

ARLA MARKET UPDATE

MILK MARKET DEVELOPMENT IN AN INTERNATIONAL PERSPECTIVE

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Aarhus, Denmark

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AGENDA

Part 1:

- Milk production
- Dairy Demand
- Stock Situation
- Price Outlook

Part 2:

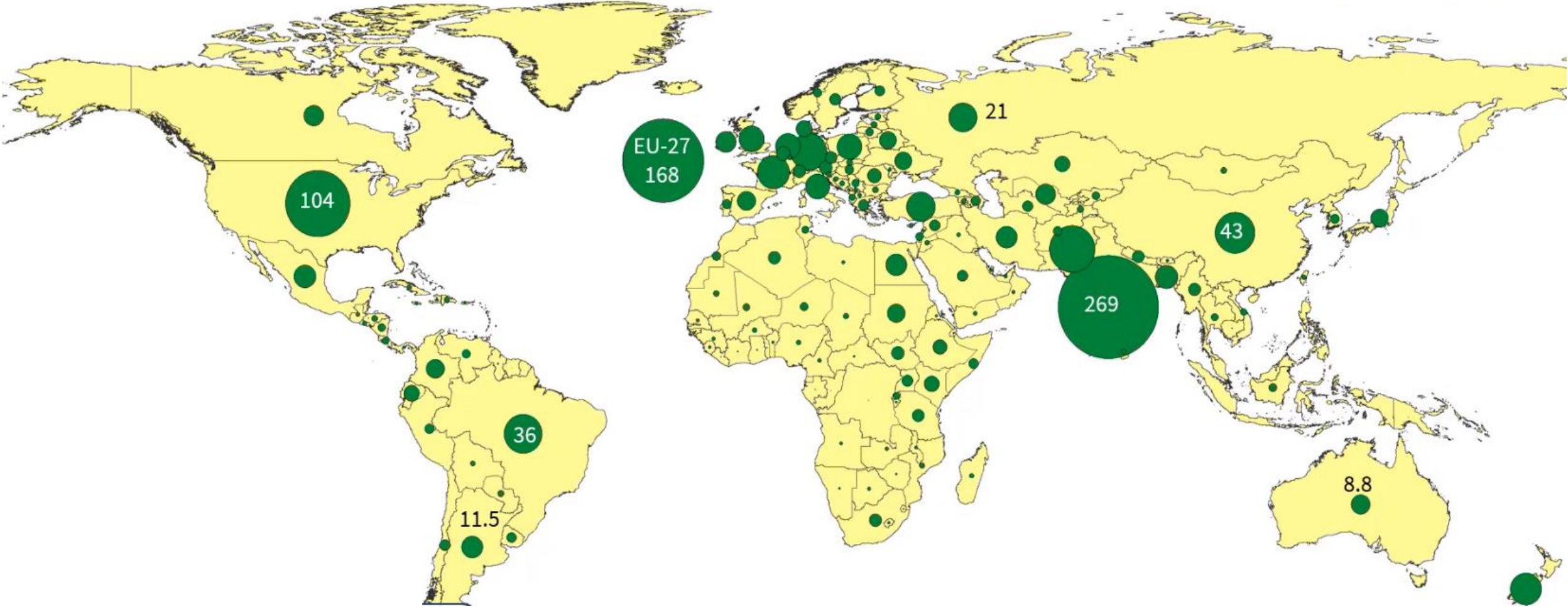
- Outlook 2030

GLOBAL MILK PRODUCTION



GLOBAL MILK PRODUCTION

Main Milk Production Areas



Source: IFCN

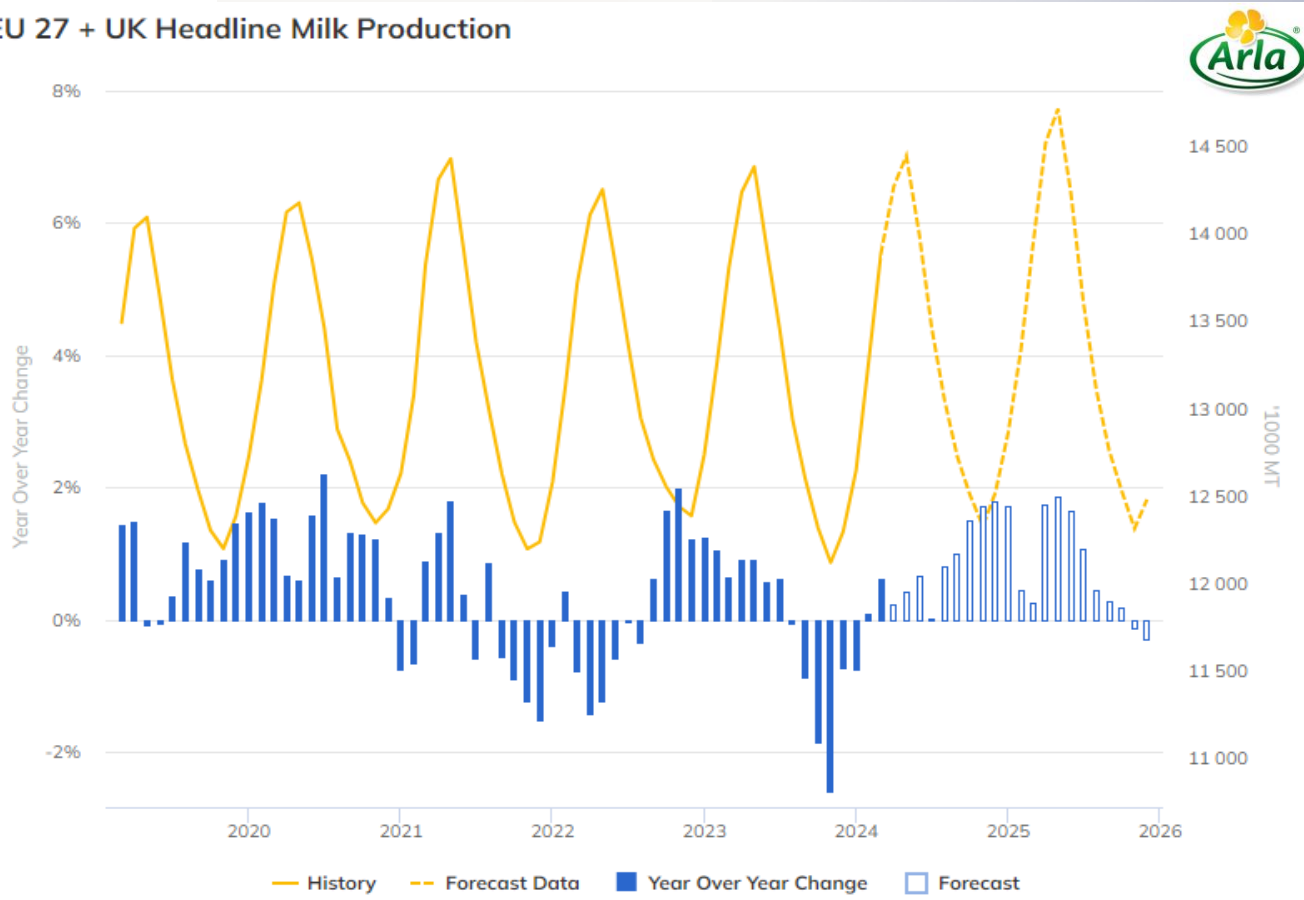


MILK PRODUCTION EU+UK

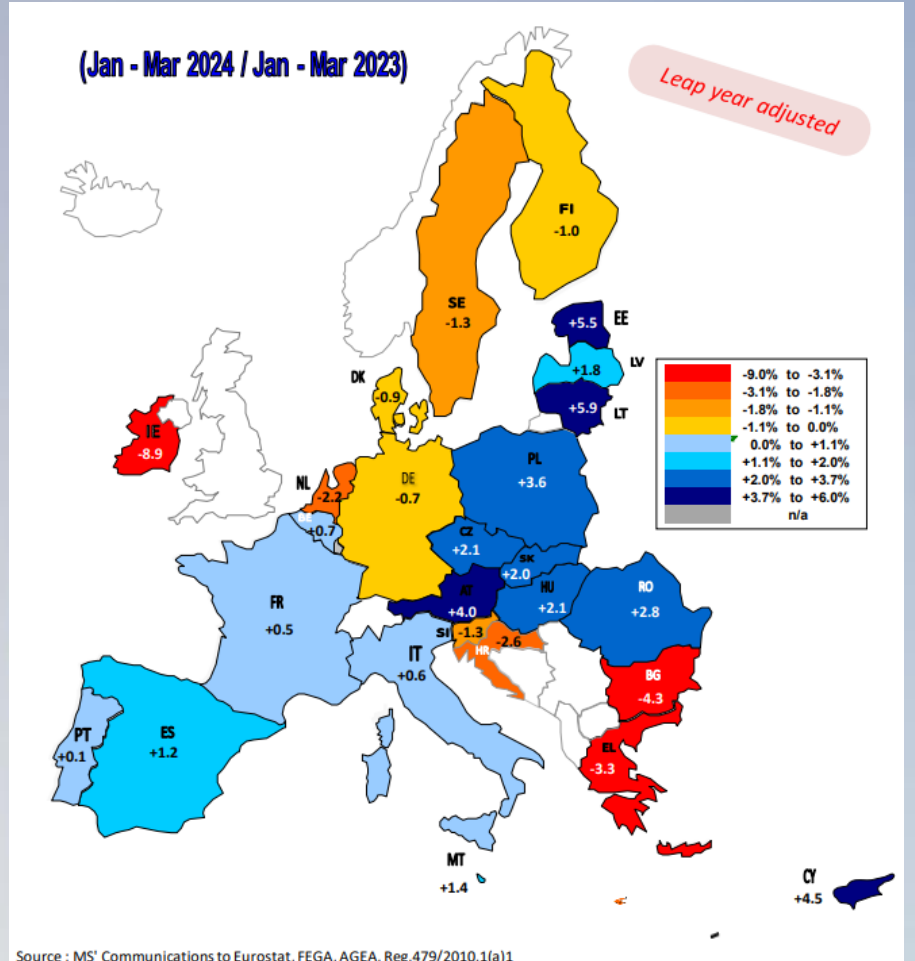
Milk production starts to recover but only marginally

Milk production for the EU27+UK up +0.5% in March 24. Q3/4 expected to improve slightly

EU 27 + UK Headline Milk Production



Source StoneX, EU Commission



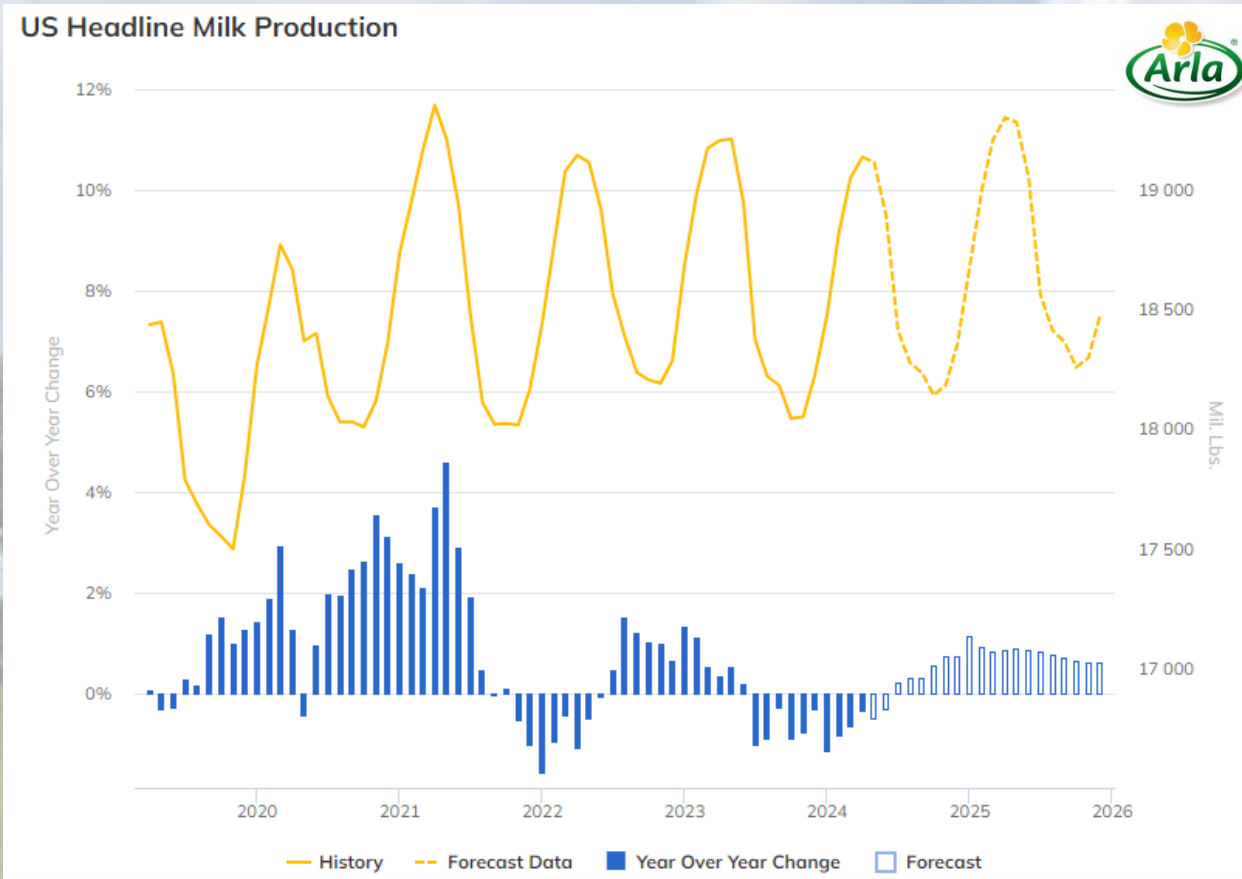
Source : MS' Communications to Eurostat, FEQA, AGEA, Reg.479/2010.1(a)1



MILK PRODUCTION US

Several challenges put pressure on milk production

US milk production is down -0,4% in April – Improvements expected but HPAI situation leads to uncertainty



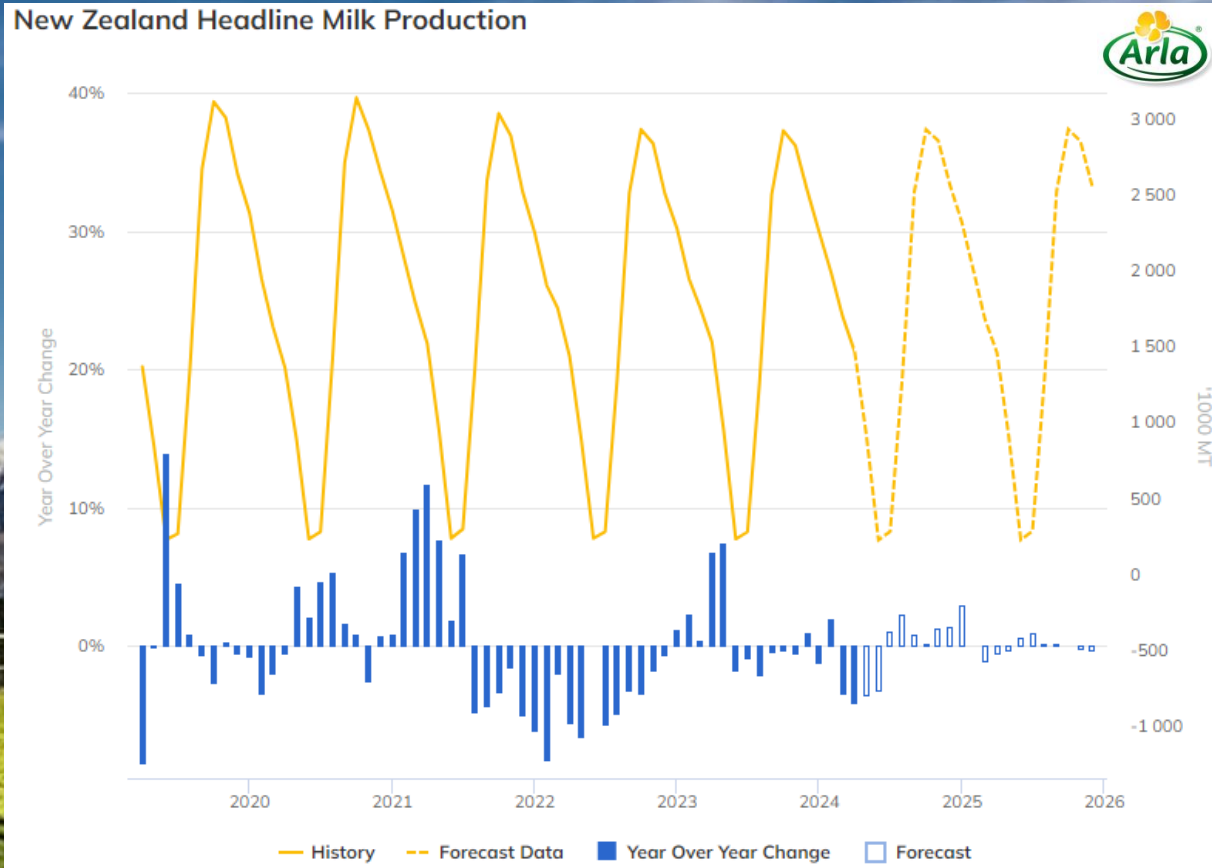
Source: StoneX



NZ MILK PRODUCTION

New Zealand milk solids production in April was down -2,6%

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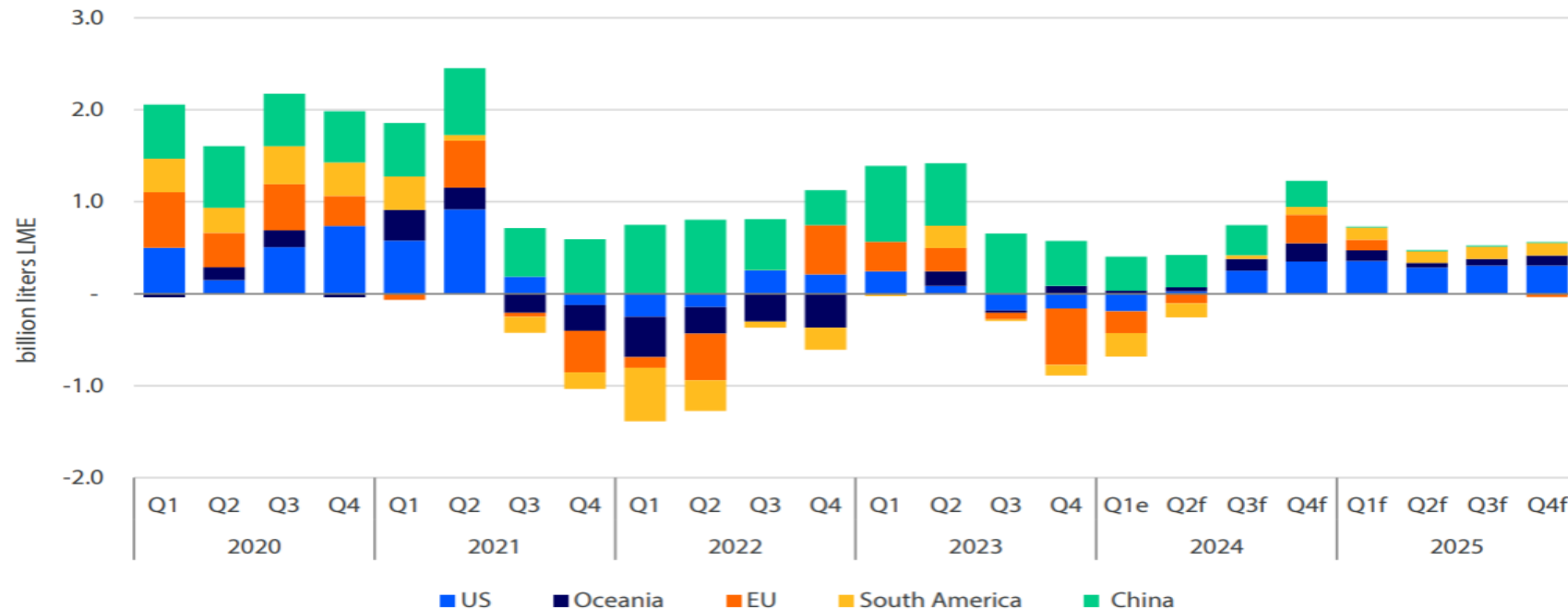


Source: StoneX

GLOBAL MILK PRODUCTION

Negative milk growth in last 12 months – Forecast more positive, but with large uncertainty

Figure 1: Milk production growth, Big 7 exporters and China (actual and Rabobank forecast), 2020-1H 2025f*



*Note: The Big 7 includes the EU, US, New Zealand, Australia, Brazil, Argentina, and Uruguay.
Source: Big 7 and Chinese government and industry agencies, Rabobank 2024

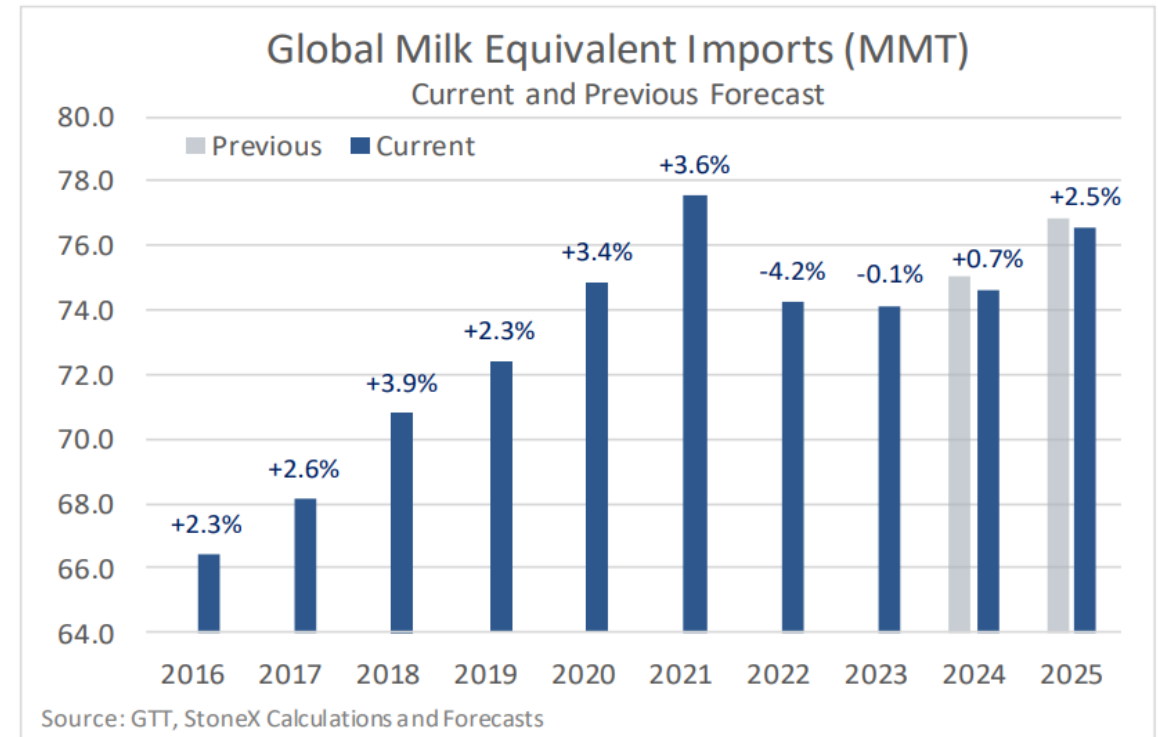
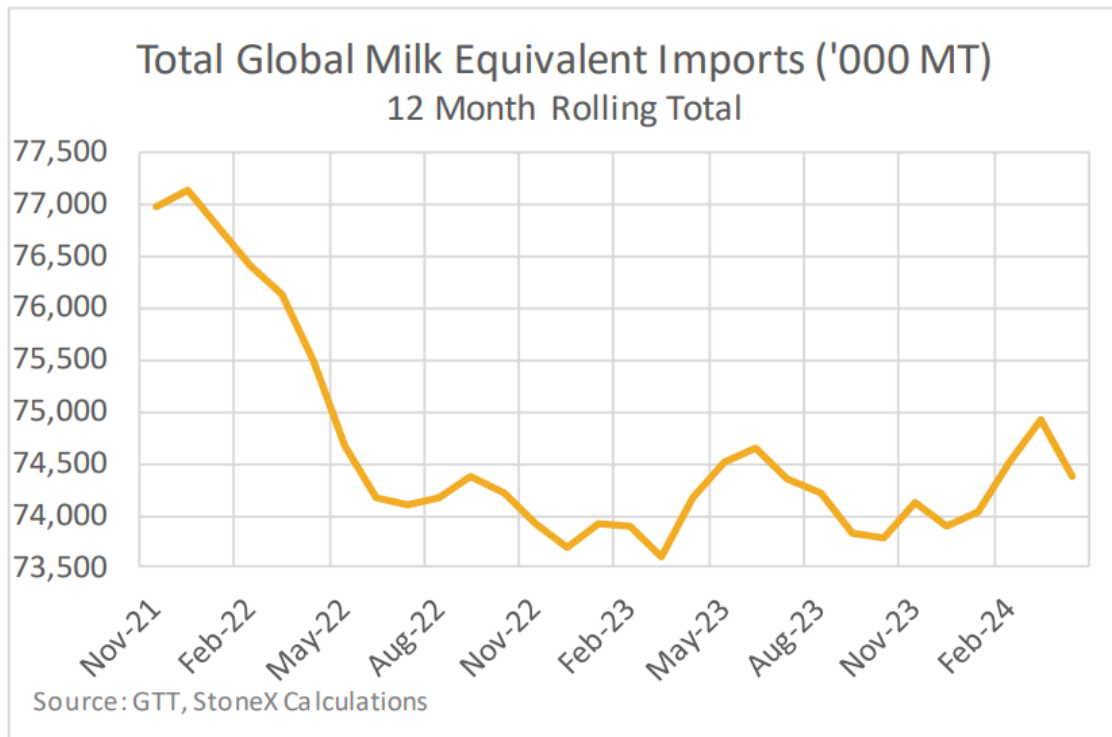


DAIRY DEMAND SITUATION



GLOBAL DEMAND

Strong reduction in 2022 - stable in 2023 – recovery expected for 2024/25



Source StoneX

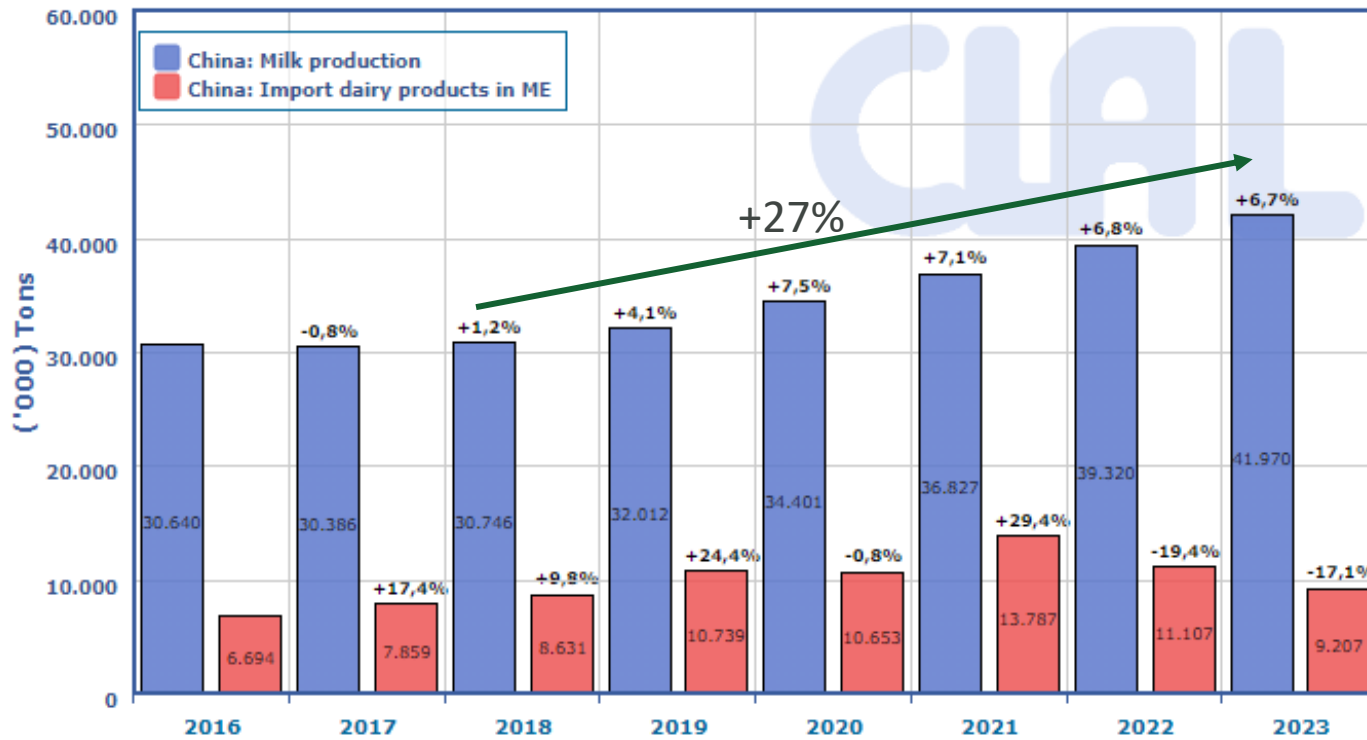


DEMAND SITUATION

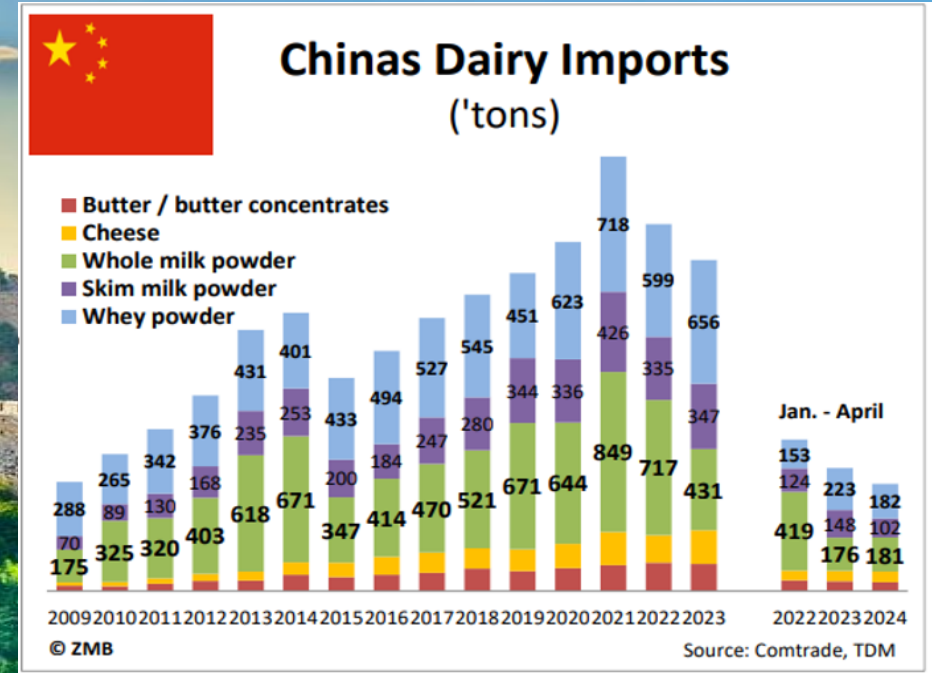
Chinese Dairy Demand is weak

China - Milk production and dairy imports in milk equivalent

Products considered for M.E. calculation: SMP, WMP, Cheese, Condensed Milk, Bulk and Pack Milk, Yogurt
Data processed by CLAL based on NBS and GTIS sources



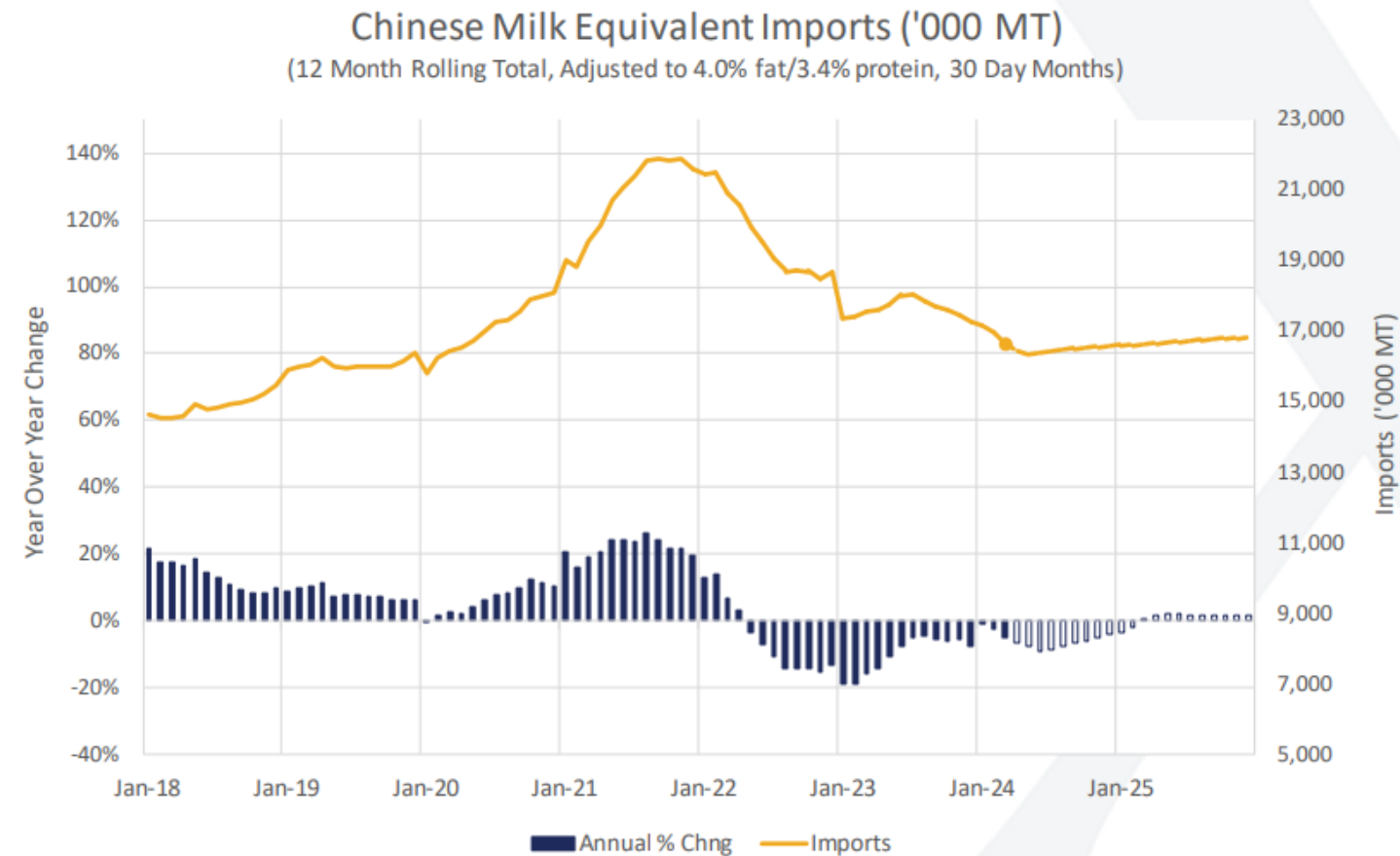
Source: ZMB, CLAL



Source: Comtrade, TDM

CHINESE IMPORT DEMAND

Imports are further decreasing



Source: GTT, StoneX Calculations, Estimates and Forecasts

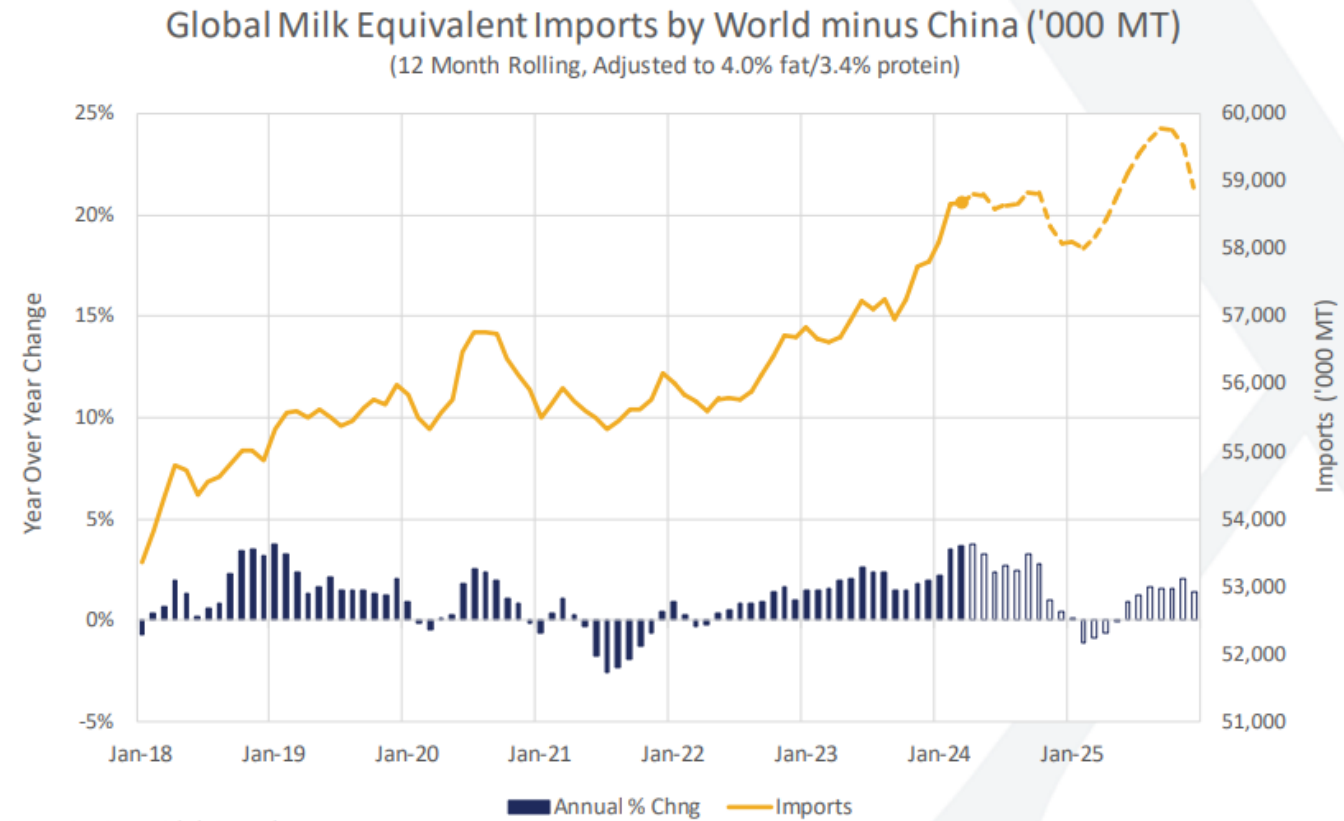
Source: StoneX



- Domestic milk production in China is growing
- Population and number of births are declining
- deflation
- Economic growth reduced, youth-unemployment, real-estate-crisis

DEMAND SITUATION

China down – but ROW compensates partially



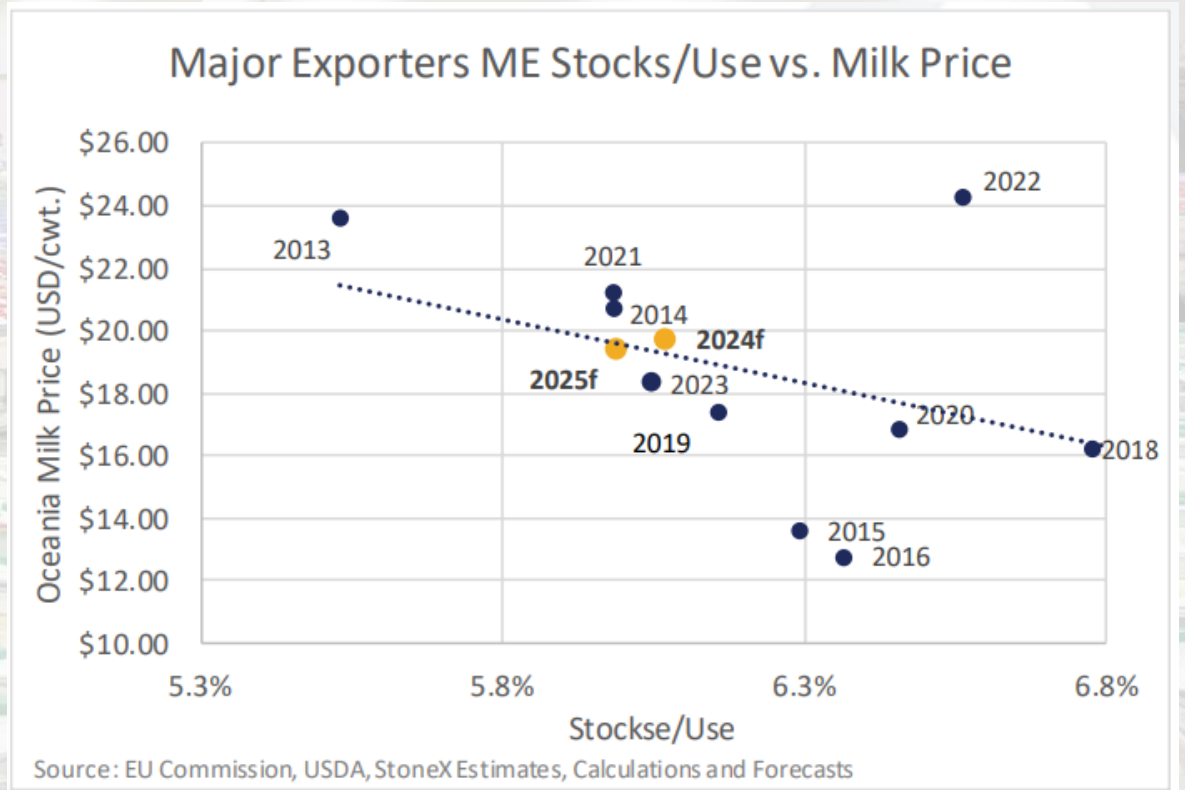
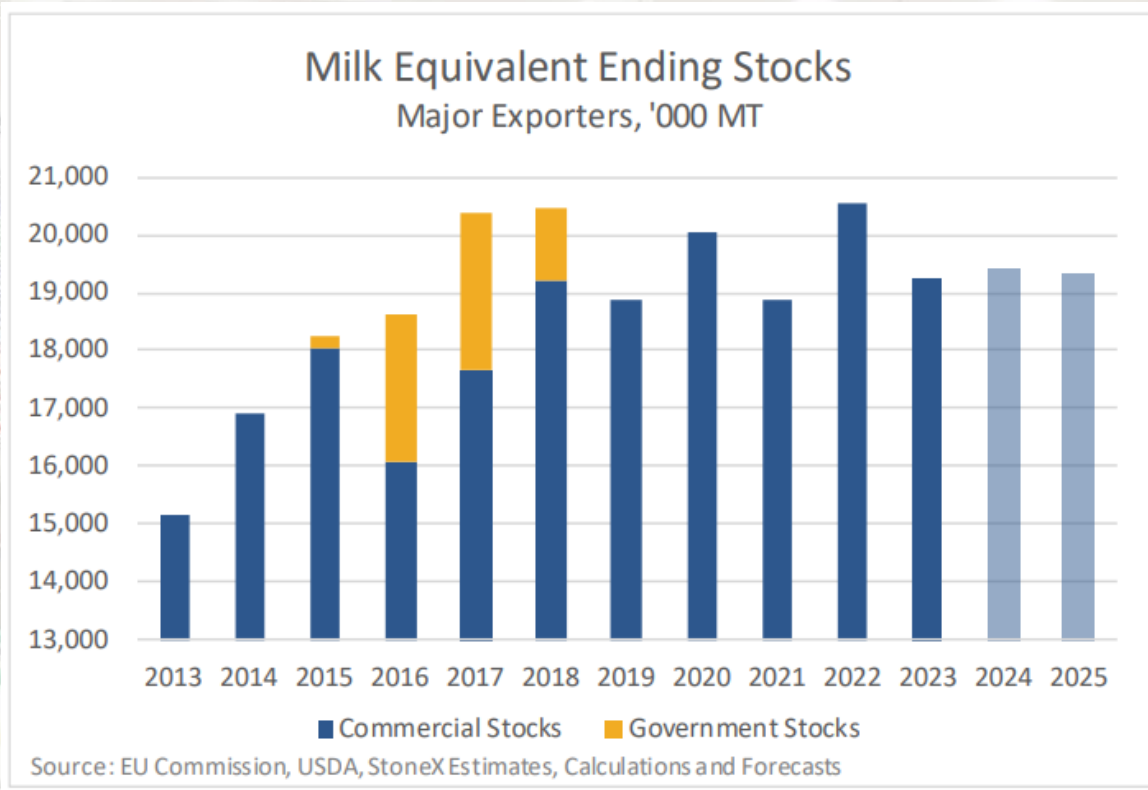
Source: GTT, StoneX Calculations and Forecasts

Source: StoneX



STOCK SITUATION

Moderate Stocks on the production side

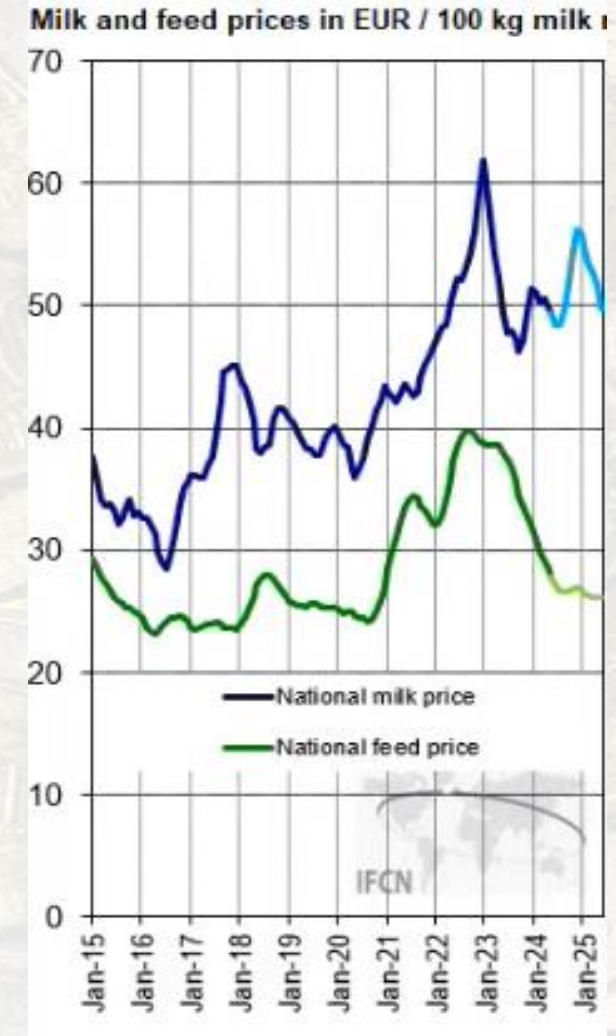
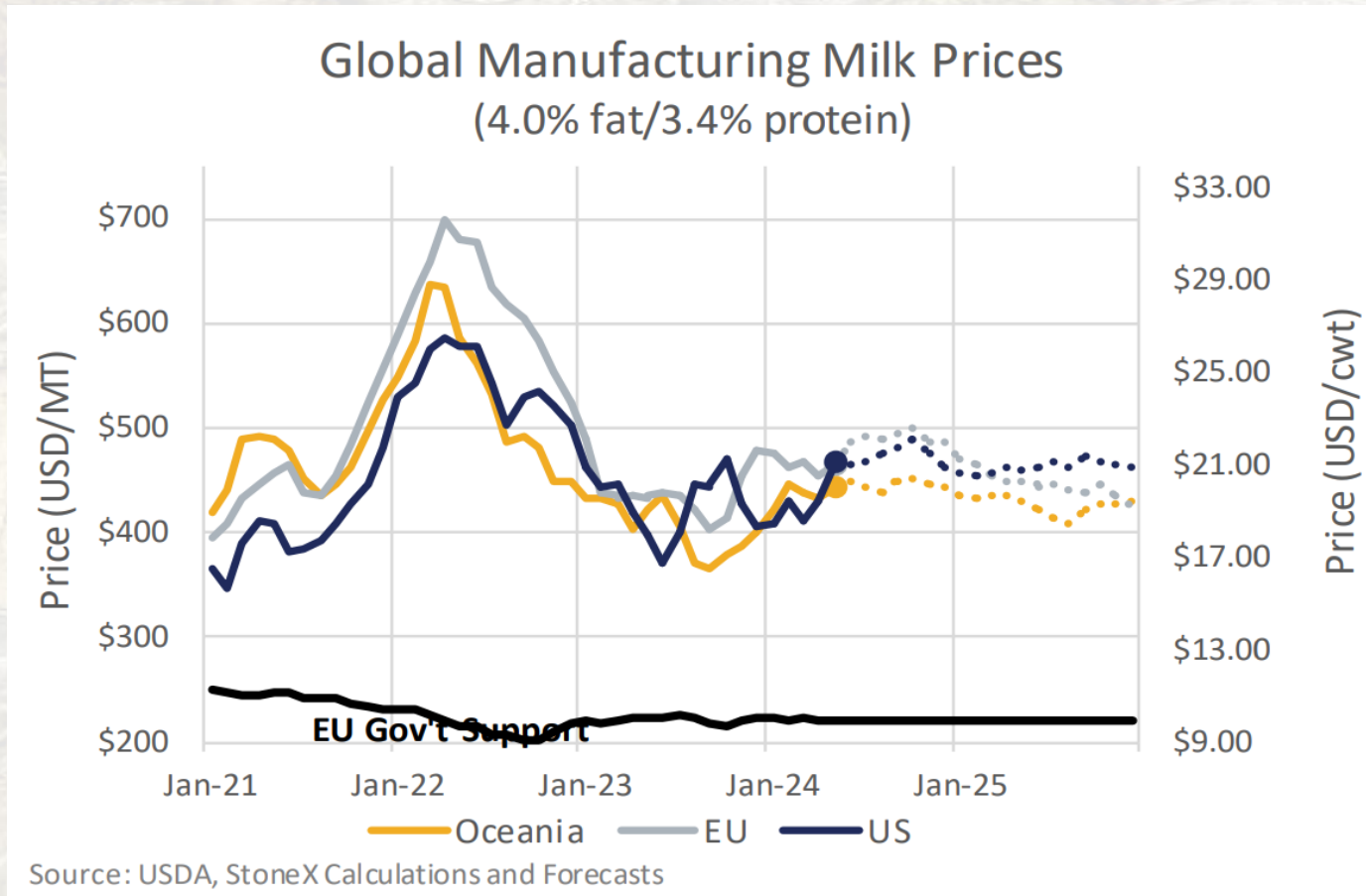


PRICE OUTLOOK



PRICE FORECAST

Milk prices forecasted to improve in H2 2024



Source: StoneX, IFCN



LONG TERM OUTLOOK

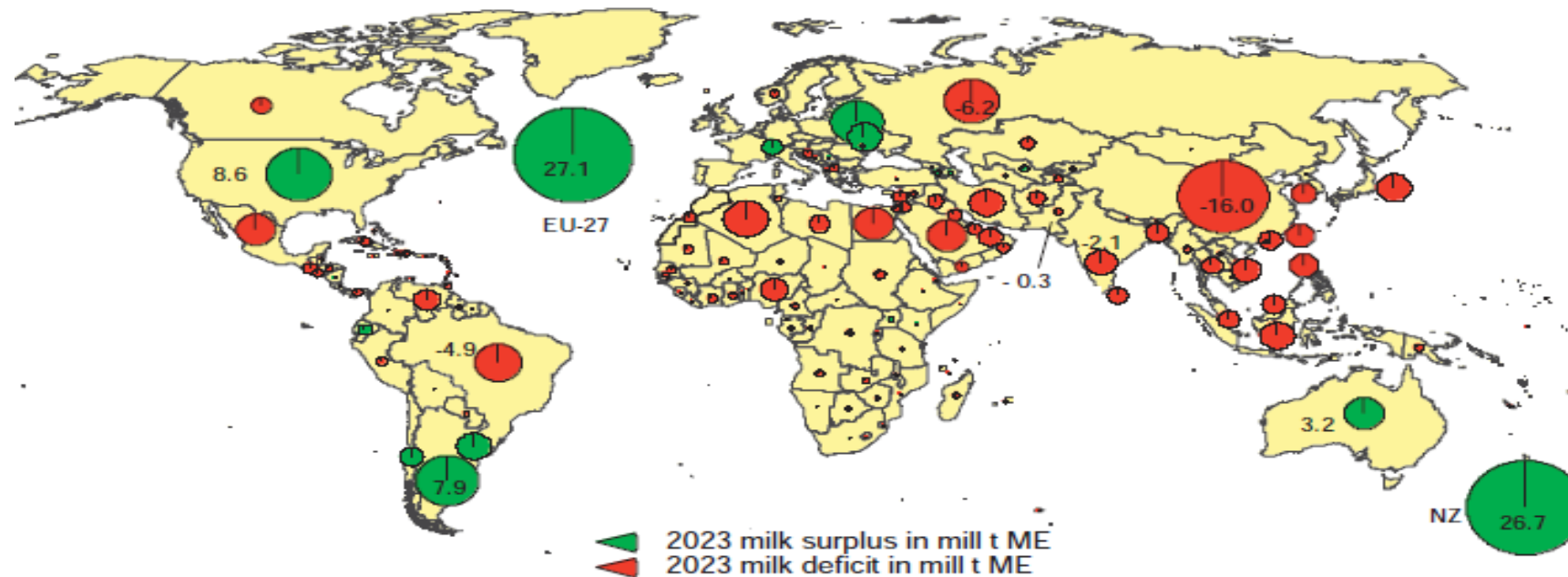


GLOBAL MILK PRODUCTION DEVELOPMENT

Back in 2012, EU and NZ forecasted to be the major growth centres

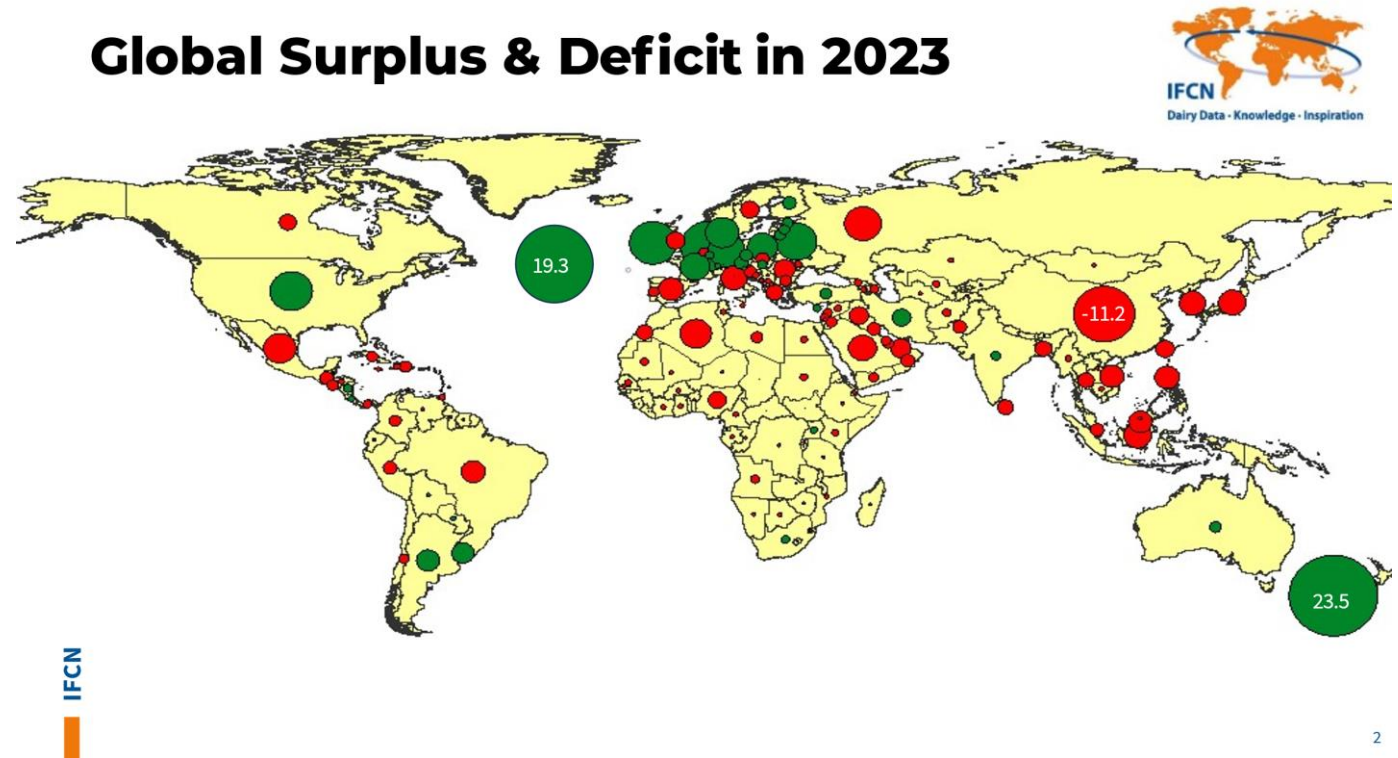
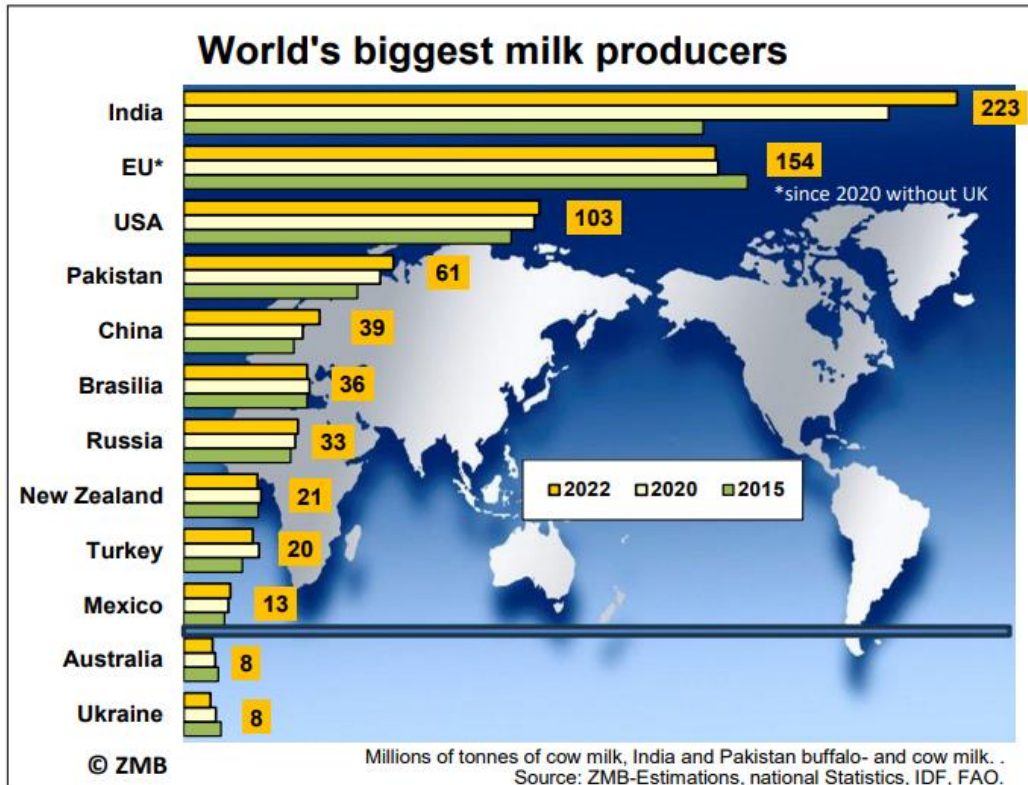
Milk surplus and deficit in 2023 in mill. t Milk Equivalent (ME)

World dairy trade 2023 vs. 2012: +40 mill t ME or +60%



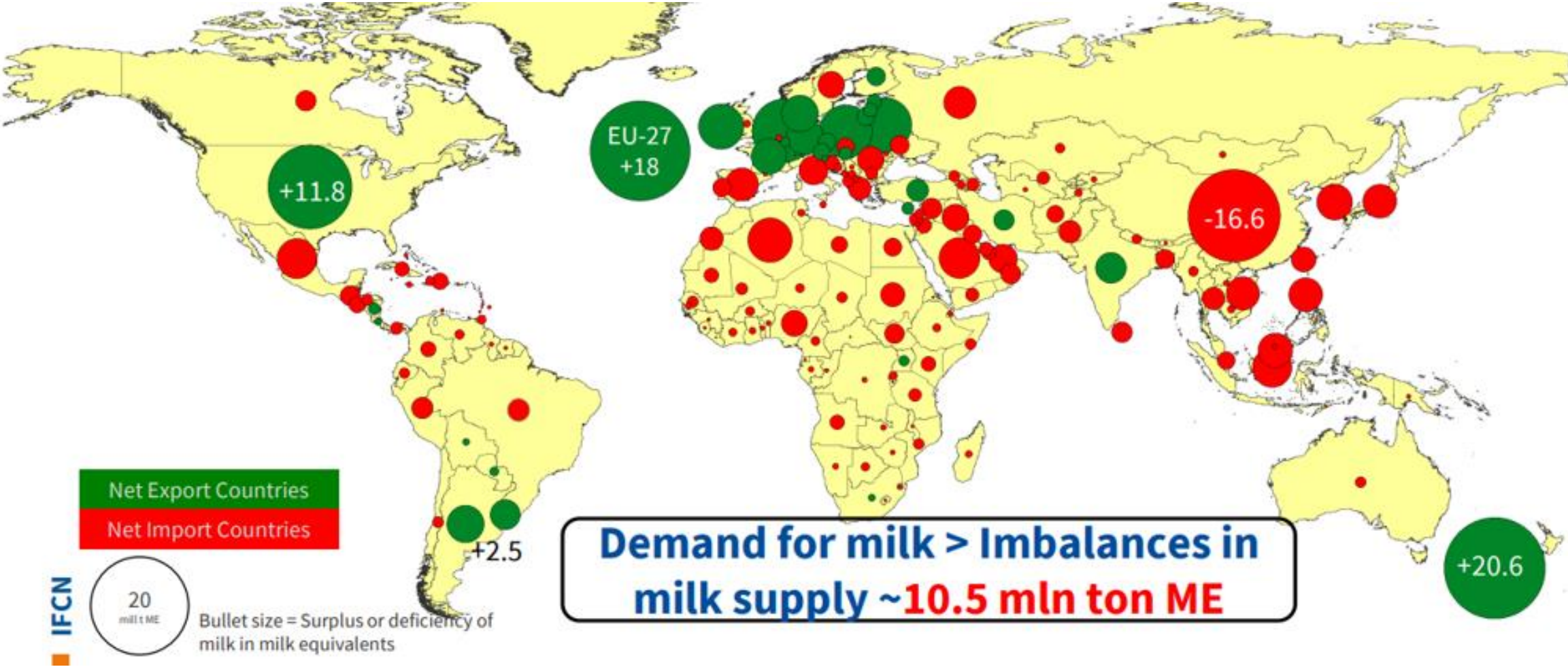
GLOBAL MILK PRODUCTION DEVELOPMENT

2015 – 2022: EU down, NZ stable



Source: IFCN, ZMB

GLOBAL MILK AND SUPPLY 2030

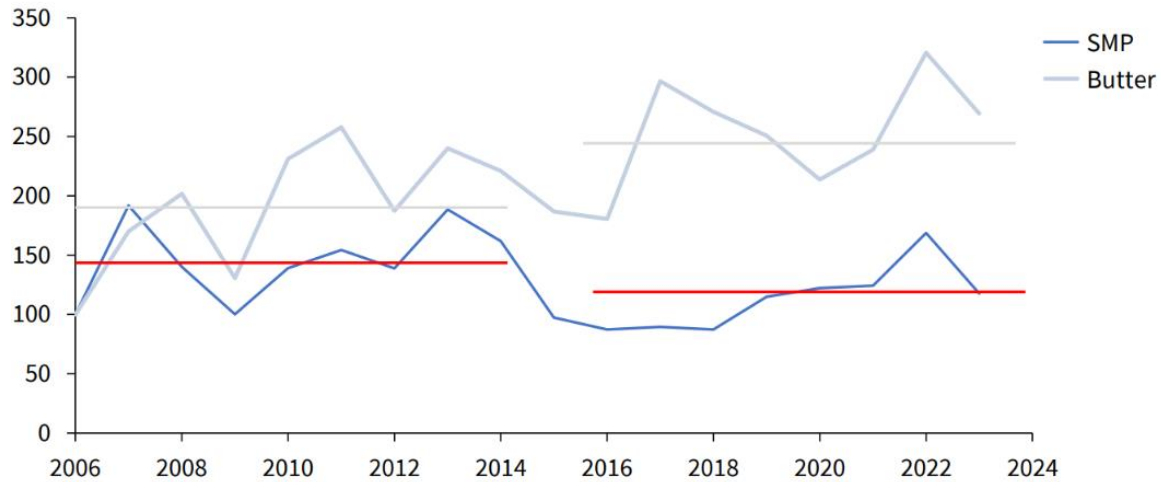


MILK FAT VS. PROTEIN

“Fat is the new black”

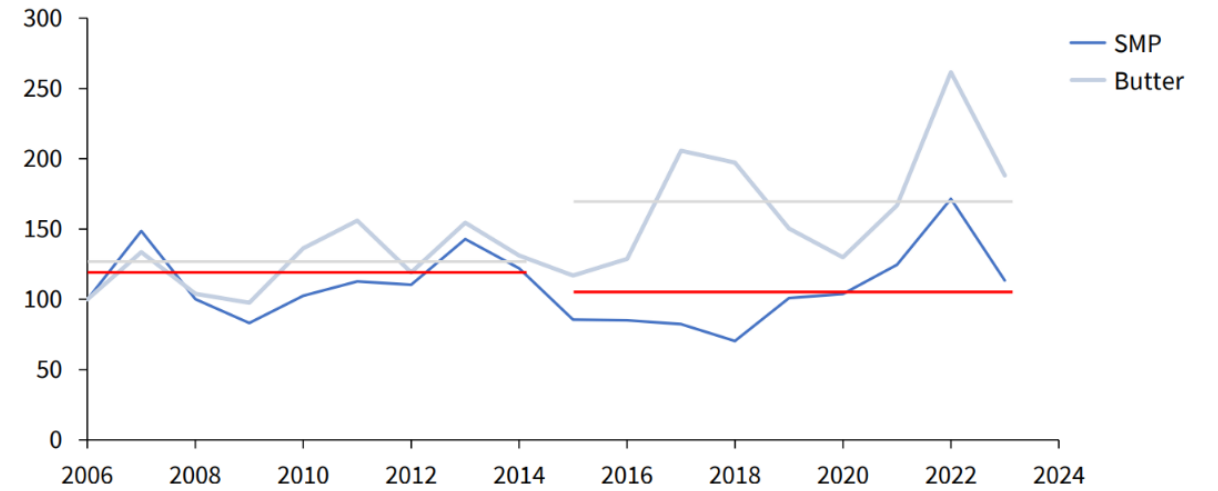
Annual average of SMP respectively Butter prices (Oceania quotation)

Indexed: 2006 = 100



Annual average of SMP respectively Butter prices (Dutch quotation)

Indexed: 2006 = 100



Source: IFCN



DAIRY EXPECTATIONS

- SUM UP

- **Global Milk Production** expected to remain tight, with larger differences on local level
- **Dairy demand** is continued to grow with the developing countries as main driver
- **Raw milk prices** are expected to increase further with milk fat as main contributor





**THANK YOU FOR
YOUR ATTENTION**

