Deloitte Access Economics forecasts lower prices for Australia's exports overall, including rural export prices. This, despite the recent history of CMPI increases, leads to the 12 month forecast for the CMPI being relatively steady moving forward. Forecasts have been revised slightly upwards since the August update, reflecting a slightly stronger outlook for rural export prices.

ABARES forecasts for 2018-19 prices: SMP -11.0%, WMP -10.3%, butter +0.9%, cheese +1.9%.

EU MMO forecasts flat WMP prices, higher SMP prices, and lower butter and cheese prices for 2019.

USDA forecasts higher cheese, whey & SMP prices for 2019, while butter prices remain unchanged.

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

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

2018-19 season price announcements/forecasts – Fonterra $5.85-$6.20/kgMS, Saputo $5.75/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.

Australian export volumes down 11% (June to July 2018), and down 11% year on year.

EU prices (2 Sep– 16 Sep) – SMP +2.1%, WMP -0.1%, butter +1.3%, cheddar +0.3%.

USA prices (2 Sep– 16 Sep) – SMP +4.5%, WMP -4.1%, butter -1.7%, cheddar +2.6%.

Future prices

Deloitte Access Economics forecasts lower prices for Australia's exports overall, including rural export prices. This, despite the recent history of CMPI increases, leads to the 12 month forecast for the CMPI being relatively steady moving forward. Forecasts have been revised slightly upwards since the August update, reflecting a slightly stronger outlook for rural export prices.

ABARES forecasts for 2018-19 prices: SMP -11.0%, WMP -10.3%, butter +0.9%, cheese +1.9%.

EU MMO forecasts flat WMP prices, higher SMP prices, and lower butter and cheese prices for 2019.

USDA forecasts higher cheese, whey & SMP prices for 2019, while butter prices remain unchanged.

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

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

2018-19 season price announcements/forecasts – Fonterra $5.85-$6.20/kgMS, Saputo $5.75/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.
August 2018 Dairy Bulletin

Subtropical
- 10% increase from June 2018 to July 2018.
- 72% below 10-year August average. 35-45% chance of exceeding median October-December rainfall.
- 18% increase from July 2018 to August 2018.
- Feed shortages cause Queensland hay and grain prices to soar as poor seasonal conditions persist – Read more

New South Wales
- 7% decrease from June 2018 to July 2018.
- 78% below 10-year August average. 35-50% chance of exceeding median October-December rainfall.
- 19% increase from July 2018 to August 2018.
- ACCC hears numerous NSW dairy farmers struggle to remain profitable in drought conditions – Read More

Murray
- 12% decrease from June 2018 to July 2018.
- 46% below 10-year August average. 35-45% chance of exceeding median October-December rainfall.
- 31% increase from July 2018 to August 2018.
- August 2018 water prices for Northern VIC and Murray Irrigation System rise by 183% from August 2017.
## August 2018 Dairy Bulletin

### Gippsland
- 3% increase from June 2018 to July 2018.
- 9% below 10-year August average. 35-45% chance of exceeding median October-December rainfall.
- 20% increase from July 2018 to August 2018.
- *Victorian dairy farms experience the lowest average profit in 5 years despite improved milk prices* – [Read more](#).

### Western Victoria
- 14% increase from June 2018 to July 2018.
- 14% below 10-year August average. 30-40% Chance of exceeding median October-December rainfall.
- 11% increase from July 2018 to August 2018.
- *Dry conditions and reduced home-grown feed has reduced profits for SW VIC dairy farmers* – [Read more](#).

### Tasmania
- 45% decrease from June 2018 to July 2018.
- 4% below 10-year August average. 30-45% chance of exceeding median October-December rainfall.
- 11% increase from July 2018 to August 2018.
- *Corporate investment in Tasmania dairy is increasing the size of cow herds across the state* – [Read more](#).

### South Australia
- 6% decrease from June 2018 to July 2018.
- 7% above 10-year August average. 30-45% chance of exceeding median October-December rainfall.
- 20% increase from July 2018 to August 2018.
- *Dry conditions are likely to continue across South Australia according to BOM* – [Read more](#).

### Western Australia
- 3% increase from June 2018 to July 2018.
- 17% above 10-year August average. 20-40% chance of exceeding median October-December rainfall.
- 7% increase from July 2018 to August 2018.
- *Five dairy farmers from WA have been honoured for producing some of Australia’s top quality milk* – [Read more](#).
<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)

This Dairy Bulletin is prepared solely for the use of the Department of Agriculture and Water Resources. This Bulletin is not intended to and should not be used or relied upon by anyone else and we accept no duty of care to any other person or entity. The Bulletin has been prepared for the purpose set out in our contract dated 9 May 2018. You should not refer to or use our name or the advice for any other purpose.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited.

© 2018 Deloitte Access Economics Pty Ltd