EU cow’s milk collection increased in the first half of 2019 by 0.2% compared to the same period of 2018. In June 2019, EU deliveries decreased by 0.3% with IE (+7.5%), +72 000 t and the UK reporting the highest production growth and DE (-2.3%, -64 000 t) and NL the biggest contraction. The increase of milk in EU butter in the last 6 months translates into modest production growth for most dairy products: butter (+2.5%), SMP (+1.3%) or cheese (+0.1%). Production decreased in Jan-Jun for WMP (-4.1%), drinking milk (-2%) and fermented milk (-1.3%).

The weighted EU average farm gate milk price decreased by 1% in June 2019 to 33.5 c/kg. This price level is still +3.7% higher than in June 2018 and +5.6% higher than the average of the last five years. Member States’ estimates point to a slight increase of milk price in July (+0.7%, up to 3.7 c/kg).

In Italy, spot milk prices have remained rather stable in the last month and by week 34 (25th August) were at 44.75 c/kg, which is 9% higher than one year before.

Regarding EU average prices of dairy products, butter prices have continued the downward trend with a 4.7% decrease in last 4 weeks. Whey powder prices have also decreased (-2.4%) together with cheddar (-2%), WMP (-1%), edam (-0.5%) and gouda (-0.1%). Only emmental (+0.8%) and SMP (+0.7%) prices have increased in last 4 weeks. So far this year EU butter prices have decreased by 17.5% while SMP prices have improved by 20.3%.

On the world market, the gap between US butter prices with the EU and Oceania has widened up to more than 20%. On the SMP market, EU and US prices are virtually on par. The EU is currently the most competitive exporter for cheddar, and Oceania for WMP.

EU exports in the first half of 2019 have strongly increased in volume for SMP (+31%) and condensed milk (+15%). Butter and cheese exports have also increased, by 9% and 1% respectively. Exports have declining so far this year for butteroil (-32), WMP (-22%) and whey powder (-4%). Total EU exports in this period, expressed in milk equivalent, were +4% above last year, while the value of these exports has increased by +11% compared to the same period of 2018.

Up to June 2019 the US remained the main outlet for EU cheese exports with 4% increase compared to last year, followed by Japan (+6%) and Switzerland (stable). Cheese exports have increased notably to China (17%) and to Algeria and Canada (+9% in both cases). On the contrary, exports to South Korea have significantly dropped (-16%). NL, DE and FR are the three main exporters.

As for cheese, the US is the main destination for EU butter exports by June with 42% increase compared to last year. Japan stands as second main destination with 37% increase, but the volume is much lower. Exports to most of top-10 destinations are growing at double-digit. Only Saudi Arabia and Singapore have reduced their butter imports from the EU (-17% and -20% respectively). IE, FR and DK have been the top-3 European butter exporters. EU butteroil exports have decreased by 32% in the first half of the year, the main destinations being Saudi Arabia, Indonesia, Lebanon and Jordan.

SMP has been the best performing export product for the EU so far in 2019. China, the top destination, has increased by 71% their imports of EU SMP. Algeria remains as second main outlet but with a 34% decrease compared to last year, and closely followed by Indonesia and Philippines with 118% and 124% import growth respectively. BE, DE and FR stand as the top-3 SMP exporters.

WMP is with difference the less buoyant export market for the EU. Exports in volume have dropped by 22% in Jan-June, mostly driven by the decrease of exports to Oman (-18%), the main destination for WMP. Yet, exports to Oman in June increased by 4%. NL, DK and SE are the three main European exporters of WMP.

NZ dairy exports have expanded in the first six months of 2019 notably for WMP (+21%) but also for cheese (+7%), SMP (+8%) and butter (+6%). Completely different development is observed for the US, with remarkable decreases for SMP (-15%), whey powder (-28%), WMP (-37%) and butter (-29%). Belarus increased exports for SMP (+30%) and cheese (+22%), data only available up to May. Canada exports of SMP in the first half of 2019 are 43% lower than last year.

On the demand side, China shows similar import growth for WMP and SMP, in both cases close to 30%. Chinese cheese exports have reached close to 60 000 tonnes by June this year, placing China as 5th main world importer. Butter imports in China continue decreasing and cumulate a 28% drop in the first half of the year. As previously reported, African Swine Fever is reducing Chinese demand for whey powder, and imports have dropped by 29%. Russia stands as the main world importer of butter (even with one month less of data than China) and second importer of cheese after Japan. Demand for butter in the US is outstanding, with a 44% import increase (yet the EU has reduced 7 points its market share for butter in the US). Global demand for SMP keeps on rising, notably in South East Asian countries like Philippines, Indonesia, Malaysia or Thailand. New Zealand and the US are respectively the top world importers for lactose and caseinics.

Milk production increased significantly in June in New Zealand (+14.1% compared to June 2018), but the volume is relatively modest being the first month of the season. Milk prices expressed in c/kg decreased slightly in June 2019 by 0.3% down to 28.8 c/kg, which is 8% lower than one year before.

Australia milk production decreased in June 2019 (twelfth month of the 2018/19 season) by 7.4% compared to the same month of last year, resulting in 5.7% less milk for the full campaign.

US milk production in June 2019 slightly decreased by 0.2% compared to June 2018 (same volume as in 2018 for the first half of the year). The farm gate milk price, expressed in €, decreased in June by 1.4% but was still 10% higher than in June 2018.