NEW ZEALAND:
Recent September 2023 New Zealand milk production reports show a 1.3 percent year-on-year increase in milk output on a milk solids basis, however, milk output declined 0.4 percent on a tonnage basis. Market sources note a 0.4 percent season-to-date improvement on milk solids basis, compared to the previous season-to-date figures. Further numbers point to a 1.0 percent season-to-date decline on a tonnage basis, compared to the previous milk season. Meanwhile, dairy commodity prices continued to show gains at the recent GDT event 342. Accordingly, some market representatives were inclined to raise their 2023-2024 farmgate milk price forecast to $7.88/kgMS, reflecting the upward movement of dairy commodity prices. On another note, New Zealand’s September 2023 year-over-year export figures lost ground for most dairy commodities, on both a volume and value basis, 17.42 percent, and 29.54 percent, respectively. Specifically, China and other Asian countries contributed to the year-over-year downward trend in export volumes of WMP. Exports of SMP, on a volume basis, improved year-over-year, while worth noting is a 66 percent increase in exports to China. Butter export volumes grew 1.88 percent year-over-year, but cheese export volumes dropped 16.52 percent year-over-year for September 2023.

AUSTRALIA:
In Australia, a recent strike by dairy workers left some farmers with little alternative but to dump milk even as competition for milk continues to drive farmgate milk prices. The market faces challenges as farmgate milk prices fail to parallel dairy commodity prices alongside returns. While dairy commodity prices generally align with farmgate milk pricing, sources suggest that Australia’s farmgate 2023 milk price has not mirrored commodity returns. Some sources project this will have a significant impact on the bulk side of dairy in FY2024. Meanwhile, most of the crop areas of Australia are experiencing dryer than expected conditions. In east Australia, farmers face challenges when it come to planting summer crops. Wheat harvesting is active in the northern half of the wheat belt, but reports also indicated that dry conditions will likely limit the yields for immature winter crops.

Information for the period October 16 -27, 2023, issued biweekly

Secondary Sourced Information:

NEW ZEALAND MILK PRODUCTION
According to DCANZ, New Zealand milk production on a milk solids basis in September 2023 was 210,436,000 kg, compared to 207,787,000 kg in September 2022. On a tonnage basis, milk production was 2,497,000 MT in September 2023, compared to 2,507,000 MT in September 2022.