



Dairy Product Innovations: Changes In Consumption of Milk Components and Their Impact on the Dairy Industry

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Milkfat: A New Paradigm?

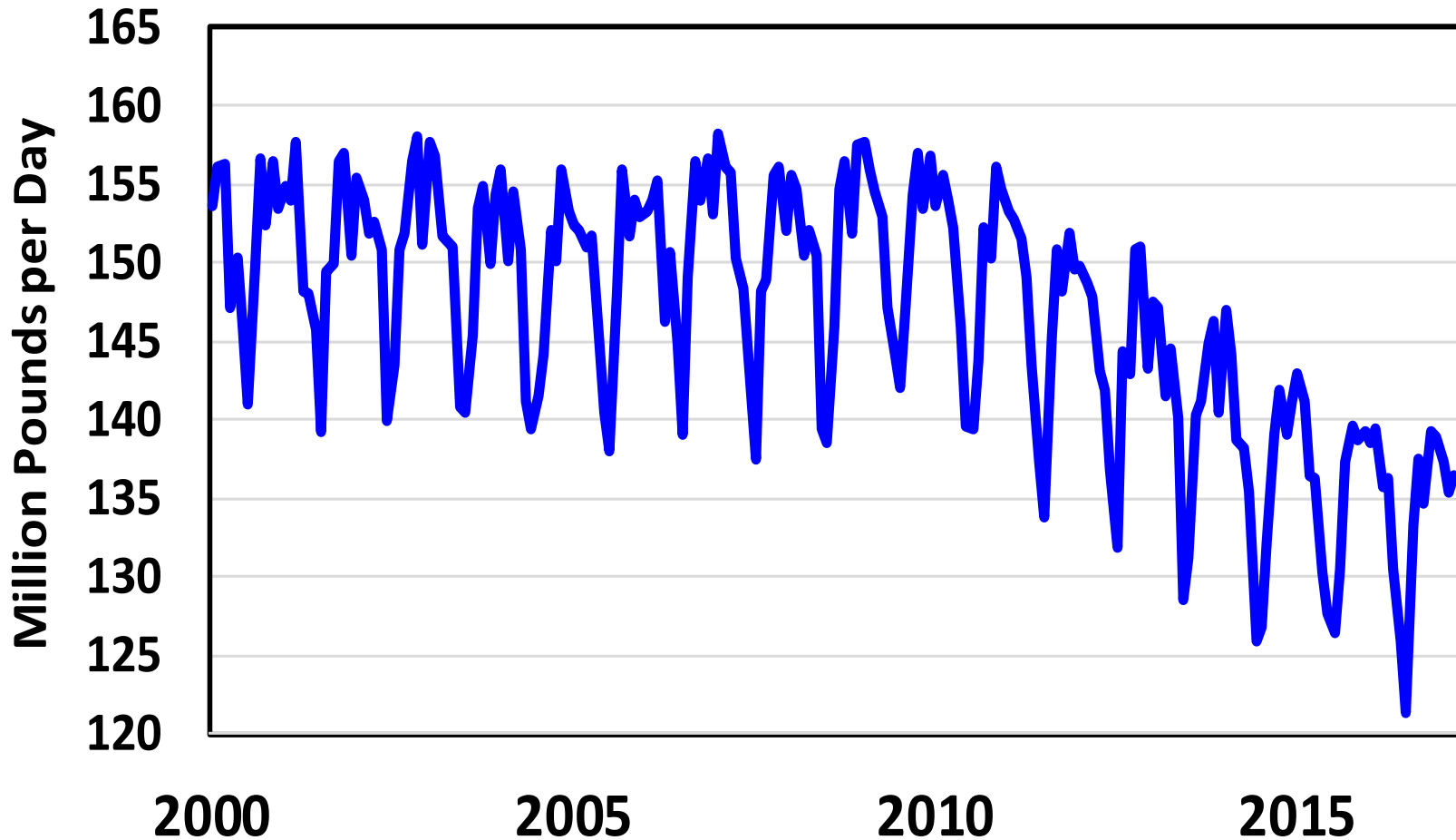
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FAT: THE NEW HEALTH PARADIGM
SEPTEMBER 2015

- ***Natural unprocessed fats are healthy and key to the evolution of a society that focuses on developing healthy individuals, not just treating those who are sick. ... Welcome to the new world of fat.***
- ***Saturated fat has not been a driver of obesity ... the most likely culprit ... is carbohydrates.***
- ***... the intake of saturated fat (butter, palm and coconut oil and lard) poses no risk to our health and particularly to the heart.***

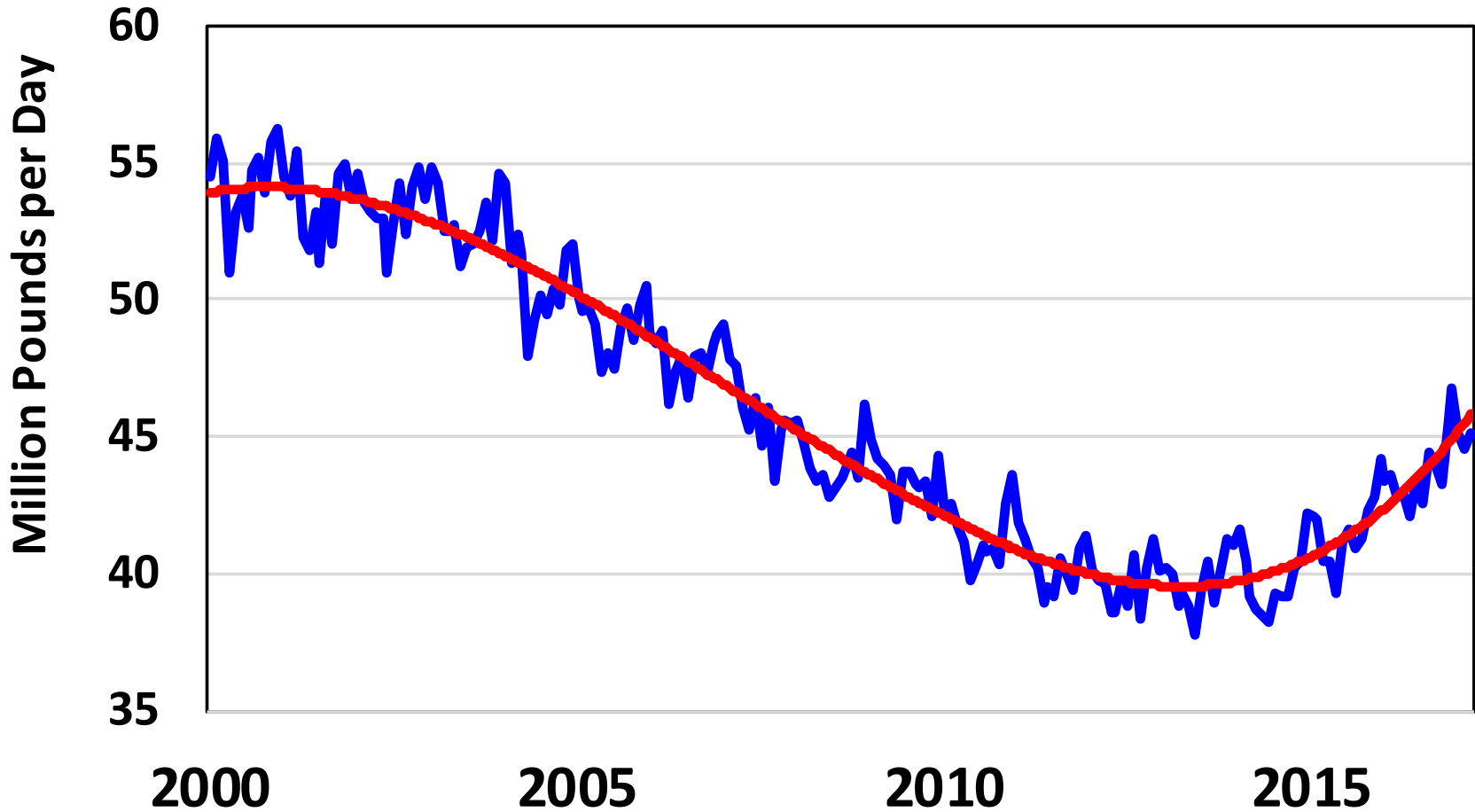
- ***Globally, we expect fat to grow from the current 26% of calorie intake to 31% by 2030, with saturated fat growing the fastest and going from 9.4% of total energy intake to 13%. We expect saturated fat to grow at 2% a year versus a historical rate of 0.6% a year.***
- ***... fat consumption in the U.S. will expand from the current 33% to 38% of total energy intake.***

- ***Among foods, the main winners are likely to be eggs, milk and dairy products, and nuts, with annual rates of growth (globally) around 2.5 - 4%***
- ***On the dairy front, we expect butter and cheese to continue to grow at a fast pace ... Milk and milk-related products should grow by ... 2.5% a year. Butter should continue to replace margarine. Medical research shows that full-fat dairy is either beneficial or neutral in terms of CVD risk***

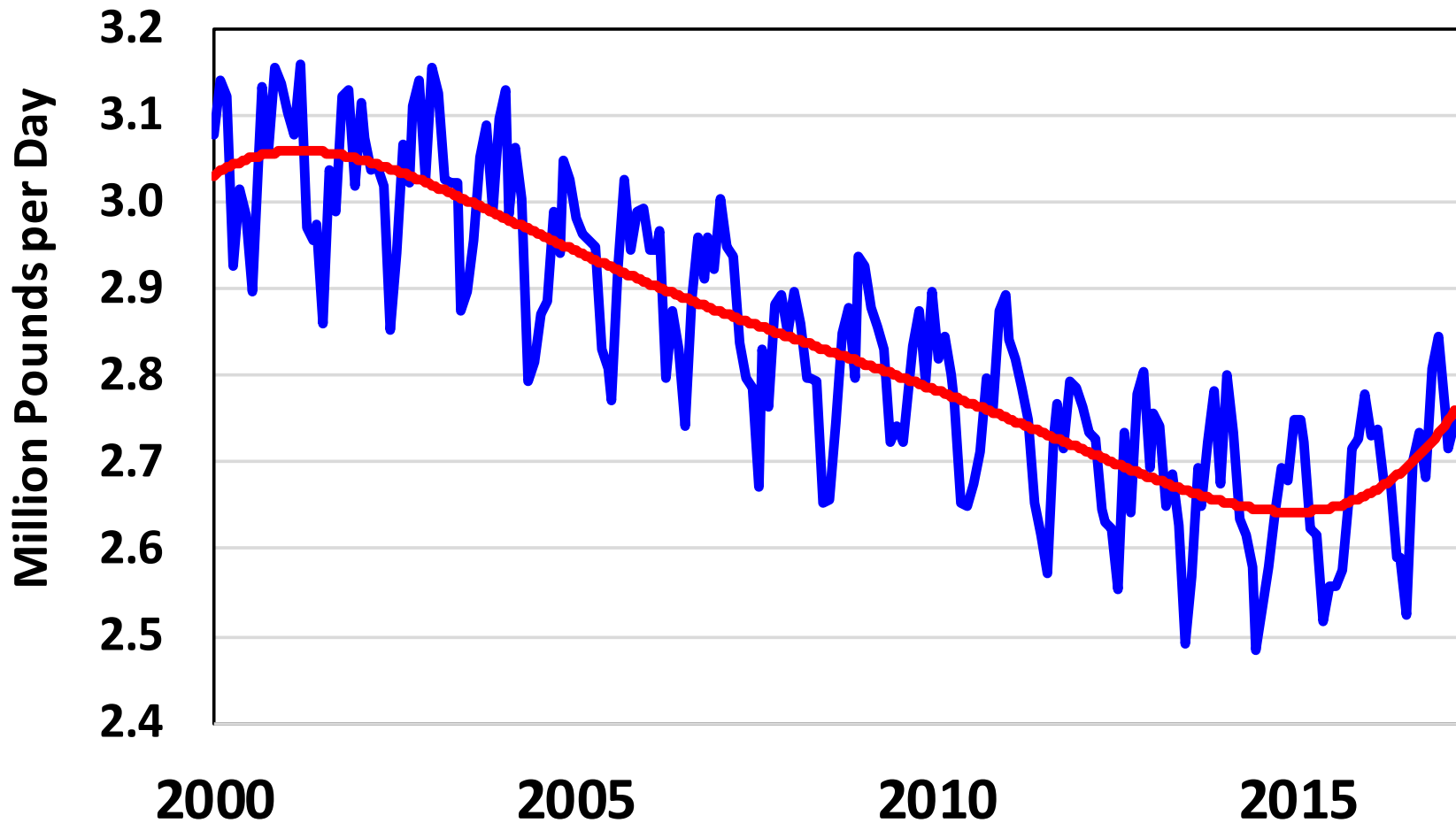
U.S. Sales of Fluid Milk



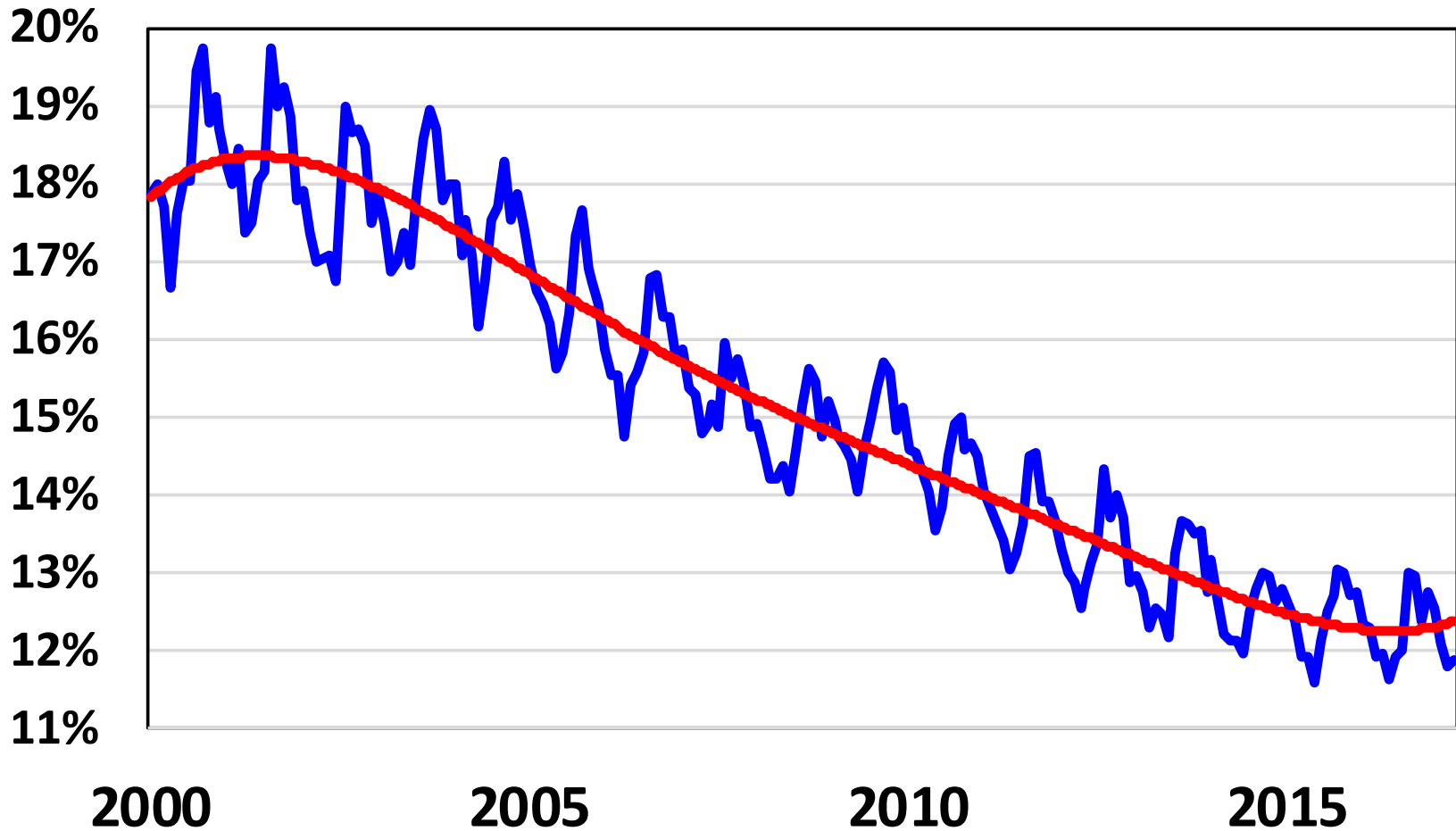
U.S. Sales of Fluid Whole Milk



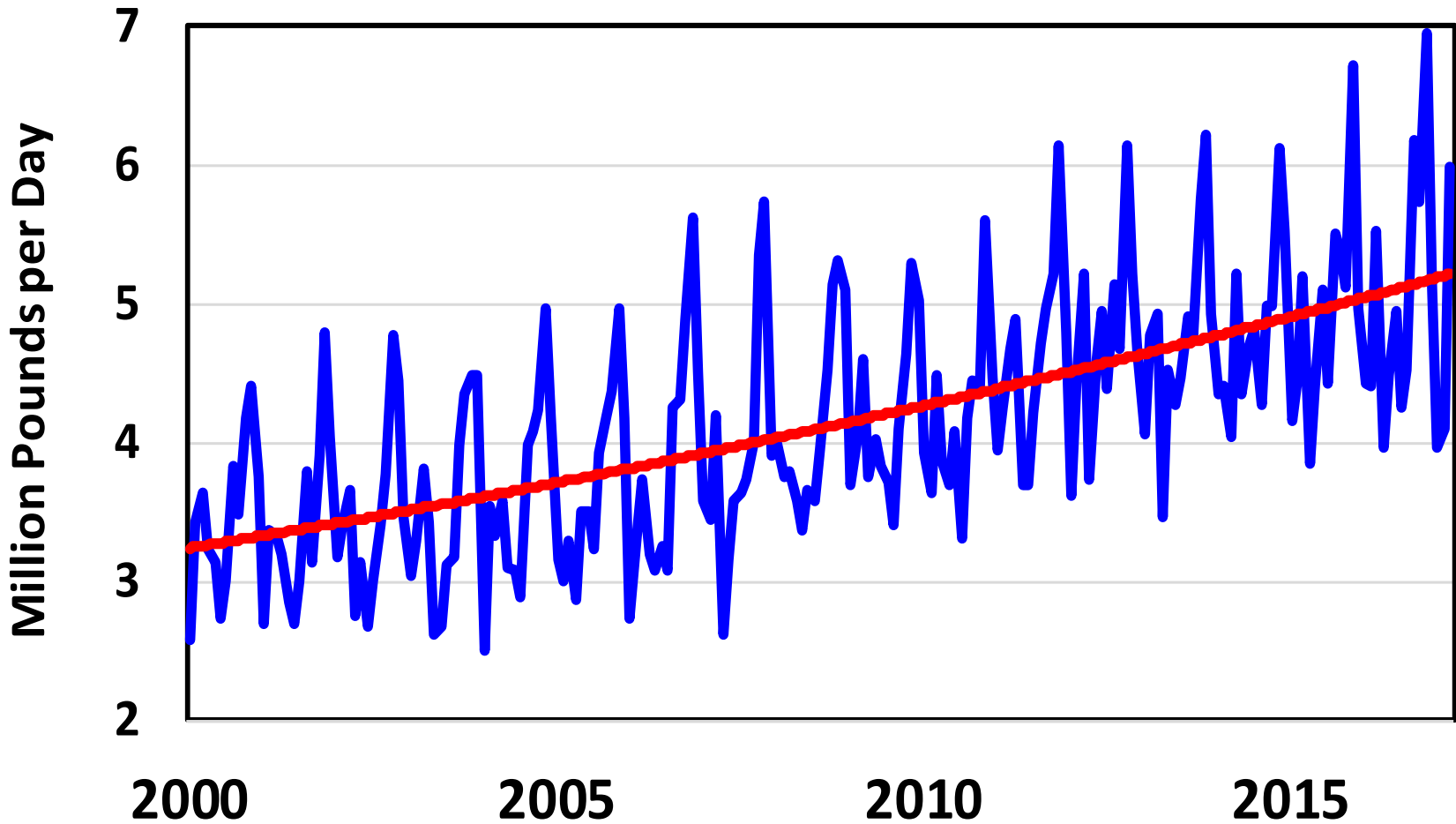
Milkfat in Total U.S. Fluid Milk Sales



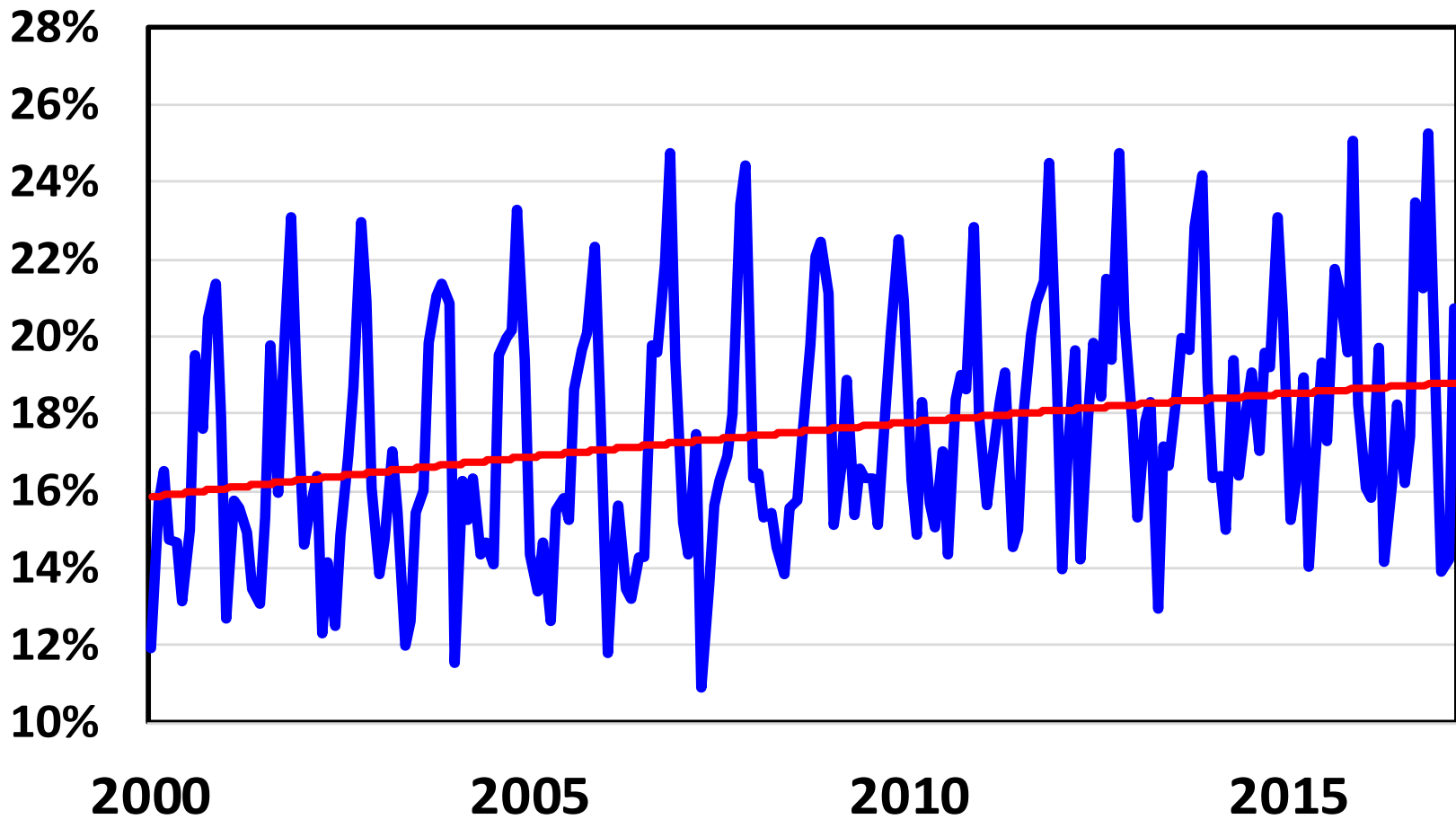
Share of U.S. Milkfat Used in Fluid Milk



U.S. Commercial Use of Butter



Share of U.S. Milkfat Used in Butter



Share of U.S. Milkfat Used in Frozen*

18%

16%

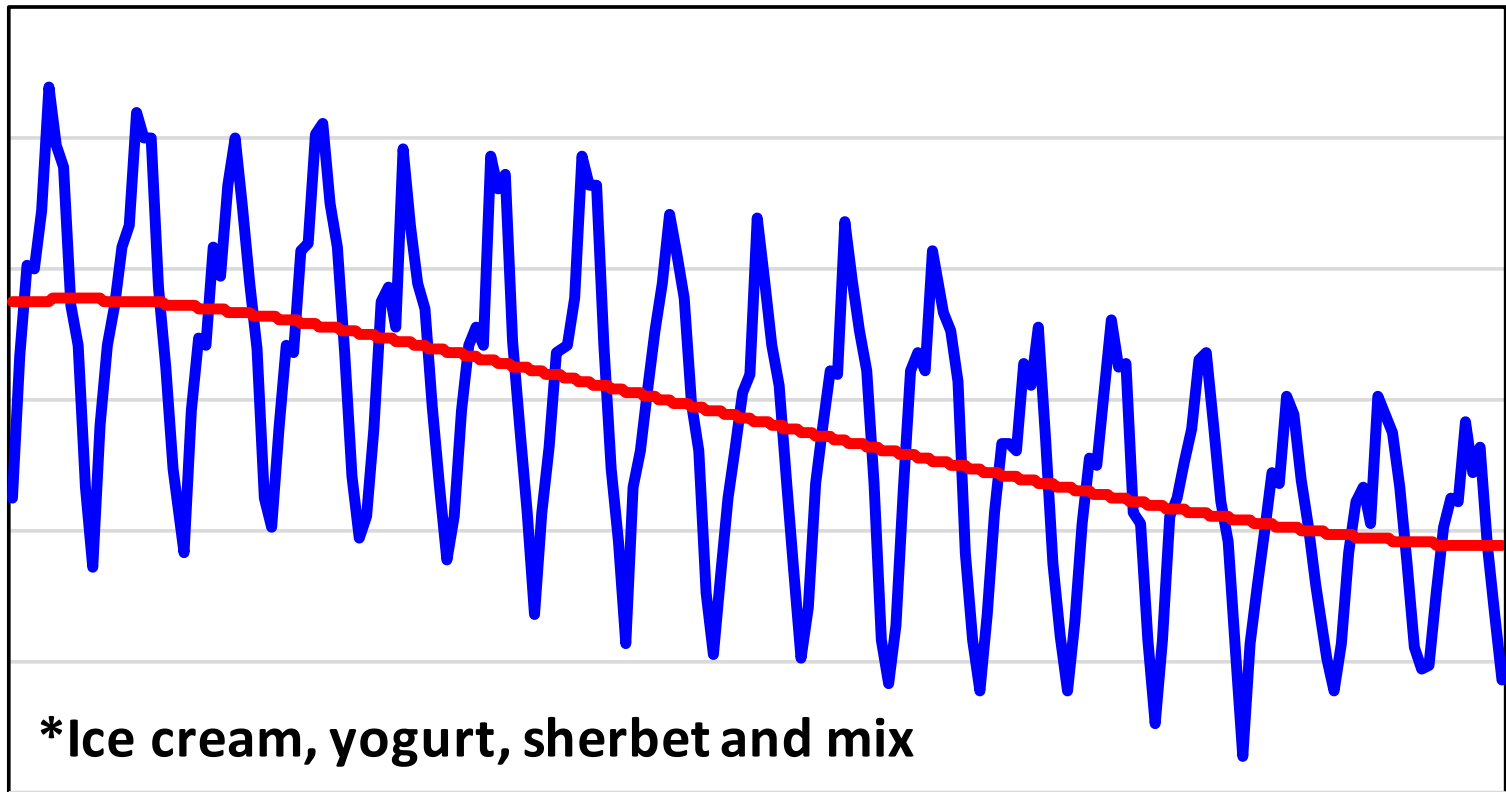
14%

12%

10%

8%

6%



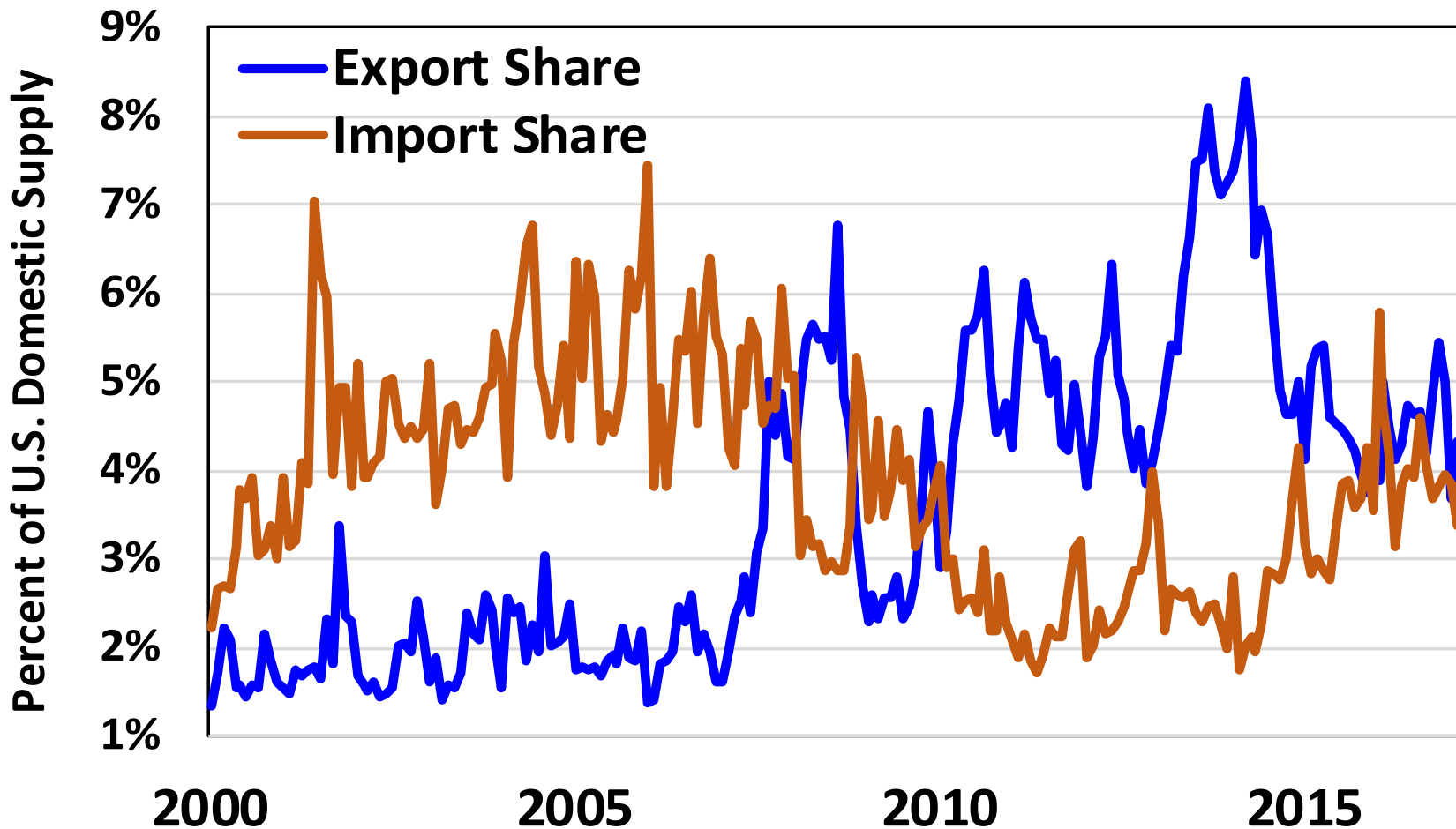
2000

2005

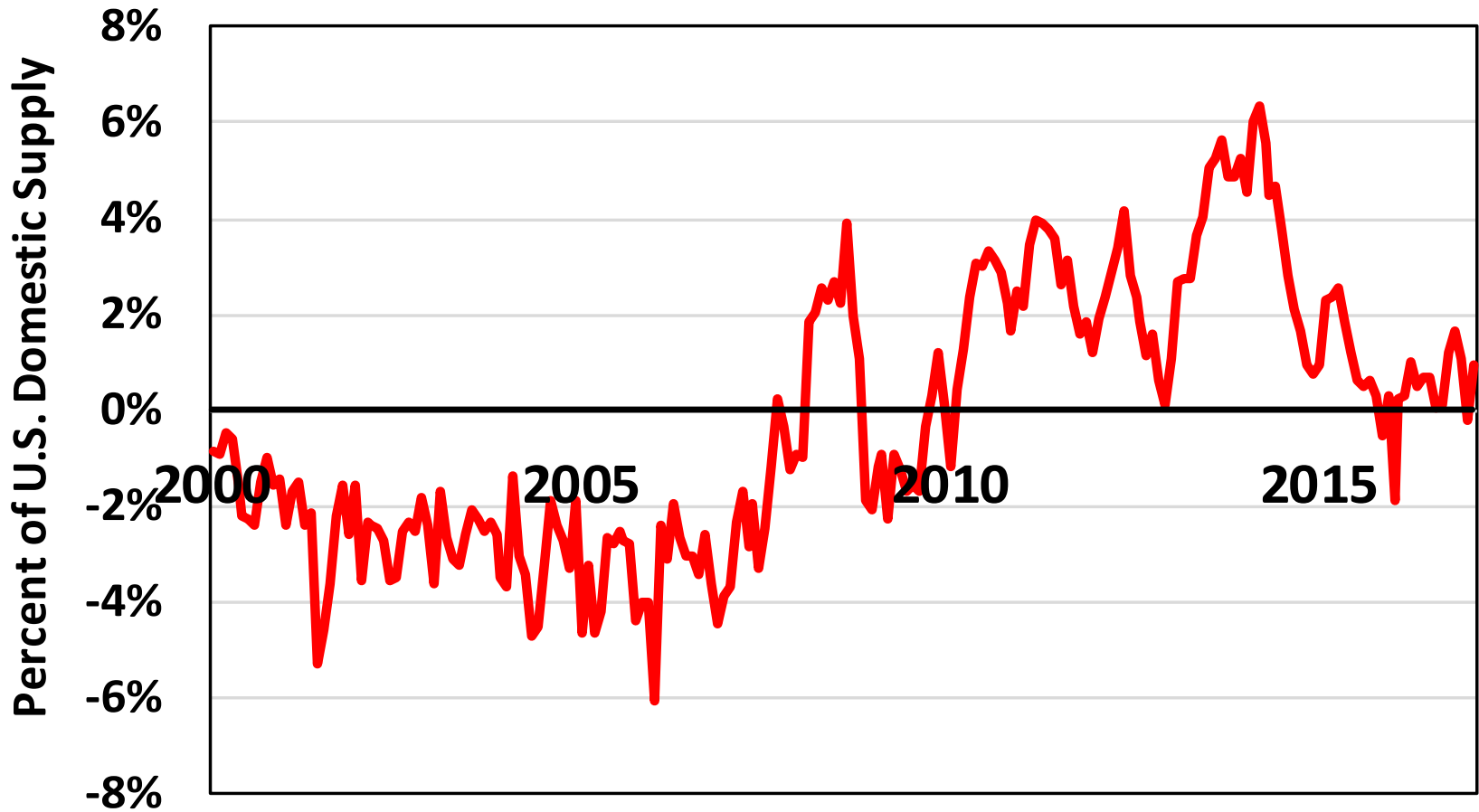
2010

2015

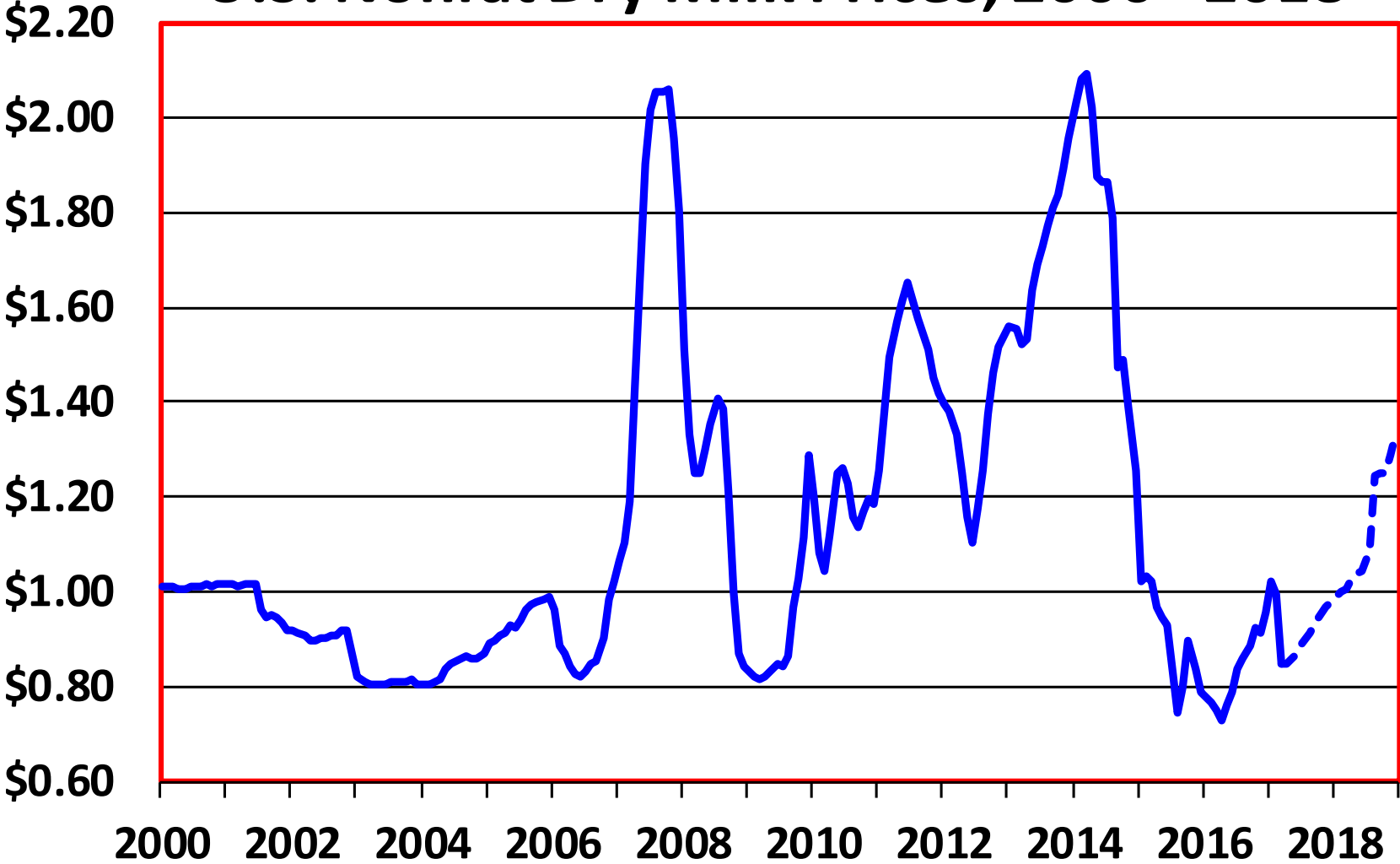
U.S. Trade Balance in Milkfat



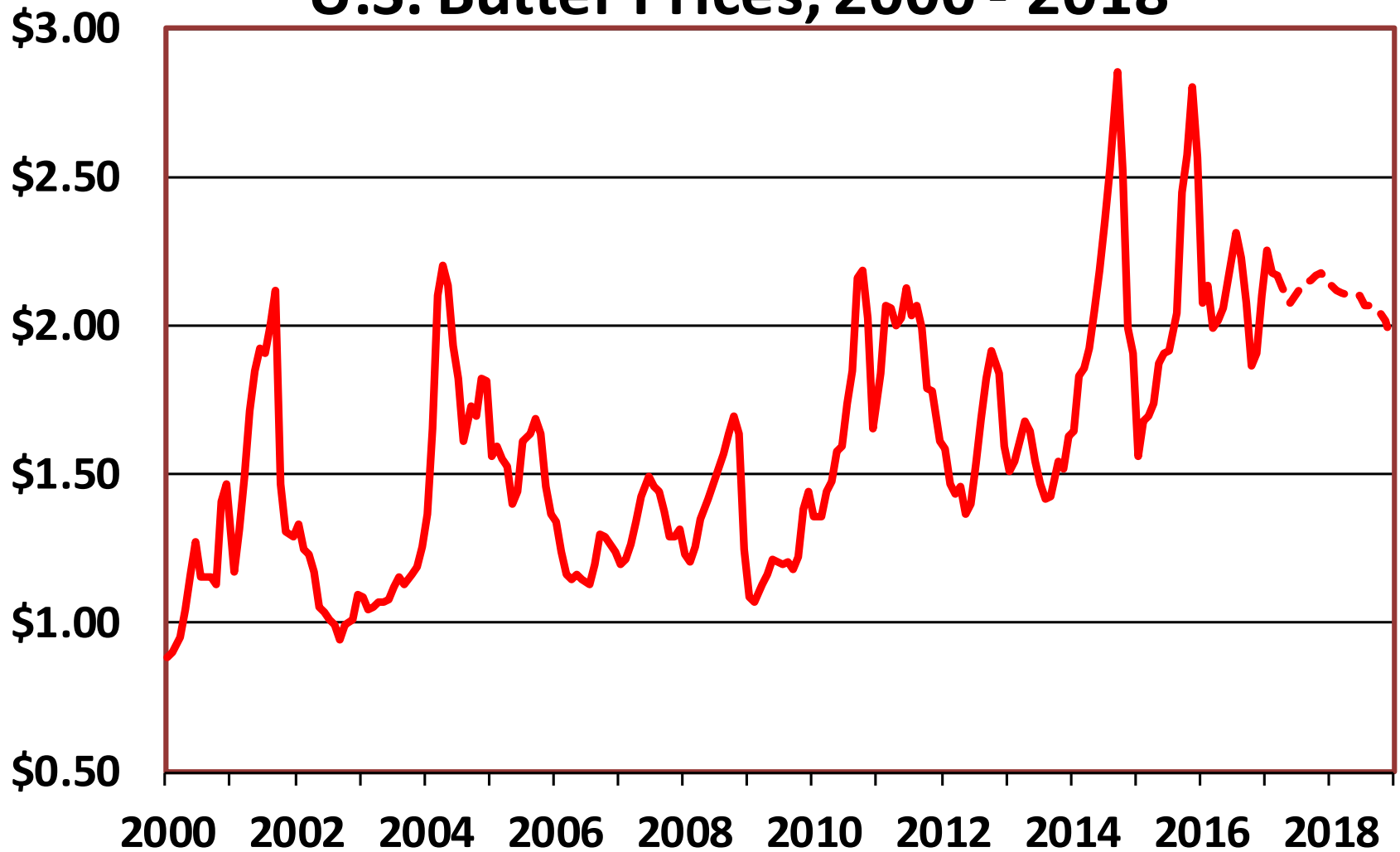
U.S. Trade Balance in Milkfat



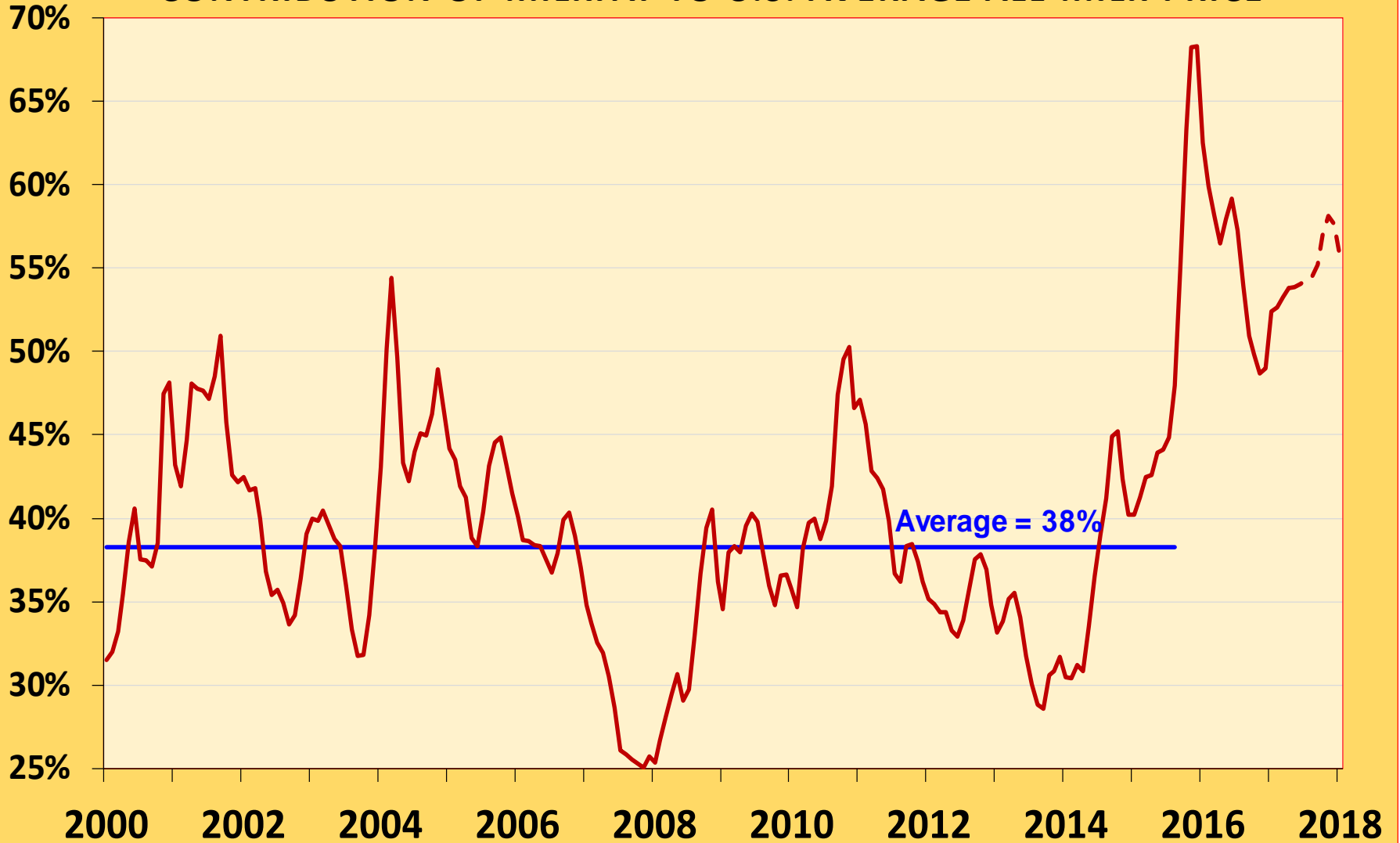
U.S. Nonfat Dry Milk Prices, 2000 - 2018



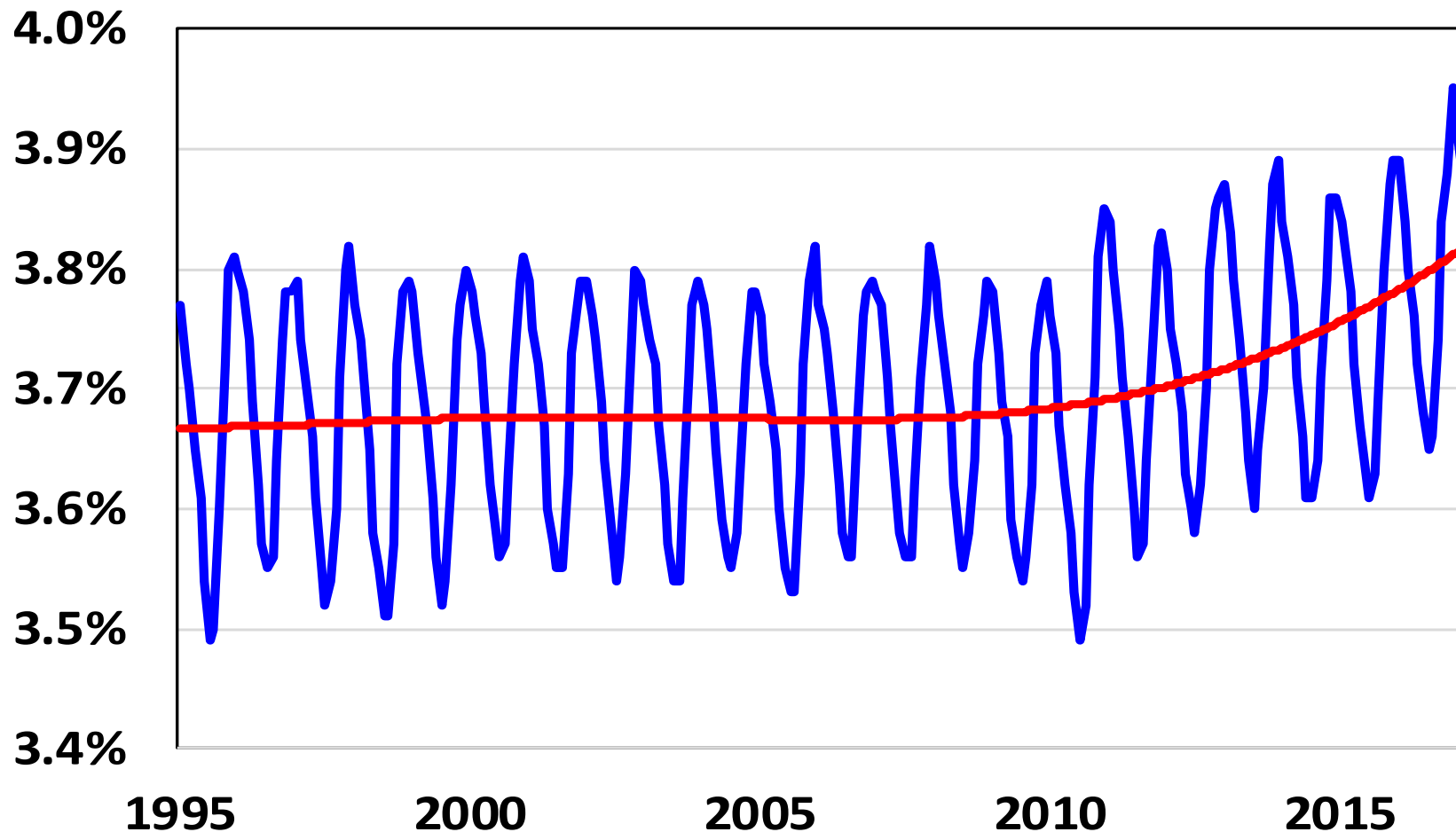
U.S. Butter Prices, 2000 - 2018



CONTRIBUTION OF MILKFAT TO U.S. AVERAGE ALL-MILK PRICE



Milkfat Composition of U.S. Raw Milk



Shares of Total U.S. Milk Consumption, Domestic Product Consumption and Exports, Milk Equivalent

