



## Ingredient Digest

Our look at global pricing and trends in the protein and ingredient markets, covering milk powders, whey protein concentrates, lactose and acid casein.

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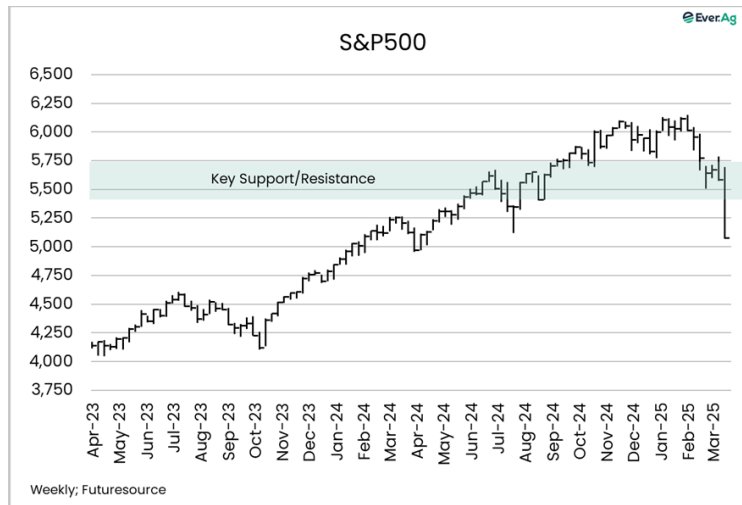
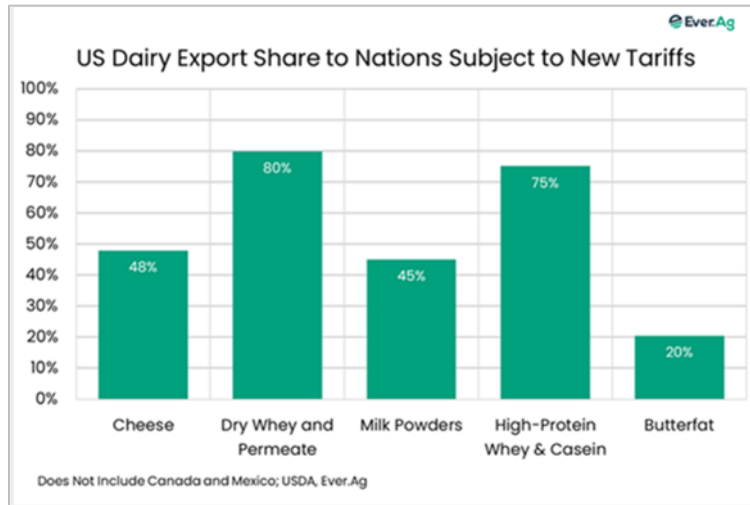
April 2025



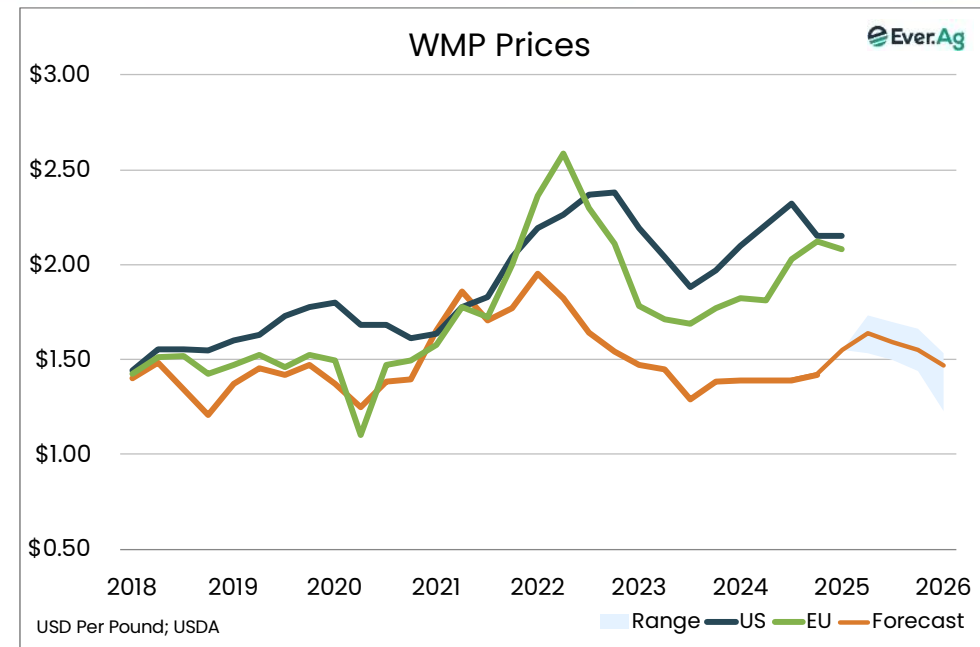
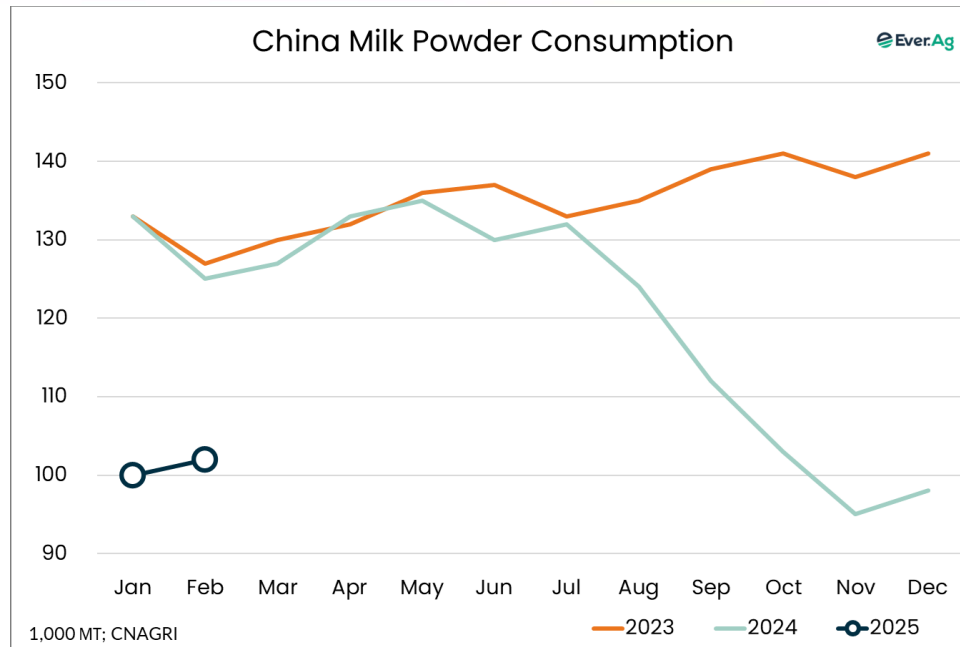
- **Tariffs turn up the heat with China.** Tariffs are escalating in a tit-for-tat fashion between the US and China. As of this writing, China took its US import tariff to 125%. The unfolding situation is most relevant to US whey, lactose, and permeate exports. China accounts for roughly half of all US dry whey exports and about 20% of total US production. And it all just got 125% more expensive. If China says no to US whey ingredients at these prices, can it source enough from other suppliers like Europe or New Zealand? Will that leave holes for the US to backfill in countries like Vietnam, Philippines, Malaysia, Thailand, and Indonesia? This situation is paralyzing business in the short term, likely leading to some canceled orders and uncertainty – all bearish.
- **US cheese and whey investments are in their ramp-up curves, but will plants have enough milk?** We believe we'll see about 2% year-on-year milk volume growth in 2025. The rough math shows we need about 3% to fill up these new plants. Cheese and whey plants are most likely to get the first crack at new milk supplies, but that may leave powder plants running on empty. If that's the case, lackluster drying activity could provide some underlying support to milk proteins while whey solids flow from new capacity.
- **Price matters to consumers.** Life is getting more expensive, and consumer spending faces pressure from multiple fronts. We expect another round of price increases for sports nutrition items to erode demand. Most vulnerable: mainstream items that formulators are powering up with whey protein at every turn. Will consumers spring for premium protein-enhanced oatmeal or waffles, for example? We're skeptical. We may be reaching saturation with super-premium options. And with upper-income consumers driving roughly half the spend, will they pullback dollars considering the recent market turmoil?

Ever.Ag Insights Forecast Summary										
Period	NZ				US					
	WMP	NDM	Acid Casein	Caseinates*	MPC 85	WPC 80	WPI	WPC 34	Dry Whey	Lactose
Q1 2025	\$1.55	\$1.31	\$3.82	\$5.33	\$4.15	\$4.83	\$9.67	\$1.68	\$0.65	\$0.36
Q2 2025	\$1.64	\$1.18	\$3.40	\$5.03	\$3.93	\$4.98	\$9.37	\$1.58	\$0.51	\$0.33
Q3 2025	\$1.59	\$1.27	\$3.21	\$4.85	\$4.07	\$4.22	\$8.25	\$1.27	\$0.42	\$0.32
Q4 2025	\$1.55	\$1.31	\$3.54	\$4.63	\$4.20	\$4.15	\$8.17	\$1.29	\$0.40	\$0.32

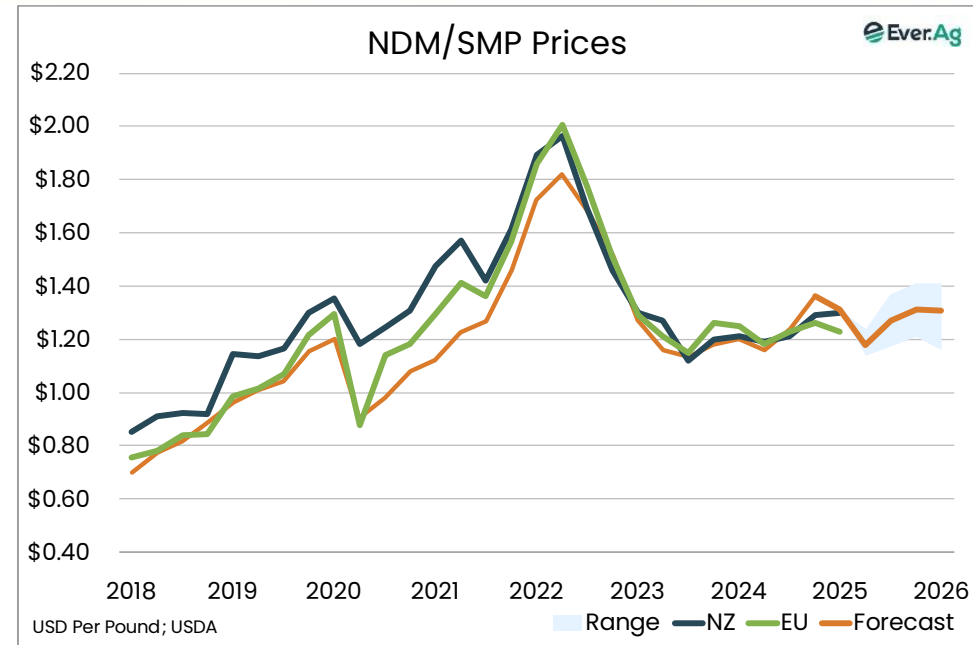
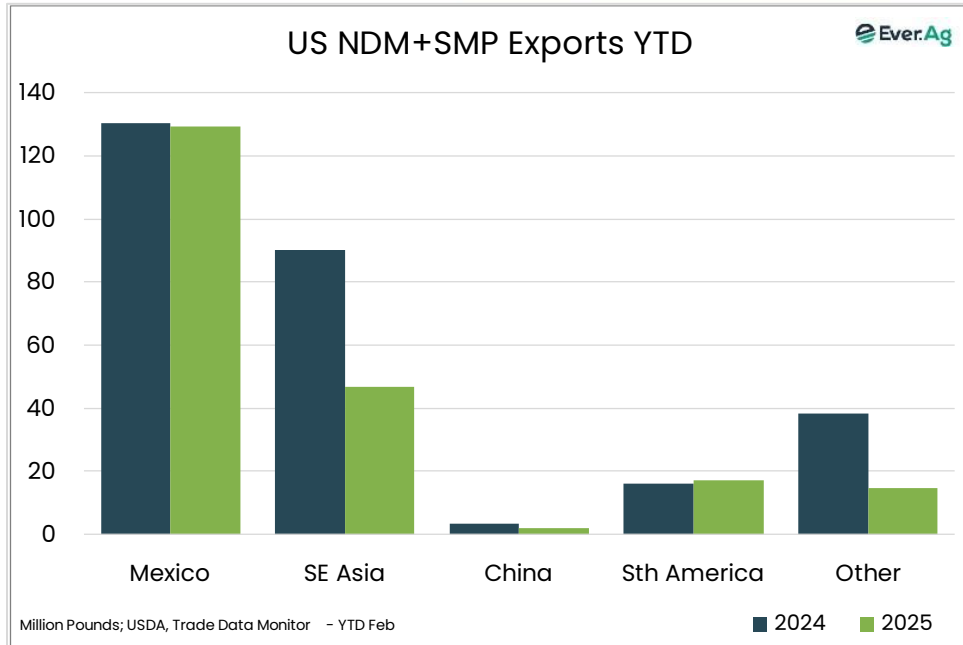
USD Per Pound; Simple Avg, Ca/Na Caseinate\*



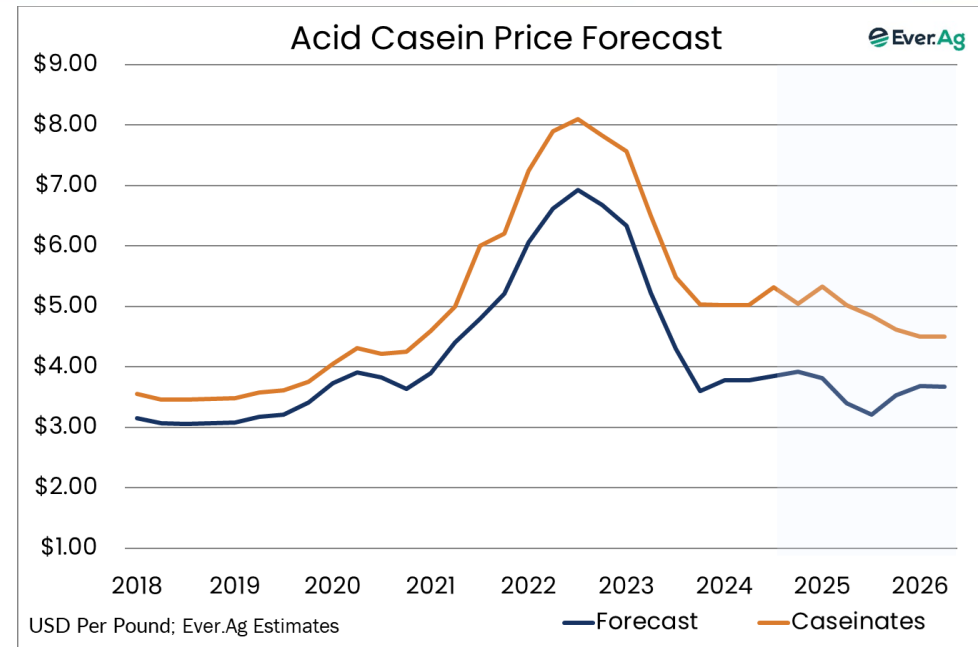
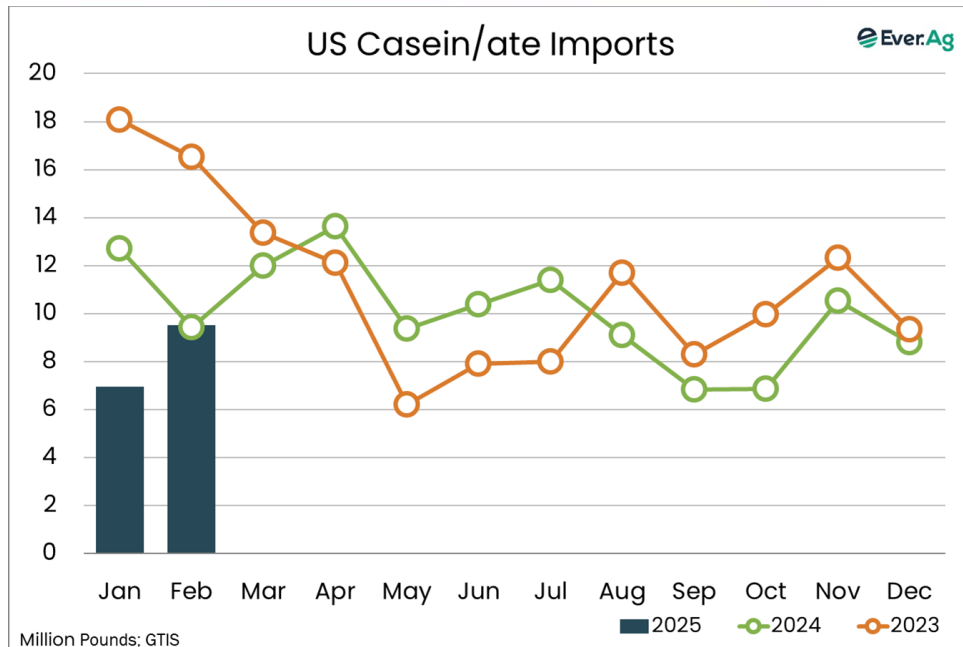
# WMP: Nothing Bullish



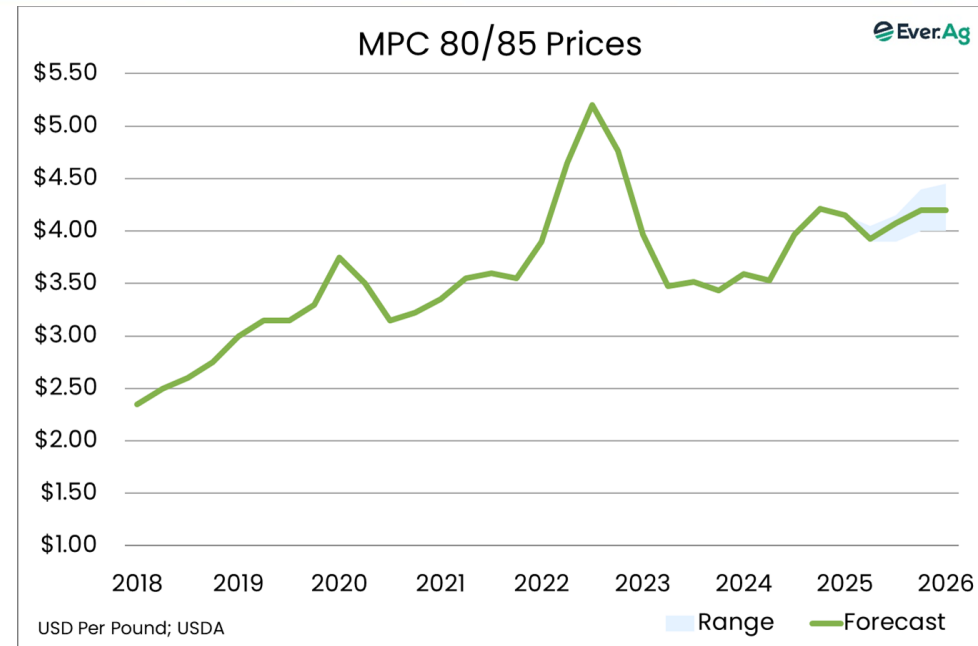
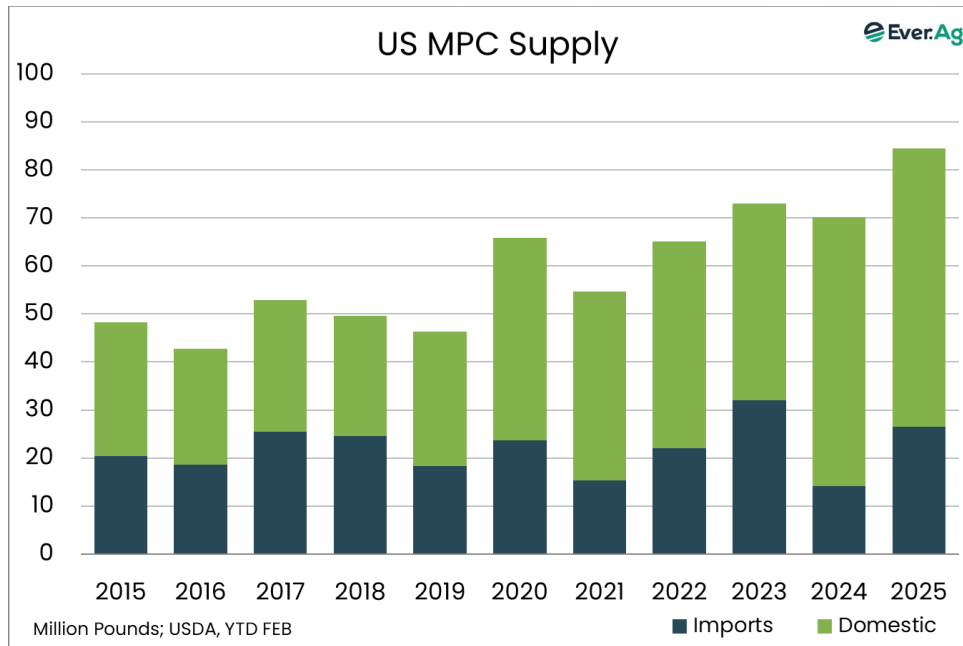
- Statistics from China lean bearish. Milk production was down 5.4% in February versus prior year, but farmgate milk prices continue to move lower right along with it, implying an oversupply situation. Consumption also came in far below last year's level for February, down 13% year-over-year adjusted for the leap year.
- China's participation in GDT Event 7 was 14% lower than last year's weak comparable. WMP prices have been sideways at just over \$4,000 per metric ton lately and are likely to stay that way if China's buying interest doesn't increase.
- WMP prices tend to be highly correlated with butter and SMP values. Between weak Chinese demand and high butter prices in EU eroding demand, WMP prices are expected to soften through 2025.



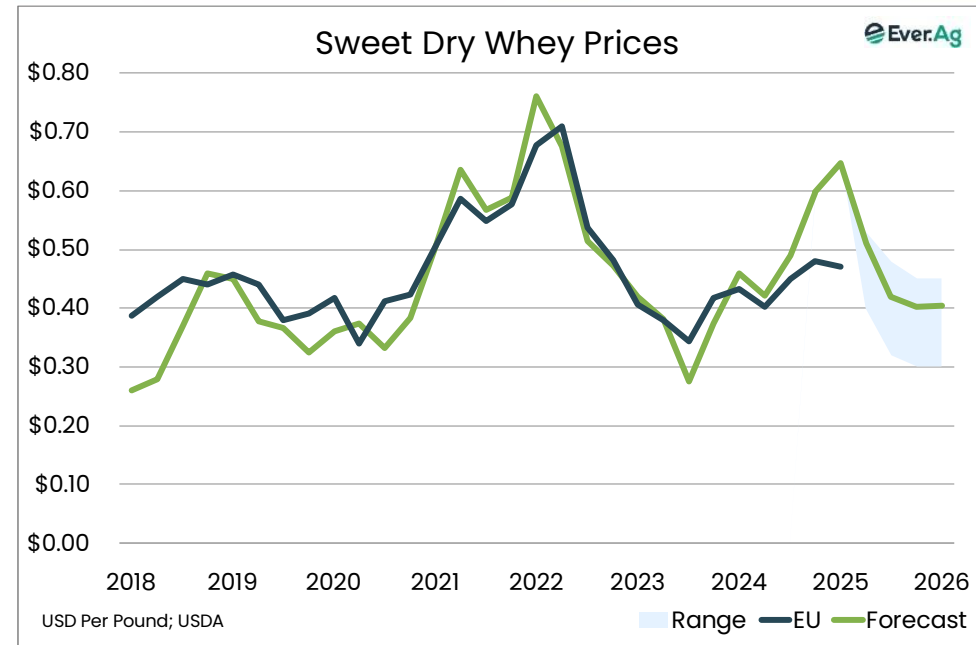
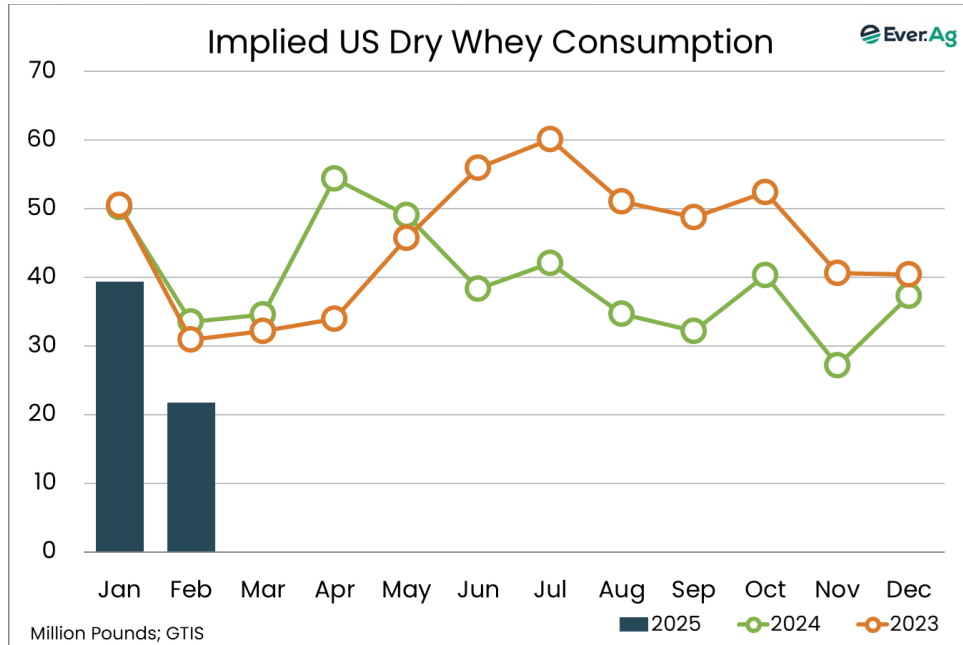
- US NDM prices have bounced off recent lows but remain the lowest-priced supply. Weak global demand remains the primary feature of the NDM/SMP space. While February output took a step back from January, lackluster domestic and international consumption allowed US February stocks to grow to 329 million pounds, the highest since 2021.
- Looking at exports, US NDM+SMP sales in February marked the fifth consecutive month of negative year-over-year sales, totaling 107 million pounds, down 28% from 2024. Volume to Mexico took a hit, but an even bigger drop came in a 54% decline to Southeast Asia, with only 24 million pounds shipped, down 54% or 29 million pounds from 2024. Global balance of product is likely to keep prices above \$1.10 per pound, but not by much. While risk is still present for tighter supplies due to cheese plants pulling more milk, generally weak powder demand will keep prices from turning sharply higher.



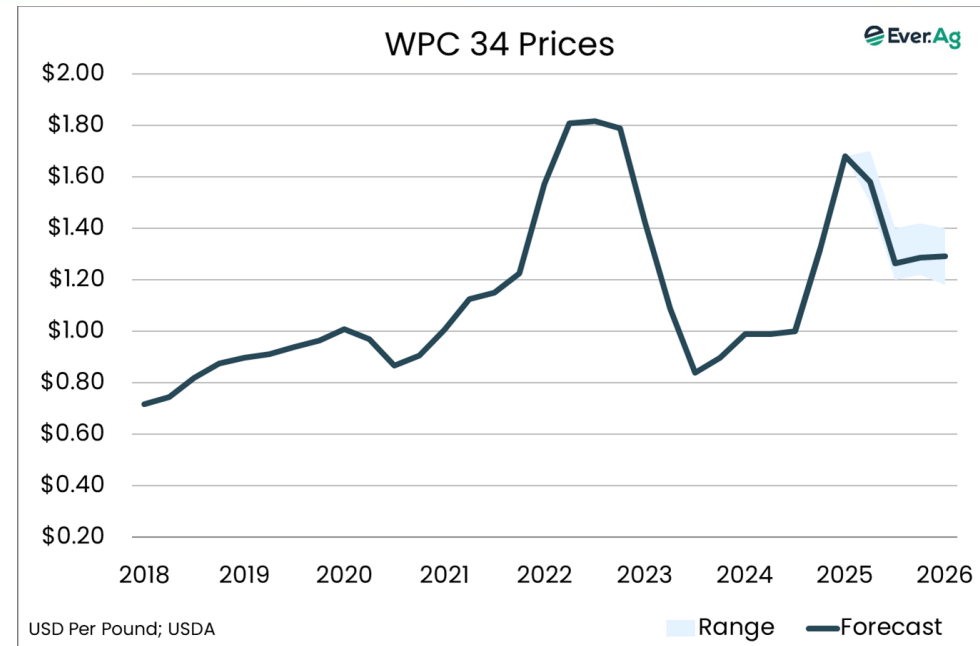
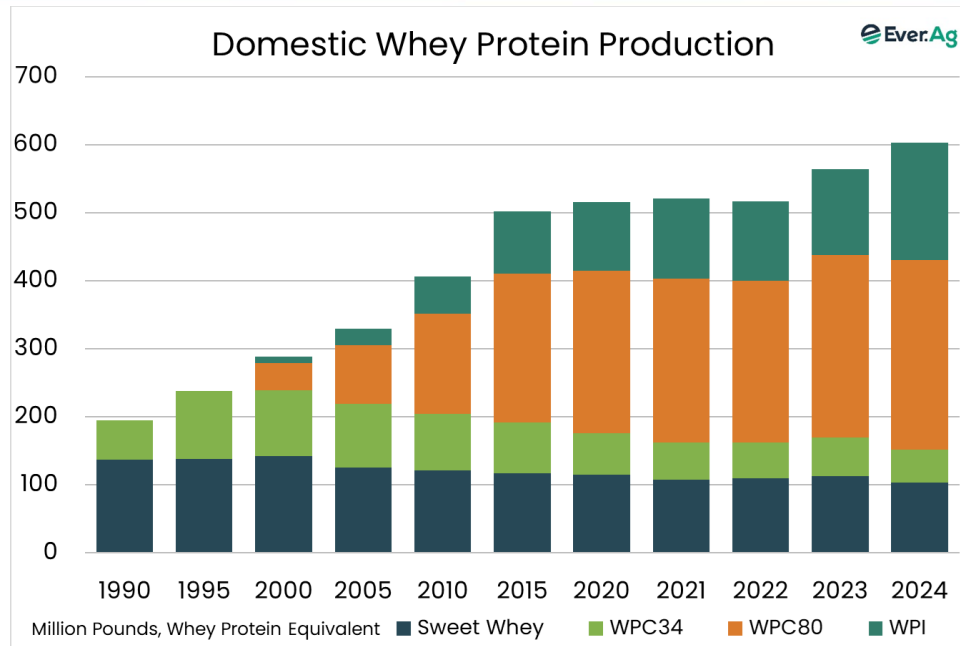
- We hear consistent notes on the demand side – very good sports nutrition demand. Medical nutrition demand hasn't slowed its healthy pace, either. Creamer demand in the US and in China are reported as decent but could be better.
- On the supply side, more product seems available. A ho-hum global SMP market makes casein and caseinate production a more attractive sale, keeping solids moving towards milk proteins. Growing capacity in the US, together with improving milk supply in Ireland, and strong output from New Zealand is keeping this market very well supplied.
- Stocks are reported as healthy in Europe and building in China. Lower and range-bound spot skim prices and continued strength in supply will keep a lid on prices through 2025.



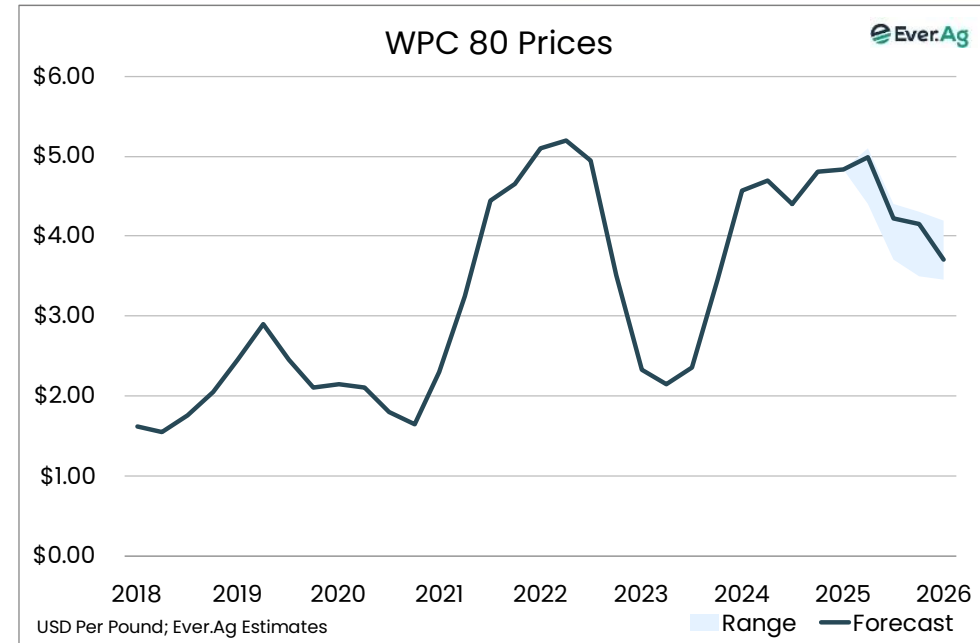
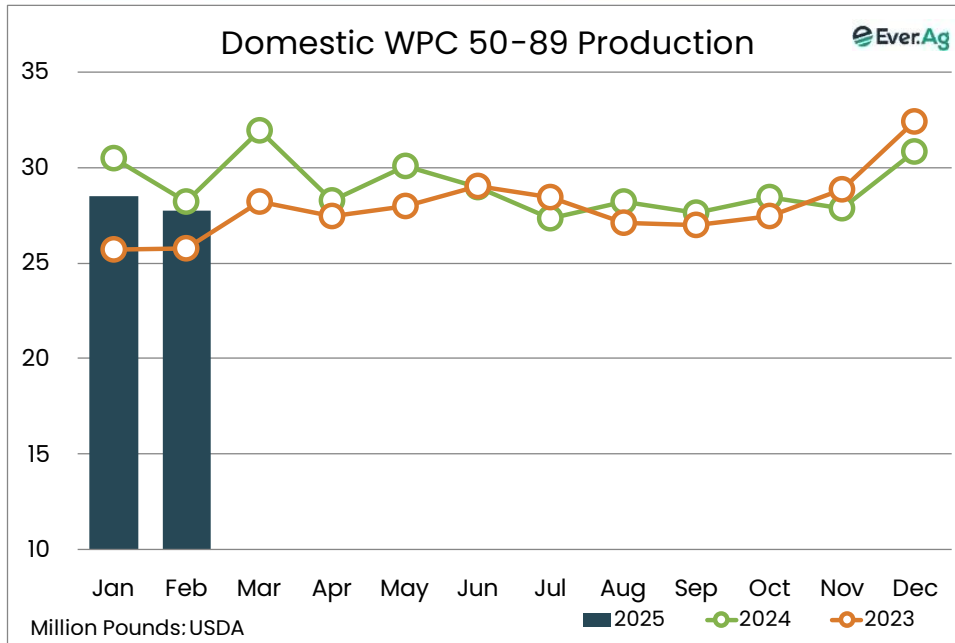
- Prices were generally stable over the last month with MPC 85 prices in the range of \$4.00-\$4.20 per pound while MPI prices sit around \$4.30. Supply continues to be strong in the US, with processors devoting skim solids to higher protein options like MPC85 and MPI, but shorting NDM and MPC 70 output. New Zealand exports continue to be strong with February year-to-date volumes growing by 3%, lapping the strong comparable for the same period last year.
- Demand maintained momentum in the RTD space, holding steady over the past month. While balanced supply and demand fundamentals argue for stable pricing, we keep an eye on underlying skim values. As cheese plants ramp up through 2025, NDM driers could see curtailed production in a tight milk supply environment. NDM markets supported by low production and tight stocks would mean MPC prices move higher along with it.



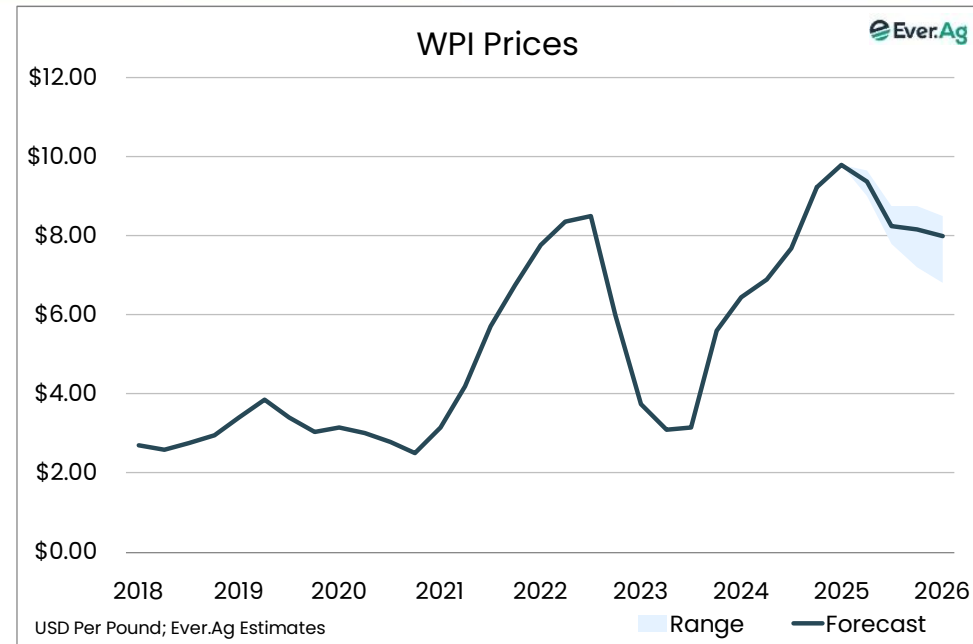
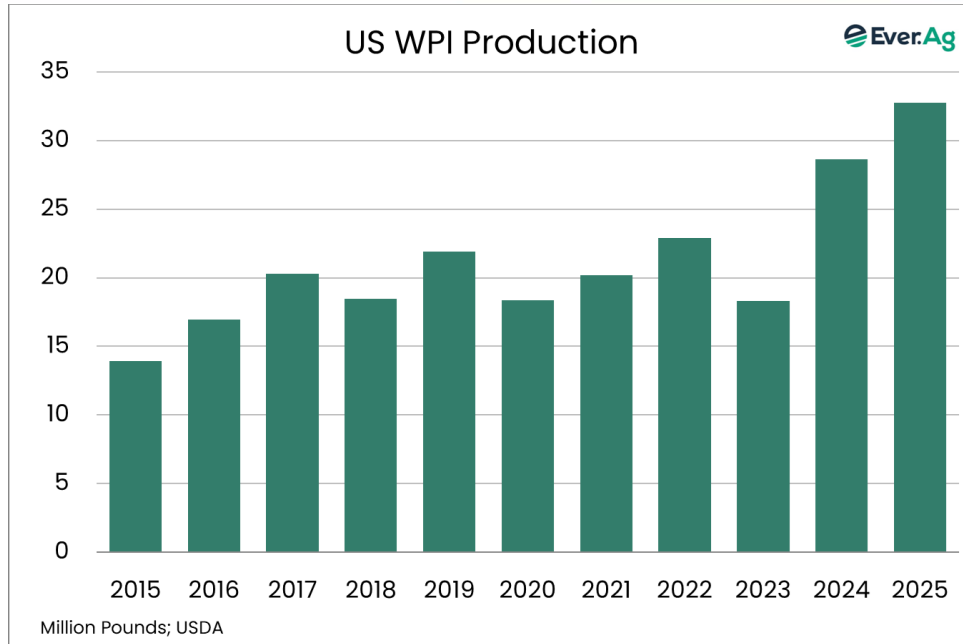
- As covered previously, some processors are making changes to their whey product mix, almost exclusively favoring WPC 80 and WPI over less desirable dry whey. There is new capacity on its way in Q2, and we think that will eventually help offset dry whey reductions. Strength in WPC and WPI prices is likely to keep solids flowing away from dry whey, preventing any appreciable step higher in dry whey output. That could mean “preferred brands” tighten as we saw during Q4 2024, auguring for a rebound in average pricing in the near term despite a second tier of supply at lower prices.
- Further down the curve, though, we believe we’ll see downward pressure on dry whey. Overall, US demand isn’t showing much exuberance. Regarding exports, risk around tariffs and trade disruption are clearly bearish, although by how much is unknown. More WPC output also grows the already heavy permeate supply, providing cheaper export alternatives.



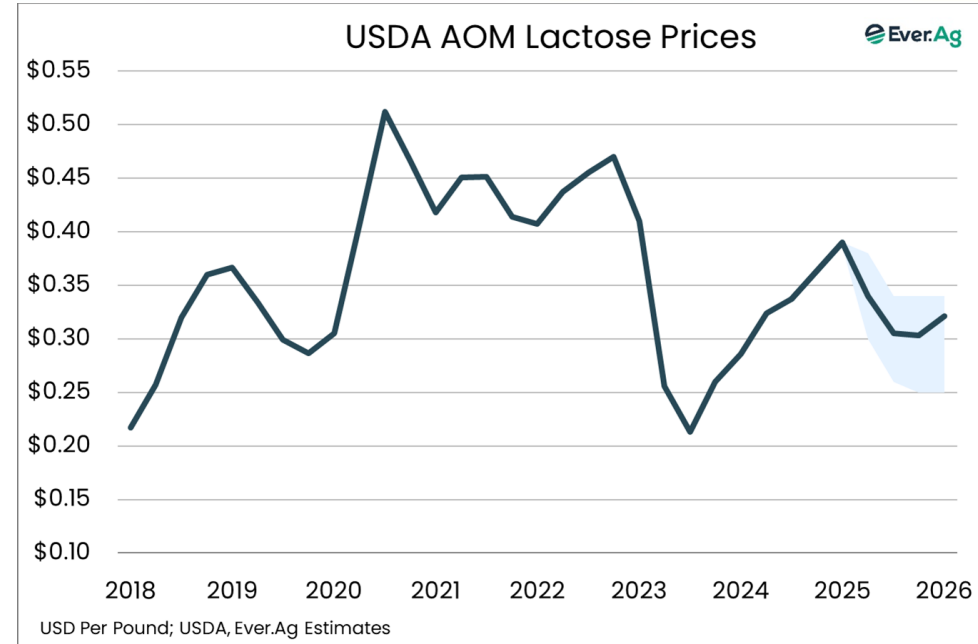
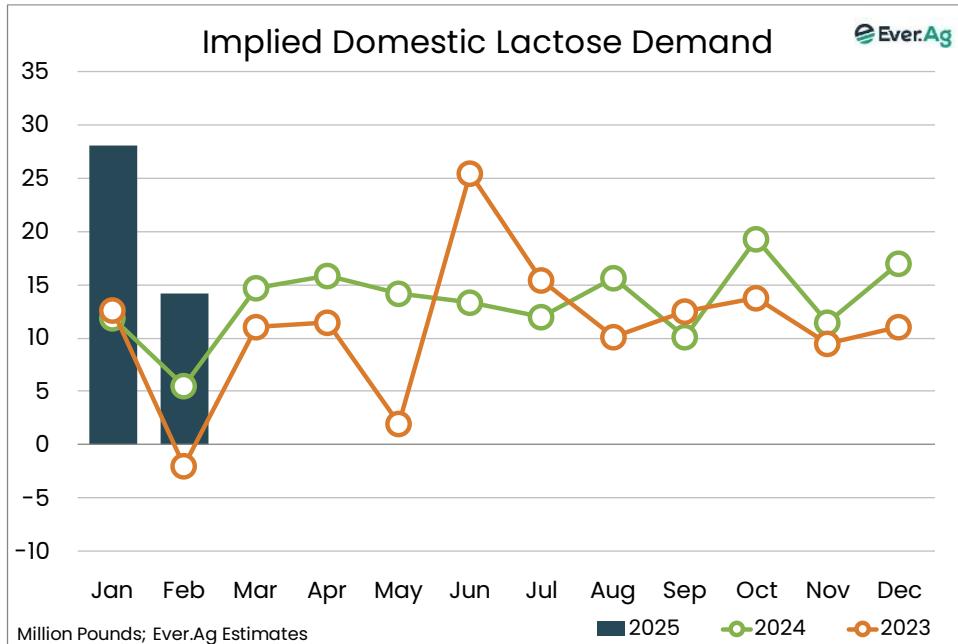
- WPC 34 continues to be the whey product most cannibalized by increased WPC 80 and WPI production. Production continues to drop, with February output a paltry 8.3 million pounds. That’s the lowest monthly output of any month going all the way back to 2010. February stocks were also at their lowest since 2011 at 21.5 million pounds.
- Weak feed markets and no interest from NDM substitute end-users at these prices means that demand is lopsided towards the infant segment. Pricing suggests as much. With prices approaching the \$2.00 mark, who else would be paying up to those levels if there was another alternative available?
- Look for prices to soften in 2H 2025 as more whey solids availability cascades into WPC34, allowing supply to loosen up.



- Output of WPC 80 remains historically high but slipped over the last few months. This is likely due to shifting production into WPI. February stocks of WPC 80 remain tight, sitting at 34.1 million pounds, the lowest level since 2014. Demand remains strong for powders. Around 5% volume growth in February compared to 2023. Exports are up 16% year-to-date through February versus 2024. Compared to 2022, exports gained 54%.
- Prices remain supported in the \$4.70-\$4.90 range, with fewer instances of \$5.00+ reported. Margins are strong for WPC 80, helped by the dry whey price correction through Q1 adding margin to processors' bottom lines. That should keep solids flowing steadily to high-protein. New US supply is still a few months away from being widely available to the marketplace. Sustained high prices are also expected to ration demand. Expect prices to trail lower through 2H 2025.



- Record high output of WPI continued in February. After months of seemingly full-bore WPI production, supply hasn't yet been able to match demand. But we hear reports of slight improvements in availability, narrowing the observed price range and edging it slightly lower over the past 45 days. Prices sit between \$9.25-\$9.75 per pound, with some volumes for Q3 delivery indicated under that range.
- High prices are starting to cure high prices. Export customers have reportedly less interest at this rich price point. If sports nutrition product prices do see a hike in Q2, consumers may not spend through it as in previous years. Some end-users do not want to hold on a pile of expensive WPI, leading them to slow purchases. New capacity starting in July should also help take the edge off supply tightness.



- Demand remains strong domestically. Contacts indicate food grade prices remain around 38-43 cents per pound. Consumption continues with US confectioners pulling extra volumes to substitute for high sugar prices. US exports were lower again in February versus 2023 by 9%.
- Exports may be a problem. The US is China’s largest lactose supplier, averaging 72% of imports and roughly 30% of all US exports. Tariffs of 125% create seriously bearish headwinds for US exports into China. Year-to-date US permeate exports into China were up 42% through February. That may have contained some tariff front-loading, which could slow future purchases. Added high protein whey processing capacity is only creating more permeate solids. Tariffs on top of an already growing permeate stream in 2025 stretch the low end of the forecasted range lower.

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2024	\$1.43	\$1.24	\$3.83	\$5.08	\$3.82	\$4.53	\$7.31	\$1.07	\$0.49	\$0.33
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USD Per Pound; Simple Avg, Ca/Na Caseinate\*

- **Arla Foods and DMK Group announce intention to merge, creating Europe's largest dairy cooperative.** Both play a key role in Europe's protein supply and processing. The proposal is planned to be submitted for approval by the Board of Representatives in June 2025. A press release stated: "The combined entity will stand commercially strong and gain increased resilience through more diversified product portfolios and market positions despite the anticipated decline in the overall European milk pool." [Read more here...](#)
- **Simply Good Foods Report Second Quarter Fiscal Year 2025 Financial Results.** The nutritional foods and snacking company reaffirmed its 2025 outlook to increase between 8.5-10.5%. During the period, total Simply Good Foods retail takeaway increased about 7%, driven by strong Quest and OWYN point-of-sales growth of 13% and 52%, respectively. Atkins struggled and was off 10%. [Read more here...](#)
- **Clarified WPI still clearly trending with more product offerings hitting shelves in 2025.** In the first quarter of 2025, products like Clean Simple Eats' Frosted Lemonade clear soda featuring 20 grams of ultra-filtered WPI per can debuted. That adds to the list of new products pulling hard on WPI supply. Brands like Seeq, Shed, Ascent, and others are addressing consumers' desires for high protein but lighter flavor options than the typically more dairy-forward RTDs and powders. [Read more here...](#) [and here...](#)
- **More funding finds its way into precision fermentation.** Vivici, a Holland-based precision fermenter was founded in 2023 as a joint venture between dsm-firmenich and Fonterra. They recently announced another €32.5 million of funding intended to help launch their fermented beta-lactoglobulin (BLG) product, which now has self-affirmed GRAS status in the US. [Read more here...](#) [and here...](#)



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