



# World Dairy observations and trends

Paul Niven

Vice President: International

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# Disclaimer

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# Introduction and purpose

- ▲ I am fortunate to work in the global dairy business to improve profitability
- ▲ Identify trends, improvements and growth
- ▲ Discuss the balance between the consumer and the producer

# Topics for today

1. Management- what are the trends on farm?
2. Market- who's growing and shrinking?
3. What's happening in China?
4. Customers: macro trends shaping our industry
5. Questions

# 1. Global Management trends

It starts with the cow!

- a) Cow comfort
- b) Activity monitoring
- c) “Beef on dairy”

# 1a. Cow comfort

- ▲ Comfortable cows produce more milk
- ▲ Farms and barns designed around the cow (not the human)
- ▲ Bedding, feed & water availability, milking
- ▲ Fans and sprinklers- life long payback

# 1b. Activity monitoring

- ▲ Heat detection is just the start
- ▲ Monitors cows 24/7- assess behaviour for changes: eating time, rumination, resting
- ▲ Detects sick cows 1.5 – 2 days before a human
- ▲ Improves cow health
- ▲ Improves herd management

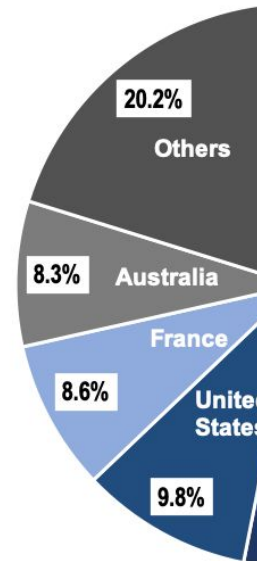
# 1c. “Beef on dairy”

- ▲ Beef semen and sexed semen used on farm
- ▲ Sexed on preferred replacement mothers; beef on the rest
  - Improved value of dairy cows and beef
  - Neutralises the male calf issue

## 2. Global Milk Market

- ▲ Over 60 billion Litre equivalents is traded
- ▲ New Zealand- contributes 1/3
  - Has New Zealand reached “Peak Milk”?
- ▲ China- buys 1/3
- ▲ USA and EU 27 impact around the edges
- ▲ NEW: MEA unable to pay-USD/ EUR

Import partners of mi



## GDT Auction Average



USD Per Metric Ton: GDT

## Top Whole Milk Powder Importers (MT)

	Feb-23	YoY Change	12 Month Rolling	12 Month Change
World	123,560	-23.7%	1,778,918	-17.1%
China	28,664	-38%	448,523	-47%
Algeria	17,461	18%	195,188	13%
Indonesia	5,963	-55%	91,829	27%
UAE	5,119	-9%	85,915	-8%
Thailand	3,574	-57%	71,408	-3%
Singapore	6,323	83%	61,740	24%
Oman	2,221	-59%	60,282	9%
Saudi Arabia	5,185	7%	59,856	22%
Brazil	4,511	426%	55,543	284%
All Other	44,539	-25%	648,634	-9%

Source: GTT, StoneX Calculations

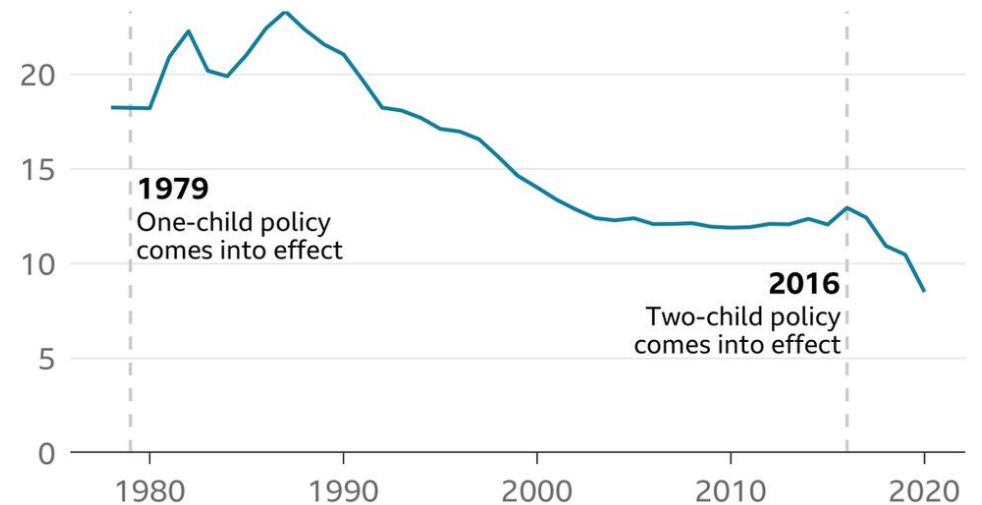
# 3. China- Macro view: it was all about COVID (and babies)

- ▲ 2020- minimal impact
- ▲ 2021- economy was great
- ▲ Second half of 2022- economic challenges
- ▲ And the babies stopped....

2016: 17.8m

2022: 9.6m

China's birthrate has fallen in recent years  
Total number of births in China per 1,000 people (1978-2020)



Source: China Statistical Yearbook

BBC

## 3b. 2023 China- COVID is OVER

- ▲ 7% milk production growth in 2021 and 2022 has not followed in consumption growth
- ▲ Q1 2023- most farms break even
- ▲ What will the Belt and Road initiative enable?

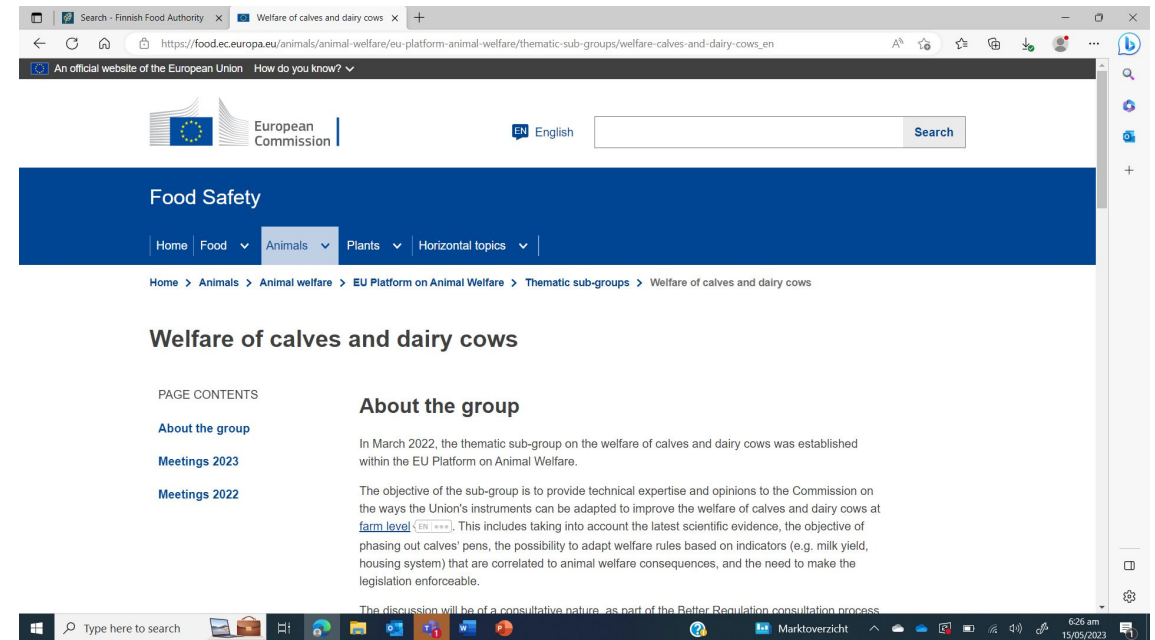
# 4. Consumer trends (demands?)

Milk and eggs as solutions to global malnutrition

- a) Consumer driven management expectations
- b) Environment

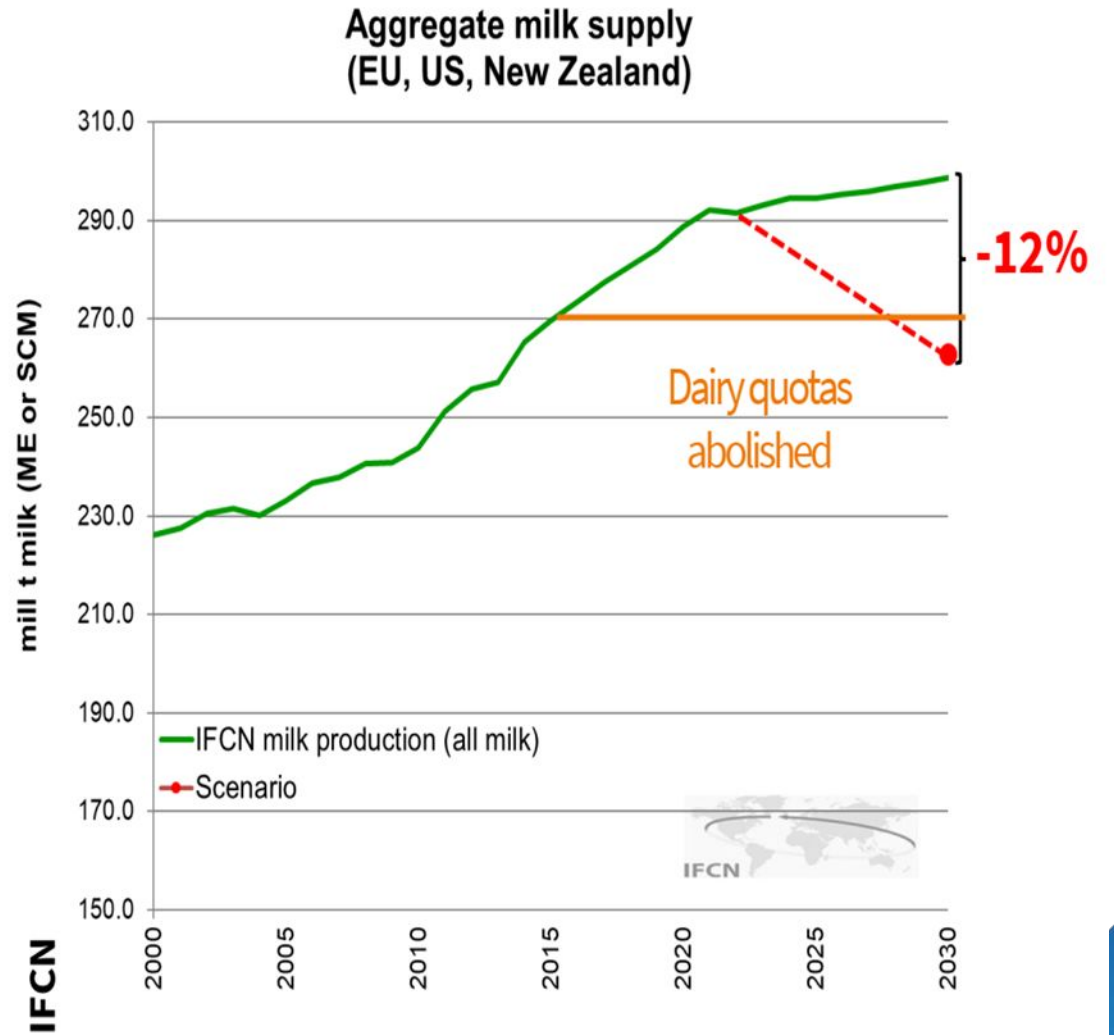
# 4a. Who shouts the loudest?

- ▲ More people are suffering from malnutrition than have become vegan
- ▲ EU- USA- Africa
- ▲ How do we respond?



# 4b. Environment

- ▲ Impact of dairy on methane production
- ▲ All Greenhouse gasses
- ▲ Voluntary and involuntary change



# Summary

- ▲ On your FARM- focus on the cow
- ▲ The market will remain volatile, and plan around \$3300 USD/ T WMP
- ▲ Your distance from Brussels matters!
  - But it will affect us all