



# 31

Aug 2018

www.cloverfonterra.com

## Clover Fonterra Ingredients Newsletter

### AUGUST TRENDING NEWS: “The low down on NZMP’s protein advantage”

NZMP Protein Consumer research in mid-2017 saw protein ranked #1 in importance for maintaining health and wellness by Chinese and Japanese consumers and #2 by consumers in Indonesia, the USA and the UK. Dairy protein is an excellent source of digestible essential amino acids. It provides more digestible essential amino acids per gram of protein than a non-dairy source. In fact, of the nine essential amino acids your body needs, dairy protein provides them all. Whey protein after exercise has the added advantage of being rapidly digested and its benefits are quick-acting. Now that it is a main stream ingredient, we are seeing a huge uplift in products made by our customers that incorporate protein. And it’s not just powders and ready to drink beverages, proteins can now suit all occasions. There’s a wide variety of high protein snacks being made such as chips, muffins, brownies and even desserts like chocolate, ice-cream and cheesecake. You could almost say protein is making treat foods a “little better for you”!

#### Supply:

**EU:** The region continues to experience unusual summer heat and dryness.

This has raised concerns that Q4 2018 and Q1 2019 milk production will be lower than expected, resulting in less milk available for WMP, SMP and Butter.

**NZ:** Reports out of the region are of milk production being higher than projected, primarily due to favourable weather and pasture conditions.

**US:** Spring flush season is approaching on the south side of the region, and milk volumes are expected to increase. The milk in the region is enough to meet the local demand, with very little going into the global market.

**SA:** There are reports that parts of the Eastern-Cape are currently drought-stricken, with water restrictions being implemented and concerns that some towns will run out of water within the next 3 months. Seasonal forecast for the Western Cape is also reported to be of low confidence, with expectations of a dry spell during the usually wet season between

September and November. Above average temperatures are expected in the northern part of the country during summer, which is normally the rainfall season.

#### Demand and product information:

Butter production out of the EU is reported to be lower than expected and is mostly for the local market. The demand is expected to remain strong through the year. Oceania's butter availability for the coming weeks is expected to continue, with manufacturers moving according to buyers' demand. Cheese production out of Oceania is increasing from seasonally low level, and steady out of the EU. Reports are showing strong cheese demand, with buyers contracting for the rest of the year. Fresh SMP stock remain low, with most stock being committed. This is not expected to change in the coming weeks. The European Commission is reported to have started to offload its ageing SMP intervention stock. WMP supply currently steady, with requests coming from customers for current

needs. WMP demand is currently stable, with production seasonally increasing out of Oceania. Most of the production out of EU is destined for the internal market. The market will determine production going forward.

#### Outlook:

Regions are in different seasons, which determines milk availability and expectations going forward. Overall demand and supply are steady, but important to monitor as reports are expecting supply to be tight going forward. GDT offer volumes expected to decline in the coming months

**Local:** SA's real GDP for the 2nd quarter of 2018 has contracted by 0.7%, which follows on a 2.6% fall in the 1st quarter. This has resulted in the country has going into a technical recession and has reignited credit rating downgrading concerns. The region will be closely monitored in the coming months.

**CFI annual survey open until Friday 21 Sept 2018**

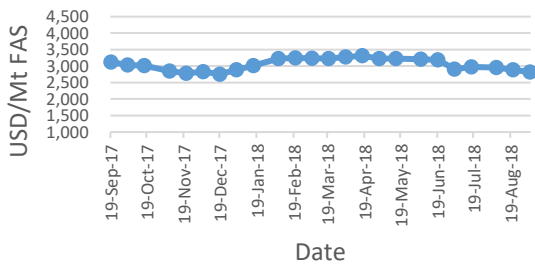


INGREDIENTS | Quality Dairy. Quality Life.

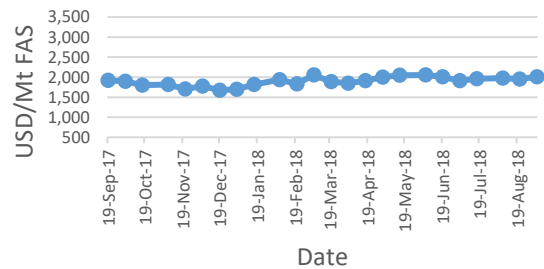
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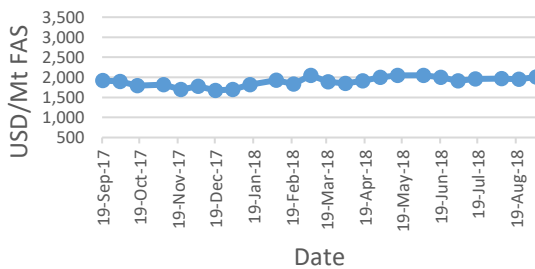
WMP Average Price Trend



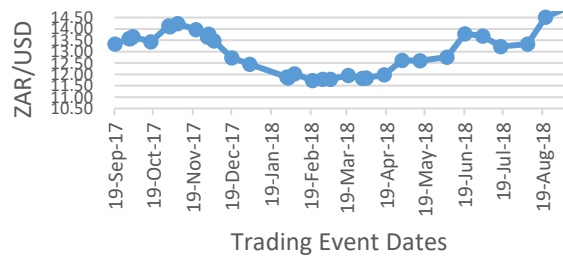
SMP Average Price Trend



SMP Average Price Trend




ZAR/USD Movements



Let's get Technical: Milk Powders

In this edition, we will start off the tour of milk powders by looking at their benefits over liquid milk. What is the importance of converting liquid milk into powder?


In the next edition, we will continue looking at milk powders by going through Reconstitution.



1

**Transport/packaging efficiency**


Milk is approximately 86.5% water; drying into a powder significantly reduces the volume and weight of the product making it easier to handle and more efficient to transport and store.



2

**Shelf life**

Milk powder is shelf stable and can retain its quality for up to two years under recommended storage conditions, while fresh milk will deteriorate in a matter of hours in the same conditions.



3

**Application/convenience**

For many applications the packaging efficiency and shelf life stability make milk powder more convenient even in areas where fresh milk is readily available, e.g. instant coffee machines.

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