

MILK AND MILK PRODUCTS

World milk production in 2023 is forecast to reach 944 million tonnes, an increase of 0.9 percent from 2022. If confirmed, this would constitute a second consecutive year of slow growth, as foreseen significant year-on-year volume reductions in milk output in South America, Africa, Europe and Oceania are likely to counter the limited expansions expected in Asia, North America and Central America and the Caribbean. Rising milk yields and cattle numbers in India and Pakistan, together with high output in large-scale dairy farms in China, are likely to drive Asia's milk output expansion. Similarly, increasing yields and dairy cow numbers could lift milk output in North America, despite lower milk producer margins and a potential increase in cattle slaughter amid attractive premiums for slaughter-ready cows. Mexico will likely drive the milk output expansion in Central America and the Caribbean, where improved management systems and technology continue to drive production growth. Much of the output decline anticipated in 2023 is attributable to lower producer margins, the potential impact of extreme weather events and other challenging production conditions, especially labour shortages.

World total trade in dairy products is forecast at 85 million tonnes (in milk equivalents) in 2023, nearly stagnant at the last year's level, as higher import demand in Central America, North Africa, the Middle East and South East Asia is likely to be counterbalanced by likely import downturns in China, the European Union and Malaysia, among others. Rising supplies from national sources and high stocks, especially of whole milk powder, underpin much of the anticipated import contraction in China. In many developing countries, challenging economic conditions, currency depreciations and the limited availability of foreign exchange could constrain import purchases. These contractions are expected to be partially offset by likely higher imports by several countries, especially Algeria, Mexico, Australia and Indonesia, driven by growing demand from the food processing industry, which exceeds national supplies.

The FAO Dairy Price Index averaged 118.7 in May, down 21 percent from June 2022, when it reached its highest value in eight years. The decline principally reflects lacklustre global import demand, especially for spot supplies, notwithstanding generally tight supplies from leading global exporters.

Contact:

Upali Galketi Aratchilage
Harout Dekermendjian

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



WORLD DAIRY MARKET AT A GLANCE

	2021	2022 <i>estim.</i>	2023 <i>f'cast</i>	Change: 2023 over 2022
	<i>million tonnes (milk equivalent)</i>			%
WORLD BALANCE				
Total milk production	931.1	935.9	944.0	0.9
Total trade	88.6	84.6	85.0	0.5
SUPPLY AND DEMAND INDICATORS				
Per caput food consumption:				
World (kg/year)	117.7	117.4	117.4	0.0
Trade - share of prod. (%)	9.5	9.0	9.0	-0.4
FAO MEAT PRICE INDEX (2014-2016=100)	2021	2022	2023 <i>Jan-May</i>	Change: Jan-May 2023 over Jan-May 2022 %
	119	142	126	-11.1