November 2018 Dairy Bulletin

Commodity milk price index (CMPI\(^1\))

- CMPI fell 2% to 107 between August and September 2018
- Estimated to have declined 6% in the two months since September 2018
- Forecast is to be largely unchanged by November 2019

September export prices

- SMP: \(\downarrow\) 5% from Aug 18, \(\downarrow\) 5% from Sep 17
- WMP: \(\downarrow\) 9% from Aug 18, \(\downarrow\) 2% from Sep 17
- Butter: \(\downarrow\) 5% from Aug 18, \(\downarrow\) 1% from Sep 17
- Cheese: \(\uparrow\) 1% from Aug 18, \(\uparrow\) 12% from Sep 17

Australian export volumes up 18% (August to September 2018), and up 15% year on year.

EU prices (28 Oct – 11 Nov) – SMP +1.1%, WMP -0.5%, butter -1.2%, cheddar -1.0%.
USA prices (28 Oct – 11 Nov) – SMP -0.3%, WMP -4.8%, butter +0.2%, cheddar -4.7%.

Future prices

- Deloitte Access Economics forecasts a modest decline in prices for Australia’s exports overall, including rural export prices. This leads to the 12-month forecast for the CMPI to decrease modestly.

- ABARES has forecast the following year-on-year price movements for 2018-19 (including the period to date) : SMP +2%, WMP -1%, butter -10%, cheese -4%.

- USDA forecasts higher cheese, whey & SMP prices for 2019, and lower butter prices.

- Dairy Australia has a negative outlook for global supply and a neutral outlook for demand.

- Rabobank 2018-19 annual average southern Australia farmgate price $5.90/kgMS.

- 2018-19 season price announcements – 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.
November 2018 Dairy Bulletin

Subtropical
Milk production in September was 10% lower than the corresponding period last year.
October rainfall was 110% above the 10-year October average. There is a 50% chance of exceeding median December-February rainfall.
Monthly feed prices fell 1% in October 2018, but remain 30% above the October 2017 average.
Norco milk sells in China for $10 a litre – Read more

New South Wales
Milk production in September was 4% lower than the corresponding period last year.
October rainfall was 160% above the 10-year October average. There is a 50-65% chance of exceeding median December-February rainfall.
Monthly feed prices fell 3% in October 2018, but remain 92% above the October 2017 average.
NSW dairy farmers take advantage of one-on-one consultation offered by Dairy Australia through its Taking Stock program – Read more

Murray
Milk production in September was 16% lower than the corresponding period last year.
October rainfall was 5% above the 10-year October average. There is a 50% chance of exceeding median December-February rainfall.
Monthly feed prices fell 1% in October 2018, but remain 127% above the October 2017 average.
Water prices in October 2018 are 162% higher in Northern VIC and 169% higher in Murray Irrigation System, relative to the corresponding period last year.
Gippsland

- Milk production in September 2018 was 1% lower than the corresponding period last year.
- October rainfall was 55% below the 10-year October average. There is a 50% chance of exceeding median December-February rainfall.
- Monthly feed prices rose 2% in October 2018 and were 103% above the October 2017 average.
- Genetic analysis reveals herd performance dynamics for Gippsland producers – Read more

Western Victoria

- Milk production in September was 2% higher than the corresponding period last year.
- October rainfall was 43% below the 10-year October average. There is a 40-50% chance of exceeding median December-February rainfall.
- Monthly feed prices rose 2% in October 2018, and were 84% above the October 2017 average.
- Bega Cheese has increased milk collections at its Koroit plant in response to a bonus payment offered to new suppliers – Read more

Tasmania

- Milk production in September 2018 was 7% higher than the corresponding period last year.
- October rainfall was 43% below the 10-year October average. There is a 50% chance of exceeding median December-February rainfall.
- Monthly feed prices rose 3% in October 2018 and were 42% above the October 2017 average.
- Organic dairy farming in Tasmania looks set to grow, with ACM now collecting milk from Tasmanian farmers – Read more

South Australia

- Milk production in September 2018 was 8% higher than the corresponding period last year.
- October rainfall was 38% below the 10-year October average. There is a 40-50% chance of exceeding median December-February rainfall.
- Monthly feed prices fell 3% in October 2018, but remain 110% above the October 2017 average.
- Genetic analysis reveals herd performance dynamics for South Australian producers – Read more

Western Australia

- Milk production in September 2018 was largely unchanged from the corresponding period last year.
- October rainfall was 26% above the 10-year October average. There is a 50% chance of exceeding median December-February rainfall.
- Monthly feed prices rose 2% in October 2018 and were 29% above the October 2017 average.
- Dairy processing facility opens in Northcliffe – Read more

© 2018 Deloitte Touche Tohmatsu.
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full name</th>
</tr>
</thead>
<tbody>
<tr>
<td>$/kgMS</td>
<td>Dollars per kilogram milk solids</td>
</tr>
<tr>
<td>ABARES</td>
<td>Australian Bureau of Agricultural and Resource Economics and Sciences</td>
</tr>
<tr>
<td>ACM</td>
<td>Australian Consolidated Milk</td>
</tr>
<tr>
<td>ADFC</td>
<td>Australian Dairy Farmers Corporation</td>
</tr>
<tr>
<td>CMPI</td>
<td>Commodity Milk Price Index</td>
</tr>
<tr>
<td>EU MMO</td>
<td>European Union Milk Market Observatory</td>
</tr>
<tr>
<td>n/c</td>
<td>No change</td>
</tr>
<tr>
<td>SMP</td>
<td>Skim milk powder</td>
</tr>
<tr>
<td>USA</td>
<td>United States of America</td>
</tr>
<tr>
<td>USDA</td>
<td>United States Department of Agriculture</td>
</tr>
<tr>
<td>WMP</td>
<td>Whole milk powder</td>
</tr>
</tbody>
</table>

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)