

Milk Market Situation

April 2016

- ¹ **EU cow's milk collection** increased by 5.6% in February 2016 compared to the same month last year. Total milk deliveries in the first 2 months of 2016 were 5.6% higher than in 2015. In this period there were 20.0% more WMP, +15.4% SMP, +8.2% butter and +3.5% cheese. On the other hand, production contracted for concentrated milk (-6.6%), drinking milk (-1.0%), fermented milk (-0.4%) and cream (-0.2%).
- The weighted EU **average farm gate milk price** decreased in February 2016 by 0.5% to 29.3 c/kg, which is 7.8% lower than in February 2015 and 15.4% lower than the average of the last 5 years. According to Member States' estimates, the average milk price in March 2016 would have decreased to 28.6 c/kg.
- **Prices on spot milk markets** have decreased in the last weeks. In Italy, the spot milk price decreased between weeks 12 and 14 by 3% (from 24.3 to 23.5 c/kg). In the Netherlands the spot milk price declined between weeks 12 and 15 by 8% (from 18.5 c/kg to 17.0 c/kg).
- **EU average prices of dairy products** showed different trends last month. Butteroil and cheddar prices went slightly up, SMP and emmental prices remained stable. Price fall was registered for gouda (-3.1%), whey powder (-2.7%), butter (-1.9%), edam (-1.7%) and WMP (-0.9%).
- On the **world market**, EU dairy prices improved slightly in the last 2 weeks when expressed in dollars, for SMP (+2.3%) and butter (+1.3%). Price falls have been reported in Oceania for butter and WMP (-1.8%) and in the US for cheddar (-1.7%) and SMP (-1.2%). Price increase was recorded in US for butter (+7.2%) and WMP (+4.9%) and in Oceania for cheddar (+2%). Oceania is the most competitive region for butter, WMP and cheddar, and the US for SMP. The US is the most expensive exporting region for butter, WMP and cheddar.
- **EU exports** in the 2 first month of 2016 have increased for butteroil (+135%), butter (+27%), cheese (+13.4%), whey powder (+7.2%), WMP (+4.8%) and SMP (+2.8%). On the contrary, decrease has been observed for condensed milk (-2.8%). Total exports expressed in milk equivalent would have increased by 12.8%.
- The EU has increased cheese exports to all top 10 destinations up to February 2016. The US is by far the main outlet of **EU cheese** exports, with a 9% increase compared to last year. Japan is the second in the ranking with 6% increase compared to last year. Switzerland, Saudi Arabia (+71%) and South Korea accompany these two countries in the ranking of EU cheese exports. Saudi Arabia, the US and Egypt have been the main destinations for **EU butter** in the 2 first months of 2016. Significant increases have been reported for Morocco, Canada and Turkey. Algeria is leading the ranking for **EU SMP** exports, although volumes decreased by 12%. Indonesia is the second outlet for EU SMP (+53%), followed by China (+71%). Regarding **EU WMP**, Oman has been the main market, followed by Algeria, Nigeria and China.
- **NZ** increased its exports in the first 2 months of 2016 by 30% for cheese, 20% for SMP and 9% for butter, while WMP volumes remain stable. Cheese, one of the main exported commodity in the **US** decreased by 13% and SMP the other main exported product increased by 19% in the first 2 months of 2016. Butter increased by 30%, while WMP was falling with higher percentage (-36%) but volumes were much lower.
- On the **demand** side, China has improved its import figures in the first 2 months of 2016 compared to 2015 with double digits: butter (+79%), cheese (+61%), whey powder (+39%), SMP (+25%) and WMP (+22%) confirming the change in the trend that started last summer. By February 2016 Canada, the US, China and Russia have shown a remarkable rise in butter imports (+104%, +88%, +79% and +57% respectively). Japan, the US and South Korea lead the ranking of cheese importers in January 2016, with increased volumes compared to last year.
- **NZ** milk production decreased by 0.8% in March 2016 compared to the same month in 2015. So far in the 2015-16 season (June 2015 to May 2016), milk production was 1.7% below 2014-15 levels. Milk prices decreased in February 2016 by 5.7% (21.2 to 20.0 c/kg) meaning a 19% decrease compared to February 2015.
- **Australian** milk production in February 2016 (eighth month of the 2015-16 season) increased by 1.2% compared to February 2015. Cumulated milk production in the season (July 2015 to June 2016) is 0.4% lower than last year.
- Milk production in the **US** increased by 1.8% in March 2016, meaning a cumulated increase of 2.1% in the year. For February 2016, the US milk price was reported at 31.7 c/kg (-1.4% compared to January, -6.1% lower than in February 2015).

¹ Milk and dairy products' production figures are corrected in February 2016 to avoid the effect of the extra leap day.