



Oceania Dairy Market Overview

Agricultural Marketing Service
Dairy Market News

Report 21

May 23, 2024

MMN Slug ID 1037 / Slug Name: MD_DA120

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Australia

Dairy Australia recently released the Situation and Outlook report for May 2024. The report stated milk production for the 2023/2024 season is expected to be higher than they previously forecasted. Dairy Australia now anticipates total milk output for the 2023/2024 season to exceed the prior season by 2 to 3 percent. For the 2024/2025 season, the organization is forecasting milk production to decline from 0 to 1 percent, as processors have indicated milk prices may be lower in the upcoming season.

The April 2024 Production Inputs Monitor from Dairy Australia was recently released. This report relayed rainfall varied throughout the country during April. Rainfall was above average in much of the northern and eastern parts of the country and in parts of Victoria, but dry conditions were present throughout South Australia and the south-western portion of Western Australia. The far-west and far-east of Australia had the warmest April on record and temperatures are expected to remain above average through the winter.

In Australia, the deadline for setting minimum milk pricing, established by the government's mandatory code of conduct, for the 2024/2025 season is June 1st. A large dairy processor in the country announced a potential opening milk price for the upcoming season. The price relayed to farmers was down 15 percent from the 2023/2024 season, ranging from \$7.80 - \$8.00/kgMS. The processor stated they anticipate lower prices for the upcoming season due to volatility in domestic and global dairy markets. They noted this price was an early range and could be adjusted over time.

Leadership of a dairy farming group in Australia recently voiced opposition to lower farmgate milk prices for the 2024/2025 season. The GDT price Index has increased at consecutive GDT events. Early in May the president of the dairy farming group noted the GDT price index is up significantly from a year ago. They further stated farmgate milk prices should remain strong in the upcoming season.

A spokesperson for a dairy processing policy group recently stated milk prices should be lower in the upcoming season to remain competitive globally. The spokesperson stated farmgate milk prices in the country are currently around \$9.50 per kilogram of milk solid, and this price is too high to remain competitive internationally. They noted that from March of 2023 to 2024, global prices for cheese, skim milk powder and whole milk powder dropped. The spokesperson mentioned cheese uses more milk than any other commodity in the country and the price has dropped 29 percent from March of last year to this year while production prices continue to rise.

A dairy cooperative based out of New Zealand recently announced plans to sell the division of the company located within Australia. The cooperative has provided limited information regarding the sale. Dairy leaders in Australia stated the cooperative pays lower prices for milk from farmers in New Zealand than it pays farmers within Australia. They further stated they anticipate the cooperative may look to import more dairy products to Australia following the sale.

New Zealand

Milk production data from New Zealand for April 2024 was recently released. This data showed total April 2024 production was down 2.6 percent on a tonnage basis compared to a year earlier. During April 2024, the total kg of milk solids decreased by 4.1 percent from the previous year.

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A dairy cooperative in New Zealand recently announced changes to their strategy going forward, which includes the sale of their consumer business and integrated businesses. The cooperative stated the businesses they are looking to divest utilize roughly 15 percent of the total mix solids, but the sale would allow them to focus more on ingredients and foodservice. The cooperative stated they anticipate the process of selling these arms of the businesses to take a minimum of 12 to 18 months.

A group in New Zealand, which forecasts dairy prices, increased the forecasted milk price for the 2024/2025 season, following GDT event 356, by 47 cents, to \$8.89/kgMS. The group stated the GDT price index rose 3.3 percent during the event, exceeding expectations for most commodities. They further noted weakness for the New Zealand dollar has contributed to a lower exchange rate to US dollars and 2 cent/kgMS increase in forecasted milk price.

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