

**INTERNATIONAL DAIRY MARKET NEWS - EUROPE**

Information gathered November 9 - 20, 2020

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

**WESTERN OVERVIEW**

EU milk production January – September 2020 increased 1.7 percent from January – September 2019 according to CLAL data made available to USDA. Current milk production remains near the seasonal low point. Expectations are that milk production volumes will reverse course and begin to gently increase at the end of November. Increased production and sales of UHT milk continues to be a strong COVID-19 related trend.

EU cheese production January – September 2020 increased 2.0 percent from January – September 2019 according to CLAL data made available to USDA.

EU cheese exports January – September 2020, 696,000 MT, increased 7.1 percent from January – September 2019 according to CLAL data made available to USDA. The top destinations for EU cheese exports January – September 2020 YOY are Japan +12.33 percent and the United States, -16.31 percent.

**EASTERN EUROPE**

Dairy exports from Belarus remain strong January – September 2020 compared with January – September 2019. Export volumes and percent changes for the period include butter, 65,000 MT, +5.7 percent; cheese, 197,000 MT, +12.2 percent; SMP, 97,000 MT, +3.3 percent; WMP, 21,000 MT, 22.5 percent; and dry whey, 104,000, +27.8 percent, according to CLAL data made available to USDA.

**BUTTER/BUTTEROIL**

In Western Europe, the butter price range shifted higher. The highest butter prices tend to be in Belgium, followed by Germany, Italy, France, then Netherlands. The butteroil price range is also higher. Demand for packaged butter is called lively. Retail store sales demand is higher as consumers increase stocks at home based on COVID-19 concerns. In addition current advertising campaigns are featuring butter. Block butter buying interest has slowed. Some customers are delaying taking contracted production.

Western Europe, 82% Butterfat, Free on Board - Port Butter  
Price Range - \$/MT: 3,900 - 4,200

Western Europe, 99% Butterfat, Free on Board - Port Butteroil  
Price Range - \$/MT: 4,600 - 4,800

Secondary Sourced Information:

EU butter production January – September 2020 increased 1.9 percent from January – September 2019 according to CLAL data made available to USDA.

EU butter exports January – September 2020, 201,000 MT, increased 35.7 percent from January – September 2019 according to CLAL data made available to USDA. The top destination for EU butter exports is the United States, +18.12 percent January – September 2020 YOY.

**SKIM MILK POWDER**

The Western European skim milk powder price range is steady at the bottom but slightly lower at the top. Most plants report sales to existing customers are quite steady within the range. Manufacturers report that inquiries have increased from potential buyers. Deals are in the works. This relates to both exports as well as internal EU sales.

Prices for: Europe, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder  
Price Range - 1.25% Butterfat; \$/MT: 2,450 - 2,650

Secondary Sourced Information:

EU SMP production January – September 2020 increased 3.0 percent from January – September 2019 according to CLAL data made available to USDA. EU SMP exports January – September 2020, 637,000 MT, decreased 16.4 percent from January – September 2019 according to CLAL data made available to USDA.

**WHEY**

Dry whey pricing in Western Europe is mixed. Prices setting the low end of the price range are slightly up. The top of the range is steady. There is little change within the price range for most plants. Most of the highest prices are in Germany. More interest from food manufacturers has been noted.

Prices for: Western Europe, All First Sales, Free on Board - Port, Conventional, and Edible Dry Whey  
Price Range - Non-Hygroscopic; \$/MT: 850 - 1,000

Secondary Sourced Information:

EU whey exports January – September 2020, 574,000 MT, increased 10.7 percent from January – September 2019 according to CLAL data made available to USDA. The top destination for EU whey exports January – September 2020 YOY is China +28.79 percent.

**WHOLE MILK POWDER**

The whole milk powder price range in Western Europe is higher at the low end, steady at the top. Increased buying interest both spot interest and contracting into 2021 helped nudge the lowest prices higher.

Prices for: Europe, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder  
Price Range - 26% Butterfat; \$/MT: 3,175 - 3,350

Secondary Sourced Information:

EU WMP production January – September 2020 increased 3.4 percent from January – September 2019 according to CLAL data made available to USDA. EU WMP exports January – September 2020, 256,000 MT, increased 12.6 percent from January – September 2019 according to CLAL data made available to USDA.

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## OCEANIA DAIRY MARKET OVERVIEW

**AUSTRALIA:** July - September 2020 milk production in Australia, the third month of the new season, increased 2.0 percent from July - September 2019, according to Dairy Australia. More detailed production data are in the table which follows.

## AUSTRALIA MILK PRODUCTION, MILKFAT and PROTEIN

July - September 2020

State	Million Liters	Percent Change From 1 Year Ago	Percentage	
			Milkfat	Protein
New South Wales	277.8	+0.6	3.91	3.36
Victoria	1,472.4	+2.2	4.04	3.45
Queensland	80.9	-6.2	3.97	3.33
South Australia	117.3	+5.2	3.76	3.38
Western Australia	93.0	+0.6	3.83	3.39
Tasmania	155.3	+6.5	4.28	3.45
Australia (Total)	2,196.7	+2.0	4.02*	3.43**

- +4.3 percent from prior year period
- \*\* +0.1 percent from prior year period

**NEW ZEALAND:** Dairy sources in New Zealand report that the sector is quiet. Pasture quality has dropped. Peak seasonal milk production occurred in October, earlier than usual. Weather has taken a toll on grass quality. This leads to expectations of flat milk production for the next few months, although not a decrease YOY.

## BUTTER/BUTTEROIL

The Oceania butter price range moved higher. Buyers are stepping up to lock in contracts. Little wait and see strategy is evident. Buyers are comfortable to gain supply certainty at current price levels. Butter manufacturers are pleased with returns and readily seek to maintain production schedules, even at the expense of WMP and cheddar.

Oceania, 82% Butterfat, Free on Board - Port Butter  
Price Range - \$/MT: 3,800 - 3,850

Secondary Sourced Information:

At GDT event 272 on November 17, the butter all contracts price, \$3,838 increased 0.4 percent. The December contract, \$3,838 decreased 2.2 percent.

Butter exports from Australia July - September 2020, 4,034 MT, increased 78.3 percent from July - September 2019 according to Dairy Australia.

## SKIM MILK POWDER

The Oceania skim milk powder price range firmed at the low end but remained steady at the top. Export interest is strong. Many buyers are readily staking down supply assurance for coming months. SMP manufacturing remains profitable, and some plants are seeking extra milk to expand production.

Prices for: Oceania, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder  
Price Range - 1.25% Butterfat; \$/MT: 2,775 - 2,850

Secondary Sourced Information:

At GDT event 272 on November 17, the SMP all contracts price, \$2,799, increased 2.5 percent. The December contract, \$2,852 increased 3.4 percent.

SMP exports from Australia July - September 2020, 23,618 MT, increased 49.8 percent from July - September 2019 according to Dairy Australia.

## CHEESE

The Oceania cheddar price range moved lower. Less buying interest is noted. Some cheese manufacturers are reducing production schedules. Pricing looking ahead is expected to be generally steady. Extra milk is now more likely to flow to butter/SMP or WMP plants assuming reasonable time and distance factors.

Prices for: Oceania Cheese, Cheddar, 39% Maximum Moisture, Free on Board - Port,  
Price Range - \$/MT: 3,575 - 3,650

Secondary Sourced Information:

At GDT event 272 on November 17, the cheddar all contracts price, \$3,641, decreased 3.5 percent. The December contract, \$3,632 decreased 6.1 percent.

Cheddar exports from Australia July - September 2020, 7,741 MT, decreased 16.4 percent from July - September 2019 according to Dairy Australia.

Other cheese exports from Australia July - September 2020, 25,629 MT, decreased 2.5 percent from July - September 2019 according to Dairy Australia.

## WHOLE MILK POWDER

The Oceania whole milk powder price range moved slightly higher. Prices at many plants are steady even though the edges of the range shifted higher. Overall pricing expectations for the balance of the year are generally steady. While WMP is the most significant determinant of milk pricing in Oceania, it has become somewhat less profitable than butter and SMP to produce. Nevertheless, it remains profitable and important to the dairy complex of the region.

Prices for: Oceania, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder  
Price Range - 26% Butterfat; \$/MT: 3,000 - 3,075

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## Secondary Sourced Information:

At GDT event 272 on November 17, the WMP all contracts price, \$3,037, increased 1.8 percent. The December contract, \$3,051 increased 2.5 percent.

WMP exports from Australia July - September 2020, 9,483 MT, decreased 6.1 percent from July - September 2019 according to Dairy Australia.

**Exchange rates for selected foreign currencies:  
November 16, 2020**

.0125 Argentina Peso	.0135 India Rupee
.7321 Australian Dollar	.0096 Japan yen
.1847 Brazil Real	.0493 Mexican Peso
.7648 Canadian Dollar	.6905 New Zealand Dollar
.0013 Chile Peso	.2650 Poland Zloty
1.1854 Euro	.0233 Uruguay Peso

Conversion example: To compare the value of 1 US Dollar to Mexican Pesos:  $(1/.0493) = 20.2840$  Mexican Pesos. Source: "Wall Street Journal"

**INTERNATIONAL DAIRY MARKET NEWS - SOUTH AMERICA**

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**SOUTH AMERICA OVERVIEW**

Farm milk production is easing in Argentina and Uruguay, after reaching its seasonal peak in the past month. Dairy cows are beginning to feel the heat stress of early summer due to high temperatures and short nights. La Niña is bringing more rain to the main dairy basins improving fodder quality, but at the same time leaving muddy conditions in some dairy parlors. Despite this, milk volumes remain very ample and readily available for the food manufacturing industry in these two countries. In this way, some dairy producers describe farm milk prices as relatively low to moderate. Exports of milk powders, and cheese to Brazil, Algeria and Russia remain very solid. In Brazil, farm milk production has plateaued. Milk intakes are not enough to meet all processing needs. Therefore, farmgate milk prices remain very high, compared to the rest of the continent. Most of the milk has been retoured to fluid milk, UHT, and cheese. Due to the continuing threat of COVID-19 and the approaching year-end celebration, UHT and cheese retail sales have rebounded after stagnating a month ago. Nevertheless, the food service sector continues struggling with the COVID-19 situation.

**SKIM MILK POWDER**

Export prices for skim milk are mixed as some trade outside the continent pulled up the low end of the range, while the top remained steady. This niche market is on unsettled territory, but some industry contacts are anticipating a recovery by the end of the year. Export trades to Brazil and outside the Mercosur bloc remain light to moderate. SMP inventories are mixed and vary from plant to plant.

Prices for: South America, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder  
Price Range - 1.25% Butterfat; \$/MT: 2,750 - 2,850

Secondary Sourced Information:

At the GDT Event 272 on November 17, skim milk powder (SMP) prices across all contract periods averaged \$2,799 per metric ton, up 2.5 percent from the last event.

**WHOLE MILK POWDER**

Export prices for whole milk powder (WMP) are mixed on an unsettled market across the Southern Cone region of South America. With higher regional farm milk intakes, condensed whole milk volumes are becoming more accessible for drying. A good portion of WMP inventories have been pulled within the continental dairy industry ahead of the year end celebrations. At this point, WMP supplies are steady to lower.

Prices for: South America, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder  
Price Range - 26% Butterfat; \$/MT: 3,000 - 3,050

Secondary Sourced Information:

At the GDT Event 272 on November 17, whole milk powder (WMP) prices across all contract periods averaged \$3,037 per metric ton, up 1.8 percent from the last event.