

MILK AND MILK PRODUCTS

World milk production is forecast to reach 928 million tonnes in 2021, 1.5 percent higher than in 2020, with anticipated output expansions in all regions, led by Asia and North America. Rising dairy cattle numbers, farm productivity improvements and investments are driving the increase in Asia, especially in India, China and Pakistan. Increased milk yields and high cattle numbers underpin the anticipated output growth in the United States of America, despite elevated culling of dairy cows since June 2021 due to squeezed profit margins. In South America, lower rainfall and high grain prices dampened farm margins, leading to a slight production decline, while Oceania's favourable pasture conditions and milk prices are expected to sustain output growth. Milk output in the European Union is likely to expand moderately, helped by increased milk yields and favourable spring weather, which have spurred pasture improvements and contained rising feed costs. In Central America and the Caribbean, milk production is forecast to rise slightly, supported mainly by industrial farms, whereas subdued growth is anticipated in Africa.

World dairy trade is forecast to rise by 4.2 percent in 2021 to nearly 90 million tonnes (in milk equivalents), driven principally by China, with an anticipated 29 percent growth in imports, mainly in milk powders and whey. However, in recent months, the import growth rate has slowed down due to rising domestic production and sluggish consumer demand. Elsewhere, import volumes are forecast to rise in Mexico, Indonesia, Viet Nam and Bangladesh, reflecting increases in consumer and processing industry demand to levels that exceed expected domestic output expansions. By contrast, lower consumer demand, quota decisions and COVID-19 market disruptions are likely to contract imports significantly in several countries in East Asia, Europe and the Middle East. From the export perspective, higher production and competitive prices are likely to increase sales from the United States of America, New Zealand, Australia, the European Union and Argentina, among others, with milk powders and cheese anticipated to register the highest volume increases.

Except for a short spell of three months from June this year, international dairy prices registered increases since mid-2020, underpinned by sustained import demand, especially from Asia, and generally tight exportable supplies from the world's major producing regions.

For additional analyses and updates, see:

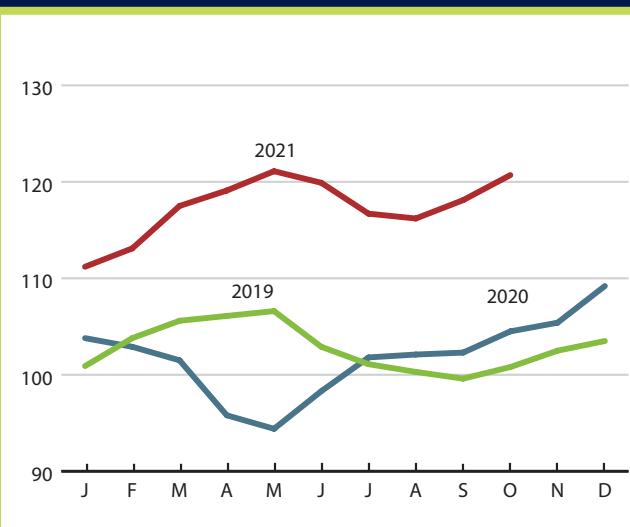
Dairy Market Review
https://www.fao.org/markets-and-trade/publications/en/?news_files=113040

Dairy Market Review: Emerging trends and outlook 2021 (forthcoming)

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



WORLD DAIRY MARKET AT A GLANCE

	2019	2020 <i>estim.</i>	2021 <i>f'cast</i>		Change: 2021 over 2020
	<i>million tonnes (milk equivalent)</i>				<i>%</i>
WORLD BALANCE					
Total milk production	895.9	914.3	921.1	928.1	1.5
Total trade ¹	77.7	86.0	87.9	89.6	4.2
SUPPLY AND DEMAND INDICATORS					
Per caput food consumption:					
World (kg/year)	116.1	117.2	116.8	117.7	0.5
Trade - share of prod. (%)	8.7	9.4	9.5	9.7	2.7
FAO DAIRY PRICE INDEX (2014–2016=100)	2019	2020	2021 <i>Jan–Oct</i>		% Change Jan/Oct 2021 over Jan/Oct 2020
	103	102	117		16.5

¹ From 2020, the United Kingdom of Great Britain and Northern Ireland is treated as a separate country from the European Union when aggregating trade data.