



EU-Market situation at the beginning of 2023

EDA TEC-Meeting
March, 8 2023

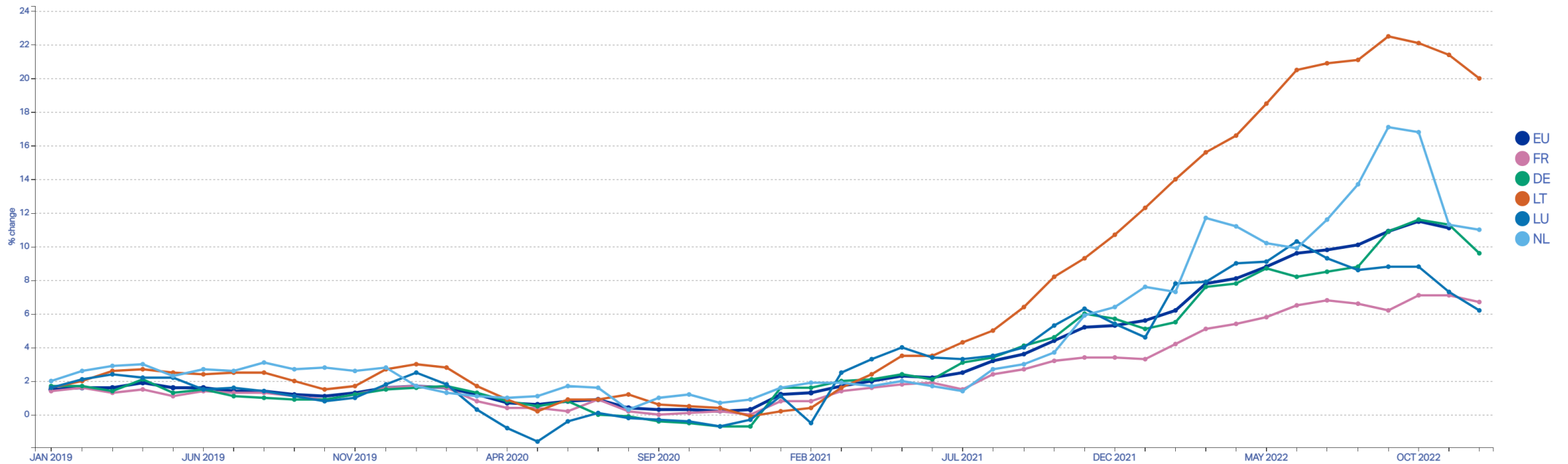
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Inflation increased further in 2022, to very different extent

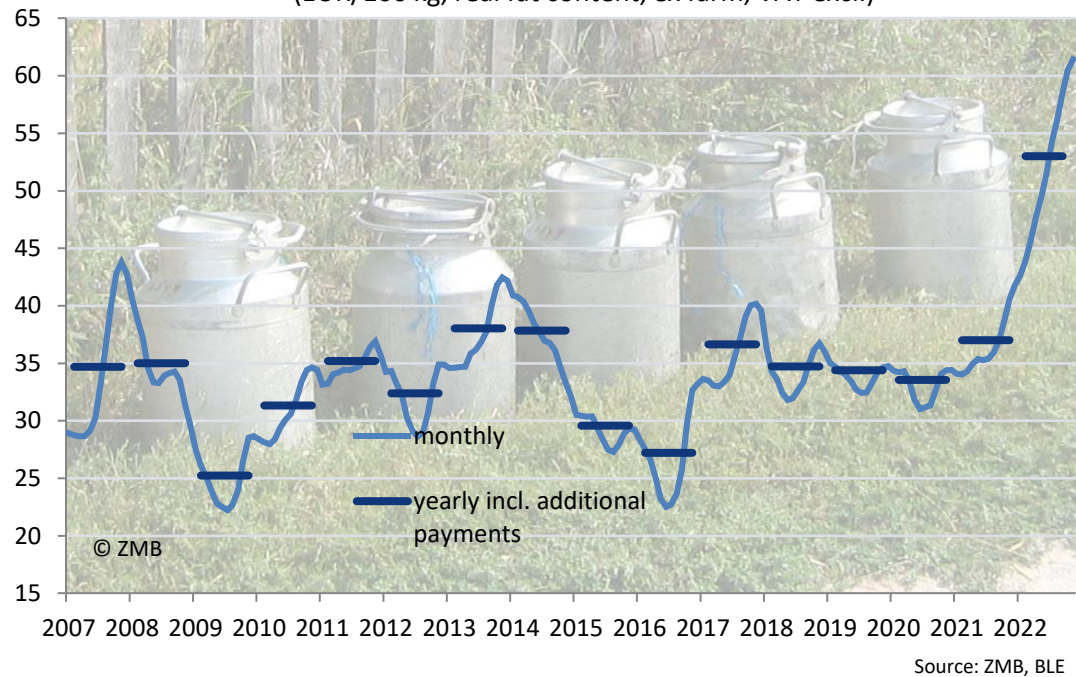
Annual inflation rate 
annual rate of change



Source: <https://ec.europa.eu/eurostat/cache/recovery-dashboard/>

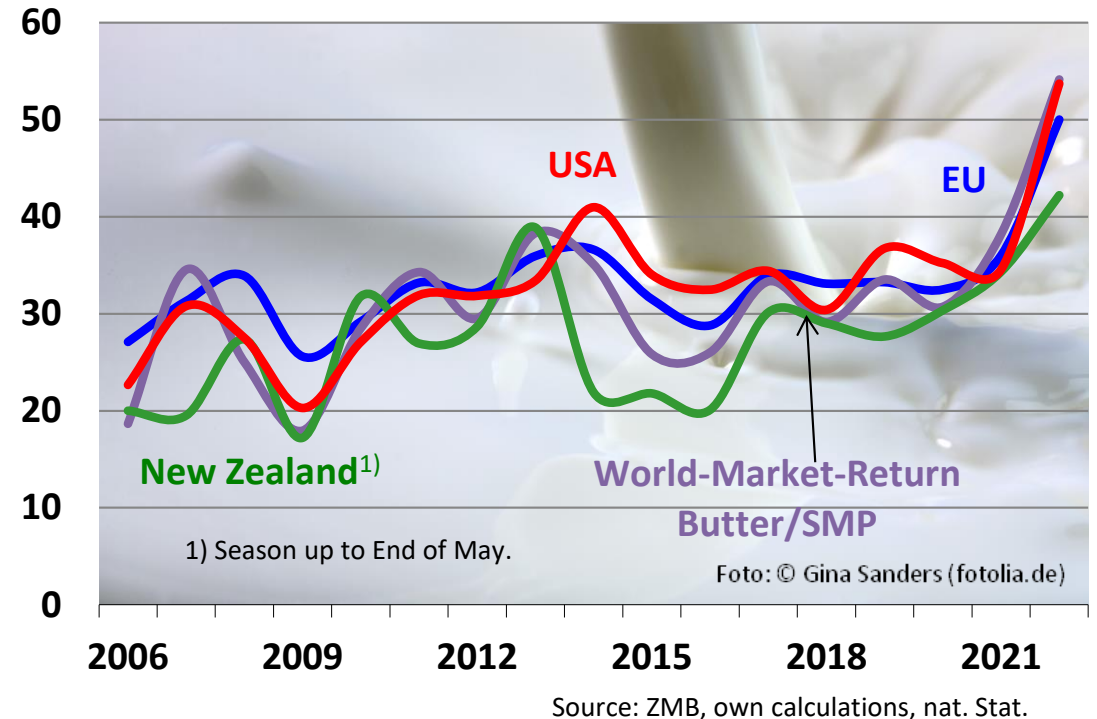
„Milk-inflation“ world-wide

Germany: Milk Producer Prices
(EUR/100 kg, real fat content, ex farm, VAT excl.)

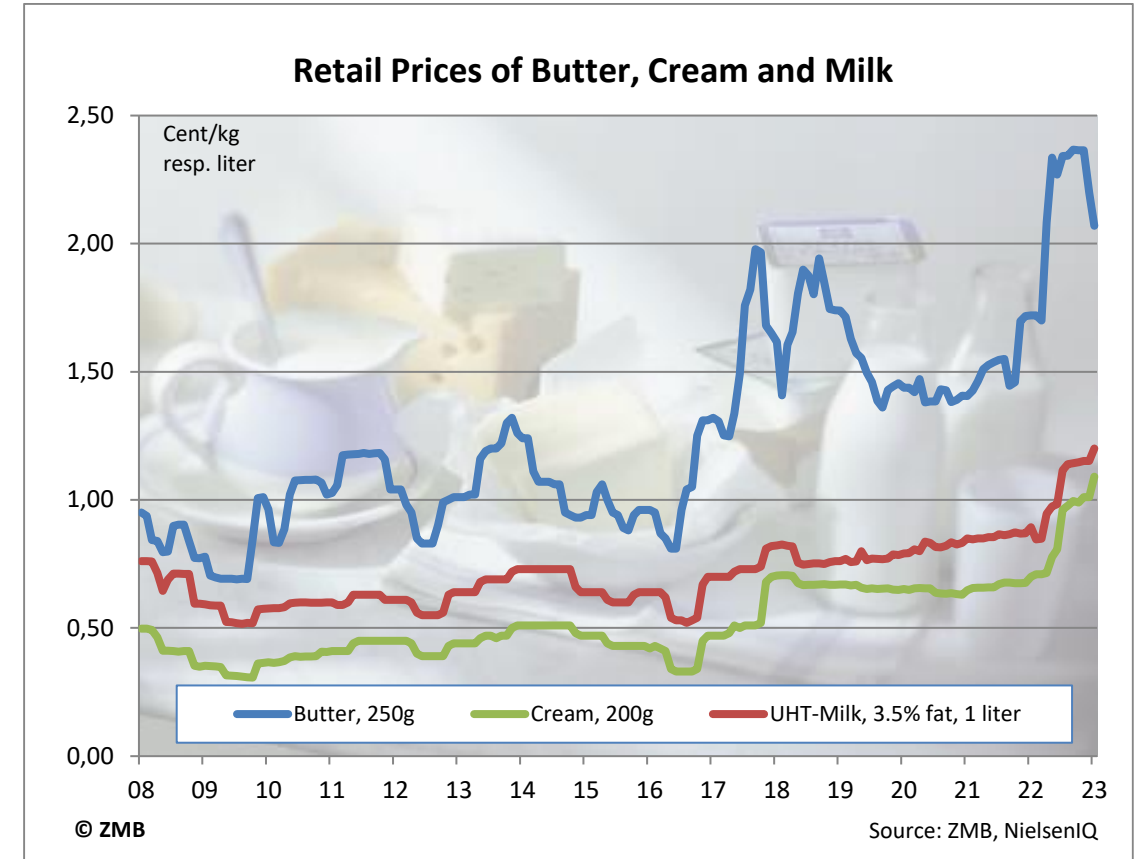
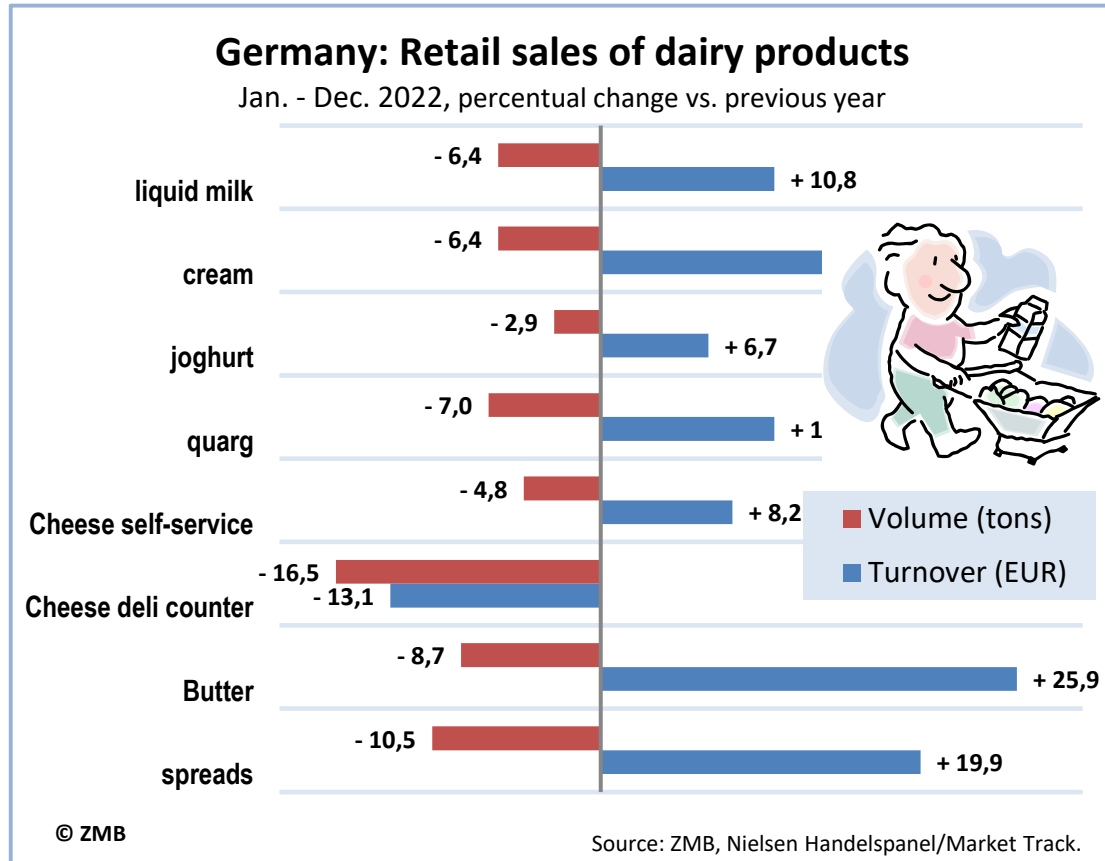


Prices increased continuously for two years

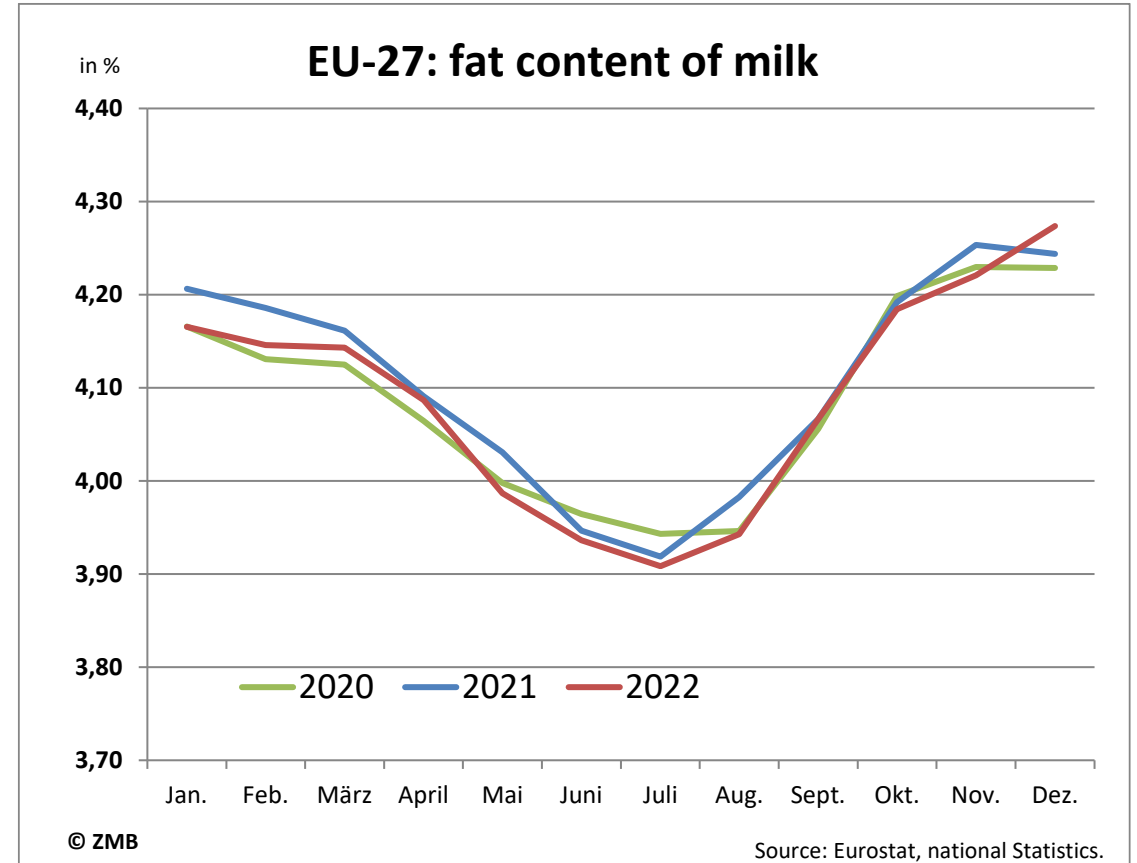
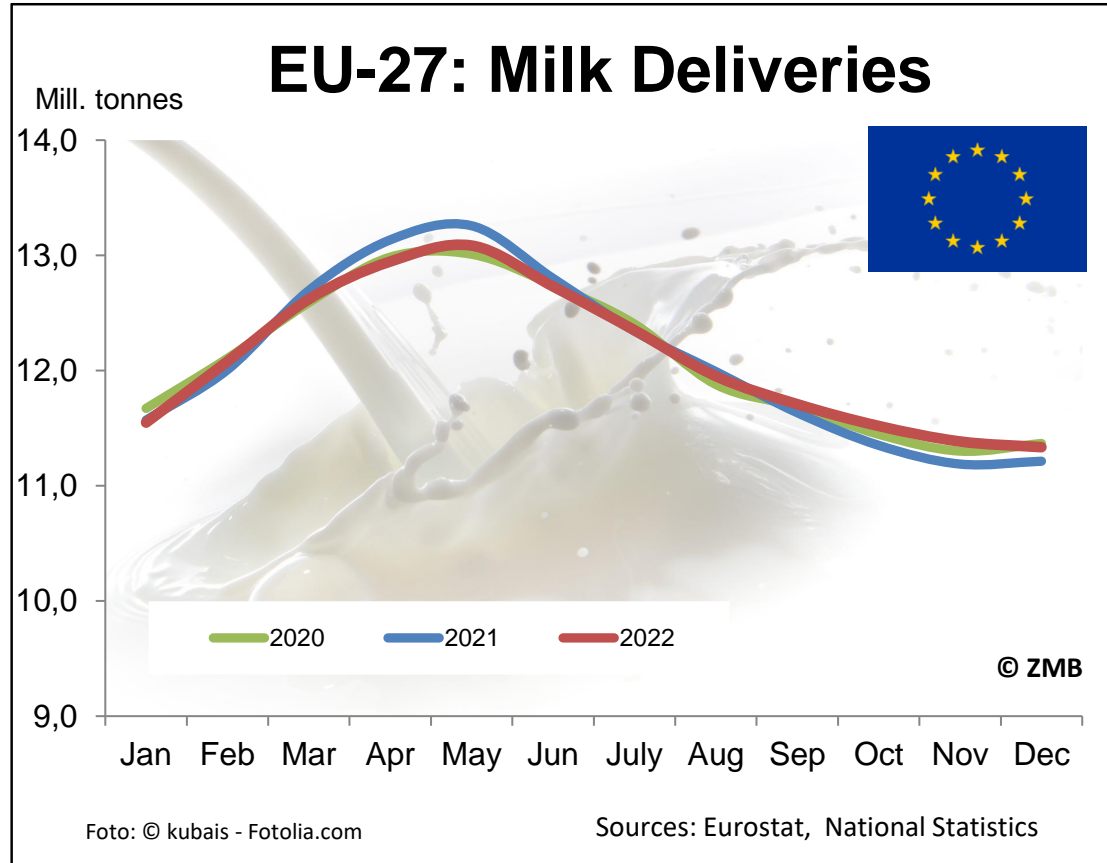
Comparison of milk prices (EUR/kg)



Retail prices of dairy products increased strongly and dampened demand



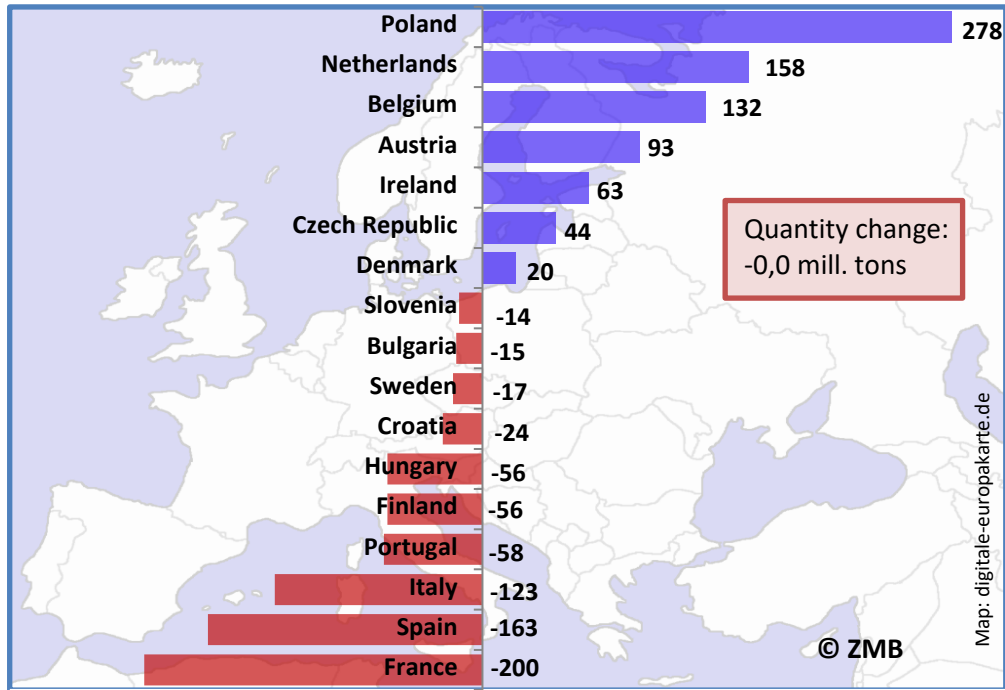
EU-milk deliveries 2022 stable in average, but less solids



Mixed picture in Europe

EU: Changes in milk deliveries

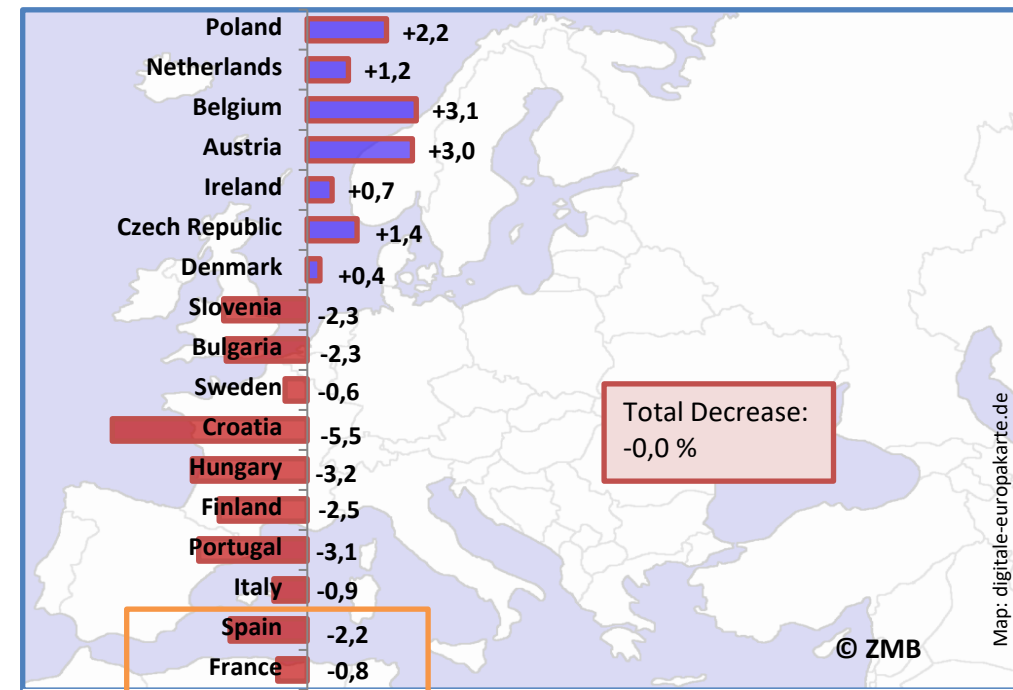
(January to December 2022 vs. 2021, in '000 tons)



Source: ZMB, national statistics.

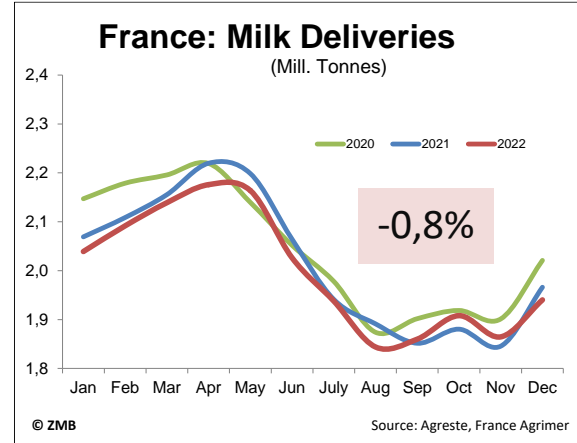
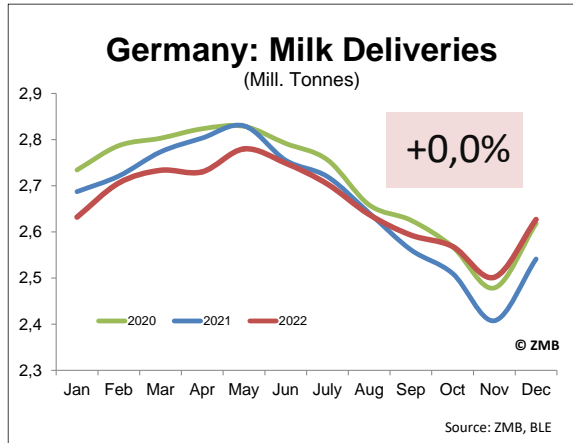
EU: Changes in milk deliveries

(January to Dezember 2022 vs. 2021, in percent)



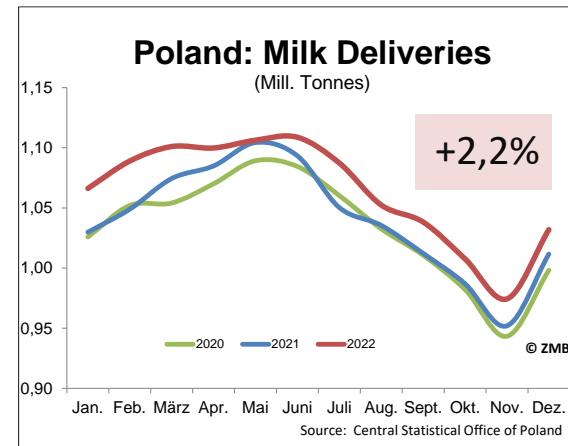
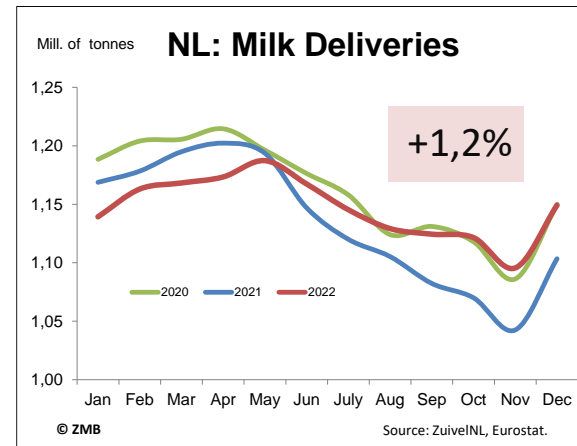
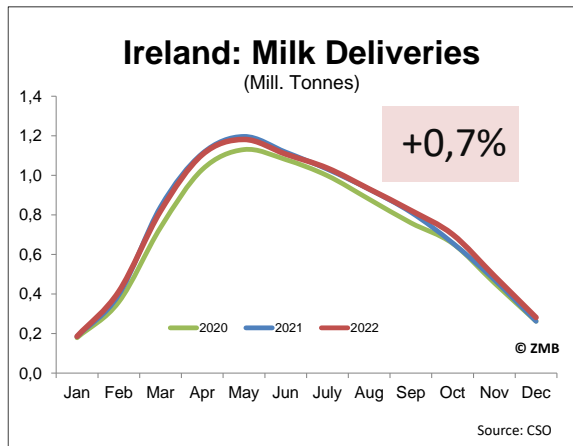
Source: ZMB, national statistics.

Milk output picked up towards end of year



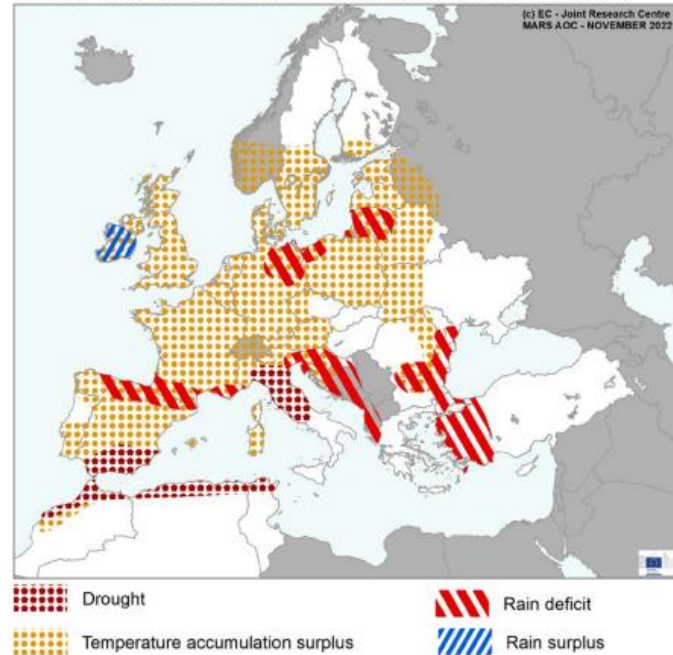
Production response was softened by:

- **Weather: drought and lack of rain in summer-time**
 - *But favourable weather-conditions in autumn*
- **High feed costs**
- **High costs of fertilizers and energy**
- **(Environmental constraints, more animal welfare)**



Favourable weather-conditions in autumn and winter

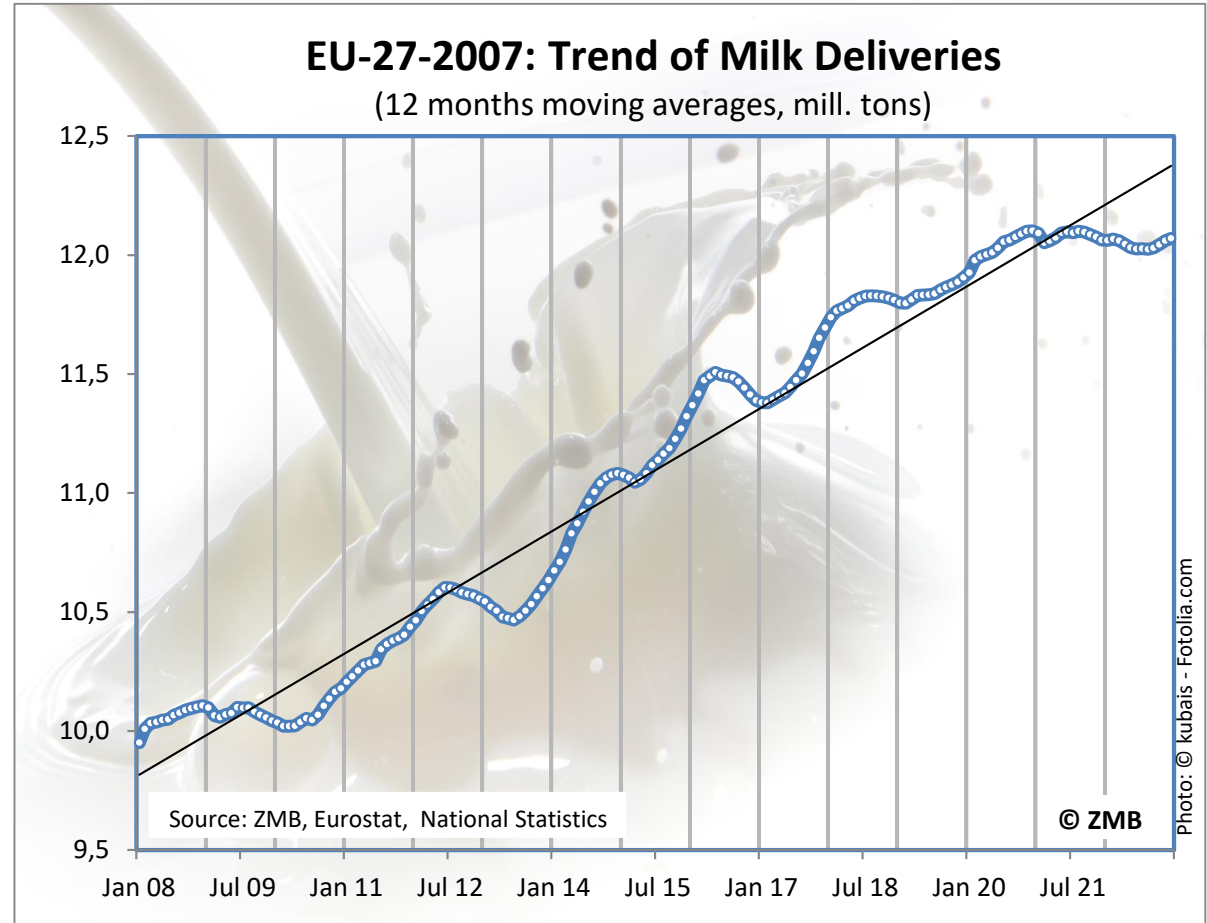
AREAS OF CONCERN - EXTREME WEATHER EVENTS
Based on weather data from 1 October 2022 until 18 November 2022



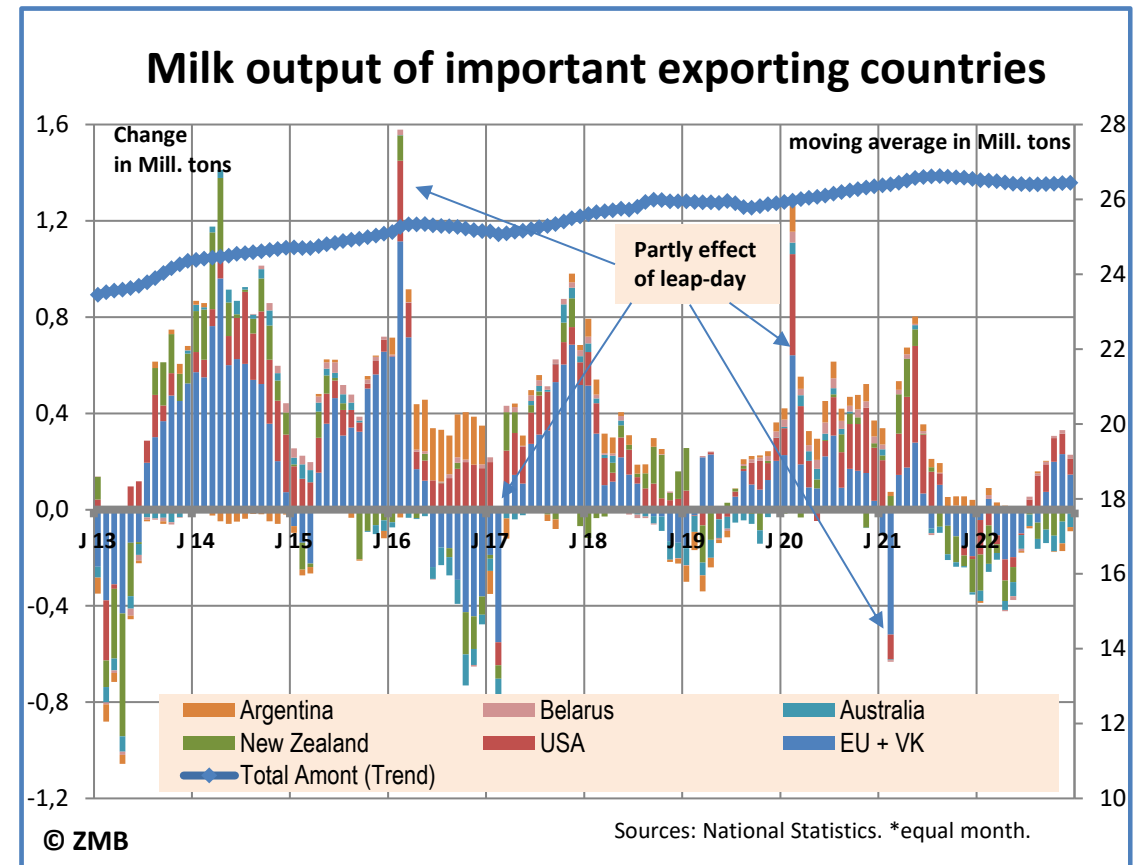
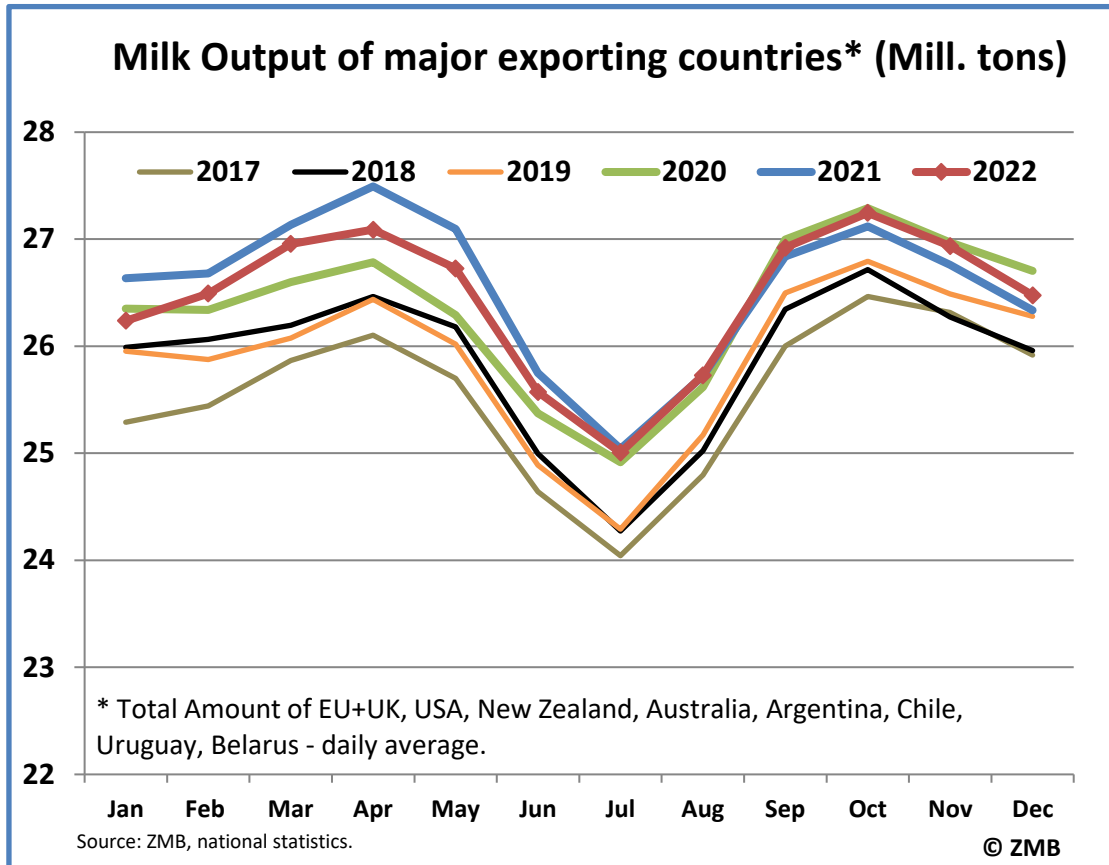
Source: JRC MARS Bulletin November 22

Pastures recovered in October and November, wide-spread mild temperatures in winter-months

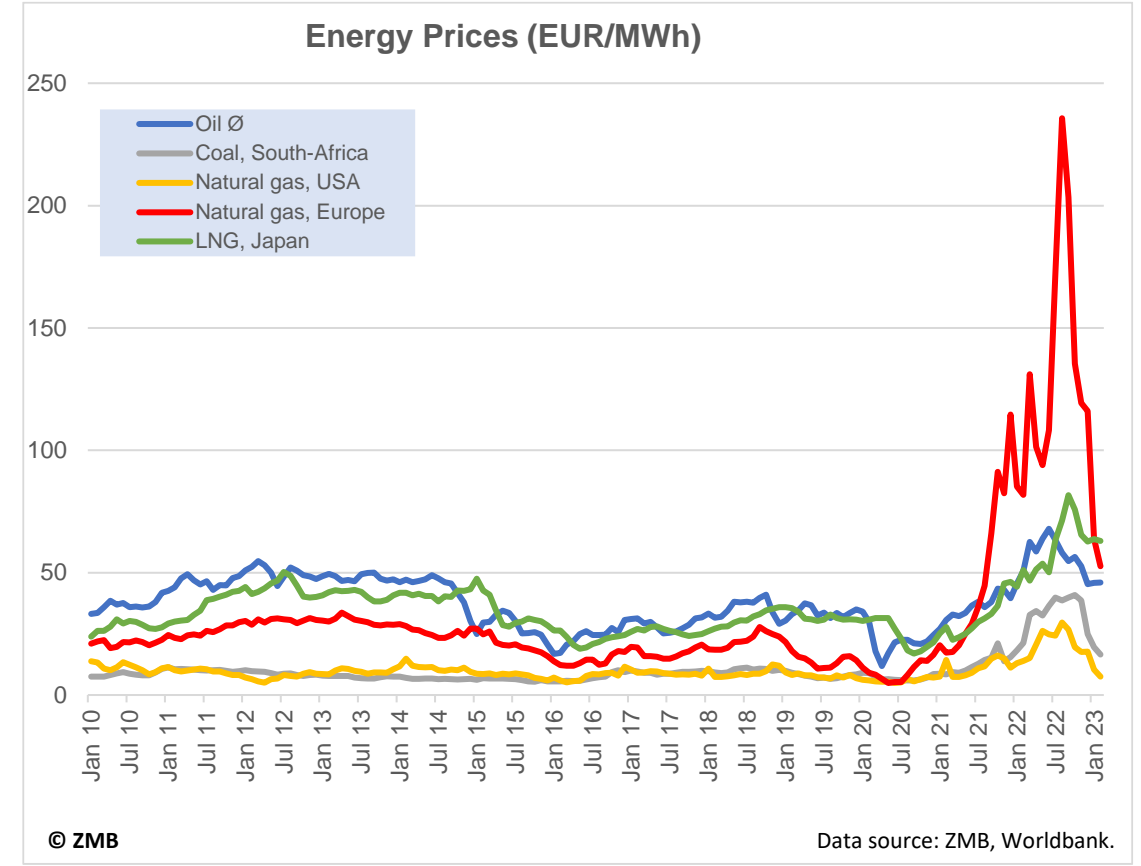
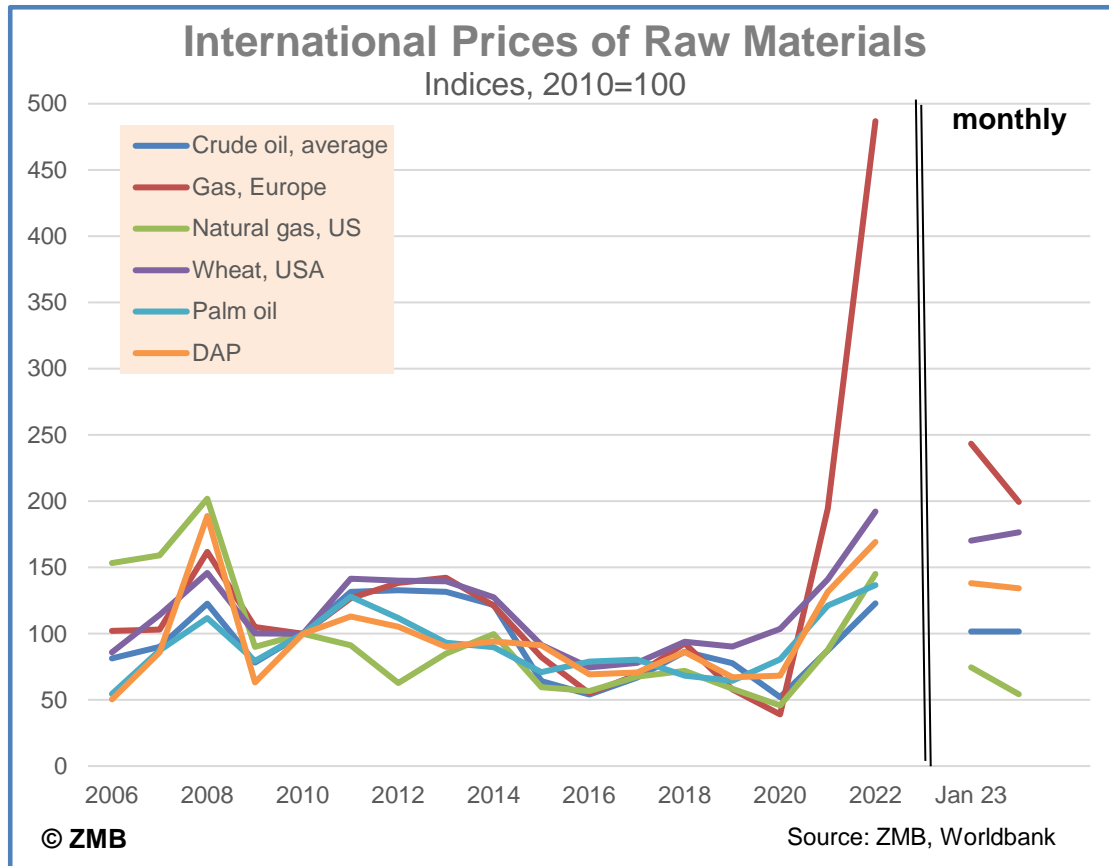
EU-27-2007: Trend of Milk Deliveries
(12 months moving averages, mill. tons)



Milk supply of main exporters recovered in the second half of 2022 – in a modest way



Costs of inputs increased strongly, but corrected in recent months



Less dairy products produced

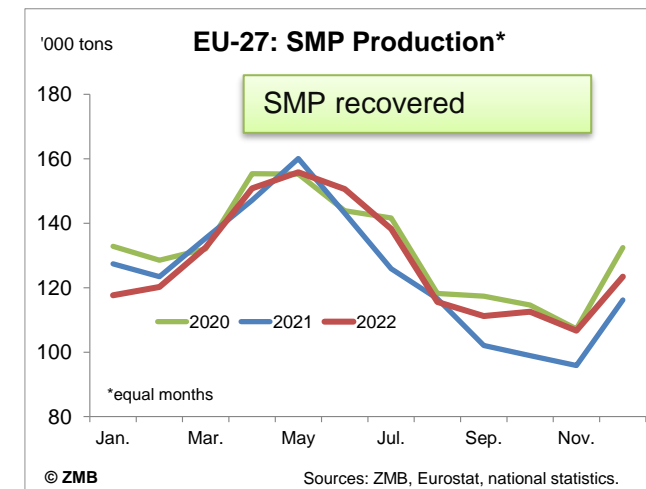
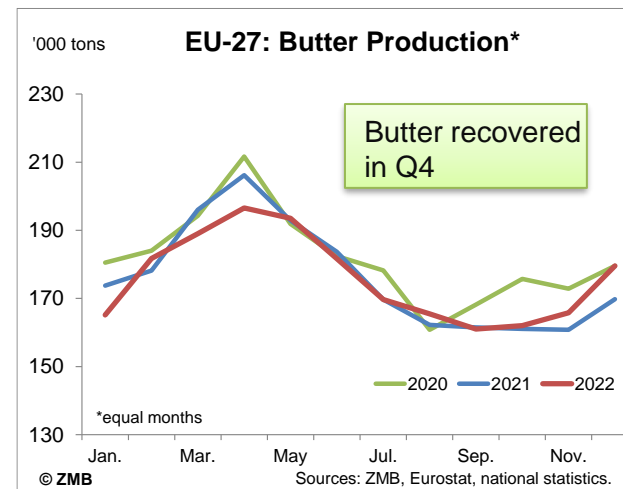
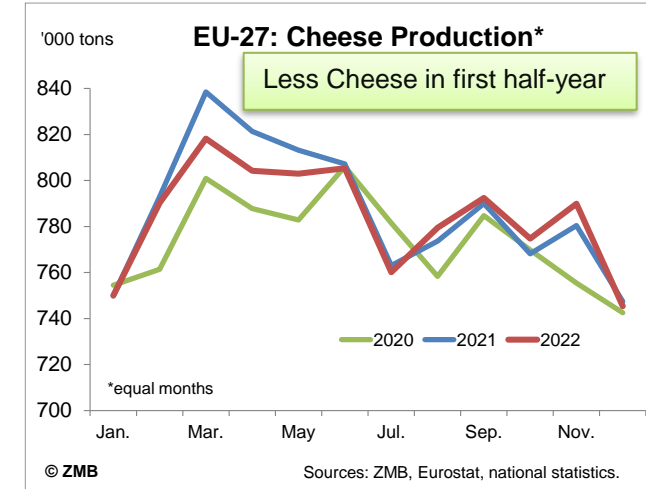
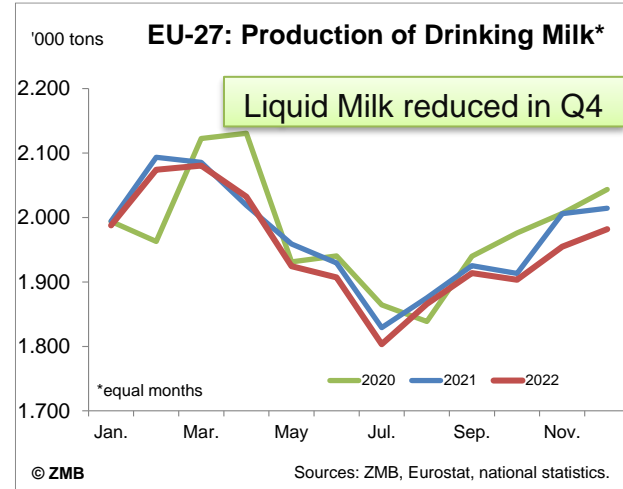
EU-27: Production of Dairy Products

000 t	January - November			Nov.
	2021	2022*	22:21 *	22:21 *
Liquid milk	21.514	21.337	- 0,8%	- 2,7%
Cream	2.272	2.287	+ 0,7%	- 2,5%
Fermented Products	7.984	8.067	+ 1,0%	- 0,2%
Butter	1.937	1.926	- 0,6%	+ 4,2%
Cheese	8.660	8.629	- 0,4%	+ 1,5%
WMP etc.	581	562	- 3,3%	+ 7,1%
SMP	1.370	1.401	+ 2,2%	+ 7,9%
Condensed milk	898	869	- 3,3%	- 4,1%

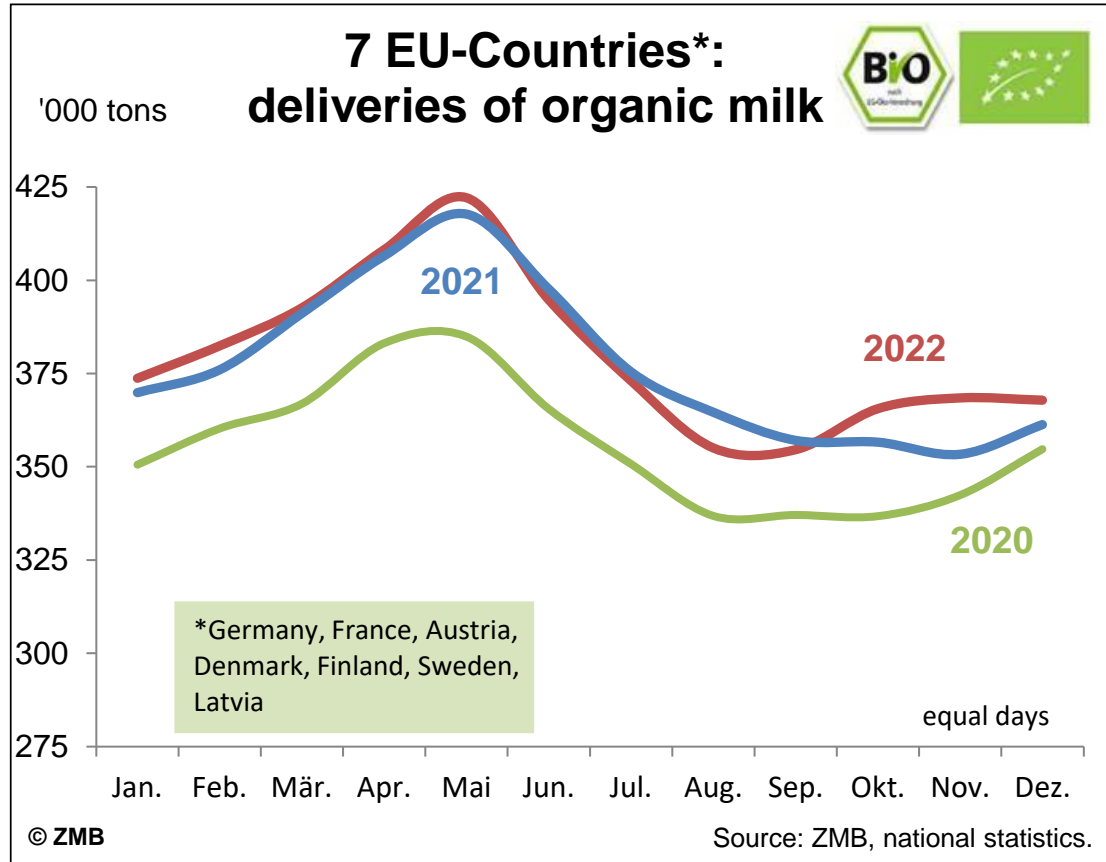
*) Provisional.

Sources: ZMB, Eurostat, national statistics.

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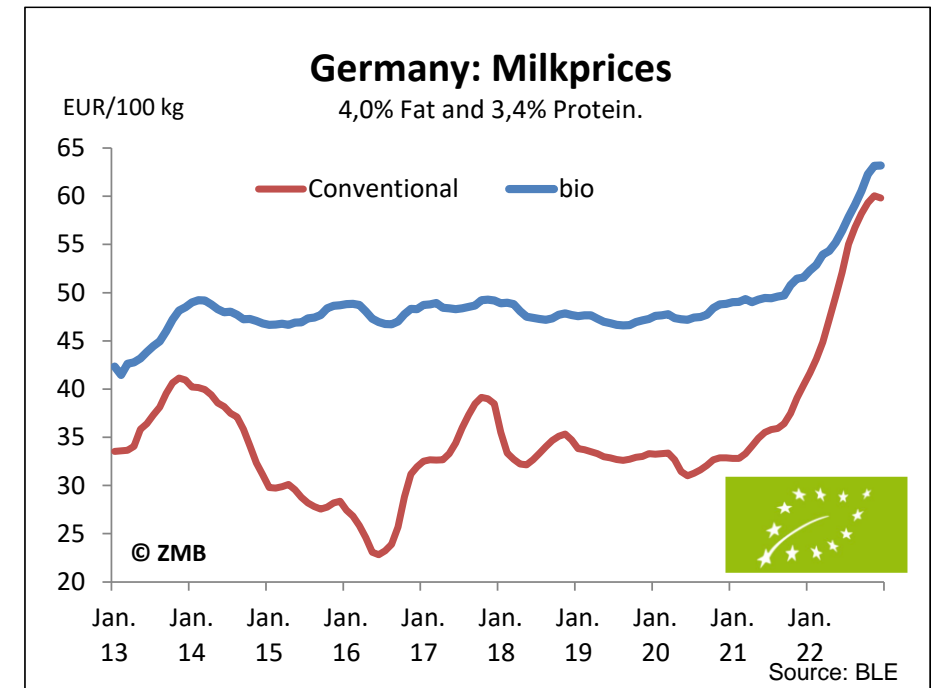


Output of organic milk recovered in autumn, premium of organic milk eroded

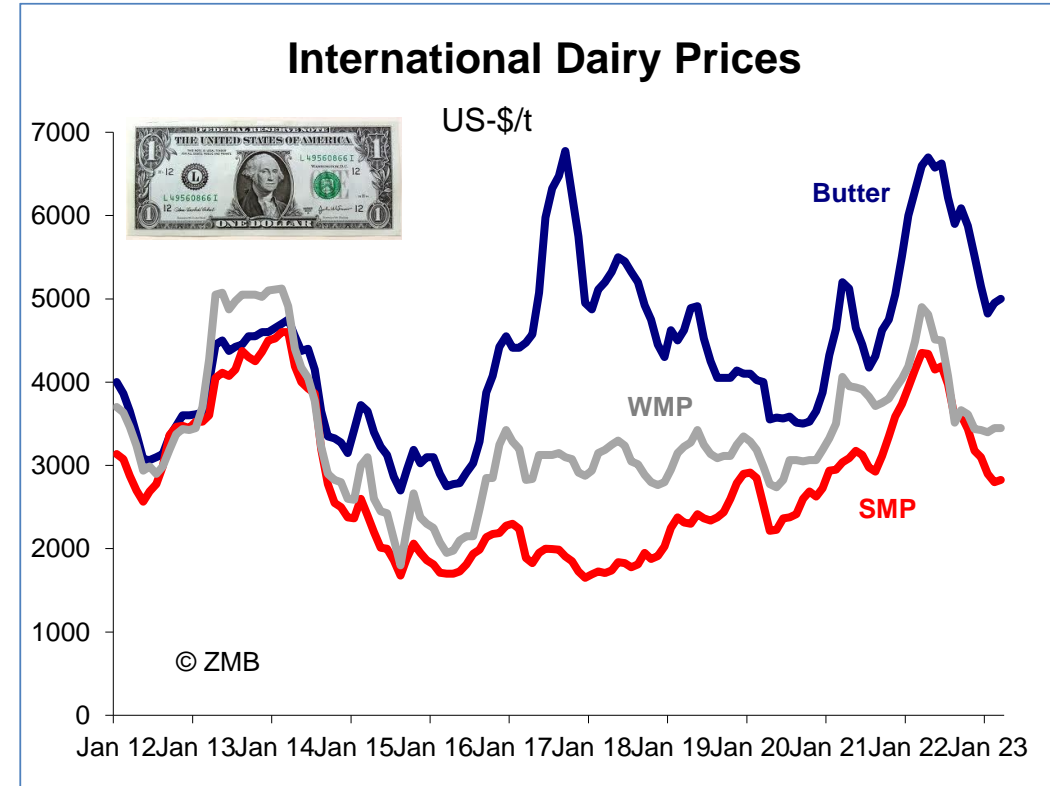
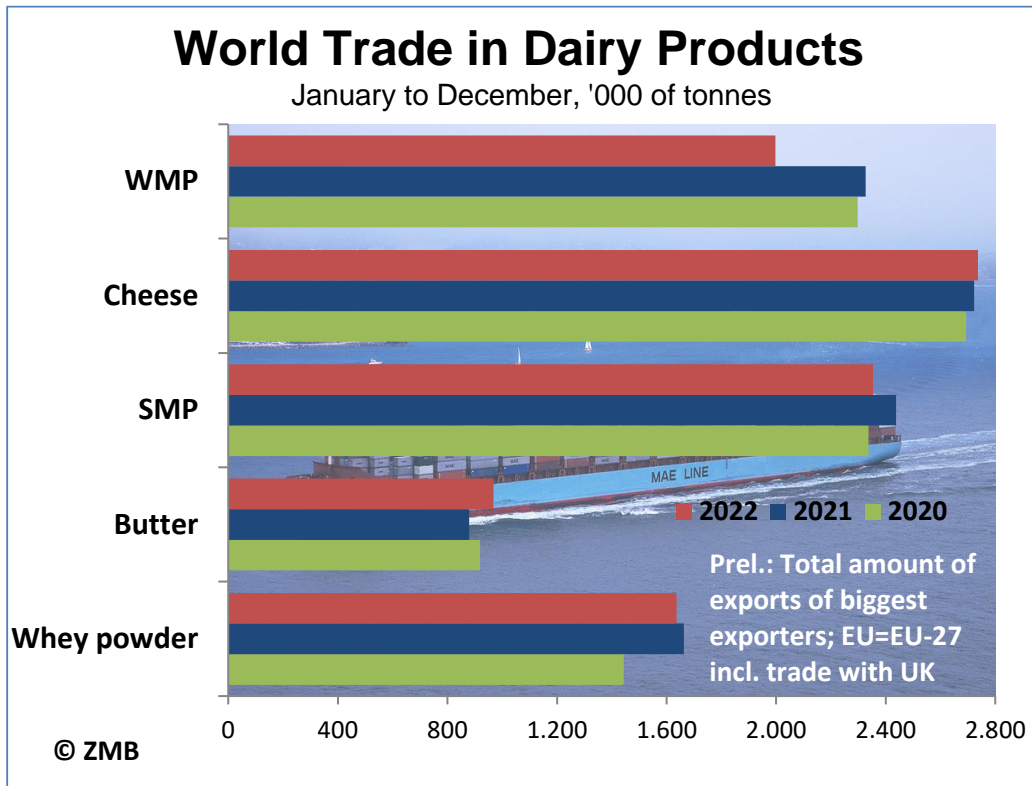


Average growth January to December + 0,7 %

Demand for organic products was pushed during the pandemic, but is suffering actually from inflation

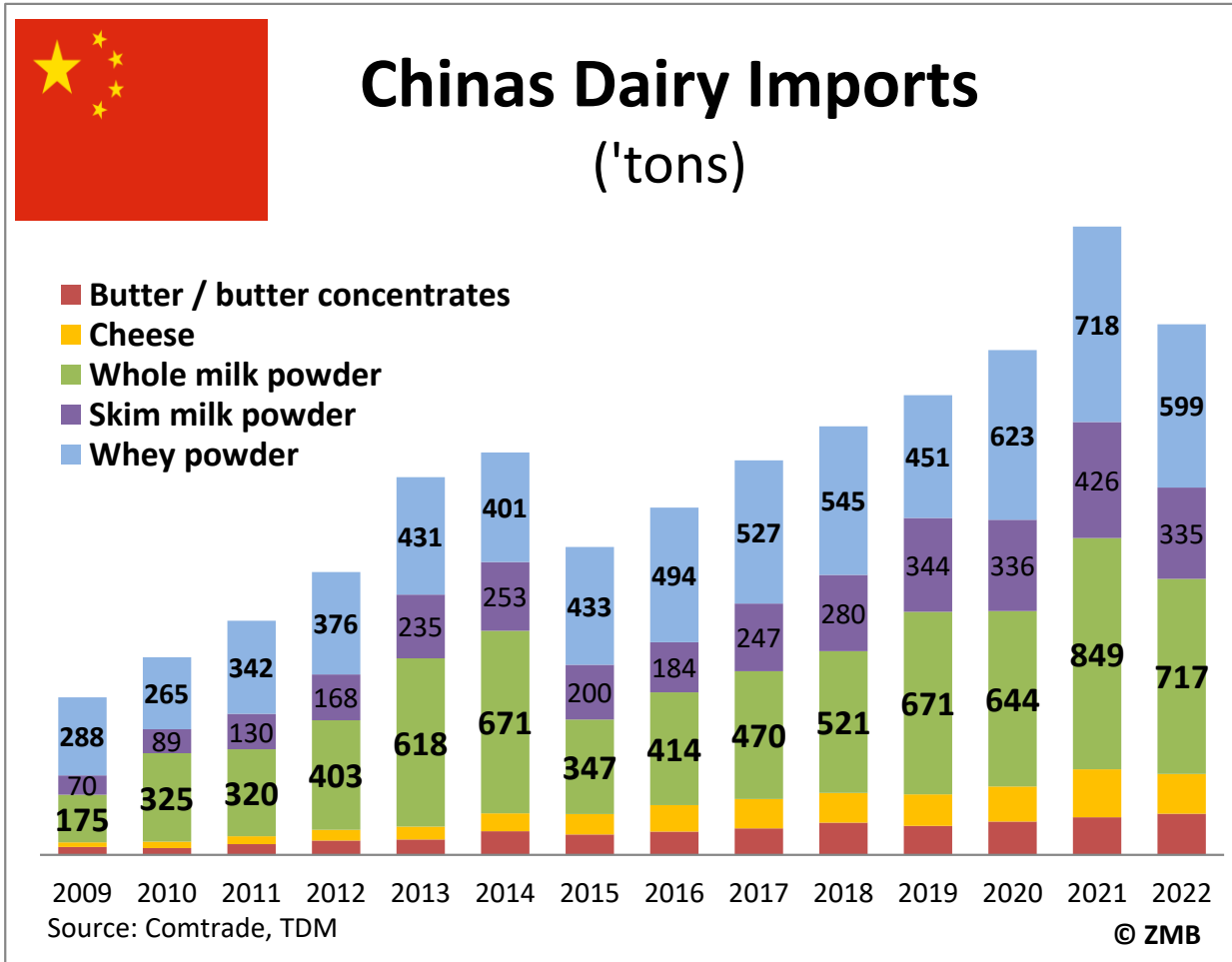


Growth of international trade interrupted, less milk powder exported



International prices started to decline in summer-time
WMP underperformed on international level

Will Chinese demand recover?

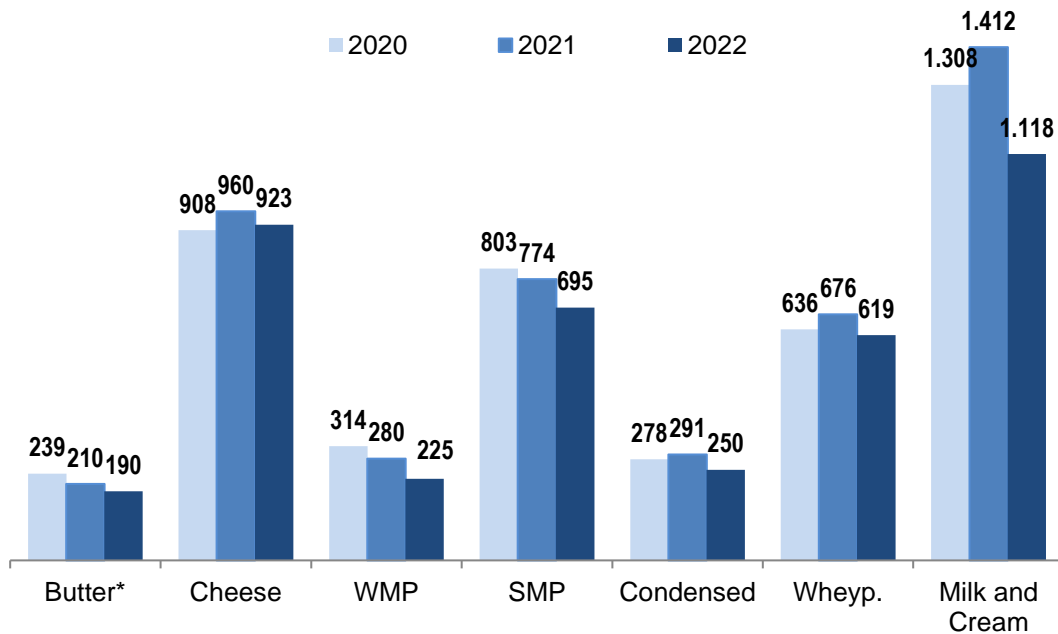


- Domestic milk production in China is growing
- Speculations about stocks
- Economic growth reduced strongly, but end of the Zero-Covid-Policy could stimulate demand

Export of all dairy products to „traditional“ 3rd Countries decreased, Import increased – Butter at most

EU-27: Exports of Dairy Products UK excl.

('000 tons, January to December)



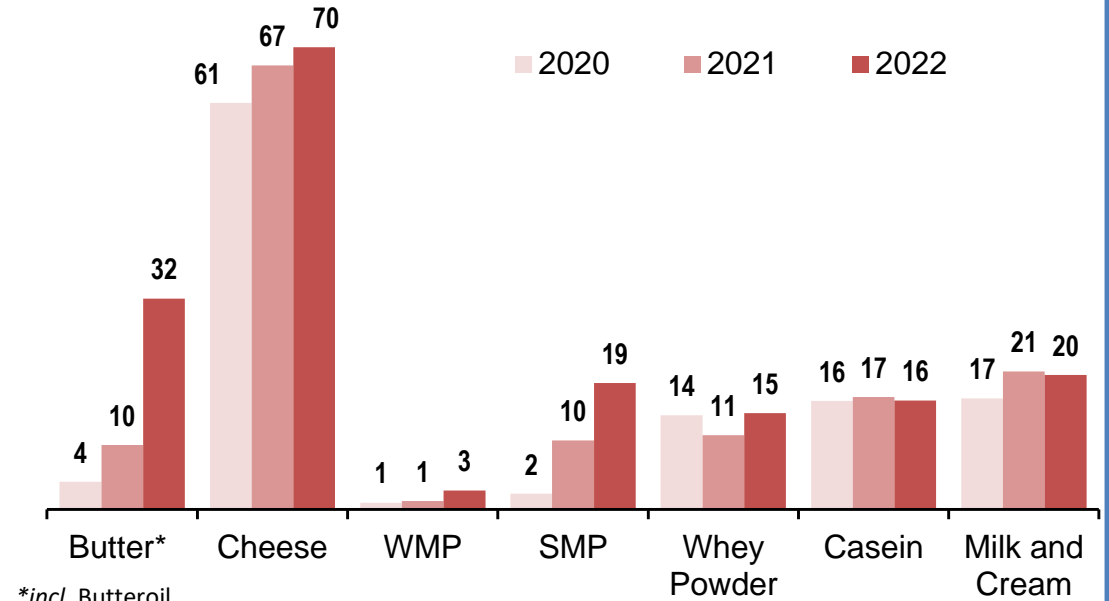
Butter incl. Butteroil

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Source: EU-Commission, Eurostat.

EU-27: Imports of Dairy Products UK excl.

('000 tons, January to December including inward processing)

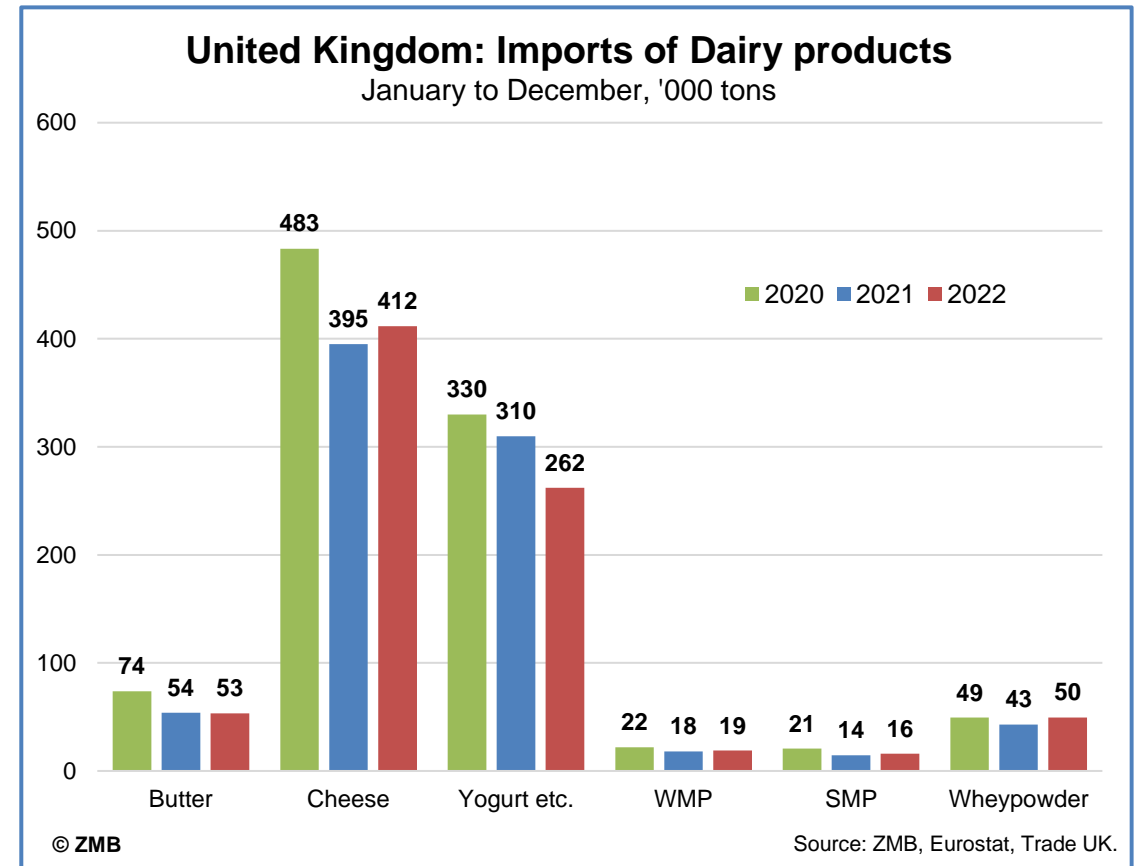
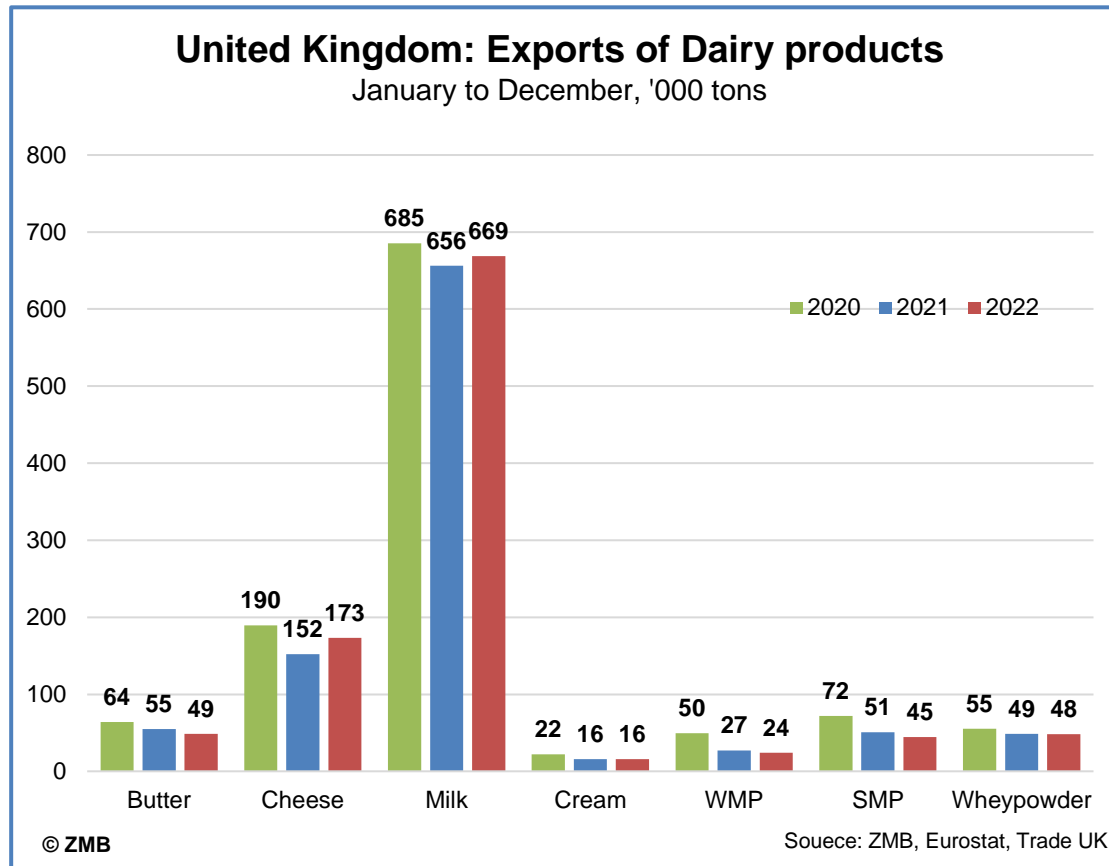


*incl. Butteroil.

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EU excl. trade with United Kingdom. Source: EU-Kommission, Eurostat.

UK exported less (except for cheese) and imported slightly more



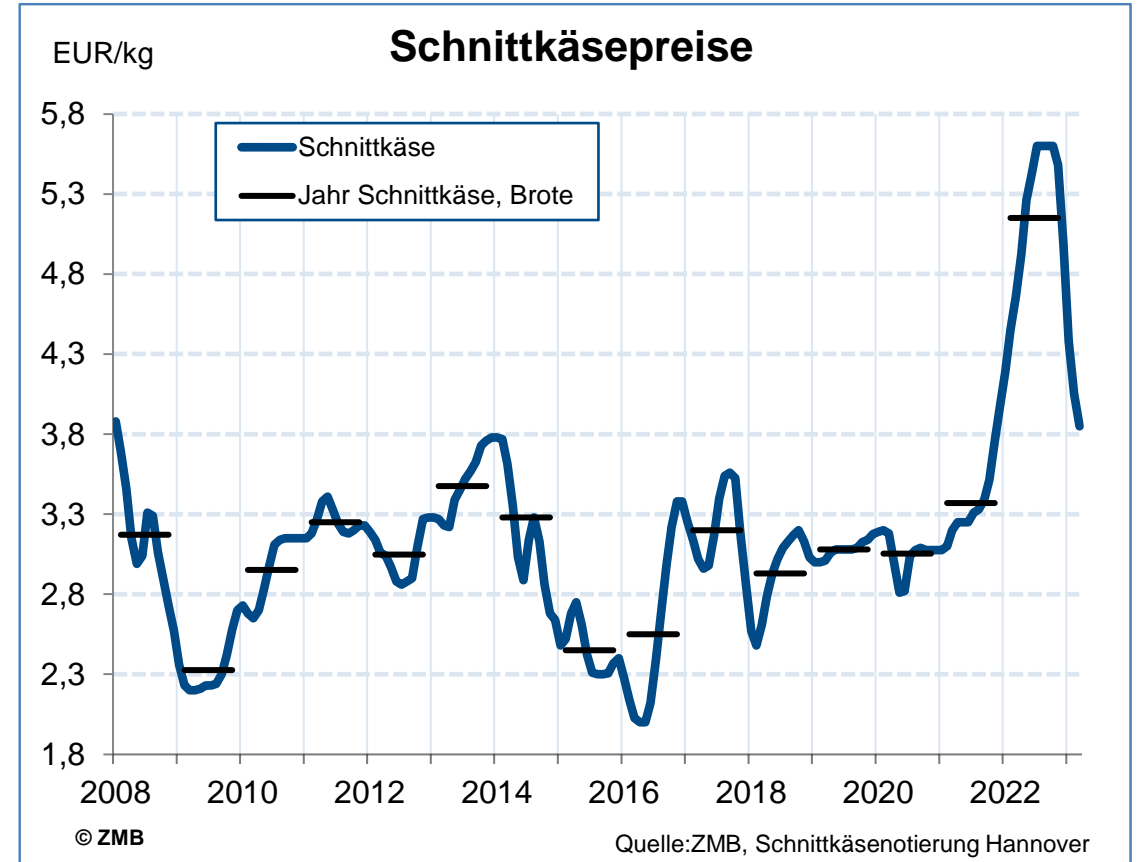
The Cheese-market shrunk for the first time, prices came under pressure

EU Cheese Balance Sheet					
'000 t	2019	2020	2021	2022*	2023**
	EU28	EU-27	EU-27	EU27	EU27
Production	10.690	10.407	10.560	10.530	10.590
- from cows' milk in dairies	9.710	9.427	9.570	9.540	9.600
- on farms	100	100	100	100	100
- from other milk	880	880	890	890	890
Imports	63	222	196	186	190
- thereof from UK	.	161	129	116	110
Processing addition ¹⁾	180	155	160	150	150
Available	10.933	10.784	10.917	10.866	10.930
Exports	880	1.402	1.385	1.346	1.370
- thereof to UK	.	493	430	420	400
Stock Change	-20	10	-20	30	0
Consumption	10.074	9.372	9.551	9.491	9.560
- per capita (kg)	19,6	21,0	21,4	21,0	21,1

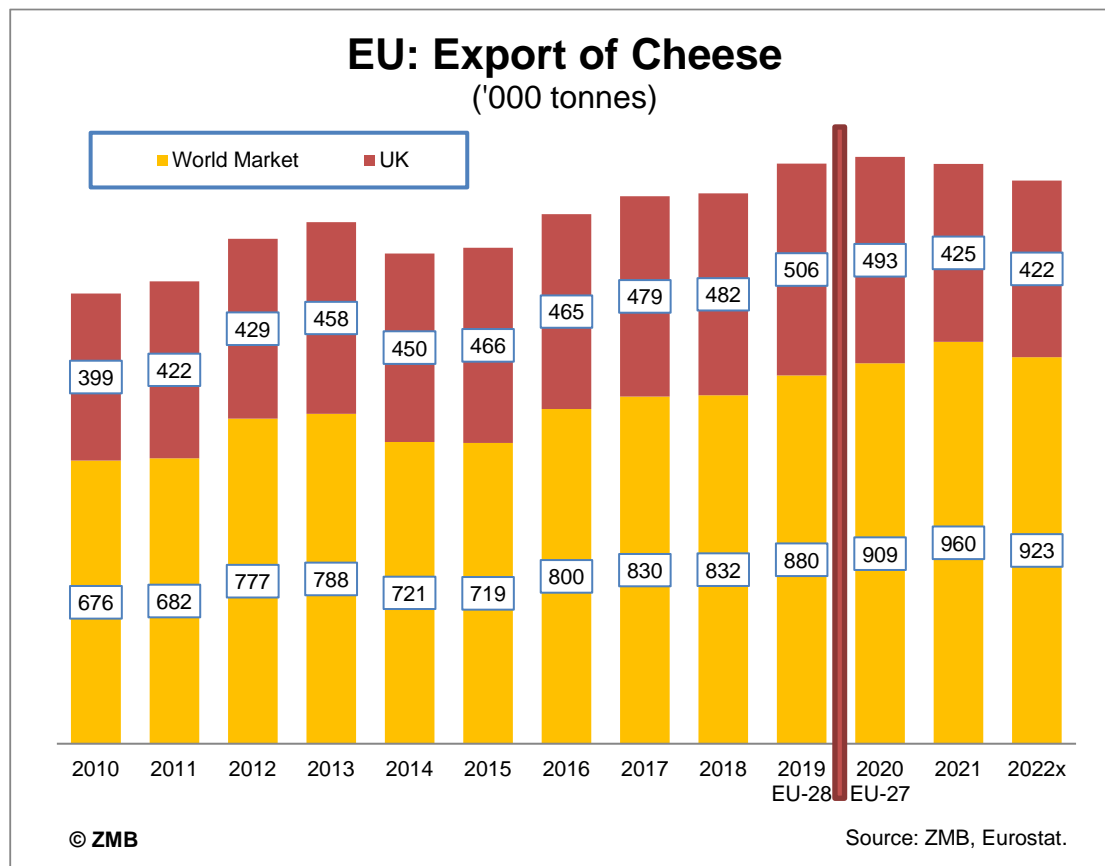
1) From processed cheese. *)Provisional **) Forecast.
 Remark: UK was part of the single market during 2020.

Source: ZMB

Updated March 2023



Export of cheese shrunk, USA gained market-shares



Exports of Cheese					
1.000 tonnes	Mon.	2020	2021	2022	± %
EU - 27*	I - XII	1.401,7	1.385,2	1.345,5	- 2,9
United Kingdom	I - XII	189,6	152,3	173,4	+ 13,9
- of which to EU-27	I - XII	155,5	116,3	138,8	+ 19,3
Switzerland	I - XII	77,1	82,5	77,0	- 6,7
New Zealand	I - XII	327,0	357,6	342,8	- 4,1
Australia	I - XII	153,1	156,7	145,7	- 7,0
USA	I - XII	355,5	402,5	451,4	+ 12,2
Belarus	I - III	42,6	45,4	50,8	+ 12,0
Argentina	I - XII	69,8	77,7	82,4	+ 5,9
Uruguay	I - XII	27,5	26,0	23,5	- 9,6
Turkey	I - XI	49,6	36,6	43,9	+ 20,0
Total amount*		2.693,5	2.722,3	2.736,4	+ 0,5

* Excluding trade between EU-27 and United Kingdom.

Sources: ZMB, EU-Comm., GTA, national statistics

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UK and USA biggest export markets

Butter-market contracted, Prices seen the bottom?

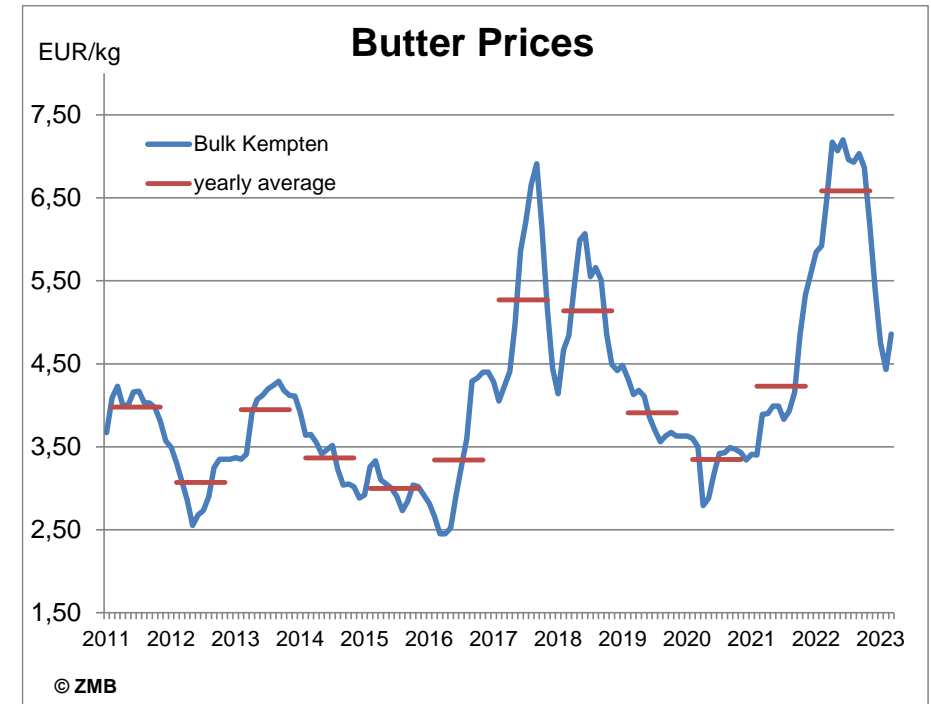
EU Butter Balance Sheet					
'000 t	2019	2020	2021*	2022**	2023**
	EU28	EU-27	EU-27	EU27	EU27
Initial stocks	140	146	135	110	140
Total production	2.402	2.254	2.210	2.205	2.190
- in dairies ¹⁾	2.382	2.234	2.190	2.185	2.170
- on farms	20	20	20	20	20
Imports	15	52	50	76	80
-thereof from UK	.	47	40	45	45
Exports	218	320	268	260	250
-thereof to UK	.	79	55	69	70
Final stocks	160	135	110	140	140
thereof public stocks	0	0	0	0	0
Disappearance	2.180	1.997	2.017	1.991	2.020
Per capita (kg)	4,2	4,5	4,5	4,4	4,4

*)Provisional **) Forecast. 1)incl. butteroil.

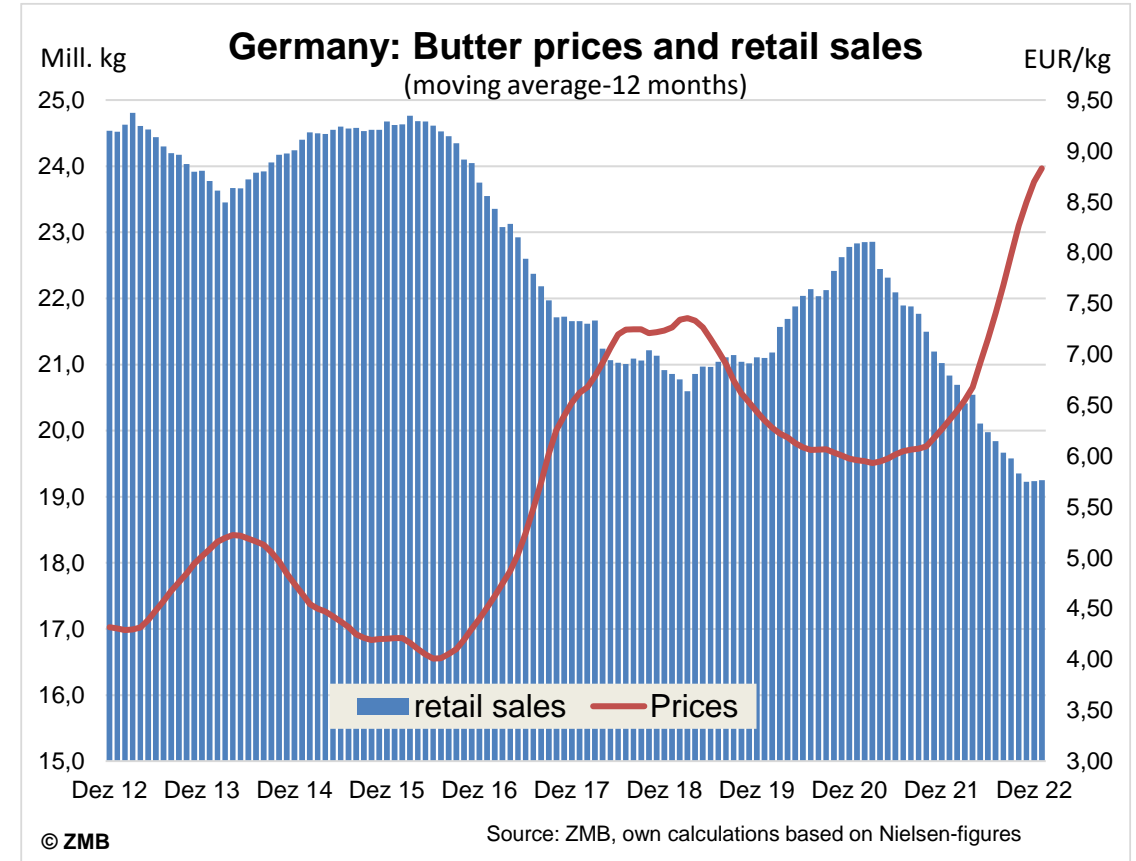
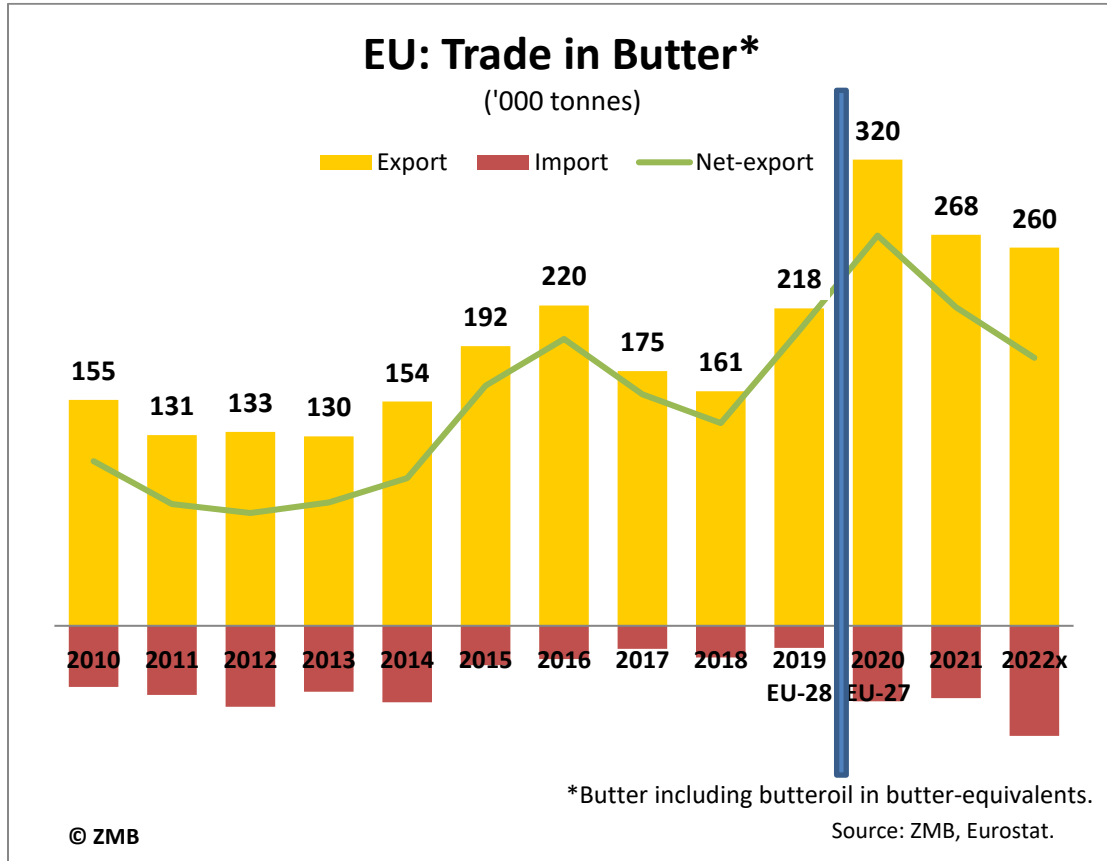
Remark: UK was part of the single market during 2020.

Source: ZMB

Updated March 2023



EU net-export of butter decreased, retail-sales reduced



Availability of SMP increased, Prices bottemed

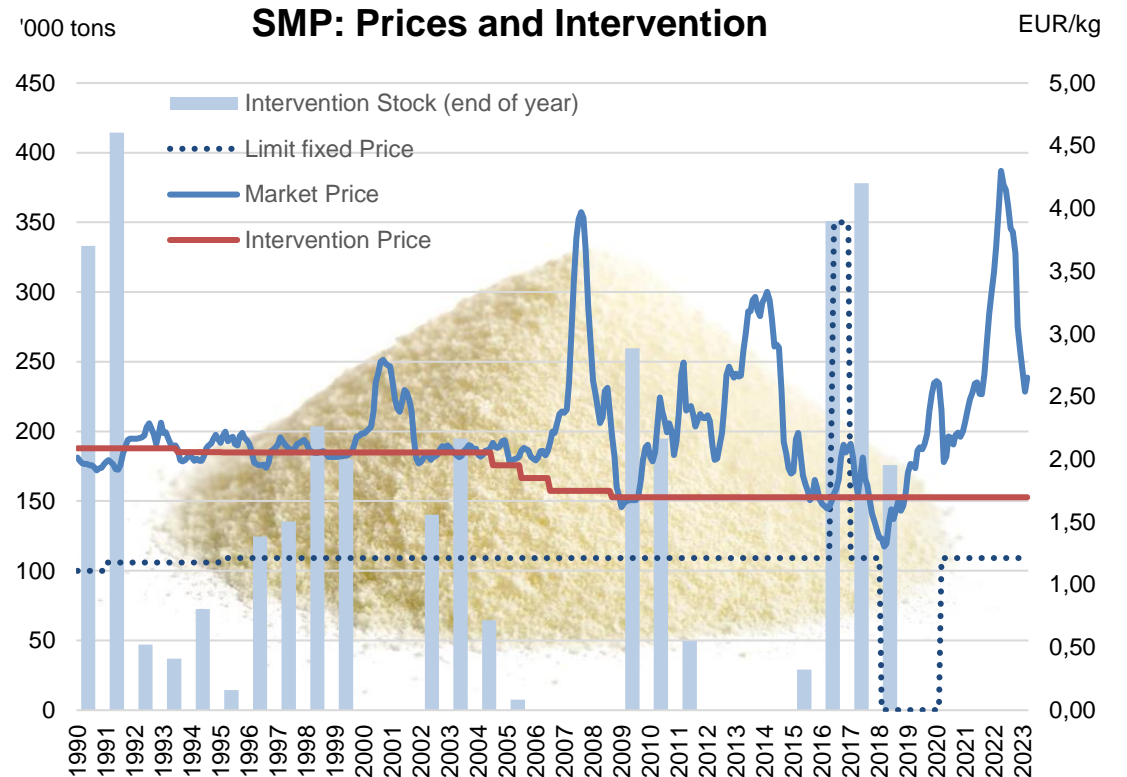
EU SMP Balance Sheet					
'000 t	2019	2020	2021*	2022**	2023**
	EU28	EU-27	EU-27	EU-27	EU-28
Opening stocks	442	213	148	56	117
Production	1.672	1.630	1.525	1.565	1.540
Imports	6	36	33	37	40
-thereof from UK	.	34	23	17	25
Available	2.120	1.879	1.706	1.658	1.697
Consumption	940	900	860	830	840
- other than feed	800	790	780	760	760
- in feed	140	110	80	70	80
Exports	962	831	790	711	750
-thereof to UK	.	28	15	16	10
Ending stocks	217	148	56	117	107
- in intervention	0	0	0	0	0

*)Provisional **) Forecast.

Remark: UK was part of the single market during 2020.

Source: ZMB

Updated March 2023



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Sources: ZMB, EU-Commission, ZMP, Süddeutsche Butter- und Käsebörsen;
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WMP: EU was not competitive

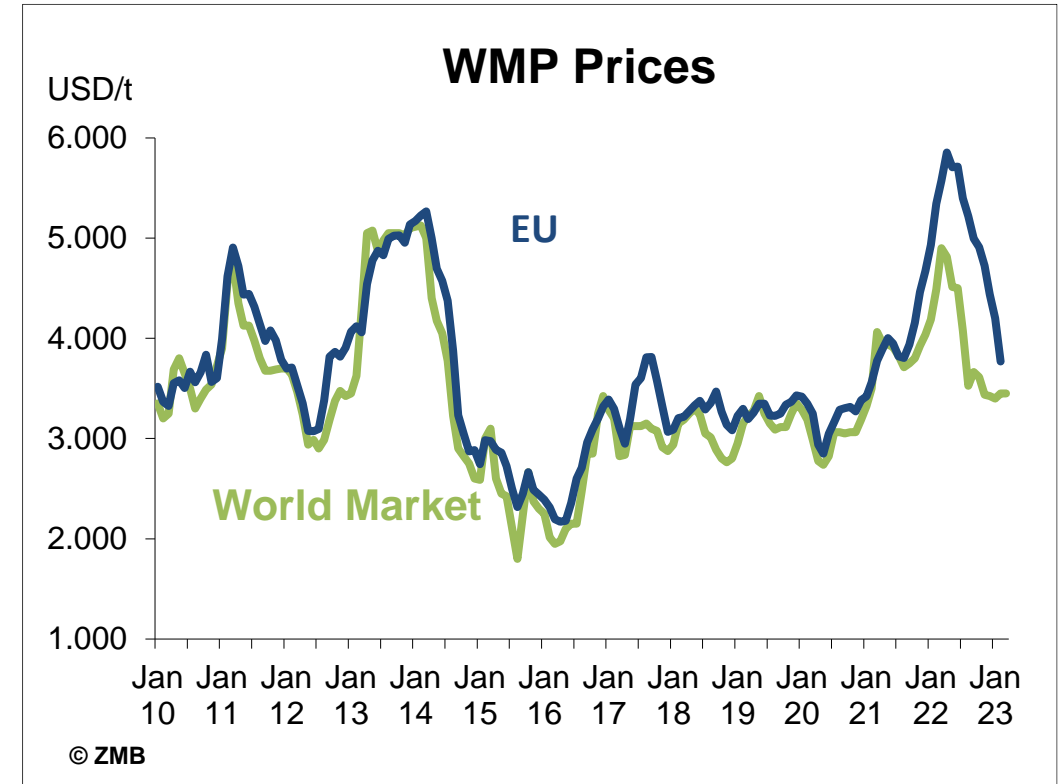
EU Balance Sheet of Whole Milk Powder					
'000 t	2019	2020	2021*	2022**	2023**
	EU28	EU-27	EU-27	EU27	EU27
Production	860	858	800	770	720
Imports	6	27	11	20	20
-thereof from UK	.	26	10	17	14
Exports	297	340	298	241	220
-thereof to UK	.	35	20	16	20
Change in stocks	50	20	0	35	10
Sales	518	525	513	514	510

*)Provisional **) Forecast.

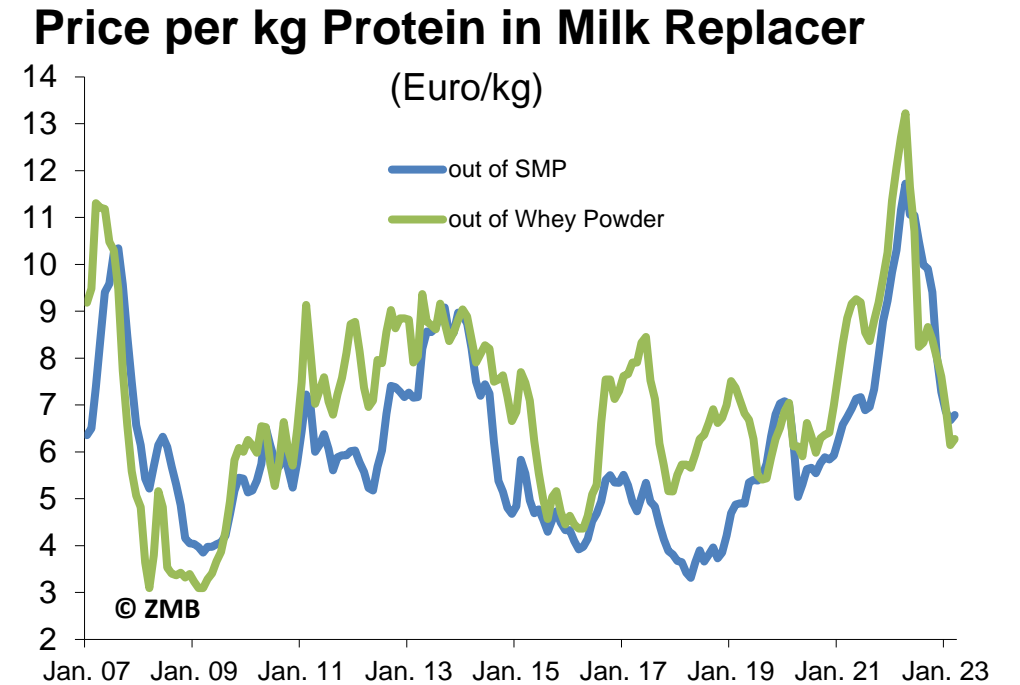
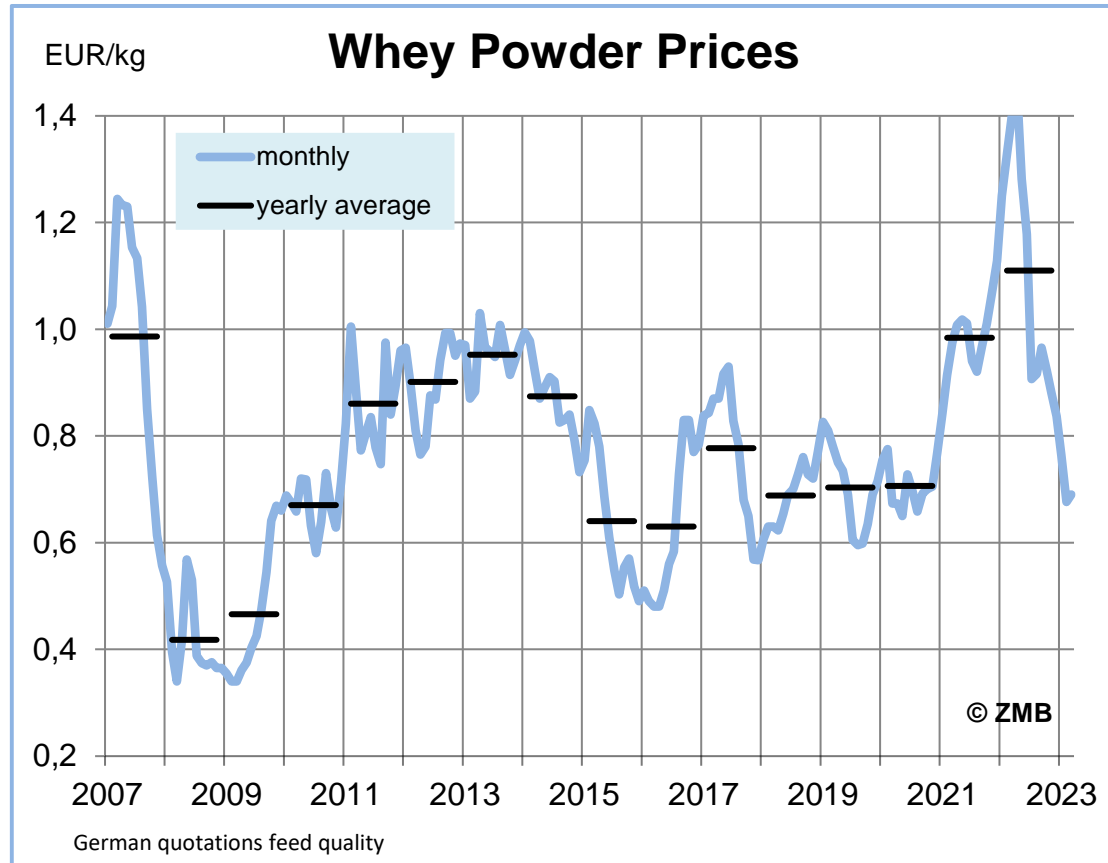
Remark: UK was part of the single market during 2020.

Source: ZMB

Updated March 2023



Whey-powder strongly reduced



Market-Balance 2022: Increase of Stocks, Decrease of Consumption

European Union: Balance Sheet of Cow Milk

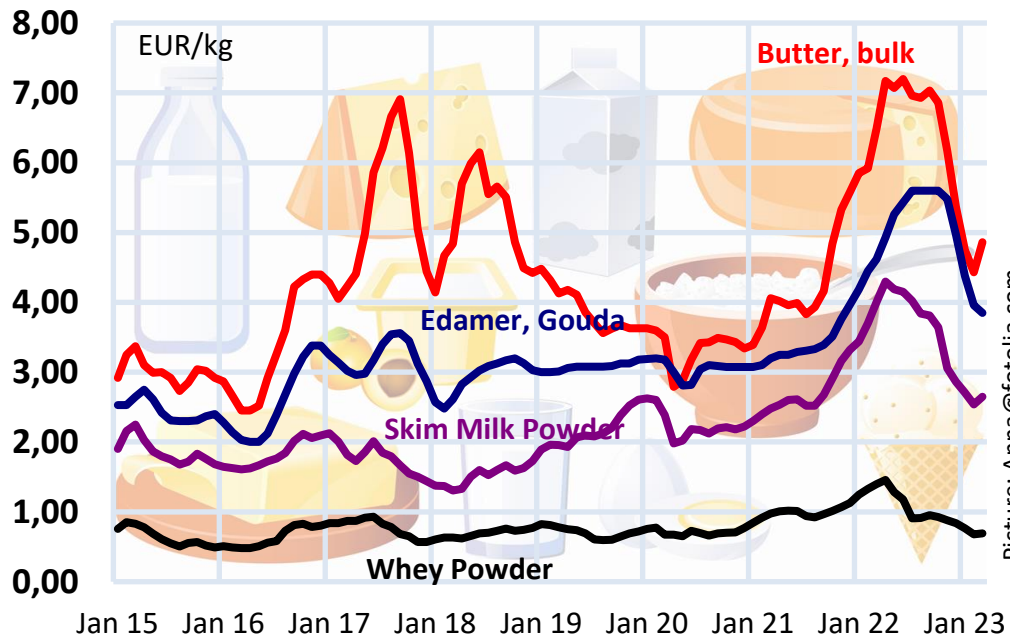
mill. tonnes	2019	2020	2020	2021 ¹⁾	2022 ²⁾	2023 ²⁾
	EU-28	EU-28	EU-27	EU-27	EU-27	EU-27
Deliveries of milk	158,4	160,8	145,4	144,8	144,8	145,0
+ Imports in milk equivalent	1,1	1,0	3,3	2,8	2,9	3,0
- Exports in milk equivalent	22,3	21,8	25,5	24,7	22,9	23,4
- Change in stocks	-2,2	-0,2	-0,3	-1,2	+ 1,6	+ 0,1
Consumption in milk equivalent	139,3	140,2	123,4	124,2	123,1	124,5
Consumption per capita	272	273	276	277	272	275
Self-sufficiency (%)	114	115	118	117	118	116

1) Provisional or forecast.

Source: ZMB

Milk prices reached their peak while product prices already fell

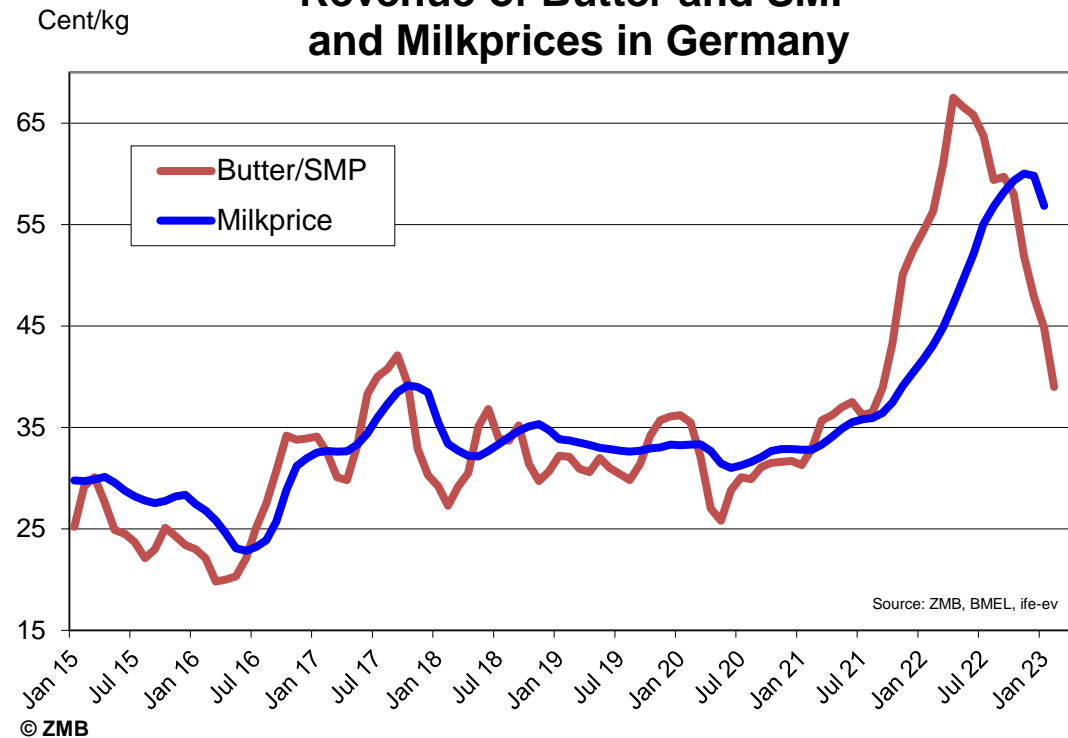
Wholesale Prices of Dairy Products (Germany)



Sources: ZMB, Notierungskommissionen.

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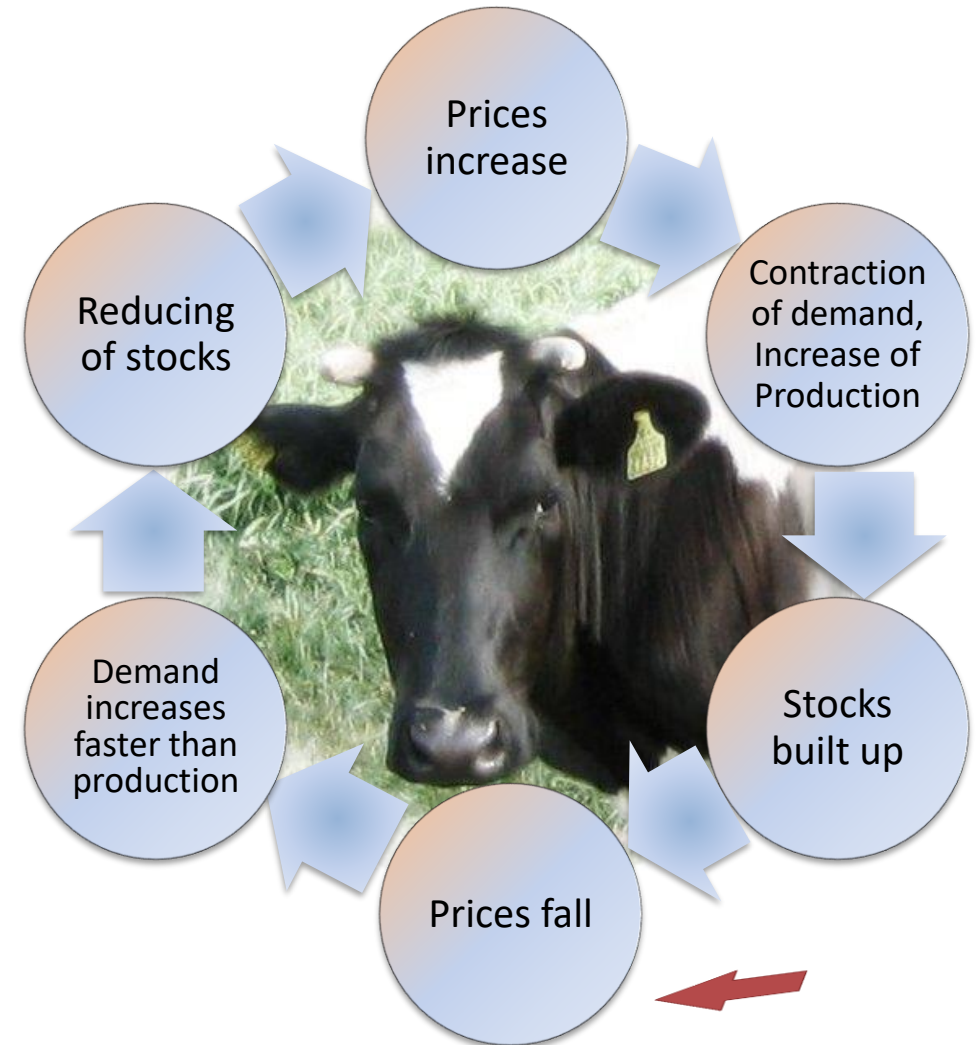
Revenue of Butter and SMP and Milkprices in Germany



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The market-forces are working

- Historical high prices stimulated production and dampened demand, while purchasing-power of consumers is hampered by record-high inflation rates
- Prices of raw-materials and energy are still extremely high, but the peak is broken
- High uncertainties regarding war in Ukraine, demand from China, global economy, inflation
- After a normalization of prices the milk market will find its balance again
- A strong reduction of milk prices could cause a serious reduction of dairy farmers and a long-lasting lack of milk



Thank you for your attention!

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