

Daily Dairy

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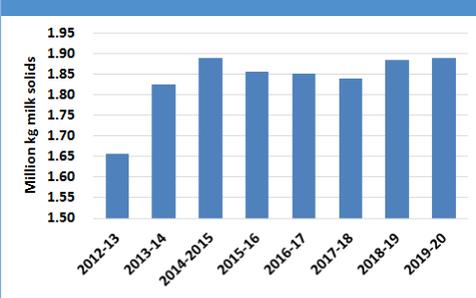
REPORT

New Zealand Posts Full-Season Decline

New Zealand wrapped up its milk production season in May with a year-over-year surge in both overall output and total milk solids buoyed by climbing global dairy product prices and improved pasture conditions. However, on a seasonal basis, output was down sharply. May's total milk collections of 905,000 metric tons (MT) climbed 4.3% above the previous year. From a milk solids perspective, May collections rose 3.8% above May 2019 to 91,147/kilogram of milk solids. Timely rains throughout many of the country's dairy regions not only helped late-season pasture growth but also extended the pasture season. While soil moistures have improved dramatically, underground aquifers still remain depleted.

For the full 2019-20 production season, New Zealand's fluid milk collections fell 0.4% below the previous season to 21.77 million MT, but milk solids collections were up 0.7%. The decline in total milk collections on a volume basis was the first since the 2016-17 season, when output fell 1.1%. However,

New Zealand Milk Solids Collections



collections in the recently ended season were still nearly 2% higher than they were three years ago.

Looking ahead, improving climatic conditions could support milk production in the upcoming season, but ongoing environmental pressures, driven primarily by consumer trends, as well as persistent severe drought in areas of the North Island could limit the gains. Earlier this week, New Zealand's largest dairy cooperative, Fonterra, announced it will soon start paying more for

milk solids that are sustainably produced to meet growing consumer demand for these products. Beginning with the June 2021 dairy season, the co-op will pay an estimated 10¢ per kilogram of milk solids to farms that meet the co-op's sustainability targets. The payment will be funded out of farm gate milk prices, thus producers who don't meet the standards could receive less under the new payment structure.

Spot Cheddar blocks took a small step back today, and Class III futures plummeted.

CME Spot Prices

CME Spot Prices (\$/lb.)	Close	Chg. ¢	Trades
Butter	\$1.7650	-2.25	3
Cheddar Block	\$2.5750	-0.50	3
Cheddar Barrel	\$2.4000	NC	0
NDM Grade A	\$1.0350	+0.75	12
Dry Whey	\$0.3125	+1.00	8
Corn Futures (JUL)	\$3.1725	-7.00	NA
Soybean Futures (JUL)	\$8.6925	-1.50	NA
Soybean Meal Futures (JUL)	\$285.50	-120.00	NA
Live Cattle Futures (AUG)	\$96.075	-27.50	NA

June 25 Trading Activity

	CME Futures (United States)												NZX Futures (New Zealand)				EEX Futures (Europe)			
	Class III \$/cwt.	chg. ¢	Class IV \$/cwt.	chg. ¢	Cheese ¢/lb.	chg. ¢	Whey ¢/lb.	chg. ¢	Butter ¢/lb.	chg. ¢	NDM ¢/lb.	chg. ¢	WMP \$/MT	SMP \$/MT	AMF \$/MT	Butter \$/MT	SMP €/MT	Butter €/MT	Whey €/MT	
JUN20	20.92	-9	13.08	-17	220.30	-0.80	36.00	NC	172.25	-3.00	91.90	-1.13	-	-	-	-	-	-	-	
JUL	20.94	-62	14.45	-30	221.30	-6.70	33.75	+0.20	183.00	-3.53	103.00	-1.25	2,875	2,620	4,050	3,650	2,214	3,501	750	
AUG	18.98	-57	14.95	-30	201.00	-6.50	33.25	+0.18	187.23	-3.78	105.85	-3.15	2,910	2,590	4,000	3,600	2,222	3,514	753	
SEP	17.56	-40	15.30	-44	185.50	-4.80	34.00	-0.03	189.00	-4.00	108.55	-3.05	2,960	2,550	4,000	3,550	2,230	3,548	753	
OCT	16.82	-16	15.52	-40	178.00	-2.20	34.33	NC	191.50	-3.00	109.93	-3.05	2,955	2,600	4,050	3,575	2,226	3,612	760	
NOV	16.39	-10	15.70	-31	175.20	-0.40	34.50	-0.78	193.48	-1.03	111.95	-2.95	2,950	2,590	4,050	3,575	2,269	3,575	765	
DEC	16.03	-7	15.75	-26	169.10	-2.60	34.73	-0.50	192.50	-1.25	113.58	-2.38	2,960	2,600	4,050	3,575	2,288	3,611	800	
JAN21	15.85	-15	15.89	-46	166.80	-1.90	35.00	NC	192.30	-1.93	115.45	-2.05	2,960	2,675	4,050	3,700	2,269	3,613	-	
FEB	15.95	-22	16.14	-21	168.40	-1.70	35.48	NC	192.75	-1.85	116.85	-0.45	2,965	2,675	4,100	3,700	2,310	3,634	-	
MAR	16.17	-4	16.21	NC	170.30	-1.40	35.50	NC	194.25	-2.23	117.00	-0.98	2,955	2,675	4,100	3,700	2,303	3,634	-	
APR	16.14	-9	16.00	NC	171.60	-0.60	36.60	NC	194.90	-1.58	117.03	-1.18	2,960	2,675	4,100	3,550	2,300	3,665	-	
MAY	16.25	NC	16.00	NC	172.00	-0.50	35.50	NC	195.00	-1.50	117.13	-1.10	2,960	2,630	4,100	3,550	2,310	3,675	-	

May 2020 milk prices (with chg. vs. prior month): Class III \$12.14 (-\$0.93); Class IV \$10.67 (-\$0.73)

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