WEST EUROPE OVERVIEW: Although EU milk output is generally above last year’s volume for the first five months of the year, weekly milk collections are seasonally decreasing. As milk volumes fade in the summer heat, cream has also become less available. Industry sources say cream prices have risen and so has demand for the fresh market products that use cream. Contacts further suggest that some buyers still need coverage for near-term needs for a variety of dairy products. And while inventories for dairy products are generally slim, demand appears to be a driving force that may determine whether prices rise or fall. Currently, dairy demand for milk fat is solid, while demand for dairy proteins is less so. However, as the summer holidays end, market participants expect a rise in demand for most dry dairy ingredients, butter, and cheese. An underlying question for most in the European dairy industry is how much milk will be available for processing as seasonal dairy demand is expected to increase in the fall.

The monthly weighted average price for EU 27 farmgate milk has stayed near 46 euros per 100 kg for much of the first half of the year, with most of the EU 27 countries having a pay price between 40 and 50 euros per 100 kg in the month of June. However, the uncertainty of milk supply has prompted a rise in milk pay prices. A large European dairy cooperative recently announced the August guaranteed milk price will increase by 1.25 euros to 49.25 euros per 100 kg. The increase demonstrates the expectation that reference milk prices will continue to rise. In addition, current weekly milk spot prices in the upper 50 euros per 100 kg are common. While the higher milk pay prices and the lower feed costs have helped farmer finances improve, lower numbers of dairy cows on the continent and tight supplies of replacement heifers have slowed the potential growth of milk output in some regions of Europe.

On July 31, 2024, Denmark derogation for nitrate expired. The change reduces the derogation permitted stocking rate of 230 kg/ha to 170 kg/ha. Farmers estimate the need to acquire or rent at least 20 to 25 percent more land to allow for the new stocking rate.

EAST EUROPE OVERVIEW: Milk production in East Europe continues to grow year over year, even as seasonal milk output slows. Increases in one of the leading East European countries, Poland, has resulted from significant increases in milk production per cow over the past few years. Decreases in feed costs, coupled with consistently supportive milk pay prices have help maintain farm financials, leading to expanded milk production. The May farm milk pay price in Poland was 46.34 euros/100 kg compared to 45.90 euros/100 kg across the EU 27.