

issue #1, last update: March 19, 2018

CLAL Report

Prospects in **Q1 2018**
and Review on **Q4 2017** /rɪ'pɔ:t/

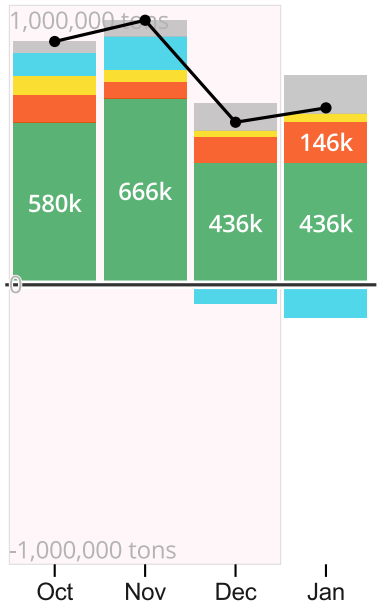
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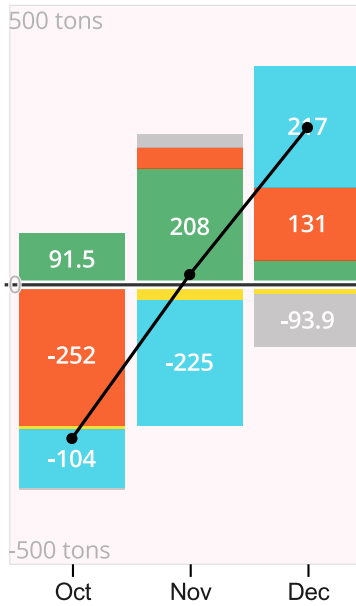
Context

Milk production increased globally y-o-y, although it slowed down in December. Dry weather in New Zealand damped the production. Demand is supported by the recovery of oil prices, but farmgate milk prices were affected by the increased supply.

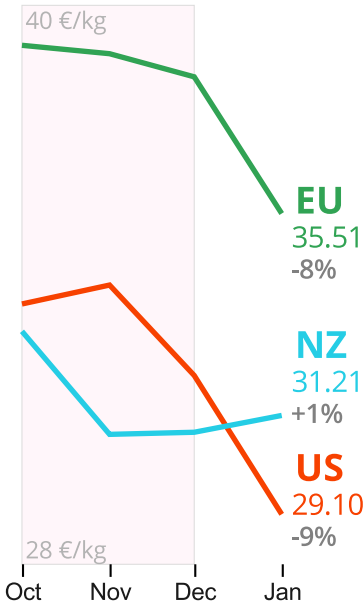
Milk production tons
Variation y-o-y



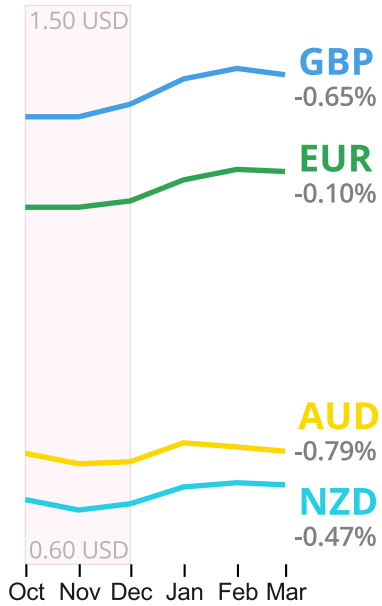
Dairy Export tons ME
Variation y-o-y



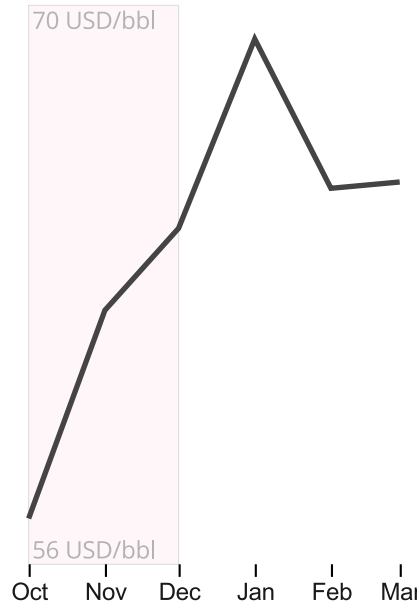
Milk Prices €/kg
Last quotation
% change over prev. quotation



Currencies USD
Monthly average
% change over prev. month



Oil Price USD/bbl
Monthly avg



■ EU: European Union 28
 ■ US: United States of America
 ■ AU: Australia
 ■ NZ: New Zealand
 ■ Others
 period of reference

For the list of data sources and calculations, please refer to the last page.

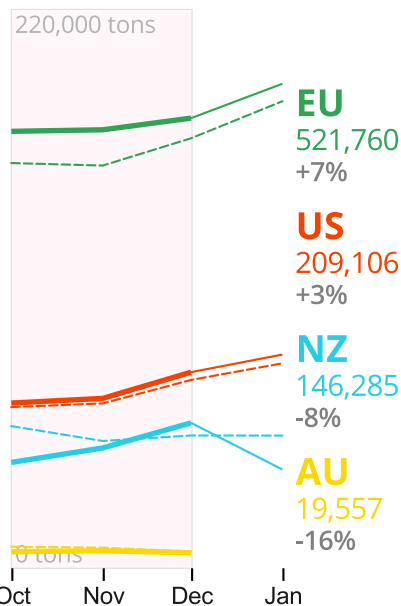
Butter

Butter production increased in the EU and the US, following the higher availability of milk. The higher butter supply rebalanced the prices worldwide. The rebound of the price in February and March was supported by a lower supply from New Zealand.

Production tons

Monthly quantity

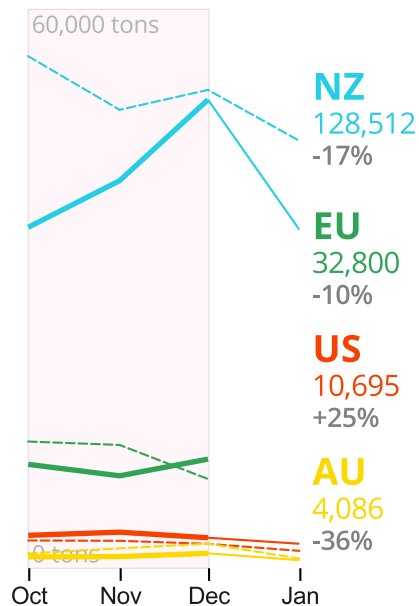
Oct - Dec
±% y-o-y



Export tons

Monthly quantity

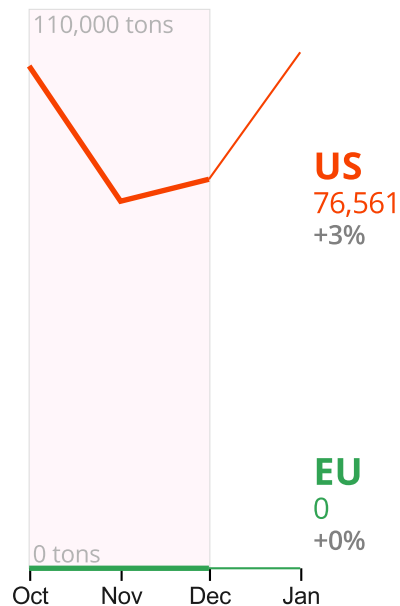
Oct - Dec
±% y-o-y



Stock tons

Monthly level

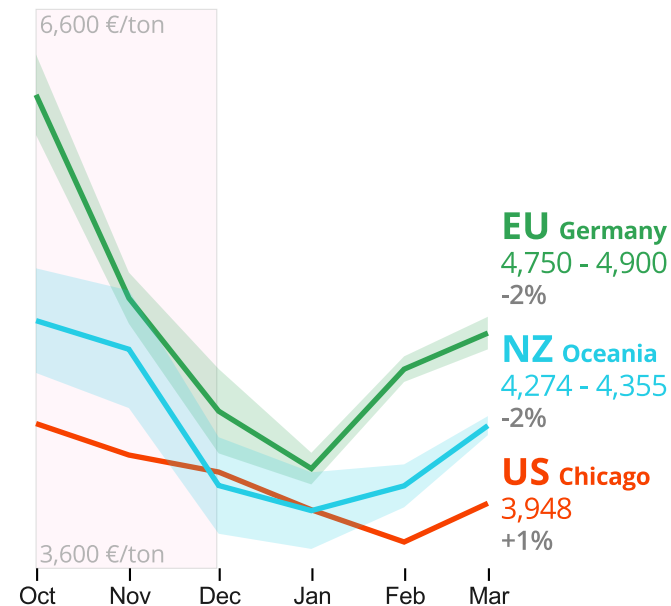
December
±% on Oct



Prices €/ton

Avg monthly price

Last quotation
±% on prev. quot.



— 2017, monthly value - - - 2016, monthly value □ period of reference for cumulative figures

EU: European Union 28, US: United States of America, AU: Australia, NZ: New Zealand

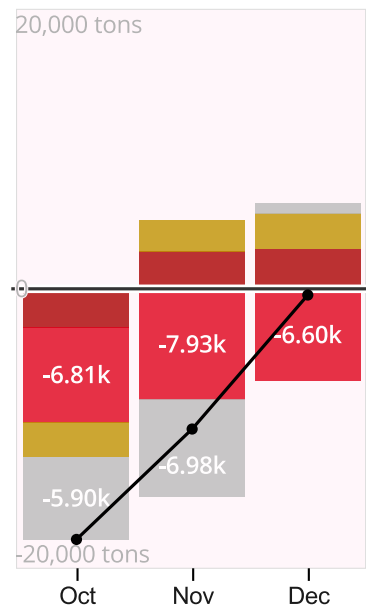
For the list of data sources and calculations, please refer to the last page.

— 2017, monthly average □ monthly range of price

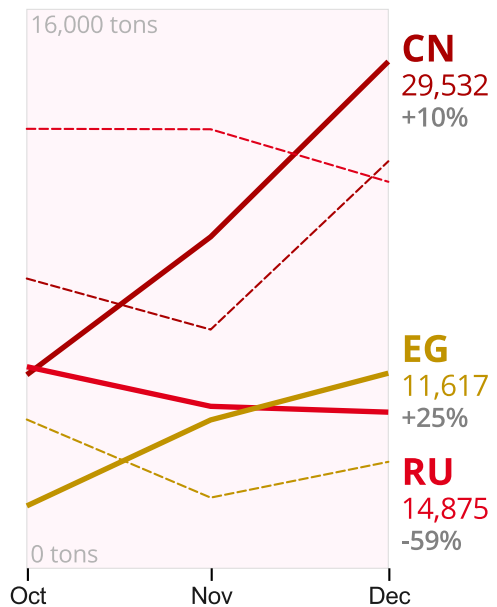
Butter

The imports trend improved, but was still lower y-o-y. Russia import declined, while Canada disagrees with the US on duties applied to some products within NAFTA.

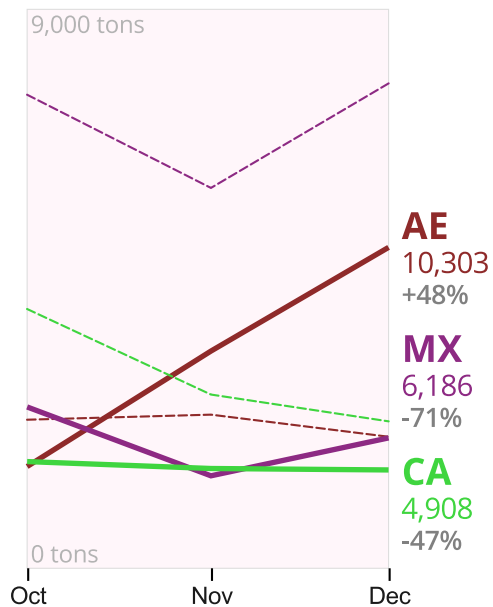
Import tons
Variation y-o-y



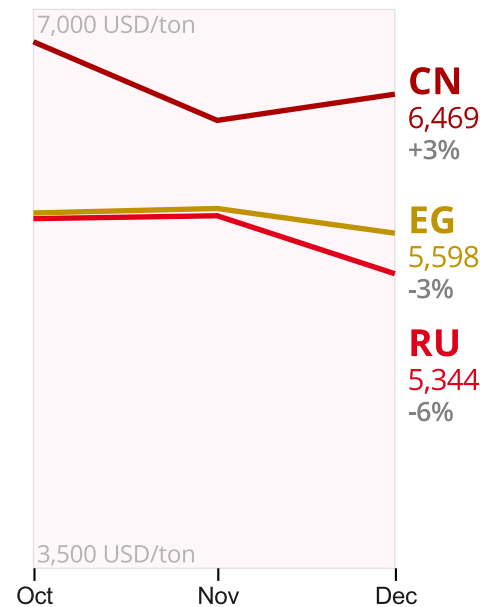
Import top importers tons
Monthly quantity
Oct - Dec
±% y-o-y



Import big variations tons
Monthly quantity
Oct - Dec
±% y-o-y



Import prices USD/ton
Avg monthly price
Last month avg
±% on prev. month



— 2017, monthly value - - - 2016, monthly value □ period of reference for cumulative figures
AE: United Arab Emirates, **CA:** Canada, **CN:** China, **EG:** Egypt, **MX:** Mexico, **RU:** Russia
 For the list of data sources and calculations, please refer to the last page.

— 2017, monthly average

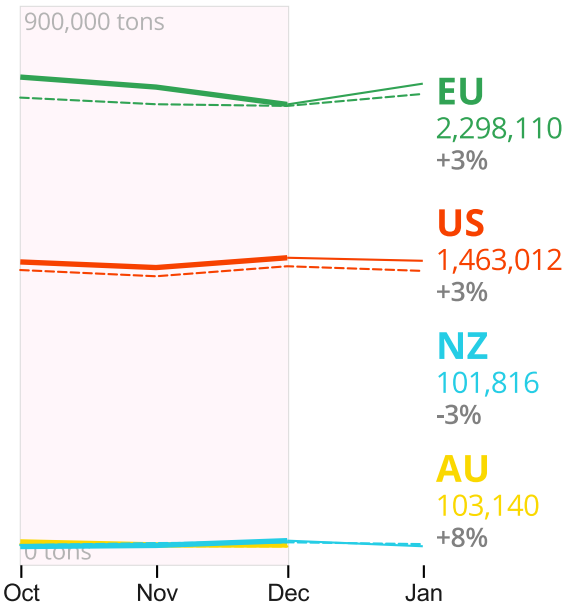
Cheese

Production increased, since cheese is currently the best performing milk destination. Prices have been rising during March in the EU and the US, while in New Zealand the recovery was anticipated by lower production.

Production tons

Monthly quantity

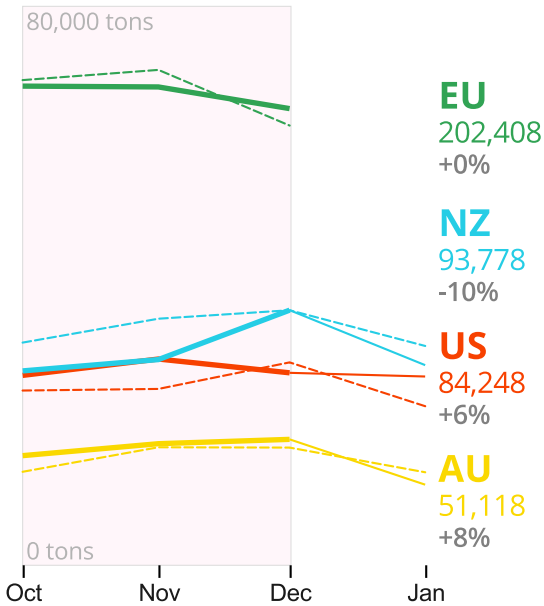
Oct - Dec
±% y-o-y



Export tons

Monthly quantity

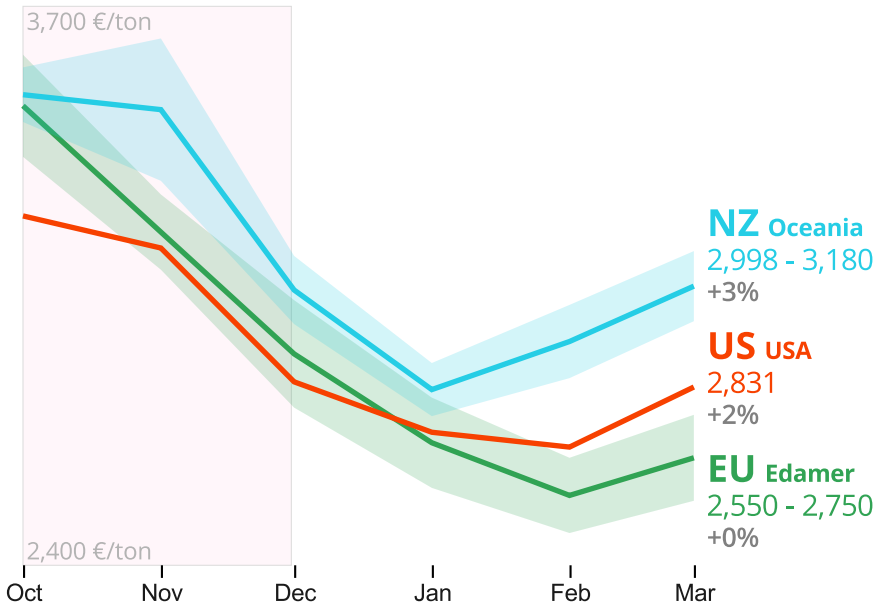
Oct - Dec
±% y-o-y



Prices €/ton

Avg monthly price

Last quotation
±% on prev. quot.



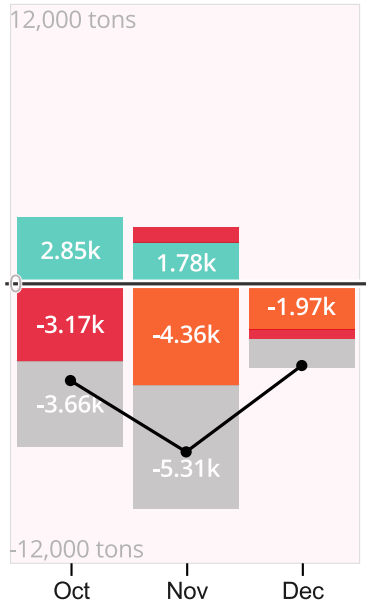
— 2017, monthly value - - - 2016, monthly value □ period of reference for cumulative figures
 EU: European Union 28, US: United States of America, AU: Australia, NZ: New Zealand
 For the list of data sources and calculations, please refer to the last page.

— 2017, monthly average □ monthly range of price

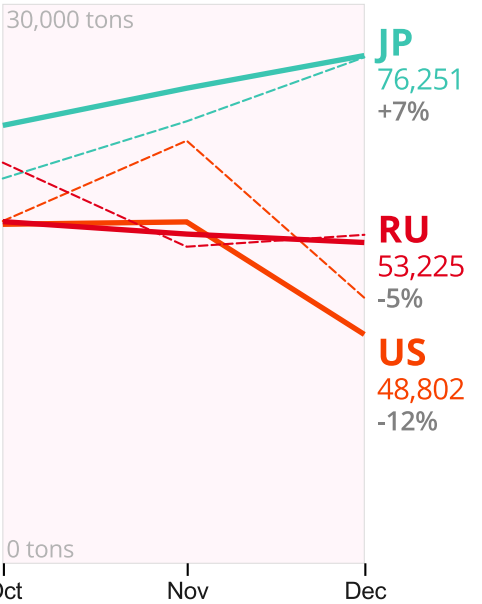
Cheese

Southeast Asia remains the region with the highest demand for cheese, while US imports have slowed down, partly due to the weakening of the US Dollar against the Euro.

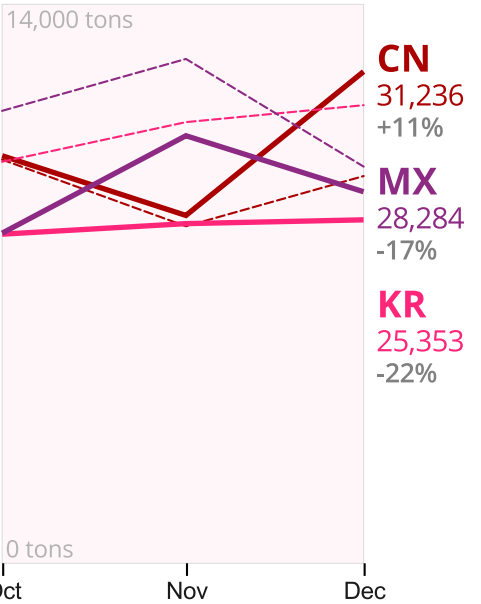
Import tons
Variation y-o-y



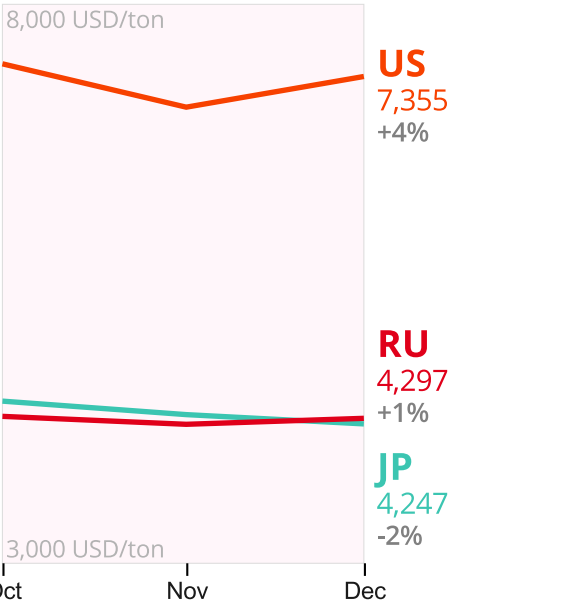
Import top importers tons
Monthly quantity
Oct - Dec
±% y-o-y



Import big variations tons
Monthly quantity
Oct - Dec
±% y-o-y



Import prices USD/ton
Avg monthly price
Last month avg
±% on prev. month



— 2017, monthly value - - - 2016, monthly value □ period of reference for cumulative figures
CN: China, **JP:** Japan, **KR:** Korea, South, **MX:** Mexico, **RU:** Russia, **US:** United States of America
 For the list of data sources and calculations, please refer to the last page.

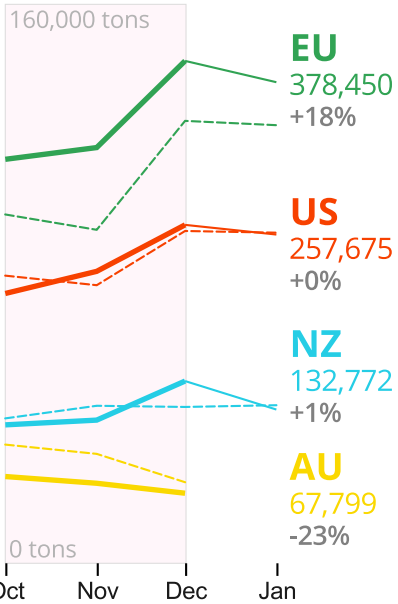
— 2017, monthly average

SMP

SMP in the EU and the US absorbs the higher quantities of milk that are not used in other products. EU stocks remain unchanged at high levels, while they increase in the US.

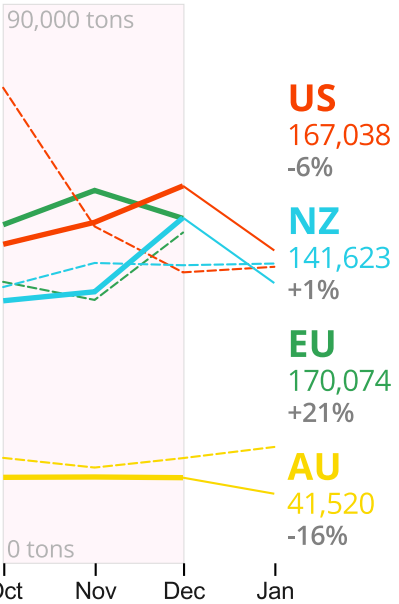
Production tons

Monthly quantity **Oct - Dec**
±% y-o-y



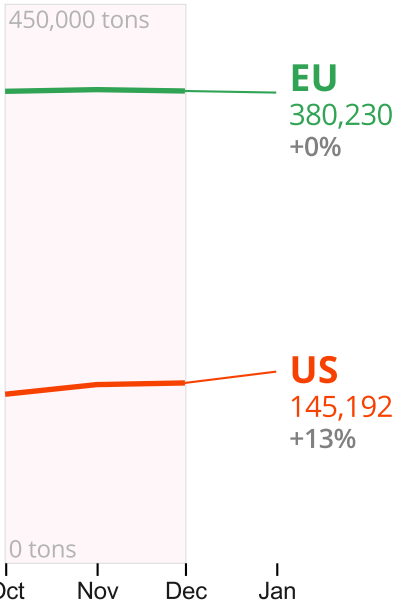
Export tons

Monthly quantity **Oct - Dec**
±% y-o-y



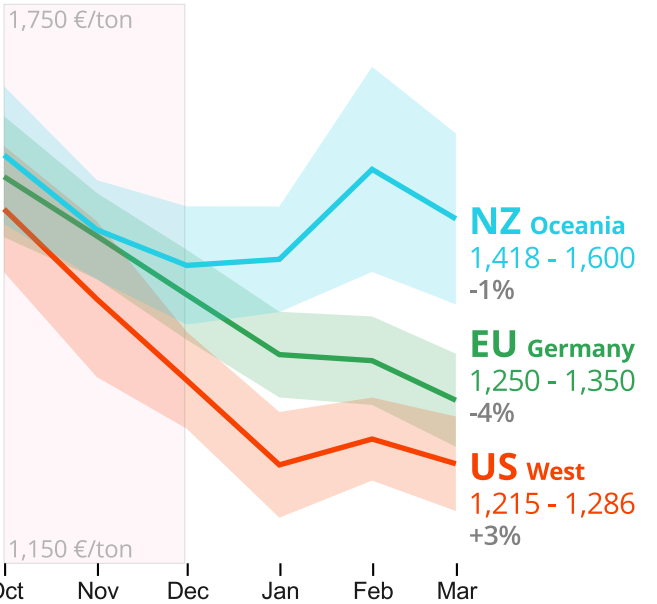
Stock tons

Monthly level **December**
±% on Oct



Prices €/ton

Avg monthly price **Last quotation**
±% on prev. quot.



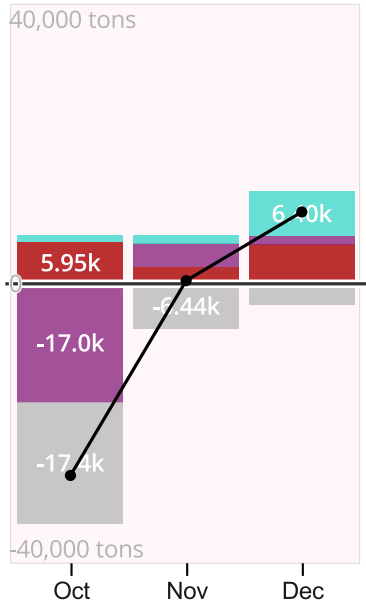
— 2017, monthly value - - - 2016, monthly value □ period of reference for cumulative figures
EU: European Union 28, **US:** United States of America, **AU:** Australia, **NZ:** New Zealand
 For the list of data sources and calculations, please refer to the last page.

— 2017, monthly average □ monthly range of price

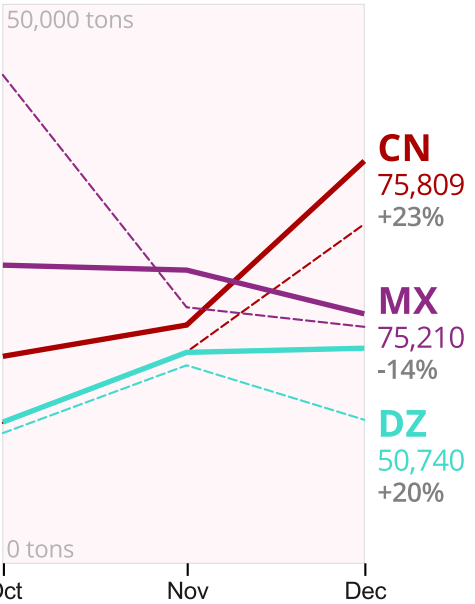
SMP

The imports of SMP, supported by low prices, are increasing in China and Algeria. Indonesia and the Philippines had bought large quantities, then slowed down imports probably due to an excess of stocks.

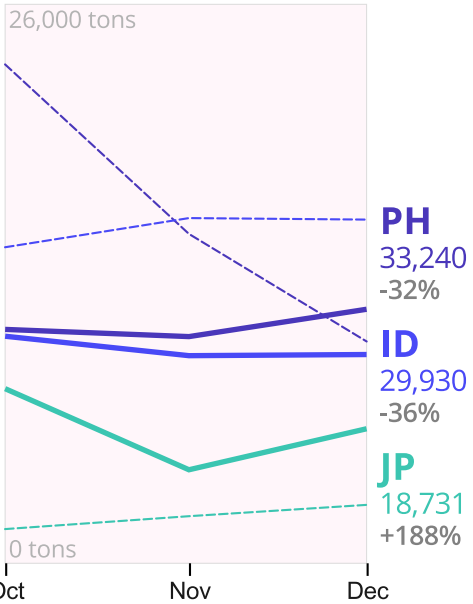
Import tons
Variation y-o-y



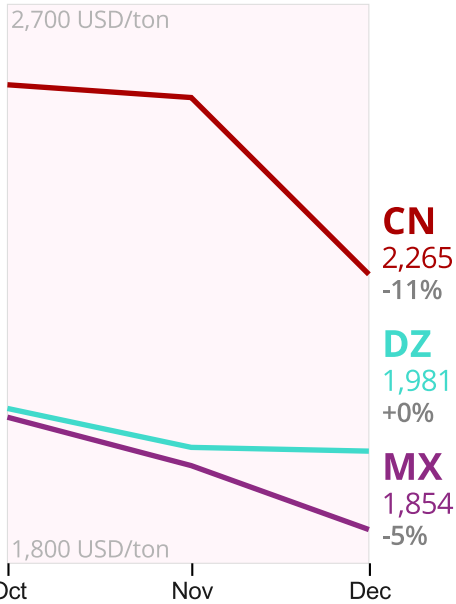
Import top importers tons
Monthly quantity
Oct - Dec
±% y-o-y



Import big variations tons
Monthly quantity
Oct - Dec
±% y-o-y



Import prices USD/ton
Avg monthly price
Last month avg
±% on prev. month



— 2017, monthly value - - - 2016, monthly value □ period of reference for cumulative figures
CN: China, **DZ:** Algeria, **ID:** Indonesia, **JP:** Japan, **MX:** Mexico, **PH:** Philippines
 For the list of data sources and calculations, please refer to the last page.

— 2017, monthly average

WMP

EU production of WMP increased slightly to meet the growing demand. Fonterra's budget is based on the price of WMP, which is stable worldwide.

Production tons

Monthly quantity

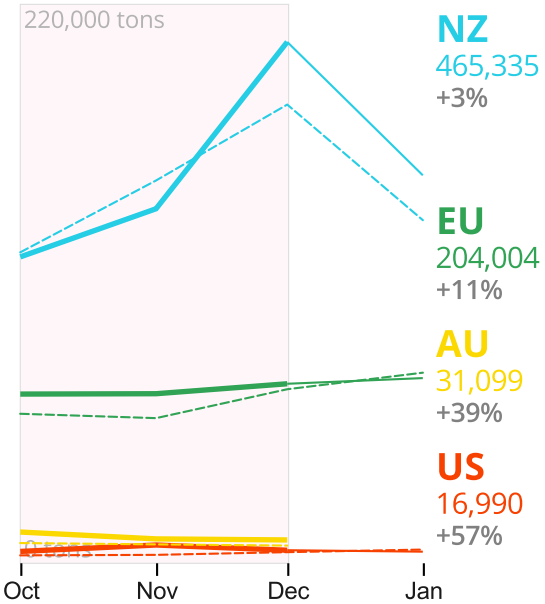
Oct - Dec
±% y-o-y

NZ
465,335
+3%

EU
204,004
+11%

AU
31,099
+39%

US
16,990
+57%



Export tons

Monthly quantity

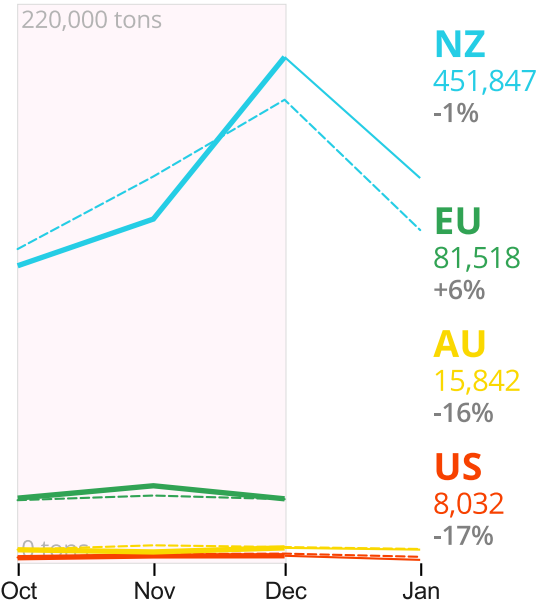
Oct - Dec
±% y-o-y

NZ
451,847
-1%

EU
81,518
+6%

AU
15,842
-16%

US
8,032
-17%



Prices €/ton

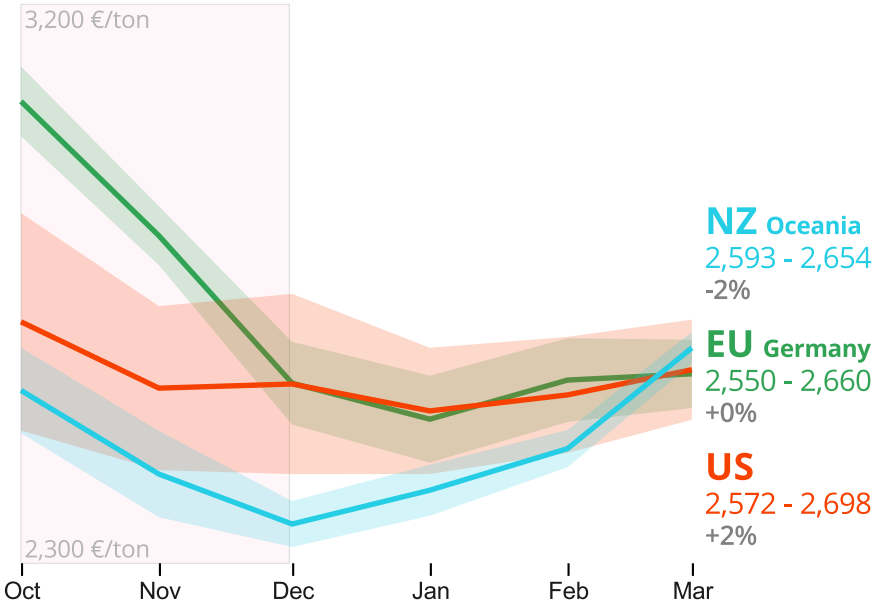
Avg monthly price

Last quotation
±% on prev. quot.

NZ Oceania
2,593 - 2,654
-2%

EU Germany
2,550 - 2,660
+0%

US
2,572 - 2,698
+2%



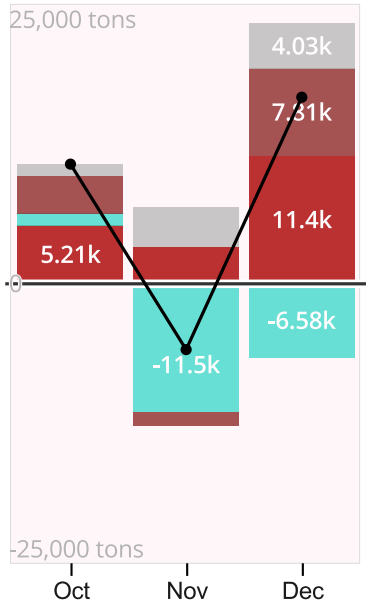
— 2017, monthly value - - - 2016, monthly value □ period of reference for cumulative figures
EU: European Union 28, **US:** United States of America, **AU:** Australia, **NZ:** New Zealand
 For the list of data sources and calculations, please refer to the last page.

— 2017, monthly average □ monthly range of price

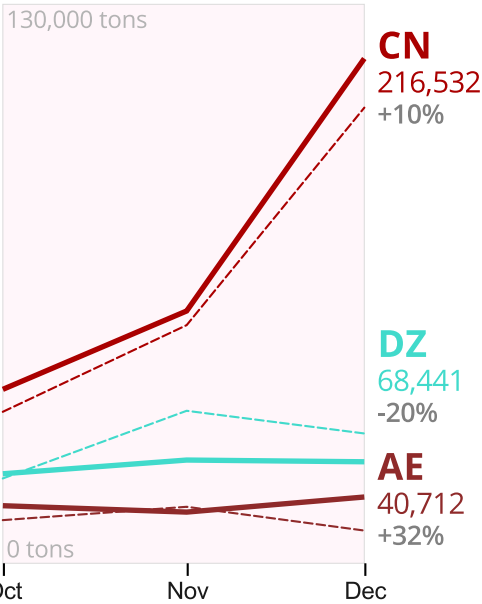


The global demand of WMP is rising globally. An exception is Algeria, which chooses to purchase SMP or WMP depending on the price. The increase in oil price favours purchases of food in the Middle East.

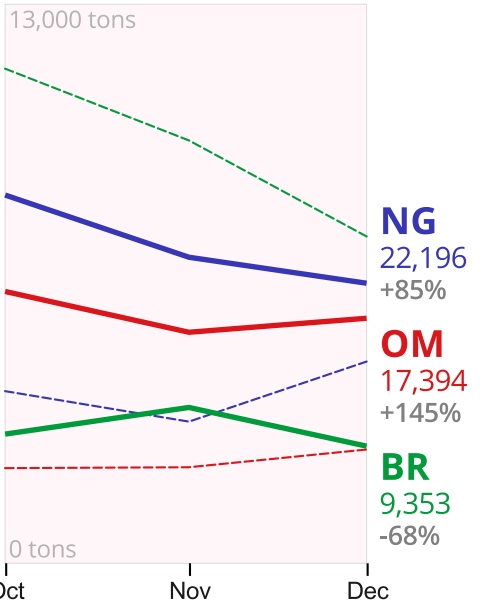
Import tons
Variation y-o-y



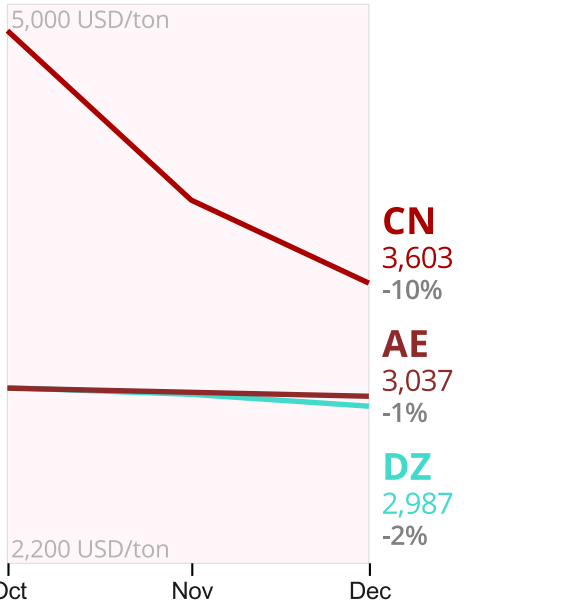
Import top importers tons
Monthly quantity
Oct - Dec
±% y-o-y



Import big variations tons
Monthly quantity
Oct - Dec
±% y-o-y



Import prices USD/ton
Avg monthly price
Last month avg
±% on prev. month



— 2017, monthly value - - - 2016, monthly value □ period of reference for cumulative figures
AE: United Arab Emirates, **BR:** Brazil, **CN:** China, **DZ:** Algeria, **NG:** Nigeria, **OM:** Oman
 For the list of data sources and calculations, please refer to the last page.

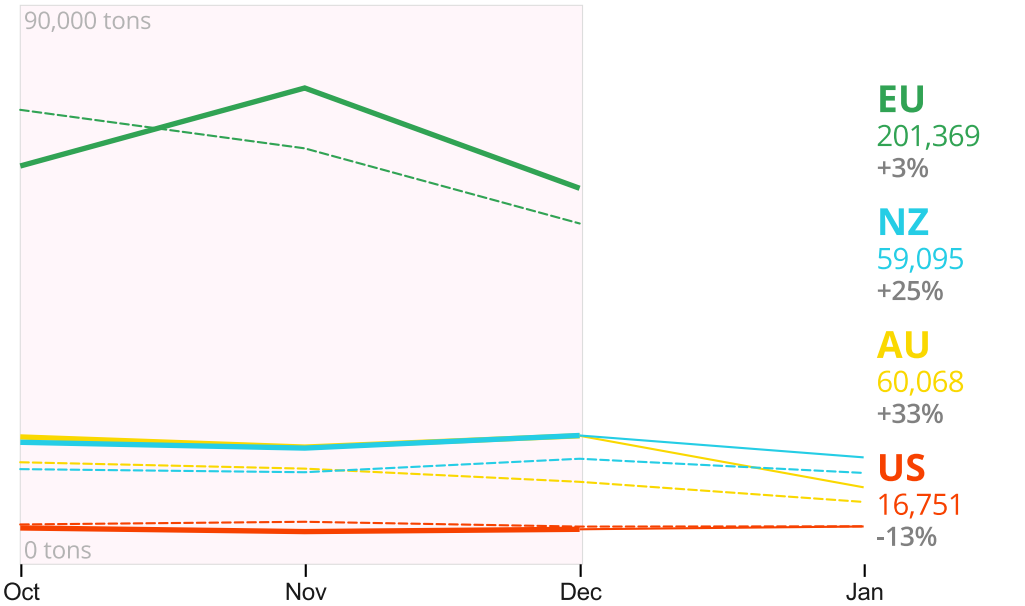
— 2017, monthly average

Milk

The export of packaged milk remains at high levels but slowed down slightly. It is possible that milk is replaced in consumption with other dairy products such as yogurt or fresh cheeses (mozzarella). Prices are affected by the higher milk supply.

Export tons

Monthly quantity



Oct - Dec
±% y-o-y

EU
201,369
+3%

NZ
59,095
+25%

AU
60,068
+33%

US
16,751
-13%

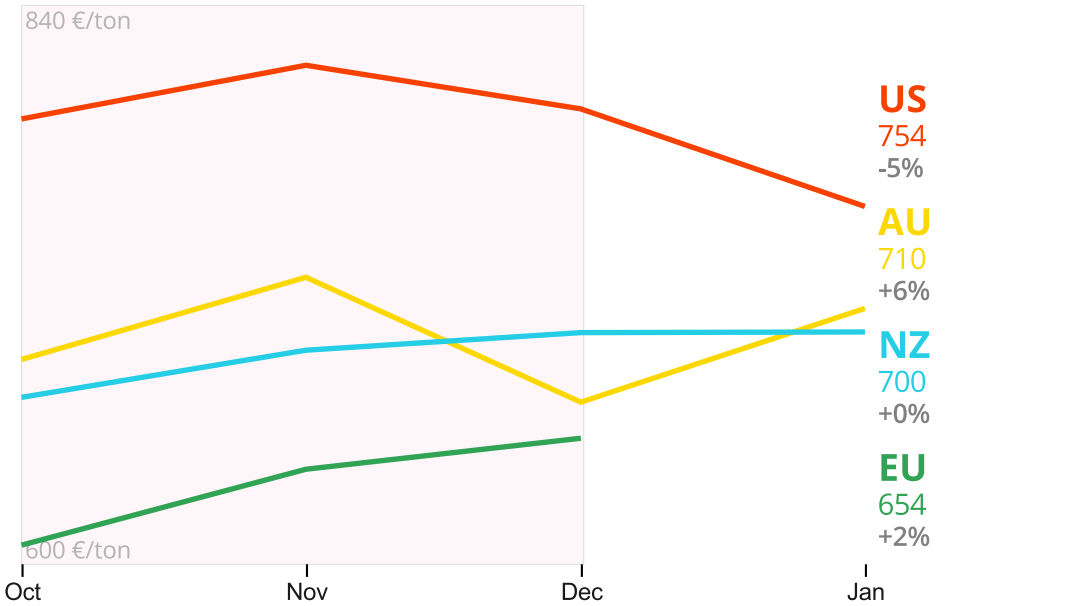
— 2017, monthly value - - - 2016, monthly value □ period of reference for cumulative figures

EU: European Union 28, US: United States of America, AU: Australia, NZ: New Zealand

For the list of data sources and calculations, please refer to the last page.

Export Prices €/ton

Avg monthly price



Last quotation
±% on prev. quot.

US
754
-5%

AU
710
+6%

NZ
700
+0%

EU
654
+2%

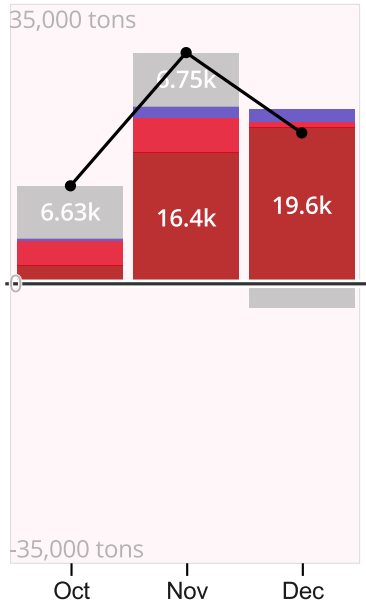
— 2017, monthly average □ monthly range of price

Milk

Russia aims for self-sufficiency, while China reinforces the environmental protection regulations limiting livestock farming: this could favor the import of finished products. The other Asian and Middle Eastern countries are expected to continue buying packaged milk.

Import tons

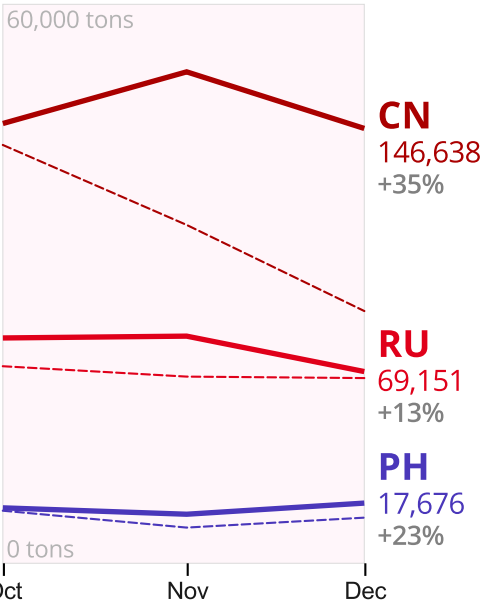
Variation y-o-y



Import top importers tons

Monthly quantity

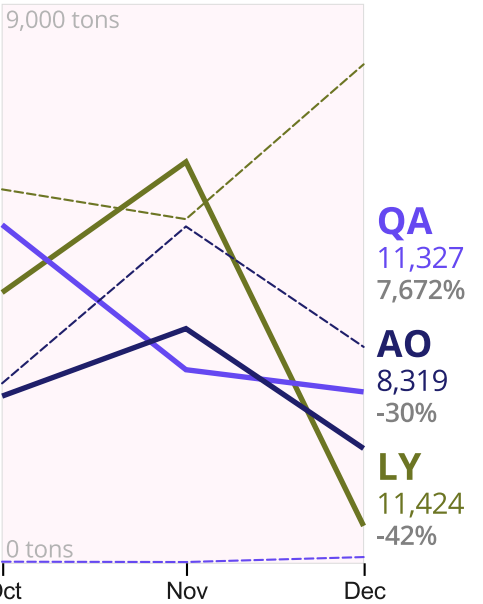
Oct - Dec
±% y-o-y



Import big variations tons

Monthly quantity

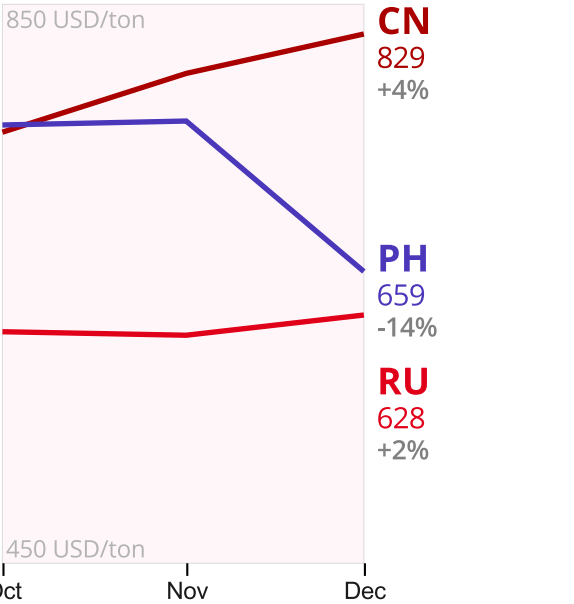
Oct - Dec
±% y-o-y



Import prices USD/ton

Avg monthly price

Last month avg
±% on prev. month



— 2017, monthly value - - - 2016, monthly value □ period of reference for cumulative figures
AO: Angola, **CN:** China, **LY:** Libya, **PH:** Philippines, **QA:** Qatar, **RU:** Russia
 For the list of data sources and calculations, please refer to the last page.

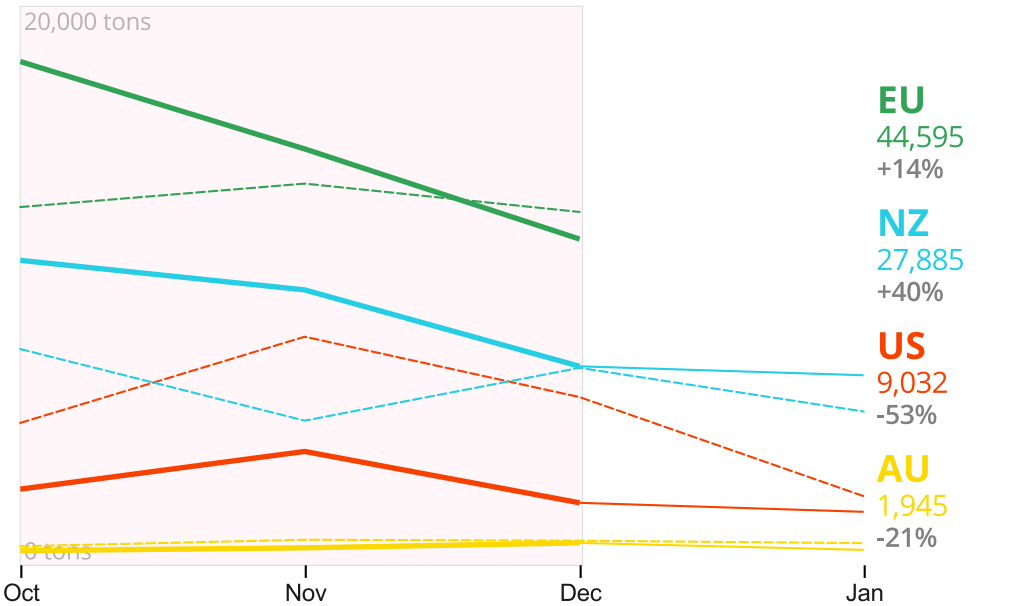
— 2017, monthly average

Cream

The export of cream, a new product on the international markets, is still high: the Southeast Asian consumers have discovered new ways to consume the cream. Prices have been affected by the recent decrease of butter price, but remain high.

Export tons

Monthly quantity



Oct - Dec
±% y-o-y

EU
44,595
+14%

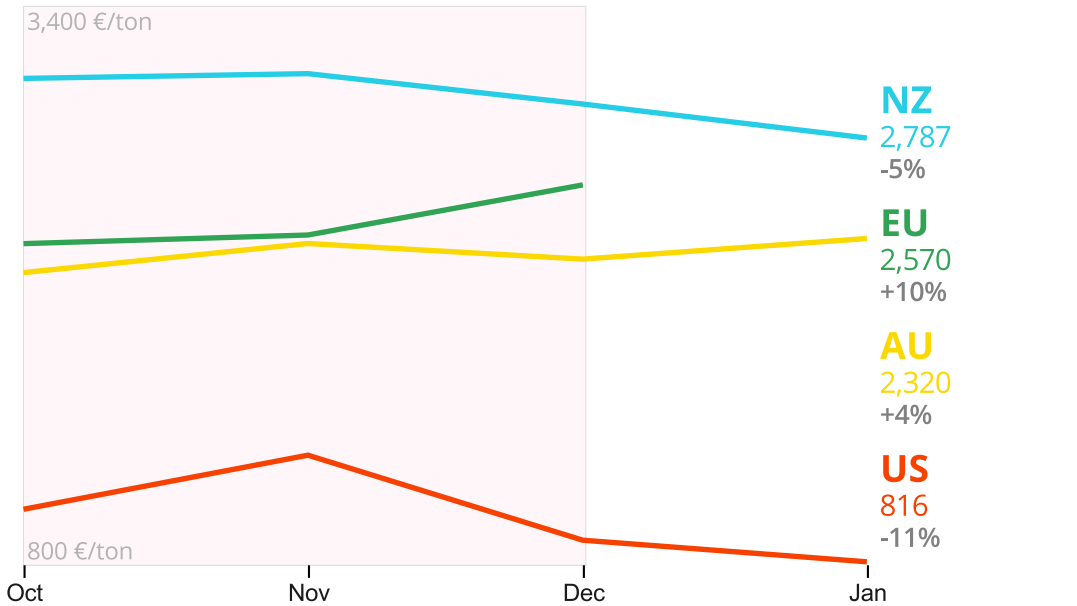
NZ
27,885
+40%

US
9,032
-53%

AU
1,945
-21%

Export Prices €/ton

Avg monthly price



Last quotation
±% on prev. quot.

NZ
2,787
-5%

EU
2,570
+10%

AU
2,320
+4%

US
816
-11%

— 2017, monthly value - - - 2016, monthly value □ period of reference for cumulative figures
EU: European Union 28, **US:** United States of America, **AU:** Australia, **NZ:** New Zealand
 For the list of data sources and calculations, please refer to the last page.

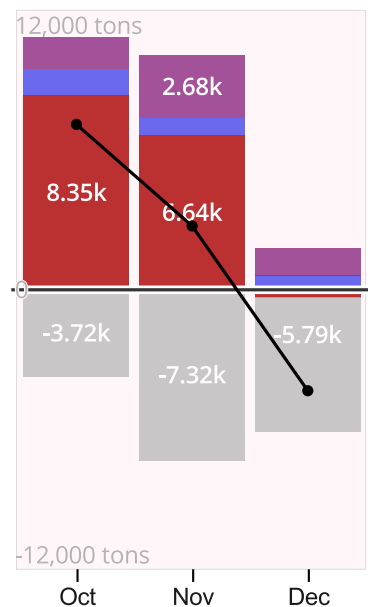
— 2017, monthly average □ monthly range of price

Cream

China is a major importer thanks to the new uses of cream, even though the trend in purchases is decreasing. Some countries such as Iraq and Afghanistan use cream as an ingredient in the manufacture of products similar to yogurt.

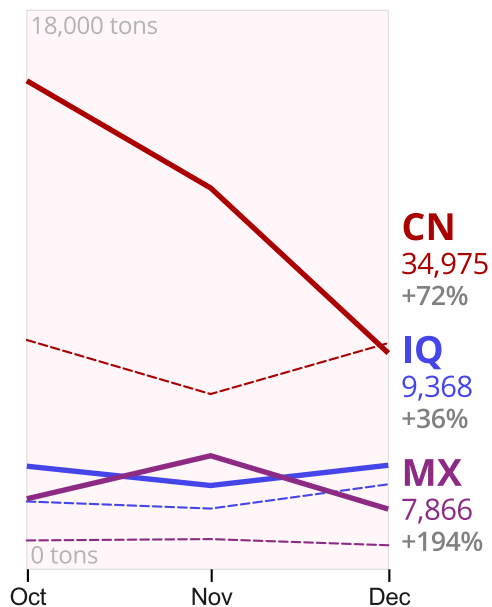
Import tons

Variation y-o-y



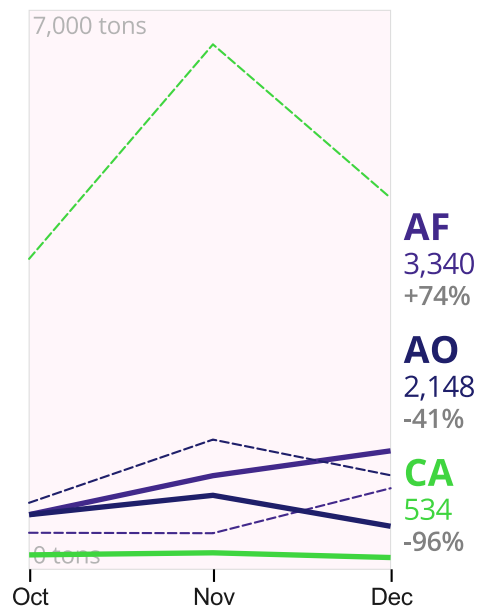
Import top importers tons

Monthly quantity Oct - Dec
±% y-o-y



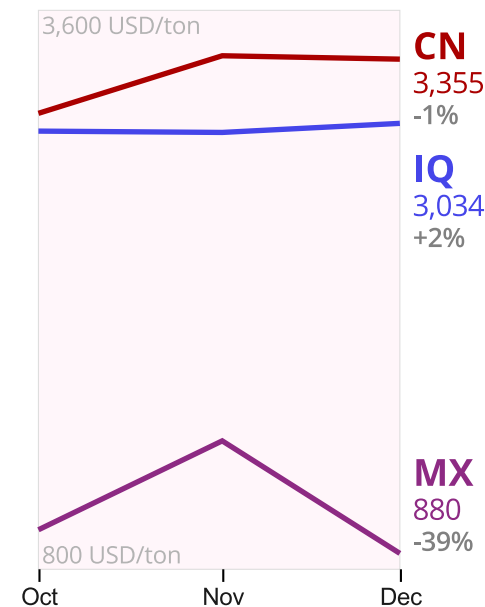
Import big variations tons

Monthly quantity Oct - Dec
±% y-o-y



Import prices USD/ton

Avg monthly price Last month avg
±% on prev. month



— 2017, monthly value - - - 2016, monthly value □ period of reference for cumulative figures
AF: Afghanistan, **AO:** Angola, **CA:** Canada, **CN:** China, **IQ:** Iraq, **MX:** Mexico
 For the list of data sources and calculations, please refer to the last page.

— 2017, monthly average

Data sources and calculations

Where not otherwise specified, **import-export quantity and prices** source is IHS.

A country's import is calculated by grouping the export towards that country from the main exporting countries. These data may differ from that country actual import data. The main exporting countries cover 88% of the whole dairy export.

The HS (custom) codes of reference are:

Cheese: HS. 0406

SMP: HS. 040210

WMP: HS. 040221+040229

Liquid milk: HS. 040110 + 040120

Condensed milk: HS. 040291 + 040299

Yogurt: HS. 0403

Cream: HS. 040130 + 040140 + 040150

Butter: HS. 0405

Context

Milk productions > EU (deliveries): Eurostat, Agea (Italy); US: NASS - National Agricultural Statistics Service; Australia: Dairy Australia; New Zealand: DCANZ - Dairy Companies Association of New Zealand; Argentina (deliveries): Subsecretaría de Lechería - Ministerio de Agroindustria; Ukraine: State Statistics Committee of Ukraine; Belarus: National Statistical Committee of the Republic of Belarus (Belstat); Chile (deliveries): ODEPA - Oficina de Estudios y Políticas Agrarias; Uruguay (deliveries): INALE - Instituto Nacional de Leche; Turkey (deliveries): Turkstat.

Milk Equivalent is calculated by taking into account the export of cheese, SMP, WMP, liquid milk, condensed milk and yogurt.

Farmgate milk price > EU (average farmgate milk price in Germany): ZMB, BLE, estimations made by AMI; US: AMS USDA Dairy Markets News; New Zealand (Fonterra): LTO NEDERLAND.

Currencies > European Central Bank.

Oil price (Europe Spot Brent Price FOB) > U.S. Department of Energy, U.S. Energy Information Administration.

Butter

Butter productions > EU: Eurostat; US: NASS; Australia: Dairy Australia; New Zealand: FAS-USDA and IHS data processed by CLAL.

Butter stocks > EU (intervention stocks): European Commission, US: USDA.

Butter prices > EU - Germany: Kempten; US - Chicago (Grade AA): CME; New Zealand (Oceania - 82% Butterfat): USDA.

Cheese

Cheese productions > EU: Eurostat; US: NASS; Australia: Dairy Australia; New Zealand: FAS-USDA and IHS data processed by CLAL.

Cheese prices > EU - Germany (Edamer): Hannover; US (40# Blocks): CME; New Zealand (Oceania - Cheddar 39% maximum moisture): USDA.

SMP

SMP productions > EU: Eurostat; US: NASS; Australia: Dairy Australia; New Zealand: FAS-USDA and IHS data processed by CLAL.

SMP stocks > EU (intervention stocks): European Commission, US: USDA.

SMP prices > EU - Germany (ADPI-Extra): Kempten; US - West: USDA; New Zealand (Oceania): USDA.

WMP

WMP productions > EU: Eurostat; US: NASS; Australia: Dairy Australia; New Zealand: FAS-USDA and IHS data processed by CLAL.

WMP prices > EU - Germany: Kempten; US: USDA; Oceania (26% butterfat): USDA.

Milk

Milk prices (export prices) > IHS data processed by CLAL.

Cream

Cream prices (export prices) > IHS data processed by CLAL.

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