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Clover Fonterra Ingredients Newsletter

SEPTEMBER TRENDING NEWS: Dairy Fats

Milk constituents are highly functional ingredients. Fats are crucially important to the human diet, not just for their nutritive contributions (including energy, fat-soluble vitamins, and essential fatty acids) they also influence mouthfeel, enhancing their ability to make much of our food palatable. In western cultures which have a surplus of dietary energy available, the textural and mouthfeel attributes imparted by fats to complex food systems become of paramount importance. Milkfat is particularly valued in these roles due to its flavour, which is almost universally accepted as desirable, and because it is perceived to be “clean and green” due to its “dairy identity”. The chemistry of milkfat therefore spans a wide range, from the biochemistry of its production from grass to its interactions in complex food emulsions. Manufacturing conditions cause chemical changes to flavour and physical properties and these effects must be understood in order to control the functionality of milkfat in finished products.

Supply:

EU: Milk production for the 12 months to June was up compared to same period last year. A decline in production due to the heatwave, impacted Germany, Netherlands, Spain and Finland.

NZ: Milk production for the 12 months to July was higher than last year. The increase over last season partly represents good conditions at the start of the season.

US/America: Milk production for the 12 months to July was flat vs same period last year. The lack of production growth continues as poor on-farm profitability is leading to an increase in culling.

SA: Milk production for June 2019 is up vs same period last year. The climate conditions for the next 3 months will be crucial for performance of the SA dairy industry.

Demand and product information:

The Global demand for Dairy is reported to be down for June/July vs previous year. Demand was expected to be low between April and September and expected to increase in Q4. With dairy prices across the major exporters firming towards late September, it would seem like the demand side is increasing as expected. Global fat imports have been weaker than expected in recent months.

Overall a slowdown in EU milk solids growth and stronger exports should keep their stock in check. Most of the global SMP demand growth is being filled with EU product this year, but that is drawing down EU stocks quickly. The market situation feels different from this time last year when the EU stock overhang allowed buyers to sit back and relax.

This year global inventories on WMP is tighter when compared to the same period previous year. Overall the demand for WMP looks decent. Processors both in Ireland and on the continent are growing their WMP production again after many months of a “made to order” strategy. Global cheese trade was down from last year in July. The feeling in trade is that buyers are waiting for US prices to improve.

Outlook:

The feeling is that the dairy product demand side is improving with production growth looking stable over the next 6 months. Weather is still the main issue limiting growth in the global market.

Local: The Rand weakened at the end of September to over R15 compared to the USD with investors digesting talks of impeaching US President Trump.

Easy is not an option- L. Brown



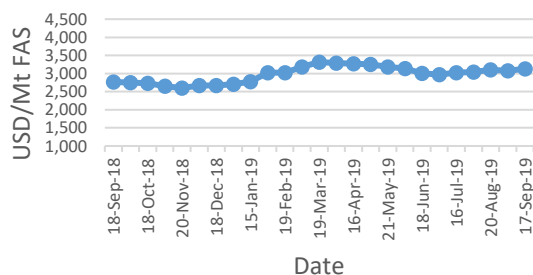
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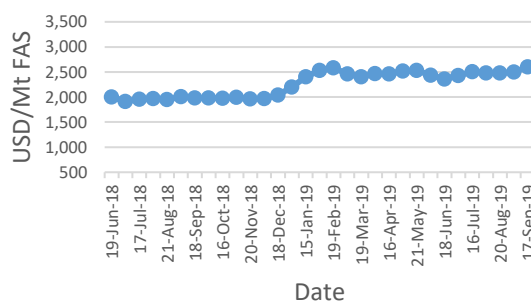
Sources used: <https://dairy.ahdb.org.uk/>; <https://www.psg.co.za/>; <https://www.intlfcstone.com/>; <https://www.mpo.co.za/>; <https://www.xe.com>

COMMODITY PRICE MOVEMENTS

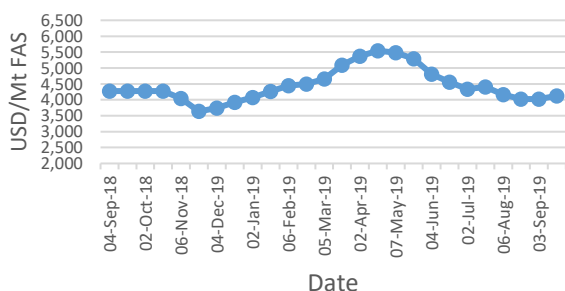
WMP Average Price Trend



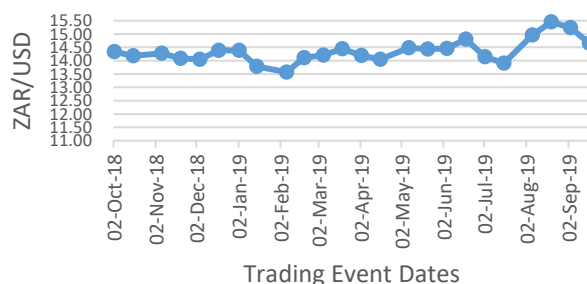
SMP Average Price Trend



Butter Average Price Trend



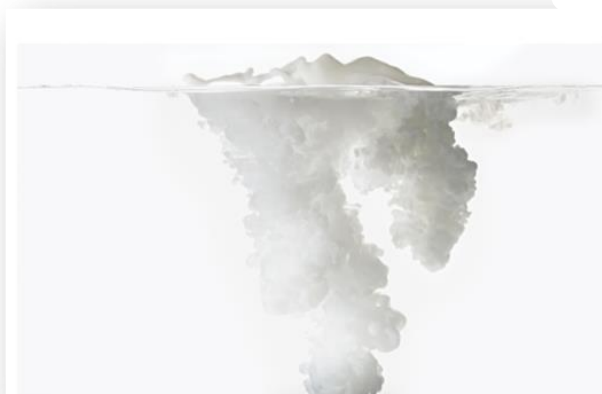
ZAR/USD Movements



Let's get Technical: Dairy Fats

A comprehensive range, all with the goodness of fresh NZ cream

Our range of dairy fats spans all major categories, offering a variety of solutions. We make our dairy fats from cream from our NZ grass fed cows.



About our Dairy Fats

Research shows that ingredients made from the milk of grass fed cows are typically higher in omega-3 fatty acids.

Conjugated Linoleic Acid, Vitamin K2 and beta-carotene than ingredients made with milk from grain-fed cows

Emulsions

An emulsion is a temporarily stable mixture of immiscible fluids, such as oil and water, achieved by finely dividing one phase into very small droplets. Common emulsions can be oil suspended in water or aqueous phase (o/w), e.g. Mayonnaise and Hollandaise sauces, or water suspended in oil (w/o), e.g. butter, margarine and chocolate. The particle size of fat droplets present in dairy and other food emulsions is important in defining properties such as flavour release, mouth feel and the emulsion stability. Large emulsion droplets can lead to poor flavour release, a greasy mouth feel and poor stability due to creaming. Emulsification to a smaller droplet size tends to reduce creaming and improve the taste of a product.



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Sources used: <https://dairy.ahdb.org.uk>; <https://www.psg.co.za>; <https://www.intlfcstone.com/>; <https://www.mpo.co.za/>; <https://www.xe.com>