Last update: 27.04.2021

Milk Market Situation

April 2021

- **EU cow's milk collection** decreased in January-February 2021 by 2.4% compared to the same period of 2020 (-0.7% with leap year correction). In February, IE (+4.4%, + 15 000 t), HU (+2.4%, +3 000 t) and CY (+13.9%, 3 000 t), were the top-3 MS with the highest production growth while 20 countries reported reductions, including major milk producing countries like DE (-5.7%, -152 000 t), FR (-5.9%, -123 000 t), NL (-5.3%, -61 000 t) and PL (-3.8%, -38 000 t). In the first two months 2021, with leap year adjusted, the decline in DE and FR was slightly less severe, -2% and -3% respectively.
- The decrease of milk collection in January-February 2021 translates into **production decline for main categories of milk products**: SMP (-8.7%), butter (-4.9%), cream (-3.6%), fermented milk (-3%) and WMP (+5%) and increase of cheese (+0.5%), concentrated milk (+7.9%) and drinking milk (+1.8%) compared to January 2020.
- **EU organic raw milk production**: 4.3% of collected milk was organic in February 2021 (data from 19MS). The highest share in AT (19.5%), SE (17.6%), DK (13.3%) and lowest one in PT (0.2%) and PL (0.3%).
- The weighted **EU average farm gate milk prices** slightly increased in February 2021 to 34.98 c/kg (+0.1%). This level is lower (-0.6%) than in February 2020 but +4.2% higher than the average of the last five years. According to MS' estimates, milk prices would have slightly decreased by 0.6% to 34.76 c/kg in March 2021.
- In Italy, **spot milk prices**, after a positive opening of the year, decreased in February and March and stabilized in last 4 weeks at 32 c/kg, below 2019 levels but higher than in 2018 and 2020.
- **EU average prices of dairy products (by 18/04/2021)**, improved in the last 4 weeks for SMP by +1.4%, to 249 €/100kg and butter by +1.9%, to 400€/100kg and for wheypowder by +2.5%, to 96€/100kg. Prices slightly decreased by -0.3% for WMP to 316€/100kg. EU cheese prices have slightly increased for cheddar by +0.6% to 310€/100 kg and for edam by 1% up to 317€/100 kg, and have decreased for gouda by -1.4% to 312€/100 kg and for emmental by -1.1% to 486€/100 kg. Compared to a year ago, average EU butter prices increased by 35.5%, SMP prices by 29.9%, WMP by 20% and EU wheypowder prices are 35% higher than a year ago.
- On the **world market** (by 18/04/2021), butter prices in Oceania were still the highest ones, 21% higher than in EU and 40% higher than in the USA. SMP prices in the US are the lowest ones, 22% lower than in Oceania and 16% lower compared to the EU. In the last fortnight, cheddar prices went slightly down (-0.6%) in the US and were stable in Oceania. Compared to the US and Oceania, the EU-27 is more price competitive for WMP and cheddar. In the last 2 weeks, butter registered a slight price increase Oceania (+1.1%) and higher one in the US (+2.1%). Also SMP and WMP prices went slightly up both in Oceania and the US.
- In January-February 2021, **EU-27 exports** (excluding the UK destination) decreased in volume for butter (-22%), butteroil (-40%), cheeses (-2%) and SMP but increased for WMP (+2%), wheypowder (+23%) and condensed milk (+16%). Total EU-27 exports in January-February 2021 (the UK excluded), expressed in milk equivalent, were -3% below January-February 2020 levels and the value of these exports (€ 1.49 billion) was -7% lower than a year ago.
- **EU-27 butter exports** (UK excluded) decreased in January-February 2021 by 22% to all main destinations, with two exceptions: China (+103%) and Serbia (+94%). Exports declined to the US (-8%), Saudi Arabia (-50%), South Korea (-17%). FR, IE, DK, NL and DE were the top-5 EU butter exporters in January-February 2021 (79% of total exports, 20 787 t). China, South Korea and Taiwan were the top-3 destination for French butter and the USA, China and Egypt for Irish butter. Serbia was number 1 destination for Polish butter (546 t). In total, FR exported 5 951 tonnes in January-February 2021, including 977 t to China and 440 t to Japan.
- **EU-27 cheese exports** (UK excluded) decreased in January-February 2021 by 2% compared to the same period in 2020. Notable decrease to some important destinations (e.g.: US (-27%), South Korea (-17%)). EU exports to Japan (EU 1st destination) increased by 10%, nearly 1635 tonnes more of cheese than in January-February 2020. Top-3 EU cheese exporters to Japan were the Netherlands, Germany and Denmark. Italy was a top cheese exporter to the US (4676 t) and Poland to Ukraine (3 304 t). EU cheese exports to China (EU 7th destination) increased by 106% in January-February 2021, from 3 272 t to 6735 t. Top-5 EU cheese exporters were DE, NL, FR, IT and DK with a 70% share (102 350 t).
- In January 2021 (UK excluded), the EU-27 decreased (-1%) its **SMP exports** due to decrease to China (-9%) and Algeria (-20%) EU exports increased to Yemen (+93%), Indonesia (+67%) and Philippines (+124%). FR, BE, DE, NL and PL were the top-5 SMP EU exporters with a 76% share (97 984 t). China is the main market for many Member States, including Finland (4 474 t), France (2 917 t) and Sweden (2 038 t). Worth to note, quite substantial exports figures from Poland to Algeria (6225 t), from Belgium to Philippines (4094 t) and Indonesia (4905 t), and from France to Yemen (5697 t).
- EU-27 **WMP exports** (UK excluded) in volume increased by 2% in January-February 2021 compared to 2020, driven by higher exports to top-3 destinations: Oman (+38%), China (+21%) and Nigeria (+6%). NL, DK, FR, BE and SE are the top-5 EU exporters with 83% share (39 643 t). Sweden, Denmark and Germany and Belgium were the main EU exporters to Oman.
- EU-27 **wheypowder exports** (UK excluded) increased by 23%. China, Indonesia, Malaysia, Thailand and Vietnam were the top-5 main outlets. EU exported 44 832 tonnes of wheypowder to China which is 40% of total EU wheypowder exports in January-February 2021, mainly from PL, FR, DE and NL. FR, PL, DE, NL and CZ were top-5 EU exports in the first two month of 2021.
- In January-February 2021, **NZ** dairy exports decreased in volume particularly for butter/butteroil (-6%) and SMP (-25%) but increased for WMP (+5%) and cheese (+9%). The **US** increased exports of butter/butteroil (+62%), SMP (+8%) and WMP (+5%) but decreased for cheeses (-6%). **Australian** exports were above 2020 levels for SMP (+41%), cheese (+4%), butter/butteroil (+268%) and WMP (+17%). **Belarus** registered a +6% export increase for cheeses and +31% for butter/butteroil, +3% for SMP and +40% for WMP. **Argentinian** exports increased for WMP (+22%), butter/butteroil (+9%), SMP (+148%) and cheeses (+33%). EU, US, Belarus, Turkey and Canada were top-5 world exporters of wheypowder in January-February 2021.
- On the **demand** side, Chinese imports decreased by 17% for butter/butteroil but increased by +36% for SMP, +9% for WMP and +33% for cheese. Jan-Feb Japanese cheese imports were on pair with 2020 levels but the EU has a higher market share (now 39%). By March 2021, Brazil increased imports of SMP (+70%), WMP (+86%).
- **New Zealand** milk production in February 2021 (9th month of the 2020/21 season) was +3% higher than in February 2020 meaning a +1% increase from the beginning of the season (+182 000 t). Milk prices increased in February 2021 by 8.2% to 34.98 c/kg compared to January 2021 and the price was 9.9% higher than in February 2020.
- **Australian** milk production in February 2021 (8th month of the 2020/21 season) was 0.5% lower than in February 2020. Cumulative growth of production after eight months was +1.2% (+76 000 t).
- **US** milk production in February 2021 was -1.5% lower compared to February 2020 but 2% up with leap year adjusted. The February farm gate milk price slightly decreased by 1.6% from 32.5 c/kg to 31.98 c/kg, which is 17.6% lower than in February 2020.