

# MEDIA RELEASE



*For Immediate Release*

*5<sup>th</sup> March 2024*

## GLOBAL DAIRY MARKETS NAVIGATE UNCERTAINTY AMIDST WEAK DEMAND AND SUPPLY DYNAMICS

### Global Dairy Commodity Update March 2024

For several months weak global demand and slowing global milk supply has balanced pricing, but this dynamic may potentially start to unravel in the coming months.

The uncertainty over a demand revival remains a fixture in global markets. While a lot of powder was shipped late in 2023 and in early 2024 tightening availability, it is likely much of this was down to buyers taking advantage of attractive prices (and subsequently backing off with the expectations of supply tightening) rather than a recovery in real demand.

The uncertainty about market direction is sustaining hand-to-mouth short term sourcing activity from the import buy-side.

Global trade has been impacted by reducing exportable surpluses and declined 2.7% year-on-year in MSE (milk solids equivalent) terms in December, a 4-year low, but was still up 2.8% for the period Oct to Dec 2023 on weak comparables. For 2023, trade was only 0.3% above the prior year, which closely aligns with the minimal growth in global milk supplies.

Meaningful signs of demand growth remain elusive in US and EU markets – except in the EU for butter/cream, and sports nutrition markets for hi-protein whey, which remain bullish. Inflationary pressures are easing in most developing regions, but this hasn't yet flowed through to the cost of food, and essentials remain relatively high, pressuring the affordability of dairy products.

While milk supplies face growth headwinds in the US and NZ, the weather outlook means it is now more likely that EU milk output will grow year-on-year in the spring flush, adding to SMP supplies.

The US production outlook for coming months has worsened a little but won't materially impact global conditions. The looming challenge of filling new US cheese plants due to come online later in 2024 is a major factor to watch, given weakening demand, but also the limits due to on-farm economics and sourcing young stock.

The effects of these major influences on fundamentals across the commodity spectrum varies by product and region, remaining finely balanced.

*Maxum Foods – Global Dairy Commodity Update*



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*Graph Reference: Fresh Agenda*

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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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