



IFCN
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Press Release

Global Milk Production
fast adapting to Boosting
Demand

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International Farm
Comparison Network

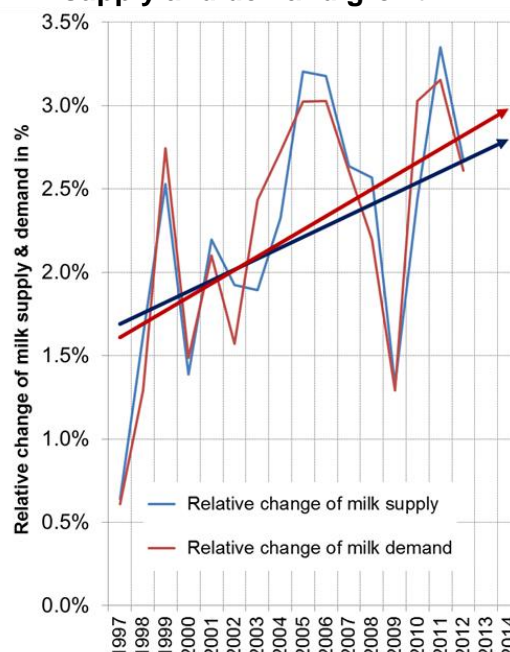
Global Milk Production fast adapting to Boosting Demand

Global demand running faster than milk output

Dairy products demand is boosted by a combination of increasing population and increasing per capita consumption in emerging countries due to improving welfare conditions. Milk production is fast growing in emerging countries only, mainly due to increasing number of farms.

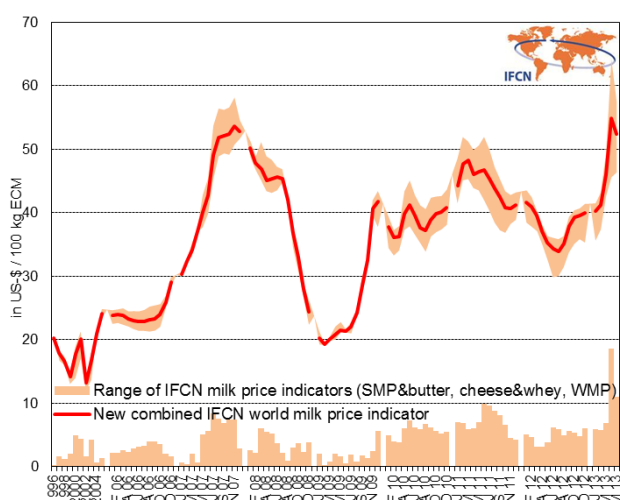
In developed countries farmers are looking for maximizing margins; the major trend shows mainly increasing farm sizes and yield per cow.

Milk supply and demand growth



World milk supply growth 1997-2012: based on countries' growth.

New combined IFCN milk price indicator



New combined IFCN world milk price indicator: Weighted average of 3 IFCN world milk price indicators: 1. SMP & butter (35%), 2. Cheese & whey (45%), 3. WMP (20%). Monthly updates available on www.ifcndairy.org

Dairy markets will be roller coasting even more than today

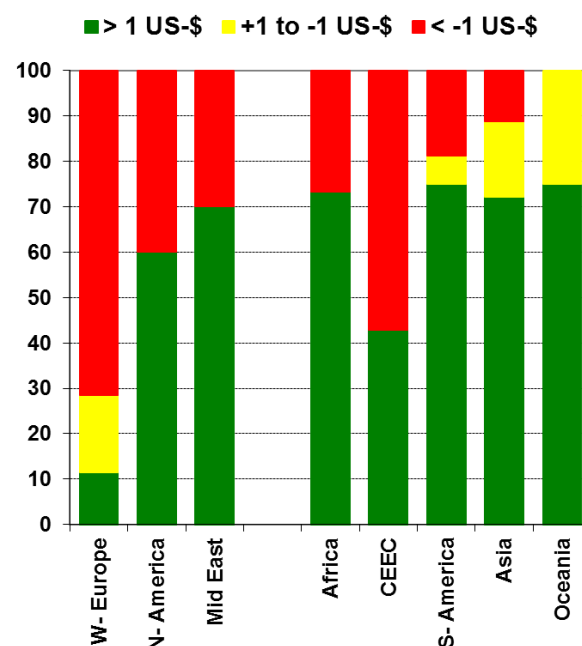
On a long term basis world milk price is expected to continuously increase. Short term, increasing volatility is expected as a consequence of highly reduced stocks to be used to face temporarily shortages.

Dairy farming scenario expected to significantly change

Capital intensive farming model will be more exposed to margin reduction due to a combination of price volatility and (hugely) increasing milk production costs (feed, land, capital, energy, labor)

Capital extensive farming model is able to cope with challenging environment since still getting comfortable margins, therefore having room for further investments.

Share of farms with entrepreneur's profit 2012



Milk production outlook

Dairy Market is definitely a “consumer driven” market.

SHORT TERM (2013-2014)

2013 will be exceptionally good year pricewise due to limited production increase (bad weather conditions and bad farm economics in 2012) and strong demand.

2014 will envisage stronger milk output coping then with demand easing prices still on high level however with high volatility within the year.

LONG TERM (2013-2023)

230 million tons additional production expected over the next decade (up to 1 billion ton) trying to keep up to increasing demand driven by population growth, increasing welfare conditions that will induce upsizing per capita consumption.

IFCN

The IFCN (International Farm Comparison Network), founded in 1997, is a global network of economic researchers from over 90 countries covering 98% of total global milk and buffalo milk production.

IFCN focuses on milk production world wide as it is the most important element of the chain once it comes to

- Cost
- Resources used
- Farm management results
- Emissions created
- Political challenges

IFCN Dairy Conference 2013

Since the year 2000 the annual IFCN Dairy Conference is the key event for the participation of dairy farm economists world-wide to exchange knowledge of milk production and the developments in the dairy sector. This year the participants from 43 countries represented more than 88% of world milk production.

