



Media release

10 September 2015

FONTERRA MILK VOLUME FORECAST

Fonterra Co-operative Group Limited has maintained its milk volume forecast for the 2015-16 season at 1,589 million kgMS, which is in the range of 2-3 per cent lower than the amount collected last season.

Fonterra is required under the Dairy Industry Restructuring Act to update its current season forecast milk volumes by early September.

Group Director Co-operative Affairs Miles Hurrell said although Fonterra had forecast a 2-3 per cent decline in volumes there was evidence that farmers were pulling back on production, which could lead to a further downward revision of forecast volumes as we move through the season.

"Farmers are responding to the lower forecast Farmgate Milk Price by returning to more traditional farming practices. They are reducing the use of feed supplements, and lowering stocking rates per hectare as they concentrate on utilising pasture.

"Market data from several independent sources show that cows are being culled at higher rates than last season while many of our farmers are also providing early advice that they are expecting significant year on year volume reductions.

"In addition, currently our daily milk collection average is lower than for the same period last year," said Mr Hurrell.

"However, it is still early in the season, and any forecast at this point is very dependent on weather conditions, which have so far been poor for production.

"Given these variable factors, we have decided to maintain our current forecast milk volume at this very early stage of the season," said Mr Hurrell.

- ENDS -

For further information contact:

Andrew Luxmoore
Fonterra Communications
Phone: 021 221 8358

24-hour media line
Phone: +64 21 507 072

About Fonterra

Fonterra is a global leader in dairy nutrition – the preferred supplier of dairy ingredients to many of the world's leading food companies. It is also a market leader with its own consumer dairy brands in New Zealand and Australia, Asia, Africa, the Middle East and Latin America. Fonterra is a farmer-owned co-operative and the largest processor of milk in the world. It is one of the world's largest investors in dairy research and innovation drawing on generations of dairy expertise to produce more than two million tonnes of dairy ingredients, value

added dairy ingredients, specialty ingredients and consumer products for 140 markets.

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