

# Dairy Update

22 May 2019



The run of price increases at the past 11 consecutive GlobalDairyTrade auctions ended with last night's modest fall in prices. The aggregate index was down 1.4%. This included a 2.1% fall in whole milk powder prices, while butter prices were down 3.2% and skim milk powder prices rose 0.5%.

While last night's result was a little softer than we had pencilled in, whole milk powder prices remain comfortably above \$3000/tonne. And perhaps more importantly, demand from China looks to have remained reasonably firm over the last month (albeit not as strong as earlier in the year). Ongoing firm demand from China will be key in determining whether dairy prices are able to remain near these levels.

Last night's auction was the final event in the 2018/19 dairy season. With the 2019/20 dairy season commencing next month, Fonterra will shortly announce its opening forecast. While it is early days yet, if our \$7.20 farm gate milk price forecast for the forthcoming season is in the right ball park, the 2019/20 season is shaping up as a good one for New Zealand farmers.

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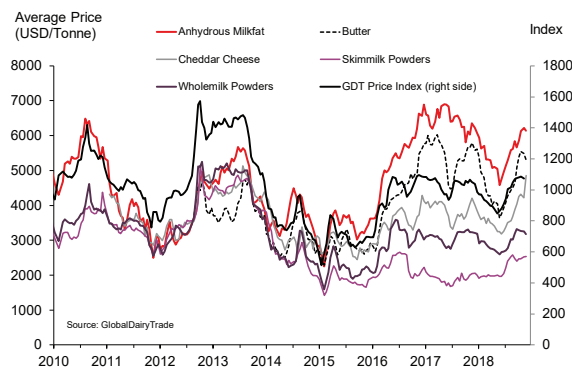
## GlobalDairyTrade Auction Results, 22 May 2019

	Change since last auction	Price index USD/Tonne
Anhydrous Milk Fat (AMF)	-1.4%	\$6,140
Butter	-3.2%	\$5,297
Butter Milk Powder (BMP)	-	-
Cheddar	15.2%	\$4,851
Lactose	0.6%	\$893
Rennet Casein	5.1%	\$6,916
Skim Milk Powder (SMP)	0.5%	\$2,529
Whole Milk Powder (WMP)	-2.1%	\$3,180
GDT Price Index	-1.2%	1,073

## Farmgate milk price forecasts

	2018/19		2019/20
	Westpac	Fonterra	Westpac
Milk Price	\$6.50	\$6.30-\$6.60	\$7.20

## Dairy prices



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