

International Demand Analysis

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U.S. Dairy
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Ingredients | Products | Global Markets

Data Through:
September 2024

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A Note from the Authors

- This is the **International Demand Analysis** from the Dairy Economics Team at National Milk Producers Federation (NMPF) and the U.S. Dairy Export Council (USDEC). This monthly report outlines the latest global dairy trade trends and data combined with our own commentary analyzing demand in key markets for **cheese**, **NFDM/SMP**, **whey (0404.10)** and **WPC80+**, alongside shorter summaries for **lactose**, **butterfat** and **WMP** – all with a forward-looking lens and US exporter viewpoint.
- **Data Notes**
 - All comparisons are year-over-year unless otherwise noted.
 - 3-Year CAGR is calculated from most recent 12-months and not from calendar year.
- If you have any questions, comments or suggestions on how to improve the report, send us an email at:
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Global Dairy Demand Market Commentary



KEY TAKEAWAYS

- With full data now published for September and Eurostat fixing erroneous cheese exports in August, we can see that **aggregate global dairy trade was largely flat over the latest two months of data.** Global dairy trade fell by 1.9% in August (-15,397 MT MSE) before jumping right back up by 1.8% in September (+14,415 MT MSE), equating to a negligible decline of -0.06% over the last two months.
- Despite the general stagnation, key trends are emerging in the trade data. In particular, **performance between China and the rest of the world continues to diverge.** Global trade to China declined in August and September by a combined 11% (-28,748 MT MSE) while the rest of the world gained 2% (+27,766 MT MSE).
- Mexico and Southeast Asia proved the most consistent drivers of the recent rally in global trade outside of China. Volumes to Southeast Asia increased by a combined 6% (+15,556 MT MSE) in August and September, while Mexico improved even more after gaining 16% (+17,242 MT MSE). The two markets were joined by a surprising new entrant, Sub-Saharan Africa, where volumes increased by 22% (+16,163 MT MSE) thanks to favorable year-over-year comparisons in Q3 and gains in FFMP/blends from Europe (+29%, +17,703 MT in Aug & Sep).

Global Milk Solids Trade

+1.8%
September YoY

+1.4%
YTD, Ending Sep.

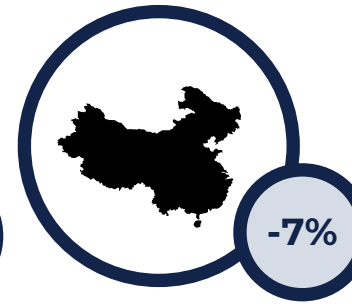
+1.3%
Last 12-Months, Ending Sep.

-1.4%
3-Year CAGR

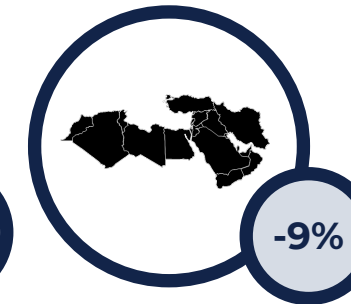
September Standout Markets



SOUTHEAST ASIA
+12,580 MT



CHINA+HK
-9,441 MT



MENA
-11,636 MT



MEXICO
+12,289 MT

ADDITIONAL NOTES

The Middle East-North Africa has proven full of competing trends in 2024. NFDMSMP trade to the region has consistently climbed with volumes holding well ahead of historic trends even if September's 6% gain (+2,296 MT) was relatively modest compared to prior months. WMP sales to the region, by contrast, have lagged in the months following an unusually strong first quarter. Cheese, which had been performing well for most of the year, dropped sharply in September (-13%, -3,695 MT). With such divergent trends, it remains difficult to see clear patterns in MENA demand. Overall, the region is moving in a positive direction alongside economic expansion, but the potentially ample inventories remain a concern for NFDMSMP demand especially given the wildcard of geopolitical uncertainty. Looking ahead, MENA's imports are in a stronger position than any time in the last five years, but future import expansion in the near-term is far from guaranteed.

Global Dairy Demand Market Commentary



LOOKING AHEAD

- **China remains the number one topic in global dairy markets.** Sharp declines in China's milk production, reportedly low milk powder inventories and an active North Asia on the GDT beginning in September would suggest a rebound is in store for the world's largest dairy importer. However, contrasting that bullish outlook is a sluggish economy and historically low raw milk prices suggesting there is little urgency for Chinese manufacturers to compete for milk.
- How these two conflicting indicators balance out remains to be seen. **New Zealand's October exports will likely give us the first clear indication of whether China's supposed rally is real or a mirage.** Regardless, the fact that the conversation on China has switched from one of pessimism to one of uncertainty is at least a positive step in the right direction.
- **Looking beyond China, the global market is in relatively strong shape.** Mexico is expected to remain an active buyer despite a weakening currency; SEA's steady recovery should continue; and developing markets, like Sub-Saharan Africa, are beginning to show real improvement.

U.S. Milk Solids Exports¹

+8.3%
September YoY

+0.5%
YTD, Ending Sep.

-1.3%
Last 12-Months,
Ending Sep.

-0.5%
3-Year CAGR

EU Milk Solids Exports

-3.9%
September YoY

-1.1%
YTD, Ending Sep.

-0.8%
Last 12-Months,
Ending Sep.

-0.3%
3-Year CAGR

NZ Milk Solids Exports

+0.9%
September YoY

+2.7%
YTD, Ending Sep.

+4.2%
Last 12-Months,
Ending Sep.

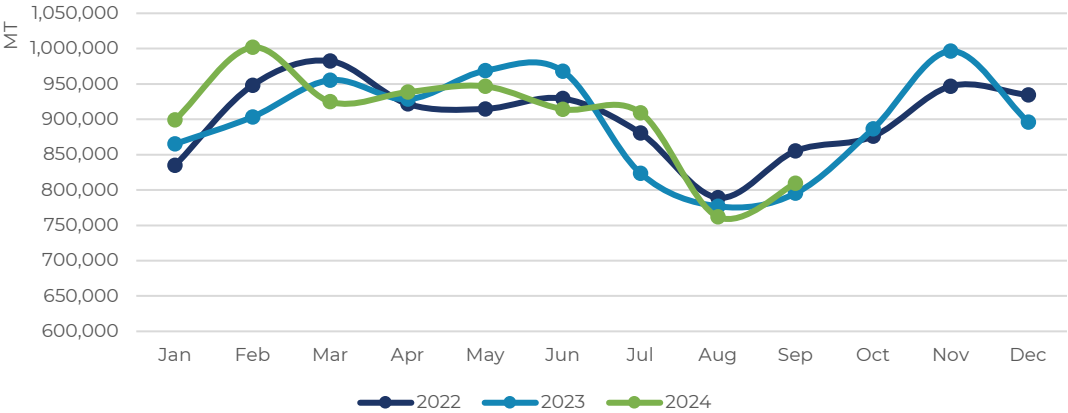
+1.4%
3-Year CAGR

ADDITIONAL NOTES

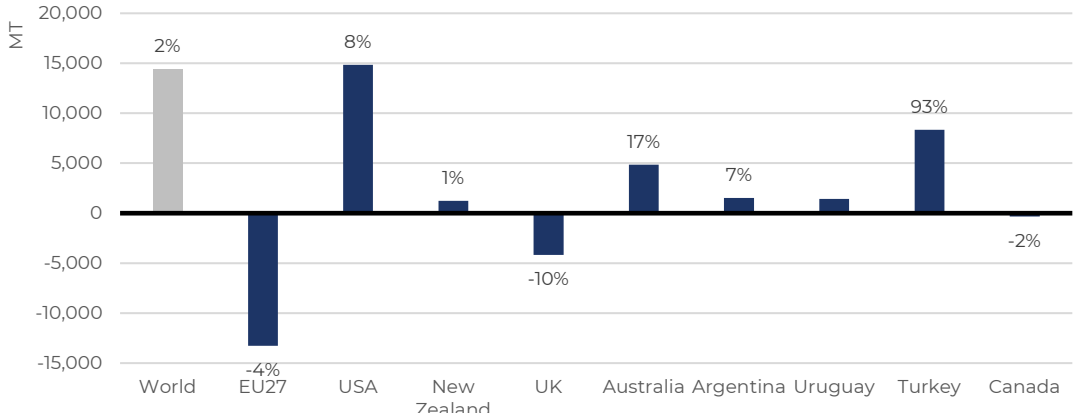
The traditional export giants – the EU, New Zealand and the U.S. – have all struggled to gain much momentum in 2024. The U.S. managed a surprisingly robust third quarter after an up-and-down first half, but U.S. exports are still up less than 1 percent through the September. Meanwhile, EU exports declined by 2% in August and 4% in September as strong domestic orders and bluetongue limited exportable supply. Of the three major exporters, New Zealand has performed the best in 2024, up 3%. However, taking the longer view, NZ exports are effectively at the same level they were 3 years prior on an annualized basis. Smaller exporters like Australia and Turkey have grown their exports substantially in 2024 (+23% and +58%, respectively), but both those markets were recovering from major declines in 2023. Overall, the data clearly reflects today's era of constrained supply.

Executive Summary: September 2024

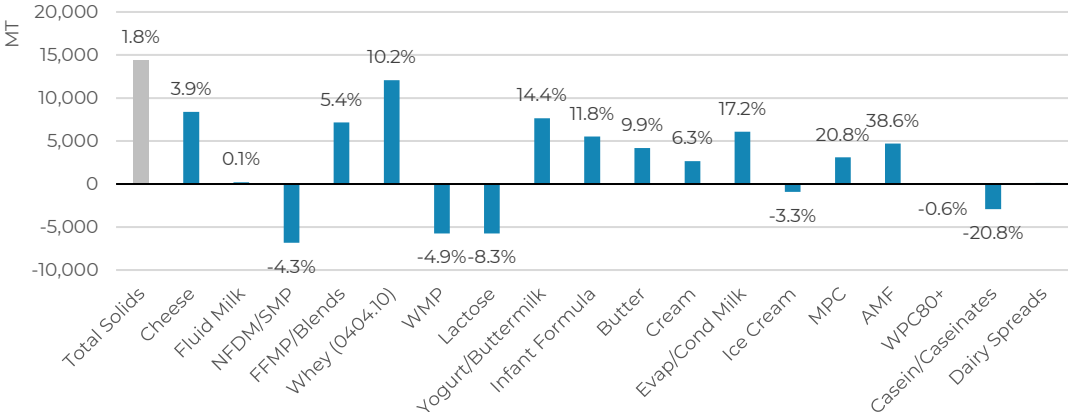
Global Total Solids Trade to World



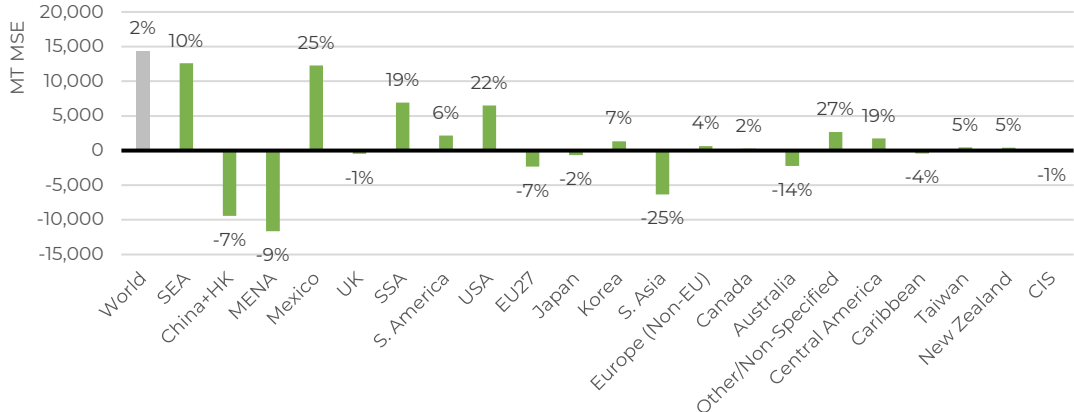
YOY Change in Global Dairy Trade to World: Month of Sep, MSE



YOY Change in Global Dairy Trade to World by Product: Month of Sep

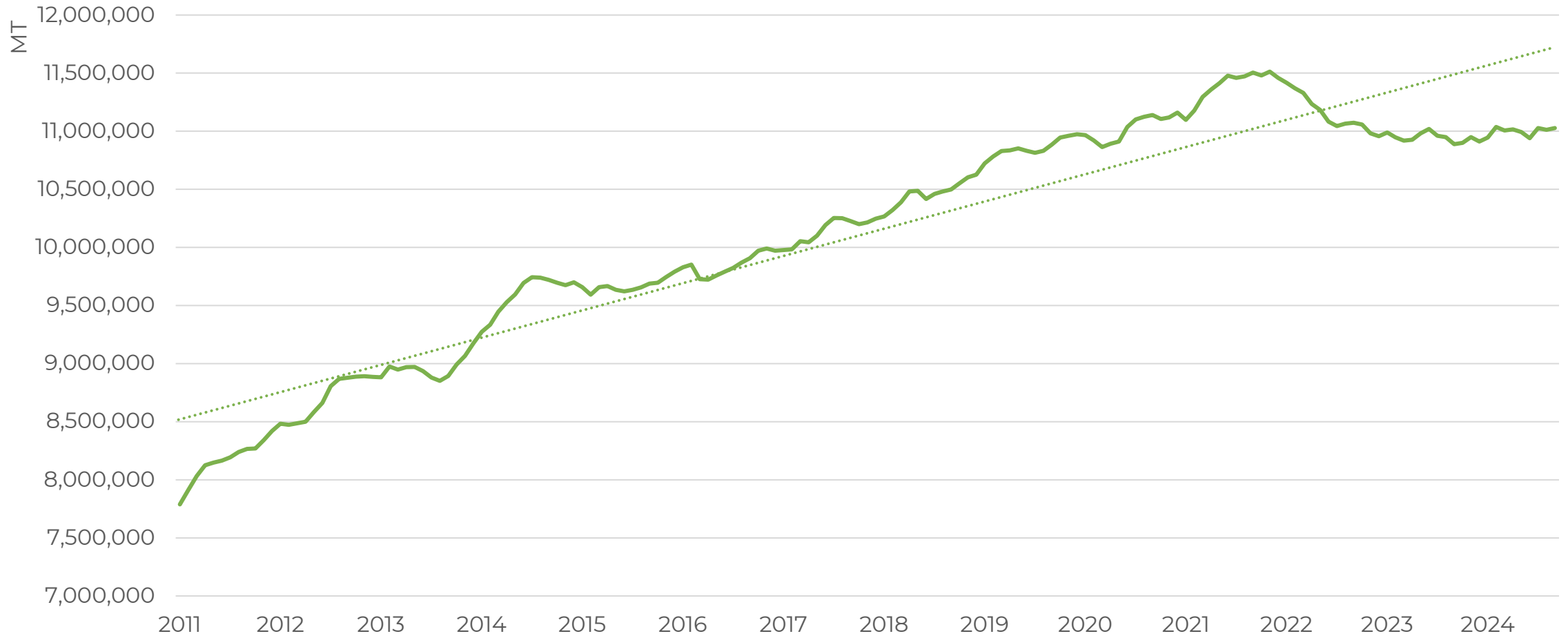


YOY Change in Global Milk Solids Trade by Destination: Month of Sep 2024

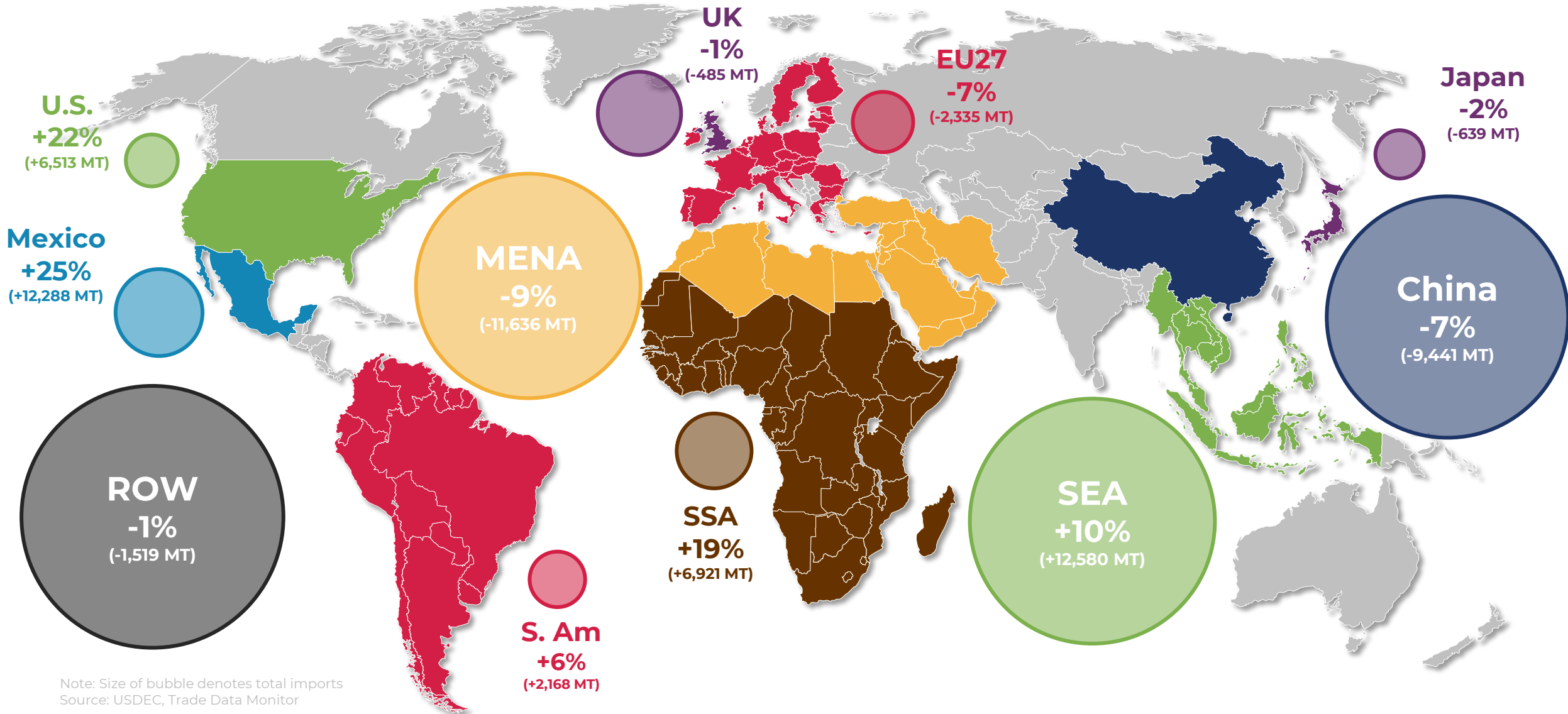


Global Dairy Trade

Global Dairy Trade
(Milk Solids Equivalent, Rolling 12 Months)

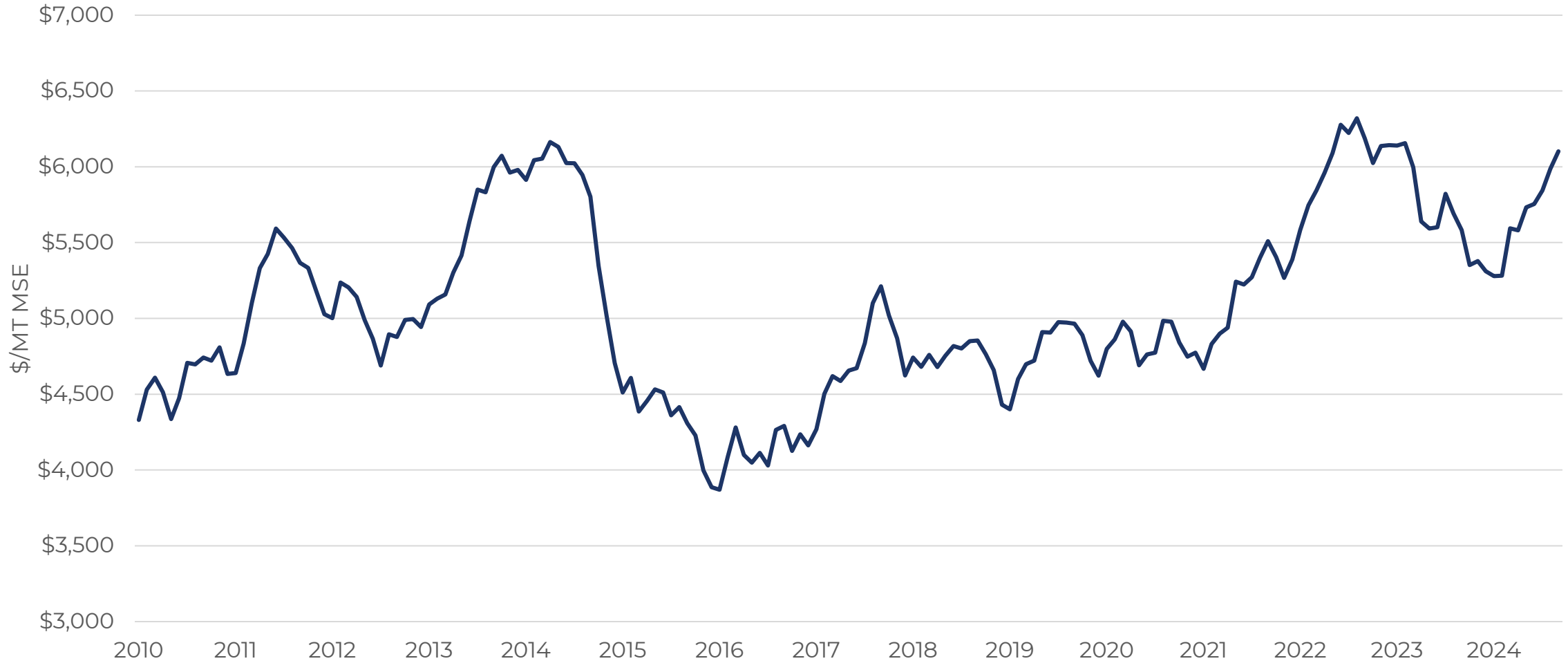


Select Markets – Month of Sep. 2024, Milk Solids Equiv.



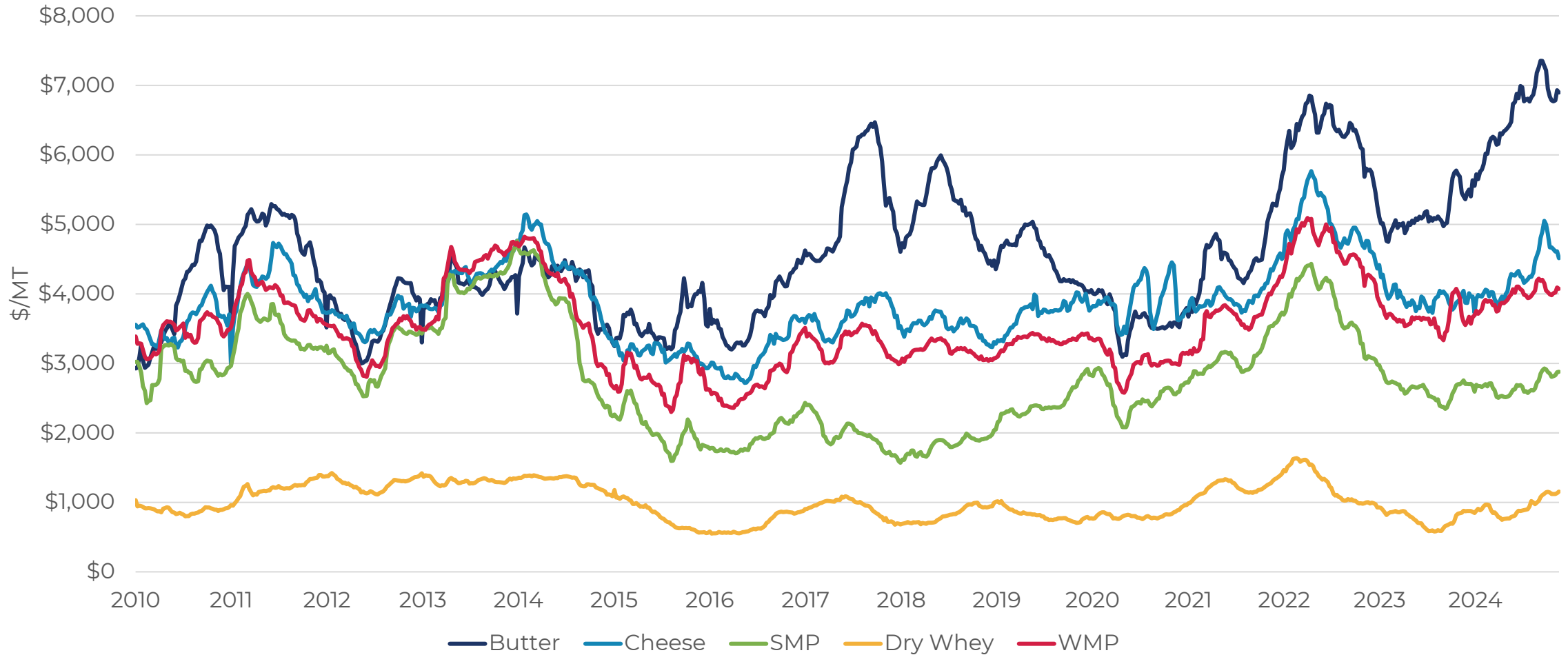
Average Global Export Price

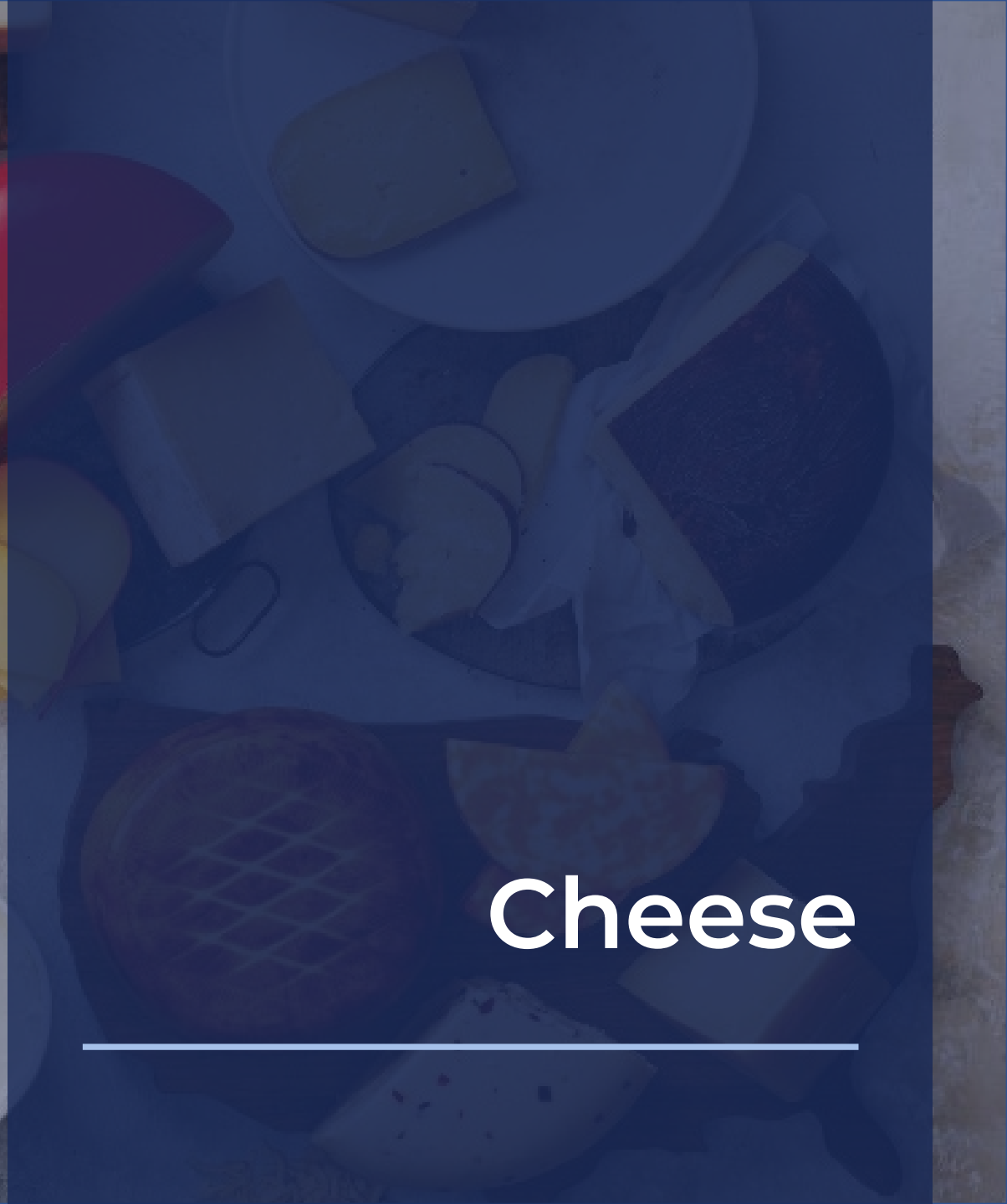
Average Dairy Export Value to World, MSE



Global Dairy Spot Prices

Average US, EU, & NZ Wholesale Prices for Select Dairy Products





Cheese

Cheese Market Commentary



KEY TAKEAWAYS

- After a sprint to start the year, **global cheese trade has modestly decelerated**, expanding by 4% in both August (+9,252 MT) and September (+8,384 MT), compared to the 7% expansion in the first half of the year. **The 4% improvement – which would be right in line with historic averages – is still impressive given September’s average export price was just \$70/MT shy of the record high**, suggesting many buyers and consumers have adjusted to these higher prices.
- For August and September deliveries, **Europe was clearly priced well above the rest of the world**. In September, Australia, New Zealand and U.S. cheddar all sold for an average just over \$4,500/MT. By contrast, EU gouda sold for over \$5,000/MT even after you exclude the EU’s premium markets of the U.S., Canada and Switzerland. Unsurprisingly, EU market share dipped as the bloc saw a small decline in their exports in August and September (-1%, -2,399 MT), while the U.S. (+11%), NZ (+8%) and Australia (+29%) all increased their cheese exports. **Given that U.S. cheese is now the most cost-competitive in the world, we would expect to see U.S. market share climb in late Q4-early Q1 2025.**

**Global
Cheese
Trade**

+3.9%
September YoY

+6.5%
YTD, Ending Sep.

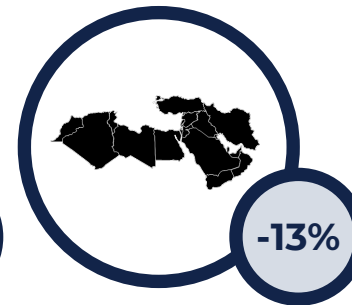
+6.5%
Last 12-Months,
Ending Sep.

+1.9%
3-Year CAGR

September Standout Markets



KOREA
+1,995 MT



MENA
-3,695 MT



SOUTH AMERICA
+2,724 MT



MEXICO
+2,539 MT

ADDITIONAL NOTES

China's cheese demand has notably cooled in the last several months with the U.S. and EU bearing the brunt of the decline. EU exports to the country have declined for five straight months with September's drop being especially severe at -44% (-1,688 MT). Retaliatory tariffs are the clearest drivers behind the European decline with the EU seeing their mozzarella sales to China drop by 93% in the third quarter (-3,027 MT) alongside a 39% decline in grated/powdered cheese (-543 MT). U.S. exports have also fallen across varieties in Q3, but grated/powdered cheese (predominantly pizza cheese) was especially weak, falling by 85% (-1,581 MT). By contrast, NZ shreds and fresh cheese sales were surprisingly strong, climbing 55% (+2,249 MT) and 14% (+1,102 MT), respectively. In short, the data makes clear that pizza manufacturers in China opted for NZ suppliers in Q3 – likely due to an exceptionally wide price spread before one even factors in tariffs (retaliatory or otherwise). However, even with NZ's gains, China is purchasing less mozz/shreds overall, suggesting China's pizza market is relatively soft.

Cheese Market Commentary



LOOKING AHEAD

- Growth in global cheese trade appears relatively secure.** Economic rebounds in multiple markets combined with easing global inflation and relatively affordable prices should continue to encourage consumption. While growth isn't uniform across markets, it is widespread. **Of the fourteen largest cheese importers, only two have declined so far in 2024: China and Australia,** the latter of which has declined largely due to a surge in milk production, not lack of demand. The diversity of growth markets should support expansion of U.S. cheese exports in the near term, especially given the U.S.' price advantage and multiple key customers driving the growth, including Mexico, Central America and, more recently, Korea.
- From the U.S. perspective, Mexico remains the key market to keep an eye on. Total cheese exports to Mexico did decelerate in August and September, and year-over-year comparisons will become more challenging in Q4 and especially 2025. **If Mexico's demand stabilizes in 2025, there is a risk U.S. cheese exports could too.**

U.S. Cheese Exports

+6.8%
September YoY

+19.4%
YTD, Ending Sep.

+14.5%
Last 12-Months, Ending Sep.

+4.6%
3-Year CAGR

EU Cheese Exports

-1.8%
September YoY

+0.4%
YTD, Ending Sep.

+2.5%
Last 12-Months, Ending Sep.

+0.8%
3-Year CAGR

NZ Cheese Exports

+17.4%
September YoY

-1.1%
YTD, Ending Sep.

-0.7%
Last 12-Months, Ending Sep.

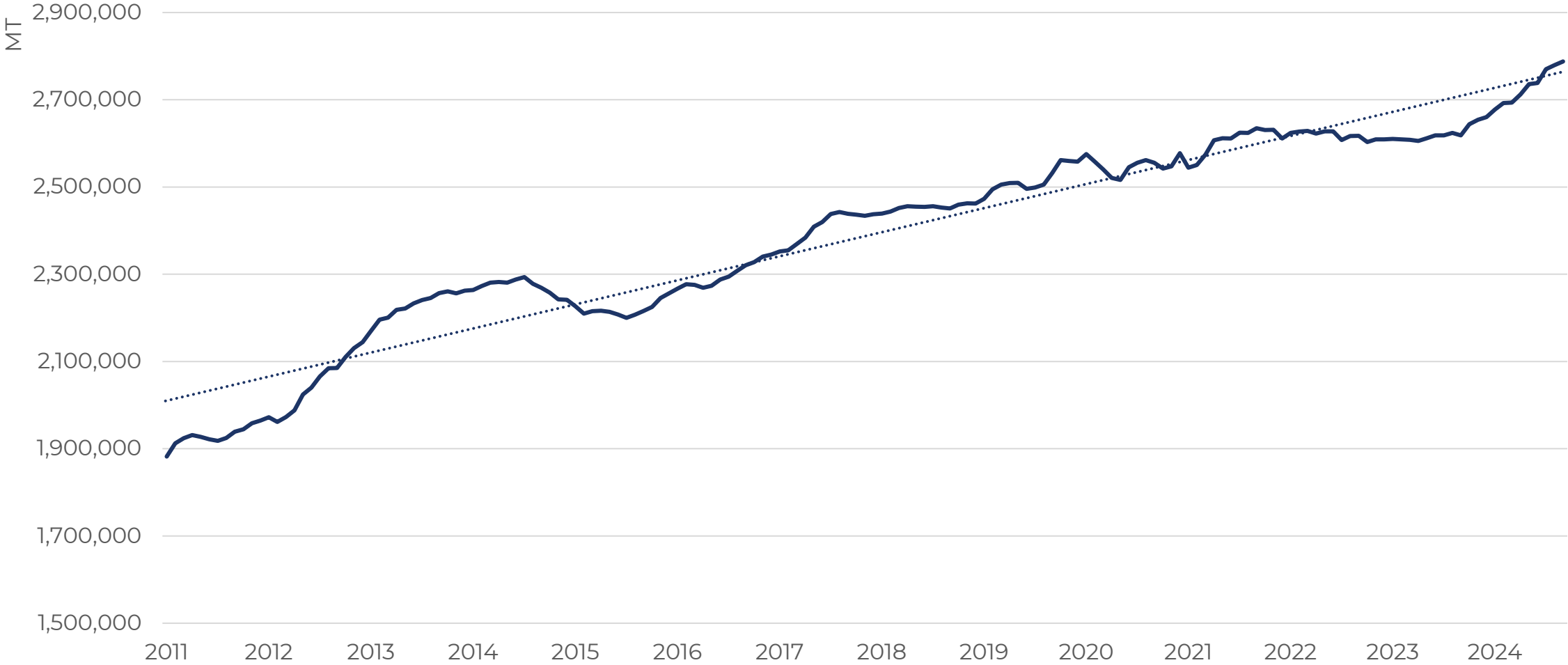
-0.2%
3-Year CAGR

ADDITIONAL NOTES

Digging into the country-specific HS codes, we can see that even as aggregate cheese exports were positive, American-type cheese (namely cheddar and gouda) struggled. As alluded to on the previous page, NZ's exports of shredded cheese (+33%) and fresh cheese (+49%) performed the best as they reclaimed market share in China. However, their cheddar and gouda volumes were relatively small by contrast (-6% and -14%, respectively) and declined in large part due to Australia's relative abundance of local production. Similarly, U.S. shreds improved along with the catch-all of "other" (+9% and +19%, respectively), but international cheddar sales fell by 16% despite a relatively low price. Yet it was the EU data that showed the starkest divergence. EU cheddar exports fell by 28% and gouda volumes dropped by 7%. Weak milk production in Ireland is certainly part of the explanation for the EU's cheddar struggles, but the global picture suggests mozzarella and cheddar/gouda demand may be moving in opposite directions.

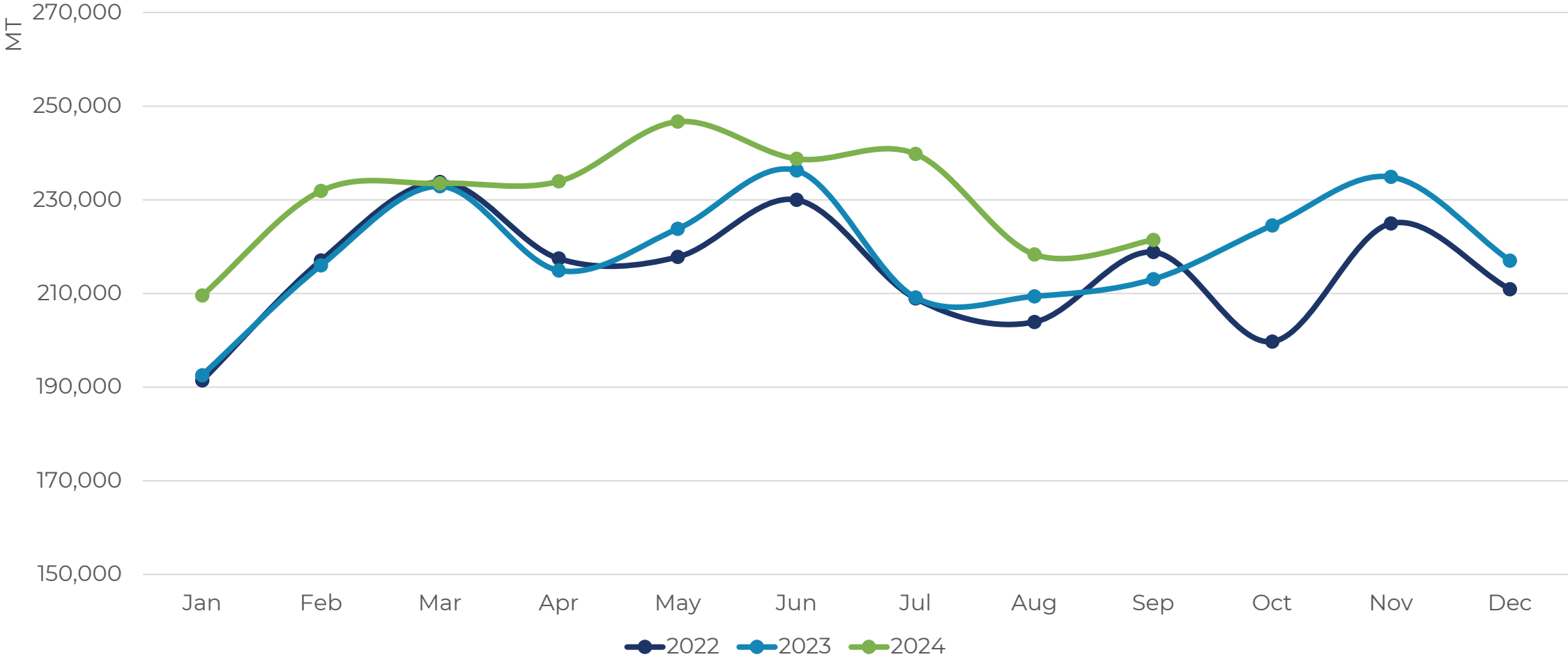
Global Overview: Cheese

Global Cheese Trade to World



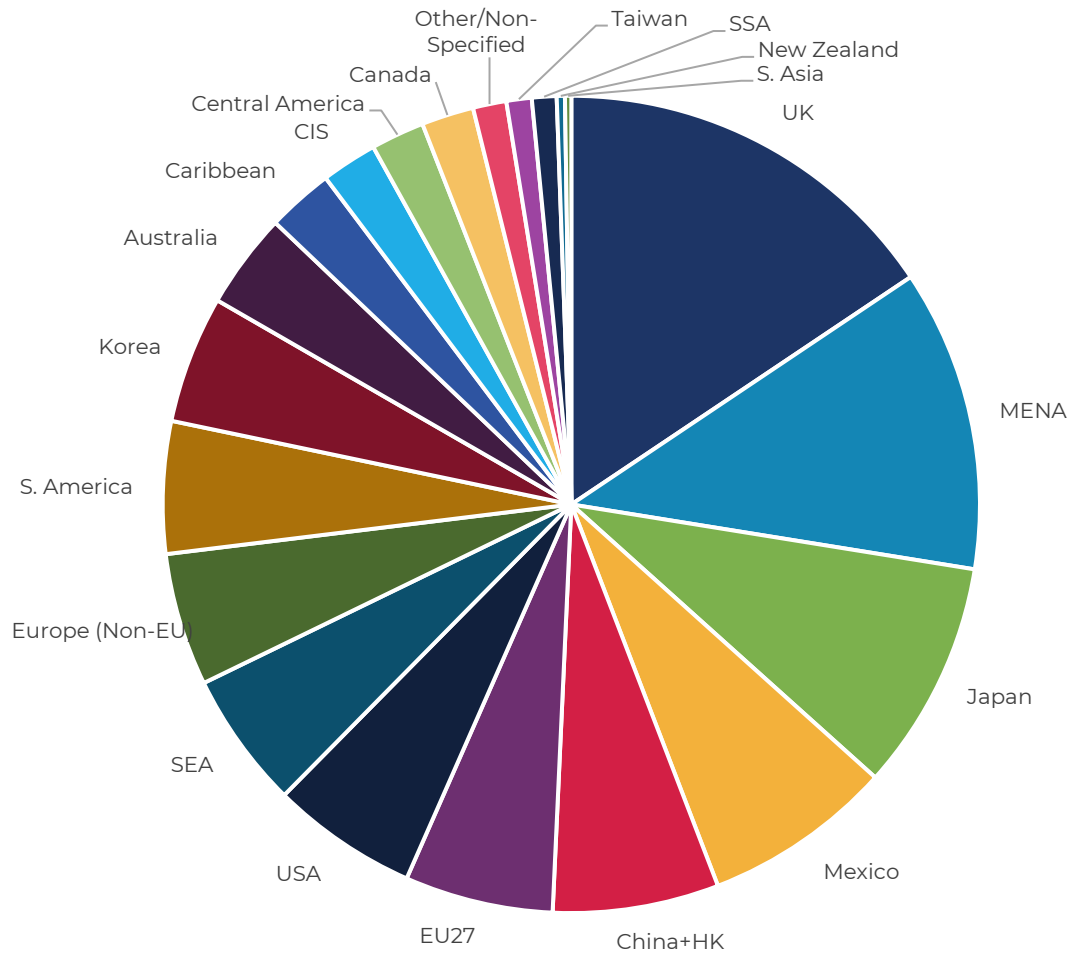
Global Overview: Cheese

Global Cheese Trade to World

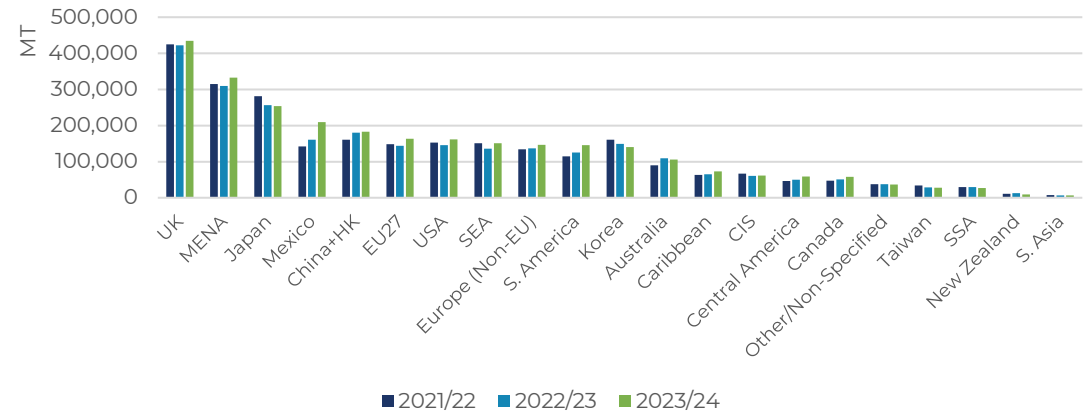


Global Overview: Cheese – Last 12 Months

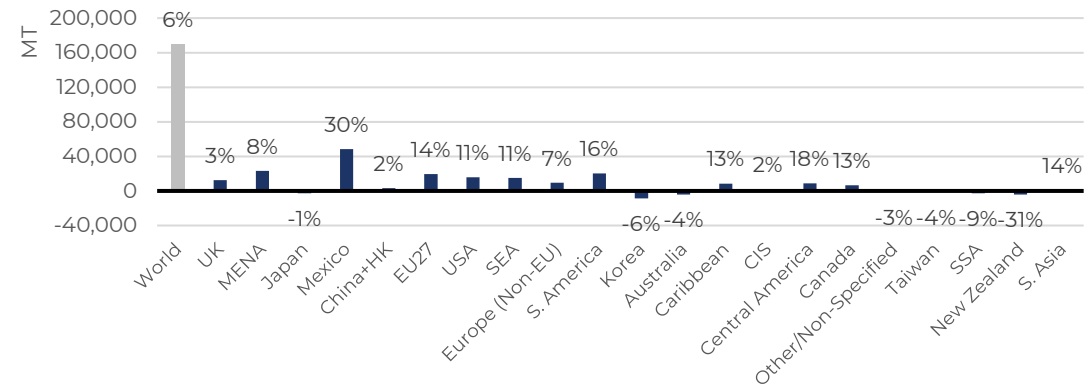
Global Cheese Trade by Destination: Last 12 Months ending Sep



Global Cheese Trade by Destination: Last 12 Months ending Sep

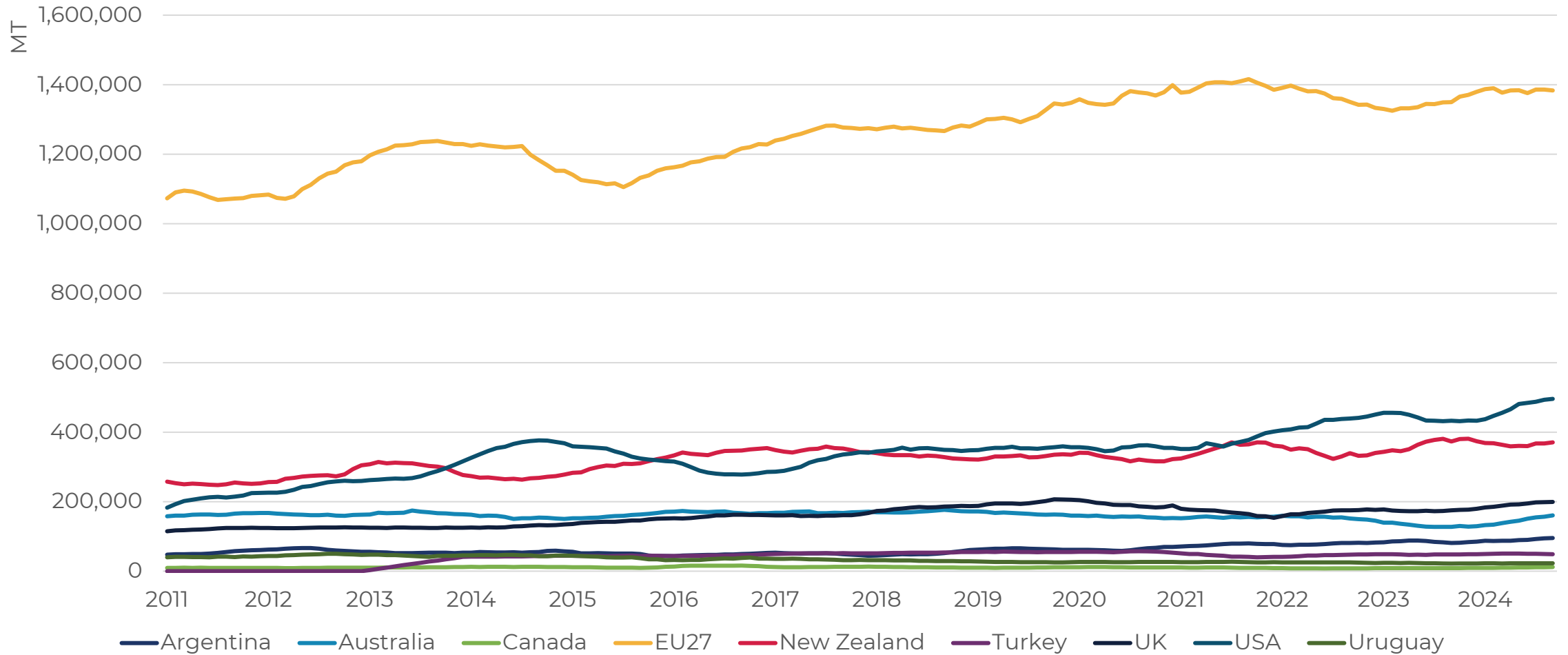


YOY Change in Global Cheese Trade by Destination: Last 12 Months ending Sep 2024



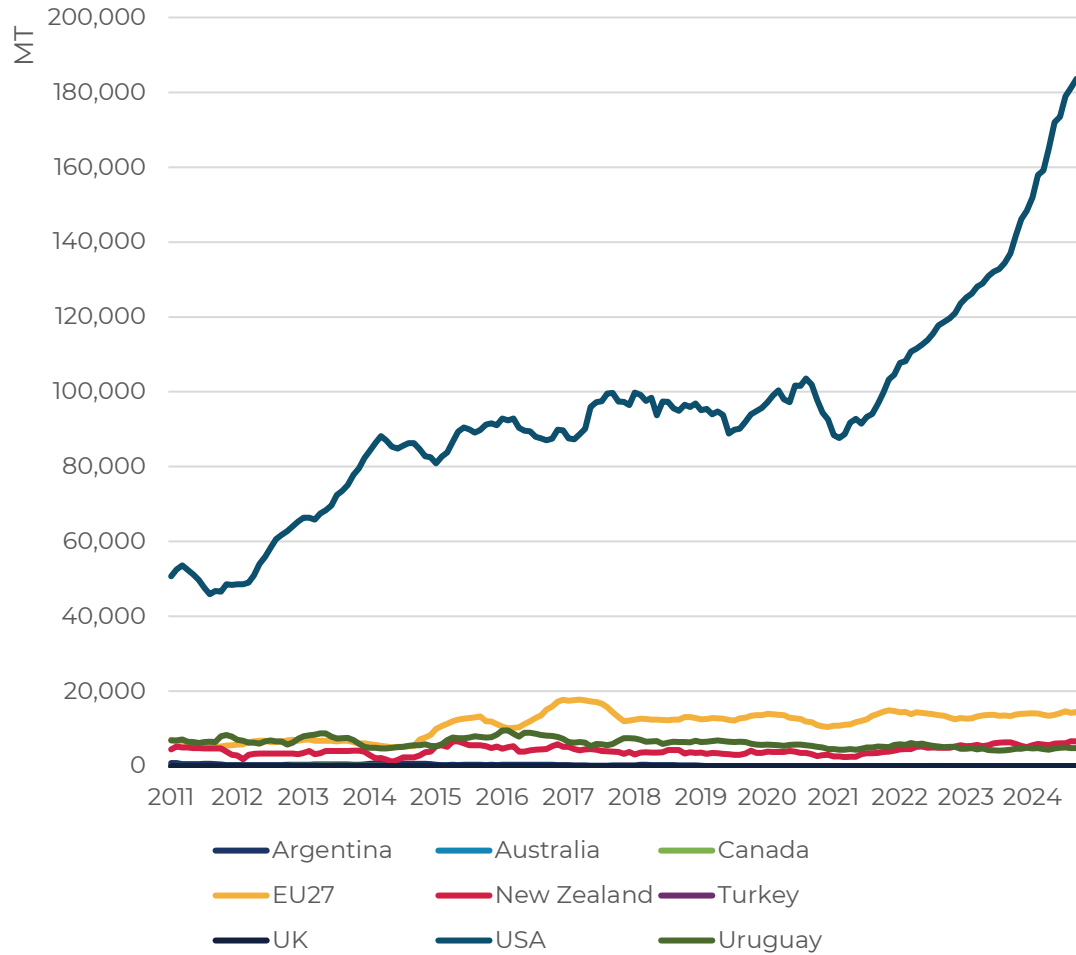
Trade Flows: Cheese

Global Cheese Trade to World

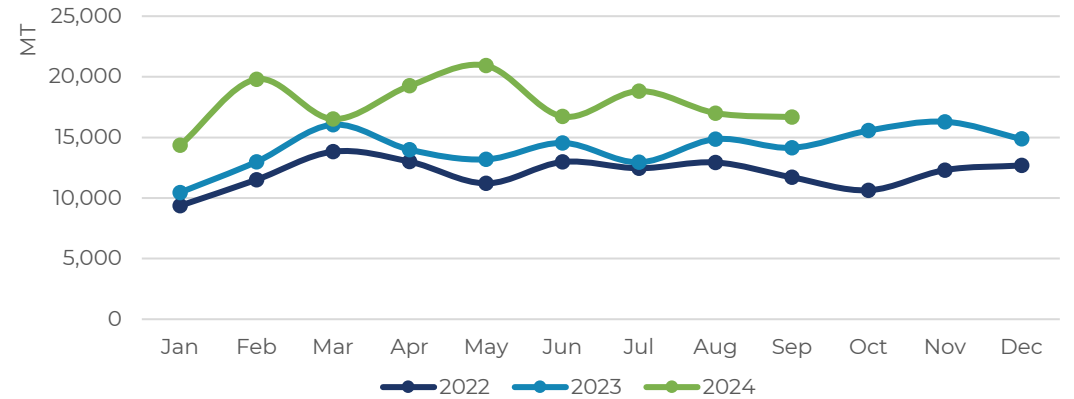


Mexico

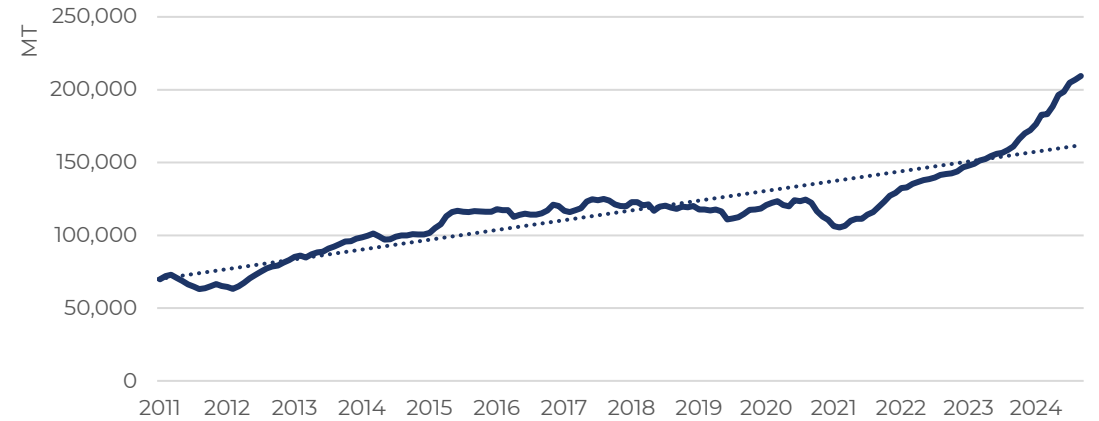
Global Cheese Trade to Mexico



Global Cheese Trade to Mexico

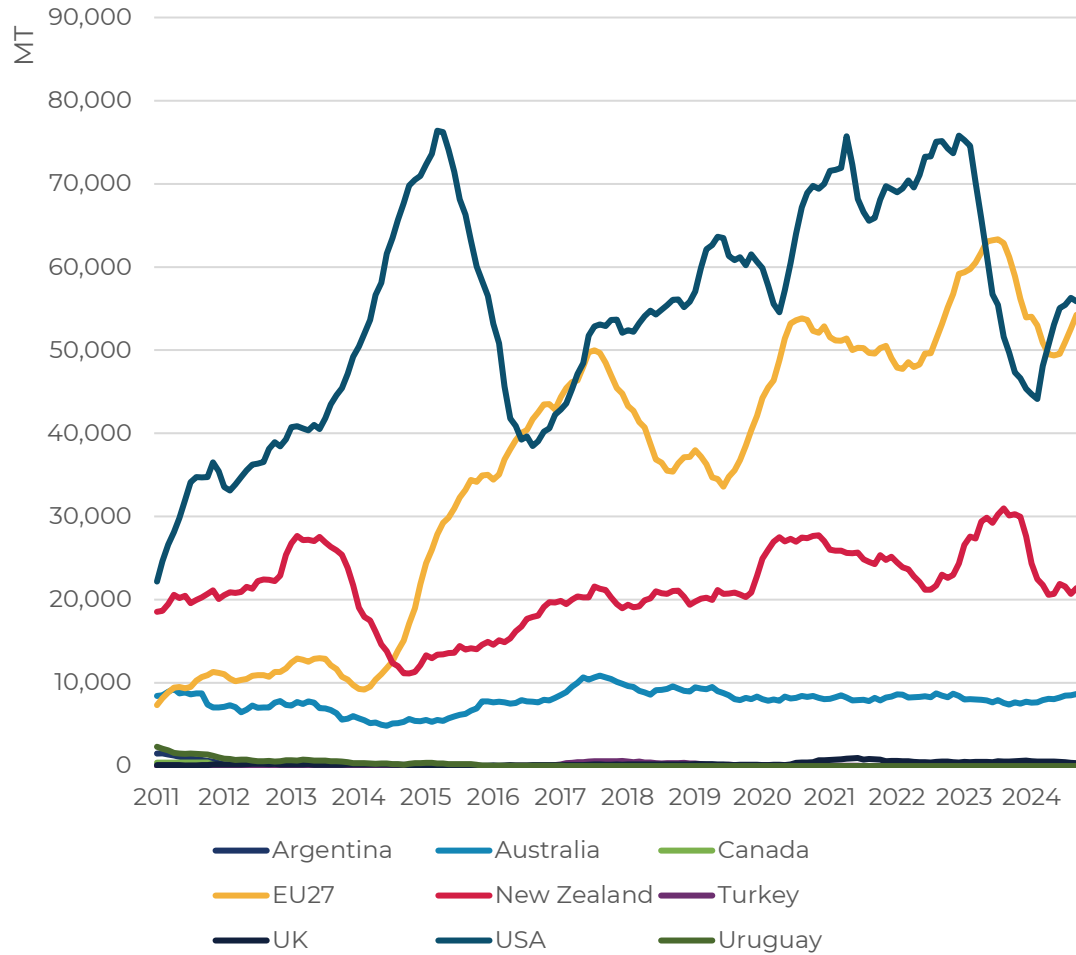


Global Cheese Trade to Mexico

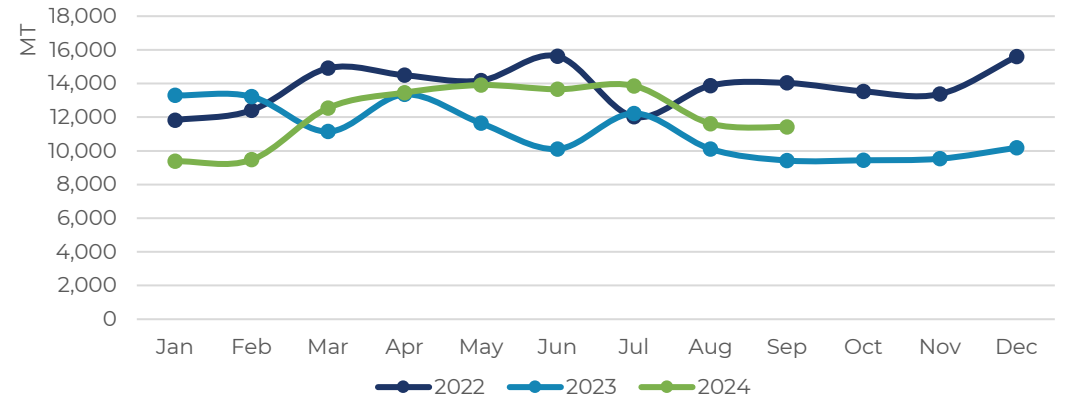


Korea

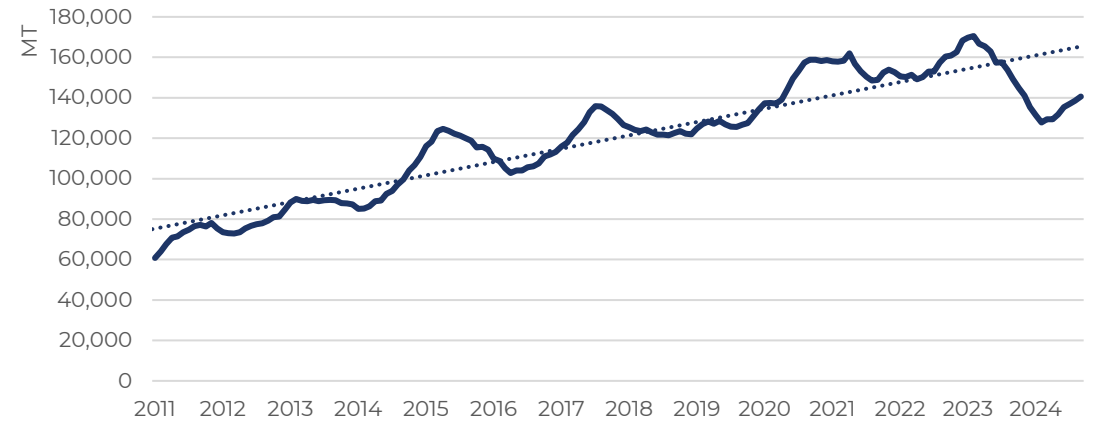
Global Cheese Trade to Korea



Global Cheese Trade to Korea

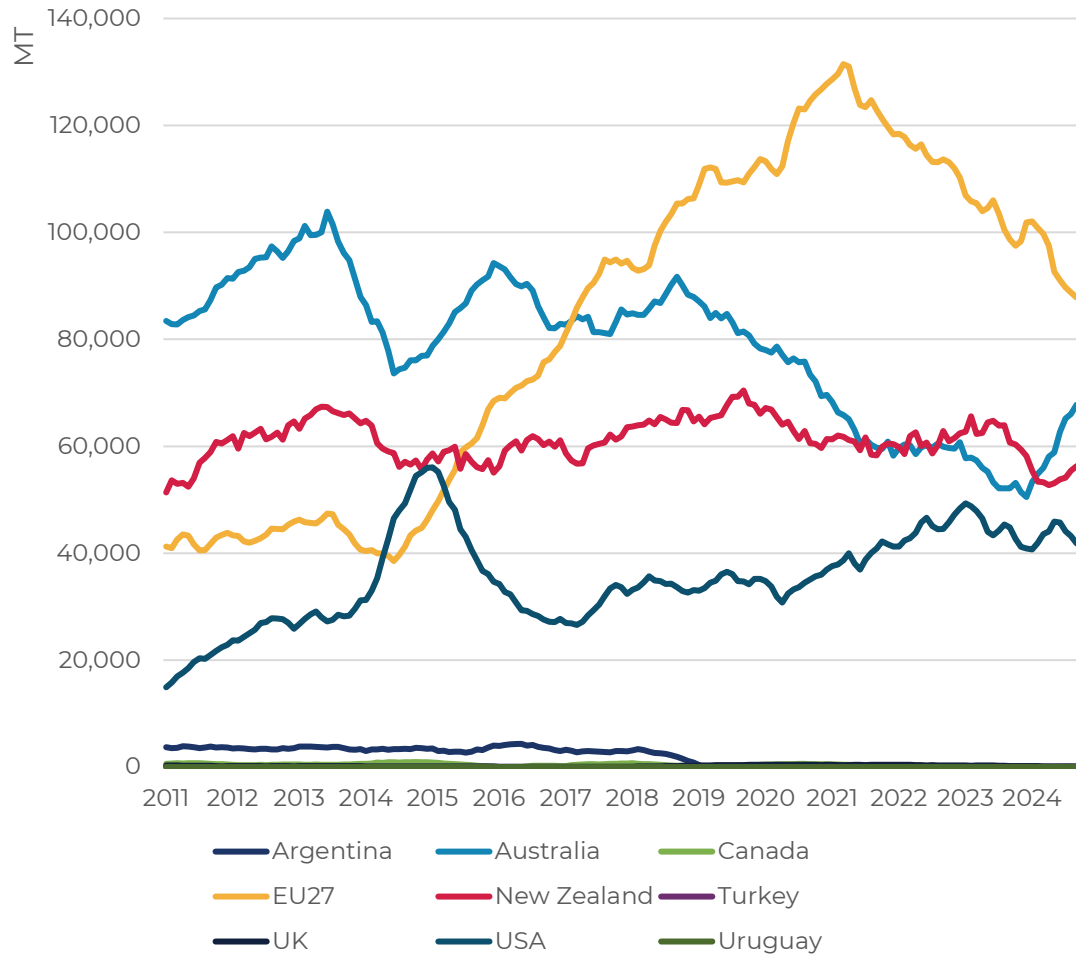


Global Cheese Trade to Korea

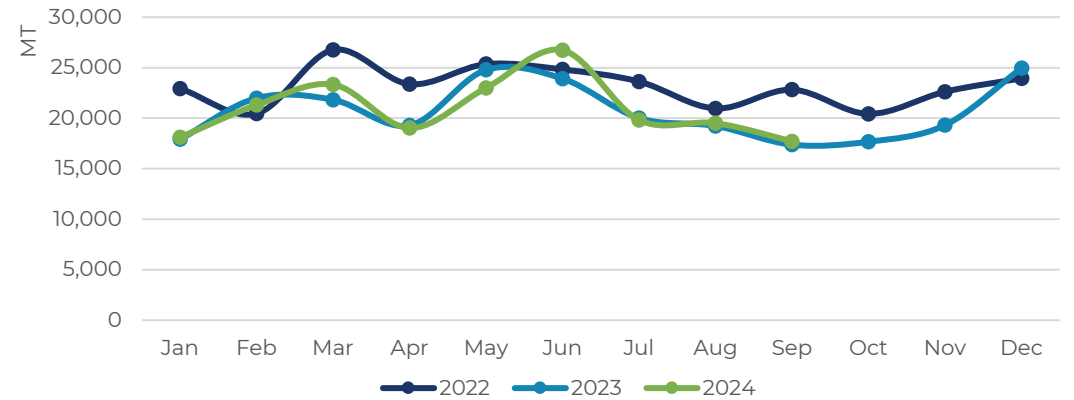


Japan

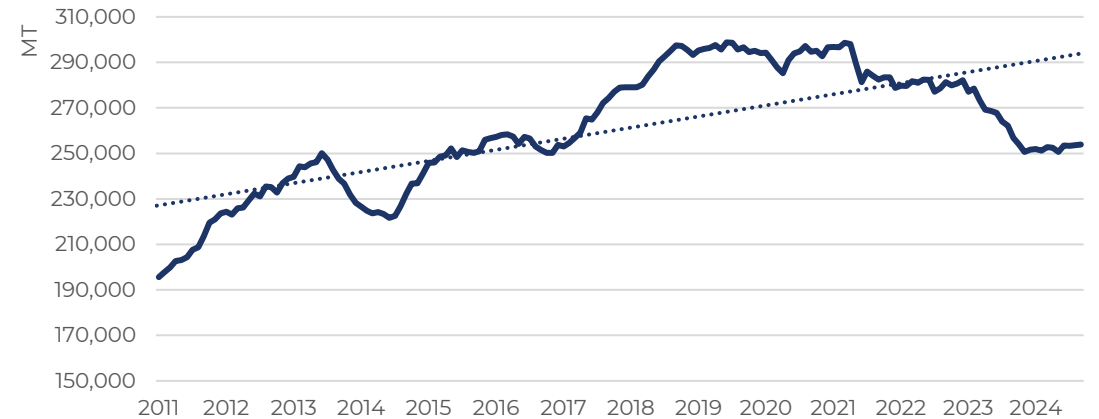
Global Cheese Trade to Japan



Global Cheese Trade to Japan

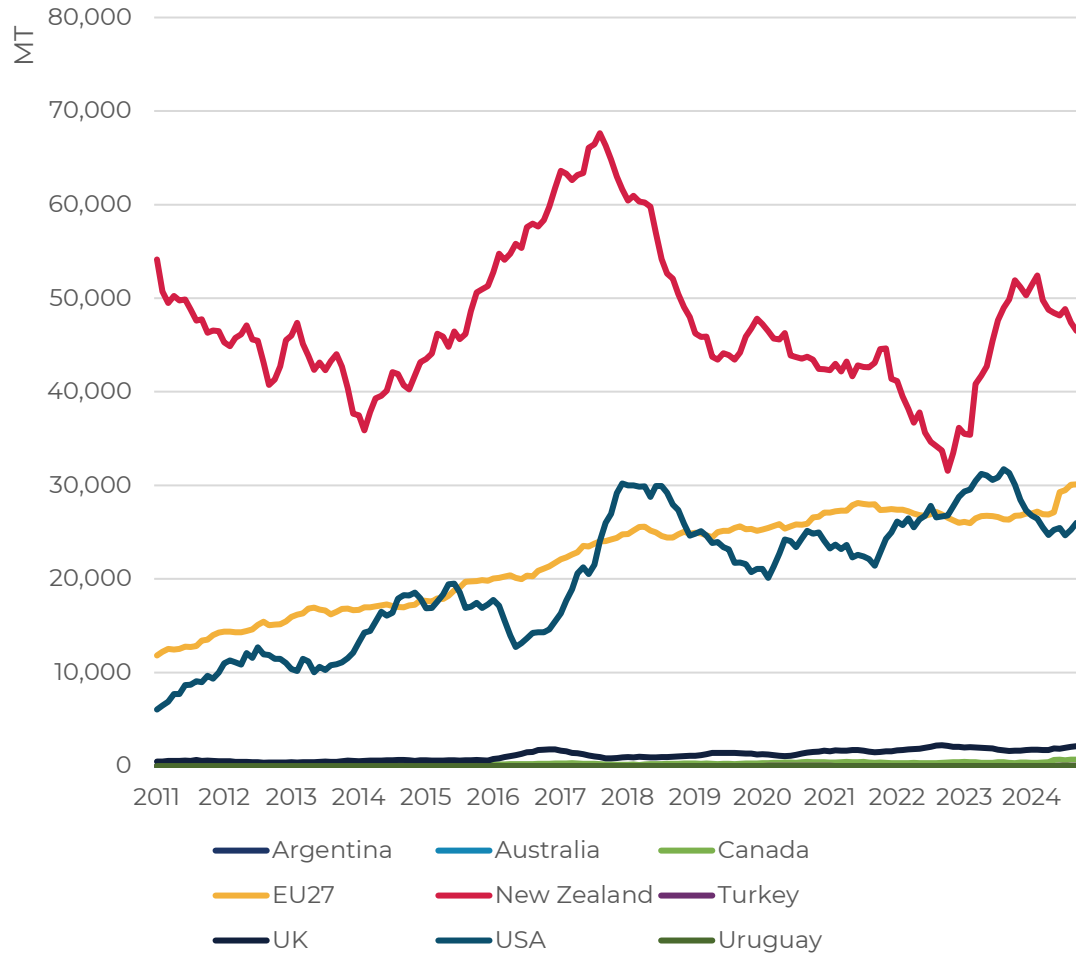


Global Cheese Trade to Japan

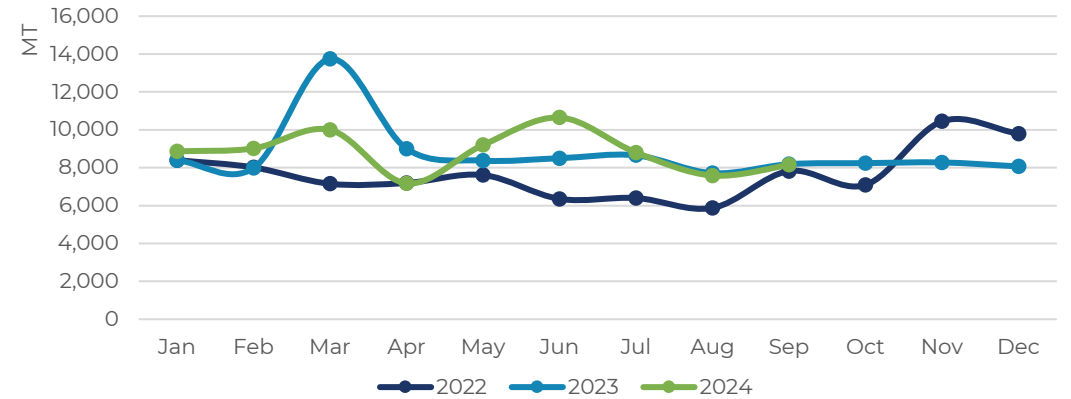


Australia

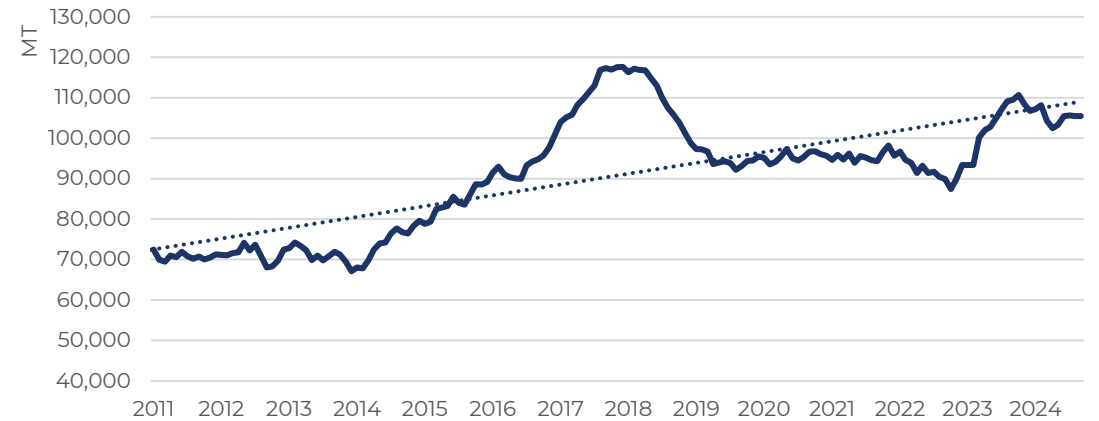
Global Cheese Trade to Australia



Global Cheese Trade to Australia

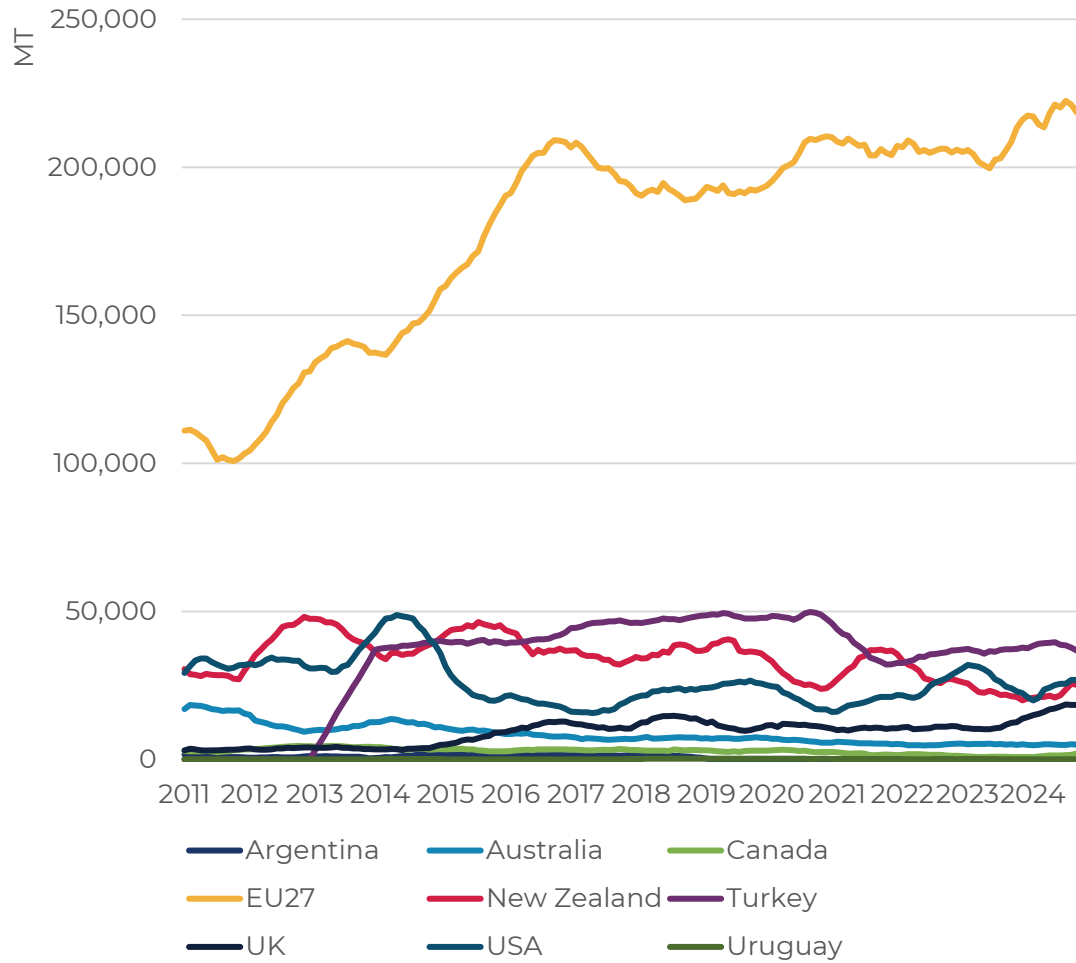


Global Cheese Trade to Australia

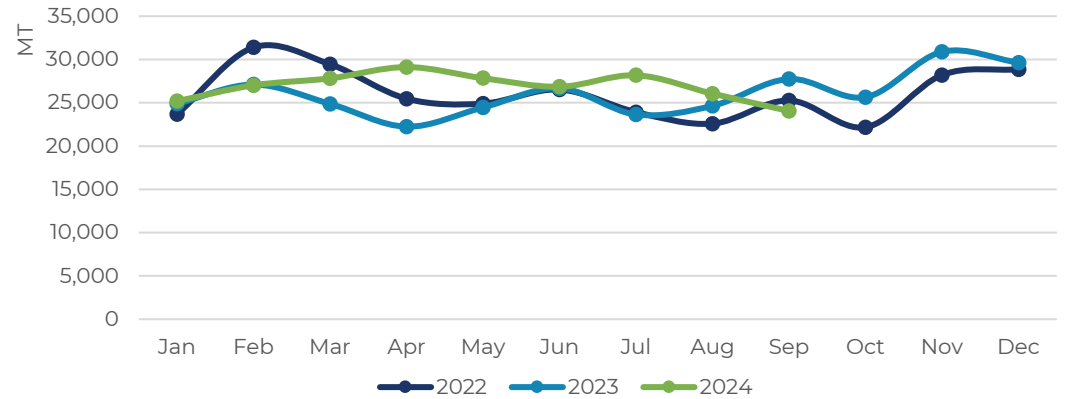


MENA

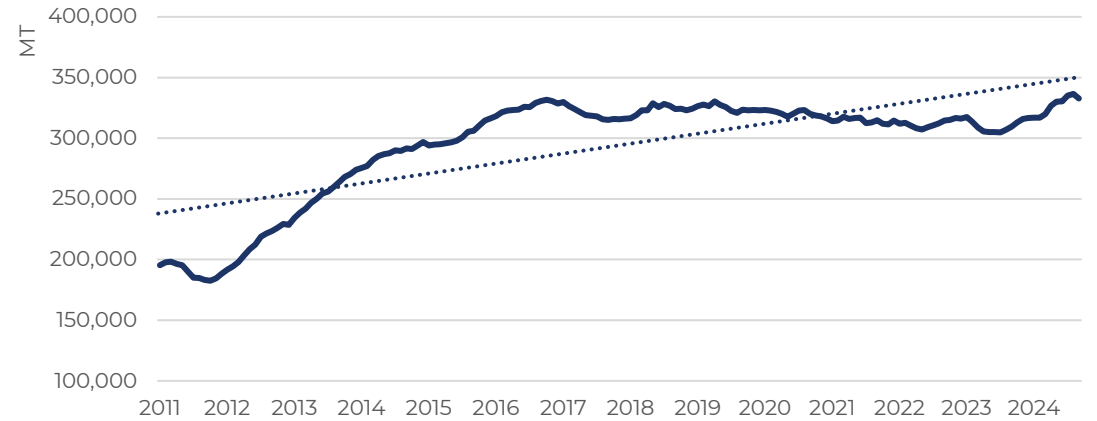
Global Cheese Trade to MENA



Global Cheese Trade to MENA

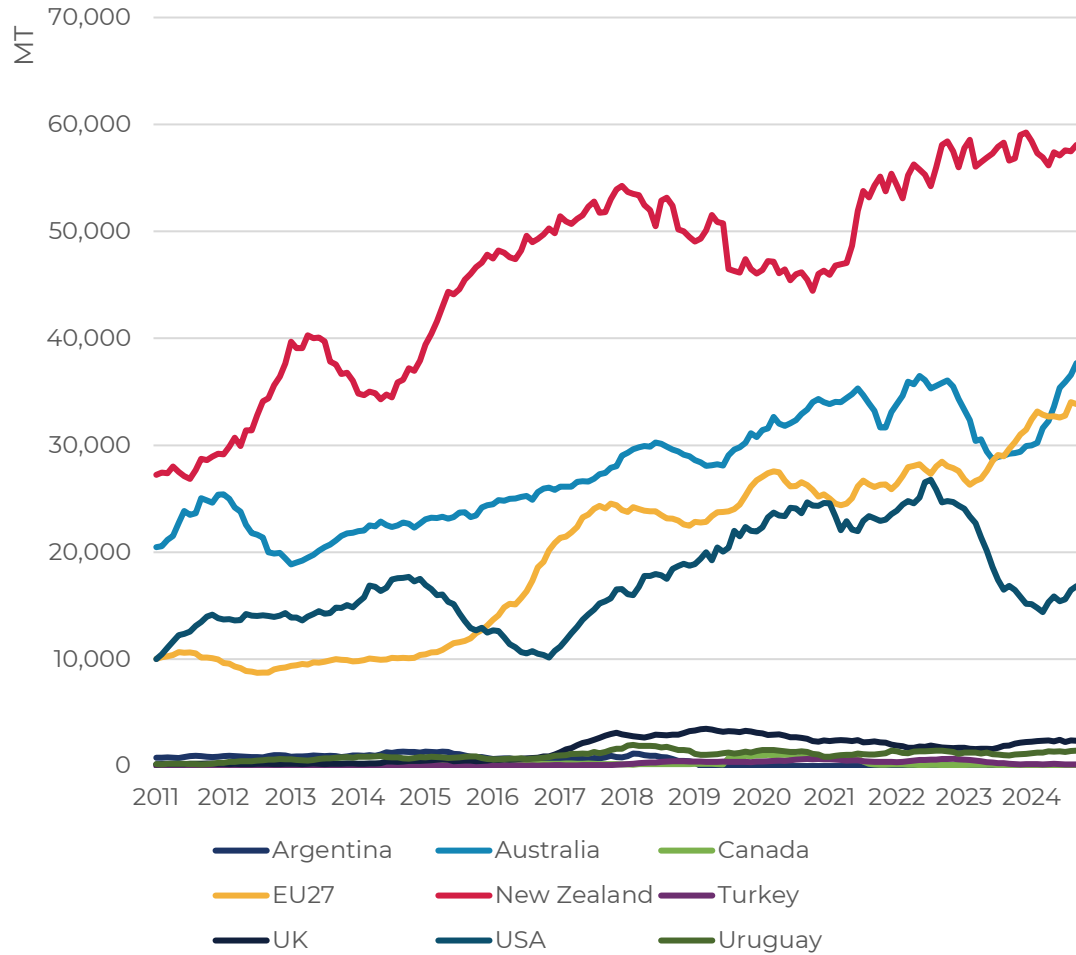


Global Cheese Trade to MENA

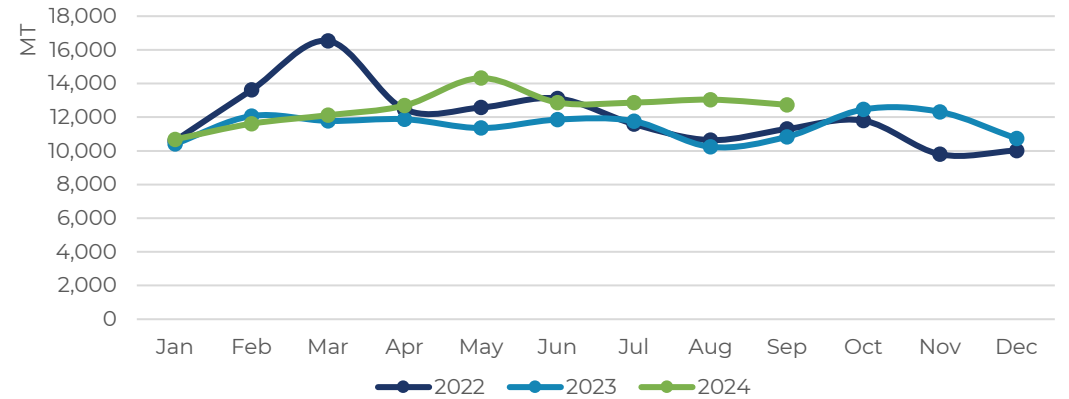


Southeast Asia

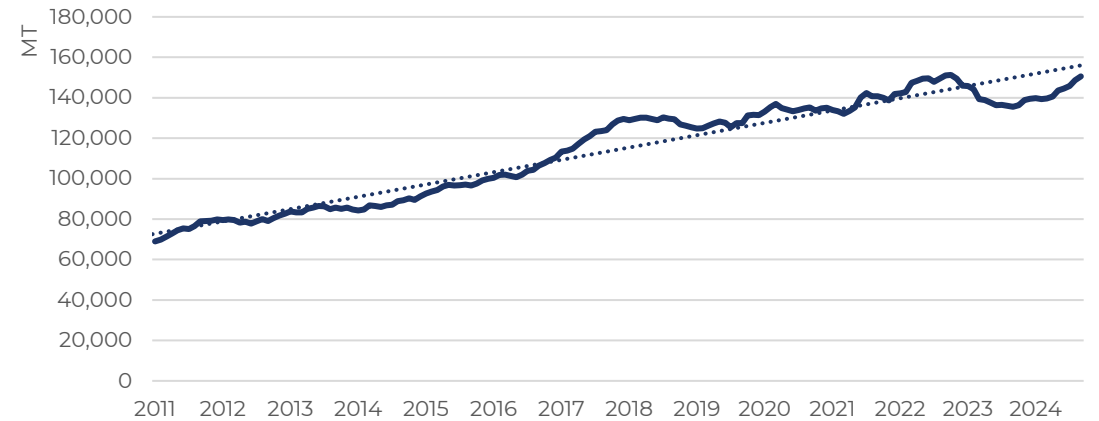
Global Cheese Trade to SEA



Global Cheese Trade to SEA

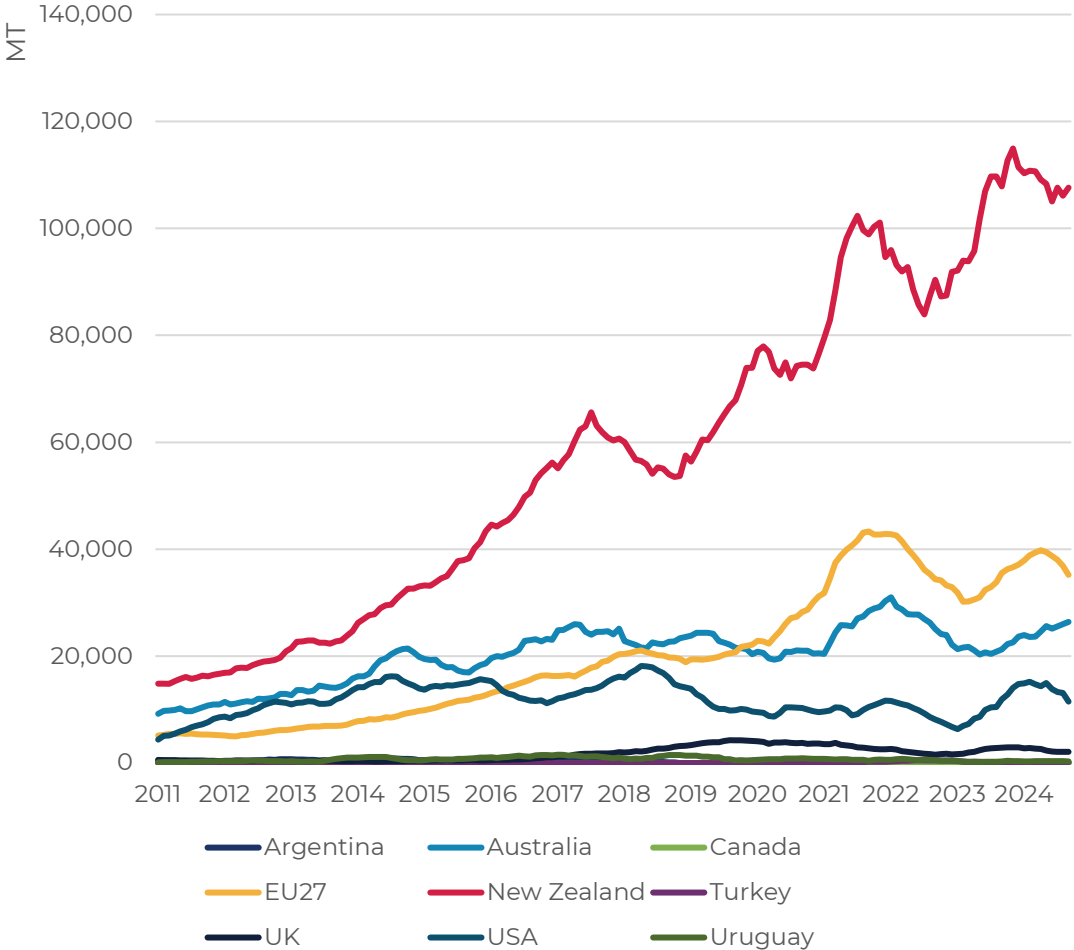


Global Cheese Trade to SEA

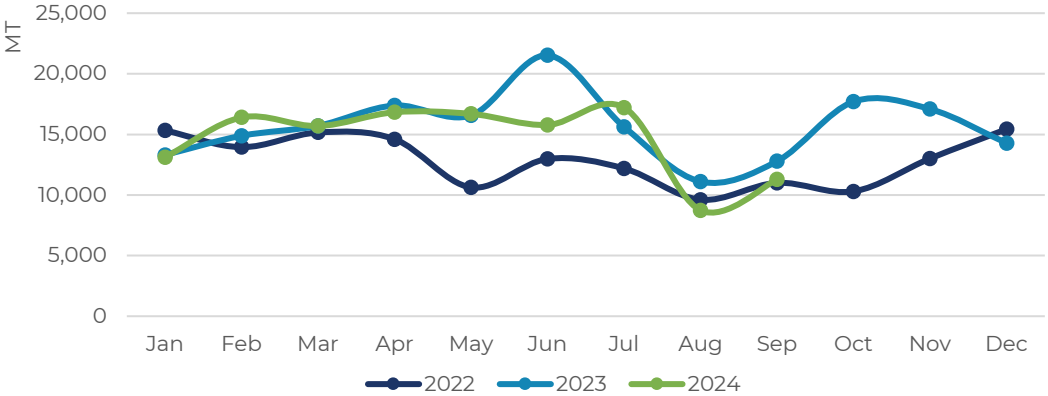


China

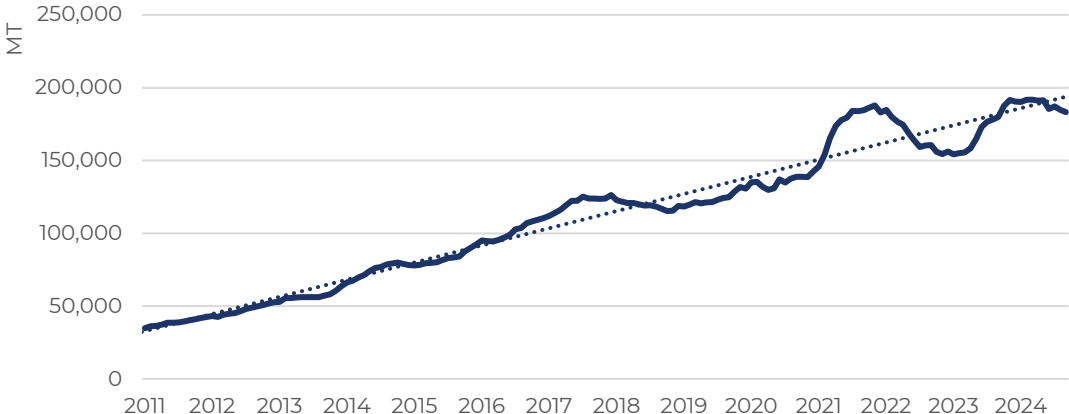
Global Cheese Trade to China+HK



Global Cheese Trade to China+HK



Global Cheese Trade to China+HK



Source: NMPF/USDEC, TDM





NFDM/SMP

NFDM/SMP Market Commentary



KEY TAKEAWAYS

- Global NFDM/SMP trade slumped below prior year levels by 3.5% (-6,068 MT) in August and 4.3% (-6,818 MT) in September as dramatically weaker activity from China weighed heavily on the total figure. September's trade was the lowest recorded for the month since 2017, further highlighting the impact of China's absence (See Additional Notes).
- Trade of NFDM/SMP has fallen year over year in seven of the last nine months. But despite the multiple months of slowing trade, year to date shipments of NFDM/SMP are down just 4.2% (-72,563 MT).
- Of particular interest to U.S. exporters, Mexican demand for NFDM/SMP improved in September (+22%, +6,348 MT) partially offsetting the Chinese losses. Slowing domestic milk production and rising demand for milk powder for cheese vat fortification drove the gains, even as the peso lost value against the dollar, rendering imports more expensive. Other sources of demand growth came from MENA (+6%, +2,296 MT) and Central America (+36%, +672 MT).

Global
NFDM/SMP
Trade

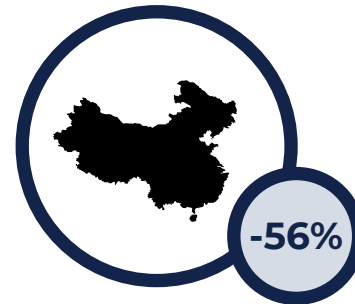
-4.3%
September YoY

-4.2%
YTD, Ending Sep.

-4.5%
Last 12-Months,
Ending Sep.

-1.6%
3-Year CAGR

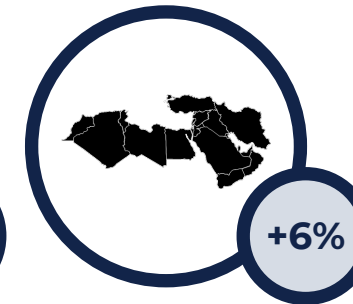
September Standout Markets



CHINA+HK
-10,713 MT



MEXICO
+6,348 MT



MENA
+2,296 MT



EU27
-1,649 MT

ADDITIONAL NOTES

China's demand for global milk powder has collapsed in recent years and September was no exception. Just 8,355 MT of NFDM/SMP were shipped to China in September, less than half the volume in the same month last year (-56%, -10,713 MT). In fact, September's trade volume was the lowest for the month since 2012 and the second lowest this year, only slightly above August's figure. The weak data suggests that the Chinese market continues to face challenges from both supply and demand. Even as recent data shows that poor margins are causing domestic production to slow, skim (concentrated or dried) production has likely risen. Furthermore, despite governmental efforts to stimulate economic activity, Chinese consumers remain browbeaten. While it appears unlikely that China will return to the market in a major way, the question has become whether China's SMP demand will stabilize or whether it will continue to deteriorate.

NFDM/SMP Market Commentary



LOOKING AHEAD

- **With the absence of China, it is difficult to imagine a scenario in which global NFDM/SMP demand returns to its long-term trendline.** However, continued strength in demand from alternative destinations in Latin America, MENA, and SEA could help to stem some of the losses.
- So far in 2024, the slowdown in NFDM/SMP demand has largely been borne by the EU (-9%, -58,239 MT) and the U.S. (-6%, -34,844 MT). Meanwhile in Oceania, New Zealand's exports have remained effectively flat versus prior year while Australian trade has grown more than any other supplier (+33%, +29,910 MT).
- Looking ahead, **it is likely that New Zealand's participation in global NFDM/SMP trade will grow.** The country's milk production season is off to a very strong start with favorable weather supporting calving and pasture growth. With Chinese demand for WMP expected to be limited, industry observers predict that New Zealand's production of alternative products, including NFDM/SMP, will increase, resulting in additional supplies for the global marketplace.

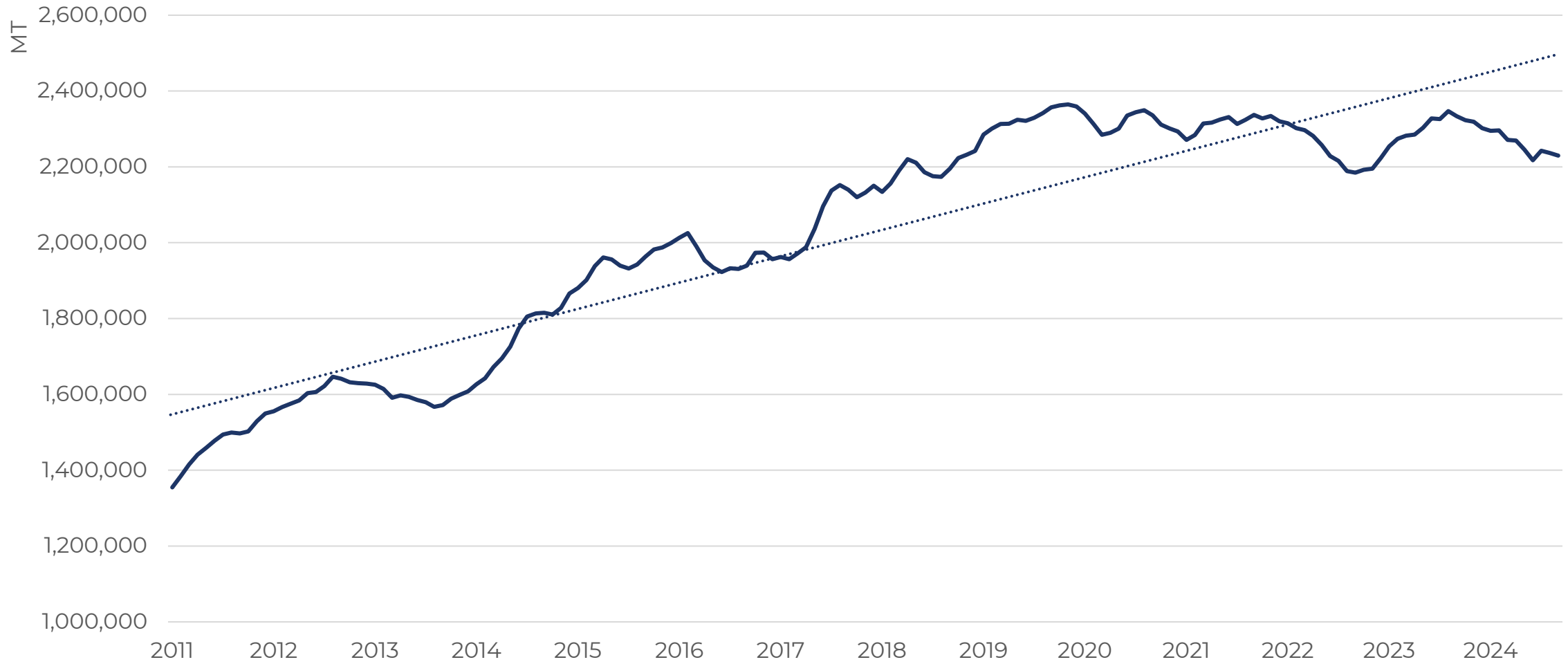
U.S. NFDM/SMP Exports	+15.6% September YoY	-5.7% YTD, Ending Sep.	-5.7% Last 12-Months, Ending Sep.	-1.9% 3-Year CAGR
EU NFDM/SMP Exports	-17.4% September YoY	-9.3% YTD, Ending Sep.	-10.8% Last 12-Months, Ending Sep.	-3.7% 3-Year CAGR
NZ NFDM/SMP Exports	-15.8% September YoY	+0.01% YTD, Ending Sep.	+3.0% Last 12-Months, Ending Sep.	+1.0% 3-Year CAGR

ADDITIONAL NOTES

The average global value of traded NFDM/SMP has remained remarkably stable in recent months, trading within a range of just \$135/MT over the last year. Interestingly, September's price ticked up by 3.4% to \$2,849/MT and recent gains in global price indices suggest a market that is undersupplied. However, this price movement feels at odds with the developing fundamentals. Increasing amounts of product are likely to be available out of New Zealand as their production season advances. In addition, recovering milk production in the U.S. and Europe are also likely to contribute to stronger powder production in the coming months. H5N1 in California could cool some U.S. production, but the outbreak came at the seasonal low-ebb so impacts should be relatively modest. At the same time, global demand is far from strong. China's absence continues to loom, even as some encouraging upticks are recorded in other parts of the world. Taken together, it is difficult to envision a scenario in which milk powder prices can climb much higher than their current levels unless China truly is returning to the global market.

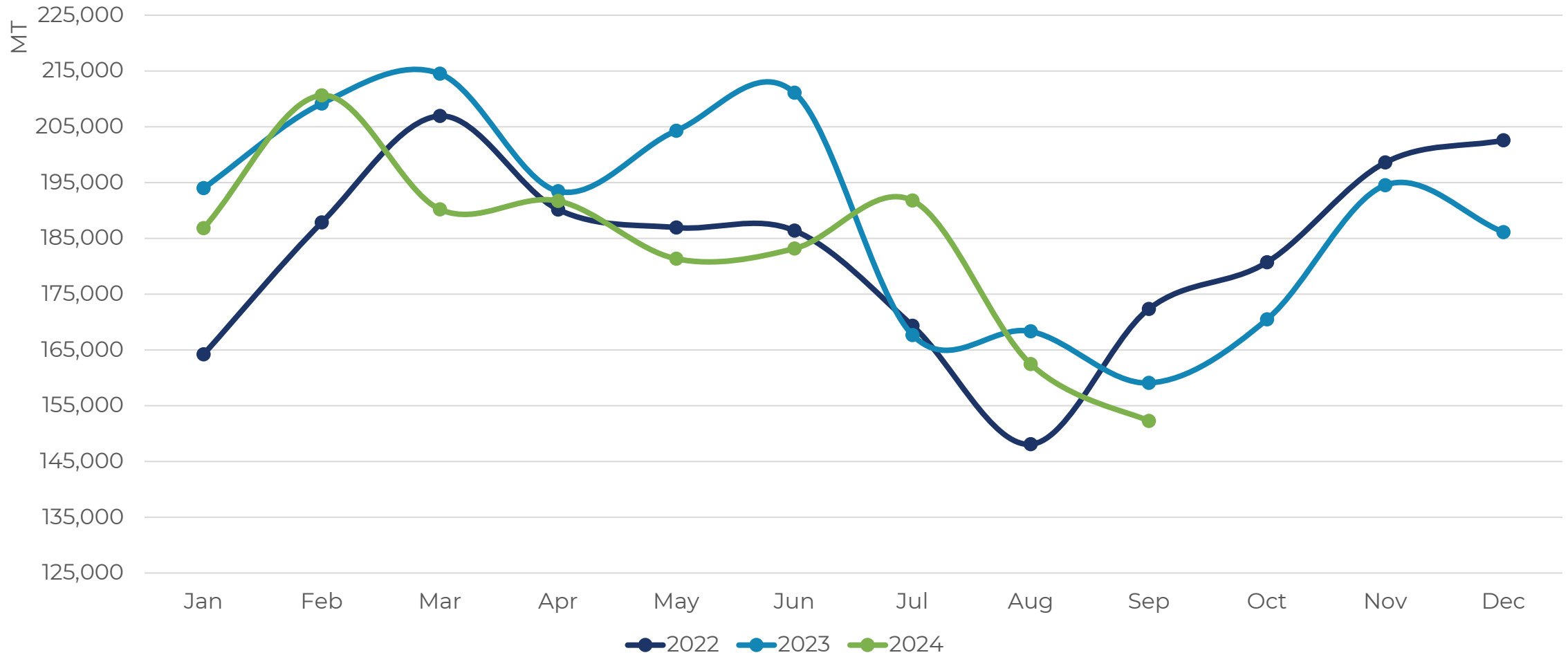
Global Overview: NFDMSMP

Global NFDMSMP Trade to World



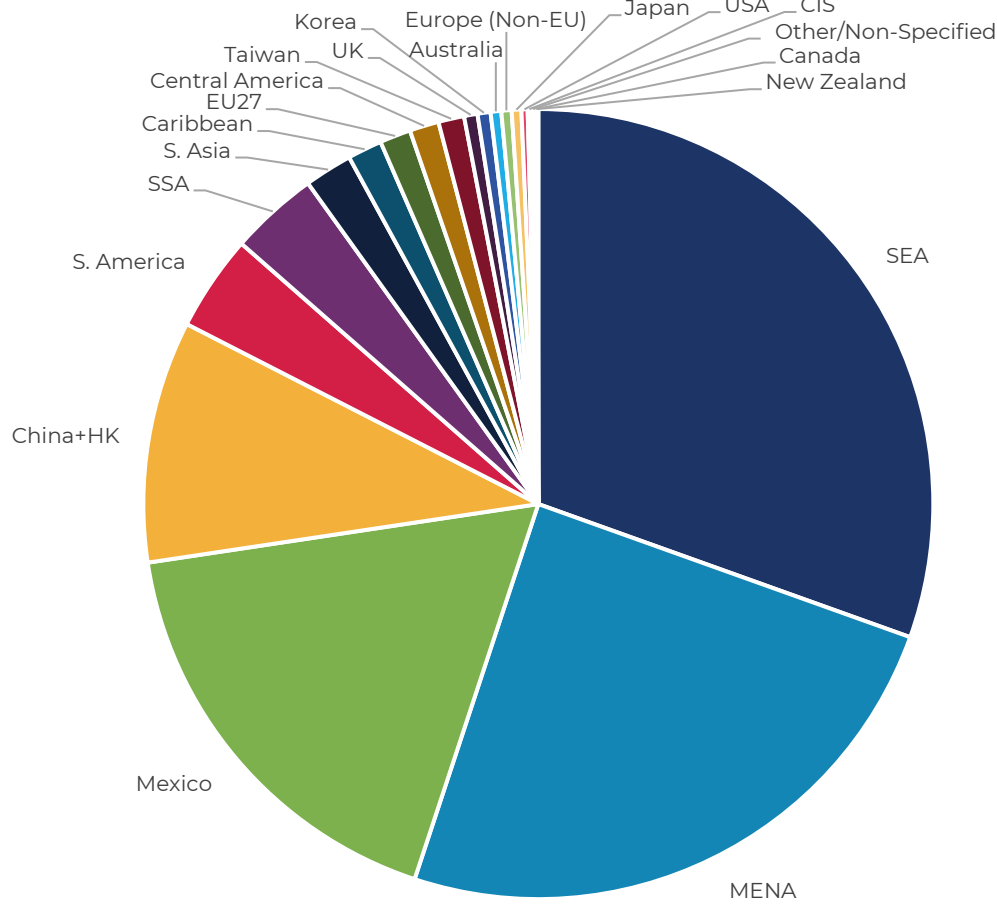
Global Overview: NFDMSMP

Global NFDMSMP Trade to World

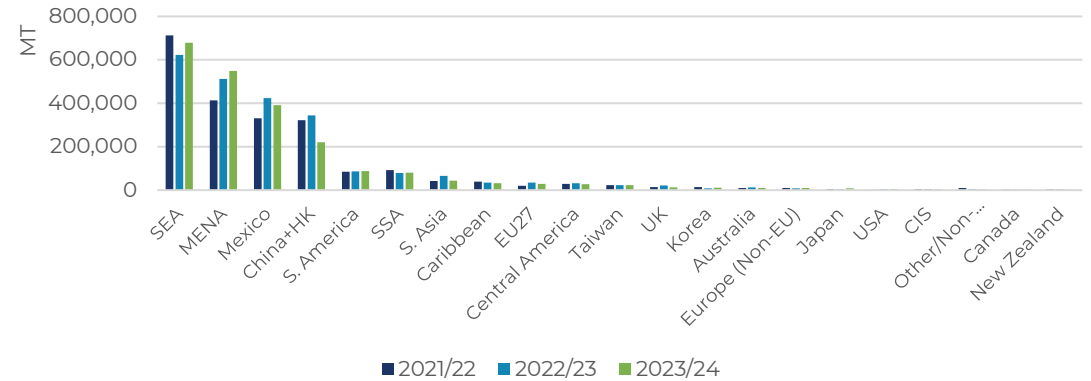


Global Overview: NFDM/SMP – Last 12 Months

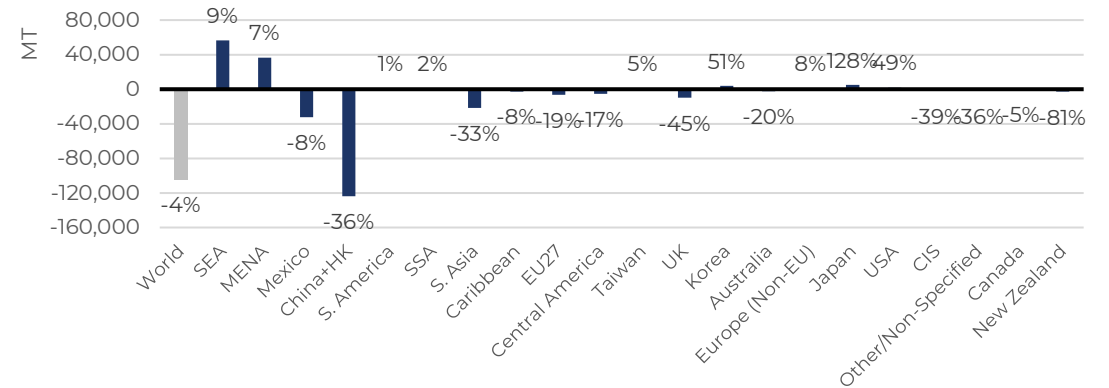
Global NFDM/SMP Trade by Destination: Last 12 Months ending Sep



Global NFDM/SMP Trade by Destination: Last 12 Months ending Sep

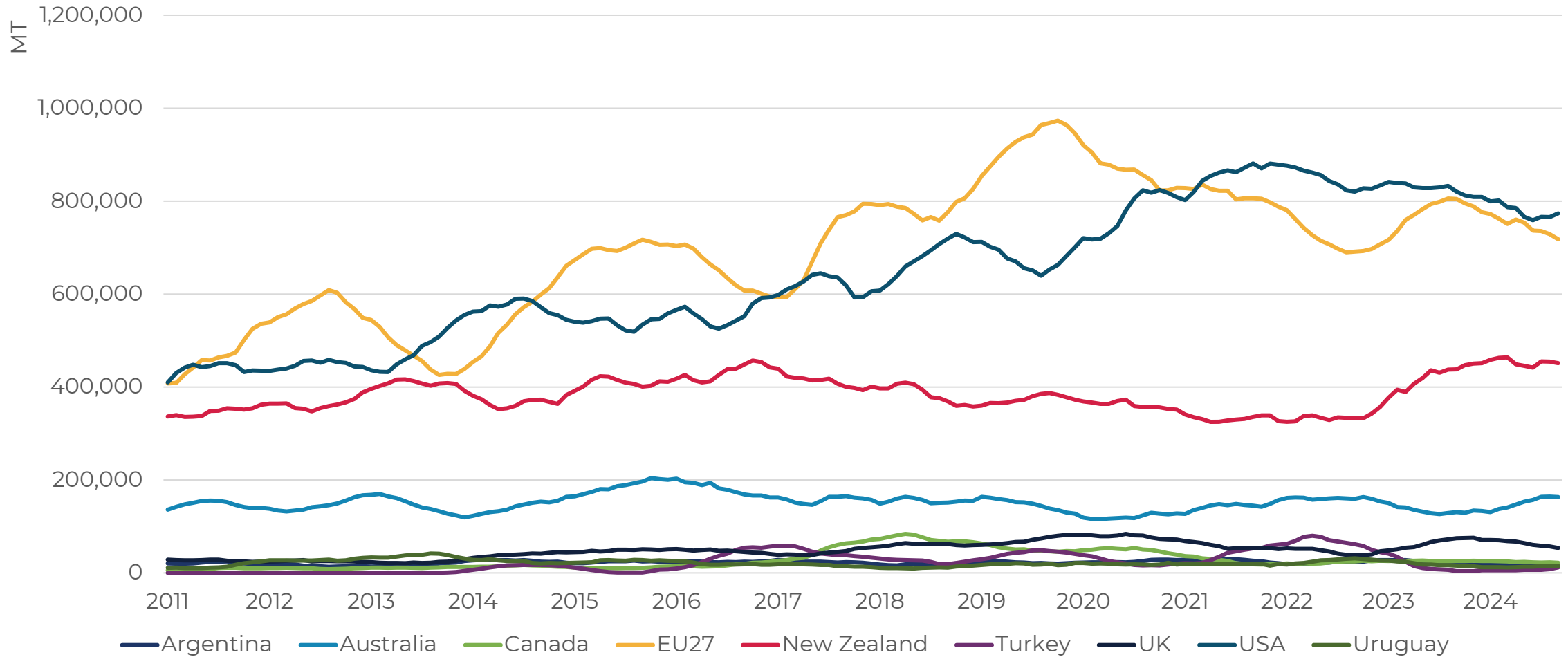


YOY Change in Global NFDM/SMP Trade by Destination: Last 12 Months ending Sep 2024



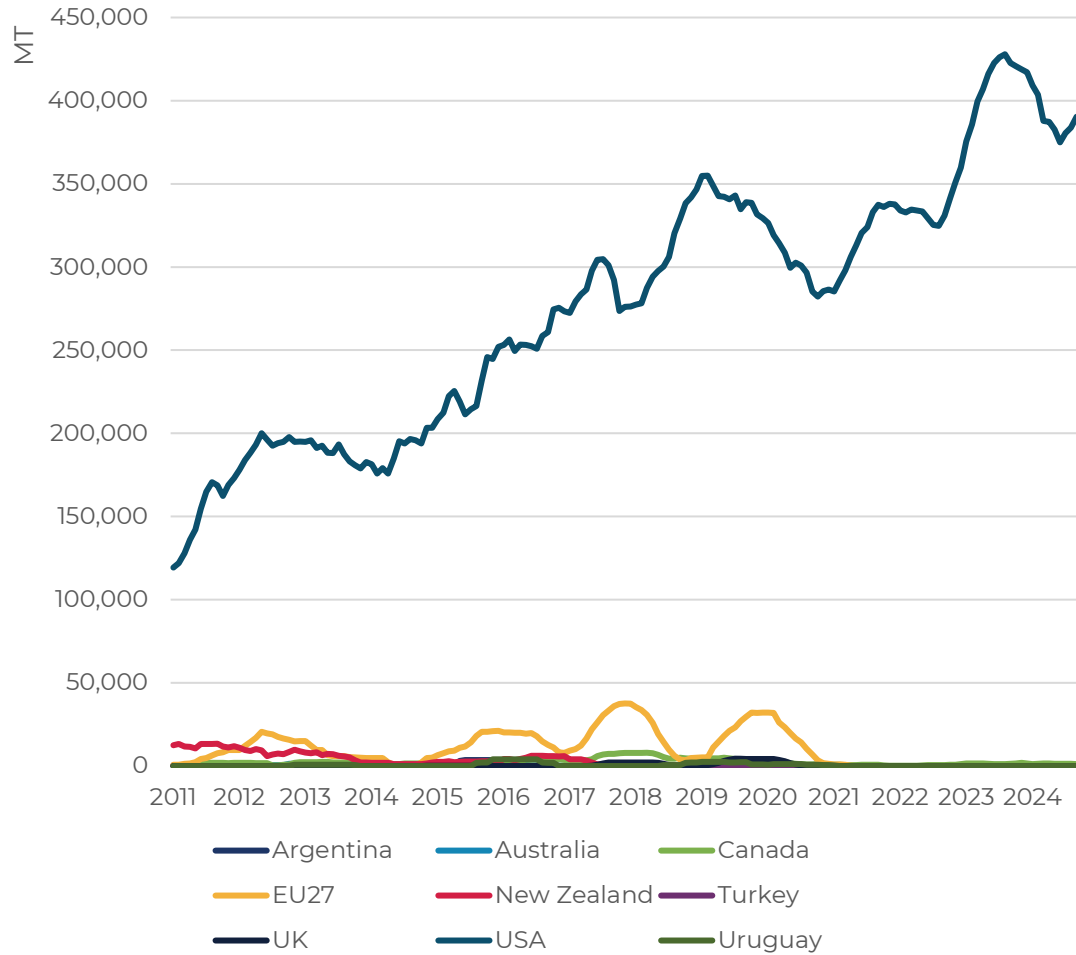
Trade Flows: NFDMSMP

Global NFDMSMP Trade to World

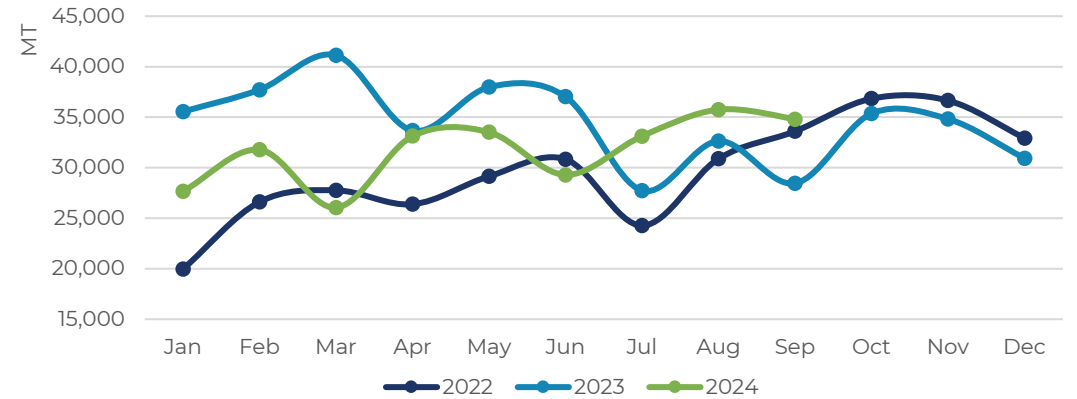


Mexico

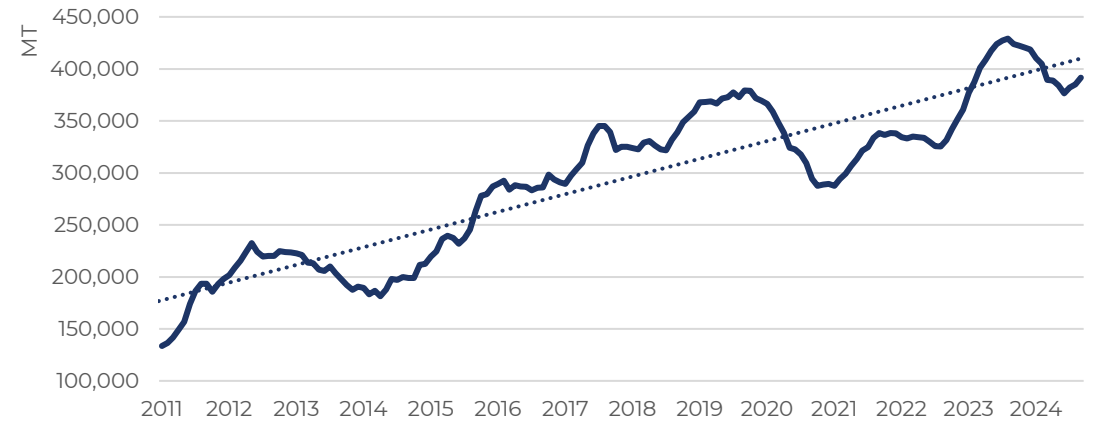
Global NFDMSMP Trade to Mexico



Global NFDMSMP Trade to Mexico

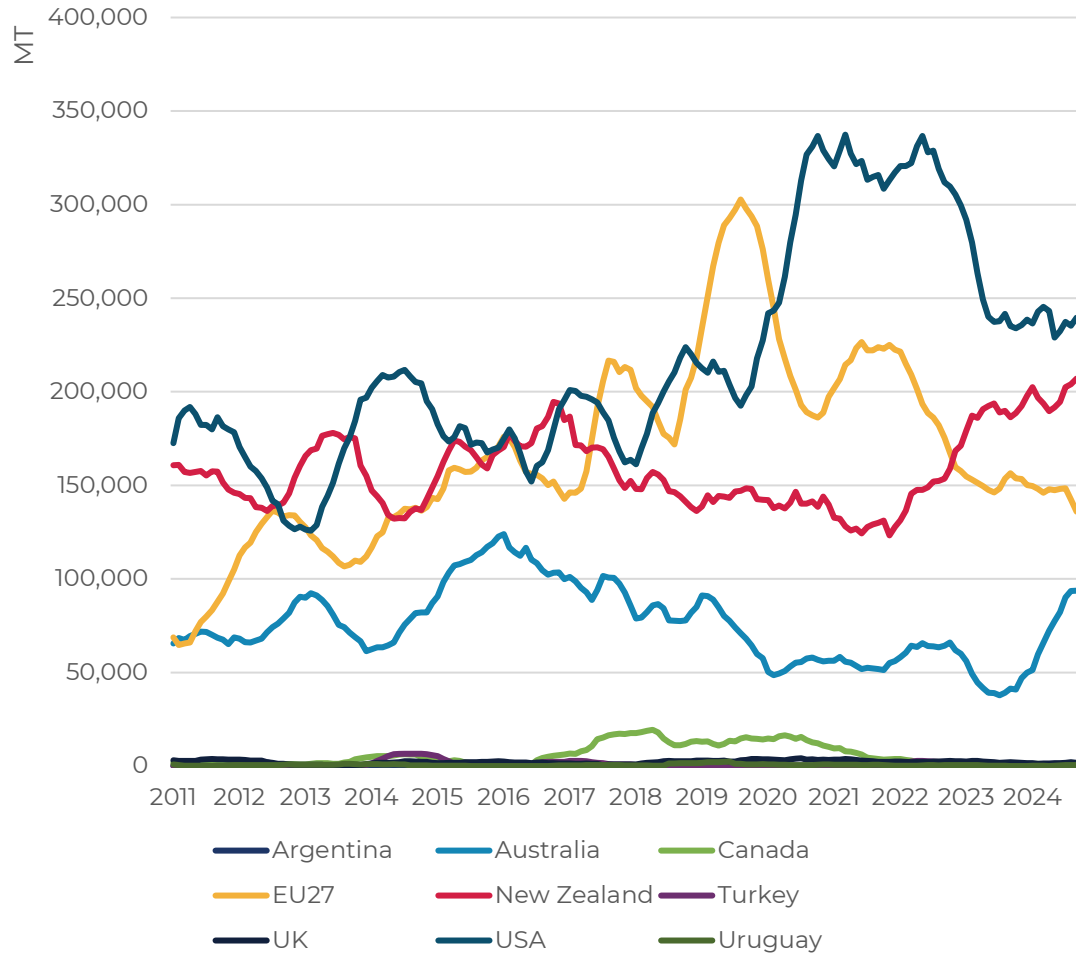


Global NFDMSMP Trade to Mexico

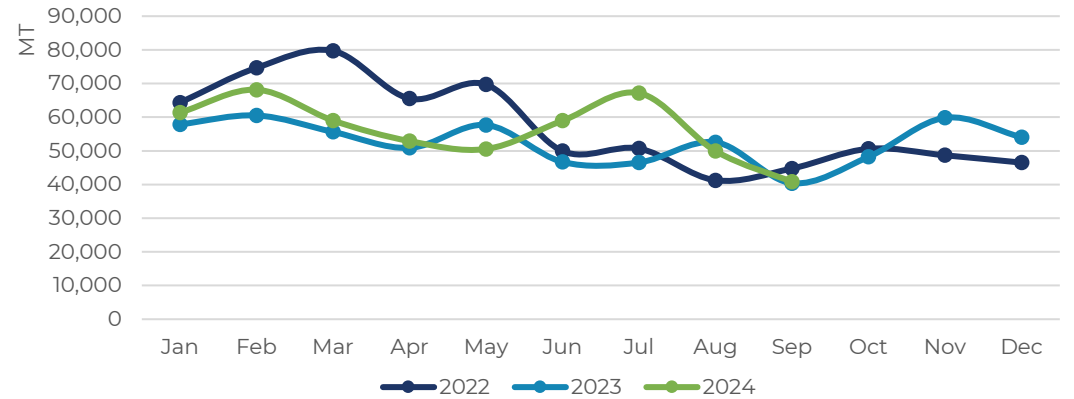


Southeast Asia

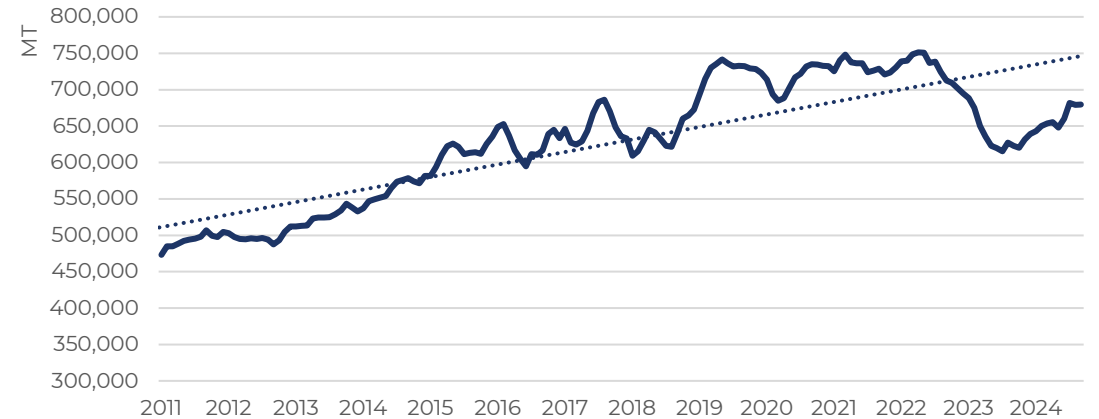
Global NFDMS/SMP Trade to SEA



Global NFDMS/SMP Trade to SEA

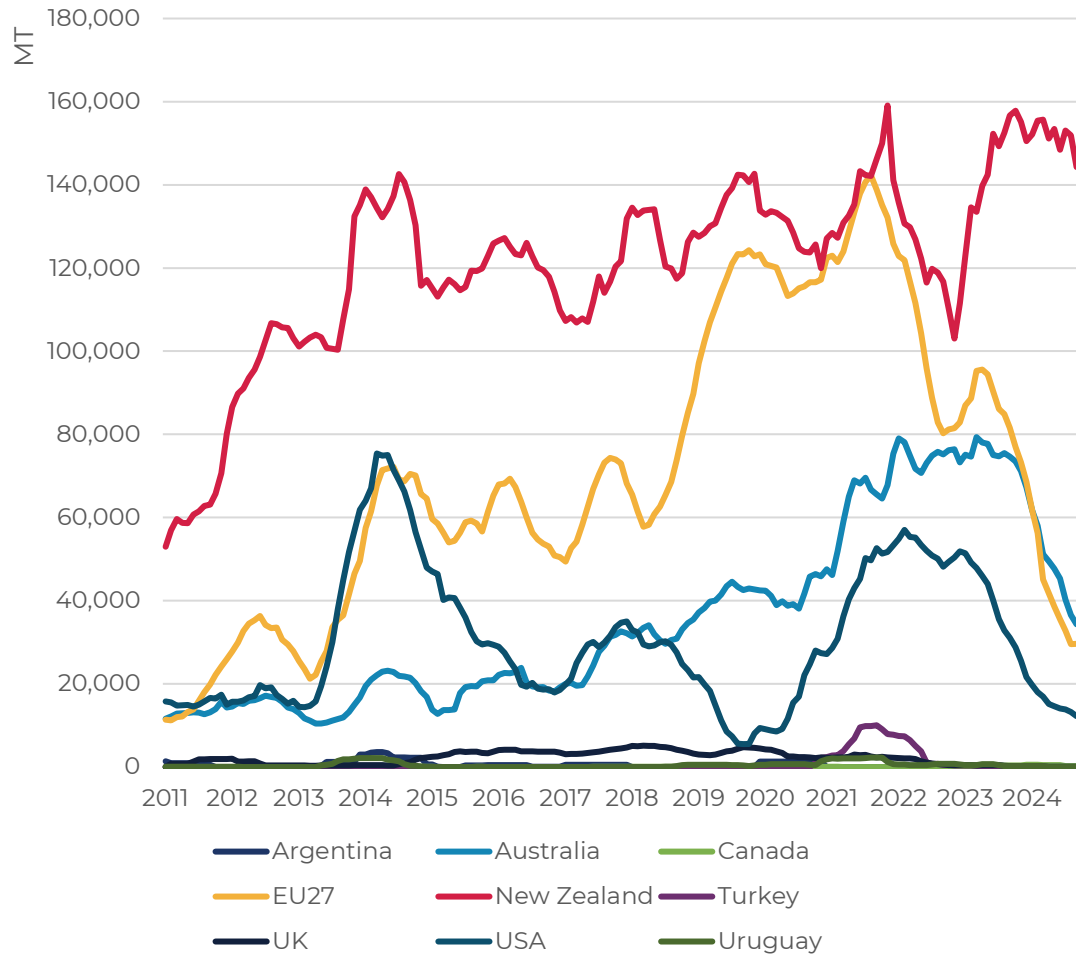


Global NFDMS/SMP Trade to SEA

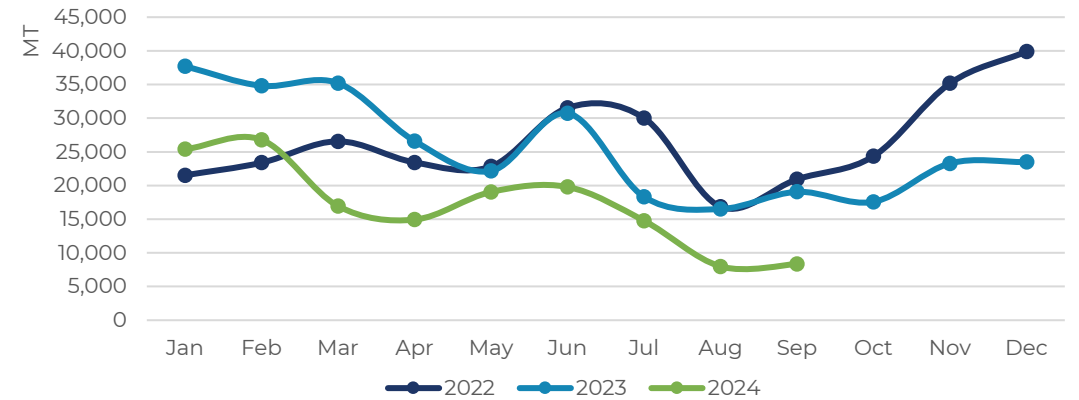


China

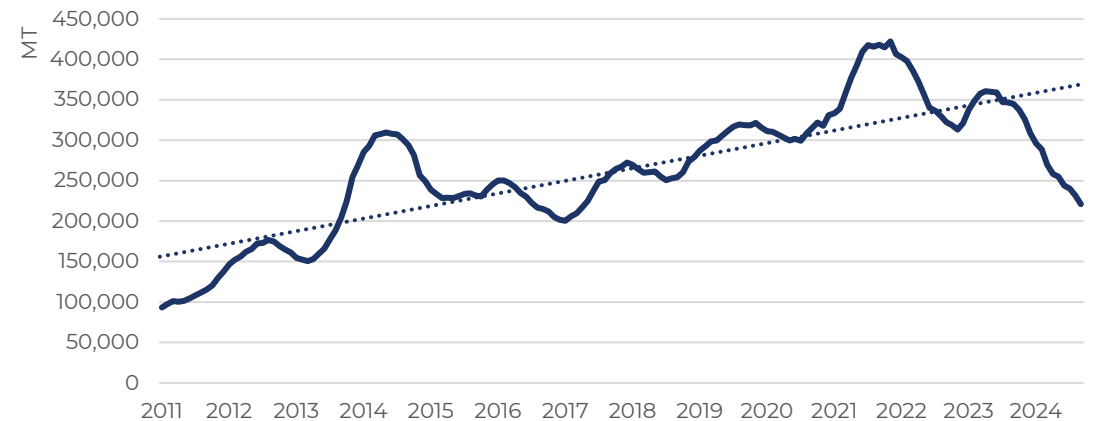
Global NFDM/SMP Trade to China+HK



Global NFDM/SMP Trade to China+HK

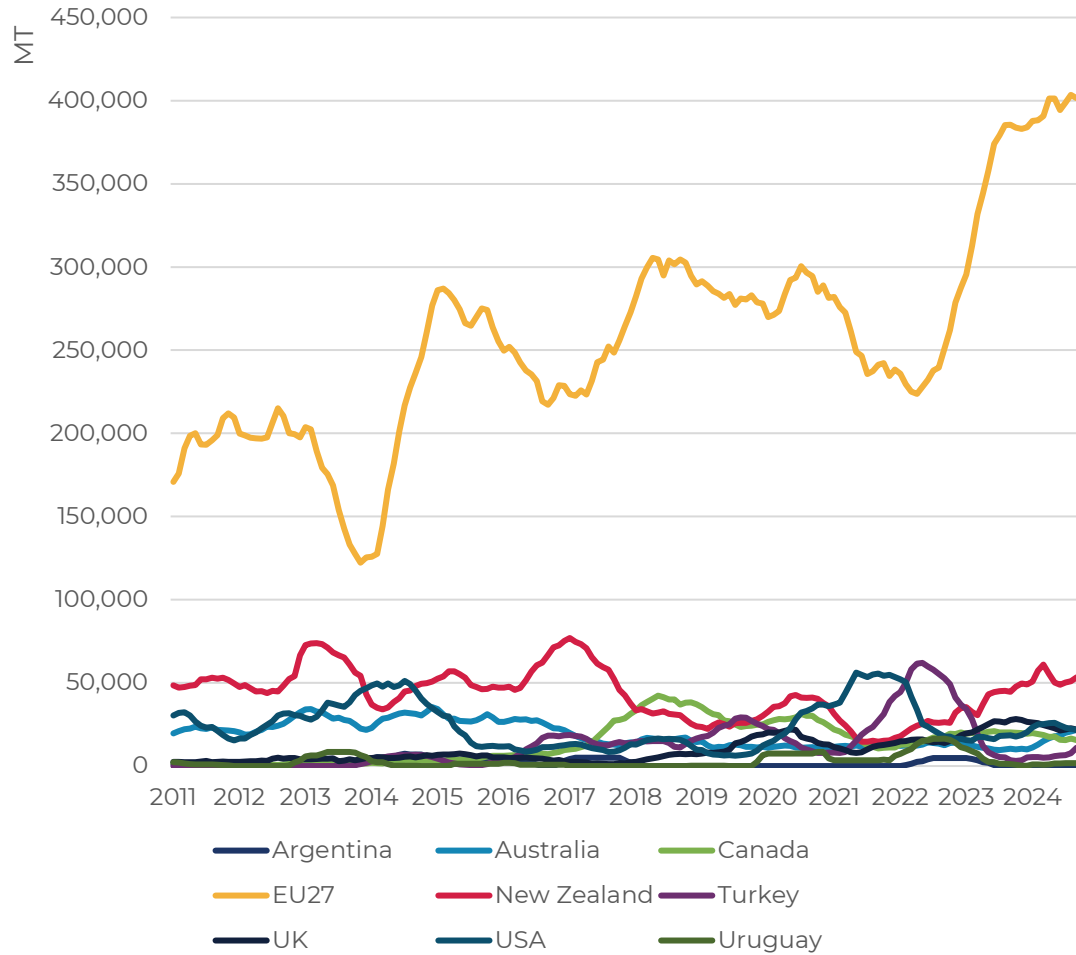


Global NFDM/SMP Trade to China+HK

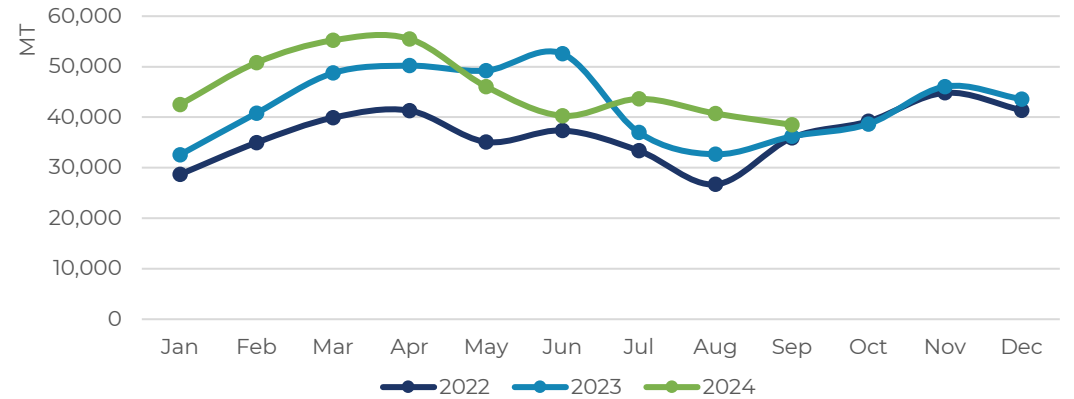


MENA

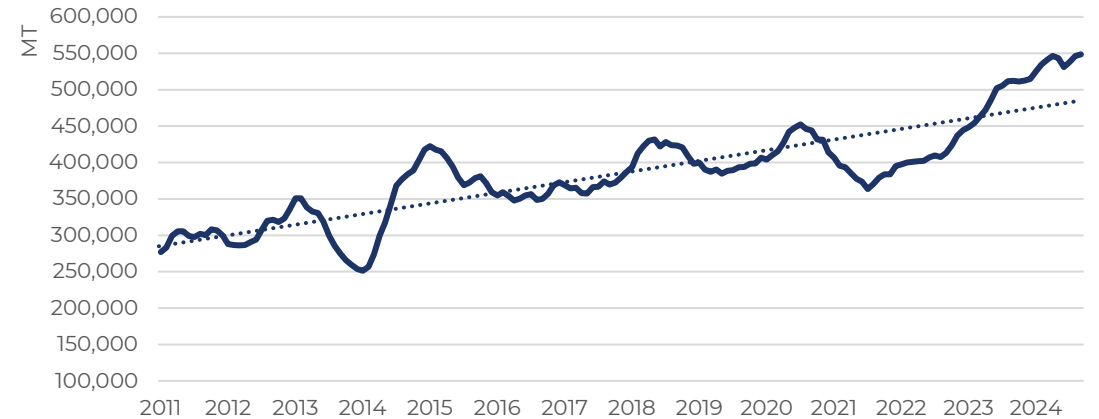
Global NFDMSMP Trade to MENA



Global NFDMSMP Trade to MENA



Global NFDMSMP Trade to MENA



Whey Products (0404.10)

Whey Products (0404.10) Market Commentary



KEY TAKEAWAYS

- **Low-protein whey exports continued their positive streak in both August and September, growing a combined 7% across both months.** With both China and Southeast Asia posting double digit increases in September, total whey exports were virtually assured of growth given those two markets have accounted for over 60% of total low-protein whey trade in 2024.
- **September marked the 13th straight increase for low-protein whey exports to Southeast Asia.** Within the region, demand from Indonesia has performed exceptionally well with a 29% improvement through September. In fact, shipments to Indonesia doubled in September (+99%, +6,015 MT). However, Indonesia was far from alone. Low-protein whey exports to the Philippines have grown 31% YTD (+12,690 MT) along with a 16% YTD increase to Vietnam (+6,975 MT). For many food manufacturers in Asia, sweet whey or permeate represents a cost-effective substitution for NFDN/SMP in certain applications. **Given that low-protein whey demand in the region is running well ahead of NFDN/SMP, we can deduce that end users – as well as their customers – remain highly cost conscious even as many economies in the region are seeing stronger growth.**

Global
Whey
(0404.10)
Trade

+10.2%
September YoY

+9.4%
YTD, Ending Sep.

+6.6%
Last 12-Months,
Ending Sep.

-1.5%
3-Year CAGR

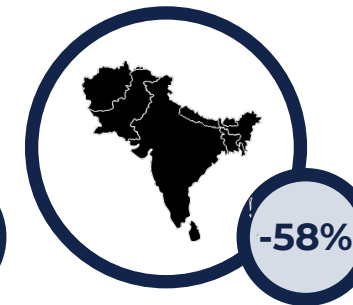
September Standout Markets



CHINA+HK
+5,223 MT



SOUTHEAST ASIA
+6,059 MT



SOUTH ASIA
-2,317 MT



KOREA
+939 MT

ADDITIONAL NOTES

As upbeat demand from China and Southeast Asia pushed low-protein trade upward, other regions posted more disappointing results. South Asia saw the biggest year over year decline of any region in absolute terms as trade slipped by 58% (-1,688 MT). Just 1,692 MT of low-protein whey were shipped to South Asia in September, the lowest value for the month since 2012 and the weakest performance in any month since August 2018. Year to date trade in the region trails prior year by 10% (-3,182 MT). Most of the loss has come from India which saw low-protein whey demand tumble by 79% (-2,041 MT) in September. India's economy has slowed down markedly in recent months as persistent inflation has whittled away consumer purchasing power. The resulting dip in consumption has hit the economy hard and with little to suggest that the situation will reverse soon, India's whey imports are likely to remain under pressure over the near term.

Whey Products (0404.10) Market Commentary



LOOKING AHEAD

- **Since our last publication in September, China's pork market has noticeably cooled.** The average piglet price as reported by China's Ministry of Agriculture has fallen by nearly 30% from its August peak. Given that China's rally in whey purchases continues to be a lagging indicator to the piglet/pork price in China, **we can surmise that whey demand from the country is likely to falter in 2025.**
- One intriguing nuance to the forecast is that the lag time between a change in pork price and China's whey purchases is getting noticeably shorter. By our estimates, there was about a 9-month lag pre-COVID for a change in pork prices to see whey demand follow. By 2022 and 2023, that lag shortened to about six months. In 2024, the lag was closer to 3 months. The shorter delay potentially suggests suppliers and/or importers are getting wise to the correlation and adjusting purchases accordingly before whey prices rise. Just as likely, carrying lighter inventories is necessitating a faster reaction when the major pork companies are growing or shrinking. All this means **the impact of weaker pork demand in China may come sooner rather than later to sweet whey and permeate markets.**

U.S.
Whey
(0404.10)
Exports

+14.6%

September YoY

+7.8%

YTD, Ending Sep.

+1.5%

Last 12-Months,
Ending Sep.

+0.5%

3-Year CAGR

EU
Whey
(0404.10)
Exports

-0.3%

September YoY

+6.2%

YTD, Ending Sep.

+5.1%

Last 12-Months,
Ending Sep.

+1.7%

3-Year CAGR

NZ
Whey
(0404.10)
Exports

-9.8%

September YoY

+16.3%

YTD, Ending
September

+19.8%

Last 12-Months,
Ending September

+6.2%

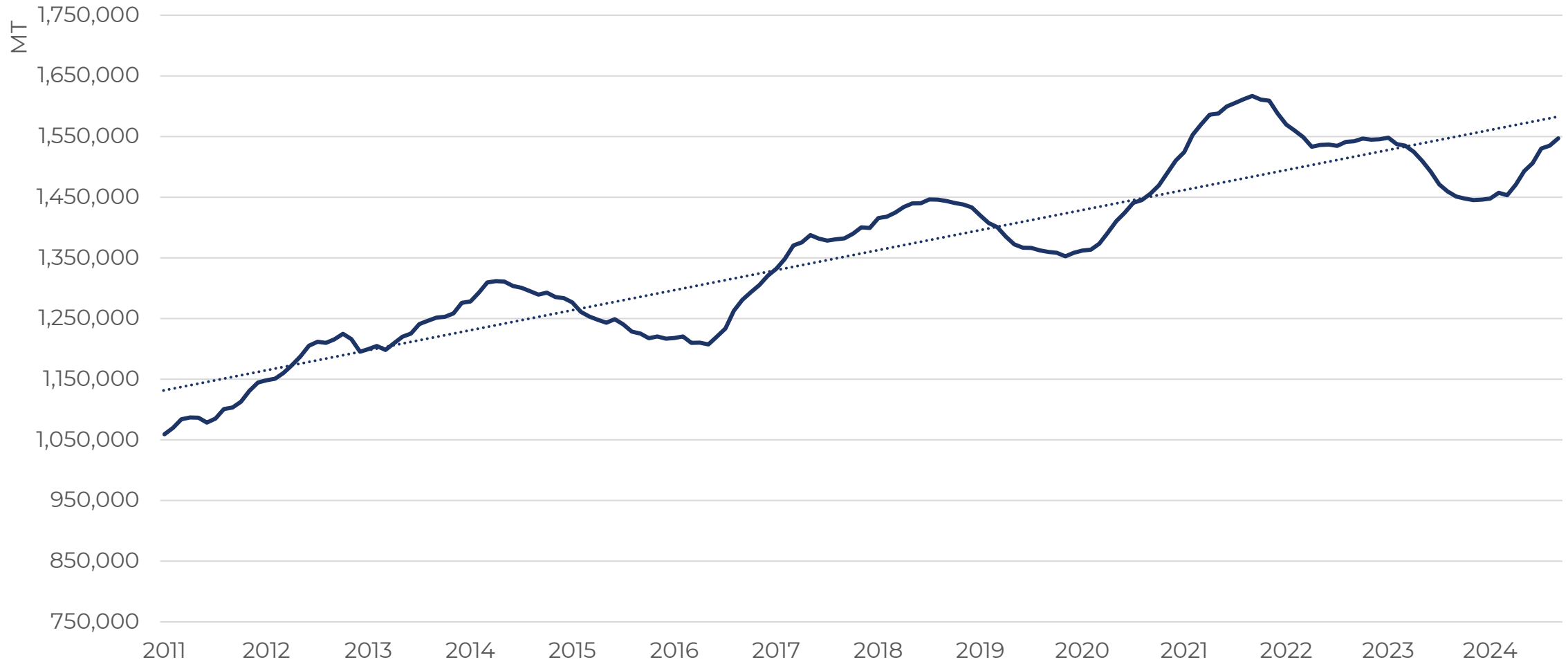
3-Year CAGR

ADDITIONAL NOTES

In a surprising twist, Turkey has emerged as a major whey exporter beyond the Middle East-North Africa. In fact, Turkey has grown its exports to China more than any other supplier over the last 12 months (+239%, +7,225 MT) – a pattern which continued in September as Turkish whey exports to China gained 3,000 MT to reach 4,900 MT for the month. By comparison, Turkish low protein whey shipments to China in September 2023 were just 1,900 MT (and even that was an infinite increase from the year prior when the country did not send a single container). The reason for Turkey's re-emergence to global markets can be directly tied to the fact that their milk production has soared in 2024 (+10% through September), which has boosted the country's cheese production by 6% - well on pace to set a new annual record. Historically, Turkey has been inconsistent in international whey markets, but Argentina, Turkey and Belarus (which still isn't reporting its trade statistics) all remain focused on China, increasing competition with the U.S.

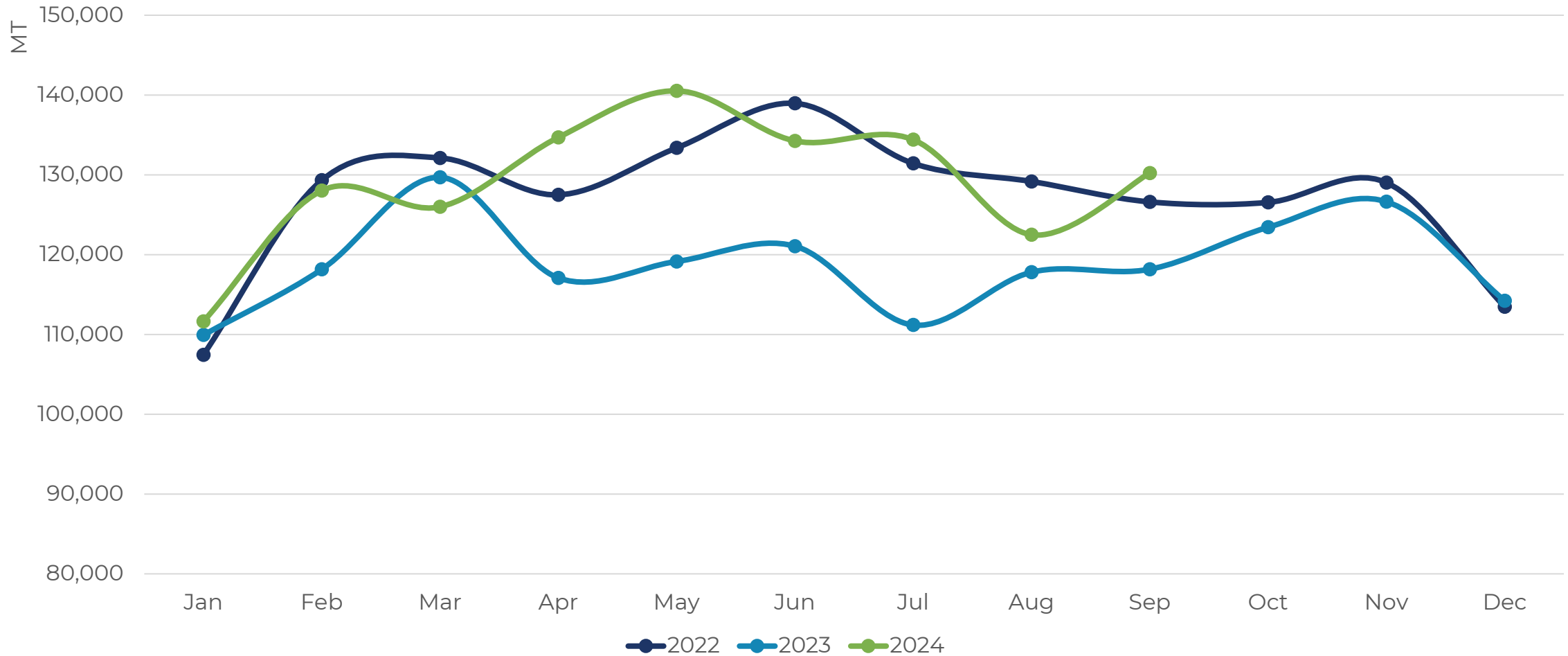
Global Overview: Whey (0404.10)

Global Whey (0404.10) Trade to World



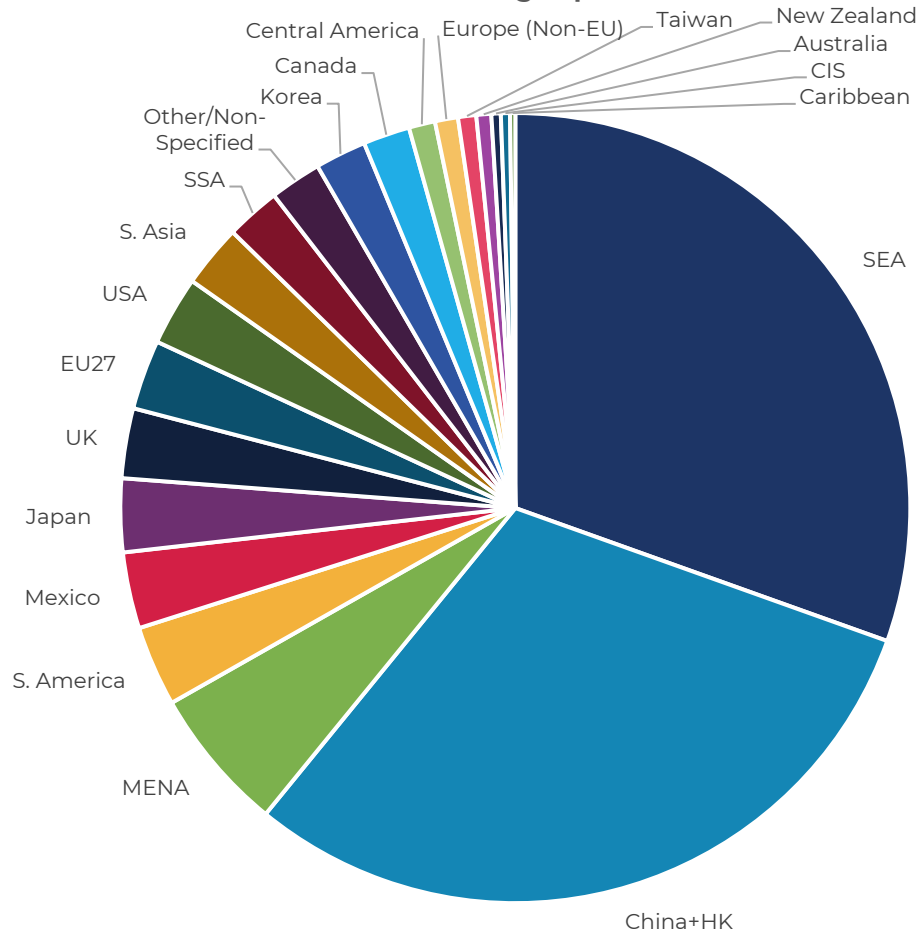
Global Overview: Whey (0404.10)

Global Whey (0404.10) Trade to World

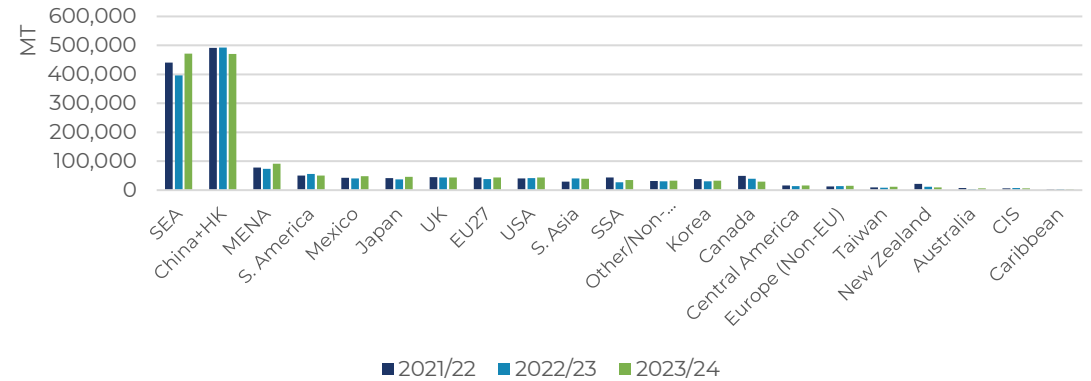


Global Overview: Whey (0404.10) – Last 12 Months

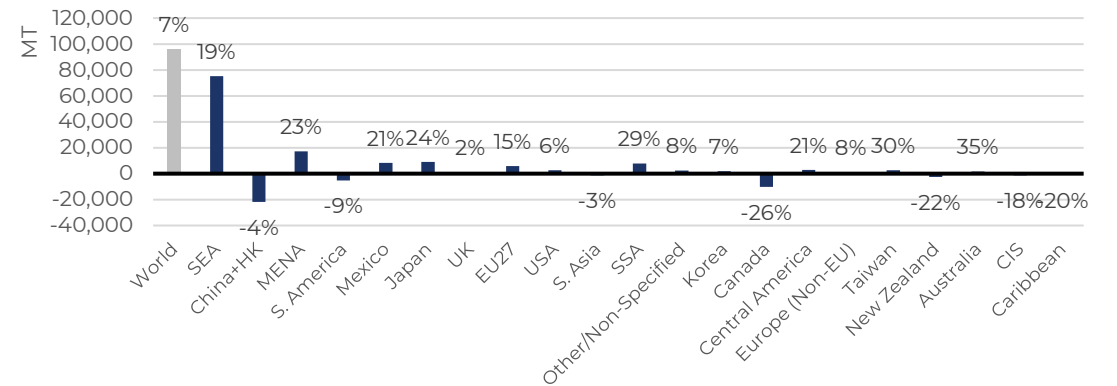
Global Whey (0404.10) Trade by Destination: Last 12 Months ending Sep



Global Whey (0404.10) Trade by Destination: Last 12 Months ending Sep

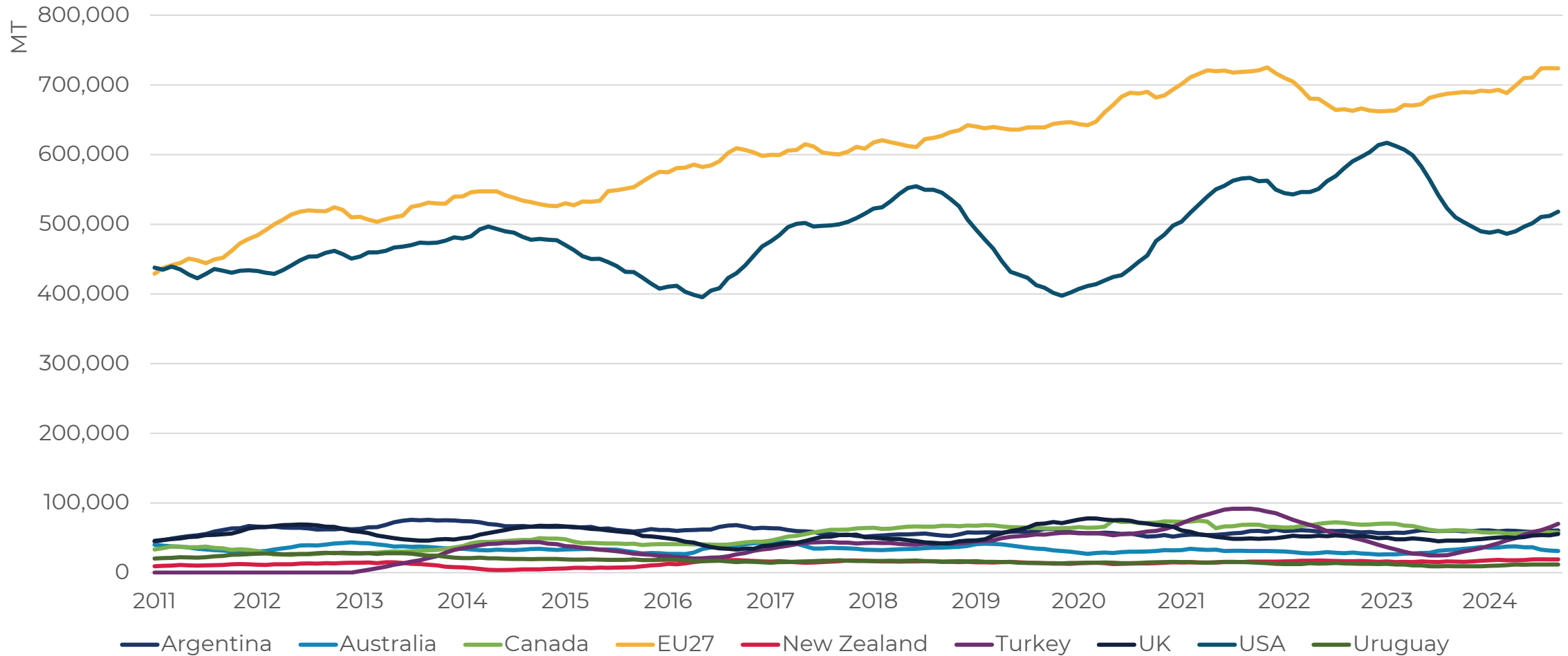


YOY Change in Global Whey (0404.10) Trade by Destination: Last 12 Months ending Sep 2024



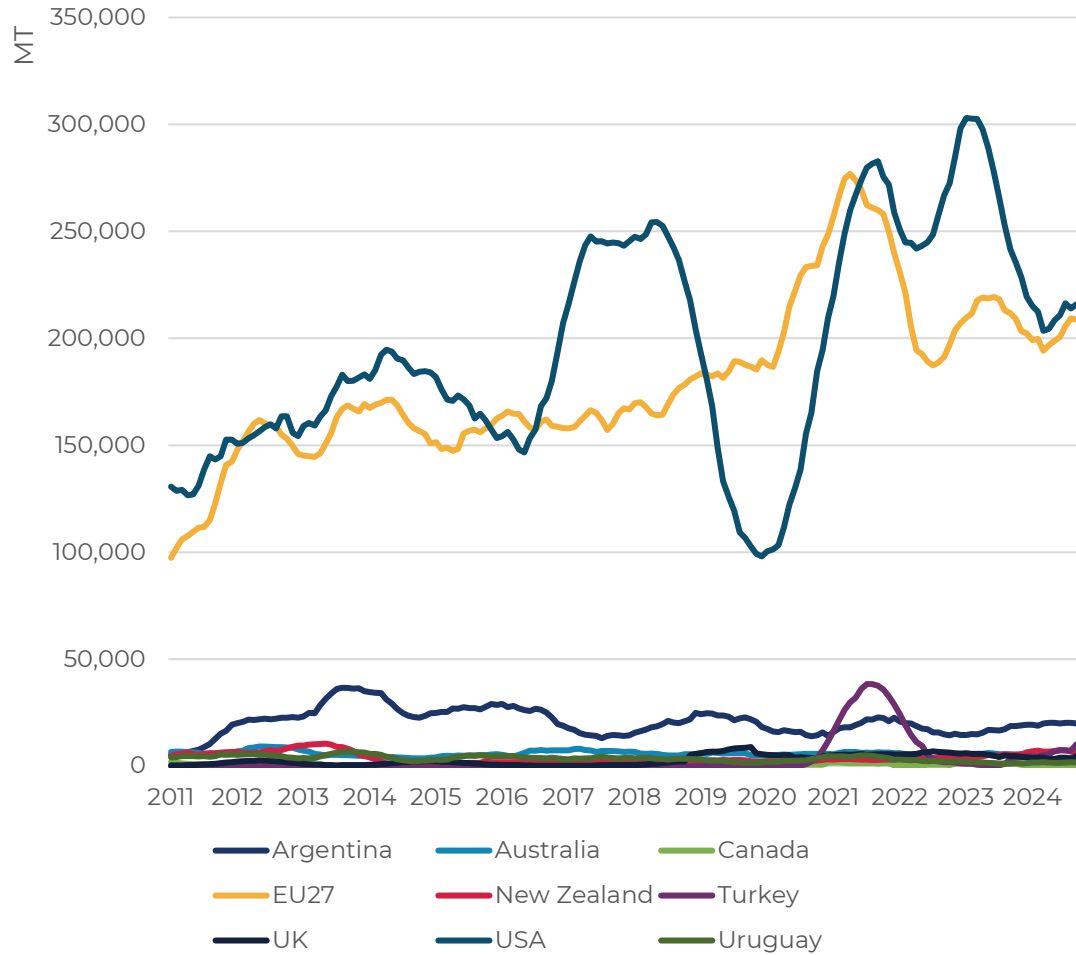
Trade Flows: Whey Products

Global Whey (0404.10) Trade to World

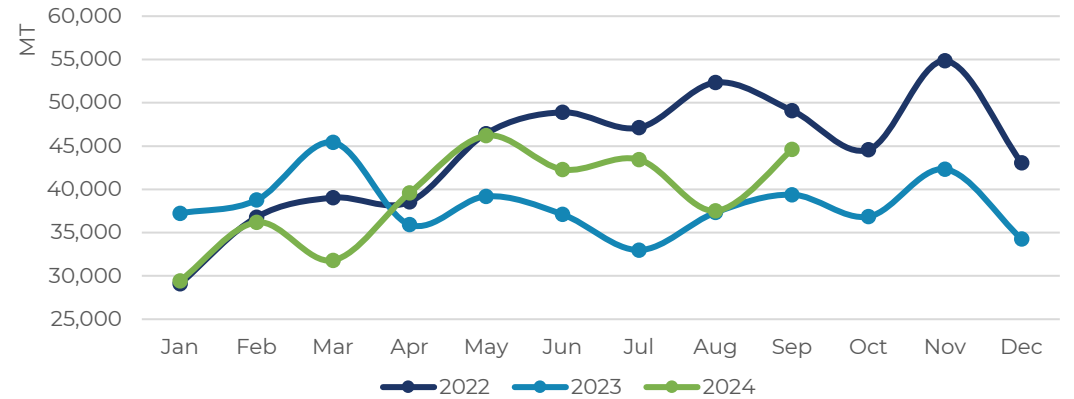


China

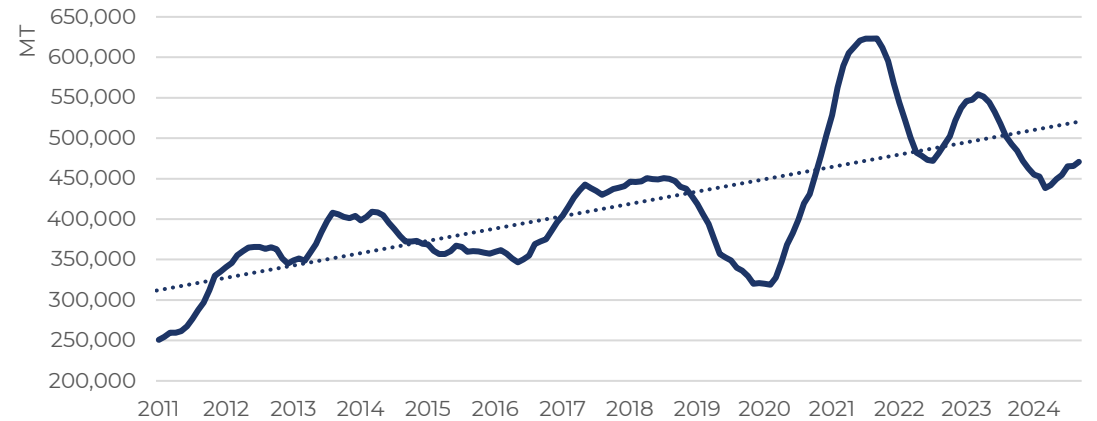
Global Whey (0404.10) Trade to China+HK



Global Whey (0404.10) Trade to China+HK

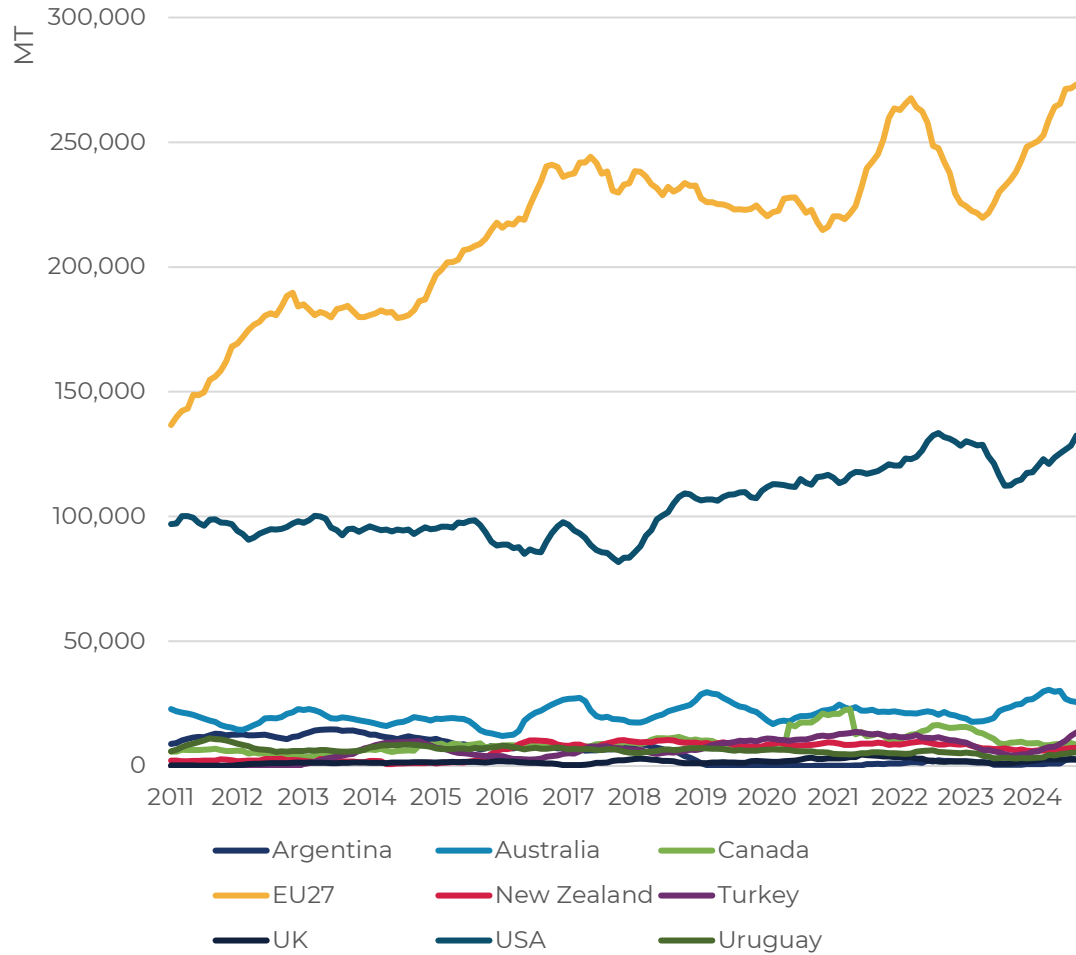


Global Whey (0404.10) Trade to China+HK

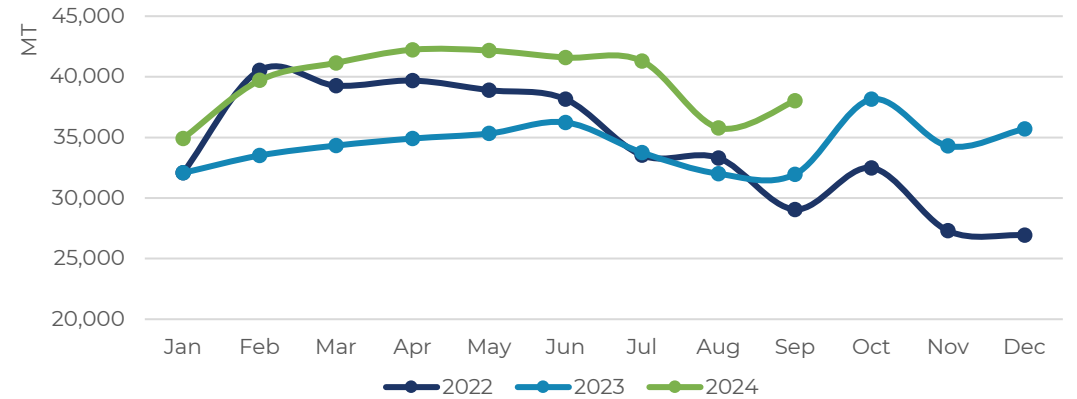


Southeast Asia

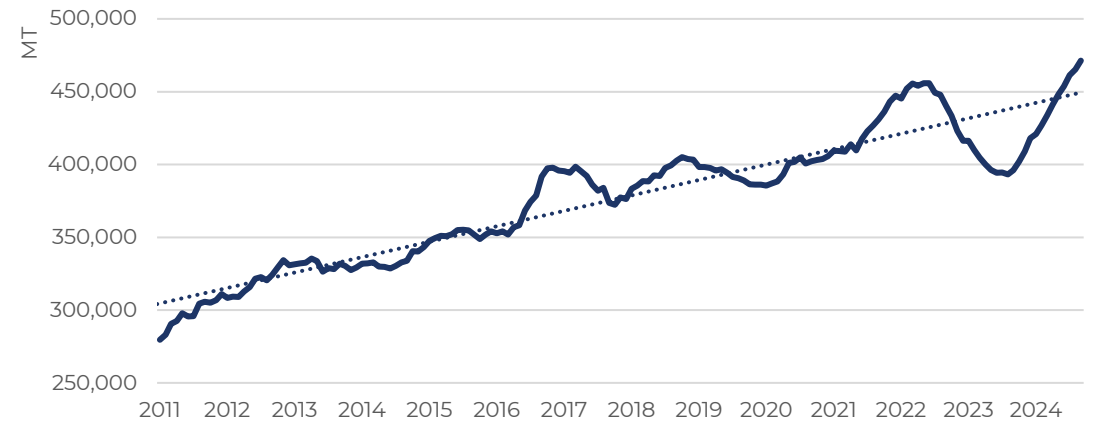
Global Whey (0404.10) Trade to SEA



Global Whey (0404.10) Trade to SEA



Global Whey (0404.10) Trade to SEA





WPC80+
(3502.20)

WPC80+ (3502.20) Market Commentary



KEY TAKEAWAYS

- **After 15 straight months of growth, global WPC80+ trade declined by less than 1% in September** (-87 MT). Even as the streak came to an end, the fact the decline was so modest suggests that demand for high protein products remains incredibly strong around the world.
- **In particular, the data shows demand from China remained exceptionally strong**, more than doubling in August and September (+106% combined, +5,331 MT). We remain dubious that all of the product is WPC80 or WPI. The U.S.' average unit price for WPC80+ to China was just over \$6,000/MT, suggesting there are other products misclassified in the data amongst the high protein products. As such, **while we should still assume that China's demand is growing given that purchases from other (more expensive) suppliers are growing as well, the scale of the increase is likely overstated.** Furthermore, the scale of the misclassification could have a significant impact on the story we tell for whey protein demand in 2024. If U.S. WPC80+ exports to China were in fact flat year-over-year, the global growth rate for WPC80+ is cut in half. **Protein is clearly still in demand, but we are unconvinced China's demand is truly growing exponentially.**

Global WPC80+ Trade

-0.6%
September YoY

+15.3%
YTD, Ending Sep.

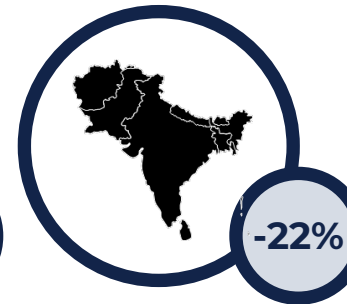
+15.5%
Last 12-Months, Ending Sep.

+5.5%
3-Year CAGR

September Standout Markets



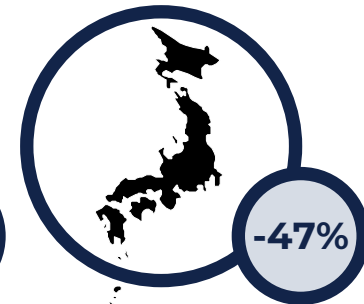
CHINA+HK
+1,694 MT



SOUTH ASIA
-447 MT



EU27
-350 MT



JAPAN
-1,539 MT

ADDITIONAL NOTES

Shipments to Japan deteriorated sharply year-over-year in August and September, falling by 25% (-586 MT) and 47% (-1,539 MT), respectively. However, September's decline is in contrast to an exceptionally strong month in 2023. Overall, demand in the country is largely running sideways at a new, unfortunately lower, equilibrium. Economic challenges, a weak yen, and high protein prices are all likely causing food manufacturers to press pause on new products as evidenced by new product launches featuring whey protein falling by 24% in 2024 compared to the same period in 2023. Japan still remains the second largest WPC80+ market in the world through September and possesses plenty of positive underlying fundamentals, so we should be careful to not overstate the concern. However, given the tight availability of whey proteins today and the economic headwinds to growing consumption in Japan, we may expect largely flat trade for the near future until those two factors are alleviated.

WPC80+ (3502.20) Market Commentary



LOOKING AHEAD

- **The price of high-protein whey products has climbed dramatically over the past year**, mostly on the back of robust demand. The unit price of WPC80+ rose by \$652 or 6.5% in September versus prior month, coming in at \$10,747/MT. Prices have now remained above the \$10,000 threshold for four consecutive months and are sitting a full 49% (\$3,526) higher than at the same time last year, although they remain shy of 2022's peaks.
- While appetite for these high-protein ingredients has led prices upward, **it seems likely that current prices are beginning to burn off demand, as reflected in the most recent data.** Without any major shift in economic activity among the main WPC80+ consuming markets, it seems likely that prices will have to moderate before demand can be regenerated.
- Upcoming increases in production, particularly from the U.S. should help to facilitate this process. **With new high-protein whey capacity scheduled to come online in the upcoming months, additional supply should help to soften prices to more palatable levels.**

U.S.
WPC80+
Exports

-1.4%
September YoY

+17.1%
YTD, Ending Sep.

+17.6%
Last 12-Months,
Sep.

+5.5%
3-Year CAGR

EU
WPC80+
Exports

-2.8%
September YoY

+9.1%
YTD, Ending Sep.

+9.6%
Last 12-Months,
Ending Sep.

+3.1%
3-Year CAGR

NZ
WPC80+
Exports

+39.8%
September YoY

+27.5%
YTD, Ending Sep.

+23.6%
Last 12-Months,
Ending Sep.

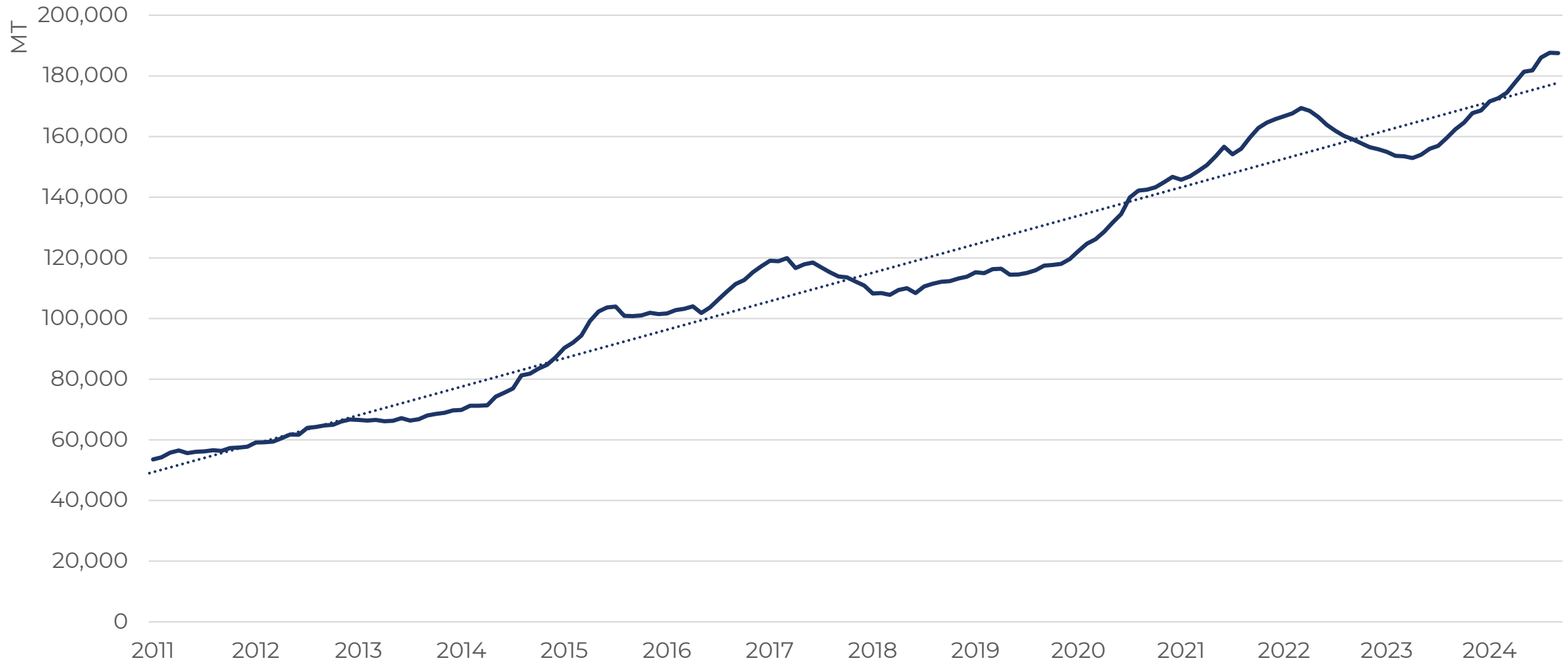
+7.3%
3-Year CAGR

ADDITIONAL NOTES

New WPC80+ capacity is also likely to expand the U.S.' share of global high-protein trade. Over the first nine months of 2024, the U.S. has supplied about 46% of global high-protein whey. This percentage is only slightly higher than last year but represents a longer-term trend of U.S. suppliers increasing their profile in global markets. This trend is likely to extend and intensify as no other global supplier is poised to see production grow as dramatically as in the U.S. The EU has enjoyed a 29% share of global high protein trade this year, but with only modest milk production growth forecast for the coming year, it is doubtful that whey, production will grow substantially. New Zealand has perhaps more opportunity to grow share from the 15% seen so far this year as a strong start to the milk production season and adjustments to the country's manufacturing footprint are likely to increase the whey stream.

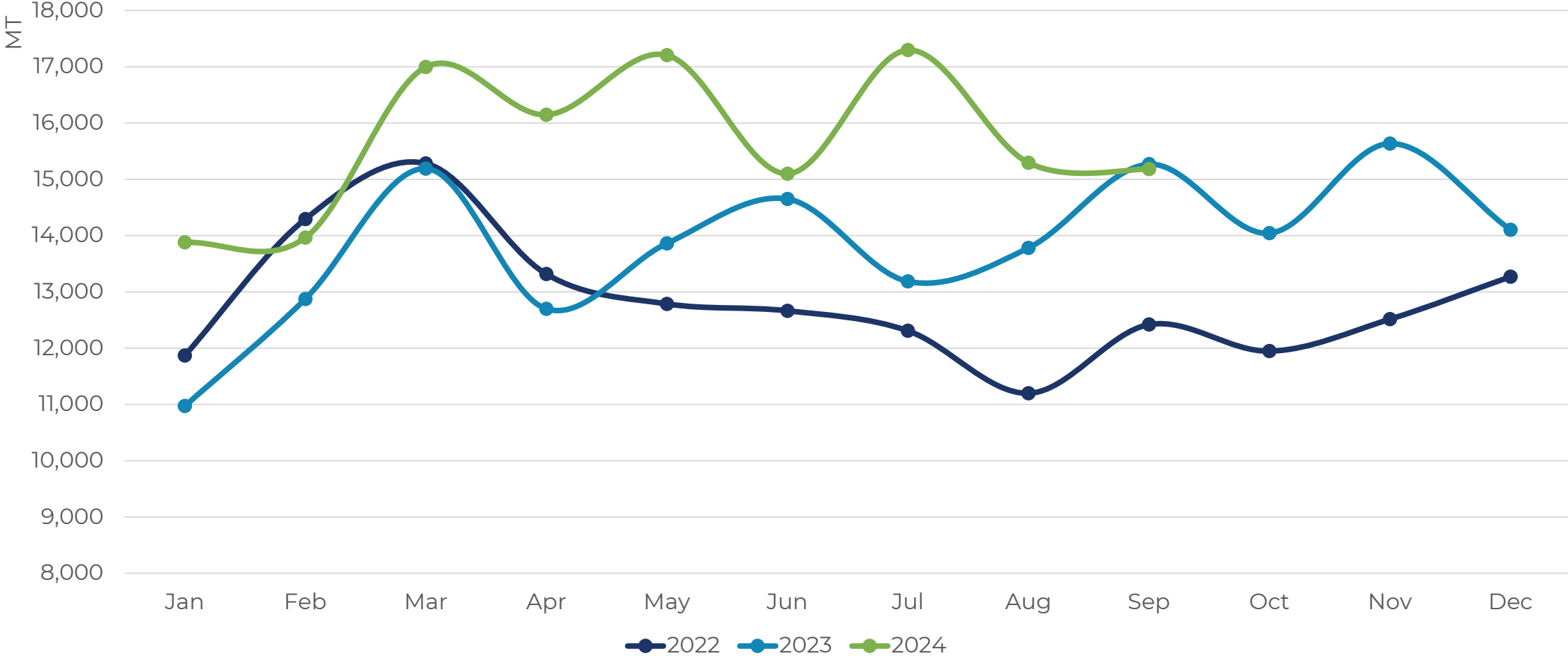
Global Overview: WPC80+

Global WPC80+ Trade to World



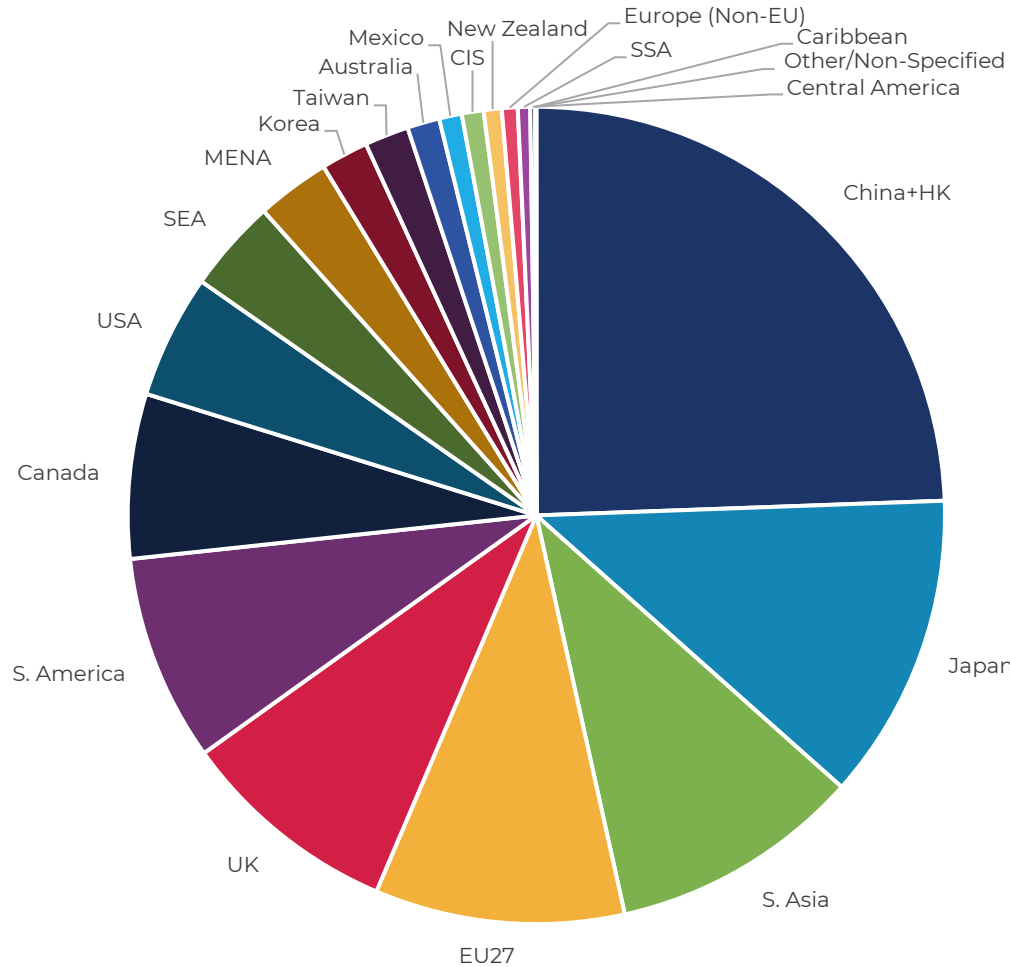
Global Overview: WPC80+

Global WPC80+ Trade to World

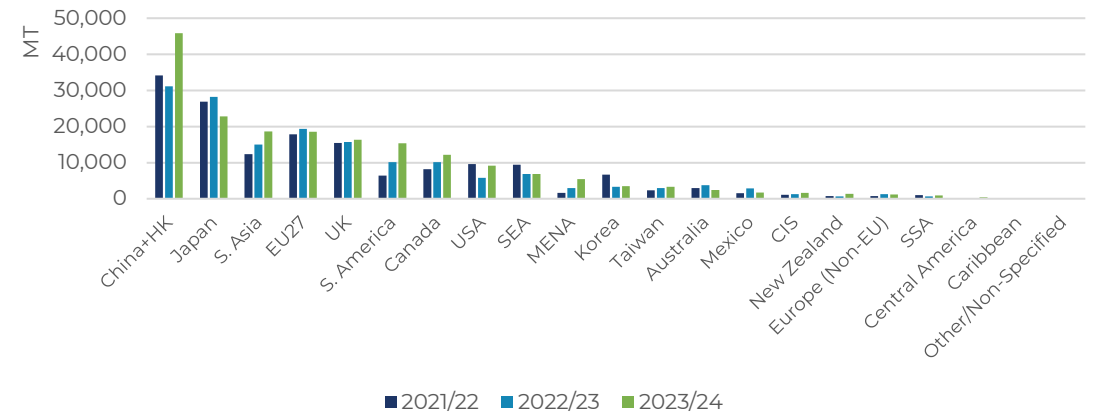


Global Overview: WPC80+ – Last 12 Months

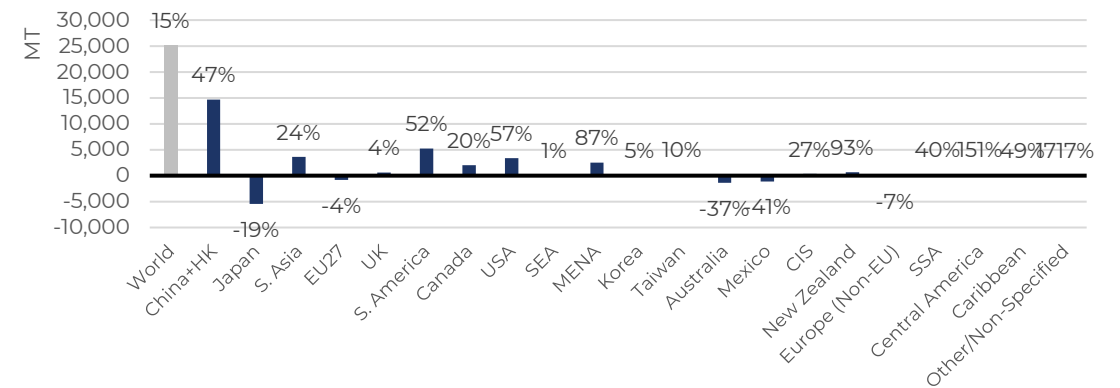
Global WPC80+ Trade by Destination: Last 12 Months ending Sep



Global WPC80+ Trade by Destination: Last 12 Months ending Sep

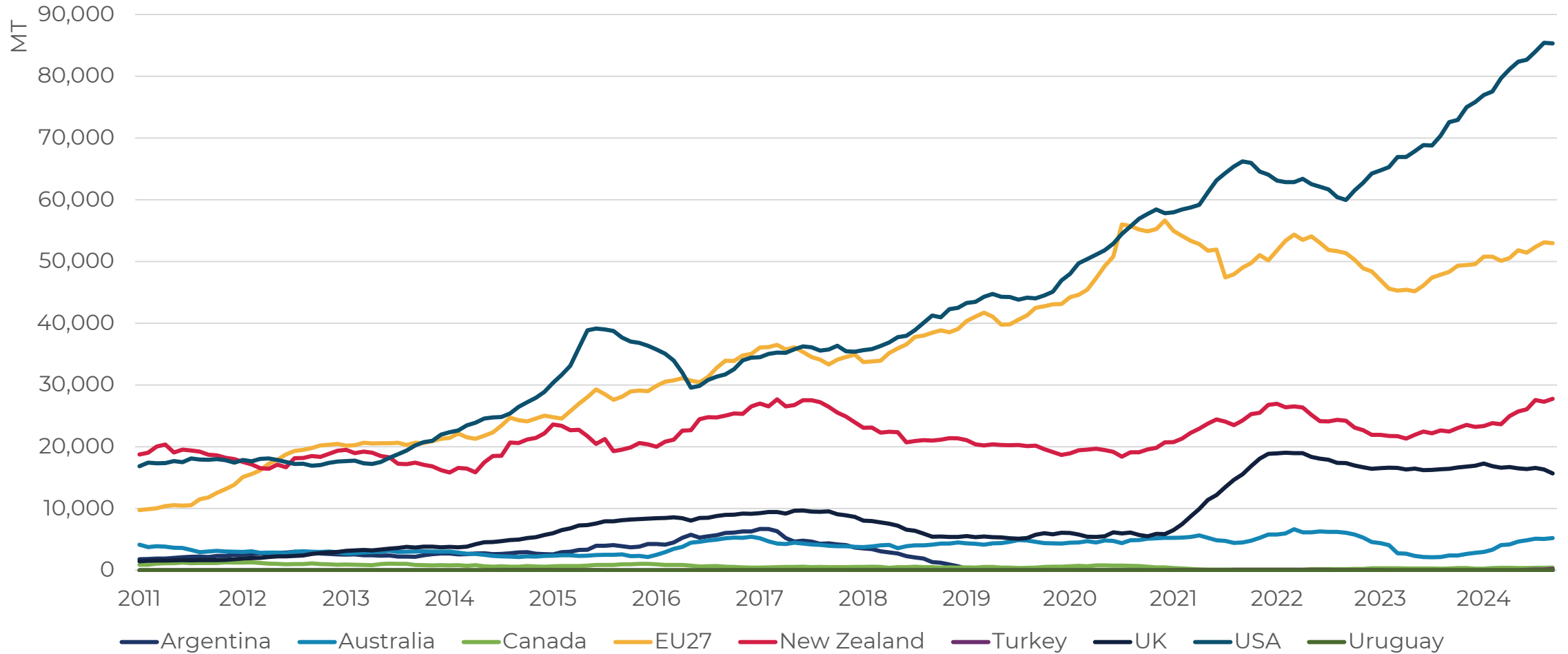


YOY Change in Global WPC80+ Trade by Destination: Last 12 Months ending Sep 2024



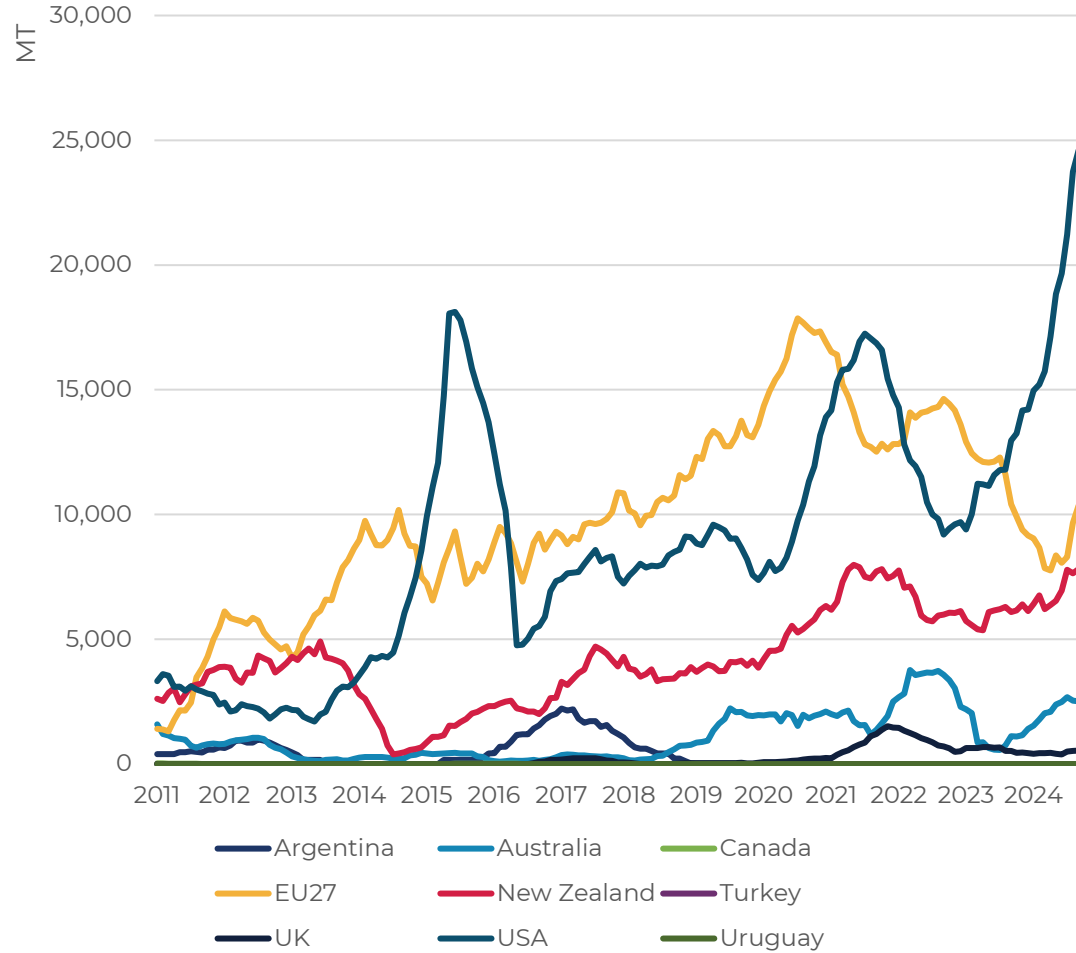
Trade Flows: WPC80+

Global WPC80+ Trade to World

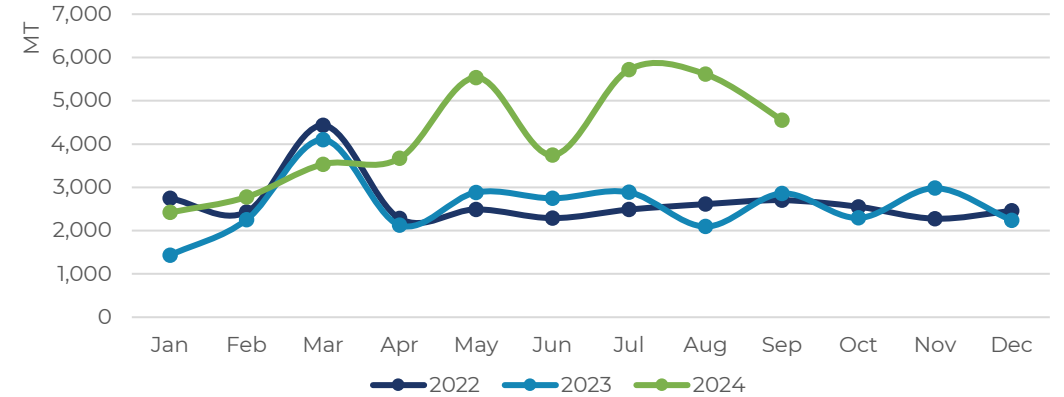


China

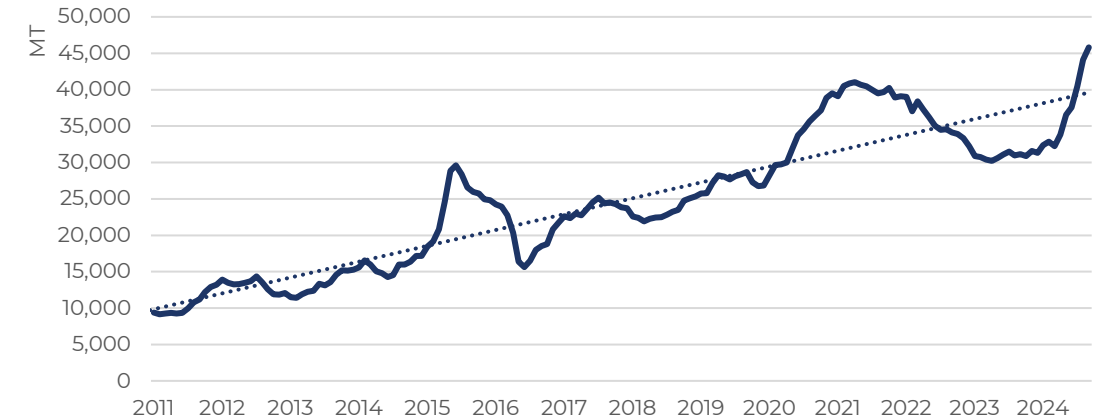
Global WPC80+ Trade to China+HK



Global WPC80+ Trade to China+HK

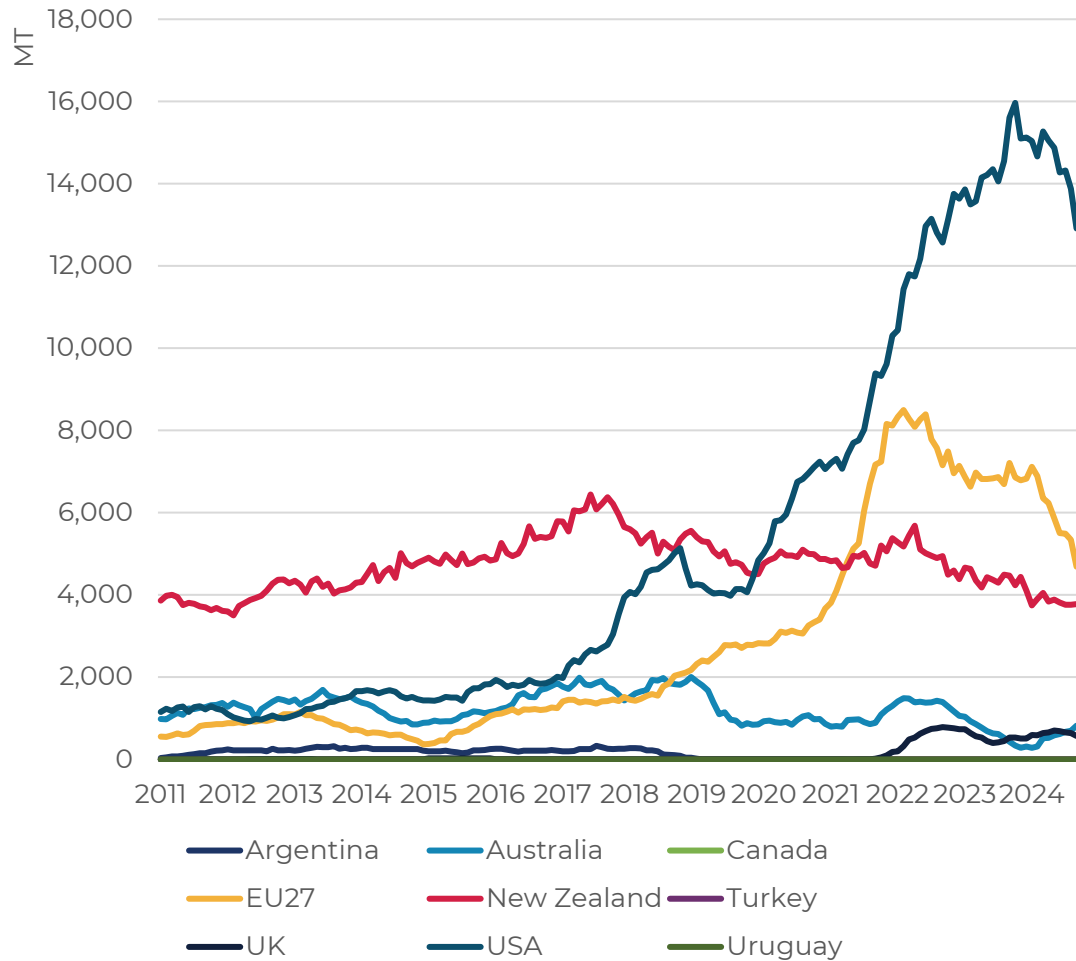


Global WPC80+ Trade to China+HK

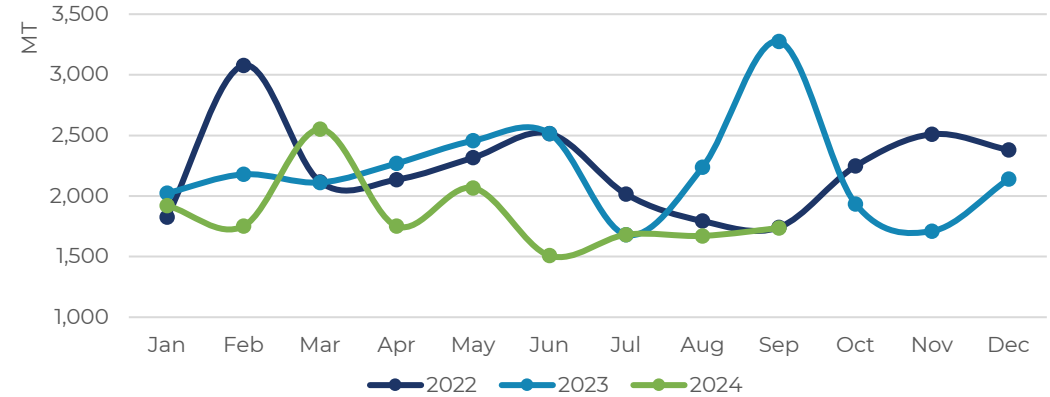


Japan

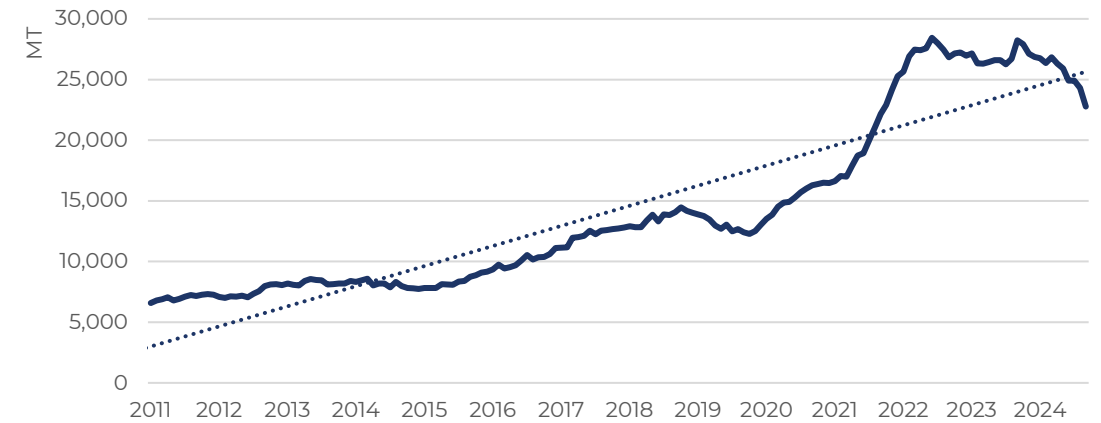
Global WPC80+ Trade to Japan



Global WPC80+ Trade to Japan

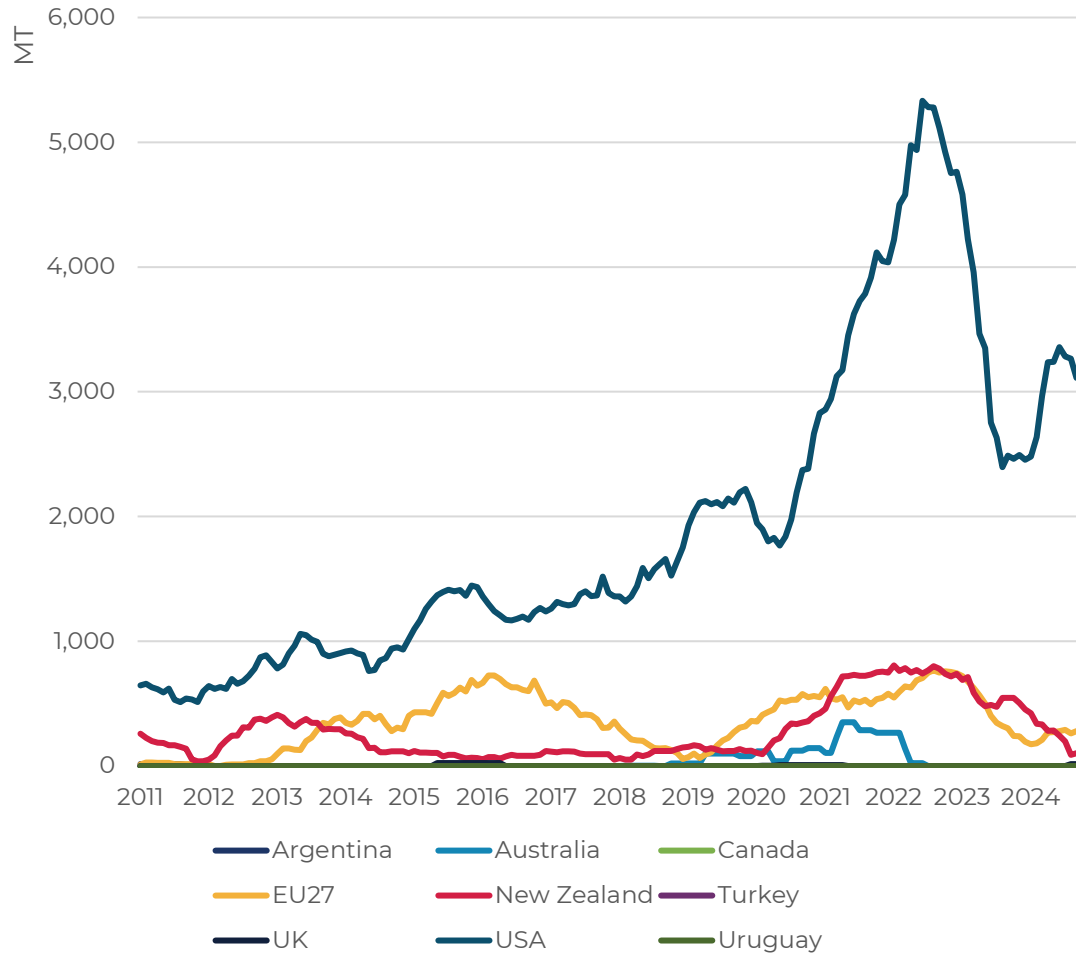


Global WPC80+ Trade to Japan

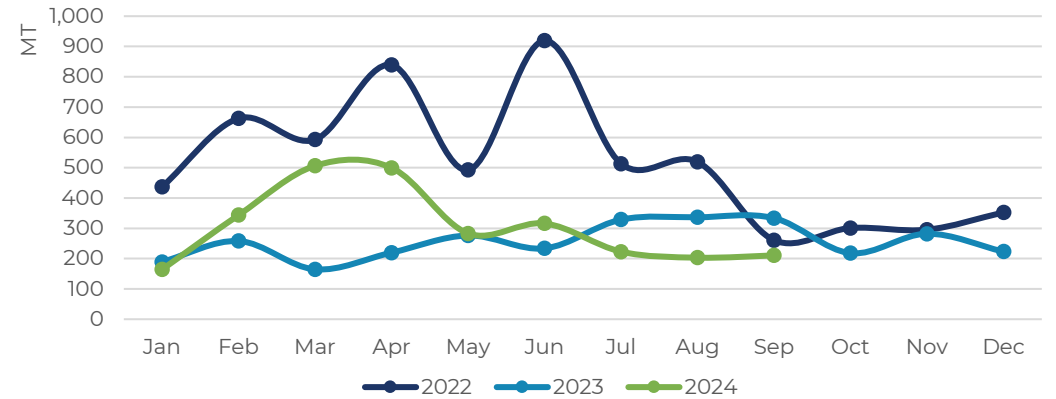


Korea

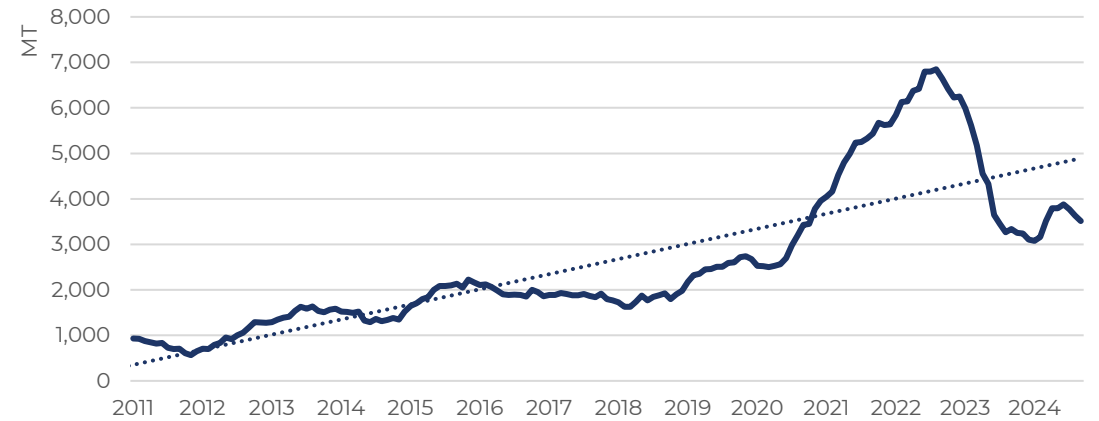
Global WPC80+ Trade to Korea



Global WPC80+ Trade to Korea

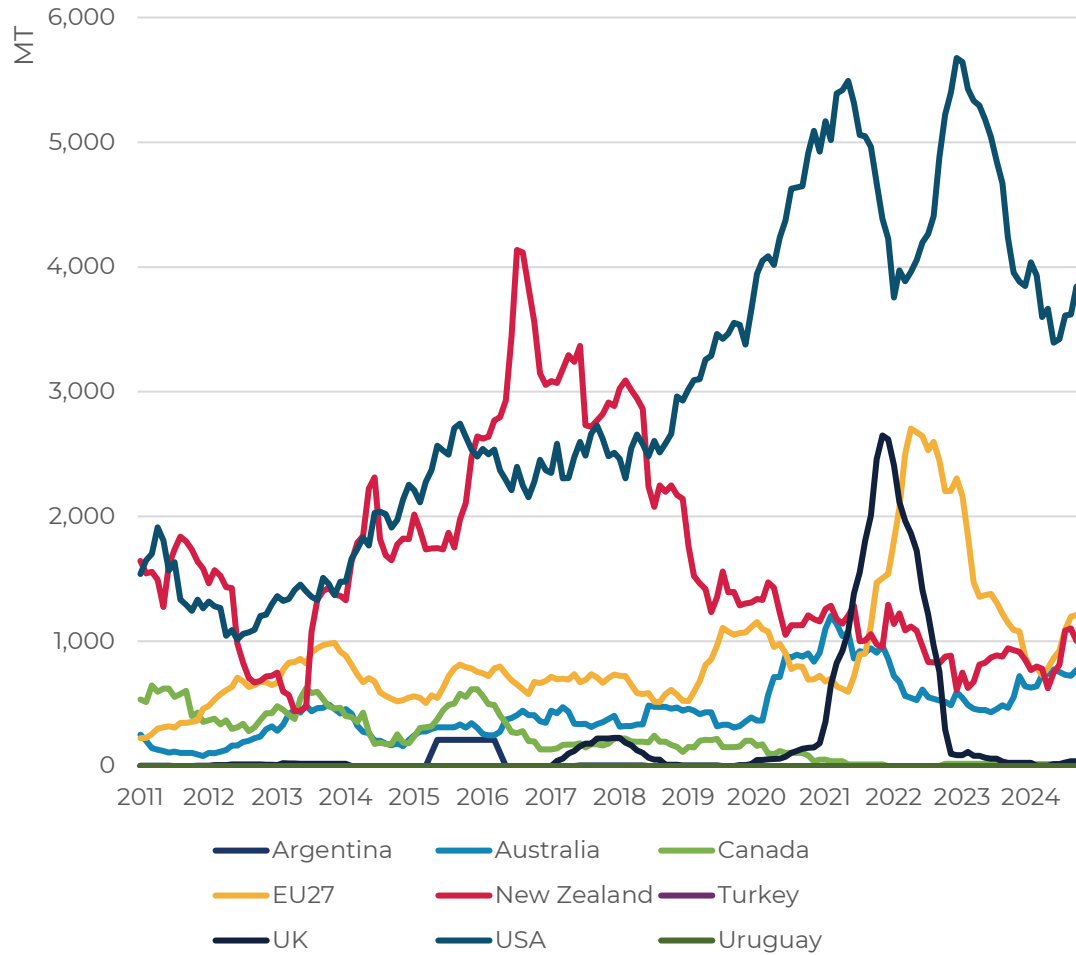


Global WPC80+ Trade to Korea

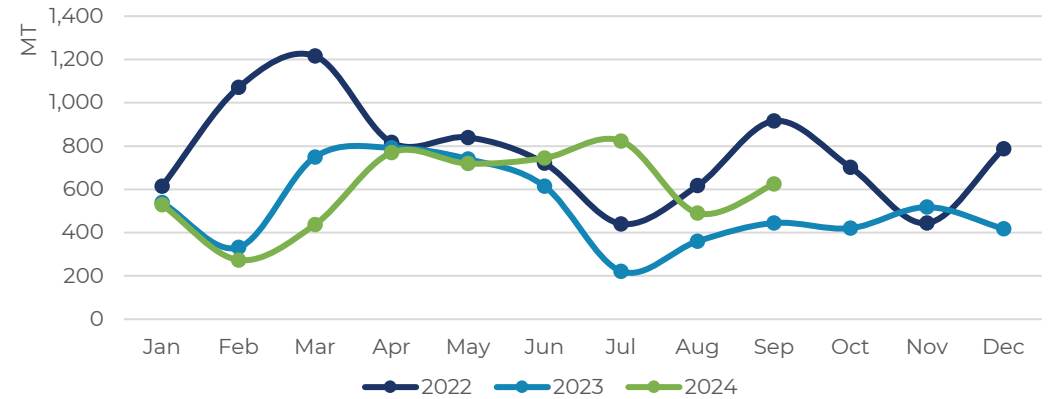


Southeast Asia

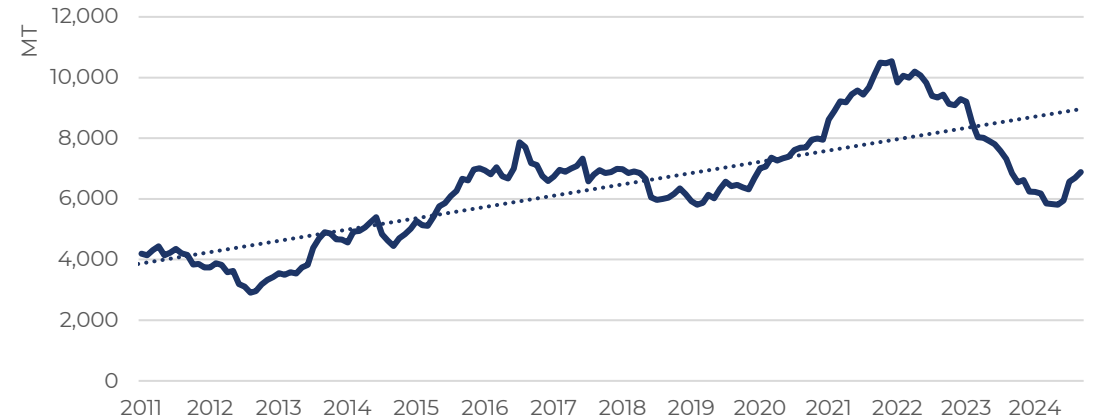
Global WPC80+ Trade to SEA



Global WPC80+ Trade to SEA

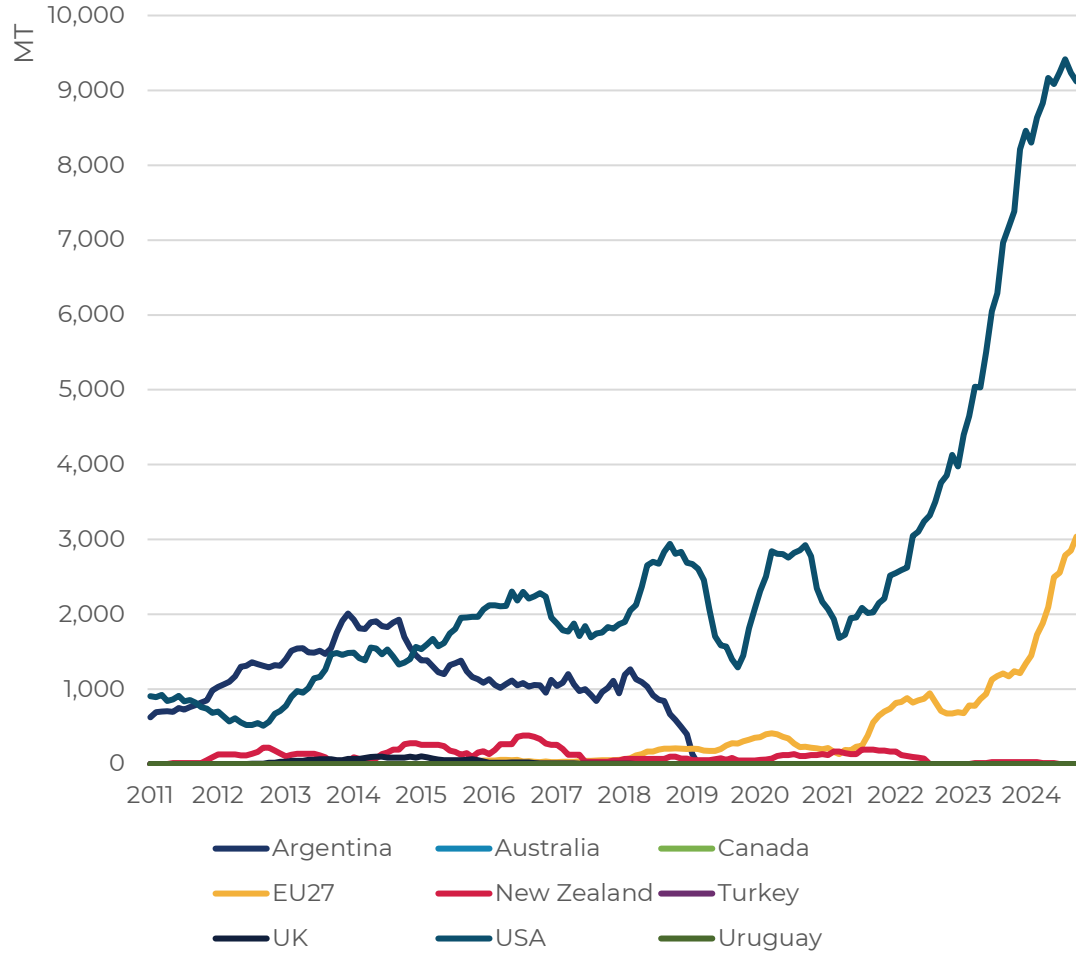


Global WPC80+ Trade to SEA

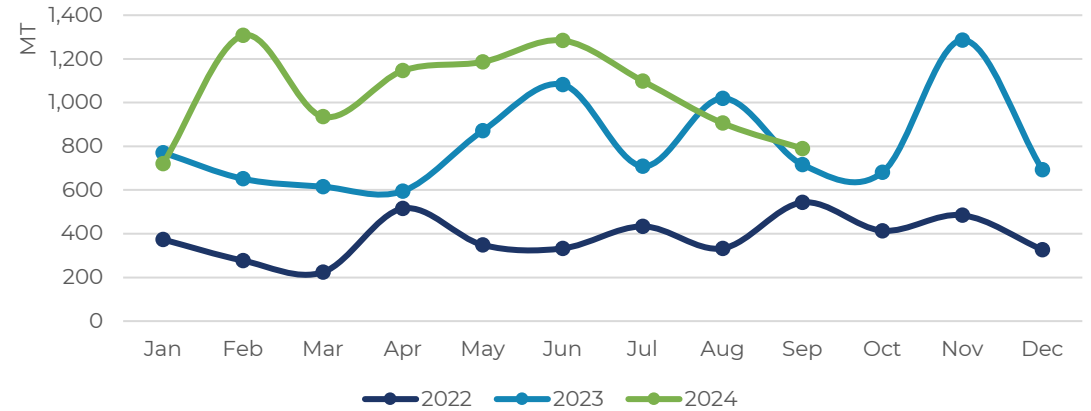


Brazil

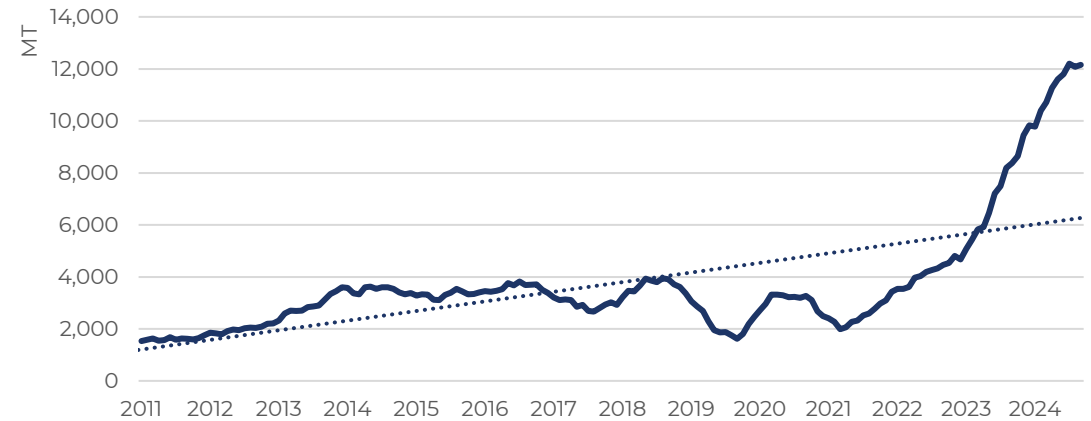
Global WPC80+ Trade to Brazil



Global WPC80+ Trade to Brazil

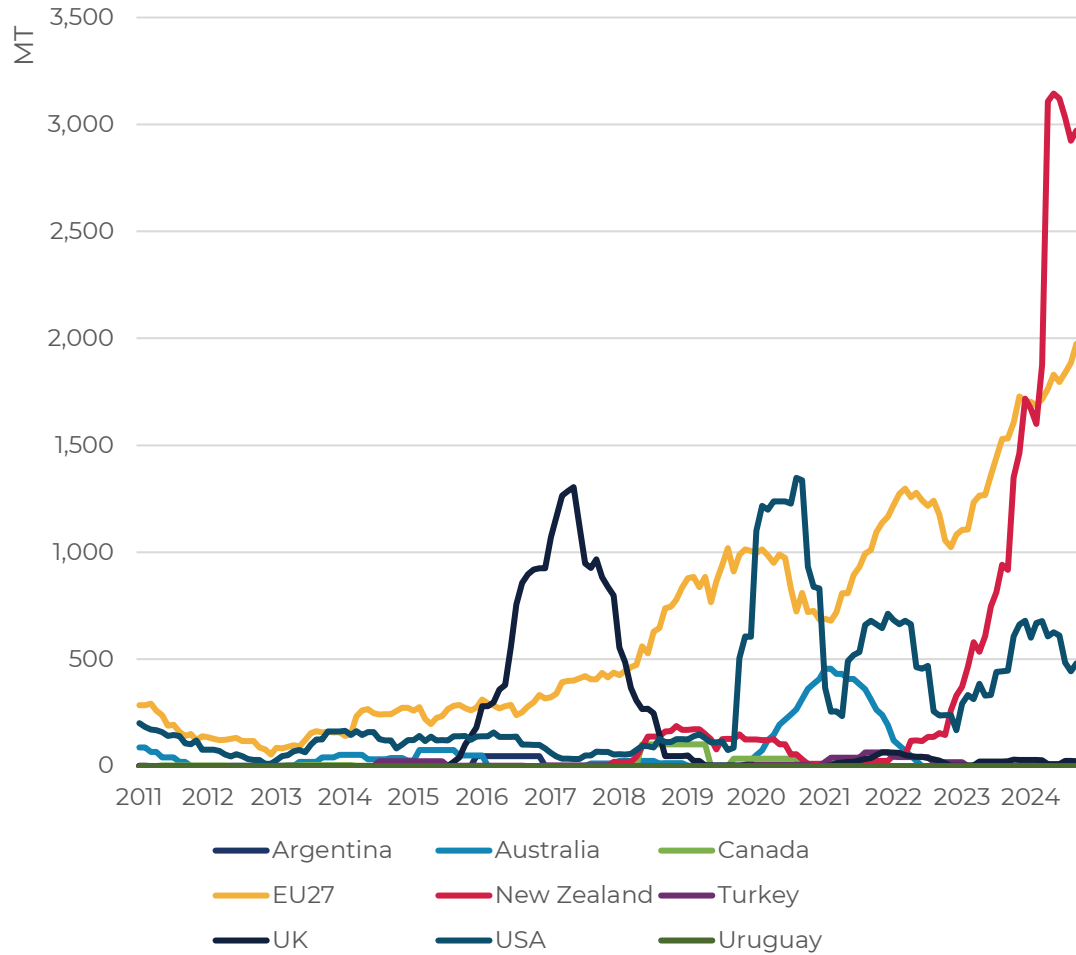


Global WPC80+ Trade to Brazil

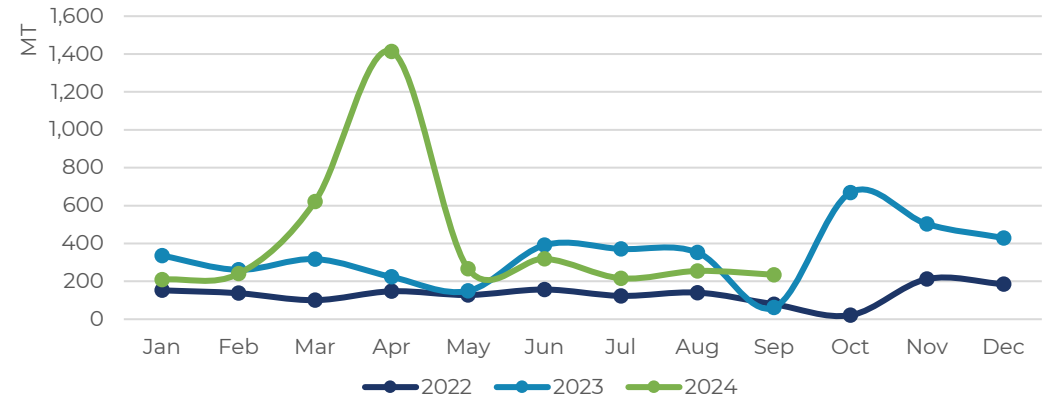


MENA

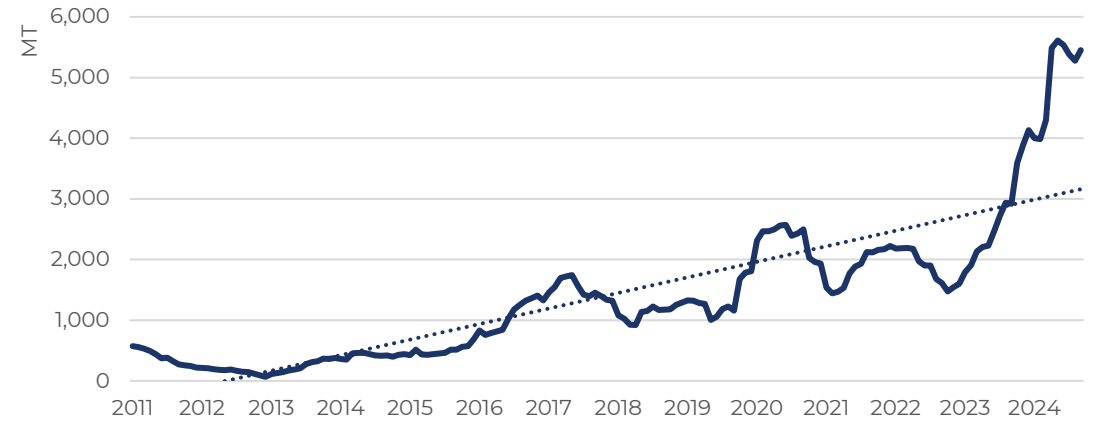
Global WPC80+ Trade to MENA



Global WPC80+ Trade to MENA



Global WPC80+ Trade to MENA





Other Dairy Products

Global Overview: Lactose



KEY TAKEAWAYS

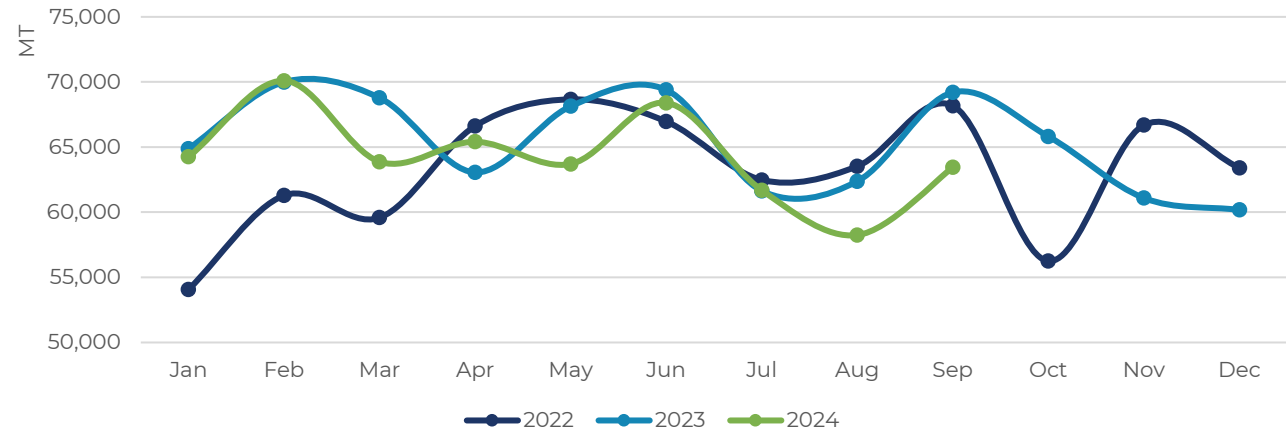
Global Lactose Trade

-8.3% **-3.1%** **-2.2%** **+2.2%**

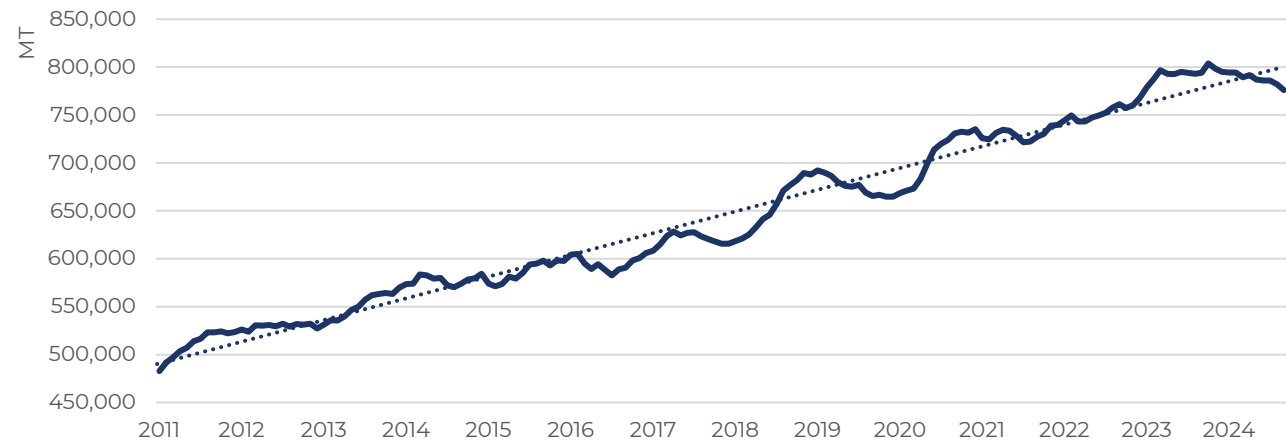
September YoY YTD, Ending Sep. Last 12-Months, Ending Sep. 3-Year CAGR

- Lactose trade declined again in August and September as China pulled back from the world market (-32%, -6,056 MT).
- Though there was an uptick in demand from several regions, namely Southeast Asia (+16%, +1,340 MT) and Korea (+103%, +1,218 MT), the continued lack of purchasing from China weighed on global trade. Shipments to South Asia also continued to tumble (-33%, -2,810 MT).
- Global lactose prices remain well below the elevated levels of early 2023 but have steadily risen in recent months. Given that supply has remained fairly consistent, the rise in prices could suggest China may have drawn down its 2023 inventories sufficiently to stabilize its imports in 2025.

Global Lactose Trade to World

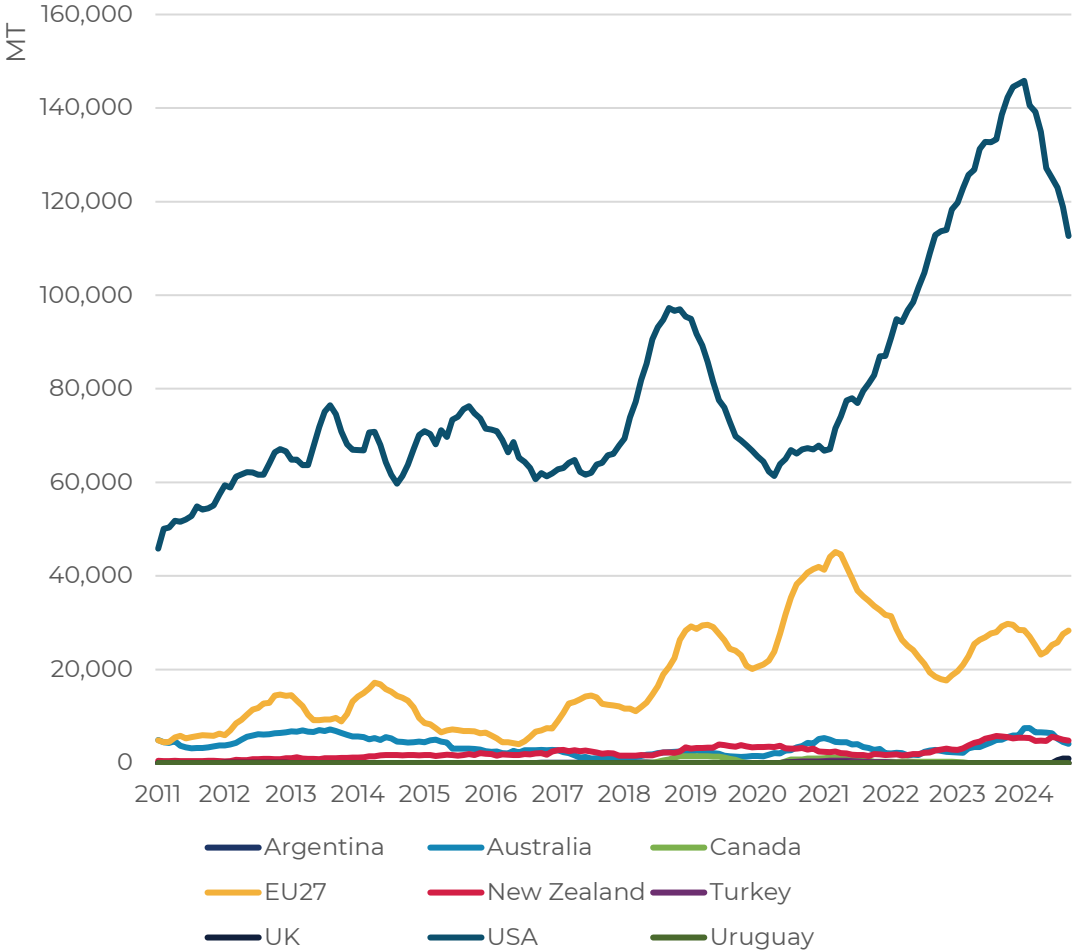


Global Lactose Trade to World

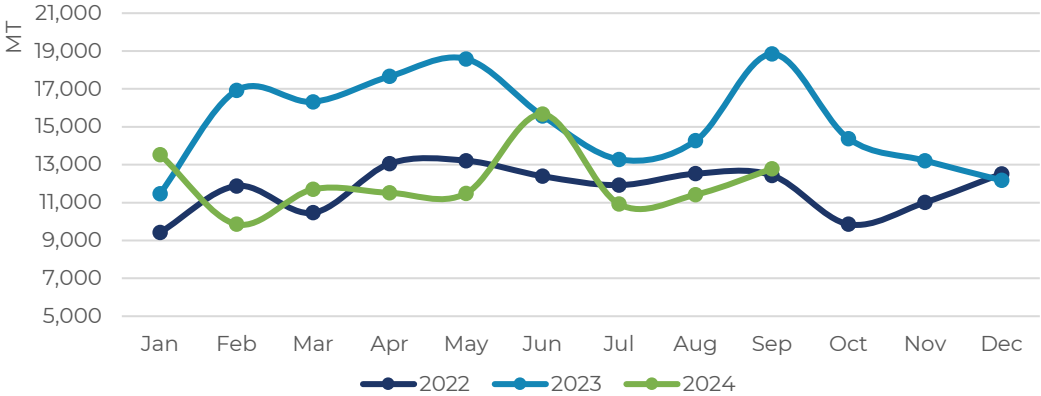


Lactose – China

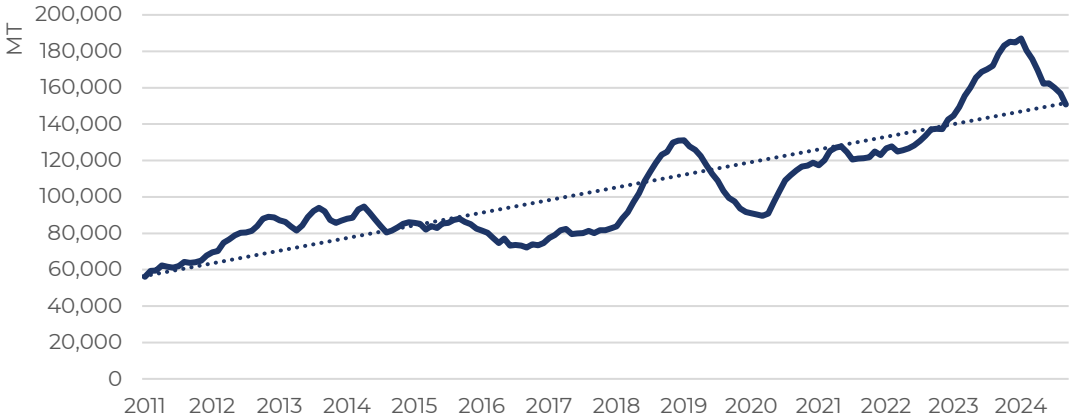
Global Lactose Trade to China+HK



Global Lactose Trade to China+HK

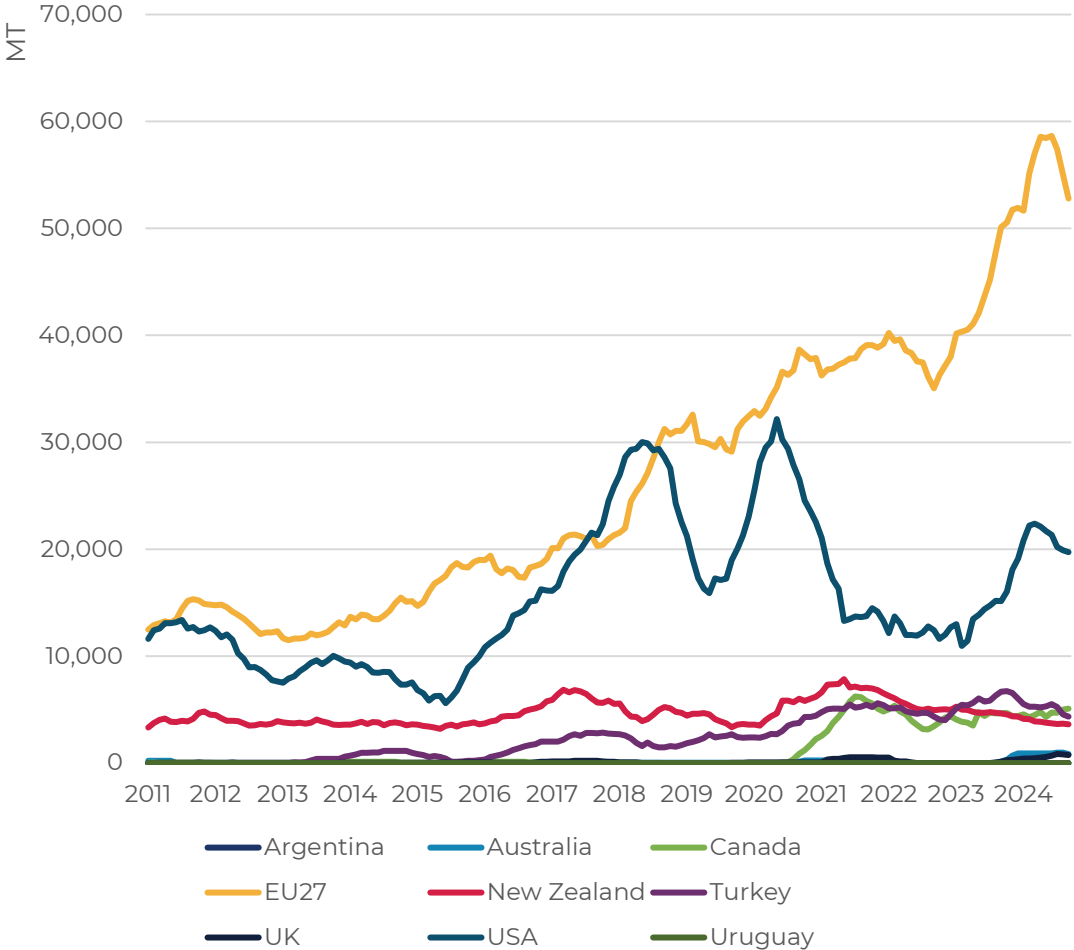


Global Lactose Trade to China+HK

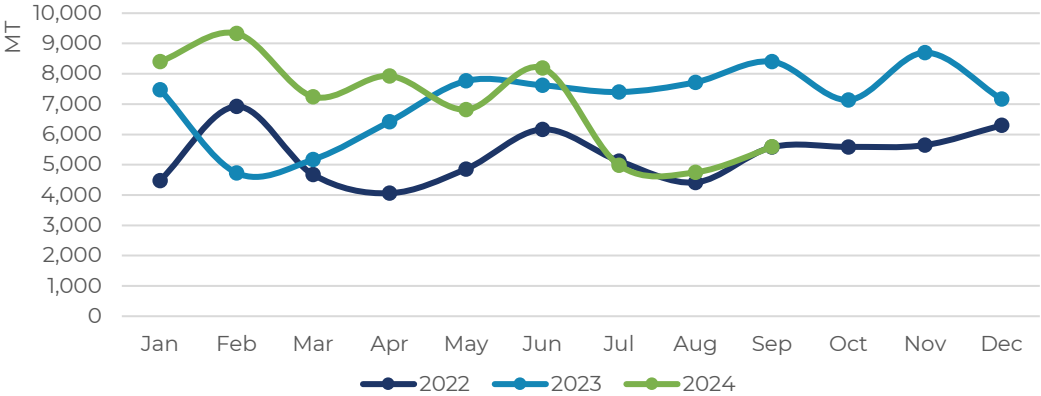


Lactose – South Asia

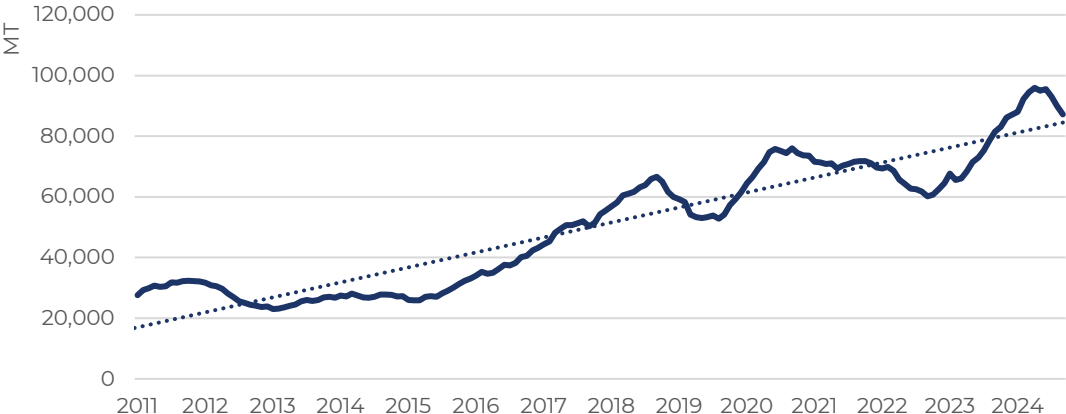
Global Lactose Trade to S. Asia



Global Lactose Trade to S. Asia

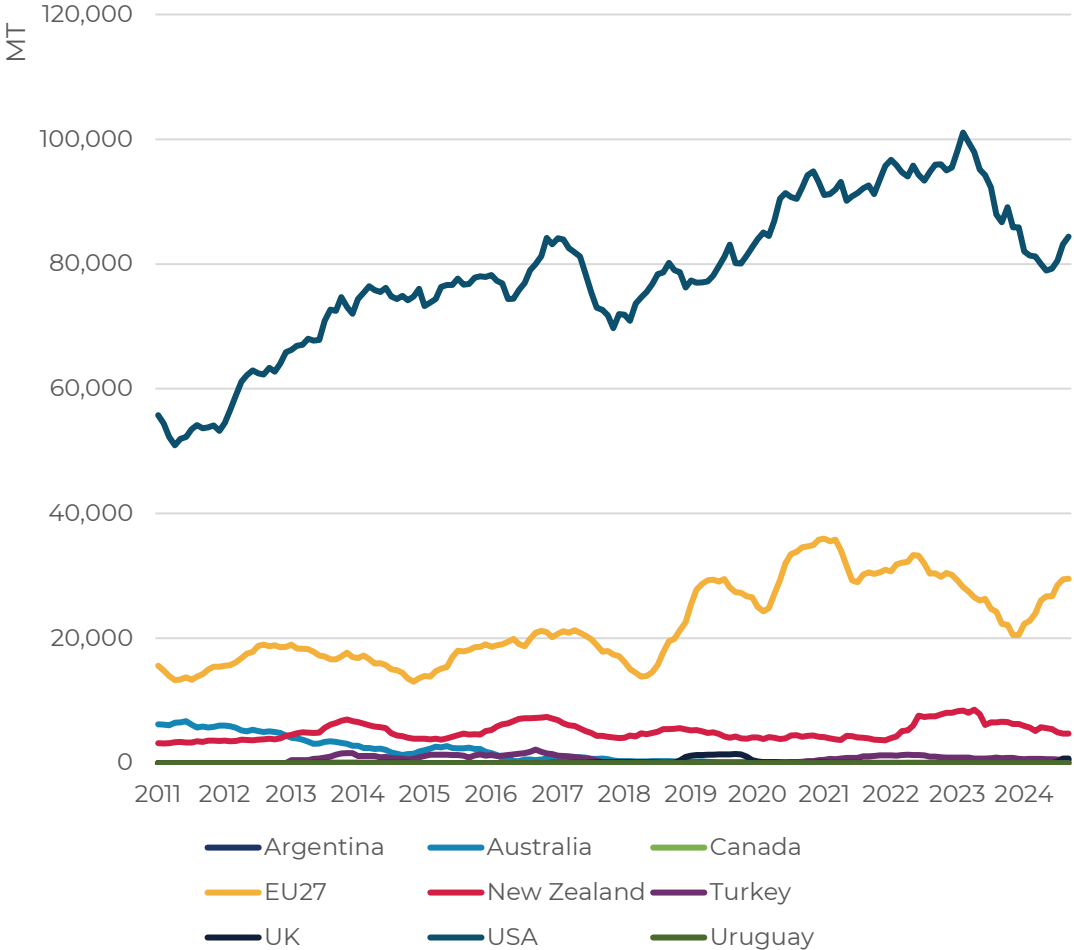


Global Lactose Trade to S. Asia

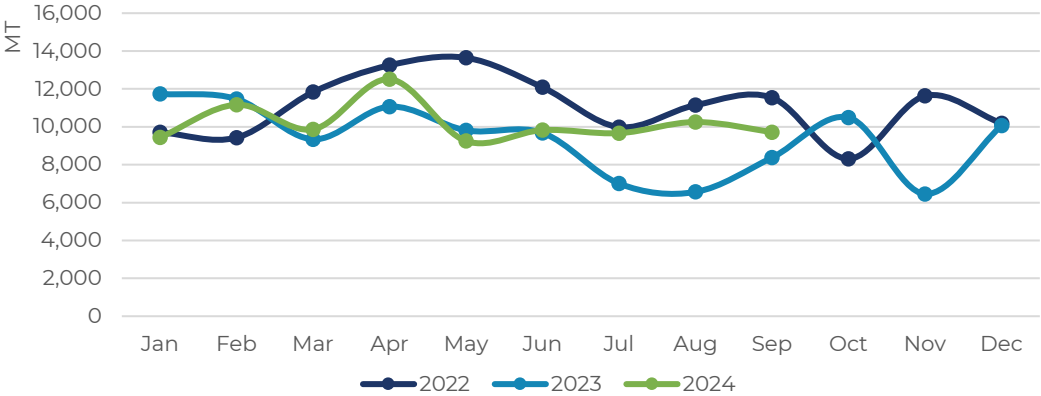


Lactose – Southeast Asia

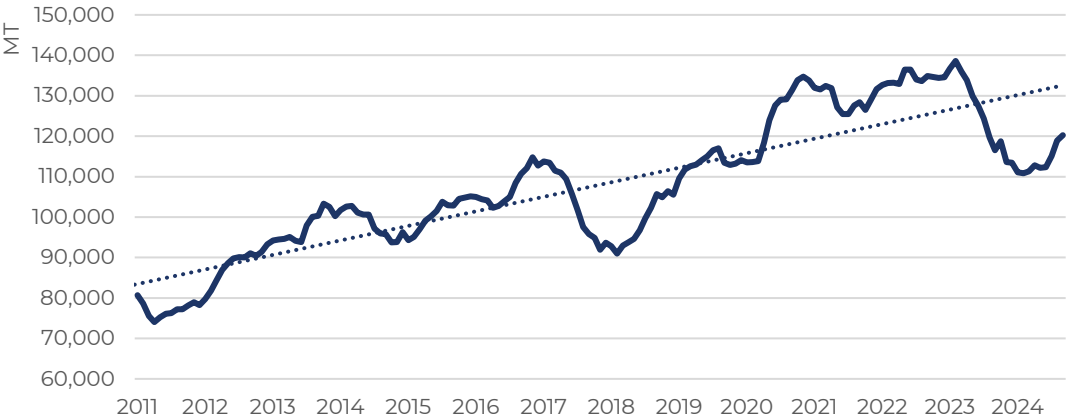
Global Lactose Trade to SEA



Global Lactose Trade to SEA



Global Lactose Trade to SEA



Global Overview: Butter



KEY TAKEAWAYS

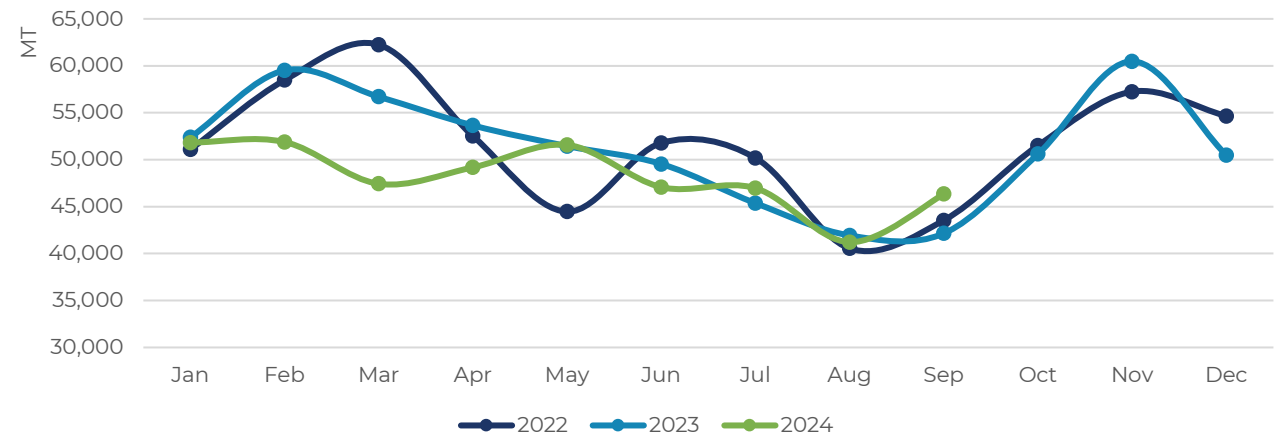
Global Butter Trade

+9.9% **-4.2%** **-3.4%** **+0.2%**

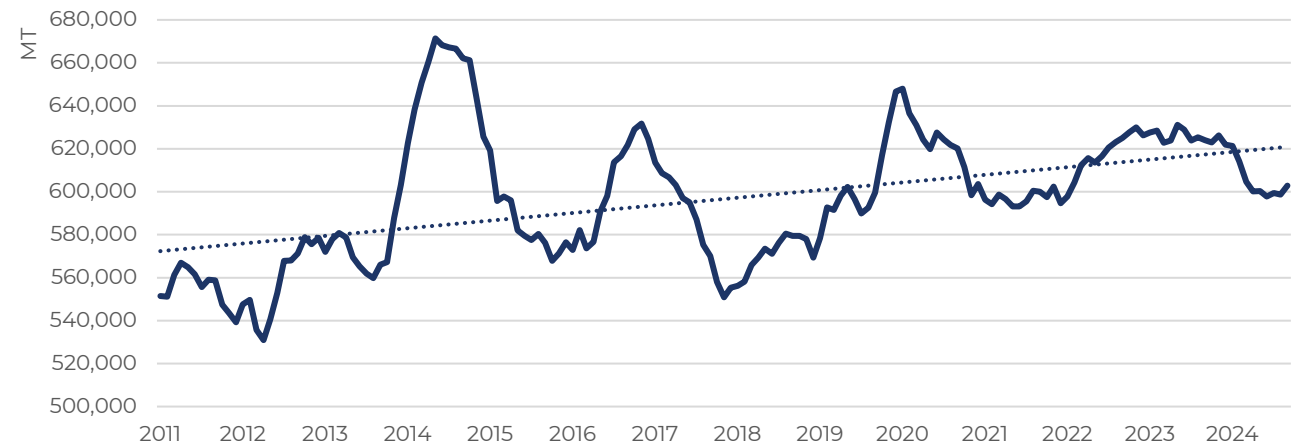
September YoY YTD, Ending Sep. Last 12-Months, Ending Sep. 3-Year CAGR

- Global butter trade posted its strongest growth in over a year in September. Demand in the U.S. was especially strong (+135%, +5,844 MT) as preparations began for the baking season and EU frontloaded shipments ahead of the East Coast port strike. Exports to the EU also grew in September (+98%, +1,761 MT) as European buyers searched the market for milkfat given the exceptionally tight cream market this fall.
- One notable contrast to the bullish September was lackluster butter demand in MENA (-32%, -2,542 MT). High prices for dairy fat contrasted by a weak palm market is likely to weigh on the region's butter demand for the foreseeable future.

Global Butter Trade to World

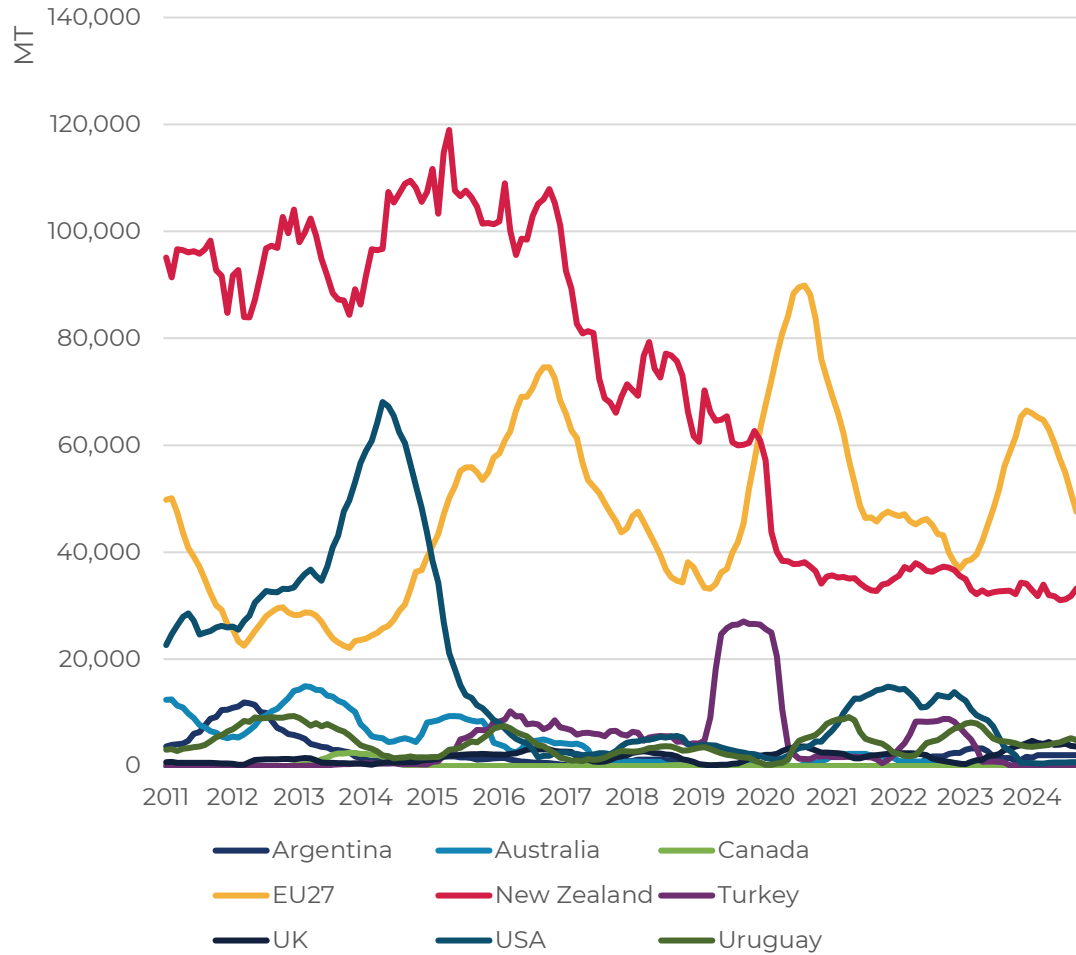


Global Butter Trade to World

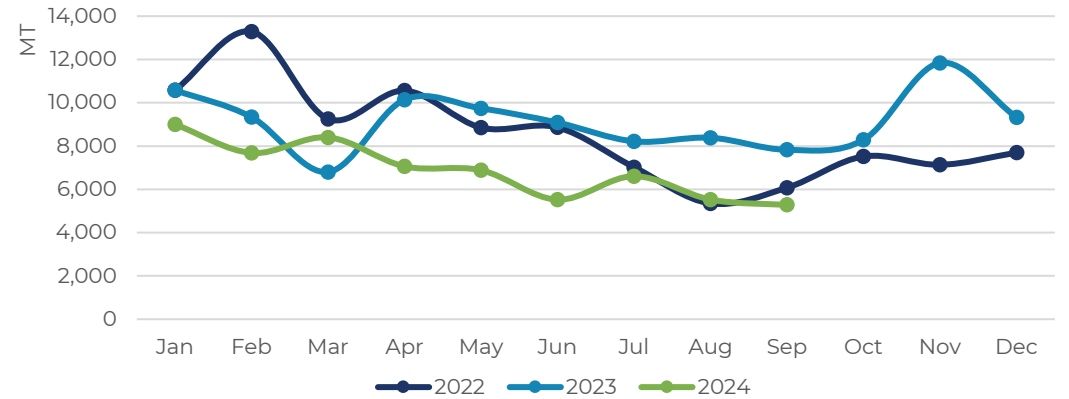


Butter – MENA

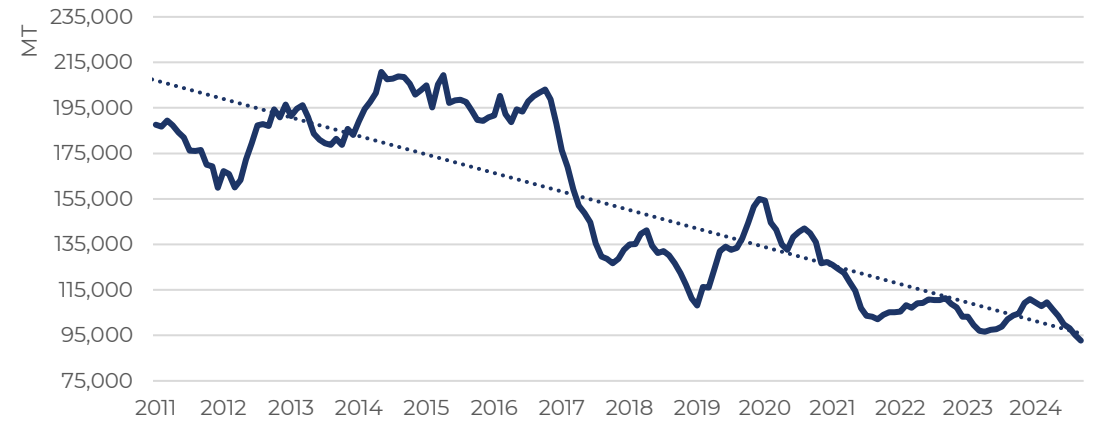
Global Butter Trade to MENA



Global Butter Trade to MENA

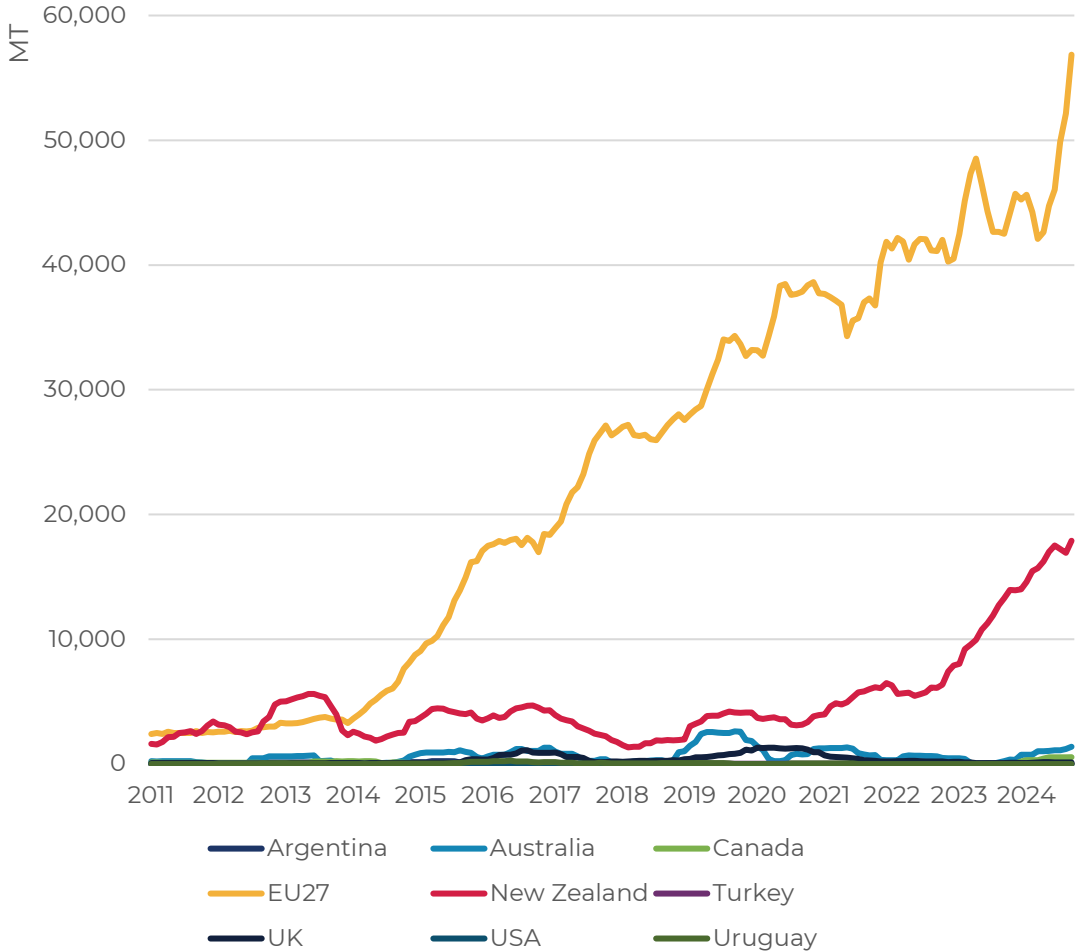


Global Butter Trade to MENA

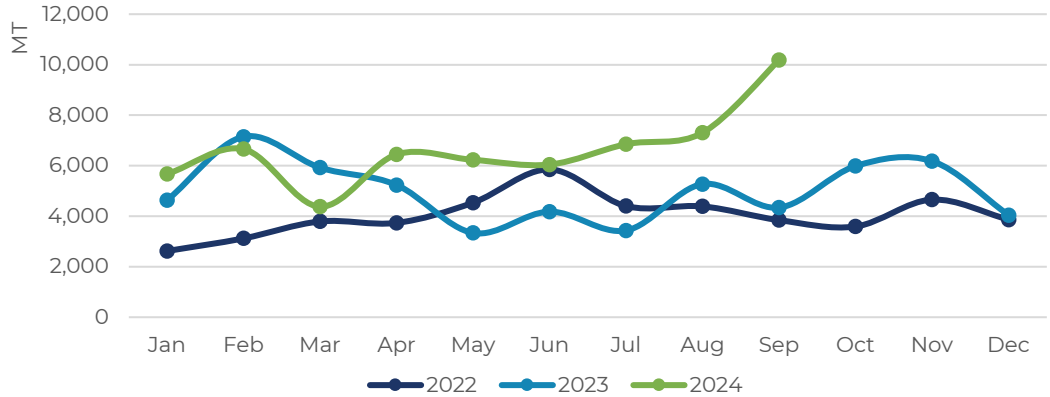


Butter – U.S.

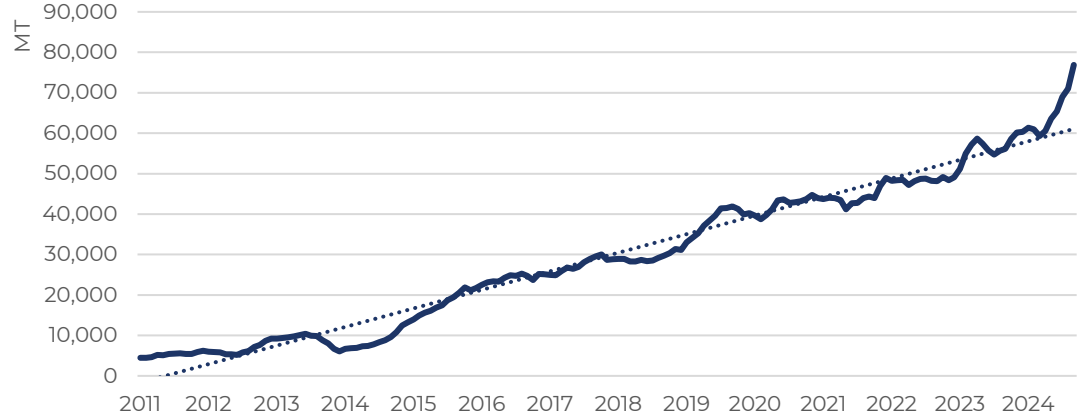
Global Butter Trade to USA



Global Butter Trade to USA



Global Butter Trade to USA



Global Overview: Whole Milk Powder



KEY TAKEAWAYS

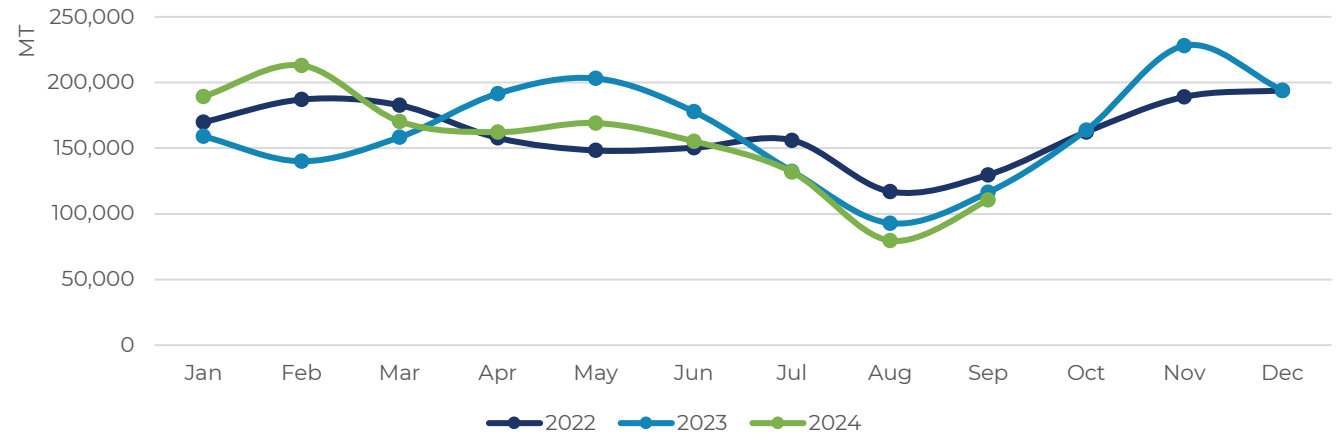
Global WMP Trade

-4.9% **+0.3%** **+2.3%** **-5.4%**

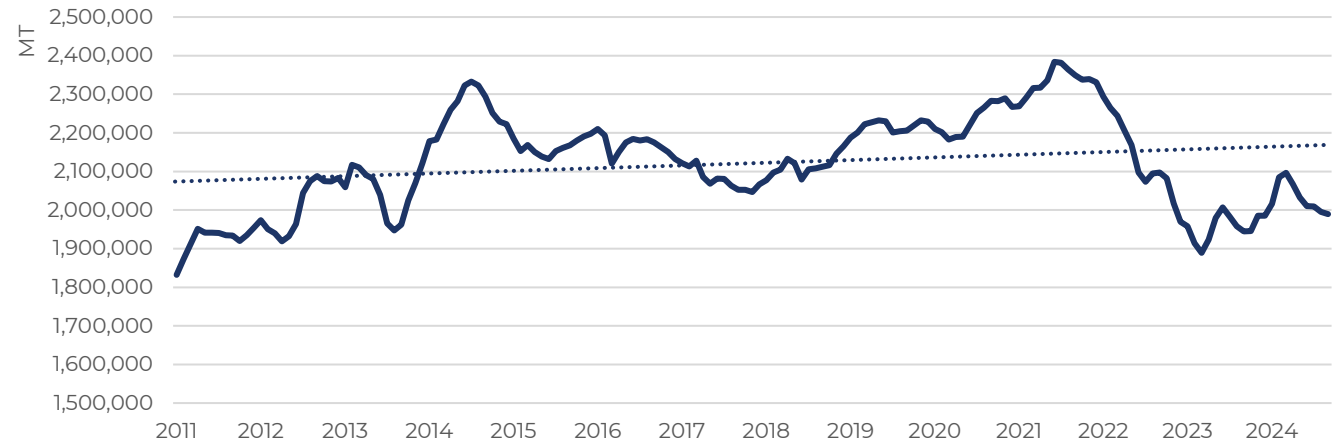
September YoY YTD, Ending Sep. Last 12-Months, Ending Sep. 3-Year CAGR

- Whole milk powder eased further in both August and September, but expectations of stronger exports ahead remain, given New Zealand's excellent pasture conditions at the start of their 2024/25 season. Weaker sales to MENA (-26%, -9,304 MT) were the biggest driver of September's total decline as sales to China were close to flat and Southeast Asia proved a bright spot (+10%, +1,957 MT) after a small dip in August.
- The rise in WMP prices on the GDT does suggest demand for WMP, especially from China, could be improving. However, plenty of anecdotal reports are moderating the market bulls for now. NZ's October data will be the first real indication of China's import appetite.

Global WMP Trade to World

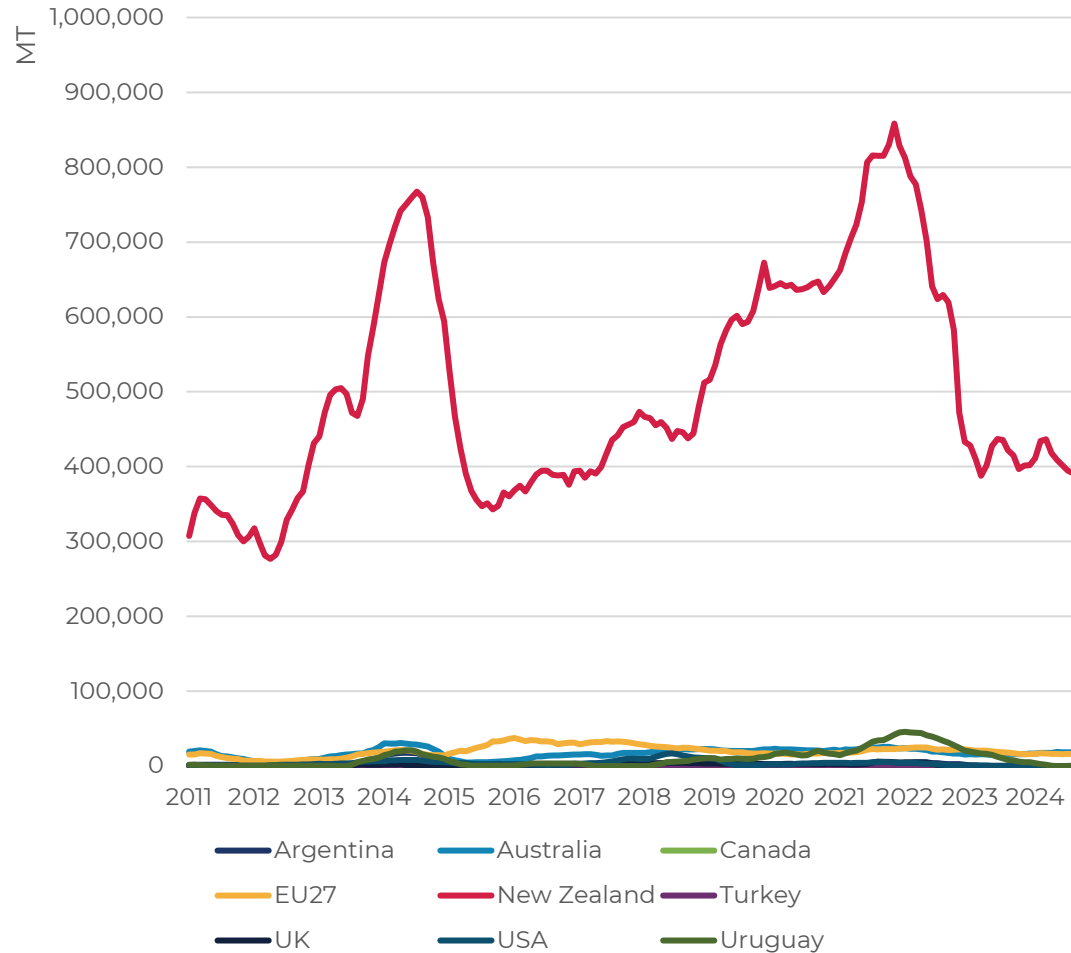


Global WMP Trade to World

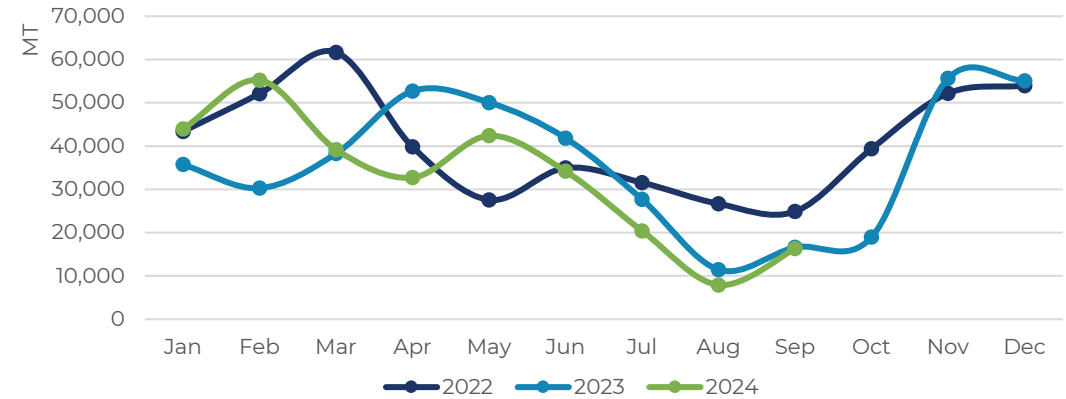


Whole Milk Powder – China

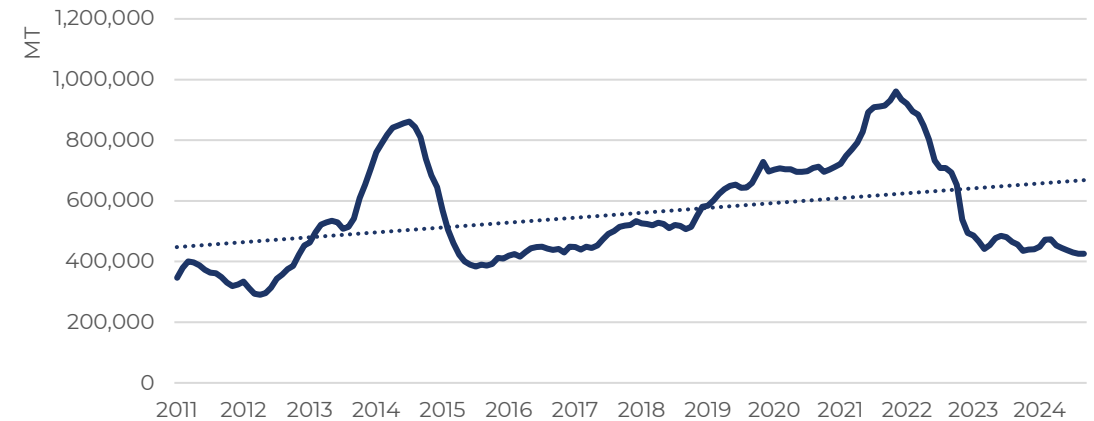
Global WMP Trade to China+HK



Global WMP Trade to China+HK

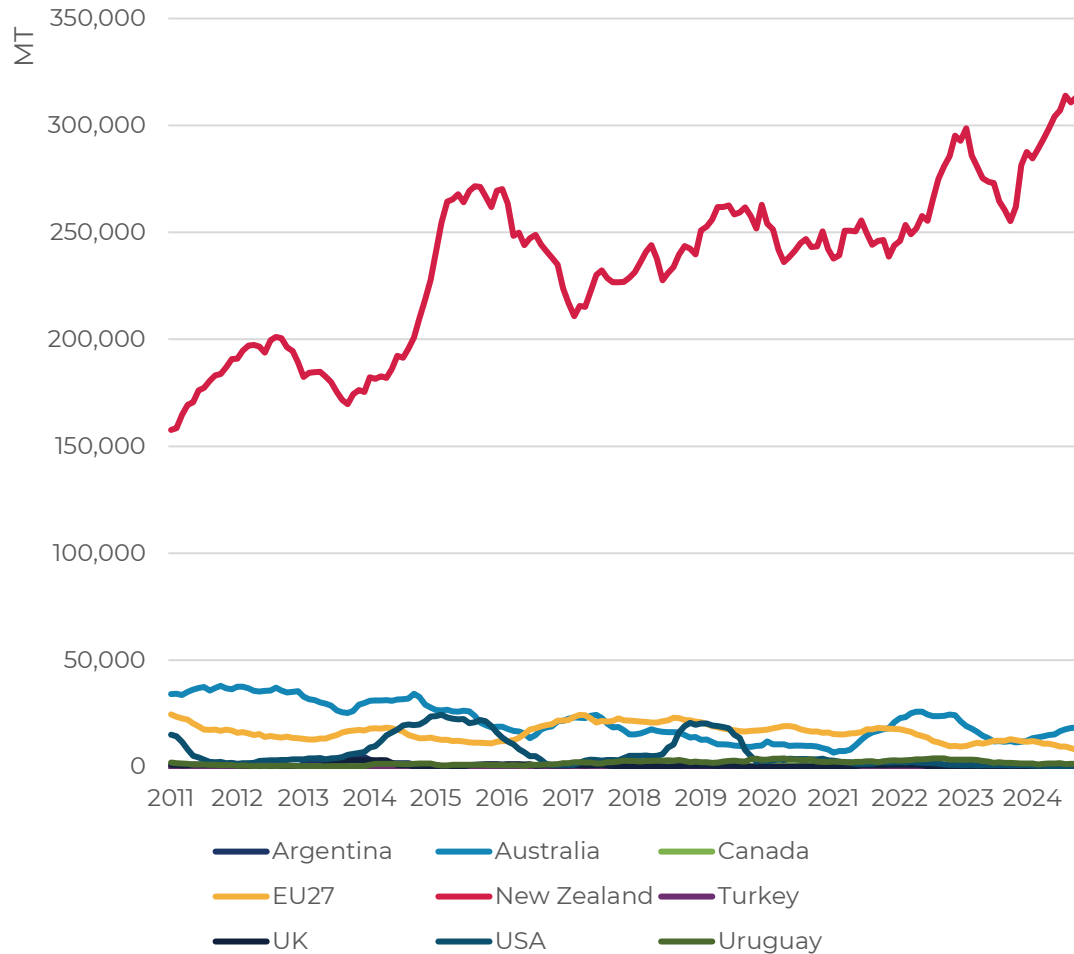


Global WMP Trade to China+HK

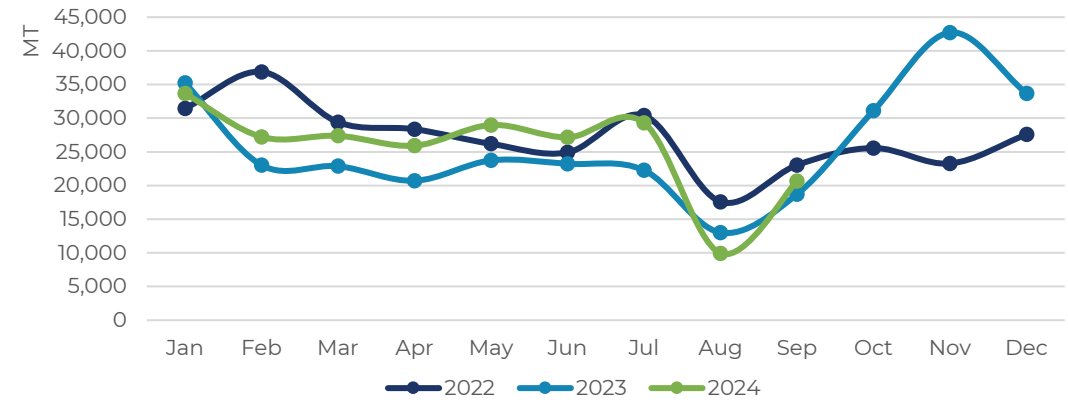


Whole Milk Powder – Southeast Asia

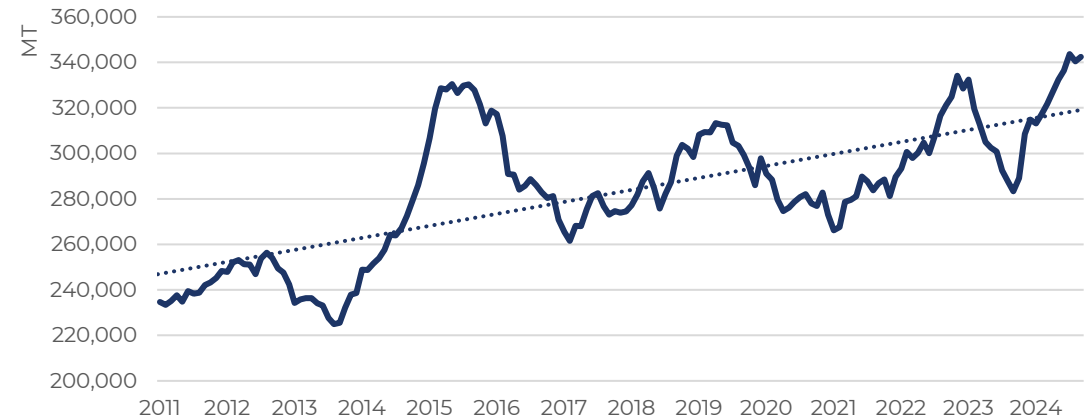
Global WMP Trade to SEA



Global WMP Trade to SEA

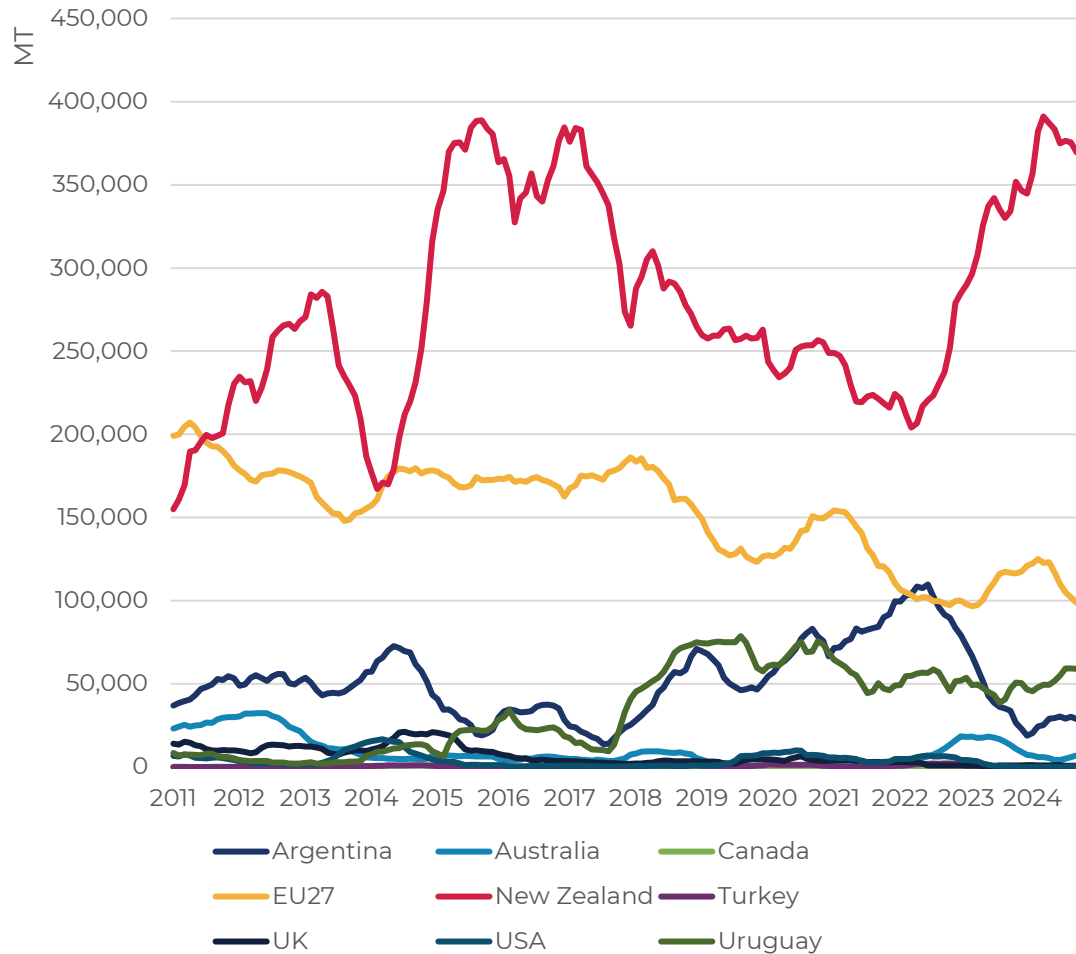


Global WMP Trade to SEA

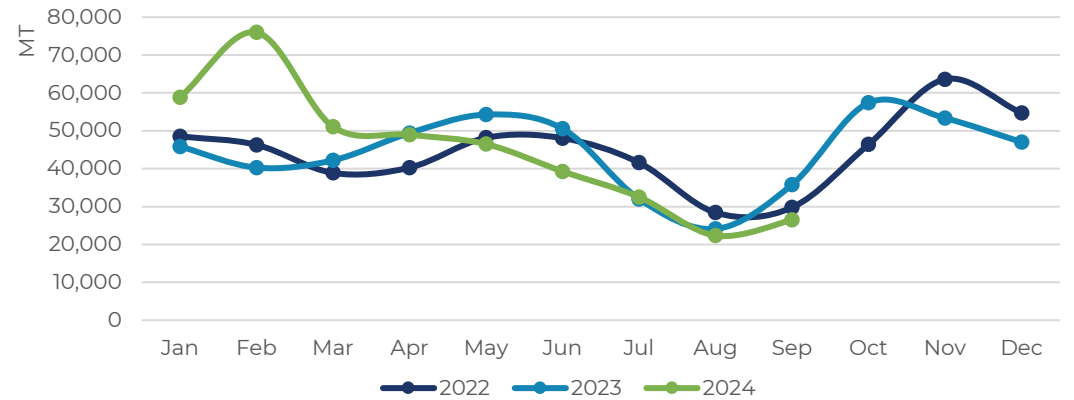


Whole Milk Powder – MENA

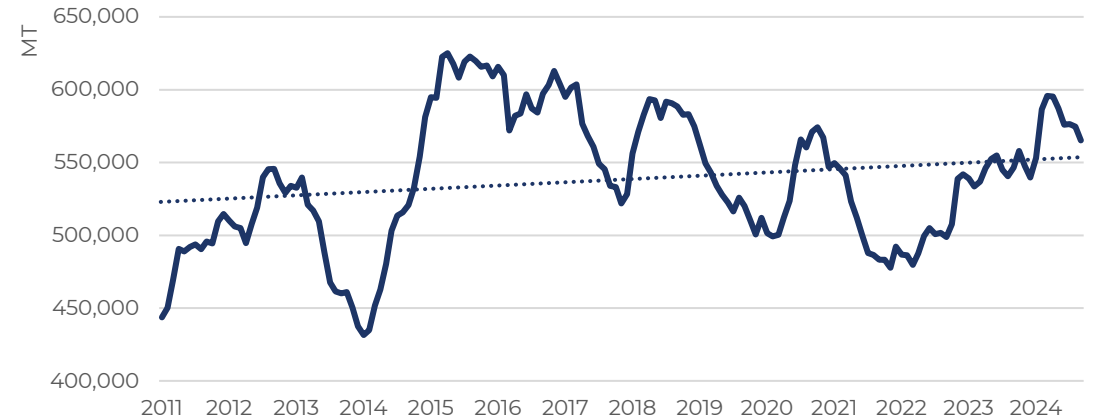
Global WMP Trade to MENA



Global WMP Trade to MENA



Global WMP Trade to MENA





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