EU cow’s milk collection slightly increased in July 2019 by 0.1% compared to the same month of 2018, resulting in a cumulative increase for the first 7 months of +0.2%. In July 2019, IE (+10.4%, +92000 t), UK (+2.7%, +34000 t) and PL (+1%, +11000 t) reported the highest production growth and DE (-1.3%, -34 000 t), NL (-1.5%, -18 000 t) the biggest reduction. The increase of milk collection in the last 7 months translates into modest production growth for most dairy products: butter (+3.0%), SMP (+0.3%) or cheese (+0.2%). Production decreased in Jan-Jul for WMP (-3.7%), drinking milk (-1.7%) and fermented milk (-0.8%).

The weighted EU average farm gate milk price slightly improved in August 2019, up to 33.6 c/kg. This price is virtually at the same level as in August last year and +4% higher than the average of the last five years. Member States’ estimates point to a further increase of milk price in September (+0.4%, up to 33.8 c/kg).

In Italy, spot milk prices have remained strong in the last month and by week 39 (29th September) were at 45.80 c/kg, which is 9.7% higher than one year before and 4.7% than two years ago.

Regarding EU average prices of dairy products, butter prices have increased by 1.2% in last 4 weeks, up to 370 €/100 kg. SMP prices have also increased (+1.5%) together with emmental (+1.9%), gouda (+1.1%) and edam (+0.5%). Only cheddar (+0.4%) and WMP (+0.2%) prices have decreased in last 4 weeks. So far, this year EU butter prices have decreased by 16% while SMP prices have improved by 23%.

On the world market, EU and Oceania butter prices are virtually on par. SMP prices in the EU are 1% higher than in the US. The EU in July was the most competitive exporter for cheddar, and Oceania for WMP.

EU exports in the first seven months of 2019 have strongly increased in volume for SMP (+28%) and butter (+19%). Cheese exports have also increased by 2%. Exports have been declining so far since the beginning of the year for butteroil (-21%), WMP (-19%) and wheypowder (-2%). Total EU exports in this period, expressed in milk equivalent, were +6% above last year, while the value of these exports has increased by +12% compared to the same period of 2018.

Up to July 2019 the US remained the main outlet for EU cheese exports with 7% increase compared to last year, followed by Japan (+5%) and Switzerland (1%). Cheese exports have increased notably to China (+20%), Canada (+10%) and US (+7%). On the contrary, exports to South Korea and Lebanon have significantly dropped (in both cases - 10%). NL, DE, FR and IT are top-4 main EU exporters.

As for cheese, the US is the main destination for EU butter exports by July with 45% increase compared to last year. Japan stands as second main destination with 57% increase, but the volume is 3.5 times lower. Exports to most of top-10 destinations are still growing at double-digit. Only Saudi Arabia and Singapore have reduced their butter imports from the EU (-5% and -16% respectively). IE, FR, DK and NL have been the top-4 European butter exporters. US is a top destination for Irish butter (18 951 t in Jan-July 2019).

Up to July 2019 the EU increased significantly its SMP exports to the top 10 destinations with the exception of Algeria (-30% decrease compared to last year). China, the top destination, has increased by 66% their imports of EU SMP. Algeria remains as second main outlet but closely followed by Indonesia and Philippines with 98% and 120% import growth respectively. BE, DE and FR stand as the top-3 SMP EU exporters. China is the main market for Germany and Algeria for France.

Regarding EU WMP, EU exports in volume have increased by 17% in July compared to last month but from the beginning of year have dropped by 19%, mostly driven by the decrease of exports to Oman (-16%) and China (-24%), two main destinations for WMP. NL, DK are the main two European exporters of WMP with more than 52% share.

NZ dairy exports have expanded in the first seven months of 2019 notably for WMP (+14%), cheese (+3%) and SMP (+11%) but have decreased for butter/butteroil (-2%). Completely different development is observed for the US, with remarkable decreases for SMP (-14%), wheypowder (-26%), WMP (-34%) and butter (-33%). Belarus increased exports for SMP (+35%) and cheese (+18%), data only available up to June. Australia exports of butter/butteroil in Jan-July 2019 are +39% higher than last year.

On the demand side, this year China continues to show impressive growth figures for WMP and SMP, +27% and +29% respectively. Chinese cheese imports have reached over to 67 000 tonnes by July this year, placing China as 6th main world importer after Japan, Russia, US, South Korea and Mexico. Butter imports in China continue decreasing and cumulate a 34% drop in the first seven months of 2019. As previously reported, due to African Swine Fever, Chinese demand for wheypowder, and imports have dropped by 26%. Russia stands as the main world importer of butter (even with one month less of data than China) and second importer of cheese after Japan. Mexico has decreased its SMP imports by 42% (mainly from the US), so now China is a top importer.

Demand for butter/butteroil is growing significantly not only in Russia (+53%, data up to June) and the US (+38%) but also in Philippines (+27%, data up to June), Canada (+11%) and Japan (+48%). Philippines stands as the main world importer of condensed milk, ahead of Hong Kong. China is 2nd world importers for lactose and caseinates. New Zealand and the US have respectively first places.

New Zealand milk production by July 2019 (second month of the 2019/20 season) increased by 8.7% compared to June-July 2018. Milk price in New Zealand decreased in July 2019 by 1.9% to 29.31 c/kg; which is 6.5% lower than one year before.

Australia milk production decreased in July 2019 (first month of the 2019/20 season) by 8.4% compared to the same month of last year.

US milk production in July 2019 was at the same level compared to July 2018 (0.0% for the January-July period). The July farm gate milk price has increased by 8.2% compared to June up to 39.5 c/kg, which is 28.5% higher than in July 2018.