



# An outlook of the global and European dairy markets

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# Global Supply Developments

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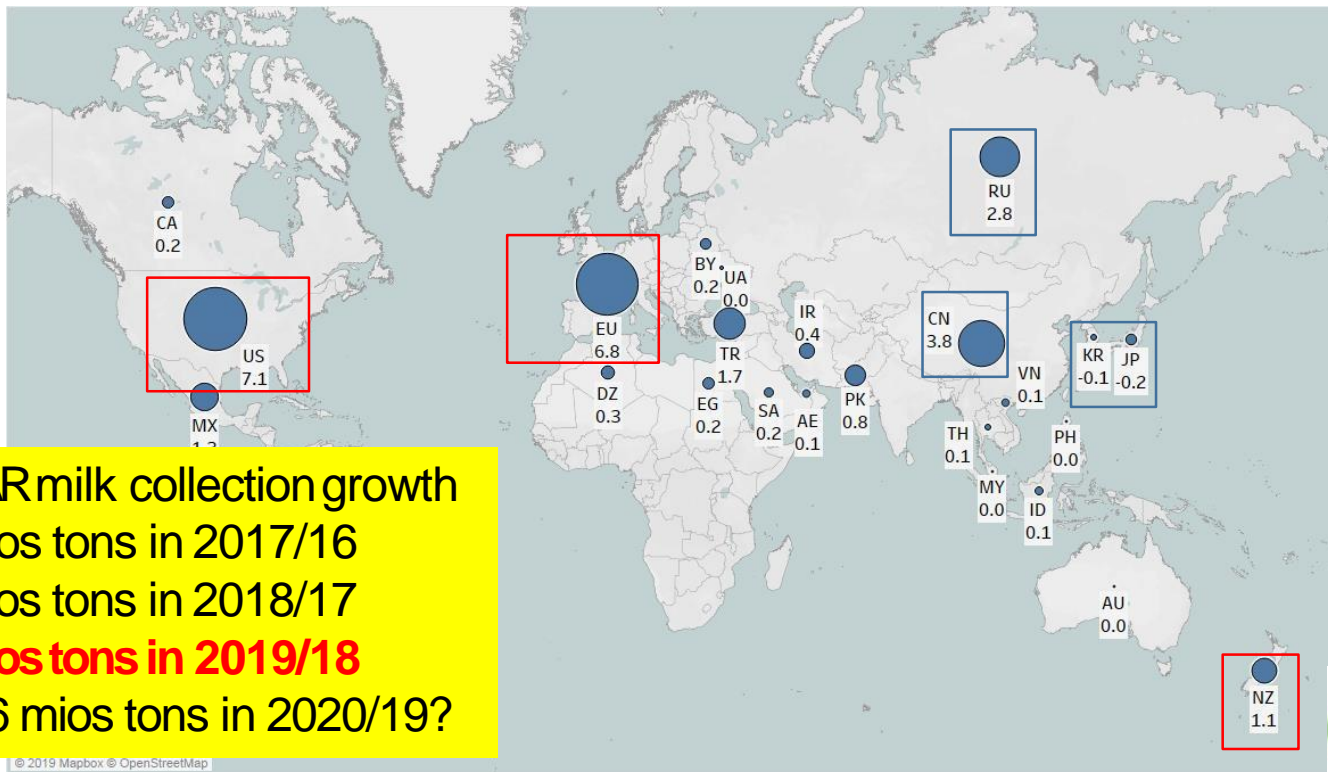


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# Milk Collection Growth to 2024

*EU & US main drivers of growth; 2019-2024: +32.4 mio tons*

## GDCWorld milk collection change in total in 2019 to 2024, in '000 tons



EU+US+NZ+AR milk collection growth  
+4.4 mios tons in 2017/16  
+3.6 mios tons in 2018/17  
**+1.3 mios tons in 2019/18**  
Less than 3.6 mios tons in 2020/19?

## Global Growth Forecast Remains Subdued

IMF

**“The projected growth pickup in 2020 is precarious, presuming stabilization in currently stressed emerging markets and developing economies and progress toward resolving trade policy differences” IMF**

3.5%

Advanced Economies

Emerging Markets & Developing Economies

Global Economy



@StatistaCharts

Source: IMF World Economic Outlook

statista



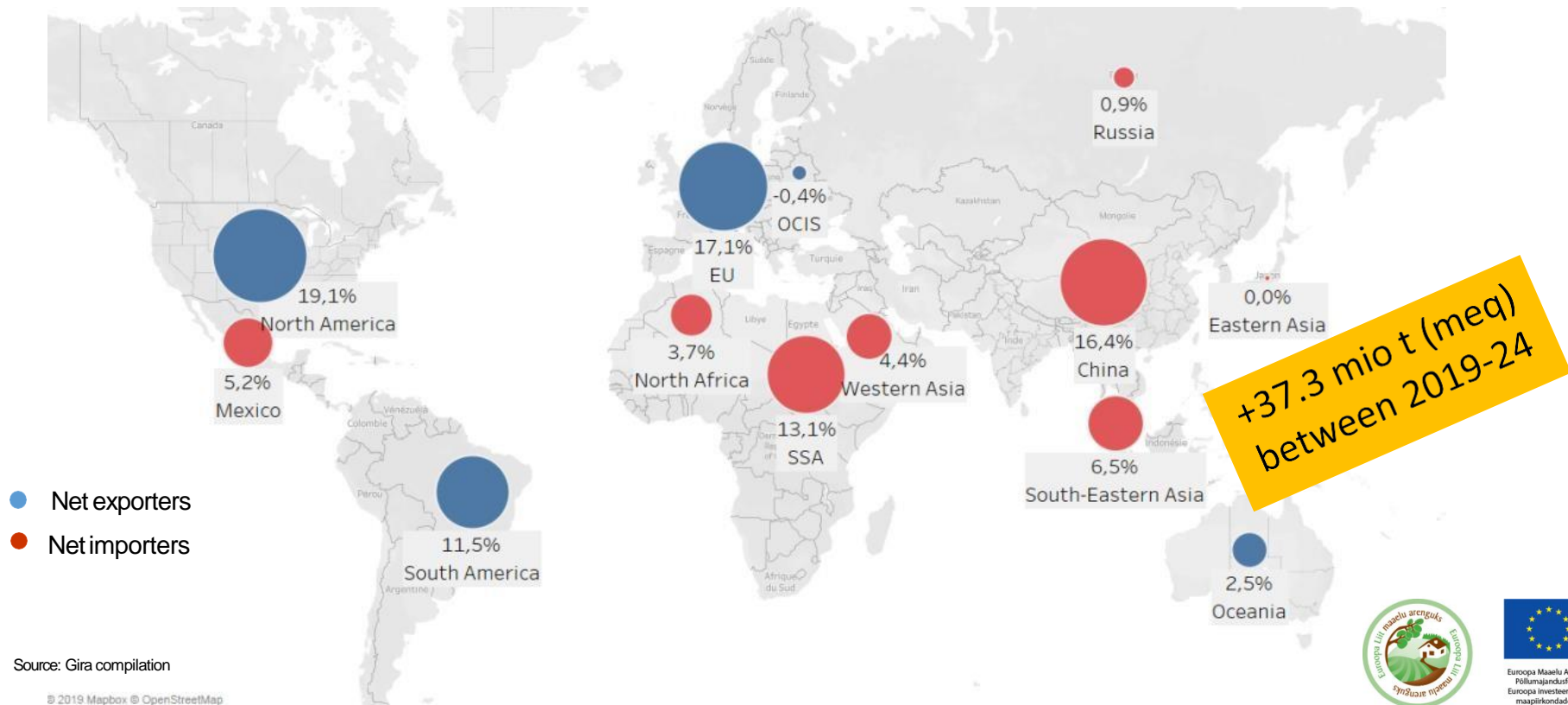
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# Dairy consumption by regions (meq): 517 million ton (excl. IN & PK)

## *Asia will remain as the most promising market*

### Contribution of the Region to Total consumption growth, 2019-24f



Source: Gira compilation

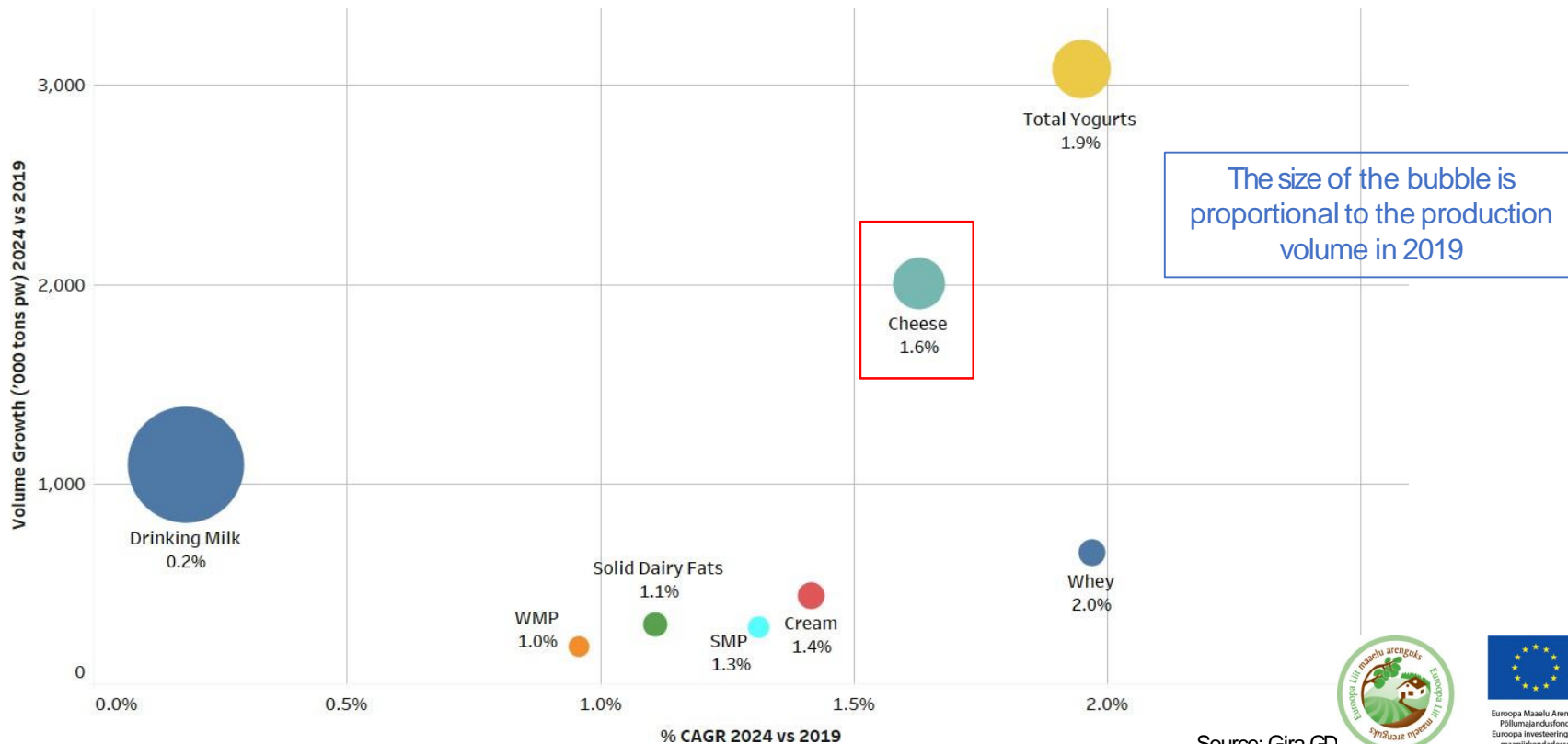
© 2019 Mapbox © OpenStreetMap



# Production growth by main categories of products

## *Cheese will continue to attract more milk*

### Production Growth in GDC Countries (excl. India & Pakistan) 2024 vs. 2019



Source: Gira GD

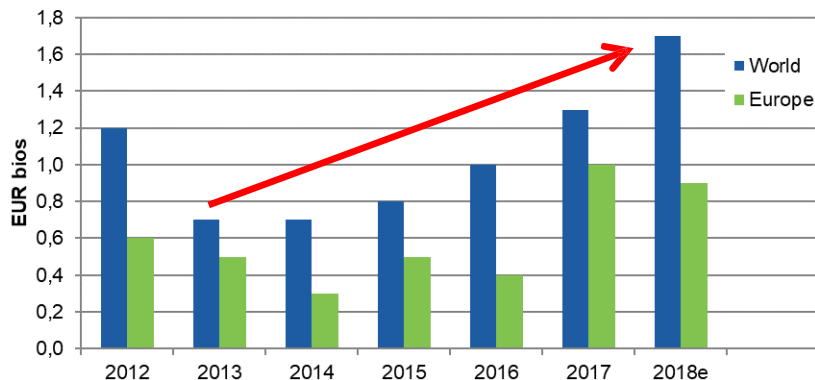


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# Investments in cheese are accelerating

Mainly in the US, EU and now also some large projects in Russia

## New investments\* in Cheese 2012-2018



Source: Gira based on Cniel

- USA: **Glanbia plc, DFA and Select Milk Producers** plan to build a cheese plant with 135 000 t capacity + whey valorisation in Michigan.
- US: **Agropur** has invested EUR 170 mios in its Lake Norden (South Dakota) cheese plant. Capacity = 4 mios l processed per day.
- EU: new mozzarella plant in ROI for **Glanbia** (170 mios €/45'000 tons)

New capacity for mozzarella (US+EU):  
more than +350'000 tons (18/19)

for a first plant in  
to build plants in  
(10 mios) and Moscow  
regions. Plus many other projects

\* Investments announced in medias

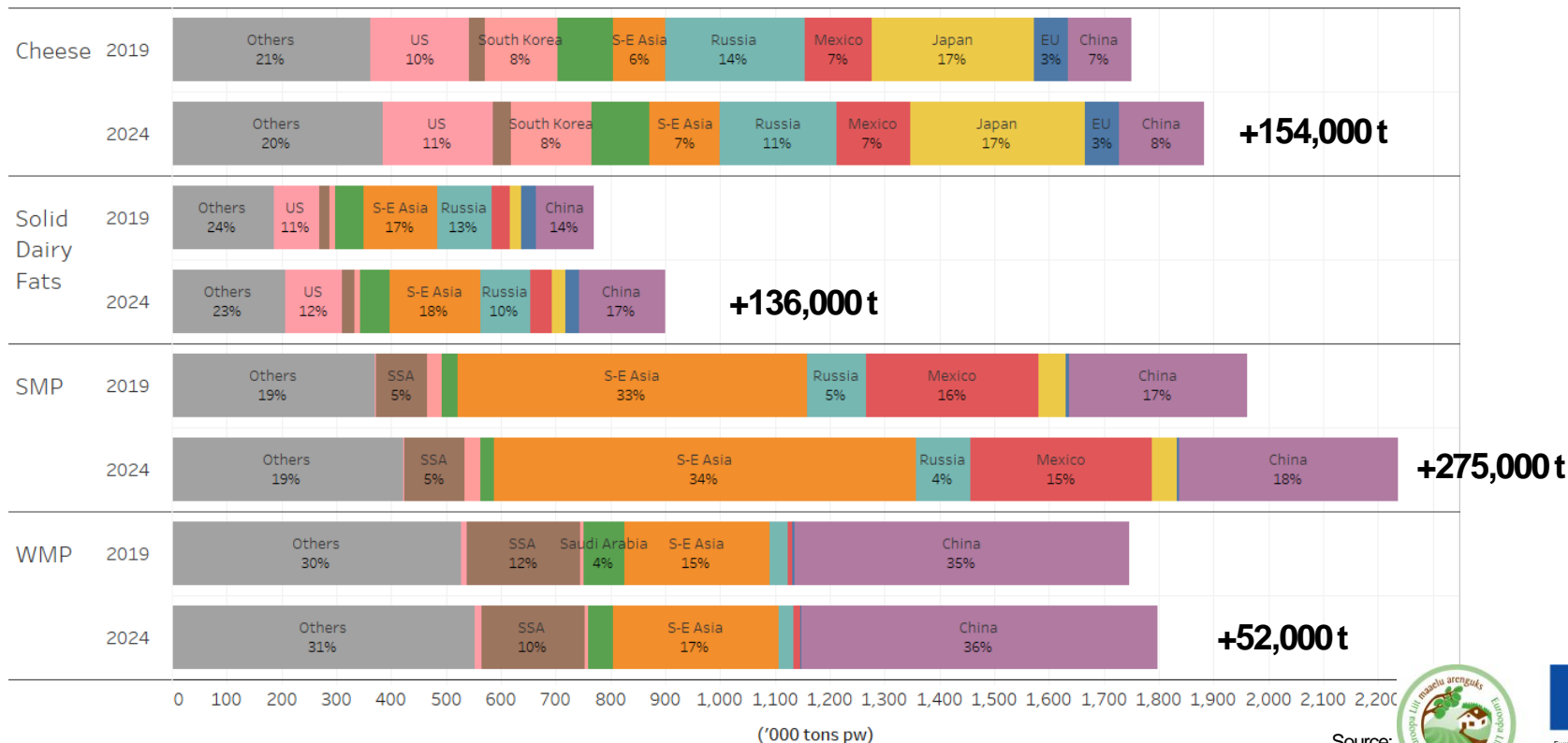
Source: Gira based on Cniel



# Commodity Imports: Continued Growth

## Cheese and SMP imports to be key growth products

### Dairy Imports by Commodity and by Country (excl. IN), 2019-2024





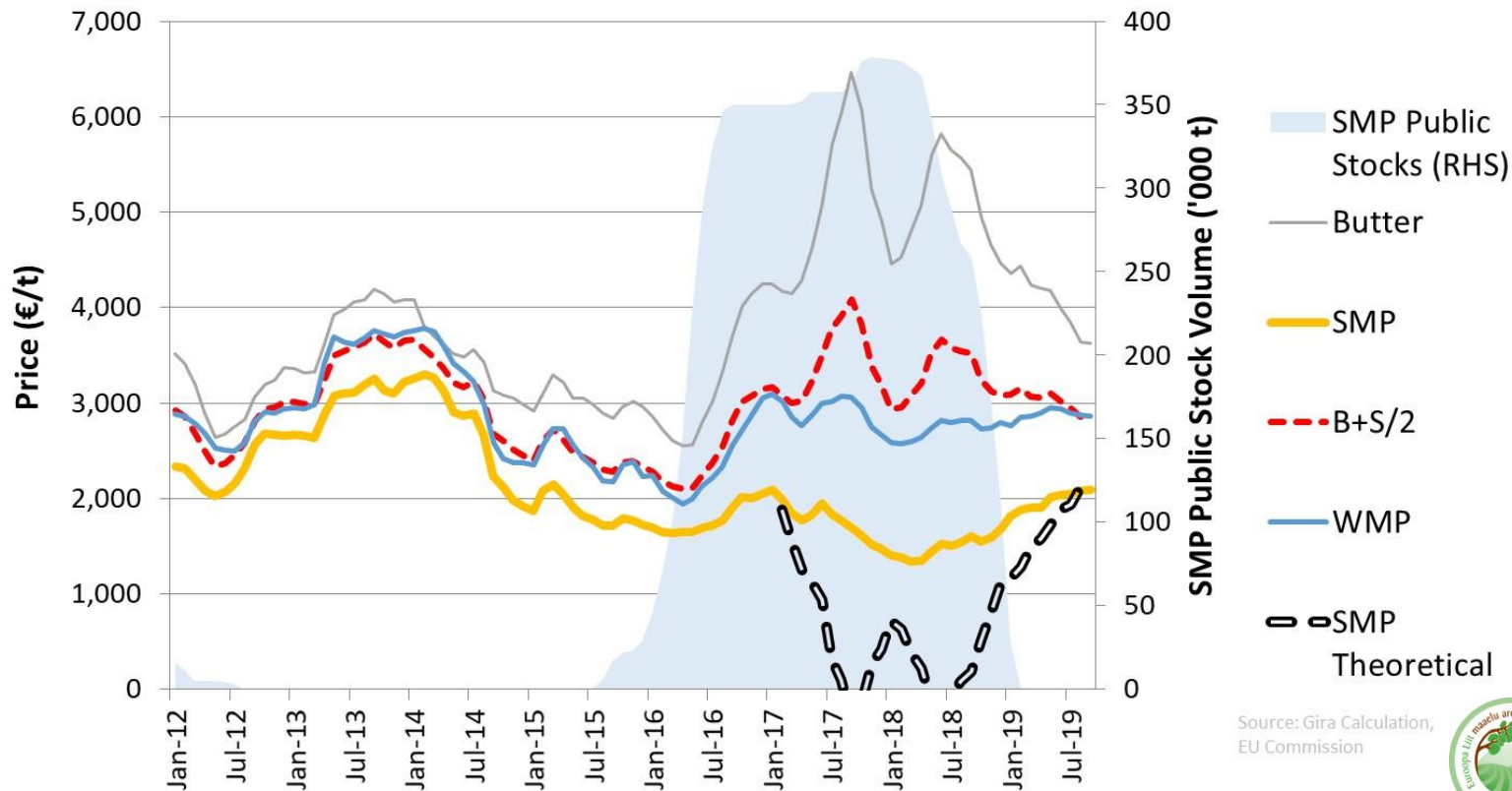
# Has Market Balance Returned?

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# Market Balance Testing

*Has market balance now returned?  $B+S/2$  would suggest yes*

## EU: Butter+SMP/2 vs WMP, 2012 to Sept-19



Source: Gira Calculation, EU Commission

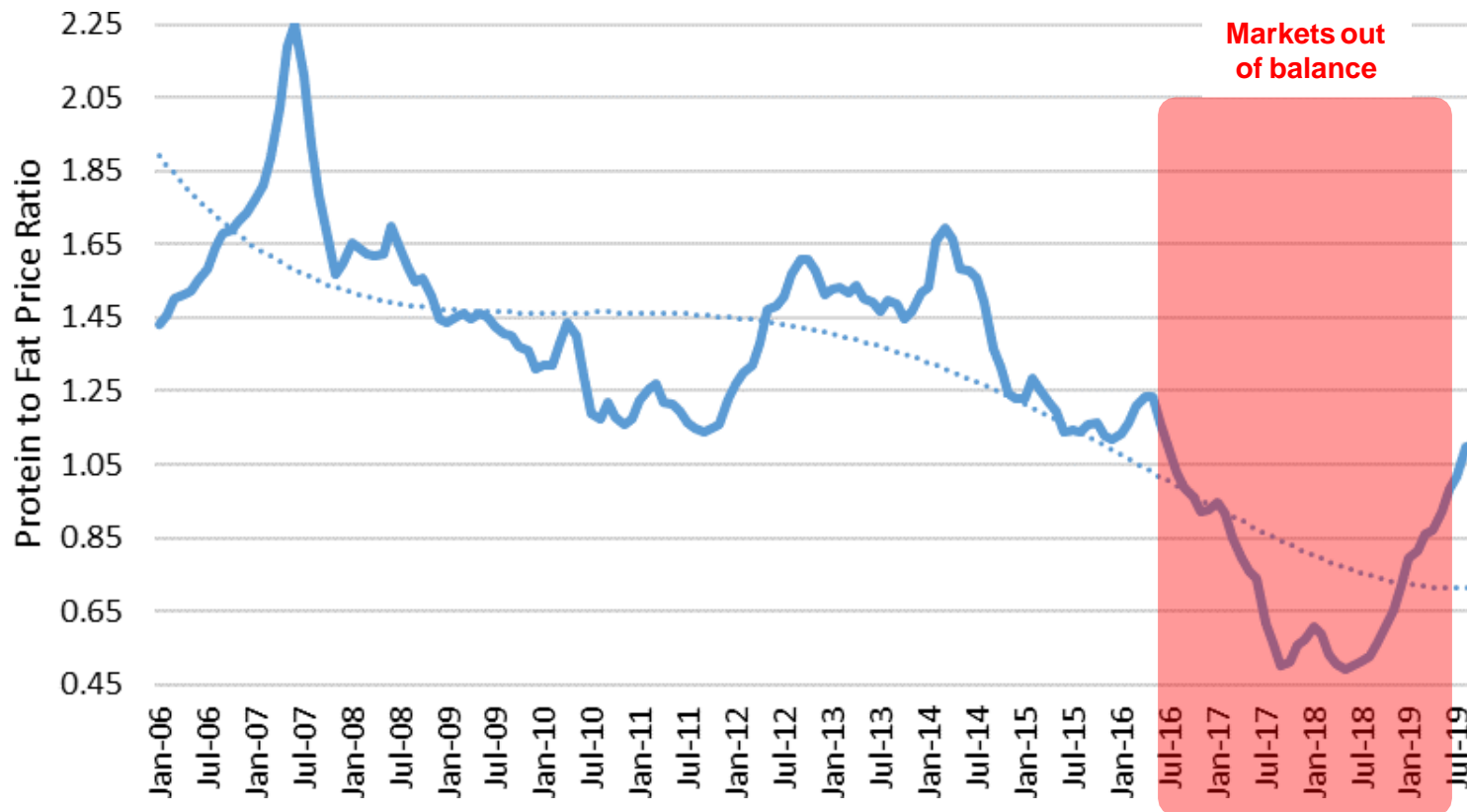


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# Protein to Fat Price Ratio in the EU: SMP & Butter

*Back to parity as market normality returns; how strong is fat demand?*

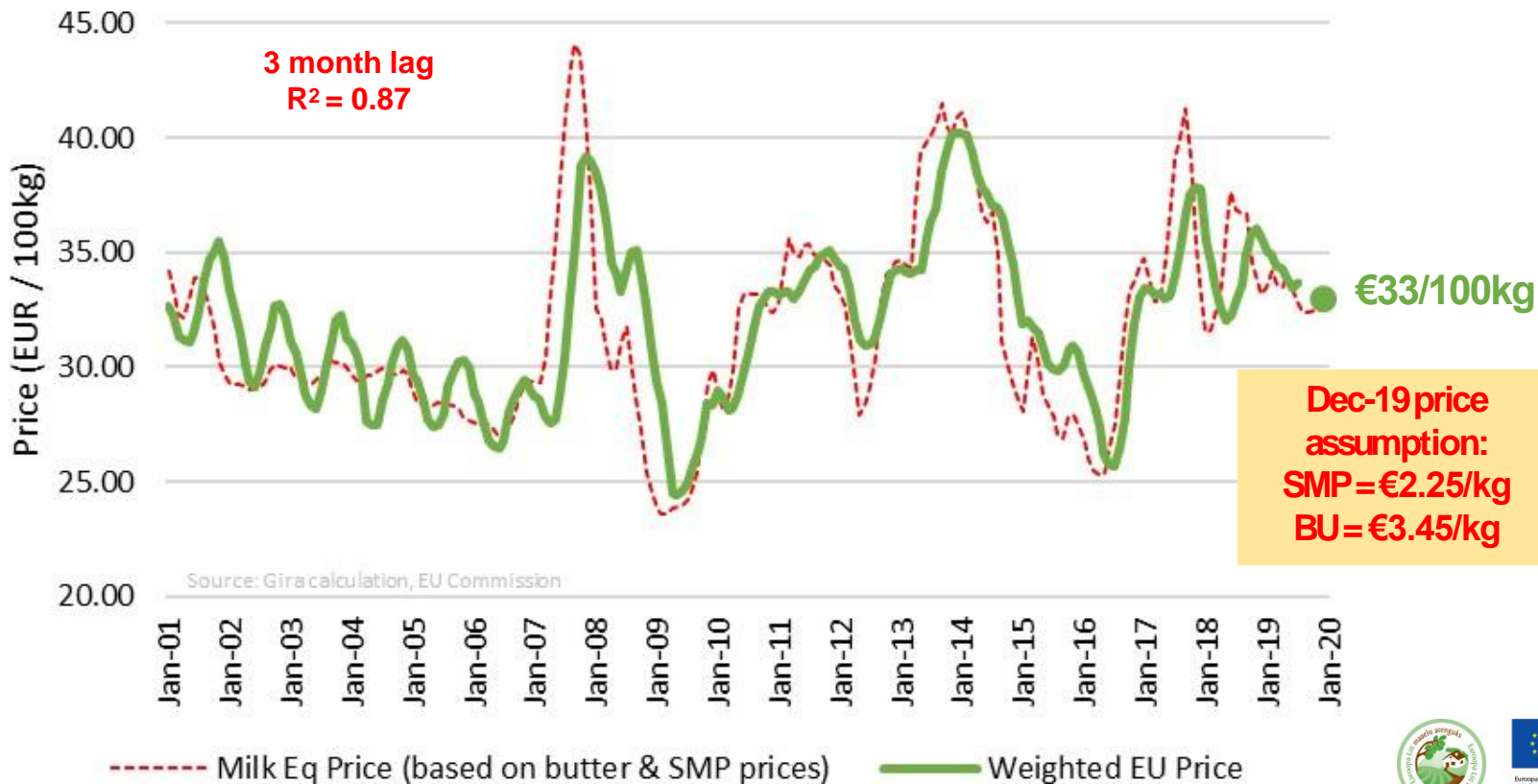
## EU Protein to Fat Price Ratio, 2006 to Sep-19



# SMP/BU as a Proxy for Milk Prices

Butter decline outweighs rising S M P ↻ milk price outlook weakening

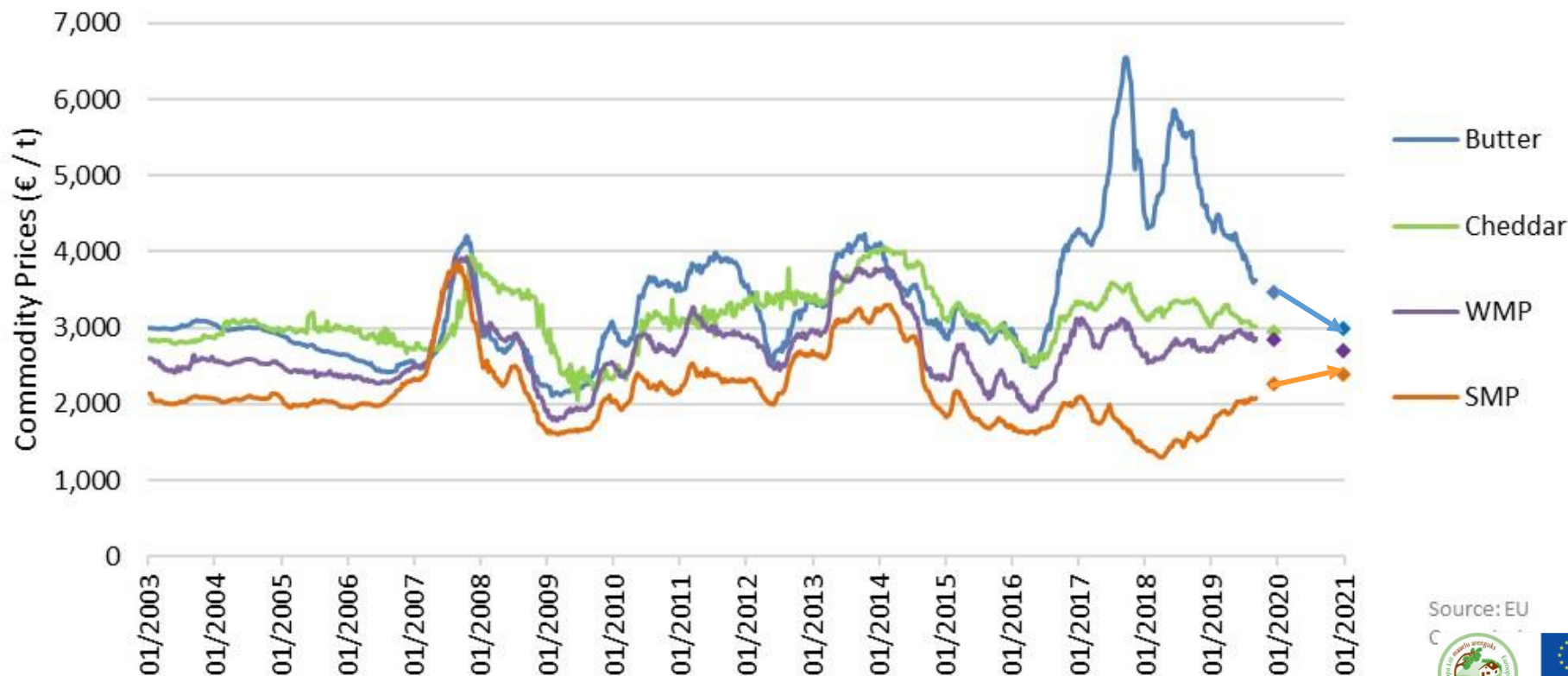
## Average EU Raw Milk Price v Calculated EU Milk Eq Price, 2001-19 M7



# EU Commodity Price Forecasts

*SMP+WMP back in line in 2020; weakening across commodity prices*

## EU Commodity Prices, 2003-2020



Source: EU

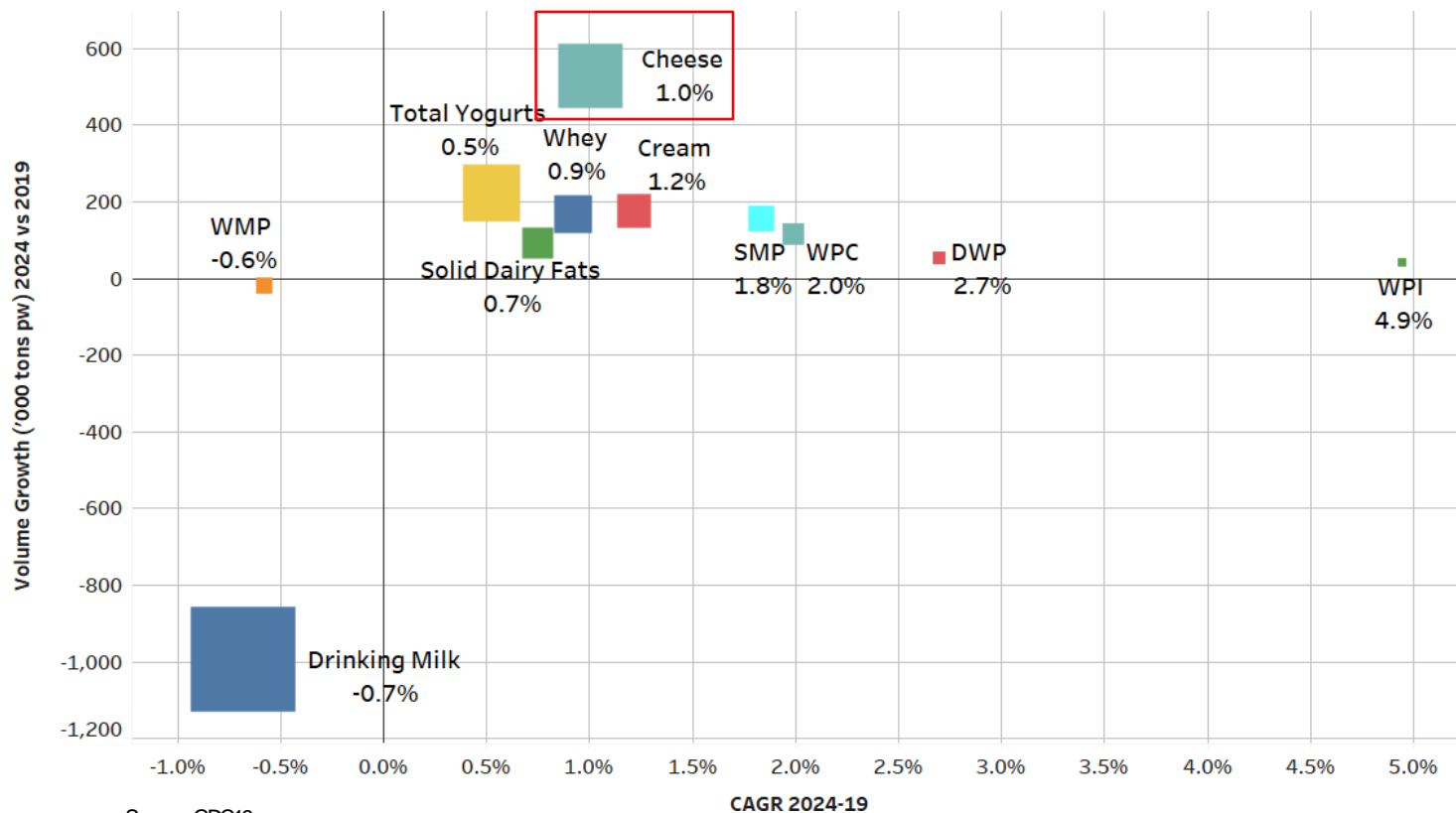
# What about the EU?

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# EU Production Growth by Main Product Category

*Drinking milk and WMP will decline; robust cheese growth*

## EU Production Growth, 2019-24

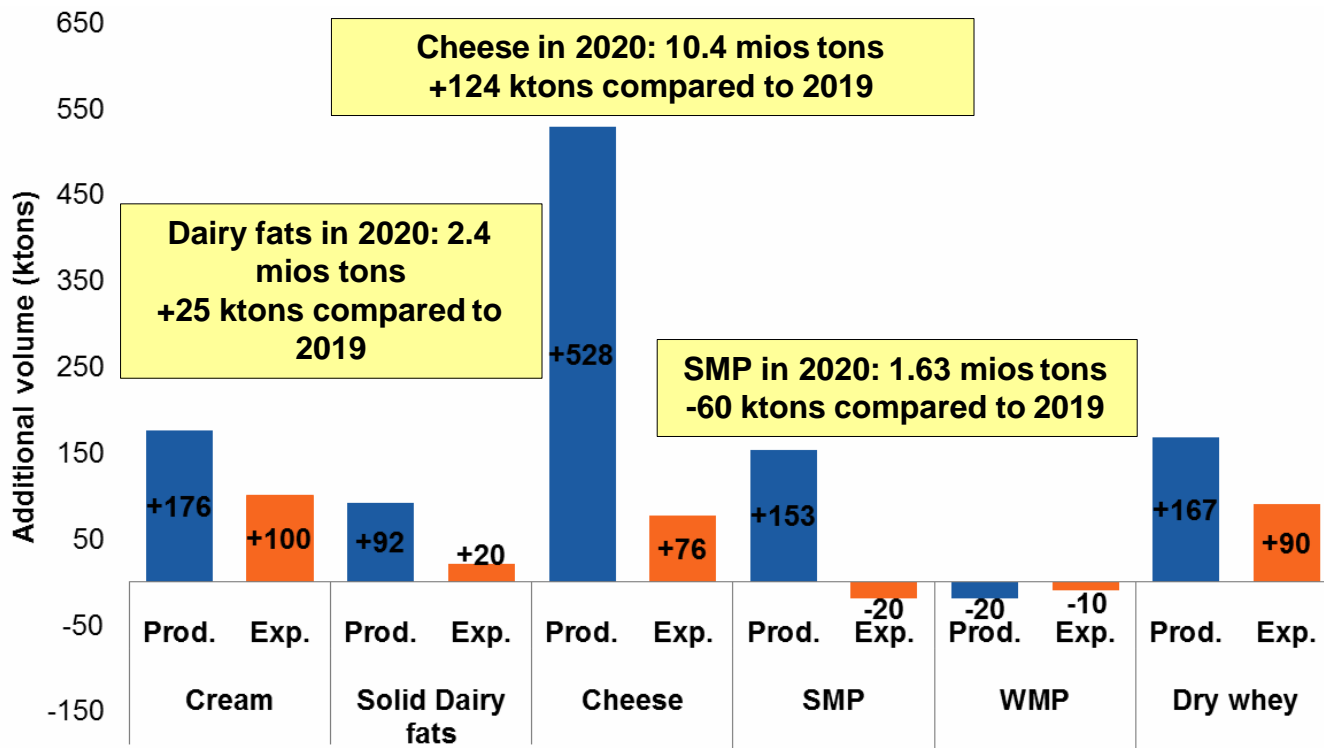


Source: GDC19

# EU: Future Dairy Production & Disappearance

*Domestic market to be key sales channel for growth; cream at export*

## Growth of Dairy Commodities Production and Exports between 2019 and 2024



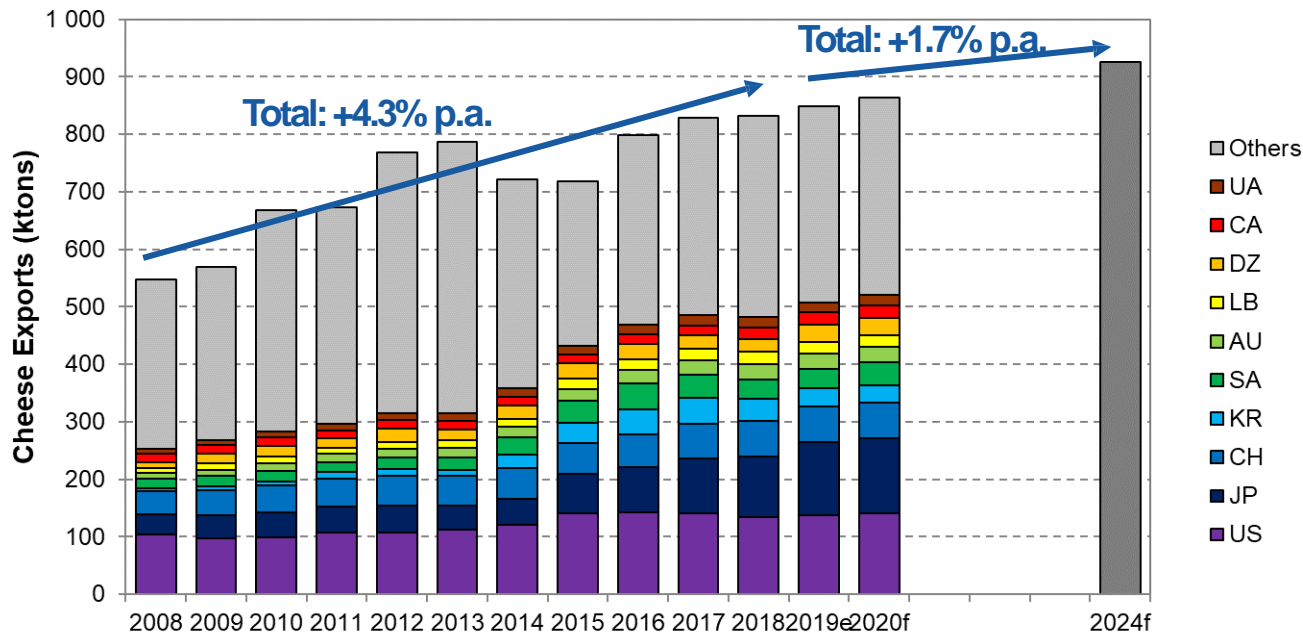
Source: Gira based on Eurostat and Comext



# EU cheese exports: 1,7% p.a for the next 5 years (+76'000 tons)

90% of cheese are sold within the EU

## EU cheese exports by destination, 2008-2024f (ktons pw)

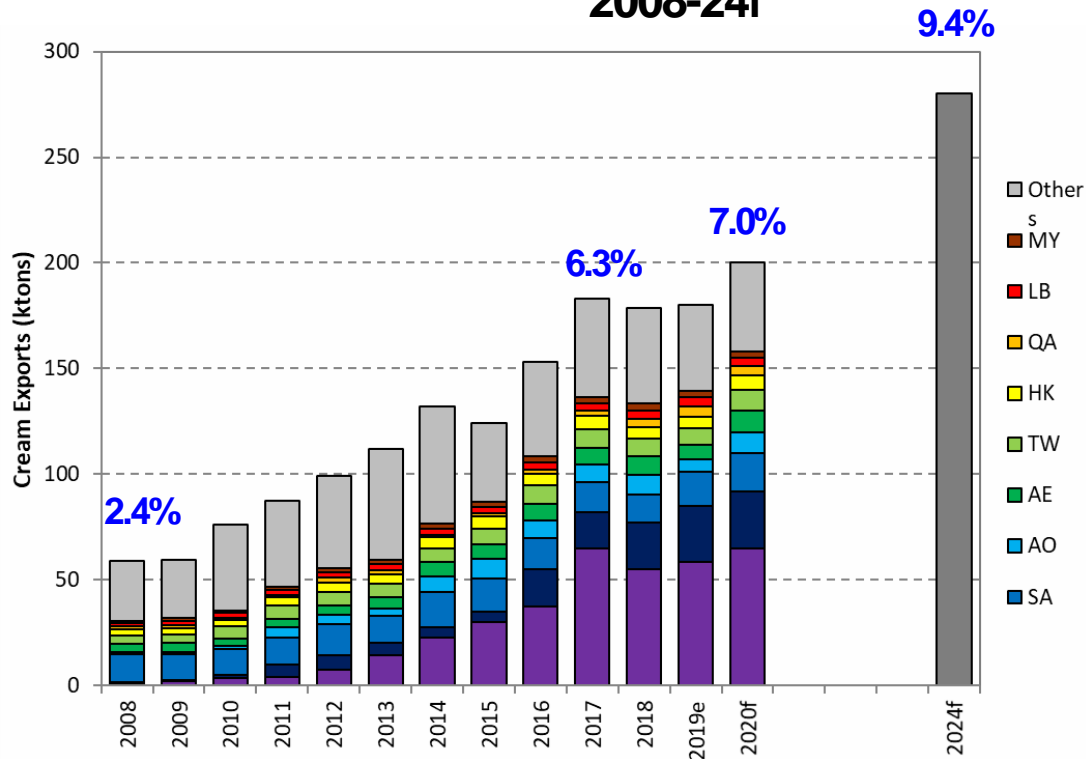


Source: Gira based on Comext

# EU Cream exports

Will continue to grow. 9,4% of total EU production will be exported by 2024

## EU Cream Exports & Share of Production, 2008-24f



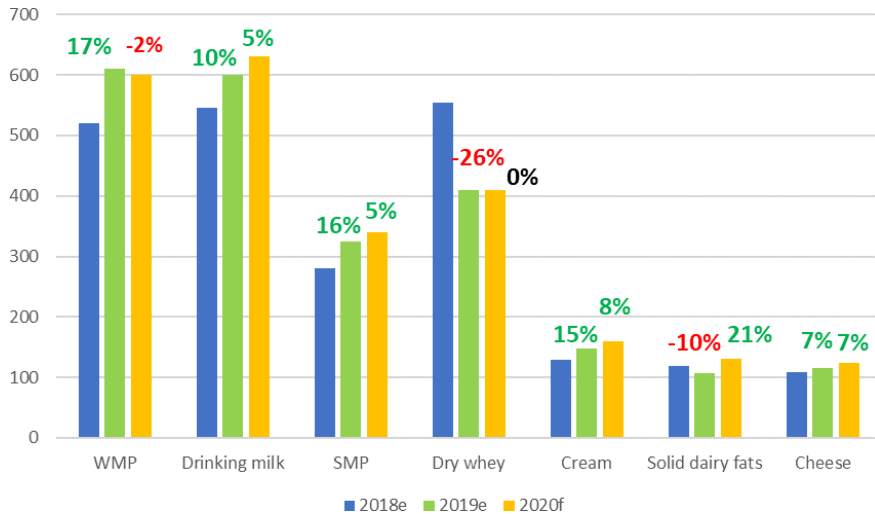
Source: Gira based on Comext

# Chinese Dairy Imports: short-term forecast

Generally slower growth expected in 2020 (recovery growth for butter)



## Chinese Dairy Products Imports, 18/19/20



➤ **WMP**: we do not expect higher imports in 2020 than in 2019, with the expected starting recovery of domestic milk production in 2020

➤ **SMP**: compared to WMP, less linked directly with domestic milk production

➤ **Whey**: feed whey demand still low; food whey demand growth also impacted by trade war

➤ **Solid dairy fats**: 2020 recovery after low 2019 imports




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# So What Might it all Mean?

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- Production will continue to grow (but at a lower rate) in the traditional exporting countries.
  - However, it will never coincide exactly with demand growth. Price volatility will continue
- China will continue to be the engine of the growing dairy world consumption, but the EU and the US will also contribute to the growth but until when?
- Ensuring it adds maximum value to each litre of milk can only increase in importance for every dairy.
  - **Flexibility will become more and more the name of the game in an inflexible industry**
- Cheese will continue to attract more milk but which kind of cheese for which application?
  - Adding value to the whey will become more and more important
- **Global Attention Turned to Plastic Waste. As an industry, have you got a strategy?**

An iceberg floats on the surface of the ocean, with a much larger portion submerged below the waterline. The sky is clear and blue, and the water is a deep blue. The text is overlaid on the image in yellow boxes.

UNEP has forecast that on our current trajectory, there will be more plastic than fish in the sea by 2050. Globally, we have generated 6.3bn tons of plastic waste – only 9% of which has ever been recycled. Some 12% has been incinerated and nearly 80% sent to landfill or simply discarded.

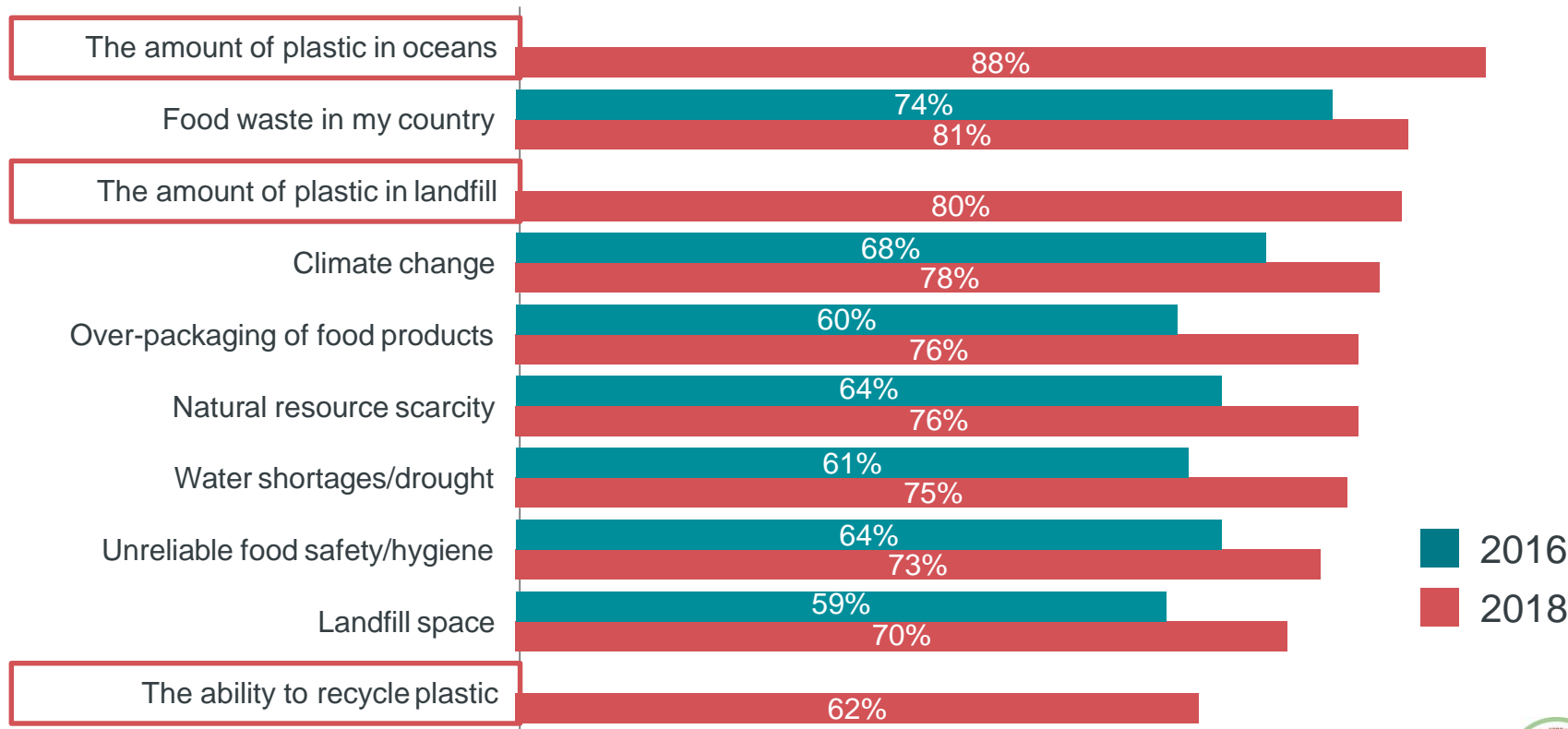


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# Consumer Attitudes to Food Waste (& Packaging)

SealedAir

SealedAir commissioned research by Harris Poll – European Results



# What we might most usefully bear in mind

- Production will continue to grow (but at a lower rate) in the traditional exporting countries.
  - However, it will never coincide exactly with demand growth. Price volatility will continue
- China will continue to be the engine of the growing dairy world consumption, but the EU and the US will also contribute to the growth
- Cheese will continue to attract more milk but which kind of cheese for which application?
  - Adding value to the whey will become more and more important
- Ensuring it adds maximum value to each litre of milk can only increase in importance for every dairy.
  - Flexibility will become more and more the name of the game in an inflexible industry
- Sustainability is not any more a buzz word. As an industry, what are you doing?
- The non-dairy alternatives will continue to grow** and to gain market shares against traditional dairy products (mainly liquid milk and fresh but cheese is starting).
  - What will be your answer as an industry?



# The Plant-based Dairy Landscape in January 2018

*A vast number of brands but some producers already in many segments*

## The Plant-Based Dairy Landscape

### MILK

SOY	ALMOND	COCONUT	CASHEW	OAT	TIGERNUT	RICE	HEMP	PEA	MACADEMIA	QUINOA	HAZELNUT

### YOGURT

SOY	ALMOND	COCONUT	OTHER

### CHEESE

CASHEW	ALMOND	OTHER

### FROZEN DESSERTS

SOY	ALMOND	COCONUT	OTHER

### CREAM CHEESE / SOUR CREAM

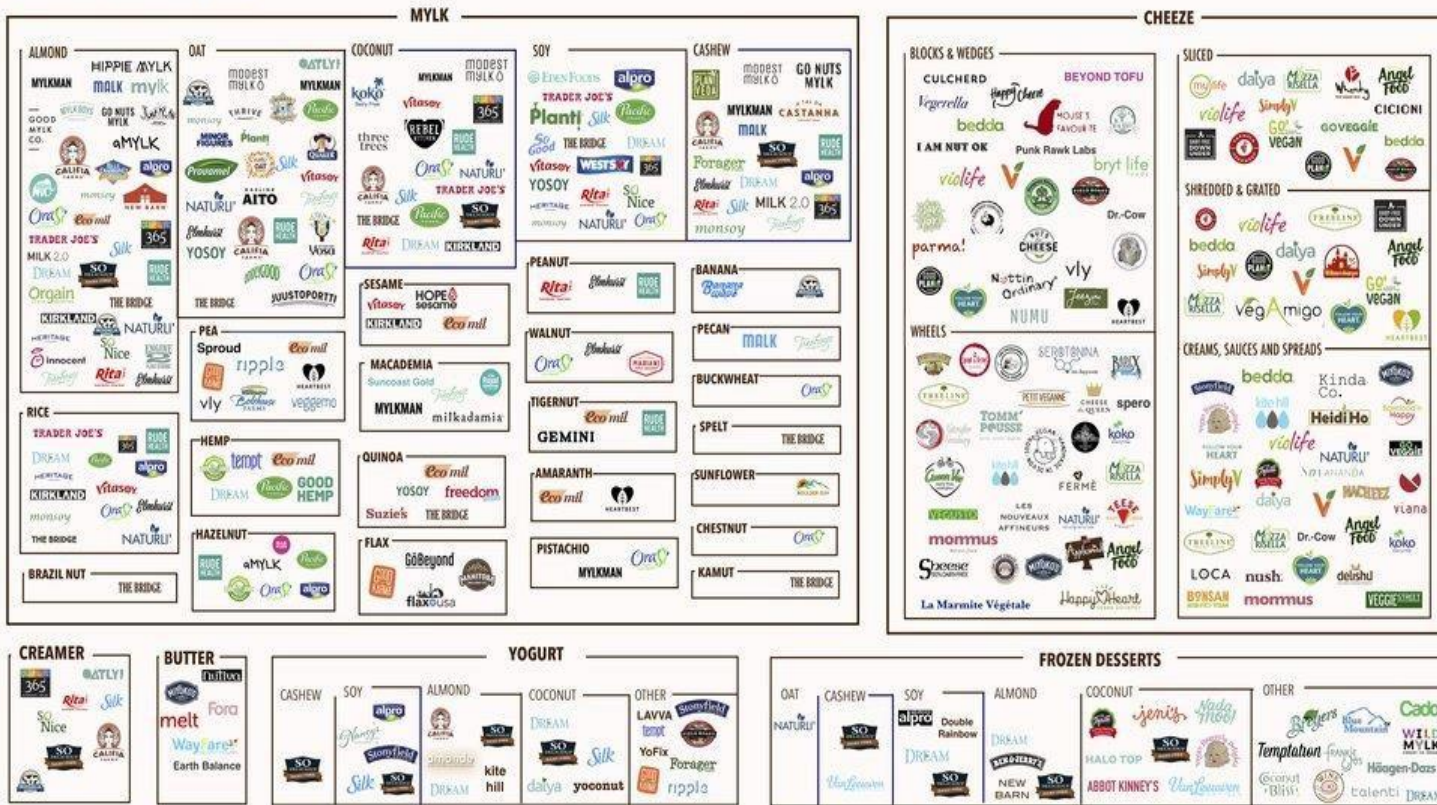
ALMOND	COCONUT	OTHER

# The New Dairy Landscape in January 2019

*A really fast growing market*



## THE ALT-DAIRY LANDSCAPE, V.1.3



ALL FOOD LANDSCAPES AVAILABLE AT [NEWPROTEIN.ORG/MAPS](http://NEWPROTEIN.ORG/MAPS)

Olivia Fox Cabane with special thanks to LIVEKINDLY





Thanks a lot for your attention

Should you require more information, please contact

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