Sports Nutrition
The Whey Forward

Sports nutrition has become increasingly mainstream over the past decade as interest in health, fitness, and wellbeing has grown. Originally developed for elite athletes and bodybuilders to support performance and muscle building, sports nutrition products include beverages, foods, and supplements. Today these products are increasingly being used by recreational sports enthusiasts—exposed to the products through health clubs and fitness centers—to aid post-workout recovery and meet the nutritional needs of busy lifestyles.

Zion Market Research estimates that the global sports nutrition market reached $28.4 billion (U.S.) in 2016, with North America accounting for an estimated 38% of the sales. In a recent U.S. survey commissioned by the Council for Responsible Nutrition, 22% of U.S. consumers reported using sports nutrition supplements.

Protein, which is an important part of this trend, is associated with muscle health, weight management through increased satiety, and a slowing of age-related muscle loss. Thus aging “baby boomers” who are flush with cash are seeking out these products to support wellness and fuel their active twilight years. These trends make the United States, Europe, and other developed countries significant growth markets for sports nutrition products—even though these regions are generally considered mature markets for food and dairy products.

Whey awareness

A 2017 study by Lindberg International on whey protein awareness surveyed more than 2,500 active sport enthusiasts in the United States, Brazil, Germany, Japan, and Great Britain and found protein supplements were consumed on average 11 times each month, with the most popular forms being powders and protein bars. Whey proteins were the most dominant protein source and were perceived as being natural, healthy, and wholesome. Those who frequently consumed whey proteins did so mostly to build muscles and restore energy after workouts.

However, not everyone is familiar with whey proteins. A 2017 European Whey Producers Association survey of almost 8,000 adults interested in nutrition and exercise from eight European countries found that 60% were interested in “active nutrition” to help them stay active as they age. However, while protein was viewed as important by 77% of the respondents, more than one-third didn’t know much about whey protein or where to buy it.

WPC 80 and WPI trade (000 tons)

Source: UN Comtrade

Growth in sports nutrition products will not be limited to the developed world. In East Asian countries, including China, Japan, Korea and Taiwan, adolescents, who have an increased awareness of healthy eating, and growing urban populations with rising disposable incomes will support increased consumption of sports nutrition products. Revenues from protein drinks, health bars, and dietary supplements in these markets are booming. Allied Market Research estimates that the compound average growth rate (CAGR) of the sports nutrition market in Japan is 9%, and demand in China is expected to grow at 15% (CAGR) to 2022. Emerging e-commerce channels are also supporting brand development and product reach in many Asian markets.

Innovation has been and will continue to be a key feature supporting growth of the sports nutrition category. Global product launches between 2011 and 2016 increased 10.4% (CAGR), according to Innova Market Insights, while product launches making a protein claim increased 25.4% in 2016 and those featuring a snacking claim increased 17%.
Hoogwegt Forecast

**World Comment**

Milk production remains good in most milk producing regions in the world and is expected to stay strong in coming months, as farm gate milk prices allow a decent margin for farmers. General sentiment in most commodities is still bearish, although we have noticed that today's prices have proven to be interesting for many buyers. SMP is, based on today's prices, the product with the lowest valorization, so it is expected that production will shrink in favor of other commodities, however, with China typically not very aggressively buying for the beginning of the calendar year, SMP prices could stay fairly low. SMP/NFDM prices have stabilized, due to strong buying from all major importing regions of the world; we have seen especially demand from Mexico and Algeria being very strong. However due to increased stock levels with buyers, combined with the big European Interventions volume of 380.000Mts overhanging the market, upside potential seems limited. Butter prices have made decent steps down in the last month, mainly in Europe, but as buyers' coverage for the high demand December month is below normal, short term downside is limited, however; futures markets predict a further decline for 2018. On the whey side, we see strong price decline in higher WPC's due to an oversupply situation, which is likely to push more liquid whey to SWP and Lactose and prices for the low value whey derivatives are expected to stay low well into 2018.

Bring it Home

**Specialized Ingredients Key to Performance**

High-quality whey derivatives are the core ingredients of many sports nutrition products. Whey is recognized as a high-quality, natural protein source, rich in amino acids to support muscle regeneration and development.

On the back of this advantage and the projected expansion of the sports nutrition category, demand for whey proteins is also expected to grow. A recent report from Zion Market Research estimates that the global whey protein market will grow to $12.4 billion (U.S.) by 2021, with a CAGR of 7.2% between 2017 and 2022, according to Zion Market Research.

Unlike plant proteins, animal proteins such as those sourced from whey are complete proteins, containing all of the essential amino acids needed for human dietary requirements.

Hydrolysates are high-quality proteins that have been “pre-digested,” or finely chopped, making them quick to absorb so they can aid in rapid muscle recovery.

<table>
<thead>
<tr>
<th>U.S. Average Prices</th>
<th>EU Average Prices</th>
<th>Oceania Average Prices</th>
</tr>
</thead>
<tbody>
<tr>
<td>$/ton</td>
<td>$/lb</td>
<td>Trend</td>
</tr>
<tr>
<td>SMP</td>
<td>1.700</td>
<td>0.77</td>
</tr>
<tr>
<td>FCMP/WMP</td>
<td>3.200</td>
<td>1.45</td>
</tr>
<tr>
<td>Butter</td>
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<tr>
<td>Cheddar</td>
<td>3.700</td>
<td>1.68</td>
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<tr>
<td>SWP</td>
<td>750</td>
<td>0.34</td>
</tr>
<tr>
<td>Lactose</td>
<td>530</td>
<td>0.24</td>
</tr>
</tbody>
</table>

U.S. prices stated ex-works / incl. expected CWT subsidy where applicable; world prices stated FOB main port; EUR/USD: this week 1.17

Did You Know?

The global sports nutrition market is expected to reach $45.3 billion (U.S.) by 2022, with a CAGR of 8.1% between 2017 and 2022, according to Zion Market Research.

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