

# Dairy's Global Economic Outlook



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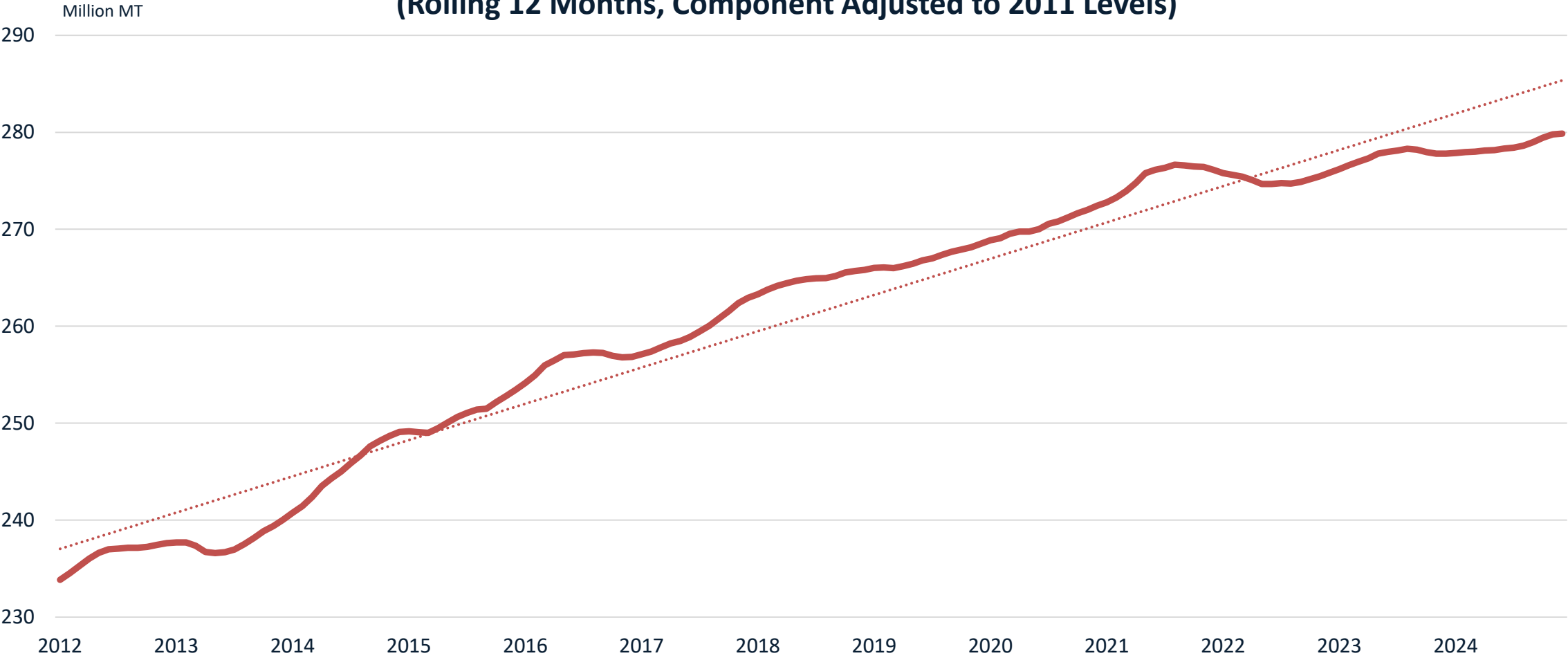
# Global Dairy Outlook & Implications to US Dairy

California Creamery Operators Association  
June 2025

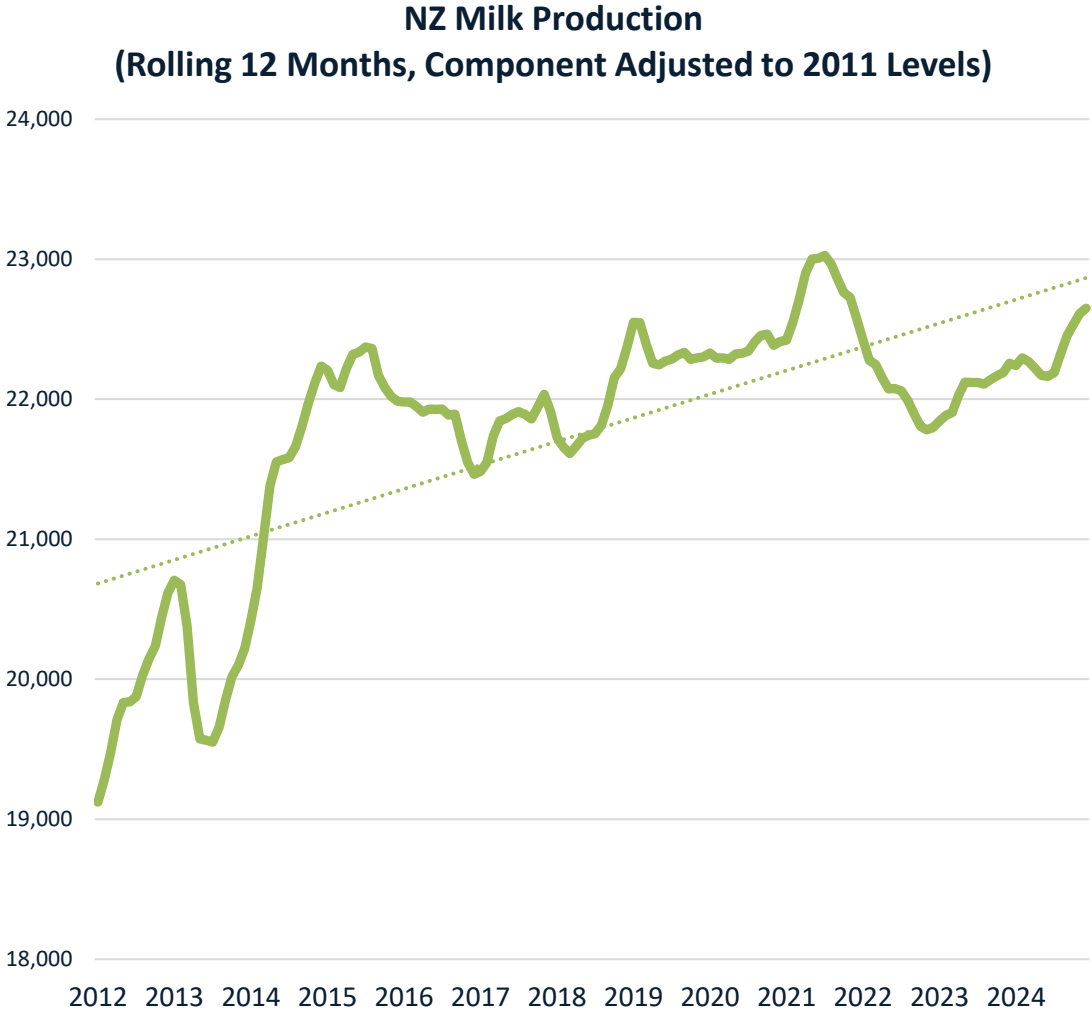
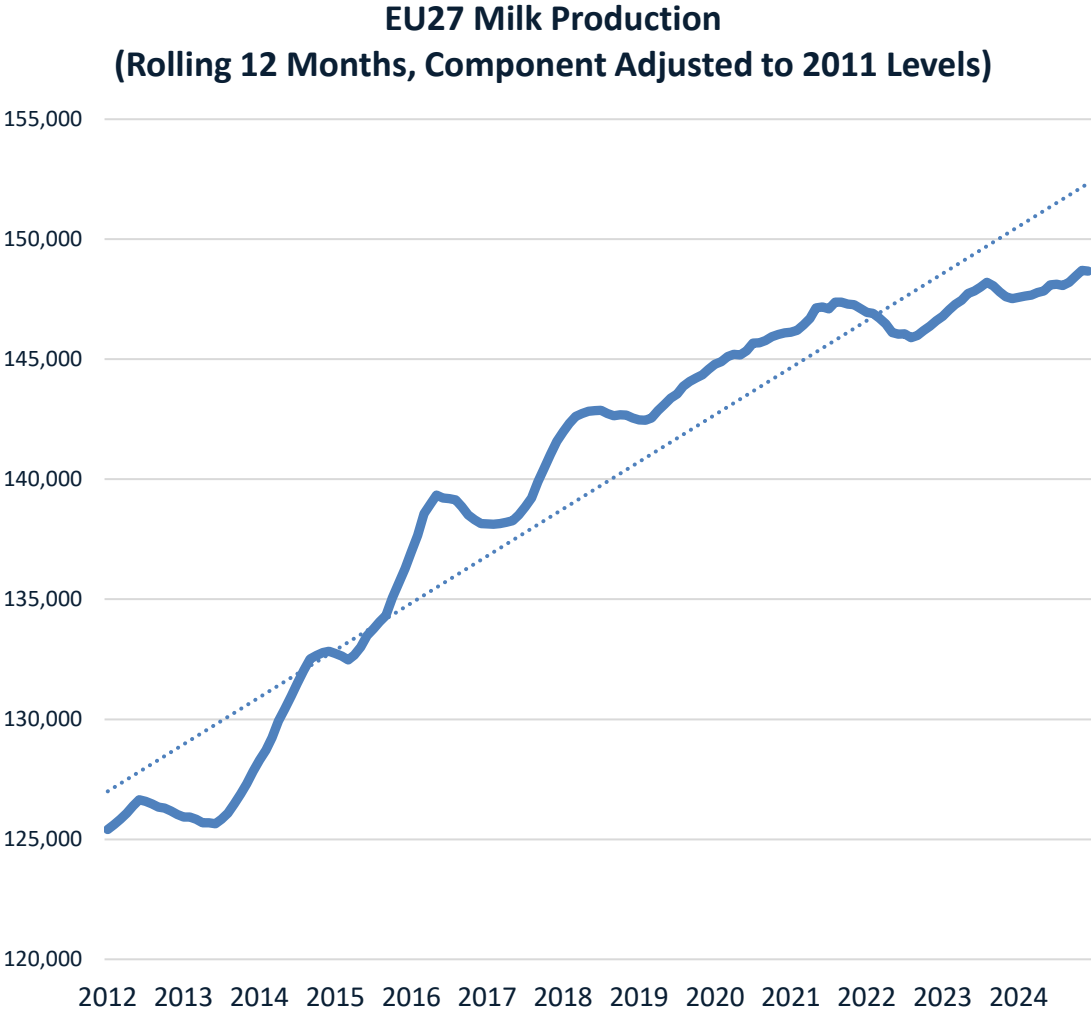
- Global milk production
- China dairy supply & demand
- Global & US dairy trade outlook
- Key insights & strategic themes for the US

# Global milk production growth has slowed...

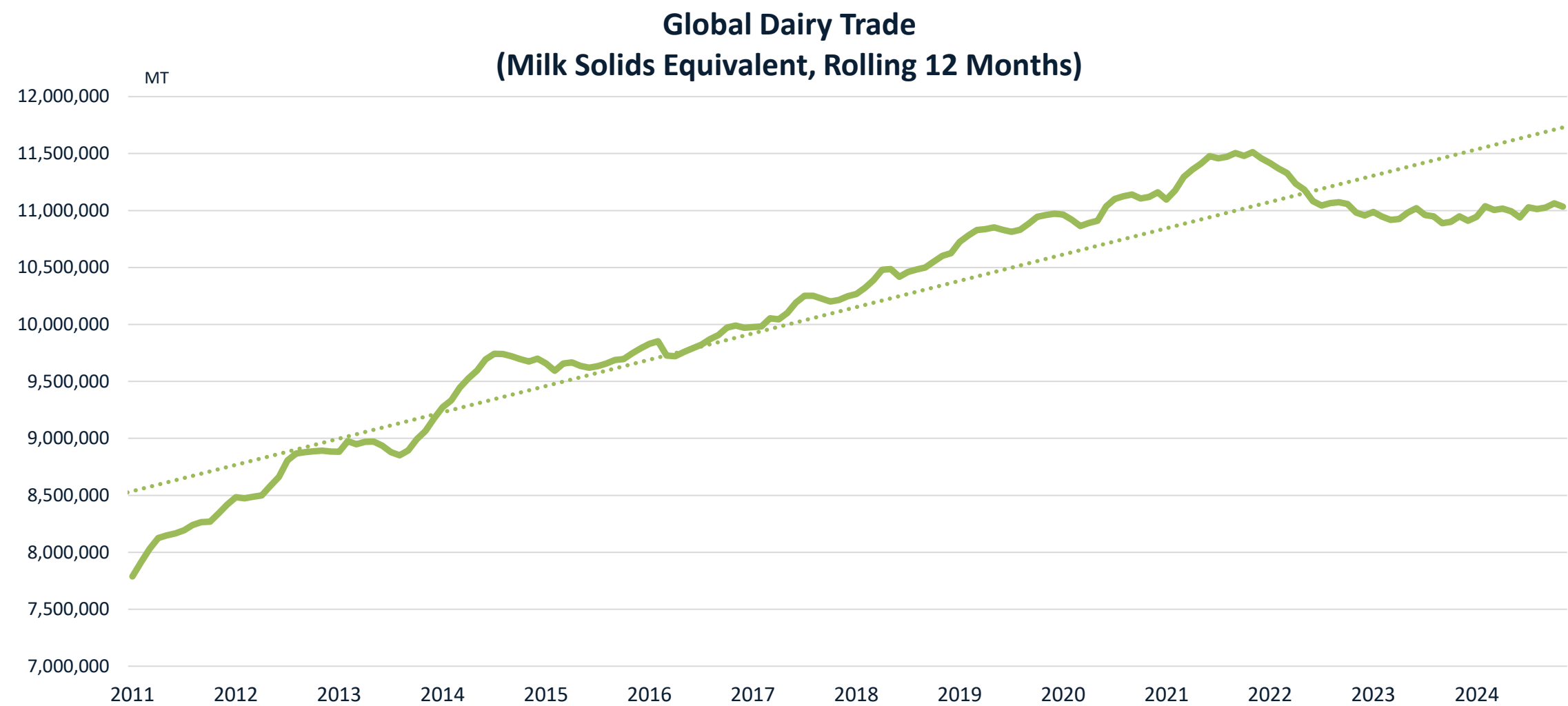
U.S., EU & NZ Milk Production  
(Rolling 12 Months, Component Adjusted to 2011 Levels)



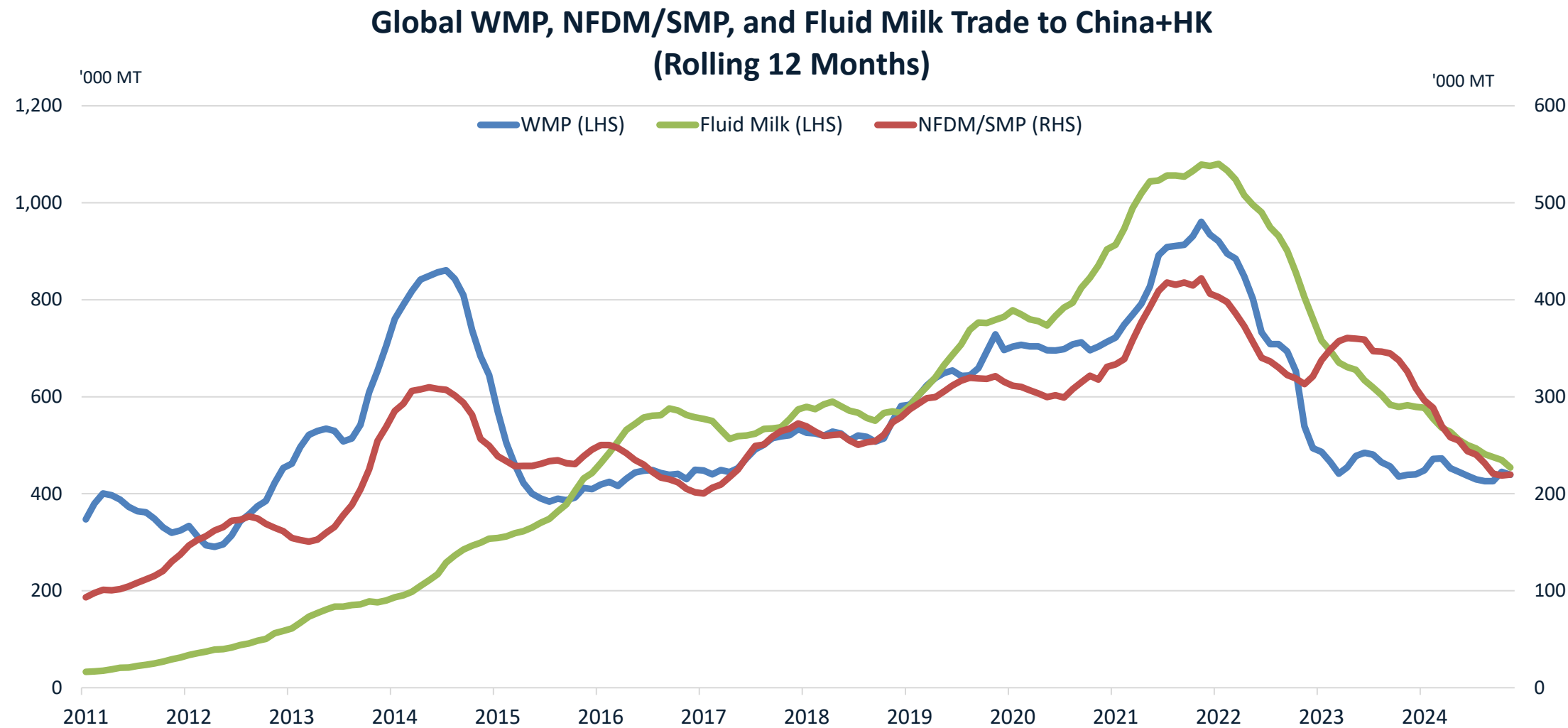
# Mainly due to a slowdown in Europe and New Zealand



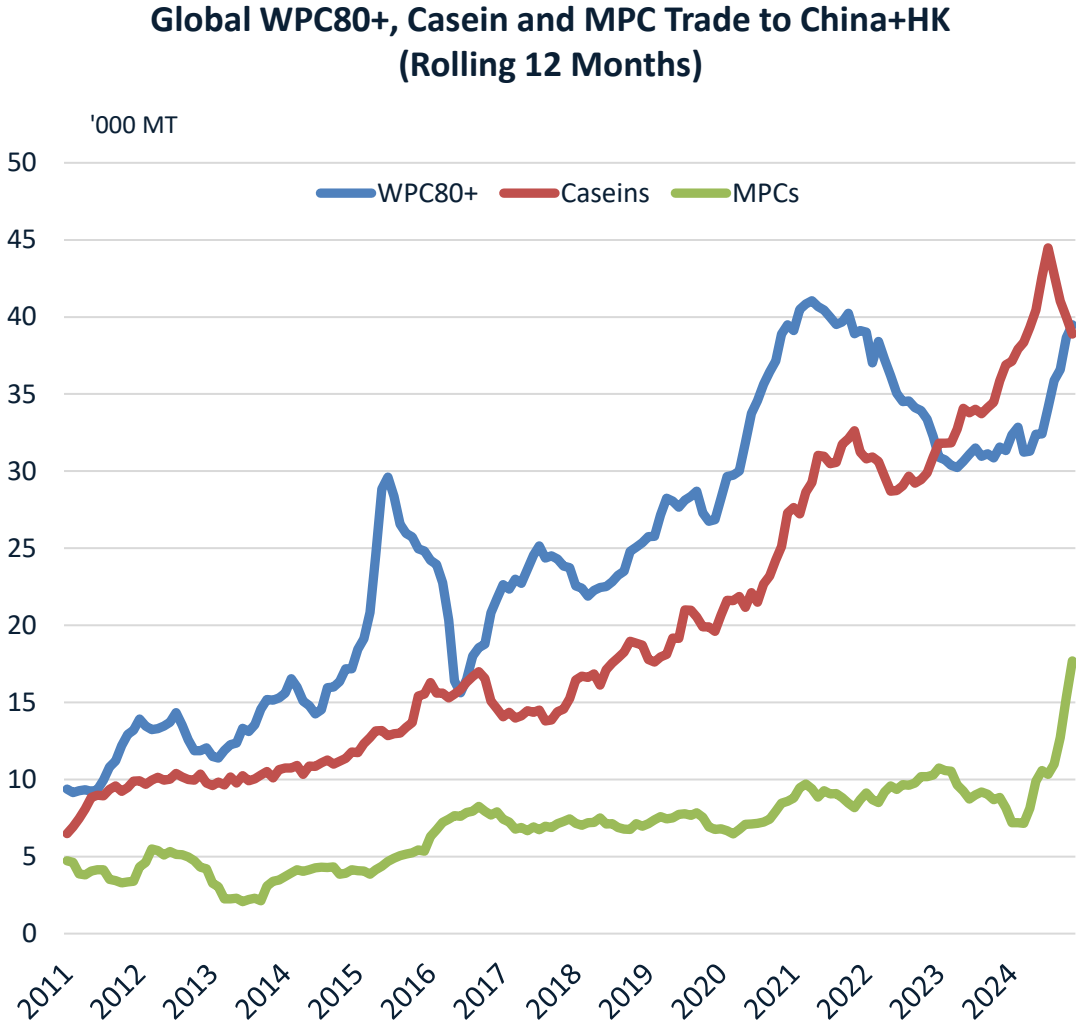
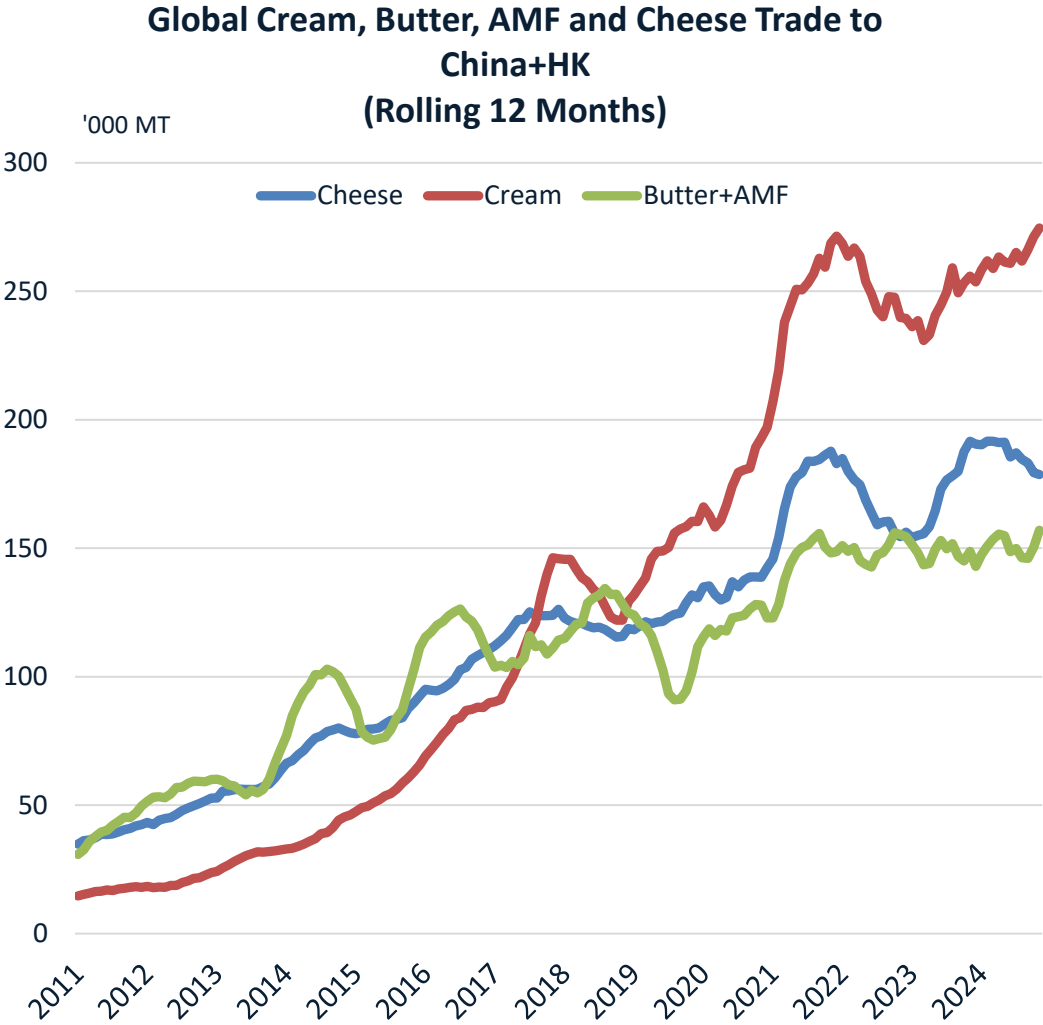
# Global dairy demand has been sluggish since 2021



# China is becoming self sufficient in fluid milk, WMP and NFDM/SMP

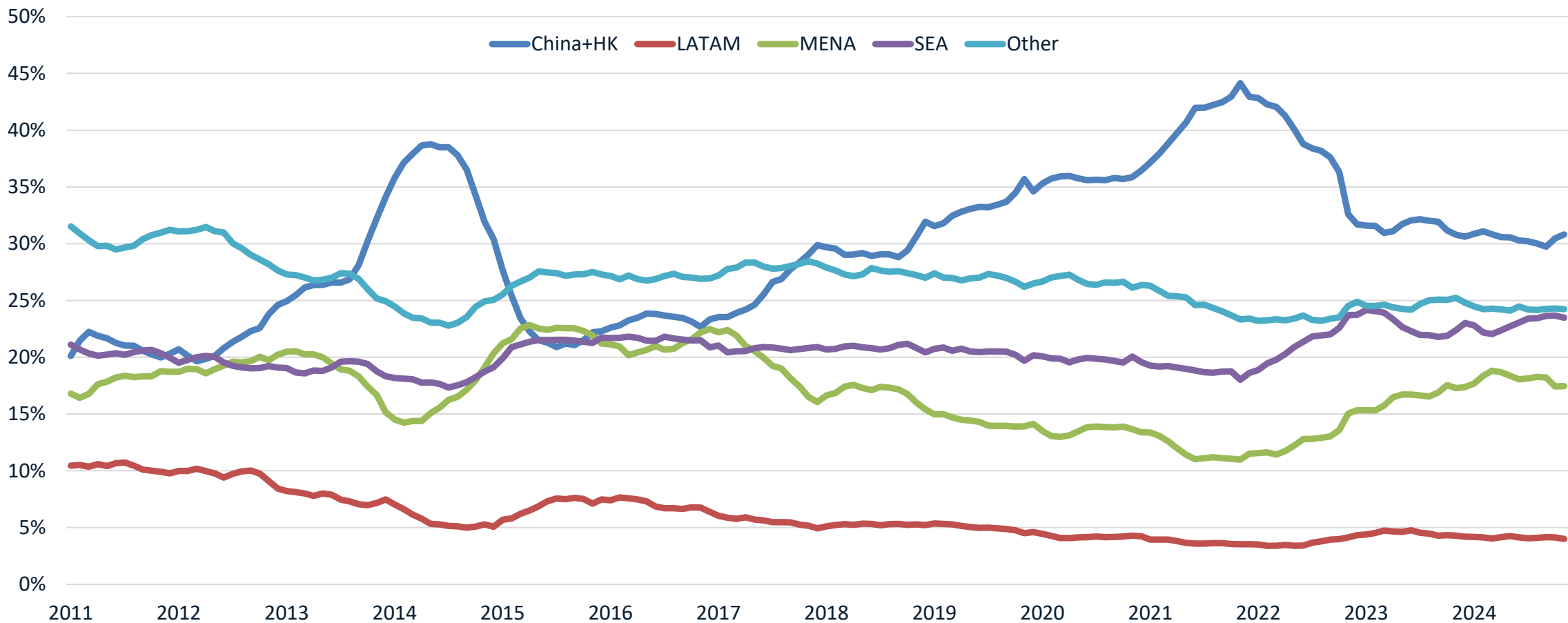


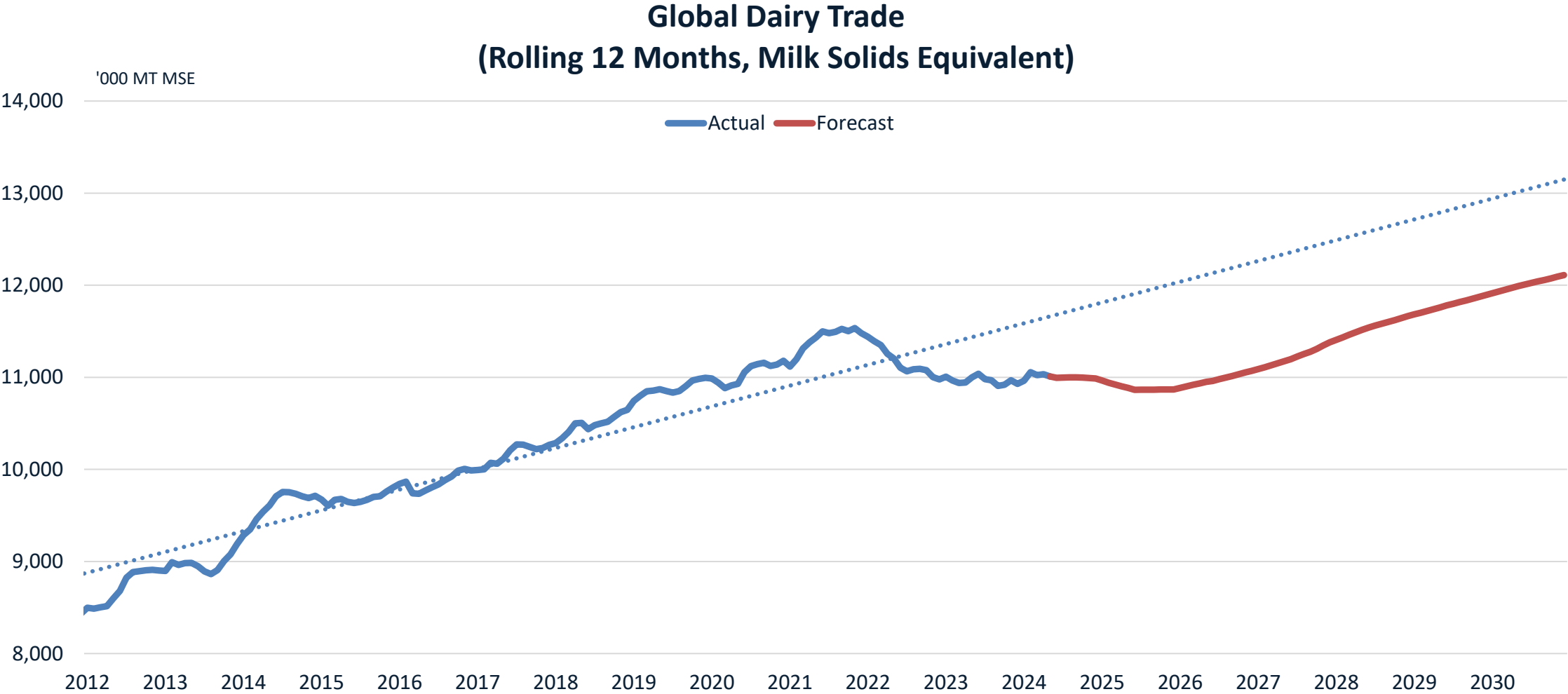
# But China's demand for milkfat and protein continue to grow



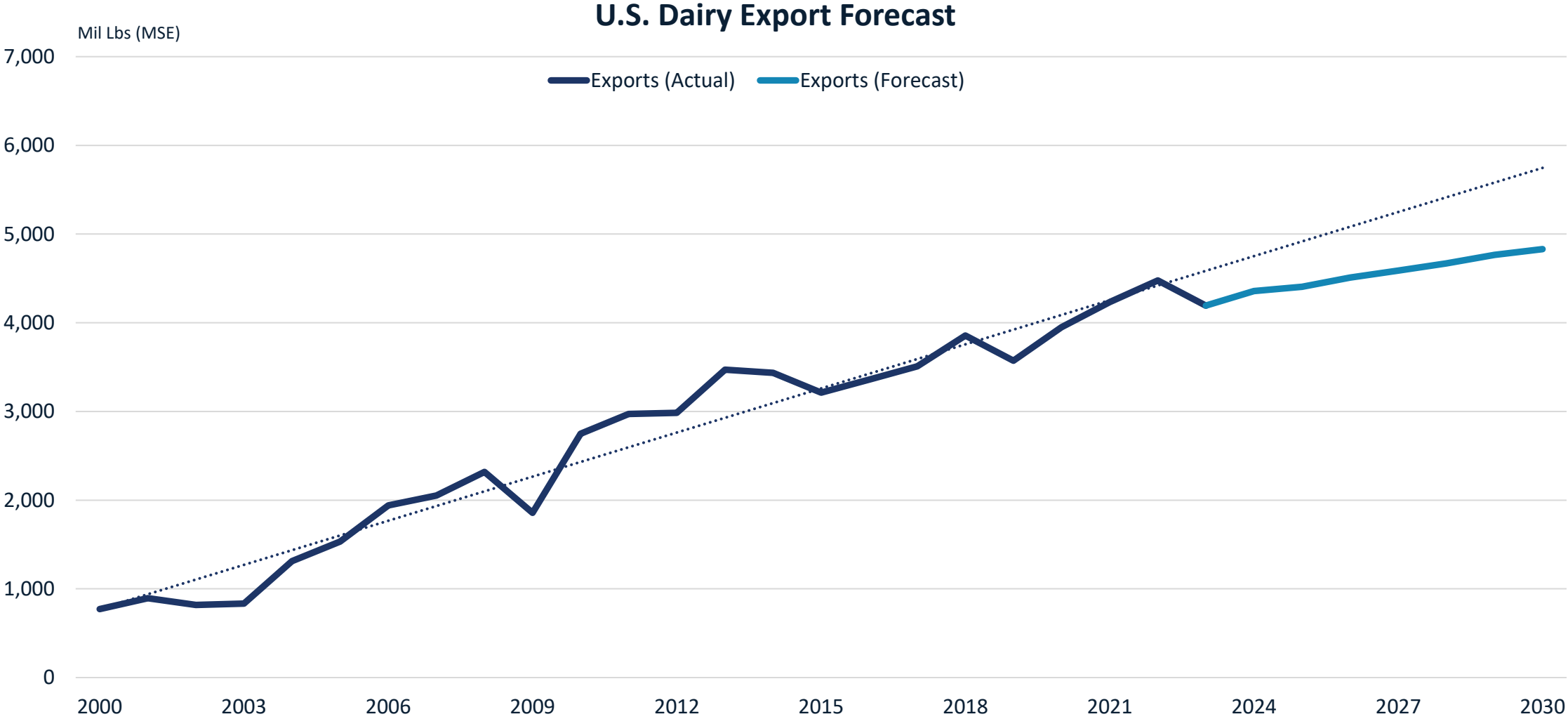
# New Zealand export shares have shifted away from China

Percent of New Zealand Exports by Destination  
(Rolling 12 Months)

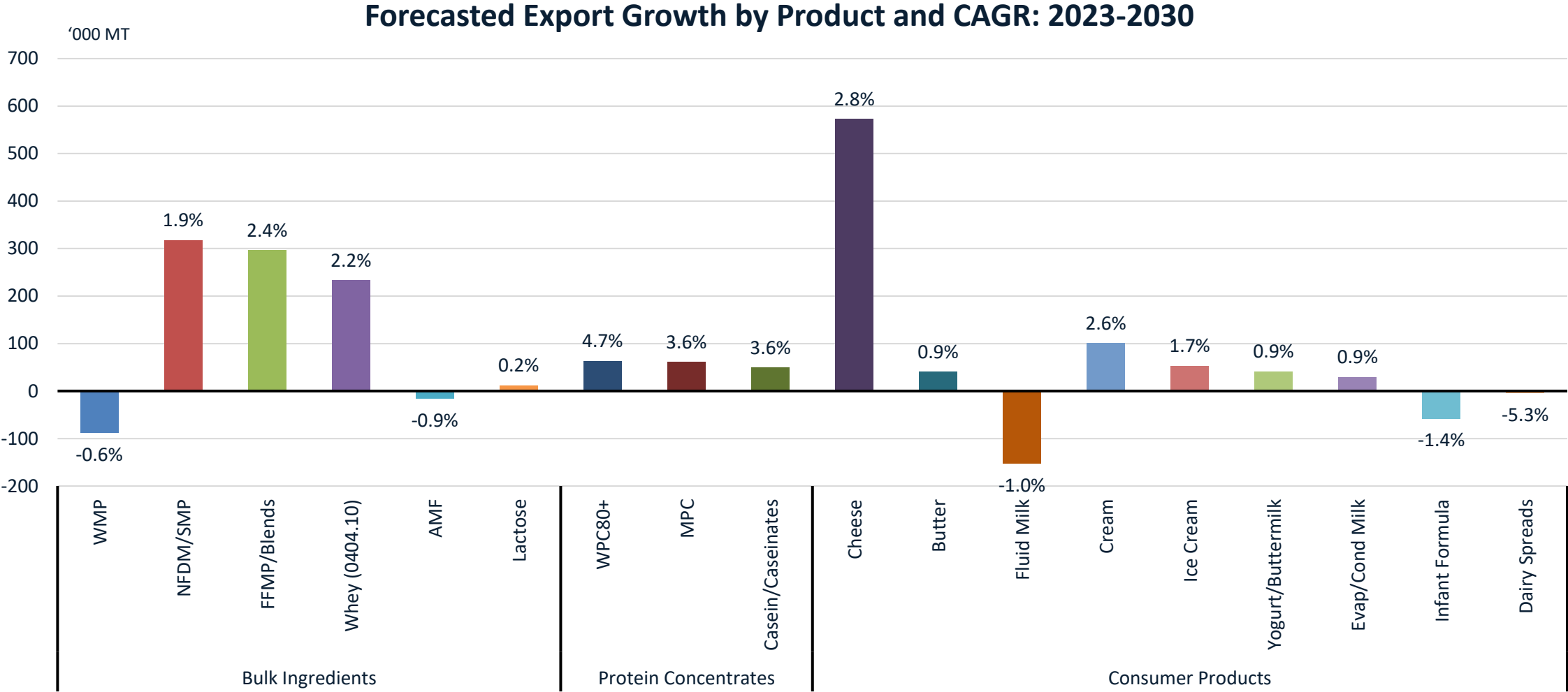




# US Dairy Export Forecast

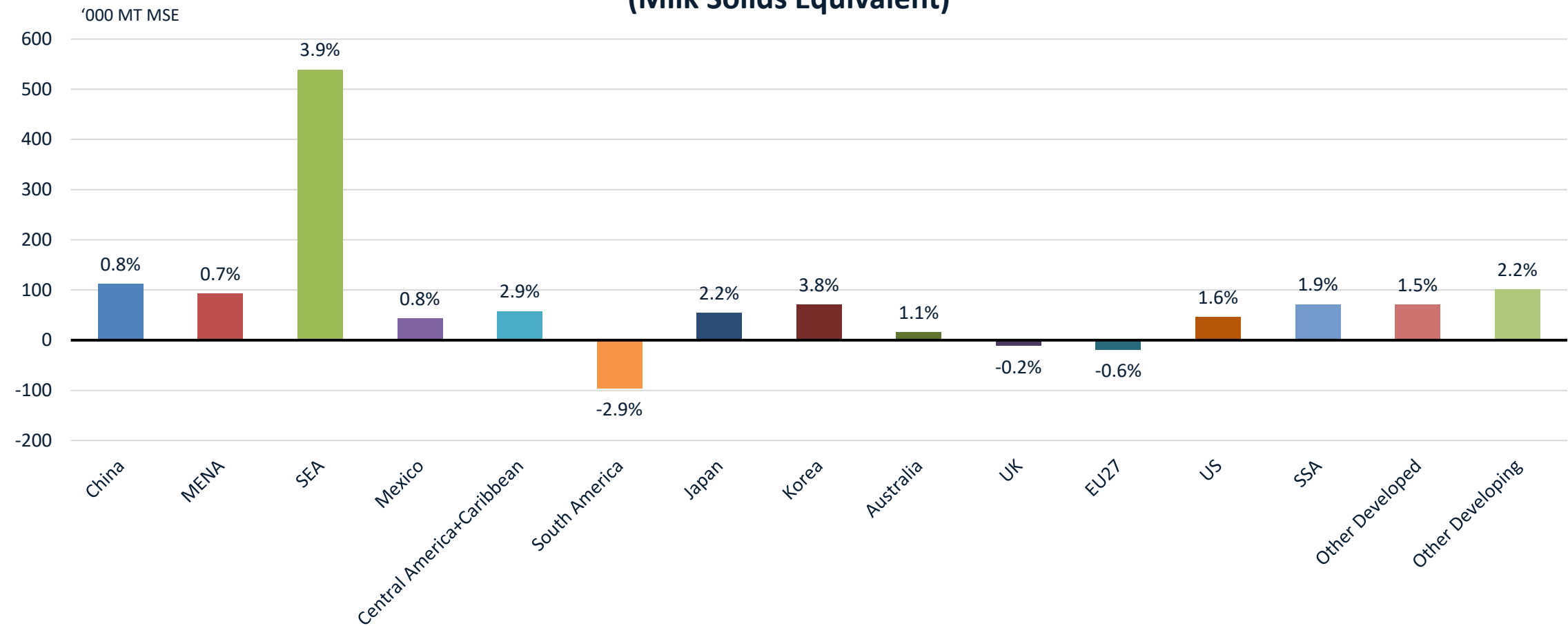


# Global Trade Forecast: Product Breakdown



# Global Trade Forecast: Market Breakdown

Forecasted Dairy Import Growth and CAGR: 2023-2030  
(Milk Solids Equivalent)



## Key Insights

- **The U.S. remains the best positioned supplier to grow dairy exports over the course of the decade,** especially given the policy environments in Europe and New Zealand will continue to disincentivize investment in dairy.
- However, **global demand growth will take time to recover and will likely stay below its historic trend.** Continued vertical integration by major dairy companies in China will limit import demand for fluid milk and milk powders in the country even as China will still need greater specialty ingredients. A stronger economy and/or weaker milk production could shift the outlook for China to more bullish.
- **Beyond China, the outlook for the rest of the world is relatively optimistic with Southeast Asia poised to grow the fastest** given a rapidly expanding middle class and population gains across multiple markets. Still, with China's growth expected to be slower than the previous decade and no single market likely able to compensate for the country's absence, **U.S. exporters will need to engage across multiple markets and be nimble in reacting to changes in the market.**

## Key Insights

- U.S. dairy exporters will need to be increasingly strategic in their international business while maintaining flexibility to pivot quickly
- Exporters of all dairy products will need to prioritize key customers and markets that can manage price volatility
- Accelerating demand in markets where the U.S. holds a freight and/or tariff advantage, like Mexico and Central America, will become increasingly important.
- Providing evidence of dairy's clear health benefits, market research data and/or customized product solutions may help U.S. exporters mitigate against some of the reformulations.

# What Will This Mean For U.S. Dairy Exports?

- U.S. dairy exports are anticipated to grow by 2% per year in the baseline outlook, slower than the historic trendline, but still stronger growth than other exporters.
- Cheese and protein show the greatest promise for demand growth as well as U.S. export potential, especially in regions where the U.S. holds critical freight or tariff advantages.

## Global Trade Will Stay Below Trend

With China's demand expected to be largely stagnant in aggregate for much of the forecasted period as well as regressions expected in MENA, LATAM, global trade will run mostly sideways through 2026 before expanding later in the decade

## Big Winners: Cheese, Proteins

Even as aggregate global dairy trade will struggle to gain momentum in the short-term, cheese and proteins (whey, milk and casein) are all well placed to grow, especially given the diversity of markets where consumption is expanding

## Competition to Heighten

Without an active China, especially on milk powders, the EU and NZ will continue to pivot into more direct competition with U.S. manufacturers, both overseas and in the U.S. domestic market on cheese, proteins, value-add powders and butter

## 2027 and Beyond Poised for U.S.

The U.S. appears poised to grow its exports in the latter part of the decade given that U.S. milk production appears poised for expansion after 2026, demand is forecasted to accelerate, and EU milk production will feel the strain of environmental policies most acutely as 2030 nears

Recommendations to address continuing trends...

- Maintain focus on supplying products for a strong domestic market
- Compete against plant-based alternatives and emerging technologies
- Adapt to changing consumer behavior related to dairy
- Further commit to global opportunities for U.S. dairy products
- Improve commercial focus and align product portfolio to meet consumer demands for both domestic and international customers
- Enhance commercial and innovation capability

# Strategic Themes

Recommendations to address evolving trends in the future...

- Embrace sustainability by making the farm work more than 1 job with other revenue sources
- Promote U.S. sustainability efforts in a growth mindset with the ability to supply affordable dairy products in a sustainable way
- Capitalize on protein trend by highlighting value and quality of dairy products
- Invest in milk fraction research
- Be a consistent supplier of dairy products by improving long-term customer relationships – in-market sales team, R&D support, etc.
- Build insight capability by conducting market research on consumers in key export markets to determine what dairy products they need

## Takeaways for California

Opportunity is not a guarantee...

- With minimal to no growth in milk production, farmers and processors will need to figure out how to make more revenue from less milk
- It will become increasingly harder for California plants to compete against new plants in the middle of the country
- Plant infrastructure has focused on large volumes of commodity products, which was successful when the state was a low-cost producer
- However, in the future, new investments will need to focus on higher value products in select markets

## Presenting



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