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Clover Fonterra Ingredients Newsletter

JULY TRENDING NEWS: “Protein ingredients and solutions for the healthy ager”

The global ageing population is expected to reach 2 billion consumers by 2050 (2.1% annual growth). There is a growing need for protein – fortified solutions to provide the senior consumer with the nutrition they need. Around the world, patients and the elderly can find it difficult to get the nutrition they need to recover well and stay healthy as they age. Much of the nutrition offered is unattractive in taste and texture, limited in variety, and not resembling ‘normal food’. Patients and the elderly often have a reduced ability to chew, swallow, taste, metabolise and digest. The needs of the growing ageing population, and forecasts indicating that the functional food market will be worth USD \$63.3 billion by 2022 (2.7% CAGR), present an opportunity for food and beverage producers to create great tasting nutritional solutions. NZMP’s Medical Nutrition team have come together with a food manufacturer to combine the goodness of dairy and world-leading expertise to create a range of delicious high protein concepts to meet the taste and texture issues that the elderly and patients face.

Supply:

EU: Seasonal decline, unusual hot weather and not enough rain has adversely affected milk flow.

Available milk is mostly channelled towards cheese production.

NZ: June and July are typically the lowest months of the year for milk production in the region. Currently the region is in the early stages of the new production season, and milk production is expected to gradually increase over the next few weeks.

US: Milk production reported to be growing, especially in the southern side of the region. Manufacturers are getting the milk they need for processing to mainly meet local demand. Milk prices are reported to have dropped in the last few weeks, with farmers also experiencing increasing operating and feed costs.

SA: Weather forecasts are predicting a more than 50% chance of another El Niño weather condition, which could result in drought conditions in certain parts of the country. Lower rainfall conditions and higher than average

temperatures expected from November 2018 to early 2019.

Demand and product information:

Butter supply for spot market is currently reported to be tight, and regular customers have contracted stock into the last quarter of the year. There is uncertainty reported amongst buyers and sellers regarding pricing going forward.

Butter production out of the EU is mainly for the local market, and not much available for the global market.

Cheese supply is reported to be steady to limited, and with demand strengthening.

There are reports that added requests being received are not being met, especially out of the EU.

Most SMP fresh stock has been committed, with very little activity reported in the market for SMP.

WMP stocks available are adequate for current demand. Production out of the EU is reducing due to the milk production going into a seasonal decline. On the other hand, production out of Oceania is expected to increase in the next few weeks. Pricing for product will respond to

market demand.

Outlook:

Overall global demand is reported to be stable, with product availability mostly steady to tight. Regions are at different seasons, and milk production depends on which season the region is in.

Local: South African interest rates remained unchanged in July, lowering the economic growth rate forecast from 1.7% to 1.2%. Business Confidence Index for June 2018 showed a decrease to 93.7 compared to 94.9 in June 2017. Financial challenges of state institutions, higher & less stable cost of energy supply, policy uncertainties, government debt (larger deficit on its current account) were reported to be the main contributors.

CFI ANNUAL SURVEY

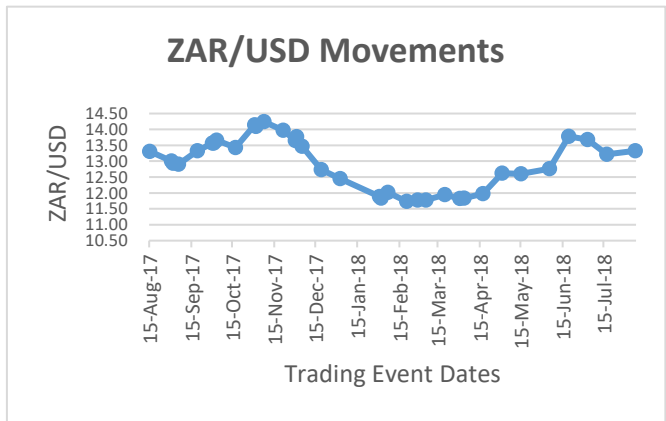
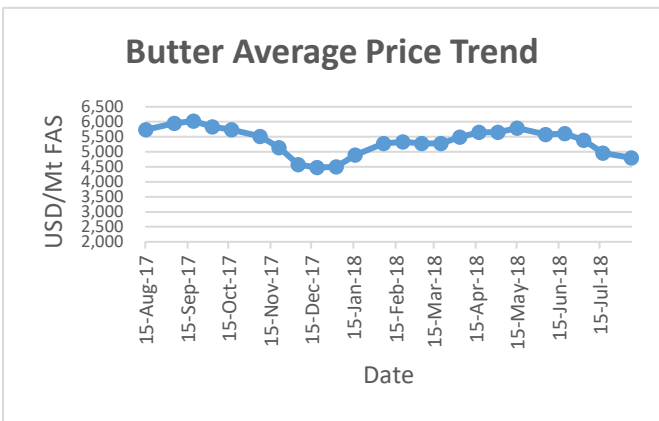
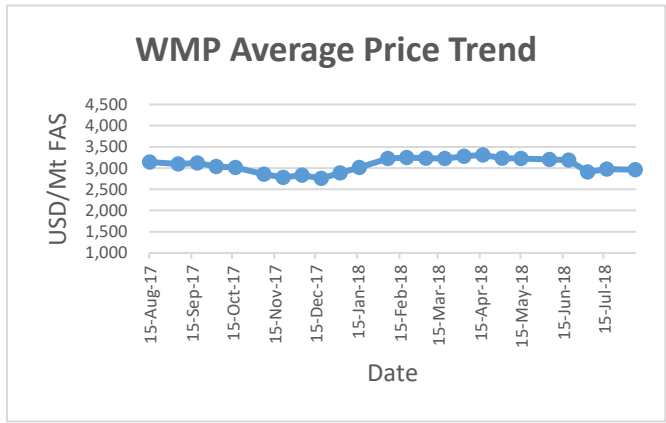
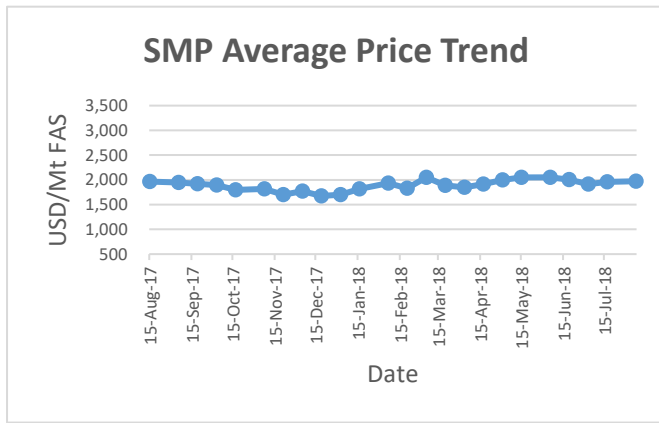
COMING SOON!



INGREDIENTS | Quality Dairy. Quality Life.

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Let's get Technical: Milk Processing Final

Previously, the separation & pasteurisation stages of milk processing were covered. We will now wrap up milk processing by covering standardisation of milk.

The amounts of fat and protein, and the ratio between these, are critical for whole milk powder and cheese manufacturing. Cream cheese, skim milk, whole milk, and lactose (edible lactose or permeate) are used to control the amounts and ratios of fat and protein in these products.

Benefits of Standardisation

- Enables production of a consistent and quality product
- Minimises the impact of seasonal composition variation
- Optimises product yield (and therefore supply)
- Enables compliance to any relevant regulatory composition standard
- Enables different types of cheese to be manufactured throughout the season

In the next edition, we will start to explore milk powders in more detail.



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