



AGRI UPDATE

GlobalDairyTrade auction results.



17 Apr 2024 | Kelly Eckhold, Chief Economist | +64 21 786 758 | kelly.eckhold@westpac.co.nz | X: @kellyenz

GDT consolidation

- Dairy prices were pretty flat at 0.1% in today's auction.
- Whole milk powder rose 0.4%, Skim Milk Powder was flat, Cheddar fell 8.5%.
- Futures markets have generally consolidated making our \$7.90 current season and \$8.40 2025 season milk payout forecasts look neutral risk-wise.
- The global growth outlook has improved for the globe overall although the Chinese outlook still looks uncertain. US growth looks especially strong.

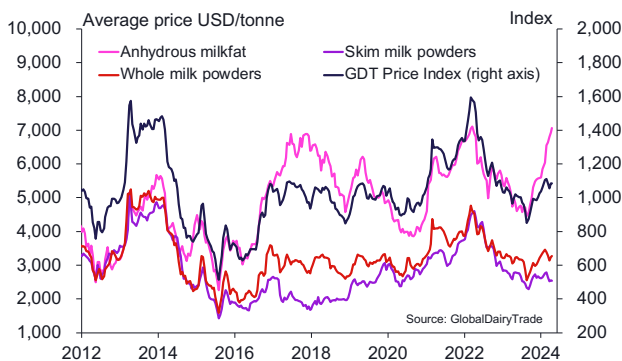
GlobalDairyTrade auction results

	Change since last auction	Prices USD/tonne
Whole Milk Powder (WMP)	0.4%	\$3,269
Skim Milk Powder (SMP)	0.0%	\$2,541
Anhydrous Milk Fat (AMF)	1.7%	\$7,062
Butter	-1.4%	\$6,546
Cheddar	-8.5%	\$3,974
GDT Price Index	0.1%	1,086

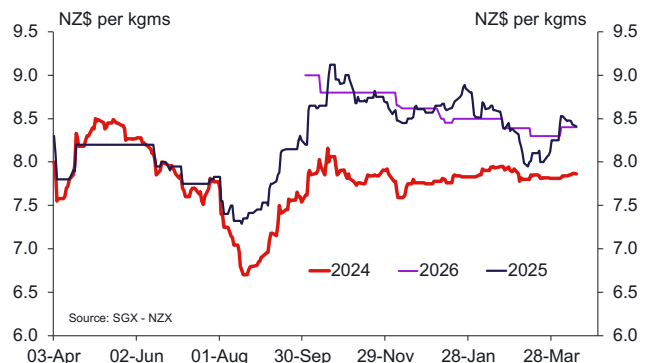
Auction Results, 17 April 2024.

This week's dairy auction was fairly flat overnight. Its hard to say much as Whole Milk was up a smidge (0.4%) while manufactured products such as butter and cheddar fell (1.4 and 8.5% respectively). That might be great news for scones prices!

GlobalDairyTrade auction prices

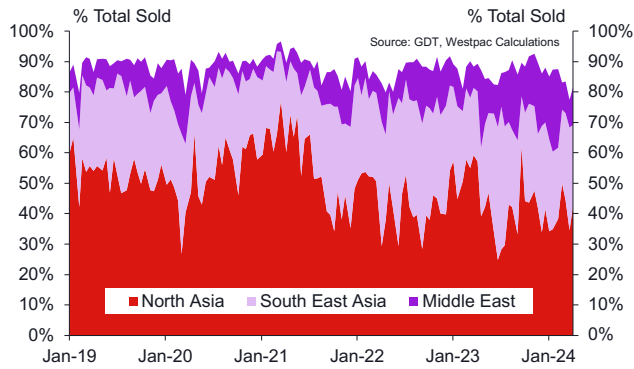


Futures prices - SGX Milk Prices

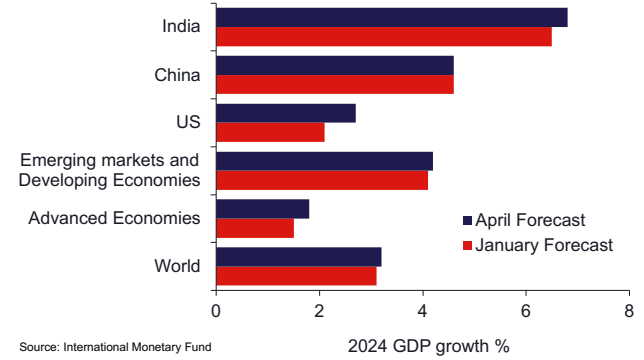


Not much changed in terms of the mix of buyers in the auction. Chinese buyers pulled back a touch, but southeast Asian buyers took up a bit of slack. Overall prices remain around long-term averages.

Proportion of total volumes sold – top 3 regions

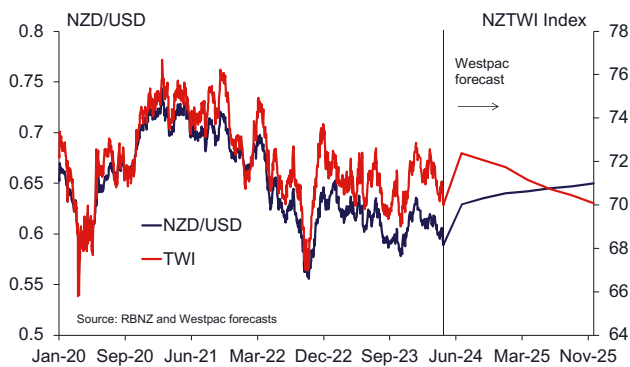


IMF global 2024 growth forecasts – January vs April 2024



Global growth and exchange rate trends.

The NZD exchange rate is weaker than forecast



An emerging issue of relevance to the primary sector is the weakening in the exchange rate that is taking hold of late. The NZD/USD and Trade Weighted Index are now sitting noticeably below forecast levels suggesting downside risks to those forecasts as we head towards our next Economic Overview in May. The key issue is that NZ growth is looking very flat whereas the US economy seems in rude good health to the extent that markets and policy makers are discussing the real risk that interest rates don't fall far at all in 2024.

These risks have been emphasized by the change in the global growth outlook presented by the International Monetary Fund overnight. The IMF have upgraded their global outlook reflecting especially strength in the US economy. There are also signs of better times in emerging and developing market economies (India looks especially strong). Some of this will present opportunities to NZ exporters but it's still the case that the Chinese economy is flat, and risks remain there.

Farmgate milk price forecasts

	2023/24		2024/25
	Westpac	Fonterra	Westpac
Milk price	\$7.90	\$7.30-\$8.30	\$8.40

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