

MILK AND MILK PRODUCTS

World milk production in 2022 is forecast at 930 million tonnes, up by 0.6 percent from 2021, the slowest growth pace in the last two decades. Much of the expansion is foreseen to originate in India and Pakistan on rising dairy herds, although at slower growth rates than in earlier years due to animal disease outbreaks and extreme weather events, and in China, sustained by large-scale dairy operations. These predicted output increases will likely be nearly offset by possible output contractions in several countries. Most notable declines are anticipated in Ukraine, impacted by the ongoing war, and in Brazil, the European Union, Türkiye, New Zealand and Australia, owing to extreme weather events, labour shortages and high input costs, leading to squeezed profit margins.

Global trade in dairy products in 2022 is forecast at 85 million tonnes (in milk equivalents), down by 3.4 percent from 2021, which would represent the first decline in nearly two decades. The anticipated trade contraction is primarily attributable to a likely 15 percent decline in imports by China, mostly of whey and milk powders, starting from April, on high inventories, rising domestic milk production and lower food services sales related to COVID-19-related measures. Imports are also forecast to drop significantly in Viet Nam, the Russian Federation and Bangladesh, reflecting lower consumer purchases, and in Sri Lanka, because of limited foreign exchange availability. By contrast, imports by the Philippines, Indonesia and Mexico are anticipated to increase markedly, partially offsetting the declines expected elsewhere. On the supply side, New Zealand, the European Union, Belarus and Türkiye may register steep drops in exports, which could be partially compensated by higher shipments from Mexico, India, Argentina and the United States.

The FAO Dairy Price Index rose steadily since May 2020, except for four months from June to September 2021, reaching near record highs in June 2022, only 4 percent below the all-time high that the index reached in December 2013. This episode of price increase was mainly driven by the tightening of global markets on the back of lower supplies from Western Europe and Oceania. Since June, however, international dairy prices have been declining, underpinned by lower global import demand, notwithstanding the continued tight supply situation in several leading exporting countries.

For additional analyses and updates, see:

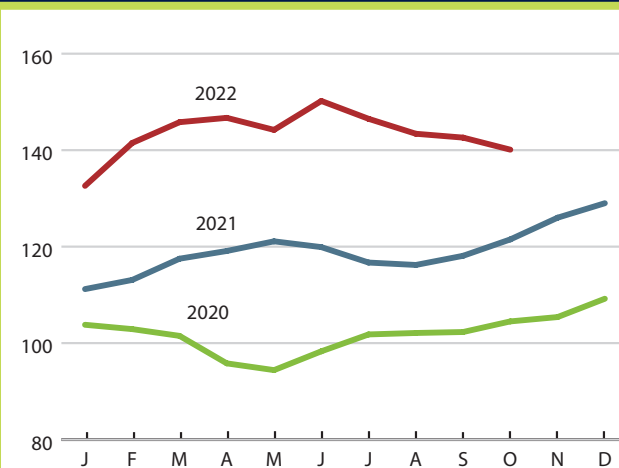
Dairy Market Review
https://www.fao.org/markets-and-trade/publications/en/?news_files=113040

Dairy Market Review: Emerging trends and outlook 2022 (forthcoming)

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



Source: FAO

WORLD DAIRY MARKET AT A GLANCE

| | 2020 | 2021 estim. | 2022 f'cast | | Change: 2022 over 2021 |
|--|-------|----------------|-------------------------------------|-------|---|
| | | | June | Nov. | |
| | | | million tonnes (milk equivalent) | | % |
| WORLD BALANCE | | | | | |
| Total milk production | 912.6 | 924.8 | 937.3 | 929.9 | 0.6 |
| Total trade | 86.6 | 88.1 | 87.8 | 85.1 | -3.4 |
| SUPPLY AND DEMAND INDICATORS | | | | | |
| Per caput food consumption: | | | | | |
| World (kg/year) | 116.4 | 116.9 | 117.8 | 116.5 | -0.3 |
| Trade - share of prod. (%) | 9.5 | 9.5 | 9.4 | 9.2 | -3.9 |
| FAO DAIRY PRICE INDEX (2014–2016=100) | 2020 | 2021 | 2022 Jan–Oct. | | %Change Jan/Oct 2022 over Jan/Oct 2021 |
| | 102 | 119 | 143 | | 22.1 |

Source: FAO