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:
  - [wloux@usdec.org](mailto:wloux@usdec.org)
  - [scain@usdec.org](mailto:scain@usdec.org)
Global Dairy Demand Market Commentary

KEY TAKEAWAYS

- Global dairy trade had its strongest month in nearly two years in November, climbing 6% year-over-year (+54,049 MT MSE) even though that figure still lags 2021's peak by 2%.

- Demand in China remains underwhelming. Trade to the country fell again in November (-4%, -8,284 MT MSE) as low-protein whey (-23%, -12,695 MT), NFDM/SMP (-33%, -11,720 MT) and infant formula (-35%) all struggled. Even as WMP improved by 9% (+4,730 MT), it still trailed 2021's peak by roughly 110,000 MT. If not for last year, WMP demand in China would be the lowest since 2016.

- Gratefully, other markets stepped up in November with Southeast Asia especially aggressive. For the second straight month, global trade to SEA surpassed not just 2022 volumes, but 2021 demand (+29%, +37,705 MT MSE). Most positively, November demand was growth of a much larger magnitude than past surges (August grew by just 2%; October by 6%). Importantly, trade of every major product category but lactose grew to SEA with WMP (+84%), NFDM/SMP (+23%) and low-protein whey (+27%) leading the way. Unfortunately for the U.S., nearly all of the demand growth was supplied by New Zealand (+57%) and Australia (+68%).

November Standout Markets

- CHINA+HK
  -8,284 MT
-4%

- SOUTH ASIA
  +13,690 MT
+57%

- MENA
  +7,329 MT
+4%

- SOUTHEAST ASIA
  +37,705 MT
+29%

ADDITIONAL NOTES

On a product basis, most of November’s expansion came from WMP (+84%, +42,905 MT) in part due to lapping over weak trade last year when China retreated sharply and in part due to New Zealand’s relatively robust milk production during the flush necessitated WMP production. Otherwise, demand was broadly (but not overwhelmingly) positive in the penultimate month of 2023. Cheese was solid at 5% growth (+10,846 MT) and the fats – AMF, cream and butter – all performed well albeit on relatively small volumes (+55%, +16%, +1%, respectively). NFDM/SMP and low-protein whey both took small steps back (both -2% year-over-year), but considering the demand headwinds both have faced recently, the modest declines are welcome. Instead, the only real laggards were infant formula (-18% due to China’s lack of demand) and lactose (-7% as SEA and Japan faltered).
Global Dairy Demand Market Commentary

LOOKING AHEAD

- One surprisingly positive month of trade unfortunately does not change the general tenor of the global market, which remains pressured by economic challenges and an absent China. Still, growth is a welcome development.

- Southeast Asia’s activity in particular provides some measure of optimism given that the second largest market in the world had been one of the primary reasons 2023 demand was so sluggish prior to November. Low prices certainly seem to have encouraged the rebound but even still, demand in the region does appear to have found its floor.

- Looking ahead, we expect global demand will move in a positive direction in 2024 even as the road to recovery will be bumpy. As alluded to, we anticipate Southeast Asia will return to modest growth next year. However, it is not all positive. Latin America is likely to slow from its breakneck pace, Japan and Korea are both expected to remain under pressure (at least through the first half), and MENA may pull back after building inventory in 2023 (though the recent warehouse fire in Algeria may necessitate buying and even spur inventory build to continue so long as prices are favorable). Thus, the primary wildcard – per usual – remains China, which we anticipate will be more active in the back half of 2024 but not aggressively so. Ultimately, we don’t anticipate a single market to drive growth but rather a diversity of markets to help kickstart the recovery in global trade.

U.S. Milk Solids Exports

- **November YoY**: -8.2%
- **YTD, Ending November**: -7.2%
- **Last 12-Months, Ending November**: -5.4%
- **3-Year CAGR**: -1.8%

EU Milk Solids Exports

- **November YoY**: -0.1%
- **YTD, Ending November**: +2.2%
- **Last 12-Months, Ending November**: +1.5%
- **3-Year CAGR**: +0.5%

NZ Milk Solids Exports

- **November YoY**: +25.2%
- **YTD, Ending November**: +10.9%
- **Last 12-Months, Ending November**: +9.1%
- **3-Year CAGR**: +3.0%

ADDITIONAL NOTES

By virtue of necessity and a better than anticipated milk production season, New Zealand is the only major exporter showing much growth back half of 2023. With China quiet, NZ focused its attention on SEA in November, but MENA (led by Algeria) and South Asia (primarily Sri Lanka) have been critical outlets as well throughout 2023. By contrast, European exports have been effectively flat, growing less than 1% in the second half of the year, while U.S. sales remain hampered by poor low-protein whey demand (accounting for roughly 75% of the U.S.’s decline in 2023). In recent months, European exports have been concentrated on cheese and butter across a variety of different markets with MENA paramount (especially with US cheese and UK butter demand both lagging). Still, declines in demand from Sub-Saharan Africa and China have countered the bloc’s overall export growth.

Source: NMPF/USDEC, TDM

1U.S. Milk Solids Exports reflect trade data aggregated from 6-digit HS codes (global HS codes are harmonized at the 6-digit level). This number will differ slightly from U.S. Milk Solids Exports reported in our U.S. Trade Data Release which takes a more granular look at U.S. specific, 10-digit HS codes.
Executive Summary: November 2023

Global Total Solids Trade to World

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

YOY Change in Global Milk Solids Trade by Destination: Month of Nov 2023

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

Source: NMPF/USDEC, TDM
Global Dairy Trade

Global Dairy Trade (Milk Solids Equivalent, Rolling 12 Months)

Source: NMPF/USDEC, TDM
Select Markets – Month of Nov. 2023, Milk Solids Equiv.

- **MENA**: +4% (+7,329 MT)
- **S. Am**: +22% (+7,912 MT)
- **SEA**: +29% (+37,705 MT)
- **EU27**: +4% (+1,394 MT)
- **UK**: -4% (-1,930 MT)
- **Japan**: -13% (-4,000 MT)
- **China**: -4% (-8,284 MT)
- **ROW**: +5% (+7,812 MT)
- **SSA**: +2% (+949 MT)
- **U.S.**: +4% (+1,495 MT)
- **Mexico**: +6% (+3,668 MT)

Note: Size of bubble denotes total imports

Source: NMPF/USDEC, Trade Data Monitor
Average Global Export Price

Average Dairy Export Value to World, MSE

Source: NMPF/USDEC, TDM
Cheese Market Commentary

**KEY TAKEAWAYS**

- Global cheese trade in November grew for the second month in a row, albeit by a lower margin than witnessed in October. Cheese exports for the month climbed 5% (+10,846 MT), bolstered by increased shipments from nearly every major supplier except Australia. As we discussed in more detail in our U.S. Export Analysis, U.S. cheese exports climbed 4% year over year, which was a welcome improvement even as the U.S. still trailed the EU for the largest monthly increase in volume.

- In contrast to most other products, global cheese trade is on track to set a new record with just one month of data outstanding. Through November, global cheese trade is up 2% versus 2022 due especially to strong exports from New Zealand. While this growth is still slower than normal, it is a welcome development given demand headwinds across the world.

- China (+32%, +4,192 MT) and Mexico (+33%, +4,014 MT) have proven the most robust drivers of demand, gratefully outpacing declines in Japan and Korea, which continue to languish (-15%, -3,285 MT to Japan and -29%, -3,830 MT to Korea) as those economies continue to wobble and foodservice suffers.

**ADDITIONAL NOTES**

Shredded cheese continues to increase its relevance in global markets and every major exporter increased its shipments of shredded cheese during November. Much, though not all, of the shredded cheese category is mozzarella, which bodes well for pizza demand worldwide. U.S. exports of shredded cheese have been particularly strong with the trend continuing into November as exports were up 44% (+4,140 MT) for the month. New Zealand shredded exports also jumped by 29% (+1,540 MT) and was the second largest growth behind fresh cheese exports, which could also include significant amounts of mozzarella. EU27 exports of shreds were up a more modest 6% (+250 MT) and increases were dwarfed by larger gains in the fresh and catch-all Not Elsewhere Specified categories, which includes styles like cheddar.

Source: NMPF/USDEC, TDM

<table>
<thead>
<tr>
<th>Global Cheese Trade</th>
<th>+4.8%</th>
<th>+2.3%</th>
<th>+2.3%</th>
<th>+1.5%</th>
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<tr>
<td>November YoY</td>
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<td>YTD, Ending November</td>
<td>Last 12-Months, Ending November</td>
<td>3-Year CAGR</td>
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**November Standout Markets**

- KOREA: -3,830 MT (-29%)
- CHINA+HK: +4,192 MT (+32%)
- JAPAN: -3,285 MT (-15%)
- MEXICO: +4,014 MT (+33%)

3-Year CAGR
Cheese Market Commentary

LOOKING AHEAD

• Latin America has continued to be a key source of strength for global cheese trade – but can this pace be maintained thru 2024? Mexico has persistently garnered headlines as cheese flows into the country, largely from the U.S. The Mexican economy has exceeded expectations alongside a strong peso, boosting both purchasing power and consumer confidence. Unfortunately, many macroeconomists expect economic growth to slow in 2024 as foreign investment cools. In addition, this year brings more uncertainty, as presidential elections scheduled for the middle of 2024 cast a shadow over the economy, which may cool the rapid rise of imports in the year ahead.

• Beyond Mexico, South America (+29%, +2,662 MT in Nov) also proved to be a critical market for global cheese trade in 2024. Slumping milk production in Chile and relatively expensive farmgate milk prices in Brazil have encouraged these markets to look beyond their borders for cheese supplies. However, demand from these markets could slip in 2024 as their domestic situations normalize. Not to be outdone Central America (+18%, +737 MT) and the Caribbean (+8.4%, +481 MT) have also increased their relevance to global cheese trade despite recurring economic and political challenges.

U.S. Cheese Exports

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<tr>
<th></th>
<th>November YoY</th>
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<tbody>
<tr>
<td>U.S. Cheese Exports</td>
<td>+4.1%</td>
<td>-3.7%</td>
<td>-2.1%</td>
<td>-0.7%</td>
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EU Cheese Exports

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<tr>
<th></th>
<th>November YoY</th>
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<tbody>
<tr>
<td>EU Cheese Exports</td>
<td>+5.3%</td>
<td>+2.7%</td>
<td>+2.0%</td>
<td>+0.7%</td>
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NZ Cheese Exports

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<th>November YoY</th>
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<th>3-Year CAGR</th>
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<tbody>
<tr>
<td>NZ Cheese Exports</td>
<td>+4.2%</td>
<td>+17.6%</td>
<td>+18.1%</td>
<td>+5.7%</td>
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ADDITIONAL NOTES

Australia’s cheese imports (-20%, -2,134 MT) tumbled in November as a tough economic reality blanketed the country and aggressive buying earlier in the year lessened the need for additional purchases. In addition to the familiar themes of high inflation and interest rates, Australians have seen taxes rise and mortgage payments surge in recent months, leaving them with less disposable income. Consumer spending has slowed dramatically and has likely reduced the Australian appetite for cheese at both retail and foodservice. During the third quarter, Australia’s GDP growth fell to just 0.2% leading many to hope the Central Bank will soon reduce interest rates. That said, inflation still registered at 4.9% in October, suggesting that the economic hardship is far from over.
Global Overview: Cheese

Global Cheese Trade to World

Source: NMPF/USDEC, TDM
Global Overview: Cheese – Last 12 Months

Global Cheese Trade by Destination: Last 12 Months ending Nov

YOY Change in Global Cheese Trade by Destination: Last 12 Months ending Nov 2023

Source: NMPF/USDEC, TDM

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Mexico

Source: NMPF/USDEC, TDM
Australia

Global Cheese Trade to Australia

Source: NMPF/USDEC, TDM

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Global Cheese Trade to MENA

Source: NMPF/USDEC, TDM
Southeast Asia

Global Cheese Trade to SEA

Source: NMPF/USDEC, TDM
China

Global Cheese Trade to China+HK

Source: NMPF/USDEC, TDM
NFDM/SMP Market Commentary

KEY TAKEAWAYS

- NFDM/SMP trade declined slightly in November (-2%, -3,288 MT), which is a relatively strong showing given China’s purchases of NFDM/SMP moved sharply lower (-33%, -11,720 MT). In fact, NFDM/SMP exports to China were the lowest November since 2017.

- Positively, Southeast Asia – which had declined more than any other market in 2023 – stepped up, increasing purchases by 23% (+11,194 MT) in November. Philippines had its first positive month in over a year (+30%, +3,450 MT), and Malaysia has consistently improved over the last three months (+54%, +2,700 MT in Nov; +49%, +7,407 MT since September). Yet in November, it was Thailand that particularly excelled (+171%, +6,030 MT) even as we suspect November is likely to be an anomaly given the scale of the increase and the fact that month-to-month variation is common for Thailand. With regards to suppliers to SEA, growth in sales came from the U.S., New Zealand and Australia with Australia surprisingly leading the way (+169%, +6,132 MT) – albeit compared to a very poor 2022.

Global NFDM/SMP Trade

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</thead>
<tbody>
<tr>
<td>NFDM/SMP Trade</td>
<td>-1.7%</td>
<td>+5.0%</td>
<td>+5.9%</td>
<td>+0.4%</td>
</tr>
</tbody>
</table>

November Standout Markets

- CHINA+HK
  -11,720 MT

- MEXICO
  -1,831 MT

- MENA
  +2,135 MT

- SOUTHEAST ASIA
  +11,194 MT

ADDITIONAL NOTES

For a third straight month, NFDM/SMP trade to Mexico lagged prior year levels (-5%, -1,831 MT). The recent downturn appears confined to NFDM/SMP as shipments of virtually every other dairy product category to Mexico still grew sharply in November. Several factors are likely at play. Even with less U.S. milk powder production than last year (-4% YTD), there is sufficient supply for Mexico if desired due to quiet Asian and domestic buying, which may be lessening the urgency for Mexican importers to hold extra inventory, especially given the high cost of capital. The weakness is also correlated with the modest gain in spot prices and the peso’s recent stabilization. Additionally, cooler weather in the fall also likely helped lift Mexico’s milk production after the extreme heat experienced over the summer. Ultimately, with (slightly) higher prices and little urgency, importers were seemingly in no rush to source extra milk powder even as dairy demand in the country remains robust.

Source: NMPF/USDEC, TDM
NFDM/SMP Market Commentary

LOOKING AHEAD

• While spot NFDM/SMP prices have rallied from their low ebb in September, powder prices have largely run sideways since the start of November. This sideways movement comes despite limited supply growth (in the Northern Hemisphere at least), which suggests global demand remains sluggish and is likely to impede global trade expansion in 2024.

• Still, there are glimmers of optimism. Southeast Asia’s return to the market is particularly welcome given its status as the largest buyer of NFDM/SMP in the world. The recovery in Malaysia may even suggest dairy blends demand in emerging markets like Sub-Saharan Africa may be picking up as well. Additionally, MENA’s import appetite appears as yet unsatiated despite aggressive buying earlier in the year (+5%, +2,135 MT in Nov). However, given poor on-farm margins limiting supply growth, the recent downturn in Mexico (see additional note on prior page) and the uncertainty in China, we anticipate global NFDM/SMP trade to run mostly sideways in 2024.

U.S. NFDM/SMP Exports

-4.7% November YoY

-3.3% YTD, Ending November

-2.2% Last 12-Months, Ending November

-0.7% 3-Year CAGR

EU NFDM/SMP Exports

-11.8% November YoY

+12.3% YTD, Ending November

+12.9% Last 12-Months, Ending November

+4.1% 3-Year CAGR

NZ NFDM/SMP Exports

+8.5% November YoY

+32.9% YTD, Ending November

+33.9% Last 12-Months, Ending November

+10.2% 3-Year CAGR

ADDITIONAL NOTES

Australia’s exports surprisingly increased more than any other exporter in November, climbing 42% YOY (+5,011 MT) despite declining more than any other major supplier save Turkey over the last 12 months (-15%, -24,494 MT). Nearly all of this relates back to milk production. Despite the long-term uncertainty and more recent concerns around El Niño, Australian milk production has performed well in the 2023/24 season, growing by 2% since June, including a 6% gain in November, thanks to good weather and elevated milk prices. This in turn has increased the supply of milk powder available for export, especially as the domestic economy has softened. However, while the average export value for Australian SMP has fallen, it is still substantially higher than other suppliers (>500/MT), which will likely limit growth potential for the Oceania exporter.

Source: NMPF/USDEC, TDM

International Demand Analysis
Global Overview: NFDM/SMP

Source: NMPF/USDEC, TDM
Global Overview: NFDM/SMP

Global NFDM/SMP Trade to World

Source: NMPF/USDEC, TDM
Global Overview: NFDM/SMP – Last 12 Months

Global NFDM/SMP Trade by Destination: Last 12 Months ending Nov

YOY Change in Global NFDM/SMP Trade by Destination: Last 12 Months ending Nov 2023

Source: NMPF/USDEC, TDM
Mexico

Global NFDM/SMP Trade to Mexico

Source: NMPF/USDEC, TDM
Southeast Asia

Global NFDM/SMP Trade to SEA

Source: NMPF/USDEC, TDM
Source: NMPF/USDEC, TDM
Whey Products
(0404.10)
Whey Products (0404.10) Market Commentary

KEY TAKEAWAYS

- Whey exports (HS code 0404.10, which is primarily sweet whey and permeate) declined again in November, but the relatively modest 2% decline is a marked improvement over prior months. Except for January, low-protein whey trade has declined every month this year.

- Since July, the rate of decline has shrunk every month (-16% in Jul, -10% in Aug, -7% in Sep, -3% in Oct and -2% in Nov). This improvement isn’t just due to more favorable comparisons either. On a 30-day basis, every month has increased in total trade volumes as well. While this is an admittedly disappointing metric, it does highlight that whey trade has been recovering in the second half of the year.

- China remains the primary market dragging down global trade volumes, as total low-protein whey shipments fell 23% for the month (-12,695 MT) although that was the largest monthly volume since March. Gratefully, the rest of the world was positive virtually across the board with Southeast Asia leading the way (+27%, +7,467 MT) followed by MENA (+50%, +2,594 MT).

Global Whey (0404.10) Trade

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<tr>
<th></th>
<th>November YoY</th>
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<tr>
<td></td>
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<td>+7,467 MT</td>
<td>+2,594 MT</td>
<td>+1,477 MT</td>
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</table>

November Standout Markets

- CHINA+HK -12,695 MT  
- SOUTHEAST ASIA +7,467 MT  
- MENA +2,594 MT  
- MEXICO +1,477 MT

ADDITIONAL NOTES

Low-protein whey demand in Southeast Asia has turned a corner in the second half of the year. After declining by 10% in the first half of the year, whey demand has improved to +9% from July through November with the last two months especially strong (+16% in October and +27% in November). No single market in SEA is solely responsible for the turnaround. In the last three months, Malaysia has improved by 48% (+8,068 MT), Vietnam has grown by more than a third (+36%, +6,091 MT) and the Philippines are up by 12% (+1,445 MT). Effectively, this recovery has been a region-wide phenomenon even as Thailand, which had been one of the key growing the markets for most of the year surprisingly declined in November (-9%, -401 MT), and Indonesia has underperformed for most of this year (-6%, -1,626 MT).

Source: NMPF/USDEC, TDM
Whey Products (0404.10) Market Commentary

LOOKING AHEAD

- Even as Southeast Asia improves, it remains doubtful low-protein whey demand will rapidly bounce back to trend in 2024, though a return to growth is appearing more likely with each passing month given low prices, ample supplies and Southeast Asia and others’ seeming resurgence.

- Yet the reason for caution remains centered on China, where the market remains precarious. China’s pork prices continue to struggle – just 23 Yuan per kg at time of writing, which is a 30% drop from 2023’s high in August (which was still only modestly profitable for hog producers in China) and an 80% decline from the highs during the post-ASF bonanza. As Reuters aptly described in December: “commercial producers in China have expanded pig herds so aggressively that, with demand now in a downturn, their hog prices are falling, losses are mounting, and debt is rising. More huge losses are expected next year, putting China’s pig enterprises under pressure to slim down their breeding herds and sell off farms, many of which are sitting empty.”

U.S. Whey (0404.10) Exports

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<tr>
<th></th>
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<tbody>
<tr>
<td>U.S.</td>
<td>-13.5%</td>
<td>-20.8%</td>
<td>-18.0%</td>
<td>-6.4%</td>
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EU Whey (0404.10) Exports

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<tbody>
<tr>
<td>EU</td>
<td>-1.1%</td>
<td>+3.4%</td>
<td>+3.0%</td>
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NZ Whey (0404.10) Exports

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<tr>
<td>NZ</td>
<td>+105.2%</td>
<td>+8.7%</td>
<td>+4.4%</td>
<td>+1.4%</td>
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ADDITIONAL NOTES

Since Russia’s invasion of Ukraine, one of the challenges of examining the whey market has been the absence of updated Belarussian data given the country’s status as the third largest low-protein whey exporter in the world. Using import data from China to help fill in the blanks, we see that China’s whey purchases from Belarus have risen significantly in 2023 (+61%, +24,789 MT – which is surprisingly similar to the growth in China’s imports from Poland: +77%, +24,288 MT). Effectively, China is buying Belarussian and Polish whey products roughly on pace with 2021 (their record year), largely at the expense of U.S. and Western European suppliers. Including Belarussian sales would bring China’s demand closer in line with last year, but the overall conclusions for China remain the same as demand remains soft and only amplifies the competition within the world’s largest low-protein whey market.

Source: NMPF/USDEC, TDM

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Global Overview: Whey (0404.10)

Source: NMPF/USDEC, TDM
Global Overview: Whey (0404.10)

Global Whey (0404.10) Trade to World

Source: NMPF/USDEC, TDM
Global Overview: Whey (0404.10) – Last 12 Months

Source: NMPF/USDEC, TDM
Trade Flows: Whey Products

Global Whey (0404.10) Trade to World

Source: NMPF/USDEC, TDM
Global Whey (0404.10) Trade to China+HK

Source: NMPF/USDEC, TDM
Southeast Asia

Global Whey (0404.10) Trade to SEA

Source: NMPF/USDEC, TDM
WPC80+ (3502.20) Market Commentary

**KEY TAKEAWAYS**

- High-protein whey (WPC80+) shipments recorded another positive month, growing by nearly a quarter in November (+24%, +3,030 MT).

- Nearly every major WPC80+ market grew in November with Japan as the primary exception (-33%, -835 MT). South Asia (namely India) led the way (+172%, +1,322 MT) and was joined by South America (+147%, +924 MT) thanks to the combined efforts of Brazil (+151%, +730 MT) and Peru (+652%, +120 MT). But even those key markets were not alone in demand growth. WPC80+ shipments to China grew by a third (+31%, +704 MT), the EU27 increased buying by 42% (+557 MT, likely due to arbitrage opportunities with US product), and Canada improved 70% (+482 MT).

- Overall, global demand for high proteins has bounced back sharply in the second half of 2023. However, the rapid demand rise is primarily thanks to more favorable prices in 2023 as average export values are less than half of what they were at their peak in 2022.

**Global WPC80+ Trade**

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<tr>
<th>Metric</th>
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<tbody>
<tr>
<td>+24.2%</td>
<td>+9.1%</td>
<td>+7.9%</td>
<td>+5.1%</td>
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**October Standout Markets**

- **S. AMERICA**: +924 MT (+147%)
- **S. ASIA**: +1,322 MT (+172%)
- **JAPAN**: -835 MT (-33%)
- **CHINA+HK**: +704 MT (+31%)

**ADDITIONAL NOTES**

Japan’s sharp downturn in November is something to monitor moving forward, but it does not appear overly concerning as of yet. For one, monthly fluctuations are common (as evidenced by September’s 89% gain in WPC80+ exports to Japan (+1,551 MT)). This would suggest the surge and decline is more of a function of delivery periods than fundamental changes in demand. Additionally, while growth from Japan has been modest in 2023 (+1%, +258 MT), Japan was one of the few markets to record any growth in 2022 (+7%, +1,671 MT) even as prices skyrocketed. Working through the higher priced inventory has likely been prioritized at the same time consumer demand growth may be slowing from the economic turmoil and higher priced inputs. Even with the recent slowdown, Japan remains an enticing market for high protein whey demand moving forward.
Price is likely to play a major role in high protein whey trade moving forward. Both U.S. and European protein prices rose sharply in late 2023 as availability tightened and demand picked up. The rapid increase is likely to cause international buyers to balk, especially if inventories are sufficient (as the 2023 trade data would suggest). The good news for importers is that those prices have since stabilized in 2024 and remain well below the peaks of 2022.

Provided that pricing remains at or near current levels, global demand should perform better than 2022 (when trade declined rapidly). However, importers are also likely to be in less of a rush to purchase extra volumes. This dynamic suggests trade is likely to move sideways for much of 2024 (even as the first quarter is still expected to grow rapidly given the lag in trade data). One market to pay especially close attention to in 2024 is Brazil, which has been one of the fastest growing markets in 2023 thanks to a rapidly expanding health and wellness segment. Whether last year’s pace can be sustained remains to be seen however.

By a sizeable margin, the U.S. is the largest WPC80+ exporter in the world and still the engine of growth (+37%, +1,960 MT). This is likely to continue given the new cheese capacity forecasted in 2024 and 2025, but other suppliers are becoming increasingly active. For instance, New Zealand has typically neglected whey proteins given their relatively limited cheese production (at least compared to the US and Europe), but export volumes have risen in 2023 (+31.5%, +2,072 MT). Improved demand from MENA (+446%, +135 MT) and South Asia (+48%, +809 MT) have helped power the Oceania supplier’s growth even as U.S. purchases from NZ have tapered (-28%, -1,246 MT). Provided China’s WMP demand remains underwhelming, we anticipate NZ to remain aggressive in whey proteins. However, limited milk (and cheese) production growth is likely to limit significant export expansion from New Zealand.

**Looking Ahead**

- Price is likely to play a major role in high protein whey trade moving forward. Both U.S. and European protein prices rose sharply in late 2023 as availability tightened and demand picked up. The rapid increase is likely to cause international buyers to balk, especially if inventories are sufficient (as the 2023 trade data would suggest). The good news for importers is that those prices have since stabilized in 2024 and remain well below the peaks of 2022.

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**Additional Notes**

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Global Overview: WPC80+

Source: NMPF/USDEC, TDM
Global Overview: WPC80+

Source: NMPF/USDEC, TDM
Global Overview: WPC80+ – Last 12 Months

**Global WPC80+ Trade by Destination: Last 12 Months ending Nov**

- **China+HK**: 34%
- **EU27**: 11%
- **S. Asia**: 64%
- **Canada**: 15%
- **USA**: 34%
- **MENA**: 60%
- **Australia**: 5%
- **Korea**: -26%
- **Taiwan**: -31%
- **Mexico**: 153%
- **Europe (Non-EU)**: 6%
- **New Zealand**: -48%
- **CIS**: 34%
- **SSA**: 6%
- **Central America**: -47%
- **Caribbean**: 10%
- **Other/Non-Specified**: 61%

**YOY Change in Global WPC80+ Trade by Destination: Last 12 Months ending Nov 2023**

- **World**: -6%
- **China+HK**: 5%
- **Japan**: 64%
- **EU27**: 11%
- **S. Asia**: 73%
- **S. America**: 34%
- **Canada**: 15%
- **SEA**: 6%
- **USA**: 34%
- **MENA**: 34%
- **Australia**: 60%
- **Korea**: -2%
- **Taiwan**: -17%
- **Mexico**: -47%
- **Europe (Non-EU)**: -10%
- **CIS**: -61%
- **New Zealand**: -17%
- **Central America**: 47%
- **Caribbean**: 10%
- **Other/Non-Specified**: 61%

Source: NMPF/USDEC, TDM
Trade Flows: WPC80+

Global WPC80+ Trade to World

Source: NMPF/USDEC, TDM
China

Global WPC80+ Trade to China+HK

Source: NMPF/USDEC, TDM
Japan

Global WPC80+ Trade to Japan

Source: NMPF/USDEC, TDM
Korea

Source: NMPF/USDEC, TDM
Southeast Asia

Global WPC80+ Trade to SEA

Source: NMPF/USDEC, TDM
Brazil

Global WPC80+ Trade to Brazil

Source: NMPF/USDEC, TDM
Other Dairy Products
Global Overview: Lactose

- Lactose trade declined slightly in November, falling 7% behind prior year levels (-4,917 MT) as nearly every major supplier decreased exports save Australia (+666%, +1,393 MT).

- Even as China and South Asia remain as aggressive (+19%, +2,137 MT to China; +53%, +2,981 MT to South Asia), continued declines by Southeast Asia (-43%, -5,009 MT in Nov) and Japan (-39%, -3,273 MT) is limiting global demand growth. Economic headwinds are likely dampening the demand for confectionary, especially in Japan, while China’s investment in domestic infant formula production is keeping a lid on Southeast Asia’s lactose needs.

**KEY TAKEAWAYS**

<table>
<thead>
<tr>
<th>Global Lactose Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>-7.3% Yoy</td>
</tr>
<tr>
<td>+3.0% YTD, Ending November</td>
</tr>
<tr>
<td>+3.8% Last 12 Months, Ending November</td>
</tr>
<tr>
<td>+3.1% 3-Year CAGR</td>
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</tbody>
</table>

Source: NMPF/USDEC, TDM
Lactose – China

Global Lactose Trade to China+HK

Source: NMPF/USDEC, TDM
Global Lactose Trade to SEA

Source: NMPF/USDEC, TDM
Global Overview: Butter

KEY TAKEAWAYS

Global Butter Trade

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>+1.0%</td>
<td>November YoY</td>
</tr>
<tr>
<td>-1.2%</td>
<td>YTD, Ending November</td>
</tr>
<tr>
<td>-1.5%</td>
<td>Last 12-Months, Ending November</td>
</tr>
<tr>
<td>+1.8%</td>
<td>3-Year CAGR</td>
</tr>
</tbody>
</table>

- Despite global butter trade only growing by 1% (+612 MT) in November, the data is more positive than meets the eye. For one, high prices and lack of exportable supply pulled U.S. exports lower as Canadian demand has dried up as local milk production as grown despite quota restrictions. The 82% decline in U.S. butter exports (-6,911 MT) clearly held down global trade.

- Additionally, the two largest butter markets (China & MENA) performed surprisingly well. Both markets posted the highest monthly volumes of the year with trade to MENA jumping by two-thirds (+67%, +4,752 MT) at the same time China surpassed not just 2022 levels, but 2021 volumes as well (+21%, +1,905 MT vs. Nov 2022).

Source: NMPF/USDEC, TDM
Butter – Canada

Global Butter Trade to Canada

Source: NMPF/USDEC, TDM
Butter – MENA

Global Butter Trade to MENA

Source: NMPF/USDEC, TDM
Global Overview: Whole Milk Powder

KEY TAKEAWAYS

- Global WMP trade grew to nearly every market in November with MENA as the only exception (-13%, -8,272 MT), which was likely due to the fact that the region has been active prior to November (+3%, +15,172 MT YTD).

- However, it’s worth remembering that WMP exports are often simply a reflection of New Zealand milk production, which has outperformed expectations in the 2023/24 season to this point.

- More importantly, China’s weakness (even at +9%, +4,730 MT) remains a major drag on the world market. As mentioned in the executive summary: if not for 2022, WMP demand in China would be the lowest since 2016. So, even with November’s jump in trade, it remains difficult to be bullish on WMP without an active China.

Source: NMPF/USDEC, TDM
Whole Milk Powder – China

Source: NMPF/USDEC, TDM

Global WMP Trade to China+HK


MT

Argentina
Australia
Canada
EU27
New Zealand
Turkey
UK
USA
Uruguay

Global WMP Trade to China+HK


MT

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

Global WMP Trade to China+HK

2021 2022 2023

MT

Jan Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec

Global WMP Trade to China+HK

2021 2022 2023
Whole Milk Powder – MENA

Global WMP Trade to MENA

Source: NMPF/USDEC, TDM
Whole Milk Powder – Southeast Asia

Global WMP Trade to SEA

Source: NMPF/USDEC, TDM
Reach Out for Questions or Comments

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