International Demand Analysis

Data Through: March 2024
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
  - scain@usdec.org
  - mganley@usdec.org
Global Dairy Demand Market Commentary

**KEY TAKEAWAYS**

- After growing in four out of the last five months, global dairy trade slipped 3% in March (-33,422 MT MSE), highlighting the fragmented and inconsistent growth in the global market, even as global trade appears to be moving in the right direction.

- Although we anticipate New Zealand will be the supplier to decline sharply as we move into Q2 (following the clearing out inventories in late 2023 and early 2024), New Zealand exports were still relatively robust in March, growing 10% year-over-year (+23,418 MT MSE). Instead, a sizeable pullback from the EU (-10%, -38,187 MT MSE) and weaker ingredient exports from the U.S. pulled global trade volumes lower.

- On a product basis, declines were relatively widespread. Whole milk powder (+8%, +13,057 MT) and proteins were the only products to show relevant growth. Trade of WPC80+ jumped by a third (+33%, +5,667 MT), MPC posted 10% growth (+2,055 MT), and caseins expanded by 12% (+1,879 MT). Still, the rest of the complex underperformed. Even cheese, which had been a reliably positive story having increased nine out of the last ten months heading into March, paused its expansion.

**March Standout Markets**

- **SOUTHEAST ASIA**
  - +16,918 MT (+11%)

- **CHINA+HK**
  - -41,325 MT (-22%)

- **MENA**
  - +22,648 MT (+15%)

- **MEXICO**
  - -15,436 MT (-22%)

**ADDITIONAL NOTES**

Trade to China dipped dramatically lower in March after holding relatively steady in the first two months of the year. Surprisingly, WMP was not the product that struggled. Indeed, WMP climbed 3% for the month. Rather NFDM/SMP shipments were less than half the level of last March (-53%, -19,233 MT) at the same time fluid milk (-35%, -19,049 MT), low-protein whey (-30%, -14,050 MT), infant formula (-25%, -6,640 MT) and lactose (-30%, -5,075 MT) continued their struggles. Given the widespread weakness across products, raw milk prices inside of China, and most economic indicators, it is clear dairy consumption within the country is under pressure with growth in domestic supply exacerbating the challenge.

Source: NMPF/USDEC, TDM
Global Dairy Demand Market Commentary

**LOOKING AHEAD**

Last month, when global trade was sharply positive, we cautioned readers (and ourselves) to avoid extrapolating too much from a single month of positive data. That caution against overextrapolation still holds when examining weaker shipments for this month’s report.

- In many ways, our conclusions from the last several reports still hold true. China’s demand remains weak, SEA is recovering, and MENA keeps buying even as we continue to wonder about inventory levels in the region. Growth from the aforementioned regions have largely counteracted China’s decline in recent months (and that remained accurate in March). However, with LATAM taking a step back, milk supply struggling in the Northern Hemisphere (limiting exports out of the U.S. and EU), and consumer demand still soft in many markets due to economic challenges, the expansion in MENA and SEA was insufficient to counteract the other negative factors as well as an absent China.

- Looking ahead, we expect global demand to be relatively inconsistent and fragmented by market and product. However, given weakness in China, lackluster milk production in the Northern Hemisphere, and Oceania having already cleared much of its 2023/24 production, we anticipate a weak second quarter for global trade.

### U.S. Milk Solids Exports

<table>
<thead>
<tr>
<th>Metric</th>
<th>March YoY</th>
<th>YTD, Ending March</th>
<th>Last 12-Months, Ending March</th>
<th>3-Year CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. Milk Solids Exports</td>
<td>-7.6%</td>
<td>-3.7%</td>
<td>-8.5%</td>
<td>-2.9%</td>
</tr>
</tbody>
</table>

### EU Milk Solids Exports

<table>
<thead>
<tr>
<th>Metric</th>
<th>March YoY</th>
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<th>Last 12-Months, Ending March</th>
<th>3-Year CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>EU Milk Solids Exports</td>
<td>-9.8%</td>
<td>-3.6%</td>
<td>+1.1%</td>
<td>+0.4%</td>
</tr>
</tbody>
</table>

### NZ Milk Solids Exports

<table>
<thead>
<tr>
<th>Metric</th>
<th>March YoY</th>
<th>YTD, Ending March</th>
<th>Last 12-Months, Ending March</th>
<th>3-Year CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>NZ Milk Solids Exports</td>
<td>+10.1%</td>
<td>+19.2%</td>
<td>+13.1%</td>
<td>+4.2%</td>
</tr>
</tbody>
</table>

**ADDITIONAL NOTES**

With hindrances to China's import demand, New Zealand continues to pivot their business. The Middle East-North Africa and Southeast Asia have been the primary beneficiaries of the new focus. Since the end of 2021, the percent of New Zealand’s exports sold to China has plummeted from 43% to just 30% today. China's weakness has caused the reversal in multi-year shifts by NZ away from the rest of the world in favor of China. The share of export volume shipped to MENA has increased from just 11% of volume to 19% in the last two years. Similarly, SEA now accounts for 22% of New Zealand exports, up from 19% in 2021. Effectively, without China, competition among the exporting regions has only grown fiercer in those two critical regions. Relatedly, NZ has pushed substantially more milk into butter/skim at the rate of roughly 150,000 MT on an annualized basis compared to 2021 despite weaker milk production, increasing direct competition with the U.S. and counteracting most of the SMP production declines in the U.S. and EU.

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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.

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Source: NMPF/USDEC, TDM
Executive Summary: March 2024

Global Total Solids Trade to World

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

YOY Change in Global Milk Solids Trade by Destination: YTD thru Mar 2024

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

Source: NMPF/USDEC, TDM
Global Dairy Trade

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

Source: NMPF/USDEC, TDM
Select Markets – Month of March 2024, Milk Solids Equiv.

MENA
+15%
(+22,648 MT)

UK
-13%
(-7,172 MT)

EU27
-8%
(-3,423 MT)

ROW
-1%
(-1,788 MT)

Japan
+7%
(+1,942 MT)

China
-22%
(-41,325 MT)

SEA
+11%
(+16,918 MT)

S. Am
-18%
(-8,545 MT)

SSA
+5%
(+2,004 MT)

Mexico
-22%
(-15,436 MT)

U.S.
+2%
(+755 MT)

Note: Size of bubble denotes total imports
Source: USDEC, Trade Data Monitor

Source: NMPF/USDEC, TDM
Global Dairy Spot Prices

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

Source: NMPF-USDEC, CME, NDPSR, Eurostat, EEX, GDT
Cheese
Cheese Market Commentary

**KEY TAKEAWAYS**

- After relatively reliable growth over the past year, **global cheese trade paused its expansion in March**, running roughly equal to prior year (-0.3%, -749 MT).

- With exports out of Europe and NZ struggling (declining 11% and 13%, respectively), **the U.S. was able to reclaim market share thanks to a 20% increase in total cheese exports**, which was buoyed by low prices and demand in Mexico.

- March had an unusually wide disparity in import market performance. Sharp declines in trade to the UK (-14%, -5,522 MT) and Australia (-29%, -4,237 MT) was juxtaposed against robust gains to the EU (+29%, +3,448 MT) and MENA (+11%, +2,798 MT). Still, perhaps the most optimistic datapoint came from East Asia, where Japan and Korea both posted surprising gains after a year and a half of anemic demand, climbing 7% (+1,599 MT) and 12% (+1,437 MT), respectively.

**Global Cheese Trade**

<table>
<thead>
<tr>
<th></th>
<th>March YoY</th>
<th>YTD, Ending March</th>
<th>Last 12-Months, Ending March</th>
<th>3-Year CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>MENA</td>
<td>-0.3%</td>
<td>+4.9%</td>
<td>+3.4%</td>
<td>+1.6%</td>
</tr>
<tr>
<td>EU27</td>
<td>+2,798 MT</td>
<td>+3,448 MT</td>
<td>+5,222 MT</td>
<td>+11%</td>
</tr>
<tr>
<td>AUSTRALIA</td>
<td>+2,798 MT</td>
<td>+3,448 MT</td>
<td>-5,222 MT</td>
<td>-14%</td>
</tr>
<tr>
<td>UNITED KINGDOM</td>
<td>+2,798 MT</td>
<td>+3,448 MT</td>
<td>-4,237 MT</td>
<td>-29%</td>
</tr>
</tbody>
</table>

**ADDITIONAL NOTES**

Australia piqued our interest with shipments to the Oceania market declining by nearly a third in March at the same time cheese exports from the country posted the highest monthly volume since 2018. There appear to be several dynamics at play. First, March 2023 was an anomalously strong month, setting a record high point with 5,000 MT more cheese shipped to the country than in any other month last year. As such, a large portion (if not all) of the decline can simply be attributed to challenging comparisons (though we are watching the country’s economy closely as inflation has proven more stubborn than in other markets). On the flip side, Australia’s rising exports are more nuanced. Some of the imported cheese into Australia is converted into processed cheese and then re-exported. Additionally, with farmers benefiting from high milk prices set last May, production has risen in the country even as global cheese prices have struggled until recent weeks. With plenty of cheese, local processors have the incentive to clear cheese volumes internationally, even at a loss, to avoid an oversupplied local market. We will be closely monitoring milk price announcements for the upcoming season, inflation within the country and production to get a sense of whether this resurgence in Australia as an exporter can persist.
Cheese Market Commentary

LOOKING AHEAD

- Even as global cheese trade cooled in March, we remain largely bullish on global cheese demand. Much of the decline can be attributed to EU and UK trade diverging and Australia falling against an unusually high comparison. If Japan and Korea are able to maintain their recent recovery, that would be especially welcome for global markets even as weak currency and high prices to consumers are liable to limit some of their upside.

- Trade to Mexico is one to watch as we move into the second quarter. Even as trade to Mexico still grew in March, the rate of growth cooled, and volumes declined month-to-month. We should also highlight the modest slowdown that occurred prior to the run-up in CME cheese prices. While a strong peso still makes imported product exceptionally attractive compared to prior years, Mexico has been on a such a rapid growth trajectory a cooldown in import volumes may be coming if retailers and foodservice players are well covered and local buyers look to pause their aggressive buying in expectation of lower prices returning.

U.S. Cheese Exports

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<tbody>
<tr>
<td>U.S.</td>
<td>+20.5%</td>
<td>+20.1%</td>
<td>+0.2%</td>
<td>+0.1%</td>
</tr>
</tbody>
</table>

EU Cheese Exports

<table>
<thead>
<tr>
<th></th>
<th>March YoY</th>
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<tr>
<td>EU</td>
<td>-10.8%</td>
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NZ Cheese Exports

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<tr>
<td>NZ</td>
<td>-12.5%</td>
<td>-8.3%</td>
<td>+6.5%</td>
<td>+2.1%</td>
</tr>
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</table>

ADDITIONAL NOTES

On a cheese variety level, trade share largely shifted around. U.S. exports of cheddar/gouda as well as fresh cheese (likely block mozz or cream cheese) both picked up sharply. Similarly, Australian cheddar shipments more than doubled (+124%, +2,086 MT) alongside a 16% jump in fresh cheese exports (+206 MT). Yet conversely, NZ shipments of cheddar fell by 15% (-2,278 MT) with declines also in their gouda and shredded categories. EU shipments were also down nearly across the board – even of commodity varieties, which had previously driven EU gains for much of 2023. For instance, EU cheddar shipments fell 44% (-4,602 MT) – a decline likely exacerbated by struggles in Irish milk production. Mozzarella and gouda were hardly better, declining by 18% (-3,623 MT) and 22% (-3,063 MT), respectively. Ultimately, it’s difficult to see a clear picture by cheese variety like we saw last year when mozzarella and cheddar/gouda drove demand growth, but specialty struggled. In 2024, it appears price and availability is tantamount to success in a competitive market.
Global Overview: Cheese

Global Cheese Trade to World

Source: NMPF/USDEC, TDM
Global Overview: Cheese

Global Cheese Trade to World

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

Source: NMPF/USDEC, TDM

Global Cheese Trade by Destination: Last 12 Months ending Mar 2023/24

YOY Change in Global Cheese Trade by Destination: Last 12 Months ending Mar 2024
Trade Flows: Cheese

Global Cheese Trade to World

Source: NMPF/USDEC, TDM
Mexico

Global Cheese Trade to Mexico

Source: NMPF/USDEC, TDM
Korea

Global Cheese Trade to Korea

Source: NMPF/USDEC, TDM
Global Cheese Trade to Japan

Source: NMPF/USDEC, TDM
Australia

Global Cheese Trade to Australia

Source: NMPF/USDEC, TDM
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

International Demand Analysis
NFDM/SMP Market Commentary

KEY TAKEAWAYS

• Global trade of NFDM/SMP dropped sharply lower in March, falling by 11% (-25,018 MT) in March and pulling first quarter trade down to -5% (-28,566 MT) after two effectively flat months to start the year.

• New Zealand and Australia both managed to eke out gains in SMP exports, but sharp contractions in shipments from the U.S. and European Union resulted in the largest single month decline in NFDM/SMP trade in nearly two years.

• Ultimately, nearly all of the decline in trade came from two markets: Mexico and China (see additional notes for China). Mexico’s decline is multifaceted but can be explained by weaker milk production in the United States limiting NFDM production, improved local milk supplies, high interest rates disincentivizing an inventory build-up, and very affordable cheese prices minimizing the need to import milk powder for cheese fortification. Higher U.S. cheese prices may adjust the math for local manufacturers back in favor of fortification, but the other factors limiting NFDM/SMP demand in the country are likely to persist.

Global NFDM/SMP Trade

<table>
<thead>
<tr>
<th>Country</th>
<th>YTD, Ending March</th>
<th>Last 12-Months, Ending March</th>
<th>3-Year CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>NFDM/SMP Trade</td>
<td>-11.3%</td>
<td>-4.6%</td>
<td>-0.5%</td>
</tr>
</tbody>
</table>

March Standout Markets

- CHINA+HK: -19,233 MT (-53%)
- MEXICO: -15,514 MT (-37%)
- MENA: +6,675 MT (+13%)
- SOUTHEAST ASIA: +3,596 MT (+6%)

ADDITIONAL NOTES

At our annual meeting in Houston, our Econ team was fairly pessimistic on China’s import demand for WMP (as were members based on polling results). Evidently, that pessimism should have also been extended to NFDM/SMP demand in China as well, which has moved sharply lower in recent months with March being an especially poor showing. Global NFDM/SMP trade to the country was the lowest volume for the month of March since 2013, which put annualized volumes at the lowest level in over five years. We’ve discussed China’s demand woes multiple times before, but the weakness in SMP highlights the struggles with consumer demand. Certainly, local milk production growth is part of the story for SMP’s struggles, but the vast majority of local milk still goes into fluid milk or WMP. As such, even assuming WMP is being used in traditional SMP applications, the data clearly shows a downturn in consumption from China.

Source: NMPF/USDEC, TDM
LOOKING AHEAD

- Turning to the more positive side of the milk powder market, MENA and Southeast Asia maintained their recent momentum, climbing 13% (+6,675 MT) and 6% (+3,596 MT), respectively.

- Maintaining ample food supplies in light of geopolitical insecurity is likely part of the story for MENA's success. Additionally, oil prices have also been supportive to economic growth in many of the Gulf States, which have been driving the expansion alongside Algeria. Provided the price is right, we anticipate MENA will remain active in milk powder markets but given the region's historic cyclicality in purchasing we are not yet convinced consumption has grown at the rate imports have.

- In contrast to MENA's booming demand the last 18 months, Southeast Asia struggled for most of 2023 but now appears to be on a slow, but steady, recovery for SMP. Volumes have ticked back up to most of the major SEA markets with Malaysia especially active, spurred by resurgent FFMP/blends exports to Sub-Saharan Africa as SMP, whey and palm oil prices have all moderated.

ADDITIONAL NOTES

Despite substantially weaker NFDM/SMP production volumes in the U.S. and the EU, prices have remained weak on account of Oceania mitigating some of the tight supply in the northern hemisphere and China holding back global demand. Since the start of 2023, New Zealand has increased its SMP exports by over 110,000 MT on an annualized basis, reaching the highest point ever for the country. At the same time, China's purchases have dropped by nearly 50,000 MT over that same period and have fallen roughly 150,000 MT from their 2021 peak. Effectively, with China no longer buying half of New Zealand's whole milk powder production, New Zealand has pivoted to SMP, increasing global supply while China's SMP demand has only further deteriorated. In effect, even with less supply from the U.S. and Europe, the world SMP market is still oversupplied; or rather, "underdemanded.”
Global Overview: NFDM/SMP

Global NFDM/SMP Trade to World

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

Global NFDM/SMP Trade to World

Source: NMPF/USDEC, TDM
International Demand Analysis

Global Overview: NFDM/SMP – Last 12 Months

Global NFDM/SMP Trade by Destination: Last 12 Months ending Mar 2023/24

YOY Change in Global NFDM/SMP Trade by Destination: Last 12 Months ending Mar 2024

Source: NMPF/USDEC, TDM
Mexico

Global NFDM/SMP Trade to Mexico

Source: NMPF/USDEC, TDM
Southeast Asia

Source: NMPF/USDEC, TDM

Global NFDM/SMP Trade to SEA

- Argentina
- Australia
- Canada
- EU27
- New Zealand
- Turkey
- UK
- USA
- Uruguay
Global NFDM/SMP Trade to MENA

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

**KEY TAKEAWAYS**

- After a robust February, global trade of low-protein whey slipped slightly behind prior year levels, falling 3% (-4,625 MT).
- March was an unusually positive month in 2023 so perhaps some of the decline can be attributed to a challenging month of comparison. However, even with that caveat, the weakness in China continues to limit the whey market's upside given that, even at their lowest point since African Swine Fever, China still accounts for 30% of global whey demand.
- Speaking of China, global low-protein whey shipments to the country fell by 30% (-14,050 MT) with shipments from both the U.S. and the EU declining sharply (-36%, -9,061 MT for the U.S. to China; -30%, -5,585 MT for the EU). Resurgent demand from Southeast Asia (+20%, +7,178 MT) is helping mitigate some of China’s weakness, but the region's growth has largely proven insufficient given the scale of China’s recent regression.

**Global Whey (0404.10) Trade**

<table>
<thead>
<tr>
<th>Metric</th>
<th>March YoY</th>
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<th>3-Year CAGR</th>
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</thead>
<tbody>
<tr>
<td>-3.2%</td>
<td>+1.9%</td>
<td>-5.4%</td>
<td>-2.6%</td>
<td></td>
</tr>
</tbody>
</table>

**March Standout Markets**

- **CHINA+HK**: -30% (-14,050 MT)
- **SOUTHEAST ASIA**: +20% (+7,178 MT)
- **JAPAN**: +61% (+1,868 MT)
- **SOUTH AMERICA**: -18% (-1,062 MT)

**ADDITIONAL NOTES**

Looking beyond the two major markets of China and Southeast Asia, low-protein whey demand has largely been positive. However, growth from MENA and Mexico – the third and fourth largest markets in the first quarter – did cool in March. Trade to MENA, which remained up 29% through Q1 (+5,502 MT), was functionally flat in March, growing by less than 1% (+81 MT). Similarly, while still 47% ahead of Q1 2023, low-protein whey trade to Mexico was up just 3 MT. If global whey demand is going to rebound without China, secondary markets will need to continue to see growth. Gratefully, Japan and Korea were both able to maintain momentum, growing by 61% and 45%, respectively, during the month of March.
**LOOKING AHEAD**

- There may finally be some good news coming to China’s whey sector – piglet prices in the country are rising. Traditionally, piglet prices have been a leading indicator to pork prices, which have in turn been a leading indicator to whey imports into the country. Unfortunately, pork prices have yet to rise in China on account of a well-supplied market, especially given demand challenges.

- Anecdotally, piglet prices are rising on account of the sow population being depleted rather than demand pull for farm expansion, which may minimize some of the demand rebound for whey. However, even if that is the case, if the piglet market is short and consumer demand for pork stabilizes, that price signal should find its way to the pork market, which in turn should flow into the market for whey. Historically, in a bull market, there has been about a 4-month lag following a rise in piglet prices to the corresponding rise in pork prices with about another 9-month lag from a change in pork price to a change in China’s whey demand. Meaning, if the correlation holds, Q1 2025 is looking promising for China’s whey imports.

### ADDITIONAL NOTES

Digging into the Southeast Asia data by country, the rebound in demand is not uniform, but most markets are moving in a positive direction. Malaysia has been the most robust of any of the markets, growing by over 20,000 MT in the last nine months (+37%) and setting an all-time record for demand. Similar to SMP, the easing of palm oil prices and corresponding resurgence of FFMP/blends exports from Malaysia to Sub-Saharan Africa is likely helping grow whey demand in the country as sweet whey is often included in blends from the region. Thailand and Vietnam, two pork-centric markets, are both performing well but have not seen substantial growth in the last few months. Rather, Malaysia’s explosion combined with Indonesia (+7% since July 2023) and the Philippines (+12% since July 2023) bouncing back from their low-ebb has helped sustain SEA’s demand rally.
Global Overview: Whey (0404.10)

Global Whey (0404.10) Trade to World

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

Global Whey (0404.10) Trade to World

Source: NMPF/USDEC, TDM
China

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

- Global trade of high protein whey grew again in March (+12%, +1,879 MT), marking the eleventh month in a row of year-over-year growth. Year-to-date global trade of high protein whey is up 15% (+5,961 MT).
- Widespread growth in demand is supportive of continued strong trade with eight out of the top ten high protein whey markets showing strong expansion in March YOY volumes. Of the major importers, only China and the EU saw declines in March volumes.
- China’s demand was mixed finishing out 2023 and Q1 of this year is the same. March volumes were down 14% (-585 MT) following growth in January (+69%, +1,020 MT) and February (+23%, +488 MT). Overall weakness in the economy is challenging demand growth and continues to cap any significant growth expectations in the near-term.

<table>
<thead>
<tr>
<th>Global WPC80+ Trade</th>
<th>March YoY</th>
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<tbody>
<tr>
<td></td>
<td>+12.0%</td>
<td>+15.3%</td>
<td>+13.8%</td>
<td>+5.5%</td>
</tr>
</tbody>
</table>

March Standout Markets

- CHINA+HK: -14% -585 MT
- SOUTH ASIA: +97% +792 MT
- SOUTH AMERICA: +71% +514 MT
- JAPAN: +21% +454 MT

ADDITIONAL NOTES

Since the start of 2023, total volume of globally traded high protein whey increased by 18,820 MT (+12%). Of that incremental volume growth, the U.S. supplied 80% (14,995 MT) - growing U.S. market share from 41% at the start of 2023 to 46% today. A key component supporting U.S. growth in high protein whey exports during this time was who increased imports. Of the incremental growth, Canada and South America combined made up 55% of the growth. The U.S. maintains a 96% and an 85% market share in these regions, respectively. In other regions of growth, namely South Asia, and MENA, the U.S. holds minority market shares, but still increased volumes to both despite the smaller participation. As global high protein whey demand continues to grow, the U.S. is well-positioned to capture that increasing volume.
**LOOKING AHEAD**

- Monthly global trade of high protein whey on average was up 16% YOY every month for the past 11 months. Over the same period, global WPC80 prices rallied from $2.35/lb in mid-2023 to $4.80/lb at the start of 2024. Prices have since eased slightly over the past few months to the mid $4.20’s – a reflection of the market finding some tentative balance.

- MENA has also seen significant growth over the last year with high protein whey exports to the region up 101% (+2,158 MT). MENA tends to be a more price sensitive region leading to lower import demand during periods of high prices. MENA high protein whey demand though has increased significantly during a time of higher prices – suggesting high protein whey demand in the region is growing more resilient.

- As we move into the back half of the year, expect continued support in global high protein whey demand.

**U.S. WPC80+ Exports**

- **+31.5%** March YoY
- **+22.6%** YTD, Ending March
- **+19.2%** Last 12-Months, March
- **+6.0%** 3-Year CAGR

**EU WPC80+ Exports**

- **-14.3%** March YoY
- **+4.9%** YTD, Ending March
- **+10.7%** Last 12-Months, Ending March
- **+3.5%** 3-Year CAGR

**NZ WPC80+ Exports**

- **-6.2%** March YoY
- **+8.6%** YTD, Ending March
- **+9.5%** Last 12-Months, Ending March
- **+3.1%** 3-Year CAGR

**ADDITIONAL NOTES**

Korean demand for high protein whey dropped significantly in 2023 (down 50%) following an equally impressive rally in import volumes in 2021 and 2022 (up 58%). The increase in Korean imports mirrored the increase in Japanese import growth over the same period – up 64% for Japan. As prices rallied in 2022, high protein whey demand collapsed in Korea while Japanese demand plateaued rather than declined. One of the driving forces behind the divergence in the two markets’ responses to higher prices is mainstream consumer acceptance of protein as an important component in the diet. Japanese consumers’ growing acceptance of protein’s importance supports continued demand in the market even during times of high prices, where Korean consumers acceptance is still developing leading to more volatile and weaker demand during times of elevated prices.
Global Overview: WPC80+

Global WPC80+ Trade to World

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

Global WPC80+ Trade to World

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

Global WPC80+ Trade by Destination: Last 12 Months ending Mar 2024

YOY Change in Global WPC80+ Trade by Destination: Last 12 Months ending Mar 2024

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
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

• China's demand fell sharply for a second consecutive month (-30%, -5,075 MT in March), pulling global lactose trade numbers down even as trade to the rest of the world climbed. Higher lactose prices last year also stalled trade to Japan (-11%, -901 MT) and MENA (-40%, -1,105 MT), which had been improving.

• On a positive note, South Asian demand for lactose performed exceptionally well in March (+40%, +2,142 MT). Additionally, exports to SEA recovered slightly (+6%, +560 MT) after struggling for most of the past year. Overall, after seemingly escaping the demand contraction that the rest of the dairy complex saw in 2022/2023, lactose demand is now moving below trend.

Source: NMPF/USDEC, TDM
Lactose – China

Source: NMPF/USDEC, TDM
Lactose – South Asia

Global Lactose Trade to S. Asia

Source: NMPF/USDEC, TDM
Lactose – Southeast Asia

Global Lactose Trade to SEA

Source: NMPF/USDEC, TDM
Amidst high prices and depressed demand almost across the board, butter trade fell significantly in March. This was expected given that butter is arguably the most price elastic dairy product in terms of global trade.

Exports to China fell off (-16%, -1,702 MT), as did shipments to the U.S. (-25%, -1,546 MT) and the EU (-54%, -2,437 MT). Demand in MENA rebounded slightly in March (+24%, +1,660 MT), but tight supply continued to weigh on global butter trade, reinforcing the belief that moving forward, global butter trade will not be as robust as in past years.
Butter – China

Global Butter Trade to China+HK

Source: NMPF/USDEC, TDM
Global Butter Trade to MENA

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

• Demand for whole milk powder grew again in March, though at a slower pace than previous months, particularly in China (+3%, +1,019 MT). New Zealand exports grew with demand from several markets, including MENA (+22%, +9,593 MT) and Southeast Asia (+20%, +4,684 MT) bolstering exports as China remained quiet.

• South American demand fell sharply (-40%, -6,830 MT) as shipments to Brazil dropped off. South Asian demand (+48%, +4,666 MT), though, is showing signs of a strong rebound after several years of depressed WMP trade due to geopolitical turbulence in Sri Lanka.

KEY TAKEAWAYS

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<th>Global WMP Trade</th>
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<td>+8.0%</td>
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- March YoY
- YTD, Ending March
- Last 12-Months, Ending March
- 3-Year CAGR

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

Global WMP Trade to MENA

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

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

Global WMP Trade to S. Asia

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

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