

# Milk Market Situation

## July 2018

- **EU cow's milk collection** increased by 1.5% in May 2018 compared to May 2017 which resulted in 211 000 t more milk (notably in DE and PL). Cumulated Jan-May deliveries are 1.9% above the same period in 2017 (+1.3 million tonnes). An increase in EU production was reported in January-April for SMP (+6.0%), butter (+1.2%) and cheese (+2.4%), while there were 9.1% less concentrated milk, -5.0% WMP, -1.5% cream and -0.6% drinking milk.
- The weighted **EU average farm gate milk price** decreased in May 2018 by 1.7% to 32.07 c/kg. This price is 2.7% lower than in May 2017 and 1.1% lower than the average of the last 5 years. The Jan-May seasonal price drop in 2018 has been higher than in recent years (-9.7%, compared to an average of -6%). Estimates notified by Member States point to a 0.7% increase in milk prices for June 2018 (32.31 c/kg).
- **Prices on spot milk markets** have decreased in July. In Italy, the spot milk price decreased from week 25 to 28 by 3.8% (from 39.5 to 38.0 c/kg), meaning a 12.2% decrease compared to last year's level. In the NL the spot milk price decreased between weeks 25 and 28 by 14.1% (from 37.0 to 31.8 c/kg), this price is 16.3% lower than in the same week of 2017.
- **EU average prices of dairy products** decreased last month for butter (-1.6%), SMP (-1.2%), WMP (-2.7%) and emmental (-1.4%), while edam (+2.7%), gouda (+2.0%) and whey powder (+4.0%) prices increased and cheddar price remained rather stable.
- On the **world market, dairy quotations** expressed in US\$ generally decreased last fortnight, except US WMP (+2.2%), EU cheddar (+1.0%) and EU SMP (stable). Significant decreases were reported for US SMP (-5.1%), cheddar (-7.9%) and butter (-4.7%) and for Oceania butter (-5.1%) and WMP (-5.1%) prices. The EU is the most expensive region for butter and cheddar, Oceania for SMP and the US for WMP. Oceania is the most competitive for WMP and the US for butter, SMP and cheddar.
- **EU exports** in the first five months of 2018 have increased in volume for SMP (+4%), cheese (+1%) and whey powder (+1%). On the contrary decreases have been observed for condensed milk (-16%), WMP (-9%), butter (-5%) and butteroil (-2%). Total EU exports in this period, expressed in milk equivalent, would have been 2% below last year, while the value of these exports has decreased by -8%.
- Up to May 2018 the US remained the main outlet for **EU cheese exports**, however with 9% decrease compared to last year (25% of the shipments originating in IT and 17% in FR). Japan was the second in the ranking (+7%), followed by Switzerland (+3%), South Korea (-25%; 30% from DE and 24% from NL) and Saudi Arabia (-10%; mainly from PL, FR and NL). Algeria increased its volumes by 23% compared to last year (46% from IE and 32% from NL).
- The US have been the main destination for **EU butter** in the period of January-May 2018 (80% from IE), but with 2% decrease compared to last year. Saudi Arabia, Singapore, China and Japan were the other main destinations for EU butter, with a 15% increase for Saudi Arabia (64% from DK). Singapore, the third destination for EU butter, increased its volumes in January-May by 32% (mainly from NL and FR), was closely followed by China (-9%) and Japan (+99%); mainly from NL. EU butter exports also increased appreciably in Morocco (+90%)
- Algeria led the ranking for **EU exports of SMP** in the first five months of 2018 (mainly from FR, PL and BE) and volumes have increased by 34% compared to last year. The second destination for EU SMP is China (-13%), followed by Egypt (41% from DE, 23% from FR) with a 65% increase and Indonesia with 36% decrease (47% from BE). Bangladesh and Singapore are showing a double-digit percentage increase.
- **EU WMP exports** to Oman, first destination, increased by 56% (47% from SE). Algeria, China and Kuwait were the other main markets in this period, however Algeria with 61% decrease, while Lebanon (+20%) and Singapore (+18%) has increased their imports from the EU.
- **NZ exports** increased in the first five months of 2018 for butter/butteroil (+8%), SMP (+3%) and WMP (+4%) while continued to fall for cheese (-6%). The **US** improved the exports of their two main traded commodities: SMP increased by 25% and cheese by 6%. US butter (+81%) and WMP (+95%) exports also increased, but volumes are lower.
- On the **demand** side, China is still the main world dairy importer of butter, WMP and whey powder. **China** 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 May 2018, after China, Russia was the main butter importers, followed by the US and Australia. Egypt and Singapore have shown significant increases in butter imports (+39% and +24% respectively). Japan, Russia, US and South Korea (US with 75% EU origin) led the ranking of cheese importers by May 2018, but US with decreased volumes (-8%) compared to last year, followed by Australia. Mexico was the main SMP importer by April 2018 (+19%), Algeria and Egypt have experienced a remarkable increases in their SMP imports (+32% and +45% respectively). Hong-Kong's WMP imports increased by 50% (59% of EU origin) in January-May 2018.
- **NZ** milk production increased by 6.2% in May 2018, in the last month of the 2017-18 season, compared to May 2017. The 2017-18 season (June 2017 to May 2018) is closed with a slight increase (+0.1%) in milk production. Milk price expressed in c/kg remained rather stable in May 2018 (31.0 c/kg), 2.5% lower than in May 2017.
- **Australian** milk production in May 2018, eleventh month of the 2017/18 season, increased by 2.5% compared to May 2017 (+3.4% growth for Jul-May period).
- Milk production in the **US** increased by 0.8% in May 2018 (+1.2% in Jan-May 2018). Milk price in the US is increasing since March 2018: +8.6% in May 2018 (32.7 c/kg) compared to April 2018), which is still 7.6% lower than in May 2017.