

International Demand Analysis

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Data Through:
May 2025

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



KEY TAKEAWAYS

- After besting prior year levels in March and April, **global dairy trade slipped 2% (-19,318 MT) MSE in May** compared to the same month last year. May marks the third month in a row of lower month-over-month trade after starting off the year strong. Lingering inflation, higher prices and trade policy challenges all contributed to May's slowdown.
- **Trade was mixed across both products and destinations.** Cheese (+3%, +7,590 MT) demand continued to march upward during May while shipments of anhydrous milkfat (+62%, +11,652 MT), fermented products (+17%, +11,056 MT), and fat filled milk powder (+12%, +15,493 MT) also bested last year by a significant margin. However, these gains were more than canceled out by a slowdown in the movement of fluid milk (-13%, -27,674 MT), whole milk powder (-14%, -23,326 MT), and low protein whey products (-12%, -17,849 MT), the latter due especially to the trade policy hurdles between China and the U.S. (See Additional Notes)
- **Shipments to the four largest dairy destinations (Southeast Asia, China, MENA, and Mexico) fell year over year** in May for different reasons, but together contributed to the lower trade volume.

Global Milk Solids Trade

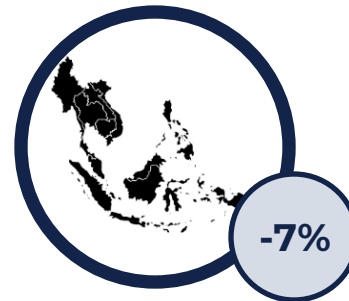
-2.0%
May YoY

+1.2%
YTD, Ending May

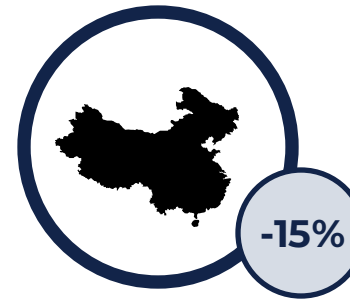
+0.8%
Last 12-Months,
Ending May

-0.4%
3-Year CAGR

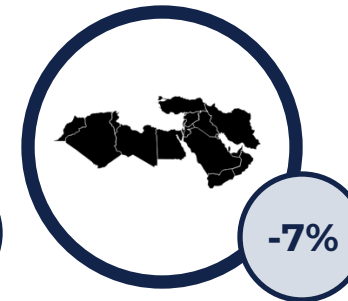
May Standout Markets



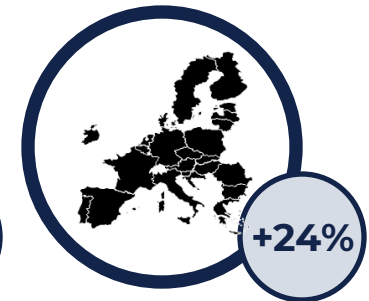
SOUTHEAST ASIA
-10,623 MT



CHINA+HK
-25,935 MT



MENA
-11,470 MT



EU27
+9,641 MT

ADDITIONAL NOTES

Perhaps unsurprisingly, no destination took as big of a step back in global dairy trade in May than China. Volumes to China plunged 15% (-25,935 MT MSE) during the month as activity was battered by an increasingly contentious trading relationship with the U.S. The bulk of the decline can be explained by weaker U.S. exports (-68%, -22,132 MT) though shipments from the EU and New Zealand also dipped during the month, suggesting that tepid demand also played a role in the slowdown. Interestingly, exports from Turkey to China shot upward (+263%, +3,311 MT MSE) during the month on stronger volumes of low protein whey as importers attempted to compensate for the loss of U.S. supplies. While tariff levels have been lowered from the 100%+ levels for both countries, trade is likely to remain challenged over the next few months as tensions remain, but we could see some returning volumes as we get closer to the end of the year – especially if China's domestic milk production continues to struggle.

Global Dairy Demand Market Commentary



LOOKING AHEAD

- The start of 2025 has been mixed for global dairy trade and the rest of the year is looking equally unsettled with drivers pushing trade in both directions.
- On the bullish side, major exporters, notably the U.S. and New Zealand are looking well supplied as milk production continues to ramp up. U.S. milk production through May is up 2.3% and while New Zealand is in the low-ebb of their season, production has been very strong (+15% in June). Additionally, global economic activity continues to rebound although the growth is somewhat fragile and regional. Also, amidst all the trade policy uncertainty, newly minted trade agreements between the U.S. and several important export destinations could help to boost volumes and calm tensions.
- On the bearish side, despite trade policy conversations moving in the right direction, concerns remain quite real and continue to challenge trade and buyer willingness to source product during a time of high uncertainty. Also as stated on the previous page, Chinese demand may continue to drag on global trade as U.S.-China relations likely remain fraught in the near-term, keeping overall volume somewhat muted in the coming months. Lastly, high prices have the potential to push back on global trade – especially for butter and cheese. U.S. prices remain quite competitive for cheese and butter, but EU and New Zealand prices are at or above 2022 inflation-induced highs for both products. Other products, primarily ingredients, haven't seen quite the same rally, but if prices continue moving upward as futures suggest, we could see some pushback – especially from more price sensitive regions.

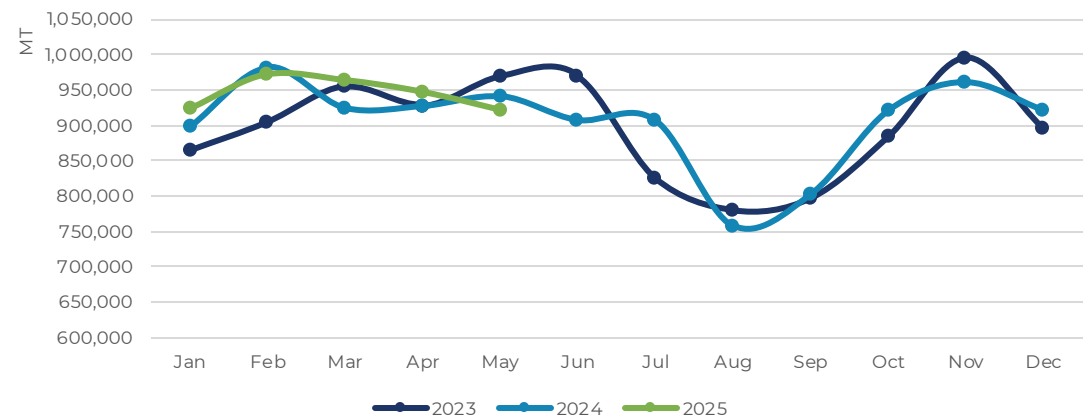
U.S. Milk Solids Exports ¹	-1.2% May YoY	-1.3% YTD, Ending May	-0.1% Last 12-Months, Ending May	-0.03% 3-Year CAGR
EU Milk Solids Exports	-3.0% May YoY	-0.8% YTD, Ending May	-1.0% Last 12-Months, Ending May	-0.3% 3-Year CAGR
NZ Milk Solids Exports	-5.4% May YoY	+3.8% YTD, Ending May	-0.2% Last 12-Months, Ending May	-0.1% 3-Year CAGR

Average Dairy Export Value to World, MSE

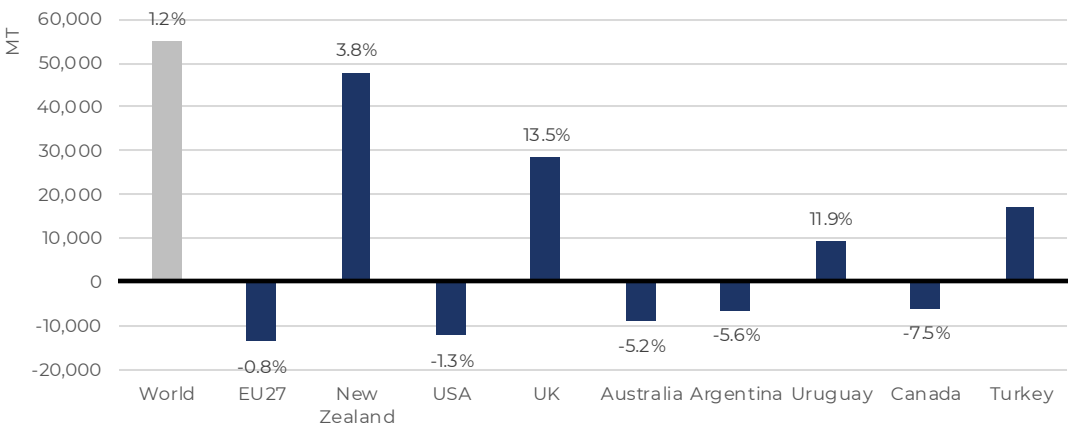


Executive Summary: May 2025

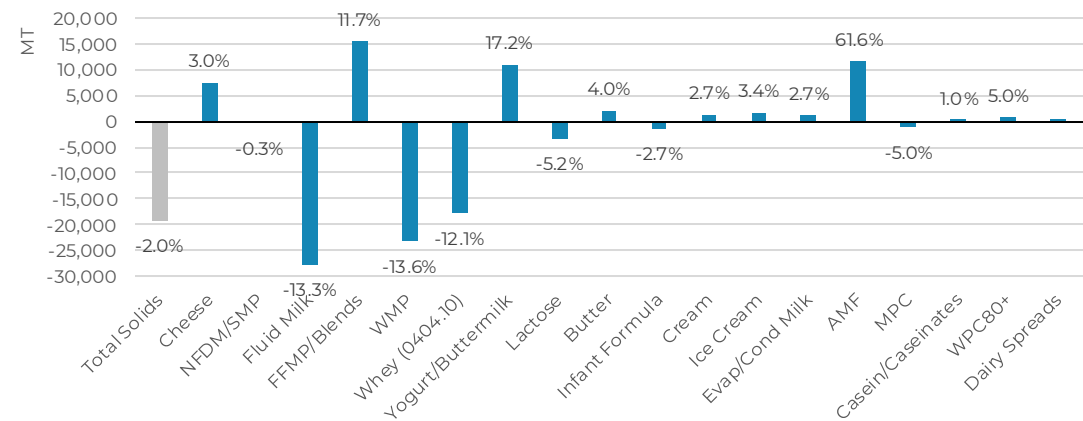
Global Total Solids Trade to World



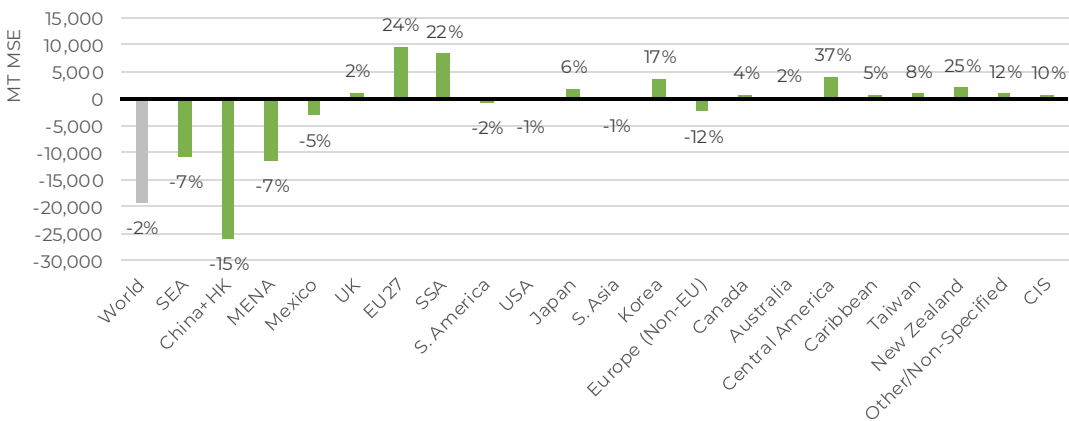
YOY Change in Global Dairy Trade to World: YTD ending May, MSE



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



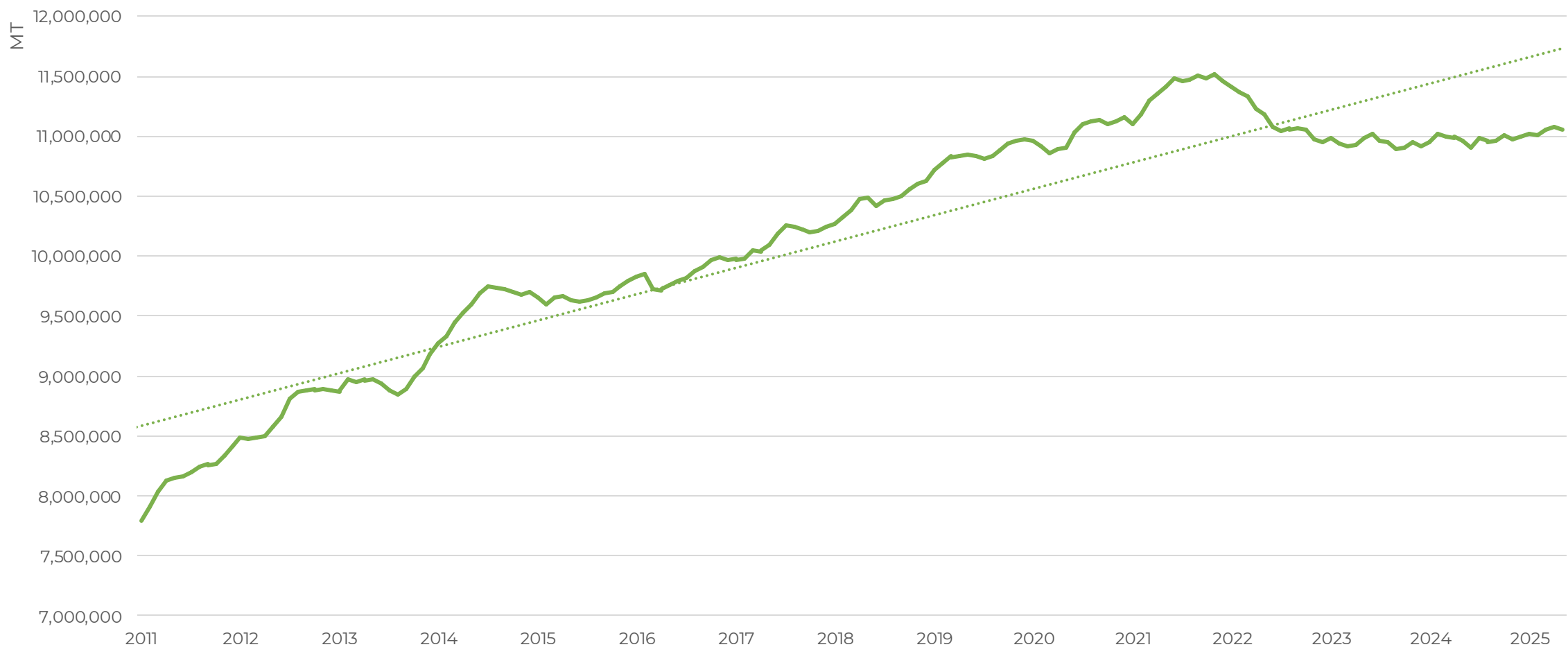
YOY Change in Global Milk Solids Trade by Destination: Month of May 2025



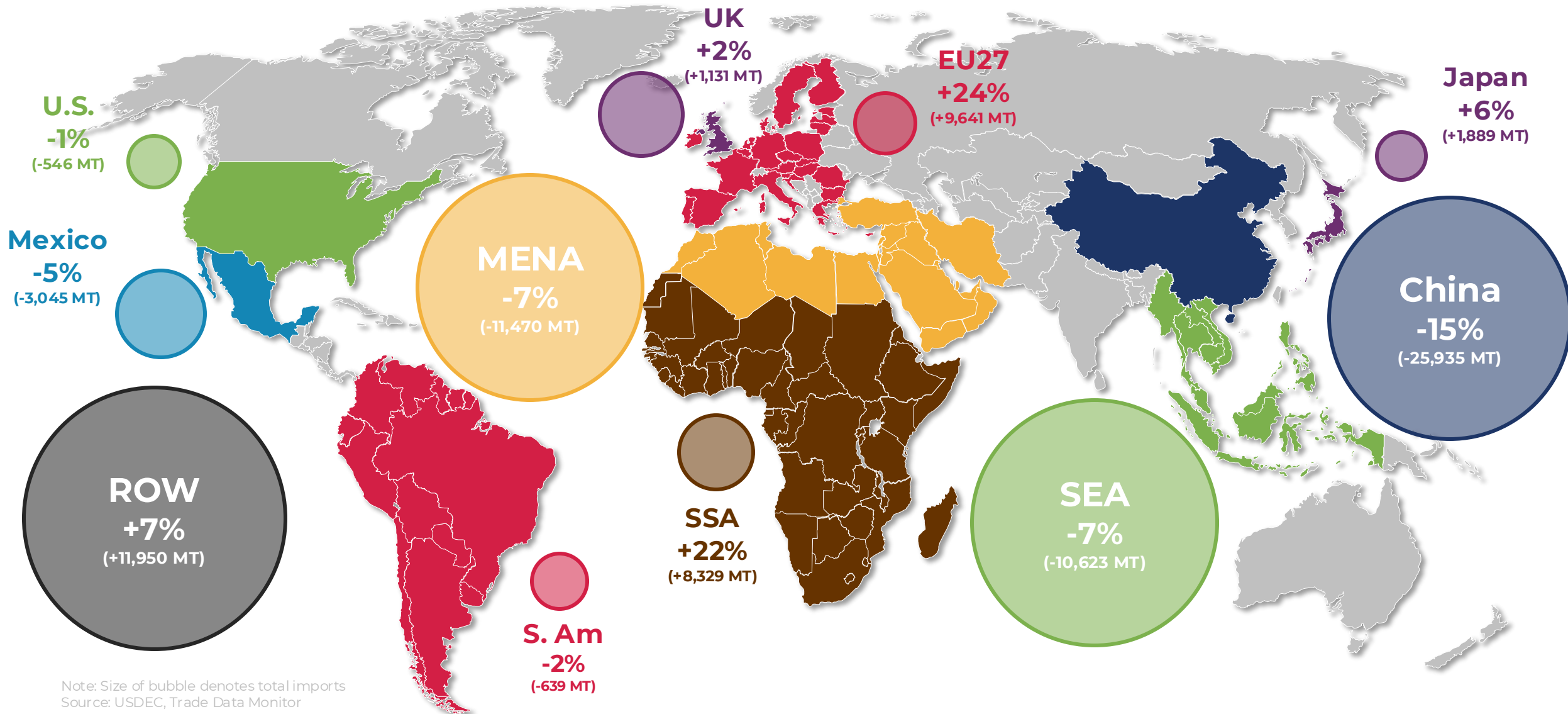
Global Dairy Trade

Global Dairy Trade

(Milk Solids Equivalent, Rolling 12 Months)

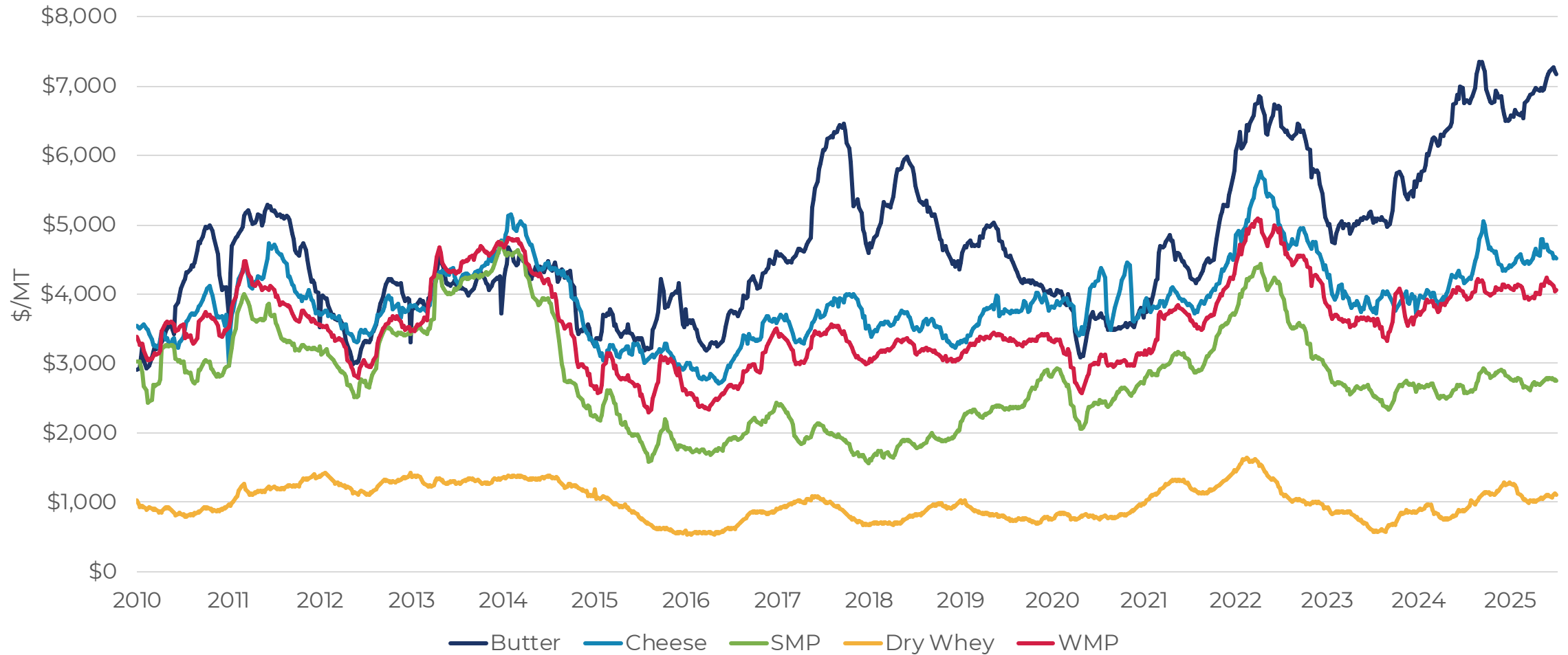


Select Markets – Month of May 2025, Milk Solids Equiv.



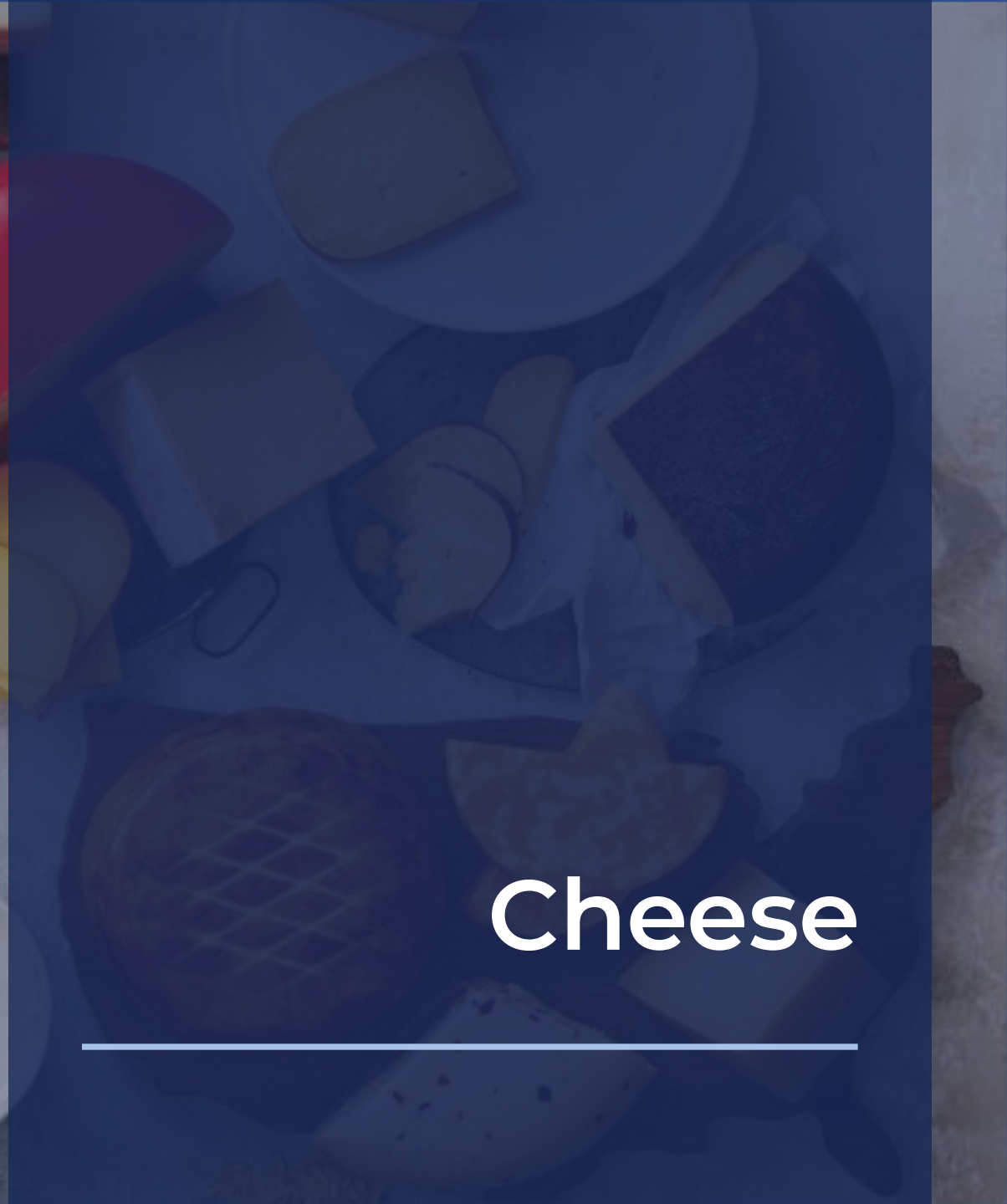
Global Dairy Spot Prices

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





NMPF | USDEC
DAIRY
ECONOMICS



Cheese

Cheese Market Commentary



KEY TAKEAWAYS

- Global cheese trade continued its seemingly unassailable rally into May as volumes bested prior year levels for the 11th month in a row. **The 259,219 MT of cheese that moved across the world during May set a new record for volume traded in any month** and represented an increase of 3% (+7,590 MT) versus May 2024.
- While a broad array of destinations have contributed to the growth in global cheese trade, **May's volumes were notably supported by strong shipments to Asia**. Cheese exports to China bolted upward (+26%, +4,445 MT) during the month along with growth in Japan (+9%, +2,059 MT) and South Korea (+6%, +781 MT) playing a key role in supporting global cheese demand growth.
- Though Mexico has been a cornerstone of global cheese trade in recent months and years, volumes faltered in May (See Additional Notes). The Latin American country was not alone, however, as volumes were also down to MENA (-8%, -2,159 MT). Cheese shipments to the U.S. also tumbled by 11% (-1,482 MT) YOY.

Global Cheese Trade

+3.0%

May YoY

+7.0%

YTD, Ending May

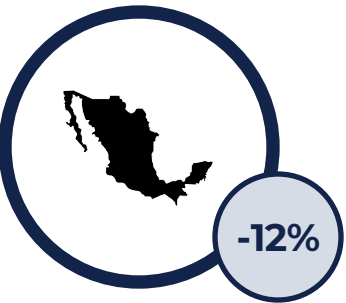
+5.6%

Last 12-Months, Ending May

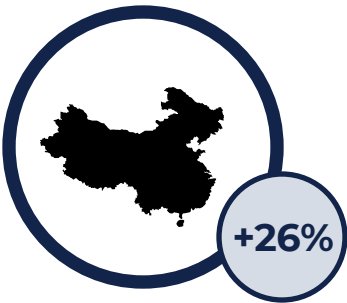
+3.3%

3-Year CAGR

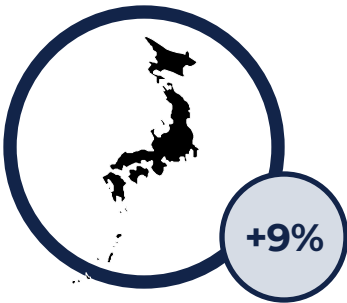
May Standout Markets



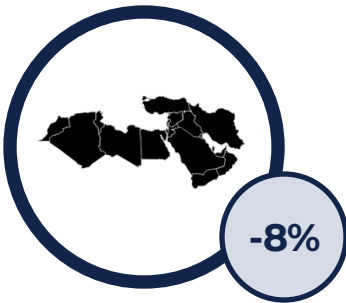
MEXICO
-2,464 MT



CHINA+HK
+4,445 MT



JAPAN
+2,059 MT



MENA
-2,159 MT

ADDITIONAL NOTES

Mexican cheese demand has soared in recent years as a booming economy and shifting consumer tastes boosted the appetite for imported cheese. Volumes were especially robust last year, reaching a peak in May 2024 when trade hit a record large 21,155 MT in a single month. However, so far in 2025, volumes have been running behind last year. Mexican cheese demand slipped 12% (-2,464 MT) in May against last year's record high levels and cumulative volumes were down 5% (-4,164 MT) during the first five months of the year. A slowdown in the Mexican economy has contributed to the decline in demand. Following a period of rapid growth, economic development began to slow in the middle of last year. Severe uncertainty this year, especially tied to wobbly relations with the U.S., has exacerbated this trajectory. Despite the decline, however, it is important to consider that volumes remain strong compared to historical levels and the incredible import volumes last year make for tough YOY comparisons. In addition, currency dynamics, competitive prices, and strong product availability in the U.S. are likely to support Mexican cheese demand in the coming months as long as trade policy hurdles don't further challenge trade.

Cheese Market Commentary



LOOKING AHEAD

- Rising milk and cheese production have allowed both the U.S. and New Zealand to benefit from strong global demand for cheese** although Kiwi suppliers got a particular boost from Chinese demand in May. Europe on the other hand saw cheese exports decline in May as the country deals with tighter supplies and softer demand out of two of its key trading partners. EU cheese exports to MENA fell 15% (-2,872 MT) and exports to the U.S. declined 13% (-1,554 MT).
- Looking ahead, this trend is likely to continue as strong U.S. milk production paired with new cheese capacity coming online and a significant price advantage are all driving U.S. export growth (+8% YTD). Oceania is also likely to benefit from stronger Chinese demand along with new investments and/or redirection of milk to cheese of processing capacity. As we enter the low ebb of New Zealand's season though, export strength may rely more heavily on what cheese there is on hand rather than near-term production.
- Amongst the major exporters though, **pricing should largely benefit U.S. cheese exports the most.** U.S. cheese prices remain very competitive to alternative global suppliers – averaging a roughly \$1,000/MT discount so far this year. While the trade policy situation remains highly fluid and may dampen interest in U.S. origin cheese for some buyers, the significant price gap is helping many buyers overcome those concerns and increasingly source cheese from the U.S.

U.S. Cheese Exports	+7.1% May YoY	+7.8% YTD, Ending May	+9.5% Last 12-Months, Ending May	+3.1% 3-Year CAGR
EU Cheese Exports	-1.2% May YoY	+2.9% YTD, Ending May	+0.8% Last 12-Months, Ending May	+0.3% 3-Year CAGR
NZ Cheese Exports	+14.0% May YoY	+31.1% YTD, Ending May	+18.4% Last 12-Months, Ending May	+5.8% 3-Year CAGR

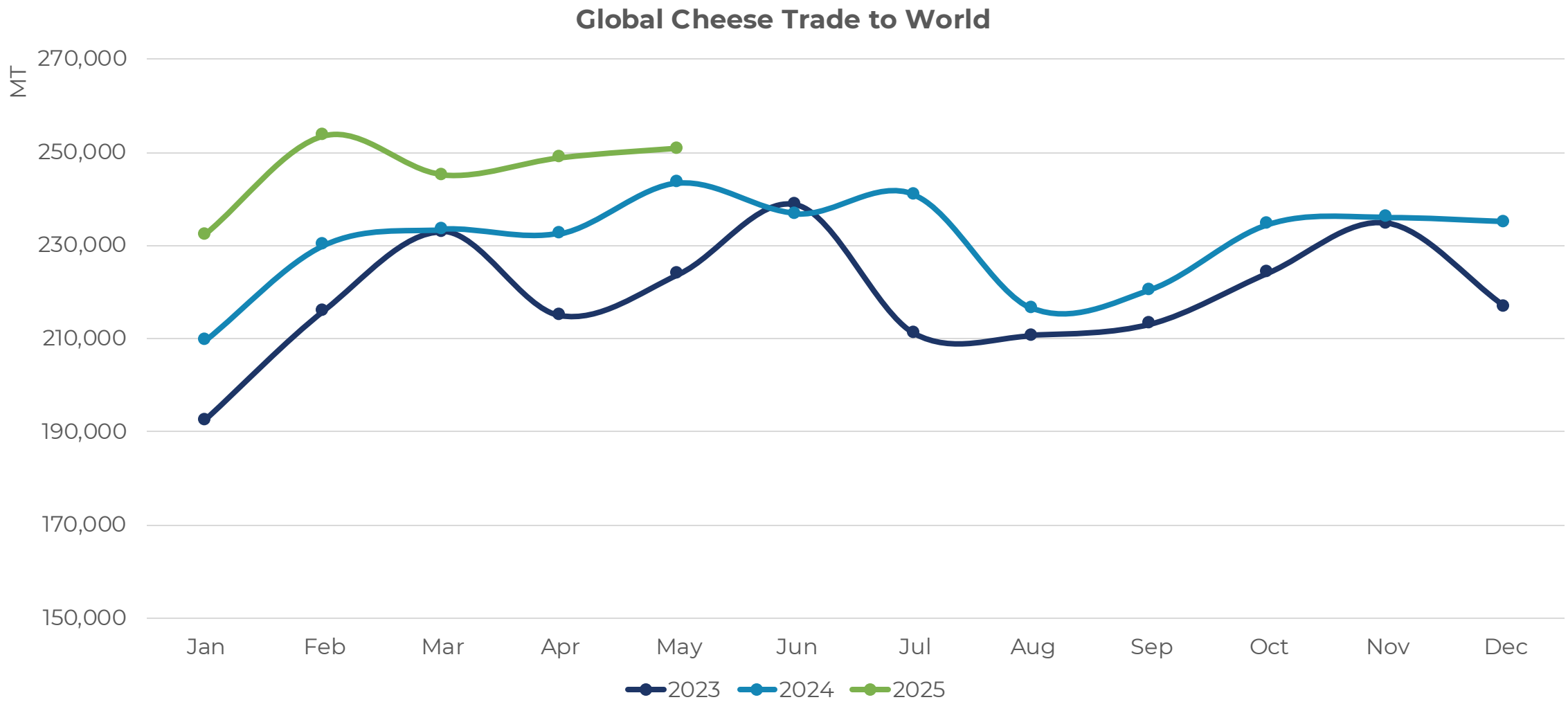
Average Cheese Export Value to World



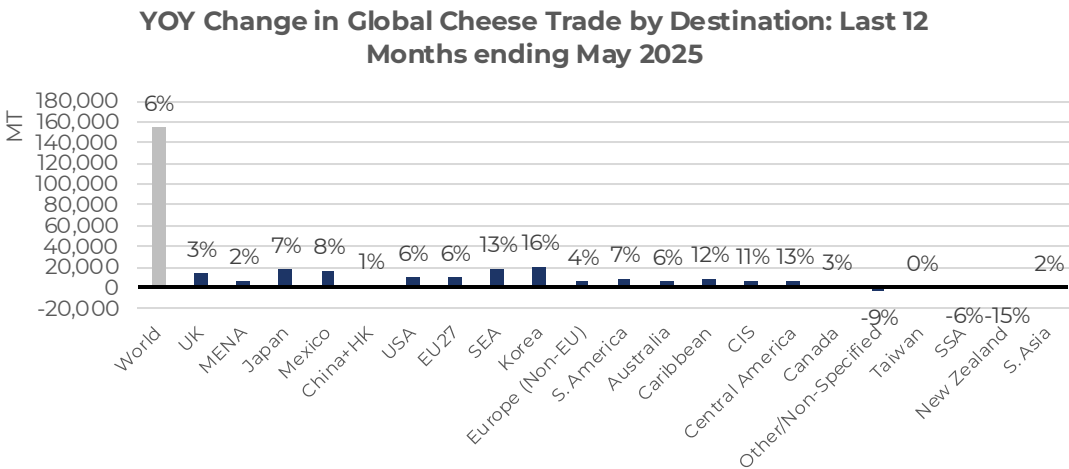
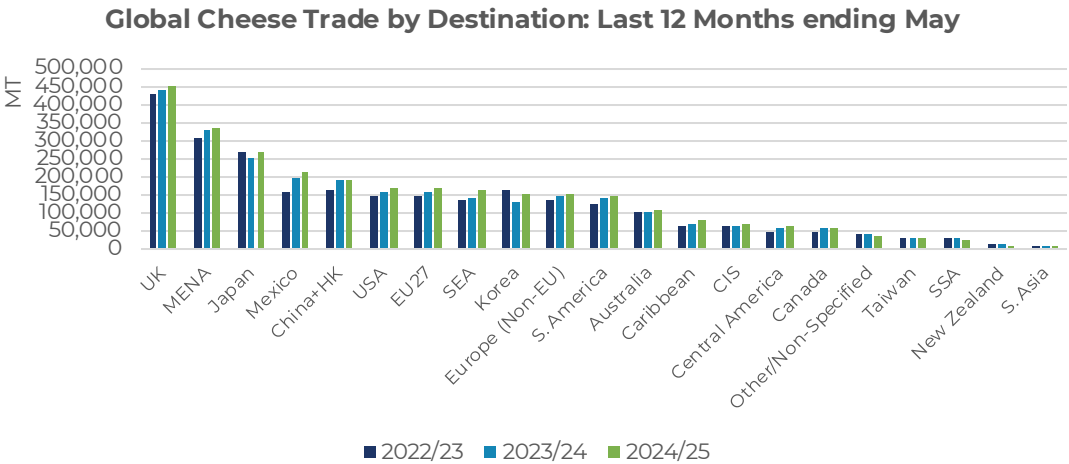
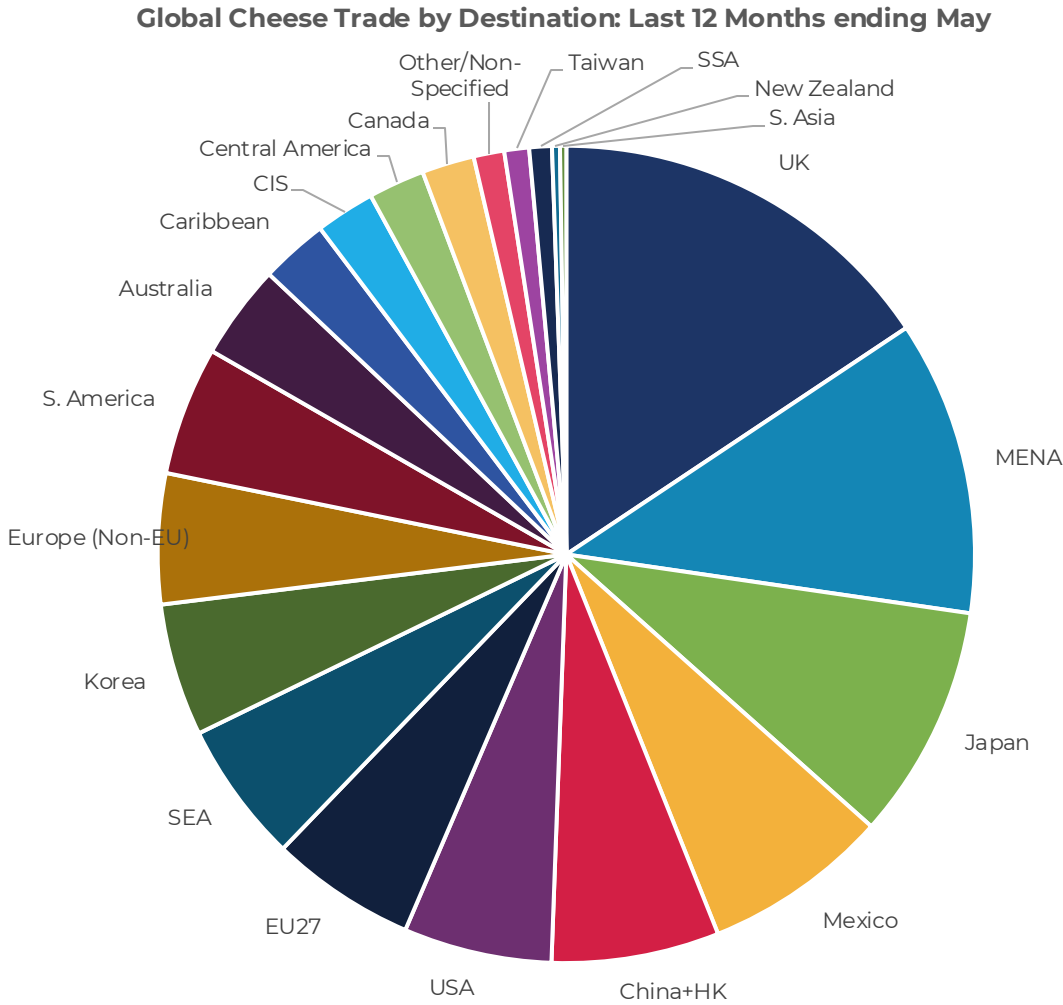
Global Overview: Cheese



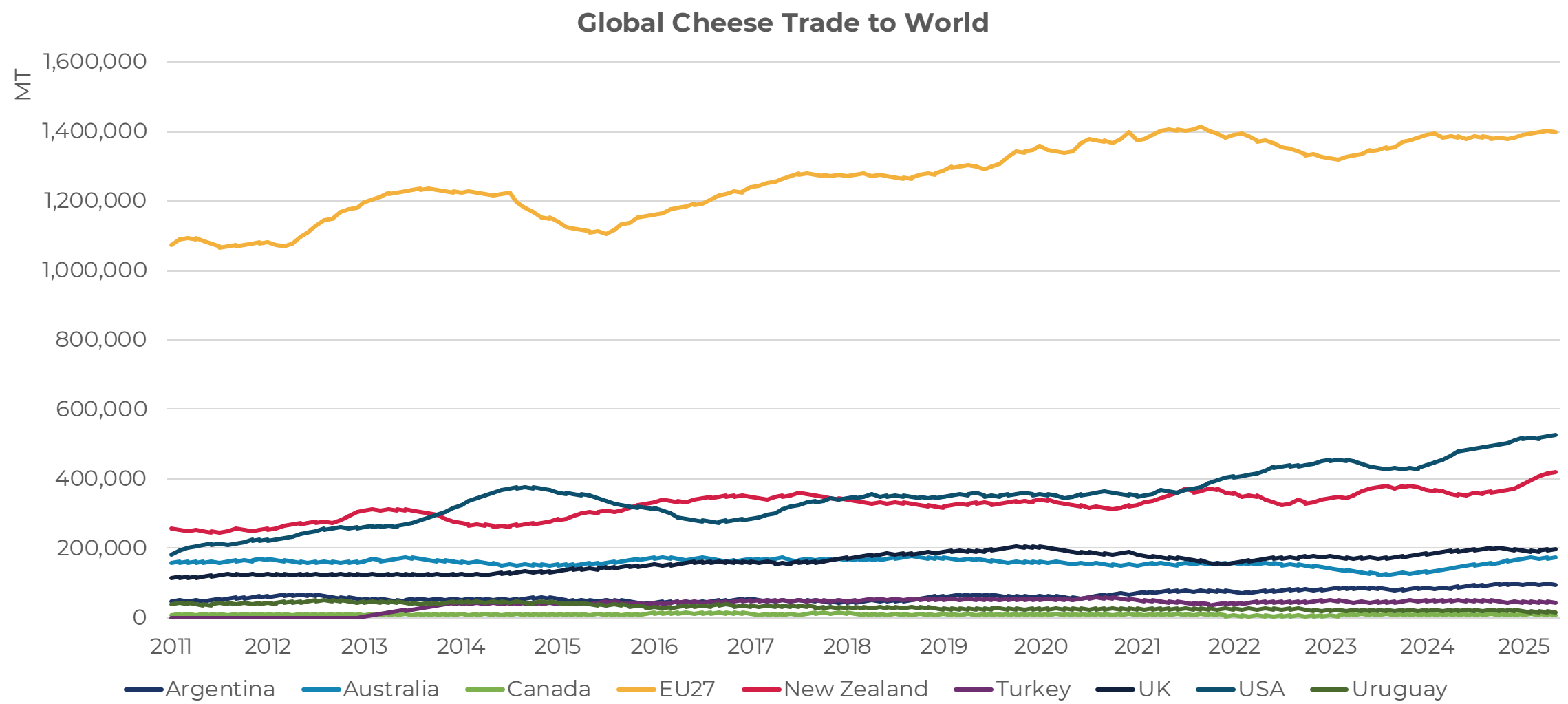
Global Overview: Cheese



Global Overview: Cheese – Last 12 Months

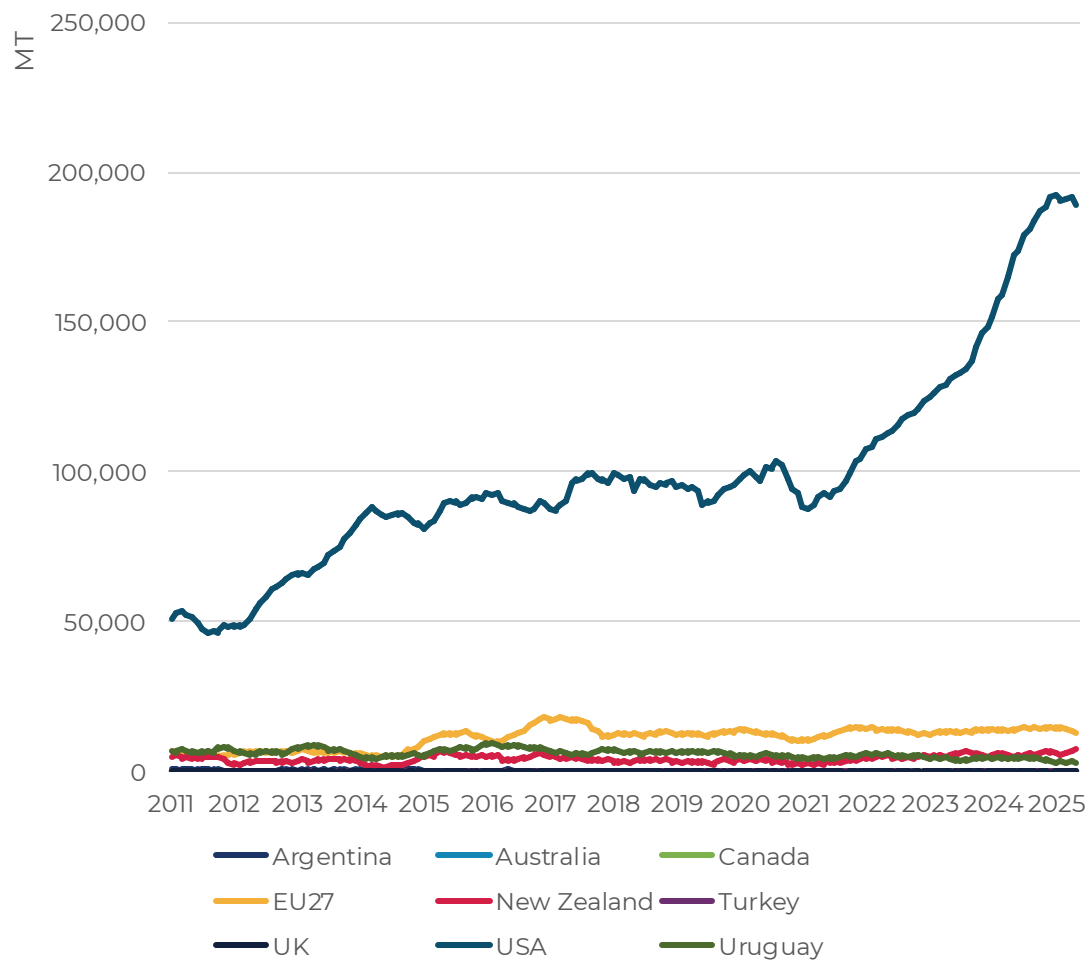


Trade Flows: Cheese

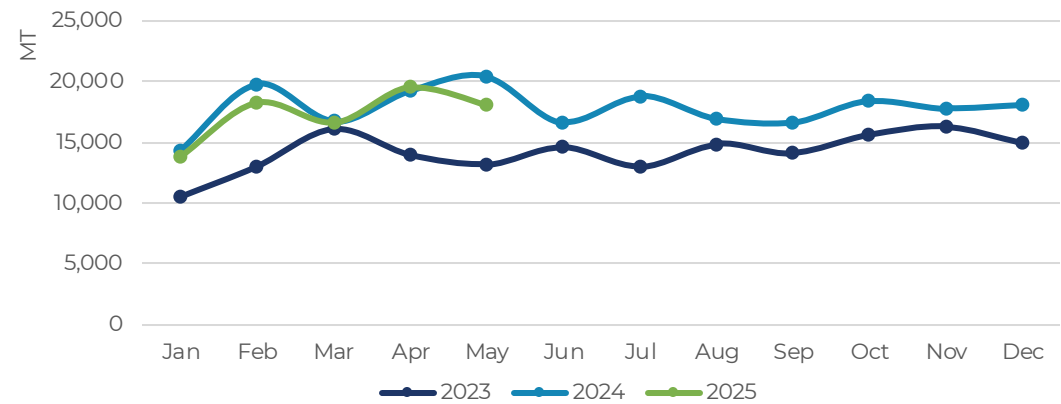


Mexico

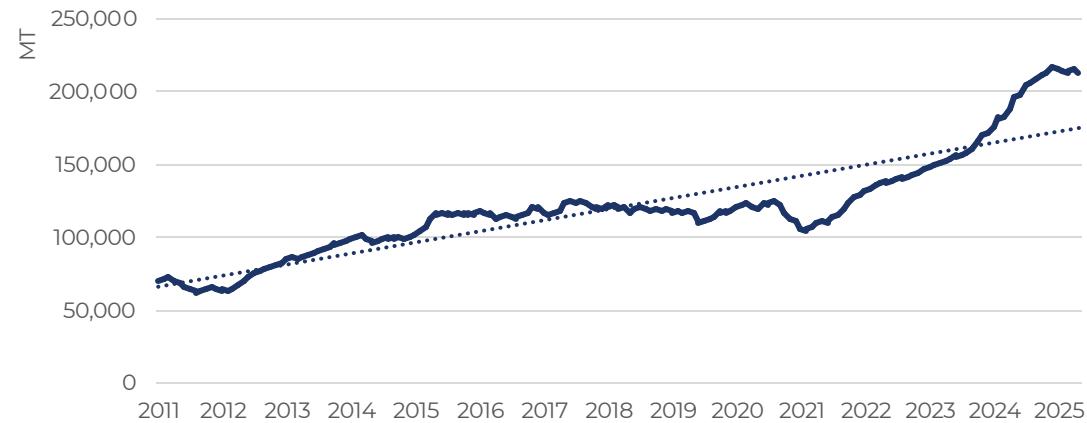
Global Cheese Trade to Mexico



Global Cheese Trade to Mexico

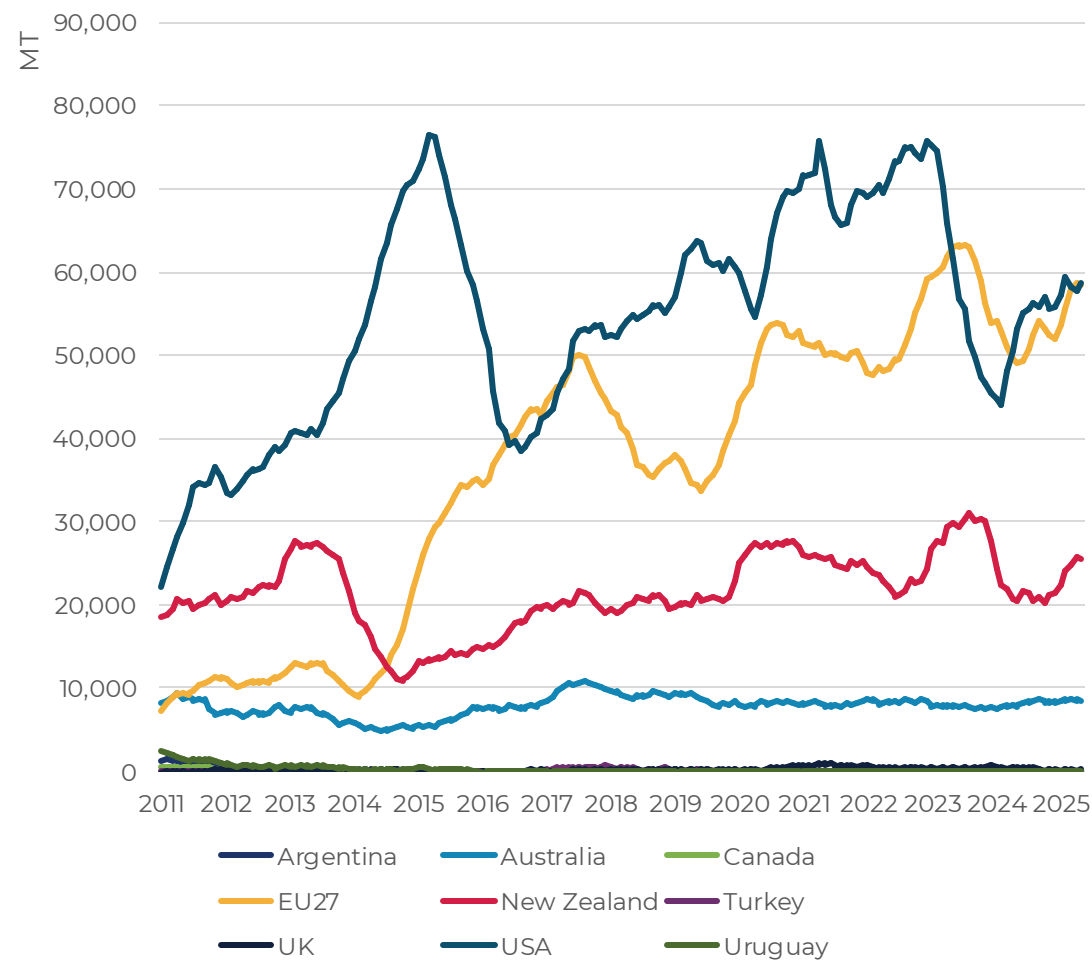


Global Cheese Trade to Mexico

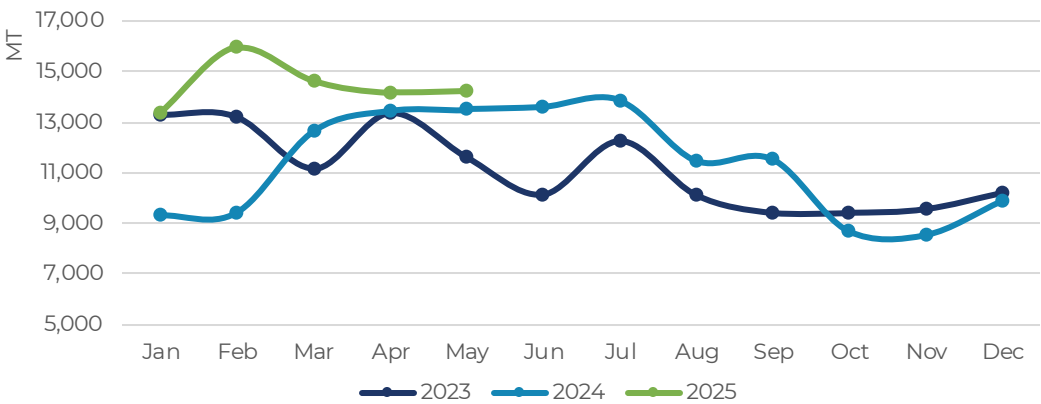


Korea

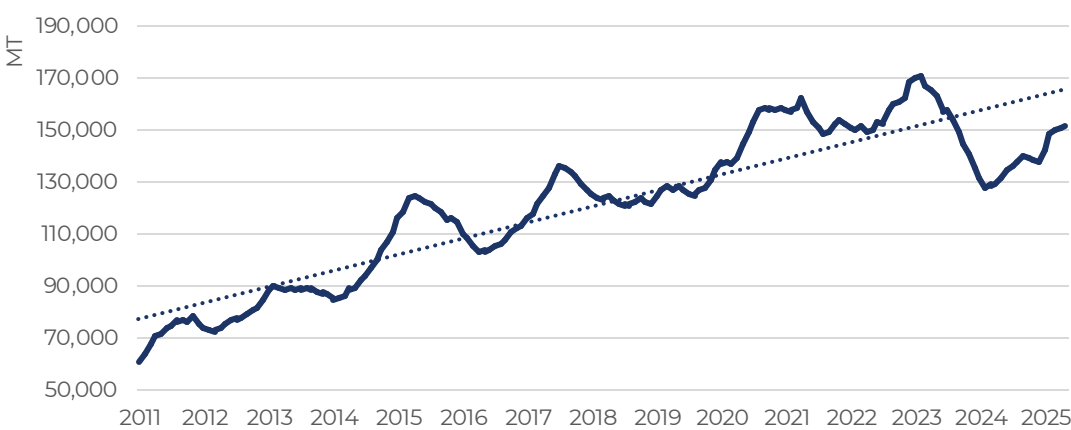
Global Cheese Trade to Korea



Global Cheese Trade to Korea

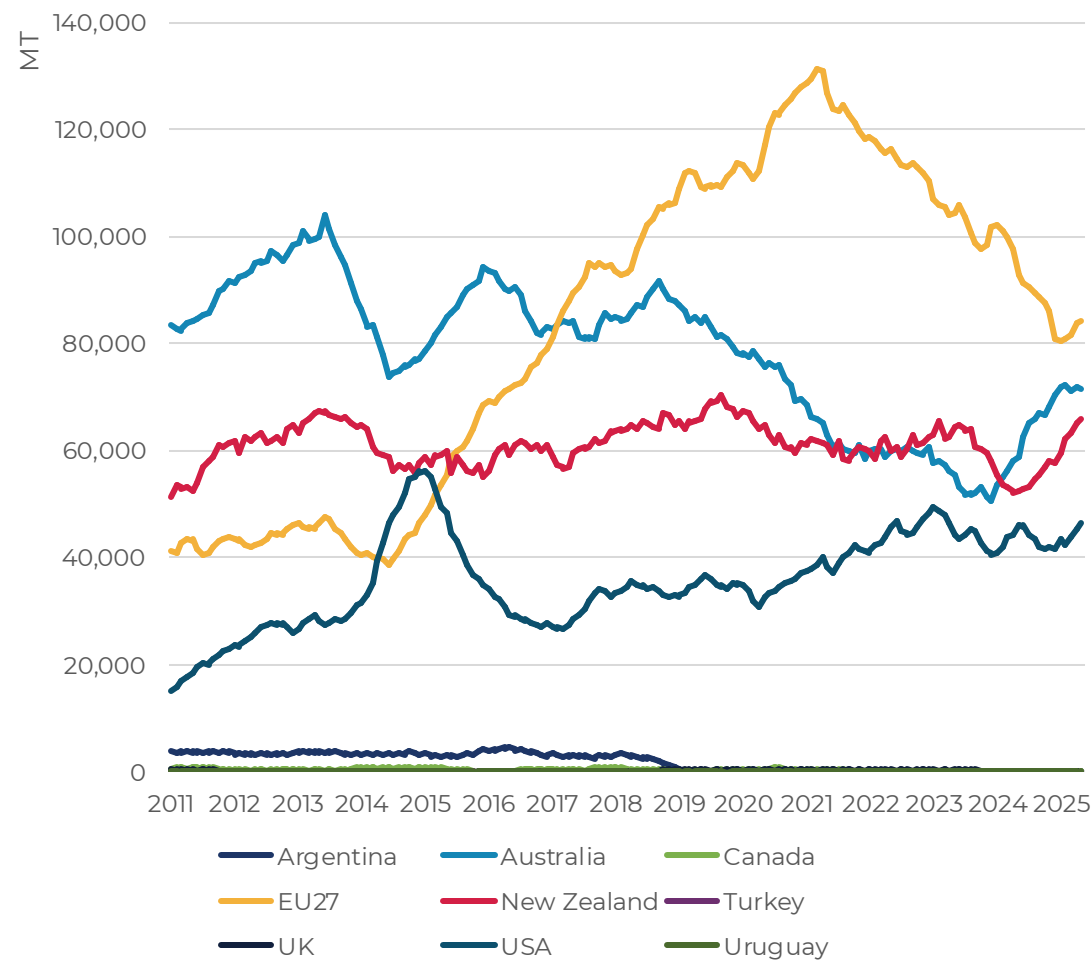


Global Cheese Trade to Korea

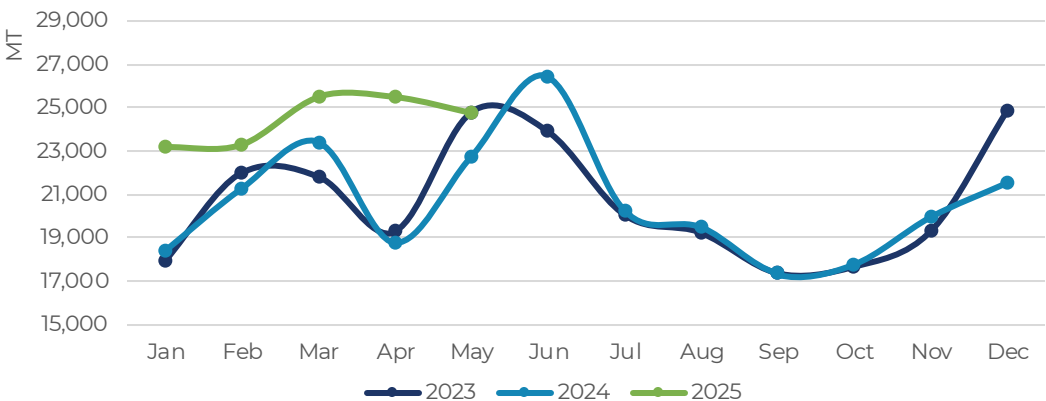


Japan

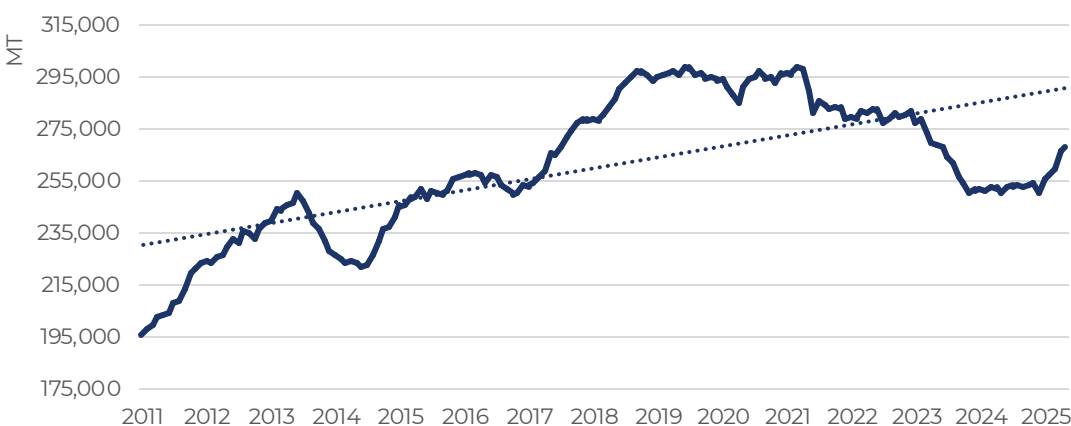
Global Cheese Trade to Japan



Global Cheese Trade to Japan

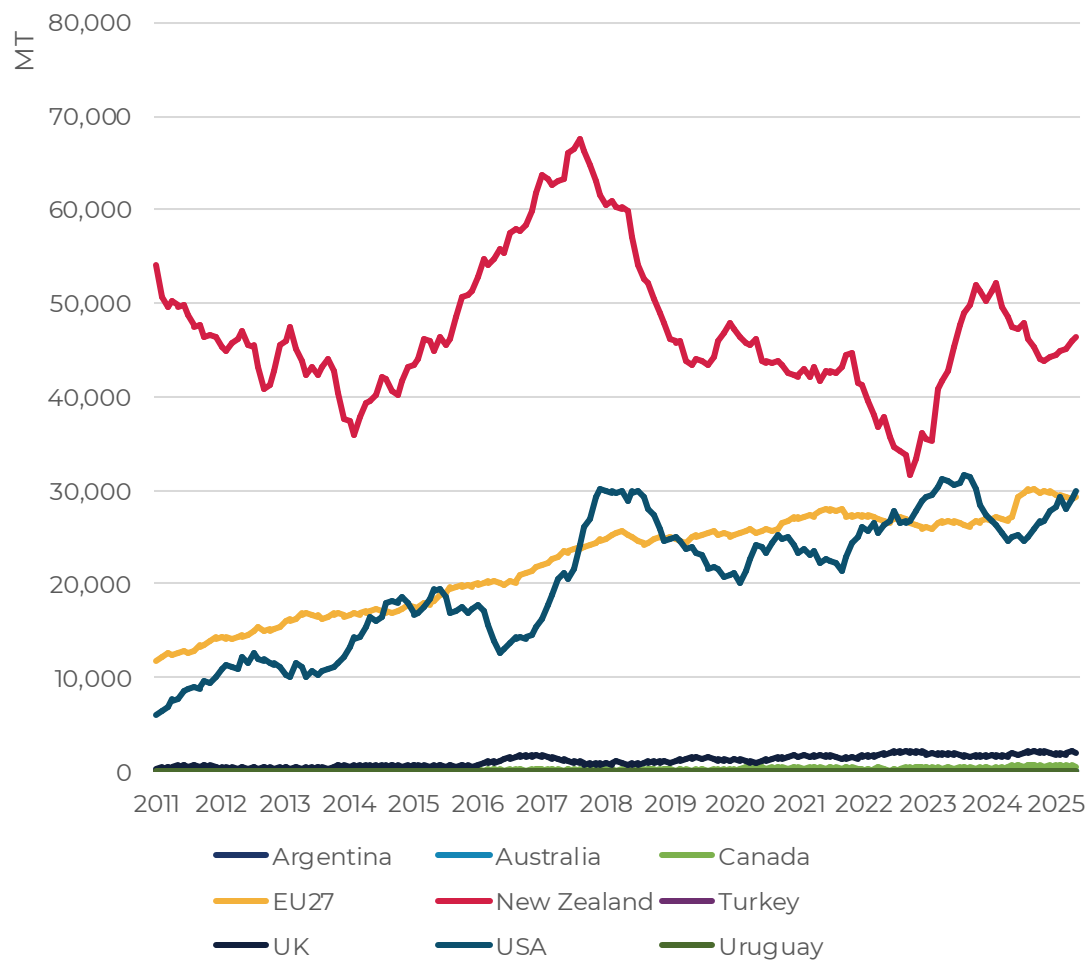


Global Cheese Trade to Japan

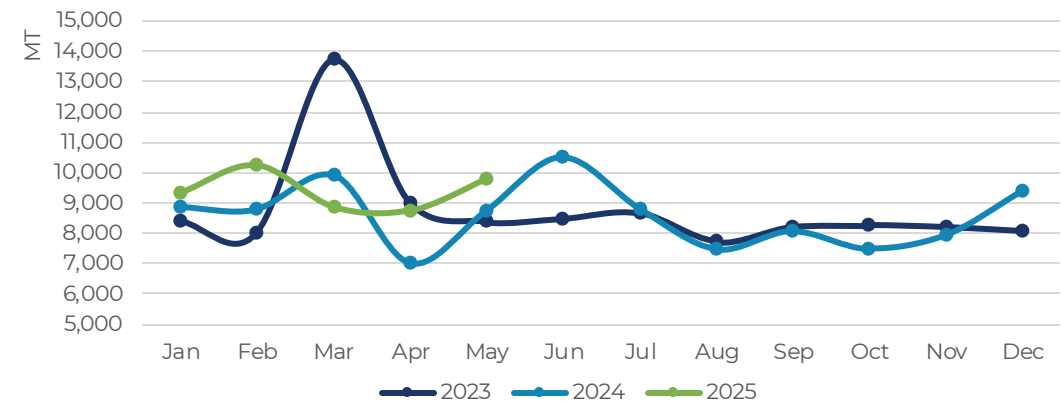


Australia

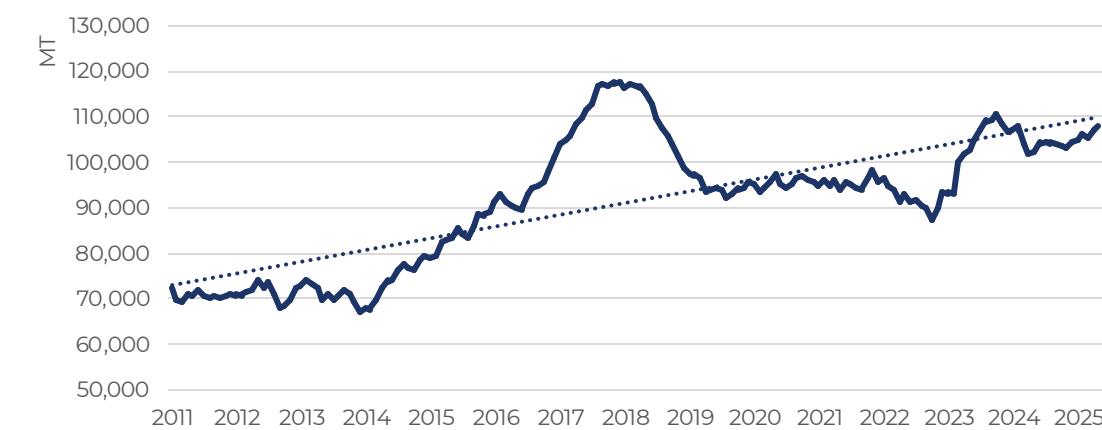
Global Cheese Trade to Australia



Global Cheese Trade to Australia

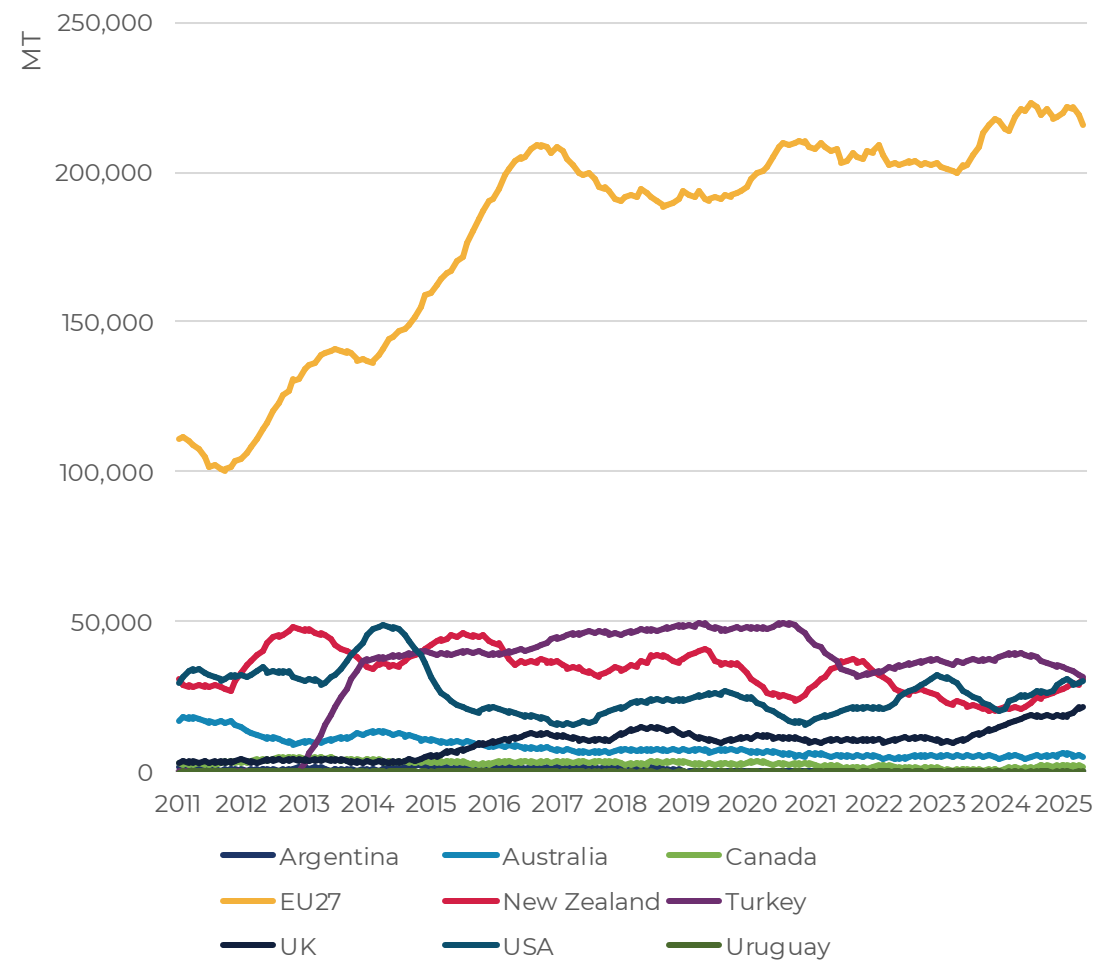


Global Cheese Trade to Australia

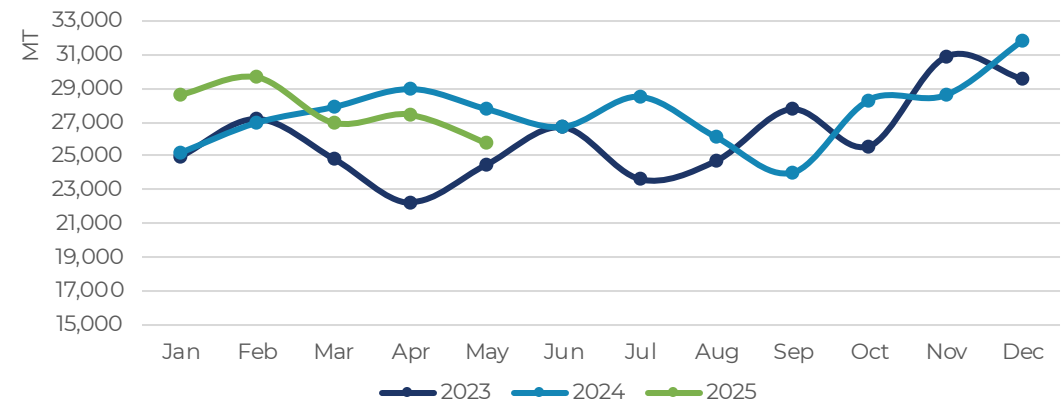


MENA

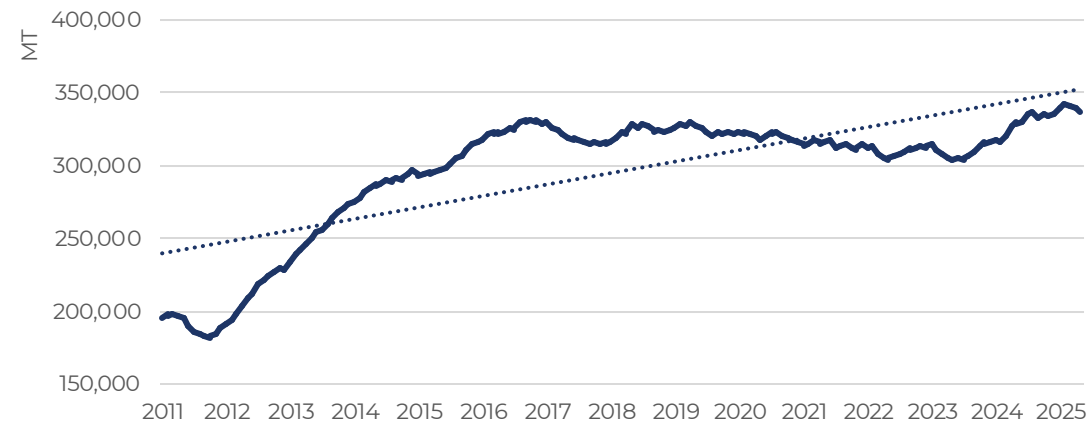
Global Cheese Trade to MENA



Global Cheese Trade to MENA

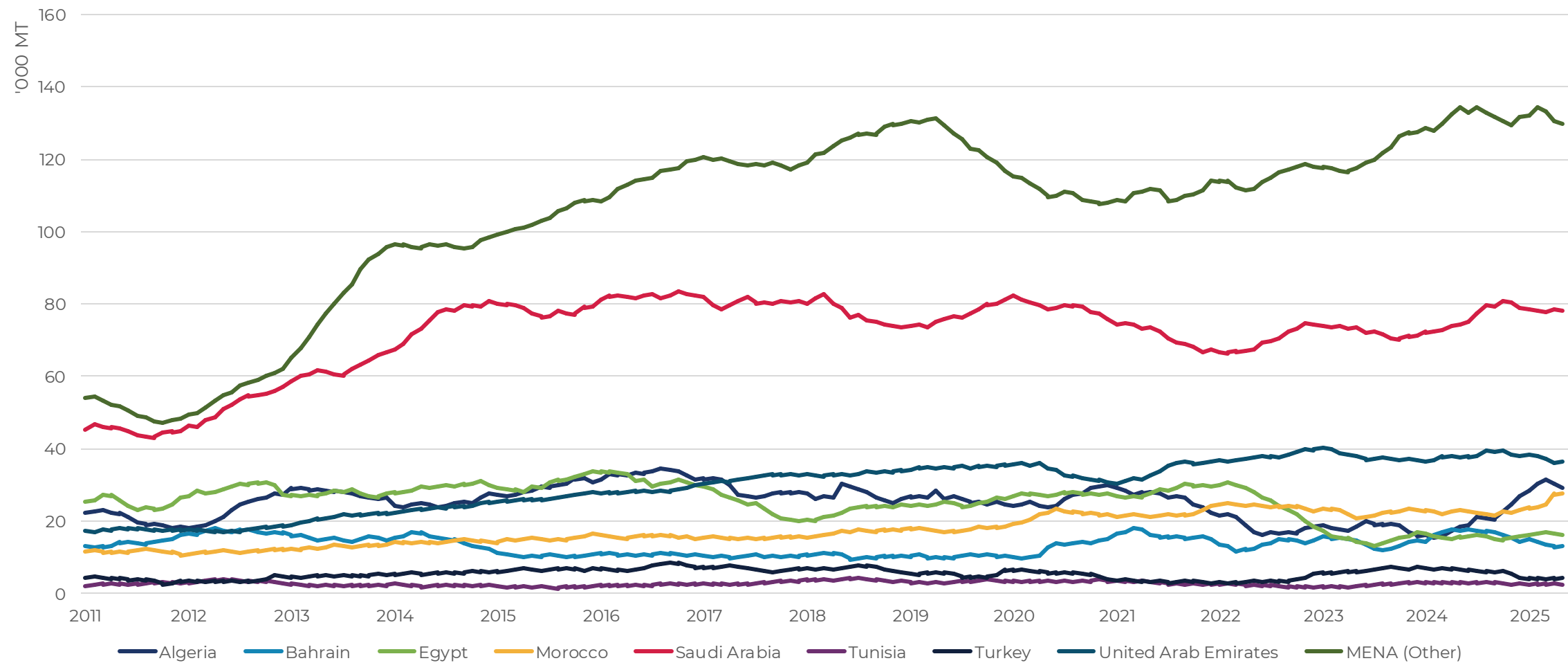


Global Cheese Trade to MENA



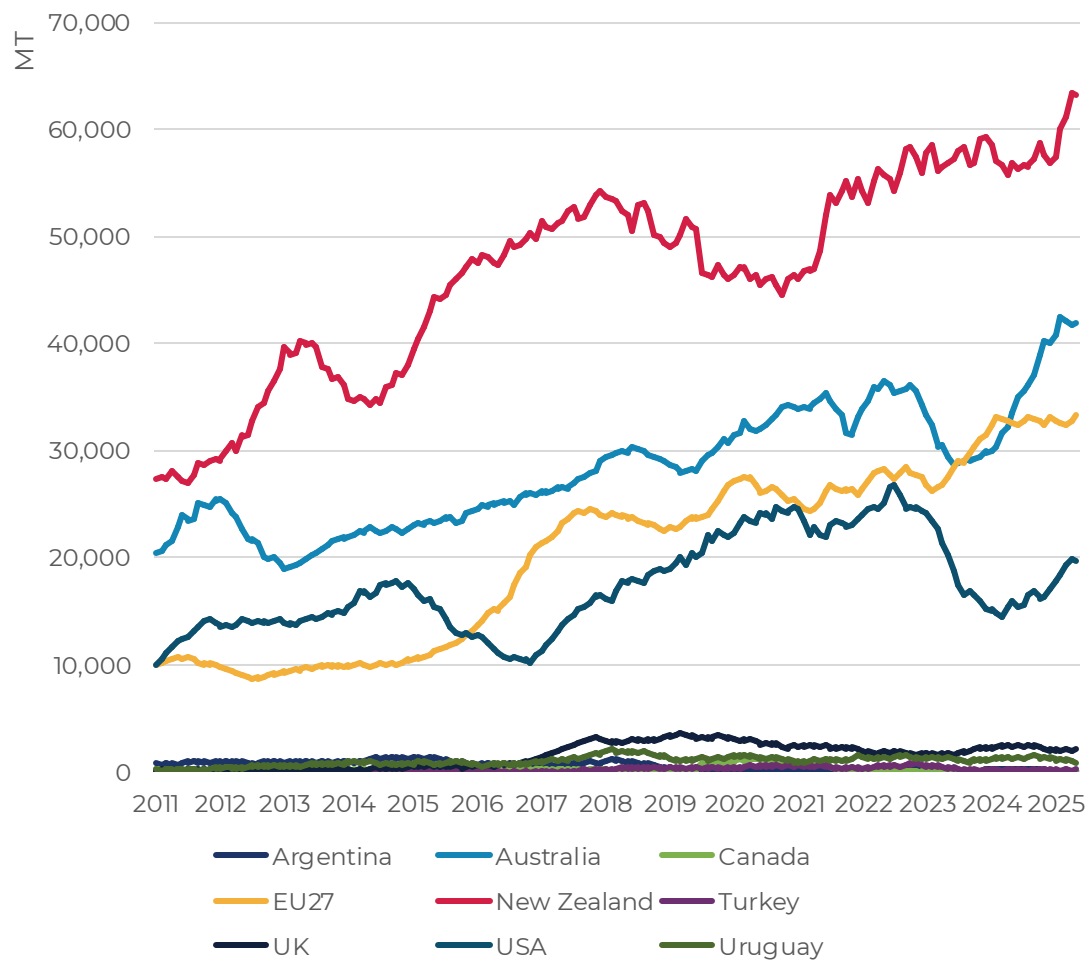
Middle East-North Africa Country Breakdown

Global Cheese Trade to MENA by Country

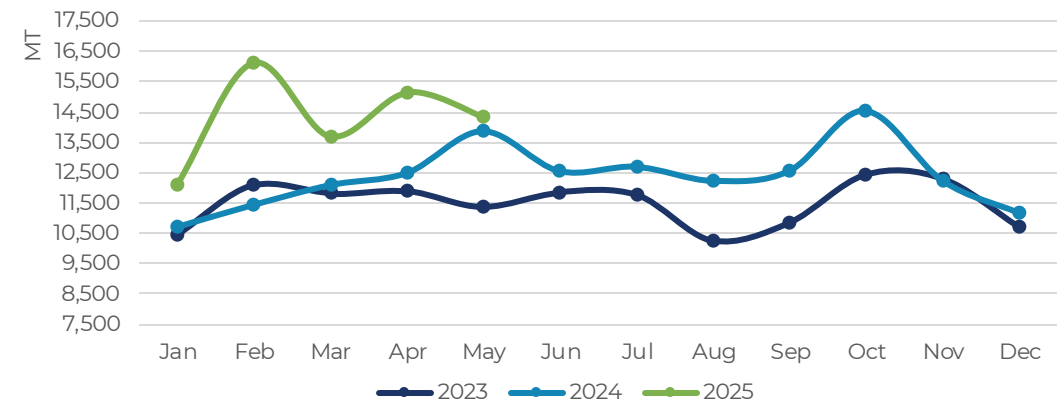


Southeast Asia

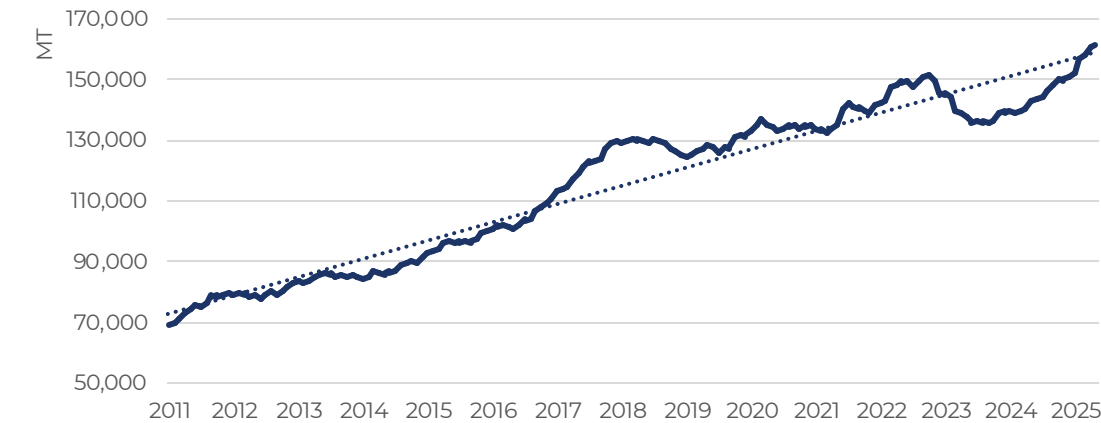
Global Cheese Trade to SEA



Global Cheese Trade to SEA

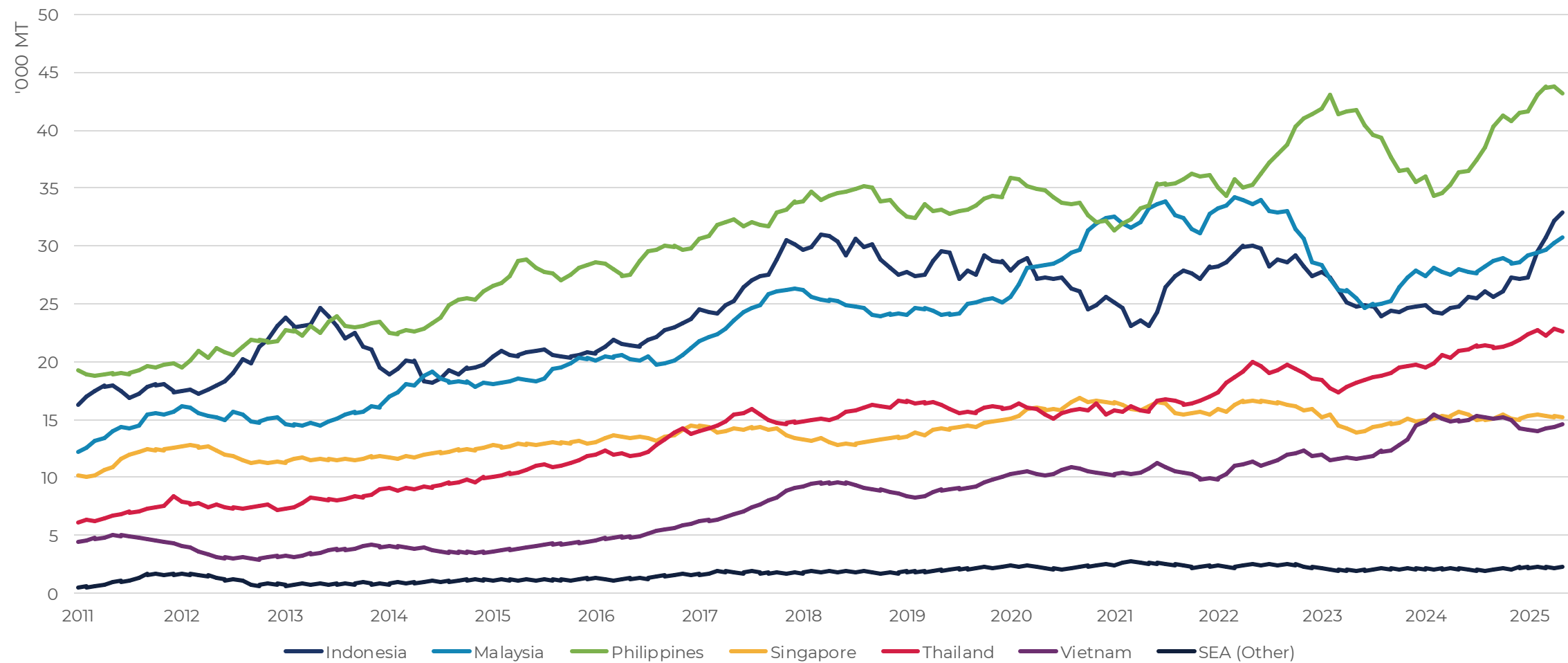


Global Cheese Trade to SEA



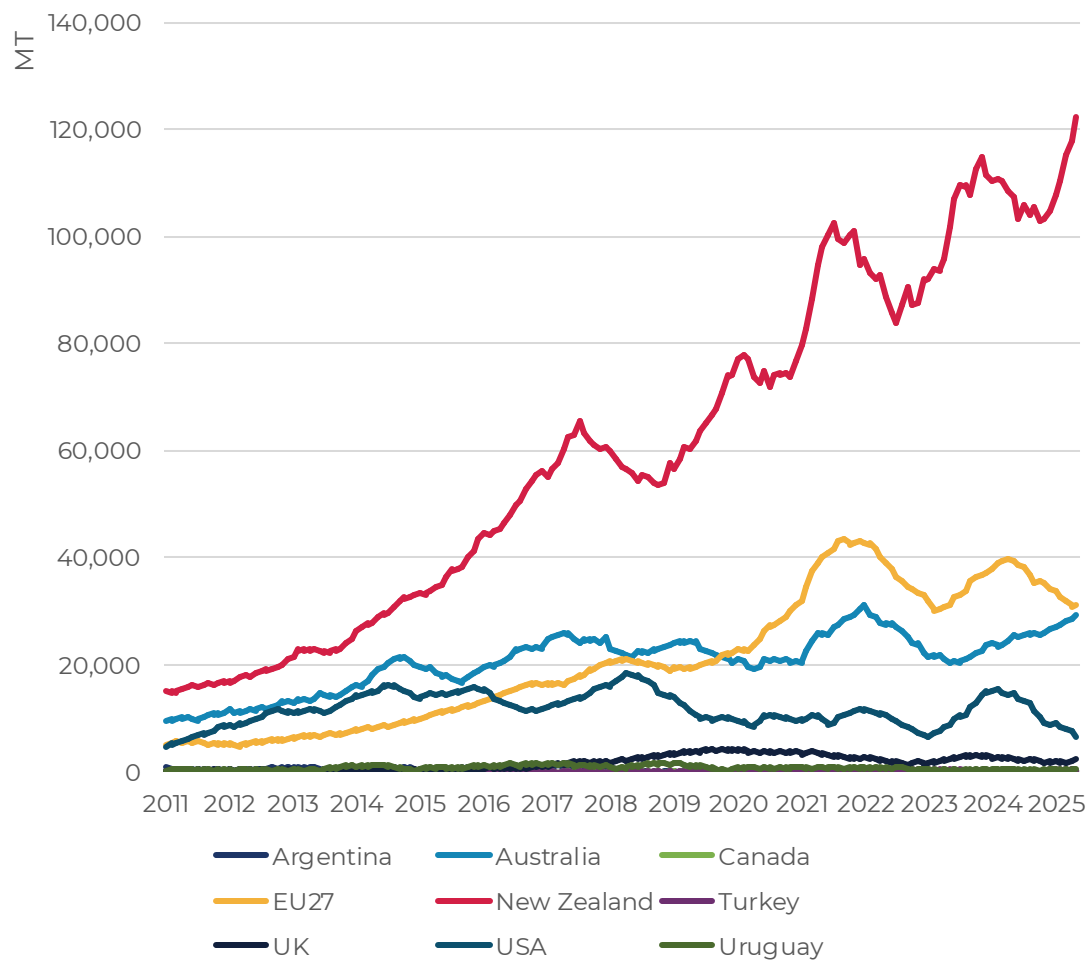
Southeast Asia Country Breakdown

Global Cheese Trade to Southeast Asia by Country

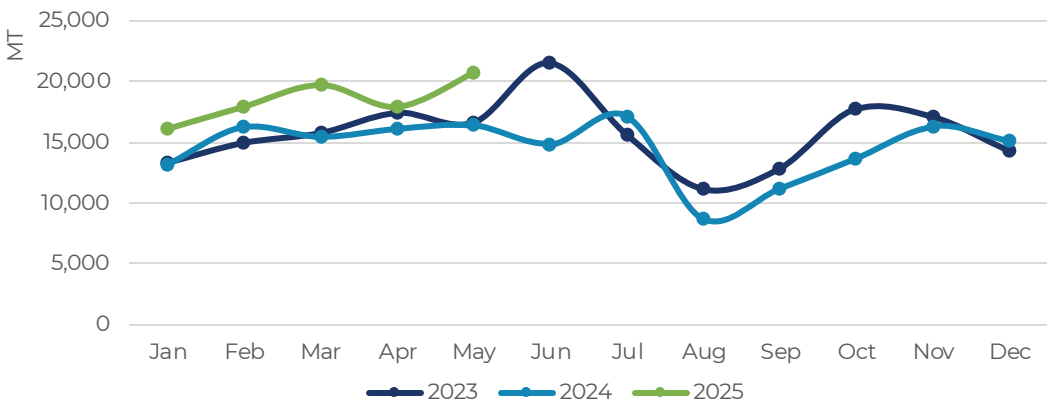


China

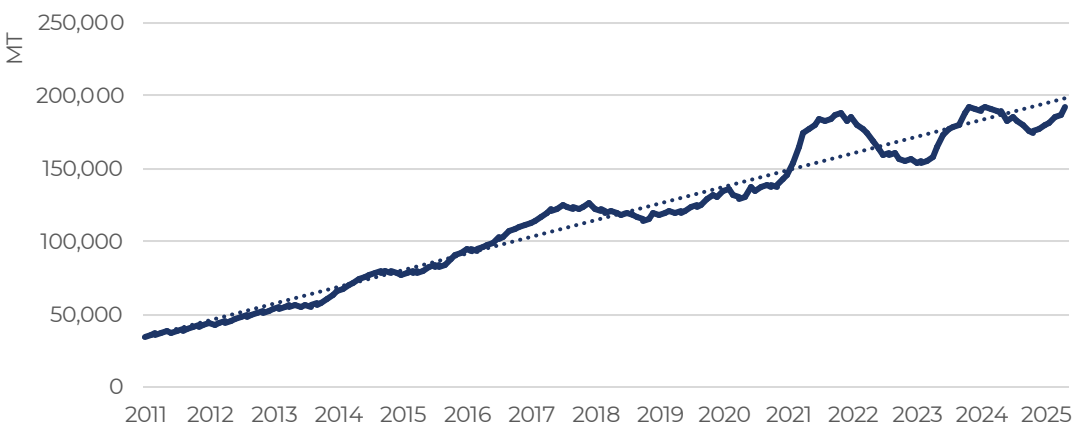
Global Cheese Trade to China+HK



Global Cheese Trade to China+HK



Global Cheese Trade to China+HK





NFDM/SMP

NFDM/SMP Market Commentary



KEY TAKEAWAYS

- Global trade of NFDM/SMP remains sluggish. While May's results were nearly on par with prior year levels (-0.3%, -483 MT), **cumulative shipments over the first five months (-2%, -19,638 MT) of the year were the second smallest volume seen for that time period since 2019.**
- Exceedingly weak shipments into MENA took the biggest bite out of May's results (See Additional Notes) however an 11% decline in trade to China (-2,184 MT) also weighed on the total figure. The dip in Chinese demand in May reflects both dramatically lower exports from the U.S. tied to trade policy challenges. Import data from the Chinese government for June suggests that demand for NFDM/SMP perked up in June although the increase may be more reflective of domestic production challenges rather than a demand driven rebound.
- Outside of China and MENA, there was some growth in NFDM/SMP demand. Shipments to South America bolted upward (+46%, +3,121 MT) due especially to stronger demand from Colombia (+83%, +1,461 MT) and Brazil (+46%, +1,162 MT). South Asia (+42%, +2,047 MT) and Central America (+62%, +1,743 MT) further contributed to the gain. Meanwhile, the key destinations of Southeast Asia (+1%, +666 MT) and Mexico (+1%, +480 MT) notched more modest increases.

Global
NFDM/SMP
Trade

-0.3%

May YoY

-2.0%

YTD, Ending May

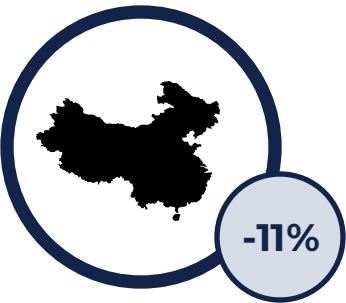
-3.0%

Last 12-Months,
Ending May

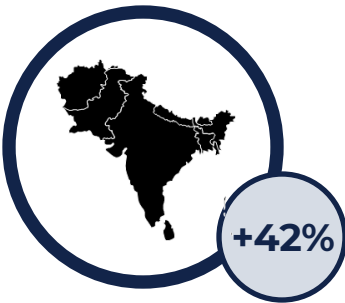
-1.2%

3-Year CAGR

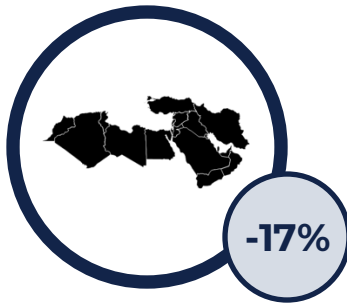
May Standout Markets



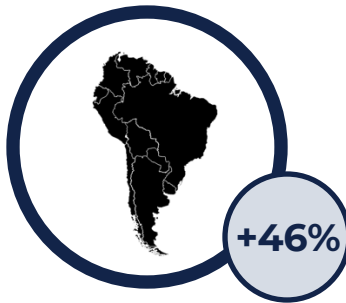
CHINA+HK
-2,184 MT



SOUTH ASIA
+2,047 MT



MENA
-8,005 MT



SOUTH AMERICA
+3,121 MT

ADDITIONAL NOTES

MENA is the second largest destination for NFDM/SMP in the world, following Southeast Asia. But volumes have tumbled this year as likely sufficient inventories and geopolitical uncertainty cast a shadow over the region. So far in 2025, shipments of NFDM/SMP to MENA are down 31% (-76,789 MT), representing the weakest start to the year since 2021. Nearly every country in the region saw milk powder demand fall in May relative to prior year levels, however the most dramatic volume decline was borne by Algeria, where NFDM/SMP trade fell by 26% (-4,550 MT). Algerian demand can be uneven, as shipments are often linked to a tender process. Nevertheless, milk powder trade to Algeria was down 44% (-41,722 MT) over the first five months of the year, indicating that the country is adequately supplied for the time being. Egypt and Morocco also saw volumes slip substantively in May with trade down 24% (-1,807 MT) and 32% (-1,219 MT), respectively. On the other hand, trade was up to Saudi Arabia (+33%, +1,672 MT) and the UAE (+34%, +1,055 MT) in May even as year to date volumes trail prior year.

NFDM/SMP Market Commentary



LOOKING AHEAD

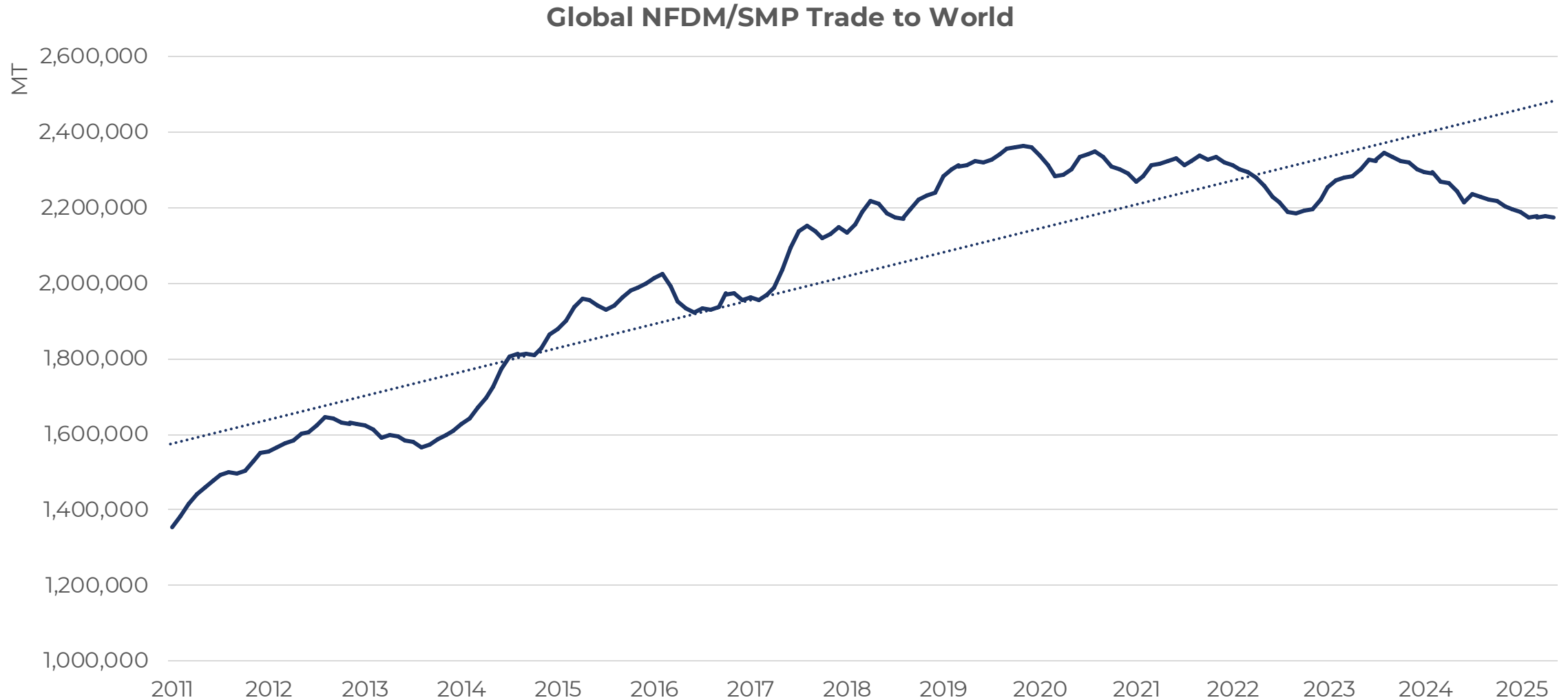
- When will the world pull itself out of its milk powder rut? Global NFDM/SMP trade has been on a downward trend for nearly two years and now sits at roughly the same volume traded annually seven years ago. NFDM/SMP remains a critical foodstuff and ingredient for a many around the world. However, **until demand recovers in MENA and key destinations like Southeast Asia and Mexico begin to see more substantive growth, trade is likely to persist at its current level of malaise.**
- Continued recovery in the global economy is key in getting global NFDM/SMP demand back to growth. But with economic growth stunted this year by the evolving trade situation and conflicts, it will likely take some time before we see demand bounce back.
- Weakness in domestic milk production and clarity following recent trade conflicts may help to boost NFDM/SMP demand from China. However, it remains highly unlikely that the country will return to the elevated buying levels seen in 2021. Thus, **the burden of boosting global NFDM/SMP trade will likely need to come from other regions.**

U.S. NFDM/SMP Exports	+1.7% May YoY	-12.9% YTD, Ending May	-8.5% Last 12-Months, Ending May	-2.9% 3-Year CAGR
EU NFDM/SMP Exports	+4.4% May YoY	+1.6% YTD, Ending May	-4.4% Last 12-Months, Ending May	-1.% 3-Year CAGR
NZ NFDM/SMP Exports	-13.1% May YoY	+4.4% YTD, Ending May	+1.2% Last 12-Months, Ending May	+0.4% 3-Year CAGR

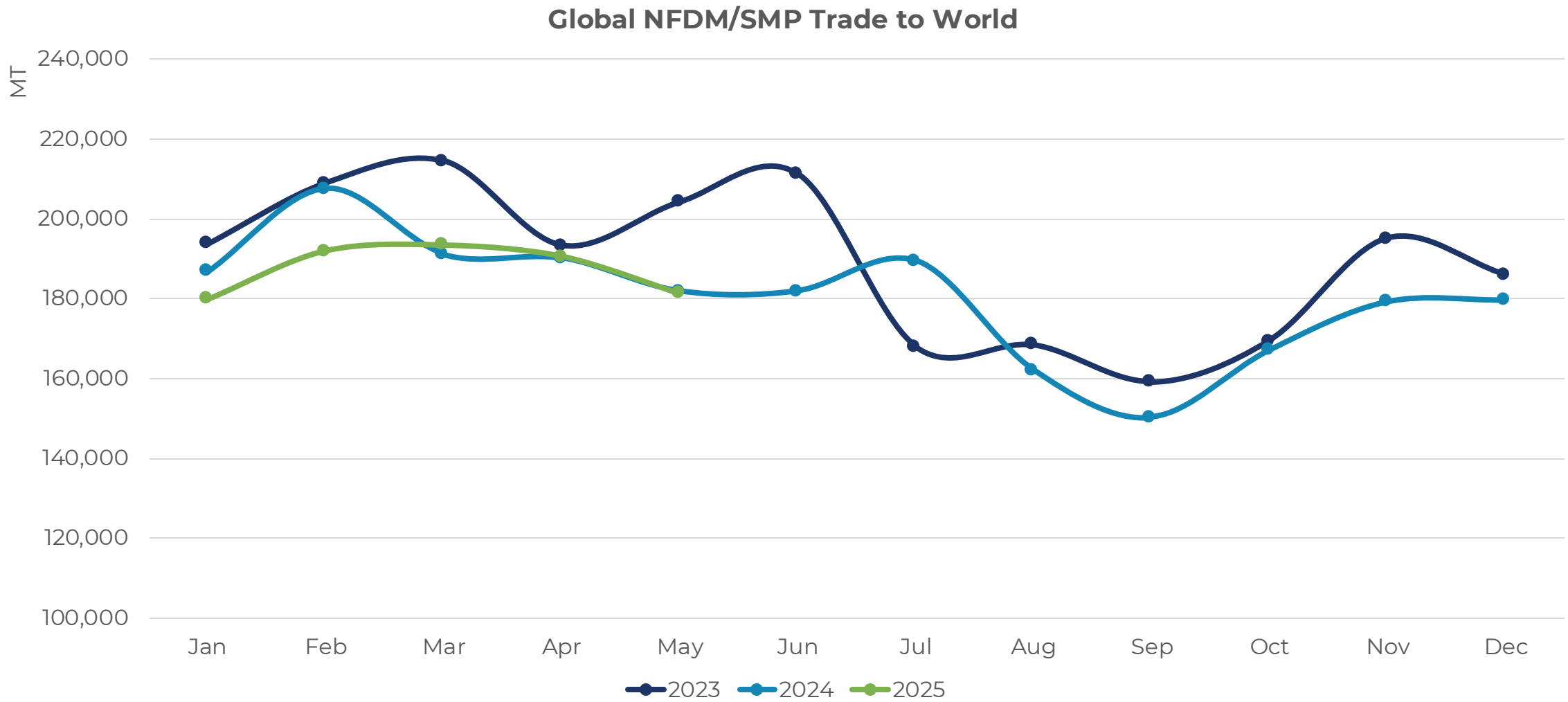
Average NFDM/SMP Export Value to World



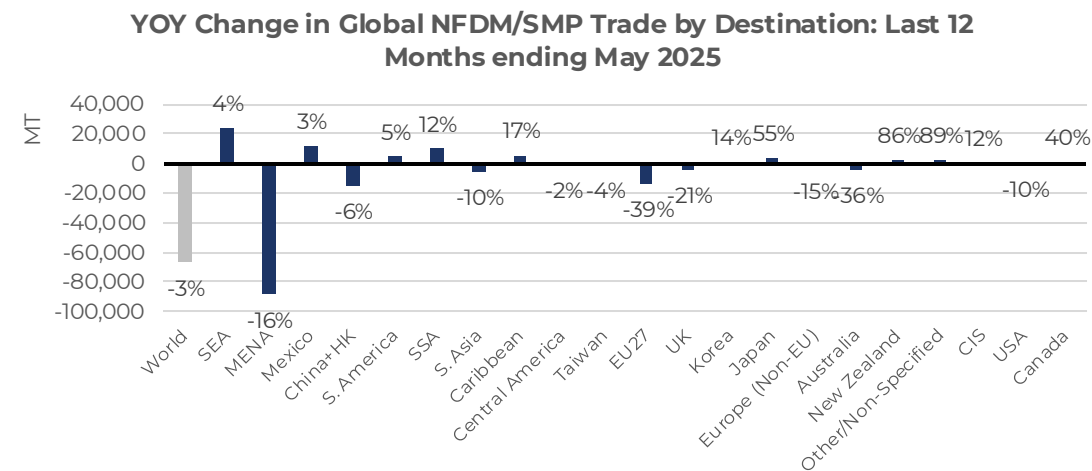
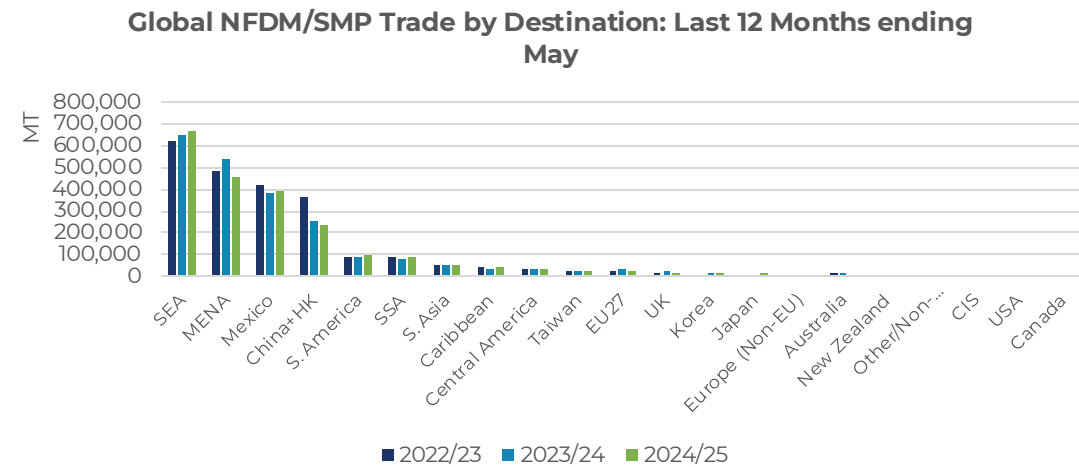
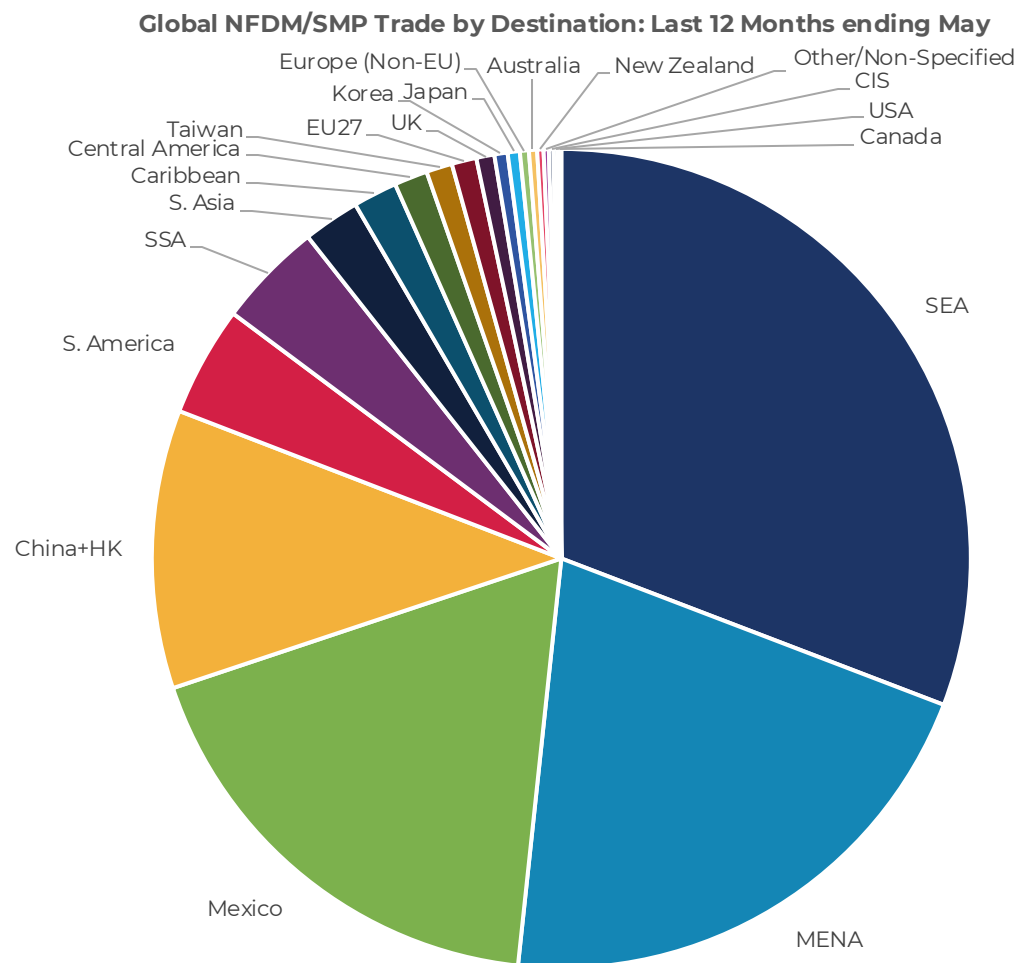
Global Overview: NFDM/SMP



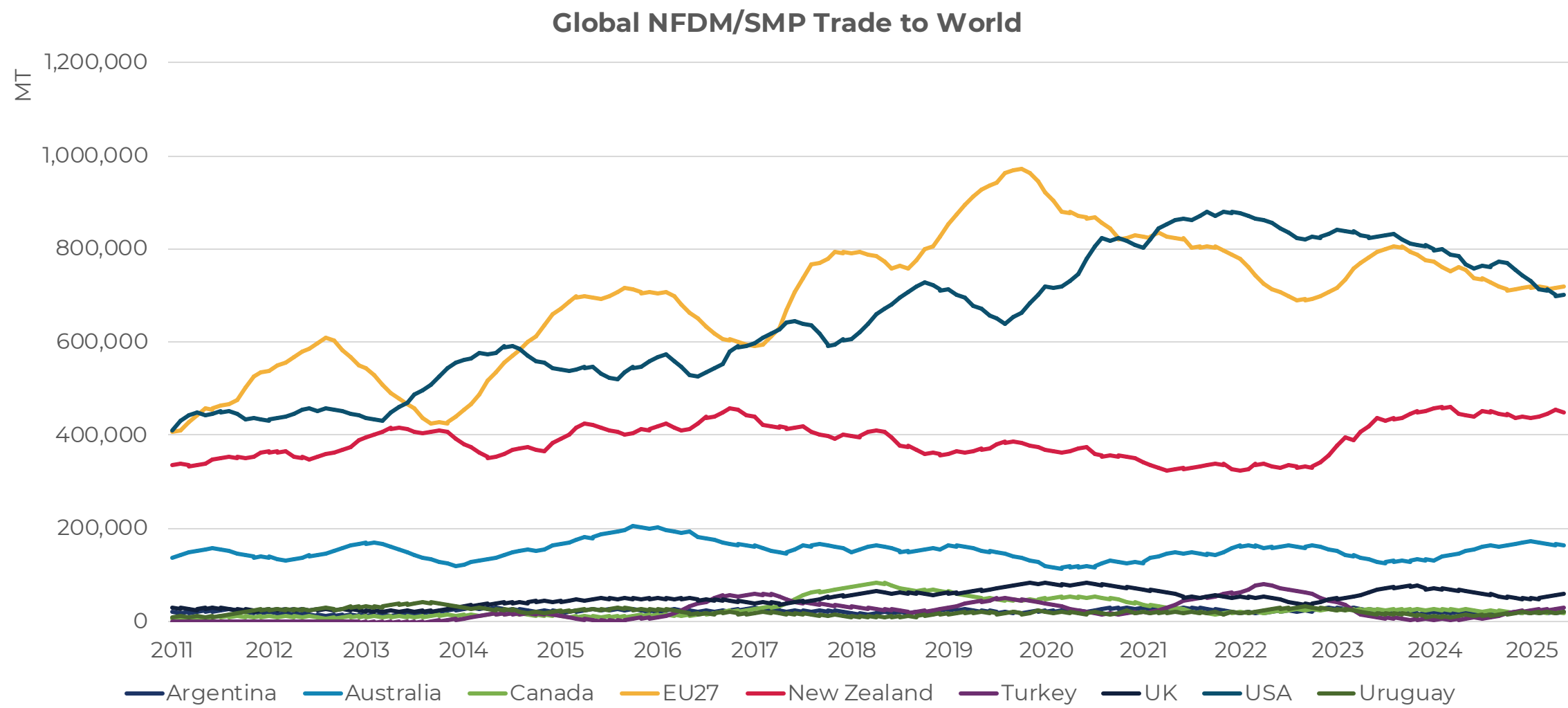
Global Overview: NFDM/SMP



Global Overview: NFDM/SMP – Last 12 Months

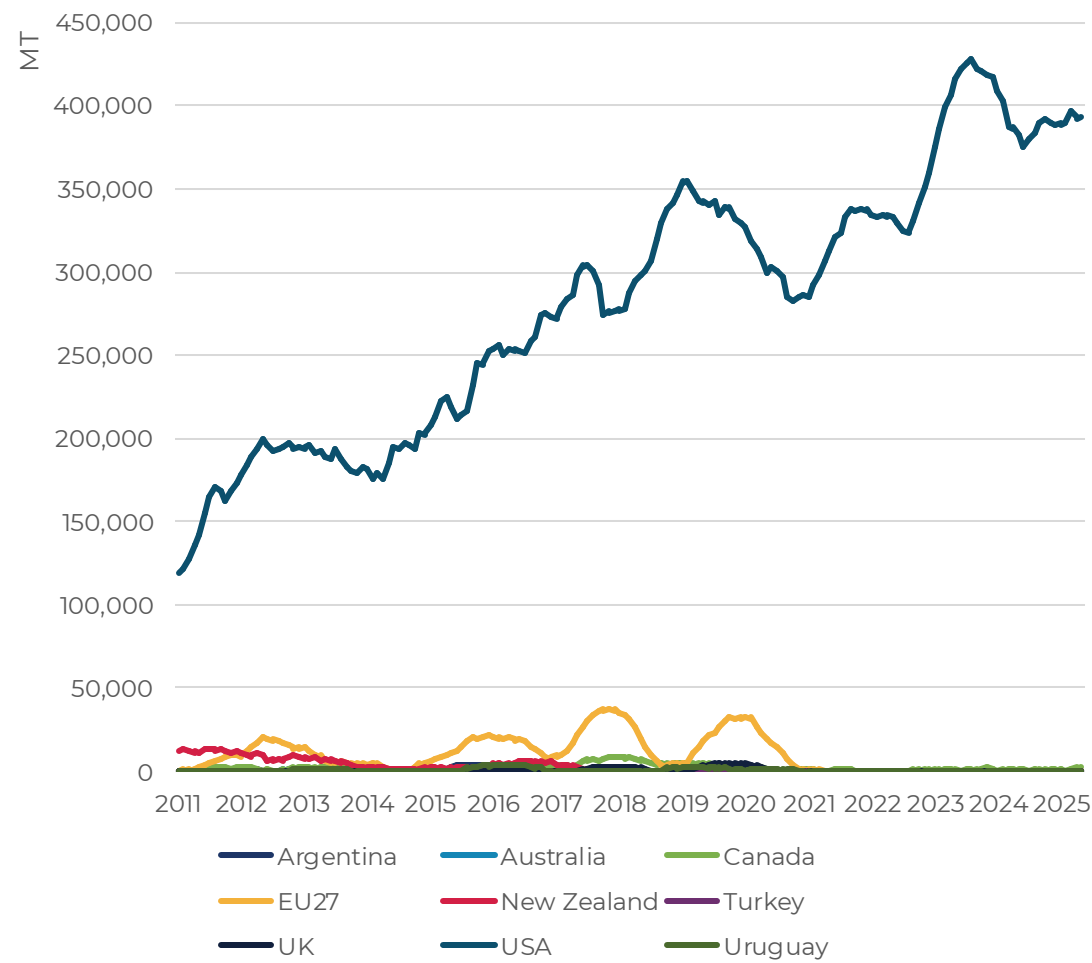


Trade Flows: NFDM/SMP

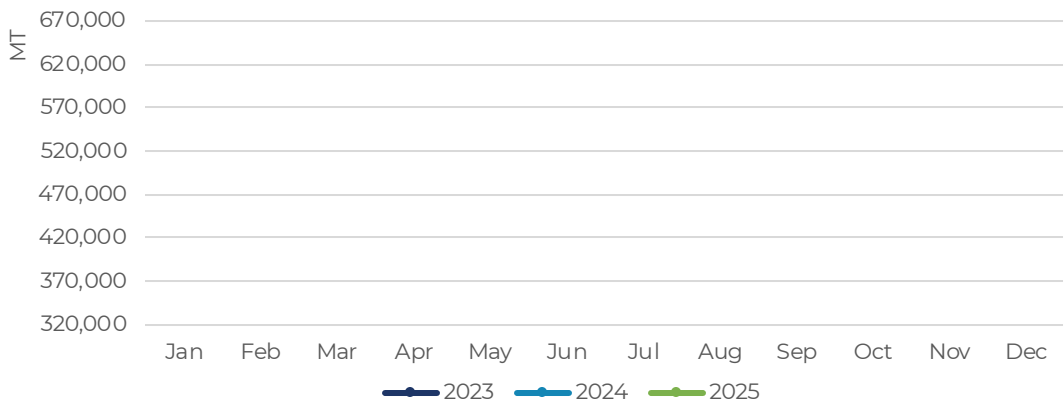


Mexico

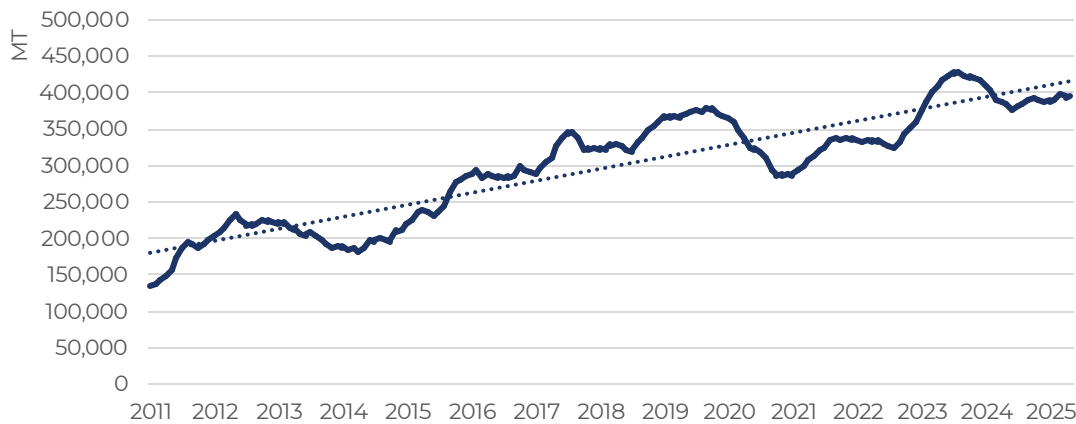
Global NFDM/SMP Trade to Mexico



Global NFDM/SMP Trade to Mexico

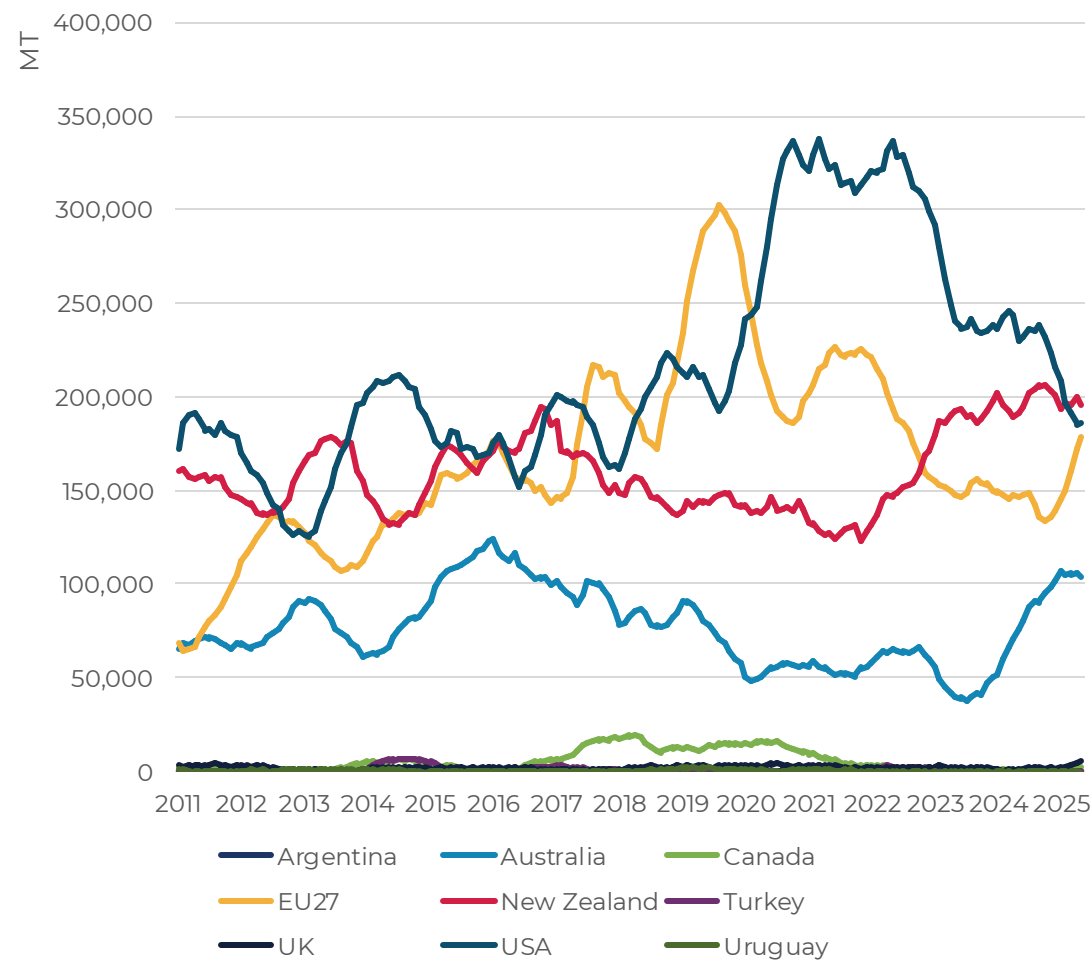


Global NFDM/SMP Trade to Mexico

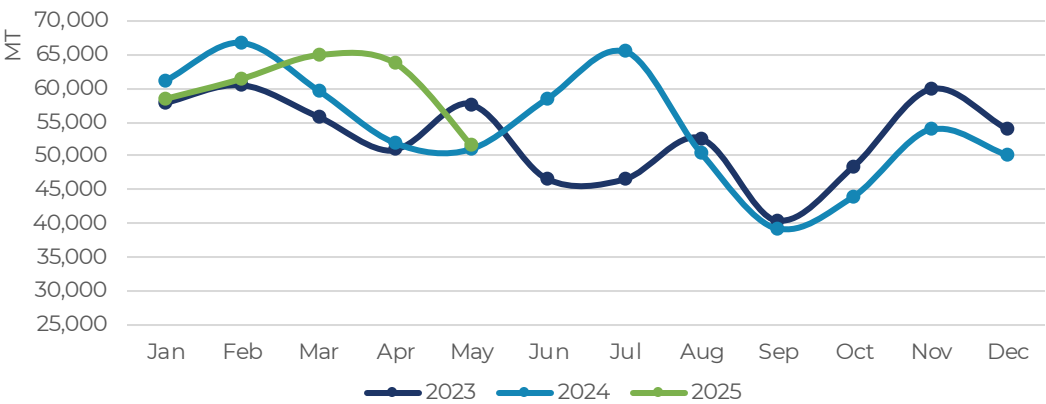


Southeast Asia

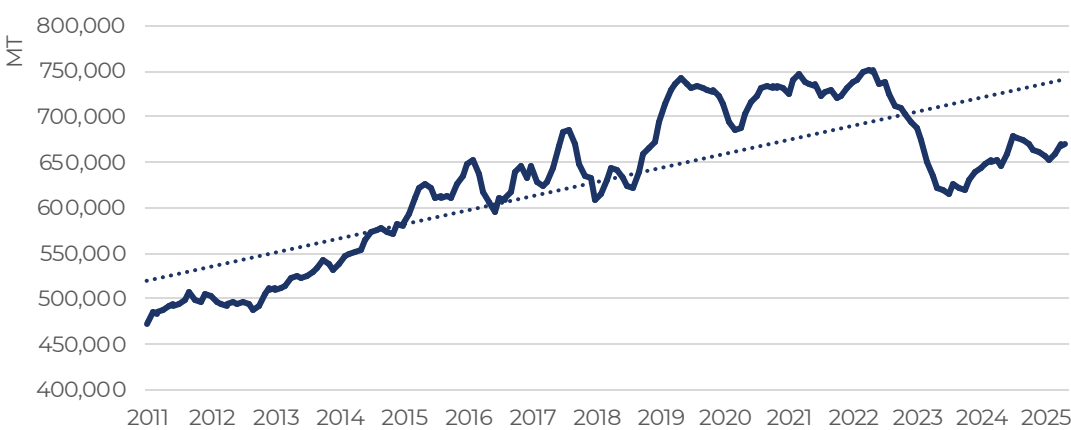
Global NFDM/SMP Trade to SEA



Global NFDM/SMP Trade to SEA

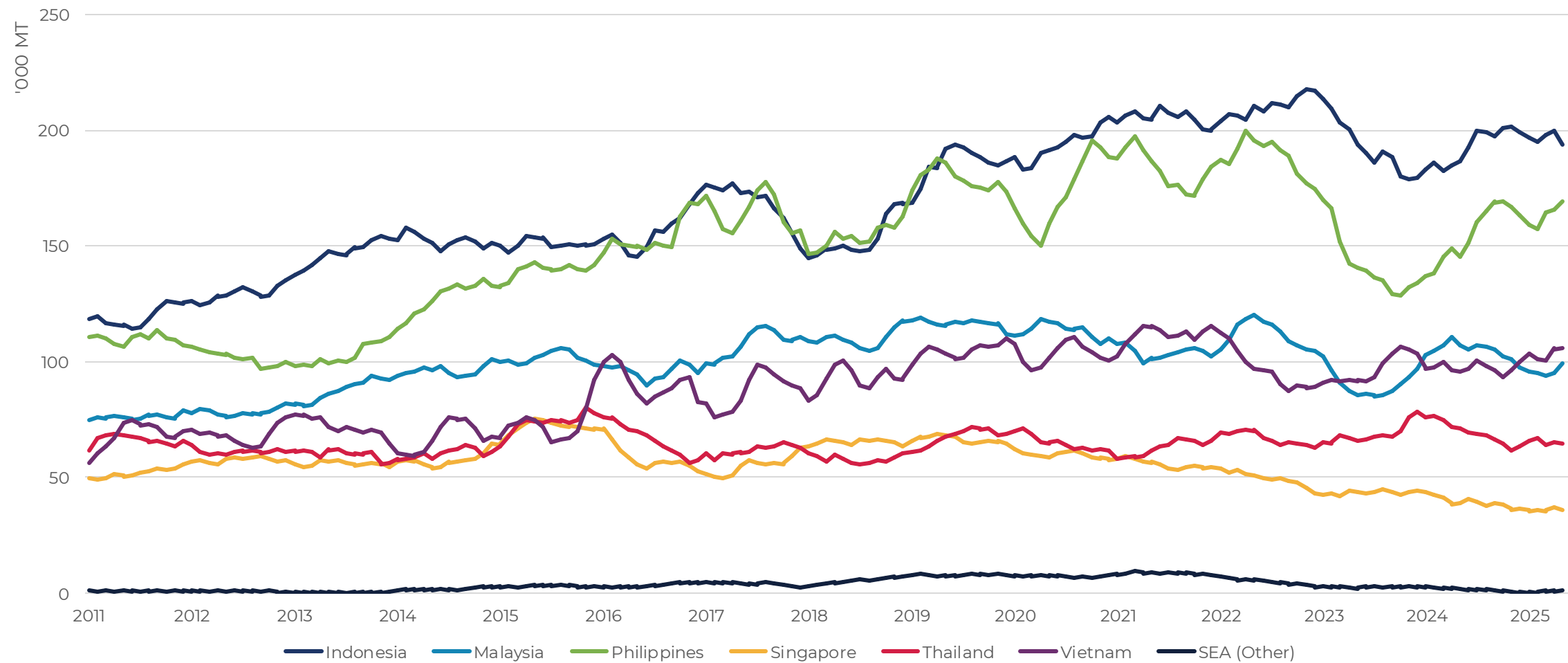


Global NFDM/SMP Trade to SEA



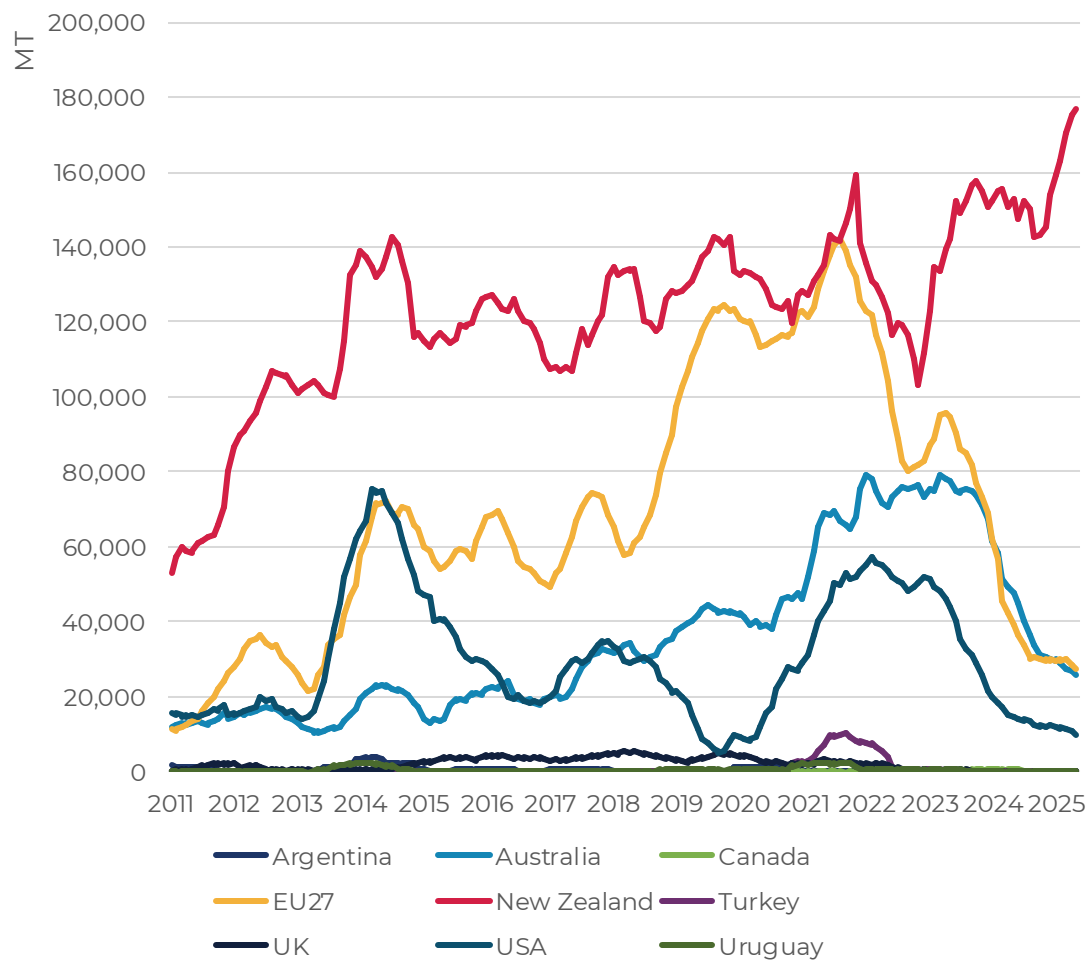
Southeast Asia Country Breakdown

Global NFDM/SMP Trade to Southeast Asia by Country

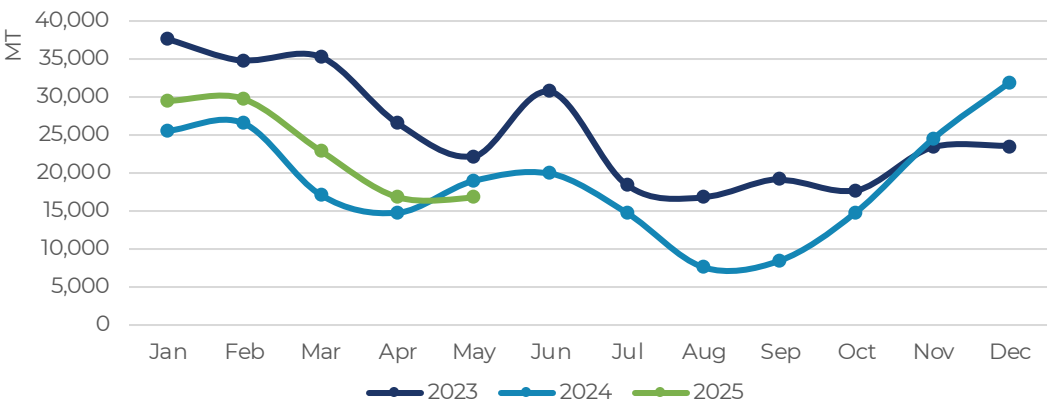


China

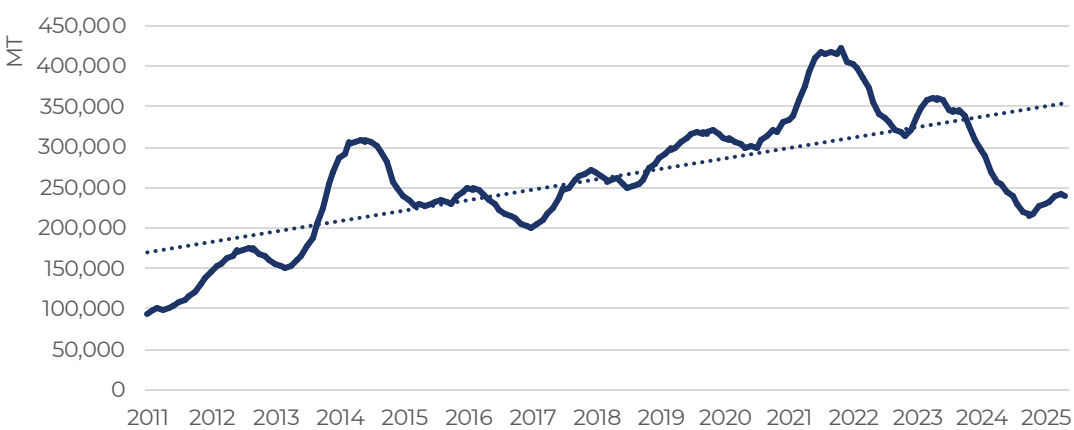
Global NFDM/SMP Trade to China+HK



Global NFDM/SMP Trade to China+HK

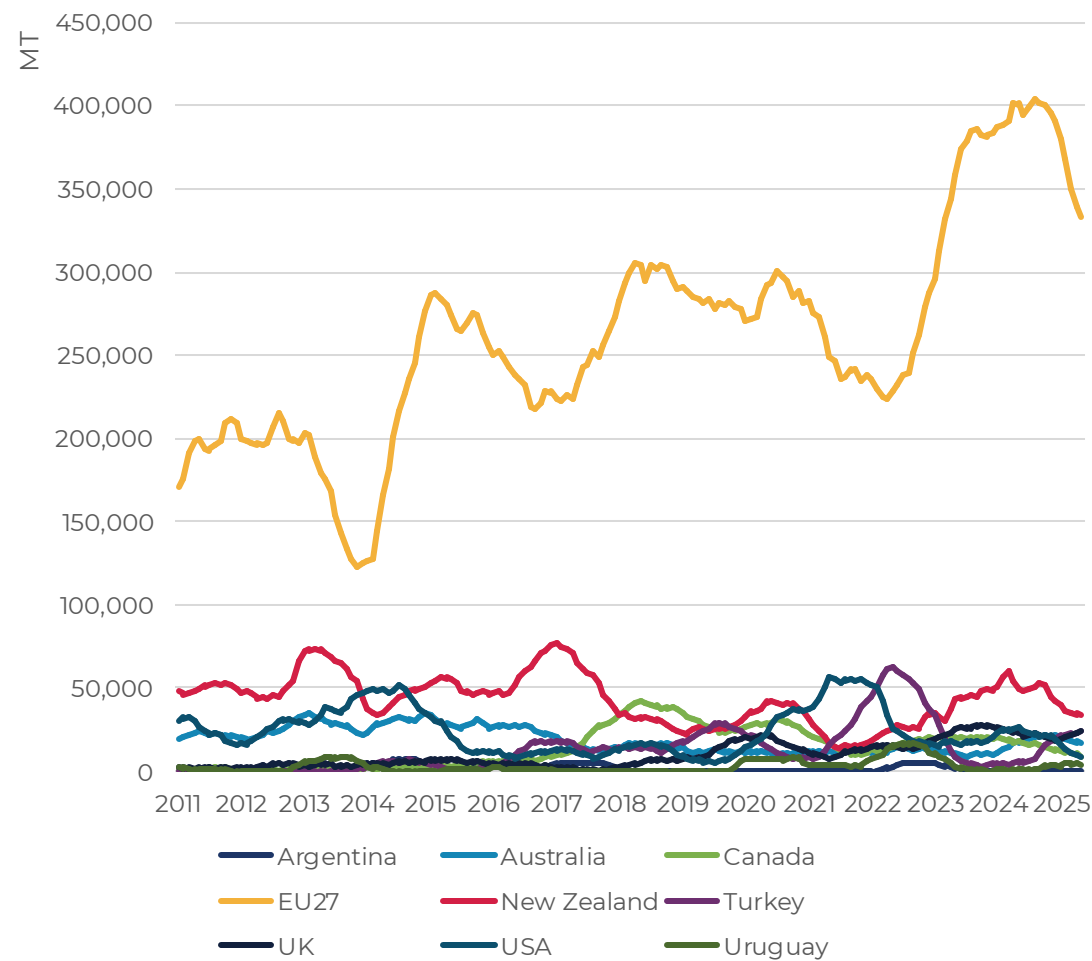


Global NFDM/SMP Trade to China+HK

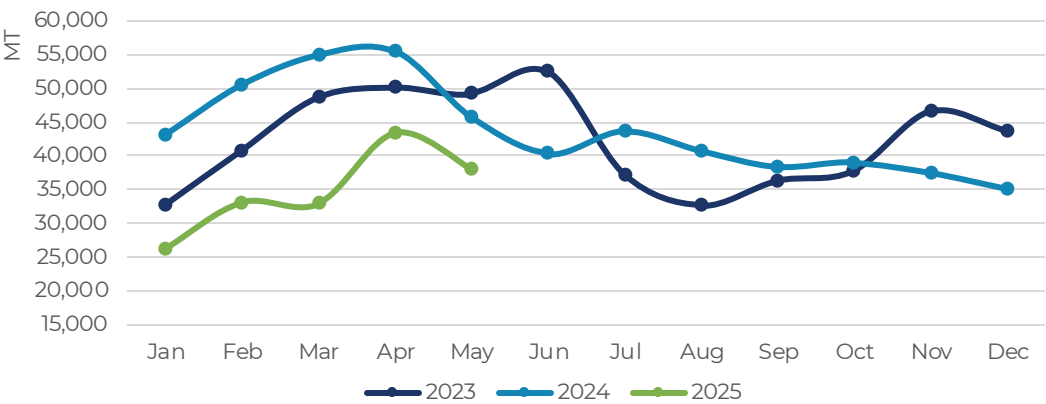


MENA

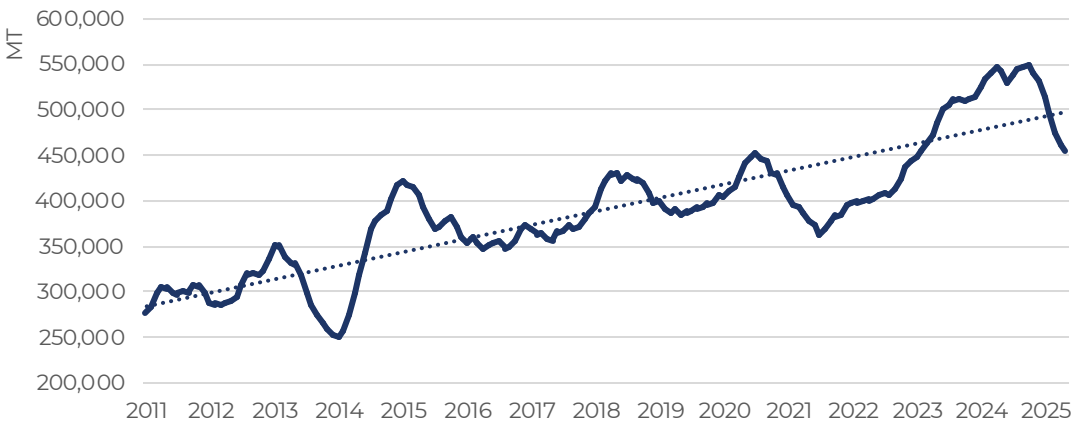
Global NFDM/SMP Trade to MENA



Global NFDM/SMP Trade to MENA

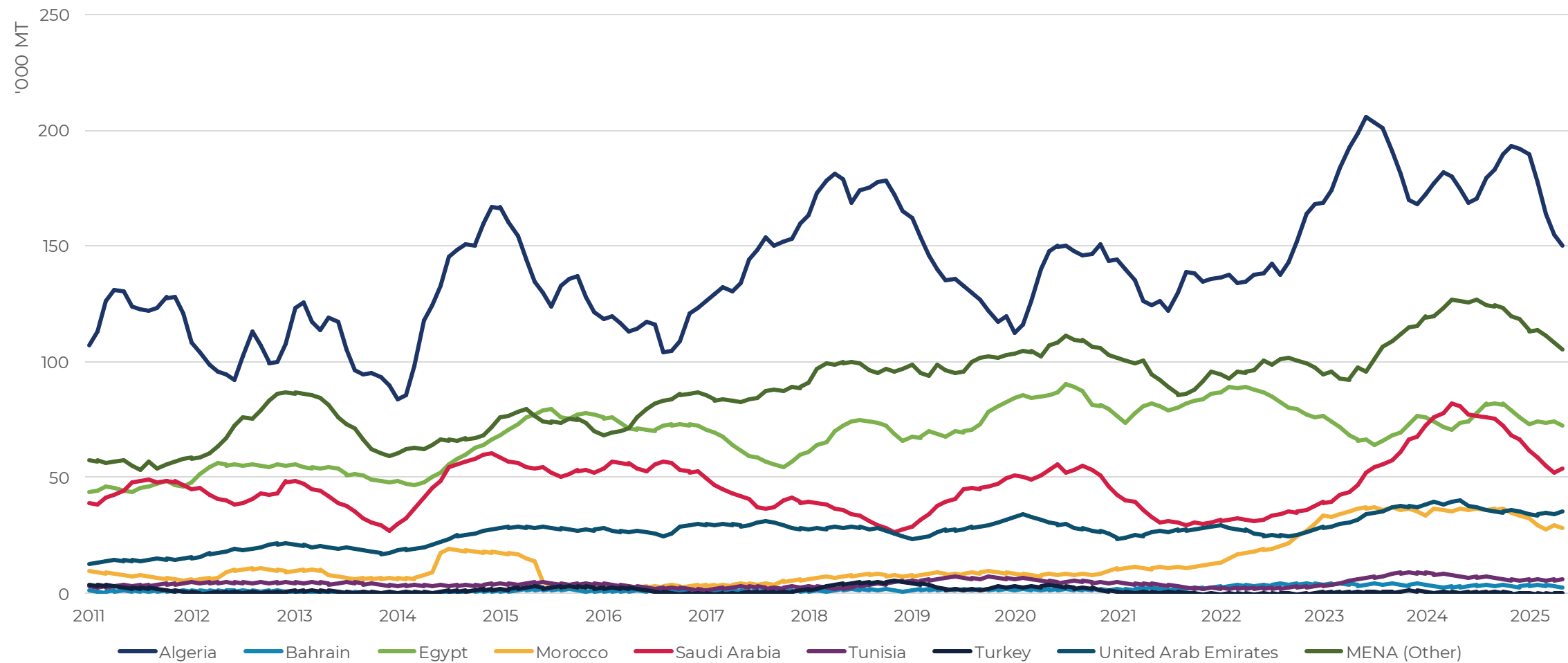


Global NFDM/SMP Trade to MENA



Middle East-North Africa Country Breakdown

Global NFDMSMP Trade to MENA by Country



Whey Products (0404.10)

Whey Products (0404.10) Market Commentary



KEY TAKEAWAYS

- **Global low protein whey trade took a substantial step back in May (-12%, -17,849 MT) as trade tensions between the U.S. and China saw U.S. exports of low protein whey to China fall 70% (-15,688 MT) for the month.** This is a stunning reversal after Chinese imports had been the driving force behind low protein whey trade to start the year – up 36% (+34,914 MT) in Q1 and now collectively down 22% (-20,545 MT) in April and May.
- Outside of China, low protein whey demand from the rest of the world was mixed, but ultimately eased slightly for the month – down 1.3% (-1,246 MT). Southeast Asia (SEA, -8%, -3,344 MT) and Middle East-North Africa (MENA, -17%, -1,778 MT) joined China in weaker May volumes while most other regions saw improved demand. However, despite the UK (+22%, +937 MT), the EU (+26%, +982 MT) and the U.S. (+16%, +566 MT) all seeing strong growth, the dramatic pullback in Chinese demand along with SEA and MENA (the three of which collectively represent 68% of total global low pro trade) pushed trade growth negative for the month.

**Global
Whey
(0404.10)
Trade**

-12.1%

May YoY

+0.8%

YTD, Ending May

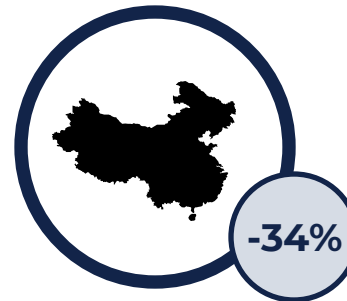
+6.8%

Last 12-Months,
Ending May

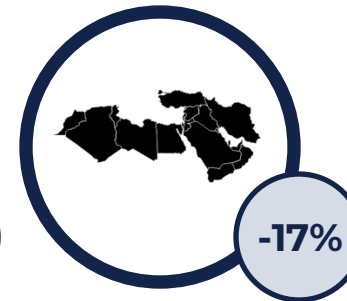
+1.4%

3-Year CAGR

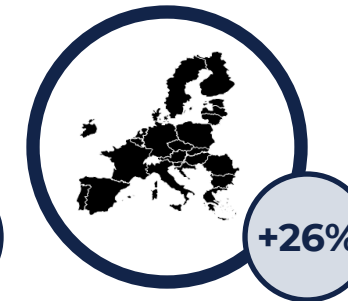
May Standout Markets



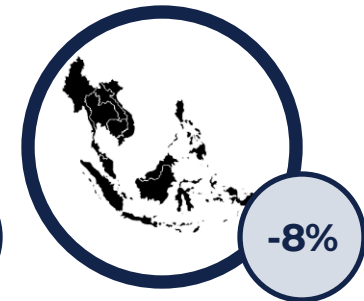
CHINA+HK
-16,603 MT



MENA
-1,778 MT



EU27
+982 MT



SOUTHEAST ASIA
-3,344 MT

ADDITIONAL NOTES

The next page takes a closer look at low protein whey trade volume to China in the midst of tariff challenges with the U.S. I ran out of room on the page, but also wanted to cover the price impacts of the current trading dynamic – so read the next page before this section. As China desperately turns to other suppliers to fill the low protein whey gap left by the U.S., other global supplies are enjoying a price rally from the increased interest from Chinese buyers. From the start of the year, the unit value of U.S. low protein whey exports to China declined 18%. Over the same period, the unit value of EU low protein whey exports to China rose 26%. This dynamic is putting downward pressure on U.S. prices and is likely to persist until some balance is found in U.S.-China trade relations and tariffs are brought down. This is also not unique to low protein whey nor China and we could potentially see a similar structural price gap emerge in other countries and with other products if more countries choose to retaliate with significant tariff rates. In the near-term though, expect U.S. low protein whey unit export values (and volumes) to China to remain low compared to the EU in order to remain competitive under the additional tariff costs.

Whey Products (0404.10) Market Commentary



LOOKING AHEAD

- Chinese low protein whey imports were up 36% (+68,471 MT) through Q1 of this year. In May, those imports declined significantly (-34%, -16,603 MT) and almost entirely at the expense of U.S. exports. U.S. low protein whey exports to China fell by 70% (-15,668 MT) in May.
- The primary driver for the decline is tariffs. China placed significant retaliatory tariffs on U.S. products, well over 100% at one point, and while the tariff levels have since been reduced, the resulting uncertainty has Chinese buyers spooked and looking to other suppliers to fill that demand. The challenge is the scale of Chinese low protein whey imports. China is the largest importer of low protein whey in the world and the U.S. supplies nearly half of China's total low protein whey imports. China cannot source that amount of product from a single other supplier nor from a group of suppliers. As a result, in the near-term China is attempting to source as much as they can from alternative suppliers (likely the EU, but also Turkey, Belarus and Argentina) but will also have no other choice but to pay the tariffs in some cases or simply import less volume.
- As a result of this dynamic, global whey trade was down 12% (-17,849 MT) in May. As we move through the back half of the year, we're going to continue seeing volatility in whey trade and likely some continued divergence in price between global suppliers until some balance is found in U.S.-China trade relations.

U.S. Whey (0404.10) Exports	-24.8% May YoY	-6.9% YTD, Ending May	+2.2% Last 12-Months, Ending May	+0.7% 3-Year CAGR
EU Whey (0404.10) Exports	-12.0% May YoY	+2.8% YTD, Ending May	+5.4% Last 12-Months, Ending May	+1.8% 3-Year CAGR
NZ Whey (0404.10) Exports	-43.4% May YoY	-17.4% YTD, Ending May	-10% Last 12-Months, Ending May	-3.5% 3-Year CAGR

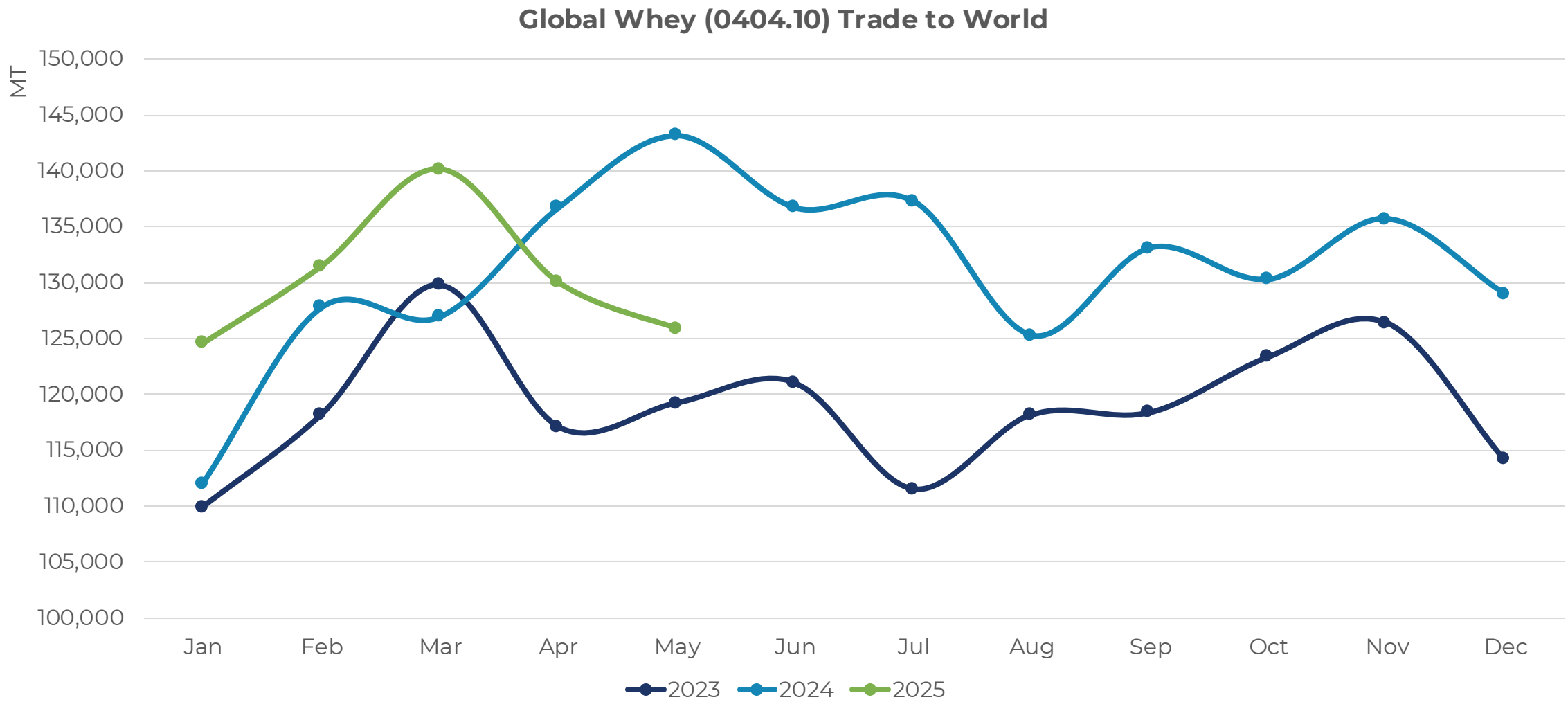
Average Whey (0404.10) Export Value to World



Global Overview: Whey (0404.10)

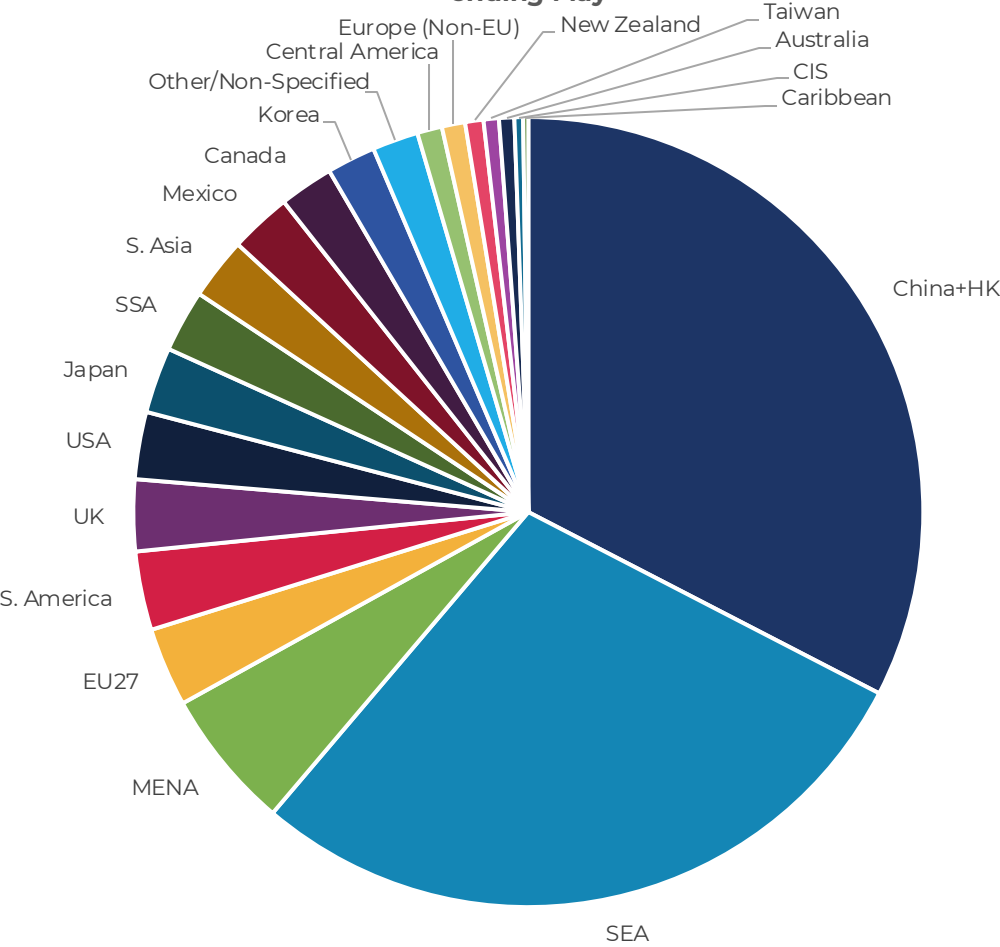


Global Overview: Whey (0404.10)

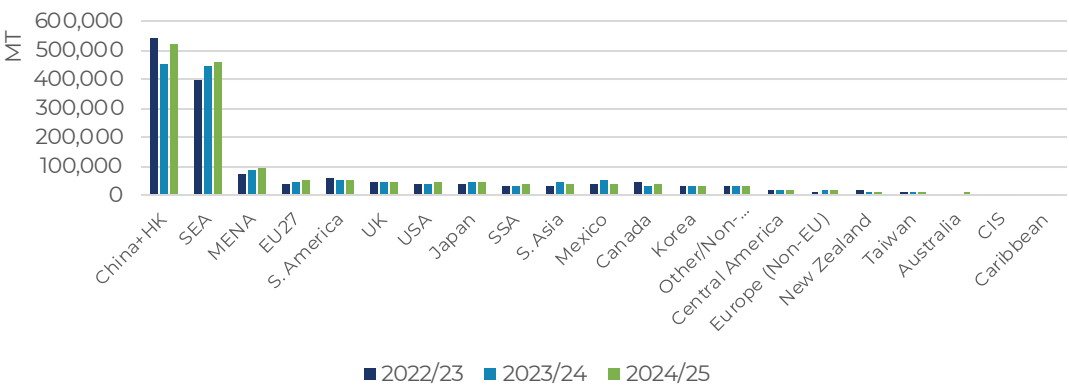


Global Overview: Whey (0404.10) – Last 12 Months

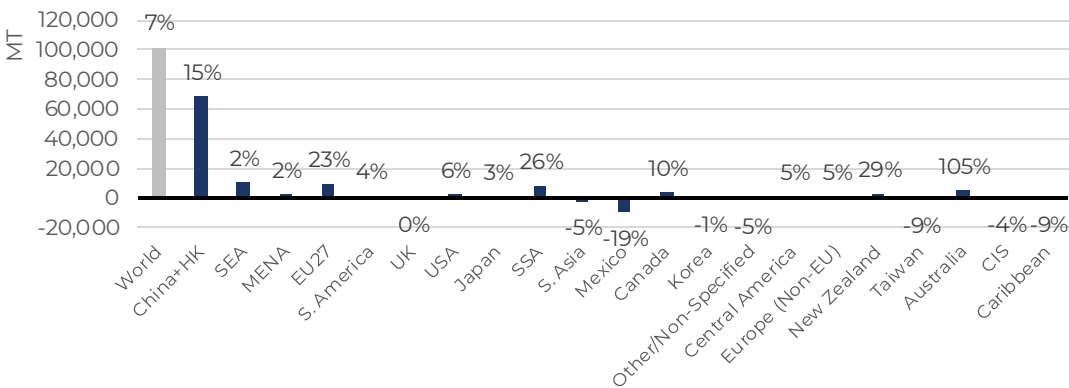
Global Whey (0404.10) Trade by Destination: Last 12 Months ending May



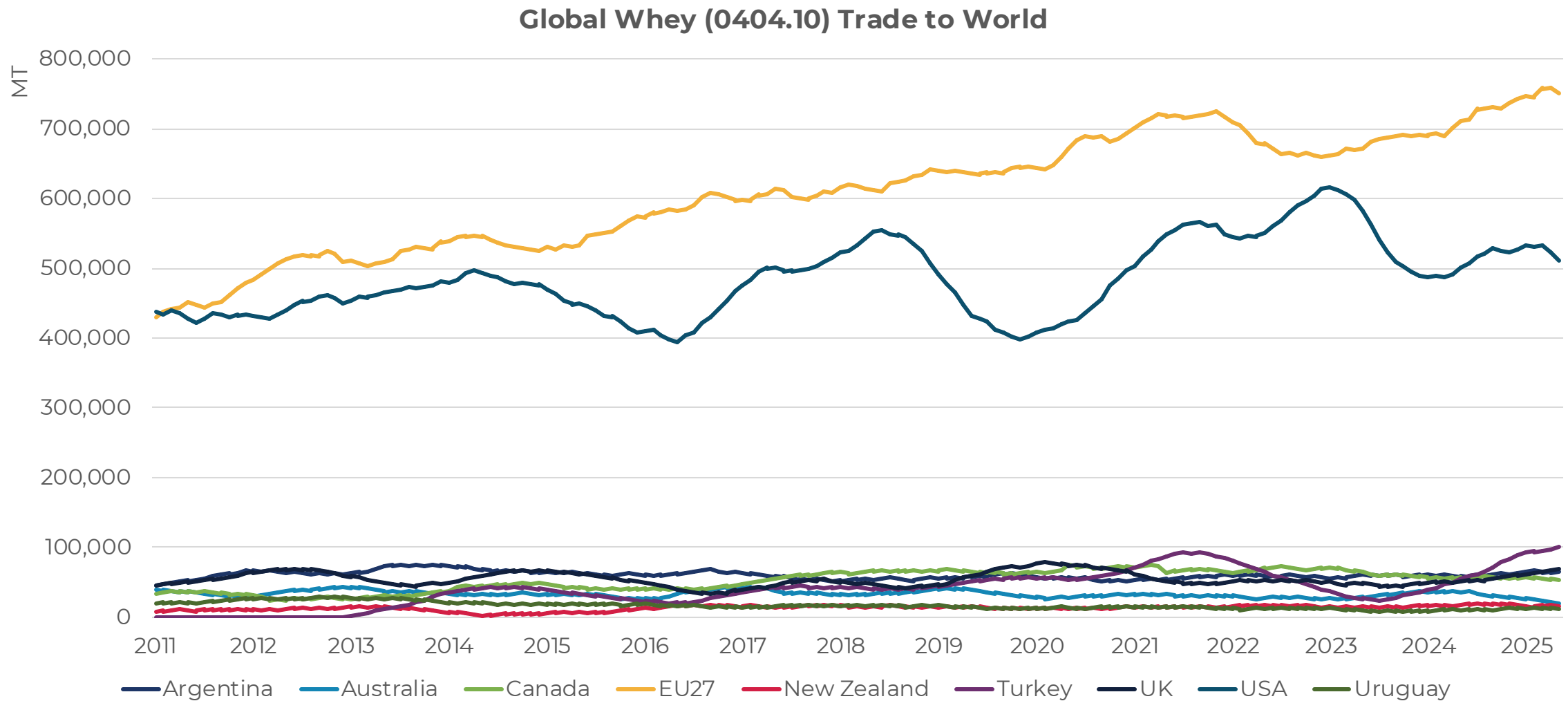
Global Whey (0404.10) Trade by Destination: Last 12 Months ending May



YOY Change in Global Whey (0404.10) Trade by Destination: Last 12 Months ending May 2025

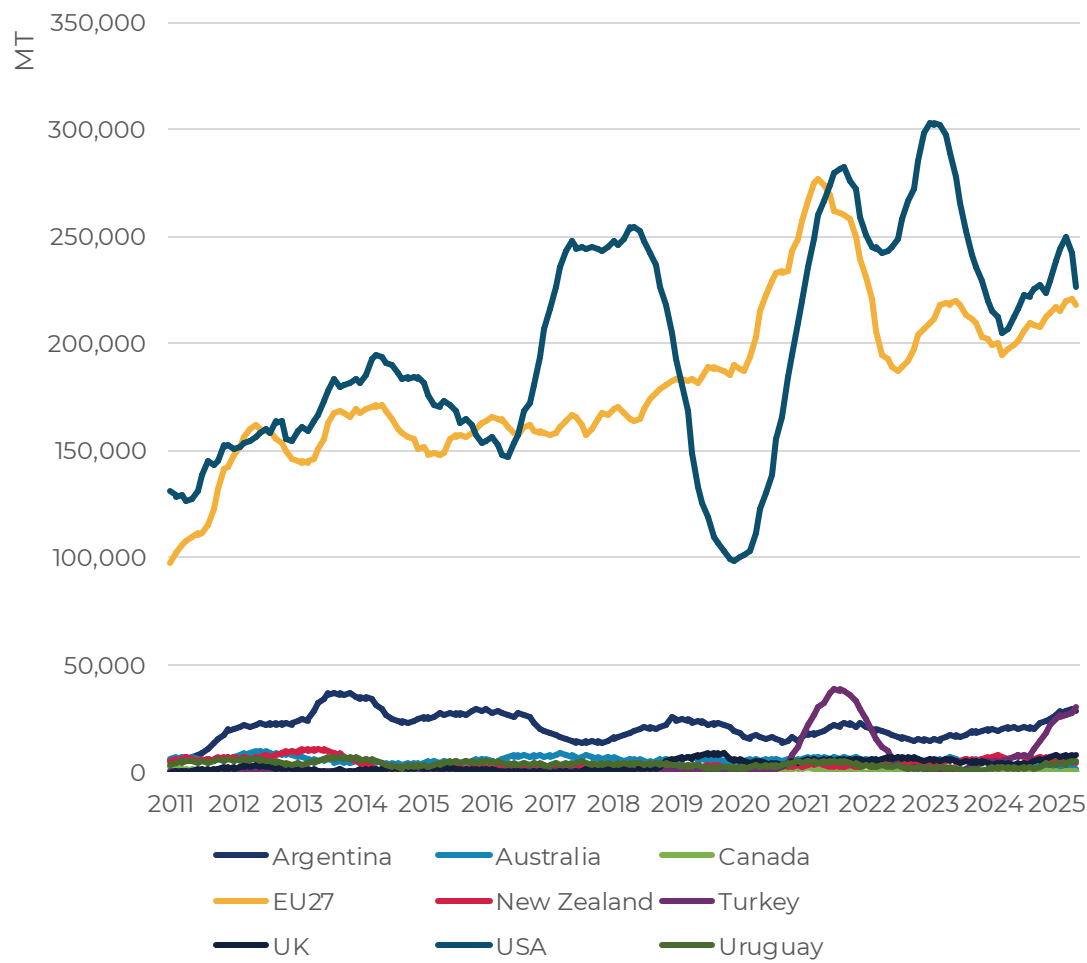


Trade Flows: Whey Products

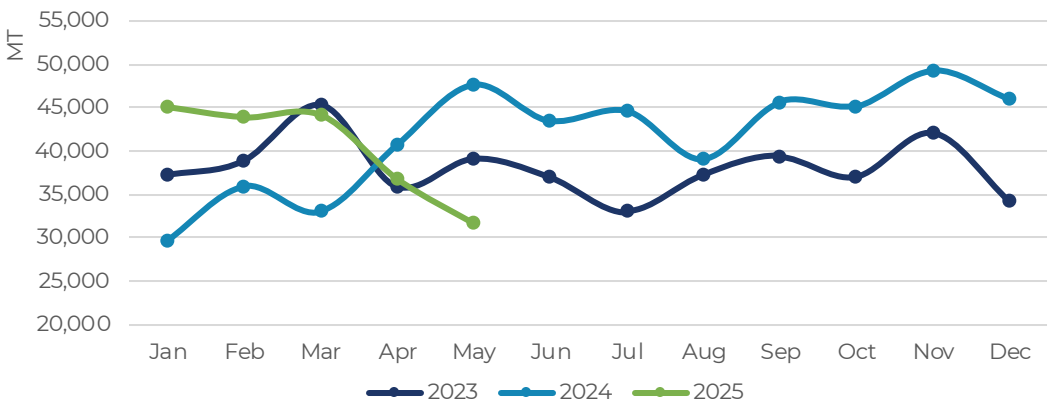


China

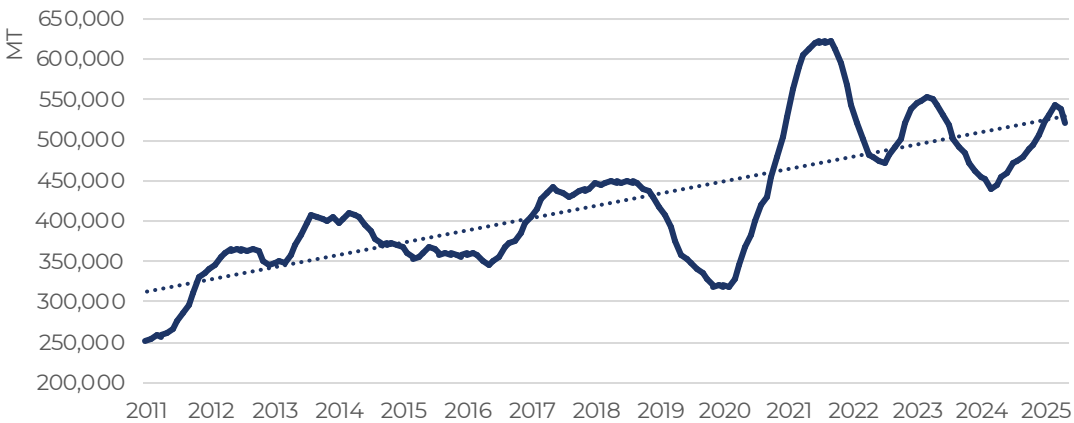
Global Whey (0404.10) Trade to China+HK



Global Whey (0404.10) Trade to China+HK

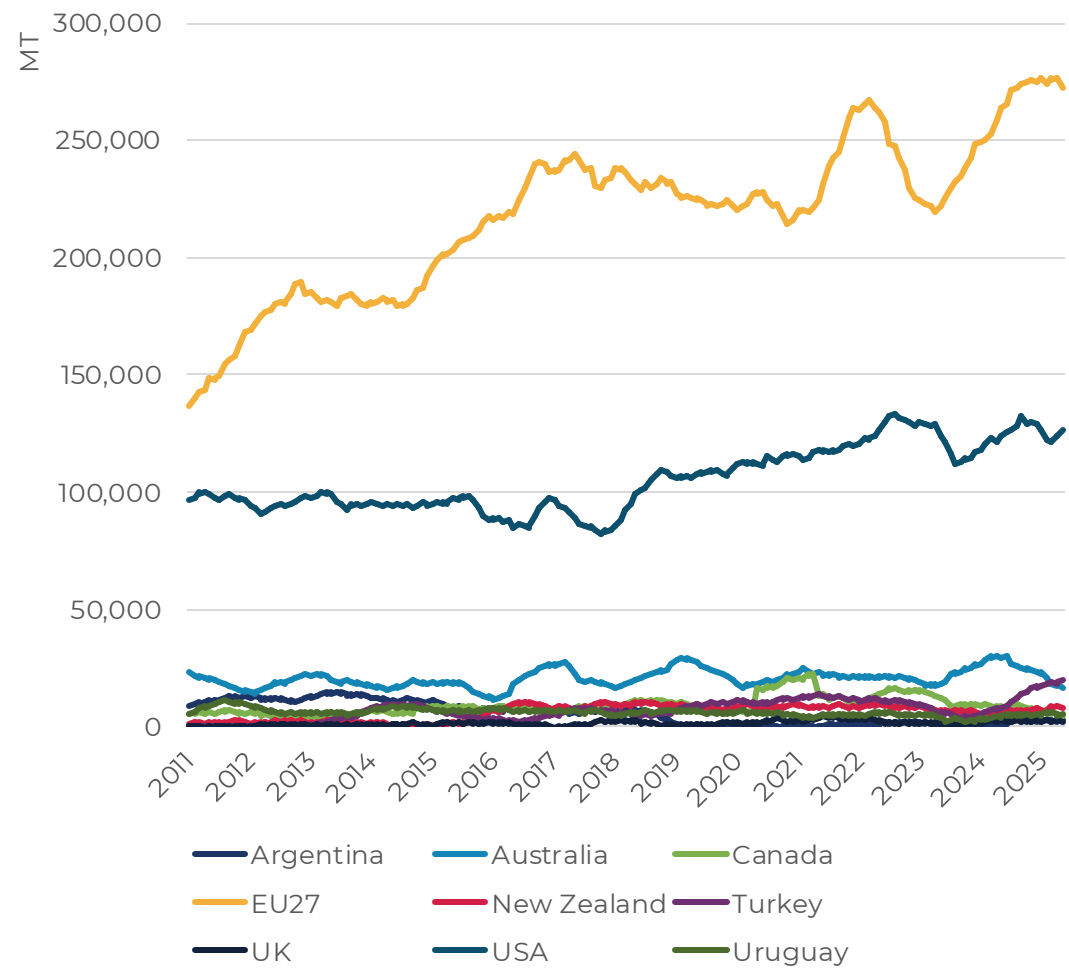


Global Whey (0404.10) Trade to China+HK

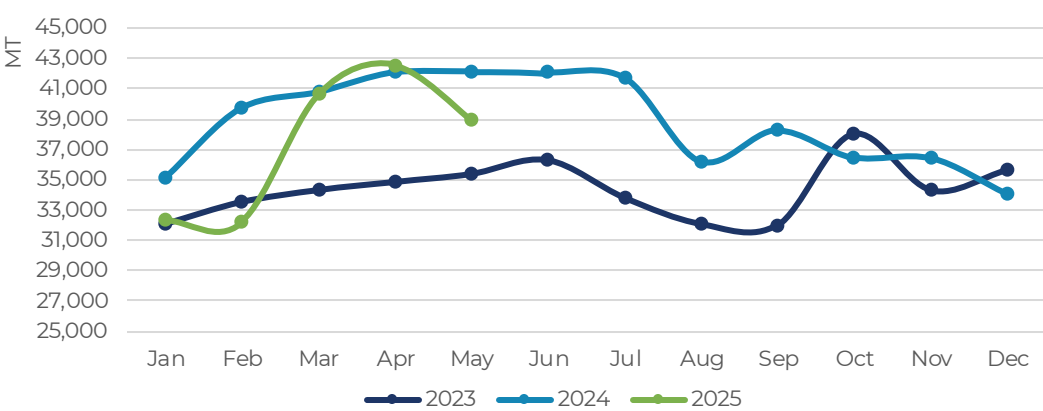


Southeast Asia

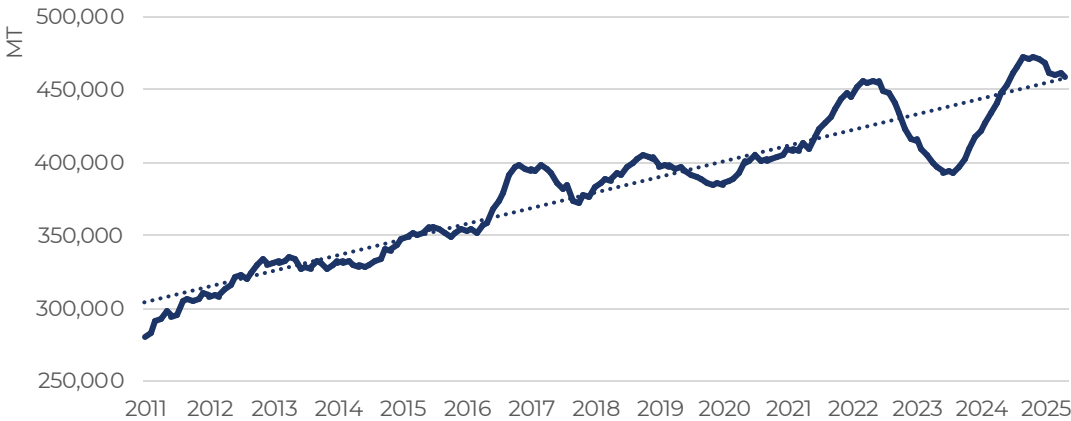
Global Whey (0404.10) Trade to SEA



Global Whey (0404.10) Trade to SEA

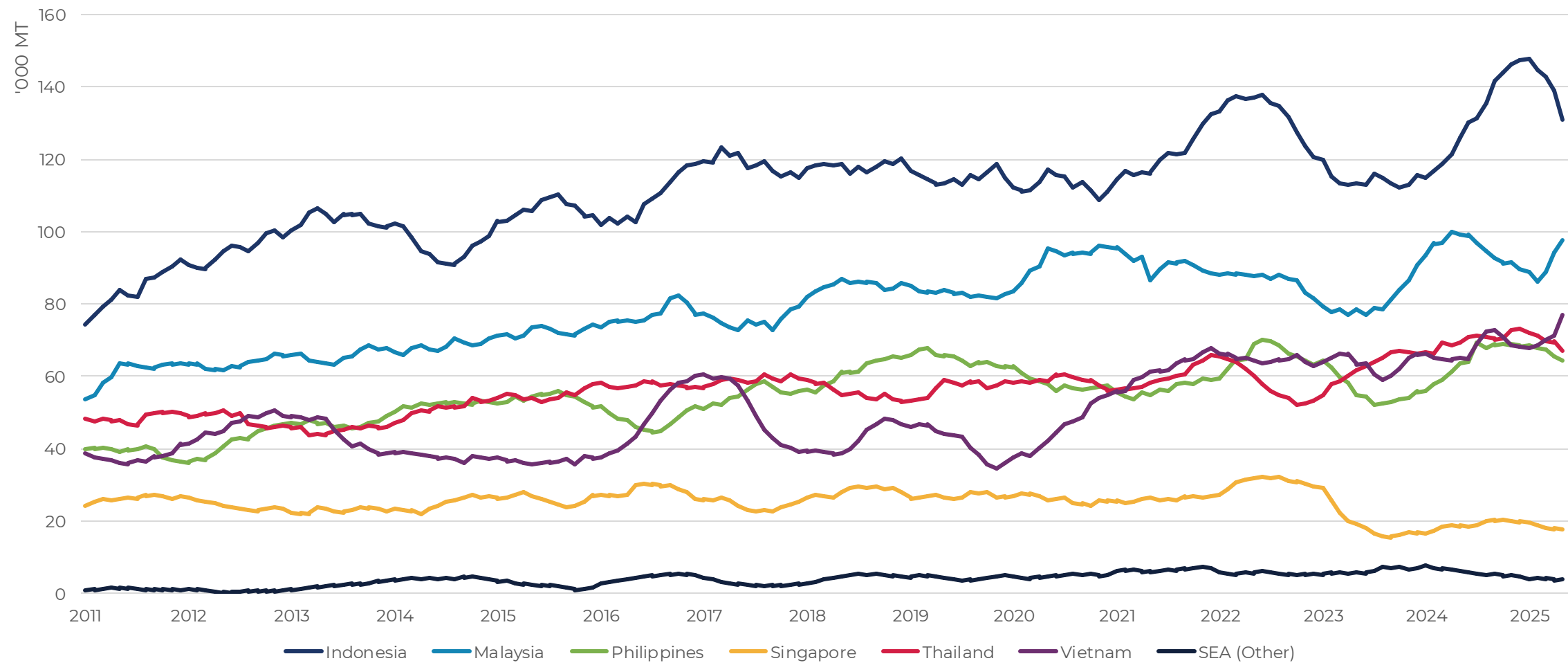


Global Whey (0404.10) Trade to SEA



Southeast Asia Country Breakdown

Global Whey (0404.10) Trade to Southeast Asia by Country





**WPC80+
(3502.20)**

WPC80+ (3502.20) Market Commentary



KEY TAKEAWAYS

- **Global consumers continue to demonstrate an insatiable demand for protein, and high protein dairy ingredients have capitalized on this trend.** Global trade of WPC80+ was once again up versus prior year in May (+5%, +796 MT), though volumes remain shy of the record high figures achieved in prior months.
- **Nearly every destination saw trade volumes of WPC80+ rise during May.** In absolute terms, South Asia (+58%, +733 MT) led the field with volumes to India accounting for virtually all of the gain. The EU (+37%, +580 MT), UK (+27%, +364 MT), Japan (+17%, +356 MT), and South America (+19%, +293 MT) further contributed to the increase.
- **The glaring exception to growing volumes was China. Shipments of WPC80+ to China plummeted during the month,** falling 49% (-2,001 MT). The decline was largely tied to tariff challenges with the U.S. Last May, the U.S. accounted for nearly a quarter of WPC80+ exports to China. This year, however, that share plunged to just 8%.

Global
WPC80+
Trade

+5.0%
May YoY

+8.7%
YTD, Ending May

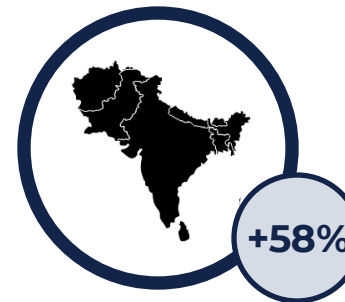
+4.2%
Last 12-Months,
Ending May

+3.5%
3-Year CAGR

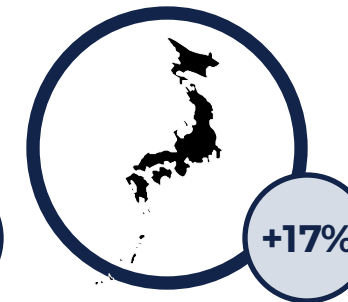
May Standout Markets



CHINA+HK
-2,001 MT



SOUTH ASIA
+733 MT



JAPAN
+356 MT



EU27
+580 MT

ADDITIONAL NOTES

High protein whey values keep dimbing. The average global unit value for traded WPC80+ reached \$13,564/MT in May, only the second month ever that prices have crossed the \$13,000 threshold. The last time prices reached these levels, in mid-2022, demand pulled back sharply and prices fell precipitously in the following months. Market participants are concerned that history will repeat itself and many are closely monitoring potential product reformulations away from dairy proteins toward more affordable ingredients. While dairy proteins boast certain functional characteristics that are hard to replicate with alternatives, lofty prices may leave food manufacturers with few options but to seek substitutes. In addition, the concern is that once product formulators move away from dairy proteins, it may be difficult to attract them back, even when prices fall. While the risk of undermining demand looms, it hasn't happened yet as WPC80+ continues to move around the world at a healthy clip. But for how long can the market keep up this pace?

WPC80+ (3502.20) Market Commentary



LOOKING AHEAD

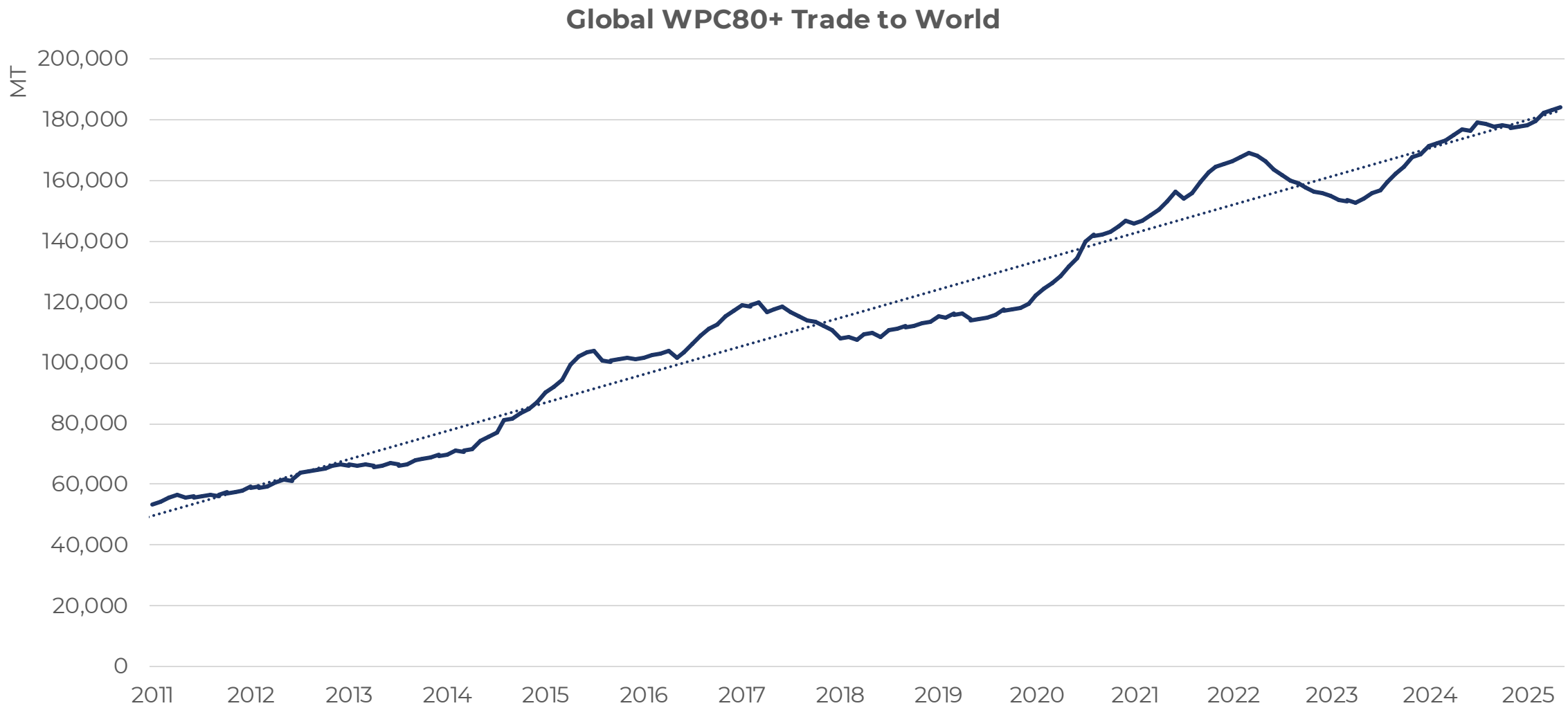
- Despite challenges serving the Chinese market, the U.S. remains the largest supplier of WPC80+ in the world, accounting for a 41% share in May. With new processing capacity activated, and more set to come online, **the U.S. remains well positioned to continue supplying the world with WPC80+ over the long term.**
- However, other suppliers are fighting for market share. In particular, the EU is keen to expand its WPC80+ exports and over the past 2 years has increased exports by 32% (+14,288 MT). The EU held a 29% share of global WPC80+ trade in May. The challenge with the EU is strong consumption in the region paired with limited increases in processing capacity. While both EU and U.S. prices are very high, EU prices have continued surging past U.S. prices as the region deals with tighter supplies. Today, EU prices are on average \$3,400/MT higher than U.S. prices.
- Growing U.S. production and investment (along with some temporary tariff challenges) are likely to support comparatively more moderate (albeit still very high) prices which should drive increased interest in U.S. product over the coming months.

U.S. WPC80+ Exports	+14.1% May YoY	+7.5% YTD, Ending May	-3.1% Last 12-Months, Ending May	-1.0% 3-Year CAGR
EU WPC80+ Exports	-4.4% May YoY	+17.7% YTD, Ending May	+14.2% Last 12-Months, Ending May	+4.5% 3-Year CAGR
NZ WPC80+ Exports	-10.5% May YoY	-14.9% YTD, Ending May	-1.9% Last 12-Months, Ending May	-0.6% 3-Year CAGR

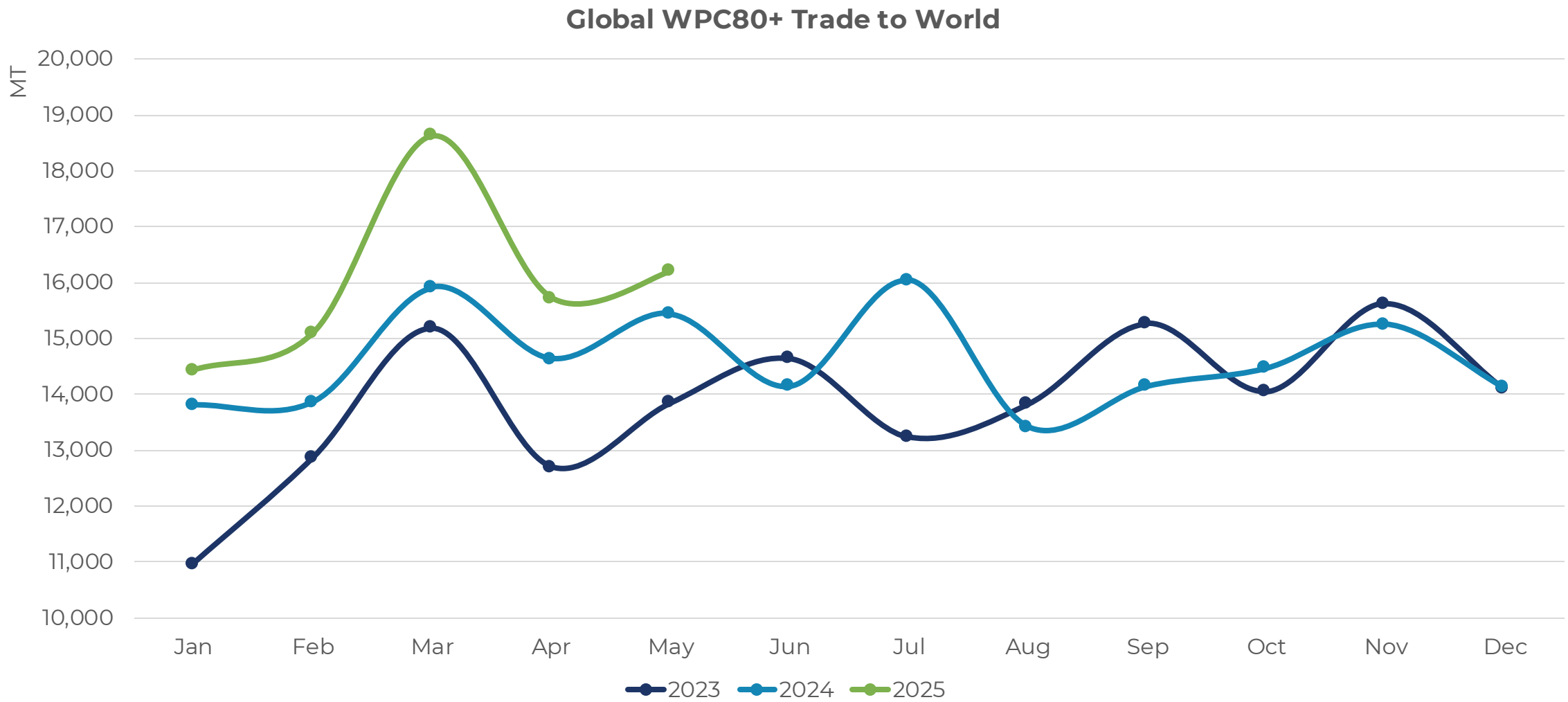
Average WPC80+ Export Value to World



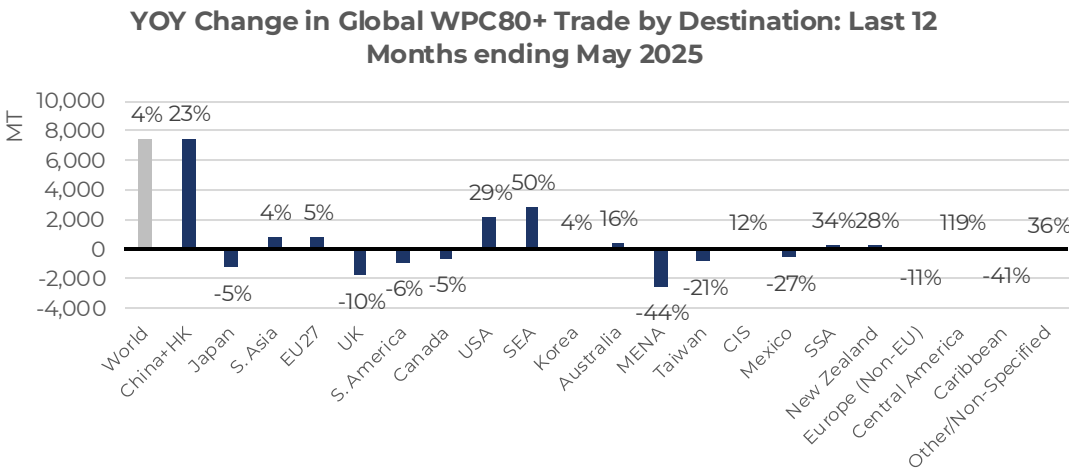
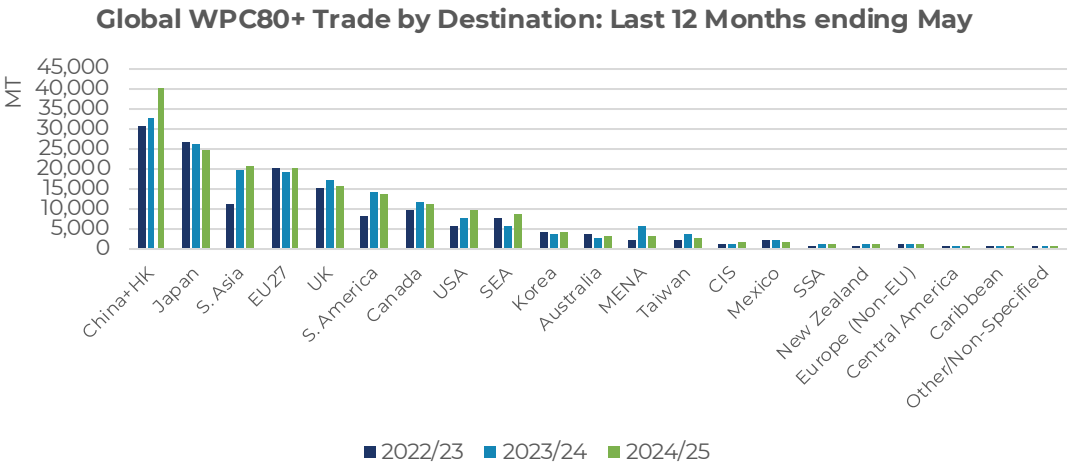
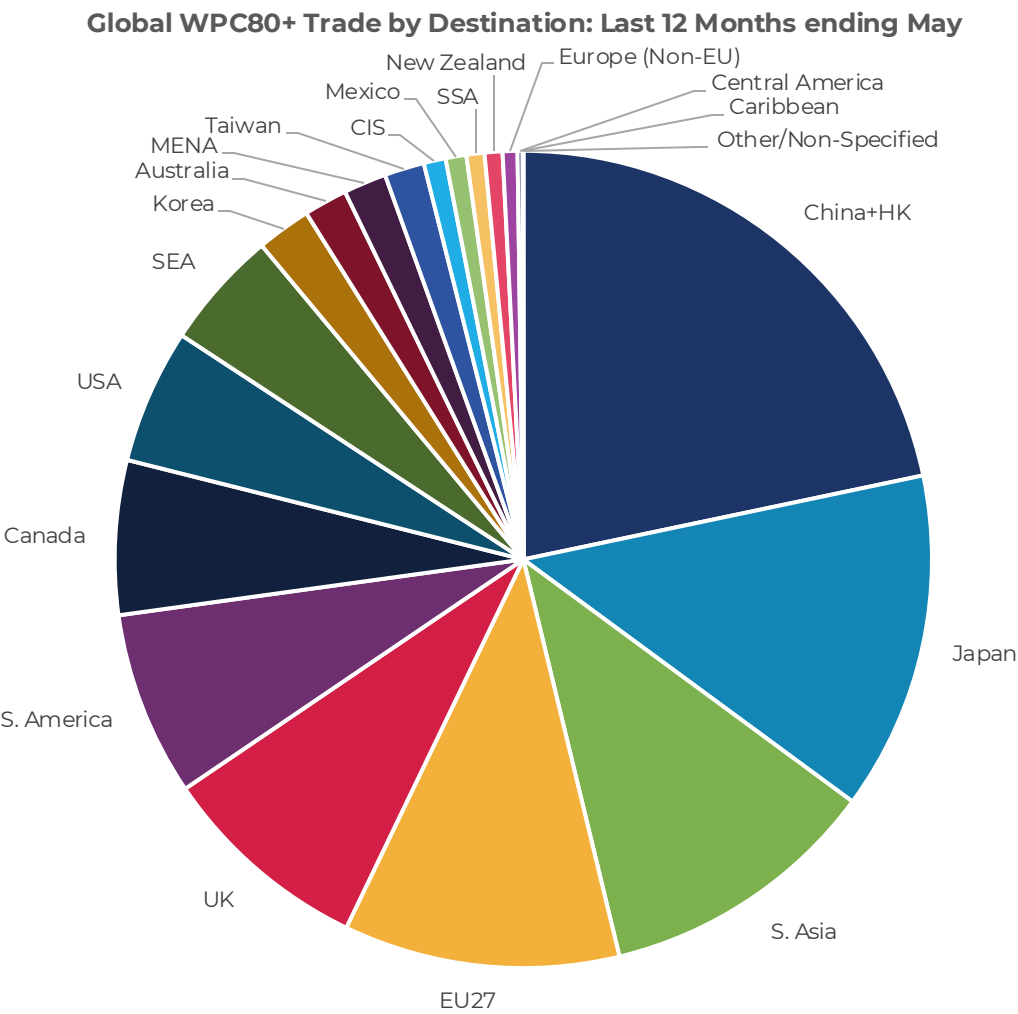
Global Overview: WPC80+



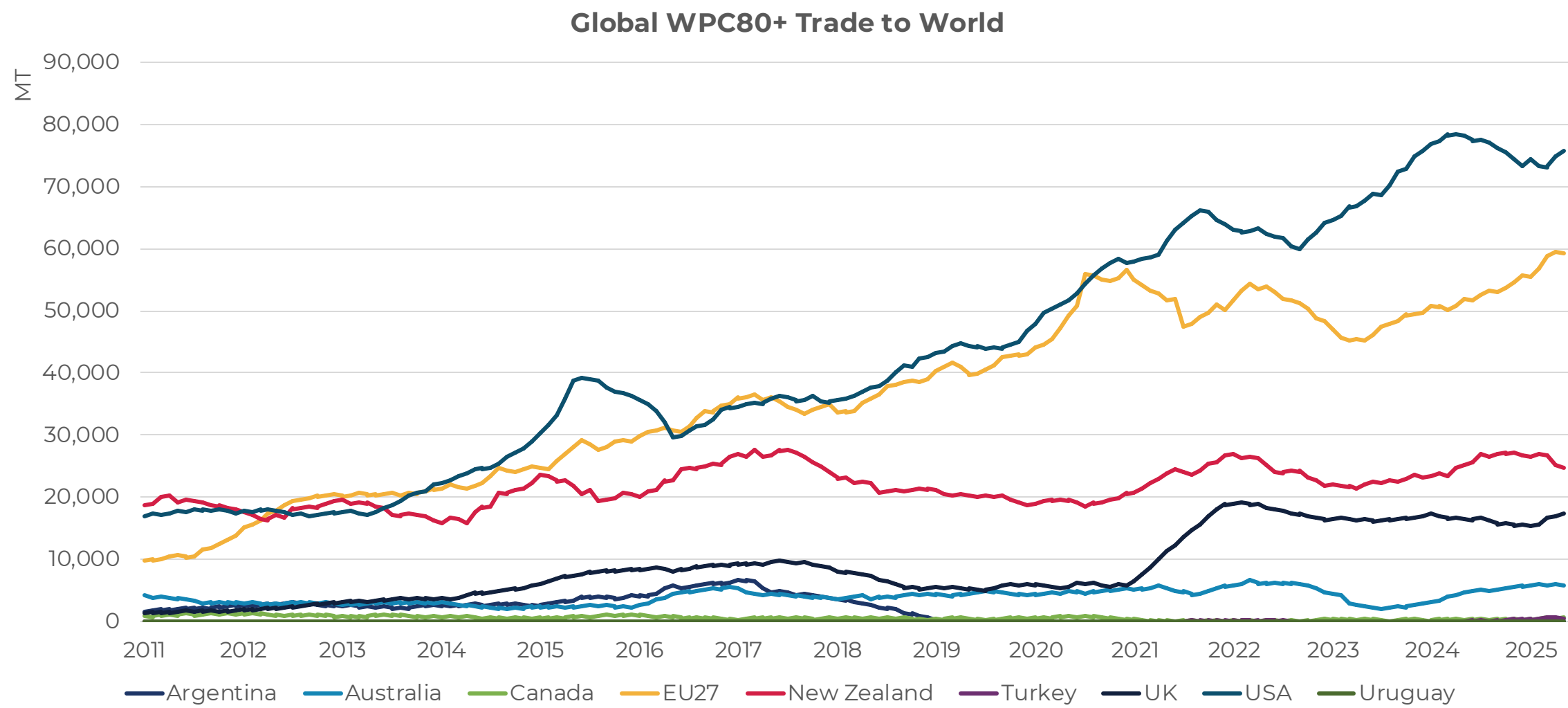
Global Overview: WPC80+



Global Overview: WPC80+ – Last 12 Months

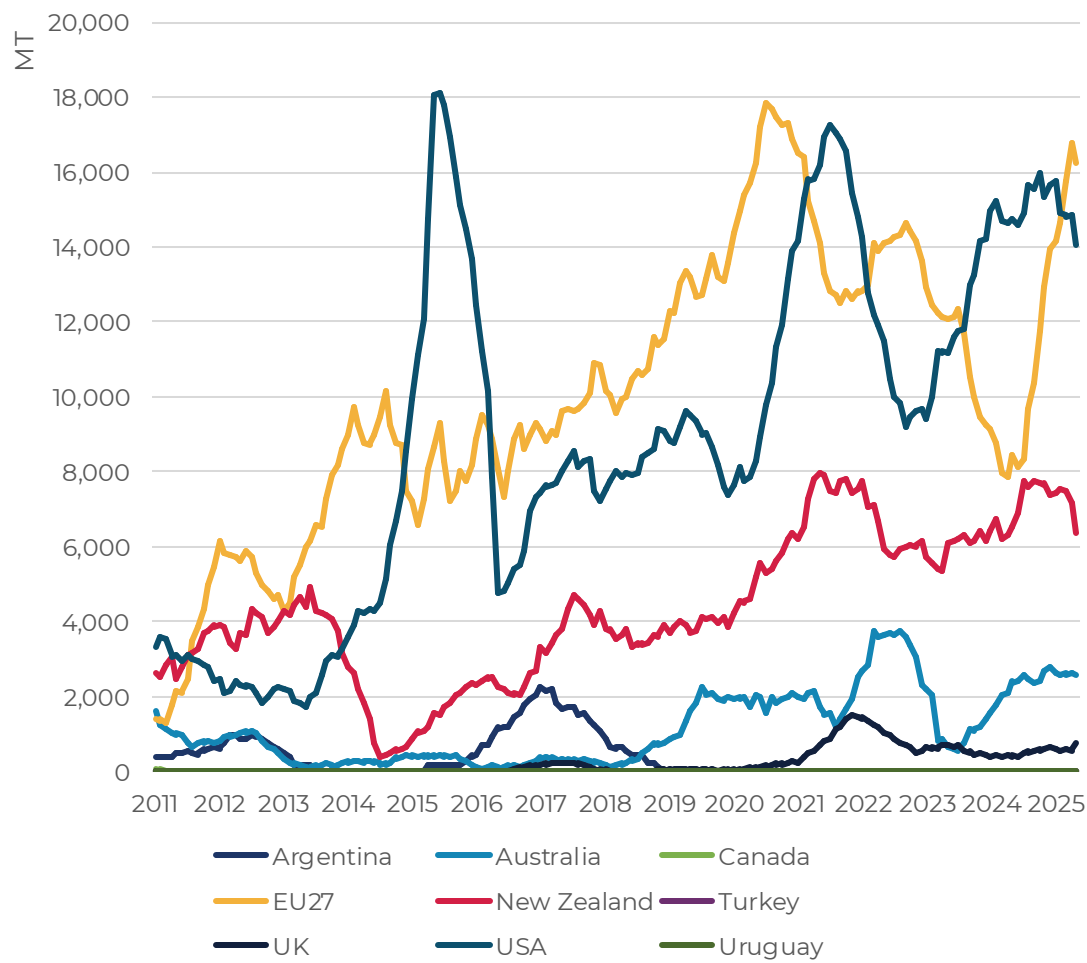


Trade Flows: WPC80+

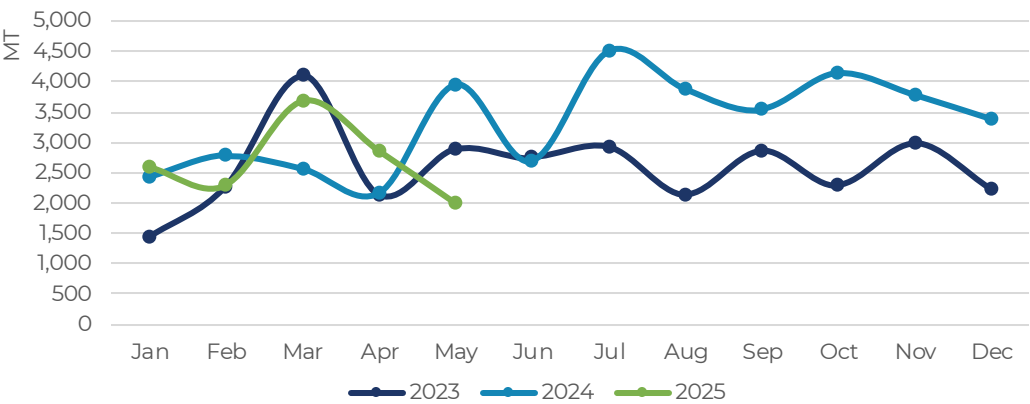


China

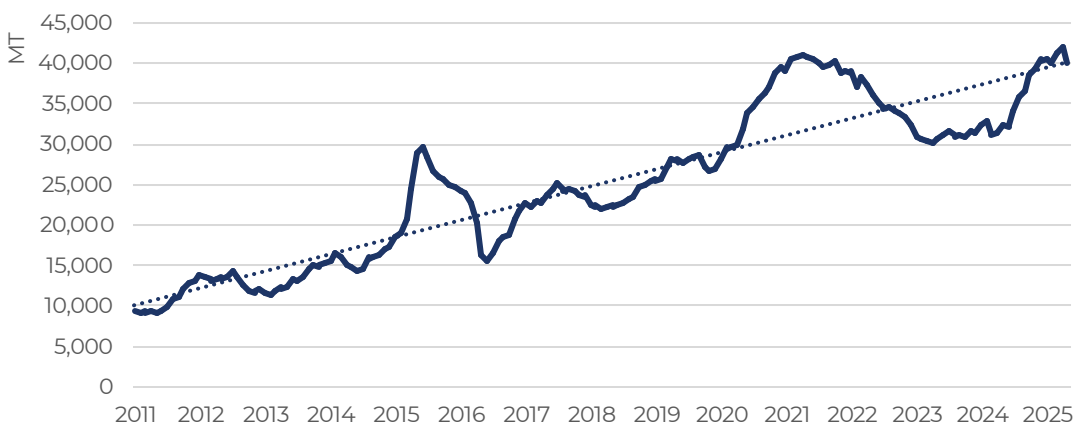
Global WPC80+ Trade to China+HK



Global WPC80+ Trade to China+HK

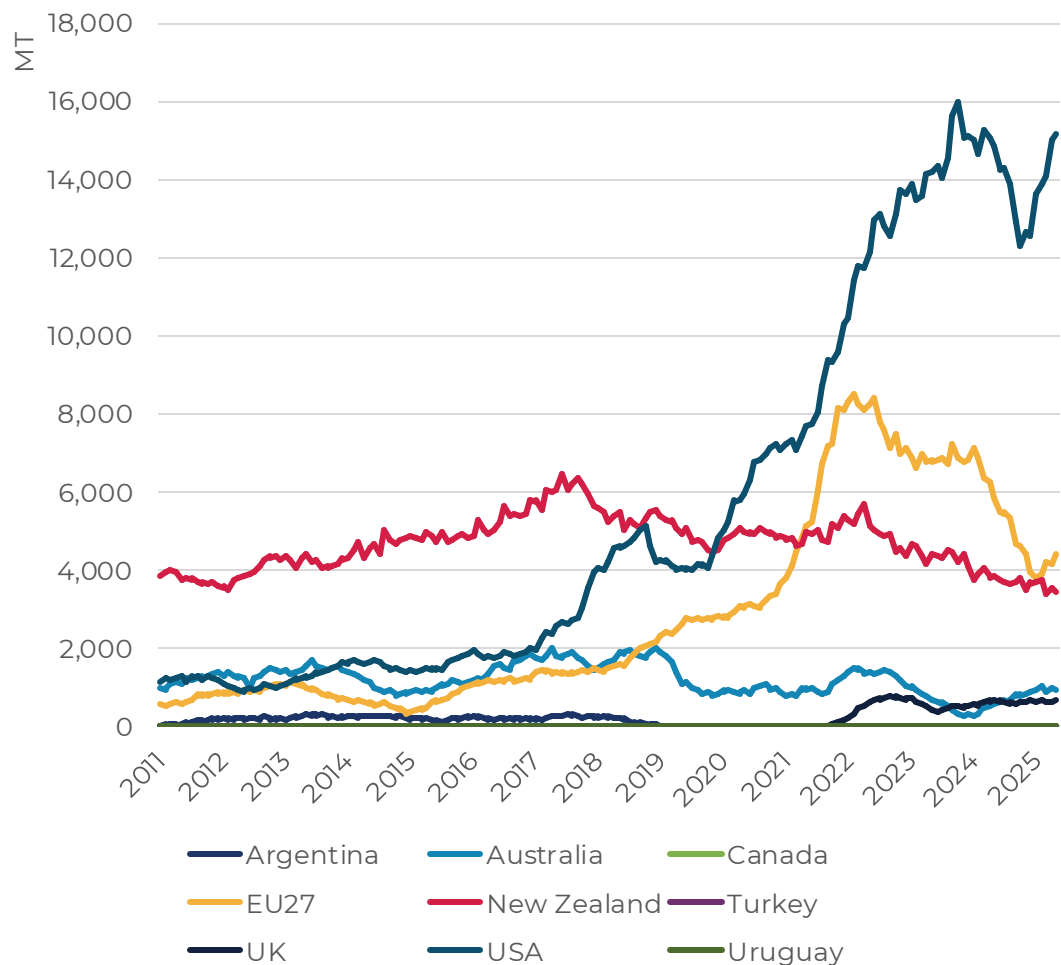


Global WPC80+ Trade to China+HK

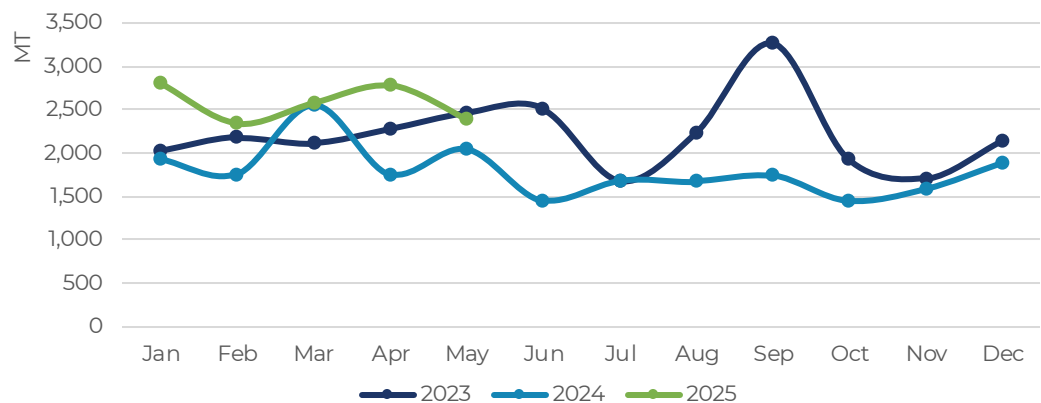


Japan

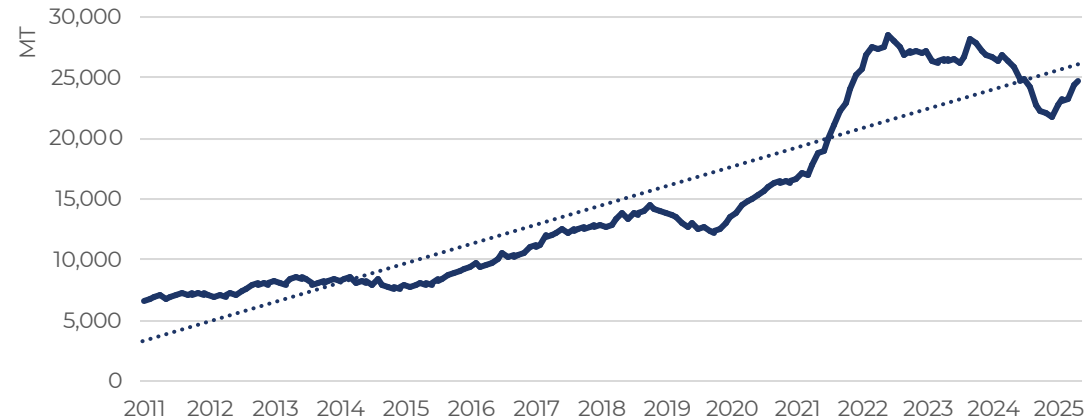
Global WPC80+ Trade to Japan



Global WPC80+ Trade to Japan

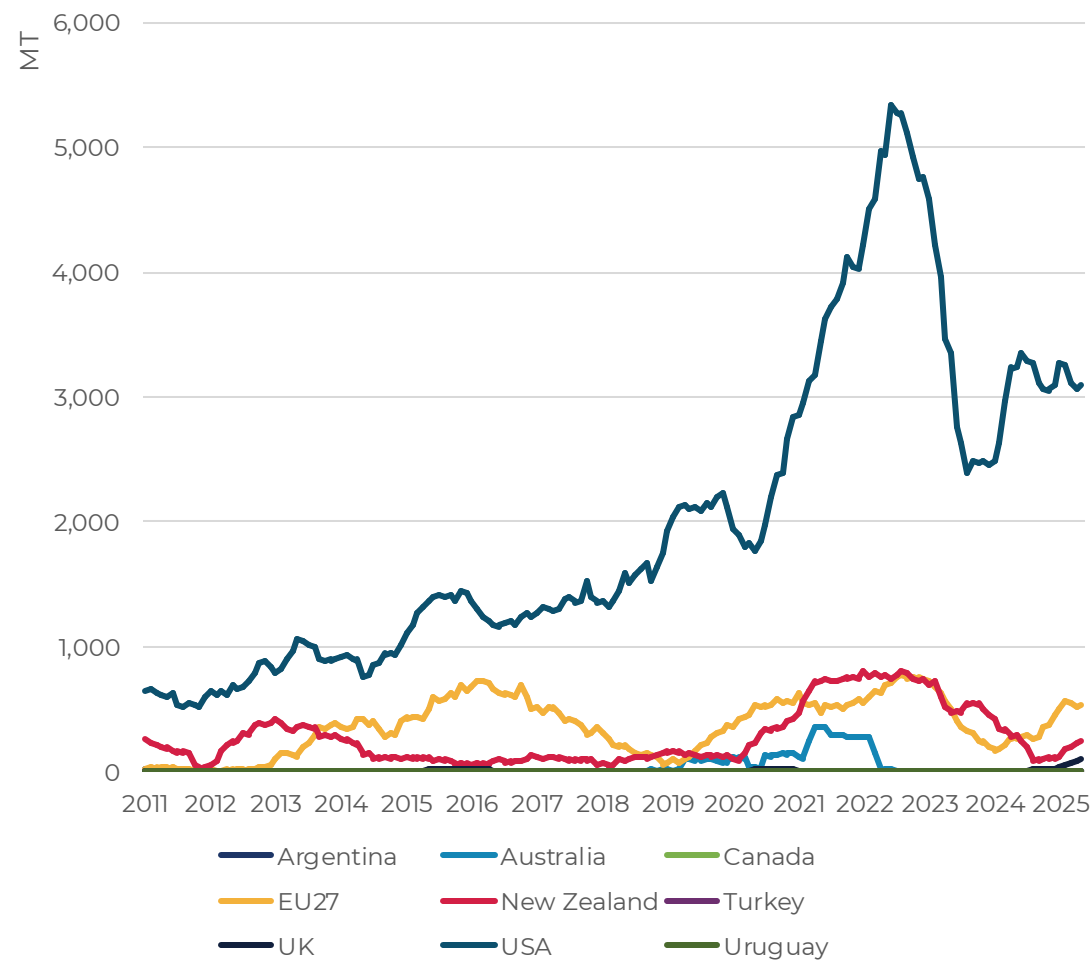


Global WPC80+ Trade to Japan

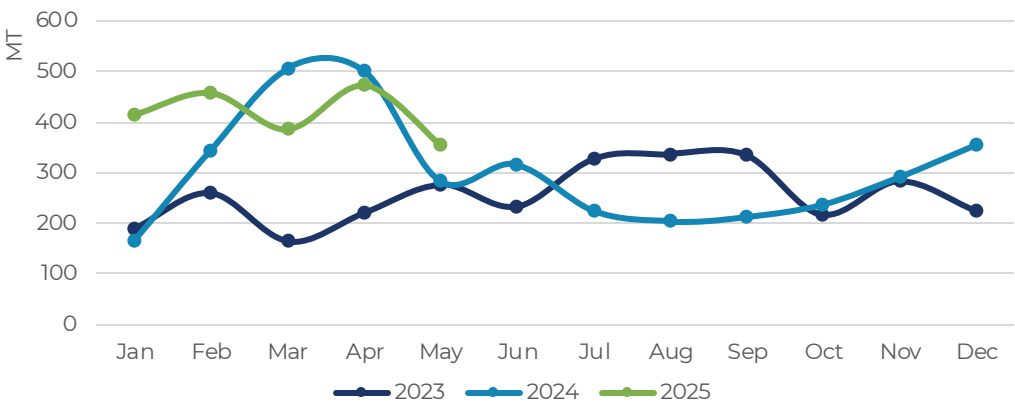


Korea

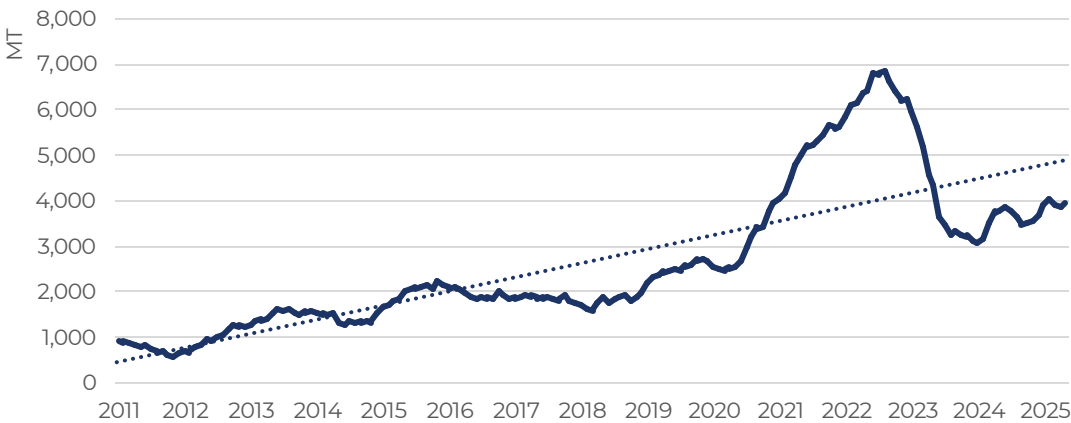
Global WPC80+ Trade to Korea



Global WPC80+ Trade to Korea

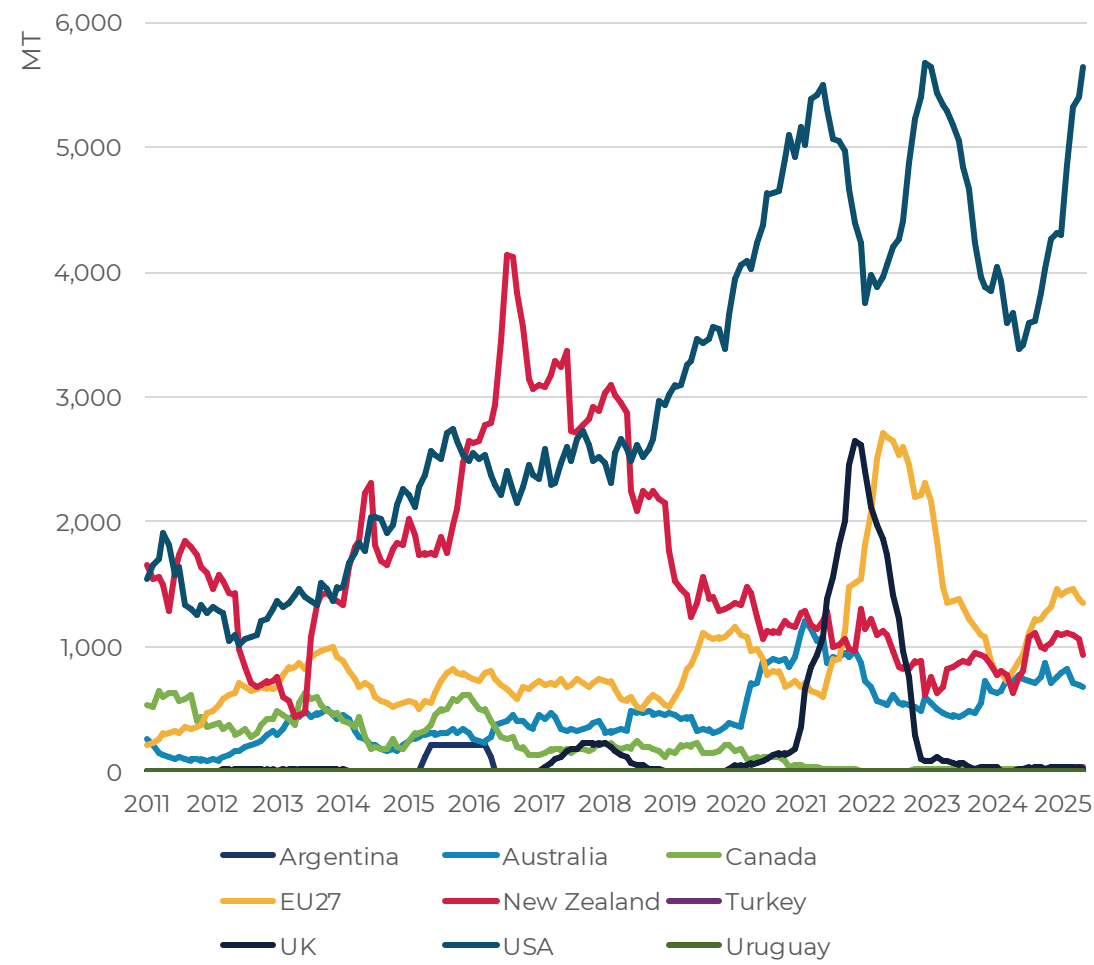


Global WPC80+ Trade to Korea

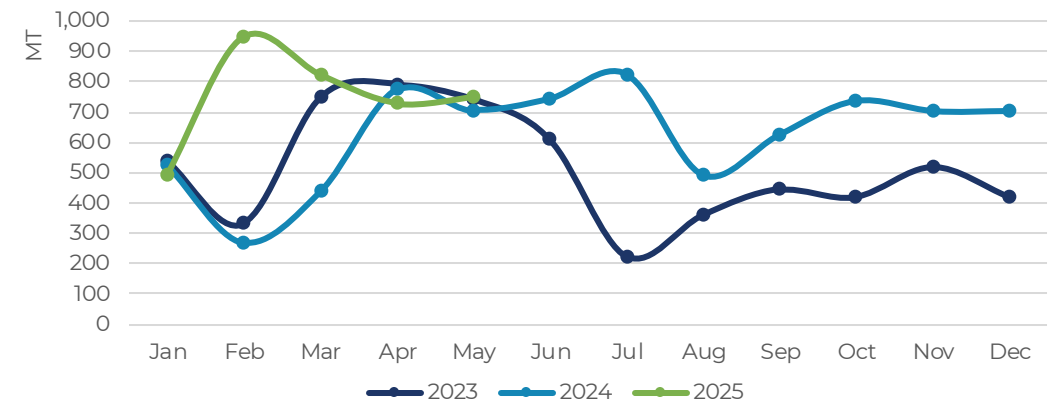


Southeast Asia

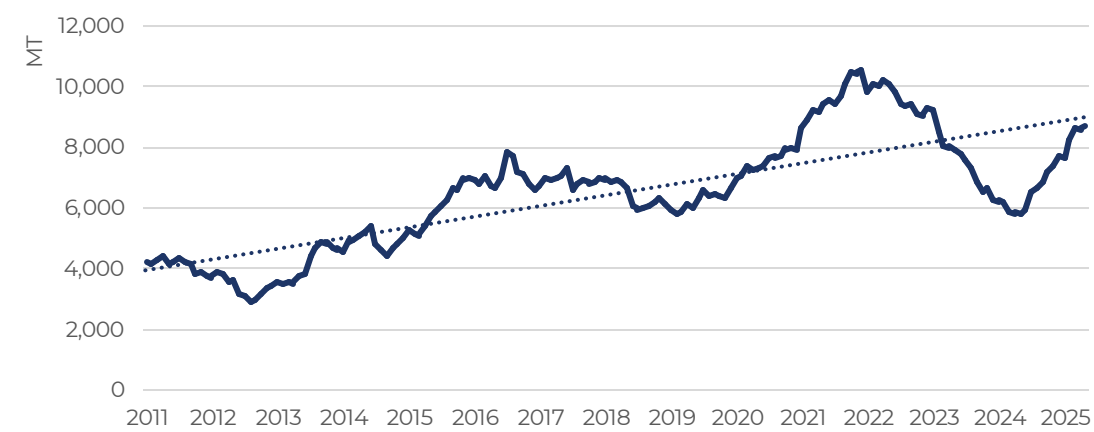
Global WPC80+ Trade to SEA



Global WPC80+ Trade to SEA

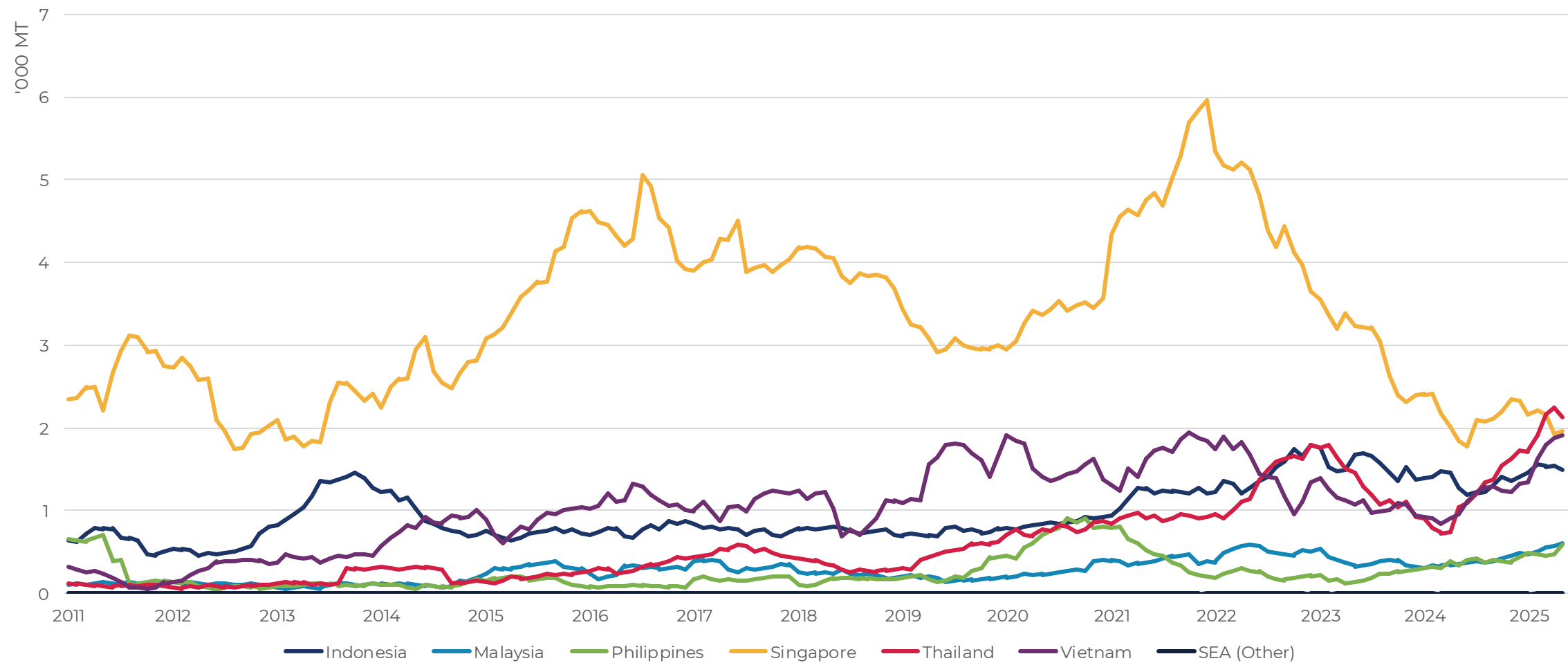


Global WPC80+ Trade to SEA



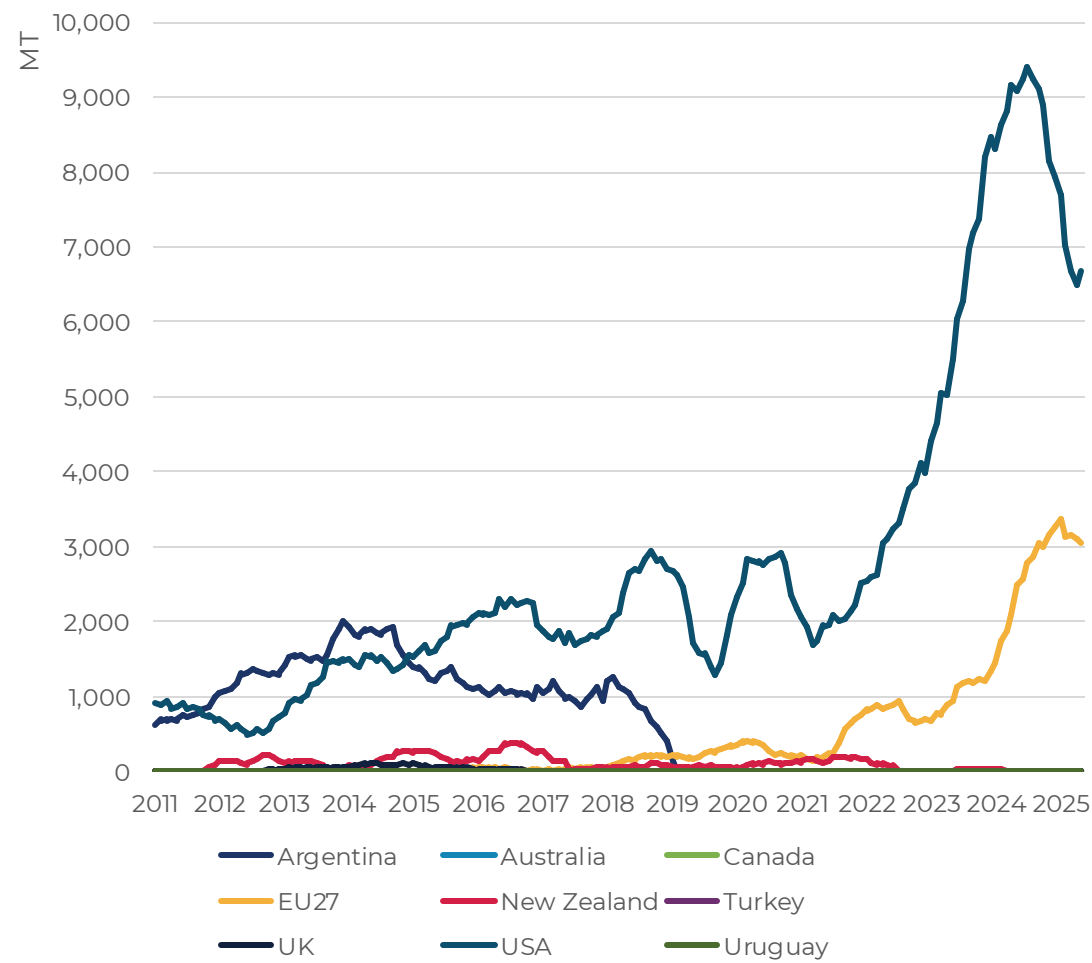
Southeast Asia Country Breakdown

Global WPC80+ Trade to Southeast Asia by Country

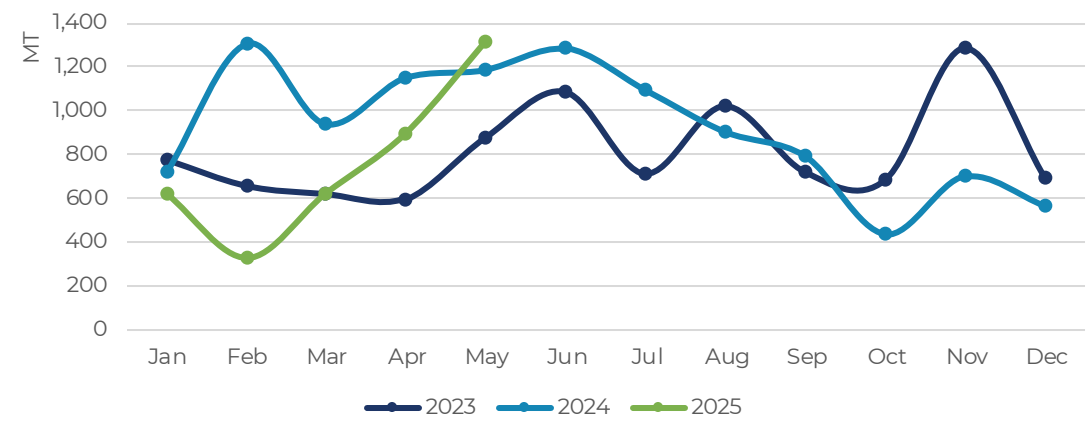


Brazil

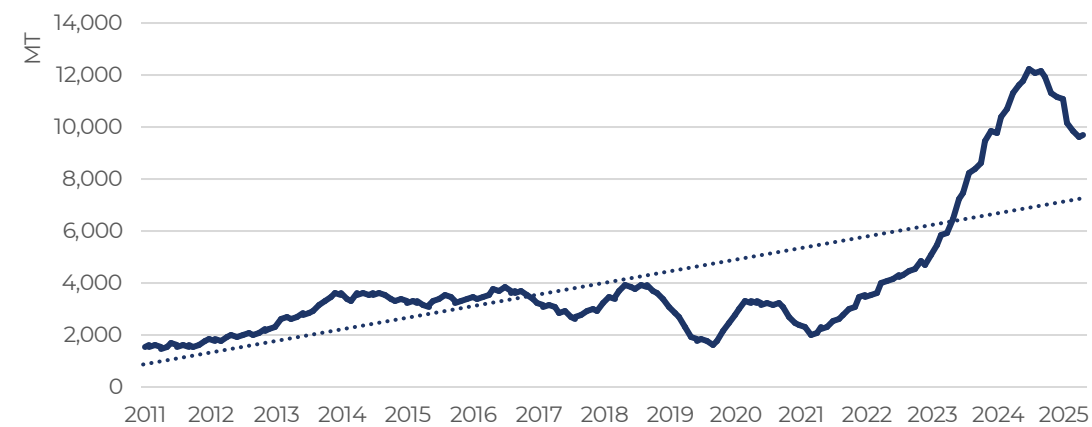
Global WPC80+ Trade to Brazil



Global WPC80+ Trade to Brazil

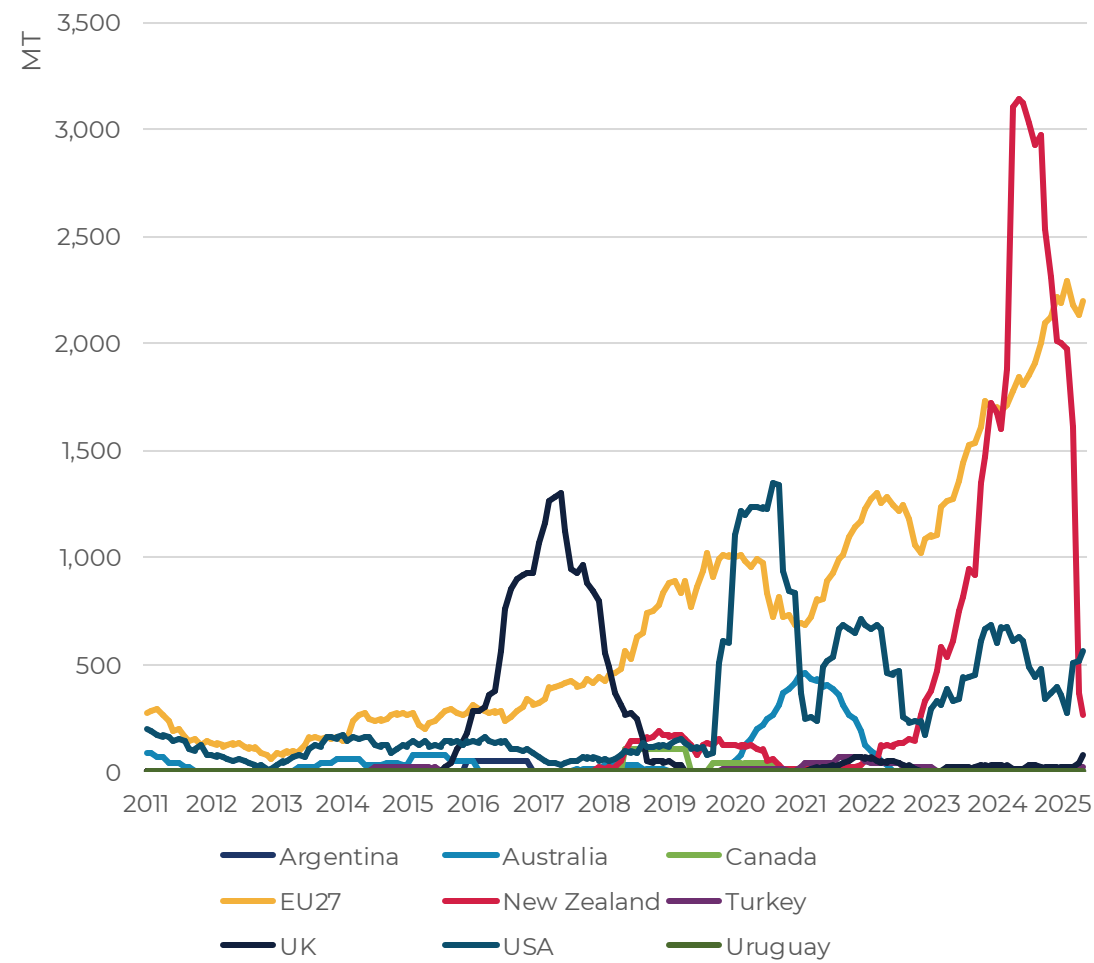


Global WPC80+ Trade to Brazil

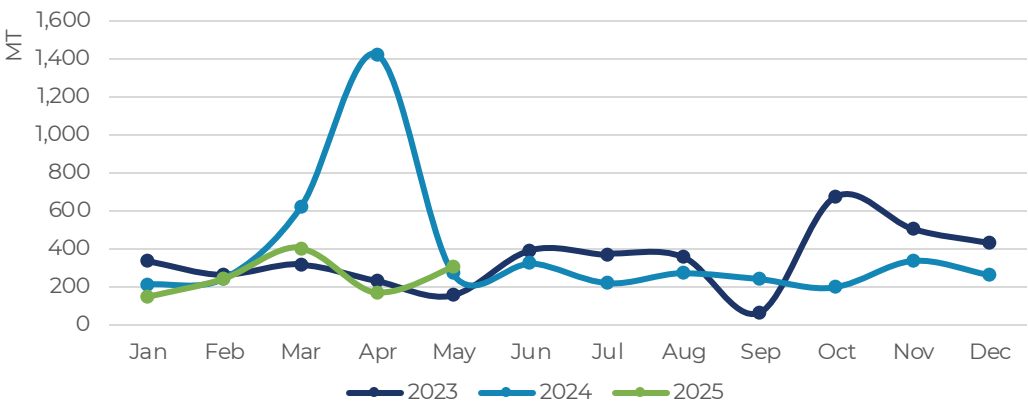


MENA

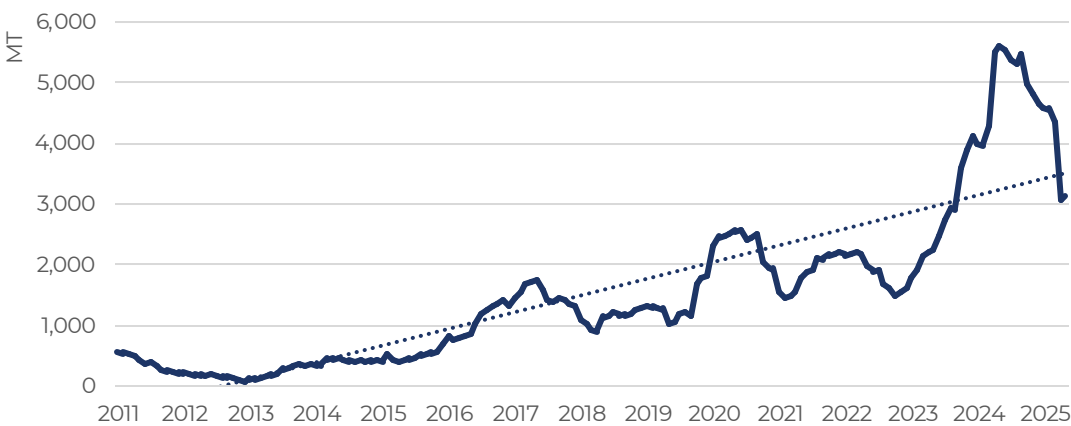
Global WPC80+ Trade to MENA



Global WPC80+ Trade to MENA



Global WPC80+ Trade to MENA





NMPF | USDEC
DAIRY
ECONOMICS

Other Dairy Products

Global Overview: Lactose



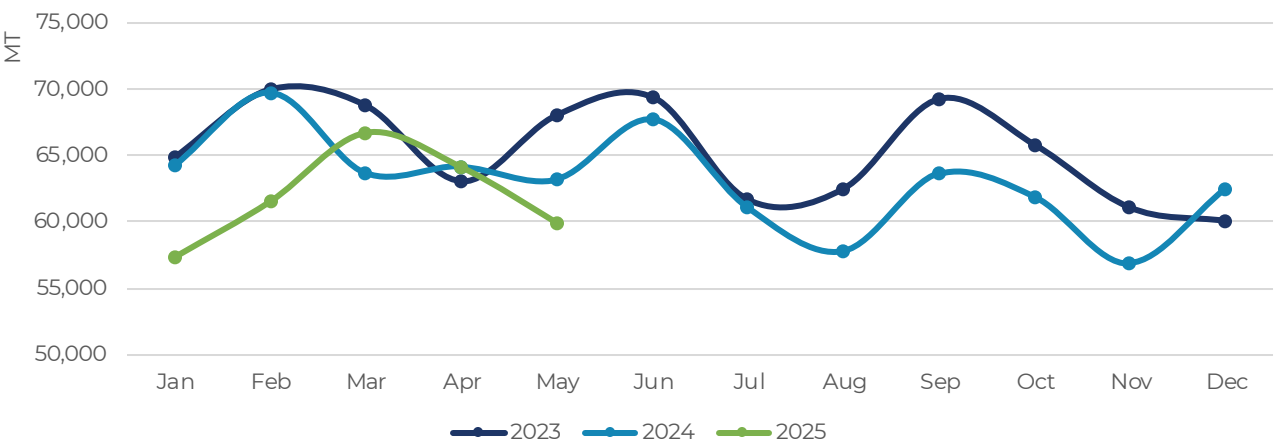
KEY TAKEAWAYS

Global Lactose Trade

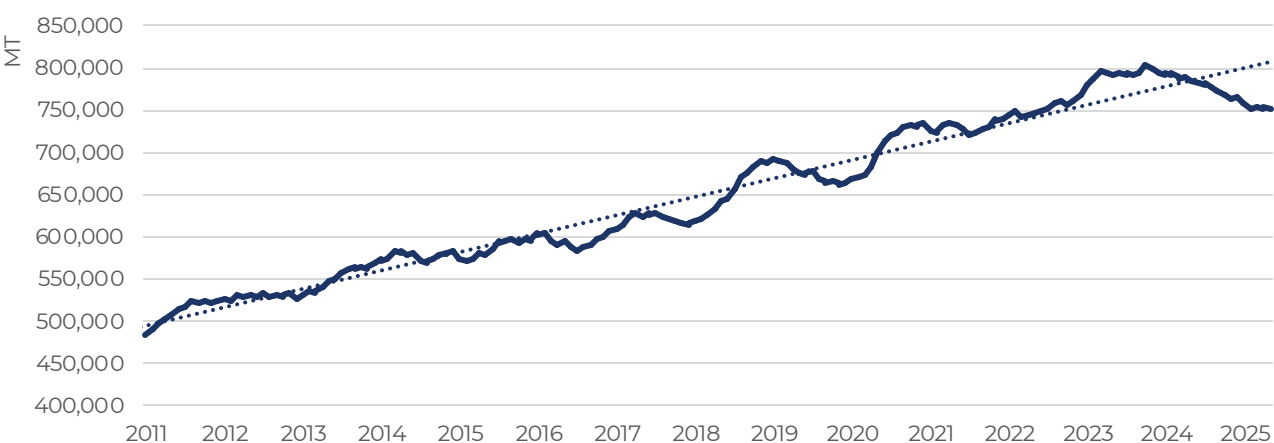
-5.2%	-4.7%	-4.3%	+0.2%
May YoY	YTD, Ending May	Last 12-Months, Ending May	3-Year CAGR

- Lactose demand was lackluster in May. Though several regions posted growth, the major market movers were noticeably absent. Lactose trade to China (-8%, -950 MT) took a step back in May as retaliatory tariffs decimated U.S. exports to the country – down 59% (-4,727 MT) for the month. As discussions remain in process, its likely we'll continue to see weakness in lactose exports to China in the coming months as the U.S. supplies roughly two-thirds of China's lactose imports. Mexican demand for lactose also dropped significantly (-53%, -3,011 MT), but was comparing against very high May volumes last year making the decline appear far steeper. Exports to Southeast Asia (-8%, -950 MT) and MENA (-55%, -1,451 MT) were also weak.
- There were a couple bright spots in May: shipments to South Asia (+13%, +820 MT) and the EU27 (+28%, +617 MT) grew. However, this was not enough to temper the loss from other major markets.

Global Lactose Trade to World

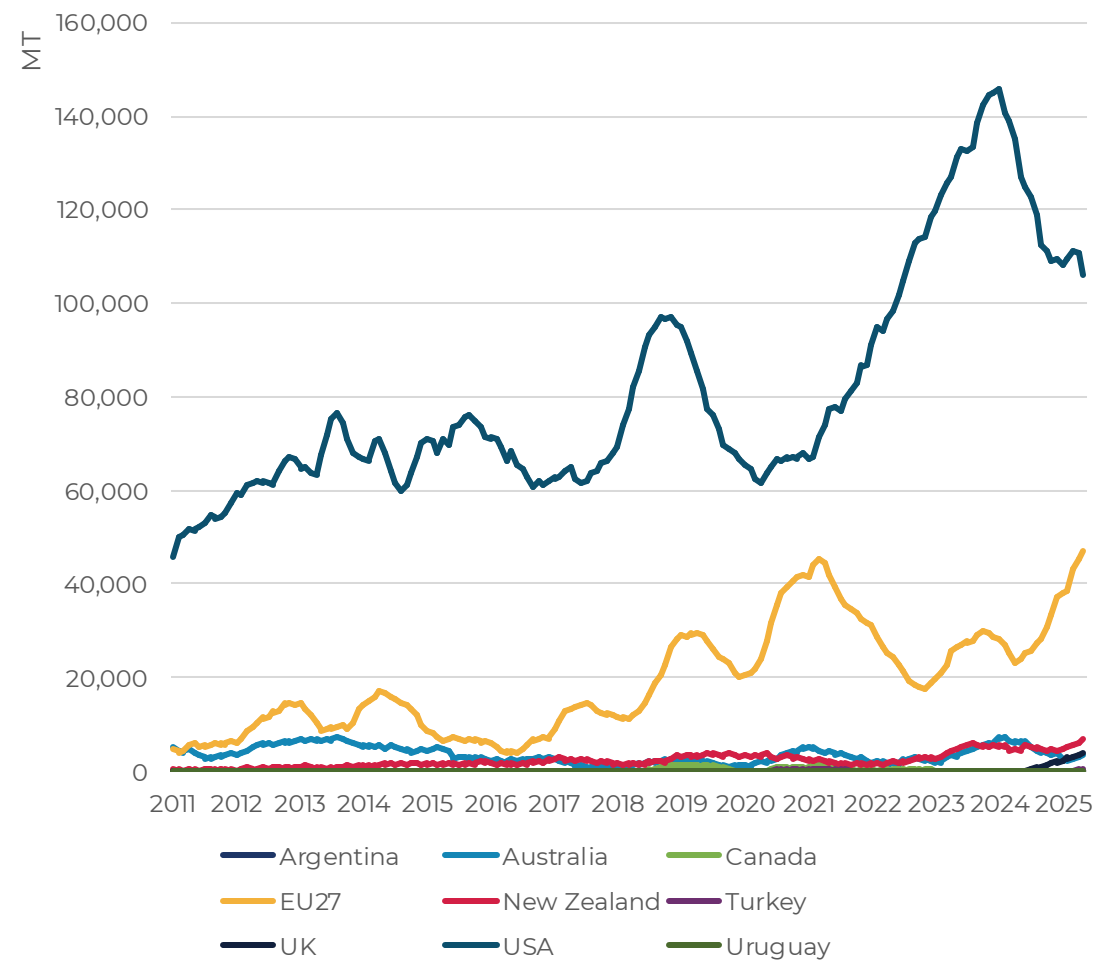


Global Lactose Trade to World

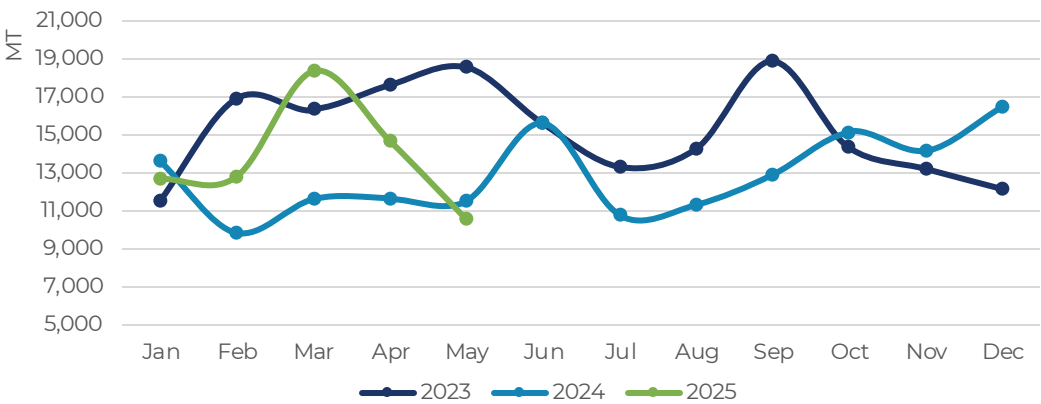


Lactose – China

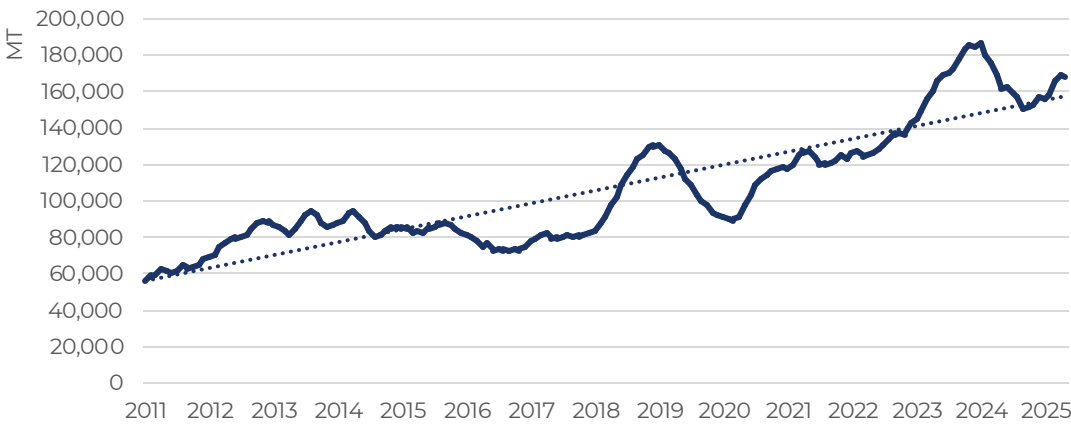
Global Lactose Trade to China+HK



Global Lactose Trade to China+HK

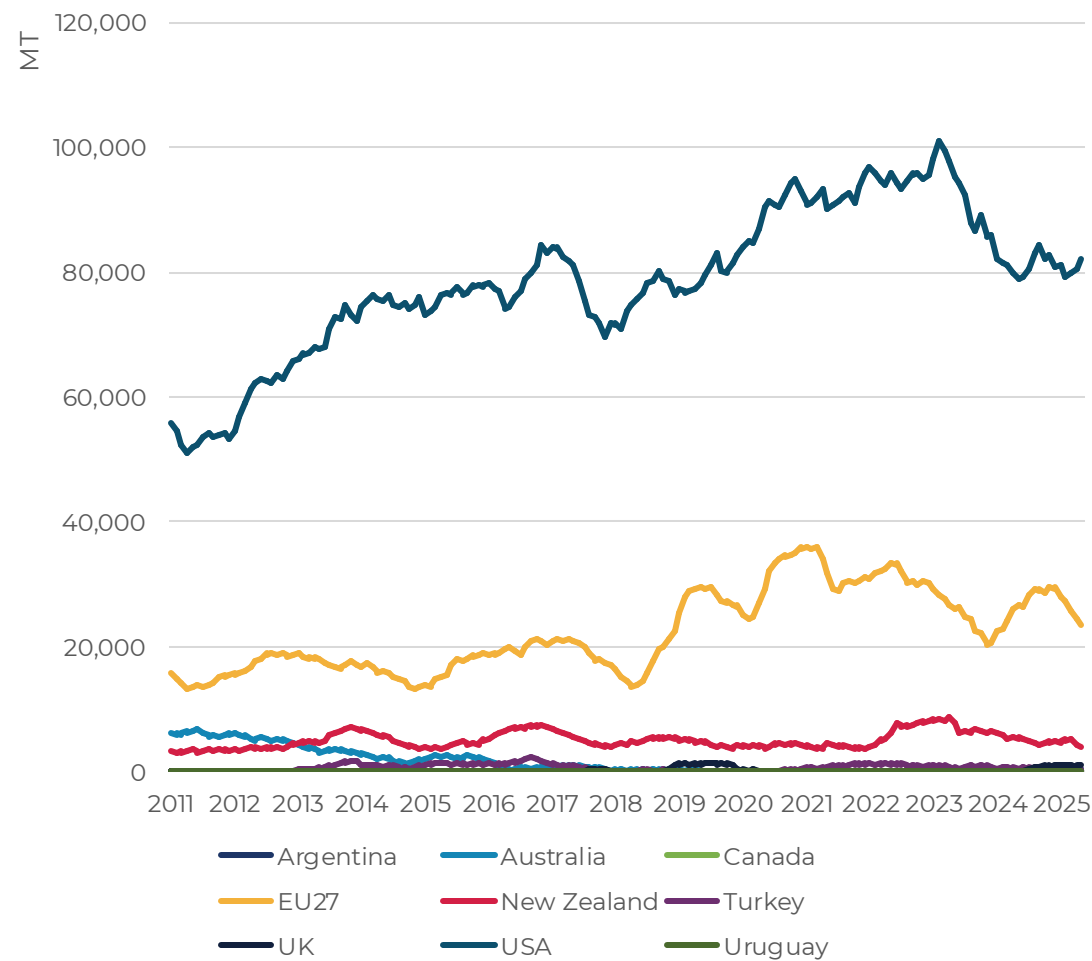


Global Lactose Trade to China+HK

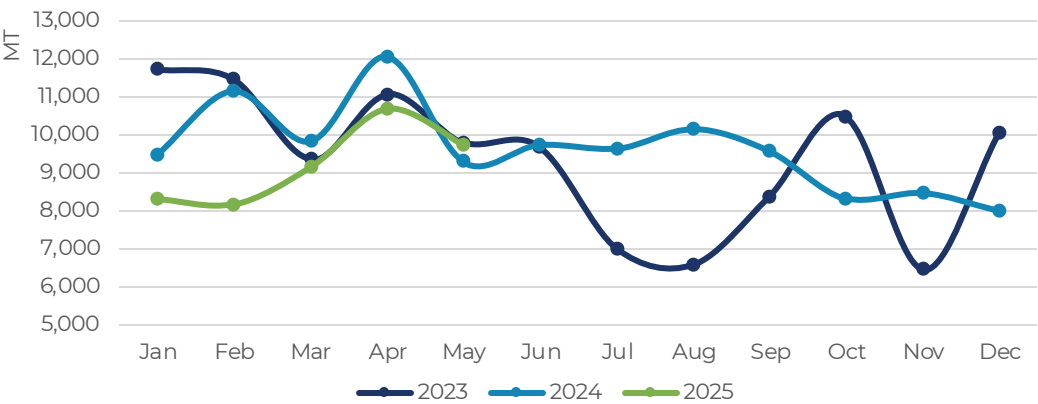


Lactose – Southeast Asia

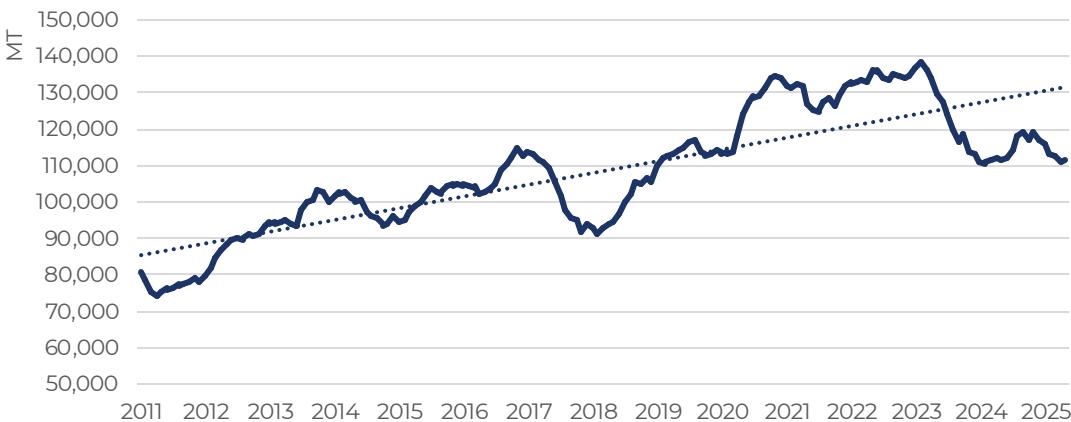
Global Lactose Trade to SEA



Global Lactose Trade to SEA

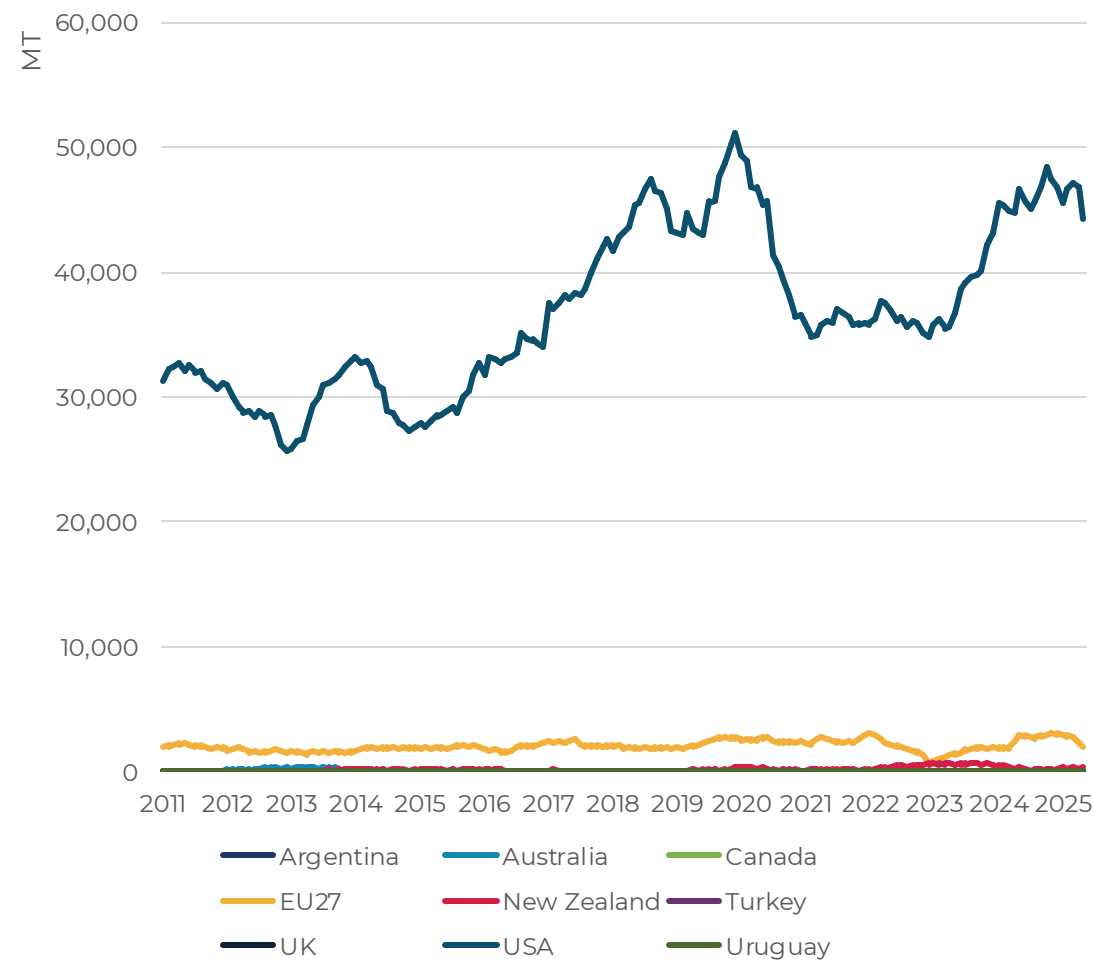


Global Lactose Trade to SEA

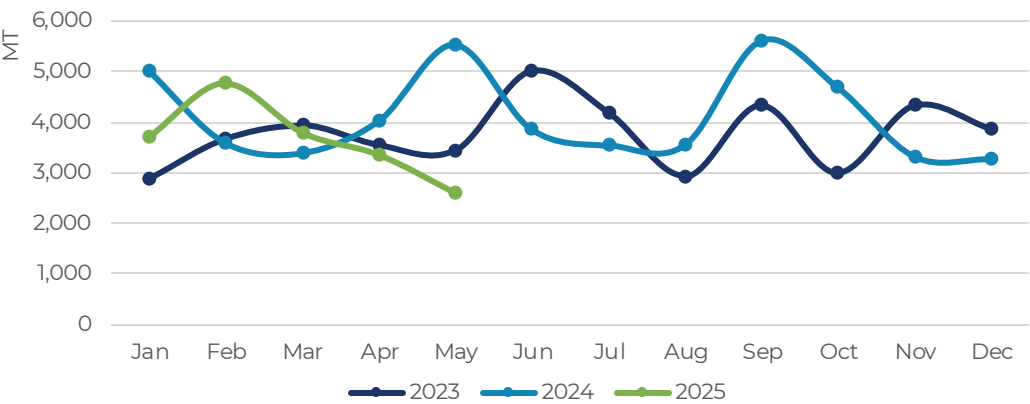


Lactose – Mexico

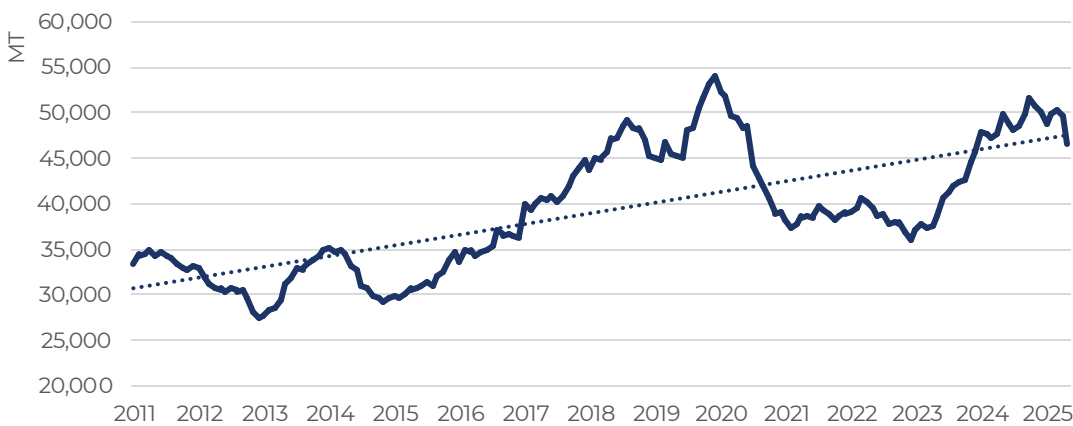
Global Lactose Trade to Mexico



Global Lactose Trade to Mexico



Global Lactose Trade to Mexico



Global Overview: Butter



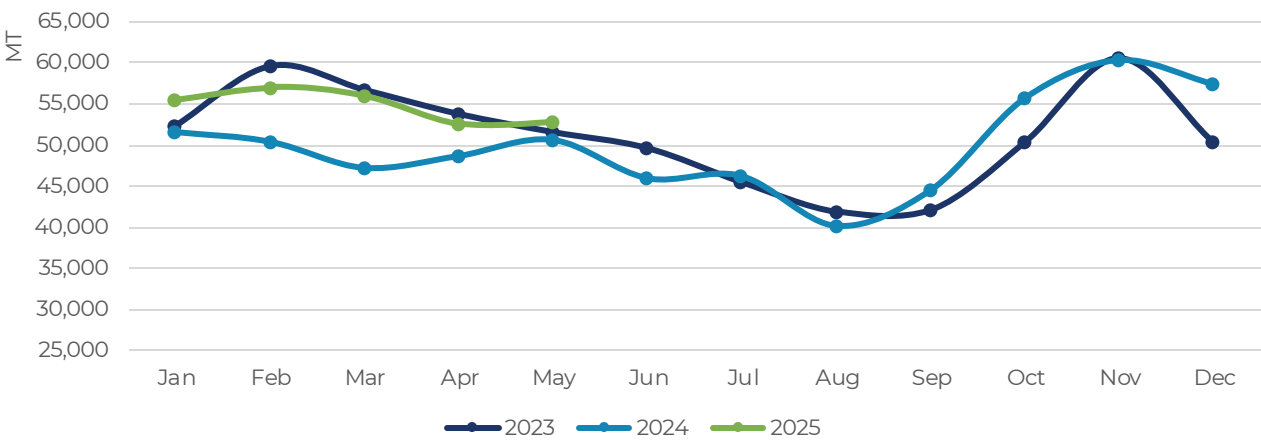
KEY TAKEAWAYS

Global Butter Trade

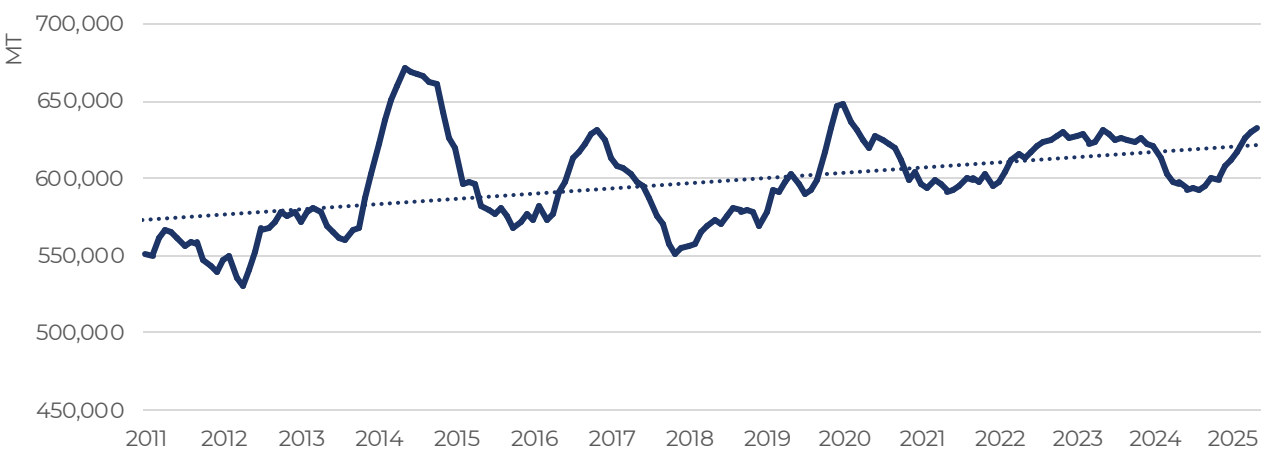
+4.0%	+10%	+5.9%	+1.0%
May YoY	YTD, Ending May	Last 12-Months, Ending May	3-Year CAGR

- Global demand for butter continues to rise although growth was lower than in previous months. The U.S. price discount to other major suppliers remains quite large and buyers are taking advantage of it – U.S. butter exports in May were up 130% (+ 2,967 MT). The EU is still facing a tighter supply environment, translating to higher prices, and New Zealand prices have followed European prices up. Strong U.S. and New Zealand production put both regions in a solid position to supply the growing demand for butter.
- On the negative side, demand dipped in Southeast Asia (-34%, -1,713 MT) and MENA (-12%, -807 MT), though not enough to offset global demand growth in other countries.

Global Butter Trade to World

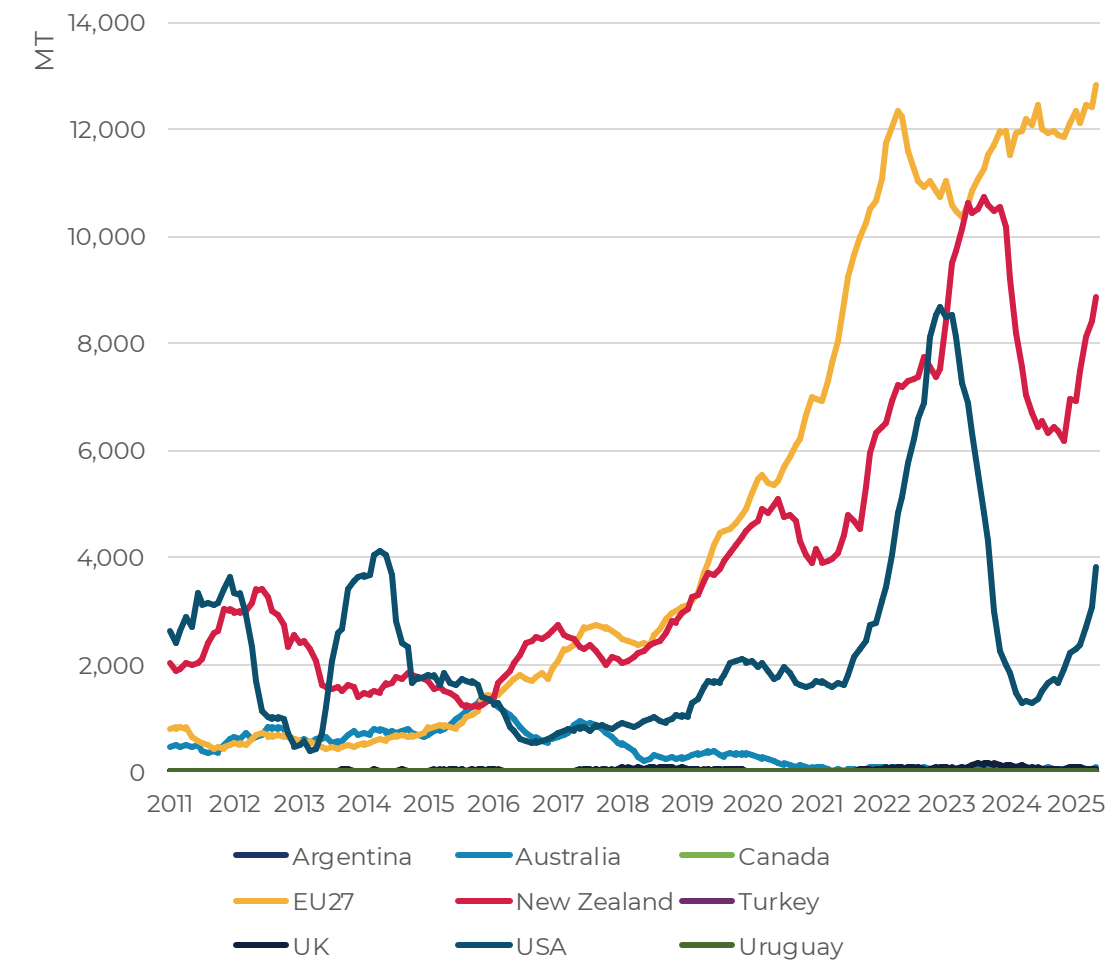


Global Butter Trade to World

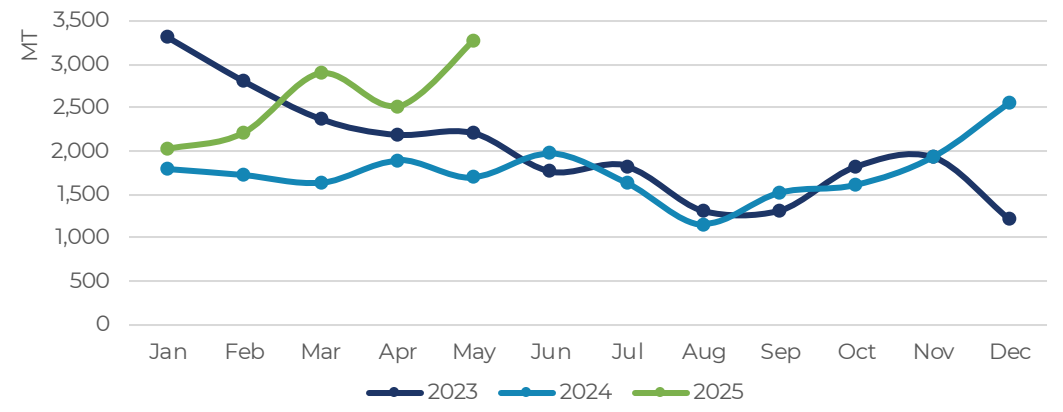


Butter – Korea

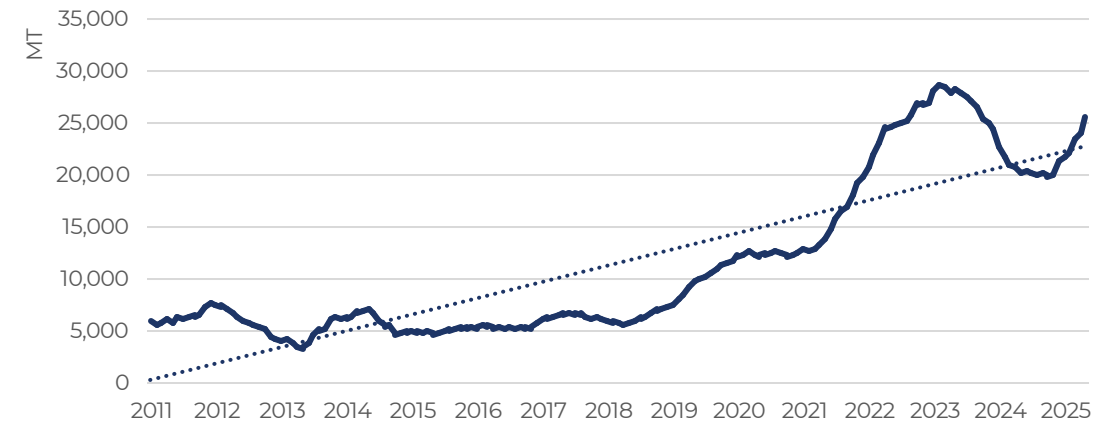
Global Butter Trade to Korea



Global Butter Trade to Korea

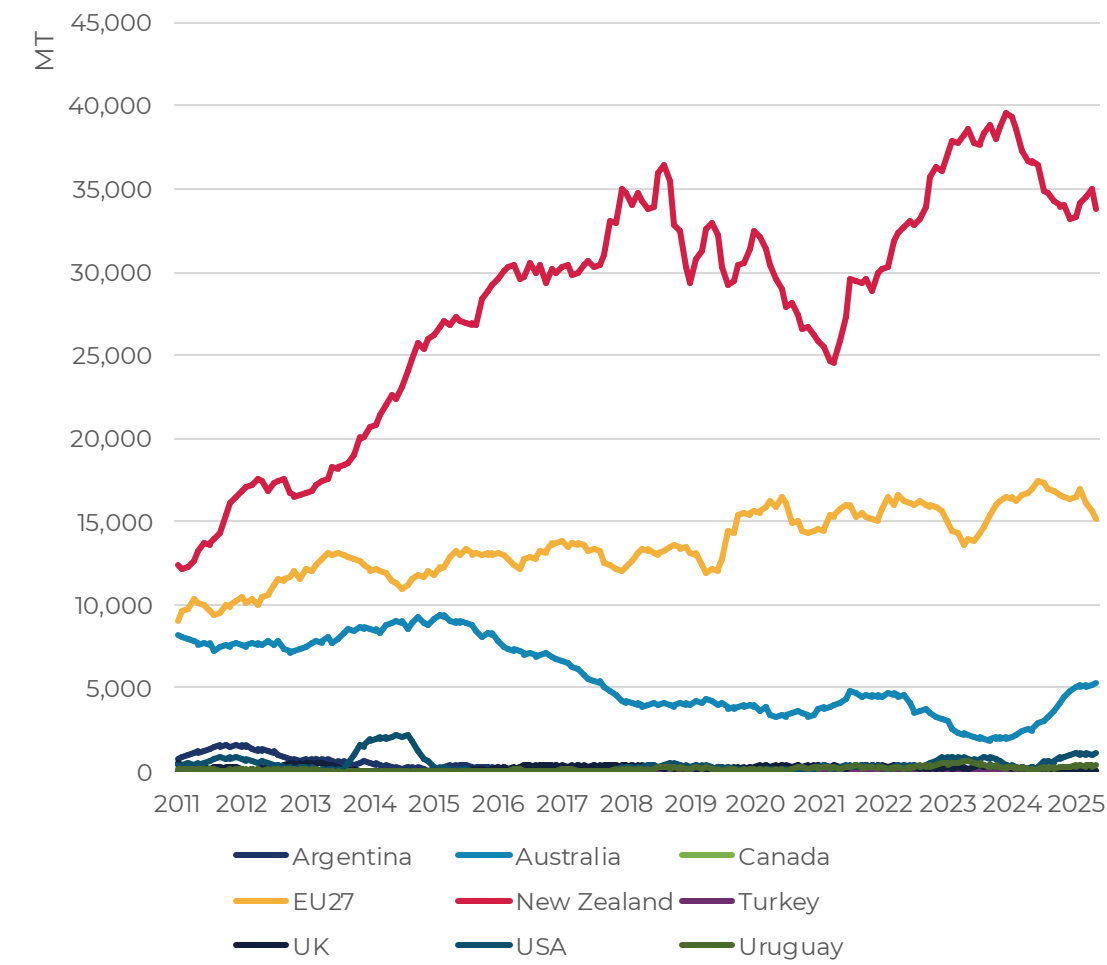


Global Butter Trade to Korea

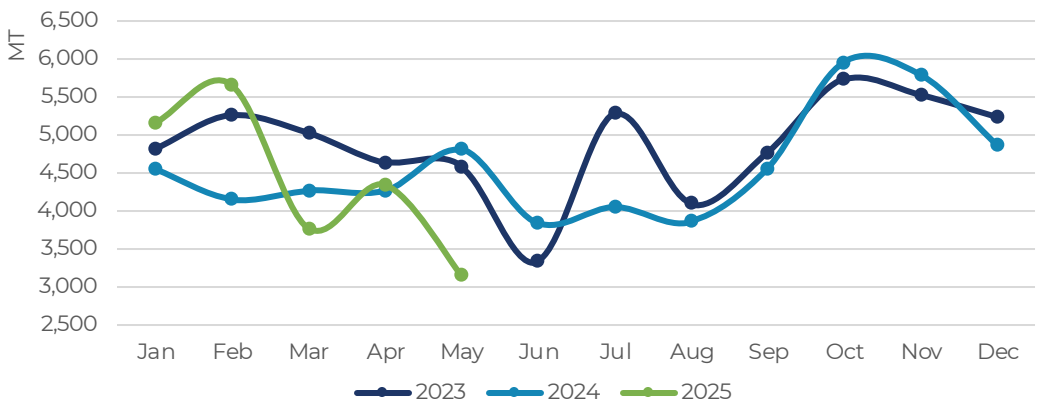


Butter – Southeast Asia

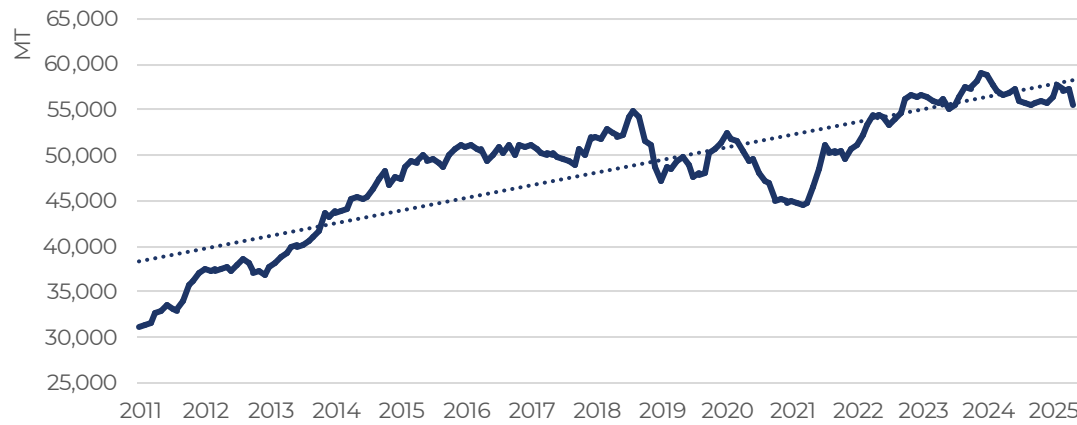
Global Butter Trade to SEA



Global Butter Trade to SEA



Global Butter Trade to SEA



Global Overview: Whole Milk Powder



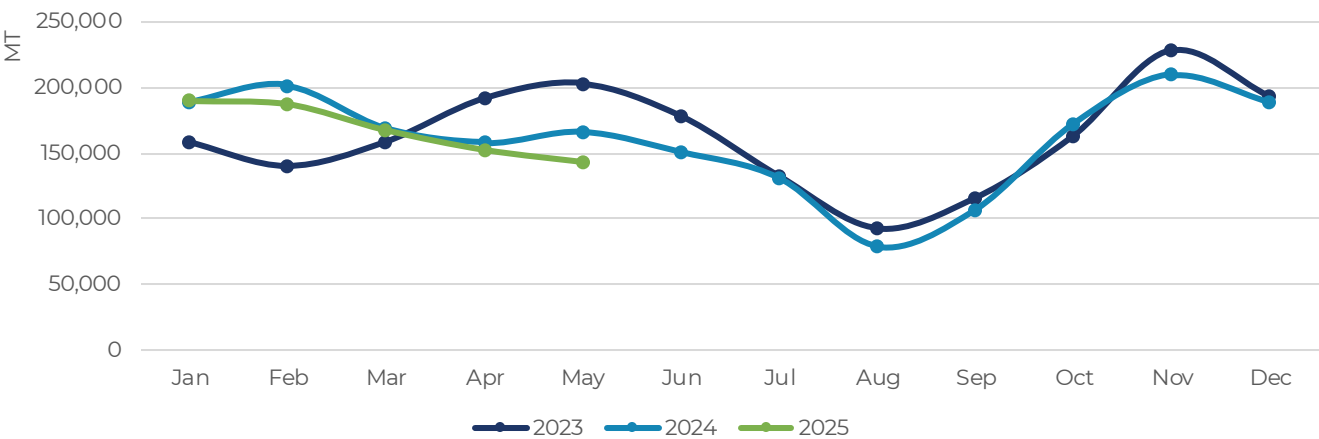
KEY TAKEAWAYS

Global WMP Trade

-13.6%	-4.9%	-5.4%	-4.3%
May YoY	YTD, Ending May	Last 12-Months, Ending May	3-Year CAGR

- WMP exports fell in May as buyers respond to elevated global prices. Demand was down across almost all importers with shipments to Southeast Asia (-29%, -8,705 MT) down significantly and likely easing somewhat following the high level of imports in Q1 – up 33% (+9,128 MT). China’s demand (-17%, -7,070 MT) was lackluster after a small tick up in April.
- Also contributing to the downturn were South Asia (-34%, -4,343 MT) and MENA (-5%, -2,165 MT). The EU27 provided a one of the sole bright spots as WMP exports to the region surged (+243%, +1,894 MT), but on very small volumes.

Global WMP Trade to World

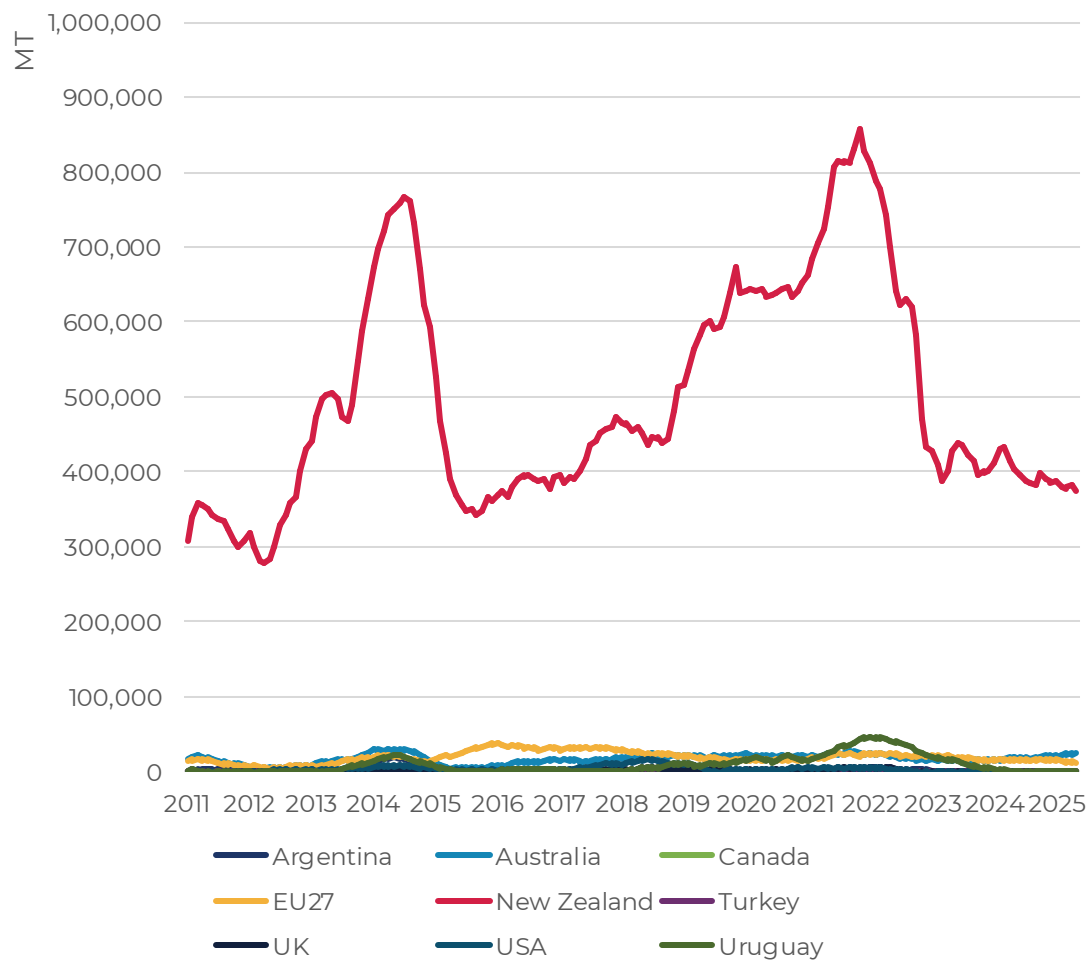


Global WMP Trade to World

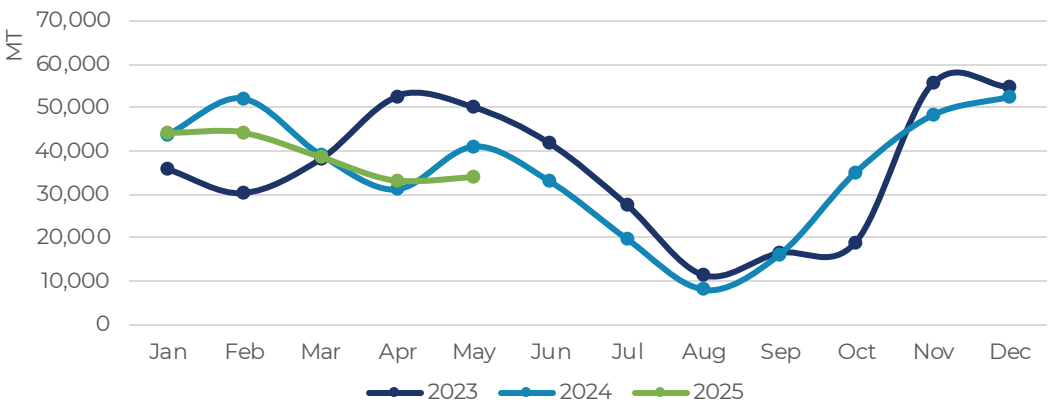


Whole Milk Powder – China

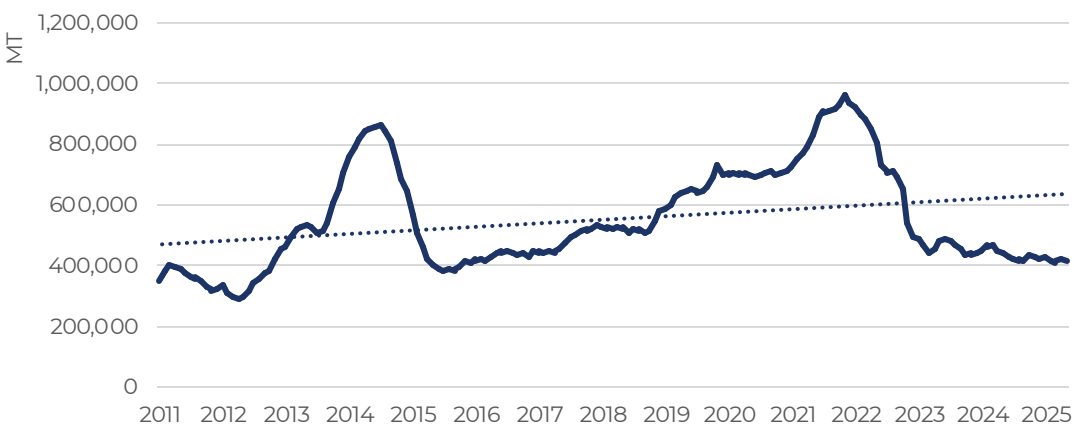
Global WMP Trade to China+HK



Global WMP Trade to China+HK

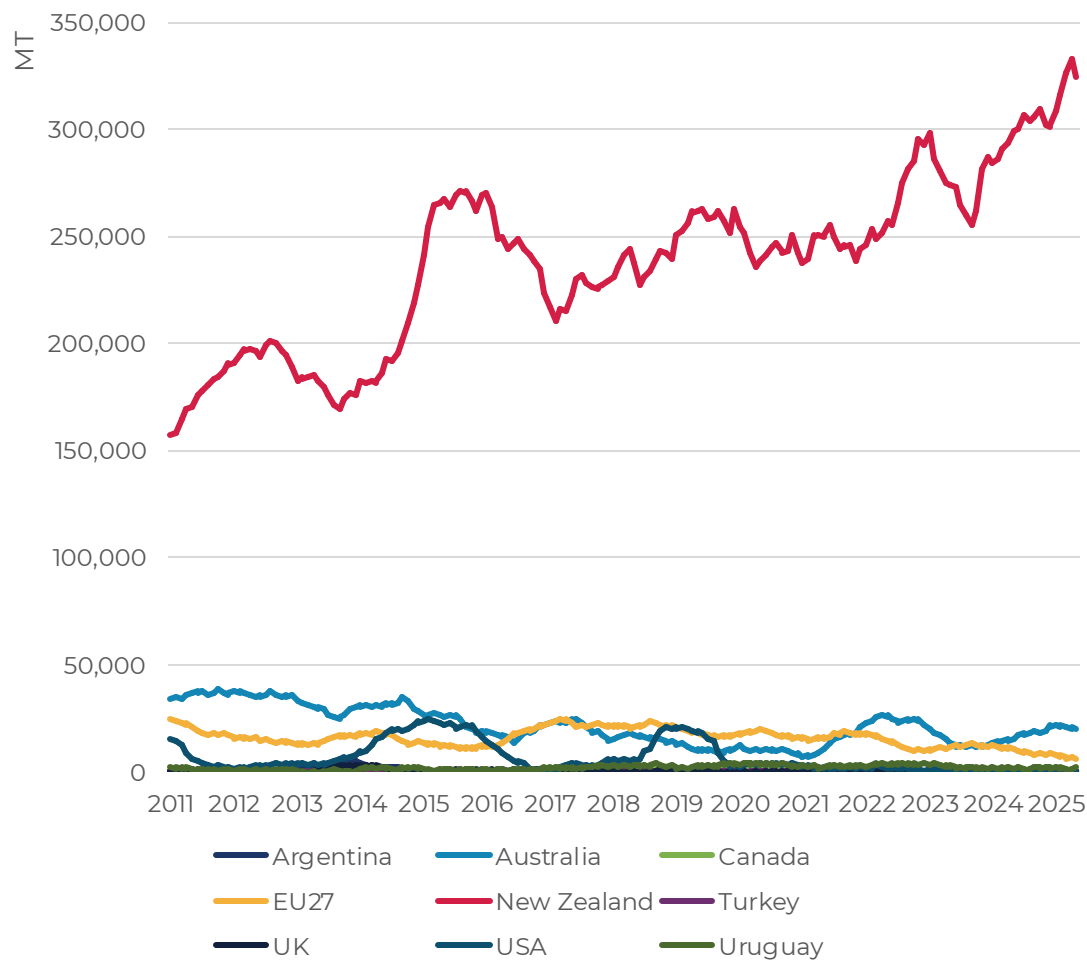


Global WMP Trade to China+HK

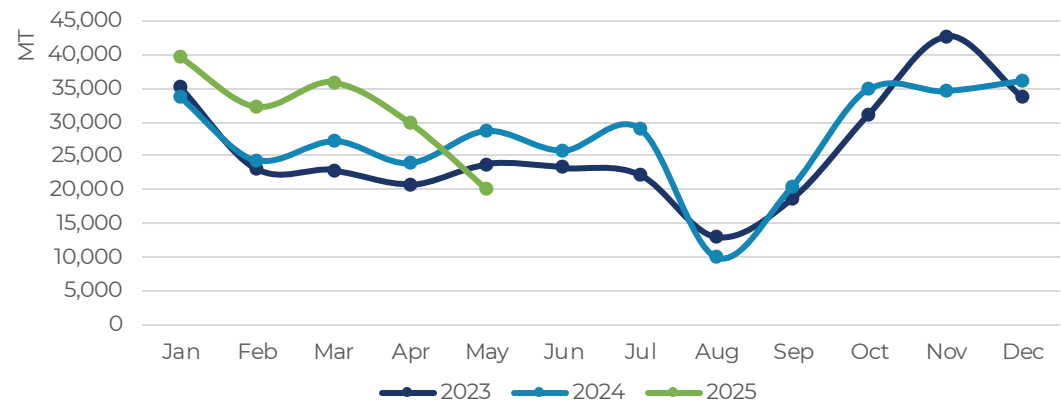


Whole Milk Powder – Southeast Asia

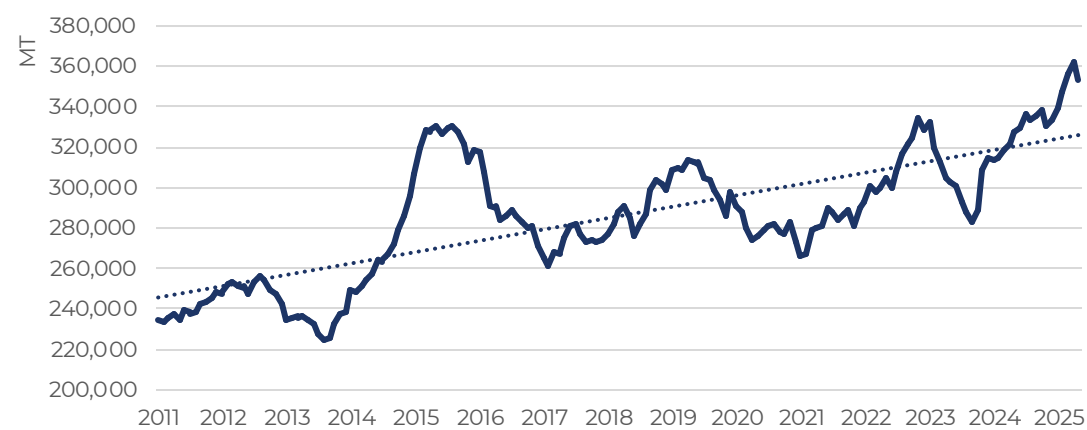
Global WMP Trade to SEA



Global WMP Trade to SEA

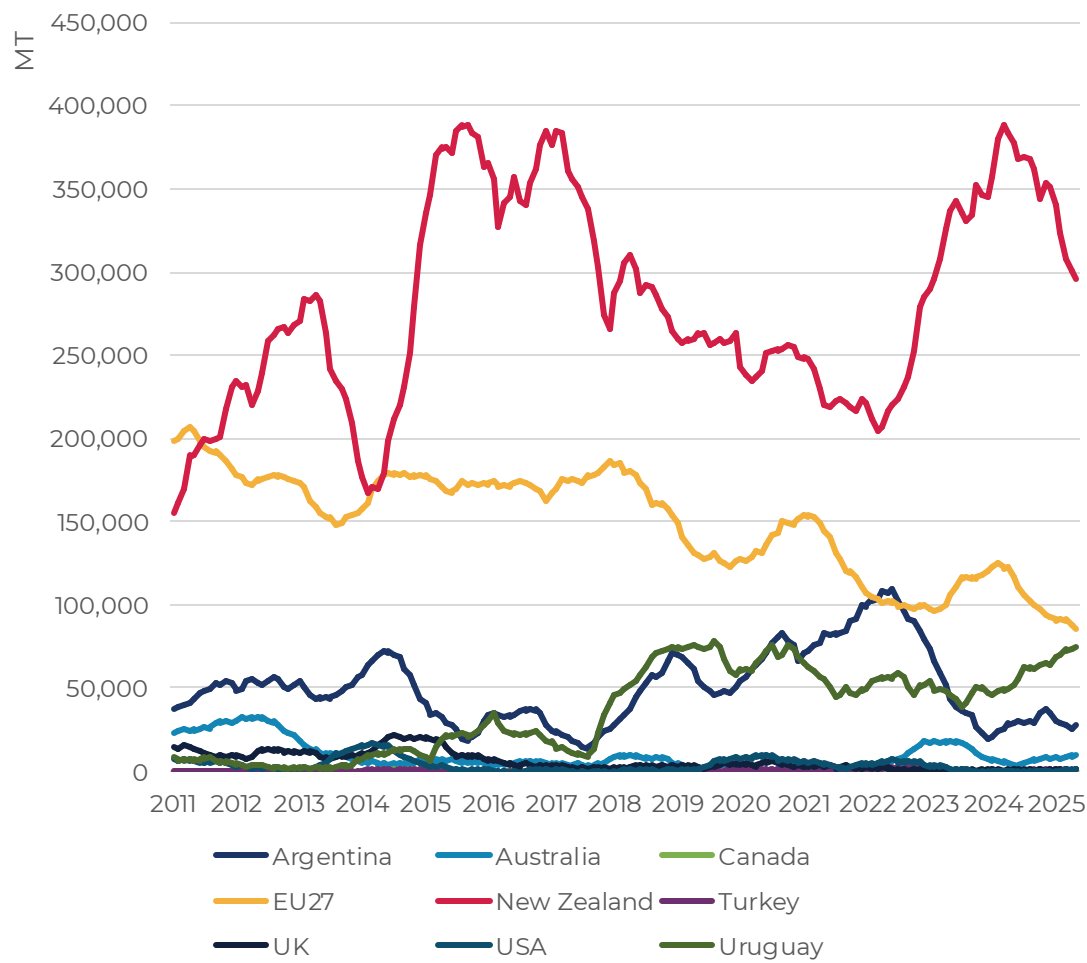


Global WMP Trade to SEA

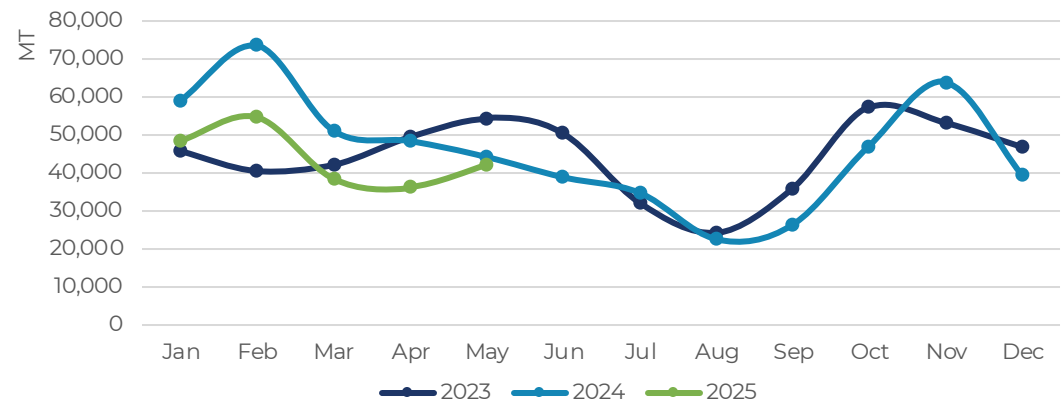


Whole Milk Powder – MENA

Global WMP Trade to MENA



Global WMP Trade to MENA



Global WMP Trade to MENA





Reach Out for Questions or Comments

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