

# Milk Market Situation

## January 2019

- **EU cow's milk collection** decreased by 0.9% in November 2018 compared to the same month of 2017, which resulted in 104 000 t less milk. This was the fourth consecutive month with a decrease in EU milk production. 17 Member States have reduced their milk deliveries in November (NL for a volume of 78 000 t, FR for 74 000 t and DE for 32 000 t). On the other hand, milk collection increased in BG (+9.4%) and RO (+6.8%) and remarkable production expansion was reported by IE (+23%; 91 000 t) and PL (+3%, 27 000 t). Cumulated January-November deliveries have been 1.0% above the same period in 2017 (+1.46 million tonnes).
- The reduced November milk supply in the EU translates into 5.1% less WMP, -1.9% SMP, -4.9% concentrated milk, -2.4% drinking milk, -1.3% cream and -1.1% SMP, while EU butter and cheese production were modestly growing by 0.8% and 0.3% respectively.
- The weighted **EU average farm gate milk price** decreased in December 2018 by 1.4% to 35.6 c/kg, while it was 5.1% lower than in December 2017 and 2.9% higher than the average of the last 5 years. Estimates notified by Member States point to a 0.9% decrease in milk prices for January 2019 (35.3 c/kg).
- **Prices on spot milk markets** have increased in the first 4 weeks of 2019. In Italy, the spot milk price increased from week 1 to 4 of 2019 by 6.2% (from 40.5 to 43.0 c/kg), meaning a 24% increase compared to last year's level. In the Netherlands, the spot milk price increased between weeks 1 and 4 by 1.5% (from 33.5 to 34.0 c/kg). This price is 39% higher than in the same week of 2018.
- **EU average prices of dairy products** increased last month for SMP (+6.4%), WMP (+2.8%), butter (+1.1%), cheddar (+2.6%) and whey powder (+4.5%), while prices decreased for edam (-1.2%) and emmental (-0.6%) and remained stable for gouda.
- On the **world market** different trends have been observed in **dairy quotations** expressed in US\$ last fortnight. Prices in the EU have remained relatively stable, except cheddar (-1.6%). EU and Oceania cheddar prices are now almost at the same level. Milk powder prices decreased in the US, while price increases have been reported for cheddar (+3.7%) and butter (+1.4%). US butter price and is now 2.4% below EU butter price. The EU is still the most expensive origin for butter and cheddar. Oceania is the most expensive origin for SMP and the US for WMP. Oceania is the most competitive for butter and WMP.
- **EU exports** in the first eleven months of 2018 have decreased in volume for condensed milk (-16%), WMP (-14%), butter (-6%) and butteroil (-12%) but increased for SMP (+5%), whey powder (+5%) and cheeses (+1%). Total EU exports in this period, expressed in milk equivalent, would have been 2% below last year, while the value of these exports decreased by 9%.
- Up to November 2018, the US remained the main outlet for **EU cheese exports**, however with 6% decrease compared to last year (23% of the shipments originating in IT and 19% in FR). Japan was the second in the ranking (+13%; mainly from NL, DE and DK), followed by Switzerland (+3%), South Korea (-18%; 27% from DE and 22% from NL) and Saudi Arabia (-14%). Compared to last year Lebanon increased its volumes by 8% (24% from HU and 15% from FR) and Canada by 34% (32% from IT and 25% from FR).
- **EU butter exports** have decreased by 6% in January-November 2017. The US is in the first place in the ranking, showing 6% increase compared to last year (83% from IE). Saudi Arabia, the second destination for EU butter (77% from DK), increased its volumes by 17%, followed by China (60% from FR) and Singapore with a 22% increase (44% from NL). EU butter exports also increased in Japan (+35%; more than half from NL) South-Korea (+14%) and Morocco (+19%; 54% IE origin).
- The **EU** has increased **SMP exports** to its top 10 destinations other than to Indonesia (-8%) and Philippines (-22%). Up to November 2018, Algeria led the ranking for EU export of SMP (mainly from PL, BE and FR) and volumes have increased by 12% compared to last year, followed by China with 24% increase compared to last year (24% from DE). Indonesia (47% from BE) and Egypt (+31%; 42% from DE) accompany these countries in the ranking of the main destinations for EU SMP exports. Malaysia (+39%), Singapore (+39%) and Bangladesh (+35%; 28% from CZ) are showing a double-digit percentage increase.
- **EU WMP exports** to Oman, first destination, increased by 25% (44% from SE and 30% from DK). Algeria (48% from NL) and China were the other main markets in this period, however decreasing compared to last year (-59% in Algeria and -7% in China). On the other hand, Singapore (+21%) and Angola (+14%; mainly from NL) were the other markets with increases in their WMP imports.
- **NZ exports** increased in the first eleven months of 2018 for butter/butteroil (+7%), and WMP (+1%), but decreased for SMP (-11%) and cheese (-6%). The **US** improved the exports of their two main traded commodities: SMP increased by 25% and cheese by 3%. US butter (+70%) and WMP (+97%) exports also increased, but volumes are lower.
- On the **demand** side, by November China is still the main world dairy importer of butter (+30%), WMP (+7%), whey powder (+6%; 38% from the EU) and lactose (+35%). Russia is the second main butter importer (-20%), followed by the US (+30%) and Australia (+22%). Japan, Russia, US and South Korea led the ranking of cheese importers by November 2018 (US with 76% EU origin), but US and South Korea with decreased volumes (-4% and -1% respectively) compared to last year. Mexico was the main SMP importer by September 2018 (+7%), Algeria has experienced remarkable increases in their SMP imports (+30%) by June (82% EU origin). Hong-Kong's WMP imports increased by 17% (59% of EU origin) and Malaysia's by 26% in January-November 2018.
- **NZ** milk production increased by 1.0% in November 2018, sixth month of their season, compared to November 2017 (+4.4% for Jun-Nov period). Milk prices expressed in c/kg increased in December by 0.7% to 29.4 c/kg and were 4.9% lower than in December 2017.
- **Australia** milk production in November 2018 (fifth month of the 2018/19 season) is 7.8% lower than in November 2017 (-4.8% decrease for Jul-Nov period).
- Milk production in the **US** increased in November 2018 by 0.6%, meaning a cumulated increase of 1.0% in 2018. December farm gate milk price decreased by 4.7% (30.7 c/kg) compared to November 2018, which is 7.3% lower than in December 2017.