

Be prepared – a new milk price cycle will start in 2018

IFCN presented in its annual conference freshest data and outlooks for the future dairy markets and milk price development. Since 2006, five world milk price cycles could be identified and IFCN expects a new cycle beginning early 2018. This new cycle is estimated to start with a downward trend first, unless a strong increase in milk demand occurs.

The 15th IFCN Supporter Conference, Sept 19-21 in Lucerne, Switzerland, gathered together over 100 experts from 80 international dairy businesses. In the 3 days event, all participants listened and discussed the actual and future global dairy situation but also got into the question, what makes a dairy region successful in the future. Core messages were that the dairy world will be driven by price cycles with different length and price amplitude. Łukasz Wyrzykowski, Data Analyst at IFCN, explains: 'The key driver for dairy price cycles is the delay of national milk supply reaction on world market price trends. Overall it takes 3 - 12 months from a price signal on the world market to a change in milk supply growth.'

The IFCN presentations at the conference showed, that solid and constant information is a key resource to navigate in such a diverse dairy world and drawing conclusion for a thoughtful future planning. One of the participants stated: 'Accurate and continuous real time data, especially on production and the milk prices in the main milk countries is essential for our operational day to day business'.

Interesting was as well the debate among the participants on effective key drivers for successful dairy regions. After a discussion round the dairy experts from the companies identified natural, market and political factors as main drivers in the past. In the future, new technology and social issues – especially the consumer acceptance – are seen to play a bigger and bigger role. The leadership on this important task could be taken best – so the outcome of an electronic poll among the participants – by milk processors. These companies could be ideal stakeholder to drive dairy forward and might be the biggest influencer when it comes to making a dairy region successful.

Torsten Hemme, Managing Director of the IFCN, sums up this event: ‘We are living in a complex and fast changing dairy world. The milk price will remain volatile, but is not a fully unknown factor. We in IFCN have reviewed its cycles since 1996 and learned from the past. All cycles are following patterns, so does the milk price and with it the delay in supply response. So be ready for the next cycle with its ups and downs.’

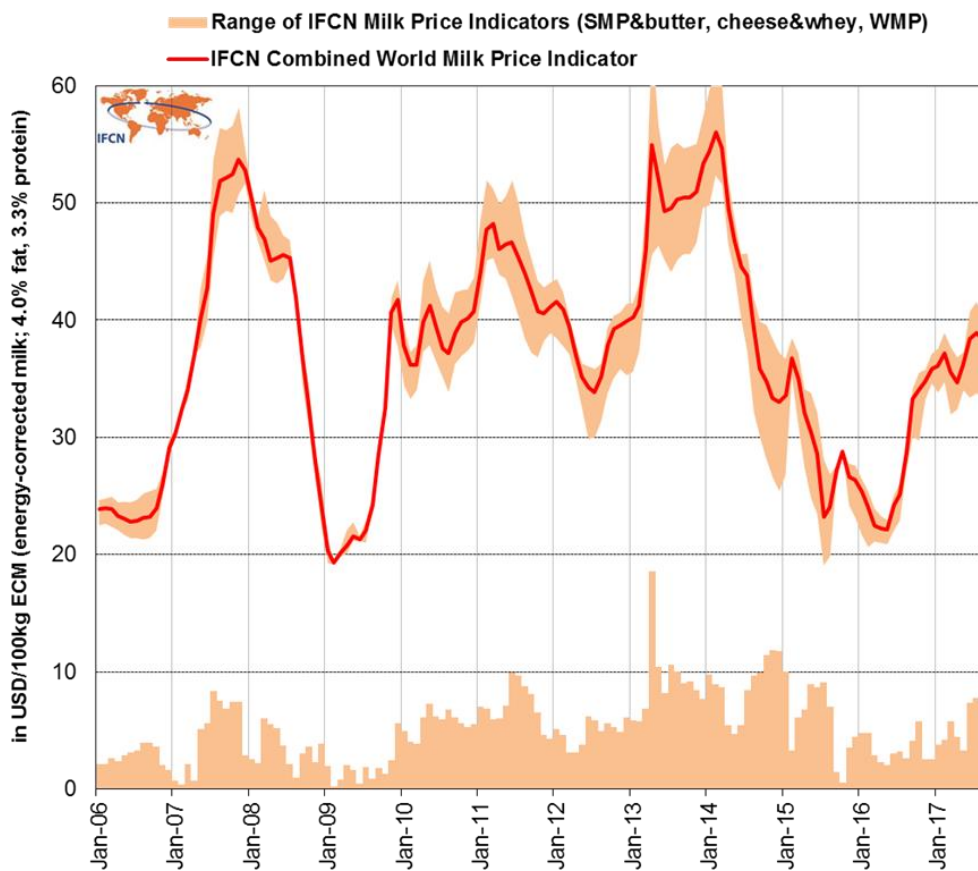


Chart 1: IFCN World Milk Price Indicator

Picture 1: Participants of the IFCN Supporter Conference 2017

IFCN Dairy Research Network provides globally comparable dairy economic data and forecasts through IFCN Models and a Research partners network in 95 countries. Core competences lie in the field of milk production, milk prices and related economic topics. By providing the dairy data, knowledge and inspiration IFCN aims to create a better understanding of the dairy world.



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