WESTERN OVERVIEW

European milk production is variable across Europe. Industry sources are reporting relatively strong milk production both seasonally and week to week on mainland Europe. According to some European publications, week 15 milk collections in both Germany and France were 0.1 percent higher than the week before. German milk deliveries to dairies were 1.1 percent above those of week 15 in 2023, and milk collections in France were 0.7 percent lower for the same period. Generally favorable weather has provided good pasture growth, and forages are in a healthy supply across mainland Europe. According to CLAL data made available to USDA, February 2024 EU cows’ milk delivered to dairies is estimated at 11,515,000 MT, up 3.0 percent compared to last year. Year-to-date EU cows’ milk delivered to dairies through February 2024 is estimated at 23,282,000 MT, up 1.1 percent when compared to January-February 2023 EU milk production. Among some of the top Western EU milk producers, the year-to-date milk deliveries and percentage changes from January-February 2023 to February 2024 are Germany, 5,346,000 MT, +0.5 percent; France, 4,032,000 MT, +1.8 percent; and Netherlands, 2,300,000 MT, -1.0 percent. In the United Kingdom, pasture growth rates are decent, but wet weather has hampered getting the cows out to pasture and have created concerns about potential impacts on forages and feed quality if the wet conditions persist. Preliminary reports suggest March milk production may not be as strong as February milk production. According to CLAL data made available to USDA, the provisional February 2024 cows’ milk delivered to dairies in the UK was 1,223,700 MT, up 2.9 percent from February 2023. Year-to-date cows’ milk deliveries in the UK for January-February 2024, 2,503,400 MT, was up 1.4 percent compared to total milk deliveries in January-February 2023. Since leaving the EU in 2016, Great Britain has been working out supply chain rules and customs procedures. Food exporters from the EU have had to present health certificates, signed off by a veterinarian, for many meat, cheese, and dairy products since January 31. However, starting April 30, the exporters will have to also provide physical inspections of the food products. There is a significant concern held by smaller British retailers and wholesalers that the new rules will result in less availability of products and higher costs, forcing some exporters to stop selling into Great Britain. Following the coronavirus pandemic and subsequent rapid inflation of food prices, consumers sought out distributor brands as a lower cost alternative to national brands. Now, as inflation has slowed and input costs are under better control, several national food companies are looking to lure customers back to their brands. Larger national food companies are planning to ease back price hikes and develop new food products to try to lure consumers back and improve their market share.

EASTERN EUROPE

Bolstered by favorable weather and dairy expansions, milk output continues to grow in many of the East European countries. According to CLAL data made available to USDA, the provisional February 2024 cows’ milk production in Belarus was 682,000 MT, up 11.1 percent from February 2023. January - February 2024 provisional milk production in Belarus, 1,392,000 MT, is up 8.8 percent from January - February 2023. Among some of the top Eastern EU milk producers, the year-to-date milk deliveries and percentage changes from January-February 2023 are Poland, 2,182,000 MT, +3.7 percent; Czech Republic, 538,000 MT, +2.9 percent; and Hungary, 282,000 MT, +2.6 percent.

BUTTER/BUTTEROIL

The price ranges for both European butter and butteroil contracted within the previously published ranges. Although industry sources suggest buyer inquiries have relaxed somewhat following the early spring holiday season, there is still a healthy demand for retail packaged butter. Demand is steady for bulk butter, and butter end users are seeking loads to cover needs later in the year. Butter inventories are tight, and butter makers are actively churning based on the seasonal variability of cream supplies and costs. The market tone for European butter is stable.

Western Europe 82% Butterfat, Free on Board - Port Butter
Price Range - $/MT: 6,100 - 6,400

Western Europe 99% Butterfat, Free on Board - Port Butteroil
Price Range – Butteroil $/MT: 6,825 - 7,425

SKIM MILK POWDER

European skim milk powder (SMP) prices moved lower. Although SMP is moving well through current contracts, additional demand is slow to develop. Industry contacts say there are limited opportunities for new SMP sales overseas. Neither buyers nor sellers are in any rush to make new deals. Production is steady and in balance with the quiet demand. SMP supplies are readily available.

Prices for: Europe, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder
Price Range - 1.25% Butterfat; $/MT: 2,400 - 2,650

WHEY

European whey powder prices are unchanged. Although there is some increase in buyer interest from international markets, European whey markets are very quiet. Current demand is keeping pace with production, and market prices are stable. Contacts say whey inventories are sufficient to meet current buyer demands.

Prices for: Western Europe, All First Sales, Free on Board - Port, Conventional, and Edible Dry Whey
Price Range - Non-Hygroscopic; $/MT: 675 - 1,075

WHOLE MILK POWDER

European whole milk powder (WMP) prices are steady to slightly higher. Industry sources suggest that buyer interest has picked up somewhat for orders later in the year. However, WMP production is mostly geared towards filling current contractual needs. Inventories are generally sufficient to meet current buyer demand. WMP market tones remain quiet.

Prices for: Europe, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder
Price Range - 26% Butterfat; $/MT: 3,800 - 3,975

CONTINUED ON PAGE 8A
CONTINUED FROM PAGE 8

Secondary Sourced Information:

EU WMP Exports
WMP exports from the EU27 January-February 2024, 39,000 MT, increased 18.4 percent from January-February 2023 according to CLAL data made available to USDA. Main destinations January-February 2024, quantity, and percent change from January-February 2023 are Oman, 11,081 MT, +43.38 percent; China, 3,270 MT, +67.65 percent; and, United Kingdom, 2,633 MT, +11.41 percent.

EU SMP Exports
SMP exports from the EU27 January-February 2024, 117,000 MT, decreased 9.0 percent from January-February 2023 according to CLAL data made available to USDA. Main destinations January-February 2024, quantity, and percent change from January-February 2023 are Algeria, 26,622 MT, +20.81 percent; Philippines, 8,537 MT, +114 percent; and Egypt, 7,762 MT, -23.79 percent.

EU Whey Exports
Whey exports from the EU27 January-February 2024, 126,000 MT, increased 4.8 percent from January-February 2023 according to CLAL data made available to USDA. Main destinations from January-February 2024, the quantity, and percent change from January-December 2023 are China, 29,199 MT, -7.10 percent; Malaysia, 12,024 MT, +58.00 percent; and South Korea, 11,002 MT, +43.55 percent.

EU WMP Exports
WMP exports from the EU27 January-February 2024, 39,000 MT, increased 18.4 percent from January-February 2023 according to CLAL data made available to USDA. Main destinations January-February 2024, quantity, and percent change from January-February 2023 are Oman, 11,081 MT, +43.38 percent; China, 3,270 MT, +67.65 percent; and, United Kingdom, 2,633 MT, +11.41 percent.
OCEANIA DAIRY MARKET OVERVIEW

AUSTRALIA: Dairy Australia recently released export data for Australia showing milk export volumes from July 2023 - February 2024 were 125,955 MT, down 27.8 percent from the same time period a year earlier.

The Australia Bureau of Meteorology recently announced El Niño has ended, though they are unsure if La Niña conditions will develop later in the year. In Australia, El Niño typically is associated with warmer temperatures, particularly in the southern parts of the country, and dry weather in the east and north. Meanwhile, La Niña, in Australia, is associated with cooler temperatures across the mainland south of the Tropic of Capricorn and increased rainfall in the east and north.

NEW ZEALAND: Milk production data from New Zealand for March 2024 was recently released. This data showed total March 2024 production was down 3.5 percent on a tonnage basis compared to a year earlier. During March 2024, the total kg of milk solids decreased by 1.2 percent from the previous year.

Following the release of milk production data in New Zealand, an analyst group in the country stated March milk production in New Zealand was the weakest since 2020 in terms of milk solids and on a tonnage basis. El Niño contributed to drier than normal weather conditions in the country and many farmers experienced drought-like conditions as well as irrigation restrictions due to low water table levels. The analyst group forecasts milk production to be down 1.1 percent in April and 5.3 percent in May, compared to last year. Overall, they forecast total milk production for the 2023-2024 season in New Zealand to increase 0.6 percent from the prior season.

A New Zealand cooperative recently announced the results of the two fixed price milk offerings they had for the 2024-2025 season. These offerings included one in March, which included a fixed milk price of $8.09/kg MG with 20 million kg MS made available and farmers applying for 3 million kg MS. The second offering in April included a fixed milk price of $8.51/kg MS, and farmers applied for 33 million kg MS, while 30 million kg MS was made available. A spokesperson for the cooperative stated fixed milk prices are important to aid farmers with budgeting and for the cooperative to lock in longer term contracts.

BUTTER/BUTTEROIL

The price range for butter in Oceania was unchanged at the bottom but moved lower at the top during the current reporting period. Export demand for butter from Oceania has, reportedly, softened somewhat in recent weeks. Contacts in Oceania report declining seasonal milk output is contributing to declining butter production trends. During GDT event 354 last week, butter prices declined from the prior event in every contract period in which loads were offered. The volume of butter purchased during the event was down from the prior event and from a year ago.

Prices for: Oceania, 82% Butterfat, Free on Board - Port Butter
Price Range - $/MT Butter 6,525 - 6,700

CONTINUED ON PAGE 8C
CONTINUED FROM PAGE 8B

During GDT event 354, on April 16, 2024, the SMP all contracts price, $2,541, was unchanged from the prior event. The May contract, $2,523, was down 0.6 percent.

Dairy Australia recently released export data for Australia showing SMP export volumes from July 2023 - February 2024 were 87,596 MT, up 8.3 percent from the same time period a year earlier.

During GDT event 354, on April 16, 2024, the cheddar all contracts price, $3,974, decreased 8.5 percent from the prior event. The May contract, $4,093, was down 7.4 percent.

Dairy Australia recently released export data for Australia showing cheddar cheese export volumes from July 2023 - February 2024 were 14,726 MT, up 15.9 percent from the same time period a year earlier. Other cheese export volumes from July 2023 - February 2024 were 77,133 MT, 6.3 percent higher compared to the same time frame a year prior.
SOUTH AMERICA OVERVIEW

As fall sets in on the South American continent, milk production varies from one area to the next and there are variances within each country, to boot. Brazil reports for early 2024 show somewhat steady output figures with previous years, barring 2022, which was a notably strong production year. Mother Nature’s impact on Argentina’s agricultural sector continues to challenge regional farmers. The relatively warm and dry fall weather has introduced a leafhopper invasion, pushing corn crop estimates lower by noticeable figures. Feed costs, already an impactful income deduction for dairy farmers in the region, are likely to be affected near-term. After late summer/early autumn heavy rains, Uruguay’s fall is generally mild. Milk availability for processing, according to contacts in Uruguay, has been in balance with processing needs in recent weeks/months.

Brazilian contacts say that country’s traders are busy and have been throughout April. That said, tax incentives for Brazilian processors to use locally sourced ingredients have kept imports from surging. Argentine and Uruguayan traders relay similar sentiment regarding recent weeks. They say in recent weeks, Brazilian interests in powders and cheese have ticked higher. Quiet to bearish global markets have kept some stabilizing pressure on regional tones, despite demand being somewhat active from the continent’s main importer.

SKIM MILK POWDER

South American skim milk powder (SMP) market tones are uncertain. As fall weather ushers in some milder temperatures and wetter days in parts of the region, milk output is meeting processing needs there. Argentinian producers and processors, though, are still contending with warm and dry conditions, as milk (and skim) availability has been tight already. The SMP price range moved higher on the bottom of the range, while traders expect somewhat stable price trends for the near-term. Traders say Brazilian purchasing activity, which has yo-yoed this year, has recently begun to stabilize. Processing in the continent’s largest nation is steady to lower.

Prices for: South America, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder
Price Range - 1.25% Butterfat; $/MT: 3,150 - 3,250

WHOLE MILK POWDER

Whole milk powder (WMP) prices moved lower on the bottom of the price range and higher on the top of the range. Contacts say Brazilian interests have returned heartily in the past fortnight. Uruguay is offering WMP on the export market somewhat readily. Argentine exporters are less active in offering shipments, according to regional contacts, as their internal supplies are not as robust. Uruguayan production/inventories, though, have been somewhat balanced. An increase in Brazilian activity is generally viewed with a bullish lens, but global market competition and geopolitical trading challenges are expected to continue. Therefore, contacts are sharing mixed tones regarding WMP markets.

Prices for: South America, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder
Price Range - 26% Butterfat; $/MT: 3,500 - 3,850

Secondary Sourced Information:

At GDT Event 354, on April 16, skim milk powder prices across all contracts averaged $2,541 per metric ton, unchanged from the previous GDT event.

At GDT Event 354 on April 16, whole milk powder prices across all contracts averaged $3,269 per metric ton, up 0.4 percent from the previous GDT event.