

**What questions about dairy
markets keep you awake at night?**

Market Intelligence in Challenging Times

**PUBLIC
WEBINAR
August 11th
2020**



IFCN

Dairy Data · Knowledge · Inspiration

Agenda

- About us: IFCN and our services for you
- Question and Answer Session
- Milk Price Update
- Closing





Who we are

- We are a global network for research and consultancy in the supply chain
- We help people in the dairy world to make better decisions
- The leading provider of dairy economic data, knowledge and inspiration





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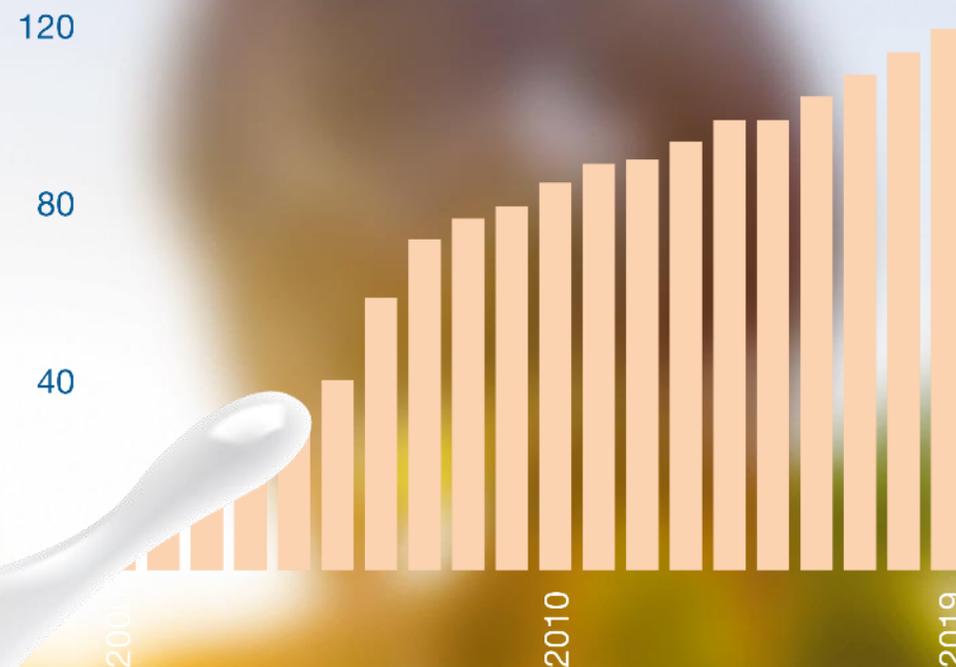
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IFCN is unique

- Knowledge creation by connecting data and people
- Researchers from 100+ countries and 20+ professionals at IFCN
- 140 companies from the whole dairy supply chain are already partners

Number of countries in the research network



Status 2020: 120 countries covering 98% of world milk supply



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Status 2020: 140 companies covering the whole dairy supply chain

Experience pays off

IFCN Data is

- Comparable
- Consistent
- Up-to-date with long history
- Global coverage
- Common standards
- Unbiased
- Officially sourced
- Validated expert estimations
- Ready to use files
- Outlook updates





IFCN

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For 140 companies IFCN is a building block in their market intelligence

Milk processing



Feed and feed additives



Health and hygiene



Genetics for animal & plants



Milking and barn equipment



Milk processing and testing



Other segments



Farm machinery



Financial institutions





So far 10 companies joined IFCN 2020



They use IFCN as a navigation tool in stormy dairy times



The value for your company

- Global holistic picture of the dairy world to not get disrupted – to win the future
- Networking with your peers and companies in the supply chain
- Upgrade your market intelligence with better dairy data and knowledge



Question and answer session

Use the Q&A tool to ask questions live



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Dairy Data · Knowledge · Inspiration



Pre-selected questions

- How to get holistic overview of the global dairy world?
- Dairy markets after Covid-19 pandemic
- How to increase farmers profitability?
- What is going to happen to the world milk price in 6 months?

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The Dairy Report

- The complex global dairy world in a 200-page book with national and regionalized data
- Micro picture: Farm economics and sustainability analysis
- Macro picture: 120+ country profile analyses and world maps





Uljana Rusetska



Swedish University of Agricultural Sciences



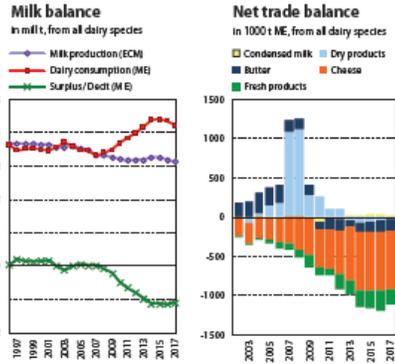
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Uljana Rusetska

Country page every even year

Country page every uneven year



Status and key developments

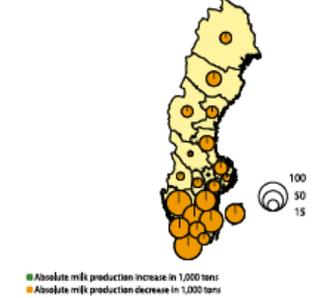
Status 2017

- No. 40 in the world milk production
- 93% of the 3.1 mill t milk (ECM) are delivered
- 1.10 million t ME net imports
- 47% of dairy imports are cheese

Key developments 2012-2017

- Farmers' milk price on Ø 14.1% above the world market price
- Farmers' share on consumer price increased from 26.8% to 27.2%
- 74% self-sufficiency in milk

Milk production change 2013-2018



Key variables

	1996	2000	2003	2005	2007	2009	2011	2013	2015	2016	2017	Annual change '07-'12	Annual change '12-'17
Milk production (cow's)													
Production (mill t ECM)	3.66	3.64	3.57	3.54	3.33	3.27	3.17	3.19	3.27	3.19	3.13	-0.9%	-0.3%
Cows (in 1,000's)	466	428	403	393	370	357	346	346	338	331	323	-1.2%	-1.5%
Milk yield (t/cow/year)	7.86	8.52	8.88	9.00	9.00	9.15	9.15	9.22	9.67	9.64	9.70	0.3%	1.2%
Dairy consumption (from all dairy species)													
Country consumption (mill t ME)	3.62	3.48	3.69	3.48	3.31	3.48	3.83	4.17	4.40	4.35	4.22	3.8%	1.1%
Population (mill people)	8.84	8.88	8.98	9.05	9.18	9.34	9.48	9.65	9.85	10.00	10.18	0.8%	1.3%
Consumption (kg ME/capita/year)	409	392	411	385	361	373	404	433	447	435	415	3.0%	-0.2%
The dairy chain												Percent change p.a.	
Milk delivered (cow's) in %	92%	92%	93%	93%	93%	93%	93%	94%	93%	93%	93%	0.22%	0.06%
Exports/nat. production	7.9%	14.1%	13.6%	20.6%	23.3%	24.3%	17.3%	24.2%	24.1%	23.8%	23.9%	-0.45%	0.60%
Imports/nat. consumption	6.9%	10.2%	16.4%	19.0%	23.0%	29.5%	31.3%	42.0%	43.7%	44.0%	43.5%	2.77%	1.35%

Status and key developments

Status 2018

- No. 42 in world milk production: 3.02 mill t SCM
- No. of dairy farms: 3,477
- Milk price: +27% to world market
- Feed price: +44% to world market

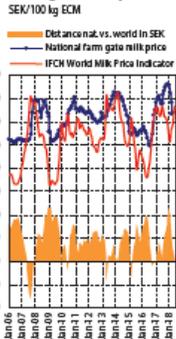
Key developments 2013-2018

- Milk production growth: -0.8% per year
- Farm number: -6% per year
- Milk yield: +0.9% per year
- Top herd size class growth: 200-499 cows/farm: CAGR +8.8%

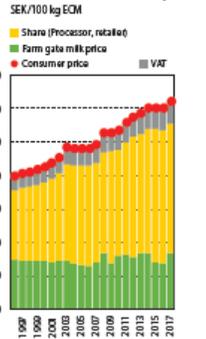
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Milk yield (t/cow/year)	7.7	8.0	8.4	8.8	8.9	9.0	9.0	9.1	9.5	9.6	9.5	0.0%	0.9%
Farm structure													
No. of dairy farms (in 1,000's)	15.9	13.2	10.6	8.6	7.2	6.1	5.3	4.7	4.2	3.6	3.5	-6.3%	-6.0%
Average farm size (cows/farm)	29.30	33.87	39.51	45.55	51.53	58.14	64.87	72.99	79.73	89.38	91.86	6.1%	4.7%
Prices in national currency													
Milk: feed price ratio	2.0	2.0	1.7	2.2	1.5	1.6	1.6	1.4	1.4	1.7	1.3	2.8%	-1.5%
Cull cow (SEK/kg live weight)	7.00	6.47	8.20	7.72	8.34	7.95	9.80	12.60	11.77	12.62	12.11	6.7%	-0.8%
Land-buy (SEK/ha)	11,600	15,400	18,500	31,100	36,600	39,800	50,400	48,400	59,700	68,400	71,341	3.8%	8.1%
Devaluation of SEK vs USD	-3%	-21%	-33%	-13%	-3%	-15%	0%	—	-23%	-24%	-25%	0.2%	-5.0%

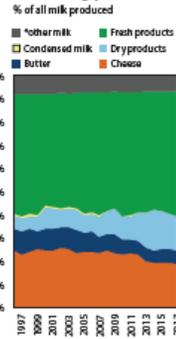
Farm gate milk price



Consumer & farmers' prices



Processing profile



Milk processors list 2017

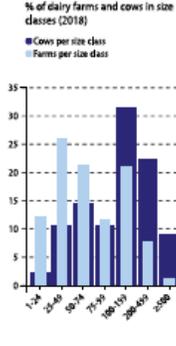
Milk intake in 1,000 tons (natural content)

1. Arla Foods: Sverige 1855
2. Skånemejerier
3. Normmejerier 206
4. Fäktstipsen Mejeri
5. Gelfeortens Mejeriförening
6. Gåsene
7. Wagnö
8. Emåmejeriet
9. Sju Gårdar 142

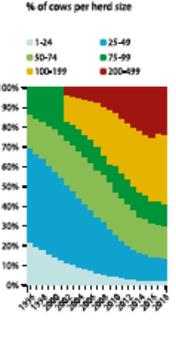
Cooperatives: 100% of milk intake shown
Share on national milk delivery:

- Processor 1
- Processor 3-4
- Rest 22%

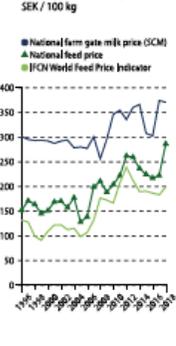
Farm structure



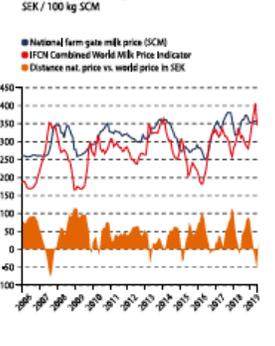
Farm structure



Milk and feed price



Monthly farm gate milk price



Explanations

Method: See Chapter 3.9 for details. Sources: National statistics supplemented by data from FAO, IMF, OANDA, GTT, Eurostat, AM. Data: 2017 data preliminary and partly estimated. Cooperatives share on milk intake shown in the list is an IFCN estimate based on partner information. Consumer price (raw data) for: Fresh milk, 1 litre pack, 1.5% fat, 3.5% protein. Remarks: Consumer price 2016-2017 based on CPI. Farmer's milk price 2017: LRF (preliminary). Estimates done for: Processed condensed milk: 2012-2017, SMP and WMP: 2016. *other milk: Milk not delivered to dairies and milk from animals other than cow and buffalo. If applicable: Sheep, goat and camel.

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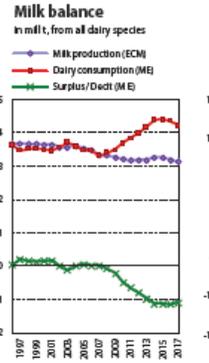
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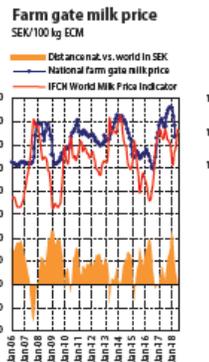


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Key variables

Milk production (cow's)	Production (mill t ECM)
Cows (in 1,000's)	Milk yield (t/cow/year)
Dairy consumption (from all dairies)	Country consumption (mill t ME)
Population (mill people)	Consumption (kg ME/capita/year)
The dairy chain	Milk delivered (cow's) in %
Exports/nat. production	Imports/nat. consumption



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Status and key developments

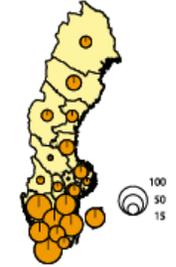
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Milk production change 2013–2018 in 1,000 tons

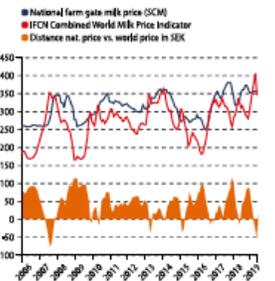


	2009	2011	2013	2015	2017	2018	Annual change '08-'13	'13-'18
7	3.21	3.12	3.14	3.22	3.09	3.02	-0.7%	-0.8%
0	357	346	346	338	323	319	-0.6%	-1.6%
9	9.0	9.0	9.1	9.5	9.6	9.5	0.0%	0.9%
2	6.1	5.3	4.7	4.2	3.6	3.5	-6.3%	-6.0%
3	58.14	64.87	72.99	79.73	89.38	91.86	6.1%	4.7%
5	1.6	1.6	1.4	1.4	1.7	1.3	2.8%	-1.5%
4	7.95	9.80	12.60	11.77	12.62	12.11	6.7%	-0.8%
0	39,800	50,400	48,400	59,700	68,400	71,341	3.8%	8.1%
6	-15%	0%	—	-23%	-24%	-25%	0.2%	-5.0%

Milk and feed price SEK / 100 kg



Monthly farm gate milk price SEK / 100 kg SCM



and partly estimated.

Devaluation: Changes based on 2013 Exchange rate: SEK/USD= 6.52.

Regional data: Milk production in natural fat and protein content. 2017 and 2018 data is based on 80% of total milk deliveries in these years.

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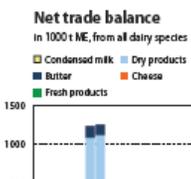
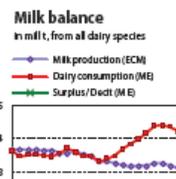
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Country page every uneven

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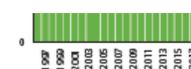
Key developments 2013–2018

Milk production change 2013–2018 in 1,000 tons



Key variables

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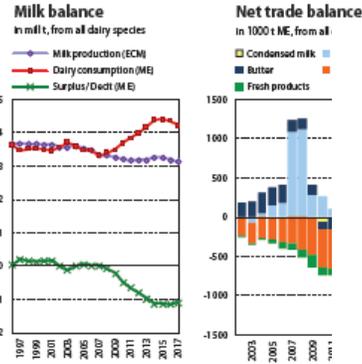


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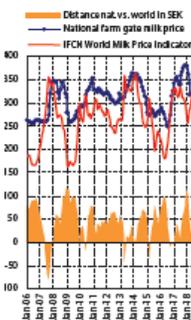
Status and key developments



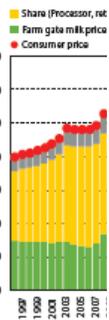
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Farm gate milk price



Consumer & f



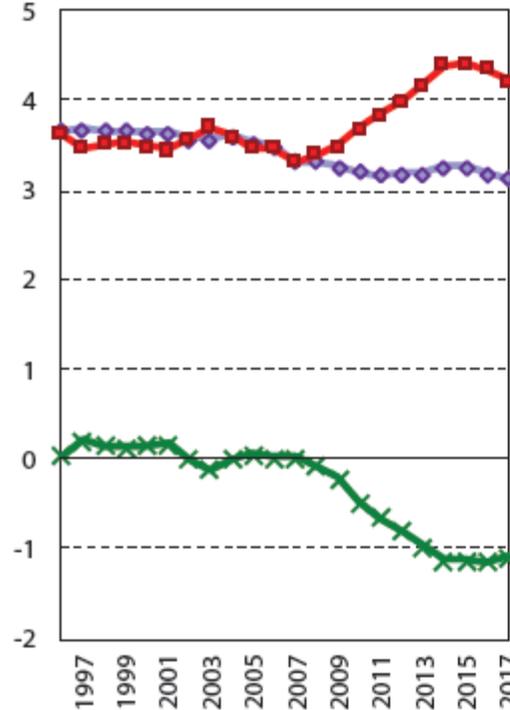
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Milk balance

in mill t, from all dairy species

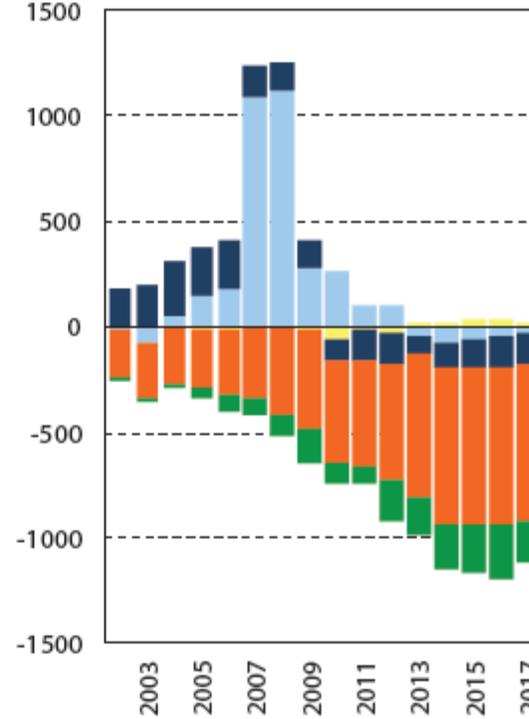
- Milk production (ECM)
- Dairy consumption (ME)
- Surplus/Deficit (ME)



Net trade balance

in 1000 t ME, from all dairy species

- Condensed milk
- Dry products
- Butter
- Cheese
- Fresh products

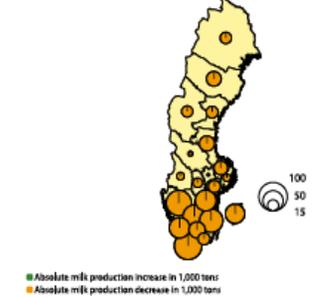


Status and key developments



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Milk production change 2013-2018

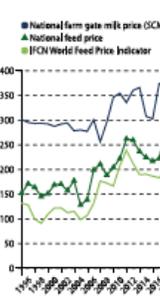


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10.6	8.6	7.2	6.1	5.3	4.7	4.2	3.6	3.5	-6.3%	-6.0%	
9.51	45.55	51.53	58.14	64.87	72.99	79.73	89.38	91.86	6.1%	4.7%	
1.7	2.2	1.5	1.6	1.6	1.4	1.4	1.7	1.3	2.8%	-1.5%	
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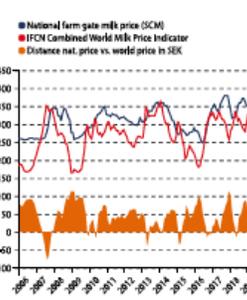
Structure



Milk and feed price



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Estimates done for: Milk production: 2016, Cull cow prices: 2015 and 2016 indexed.
Devaluation: Changes based on 2013 Exchange rate: SEK/USD=6.52.
Regional data: Milk production in natural fat and protein content. 2017 and 2018 data is based on 80% of total milk deliveries in these years.
Farm structure: The data covers approx. 80% of the cows and 90% of the milk production in Sweden. 1996-2001 data in the class 75-99 also includes the classes >=100.



Uljana Rusetska



Swedish University of Agricultural Sciences



Swedish University of Agricultural Sciences



Uljana Rusetska

Milk balance
In 1000 t ME, from all dairy species

- Milk production (ECM)
- Dairy consumption (ME)

Net trade balance
In 1000 t ME, from all dairy species

- Condensed milk
- Dry products
- Butter
- Cheese

Status and key developments

Status 2017

Status and key developments

Status 2018

• No. 42 in world milk production: 3.02 mill t SCM

Milk production change 2013–2018

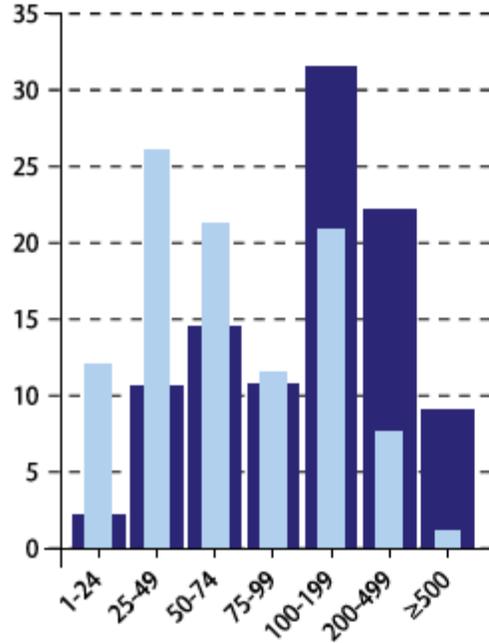
in 1,000 tons



Farm structure

% of dairy farms and cows in size classes (2018)

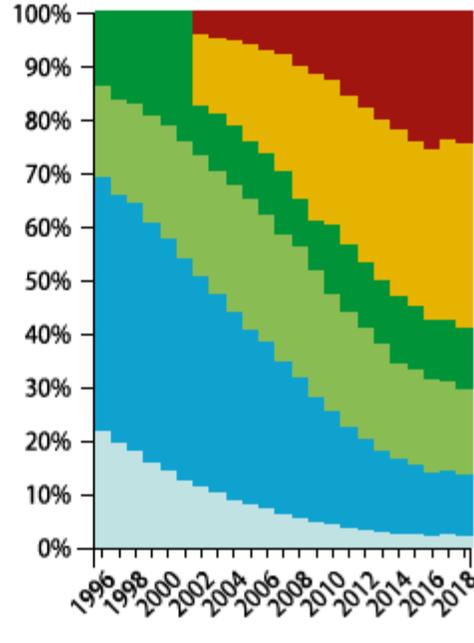
- Cows per size class
- Farms per size class



Farm structure

% of cows per herd size

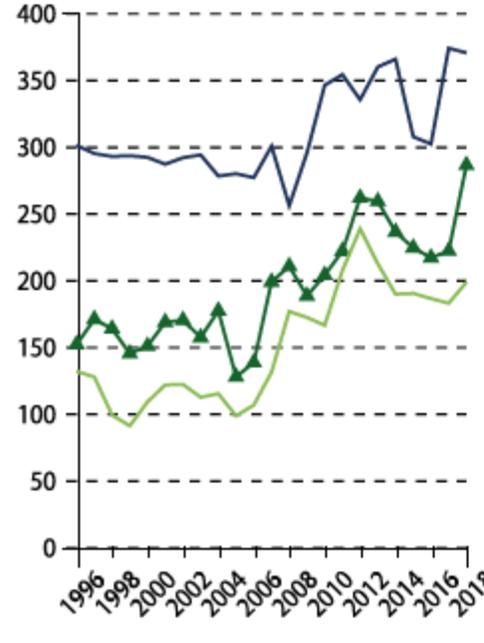
- 1-24
- 25-49
- 50-74
- 75-99
- 100-199
- 200-499



Milk and feed price

SEK / 100 kg

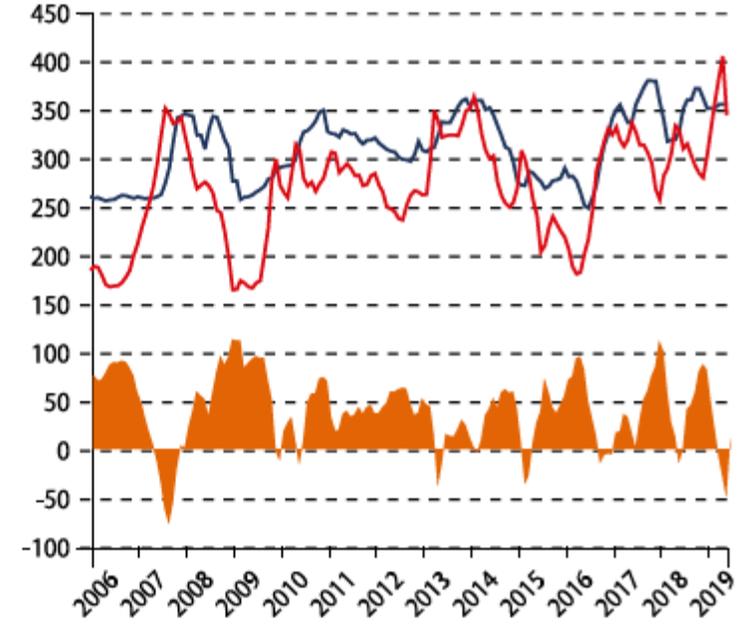
- National farm gate milk price (SCM)
- National feed price
- IFCN World Feed Price Indicator



Monthly farm gate milk price

SEK / 100 kg SCM

- National farm gate milk price (SCM)
- IFCN Combined World Milk Price Indicator
- Distance nat. price vs. world price in SEK



100
Jan06
Jan07
Jan08
Jan09
Jan10
Jan11
Jan12
Jan13
Jan14
Jan15
Jan16
Jan17
Jan18
Jan19

0%
1999
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017

0%
1997
1999
2001
2003
2005
2007
2009
2011
2013
2015
2017

Explanations
Method: See Chapter 3.9 for details. Sources: National statistics supplemented by data from FAO, IMF, OANDA, GTT, Eurostat, AMI.
Data: 2017 data preliminary and partly estimated. Cooperatives share on milk intake shown in the list is an IFCN estimate based on partner information.
Consumer price (raw data) for: Fresh milk, 1 litre pack, 1.5% fat, 3.5% protein.
Remarks: Consumer price 2016–2017 based on CPI. Farmer's milk price 2017: LRF (preliminary).
Estimates done for: Processed condensed milk: 2012–2017, SMP and WMP: 2016.
*other milk: Milk not delivered to dairies and milk from animals other than cow and buffalo. If applicable: Sheep, goat and camel.

Explanations
Sources: National statistics, FAO, IMF, Oanda, Eurostat, AMI. 2018 data preliminary and partly estimated.
Estimates done for: Milk production: 2016, Cull cow prices: 2015 and 2016 indexed.
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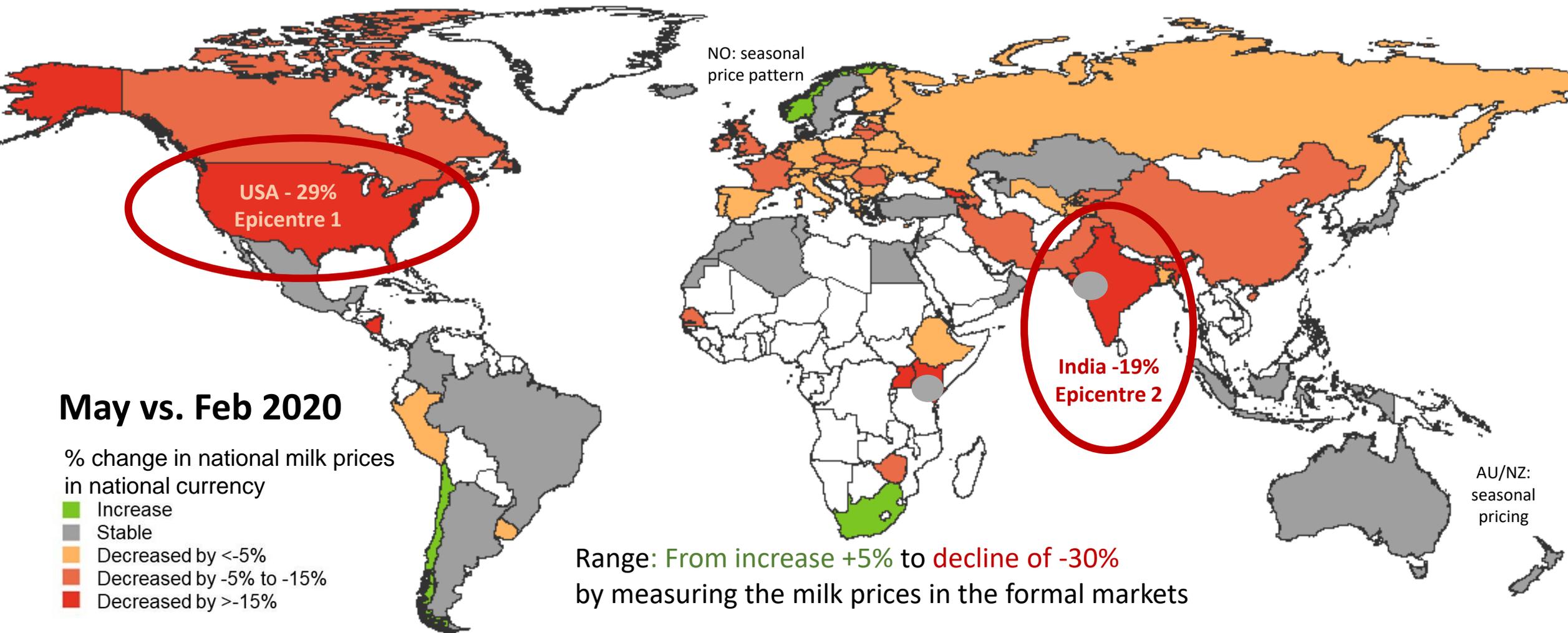
Pre-selected questions

- How to get holistic overview of the global dairy world?
- Dairy markets after Covid-19 pandemic
- How to increase farmers profitability?
- What is going to happen to the world milk price in 6 months?

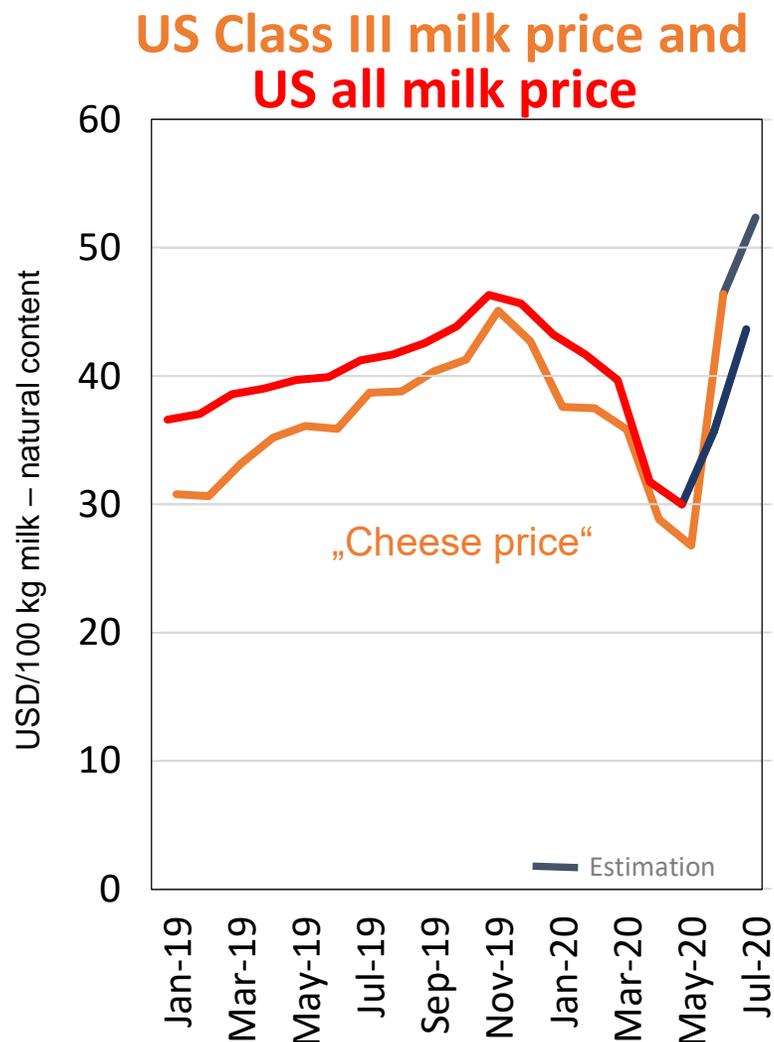
IFCN responds to Covid-19

- Weekly analysis during the peak period
- Monthly webinars on impacts of the pandemic
- Interactions with researchers
- upcoming Think Tank Event

Measurement of the depth of the “dairy crisis”



Epicentre 1 - US milk prices during COVID-19



Way in the crisis - Milk price **-25%**

Milk demand: Food service down, retail up

Milk supply: unchanged

Milk surplus, stocks, milk dumping and price decrease

Way out of crisis - Milk price **+50%**

Milk demand: Food service up; retail strong

Milk supply: Slightly negative May and June, (+"stocks"?)

Stocks: By government purchases (about 0.5 mill t ME)

Milk deficit and milk price increase

So what: Dairy prices in the future

Dairy prices likely to decline and to be highly volatility



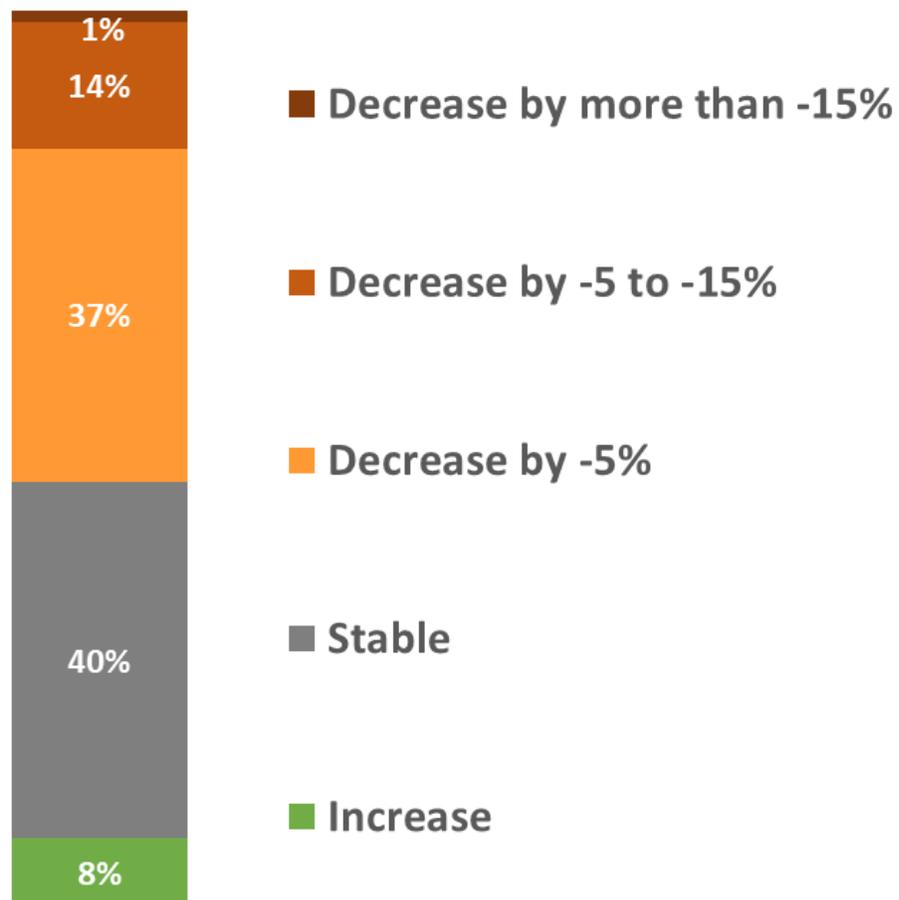
Dairy demand per capita in 2020

52% of the dairy experts expect a decrease

Impact of the COVID-19 crisis on dairy demand per capita

Poll question:
“What is the impact of the COVID-19 crisis on dairy demand per capita in your country in 2020?”

IFCN survey 03/06/2020:
122 participants, >60 countries,
85% of world milk production, poll n=78





The Think Tank Conference

Annual IFCN Supporter Conference

- A 20-year long success story goes digital
- The current state of the dairy world and it's trends and drivers
- The short-term outlook for budgeting and long-term outlook for strategic planning



New opportunities: The dairy world after COVID-19

**New Opportunities:
The Dairy World after COVID-19**

IFCN Supporter Conference 2020

Day 1 and how this will help you:

1. **Understand** where the dairy world is today
2. **Outlook 2021** for your budget planning
3. **Outlook 2025/2050** for strategic planning

**ONLINE
CONFERENCE
8th and 9th
Sept. 2020**



IFCN Supporter Conference 2020 Dairy Leaders Panel 9. Sept 14.00 – 15.00 CET

Dairy world after COVID-19: What's new; what's less and what's more important?



RS Sodhi,
CEO
Amul
India



Frans Keurentjes
Chairman
FrieslandCampina
Netherlands



Hans Jöhr
Head of Agriculture
Nestlé
Switzerland



Tim Leviny
SVP Dairy Foods
Land O'Lakes
USA



8/10/2020

Pre-selected questions

- How to get holistic overview of the global dairy world?
- Dairy markets after Covid-19 pandemic
- How to increase farmers profitability?
- What is going to happen to the world milk price in 6 months?

You can improve what you can measure

- Over 170 typical farm types in 54 countries
- Consistent farm analysis since 20 years
 - Farm economics
 - Sustainability

IFCN farm economic indicators

- Typical farm types description
- Economic analysis
 - Cost of milk production
 - Returns: subsidies & non-milk returns
- Cost components
 - Labour
 - Feed
 - Land
 - Health

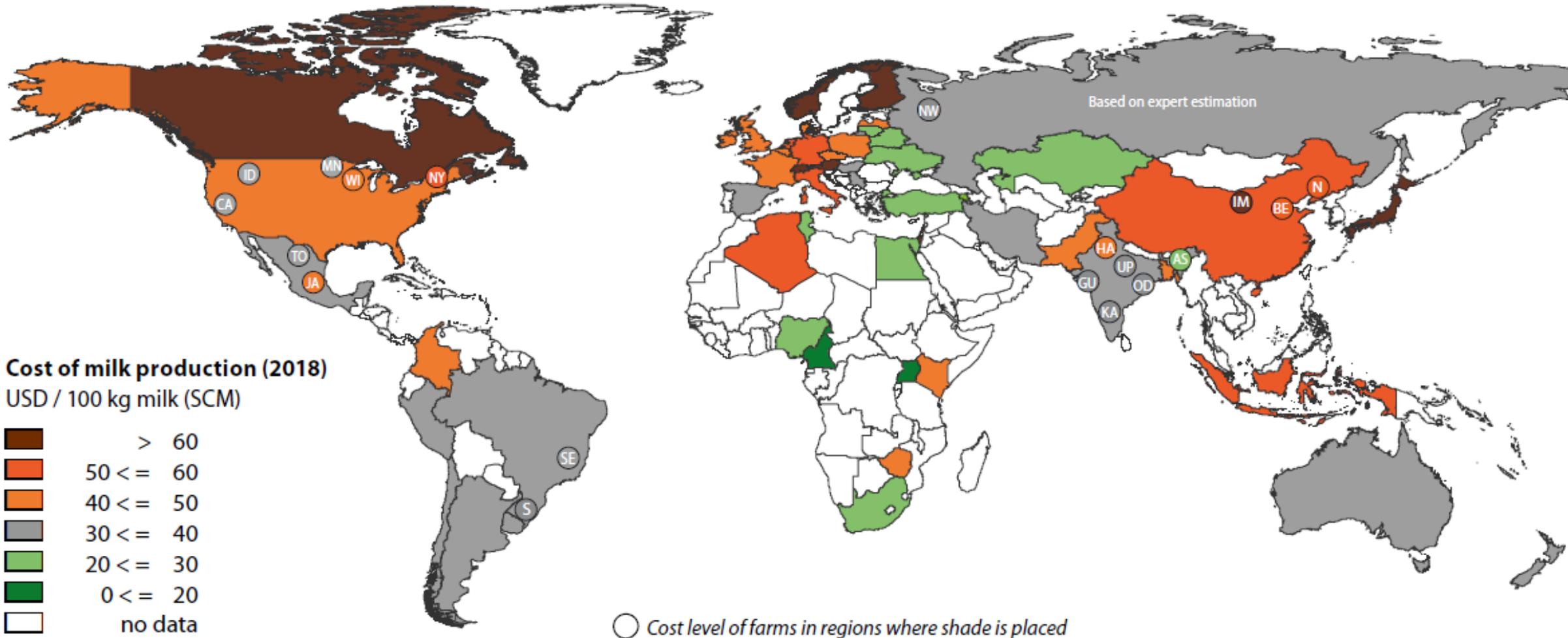
1	Comparison of the typical farms 2018	
1.1	Summary – Farm comparison 2018	23
1.2	Milk supply curves 2018	24
1.3	Cost of milk production on average sized and larger farms 2018	25
1.4	Farm level time series analysis 2000–2019 – Cost of milk production only	26
1.5	Description of the dairy farms analysed	28
1.6	Summary on economic results of the typical farms	30
1.7	Cost of milk production only	32
1.8	Total costs and returns of the dairy enterprise	33
1.9	Returns: Milk price, non-milk returns and decoupled payments	34
1.10	Dairy enterprise: Profits, return to labour and asset structure	35
1.11	Description of direct subsidies and policies	36
1.12	Summary on cost components of the dairy enterprise	38
1.13	Cost components of the dairy enterprise	40
1.14	Cost component: Feed	41
1.15	Cost component: Labour	42
1.16	Cost component: Land	43
1.17	Cost component: Animal health and herd replacement	44
1.18	Overview of all typical farms analysis – costs and returns	45
1.19	New typical farms results – IFCN Farm Comparison Research Network	47
1.20	Sustainability and resilience of typical farms	48
1.21	Sustainability of selected farms	50
1.22	Resilience of selected farms	51



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Costs of milk production



IFCN is addressing sustainability issues

1. Economic sustainability

- Cost of milk production

1. Environmental sustainability

- Carbon food print

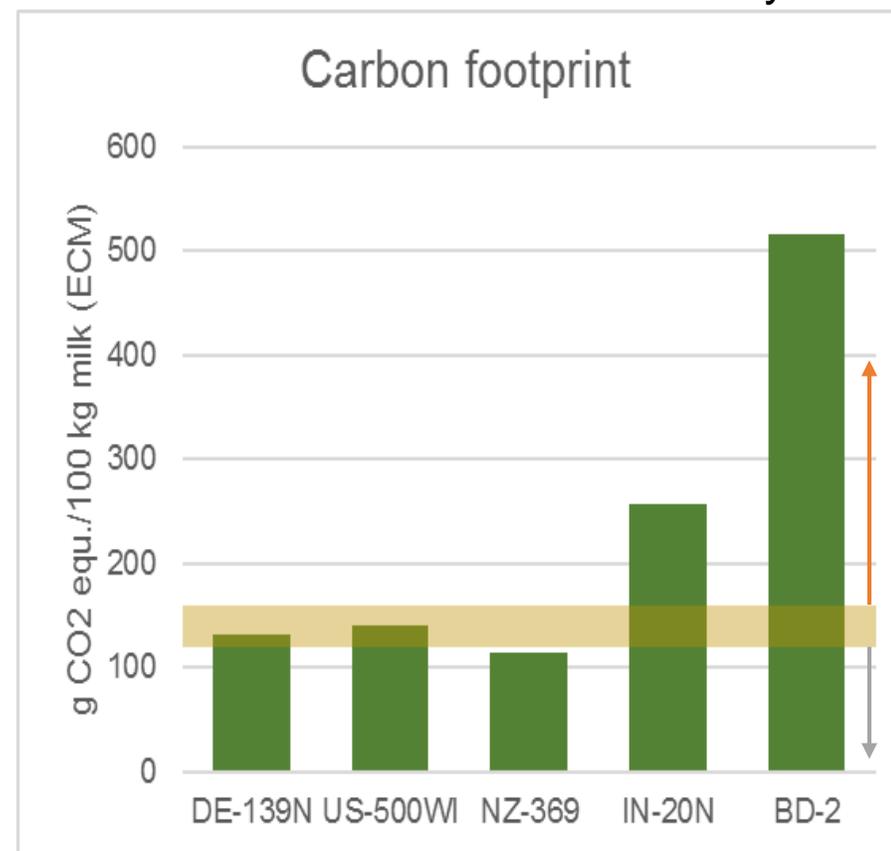
2. Social sustainability

- Farm labour income

3. Resilience

- Financial performance

Environmental sustainability



Indicator: Green House Gas Emissions calculated with a partial Life Cycle Assessment for milk production until the farm gate

Pre-selected questions

- How to get holistic overview of the global dairy world?
- Dairy markets after Covid-19 pandemic
- How to increase farmers profitability?
- What is going to happen to the world milk price in 6 months?

Monthly Updates

The Milk Price Outlook Webinars

- Created as intensive care service for our members at the outbreak of COVID-19
- Now a monthly update with 30 minutes high level reporting and analysis on current events
- Combining analysis from different sources to save you time

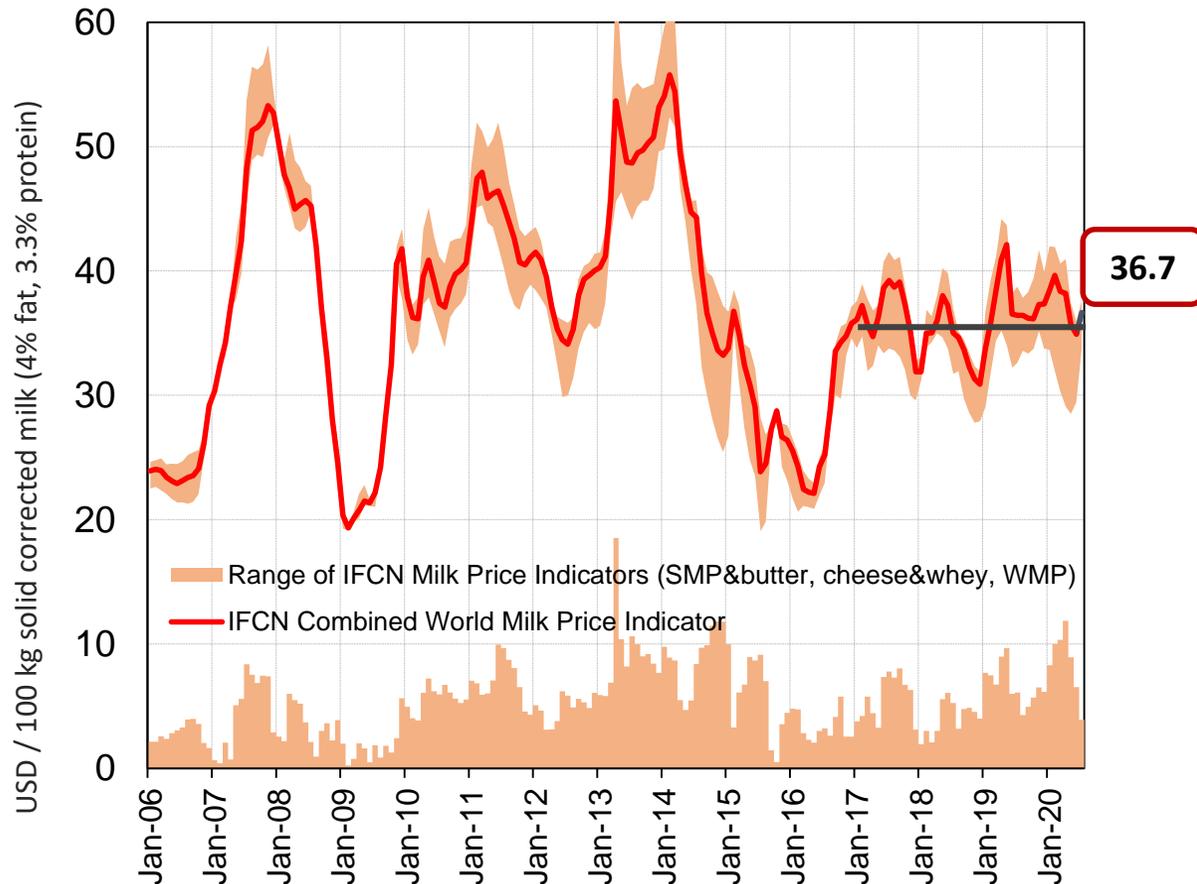




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Monthly Milk Price

IFCN Combined World Milk Price Indicator



IFCN Combined World Milk Price Indicator

-> five dairy commodities -> one price indicator

Increase of 5% in milk price in July

-> A first increase of dairy commodity prices after the global outbreak of COVID-19 in February

Main driver: high demand for milk powders combined with limited availability in Oceania

What do IFCN researchers say? - 53% reported that their country already reached the bottom of milk prices or will reach the bottom in the upcoming two months.

*SMP/WMP/Butter/Cheese: monthly weighted average of bi-weekly Oceania export prices; Whey Powder: monthly average of weekly German Whey powder prices

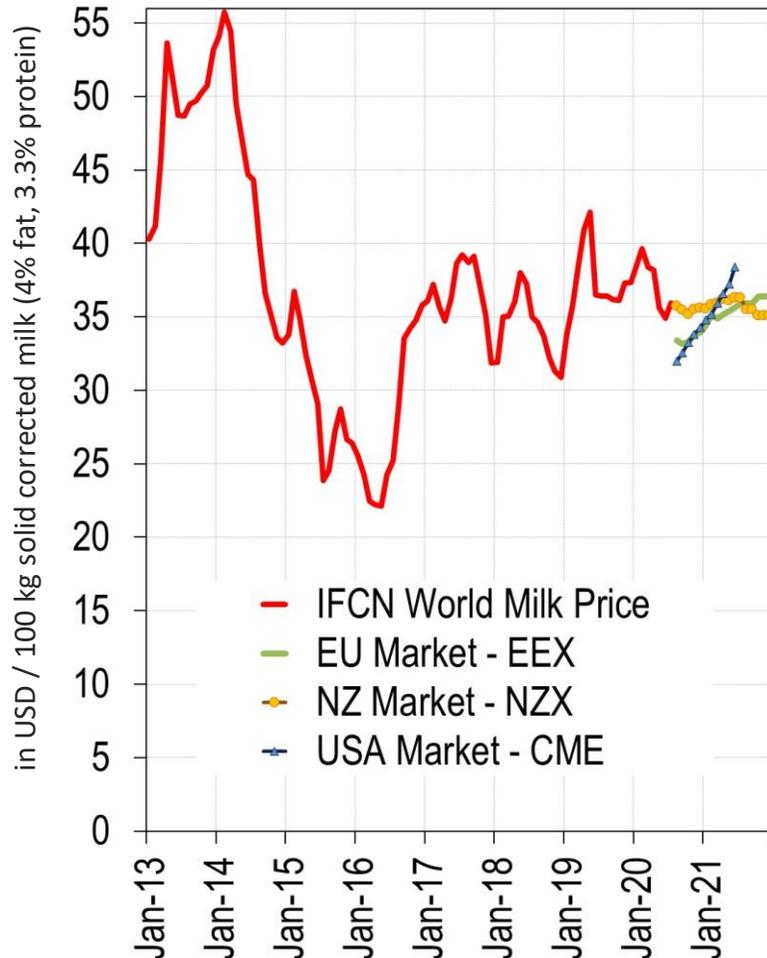


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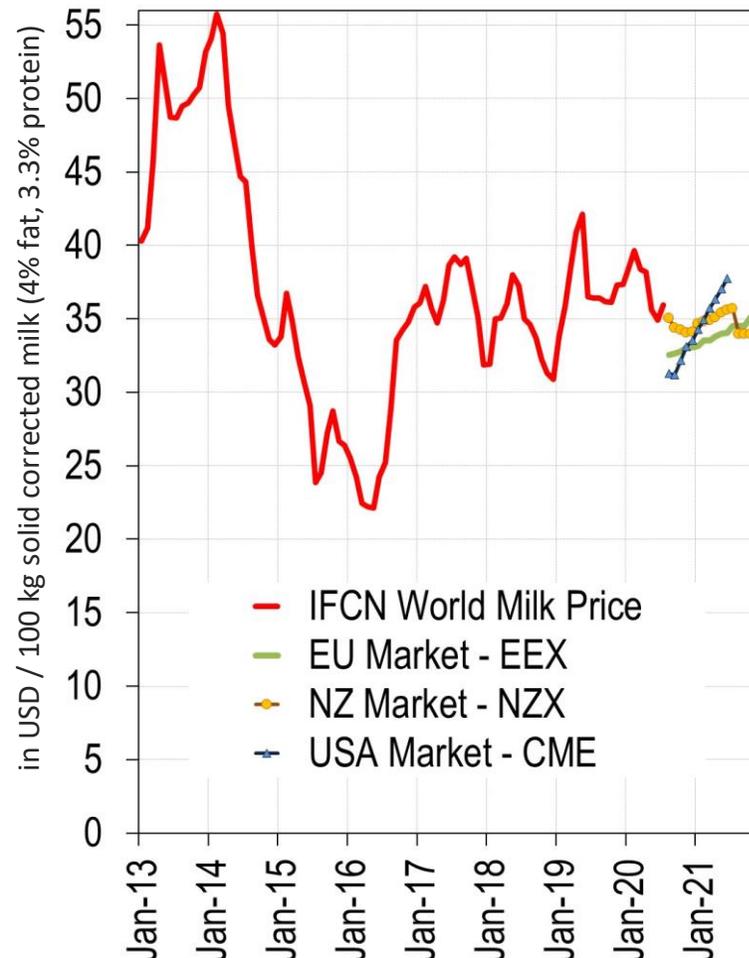
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World Milk Price Outlook 2020

Future markets 30.07.2020



Future markets 10.08.2020



1. Current Dairy Futures:

33 - 35 USD / 100 kg milk

GDT(04.08. vs 21.07.): -5.1%

Average future prices: -3%

2. Futures & analysts not aligned

Rabobank: 30-32 USD for next 12 months

FC Stone: 28 USD in Q4; move to 35 USD

Fonterra: season 2020/21 28-33 USD

Now what:

If we are very lucky,
the dairy futures are right.

But there is a chance that a period with
low dairy prices will occur.

Member Services

- The Annual Dairy Report
- The Think Tank Conference
- The Dairy Data Services: All data available online!
- Exclusive Webinars and Newsletters
- Hotline
- Promotion via logo positioning



Join us!: here

Question and answer session

Use the Q&A tool to ask questions live



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**Dairy Data, Knowledge and
Inspiration**

Market Intelligence in Challenging Times

**THANK
YOU
FOR
JOINING**



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