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Synlait forecast milk price update

Synlait Milk Limited (Synlait) has provided forecast milk price updates for the 2022/2023 and 2023/2024 seasons.

Forecast base milk price for the 2022/2023 season

Synlait has reduced its forecast base milk price for the 2022/2023 season to \$8.20/kgMS from \$8.30/kgMS.

The reduction was driven by weaker than expected commodity prices nearing the end of the season, along with the continued high cost of lactose imported into New Zealand. Subdued global economic activity also continues to weigh down consumer demand, while global milk production recovered. Both factors resulted in softer commodity prices than previously forecast.

Opening 2023/2024 season forecast

Synlait's opening forecast for the 2023/2024 season is \$8.00/kgMS.

Reaching the 2023/2024 forecast milk price requires an improvement in commodity prices from current levels throughout the season, which will require increased global demand. After peaking in March 2022, dairy commodity prices have trended significantly downward with robust improvements in global production currently outweighing the first signs of increased demand, before appearing to find a floor around current levels.

Synlait CEO Grant Watson commented: "Our farmer suppliers have received, on average, \$0.28 in premiums above the base milk price for the last two seasons. Synlait is forecasting to pay similar premiums this season and into 2024."

"We maintain a market-leading position in this space, which creates increased options for our farmers supplying Synlait's world-class facilities in Dunsandel and Pokeno, enabling us to work with our farmers to add more value to the milk we receive. We are committed to delivering a competitive milk price."

Forecasts are based on the best information available to Synlait at the time. Synlait will continue to monitor movements and keep farmer suppliers updated as required. Synlait's final milk price for the 2022 / 2023 season will be confirmed when the company's full year result is released in September. The 2023 / 2024 season forecast will be updated at the same time.

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