

MD_DA104

Butter/Butteroil - Europe

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WESTERN EUROPE

BUTTER/BUTTEROIL:

Butter prices in Europe pre-fourth of July holiday are lower, retreating to below levels of early May. Butteroil prices are mixed, up at the bottom of the price range but down at the top.

Demand for butter within some Western European countries, Germany and France for example, decreased in late June. It is believed that a factor was adverse consumer reaction to higher prices after a number of retailers passed firmer prices to customers. There are limits to price elasticity, even for butter, and even in more affluent countries such as France and Germany.

July begins a new butter contracting period for many dairies and food retailers. In several cases, negotiations are still ongoing. It seems that buyers may have more resolve and determination to achieve contractual declines from recent butter prices, than sellers do to hold out for more. After all, those buyers who stepped back a couple of weeks ago have now been rewarded by current weaker prices. That memory will stiffen buyer resolve.

Western Europe, 82% Butterfat, Free on Board - Port Butter
Price Range - \$/MT: 6,650 - 7,100

Western Europe, 99% Butterfat, Free on Board - Port Butteroil
Price Range - \$/MT: 6,725 - 8,725

Information for the period June 25 - July 6, 2018, issued biweekly

Secondary Sourced Information:

Butter production in the biggest EU producing countries was down in April, from April last year. German butter production in April was down 1.1 percent from last year and France was up 3.7 percent, according to Eucolait. EU butter production January-April was up 1.1 percent. Production January-April for the top countries is shown on the following graph. If you are reading this in text format, the graph will not show. Please use the following link to see the graph in the combined international PDF report, <https://www.ams.usda.gov/mnreports/dybdairyinternational.pdf>.

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