

Dairy Update

19 June 2019



Dairy prices fell 3.8% in last night's GlobalDairyTrade auction. That was the third consecutive fall in prices and takes the overall GDT price index back to levels we last saw in January of this year.

Prices were down for almost all products on offer last night. Whole milk powder prices fell 4.3% to \$3,006/tonne. That's their sixth decline in as many auctions.

It's still early in the season, but with a run of price declines in recent weeks there is downside risk to our forecast for a \$7.20/kg farmgate milk price for the 2019/20 season (vs Fonterra's forecast range of \$6.25 to \$7.25).

Looking to the remainder of the season, the outlook for auction prices is mixed. The USDA has recently reported cuts in its forecasts for production in both 2019 and 2020 citing reductions in cow numbers, falling production per animal and rising costs. However, slowing economic conditions in some of our key trading partner economies, including China and some European countries, signal headwinds for prices.

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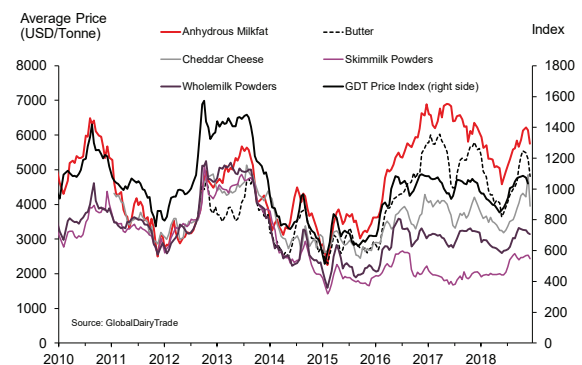
GlobalDairyTrade Auction Results, 19 June 2019

	Change since last auction	Price index USD/Tonne
Anhydrous Milk Fat (AMF)	-3.3%	\$5,530
Butter	-5.7%	\$4,553
Butter Milk Powder (BMP)	-	-
Cheddar	-4.3%	\$3,781
Lactose	-2.2%	\$875
Rennet Casein	2.3%	\$7,494
Skim Milk Powder (SMP)	-3.5%	\$2,358
Whole Milk Powder (WMP)	-4.3%	\$3,006
GDT Price Index	-3.8%	997

Farmgate milk price forecasts

	2018/19		2019/20	
	Westpac	Fonterra	Westpac	Fonterra
Milk Price	\$6.40	\$6.30-\$6.40	\$7.20	\$6.25-\$7.25

Dairy prices



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