WESTERN EUROPEAN OVERVIEW: Western European milk intakes are slowing as parts of the continent approach the low point in the milk production season. Germany and some other northern European countries typically reach their seasonal low milk output levels in November. As milk intake volumes have receded, milk pay prices, which have largely fallen steadily since last December, have slowed their descent. The provisional average milk pay price for September in the EU-27 is 43.54 euros per 100kg, compared to 58.25 euros per 100 kg in December 2022. Although milk pay prices have fallen, spot milk prices have rebounded slightly over the last few months, suggesting a need for milk to make up for lower-than-expected milk harvests in some regions. According to CLAL data made available to USDA, October Italian spot milk prices range between 55.16 and 56.71 euros per 100kg for Italian-sourced unpasteurized milk and 50.52 to 53.10 euros per 100kg for whole pasteurized spot milk sourced from neighboring countries.

German dairy contacts say feed costs should not be a major issue this winter for many farmers. There are good supplies of hay and late summer rains helped refresh pastures. Feed supplies may be tighter in some of the southern countries that experienced heat and drought through the summer months. Regardless, industry contacts suggest input costs are lower than they were a year ago. However, they do not expect a run up of milk supply to the end of the year because of lower milk pay prices.

According to CLAL data made available to USDA, year-to-date EU cows' milk delivered to dairies through August 2023 is estimated at 99,413,000 MT, an increase of 0.7 percent when compared to January-August 2022 EU milk production. August 2023 EU cows' milk delivered to dairies is estimated at 12,128,000 MT, unchanged compared to last year. Among some of the top Western EU milk producers, the year-to-date milk deliveries and percentage changes from January-August 2022 are Germany, 22,103,000 MT, +2.4 percent; France, 16,041,000 MT, 2.3 percent; and Netherlands, 9,474,000 MT, +2.6 percent. In the United Kingdom, the provisional August 2023 cows' milk delivered to dairies was 1,228,000 MT, up 0.7 percent from August 2022. Year-to-date cows' milk deliveries in the UK for January-August 2023, 10,468,000 MT, was 0.8 percent more than total milk deliveries in January-August 2022.

EASTERN EUROPEAN OVERVIEW: Milk production in Eastern Europe is trailing off as the seasons change. And like their western counterparts, eastern European farmers have seen milk pay prices steadily decline throughout the year. August milk pay prices in Poland, the Czech Republic, and Hungary are 41.70, 40.44, and 38.55 euros per 100 kg respectively, according to CLAL data made available to USDA. That said, Poland and the Czech Republic, two of the larger milk suppliers in Eastern Europe, have consistently produced more milk in each month of 2023 compared to 2022.

The EU is eager to see what changes may come because of the general elections in Poland last week. Some analysts suggest the new government may take a more centrist view on issues in Europe. Specifically, the EU and Poland representatives may be expected to address the disagreement over the import ban on grain from Ukraine and work on other trade issues with Ukrainian agricultural products.

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