February 2019 Dairy Bulletin

Commodity milk price index (CMPI)

- CMPI rose 2% to 107 between November and December 2018.
- Has fallen by 5% in the two months since December 2018 (preliminary estimate).
- Forecast to remain stable out to February 2020.

December export prices

- **SMP**: ↑1% from Nov 18, ↑4% from Dec 17
- **WMP**: ↑2% from Nov 18, ↑8% from Dec 17
- **Butter**: ↑5% from Nov 18, ↓8% from Dec 17
- **Cheese**: ↑2% from Nov 18, ↑11% from Dec 17

Australian export volumes rose 5% (November to December 2018) and are the same as Dec 2017.

EU prices (20 Jan – 3 Feb) – SMP +0.2%, WMP +0.3%, butter -0.1%, cheddar -1.6%.

USA prices (20 Jan – 3 Feb) – SMP -2.5%, WMP -1.6%, butter +1.4%, cheddar 3.7%.

Future prices

- Deloitte Access Economics forecasts a decline in prices for Australia’s exports overall, including rural export prices. This leads to the 12-month forecast for the CMPI to decrease.
- ABARES forecasts for 2018-19 prices: SMP +2%, WMP -7%, butter -18%, cheese -4%.
- USDA forecasts higher whey, butter & SMP prices for 2019 (relative to the 2018 average), and lower cheddar cheese prices.
- Dairy Australia has neutral outlooks for global demand, while global supply has remained strong, pushing commodity prices down.
- Rabobank forecasts an annual average farmgate price of $5.65/kgMS for southern Australia in 2018-19. This represents a downward revision from their September forecast of $5.90/kgMS.
- 2018-19 season prices – Fonterra $6.05/kgMS, Saputo $6.05/kgMS, Bega Cheese $5.99/kgMS, ADFC $5.60-$6.00/kgMS, Burra Foods $5.60-$5.90/kgMS, Lion $5.82, ACM $6.00/kgMS, Parmalat $6.10/kgMS, Bulla Dairy Foods $5.80-$6.20/kgMS.

1. Other acronyms are defined on page 4.
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**Subtropical**
- Milk production in December was 11% lower than the corresponding period last year.
- January rainfall was 64% below the 10-year January average. There is a 35-40% chance of exceeding median March-May rainfall across most of the region.
- Feed prices remained unchanged between December 2018 and January 2019, but were 41% higher than the January 2018 average.
- Barambah Organics has produced a champion light milk variety winning a 2019 Australian Grand Dairy Award – [Read more](#).

**New South Wales**
- Milk production in December was 4% lower than the corresponding period last year.
- January rainfall was 40% below the 10-year January average. There is a 35-45% chance of exceeding median March-May rainfall.
- Feed prices rose 1% between December 2018 and January 2019 and were 61% above the January 2018 average.
- NSW milk production declines in response to high water prices and feed costs – [Read more](#).

**Murray**
- Milk production in December was 24% lower than the corresponding period last year.
- January rainfall was 82% below the 10-year January average. There is a 35-45% chance of exceeding median March-May rainfall across most of the region.
- Feed prices remained unchanged between December 2018 and January 2019, but were 112% higher than the January 2018 average.
- Water prices in January 2019 are 327% higher in Northern VIC and 351% higher in Murray Irrigation System, relative to the December 2018 average.

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Gippsland
- Milk production in December was 3% lower than the corresponding period last year.
- January rainfall was 41% below the 10-year January average. There is a 45-55% chance of exceeding median March-May rainfall.
- Feed prices remained unchanged between December 2018 and January 2019, and were 69% above January 2018 prices.
- Victorian dairy products won eight awards at Australia’s Grand Dairy Awards – Read more

Western Victoria
- Milk production in December was 2% lower than the corresponding period last year.
- January rainfall was 91% lower than the 10-year January average. There is a 40-50% chance of exceeding median March-May rainfall.
- Feed prices fell 2% between December 2018 and January 2019 and were 69% above January 2018 prices.
- Bega Cheese plans to invest in a new lactoferrin factory at Koroit plant, rendering them one of the world’s largest producers of the speciality protein – Read more

Tasmania
- Milk production in December 2018 was 5% higher than the corresponding period last year.
- January rainfall was 89% below the 10-year January average. There is a 35-50% chance of exceeding median March-May rainfall.
- Feed prices fell 7% between December 2018 and January 2019 and were 42% above January 2018 prices.
- Tasmanian milk production rises while milk supply declines nationwide – Read more

South Australia
- Milk production in December 2018 was 1% lower than the corresponding period last year.
- January rainfall was 89% below the 10-year January average. There is a 35-50% chance of exceeding median March-May rainfall across most of the region.
- Feed prices rose 1% between December and January 2019 and were 90% above January 2018 prices.
- Beston Foods factory in SA to produce valuable lactoferrin protein – Read more

Western Australia
- Milk production in December 2018 was 1% lower than the corresponding period last year.
- January rainfall was 51% above the 10-year January average. There is a 35-50% chance of exceeding median March-May rainfall across most of the region.
- Feed prices rose 1% between December and January 2019 and were 44% above the January 2018 average.
- Record grain production in WA to feed drought stricken regions on Australia’s east coast – Read more

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<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full name</th>
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<tbody>
<tr>
<td>$/kgMS</td>
<td>Dollars per kilogram milk solids</td>
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<tr>
<td>ABARES</td>
<td>Australian Bureau of Agricultural and Resource Economics and Sciences</td>
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<td>ACM</td>
<td>Australian Consolidated Milk</td>
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<tr>
<td>ADFC</td>
<td>Australian Dairy Farmers Corporation</td>
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<tr>
<td>CMPI</td>
<td>Commodity Milk Price Index</td>
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<td>EU MMO</td>
<td>European Union Milk Market Observatory</td>
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<tr>
<td>n/c</td>
<td>No change</td>
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<tr>
<td>SMP</td>
<td>Skim milk powder</td>
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<tr>
<td>USA</td>
<td>United States of America</td>
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<tr>
<td>USDA</td>
<td>United States Department of Agriculture</td>
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<td>WMP</td>
<td>Whole milk powder</td>
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For information on the methods and used to calculate the numbers presented in the Dairy Bulletin visit [www.agriculture.gov.au/milkpriceindex](http://www.agriculture.gov.au/milkpriceindex)