

Global Dairy Outlook Implications for 2030 and beyond

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December 3, 2024*



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Moody's: **Aa2**
S&P: **A+**
Fitch: **A+**

Dairy Top 20 companies

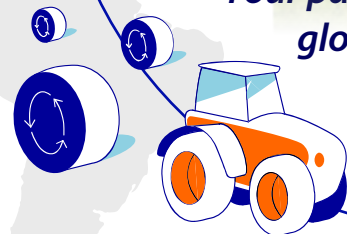
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€115bn

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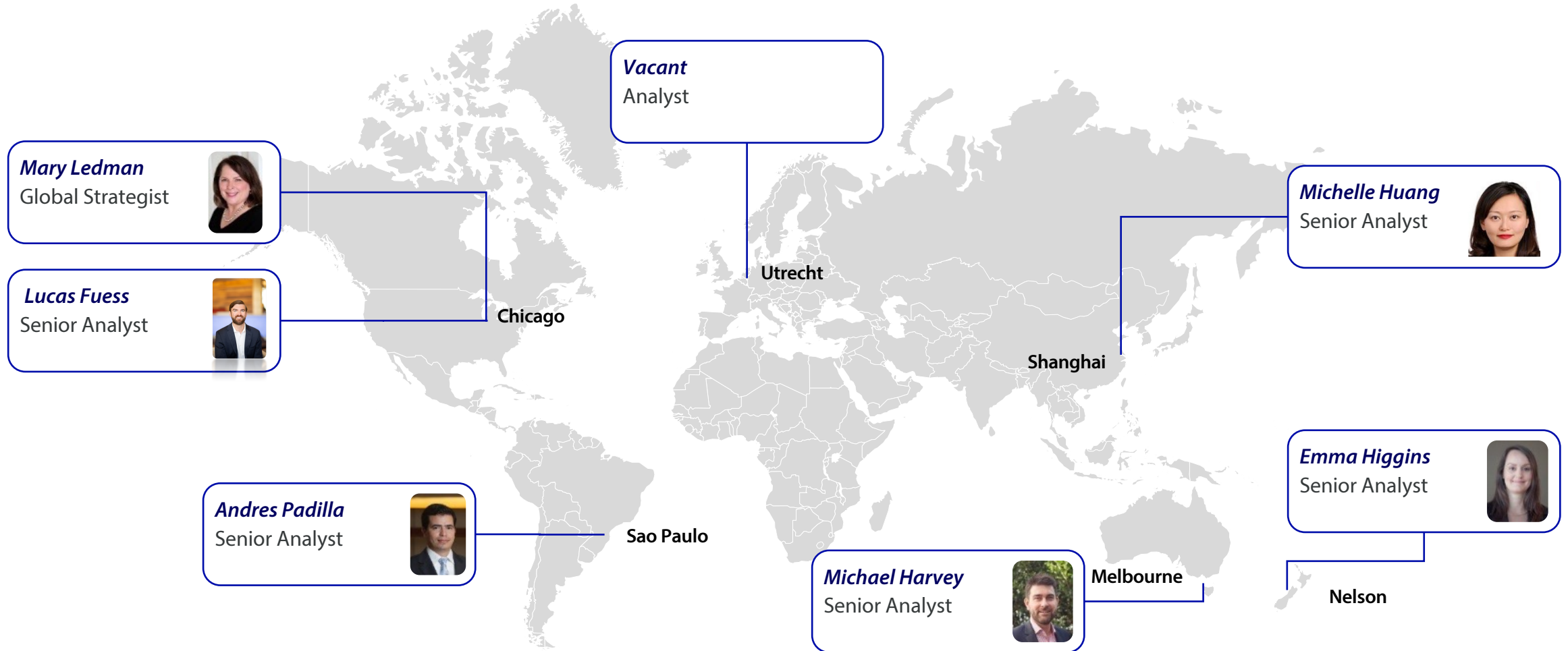
Advisory & Investments

Core Lending

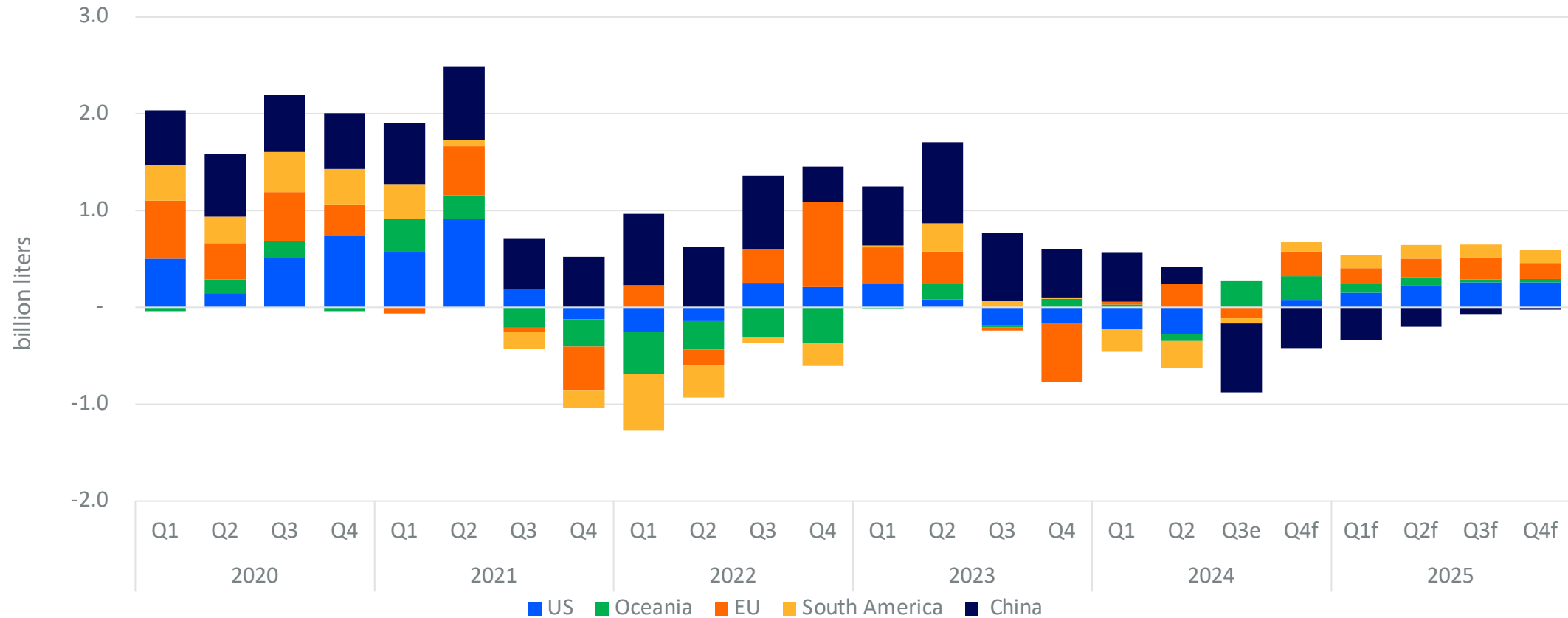
Structured Lending

Markets

RaboResearch Dairy Team

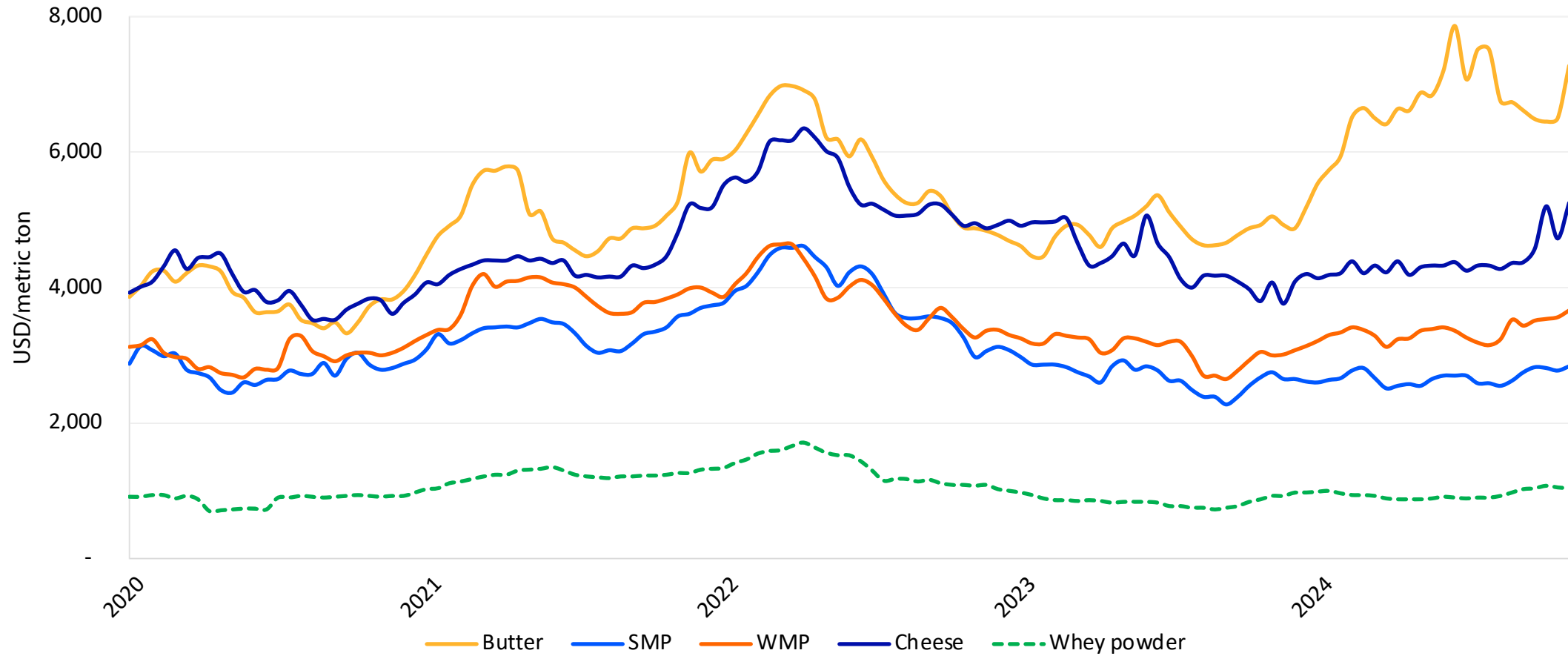


Milk production growth, Big 7 exporters and China (actual and RaboResearch forecast), 2020-2025f*



*Note: The Big 7 includes the EU, the US, New Zealand, Australia, Brazil, Argentina, and Uruguay.
Source: Big 7 and Chinese government and industry agencies, RaboResearch 2024

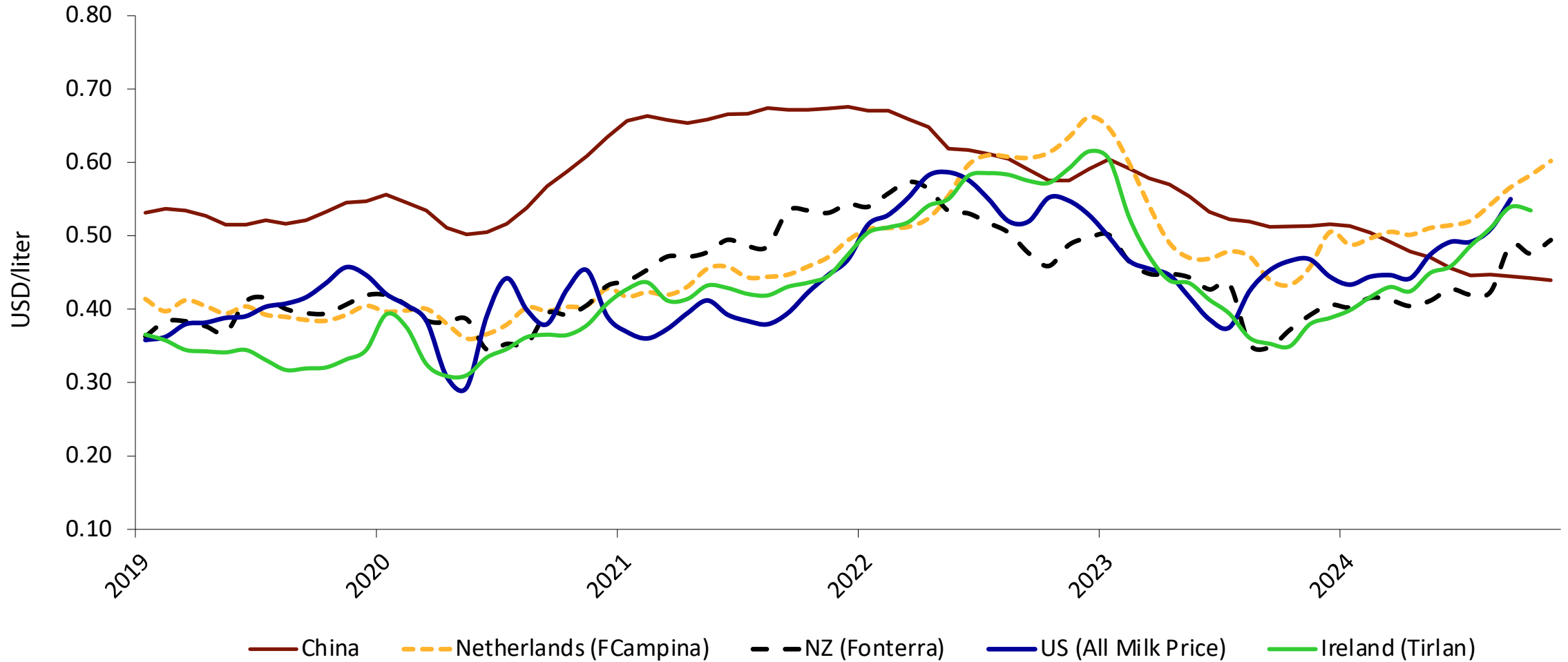
Dairy commodity prices, FOB Oceania, 2020-2024*



5 *Note: Whey is FOB in western Europe.
Source: USDA, RaboResearch 2024

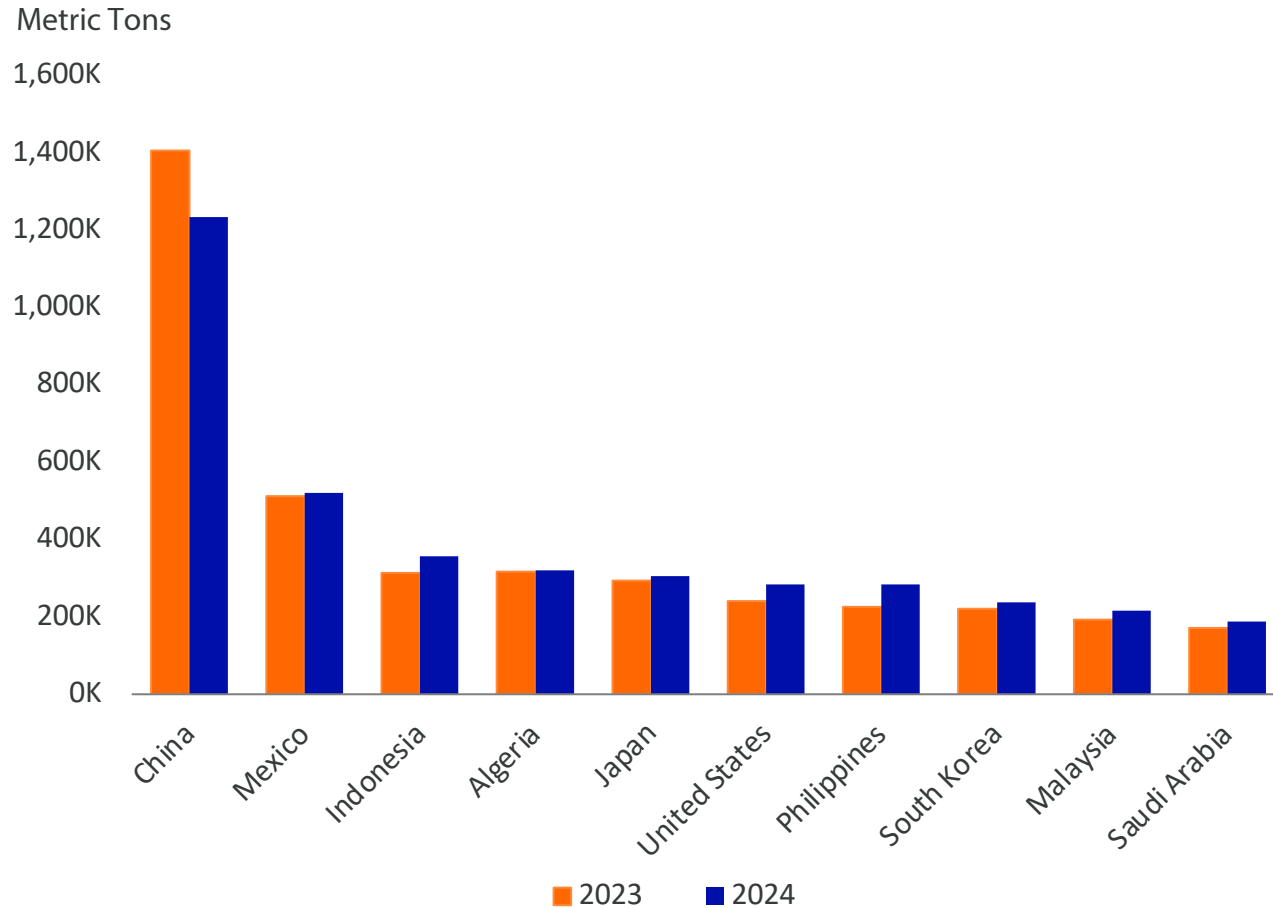
Shifting competitiveness

Farmgate milk prices (USD equivalent) - select regions

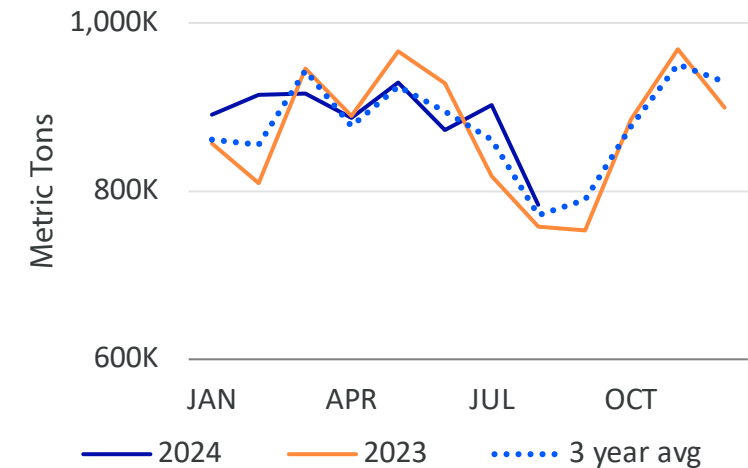


Sources: Dairy company media releases and annual reports, Rabobank 2024

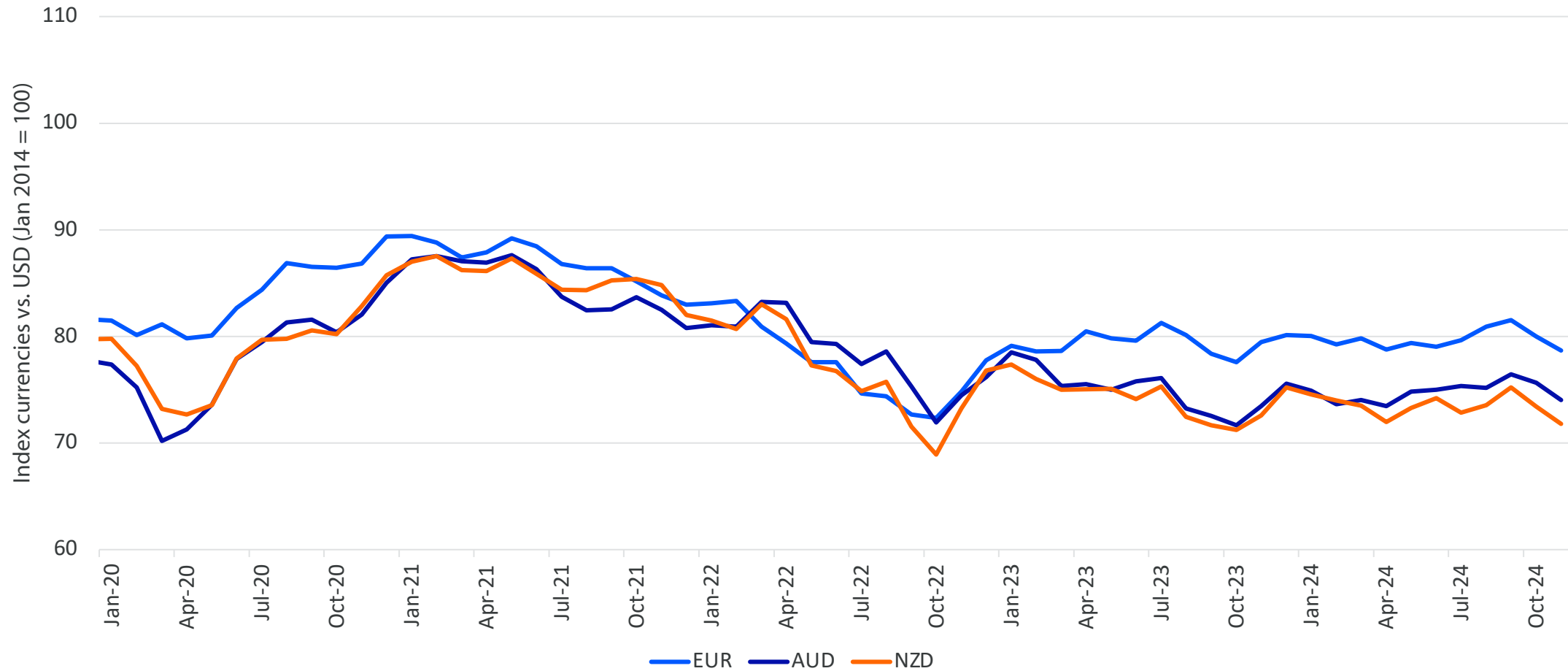
Global dairy imports thru August 2024 vs. Prior year



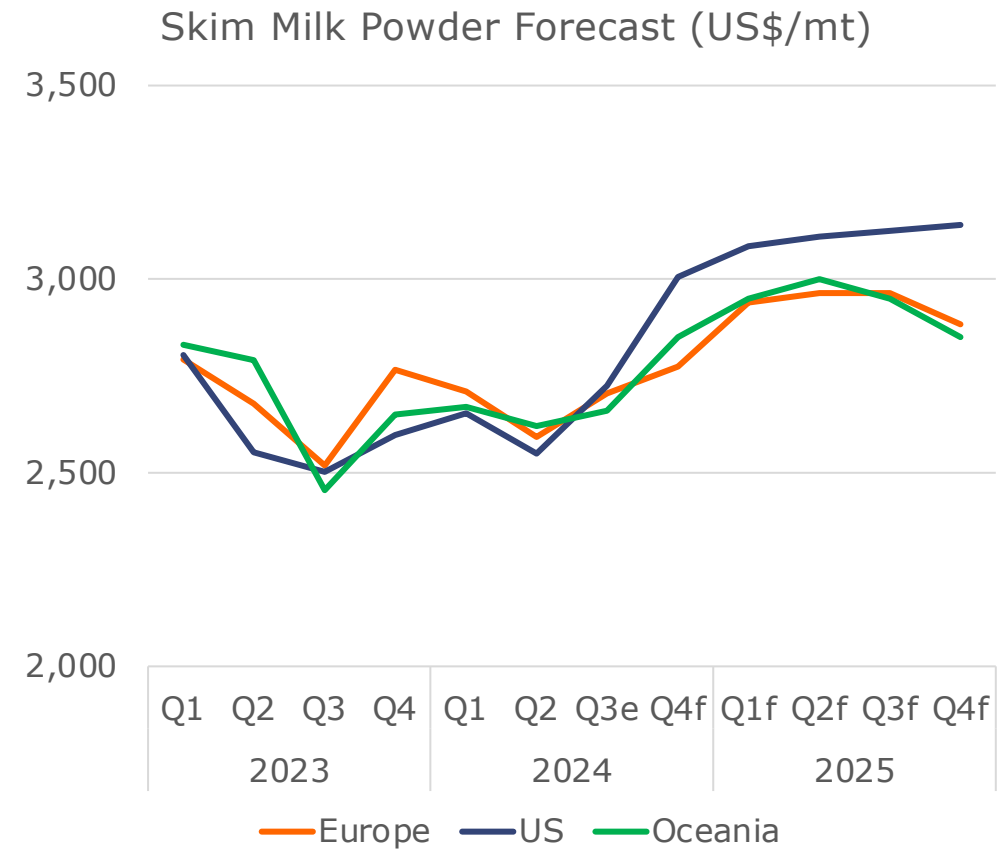
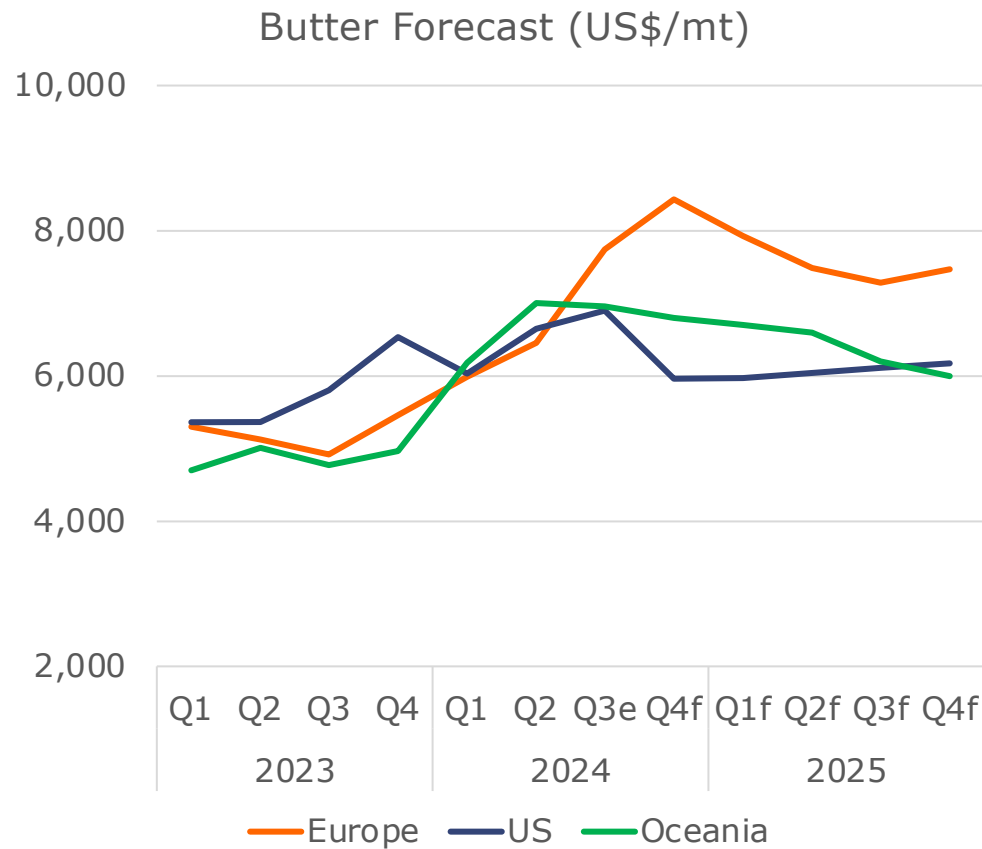
Product	Qty	YOY % Chg.
Whey	1,696,842	7%
SMP	1,488,707	(4%)
WMP	1,247,632	0%
Cheese	1,490,740	10%
Butter & Fat	494,359	-8%
Milk & Cream	556,339	-6%
Casein	122,974	20%
Total	7,097,582	2%



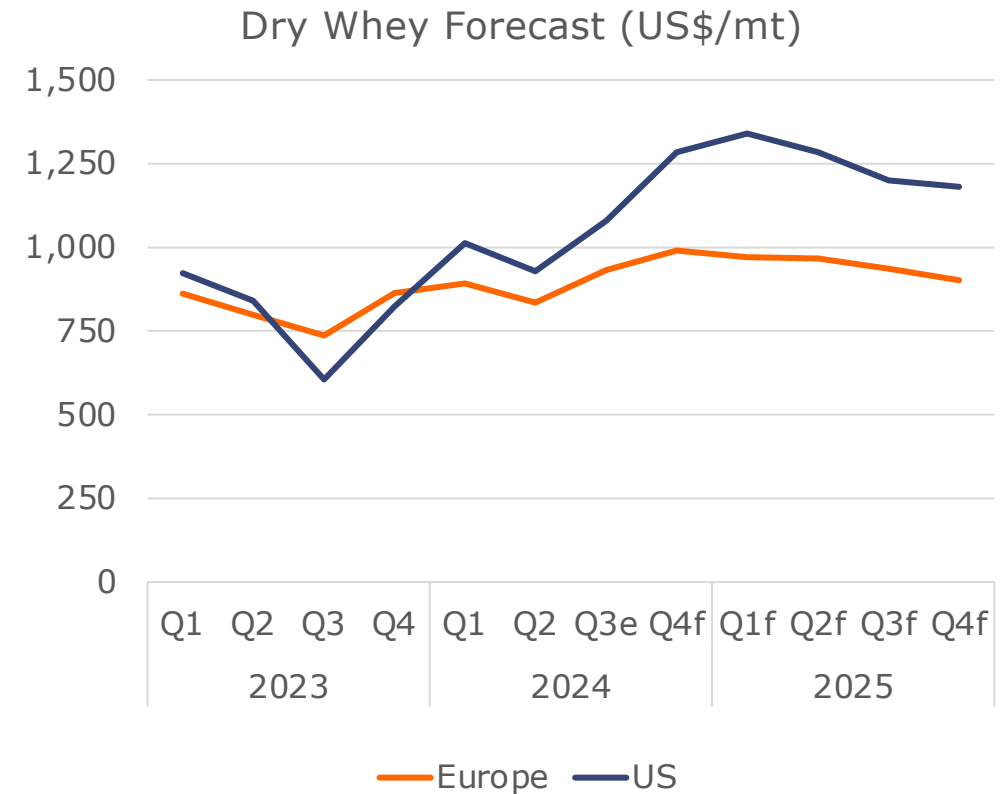
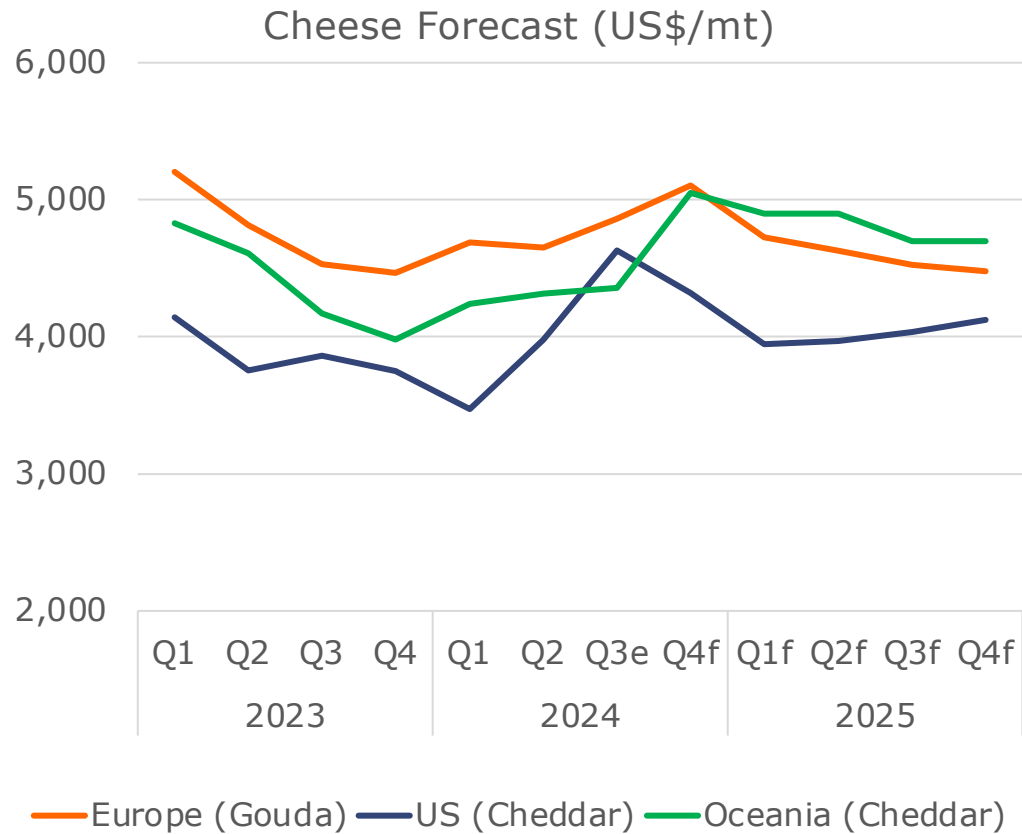
Exchange rates, USD vs. exporters, 2020-current



Q4 Global Dairy Quarterly Forecasts



Q4 Global Dairy Quarterly Forecasts

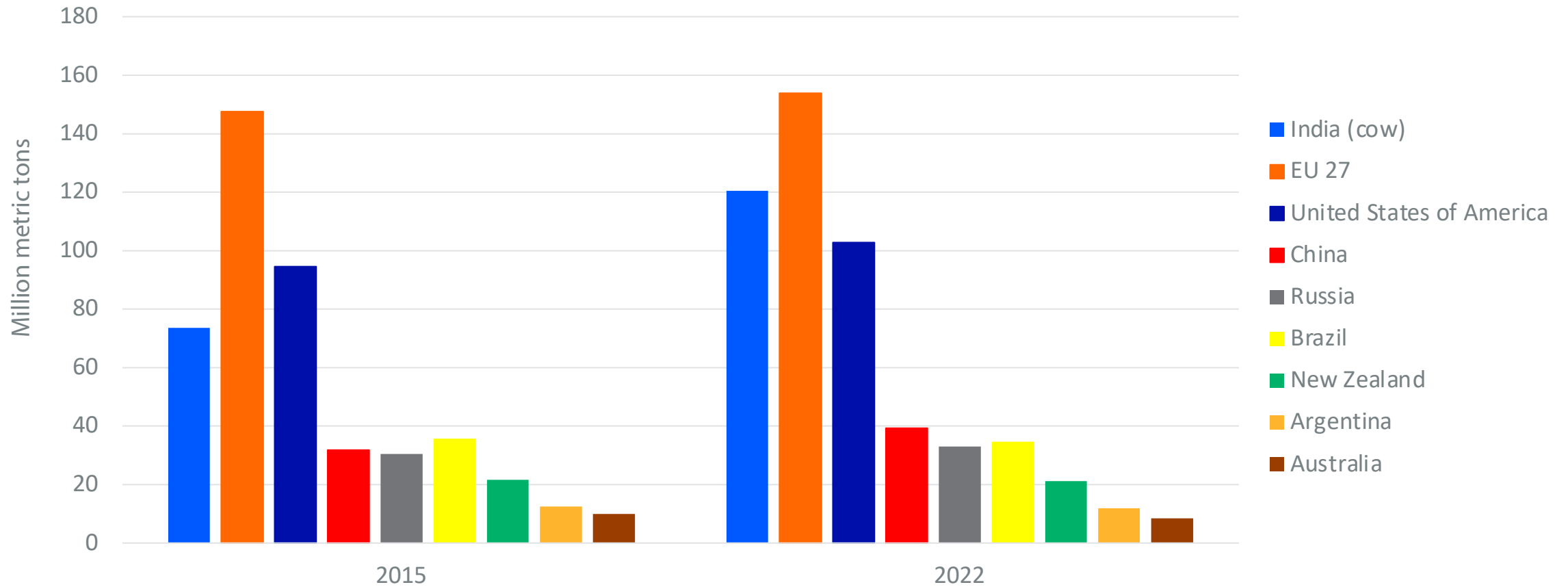


*Implications for China's
increased dairy
self-sufficiency*



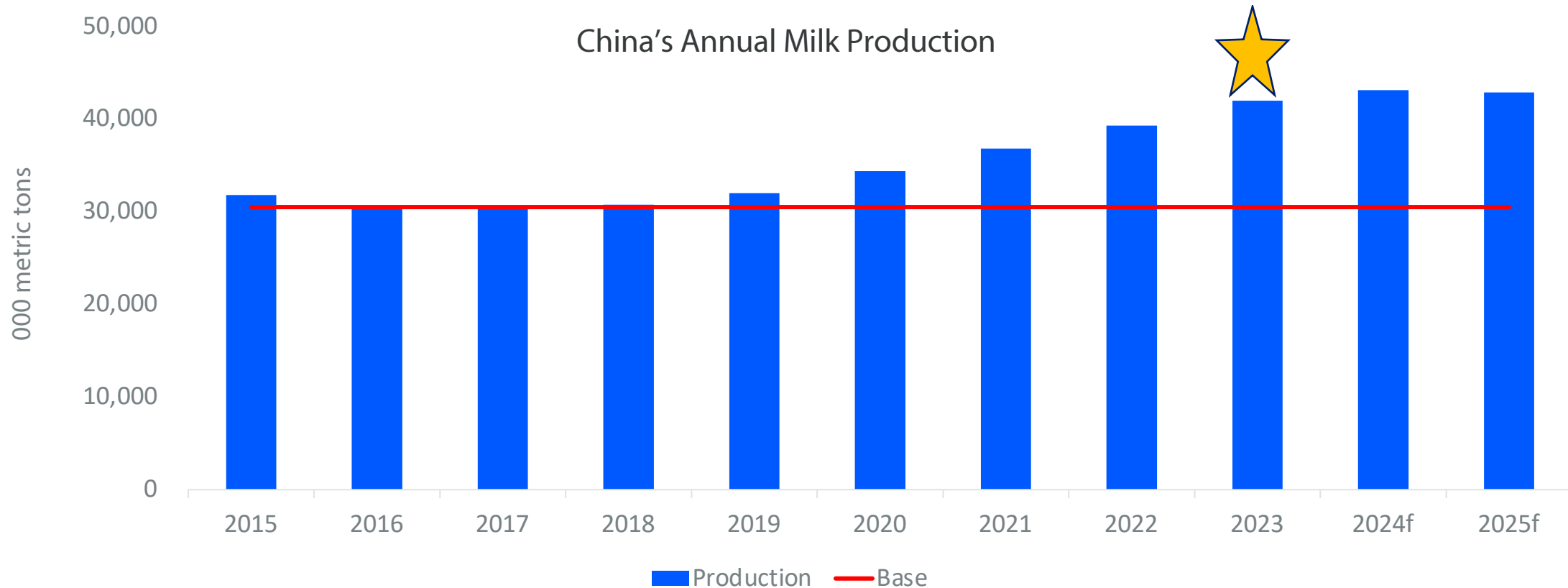
Setting the stage....

Global milk production is dominated by few players



Where there's a will there's a way

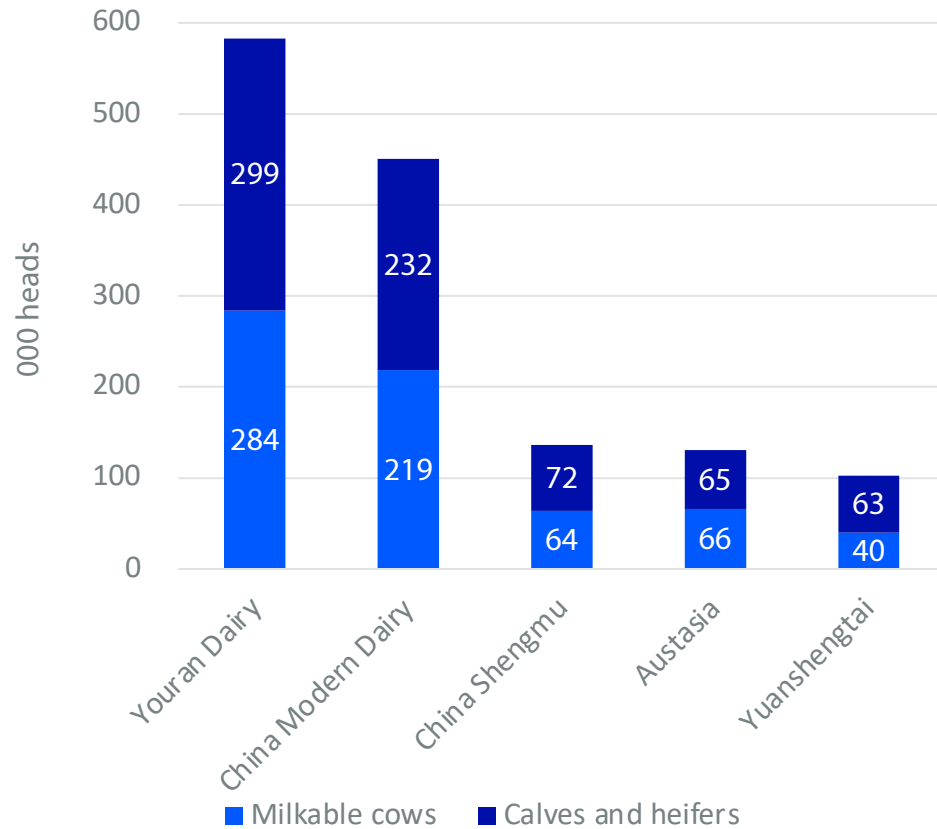
2018 policy directives stimulated large-scale dairy expansion with the objective of growing China's domestic milk supply from 31m mt to 41m mt by 2025.



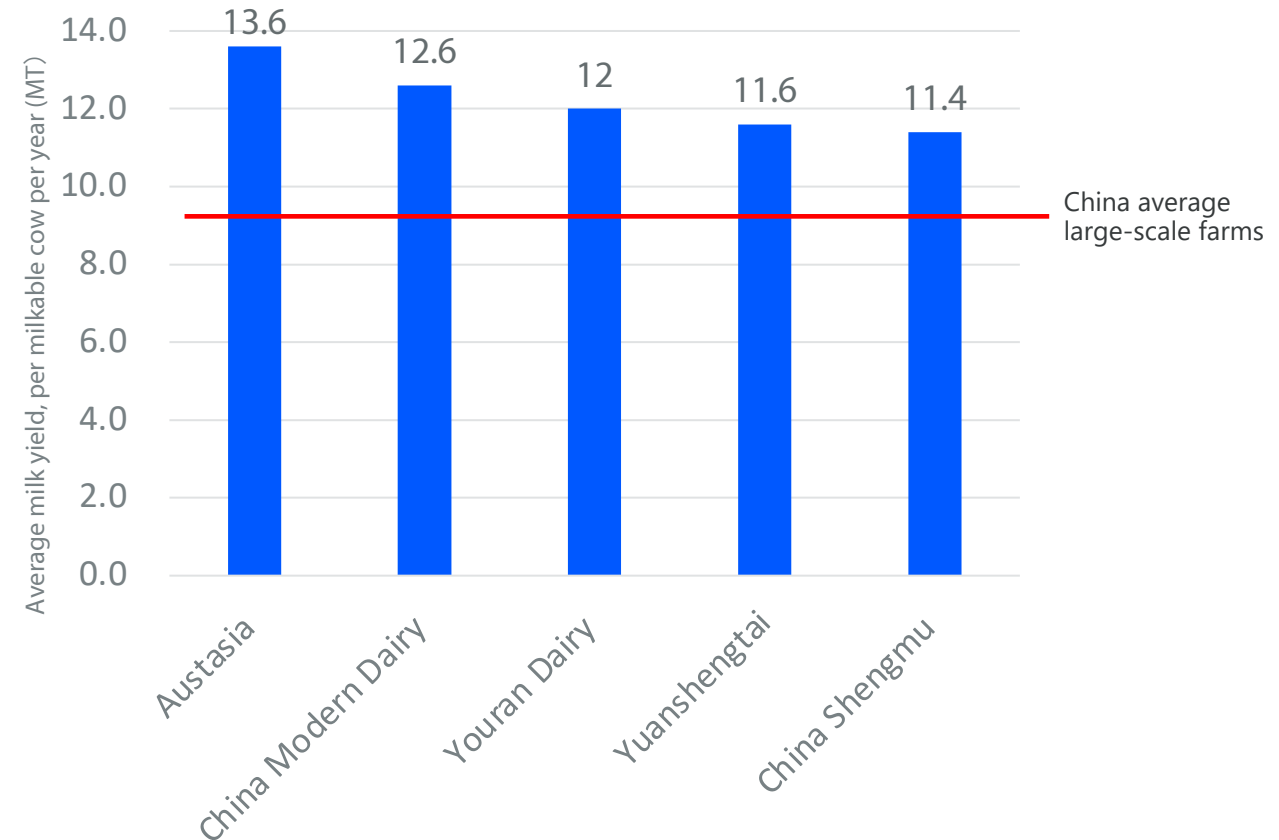
Large-scale dairy farms dominate China's supply

Driven by favourable government policies and productivity focus

Herd size of listed dairy farming companies (2023)

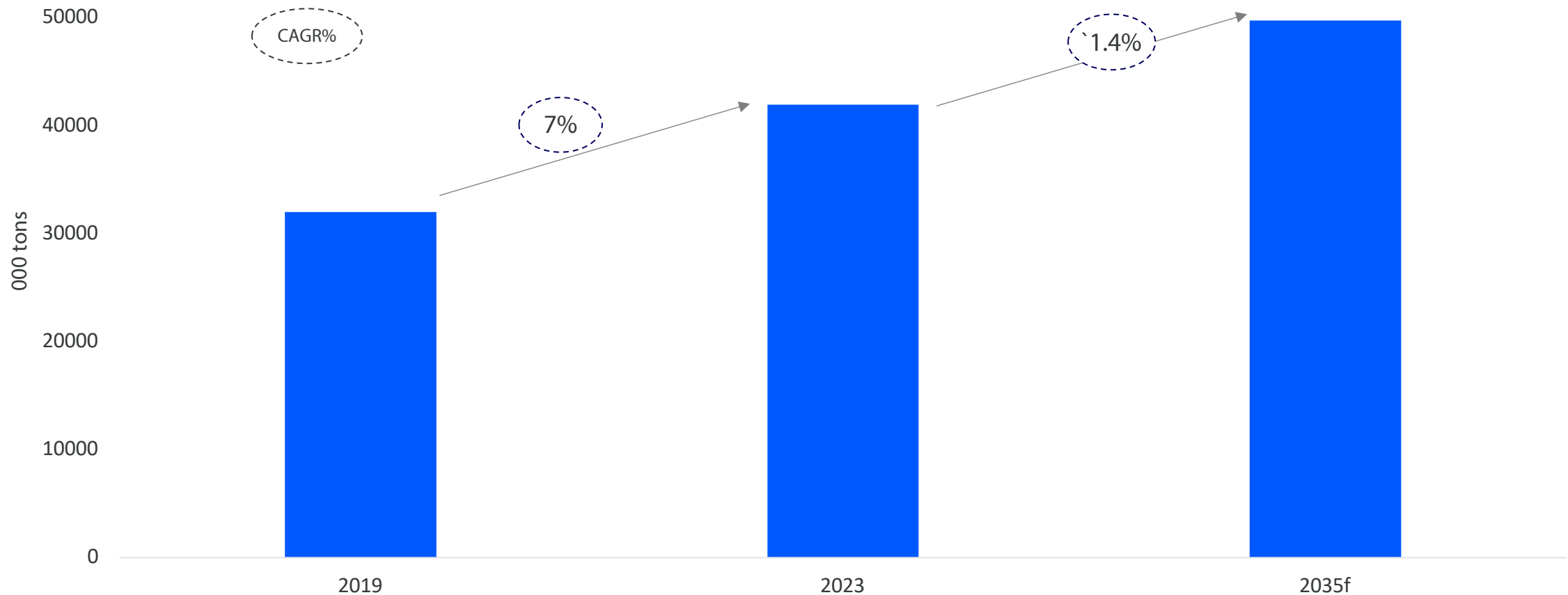


Productivity focus (Milk yield comparison of listed dairy farms, MT per year, 2023)



The outlook is for slower growth in Chinese milk production

It appears that the cure for high prices is high prices – even in China.



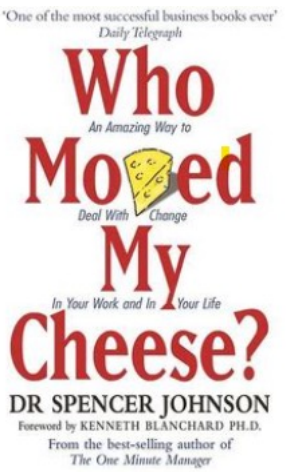
Historically Whole Milk Powder dominated global dairy trade

With China being the largest importer and New Zealand being the largest exporter

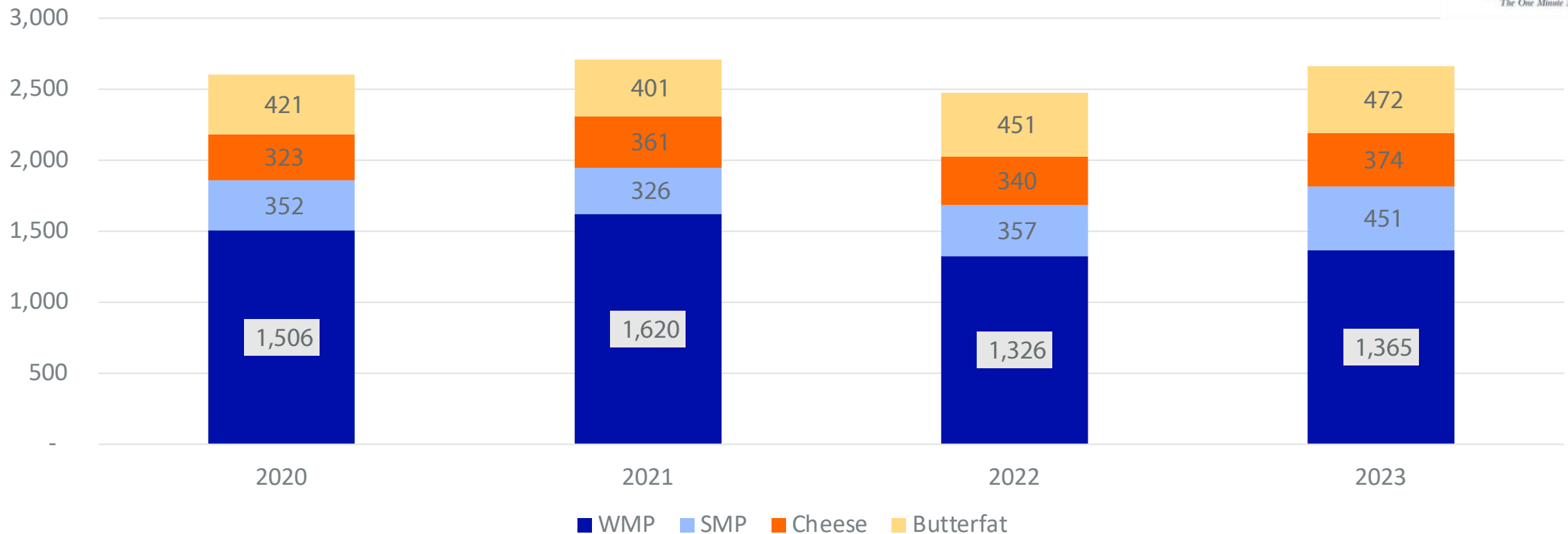


“Who Moved My Cheese?”...or “My WMP?”

New Zealand pivots its product mix

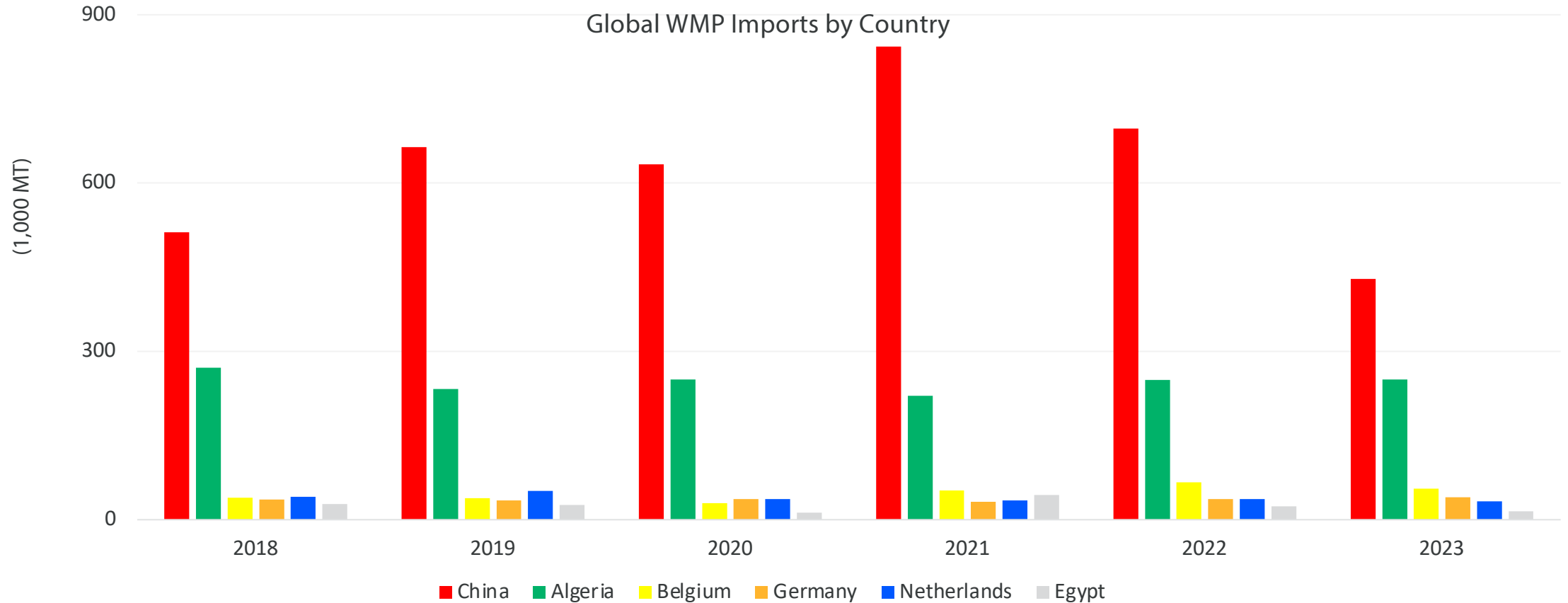


New Zealand's Annual Dairy Product Exports



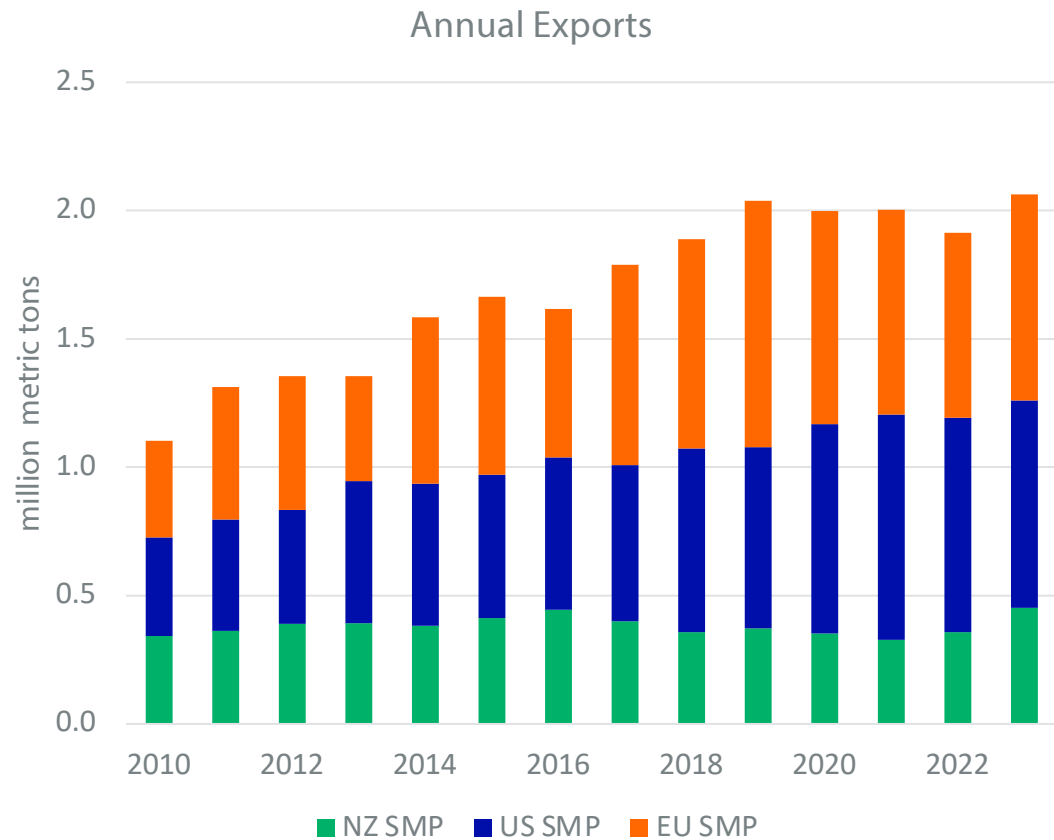
The ability to move into other WMP markets is limited

Algeria is a distance second, followed by even smaller importers



The Next Domino: Rising SMP exports

Increased competition and greater SMP buying opportunities

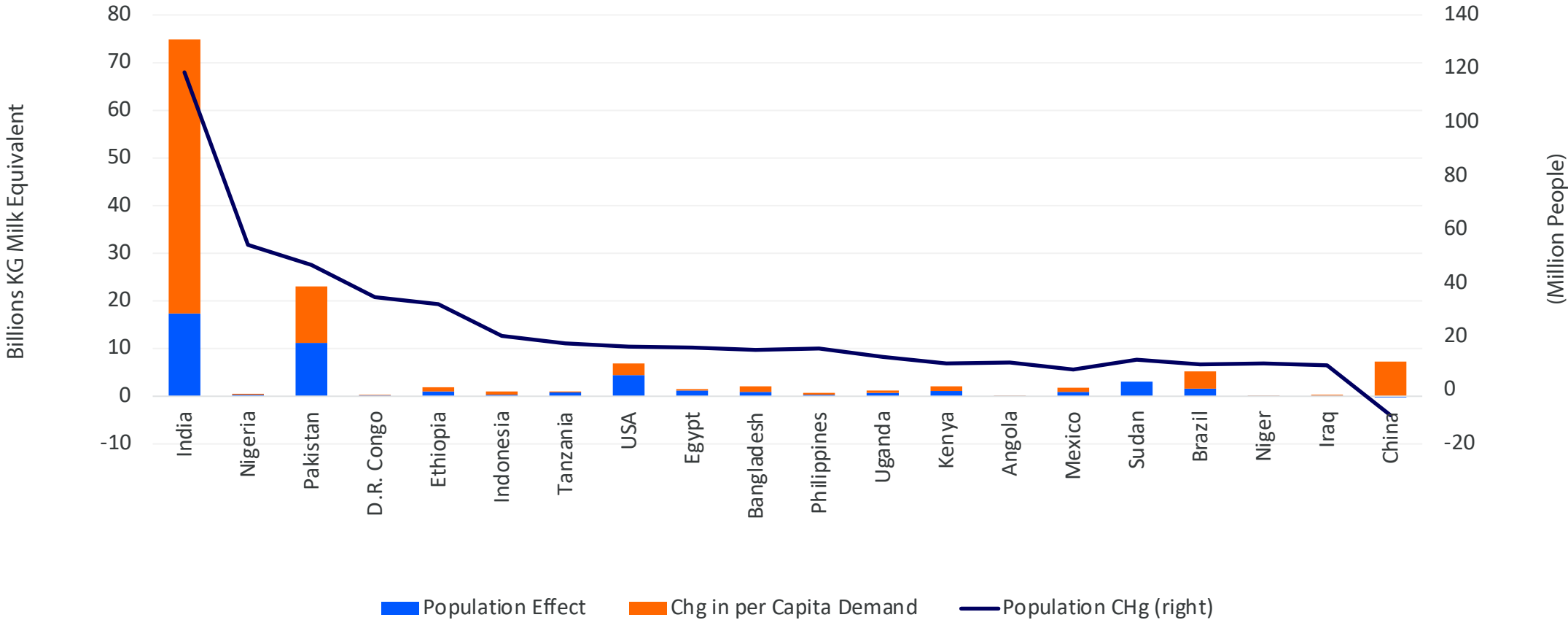


2035 Dairy Supply and Demand Outlook



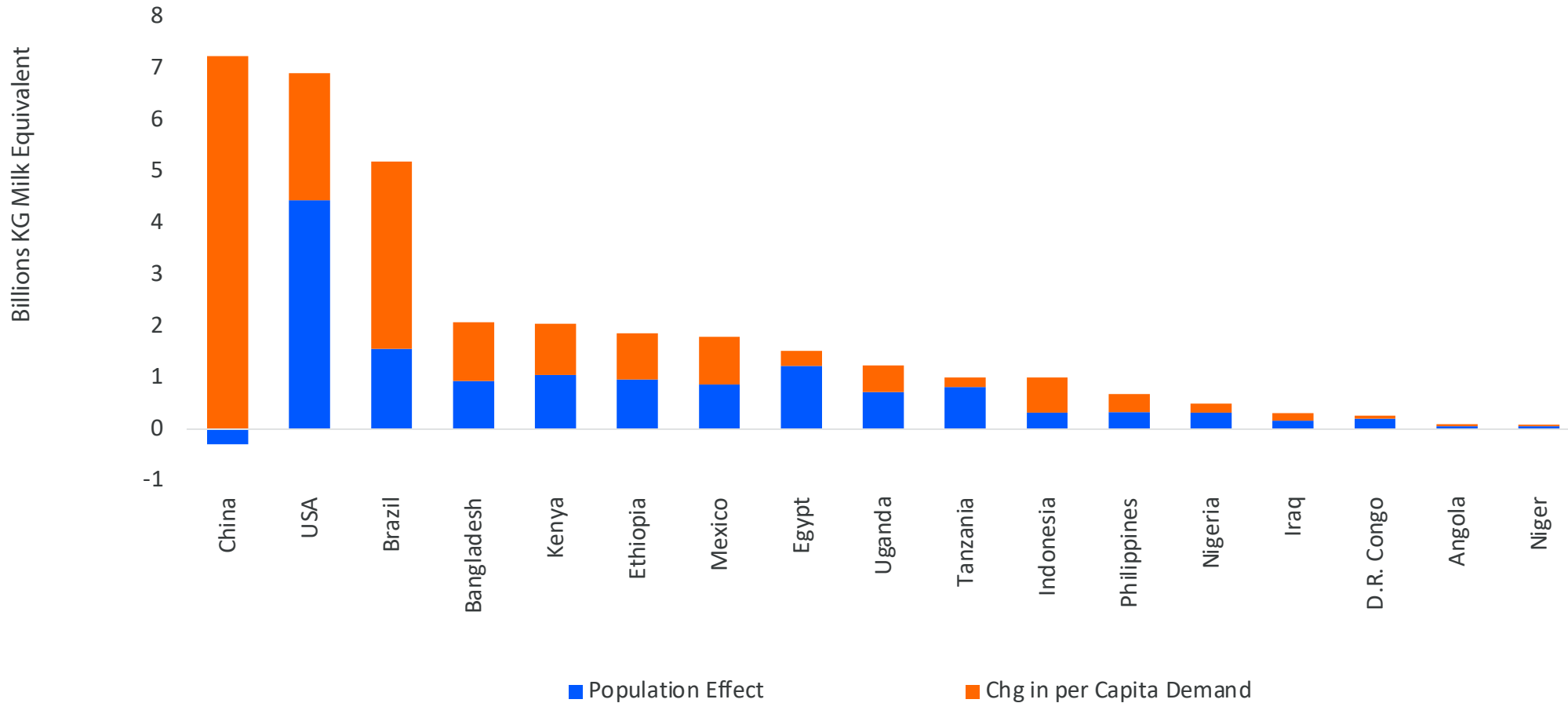
An additional 705 million people underpins dairy demand

Growth in dairy consumption from 2020 to 2030 due to **population growth** and **change in per capita dairy demand**



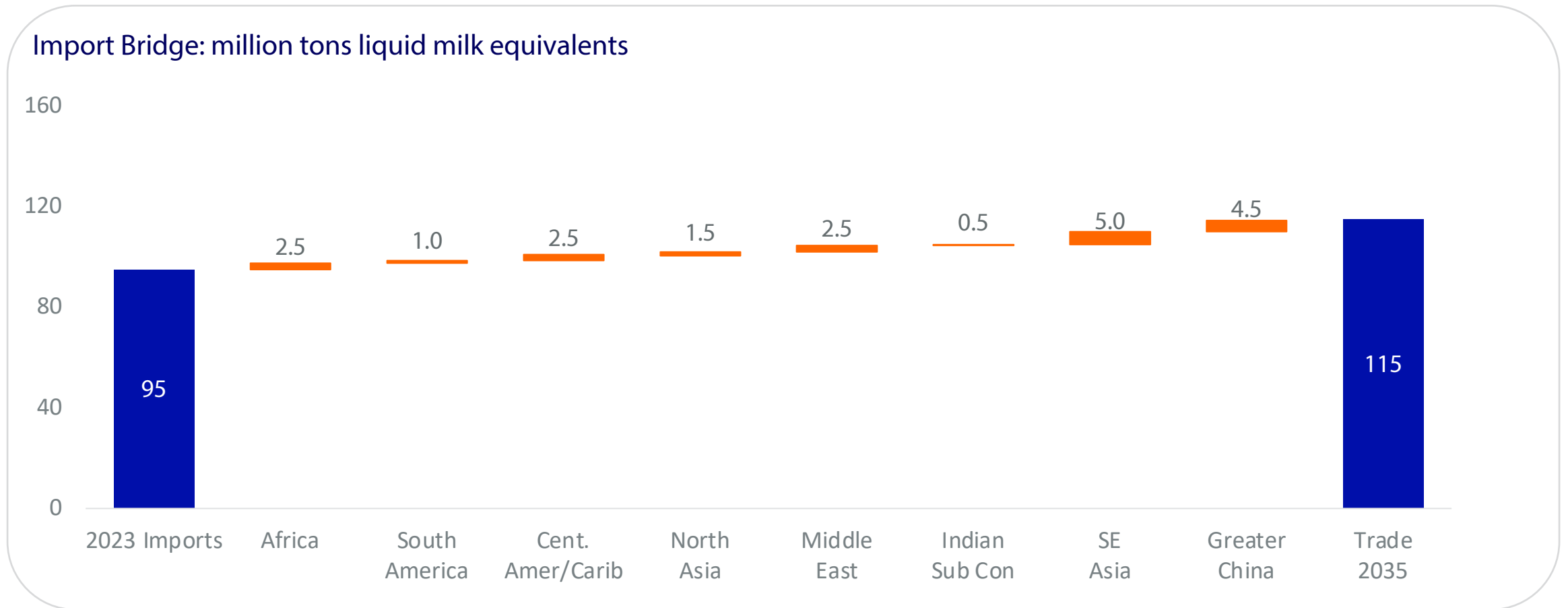
Sans India and Pakistan, these are the top growing markets

Forecast growth in dairy demand, 2020 to 2030

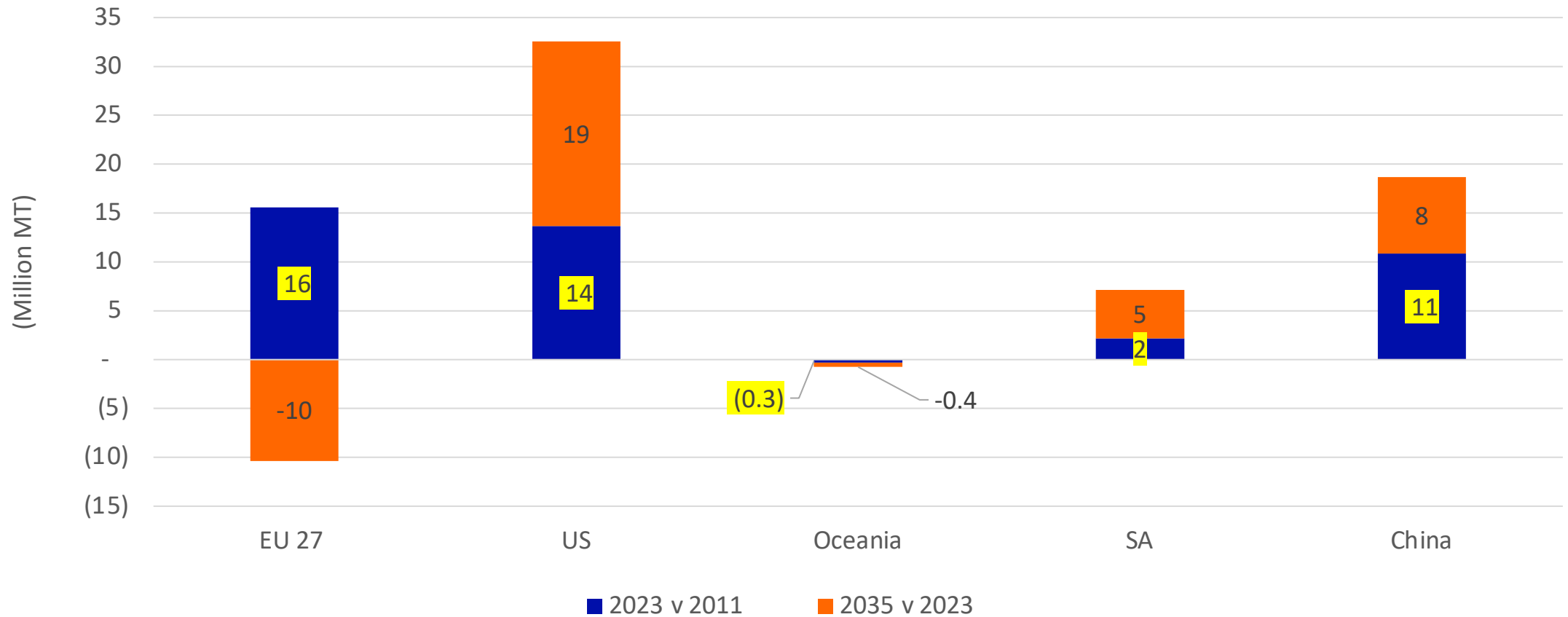


Global dairy supply and demand outlook

Estimated growth in dairy trade in milk equivalents 2035 vs. 2023

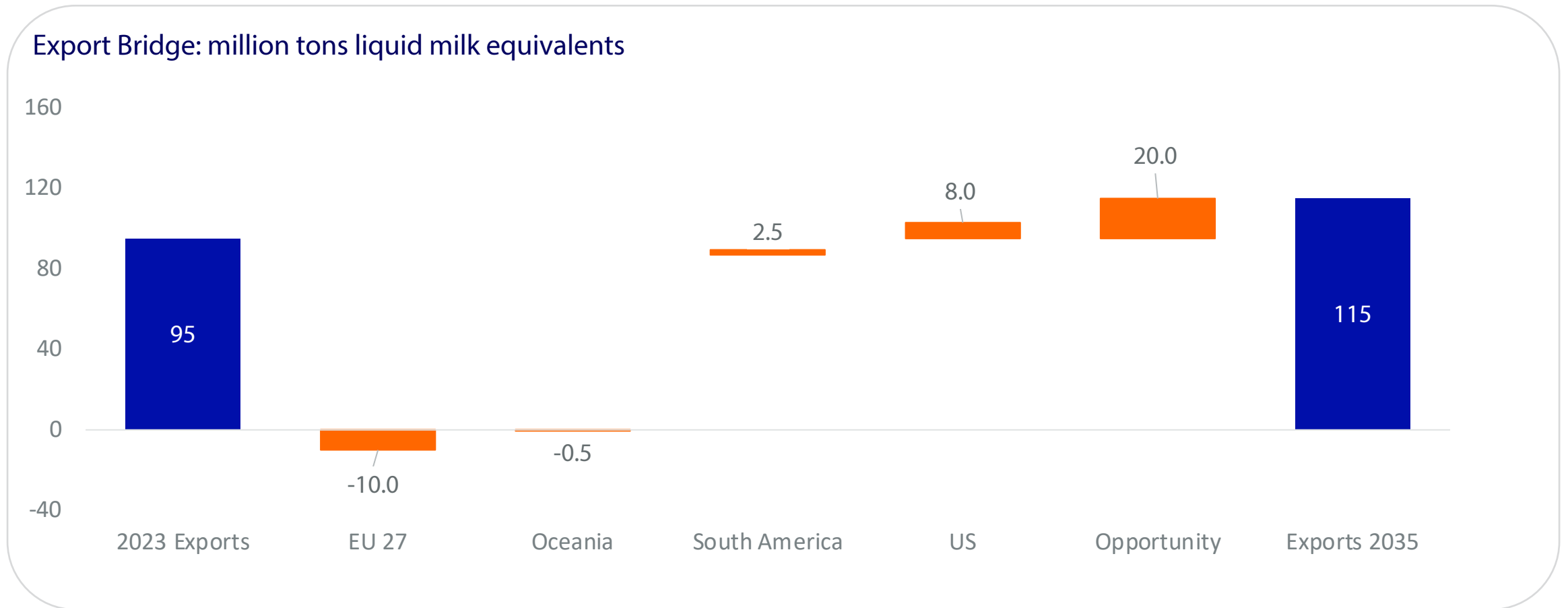


Change in milk production growth will impact global trade



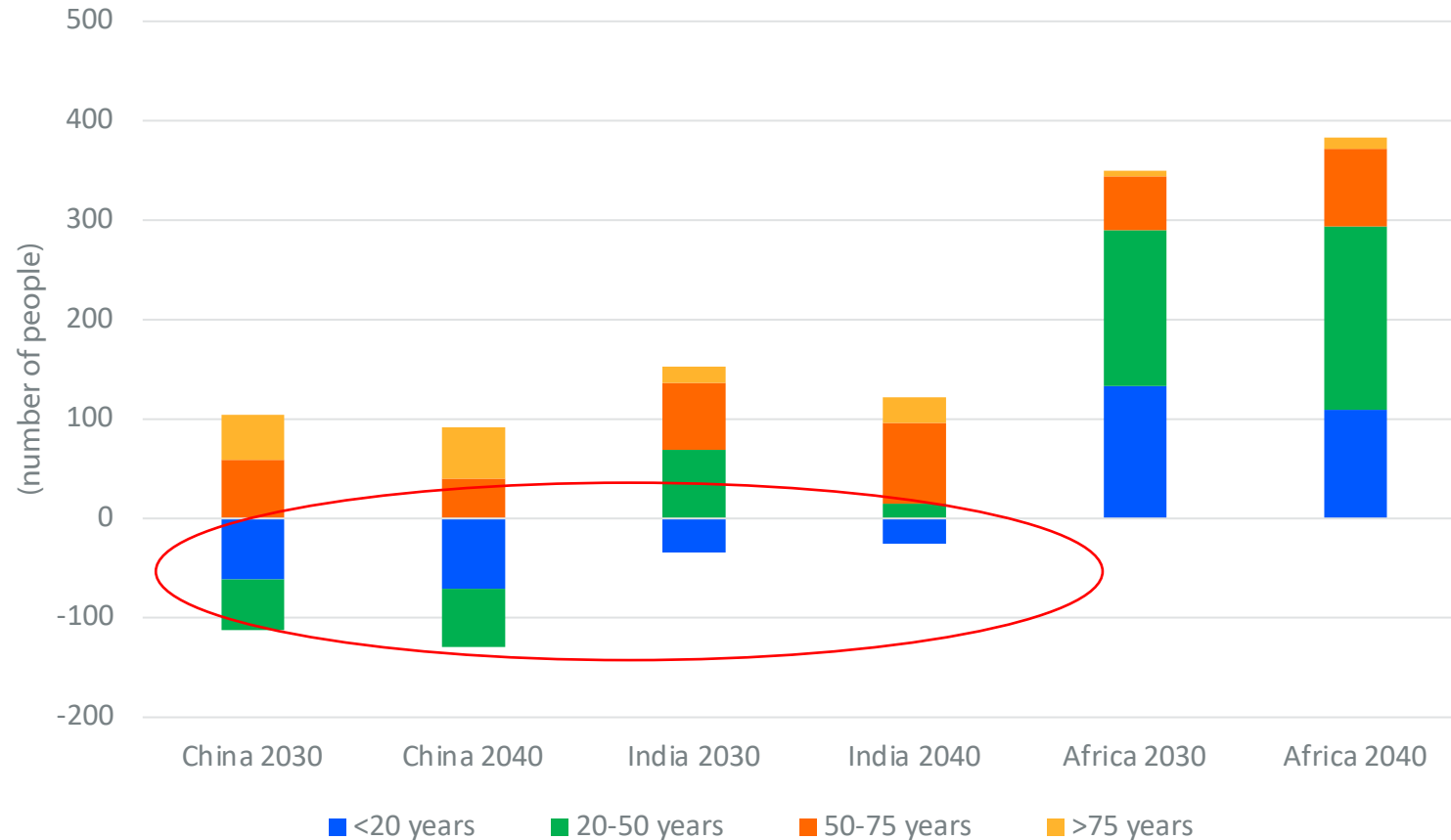
Global dairy supply and demand outlook

Estimated growth in dairy trade in milk equivalents 2035 vs. 2023



An aging population changes type of dairy consumed

Change in population by age category vs. prior decade



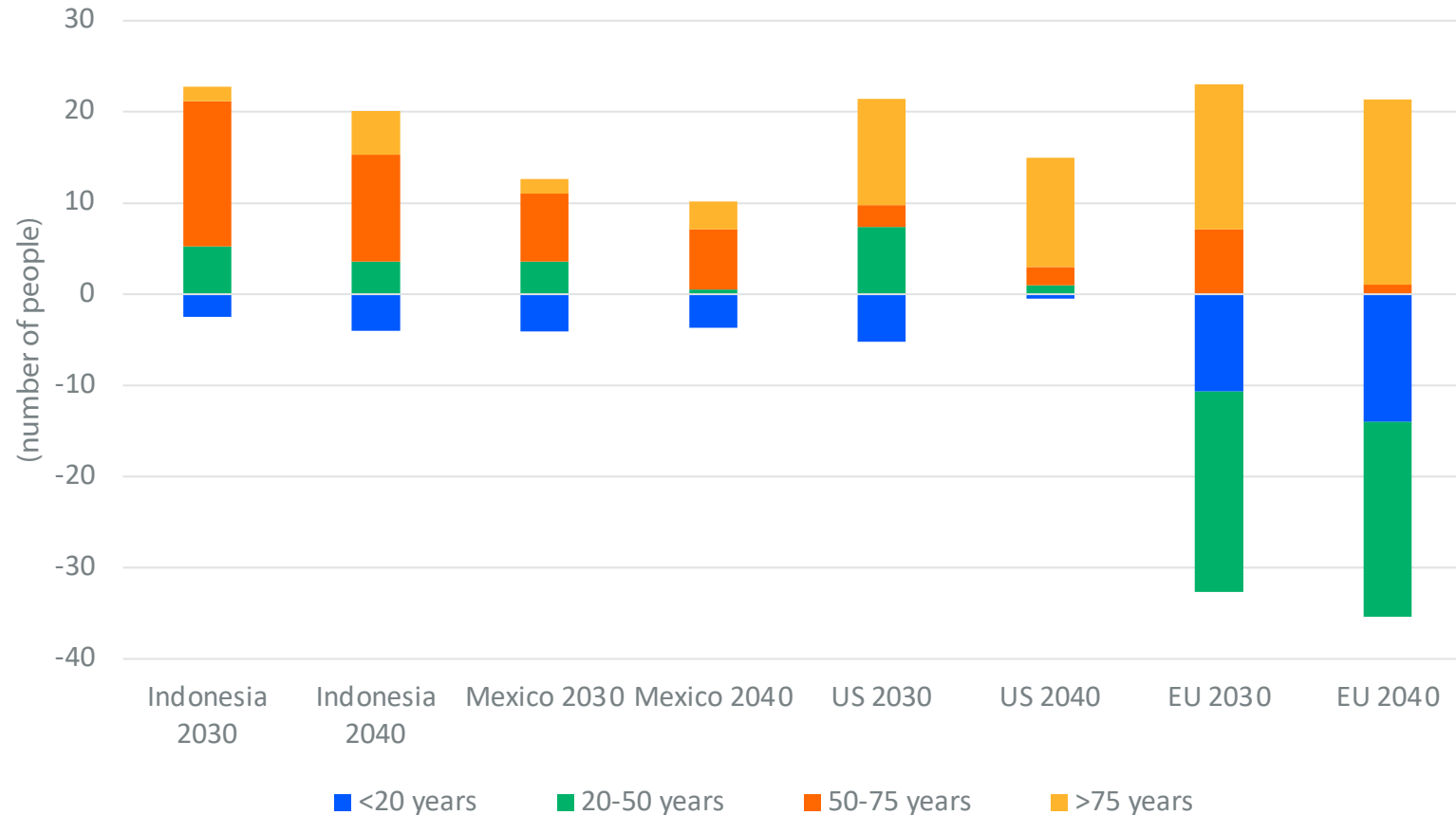
China's population under 20 years old falls by 61 million. In contrast, its population over 50 increases by 100 million.

India's working-age population growth underpins its demand growth.

Africa is unique with population growth in all categories, but challenged by affordability.

An aging population changes the type of dairy consumed

Change in age category vs. prior decade



Demand growth driven by:

- Increased purchasing power of the expanding 20–50-year-old population.
- Increased life span will drive growth in health, wellness, and medical nutrition.

Thank you for your attention!

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