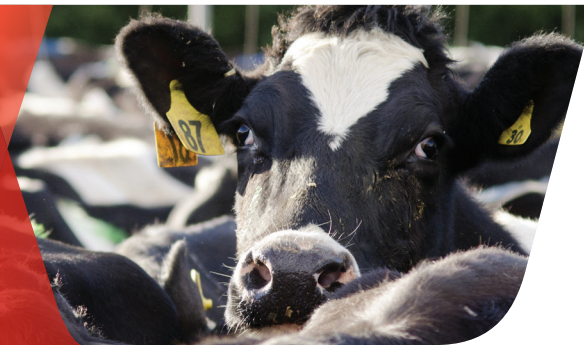


# Dairy Update.

7 April 2021



## No news is good news.

- Prices were steady at the dairy auction overnight, cementing the big price gains over March.
- We stick with our milk price forecasts of \$7.90/kg and \$7.25/kg for 2020/21 and 2021/22, respectively.
- However, we note upside risks to the 2020/21 forecast given recent price strength and the pullback in the New Zealand dollar against the US dollar.

### GlobalDairyTrade Auction Results, 7 April 2021

	Change since last auction	Prices USD/tonne
Whole Milk Powder (WMP)	0.0%	\$4,085
Skim Milk Powder (SMP)	0.6%	\$3,367
Anhydrous Milk Fat (AMF)	0.8%	\$6,209
Butter	2.0%	\$5,776
GDT Price Index	0.3%	1,299

### Farmgate milk price forecasts

	2020/21		2021/22
	Westpac	Fonterra	Westpac
Milk price	\$7.90	\$7.30-\$7.90	\$7.25

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### Auction Results, 7 April.

Dairy auction prices were steady overnight. Whole milk powder (WMP) prices were flat, while overall prices lifted a touch (up 0.3%).

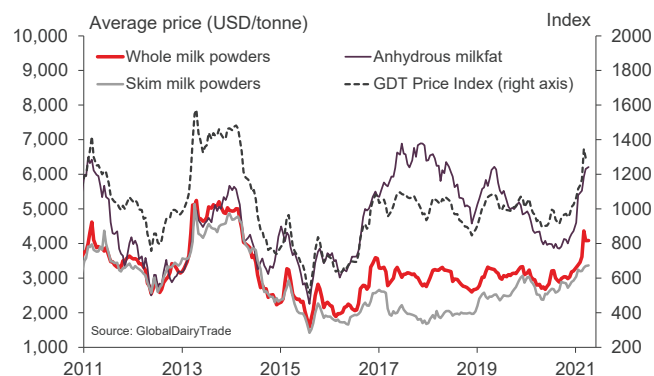
Notably, this result cements the big price gains over March. WMP prices are now up 28% over 2020. Looking back to 2020, WMP prices now sit 44% higher than as at the same auction last year.

Five out of seven products posted price gains. Butter milk powder (BMP) prices led the way jumping 17.6% (note BMP is only offered in the first auction of the month). Cheddar and butter posted solid gains of around 2%, while anhydrous milk fat and skim milk powder price nudged higher (up 0.8% and 0.6%, respectively).

The result beat expectations. The futures market was pointing to a WMP fall of around 5% immediately prior to the auction, while last week, we had pencilled in a circa 4% fall.

This result is consistent with our 2020/21 milk price forecast of \$7.90/kg. However, we note upside risks to the 2020/21 forecast of \$7.25/kg. This upside risk reflects the extent of the recent auction price surge and the pullback in the New Zealand dollar against the US dollar over the last few weeks.

### Global dairy prices



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