

Situation & Outlook

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State of the industry

On-farm profitability remained strong in the 2023/24 season.

Lower farmgate milk prices increasing margin pressure.

Milk production is slowing.

Price competitiveness of Australian dairy products have improved.

Export conditions have strengthened, but there is uncertainty

Increased volume sold in the retail sector.



Dairy Farm Monitor Project 2023/24

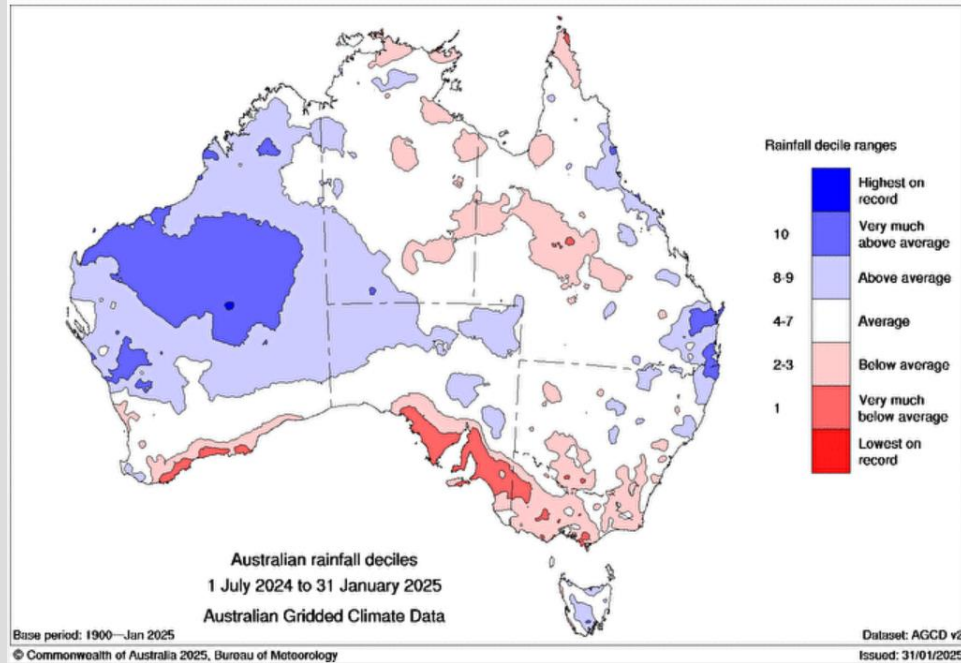
Dairy farm business profitability eased from the record highs of 2022/23 season.

Prices paid to farmers were slightly lower than the previous season in most regions, steady in some and slightly up in others.

Operating costs remained high – heavier reliance on homegrown and supplementary feed

Increased borrowings, higher interest rates and lease costs

Input costs



Change in key input costs (Jan 24 vs 23)



Cereal hay -21% to +14%



Wheat -18% to +16%



Urea -21%

Milk production update

Milk flows have started to slow leading into summer

Dry conditions taking hold

Financial constraints

Labour challenges

Farm exits

Weather forecasts suggest average to above average rainfall over February to April

-1.0%

**Aus milk prod
Dec 24 vs 23**

8.3 billion

**litres produced
in 24/25**



Global supply

New Zealand:

Milk production growth leading into summer

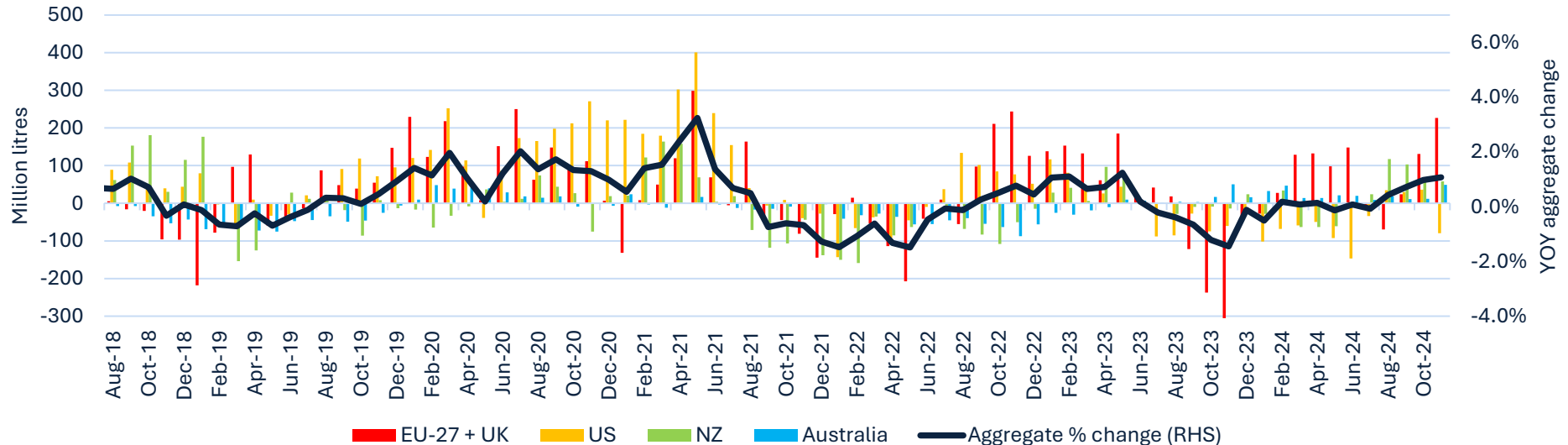
Northern hemisphere (US & Europe)

Animal diseases

Weather challenges

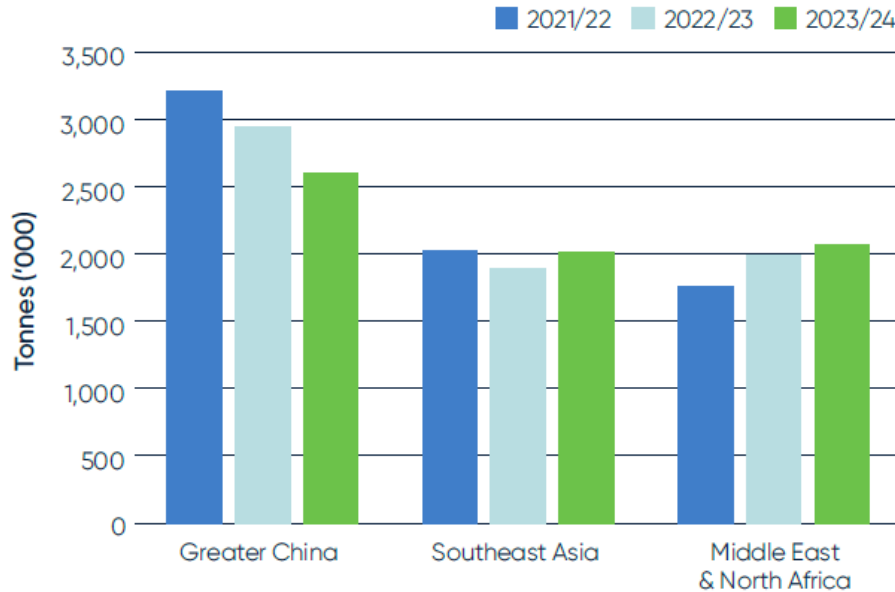
Smaller national herds

Milk production trends – key exporters

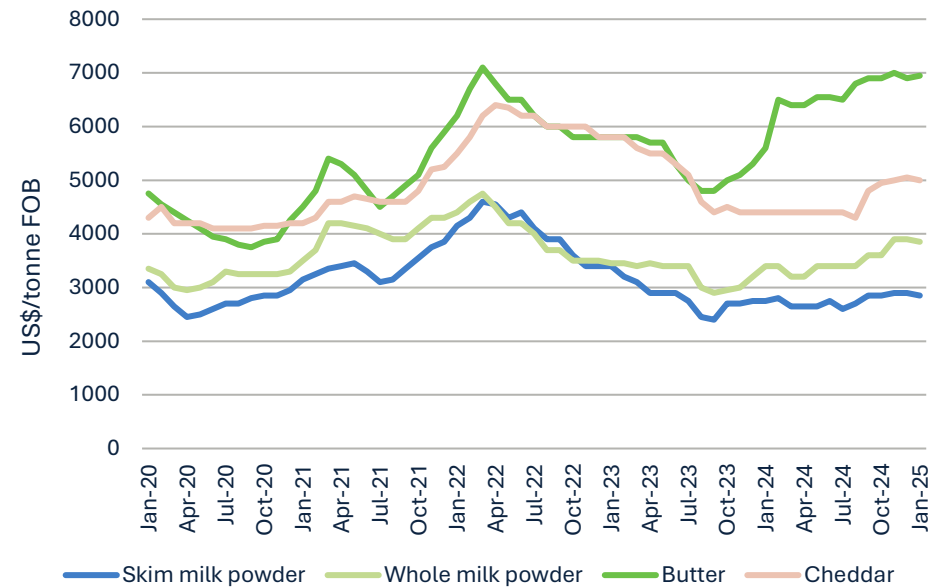


Improved global market (with uncertainty)





Global exports to key markets



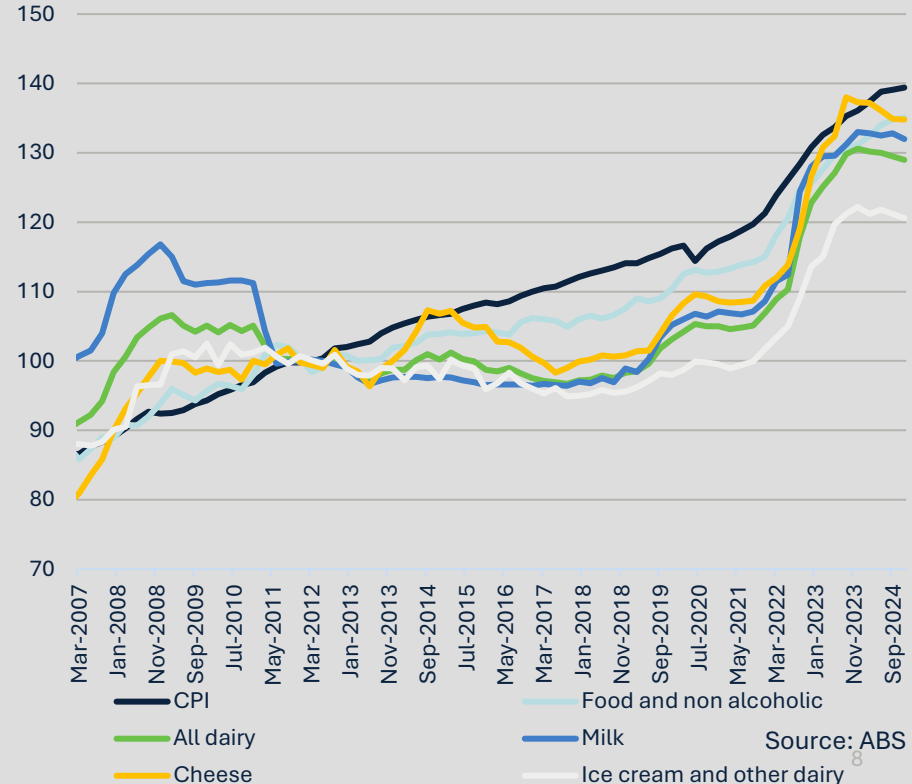
Key Australian dairy commodity price indicators



Domestic market rebalancing

		Take home volume	YoY growth	Take home value \$m	YoY growth
	Milk As of 03/11/24	1,403m. L	↓ -0.1%	2,903	↑ 0.6%
	Cheese As of 16/06/24	150kt	↑ 3.2%	2,628	↑ 13.0%
	Dairy spreads As of 03/11/24	61kt	↑ 3.4%	827	↑ 5.0%
	Yoghurts As of 16/06/24	187kt	↑ 7.0%	1,448	↑ 11.6%

Consumer price index (CPI)



Key takeaways

01

Global demand and export returns have improved

Australia has been well placed to capitalise on these opportunities

02

Dairy markets maintain their challenges however

Geopolitical and trade flow uncertainty looms overhead, while pressure on retail prices signal a potential shift in domestic market conditions

03

Increased financial pressure on farming businesses this season

And combined with weather and other existing challenges, milk production is likely to decrease slightly to 8.3 billion litres in 2024/25

Thank you / Questions

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