



Market Announcement

03 February 2021

Fonterra lifts its 2020/21 forecast Farmgate Milk Price range

Fonterra Co-operative Group Limited today lifted its 2020/21 forecast Farmgate Milk Price range to NZD \$6.90 - \$7.50 per kgMS, up from NZD \$6.70 - \$7.30 per kgMS.

The midpoint of the range, which farmers are paid off, has increased to NZD \$7.20 per kgMS.

Fonterra CEO Miles Hurrell says the lift in the 2020/21 forecast Farmgate Milk Price range is a result of strong demand for dairy, which is demonstrated by the continued increase in Global Dairy Trade (GDT) prices since the Co-op last revised its milk price at the beginning of December.

“In particular, we’ve seen strong demand from China and South East Asia for whole milk powder (WMP) and skim milk powder (SMP), which are key drivers of the milk price.”

“This lift in our forecast Farmgate Milk Price is good news for New Zealand farmers. It would see the Co-op contribute almost \$11 billion to the New Zealand economy through milk price payments this year, which helps support the wellbeing of rural communities.

“Now that we’re through the peak of the 2021 milking season, the impact of any changes in global market dynamics is reducing and our view of the season is firming up. However, we are continuing to keep a close eye on a number of factors. These include New Zealand weather conditions, expected challenges from further waves of COVID-19 and increasing milk production in the Northern Hemisphere.”

Fonterra will provide more detail on its overall performance and full year earnings guidance when it announces its 2021 half year results on Wednesday, 17 March.

-ENDS-

For further information contact:

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