Meeting of 25 July 2017

- The 22nd meeting of the MMO Economic Board took place on 25 July 2017, with the participation of experts from the various steps in the milk supply chain: CEJA (young farmers), COPA-COGECA (producers and cooperatives), ECVC (Via Campesina), EMB (European Milk Board), EDA (dairy industry), Euclait (dairy trade) and Eurocommerce (retail). Presentations and information exchanged during the meeting showed the following.

- EU milk collection decreased by 1.1% in Jan-May 2017, i.e. by 700 000 t. The production drop in May in DE and FR has been more than compensated by the rise in IE, IT, PL and ES, leading to a moderated monthly increase of 0.1%.

- Average EU farm gate milk prices reached 32.9 c/kg in May 2017, 2.5% higher than the last 5 years’ average, and 25% higher than in May 2016. Estimates for June point to a slight increase to 33.1 c/kg.

- With the exception of SMP and whey powder, EU dairy product prices have generally improved in recent weeks. Price disparity between protein and fat have accentuated with new record levels for butter (575 €/100 kg) and a further decrease of SMP prices (-9% in 4 weeks down to 182 €/100 kg). Cheese prices are generally at their highest levels in 4 years, making the combination cheese + whey more remunerative than butter + SMP. These developments together with a stronger € (+9% since early 2017) make EU dairy products less competitive than those in Oceania or the US.

- Public intervention stocks of SMP increased by the end of May following buying-in in April and May. Only 140 t have been released since a tendering procedure was open at the end of 2016.

- The assessment of EU stock levels based on a residual approach (production + imports – consumption - exports) shows normal levels for SMP private stocks. Shortage in the butter market is a reality, with an estimated deficit of some 60 000 t by the end of the year. Cheese stocks are quickly rebuilding but demand remains strong, so that prices are expected to stay firm.

- World milk production decreased by 0.25% in Jan-May, mainly driven by the EU. NZ and Australia closed their respective seasons with negative figures but prospects for the next campaign point to 2-3% increases. Growth in the US has slightly slowed down but a 1.45% increase is still expected for H2 2017.

- Global exports clearly trended upwards in May, notably due to SMP. China reinforces its position as the main partner for the EU (in value), followed by the US and Saudi Arabia. The positive evolution of SMP exports might slow down if buyers wait for lower prices. Butter trade is affected by high prices and low availability, which is not expected to change in the coming months. Combined cheese exports in Jan-May increased by 6.3% confirming sustained global demand.

- High butter prices translate into higher consumer prices in some Member States (BE, FR, ES). The impact in domestic consumption is still to be assessed. Sales of organic products in FR keep on growing, except for liquid milk. High added value products (desserts, enriched milks) generally show better performance in retail sales.

- The Commission Short Term Outlook recently published projects an overall 0.7% increase in EU milk collection, with a quite heterogeneous performance in Member States: strong increase in IE, PL and IT, stability in FR and decrease in DE and NL. High temperatures and dry weather might deteriorate pastures and crops productivity, but this should not have a major influence on feed availability.

- The Commission presented a newly launched EU protein balance sheet, providing a comprehensive overview of EU supply and demand situation for feed proteins. Co-products represent 58% of total protein feed use with only 37% of self-sufficiency while crops weight for 41% of protein feed use and 92% of EU origin.

- The market situation is considered as positive, with SMP demand and prices being the only downside (but compensated by positive performance in the rest of the dairy portfolio). Time is however needed for producers to make up for the losses incurred during the crisis.
ANNEX 1

Milk Market Situation

European Commission
EU Milk deliveries

EU - Cows' milk collected

Jan-May 2017/16: - 1.1%

Source: Estat - Newcronos

Last update: Jan-May

25/07/2017
EU-28 Deliveries/Productions development (Jan-May 2017 compared to Jan-May 2016)

- Skimmed-milk powder: -12.0%
- Total Butter: -6.5%
- Cows' Milk Collected: -1.1%
- Whole milk powder: -0.5%
- Fermented milk: +0.7%
- Cheese: +1.0%

Source: MS' Communications to Eurostat, and, for milk: AGEA, FEGA, Reg. 479/2010 Art1(a)1

25/07/2017

!!! Data from some Member States are confidential and are NOT included in this table !!!
EU Milk Deliveries compared to last period (in %)

(Jan - May 2017 / Jan - May 2016)

May 17 compared to May 16

<table>
<thead>
<tr>
<th>Rank</th>
<th>MS</th>
<th>%</th>
<th>MS</th>
<th>Tons</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>BG</td>
<td>+9.7%</td>
<td>IE</td>
<td>+69</td>
</tr>
<tr>
<td>2</td>
<td>EL</td>
<td>+7.7%</td>
<td>IT</td>
<td>+65</td>
</tr>
<tr>
<td>3</td>
<td>IE</td>
<td>+7.3%</td>
<td>PL</td>
<td>+31</td>
</tr>
<tr>
<td>4</td>
<td>IT</td>
<td>+6.3%</td>
<td>ES</td>
<td>+18</td>
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<td>5</td>
<td>RO</td>
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<td>+6</td>
</tr>
<tr>
<td>6</td>
<td>CY</td>
<td>+4.2%</td>
<td>BG</td>
<td>+5</td>
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<tr>
<td>7</td>
<td>PL</td>
<td>+3.1%</td>
<td>AT</td>
<td>+4</td>
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<tr>
<td>8</td>
<td>ES</td>
<td>+3.0%</td>
<td>EL</td>
<td>+4</td>
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<tr>
<td>9</td>
<td>AT</td>
<td>+1.5%</td>
<td>UK</td>
<td>+2</td>
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<tr>
<td>10</td>
<td>SI</td>
<td>+0.9%</td>
<td>CY</td>
<td>+1</td>
</tr>
<tr>
<td>11</td>
<td>SK</td>
<td>+0.4%</td>
<td>SI</td>
<td>+0</td>
</tr>
<tr>
<td>12</td>
<td>UK</td>
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<td>SK</td>
<td>+0</td>
</tr>
<tr>
<td>13</td>
<td>PT</td>
<td>-0.1%</td>
<td>MT</td>
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</tr>
<tr>
<td>14</td>
<td>LU</td>
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</tr>
<tr>
<td>15</td>
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<td>-0.6%</td>
<td>PT</td>
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</tr>
<tr>
<td>16</td>
<td>DK</td>
<td>-0.7%</td>
<td>HR</td>
<td>-1</td>
</tr>
<tr>
<td>17</td>
<td>CZ</td>
<td>-0.8%</td>
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<td>18</td>
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<td>19</td>
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<td>-1.9%</td>
<td>LV</td>
<td>-3</td>
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<td>20</td>
<td>HR</td>
<td>-2.4%</td>
<td>DK</td>
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<tr>
<td>21</td>
<td>DE</td>
<td>-2.5%</td>
<td>HU</td>
<td>-5</td>
</tr>
<tr>
<td>22</td>
<td>FR</td>
<td>-2.9%</td>
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<td>23</td>
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<td>BE</td>
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<td>24</td>
<td>MT</td>
<td>-3.1%</td>
<td>NL</td>
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<tr>
<td>25</td>
<td>FI</td>
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<td>SE</td>
<td>-7</td>
</tr>
<tr>
<td>26</td>
<td>LV</td>
<td>-3.6%</td>
<td>FI</td>
<td>-7</td>
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<tr>
<td>27</td>
<td>HU</td>
<td>-3.8%</td>
<td>FR</td>
<td>-66</td>
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<td>28</td>
<td>LT</td>
<td>-4.6%</td>
<td>DE</td>
<td>-71</td>
</tr>
<tr>
<td>EU28</td>
<td>+0.1%</td>
<td>EU28</td>
<td>+19</td>
<td></td>
</tr>
</tbody>
</table>

Source: MS’ Communications to Eurostat, FEGA, AGEA, Reg.479/2010.3(a)1

25/07/2017
EU MILK PRICES
(May 2017 vs May 2016)

Source: Member States (Reg. 479/2010)
Prices of EU Dairy commodities
(Source: Reg. (EC) No 479/2010 Art. 2)

**Weekly EU SMP Prices**
Latest price: 182 EUR/100kg
Evolution compared to same period last year: +6%

**Weekly EU BUTTER Prices**
Latest price: 575 EUR/100kg
Evolution compared to same period last year: +89%
Weekly EU GOUDA Prices
Latest price: 331 EUR/100kg
Evolution compared to same period last year: +41%

Weekly EU EDAM Prices
Latest price: 339 EUR/100kg
Evolution compared to same period last year: +39%
Public SMP Intervention scheme (2016-2017)

Buying-in quantity at fixed price

Cumulate quantity bought in 2017 up to 9.07.2017 (fixed price only): 7 937 T
### PSA ending stocks 2017

<table>
<thead>
<tr>
<th></th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
<th>AUG</th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
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<tbody>
<tr>
<td><strong>SMP</strong></td>
<td>62,1</td>
<td>67,9</td>
<td>58,5</td>
<td>51,0</td>
<td>37,6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>BUTTER</strong></td>
<td>15,9</td>
<td>8,4</td>
<td>4,3</td>
<td>1,4</td>
<td>1,4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CHEESE</strong></td>
<td>13,5</td>
<td>12,6</td>
<td>12,3</td>
<td>10,8</td>
<td>10,8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(x 1000 t)

*Source: Member States notifications*
# Latest World Quotations of Dairy Products

## Latest Quotations

<table>
<thead>
<tr>
<th>In US$/t</th>
<th>23/07/2017</th>
<th>09/07/2017</th>
<th>% change (previous quotation)</th>
<th>23/07/2017</th>
<th>09/07/2017</th>
<th>% change (previous quotation)</th>
<th>23/07/2017</th>
<th>09/07/2017</th>
<th>% change (previous quotation)</th>
<th>23/07/2017</th>
<th>09/07/2017</th>
<th>% change (previous quotation)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EU</td>
<td>Oceania</td>
<td>USA</td>
<td>EU</td>
<td>Oceania</td>
<td>USA</td>
<td>EU</td>
<td>Oceania</td>
<td>USA</td>
<td>EU</td>
<td>Oceania</td>
<td>USA</td>
</tr>
<tr>
<td>Butter</td>
<td>6 560</td>
<td>6 150</td>
<td>5 771</td>
<td>6 317</td>
<td>5 925</td>
<td>5 758</td>
<td>+ 3.9%</td>
<td>+ 3.8%</td>
<td>+ 0.2%</td>
<td>3 390</td>
<td>2 825</td>
<td>5 057</td>
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<tr>
<td>SMP</td>
<td>2 082</td>
<td>2 050</td>
<td>1 895</td>
<td>2 158</td>
<td>2 125</td>
<td>1 885</td>
<td>- 3.5%</td>
<td>- 3.5%</td>
<td>+ 0.5%</td>
<td>1 920</td>
<td>1 925</td>
<td>1 867</td>
</tr>
<tr>
<td>WMP</td>
<td>3 419</td>
<td>3 200</td>
<td>3 197</td>
<td>3 425</td>
<td>3 138</td>
<td>3 142</td>
<td>- 0.2%</td>
<td>+ 2.0%</td>
<td>+ 1.8%</td>
<td>2 460</td>
<td>2 213</td>
<td>2 809</td>
</tr>
<tr>
<td>Cheddar</td>
<td>4 090</td>
<td>4 050</td>
<td>3 760</td>
<td>4 106</td>
<td>4 013</td>
<td>3 402</td>
<td>- 0.4%</td>
<td>+ 0.9%</td>
<td>+ 10.5%</td>
<td>2 985</td>
<td>2 838</td>
<td>3 703</td>
</tr>
</tbody>
</table>

Source: Member States Notifications, USDA
ANNEX 2

EU dairy products monthly stock estimates at the end of May 2017

EDA
EU dairy products monthly stock estimates at the end of May 2017

Milk Market Observatory
Economic Board
July 25th, 2017
Methodology

• For each dairy product and each month, the stock estimates are based on the equation:
  – **Stock variation** = EU production + EU import – EU internal consumption – EU exports
• ZMB balance sheets and forecasts have been used as references for:
  – End of year stock levels
  – Yearly consumption levels
• Monthly production statistics are based on ZMB Dairy World publications.
• Exports and imports figures are based on MMO website figures.
• The initial stocks entered in the model at the beginning of 2012 are:
  – SMP: 152 000 t
  – Butter: 80 000 t
  – Cheese: 200 000 t (arbitrary basis)
• The green parts in each graph mean that this stock level can be considered as normal for the month.
• The orange part means that this stock level can be considered as too high for the month.
• These qualifications are based on the EDA analysts’ personal views and past market observations.
European stock level estimates - SMP

Calculations based on Eurostat production, export and import statistics and EU internal consumption annual estimates subject to revisions
European stock level estimates - Butter

Calculations based on Eurostat production, export and import statistics and EU internal consumption annual estimates subject to revisions.
European stock level best estimates - Cheese

Calculations based on Eurostat production, export and import statistics and EU internal consumption annual estimates subject to revisions

stock level in tons

400 000

350 000

300 000

250 000

200 000

150 000

100 000

50 000

janv-12 avr-12 juil-12 oct-12 janv-13 avr-13 juil-13 oct-13 janv-14 avr-14 juil-14 oct-14 janv-15 avr-15 juil-15 oct-15 janv-16 avr-16 juil-16 oct-16 janv-17 avr-17
ANNEX 3

Perspectives from the Dairy Trade

Eurolait
Perspectives from the Dairy Trade

MMO Economic Board

25 July 2017
Outline

• Global Supply
• Global exports & demand
• Developments in key import markets
• Conclusions
Milk production in key export regions

Comparing Jan-May 2017 milk production with Jan-May 2016 in main exporting countries/regions, in '000 tonnes

(Includes estimates for Argentina figures for 2017)

- EU 28: Combined Growth rate: -1.2%
- USA: +1.4%
- New Zealand: +2%
- Uruguay: +3.8%
- Australia: -6.1%
- Argentina: -2.5%
Production outlook

- EU milk production has been weaker than expected (poor spring, droughts in May & June, milk prices were not strong enough to incentivize growth) but with very different developments across Member States. Lower fat content of milk. Output likely to increase in H2
- NZ milk collections for Jan-May grew by +2% (-0,78% for May yoy), season 2016/2017 ended a lot better than expected with -1,1%, increased farmgate milk price incentivized milk production, Outlook: +3% for new season (Fonterra estimate)
- Australia’s milk supply is slowly recovering, season-best performance in May with -2,8%, full season Jul-Jun likely down -7,5% exportable surplus contracted significantly in past year, Outlook: between +2% and +3% for 2017/18 season
- US milk production rose +1,76% in May, driving factors: +0,8% increase in cow numbers, +1% increase in yield, favourable weather, Southwest output strongly up since 5 months (+11,4% in May), Outlook: heat wave hitting milk supply in summer?! , H2 2017 estimate: +1,5%
- Gradual recovery of milk production in South America in 2017
- More milk across the globe in H2 2017
Dairy exports of main market players in ME

Monthly global exports - all products
EU+USA+NZ+Aus+Arg+Uru
(Milk equivalents)
Main EU export markets for all dairy products (in value - €)

Jan-May 2015

- China
- Hong Kong
- United States
- Saudi Arabia
- Algeria
  - Egypt
  - Japan
  - Switzerland
  - United Arab Emirates
  - Korea South
  - Indonesia
  - Libya
  - Singapore
  - Australia

Jan-May 2016

- China
- United States
- Hong Kong
- Saudi Arabia
- Algeria
  - Switzerland
  - Japan
  - Egypt
  - United Arab Emirates
  - Korea South
  - Indonesia
  - Australia
- Indonesia
- Lebanon
- Vietnam

Jan-May 2017

- China
- United States
- Saudi Arabia
- Algeria
  - Hong Kong
  - Japan
  - Korea South
  - Switzerland
  - United Arab Emirates
  - Indonesia
  - Mexico
  - Egypt
  - Philippines
  - Australia
SMP trade

- EU SMP exports:
  - Growth rate Jan-May 17/16: +25.9%

- Combined SMP exports:
  - Growth rate Jan-May 17/16: +8.9%
WMP trade

- EU WMP exports:
  - Growth rate Jan-May 17/16: +4.7%

- Combined WMP exports:
  - Growth rate Jan-May 17/16: -6.3%
Whey powder trade

- EU whey powder exports:
  - Growth rate Jan-May 17/16: +6.9%

- Combined whey powder exports:
  - Growth rate Jan-May 17/16: +7.7%
Butter trade

- EU butter exports:
  - Growth rate Jan-May 17/16: -19.3%

- Combined butter exports:
  - Growth rate Jan-May 17/16: -14.4%
Cheese trade

- EU cheese exports:
  - Growth rate Jan-May 17/16: +7.8%

- Combined cheese exports:
  - Growth rate Jan-May 17/16: +6.3%
Trade of milk

- EU milk exports:
  - Growth rate Jan-May 17/16: -17.9%

- Combined milk exports:
  - Growth rate Jan-May 17/16: -9.4%
Trade of cream

• EU cream exports:
  – Growth rate Jan-May 17/16: +24.5%

• Combined cream exports:
  – Growth rate Jan-May 17/16: +44.6%
Infant formula trade

- EU infant formula exports:
  - Growth rate Jan-May 17/16: +13.4%

- Combined infant formula exports:
  - Growth rate Jan-May 17/16: +5.8%
Japan imports

Cumulated Japan imports for Jan-May 2015, 2016 & 2017 (tonnes)

Japan monthly imports (tonnes)
Mexico imports

Cumulated Mexico imports for Jan-Apr 2015, 2016 & 2017 (tonnes)

Mexico monthly imports (tonnes)
Brazil imports

Cumulated Brazil imports for Jan-Jun 2015, 2016 & 2017 (tonnes)

Brazil monthly imports (tonnes)
Conclusions

• **Global milk production has recovered** (albeit slower than expected in the EU) and is likely to increase in all regions in H2.

• The **split between fat and protein prices has increased further** and a correction is not expected in the short term.

• **Lots of nervousity about how and when SMP stocks are released**

• **Mixed picture on global demand & exports**: SMP exports have been performing well but the market is now weakening due to slower demand as buyers are waiting for lower prices. **Healthy demand for cheese**, while butter trade is affected by high prices and lack of availability. **WMP demand quite slow** and partly displaced by fat filled milk powders; however **China is expected to import more in H2 2017**.

• **Recent currency developments play into the hands of the US, now the most competitive across the whole product range**

• First statistical **evidence of the negative impact of the French mandatory CoOL measure** available, showing negative impact on single market

• **EU trade policy successes (Canada, Japan) boost confidence** for the longer term future
- Thank you for your attention -
ANNEX 4

Trends in sales of Milk & Dairy products – a retail perspective

EuroCommerce
TRENDS IN SALES OF MILK & DAIRY PRODUCTS – A RETAIL PERSPECTIVE

Milk Market Observatory
25 July 2017
## Belgium

<table>
<thead>
<tr>
<th>Product</th>
<th>June 2017 vs. June 2016 Consumer Price Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Whole milk</td>
<td>-10,08%</td>
</tr>
<tr>
<td>Semi-skimmed milk</td>
<td>-6,29%</td>
</tr>
<tr>
<td>Concentrated and powdered milk</td>
<td>+3,38%</td>
</tr>
<tr>
<td>Yoghurt</td>
<td>-0,32%</td>
</tr>
<tr>
<td>Butter</td>
<td>+18,99%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>% change in volume</th>
<th>% change in value</th>
<th>% change in price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy products</td>
<td>-1,0%</td>
<td>-1,1%</td>
<td>-0,1%</td>
</tr>
</tbody>
</table>

Source: Nielsen ScanTrack
# France

**Period ending 11 June 2017**

<table>
<thead>
<tr>
<th>Product category</th>
<th>Volume (%) change</th>
<th>Volume (%) change</th>
<th>Price (%) change</th>
<th>Price (%) change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4 weeks period</td>
<td>Year on year</td>
<td>4 weeks period</td>
<td>Year on year</td>
</tr>
<tr>
<td><strong>Total liquid milk</strong></td>
<td>-3.9%</td>
<td>-3.8%</td>
<td>+1.1%</td>
<td>+0.8%</td>
</tr>
<tr>
<td><strong>Of which UHT semi-skimmed milk</strong></td>
<td>-7.9%</td>
<td>-5.9%</td>
<td>+0.6%</td>
<td>+0.7%</td>
</tr>
<tr>
<td><strong>Yoghurt &amp; fresh cheese</strong></td>
<td>-5.5%</td>
<td>-1.5%</td>
<td>+0.1%</td>
<td>-0.7%</td>
</tr>
<tr>
<td><strong>Butter</strong></td>
<td>-5.2%</td>
<td>-0.6%</td>
<td>+5.7%</td>
<td>+1.4%</td>
</tr>
<tr>
<td><strong>Cream</strong></td>
<td>-7.4%</td>
<td>-2.5%</td>
<td>+3.5%</td>
<td>+0.2%</td>
</tr>
<tr>
<td><strong>Cheese</strong></td>
<td>-1.7%</td>
<td>+0.4%</td>
<td>+1.4%</td>
<td>-0.3%</td>
</tr>
</tbody>
</table>

Source: Kantar World Panel via FranceAgriMer (Min. de l'Agriculture)
Sales of organic versus conventional milk & dairy products

Organic dairy products sales have continued to increase. The increase is registered for every product, except liquid milk.

Organic market shares (% vol. 11/06/2017)

- Liquid milk: 7.0%
- Yogurts: 3.6%
- Butter: 3.5%
- Cream: 1.7%
- Fresh cheese: 1.1%
- Cheese: 0.5%

Source: Kantar World Panel via FranceAgriMer (Min. de l’Agriculture)
## France

### Top 20 des marques

<table>
<thead>
<tr>
<th>Marque</th>
<th>% CA</th>
<th>Évol. 1 an</th>
</tr>
</thead>
<tbody>
<tr>
<td>MDD</td>
<td>27,9 %</td>
<td>- 3,6 %</td>
</tr>
<tr>
<td>Danone</td>
<td>27,7 %</td>
<td>- 4,9 %</td>
</tr>
<tr>
<td>Yoplait</td>
<td>12,8 %</td>
<td>- 6,5 %</td>
</tr>
<tr>
<td>Nestlé</td>
<td>11,8 %</td>
<td>+ 2,9 %</td>
</tr>
<tr>
<td>Bonne Maman</td>
<td>2,6 %</td>
<td>+ 9,4 %</td>
</tr>
<tr>
<td>Rians</td>
<td>2,3 %</td>
<td>+ 1,6 %</td>
</tr>
<tr>
<td>Mamie Nova</td>
<td>2,1 %</td>
<td>+ 6,5 %</td>
</tr>
<tr>
<td>Sojasun</td>
<td>1,5 %</td>
<td>+ 2,5 %</td>
</tr>
<tr>
<td>Vrai</td>
<td>1,3 %</td>
<td>+ 15,9 %</td>
</tr>
<tr>
<td>Soignon</td>
<td>1,0 %</td>
<td>+ 26,4 %</td>
</tr>
<tr>
<td>Malo</td>
<td>0,9 %</td>
<td>+ 14,9 %</td>
</tr>
<tr>
<td>La Fermière</td>
<td>0,9 %</td>
<td>+ 23,8 %</td>
</tr>
<tr>
<td>Le Petit Basque</td>
<td>0,8 %</td>
<td>+ 26,8 %</td>
</tr>
<tr>
<td>Kinder</td>
<td>0,7 %</td>
<td>+ 5,7 %</td>
</tr>
<tr>
<td>Michel et Augustin</td>
<td>0,5 %</td>
<td>+ 6,9 %</td>
</tr>
<tr>
<td>GÜ</td>
<td>0,5 %</td>
<td>- 6,6 %</td>
</tr>
<tr>
<td>Marie Morin</td>
<td>0,4 %</td>
<td>+ 10,2 %</td>
</tr>
<tr>
<td>Alsace Lait</td>
<td>0,3 %</td>
<td>+ 2,1 %</td>
</tr>
<tr>
<td>La Bressane</td>
<td>0,2 %</td>
<td>- 4,2 %</td>
</tr>
<tr>
<td>Savoie</td>
<td>0,2 %</td>
<td>- 7,9 %</td>
</tr>
</tbody>
</table>

### Segments

La brebis passe devant le soja

- **Chèvre**: 16,7 % (+ 22,4 %)
- **Soja**: 22,5 % (+ 9,7 %)
- **Brebis**: 24,1 % (+ 33,8 %)
- **Bio**: 36,7 % (+ 19,9 %)

Household purchases of milk - percentage change in quantity

Fonte: elaborazioni Ismea su dati Nielsen Consumer Panel
Milk purchases by age group - percentage change in quantity
2016 vs 2012

- Below 34: -21.0%
- 35-44: -14.6%
- 45-54: -4.7%
- 55-64: -2.8%
- Above 64: 2.6%
Purchases of fresh milk - percentage change by category

- Fresh milk: -1.1% (2016/2015), -15.0% (2016/2012)
- High digestibility: 10.6% (2016/2015), -28.5% (2016/2012)
- Fresh milk, high quality: -7.0% (2016/2015), -26.1% (2016/2012)
- Fresh milk, extended shelf life: -11.7% (2016/2015), 11.4% (2016/2012)
- Fresh milk, standard, full fat: 1.0% (2016/2015), -15.0% (2016/2012)
- Fresh milk, standard, semi-skimmed: -22.6% (2016/2015), -27.5% (2016/2012)

Fonte: Elaborazioni Ismea su dati Nielsen Consumer Panel
## Portugal
Period ending June 2017

<table>
<thead>
<tr>
<th>Product category</th>
<th>Volume (% change, year-to-date)</th>
<th>Volume (% change, year-on-year)</th>
<th>Value (% change, year-to-date)</th>
<th>Value (% change, year-on-year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fresh milk</td>
<td>-11,5%</td>
<td>-11,7%</td>
<td>-9,9%</td>
<td>-10,4%</td>
</tr>
<tr>
<td>UHT milk</td>
<td>-4,6%</td>
<td>-6,4%</td>
<td>-0,2%</td>
<td>-3,0%</td>
</tr>
<tr>
<td>Yoghurt</td>
<td>-3,5%</td>
<td>-3,0%</td>
<td>-3,3%</td>
<td>-1,0%</td>
</tr>
<tr>
<td>Fresh cheese</td>
<td>-1,5%</td>
<td>-0,4%</td>
<td>+0,7%</td>
<td>+0,4%</td>
</tr>
<tr>
<td>Butter</td>
<td>-3,4%</td>
<td>-2,4%</td>
<td>+1,9%</td>
<td>-0,2%</td>
</tr>
<tr>
<td>UHT cream</td>
<td>-0,5%</td>
<td>+0,6%</td>
<td>+1,2%</td>
<td>+0,8%</td>
</tr>
<tr>
<td>Fresh dessert</td>
<td>+9,4%</td>
<td>+12,0%</td>
<td>+8,8%</td>
<td>+14,6%</td>
</tr>
<tr>
<td>Cheese</td>
<td>+0,8%</td>
<td>+2,1%</td>
<td>+2,8%</td>
<td>+2,3%</td>
</tr>
</tbody>
</table>

Source: Nielsen
## Spain

**Period ending May 2017**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard liquid milk</td>
<td>-6.8%</td>
<td>-4.9%</td>
<td>-6.6%</td>
<td>-5.6%</td>
<td>+0.2%</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Other types of milk</td>
<td>+4.6%</td>
<td>+5.0%</td>
<td>-0.3%</td>
<td>-0.9%</td>
<td>-4.6%</td>
<td>-5.6%</td>
</tr>
<tr>
<td>Milkshakes</td>
<td>-7.2%</td>
<td>+0.9%</td>
<td>+0.6%</td>
<td>+3.5%</td>
<td>+8.5%</td>
<td>+2.6%</td>
</tr>
<tr>
<td>Yoghurts and fermented milk</td>
<td>-0.8%</td>
<td>-0.1%</td>
<td>-3.7%</td>
<td>-2.6%</td>
<td>-2.9%</td>
<td>-2.5%</td>
</tr>
<tr>
<td>Fresh desserts</td>
<td>-8.3%</td>
<td>-4.0%</td>
<td>-6.8%</td>
<td>-3.2%</td>
<td>+1.7%</td>
<td>+0.8%</td>
</tr>
<tr>
<td>Fresh cheese</td>
<td>-1.3%</td>
<td>-2.3%</td>
<td>-0.1%</td>
<td>-1.8%</td>
<td>+1.1%</td>
<td>+0.5%</td>
</tr>
<tr>
<td>Local, traditional cheese</td>
<td>+0.7%</td>
<td>+3.2%</td>
<td>+1.4%</td>
<td>+3.2%</td>
<td>+0.7%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Processed cheese</td>
<td>-2.2%</td>
<td>-3.2%</td>
<td>-0.1%</td>
<td>-1.7%</td>
<td>+2.1%</td>
<td>+1.5%</td>
</tr>
<tr>
<td>Imported cheese</td>
<td>+2.8%</td>
<td>+4.9%</td>
<td>+2.0%</td>
<td>+4.6%</td>
<td>-0.8%</td>
<td>-0.4%</td>
</tr>
</tbody>
</table>
## Spain

### Period ending May 2017

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Grated cheese</td>
<td>+1,3%</td>
<td>+1,7%</td>
<td>+3,2%</td>
<td>+3,3%</td>
<td>+1,8%</td>
<td>+1,5%</td>
</tr>
<tr>
<td>Other types of cheese</td>
<td>+1,9%</td>
<td>+2,1%</td>
<td>+1,6%</td>
<td>+1,5%</td>
<td>-0,3%</td>
<td>-0,6%</td>
</tr>
<tr>
<td>Cream</td>
<td>-2,0%</td>
<td>+0,1%</td>
<td>+0,4%</td>
<td>+1,2%</td>
<td>+2,4%</td>
<td>+1,1%</td>
</tr>
<tr>
<td>Butter</td>
<td>+12,4%</td>
<td>+10,1%</td>
<td>+15,1%</td>
<td>+12,5%</td>
<td>+2,4%</td>
<td>+2,2%</td>
</tr>
<tr>
<td>Desserts and yoghurt with long conservation</td>
<td>-18,6%</td>
<td>-15,4%</td>
<td>-17,0%</td>
<td>-10,8%</td>
<td>+2,0%</td>
<td>+5,5%</td>
</tr>
<tr>
<td>Non-liquid milk</td>
<td>-3,8%</td>
<td>-2,9%</td>
<td>-9,2%</td>
<td>-7,1%</td>
<td>-5,6%</td>
<td>-4,3%</td>
</tr>
<tr>
<td>Total dairy products</td>
<td>-3,4%</td>
<td>-1,8%</td>
<td>-2,2%</td>
<td>-1,3%</td>
<td>+1,2%</td>
<td>+0,4%</td>
</tr>
</tbody>
</table>

Source: Nielsen and FeNIL
Spain - retail price of fresh milk and butter

Fresh Milk

Butter

Source: Magrama
Spain

Source: Nielsen and FeNIL
<table>
<thead>
<tr>
<th>Product category</th>
<th>Volume (% change in the last 4 weeks)</th>
<th>Volume (% change last 52 weeks)</th>
<th>Value (% change in the last 4 weeks)</th>
<th>Value (% change last 52 weeks)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milk</td>
<td>-3.2%</td>
<td>-2.1%</td>
<td>3.4%</td>
<td>0.8%</td>
</tr>
<tr>
<td>Hard cheese</td>
<td>-5.7%</td>
<td>-1.6%</td>
<td>5.1%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Cream</td>
<td>-3.8%</td>
<td>0.5%</td>
<td>1.6%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Yoghurt</td>
<td>-3.8%</td>
<td>-0.5%</td>
<td>-3.4%</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Cottage cheese/curd</td>
<td>-5.8%</td>
<td>-2.8%</td>
<td>-5.9%</td>
<td>-4.2%</td>
</tr>
<tr>
<td>Cold desserts</td>
<td>18.7%</td>
<td>14.2%</td>
<td>21.3%</td>
<td>19.5%</td>
</tr>
<tr>
<td>Butter</td>
<td>-13.3%</td>
<td>2.4%</td>
<td>-10.5%</td>
<td>0.7%</td>
</tr>
</tbody>
</table>

Source: Nielsen
United Kingdom

<table>
<thead>
<tr>
<th></th>
<th>Volume (000 Litres)</th>
<th>YOY diff</th>
<th>Spend (£000s)</th>
<th>YOY diff</th>
<th>Average price (£/Litre)</th>
<th>YOY diff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total milk market</td>
<td>5,511,736</td>
<td>0.2%</td>
<td>3,188,679</td>
<td>2.5%</td>
<td>0.58</td>
<td>2.3%</td>
</tr>
<tr>
<td>Pasteurised*</td>
<td>4,767,179</td>
<td>-0.3%</td>
<td>2,560,600</td>
<td>2.2%</td>
<td>0.54</td>
<td>2.5%</td>
</tr>
<tr>
<td>Filtered</td>
<td>297,710</td>
<td>4.0%</td>
<td>229,170</td>
<td>2.6%</td>
<td>0.77</td>
<td>-1.4%</td>
</tr>
<tr>
<td>UHT</td>
<td>233,789</td>
<td>-1.1%</td>
<td>152,639</td>
<td>-2.3%</td>
<td>0.65</td>
<td>-1.2%</td>
</tr>
<tr>
<td>Soya</td>
<td>87,664</td>
<td>2.2%</td>
<td>79,251</td>
<td>-1.1%</td>
<td>0.90</td>
<td>-3.2%</td>
</tr>
<tr>
<td>Sterilised</td>
<td>6,914</td>
<td>-3.3%</td>
<td>7,192</td>
<td>-3.5%</td>
<td>1.04</td>
<td>-0.3%</td>
</tr>
<tr>
<td>'Other milk' types</td>
<td>118,481</td>
<td>19.1%</td>
<td>159,828</td>
<td>16.6%</td>
<td>1.35</td>
<td>-2.1%</td>
</tr>
</tbody>
</table>

Source: Kantar Worldpanel

*Kantar Worldpanel classify all non-barcoded products such as doorstep milk as pasteurised.*
United Kingdom

GB retail liquid milk market
(52 weeks ending 18 June 2017)

- Pasteurised: -0.3%
- Filtered: 4.0%
- UHT: -1.1%
- Milk substitutes (soya): -2.3%
- Sterilised: -3.3%

Annual % change (volume)
# United Kingdom – milk contract league table

### MILK PRICES - AHDB Dairy League table for May 2017

<table>
<thead>
<tr>
<th>League Table</th>
<th>Monthly Price</th>
<th>Annual Price</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aligned Liquid Milk</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arla Foods - Sainsbury's</td>
<td>26.75</td>
<td>27.29</td>
</tr>
<tr>
<td>Müller Milk &amp; Ingredients Co-op Dairy Group</td>
<td>27.23</td>
<td>27.85</td>
</tr>
<tr>
<td>Müller Milk &amp; Ingredients M&amp;S</td>
<td>29.40</td>
<td>30.02</td>
</tr>
<tr>
<td>Müller Milk &amp; Ingredients Sainsbury's</td>
<td>26.99</td>
<td>27.61</td>
</tr>
<tr>
<td>Müller Milk &amp; Ingredients TSDG (Tesco)</td>
<td>28.86</td>
<td>29.23</td>
</tr>
<tr>
<td><strong>Standard Liquid Milk</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crediton Dairy</td>
<td>26.85</td>
<td>28.20</td>
</tr>
<tr>
<td>Müller Milk &amp; Ingredients Non-Aligned</td>
<td>26.38</td>
<td>26.91</td>
</tr>
<tr>
<td>Pensworth</td>
<td>26.54</td>
<td>26.56</td>
</tr>
<tr>
<td>UK Arla Farmers Liquid 2</td>
<td>24.17</td>
<td>25.46</td>
</tr>
<tr>
<td><strong>Standard Manufacturing</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Arla Direct Manufacturing</td>
<td>23.29</td>
<td>24.62</td>
</tr>
<tr>
<td>Barber A.J &amp; R.G</td>
<td>25.71</td>
<td>28.66</td>
</tr>
<tr>
<td>Dairy Crest cheese - Davidstow (Profile)</td>
<td>28.24</td>
<td>28.83</td>
</tr>
<tr>
<td>Dairy Crest cheese - Davidstow (Seasonal)</td>
<td>25.74</td>
<td>28.75</td>
</tr>
<tr>
<td>Dale Farm - GB</td>
<td>26.38</td>
<td>26.62</td>
</tr>
<tr>
<td>Dale Farm - NI</td>
<td>26.44</td>
<td>26.74</td>
</tr>
<tr>
<td>Glanbia - Llangefni</td>
<td>25.49</td>
<td>26.88</td>
</tr>
<tr>
<td>Lactalis - Caledonian Cheese</td>
<td>26.97</td>
<td>27.35</td>
</tr>
<tr>
<td>Lactalis - Caledonian Cheese (Seasonal)</td>
<td>22.37</td>
<td>27.55</td>
</tr>
<tr>
<td>Pattemores Dairy Ingredients</td>
<td>27.05</td>
<td>27.40</td>
</tr>
<tr>
<td>South Caernarfon Creameries</td>
<td>24.84</td>
<td>26.92</td>
</tr>
<tr>
<td>UK Arla Farmers Manufacturing 2</td>
<td>24.49</td>
<td>25.91</td>
</tr>
<tr>
<td>Wensleydale Creamery</td>
<td>26.97</td>
<td>27.34</td>
</tr>
<tr>
<td>Wyke Farms</td>
<td>25.81</td>
<td>28.52</td>
</tr>
</tbody>
</table>
# United Kingdom

<table>
<thead>
<tr>
<th>unit price (p)</th>
<th>Jun-17</th>
<th>May-17</th>
<th>Month Diff.</th>
<th>Jun-16</th>
<th>Annual Diff.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liquid milk†</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail (4 pints)*</td>
<td>103</td>
<td>103</td>
<td>n/c</td>
<td>101</td>
<td>+2</td>
</tr>
<tr>
<td>Doorstep (1 pint)**</td>
<td>81</td>
<td>81</td>
<td>n/c</td>
<td>81</td>
<td>n/c</td>
</tr>
<tr>
<td>ppl</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>May-17</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cream††</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Cream</td>
<td>259</td>
<td>256</td>
<td>+4</td>
<td>240</td>
<td>+20</td>
</tr>
<tr>
<td>Double Cream</td>
<td>232</td>
<td>229</td>
<td>+3</td>
<td>212</td>
<td>+20</td>
</tr>
<tr>
<td>Single Cream</td>
<td>218</td>
<td>215</td>
<td>+3</td>
<td>199</td>
<td>+19</td>
</tr>
<tr>
<td>p/kg</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Apr-17</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cheddar††</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total market</td>
<td>584</td>
<td>590</td>
<td>-7</td>
<td>593</td>
<td>-9</td>
</tr>
<tr>
<td>Mature</td>
<td>574</td>
<td>589</td>
<td>-15</td>
<td>597</td>
<td>-23</td>
</tr>
<tr>
<td>Mild</td>
<td>541</td>
<td>541</td>
<td>0</td>
<td>532</td>
<td>+9</td>
</tr>
</tbody>
</table>

† updated monthly; †† updated quarterly; *pasteurised (private label)
**milkandmore monthly spot price - semi-skimmed glass bottle
Source: Kantar Worldpanel Online
ANNEX 5

Milk market situation

LTO Nederland
Milk market situation

1. Milk prices
2. Butter
3. Production
4. Futures: EEX, CME
5. China
6. Conclusions
7. Farmers’ sentiment

Klaas Johan Osinga
kjosinga@lto.nl, @KJOsinga
1. The big picture....
LTO milk prices average

Average milkprice May 2017 € 7.09 higher compared to previous year

Graph showing milkprice average from January to December for the years 2014 to 2017.
# Farm gate milk prices € per 100 kg standardised milk

<table>
<thead>
<tr>
<th>Dairy</th>
<th>2016 (€)</th>
<th>2016</th>
<th>May 2017</th>
<th>June 2017</th>
<th>July 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Granarolo (Noord)</td>
<td>IT</td>
<td>36.83</td>
<td>1</td>
<td>34.01</td>
<td></td>
</tr>
<tr>
<td>Valio</td>
<td>FI</td>
<td>35.21</td>
<td>2</td>
<td>35.10</td>
<td></td>
</tr>
<tr>
<td>Danone (Pas de Calais)</td>
<td>FR</td>
<td>31.57</td>
<td>3</td>
<td>33.70</td>
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</table>

Source: milkprices.nl
2. Butter price signals (1): Protein/fat ratio
Butter (2)

Contracted at € 6.10 / kg in Germany?

€ 1,49 per 250 gr

= 

€ 5,96 per kg

(Albert Heijn, 24 July 2017)
Butter (3)

Of course, there are many types of butter…
Butter (4)

€ 1,65 / 250 g

= 

€ 6,60 / kg

(ALDI, 24 July 2017)

And there are many contracts…
1. Milk production

New Zealand

2016/17 milk production -1.1% year-on-year to 21.3bn kg (-0.2bn kg)
Milk production (2)

Australia:

Season 2016/17: -7.6% y-o-y

(July -2.8%; June not yet in)
Milk production (3)

USA

USDA (y-o-y):
June 17: +1.6%
May 17: +1.8%
April 17: +2.1%
2016: +1.8%
Argentina

Production was down 12% in 2016 to 10.2bn kg

Estimate for 2017: +2%
Milk production (5)

EU – latest data:

- Germany
- France
- UK
- Netherlands
Germany: -2.6% (26 June-1 July)
France (3-9 July): -3.8%

Collecte hebdomadaire des dernières campagnes

Source: FranceAgriMer / sondage hebdomadaire
UK: -0.4% during 9-15 July (y-o-y)
Netherlands milk production

June 2017:
-0.4% (milk)
-2.0% (fat)

Jan-June 2017:
-0.5%
-1.5%
Number of Dutch cows decreasing
Milk production y-o-y (4)

My estimates for 2017:

- Germany: -1%
- France: -2%
- UK: +/- 0
- Netherlands: -1%

Conclusion:
not yet a big hike in EU milk production

Germany/France/UK production y-o-y):

Week 23: - 8m kg
Week 24: -5.5m kg
Week 25: -12.4m kg
Week 26: -9.5m kg
Week 27: -13.5m kg
Milk prod growth still limited in 2017

Calendar year 2017 (billion kg milk)

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<thead>
<tr>
<th>Region</th>
<th>Change</th>
<th>Quantity</th>
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<tr>
<td>Argentina</td>
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</table>

Total: + 2.2 billion kg

World market is about 60 bn kg
Futures (1) Chicago: (contract Dec 17): +/- 32 eurocents (3.5% fat)

16,74 US$ per 100 cwt is € 31.80 per 100 kg (3.5% fat)
Futures (2) milk price based on EEX futures: 40 cents in Nov/Dec

<table>
<thead>
<tr>
<th>Kontrakt Monat</th>
<th>Kieler Börsenmilchwert*</th>
<th>Änd.</th>
<th>EEX Butter Future</th>
<th>Änd.</th>
<th>OI</th>
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</table>

* Berechnung nach: Methode Kieler Rohstoffwert, 4,0% F., 3,4% Elw., ab Hof, o. MwSt.
Änd. = Änderung zu Vortag, OI = Open Interest (Anzahl der bestehenden Kontrakte)
Quelle: © ife Institut Kiel, www.ife-ev.de
Dutch dairy quotations

19 July 2017

Butter, 25 kg cartons: no change at € 6.14
WMP, 26% fat: no change at € 295.00
SMP extra quality: – € 5.00 - € 174.00
SMP feed quality: - € 7.00 - € 164.00
Whey powder: - € 1.00 - € 84.00

Cheeses Edam/Gouda € 3.50 and firm
Cream € 7.00 and firm
Milk spot price 0.38
5. The China question mark

China’s consumption of dairy to grow at 2 to 2.5% per year for the next five years – slower than before

Infant formula to grow 10% per year – down from 15%.

Focus needed more on value, not on volume

Source: Rabobank
6. Summary

Production growth limited, still negative in EU, NZ & Australia

Cheese and butter carry the market

Market expected to be stable to firm during the next months

Crucial as ever: New Zealand & China
7. How is confidence?

![Agro Vertrouwensindex graph](image-url)
Thank you for your attention

@KJOsinga  kjosinga@lto.nl
Dairy Short-term Outlook published 11 July 2017

European Commission
Dairy
Short-term Outlook
Published 11 July 2017

Sophie Hélaine
DG Agriculture and Rural Development
European Commission
Outline

- Pastures and crops
- Milk collection
- Use of milk
Pastures:
decrease of productivity in some regions as a consequence of the high temperatures

Source: JRC MARS
Regions with water deficit and belonging to the five driest over the last 20 years

Source: JRC MARS
2017/2018 EU cereal harvest below average

Sown areas
- Slightly lower than previous marketing year
- 56.2 million ha (-1.3% last year, -2.3% 5y avg)
- Lower mainly for maize, sorghum and rye, while durum is expanding

Yields
- Spring conditions hampered crop development
- Spain (drought): winter barley -21%, spring barley -33%
- Also north-western France and Belgium (dry and hot)
- Netherlands, Germany, northern Italy, central Europe: heat wave in June
Areas of concern

Map 1 Areas of concern: extreme weather events

Map 2 Areas of concern: winter crops

EU production not in tune with world

2017/2018 EU Production
- Below 300 million t, 2nd year in a row
- Drop mainly for barley, at 57 million t
- Maize uncertain (early), closer to 60 than 65 million t

2017/2018 World Production
- Substantial but lower than previous record year
- 2050 million t (-3% compared to 2016/17)
- High level of stocks (only slightly below last year)
- Wheat around 740 million t: lower in the US, Canada, Ukraine, but excellent in Russia
- Maize at 1 030 million t slightly below last year's record (-3%)
Slow down in EU cow slaughterings

The chart shows the percentage change in EU cow slaughterings from Jan-Dec 2016 to Jan-May 2017 for various EU countries. The bars indicate the percentage change for each period:
- **Jan-Dec 2016** (blue)
- **Jan-Avr 2017** (red)
- **Jan-May 2017** (green)

The countries included in the chart are:
- EU-15
- EU-N13
- NL (Netherlands)
- DK (Denmark)
- IE (Ireland)
- ES (Spain)
- UK (United Kingdom)
- CZ (Czech Republic)
- PL (Poland)
- BE (Belgium)
- DE (Germany)
- IT (Italy)
- FR (France)
- AT (Austria)

The chart indicates a slowdown in cow slaughterings for most countries, with some showing significant decreases in the first half of 2017.
2017 EU milk collection +0.7% (2018: +0.9%)

EU milk collection forecast by quarter (1000 t)

• A contrasted situation in the EU:
  • Strong increase to be expected in IE, PL, IT, LU, SI, CY
  • Increase in ES, AT
  • Recovery in the UK, BE, PT, SK
  • Stable (-0.5% // +0.5%) in: DK, EE, LV, CZ, FR, FI, HU, LT,
  • Decrease in: DE, SE, NL
Cheese

EU cheese balance sheet (1000 t)

- **Production**
  - 2017/2016\textsuperscript{f} : +2.2%  
  - (Jan-May) : +1.9%

- **Exports**
  - 2017/2016\textsuperscript{f} : +6%  
  - (Jan-May) : +8%

- **Consumption**
  - 2017: 17.9 kg/capita (+1%)  
  - i.e. +0.44 million t of milk eq.
**SMP**

**EU balance sheet (1000 t)**

- **Production**
  - 2017/2016\(f\): -11%
  - (Jan-May): -12%

- **Exports**
  - 2017/2016\(f\): +24%
  - i.e. +1 million t of milk eq.
  - (Jan-May): +26%

- **Use**
  - 2017/2016\(f\): +2.3%
  - i.e. +0.13 million t of milk eq.

- **Total stocks**
  - End 2017: 470 000 t
  - Of which 330 000 t of intervention stocks
Butter

**EU balance sheet (1000 t)**

- **Production**: 2017/2016f: -3%
- **(Jan-May)**: -6.5%
- **Exports**: 2017/2016f: -20%
- **(Jan-May)**: -20%
- **Use**: 2017/2016f: +1%
- **Very low stocks**: End 2017: 65 000 t

Source: Euromonitor
Fresh dairy products

EU balance sheet (1000 t)

- Production
  - 2017/2016\(^f\): +0.1\%
  - (Jan-May): -0.9\%
  - Drinking milk down
  - Cream, yogurt up

- Exports
  - 2017/2016\(^f\): -5\%
  - (Jan-April, drinking milk): -24\%

- Consumption
  - 2017/2016\(^f\): 89.9 kg/cap (stable)

Source: Euromonitor
Thank you

Milk market observatory
http://ec.europa.eu/agriculture/market-observatory/milk_en

Short-term outlook

Medium-term outlook

EU agricultural outlook conference
http://ec.europa.eu/agriculture/events/2016-outlook-conference_en
ANNEX 7

EU Protein Balance sheet

*European Commission*
"EU Protein Balance sheet"

Milk Market Observatory

Brussels, 25th July 2017
Breaking News:
Crops Market Observatory in place
See https://ec.europa.eu/agriculture/market-observatory/crops_en
Objective

A comprehensive (and "official") overview of EU supply and demand situation for feed proteins

**Supply:** exhaustive list of feed protein sources (not only protein-rich materials)

**Demand:** focus on feed uses of proteins

**Quantification of EU protein self-sufficiency** (or deficit) – monitoring tool for further policy-making
Timelines

- **November 2016 + January 2017:** two "technical" meetings with stakeholders (producers, traders, users of plant proteins)

- **March-April 2017:** presentation of draft EU protein balance sheet in various CDGs (COP+meat)

- **10 April 2017:** publication of first EU protein balance sheet (MY 2015/16) + explanatory note

- **18 July 2017:** publication of EU Protein Balance Sheets since MY 2011/12
Scope

Supply: exhaustive list of (44) feed protein sources, sub-divided into three main categories:

1. **Crops** (cereals, oilseeds, pulses): 15 entries
2. **Co-products** (protein-rich materials eg meals): 25 entries
3. **Others** (non-plant proteins): 4 entries

Demand: focus on feed uses of proteins, incl. for each protein source, volume of EU production, trade, total use, feed use then conversion into crude protein volume and % feed use of EU origin
Some limitations related to data gaps about:

• Proteins from forage sources (not included)
• Protein content per source (average values used)
• On-farm feed uses (estimated)
• Stocks (not included)

No "grand total" (limited protein inter-changeability)

Data sources: not only EU Commission but also stakeholders input (eg crude protein content) - further stakeholders input welcome (eg on forage sources?)
Publication on Crops MO website
https://ec.europa.eu/agriculture/market-observatory/crops_en
First Results – MY 2015/16

1. Proteins from Crops:
   - **Feed Use:** 18.31 million tonnes (crude protein)
   - **Origin:** 92% EU

2. Proteins from Co-products:
   - **Feed Use:** 26.01 million tonnes (crude protein)
   - **Origin:** 37% EU

3. Proteins from Others:
   - **Feed Use:** 0.78 million tonnes (crude protein)
   - **Origin:** 89% EU
First Results – MY 2011/12 to 2015/16

1. Proteins from Crops:
   • Feed Use: variable from 16.84 in 2011/12 to 18.31 in 2015/16 (million tonnes crude protein)
   • Origin: stable ≈92% EU

2. Proteins from Co-products:
   • Feed Use: variable from 23.50 in 2012/13 to 26.01 in 2015/16 (million tonnes crude protein)
   • Origin: variable from 37% to 41% EU
Next Steps

**September 2017:** publication of EU Protein Balance Sheet MY 2016/17

**Q4 2017:** fine-tuning of published Protein Balance Sheet (some data gaps filled in?)

**Note:** stakeholders' comments always welcome at agri-G4@ec.europa.eu
Thank you for your attention!

Arable Crops (incl. protein crops) data available at:

https://ec.europa.eu/agriculture/market-observatory/crops_en