

WESTPAC DAIRY UPDATE

GlobalDairyTrade auction results.

19 April 2023

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Take me to the April sun in Cuba.

- Dairy auction prices posted solid gains overnight.
- Ending a weak run of four consecutive price falls.
- The result reaffirms our \$8.30/kg milk price forecast for this season.
- And bodes well for our positive price outlook and our \$10.00/kg forecast for the 2023/24 season.

GlobalDairyTrade auction results

	Change since last auction	Prices USD/tonne
Whole Milk Powder (WMP)	1.0%	\$3,089
Skim Milk Powder (SMP)	7.0%	\$2,776
Anhydrous Milk Fat (AMF)	4.7%	\$4,981
Butter	4.9%	\$4,821
GDT Price Index	3.2%	996

Auction Results, 19 April.

Dairy auction prices posted a solid rise overnight. Overall prices rose 3.2%, while key whole milk powder (WMP) prices lifted 1.0%.

By product, the price rise was broad-based. All of the five products that we monitor posted price rises. Skim milk prices led the rises, surging 7.0%. Milk fat and cheddar prices also jumped, with butter, anhydrous milk fat and cheddar posting price increases in the 5% range. WMP prices were the laggard.

The result was well above expectations. We had pencilled in a 1% WMP price fall ahead of the auction, while the futures market was pointing to a larger 2% decline.

The result breaks a run of four consecutive price falls. However, despite the rise, overall prices remain 6.1% down since the start of the year.

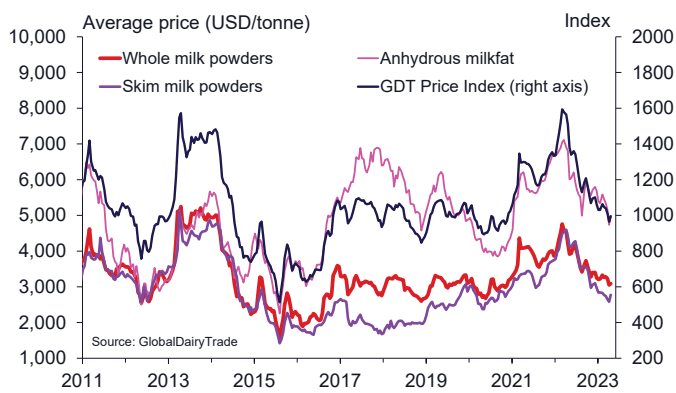
Coming late in the season, the result also doesn't change the outlook for this season's milk price. Thus, we reaffirm our milk price forecast of \$8.30/kg.

It does bode well for our positive outlook for next season, albeit it is still very early days. As you'll recall we anticipate that as the Chinese economy gains momentum over the course of the year, following its reopening, we expect improved Chinese demand will lift global dairy prices. And very subdued global milk supply will provide additional support for prices. On this basis, our 2023/24 milk price forecast stands at \$10.00/kg.

Farmgate milk price forecasts

	2022/23		2023/24
	Westpac	Fonterra	Westpac
Milk price	\$8.30	\$8.00-\$8.60	\$10.00

Global dairy prices



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