



## Market Announcement

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18 August 2023

### FONTERRA REVISES FY24 FORECAST FARMGATE MILK PRICE

Fonterra Co-operative Group has today reduced its 2023/24 season forecast Farmgate Milk Price range from \$6.25 - \$7.75 per kgMS, with a midpoint of \$7.00 per kgMS, to \$6.00 - \$7.50 per kgMS with a midpoint of \$6.75 per kgMS.

Fonterra CEO Miles Hurrell says Global Dairy Trade (GDT) prices have continued to fall since it revised its Farmgate Milk Price earlier this month, requiring the Co-op to reduce its midpoint by a further 25 cents.

“GDT prices have fallen sharply since we released our opening forecast for the season in May, with the overall index down 16% over that period.

“While our wide forecast range assumed movement in GDT prices, whole milk powder prices fell 10.9% in the most recent trading event requiring us to revise our position again.

“Reduced demand from key importing regions for whole milk powder is weighing on prices. While indications are demand will start to return over the second half of FY24, we do expect the pace of demand growth to be subdued relative to initial expectations.

“In the meantime, we will continue to respond to market signals and adjust our forecast Farmgate Milk Price to ensure that the impact of current prices and currency movements is transparent.

“This is a challenging time for New Zealand’s dairy farmers and the Co-op is doing all it can to support its farmers,” says Mr Hurrell.

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