

FUTURE
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DAIRY FORUM 2018

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GENERAL SESSION

[HEAR]

ABOUT GLOBAL DAIRY
TRENDS, DRIVERS AND
OUTLOOK FOR 2026

DAIRY FORUM 2018

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Tom Bailey

Executive Director, Dairy Research
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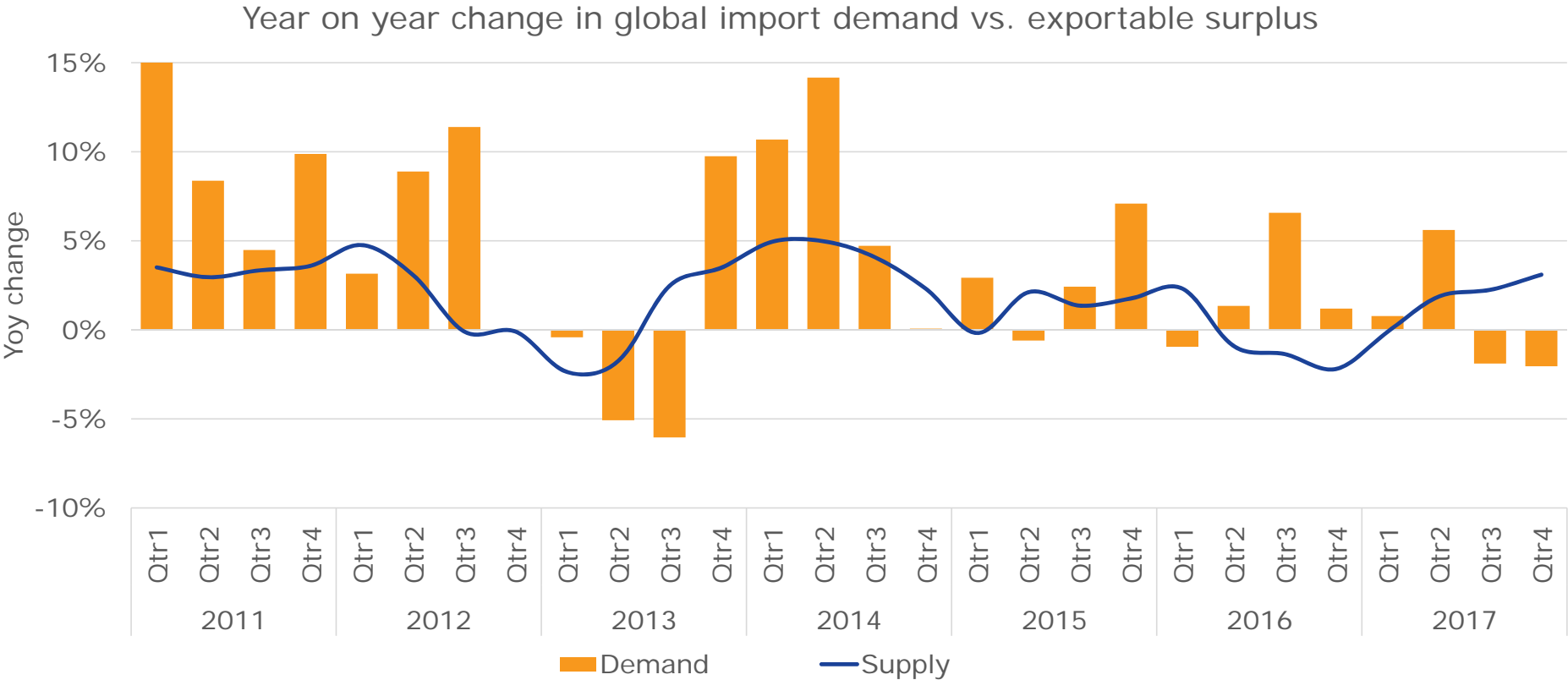




Thriving in uncertainty

Tough prices, disruptive change, growth?

Global import demand has taken a step back in the face of the growing milk glut.

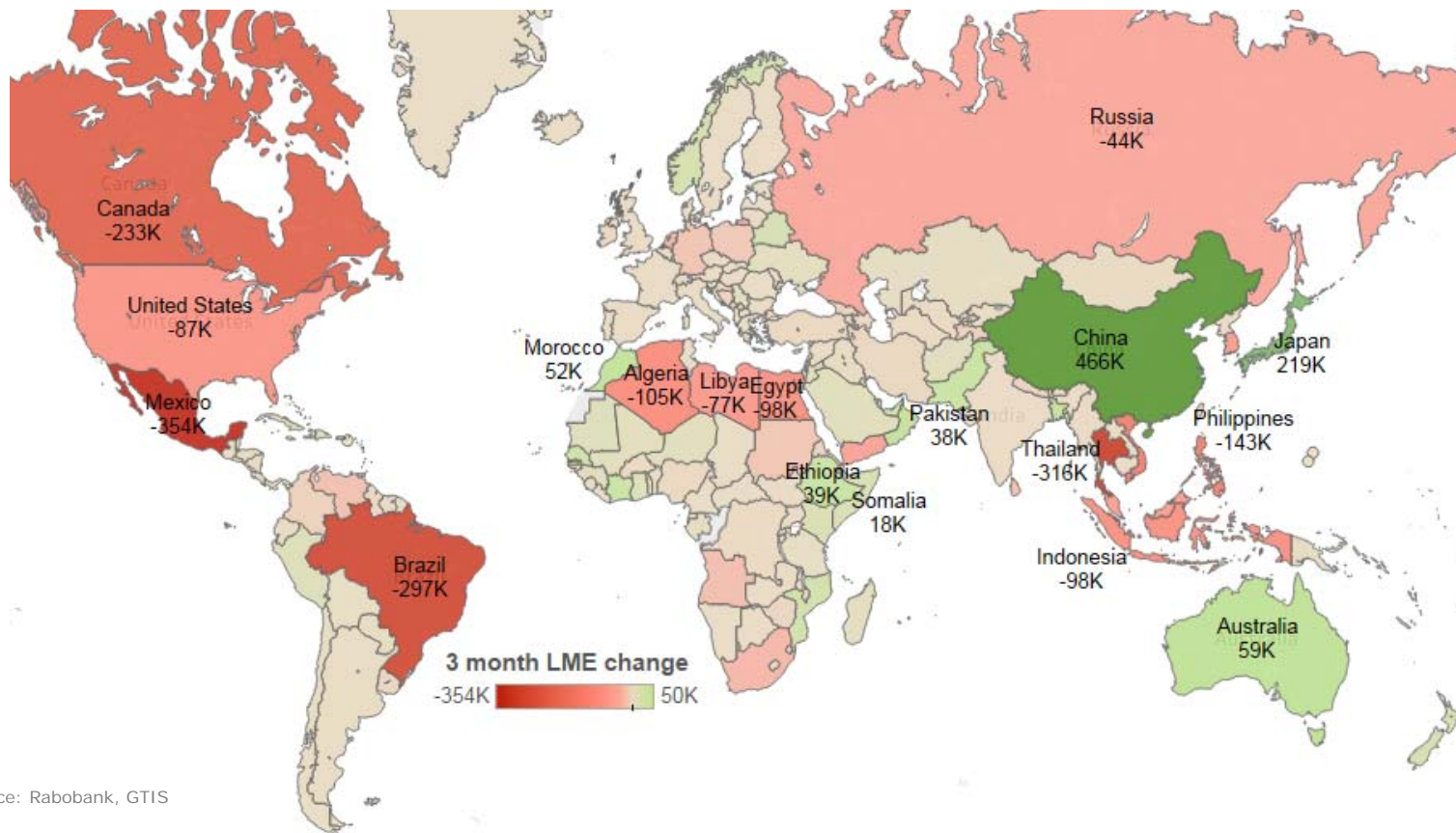


Source: Rabobank, USDA, GTIS



China has maintained pace of imports while others have stepped back.

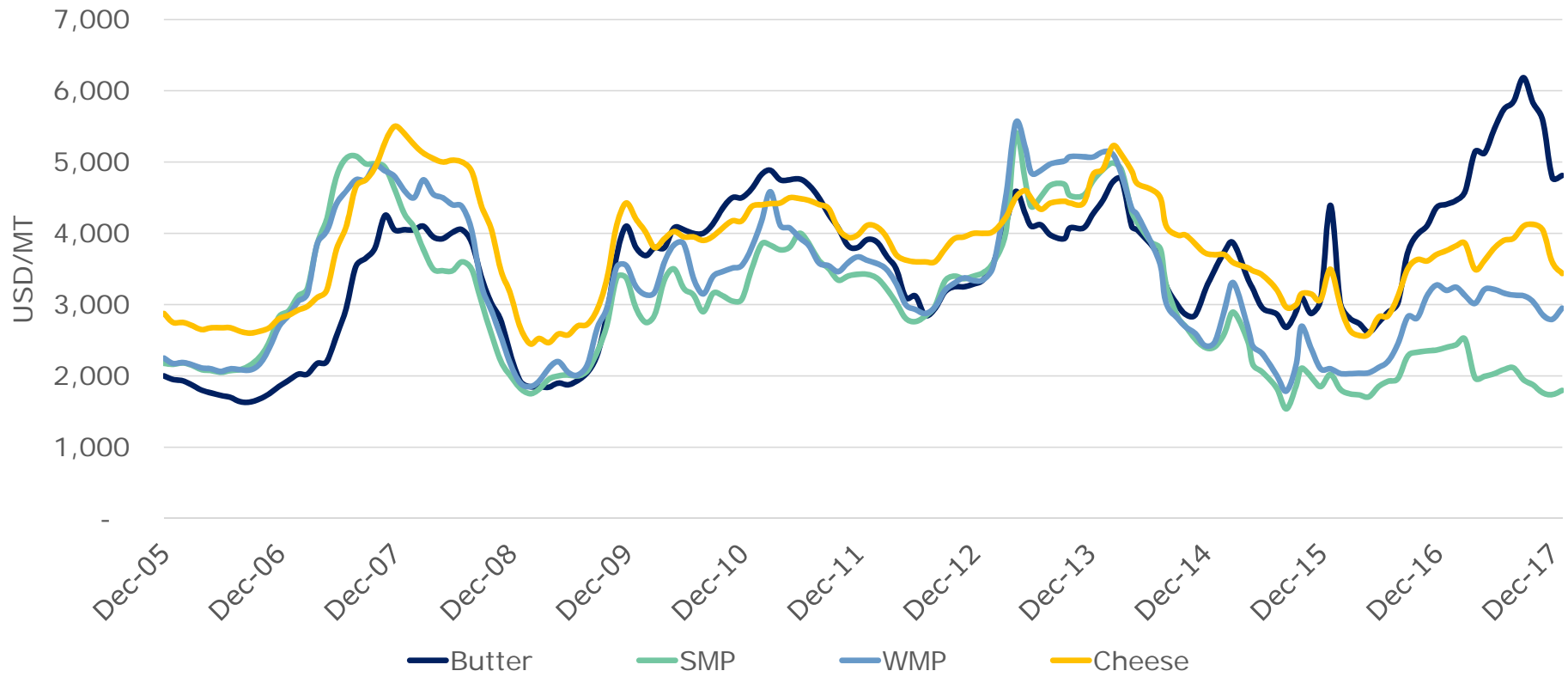
Year on year import change – 3 months to Nov



Source: Rabobank, GTIS



Falling prices have taken a break from precipitous declines due to NZ drought fears.



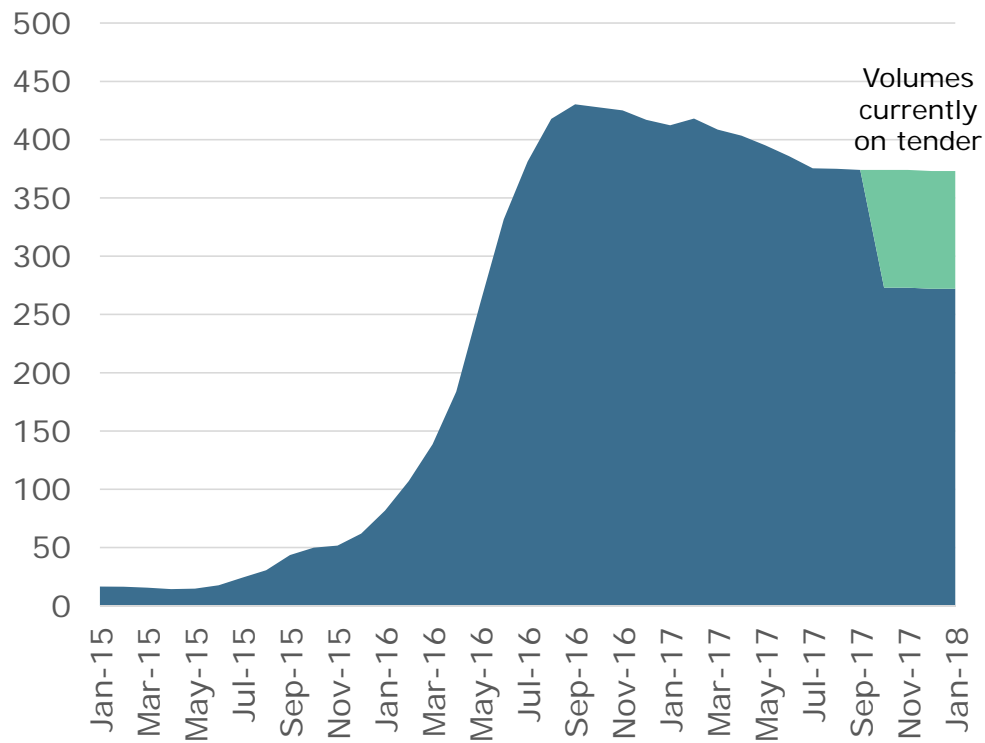
Source: USDA



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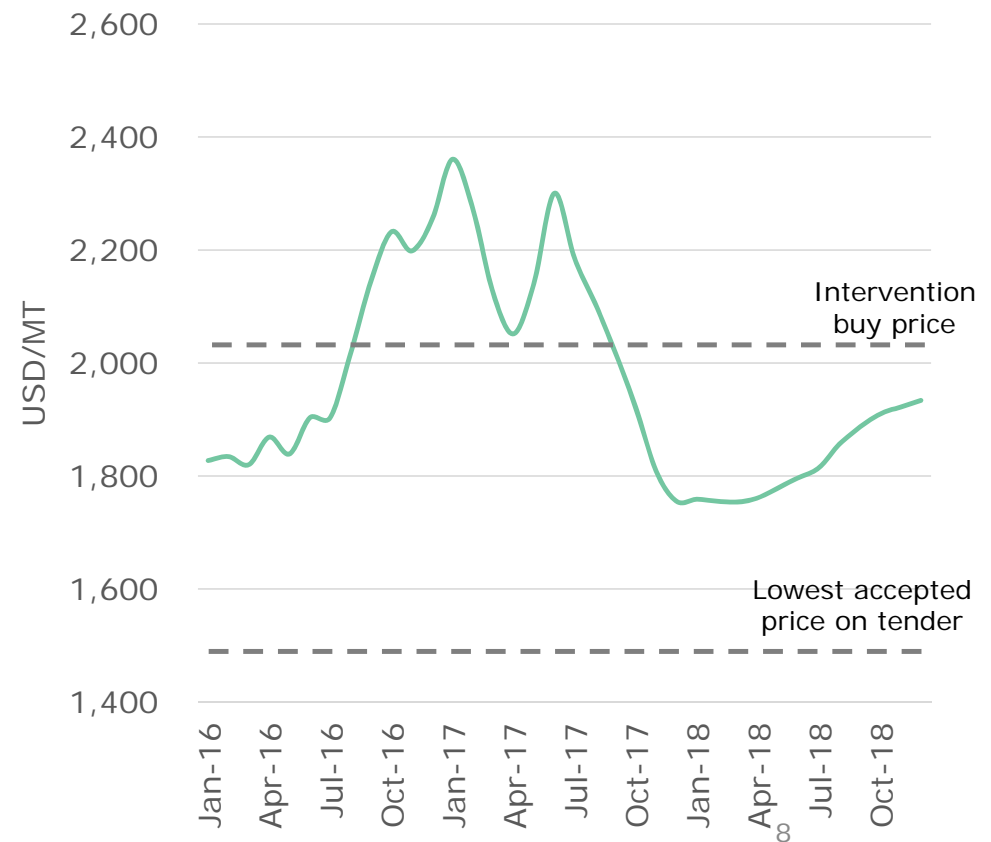
Intervention adds to pricing pressure, ensuring SMP price ceiling around \$2,000/MT.

EU intervention stocks by age



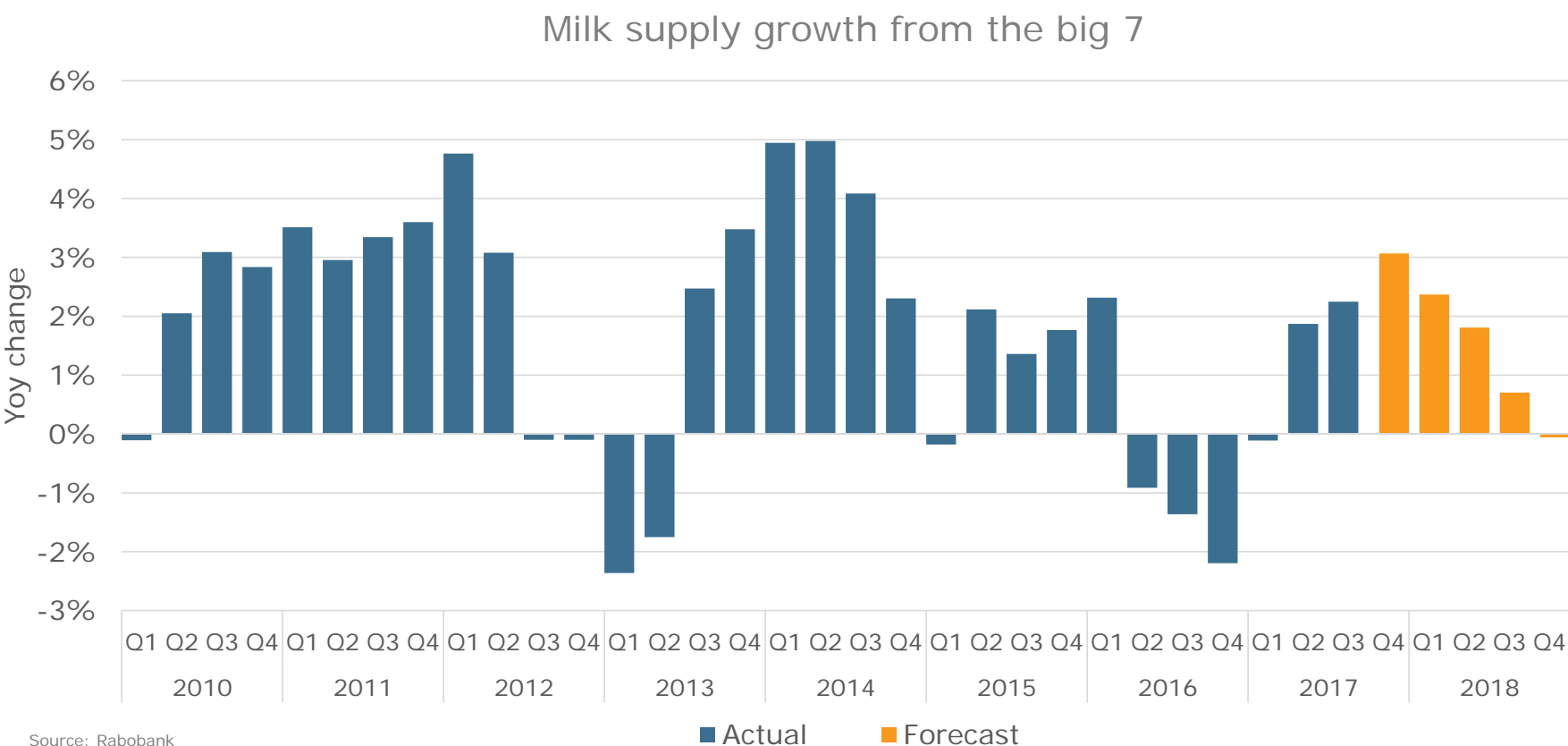
Source: Milk market observatory, EEX

European SMP price





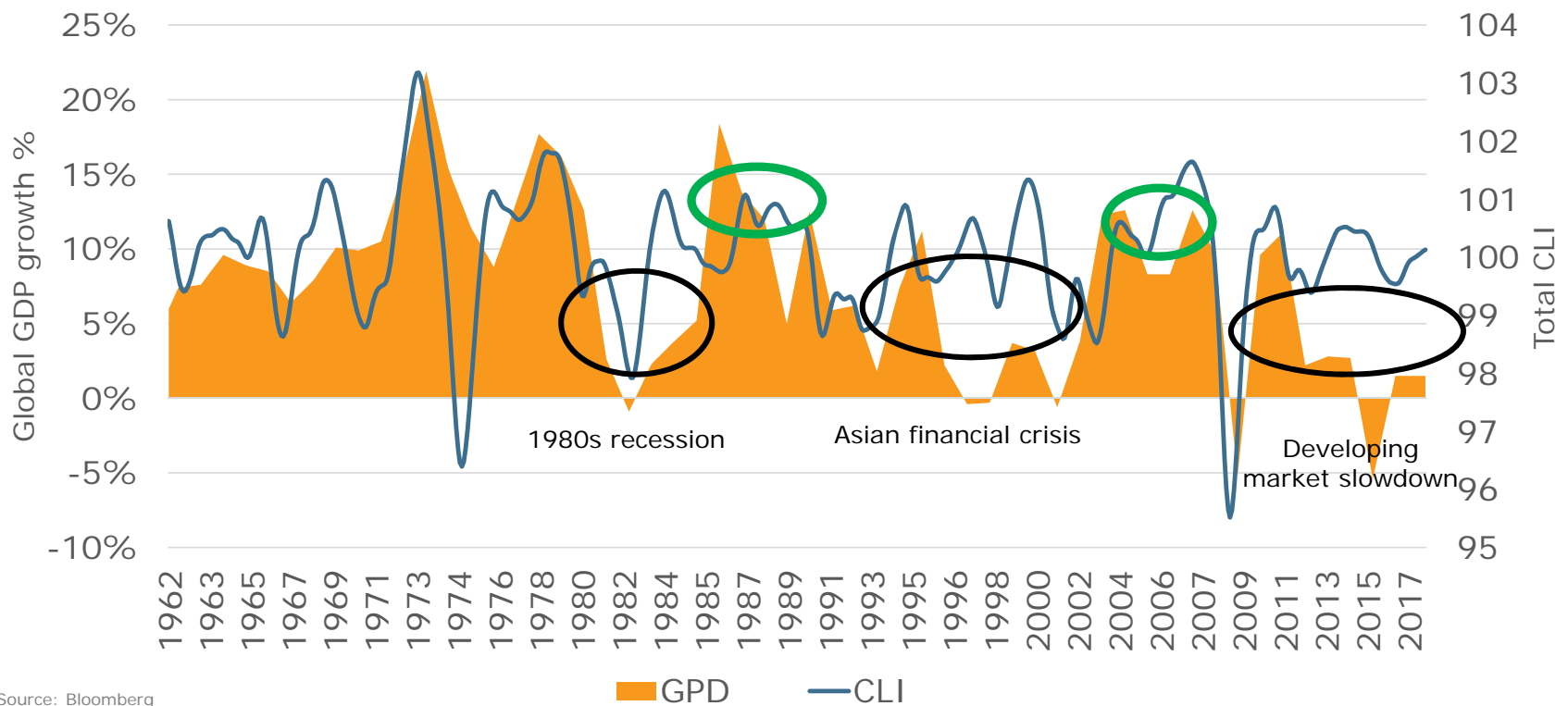
With pricing pressure trickling down to the farm, production growth will slow.



Source: Rabobank

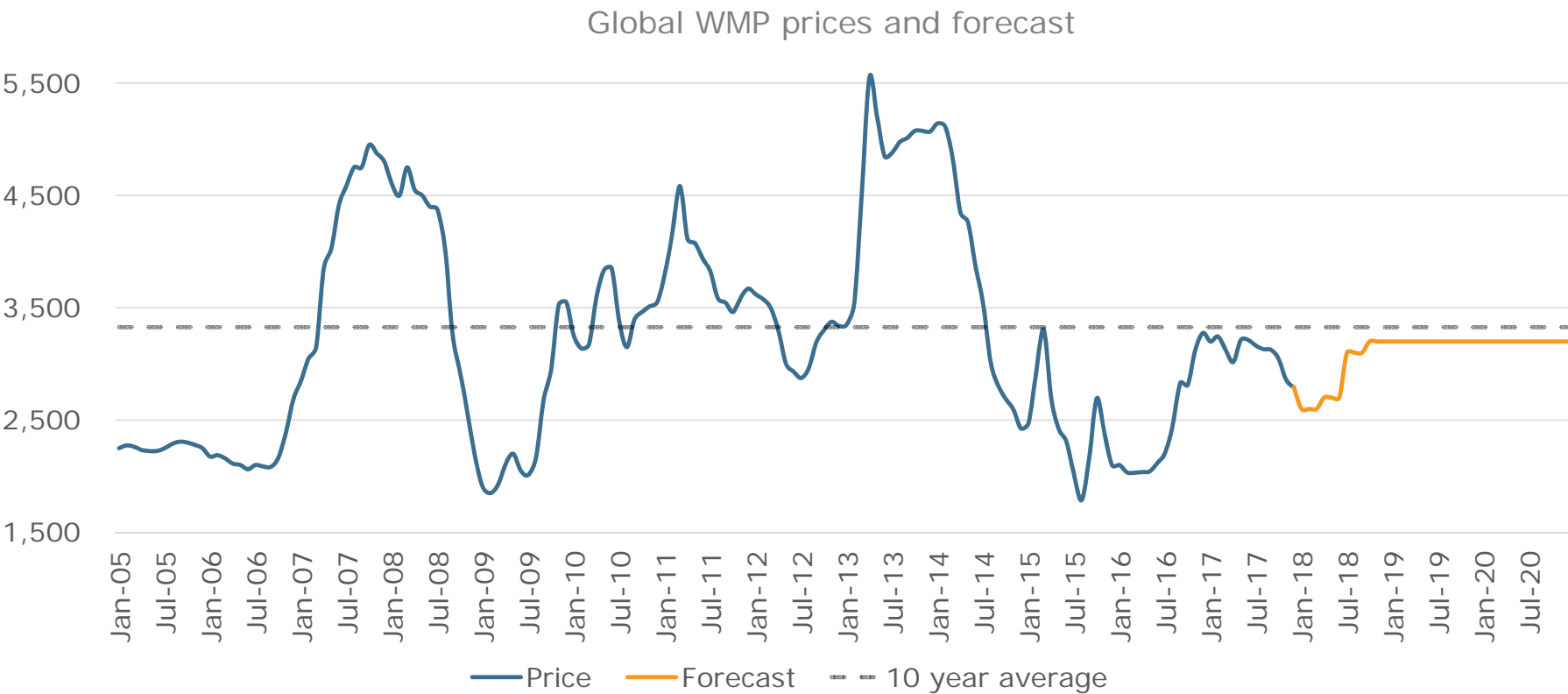
Global economy on the cusp for an uptick in growth.

Significant upside in global economic growth as developing markets get back on track





Even with some recovery, our midterm price remains below the 10 year average.





Source: Rabobank, USDA

NAFTA and other exogenous factors may derail the outlook.

NAFTA withdrawal



**Donald J. Trump** 
[@realDonaldTrump](#)

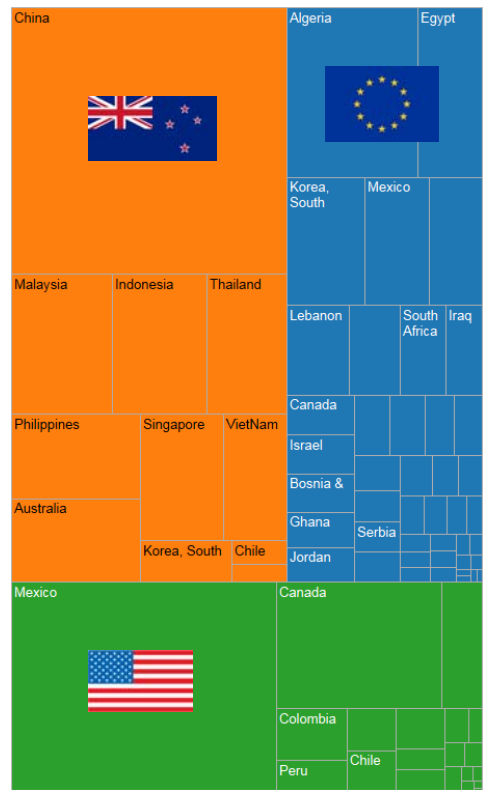
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We are in the NAFTA (worst trade deal ever made) renegotiation process with Mexico & Canada.Both being very difficult,may have to terminate?

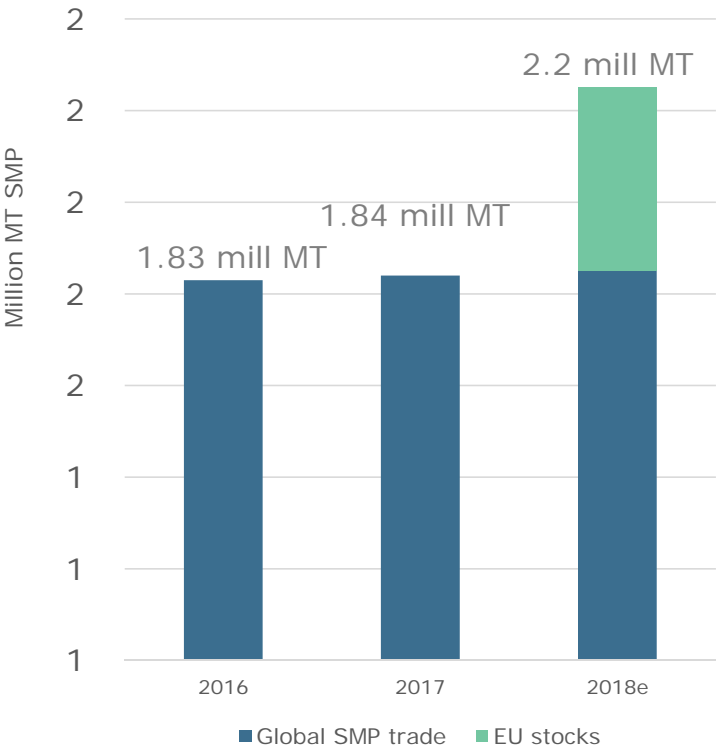
6:51 AM - 27 Aug 2017

Source: Rabobank, Twitter, GTIS, USDA

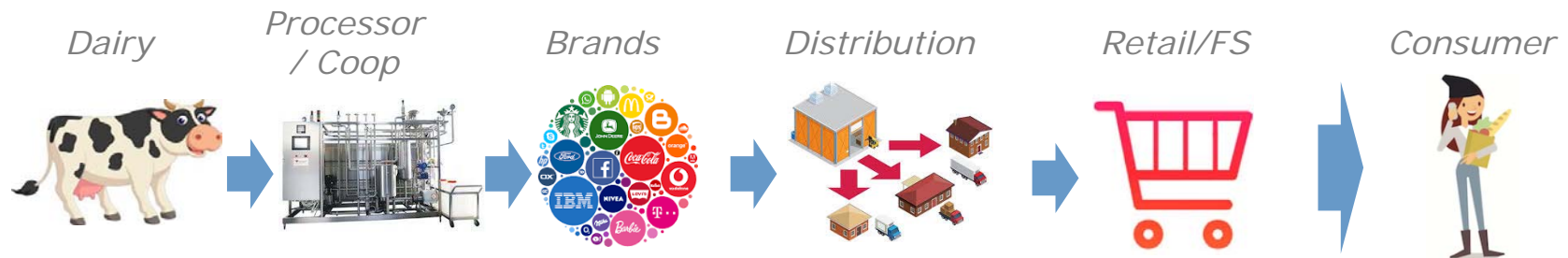
Big 3 relative market access by exported volumes



An EU stock release



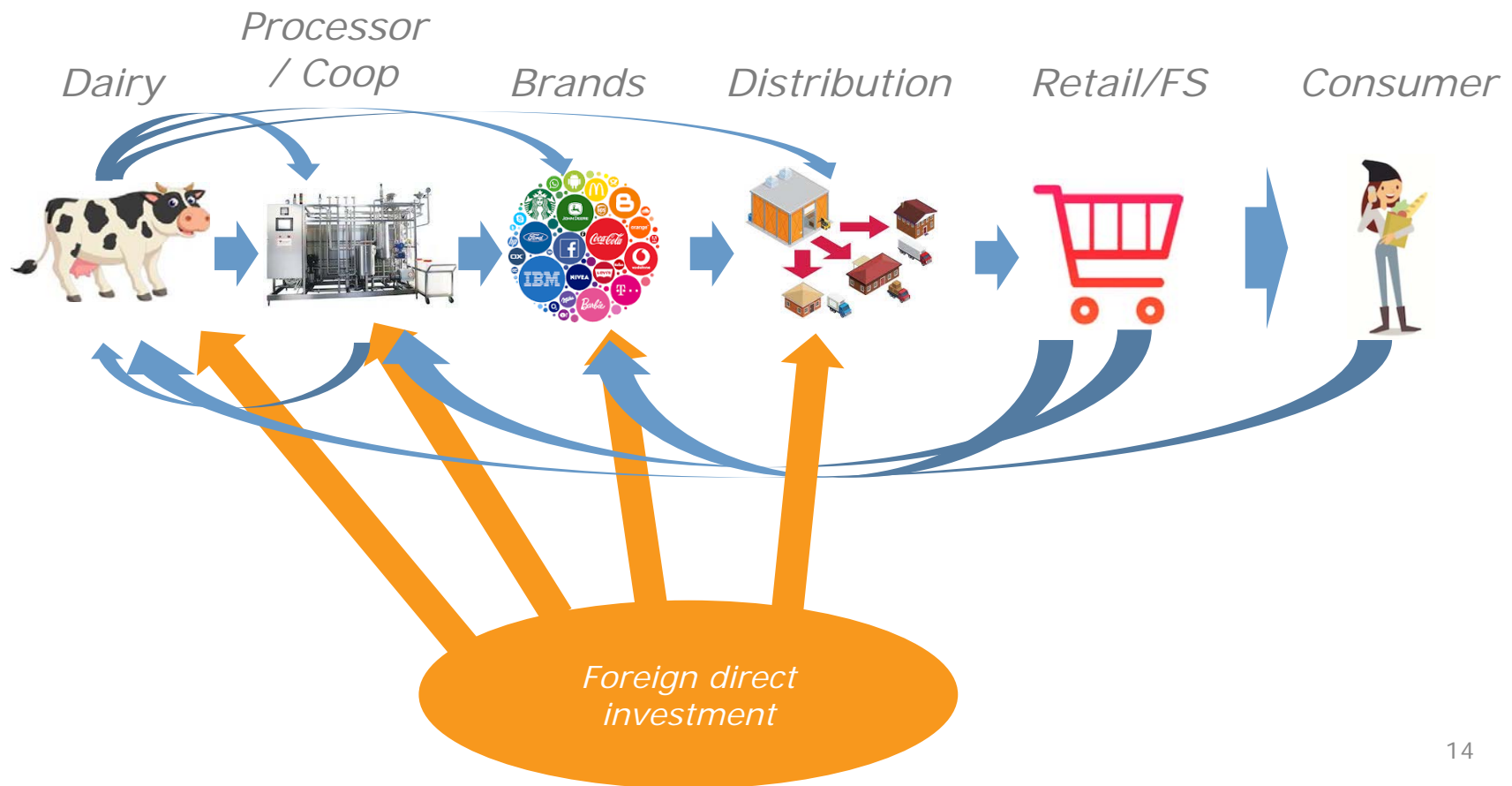
Low margins and disruptors pressuring dairy supply chain



Plunge In Milk Prices Stresses Dairy Farmers



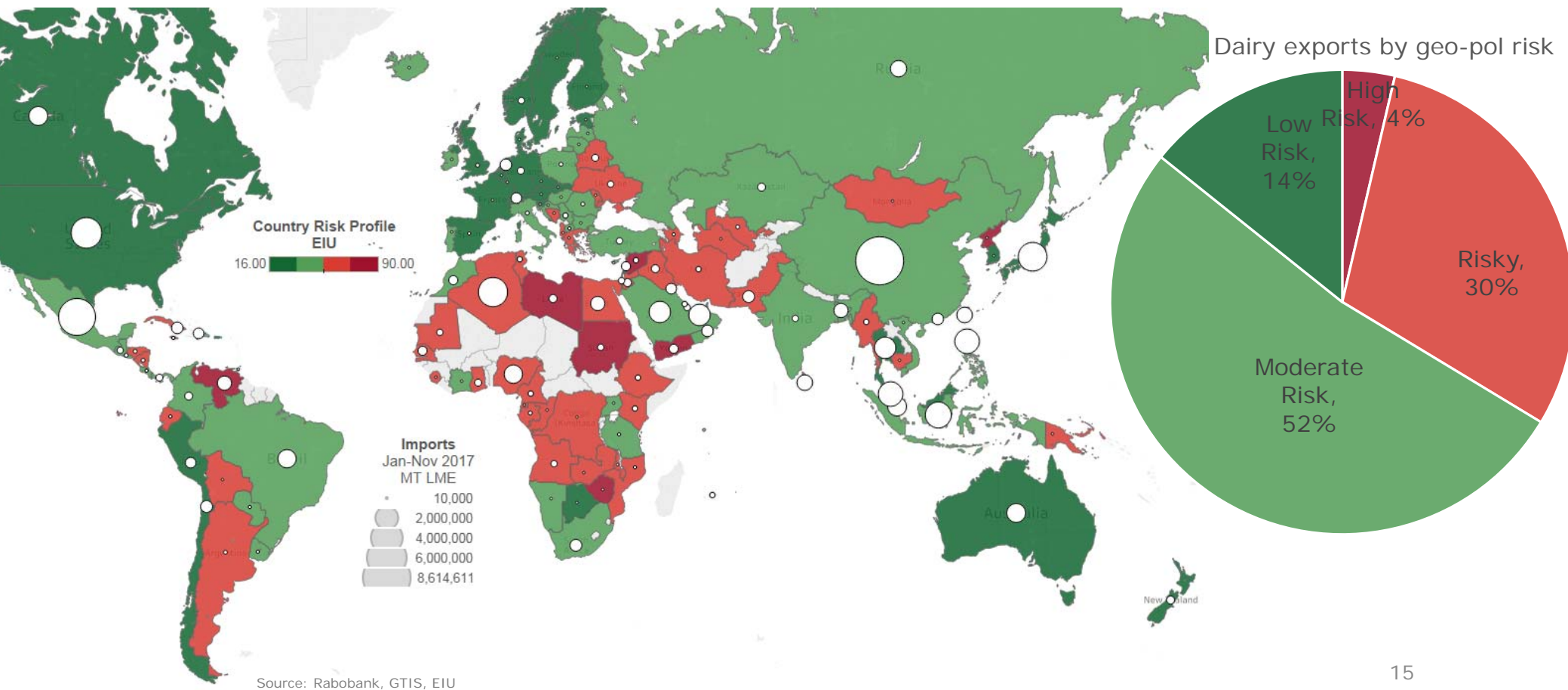
And investments are responding accordingly.



A reminder of the markets we play in.



Rabobank



Imports have slowed in the face of rising global milk supplies

Prices have begun correcting to adjust supply growth

Demand should pick up in 2018, but not enough to absorb stocks

*Low margins will precipitate consolidation and integration along the
global dairy supply chain*

*As US supply outstrips demand more milk will be pushed into the global
markets, and investors from around the world will be eyeing how they
might be best positioned to capitalize on the opportunity*

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