

Global Dairy Outlook

18 April 2023

BORD BIA
IRISH FOOD BOARD

 **Vesper**

Agenda

Topics covered:

- Change in global sentiment
- Supply
- Demand
- What's next?





DAIRY MARKET UPDATE

Change in global sentiment



Prices have come down from their all-time highs



Both in and outside of dairy commodities



DAIRY MARKET UPDATE - SUPPLY

Temporarily increased supply



Milk production growth is limited



High pay-out prices to farmers and high temperatures helped temporarily





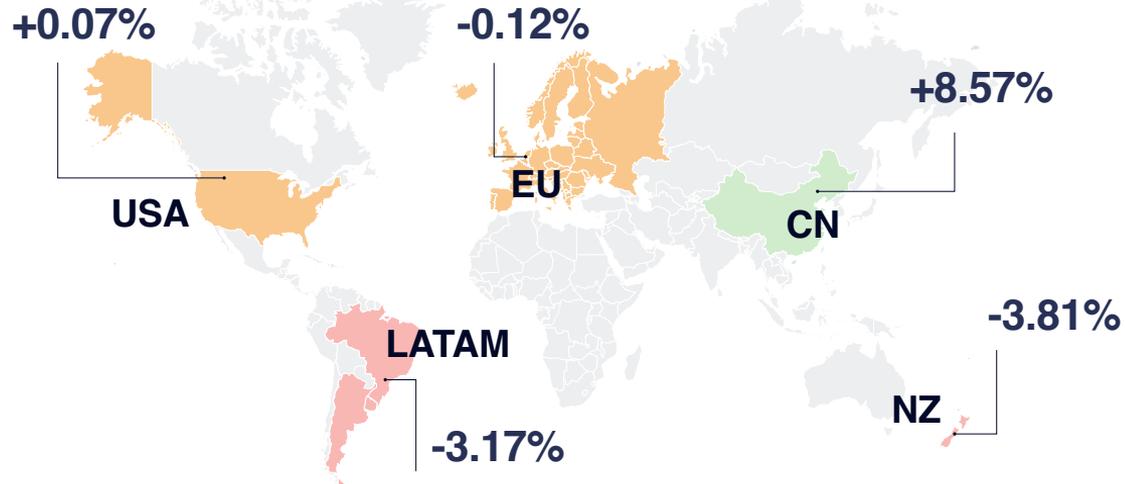
DAIRY MARKET UPDATE - SUPPLY

Global milk supply overview



Big differences between regions

2022 milk production



Pay-out prices



Climatic conditions



Sustainability



DAIRY MARKET UPDATE - SUPPLY

Elevated production costs



Pay-out prices to farmers were very high



Production costs were still at very high levels





DAIRY MARKET UPDATE - SUPPLY

Elevated production costs



Pay-out prices to farmers were very high



Production costs were still at very high levels



DAIRY MARKET UPDATE - DEMAND

Lowered consumption

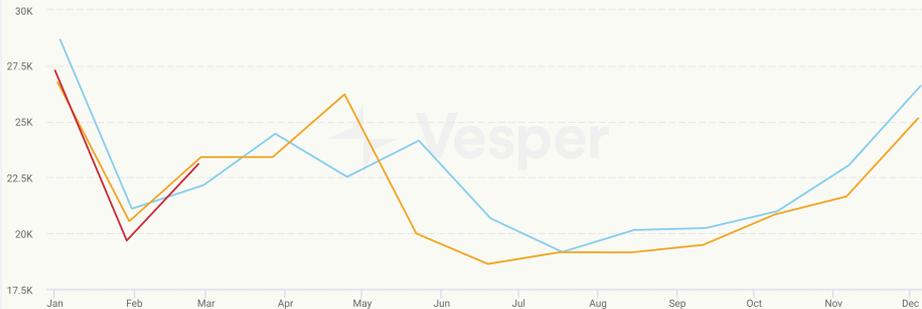


Consumer prices went up, pushing volumes down



Retail Consumption

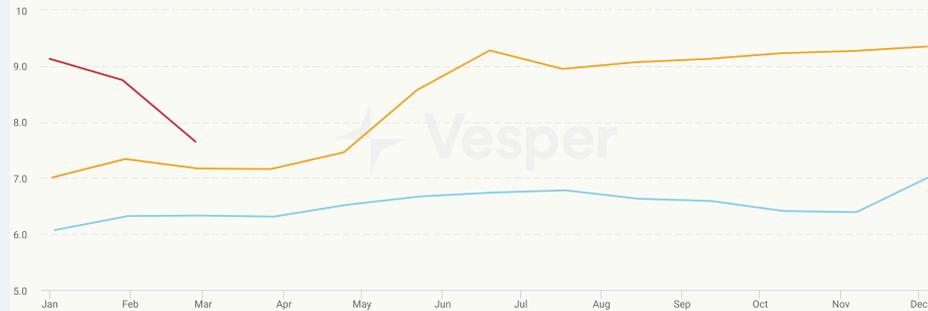
Filter by: DE Butter Monthly Volume



Legend: 2019 2020 2021 2022 2023

Retail Consumption

Filter by: DE Butter Monthly Price



Legend: 2019 2020 2021 2022 2023



DAIRY MARKET UPDATE - DEMAND

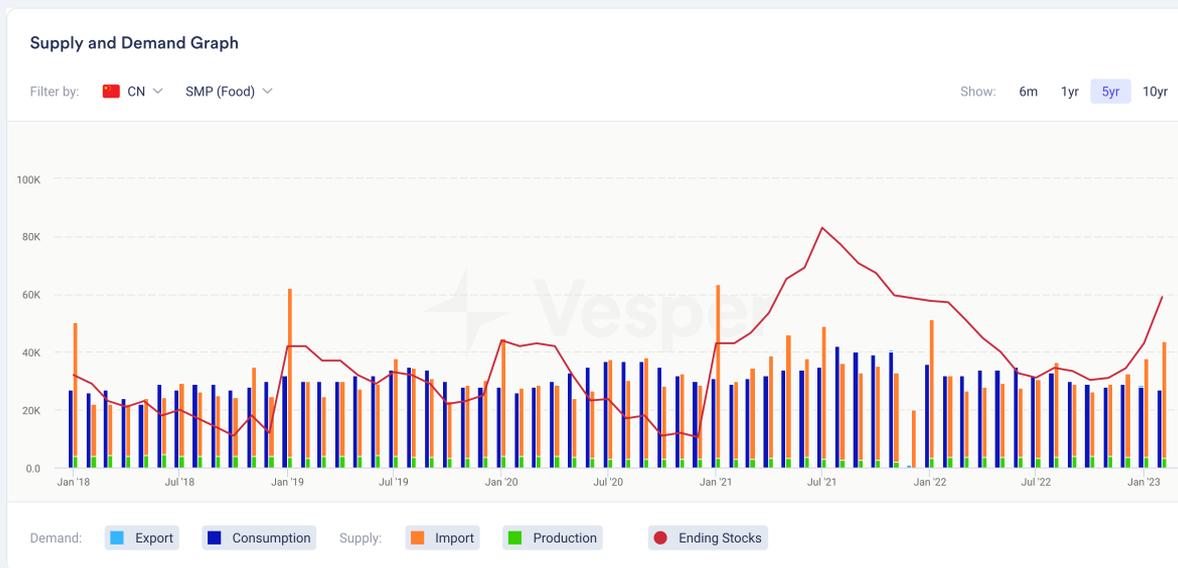
Decreased demand



High stock levels at end-consumers



Higher cost of capital is reducing demand





DAIRY MARKET UPDATE - DEMAND

Mixed global demand



Big importing regions are becoming increasingly active



Global competitiveness is increasing to secure exports



DAIRY MARKET UPDATE

What's next?



Lowering supply

Milk deliveries are likely to be lower again in EU

Pay-out prices will decrease to around €0,40/kg in Europe



Dairy prices

Prices in the dairy market will bottom out

Expectation is that prices will be around historical averages



Milk deliveries

Global supply is expected to stay flat

Big differences between regions



Potential 2023

Significant upside price potential in the second half of 2023 and on



2023 and 2024 outlook



Supply of milk and milk products will be higher YOY until the end of H1 2023

Demand is expected to stay subdued until the end of H1 2023



Supply of milk and milk products will stabilise globally and decrease in some regions

Demand is expected to pick up in H2 2023

Small shortage of dairy products in two of the main producing regions (EU & NZ)

Conclusion: Slowly increasing prices towards 2024 and on

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