

Whole Milk Powder - Oceania

Report 9 - Released on March 04, 2021

Few dairy sources can recall the magnitude of an Oceania Whole Milk Powder firming price range as was recorded this week. Prices are at a multiyear high. The low range prices occurred last week and are no longer available. A rule of thumb often recited is that Oceania WMP prices above \$3,000 are nicely profitable. With a range top price of \$4,400 there is a lot of profit in WMP now. As WMP is the biggest driver of farm milk prices in Oceania, this also excites many dairy producers.

Now the uncertainty is whether this price level can hold moving forward. A factor not to be overlooked is that Oceania WMP prices are not too much higher than in the EU, which may mitigate buyer overreaction. Seasonal milk production is declining in New Zealand as it is increasing in Western Europe. Sources cite unexpectedly strong buying interest from North Asia as a big factor in current Oceania prices. Part of the higher buying interest is said to be COVID-19 factors slowing some deliveries from other global sources of WMP. New Zealand, as the global leader of WMP exports, supplies nearly 4 1/2 times as much as number 2, the European Union. However, the EU increased WMP export volumes last year, compared to 2019, in contrast to declining volumes from New Zealand, the USA, and Australia.

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

Price Range - 26% Butterfat; \$/MT: 3,650 - 4,400

Information for the period February 22 - March 5, 2021, issued biweekly

Secondary Sourced Information:

At GDT event 279 on March 2, 2021, the WMP all contracts price, \$4,364, increased 21.0 percent. The April contract, \$4,368, increased 21.3 percent.

Calendar year 2020 WMP exports from Australia, 36,860 MT, decreased 11.7 percent from calendar year 2019 according to Eucolait. Top 2020 export destinations, quantity exported, and percent of calendar year 2020 exports include China, 20,920 MT, 56.8 percent; Thailand, 4,437 MT, 12 percent; and Bangladesh, 2,791 MT, 7.6 percent.

Calendar year 2020 WMP exports from New Zealand, 1,532,756 MT, decreased 0.2 percent from calendar year 2019 according to Eucolait. Top 2020 export destinations, quantity exported, and percent of calendar year 2020 exports include China, 652,914 MT, 42.6 percent; United Arab Emirates, 87,339 MT, 5.7 percent; and Sri Lanka, 84,760 MT, 5.5 percent.

WMP Export Volumes and Percent Change 2019/2020

WMP (FAS codes 040221 + 040229)

Country	Volume MT	Percent Change
New Zealand	1,532,756	-0.2
EU	342,075	+8.5
USA	38,638	-2.1
Australia	36,860	-11.7

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