

Milk market situation



1. Milk prices
2. Production figures
3. Futures, indices
4. Conclusions
5. Farmers' sentiment

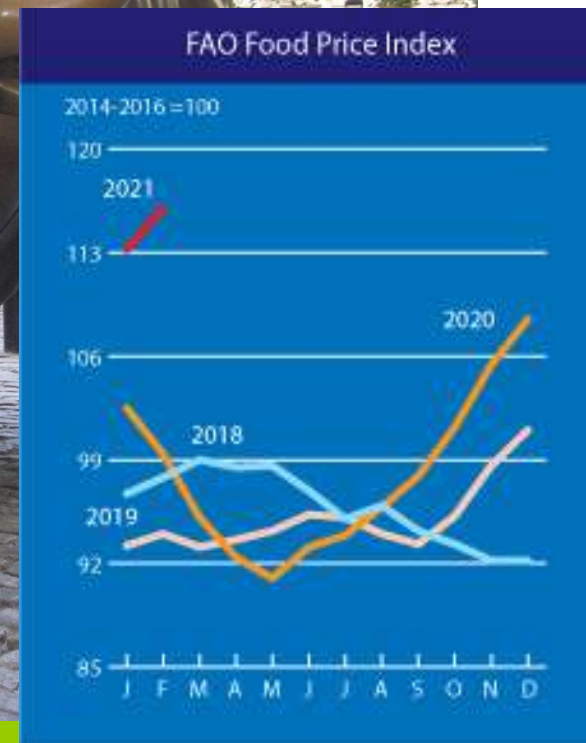
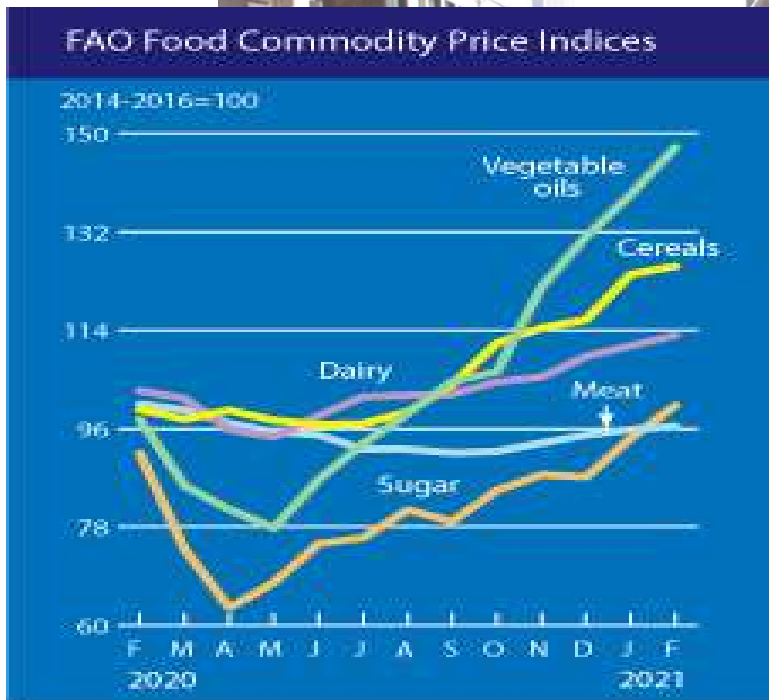
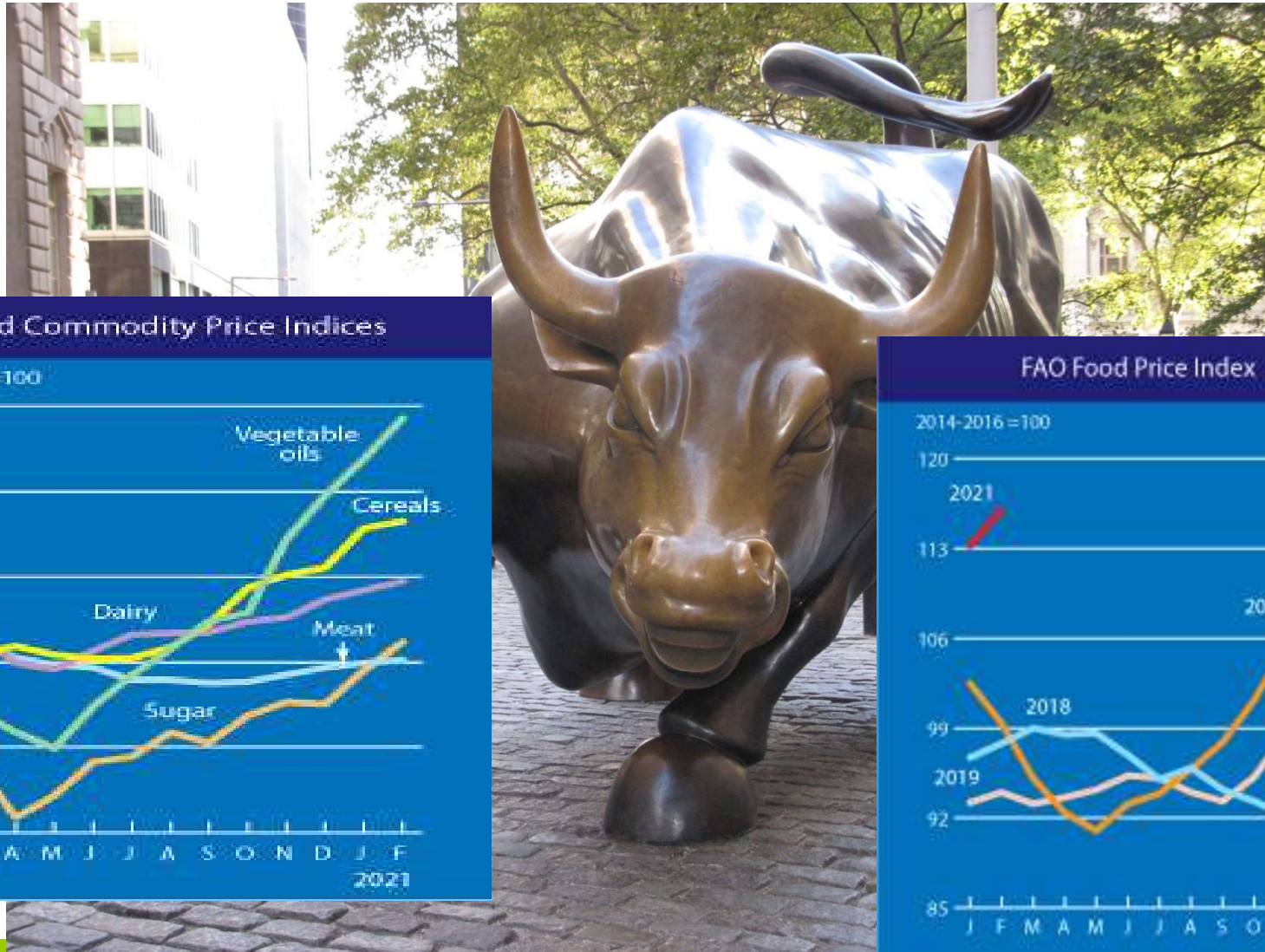
23 March 2021

[Klaas Johan Osinga](#)

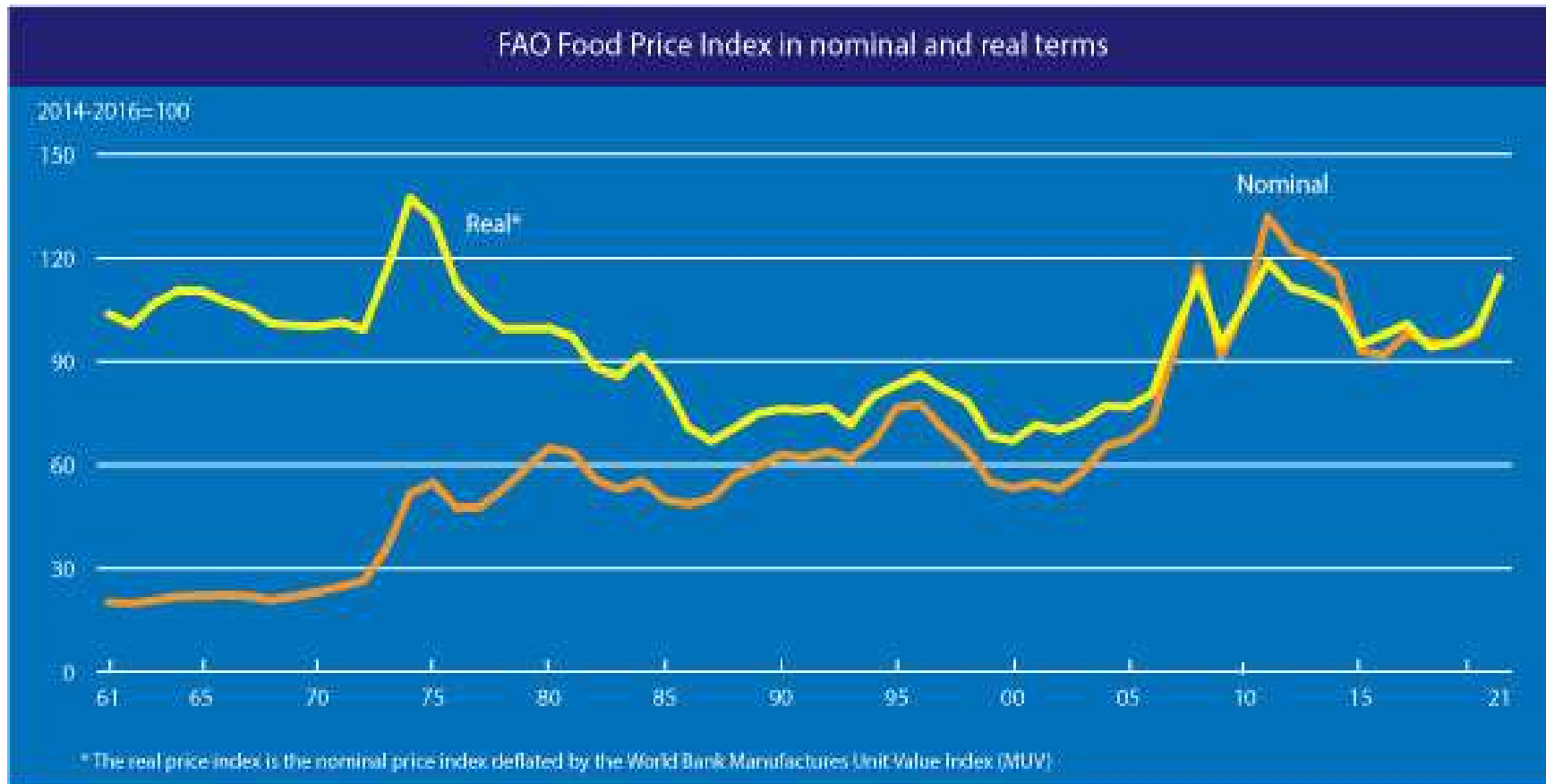
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1. FAO Food Price Index



FAO Food Price Index at 10-year highs



***LTO International comparison
of producer prices for milk***

2019



*prezzi di latte • melkrijzen • prix du lait • molkeprizen
milch preise • milk prices • maelke priser • maidon hinnat*



<http://milkprices.nl/>

Milk price average gradually climbing since May 2020

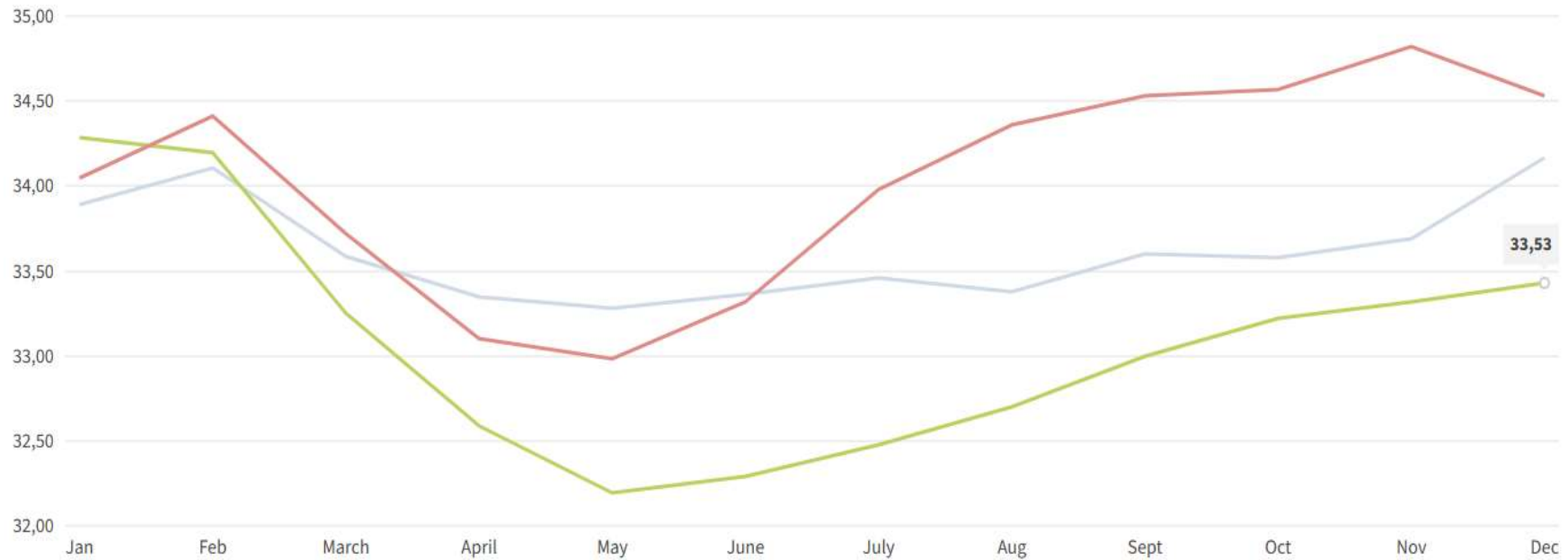


Average milk price until January 2021

In euro per 100 kg standard milk with 4.2% fat, 3.4% protein, 1,000,000 kg per year, tbc 24,999 per ml and scc 249,999 per ml, VAT excluded

2019 2020 2021 5 year average 2013-2017

Euro



Bron: ZuivelNL / LTO Internationale Melkprijvergelijking



January farm gate milk price

€ per 100 kg standard milk



Dairy Company		January 2021		January 2020		Changes in February / March	Last profit payment
		nr	nr	nr	nr		
GRANAROLO (North)	ITA	39.32	1	39.33	1	Feb no change	
VALIO	FIN	36.08	2	35.88	2		1.07
DAIRYGOLD	IRL	35.28	3	34.72	8	EARLY CALVING BONUS 3.0	
GLANBIA	IRL	34.90	4	35.29	4	SEASONAL PAYM 2.8, Feb +1.1	0.15
SAVENCIA (BASSE NORMANDIE)	FRA	34.79	5	35.08	5	Feb -0.2 / Mar 0.0	
SODIAAL (PAYS DE CALAIS)	FRA	34.64	6	34.87	7		0.19
LACTALIS (PAYS DE LA LOIRE)	FRA	34.24	7	35.69	3		
HOCHWALD MILCH eG	DEU	33.90	8	33.63	12	Feb -1.0	0.79
FRIESLANDCAMPINA	NL	33.44	9	34.90	6	Feb +0.7 / Mar +0.2	0.00
DANONE (PAYS DE CALAIS)	FRA	33.41	10	33.96	9		
SAPUTO DAIRY UK (DAIRY CREST)	GB	33.33	11	33.95	10	Feb/Mar no change	
MULLER (LEPPERSDORF)	DEU	32.61	12	32.37	15	Feb +0.25	
KERRY AGRIBUSINESS	IRL	32.45	13	32.01	17		
ARLA FOODS DK	DK	32.11	14	32.46	14	Feb 0.0 / Mar + 0.5 / April +1.50	2.09
DMK DEUTSCHES MILCHKONTOR Eg	DEU	31.83	15	33.04	13	Feb - 0.5 / Mar +0.5	
CAPSA FOOD	ESP	31.69	16	32.08	16		
MILCOBEL	BE	30.12	17	33.72	11	Feb +0.5 / Mar +2.2	
Average		33.77		34.29			
EMMI	CH	51.72		50.54			
FONTERRA	NZ	32.33		32.50		Forecast (5 March): + 0.45	0.22
USA Class III (USDA)	USA	32.50		38.39		Feb -0.52	

Deliveries 1 million kg / year, 4.2% fat

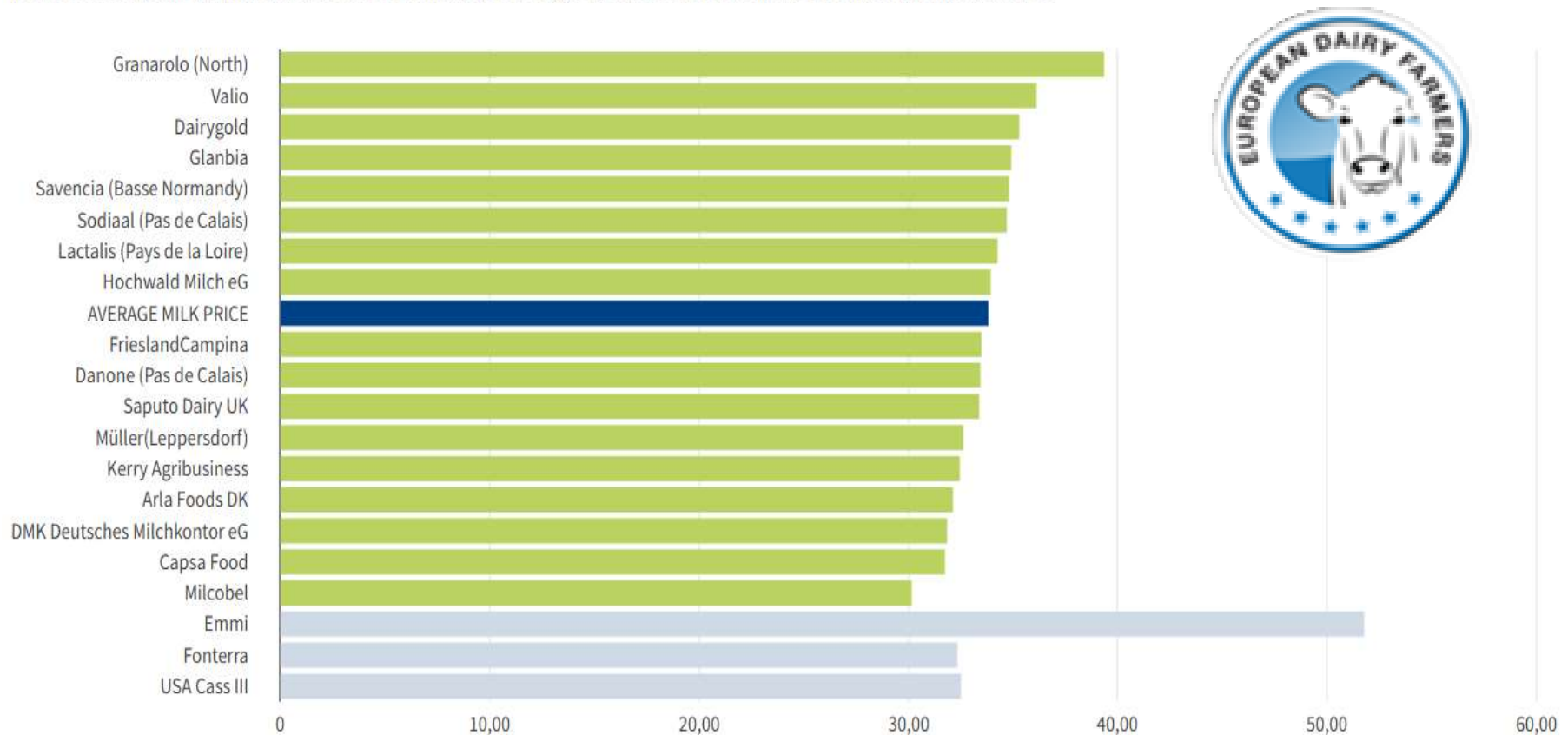
milkprices.nl

LTO milk price comparison



Milk price comparison January 2021

In euro per 100 kg standard milk with 4.2% fat, 3.4% protein, 1,000,000 kg per year, tbc 24,999 per ml and scc 249,999 per ml, VAT excluded



Bron: ZuivelNL / LTO Internationale Melkprijsvergelijking



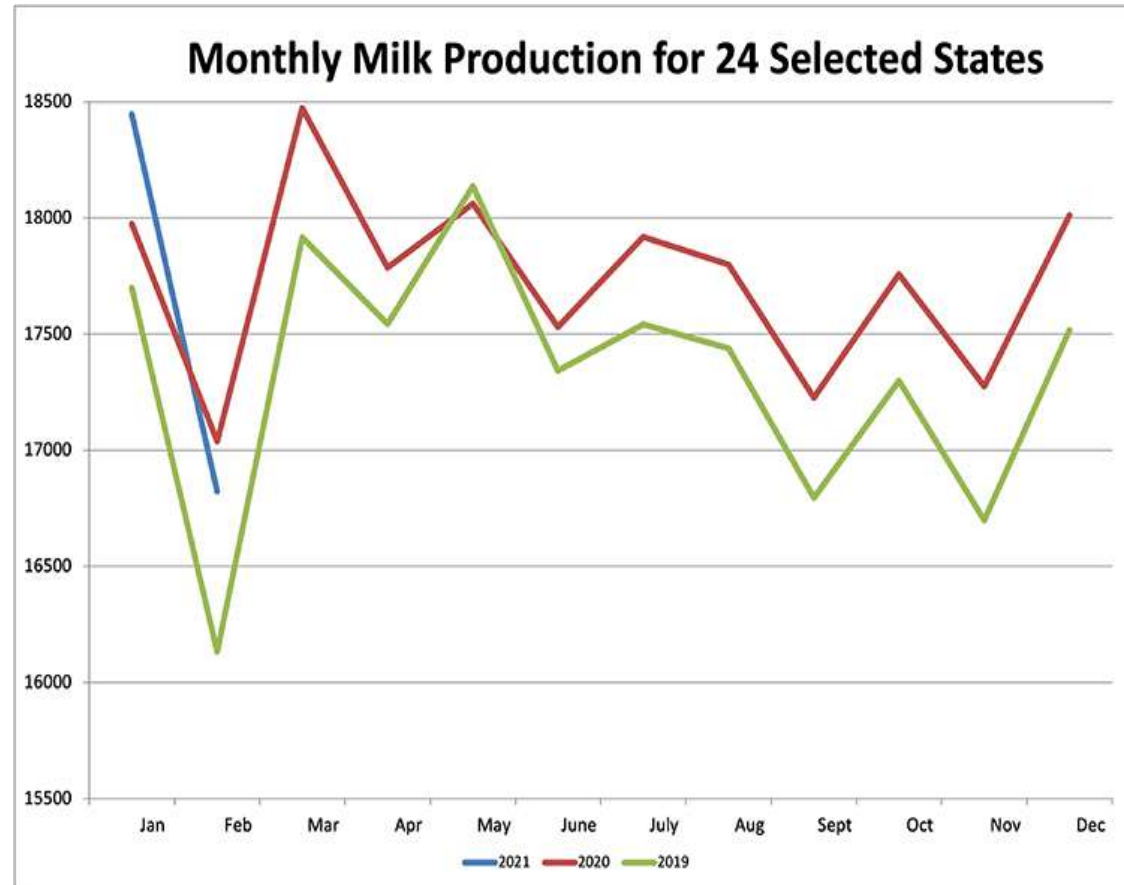
2. Milk production

USA

USDA (y-o-y):

2020: +2.2%

February: +2.0%
(leap year adjusted)

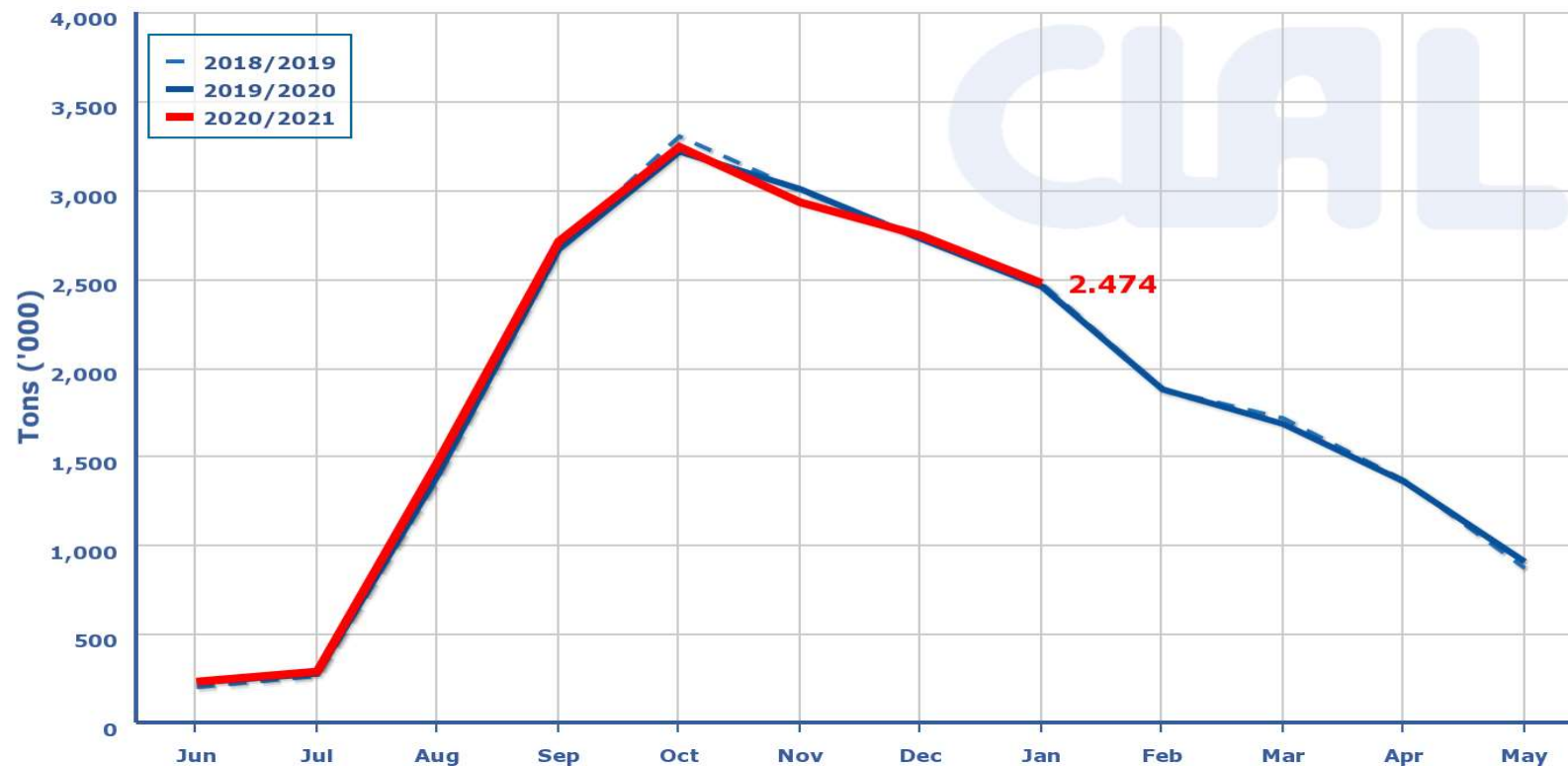


Milk production

New Zealand June-January: +0.8%

New Zealand - Triennial overview of monthly Milk production

Source: DCANZ

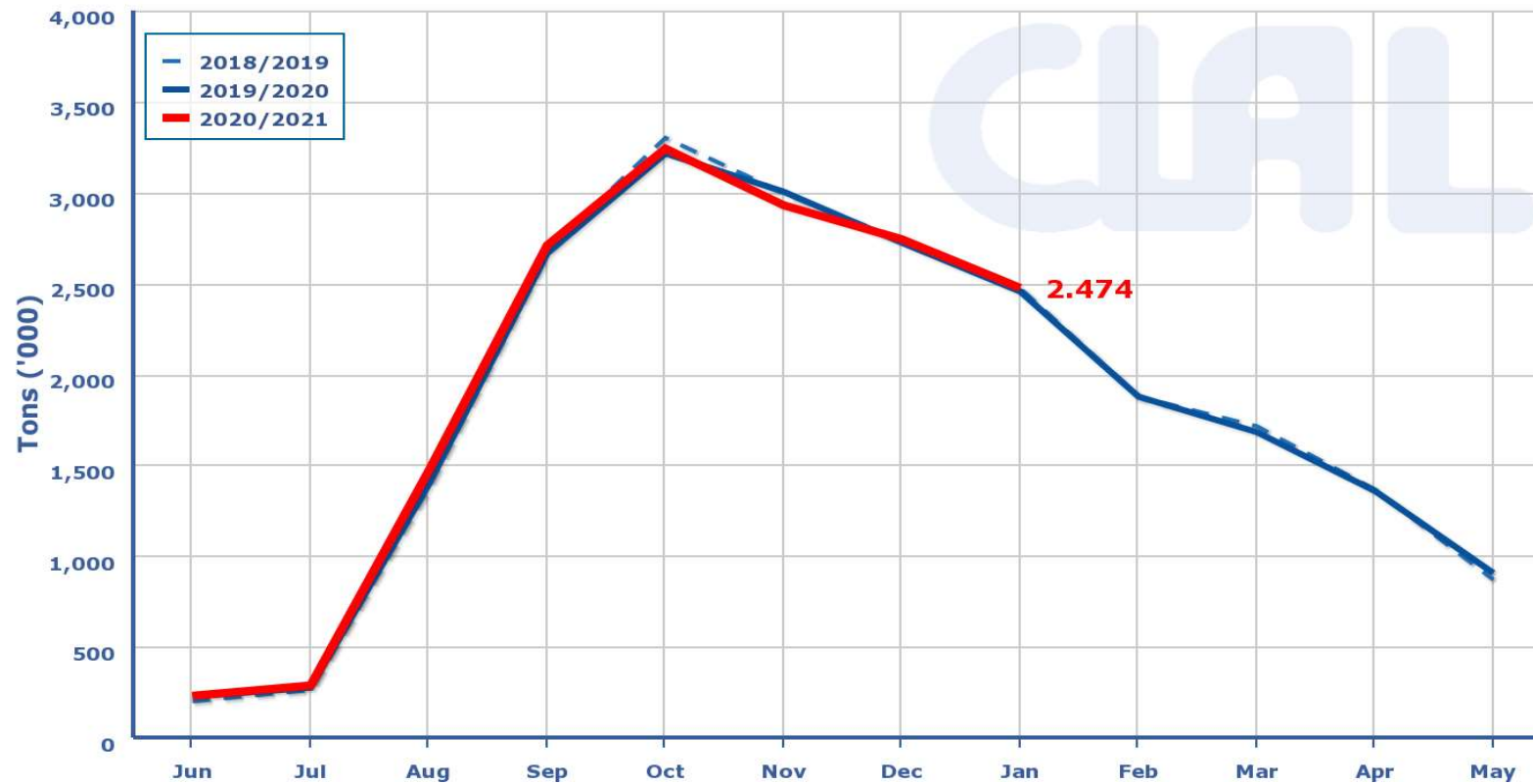


Milk production

Australia: July-January: +1.4%

New Zealand - Triennial overview of monthly Milk production

Source: DCANZ



EU Milk production



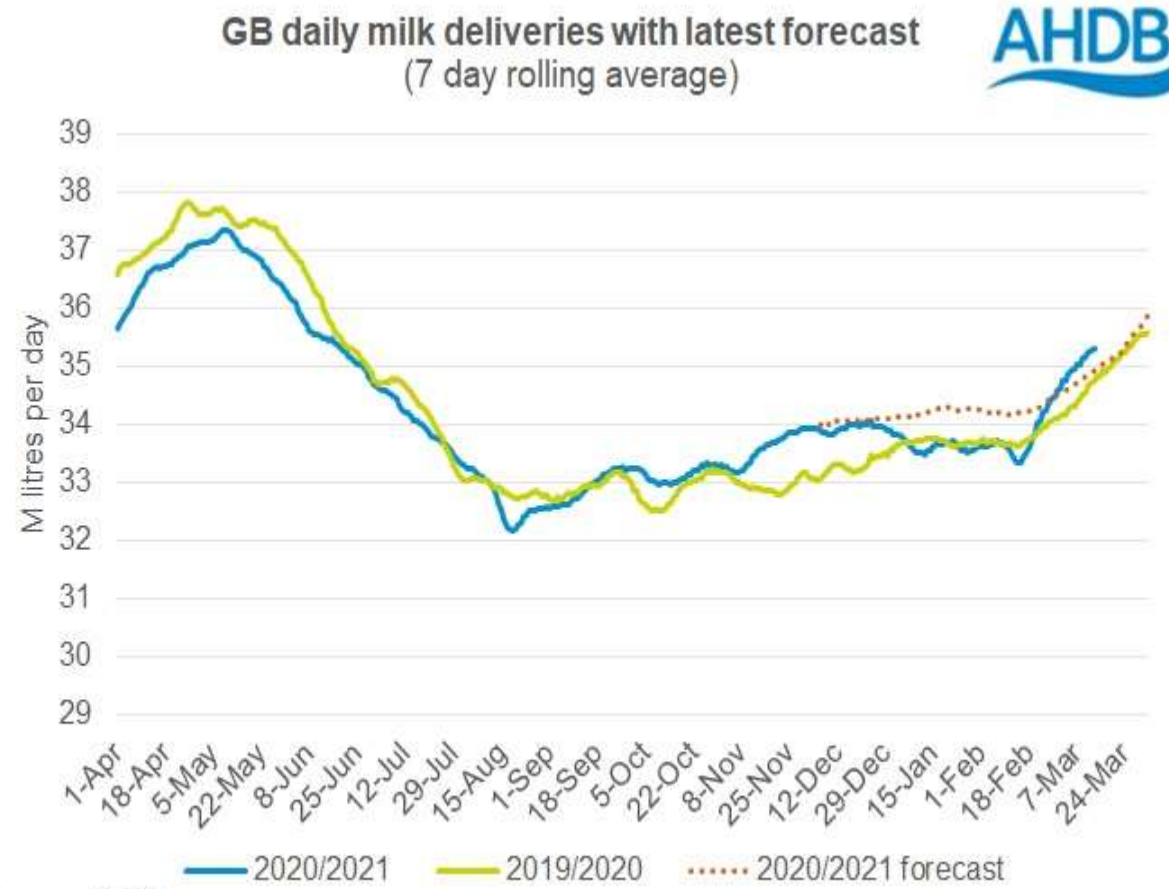
Germany milk production (year-on-year)



Week	Germany
Week 10	-1.8%
Week 9	-1.7%
Week 8	-1.7%
Week 7	-2.6%
Week 6	-2.8%
Week 5	-2.0%
Week 4	-1.7%
Week 3	-1.9%



Great Britain milk production



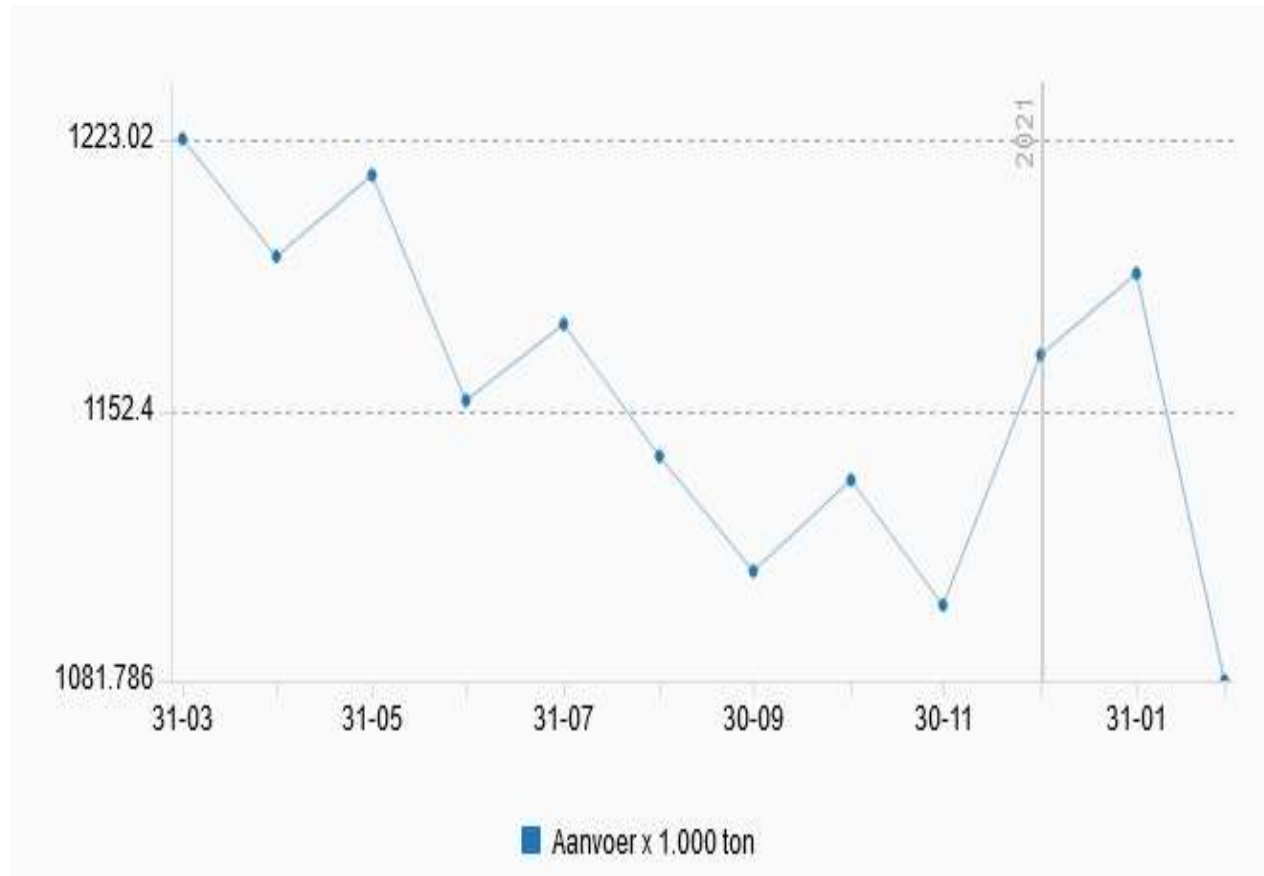
Source: AHDB

Year-on-year

- Week 8: +1.1%
- Week 9: +1.9%
- Week 10: +1.6%



Netherlands milk production



Jan-Feb 2021:
 -3.3% (milk)
 -1.8% (fat)

Feb 2020:
 -5.3% (milk)
 -3.4% (fat)



COPA COGECA members



Country	Summary of comments received
Austria	January: production -1.7% yoy, farm milk price €35.25 (GMO free). Uncertainty because of lockdown and covid vaccination delays
Belgium	January: production +1.8% yoy, farm milk price €32.50. Concerns about lockdown (food services) and Brexit administration
France	January: €34.81. February production -2.8% yoy. January costs: +3.4% compared to the average of the 12 preceding months.
Latvia	February: farm milk price € 29.53, production +3% yoy. Sharp increase of soy prices
Poland	December: farm milk price € 34.69. 2020 milk deliveries +1.5% yoy, production costs +5% in 2020. significantly less trade with GB (Brexit)
Slovakia	January farm milk price € 32.17. So far no Covid support for farmers
Slovenia	January farm milk price € 31.95, production +3.1% yoy. Feed, energy, fertiliser prices rising very fast.
Sweden	Farm milk price 375.89 Krona. January production +3% yoy. Costs up 2.7% including feed +6.0%.

yoy = year-on-year comparison

Milk production overview



Moderate milk production growth in exporting nations in 2021



Milk production in 2021 compared to 2020		
	%	volume (bn kg)
1. EU	+0.6-1.0%	+1.0-1.6
2. USA	+2.0%	+2.0
3. New Zealand	+1.0%	+0.2
4. Australia	+2.0%	+0.2
5. Argentina	+1.0%	+0.1
(6. China)	+7.5%	+2.2
(7. India)	+5%	+10
Total 1-5		+4.1

Sources: Rabobank, IFCN dairy reports, own estimates

3. Future & indices



CME: Class III Oct 2021 contracts

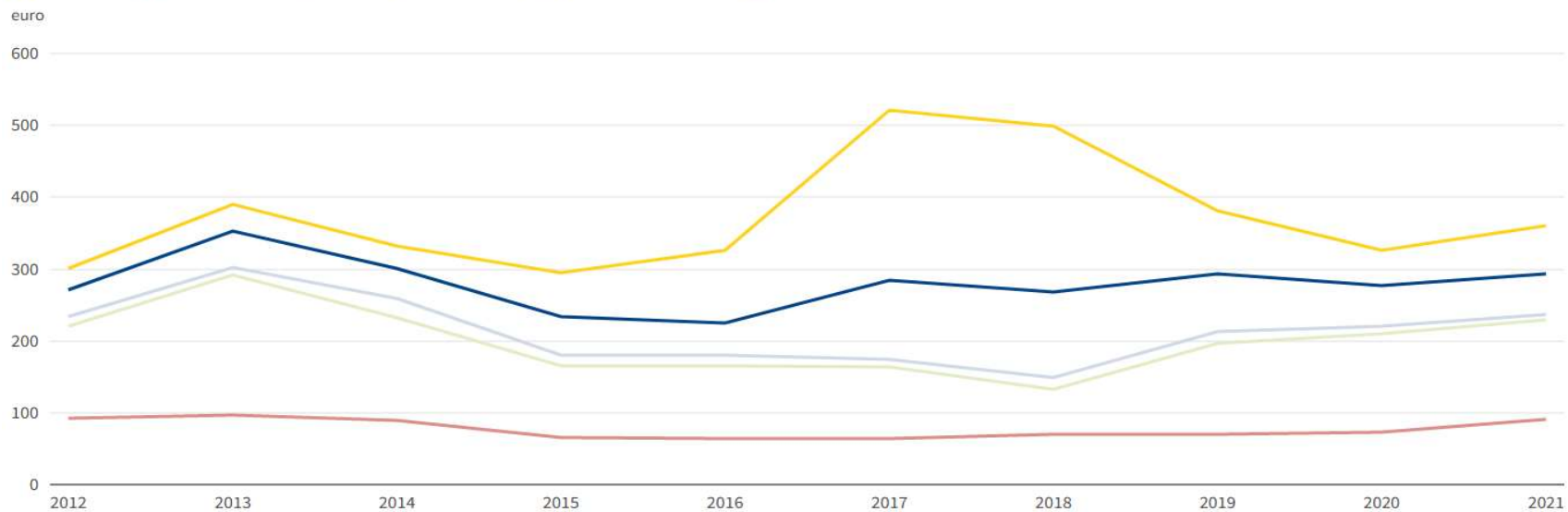


Dutch dairy quotations

Jaargemiddelden noteringen

Gemiddelde notering per jaar, in euro per 100 kg (exclusief btw)

■ verse boter
 ■ vol melkpoeder
 ■ mager melkpoeder food
 ■ mager melkpoeder feed
 ■ weipoeder



Bron: ZuivelNL

Cheese Edam/Gouda: Hannover € 3.10-3.25 (blocks, March 24)



Kieler IFE Börsenmilchwert

March 19, 2021



April 21	36.9
May 21	37.0
June 21	37.0
July 21	37.6
Aug 21	37.7
Sept 21	37.9
Oct 21	37.9
Nov 21	38.0

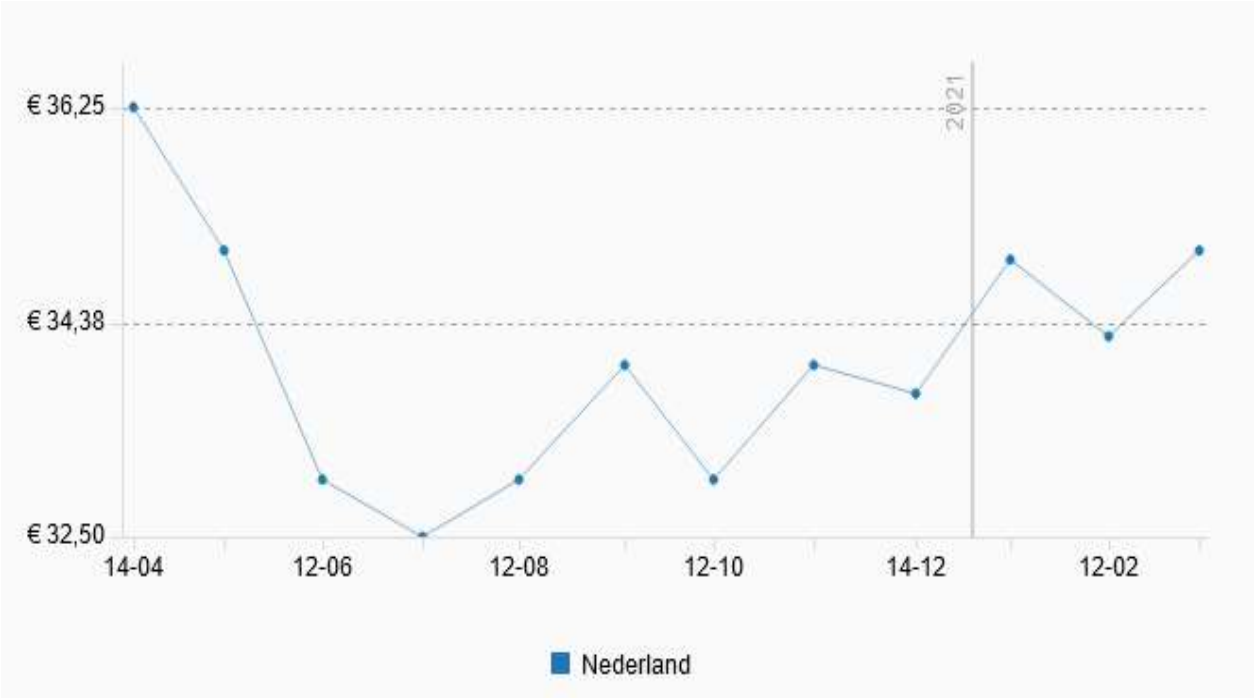


4% fat, 3.4% protein

Based on SMP and butter



Dutch spot milk quotations (DCA): 35.00



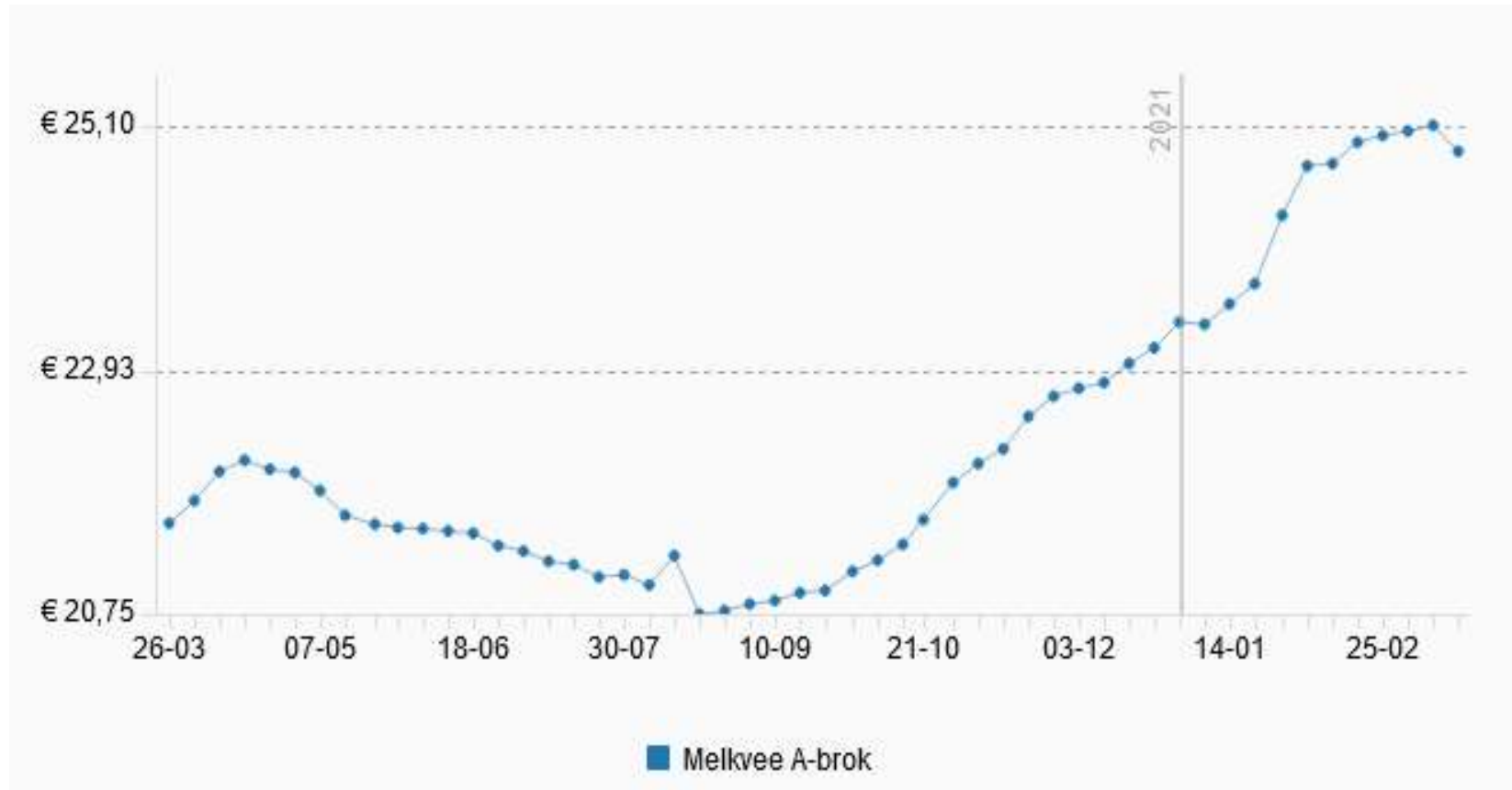
Soybean prices have gone up



CBOT futures contract August 2021



Feed prices have too... (EUR per 100 kg)



As have oil prices



4. Conclusion: what to watch

1. Uncertainty re Covid-19. (lack of) vaccination progress....
2. Commodity boom, oil prices ahead of economic recovery
3. Feed prices
4. US/EU stimulus packages
5. China demand...
6. Brexit frictions...
7. US dollar resilience
8. Sustainability drive (EU Green Deal)

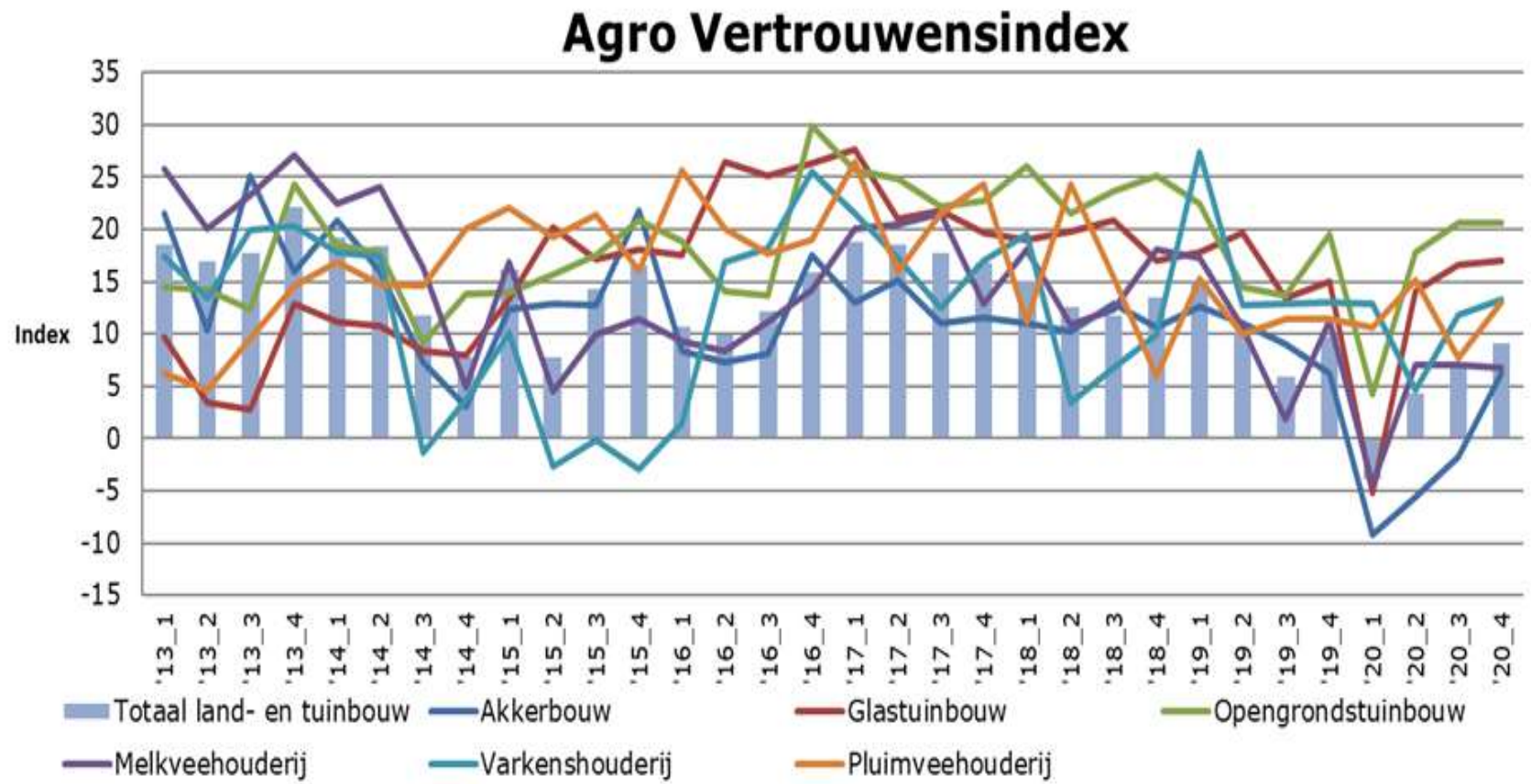


Farm gate milk prices lagging behind and should now go up. Farmers' margins are under pressure hampering their ability to respond to market demand.





5. Dutch farmers' confidence



Dairy farmers =
melkveehouderij

Data gathered 5-25 January 2021





**Thank you
for your
attention!**

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