January 2019 Dairy Bulletin
Commodity milk price index (CMPI1)

Index. July 2008 = 100

- CMPI fell 2% to 105 between October and November 2018
- Estimated to have declined 5% in the two months since November 2018
- Forecast is to be around 8% lower by January 2020

November export prices
- SMP: 3% from Oct 18, 0% from Nov 17
- WMP: 2% from Oct 18, 3% from Nov 17
- Butter: 11% from Oct 18, 15% from Nov 17
- Cheese: 1% from Oct 18, 9% from Nov 17

Australian export volumes up 11% (October to November 2018), and up 4% year on year.
EU prices (8 Jan – 20 Jan) – SMP +4.0%, WMP +1.4%, butter +0.2%, cheddar +0.7%.
USA prices (8 Jan – 20 Jan) – SMP +8.2%, WMP +3.2%, butter +0.8%, cheddar -0.8%.

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 & SMP prices for 2019 (relative to the 2018 average), and lower cheddar cheese and butter prices.
- Dairy Australia has neutral outlooks for global demand, while global supply has remained strong, pushing commodity prices down.
- Rabobank 2018-19 annual average southern Australia farmgate price $5.65/kgMS. This represents a downward revision from their September forecast of $5.90/kgMS.
- 2018-19 season prices – Fonterra $5.98-$6.10/kgMS, Saputo $5.95/kgMS, Bega Cheese $5.85/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 November was 13% lower than the corresponding period last year.
December rainfall was 18% above the 10-year December average. There is a 25-40% chance of exceeding median February-April rainfall across most of the region.
Feed prices fell 2% between November 2018 and December 2018, but were 41% higher than the December 2017 average.
Queensland government’s procurement policy an opportunity for local dairy producers to expand and grow – Read more

New South Wales
Milk production in November was 5% lower than the corresponding period last year.
December rainfall was 23% below the 10-year December average. There is a 30-45% chance of exceeding median February-April rainfall.
Feed prices fell 4% between November 2018 and December 2018 and were 57% above the December 2017 average.
Woolworths’ Drought Relief Milk Initiative sees NSW dairy farmers benefit – Read more

Murray
Milk production in November was 22% lower than the corresponding period last year.
December rainfall was 8% above the 10-year December average. There is a 30-40% chance of exceeding median February-April rainfall across most of the region.
Feed prices fell 1% between November 2018 and December 2018, but were 109% higher than the December 2017 average.
Water prices in December 2018 are 367% higher in Northern VIC and 299% higher in Murray Irrigation System, relative to the corresponding period last year.
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Gippsland
Milk production in November 2018 was 4% lower than the corresponding period last year.
December rainfall was 33% below the 10-year December average. There is a 30-45% chance of exceeding median February-April rainfall.
Feed prices fell 1% between November 2018 and December 2018, and were 90% above December 2017 prices.
Gippsland farmers claim 5-star system promotes jersey cattle as Dairy’s Finest Cow – Read more

Western Victoria
Milk production in November was 5% lower than the corresponding period last year.
December rainfall was roughly equal to the 10-year December average. There is a 30-40% chance of exceeding median February-April rainfall.
Feed prices fell 3% between November 2018 and December 2018 and were 72% above December 2017 prices.
The integration of the Koroit plant boosts Bega Cheese’s forecast performance – Read more

Tasmania
Milk production in November 2018 was 2% higher than the corresponding period last year.
December rainfall was 19% above the 10-year December average. There is a 40-50% chance of exceeding median January-March rainfall.
Feed prices rose 5% between November 2018 and December 2018 and were 52% above December 2017 prices.

South Australia
Milk production in November 2018 was 2% higher than the corresponding period last year.
December rainfall was 33% above the 10-year December average. There is a 35-45% chance of exceeding median February-April rainfall across most of the region.
Feed prices fell 4% between November and December 2018 and were 87% above December 2017 prices.
SA farmers benefit from Coles Dairy Drought Relief Fund – Read more

Western Australia
Milk production in November 2018 was 2% lower than the corresponding period last year.
December rainfall was 11% above the 10-year December average. There is a 25-40% chance of exceeding median February-April rainfall across most of the region.
Feed prices rose 1% between November and December 2018 and were 46% above the December 2017 average.
Brownes’ aims to lift cheese production to 6,000 tonnes per year for China market– Read more
<table>
<thead>
<tr>
<th>Acronym</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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<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>European Union Milk Market Observatory</td>
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<tr>
<td>n/c</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)