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Clover Fonterra Ingredients Newsletter

JUNE TRENDING NEWS: Consumer demand for dairy

People all over the world enjoy the health and wellness benefits associated with dairy foods and products that contain dairy ingredients. The rise in global accessibility of a broad span of dairy products makes it easy to satisfy individual needs and unique taste preferences. The wide range of dairy food and ingredient options creates choices for all types of consumers. Dairy products suit even the special needs of populations with nutrient restrictions or requirements, such as those following low-salt or low-fat diets. Food manufacturers, for instance, can innovate with dairy ingredients to introduce new products to meet consumer health and wellness needs. Foodservice operators can expand dairy's reach with creative use of dairy ingredients in foods that are already favourites, as well as the addition of dairy foods to all snack and meal segments. Chefs can prominently feature dairy as part of menus that strive for culinary excellence. Health professionals can continue to share information on the benefits of dairy and increase general awareness of the accessible, convenient and wellness-enhancing attributes it provides.

Supply:

EU: Milk production is on a seasonal decline, and in the past few weeks adversely affected by exceptionally high temperatures. Reports out of Germany, which is EU's largest milk producer, are that there has been a 2.4% decline in the number of cows in a period of one year due to the weather conditions.

NZ: Milk production in the region is still low as it is the beginning of the new season and is expected to improve as the season continues to peak.

US/America: The southern part of the region is showing an improvement in milk output due to climate conditions becoming favourable. Milk volumes are reported to be meeting processing needs in the region.

SA: The region needs rainfall to counter the effect of the drought that has been experienced in recent years, more especially in the Western Cape. There are concerns that the next couple of months will experience dry weather conditions, which is not ideal for farming.

Demand and product information:

Oceania butter production is reported to be low but expected to improve as the new production season peaks. Due to seasonal decline EU butter production is also on the lower side.

Demand in the region is reported to be stable to slightly lower, which is typical for this time of the season. The US is reporting unsteady butter production as cream supply is expected to become scarce.

EU cheese production is reported to be affected by the reduced milk availability. Despite milk being diverted towards cheese processors the effect is still limited. Oceania reports show that cheese production is currently relatively light, with expectations of improving as the region goes into its seasonal peak. With it the beginning of the new production season in Oceania, SMP production has been reported to still be slow. SMP production out of the EU is also reported to be on the lower side, mainly due to available milk being directed towards cheese. Supply in the region is also tight as buyers contracted stock to counter the adverse effect of

weather, which they expected to affect production.

Oceania WMP production is light due to the new season still being in its early days but expected to increase as the season peaks. EU WMP production is also reported to be on the steady to lower side, with stock just enough to meet requirements. The US reports an increase in WMP production as compared to a couple of weeks ago, mainly due to the availability of condensed whole milk being available for drying. The demand for WMP is also stable in the region.

Outlook:

Supply of dairy products is currently on the lower side due to regions either at the beginning or at the end of their production season, as well as the adverse effect of the climatic conditions

Local: In the last month the local currency has been trading below R15 mark, mainly due to the possibility of the end to the trade war and lower US interest rates. Latest reports are showing that recession might be avoided as economic activities improve and expectations of an interest rate cut.

Mind your business - Unknown

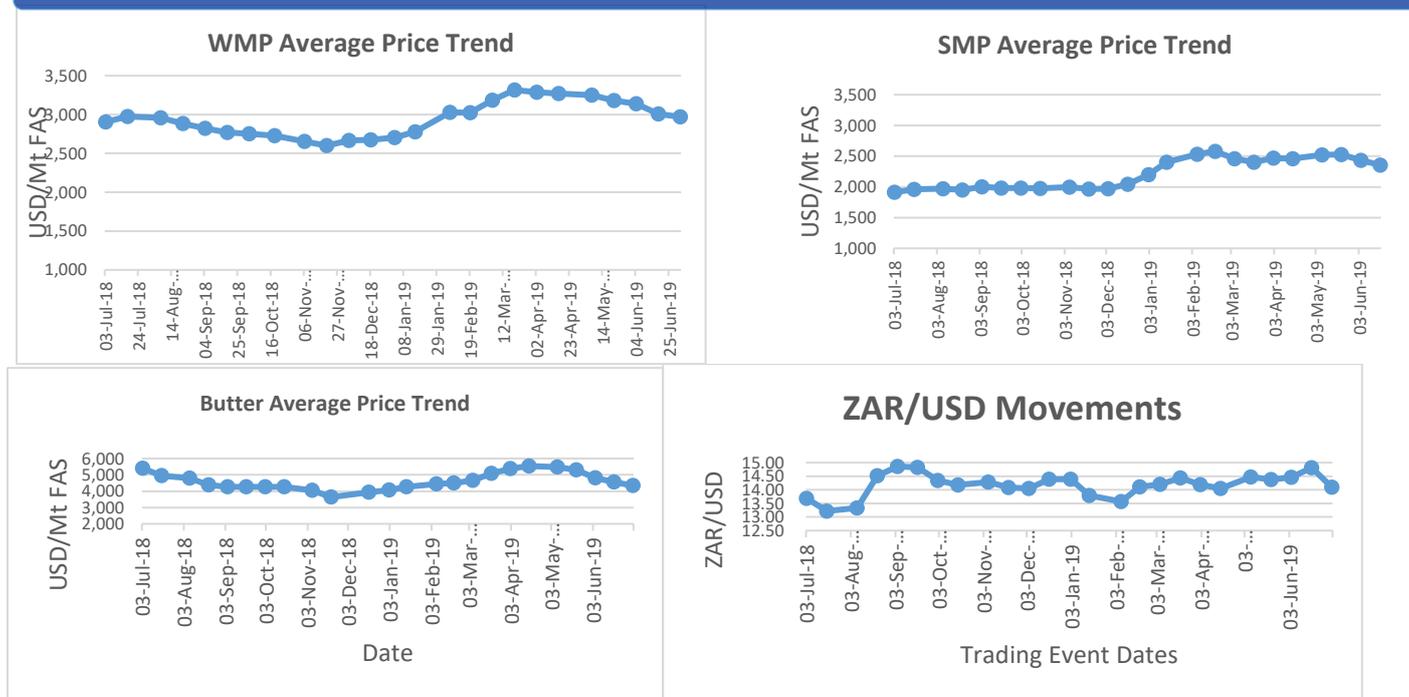


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GDT PRICE MOVEMENTS



Let's get Technical: Protein

Today we are discussing **Whey proteins, Casein Protein and Milk proteins.**

Whey Proteins:

As whey proteins have quite different characteristics to casein, these products will have different functionality in food systems. For example providing water binding, gelling, viscosity and stability in specific applications.

Nutritionally, they are very popular proteins (especially for muscle synthesis) and are characterised by rapid digestion for recovery following exercise.

Sweet Whey Powder (SWP) is not a high protein product, with lactose rather than protein being the dominant component.

Casein Proteins:

Casein protein is the primary component of casein and caseinate. Casein is particularly valued for its functional and nutritional properties. As casein is insoluble in water it is generally converted to a sodium caseinate solution by the customer prior to use

Caseins and caseinates are characterised by very low lactose and high protein. They are generally very heat stable and make excellent emulsifiers. Sodium caseinate is viscous, and is even sometimes used as a glue.

Calcium caseinate exists in micellar aggregates providing for slow digestion and protein release – great for whole body protein maintenance.

Milk Proteins:

MPC, MPI and TMP contain both casein and whey protein, in the same ratio found in milk (80:20).

MPC is available in a range of total protein contents. The protein in standard MPCs behaves like the protein in milk. As such, it makes a great source of milk protein for dairy applications where fresh milk or powders are limited. MPC's are also popular in nutritional applications as a source of quality protein and often favoured for their flavour when compared to other proteins.

Fonterra also manufacture some functional MPC products designed for improved performance for specific applications.



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