Commodity milk price index (CMPI¹)

- CMPI fell 4% to 103 between December 2018 and January 2019
- Has fallen by 3% in the two months since January 2019 (preliminary estimate)
- Forecast to be lower year on year for most of 2019 before rising in early 2020

January 2019 export prices

- SMP: 4% from Dec 18, 4% from Jan 18
- WMP: 8% from Dec 18, 29% from Jan 18
- Butter: 13% from Dec 18, 22% from Jan 18
- Cheese: 5% from Dec 18, 6% from Jan 18

Australian export volumes fell 2% (December 2018 to January 2019)
EU prices (17 Feb – 3 March) – SMP +1.3%, WMP +1.7%, butter -4.0%, cheddar -0.5%.
USA prices (17 Feb – 3 March) – SMP -0.6%, WMP +0.9%, butter +0.7%, cheddar +2.1%.

Future prices

- Deloitte Access Economics forecasts 2019 global dairy prices to be lower year on year as subdued global economic activity leaves export demand relatively weak. Export demand – including for dairy products - is expected to improve from 2020, although export demand conditions are anticipated to worsen before they improve.
- ABARES forecasts for 2019-20 average prices (relative to 2018-19): SMP +5%, WMP -1%, butter -11%, cheese -5%.
- USDA forecasts higher SMP prices for 2019 (relative to 2018), but lower cheese and butter prices.
- Dairy Australia has a neutral outlook for global demand and supply. However, according to Dairy Australia, there is potential for farmgate prices to continue to increase.
- Rabobank forecasts an annual average farmgate price of $5.65/kgMS for southern Australia in 2018-19. This is slightly below the 2017-18 of average $5.70/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-$6.10, ACM $6.00/kgMS, Parmalat $6.20/kgMS, Bulla Dairy Foods $6.05/kgMS. ACM $6.50/kgMs (2019-2020 season)

¹ Other acronyms are defined on page 4.
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**Subtropical**
- Milk production in January 2019 was 11% lower than the corresponding month last year.
- February rainfall was 62% below the 10-year February average. There is a 45-55% chance of exceeding median April-June rainfall across most of the region.
- Feed prices fell 1% between January 2019 and February 2019, but were 37% higher than the February 2018 average.
- Brisbane Organics and Merlo have created a cold press iced coffee using Barambah Organic's full-cream milk – [Read more](#).

**New South Wales**
- Milk production in January 2019 was 4% lower than the corresponding month last year.
- February rainfall was 25% below the 10-year February average. There is a 35-55% chance of exceeding median April-June rainfall.
- Feed prices fell 1% between January 2019 and February 2019, but were 55% above the February 2018 average.
- Award-winning chef, Peter Gilmore tastes Australia’s first cheese made with raw milk and uncooked curds – [Read more](#).

**Murray**
- Milk production in January 2019 was 29% lower than the corresponding month last year.
- February rainfall was 58% below the 10-year February average. There is a 30-40% chance of exceeding median April-June rainfall across most of the region.
- Feed prices fell 4% between January 2019 and February 2019, but were 95% higher than the February 2018 average.
- Water prices in February 2019 are 420% higher in Northern VIC and 343% higher in Murray Irrigation System, relative to the February 2018 average.

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Gippsland
- Milk production in January 2019 was 12% lower than the corresponding month last year.
- February rainfall was 24% below the 10-year February average. There is a 40-55% chance of exceeding median April-June rainfall.
- Feed prices remained unchanged between January 2019 and February 2019, but were 56% above the February 2018 average.

Western Victoria
- Milk production in January 2019 was 4% lower than the corresponding month last year.
- February rainfall was 0.3% lower than the 10-year February average. There is a 40-50% chance of exceeding median April-June rainfall.
- Feed prices fell 1% between January 2019 and February 2019, but were 62% above the February 2018 average.
- Construction begins on Organic Dairy Centre in North Geelong - Read more

Tasmania
- Milk production in January 2019 was 2% higher than the corresponding month last year.
- February rainfall was 57% above the 10-year February average. There is a 40-50% chance of exceeding median April-June rainfall.
- Feed prices fell 11% between January 2019 and February 2019, but were 19% above February 2018 prices.
- Tasmanian dairy farmers looking to connect with energy providers – Read more

South Australia
- Milk production in January 2019 was 2% lower than the corresponding month last year.
- February rainfall was 62% below the 10-year February average. There is a 35-50% chance of exceeding median April-June rainfall across most of the region.
- Feed prices fell 1% between January 2019 and February 2019, but were 82% above February 2018 prices.
- Genetically-modified pasture varieties could be a game-changer for dairy – Read more

Western Australia
- Milk production in January 2019 was 7% lower than the corresponding month last year.
- February rainfall was 89% below the 10-year February average. There is a 30-50% chance of exceeding median April-June rainfall across most of the region.
- Feed prices fell 1% between January 2019 and February 2019, but were 41% above the February 2018 average.
- Largest producer in WA set to exit industry – 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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<td>ADFC</td>
<td>Australian Dairy Farmers Corporation</td>
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<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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<td>USA</td>
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<tr>
<td>USDA</td>
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<td>WMP</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)