



# 32

Sept 2018

www.cloverfonterra.com

## Clover Fonterra Ingredients Newsletter

### SEPTEMBER TRENDING NEWS: “Functional Proteins”

Fonterra’s Sure Protein™ range includes solutions made through advanced production techniques to avoid the limitation of conventional proteins, resulting in products that are ideal for fortifying all kinds of nutritional products. They allow highly stable proteins enabling high levels of fortification, thermal stability, work in lower pH applications and enables higher protein content (higher stability in processing allows higher concentrations). Clean, neutral flavour and smooth consistency delivering superior mouthfeel, resists coagulation at higher temp, tailored viscosity for a range of application, able to be processed at lower than neutral pH, ideal fortification for nutritional beverages, easily soluble, excellent for emulsification.

#### Supply:

**EU:** Milk production on a typical seasonal decline and was also affected by the drought from earlier in the year. There is uncertainty being reported regarding products out of the region due to the milk supply concerns.

**NZ:** Good pasture conditions and an increase in farms participating in winter milking are reported to have contributed to early season milk production increase. Even though most of the milk is reported to go towards WMP production, some processors are choosing cheese and butter production.

**US:** High milk supply reported across the region due to the spring flush, mostly going into bottled milk, cheese and yoghurt. This is also supported by the suitable weather conditions for the herds and for fodders growth.

**SA:** There is uncertainty regarding the impact of El Nino on the upcoming summer rainfall. This has resulted in caution being raised regarding water usage, especially in the coastal regions which are the main milk supply areas. There is also concerns reported regarding the milk production sustainability due to the ongoing drop

in producer pricing since March 2018, as well as raising costs for the farmers.

#### Demand and product information:

EU and US butter production is reported to be enough to meet local demand in the regions. Oceania's butter volumes on the other hand are reported to be increasing due to additional milk going to butter production.

Reports show that global cheese demand is currently steady. Cheese supply out of the EU is uncertain due to the milk production challenges, with increasing supply out of Oceania because of the increased milk supply. US cheesemakers are reporting high inventories but expect the local demand to increase as the holidays approach.

Reports show low demand for SMP for the last quarter of 2018 in both EU & Oceania as most buyers are covered for the period. In the EU contracts are reportedly being signed for Q1 & Q2 2019, showing an increase in demand for the first half of 2019. Oceania is reporting increased SMP supply as production is supported by surplus milk availability.

WMP general demand is reported to be relatively stable and expected to

maintain for the next few weeks. EU production is mainly for local buyers, and Oceania focusing on WMP for their early season production.

#### Outlook:

Reports are that global milk supply for the second half of 2018 and into 2019 is expected to be slow due to hot weather conditions, increasing feed costs and tight margins for producers. This could also result in herd numbers shrinking. New Zealand is currently the only region showing positive weather conditions. There is still uncertainty on the full extent of the trade war being reported as well, with further tension expected that could affect the dairy market.

**Local:** Business Confidence Index for September is reported to be 93.3, improving from 90.5 in August 2018. The main contributor is the increase in merchandise export volumes. Business climate and economic momentum is still restrained due to ongoing concerns regarding policy uncertainty.

One finds limits by pushing them – Herbert Simon

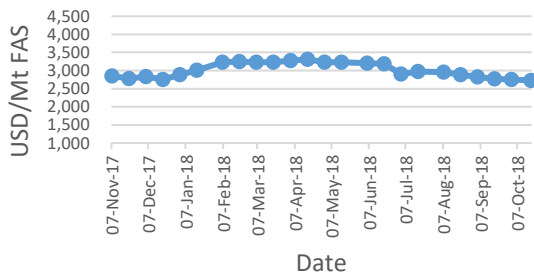


INGREDIENTS | Quality Dairy. Quality Life.

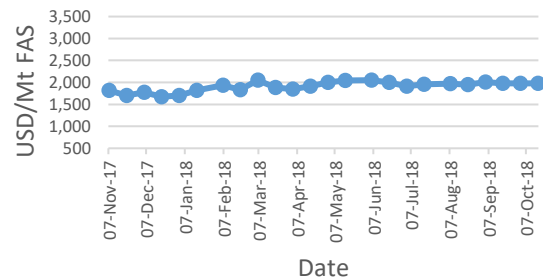
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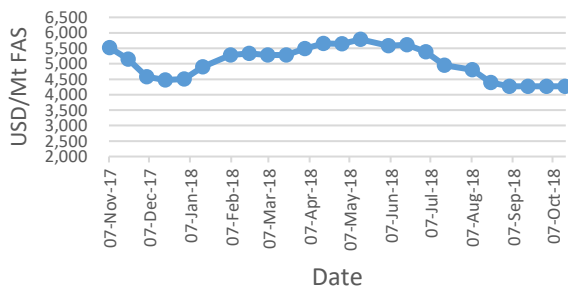
WMP Average Price Trend



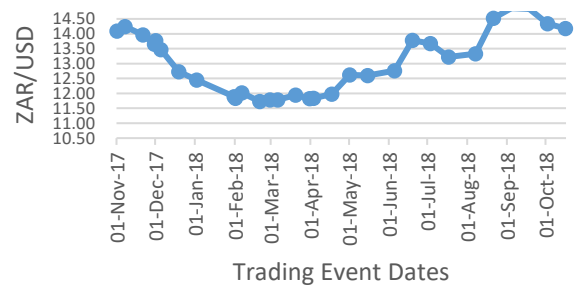
SMP Average Price Trend



Butter Average Price Trend



ZAR/USD Movements



## Let's get Technical: Milk Powders continues....

In the previous edition we covered the reconstitution of milk powders. We will now continue with milk powders by taking a tour of the common characteristics of milk powders. In this edition, we will cover bulk density, powder appearance, flavour and scorched particles.

### Bulk density

- Bulk density is the weight of a substance divided by the volume.
- Increase in density will mean that the same amount of product will take up less volume in the package.
- Bulk density is important in nutritional applications where consumers are instructed to measure a certain number of scoops for specific nutritional requirements.

### Powder appearance

- Milk powders from certain regions might appear yellower in colour than from other regions. This is due to the type of feeding. The feeding affects the level of beta-carotene in the milk fat. The colour from a specific region can be inconsistent as the level of beta-carotene changes throughout the year.
- With regards to particle size, it can influence whether the powder appears fine and smooth, light & fluffy, or coarse & grainy.

### Flavour

- Milk powders should be free from any flavours or odours.
- The protein, fat & carbohydrates in milk powder all play a significant role in the flavour of the end application. This results in different powder ingredients having different flavour profiles.

### Scorched particles

- Scorched particles are burnt brown powder particles caused by build-up of product in hot areas of the dryer that fall off into the powder.
- These particles are visible to the naked eye and may be confused with foreign matter.

In the next edition, we will continue with the common characteristics of milk powders by covering reconstitution, wettability, dispersibility, solubility and sediment/sludge/slowly dissolving particles.



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