



Market Report

October 2025

Global Dairy Market Overview

With European dairy commodities commanding a premium, it was anticipated pricing would weaken in quarter four.

However, the timing and level of weakness was a surprise.

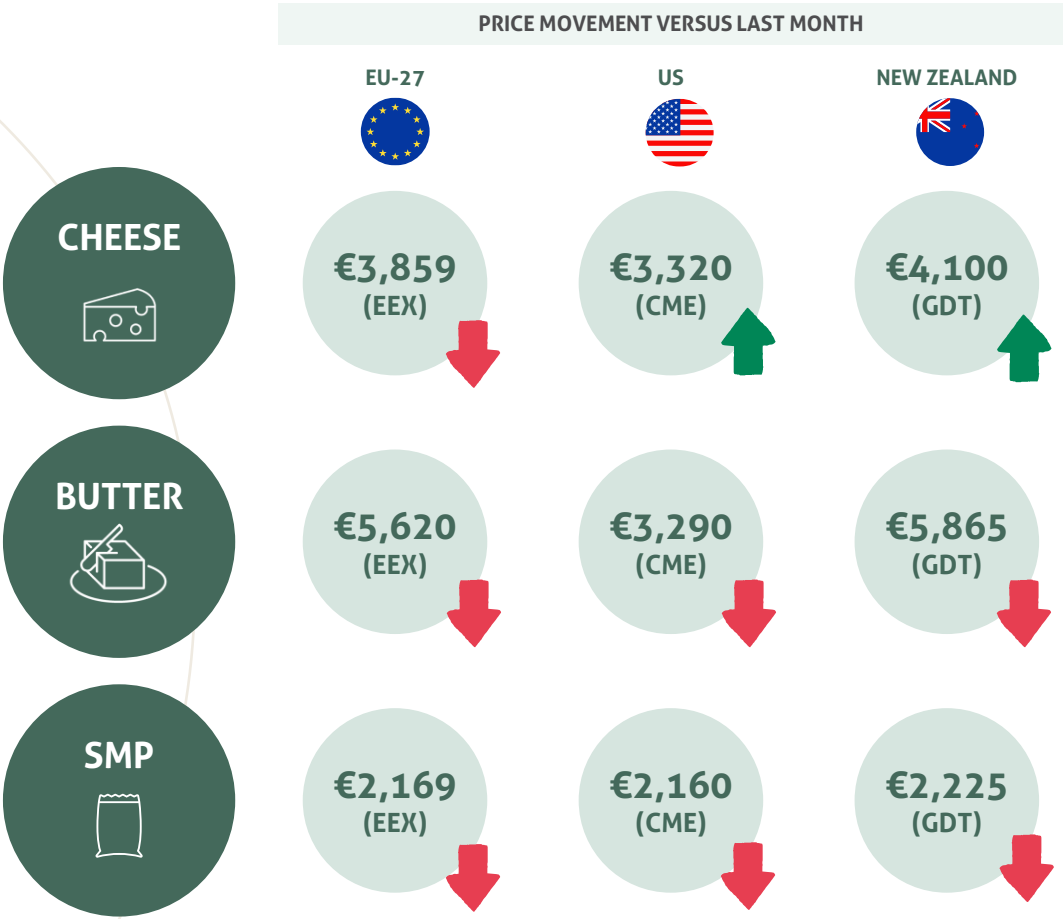
EU-27 milk flows returned to growth. While higher, supply is not excessively strong compared to historic levels.

Global flows are noticeably stronger, particularly in the US.

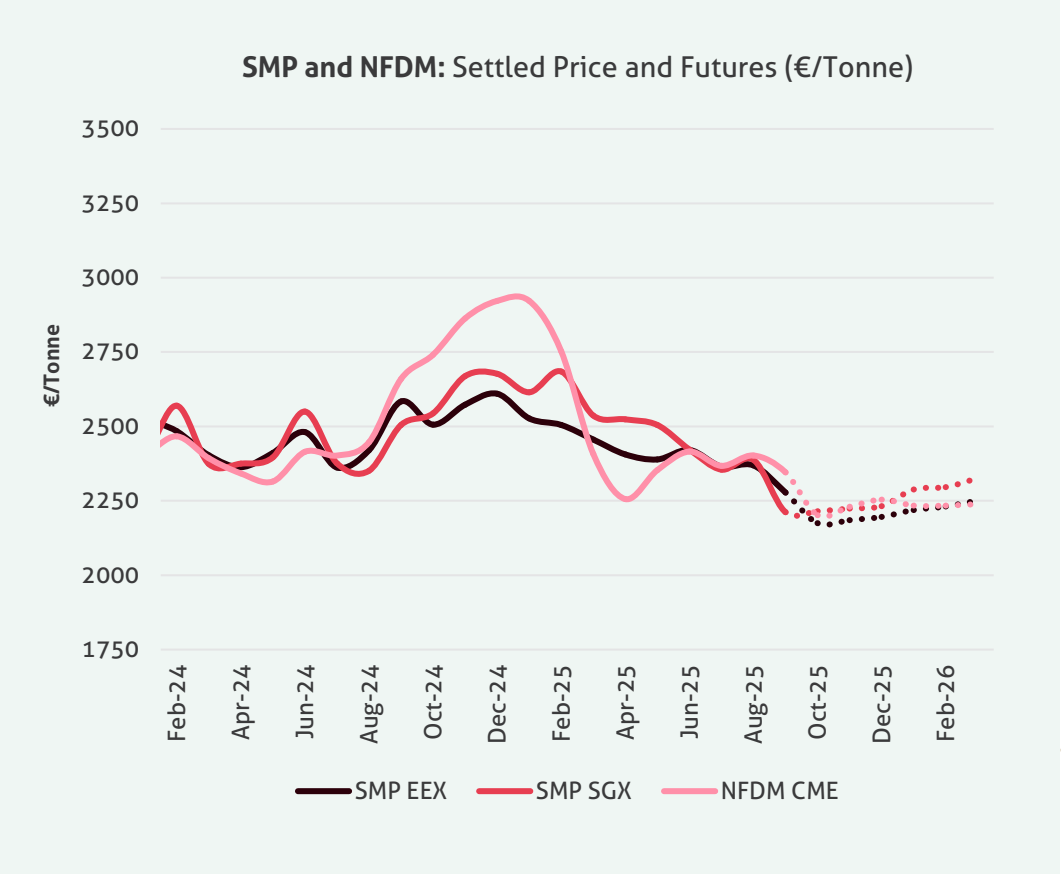
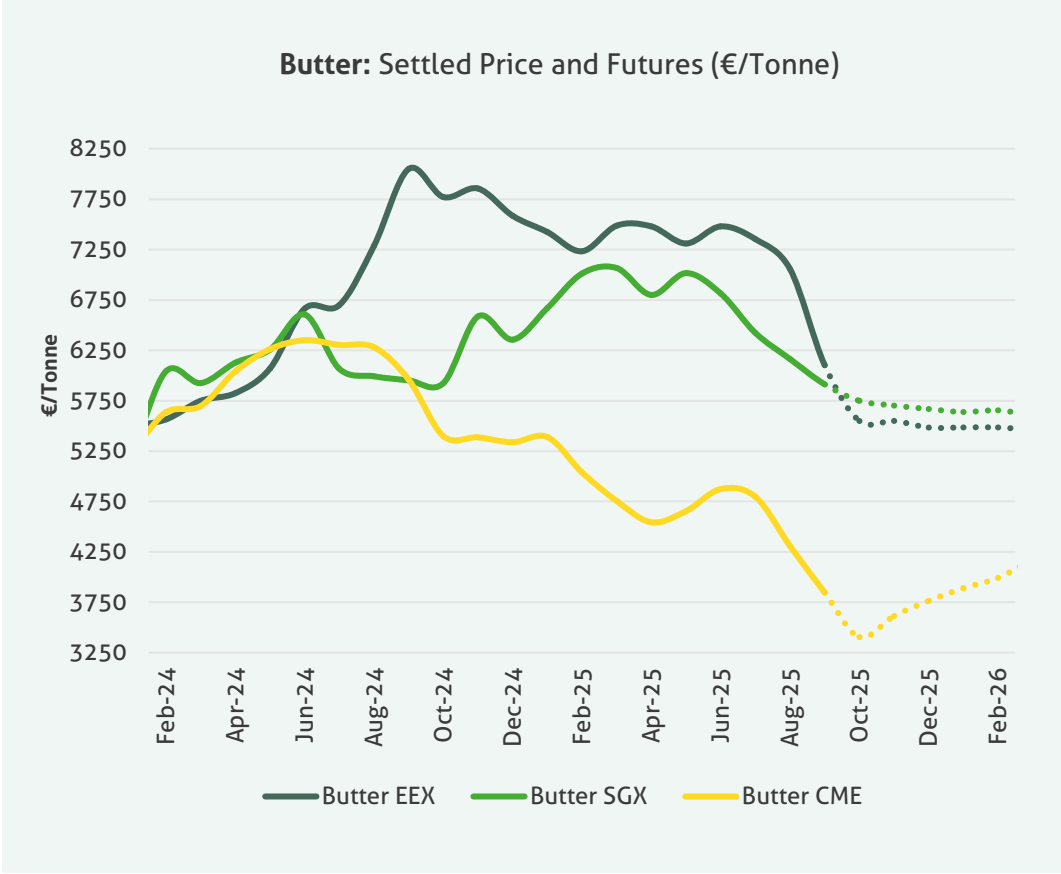
Demand probably had a bigger impact on pricing. Retail sales are solid, but the rate of growth eased. Exports are flat, while foodservice remains under pressure.

European commodity pricing is back in line with global and historic levels, and recent GDT results were better than expected.

Indeed, while there’s limited activity and potential for further weakness, there are tentative signs of stability.



Historic Price Movements and Futures



Macro Barometer

SUPPLY



EU farm-gate prices

Milk prices are falling due to weaker commodities.



Feed prices

Irish prices dipped below the 5-year average.



Fertiliser prices

Irish prices are just above the 5-year average.



EU weather

Irish pasture conditions are good, but grass growth is slowing.



Herd size and yield

Cow cull rates are down versus 2023 and 2024 levels.



Global milk supply

EU-27 supply should lift by +0.5% annually, but global flows are higher.

DEMAND



Retail sales

Dairy sales are stable, but the rate of growth eased in recent weeks.



Foodservice

Sales are muted with inflation affecting low-income earners.



Dairy exports

Global exports are stable but slowed in quarter two.



Global economy

The economy was resilient in H1, but there are downside risks.



Currency

The EUR is stable vs. the GBP but stronger vs. the USD.



Global dairy demand

Global supply now appears to be outstripping demand.

Global Milk Supply



Global Milk Supply

Jan-Aug 2025

Global Exporters:
 Global milk increased by +2.8% in August driven by the Americas, New Zealand and Europe.

EU-27:
 Collections lifted by +0.9% in July and about +2.0% in August compared to a low base.

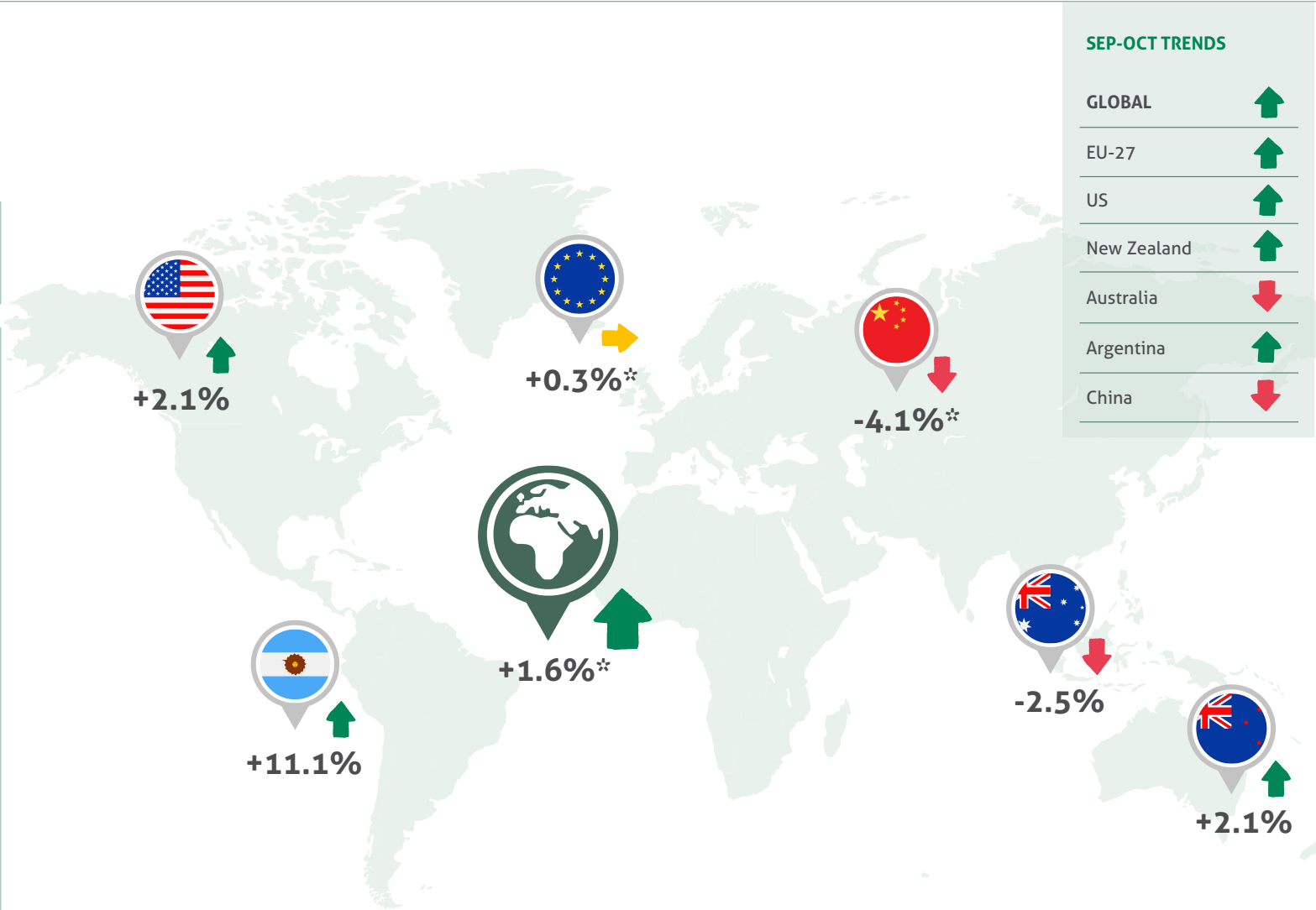
US:
 Collections increased by about +3.2% in August and the July figure was revised up.

New Zealand:
 Production was stronger than expected in August as the season ramps up.

Australia:
 Production is likely to weaken further due to cost issues, weather and farm exit rates.

Argentina:
 Flows are improving supported by higher farm-gate prices and favourable weather.

China:
 Milk output is projected to fall in 2025, but there are signs of stability.



SEP-OCT TRENDS	
GLOBAL	↑
EU-27	↑
US	↑
New Zealand	↑
Australia	↓
Argentina	↑
China	↓

European Milk Supply

Jan-Aug 2025

EU-27:
 Collections lifted by +0.9% in July and about +2.0% in August compared to a low base.

Germany:
 After falling in July, collections increased in August (by about +1.2%) compared to a low base.

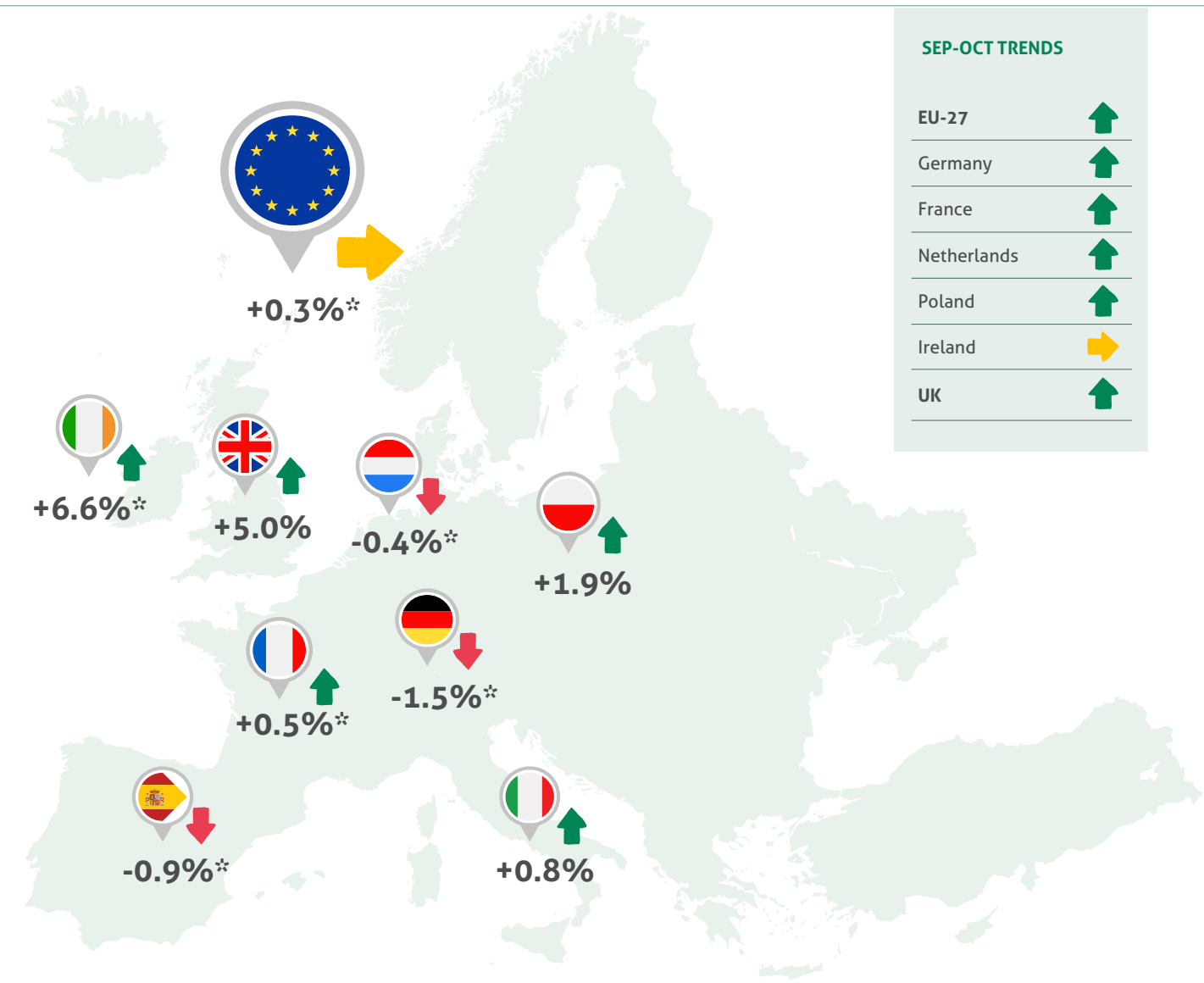
France:
 Like Germany, collections increased in August (by about +4.1%) versus a low base.

Netherlands:
 After falling for several months, collections returned to growth in July and August.

Poland:
 Output was strong in quarter two and increased in July and August.

Ireland:
 Flows are expected to grow by about +3.0% in August against a low prior year base.

UK:
 Flows have been strong with output lifting by +5.0% in July and +5.8% in August.

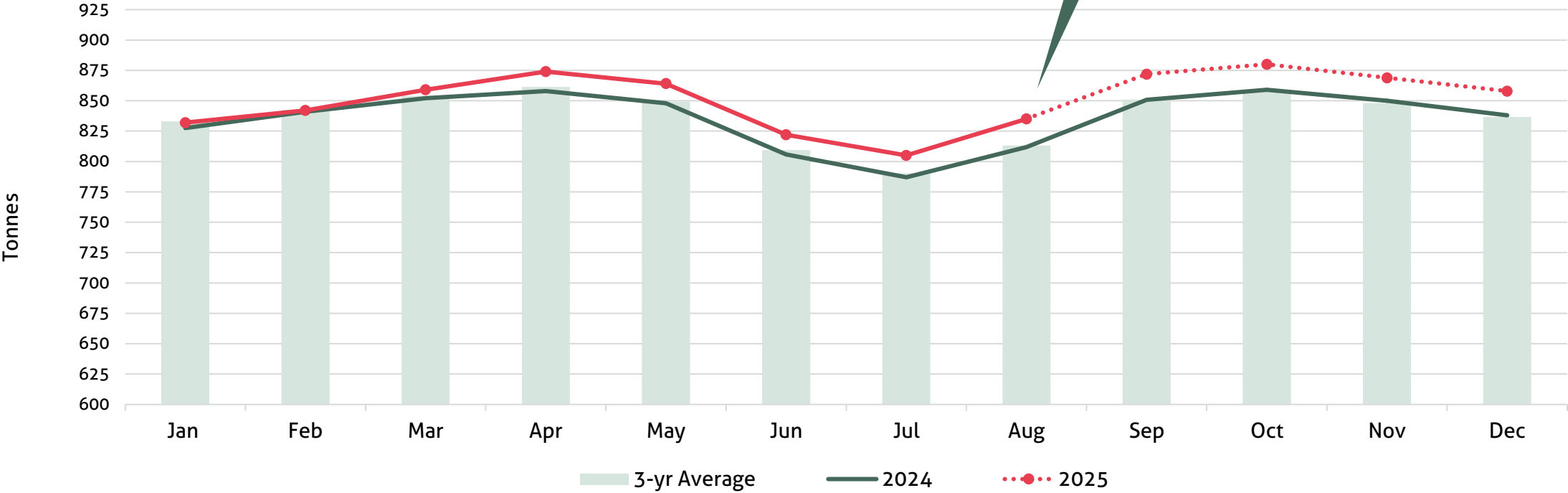


Global Exporters Milk Supply & Outlook

GLOBAL MILK TRENDS	
H1 25'	↑
H2 25'	↑
FULL YEAR	↑

+1.6%
YTD
+2.8% YOY

Global Exporters Milk Supply



Source: Ornu estimate

Milk:

Overview & Outlook

EU-27

Flows stabilised in quarter two and returned to growth in quarter three.

This was compared to weak base, but collections are tracking above the three-year average.

The growth rate should slow, and annual output is unlikely to exceed +0.5%.

Ongoing inconsistencies in Commission reporting is creating challenges for data analysis.

US

Production was strong again in August and the July figure was revised up.

The USDA forecast flows will expand by about +1.8% in 2025 before easing in 2026.

New Zealand

Production was stronger than expected in August as the season ramps up.

Supply is being supported by high milk prices and favourable weather conditions.

China

While production is stabilising, it is forecast to decline this year.

Persistent oversupply is discouraging farmers from expanding production with milk prices lower than 2024.

Outlook

The global outlook has improved with annual output likely to expand by +1.9%.

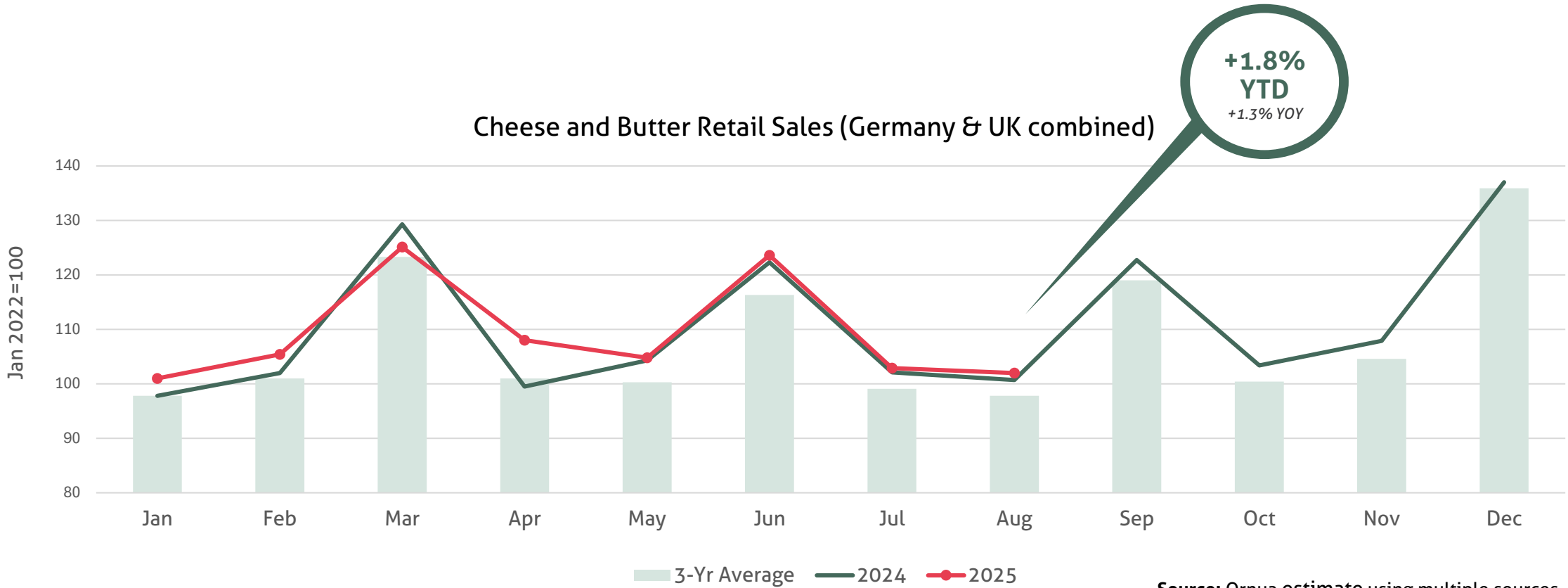
This will be driven by growth in the Americas and New Zealand.

Global Demand



European Retail Dairy Sales Trends

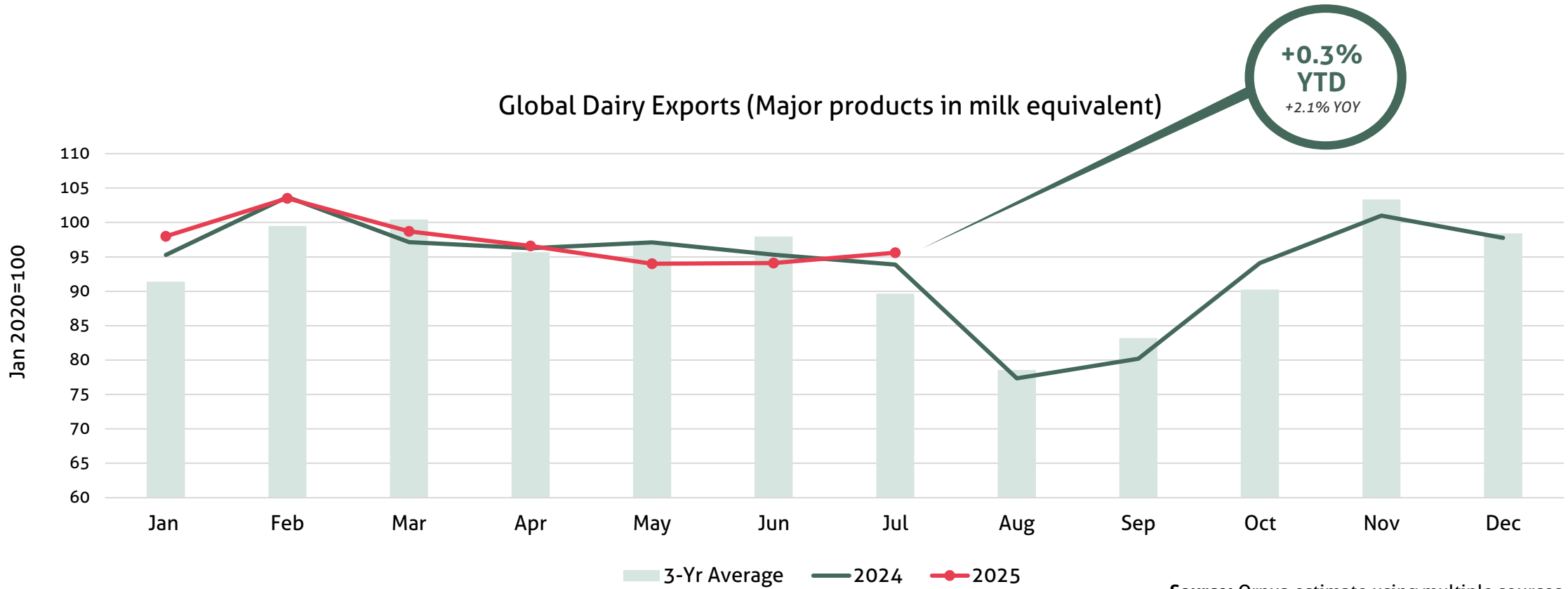
SALES BY PRODUCT	YTD	VS 3-YR	YOY
CHEESE	↑	↑	↑
BUTTER	→	↑	↑



Source: Ornua estimate using multiple sources.

Global Dairy Export Trends

EXPORTS BY PRODUCT	YTD	VS 3-YR	YOY
CHEESE	↑	↑	↑
BUTTER	↑	↑	↑
SMP	↓	↓	↓



Source: Ornua estimate using multiple sources.

Global Dairy Imports by Region

-  **US:**
Imports are up +6% year-to-date (Jan-Jul) driven by butter and cheese.
-  **South-Central America:**
Imports are up +2% year-to-date, though volumes were flat in July.
-  **UK:**
Imports have been very strong this year driven by cheese, butter and liquid milk.
-  **Africa:**
Trade is down year-to-date, though activity improved at recent GDT events.
-  **Middle East:**
Like Africa, trade is down year-to-date. Shipments of WMP and SMP are noticeably weaker.
-  **China:**
Imports improved in recent months, but there has been a shift from powders to fresh product.
-  **Southeast Asia:**
Imports are marginally lower this year. Local economies are under pressure due to US-China trade tensions.



Product Section





Cheese: Overview & Outlook

EU-27

Production has been strong in recent months.

Solid retail sales continue to offset sluggish foodservice sales, but the growth rate eased.

Exports are up +1% year-to-date.

Activity is quieter than usual and there's more product available.

However, Ramadan interest and opportunistic may provide some stability.

UK

Prices are aligned with those on the Continent.

Retail sales are solid, but strong milk flows means there's more product available.

Though like the EU-27, pricing is showing some signs of stability.

US

Muted domestic consumption and strong output means there is more product available.

Pricing rallied but is below global levels.

Exports are likely to remain strong to keep stocks in balance.

New Zealand

GDT cheddar lifted unexpectedly at the last auction driven by Chinese and African demand.

However, milk supply is strong, and pricing is now at a premium to US levels.

Outlook

European pricing may have found a floor and activity should improve.

However, there is adequate supply which could limit the potential for firming.



Cheese: Statistics

	 EU-27 Jan-Jul	 US Jan-Jul	 NZ Jan-Aug	 UK Jan-Aug
Output	+81,680 +1.4% 	+83,475 +2.2% 		+13,430 +4.0% 
Imports	+5,100 +5% 	-2,270 -2% 		+13,980 +5% Jan-Jul 
Exports	+11,900 +1% 	+41,775 +14% 	+39,530 +18% 	-1,590 -1% Jan-Jul 
Price (Local currency)	€3,859 EEX-Oct 1st 	\$3,900 CME-Oct 2nd \$1.77/lb 	\$4,814 GDT-Sep 16th 	
Price (€ equivalent)	€3,859 	€3,320 	€4,100 	





Butter: Overview & Outlook

EU-27

Output was tracking historic norms but lifted recently.

While exports are improving, foodservice sales are sluggish, retail sales are flat, and overall demand appears muted.

Thus, there is more product available and price indices weakened further.

However, there is some interest at current levels, and buyers may need to cover quarter four.

UK

Pricing has generally been above Continental levels with solid cream demand drawing milk from the churn.

Though there's a wide-range of prices, and returns are lower compared to last month.

US

A recent slow down in domestic consumption combined with strong supply means stocks should be higher.

Indeed, there appears to be ample supply, and pricing fell sharply in recent weeks.

NZ

Pricing fell further at the last GDT auction, but the result was better than expected.

Chinese demand for butter and cream has been strong and there appears to be a preference for New Zealand origin.

Outlook

There are tentative signs of stability in Europe after a period of weakness, and some buyers may need to cover quarter four.

However, it's unlikely the market will lift appreciably by year-end.



Butter: Statistics

	 EU-27 Jan-Jul	 US Jan-Jul	 NZ Jan-Aug	 NZ AMF Jan-Aug
Output	+44,800 +3.5% 	+36,620 +5.9% 		
Imports	+10,560 +164% 	-7,930 -18% 		
Exports	-880 -1% 	+21,860 +123% 	+15,380 +10% 	+19,500 +17% 
Price (Local currency)	€5,620 EEX-Oct 1st 	\$3,860 CME-Oct 2nd \$1.75/lb 	\$6,892 GDT- Sep 16th 	\$6,802 GDT-Sep 16^d 
Price (€ equivalent)	€5,620 	€3,290 	€5,865 	€5,790 





SMP: Overview & Outlook

EU-27

After a poor start to the year, output increased.

With domestic and international demand muted, availability improved.

Prices have fallen steadily since June, and sentiment is weak.

However, some business is now being concluded, and activity usually lifts around this time.

US

Domestic use lifted during the summer, but exports are weak, and overall demand is sluggish.

Modest supply is keeping stocks in check, but pricing usually drops below global levels in quarter four.

New Zealand

GDT pricing fell in early September as Southeast Asian and MENA buyers stepped back.

Demand from those regions returned at the last auction and pricing stabilised.

Futures are also stable.

China

Imports were weak in July and August, but activity improved at recent GDT events.

Annual imports should increase marginally versus prior year levels but will remain below historic peaks.

Outlook

Pricing may have found a floor and activity tends to lift in quarter four.

However, the market is more dependent on price sensitive regions, and any increase will be modest.



SMP: Statistics



EU-27
Jan-Jul



US
Jan-Jul



NZ
Jan-Aug

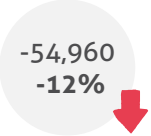
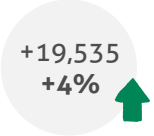
Output



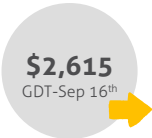
Imports



Exports



Price
(Local currency)



Price
(€ equivalent)





WMP: Overview & Outlook

EU-27

After a solid start to the year, output eased and is low historically.

The market is increasingly European-focused, and domestic activity has been quiet.

Thus, after a period of stability, pricing fell.

The gap between European and GDT levels is closer than average.

New Zealand

Pricing lifted in July and August boosted by Chinese and Southeast Asian buying.

Chinese activity eased since then but appears stable.

Demand from other regions is weaker and pricing fell recently with reports that more product will be available via the GDT.

China

Imports are behind historic peaks due to changing consumer preferences and a sluggish economy.

However, lower domestic output means imports should remain solid.

Global

Demand has been falling faster than supply with a noticeable drop off in MENA and African purchases.

While pricing remains high historically, the recent weakness may stimulate activity in lower-income regions.

Outlook

European pricing has converged with global levels.

Domestic demand for chocolate, confectionary and baked goods needs to improve for pricing to recover.



WMP: Statistics



EU-27
Jan-Jul



NZ
Jan-Aug

Output

-3,270
-1.0%
↓



Imports

+1,440
+15%
↑



Exports

-28,670
-22%
↓

-33,120
-4%
↓

Price
(Local currency)

€3,720
Dutch-Oct 1st
↓

\$3,790
GDT-Sep 16th
↓

Price
(€ equivalent)

€3,720
↓

€3,225
↓





Casein: Overview & Outlook

EU-27

Production has been solid but should ease due to weaker returns.

Exports were strong up to July with volumes shipped to the US and China up markedly.

Activity has been quiet since then as the market adjusted to new tariffs.

Positively, buyers appear to be engaging again, and pricing may soon find a floor.

US

Buyers are more engaged and there are reports that stocks are being run down.

However, the 15% tariff, a weak USD and lower natural cheese prices may curb upside movement.

New Zealand

Exports are down versus prior year levels.

Though volumes are solid and lifted noticeably in August driven by shipments to the US, China and Mexico.

Outlook

Buyers are more engaged, and pricing could soon find a floor.

Though activity remains quiet and the impact of tariffs on US demand is unclear.



Casein: Statistics



EU-27
Jan-Jul

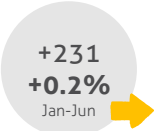


US
Jan-Jul

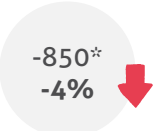
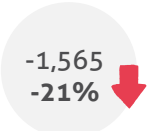


NZ
Jan-Aug

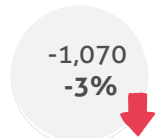
Output



Imports



Exports



Price
(Local currency)



Price
(€ equivalent)



Market Outlook

- While EU-27 milk flows are not excessively high compared historic levels, they lifted noticeably in August.
- Global flows are clearly stronger and there is more dairy product available from Europe, New Zealand and the US.
- European retail sales are solid, but the rate of growth eased. Exports are flat, while foodservice remains under pressure.
- The OECD recently noted that global growth has been resilient. Though unemployment is increasing and inflation (particularly food inflation) is persistent in many economies.
- European dairy commodity pricing is back in line with global and historic levels, and recent GDT results were better than expected.
- Indeed, while there's limited buyer activity and potential for further weakness, there are tentative signs of stability.
- However, for pricing to lift, buyers will need greater confidence regarding future demand.

SUMMARY

European pricing is back in line with global and historic levels and there are signs of stability.

However, activity remains quiet and demand will need to improve if pricing is to lift.

Ornua at a glance



**Great tasting
grass-fed Irish
dairy products**



**Agri-food
co-operative**



**Ireland's largest
exporter of
primary
dairy products**



**Bringing the
unique taste
of Irish dairy
to the world**



**2,900
strong
global team**



**Exports to over
110 countries
worldwide**



Our Product Portfolio

Ornua Trading & Ingredients Ireland is responsible for the procurement of products from Irish dairy processors and third-party suppliers, and the sale of dairy ingredients to global food manufacturers.

OTII manages market volatility for our customers through;

- Managing risk with predictive models and hedging tools
- Investment in trading expertise
- Differentiated value-added ingredients
- Fixed milk price contracts
- Diversifying markets

Click on the images on the right to learn more about our cheese, butter, milk powders or casein products.



Cheese

Cagliata
Cheddar with Red Chilli
Coloured Cheddar Cheese
Hard Grating Cheese
Irish Emmental Cheese
Mallo
Monterey Jack
Mozzarella
Red Leicester Cheese
Regato Cheese
White Cheddar Cheese



Butter

Salted sweet cream butter
Unsalted sweet cream butter
Lactic butter
Whey butter



Milk Powders

Full Cream Milk Powder
Skim Milk Powder
Buttermilk Powder
Fat Filled Milk Powder
Whey Powder
Skimmed Milk Yogurt Powder
Whey Permeate



Casein/Caseinates

Acid Casein
Rennet Casein
Sodium Caseinate
Calcium Caseinate

Irish Dairy



Irish cows graze
outdoors on grass for an
average of
240 days

Grass-fed cows milk
is rich in natural

**beta-
carotene**



Ireland has an
average herd size of
90 cows

On average, an Irish
dairy cow produces

**5,700
litres**
of milk a year



81% of agricultural
land in Ireland is
used to grow grass



Ireland is the most
carbon efficient milk
producer in the EU

Average dairy
farm size is

60ha



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