



# AGRI UPDATE

## GlobalDairyTrade auction results.



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## A modest pull-back in line with the GDT pulse

- Dairy prices pulled back modestly by 2.3% in today's auction.
- Auction prices were generally weaker – Whole Milk down 2.8%, Skim Milk down 5.2% Anhydrous Milk Fat up 1.4% and Cheddar up 4%.
- The GDT pulse auction outcome proved to be a good guide even though the outcome was a touch weaker.
- Chinese demand moderated a touch and is around mid-range by recent standards – Southeast Asian buyers took up the slack.
- The Chinese authorities have set their growth targets for the year. They are aiming for 5% GDP growth and 3% inflation. This could be a challenge to achieve.

GlobalDairyTrade auction results

	Change since last auction	Prices USD/tonne
Whole Milk Powder (WMP)	-2.8%	\$3,286
Skim Milk Powder (SMP)	-5.2%	\$2,640
Anhydrous Milk Fat (AMF)	1.4%	\$6,637
Butter	-1.0%	\$6,461
Cheddar	4.0%	\$4,277
GDT Price Index	-2.3%	1086

### Auction Results, 6 March 2024.

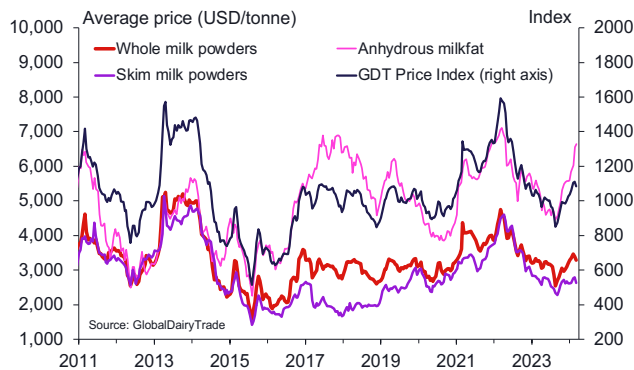
Dairy auction prices pulled back a bit overnight. Overall prices were down 2.3% and the key whole milk powder (WMP) prices fell 2.8%.

This auction was weaker than recent auctions but more in line with recent weaker futures market trends and particularly the outcome of the GDT Pulse auction held on 27 February. Most products posted price falls although cheese prices continued recent volatility, rising another 4%.

Chinese buyers pulled back a little and Southeast Asian buyers picked up the slack. Chinese demand remains around the 10-year average. Overall prices remain near their highest since June 2023 and modestly above long-term averages.

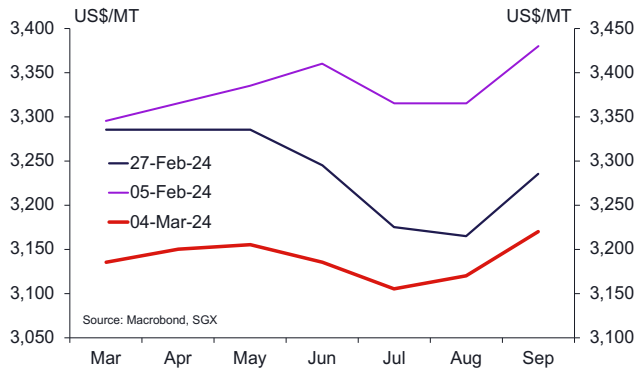
Of interest in terms of the market environment is the recent Chinese National People's Congress held this week. The Chinese authorities laid out their targets for the economy this year. They set their growth target at 5% - in line with the 2023 target - but somewhat lower than average growth in the last 20 years and likely weaker than potential growth. Interestingly, the Chinese authorities also set a target for inflation at 3% - somewhat higher than the zero to negative outcomes seen of late. We suspect it will be challenging for the authorities to

GlobalDairyTrade auction prices

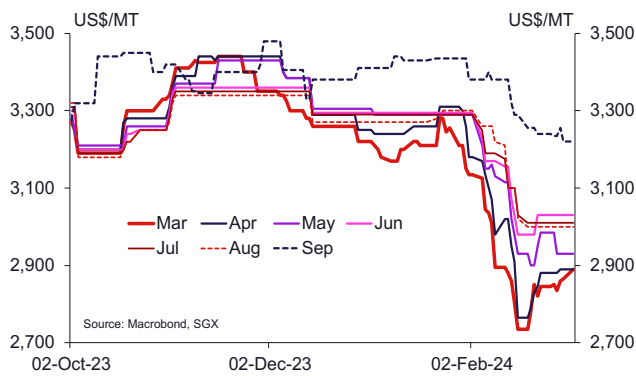


meet these targets without significant policy stimulus – which so far is modest. Hence, we suspect the operating environment for exporters to China will remain challenging. Downside risks remain even though these may be a little less prominent than feared around August 2023.

### Whole milk futures pricing



### Whole milk futures by contract



### Farmgate milk price forecasts

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

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