

MILK AND MILK PRODUCTS

World milk production is forecast to reach 950 million tonnes in 2023, up 1.3 percent from 2022, reflecting a foreseen production expansion in Asia, notably India and China. Much of the expected increase in global milk output in 2023 is driven by yield improvements and the continued rise in dairy cattle numbers, compensating for the increased slaughter of dairy cattle, especially in Europe and Northern America, due to squeezed operational margins. In South America, production is forecast to expand slightly, particularly in Brazil, due to increasing dairy herd numbers, higher yields and lower input costs. In Oceania, production is anticipated to increase moderately due to favourable weather despite rising input costs and the drop in dairy prices squeezing operational margins. By contrast, milk output is forecast to fall in Africa due to the constrained availability of feed and fodder, poor pasture conditions and conflict-induced disruptions to livestock operations.

World trade in dairy products is forecast at 84 million tonnes (in milk equivalents) in 2023, down 1.0 percent from 2022. This decrease is underpinned by an anticipated drop in imports by Asia, principally China, on account of rising domestic production and increased stocks of imported dairy products. Import contractions are likely in several other leading dairy importers, including the Philippines, Indonesia and Malaysia, mainly due to less-than-expected growth in food services sales and currency depreciations. However, higher dairy product purchases are foreseen for several countries, notably Brazil, Mexico, Algeria and Saudi Arabia, induced by competitive international dairy prices offered by their trading partners, inadequate local supplies and more active food services sales. Meanwhile, a possible downturn in global import demand, coupled with less competitive prices, could lower prospects for shipments from several exporters, such as the United States of America, Australia and Argentina.

International prices of dairy products declined from January to September 2023, principally underpinned by lacklustre import demand for spot- and near-term deliveries amid ample stocks in importing countries. This period coincided with abundant exportable availabilities, especially from New Zealand in its 2023/24 production season and limited internal demand in some large exporting regions, especially the European Union. However, world dairy prices rebounded in October 2023, reflecting a surge in demand, coupled with tight supplies from Western Europe and concerns over the potential impact of the El Niño event on supplies from Oceania.

For additional analyses and updates, see:

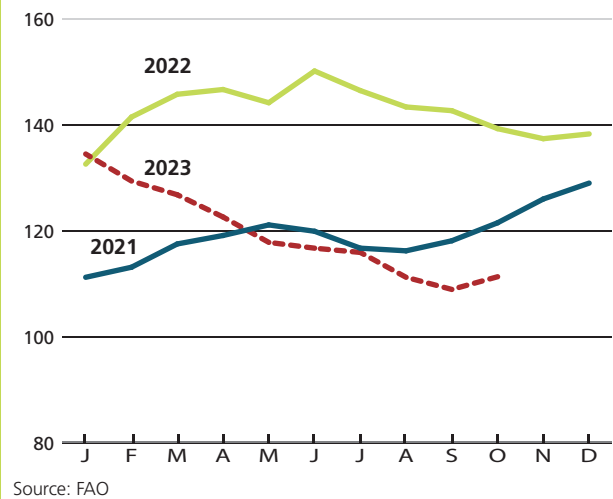
Dairy Market Review
https://www.fao.org/markets-and-trade/publications/en/?news_files=113040

Dairy Market Review: Emerging trends and outlook 2023 (forthcoming)

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FAO INTERNATIONAL DAIRY PRICE INDEX (2014–2016 = 100)



WORLD DAIRY MARKET AT A GLANCE

	2021	2022 estim.	2023 f'cast		Change: 2023 over 2022
			June	Nov.	
	million tonnes (milk equivalent)				%
WORLD BALANCE					
Total milk production	932.0	937.7	944.0	949.9	1.3
Total trade	88.6	84.9	85.0	84.0	-1.0
SUPPLY AND DEMAND INDICATORS					
Per caput food consumption:					
World (kg/year)	117.9	117.8	117.4	118.2	0.4
Trade - share of prod. (%)	9.5	9.1	9.0	8.8	-3.3
FAO DAIRY PRICE INDEX (2014–2016=100)	2021	2022	2023		%Change
			Jan–Oct.		Jan/Oct 2023 over Jan/Oct 2022
	119	142	119.5		-16.6

Source: FAO