

Milk Market Situation

May 2018

- **EU cow's milk collection** increased slightly in March 2018 (+0.4%) compared to March 2017 (+53 000 t more milk), whereas 12 Member States reduced their deliveries (NL for a volume of 33 000 t). Cumulated Jan-March deliveries are 2.3% above the same period in 2017 (+870 000 t). Increase in EU production was reported in January-March for SMP (+9.2%), butter (+1.7%) and cheese (+2.0%), while there were 9.8% less concentrated milk, -3.4% WMP, -1.5% cream and -1.4% drinking milk.
- The weighted **EU average farm gate milk price** decreased in March 2018 by 2% to 33.76 c/kg (prices decreased in all Member States, except in FI). This price is 1.9% above March 2017 and 1.2% higher than the average of the last 5 years. Estimates notified by Member States point to a further decrease (-0.9%) in milk prices for April 2018 (33.44 c/kg).
- **Prices on spot milk markets** have increased in May. In Italy, the spot milk price increased from week 18 to 21 by 15.5% (from 30.3 to 35.0 c/kg), meaning an 11.4% decrease compared to last year's level. In the NL the spot milk price increased between weeks 17 and 21 by 21.4% (from 29.5 to 35.8 c/kg), this price is 7.0% lower than in the same week of 2017.
- **EU average prices of dairy products** increased last month for butter (+9.2%), SMP (+5.1%), WMP (+2.4%), cheddar (+2.6%), edam (+1.7%), emmental (+6.5%) and whey powder (+5.7%), while gouda price remained rather stable.
- On the **world market**, dairy prices generally increased in the last 2 weeks when expressed in US\$. Butter prices trended further upwards in the EU (+2.1%), in Oceania (+1.8%) and in the US (+0.8%) and also SMP prices increased: EU (+1.8%), Oceania (+2.5%) and US (+1.7%). Oceania cheddar price increased significantly (+6.6%) in the last 2 weeks. EU milk powders are the most competitive of the three regions. EU butter is the most expensive in world markets, Oceania is the most expensive for SMP and cheddar, and the US for WMP, however WMP prices are very similar in the three regions. The US is the most competitive region for butter and cheddar.
- **EU exports** in the first 3 months of 2018 have increased in volume for butteroil (+36%), butter (+8%), SMP (+8%), whey powder (+6%) and cheeses (+1%), whereas decreases have been observed for WMP (-12%) and condensed milk (-12%). Total EU exports in Jan-March 2018, expressed in milk equivalent, were 2% above last year, while the value of these exports decreased by 6%.
- Up to March 2018 the US remained the main outlet for **EU cheese exports**, however with 11% decrease compared to last year (26% of the shipments originating in IT and 16% in FR). Japan was the second in the ranking (-7%), followed by Switzerland (+5%), Saudi Arabia (+9%; mainly from PL, FR and NL) and South Korea (-24%; 29% from DE and 26% from NL). Chile increased its volumes by 48% compared to last year (mainly from DE) and Lebanon by 24% (26% from HU).
- The **EU** has increased **butter exports** (+8%) in volume to its top 10 destinations in the first three months of 2018 other than to US (-4%), China (-10%) and Lebanon (-12%). The US and Saudi Arabia have been the main destinations for EU butter, with a notable increase for Saudi Arabia (+58%), mainly from DK (63%). Singapore became the third destination for EU butter in January-March with a 60% increase (mainly from NL and FR). EU butter exports also increased appreciably in Morocco (from IE), Japan (from NL) and Turkey (from IE).
- Algeria led the ranking for **EU exports of SMP** in the first 3 months of 2018 (mainly from FR, BE and PL) and volumes have increased by 64% compared to last year. The second destination for EU SMP is Egypt (40% from DE, 25% from FR) with a 36% increase, followed by China (-44%) and Indonesia (-33%).
- **EU WMP exports** also increased by 43% in the first destination in Oman (45% from SE). Algeria, China and Kuwait were the other main markets in this period, however with significant decreases.
- In the first three months of 2018 **NZ** exports increased for milk powders: SMP (+6%) and WMP (+12%) while continued to fall for butter (-2%) and for cheese (-9%). The **US** improved the exports of their two main traded commodities: SMP increased by 23% and cheese by 11%. US butter (+65%) and WMP (+60%) exports also increased, but volumes are lower.
- On the **demand** side, China is still the main world dairy importer of milk powders, butter, whey powder and lactose. It increased its dairy imports in terms of volume in the first three months of 2018 for butter (+30%), for SMP (+11%), for WMP (+10%) and for whey powder (+12%), while decreased for cheese (-5%). By March 2018 China was the main butter importer, followed by Australia (+9%), US and Russia. Singapore has shown significant increases in butter imports (+20%). Japan, US and South Korea (US with 73% EU origin) led the ranking of cheese importers by March 2018, but US with decreased volumes (-9%) compared to last year, followed by Russia and Australia. Japan has experienced a remarkable increase in its SMP imports (+82%) and Hong-Kong in WMP imports (+51%) in January-March 2018.
- **NZ** milk production increased by 2.9% in April 2018 compared to April 2017. For the first eleven months of the 2017-2018 season (June 2017 to May 2018) milk deliveries have been just slightly below (-0.1%) 2016-17 levels. Milk price expressed in c/kg decreased by 0.9% in March 2018 (30.6 c/kg), 5.6% lower than in March 2017.
- **Australian** milk production in April 2018, tenth month of the 2017/18 season, increased by 4.5% compared to April 2017 (+3.5% growth for Jul-April period).
- Milk production in the **US** increased by 0.6% in April 2018 (+1.3% in Jan-Apr 2018). For March 2018, the US milk price was reported at 29.4 c/kg (+6.1% compared to February 2018), which represents a 21% decrease compared to March 2017.