

Global Supply and Demand

What to Expect as Markets Evolve

15 June 2022



U.S. Dairy
Export Council.

Ingredients | Products | Global Markets

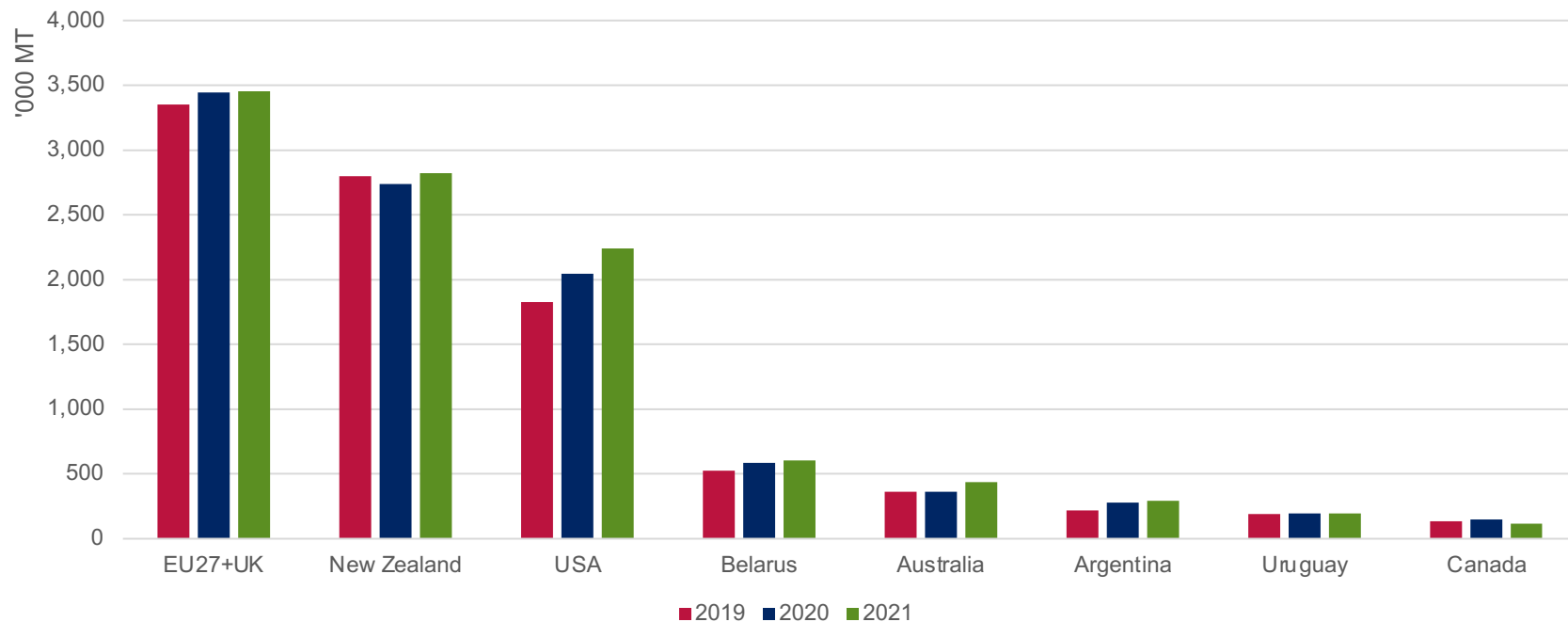


Global Dairy Markets Today



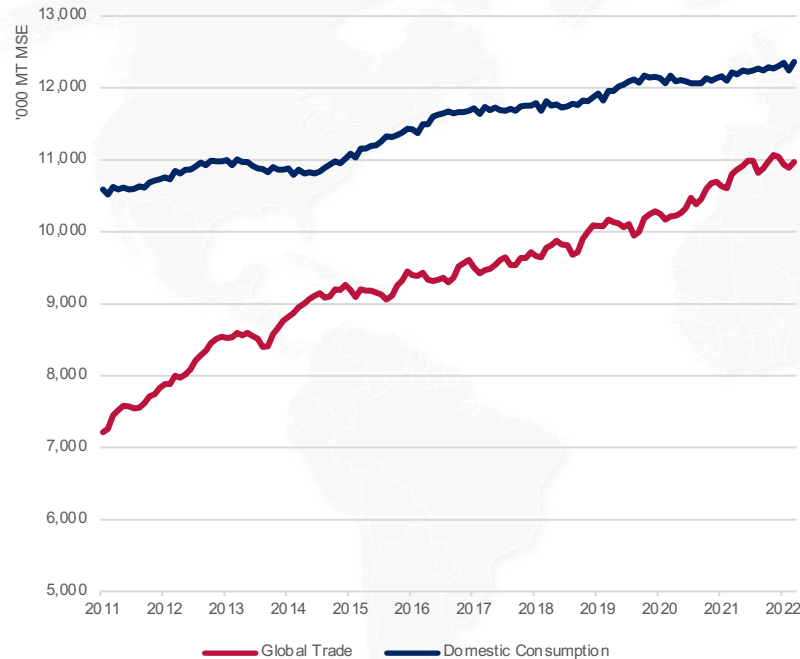
EU, New Zealand & USA are the Key Suppliers

Global Dairy Exports by Major Supplier
(Milk Solids Equivalent)

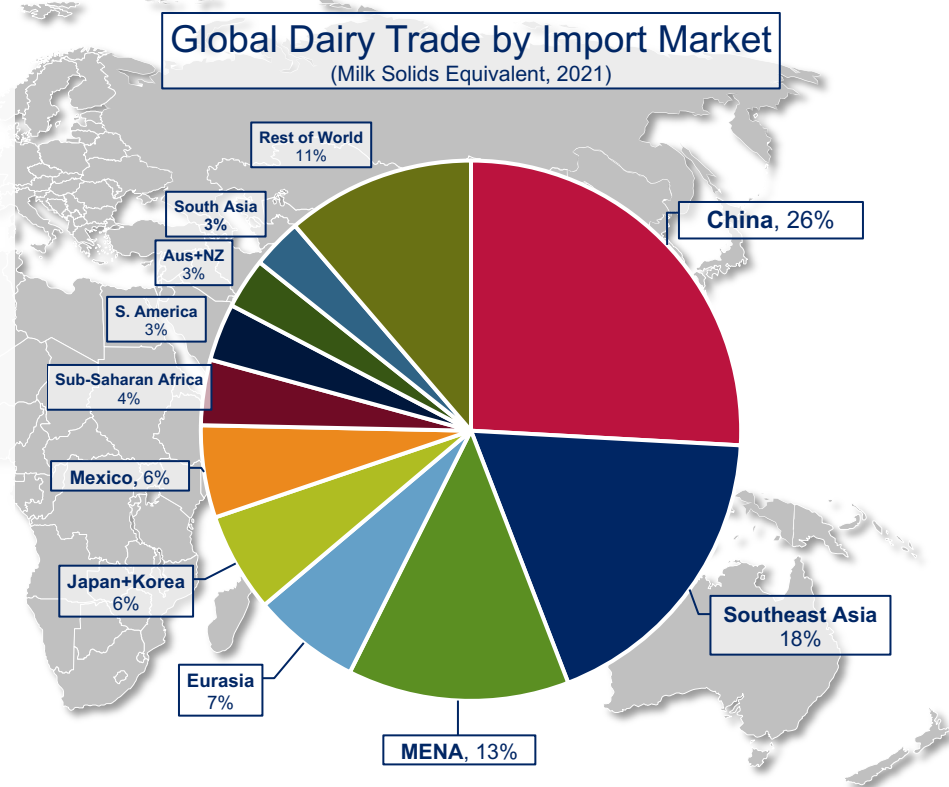


With a Diverse & Growing Demand Picture

U.S. Domestic Consumption & Global Trade of Dairy
(Rolling 12 Months, Milk Solids Equivalent)



Global Dairy Trade by Import Market
(Milk Solids Equivalent, 2021)



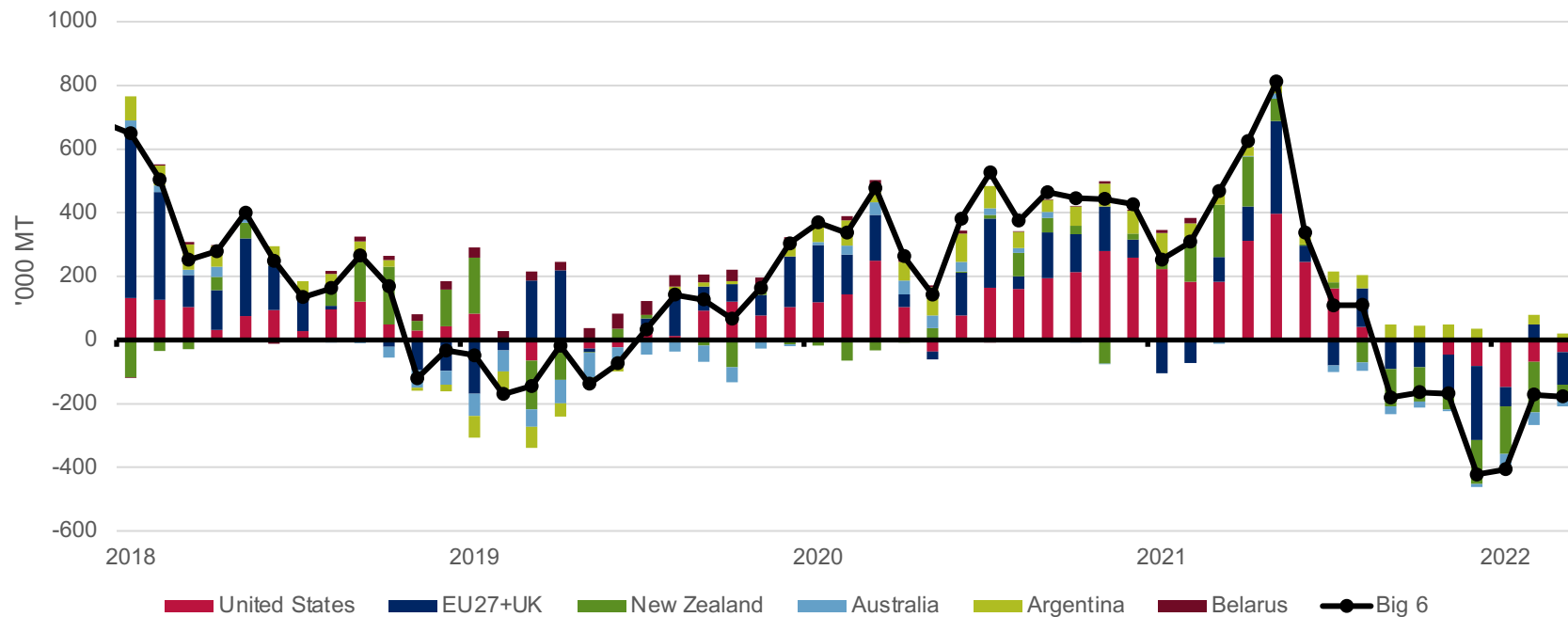
Historically High Global Price Environment

GDT Product Prices



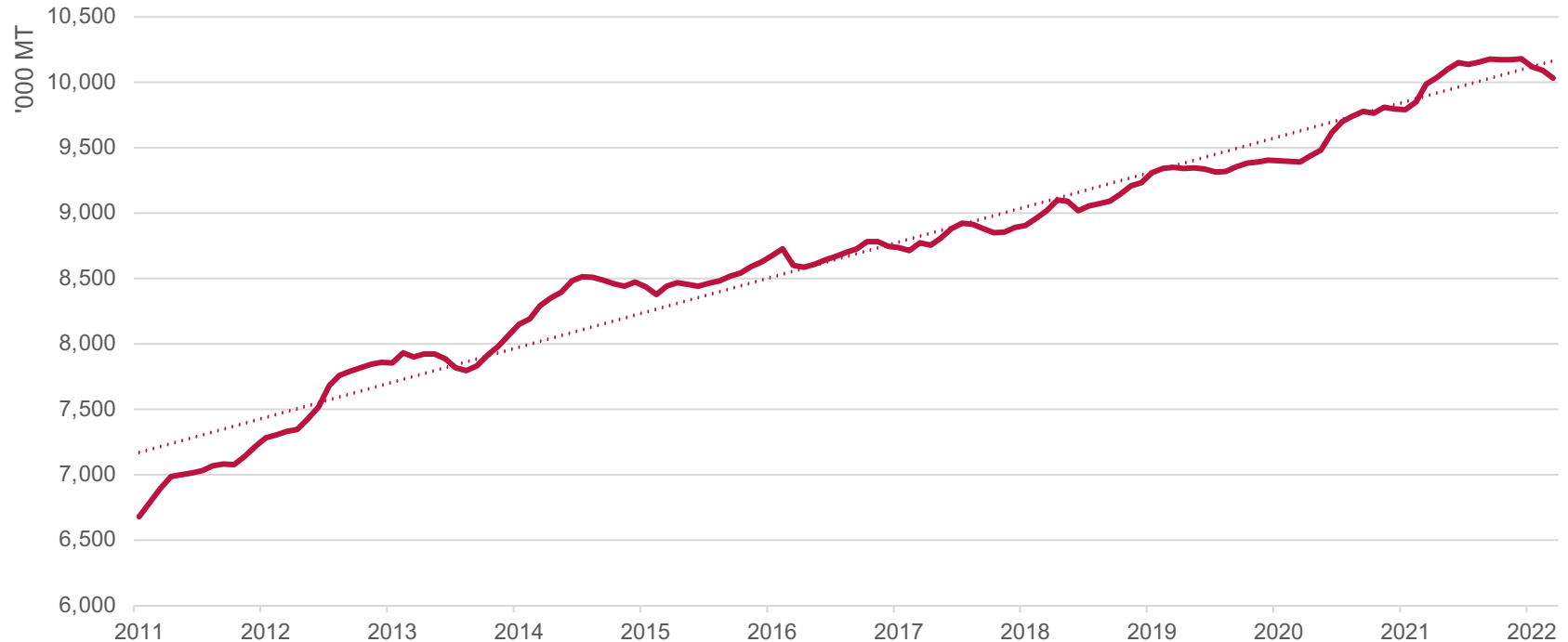
Driven Primarily by Global Milk Supply Shortage

YOY Change in Milk Production by Major Suppliers



Alongside Steady(ish) Demand

Global Total Milk Solids Exports to World (Rolling 12 Months)





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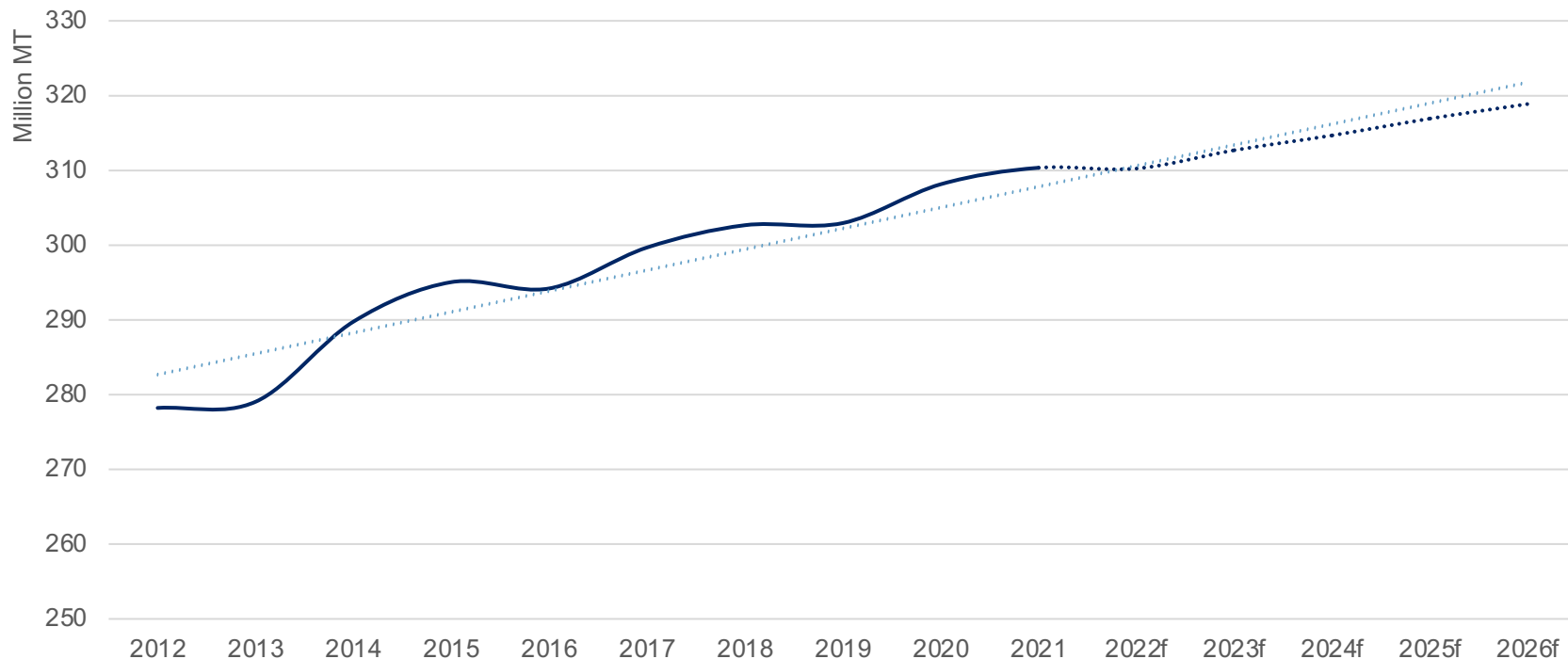


Dairy Markets Tomorrow

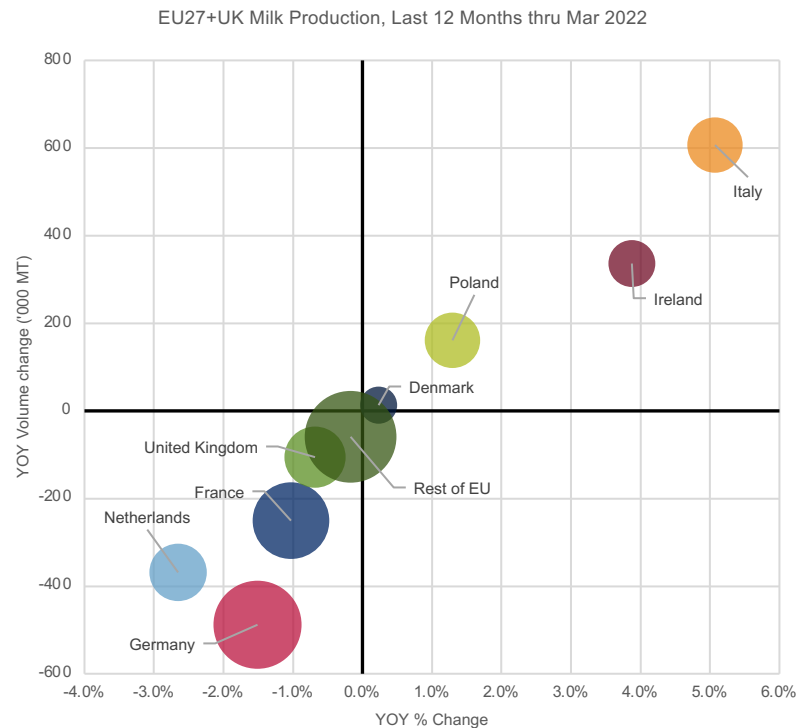
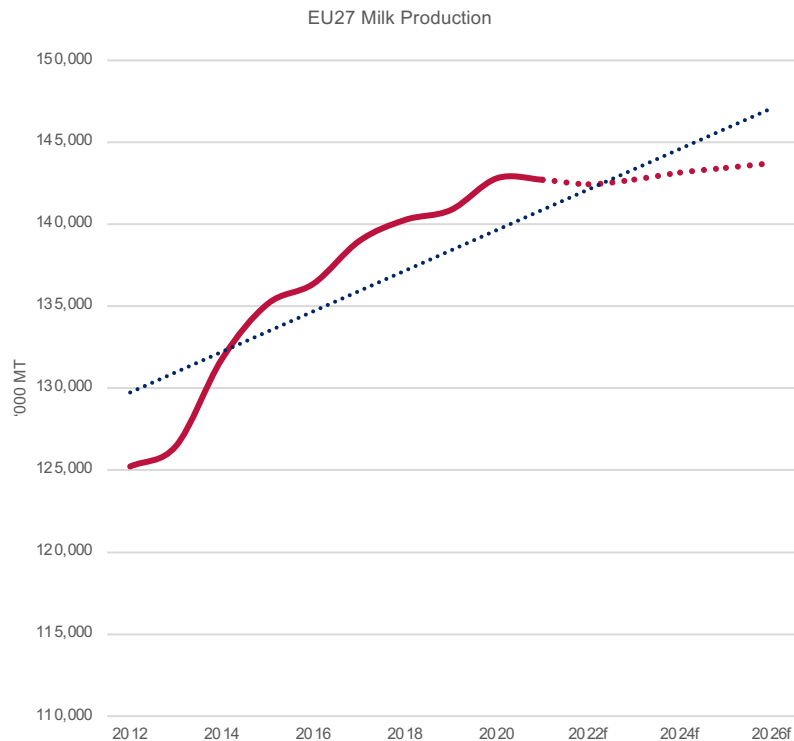


Expecting Weak Supply on Global Market

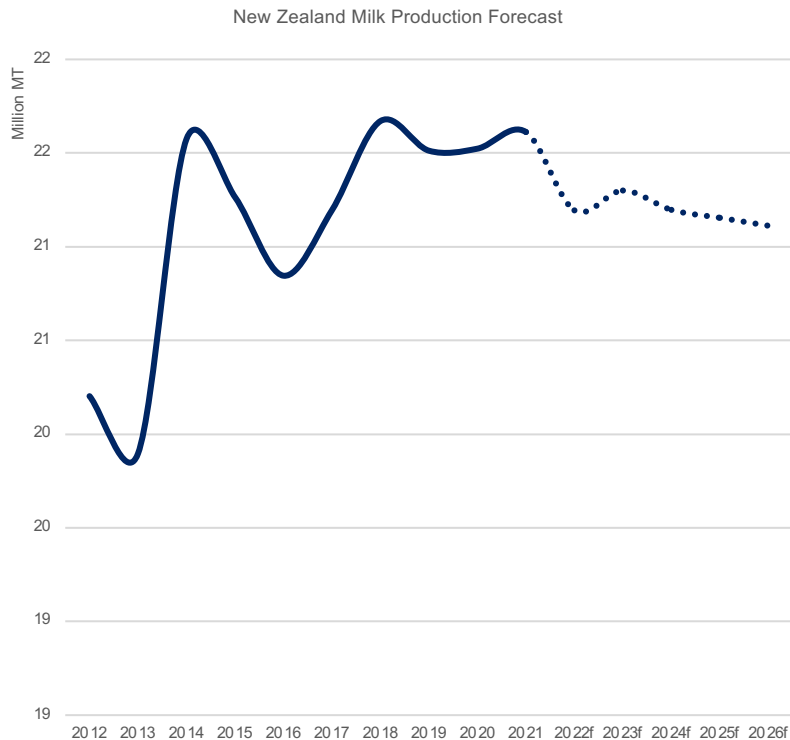
Major Exporters Milk Production Forecast



Little Ability to Grow from Europe

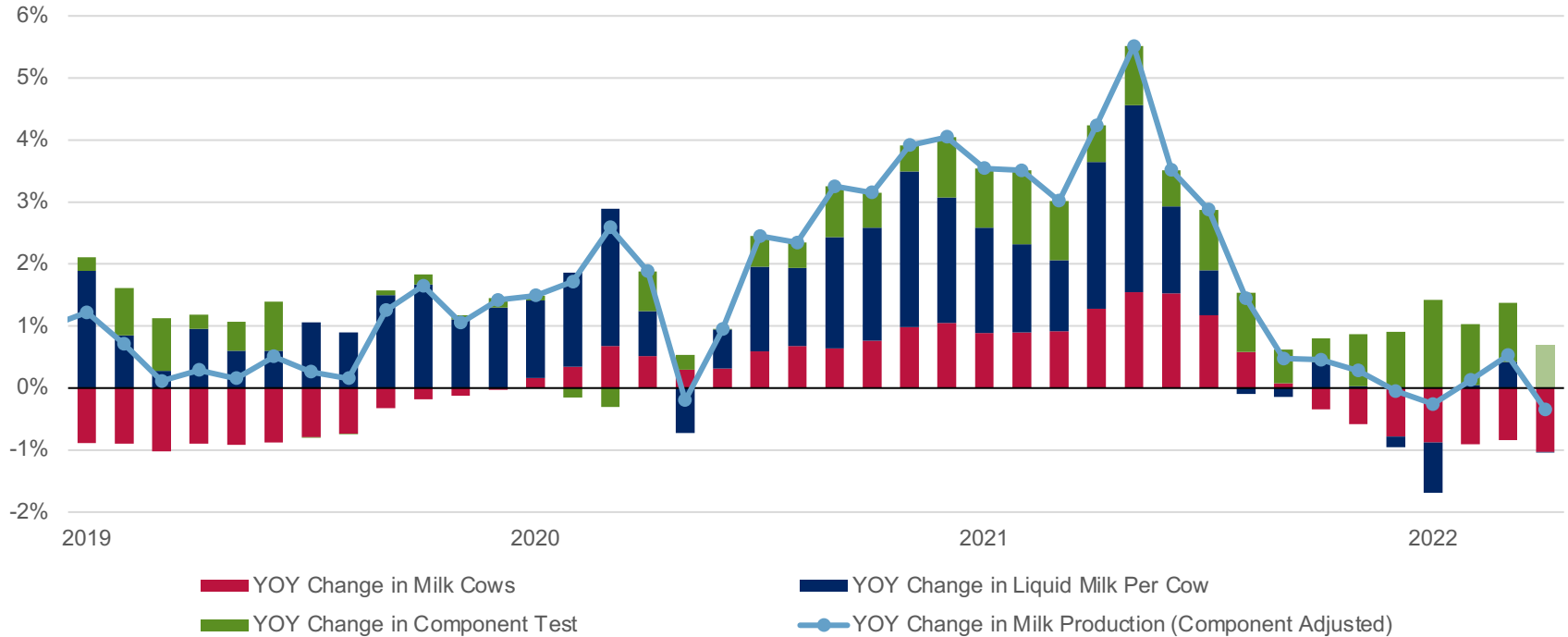


Oceania Focused on China



What About the US?

YOY Change in Milk Production & Its Drivers



Elevated Input Costs Likely to Keep Supply Limited

Crude Oil Price, Spot FOB OK WTI



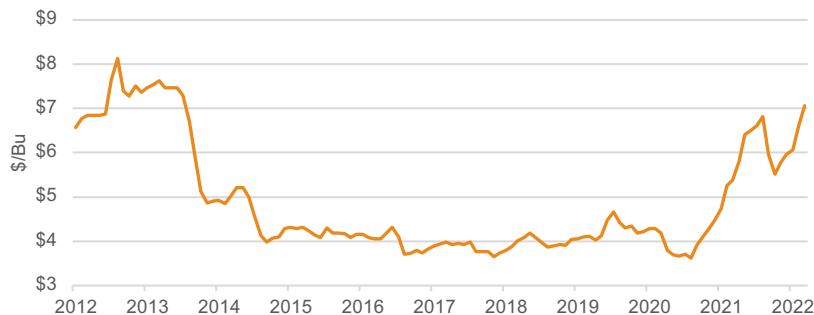
Henry Hub Natural Gas Spot Price



Global Fertilizer Price Index, 2010 Base



US Average Corn Price





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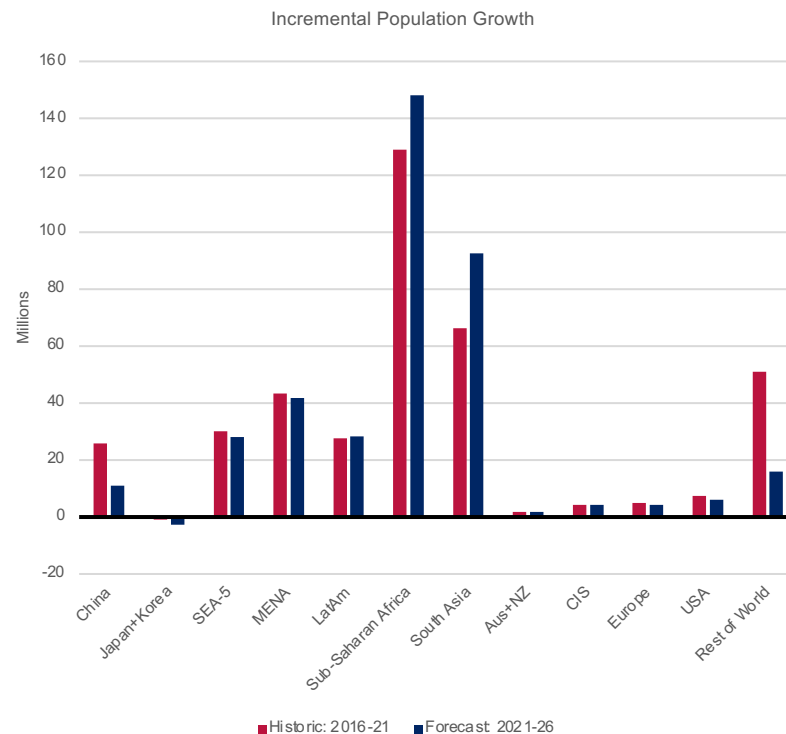
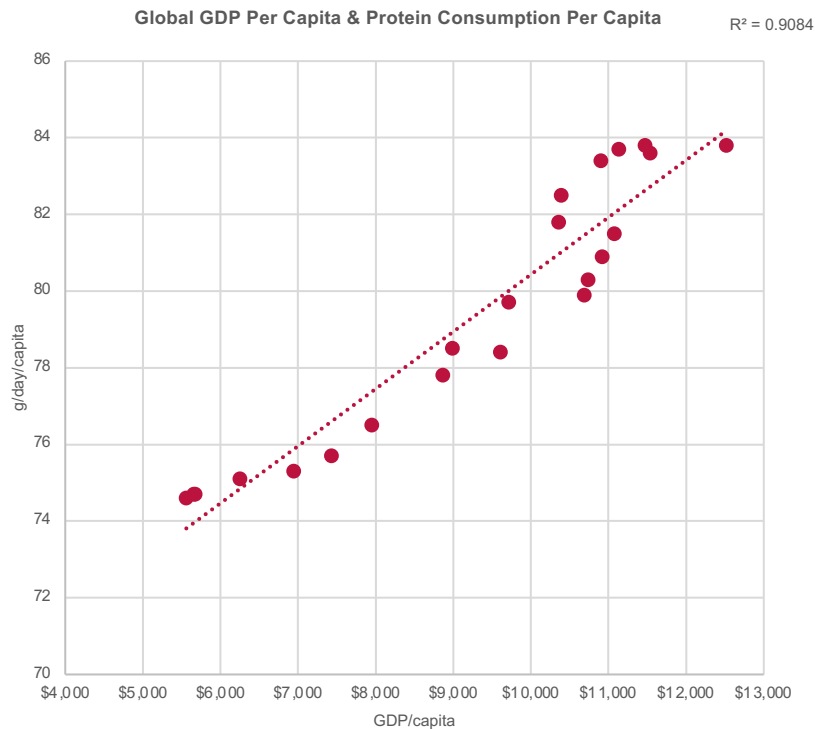
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Demand to Determine Price Direction

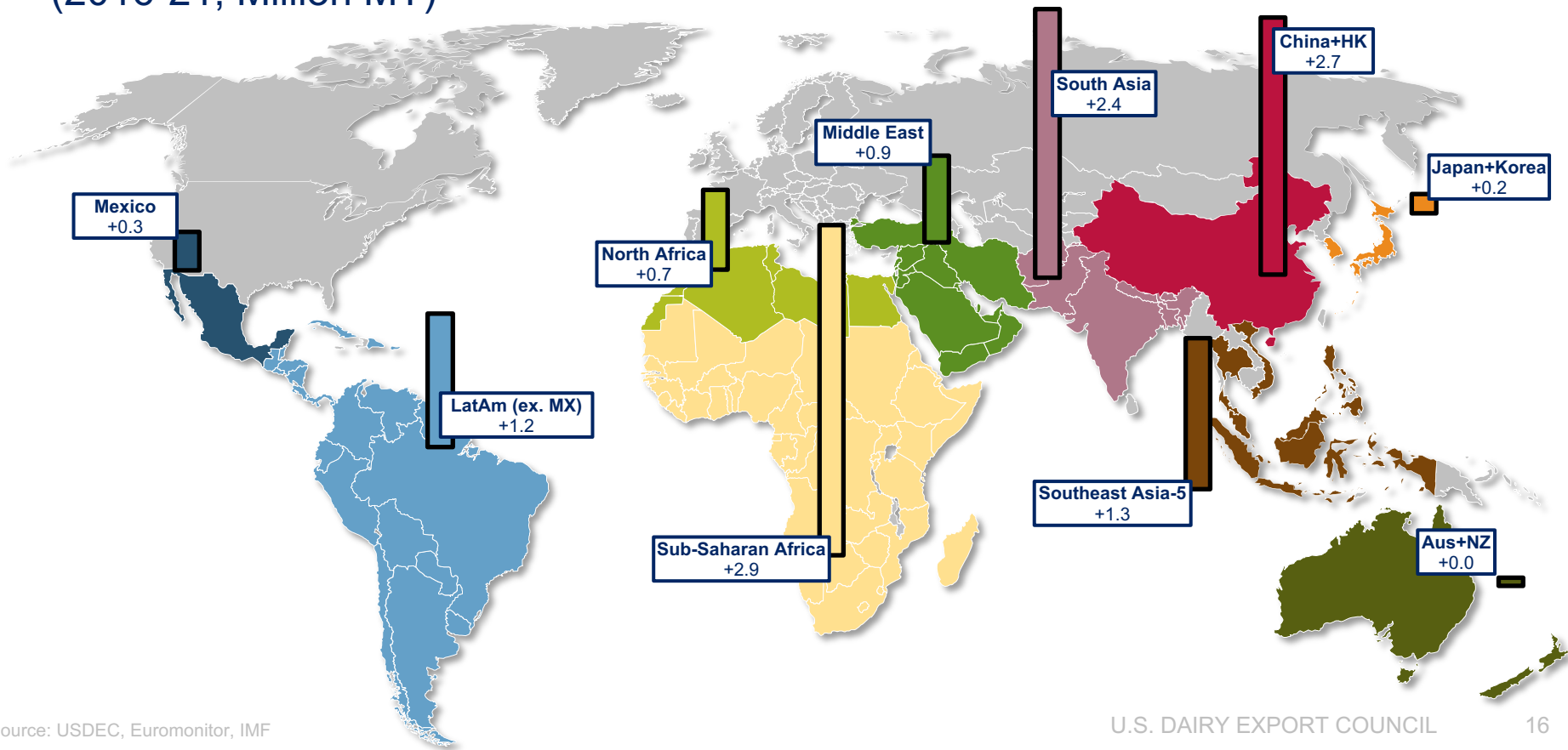


GDP & Population Growth Key to Protein Demand



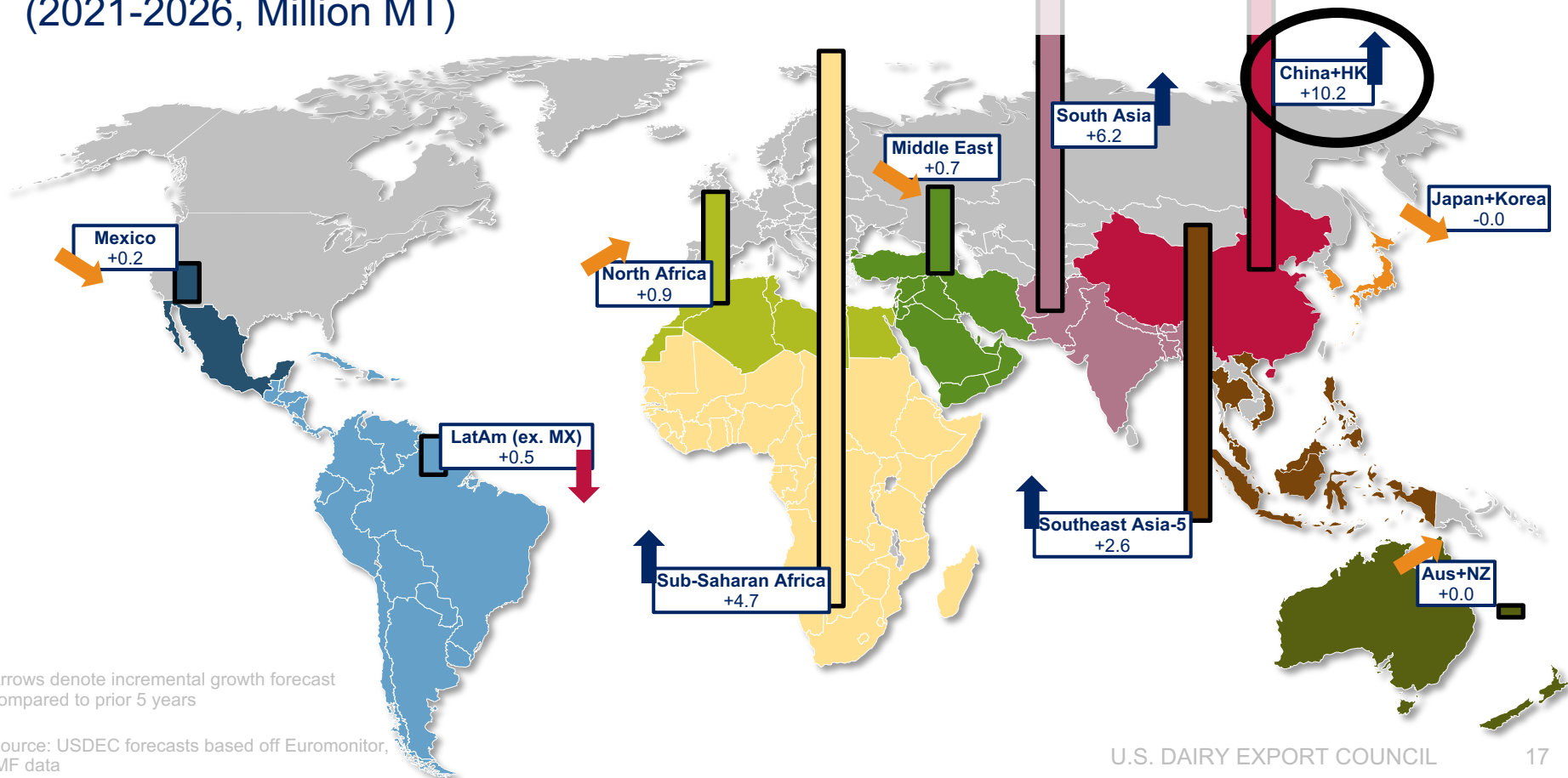
Historic: Protein Consumption Growth

(2016-21, Million MT)



Forecast: Protein Consumption Growth

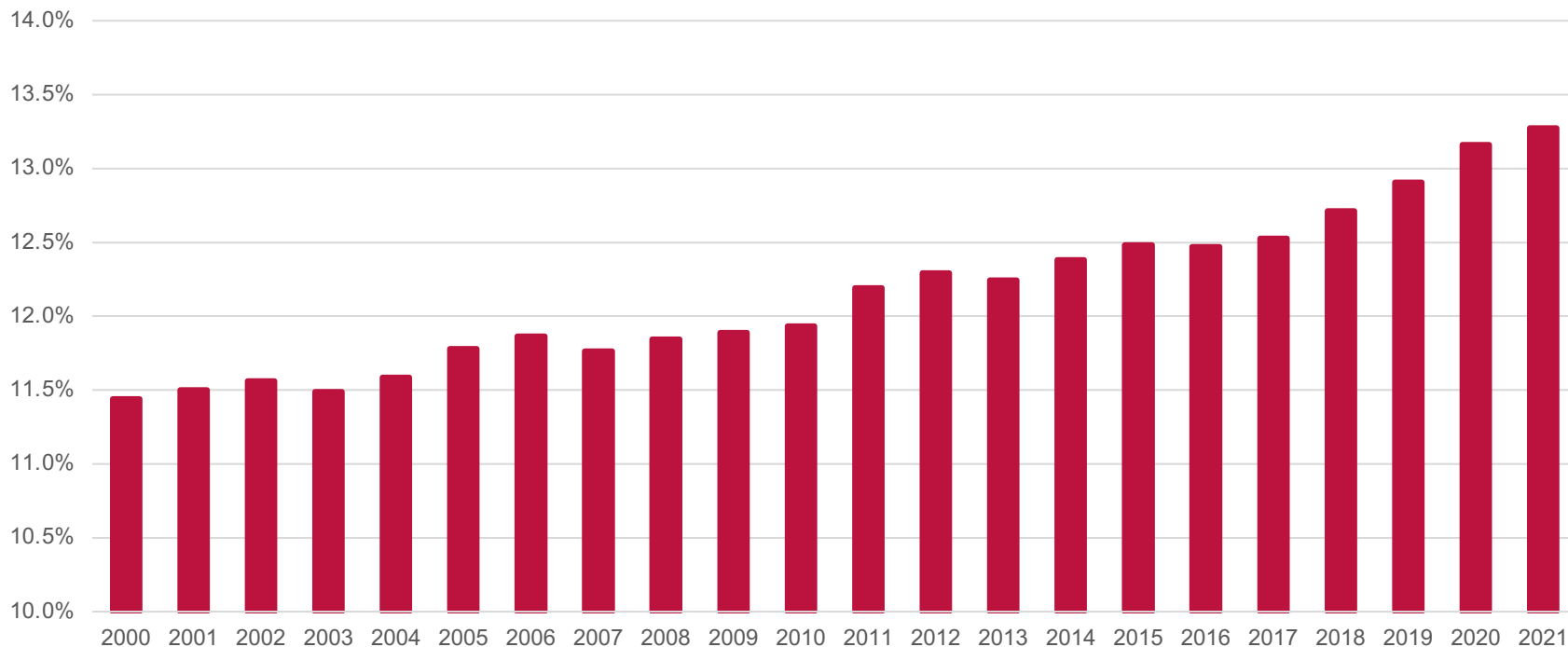
(2021-2026, Million MT)



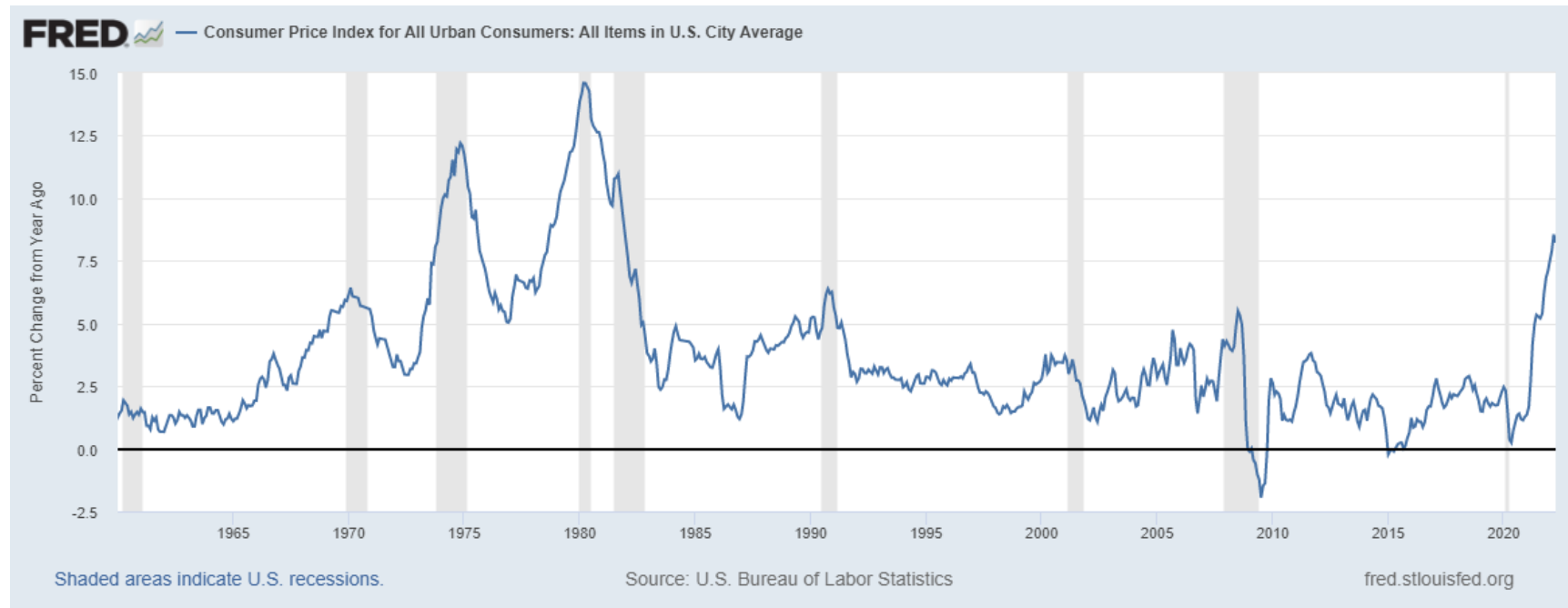
Source: USDEC forecasts based off Euromonitor, IMF data

Global Need for High Quality Nutrition

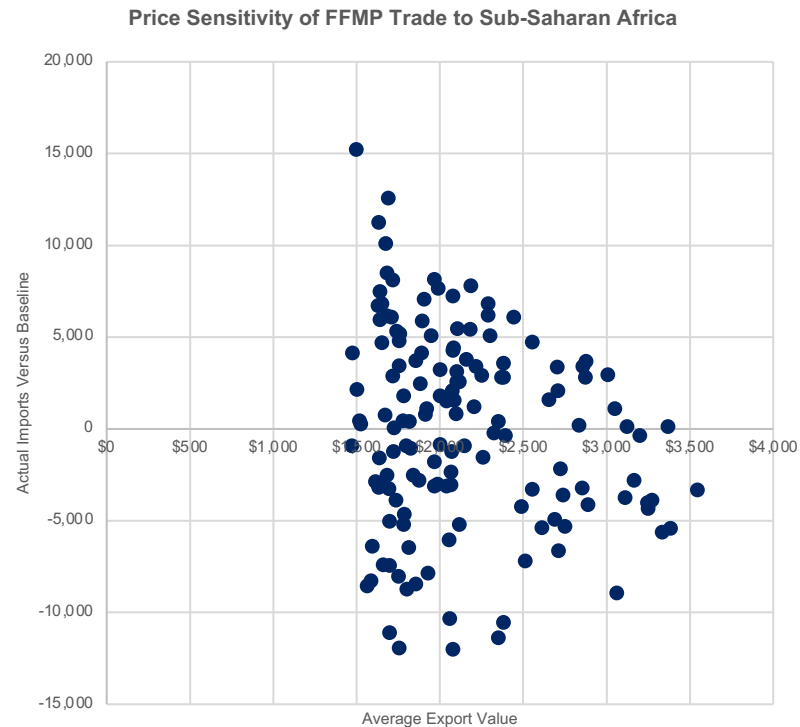
Dairy Protein Consumption as a Percent of Global Protein Consumption



Inflation or Recession will Erode Spending Power



How Much Does Price Matter to Demand?





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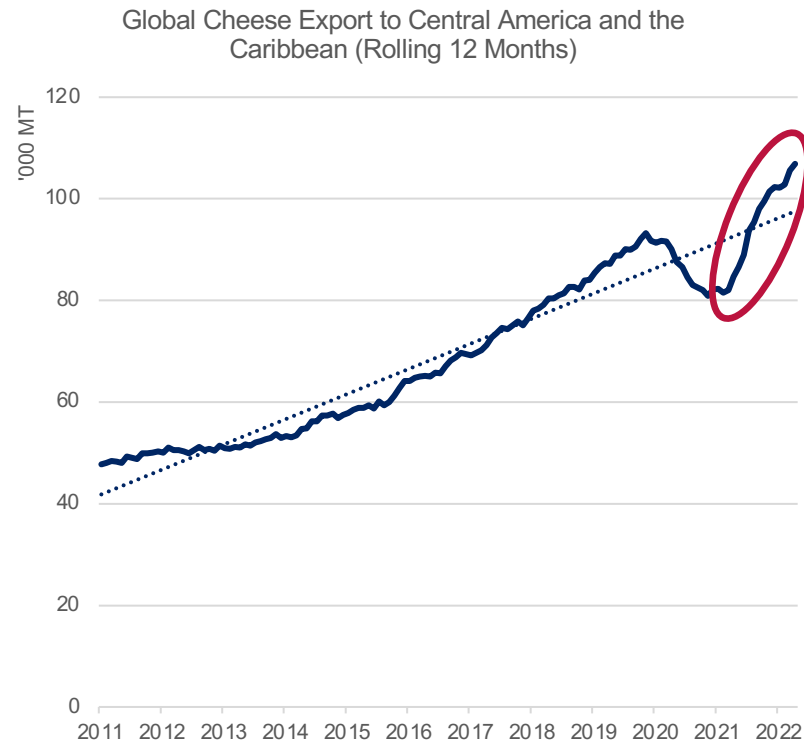
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Factors to Watch for Key Products

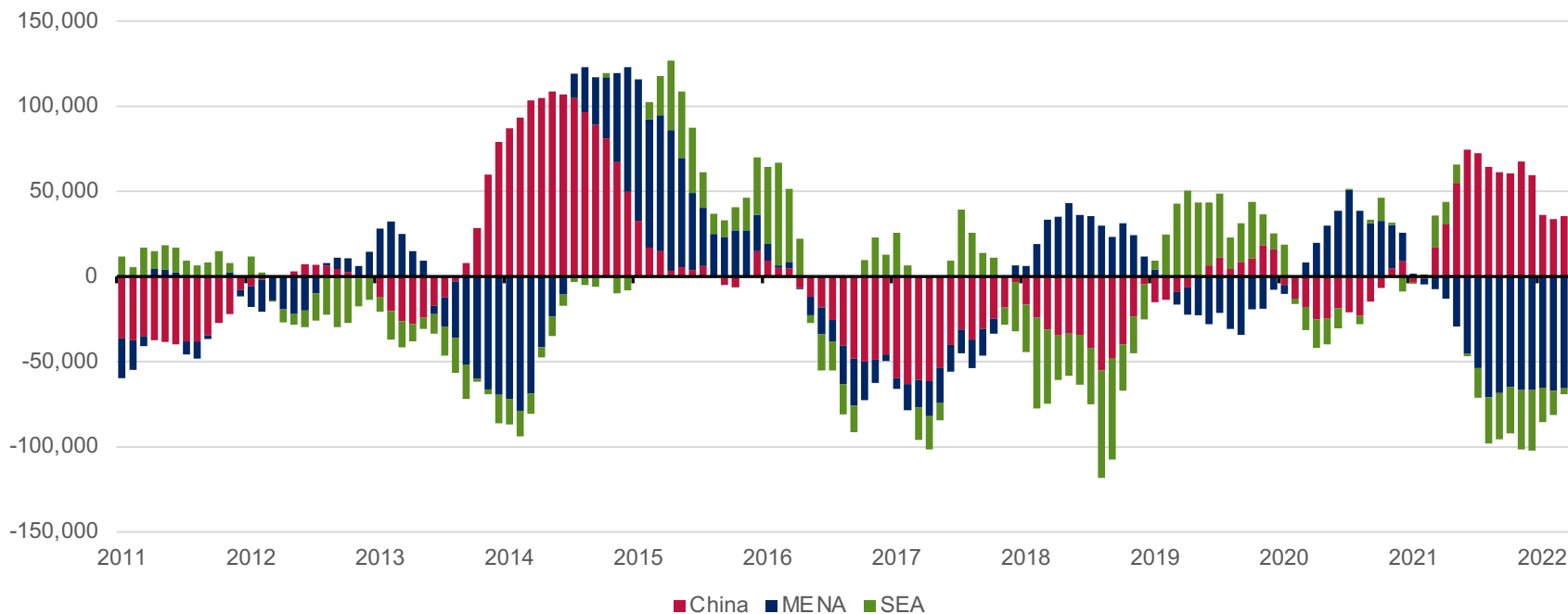


Cheese: Do We Buy the LatAm Boom?



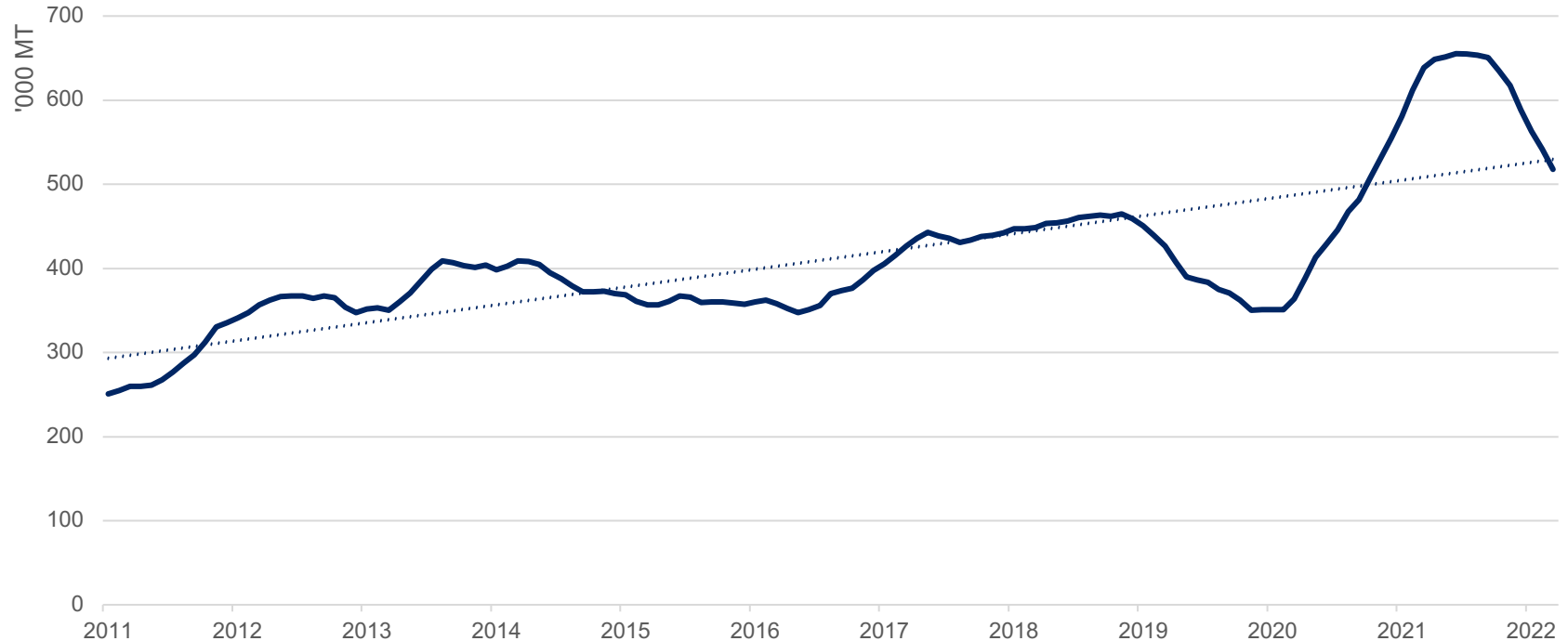
NFDM/SMP: Who's Holding Inventory & Who Needs It?

Actual NFDM/SMP Trade vs. Expected Baseline
(Rolling 12 Months)



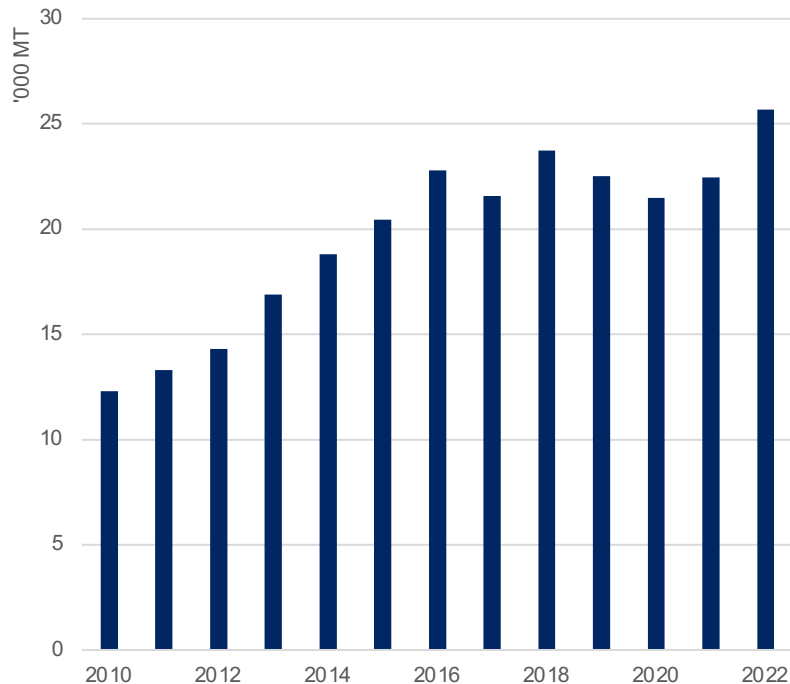
Sweet Whey/Permeate: China, China, China

Global Whey (0404.10) Exports to China (Rolling 12 Months)



High Protein Whey: Market Rebalancing

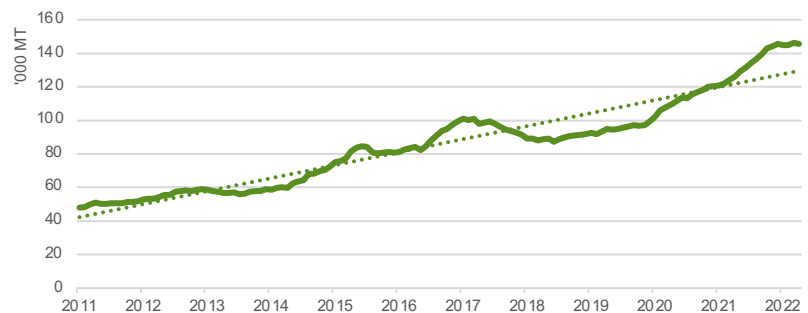
U.S. WPC 50-89 Production: YTD thru April



Average Global Export Price of WPC80+



Global WPC80+ Exports to World (Rolling 12 Months)





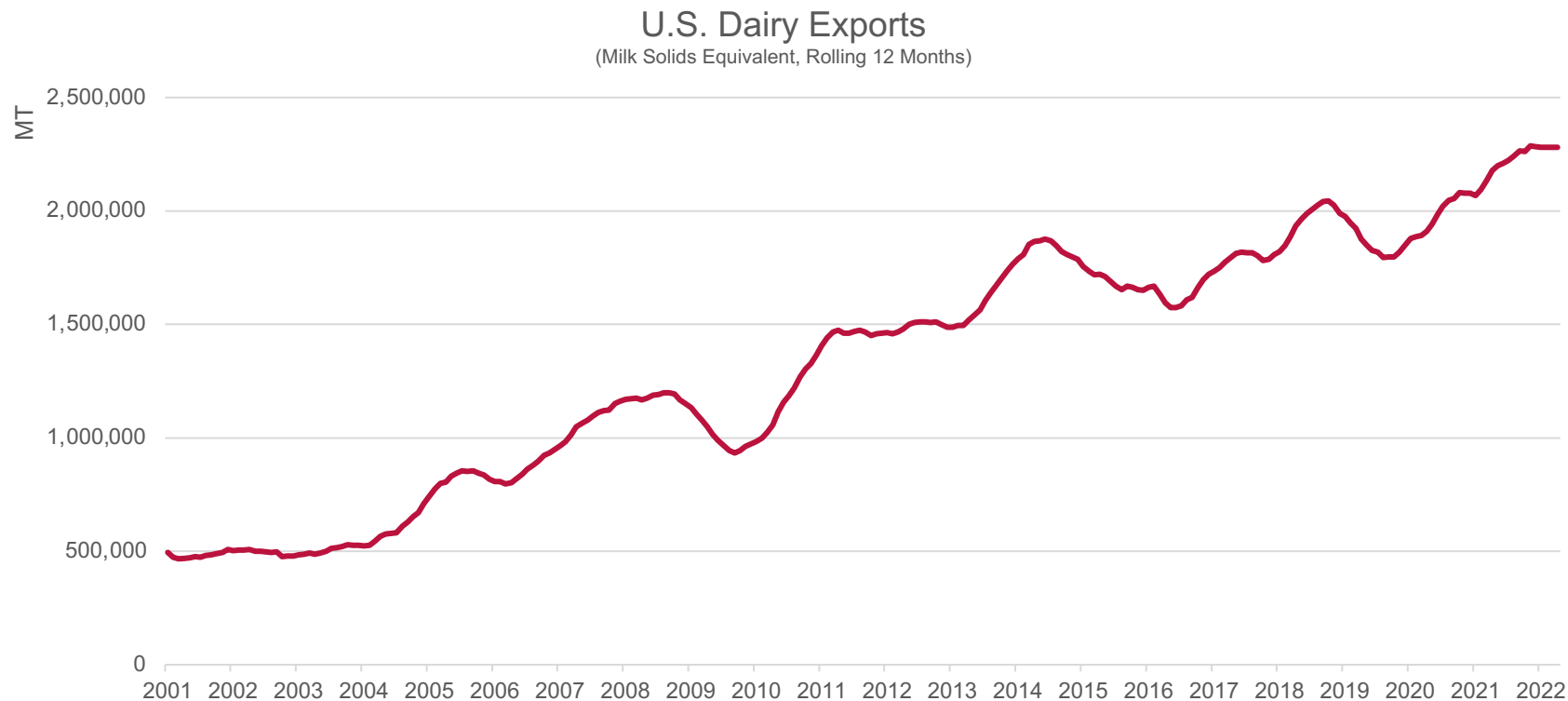
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What Does this Mean for the U.S.?



Exports Still on Growth Path, Despite Disruption



Main Takeaways



Supply, particularly outside of the U.S., will be hard to find



Macroeconomic factors bearish, demand pushback likely



Dairy fundamentals still very strong for long-term demand growth



U.S. exports still the path to growth

Thank You & Questions

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