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New Zealand

Dairy and Products Semi-annual

New Zealand Semi-Annual Dairy and Milk Supply Report 2016

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Report Highlights:
Dairy Farmers are now in the second year of below breakeven farmgate milk prices and have cut the national dairy cow herd number over the last eighteen months by five percent to 4.9 million head. Milk supply which is now forecast at 20.9 million metric tons for 2016 is down 4.5% from the peak in 2014.

Executive Summary

For the second year in a row, New Zealand dairy farmers will have to endure a low farmgate milk price which will mean most dairy farms will not achieve a breakeven financial outcome for the Financial Year (FY) 2016. Very low farmgate milk prices (NZ$4.00/kg MS to NZ$5.00/kg MS) are likely to continue into FY2017 and could even stretch into FY2018, according to some industry participants. Very simplistically for many farmers the marginal costs of the last 5% to 15% of their cows are now very much greater than the marginal return. So for many reducing cow numbers is beneficial to their financial situation. Unless the farmgate price signals for the 2016/2017 production season very quickly indicate approximately NZ$6.00/kg MS then this right-sizing is likely to continue into 2017.

Over the two years 2014 to 2016 dairy farmers are estimated to have collectively reduced the national dairy cow herd size by 5% to 4.93 million (m) head. This combined with continued cost minimization is now having an effect on national milk supply. The 2016 milk production total is now forecast at 20.92m metric tons (MT), which amounts to a 4.5% reduction since 2014. This is a slightly better result than had been previously forecast, up 1% on the November 2015 forecast because milk production in the first quarter 2016 surpassed expectations and it is anticipated per cow yields in the fourth quarter 2016 will be up.

In turn New Zealand dairy production is reducing. Now total production of all dairy products (excluding liquid milk) is forecast to be 2.948m MT in 2016 which will be 2.2% down from the 3.014m MT estimated for 2015. However this revision for 2016 is 2% up on the previous forecast reflecting the upward revision for milk supply in 2016.

The move in 2015 to emphasize cheese, casein, and milk protein concentrate (MPC) manufacture is likely to continue into 2016. In addition the scaling up of liquid UHT milk manufacture for export will continue in 2016.

Total Dairy exports for all products including liquid milk are now forecast to reach 3.096m MT in 2016 which is a three percent upward revision on the previous forecast. Generally the slightly greater milk supply, than had been expected, in this revision is behind the export increase. In 2015 exports totaled 3.141m MT, a 3.7% upward revision, reflecting the better than expected milk supply in 2015 and an estimated 22,000 MT run down in ending stocks.

The major changes to the export line-up for this revision of the 2016 forecast are: Whole Milk Powder (WMP) down 19,000 MT (-1.4%); Skim Milk Powder (SMP) up 16,000MT (+4.4%); cheese up 40,000 MT (+14%); and casein up 25,000 MT (+33%).

Note: the Marketing Year (MY) is the same as the calendar year (CY). For example in the report "2016" is used which means the marketing year.

Milk Supply

2016

Milk production for first quarter of 2016 has been above expectations, which has contributed to a small upward adjustment for milk supply for 2016 to 20.92 million (m) metric tons (MT) from 20.75m MT previously, a 0.5% improvement. The factors which are dominant in determining this year's production are:

- The weather for the first quarter (Q1) in 2016 generally over the country, apart from a couple of dry areas (some districts in the Waikato, and the Manawatu), was favorable so pasture production was ahead of expectations hence the better milk production in Q1. El Nino weather patterns which were forecast did not eventuate.

- Milk production in the second quarter (Q2) is now falling behind the similar period in 2015.

- With the farmgate milk price so low farmers are minimizing spending on feed supplements. As the rate of pasture growth is slowing down during the autumn (April-May) the herds are being progressively dried off rather than being fed supplements to extend the lactation.

- Based on the cow kill so far this year and anecdotal reportage of farmers' plans for herd numbers in the spring it is forecast the national herd will be down a further 75,000 head, which would put it at 4.93m head a 3.4% downward revision and a 1.5% year-on-year reduction.

- Reportedly cow condition across the country is generally good and pasture levels going into winter have been managed to optimum levels.

- The effect of the reduced cow numbers will be felt in the spring (August-October) however it is likely to be muted as long as spring weather conditions are close to normal because the remaining cows will have a greater pasture allowance on a per head basis.

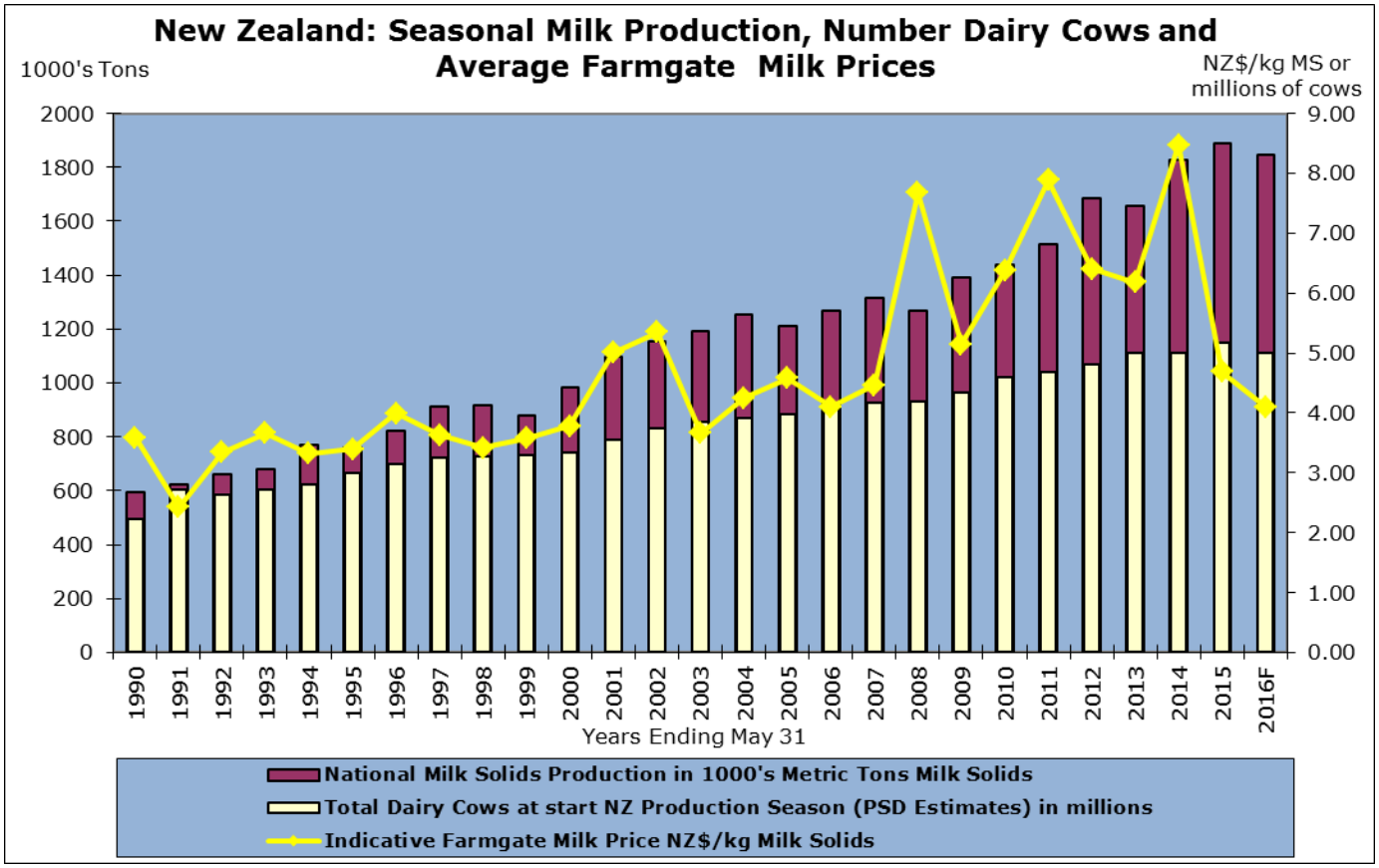
2015

Final actual milk supply data is now available which shows that for 2015 total New Zealand milk production was 21.58m MT, which is a one percent upward revision. The actual total was 1.4% less than the 2014 production. The improvement came about because the spring and early summer (August through December) milk production was better than expected. The following dynamics were at play:

- Dairy farmers made late culling decisions to their cow numbers just before calving (August) which meant cow numbers were reduced by 197,000 head (3.8%).

- However having fewer cows with approximately normal pasture supplies gave the remaining cows a slightly greater daily pasture allowance, which flowed through to better daily per cow milk production in October, November, and December.

Milk Solids Production, Cow Numbers, Milk Price Trend Chart

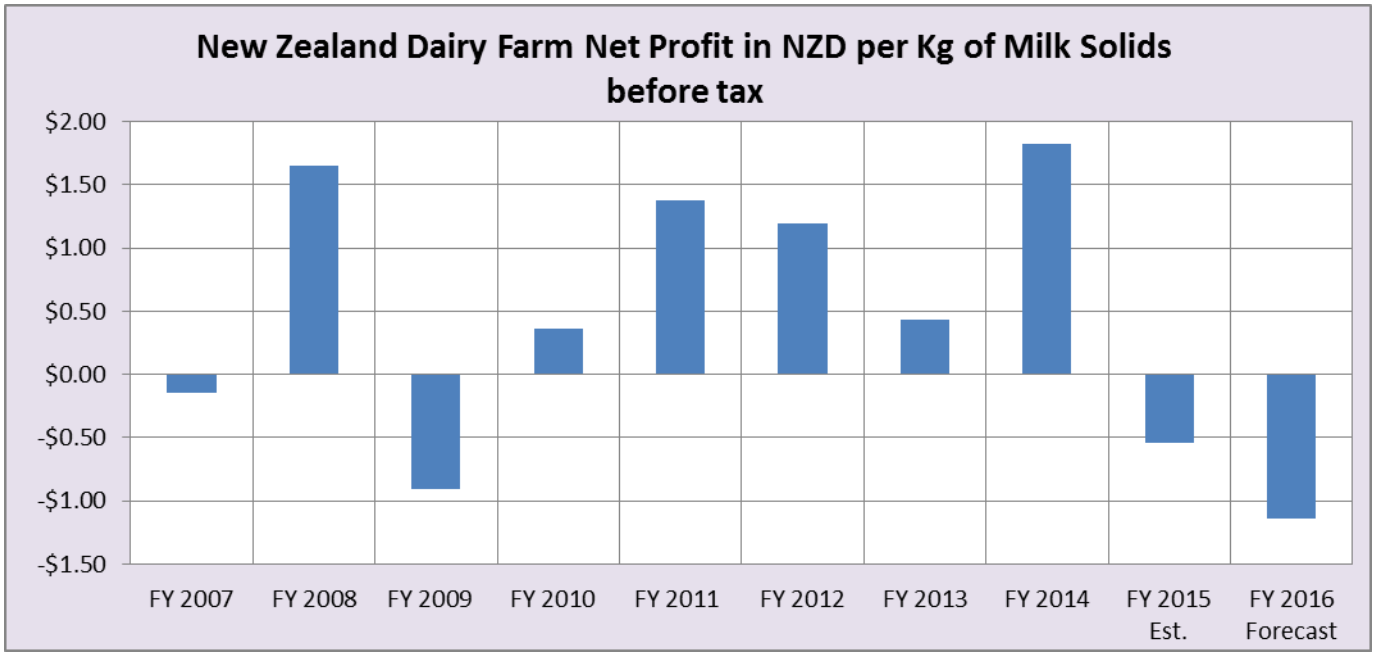


Source: Post Estimates, DairyNZ

Dairy Farm Profitability

For the second year in a row, New Zealand dairy farmers will have to endure a low farmgate milk price which will mean most dairy farms will not achieve a breakeven financial outcome for the Financial Year (FY) 2016. Very low farmgate milk prices (NZ$4.00/kg MS to NZ$5.00/kg milk solids (MS)) are likely to continue into FY2017 and could even stretch into FY2018, according to some industry participants.

Farmers are scrambling to eliminate unnecessary spending. They are examining every part of their businesses from staffing levels to general overheads such as debt servicing and rent to find efficiencies that will reduce inputs and expenses while still maintaining production. Most farms are struggling to find a profitable business model which at revenue equating to NZ$4.50/kg MS to NZ$5.00/kg MS will cover all expenses including debt servicing and leaves a profit. Very simplistically for many farmers the marginal costs of the last 5% to 15% of their cows are now very much greater than the marginal return. So for many reducing cow numbers is beneficial to their financial situation. Unless the farmgate price signals for the 2016/2017 production season very quickly indicate approximately NZ$6.00/kg MS then this right-sizing is likely to continue into 2017.



Source: DairyNZ, Post Estimates

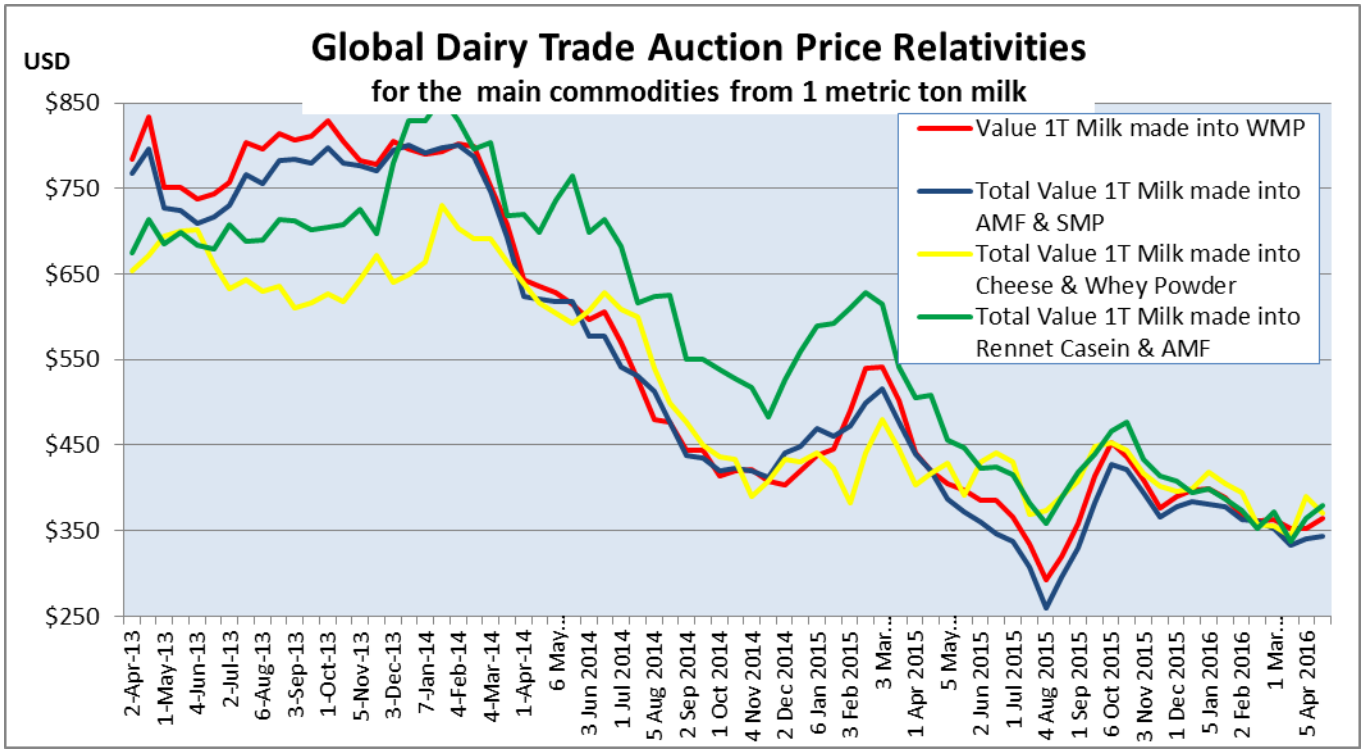
PSD Milk

Dairy, Milk, Fluid (1000HD, 1000MT)	2014 Market Year Begin: Jan 2014			2015 Market Year Begin: Jan 2015			2016 Market Year Begin: Jan 2016		
New Zealand	Official	Old Post	New Post	Official	Old Post	New Post	Official	Old Post	New Post
Cows In Milk	5175	5175	5176	5200	5200	5003	5100	5100	4928
Cow's Milk Production	21893	21893	21893	21391	21391	21582	20745	20745	20921
Other Milk Production	0	0	0	0	0	0	0	0	0
Total Production	21893	21893	21893	21391	21391	21582	20745	20745	20921
Other Imports	2	2	2	2	2	2	2	2	2
Total Imports	2	2	2	2	2	2	2	2	2
Total Supply	21895	21895	21895	21393	21393	21584	20747	20747	20923
Other Exports	136	136	136	165	165	171	200	200	210
Total Exports	136	136	136	165	165	171	200	200	210
Fluid Use Dom. Consum.	495	495	495	497	497	497	497	497	497
Factory Use Consum.	21214	21214	21214	20681	20681	20866	20000	20000	20166
Feed Use Dom. Consum.	50	50	50	50	50	50	50	50	50
Total Dom. Consumption	21759	21759	21759	21228	21228	21413	20547	20547	20713
Total Distribution	21895	21895	21895	21393	21393	21584	20747	20747	20923
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY. Exp. to U.S.	0	0	0	0	0	0	0	0	0
TS=TD	0	0	0	0	0	0	0	0	0
(1000 Hd, 1000MT)									

Not official USDA estimates

Dairy Production and Inventories

General Overview



Source: GDT, GTA, Post estimates

After the rather dismal dairy commodity price plunge in August 2015 prices recovered and seem to be bumping along something of a floor at present. Whether this is a cause for optimism about price increases over the next six months is still very much open to conjecture though.

During 2015 the relative pricing for cheese and casein was quite often at a premium to the powders (see chart above). In addition during 2015 fat (butter, and AMF) prices were relatively good. Consequently cheese production was emphasized along with the products which could utilize the Skim Milk Powder (SMP) side of the Skim/Fat manufacturing stream such as casein and milk protein concentrates (MPC). Because whole milk powder (WMP) prices have been relatively lower than cheese and casein prices for much of 2015 WMP production is down and it lost some of its share of the milk supply pool.

However as 2016 has got underway the price relativities between the different product streams has tightened up considerably. Bearing in mind that the GDT chart shows average price relativities' at each auction for product delivery dates one to six months into the future, the April auction prices mean some product to be produced in September/October is already priced. Barring any rapid changes to the price relativities in the spring of 2016 it would seem that the production levels for the various manufacturing streams established in 2015 and the start of 2016 will continue for the

rest of 2016. Alternative protein products to SMP (Casein and MPC) will again be emphasized; cheese will hold its own, and WMP will be down slightly in line with milk supply reductions.

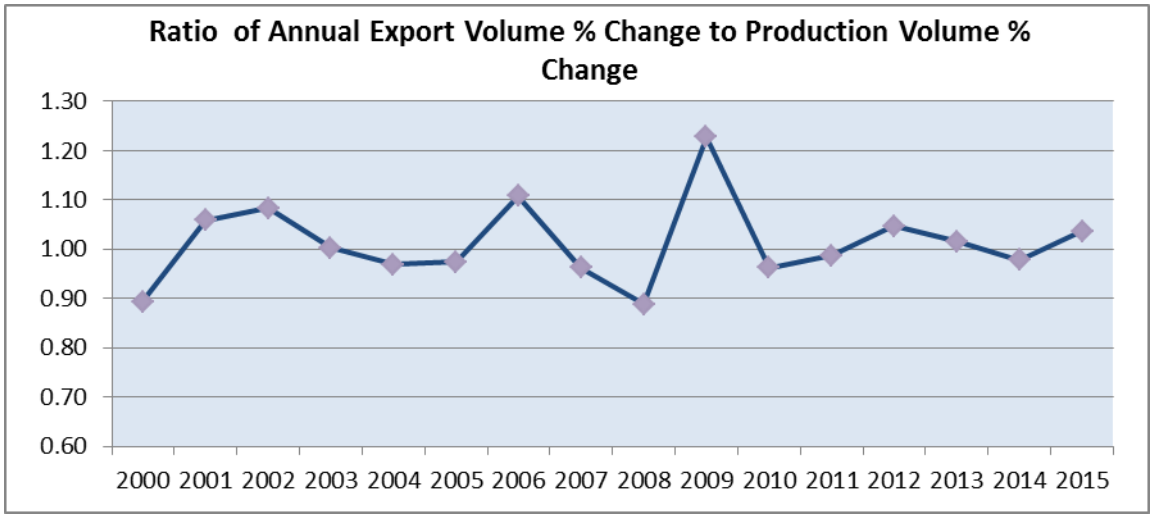
Dairy Production at a Glance

New Zealand Summary Table for Estimated Dairy Production					
Commodity Group	**2014**	**2015**		**2016**	
(1000s Metric Tons)	**Firm Estimate**	**Estimate**	**% change from prev. year**	**New Forecast**	**% change from prev. year**
WMP	**1,460**	**1,390**	-4.8%	**1,350**	-2.9%
SMP	**415**	**390**	-6.0%	**380**	-2.6%
Butter/AMF	**580**	**575**	-0.9%	**570**	-0.9%
Cheese	**325**	**355**	9.2%	**350**	-1.4%
Sub-Total PSD Commodities	**2,780**	**2,710**	-2.5%	**2,650**	-2.2%
Casein & Caseinates	**86**	**109**	26.7%	**100**	-8.3%
Whey Products	**28**	**32**	14.3%	**32**	0.0%
Milk Protein Concentrates	**74**	**81**	9.5%	**80**	-1.2%
Other Products	**48**	**48**	-0.7%	**48**	0.0%
Infant Milk Formula	**31**	**34**	9.7%	**38**	11.8%
Subtotal Rest of Dairy	**267**	**304**	13.7%	**298**	-2.0%
Total Production	**3,047**	**3,014**	-1.1%	**2,948**	-2.2%

Source: Post estimates Note: Butter/AMF line has the AMF adjusted to butter equivalents

A Guide to Inventory levels

It is estimated the ending stock level of the main commodities WMP, SMP, AMF/Butter, and cheese have reduced from 2014 to 2015 by 22,000MT and were estimated at 392,000MT at end 2015 (five percent down). The chart below shows the ratio of export change in 2015 over the production change was 1.04 which suggests export growth was leading production growth and stocks were being run down to some extent.



Source: PSD milk supply estimates, DCANZ data on milk supply, GTA export data

By the end of 2016 it is forecast another 8,000MT will be shaved off the inventory total, or two percent.

Whole Milk Powder (WMP)

WMP production is forecast to reduce again in 2016 to be 1.35m MT down two percent on the previous forecast. This reduction is in line with reductions to the milk supply. The 2015 production is now estimated at 1.39m MT based on the greater than expected export volume.

There are commentators who think WMP prices will be the quickest to recover since there are no great stockpiles anywhere and New Zealand, the largest exporter of WMP, is reducing its production of WMP. However the commodities pricing from the GDT auctions suggest that price increases won't happen until the last quarter in 2016 at the very earliest but more likely sometime in 2017. Additionally the very low prices for SMP are likely to put a ceiling on how high WMP prices can go before some dairy product manufacturers substitute SMP and an alternative fat ingredient for WMP. For these reasons it is thought WMP production will not be emphasized in 2016 but continue on the downward trend established in 2015.

PSD

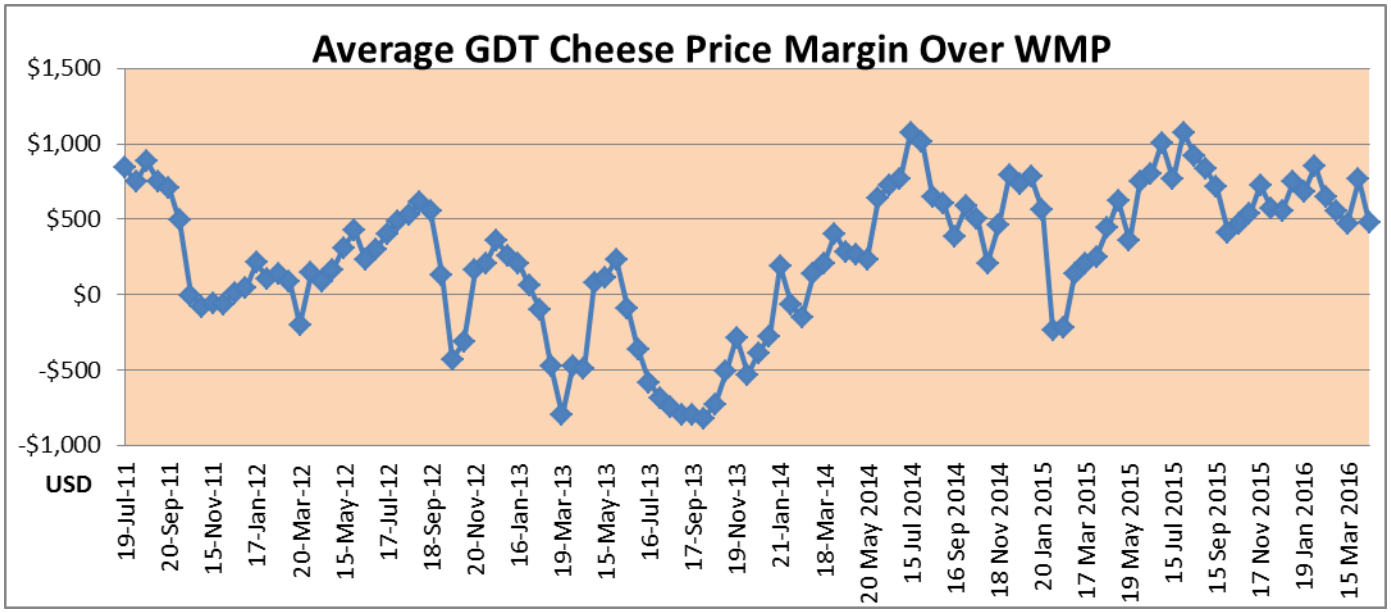
Dairy, Dry Whole Milk Powder New Zealand	2014			2015			2016		
	Market Year Begin: Jan 2014			Market Year Begin: Jan 2015			Market Year Begin: Jan 2016		
	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Beginning Stocks	157	157	157	180	180	180	183	180	179
Production	1,460	1,460	1,460	1,375	1,375	1,390	1,375	1,375	1,350
Other Imports	1	1	1	6	3	7	1	3	5
Total Imports	1	1	1	6	3	7	1	3	5
Total Supply	1,618	1,618	1,618	1,561	1,558	1,577	1,559	1,558	1,534
Other Exports	1,423	1,423	1,423	1,360	1,360	1,380	1,359	1,359	1,340
Total Exports	1,423	1,423	1,423	1,360	1,360	1,380	1,359	1,359	1,340
Human Dom. Cons.	2	2	2	3	3	3	4	4	4
Other Use, Losses	13	13	13	15	15	15	15	15	15
Total Dom. Cons.	15	15	15	18	18	18	19	19	19
Total Use	1,438	1,438	1,438	1,378	1,378	1,398	1,378	1,378	1,359
Ending Stocks	180	180	180	183	180	179	181	180	175
Total Distribution	1,618	1,618	1,618	1,561	1,558	1,577	1,559	1,558	1,534
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY. Exp. to	0	3	3	0	3	3	0	2	2

U.S.									
TS=TD	0	0	0	0	0	0	0	0	0
(1000 MT)									

Not official USDA estimates

Cheese

In 2016 Cheese production is forecast to be 350,000MT just 5,000MT less than the 2015 total, but a 13% upward revision on the previous forecast. For the last twelve months cheese prices in the GDT auction have almost consistently been USD500 greater than the WMP prices indicating it is more profitable to produce cheese. This explains why cheese production has been emphasized over the last twelve months. Relatively speaking though the value of milk going into the cheese stream versus the WMP stream has tightened up considerably over the last few months. It is still likely cheese production will continue at current levels given the competitive outlook and the factor that by utilising milk in cheese this reduces volume of milk available for WMP production which will help the process of shortening up the supply of WMP and ultimately achieving WMP price increases. In addition cheese production is continuing to be diversified into fresh cheese production such as mozzarella and further processing for food service by grating or slicing.



Source: GDT Auction data

PSD

Dairy, Cheese New Zealand	2014 Market Year Begin: Jan 2014			2015 Market Year Begin: Jan 2015			2016 Market Year Begin: Jan 2016		
(1000 MT)	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Beginning Stocks	50	50	50	64	64	64	54	60	60
Production	325	325	325	347	347	355	310	310	350
Other Imports	7	7	7	8	8	8	8	8	8
Total Imports	7	7	7	8	8	8	8	8	8
Total Supply	382	382	382	419	419	427	372	378	418

Other Exports	278	278	278	325	319	327	285	278	318
Total Exports	278	278	278	325	319	327	285	278	318
Human Dom. Cons.	40	40	40	40	40	40	40	40	40
Other Use, Losses	0	0	0	0	0	0	0	0	0
Total Dom. Cons.	40	40	40	40	40	40	40	40	40
Total Use	318	318	318	365	359	367	325	318	358
Ending Stocks	64	64	64	54	60	60	47	60	60
Total Distribution	382	382	382	419	419	427	372	378	418
CY Imp. from U.S.	0	1	1	0	1	1	0	1	1
CY. Exp. to U.S.	1	7	7	0	14	14	0	7	7
TS=TD	0	0	0	0	0	0	0	0	0

Not official USDA estimates

Skim Milk Powder (SMP)

It is forecast SMP production in 2016 will be 380,000MT, up six percent from the previous forecast. While SMP prices are at extremely low levels and there is a historically large spread between SMP and WMP prices recent history would suggest New Zealnd will continue to produce SMP at a level between 380,000MT and 420,000MT per annum. The processors have long term customers to supply and Fonterra in particular has its own off-shore further processing which utilises SMP as an ingredient. It is thought that SMP production will be limited to those needs in 2016. Now it is estimated that the 2015 production level was 390,000MT, a six percent upward revision, based on the actual export level being well above previous expectations

PSD

Dairy, Milk, Nonfat Dry New Zealand	2014 Market Year Begin: Jan 2014			2015 Market Year Begin: Jan 2015			2016 Market Year Begin: Jan 2016		
(1000 MT)	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Beginning Stocks	83	83	83	113	113	113	71	91	90
Production	415	415	415	370	360	390	370	360	380
Other Imports	4	4	4	5	5	5	4	4	4
Total Imports	4	4	4	5	5	5	4	4	4
Total Supply	502	502	502	488	478	508	445	455	474
Other Exports	383	383	383	410	380	411	385	364	380
Total Exports	383	383	383	410	380	411	385	364	380
Human Dom. Cons.	6	6	6	7	7	7	7	7	7
Other Use, Losses	0	0	0	0	0	0	0	0	0
Total Dom. Cons.	6	6	6	7	7	7	7	7	7
Total Use	389	389	389	417	387	418	392	371	387
Ending Stocks	113	113	113	71	91	90	53	84	87
Total Distribution	502	502	502	488	478	508	445	455	474
CY Imp. from U.S.	0	0	1	0	0	0	0	0	0
CY. Exp. to U.S.	0	0	0	0	0	0	0	0	0
TS=TD	0	0	0	0	0	0	0	0	0

Butter and Anhydrous Milk fat (AMF)

Butter and AMF production for 2016 is now forecast to be similar to 2015 at 570,000MT (butter equivalents) just 5,000MT or one percent less than 2015. This change amounts to a four percent upward revision. This revision brings the forecast into line with the current thinking that production volumes will be similar to last year since the outlook for the fat products is to continue to experience solid demand.

PSD

Dairy, Butter New Zealand	2014 Market Year Begin: Jan 2014			2015 Market Year Begin: Jan 2015			2016 Market Year Begin: Jan 2016		
(1000 MT)	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post	USDA Official	Old Post	New Post
Beginning Stocks	54	54	54	53	57	57	72	81	63
Production	580	580	580	570	570	575	550	550	570
Other Imports	1	1	1	1	1	1	1	1	1
Total Imports	1	1	1	1	1	1	1	1	1
Total Supply	635	635	635	624	628	633	623	632	634
Other Exports	560	556	556	530	525	548	530	545	550
Total Exports	560	556	556	530	525	548	530	545	550
Domestic Cons.	22	22	22	22	22	22	0	22	22
Total Use	582	578	578	552	547	570	530	567	572
Ending Stocks	53	57	57	72	81	63	93	65	62
Total Distribution	635	635	635	624	628	633	623	632	634
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY. Exp. to U.S.	30	31	31	0	30	20	0	30	25
TS=TD	0	0	0	0	0	0			0

Note AMF product weight tonnages are multiplied by 1.22 to get butter equivalents; not official USDA estimates

Dairy Exports

Dairy Exports at a Glance

New Zealand Summary Table for Dairy Product Export Quantities					
Commodity Group	**2014**	**2015**		**2016**	
(1000s Metric Tons)	**Actual**	**Actual**	**% change from prev. year**	**New Forecast**	**% change from prev. year**
WMP	**1,423**	**1,380**	-3.0%	**1,340**	-2.9%
SMP	**383**	**411**	7.3%	**380**	-7.5%
Butter/AMF	**556**	**548**	-1.4%	**550**	0.4%

Cheese	**278**	**327**	17.6%	**318**	-2.8%
Liquid Milk	**136**	**171**	25.7%	**210**	22.8%
Sub-Total PSD Exports	**2,776**	**2,837**	2.2%	**2,798**	-1.4%
Casein	**86**	**109**	26.7%	**100**	-8.3%
Whey Products	**28**	**32**	14.3%	**32**	0.0%
Milk Protein Concentrates	**74**	**81**	9.5%	**80**	-1.2%
Other Products	**48**	**48**	-0.7%	**48**	0.0%
Infant Milk Formula	**31**	**34**	9.7%	**38**	11.8%
Total Exports	**3,043**	**3,141**	**3.2%**	**3,096**	**-1.4%**

Source: GTA, Post estimates. Note: Butter/AMF line has the AMF adjusted to butter equivalents

In general because domestic consumption is such a small proportion of production (only three to four percent) exports follow the same trends as production. This is only complicated in a minor way by inventory changes. The comments made on directions being taken with production are valid for export trends as well.

Whole Milk Powder

Exports of WMP in 2016 are now forecast to be 1.34m MT, a 1.4% downward revision based on reduced production volumes. The 2015 actual volume exported was 1.38m MT, 1.5% better than had been expected. While demand from China shrunk again 2015, New Zealand exporters have diversified away from China to many third tier markets evidenced by the rest of the world total volume outside the top ten destinations increasing by 16% in 2015.

New Zealand Export Statistics for Whole Milk Powder									
Calendar Year: 2013 - 2015									
Partner Country	2013			2014			2015		
	Value millions USD	Quantity (metric tons)	FOB Price USD/T	Value millions USD	Quantity (metric tons)	FOB Price USD/T	Value millions USD	Quantity (metric tons)	FOB Price USD/T
China	2759.2	622,133	$4,435	2,563.9	587,631	$4,363	858.2	354,291	$2,422
United Arab Emirates	311.7	76,635	$4,067	488.3	112,579	$4,338	321.6	125,488	$2,563
Algeria	127.1	32,752	$3,882	356.4	95,030	$3,750	300.7	121,129	$2,482
Venezuela	307.6	67,312	$4,570	82.6	17,368	$4,757	212.5	47,286	$4,494
Malaysia	148.4	36,829	$4,030	239.9	59,448	$4,035	205.3	82,358	$2,493
Sri Lanka	171.8	45,339	$3,789	210.6	47,154	$4,466	139.2	57,764	$2,410
Vietnam	95.4	23,758	$4,014	137.1	33,571	$4,083	115.9	49,340	$2,350
Thailand	136.0	31,609	$4,30	169.5	38,799	$4,37	113.3	44,921	$2,52

			2			0			3
Nigeria	115.4	27,123	$4,254	150.6	35,094	$4,293	113.3	43,644	$2,595
Saudi Arabia	112.3	27,548	$4,075	193.7	45,485	$4,259	108.3	45,073	$2,402
Rest of World	1255.7	300,422	$4,180	1,462.0	350,782	$4,168	1,033.1	409,120	$2,525
World Total	**5540.5**	**1,291,460**	**$4,290**	**6,054.8**	**1,422,941**	**$4,255**	**3,521.4**	**1,380,414**	**$2,551**

Source: GTA

Cheese

It is now forecast cheese exports in 2016, at 318,000MT, will fall just short of the total shipped in 2015 of 327,000MT. However the 2016 revised forecast will still be 11% greater than had been previously forecast because the pricing outlook for cheese still looks attractive enough to maintain production at similar levels to 2015.

New Zealand Export Statistics for Cheese									
Calendar Year: 2013 - 2015									
Partner Country	2013			2014			2015		
	Value millions USD	Quantity (metric tons)	FOB Price USD/T	Value millions USD	Quantity (metric tons)	FOB Price USD/T	Value millions USD	Quantity (metric tons)	FOB Price USD/T
Japan	263.1	64,296	$4,092	260.3	57,515	$4,526	191.4	55,045	$3,477
Australia	166.5	37,661	$4,420	205.7	43,174	$4,764	185.0	51,294	$3,606
China	96.9	21,367	$4,533	141.1	28,923	$4,877	163.5	39,550	$4,135
United States	4.7	945	$5,002	27.0	6,926	$3,901	57.5	16,915	$3,397
Korea South	92.5	21,728	$4,259	56.8	12,110	$4,688	54.9	14,929	$3,680
Philippines	46.1	11,729	$3,935	51.4	12,335	$4,169	52.5	15,654	$3,355
Indonesia	44.6	11,036	$4,037	48.7	10,959	$4,442	48.0	14,122	$3,402
Saudi Arabia	46.1	11,775	$3,914	55.0	12,749	$4,311	41.6	12,122	$3,430
Malaysia	25.0	6,098	$4,092	30.4	6,750	$4,503	35.1	9,044	$3,882
Egypt	29.0	7,527	$3,852	38.7	8,876	$4,364	33.9	10,975	$3,085

Rest of World	342.6	82,724	$4,142	361.1	77,655	$4,650	301	87,120	$3,455
World Total	**1,157.0**	**276,886**	**$4,179**	**1,276.2**	**277,972**	**$4,591**	**1,164.4**	**326,770**	**$3,563**

Source: GTA

New Zealand Export Statistics for Cheese by Type								
Calendar Year: 2013 - 2015								
Commodity	**Description**	**2013**		**2014**		**2015**		
		Quantity (metric tons)	**FOB Price USD/T**	**Quantity (metric tons)**	**FOB Price USD/T**	**Quantity (metric tons)**	**FOB Price USD/T**
040690	Cheese, Nesoi, Including Cheddar And Colby	174,406	$4,181	172,191	$4,625	208,804	$3,388
040610	Cheese (Unrpnd/Uncurd) Fresh Incl Whey Cheese Curd	51,683	$4,061	51,709	$4,333	57,333	$3,579
040620	Cheese Of All Kinds, Grated Or Powdered	29,359	$4,117	31,594	$4,625	37,238	$4,202
040630	Cheese, Processed, Not Grated Or Powdered	21,284	$4,439	22,331	$4,818	23,278	$4,032
040640	Cheese, Blue-Veined, Nesoi	155	$17,450	147	$13,975	118	$11,344
0406	**Total Cheese And Curd**	**276,886**	**$4,179**	**277,972**	**$4,591**	**326,770**	**$3,563**

Source: GTA

Skim Milk Powder (SMP)

SMP exports in 2016 are now forecast at 380,000MT which is a four percent upward revision based on historical trends coupled with the pessimistic outlook for SMP pricing. The 2015 actual exports at 411,000MT were eight percent above previous expectations. This level is estimated to incorporate a 23,000MT run-down in inventories built up in 2014 when the milk supply peak was at record levels which necessitated speedy manufacture to get through the daily intake volumes.

New Zealand Export Statistics for Skim Milk Powder									
Calendar Year: 2013 - 2015									
Partner Country	**2013**			**2014**			**2015**		
	Value USD mil.	**Qty (MT)**	**Av. FOB Price/ MT**	**Value USD mil.**	**Qty (MT)**	**Av. FOB Price/ MT**	**Value USD mil.**	**Qty (MT)**	**Av. FOB Price/ MT**
China	563.4	132,527	$4,251	465.7	114,949	$4,051	299.5	122,926	$2,437

Philippines	146.1	34,958	$4,179	130.7	30,591	$4,273	78.3	32,668	$2,397
Malaysia	151.5	36,106	$4,195	142.8	33,376	$4,280	76.0	31,272	$2,431
Singapore	92.4	23,575	$3,920	112.5	29,049	$3,873	73.4	35,266	$2,082
Thailand	64.6	15,816	$4,086	83.2	20,580	$4,044	58.6	25,838	$2,267
Indonesia	137.9	33,780	$4,083	116.3	26,918	$4,321	58.2	24,021	$2,421
Taiwan	62.6	14,841	$4,216	78.7	18,674	$4,215	49.7	20,655	$2,407
Saudi Arabia	42.5	10,112	$4,201	78.8	17,768	$4,432	33.6	14,738	$2,279
Vietnam	39.4	10,496	$3,753	29.9	7,901	$3,787	33.2	18,483	$1,798
Japan	28.7	7,251	$3,958	64.0	16,480	$3,883	26.9	10,473	$2,569
Rest of world	297.3	72506	$4,100	271.5	66,684	$4,072	173.8	74,976	$2,318
World Total	**1626.3**	**391,969**	**$4,149**	**1,574.2**	**382,970**	**$4,110**	**961.3**	**411,314**	**$2,337**

Source: GTA

Butter and Anhydrous Milkfat (AMF) Exports

New Zealand Export Statistics For Butter, Anhydrous MilkFat, & Dairy Spreads									
Calendar Year: 2013 - 2015									
Partner Country	2013			2014			2015		
	Value USD mil.	Qty Product weight (MT)	Av. FOB Price/ MT	Value USD mil.	Qty Product weight (MT)	Av. FOB Price/ MT	Value USD mil.	Qty Product weight (MT)	Av. FOB Price/ MT
China	219.8	52,508	$4,186	290.3	67,905	$4,275	224.7	67,831	$3,312
Egypt	120.9	32,111	$3,765	142.8	34,556	$4,132	129.4	39,314	$3,292
Mexico	59.5	15,508	$3,835	51.4	12,541	$4,101	98.3	29,237	$3,363
Philippines	61.2	14,521	$4,218	98.8	21,449	$4,606	90.5	24,800	$3,649
United Arab Emirates	45.2	11,267	$4,009	62.1	14,633	$4,245	79.7	24,674	$3,232
Saudi Arabia	65.6	17,394	$3,769	112.5	27,153	$4,142	71.2	21,052	$3,381
Australia	72.7	18,675	$3,895	77.9	19,696	$3,955	60.9	19,328	$3,152
Azerbaijan	52.5	13,247	$3,966	90.8	21,876	$4,152	57.0	17,426	$3,272
United States	62.5	16,474	$3,792	106.1	25,880	$4,099	55.4	16,796	$3,296
Indonesia	63.2	14,993	$4,212	70.3	16,212	$4,338	54.2	16,388	$3,304
Rest of world	1,003	254,448	$3,943	1,045	247,978	$4,216	716	223,538	$3,202
World	**1,826.3**	**461,146**	**$3,960**	**2,148.5**	**509,879**	**$4,214**	**1,637.1**	**500,384**	**$3,272**

Source: GTA; Note: all quantities are by actual product weight

It is envisaged that given the market outlook for the fat products is favorable that exports in 2016 at 550,000MT (butter equivalents) will be very similar to 2015 where the actual tonnage shipped was 548,000MT (butter equivalents).

Imports

Lactose

Estimated lactose imports peaked in 2014 at 102,567MT but by the end of 2015 imports of lactose had dropped to 88,707MT (14% reduction). Imported lactose is used as an ingredient in WMP to standardize the protein content. As WMP has reduced, the need for as much lactose has also reduced. In 2014 the US supplied an estimated 67,601MT or 66% of New Zealand's total imports and in 2015 the tonnage was 66,029MT but was 74% of the total.