



# AGRI UPDATE

## GlobalDairyTrade auction results.

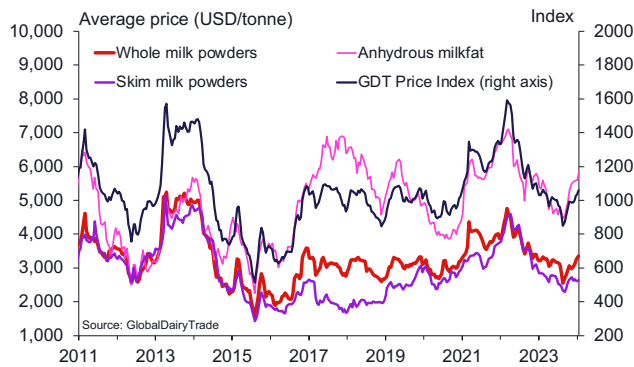


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## A Happy New Year for dairy farmers

- Dairy prices continued a strong start to the year.
- Dairy auction prices posted a 2.3% increase.
- This good result was again broad-based.

GlobalDairyTrade auction prices



GlobalDairyTrade auction results

	Change since last auction	Prices USD/tonne
Whole Milk Powder (WMP)	1.7%	\$3,353
Skim Milk Powder (SMP)	1.2%	\$2,638
Anhydrous Milk Fat (AMF)	4.3%	\$5,842
Butter	5.8%	\$5,906
Cheddar	1.0%	\$4,217
GDT Price Index	2.3%	1061

### Auction Results, 17 January.

Dairy auction prices posted solid gains overnight. Overall prices were up 2.3%, while key whole milk powder (WMP) prices lifted 1.7%.

The result was again broad based and followed on from a similarly strong initial auction for 2024 in the first week of January. All products posted price rises. Butter and anhydrous milk fat prices led the way, surging 5.8% and 4.3% respectively.

We didn't have a formal forecast for the WMP price result this time but the general trend in dairy prices is in line with the upward adjustment we made to the season milk price just ahead of Christmas. The futures market had pointed to a small WMP price rise at this auction, and so this auction modestly surpassed those expectations.

Overall prices now sit at their highest since June 2023. Prices have lifted by around 25% since this year's low in August. Overall prices are now up 3% on a year ago, 4% below their 5-year average levels and 5% above the 10-year average.

We continue to think that expectations of reduced production data in NZ and offshore may still be supporting prices. On the demand side, this auction saw demand from China, Middle Eastern and Southeast

Asian buyers. We remain cautious on prospects for the Chinese economy and associated Chinese dairy demand (deflation in consumer and producer prices continued in China according to data from late 2023).

We are retaining our milk price forecast for this season at \$7.50/kg, in line with the mid-point of Fonterra's guidance.

**Farmgate milk price forecasts**

	2023/24	
	Westpac	Fonterra
Milk price	\$7.50	\$7.00-\$8.00

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