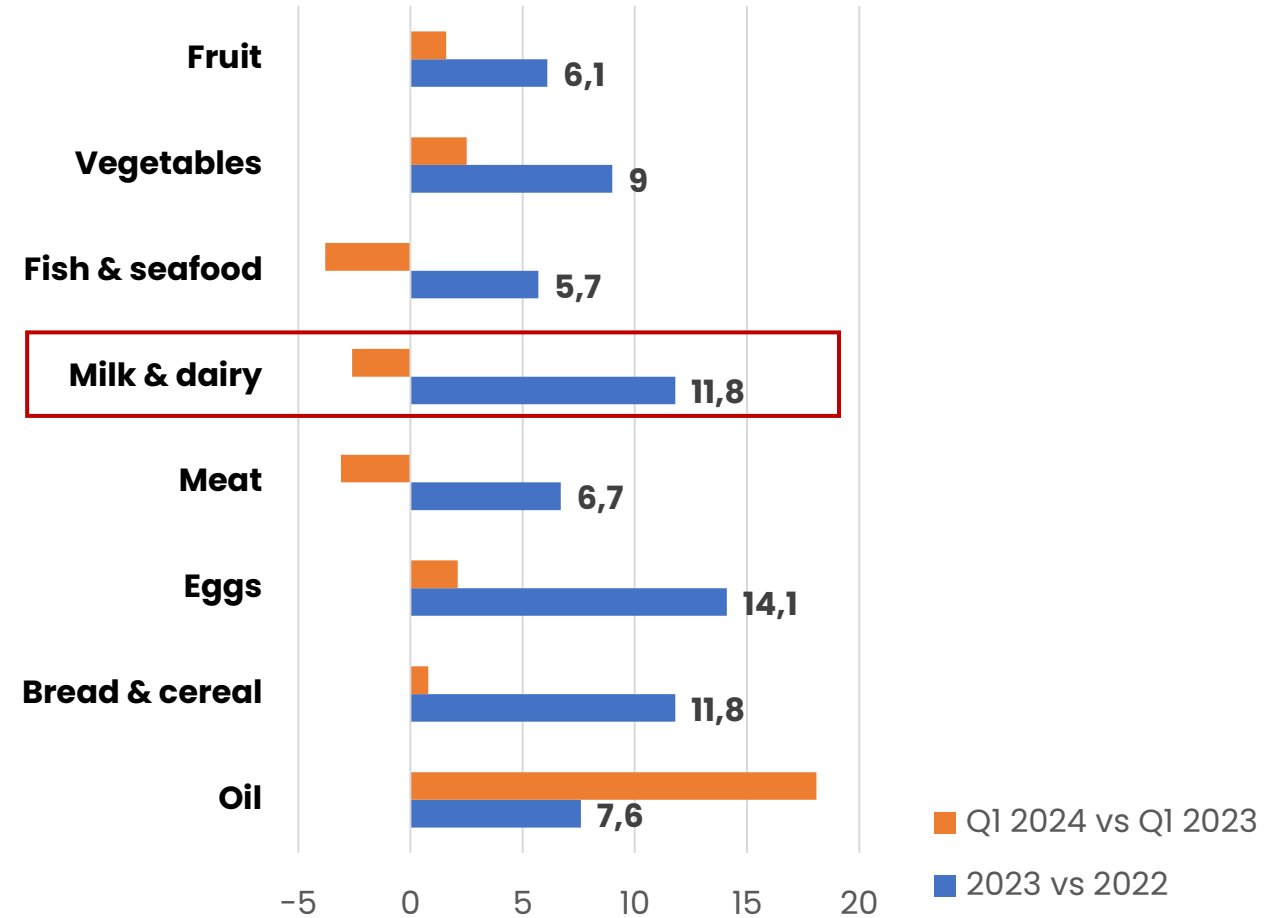
2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023

Italy

# The shopping basket in Q1 2024

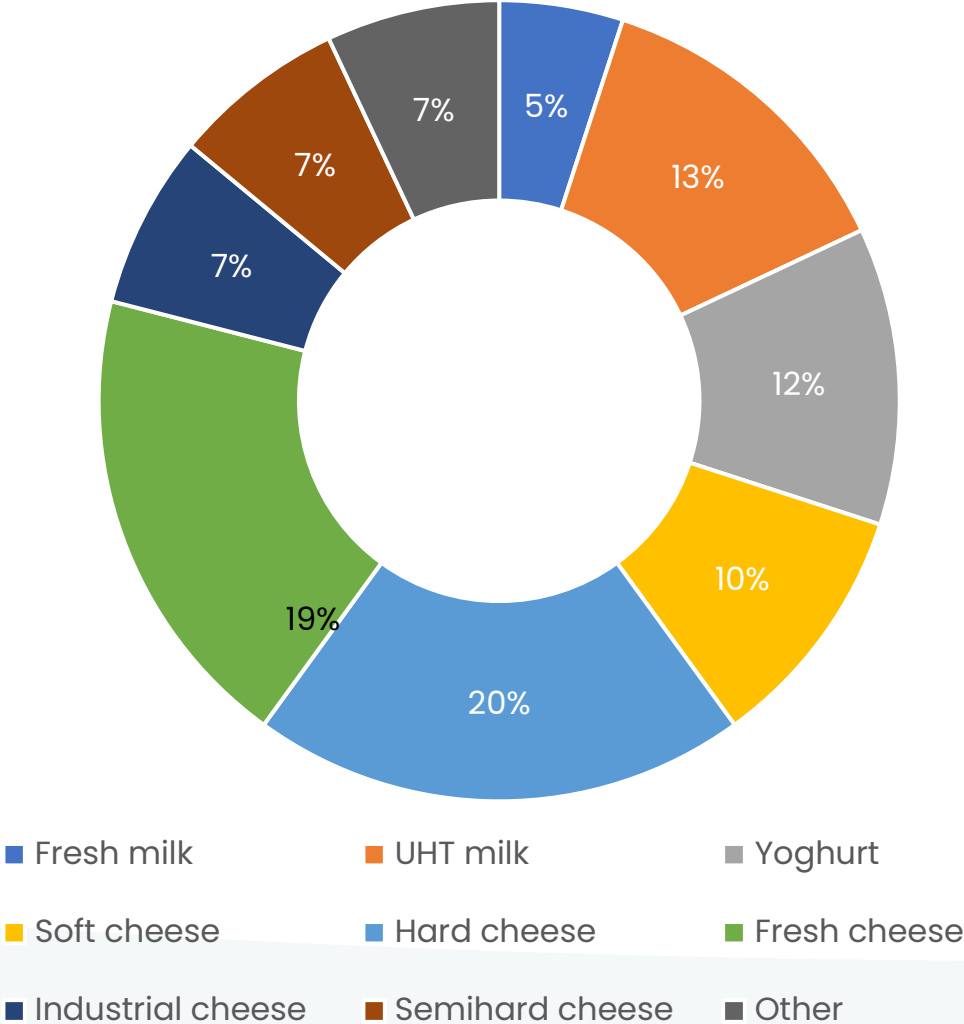


## Sales value changes in %

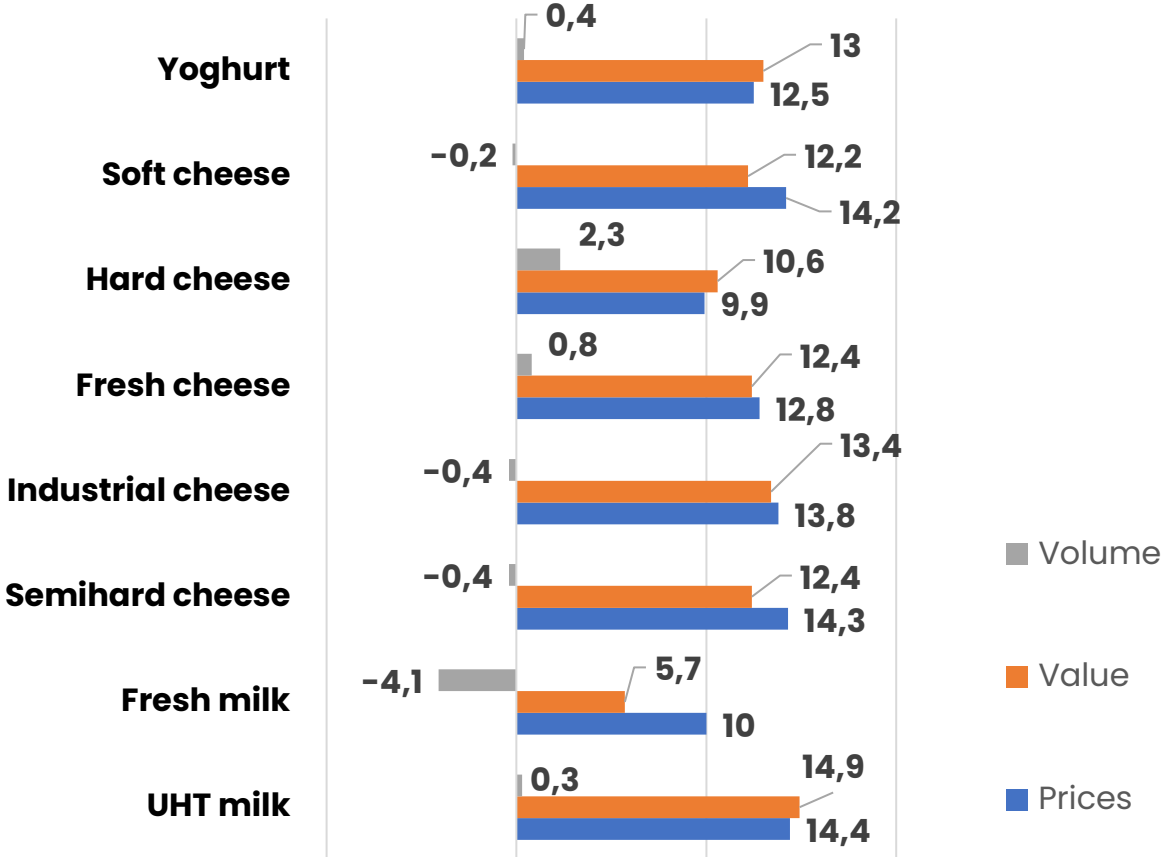


# Milk & dairy consumption

## 2023 milk & dairy shopping basket



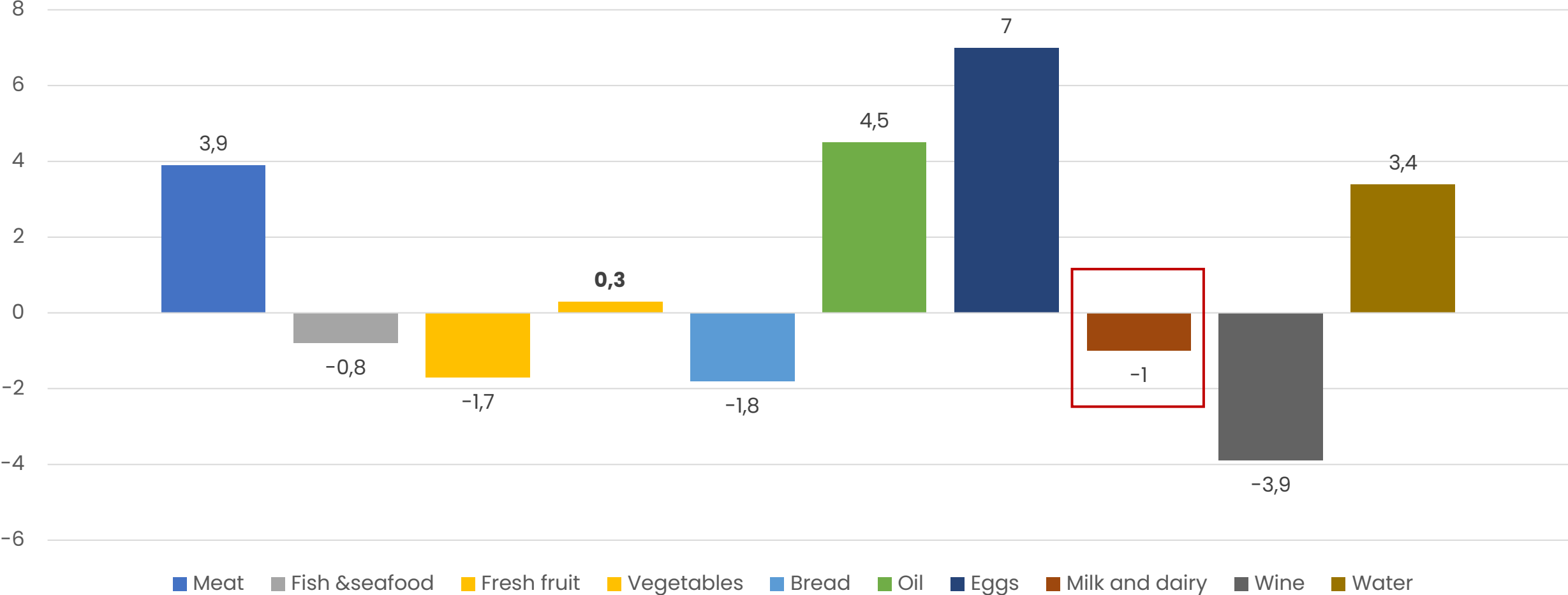
## Sales value, volume and price changes (%) - 2023 vs 2022



# Spain

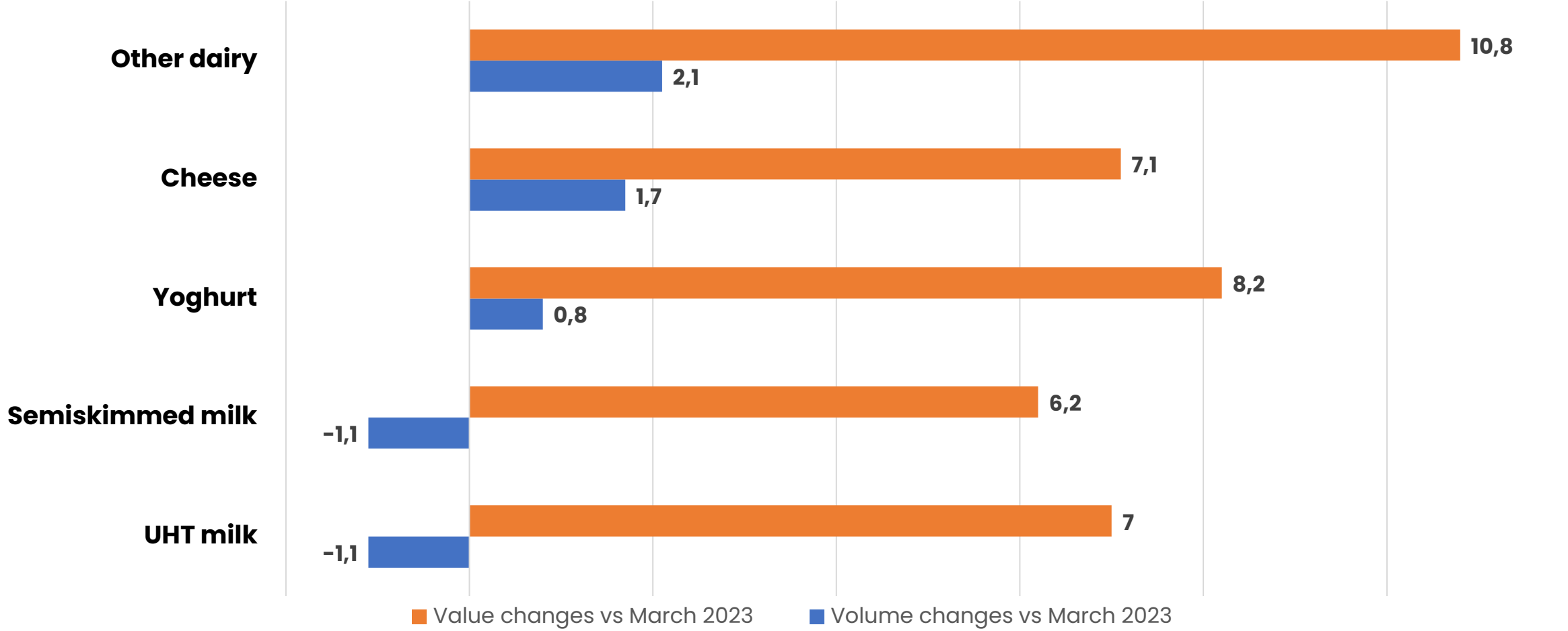
# Food consumption in Q1 2024

## Food home consumption - volume changes (%) in March 2024 vs March 2023



# Milk and dairy consumption in Q1 2024

## Volume and value changes (%)



# **ANNEX 5**

## **Agricultural OUTLOOK**

***Short-Term outlook for EU  
dairy markets***

***European Commission***



2024 EU

# AGRICULTURAL OUTLOOK

Milk Market Observatory



3 July 2024

Unit of Analysis and Outlook



European  
Commission

# AGRICULTURAL OUTLOOK

Milk Market Observatory

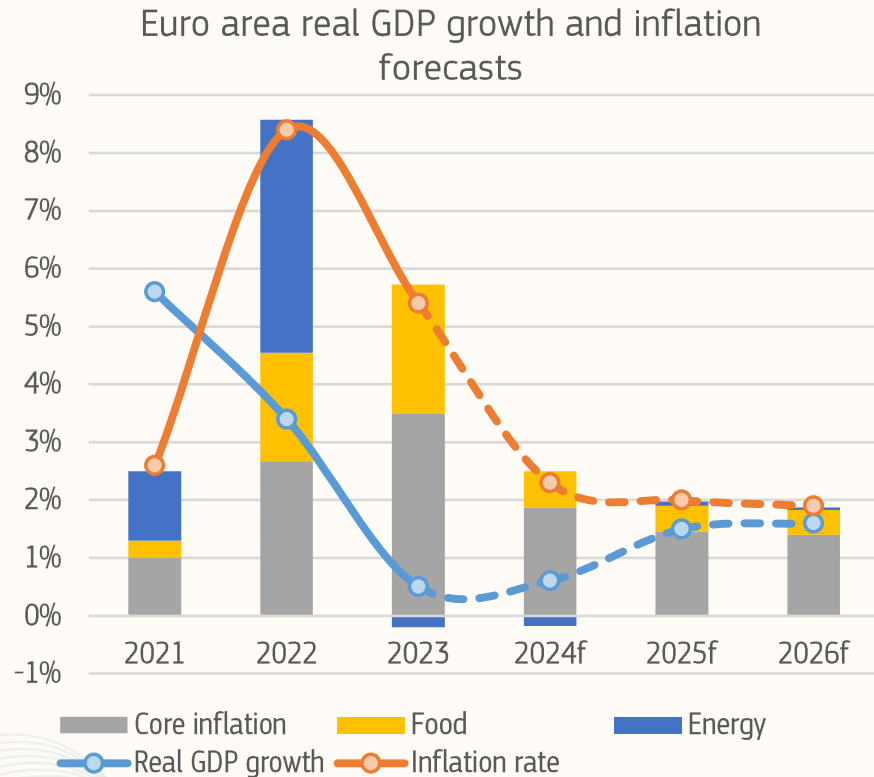
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Short-term outlook  
for EU dairy markets

*#AgriOutlook*



# Inflation in Euro area



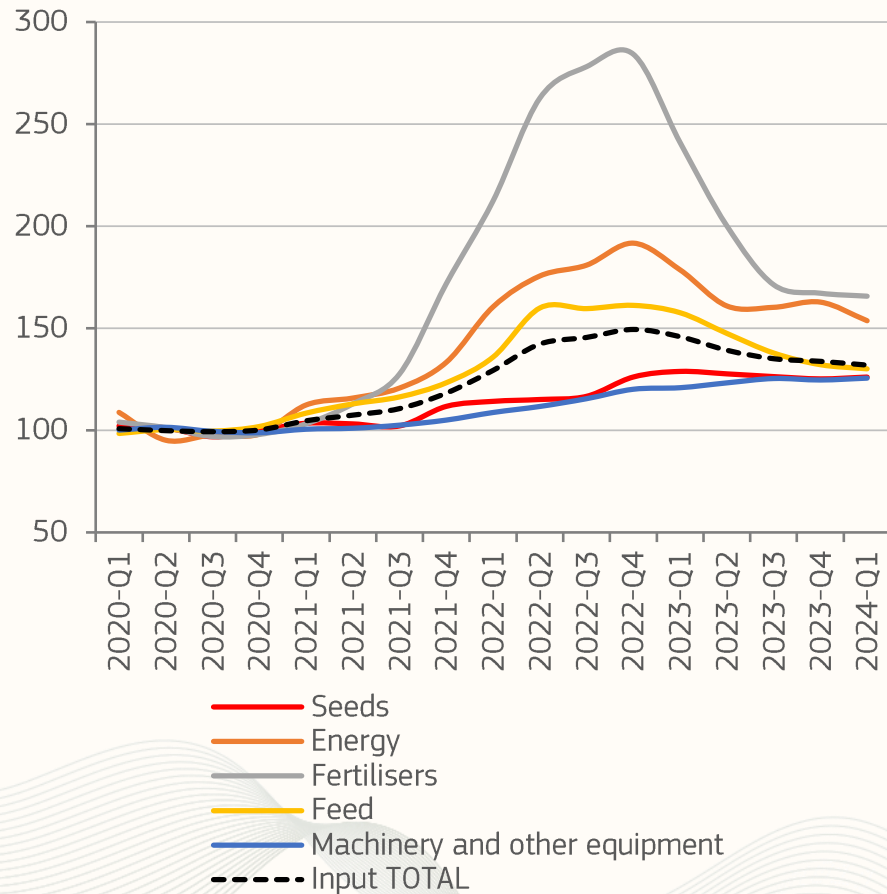
Sources: European Central Bank staff macroeconomic projections for the Euro Area (March 2024)

- GDP-growth expected to pick up in 2024
- Inflation to slow-down in Euro area from 5.4% in 2023 to 2.3% in 2024
- Decomposition on graph: inflation = core + energy + food
- Stable energy markets despite continuing uncertain geopolitical situation
- Food inflation to slow down but also to remain positive



# Input costs in agriculture

Index of purchase prices for means of agricultural production (2020=100)



*High input costs remain a challenge for farmers despite downward trend for many costs:*

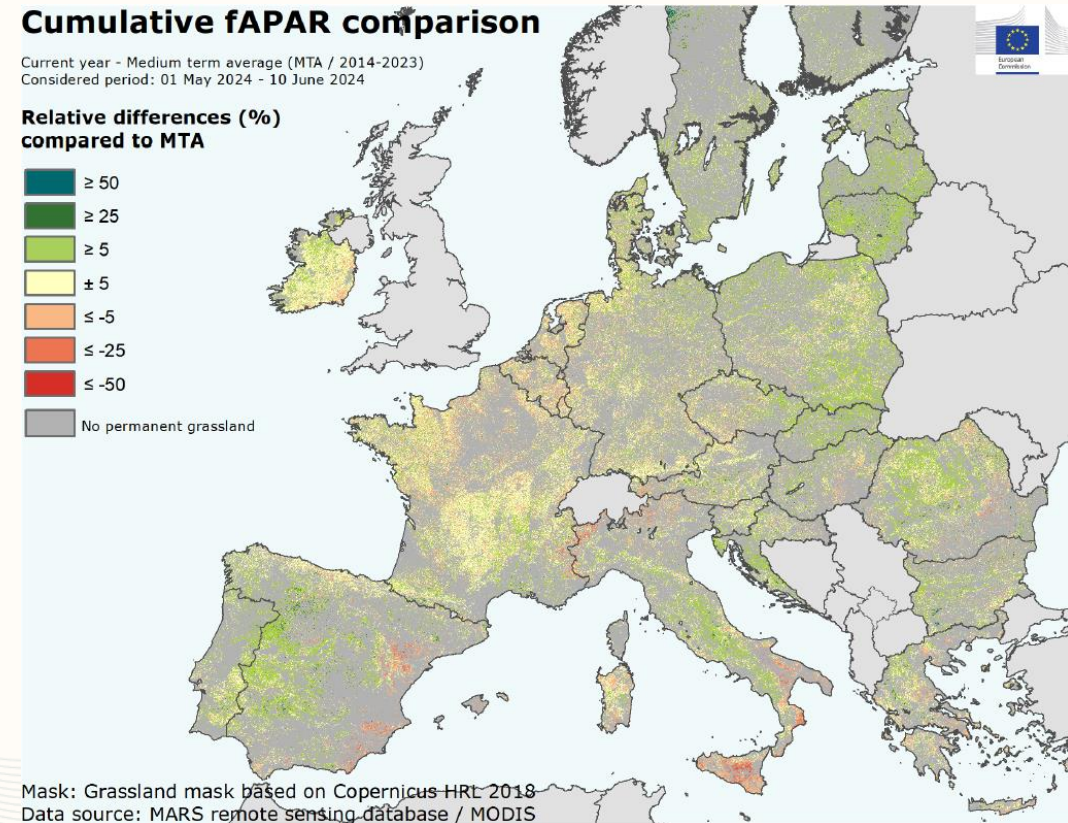
- Total input costs likely continue to decrease, but well above pre-Covid levels (+32%)
- Investment-related inputs could still increase due to high interest rates (machinery, equipment, buildings)
- Possibly modest decline in feed prices, although they remain high
- Affordability of fertilizers has been improved since 2022
- EU fertiliser production to recover from the energy shock

Source: DG Agriculture and Rural Development, based on Eurostat.

# Weather

*Mixed picture and crop-yield forecast revised downwards since latest STO publication*

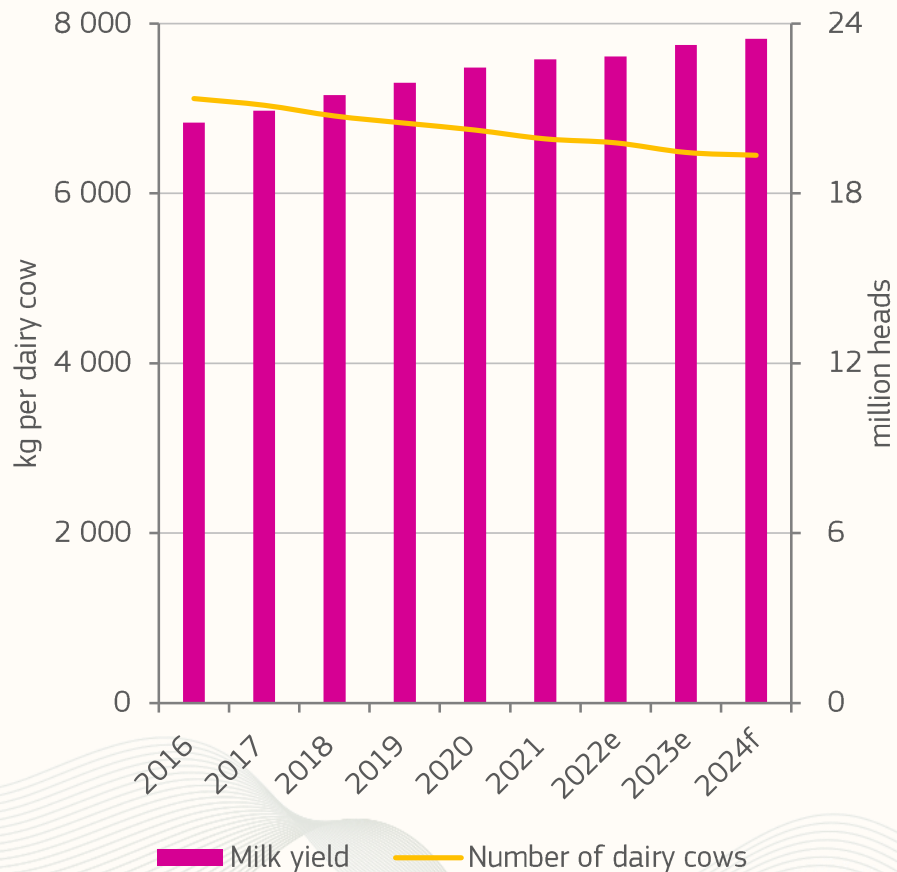
- Less favourable for winter crops; more positive for spring sowing conditions
- Overly wet conditions over winter affecting yields in north-western EU
- Excess rainfall at some parts (north-EU, FR, ES), while rain deficit in others (central Europe)
- Excess of rain in IE (beginning of year) and parts of northern-IT
- Droughts in Sicily and CY, heatwaves starting in ES
- Grass and fodder: mild temperatures boost growth but wet conditions is a problem in north-western-EU



Source: JRC Mars Bulletin, June 2024  
fraction of absorbed photosynthetically active radiation (fAPAR)  
cumulated from 1 May to 10 June 2024

# EU milk supply

EU dairy herd and milk yield

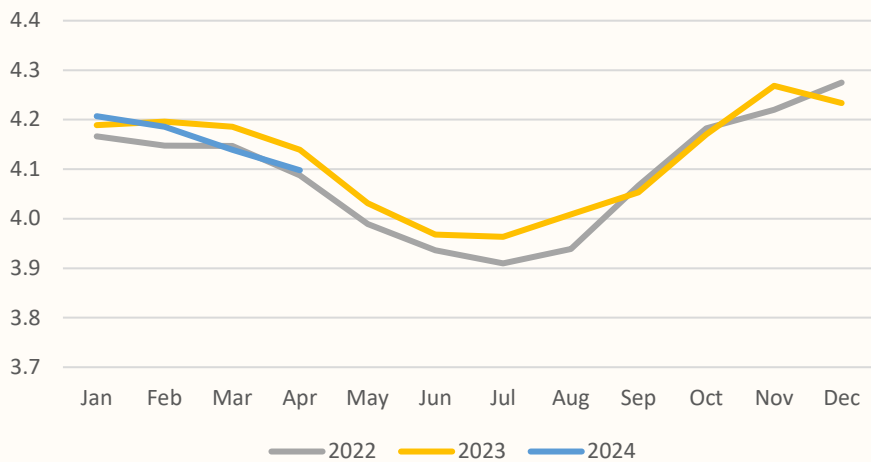


## *Flat milk supply again in 2024*

- EU raw milk prices above historical levels and stable since beginning of 2024 (above 46 c/kg)
- Stabilizing input and output prices could ease farmers margins
- Increasing trend in milk yields (+0.9%) to counterbalance declining herd (-0.5%)
- EU raw milk supply could slightly increase (+0.4%, not adjusted for leap year)
- Increasing fat and protein content (+0.1%) could further improve milk solids availability

Source: DG Agriculture and Rural Development, based on Eurostat

Milk fat content (% of product weight, EU average)

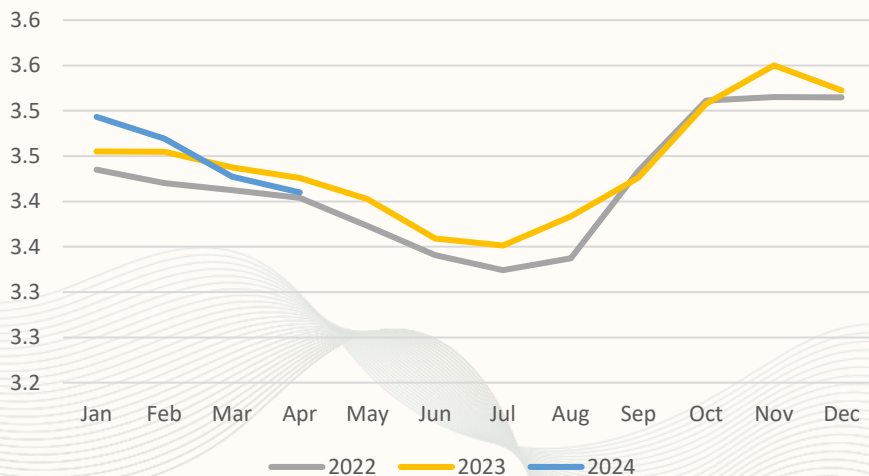


# Milk solids

## *Improving milk solids availability in 2024?*

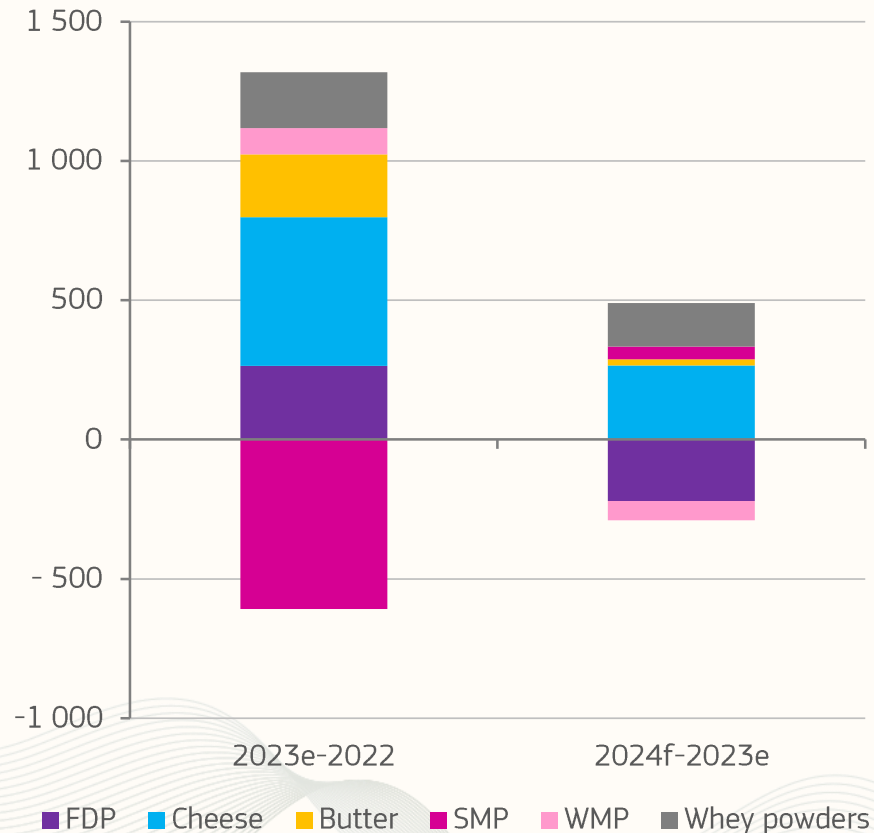
- Increasing fat and protein content (+0.1%) could further improve milk solids availability

Milk protein content (% of product weight, EU average)



# EU dairy products' production

Annual change in EU production of selected dairy products (1000 t of milk eq.)



*Cheese and whey stream continues benefiting from increased milk solids availability*

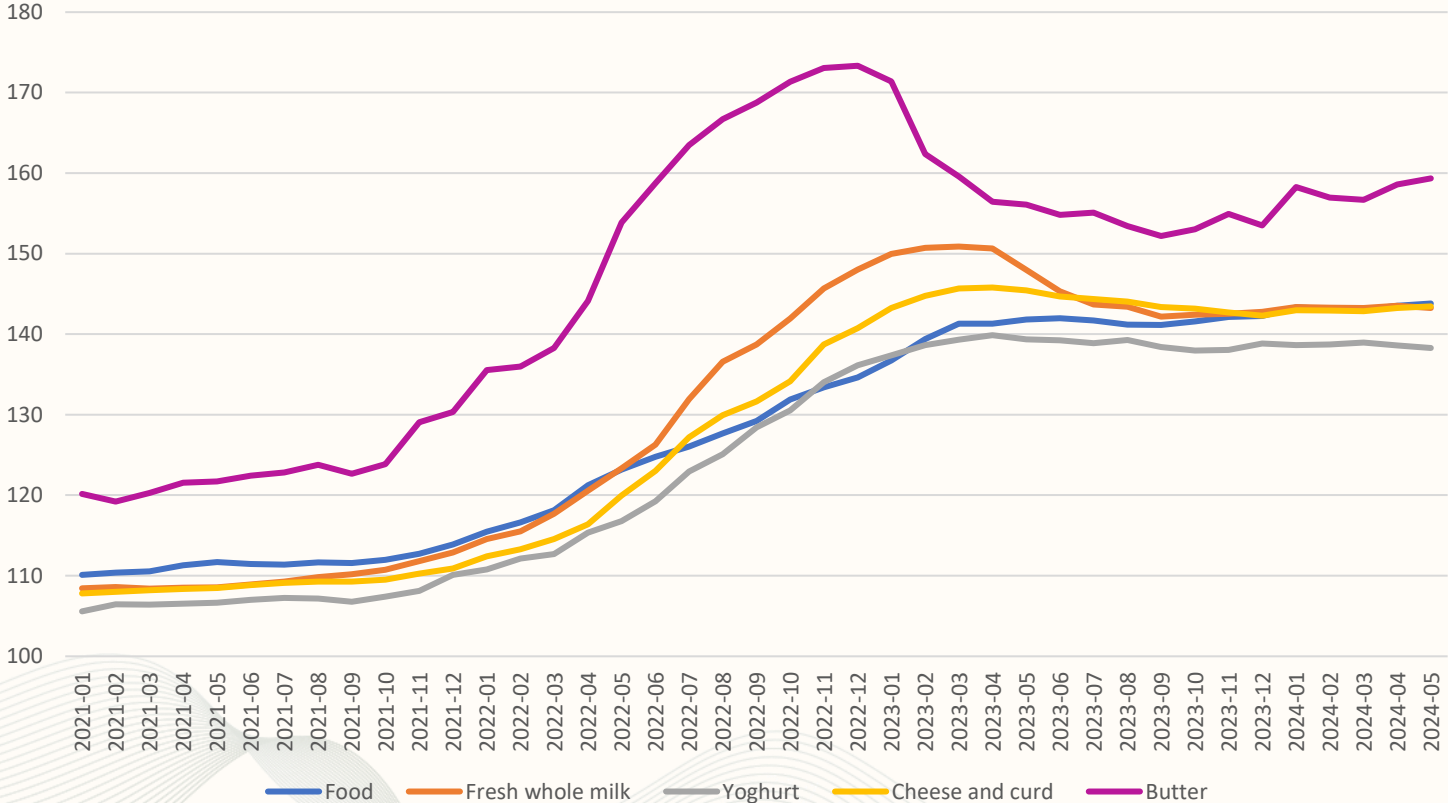
- **Cheese** production could further increase (+0.7%)
- Milk pool could allow for some increase in whey (+0.9%)
- Stable production for **butter and SMP**
- **WMP** production unlikely to increase due to weak global demand
- Continued decrease in drinking milk production, pulling down **FDP** aggregate

Source: DG Agriculture and Rural Development, based on Eurostat



# Food inflation

Harmonised index of consumer prices of selected products (2015=100)



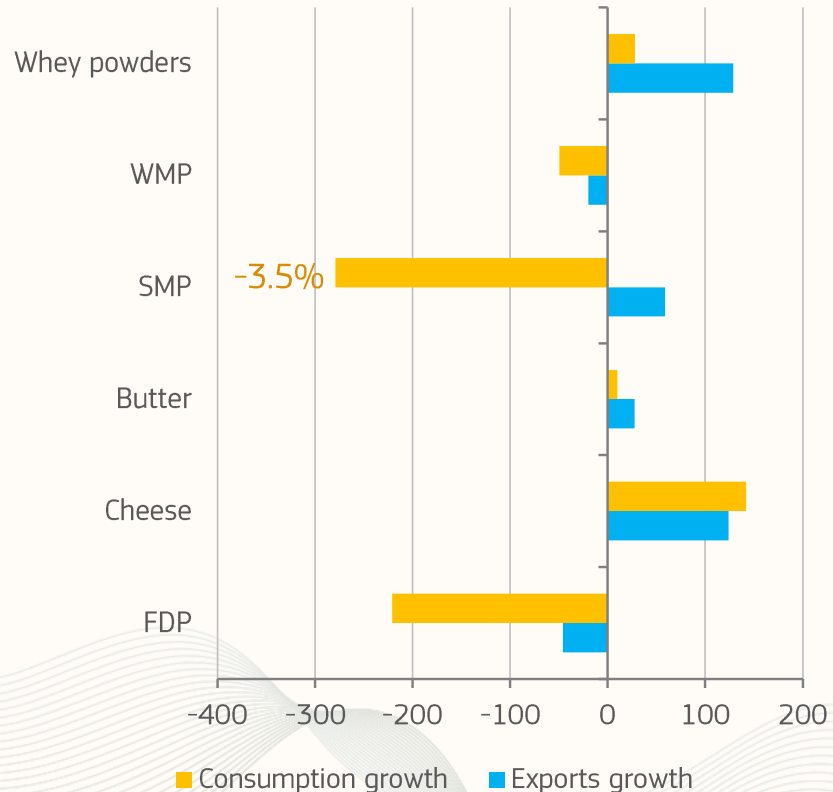
*Food inflation stabilized but remains high*

- Most consumer prices developments of dairy products follow the average food inflation
- Butter consumer prices developments stand apart

Source: Food Price Monitoring Tool, EUROSTAT

# EU consumption and exports

Annual change of EU exports and consumption in 2024f (1000 t of milk eq.)



Source: DG Agriculture and Rural Development, based on Eurostat

- EU **dairy consumption** could benefit from easing food inflation and could remain stable
- EU **cheese** consumption and exports could increase but at slower pace (+0.4% and +2.5%)
- **Whey** consumption likely remains stable and exports could slightly increase
- **Butter** consumption and exports could remain stable
- **SMP** exports could only increase at a much lower pace than in 2023, when MENA demand increased dynamically
- **WMP** exports unlikely to repeat last years increase (-1%)
- **Fresh Dairy Products** consumption could decrease (-0.7%) driven by declining drinking milk consumption

# Useful links

- Short-term outlook: [https://agriculture.ec.europa.eu/data-and-analysis/markets/outlook/short-term\\_en](https://agriculture.ec.europa.eu/data-and-analysis/markets/outlook/short-term_en)
- Short-term outlook interactive balance sheets: <https://agridata.ec.europa.eu/extensions/DataPortal/short-term-outlook.html>
- Estimated MS balance sheets: [https://datam.jrc.ec.europa.eu/datam/mashup/PROD\\_TRADE\\_USE/](https://datam.jrc.ec.europa.eu/datam/mashup/PROD_TRADE_USE/)
- Food supply and security dashboard: <https://agridata.ec.europa.eu/extensions/DataPortal/food-supply-security.html>



Thank You