

INTERNATIONAL DAIRY MARKET NEWS - OCEANIA

Information gathered December 24, 2018 - January 4, 2019

Prices are U.S. \$/MT, F.O.B. port. Information gathered for this report is from trades, offers to sell, and secondary data. This bi-weekly report may not always contain the same products and/or regions. Future reports may be included or withdrawn depending on availability of information. MT = metric ton = 2,204.6 pounds.

OCEANIA DAIRY MARKET OVERVIEW

AUSTRALIA: Market activity is very thin this period due to various yearend holidays. That also increased vacation time being used.

Recent rain in parts of Australia has increased hope for less struggle to produce milk. Production of new season hay in Northern Australia is viewed more optimistically. Concerns remain that even improved output will still leave the hay supply for the season deficient and necessitate maintaining hay imports from other parts of Australia. New season hay is becoming available in Southern Australia. High moisture in some baled hay has adversely affected the usability of some hay. Western Australia is reporting good hay growth. Hay making is underway with cut hay ready for baling.

January in Australia is well into the downslope from peak milk production for the season. It seems increasingly certain that full seasonal production will be below last season. Observers do not believe that even exceptional weather and feed availability for the balance of the season could turn production positive compared with last season. The focus now will be how much negative the season will end.

NEW ZEALAND: November 2018 New Zealand milk production reported by DCANZ was 3.0 million MT, up 1.0 percent from November 2017 milk production, 2.97 million MT, according to DCANZ. November 2018 milk solids, 248.2 million kg, are up 2.3 percent from November 2017, 242.6 million kg.

While October was the month with highest milk solids production, the five top months generally run through February. With two months of yet unknown official data to go, and gradual monthly declines until May, leading into June, the normal low point, there is still a lot of milk to be produced during the current season.

BUTTER/BUTTEROIL

Butter prices in Oceania firmed. Sellers were pleased to see renewed price strength on the cusp of 2018-2019. Production is continuing at active levels. Supplies remain a bit tight but that has been the case for several weeks. Current production is generally already sold. The holiday season leaves sales activity very light as many people take time off to focus on things other than dairy product sales.

The end of 2018 is a good time to review pricing over the last five years. Information showing the annual low and high price recorded in the Dairy Market News bi-weekly international price series is displayed for each of the last five years.

OCEANIA BUTTER

U.S. dollars per metric ton
F.O.B. port*

Year	Price Range
2014	2,375 - 5,050
2015	2,250 - 4,150
2016	2,500 - 4,475
2017	4,300 - 6,650
2018	3,550 - 5,900

*Dairy Market News bi-weekly price series

Oceania, 82% Butterfat, Free on Board - Port Butter

Price Range - \$/MT: 4,025 - 4,200

Secondary Sourced Information:

Butter exports from New Zealand January-November this year were up 7.8 percent from January-November 2017, according to CLAL. The table below shows top export destination country percent change comparing January-November 2018 with 2017. Exports to China were about equal to the next four countries combined.

NEW ZEALAND BUTTER EXPORTS

Destination	% Change Jan.-Nov. 2018/2017
China	+28.0
Australia	+26.6
Philippines	+ 0.4
United Arab Emirates	- 9.3
Mexico	-14.5

At GDT event 227 on January 2, the butter all contracts price, \$4,076, increased 3.9 percent. The February contract price, \$4,195, increased 8.0 percent.

SKIM MILK POWDER

Skim milk powder prices are higher. Production in the region continues to be active and consistent with recent weeks. Not much has changed this period from earlier in December. Lighter trading was noted this period, to no one's surprise. Most Q1 2019 production has been contracted. Efforts to contract for Q2 are underway, but not so much over the holiday period.

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OCEANIA SMP

U.S. dollars per metric ton
F.O.B. port*

Year	Price Range
2014	2,200 - 5,300
2015	1,325 - 3,175
2016	1,650 - 2,600
2017	1,650 - 2,650
2018	1,675 - 2,300

*Dairy Market News bi-weekly price series

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

Price Range - 1.25% Butterfat; \$/MT: 2,100 - 2,400

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Secondary Sourced Information:

SMP exports from New Zealand January-November this year were down 11.3 percent from January-November 2017, according to CLAL. The table below shows top export destination country percent change comparing January-November 2018 with 2017. Exports to China were greater than the next four countries combined.

NEW ZEALAND SMP EXPORTS

Destination	% Change Jan.-Nov. 2018/2017
China	- 5.2
Malaysia	- 6.1
Philippines	- 4.8
Singapore	-10.0
Thailand	- 4.5

At GDT event 227 on January 2, the SMP all contracts price, \$2,201, increased 7.9 percent. The February contract price, \$2,397, increased 16.7 percent.

CHEESE

Cheddar prices moved up in Oceania. Australian production of cheese is in high gear to strive to meet domestic demand. Supplies are tight but have been so for some weeks now. That is no change. Production is almost all committed through Q1 2019. During recent years cheese production has utilized about one third of Australian milk production according to sources in Australia.

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OCEANIA CHEDDAR

U.S. dollars per metric ton
F.O.B. port*

Year	Price Range
2014	3,400 - 5,500
2015	2,600 - 4,000
2016	2,400 - 3,900
2017	3,300 - 4,275
2018	3,075 - 4,400

*Dairy Market News bi-weekly price series

Prices for: Oceania Cheese, Cheddar, Free on Board - Port,
Price Range - \$/MT: 3,350 - 3,525

Secondary Sourced Information:

Cheese exports from New Zealand January-November this year were down 6.2 percent from January-November 2017, according to

CLAL. The table below shows top export destination country percent change comparing January-November 2018 with 2017.

NEW ZEALAND CHEESE EXPORTS

Destination	% Change Jan.-Nov. 2018/2017
Japan	+ 6.4
Australia	-22.4
China	-11.4
South Korea	+ 8.4
Indonesia	-11.0

At GDT event 227 on January 2, the cheddar all contracts price, \$3,371, increased 3.2 percent. The February contract price, \$3,503, increased 9.3 percent.

WHOLE MILK POWDER

Prices for whole milk powder in Oceania firmed. Markets are thin due to year end holidays and vacations. Few buyers are actively seeking spot market transactions and most seller offices are staffed at lower than normal levels.

Production remains active to handle intakes of continuing strong seasonal milk production. Most Q1 production is committed.

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OCEANIA WMP

U.S. dollars per metric ton
F.O.B. port*

Year	Price Range
2014	2,100 - 5,400
2015	1,450 - 3,800
2016	1,835 - 3,500
2017	2,700 - 3,400
2018	2,525 - 3,375

*Dairy Market News bi-weekly price series

Prices for: Oceania, All First Sales, Free on Board - Port, Conventional, and Edible Whole Milk Powder
Price Range - 26% Butterfat; \$/MT: 2,675 - 2,750

Secondary Sourced Information:

WMP exports from New Zealand January-November this year were up 0.9 percent from January-November 2017, according to CLAL. The table below shows top export destination country percent change comparing January-November 2018 with 2017. Exports to China were greater than the next four countries combined.

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NEW ZEALAND WMP EXPORTS

Destination	% Change
	Jan.-Nov. 2018/2017
China	+ 2.3
United Arab Emirates	-11.0
Algeria	+ 3.7
Sri Lanka	- 0.1
Bangladesh	+11.0

At GDT event 227 on January 2, the WMP all contracts price, \$2,705, increased 1.2 percent. The February contract price, \$2,682, increased 1.5 percent.