

Vision of the future. Dairy industry on the horizon until 2030



Presenter



Łukasz Wyrzykowski
General Manager
Lukasz.wyrzykowski@ifcndairy.org

The Dairy World in a Nutshell

No.1 most valuable agriculture commodity by production value

No.1 social footprint, 1 bill people livelihoods depend on dairy

Milk production 918 mill t / year (USA = 98 mill t, 11% worlds milk);

96% milk from cows & buffalos

60% milk formal delivered and processed

Dairy demand and supply growth: 2.3% / year last 5 years
= 20 mill t / year = 20% of US milk annual milk production

The Dairy Value Chain - Global

National & International companies

121 mill farms
3 cows/farm
2,5 t/cow/year*

National & International companies

> 7-8 bill people consuming a glass of “milk”/day

Farm inputs

Dairy Farming

Processing Packaging

Retailing

Consumer

> **200 bill \$** sales of inputs*

***USA**
296 cows/ farm,
10.5 t milk/cow /year

> **800 bill \$** sales of dairy products*

Segmentation and analysing trends is key for success



** Rough estimates IFCN; data under validation



80% Rule in Dairy

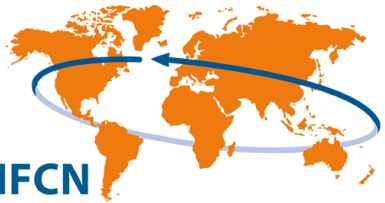
80% of the **costs** to produce a dairy product is to produce the milk

80% of the **emissions** in dairy chain are on farm

80% of the **social** impact - employment is related to milk production

> 80% of the **policy** issues are farm related





IFCN
Dairy Data · Knowledge · Inspiration

5 Dairy Insights

2019: Record low growth of milk production

2020: COVID 19, fear > than dairy impact

Outlook 2021: Shift in price level expected

Outlook 2025: Technologies will drive the future

Outlook 2050: +60% dairy demand growth possible



Follow IFCN on LinkedIn



**From the IFCN
supporter
conference 8 – 9
Sept 2020**



What kind of dairy data is available?

Lot of information for free out there

Two main Problems

1. Quality of data:

- Unknown source of data
- No guarantee that the content of data is reliable

2. Benchmarking & methodologies

- No standardization of data
- Use of different methodologies to get the data

Solution: IFCN fills the gap between data issues and missing data
→ centre of information

National statistics



Milk institutes





What can be the answer to solve data issues?

Local representatives

Data Centers/ Warehouses or MI departments

Companies

Data collection

Data validation

Data cleaning
Data quality check

Standardisation

Data preparation and visualisation

Forecasts

Analysis

What? So what?
Now what?
What if?

Decision making

Market intelligence

IFCN Approach: 3 Knowledge Pillars

Network of researchers
>100 countries



IFCN Research Center in Kiel
>20 Dairy Experts



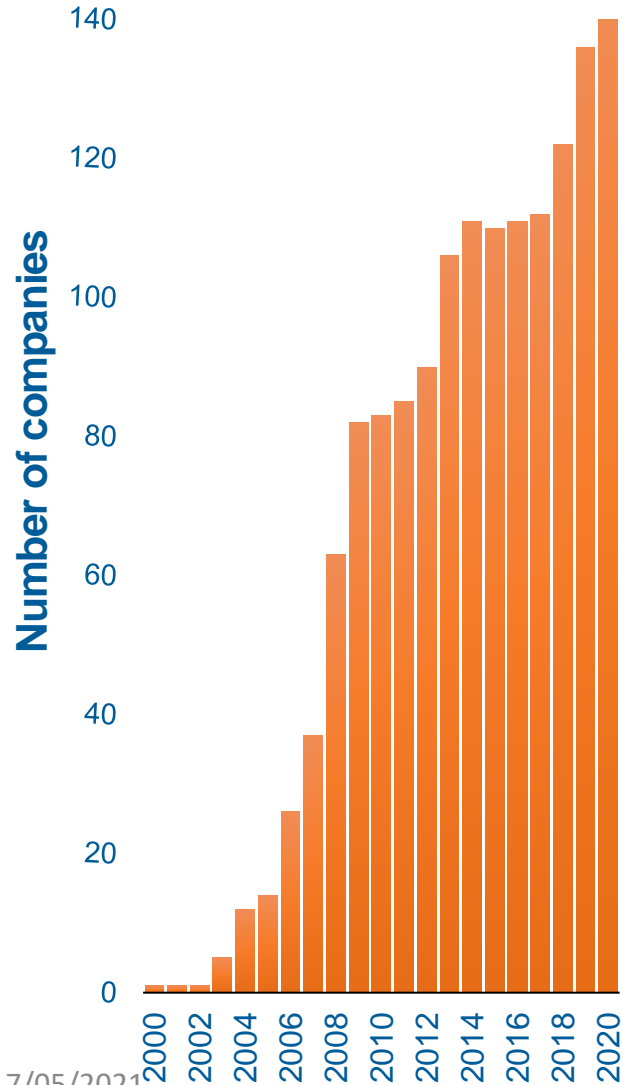
Network dairy-related companies
> 140 companies:





IFCN Company Network

For 140 companies IFCN is a building block in their dairy market intelligence



Milk Processing 	Milking And Barn Equipment 	Milk Testing, Measure, Transport
Feed And Feed Additives 	Health and Hygiene 	Milk Processing And Packaging Technologies
Farm Machinery 	Genetics for Animals & Plants 	Finance Institutions
	Agriculture Technology Companies 	Consulting and Others
	Dairy Farming Companies 	

IFCN Mission:

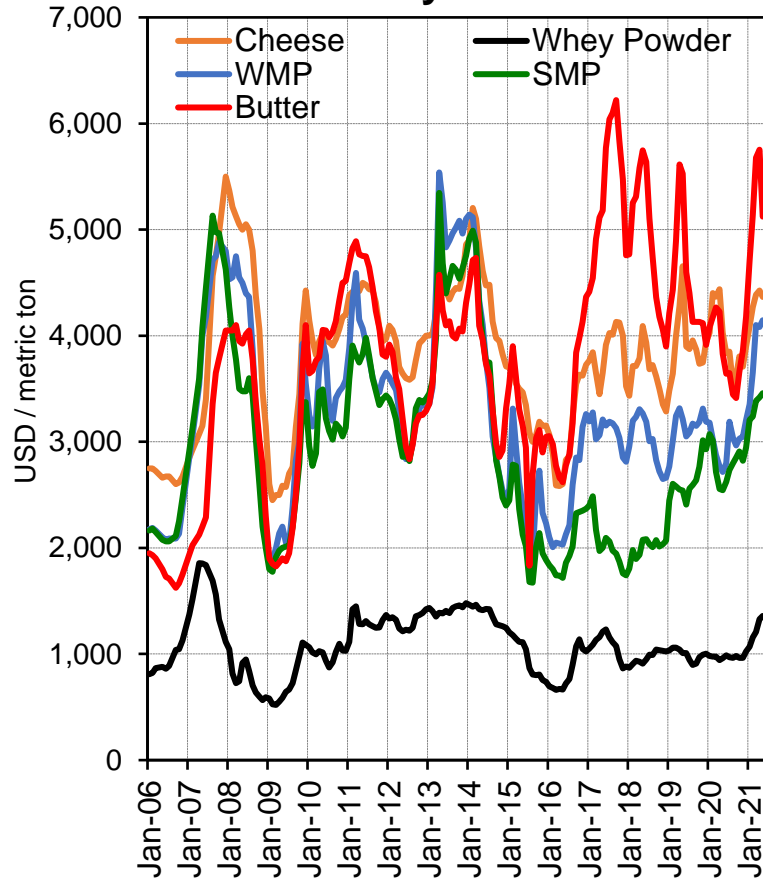
We help people in the dairy world to make better decisions.

All companies have two similar type of question:

- Next year:** How will the next dairy year be, how make our budget?
- Next 10 years:** How will the dairy world look then?

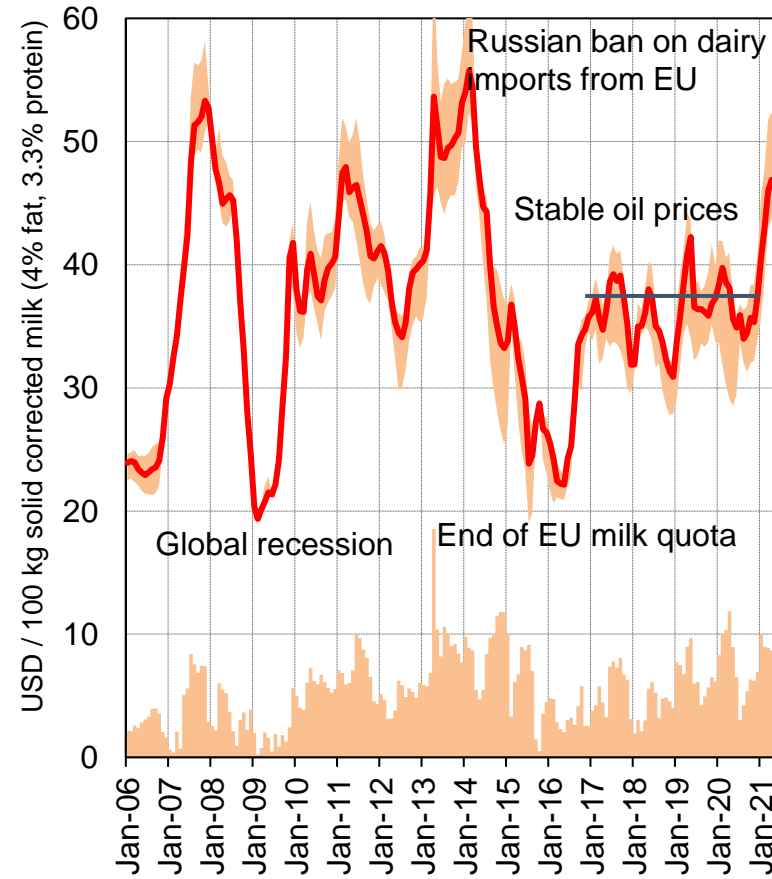
Learning from the past

**World Market Price*
for Dairy Products**



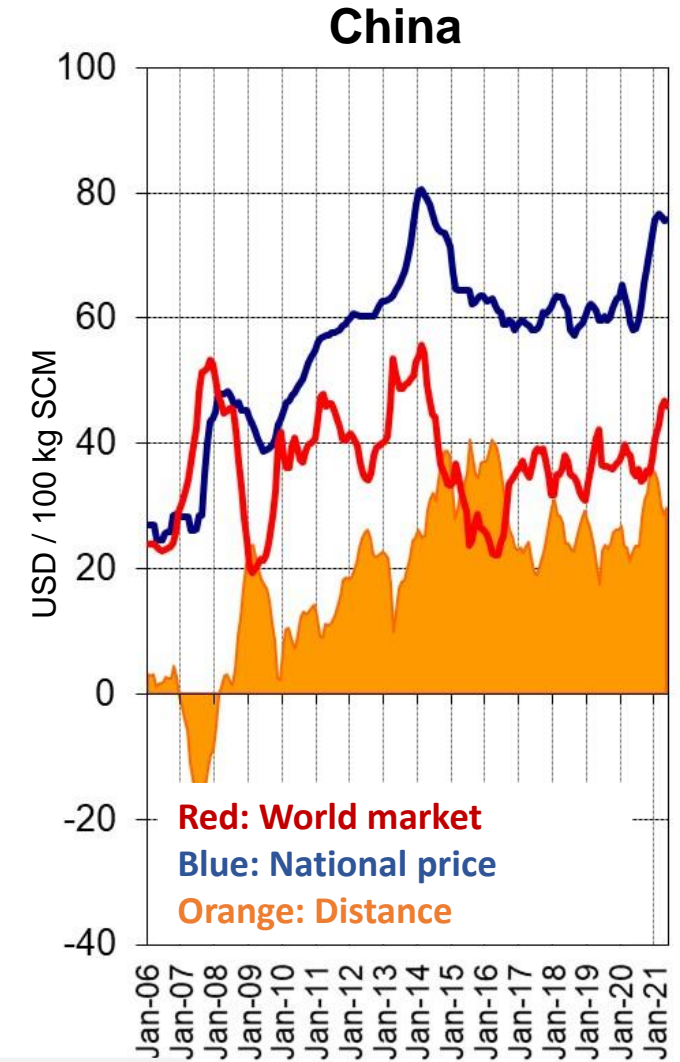
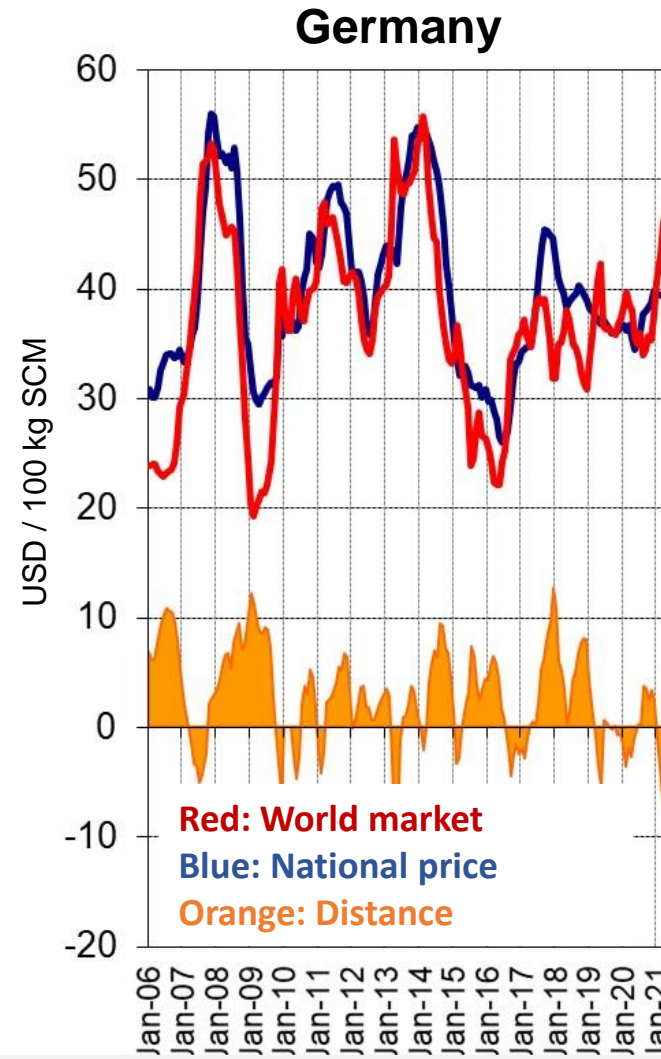
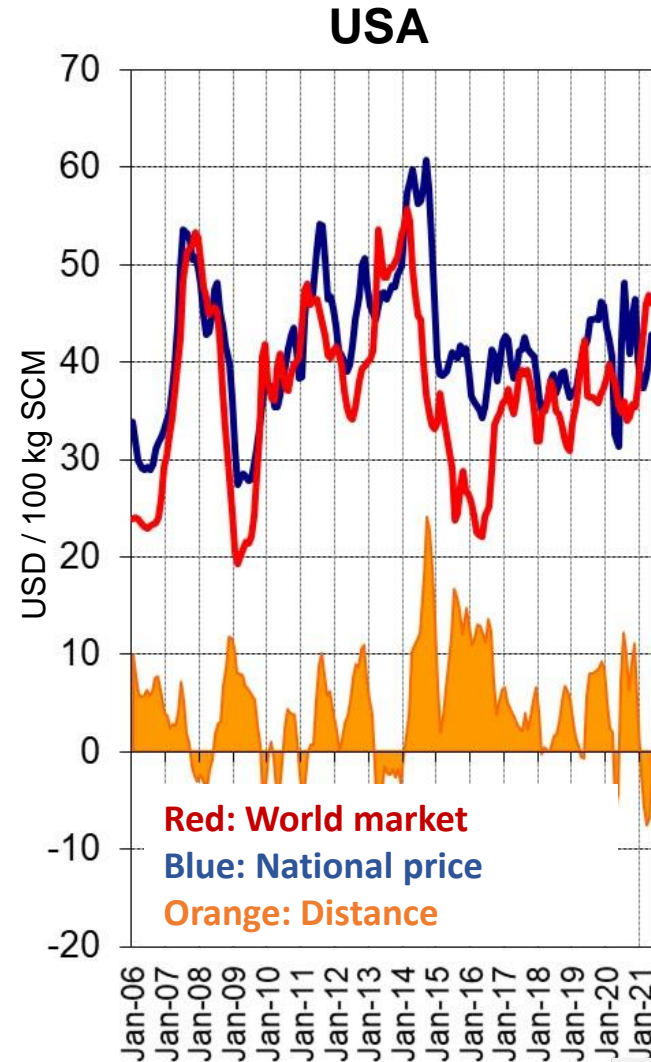
*Oceania export prices

**IFCN Combined
World Milk Price Indicator**



- 7% of total production traded by most competitive prices
- Price transmitted to a different extent to local markets
- **Average milk price 2017-20**
35 USD/100kg milk

World milk price drives national prices



Source: IFCN Monthly Real-Time Data with Farm Economics for 65 countries

For internal use only © IFCN 2021



IFCN
Dairy Data · Knowledge · Inspiration

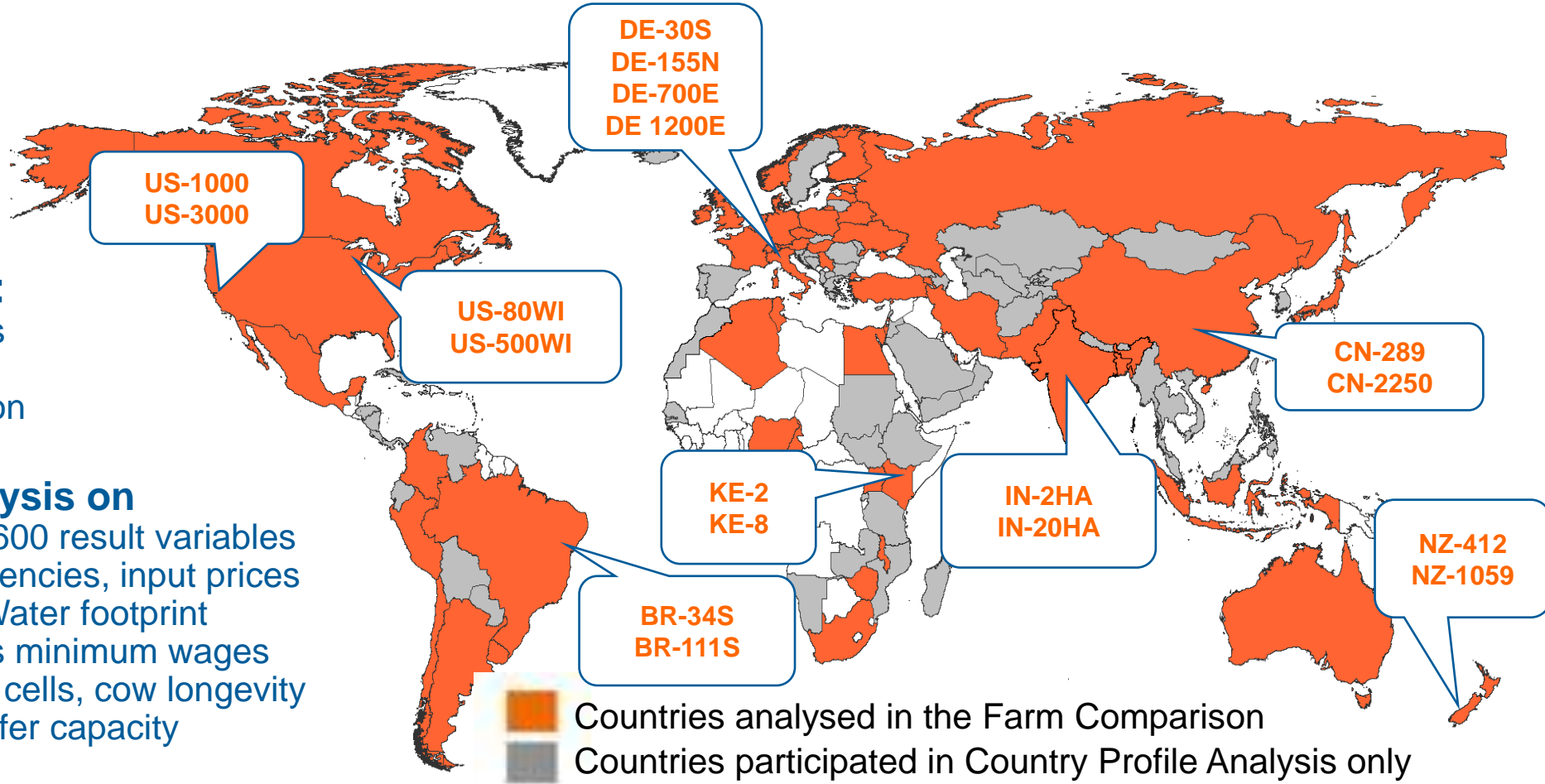
IFCN Research Network 2021

■ **99% of world's milk**
by 123 countries captured

■ **Dairy Farm analysis:**
170 Farming systems/types
52 countries representing
89% of world milk production

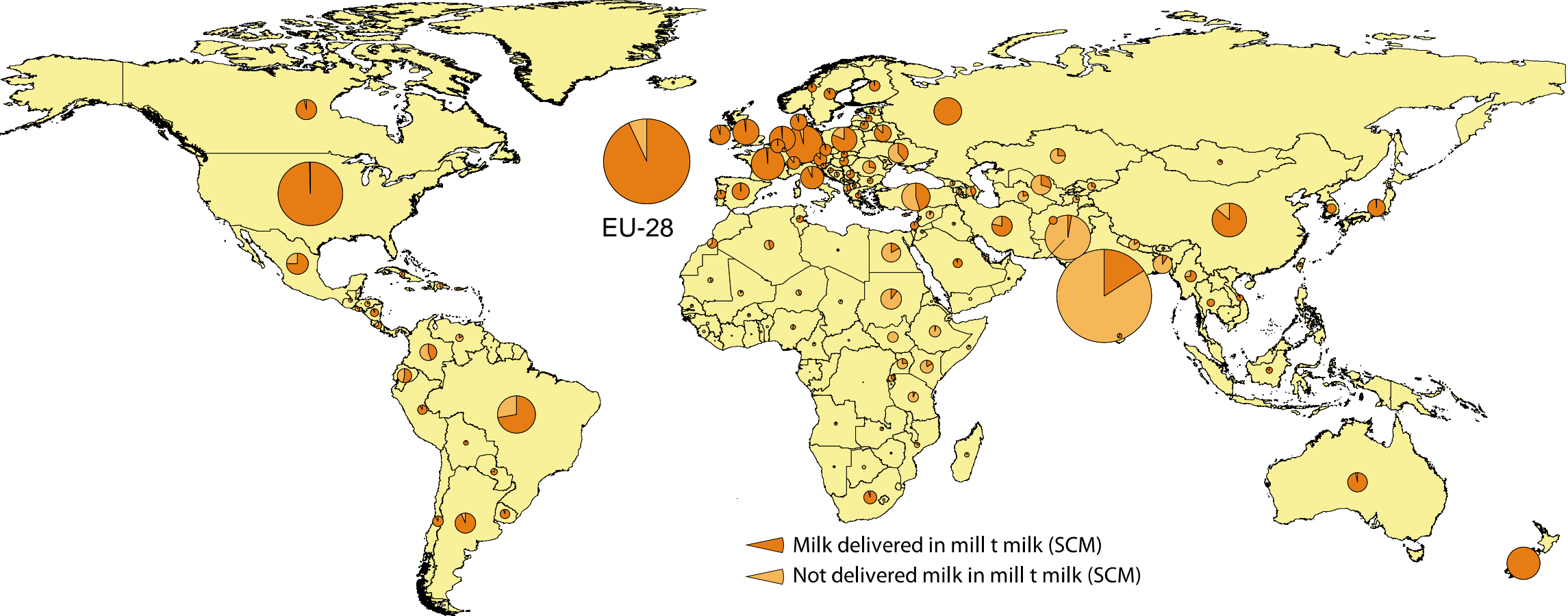
■ **Farm comparison analysis on**

- > **300 variables**/farm, > 600 result variables
- **Economics:** Costs, efficiencies, input prices
- **Environment:** Carbon / Water footprint
- **Social:** Farmer income vs minimum wages
- **Animal welfare:** Somatic cells, cow longevity
- **Resilience:** Start with buffer capacity
- etc.



Examples of typical farm types
NZ-412 means a 412 cows farm in New Zealand

Milk production and delivery in 2020



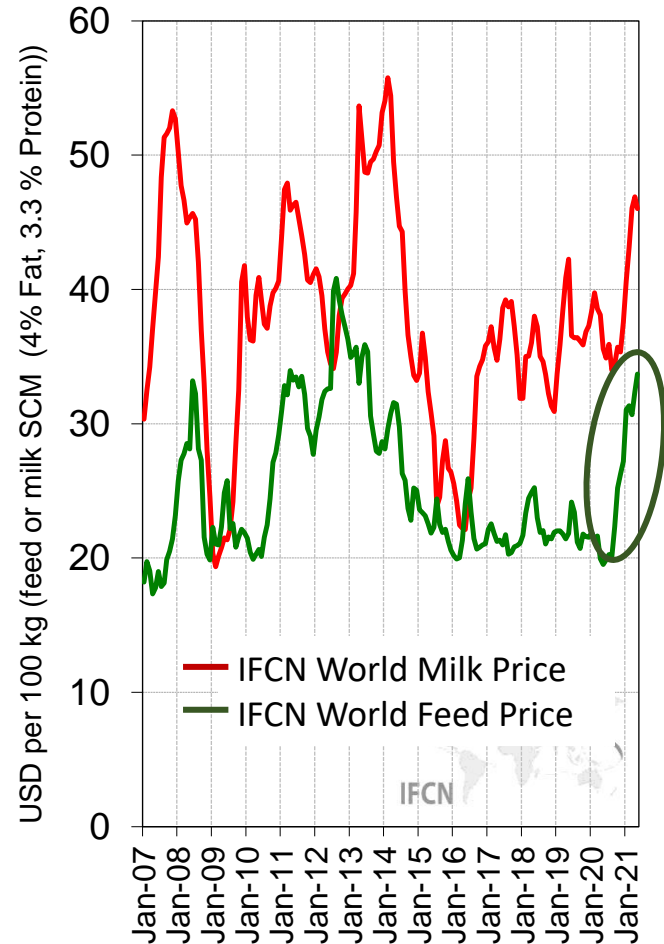
~60% of world milk production (cow and buffalo) is delivered to dairies
 ~40% is consumed on the farms or processed/sold in informal channels

Source: Dairy Report 2020

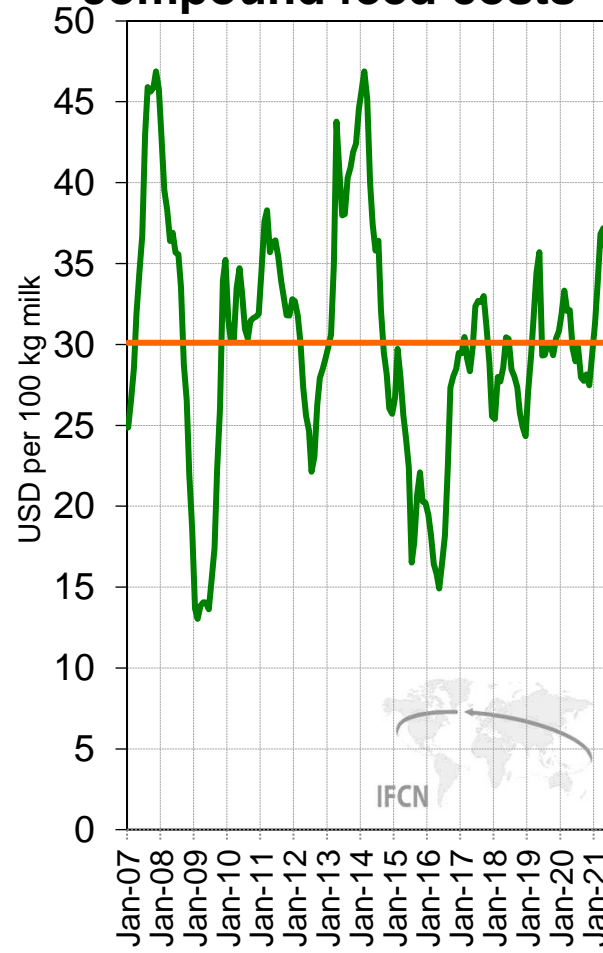
*Solid Corrected Milk, standardised to 4% fat and 3.3% protein

World Milk / Feed Prices & Margins

World prices



World margin over compound feed costs*



May 2021 vs August 2020

Rise milk / feed prices + 15 US\$ / 100 kg
20% margins up for world market farmer

What farmers benefits from this

National milk prices follow world price
High share of feed production on the farm
or farms which locked in feed prices for long

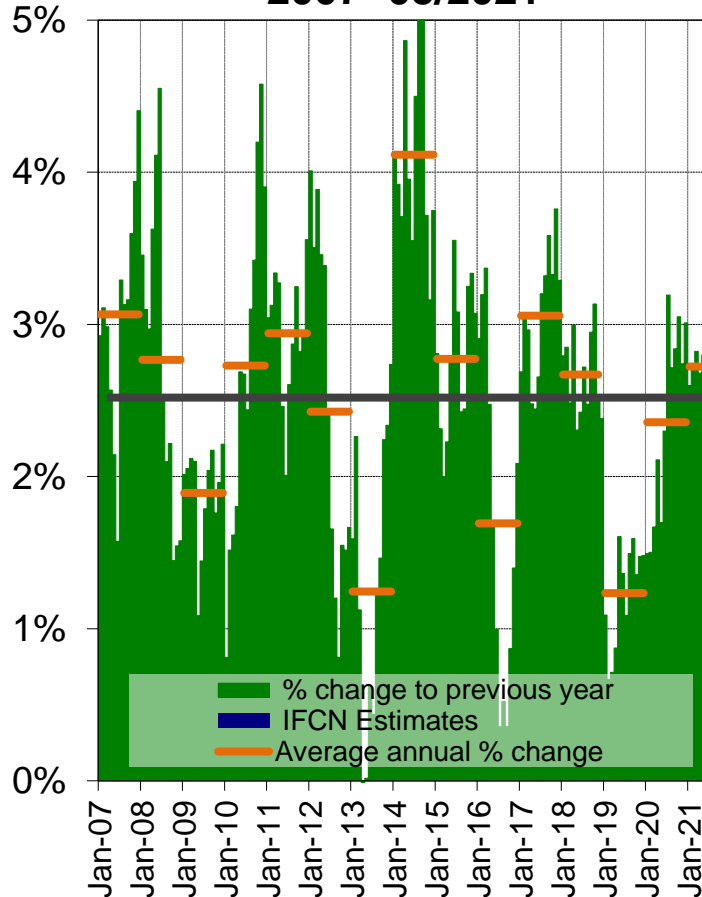
What farmers suffer from this

National milk prices stay on 35 US\$
Low share of feed production on the farm
or farms which locked in feed prices for **short**

Source: D3.4 IFCN Monthly Real-time Data with Farm Economics, 5/2021; *assuming world market prices for milk and feed; feeding 0,3 kg compound feed/ kg milk

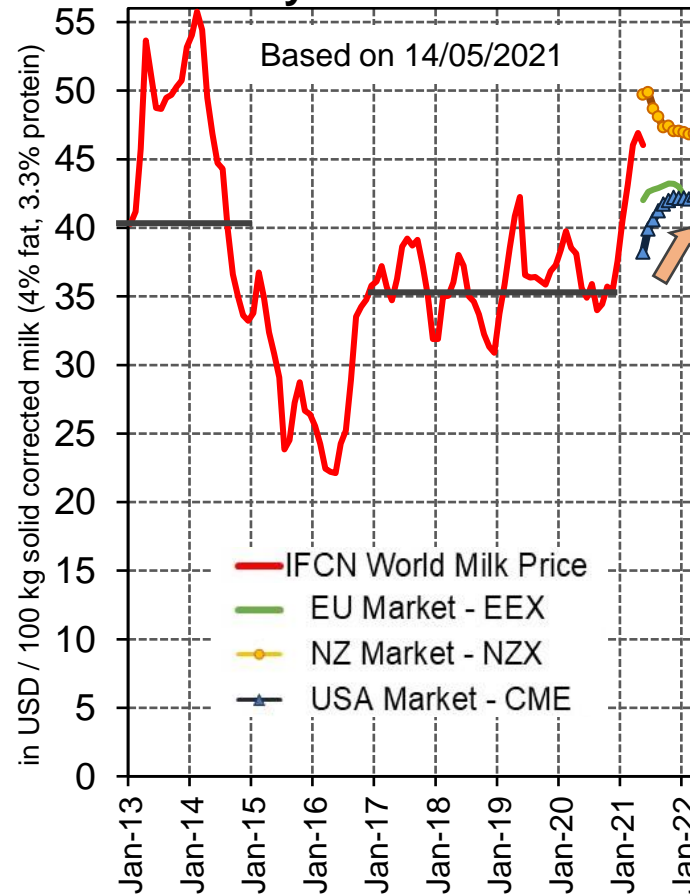
Is the dairy world changing after COVID?

Change in World milk production, 2007- 05/2021*



*Estimated milk production volume for 65 countries
Chart leap-year adjusted data

IFCN World Milk Price & Dairy future markets



2021 growth trend is continuing:

- +2.7% in first 4 month

Dairy Futures next 12 month are bullish

- 42-45 USD / 100 kg milk

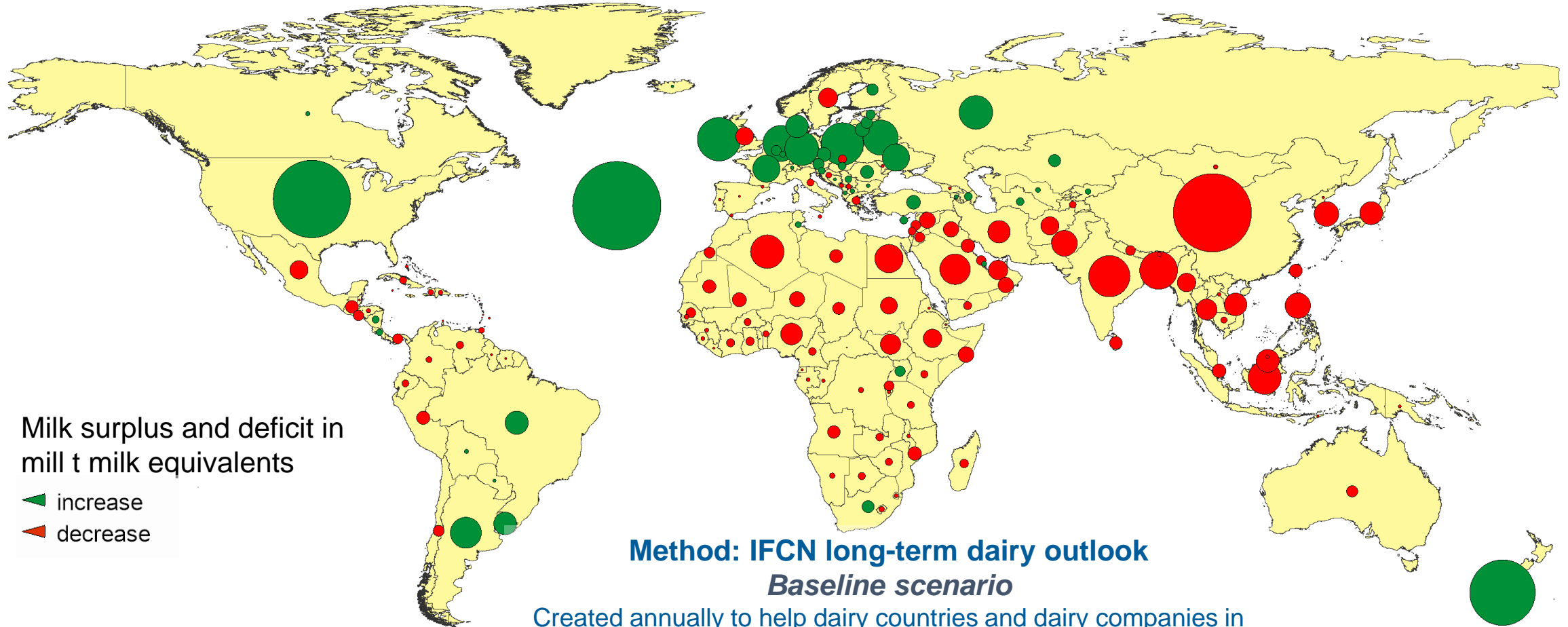
Forecast of milk supply in 2021:

- High feed prices put pressure on farmers
- Rising awareness of dairy as healthy product in Asian region

Source: IFCN Real-time Data & Farm Economics

Surplus and Deficit in 2050

in mill t ME (Milk Equivalent)



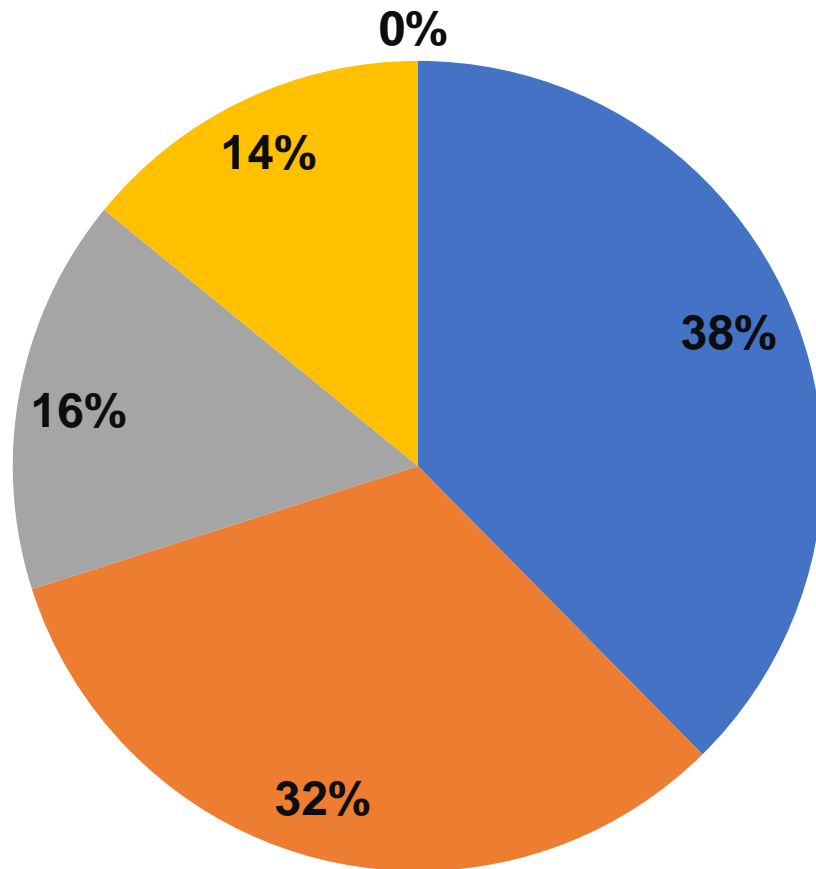
Method: IFCN long-term dairy outlook
Baseline scenario

Created annually to help dairy countries and dairy companies in building fitting strategies for the futures.

Source: IFCN Annual Dairy Sector Data with Long-term Dairy Outlook

For internal use only © IFCN 2021

What is the biggest opportunity for the dairy world until 2025?

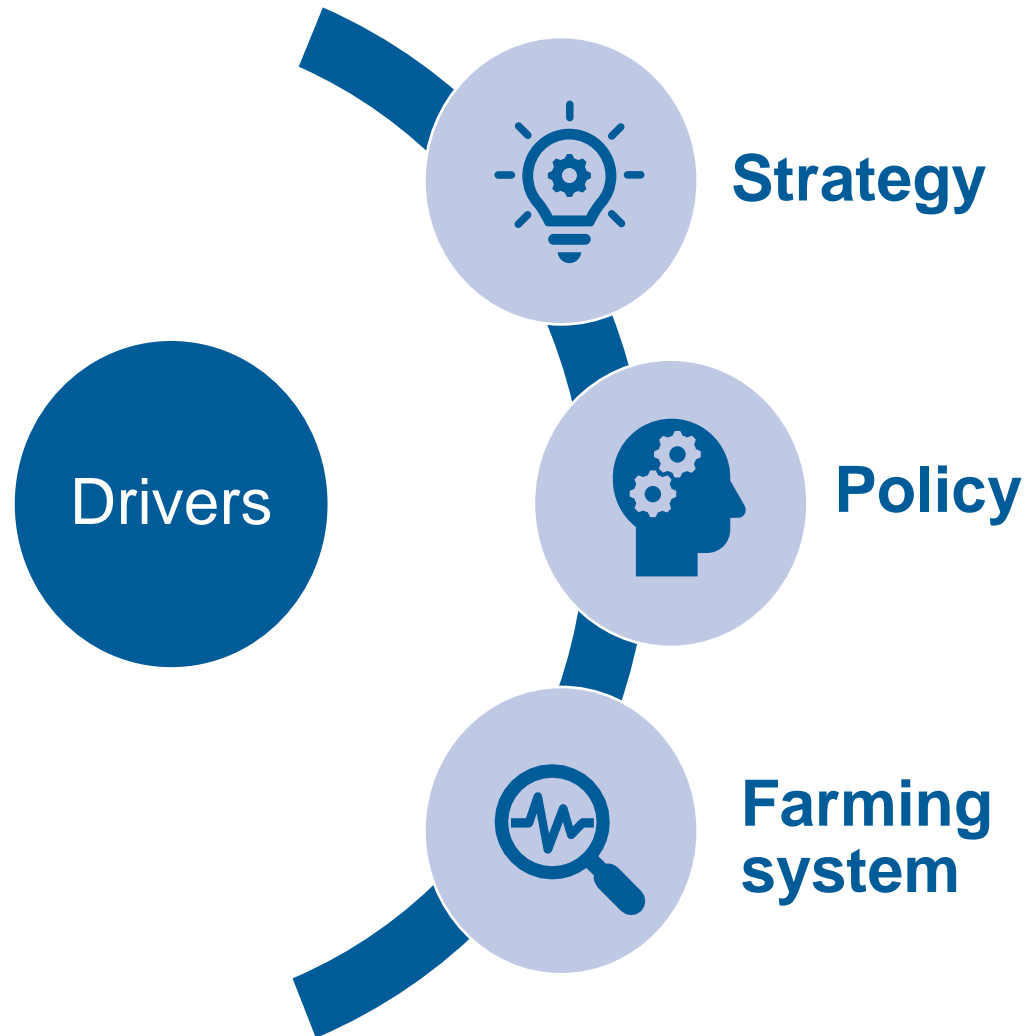


N = 234 people

- Farming systems + policy design that meet demand from society and can be financed and run economically
- Farm Management: IT solutions + new ways of trainings to improve it
- Digitalisation of the dairy supply chain showing transparency + progress in sustainability, etc
- Consumers trust: Regain, keep and increase it
- Digital channels, ways of delivery - new products and new ways of reaching customers

Survey at IFCN 2020 IFCN supporter conference

Key drivers for successful dairy regions



Strategic approach and leadership in the dairy chain. Understanding the local + global dairy drivers is crucial.

Reliable policy framework well defined for actors in the chain and investors.

Fitting farming systems meeting the needs of **consumers, future farmers** at the **competitive milk price** level.

IFCN research on SDG & Dairy




Come and join IFCN network

Be an ambassador in the dairy world!

Become part of our mission and help people in the dairy world to make better decisions!

Accessible by everyone – Find your answers on your questions!



Trust & Confidence



Independence



Truth & Transparency

Be part of IFCN – be part of the movement!

One point of truth to start with

IFCN Dairy Report

Get now your personal copy now!

- ✓ Cost comparison of the typical farms
- ✓ Global monitoring of dairy economic indicators
- ✓ Status and development of milk production
- ✓ Country Pages - Dairy sector & chain profiles
- ✓ Methods applied in IFCN Analyses

DairyReport.online



The latest version of the IFCN Dairy Report contains

123
COUNTRY
PROFILES

52
COUNTRIES WITH DATA
ON FARM SUSTAINABILITY

24
YEAR
TIME SERIES

22nd IFCN Dairy Conference 2021

Carbon neutral dairy farming in 2050 – will this be possible?

Time: 9th of
June 2021
14.00 – 17.00
CET



IFCN

Dairy Data · Knowledge · Inspiration

Hosting Sponsors	Sponsor Gold & Silver		
 		 	 

Meet the dairy world at the IFCN Dairy Conference 2021

Thank you for your attention!

<https://dairyreport.online>

Thank you
for joining!

Follow us on:

[LinkedIn](#)

IFCN

Dairy Data · Knowledge · Inspiration

