

MD_DA126

Skim Milk Powder - Oceania

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SKIM MILK POWDER (SMP):

Skim milk powder interest in Oceania remains firmer, something not all observers had a few months ago thought would be the reality now, during May. Prices are higher at both ends of the price range. Current prices are \$325 higher than Western Europe at each end of the price range. These are the highest Oceania SMP prices during 2018.

Part of the reason for the record 2018 Oceania SMP prices is quite basic: there is relatively little SMP being currently manufactured in Oceania, as milk production is near the lowest of the year. But that isn't the only reason. Recent SMP buying interest has been more robust than some buyers had thought would occur. It is believed that some buyers had stepped back from previous contracting patterns, not securing SMP contracts as early in the year as was typical. The former chorus of comforting expectations of EU intervention stocks serving, as an available source when SMP is needed, altered some buyers' patterns.

Now, it has been established that intervention stocks and the timing of availability are not sufficient for current demand, even if the older stocks are acceptable to various buyers. SMP has a firm market undertone and new production is expected to be somewhat tight for the immediate future.

Prices for: Oceania, All First Sales, Free on Board - Port, Conventional, and Edible Skim Milk Powder

Price Range - 1.25% Butterfat; \$/MT: 2,025 - 2,150

Information for the period May 14 - 25, 2018, issued biweekly

Secondary Sourced Information:

Australia SMP exports January-March, 2018, increased 6.9 percent from one year earlier according to CLAL. New Zealand SMP exports January-March, 2018, increased 6.4 percent from one year earlier according to CLAL. At GDT Event 212 on May 15, the SMP all contracts price, \$2,047, increased 3.0 percent.

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