

INTERNATIONAL DAIRY MARKET NEWS - EUROPE

Information gathered December 24, 2018 - January 4 2019

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

WESTERN OVERVIEW

During this late December 2018-early 2019 holiday period, out of office messages are the predominant response from dairy contacts in Europe. Obviously that leads to thin dairy markets. Overall market steadiness prevails.

Full year 2018 milk production in Western Europe, once official annual data is available, is expected to register ahead of 2017. Heat and drought in some areas during late summer were factors in lower annual milk production increases for the year than had previously been expected. This result is based on official data through October and observational commentary for the final two months pending release of official data.

Germany and France are usually the top two milk producing countries. They are expected to register divergent outcomes for 2018. Germany is expected to be ahead of the EU average increase. France is expected to lag the EU average increase. Netherlands, usually the third ranking milk producing nation, is expected to register a decrease in milk production for 2018.

A concern for 2019 is the delayed impact of poor feed production dating to the late summer drought. This has resulted in lower than desired carryover stocks. How this will impact 2019 milk production is a matter of concern. Informal current estimates are for EU milk production during 2019 to increase about 0.9 percent.

Late December demand for cheese within Western Europe is straining available stocks. Prospective retail buyers seeking last minute deliveries are generally unsuccessful. Orders for January delivery are expected to help replenish internal EU retail stocks. Cheese exports scheduled for January 2019 are in the pipeline. One factor in manufacturers being reluctant to fill last minute orders for current delivery, is to be certain that already completed January obligations can be met.

BUTTER/BUTTEROIL

Butter and butteroil prices in Europe are steady following a very thin market and many offices not being fully staffed over the holiday period. Butter prices tend to be highest in Slovakia and the Czech Republic. They are more clustered in Germany, Poland, Ireland, Italy and Netherlands.

The end of 2018 is a good time to review pricing relative to the last five years. Information showing the annual low and high price recorded in the Dairy Market News bi-weekly international price series is displayed for each of the last five years. This period's low range price, \$4,725, is even with the 2018 low. The high this period, \$5,250, is well down from the 2018 high, but still higher than the high price in two of the last five years.

WESTERN EUROPE BUTTER OIL

U.S. dollars per metric ton
F.O.B. port*

Year	Price Range
2014	4,025 - 6,900
2015	3,150 - 4,625
2016	3,450 - 5,300
2017	4,300 - 9,400
2018	5,950 - 8,875

***Dairy Market News bi-weekly price series**

Western Europe, 82% Butterfat, Free on Board - Port Butter
Price Range - \$/MT: 4,725 - 5,250

Western Europe, 99% Butterfat, Free on Board - Port Butteroil
Price Range - \$/MT: 6,825 - 6,975

SKIM MILK POWDER

European SMP prices are steady as 2019 begins. Light office schedules and attendance, coupled with holidays, resulted in thin markets. SMP prices tend to be highest in Germany, followed by Belgium and Netherlands. Prices are lower in the Czech Republic, Poland and Ireland.

The end of 2018 is a good time to review pricing relative to the last five years. Pricing this period equals the 2018 range high price. However, the 2018 high price is below the high price in four of the last five years. The 2018 low range price is the lowest during the last five years. A positive fact is that current low range pricing is well above the 2018 low. Information showing the annual low and high price recorded in the Dairy Market News bi-weekly international price series is displayed for each of the last five years.

WESTERN EUROPE SMP

U.S. dollars per metric ton
F.O.B. port*

Year	Price Range
2014	2,100 - 4,825
2015	1,600 - 2,675
2016	1,650 - 2,400
2017	1,575 - 2,350
2018	1,525 - 2,075

***Dairy Market News bi-weekly price series**

SMP demand through December has been high, higher than normal. That contributed to strengthened December price levels. Many manufacturers are booked for Q1 orders and Q2 ordering is well underway. With this likely to leave fresh SMP tight, there are reasoned expectations for firming prices into 2019 for newly manufactured SMP. As 2018 ends, intervention stocks previously held in Germany, Belgium, Netherlands, and Poland have been sold, according to sources in Germany. Remaining EU intervention stocks are expected to be sold in the first part of 2019.

Prices for: Europe, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder
Price Range - 1.25% Butterfat; \$/MT: 1,900 - 2,075

DRY WHEY

European sweet whey powder prices are steady. Pricing is uneven depending on quality and location. Price movements during recent months have been minimal.

CONTINUED ON PAGE 8A

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CONTINUED FROM PAGE 8

The end of 2018 is a good time to review pricing relative to the last five years. The 2018 high price is lowest among the five-year high price range. The 2018 low price is higher than three other years in the five-year price series. Current pricing is above the 2018 low point.

Information showing the annual low and high price recorded in the Dairy Market News bi-weekly international price series is displayed for each of the last five years.

WESTERN EUROPE WHEY POWDER

U.S. dollars per metric ton

F.O.B. port*

Year	Price Range
2014	1,025 - 1,550
2015	525 - 1,300
2016	500 - 1,100
2017	675 - 1,250
2018	725 - 1,075

*Dairy Market News bi-weekly price series

Prices for: Western Europe, All First Sales, Free on Board - Port, Conventional, and Edible Dry Whey

Price Range - Non-Hygroscopic; \$/MT: 875 - 1,025

WHOLE MILK POWDER

Whole milk powder prices in Europe are steady. Sales and contracting activity is at a low level this time of year.

The end of 2018 is a good time to review relative to the last five years. Pricing this period is well below the 2018 range high price. The 2018 high price is in the middle of high pricing for each of the last five years. The 2018 low range price is the highest during the last five years.

Information showing the annual low and high price recorded in the Dairy Market News bi-weekly international price series is displayed for each of the last five years.

WESTERN EUROPE WMP

U.S. dollars per metric ton

F.O.B. port*

Year	Price Range
2014	2,575 - 5,300
2015	1,850 - 3,400
2016	1,900 - 3,375
2017	2,800 - 4,000
2018	2,900 - 3,550

*Dairy Market News bi-weekly price series

Contracting for Q1 2019 internal EU sales is underway. Buyers are comforted by relatively stable WMP prices in recent periods. That had led to a slower contracting pace than with some other dairy

products. Export sales remain challenging because European pricing tends to be higher than in Oceania. Some export sales are expected in coming weeks, but overall activity is likely to be restrained. That situation is typical. Most WMP manufacturers in the EU mostly focus on internal EU markets.

Prices for: Europe, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder

Price Range - 26% Butterfat; \$/MT: 3,000 - 3,175

EASTERN OVERVIEW

Poland is among the largest milk producing EU countries and typically a leader in Eastern Europe. Production during 2018 seems on pace for many observers to expect that Poland will officially end the year with a higher increase than the EU average.