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Report Highlights:

New Zealand fluid milk production is forecasted to be 21.3 million metric tons (MMT) in the 2025 market year (MY). This is a decrease on the previous 5-year average of 21.5 MMT, reflecting the decreasing herd numbers and the additional effects of the following: La Niña weather pattern forecasted, improving farm revenue, continued on-farm inflation on inputs, and high interest rates on debt servicing. FAS/Wellington forecasts relatively consistent exports for dairy products between the 2024 and 2025 market years. Whole Milk Powder (WMP) will continue to be the primary dairy export to overseas markets. However, New Zealand milk processing companies continue to shift their processing capabilities from drying milk powder to more fresh products.

Executive Summary:
New Zealand fluid milk production is forecasted to be 21.3 million metric tons (MMT) in the 2025 market year (MY). This is a decrease on the previous 5-year average of 21.5 MMT, reflecting the decreasing herd numbers and the additional effects of the following:

- La Niña weather pattern forecasted,
- Improving farm revenue,
- Continued on-farm inflation on inputs,
- High interest rates on debt servicing,

FAS/Wellington forecasts relatively consistent exports for dairy products between the 2024 and 2025 MY. Whole Milk Powder (WMP) will continue to be the primary dairy export to overseas markets. However, in recent years, large investment by New Zealand milk processing companies has shifted their processing capabilities from drying milk powder to more fresh products such as butter, cheeses, and creams. This recently observed trend is in exports, where WMP has decreased from 45 percent of the total volume of dairy exports in 2019 to 41 percent in 2024. There has been an increased capability for more specialty products such as infant formula (IMF), protein concentrates, lactoferrin, caseinates, creams, butter, and cheeses.

At the end of 2023, New Zealand changed government following its national elections. The new coalition government highlighted a focus on removing policies that would restrict the productivity of the agricultural sector. Associated with this was the approach to price methane emissions, which the dairy farming sector is considered a large contributor. The intention to price emissions has currently been delayed. However, there are already government reviews and initiatives underway to reduce the sector's methane emissions.

Domestic consumption will continue to be a small growth driver of the New Zealand economy, with a population of just over 5.3 million. As a result, the nation's dairy processors are constantly investing in and targeting overseas markets for dairy products.

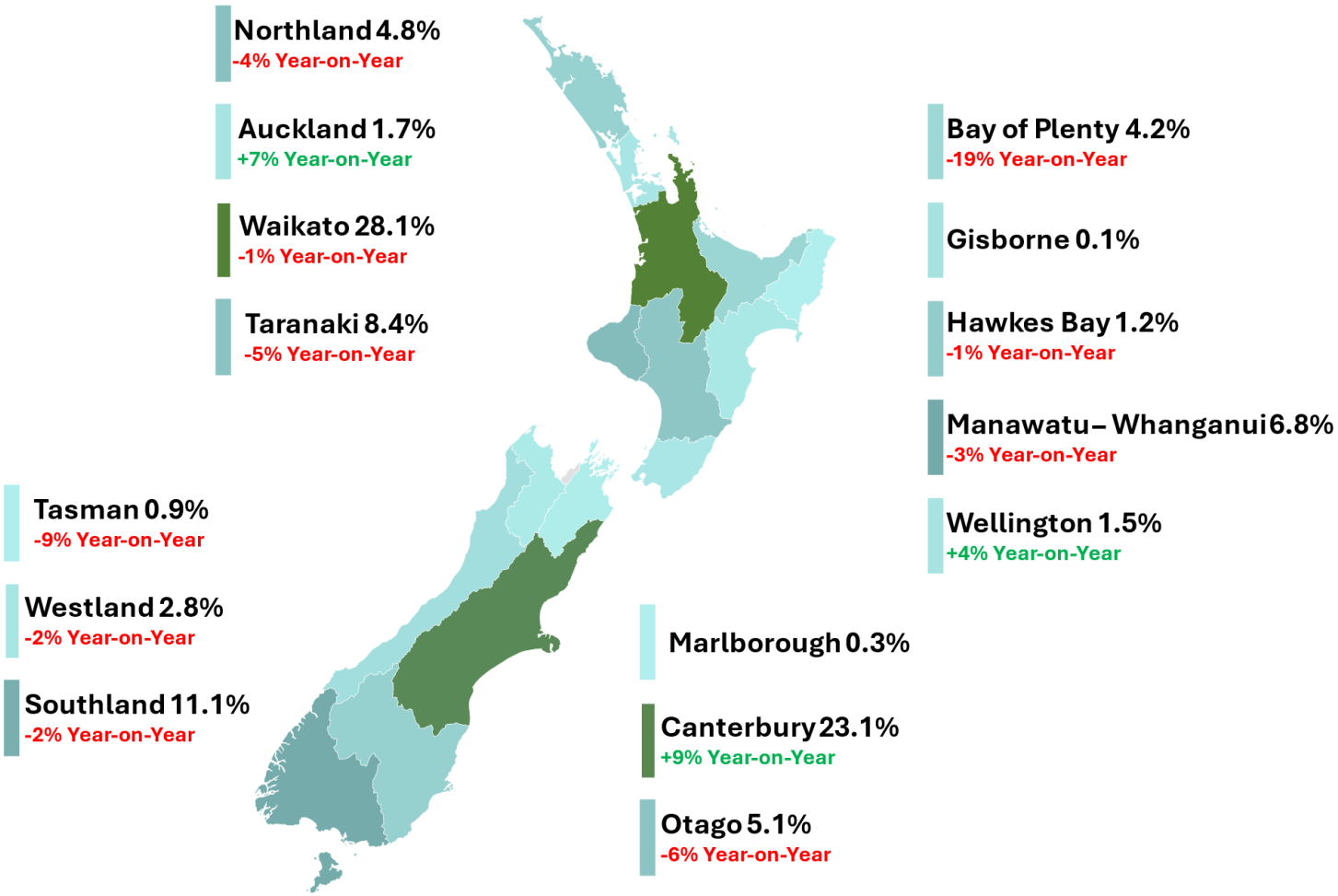
Industry contacts anticipate positive production in the remaining 4 months of the 2024 MY, which if realized, will be substantial as typically this period represents and average of ~52 percent of fluid milk production. From January to August of 2024, total global export volumes of dairy products from New Zealand are up 1.5 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$ 0.61.

Background

New Zealand is ranked the world's 7th largest producer of dairy milk. Annually, New Zealand exports 95 percent of all its dairy, as milk or dairy products, with export revenues of NZ$22.4 billion in 2023 (US$14.1 billion). Dairy accounts for 35 percent of New Zealand's total merchandise exports and around 5.3 percent of gross domestic product (GDP). The industry employs approximately 49,000 people. The majority of New Zealand dairy relies on pasture-fed diets, although most herds 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, most of the calving takes place between late July and September. As a result, milk production is highly seasonal, with 40 percent of the milk produced in the fourth quarter of each year. The national dairy herd is distributed throughout the country, with the largest concentrations in Waikato, Canterbury, and Southland (Figure 1).

Figure 1: Dairy Cattle by Region in 2023 and Changes from Prior Year



Source: Statistics NZ, FAS/Wellington

Liquid Milk Production

Table 1: Production, Supply and Distribution – Dairy, Milk, Fluid

Dairy, Milk, Fluid	2023		2024		2025	
Market Year Begins	Jan 2023		Jan 2024		Jan 2025	
New Zealand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Cows In Milk (1000 HEAD)	4675	4675	4600	4625	0	4575
Cows Milk Production (1000 MT)	21247	21247	21100	21500	0	21320
Other Milk Production (1000 MT)	0	0	0	0	0	0
Total Production (1000 MT)	21247	21247	21100	21500	0	21320
Other Imports (1000 MT)	3	2	3	3	0	3
Total Imports (1000 MT)	3	2	3	3	0	3
Total Supply (1000 MT)	21250	21249	21103	21503	0	21323
Other Exports (1000 MT)	241	241	260	260	0	260
Total Exports (1000 MT)	241	241	260	260	0	260
Fluid Use Dom. Consum. (1000 MT)	535	535	535	535	0	535
Factory Use Consum. (1000 MT)	20364	20363	20198	20598	0	20418
Feed Use Dom. Consum. (1000 MT)	110	110	110	110	0	110
Total Dom. Consumption (1000 MT)	21009	21008	20843	21243	0	21063
Total Distribution (1000 MT)	21250	21249	21103	21503	0	21323
(1000 HEAD) ,(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

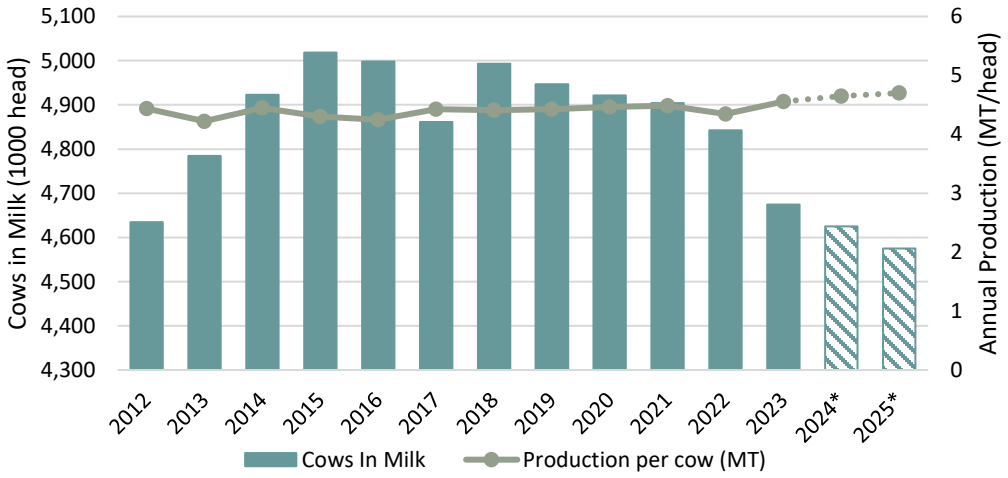
2025

FAS/Wellington forecasts 2025 market year (MY) fluid cow milk production to be 21.32 million metric tons (MMT). Less than the upward revised estimate in the outgoing year of 21.5 MMT. The primary factors impacting post's forecast are:

- Regional changes in dairy herd
- La Niña weather pattern forecasted
- Improving farm revenue, despite inflation on inputs and debt

This forecast is slightly below the previous 10-year average for New Zealand of 21.515 MMT, reflecting recent changes in the sectors.

Figure 2: National Dairy Herd and Production



Source: Statistics NZ, FAS/Wellington

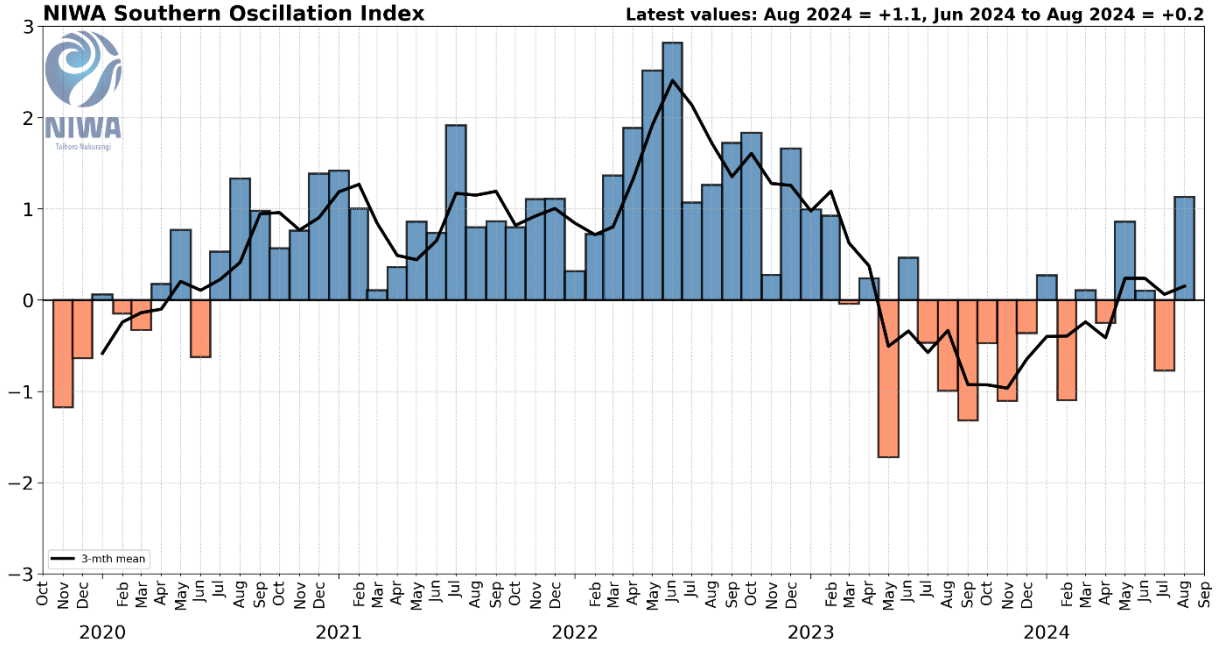
--Regional Changes in Dairy Herd:

As seen in Figure 1 and 2, there has been some significant changes to the dairy herd in different regions across the country. Nationally, the dairy herd has decreased at 0.8 percent year-on-year over the last decade, with regional adjustments occurring due to seasonal weather trends. Major decreases in recent years have occurred in the Bay of Plenty and Tasman regions, 19 and 9 percent, respectively. Land-use change to horticulture production and urban developments have caused the decline in these herds. In 2023, the Canterbury region experienced substantial growth with an additional 100,000 head increase to further dairy expansions.

-- La Niña Weather Pattern Forecasted:

The New Zealand National Institute of Water and Atmospheric Research (NIWA) uses the Southern Oscillation Index (SOI) to quantify atmospheric pressure differences to determine El Niño or La Niña conditions and forecasts. This is important to New Zealand agriculture as different regions can be dramatically affected depending on present conditions. Figure 3 shows the most recent SOI trends, where values below -1.0 correspond to El Niño conditions throughout 3 months or more, while values above 1.0 correspond to La Niña conditions. Displaying that New Zealand has just experienced a year of El Niño and is trending back towards a La Niña weather pattern. In the three years prior to the outgoing year, La Niña conditions resulted in dry conditions in the country's southern parts and wet conditions in the north and eastern areas. These forecasted La Niña conditions typically result in positive pasture growth for dairy milk production in the regions where a large portion of the dairy herds are located.

Figure 3: Southern Oscillation Index

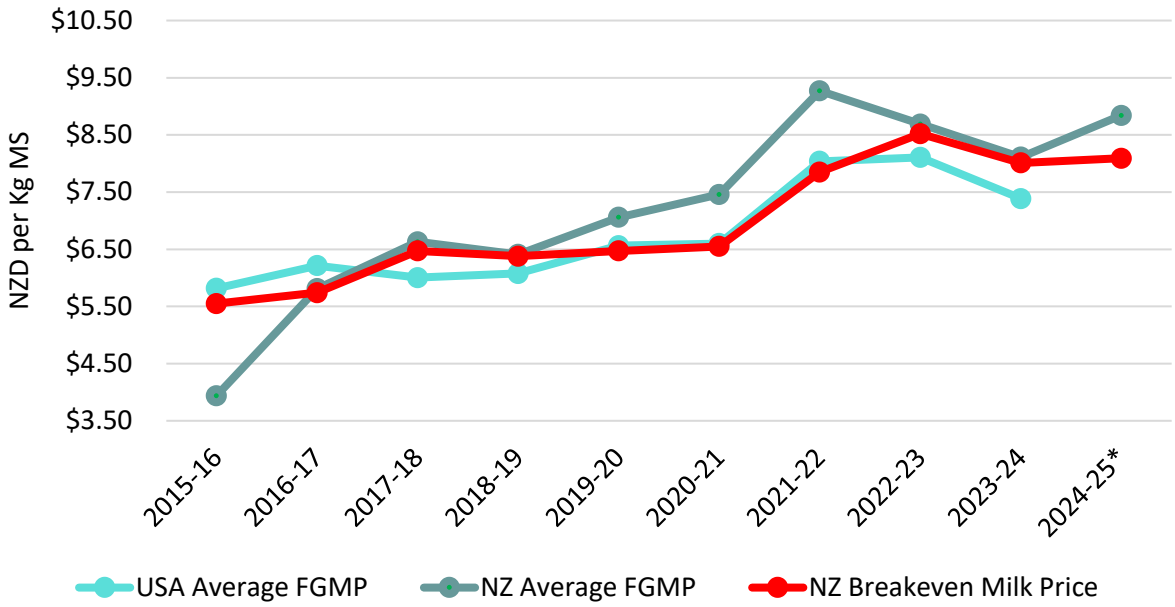


Source: National Institute of Water and Atmospheric Research (NIWA)

--Improved Revenue Forecast:

At the publishing of the previous New Zealand Dairy Products Semi-Annual, the economic outlook from the industry group – DairyNZ (DNZ) for 2025 was forecasted to be very challenging. In the last 6 months, DNZ reported that milk processing companies have increased their 2025 Farm Gate Milk Price (FGMP) forecast, which is estimated to increase from an average of NZ$7.79 per kilogram of Milk Solid (Kg MS) to NZ$8.84 per Kg MS, improving industry optimism. However, the cost of production represented by the breakeven price for the same forecast has also increased from NZ$7.76 per Kg MS to NZ$8.09 per Kg MS. This forecast demonstrates the improvement in margins for dairy farmers on what has been a financially challenging previous two seasons (see Figure 4).

Figure 4: Farm Gate Milk Price and Breakeven Price

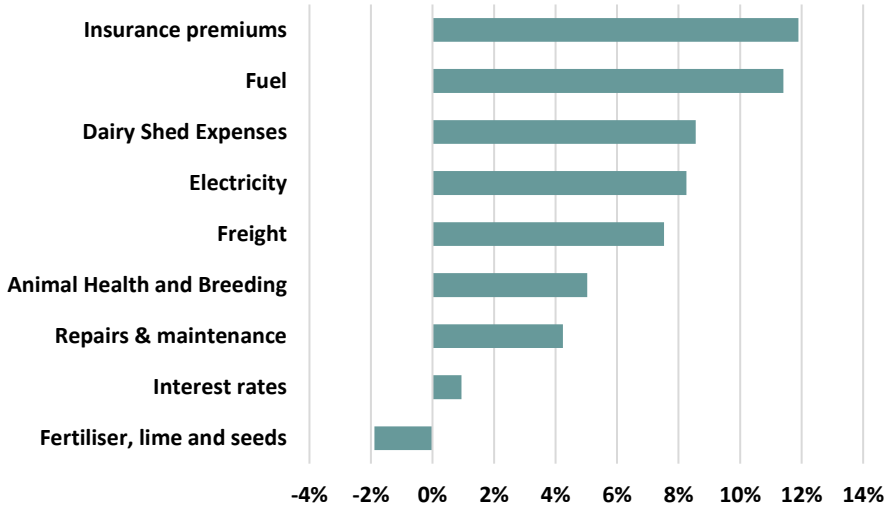


Source: DairyNZ and USDA/National Agriculture Statistics Service. *DairyNZ Forecast

--Inflation on Insurance Premiums

As discussed, dairy farmers still face cost pressures impacting the breakeven milk price. Inflation in the second quarter of 2024 compared to the same time in 2023 was up 0.8 percent for dairy farm inputs, where in the year prior, over an annualized period, inflation was up 8.2 percent. Insurance premiums inflation is now exceeding other inputs such as Interest rates, fertilizer, and other inputs, as reported in the Ministry of Primary Industries (MPI) most recent situation and outlook report (see Figure 5). This increase in insurance premiums follows two cyclone events in 2023 that impacted New Zealand agriculture substantially – cyclone Hale and Gabrielle.

Figure 5: Dairy Farm Inflation for Major Inputs 2nd QTR 2023/24

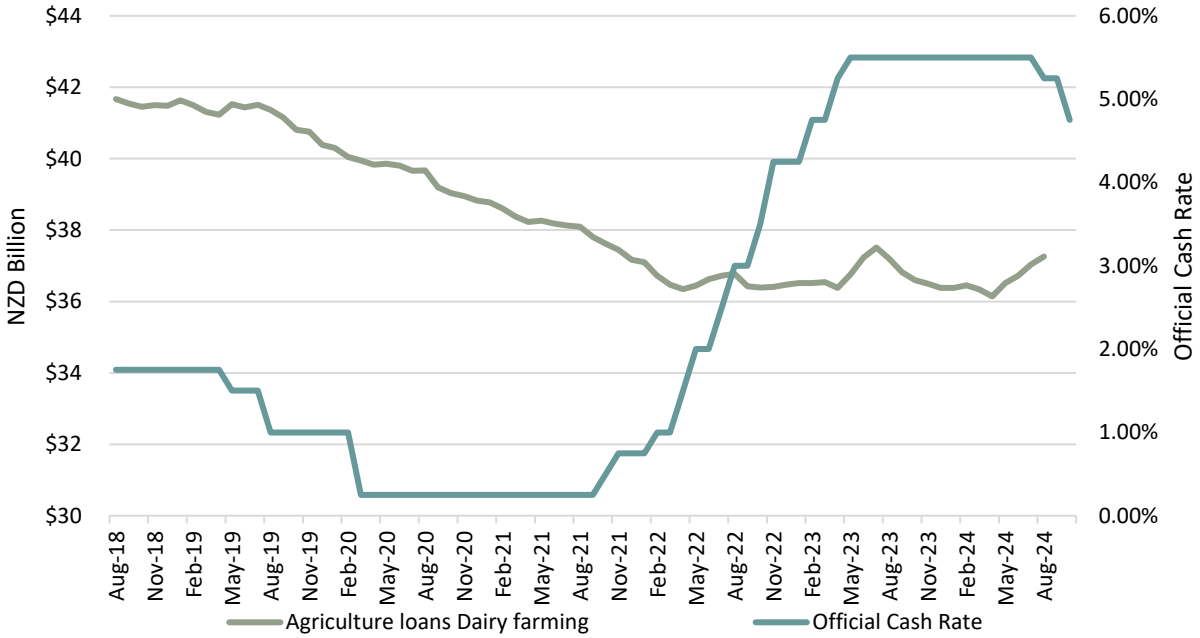


Source: Statistics NZ

--Interest Rates on Debt Servicing:

In May 2023, the Reserve Bank of New Zealand (RBNZ) raised the Official Cash Rate (OCR) to 5.5 percent to control inflation. The OCR is similar mechanism to the federal funds rate in the United States, this was the highest it had been since November 2008. On August 14th, 2024, the RBNZ reduced the OCR to 5.25 percent (see Figure 6), then further to 4.25 percent on October 10th.

Figure 6: Dairy Farming Debt and Interest Rates



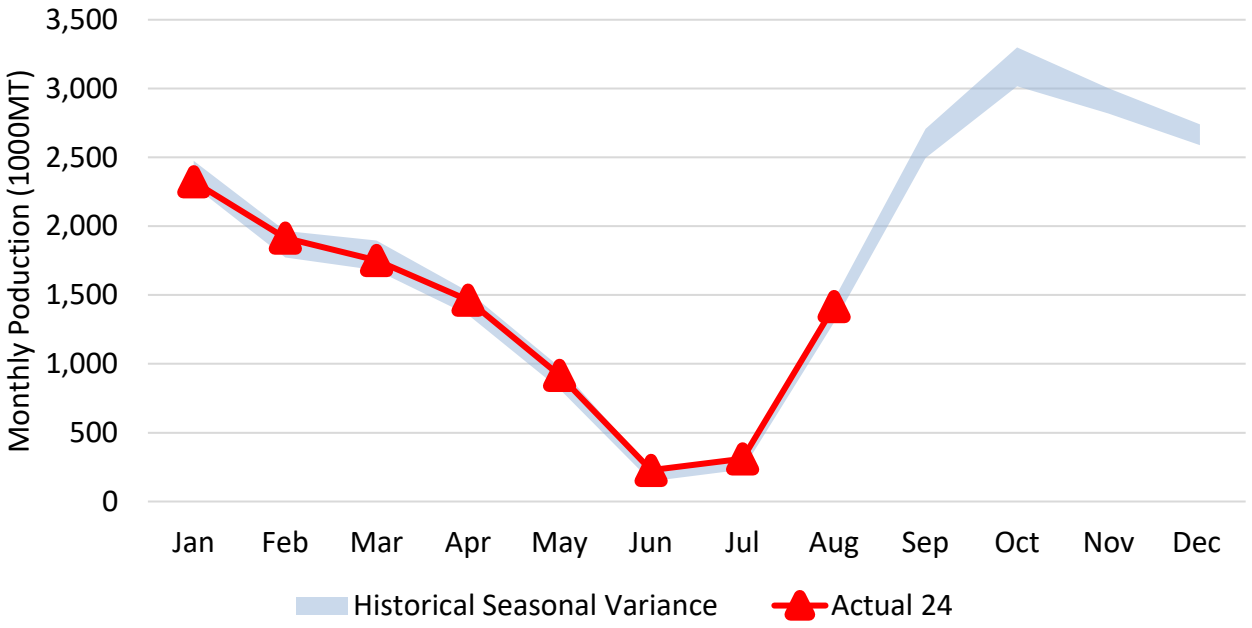
Source: Reserve Bank of New Zealand

In August 2024, the RBNZ reported that lending to dairy farming was NZ$37.3 billion (US$23.1 billion). This represents almost 60 percent of total loans in the agricultural sector. Servicing debt and interest rates has been a huge challenge to the sector in the previous 12 months, as interest repayments have constituted almost 15 percent of total on-farm expenditure.

2024

FAS/Wellington has increased its forecast for 2024 from the USDA Official of 21.1MMT to 21.5MMT. This follows strong numbers for August production of 1.4 MMT, the second highest experienced for an August in the last decade. Due to the seasonality of milk production in New Zealand pastoral systems, approximately 40 percent of fluid milk production occurs in the last quarter of the calendar year (see Figure 7). Leading into the next four months, industry contacts are optimistic with the current conditions and climate. Aspects such as soil moisture, feedstocks and animal condition being in favor of a high production spring.

Figure 7: New Zealand Milk Production 2024 (Jan to Aug)



Source: Dairy Companies Association of New Zealand (DCANZ)

Liquid Milk Exports

FAS/Wellington forecasts fluid milk exports for 2025 at 260,000 MT, equal to the 2024 USDA Official which remains unchanged. China continues to be the largest importer of fluid milk, taking three-quarters of total exports.

Liquid Milk Domestic Consumption

FAS/Wellington forecasts domestic fluid milk consumption in 2025 to be consistent with 2024 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 20.418 MMT, down slightly from the previous year due to lower milk production.

Industry and Policy

At the conclusion of 2023, New Zealand changed government. The incoming coalition government highlighted a focus on removing policies that would restrict the productivity of the agricultural sector. The government envisioned changing legislation associated with biotechnology, the ban on live export by vessel, and renewing the national approach to pricing agricultural emissions.

--Government Renewed Focus on Agricultural Emission Reduction:

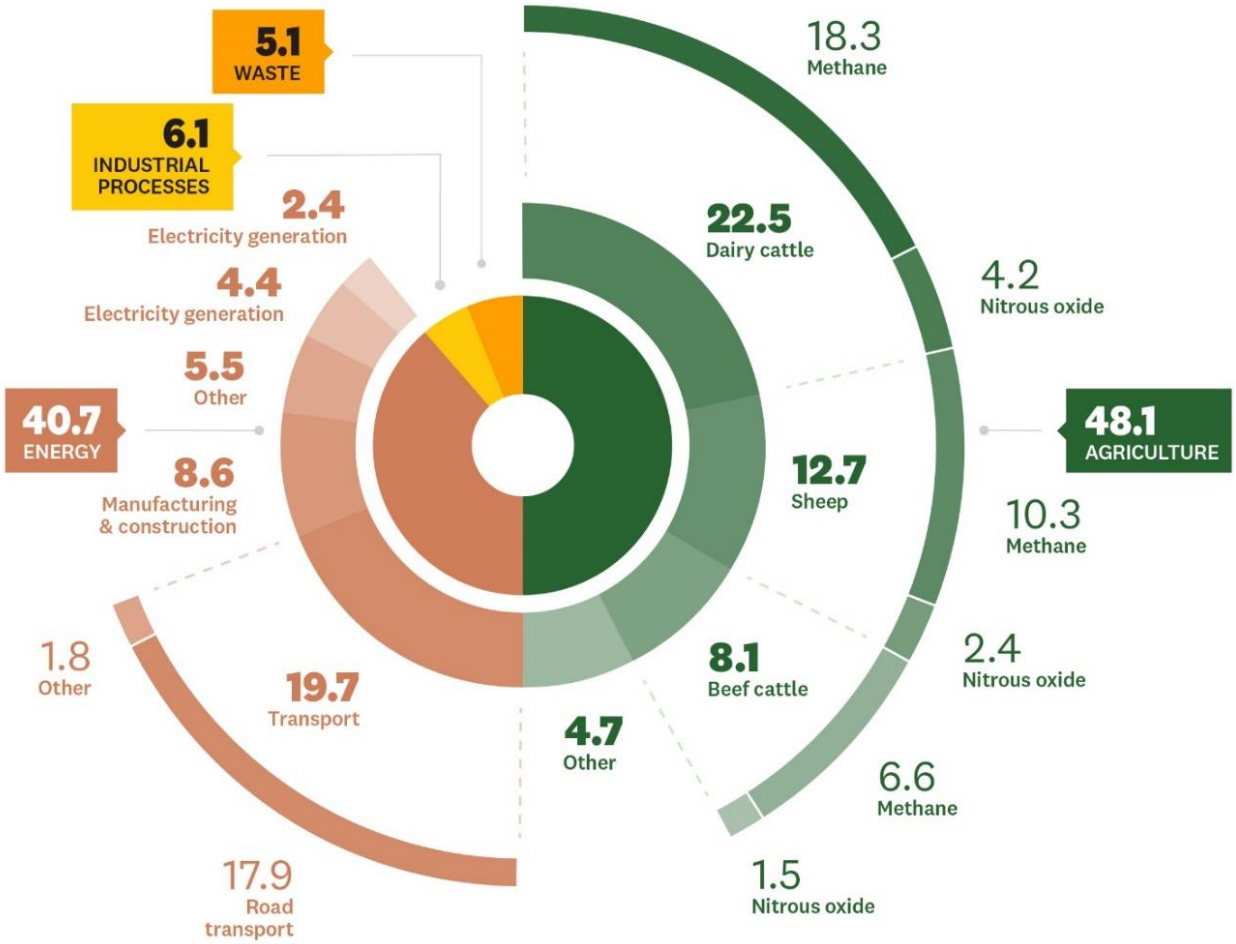
In 2022, the New Zealand government released its first Emissions Reduction Plan (ERP), focused on how the nation would reach its obligations outlined in the Paris Agreement, where New Zealand committed to reduce greenhouse gas emissions. The government made an objective announcement following the ERP - to be the first country in the world to price agricultural emissions. In the 2023 MY, dairy exports contributed 29 percent of New Zealand's total export revenue. This proportion is very similar to national Green House Gases (GHG) emissions, as seen in Figure 8, Where agriculture is highlighted as the largest contributor to national greenhouse gas emissions (48.1 percent), with dairy cattle being the largest contributor at 22.5 percent. As a result, any government initiative to reduce GHG emissions reductions will likely have some impact on the dairy farming sector.

In 2024, the government disbanded the previous industry and government partnership focused on a solution to agricultural emissions reduction – He Waka Eke Noa. Then it established the Centre for Climate Action on Agricultural Emissions (CCAAE). This new centralized approach mandates the government to allocate research and development funding for new tools and technology to reduce emissions to farmers faster. Two key components of the center are:

- A public-private partnership – AgriZeroNZ
- New Zealand Agricultural Greenhouse Gas Research Centre (NZAGRC)

In addition to these initiatives, an independent review being conducted on how New Zealand sets its biogenic methane science and targets. The results from this review have yet to be concluded - current feedback from contacts is by December 2024.

Figure 8: New Zealand Greenhouse Gas Emissions



Source: AgMatters

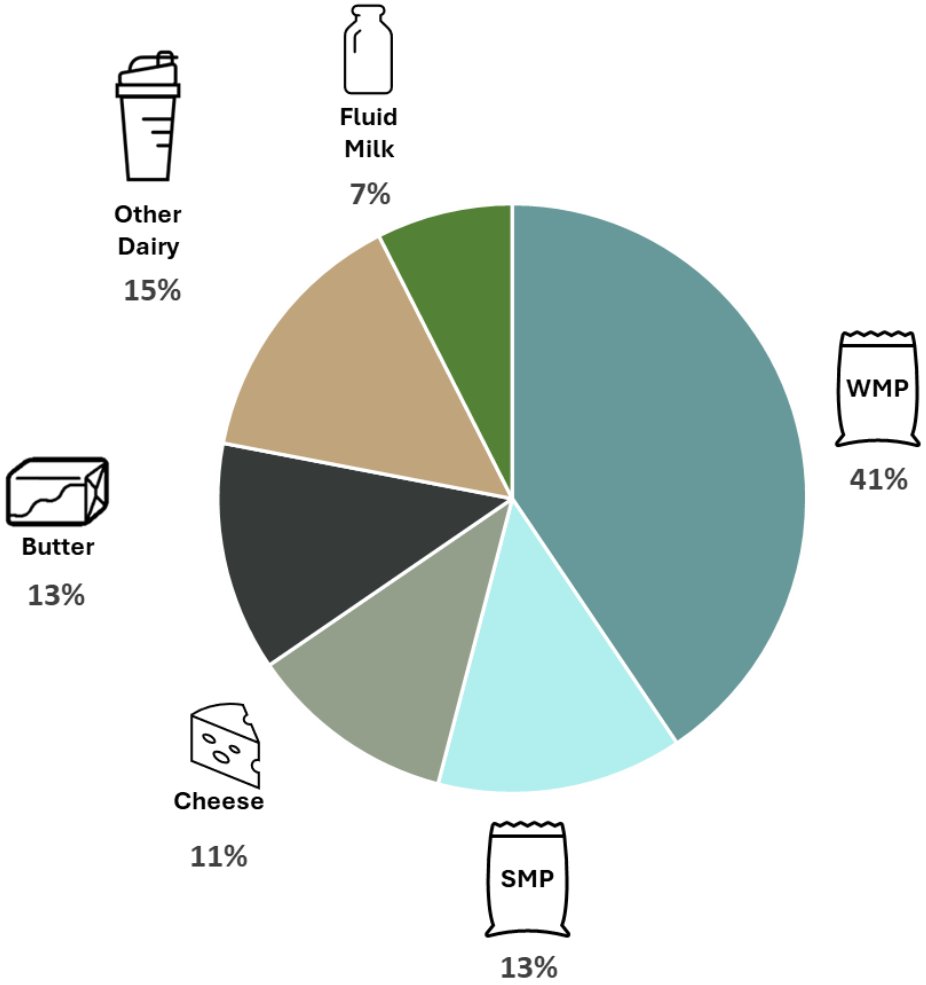
--Change in Legislation for Biotechnology:

The current government is working on changing legislation that has heavily regulated the use of biotechnology in New Zealand since 1996. The use of biotechnology in agriculture has been highlighted by the current government as a tool for reducing methane emissions and sequester carbon to meet its obligations under the Paris Agreement.

Processing and Exports

Currently, New Zealand processors are investing in 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 and higher-value products such as butter, cheeses, and creams. This situation is related more to exports, where dry whole milk powder (WMP) has decreased from 45 percent of the total volume of dairy exports in 2019 to 41 percent year-to-date in the current market year (Figure 9). There has been an increased capability for more specialty products such as butter, cheeses, infant formula (IMF), protein concentrates (WPC, WPI, MPC), lactoferrin, caseinates, and cream. These products receive a much higher price in global markets and greater margins for the industry.

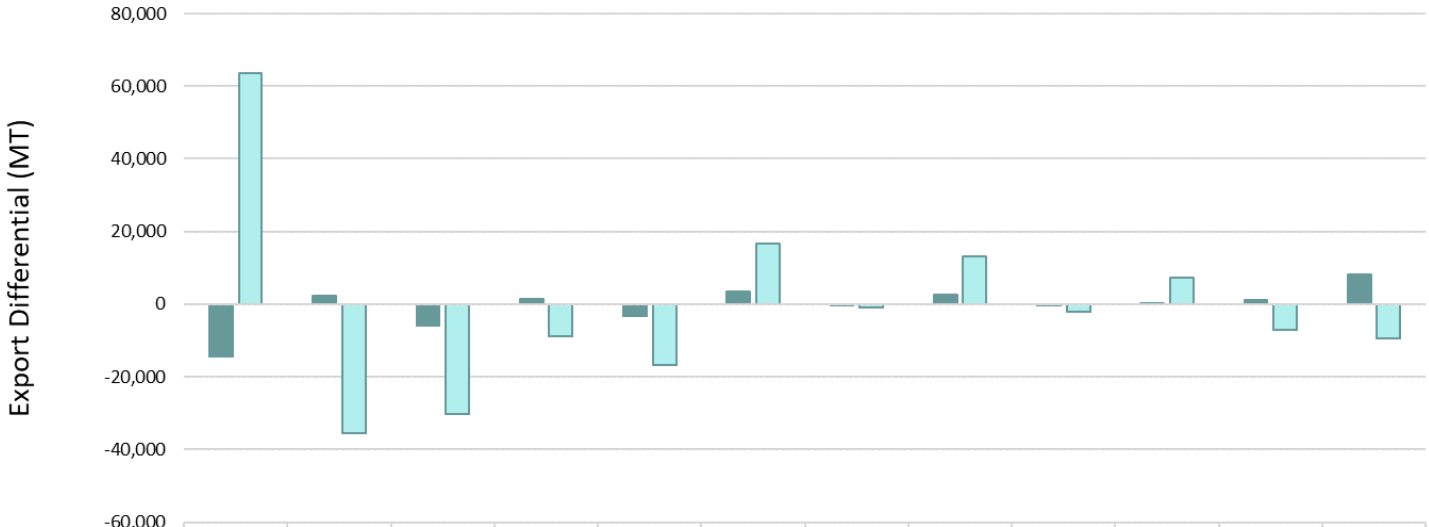
Figure 9: New Zealand Dairy Products Exports January to August 2024



Source: Trade Data Monitor LLC

Figure 10 shows the differential of volumes exported between January and August in 2023 and 2024, separating New Zealand's largest dairy trading partner – China (~29 percent), from the rest of the world. In the first 8 months of 2024, all dairy product exports were 1.5 percent up on the same time as the previous year. Displayed also are the subtle changes in the commodity markets from WMP to other specialty products. These commodity shifts are further explained in the following sections.

Figure 10: New Zealand Dairy Products Exports January to August 2023 vs 2024



	Whole Milk Powder	Skim Milk Powder	cheese	butter	AMF	IMF	Whey	MPC	Lactoferrin	Casein	Lactose	Cream
China	-14,382	2,203	-5,875	1,331	-3,337	3,374	-80	2,731	-406	245	1,013	8,232
Rest of the World	63,590	-35,545	-30,233	-8,729	-16,830	16,612	-905	13,094	-2,161	7,442	-7,064	-9,494

Source: Trade Data Monitor LLC

Whole Milk Powder (WMP)

Table 2: Production, Supply and Distribution – Dairy, Dry Whole Milk Powder

Dairy, Dry Whole Milk Powder	2023		2024		2025	
Market Year Begins	Jan 2023		Jan 2024		Jan 2025	
New Zealand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	203	203	220	220	0	173
Production (1000 MT)	1400	1400	1375	1420	0	1410
Other Imports (1000 MT)	1	1	1	1	0	1
Total Imports (1000 MT)	1	1	1	1	0	1
Total Supply (1000 MT)	1604	1604	1596	1641	0	1584
Other Exports (1000 MT)	1366	1366	1450	1450	0	1450
Total Exports (1000 MT)	1366	1366	1450	1450	0	1450
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)	1384	1384	1468	1468	0	1468
Ending Stocks (1000 MT)	220	220	128	173	0	116
Total Distribution (1000 MT)	1604	1604	1596	1641	0	1584
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

2025

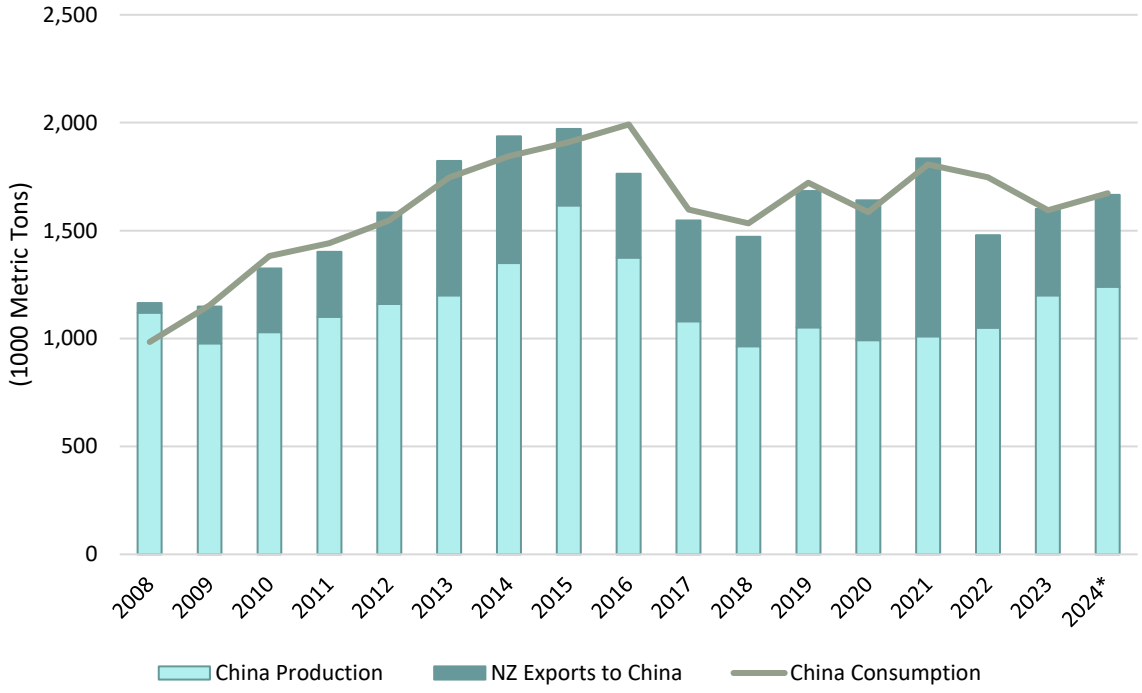
FAS/Wellington forecasts WMP production to be 1.41 MMT in the 2025 MY, a marginal drop on the current outgoing year forecast. WMP remains the largest dairy product produced in New Zealand and accounts for over 40 percent of total dairy products. Due to the seasonality of national milk production and the large volumes during spring peak, WMP production allows processors to receive large quantities of fluid milk by drying.

FAS/Wellington forecasts exports to remain consistent at 1.45MMT. China is historically expected to be the largest market for New Zealand WMP (30 percent), followed by Algeria (12 percent) and the United Arab Emirates as a growth market (7 percent). Industry sources forecast that WMP demand in China may be affected in the incoming year as consumers' demand for raw milk products increases over reconstituted products. However, WMP in China's bakery market remains firm for New Zealand products.

2024

FAS/Wellington revised WMP production up to 1.42 MMT, from the USDA official of 1.375 MMT. This reflects the anticipated positive spring forecast in the remaining four months of 2024 when 52 percent of milk is typically produced, and WMP production is increased to cope with excess fluid milk volumes.

Figure 11: China Whole Milk Powder Market



Source: Trade Data Monitor LLC, *FAS/Wellington Estimate

FAS/Wellington have not changed WMP exports from the USDA official estimate of 1.45 MMT in 2024. Year-to-date, WMP exports are up almost 4 percent from the previous year. Exports to China are and Algeria are down 5.5 and 18 percent, respectively. The increase demand is also being seen in other markets, such as the United Arab Emirate and Bangladesh. New Zealand remains a key exporter to China to fill the gap between domestic production and consumption (Figure 11).

Skim Milk Powder (SMP)

Table 3: Production, Supply and Distribution – Dairy, Nonfat Dry

Dairy, Milk, Nonfat Dry	2023		2024		2025	
Market Year Begins	Jan 2023		Jan 2024		Jan 2025	
New Zealand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	138	138	65	65	0	16
Production (1000 MT)	390	390	410	425	0	425
Other Imports (1000 MT)	3	3	1	1	0	1
Total Imports (1000 MT)	3	3	1	1	0	1
Total Supply (1000 MT)	531	531	476	491	0	442
Other Exports (1000 MT)	451	451	430	460	0	425
Total Exports (1000 MT)	451	451	430	460	0	425
Human Dom. Consumption (1000 MT)	15	15	15	15	0	15
Total Dom. Consumption (1000 MT)	15	15	15	15	0	15
Total Use (1000 MT)	466	466	445	475	0	440
Ending Stocks (1000 MT)	65	65	31	16	0	2
Total Distribution (1000 MT)	531	531	476	491	0	442
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

2025

FAS/Wellington forecast dairy non-fat dry or skim milk powder (SMP) production to increase consistently with the outgoing year up on the USDA Official to 425,000 MT. This reflects a similar forecast for dairy fat and cream processing products, which SMP is a byproduct of.

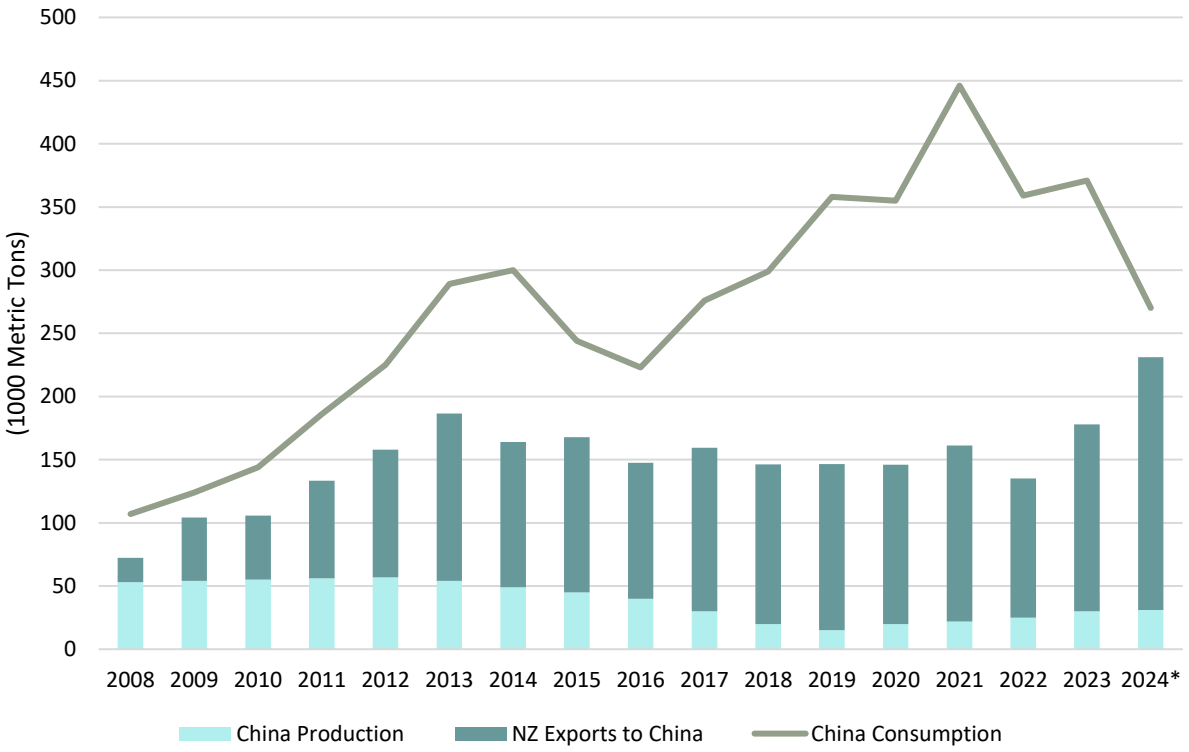
Post forecast exports to be 425,000 MT, drawing down more on ending stocks. SMP is a primary ingredient in processing dairy beverages and bakery products. China and Indonesia are the largest consumers of New Zealand SMP exports. Industry sources predict a decline in China's consumption of SMP due to economic challenges. However, as seen in Figure 13, the demand for SMP in China has far outstripped its domestic production and New Zealand imports in recent years.

2024

FAS/Wellington has revised the estimate for SMP production up to the USDA Official to 425,000 MT. In addition, Post increased the forecast for exports to 460,000 MT from the USDA Official at 430,000 MT. This follows strong exports at the beginning of the MY. Currently SMP exports are 4 percent ahead year-to-date of the previous year. As reported in USDA Product Supply and Distribution (PSD) online, domestic consumption in China for SMP in 2024 is forecasted to drop substantially in 2024, due to economic challenges in the country (Figure 12). In 2023, China was New Zealand's largest customer for

SMP at 32 percent of export volumes. Year-to-date, Indonesia is the second largest market for New Zealand SMP – up 21 percent at the same time in the previous year.

Figure 12: China Skim Milk Powder Market



Source: Trade Data Monitor LLC, *FAS/Wellington Estimate

Cheese

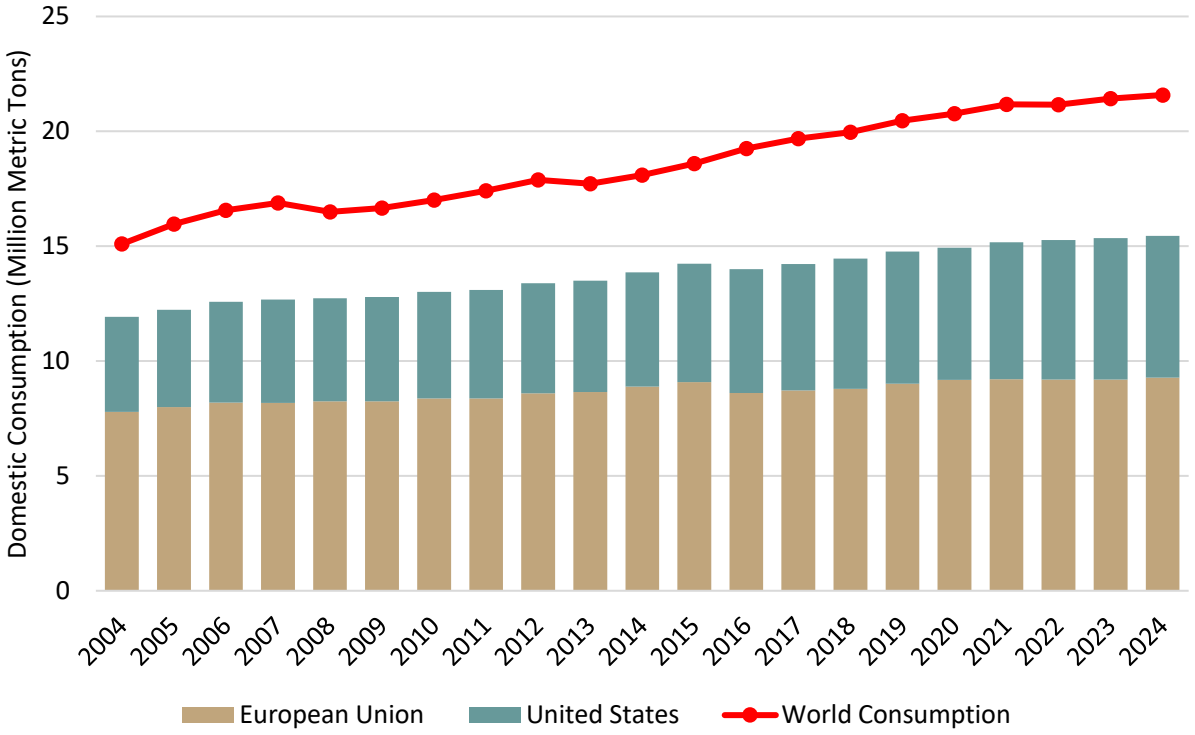
Table 4: Production, Supply and Distribution – Dairy, Cheese

Dairy, Cheese	2023		2024		2025	
Market Year Begins	Jan 2023		Jan 2024		Jan 2025	
New Zealand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	70	70	70	70	0	49
Production (1000 MT)	400	400	375	375	0	375
Other Imports (1000 MT)	14	14	10	14	0	14
Total Imports (1000 MT)	14	14	10	14	0	14
Total Supply (1000 MT)	484	484	455	459	0	438
Other Exports (1000 MT)	374	374	350	370	0	370
Total Exports (1000 MT)	374	374	350	370	0	370
Human Dom. Consumption (1000 MT)	40	40	40	40	0	40
Total Dom. Consumption (1000 MT)	40	40	40	40	0	40
Total Use (1000 MT)	414	414	390	410	0	410
Ending Stocks (1000 MT)	70	70	65	49	0	28
Total Distribution (1000 MT)	484	484	455	459	0	438
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

2025

FAS/Wellington forecast cheese production in 2025 at 375,000 MT and exports of 370,000 MT. This is consistent with previous years' productions and exports and with the nations processing capabilities following upgrades to facilities in previous years. Industry commentary is that the change in processing capabilities is a strategic move away from WMP production.

Figure 13: Global Cheese Consumption



Source: Foreign Agricultural Service, Official USDA Estimates

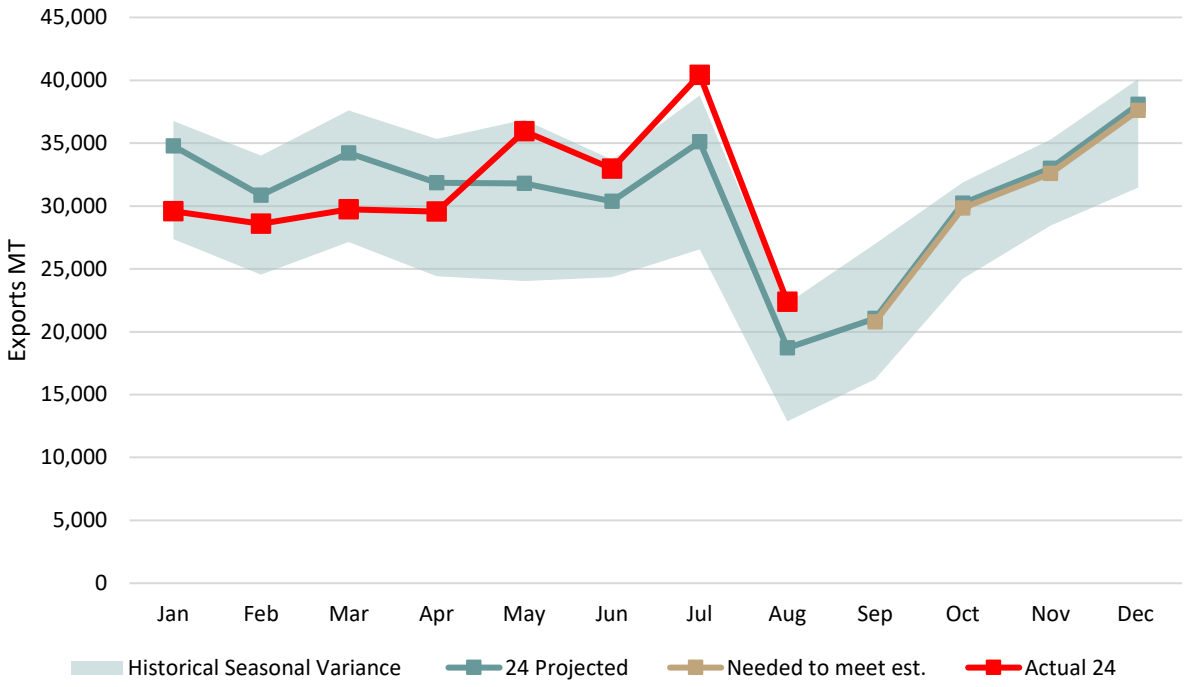
According to USDA official, global demand for cheese continues to grow at 2 percent per year (Figure 13). The United States and the European Union are the biggest consumers (29 and 43 percent respectively). New Zealand's top four largest cheese markets by volume are China (29 percent), Japan (16 percent), Australia (13 percent), and South Korea (8 percent). For global cheese consumption, China is ranked 11th, Japan 10th, Australia 8th and South Korea 12th, 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.

2024

FAS/Wellington maintains the estimate for production with the USDA official of 375,000 MT. Exports are currently 4 percent behind the previous season year to date. As a result, Post is forecasting exports to be revised to 370,000 MT, up on the USDA official estimate of 350,000 MT, but less than the previous year's volumes of 375,000 MT. This is because of improved export volumes from May to August in

2024 (Figure 14). Over the past 8 months, the decrease in exports from last year has been across most cheese types from hard, soft, grated, powdered, and blue-veined.

Figure 14: Cheese Exports in 2024



Source: Trade Data Monitor LLC

Butter and Anhydrous Milk Fat (AMF)

Table 5: Production, Supply and Distribution – Dairy, Butter

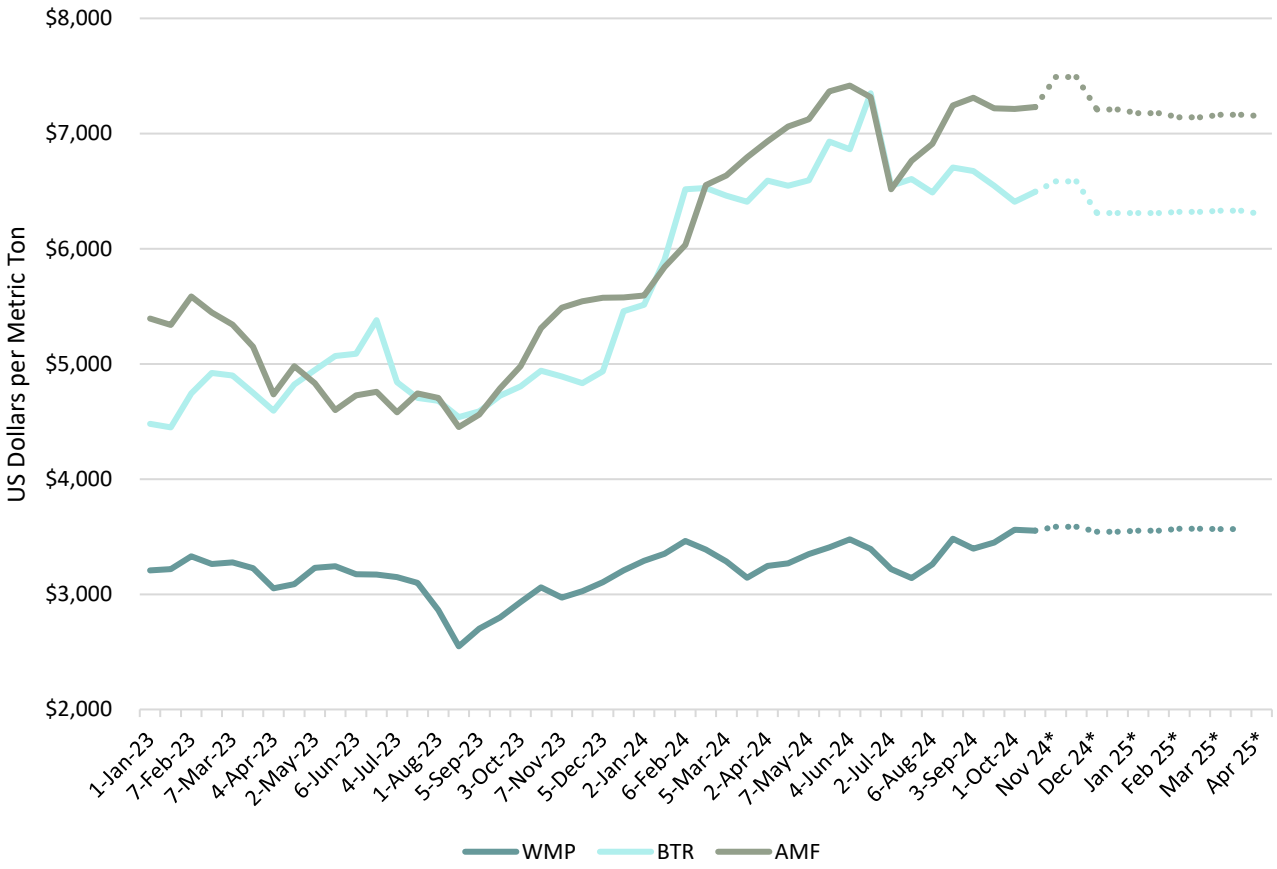
Dairy, Butter	2023		2024		2025	
Market Year Begins	Jan 2023		Jan 2024		Jan 2025	
New Zealand	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	75	75	38	88	0	97
Production (1000 MT)	510	510	525	500	0	500
Other Imports (1000 MT)	1	1	0	1	0	1
Total Imports (1000 MT)	1	1	0	1	0	1
Total Supply (1000 MT)	586	586	563	589	0	598
Other Exports (1000 MT)	516	466	495	460	0	465
Total Exports (1000 MT)	516	466	495	460	0	465
Domestic Consumption (1000 MT)	32	32	32	32	0	32
Total Use (1000 MT)	548	498	527	492	0	497
Ending Stocks (1000 MT)	38	88	36	97	0	101
Total Distribution (1000 MT)	586	586	563	589	0	598
(1000 MT)						
OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

2025

FAS/Wellington forecast the 2025 MY butter and anhydrous milk fat (AMF) production to be at 500,000 MT and exports at 465,000 MT. Since mid-2023, butter and AMF pricing in the global dairy

trade (GDT) auctions strengthened significantly, increasing ~US$3,000 MT (Figure 15). With recent forward contracts, GDT currently reports that butter and AMF average New Zealand pricing will hold firm into the first four months of 2025. Specialty processing capacity remains a constraint for responding to favorable pricing. As a result, Post does not anticipate a substantial response in volumes produced in 2025 MY.

Figure 15: Global Dairy Trade Prices and Contracts

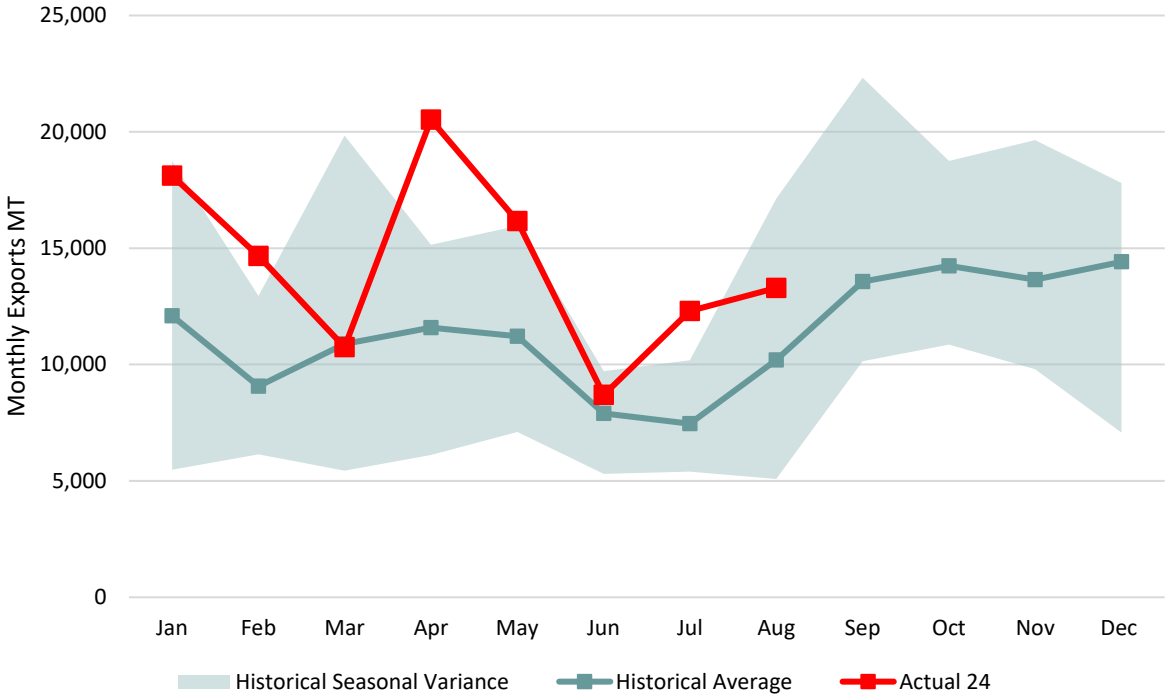


Source: NZX, Global Dairy Trade *Forward Contracts

2024

FAS/Wellington has revised down butter and AMF production to 500,000 MT from the USDA Official, and the same with exports to 460,000 MT. Currently, year-to-date butter exports are consistent with the same time in the previous year, while AMF is back 7.2 percent. However, cream exports in the first 8 months of the MY are 7.7 percent up on the previous year (Figure 16), with strong exports in 5 months exceeding the peaks in previous years.

Figure 16: Cream Exports in 2024



Source: Trade Data Monitor LLC

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 go toward more specialty products such as IMF, milk protein concentrates, caseinates, whey, and lactoferrin. In the first eight months of 2024, exports for these products combined are currently tracking 13.8 percent up at the same time in the previous year. With growth in export volumes seen for all products to global markets.

Imports

New Zealand imported NZ$475 million (US$290 million) worth of dairy products in 2023, similar to the previous year. The leading import continues to be lactose for use in the manufacturing of WMP. The leading exporting countries to New Zealand in 2024 year-to-date are the United States (27 percent), followed by Australia (18 percent) and Germany (11 percent).

Attachments:

No Attachments