

Bdairy Talks.



May 2025

April proved to be somewhat calmer than March, marked by reduced price fluctuations and the absence of any major disease outbreaks. However, market sentiment remained cautious, influenced by persistent currency volatility and the unpredictability of political developments, particularly from President Trump's frequent tweets, which affect markets in many ways.

In Europe, favourable weather conditions helped sustain positive milk yields, and while there were initial concerns about Bluetongue, reports remained limited. The month also coincided with various holiday periods across global markets, which led many buyers to adopt a wait-and-see approach. Notably, the Middle Eastern market stood out with a sudden surge in activity, at times approaching a frenzied pace.

Milk Collections:

Milk collections across Europe showed a year-on-year decline of 2.6% for the January–February period, with key producers France and Germany both down by approximately 3%. Ireland, while beginning to recover, remains 2% behind last year's levels, whereas Poland has managed a modest gain of 0.2%. Despite these lower volumes, EU milk prices remain highly supportive, with the weighted average hovering around 0.53 cents per litre—the highest seen in three years—offering strong incentives for farmers to continue production. Unofficial data from across the continent is actually now reporting a small gain year over year, with Ireland and France notably reporting gains.

In the UK, official data shows a slight year-on-year increase of 0.4% for January and February, but more recent unofficial figures suggest collections surged to around 5% above last year's levels by April.

GDT

AMF: +5.4%

Butter: +3.8%

BMP: +6.2%

Cheddar: +12%

Lactose: +16.8%

Mozzarella: -0.3%

SMP: +0.5%

WMP: +6.2%

The latest Global Dairy Trade (GDT) event delivered a firmly positive tone, with most commodities posting solid gains:

Lactose led the increases with a +16.8% surge, indicating strong demand—likely linked to feed and infant formula sectors.

Cheddar followed closely, jumping +12.0%, a bullish move possibly driven by tightening supply or firm retail/export demand.

Butter and AMF recorded strong increases of +3.8% and +5.4% respectively, reflecting continued strength in the fat complex.

BMP and WMP each rose by +6.2%, suggesting renewed buying interest, possibly from Southeast Asian and Middle Eastern markets.

SMP showed only a marginal gain of +0.5%, reinforcing the sense of an oversupplied market and sluggish demand dynamics.

Mozzarella was the only product to post a decline (-0.3%), indicating stable-to-soft demand, particularly in foodservice or export-driven segments.

Overall, this GDT event signals renewed buying confidence, especially for value-added and fat-based products. While SMP remains sluggish, the broader tone was optimistic—potentially offering temporary price support across global markets, including the EU.

Outlook:

Markets calmed a little during the month, after months of high volatility. Diseases seem to be under control, but tariffs wars are not, meaning FX rates are volatile, adding further price pressure to commodities. Supply looks positive over the coming months, and we do expect some weakening across the market.



SMP

SMP experienced mild bearish pressure throughout April, with European CODEX-grade material trading between €2,300 and €2,400/MT FCA for May–June delivery—down approximately €50/MT from March. EEX futures mirrored this softening in line with the physical market. The price decline has been largely attributed to Europe's reduced competitiveness against U.S. product during April, alongside healthy production levels across the continent. Spot SMC prices also dropped, now around €1,850/MT DAP Western Europe. Parity has returned between European and U.S. product on a CIF basis into Southeast Asia, though Europe is more competitive to the MENA region. U.S. SMP prices saw a slight rise to around \$1.20/lb FCA, up from \$1.17/lb last month. New Zealand remains largely absent from the market due to low stock availability, limited production and high prices. Australia, however, has more volumes available but prices are above EU/U.S. On the demand side, Europe remains sluggish, particularly due to weak purchasing activity from major chocolate producers. Asian buyers appear partially covered for early Q3 ETA, with China holding sufficient inventory.

The MENA is currently the most active buyer in the global market, since Ramadan ended early April and buyers are covering their Q2/Early Q3 needs. While the overall trend is downward, limited manufacturer stocks are preventing sharper price declines. With solid milk collections and strong global output, further downward pressure on SMP pricing is anticipated into May as supply continues to outweigh demand.

BUTTER

BUTTER Butter markets moved mostly sideways in April, with a slight softening toward the end of the month. Prices in Europe remain elevated, with lactic butter trading around €7,000–7,100/MT FCA Ireland and €7,050–7,150/MT FCA across the Netherlands, Belgium, and Germany for prompt loading—both reflecting a modest decline from March.

Poland continues to offer the most competitive pricing, with strong milk collections and high butter output pressuring lactic butter values down to approximately €6,950/MT FCA. Cream markets, particularly in Eastern Europe, saw the most pronounced drop, with prices falling below €8,000/MT FCA. In the U.S., downward pressure on butter appears to have eased, supported by notable export activity, especially into the EU.

Anhydrous Milk Fat (AMF) followed a similar path, now trading at around €8,700/MT FCA Western Europe. Looking ahead, ample milk supplies are likely to exert pressure on fat prices, though strong demand persists, even at elevated levels. Many end users remain uncovered, and with low inventory levels among both suppliers and traders, there is limited incentive to aggressively reduce prices further.

BMP

BUTTERMILK POWDER BMP prices continued their downward trajectory throughout April, realigning more closely with SMP levels. This decline has been driven primarily by increased butter production across Europe, which has led to greater BMP concentrate availability and subsequent downward pressure on prices.

Current pricing stands between EUR 2,300–2,550/MT FCA Western Europe, depending on brand and quality. The price differential between BMP and SMP has narrowed significantly yet demand for BMP remains under pressure as buyers persist in reformulating away from BMP-based applications.

Looking ahead, further increases in butter output across Europe are expected to result in additional BMP supply entering the market. Conversely, BMP availability in the USA has tightened somewhat. In prior months, US-origin BMP traded below European levels, attracting strong demand and drawing down US inventories. Some European suppliers are indicating better demand at EUR 2400 price levels. However, with overall demand remaining weak and supply set to rise further, the near-term outlook for the BMP market remains bearish.

Bdairy outlook: Bearish



FCMP

FULL CREAM MILK POWDER FCMP prices have remained steady to slightly bearish, currently trading in the range of EUR 4,200–4,250/MT FCA Western Europe, depending on specification.

FCMP continues to struggle to valorize competitively compared to alternative dairy products, which has kept production levels subdued. In addition, stock levels remain relatively low, following strong demand in recent months.

Imported product from Oceania continues to filter into the European market, with CIF Rotterdam prices generally more competitive than locally produced FCMP. This import pressure has effectively capped an upward price movement within the EU.

While the market currently feels relatively balanced, a moderate uptick in production is anticipated. As returns from other dairy commodities soften, manufacturers may shift towards FCMP production. As a result, we expect supply to begin outpacing demand slightly in the coming months, putting mild downward pressure on the market.

Bdairy outlook: Bearish



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: Bearish