

# WESTPAC DAIRY UPDATE

## GlobalDairyTrade auction results.

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## Slip sliding away.

- Global dairy prices ratcheted lower overnight continuing an already established downward trend.
- Although a touch softer, key whole milk prices have held up better than implied by futures markets.
- An expected rebound in Chinese demand should provide some price support later in the year – but this seems to be taking a while.

### GlobalDairyTrade auction results

	Change since last auction	Prices USD/tonne
Whole Milk Powder (WMP)	-0.7%	\$3,149
Skim Milk Powder (SMP)	-5.3%	\$2,525
Anhydrous Milk Fat (AMF)	-3.8%	\$4,579
Butter	-10.0%	\$4,842
Cheddar	-3.2%	\$4,386
GDT Price Index	-3.3%	969

## Auction results, 5 July.

Dairy auction prices fell sharply overnight continuing the downward trend that started in March 2022.

While prices fell across all product categories, there were some marked differences.

Key whole milk powder (WMP) prices were just a shade weaker, falling by just 0.4%. However, milk fat prices were sharply lower, with prices for butter and butter milk powder dropping by 10.3% and 11.4%, respectively. Meanwhile prices for cheddar cheese and skim milk powder dropped 3.1% and 6.0%.

Although a significant drop, the result was still better than expected. We had expected WMP to fall by about 4%, with the futures market pointing to a 3.7% drop.

Stepping back, this result does little in terms of setting the direction for prices over coming months. For now, still

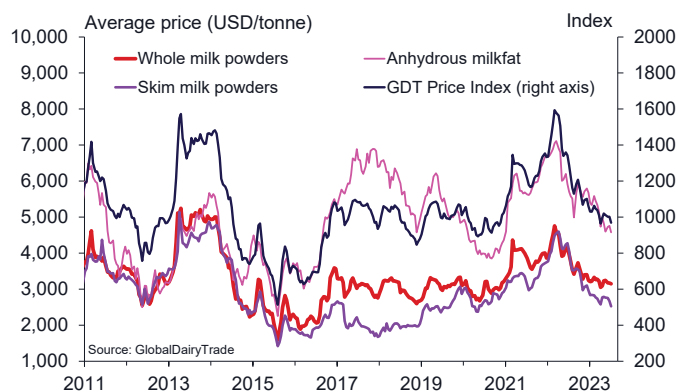
soft global dairy demand and soft global dairy production are weighing on prices. That said, an expected rebound in Chinese demand later in the year will hopefully provide some price support.

Turning to the farmgate milk price, it's too early to conclude much from this auction outcome. With that in mind, we maintain our 2023/24 milk price forecast at \$8.90/kg.

#### Farmgate milk price forecasts

	2022/23		2023/24	
	Westpac	Fonterra	Westpac	Fonterra
Milk price	\$8.20	\$8.10-\$8.30	\$8.90	\$7.25-\$8.75

#### GlobalDairyTrade auction prices



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