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Report Highlights:

New Zealand fluid milk production in 2024 is forecast to decline by 0.5 percent to 21.4 million metric tons (MMT). This situation results from recent decreases in farm gate milk price forecasts, as well as rising interest rates, which are expected to restrict operational cashflow in the outgoing year. Added to this is the climate challenges ahead with a forecasted El Niño weather pattern, predicted to impact key dairy farming regions with dry conditions. On October 14, 2023, New Zealand held a general election for the national government. The vote favored an overwhelming change from the current government. The political parties forming the new government have historically focused on supporting agriculture and trade when leading previous governments. FAS/Wellington is forecasting in 2024, growth in New Zealand Cheese, Skim Milk Powder (SMP), and Cream product exports. Although Whole Milk Powder (WMP) will continue to be the primary dairy export to overseas markets.

Executive Summary:

New Zealand fluid milk production in 2024 is forecast to decline by 0.5 percent to 21.4 million metric tons (MMT). This is as a result of recent decreases in farm gate milk price forecasts, as well as rising interest rates, which are expected to restrict operational cashflow in the outgoing year. Added to this are the climate challenges ahead with a forecasted El Niño weather pattern, predicted to impact key dairy farming regions with dry conditions. Lastly, the national dairy cow herd has decreased since peak numbers in 2015.

On October 14, 2023, New Zealand held a general election for the national government. The vote favored an overwhelming change from the current government, which has been in place for the last six years. The incoming government still needs to form its coalition, with the majority votes were to the center-right political parties. Prior to the elections the major parties announced specific policy changes they would make in agriculture, primarily extending the implementation pricing of agricultural emissions, re-establishing live dairy export, and the intent to reduce restrictions on the agriculture sector overall. The political parties forming the new coalition have historically been centric on supporting agriculture and trade when leading previous governments.

Domestic consumption will continue to be a small growth driver of the New Zealand economy, with the population only just over 5.1 million. As a result, the nation's dairy processors are constantly investing and targeting overseas markets for dairy products.

FAS/Wellington forecasts export growth in New Zealand Cheese, Skim Milk Powder (SMP) and Cream products in 2024. Although Whole Milk Powder (WMP) will continue to be the primary dairy export to overseas markets. As of January, to August of 2023, global export volumes of dairy products from New Zealand are up 11 percent at the same time last year. China continues to be New Zealand's largest dairy customer for all dairy products.

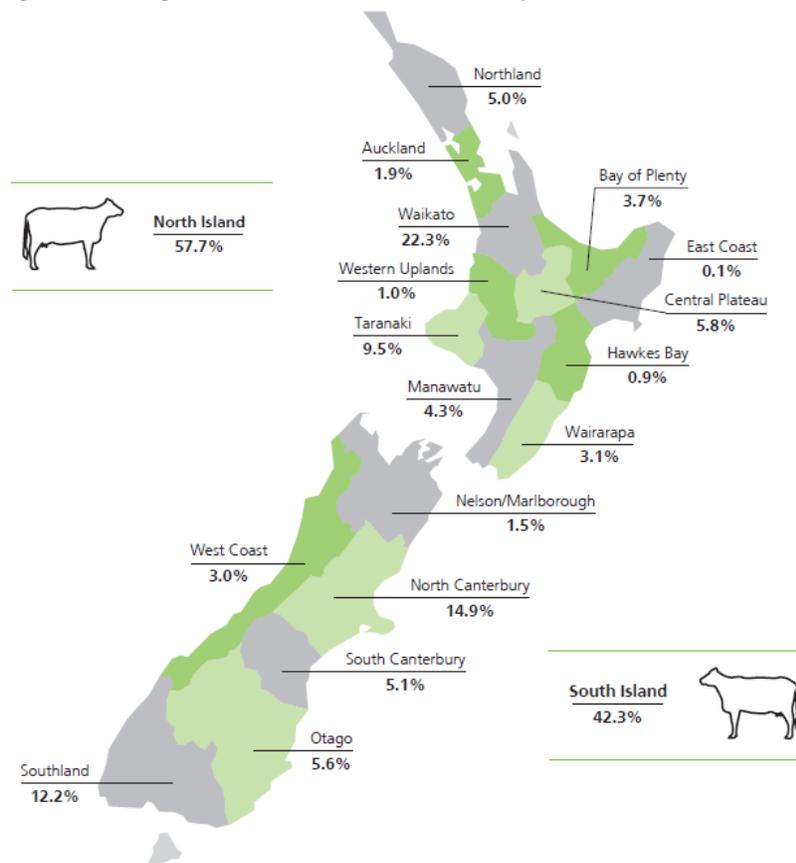
Note: The GAIN Marketing Year (MY) is the same as the calendar year (CY), January 1 to December 31. For the purpose of this report always refer to MY unless otherwise stated. For foreign exchange rate between New Zealand Dollar and United States Dollar, the rate used in this report is NZ\$ 1.00 = US\$ 0.60.

Background

New Zealand is ranked the world's 7th largest producer of dairy milk. Annually, 95 percent of all dairy milk produced is exported as milk or dairy products, with export revenues of NZ\$22.6 billion in 2022 (US\$14.2 billion). Dairy accounts for 35 percent of New Zealand's total merchandise exports and around 5.9 percent of gross domestic product (GDP). The industry employs approximately 49,000 people. The majority of New Zealand dairy is reliant on pasture-fed diets, although most herds do utilize purchased/imported feeds and other forage crops. Most of the supplemental feeding is done either through in-shed feeding systems or on feed pads to improve milk yields or animal conditions. Due to the seasonality of New Zealand's pasture growth, the majority of calving takes place between late July to September. As a result, milk production is highly seasonal, with almost 40 percent of the milk produced in the fourth quarter of each year.

Figure 1 displays the regional distribution of the national dairy herd, which is situated largely on the easier topography country and higher valued agricultural land, such as Waikato, Taranaki, Canterbury, and Southland.

Figure 1: Regional Distribution of Dairy Cows 2021/2022



Source: New Zealand Dairy Statistics 2021-22, LIC and Dairy NZ

Liquid Milk production

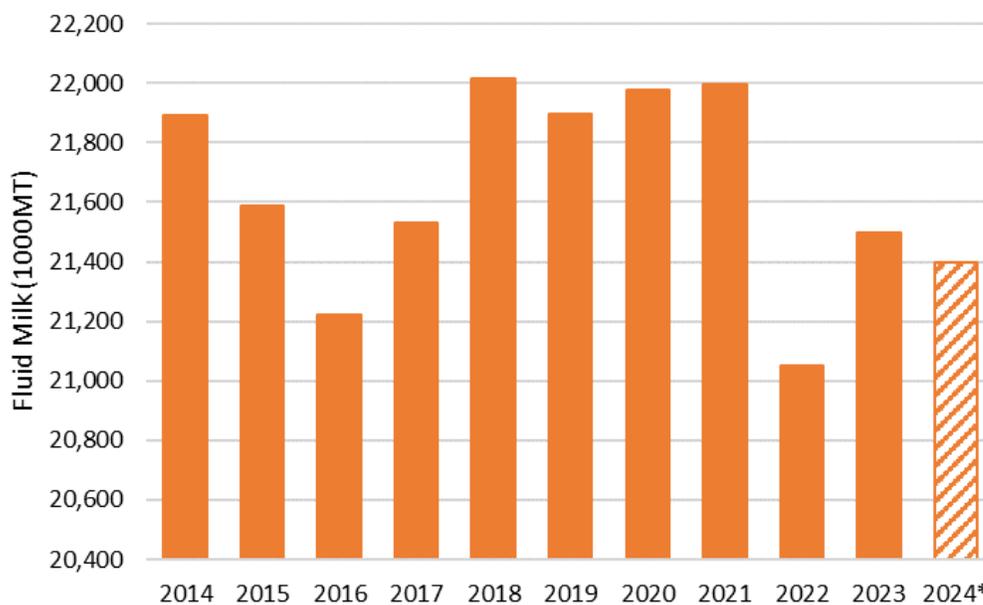
2024

FAS/Wellington forecast 2024 fluid cow milk production to be 21.4 million metric tons (MMT). The primary factors influencing Posts forecast for the 2024 market year are:

- Forecasted El Nino weather pattern.
- Softening farm gate milk prices (FGMP).
- On-farm inflation and the gradually shrinking national herd.

This forecast is slightly less than the previous 10-year average of 21.6 MMT, the third lowest production year over the last 10 years (see Figure 2).

Figure 2: New Zealand Annual Cow Milk Production

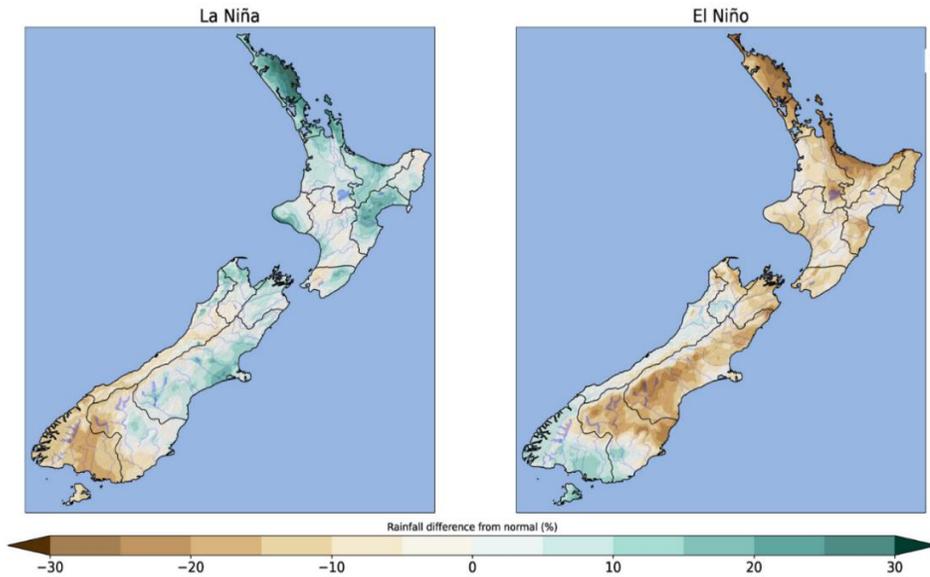


Source: Foreign Agricultural Service, Official USDA Estimates, *FAS/Wellington Forecast

--Summer Dry Forecast Affecting Feed Reserves

National Institute of Water and Atmospheric Research (NIWA) scientists are forecasting an El Niño weather pattern after the previous three years of La Niña. During El Niño, New Zealand tends to experience stronger or more frequent winds from the west in summer, which can encourage dryness in eastern areas and more rain in the west (Figure 3). New Zealand dairy farms rely heavily on pasture growth to drive milk production and build winter feed, especially over the summer period (December to January). A forecasted El Niño type summer would significantly affect the North Island, which currently represents over 57 percent of the national herd. Pastoral dairy farms rely on adequate rainfall in the autumn months (March to May) to build feed reserves to perform in the following spring (September to November). Spring production is vital as 40 percent of milk yield is produced over this period.

Figure 3: Effects of La Niña and El Niño Summer Rainfall



Source: National Institute of Water and Atmospheric Research (NIWA)

--Softening Farm Gate Milk Price (FGMP)

During the 2022/2023 season, the average FGMP was the highest it has ever been (Figure 4). On February 24, 2023, the country’s largest milk processor announced a drop of almost a dollar per milk solid (MS) for the following year. This trend then continued; on August 18, the mid-point for FGMP was down to NZ\$6.75 per MS for the 2023/24 season, down from a mid-point of NZ\$9.25 per MS at the same time the year before. With the softening forecast and rising farm input costs due to inflation and interest rates, this is anticipated to impact national milk production, due to restricted cashflow and farmers’ willingness to purchase imported feed and fertilizer inputs.

Figure 4: Farm Gate Price of New Zealand Largest Processor



Source: Fonterra, *forecast on August 18, 2023. **NZX futures forecast on October 4, 2023

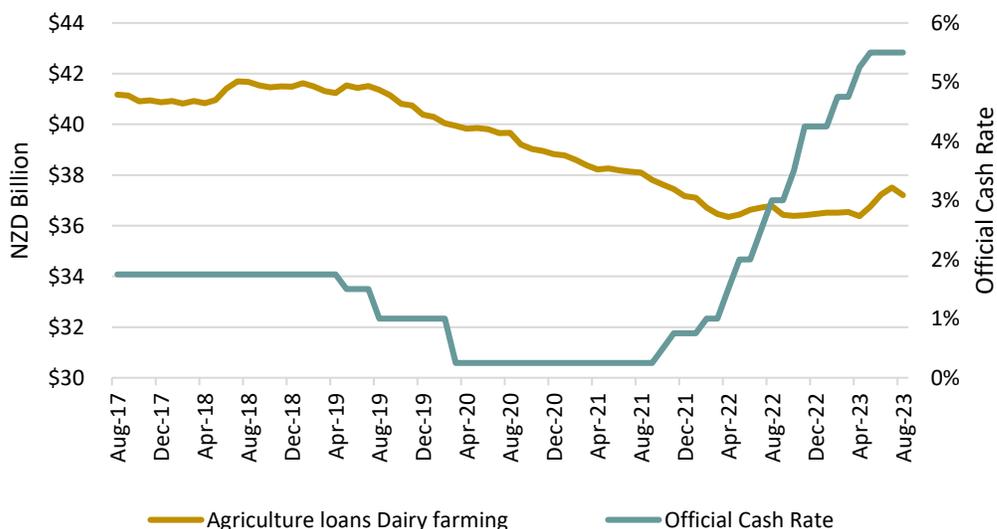
--On Farm Inflation

As reported in the recent [Livestock and Products Annual](#) for New Zealand, the country is currently experiencing the highest on-farm inflation rate for livestock farmers since 1985, when on-farm inflation was 15.6 percent. Price rises are evident in all categories of farm inputs; the largest increase in 2023 has been interest on farm debt. Which is dependent on how the New Zealand Reserve Bank (RBNZ) sets the nation's official cash rate (OCR), equivalent to federal funds rate (Figure 5).. This situation has contributed substantially to the overall increase in on-farm inflation because it comprises over 10 percent of total farm expenditure.

The primary drivers of on-farm inflation over the next 18 months, will be as a result of:

- **Industry Debt:** According to the Reserve Bank of New Zealand (RBNZ), the nation's total bank loans to dairy farmers were NZ\$37.2 billion (US\$22.3 billion) as of August 2023. Since 2017, the total value of loans to dairy farmers has decreased at a compounding annual growth rate of 1.44 percent per year, compared to sheep, beef, and grain farming loans, which have increased at 1.73 percent per year.
- **Liability Terms:** Many New Zealand farming term liabilities are approximately 80 percent floating and 20 percent fixed interest rates, exacerbating the impact of floating rates having doubled over the last year. The 80/20 floating versus fixed is not a long-standing pattern of term debt; in the early 2000s, the situation was reversed, with around 20 percent of term debt on floating interest rates.

Figure 5: New Zealand Interest Rates and Farm Debt



Source: Reserve Bank of New Zealand

Following the most recent review by the RBNZ on May 24, 2023, the national OCR was raised to 5.50 percent, consistent with projections. RBNZ stated that a pause at this point would allow more time to

assess the impact of the significant tightening and the timing of any further increase that might be needed.

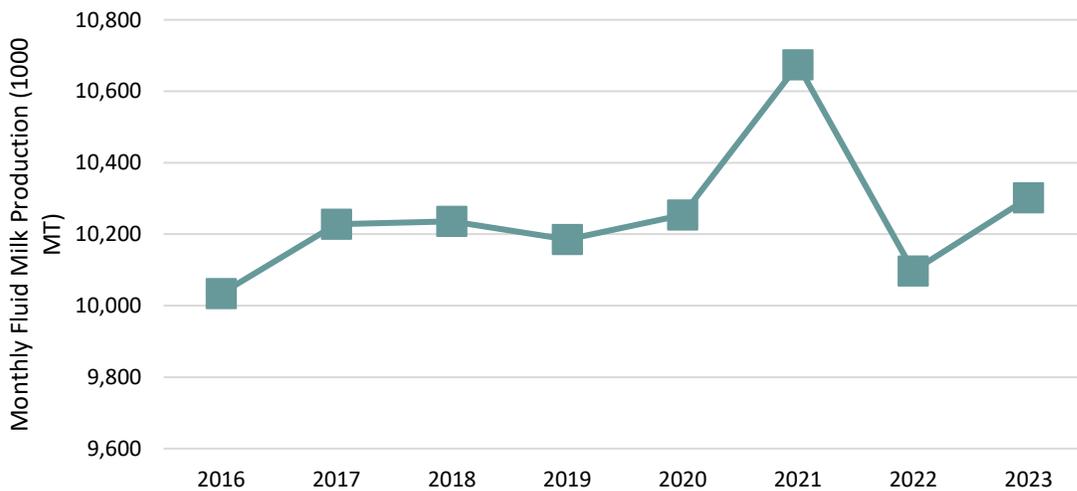
--Gradually Shrinking Cow Herd

The national trend for cows in milk is expected to continue to decrease in line with annual trends, at a rate of just less than 0.5 percent per year. Farm stocking rates continue to shrink as environmental restrictions are imposed around fertilizer use, and the cost of winter grazing continues to increase. As a result, FAS/Wellington are forecasting cows in milk to be 4.75 million head in 2024, the lowest since 2010. According to the New Zealand Dairy Statistics 2021-22 from LIC and Dairy NZ, New Zealand reached “peak” dairy cow numbers in 2015, and the herd has been slowly contracting since then at a rate of 0.5 percent per year. Despite the gradual decline, there has been some consolidation, and the average farm herd size has increased from 444 cows per farm to 449 cows per farm. The expansion of the dairy herd in the South Island has contributed to this increase in average herd sizes.

2023

FAS/Wellington has maintained the USDA official for cow milk production in 2023 at 21.5MMT. With four months remaining of the market year, which historically has represented 50 percent of the annual milk production, the feedback from producers for the spring is for a good season heading into the summer months. However, with the financial pressures anticipated from on-farm inflation and lowered FGMP, farmers will be challenged to capitalize on this favorable spring. Dairy Companies Association of New Zealand (DCANZ) reports that fluid milk production is currently up at the same time last year (Figure 6) by two percent, despite the country being impacted by two cyclones at the start of the year, causing severe damage and disruptions to the agricultural sector. This recovery was supported by strong production in the autumn months (March to May), resulting in the second highest combined milk production over this period in the last 10 years.

Figure 6: New Zealand Milk Production (Jan-Aug)



Source: Dairy Companies Association of New Zealand (DCANZ)

Liquid Milk Exports

FAS/Wellington forecasts fluid milk exports in 2024 at 280,000 MT, consistent with the previous two seasons' volumes of 279,000 MT and 280,000 MT. The largest importer of fluid milk continues to be China, taking three-quarters of total exports.

Liquid Milk Domestic Consumption

FAS/Wellington forecasts domestic fluid milk consumption in 2024 to be consistent with 2022 at 535,000 MT. Just over two percent of milk produced in New Zealand is consumed domestically. Meanwhile, Australia consumes 28 percent, and the United States consumes 20 percent of its production as fluid milk. New Zealand channels the remaining amount into processing and exports. Factory use is forecasted at 20.48 MMT, down slightly from the previous year due to lower milk production.

Table 1: Production, Supply and Distribution – Fluid Milk

Dairy, Milk, Fluid Market Year Begins New Zealand	2022		2023		2024	
	Jan 2022		Jan 2023		Jan 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Cows In Milk (1000 HEAD)	4875	4875	4800	4800	0	4750
Cows Milk Production (1000 MT)	21051	21051	21500	21500	0	21400
Other Milk Production (1000 MT)	0	0	0	0	0	0
Total Production (1000 MT)	21051	21051	21500	21500	0	21400
Other Imports (1000 MT)	5	5	5	5	0	5
Total Imports (1000 MT)	5	5	5	5	0	5
Total Supply (1000 MT)	21056	21056	21505	21505	0	21405
Other Exports (1000 MT)	279	279	280	280	0	280
Total Exports (1000 MT)	279	279	280	280	0	280
Fluid Use Dom. Consum. (1000 MT)	535	535	535	535	0	535
Factory Use Consum. (1000 MT)	20132	20132	20580	20580	0	20480
Feed Use Dom. Consum. (1000 MT)	110	110	110	110	0	110
Total Dom. Consumption (1000 MT)	20777	20777	21225	21225	0	21125
Total Distribution (1000 MT)	21056	21056	21505	21505	0	21405

Industry and Policy

--Change in Government:

On October 14, 2023, New Zealand held a general election for the national government. The vote favored an overwhelming change from the current government, which has been in place for the last six years. The incoming government still needs to form its coalition, with the majority votes being to the center-right political parties. Prior to the elections, the major parties announced specific policy changes they would make in agriculture, primarily pricing of agricultural emissions, re-establishing live export, and the intent to reduce restrictions on the agriculture sector.

--Bobby Calves:

Currently, non-replacement dairy calves are typically euthanized on-farm or killed for veal in early spring (August-October). However, New Zealand's largest dairy processor added key clauses into their Terms of Supply, where calves of farmers supplying milk to this processor can only be euthanized on-farm when there are humane reasons. As of June 2023, all these farms must ensure all non-replacement calves enter a value stream - either to be grown out for beef, slaughtered for calf-veal, or petfood. As a result, there are currently large investments and programs being carried out to develop opportunities and partnerships for dairy-beef animals. This reduced slaughter of very young dairy calves means that there will be even more dairy-breed cattle as a proportion of the national beef herd.

-- Agricultural Emissions Pricing:

Over the last three years, the New Zealand Government has been working with industry to reduce and price agricultural emissions. 2022 saw the release of several pieces of work, including the [NZ First Emissions Reduction Plan](#), response from the [NZ Primary Sector Climate Action Partnership](#), and recently a government-released [proposal to reduce agricultural emissions](#). Outside of pricing emissions, the focus is being narrowed to controlling nitrogen fertilizer application rates and stock numbers. Following the most recent government elections, the new government already plans to implement a fair and sustainable pricing system for on-farm agricultural emissions now by 2030. This system would include an independent board – with a power of veto retained by the Ministers of Climate Change and Agriculture.

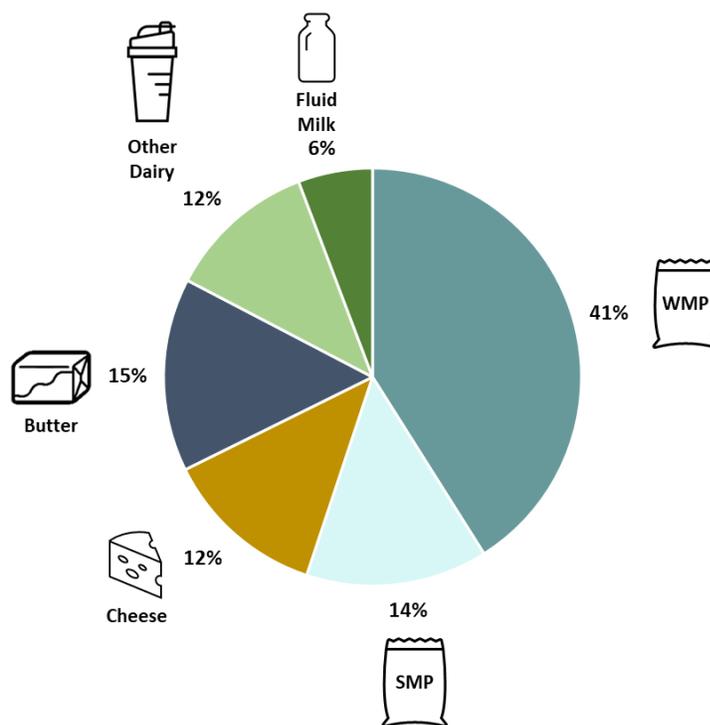
--Live Export

New Zealand's Ministry for Primary Industries (MPI) announced in July 2021 that all livestock exports by sea will cease as of April 30, 2023. The ban followed a two-year transition period to give stakeholders time to adapt to changes. This decision followed the sinking of the vessel Gulf Livestock 1 in August 2020, after departing Napier destined for China. Live exported cattle from New Zealand have been dairy cows and heifers for breeding and milking, almost entirely to China. 2022 was the country's largest live export year at 137,456 head. The final ship departed Timaru port only days before the ban was enforced, with exports at 28,447 head during the first four months of 2023. The incoming government has already signaled an intention to restart the live exports of cattle. This policy would accompany a new standard of rules set in regulation to protect animal welfare and safety. Requiring purpose-built ships and introducing a certification regime for the importers of destination countries to ensure animals live in conditions at the same standards required in New Zealand.

Processing and Exports

In recent years, large investment by New Zealand processors has been widely experienced towards more energy-efficient plant upgrades, away from coal-fired heat to other solid energies such as wood chips, gas, and electricity. In addition, milk companies are shifting processing capabilities away from milk drying to more fresh products such as butter, cheeses, and creams. This trend is also visible in exports, where whole milk powder (WMP) decreased from 47 percent of the total volume of dairy exports in 2018 to 41 percent currently (see Figure 7). There has been an increase in capability for more specialty products such as infant formula (IMF), protein concentrates (WPC, WPI, MPC), lactoferrin, caseinates, creams, butter, and cheeses.

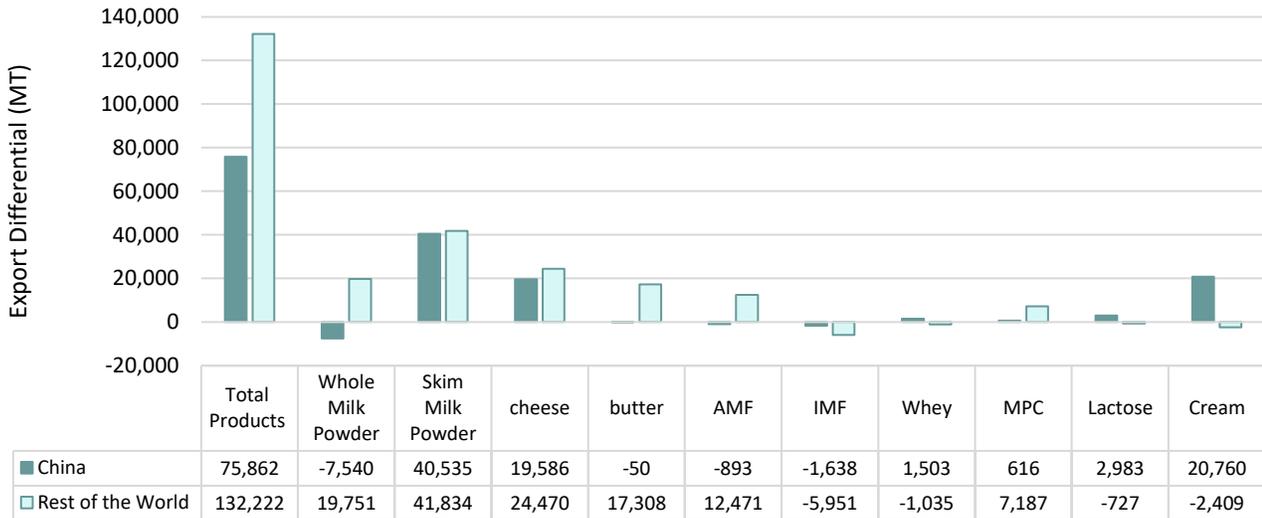
Figure 7: 2023 Proportion of New Zealand Dairy Exports January to August



Source: Trade Data Monitor LLC

From January to August of 2023, global export volumes of dairy products from New Zealand were up 11 percent at the same time last year. China remains New Zealand's largest dairy customer at ~30 percent of volume. Biggest improvements last year to date have been Skim Milk Powder (SMP), which is 38 percent up, as well as both cream and cheese exports being up 20 percent (Figure 8).

Figure 8: New Zealand Dairy Exports in Jan-Aug 2022 vs 2023



Source: Trade Data Monitor LLC

The global dairy trade (GDT) started falling from its peak in April 2022 (see Figure 9). This record high saw processors in New Zealand pivot production away from WMP to other products such as butter, anhydrous milk fat (AMF), and SMP as a by-product of milk fat separation. However, since June 2023, six consecutive GDT auctions were conducted with WMP price falling almost NZ\$1,160 MT (US\$696 MT) due to low demand from China. This situation caused considerable uncertainty in the market over 3 months until increased demand from other Southeast Asian markets improved auction prices, according to industry sources.

Figure 9: Global Dairy Trade Prices (US\$ per Ton)



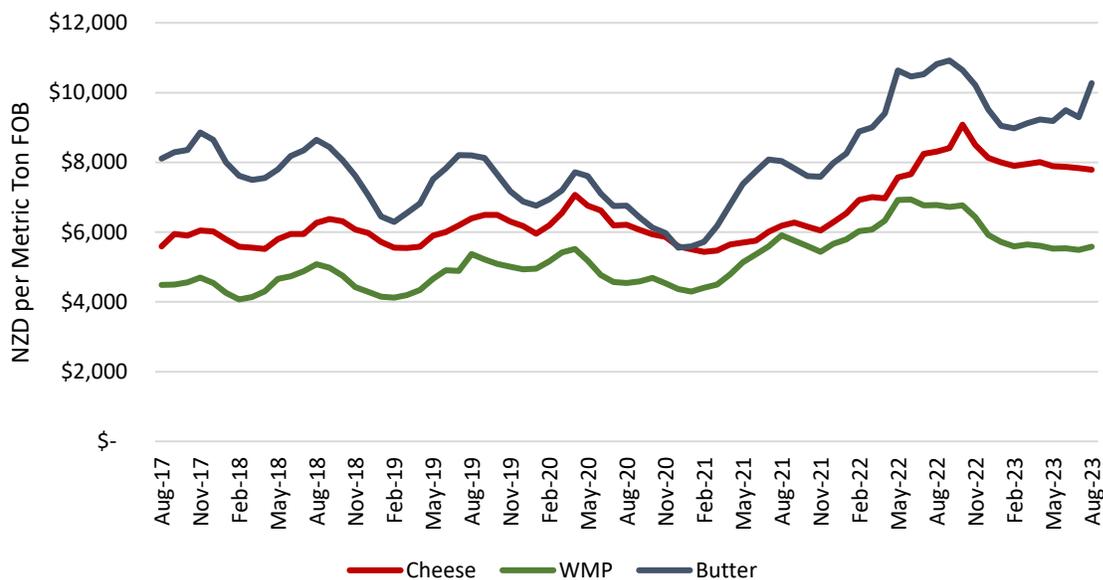
Source: Global Dairy Trade

Whole Milk Powder (WMP)

2024

FAS/Wellington forecast WMP production to decline in the 2024 market year to 1.33 MMT, a 5 percent drop on the current year forecast. This decrease reflects a lower national milk yield forecasted, as already discussed. In addition, commentary from key dairy processors is that with higher prices for other commodities (see Figure 10), greater returns are experienced by shifting production away from WMP. As a result, more milk for processing is being directed into specialty products such as protein concentrates, whey, IMF, AMF, and SMP. WMP remains the largest dairy product produced in New Zealand and accounts for over 40 percent of total dairy products. Due to the seasonality of national milk production and the large volumes during spring peak, WMP production allows processors to receive large quantities of fluid milk by drying.

Figure 10: Dairy Commodities Monthly Export Prices



Source: Trade Data Monitor LLC

FAS/Wellington forecast exports to decrease to 1.35MMT. China continues to be the largest importer of New Zealand WMP (32 percent), followed by Indonesia (7.5 percent) and Algeria (7 percent). Industry sources forecast WMP demand in China to continue to decrease slightly, as consumers demand for raw milk products increases over reconstituted products. However, WMP into the bakery market remains firm for consumption in China for New Zealand products.

2023

FAS/Wellington revised WMP production down to 1.4MMT, from the USDA official of 1.45MMT. Reflecting the softening in the GDT, and the widening of export pricing for other dairy products and returns. Industry feedback has been that during the first half of 2023, WMP inventory has been high in

China, following the increased domestic raw milk production being redirected into WMP production. New Zealand remains a key exporter to China to fill the gap between domestic production and consumption (Figure 11).

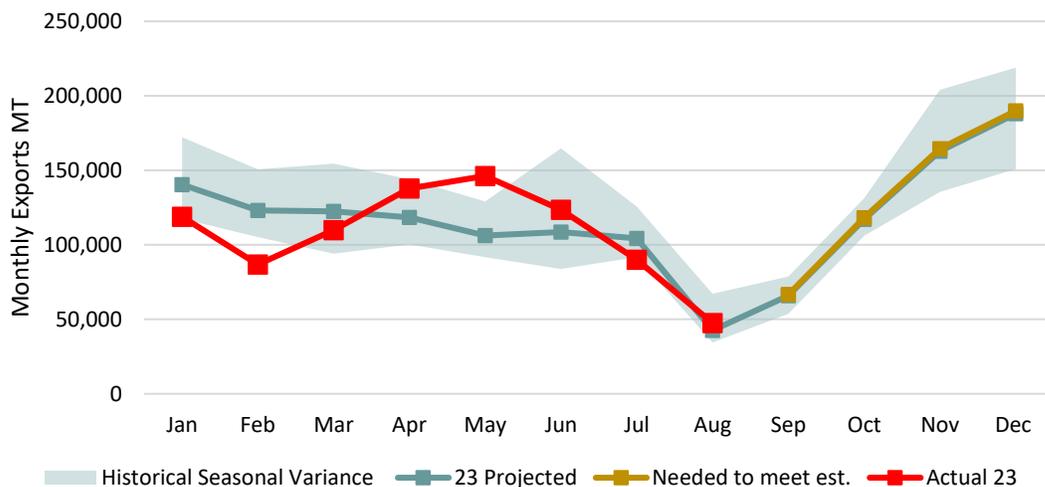
Figure 11: China Whole Milk Powder Market



Source: Trade Data Monitor LLC, *USDA Official PSD Forecast

FAS/Wellington have revised WMP exports from the USDA official estimate to 1.4MMT in 2023. This situation follows a turbulent start to the year with decreased demand in previous years, then an acceleration from April to June in exports (figure 12). Year to date, compared to 2022, export volumes are up 1.4 percent. More specifically, China’s exports are behind 2.8 percent, and Indonesia at 24 percent. However, increases are Algeria (+92 percent) and United Arab Emirates (+15 percent).

Figure 12: 2023 New Zealand Whole Milk Powder Exports



Source: Trade Data Monitor LLC

Table 2: Production, Supply and Distribution – WMP

Dairy, Dry Whole Milk Powder Market Year Begins New Zealand	2022		2023		2024	
	Jan 2022		Jan 2023		Jan 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	148	148	204	204	0	188
Production (1000 MT)	1400	1400	1450	1400	0	1330
Other Imports (1000 MT)	2	2	1	2	0	2
Total Imports (1000 MT)	2	2	1	2	0	2
Total Supply (1000 MT)	1550	1550	1655	1606	0	1520
Other Exports (1000 MT)	1328	1328	1525	1400	0	1350
Total Exports (1000 MT)	1328	1328	1525	1400	0	1350
Human Dom. Consumption (1000 MT)	2	2	2	2	0	2
Other Use, Losses (1000 MT)	16	16	16	16	0	16
Total Dom. Consumption (1000 MT)	18	18	18	18	0	18
Total Use (1000 MT)	1346	1346	1543	1418	0	1368
Ending Stocks (1000 MT)	204	204	112	188	0	152
Total Distribution (1000 MT)	1550	1550	1655	1606	0	1520

Skim Milk Powder (SMP)

2024

FAS/Wellington forecast SMP production to increase by just over 2 percent to 400,000 MT in the 2024 market year. This reflects an increase forecasted for cream products processing, which SMP is a byproduct of.

Post forecast exports to be 440,000MT, drawing down more on ending stocks. SMP is a primary ingredient in processing for dairy beverages and bakery products. China and Indonesia are the largest consumers of New Zealand SMP exports. Industry sources predict a decline in China’s consumption of SMP due to increased domestic stocks. However, as seen in Figure 13, the demand for SMP in China far outstrips their domestic production and New Zealand imports in recent years.

Figure 13: China Skim Milk Powder Market



Source: Trade Data Monitor, *USDA Official PSD Forecast

2023

FAS/Wellington has maintained the estimate for SMP production with the USDA official. However, Post has increased exports to 450,000 MT. This situation reflects strong demand in China and Southeast Asia year to date. As of the end of August 2023, global exports are up 38 percent from the previous year. China remains the largest importer at 32 percent, followed by Indonesia (15 percent) and Vietnam (8 percent).

Table 3: Production, Supply and Distribution – SMP

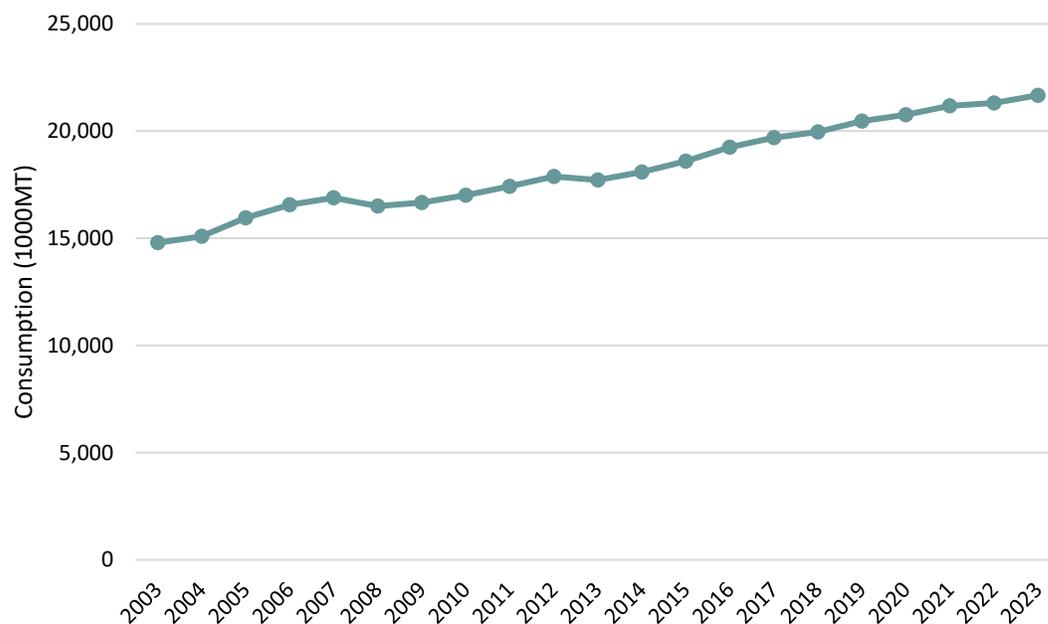
Dairy, Milk, Nonfat Dry Market Year Begins New Zealand	2022		2023		2024	
	Jan 2022		Jan 2023		Jan 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	117	117	138	138	0	66
Production (1000 MT)	390	390	390	390	0	400
Other Imports (1000 MT)	3	3	2	3	0	3
Total Imports (1000 MT)	3	3	2	3	0	3
Total Supply (1000 MT)	510	510	530	531	0	469
Other Exports (1000 MT)	357	357	425	450	0	440
Total Exports (1000 MT)	357	357	425	450	0	440
Human Dom. Consumption (1000 MT)	15	15	15	15	0	15
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	15	15	15	15	0	15
Total Use (1000 MT)	372	372	440	465	0	455
Ending Stocks (1000 MT)	138	138	90	66	0	14
Total Distribution (1000 MT)	510	510	530	531	0	469
(1000 MT)						

Cheese

2024

FAS/Wellington's forecast for cheese production in 2024 is at 400,000 MT and exports of 370,000 MT. This is as a result of returning demand to all of New Zealand's major markets following the pandemic and processors investing in upgrading cheese manufacturing capabilities in recent years to meet global demand. According to USDA official, global demand for cheese continues to grow at a rate of 2 percent per year (Figure 14). New Zealand's four largest cheese markets by volume are China (29 percent), Japan (16 percent), Australia (13 percent), and South Korea (8 percent). For global cheese consumption, China is ranked 12th, Japan 10th, Australia 9th and South Korea 11th, highlighting the focus by New Zealand with the recent Free Trade Agreements with both the European Union and the United Kingdom as they represent the 1st and 5th largest cheese consumers respectively.

Figure 14: World Cheese Consumption per Year



Source: Foreign Agricultural Service, Official USDA Estimates

2023

FAS/Wellington has maintained the estimate for production with the USDA official at 400,000 MT. Exports are currently 20 percent ahead of the previous season year to date, and Post is forecasting to meet the USDA official estimate of 400,000 MT. the increase in exports is across all cheese types from hard, soft, grated, powdered, and blue-veined.

Table 4: Production, Supply and Distribution – Cheese

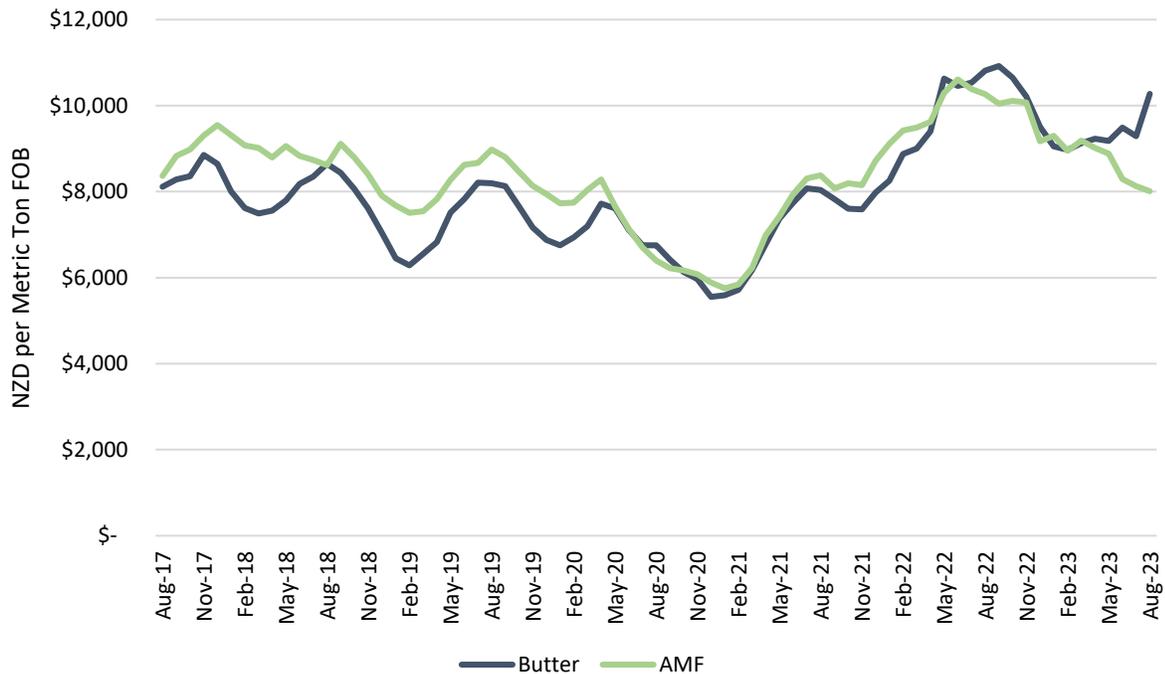
Dairy, Cheese Market Year Begins New Zealand	2022		2023		2024	
	Jan 2022		Jan 2023		Jan 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	64	64	70	70	0	45
Production (1000 MT)	375	375	400	400	0	400
Other Imports (1000 MT)	10	10	15	15	0	15
Total Imports (1000 MT)	10	10	15	15	0	15
Total Supply (1000 MT)	449	449	485	485	0	460
Other Exports (1000 MT)	340	340	400	400	0	370
Total Exports (1000 MT)	340	340	400	400	0	370
Human Dom. Consumption (1000 MT)	39	39	40	40	0	40
Other Use, Losses (1000 MT)	0	0	0	0	0	0
Total Dom. Consumption (1000 MT)	39	39	40	40	0	40
Total Use (1000 MT)	379	379	440	440	0	410
Ending Stocks (1000 MT)	70	70	45	45	0	50
Total Distribution (1000 MT)	449	449	485	485	0	460

Butter and Anhydrous Milk Fat (AMF)

2024

FAS/Wellington forecasts butter and AMF production to remain steady at 480,000 MT and exports at 480,000 MT. Although fluid milk for WMP processing is well back, due to the anticipated shift of volumes towards other high milk fat products such as cream or cheese, butter remains stable. Despite the pricing for butter exports strengthening in 2023 (see Figure 15), specialty processing capacity remains a constraint in responding to market prices.

Figure 15: Monthly Export Price for Butter and AMF

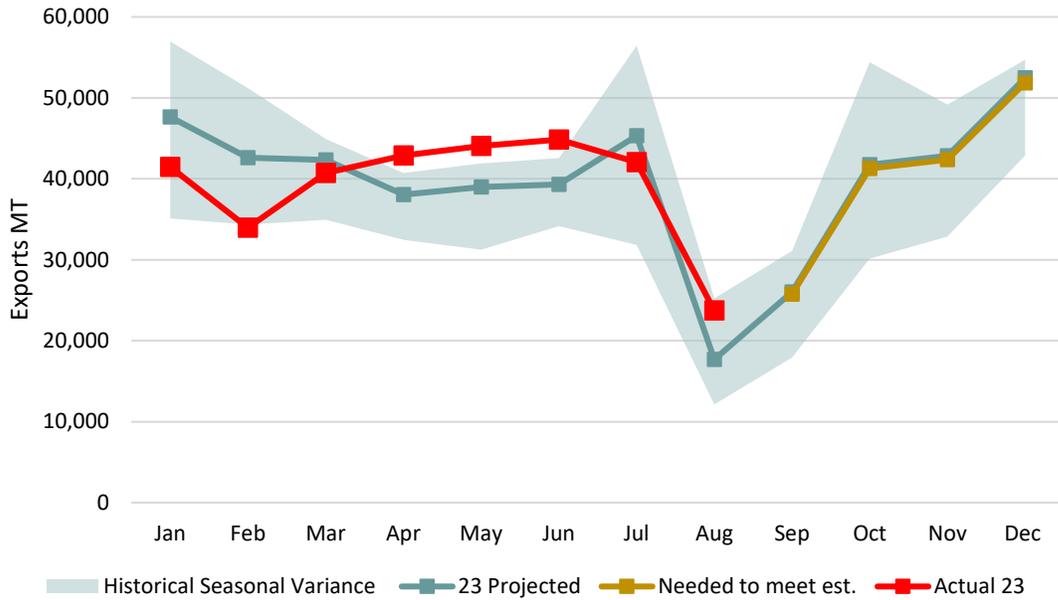


Source: Trade Data Monitor LLC

2023

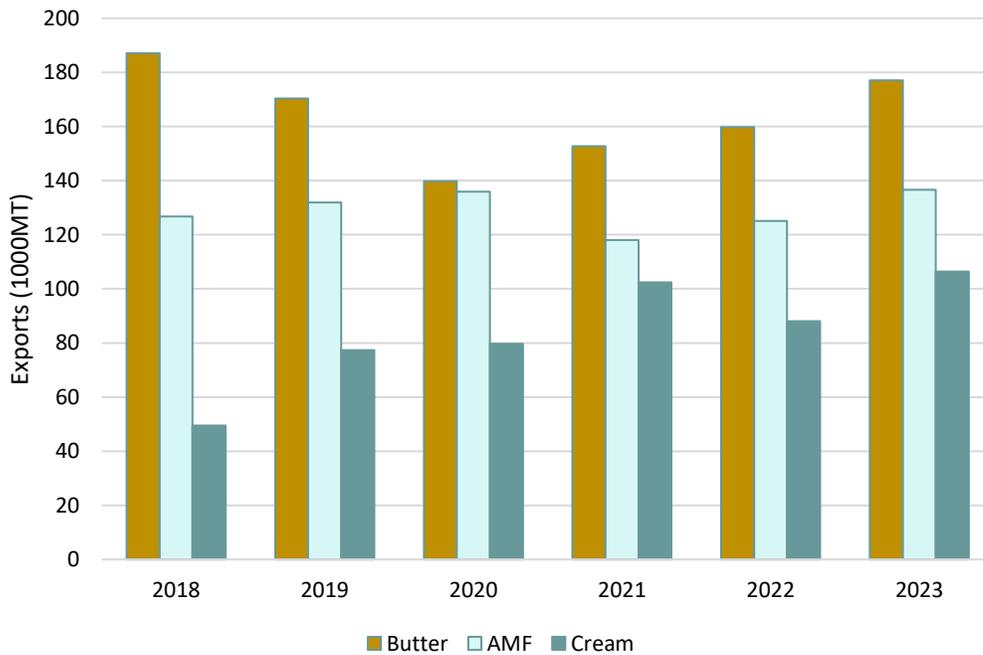
FAS/Wellington revises its butter production forecast with the USDA official to 480,000 MT to reflect a decrease in exports, now revised at 475,000 MT. Although in the first eight months of 2023, butter and AMF combined exports remain up 10 percent on the previous year, exports were severely challenged in January and February of the market year (see Figure 16). In addition, Exports of New Zealand UHT cream have also been climbing, which is one of the reasons why SMP production has increased relatively faster than butter/AMF production (see Figure 17).

Figure 16: 2023 New Zealand Butter Exports



Source: Trade Data Monitor LLC

Figure 17: New Zealand Milk Fat Exports Jan to Aug



Source: Trade Data Monitor LLC

Table 5: Production, Supply and Distribution – Butter

Dairy, Butter Market Year Begins New Zealand	2022		2023		2024	
	Jan 2022		Jan 2023		Jan 2024	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	99	99	75	75	0	49
Production (1000 MT)	500	500	530	480	0	480
Other Imports (1000 MT)	2	2	1	1	0	1
Total Imports (1000 MT)	2	2	1	1	0	1
Total Supply (1000 MT)	601	601	606	556	0	530
Other Exports (1000 MT)	494	494	520	475	0	480
Total Exports (1000 MT)	494	494	520	475	0	480
Domestic Consumption (1000 MT)	32	32	32	32	0	32
Total Use (1000 MT)	526	526	552	507	0	512
Ending Stocks (1000 MT)	75	75	54	49	0	18
Total Distribution (1000 MT)	601	601	606	556	0	530

Other Dairy Products

New Zealand milk processors have commented that with global demand and recent investments in specialty plant facilities, there will be some increase in milk volumes shifted from WMP production. This milk will be channeled to more specialty products such as IMF, milk protein concentrates, caseinates, whey, and lactoferrin. In the eight months of 2023, exports for these products combined are currently tracking at similar volumes to the same period in 2022.

Imports

New Zealand imported a total of NZ\$475 million (US\$285 million) worth of dairy products in 2022, approximately 4 percent more than the previous year. The leading import was lactose for use in the manufacturing of WMP. The leading exporting countries to New Zealand are the United States (30 percent), followed by Germany (15 percent) and Australia (12 percent).

Attachments:

No Attachments