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For Immediate Release

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GLOBAL DAIRY COMMODITY UPDATE JULY 2023

The outlook for market fundamentals continues to be mixed – while there are mounting supply side pressures from weather and poor margins that will slow milk output in the EU and US, weak demand remains a greater challenge for at least the remainder of 2023.

In the short-term, prices will likely weaken as buyers can afford to wait and see whether product availability is impacted by slowing milk output. The further complexity in the EU is that domestic ingredient demand has also been weakened by reduced consumption in major processed food categories.

EU cheese and butterfat markets again briefly rallied with improving buying, but demand appears flimsy and seasonal. The large unknown remains whether demand for cheese in the EU can sustain any meaningful recovery when lower prices eventually reach consumers.

The US market continues to struggle under the weight of an oversupply of cheese, with stubbornly high cheddar output (to fill a set of new plants in central regions) that is well ahead of demand. This has been compounded by lower mozzarella production in the face of weaker domestic and export demand. Cheese market fundamentals should eventually improve as milk output stalls later in 2023 and the consumer economy improves.

Meanwhile, the biggest export markets for dairy ingredients, China and Southeast Asia, are showing some positive signs. The recovery in demand for imported ingredients and products by China continues to show encouraging signs but consumer spending remains cautious. There is little evidence yet of a rebalancing in domestic milk supplies as UHT demand is improving slower than expected and domestic milk powder output continues to expand. Demand for cheese and butterfat is, however, improving.

The lack of significant change in Chinese WMP demand backs into the NZ product mix, which will sustain higher SMP and butterfat output. The production conditions for the upcoming spring are, as always, a lottery. Improving beef markets and pressures on cashflows will continue to drive caution with producers.

Graph Reference: Fresh Agenda

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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.

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