

Bdairy Talks.



June 2025

May brought a calmer tone with low volatility entering June across the global dairy market. Trade tensions have subsided for now, with Trumps tariff war on hold it seems pending further discussions.

Weather conditions across Europe were favorable, supporting solid milk yields, while no major disease outbreaks or trade disruptions occurred. Buyers continue to seek market discounts, hoping for positive milk yields globally to put pressure on the market, however, the market seems to handle such pressure quite well.

Milk Collections Europe: Headline milk production in March is -0.2% vs last year, stronger than the 0.4% forecast, Fat and Protein content is however up, meaning component adjusted production is up 0.6% YoY. DE/FR/NL/UK showed good growth vs February, and April/May are following suit, without official data to back this up. Farm Gate prices are strong, leading to strong forecasts, as margins should drive production growth. Poland, Ireland and the UK continue to show impressive growth, whilst France, Germany, and the Netherlands play catch up after a slow start to the year.

US: US milk production was up 1.5% from last year, posting strong gains, despite reducing farmer margins. The increase in collections was helped by an addition of 1.1% of dairy cows YoY. Component adjusted production is up 3%.

NZ: Production in NZ continues to wind down, and we experienced a drier Feb/March period, reducing pasture growth. May/June things are improving, and the forecast looks positive. Farmer margins are also profitable, so the 25/26 season should prove promising. Australia production is up, but basis solid components, production is down -0.4%.

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SMP

SMP prices held steady through the month at 2,350–2,400 EUR/MT FCA EU, depending on brand and origin. Futures have ticked back up above 2,400 EUR/MT.

EU March production was up 2.27% year-on-year (+3KMT), with exports slightly down (-0.4%) but domestic demand firming (+2.8%). Stocks are up compared to last year, though still coming from a low base.

Raw material prices are trending higher again, SMC now back above 2,000 EUR/MT FCA DE/NL, which is helping to keep a floor under SMP pricing.

In the US, SMP/NFDM output is down 9.5% vs last year, with limited production forecasted ahead. Europe remains the most competitively priced origin globally, with little pressure to ease further. That said, most buyers are covered until July/Aug, which is keeping spot activity quieter.

The US is pricing too high to compete (2,750–2,800 USD/MT FCA = ~2,415–2,470 EUR/MT), and Oceania is well sold for the current season with no real need to move volume until new season milk arrives.

Milk peak in Europe appears to have passed, so the wave of raw material coming into the market should now ease, reducing pressure on manufacturers to drop prices.

Bdairy outlook: Slightly bullish



BUTTER

BUTTER EU butter production was up slightly in March (+0.6% YoY), but from a low base. The bigger story is on stocks — still historically tight, sitting 13% below last year and well under both 3- and 5-year averages. Warehouse partners are openly reporting empty inventories and are actively seeking storage business, a clear sign of the market's current tightness.

Butter prices ranged between 7,250–7,450 EUR/MT FCA EU/IRL, with occasional dips to 6,900-7,000 EUR/MT in May, but any move below that floor was quickly met with buying interest, showing strong support.

Production is gradually picking up at these levels, and forecasts suggest higher output vs 2024 across the season. Poland remains the most competitive origin thanks to high milk intake and robust butter output.

Cream prices have climbed sharply to 8,800-8825 EUR/MT FCA EU (vs 8,000 EUR/MT last month), which is pushing butter values higher as processors chase margin.

AMF is following the same trend, tight prompt availability has pushed offers to above 9,000 EUR/MT FCA EU, up from 8,500 EUR/MT just a month ago.

Overall, the fat complex still feels tight on supply, while demand remains firm despite elevated prices. Until stocks build meaningfully, the market remains well supported.

BMP

BUTTERMILK POWDER BMP prices have finally stabilized after months of decline, holding at around 2,350–2,450 EUR/MT FCA EU. At these levels, demand has been strong enough to halt the drop, helped by low stocks and still-limited production, as butter output remains below previous years.

Pricing now sits largely in line with SMP, which could lead to further demand destruction on the export side, particularly from condensed milk producers looking for more cost-effective alternatives.

Looking ahead, the supply picture doesn't improve much, with butter production not ramping up, BMP output is expected to remain tight. The US is also producing less fat as milk gets diverted toward cheese, keeping their BMP availability limited.

This again makes Europe the most competitive origin for exports, even if volumes remain capped. The near-term outlook feels steady, supply and demand look balanced for now, with little reason for a major move either way.

Bdairy outlook: Neutral



FCMP

FULL CREAM MILK POWDER FCMP production is up 7% YoY, but that headline figure is skewed, most of the growth is coming out of Denmark, where production has surged +163%. Meanwhile, key producers like Ireland, France, Germany, and Poland remain behind last year.

Despite high prices (4,200–4,400 EUR/MT FCA), demand has held up well. Many smaller buyers are still uncovered, and large chocolate producers continue to buy hand-to-mouth.

That said, some substitution is happening, particularly with SMP + AMF, as the price spread tightens.

In Europe, demand looks stable at current levels, with any dip below 4,200 EUR/MT quickly attracting interest.

Overall, the market feels slightly bullish, supply growth is concentrated in one origin, demand is holding, and buyers are stepping in whenever prices ease.

Bdairy outlook: Slightly bullish



SWP

SWEET WHEY POWDER The Sweet Whey Powder (SWP) market extended its downward trend through April, with prices falling by approximately EUR 50/MT month-over-month. Grade A material is now trading at EUR 1,150–1,200/MT FCA Western Europe, while lower-grade material (Grade B/C) is being offered at discounts ranging from EUR 980–1,150/MT, though price declines for these grades have been less pronounced. The broader whey complex remains under pressure as cheese production continues to be robust, generating additional whey concentrate. Whey concentrate is currently trading around EUR 400/MT FCA Western Europe.

Meanwhile, the WPC/WPI market in Europe is exceptionally firm. This firmness is driven by increased demand from China, which has shifted sourcing to Europe amid ongoing trade tensions with the USA. EU-sourced Instant WPC/WPI is now trading at EUR 12,000–12,500/MT FCA Eastern Europe, with slightly lower pricing seen in Western Europe, albeit with limited availability.

The SWP market is being significantly impacted by the China–USA trade conflict. With Chinese buyers stepping back from US-origin product, US exporters are actively seeking alternative markets, creating intense competition across Southeast Asia and the Middle East. This added pressure is expected to weigh on global whey prices in the coming months.

Feed-grade whey has also softened, now trading at EUR 880/MT DAP Netherlands, reflecting a EUR 30/MT decline versus last month. This drop is driven by increased availability of low-grade material.

Looking forward, we anticipate further increases in supply, coupled with a slight reduction in demand as many buyers have already covered their needs for early Q3. As a result, our outlook for the SWP market remains bearish.

Bdairy outlook: Slightly bearish

