



U.S. Dairy
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May 2021



USDEC: International Demand Analysis



A Note from the Authors

- **What is this?** This is *USDEC's International Demand Analysis*, the newest publication from our Strategy & Insights Department, published monthly. This report outlines the latest global dairy trade trends and data combined with our own commentary analyzing demand in the key markets for cheese, NFDM/SMP, whey (0404.10), and WPC80+ alongside shorter summaries for lactose, butterfat and WMP – all with a forward-looking lens and US exporter viewpoint.
- All comparisons are year-over-year unless otherwise noted.
- **If you have any questions, comments or suggestions on how to improve the report, send us an email at wloux@usdec.org or scain@usdec.org.**

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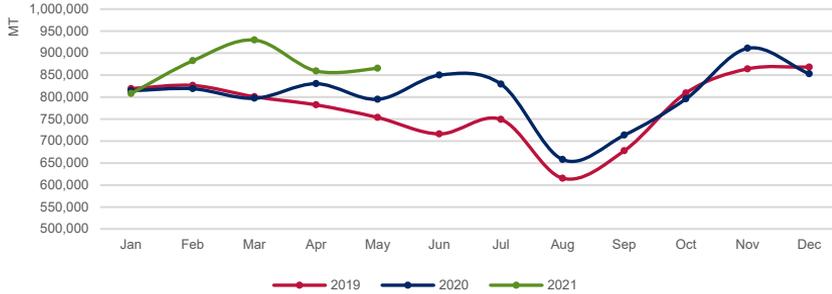
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Global Dairy Demand Market Commentary

- **Overview:** In May 2021, global dairy trade grew by 9%, or 72,718 metric tons (MT) in milk solids equivalent (MSE), over the prior year. That robust gain was driven almost entirely by Chinese demand, which has become a familiar refrain in these monthly summaries. Total dairy trade to China was up 48% (+79,750 MT) while the rest of the world was down 1% (-7,032 MT) primarily due to continued weakness in the Middle East-North Africa.
- **Key Takeaway:** China's high raw milk price (reflecting strong internal consumer demand) continued to incentivize imports with WMP (+104%), SMP (+89%) and fluid milk (+49%) seeing the largest volume gains bound for China. Given the expense of local milk, China pushed up the global dairy prices in May to the highest point since 2014. This high price point of dairy products is likely the primary culprit for the weaker demand in the Middle East-North Africa and likely a piece of the puzzle for Southeast Asia, which continues to be impacted by shipping delays.
- **Competitor Assessment:** As mentioned in last month's edition, weak milk production growth over the winter and early spring, dampened product availability out of the EU, resulting in an export decline of 5% for the bloc (+UK) in May. Given the strong milk production in May for the EU27+UK (+2.2%), we should expect more competition in the coming months. Cheese (+7%) and WPC80+ (+18%) were the bright spots for the EU. Overall trade was able to grow despite a decline from the EU27+UK thanks to ample supply out of the U.S., New Zealand finishing their 2020/21 season with favorable weather and thus strong milk production, and secondary exporters having available product. New Zealand was the supplier with the largest growth in May (+38,474 MT). As we've come to expect, most of the additional NZ milk went to China in the form of WMP (+96% to China), but along with greater milk production, we did larger volumes of cheese (+28%) and SMP (+5%) exports (also predominantly going to China).
- **Looking Ahead:** We are hearing the first discussion of Chinese buying starting to back off from their post-COVID frenzy in recent weeks, reflected in some price weakness at the GDT. Some pullback should be expected – through the first five months of the year, China has bought 200,000 MT more fluid milk, 120,000 MT more WMP, and 70,000 MT more SMP than they did in the same period last year. While it's a safe bet that consumer demand is running strong in China and stocks are not burdensome like they were in 2014, some of that increase is almost certainly product purchased ahead to guard against supply disruption. Still, given the price of domestic milk prices within China, a 2014-esque pullback in milk powders and fluid milk is unlikely. Other suppliers will need to become more active to keep prices supported at current (relatively high) levels given the fact that China has been the one driving global trade over the past 9 months. We are also closely watching sweet whey and whey permeate demand in China, which only grew by 6% in May (the slowest monthly growth post-ASF) and posted the lowest monthly volume since October. As will be talked about in more depth in the whey section, with falling pork prices and higher feed costs, the incentive to rapidly expand the hog herd has diminished significantly.

Executive Summary: May 2021

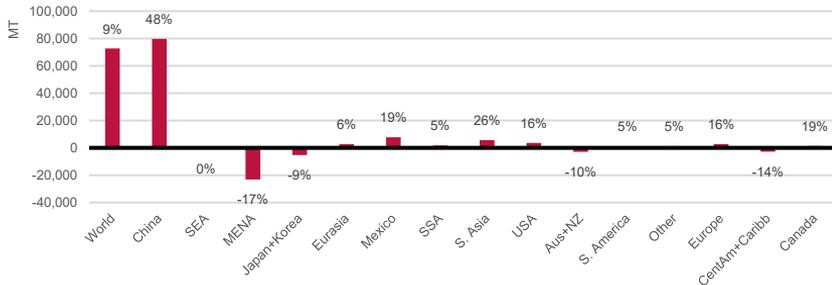
Monthly Global Exports of Total Milk Solids to World (30-Day Months)



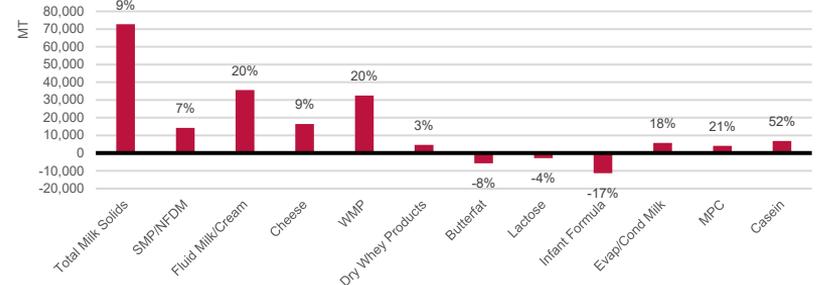
YOY Change in Total Milk Solids Trade to World: Latest Month (May)



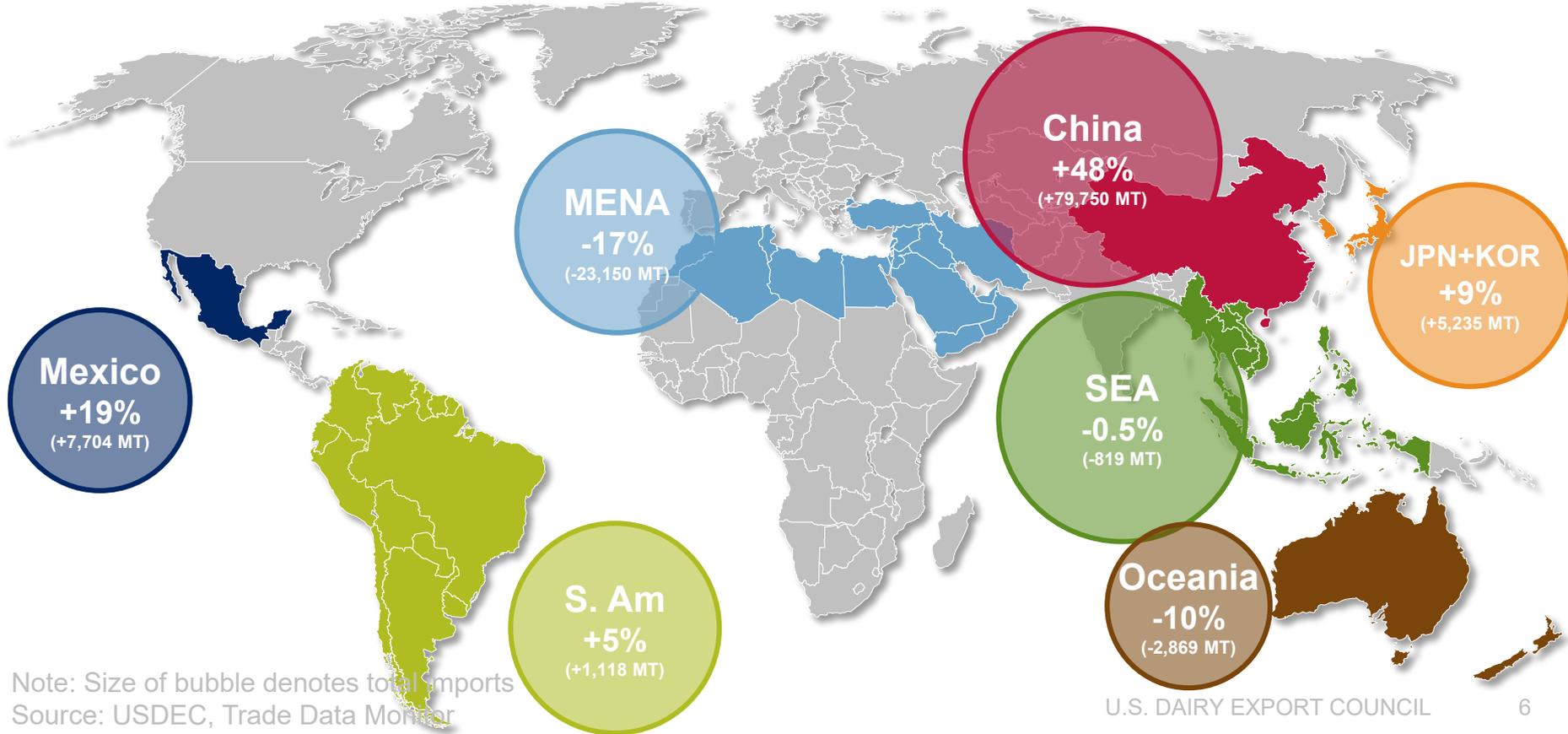
YOY Change in Global Total Milk Solids Trade: Latest Month (May), Ranked by Largest Market



YOY Change in Global Dairy Trade: Latest Month (May), Ranked by Total Product Trade



Month of May 2021, Milk Solids Equiv.





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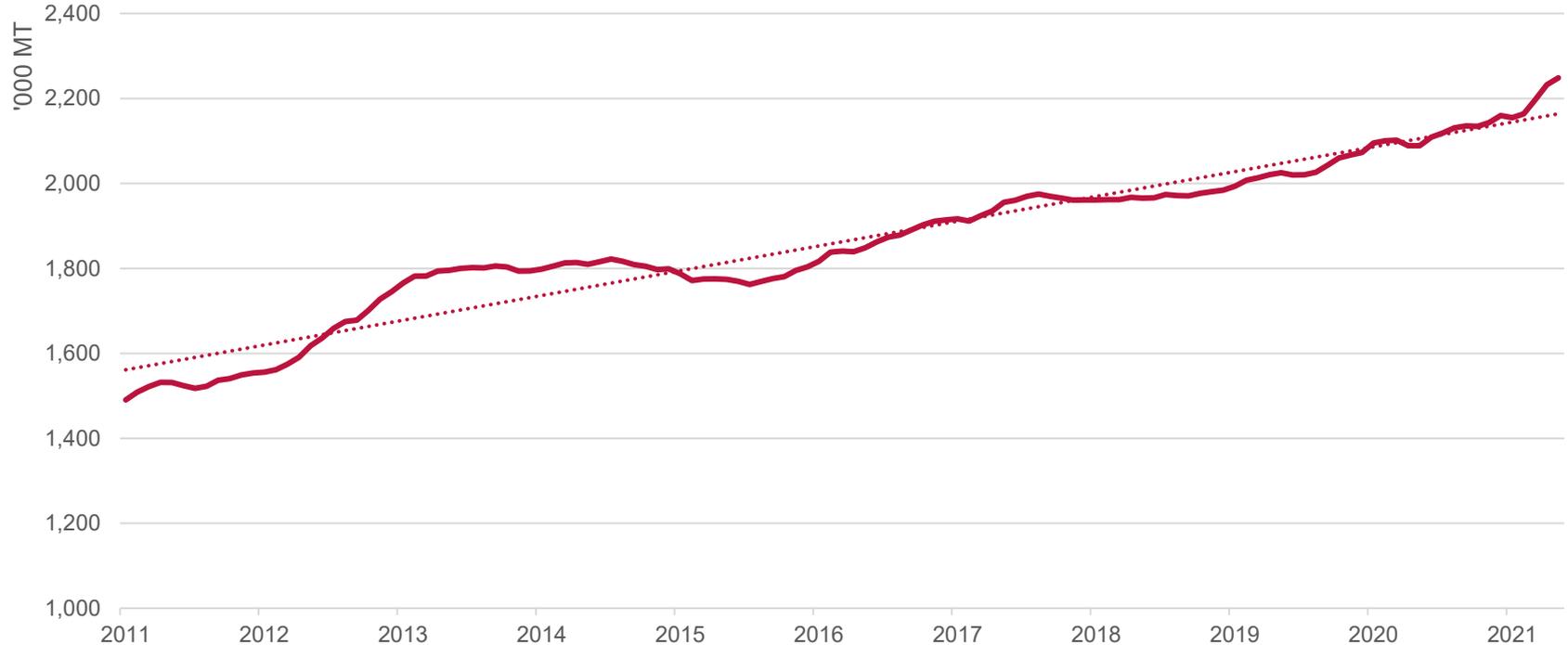
Cheese

Cheese Market Commentary

- **Overview:** While not quite the pace of growth or the volumes we've seen the past two months in cheese, a 9% gain (+16,413 MT) over the prior year is still well above the long-term average (between 3-4%) and reflecting (at least in some markets) a post-vaccine boom for cheese. Overall, growth was fairly diffuse. The U.S. – with wide vaccine availability and the suspension of Airbus tariffs – saw the largest growth with a surge in shipments from the EU (+7,134 MT), but the U.S. wasn't alone. Russia, China, the Middle East, Southeast Asia and Latin America all posted 2,000 MT or more growth.
- **Key Takeaway:** Unfortunately, two markets crucial to the U.S. were clear laggards – cheese trade to Japan and Korea fell 21% (-7,002 MT) and 28% (-5,216 MT) respectively. Some of this decline is certainly a result of May 2021 being compared to May 2020 – when both countries bought heavily in the early days of COVID and took advantage of low-priced (pre-food box) U.S. cheese. And for Korea, April was one of the strongest months in nearly a year so the weakness in the May figures could simply be reflecting shipping dates. Still, demand in both countries was equal or below 2019 volumes, which unfortunately suggests the weakness is not solely due to the comparison months, but we'll need more data to confirm if this is a fluke or something to be concerned about.
- **Competitor Assessment:** Just as we said last month, cheese absorbed much of the available milk in Europe even as overall milk production and exportable supply was limited. There is some difference from prior months, when the growth was centered primarily around mozzarella and fresh cheese. While that was still the case in May (mozzarella exports were up 9%, other fresh cheese up 52%), parmesan and other cheeses previously subject to Airbus tariffs saw the largest growth. These varieties pulled milk not just away from powder plants but also seemingly gouda and cheddar production. EU27+UK gouda exports fell 28% (-4,020 MT) and cheddar volumes dropped 23% (-2,674 MT) highlighting Europe's investment in mozzarella and high value cheeses. New Zealand ramped up cheese production towards the end of their season (+28%, +7,558 MT), and similar to Europe, focused on fresh and mozzarella varieties (+46%, +4,230 MT). NZ cheese, as with all other major products, was focused on the Chinese market (+61%, +3,331 MT).
- **Looking Ahead:** Although the U.S. often feels post-COVID with high vaccination rates and virtually all restrictions removed, this is far from the global norm. We are closely monitoring the renewed COVID-19 outbreaks around the world, particularly in Southeast Asia, South America, the Middle East and even the U.K. These markets were key contributors to overall cheese demand the past several months. If COVID cases continue to rise, lockdowns are imposed, and economic growth starts to suffer, the current optimistic outlook for cheese demand in 2021 is likely to become far less rosy.

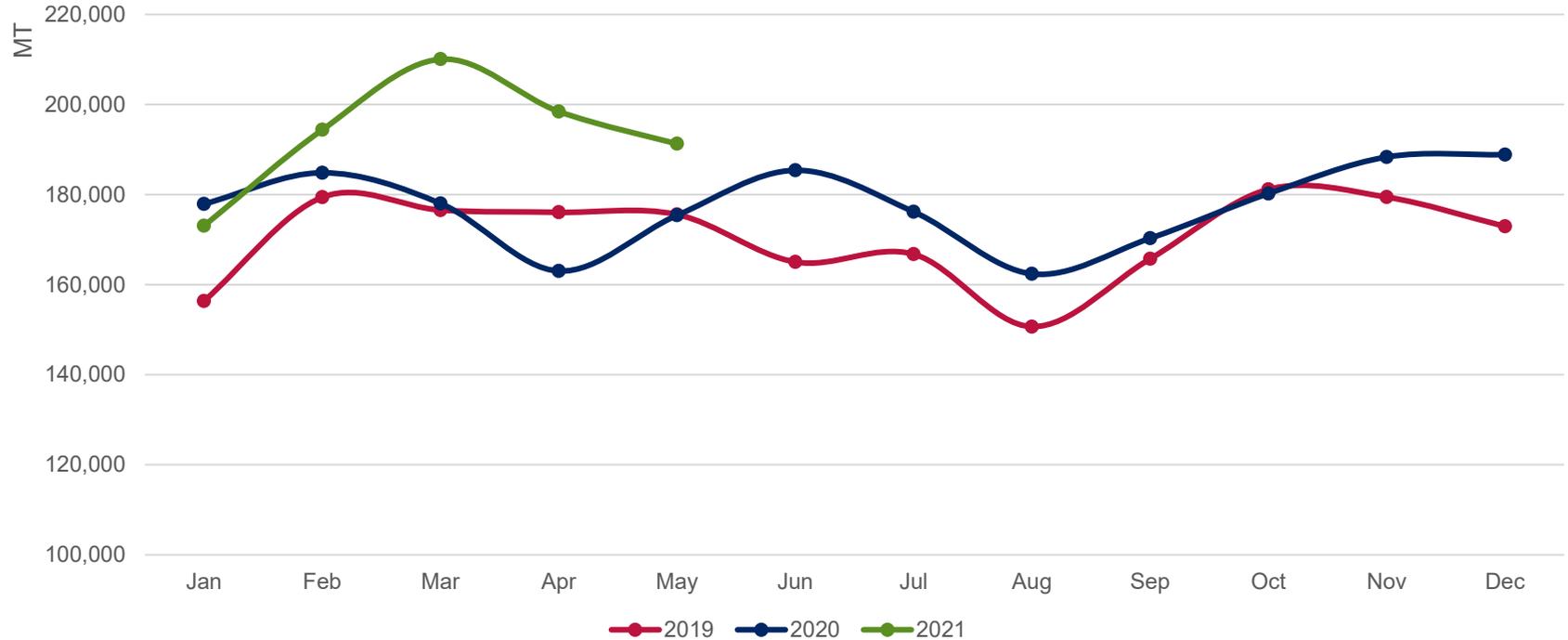
Global Overview: Cheese

Global Cheese Exports to World (Rolling 12 Months)



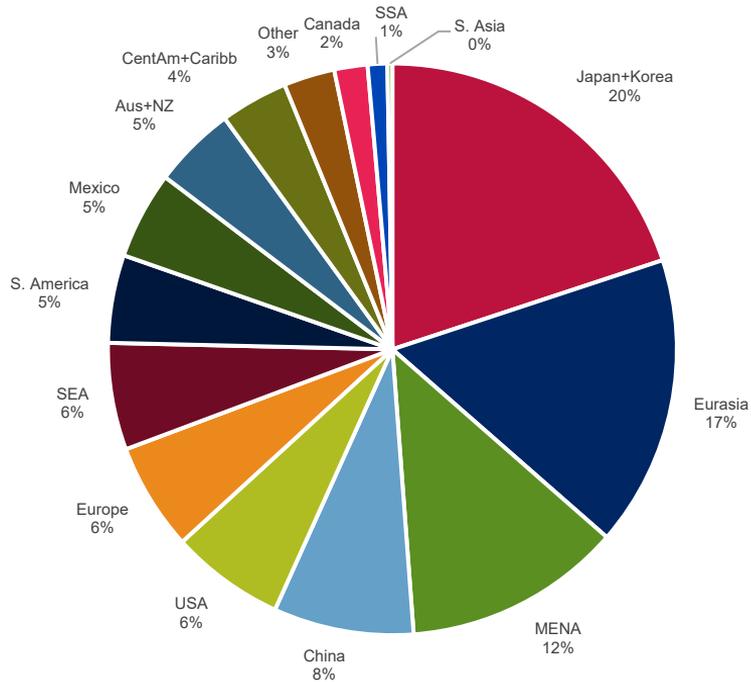
Global Overview: Cheese

Monthly Global Exports of Cheese to World (30-Day Months)

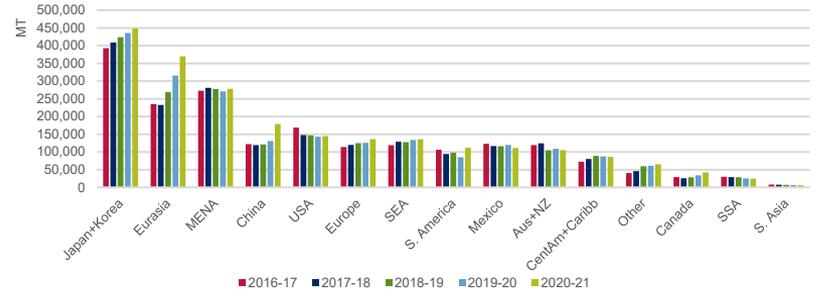


Global Overview: Cheese – Last 12 Months

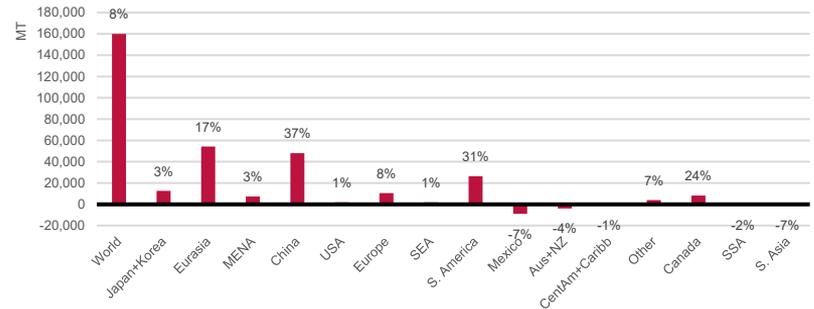
Global Cheese Trade: L12M, Ranked by Largest Market



Global Cheese Trade: Last 12 Months, Ending May

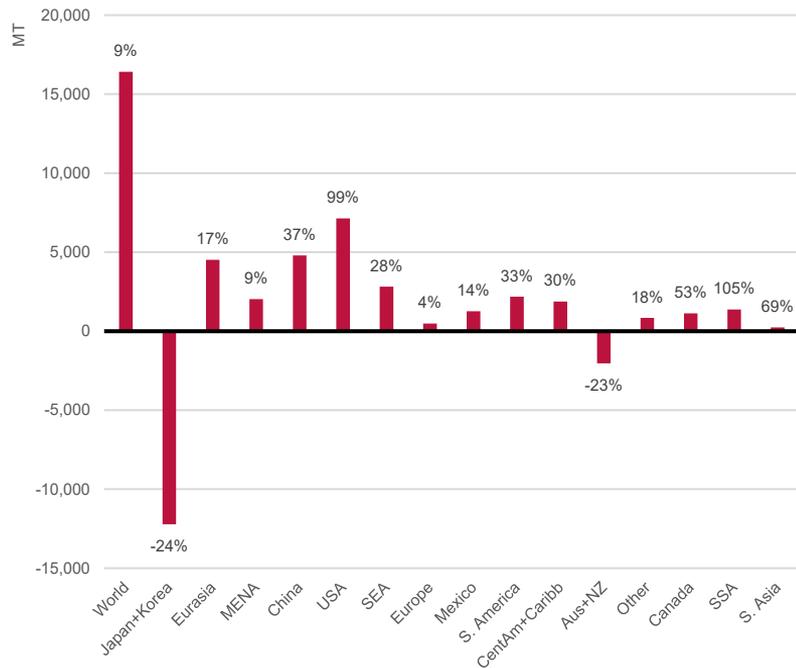


YOY Change in Global Cheese Trade: L12M, Ranked by Largest Market

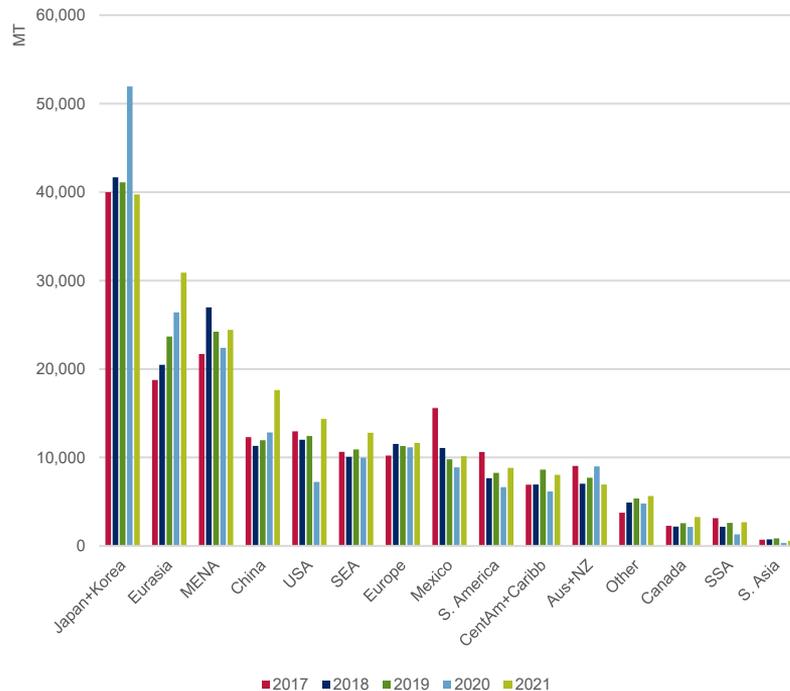


Global Overview: Cheese – Latest Data

YOY Change in Global Cheese Trade: Latest Month (May), Ranked by Largest Market

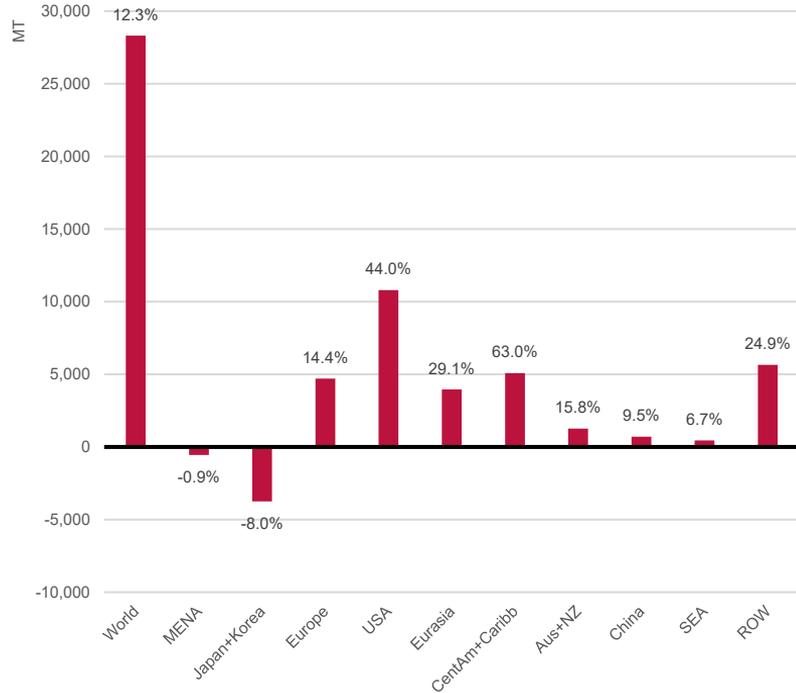


Global Cheese Trade: Latest Month (May)

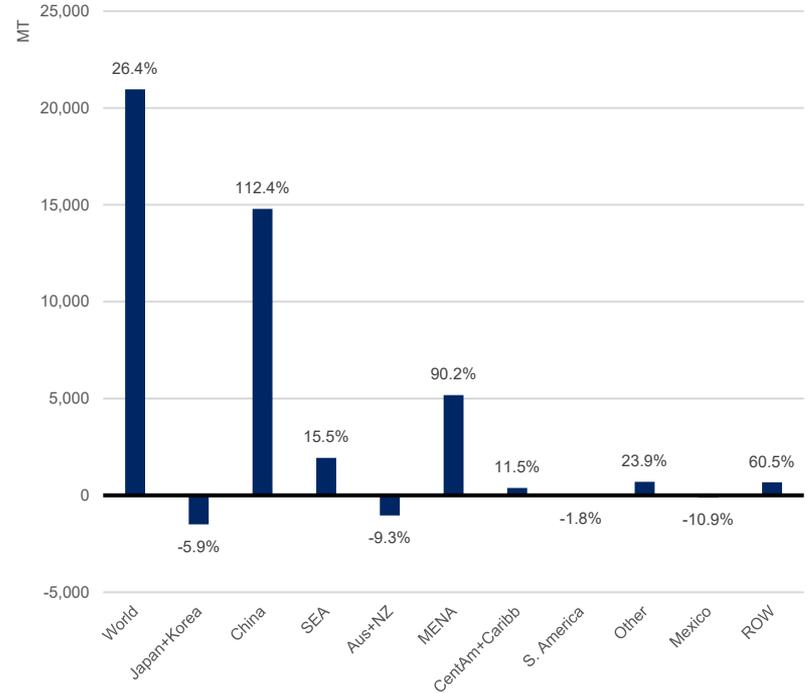


Trade Flows: Cheese

Last 3 Months: YOY Change in EU27+UK Cheese Exports

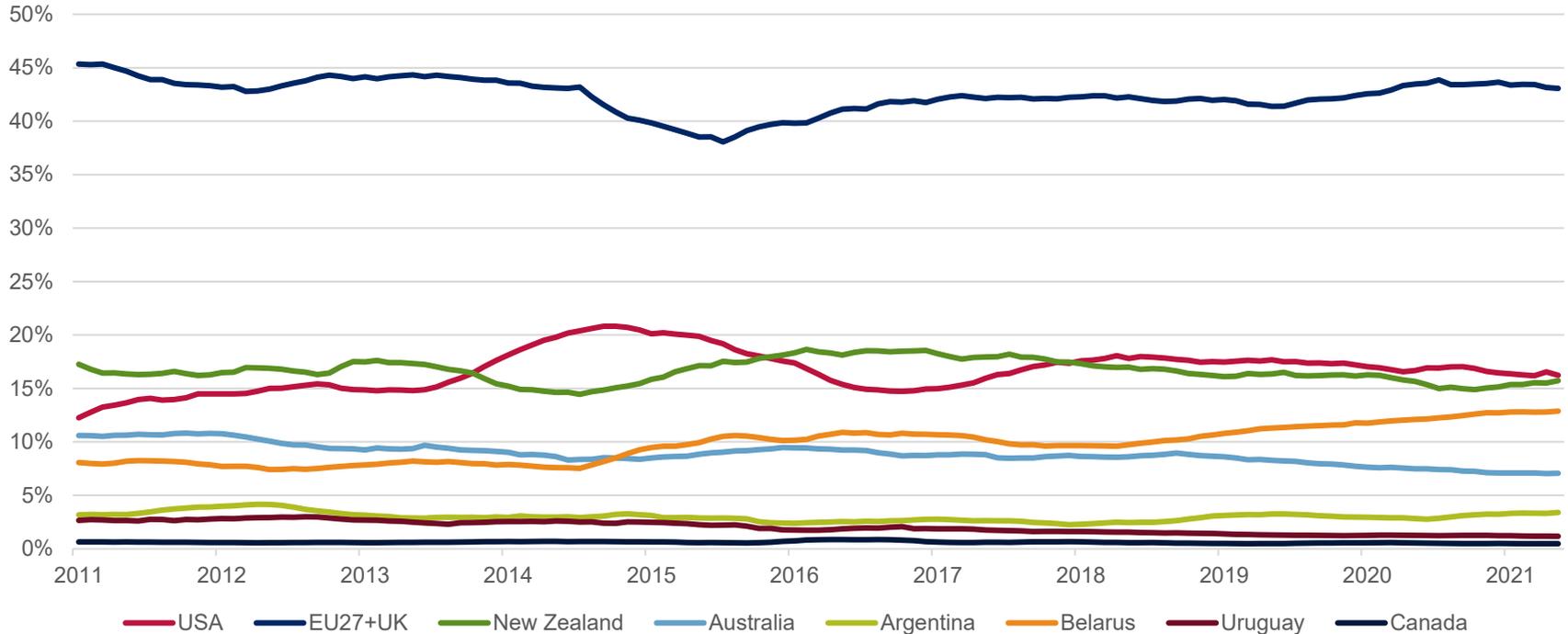


Last 3 Months: YOY Change in New Zealand Cheese Exports



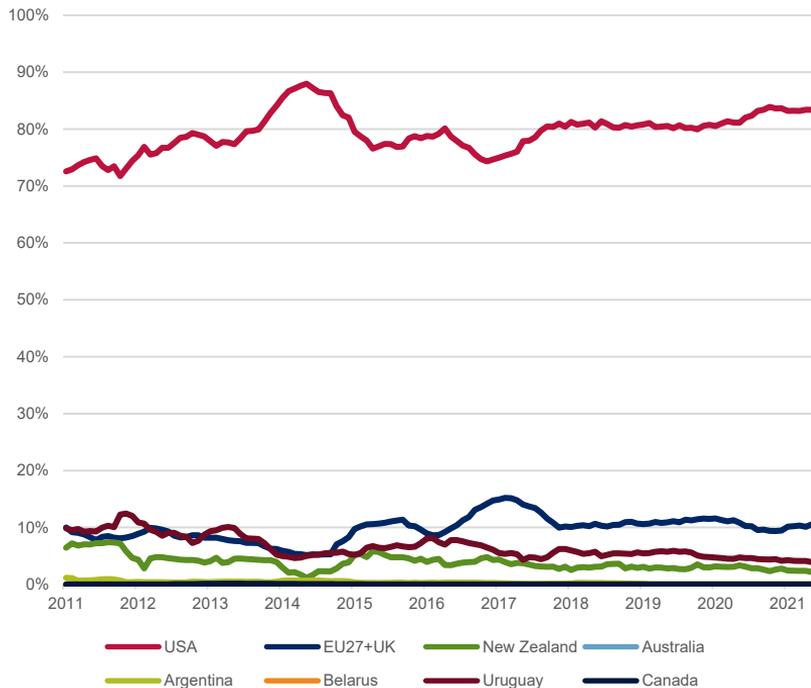
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Cheese Market Share in World (Rolling 12 Months)

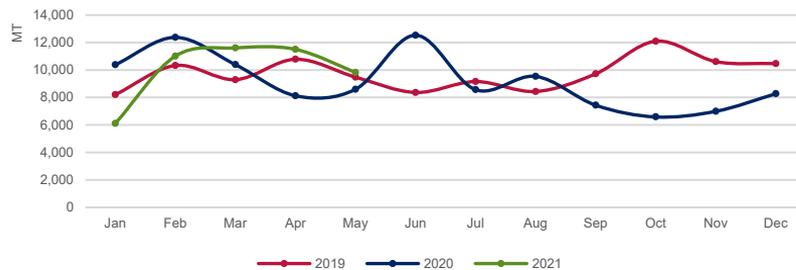


Mexico

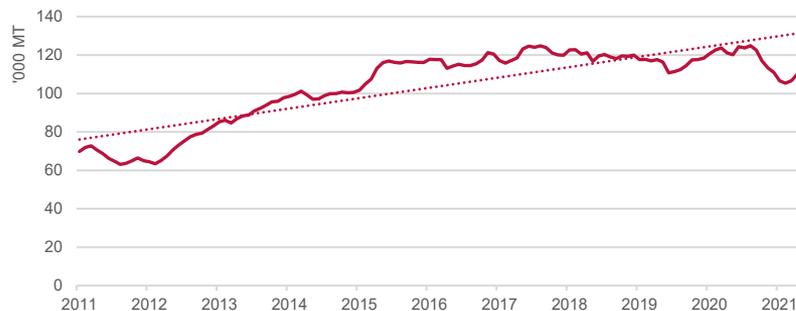
Cheese Market Share in Mexico (Rolling 12 Months)



Monthly Global Exports of Cheese to Mexico (30-Day Months)

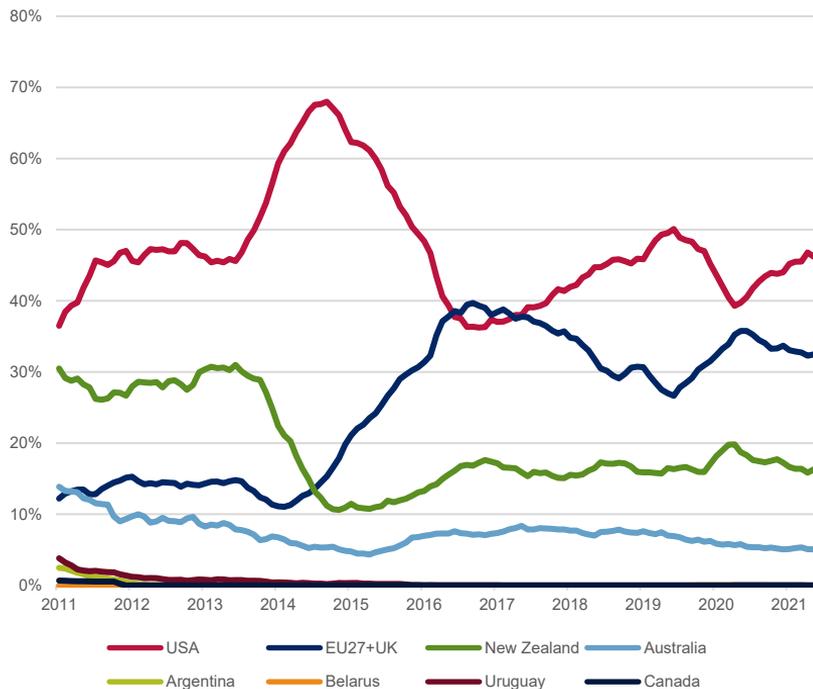


Global Cheese Exports to Mexico (Rolling 12 Months)

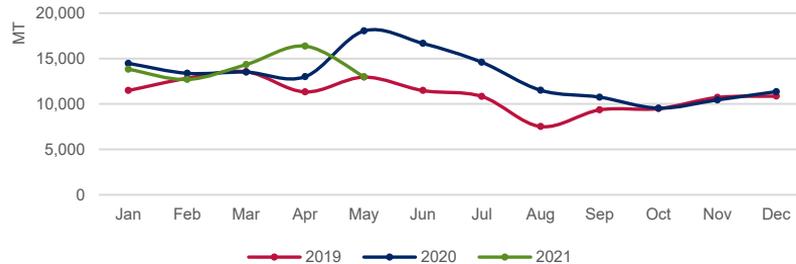


Korea

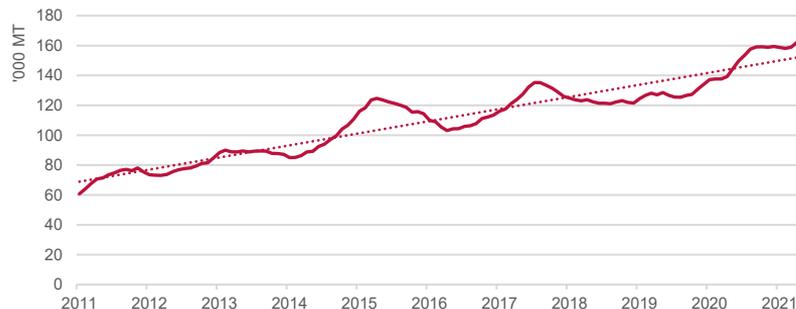
Cheese Market Share in South Korea (Rolling 12 Months)



Monthly Global Exports of Cheese to South Korea (30-Day Months)

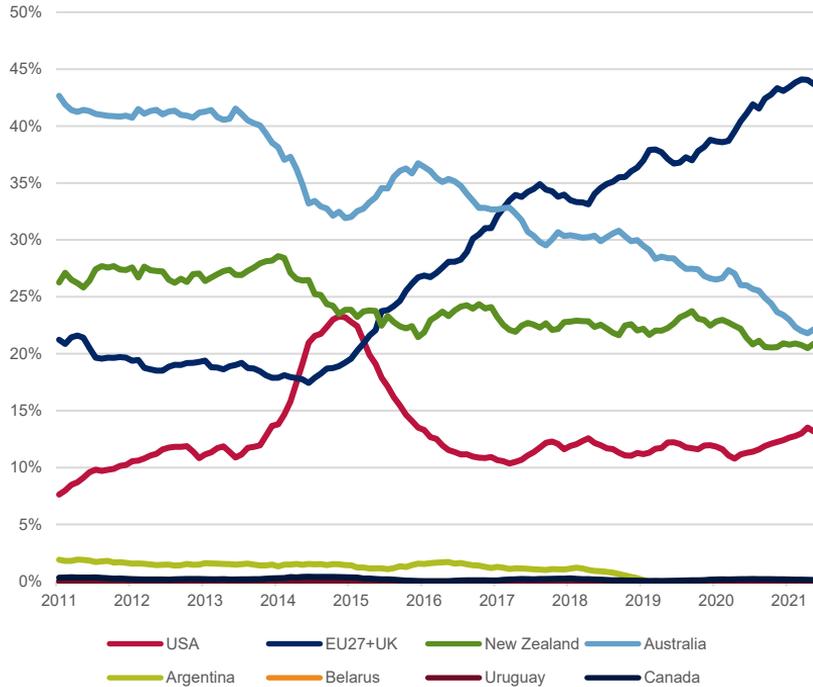


World Cheese Exports to South Korea

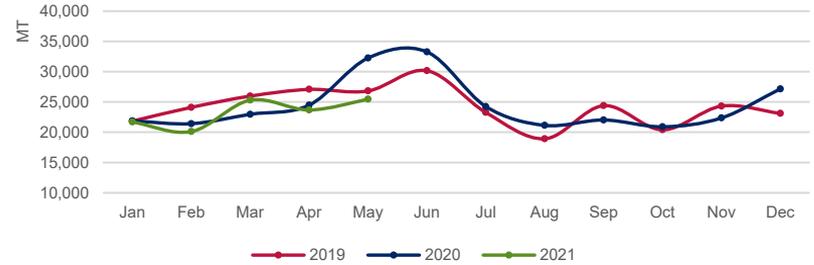


Japan

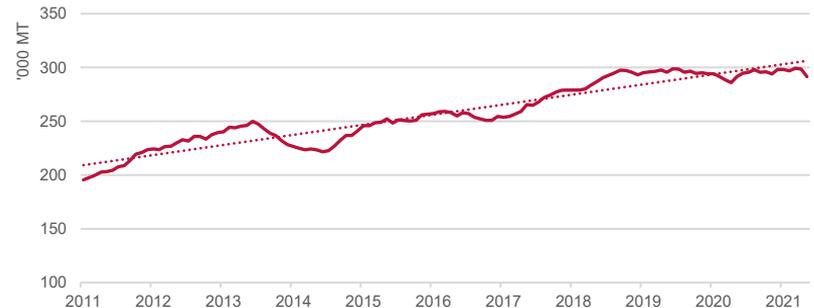
Cheese Market Share in Japan (Rolling 12 Months)



Monthly Global Exports of Cheese to Japan (30-Day Months)

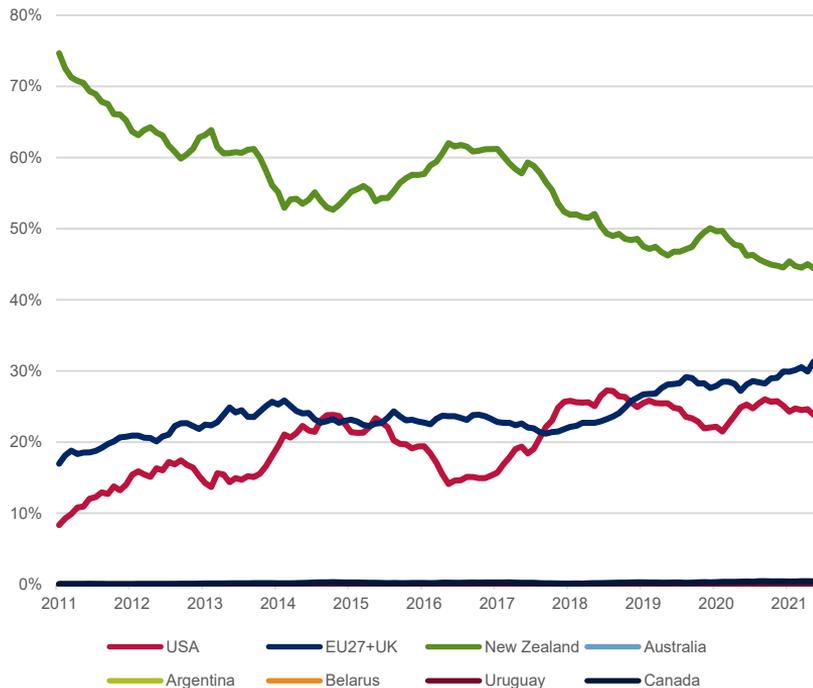


World Cheese Exports to Japan

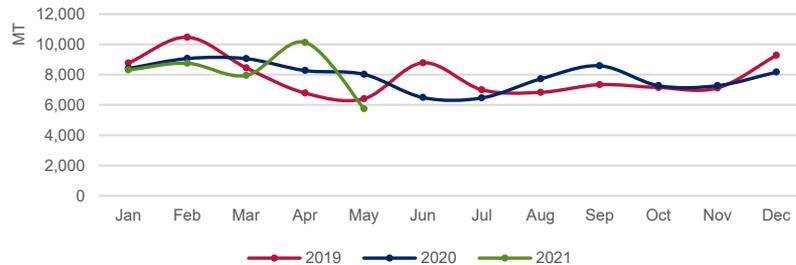


Australia

Cheese Market Share in Australia (Rolling 12 Months)



Monthly Global Exports of Cheese to Australia (30-Day Months)

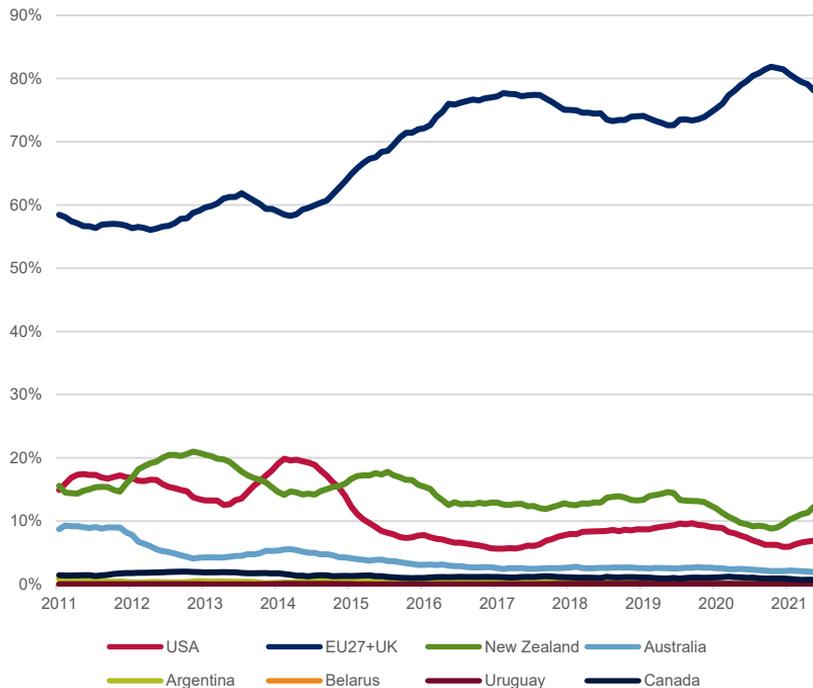


World Cheese Exports to Australia



MENA

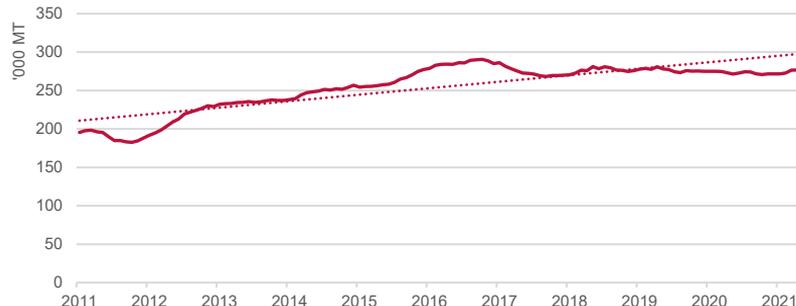
Cheese Market Share in MENA (Rolling 12 Months)



Monthly Global Exports of Cheese to MENA (30-Day Months)

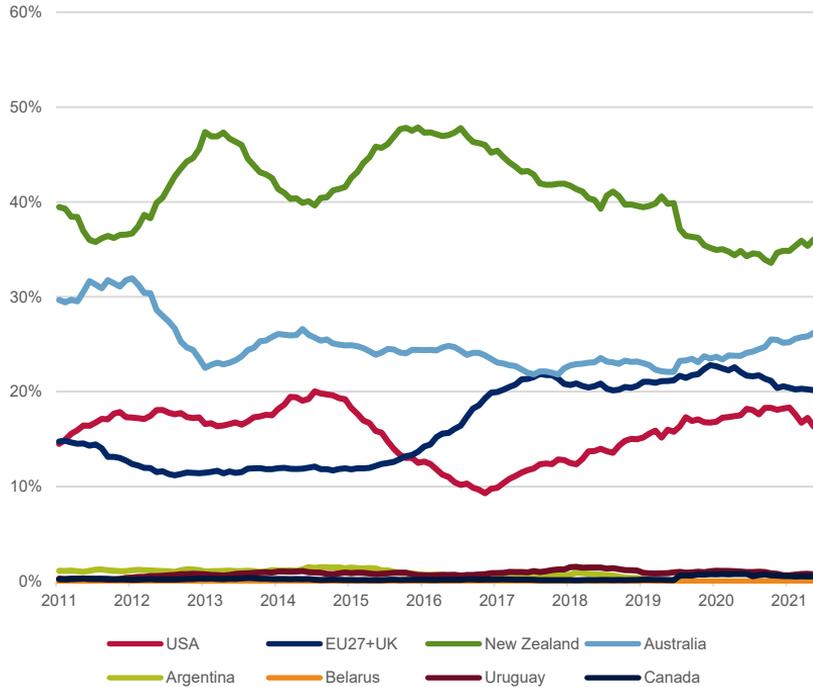


Global Cheese Exports to MENA (Rolling 12 Months)



Southeast Asia

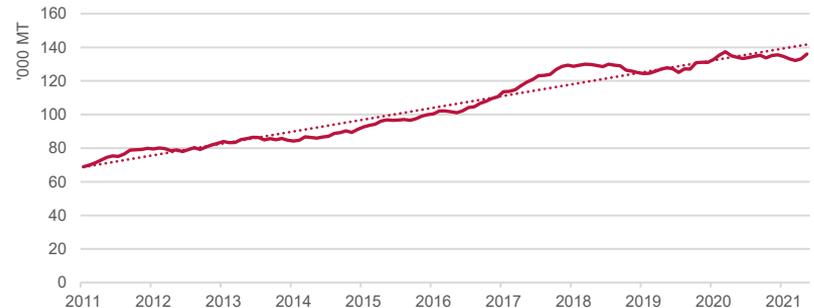
Cheese Market Share in SEA (Rolling 12 Months)



Monthly Global Exports of Cheese to SEA (30-Day Months)

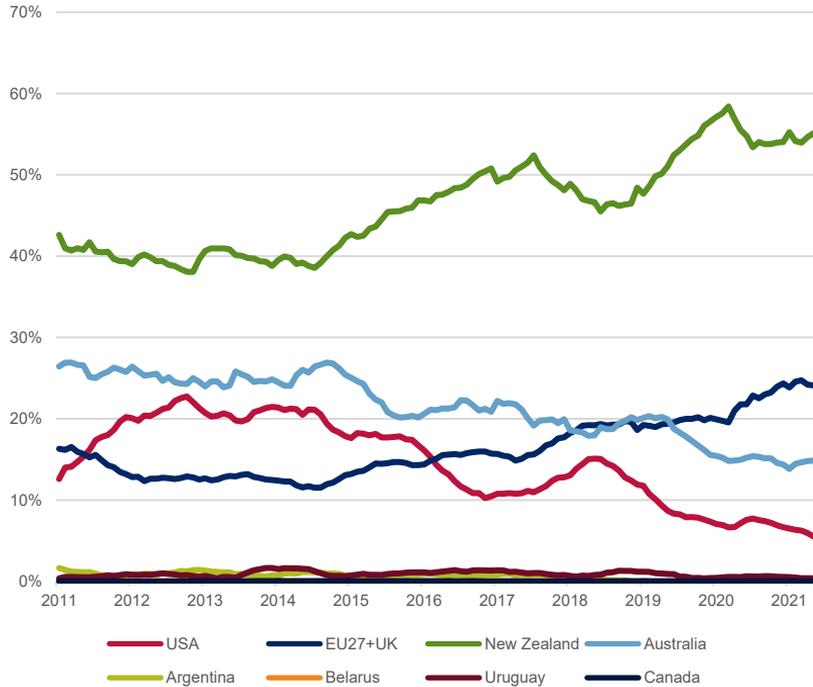


Global Cheese Exports to SEA (Rolling 12 Months)

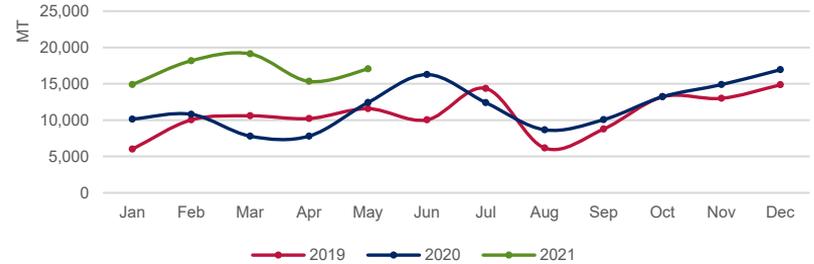


China

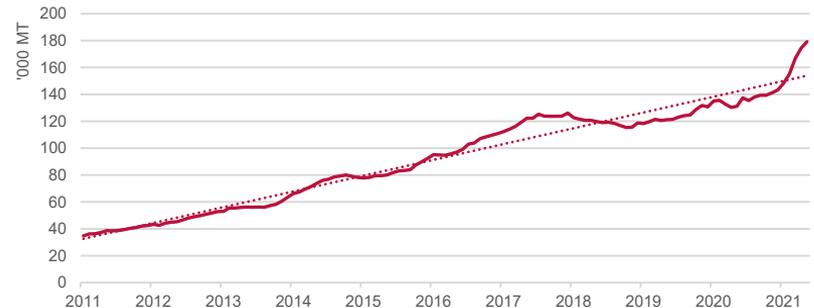
Cheese Market Share in China (Rolling 12 Months)



Monthly Global Exports of Cheese to China (30-Day Months)



Global Cheese Exports to China (Rolling 12 Months)





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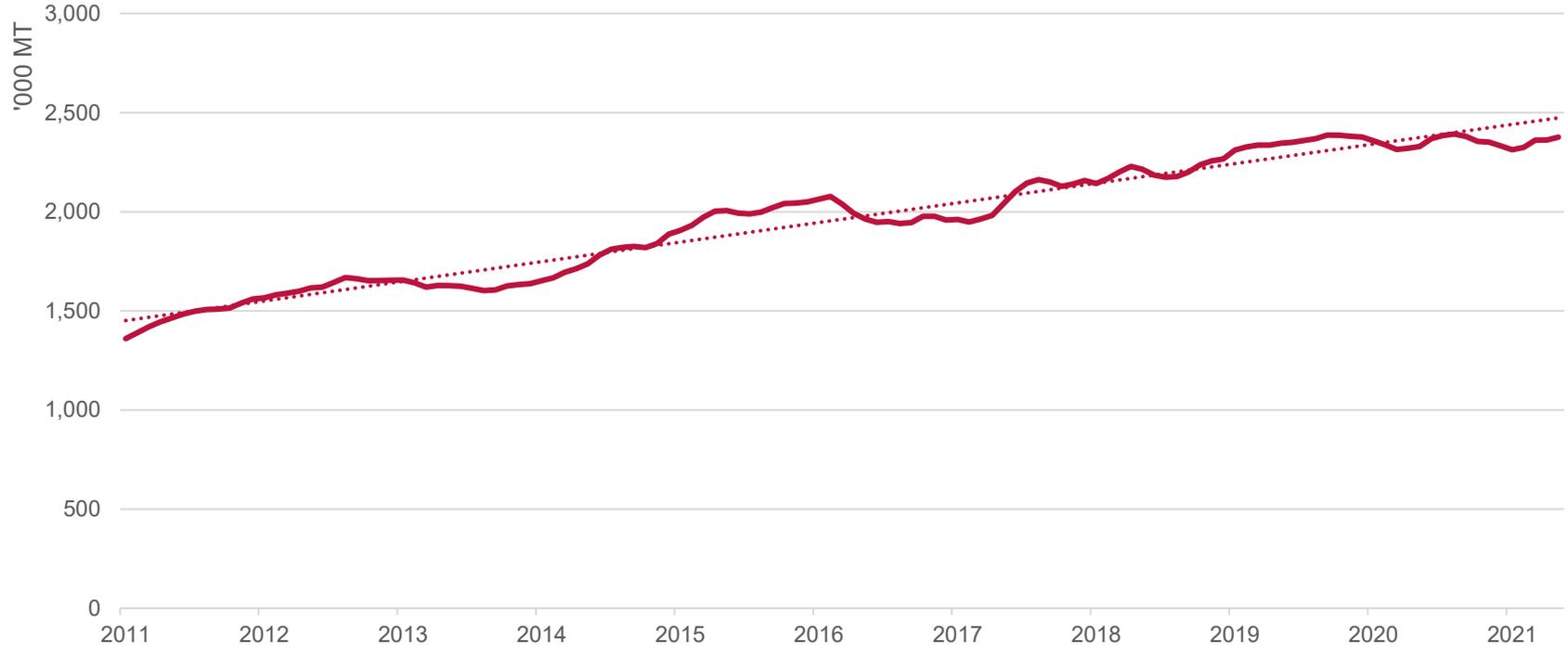
NFDM/SMP

NFDM/SMP Market Commentary

- **Overview:** Chinese demand picked up considerably in May (+89%, +21,917 MT) and was the primary driver of the overall NFDM/SMP growth (+7%, +14,204MT). Still, stronger Mexican demand contributed as well, up 28% (+6,732 MT) over the prior year. The ongoing drought that was impacting the country's milk production in May likely pushed buyers to purchase greater imports to ensure adequate supply, even if it meant paying a relatively high price. Additionally, Mexican demand last year weakened considerably from the pandemic, and it should be noted that May 2021 numbers are being compared to pandemic-induced lower demand levels for the country. MENA demand was down again in May (-26%, -11,403 MT) with price sensitivity likely playing a role in the lower demand. NFDM/SMP prices in May were the highest we've seen in years and buyers in MENA that had the inventory to hold off purchases at those prices likely did so hoping prices would come down. SEA demand was close to flat with 1% growth. While we attribute a large portion of the import volume stagnation to ongoing port issues, price sensitivity may also be a contributing factor as well. Still, despite the muted demand in SEA, strong increases in China and Mexico helped drive solid growth in May.
- **Key Takeaway:** China's demand for dairy, including SMP, is unphased by (and the culprit behind) higher prices. However, few others are in the same boat as these prices seem to be burning away some demand. With the average unit value of SMP exported in May at over \$3,000/MT, these are the highest SMP prices the global market has seen since 2014. Add in higher freight and trucking costs and the overall weakness and hand-to-mouth buying from outside of China make a lot more sense.
- **Competitor Assessment:** There have been some reports on a tighter SMP market in Europe with low stocks driven by strong cheese production and decreased milk production. While recent reports put EU milk production up in May, production has been wavering recently and coming off a poor start in H1 has limited their SMP supply. However, the EU is still focused on SEA and will prioritize supplying that market especially with lower MENA demand. New Zealand saw a very strong finish to its milking season, but with continued focus on WMP, we expect the long-term trajectory of declining market share to continue. On another note, port congestion in the U.S. remains an obvious obstacle for exports and with the import rush for the back to school and holiday seasons taking place in H2, the outlook for clearing the backlog of container ships in 2021 appears doubtful at best.
- **Looking Ahead:** Given the pace of Chinese demand growth so far in 2021 (+70,526 MT), a slowdown in China purchasing is expected at some point (but, again, not a 2014-style pullback). Unfortunately, it appears likely prices would then weaken given that few other buyers appear poised to pay these prices. The resurgence and seriousness of COVID-19 outbreaks in Southeast Asia and the Middle East-North Africa likely only further exacerbates this dynamic.

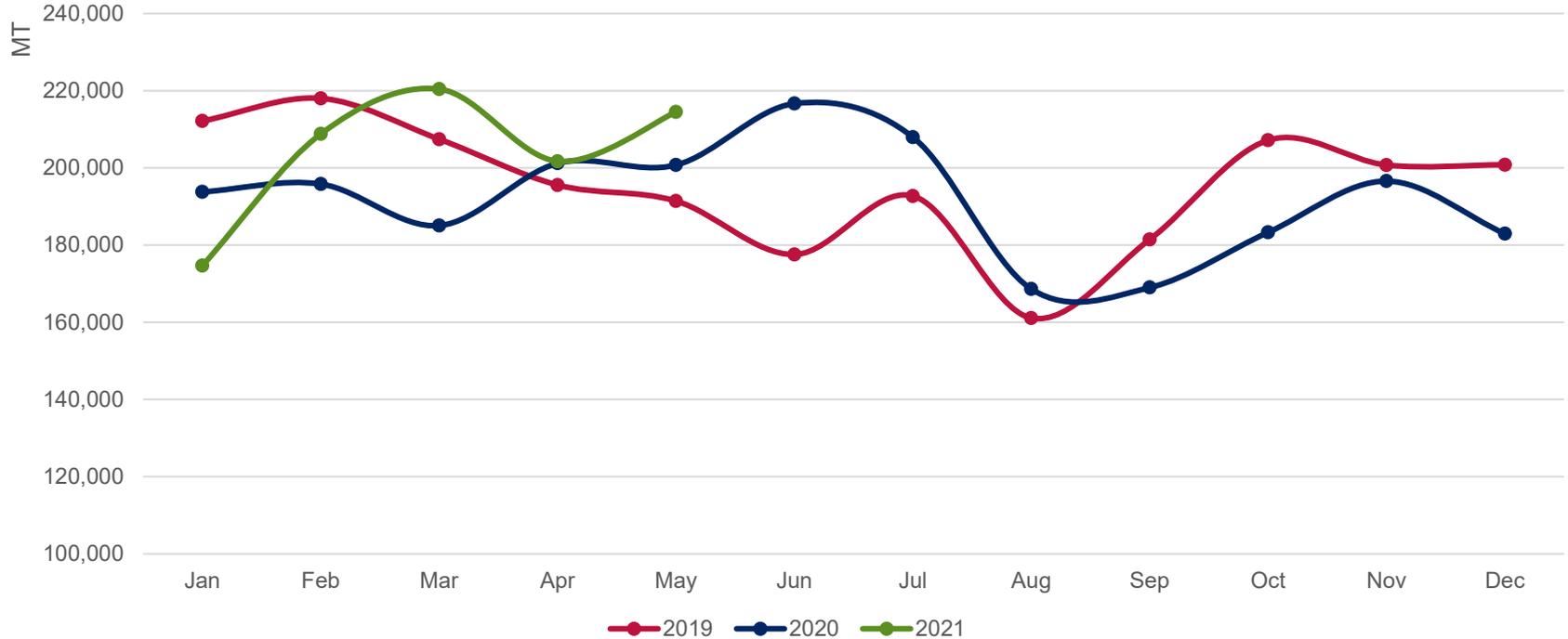
Global Overview: NFDM/SMP

Global SMP/NFDM Exports to World (Rolling 12 Months)

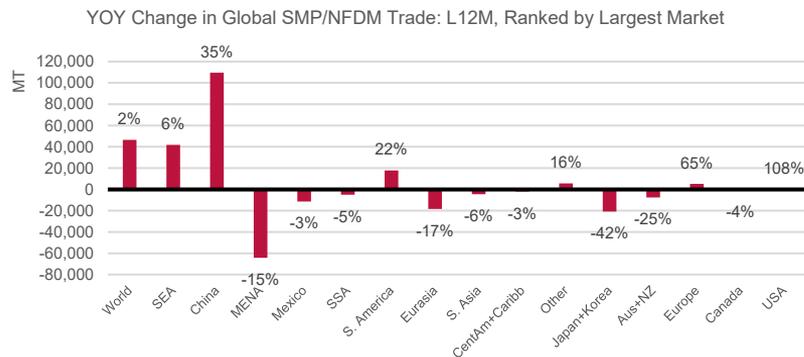
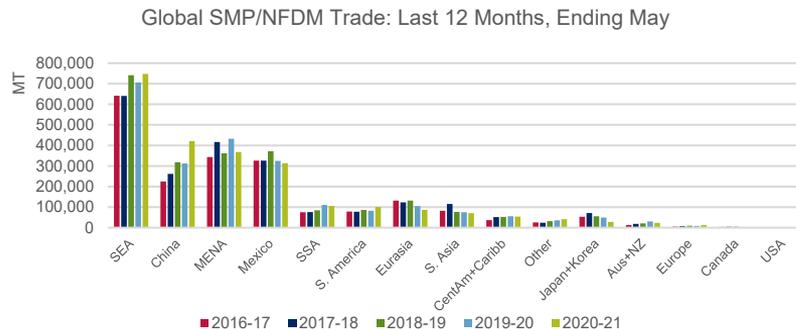
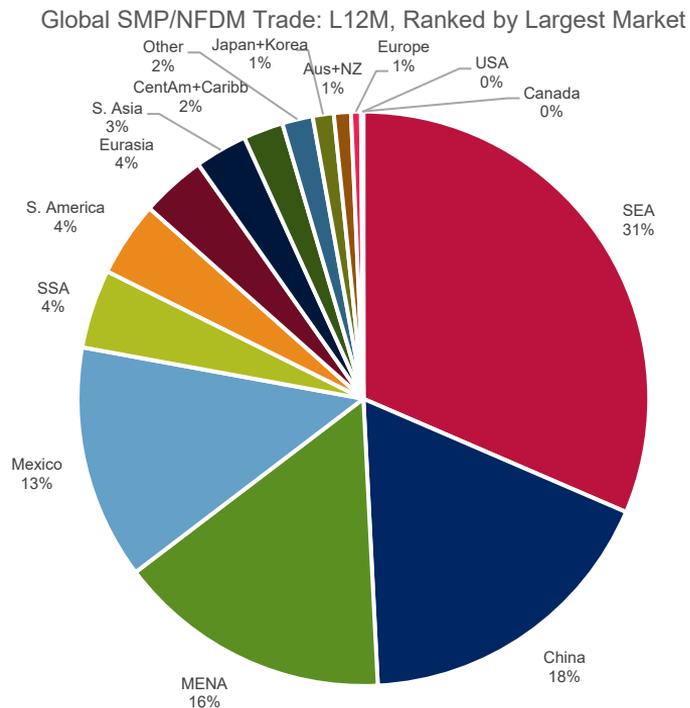


Global Overview: NFDM/SMP

Monthly Global Exports of SMP/NFDM to World (30-Day Months)

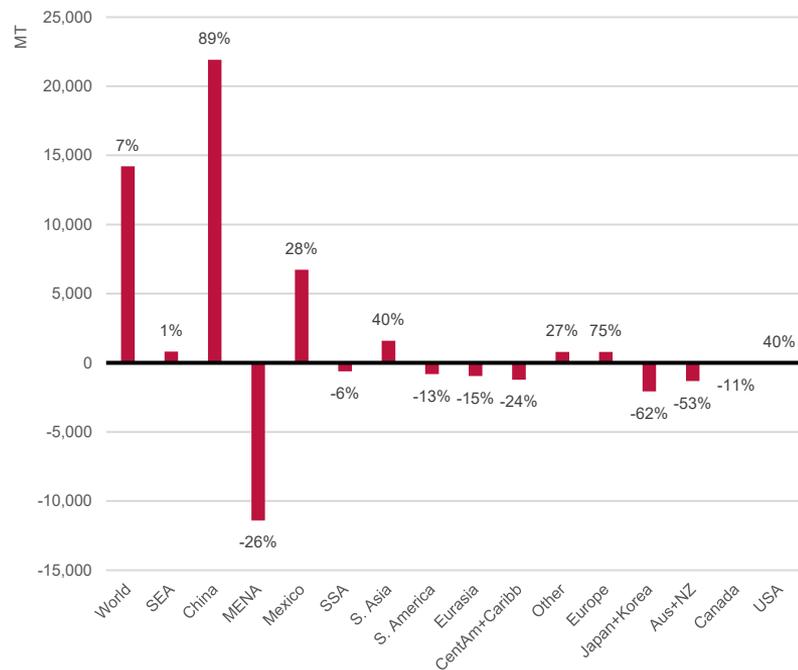


Global Overview: NFD/SM – Last 12 Months

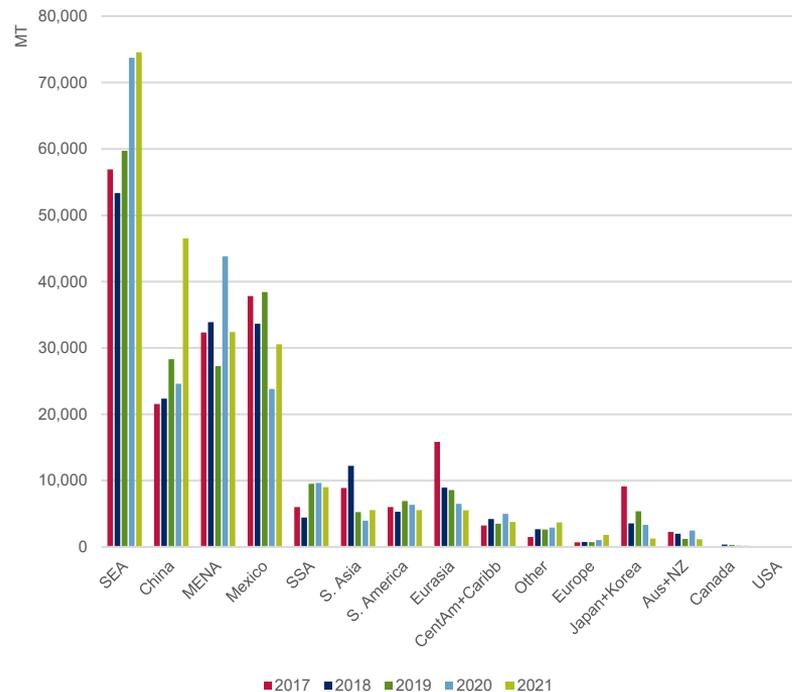


Global Overview: NFDM/SMP – Latest Data

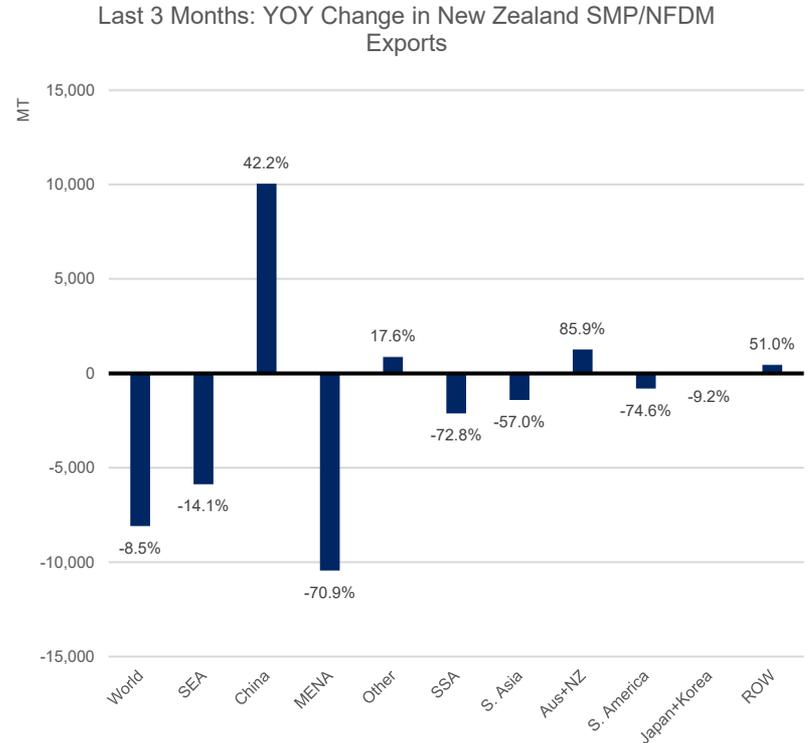
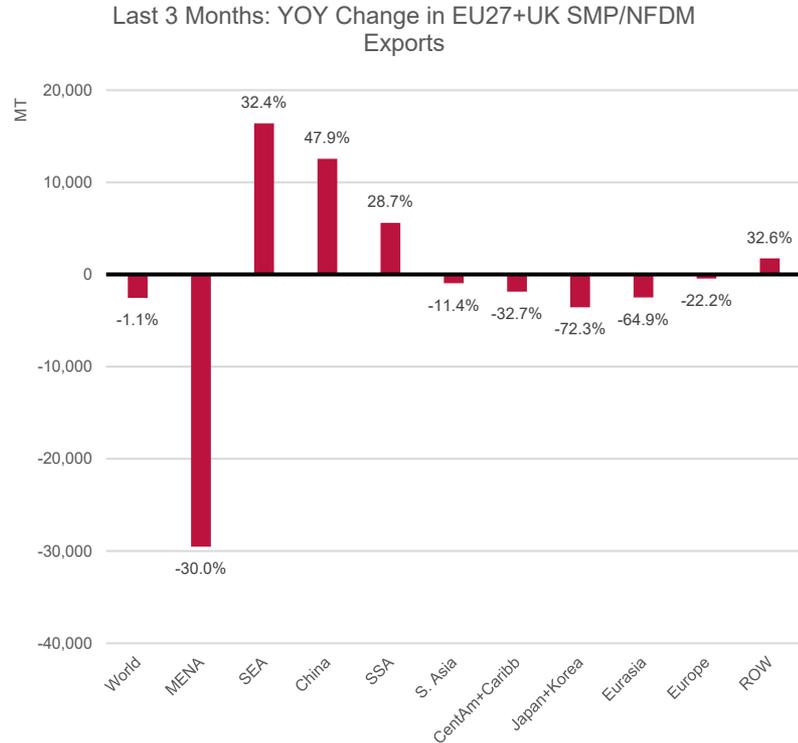
YOY Change in Global SMP/NFDM Trade: Latest Month (May), Ranked by Largest Market



Global SMP/NFDM Trade: Latest Month (May)

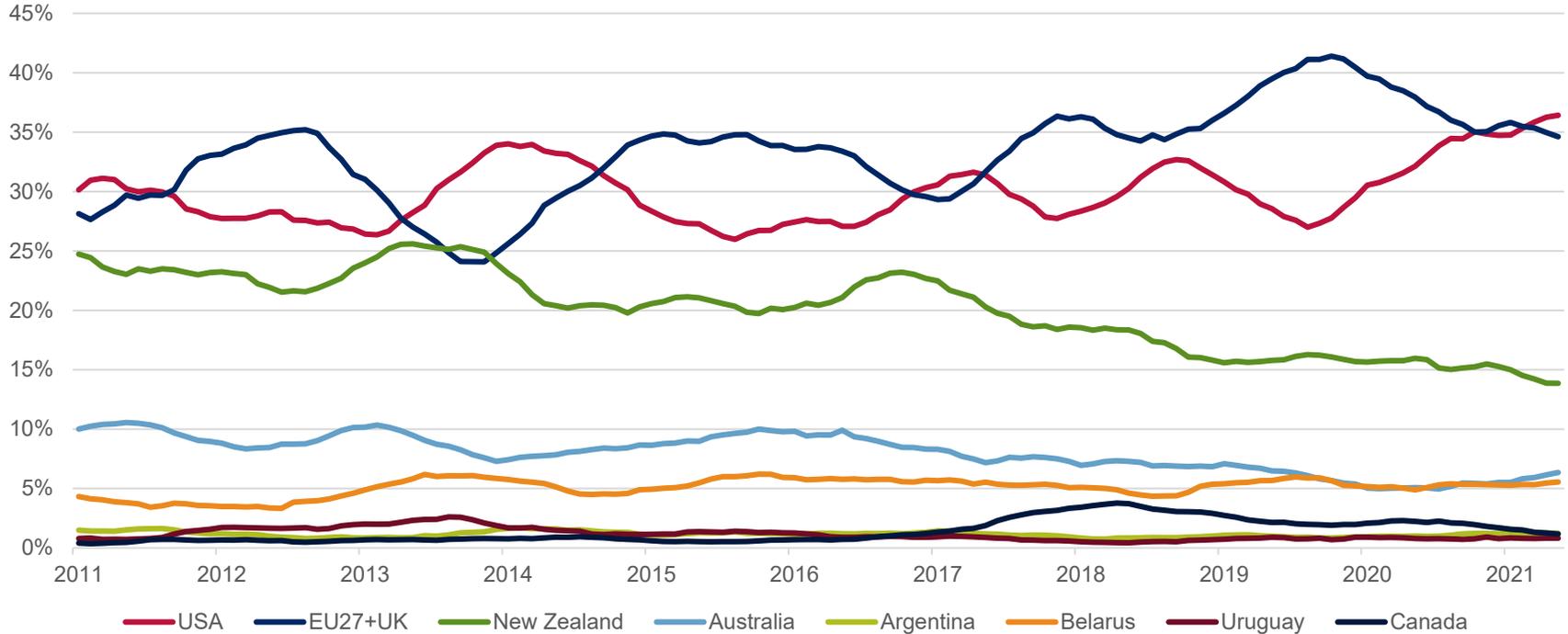


Trade Flows: NFDMSMP



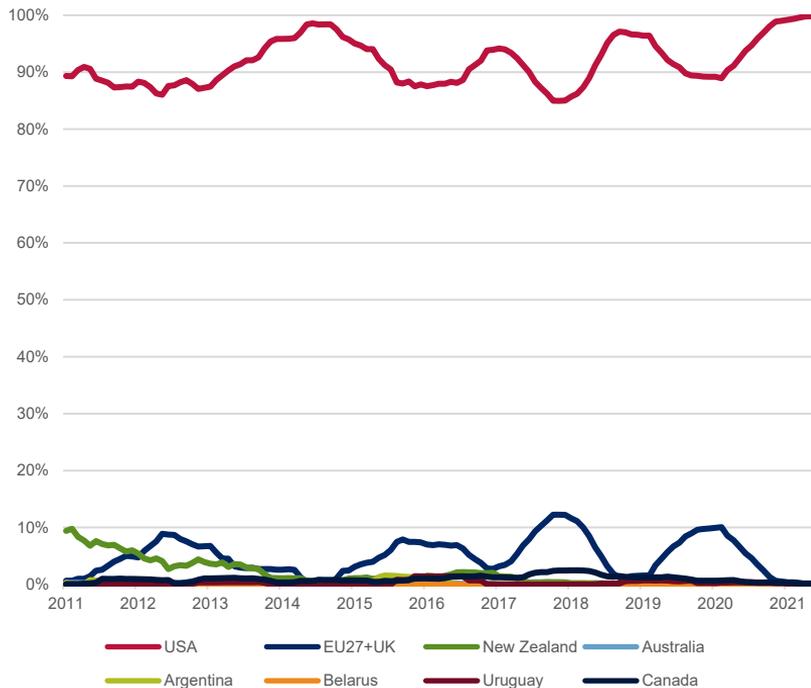
Trade Flows: NFDMSMP

SMP/NFDM Market Share in World (Rolling 12 Months)

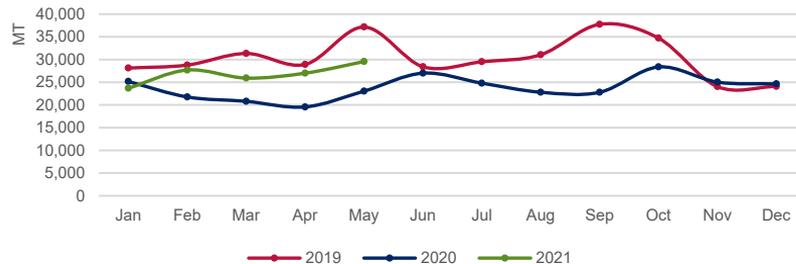


Mexico

SMP/NFDM Market Share in Mexico (Rolling 12 Months)



Monthly Global Exports of SMP/NFDM to Mexico (30-Day Months)

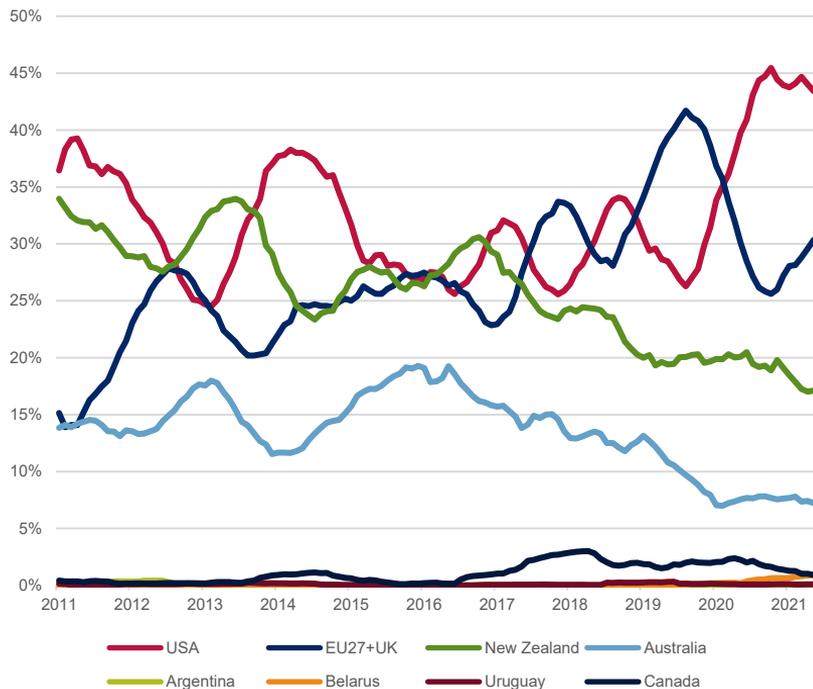


Global SMP/NFDM Exports to Mexico (Rolling 12 Months)

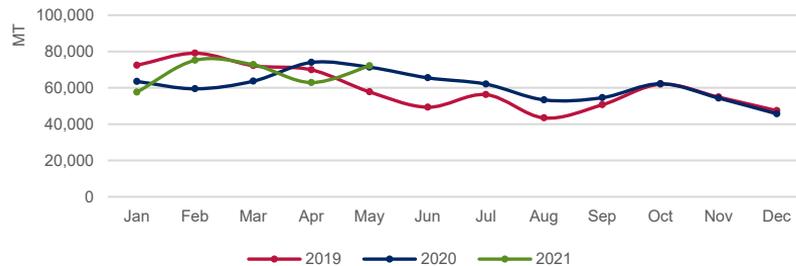


Southeast Asia

SMP/NFDM Market Share in SEA (Rolling 12 Months)



Monthly Global Exports of SMP/NFDM to SEA (30-Day Months)

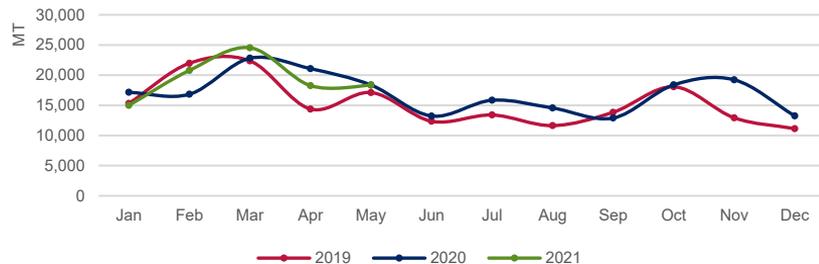


Global SMP/NFDM Exports to SEA (Rolling 12 Months)

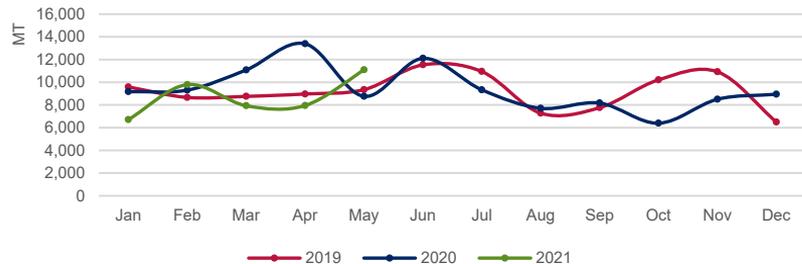


Southeast Asia: Country Breakdown

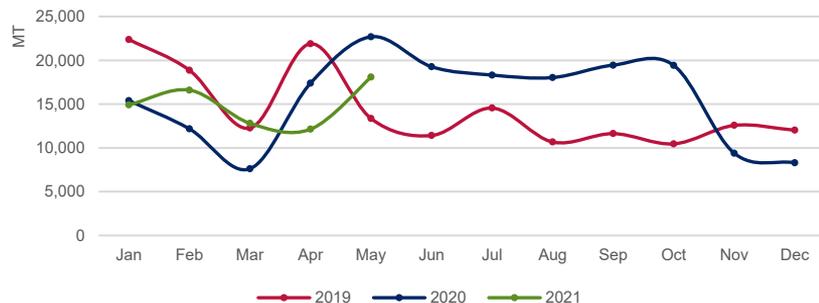
Monthly Global Exports of SMP/NFDM to Indonesia (30-Day Months)



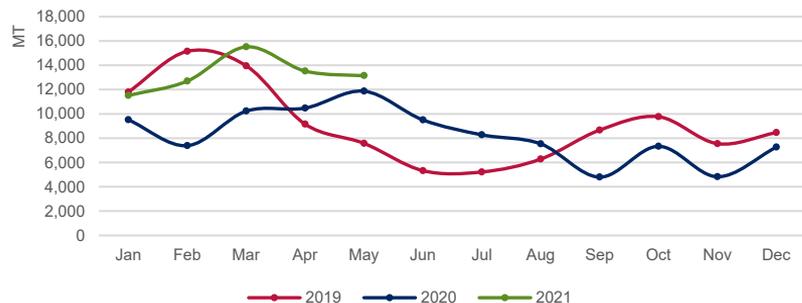
Monthly Global Exports of SMP/NFDM to Malaysia (30-Day Months)



Monthly Global Exports of SMP/NFDM to Philippines (30-Day Months)

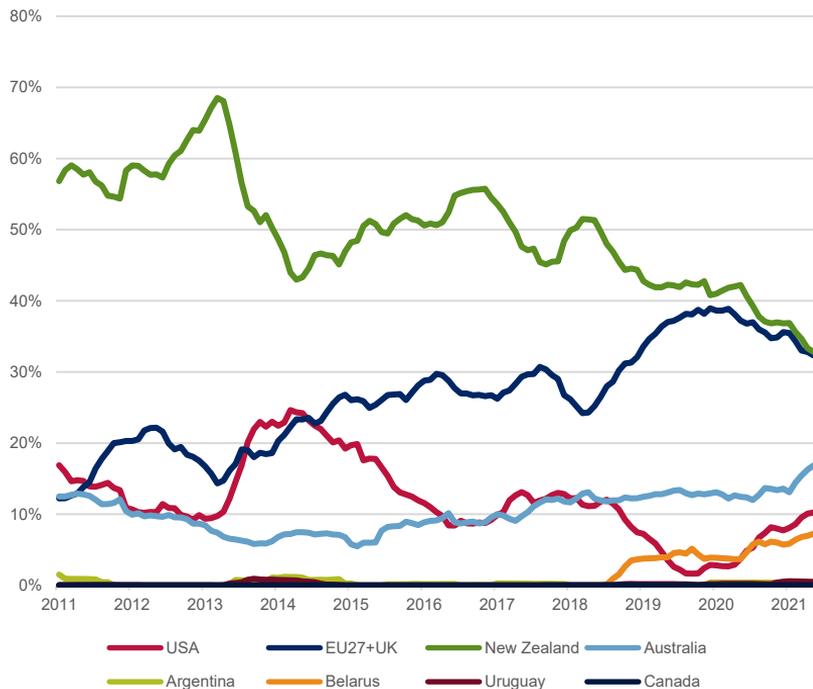


Monthly Global Exports of SMP/NFDM to Vietnam (30-Day Months)

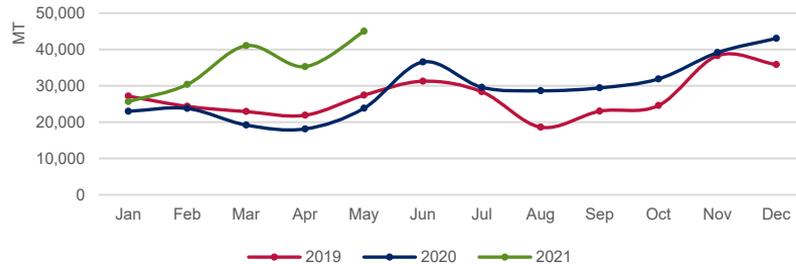


China

SMP/NFDM Market Share in China (Rolling 12 Months)



Monthly Global Exports of SMP/NFDM to China (30-Day Months)

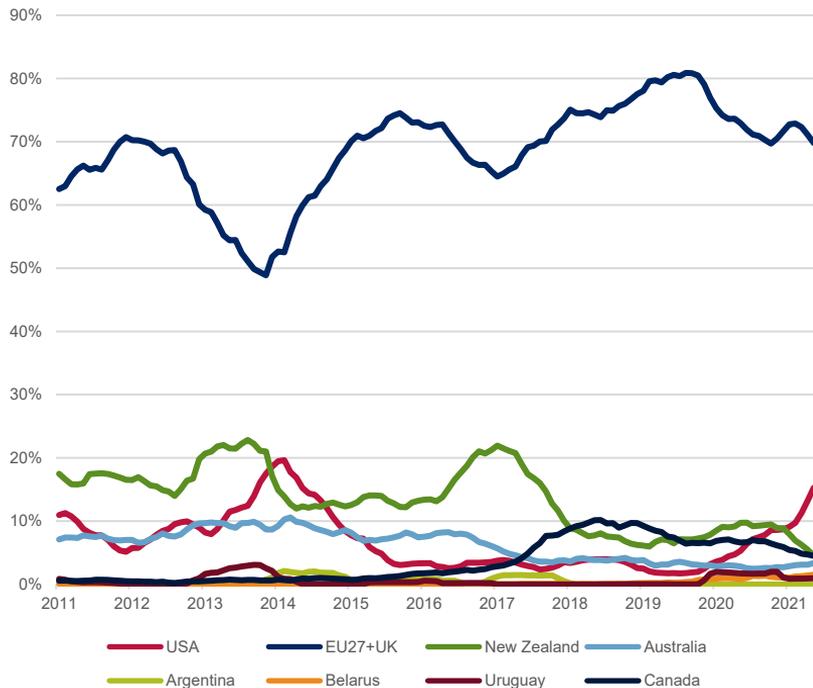


Global SMP/NFDM Exports to China (Rolling 12 Months)



MENA

SMP/NFDM Market Share in MENA (Rolling 12 Months)



Monthly Global Exports of SMP/NFDM to MENA (30-Day Months)



Global SMP/NFDM Exports to MENA (Rolling 12 Months)





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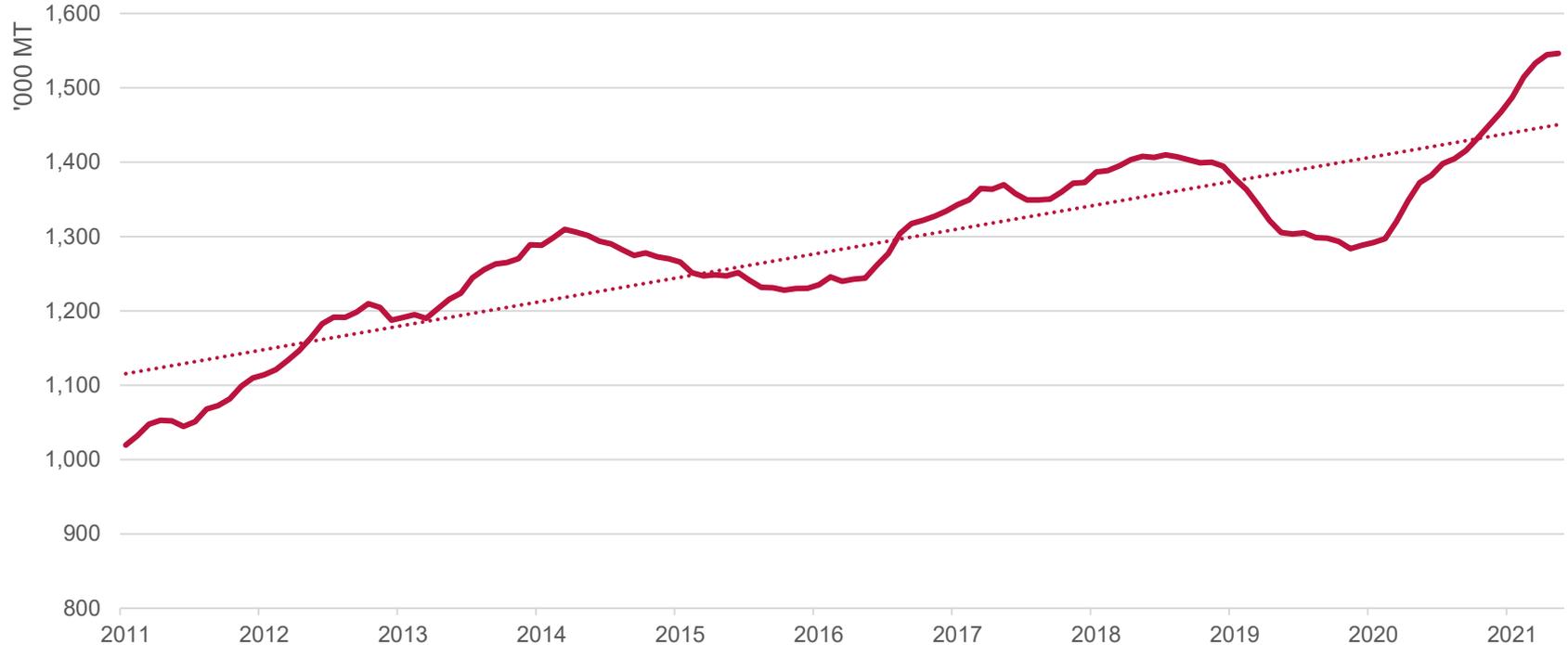
Whey Products (0404.10)

Market Commentary

- **Overview:** Global whey trade under the HS code 0404.10 (predominantly low protein whey, incl. sweet/acid whey, permeate, demin and WPC34) notched another month of growth driven by China. However, the pace of growth slowed significantly as global trade grew just 1% (+1,691 MT) in May. Trade to Southeast Asia fell sharply (-8%, -3,423 MT), but given that April had the highest monthly volume for low protein whey trade to the region ever and May 2020 was the strongest month for the last year, shipping times, port delays and comparisons are more likely the culprit for the drop in trade than weak underlying demand.
- **Key Takeaway:** We said last month that we may have seen the first indication of decelerating low protein whey demand in China, which had declined month-to-month from March to April. Unfortunately, we got an even clearer sign of this trend in May. May whey trade to China declined further month-to-month even as exports remained positive year-over-year. Still, year-over-year trade to China was only up 6% (+3,149 MT), the slowest growth in the post-African Swine Fever (ASF) boom, and it was the lowest monthly figure since October 2020. While we certainly expected China's demand to decelerate over the course of 2021 and we should never react too much to just one month of data, May's data should be a signal that China's appetite for whey at very high prices is not insatiable.
- **Competitor Assessment:** Competition in the Chinese whey market remains fierce. Europe's share has declined some as U.S. volumes have returned to pre-retaliatory tariff, pre-ASF levels, but Belarus and Argentina maintain a foothold. Europe's focus on cheese this spring has naturally meant greater whey volumes exported by the bloc. Still as most cheese capacity expansions focused on high protein production for the whey stream, we can expect the European growth in low-protein whey has been (and will continue to be) centered around permeate and lactose over sweet whey or demin.
- **Looking Ahead:** The deterioration of pork prices within China combined with high feed prices has certainly dampened margins for pork production (and thus appetite for expansion) within China. The fall in pork prices was likely caused by the ASF outbreaks across the country this spring as at-risk and infected pigs were processed, resulting in a supply glut. As the glut works its way through the system, prices should recover in the long-run, thus incentivizing expansion. However, we want to highlight that the deceleration in May trade came prior to most of the deterioration in pork prices so slower export growth is expected in the short-term. Long-term (beyond 2021), we're still bullish that Chinese whey demand should continue to grow well above pre-ASF levels, but it is likely to be a bumpy ride for the country.

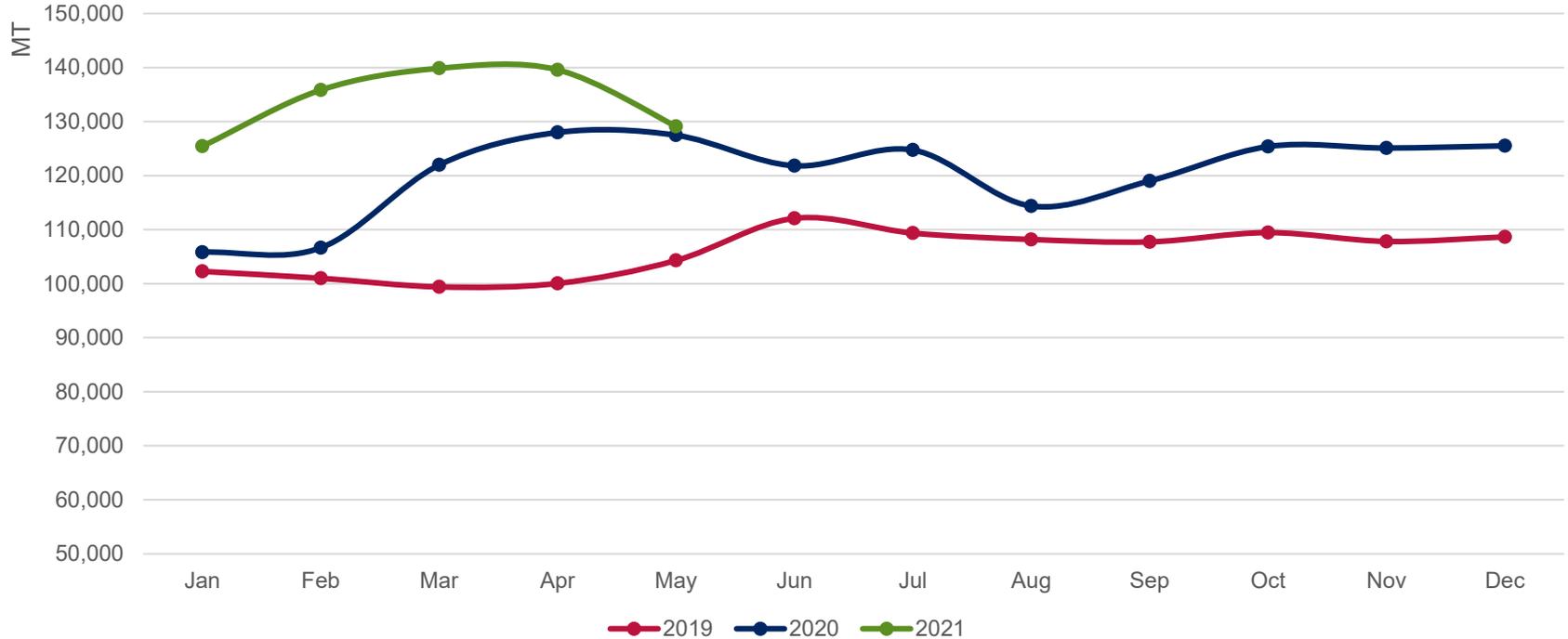
Global Overview: Whey (0404.10)

Global Whey (0404.10) Exports to World (Rolling 12 Months)



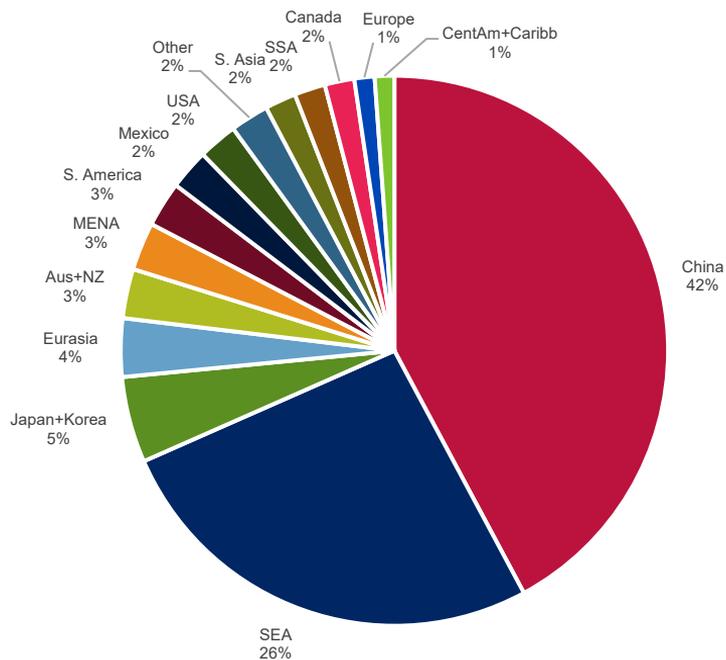
Global Overview: Whey (0404.10)

Monthly Global Exports of Whey (0404.10) to World (30-Day Months)

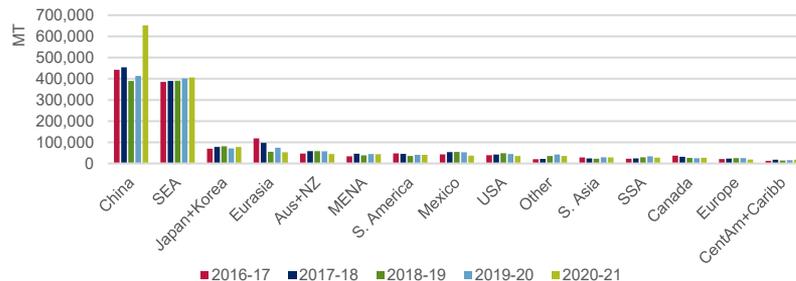


Global Overview: Whey (0404.10) – Last 12 Months

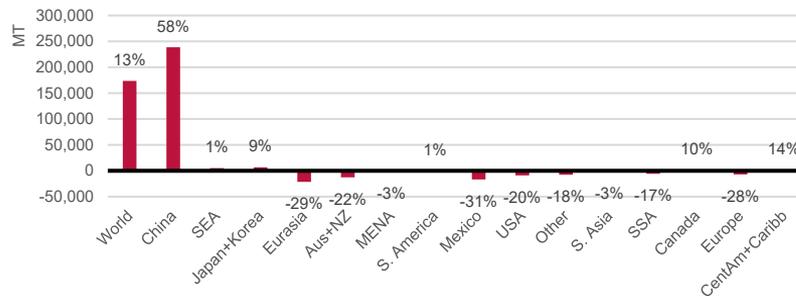
Global Whey (0404.10) Trade: L12M, Ranked by Largest Market



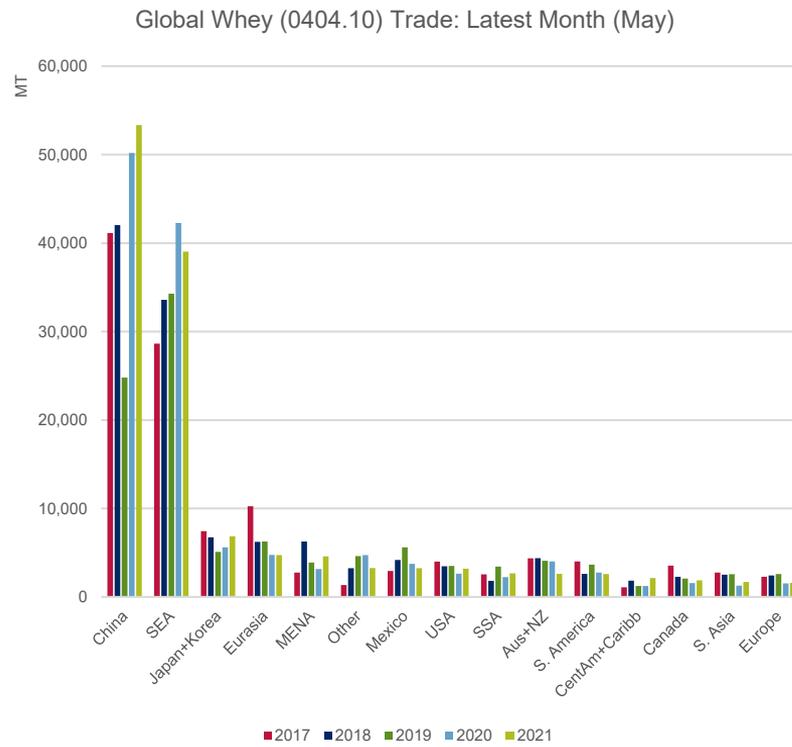
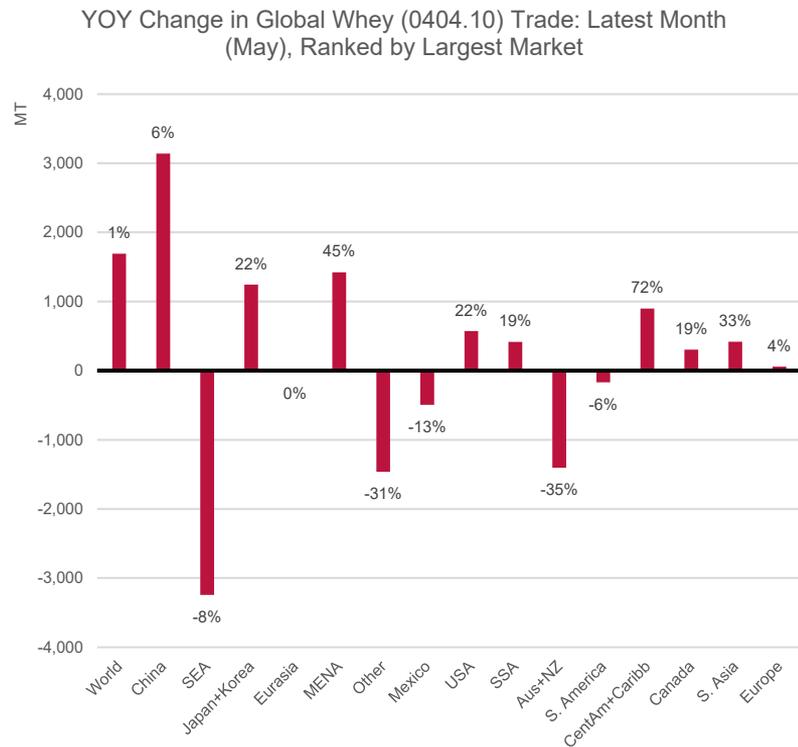
Global Whey (0404.10) Trade: Last 12 Months, Ending May



YOY Change in Global Whey (0404.10) Trade: L12M, Ranked by Largest Market

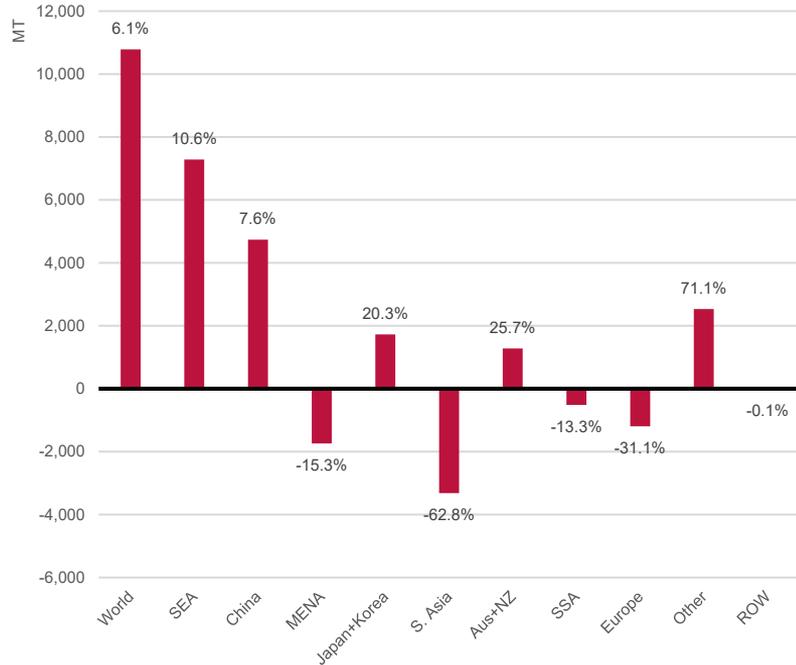


Global Overview: Whey (0404.10) – Latest Data

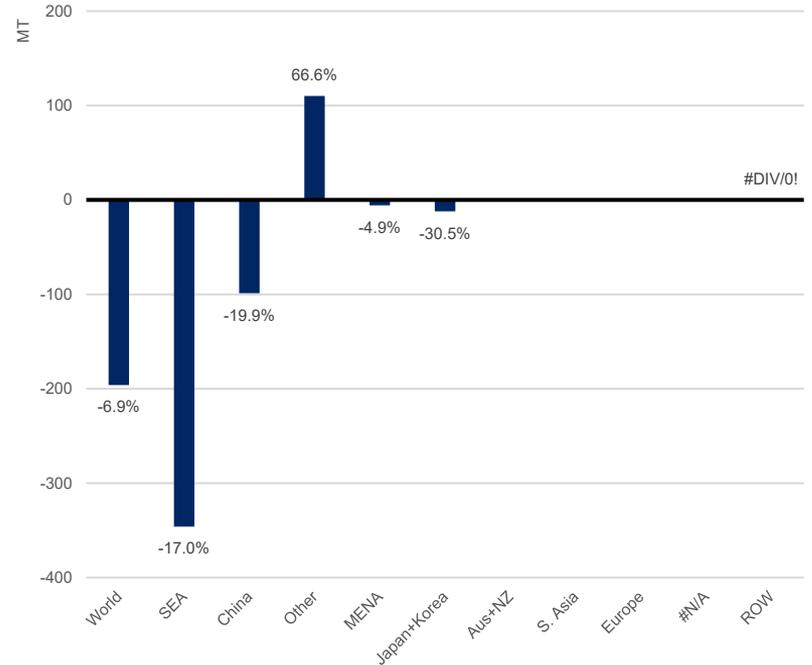


Trade Flows: Whey (0404.10)

Last 3 Months: YOY Change in EU27+UK Whey (0404.10)
Exports

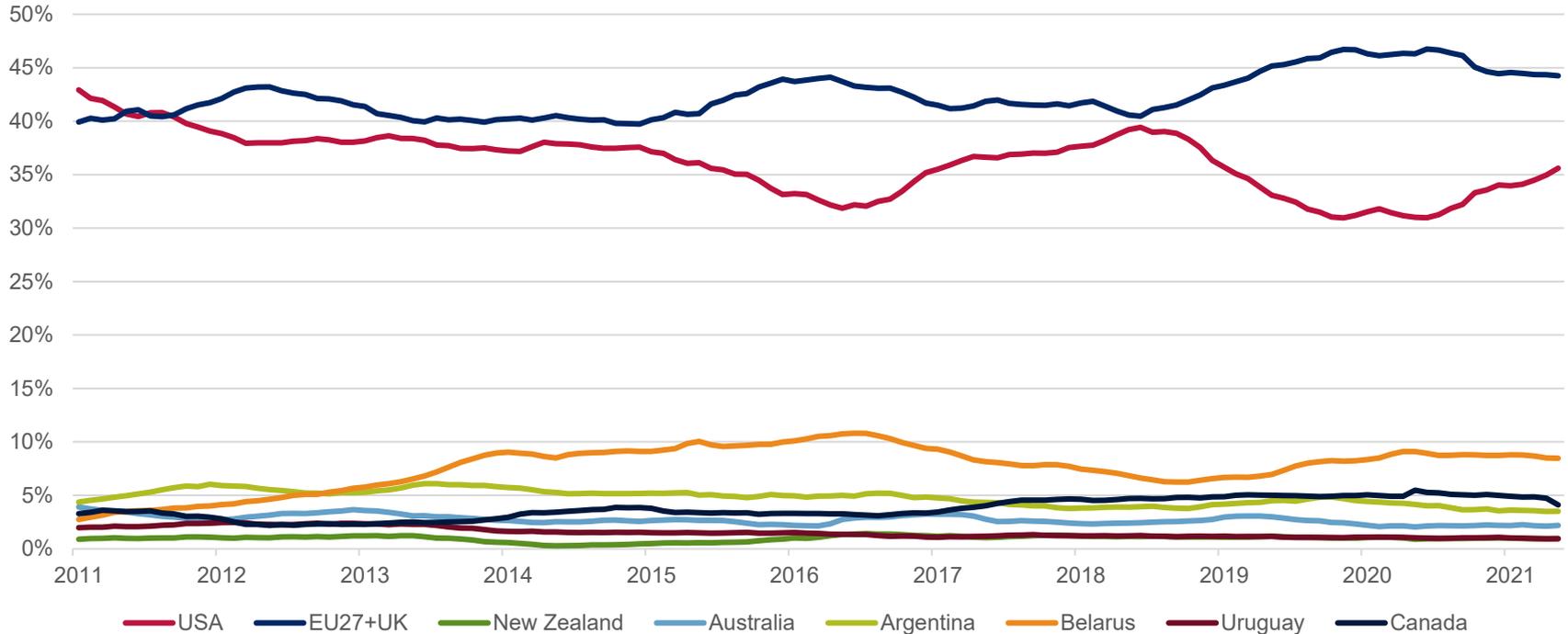


Last 3 Months: YOY Change in New Zealand Whey (0404.10)
Exports



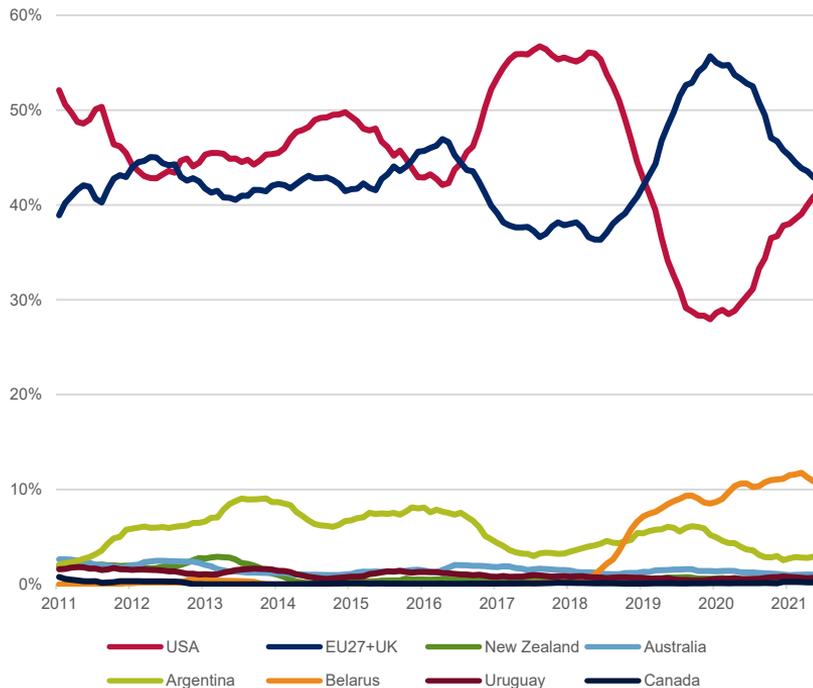
Trade Flows: Whey Products

Whey (0404.10) Market Share in World (Rolling 12 Months)

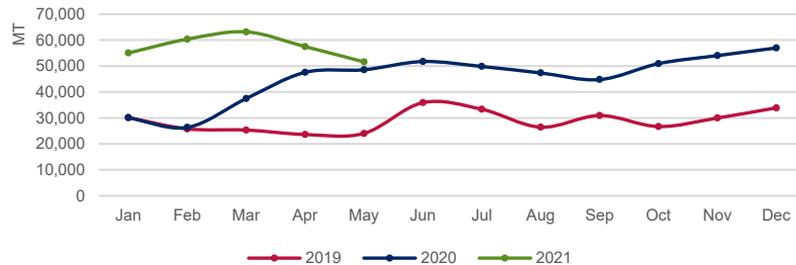


China

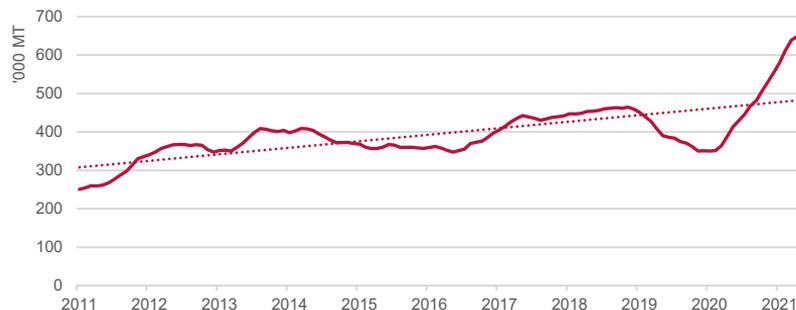
Whey (0404.10) Market Share in China (Rolling 12 Months)



Monthly Global Exports of Whey (0404.10) to China (30-Day Months)

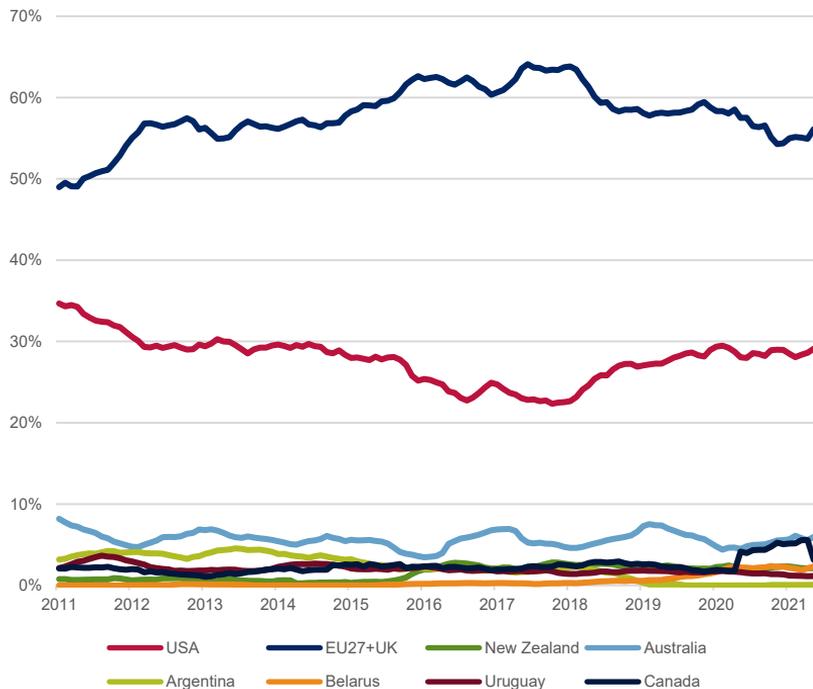


Global Whey (0404.10) Exports to China (Rolling 12 Months)

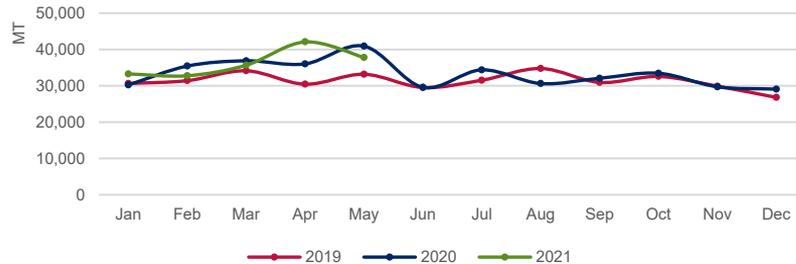


Southeast Asia

Whey (0404.10) Market Share in SEA (Rolling 12 Months)



Monthly Global Exports of Whey (0404.10) to SEA (30-Day Months)

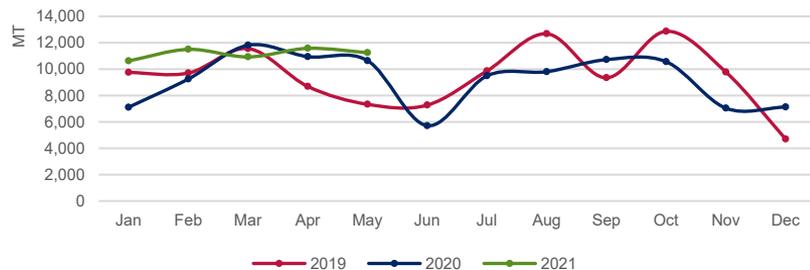


Global Whey (0404.10) Exports to SEA (Rolling 12 Months)

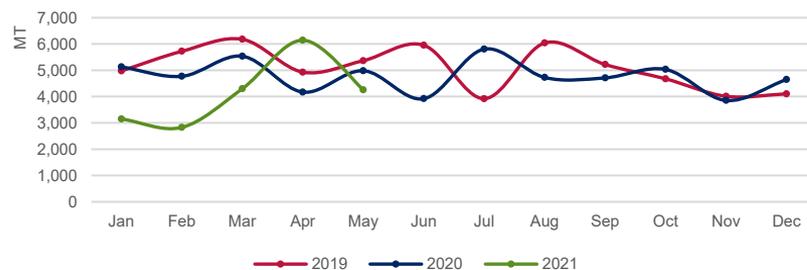


Southeast Asia: Country Breakdown

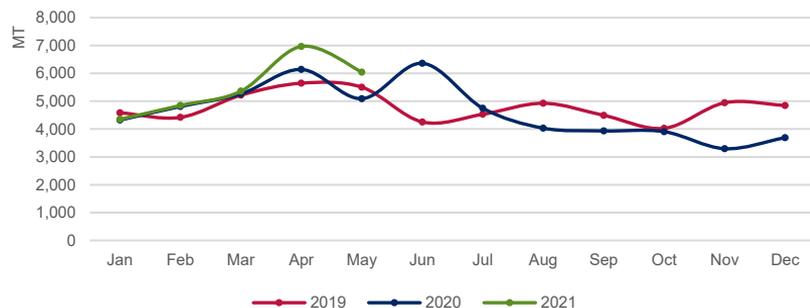
Monthly Global Exports of Whey (0404.10) to Indonesia (30-Day Months)



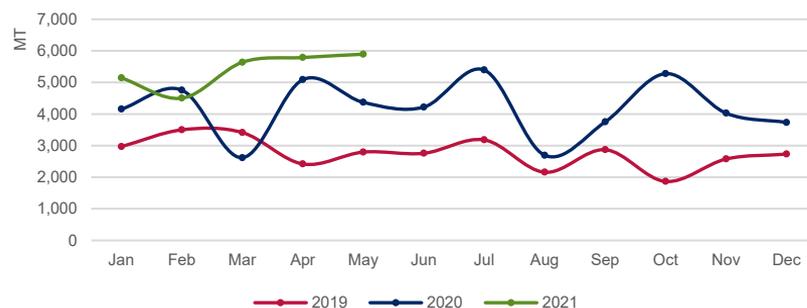
Monthly Global Exports of Whey (0404.10) to Philippines (30-Day Months)



Monthly Global Exports of Whey (0404.10) to Thailand (30-Day Months)



Monthly Global Exports of Whey (0404.10) to Vietnam (30-Day Months)





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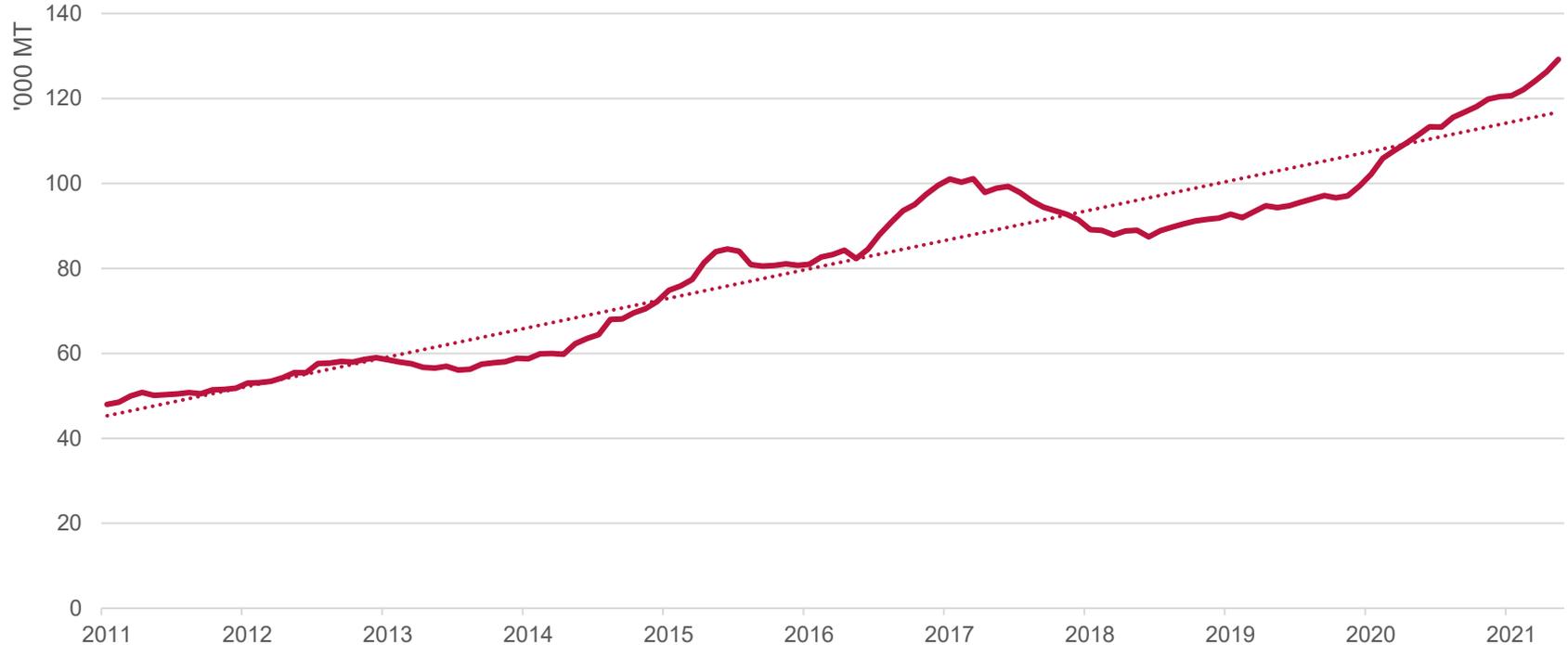
WPC80+ (3502.20)

Market Commentary

- **Overview:** Global demand for protein concentrates remained strong into May with WPC80+ up 28% (+2,943 MT). If you add in milk proteins, caseins and caseinates together, the picture becomes even stronger with the aggregate of those products up 32% (+13,860 MT), reflecting the robust demand (and high prices) for protein today. Focusing just on WPC80+, global trade of WPC80+ was seemingly the only product category not driven by China. Total WPC80+ trade to China was down 10% (-382 MT), but other buyers picked up the slack, particularly Japan (+758 MT) and India (+1,076 MT).
- **Key Takeaway:** Even as U.S. access to the Indian market remains hampered by non-tariff barriers, U.S. competitors are still able to access the market. Overall, demand in the country is running well above prior year levels in 2021 (+43%, +1,913 MT YTD) with Europe as the preeminent supplier. While having equal access for the U.S. in the market is obviously preferable, strong demand growth in the country is keeping Europe occupied, enabling the U.S. to not only capture a plurality of the market, but also expand market share in China, Japan, Singapore, and South Korea.
- **Competitor Assessment:** Globally, with expanded cheese production in Europe and recent capacity investments in WPC80 and WPI, Europe continues to be the primary competitor to the U.S. in high protein whey. This continued in May as European WPC80+ exports grew by 18% (+576 MT). Year-to-date, Europe has focused primarily on the Indian market (mentioned above) alongside Japan (+1,432 MT) and Singapore (+692 MT).
- **Looking Ahead:** Global demand for protein is expected to remain firm as vaccines are distributed and consumers prioritize health both in the midst of the pandemic and as we begin to look to the future. Much of the growth has been concentrated in East Asia with China and Japan leading the way and South Korea not far behind. While China's WPC80+ growth can be partially explained by a policy and industry shift to produce infant formula domestically (global IF shipments to China have declined by 18% over the past 12 months), the overall demand landscape for high quality protein, healthy eating, and nutrition in the aftermath of a global pandemic is very favorable to the United States.

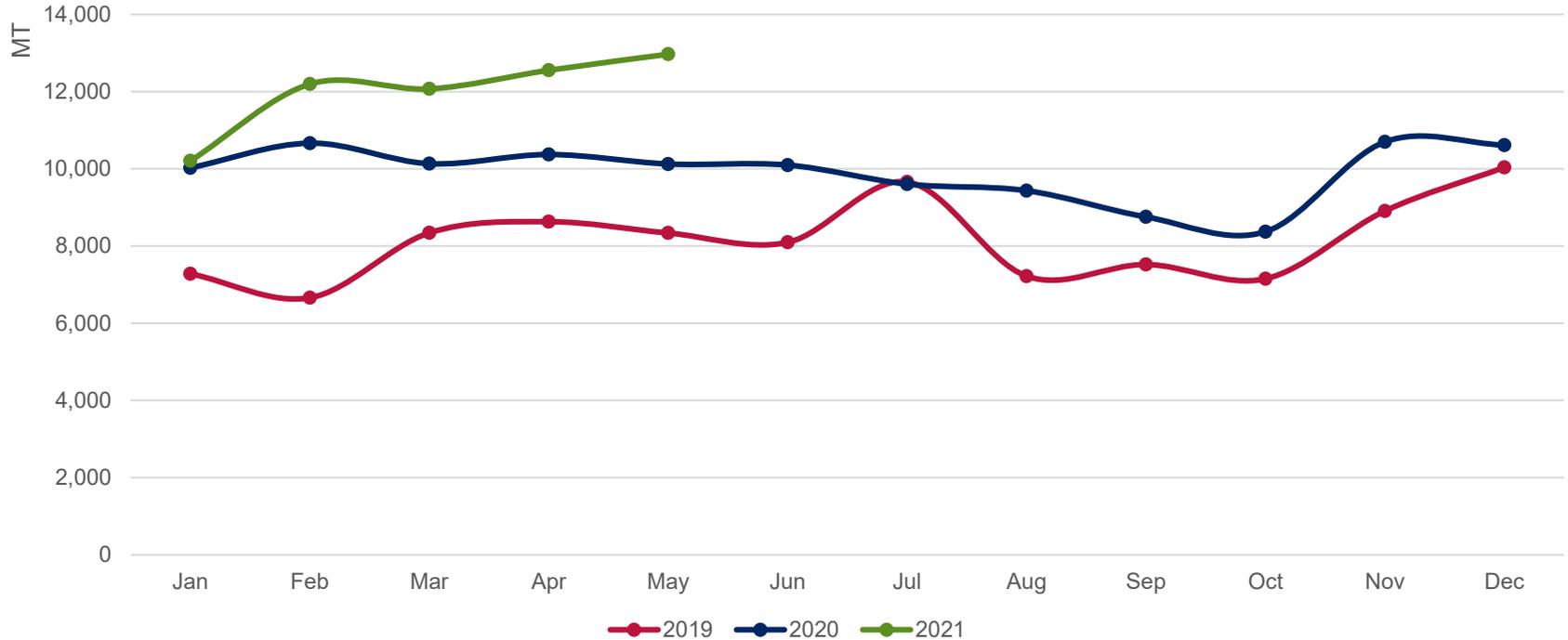
Global Overview: WPC80+

Global WPC80+ Exports to World (Rolling 12 Months)



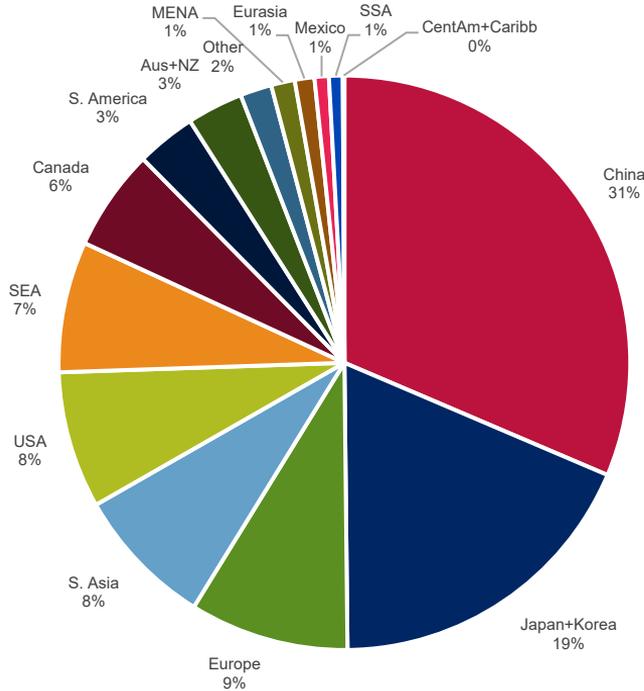
Global Overview: WPC80+

Monthly Global Exports of WPC80+ to World (30-Day Months)

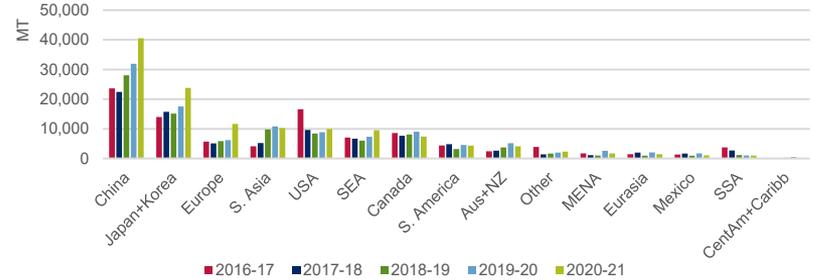


Trade Flows: WPC80+

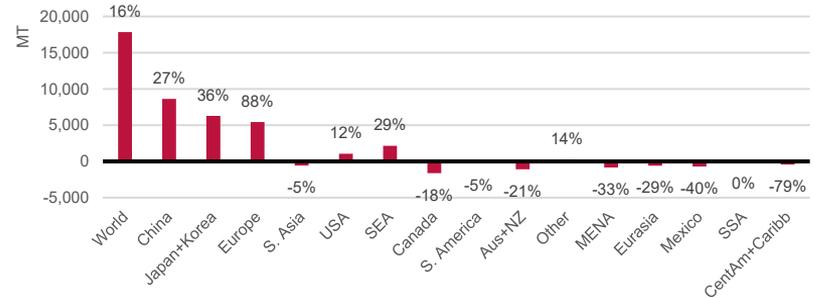
Global WPC80+ Trade: L12M, Ranked by Largest Market



Global WPC80+ Trade: Last 12 Months, Ending May



YOY Change in Global WPC80+ Trade: L12M, Ranked by Largest Market

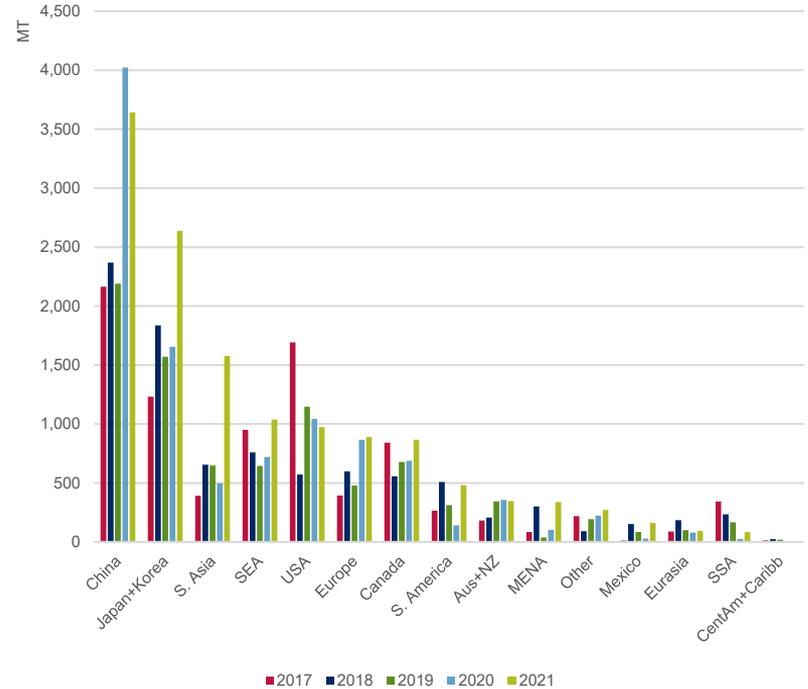


Global Overview: WPC80+ – Latest Data

YOY Change in Global WPC80+ Trade: Latest Month (May), Ranked by Largest Market

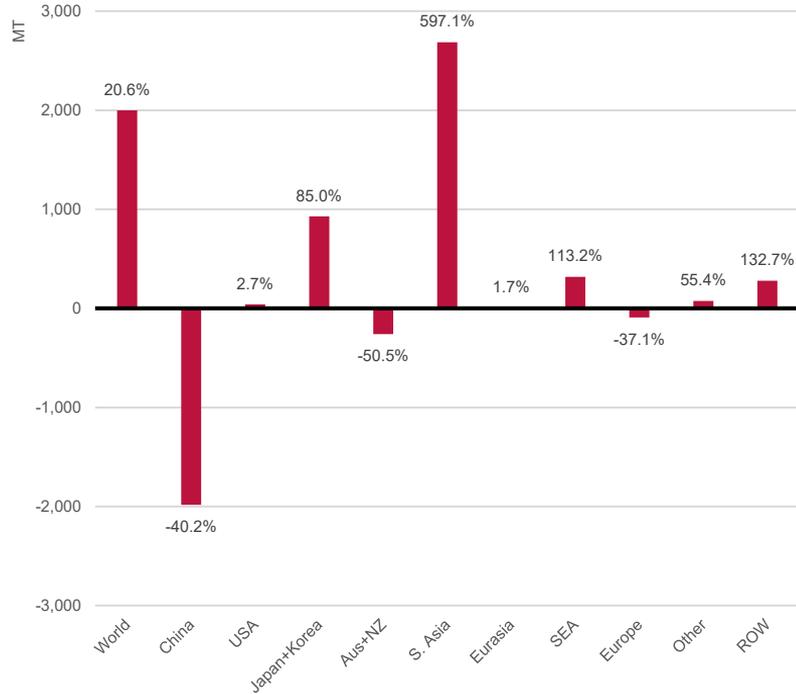


Global WPC80+ Trade: Latest Month (May)

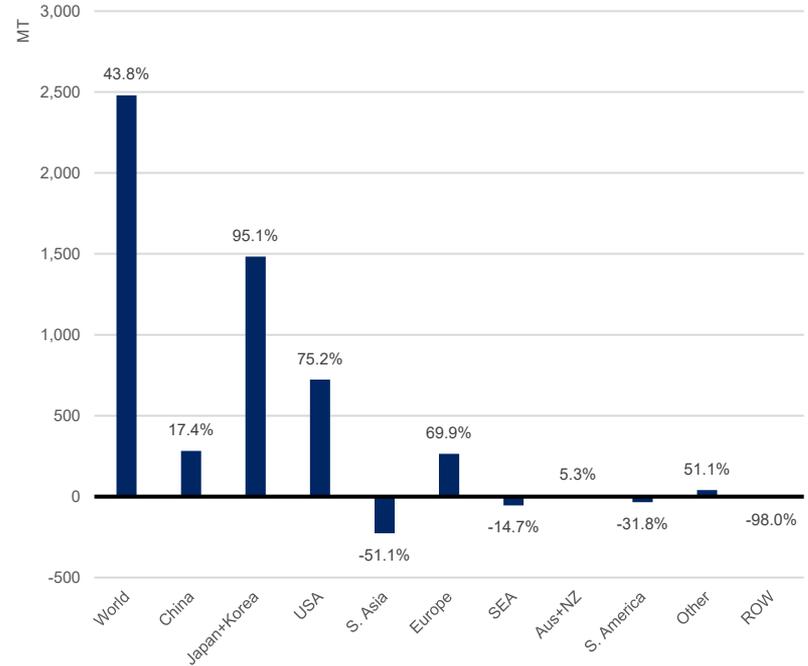


Trade Flows: WPC80+

Last 3 Months: YOY Change in EU27+UK WPC80+ Exports

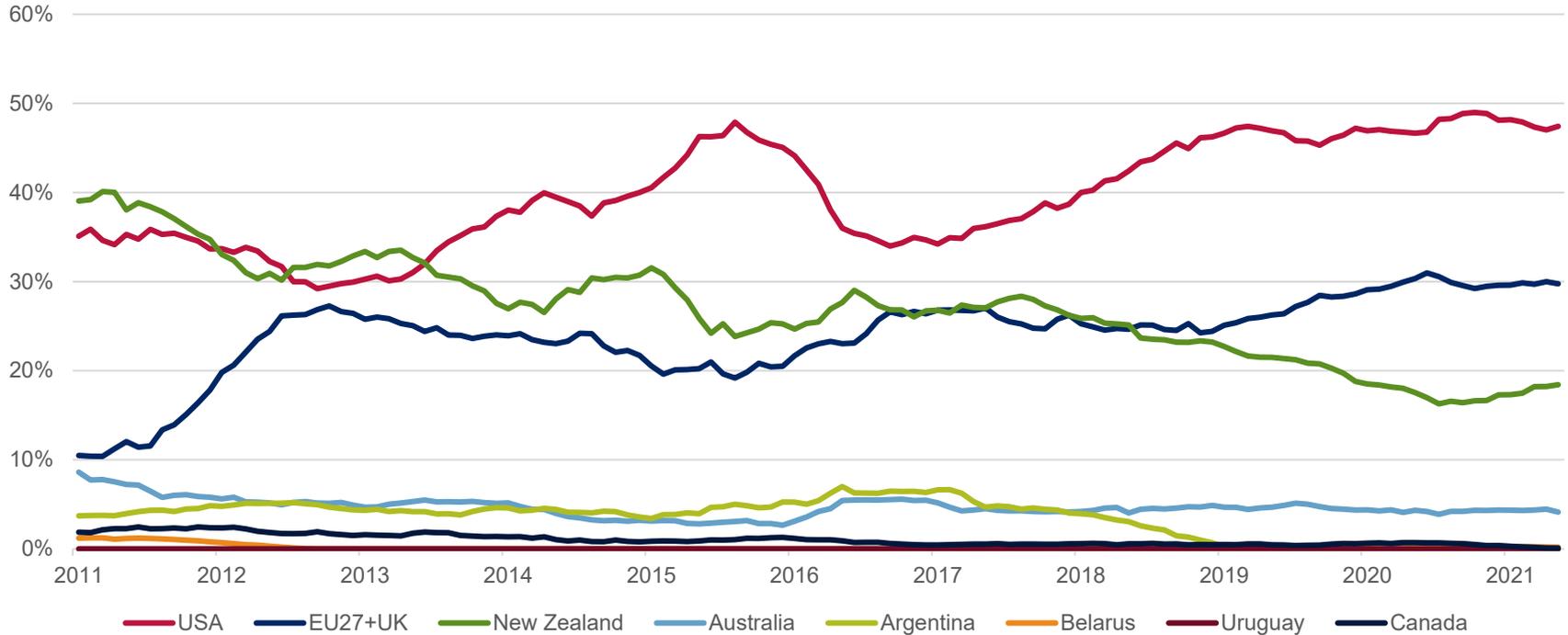


Last 3 Months: YOY Change in New Zealand WPC80+ Exports



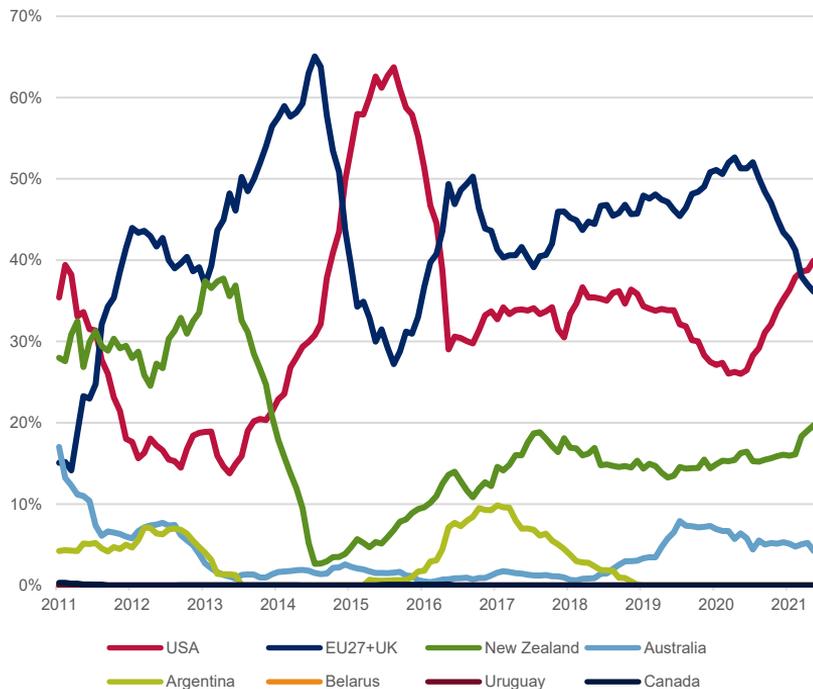
Trade Flows: WPC80+

WPC80+ Market Share in World (Rolling 12 Months)

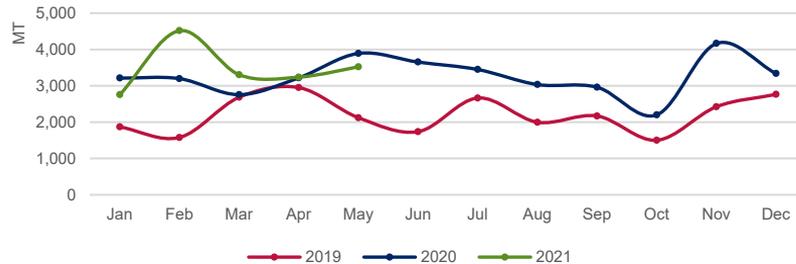


China

WPC80+ Market Share in China (Rolling 12 Months)



Monthly Global Exports of WPC80+ to China (30-Day Months)

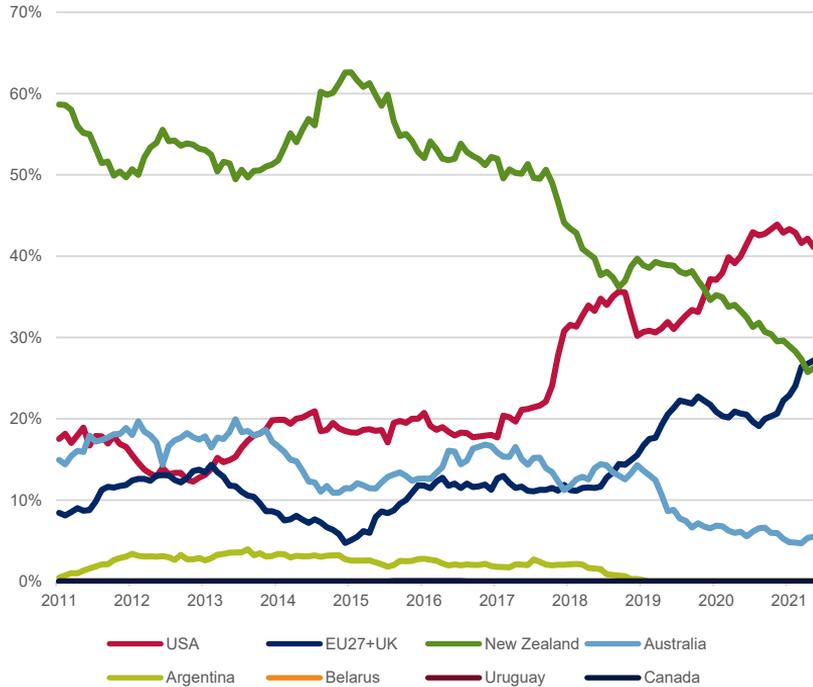


Global WPC80+ Exports to China (Rolling 12 Months)

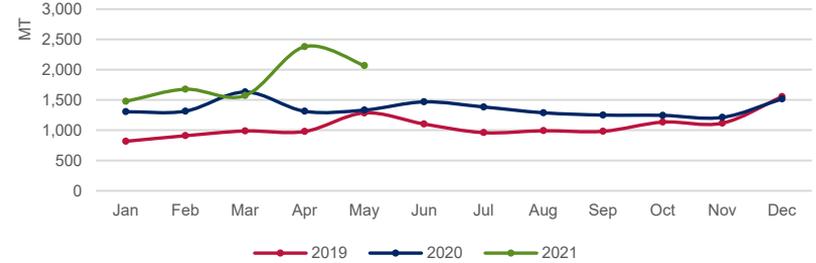


Japan

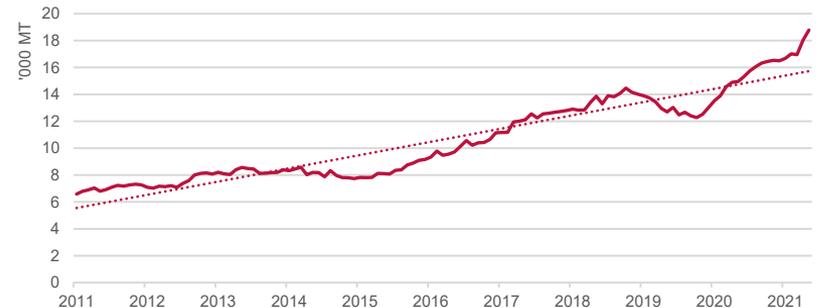
WPC80+ Market Share in Japan (Rolling 12 Months)



Monthly Global Exports of WPC80+ to Japan (30-Day Months)

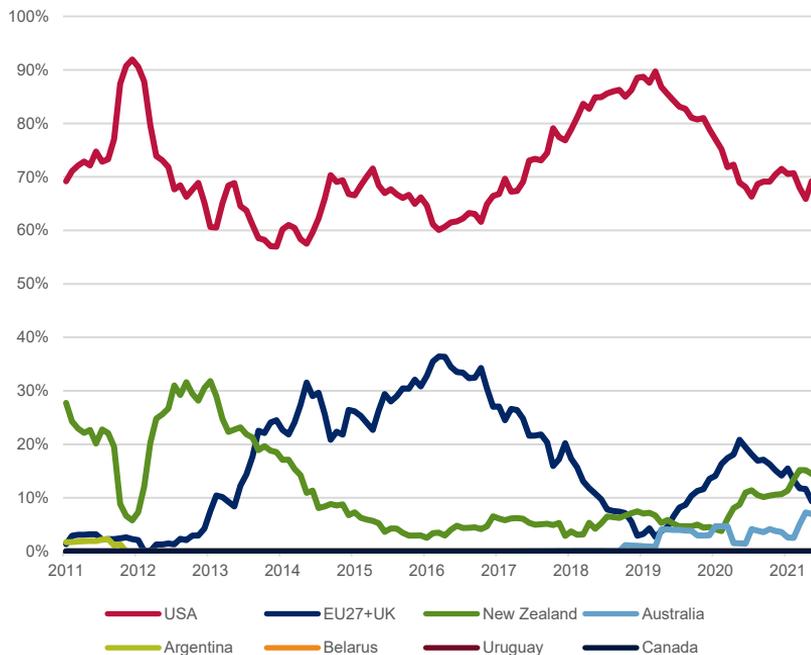


World WPC80+ Exports to Japan

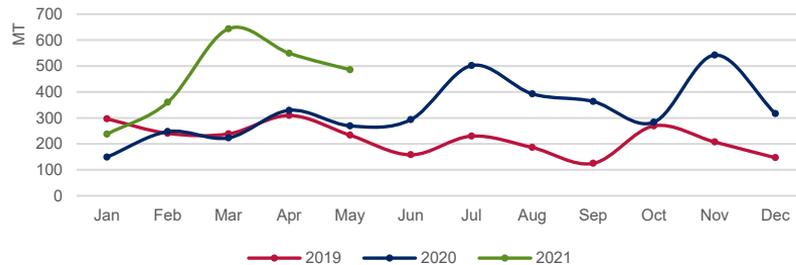


Korea

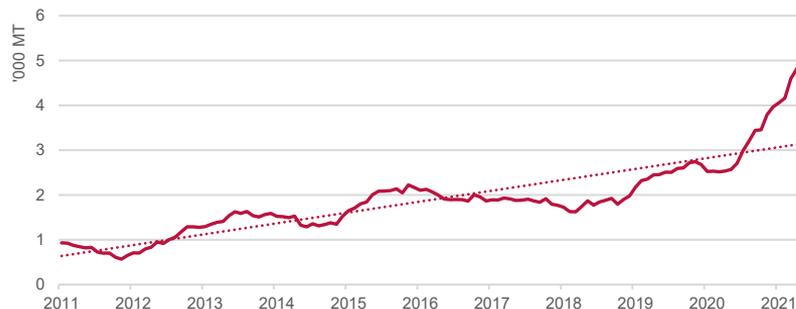
WPC80+ Market Share in South Korea (Rolling 12 Months)



Monthly Global Exports of WPC80+ to South Korea (30-Day Months)

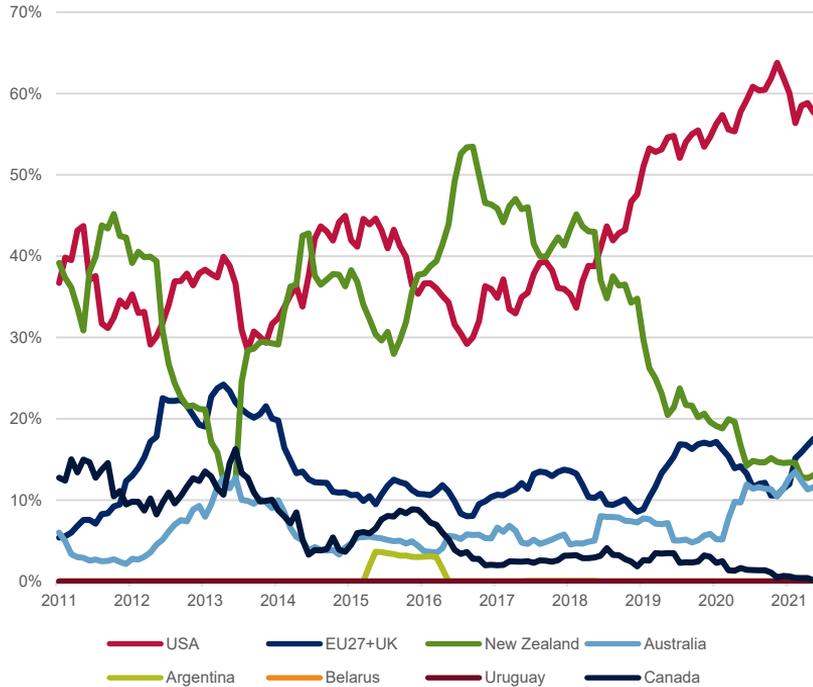


World WPC80+ Exports to South Korea

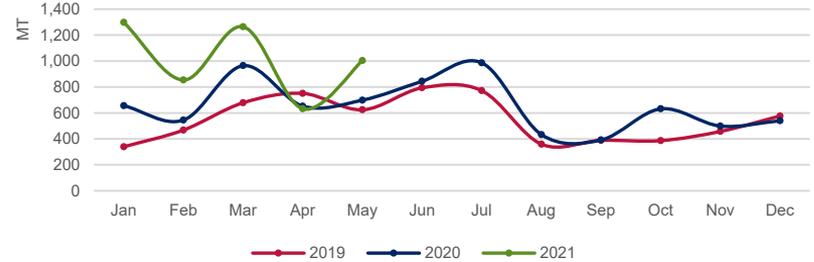


Southeast Asia

WPC80+ Market Share in SEA (Rolling 12 Months)



Monthly Global Exports of WPC80+ to SEA (30-Day Months)

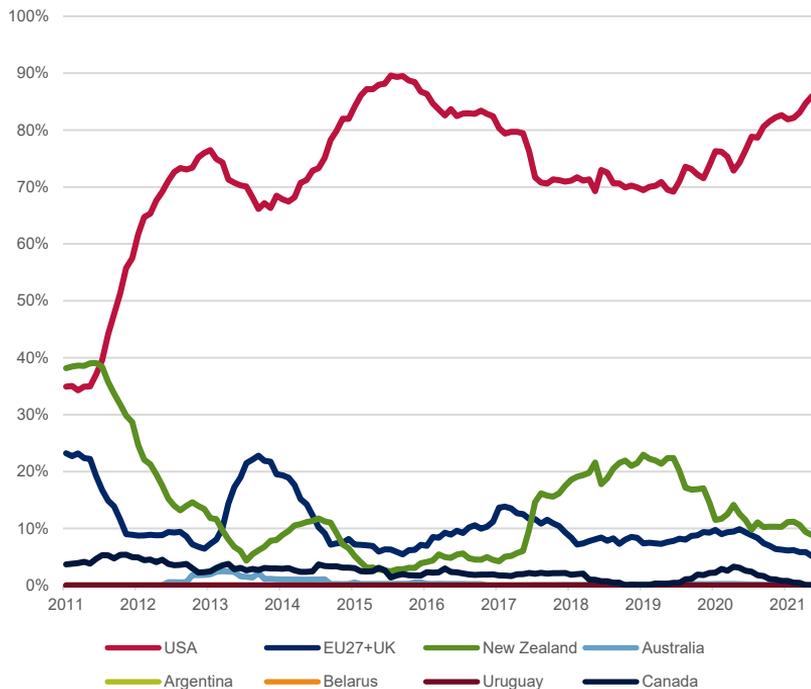


Global WPC80+ Exports to SEA (Rolling 12 Months)

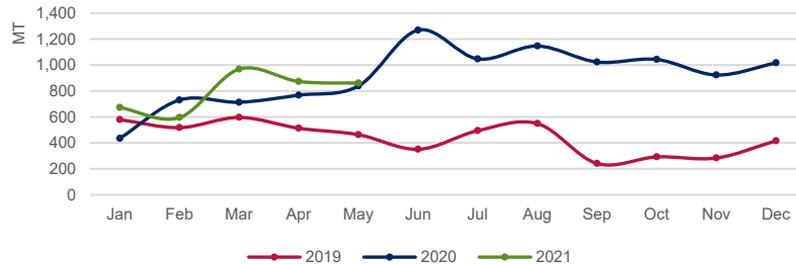


Europe

WPC80+ Market Share in Europe (Rolling 12 Months)



Monthly Global Exports of WPC80+ to Europe (30-Day Months)



Global WPC80+ Exports to Europe (Rolling 12 Months)





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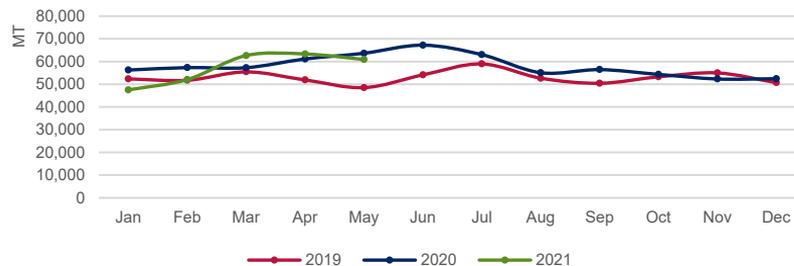
Other Dairy Products

Global Overview: Lactose

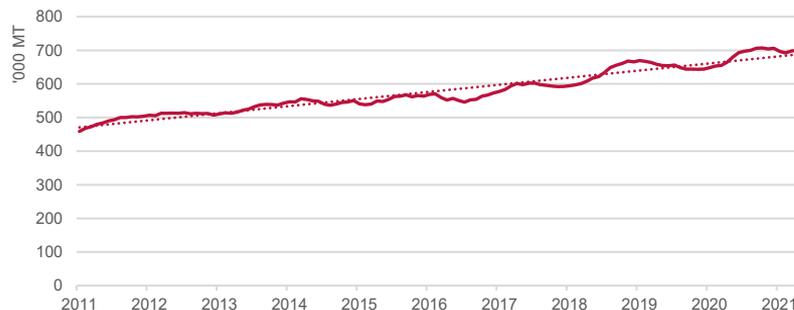
Key Takeaway: Global lactose trade is still centered around China as they continue to push domestically manufactured infant formula. However, similar to WPC80+ trade slowing to China, lactose volumes to the country also lagged in May, which suggests that China could be well-stocked for IF ingredients after a year of stocking up and consumers still preferring imported product.

- Evidently, Europe had far less lactose on hand in May 2021 compared to the prior year as EU exports of lactose fell by 8,097 MT. On the other hand, U.S. lactose exports grew by 1,278 MT. Still, the U.S. lactose shipments were sold at nearly a \$600/MT discount compared to the E.U. further emphasizing the difference in end uses by the two competitors (IF, pharma for the EU; confectionary, baking, and standardization for the U.S.).

Monthly Global Exports of Lactose to World (30-Day Months)

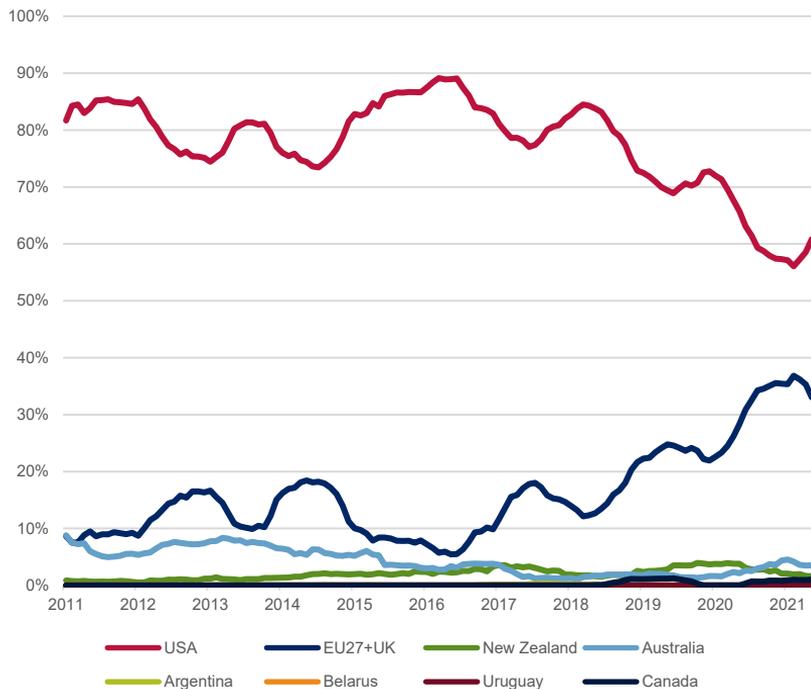


Global Lactose Exports to World (Rolling 12 Months)

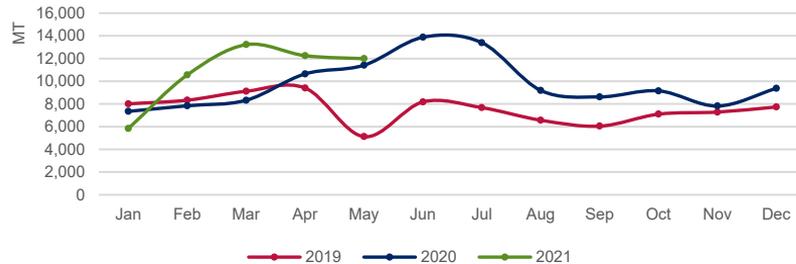


Lactose – China

Lactose Market Share in China (Rolling 12 Months)



Monthly Global Exports of Lactose to China (30-Day Months)



Global Lactose Exports to China (Rolling 12 Months)

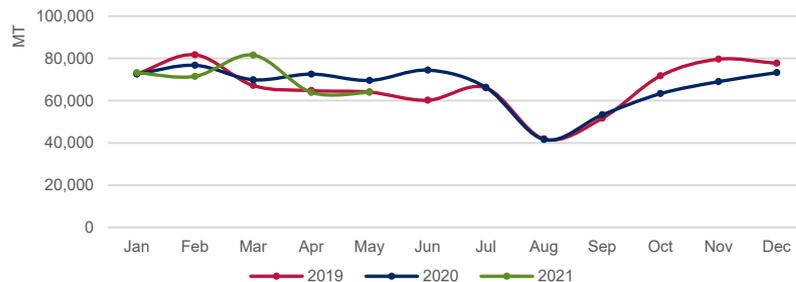


Global Overview: Butterfat

Key Takeaway: Global butterfat demand declined sharply in May (-8%, -5,769 MT). Most of that decline was reduced AMF volumes out of New Zealand to all regions. However, whereas most of those buyers switched to butter, MENA bought less of both products even as the U.S. shipped 1,368 MT more butter to the region than the same month in 2020.

- Average unit values for both butter and AMF in May were elevated compared to the past two years and butterfat trade is notoriously price-sensitive, so with GDT prices for butter falling sharply over the past several auctions, we should anticipate buyers to step up purchase volumes in the months ahead.

Monthly Global Exports of Butterfat to World (30-Day Months)

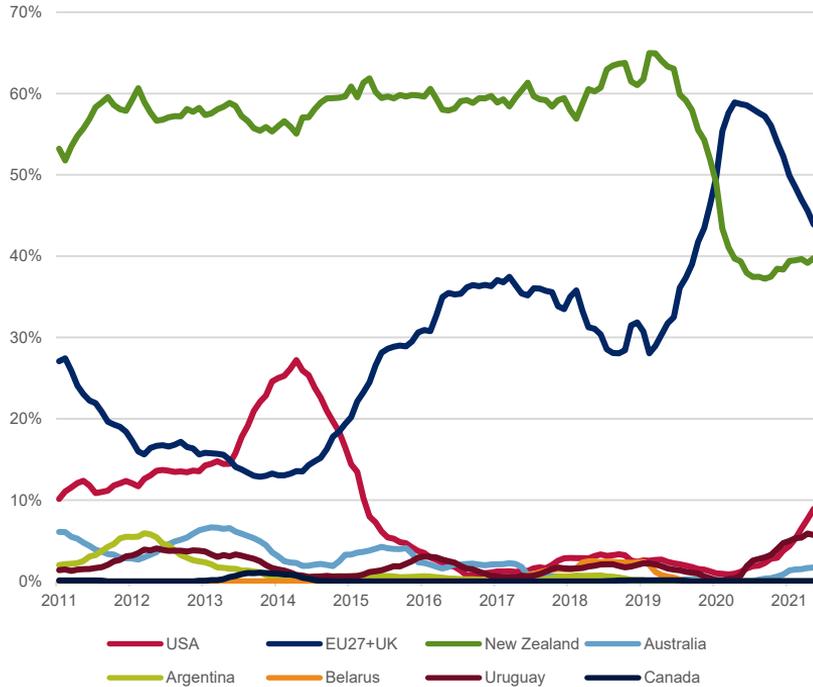


Global Butterfat Exports to World (Rolling 12 Months)

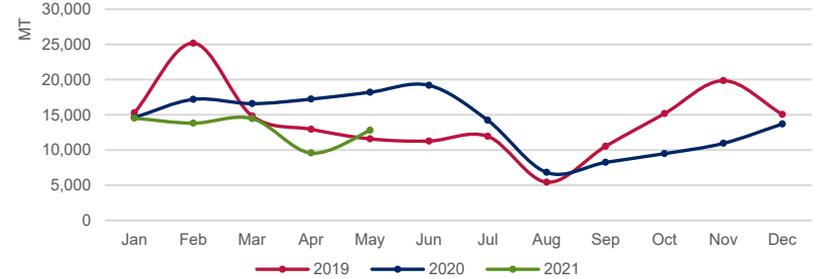


Butterfat – MENA

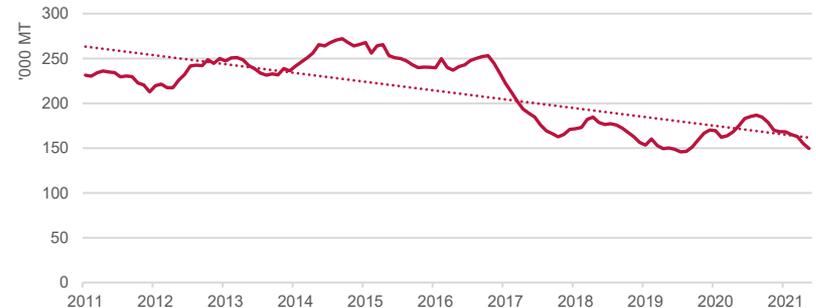
Butterfat Market Share in MENA (Rolling 12 Months)



Monthly Global Exports of Butterfat to MENA (30-Day Months)



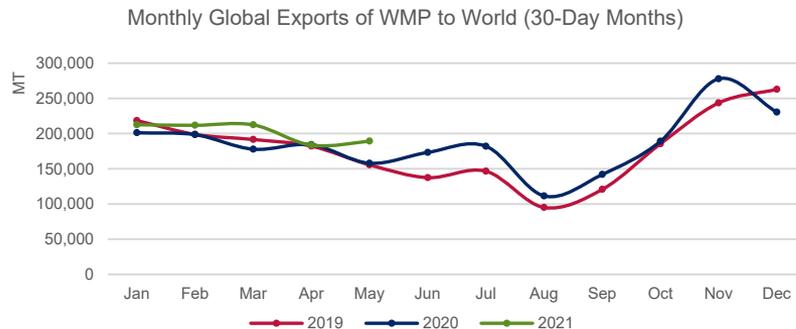
Global Butterfat Exports to MENA (Rolling 12 Months)



Global Overview: WMP

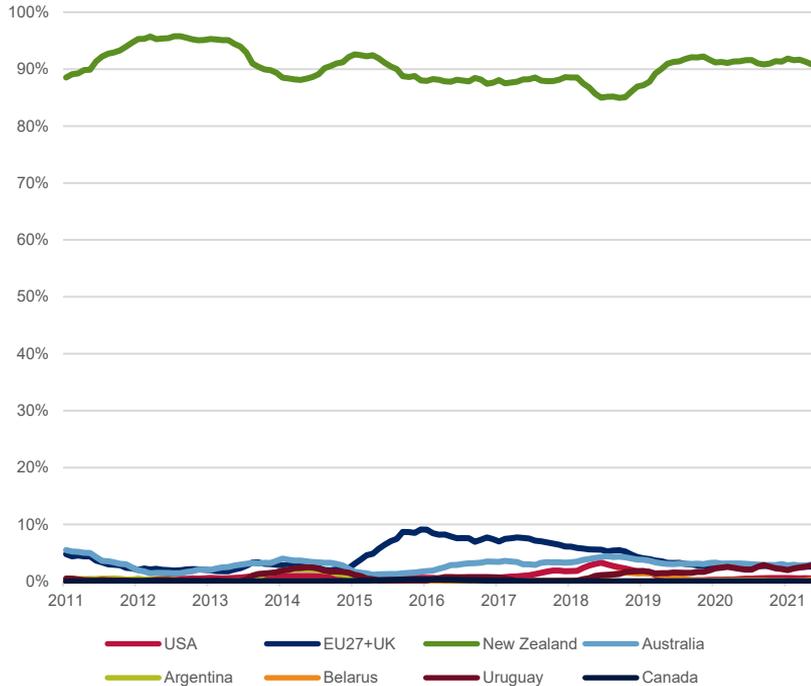
Key Takeaway: WMP trade is still all about China. With strong consumer demand and domestic milk prices easily over \$30/cwt, import demand within China should avoid a 2014-style pullback even if volumes to the market pull back in the later part of the year.

- As was the case for other products, average unit values for WMP exports were at the highest point since 2014 in May, coming in at \$3,802/MT. MENA and Southeast Asian buyers appear to be waiting on the sidelines for WMP prices to come back down to more affordable levels.
- Instead of WMP, price sensitive buyers have been purchasing fat-filled milk powder. Looking at EU and Malaysian FFMP exports, we see total FFMP shipments have gone up 20% to Sub-Saharan Africa (+28,484 MT), 24% to Southeast Asia (+13,763 MT) and 6% to the Middle East-North Africa (+2,839 MT). So long as prices stay elevated, we should anticipate this dynamic for non-China buyers to continue.

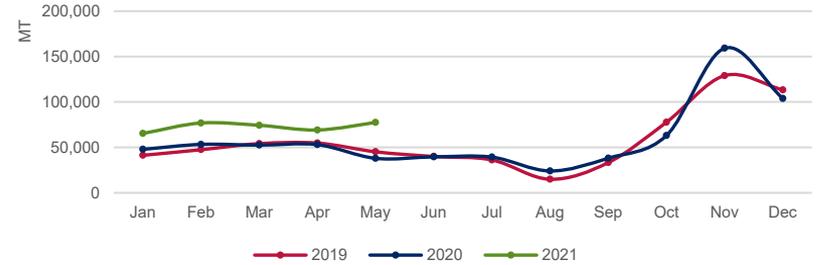


WMP – China

WMP Market Share in China (Rolling 12 Months)



Monthly Global Exports of WMP to China (30-Day Months)



Global WMP Exports to China (Rolling 12 Months)



Reach Out for Questions & Comments

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