

# International Demand Analysis

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Data Through:  
**May 2024**

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## A Note from the Authors

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- 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.
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  - [wloux@usdec.org](mailto:wloux@usdec.org)
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# Global Dairy Demand Market Commentary



## KEY TAKEAWAYS

- **Global dairy trade eased slightly in May, declining 2.3% year-over-year as aggregate global demand struggles to gain momentum.** Over the last 12 months, global dairy trade has grown just 0.1%.
- Unlike past months, where China largely dragged down global demand, May was notable for its wide variation in market performance. **SEA, Mexico, and a surge in U.S. imports helped keep trade close to prior year levels despite declines elsewhere.** In fact, the U.S. grew more than any other market in May (+27%, +8,077 MT MSE) as cheese and butter from Europe and NZ flowed into the U.S. – potentially signaling that some consumers are willing to splurge again.
- Even as China wasn't the sole source of declining trade, **struggles from the world's largest dairy importer remained a headwind.** Positively, better than expected sales of low-protein whey to China (+18%, +7,239 MT) mitigated some of the falling demand for WMP (-15%, -7,936 MT), SMP (-14%, -3,222 MT) and fluid milk (-29%, -16,629 MT). **Yet in contrast to past months, the country was joined on the negative side of the ledger by markets that had been on the upswing in 2023 – namely South America, South Asia and, most importantly, MENA.**

Global Milk Solids Trade

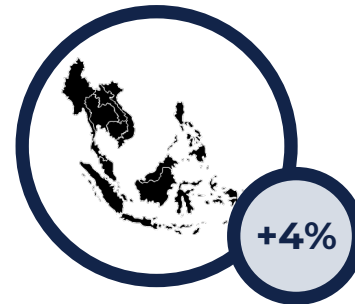
**-2.3%**  
May YoY

**+1.8%**  
YTD, Ending May

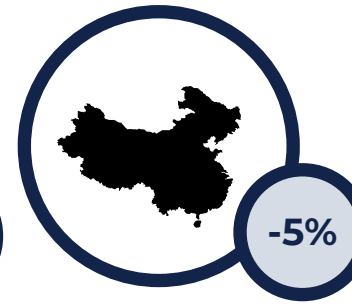
**+0.1%**  
Last 12-Months, Ending May

**-1.2%**  
3-Year CAGR

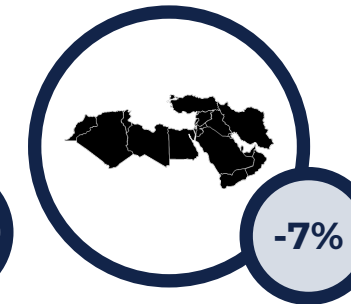
## May Standout Markets



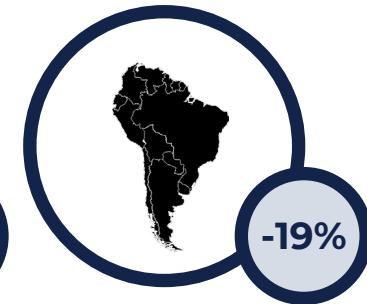
**SOUTHEAST ASIA**  
+6,200 MT



**CHINA+HK**  
-9,385 MT



**MENA**  
-12,710 MT



**SOUTH AMERICA**  
-9,375 MT

## ADDITIONAL NOTES

Southeast Asia continued its positive march in May, gaining 4% year-over-year (+6,200 MT MSE) and marking the eighth straight month of growth. Low protein whey kept booming, climbing 19% for the month (+7,075 MT), but it was also joined by WMP (+22%, +5,437 MT), fluid milk (+17%, +3,433 MT) and cheese (+26%, +3,066 MT). NFDMSMP was the exception to an otherwise solid month, declining sharply (-12%, -7,370 MT), primarily due to a significant downturn in trade to the Philippines (-29%, -3,867 MT) and Malaysia (-35%, -3,801 MT) even as Indonesia continued its recent rally (+9%, +1,596 MT), growing for the fifth time in six months. But even accounting for NFDMSMP struggling in May, Southeast Asia is still moving in a positive direction and slowly but consistently catching up with its pre-inflation growth trend. GDP is growing in all of the major SEA economies, and even accelerated in the first quarter of 2024. At the same time, inflation is cooling in the region with many of the markets hitting their targeted range even as the dollar remains strong. Overall, demand in SEA is looking up.



# Global Dairy Demand Market Commentary



## LOOKING AHEAD

- **The underwhelming performance by South America, South Asia, and MENA in May is notable as those three markets posted the biggest gains in 2023.** Global shipments to South America declined by 19% for the month (-9,375 MT MSE), a notable contrast to the 30% gain in 2023. Similarly, trade to South Asia slipped 16% (-5,960 MT MSE) after a 24% gain last year. And MENA fell more than any other market in May (-7%, -12,710 MT MSE) despite posting the strongest growth of any market over the last three years. **Certainly, one month does not make a trend, but a potential shift in import appetite for these three markets is worth monitoring closer.**
- With China still acting as an anchor to global dairy markets, the rest of the world has had to pick up the slack to keep demand supported. **If some of the key importers that we had been relying upon for much of the past year start to falter, then greater growth will be required from Southeast Asia, Japan, Korea and the rest of Latin America – especially if global dairy trade is going to start to recover in the second half of the year like we had been forecasting.**

<b>U.S.</b> Milk Solids Exports <sup>1</sup>	<b>-5.1%</b> May YoY	<b>-2.5%</b> YTD, Ending May	<b>-6.7%</b> Last 12-Months, Ending May	<b>-2.3%</b> 3-Year CAGR
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<b>EU</b> Milk Solids Exports	<b>-1.5%</b> May YoY	<b>-0.5%</b> YTD, Ending May	<b>+1.0%</b> Last 12-Months, Ending May	<b>+0.3%</b> 3-Year CAGR
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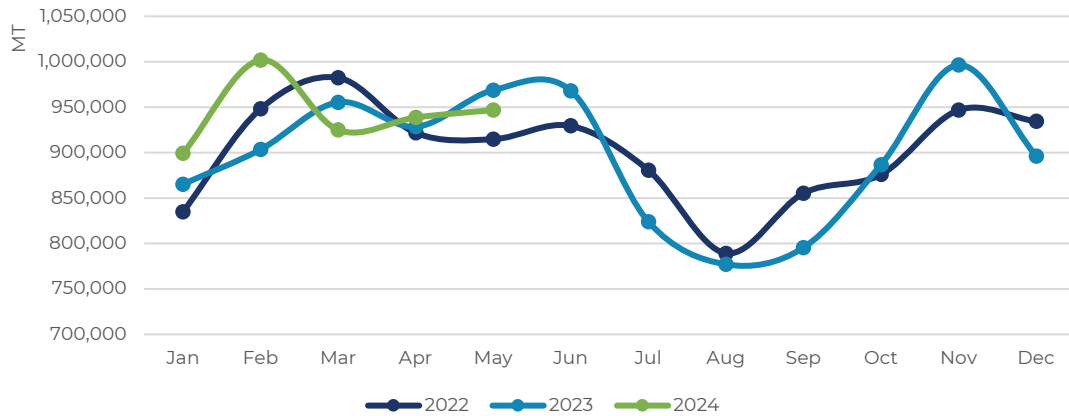
<b>NZ</b> Milk Solids Exports	<b>-4.1%</b> May YoY	<b>+6.1%</b> YTD, Ending May	<b>+4.8%</b> Last 12-Months, Ending May	<b>+1.6%</b> 3-Year CAGR
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## ADDITIONAL NOTES

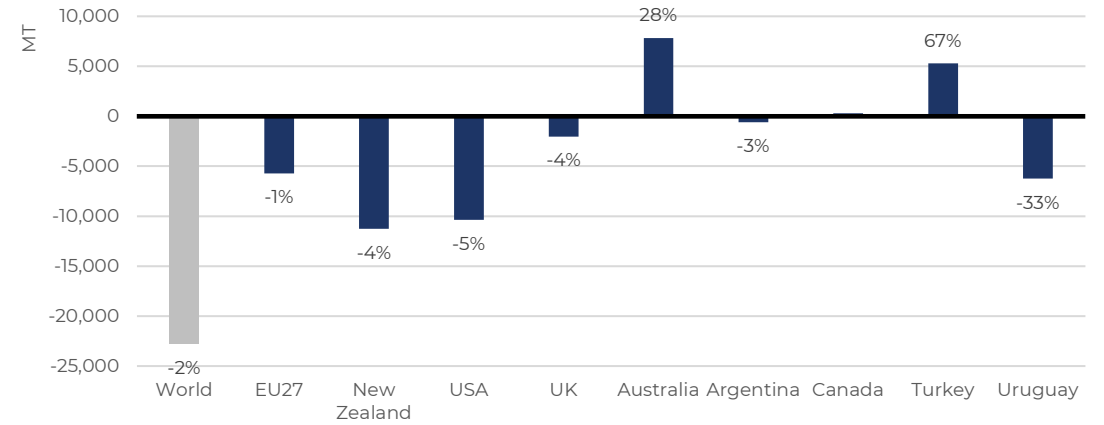
The three biggest dairy exporters all posted declines in May. Of the exporters we regularly track, only Australia (+28%, +7,821 MT MSE) and Turkey (+67%, +5,286 MT MSE) showed any growth. The downturn in MENA's demand, likely due to ample inventories, clearly had a negative impact on both the EU and NZ, especially on WMP (as the region is now the largest WMP market in the world surpassing China). As a result of both China and MENA pulling back, we saw lower export volumes from NZ and the EU overall, as well as an increased focus on Southeast Asia, especially from New Zealand. As mentioned in past reports, a Q2 decline in NZ shipments was anticipated given that much of their 2023/24 season's production had already been exported. Even still, declines from most of the other major exporters highlight how global demand – even outside of China – remains fragile.

# Executive Summary: May 2024

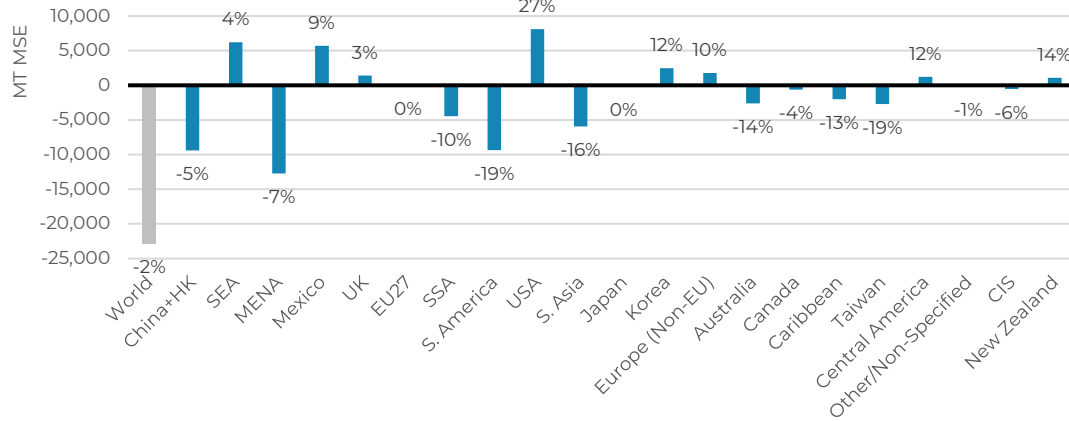
Global Total Solids Trade to World



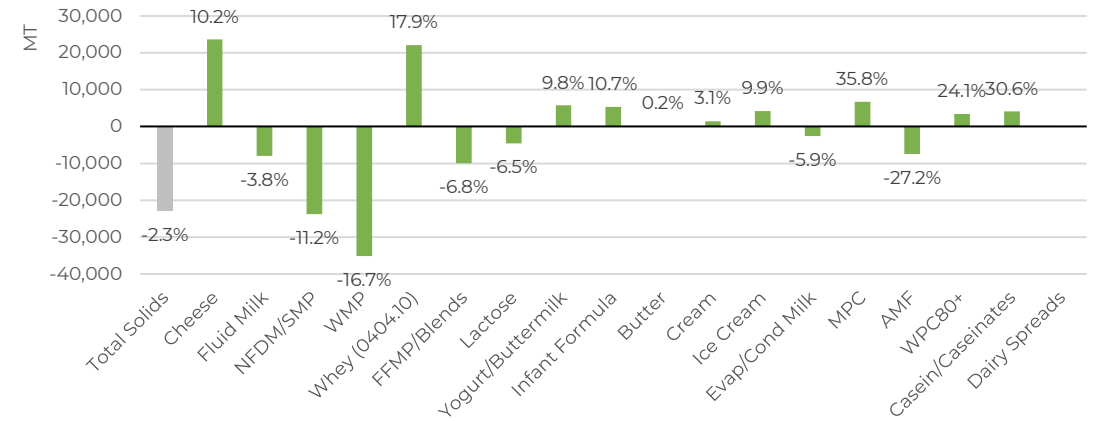
YOY Change in Global Dairy Trade to World: Month of May, MSE



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

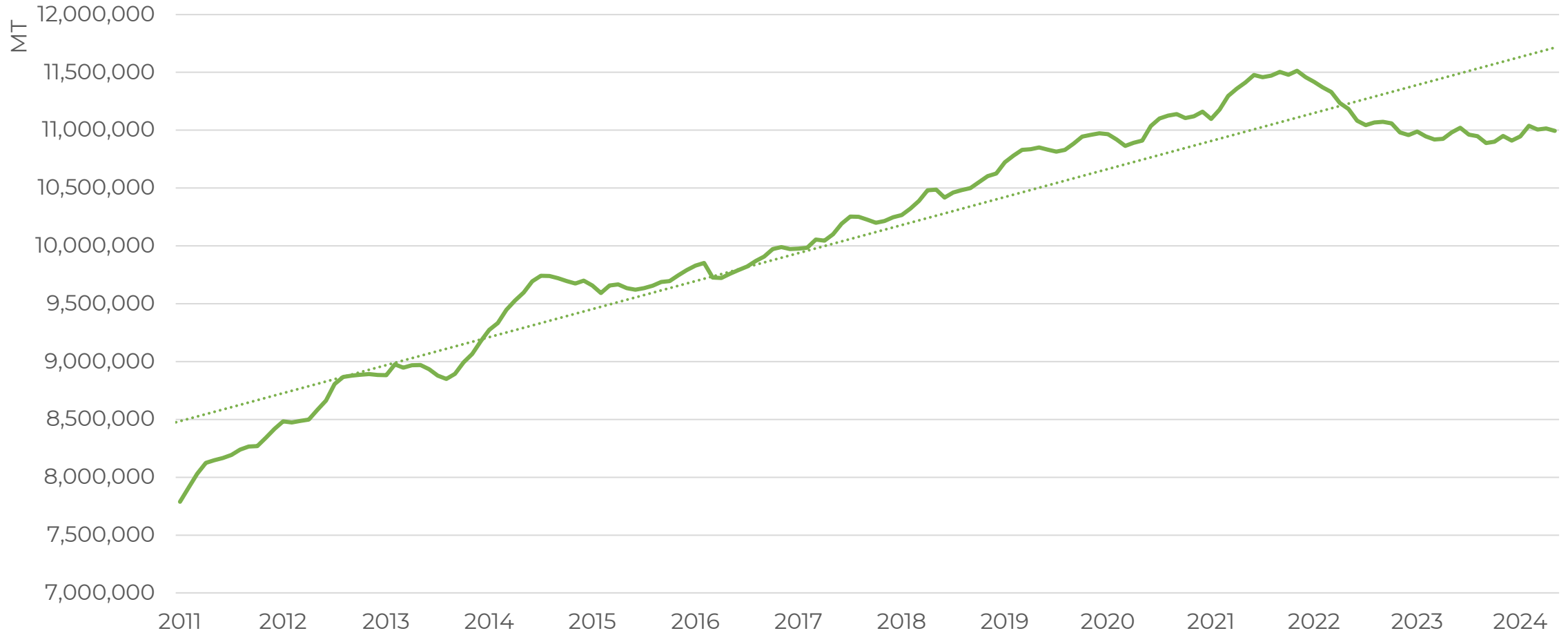


YOY Change in Global Dairy Trade to World by Product: Month of May

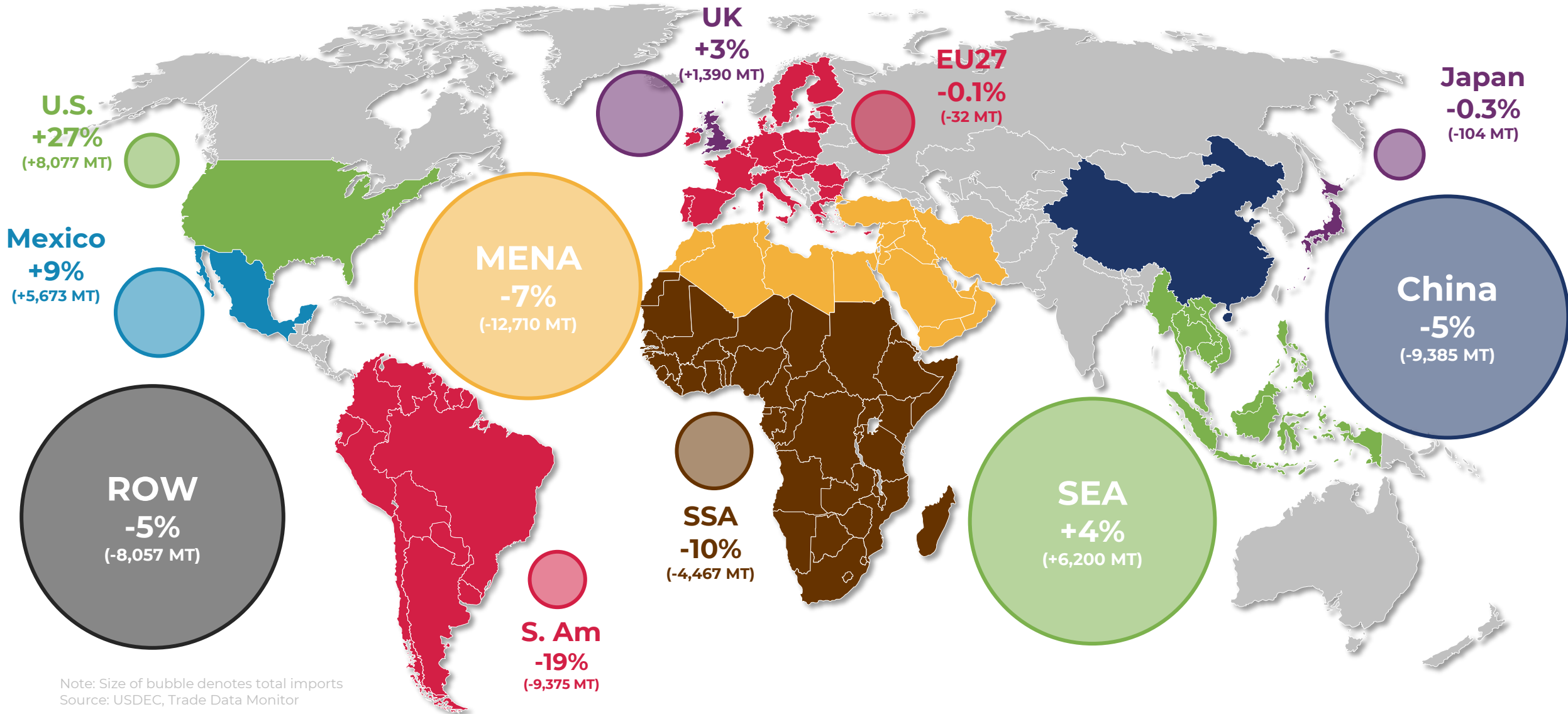


# Global Dairy Trade

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



# Select Markets – Month of May 2024, Milk Solids Equiv.



# Average Global Export Price

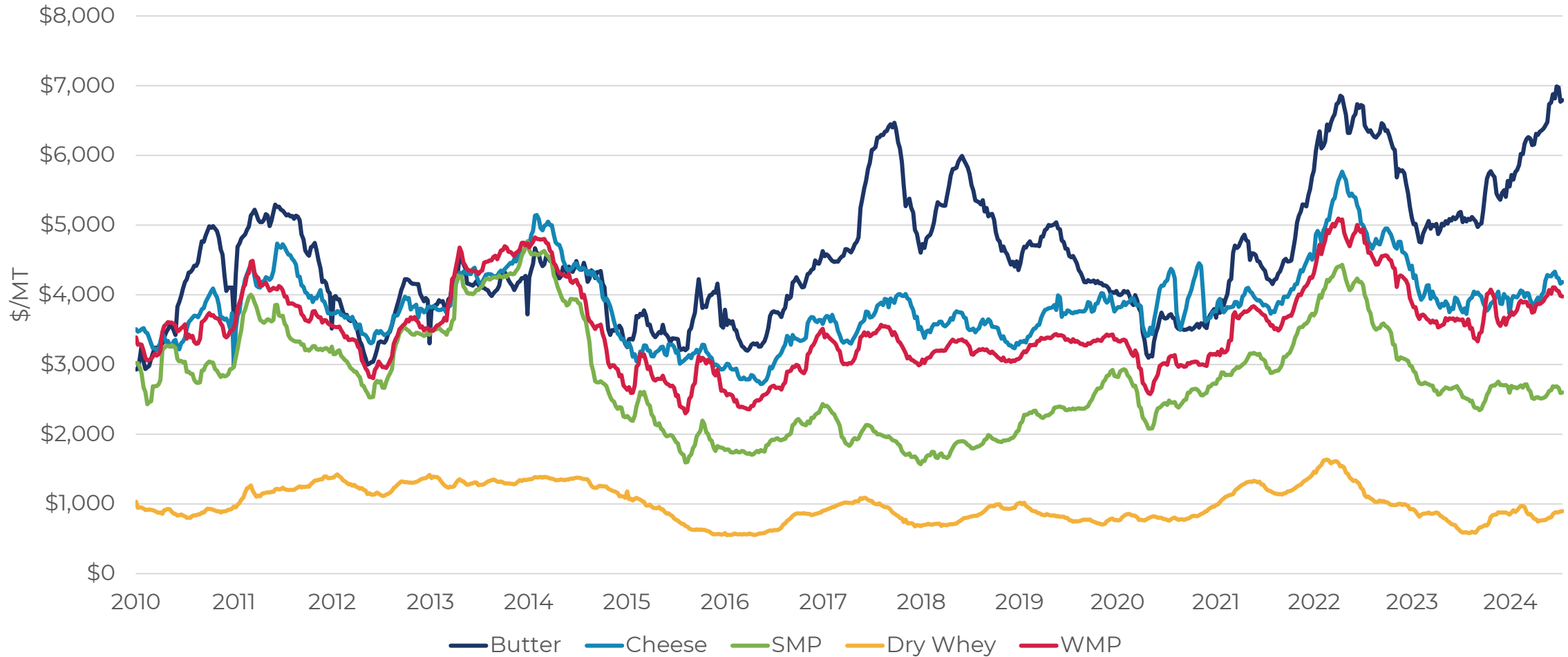
Average Dairy Export Value to World, MSE

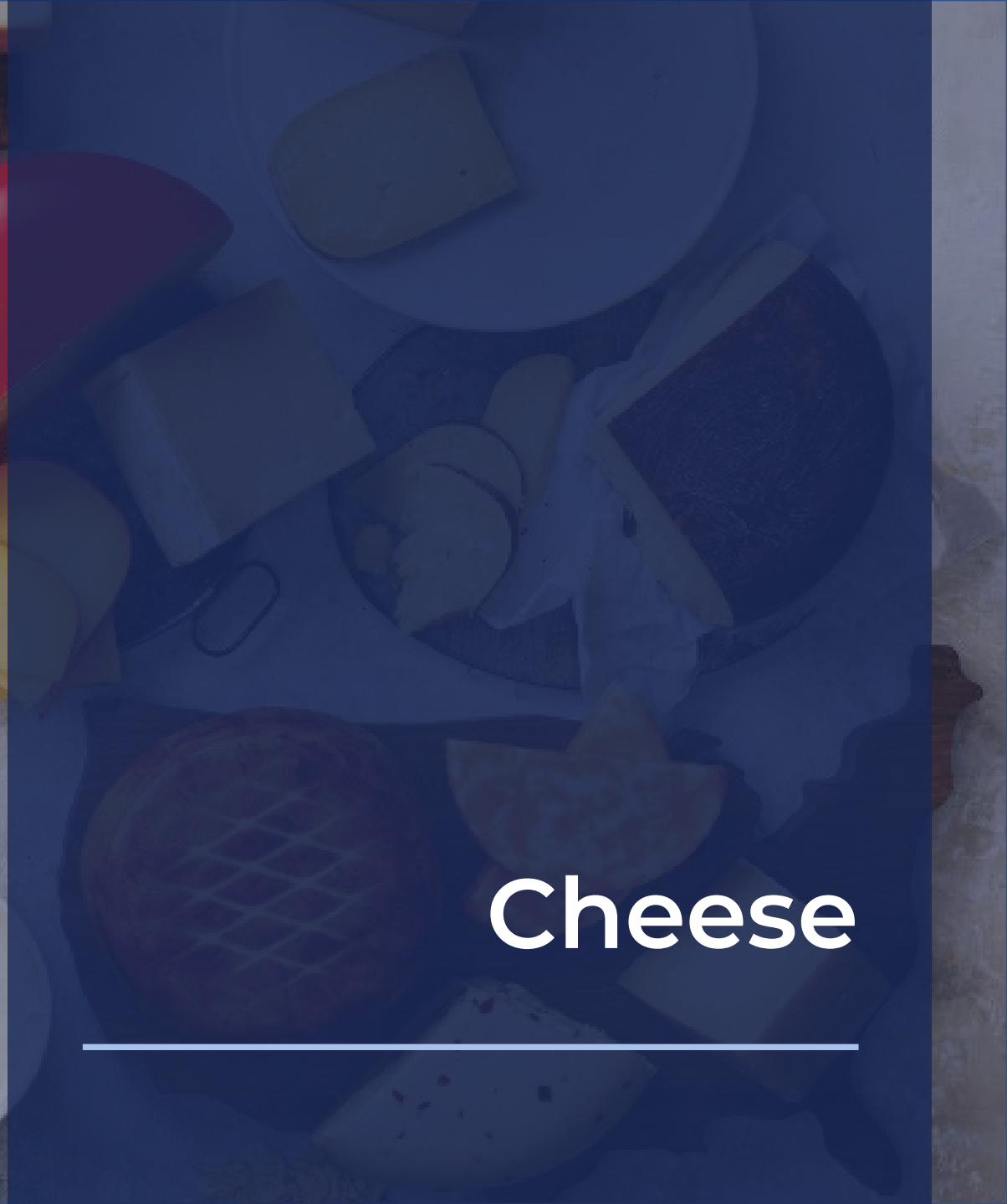




# Global Dairy Spot Prices

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





# Cheese

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# Cheese Market Commentary



## KEY TAKEAWAYS

- Even as most of the dairy complex battles anemic global demand, **cheese trade is excelling** – growing 10% year-over-year and posting the highest single month on record by a substantial margin.
- Nearly every major market posted positive gains with only Japan going backwards (-7%, -1,846 MT). Contrary to expectations that Mexico's cheese demand will eventually moderate, trade to the country continued its seemingly exponential growth (+59%, +7,989 MT).
- Yet even beyond Mexico, there were plenty of positive demand signals: MENA's cheese demand grew 14% (+3,493 MT) in direct contrast to the downturn in the region's ingredient demand; Southeast Asia posted its strongest month for cheese in over two years (+26%, +3,066 MT); and Korea's rally gained some much-needed momentum in May (+19%, +2,343 MT). **Overall, as inflation cools, foodservice rallies, and consumer confidence improves, cheese demand is reaping the benefits around the world.**

Global  
Cheese  
Trade

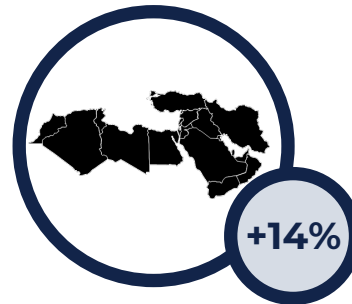
**+10.2%**  
May YoY

**+7.0%**  
YTD, Ending May

**+4.7%**  
Last 12-Months,  
Ending May

**+1.6%**  
3-Year CAGR

## May Standout Markets



**MENA**  
+3,493 MT



**UNITED KINGDOM**  
+3,341 MT



**SOUTHEAST ASIA**  
+3,066 MT



**MEXICO**  
+7,989 MT

## ADDITIONAL NOTES

Examining the cheese varieties, May's demand expansion was fairly widespread across varieties with fresh cheese (predominantly cream cheese and bulk mozzarella), shredded (predominantly pizza cheese) and the catch-all 'not elsewhere specified' category (predominantly cheddar and gouda with a large portion of specialty varieties) all posting double digit growth. Digging into the country-specific data does add quite a bit of nuance, however. Fundamentally, the U.S. was the supplier driving most of the growth, especially in the cheddar/gouda space as both EU and NZ pulled back on those varieties. Instead, both the EU and New Zealand moved large volumes of cream cheese in May (in NZ's case, most of it went to Japan, while the EU focused its attention on the UK). Finally, mozzarella was a more mixed picture with the EU pulling back sharply even as the U.S. and NZ were active.

# Cheese Market Commentary



## LOOKING AHEAD

- **With many major economies succeeding in tamping inflation back down to more manageable levels, global cheese demand is booming.** Latin America, led by Mexico, remains the biggest driver of demand expansion, while the two laggards of 2023, Japan and Korea, are stabilizing, helping to support demand acceleration. More affordable prices have certainly boosted global demand, but **average export values remain above price levels seen from 2015 to 2021 suggesting customers and consumers have adapted to higher prices** even as they still look for the best deal.
- In general, **provided the global economy continues its recovery, the future for global cheese trade looks bright** – a welcome contrast to many other dairy products. **As such, there is little to suggest global cheese demand should decline in the months ahead**, even as shares in contested markets are likely to shift month-to-month depending on price differences between the various exporters.

### U.S. Cheese Exports

**+46.6%**  
May YoY

**+27.1%**  
YTD, Ending May

**+8.8%**  
Last 12-Months, Ending May

**+2.8%**  
3-Year CAGR

### EU Cheese Exports

**+0.6%**  
May YoY

**+0.8%**  
YTD, Ending May

**+3.7%**  
Last 12-Months, Ending May

**+1.2%**  
3-Year CAGR

### NZ Cheese Exports

**+3.3%**  
May YoY

**-8.0%**  
YTD, Ending May

**-0.9%**  
Last 12-Months, Ending May

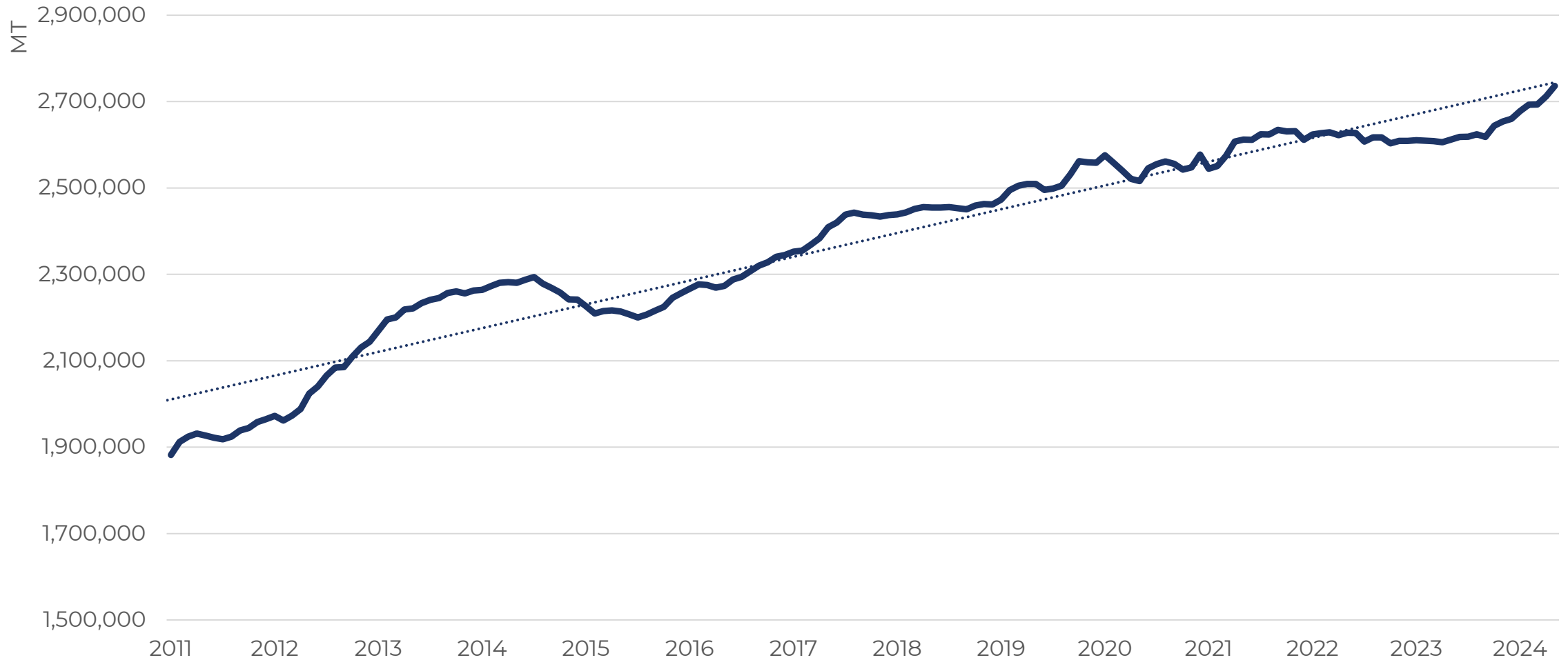
**-0.3%**  
3-Year CAGR

## ADDITIONAL NOTES

EU performance seems to bode well for U.S. as exporters as overall sales from the bloc were effectively flat but with sizeable jumps to key markets. The EU posted the biggest gains in exports to the U.S. (15%, +1,605 MT) followed by the UK (+3%, +1,349 MT) along with a notable increase to Canada (+37%, +670 MT). The U.S. and Canada are especially high value markets for the EU – both paying 50% higher prices for EU cheese than their global average – while the UK remains the EU's largest export market by far. Effectively, the better cheese demand is in those three markets, the more EU exporters are occupied, opening the door to the U.S. in third country markets. Over the last few months – and buoyed by a steep price advantage – the U.S. has reclaimed market share from European suppliers in Japan, Korea and Chile – three highly contested markets where EU exporters were especially aggressive last year.

# Global Overview: Cheese

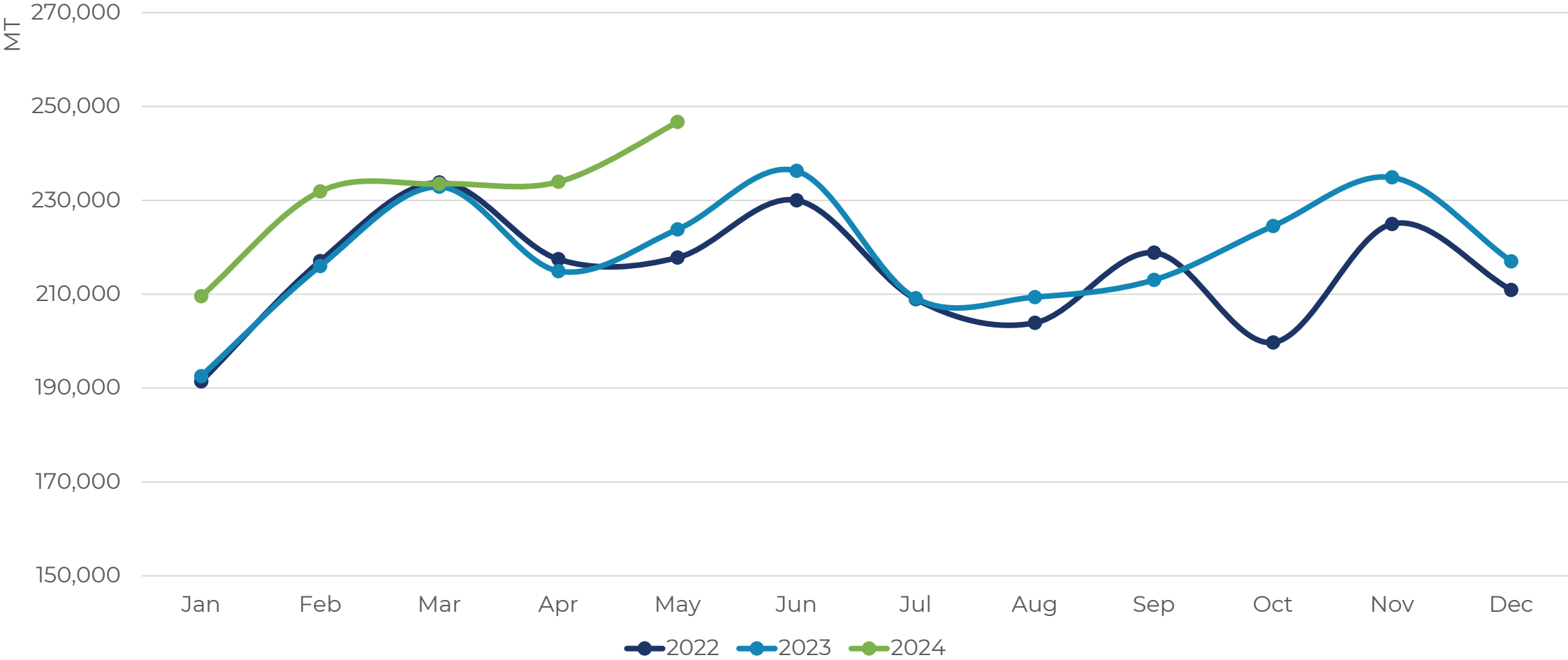
## Global Cheese Trade to World





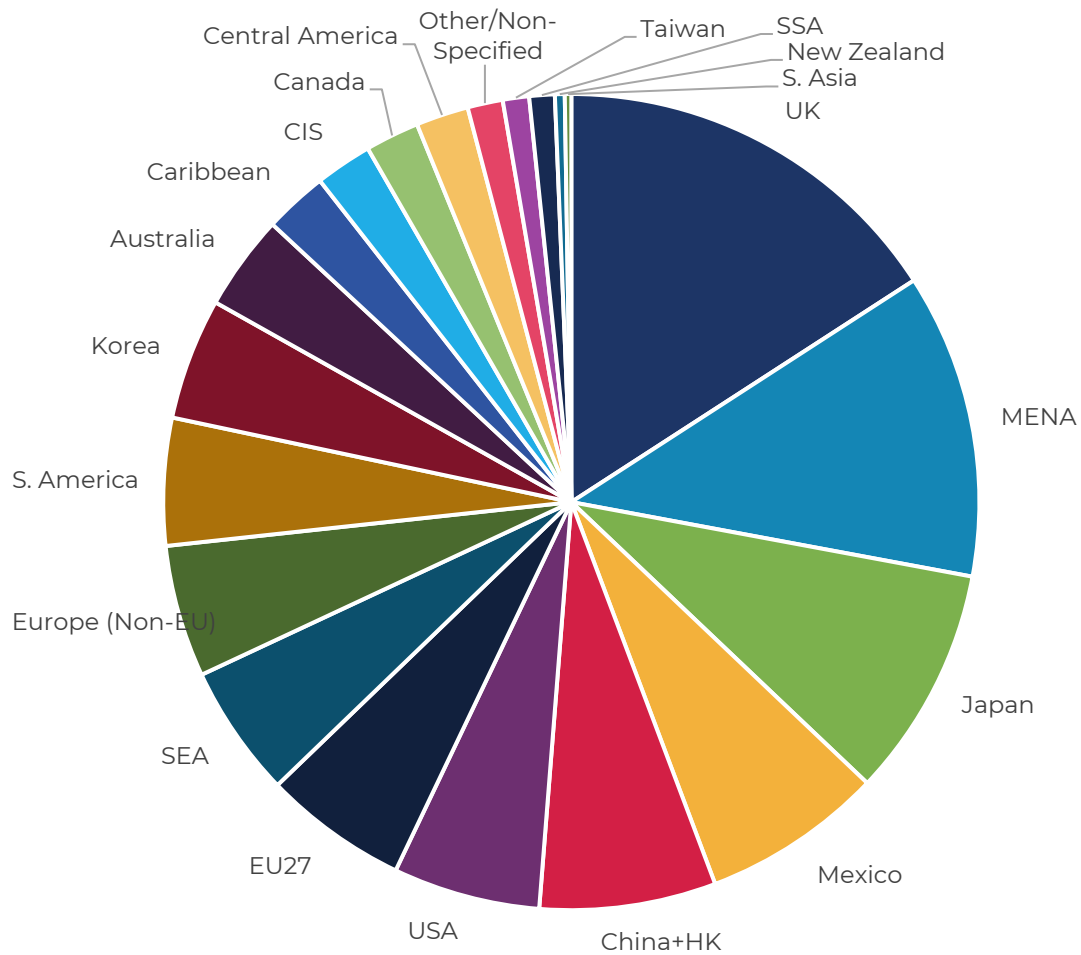
# Global Overview: Cheese

## Global Cheese Trade to World

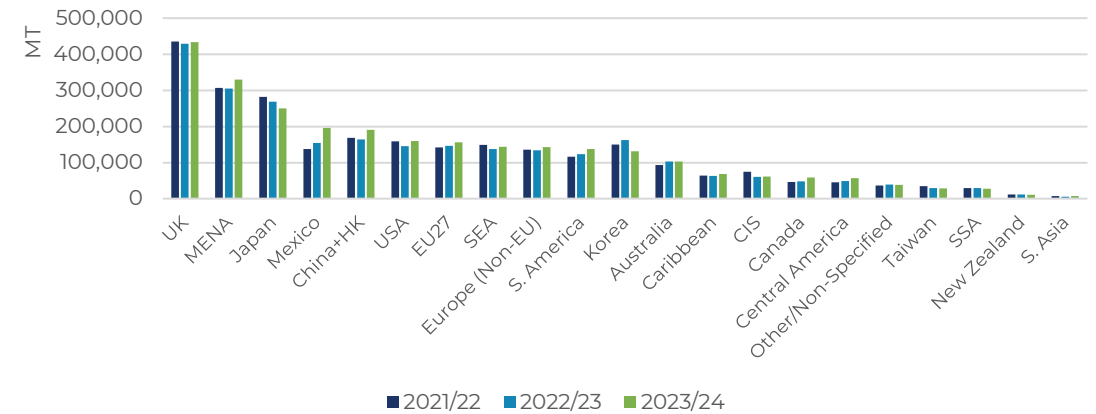


# Global Overview: Cheese – Last 12 Months

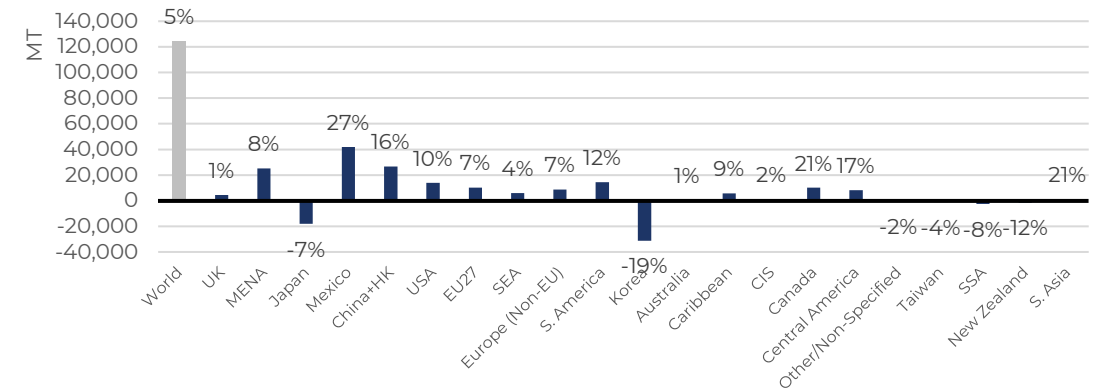
Global Cheese Trade by Destination: Last 12 Months ending May



Global Cheese Trade by Destination: Last 12 Months ending May

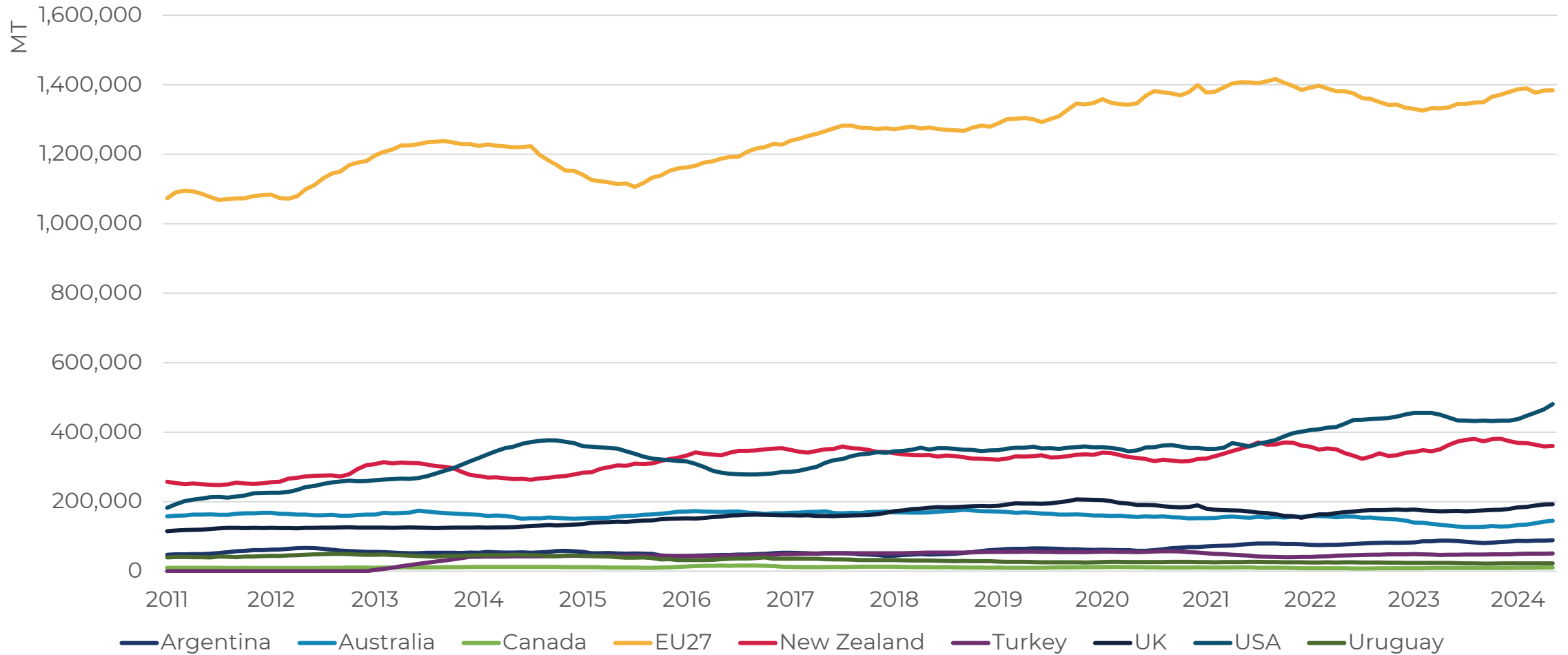


YOY Change in Global Cheese Trade by Destination: Last 12 Months ending May



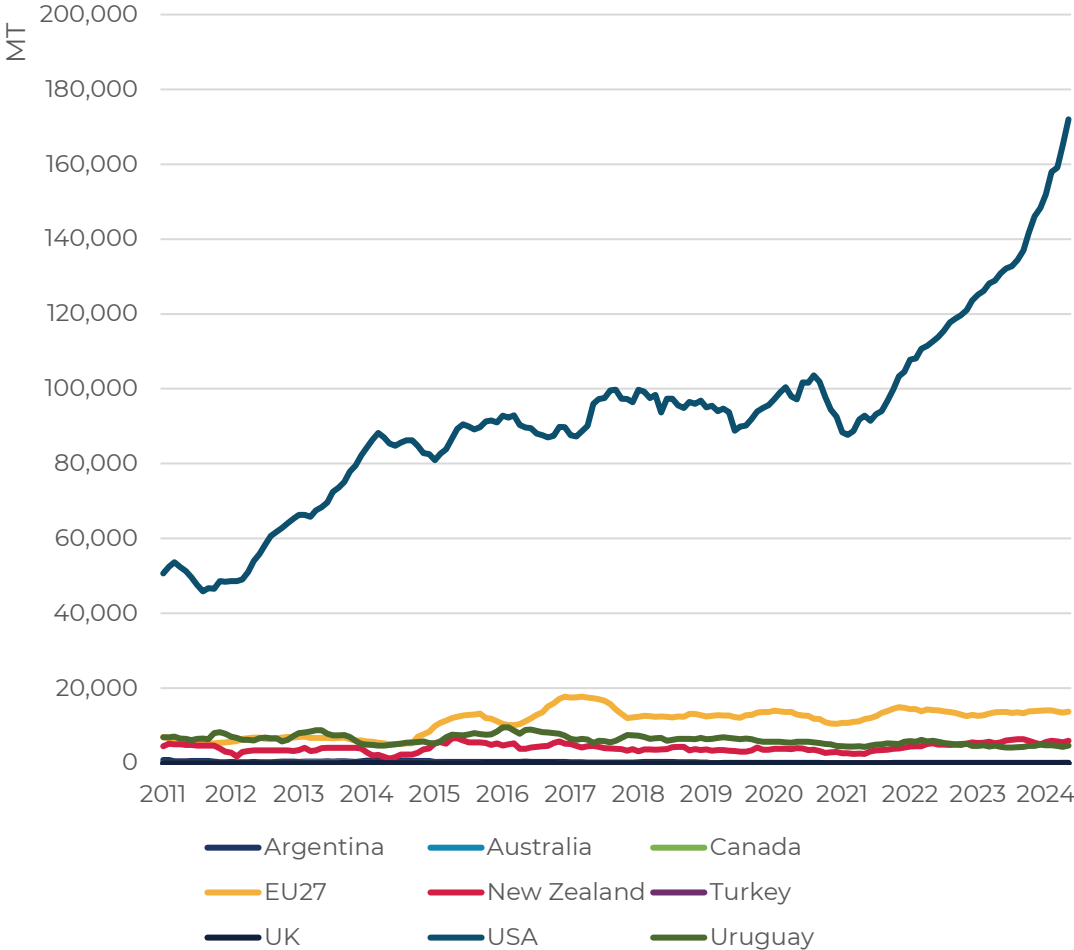
# Trade Flows: Cheese

## Global Cheese Trade to World

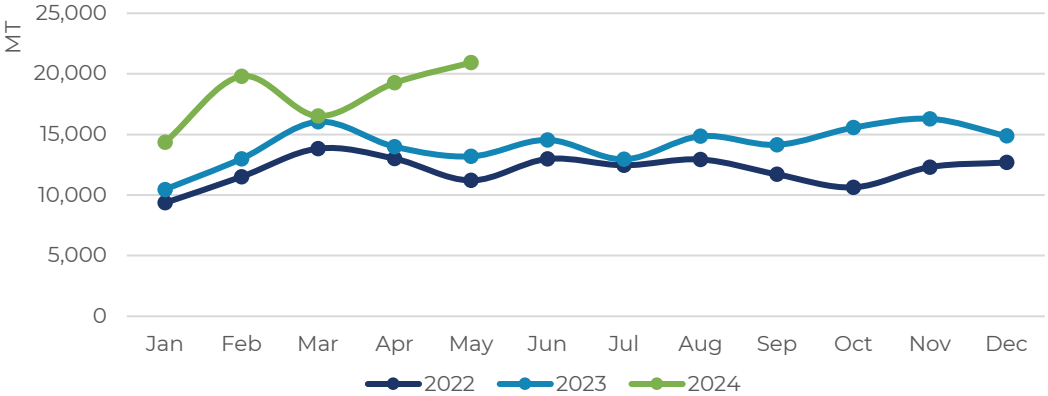


# Mexico

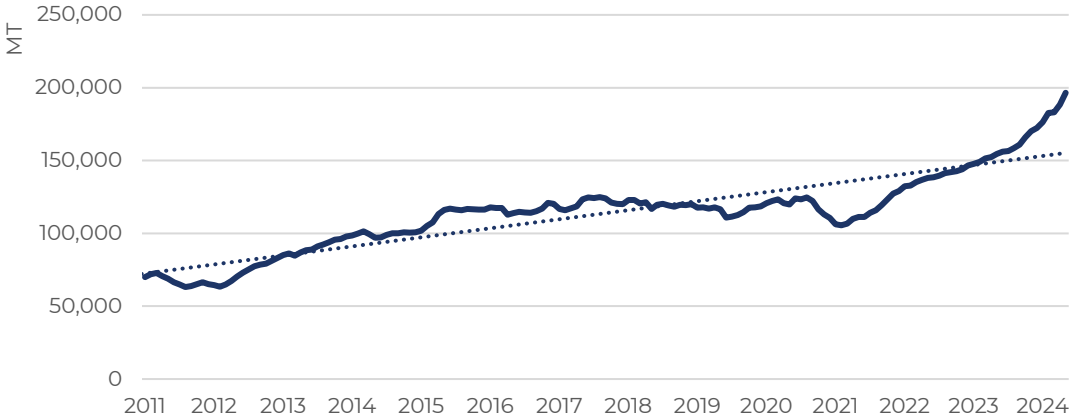
Global Cheese Trade to Mexico



Global Cheese Trade to Mexico

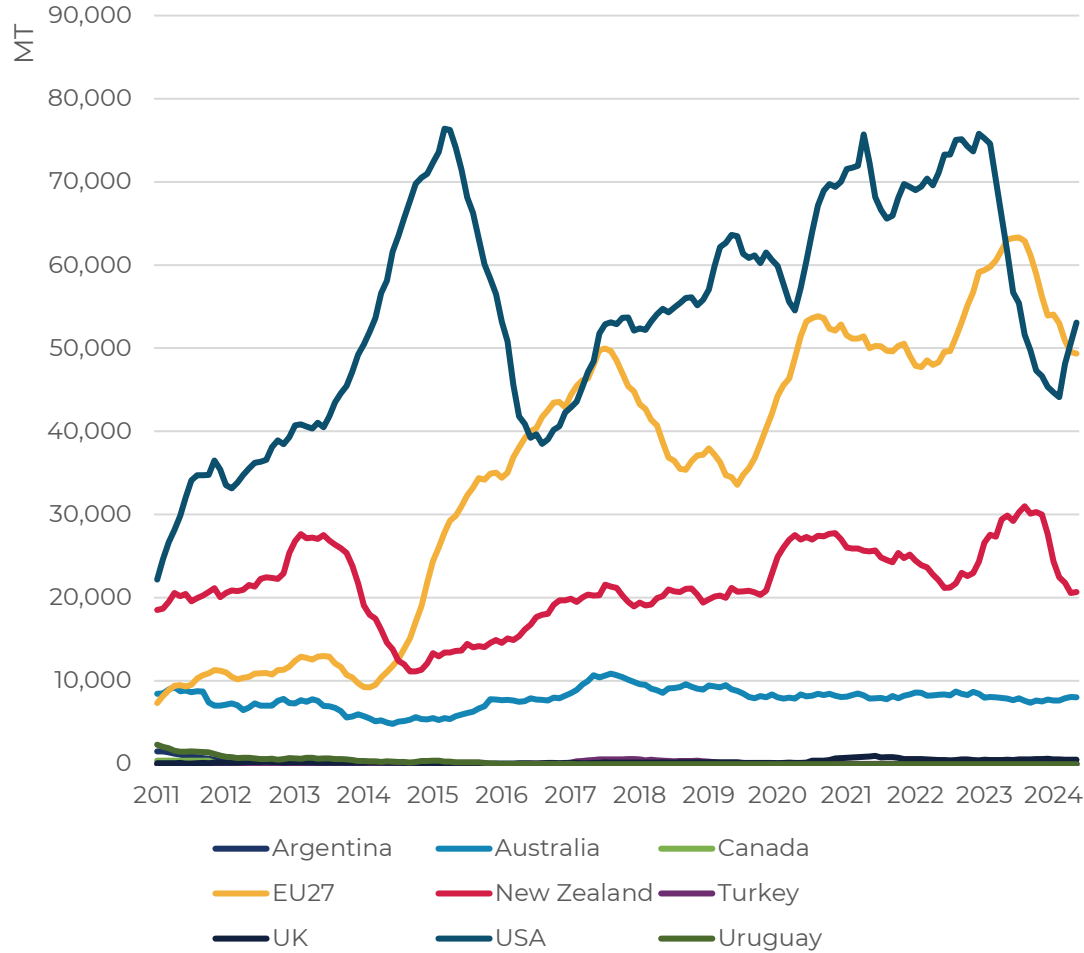


Global Cheese Trade to Mexico

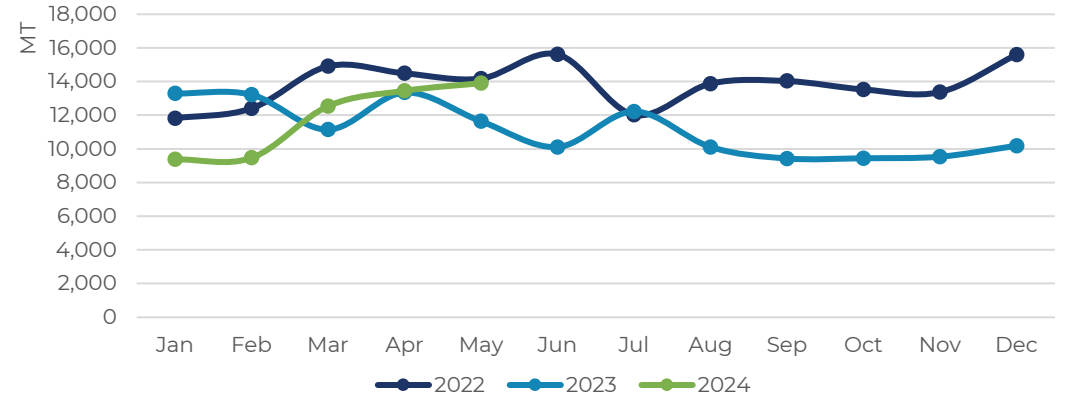


# Korea

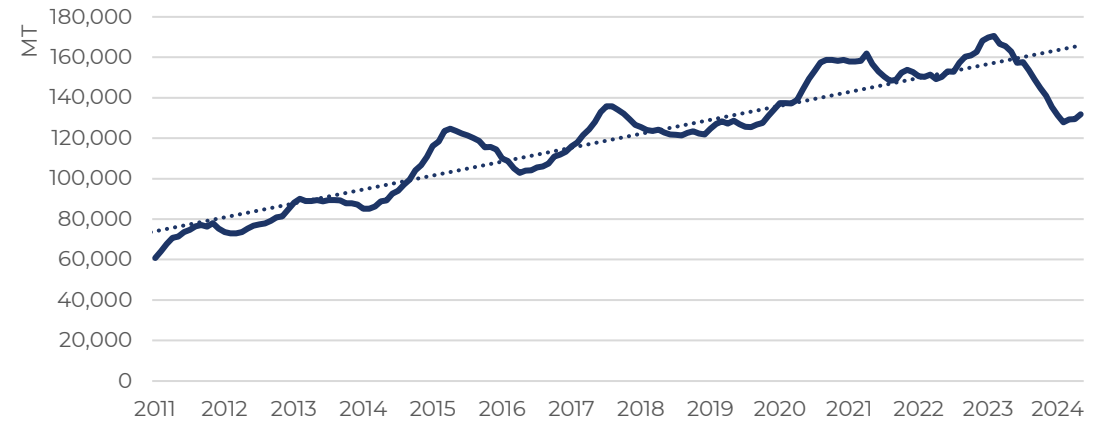
## Global Cheese Trade to Korea



## Global Cheese Trade to Korea



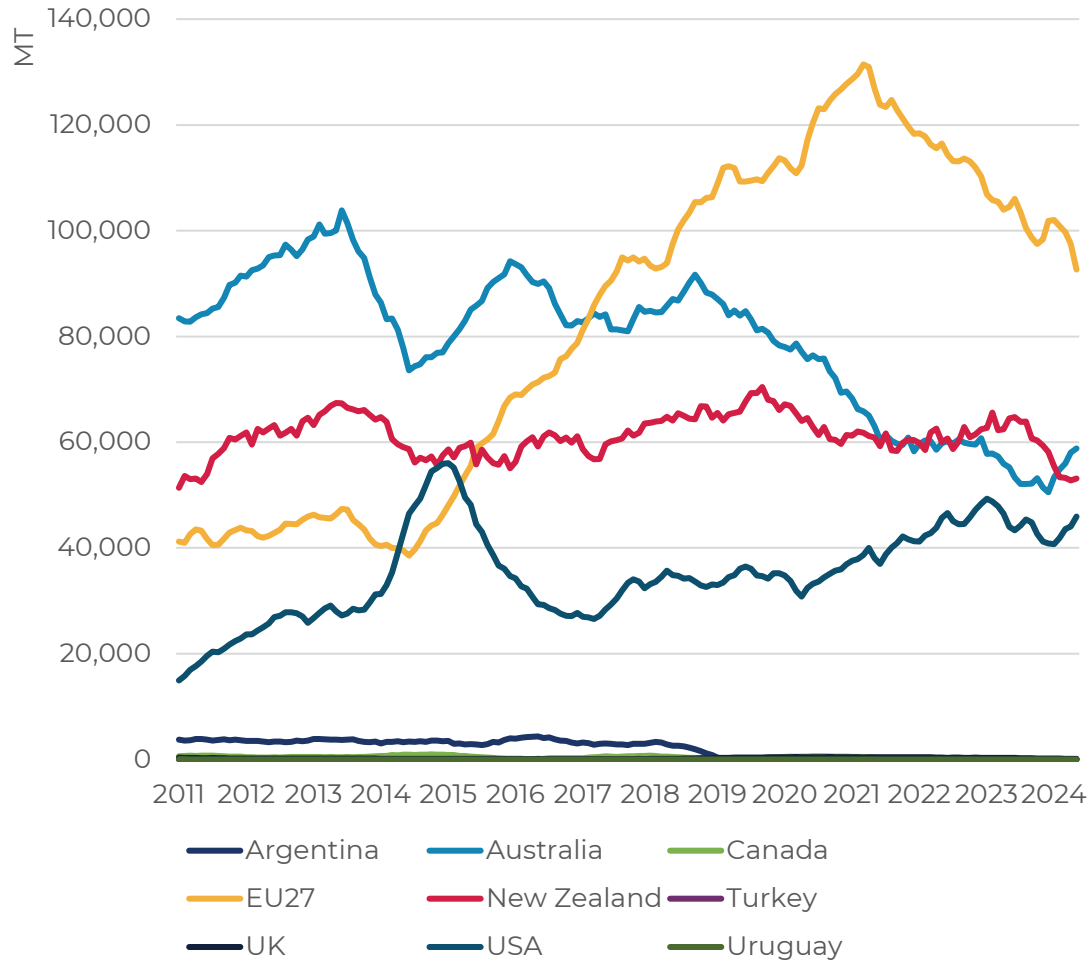
## Global Cheese Trade to Korea



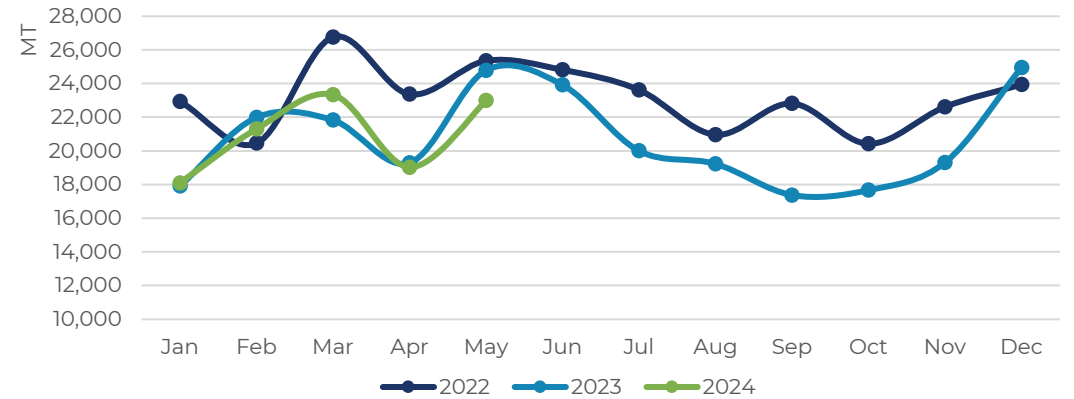


# Japan

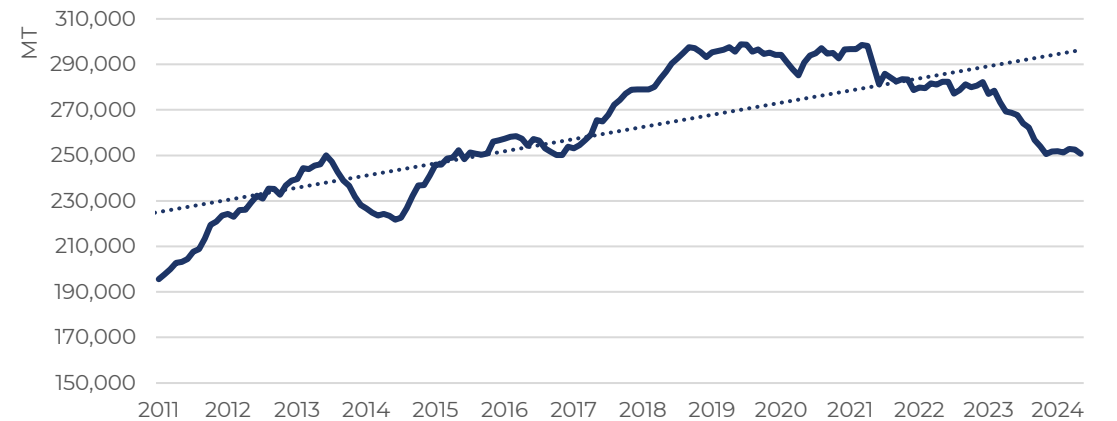
Global Cheese Trade to Japan



Global Cheese Trade to Japan

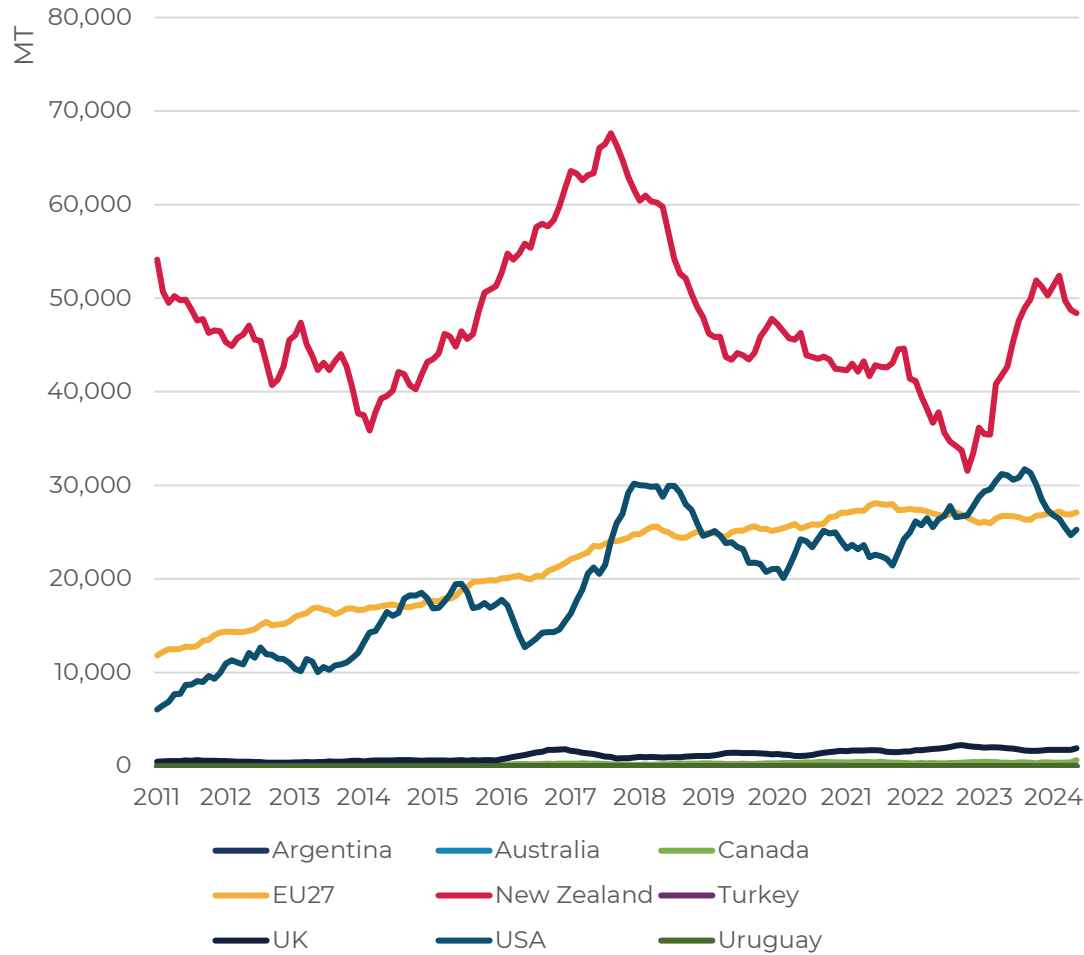


Global Cheese Trade to Japan

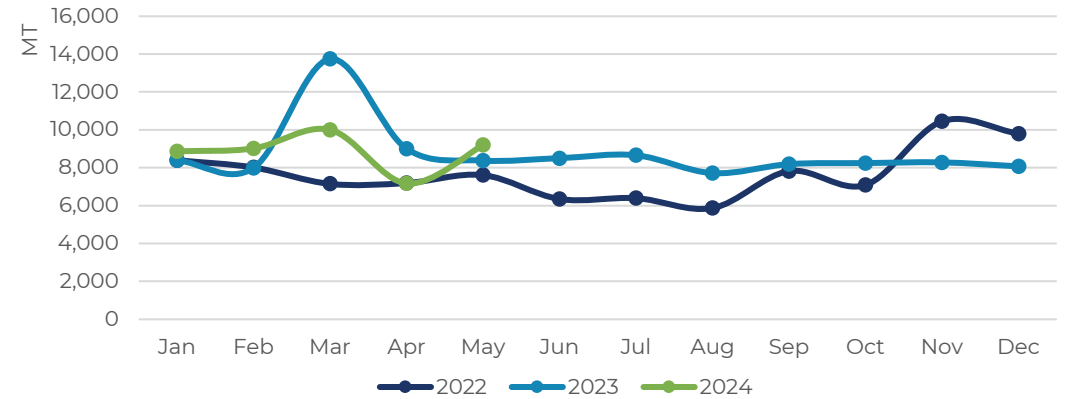


# Australia

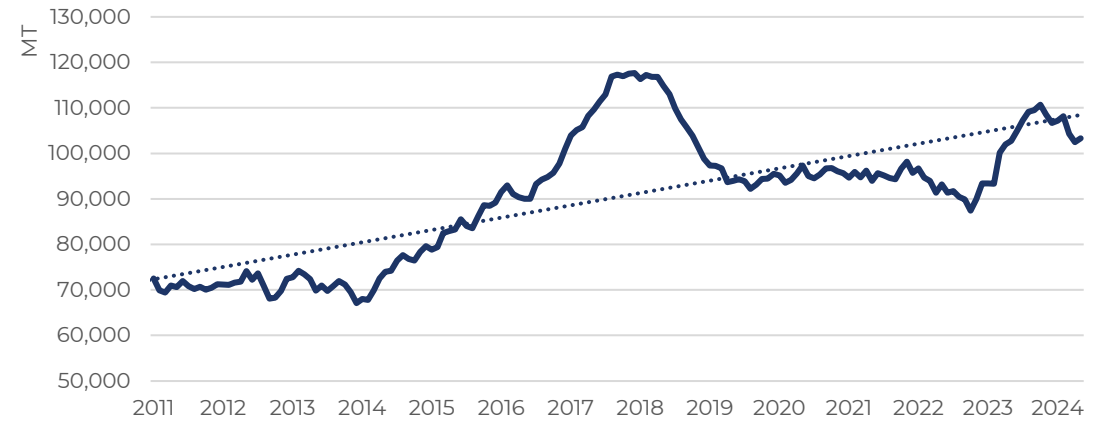
## Global Cheese Trade to Australia



## Global Cheese Trade to Australia

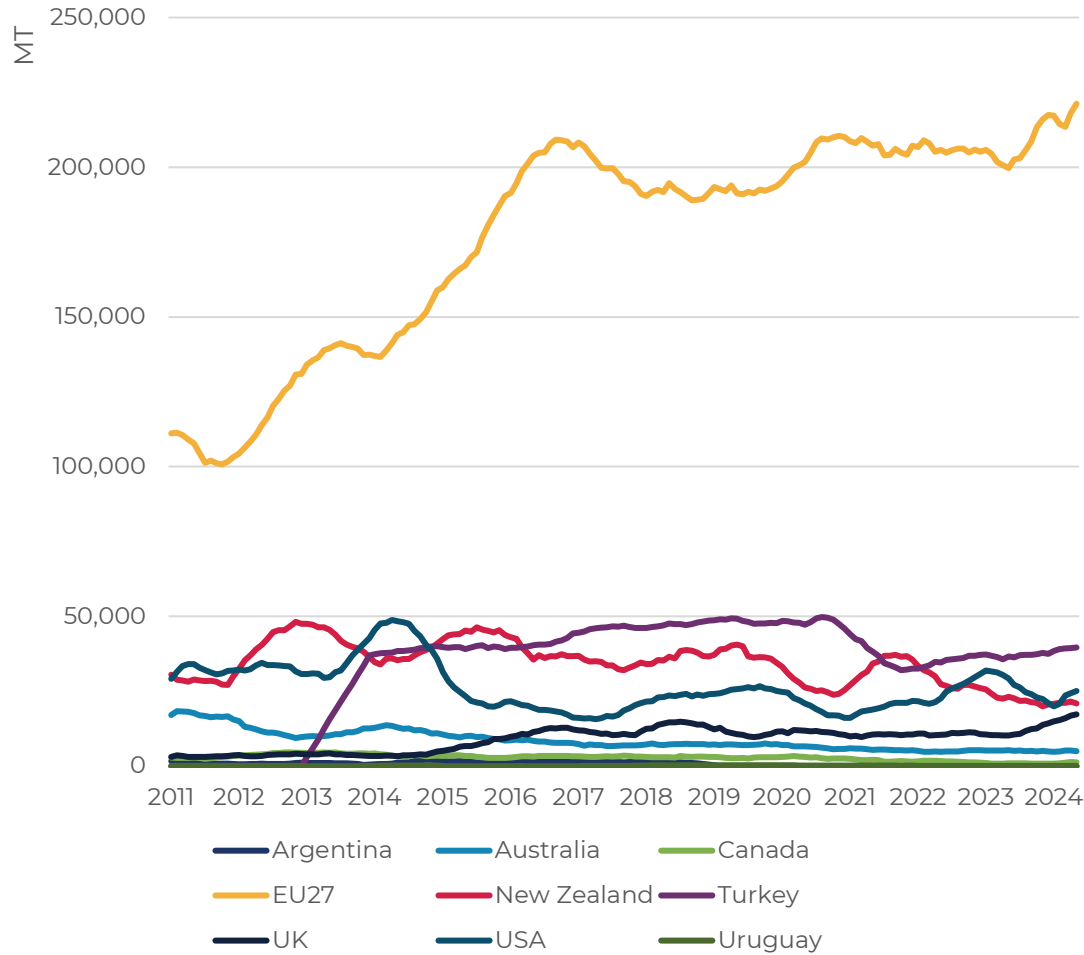


## Global Cheese Trade to Australia

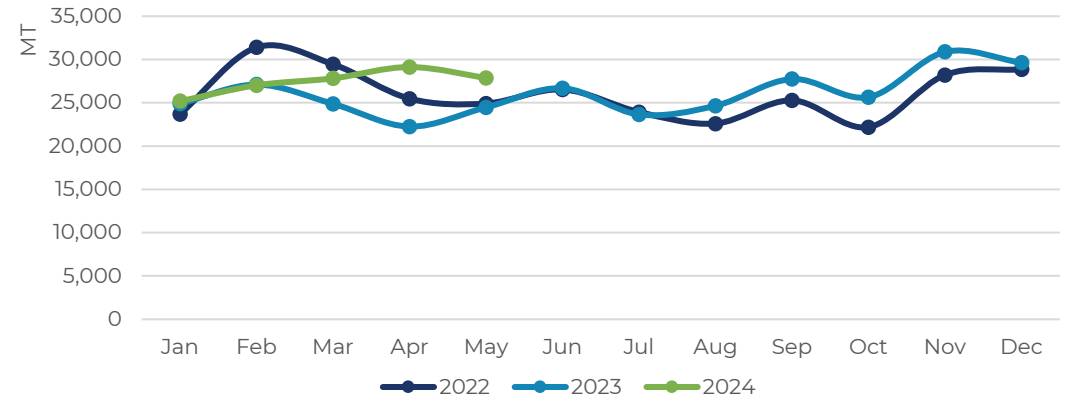


# MENA

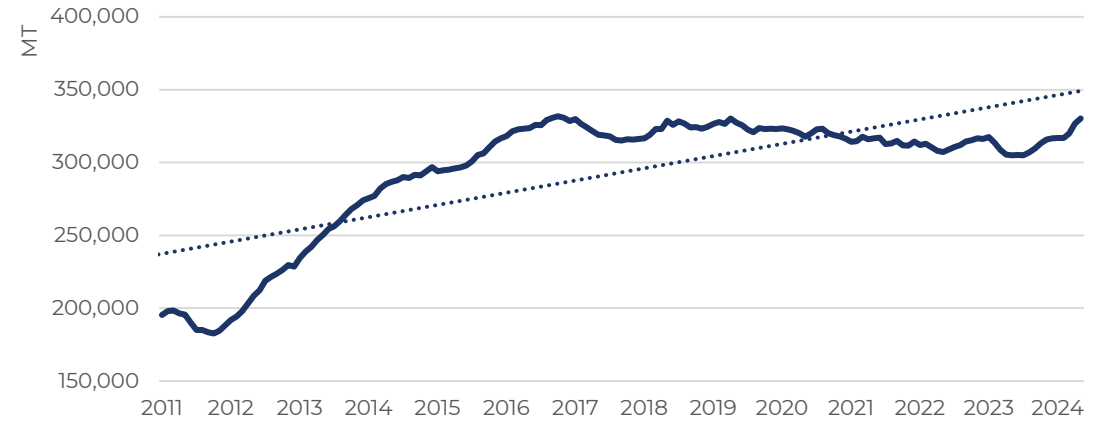
## Global Cheese Trade to MENA



## Global Cheese Trade to MENA

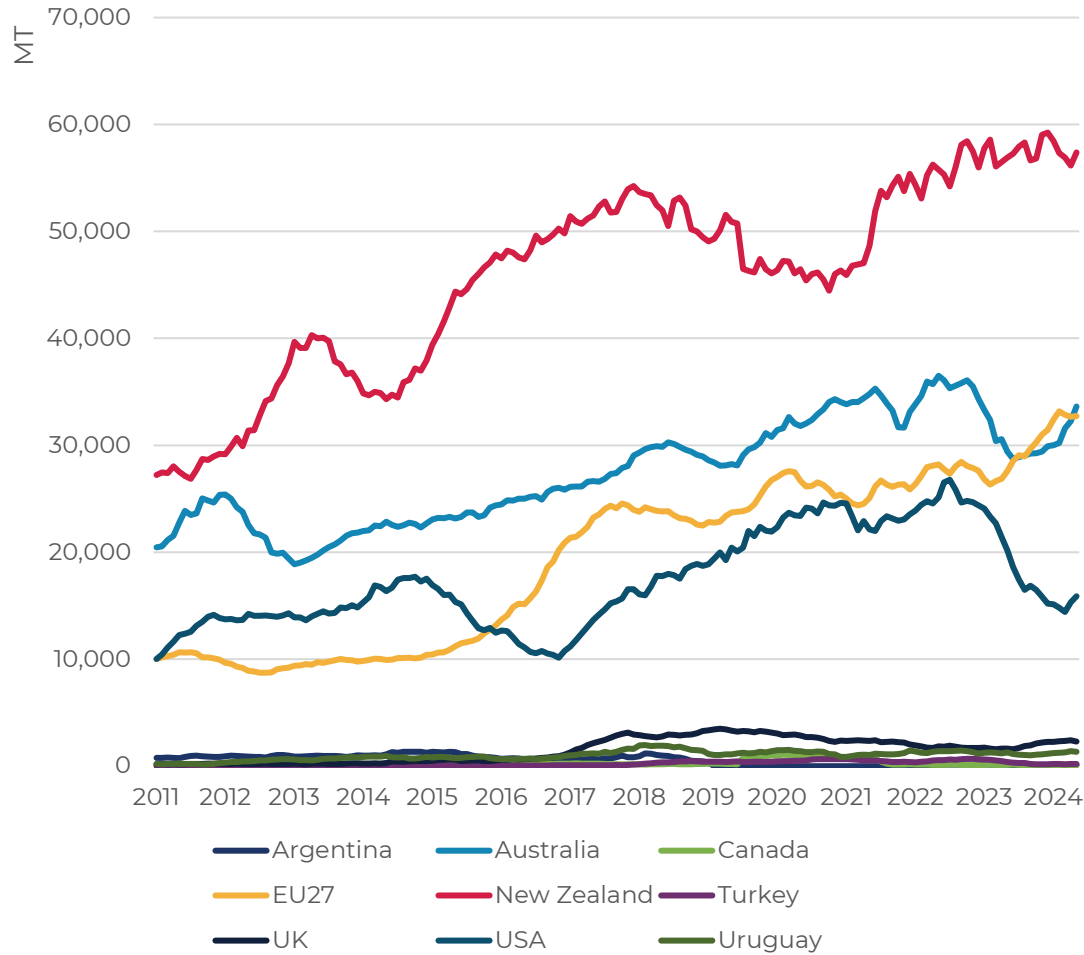


## Global Cheese Trade to MENA

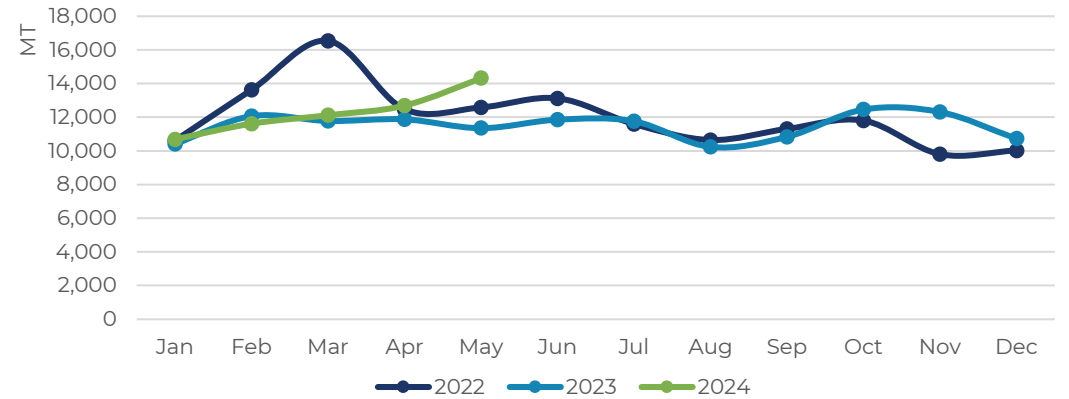


# Southeast Asia

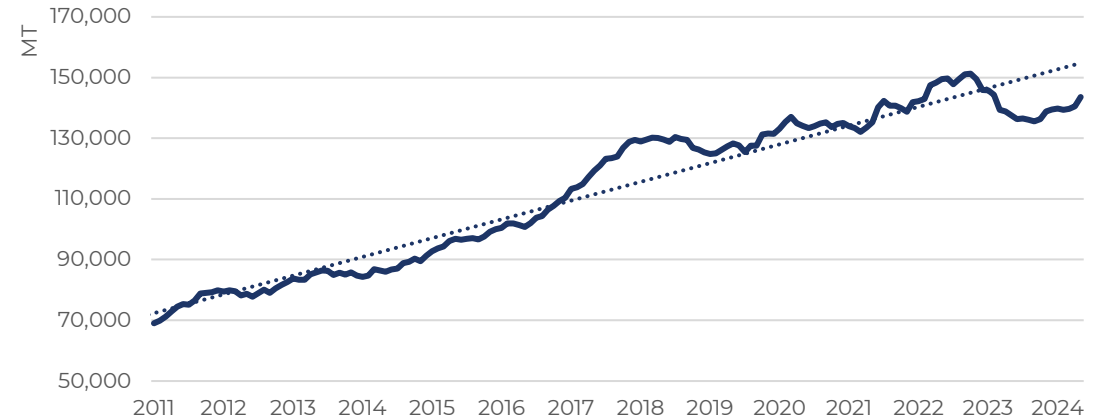
## Global Cheese Trade to SEA



## Global Cheese Trade to SEA

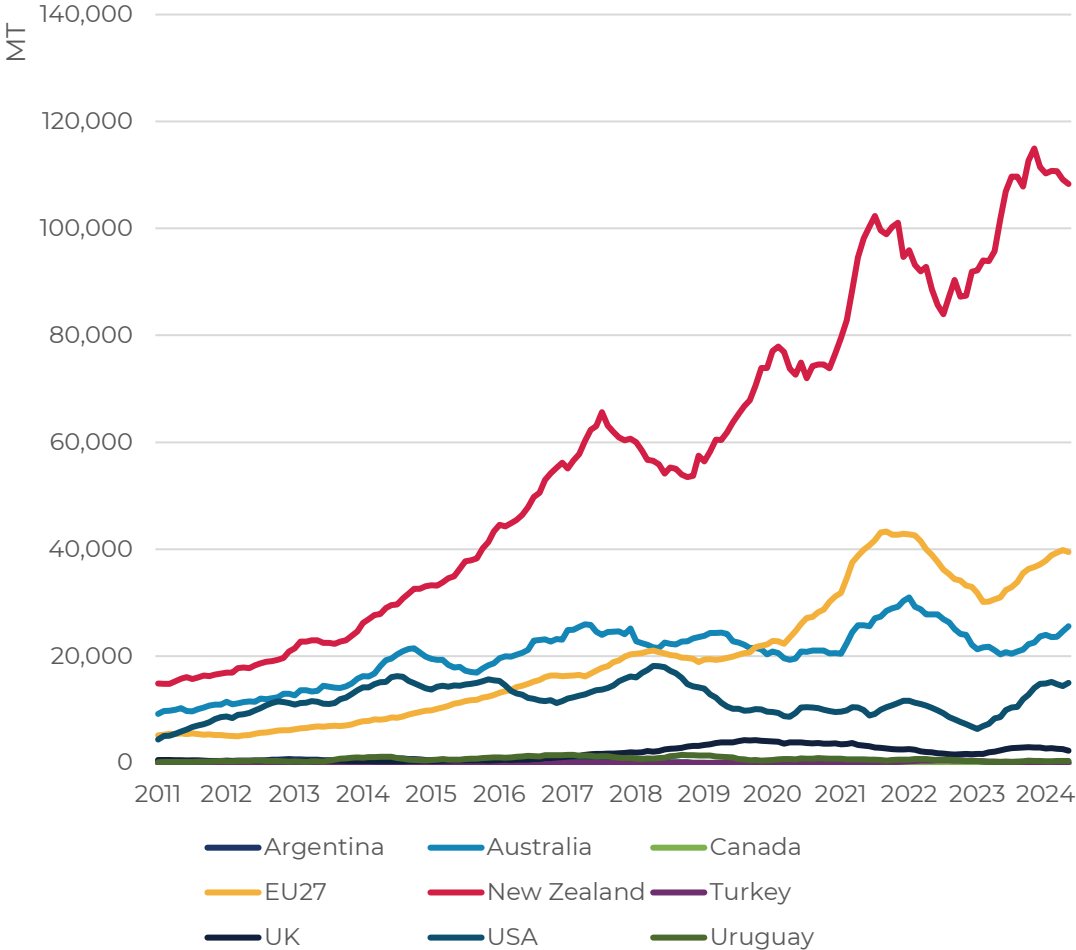


## Global Cheese Trade to SEA

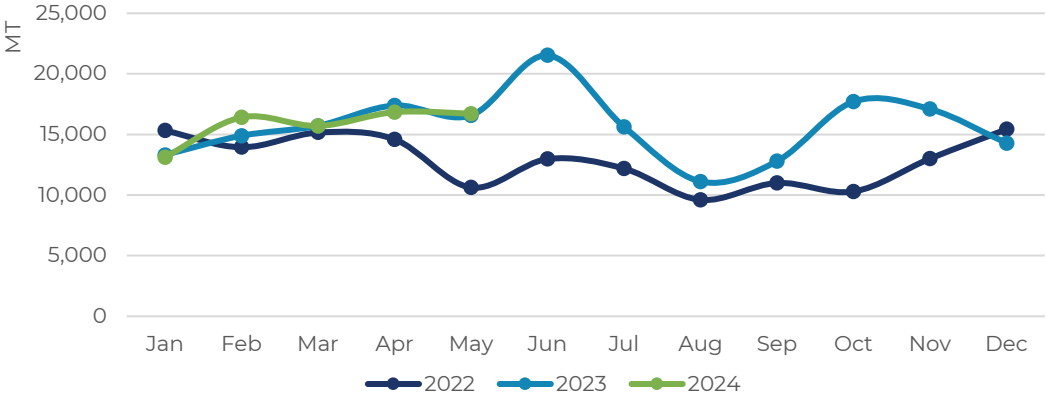


# China

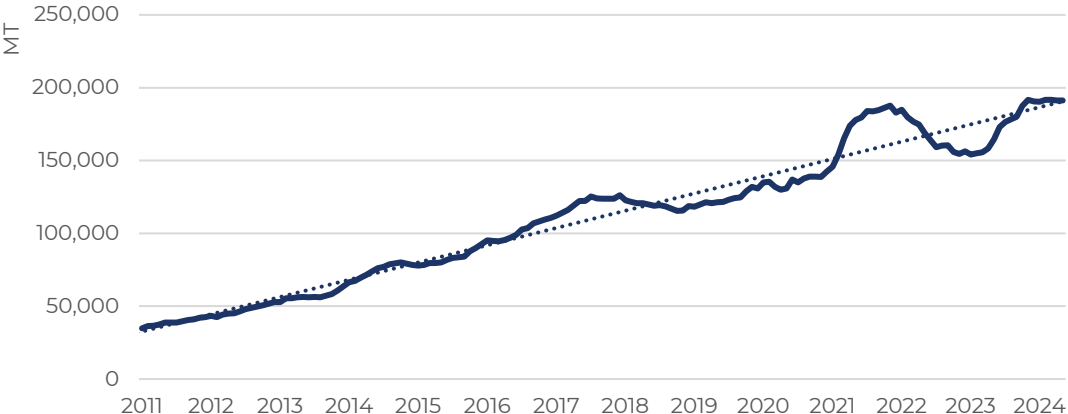
Global Cheese Trade to China+HK



Global Cheese Trade to China+HK



Global Cheese Trade to China+HK







# NFDM/SMP

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# NFDM/SMP Market Commentary



## KEY TAKEAWAYS

- Global trade of NFDM/SMP fell sharply in May, declining 11% behind prior year levels (-23,772 MT) with widespread losses across most major markets. Southeast Asia fell the most (-12%, -7,370 MT) followed by Mexico (-12%, -4,618 MT), MENA (-6%, -3,273 MT) and China (-14%, -3,222 MT). **If none of the four major NFDM/SMP markets are growing, it is difficult to envision how NFDM/SMP trade turns positive.**
- As has become a familiar refrain, **China's decline marked another step downwards, posting the weakest May since 2016.** If you squint, the month-to-month improvement and the smallest percentage decline since last September could provide some optimism. However, raw milk prices in China continuing to fall suggests an oversaturated market. And with more local milk production being used in SMP applications, the country's NFDM/SMP imports are likely to remain under pressure for the foreseeable future.

Global  
NFDM/SMP  
Trade

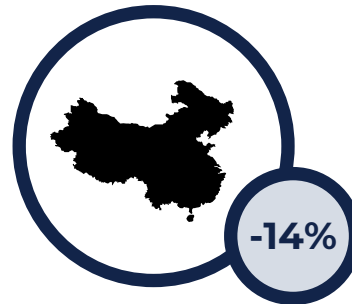
**-11.2%**  
May YoY

**-5.5%**  
YTD, Ending May

**-2.5%**  
Last 12-Months,  
Ending May

**-1.2%**  
3-Year CAGR

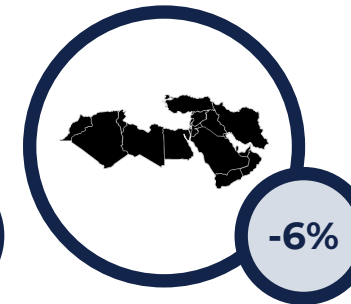
## May Standout Markets



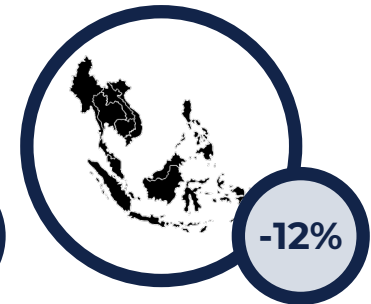
**CHINA+HK**  
-3,222 MT



**MEXICO**  
-4,618 MT



**MENA**  
-3,273 MT



**SOUTHEAST ASIA**  
-7,370 MT

## ADDITIONAL NOTES

MENA's decline was the first drop of more than 1,000 MT for the region since August 2022. Trade to Algeria moved sharply lower, declining by more than 5,000 MT (-24%, -5,433 MT), alongside Saudi Arabia, which fell by 22% (-1,409 MT). May's decline broke Saudi Arabia's 18 consecutive months of growth, where the country had effectively increased its imports by 2.5x in just a year and half. The drop should be unsurprising to our regular readers as history and our data analysis heavily suggested stocks had been growing in the region even as demand has been expanding. A single month of decline is far too early to declare that buyers are starting to draw down their inventories (especially as comparisons will become much more favorable in the back half of the year), but SMP markets have been increasingly reliant on the region. MENA is now the second largest SMP market behind Southeast Asia, and it was the fastest growing market over the past three years – growing more than twice that of the next closest market, Mexico.

# NFDM/SMP Market Commentary



## LOOKING AHEAD

- Taking a longer view, **global NFDM/SMP trade is at roughly the same level it was back at the end of 2018.** European milk powder coming out of public intervention that year certainly helped boost 2018 as an abnormally high year, but even accounting for that, **global demand for NFDM/SMP has largely been stagnant over the last five years.** Since 2018, global trade of NFDM/SMP has never grown more than 1.9% on an annualized basis nor declined more than 1.3%.
- **There doesn't seem to be a singular cause of this stagnation.** China's import substitution is certainly a major contributing factor to cooling demand post-2021, but inflation and high prices reducing consumption in other key markets is probably equally to blame – either due to fewer unit sales of finished products or dilution/substitution by end users to save costs. Additionally, an emphasis on cheese and whey during an era of slower milk production growth in the Northern Hemisphere has also played a role in limiting supplies. Economic recovery should lend support to milk powder demand, especially in SEA, but given milk supply challenges and China's local milk production now being used in SMP applications, **we are skeptical we'll see NFDM/SMP break out of its current funk.**

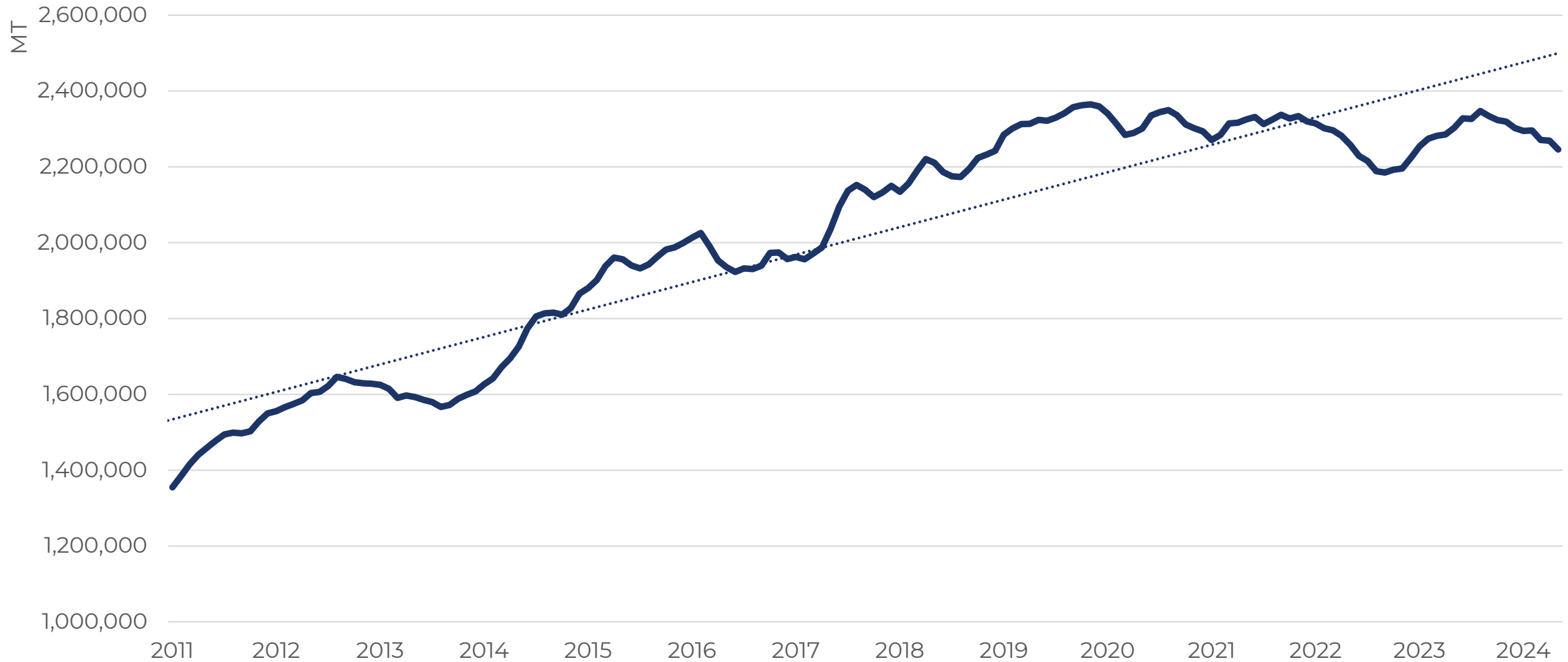
<b>U.S.</b> NFDM/SMP Exports	<b>-24.2%</b> May YoY	<b>-12.0%</b> YTD, Ending May	<b>-7.5%</b> Last 12-Months, Ending May	<b>-2.6%</b> 3-Year CAGR
<b>EU</b> NFDM/SMP Exports	<b>-9.1%</b> May YoY	<b>-6.5%</b> YTD, Ending May	<b>-3.7%</b> Last 12-Months, Ending May	<b>-1.3%</b> 3-Year CAGR
<b>NZ</b> NFDM/SMP Exports	<b>-8.3%</b> May YoY	<b>-2.6%</b> YTD, Ending May	<b>+6.2%</b> Last 12-Months, Ending May	<b>+2.0%</b> 3-Year CAGR

## ADDITIONAL NOTES

While the U.S. saw the sharpest drop in NFDM/SMP exports in May (primarily due to the slowdown in milk powder production), the EU and New Zealand posted significant declines as well. By contrast, Australia stepped in to fill some of the void even as trade declined overall. Australia managed to maintain its recent growth streak, increasing exports by 69% for the month (+6,081 MT), marking four straight months of export growth and pulling YTD NFDM/SMP exports from the Oceania supplier to +37% (+19,856 MT). In fact, while the U.S., Europe and NZ have all contracted in NFDM/SMP exports, Australia has been the only market to grow, focusing on supplying key customers in Indonesia. Additionally, Australia's expansion has come despite being priced above world market levels – the average export unit value of Australian SMP exports were \$550/MT higher than the global average in May.

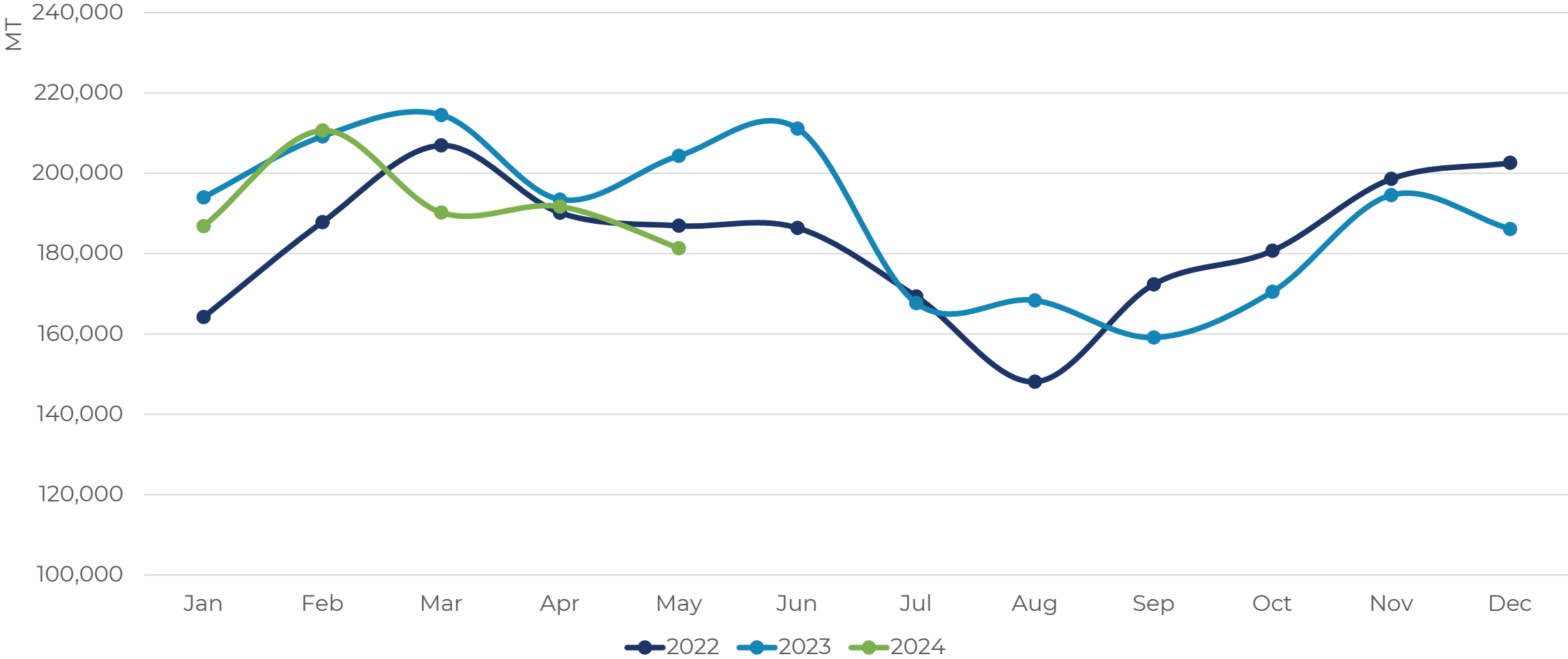
# Global Overview: NFDM/SMP

## Global NFDM/SMP Trade to World



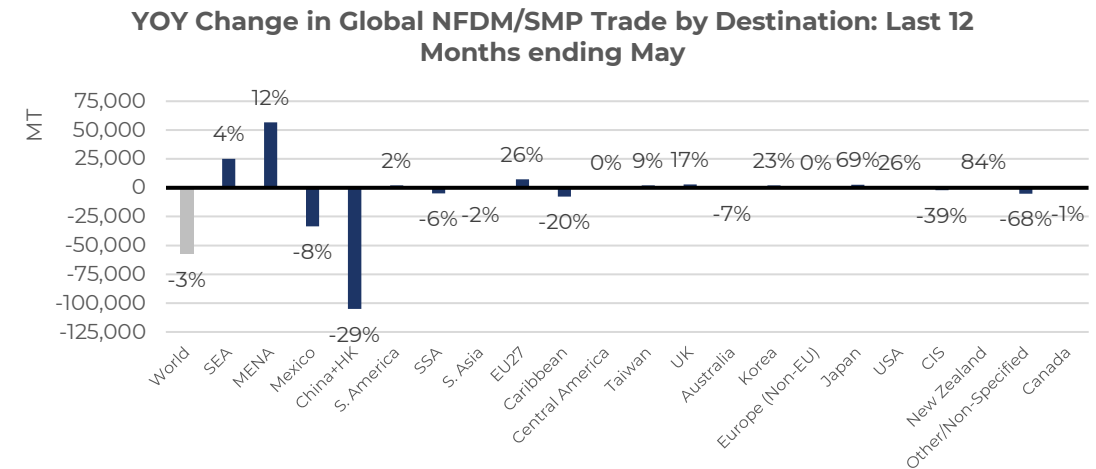
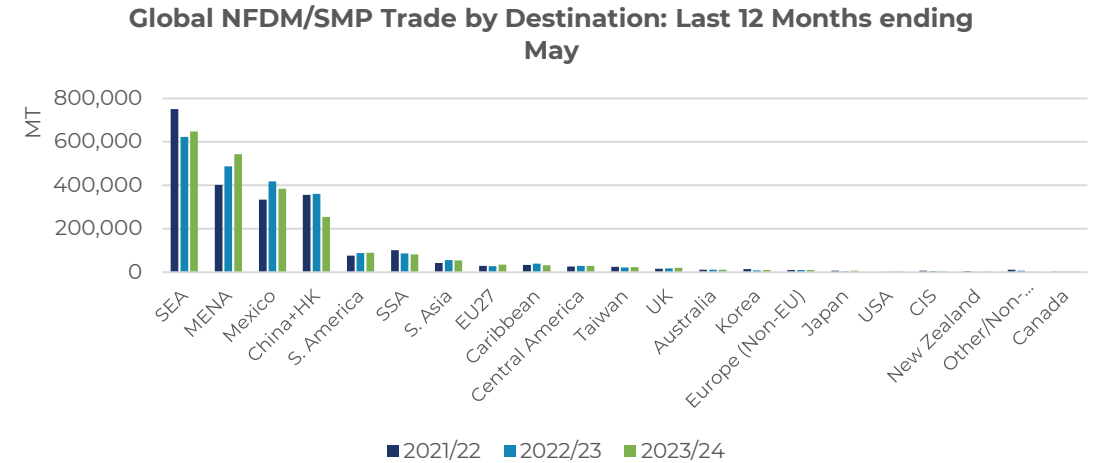
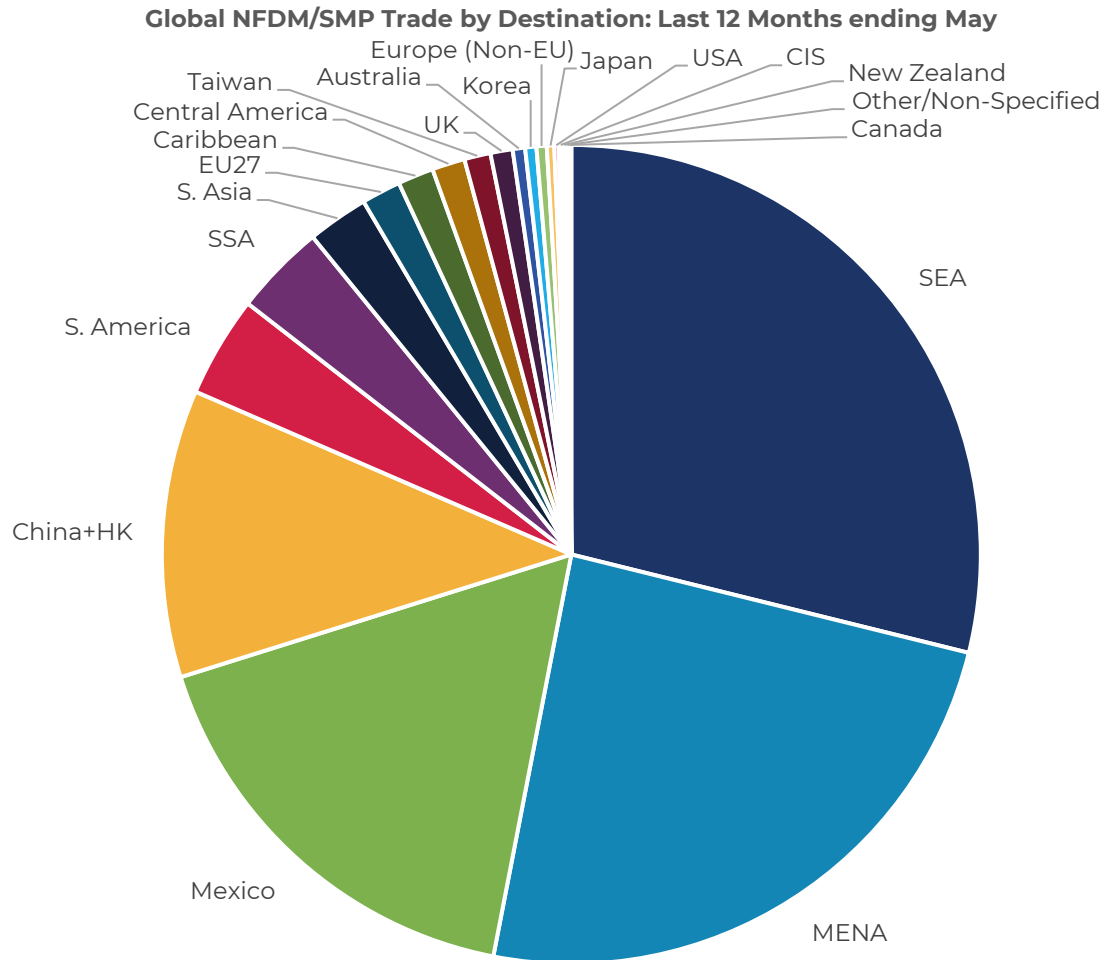
# Global Overview: NFDM/SMP

Global NFDM/SMP Trade to World



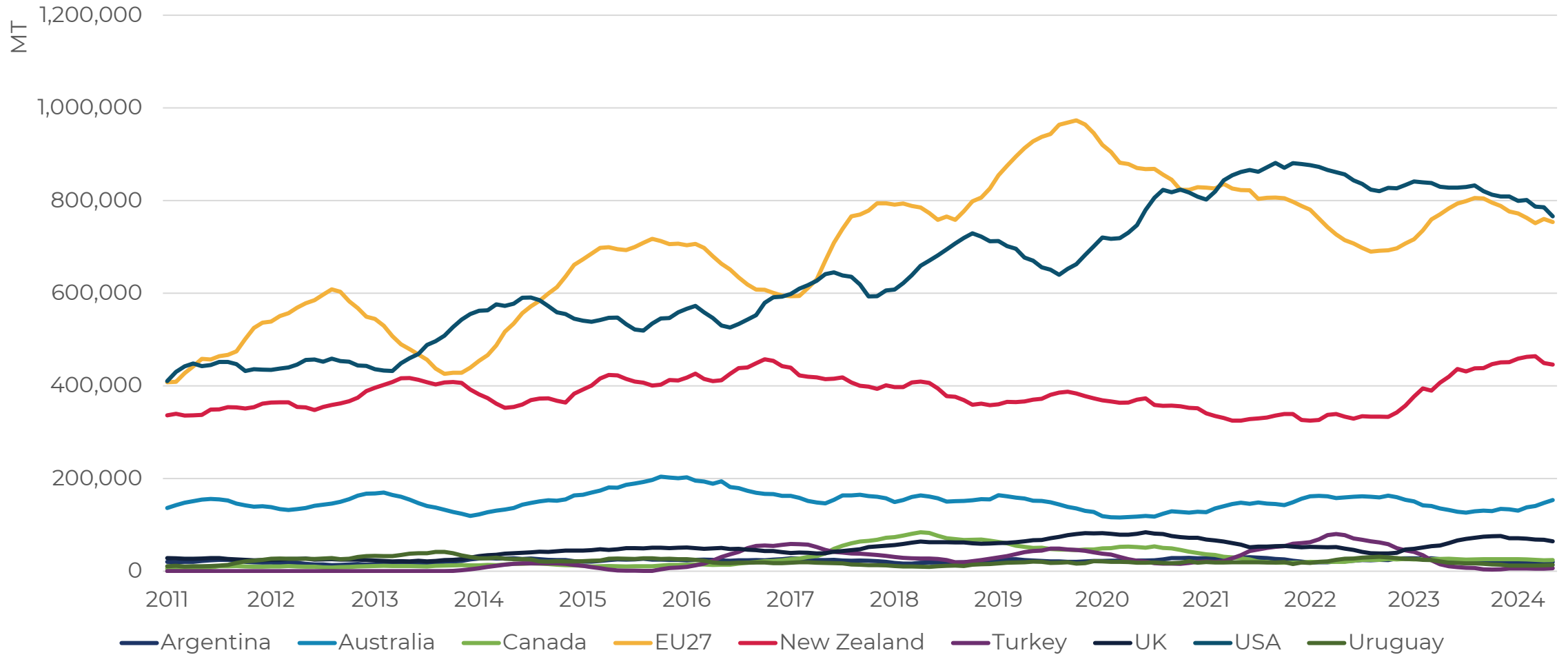


# Global Overview: NFDM/SMP – Last 12 Months



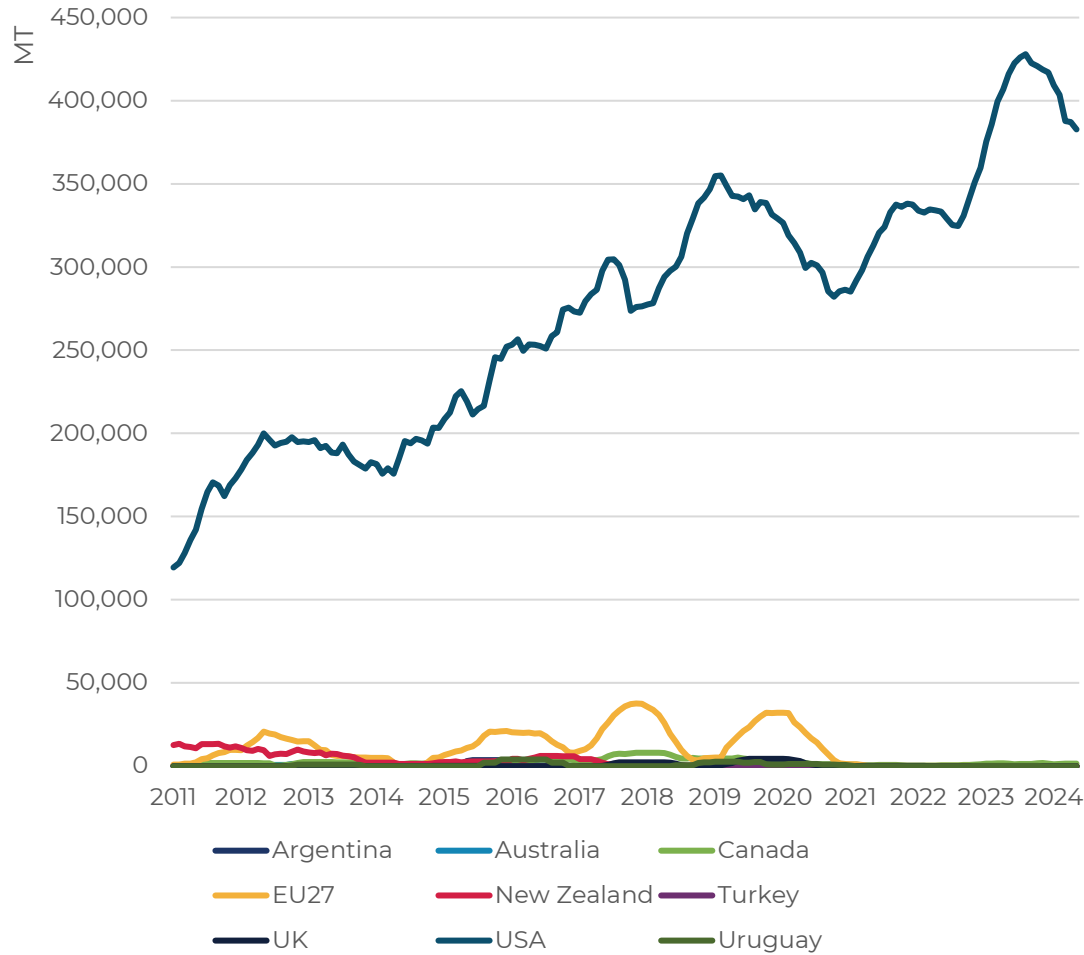
# Trade Flows: NFDMSMP

## Global NFDMSMP Trade to World

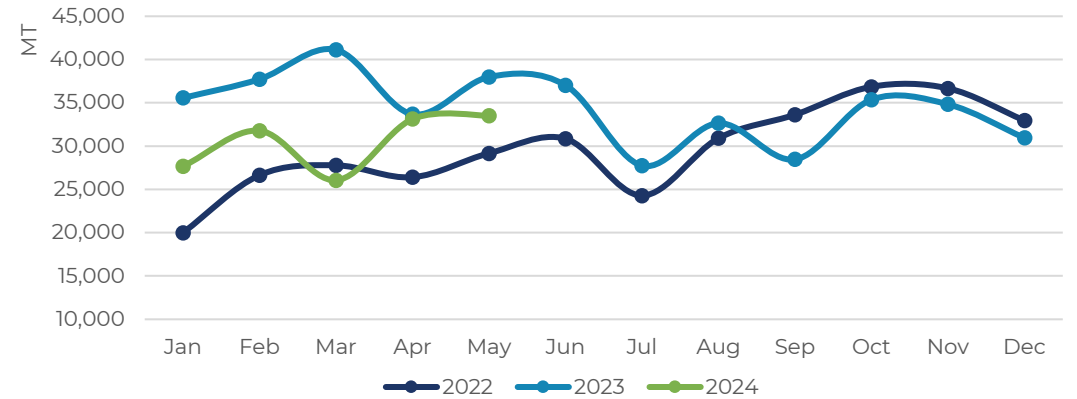


# Mexico

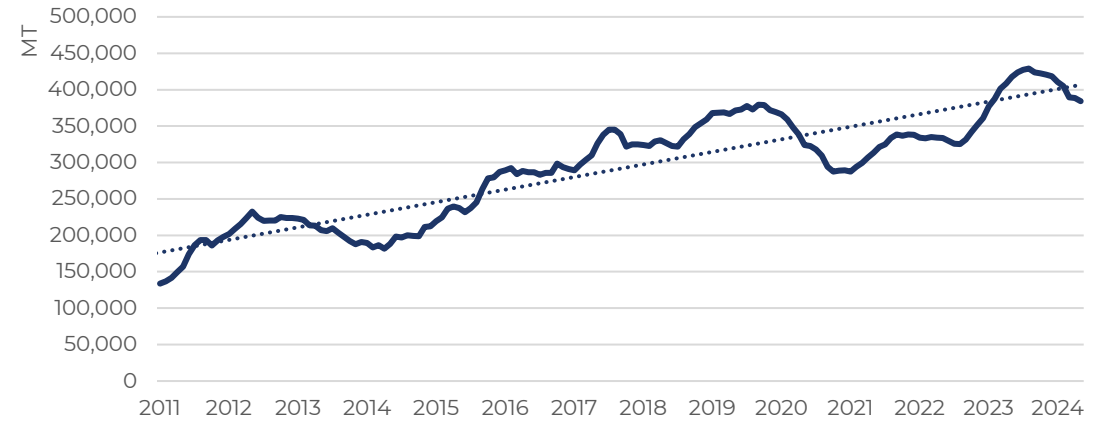
Global NFDMSMP Trade to Mexico



Global NFDMSMP Trade to Mexico



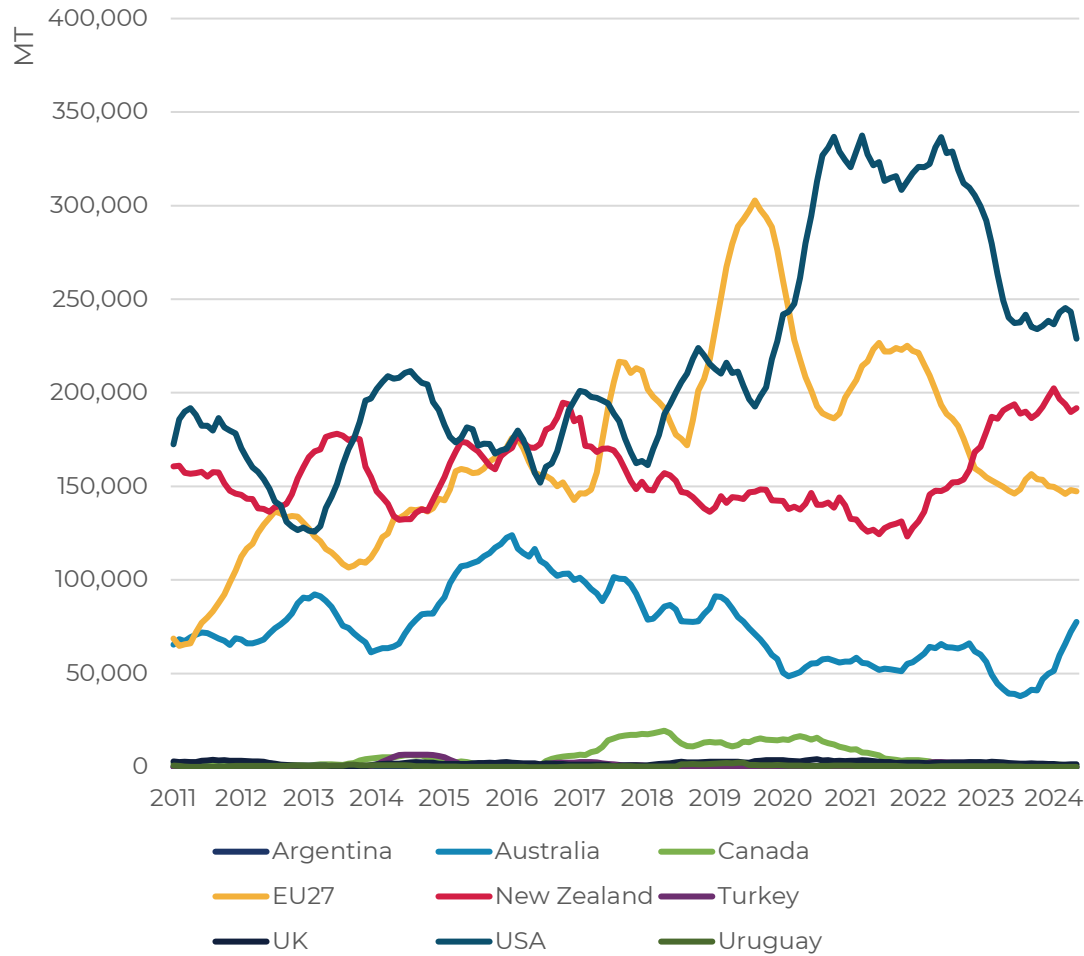
Global NFDMSMP Trade to Mexico



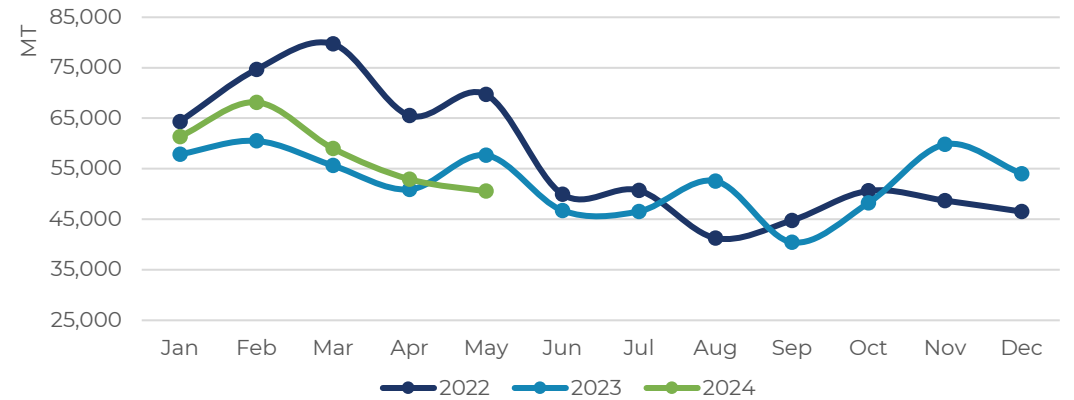


# Southeast Asia

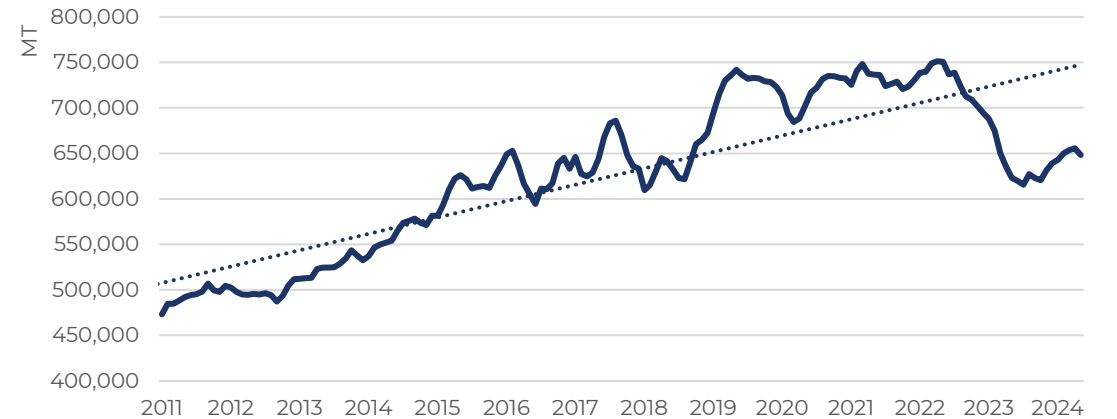
Global NFDM/SMP Trade to SEA



Global NFDM/SMP Trade to SEA

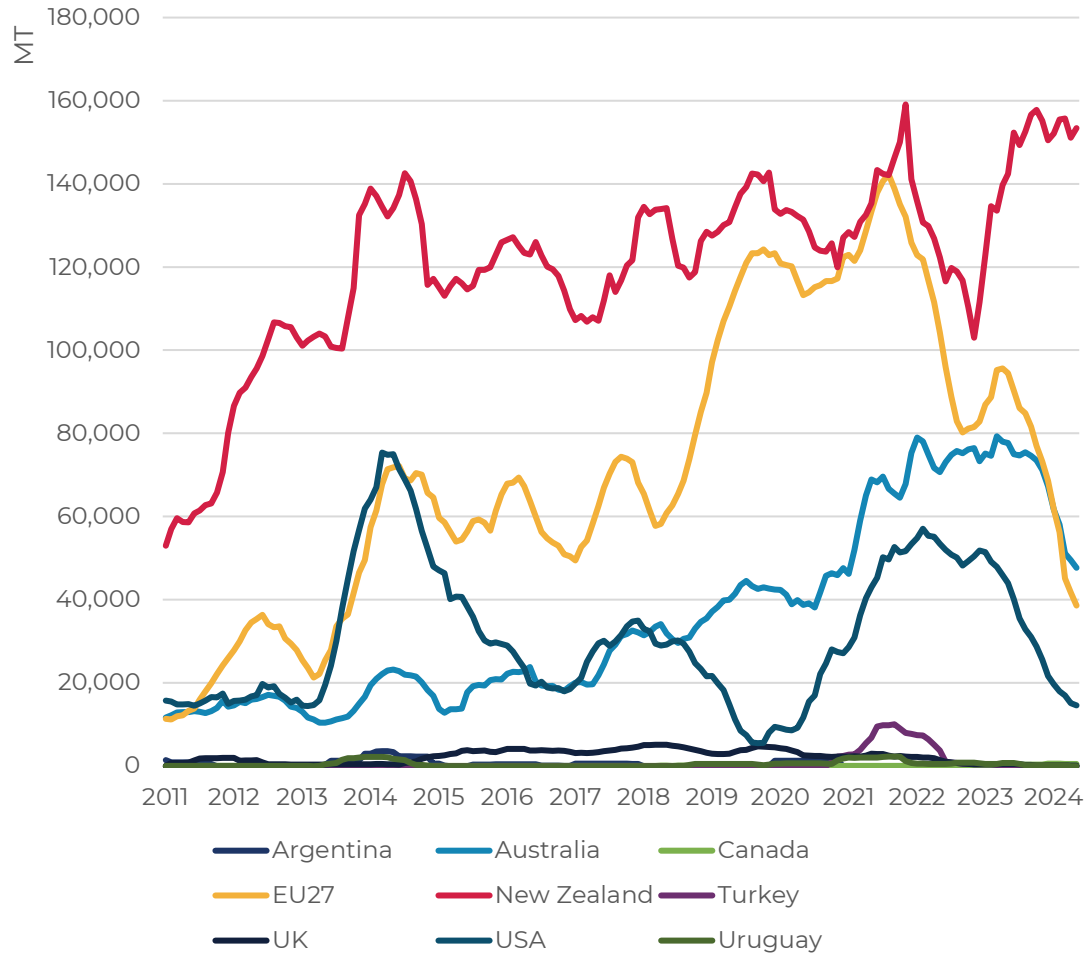


Global NFDM/SMP Trade to SEA

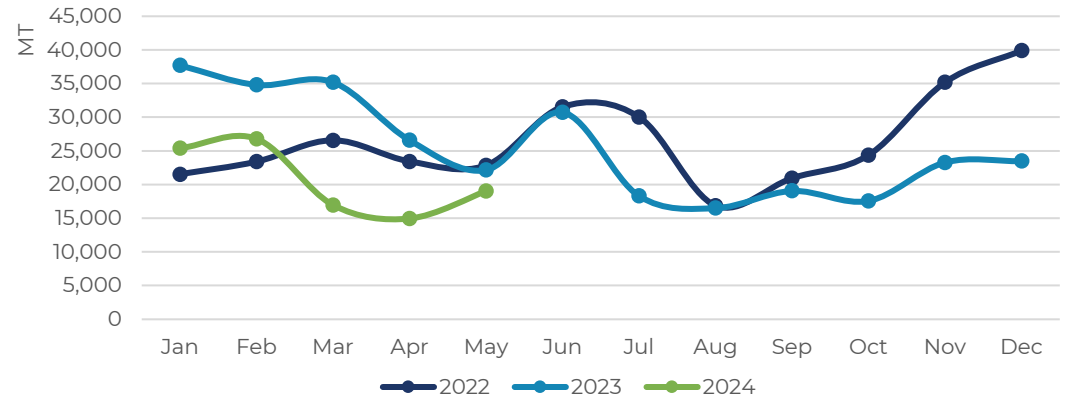


# China

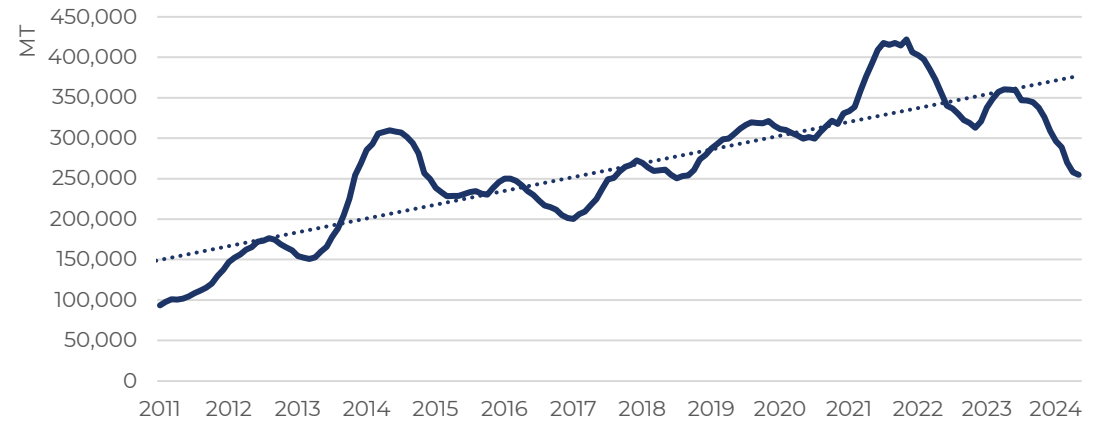
Global NFDMSMP Trade to China+HK



Global NFDMSMP Trade to China+HK

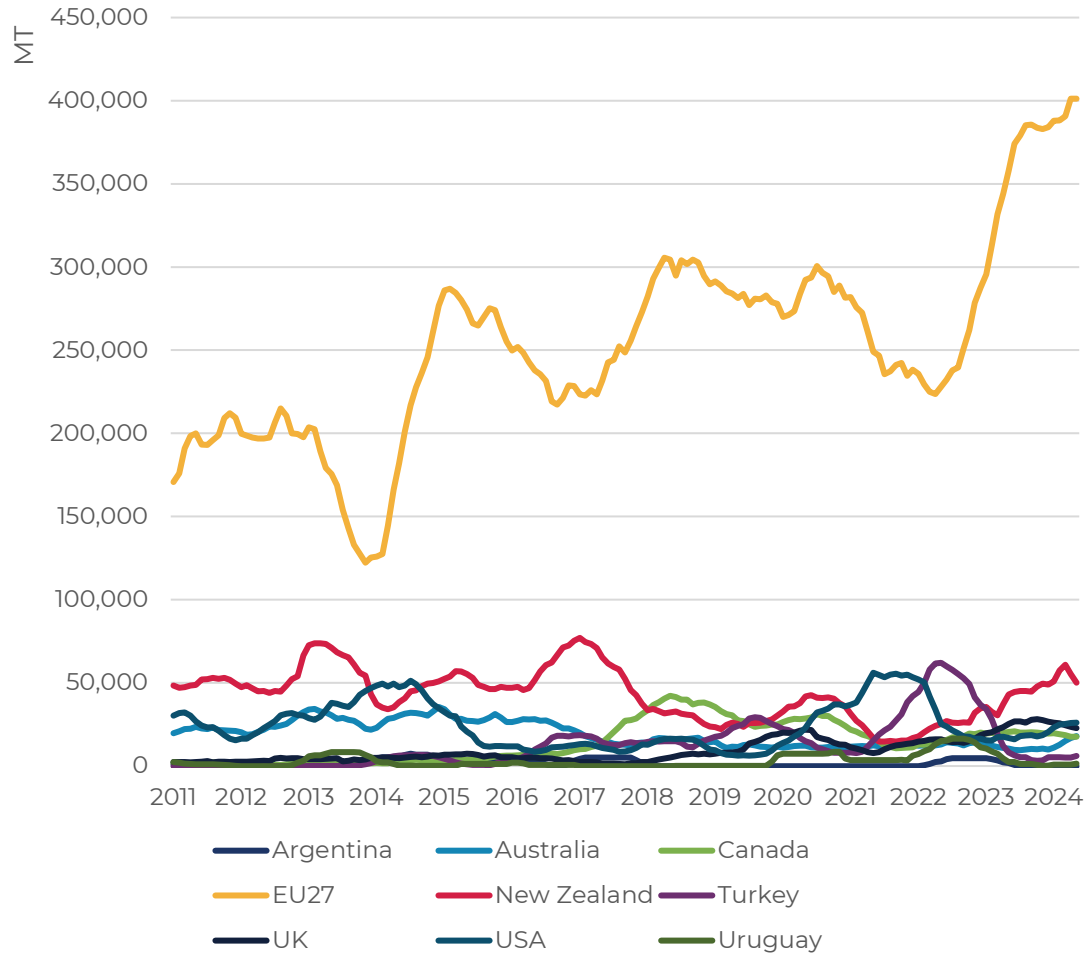


Global NFDMSMP Trade to China+HK

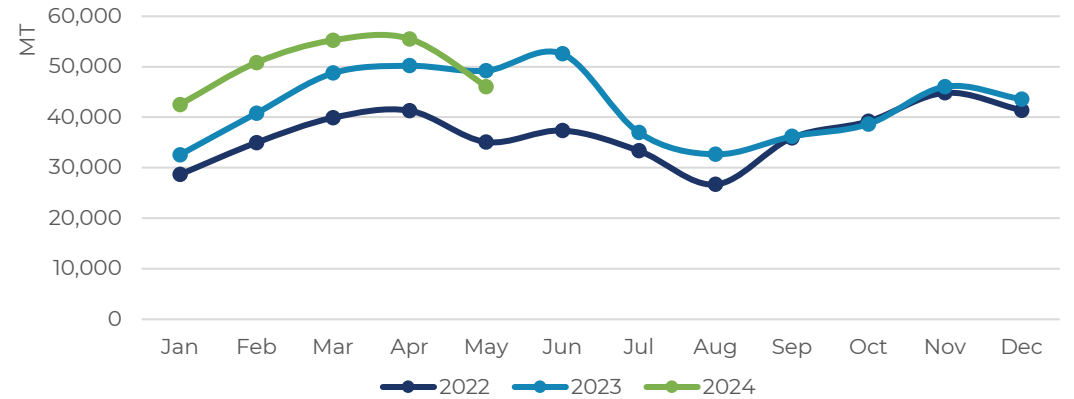


# MENA

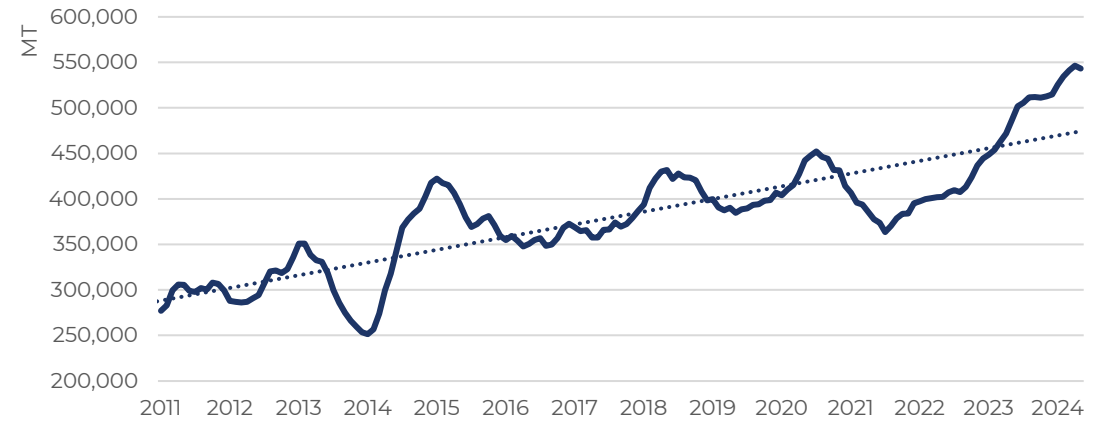
## Global NFDM/SMP Trade to MENA



## Global NFDM/SMP Trade to MENA



## Global NFDM/SMP Trade to MENA



# Whey Products (0404.10)

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# Whey Products (0404.10) Market Commentary



## KEY TAKEAWAYS

- **Low-protein whey trade is gathering momentum**, growing five out of the last six months, with especially robust performance in May. With double digit gains to multiple large markets, **low-protein whey posted its strongest month in three years** (+18%, +22,098 MT). Growth in May was virtually assured when China and Southeast Asia – which combine to account for 60% of global low-protein whey demand – both rose by more than 7,000 MT in a single month (+18%, +7,239 MT to China; +19%, +7,075 MT to SEA).
- **Since the start of the year, piglet prices in China have nearly doubled**, going from 23 ¥/kg at the start of the year to 44 ¥/kg today. The current dearth of breeding sows limiting new piglet supplies appears the proximate cause of the price rally, but just as importantly, we are seeing new commercial pig breeding farms expanding in China. Of note, Muyuan Group started construction on a 136 million yuan breeding facility with the goal to sell 30,000 breeding pigs annually. The profitability of such expansion efforts remains a question, but with the company's cost of pig breeding reportedly around 14.3 ¥/kg today, **large commercial operations appear likely to keep growing** even as smaller operators struggle with slow demand.

Global  
Whey  
(0404.10)  
Trade

**+17.9%**  
May YoY

**+7.8%**  
YTD, Ending May

**-1.1%**  
Last 12-Months,  
Ending May

**-2.0%**  
3-Year CAGR

## May Standout Markets



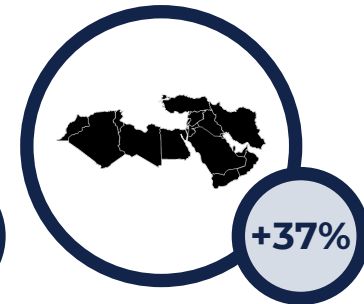
**CHINA+HK**  
+7,239 MT



**SOUTHEAST ASIA**  
+7,075 MT



**SSA**  
+2,199 MT



**MENA**  
+2,654 MT

## ADDITIONAL NOTES

Southeast Asia's recent rally in low-protein whey is a welcome signal for recovering demand in the country. Some of the growth in low-protein whey trade is likely manufacturers adjusting formulations using SMP in favor of low-protein whey where possible as a cost-saving measure. The positive implication is that if demand for low-protein whey is recovering at this rate consistently, it suggests consumption is rallying as inflation cools and GDP outperforms expectations – potentially offering hope for SMP and cheese as well, which have struggled to gain traction. Additionally, Malaysia and Indonesia have posted the strongest growth in the region so far in 2024, suggesting better demand for FFMP/blends has also likely helped boost volumes as lower palm oil prices have increased the affordability of the finished FFMP. Whether growth continues with higher whey prices and a resurgent China remains to be seen, but regardless, growing whey demand in SEA is positive news for U.S. exporters.

# Whey Products (0404.10) Market Commentary



## LOOKING AHEAD

- In China, May volumes of low-protein whey were roughly comparable to 2022 as **better piglet (and more recently pork) prices are sending a signal to expand hog operations** even as prices remain well below the peaks seen during African Swine Fever. While that level is still behind the highs of 2021, May's figure is likely undercounting the total low-protein whey volumes as some appears to have been miscoded as high-protein whey (see WPC80+ write-up for more info). **While we anticipated China would return to the market with better pork prices, this rally has been faster than anticipated.** With favorable comparisons through the end of the year, we now expect China's whey demand to be well set up to grow in the back half of the year.
- If China returns to growth, the question then becomes whether other importing markets back off, especially given the recent price strength. Southeast Asia would be the most likely market to pull back significantly as volumes have been soaring for the past nine months, potentially signaling buyers have cushion to wait for more attractive prices. Regardless, **with plenty of cheese production expected alongside a seemingly resurgent China, global low-protein whey trade appears well positioned to grow for the next few months.**

### U.S. Whey (0404.10) Exports

**+16.6%**  
May YoY

**+3.2%**  
YTD, Ending May

**-14.9%**  
Last 12-Months,  
Ending May

**-5.2%**  
3-Year CAGR

### EU Whey (0404.10) Exports

**+18.1%**  
May YoY

**+6.4%**  
YTD, Ending May

**+5.6%**  
Last 12-Months,  
Ending May

**+1.8%**  
3-Year CAGR

### NZ Whey (0404.10) Exports

**+19.1%**  
May YoY

**+13.3%**  
YTD, Ending May

**+11.6%**  
Last 12-Months,  
Ending May

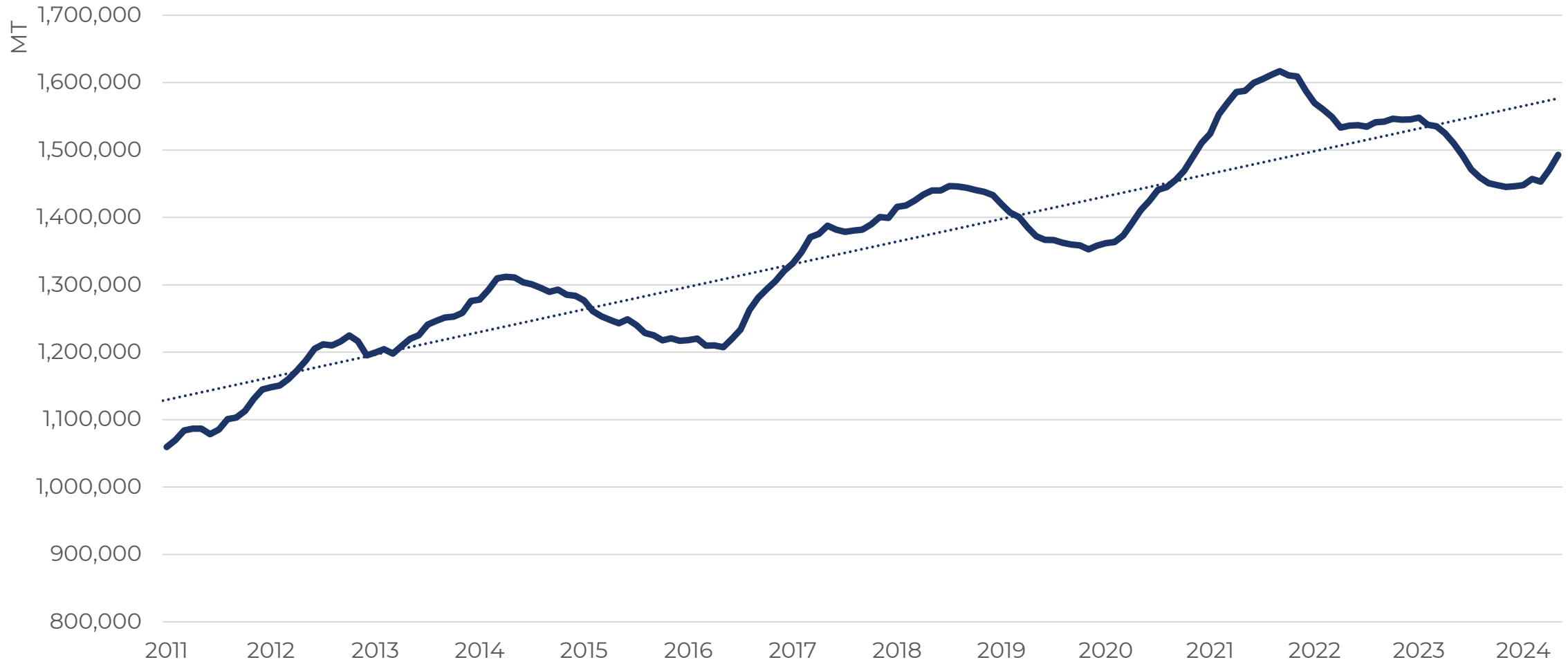
**+3.7%**  
3-Year CAGR

## ADDITIONAL NOTES

The U.S. and Europe continue to vie for market share in the low-protein space. So far this year, Europe has outpaced the U.S. (+18,114 MT YTD for EU exports compared to +6,614 MT for the U.S.) with a focus on Southeast Asia, Sub-Saharan Africa, and the UK. Surprisingly though, Turkey has grown more than any other supplier in low-protein whey exports in 2024 (+224%, +19,247 MT YTD) thanks to a boom in volumes to Egypt (+6,070 MT) and Algeria (+1,357 MT). More intriguingly, Turkish exporters are also increasing their presence in Asia, which should make U.S. exporters pay attention. Turkey's low-protein whey exports to China went from just 75 MT this time last year to 2,400 MT in 2024. Exports to Bangladesh are up 1,975 MT. Similarly, Turkish sales to the Philippines and Vietnam have increased by 1,357 MT and 1,212 MT, respectively.

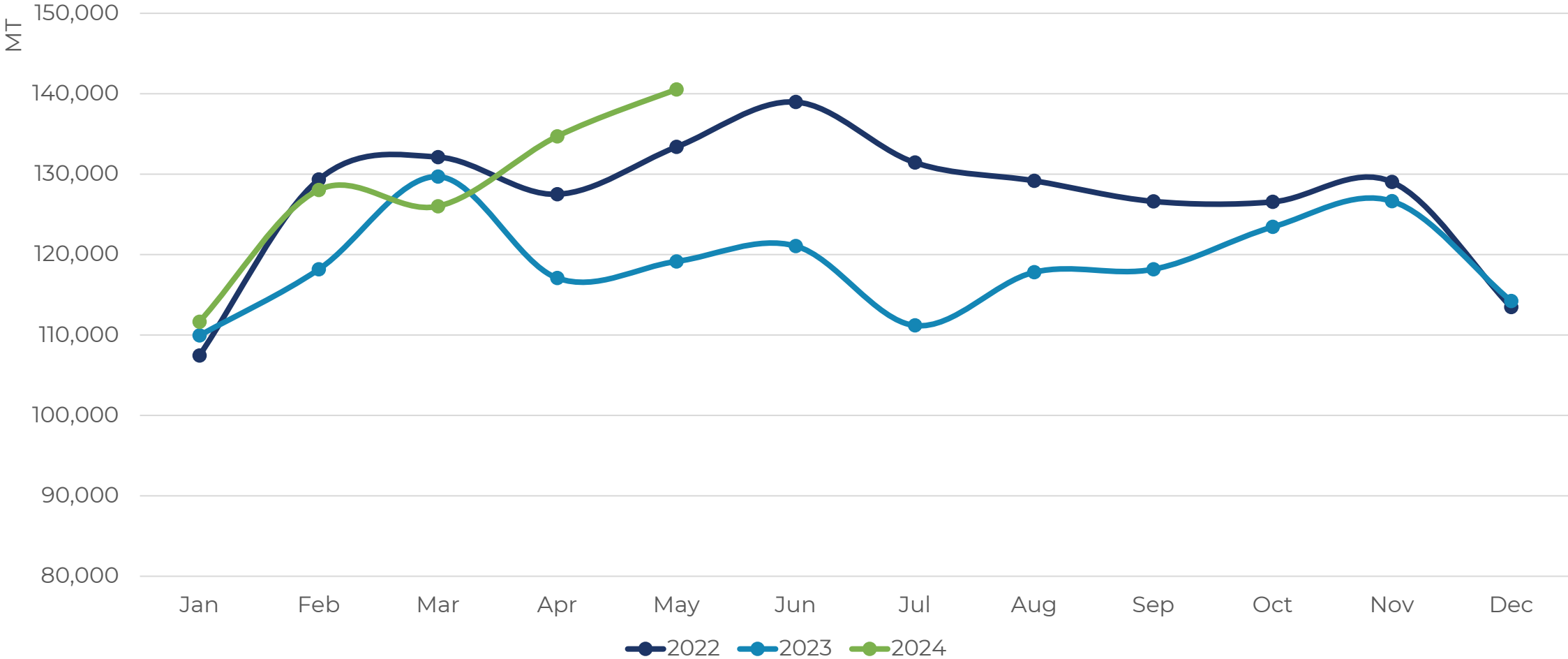
# Global Overview: Whey (0404.10)

Global Whey (0404.10) Trade to World



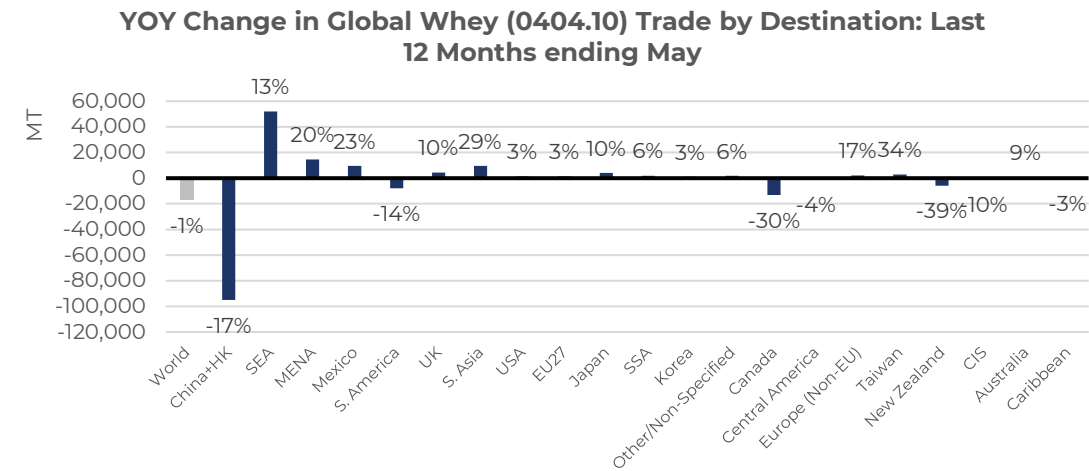
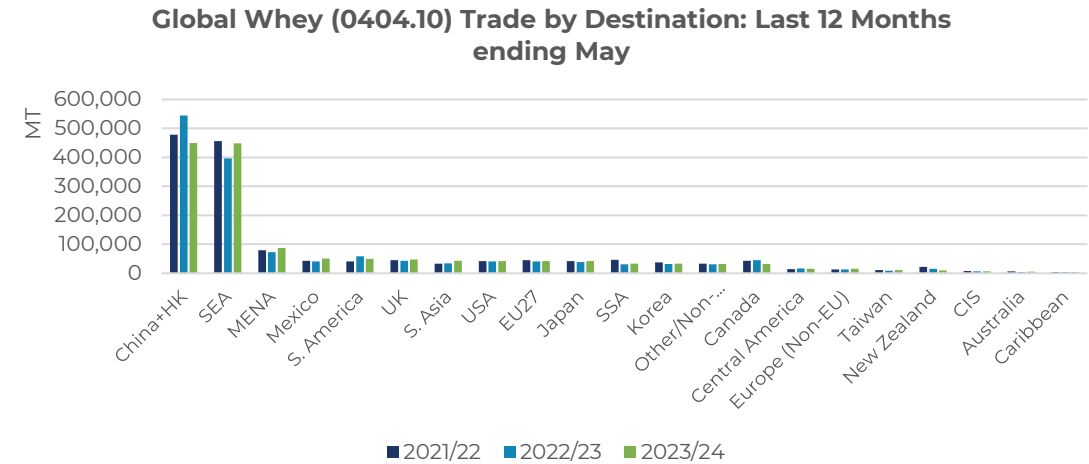
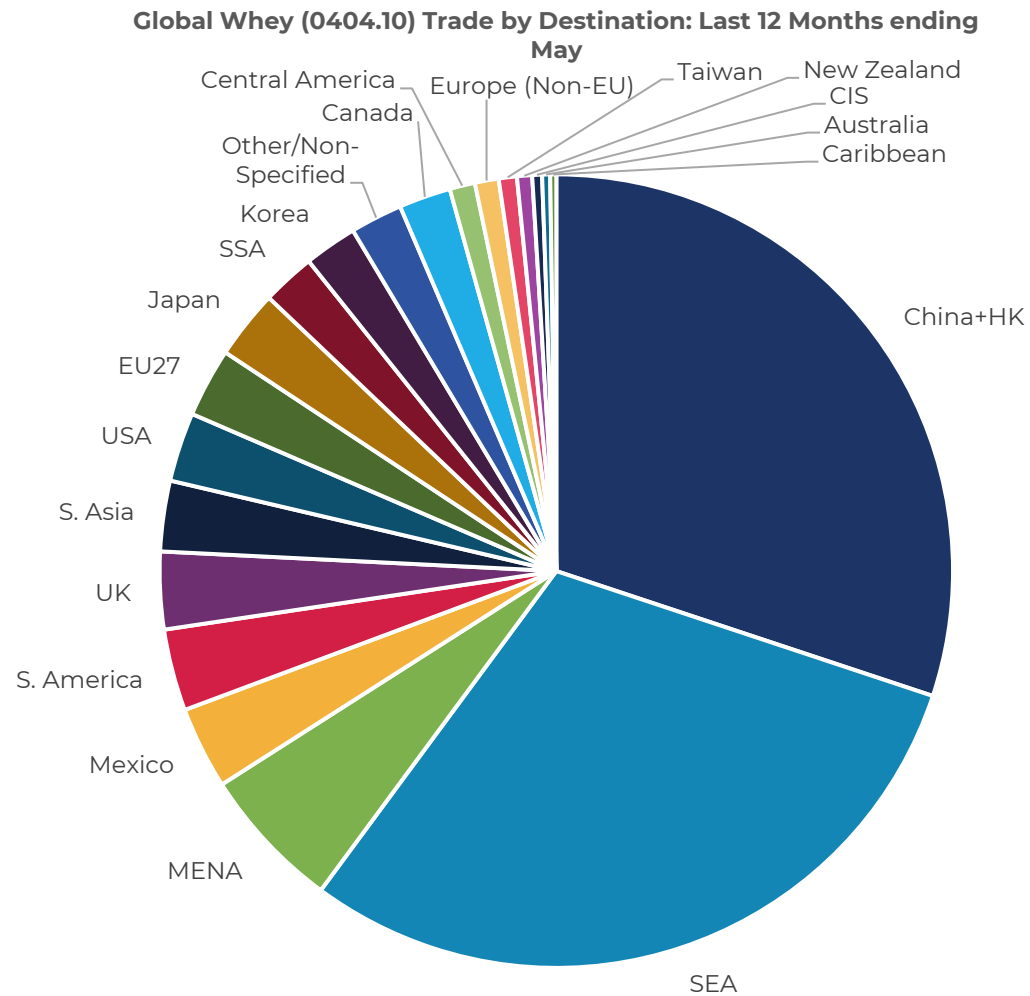
# Global Overview: Whey (0404.10)

Global Whey (0404.10) Trade to World



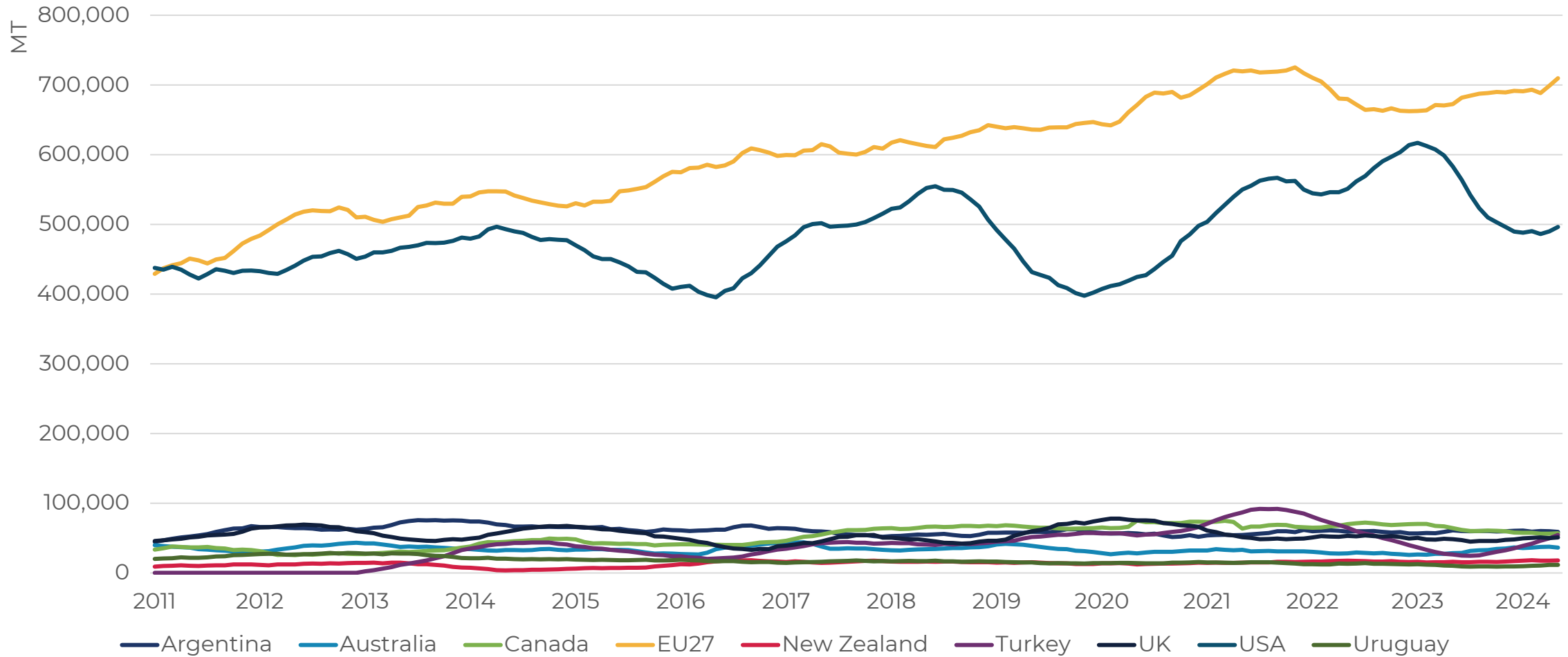


# Global Overview: Whey (0404.10) – Last 12 Months



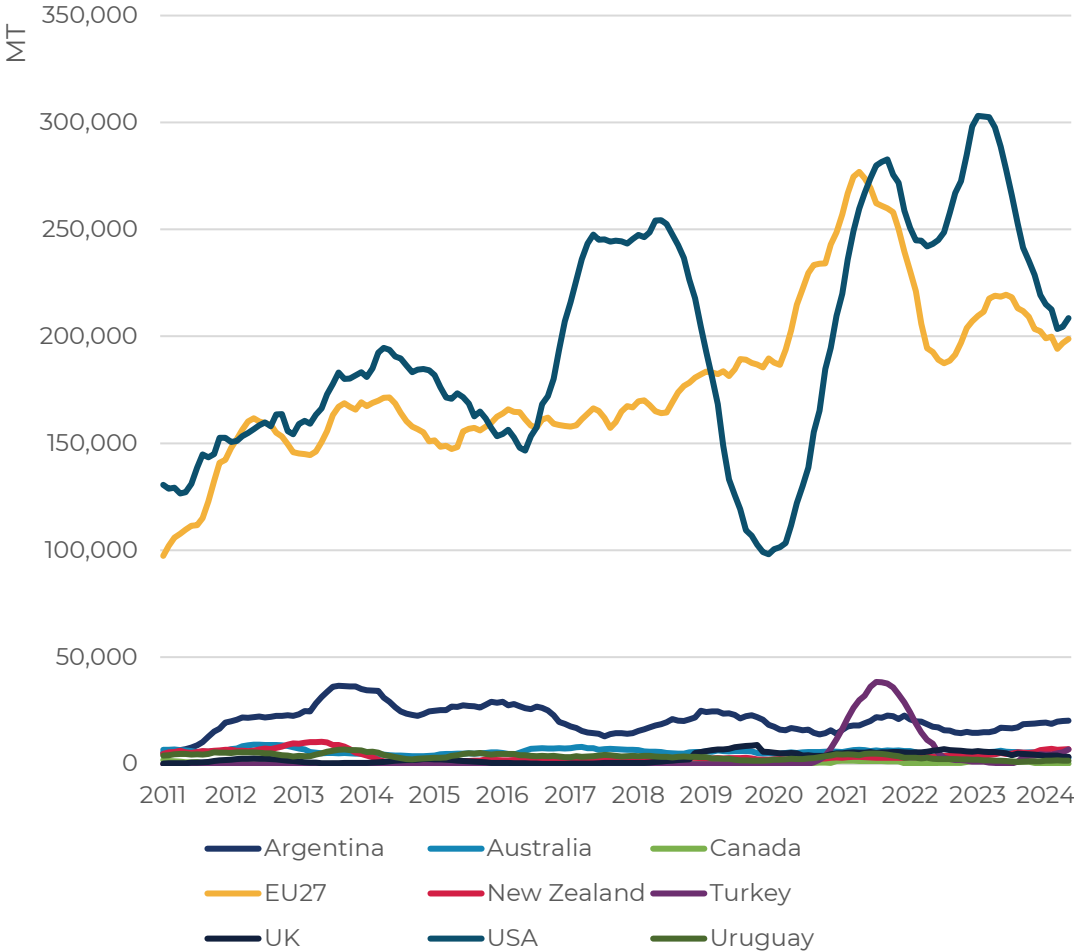
# Trade Flows: Whey Products

## Global Whey (0404.10) Trade to World

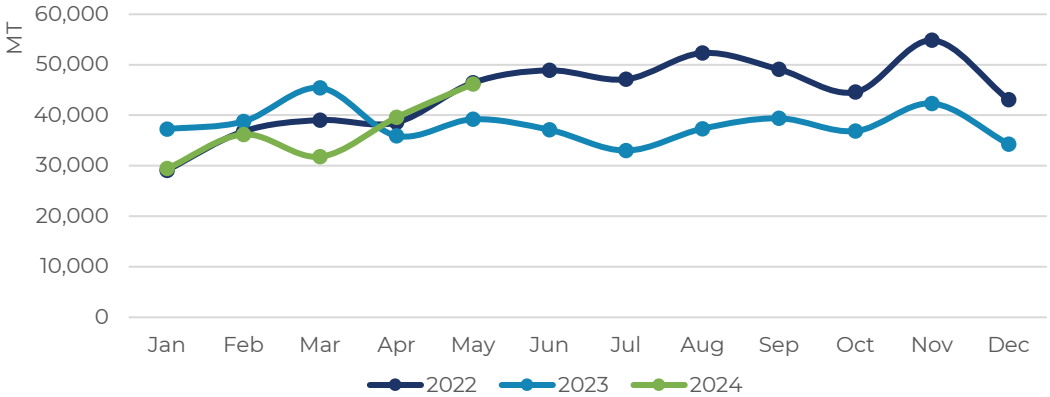


# China

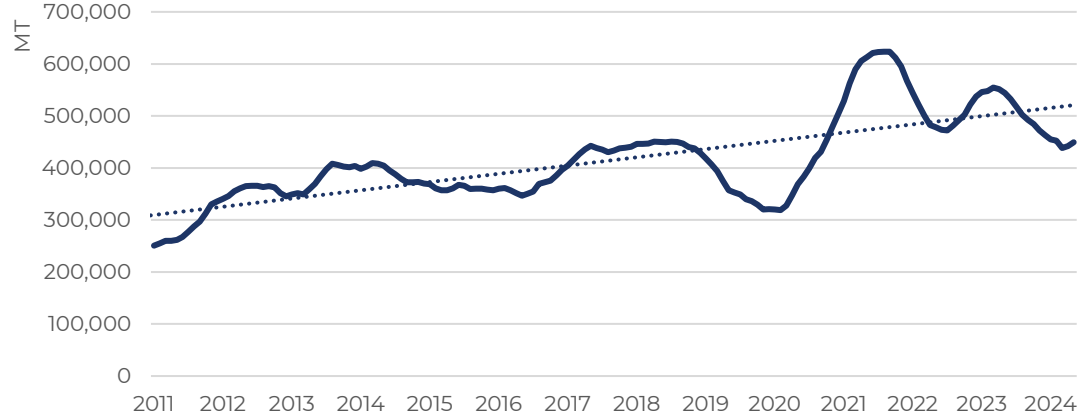
Global Whey (0404.10) Trade to China+HK



Global Whey (0404.10) Trade to China+HK

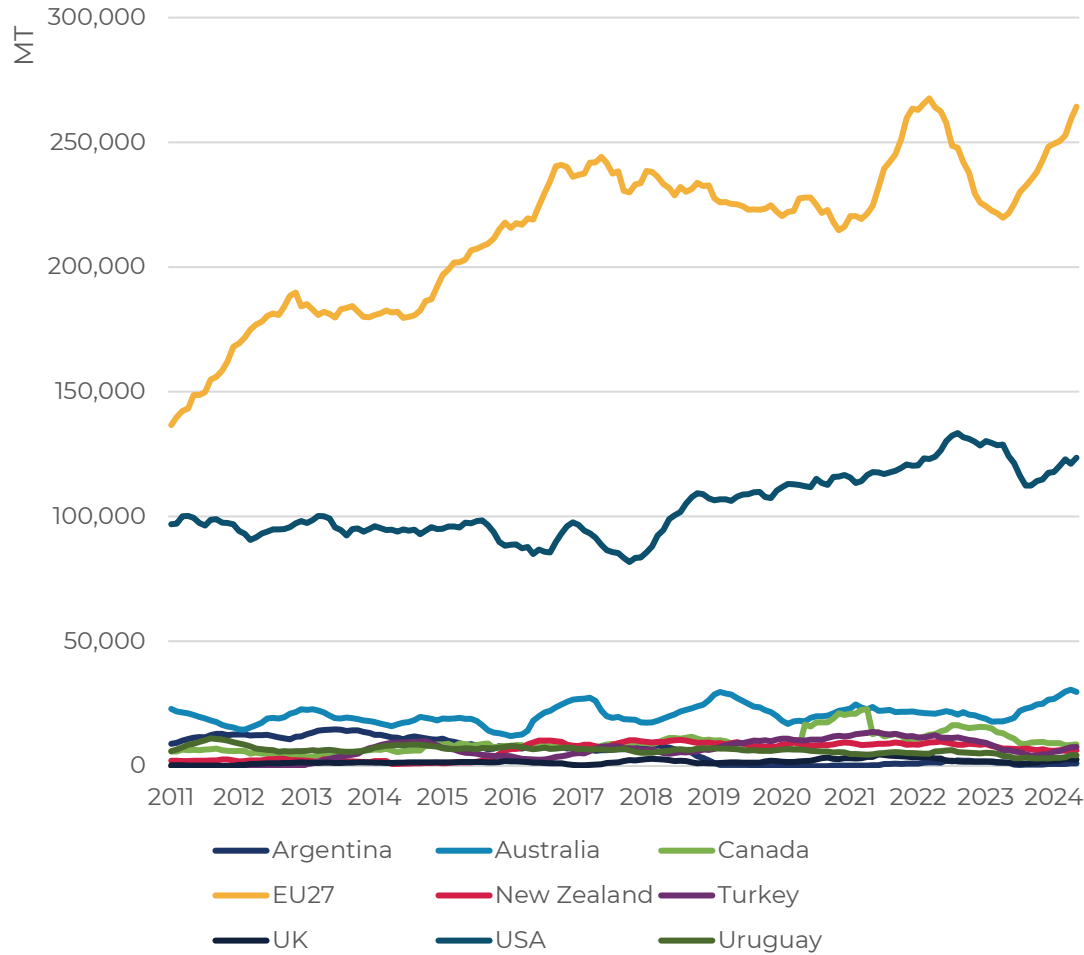


Global Whey (0404.10) Trade to China+HK

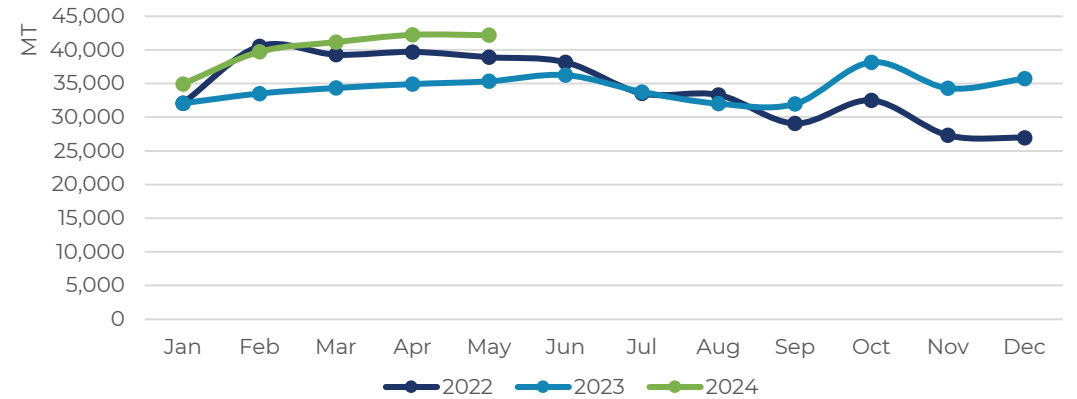


# Southeast Asia

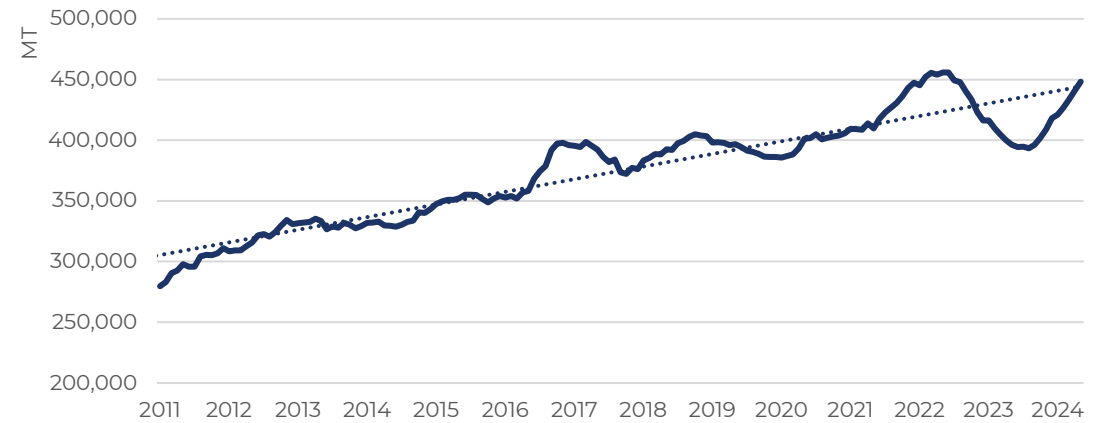
Global Whey (0404.10) Trade to SEA



Global Whey (0404.10) Trade to SEA



Global Whey (0404.10) Trade to SEA





**WPC80+**  
**(3502.20)**

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# WPC80+ (3502.20) Market Commentary



## KEY TAKEAWAYS

- **Global trade of high protein whey excelled again in May**, gaining 24% (+3,455 MT) and setting a new single-month record.
- Before getting too ecstatic, however, **the unit values in U.S. WPC80+ sales to China heavily suggest there is some misclassification in the data**. The average export unit value of U.S. WPC80+ shipments to China was just \$3,990/MT (\$1.80/lb.) in May, which doesn't match market pricing, nor is it consistent with exports to other destinations. Furthermore, volumes were exceptionally high for the month of May. Both these signals suggest some WPC34 or sweet whey is likely being incorrectly counted as WPC80+ in the U.S. Census Data.
- This caveat shouldn't distract from the overall picture of growing demand for protein, however. **Even if you assume, half of China's WPC80+ purchases in May weren't actually WPC80 or WPI, global trade of WPC80+ still would have grown 4% for the month**. Brazil's WPC80+ demand continued to soar, gaining 36% (+325 MT) as did India's, which increased by 17% (+184 MT). In fact, the only market to see a downturn of any significant size was Japan, which fell by 16% (-401 MT).

Global  
WPC80+  
Trade

**+24.1%**  
May YoY

**+19.4%**  
YTD, Ending May

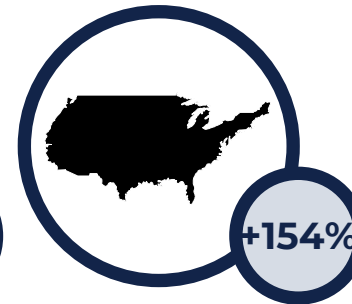
**+17.8%**  
Last 12-Months,  
Ending May

**+5.7%**  
3-Year CAGR

## May Standout Markets



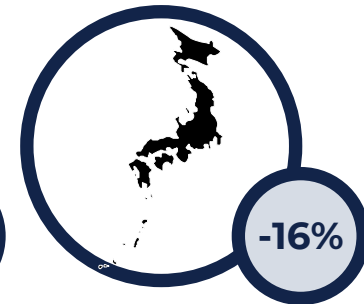
**CHINA+HK**  
+2,742 MT



**USA**  
+425 MT



**SOUTH AMERICA**  
+490 MT



**JAPAN**  
-401 MT

## ADDITIONAL NOTES

Just one month after discussing the exponential sales of WPC80+ to MENA, volumes came back down to earth even as they remained above prior year levels (+79%, +121 MT). In the last four months, WPC80+ volumes to the region went from 224 MT in February, to 643 MT in March, before peaking at 1,414 MT in April, and then falling back to 276 MT in May. Given the relatively small volumes, some month-to-month volatility is expected, but even still, it makes it difficult to get an accurate read on real consumption within the region. Clearly, given the scale of the increase, manufacturers in Turkey and Egypt are utilizing more imported WPC80 for local applications, and New Zealand has been able to capture most of that new business. However, with tougher comparisons in the months ahead, it is far from assured that MENA's demand will stay on its exponential pace through the back half of the year.

# WPC80+ (3502.20) Market Commentary



## LOOKING AHEAD

- **Global prices for WPC80+ are rallying again** after leveling off in H1 at elevated, but not record, levels. The recent price rally we're seeing is reminiscent of the mid-2022 market when average global prices approached \$6/lb. for WPC80. Those high prices burned off a significant amount of global demand – global trade of WPC80+ in the back half of 2022 dropped 10% from the year prior. Importantly though, 2022 was also when the world faced the height of inflation, pushing consumers to make tough decisions on all their purchases which contributed to drop in WPC80+ demand. What makes the current price rally potentially different is global inflation has eased considerably and buyers/consumers are (reluctantly) much more comfortable with higher prices having dealt with them for more than two years now. However, **if prices continue to rally and we again begin to approach \$6/lb., we may see global demand growth cool.**
- In the meantime, **demand continues to be robust** and, even at the current high prices, there is widespread expansion across many importing countries. **As such, there is little to suggest this trend will reverse in the near-term** with the caveat on the threat of a sustained rally in prices impacting shipments later in the year and into 2025.

### U.S. WPC80+ Exports

**+18.8%**  
May YoY

**+22.4%**  
YTD, Ending May

**+21.3%**  
Last 12-Months,  
May

**+6.7%**  
3-Year CAGR

### EU WPC80+ Exports

**+32.4%**  
May YoY

**+12.2%**  
YTD, Ending May

**+14.8%**  
Last 12-Months,  
Ending May

**+4.7%**  
3-Year CAGR

### NZ WPC80+ Exports

**+33.7%**  
May YoY

**+24.1%**  
YTD, Ending May

**+17.3%**  
Last 12-Months,  
Ending May

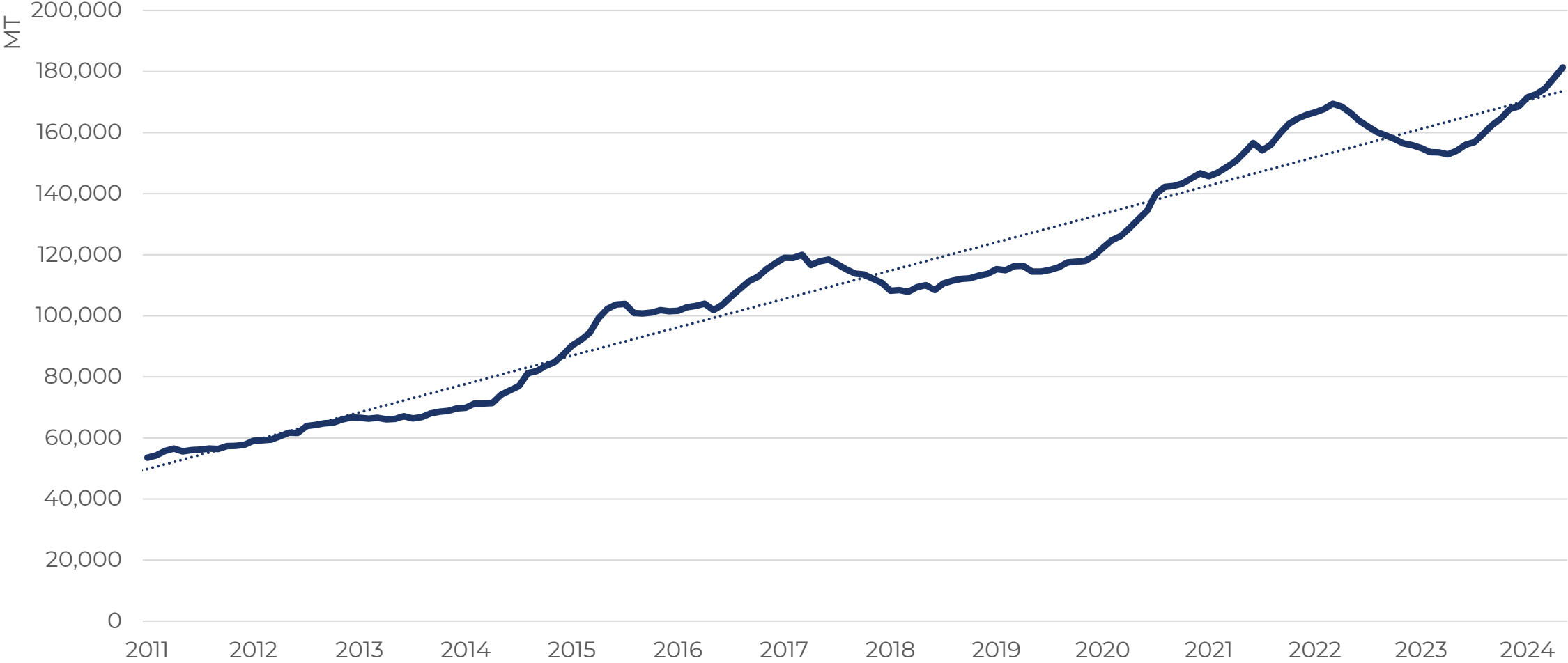
**+5.4%**  
3-Year CAGR

## ADDITIONAL NOTES

New Zealand is becoming increasingly active in WPC80+ markets with exports having grown by 24% year-to-date (+2,526 MT). While most of this year's growth has come in just the last two months, the increased activity is part of a longer trend given that hi-pro shipments from the Oceania supplier increased by 6% (+1,280 MT) in 2023 as well. With NZ manufacturers pivoting out of whole milk powder, high protein whey production (and thus exports) has been on the rise. Most of the increased volume has been focused on the U.S. (with unit values suggesting a mix of WPI and WPC80) and MENA, specifically Egypt and Turkey (with unit values suggesting the majority is 80). While much of NZ's focus remains on butter/skim production today, if WMP remains weak, we expect NZ to be an increasingly active player in WPC markets, especially when demand is growing like it is today.

# Global Overview: WPC80+

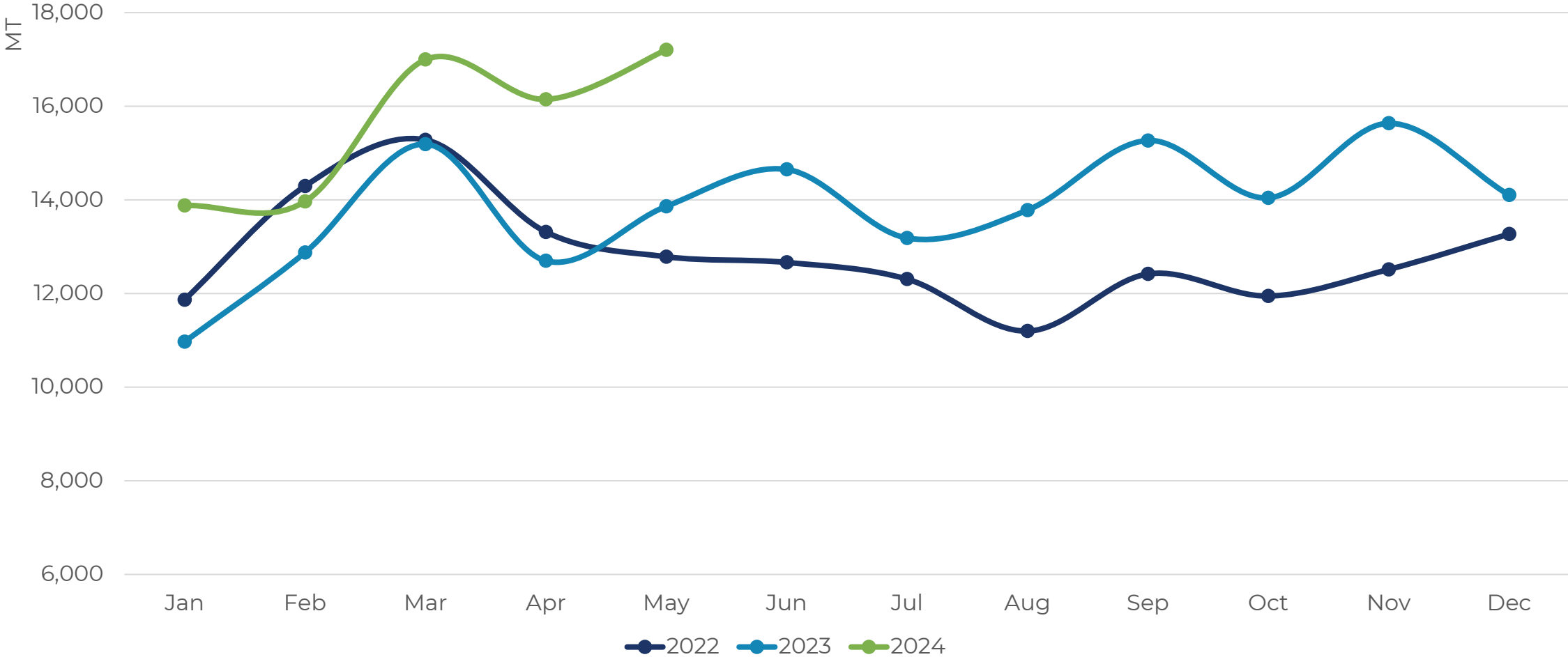
Global WPC80+ Trade to World





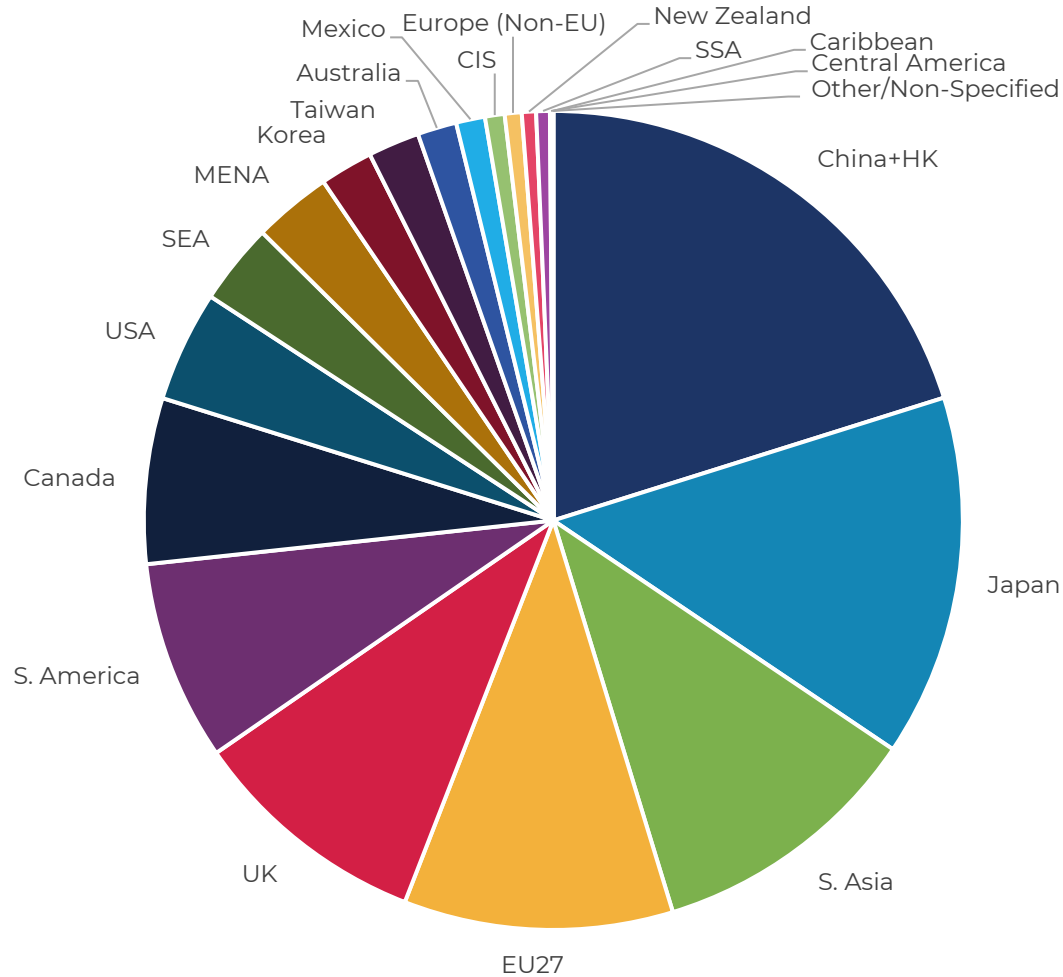
# Global Overview: WPC80+

Global WPC80+ Trade to World

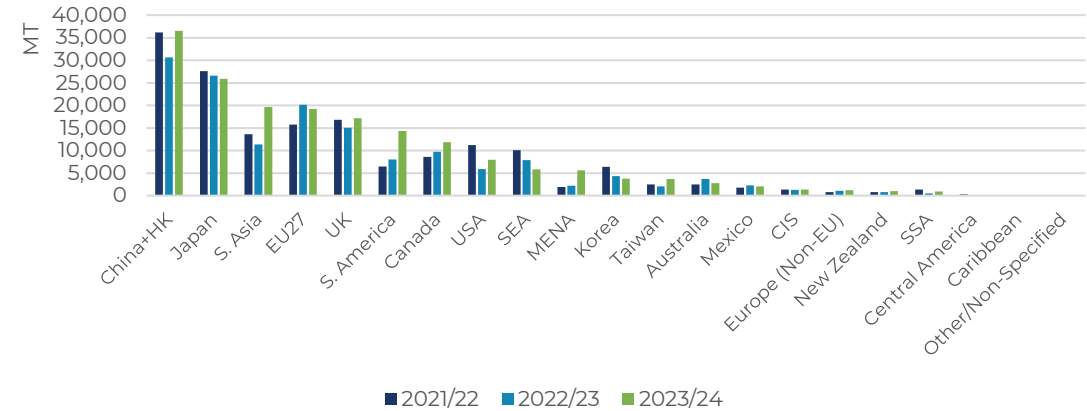


# Global Overview: WPC80+ – Last 12 Months

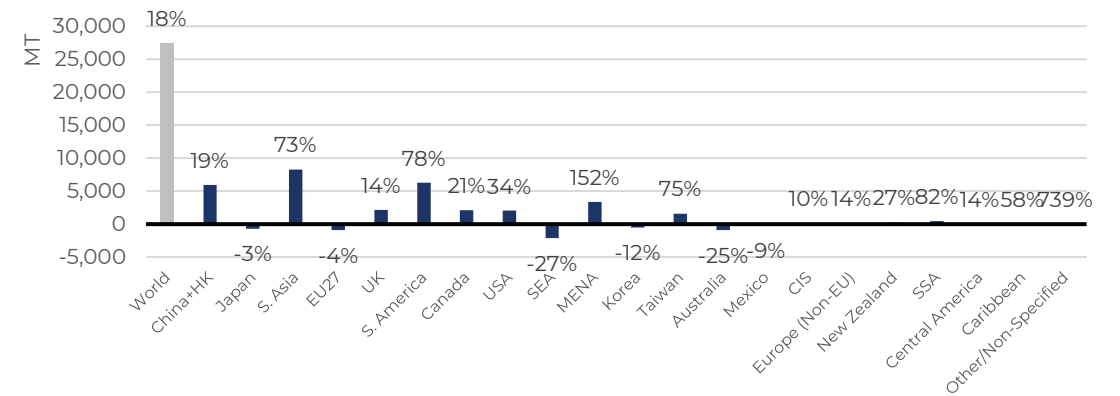
Global WPC80+ Trade by Destination: Last 12 Months ending May



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

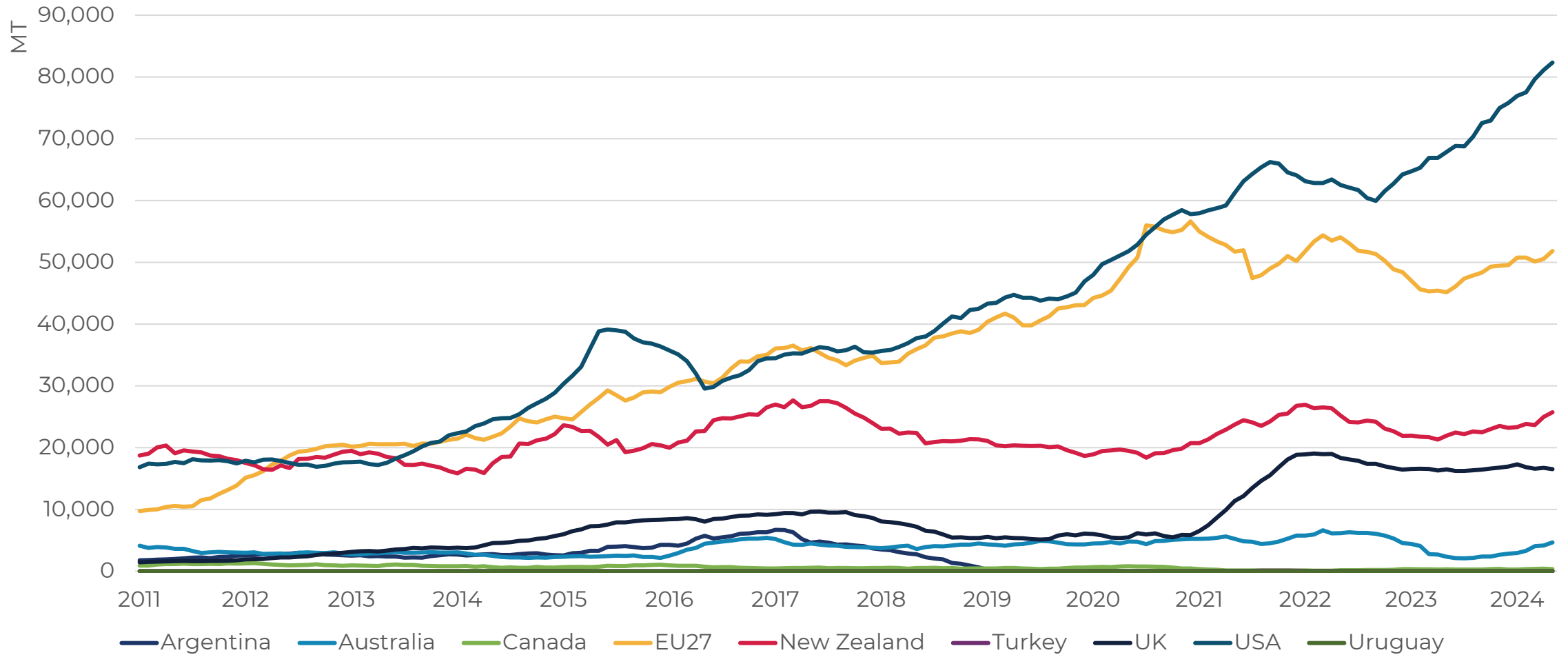


YOY Change in Global WPC80+ Trade by Destination: Last 12 Months ending May



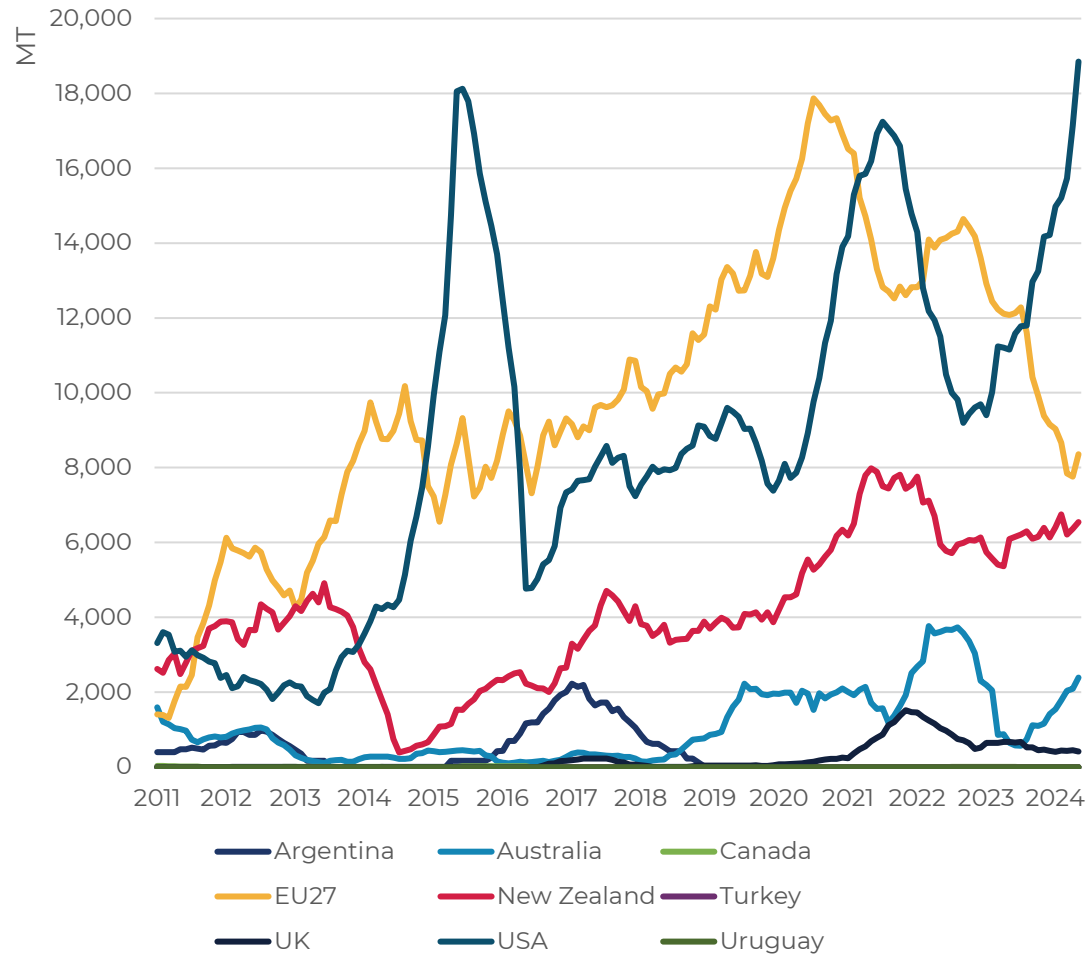
# Trade Flows: WPC80+

## Global WPC80+ Trade to World

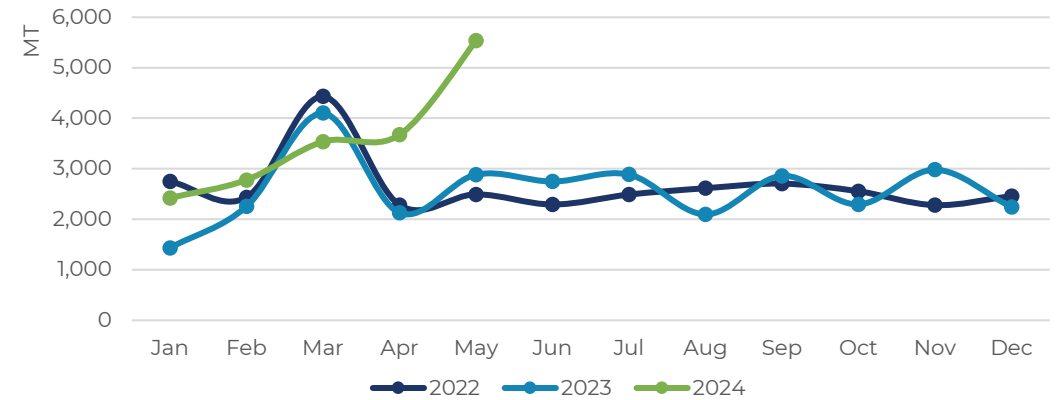


# China

## Global WPC80+ Trade to China+HK



## Global WPC80+ Trade to China+HK

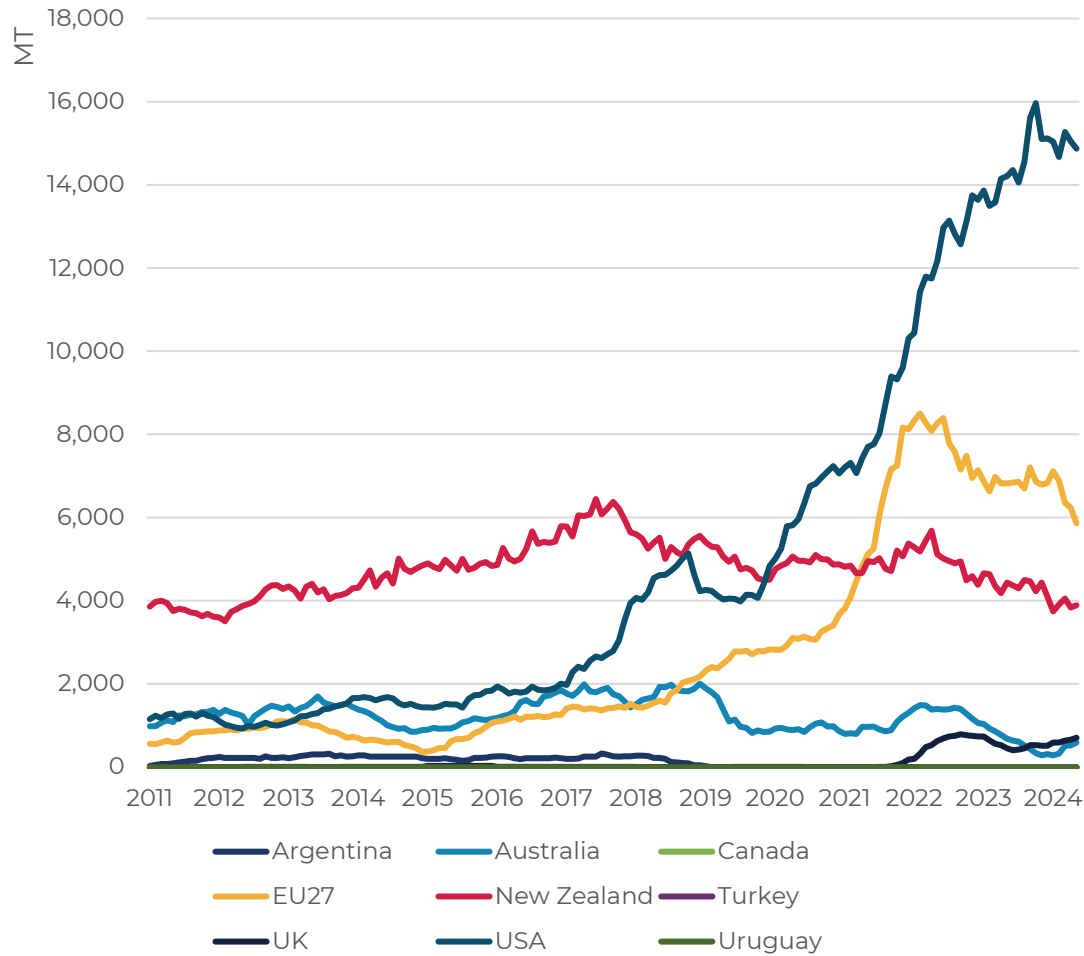


## Global WPC80+ Trade to China+HK

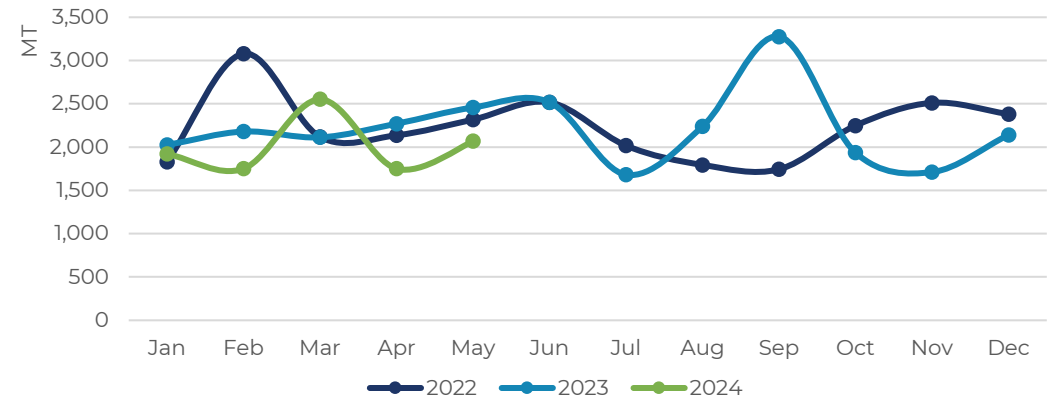


# Japan

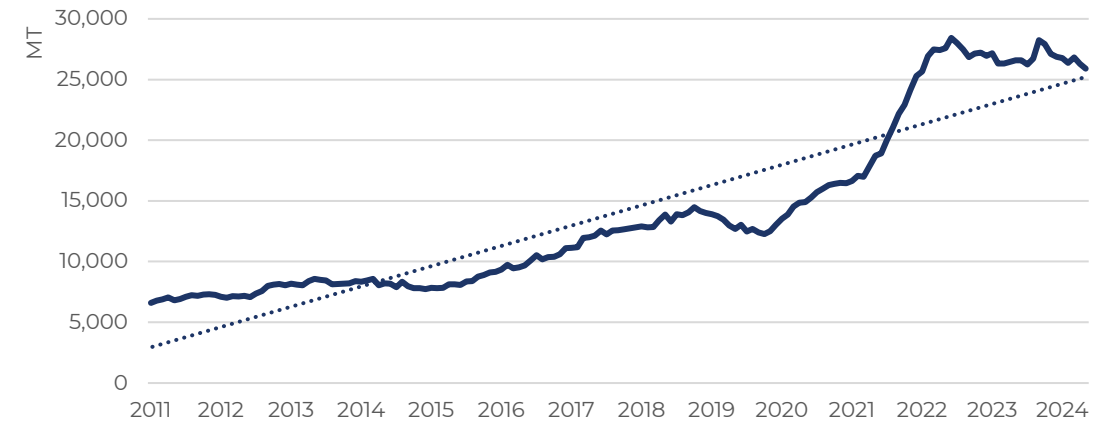
## Global WPC80+ Trade to Japan



## Global WPC80+ Trade to Japan

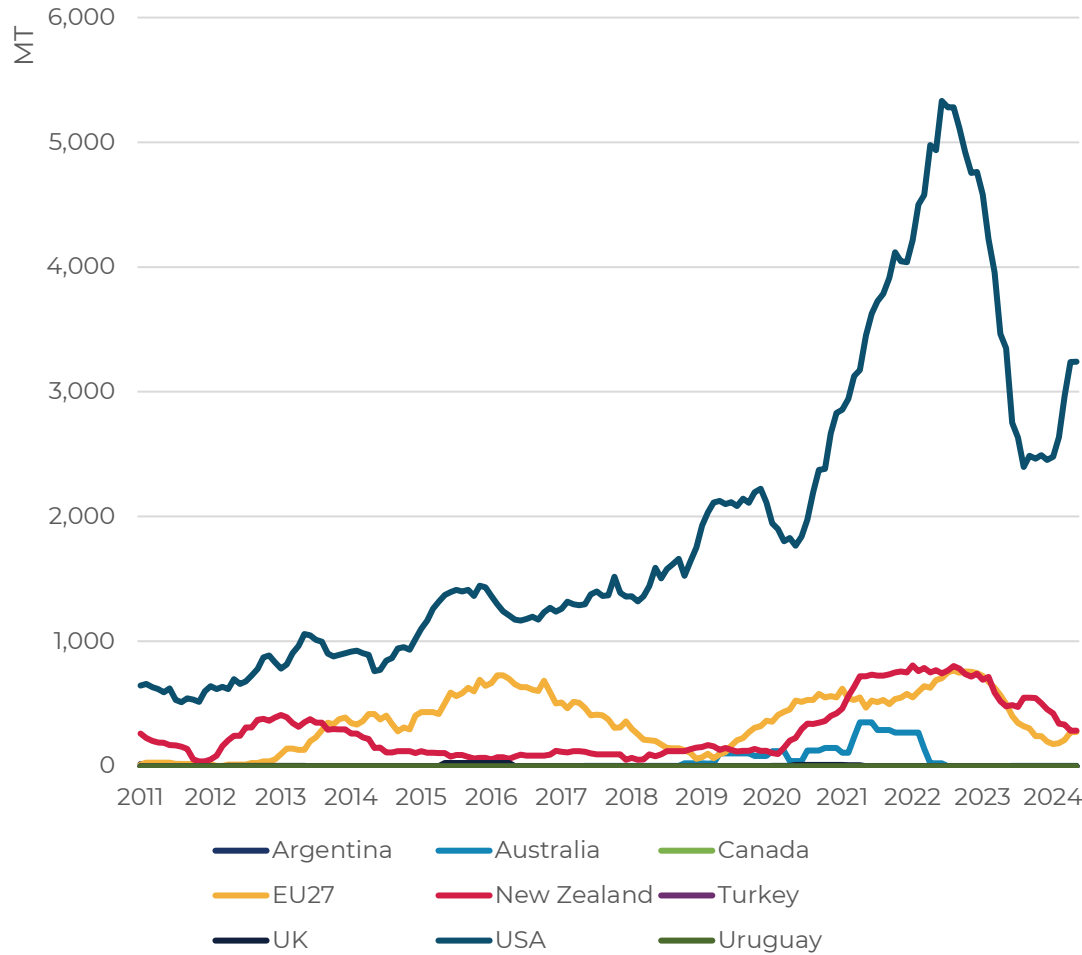


## Global WPC80+ Trade to Japan

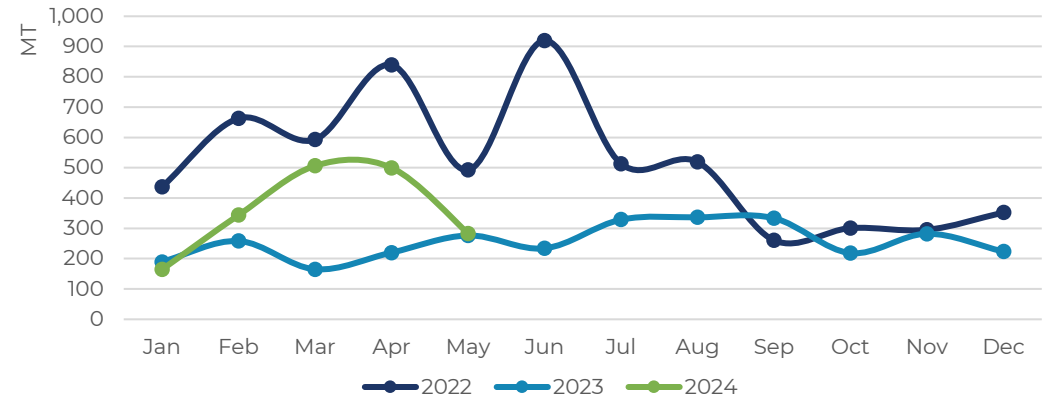


# Korea

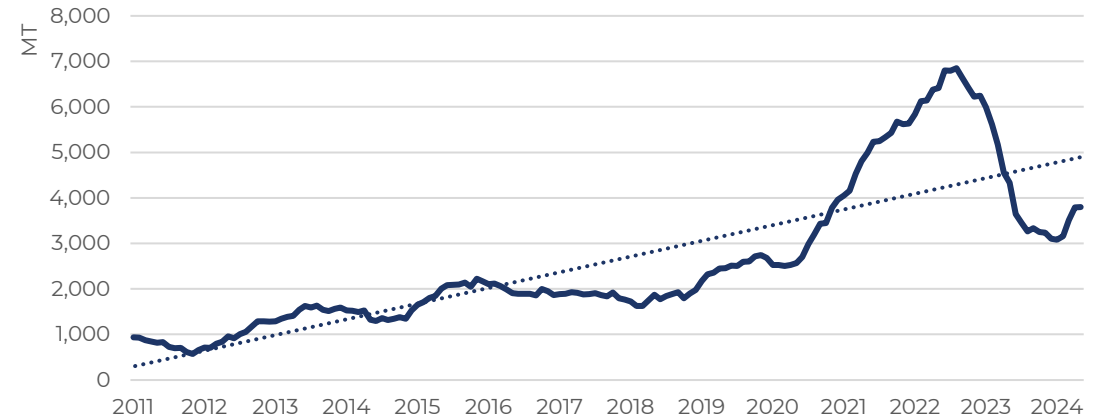
Global WPC80+ Trade to Korea



Global WPC80+ Trade to Korea

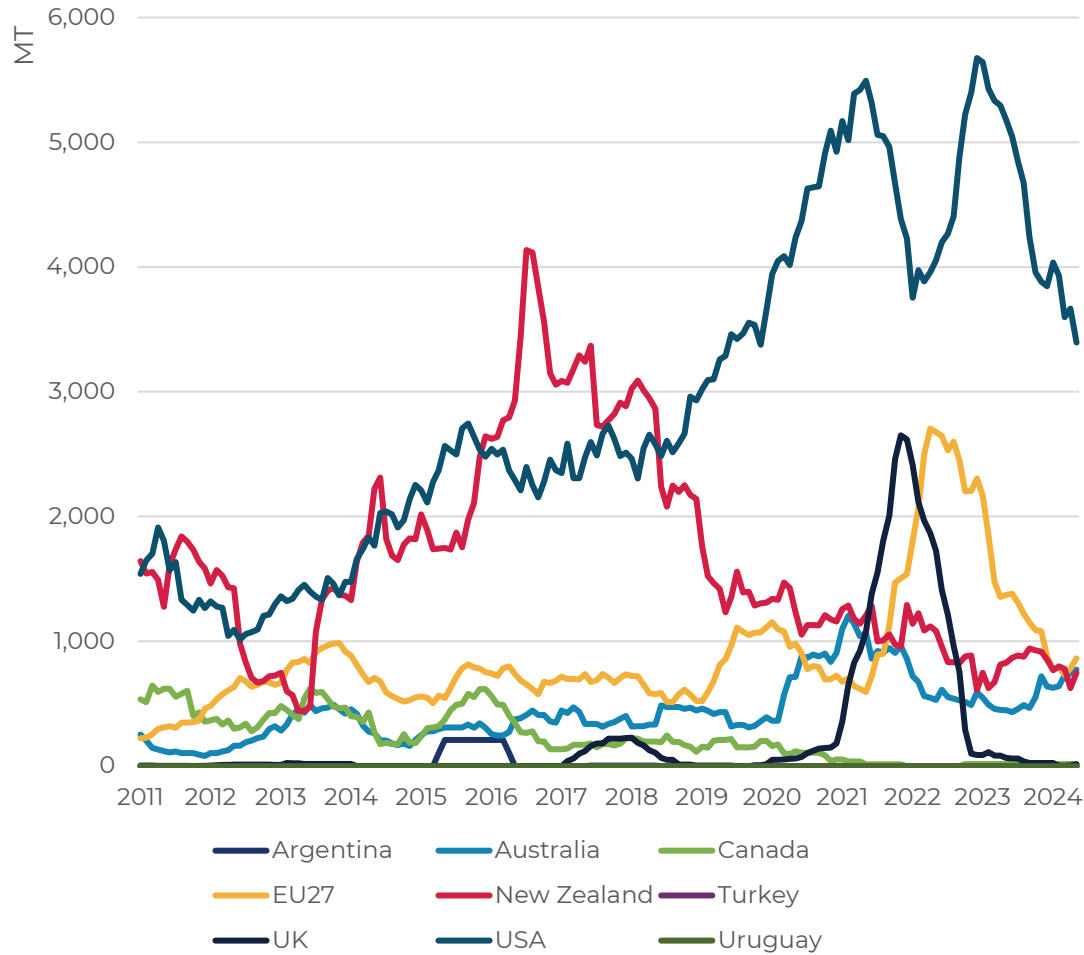


Global WPC80+ Trade to Korea

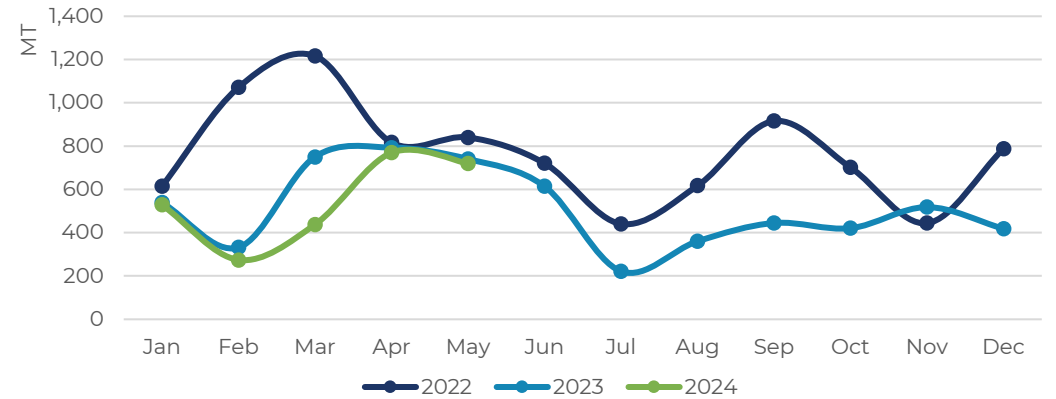


# Southeast Asia

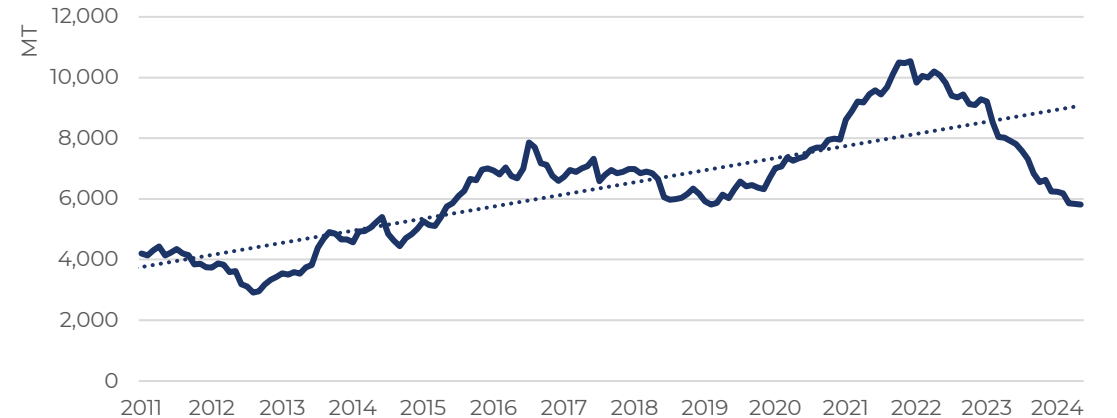
Global WPC80+ Trade to SEA



Global WPC80+ Trade to SEA

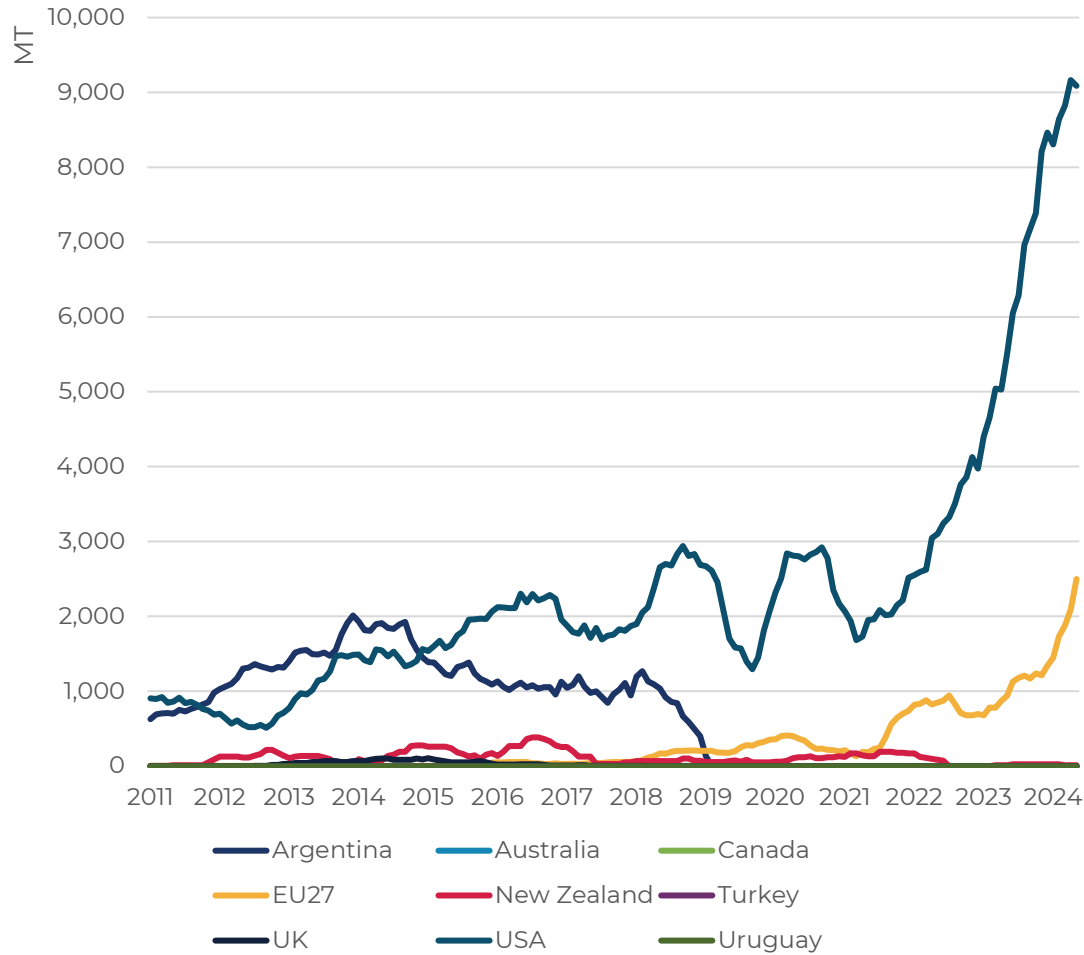


Global WPC80+ Trade to SEA

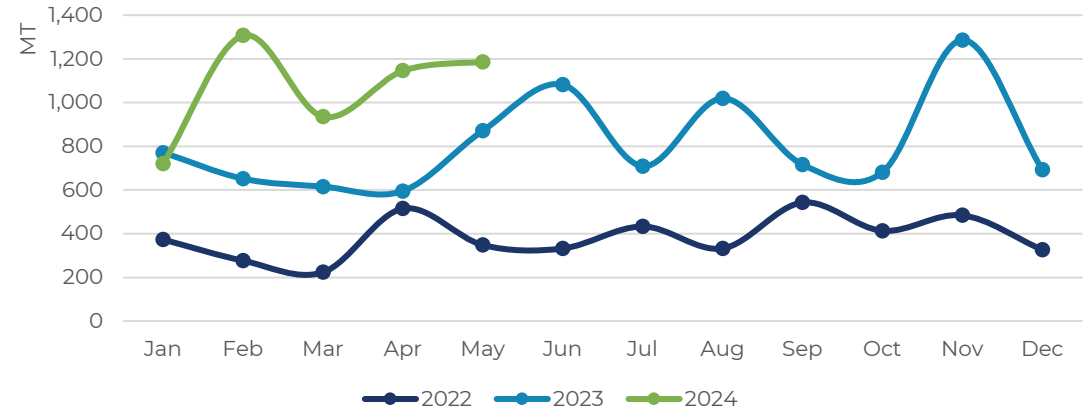


# Brazil

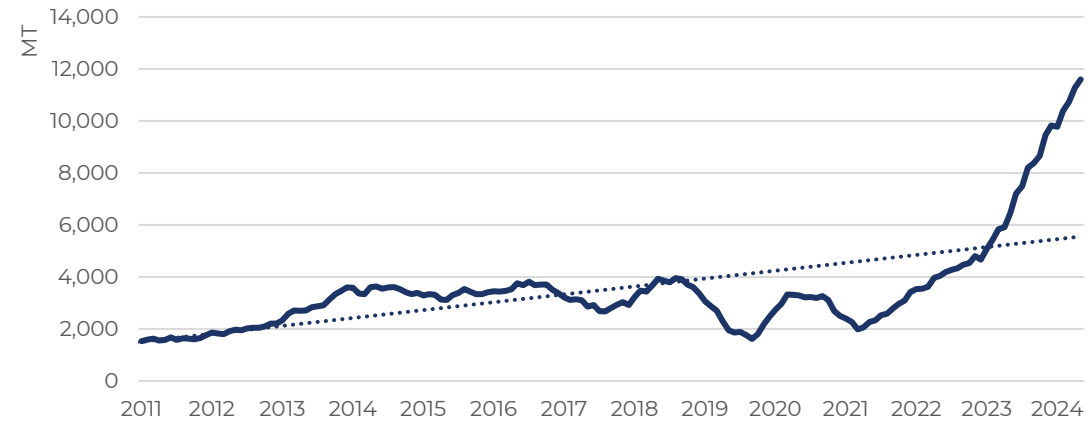
Global WPC80+ Trade to Brazil



Global WPC80+ Trade to Brazil



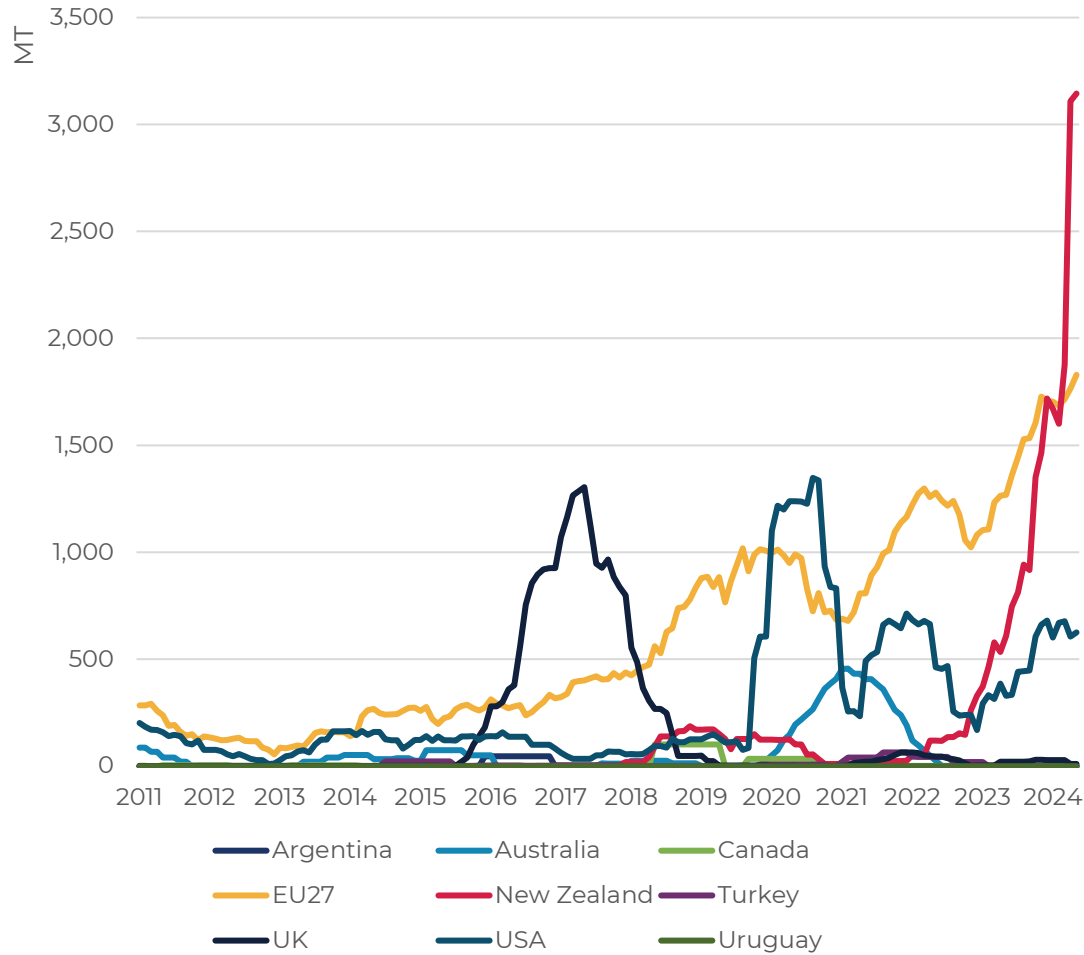
Global WPC80+ Trade to Brazil



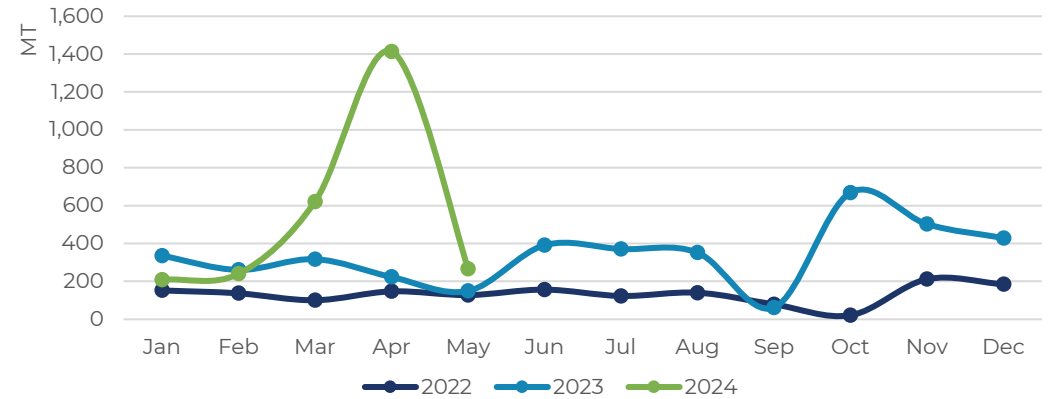


# MENA

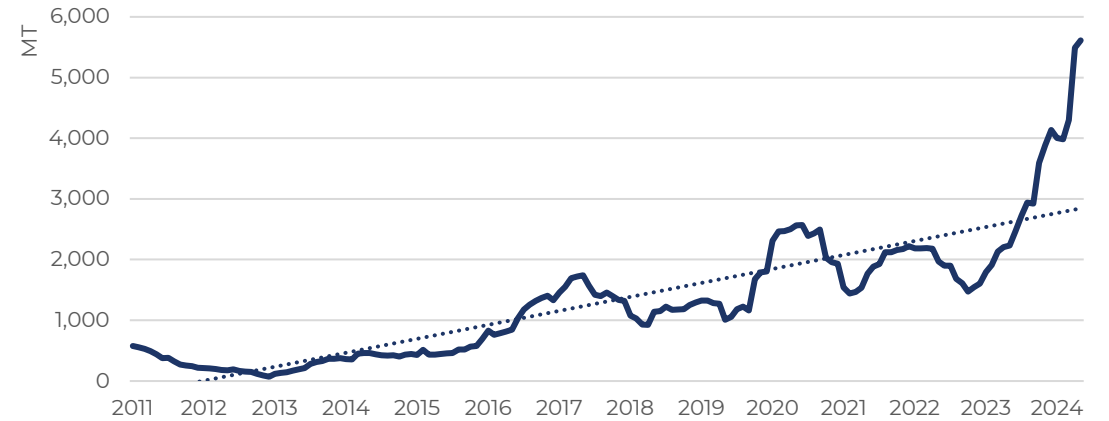
## Global WPC80+ Trade to MENA



## Global WPC80+ Trade to MENA



## Global WPC80+ Trade to MENA





# Other Dairy Products

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# Global Overview: Lactose



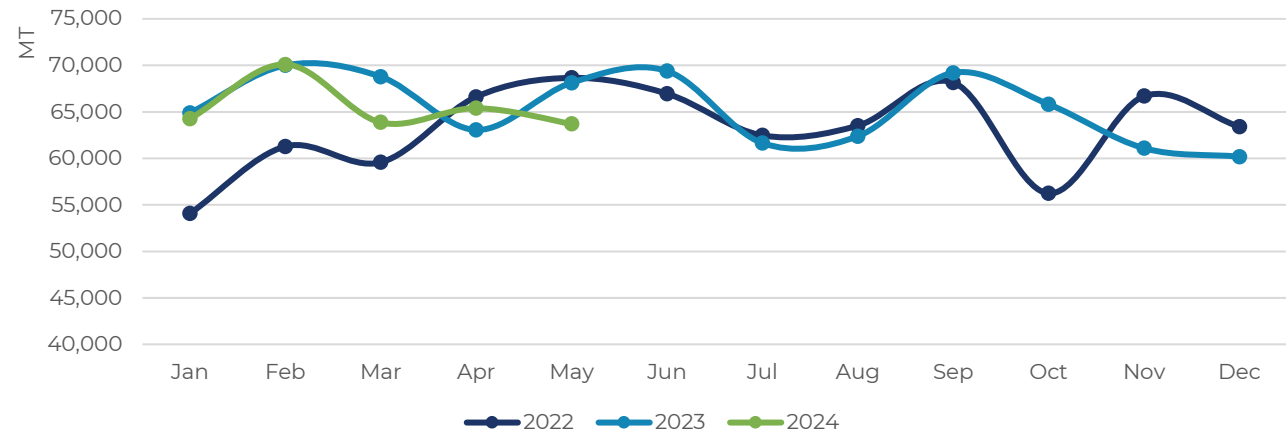
## KEY TAKEAWAYS

### Global Lactose Trade

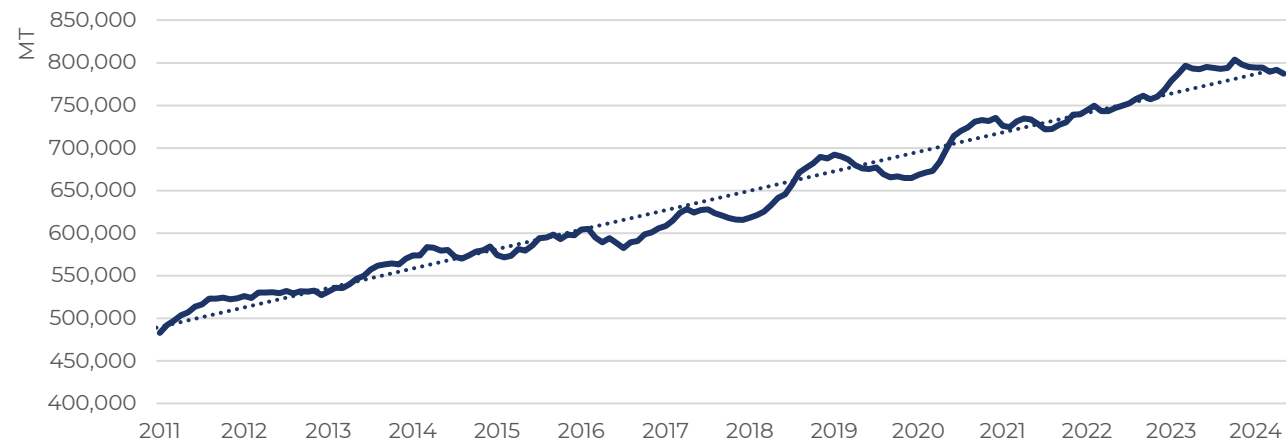
<b>-6.5%</b>	<b>-2.3%</b>	<b>-0.7%</b>	<b>+2.4%</b>
May YoY	YTD, Ending May	Last 12-Months, Ending May	3-Year CAGR

- Despite growth from several markets, China's pullback suppressed global lactose trade in May, which fell 6% for the month (-4,574 MT).
- China's imports have dropped precipitously in 2024, falling 28% (-22,718 MT) in the first five months of the year, likely in reaction to the heavy inventories built last year when prices were particularly attractive. Elsewhere, demand has managed fairly well. New Zealand (+44%, +2,213 MT) and Mexico (+60%, +2,151 MT) were the brightest spots, but the small gain to Japan (+5%, +373 MT) is perhaps the most intriguing given the country's struggles for much of the past year.

Global Lactose Trade to World

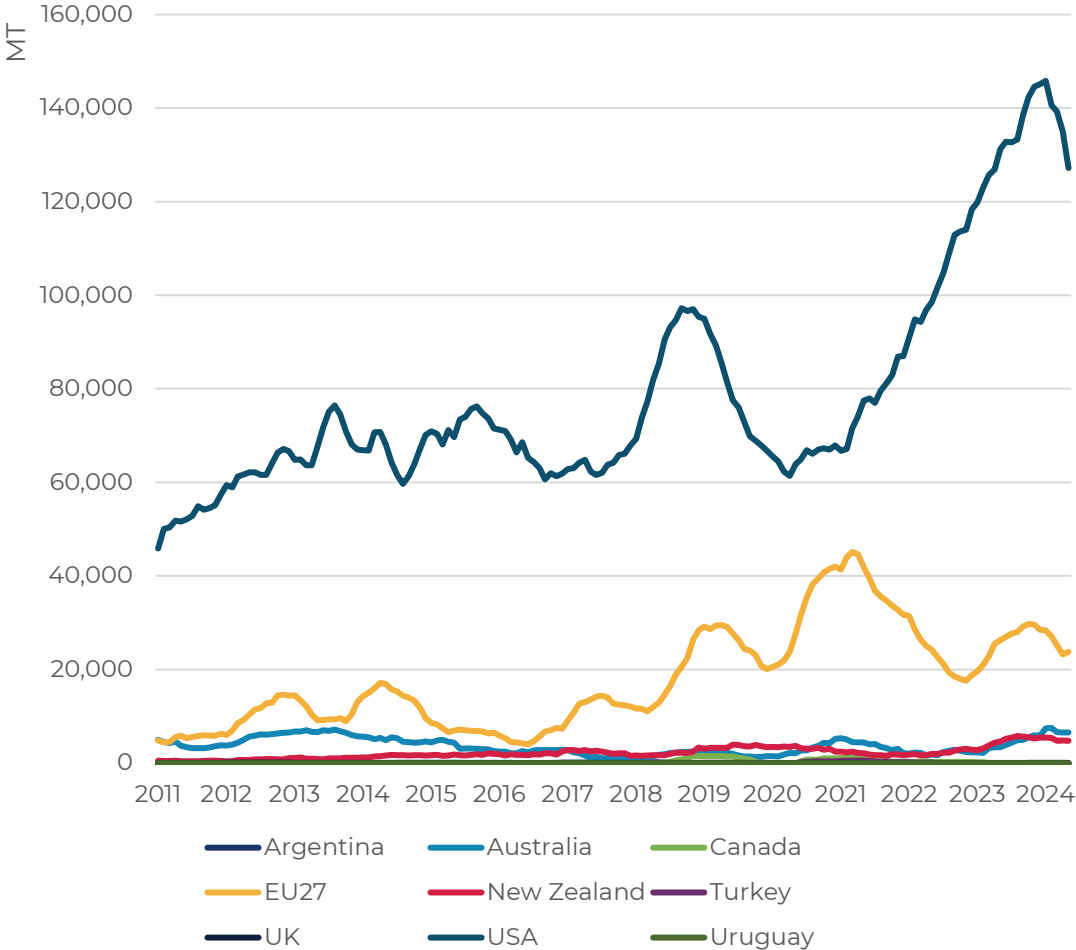


Global Lactose Trade to World

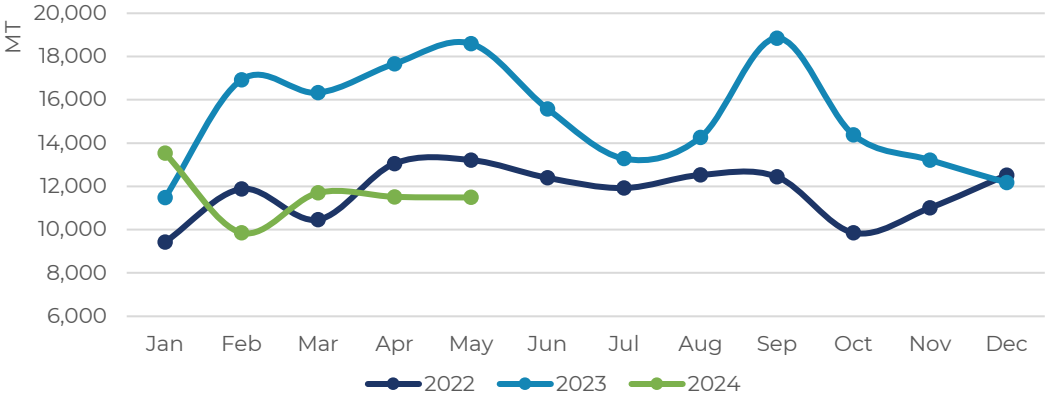


# Lactose – China

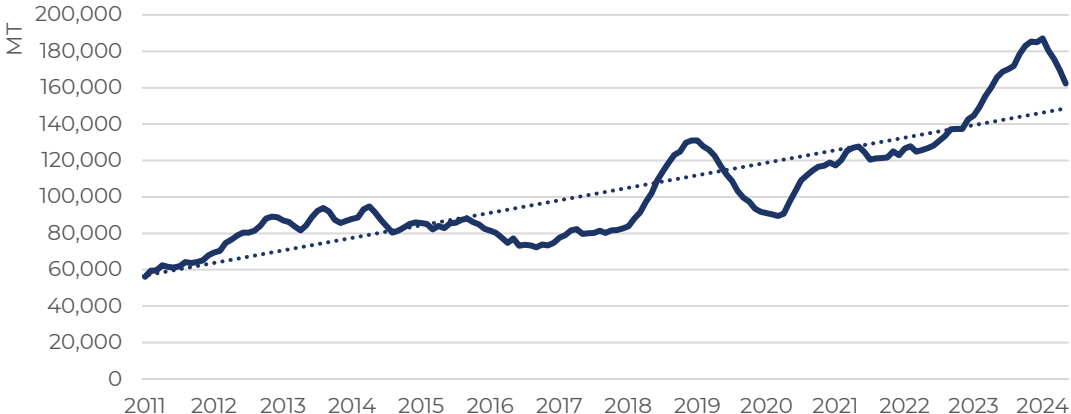
Global Lactose Trade to China+HK



Global Lactose Trade to China+HK

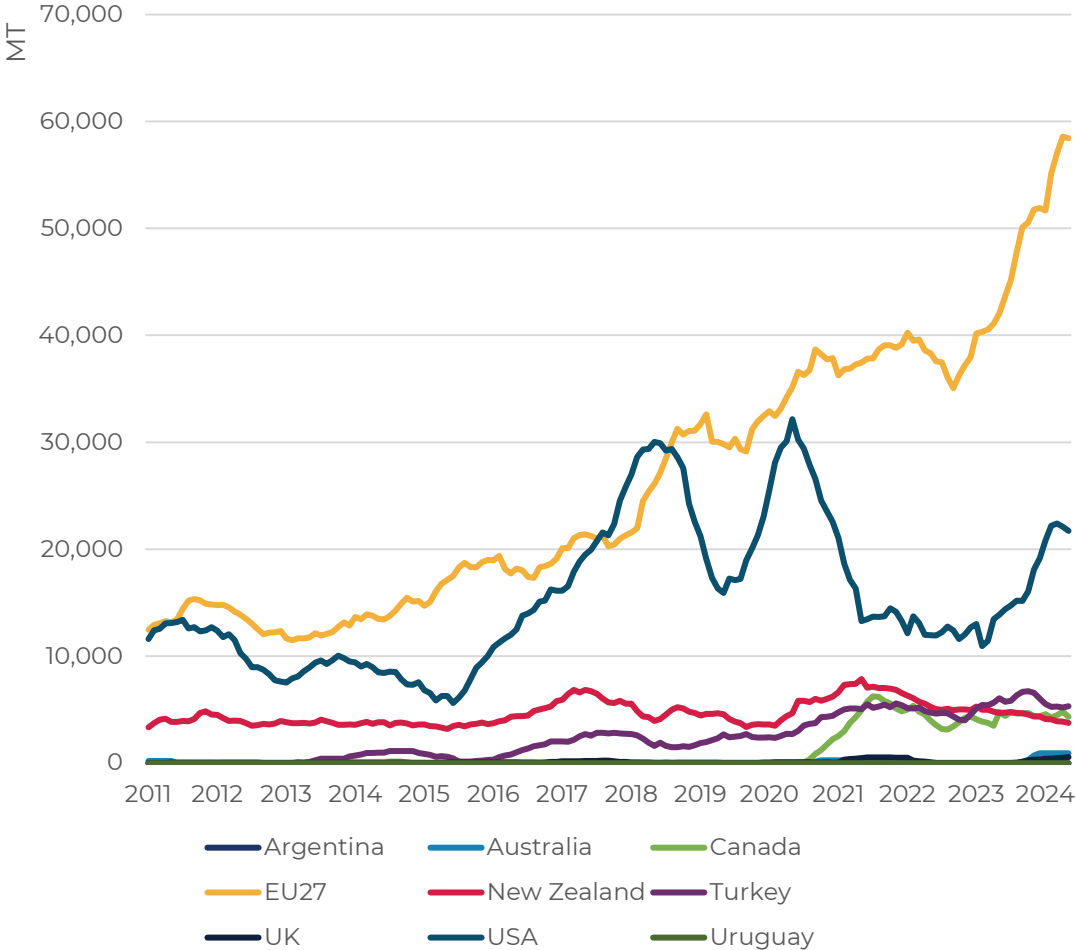


Global Lactose Trade to China+HK

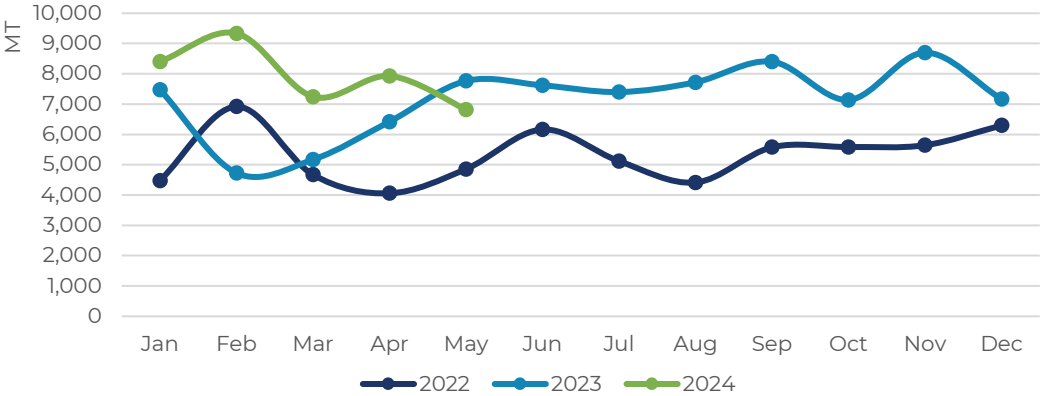


# Lactose – South Asia

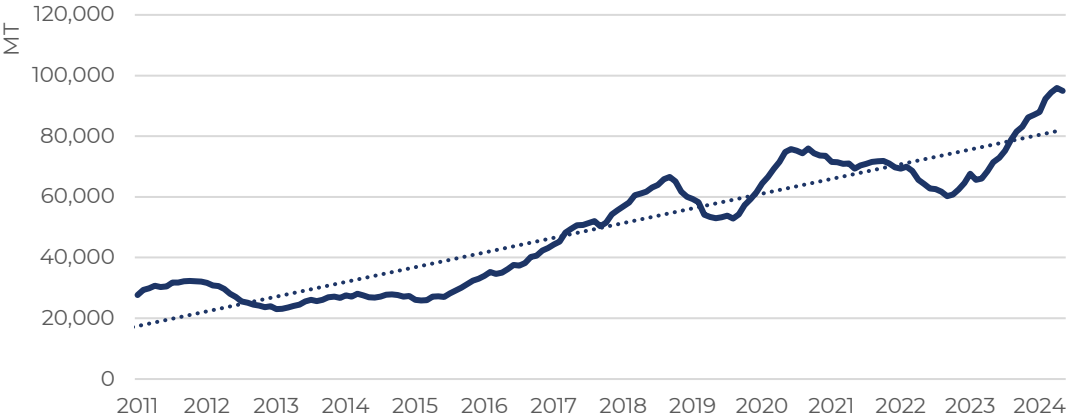
Global Lactose Trade to S. Asia



Global Lactose Trade to S. Asia

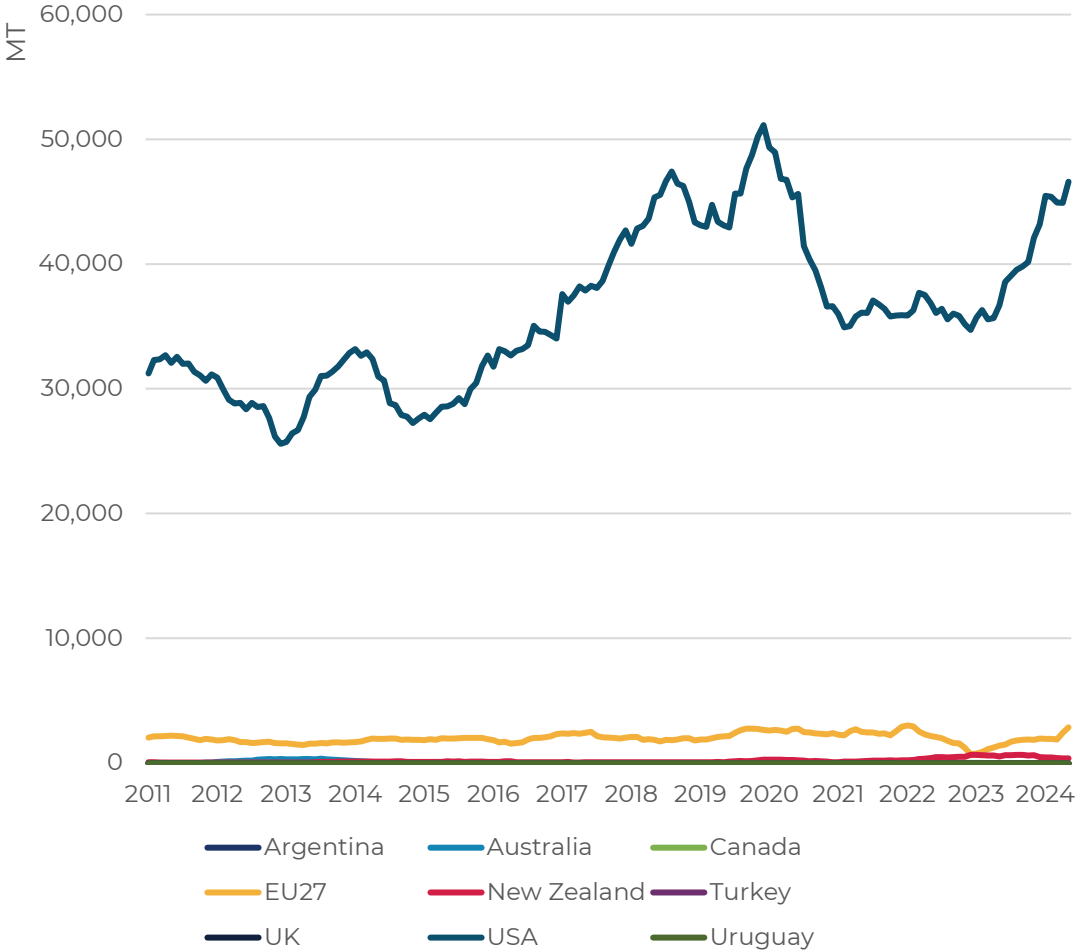


Global Lactose Trade to S. Asia

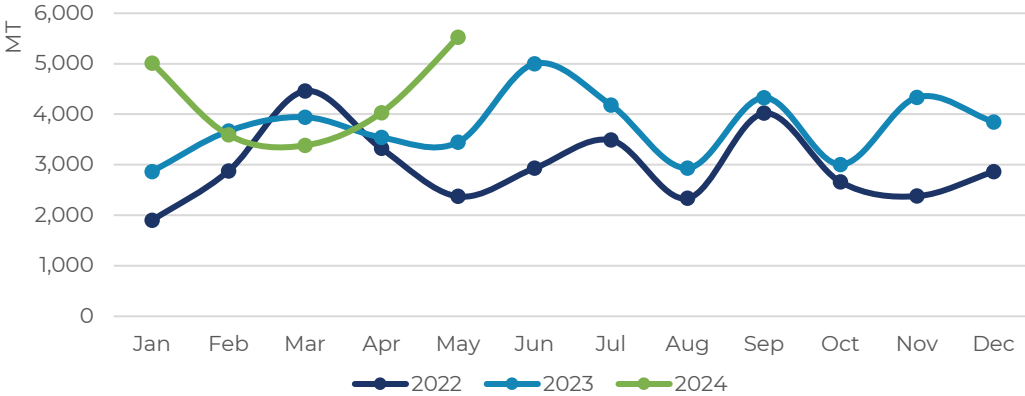


# Lactose – Mexico

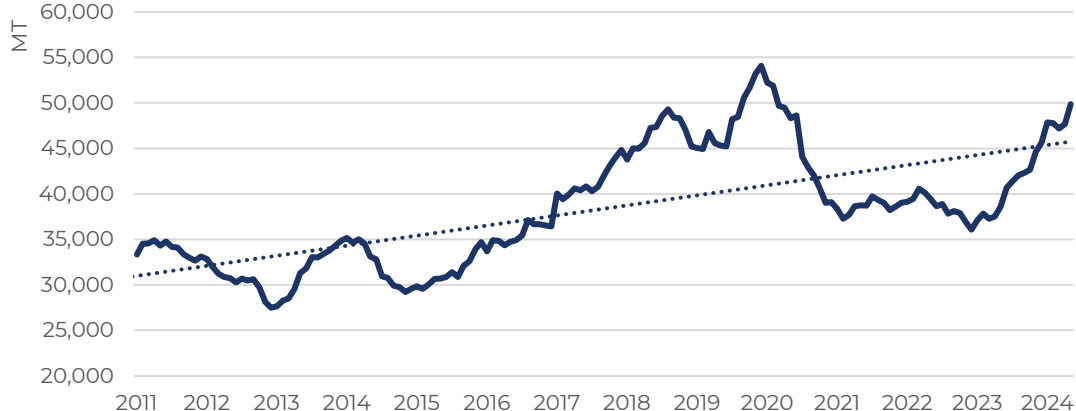
Global Lactose Trade to Mexico



Global Lactose Trade to Mexico



Global Lactose Trade to Mexico



# Global Overview: Butter



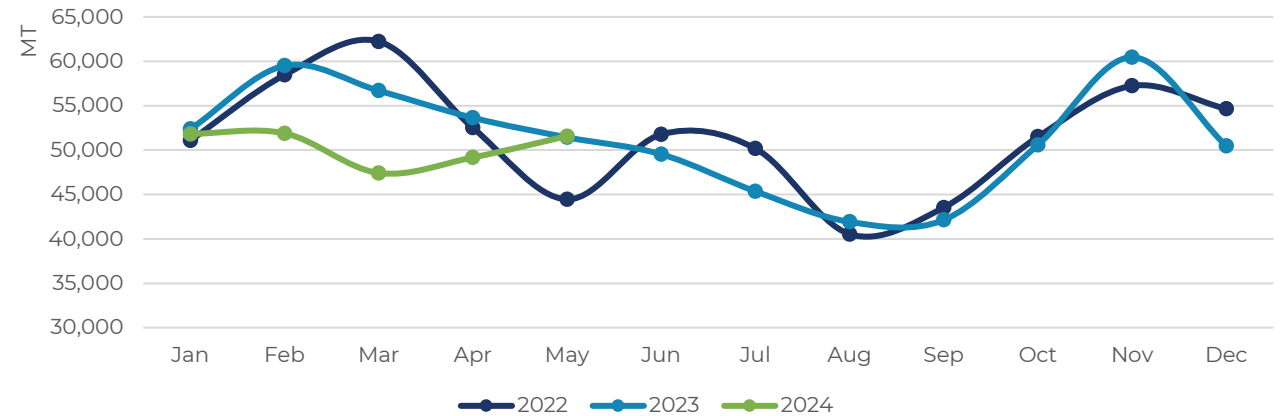
## KEY TAKEAWAYS

### Global Butter Trade

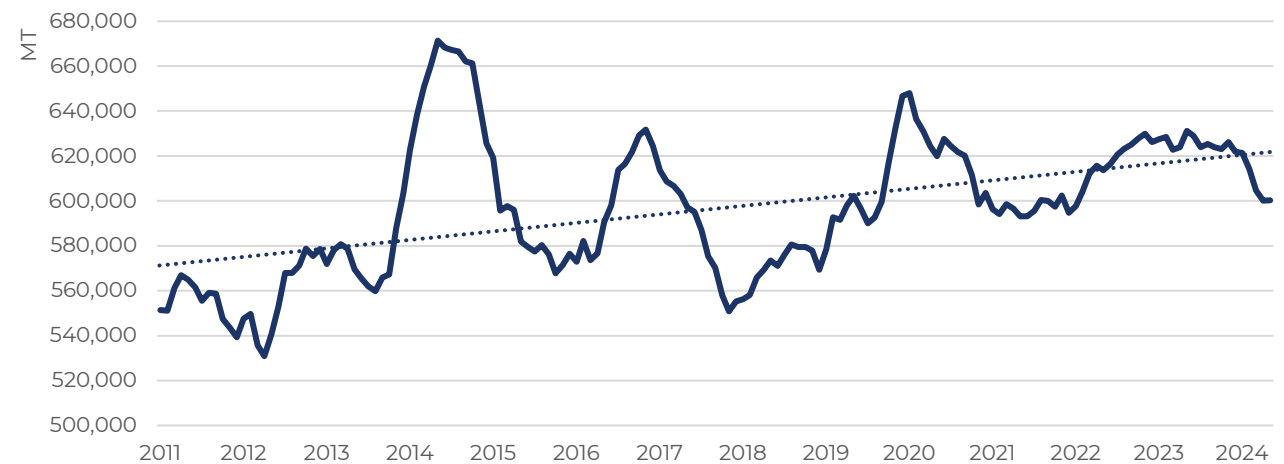
<b>+0.2%</b>	<b>-7.9%</b>	<b>-4.9%</b>	<b>+0.4%</b>
May YoY	YTD, Ending May	Last 12-Months, Ending May	3-Year CAGR

- The search for alternative fat sources continued in May despite growth in shipments to China (+24%, +2,283 MT) and the U.S. (+87%, +2,991 MT) pulling global trade even with 2023 levels. With tight milk supplies, elevated pricing, and U.S. consumers willing to pay premium prices for several import brands, the U.S. appears one of the best bets for growth in butter imports.
- Outside of the U.S., high prices and limited global milkfat availability will remain a headwind to growing butter demand through the balance of the year as evidenced by MENA's butter demand continuing to tumble, down 29% or 2,953 MT.

Global Butter Trade to World

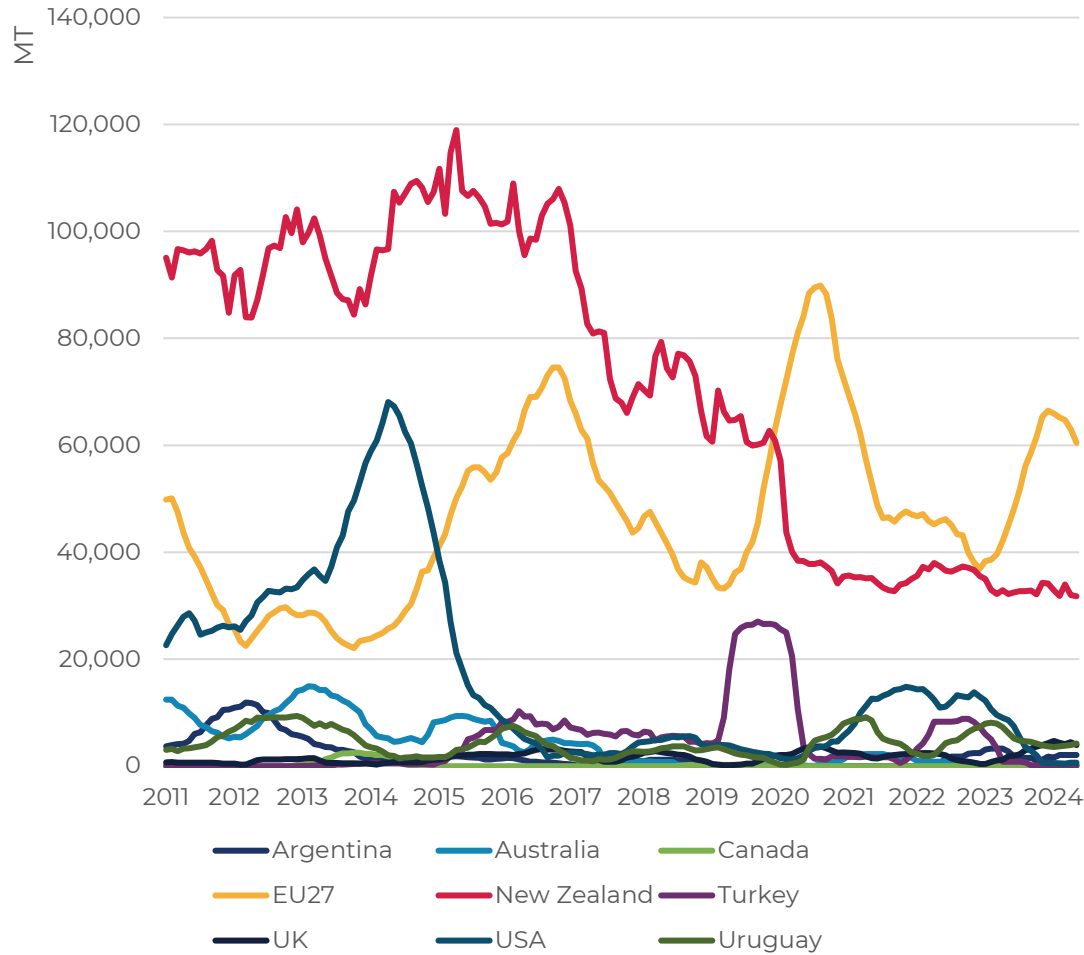


Global Butter Trade to World

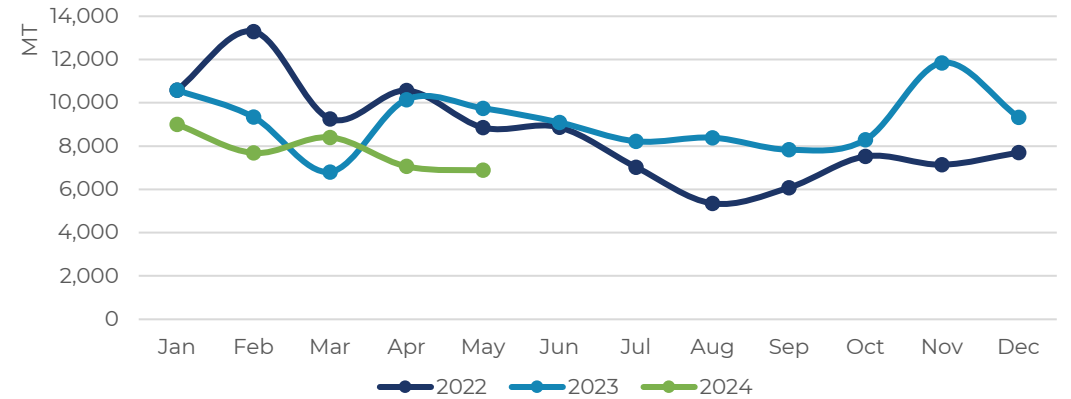


# Butter – MENA

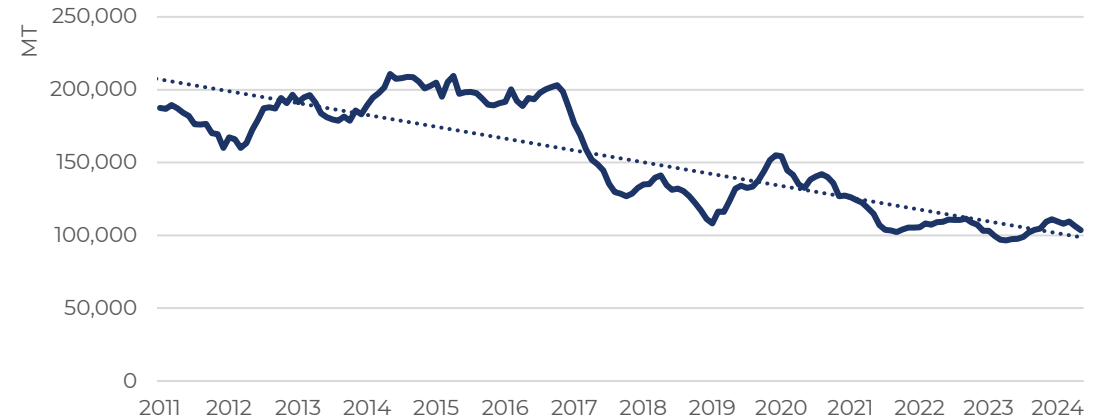
## Global Butter Trade to MENA



## Global Butter Trade to MENA



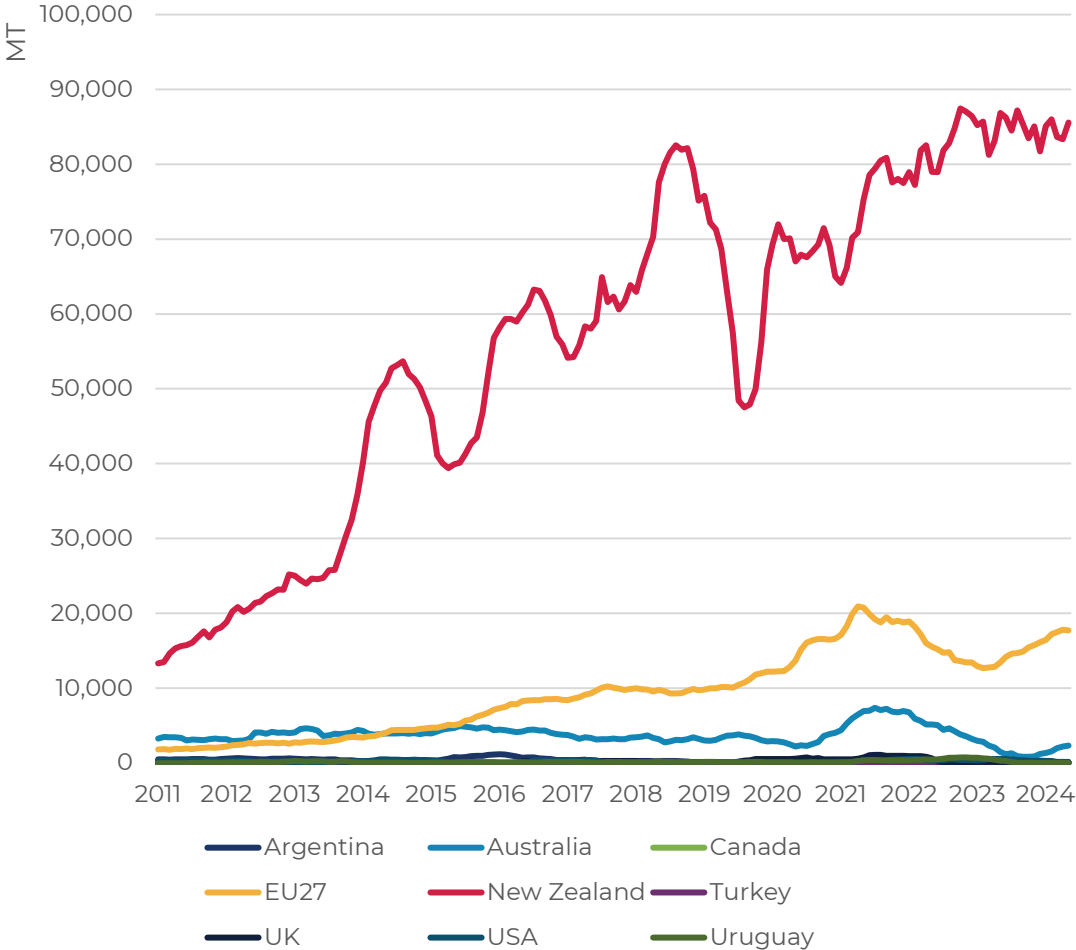
## Global Butter Trade to MENA



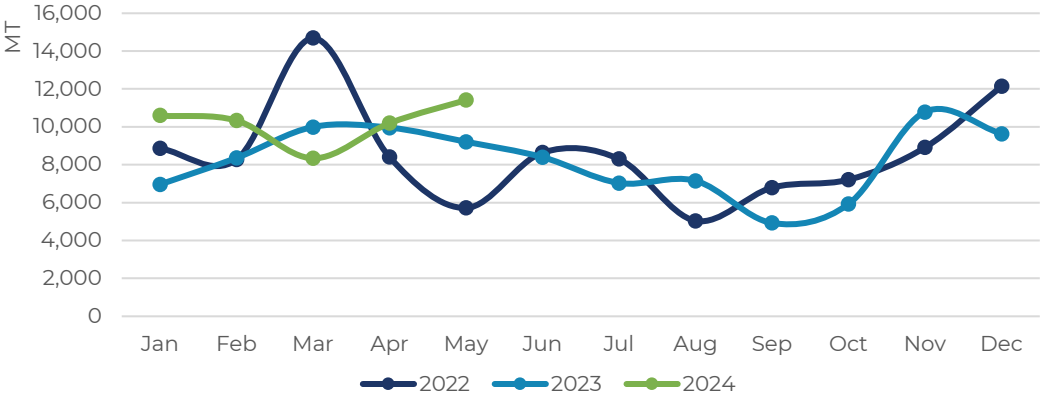


# Butter – China

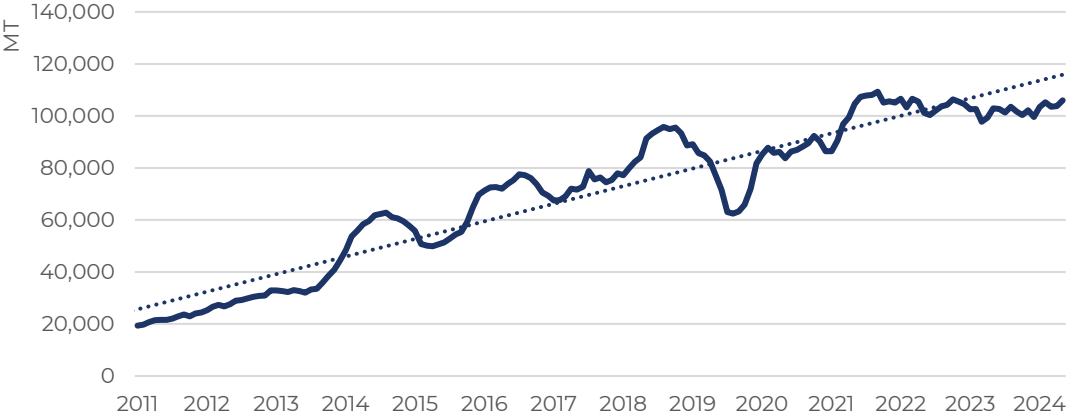
Global Butter Trade to China+HK



Global Butter Trade to China+HK

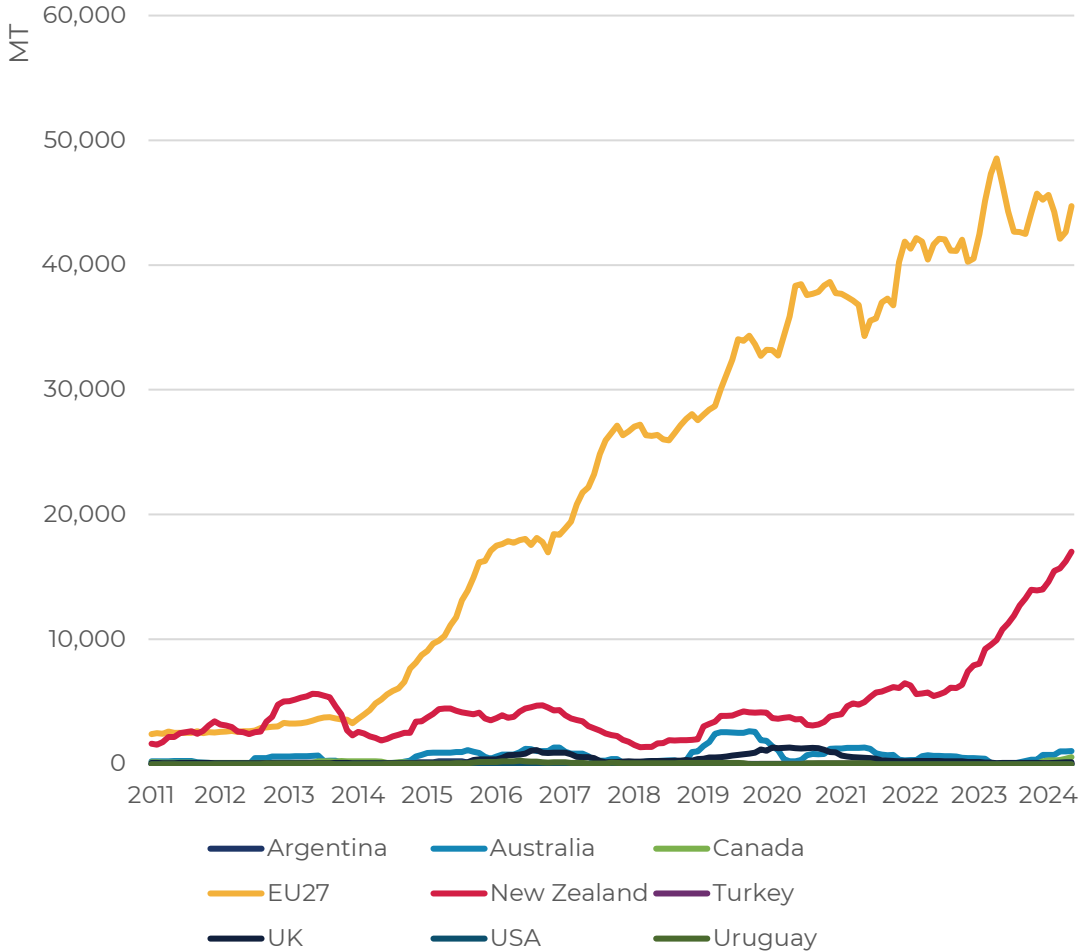


Global Butter Trade to China+HK

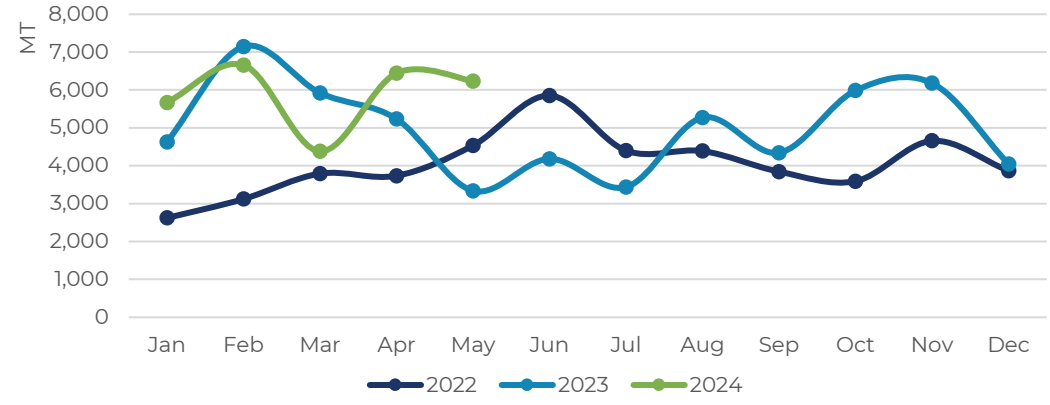


# Butter – U.S.

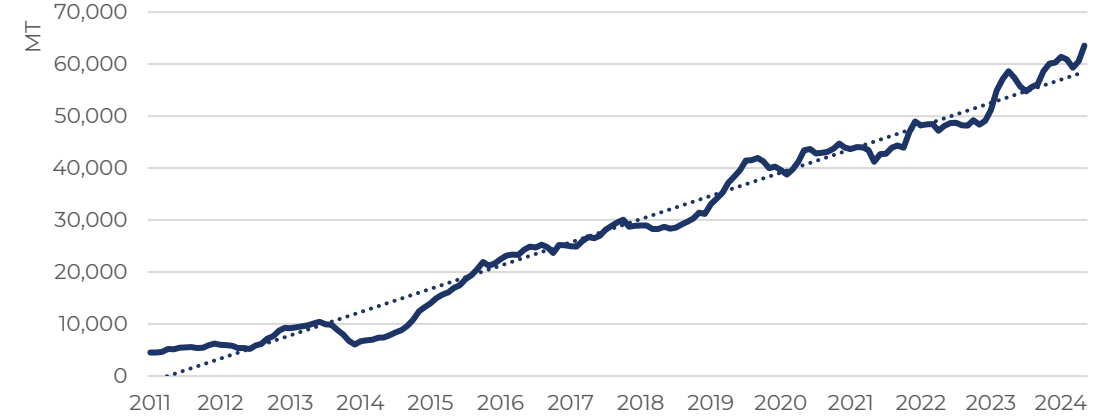
Global Butter Trade to USA



Global Butter Trade to USA



Global Butter Trade to USA



# Global Overview: Whole Milk Powder



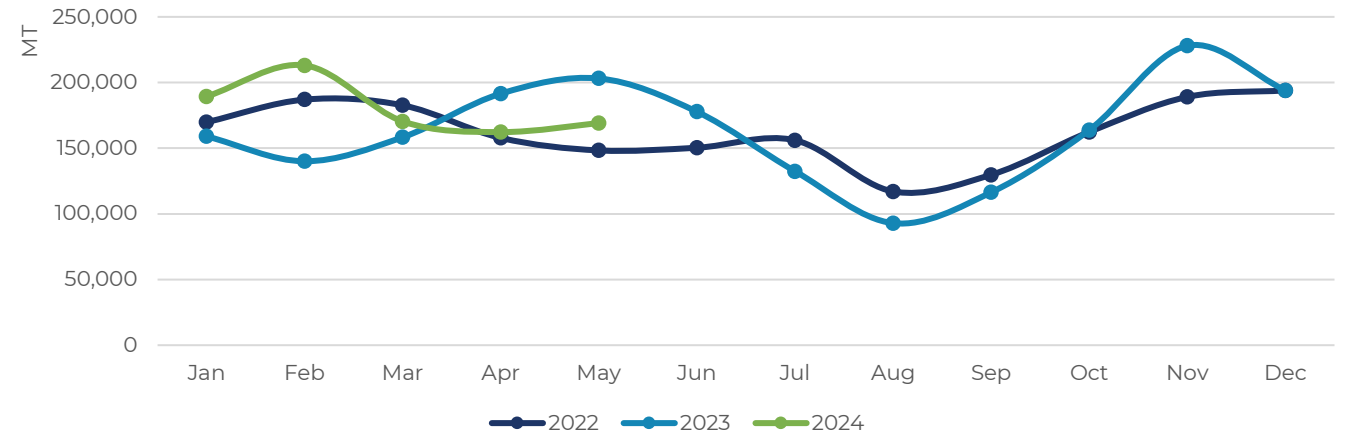
## KEY TAKEAWAYS

### Global WMP Trade

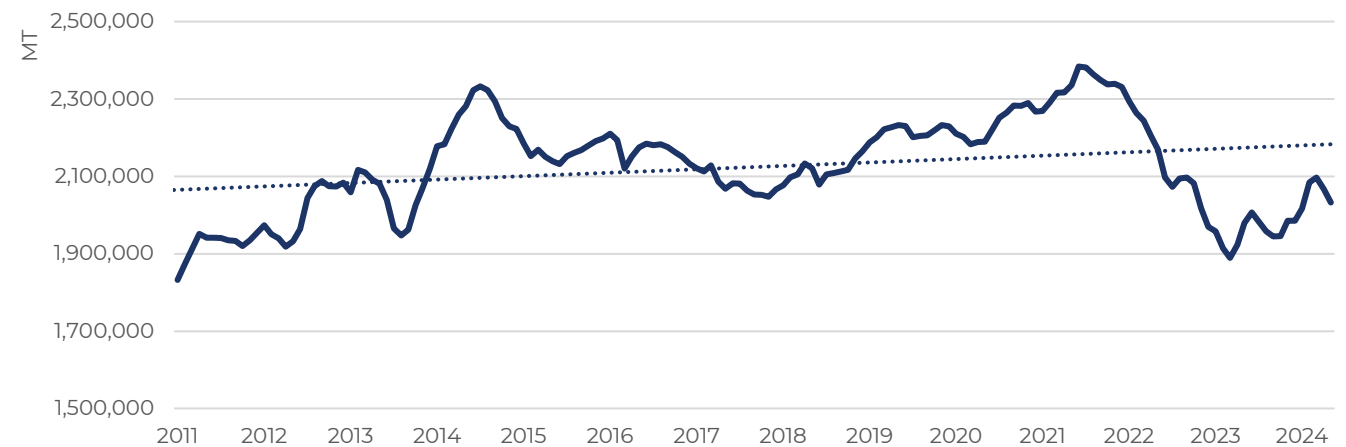
<b>-16.7%</b>	<b>+5.5%</b>	<b>+2.7%</b>	<b>-4.5%</b>
May YoY	YTD, Ending May	Last 12-Months, Ending May	3-Year CAGR

- WMP demand remained lackluster in May, falling double digits for the second consecutive month. Exports to almost all regions fell, though some of that can be attributed to the timing of shipments out of New Zealand as they front loaded a large portion of their exports in Q1.
- Regardless, most regions struggled with the exception of Southeast Asia (+22%, +5,43.7 MT). China's demand for WMP continues to deteriorate (-15%, -7,936 MT), but it was joined by South America (-51%, -11,888 MT) and MENA (-14%, -8,049 MT) on the negative side of the ledger as Brazil's import needs lessened and MENA appears to have plenty of product on hand.

Global WMP Trade to World

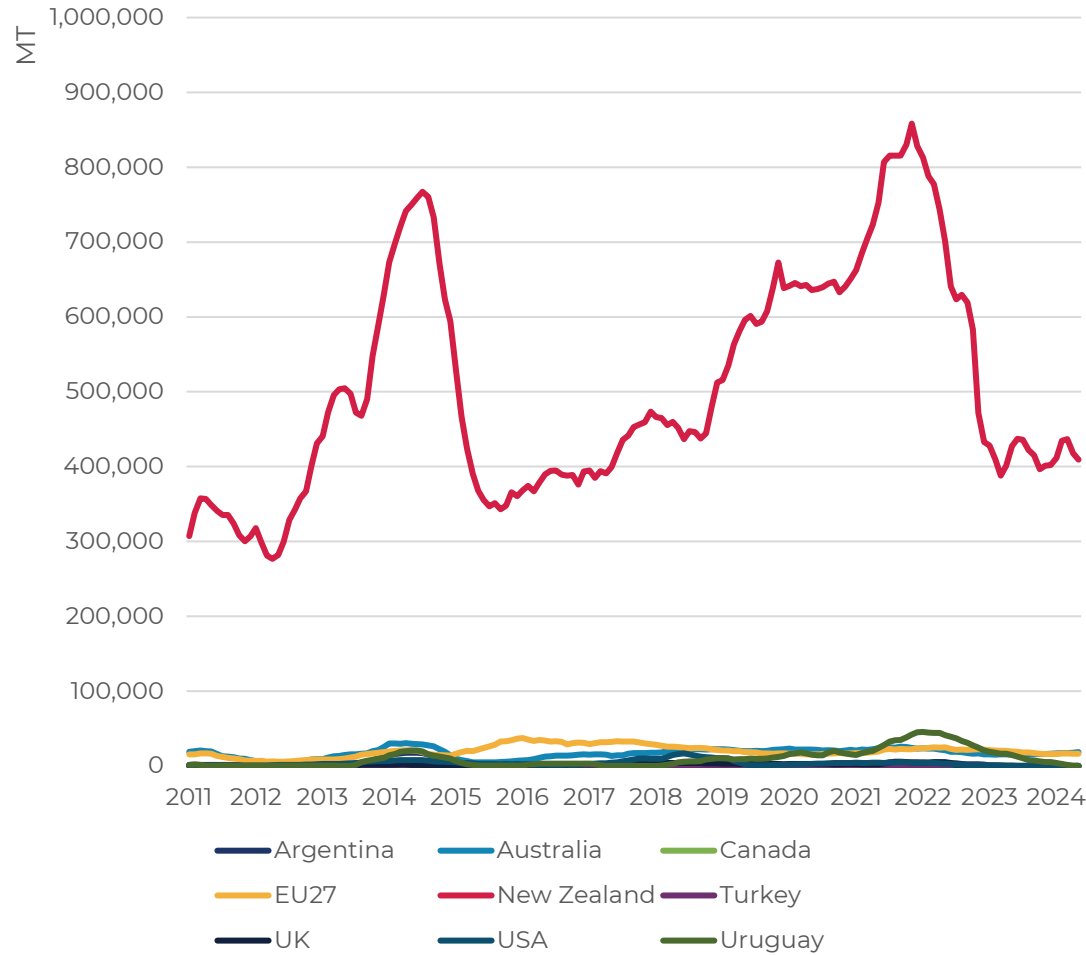


Global WMP Trade to World

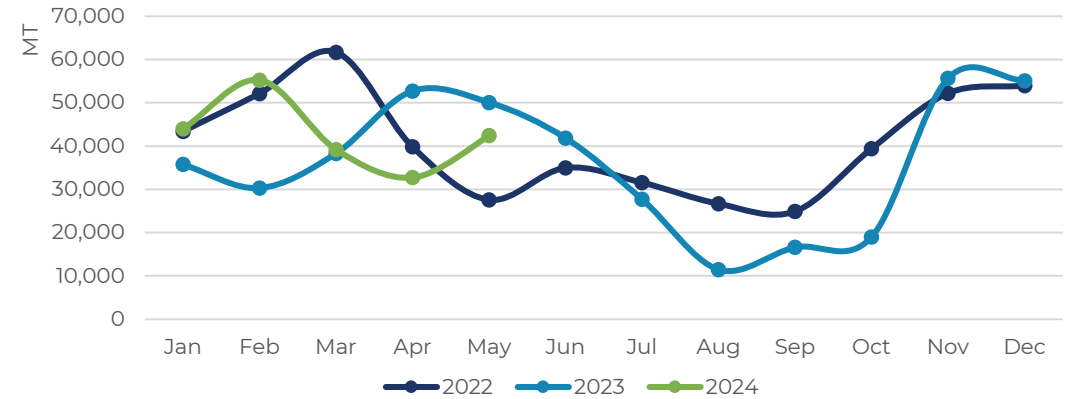


# Whole Milk Powder – China

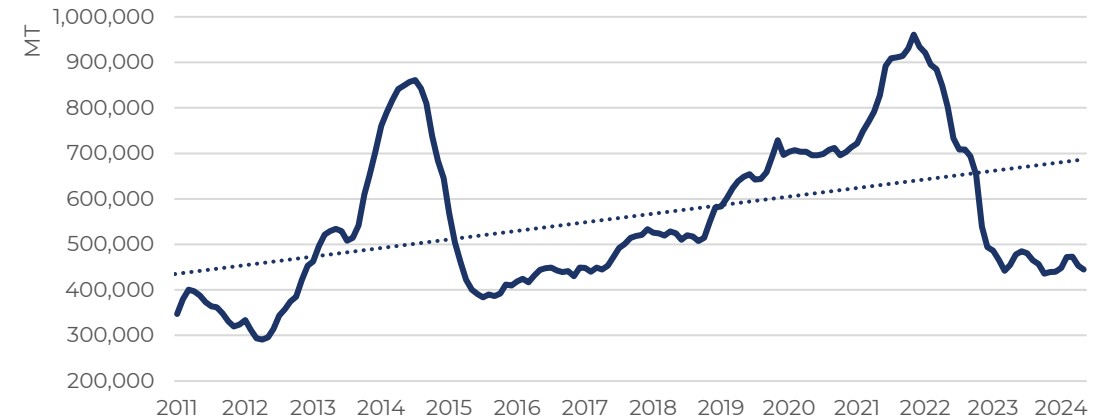
Global WMP Trade to China+HK



Global WMP Trade to China+HK

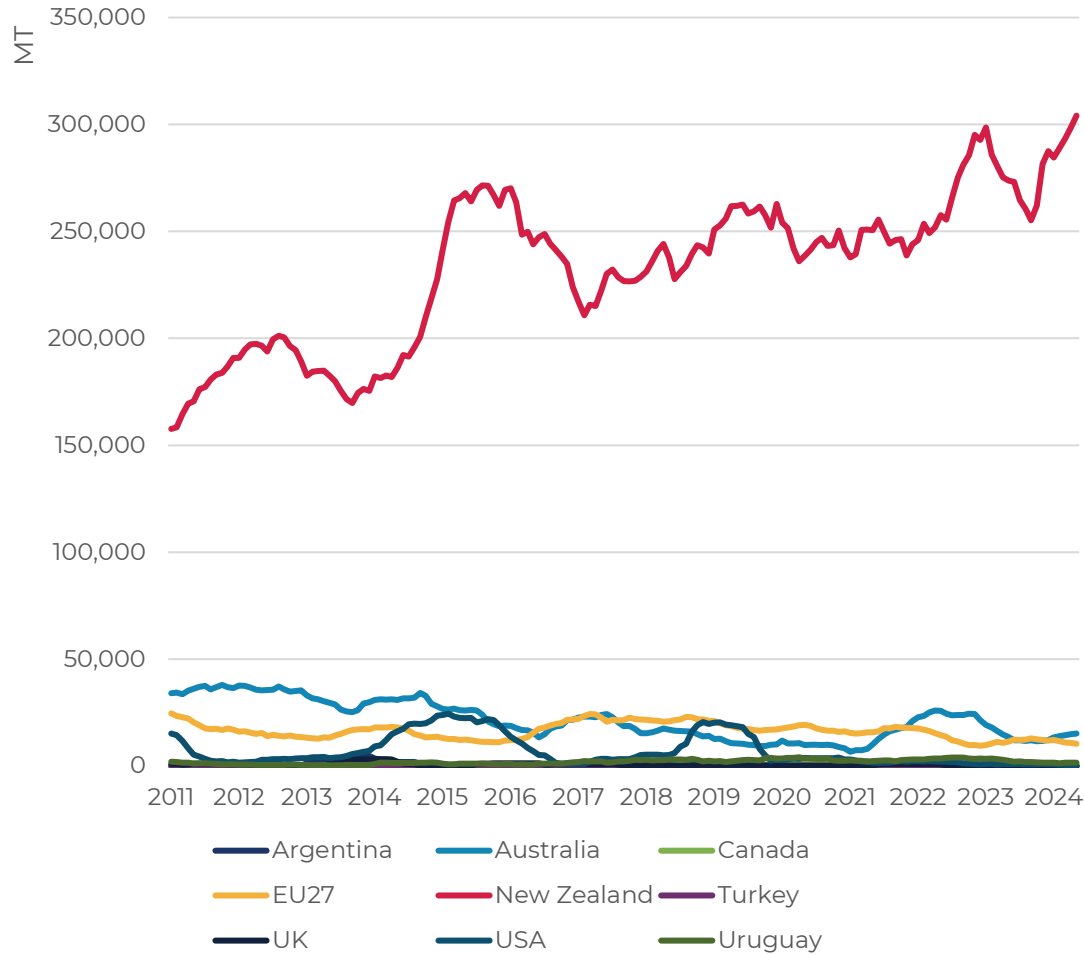


Global WMP Trade to China+HK

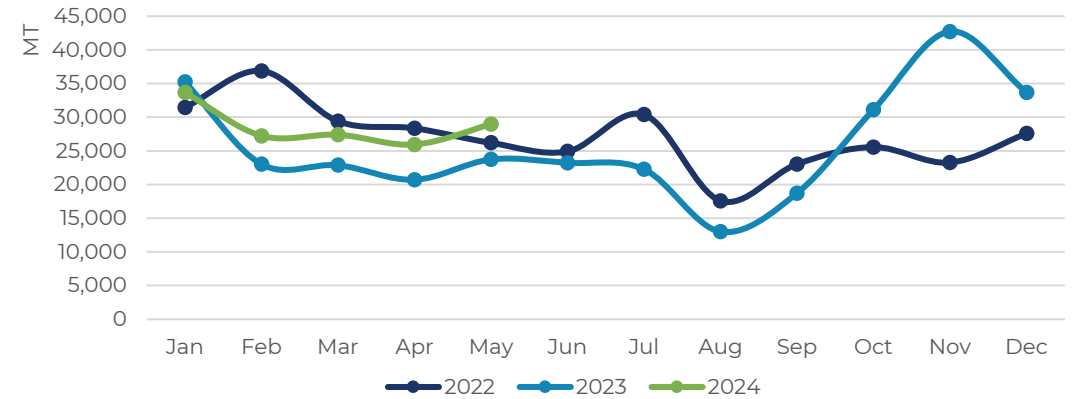


# Whole Milk Powder – Southeast Asia

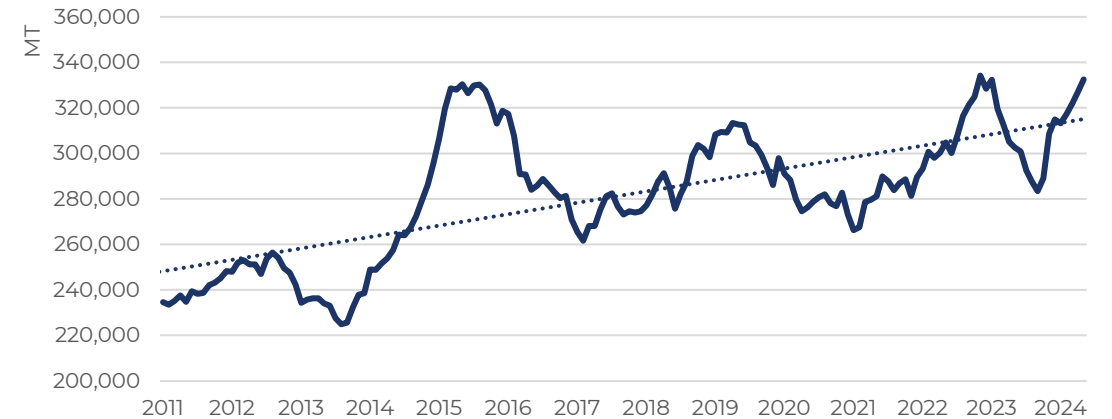
Global WMP Trade to SEA



Global WMP Trade to SEA

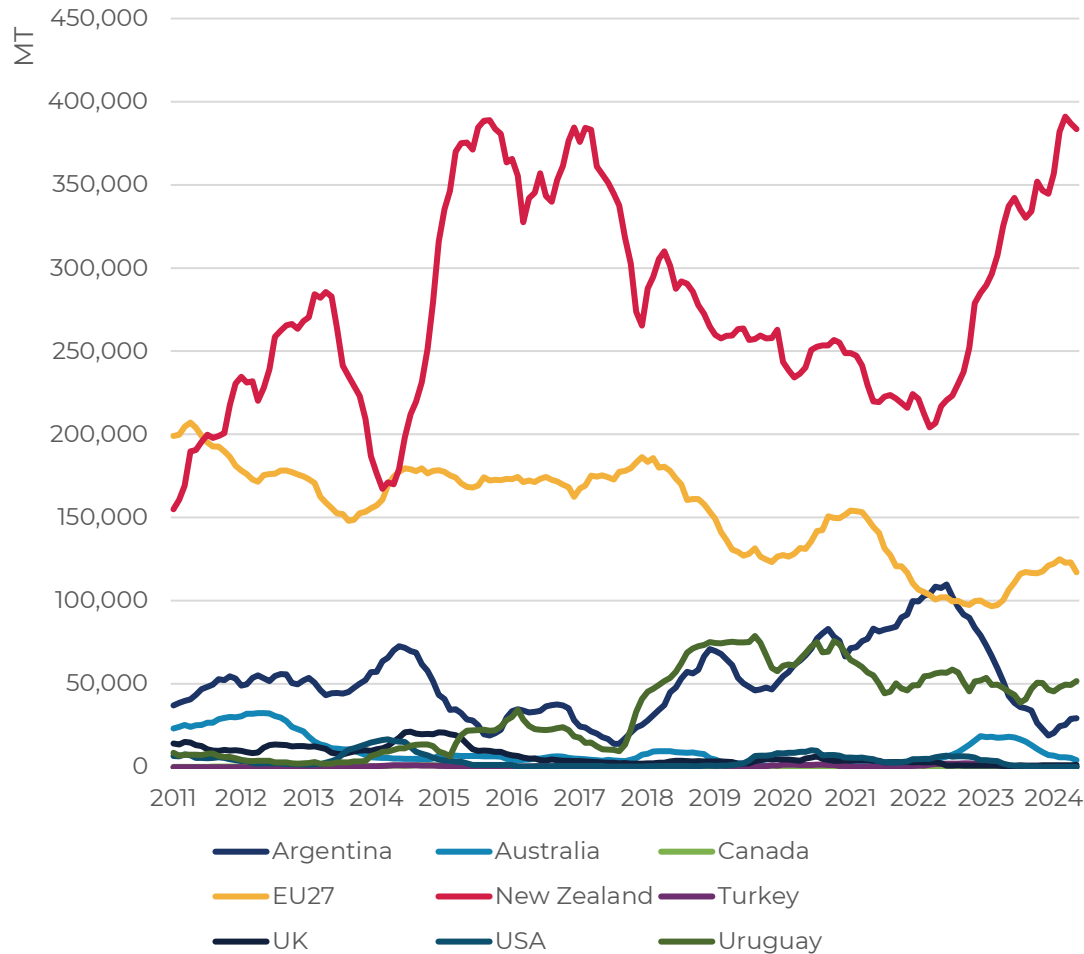


Global WMP Trade to SEA

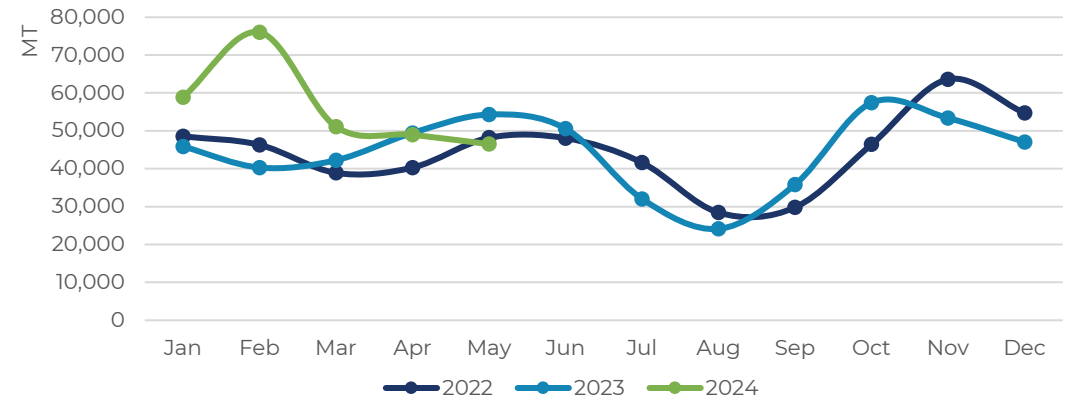


# Whole Milk Powder – MENA

Global WMP Trade to MENA



Global WMP Trade to MENA



Global WMP Trade to MENA





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# Reach Out for Questions or Comments

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