

In April, market stability prevailed, marked by a notable convergence in supply and demand dynamics across various products. The period witnessed minimal disruptions to the supply chain, contributing to reduced volatility overall.

Within the EU, the dairy market landscape remains largely stable. While challenges persist, particularly in Ireland, where certain producers, primarily in the South, are lagging behind, signs of improvement are gradually emerging with the onset of spring, symbolised by cows returning to pasture.

Although milk collections across the EU are anticipated to remain steady and in line with projections, the significant volume disparity in Ireland has exerted upward pressure on market prices, sustaining firmness.

The EU-27 weighted average milk price remains unchanged from last year at 46.34 EUR per 100 kg, representing a modest 8% decline compared to 2023. However, the current year benefits from lower feed commodity costs, ensuring farmers continue to enjoy favourable returns.

In Oceania, milk production is tapering off. This is accompanied by a corresponding uptick in prices, aligning with seasonal patterns. Despite this, opportunities for cost-effective purchases persist, particularly from Australian suppliers, who seem to have an abundance of SMP.

The latest Global Dairy Trade (GDT) auction saw minimal fluctuations across most dairy products, although cheese experienced an 8.5% decline, which can be attributed to anticipated production surpluses.

Geopolitically, tensions persist, exerting a strain on various fronts. While shipping costs have not escalated significantly, prolonged transit times are becoming prevalent, with shipments from the EU now taking up to three months to reach their destinations.





SMP

by Justin Gooshouwer

SMP SMP maintained a degree of balance during the month, with prices largely stable. EXW prices ranged from 2,250 EUR/MT to 2,400 EUR/MT EXW EU for prompt shipment. However, it has been noted that when prices reach the bottom of this range, end users tend to step in and buy, signifying some market support.

Few large tenders were witnessed during the month, however, some end users did step in following the most recent ONIL tender, as SMP prices at current levels are well within the budgets of most purchasing managers.

We are now entering the peak of the flush season in Europe. However, with cheese valorisation still strong, it's not known how much milk will be allocated to butter and SMP. Skimmed milk concentrate is, however, trading at very low levels, due to the slow demand from the fresh segment of the retail sector, which has been caused by a late spring. It has been possible to buy SMC at 1,200 EUR/MT, which means that producing SMP at levels below 2,000 EUR/MT should be possible in Europe.

We remain slightly bearish on SMP. With plenty of powder expected in the market and global demand still not back to pre-Covid levels, there is more of a bias towards a downward movement. However, at certain prices, valorisation will be much stronger for cheese, meaning that butter and SMP will lose on milk allocations and supply could become constrained. Keeping the market in check right now is product from Australia, where delivered Asia prices are being witnessed at around 2,500 USD/MT CIF.

Bdairy outlook: Slightly bearish





BUTTER

by Tijmen Tunderman

BUTTER The fat market maintained its stability throughout April, with prices in NL/BE/DE fluctuating between 5,500 EUR/MT and 6,000 EUR/MT for the duration of the month.

The primary concern within the fat supply and demand dynamics lies in Ireland, where milk collections continue to lag, down by approximately 6% depending on the region. This factor keeps the continental market relatively firm, as the absence of Irish butter from the EU market significantly influences supply and demand dynamics.

Cream prices experienced a weakening trend during the month, alleviating some of the bullish pressures on butter. However, we anticipate a shift as improving weather conditions stimulate demand for fresh products.

On the demand side, end user coverage appears adequate, although many partners still need to secure coverage for late Q2. Producers are asserting minimal pressure to reduce prices, citing lower collection rates in Ireland and contentment among suppliers on the continent with their current positions.

Bdairy outlook: Stable





BMP

by Joris de Baas

BUTTERMILK POWDER BMP prices have faced a downward pressure over the past month, driven by increased product availability stemming from improved butter production. Additionally, subdued global demand has exacerbated this bearish trend. The most recent GDT auction saw BMP prices decline by 1.4%, despite SMP prices remaining stable.

Currently, with BMP priced at 2,200 EUR/MT FCA, it presents an appealing option for purchasing managers, particularly those with the flexibility to switch between BMP and SMP. Consequently, we anticipate a potential uptick in demand in the coming period.

While we forecast a positive demand outlook for Q2 and Q3, supply is also expected to be ample, possibly surpassing demand. Therefore, our stance leans towards slightly bearish, given the potential for supply to outweigh demand in the market.

Bdairy outlook: Bearish





LACTOSE

by Joris de Baas

LACTOSE The lactose market, much like the whey market, maintained a stable to slightly bullish trajectory throughout the month. This trend was propelled by robust USA prices driven by strong demand from Latin America, coupled with a reluctance among EU manufacturers to process permeate into lactose.

In the EU, prices ranged from 630 EUR/MT to 780 EUR/MT EXW EU, varying based on brand and quality. However, buyer activity has been notably subdued in recent weeks as global coverage appears sufficient.

In the USA, prices ranged from 0.29 USD/IBS to 0.34 USD/IBS, depending on the brand. This price dynamic positions EU products as more appealing within the export market, particularly for clients in Asia and the Middle East.

It is expected that there will be ample supply throughout the month, and demand is anticipated to stay stable, resulting in a balanced market overall.

Bdairy outlook: Slightly bullish





SWP

by Joris de Baas

SWEET WHEY POWDER SWP stands out as the most stable product in recent months. EU cheese production remains robust, showing a 3.4% increase YoY, leading to ample concentrate availability and abundant volumes for SWP.

The market for WPC80 & WPC35 has seen a notable weakening trend, experiencing a 14% decline since January. Currently, trading hovers between 8,000 EUR/MT and 8,500 EUR/MT EXW EU. This makes drying SWP more appealing for those manufacturers who have the flexibility to switch, given SWP's comparatively stable prices.

Demand for SWP was subdued in April, with many buyers already covered forward. Most current demand has shifted to Q3, notably in Southeast Asia. China's imports remain low compared to 2023, down by 14%.

EU-origin whey powder continues to be the most cost-effective globally, especially in Southeast Asia, compared to products from the USA and Oceania. This sustains ongoing demand for EU products. Pressure to export is mounting for USA whey producers due to apparent stock build-ups, resulting in a drop in CME to 37.50 USD/IBS, down from 40.05 USD/IBS. Despite this, the EU remains the predominant area of origin.

The possibility of whey prices declining further hinges on a reduction in cheese production. While stable cheese market conditions are favourable for manufacturers, they pose challenges for trade and industry. Consequently, less attention is being directed towards cheese, potentially leading to price decreases as reports surface of global cheese stocks accumulating.

Bdairy outlook: Bearish





FCMP

by Joris de Baas

FULL CREAM MILK POWDER The WMP market witnessed some fluctuations during the month, notably with offers emerging from Ireland at approximately 3,500 EUR/MT EXW IRL, representing the most economical source within the EU. However, counterparts in Western EU were quoting slightly higher prices, at around 3,700 EUR/MT.

The Irish swiftly cleared these stocks, causing the market to stabilise back to approximately 3,700 EUR/MT EXW IRL. This elevated price level effectively sidelined the EU from the export market, except for destinations requiring expedited shipment, as Oceania prices remained competitively discounted compared to EU prices across most destinations.

Low offers have become scarce in the EU market, with buyers securing their immediate needs. However, reports still circulate of limited availability of older stock, albeit in small volumes. We remain cautious on the FCMP market, as FCMP is largely a follower of fat prices.

Bdairy outlook: Stable