

Dairy Market Expectations

H2 2024

7th August 2024

Agenda

- Expana Dairy Index (EU & US ECI)
- Market update / Sentiment
 - Liquids (EU & US milk)
 - Milk powders (EU SMP, EU WMP , US NFDM)
 - Whey protein (EU & US SWP/WPC/WPI)
 - Cheese (EU gouda/mozzarella, UK cheddar, US cheddar)
 - Butterfat (EU & US Butter)
- Key takeaways



About us

At Expana, we provide critical market insights, so our clients can make informed decisions with confidence. We bring clarity to the world's data. Our intelligence spans over 27,000 price series and 500+ price forecasts, so our clients have full visibility of the whole supply chain. This enables businesses to manage volatility, navigate strategically and improve margins. For more than 200 years, we have built trust and credibility in the market through our deep specialist knowledge and constant innovation. We are industry experts. And we are part of the bigger picture.

We feed the world with the data it needs. Our intelligence is integral to our clients' businesses and the entire supply chain. Our clients play a vital role in the world. Their decisions have a huge impact on people, communities and industries. And our data enables this. Every single day. We are Expana, and our market intelligence delivers a more resilient, more transparent and more sustainable supply chain.



Speakers



Jose Saiz

EU dairy market Reporter



Brittany Feyh

US dairy market reporter



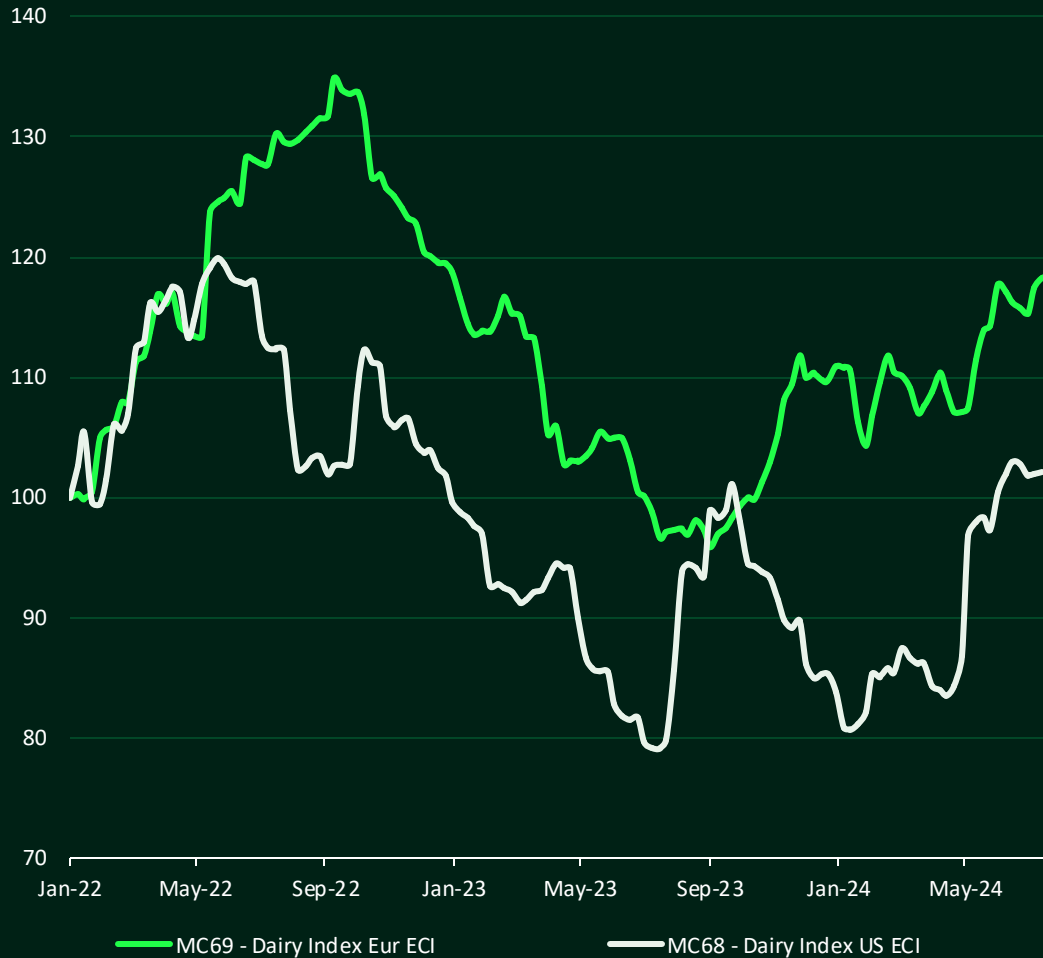
Sandro Schulz

EMEA Protein Team Lead

- Expana dairy Index

EU & US Dairy Index

US & EU Dairy ECI Indexes: January 2022 = 100



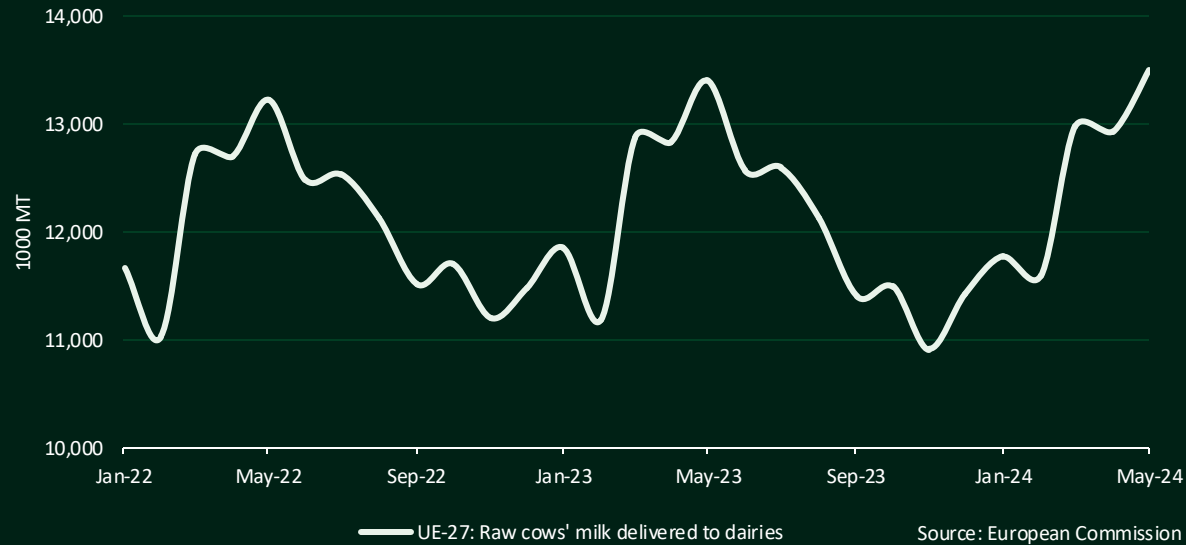
Source: Mintec Analytics by Expana

Drivers

- Indexes traded sideways until Spring
- Prices surged due to disappointing milk collection during the peak
- US cheese prices surged
- Price rally for EU dairy fats
- Continued good domestic demand in combination with tightening supplies across the EU and US
- Muted Chinese demand
- Mexico continues to have high demand for US cheese
- Strong demand for EU milk powders from North Africa and the Middle East

- Dairy Liquids Market

EU Milk



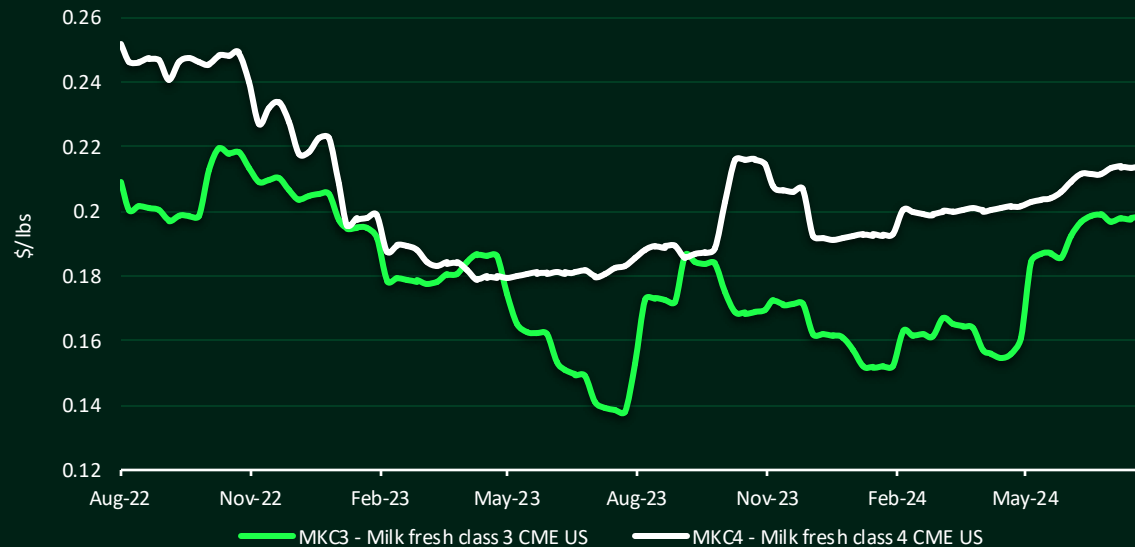
Key price drivers

- Slight increase in milk production
 - Jan-May 2024 production increased by 1% y-o-y
 - Early seasonal milk production peak
 - Longer than anticipated milk production peak
- Stable milk fat and protein levels
- Mixed demand
 - Stable demand from industrial clients
 - Seasonal increase in demand from the food service sector during the second half of H1
- Strong demand for liquid dairy commodities
- German Milk prices increased by 12.5% compared to January which reflects a 18.4% increase y-o-y

Market sentiment

- Slight bullish market sentiment
 - Tigh supply in combination with steady demand

US Milk



Key price drivers

- Slight decrease in milk production
 - Nation-wide seasonal production decline
 - Production is down slightly Jan-Jun 2024 -1.0% Y-O-Y
- Stable demand
 - Industrial demand for class III and class IV remains steady
 - Consumer demand shifting from fresh product to value-add

Market sentiment

- Market sentiment is neutral with a bullish undertone

- Milk Powders Market

EU WMP

Key price drivers

- EU WMP prices increased by 6.9% compared to January which reflects a 17.6% increase y-o-y
- Weak EU WMP production
 - Jan-May 2024 production declined 3.6% y-o-y
 - Higher valorization on other dairy commodities
- Low stock levels across the EU
- Low demand
 - Weak demand from chocolate manufacturers
 - Weak international buying interest
 - Jan-May 2024 exports declined 14% y-o-y
 - Uncompetitive EU price levels
 - Weak Chinese demand

Market sentiment

- Neutral to slightly bullish sentiment
 - Mixed demand expectations

EU WMP Market Situation



Source: Mintec Analytics by Expana

EU SMP

Key price drivers

- EU SMP prices decreased by 7.9% compared to January which reflects a 7.7% increase y-o-y
- Weak EU SMP production
 - Jan-May 2024 production declined 3.8% y-o-y
 - Higher valorization on other dairy commodities
- Low stock levels across the EU
- Mixed demand
 - Steady demand from EU processors
 - Weak international buying interest
 - Jan-May 2024 exports declined 5.8% y-o-y
 - Uncompetitive EU price levels
 - Weak Chinese demand

Market sentiment

- Slight bullish undertone
 - Increasing demand

EU SMP Market Situation



Source: Mintec Analytics by Expana

Non-Fat Dried Milk US

Key price drivers

- Steady inventories and consistent demand has contributed to stable prices.
- Decrease in production Jan-May 2023 -17.2% y-o-y
- Export demand from Southeast Asia and Mexico fueling consistent prices.
- Overall weak international demand

Market sentiment

- US market sentiment is neutral for non-fat dried milk.



Source: Mintec Analytics by Expana, CME

- Whey Protein Market

EU Sweet Whey powder

Key price drivers

- Subdued domestic demand.
- Cheese output Jan-May +3.9% y-o-y
- EU SWP prices bounced back in Q2 2024, following the disappointing peak milk collection.
- International demand picked up
- Southeast Asia demand offset subdued China's demand
- Exports Jan-May 2023 +3.4% y-o-y
- Balanced inventories
- Limited availability of whey concentrate pushed up prices
- Change in dairy commodities valorisation.
- Robust WPC and WPI production

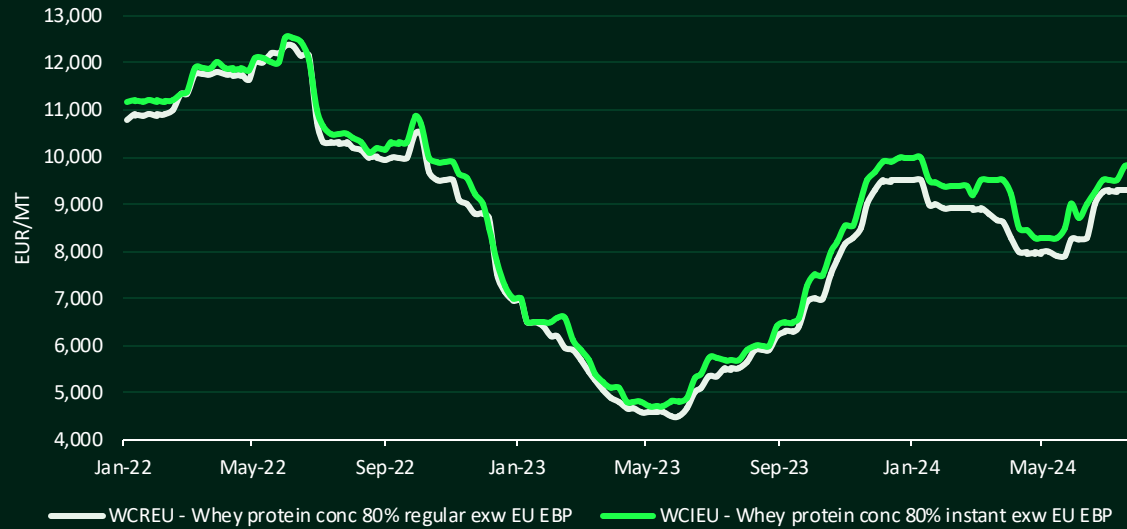
Market sentiment

- European market participants expressed stable to bullish sentiment

EU Sweet Whey Powder Market Situation



EU High Whey Protein



Key price drivers

- Prices peaked in December and steadily decreased through Jan-April 2024
- Robust international demand
- Sluggish demand from infant formula applications
- Increasing demand for other applications such as aging products
- Growth in on-line sales
- European high whey protein prices surged since May 2024
- Buyers delayed purchases to cover Q3 2024 needs
- Tightening supplies
- Higher spread between WPI and WPC
- Whey producers are prioritising WPC and WPI production

Market sentiment

- European market participants expressed stable to bullish sentiment

US Sweet Whey powder

Key price drivers

- Prices have been moving upward due to consistent demand and tight inventories
- Manufactures continue to prioritize the production of high-protein whey powders
- Decrease in production Jan-May 2023 -6.3% y-o-y

Market sentiment

- US market sentiment is neutral with a bullish undertone for SWP

Whey Powder US



Source: Mintec Analytics by Expana, CME

US high whey protein

Key price drivers

- Demand for WPI 90% continues to rise as consumer interest turns to sports nutrition products.
- Inventories are limited contributing to the rise in prices week over week.
- Demand for WPC 34% continues to be consistent
- Adequate inventories of WPC 34%

Market sentiment

- Market sentiment for WPI 90% is bullish, while the market for WPC 34% remains neutral.

DU14 Whey conc 34% fob US EBP



WIUS – Whey protein isolate 90% fca US EBP



- Cheese Market

EU Cheese

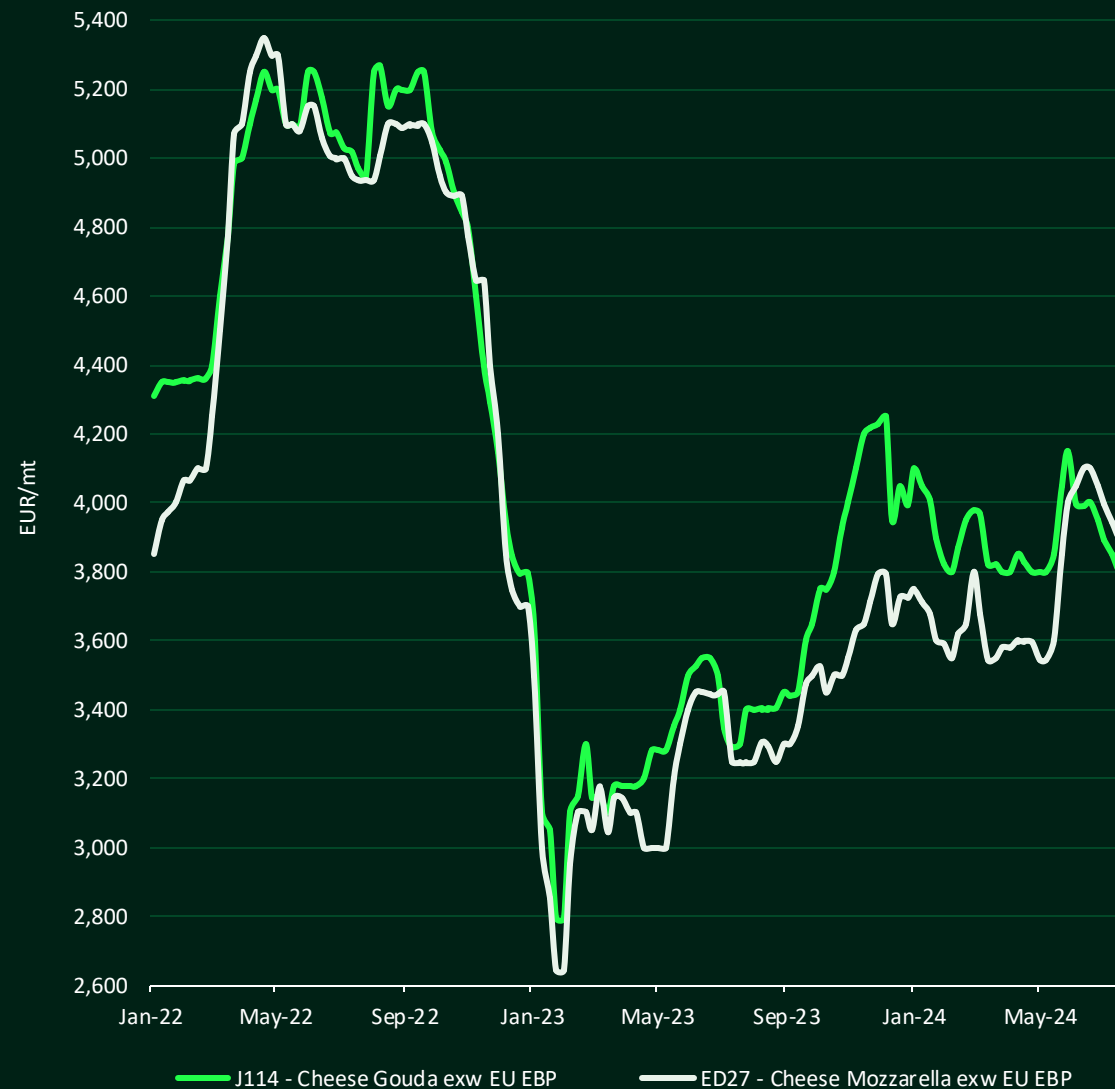
Key price drivers

- European cheese prices have traded sideways during H1 2024
- Surge in cheese output Jan-May +3.9% y-o-y
- Increase in exports Jan-May 2023 +1.5% y-o-y
- Prices started to rise significantly following the spring flush.
- EU Dairy fats price rally drove EU cheese prices up
- New gouda plant online Ireland
- Higher mozzarella valorization
- Solid retail demand (promotions & own-brand)

Market sentiment

- European market participants expressed stable sentiment

EU Cheese Market Situation



UK Cheddar

Key price drivers

- Surge in cheese output
- Higher
- Increase in exports Jan-May 2023 +3.3% y-o-y
- Price rally since May 2024
- Disappointing spring flush
- Change in fundamentals
- Declining milk collection forecast in H2 2024
- Tightening supplies
- Lower cheese valorization
- Healthy retail demand (promotions & own-brand)

Market sentiment

- European market participants expressed stable to bearish sentiment

UK Cheddar Market Situation



US Cheddar

Key price drivers

- Demand for class III milk remains steady and cheese production has remained consistent.
- Supplies have been consistently readily available.
- Production has gone up slightly from Jan-May 2023 -0.7% y-o-y
- Consumer interest continues to rise
- Prices are expected to continue to rally

Market sentiment

- Market sentiment for cheddar remains bullish.

US Cheddar Market Situation



Source: Mintec Analytics by Expana, CME

- Butterfat Market

EU Butter

Key price drivers:

- EU Butter prices increased by 23.6% compared to January which reflects a 58.1% increase y-o-y
- Weak EU butter production
 - Jan-May 2024 production declined 2.5% y-o-y
 - Higher valorization on other dairy commodities
 - Higher profits from liquid cream sales
 - Retail production trails expectations
- Low stock levels across the EU
- Mixed demand
 - Stable demand from the retail and food service sector
 - Industrial users are unwilling to commit to contracts

Market sentiment:

- Bullish market sentiment
 - Tight product availability
 - Increasing demand

EU Butter Market Situation



US Butter

Key price drivers:

- Tight cream supplies have put pressure on butter manufacturing plants
- Industrial and consumer demand for butter has been consistently high
- Consistent inventories
- Production has risen from Jan-May 2023 +4.0% y-o-y

Market sentiment:

- Market sentiment for butter remains bullish.

US Butter Market Situation



Source: Mintec Analytics by Expana, CME

Key Takeaway

H2 2024

Key Factors to watch out for in the second half of the year

China's demand

- Milk collection surplus
- Elevated stocks
- Economic slowdown

Elevated EU liquid dairy prices

- Strong demand for liquid commodities
- Uncertain milk availability during H2

Butter demand

- Elevated prices due to higher input cost
- Tight product availability

Demand for US high Whey Protein

- Demand for sports nutrition supplements
- Limited inventories





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Thank you

dairy@expanamarkets.com