

# PERSPECTIVE

MAY 2017

## The latest insights in global dairy markets

Your regular global overview of the dairy industry along with trends in milk production, commodity prices and dairy trade

Ingredients by



Dairy for life

# Welcome back to Perspective!

This month we interview our NZMP Key Account Manager Rachel Marshall to get her views on natural food trends in North America.

Fonterra recently announced our 2017 third quarter business update. This can be accessed [here](#).

## **Production, exports, imports and pricing**

- New Zealand production for the 2016/17 season (from 1 June 2016) is down -2% to the end of March.
- US export growth remains strong. New Zealand and Australian exports are up slightly for the year.
- Continued import growth in Asia and Latin America, but some easing in China and the Middle East & Africa this month.
- May GDT results were positive, with an increase of +3% in the most recent TE 188.
- WMP prices increased in the last two GDT trading events, outperforming NZX WMP expectations. Cream products (AMF and butter) continue to see strong momentum, trading well above the long run averages. SMP has increased modestly, but continues to trade below long run averages.












If you have any suggestions for topics you would like to read about in Perspective, or any other general feedback, we would love to hear from you. You can contact us at [nzmpbrand@fonterra.com](mailto:nzmpbrand@fonterra.com) or through your account manager.

**Kind regards,**

**The Perspective team**

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## OPINION PIECE **THE RISE OF HEALTH CONSCIOUS CONSUMERS IN THE US**

Consumer preferences are rapidly evolving in the quest to live longer, healthier lives. Consumers are recognising that the food they eat can have a major part to play in their health, hence they are increasingly taking a closer look at what they put in their mouths. The focus has traditionally been on the nutritional content of foods, with many looking for more positive nutrients such as protein, and less negative nutrients such as sugar and salt.



**Rachel Marshall**  
**NZMP ACCOUNT  
MANAGER**

Rachel is a Key Account Manager for NZMP in North America, with a focus on Active Nutrition accounts; many who play in the natural claims space. With a Bachelor of Food Technology, Rachel started her career with Fonterra in 2000 in research and development, and progressed into US based technical and marketing roles, before moving into sales. This path has given Rachel broad experience and insights to bring a full service offering to her customers. While not a dairy farm, growing up on a New Zealand sheep and beef farm gives Rachel pride to serve New Zealand dairy farmers in her role with NZMP and to work with customers to promote New Zealand's unique farming practices.

Here in the US the trend is shifting as we see shoppers seeking simpler ingredient statements, absence of artificial ingredients, and many are now looking to understand the supply chain, asking "where does my food come from?". This can mean where was it made, how it was made, what was added, or whether it contains genetically modified ingredients. The list of considerations continues to grow as consumer preferences evolve; many trends can rise quickly through the influence of social media education.

Transparency is the topic of the day. Increasingly farming practices are being questioned; including asking what did the animal, who produced my milk, eggs, meat, eat? How were they treated? Were they free roaming or tightly caged? Were they given artificial growth hormones? What medicines might have been used?

### **Adding value through natural farming practices**

The US market has seen a significant increase in such on-farm practice related claims; rBST free was the starting point, followed by a rapid uptake in grass-fed and organic claims.

Answering the repeated requests of the customers we work with, we have developed several on-pack claims: 'Grass-Fed', 'Made with New Zealand Dairy' and 'Made with NZMP Dairy'. Customers using our New Zealand sourced dairy ingredients can now reference that our rBST hormone free animals are, on average, 85% grass-fed and spend 90% of their time on pasture. The latter is a key differentiator, as many dairy farming regions have unsuitable climatic conditions to enable free range



pasture grazing year round; this allows NZMP's New Zealand sourced dairy ingredients to truly meet the image consumers have in their minds when they think 'grass-fed'.

### The importance of Non-GMO

Non-GMO is another claim increasingly sought after by consumers, with the Non-GMO Project Verified seal being the fastest growing label in the natural products industry, representing \$19.2 billion in annual sales<sup>1</sup>. The Non-GMO Project Verified seal already appears on 43,000 verified products and is among the most trusted non-GMO labels for consumers<sup>2</sup>. Non-GMO Project Verified dairy ingredients have been scarce outside of organic supply. New Zealand is unique in that no genetically modified plants have been released there, meaning that we can tap into a substantial pool of milk that meets the Non-GMO Project Standard. This is a great opportunity for our customers as research shows that over half of US protein consumers and more than a third of US dairy consumers are 'very interested' in a Non-GMO claim. Forty percent of consumers are also willing to pay a premium for dairy products with a Non-GMO claim<sup>3</sup>.

As US consumer trends often lead the world, many food brands look to the US to see what is popular. With the rapidly growing desire for clean label and transparency already spreading across the globe, we are looking forward to sharing the benefits of NZMP's New Zealand grass-fed dairy ingredients and the associated claims with other markets.



Sources: 1. <https://www.nongmoproject.org/product-verification/verification-faqs/> 2. <https://www.nongmoproject.org/product-verification/verification-faqs/>  
3. NZMP Consumer Research conducted by ABN Impact (2016 October, among US consumers).



# LAST 12 MONTHS NEW ZEALAND PRODUCTION DOWN -1% AFTER INCREASE IN MARCH

Production in the US and EU remains stable

To view a summary of year-on-year changes in production [click here](#)

### New Zealand

**-1%**

Production change  
for the 12 months to  
March 2017

New Zealand milk production for the 12 months to March was down -1% compared to the same period the previous year.

The monthly volume change reflects improved growing conditions as a result of better than expected weather conditions in the latter part of the season.

Total milk production in March was up +9% compared to the same month last year.

New Zealand production for the 2016/17 season (from 1 June 2016) is down -2% to the end of March.

### Australia

**-8%**

Production change  
for the 12 months to  
February 2017

Australia production for the 12 months to February was down -8% compared to the same period the previous year.

Production in February decreased -10% compared to the same month last year. Production was down -7% for February, excluding the impact of the leap year in 2016.

### European Union

**-1%**

Production change  
for the 12 months to  
February 2017

EU production for the 12 months to February was down -1% compared to the same period the previous year.

Production in February decreased -4% compared to the same month last year.

Excluding the impacts of the leap year in 2016, production was flat, representing an easing in the rate of decline over the past four months.

Across this period, Germany was down -2%, France down -4% and the UK down -5%.

### United States

**+2%**

Production change  
for the 12 months to  
March 2017

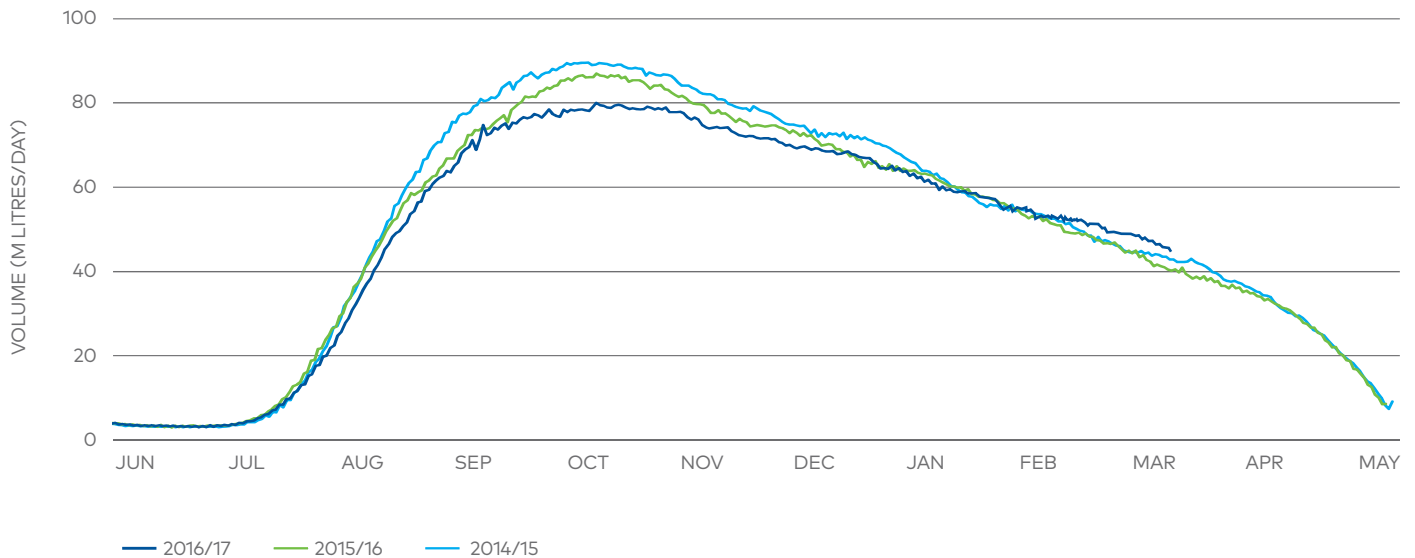
US milk production for the 12 months to March increased +2% compared to the same period the previous year.

Production in March increased +2% compared to the same month last year.

Monthly increases in US production have remained around +2% for each of the last 10 months.



## FONTERRA NEW ZEALAND MILK COLLECTION 2016/2017 SEASON



### New Zealand Collection

**-3%**

Decrease for the season from 1 June to 30 April

Fonterra's milk collection across New Zealand for the 11 months to 30 April reached 1,459 million kgMS, -3% lower than the same period last season.

April collections reached 118 million kgMS, +5% up on the same month last season.

Fonterra New Zealand milk collection improved in April due to favourable growing conditions in most parts of the country, but particularly in the North Island.

### Australian Collection

**-1%**

Decrease for the season from 1 July to 30 April

Fonterra's milk collection across Australia for the 10 months to 30 April reached 106 million kgMS, 2 million kgMS lower than last season.

In April, milk collection reached 9 million kgMS, +6% higher than the same month last season. This was due to the timing of increased supply from third parties.





# US EXPORT GROWTH REMAINS STRONG

## New Zealand and Australia exports up slightly for the year

To view a summary of year-on-year changes in exports [click here](#)

### New Zealand

**+1%**

Export change for the 12 months to February 2017

New Zealand exports for the 12 months to February were up +1%, or 20,000 MT, on the previous comparable period. Growth was led by infant formula, and fluid and fresh dairy, up a combined 40%. WMP, the largest export category, was down -4%.

Total dairy exports in February decreased -12%, or 34,000 MT, compared to the same month last year and continued the recent run of monthly declines.

WMP and SMP exports were down -7% and -38% respectively in February. Fluid and fresh dairy growth continued, with the category up +9%.

### Australia

**+2%**

Export change for the 12 months to February 2017

Australia exports for the 12 months to February were up +2%, or 14,000 MT, on the previous comparable period.

Dairy exports in February decreased -10%, or 6,000 MT, compared to the same month last year.

SMP, fluid and fresh dairy, and cheese, which account for 80% of volumes, were down a combined -12% for the month.

Growth in fluid and fresh dairy, and WMP, up +12% and +13% respectively, was offset by declines in key export categories SMP and cheese; down a combined -11% or 43,000 MT.

### European Union

**+5%**

Export change for the 12 months to January 2017

EU export growth on a rolling 12-month basis has eased in recent months, but remains up +5%, or 237,000 MT, on the previous comparable period.

Dairy exports in January were flat, relative to the same month the previous year.

-6% declines in both fluid and fresh dairy, and SMP were offset by growth in WMP, cheese and infant formula; up +20%, +12% and +11% respectively.

The largest export category, fluid and fresh dairy, remains up +9%, while cheese and infant formula are up a combined +12% or 139,000 MT.

### United States

**+4%**

Export change for the 12 months to February 2017

US exports for the 12 months to February were up +4%, or 82,000 MT, on the previous comparable period.

Dairy exports increased +9% in February, or 14,000 MT, compared to the same month the previous year.

This was the ninth consecutive month of increasing exports, although the rate of growth has eased in the last quarter.

The increase was driven by three of the larger product categories, SMP, whey powder and cheese; up a combined +20% or 18,000 MT.





# CONTINUED GROWTH IN ASIA AND LATIN AMERICA

but some easing in China and Middle East & Africa this month

To view a summary of year-on-year changes in imports [click here](#)

## China

**+10%**

Import change  
for 12 months to  
March 2017

China imports for the 12 months to March were up +10%, or 208,000 MT, compared to the same period last year.

Dairy imports decreased -6%, or 13,000 MT, in March compared to the same month last year.

Whey powder and infant formula were up +13% and +32% respectively. WMP and fluid and fresh dairy were down a combined -24%, or 27,000 MT.

Fluid and fresh dairy, China's largest import category, was up +21%, or 116,000 MT, while MP was up +7%.

## Middle East & Africa

**-3%**

Import change  
for 12 months to  
January 2017

Middle East and Africa<sup>1</sup> imports for the 12 months to January were down -3%, or 118,000 MT, compared to the same period last year.

Dairy imports decreased -2%, or 6,000 MT, in January compared to the same month the previous year.

Growth in powders, with WMP and SMP up a combined +7%, was offset by fluid and fresh dairy, and cheese; down -8% and -19% respectively.

Fluid and fresh dairy, and WMP, the region's two largest import categories, were down -7% and -6% respectively.

<sup>1</sup> Includes estimates for Egypt (January).

## Asia (excluding China)

**+7%**

Import change  
for 12 months to  
January 2017

Asia<sup>2</sup> dairy imports for the 12 months to January were up +7%, or 289,000 MT, compared to the same period the previous year, driven by the Philippines and Indonesia.

Dairy imports increased +3%, or 11,000 MT, in January compared to the same month the previous year.

Whey powder and cheese were up +11% and +8% respectively, while WMP was down -7%.

Increases in fluid and fresh dairy, and whey powder, up +16% and +11% respectively, were offset by WMP, down -4% or 24,000 MT for the period.

<sup>2</sup> Includes estimate for Indonesia (January) and Macao (October-January).

## Latin America

**+12%**

Import change  
for 12 months to  
January 2017

Latin America<sup>3</sup> dairy imports for the 12 months to January were up +12%, compared to the same period the previous year.

Dairy import volumes increased 6%, or 9,000 MT, in January compared to the same month the previous year.

Growth in WMP, up +49% due to increases into Brazil and Colombia, was partially offset by SMP, down -10%. After five months of solid monthly growth, cheese was flat.

WMP, cheese and SMP, which account for 55% of total imports, were up a combined +18% or 158,000 MT.

<sup>3</sup> Excludes Venezuela and Nicaragua. Includes estimate for Honduras (January).

## Russia

**+7%**

Import change  
for 12 months to  
January 2016

Imports to Russia are up +7% for the 12 months to January compared to the same period the previous year.

Russia import volumes increased +6% for January compared to the same month the previous year.

Whey powder, cheese, infant formula and fluid and fresh dairy imports all decreased compared to same month previous year. SMP imports were up +40% compared to January 2016 and WMP was up +69%.



# TRACKING THE GLOBAL DAIRY MARKET

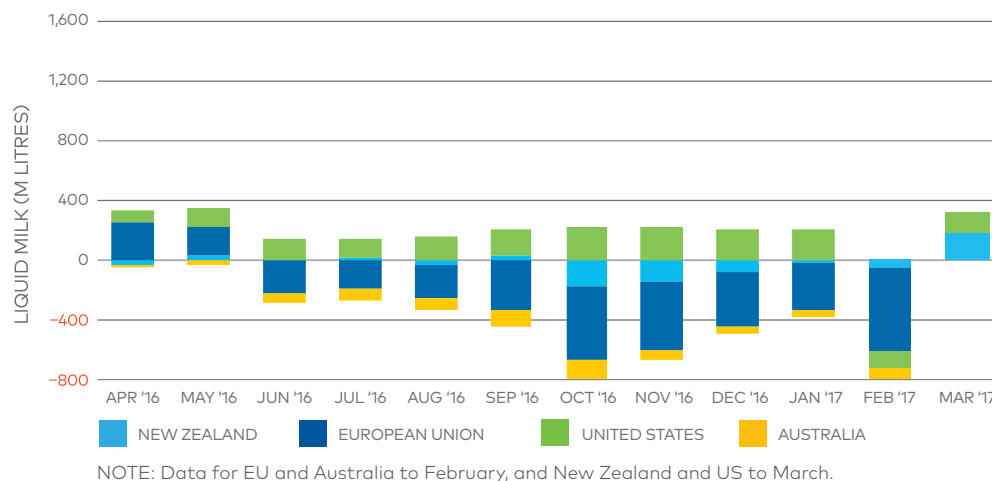
## Global Dairy Market

The charts on the right illustrate the year-on-year changes in production, exports and imports for a range of countries that are important players in global dairy trade.

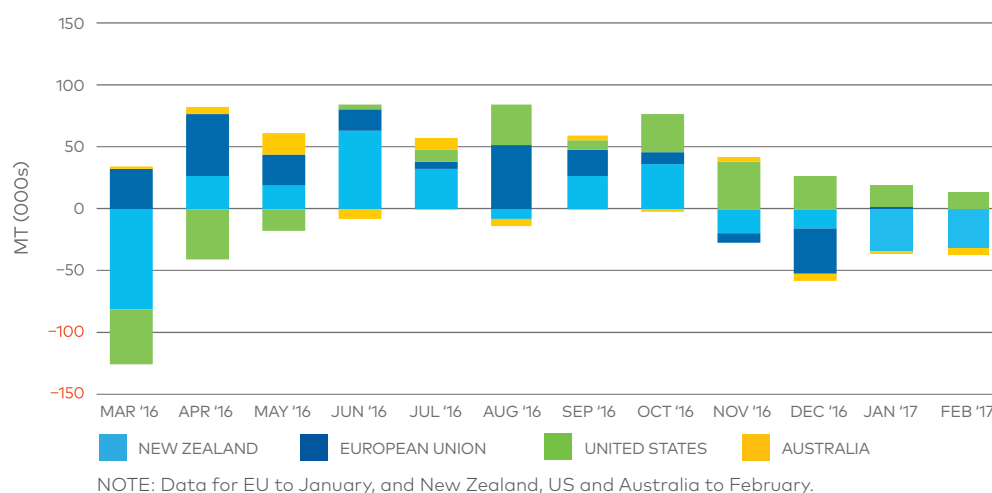
Where countries are not shown, this is likely due to data not yet being available at time of publication.

For further information [click here](#)

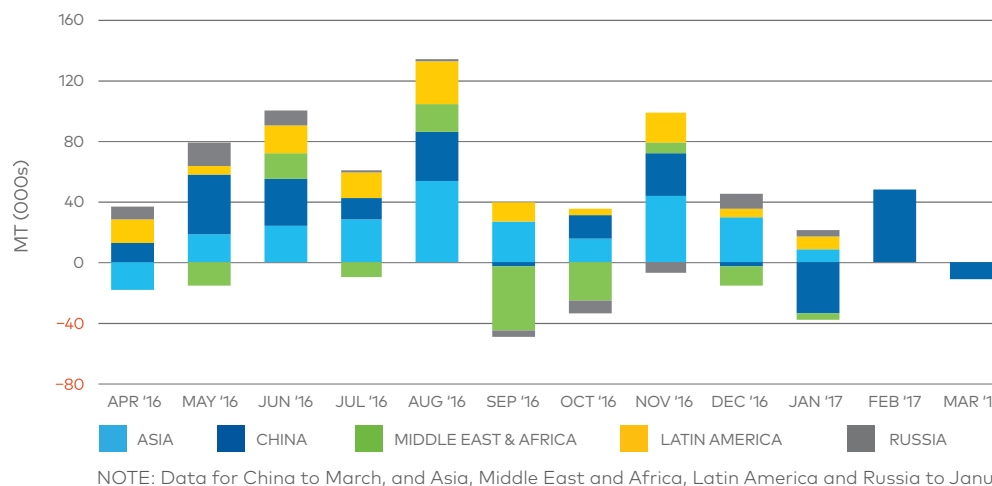
### PRODUCTION



### EXPORTS



### IMPORTS



Source: Government milk production statistics/GTIS trade data/Fonterra analysis



## Food Price

FAO Food Price Index averaged nearly 168.0 points in April 2017, down almost -3.1 points from March, but still +15.2% above its year ago level. The Dairy Price Index averaged 183.6 points for April 2017, down -6.2% from the previous month. Ample milk supplies from the Northern Hemisphere seasonal peak have allayed immediate sourcing concerns, particularly for milk powders and cheese. In contrast, butter prices firmed, with expanding demand from Europe and North America limiting export availabilities.

Source: FAO



## Economic

Composite leading indicators (CLIs) anticipate stable growth momentum for the OECD as a whole. Stable growth is expected in the United States, Japan, the United Kingdom, and the euro area (including France and Italy). Growth is expected to gain momentum in Canada and Germany. Growth forecasts for emerging economies show growth gaining momentum in Brazil and Russia, and stable growth momentum in China and India.

Source: OECD



## Consumer

The Economist Intelligence Unit (EIU) maintained its global growth forecast in 2017 of 2.6%. However, this includes a decrease in the United States growth forecast, from 2.2% to 2.0%, after a disappointing first quarter. The weak first quarter in the United States is predicted to be a blip, as opposed to the beginning of a downturn. Mexican growth forecast increased +0.4% to 1.2%. EIU reduced oil price forecast, following further evidence that OPEC's attempt to rebalance the market is failing.

Source: Economist Intelligence Unit



## Weather

In New Zealand, cold outbreaks in the first half of May are due to be followed by average or above average temperatures. Rainfall and soil moisture are predicted to be in the normal or near normal range. Poor New Zealand weather contributed to 4% increase in number of "empty" cows. Extreme weather conditions at either end of the spectrum put pressure on Australian milk supplies. ENSO-neutral conditions are present and the strong coastal El Niño which developed along the coast of South America during February and March, has now weakened.

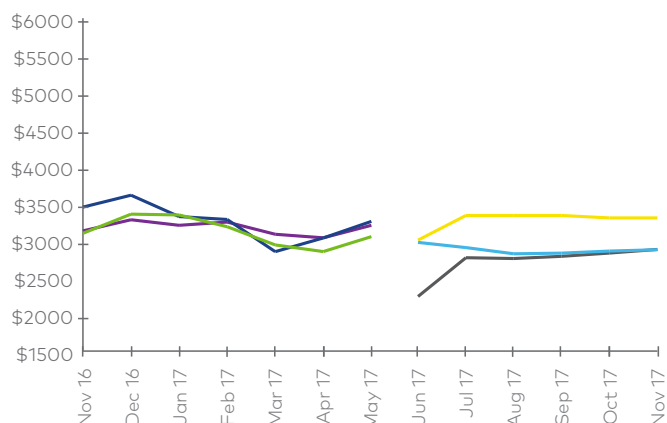
Source: Climate prediction centre, World Agricultural Weather Highlights USDA oCOE; Dairy Australia Production Inputs Monitor; Otago Daily Times





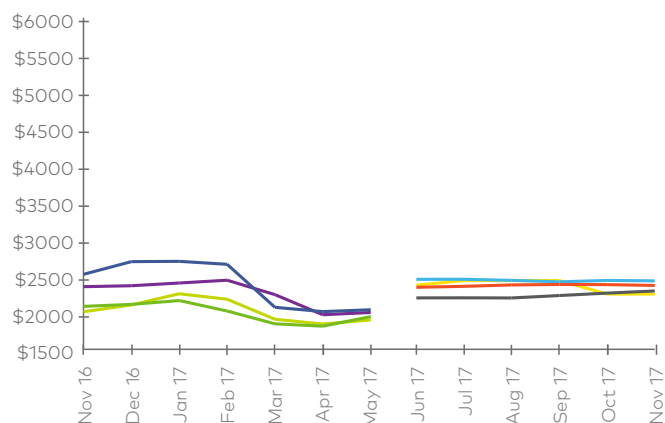
# COMMODITY PRICES

## WMP



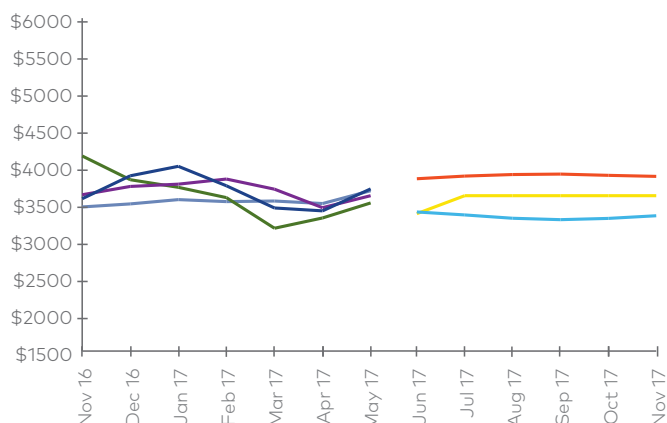
- WMP prices increased month-on-month with the Dutch Dairy Board (DDB) up +7.1% to USD 3,047/MT, GDT up +7.4% to USD 3,253/MT and USDA Oceania up +5.6% to USD 3,200/MT.
- Average futures and forecasts for June 2017 to November 2017 are relatively stable, with Informa and NZX Futures average prices over the 6 months at USD 2872/MT and USD 2705/MT respectively. Rabobank Oceania forecasts are higher at an average of USD 3167/MT for the 6 months, much higher than NZX Futures or the Informa forecasts showing some uncertainty in the market.

## SMP



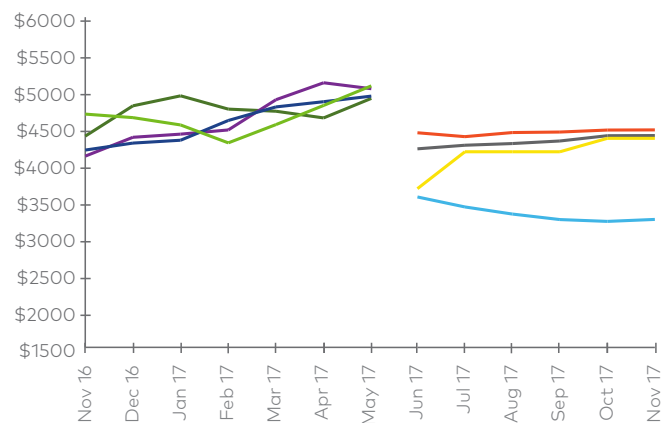
- SMP prices all increased in May, with the DDB up +7.2% to USD 1,944/MT, GDT up +1.2% to USD 2,037/MT, USDA Oceania +1.6% to USD 2,000/MT and USDA NASS up +3.1% to USD 1,900/MT.
- Futures and forecasts all increased their 6 month average prices and are forecasting/pricing between USD 2,198/MT and USD 2,450/MT for the next 6 months. The EU increased available intervention, which should provide support for SMP, unless intervention price is revised down.

## Cheese



- Cheddar cheese prices all increased. GDT increased +8.7% to USD 3,692, USDA Oceania increased +4.7% to USD 3,600/MT, CME spot price increased +6.2% to USD 3,502/MT and EU Commission increased +5.0% to USD 3,667/MT.
- Futures and forecasts are mixed. CME Futures prices increased for the 6 months from June to November 2017, up +7.1% to an average price of USD 3,868/MT. Informa Oceania averages USD 3,319/MT and Rabobank averages USD 3,560/MT.

## Butter



- May butter prices increased with the exception of USDA Oceania, which was down -1.6% to USD 5,025/MT. The DDB is up +5.6% to USD 5,064/MT, GDT up +1.6% to USD 4,924/MT, and CME Spot up +5.7% to USD 4,893/MT.
- Forecast/futures are pricing much lower than the market, with prices between USD 3,218/MT and USD 4,465/MT. Informa Oceania forecasts the strongest declines in price, whilst other forecasts and futures present a more stable outlook.

### Actuals

- GDT Fonterra
- Dutch Dairy Board
- USDA Oceania
- USDA NASS
- CME Spot
- EU Commission

### Forecasts

- NZX Futures
- CME Futures
- Rabobank Oceania
- Informa Oceania





## TRADING EVENT 188

WMP

**+1.3%**

\$3,312

SMP

**+1.0%**

\$1,998

AMF

**+8.2%**

\$6,631

Butter

**+11.2%**

\$5,479

Cheddar

**+0.6%**

\$3,726

Rennet Casein

**-3.7%**

\$6,259

Lactose

**+2.0%**

\$967

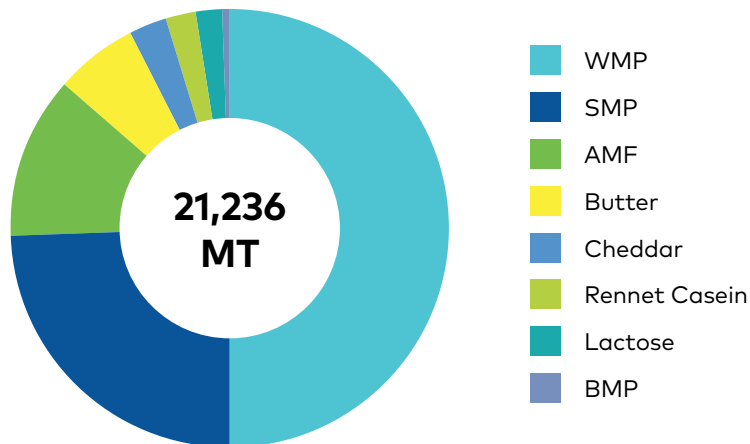
BMP

**+7.0%**

\$1,980

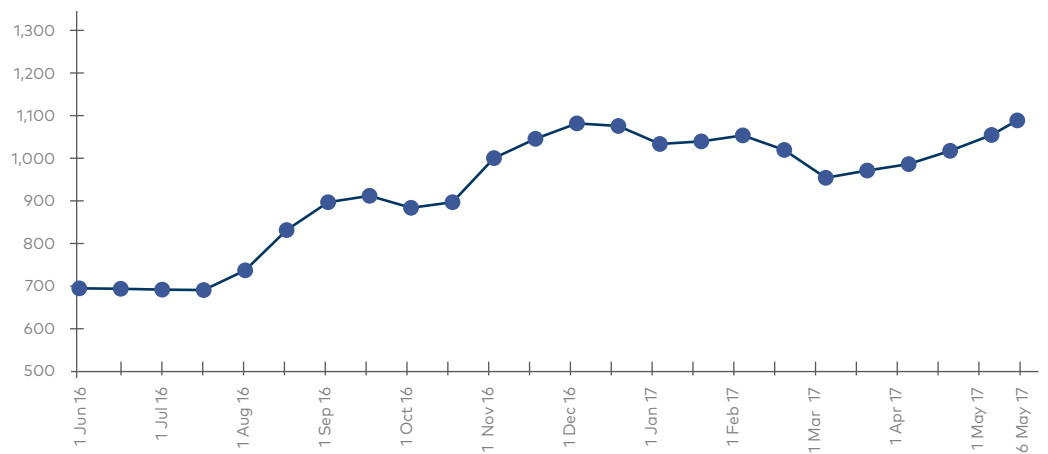
## GDT SALES BY PRODUCT

TRADING EVENT 188



## GDT PRICE INDEX

May GDT results were positive, with an increase of +3.2% in the most recent TE 188. Prices increased for all major products in the recent trading event, with continued strength in cream product pricing.



Data reflective as retrieved on 16 May 2017.



# USDA, DAIRY OUTLOOK

Published 16th May 2017

### Recent developments

USDA reported March 2017 milk production 18.7 billion pounds, +1.7% above March 2016. Milk cow numbers increased to 9.380 million head, up +15,000 compared to the previous month. Milk per cow averaged 1,995 pounds per head, up +21 pounds compared to March 2016. Milk per cow for the first quarter was 5,715 pounds, about -15 pounds lower than forecast last month.

Wholesale prices reported in recent weeks in the USDA National Dairy Products Sales Report were mixed. Cheddar cheese 40-pound blocks and 500-pound barrels rose by USD 0.074 and USD 0.015 per pound respectively, and non-fat dry milk (NDM) rose by USD 0.035 per pound. Dry whey price fell by USD 0.012 per pound and butter fell by USD 0.040 per pound.

Domestic use has been contracting in recent months. First quarter domestic use decreased -1.7% on a milk-fat milk-equivalent basis and -1.5% on a skim-solids milk-equivalent basis, compared to the first quarter of 2016.

Increased US exports for the first quarter have been driven by competitive US wholesale prices for cheese, NDM and dry whey. First quarter cheese exports rose +11.6%, with much of the increase going to South Korea. Whey product exports increased +28.5%, with a significant increase to China. NDM/SMP exports rose +18.1%, with much of the increase going to Mexico and China. The outlook for US dairy exports appears to be strong, with the exception of ultra-filtered milk containing protein of 85% or more, which is facing competition in the main market of Canada due to altering regulations.

Imports have also been impacted by changing cheese prices, with first quarter cheese imports down -5.0% on first quarter of 2016. While cheese imports have declined, imports of food preparations with substantial dairy content and other miscellaneous dairy products have increased.

### Dairy forecasts for 2017

Milk cow forecast for 2017 is unchanged at 9.385 million head. Milk per cow forecast has been lowered to 23,110 pounds per head, 40 pounds less than last month's forecast.

Feed prices are still expected to be relatively low.

2017 export forecast has been raised by +0.3 billion pounds on a milk-fat basis and by +0.6 billion pounds on a skim-solids basis; driven by higher than expected exports of cheese, NDM/SMP, whey products and lactose.

2017 import forecast has been lowered by -0.4 billion pounds on a milk-fat basis, with lower expected imports of cheese. 2017 import forecast has been increased by +0.1 billion pounds on a skim-solids basis, with higher expected imports of food preparations with substantial dairy content and other miscellaneous dairy products.

Forecast for domestic use are not comparable with last month's forecast due to USDA updating conversion factors

used for the estimates. Commercial use was below last year for the first quarter of 2017, however is expected to rebound later in the year.

2017 domestic use forecast is 213.0 million pounds on a milk-fat basis, a +1.9% increase over 2016. 2017 domestic use forecast is 181.4 pounds on a skim-solids basis, a +1.5% increase over 2016. 2017 ending year stocks are projected at 13.2 billion pounds on a milk-fat basis and 10.0 billion pounds on a skim-solids basis.

2017 price forecast updates include NDM raised to USD 0.875-0.915 per pound and butter lowered to USD 2.115-2.195 per pound. The annual 2017 forecast for cheese and dry whey prices are unchanged from last month. The 2017 all-milk price forecast is \$17.35-\$17.85 per cwt.



# BLIMLING, FORECAST UPDATE

Published 2nd May 2017

Blimling's May Forecast Update focuses on potential upsets to an uneventful second half in the global dairy market.

Blimling flags weather, competitive US export prices and buyer anxiety as the key risks to the dairy market.

The cheese market faces sizable and expanding supply, which will continue to weigh on the market in the near term. However, the spot market's reliance on 4-30 day old cheese presents upside risk later in the year.

In the butter market, buyers will begin to realise the magnitude of current supply, now that Easter is over and

holiday demand is a season away. However, sustained buy-side interest may limit the downside.

NDM/SMP is experiencing improving end-user interest, which may perk up prices in the near term. However, sustained and growing oversupply will likely keep a lid on significant upside momentum.

Dry whey prices are poised to decrease slightly as stocks are up, following seasonally higher output and increased pressure from the WPC market; while EU competition is curbing US exports.

# INFORMA ECONOMICS, GLOBAL DAIRY REPORT

Published 18th May 2017

Informa notes that global dairy prices are shifting higher, likely driven by strong imports in March (and probably April and May), alongside production concerns in Oceania. Global imports for March were up year-on-year for the first time since November.

Demand is likely being driven by lower March prices and inclement New Zealand weather, but it is unclear whether it is being backed up by growth at the consumer level. If consumer demand rebounds, and/or Russia opens their borders, manufacturing milk price forecast could easily shift significantly higher.

Milk production has been stronger than forecast in New Zealand and EU, and US production continues steady growth. Australia and likely Argentina production has been weak.

Informa have raised their price forecasts for this month and the rest of the summer modestly. This presents some downside risk for later in the year, as farm level margins remain favourable and we should see solid growth in milk production.



## GLOSSARY

Fonterra draws the information in this update from a variety of principally external sources listed below. Also included are defined acronyms for better understanding.

**AMF** Anhydrous Milk Fat

**BMP** Butter Milk Powder

**CME** Chicago Mercantile Exchange

**EIU** Economist Intelligence Unit

**FAO** United Nations Food and Agriculture Organisation

**Farmgate Milk Price** The price for milk supplied in New Zealand to Fonterra by farmer shareholders

**Fluid and Fresh Dairy** The Fonterra grouping of fluid milk products (skim milk, whole milk and cream pasteurised or UHT processed), concentrated milk products (evaporated milk and sweetened condensed milk) and yoghurt

**FTA** Free Trade Agreement

**GDI** Global Dairy Intelligence group, Fonterra Cooperative Group Limited. GDI provides insights to Fonterra management based on a model of the global dairy market developed by GDI and populated with publicly available data. The model outputs referenced in this report do not reflect Fonterra's non-public production or sales data

**GDP** Gross Domestic Product

**GDT** GlobalDairyTrade auction platform

**GDT Price Index** is an index that provides a measure of the weighted average percentage change in the movement in price of all products sold on GDT. This provides a simple measure of changes in dairy price between trading events

**IMF** International Monetary Fund

**Informa** Informa Economics Inc., Dairy Group, Global Dairy Market Report

**LME** Liquid Milk Equivalent

**MAT** Moving Annual Total (this is data averaged across the 12 month period)

**MEA** Middle East and Africa

**NDM** Non-fat Dry Milk

**NZX** NZ Stock Exchange

**OECD** Organisation for Economic Co-operation and Development

**Q[1]** [First] Quarter

**Reference Products** The dairy products used in the calculation of the Farmgate Milk Price, which are currently WMP, SMP, BMP, butter and AMF

**SEA** South East Asia

**Season** New Zealand: A period of 12 months to 31 May in each year. Australia: A period of 12 months to 30 June in each year.

**SMP** Skim Milk Powder

**TE** GDT Trading Event

**USDA NASS** US Department of Agriculture National Agricultural Statistics Service

**USDA Oceania** US Department of Agriculture Agricultural marketing service price series for specific products in the Oceania region

**WMP** Whole Milk Powder

**YOY** Year-on-year

**YTD** Year to date

### Tracking the global dairy market Production, Export and Import charts

The production, export and import charts illustrate year-on-year changes in production, exports and imports for a range of countries that are important players in global dairy trade.

The absolute size of the bars represents the change in production, exports or imports compared to the same month the previous year. The portion of the bar below zero represents a year-on-year decrease and the portion above the line shows the year increase for that country. Where countries are not shown this is likely due to the data not yet being available.

### Weather Source (Page reference – 11)

Comments on weather are obtained from various government weather sites as well as independent reports including Martell Crop Projections. Global milk production data is sourced from government and industry websites including US Department of Agriculture (USDA), EuroStat, Dairy Australia, Dairy Companies Association of NZ (DCANZ) and others.





Important note: The information and commentary contained in this 'Perspective from NZMP' is based on publicly available official government statistics; industry association reports; other published industry reports together with data and insights developed by Fonterra's Global Dairy Intelligence group ('GDI'). These sources are identified as appropriate in this 'Perspective from NZMP'. GDI insights and data are derived from a global dairy market model populated by publicly available data. The model inputs and outputs do not reflect Fonterra's non-public production, pricing or sales data. Fonterra Co-operative Group Limited and its group members involved in the manufacture or sale of NZMP branded products ('Fonterra') has provided this 'Perspective from NZMP' for informational purposes only. It does not constitute recommendations or advice for the purposes of making financial decisions regarding trading in dairy products or commodities, or dealing in financial instruments relating to dairy commodities. Although every effort is made to ensure the accuracy of reproducing and interpreting such information, no warranty or representation of such is made and Fonterra shall have no liability in respect of any reliance placed on such information in the formulation of any business decision.