

MEDIA RELEASE



For Immediate Release

8th January 2024

GLOBAL DAIRY COMMODITY UPDATE JANUARY 2024

Little has changed in terms of the supply and demand fundamentals in the outlook. Milk supplies continue to slow in the EU and US, stocks generally tightened as 2023 closed, but demand-side weakness remains the major challenge.

The EU market was mixed at year-end. Ingredient and butter stocks tightened as good demand for fresh cream and cheese took priority, but improvements in milk supply and the uncertainty of early 2024 demand drove weaker cheese and ingredient prices.

The EU milk supply outlook has varying influences – an outbreak of blue-tongue disease poses an ongoing threat while producer margins are favorable and warm late winter and spring are forecast.

The US market will suffer short-term volatility as milk supply slightly contracts over H1-2024. Softening domestic demand and insufficient export activity could keep short-term pricing under pressure but cheese supplies will gradually tighten. New cheese capacity won't drive any growth in milk collections until late in 2024.

While SMP availability has reduced in the EU and US, the Oceania market will continue to drive price action in the short-term, with no pressure on availability and still weak export demand from Asia. A slowing in NZ output is expected as El Nino's influence builds, which may alter ingredient and butterfat supplies if export demand recovers.

There is little change to the main themes in trade. China's sluggish market is well-supplied (with cheese the only bright spot), while there have been some improvements in SE Asian trade. The scrap over contestable cheese markets remains critical to marginal cheese availability and available prices each of the big three producers.

There is once again pervasive belief in the EU and US that short-term price weakness should attract buyers, a story we heard a few times through the fluttering rallies in 2023. Let's see if that rinses and repeats in 2024.

Graph Reference: Fresh Agenda

Maxum Foods – Global Dairy Commodity Update



+61 7 3246 7800
maxumfoods.com

Head Office:
28 Finchley Street
Milton QLD 4064
Australia

Blending Facility:
4, 33 Fitzgerald Road
Laverton North VIC 3028
Australia

Blending Facility:
11 Washbournes Road
Wigram NZ 8042
New Zealand

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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 Manager

Ph: +61 437 624 966

Email: agata@maxumfoods.com

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