

International Demand Analysis

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U.S. Dairy
Export Council.

Ingredients | Products | Global Markets

Data Through:
July 2024

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A Note from the Authors

- This is the **International Demand Analysis** from the Dairy Economics Team at National Milk Producers Federation (NMPF) and the U.S. Dairy Export Council (USDEC). This monthly report outlines the latest global dairy trade trends and data combined with our own commentary analyzing demand in key markets for **cheese**, **NFDM/SMP**, **whey (0404.10)** and **WPC80+**, alongside shorter summaries for **lactose**, **butterfat** and **WMP** – all with a forward-looking lens and US exporter viewpoint.
- **Data Notes**
 - All comparisons are year-over-year unless otherwise noted.
 - 3-Year CAGR is calculated from most recent 12-months and not from calendar year.
- If you have any questions, comments or suggestions on how to improve the report, send us an email at:
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Global Dairy Demand Market Commentary



KEY TAKEAWAYS

- **Global trade started off the second half of 2024 on an exceptionally positive note**, growing 10% year-over-year (+88,436 MT MSE) with gains across most products, exporters, and markets.
- **Southeast Asia led the way, improving 29% year-over-year and marking the tenth straight month of the growth.** In fact, July's expansion (+40,673 MT MSE) was the largest volume gain for the region since at least 2011 (which is as far back as our data goes).
- While Southeast Asia clearly posted the strongest gains in July, the region was far from alone in demand growth. MENA expanded by 11% (+14,190 MT MSE), an improvement from the struggles of the second quarter. Similarly, Mexico grew by 16% (+8,784 MT MSE) even as the peso and their economic outlook becomes increasingly uncertain. China even managed to see a gain of 4% after four straight months of declines (+4,935). **Overall, given the diversity of growing markets, July was undoubtedly a positive month for global demand.**

Global Milk Solids Trade

+10.4%
July YoY

+1.8%
YTD, Ending July

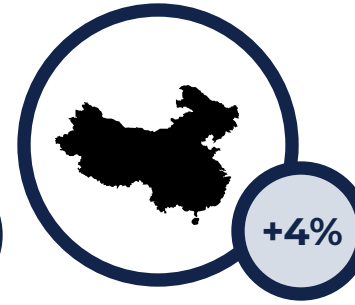
+0.6%
Last 12-Months, Ending July

-1.3%
3-Year CAGR

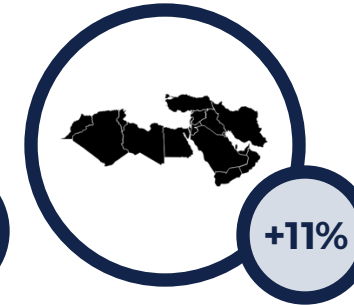
July Standout Markets



SOUTHEAST ASIA
+40,673 MT



CHINA+HK
+4,935 MT



MENA
+14,190 MT



MEXICO
+8,784 MT

ADDITIONAL NOTES

Given that the first half of 2023 was characterized by sharp divergence in performance across different products, the widespread growth in July was a pleasant surprise. Fluid milk and WMP still lagged prior year levels (-3.5% and -0.4%, respectively), but not as dramatically as they did in the second quarter. Cheese continued to post the largest growth of any product, gaining 15% in July (+31,697 MT), and several other bulk ingredients were close behind. NFDN/SMP improved 14% (+24,910 MT); low-protein whey jumped 21% (+23,998 MT); and FFMP/blends improved 18% (+23,014 MT). Favorable year-over-year comparisons for multiple products certainly boosted the growth figures for July, but aggregate global trade growth surpassed 2022 levels as well. Higher value products joined the expansion with proteins – both casein and whey proteins – posting double-digit gains. Additionally, milkfat-heavy products, like butter, ice cream and cream, were similarly positive even as milkfat has become increasingly expensive in 2024.

Global Dairy Demand Market Commentary



LOOKING AHEAD

- Even as July was an unambiguously positive month, **it remains too early to conclusively declare it a turning point in global dairy trade** after three years of underwhelming performance – especially given tight milk supplies in the U.S. and Europe as well as demand struggles in China.
- Still, there were several positive trends that do appear to have staying power. For one, **cheese demand has impressed throughout the last twelve months**, growing faster than its pre-COVID average and even accelerating past its long-term trendline – a notable contrast to most other products. Additionally, **Southeast Asian imports are clearly rebounding in concert with improved economic performance** across the region. Finally, **China’s demand for low-protein whey for feed appears solidly on the upswing** with the rise in pork prices and expansion of pig breeding facilities by the major commercial players.
- Plenty of questions remain in the global dairy market (several of which revolve around China). However, even in the face of a structural evolution in China’s dairy imports, **global dairy trade has proven remarkably resilient in 2024 across most markets**. Whether this remains the case with the recent surge in prices will be a critical question for markets as we look to turn the calendar to 2025.

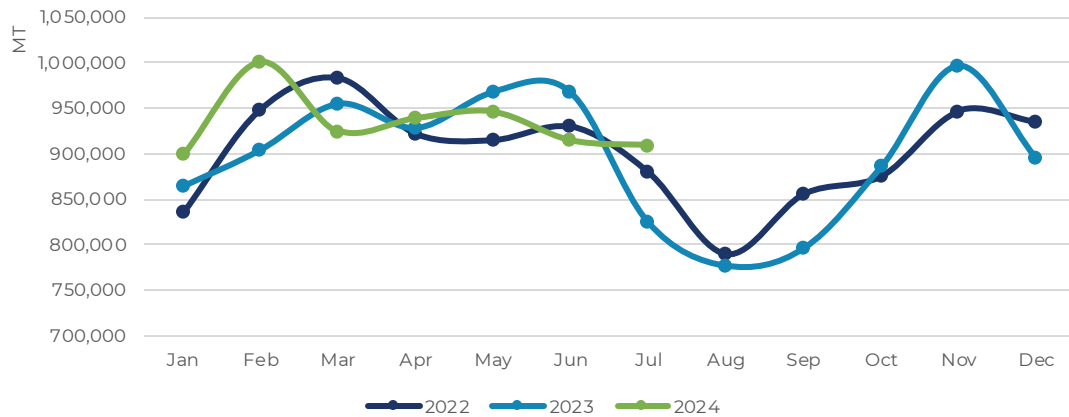
U.S. Milk Solids Exports ¹	+9.2% July YoY	-0.7% YTD, Ending July	-4.0% Last 12-Months, Ending July	-1.4% 3-Year CAGR
EU Milk Solids Exports	+10.2% July YoY	-0.6% YTD, Ending July	-0.2% Last 12-Months, Ending July	-0.1% 3-Year CAGR
NZ Milk Solids Exports	+8.4% July YoY	+4.1% YTD, Ending July	+3.5% Last 12-Months, Ending July	+1.2% 3-Year CAGR

ADDITIONAL NOTES

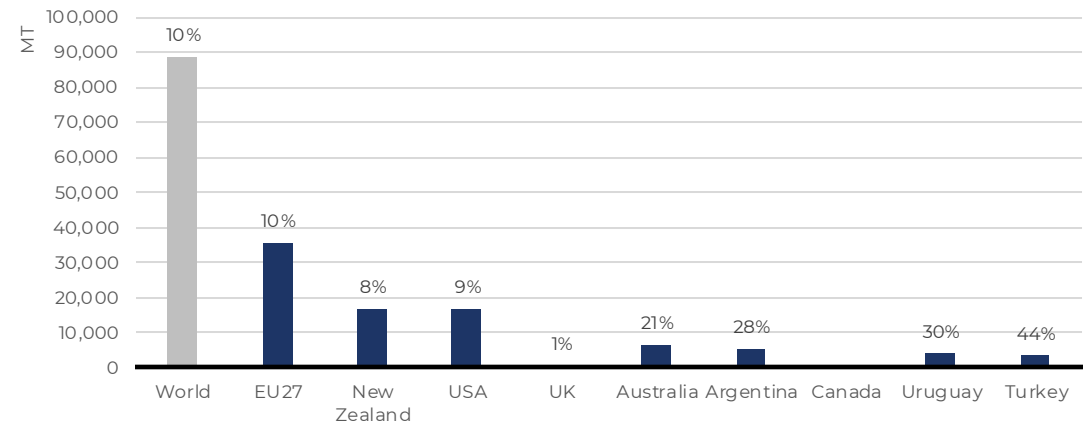
For the first time since April 2011, every major exporter we track in our dataset increased their exports in July. The increases in Canada and the UK were relatively meager (+4%, +597 MT MSE and +1%, +463 MT MSE, respectively), but the other countries all posted substantial gains. Strong demand from Mexico and a rebounding whey market in China boosted U.S. volumes by 9%. The EU27 increased shipments to most of their destinations with the recovery in Southeast Asia and Sub-Saharan Africa lending particular strength to their ingredient exports, while the U.S. remained the primary growth market for European cheese and butter. New Zealand's growth, by contrast, was focused on its core markets. NZ exports to Southeast Asia jumped 30% (+13,598 MT MSE), while MENA, China and Australia were close behind. Finally, Australia's exports continued their surge in July, gaining 21% YOY.

Executive Summary: July 2024

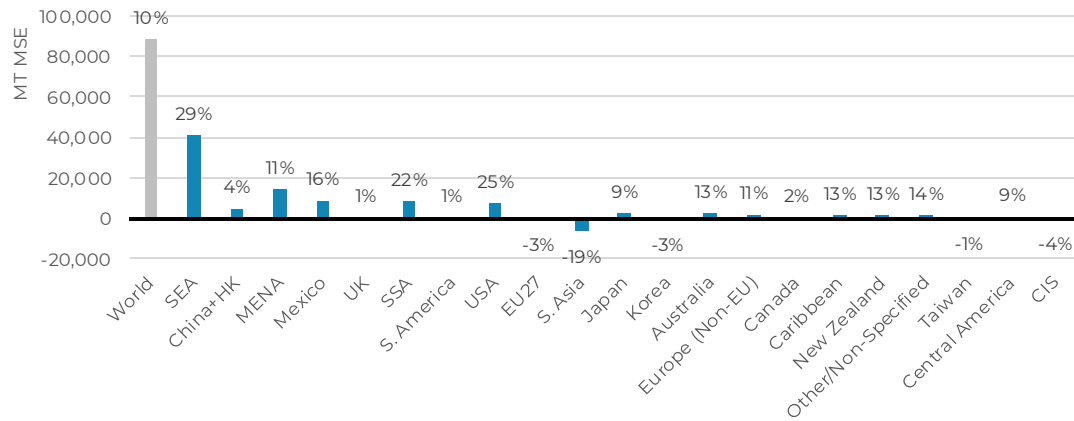
Global Total Solids Trade to World



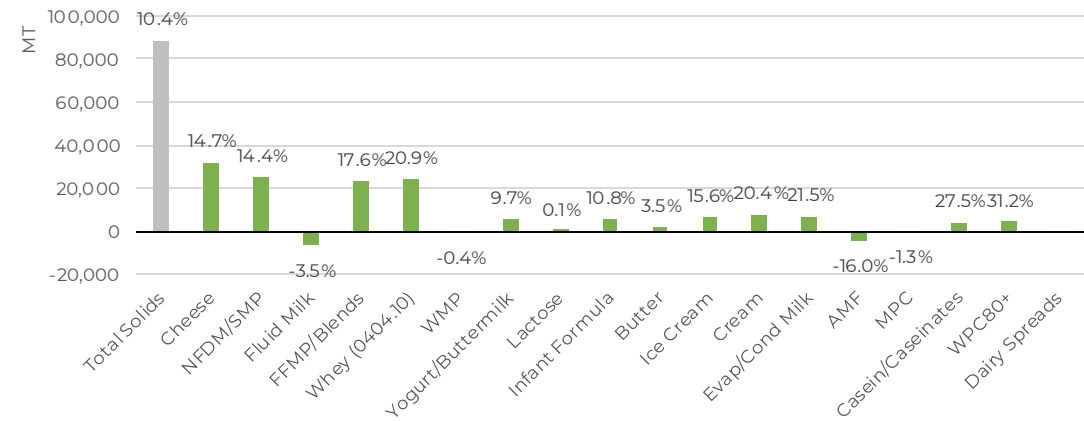
YOY Change in Global Dairy Trade to World: Month of Jul, MSE



YOY Change in Global Milk Solids Trade by Destination: Month of Jul 2024



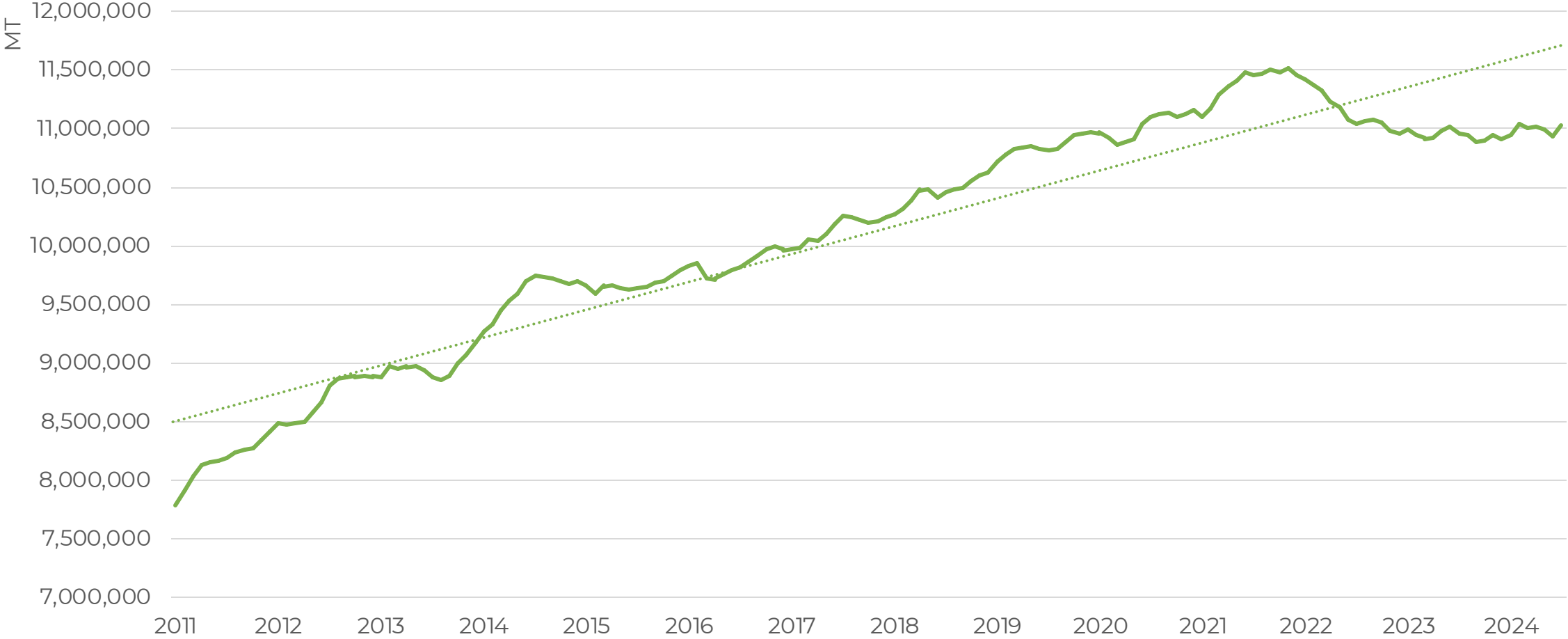
YOY Change in Global Dairy Trade to World by Product: Month of Jul



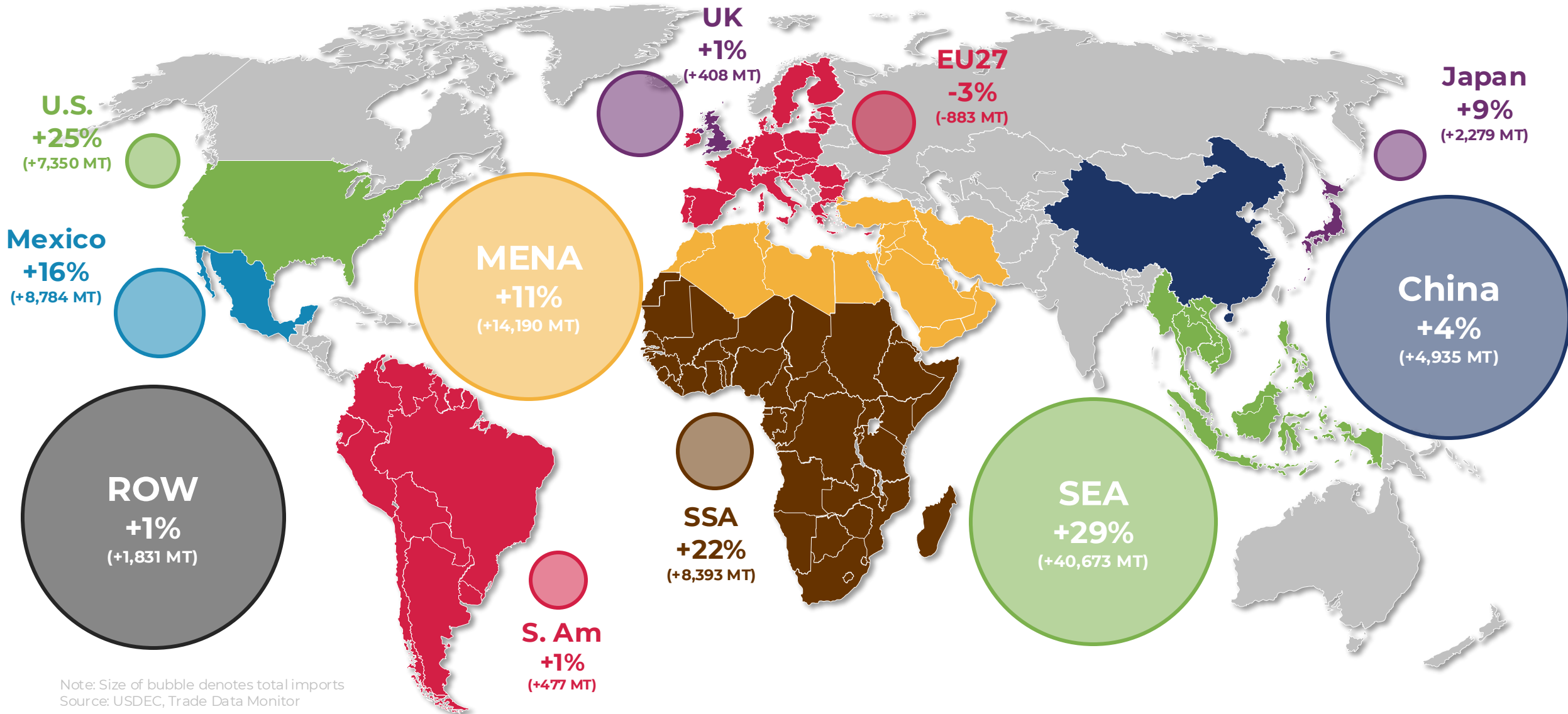
Global Dairy Trade

Global Dairy Trade

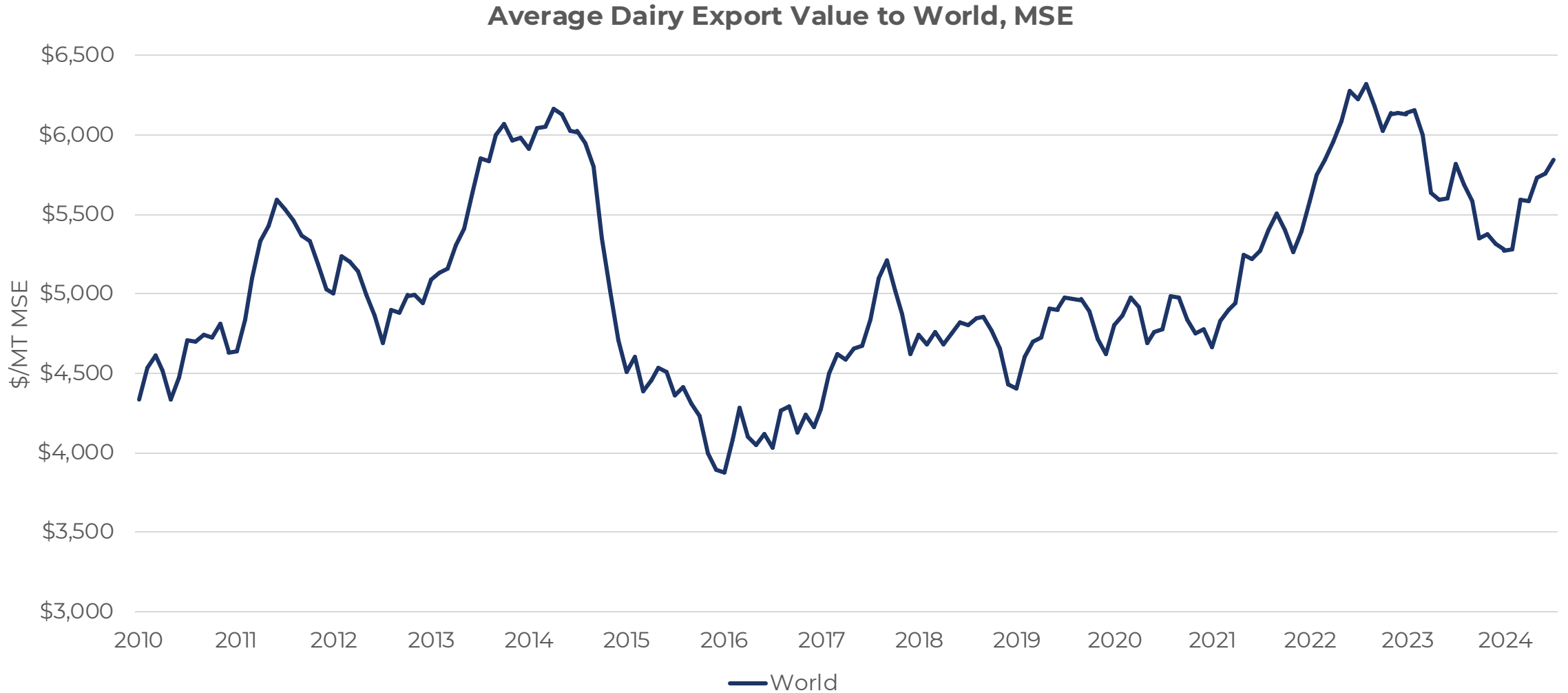
(Milk Solids Equivalent, Rolling 12 Months)



Select Markets – Month of July 2024, Milk Solids Equiv.

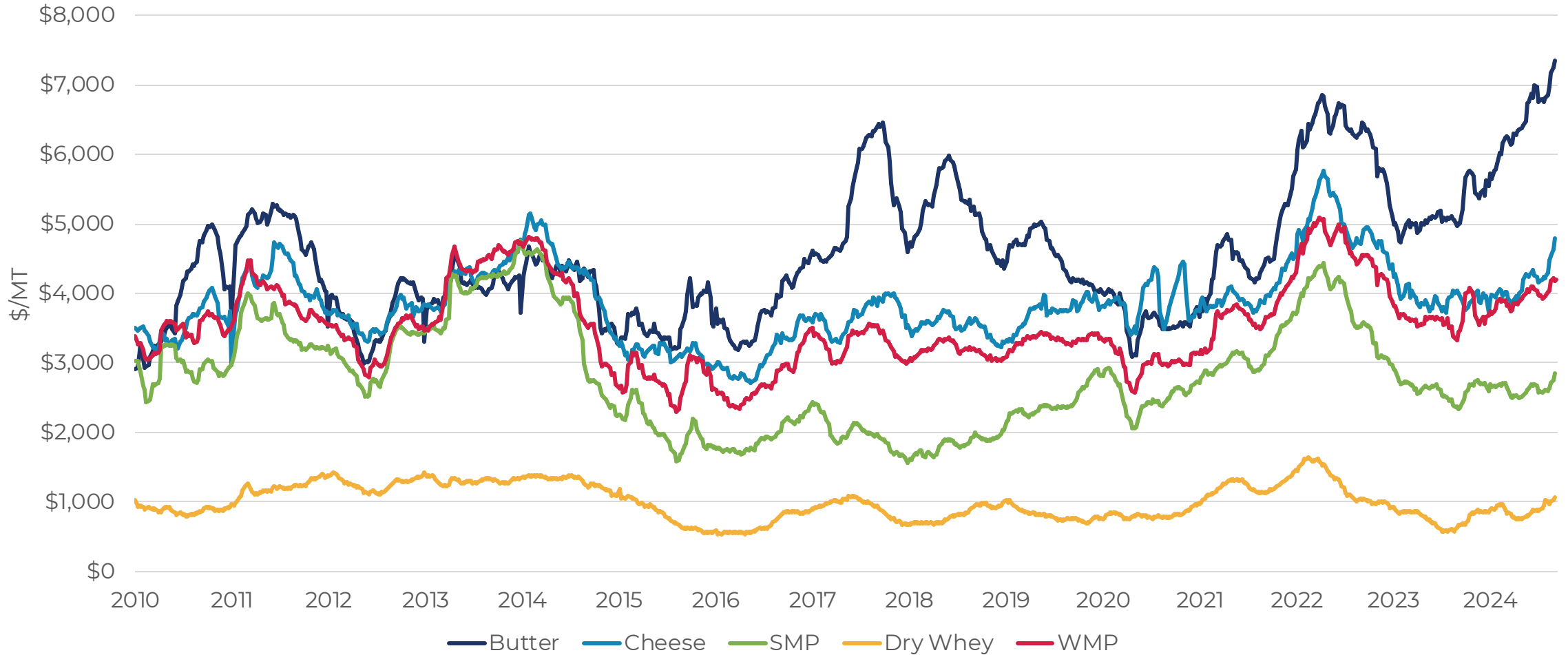


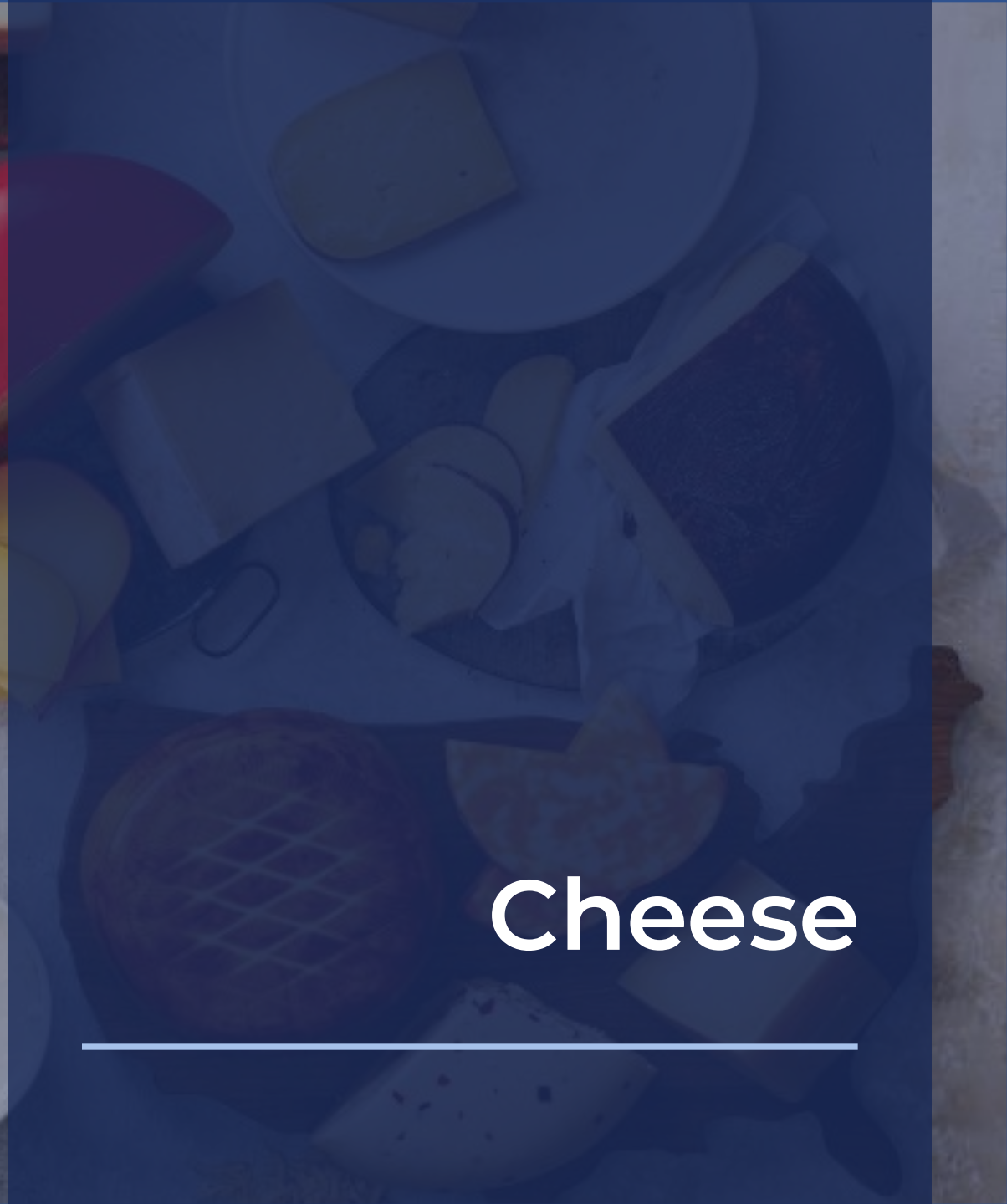
Average Global Export Price



Global Dairy Spot Prices

Average US, EU, & NZ Wholesale Prices for Select Dairy Products





Cheese

Cheese Market Commentary



KEY TAKEAWAYS

- After a relatively modest increase in June, **global cheese trade jumped 15% higher in July (+31,697 MT), marking the 10th consecutive month of year-over-year gains.** In fact, 17 out of the 18 largest cheese markets that we track increased purchases in July. Japan was the lone exception and even that decline was relatively modest at -1% (-188 MT).
- **Mexico's seemingly insatiable demand remains one of the biggest stories in cheese markets.** After growing an impressive 32% in the first half of the year, July shipments actually accelerated (+45%, +6,070 MT) despite higher prices, a weaker peso and a surge in NFDM/SMP for cheese fortification.
- **After a sharp downturn in 2023 and the first quarter of 2024, Korean demand appears to have stabilized.** While still generally trailing 2022 levels, reduced inflation and a modestly improved Won has helped boost sales to the country even as trade remains well below historically normal rates.

**Global
Cheese
Trade**

+14.7%

July YoY

+7.1%

YTD, Ending July

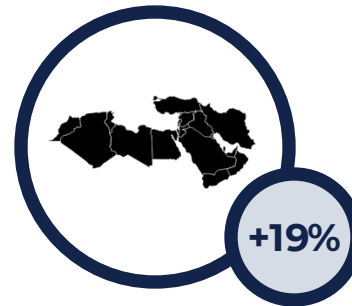
+5.8%

Last 12-Months,
Ending July

+1.8%

3-Year CAGR

July Standout Markets



MENA
+4,686 MT



UNITED KINGDOM
+4,755 MT



SOUTH AMERICA
+2,824 MT



MEXICO
+6,070 MT

ADDITIONAL NOTES

Examining the country specific HS codes, the gains were fairly widespread across cheese varieties though there was a significant variation in cheddar performance in July. EU27 cheddar exports dropped 24% (-3,284 MT) and gouda exports only increased by 2% (+166 MT). Weak milk production in Ireland after a wet spring is probably the biggest reason for the decline in cheddar shipments – even with a new cheddar processing facility having opened. The U.S. similarly saw a steep decline in its cheddar exports in July (-29%, -1,740 MT) though it's "other hard and semi-hard cheese" category did soar to Mexico. This is traditionally a gouda/manchego-style so the American-type decline was perhaps not as steep as it first appears. Still, in marked contrast to the EU and the U.S., New Zealand cheddar shipments jumped by 33% (+4,727 MT) with significant gains to Saudi Arabia, Australia, Japan, and even the UK, which has been traditionally dominated by Irish cheddar. Australian cheddar exports also increased by 80% albeit on a smaller volume.

Cheese Market Commentary



LOOKING AHEAD

- Given the widespread variety of markets supporting the growth of demand and the consistent expansion over the last ten months, **global cheese trade has proven to be exceptionally resilient even in an era of challenging economic fundamentals and a sluggish China.**
- And yet, the boom in cheese trade in the first half of the year and even July appears to still be reflecting the relatively low prices seen at spot markets earlier in 2024.** With the recent surge in U.S. and European cheese prices, it is doubtful we will see the same level of global trade growth in the back half of the year unless Oceania suppliers prioritize cheese over alternate product streams and key importing markets are still willing to keep growing import volumes at significantly higher prices. However, in contrast to the prior bout of high prices in 2022, economic fundamentals and general inflation are much more manageable today for most dairy importing markets – potentially limiting some of the negative demand reaction from higher prices.

U.S. Cheese Exports

+9.6%

July YoY

+22.0%

YTD, Ending July

+12.6%

Last 12-Months, Ending July

+4.0%

3-Year CAGR

EU Cheese Exports

+9.4%

July YoY

+0.8%

YTD, Ending July

+3.1%

Last 12-Months, Ending July

+1.0%

3-Year CAGR

NZ Cheese Exports

+23.6%

July YoY

-2.8%

YTD, Ending July

-2.8%

Last 12-Months, Ending July

-0.9%

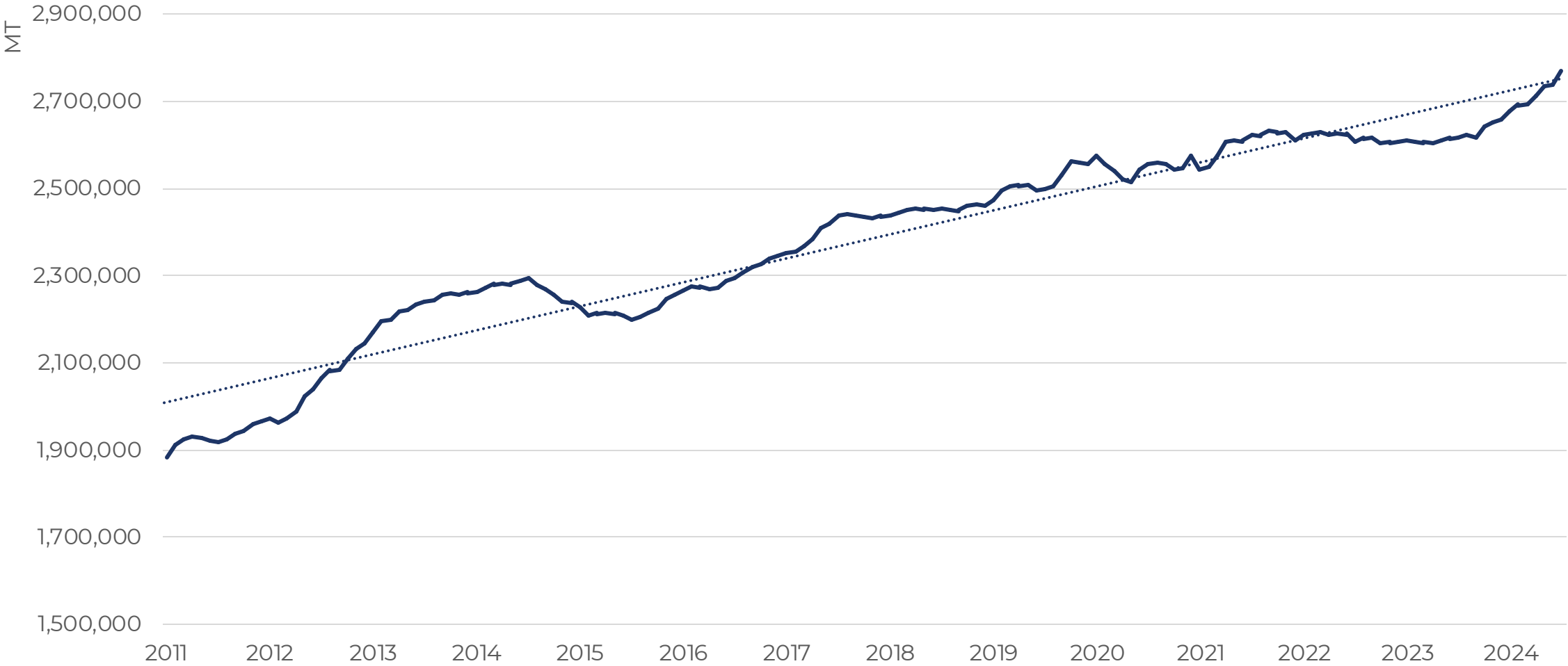
3-Year CAGR

ADDITIONAL NOTES

Even as all major dairy exporters were able to increase exports, tightness in milk supplies and fierce competition does appear to be incentivizing exporters to prioritize their key customers. In July, EU27 shipments focused its supplies on the UK (+9%), MENA (+14%), other non-EU-UK countries in Europe (+17%) and the U.S. (+16%) – all high value markets for EU suppliers – while eschewing Japan (-16%), which is typically a more commoditized market for EU gouda. Similarly, gains in U.S. cheese exports were overwhelmingly concentrated in Mexico as shipments to the rest of the world, in fact, declined. New Zealand, too, focused on its preferred customers with sales to China growing 25% alongside growth to MENA (+121%), UK and Australia (+16%). Overall, the major exporters appeared to be playing to their strengths in a context of strong demand and tight supplies.

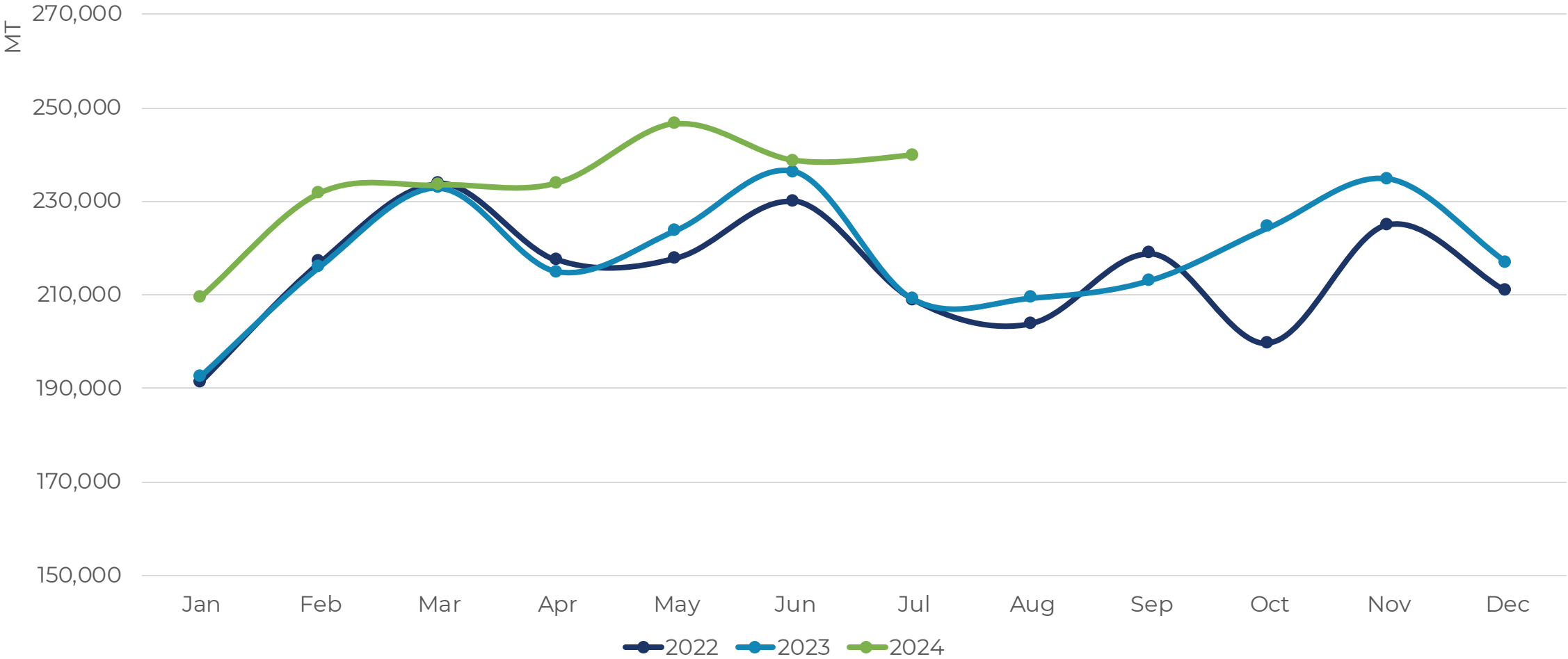
Global Overview: Cheese

Global Cheese Trade to World



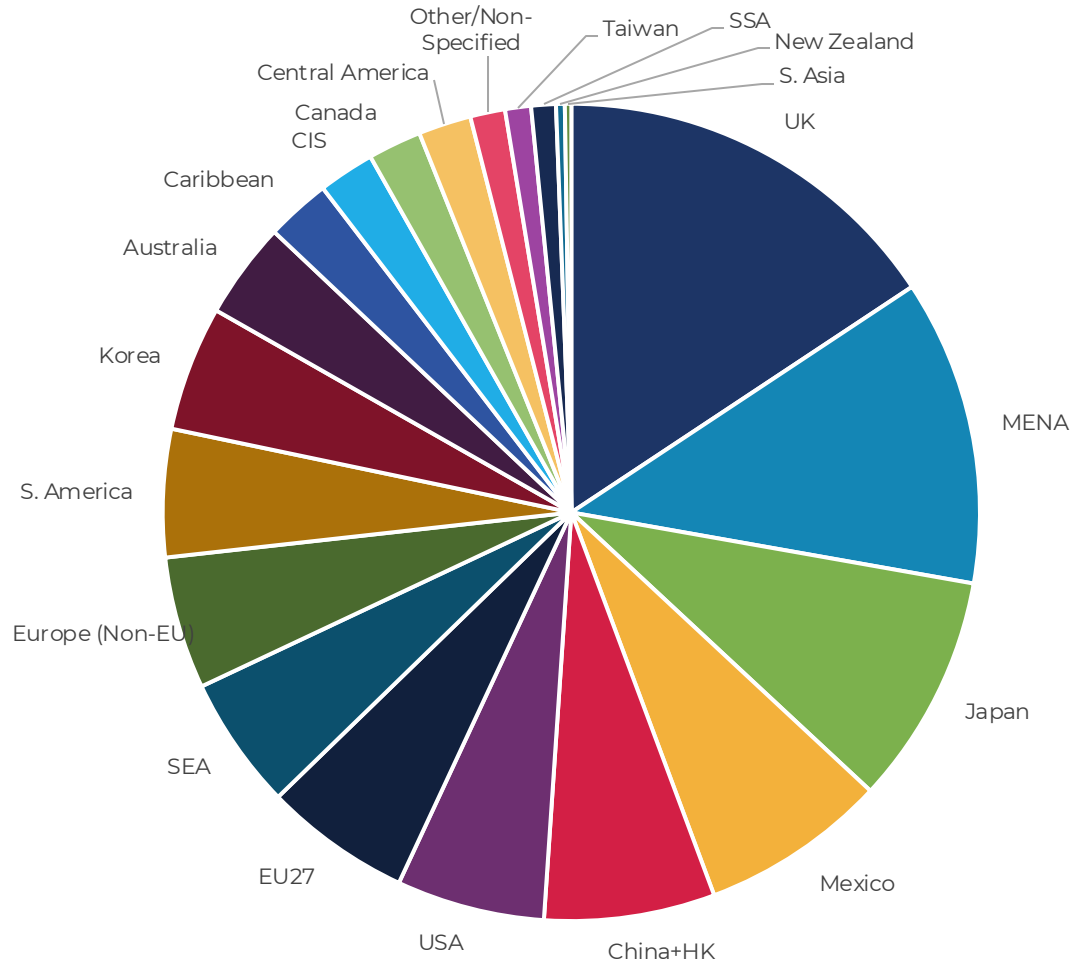
Global Overview: Cheese

Global Cheese Trade to World

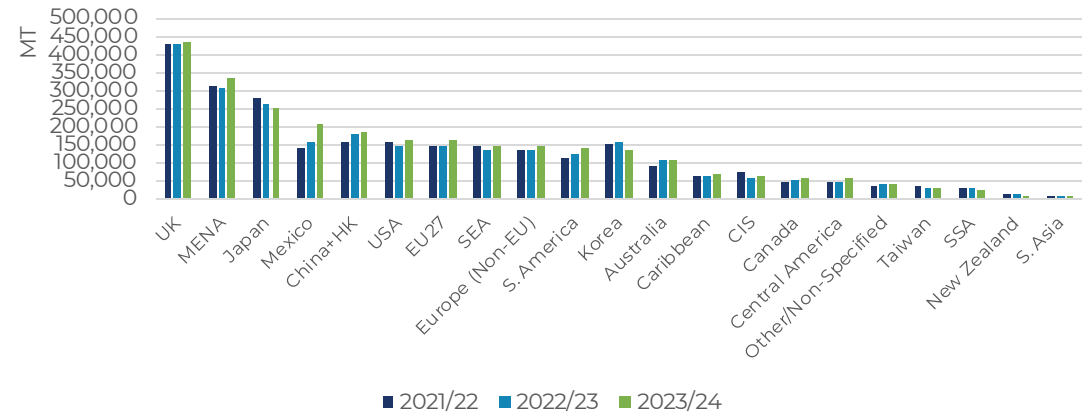


Global Overview: Cheese – Last 12 Months

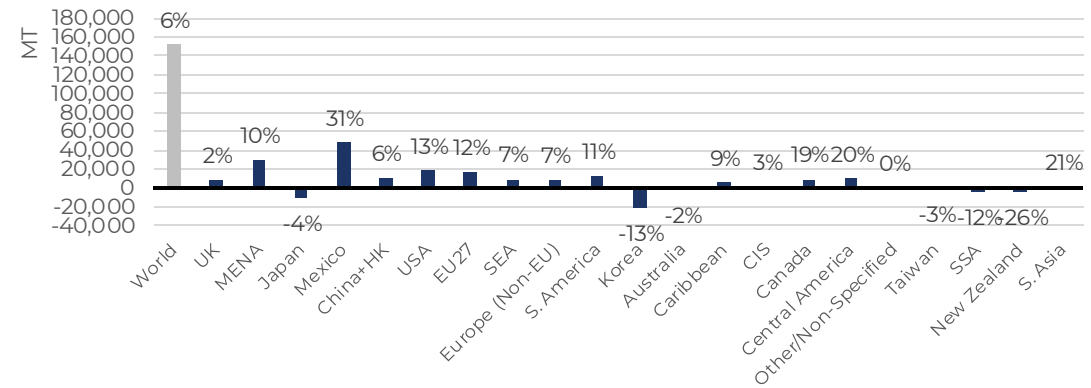
Global Cheese Trade by Destination: Last 12 Months ending Jul



Global Cheese Trade by Destination: Last 12 Months ending Jul

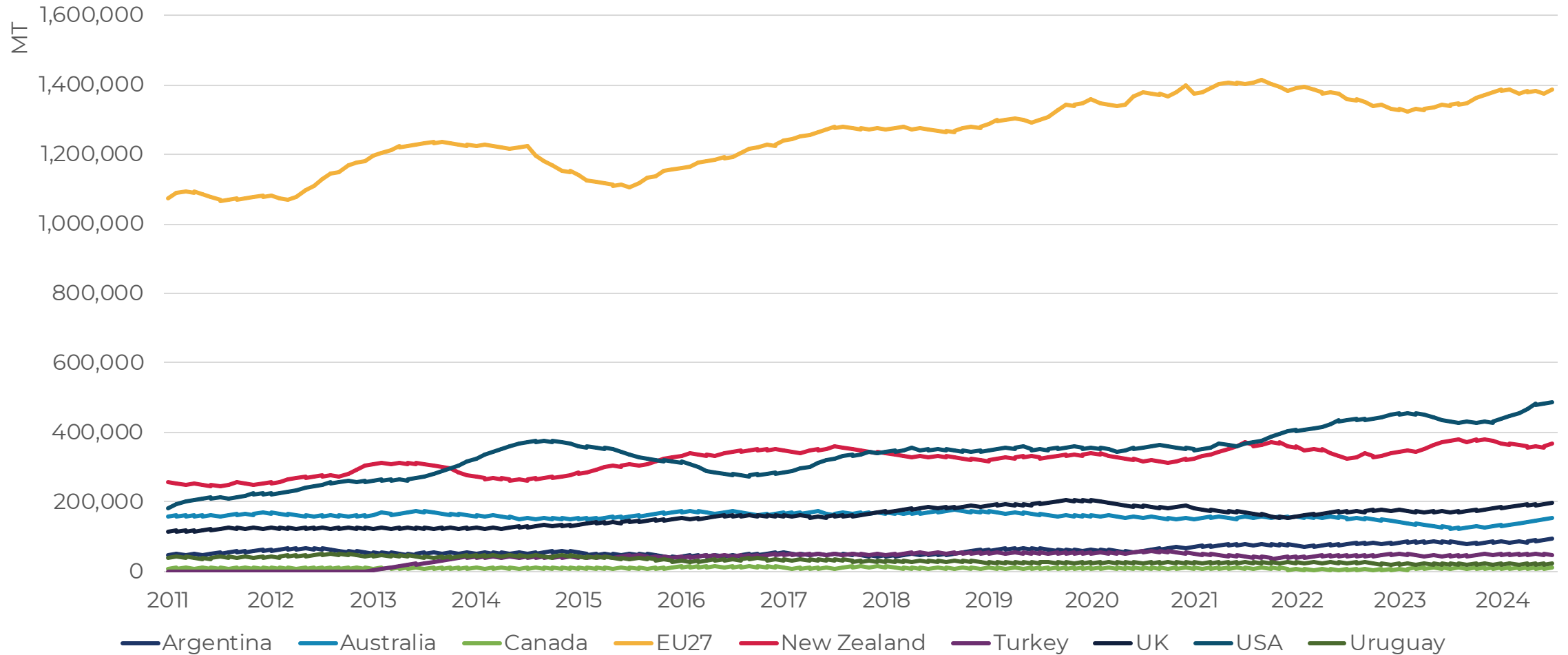


YOY Change in Global Cheese Trade by Destination: Last 12 Months ending Jul



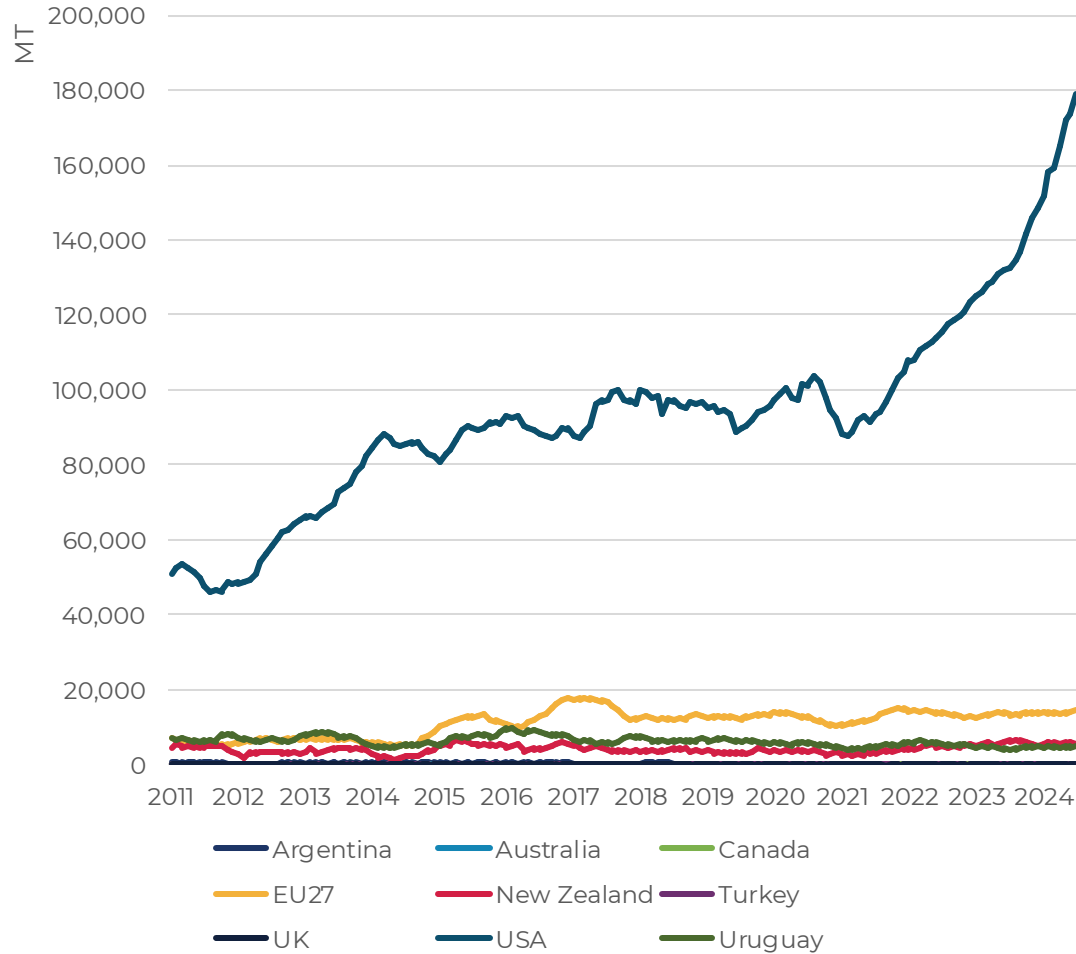
Trade Flows: Cheese

Global Cheese Trade to World

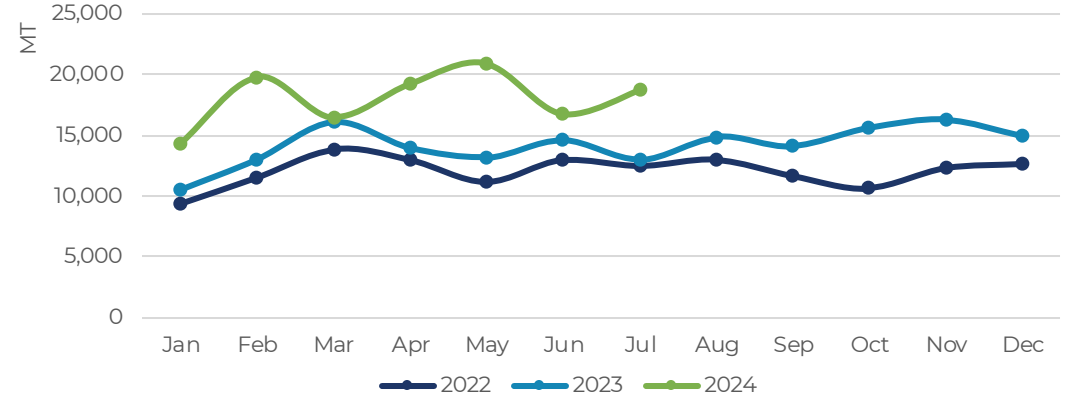


Mexico

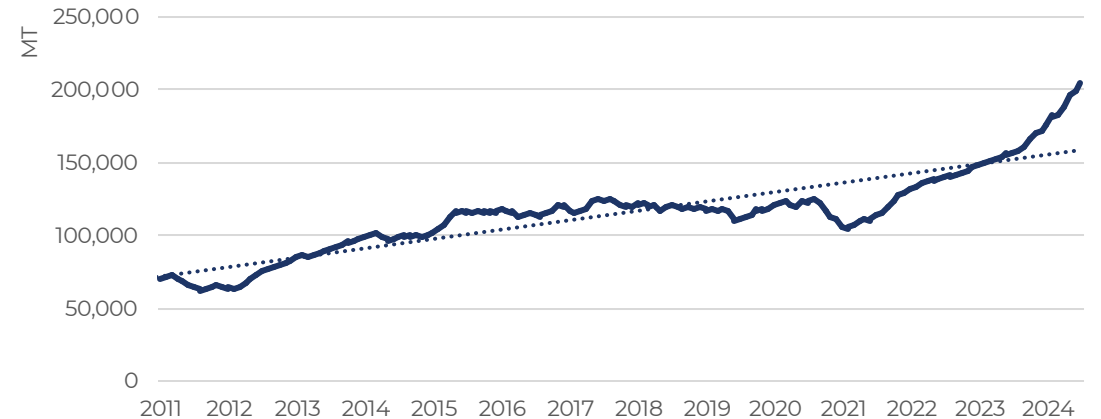
Global Cheese Trade to Mexico



Global Cheese Trade to Mexico

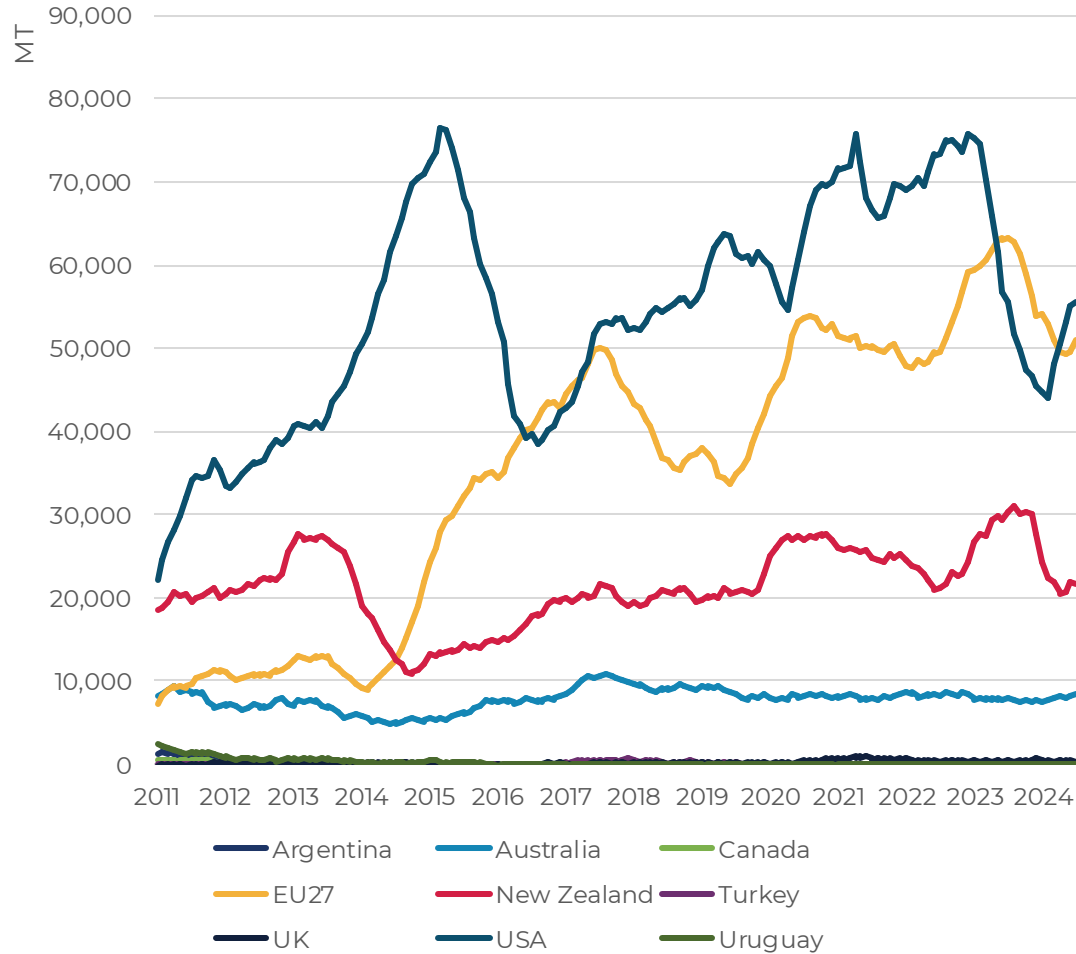


Global Cheese Trade to Mexico

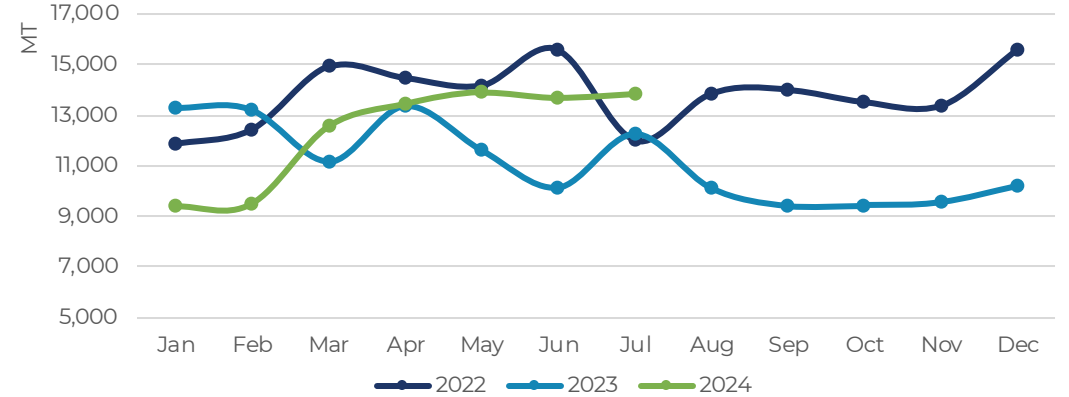


Korea

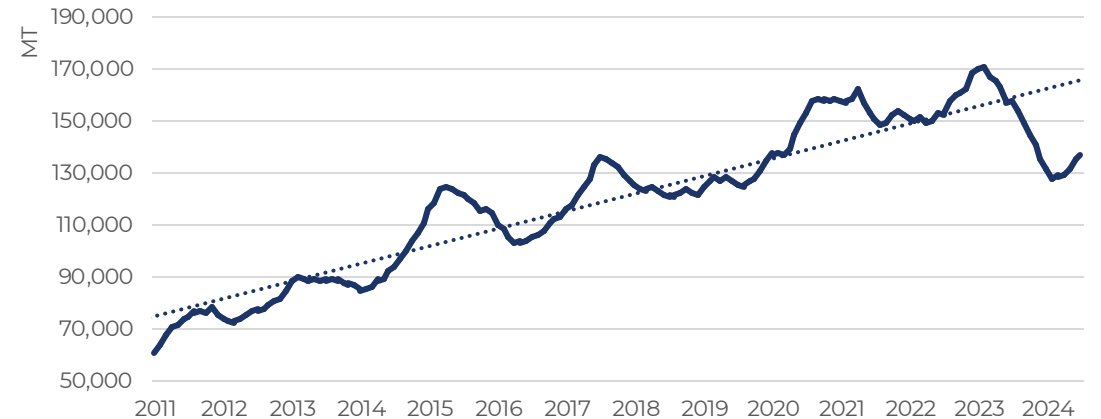
Global Cheese Trade to Korea



Global Cheese Trade to Korea

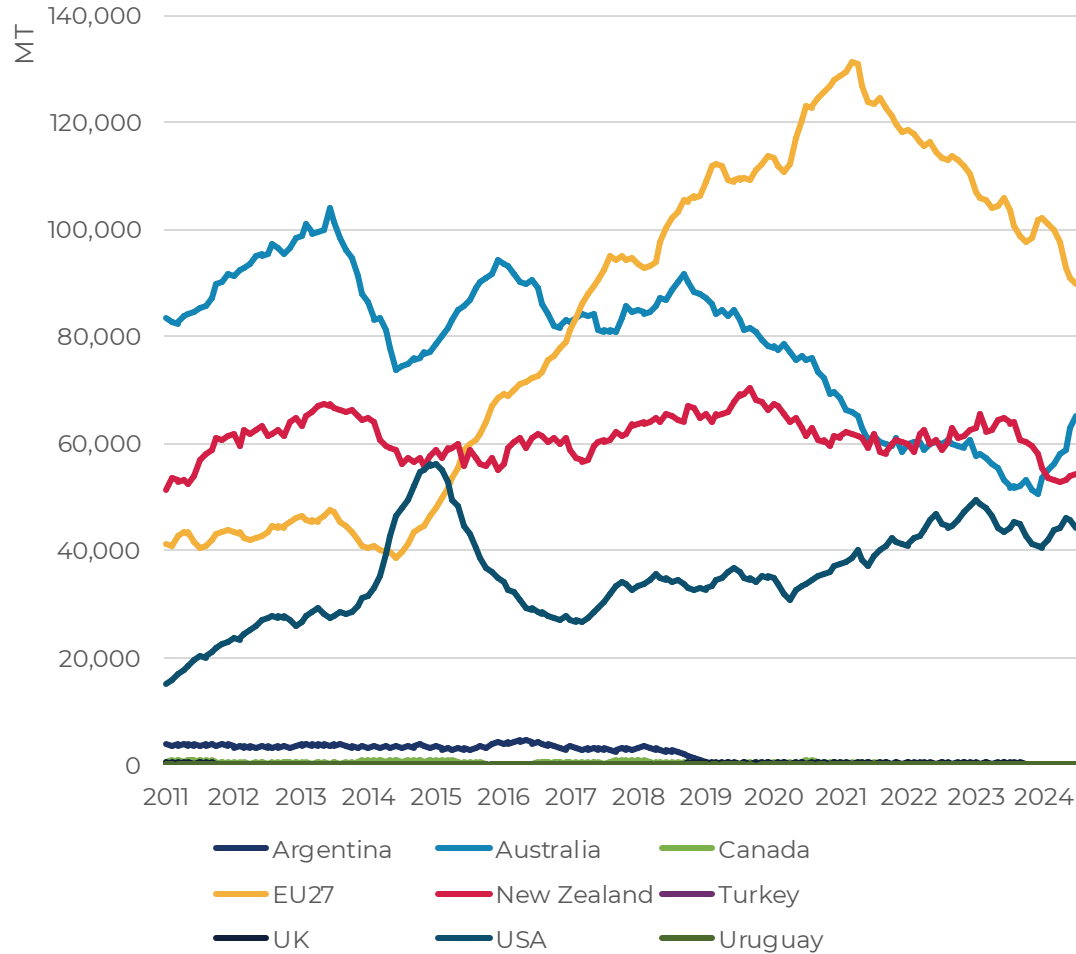


Global Cheese Trade to Korea

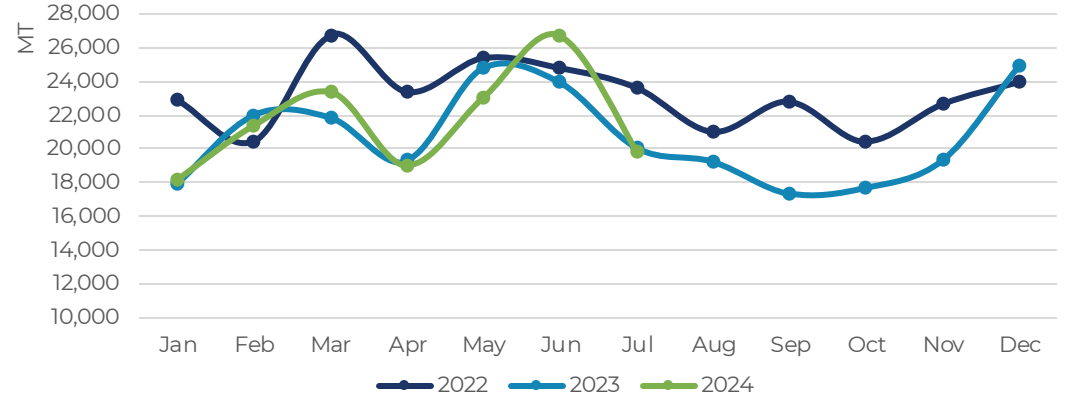


Japan

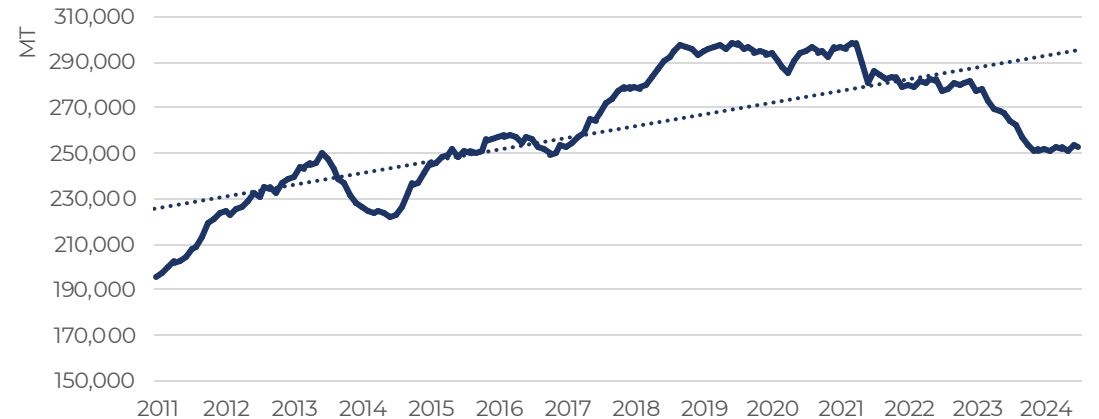
Global Cheese Trade to Japan



Global Cheese Trade to Japan

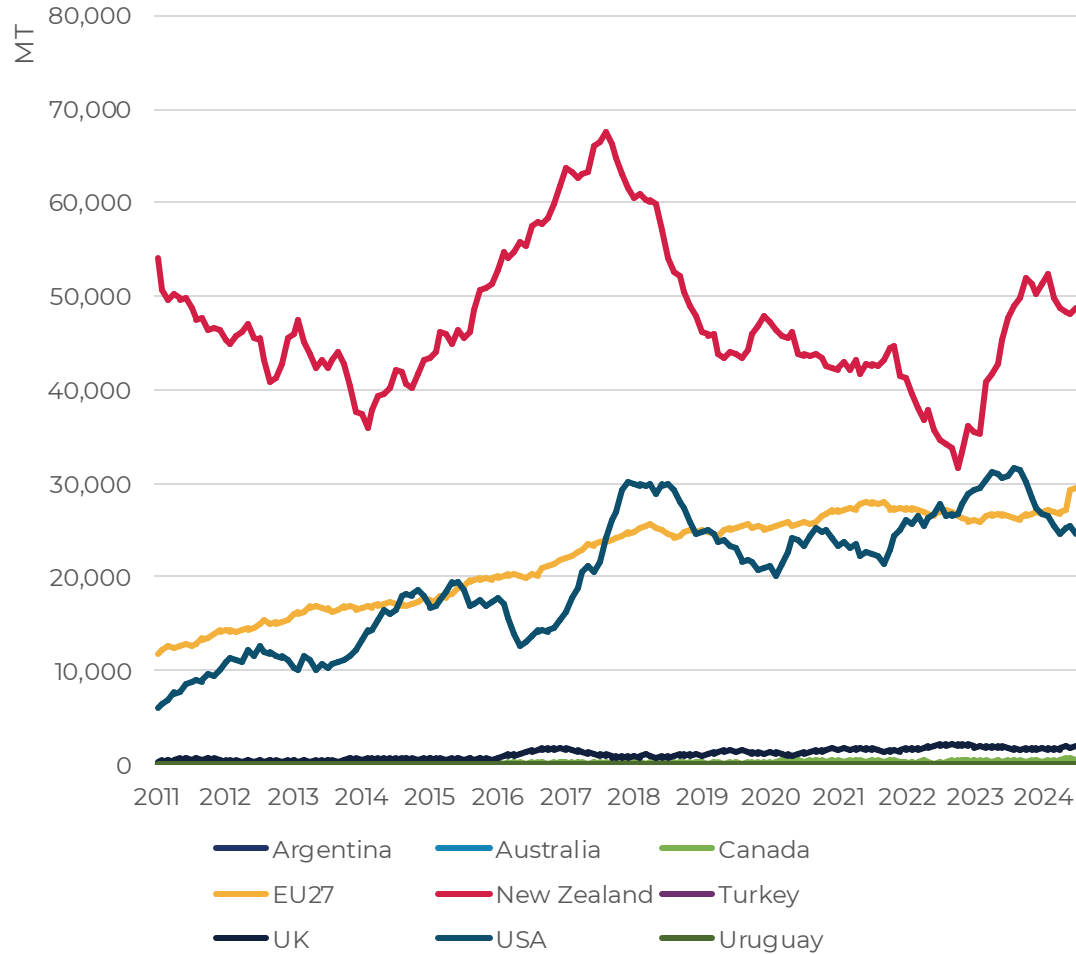


Global Cheese Trade to Japan

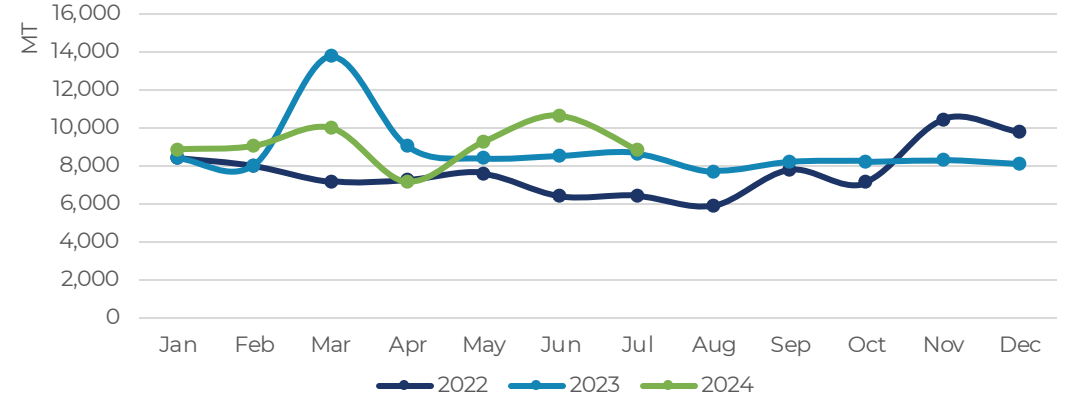


Australia

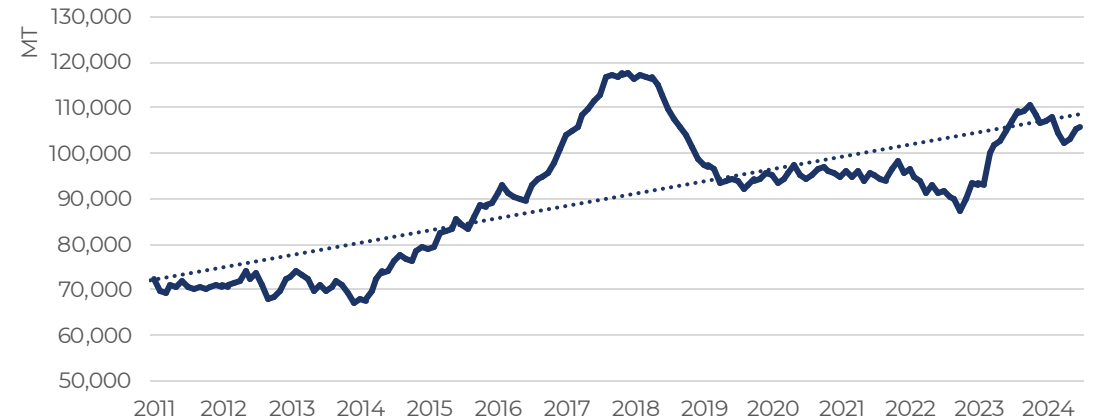
Global Cheese Trade to Australia



Global Cheese Trade to Australia

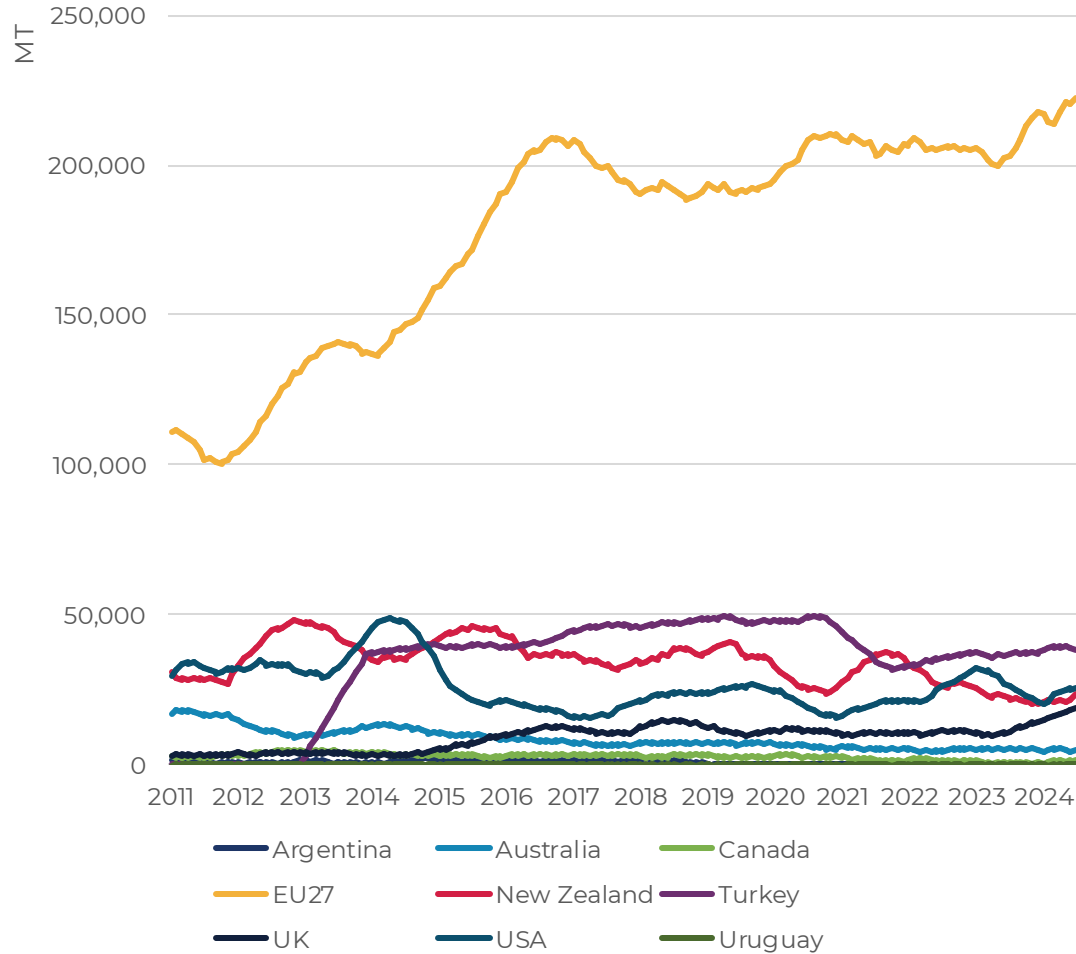


Global Cheese Trade to Australia

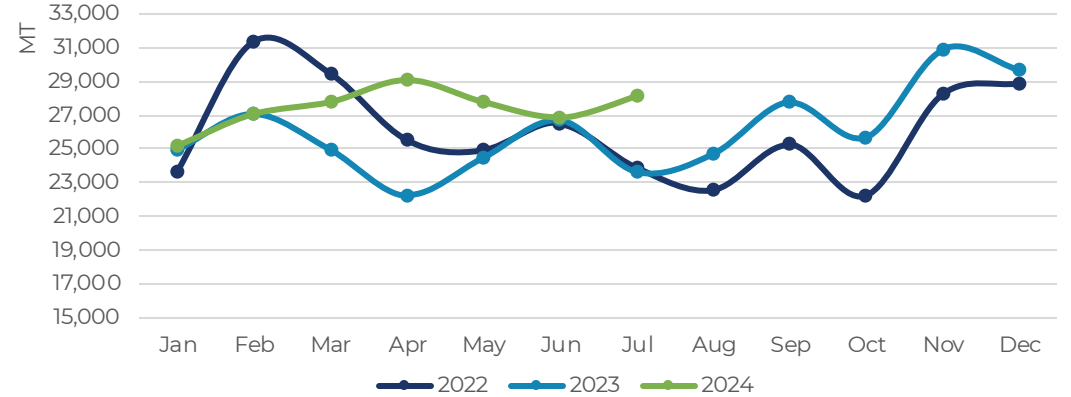


MENA

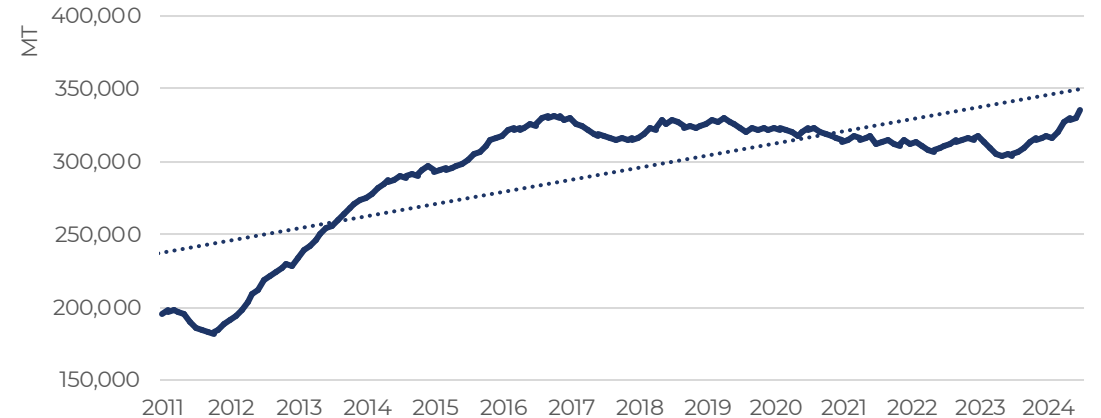
Global Cheese Trade to MENA



Global Cheese Trade to MENA

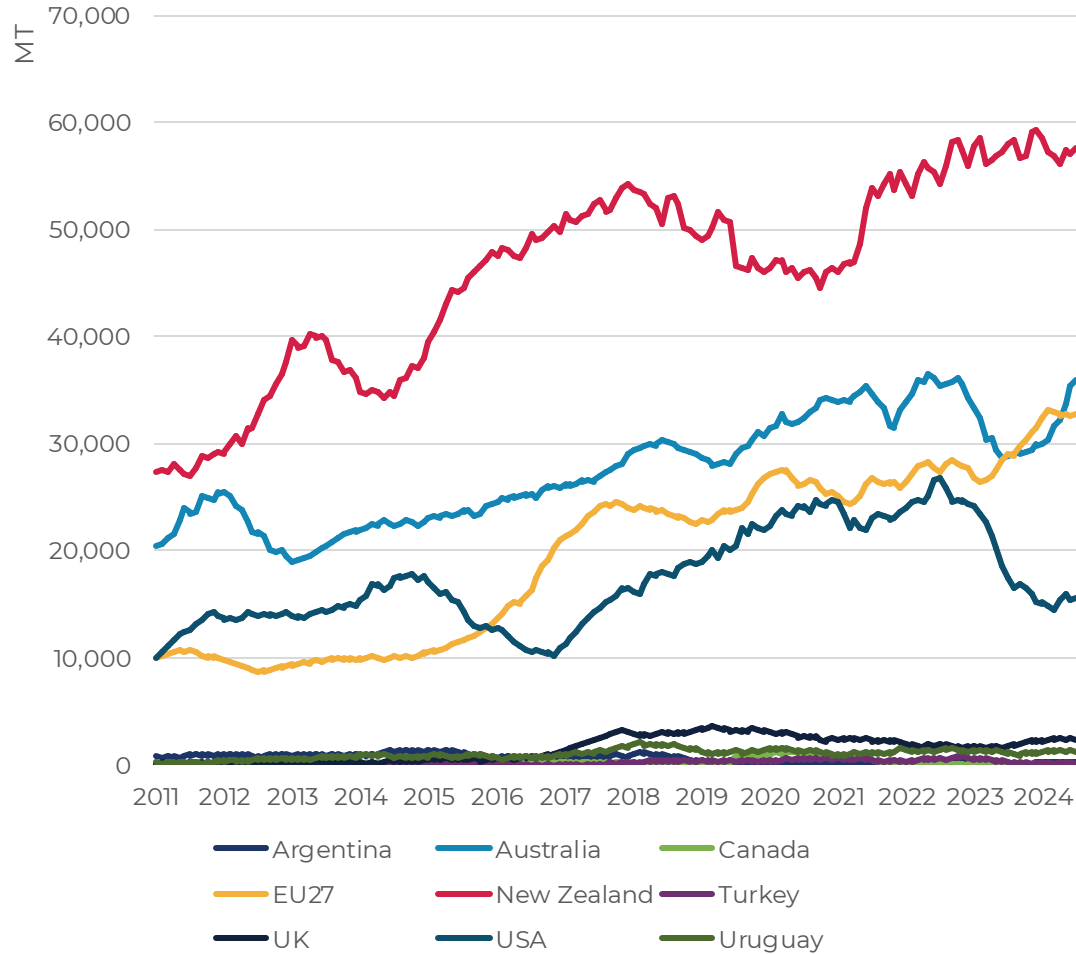


Global Cheese Trade to MENA

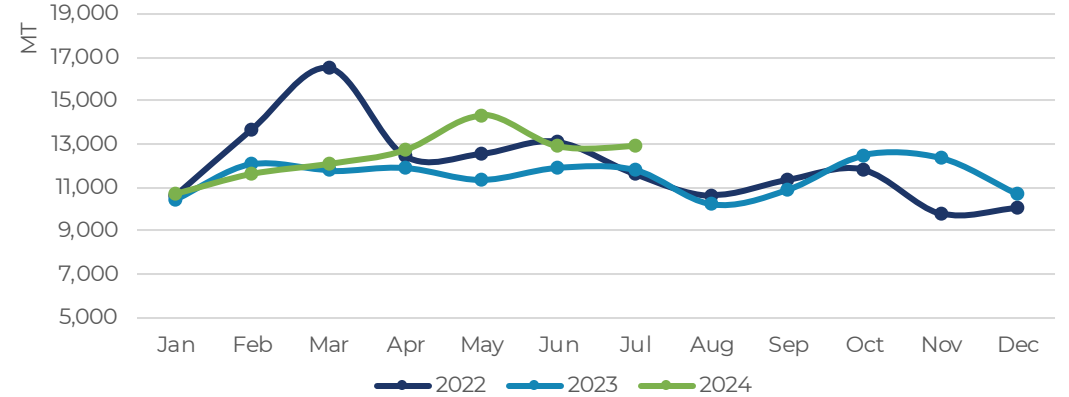


Southeast Asia

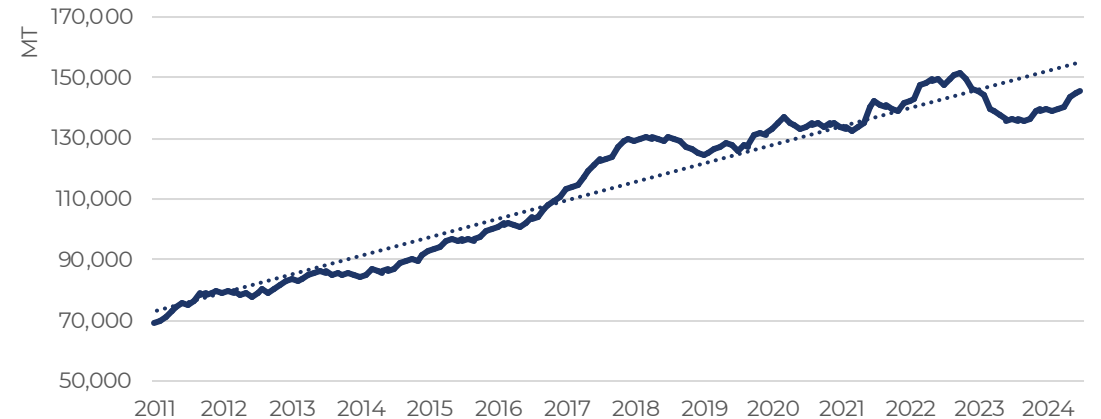
Global Cheese Trade to SEA



Global Cheese Trade to SEA

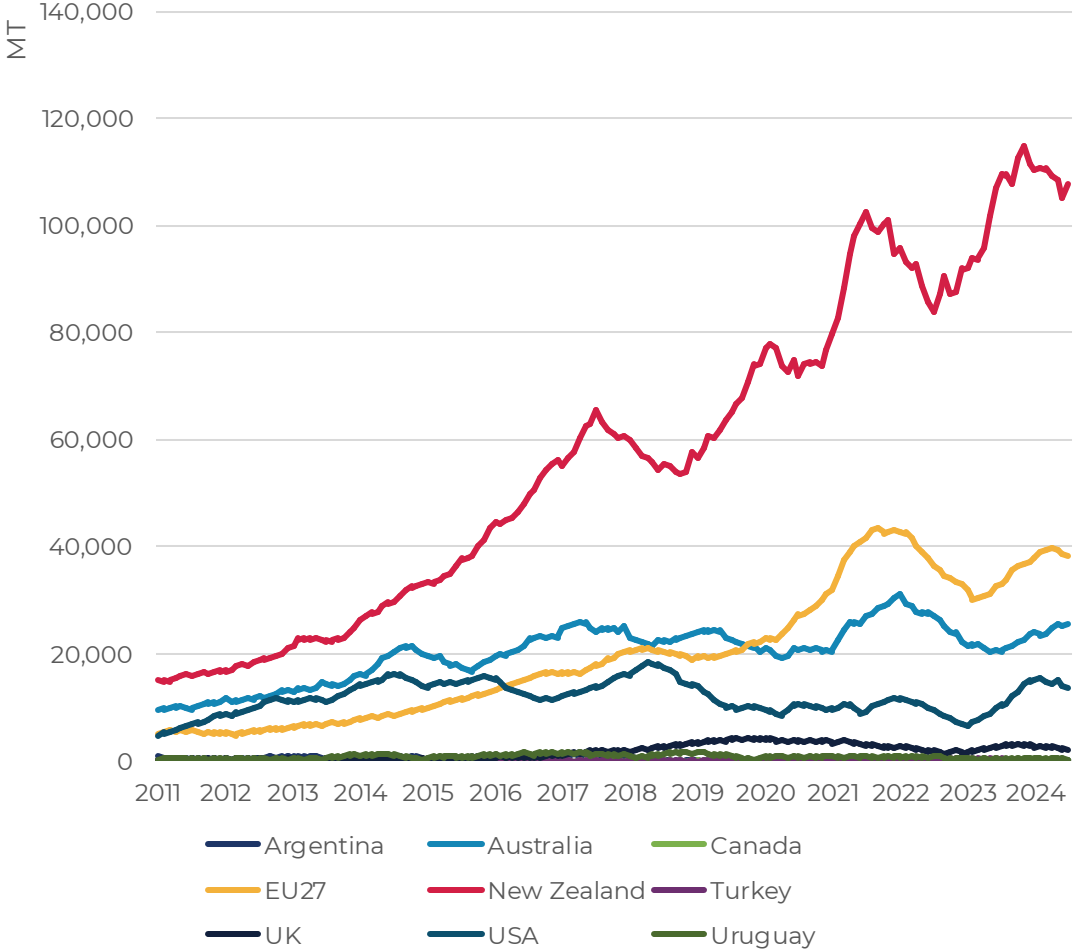


Global Cheese Trade to SEA

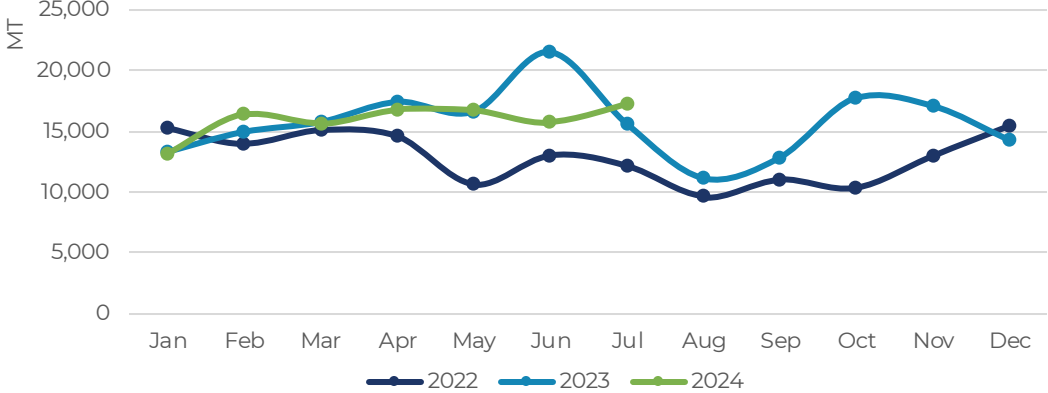


China

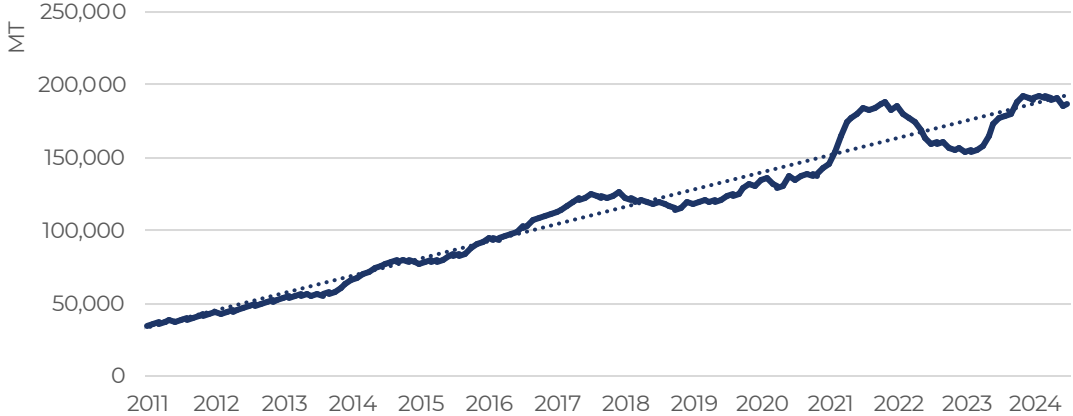
Global Cheese Trade to China+HK



Global Cheese Trade to China+HK



Global Cheese Trade to China+HK



Source: NMPF/USDEC, TDM



NFDM/SMP

NFDM/SMP Market Commentary



KEY TAKEAWAYS

- **Global milk powder trade bounded upward in July, rising to the highest level seen for the month since 2020.** Admittedly, lower comparables in recent years have provided an extra boost to the year over year gains. Nevertheless, at 198,153 MT, global trade of NFDM/SMP in July was the strongest it has been in more than a year.
- Substantial year over year growth in MENA (+18%, +6,896 MT) and especially Southeast Asia (+44%, +21,299 MT, See Additional Notes) extended the positive trajectory seen for those destinations this year. On an even more encouraging note, NFDM/SMP trade to Mexico bounced back in July (+19%, +5,568 MT), posting a year over year increase for the first time since August 2023. A surge in demand for milk powder south of the border likely reflects a desire to fortify cheese vats coupled with a modest slowdown in milk production witnessed in the late spring and early summer months.
- Unfortunately, **shipments of NFDM/SMP to China continued to lag** in July (-19%, -3,670 MT). Even as Chinese milk production slows, sluggish consumption has muted the country's appetite. However, an uptick in buying activity at recent trading events suggests that this trend could shift later in the year.

Global
NFDM/SMP
Trade

+14.4%

July YoY

-4.2%

YTD, Ending July

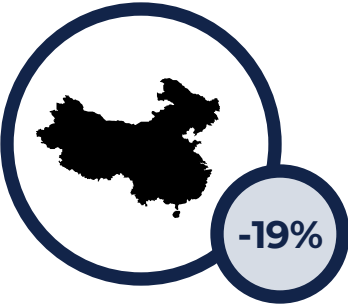
-3.6%

Last 12-Months,
Ending July

-1.0%

3-Year CAGR

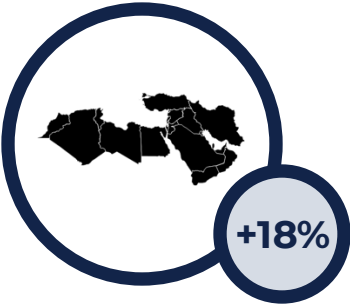
July Standout Markets



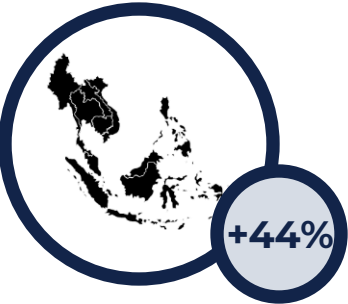
CHINA+HK
-3,670 MT



MEXICO
-5,568 MT



MENA
+6,896 MT



SOUTHEAST ASIA
+21,299 MT

ADDITIONAL NOTES

After languishing over much of last year, milk powder trade to Southeast Asia appears to be moving back on track. July's shipments of 69,394 MT were the largest in any month since May 2022 and represented the second strongest volume ever for July. Most countries in the region saw demand rise though the bulk of the regional increase was driven by the Philippines (+93%, +10,662 MT) and Indonesia (+57%, +7,454 MT) where foreign investment and stronger global demand for technological exports are driving consumption gains. The growth in SEA dairy demand is underpinned by improving economic conditions in the region as nearly every country saw GDP growth accelerate in the second quarter of the year. Though risks to the outlook persist, SEA seems poised to continue driving global demand for NFDM/SMP.

NFDM/SMP Market Commentary



LOOKING AHEAD

- While it may be difficult to maintain the pace of growth seen in July against stronger prior year figures in the coming months, **global NFDM/SMP trade seems positioned to perform well over the balance of the year.** Continued improvement in the global economy should underpin demand growth across most regions.
- However, stronger demand is likely to collide with weaker supplies and could drive prices upward. Global milk production is struggling to expand in earnest as animal health issues and a lack of replacement stock are keeping a ceiling on milk availability around the world. Meanwhile, manufacturers continue to demonstrate a preference for routing milk to the cheese vat. As a result, international supplies of NFDM/SMP are expected to remain tight over the near term.
- At \$2,792/MT, the July export value of NDM/SMP was virtually unchanged from prior month with a high degree of pricing stability witnessed across key supply regions. However, **recent price increases across various countries and indices suggest that additional gains in the export value are on the horizon.**

U.S. NFDM/SMP Exports	+10.8% July YoY	-8.7% YTD, Ending July	-7.6% Last 12-Months, Ending July	-2.6% 3-Year CAGR
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EU NFDM/SMP Exports	-1.2% July YoY	-8.2% YTD, Ending July	-7.9% Last 12-Months, Ending July	-2.7% 3-Year CAGR
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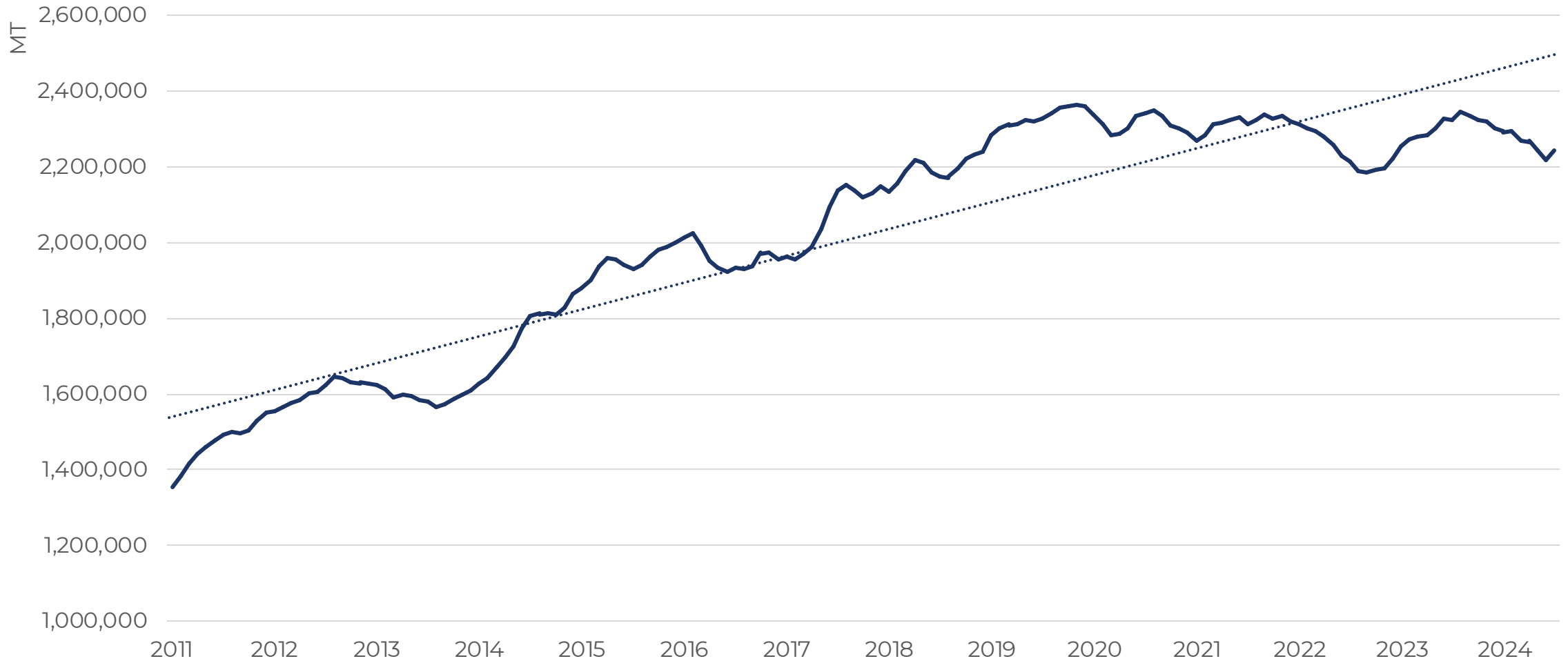
NZ NFDM/SMP Exports	+57.2% July YoY	+1.4% YTD, Ending July	+5.6% Last 12-Months, Ending July	+1.8% 3-Year CAGR
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ADDITIONAL NOTES

New Zealand continues to disproportionately benefit from the increase in global NFDM/SMP trade with exports rising by 57% (+12,942 MT) year over year in July. As Chinese demand for NZ dairy products, especially whole milk powder, remains weak, New Zealand has been highly motivated to pivot toward alternative buyers. By emphasizing SMP production and capitalizing on geographic proximity and tariff advantages, New Zealand's share of SEA's powder trade jumped to 25% in July, up from 19% last year. Australian SMP exports also performed well in July, up 69% (+6,234 MT) compared to the same month last year as year-to-date exports have soared by 30,050 MT (+42%). The rebound in Mexican demand prompted a 11% (+7,075 MT) increase in U.S. NFDM/SMP shipments in July though trade is still down by 42,537 MT (-9%) cumulatively over the first seven months of the year.

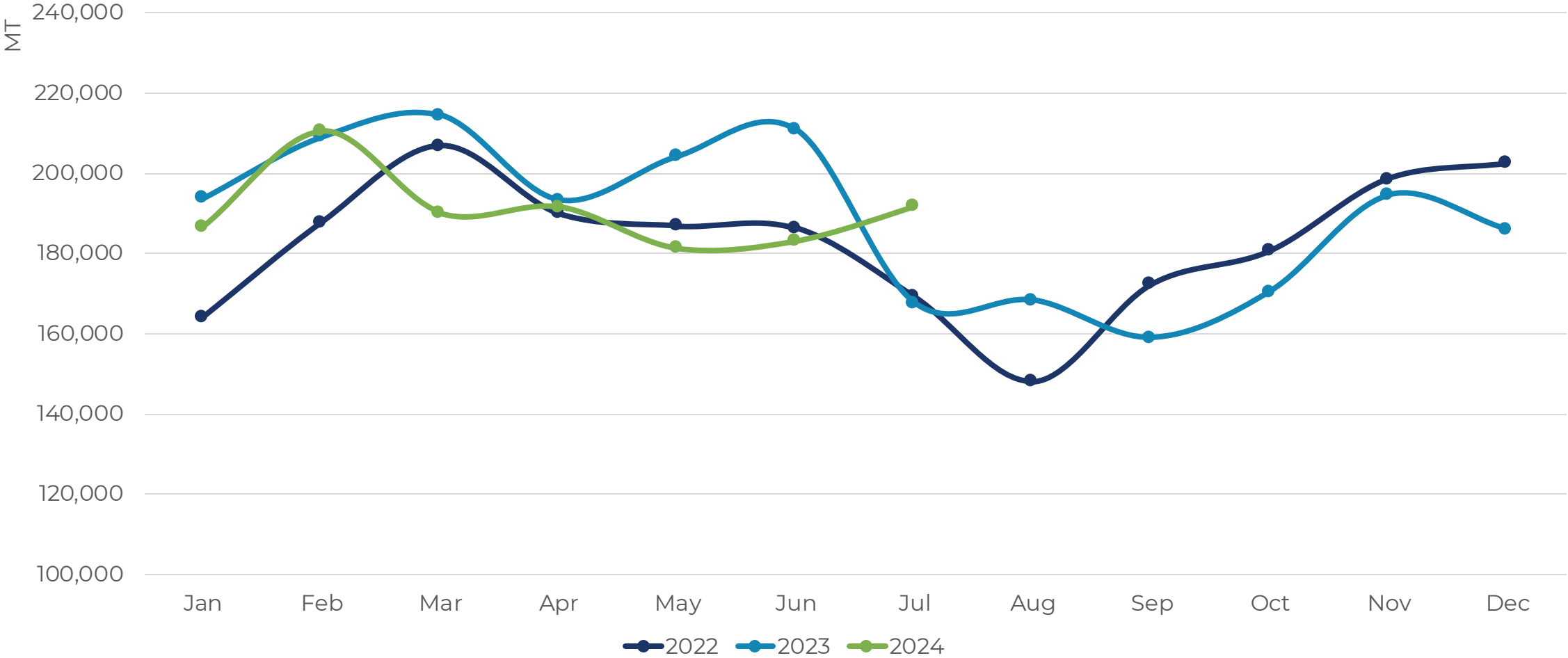
Global Overview: NFDMSMP

Global NFDMSMP Trade to World

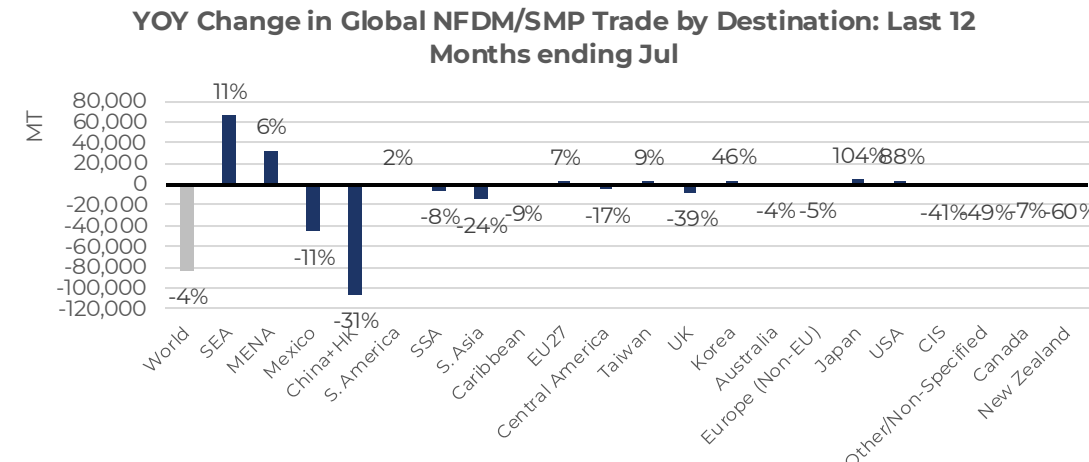
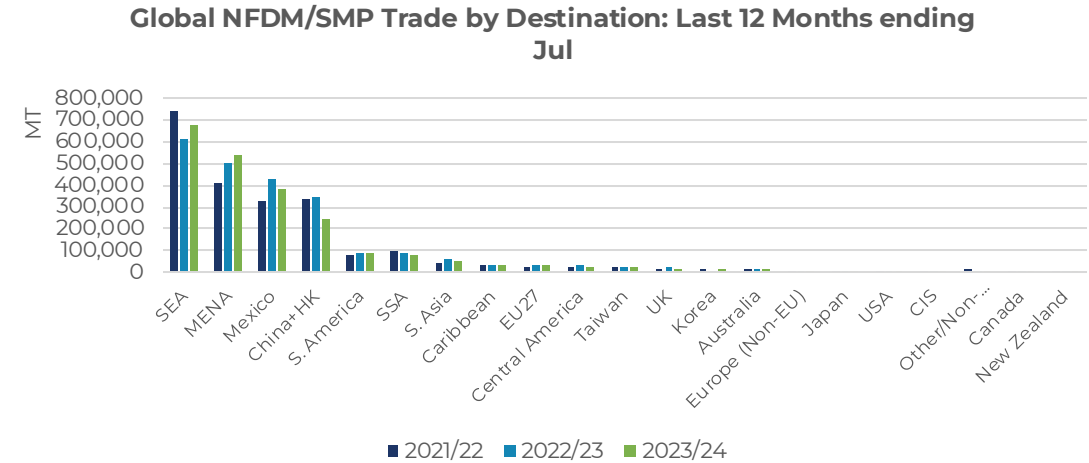
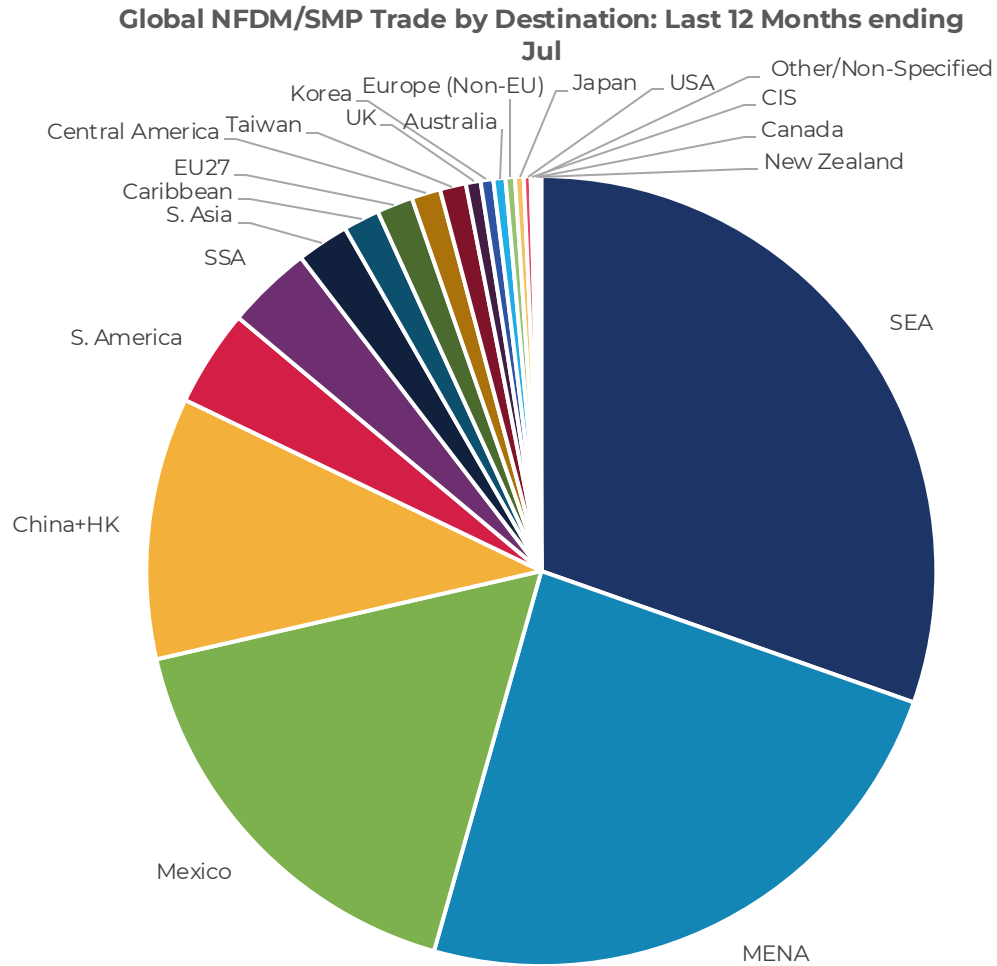


Global Overview: NFDM/SMP

Global NFDM/SMP Trade to World

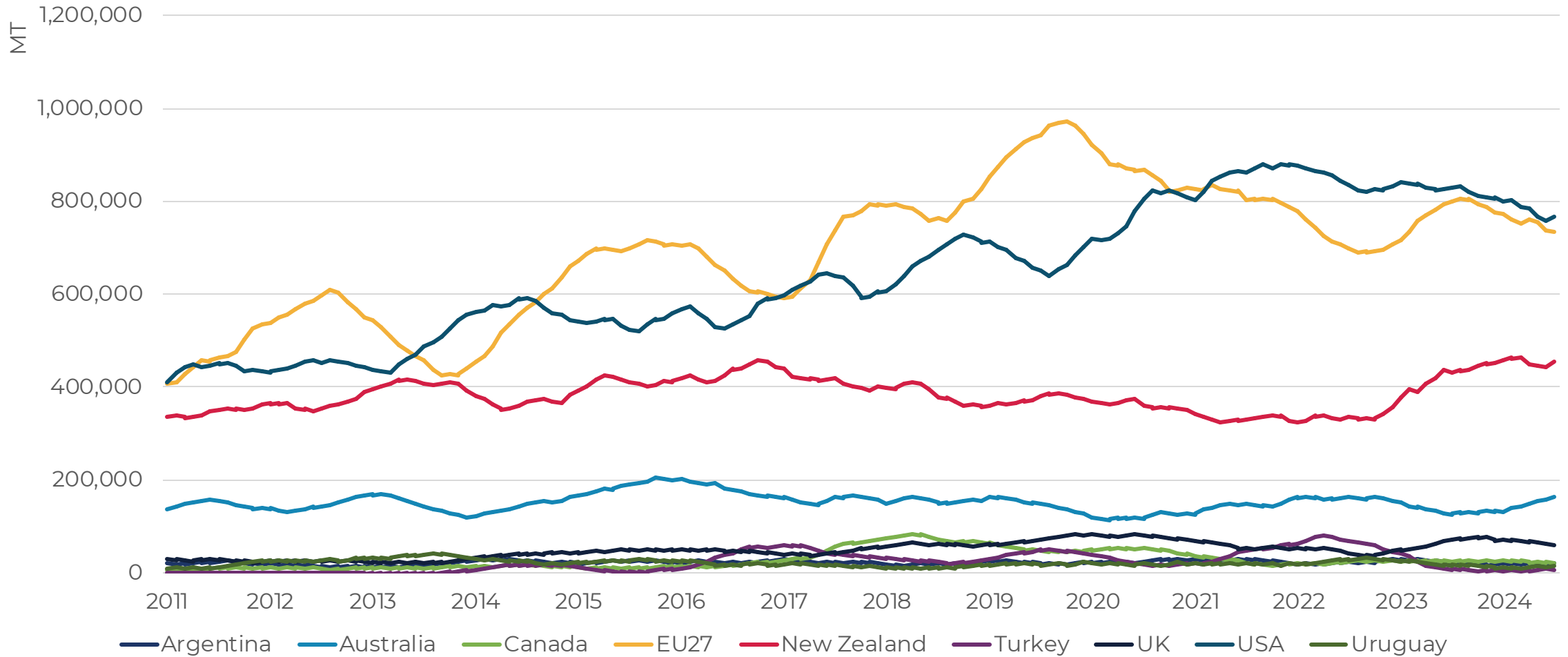


Global Overview: NFDM/SMP – Last 12 Months



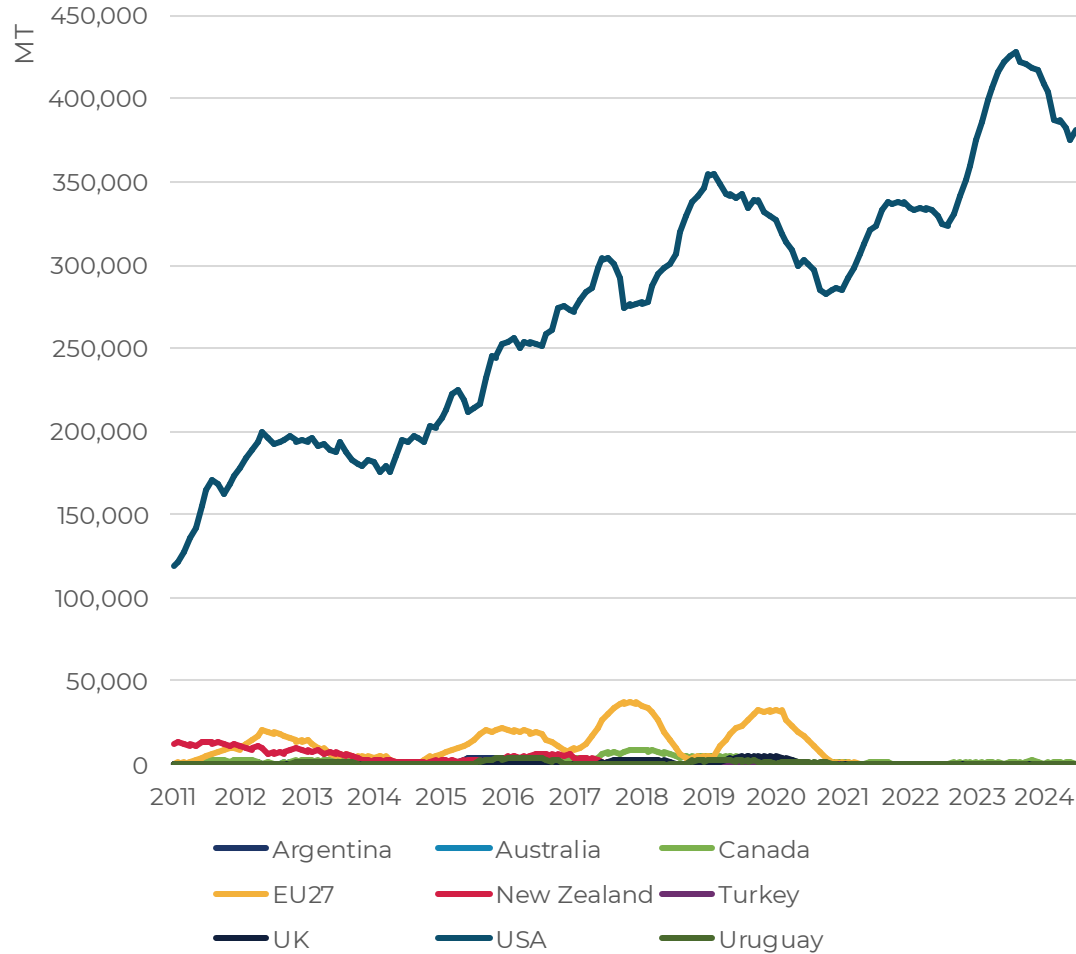
Trade Flows: NFDM/SMP

Global NFDM/SMP Trade to World

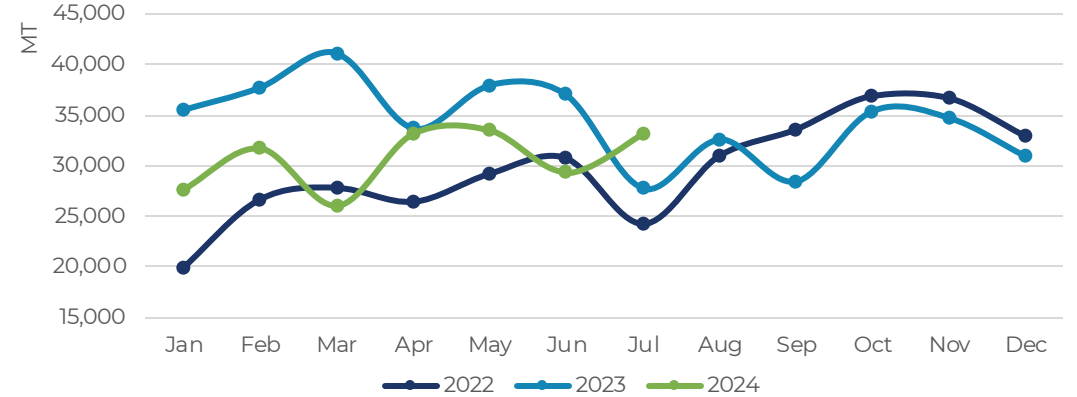


Mexico

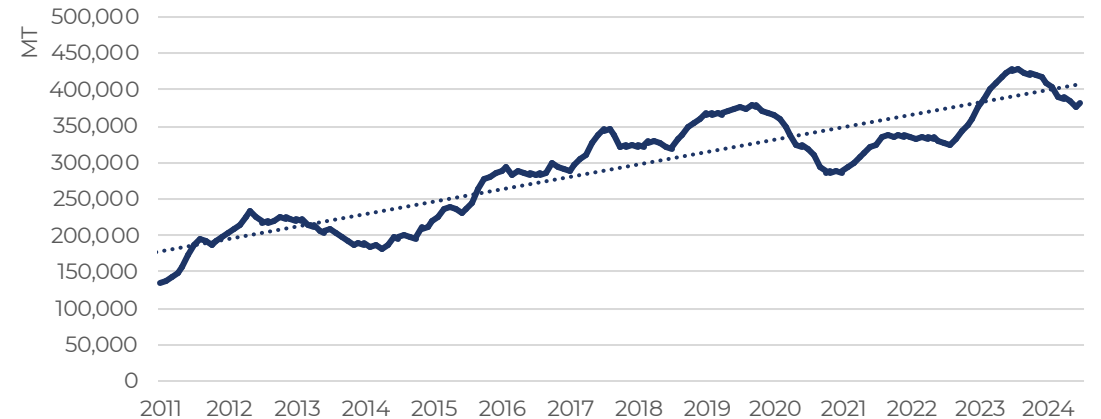
Global NFDMSMP Trade to Mexico



Global NFDMSMP Trade to Mexico

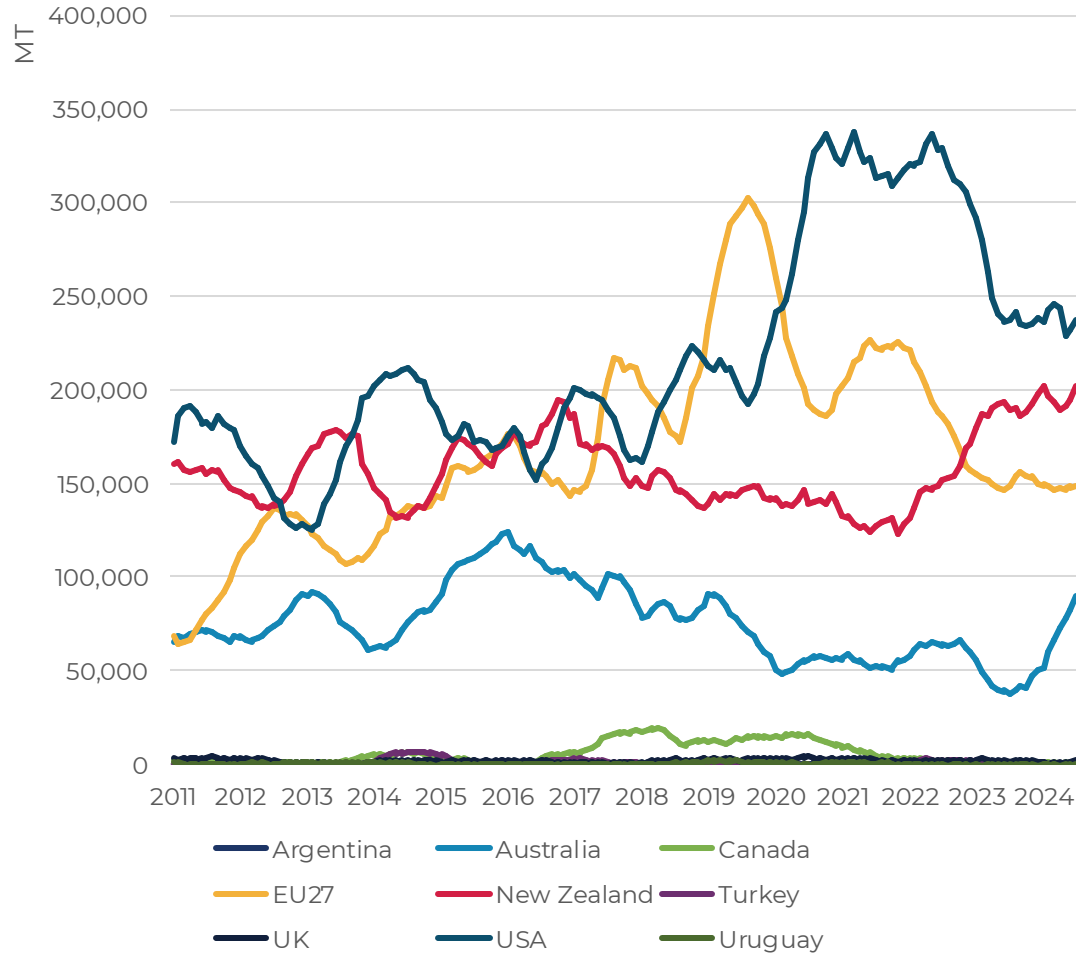


Global NFDMSMP Trade to Mexico

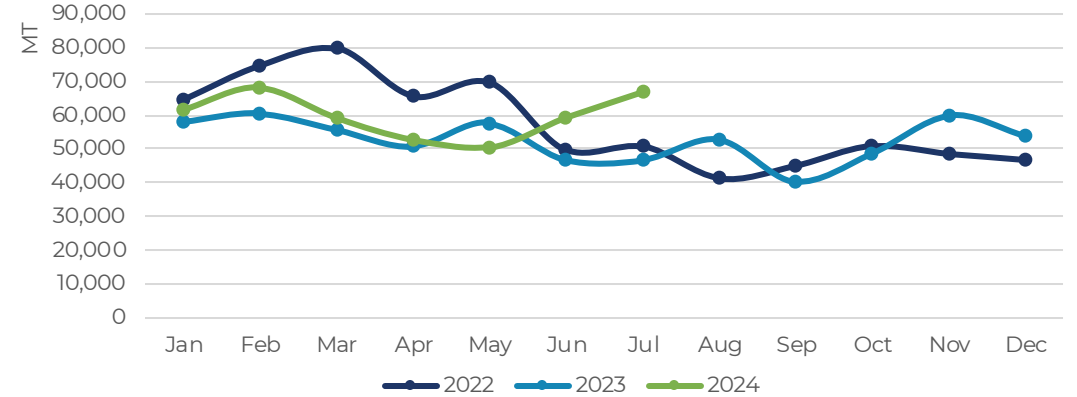


Southeast Asia

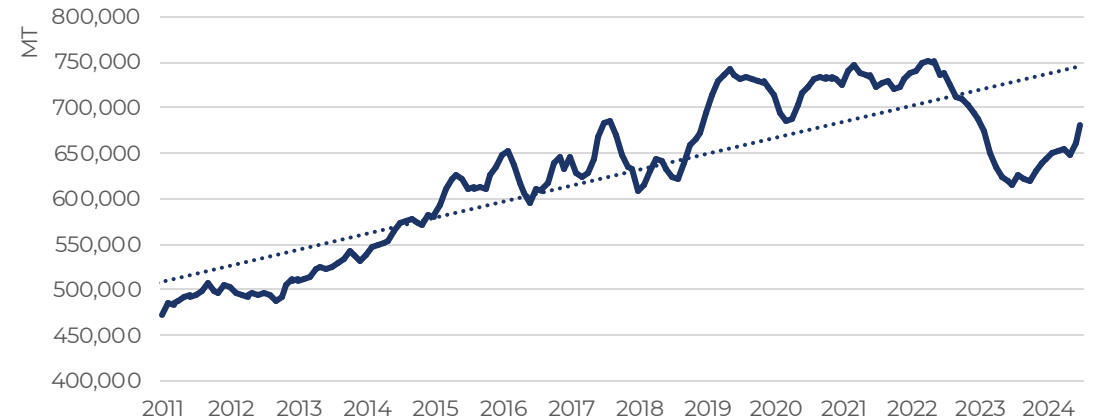
Global NFDM/SMP Trade to SEA



Global NFDM/SMP Trade to SEA

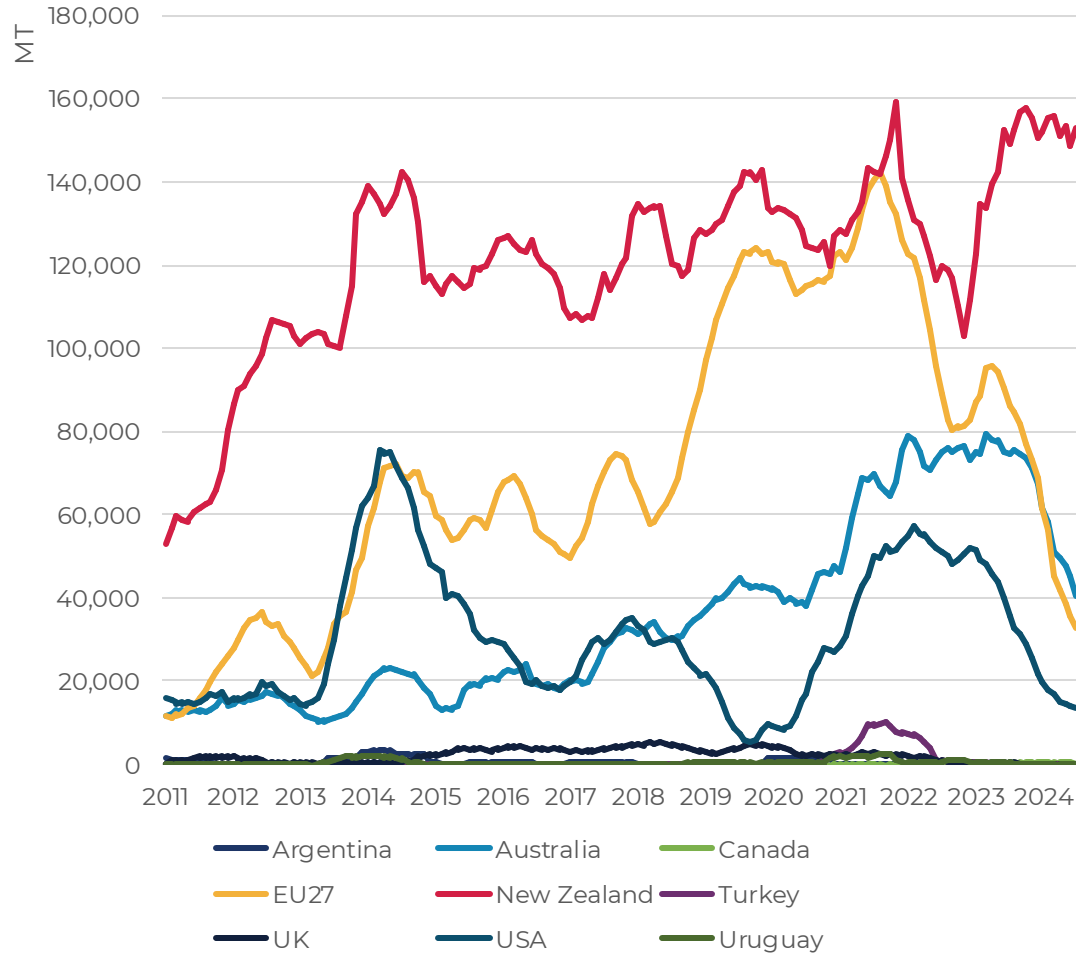


Global NFDM/SMP Trade to SEA

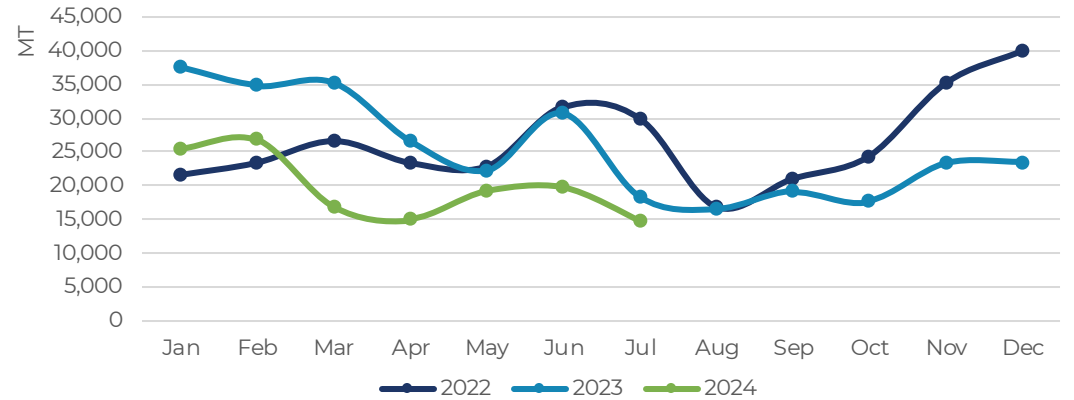


China

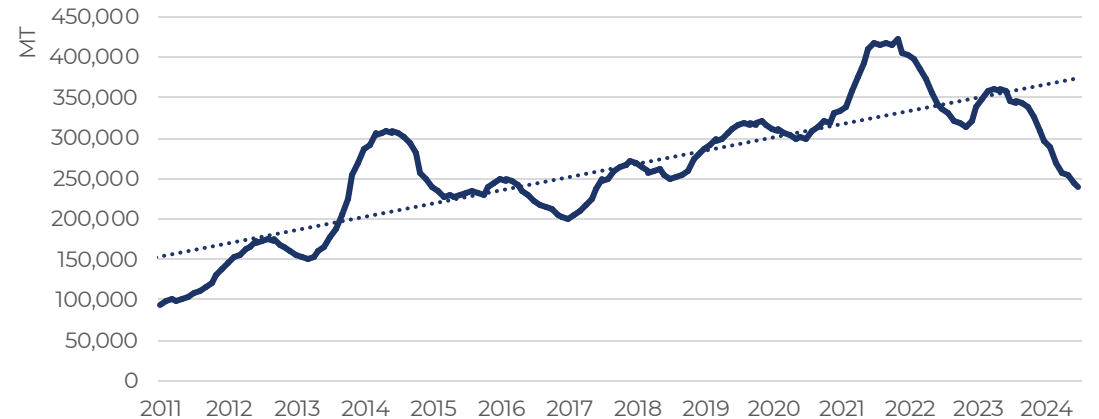
Global NFDM/SMP Trade to China+HK



Global NFDM/SMP Trade to China+HK

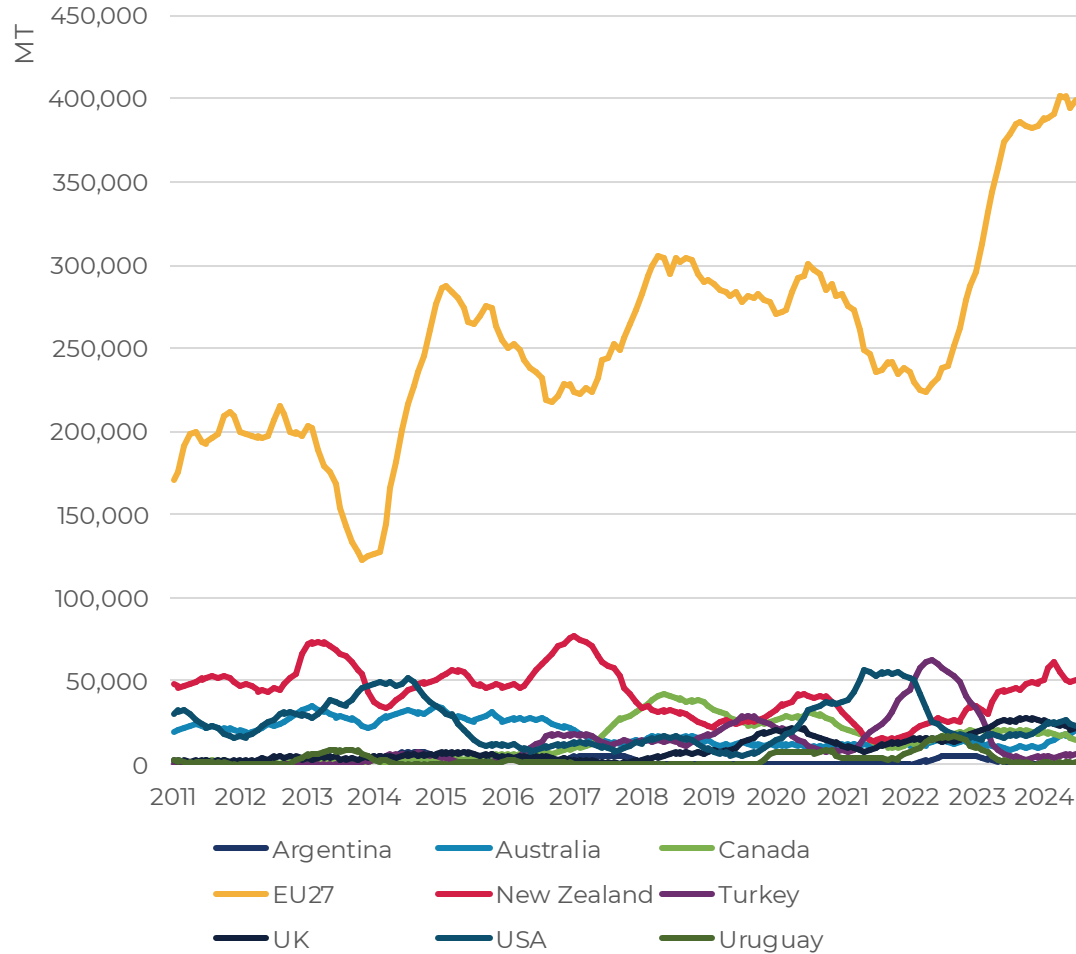


Global NFDM/SMP Trade to China+HK

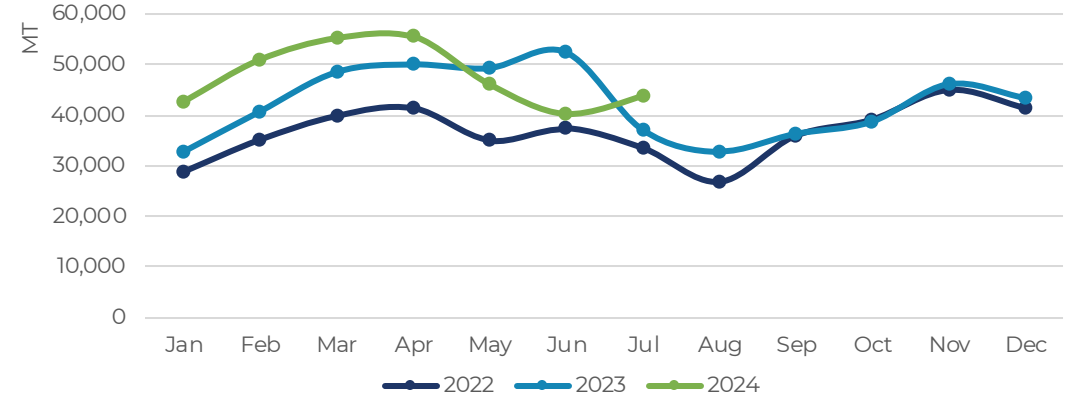


MENA

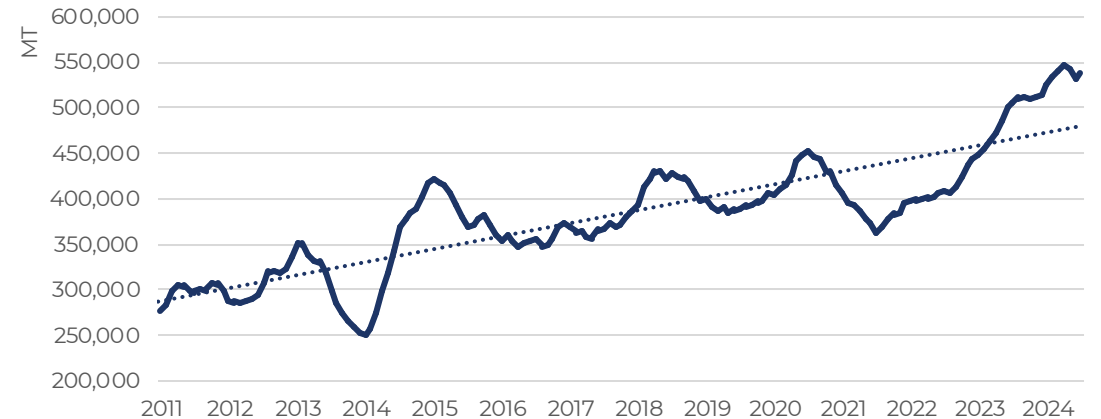
Global NFDM/SMP Trade to MENA



Global NFDM/SMP Trade to MENA



Global NFDM/SMP Trade to MENA



Whey Products (0404.10)

Whey Products (0404.10) Market Commentary



KEY TAKEAWAYS

- **Global low protein whey trade reached its highest level ever for the month of July** as nearly 139,000 MT of product circulated the globe. This represents a substantial 21% (+23,998 MT) year over year increase and almost a 1% (+914 MT) bump over the prior record set in 2021.
- **Improvement in the Chinese hog sector continues to be the fundamental driver of growth in global low protein whey trade.** Indeed, trade to China rose 32% (+10,790 MT) in July against a particularly low comparable as rising pork prices are once again encouraging breeding and increasing whey demand for piglet feed
- However, China was not the only source of growth as Southeast Asia, MENA (See Additional Notes), Japan, and Sub-Saharan Africa all saw increases with YOY trade up 22% (+7,793 MT), 46% (2,474 MT), 72% (+1,684 MT), and 84% (+1,495 MT), respectively.

**Global
Whey
(0404.10)
Trade**

+20.9%
July YoY

+10.1%
YTD, Ending July

+4.0%
Last 12-Months,
Ending July

-1.6%
3-Year CAGR

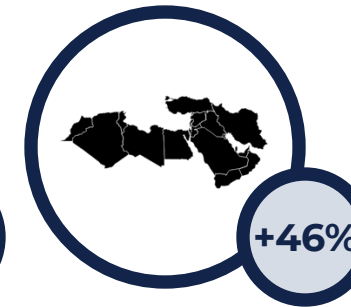
July Standout Markets



CHINA+HK
+10,790 MT



SOUTHEAST ASIA
+7,793 MT



MENA
+2,474 MT



JAPAN
+1,684 MT

ADDITIONAL NOTES

Low protein whey trade to MENA has led prior year levels for the last seven months but the 46% year over year increase witnessed in July was the largest seen so far this year. Despite persistent economic challenges, Egypt led the regional increase as low protein whey trade in July more than doubled compared to the same month last year (+152%, +1,904 MT). Egyptian demand for low protein whey products has grown for ten consecutive months and July's volume was the third largest ever behind only December 2021 and the record high 3,211 MT set in May of this year. The strength of Egyptian demand is exceptional considering the continuing devaluation of the Egyptian pound and stubbornly high inflation which has plagued the country in recent years. Demand has been more measured in other countries in the region, growing by 167% (664 MT) in the UAE and 134% (+521 MT) in Morocco.

Whey Products (0404.10) Market Commentary



LOOKING AHEAD

- **Improving economic conditions worldwide and reasonable prices have helped to boost low protein demand in recent months.** Low protein whey values have consistently sat below \$1,500 USD/MT for a full year and July's price represented a modest 4% decline compared to prior month. Over the short term it seems likely that these conditions will persist as cheese vats remain full, even in the face of tight milk supplies.
- However, as more whey capacity comes online dedicated to the production of higher protein whey products, it is possible that sweet whey supplies will come under pressure, even as permeate supply grows. Furthermore, if global milk supplies remain constrained, ultimately limiting cheese production, this could also reduce the available whey stream and push prices upward.
- Chinese demand will also wield influence over global low protein whey prices. Pork prices are likely to remain firm in the coming months as pig inventories are rebuilt, creating further competition and placing additional upward pressure on prices.

U.S.
Whey
(0404.10)
Exports

+26.5%

July YoY

+7.3%

YTD, Ending July

-5.8%

Last 12-Months,
Ending July

-2.0%

3-Year CAGR

EU
Whey
(0404.10)
Exports

+23.4%

July YoY

+8.0%

YTD, Ending July

+5.7%

Last 12-Months,
Ending July

+1.9%

3-Year CAGR

NZ
Whey
(0404.10)
Exports

+17.2%

July YoY

+22.2%

YTD, Ending July

+26.1%

Last 12-Months,
Ending July

+8.0%

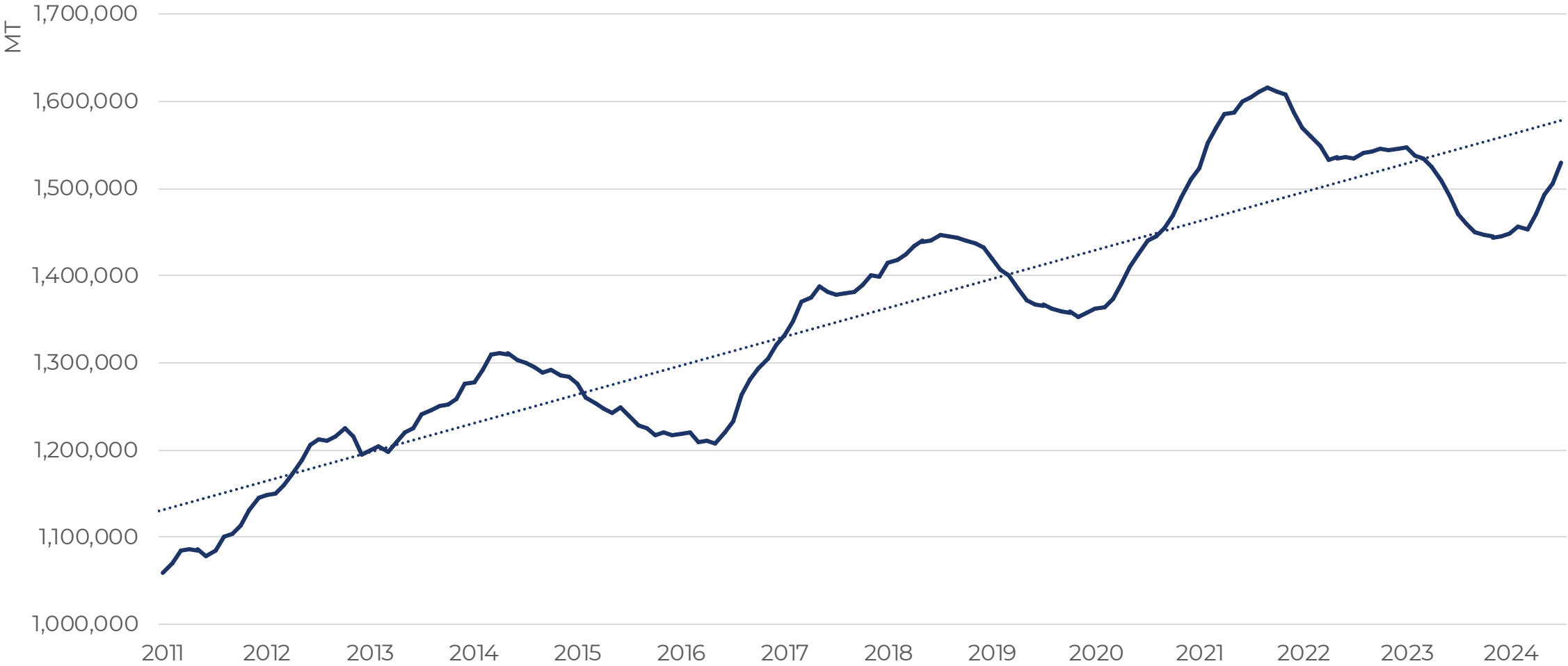
3-Year CAGR

ADDITIONAL NOTES

The increase in global low protein whey trade has benefited nearly all suppliers. The EU experienced the largest jump in July as trade jumped by 23% (+13,429 MT) due especially to growth in demand from SEA and China. The U.S. also got a boost, thanks to Chinese demand, as low protein trade rose year over year by 26% (+8,841 MT). While working off a significantly lower base, the increase in whey demand from MENA allowed Turkey to double its low protein whey trade to 5,408 MT (+100%, +2,698 MT) for the month of July and continued the growth trend that has been seen so far this year. Year to date low protein whey trade from Turkey is up 190% (+25,534 MT), second only to the EU in absolute terms. Of the major exporters, only Australia gave up ground in July as trade fell by 70% (-3,542 MT).

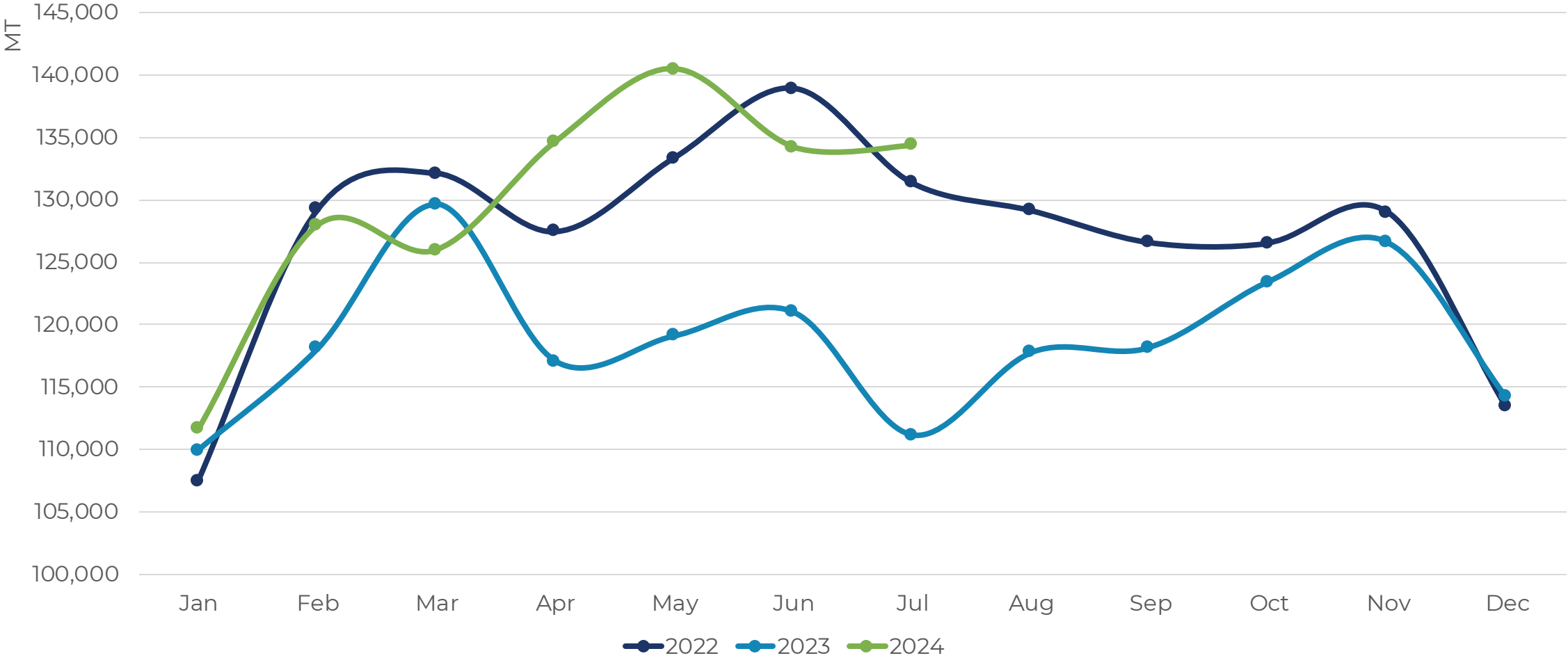
Global Overview: Whey (0404.10)

Global Whey (0404.10) Trade to World



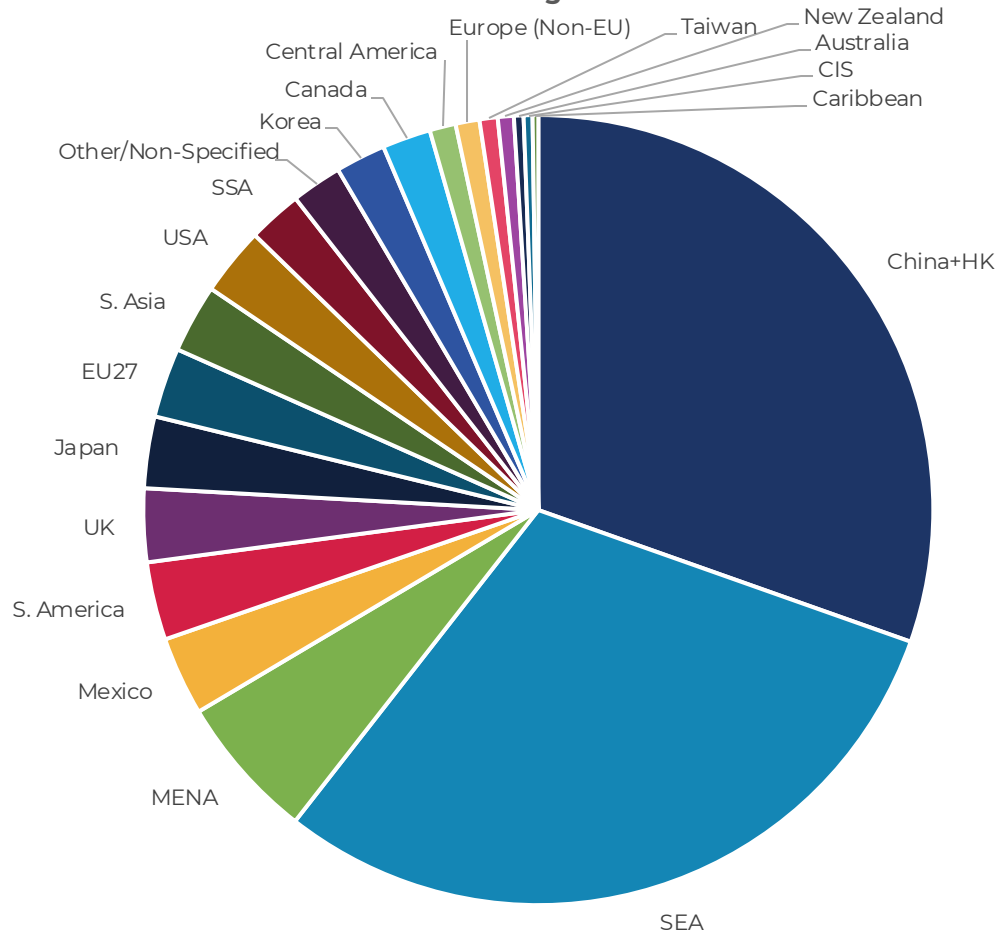
Global Overview: Whey (0404.10)

Global Whey (0404.10) Trade to World

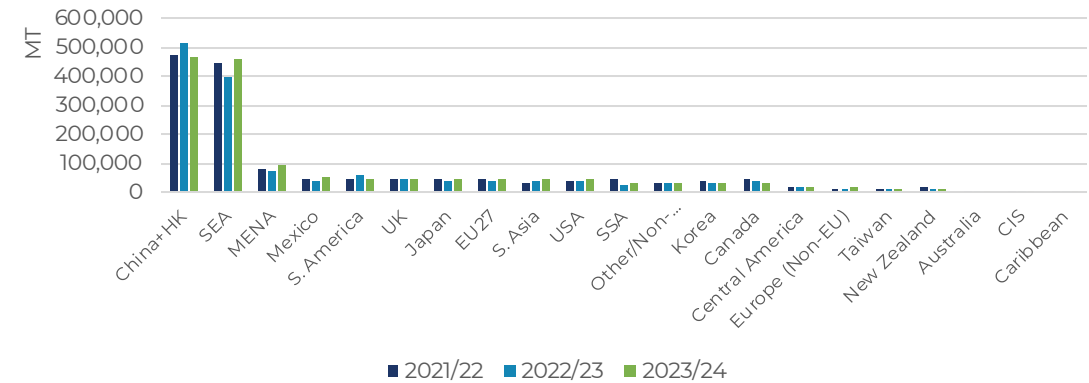


Global Overview: Whey (0404.10) – Last 12 Months

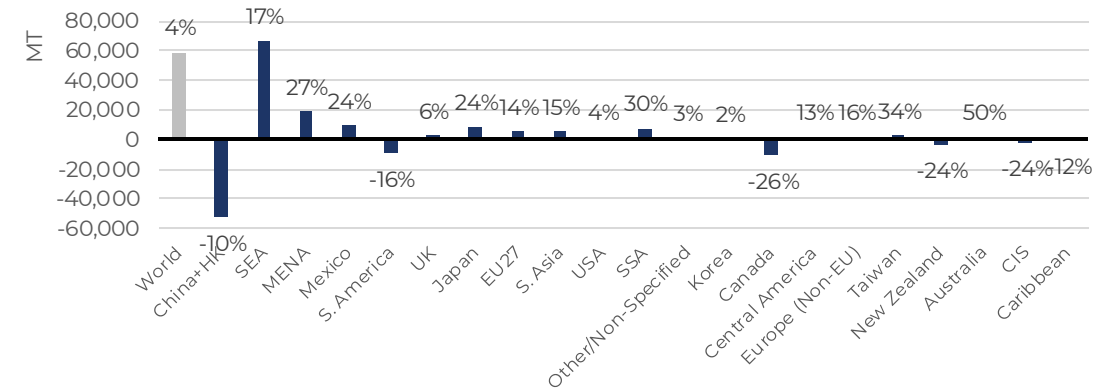
Global Whey (0404.10) Trade by Destination: Last 12 Months ending Jul



Global Whey (0404.10) Trade by Destination: Last 12 Months ending Jul

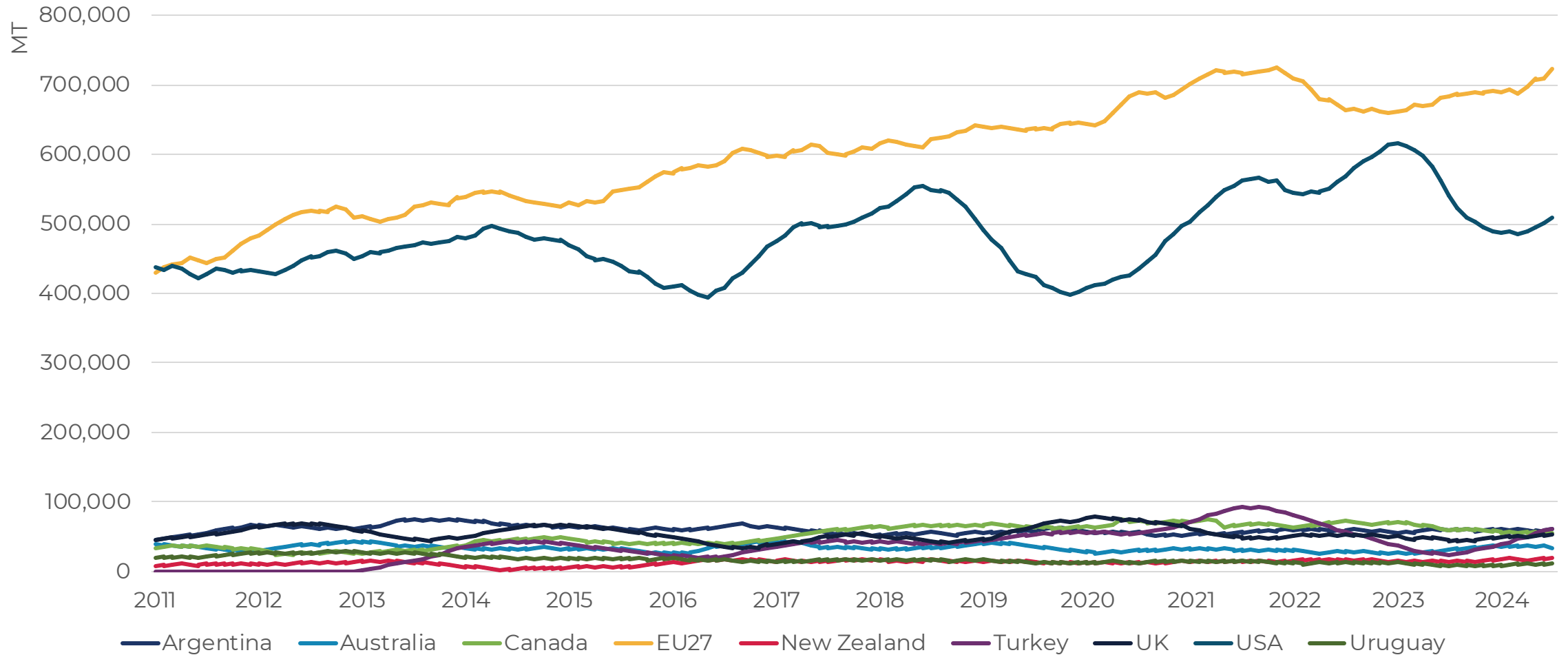


YOY Change in Global Whey (0404.10) Trade by Destination: Last 12 Months ending Jul



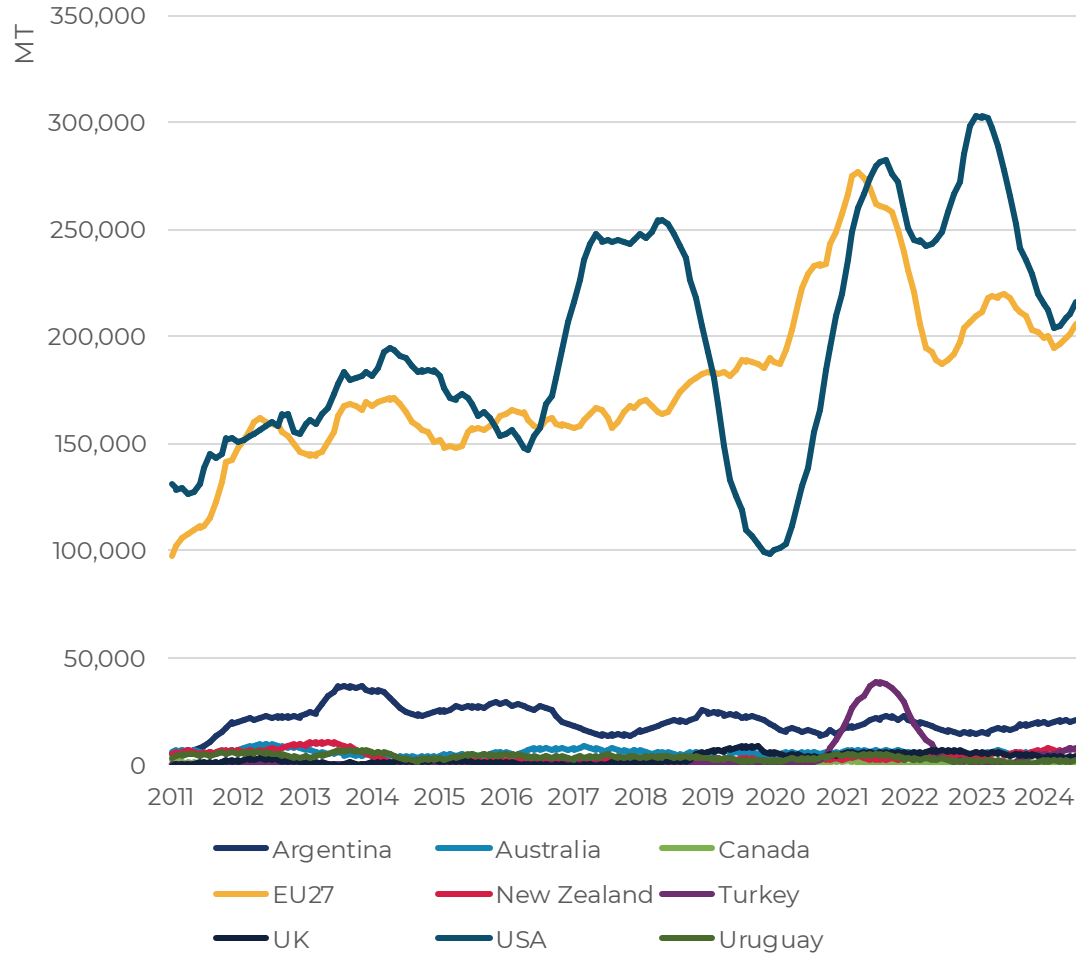
Trade Flows: Whey Products

Global Whey (0404.10) Trade to World

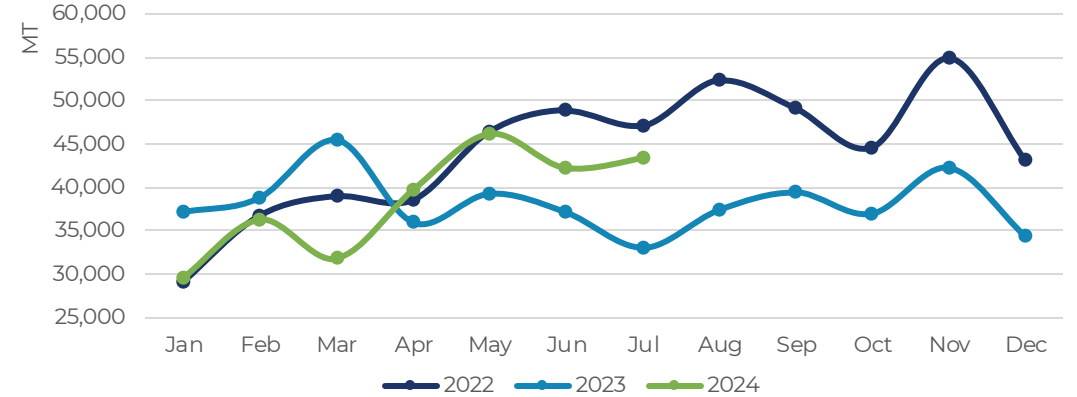


China

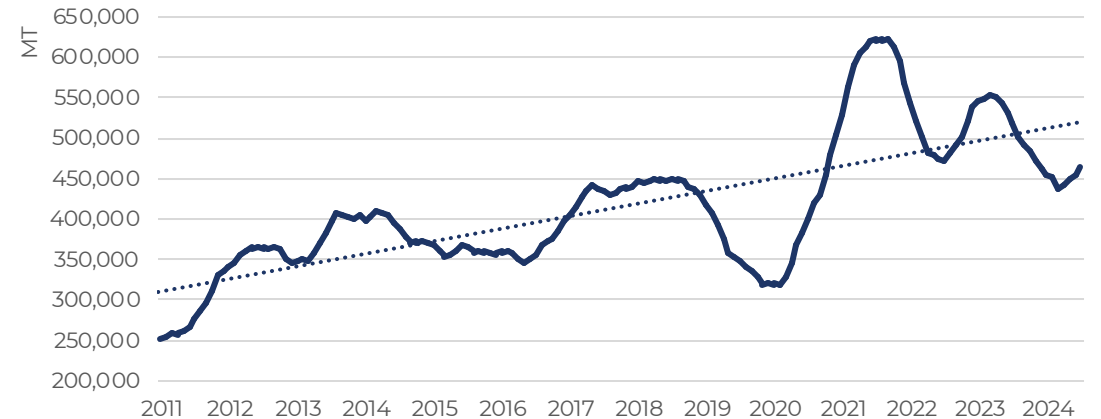
Global Whey (0404.10) Trade to China+HK



Global Whey (0404.10) Trade to China+HK

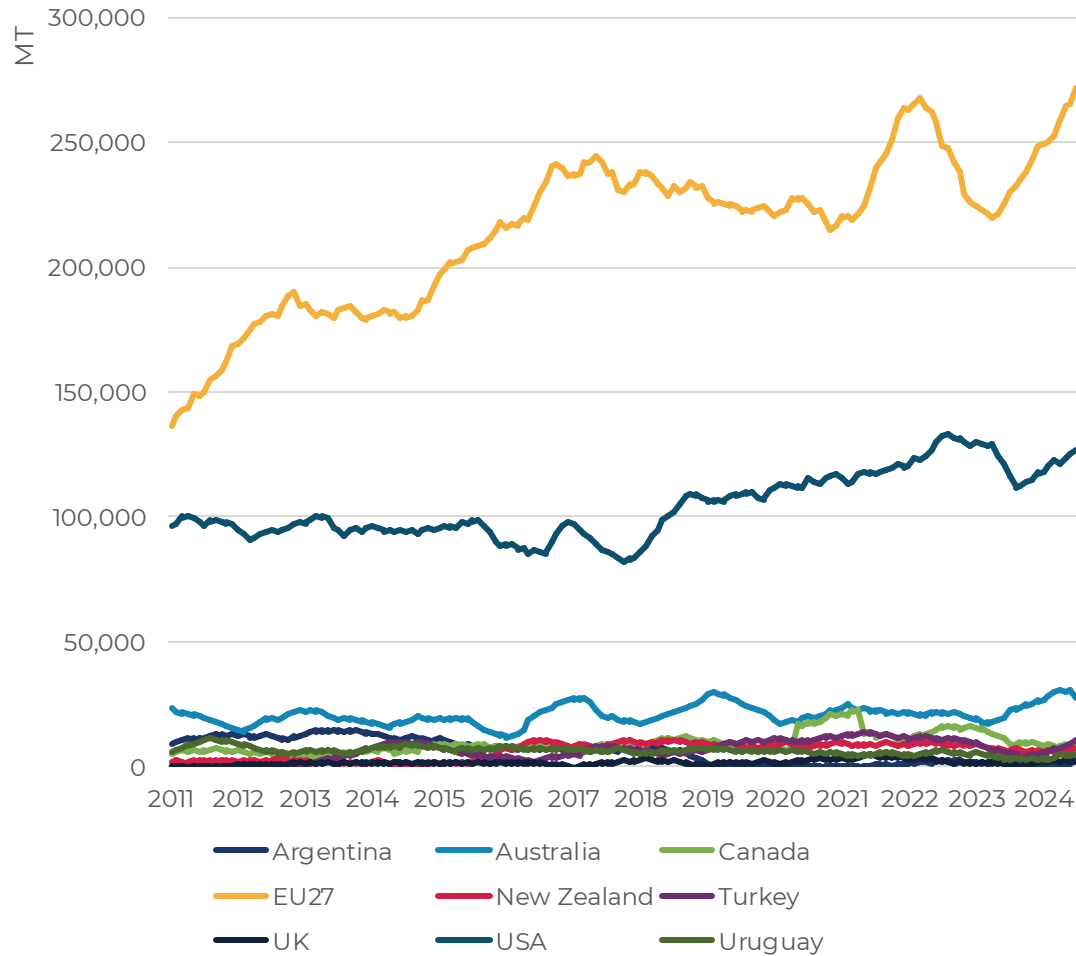


Global Whey (0404.10) Trade to China+HK

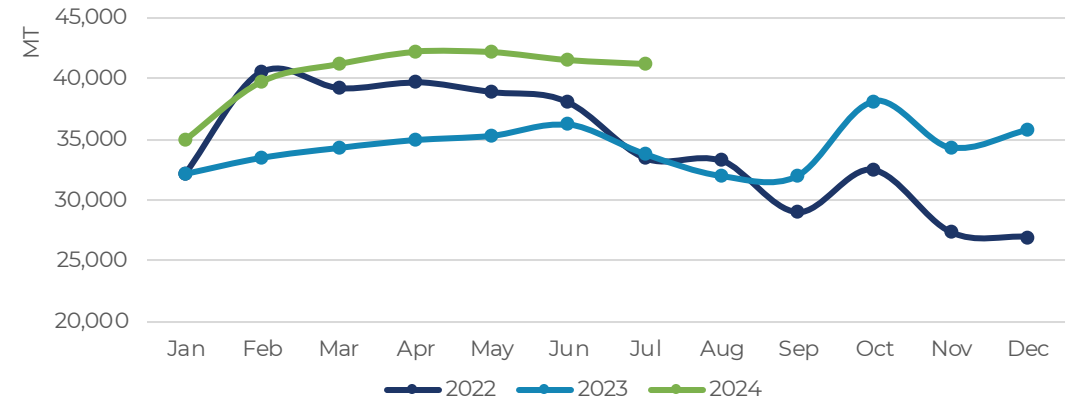


Southeast Asia

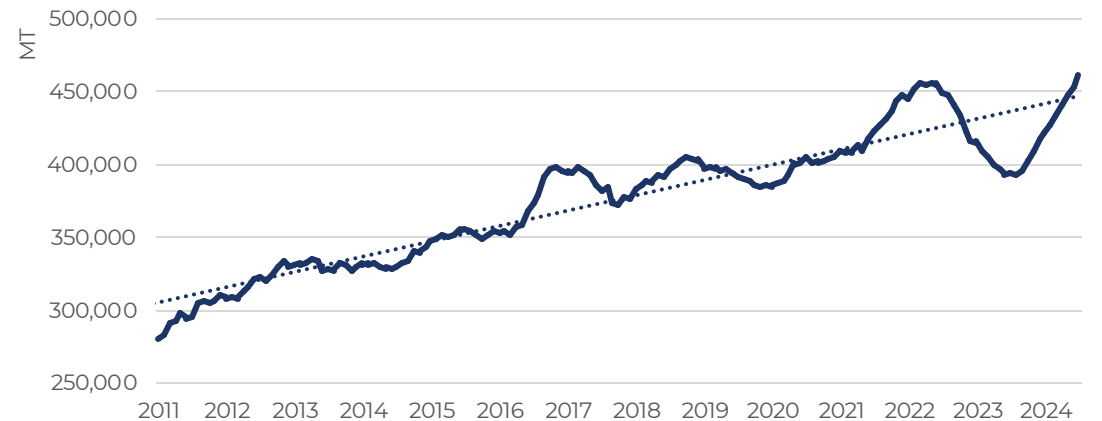
Global Whey (0404.10) Trade to SEA



Global Whey (0404.10) Trade to SEA



Global Whey (0404.10) Trade to SEA





WPC80+
(3502.20)

WPC80+ (3502.20) Market Commentary



KEY TAKEAWAYS

- After slowing markedly in June, **global trade of high protein whey products ricocheted upward in July to reach a new record high.** Over 17,800 MT of WPC80+ was shipped during July, the largest volume ever moved in a single month and 31% (+4,248 MT) more than in July last year. **Global high protein whey trade has been exceptionally strong this year with fresh records set in March, May, and most recently in July.**
- Despite trailing 2023 levels for the bulk of the year, **WPC80+ trade to Japan found parity with prior year in July.** However, July 2023 volumes were notably weak and high protein whey trade to Japan continues to trail prior year levels by a significant margin as the country continues to grapple with economic complications.
- WPC80+ trade to China bolted upward in July rising by 98% (+22,928 MT). While demand for high protein products is likely growing in the country, a closer analysis suggests that this volume is likely overstated and is probably capturing some lower protein products as well.

Global
WPC80+
Trade

+31.2%
July YoY

+18.5%
YTD, Ending July

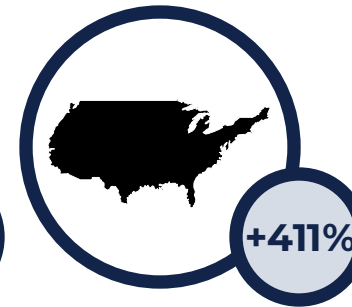
+18.6%
Last 12-Months,
Ending July

+6.5%
3-Year CAGR

July Standout Markets



CHINA+HK
+2,928 MT



USA
+970 MT



SOUTH AMERICA
+531 MT



SOUTHEAST ASIA
+622 MT

ADDITIONAL NOTES

Following China and South America, the destination that has seen the largest increase in WPC80+ trade so far this year is the United States. High protein whey trade to the U.S. has doubled (+3,013 MT) over the first seven months of 2024, including a 411% (+970 MT) year over year jump in July. Considering that domestic production of whey protein isolates is up 53% in the U.S. so far this year, the dramatic increase in trade suggests that demand for these products is extremely strong with some arbitrage opportunity surfacing for other suppliers. New Zealand has accounted for the largest portion of the increase in U.S. WPC80+ trade with year-to-date shipments up 103% (+1,978 MT) though the EU has also nabbed an important share with exports up 167% (+793 MT). With more high protein whey production coming online imminently, these import volumes are likely to face intensifying competition from domestic production.

WPC80+ (3502.20) Market Commentary



LOOKING AHEAD

- Turning to the future, **we remain skeptical that WPC80+ can keep up this rate of growth indefinitely.** High protein whey prices continue to inch upward and well publicized shortages in global milk availability will probably keep price pressure on the market over the near term. **Higher prices are likely to dampen buyer enthusiasm and cause a drag on global trade volumes.**
- **Taking a longer view, however, the outlook appears rosier.** Supplies are poised to be plentiful over the medium and long term as newly installed processing capacity, especially in the U.S., comes online. On the demand side of the equation, the consumer desire for high protein whey products appears robust and is likely only to strengthen as the global economy continues to improve.
- In addition, demographic shifts in many critical markets are likely to support demand for high protein whey products as an aging population embraces adult nutrition products that increasingly leverage the capabilities of WPC80+.

U.S.
WPC80+
Exports

+23.3%

July YoY

+19.7%

YTD, Ending July

+22.2%

Last 12-Months,
July

+6.9%

3-Year CAGR

EU
WPC80+
Exports

+18.4%

July YoY

+9.9%

YTD, Ending July

+10.5%

Last 12-Months,
Ending July

+3.4%

3-Year CAGR

NZ
WPC80+
Exports

+95.1%

July YoY

+31.5%

YTD, Ending July

+24.2%

Last 12-Months,
Ending July

+7.5%

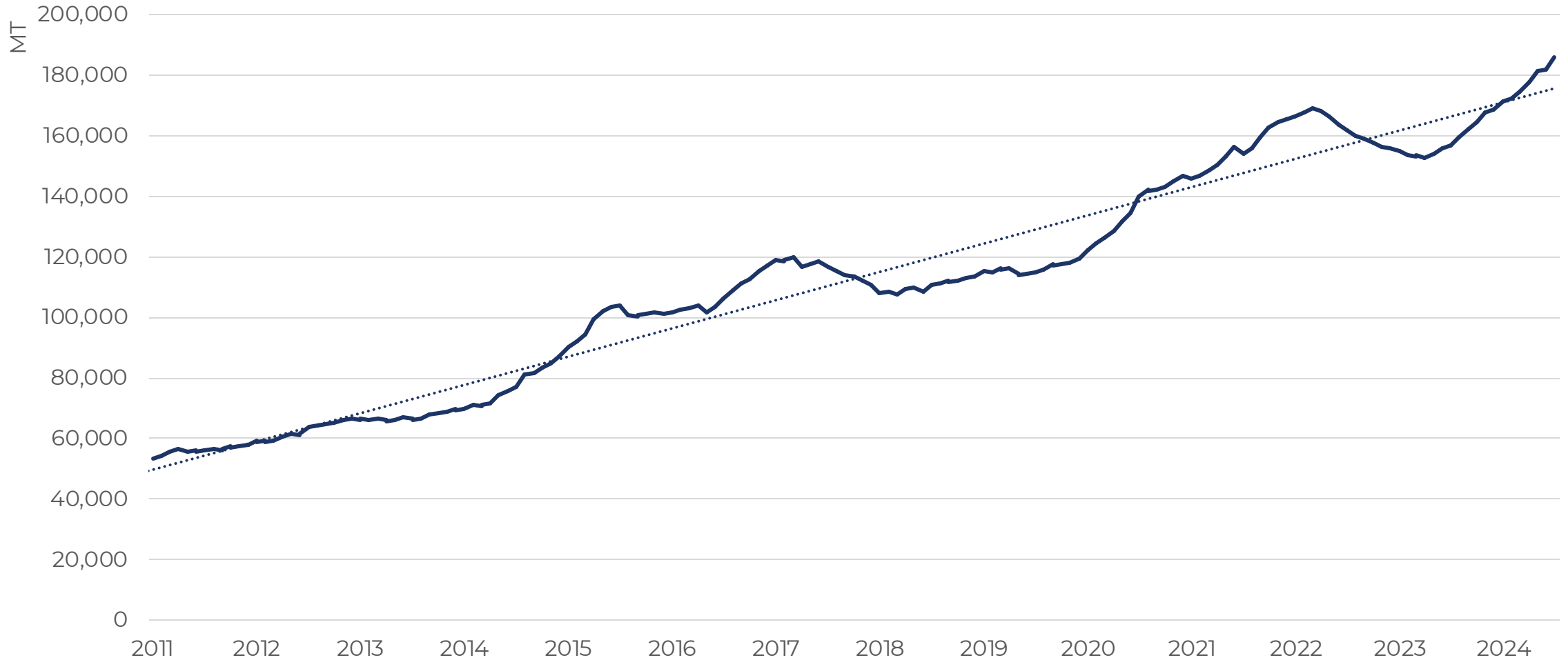
3-Year CAGR

ADDITIONAL NOTES

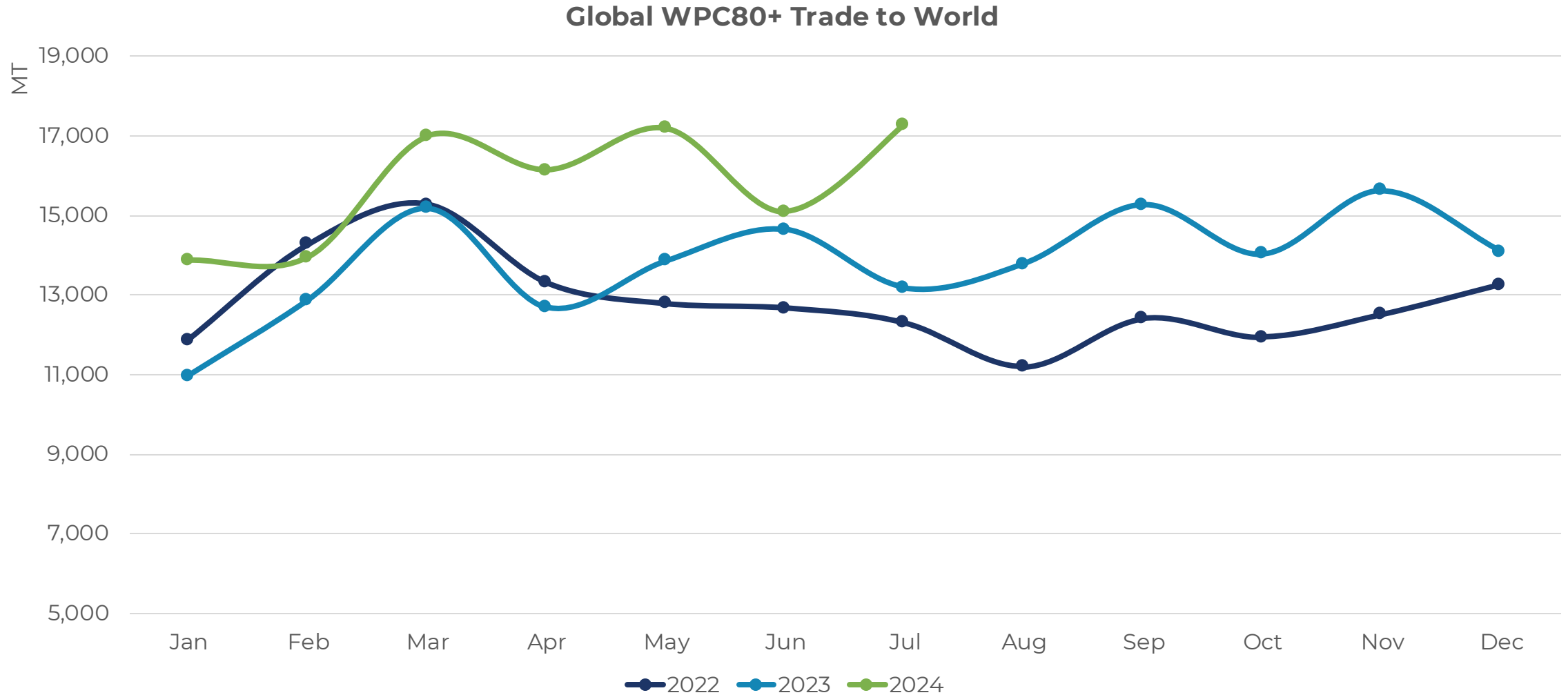
Despite taking bronze as WPC80+ trade destination, the U.S. has also been the largest beneficiary of the growth in high protein whey trade this year. Over the first seven months of 2024, the U.S. has increased WPC80+ shipments by 20% (+8,197 MT), especially benefitting from soaring demand in China and South America. This includes a year over year jump of 1,310 MT (+23%) in July. However, the largest increase in the most recent month of data came from New Zealand, which saw shipments rise by 1,480 (+95%) versus the same month last year. As a rising tide raises all boats, every major supplier saw July trade of WPC80+ rise with the EU, Australia, and the UK also posting year over year gains of 914 MT (+18%), 241 MT (+301%), and 190 MT (+14%), respectively.

Global Overview: WPC80+

Global WPC80+ Trade to World

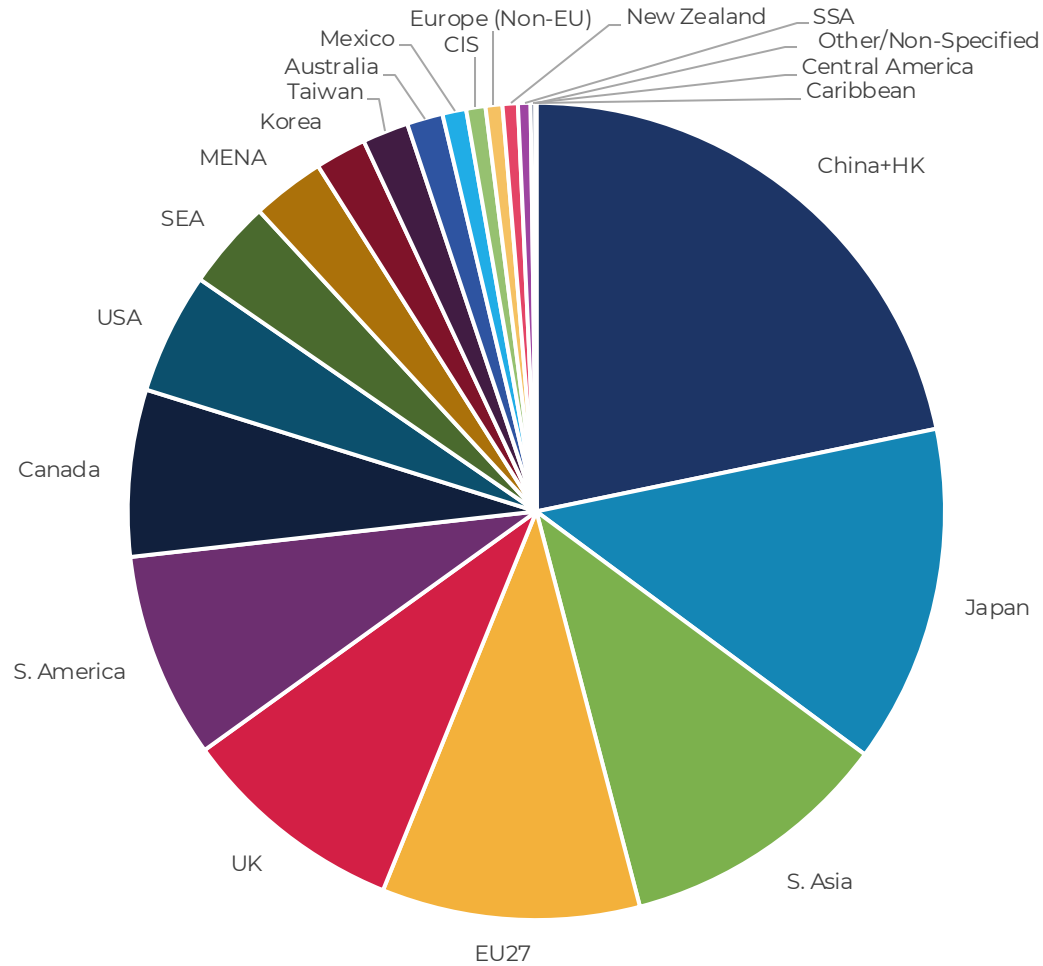


Global Overview: WPC80+

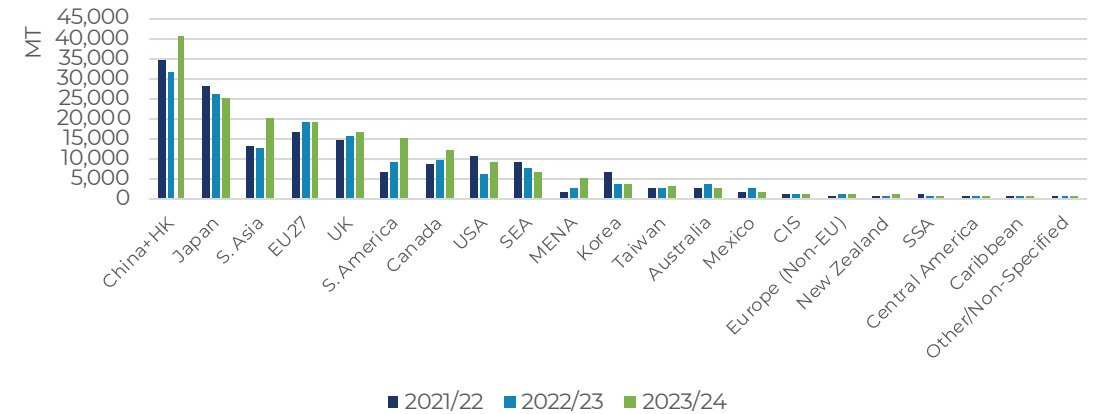


Global Overview: WPC80+ – Last 12 Months

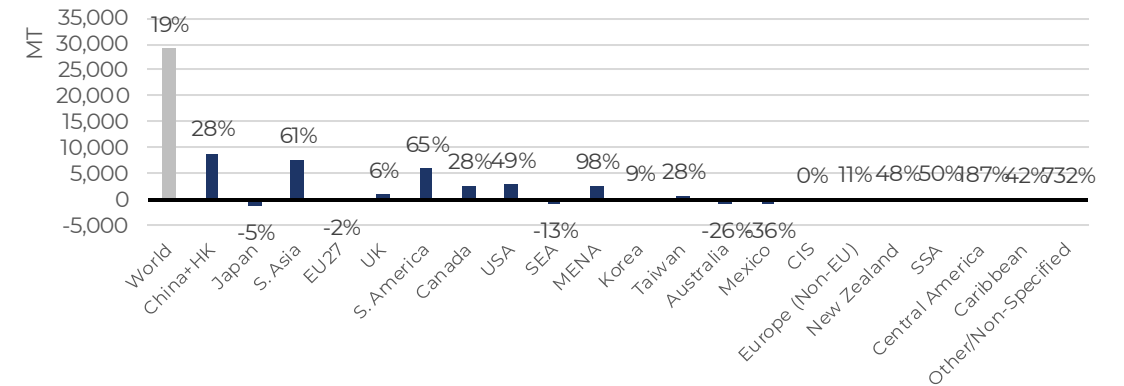
Global WPC80+ Trade by Destination: Last 12 Months ending Jul



Global WPC80+ Trade by Destination: Last 12 Months ending Jul

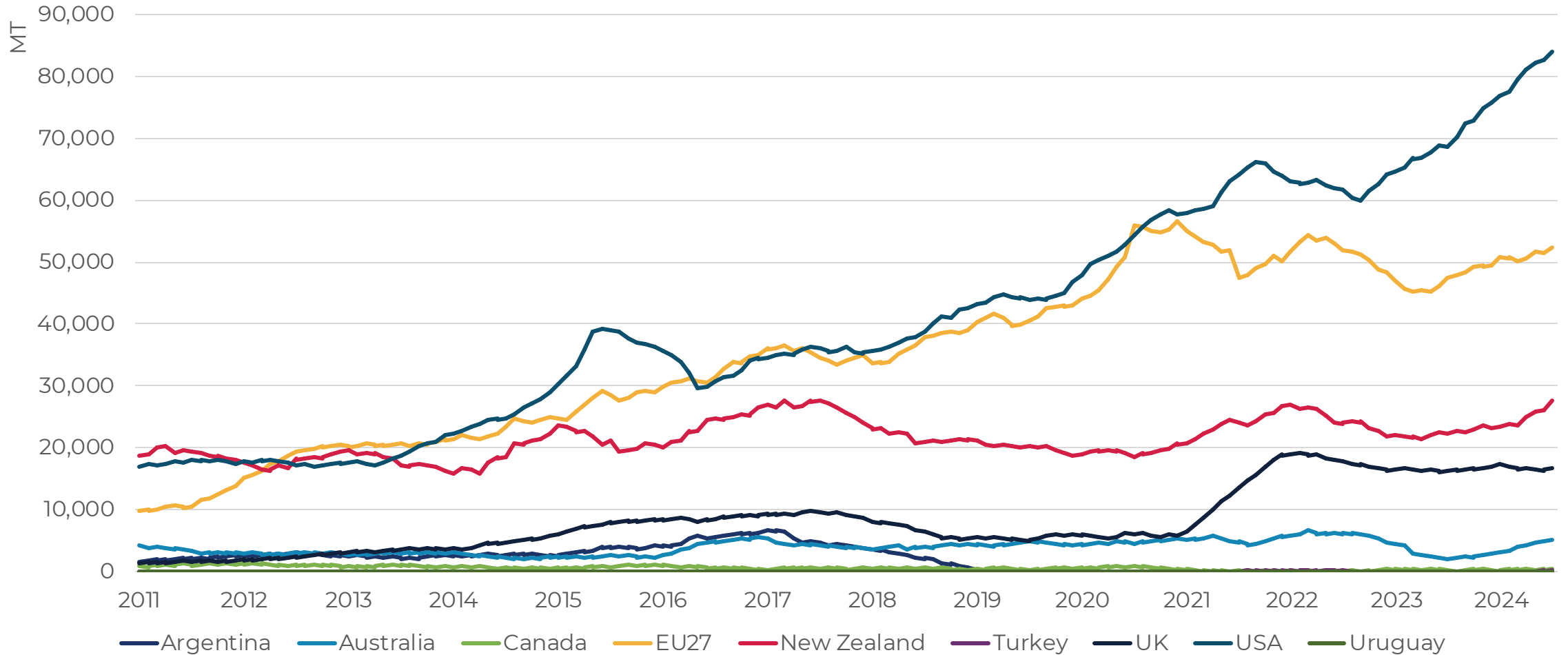


YOY Change in Global WPC80+ Trade by Destination: Last 12 Months ending Jul



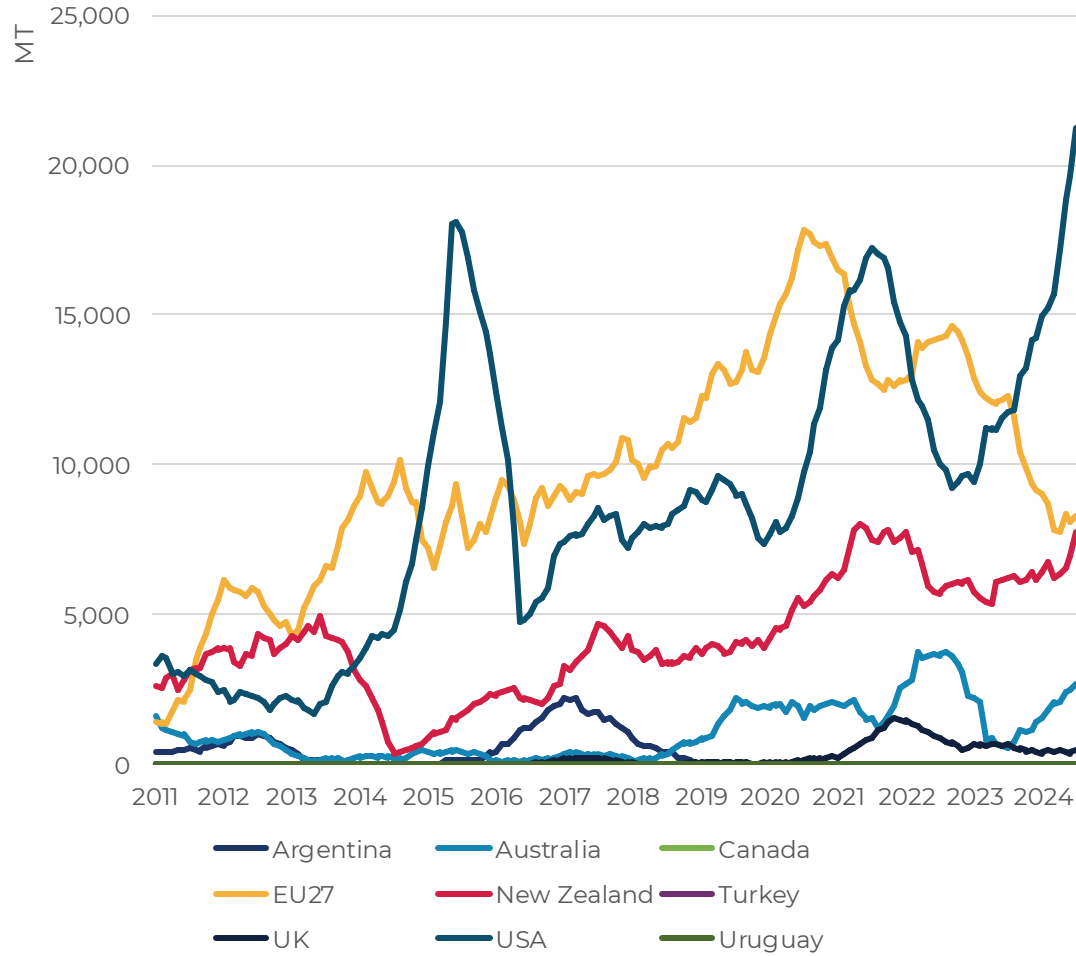
Trade Flows: WPC80+

Global WPC80+ Trade to World

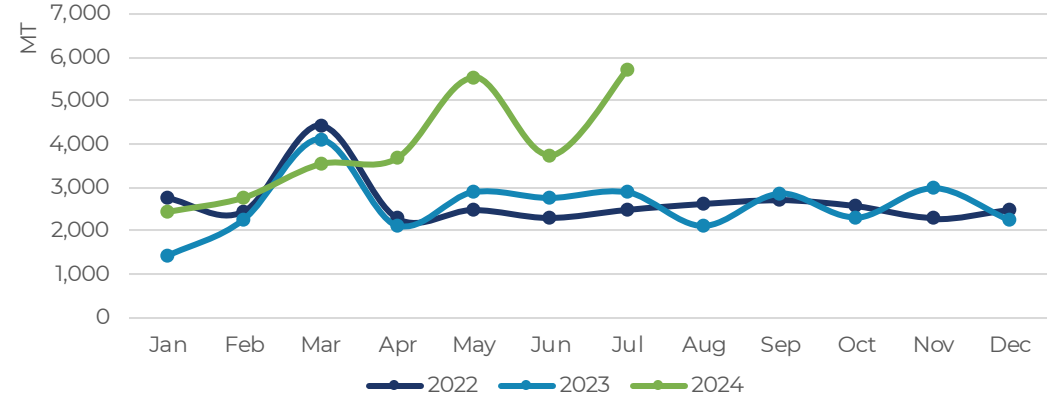


China

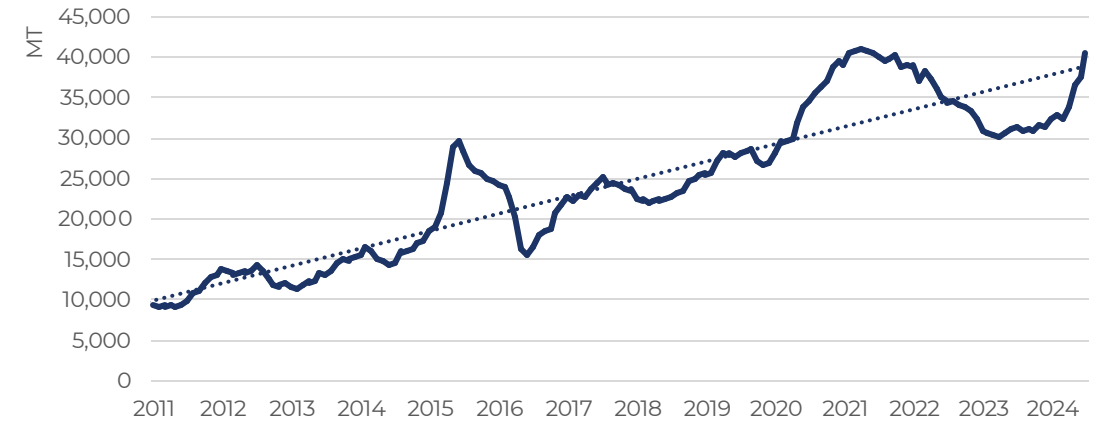
Global WPC80+ Trade to China+HK



Global WPC80+ Trade to China+HK

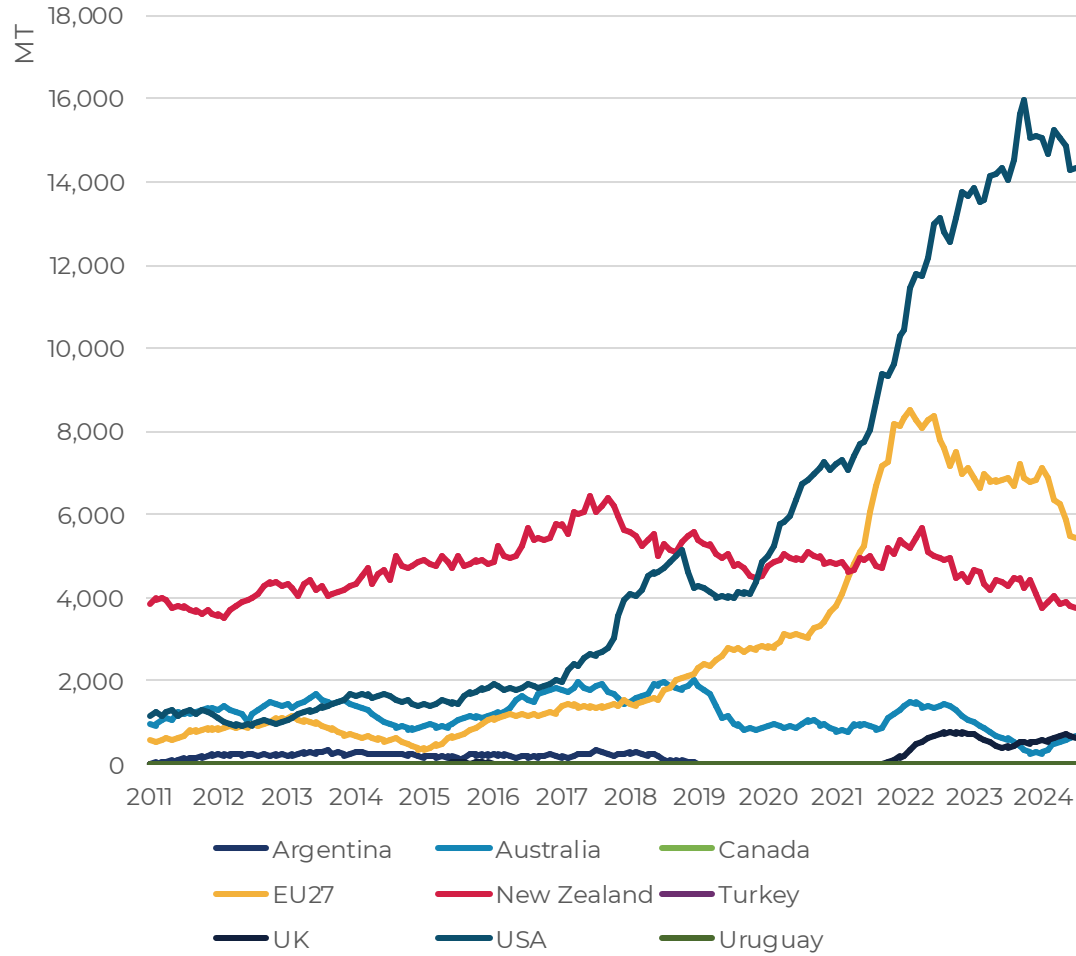


Global WPC80+ Trade to China+HK

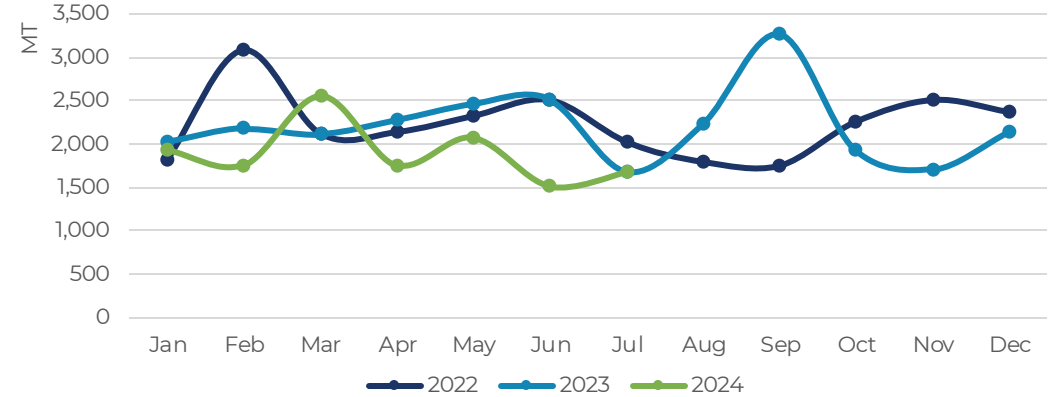


Japan

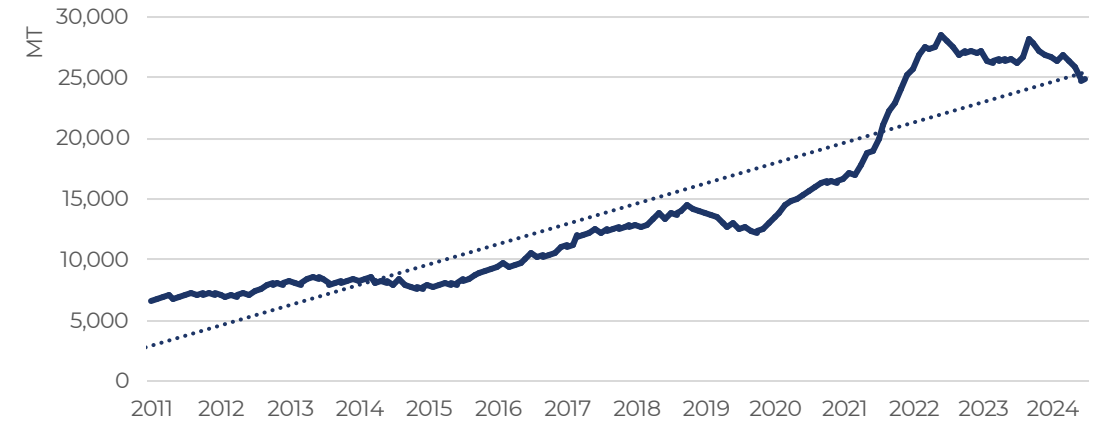
Global WPC80+ Trade to Japan



Global WPC80+ Trade to Japan

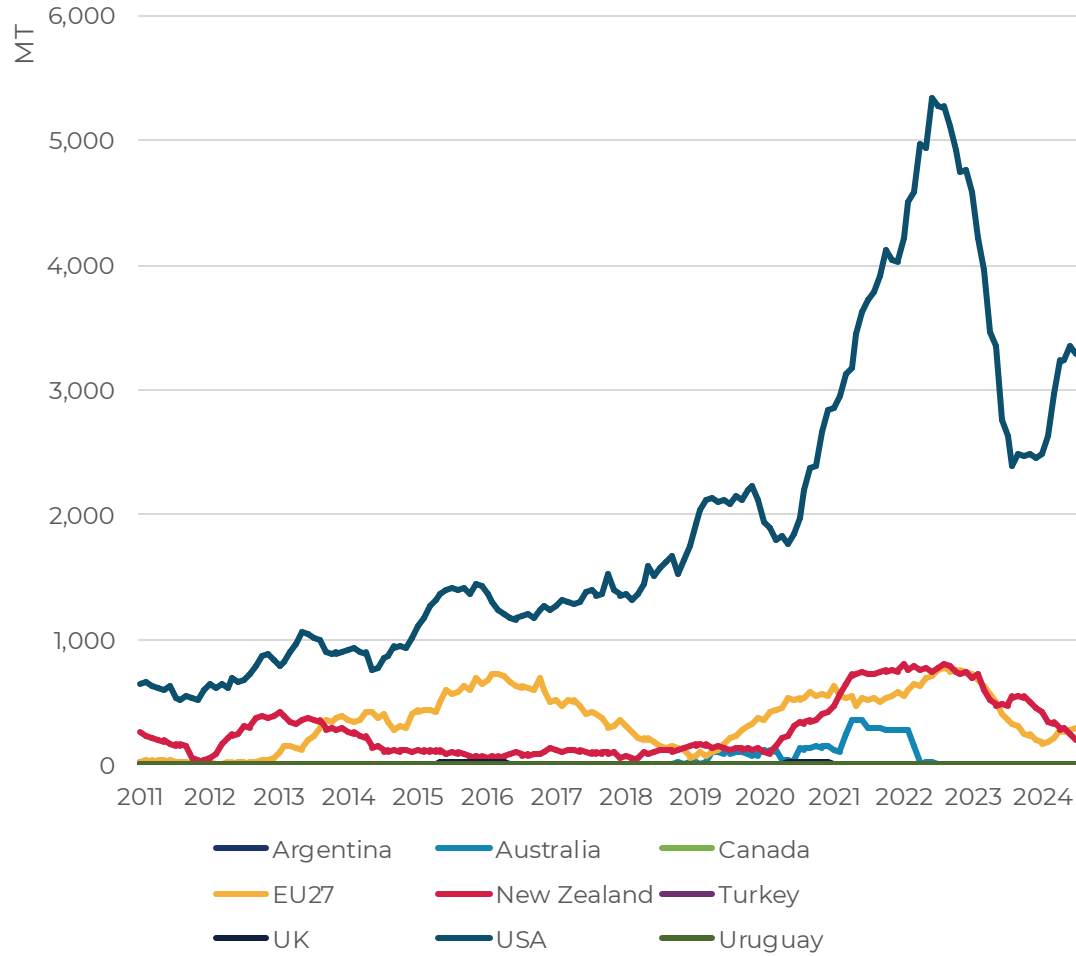


Global WPC80+ Trade to Japan

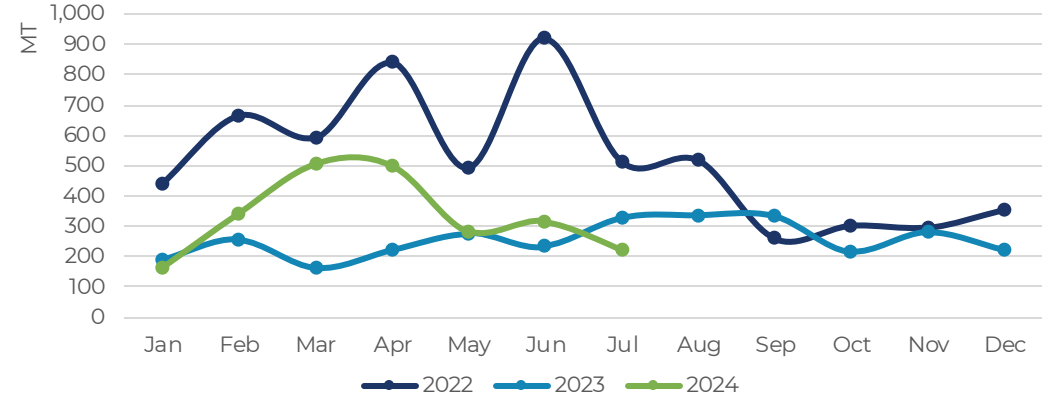


Korea

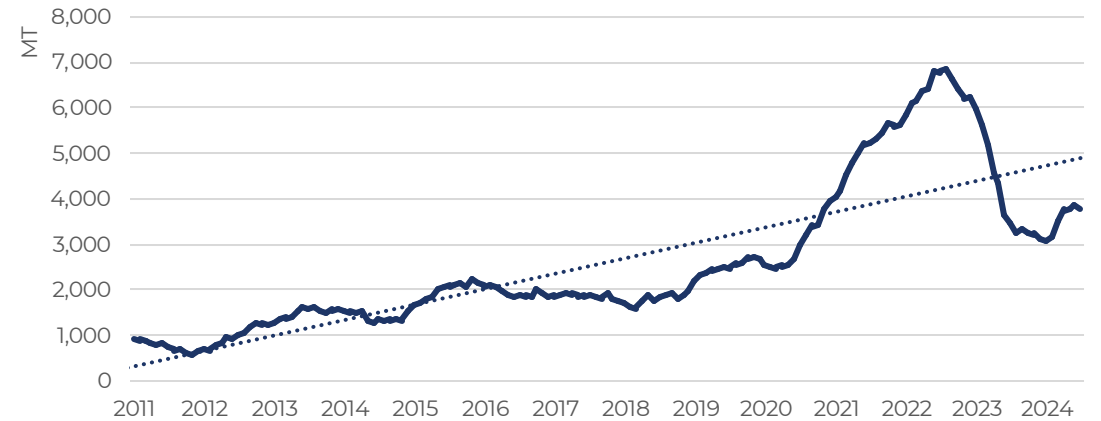
Global WPC80+ Trade to Korea



Global WPC80+ Trade to Korea

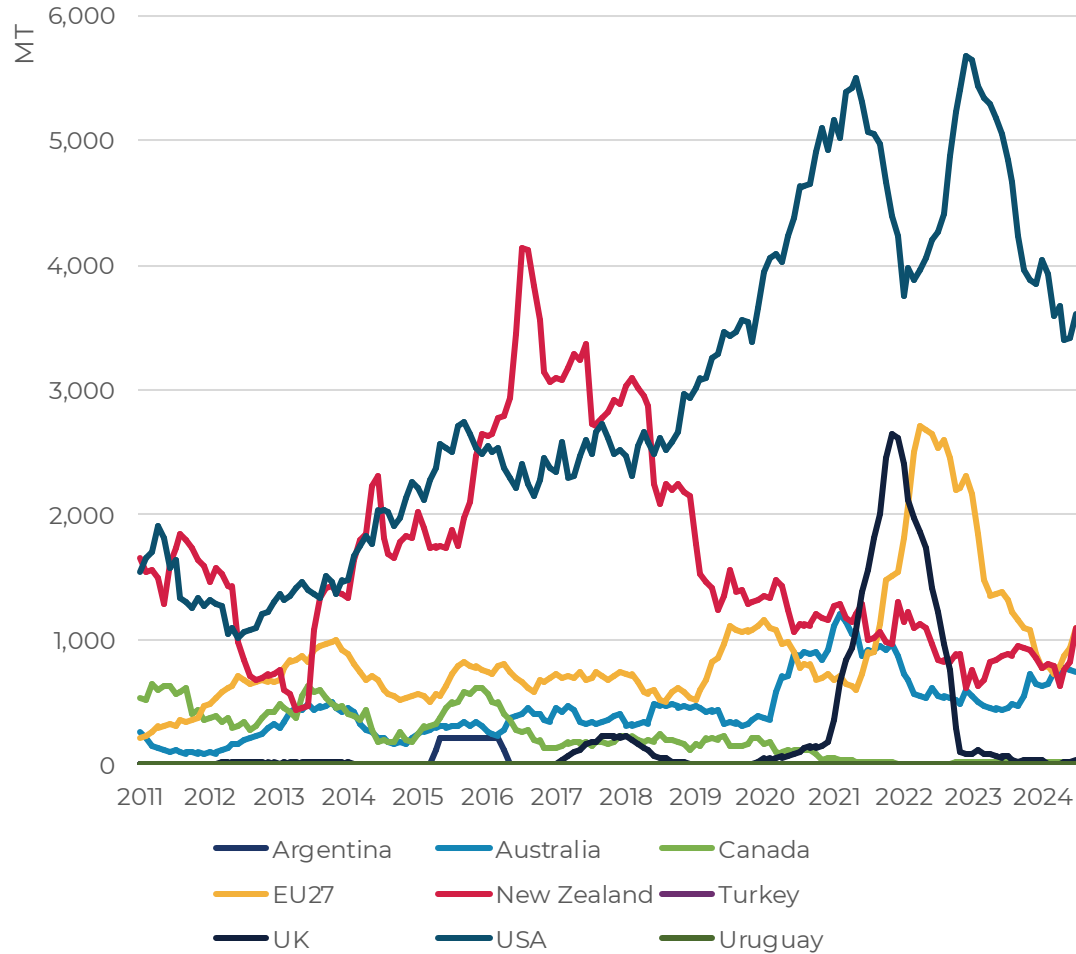


Global WPC80+ Trade to Korea

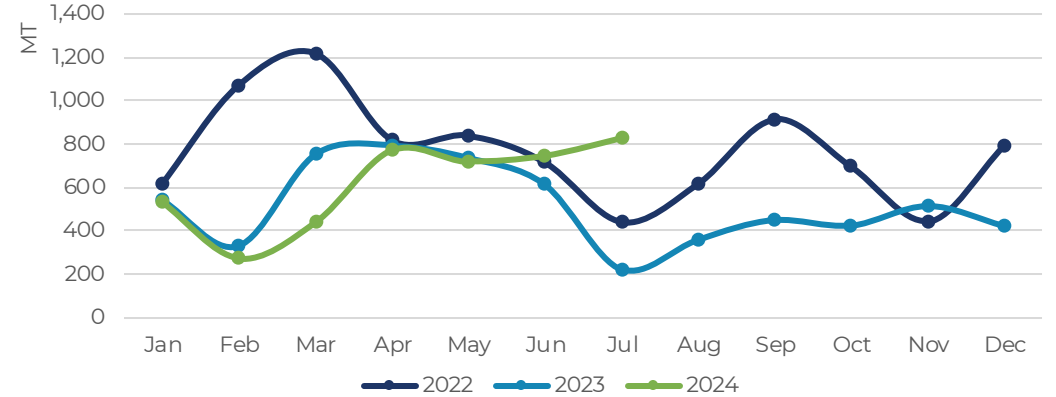


Southeast Asia

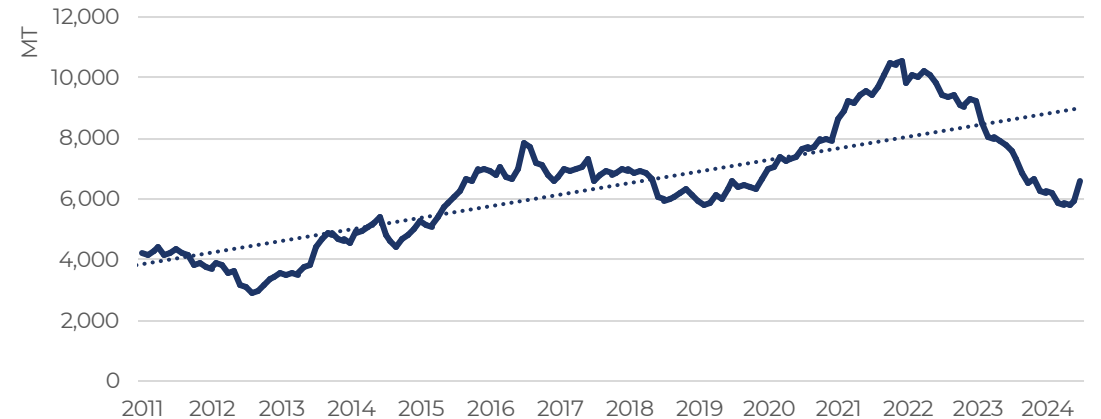
Global WPC80+ Trade to SEA



Global WPC80+ Trade to SEA

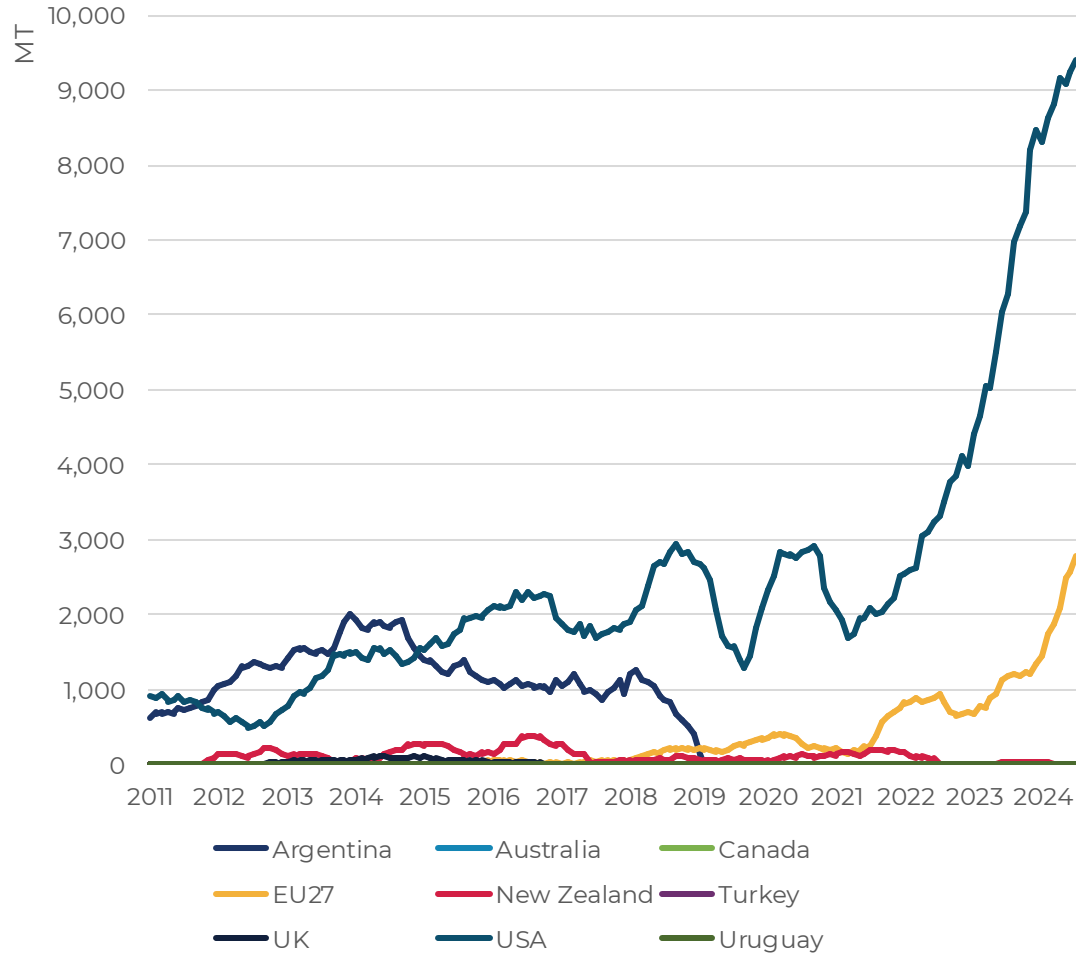


Global WPC80+ Trade to SEA

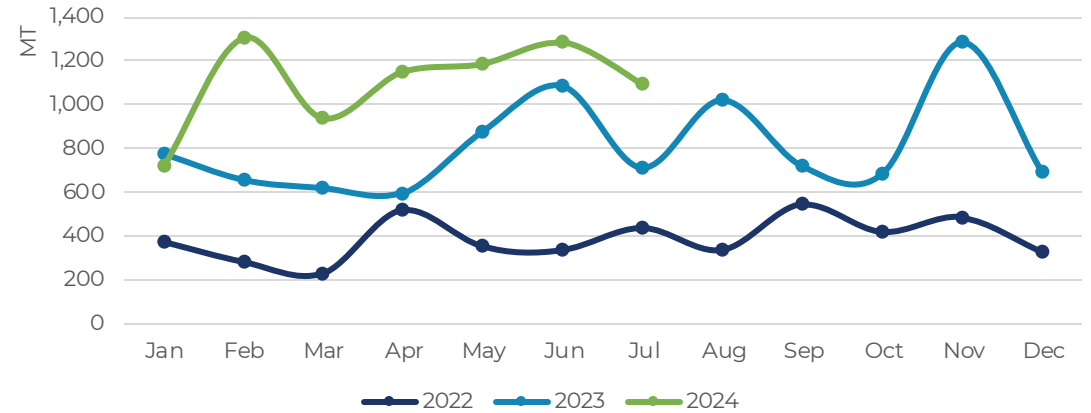


Brazil

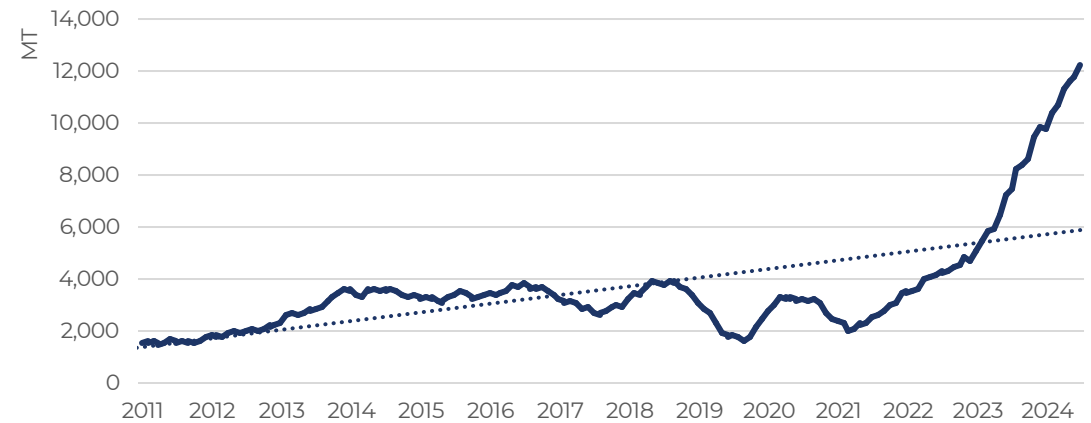
Global WPC80+ Trade to Brazil



Global WPC80+ Trade to Brazil

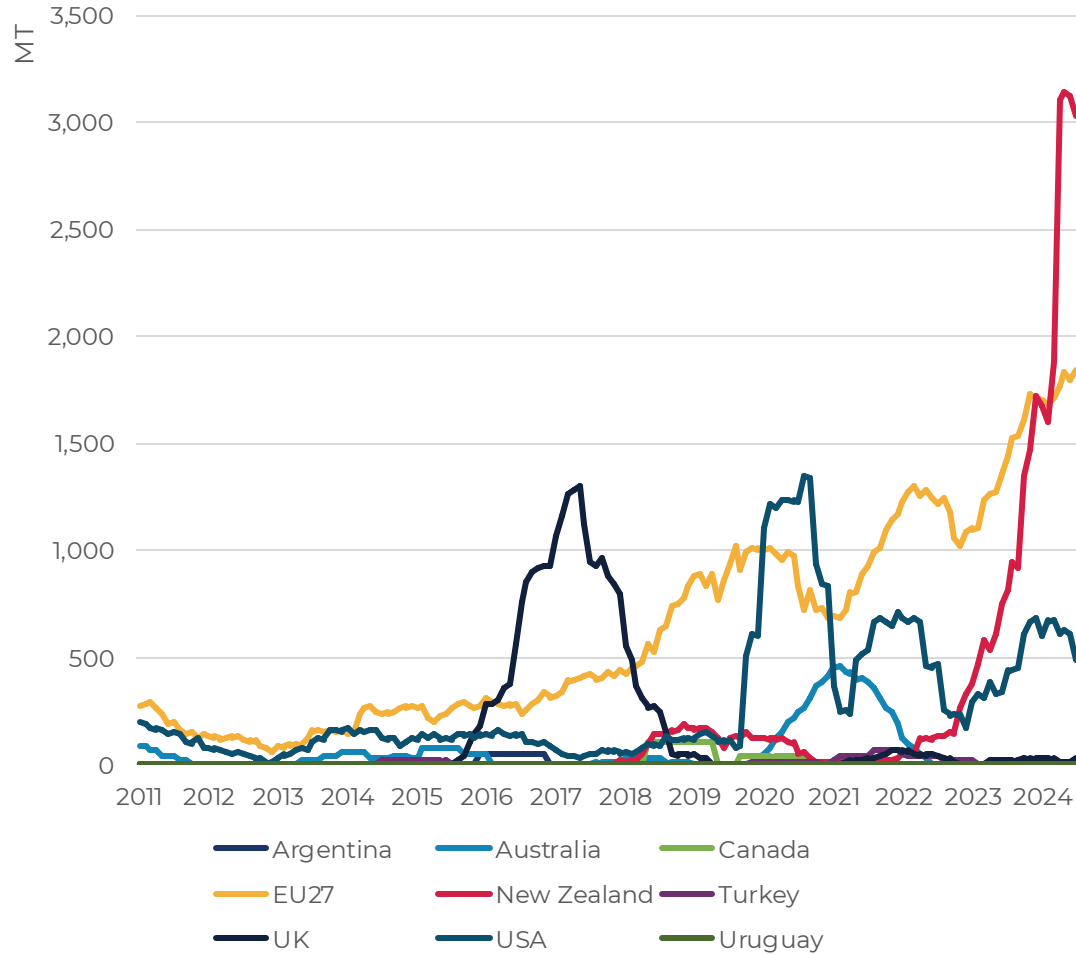


Global WPC80+ Trade to Brazil

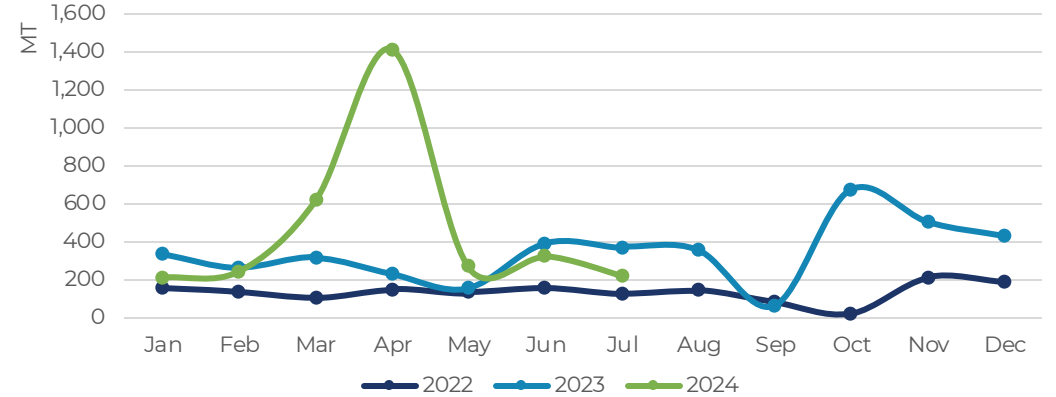


MENA

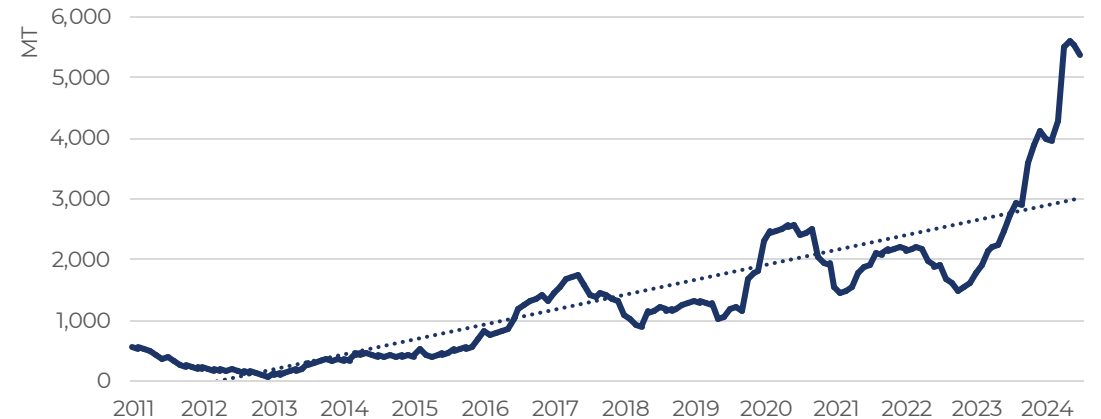
Global WPC80+ Trade to MENA



Global WPC80+ Trade to MENA



Global WPC80+ Trade to MENA





NMPF | USDEC
DAIRY
ECONOMICS



Other Dairy Products

Global Overview: Lactose



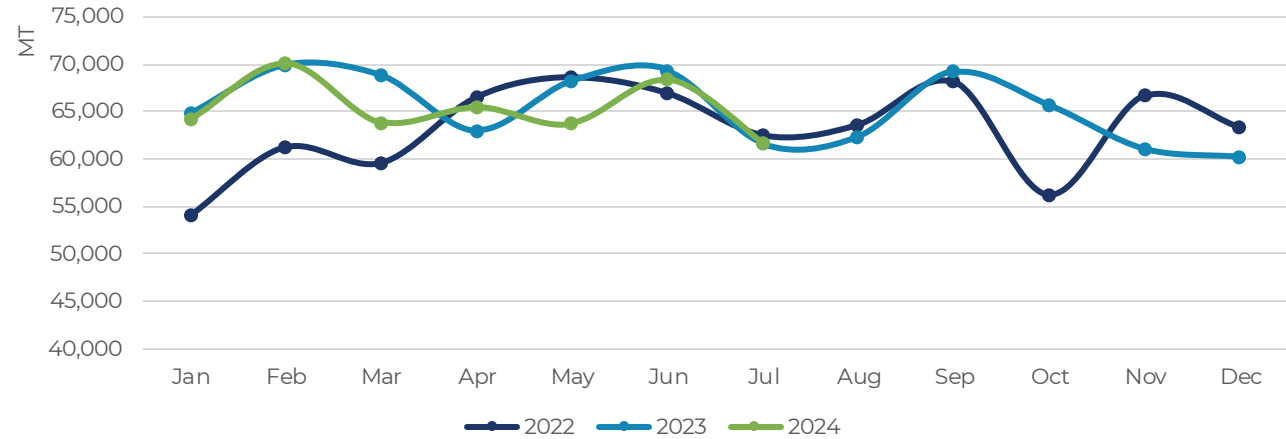
KEY TAKEAWAYS

Global Lactose Trade

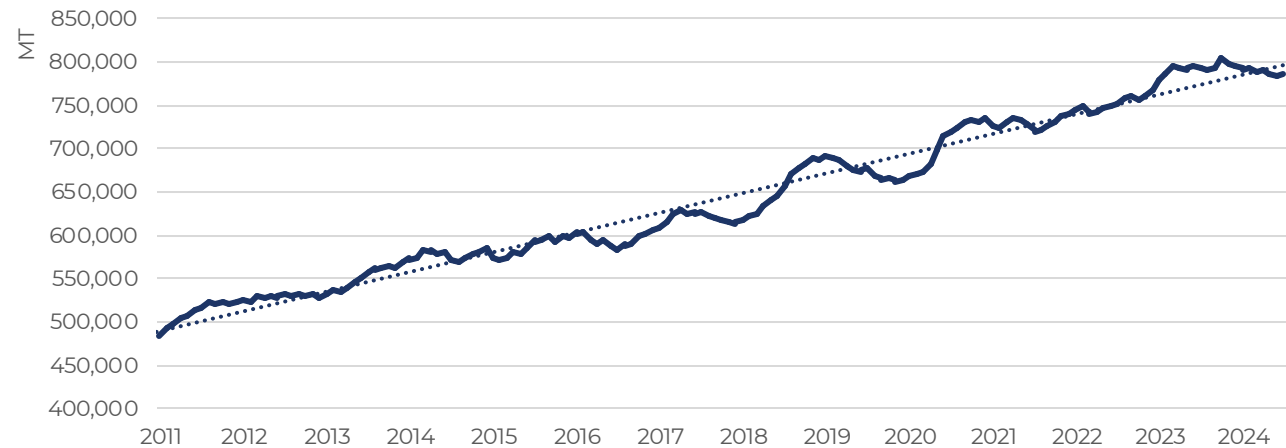
+0.1%	-1.9%	-1.0%	+2.9%
July YoY	YTD, Ending July	Last 12-Months, Ending July	3-Year CAGR

- Global lactose demand moved sideways in July following a modest decline in June.
- The two major markets driving the improved performance were New Zealand (+36%, +3,020 MT) and Southeast Asia (+38%, +2,751 MT). NZ's increased lactose volumes for standardization suggest greater emphasis on SMP again for the 2024/25 season.
- On the flip side, China's absence remained notable as they continue to draw down inventories (-18%, -2,435 MT). Additionally, South Asia dropped off sharply (-33%, -2,495 MT). Overall, global lactose prices have eased from the elevated levels seen at the start of 2023, which bodes well for demand in more price-responsive regions.

Global Lactose Trade to World

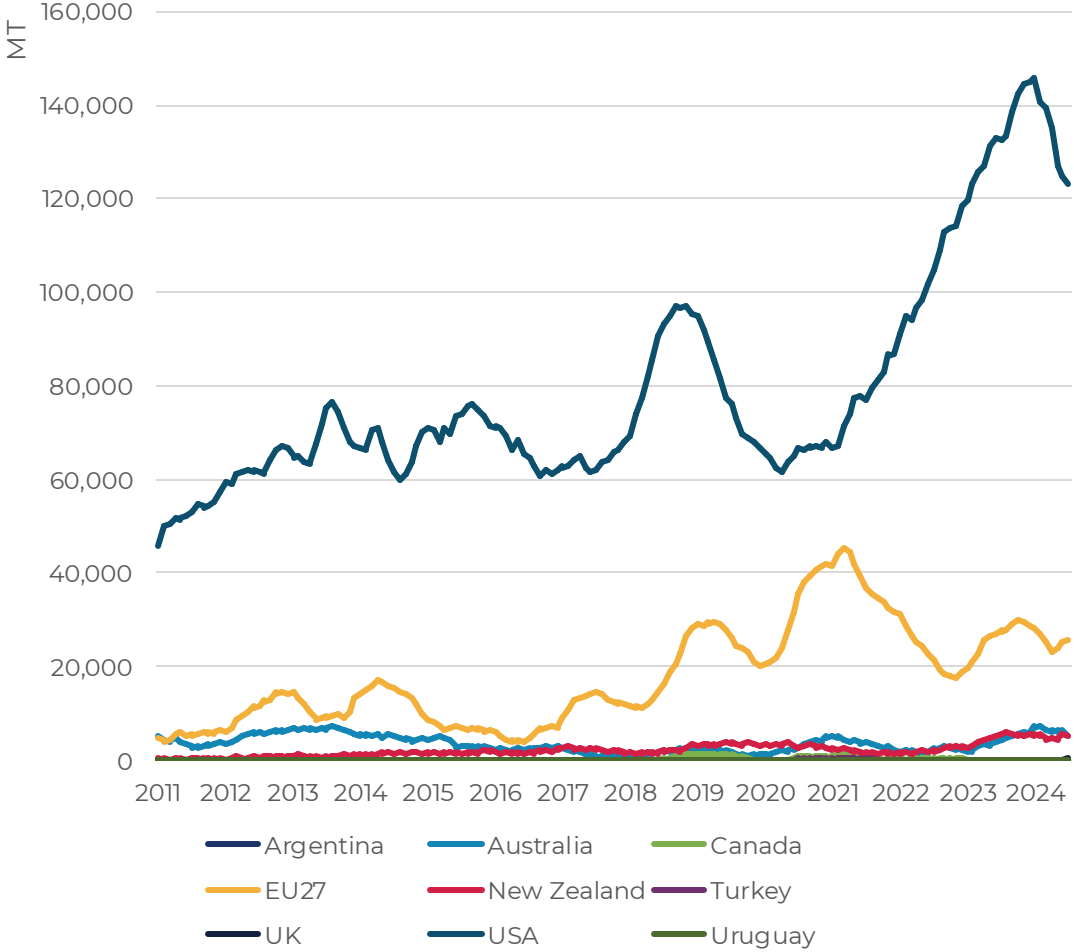


Global Lactose Trade to World

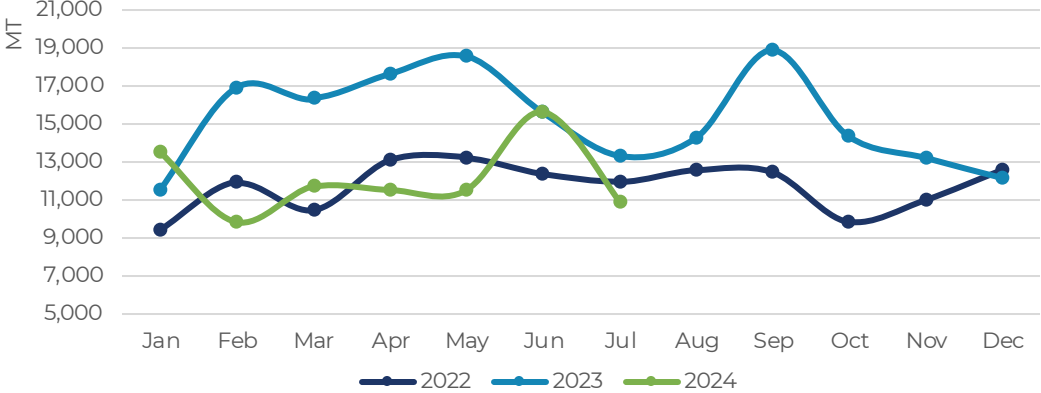


Lactose – China

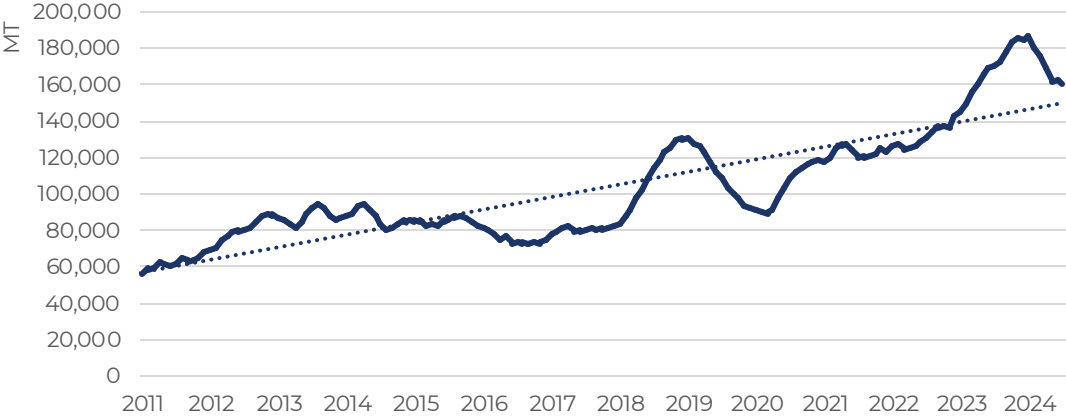
Global Lactose Trade to China+HK



Global Lactose Trade to China+HK

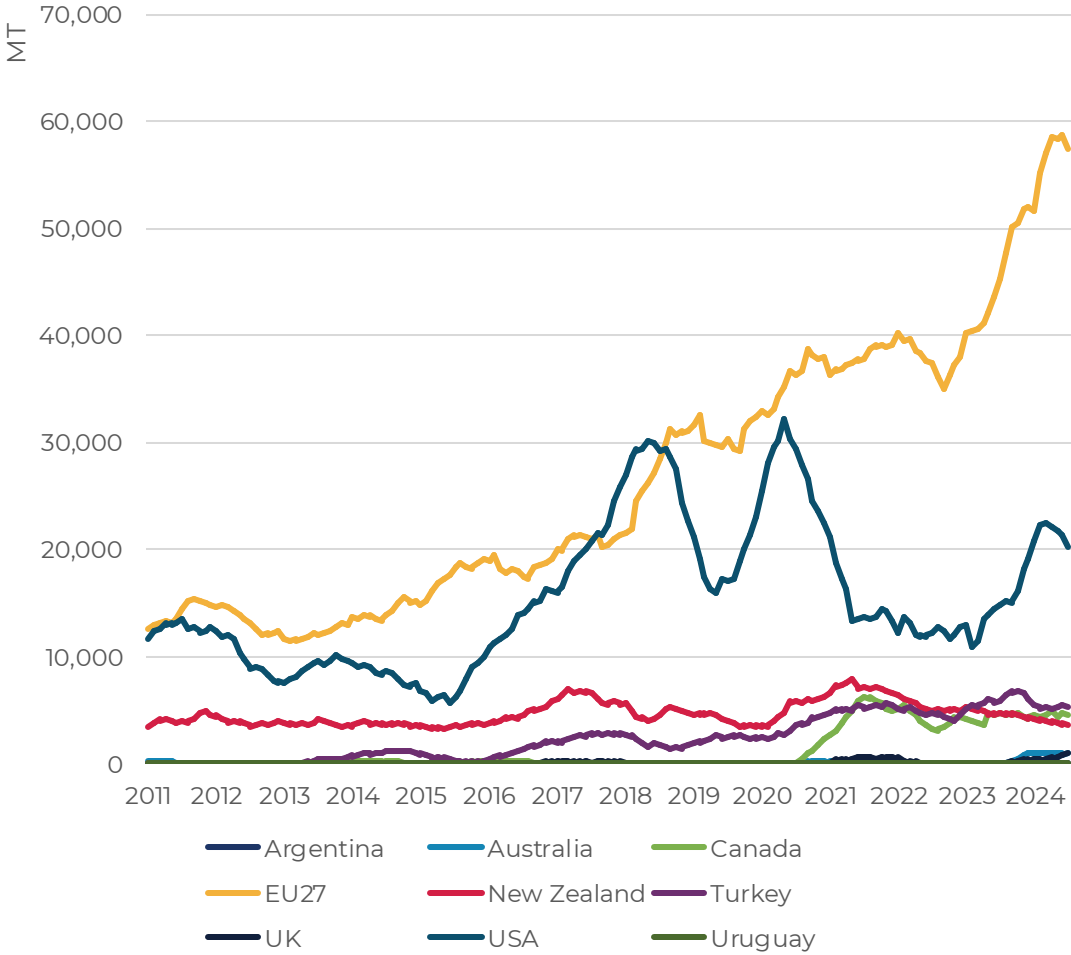


Global Lactose Trade to China+HK

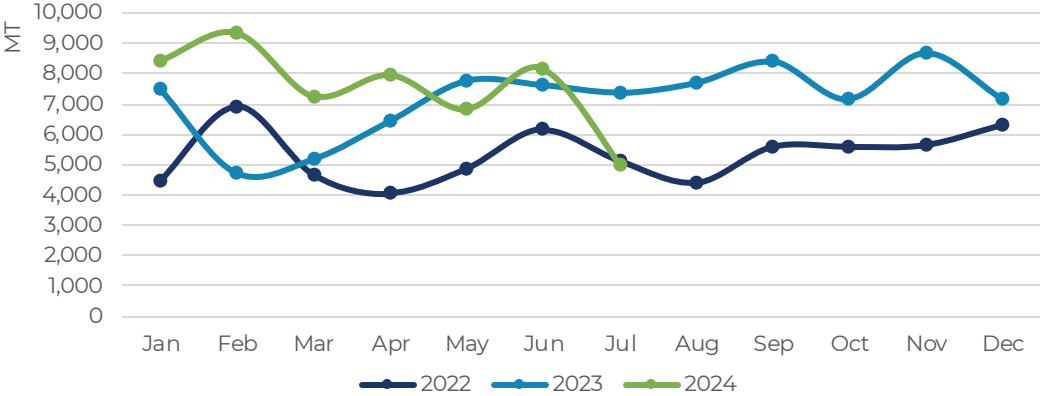


Lactose – South Asia

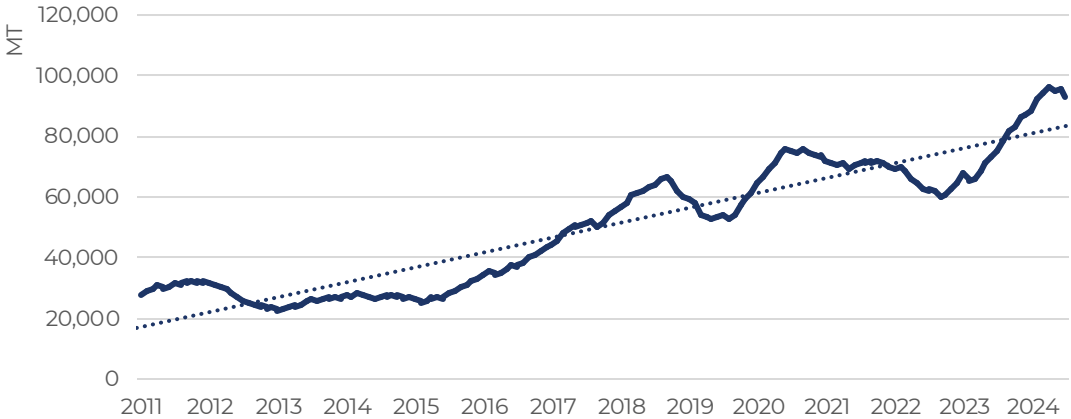
Global Lactose Trade to S. Asia



Global Lactose Trade to S. Asia

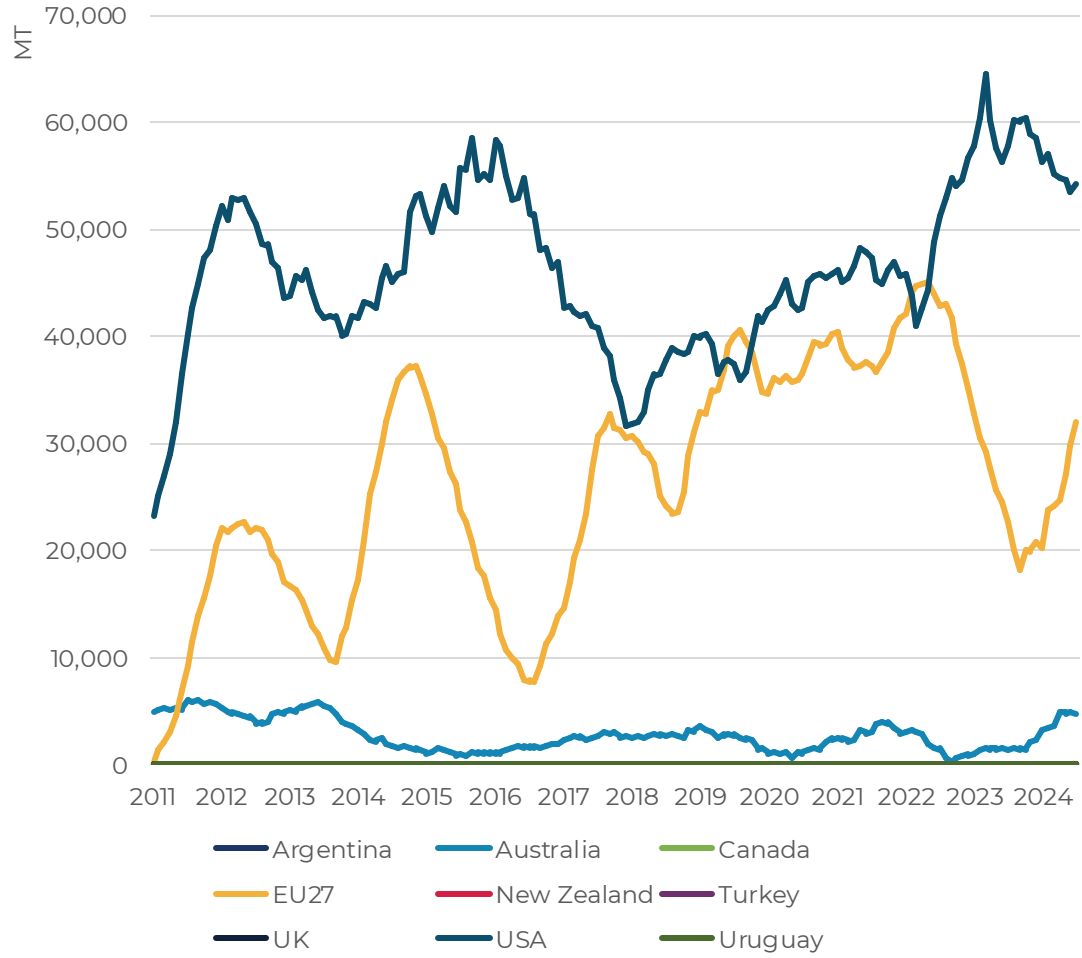


Global Lactose Trade to S. Asia

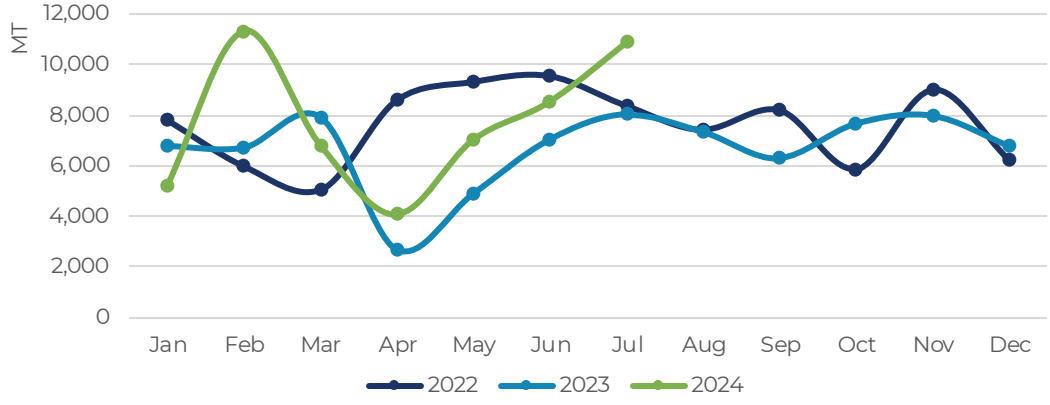


Lactose – New Zealand

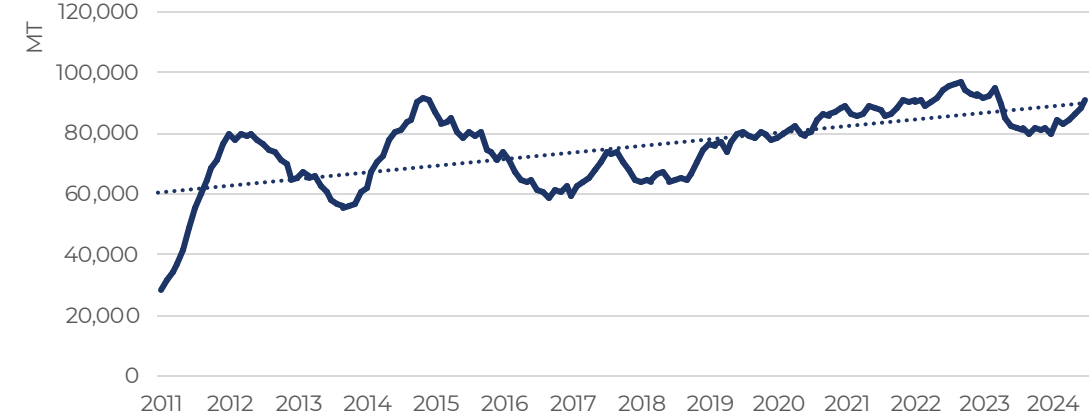
Global Lactose Trade to New Zealand



Global Lactose Trade to New Zealand



Global Lactose Trade to New Zealand



Global Overview: Butter



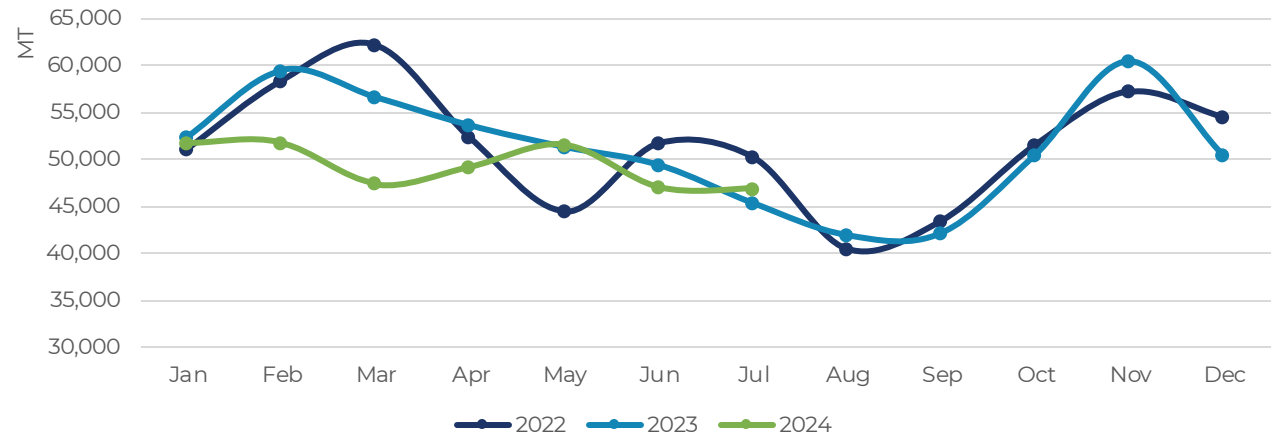
KEY TAKEAWAYS

Global Butter Trade

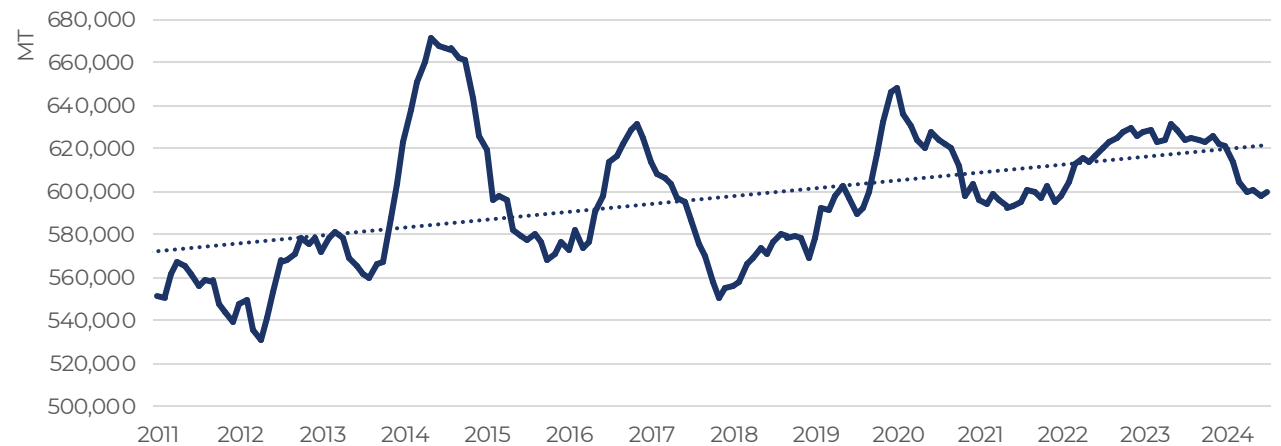
+3.5%	-6.0%	-3.9%	+0.2%
July YoY	YTD, Ending July	Last 12-Months, Ending July	3-Year CAGR

- Despite elevated prices and tighter availability, global butter trade grew in July. Exports to the U.S. nearly doubled from 2023 (+99%, +3,531 MT), continuing the trend of strong demand for imported butter from American consumers. Additionally, while China's demand remains volatile, it did post significant growth this month (+41%, +2,959 MT). By contrast, shipments to MENA declined for the fourth consecutive month in July, falling 20% (-1,662 MT).
- Overall, tighter milk supplies and nervousness about end-of-year availability are supporting global prices in the second half of the year. End users buying for year-end holidays will ramp up in the coming months, putting the squeeze on the export availability for butter in an already tight global supply environment.

Global Butter Trade to World

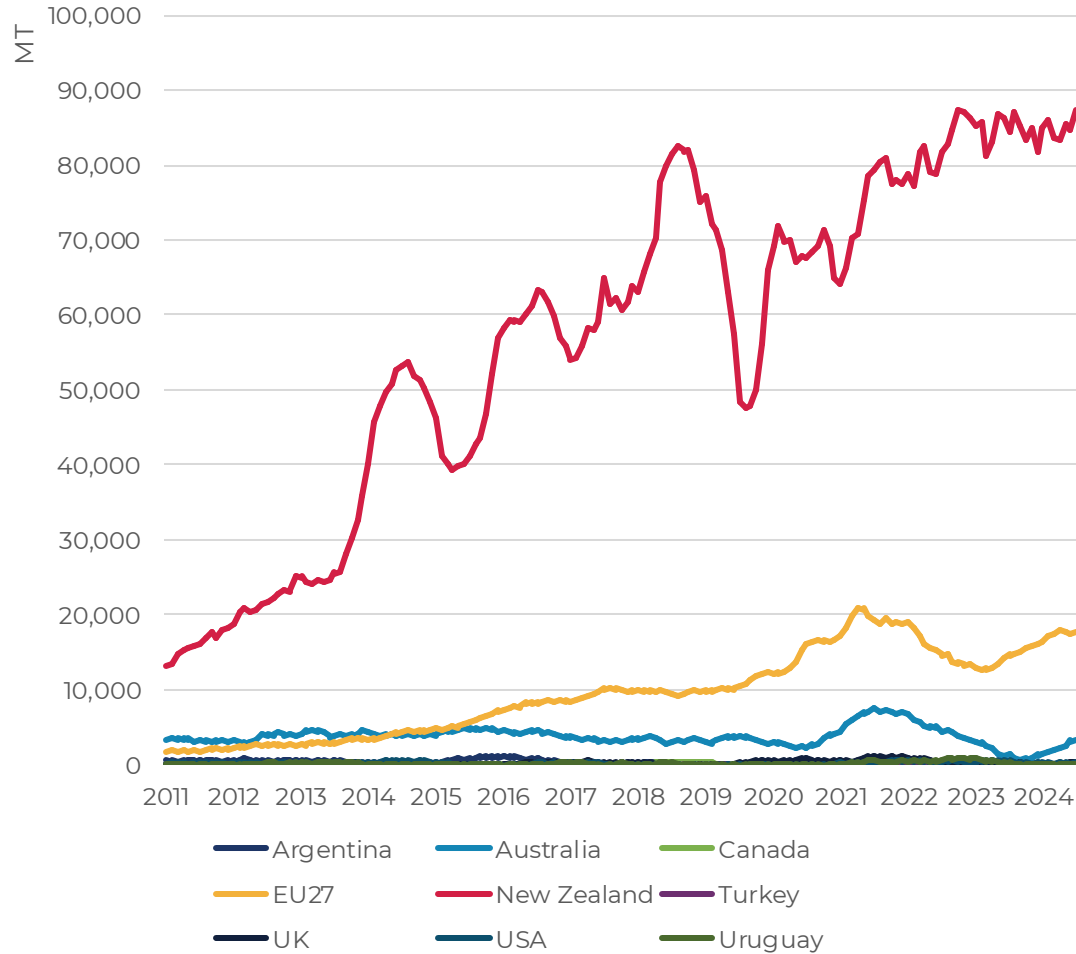


Global Butter Trade to World

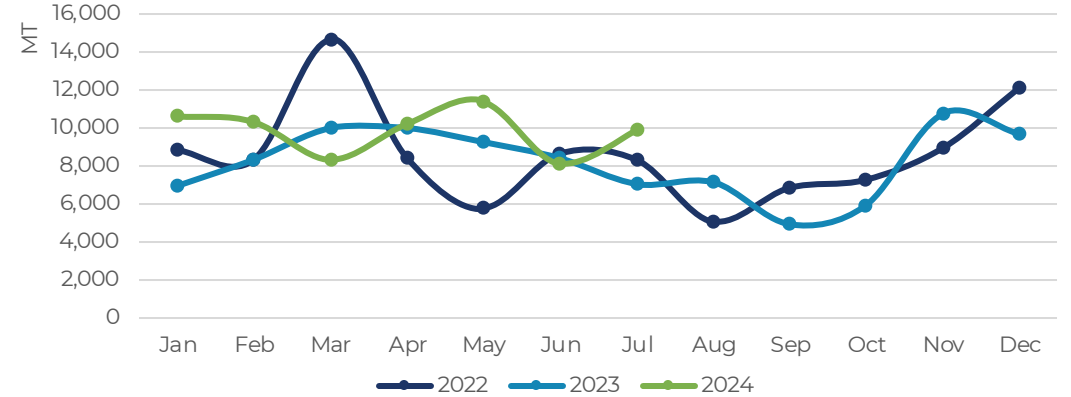


Butter – China

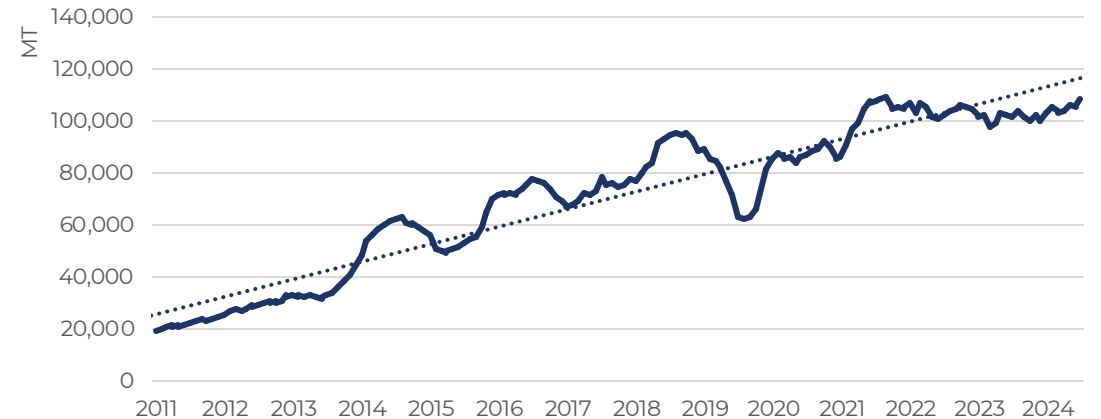
Global Butter Trade to China+HK



Global Butter Trade to China+HK

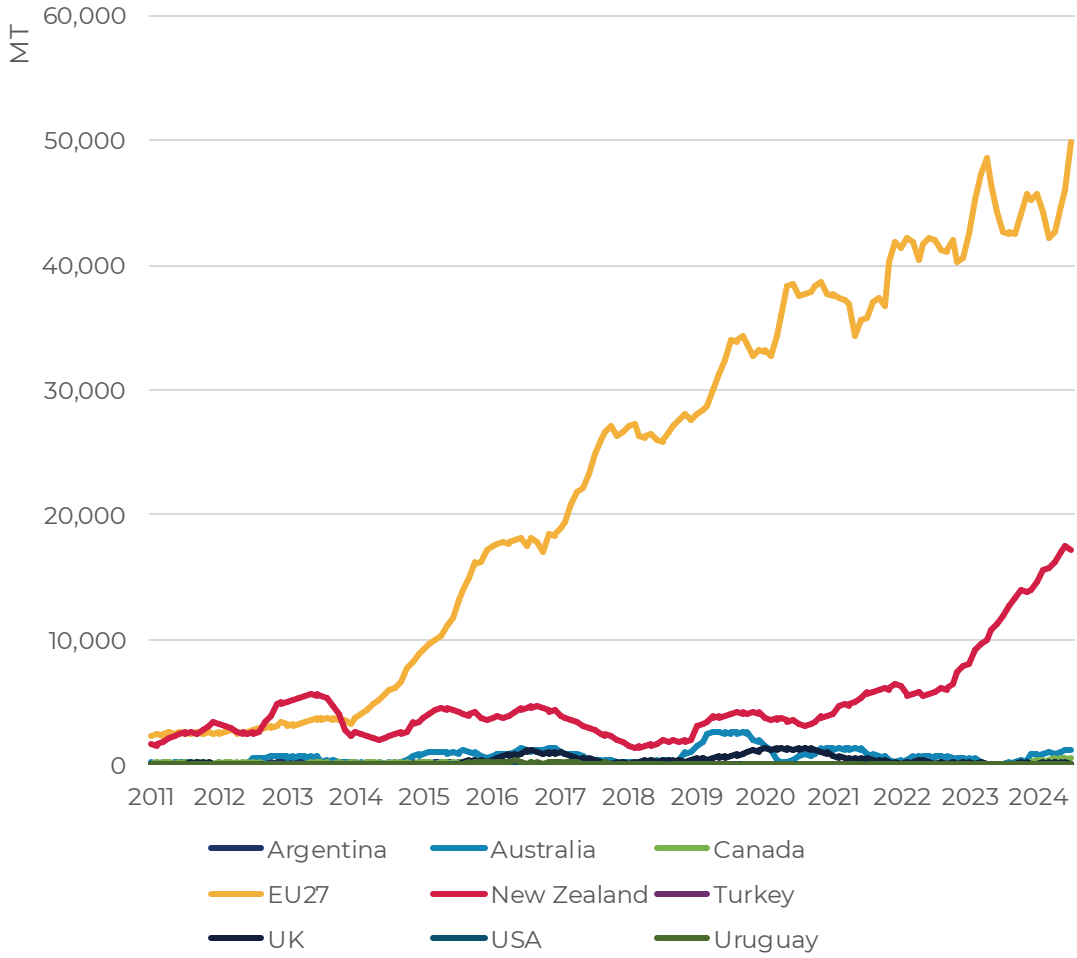


Global Butter Trade to China+HK

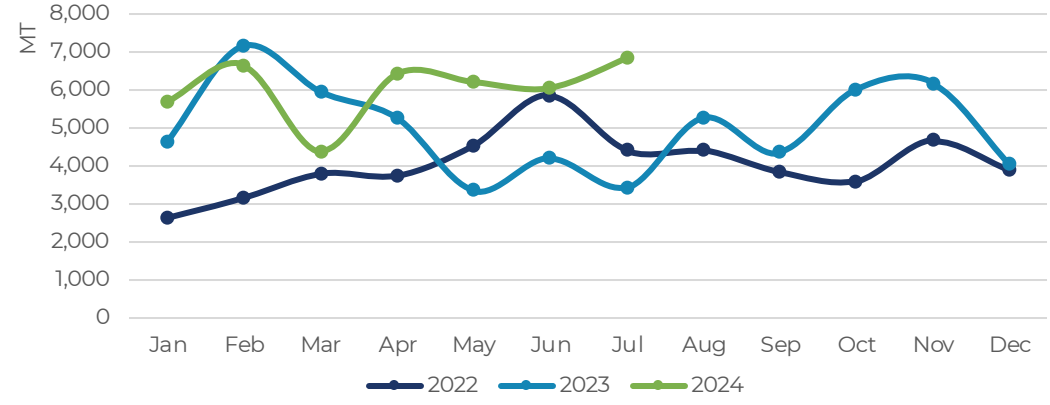


Butter – U.S.

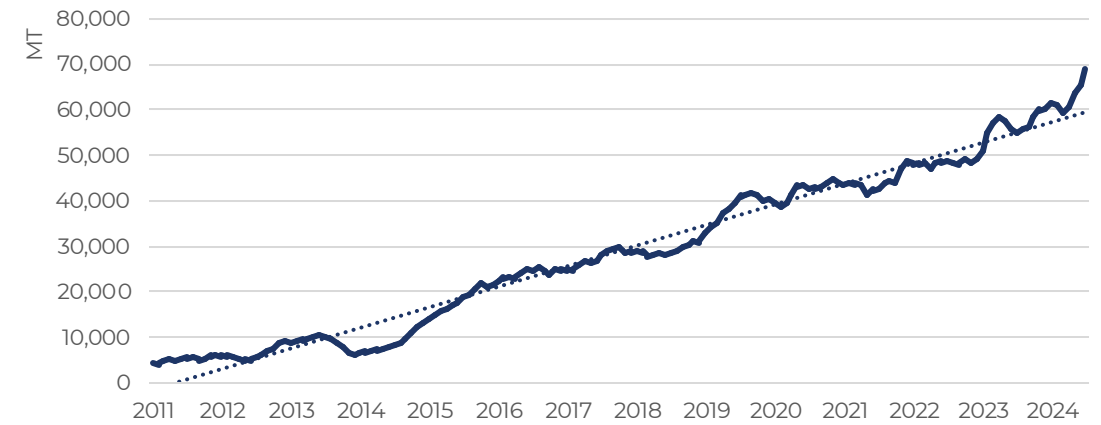
Global Butter Trade to USA



Global Butter Trade to USA



Global Butter Trade to USA



Global Overview: Whole Milk Powder



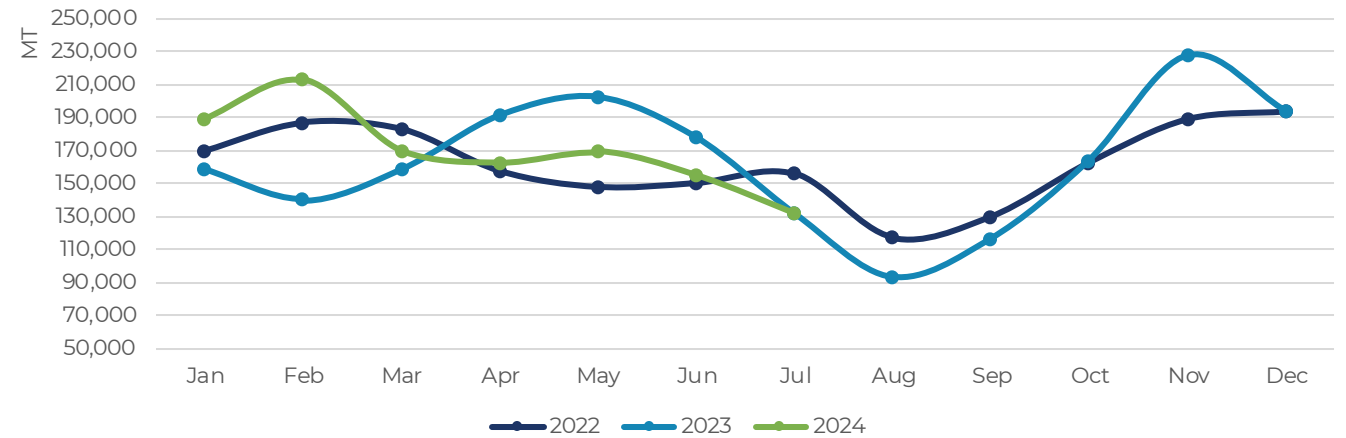
KEY TAKEAWAYS

Global WMP Trade

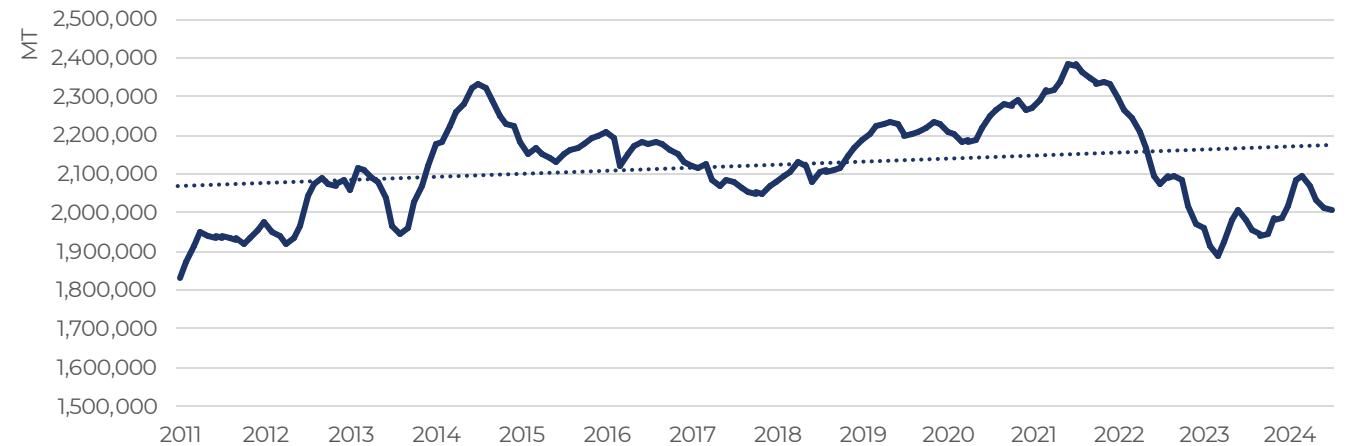
-0.4%	+2.1%	+1.3%	-5.5%
July YoY	YTD, Ending July	Last 12-Months, Ending July	3-Year CAGR

- Whole milk powder trade held close to prior year levels in July even as China's lackluster demand weighed on global whole milk powder trade (-26%, -7,516 MT). Positively, as with most other products in this report, trade to Southeast Asia helped drive global trade positive (+32%, +7,273 MT).
- Surprisingly, after several down months, exports to MENA grew slightly compared to last year (+2%, +511 MT) however month-to-month volumes continued to decline. Overall, import demand in MENA tends to be highly cyclical and follows pricing trends. With the recent rise in prices, we would typically expect demand to cool in MENA, but given WMP is still at a relative bargain compared to many other dairy products, MENA may remain active through the end of the year.

Global WMP Trade to World

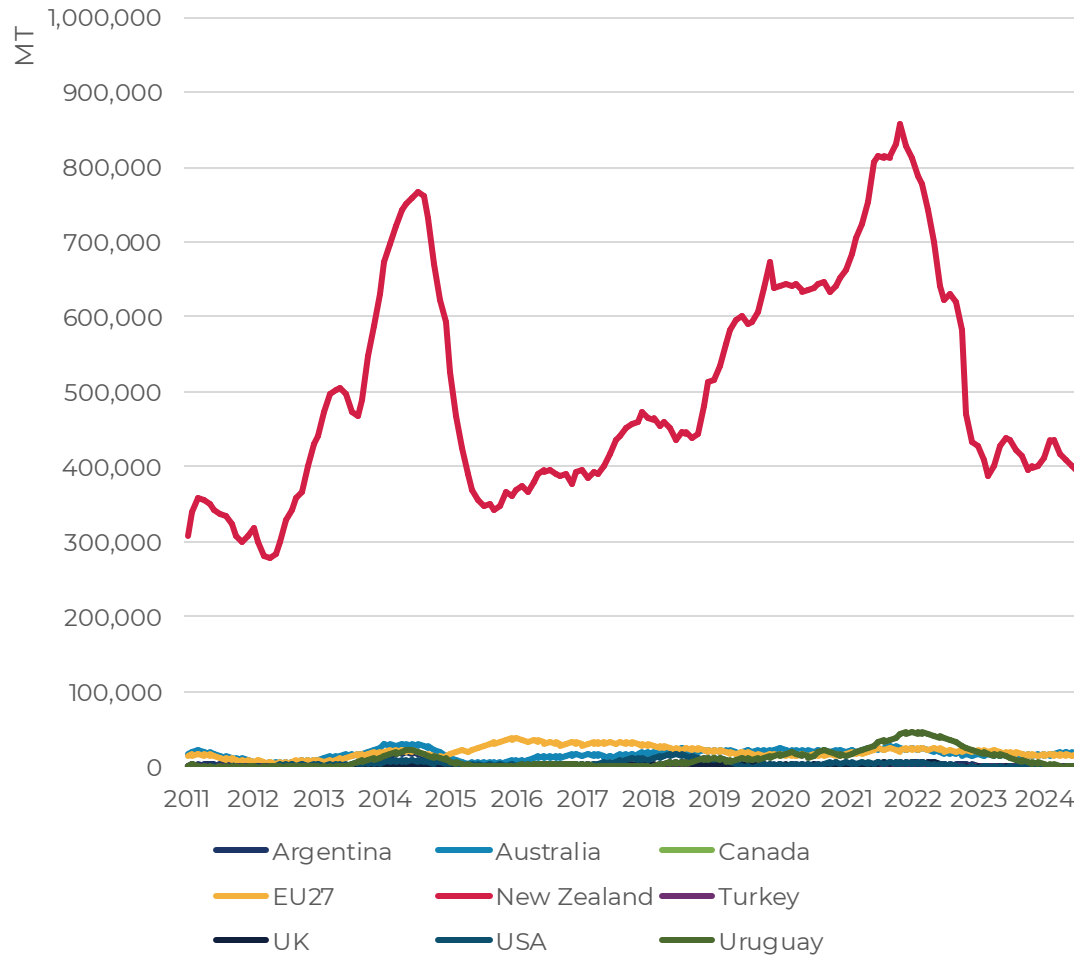


Global WMP Trade to World

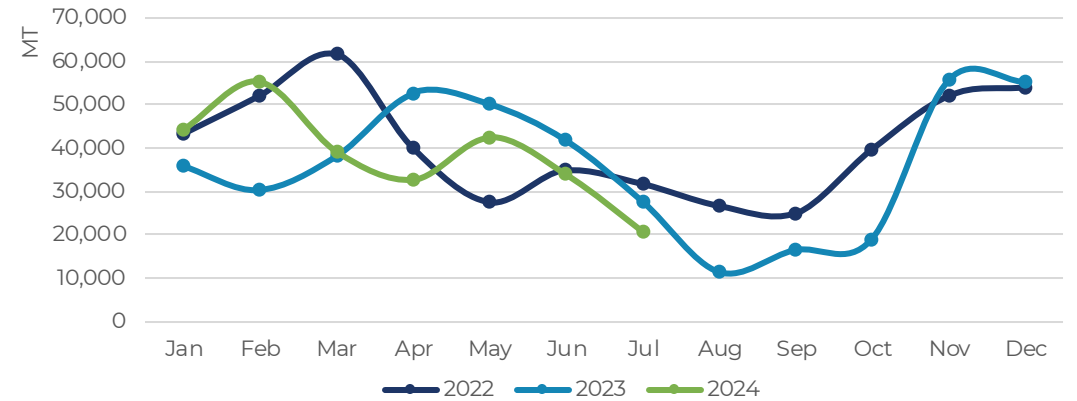


Whole Milk Powder – China

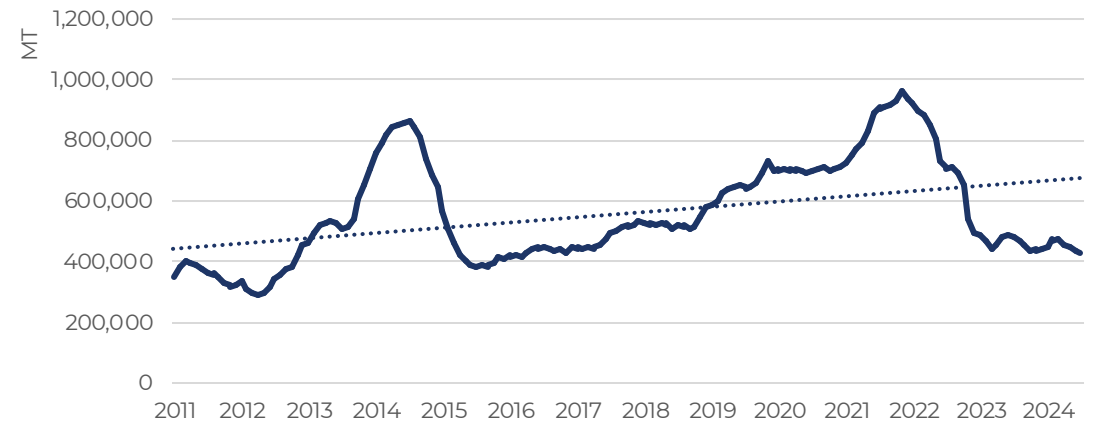
Global WMP Trade to China+HK



Global WMP Trade to China+HK

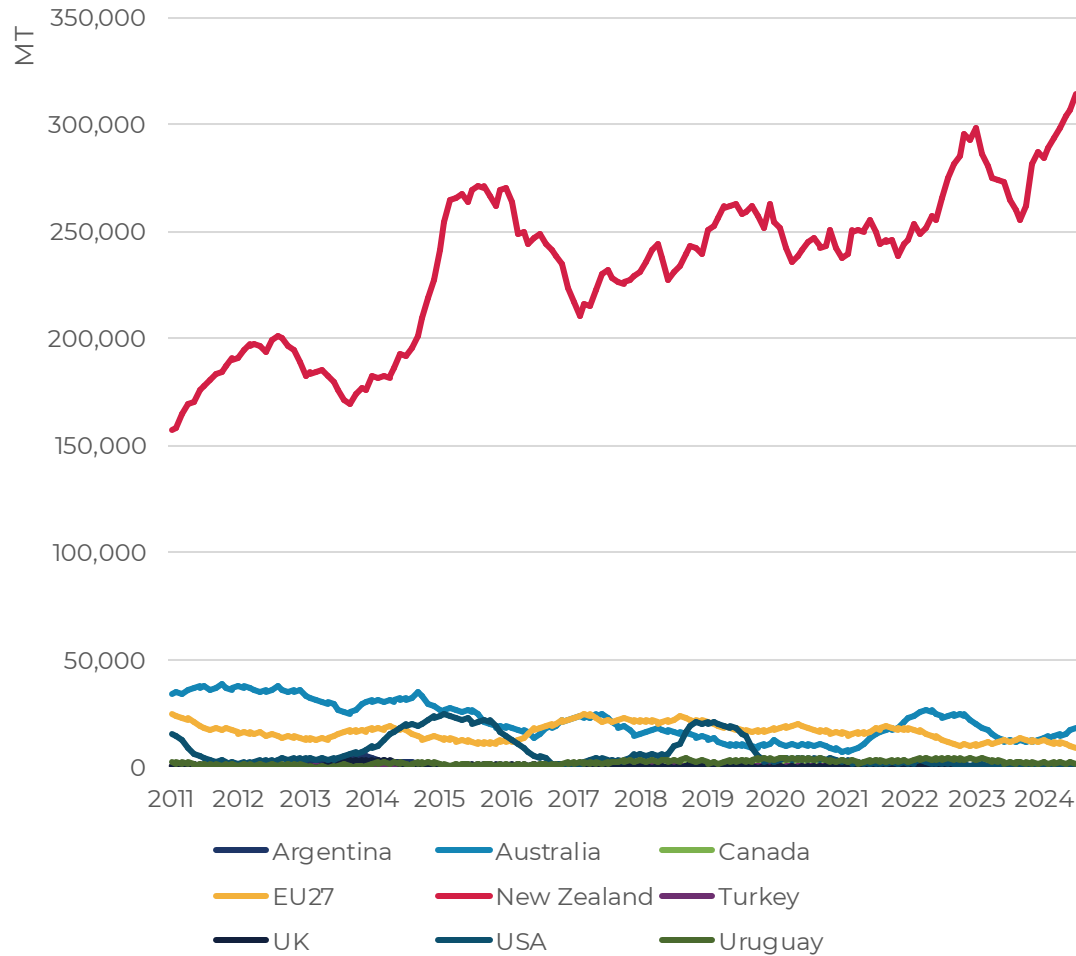


Global WMP Trade to China+HK

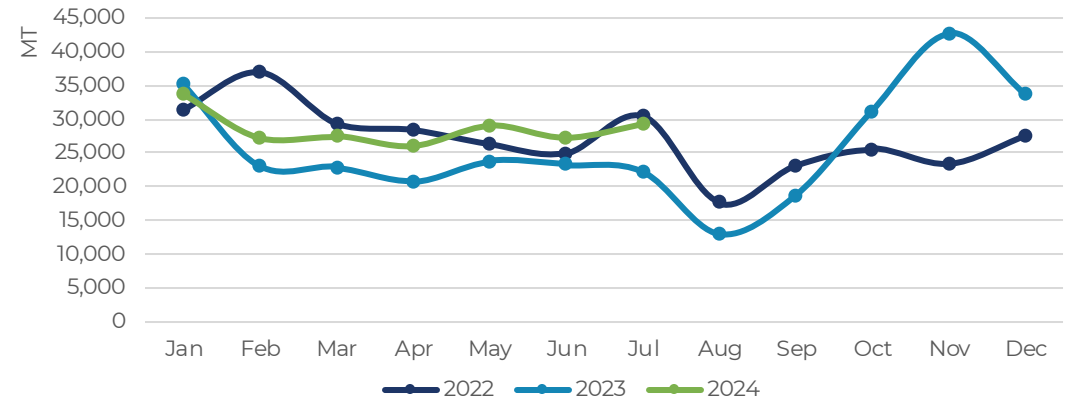


Whole Milk Powder – Southeast Asia

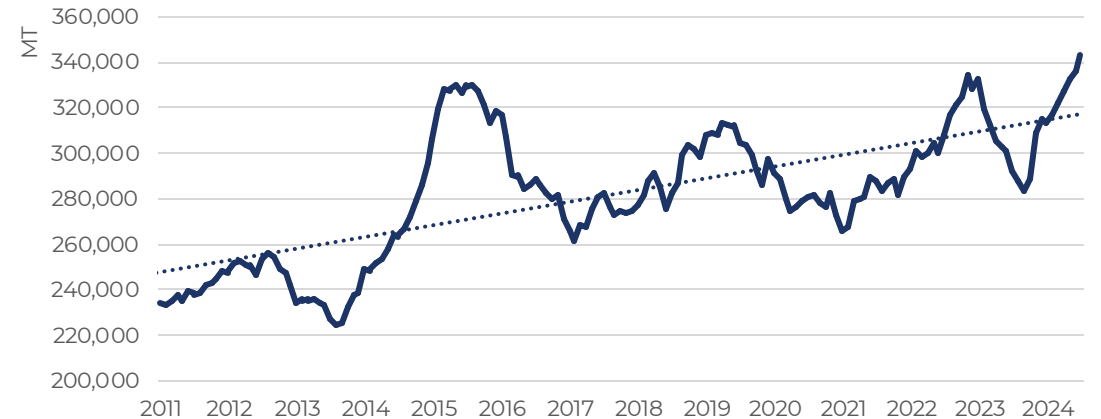
Global WMP Trade to SEA



Global WMP Trade to SEA

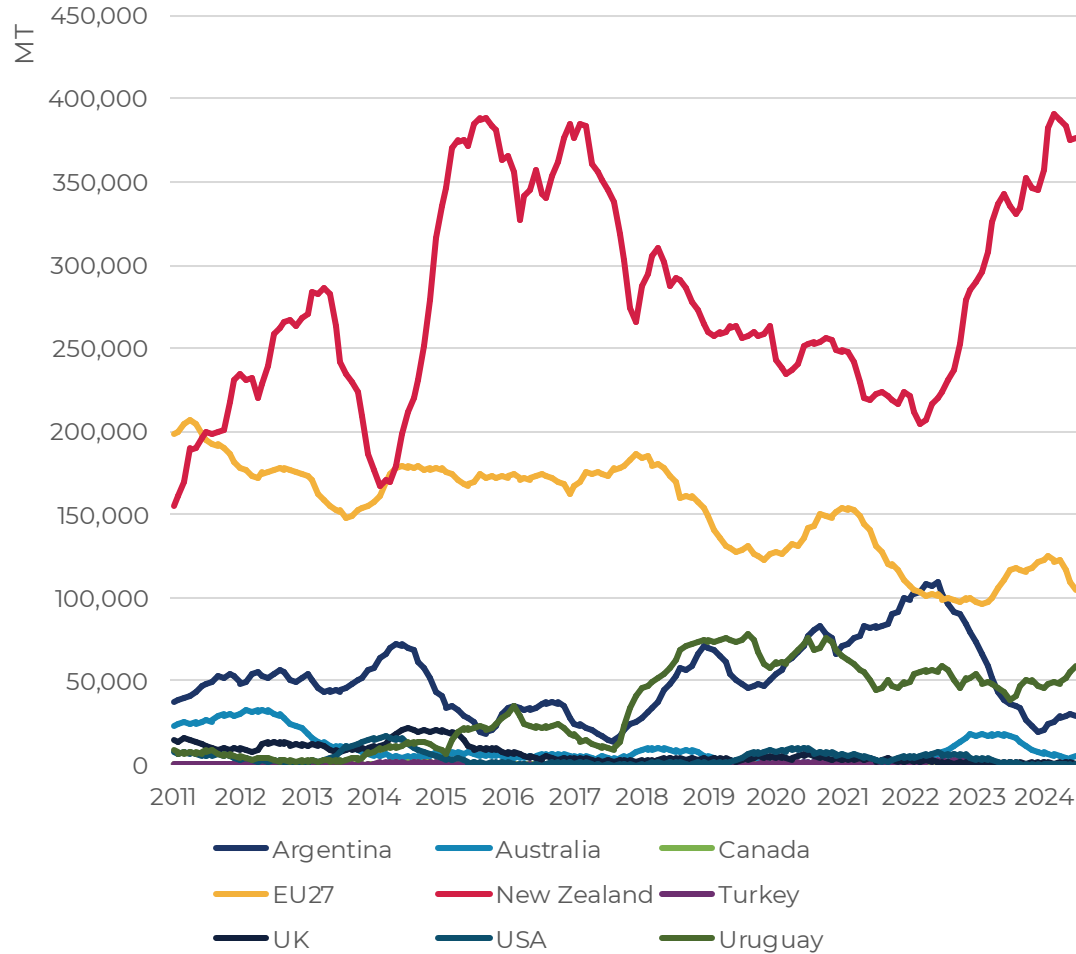


Global WMP Trade to SEA

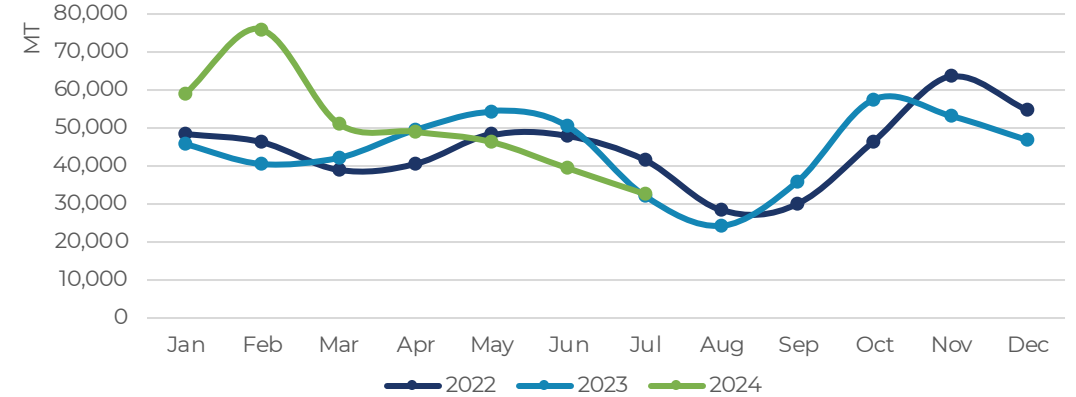


Whole Milk Powder – MENA

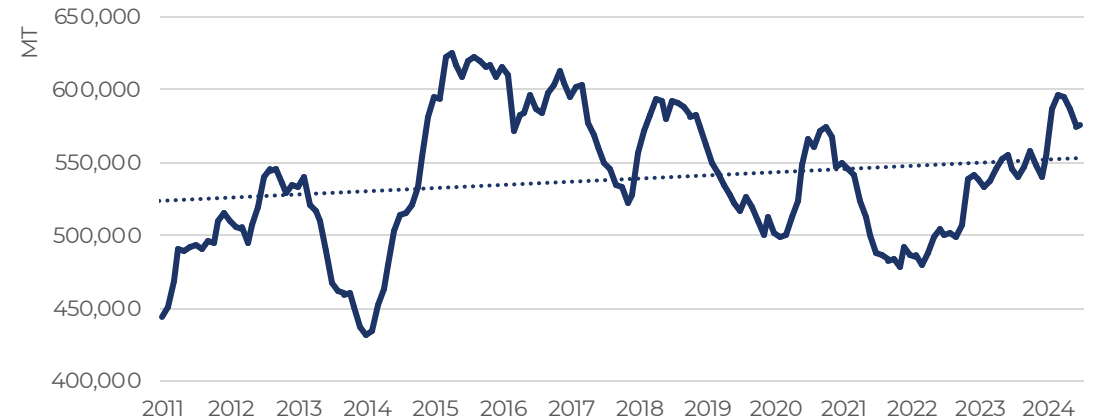
Global WMP Trade to MENA



Global WMP Trade to MENA



Global WMP Trade to MENA





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