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For Immediate Release

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GLOBAL DAIRY COMMODITY UPDATE JUNE 2023

The outlook for market fundamentals is gradually improving beyond the short-term at a macro level as global milk supplies slow. Milk production in both the EU and US is slowing as producers deal with lower cashflows, while the season ahead in New Zealand faces the complexity of a shift in climatic patterns, reduced herd numbers and lower milk prices.

The demand-side remains the major challenge affecting commodity markets for at least the next half year with weak demand for cheese and ingredients in domestic EU and US markets likely to linger with pressures on household spending, while the biggest export market for dairy ingredients, Southeast Asia, remains quiet as inflation eats into demand and buyers are cautious with restocking orders.

EU cheese and butterfat markets have rallied with signs of improving buying. The large unknown is whether demand for cheese in the EU can sustain a recovery as consumers recoil from inflationary pressures.

Meanwhile, the recovery in imports by China shows some encouraging signs in those categories that directly reflect an increase in consumer activity. It is uncertain whether this will be sustained in coming months as the consumer economy remains cautious.

China however will take much longer to rebalance its domestic milk supplies as UHT demand revives and milk availability tightens to improve requirements for imported WMP.

In the US, sustained growth in cheddar output – partly reducing mozzarella production in the face of stronger export competition from the EU – is keeping the cheese market volatile and supporting higher SMP manufacture. Cheese fundamentals should improve but demand appears fragile.

The NZ production sector faces a rapid shift into an El Nino climate event in H2-2023 which brings further uncertainty. The production conditions for the new season are a lottery in any setting. We expect an increase in milk output through peak months, but the overall season will potentially deliver lower output.

Graph Reference: Fresh Agenda

- Ends -

Maxum Foods – Global Dairy Commodity Update



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About Maxum Foods: Maxum Foods is one of Australia and New Zealand's principal suppliers of dairy ingredients to the Human Health and Nutrition, as well as the Animal Nutrition industries. Maxum Foods specialises in supplying medium to large-scale food manufacturers with high-quality dairy ingredients such as milk powders, cheese and butter. Backed by top-level technical support and a huge dairy ingredient range, Maxum Foods have open global supply channels to source exactly what our customers need.

For more information or interviews contact:

Edwin Lloyd

Executive General Manager - Foods

Ph: +61 7 3246 7810

Email: edwin@maxumfoods.com

For media enquiries please contact:

Agata Swanborough

Communication & Business Services Manager

Ph: +61 437 624 966

Email: agata@maxumfoods.com

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