



# IDF Executive Summary of IDF Country Reports – April 2017

*Members of the IDF Standing Committee on Dairy Policies and Economics (SC DPE) from 11 countries<sup>1</sup> submitted country reports covering the six months leading up to April 2017. This fact sheet highlights the main findings from the review of the country reports as prepared by Peter Dawson (UK) and presented to the Committee at the SC DPE meeting held in Tel Aviv 26th April 2017.*

## Milk Production

Production trends for the latest period (October 2016 to April 2017) reported by the majority of EU countries were negative or weak. The largest declines were recorded for France at -5.6% and Ireland at -4.6%. The exception was Italy with +3.2%. Milk production in the Netherlands for 2017 was expected to contract due to the constraints of environmental legislation on phosphates.

Outside the EU both Israel and Canada reported growth at +5.6% and +3.2% respectively whilst Japan reported a decline of -1.9% and New Zealand -3.0%.

## Farm Gate Prices

A diversity of farm gate price trends were reported for EU countries but generally prices had risen during the second half of 2016 and then stalled in the first part of 2017, with some countries reporting downward pressure.

In New Zealand Fonterra was forecasting a price for the 2016/17 season up +54% based on the recovery in world commodity markets.

There was no reports of significant changes in farm input costs.

## Wholesale and Retail Milk Prices

There were divergent trends between the butterfat and protein markets. Butterfat prices had moved

ahead strongly in the second half of 2016 with some stabilization in the first period of 2017. However the expectation was that they will remain firm for the remainder of the year due to strong demand growth.

However protein prices remained weak with significant stocks over-hanging the market. The underlying trend would be clarified once the EU had passed its production peak in May. On the world market the GDT auction recorded similar overall trends.

In Canada demand for milk grew by +3.9% primarily driven by increased utilization for butter, cream and cheese. In retail market all countries providing information reported positive growth trends for cheese and yogurt (with the exception of France). The trend for drinking milk was negative in all reporting countries except Israel. For the majority of countries retail price trends for dairy were generally lower than the all food price index.

## Summary

The post-quota surge in EU milk production had abated but the short-term supply response to higher prices was affecting the market and stalling the price recovery. As demand growth was still relatively positive then future market prospects depended on global milk production trends.

<sup>1</sup> Denmark, Canada, France, Germany, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, and United Kingdom.

