



# Dan Ice World

51<sup>st</sup> Issue – January 2020

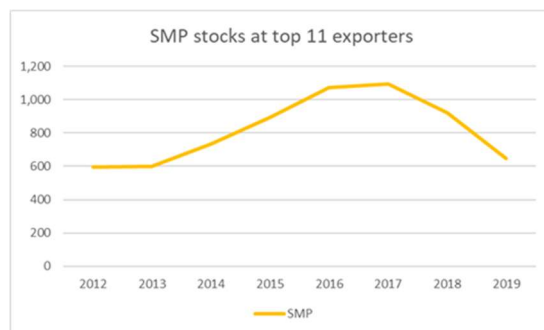
Dear friends and ice cream lovers,

First of all, allow me to wish you a Happy New Year and lots of success and prosperity in 2020!

In this issue of Dan Ice World, I am going to give you a detailed report on the dairy market.

During the year 2019, the whole intervention stockpile was sold by the EU to the market. In the past months, we have seen the spread between feed and food SMP powder narrow to approximately USD 130/mt. This shows that there has been a lot of demand for intervention powder and lower spec SMP.

At the same time, we see increased import demand, with the SMP importing nations importing 5% more SMP than in the previous year.



These higher export figures, in combination with weakening butter prices, resulted in higher SMP prices.

Especially given the fall in SMP stocks (see left figure).



## Supply side

Under the current assumptions, the Oceania season will end up with an increase of 0.8% in the 2019/2020 season. This implies that Northern hemisphere supply developments ahead of the peak in Q2 will be the determining factor for commodity prices in months to come.

**Milk prices** are starting to reflect the appreciating commodity prices of the 2. half of 2019. As a result, milk prices are now finally starting to move away from the breakeven levels where they have rested for most of 2019.



This will most likely lead to more substantial supply growth rates and more or less balanced supply and demand growth as of Q2, but Q1 of 2020 is still tight in terms of export surplus availability. Especially, if weather disruptions undermine the current supply growth assumptions.



**Butter and AMF prices** have not yet joined in with the upward momentum in proteins due to the remaining butter stocks in the EU. Once butter stocks are gone, milk prices could rise quickly to higher levels and the likelihood of downward pressure as of Q3 of 2020 will grow.

## Demand side

After another month of strong exports in September, the 9-month increase in total import volumes by the 10 main importing countries is already approaching 2 million tonnes of milk equivalents, which has become the full year average over the past few years.

It even seems likely that we will break last year's record of 2.2 million

tonnes of MEQ. Especially, since China already reported a 34% increase of whole milk powder imports in October.

When we keep in mind that the main conclusion of the above supply paragraph was that Q1 could still be tight in terms of export supply, then it is obvious that import buying behavior in Q1 will also be important for the direction of prices.



Those buyers that have not yet covered themselves sufficiently appear to have adopted a 'hand-to-mouth' strategy based on the assumption that supply growth and export availability will improve as the year progresses.

This strategy probably makes sense as the prospect of strong milk production is a realistic one. The flip side however is that during February/March many buyers can come to the market at the same time, in which case the current stable prices can move up again.

The combination of higher than average inventory levels and hand-to-mouth buying behavior implies that we probably should not expect the buy side to push prices to much higher levels in months to come. Unless weather disruptions trigger nervousness amongst buyers, because supply is not yet strong enough to create comfort on the buy side.



## Conclusion

The last few weeks of 2019 and the early start of 2020 were very quiet on the dairy market. The last GDT of 2019 showed a significant price decrease for almost all products and the little business that was concluded was almost all at lower levels than before. However, with everyone coming back to work in this past two weeks, the market

has almost completely recovered to the levels of early December and is moving higher. Many buyers clearly considered the lower prices of end December as a buying opportunity. Fundamentally, market is still the same; there is limited growth in milk production and relatively less milk expected to flow to commodity products.

**Best regards – Cameron Skandarioon**

## Sharing the Ice Cream Expertise to the Indonesian Market

On 4 December 2019, Tetra Pak experts provided the Indonesian ice cream players with key global and regional trends at an exclusive customer seminar for the ice cream industry in Jakarta.



Tetra Pak shared insight in ice cream processing to more than 50 participants of the events, including customers and media.

During the full day event, Tony Mehrtens, Processing Director, Tetra Pak Indonesia elaborated, 'The predicted growth in the ice cream category is a great opportunity for businesses in Indonesia. To realise this opportunity, businesses need to keep innovating in order to meet the rapidly evolving consumer trends. Consumers are interested in purchasing ice cream that is appealing to all senses, not just taste.'

Steen Rasmussen, Sales and Marketing Manager, Business Unit Ice Cream, Tetra Pak Denmark, also explained that ice cream is one of the world's favorite desserts.

'The demand for novelty is relentless and product innovation is essential for our customers – new recipes, new designs, new shapes, new toppings and new packaging formats. It is important to keep a close eye on changing consumer trends, sharing them with customers and discussing the opportunities they may present.'



The customers were also actively participating in a few breakout sessions which talked about Ice Cream Recipes Innovation, Key and Plant Components, Flexible and Efficient Plants and Best-Practice Line Solutions.



We also told the customers about our Ice Cream Product Development Centre in Denmark that brings together the latest technology and experts to help with ingredient and recipe optimizations and processing and packaging solutions to create new products and improve efficiency.

### **Produce any ice cream cone or cup product**

Built around the Big Drum Choice Filler, Tetra Pak introduced a new production solution:

Designed for producing up to 45,000 ice cream cone and cup products per hour, this best-practice filling line is highly versatile. It can produce as many as four different varieties on up to 12 lanes simultaneously.

Use it to make any ice cream cone and cup product – from flat and ball top cones, cups and tubs in multiple shapes and sizes, and logs and cakes in different formats. Numerous filling architectures include side-by-side filling, tulips, flames, chocolate curls, windmill-style filling, nuts, sauces, liquid chocolate, chocolate discs and pencils.



The options are endless. And all these ingredients solutions are available in our portfolio.

### **Maximize your yield and uptime**

Run at the highest capacity in the industry with a line offering unrivalled flexibility. Automated changeovers support fast run switching and automated supply systems for cups and lids are specially designed for maximum output.



### **A high-performance ice cream filler**

The Big Drum Choice Filler is the ideal choice for cone and cup filling. Highly flexible in switching between multiple products, it allows you to configure capacity and product range to need. Its compact modular design saves valuable floor space and facilitates easy up-scaling.

### **Less waste, full food safety**

Flawless product repeatability means your last product looks just like the first. Exceptionally low waste rates of 1.5% for cones and 2% for cup lines far exceed the competition and are fully guaranteed. Ergonomic design puts operator health and safety first and ensures rigorous food safety.





### Responsible, sustainable ice cream packaging

We have been working closely with our supplier of packaging to address one of the main issues that the ice cream industry is facing: Responsible and sustainable packaging for ice cream. Lots of resources have been invested in this and I am pleased to give you an update on the development that we are making.

Today, apart from the PE coated cups and lids that we are offering, a new series of products is just about to be launched: **PLA coated material!** PLA is biodegradable and compostable material. Using PLA coating, cups and lids will be recyclable and industrially compostable.

Later this year, I do expect to bring another good news to you! The indications from our supplier is that mid this year we are able to offer a new material for ice cream packaging that is 100% recyclable and home compostable. This new material, **Re Paper**, will no longer need to go to specialized recycle companies where the separation of the film and paper is taking place. Re Paper makes it possible to reduce carbon footprint drastically...

More info will be provided in due time.



### Upcoming Exhibitions

We shall be present at the 41<sup>st</sup> edition of **SIGEP** taking place **18 - 22 January 2020** in **Rimini Expo Centre, Italy**,



Meet us at **Booth C4-037**.

It should be a great pleasure seeing you there!



**16 - 20 February 2020**  
**Dubai World Trade Centre**



ANNIVERSARY

You will also find us at **Gulfood 2020** – the world's largest annual food event – this year celebrating its 25. edition! We hope to meet you there!

Please let us know whether you wish us to arrange for a meeting.

We hope that you have enjoyed this newsletter.

If you have any comments, please do not hesitate to contact:

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If you are interested in getting previous issues of **Dan Ice World**, please let us know.

