

IFCN outlook 2019: Milk demand grows faster than supply

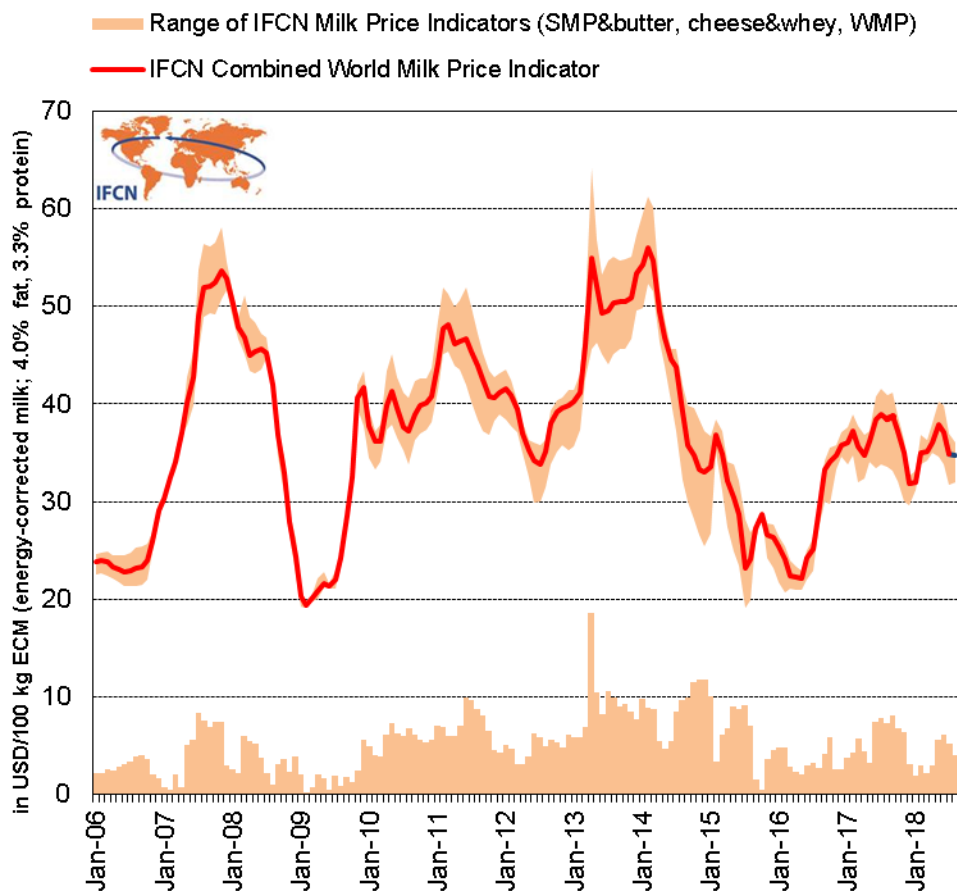
IFCN presented in its annual conference freshest data and outlooks for the future dairy markets and milk price development. After the last world milk price crisis in 2016, farm gate milk prices have stabilized during the last two years on a level of 35 USD/100 kg ECM*. IFCN predicts further milk price stabilization as milk demand is growing faster than milk supply at current world milk price.

The 16th IFCN Supporter Conference was held in Parma, Italy, 11-13 September. This event has become the leading global think tank for the dairy sector and a knowledge exchange platform for dairy related companies. This year 120 participants from over 80 companies focussed on the global dairy perspectives 2030 and “How will Big Data change dairy farming and the Supply Chain in the future?”.

Big data in agriculture describes large sets of data that are generated on farms. Big data is becoming more important due to increasing use of emerging technologies that create data, such as sensors and cameras. However, simply storing the data provides little value. As seen in different conference presentations data becomes advantageous when it is analysed computationally to reveal patterns, trends, and associations, especially relating to behaviour and interactions. All this data, combined with advanced data platforms, can create new value for cows, farmers, processors and consumers. Insights that can enhance animal productivity and comfort while also driving incremental value and transparency across the dairy supply chain were discussed. *“We are entering in a new era, when technology application, precision and cost are getting to a situation where multiple sources of information and insights will be integrated, correlated and analysed to solve complex problems in a timely manner”*, explains Ricardo Daura, Global Product Line Director for Digital Insights of proudly hosting partner Cargill.

Presenting its long-term and short-term outlooks IFCN showed that milk demand growth until 2030 is estimated at 304 mill t ECM which represents three time the current US production. To activate the production needed for this growth a world milk price of more

than 40 USD/100 kg ECM is required. The dairy market situation in 2019 will be heavily impacted by the situations observed in 2018 like weather anomalies impacting feed production, dairy import demand and GDP growth per capita. A rapid slow-down of world milk supply growth reaching ca. 1,6 % in August vs. January 3,1 % has supported the price stabilisation of 35 USD/100 kg ECM. Key driver for the supply reaction was deterioration of dairy farm economics situation and sever regional weather anomalies. Torsten Hemme, Managing Director of IFCN sums up this event: *'The dairy demand will grow faster than the supply. IT solutions for big data will serve the dairy chain in order to identify the growth potentials of this sector. The 16th IFCN Supporter Conference created the opportunity for the dairy industry to meet new technologies ventures, leverage existing learnings and discover what digital disruption means to the industry and to each of the stakeholder along the dairy supply chain'.*



*Chart 1: IFCN World Milk Price Indicator

Picture 1: Participants of the IFCN Supporter Conference 2018



Words (492 words).

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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