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New Zealand

Dairy and Products Annual

New Zealand Annual Dairy and Milk Supply Report 2018

Approved By:

Rey Santella - Agricultural Counselor

Prepared By:

David Lee-Jones – Agricultural Specialist

Report Highlights:

New Zealand's milk production ended its downward slide in 2018 and stabilized at an estimated 21.75 million metric tons, up one percent up from 2017. The 2019 milk supply forecast is expected to remain the same as 2018. Total dairy exports are on an upward trend for the next couple of years.

Executive Summary

Milk production for 2018¹ in New Zealand has been a year of reversals. The downward trend experienced over the last four years has stopped and now remains stable. Post estimates 21.75 million metric tons (MMT) of milk will be produced in 2018, 1.1 percent above 2017 and a 1.85 percent upward revision on Post's previous forecast. Plentiful rain stimulated high pasture growth especially in the second of 2018. Although cow numbers are forecast to be 29,000 head lower by the end of 2018, this is not likely to be enough to materially affect August to December 2018 milk production because spring 2018 pasture growth is higher than 2017.

Total milk supply for 2019 is forecast at 21.72 MMT, just 0.12 percent less than 2018. The total cow herd will be relatively stable. Cow numbers are estimated to be 4.86 million (m) head at the start of 2019, but it's expected to rise slightly to 4.88 m by spring (August) 2019. The recovery is expected to bring the national herd size to close to the same level as the beginning of 2018.

Post forecasts 2018 total dairy production at 3.19 MMT, a two percent increase from 2017 and in line with the forecast increase in milk supply. Whole milk powder (WMP) is expected to fuel the higher production with a 40,000 metric ton (MT) increase, a three percent increase from 2017. The other significant growth category is Infant Milk Formula (IMF), which is forecast to rise by 25,000 MT to a total of 100,000 MT.

Looking ahead to 2019, the minimal reduction in the milk supply is likely to mean WMP will be reduced by 10,000 MT, but this will be offset by an expected 10,000 MT increase in IMF production. Thus, total dairy production for 2019 is forecast at 3.2 MMT, a marginal increase of 0.3 percent.

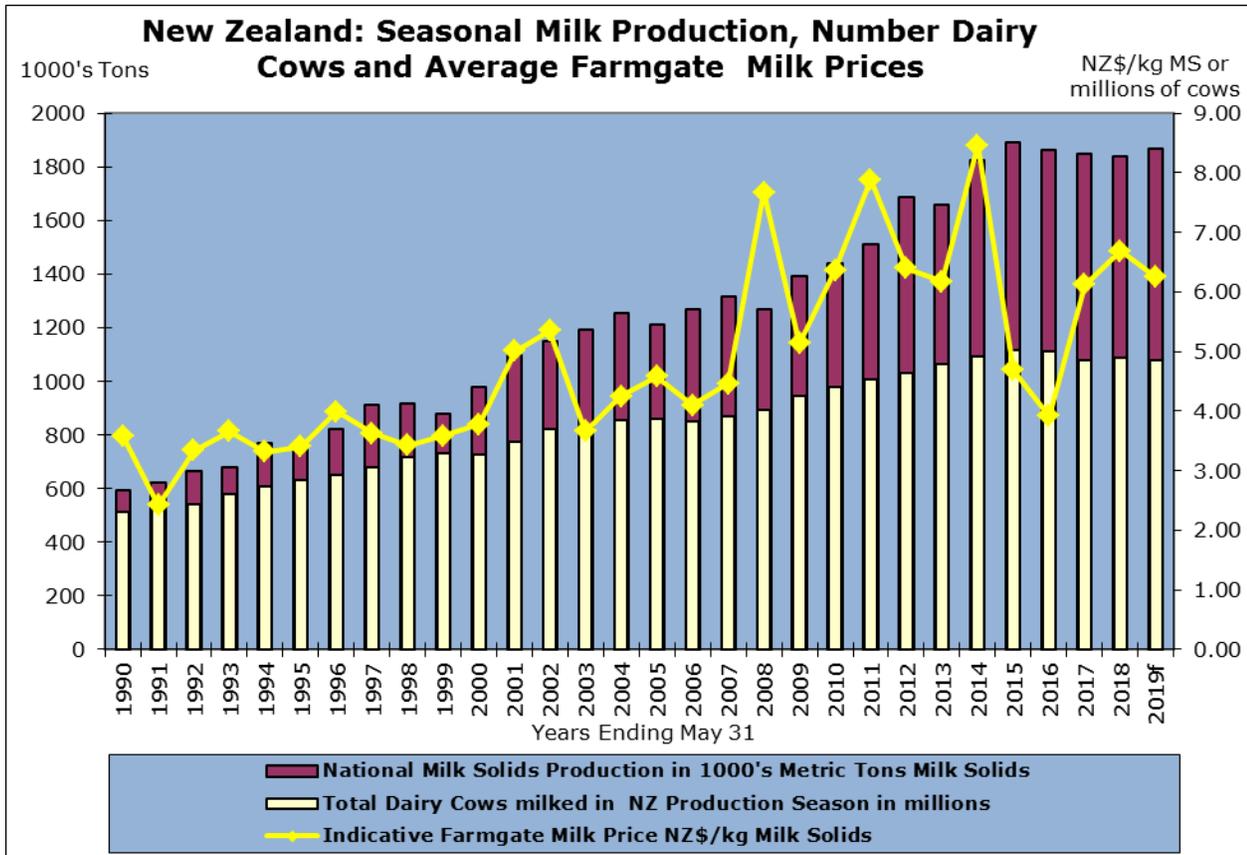
Dairy exports are forecast to be on an upward trend between 2017 through 2019. For 2018, total exports are forecast at 3.31 MMT, up three percent from 2017, followed by a two percent increase in 2019 to reach 3.39 MMT. WMP exports are forecast to increase by 28,000 MT (two percent) in 2018 and 40,000MT (three percent) in 2019. Other dairy categories that are likely to increase include: a) IMF exports surging 33 percent in 2018 and ten percent in 2019; b) liquid milk exports estimated up 15 percent in 2018 and four percent in 2019; and c) total cheese exports are forecast to increase by six percent to 355,000 MT, as a result of increased mozzarella and fresh cheese exports.

Dairy imports into New Zealand totaled US\$265 m in 2017, 27 percent above 2016, but very similar to 2015. For the first 9 months of 2018, dairy imports reached US\$189 m, 11 percent higher than in the comparable period in 2017. The main import has been lactose from the United States and the E.U.

1/ Note: The GAIN Dairy Marketing Year (MY) is the same as the calendar year (CY), January 1 to December 31.

Milk Supply

Chart 1



Sources: MPI, LIC, DairyNZ, Posts own estimates, StatsNZ

2018

Total milk supply is now forecast at 21.75 million metric tons (MMT), which is being produced from 4.89 million (m) cows. Volatile seasonal weather patterns, which have swung from dry to very wet are the reasons for this change, which now means 2018 production will be 1.1 percent above 2017 and a 1.85 percent upward revision on Posts previous forecast. This is a useful turnaround for the fortunes of the sector. 2018 milk production is expected to return to the record production levels seen in 2014, which reached 21.89 MMT. The reasons for these changes are:

- Dry weather over December 2017 and into January 2018 reduced pasture production and constrained milk production. However, widespread rain during late January and continuing to autumn stimulated seasonally high pasture growth rates. As a result, milk production recovered in the second quarter of the year; so much so that for first half of the year, the total milk supply was second, only by volume to the record reached in the first half of 2017.
- The effect of the Mycoplasma Bovis outbreak on milk supply has been negligible. The New Zealand (NZ) government has aggressively embarked on a program to eradicate the bacterial disease, which can cause severe mastitis, pneumonia, or lameness. To date, culling by slaughter has seen 43,000 head destocked from 36 confirmed infected farms. At present, there are an

additional 38 farms confirmed as infected awaiting culling. Bulk milk testing of 10,000 of the 12,000 dairy farms so far this spring has resulted in only three additional farms being confirmed as infected.

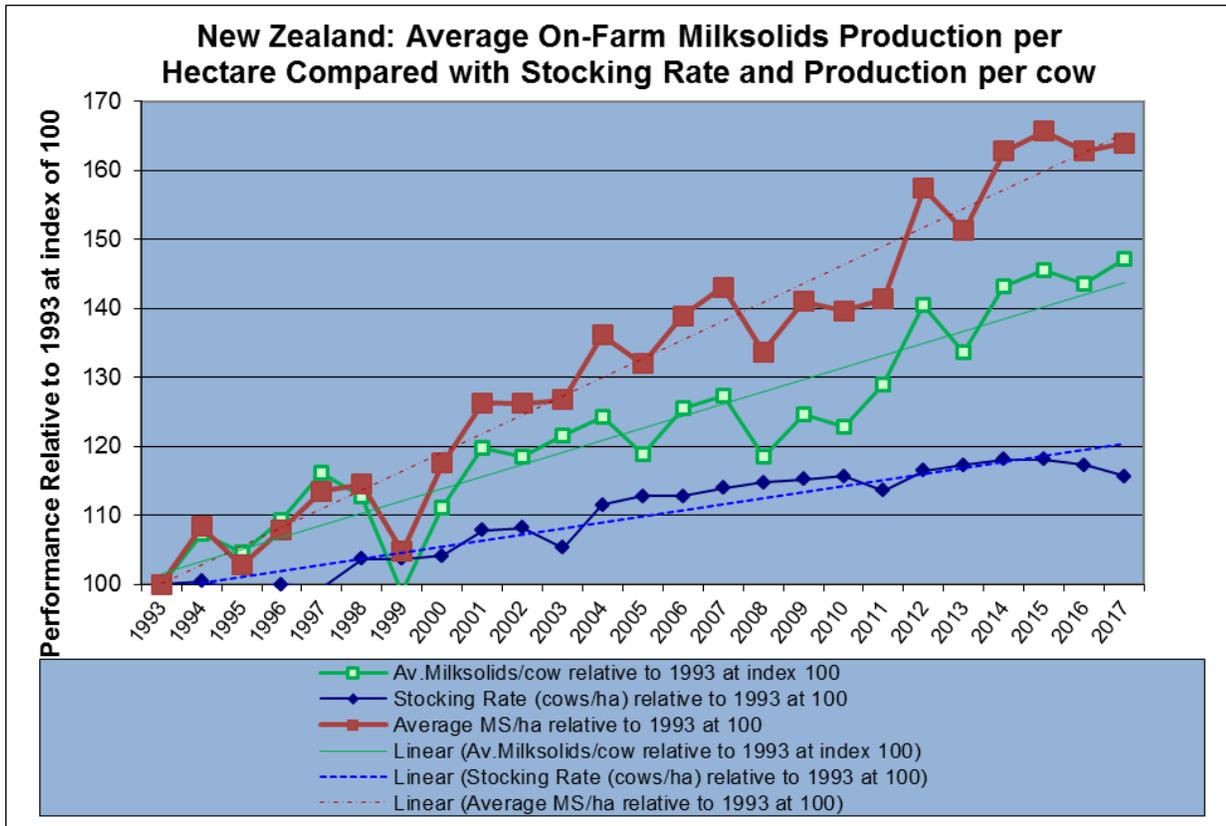
- Production during the winter months, between June and July, comprise only two percent of total production, however, it increased by eight percent over the comparable period of 2017.
- While ground conditions in the North Island were very wet over winter, temperatures were not unduly cold and pasture growth was average to good. The moderate winter set most dairy farms up well for the spring.
- August milk supply was five percent above the dismal showing in 2017 and weather conditions during September have been fair, which has meant pasture growth has been average to above average.
- Milk processors are reportedly talking about an early peak to daily milk collections and the peak being maintained for longer than 2017, which should mean a larger milk supply in October and November 2018 compared to the same period last year.

2019

Total milk supply for 2019 is forecast at 21.72 MMT, 0.12 percent below 2018. Weather will play a major role in this forecast as are the following factors.

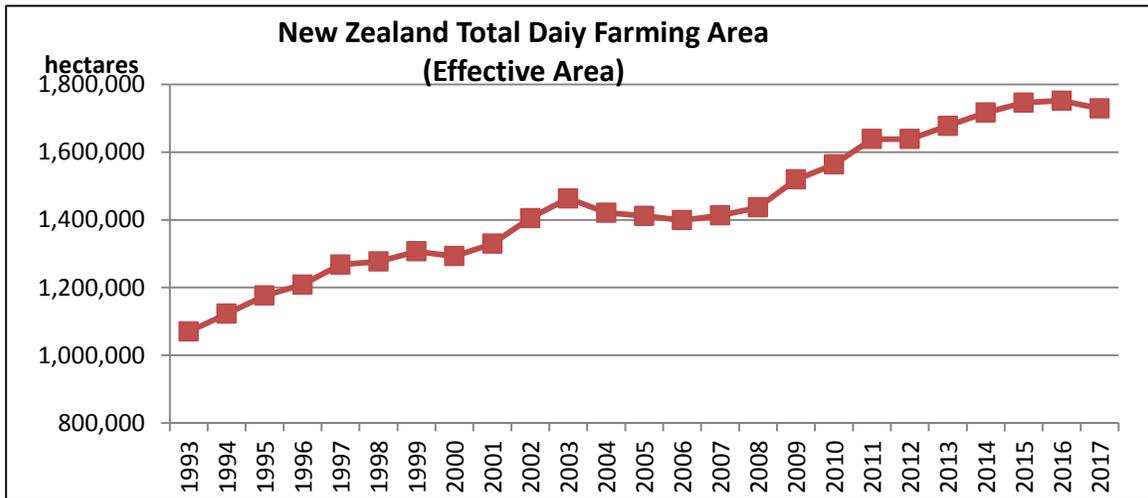
- The total cow herd is likely to be relatively stable. Cow numbers are estimated to have fallen by 29,000 head to a forecast of 4.86 m head at the start of 2019. This number is expected to rebound to 4.88 m head by spring.
- Most farmers received around NZ\$6.70/ kilogram milksolids (kg MS) in the year ending May 2018. Processors and sector analysts' forecast 2019 milk prices at around NZ \$6.25/kg MS, which should still mean most farmers, will be solidly profitable.
- With reasonably assured cash-flows, farmers are likely to purchase feed supplements if pasture growth rates fall below seasonal averages. Because of Fonterra's new Fat Evaluation Index policy, which penalizes farmers if too much vegetable fat is found in the milk mostly due to the excess use of Palm Kernel Extract (PKE), the use of a wider range of homegrown and imported feeds are expected.
- With normal weather patterns, it is likely that milk production during the first half of the year will be slightly less than 2018, but the second half of the year should just surpass 2018. It is too early to tell if the El Nino weather pattern forecast over the summer will have an effect on total milk production.

Chart 2



Source: DairyNZ, & Post Analysis

Chart 3



Source: Dairy NZ/LIC

Production Supply, and Demand – Liquid Milk

Table 1

Dairy, Milk, Fluid	2017	2018	2019
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(1000HD, 1000MT)	Market Year Begin: Jan 2017		Market Year Begin: Jan 2018		Market Year Begin: Jan 2018	
	Official	New Post	Official	New Post	Official	New Post
New Zealand						
Cows In Milk	4861	4861	4885	4889		4860
Cows Milk Production	21530	21510	21736	21745		21718
Other Milk Production	0	0	0	0		0
Total Production	21530	21510	21736	21745		21718
Other Imports	2	3	2	3		3
Total Imports	2	3	2	3		3
Total Supply	21532	21513	21738	21748		21721
Other Exports	199	200	220	230		240
Total Exports	199	200	220	230		240
Fluid Use Dom. Consum.	500	497	500	500		500
Factory Use Consum.	20763	20766	20953	20948		20916
Feed Use Dom. Consum.	70	50	65	70		65
Total Dom. Consumption	21333	21313	21518	21518		21481
Total Distribution	21532	21513	21738	21748		21721
CY Imp. from U.S.	0	0	0	0	0	0
CY. Exp. to U.S.	0	0	0	0	0	0
TS=TD	0	0	0	0	0	0

Not official USDA estimates

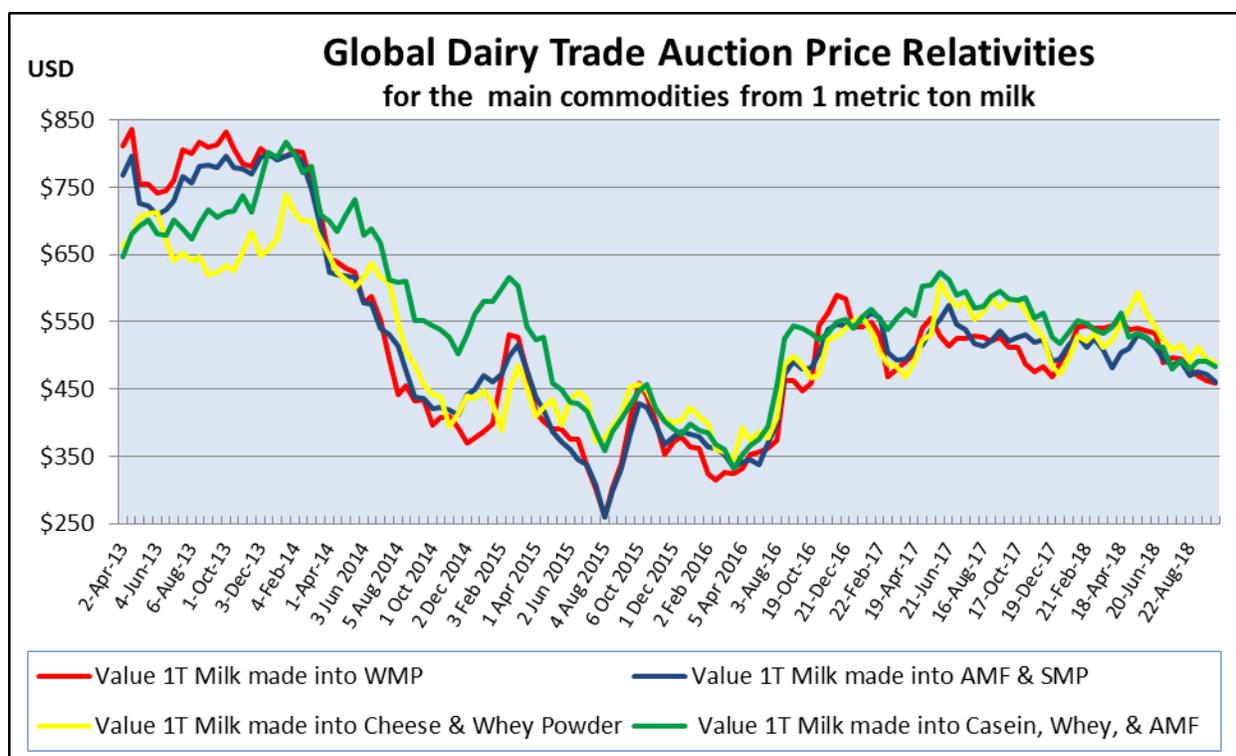
Dairy Production

Table 2

New Zealand Summary Table for Estimated Dairy Production					
Commodity Group (1000s Metric Tons)	2017	2018		2019	
	Firm Estimate	Estimate	% change from prev. year	New Forecast	% change from prev. year
WMP	1,380	1,420	2.9%	1,410	-0.7%
SMP	402	390	-3.0%	390	0.0%
Butter/AMF	525	530	1.0%	530	0.0%
Cheese	378	380	0.5%	384	1.1%
Sub-Total PSD Commodities	2,685	2,720	1.3%	2,714	-0.2%
Casein & Caseinates	91	95	4.4%	95	0.0%
Whey Products	41	42	2.4%	43	2.4%
Milk Protein Concentrates	80	78	-2.5%	80	2.6%
Cream Products	99	99	0.0%	100	1.0%
Other Products	59	60	1.7%	60	0.0%
Infant Milk Formula	75	100	33.3%	110	10.0%
Sub-Total Rest of Dairy	445	474	6.5%	488	3.0%
Total Production	3,130	3,194	2.0%	3,202	0.3%

Source: Post estimates Note: Butter/AMF line has the AMF adjusted to butter equivalents

Chart 4



Source: GDT, GTA, Post estimates

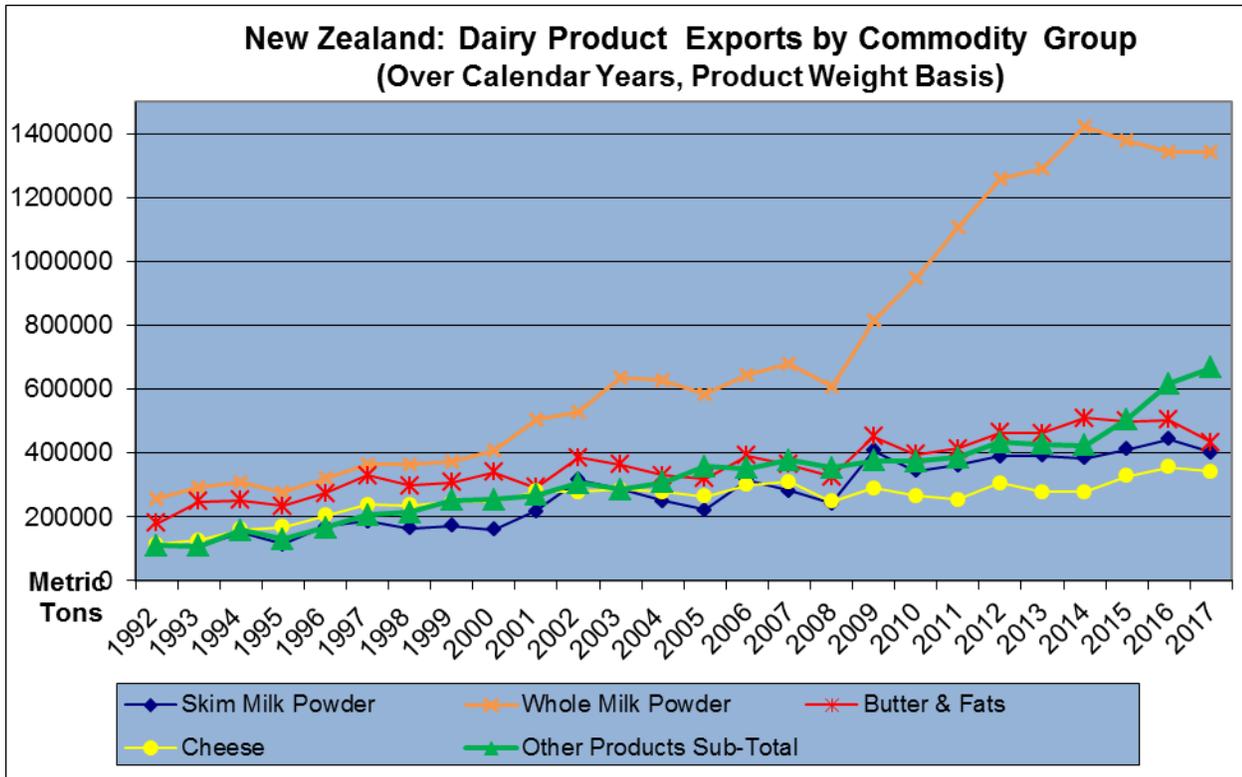
Dairy Exports at a Glance

Table 3

New Zealand Summary Table for Dairy Product Export Quantities					
Commodity Group (1000s Metric Tons)	2017	2018		2019	
	Actual	Estimate	% change from prev. year	New Forecast	% change from prev. year
WMP	1,342	1,370	2.1%	1,410	2.9%
SMP	401	385	-4.0%	390	1.3%
Butter/AMF	476	515	8.2%	505	-1.9%
Cheese	343	335	-2.3%	355	6.0%
Liquid Milk	200	230	15.0%	240	4.3%
Sub-Total PSD Exports	2,762	2,835	2.6%	2,900	2.3%
Casein	91	95	4.4%	95	0.0%
Whey Products	41	42	2.4%	43	2.4%
Milk Protein Concentrates	80	78	-2.5%	80	2.6%
Cream Products-Food Service	99	99	0.0%	100	1.0%
Other Products	59	60	1.7%	60	0.0%
Infant Milk Formula	75	100	33.3%	110	10.0%
Sub-Total Non PSD Exports	445	474	6.5%	488	3.0%
Total Exports	3,207	3,309	3.2%	3,388	2.4%

Source: GTA, Post estimates. Note: Butter/AMF line has the AMF adjusted to butter equivalents

Chart 5



Source: GTA

Product Specific Production and Trade

Whole Milk Powder (WMP)

WMP production in 2018 is now forecast at 1.42 MMT, three percent above 2017 and two percent above the previous forecast for 2018. Post forecasts WMP production to fall by 0.7 percent to 1.41 MMT in 2019 as generating higher-value dairy products (ex. infant formula, fresh & mozzarella cheese, etc.) are more likely to be emphasized in the second half of 2018 and continuing to early 2019 because of the additional milk supplies. While the relative prices for cheese, casein, whey, AMF products are higher, demand is limited, thus, production volumes are also likely to be small.

Year to date (August 2018) WMP exports totaled 829,055 MT, 0.41 percent more than the same period in 2017. With extra tonnages being sold on the Global Dairy Trade (GDT) Auction during September to December, Post forecasts exports will rise. Exports for 2018 are forecast to reach 1.37 MMT, two percent above 2017. Year-end inventories are also forecast to increase by 30,000 MT. An increase in WMP production is likely to boost exports to 1.41 MMT capitalizing on an expected uptick in the world WMP prices in 2019.

Table 4

New Zealand Export Statistics for Whole Milk Powder							
Year To Date: January - August							
Partner Country	Quantity			% Share			% Change 2018/2017
	2016	2017	2018	2016	2017	2018	
China	198,778	245,204	218,714	24.40	29.70	26.38	- 10.80
Algeria	77,754	76,467	81,878	9.55	9.26	9.88	7.08
United Arab Emirates	64,552	69,505	70,540	7.93	8.42	8.51	1.49
Sri Lanka	44,930	51,326	55,356	5.52	6.22	6.68	7.85
Bangladesh	29,852	36,402	46,864	3.67	4.41	5.65	28.74
Malaysia	32,141	38,874	35,285	3.95	4.71	4.26	- 9.23
Thailand	31,789	33,569	32,731	3.90	4.07	3.95	- 2.50
Vietnam	26,101	27,308	30,788	3.20	3.31	3.71	12.74
Indonesia	24,057	21,171	28,128	2.95	2.56	3.39	32.86
Singapore	27,200	28,949	24,498	3.34	3.51	2.95	- 15.38
Rest of World	257,355	196,868	204,273	31.60	23.84	24.64	3.76
World Total	814,509	825,643	829,055	100.00	100.00	100.00	0.41
Av. FOB price USD/MT	\$2,251	\$3,105	\$3,147				

Source: GTA

Table 5

New Zealand Export Statistics for Whole Milk Powder						
Annual Series: 2012 - 2017						
Partner Country	Quantity (MT)					
	2012	2013	2014	2015	2016	2017
China	423,435	622,133	587,631	354,291	389,079	467,620
United Arab Emirates	91,893	76,635	112,579	125,488	96,769	108,503
Algeria	75,426	32,752	95,030	121,129	166,570	96,403
Sri Lanka	56,927	45,339	47,154	57,764	67,137	85,027
Bangladesh	31,144	22,558	30,465	39,039	42,876	59,599
Malaysia	41,703	36,829	59,448	82,358	51,111	57,798
Nigeria	30,777	27,123	35,094	43,644	35,299	43,151
Thailand	30,132	31,609	38,799	44,921	42,522	43,082
Singapore	30,635	35,123	39,331	40,031	38,438	41,627
Vietnam	31,146	23,758	33,571	49,340	38,708	37,248
Rest of World	418,060	337,601	343,839	422,409	375,148	302,049
World Total	1,261,278	1,291,460	1,422,941	1,380,414	1,343,657	1,342,107
Av. FOB price USD/MT	\$3,404	\$4,290	\$4,255	\$2,551	\$2,361	\$3,143

Source: GTA

Table 6

Dairy, Dry Whole Milk Powder New Zealand (1000MT)	2017		2018		2019	
	Market Year Begin: Jan 2017		Market Year Begin: Jan 2018		Market Year Begin: Jan 2019	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	131	131	149	149		179
Production	1,380	1,380	1,390	1,420		1,410
Other Imports	4	4	4	4		4
Total Imports	4	4	4	4		4
Total Supply	1,515	1,515	1,543	1,573		1,593
Other Exports	1,342	1,342	1,400	1,370		1,410
Total Exports	1,342	1,342	1,400	1,370		1,410
Human Dom. Cons.	4	4	5	4		5
Other Use, Losses	20	20	20	20		20
Total Dom. Cons.	24	24	25	24		24
Total Use	1,366	1,366	1,425	1,394		1,434
Ending Stocks	149	149	118	179		159
Total Distribution	1,515	1,515	1,543	1,573		1,593
CY Imp. from U.S.	0	0	0	0	0	0
CY. Exp. to U.S.	0	2	0	2	0	2
TS=TD	0	0	0	0	0	0

Not official USDA estimates

Production, Supply, and Demand – Cheese

Post revises 2018 cheese production at 380,000 MT, 2,000 MT higher than 2017. When milk production surged during the peak production months (October to December) in previous years, plants that produced natural cheese would be pressed into production to soak up surplus milk. However, as tariffs and quotas make it less profitable to export to North America and the E.U., New Zealand has focused on Japan, Australia and some other Asian countries for natural cheese exports. Increased production capacity for WMP has steadily reduced the need for New Zealand companies to produce as much natural cheese each year.

While New Zealand companies have increased WMP production, they have also expanded fresh cheese and mozzarella production to capitalize on higher international demand, thus, displacing natural cheese exports. Overall cheese production and exports have been growing by one to two percent per year since 2005. Fresh cheese exports, in particular, have been growing at six to seven percent per annum since 2005 and mozzarella at even greater than 20 percent per annum. New Zealand export statistics do not distinguish between mozzarella and natural cheese (cheddar and Colby) and are categorized under one tariff code (040640).

Growing demand for dairy products in Asia and China in particular are altering the way cheese is made and used. With no history of cheese in their diets, there are fewer preconceived notions about how dairy products should be consumed. For example, it has become popular in China to add cream cheese to hot beverages such as tea.

Looking ahead to 2019, cheese production is forecast to increase by 1.1 percent to 384,000 MT.

Table 7

New Zealand Cheese and Curd Export Statistics							
Year To Date: January - August							
Partner Country	Quantity (MT)			% Share			% Change
	2016	2017	2018	2016	2017	2018	
Japan	41,911	41,253	42,311	18.18	17.97	19.35	2.56
Australia	40,347	46,022	37,290	17.50	20.05	17.05	- 18.97
China	30,050	36,842	32,054	13.04	16.05	14.66	- 13.00
Korea South	11,748	13,343	15,223	5.10	5.81	6.96	14.09
Indonesia	10,911	11,452	11,519	4.73	4.99	5.27	0.58
Philippines	11,364	8,713	8,840	4.93	3.80	4.04	1.46
Saudi Arabia	7,500	6,901	8,017	3.25	3.01	3.67	16.17
Chile	3,376	6,018	6,485	1.46	2.62	2.97	7.75
Malaysia	5,042	8,203	6,087	2.19	3.57	2.78	- 25.79
Taiwan	6,032	6,313	5,256	2.62	2.75	2.40	- 16.74
Rest of the World	62,233	44,460	45,564	27.00	19.37	20.84	2.48
World Total	230,514	229,520	218,646	100.00	100.00	100.00	- 4.74
Av. FOB price USD/MT	\$3,303	\$3,943	\$4,077				

Source: GTA

Table 8

New Zealand Cheese and Curd Export Statistics						
Annual Series: 2012 - 2017						
Partner Country	Quantity (MT)					
	2012	2013	2014	2015	2016	2017
Japan	64,754	64,296	57,515	55,045	61,345	63,552
Australia	45,619	37,661	43,174	51,294	61,959	61,618
China	17,852	21,367	28,923	39,550	51,668	56,409
Korea South	25,457	21,728	12,110	14,929	19,730	18,957
Indonesia	13,352	11,036	10,959	14,122	15,935	17,738
Philippines	12,545	11,729	12,335	15,654	15,805	13,807
Saudi Arabia	18,862	11,775	12,749	12,122	11,190	12,754
Malaysia	6,031	6,098	6,750	9,044	8,607	12,389
Taiwan	5,936	7,464	8,069	8,883	9,208	9,551
Chile	5,054	10,502	7,790	6,778	7,439	6,795
Rest of the World	90,185	73,230	77,598	99,349	92,219	69,140
World Total	305,647	276,886	277,972	326,770	355,105	342,710
Av. FOB price USD/MT	\$3,855	\$4,179	\$4,591	\$3,563	\$3,381	\$4,027

Source: GTA

Post is now forecasting cheese exports to fall to 335,000 MT, a two percent decrease for 2018. This takes into account the reduced cheese volume shipped for the year to date. For 2019, Post forecasts exports to rebound to 355,000 MT once the new mozzarella and fresh cheese capacity is fully on stream.

Table 9

Dairy, Cheese New Zealand	2017		2018		2018	
	Market Year Begin: Jan 2017		Market Year Begin: Jan 2018		Market Year Begin: Jan 2018	
(1000 MT)	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	32	40	33	40		49
Production	380	378	375	380		384
Other Imports	9	11	9	12		12
Total Imports	9	11	9	12		12
Total Supply	421	429	417	432		445
Other Exports	343	343	340	335		355
Total Exports	343	343	340	335		355
Human Dom. Cons.	45	46	47	48		48
Other Use, Losses	0	0	0	0		0
Total Dom. Cons.	45	46	47	48		45
Total Use	388	377	387	383		400
Ending Stocks	33	40	30	49		45
Total Distribution	421	429	417	432		445
CY Imp. from U.S.	0	2	0	2		2
CY. Exp. to U.S.	0	6	0	6		5
TS=TD	0	0	0	0	0	0

Not official USDA estimates

Production, Supply, and Demand – Skim Milk Powder (SMP)

Post is maintaining a forecast of 390,000 MT for 2018 SMP production, which would be three percent less than 2017. 2019 production will be the same as 2018. World prices for SMP have been in a cyclical trough since early 2017 and do not show any sign of recovery before the end of 2018. Unless there is a significant price recovery during 2019, it is unlikely that production will vary much from the anticipated volume.

SMP continues to be manufactured at fairly consistent volumes despite the wide price variations experienced over the last decade because of several factors:

- There is limited demand for specialized protein products such as casein, whey powders, whey protein concentrates, and milk protein concentrates at prices that make them more profitable than SMP products.
- There is always going to be a sizable volume of SMP produced as a co-product of butter, and AMF production.

Even though SMP exports for the year to date are ten percent behind the same period in 2017, Post forecasts that the pace of shipping will pick up and total exports for 2018 will only be four percent behind 2017. For 2019, Post forecast exports to increase one percent to 390,000 MT.

Table 10

New Zealand Skim Milk Powder Export Statistics							
Year To Date: January - August							
Partner Country	Quantity			% Share			% Change
	2016	2017	2018	2016	2017	2018	
China	65135	68958	57335	23.60	28.84	26.70	- 16.86
Malaysia	26305	22638	21814	9.53	9.47	10.16	- 3.64
Philippines	25574	18610	17746	9.27	7.78	8.26	- 4.64
Thailand	16260	16588	15506	5.89	6.94	7.22	- 6.52
Indonesia	19427	14557	12824	7.04	6.09	5.97	- 11.90
Singapore	17269	12811	12684	6.26	5.36	5.91	- 1.00
Taiwan	12105	13814	11964	4.39	5.78	5.57	- 13.39
Vietnam	11808	10624	8541	4.28	4.44	3.98	- 19.61
Pakistan	6725	6513	7079	2.44	2.72	3.30	8.70
Yemen	5315	2974	6757	1.93	1.24	3.15	127.21
Rest of the World	70,084	51,020	42,492	25.39	21.34	19.79	-16.72
World Total	276,007	239,107	214,742	100.00	100.00	100.00	- 10.19
Av. FOB price USD/MT	\$1,912	\$2,337	\$1,978				

Source: GTA

Table 11

New Zealand Skim Milk Powder Export Statistics						
Annual Series: 2012 - 2017						
Partner Country	Quantity (MT)					
	2012	2013	2014	2015	2016	2017
China	100,851	132,527	114,949	122,926	107,627	129,535
Malaysia	34,593	36,106	33,376	31,272	39,439	34,168
Philippines	30,738	34,958	30,591	32,668	41,247	26,208
Singapore	21,269	23,575	29,049	35,266	24,038	23,975
Thailand	22,545	15,816	20,580	25,838	27,078	23,952
Vietnam	13,648	10,496	7,901	18,483	19,373	22,582
Indonesia	37,413	33,780	26,918	24,021	32,470	19,815
Taiwan	12,055	14,841	18,674	20,655	18,476	18,658
Japan	5,929	7,251	16,480	10,473	6,509	15,514
Pakistan	3,456	4,770	4,212	7,465	8,822	11,031
Rest of the World	107,127	77,849	80,240	82,247	118,978	75,564
World Total	389,624	391,969	382,970	411,314	444,057	401,002
Av. FOB price USD/MT	\$3,244	\$4,149	\$4,110	\$2,337	\$1,967	\$2,234

Source: GTA

Table 12

Dairy, Milk, Nonfat Dry New Zealand	2017		2018		2019	
	Market Year Begin: Jan 2017		Market Year Begin: Jan 2018		Market Year Begin: Jan 2019	
(1000 MT)	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	69	69	67	67		69
Production	402	402	410	390		390
Other Imports	2	2	2	2		2
Total Imports	2	2	2	2		2
Total Supply	473	473	479	459		461
Other Exports	401	401	410	385		390
Total Exports	401	401	410	385		390
Human Dom. Cons.	5	5	5	5		5
Other Use, Losses	0	0	0	0		0
Total Dom. Cons.	5	5	5	5		5
Total Use	406	406	415	390		395
Ending Stocks	67	67	64	69		66
Total Distribution	473	473	479	459		461
CY Imp. from U.S.	0	0	0	0	0	0
CY. Exp. to U.S.	0	0	0	0	0	0
TS=TD	0	0	0	0	0	0

Not official USDA estimates

Production, Supply, and Demand – Butter and Anhydrous Milk Fat (AMF)

Note: All the tonnages in the PSD table and the narrative below are expressed in butter equivalents.

Post forecast 2018 butter/AMF production at 530,000 MT, one percent above 2017. Production in 2019 is forecast to remain the same. Butter and AMF prices have been at very high levels over the last two years peaking around November 2017. However, the usual co-product of butter/AMF production is SMP, thus, the relative total value of this production stream has not been consistently any better than the other main commodities. In addition, over the last three years, UHT cream for food service in Asia has become a significant user of the fat component, which has limited the manufacture of butter and AMF.

For the year to date 2018, butter and AMF exports are well ahead of 2017, which lead Post to forecast total butter and AMF exports to reach 515,000 MT. This will be achieved with a 12,000 MT or 13 percent inventory reduction. Post forecasts 2019 exports at 505,000 MT, two percent less than 2018, if inventory levels remain the same.

Table 13

New Zealand Export Statistics For Butter, Anhydrous MilkFat, & Dairy Spreads (on a Product Weight Basis)							
Year To Date: January - August							
Partner Country	Quantity (MT)			% Share			% Change 2018/2017
	2016	2017	2018	2016	2017	2018	
China	41,265	51,001	75,028	13.04	18.14	23.68	47.11
Australia	17,351	18,231	22,931	5.48	6.48	7.24	25.78
Philippines	17,644	20,647	18,888	5.58	7.34	5.96	- 8.52
Saudi Arabia	17,936	14,532	16,507	5.67	5.17	5.21	13.59
Iran	24,161	8,961	15,528	7.64	3.19	4.90	73.28
Egypt	27,806	9,087	13,939	8.79	3.23	4.40	53.40
Mexico	23,988	15,722	12,427	7.58	5.59	3.92	- 20.96
United Arab Emirates	5,828	11,698	11,826	1.84	4.16	3.73	1.10
Vietnam	8,297	10,501	10,205	2.62	3.73	3.22	- 2.82
Malaysia	9,136	9,179	9,586	2.89	3.26	3.03	4.43
Rest of world	123,013	111,604	109,915	38.88	39.69	34.70	-1.51
World Total	316,425	281,163	316,780	100.00	100.00	100.00	12.67
Av. FOB price USD/MT	\$3,224	\$5,050	\$5,864				

Source: GTA

Table 14

New Zealand Export Statistics For Butter, Anhydrous MilkFat, & Dairy Spreads						
Annual Series: 2012 - 2017						
Partner Country	Quantity (MT)					
	2012	2013	2014	2015	2016	2017
China	43,349	52,508	67,905	67,831	67,750	81,889
Australia	18,957	18,675	19,696	19,328	28,076	28,608
Philippines	15,482	14,521	21,449	24,800	25,949	27,096
United Arab Emirates	8,429	11,267	14,633	24,674	11,104	21,050
Mexico	15,443	15,508	12,541	29,237	47,718	20,821
Saudi Arabia	21,720	17,394	27,153	21,052	24,322	20,819
Indonesia	10,060	14,993	16,212	16,388	18,902	17,476
Taiwan	12,105	11,987	14,480	15,474	14,139	15,613
Egypt	37,746	32,111	34,556	39,314	36,830	15,300
Vietnam	13,542	15,901	9,163	13,688	12,381	15,216
Rest of world	266,245	256,281	272,091	228,598	215,904	170,090
World Total	463,078	461,146	509,879	500,384	503,075	433,978
Av. FOB price USD/MT	\$3,486	\$3,960	\$4,214	\$3,272	\$3,404	\$5,448

Source: GTA

Table 15

Dairy, Butter New Zealand (1000 MT)	2017 Market Year Begin: Jan 2017		2018 Market Year Begin: Jan 2018		2018 Market Year Begin: Jan 2018	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	62	72	84	94		82
Production	525	525	535	530		530
Other Imports	1	1	1	1		1
Total Imports	1	1	1	1		1
Total Supply	588	598	620	625		613
Other Exports	476	476	525	515		505
Total Exports	476	476	525	515		505
Domestic Cons.	28	28	28	28		28
Total Use	504	504	553	543		533
Ending Stocks	84	94	67	82		80
Total Distribution	588	598	620	625		613
CY Imp. from U.S.	0	0	0	0	0	0
CY. Exp. to U.S.	0	7	0	7	0	7
TS=TD	0	0	0	0	0	0

Note AMF product weight tonnages are multiplied by 1.25 to get butter equivalents; not official USDA estimates

Infant Milk Formula (IMF)

Table 16

New Zealand Export Statistics for Infant Milk Formula Products						
Year To Date: January - August						
Partner Country	2016		2017		2018	
	Quantity (MT)	USD/MT	Quantity (MT)	USD/MT	Quantity (MT)	USD/MT
Australia	20,511	\$7,195	14,718	\$8,648	26,798	\$7,753
China	9,218	\$10,469	14,765	\$10,899	15,463	\$11,841
Hong Kong	4,830	\$12,872	6,191	\$12,450	12,745	\$9,640
Korea South	952	\$15,443	714	\$14,800	820	\$15,023
Taiwan	1,949	\$9,189	1,667	\$8,370	1,102	\$9,447
Malaysia	1,102	\$7,116	975	\$9,450	792	\$10,409
Thailand	485	\$11,743	652	\$12,421	583	\$12,648
Russia	500	\$12,341	489	\$11,630	441	\$12,077
United Kingdom	246	\$9,558	168	\$8,576	290	\$9,691
Turkey	145	\$10,538	339	\$8,812	319	\$8,496
Rest of World	3,935	\$3,101	4,408	\$4,556	1,779	\$6,378
World Total	43,873	\$8,539	45,086	\$9,700	61,132	\$9,394

Source: GTA

Table 17

New Zealand Export Statistics for Infant Milk Formula Products						
Calendar Year: 2015 - 2017						
Partner Country	2015		2016		2017	
	Quantity (MT)	USD/MT	Quantity (MT)	USD/MT	Quantity (MT)	USD/MT
China	9,275	\$10,094	13,875	\$10,505	27,043	\$11,151
Australia	9,825	\$9,603	26,522	\$7,423	25,005	\$8,488
Hong Kong	4,276	\$12,487	7,972	\$12,992	10,905	\$12,649
Taiwan	3,050	\$9,434	2,811	\$9,296	2,163	\$8,907
Korea South	1,023	\$15,859	1,422	\$15,467	1,117	\$14,947
Malaysia	1,794	\$6,038	1,570	\$7,552	1,448	\$9,738
Thailand	835	\$12,147	829	\$12,035	979	\$11,845
Algeria	1,904	\$2,194	3,424	\$2,154	2,997	\$3,105
Russia	470	\$12,816	815	\$11,906	682	\$11,853
Syria	719	\$2,227	1,607	\$2,290	1,371	\$3,526
Rest of World	2,268	\$6,308	1,966	\$7,402	2,697	\$7,705
World Total	35,439	\$9,409	62,813	\$8,780	76,407	\$9,900

Source: GTA

Imports

Table 18

New Zealand Import Statistics For All Dairy Products						
Calendar Year: 2015 - 2017						
Description	2015		2016		2017	
	USD	Quantity (MT)	USD	Quantity (MT)	USD	Quantity (MT)
Lactose & Lactose Syrup Cont 99% More Lactse By Wt	60,260,325	71,965	50,922,641	74,692	87,851,467	90,470
Whey & Modfd Whey Whet/Nt Cncntrtd Cntg Add Sweetn	44,792,966	20,773	26,057,445	16,449	42,673,667	23,489
Cheese, Nesoi, Including Cheddar And Colby	24,623,398	4,841	30,042,179	6,016	38,666,800	7,088
Ice Cream And Other Edible Ice, With Cocoa Or Not	13,986,187	3,990	14,162,847	4,301	17,684,669	4,976
Cheese (Unrpd/Uncurd) Frsh Incl Whey Cheese Curd	5,361,876	1,262	9,186,972	2,410	9,776,074	2,250
Mlk/Cream Cnctrd Nt Swtn Pwd/Oth Solids Ov 1.5% Fat-SMP	29,394,399	6,617	14,734,234	3,799	9,295,116	1,690
Milk And Cream, Sweetened, Concen Or Not Nesoi	8,475,044	3,571	7,192,034	3,329	8,539,878	3,723
Food Preparations; Of Flour, Meal, Starch, Malt Ex	7,284,829	1,038	8,262,191	1,000	8,013,182	1,099
Cheese, Processed, Not Grated Or Powdered	3,195,756	598	6,986,419	1,314	7,638,418	1,354
Products Of Natural Milk Constituents, Nesoi	18,709,745	14,568	3,538,983	3,468	6,316,921	3,037
All other dairy products not listed	47,932,545		38,309,098		28,687,126	
Total Dairy Products Imports	264,017,070		209,395,043		265,143,318	

Source: GTA

Table 19

New Zealand Import Statistics For All Dairy Products						
Year To Date: January - August						
Description	2016		2017		2018	
	USD	Quantity (MT)	USD	Quantity (MT)	USD	Quantity (MT)

Whey & Modfd Whey Whet/Nt Cncntrtd Cntg Add Sweetn	20,746,412	13,297	25,725,752	14,393	46,381,463	21,947
Lactose & Lactose Syrup Cont 99% More Lactse By Wt	28,933,901	45,724	61,453,965	62,730	37,234,646	55,356
Cheese, Nesoi, Including Cheddar And Colby	19,049,256	3,886	23,688,187	4,356	28,909,234	5,287
Ice Cream And Other Edible Ice, With Cocoa Or Not	7,991,376	2,464	9,870,736	2,782	16,383,007	4,560
Milk Albumin,Inc Concen Of 2 Or More Whey Proteins	6,407,713	1,393	942,341	122	9,589,936	1,699
Mlk/Cream Cnctrd Nt Swtn Pw/Oth Solids Ov 1.5% Fa	11,816,258	2,944	5,497,715	1,156	7,103,994	1,343
Mlk & Crm,Cntd,Swt,Powdr, Gran/Solids,Nov 1.5% Fat	4,599,801	2,198	3,987,489	1,270	5,647,069	1,752
Milk And Cream, Sweetened, Concen Or Not Nesoi	4,344,924	2,027	4,980,829	2,209	5,141,155	2,137
Cheese, Processed, Not Grated Or Powdered	4,053,652	790	5,367,325	1,006	4,950,836	889
Cheese (Unrpnd/Uncurd) Frsh Incl Whey Cheese Curd	5,759,118	1,482	5,916,656	1,351	4,918,682	1,031
All other dairy products not listed	24,673,705		22,965,002		23,020,024	
Total Dairy Products Imports	138,376,116		170,395,997		189,280,046	

Source: GTA