

MILK AND MILK PRODUCTS

World milk production in 2022 is forecast to reach 937 million tonnes, up 1.0 percent from 2021, which, if confirmed, would mark the fifth consecutive annual growth slowdown. Milk production in Asia is likely to be the primary driver of this year's global output expansion, continued to be driven by rising dairy cattle numbers and increasing milk collection efficiency in India and Pakistan, with rising output in large-scale farms in China. Milk output may also increase moderately in North America and Central America and the Caribbean, mostly on improving yields, offset by production disincentives brought by squeezed producer margins in some countries. By contrast, milk production levels are expected to drop in Europe, South America and Oceania due to declining dairy cattle numbers, rising costs of feed, mounting skilled labour shortages, and less-than desirable pasture quality.

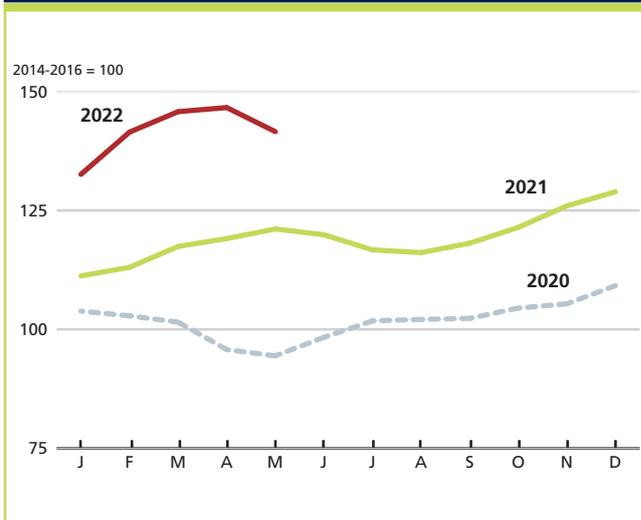
World trade in dairy products is forecast at 88 million tonnes (milk equivalent), down 0.4 percent from the elevated trading volume registered in 2021. The projected decline in 2022 is attributable to anticipated drops in imports by Ukraine, Sri Lanka, the Russian Federation, Nigeria and Brazil, among others, due to conflicts, economic downturns, and low consumer purchasing power. However, these declines are forecast to be counterbalanced by increased purchases by China and, to a lesser extent, Indonesia, Thailand and Mexico, with recoveries anticipated for the United Kingdom of Great Britain and Northern Ireland (the United Kingdom), Algeria, the Philippines and Saudi Arabia. On the export side, New Zealand and Australia are expected to record the most significant declines in sales among the major exporters, reflecting tight export availabilities, mostly stemming from lower milk production. These declines are likely to be compensated by higher shipments from the European Union, the Islamic Republic of Iran, Türkiye, the United Kingdom and the United States of America.

Except for three months from June to August in 2021, international dairy product prices have been trending upward since mid-2020, as global import demand exceeded export supplies from the leading exporting countries. Reflecting this trend, the FAO Dairy Price Index reached an eight-year high in April 2022 but retreated moderately in the following month, underpinned by a decline in global buying interests.

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



WORLD DAIRY MARKET AT A GLANCE

	2020	2021 <i>estim.</i>	2022 <i>f'cast</i>	Change: 2022 over 2021
	<i>million tonnes (milk equivalent)</i>			%
WORLD BALANCE				
Total milk production	915.5	927.8	937.3	1.0
Total trade	86.6	88.1	87.8	-0.4
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	117.4	117.8	117.8	0.0
Trade - share of prod. (%)	9.5	9.5	9.4	-1.4
FAO DAIRY PRICE INDEX (2014-2016=100)	2020	2021	2022 <i>Jan-May</i>	Change: Jan-May 2022 over Jan-May 2021 %
	102	119	142	21.7