



JANUARY 2025

# Global Dairy UPDATE



- New Zealand and EU monthly production increased. Australia and US monthly production decreased.

- Fonterra announces its largest decarbonisation project to date.



- Australia and EU monthly exports increased. New Zealand and US monthly exports decreased.



- Latin America, Middle East & Africa and China monthly imports increased. Asia monthly imports decreased.

- Co-op teams join with farmers to mark 10 years of Farm Source.



- Fonterra New Zealand's collections for December were 178.5 million kgMS, 1.0% above December last season. Season-to-date collections are 882.5 million kgMS, 3.4% above last season.

- Fonterra Australia's collections in December were 11.0 million kgMS, 1.5% above December last season. Season-to-date collections are 57.8 million kgMS, 1.7% above last season.

## Key Dates



December 2024 to February 2025  
Application period to supply Fonterra

20 March 2025  
FY25 Interim Results Announcement

May 2025  
FY25 Q3 Business Update



## New Zealand and EU monthly production increased. Australia and US monthly production decreased

To view a chart that illustrates year-on-year changes in production –

### NEW ZEALAND



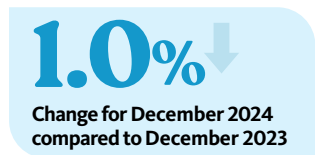
**New Zealand milk production** increased 1.4% in December compared to the same period the year prior.

The production increase was mainly due to strong North Island collections following favourable weather conditions in the second half of the month while South Island collections were flat.

New Zealand milk production for the 12 months to December was up 1.5% on the previous comparable period.

Fonterra New Zealand collections are reported for December, see page 5 for details.

### AUSTRALIA



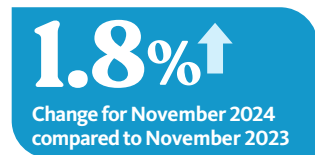
**Australia milk production** decreased 1.0% in December compared to the same period the year prior.

The production decrease was mainly due to Western Victoria volumes still recovering following a dry start to the season. This was partially offset by favourable conditions in Northern Victoria.

Australia milk production for the 12 months to December was up 2.4% on the previous comparable period.

Fonterra collections in Australia are reported for December, see page 5 for details.

### EUROPEAN UNION

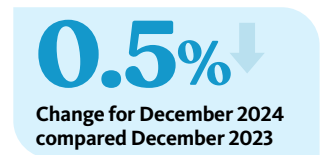


**EU milk production<sup>1</sup>** increased 1.8% in November compared to the same period the year prior.

The production increase was driven by Ireland due to strong milk prices and the prior comparable period being the lowest since 2017. This was partially offset by lower production in Germany compared to the prior period, as it recovers from the impact of Bluetongue disease.

EU milk production for the 12 months to November was up 0.6% on the previous comparable period.

### USA



**US milk production** decreased 0.5% in December compared to the same period the year prior.

The production decrease was mainly driven by the impact of the Avian flu through California. This was partially offset by increasing herd sizes compared to the prior year.

US milk production for the 12 months to December was down 0.2% on the previous comparable period.

<sup>1</sup> Excludes UK.



## Australia and EU monthly exports increased. New Zealand and US monthly exports decreased

To view a chart that illustrates year-on-year changes in exports –

### NEW ZEALAND

**4.0%** ↓

Change for November 2024 compared to November 2023

**0.4%** ↓

Change for the 12 months to November 2024

**New Zealand dairy exports** decreased 4.0%, or 15,564 MT, in November compared to the same period last year.

The decrease was mainly due to lower export volumes of WMP, SMP and AMF. This was partially offset by higher export volumes of cheese, fluid milk products and MPC.

Exports for the 12 months to November were down 0.4%, or 13,468 MT, on the previous comparable period.

This was mainly due to lower export volumes of AMF and butter, partially offset by higher export volumes of fluid milk products and MPC.

### AUSTRALIA

**12.0%** ↑

Change for November 2024 compared to November 2023

**9.4%** ↑

Change for the 12 months to November 2024

**Australia dairy exports** increased 12.0%, or 7,407 MT, in November compared to the same period the year prior.

The increase was mainly due to lower domestic demand for dairy which has resulted in higher volumes available for exports.

Exports for the 12 months to November were up 9.4%, or 60,356 MT, on the previous comparable period.

This was mainly due to higher export volumes of cheese and SMP. Increase in production has also led to more exportable surplus.

### EUROPEAN UNION

**11.8%** ↑

Change for November 2024 compared to November 2023

**1.0%** ↑

Change for the 12 months to November 2024

**EU dairy exports<sup>1</sup>** increased 11.8%, or 63,493 MT, November compared to the same period the year prior.

The increase was mainly due to a higher exports of whey into China as the region continues to expand their market share and exporters front loading shipments in response to port strike concerns and changes in the US administration.

Exports for the 12 months to November were up 1.0%, or 70,605 MT, on the previous comparable period.

This was mainly due to higher exports of fluid milk products. This was partially offset by lower exports of SMP, cultured products and WMP to China and Middle East.

### USA

**7.7%** ↓

Change for November 2024 compared to November 2023

**1.1%** ↑

Change for the 12 months to November 2024

**US dairy exports** decreased 7.7%, or 17,714 MT, in November compared to the same period the year prior.

The decrease was mainly due to a lower export volumes to of SMP to Mexico and overall lower export volumes to China and Southeast Asia.

Exports for the 12 months to November were up 1.1%, or 30,268 MT, on the previous comparable period.

This was mainly due to consecutive volume growth for cheese exports and higher export volumes of butter.

<sup>1</sup> Excludes UK.



To view a chart that illustrates year-on-year changes in imports –

## Latin America, Middle East & Africa and China monthly imports increased. Asia monthly imports decreased

### LATIN AMERICA

**2.1%↑**

Change for November 2024 compared to November 2023

**5.5%↑**

Change for the 12 months to November 2024

**Latin America dairy import volumes<sup>1</sup>** increased 2.1%, or 4,523 MT, in November compared to the same period the year prior.

The increase was mainly due to higher import volumes of cheese by Mexico and Brazil.

Imports for the 12 months to November were up 5.5%, or 137,587 MT, on the previous comparable period.

This was mainly due to continuous high import volumes of cheese and fluid milk products by Mexico.

### ASIA

**6.3%↓**

Change for November 2024 compared to November 2023

**5.8%↑**

Change for the 12 months to November 2024

**Asia (excluding China) dairy import volumes<sup>1</sup>** decreased 6.3%, or 28,876 MT, in November compared to the same period the year prior.

The decrease was mainly due to lower import volumes of cheese by Korea and whey by Pakistan.

Imports for the 12 months to November were up 5.8%, or 287,303 MT, on the previous comparable period.

This was mainly due to higher import volumes of fluid milk products by the Philippines and SMP and WMP by the Philippines and Vietnam. This was partially offset by lower import volumes by Pakistan as they face economic uncertainty.

### MIDDLE EAST & AFRICA

**1.3%↑**

Change for November 2024 compared to November 2023

**1.5%↑**

Change for the 12 months to November 2024

**Middle East and Africa dairy import volumes<sup>1</sup>** increased 1.3%, or 6,841 MT, in November compared to the same period the year prior.

The increase was driven by higher imports of SMP by Algeria and Egypt. This was partially offset by lower imports of WMP by Algeria.

Imports for the 12 months to November were up 1.5%, or 86,442 MT, on the previous comparable period.

This was mainly due to higher import volumes of SMP and whey by Egypt and Algeria, and cheese by UAE. This was partially offset by lower import volumes of WMP by Algeria.

### CHINA

**18.6%↑**

Change for December 2024 compared to December 2023

**8.8%↓**

Change for the 12 months to December 2024

**China dairy import volumes** increased by 18.6%, or 44,445 MT, in December compared to the same period the year prior.

The increase was driven by higher import volumes of WMP and SMP as local supply growth slows.

Imports for the 12 months to December were down 8.8%, or 272,025 MT, on the previous comparable period.

This was mainly due to the continuing recovery from lower import volumes of SMP, WMP, fluid milk products and infant formula.

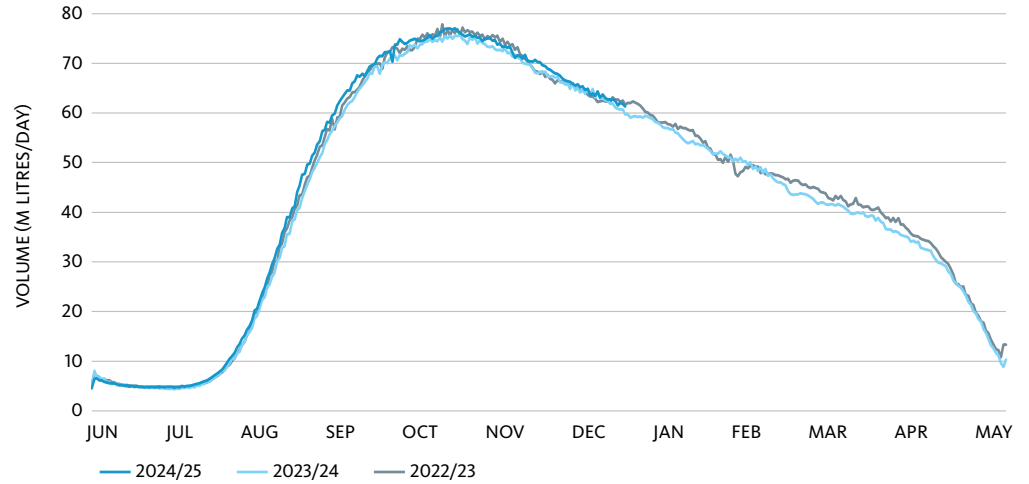
<sup>1</sup> Estimates are included for those countries that have not reported data.

# Fonterra Milk Collections



To view a table that shows detailed milk collections in New Zealand and Australia compared to the previous season –

## New Zealand Milk Collections



### NEW ZEALAND

**1.0%↑**

Change for December 2024 compared to December 2023

**3.4%↑**

Season-to-date 1 June to 31 December compared to prior season

**Fonterra's New Zealand collections** for December were 178.5 million kgMS, 1.0% above December last season.

The increase was mainly due to favourable weather and soil conditions in the North Island while the South Island saw relatively flat collections.

Season-to-date collections are 882.5 million kgMS, 3.4% above last season.

### NORTH ISLAND

**1.9%↑**

Change for December 2024 compared to December 2023

**4.9%↑**

Season-to-date 1 June to 31 December compared to prior season

**North Island** milk collections in December were 99.8 million kgMS, 1.9% above December last season.

The increase was mainly due to weather conditions across the region contributing to strong pasture growth in the second half of the month after the start having drier conditions.

Season-to-date collections are 533.8 million kgMS, 4.9% above last season.

### SOUTH ISLAND

**0.1%↓**

Change for December 2024 compared to December 2023

**1.1%↑**

Season-to-date 1 June to 31 December compared to prior season

**South Island** milk collections in December were 78.7 million kgMS, 0.1% below December last season.

The decrease was mainly due to dry conditions in most parts of the region partially offset by heavy rain pour later in the month providing sharp recovery in pasture growth.

Season-to-date collections are 348.7 million kgMS, 1.1% above last season.

### AUSTRALIA

**1.5%↑**

Change for December 2024 compared to December 2023

**1.7%↑**

Season-to-date 1 July to 31 December compared to prior season

**Fonterra's Australia collections** in December were 11.0 million kgMS, 1.5% above December last season.

The increase was mainly due to continued strong production in Northern Victoria with feed availability and access to irrigation water relatively unconstrained.

Season-to-date collections are 57.8 million kgMS, 1.7% above last season.

## Outlook for Fonterra in New Zealand

**1,498M**  
kgMS

Forecast milk collections for the 2024/25 season

NZD per kgMS **9.50–10.50**

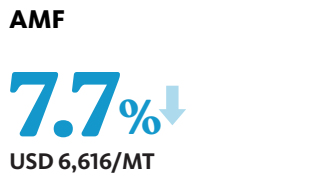
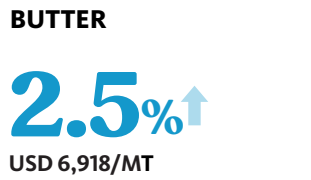
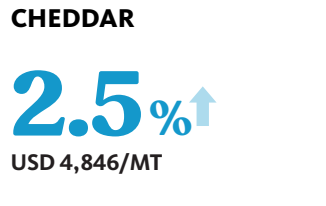
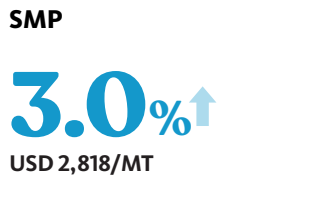
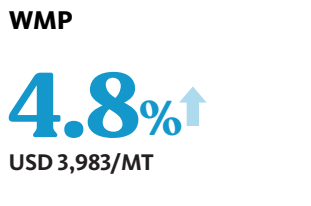
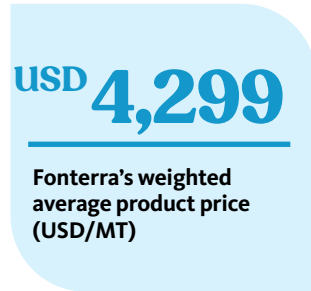
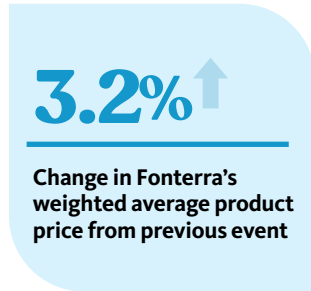
Forecast Farmgate Milk Price for the 2024/25 season

OUR MARKETS

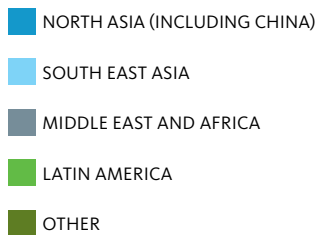
# Fonterra Global Dairy Trade Results



Fonterra GDT results at trading event 372  
21 January 2025:

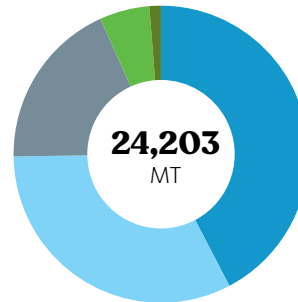


Fonterra GDT sales by destination:

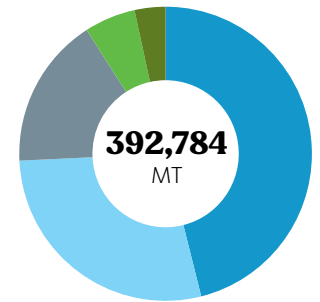


To view more information, including a snapshot of the rolling year-to-date results –

LATEST AUCTION



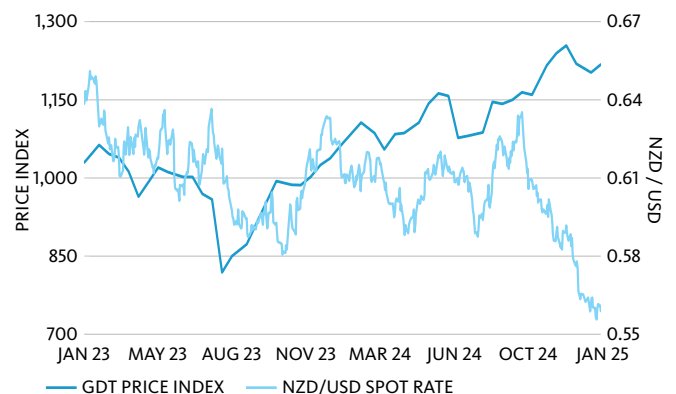
FINANCIAL YEAR-TO-DATE



▶ The next trading event will be held on 4 February 2025. Visit [www.globaldairytrade.info](http://www.globaldairytrade.info) for more information.

## Dairy commodity prices and New Zealand dollar trend

Exceptional US economic growth, coupled with the inauguration of Donald Trump as the President of the United States, has driven both general investor risk appetite and the USD higher as the strong US dollar trend since September continues. Market expects the Reserve Bank of New Zealand to lower the Official Cash Rate by 50bps in February. The combination of these resulted in a further decline from 58.5 US cents to 56 US cents.





## Fonterra announces its largest decarbonisation project to date

Fonterra is set to convert two coal boilers to wood pellets at its Clandeboye site in South Canterbury, a crucial step in Fonterra's commitment to exit coal by 2037.

The \$64 million investment will cut the Co-operative's overall manufacturing emissions by nine per cent with reductions totalling 155,000 tonnes of CO<sub>2</sub>e each year, the equivalent of removing more than 64,000 cars from New Zealand roads each year.

Fonterra Chief Operating Officer Anna Palairé says the project marks a significant milestone in Fonterra's sustainability journey as it works towards a 50.4% reduction in absolute Scope 1&2 emissions by 2030, from a 2018 baseline.

"This conversion project at Clandeboye is another demonstration of our Co-op's commitment to sustainability and climate action and follows successful boiler conversions at our Te Awamutu, and Hautapu sites.

"In making our largest decarbonisation investment to date, we're reducing our environmental impact – while securing operational resilience. This project represents a significant milestone in our journey towards a coal-free future."

Fonterra's Site Operations Manager – Cheese and Protein, Conrad Harle echoes this sentiment believing the investment will drive fuel diversity in the South Island by providing the demand signals to establish wood pellet supply chains in the region.

"The move to wood pellets for the Clandeboye site is a great thing for the South Island as it will play a role in diversifying the country's renewable energy options while strengthening fuel optionality at the site.

"The team at Clandeboye are both proud and excited to play a role in the establishment of these regional supply chains that give added resilience and further options for future decarbonisation investments at our other sites, primarily Darfield, Studholme, Takaka, and Edendale."

The conversion is co-funded as part of a previously announced EECA (Energy Efficiency and Conservation Authority) partnership. The partnership agreement includes the Co-op achieving approximately 1.2 million tonnes of CO<sub>2</sub> cumulative reductions from its coal reduction activities this decade, enabling the Co-op to lift its 2030 target from a 30% to a 50% absolute reduction by 2030.

EECA Chief Executive, Dr Marcos Pelenur, says it is encouraging to see

Fonterra continue to progress their emissions reduction programme.

"It is a milestone that once again highlights the central role of biofuel in the clean energy space and the use of clever technology in increasing energy efficiency."

The conversion of the two boilers is scheduled to be completed and operational by September 2025. Plans to transition the site's remaining boilers onto renewable energy will continue as part of the Co-operative's wider decarbonisation plans.

The site has recently completed another decarbonisation project with the installation of a heat recovery system in its lactose plant back in February 2024. This was the first project co-funded under EECA for the Co-operative focusing on energy efficiency. The new system allows the recovery of high-grade heat from the lactose plant's equipment, saving the site 2.5 tonnes of steam per hour and decreasing annual carbon emissions by around 3,000 tonnes – the equivalent of removing around 1,250 cars from New Zealand roads.

[To view the Clandeboye Fact Sheet –](#)



Further details on the Co-op's work to reduce emissions associated with manufacturing:

## **Coal free in manufacturing operations in the North Island**

(November 2024)

With the turning off of the Co-op's Waitoa site's last coal boiler, the Co-op announced it was now out of coal in the North Island. Work continues to transition the five sites in the South Island that still use coal.

## **Edendale electrode boiler**

(October 2024)

The Co-op's first electrode boiler powered up in October this year, generating steam from electricity, and cutting the site's annual overall emissions by 20% or around 47,500 tonnes – the equivalent of removing around 20,000 cars from New Zealand roads.

## **Hautapu boiler conversion**

(August 2024)

Conversion from coal to wood pellets, with an expected annual emissions reduction of around 12,000 tonnes – the equivalent of removing around 6,500 cars from New Zealand roads.

## **Clandeboye heat recovery project**

(February 2024)

The new heat recovery system in the Lactose plant aims to decrease annual carbon emissions by around 3,000 tonnes – the equivalent of removing around 1,250 cars from New Zealand roads.

## **Waitoa wood biomass boiler**

(October 2024)

The new boiler at Waitoa has halved coal usage at the site, cutting emissions by around 46,000 tonnes annually – the equivalent of removing around 20,000 cars from New Zealand roads.

## **Whareroa heat pumps**

(September 2023)

Installation of New Zealand's largest heat pumps as part of a refrigeration upgrade, decreasing annual carbon emissions by around 9,100 tonnes – the equivalent of removing around 3,800 cars from New Zealand roads.

## **Stirling biomass boiler**

(August 2023): Stirling's wood biomass boiler has reduced annual carbon emissions by around 18,500 tonnes – the equivalent of removing around 7,700 cars from New Zealand roads – and is the Co-op's first site running on 100% renewable thermal energy.

## **Te Awamutu boiler conversion**

(August 2020)

Converted the coal boiler to use wood pellets, reducing coal use and emissions by around 84,000 tonnes – the equivalent of removing around 35,000 cars from New Zealand roads.

## **Brightwater biomass co-firing**

(September 2018)

Moved to co-firing wood biomass, reducing overall annual site carbon emissions by around 2,400 tonnes – the equivalent of removing around 530 cars from New Zealand roads.





Co-op teams join with farmers to mark 10 years of Farm Source

This year marks 10 years since the creation of Farm Source, which is a fully-owned subsidiary of Fonterra that serves as the farmer support arm of the Co-operative.

Farm Source is much more than a retail network, with teams on the ground including sustainable dairying advisors, milk quality managers, vets and other specialists who get alongside farmers to help them continue to lead the way in sustainable, efficient dairy farming.

This includes offering a range of tools and services that are delivered in a personalised way – from tailored Farm Insights Reports and Farm Environment Plans through to digital apps, data sharing solutions and deferred payment options.

An 0800-service centre team is also on hand to support farmers 24/7, and they've received more than one million calls over the past decade.

Meanwhile there are 65 Farm Source stores across the country that are aptly named "Our Place". They often hold "Pie Day Fridays" to help bring together farmers, Farm Source staff and local communities, and this recently turned into "Cake Day Friday" to help mark the 10-year milestone.

Farm Source Group Director Anne Douglas says hundreds of farmers turned out across

the country.

"It was fantastic to see so many of our farmer owners and other valued customers join us in store," says Douglas.

"I was in Waiuku and the farmers I met there were delighted to be part of the celebration."

Douglas joined Fonterra around the time that Farm Source was launched in 2014. Until that point, the Co-operative's store network had been known as RD1.

The shift to Farm Source was about doing things differently to connect farmers with the full strength of their Co-op. For example, leveraging Fonterra's purchasing power and partnerships to drive down costs and extending the breadth and depth of the on-farm support options available. The Farm Source Rewards programme was also enhanced, and since 2014 customers have earned more than \$125 million through the programme.

"Overall, we're here to make sure farmers get the right support to build sustainable, productive, efficient, and effective farming operations for generations to come," says Douglas.

Former Farm Source Marketing Manager Helena Jannetta, who is now based offshore with the Co-operative, says working on the transition from RD1

to Farm Source was one of her favourite projects to be involved with.

"Working directly with farmers and learning more about their businesses, struggles and joys really brought home that unique feeling that working for a co-operative brings," says Jannetta.

Previous leaders of Farm Source who have helped shaped the business include CEO Miles Hurrell as well as Richard Allen, who recently joined Fonterra's management team as President Global Markets Ingredients.

Farm Source is also proud to support rural communities across New Zealand, partnering with organisations like Rural Support Trust and supporting wellbeing initiatives like Farm Strong, Surfing for Farmers and the Farm Without Harm programme.

Looking ahead, Fonterra will continue to adapt what it offers farmers to help meet their evolving needs. Delivering the strongest offering is a key pillar of the Co-op's revised strategy announced in September 2024. This includes managing the overall business well to earn the maximum sustainable return, and offering farmers the best possible support, tools, and services so they can focus on their own business and producing world-class milk.

# Supplementary Information

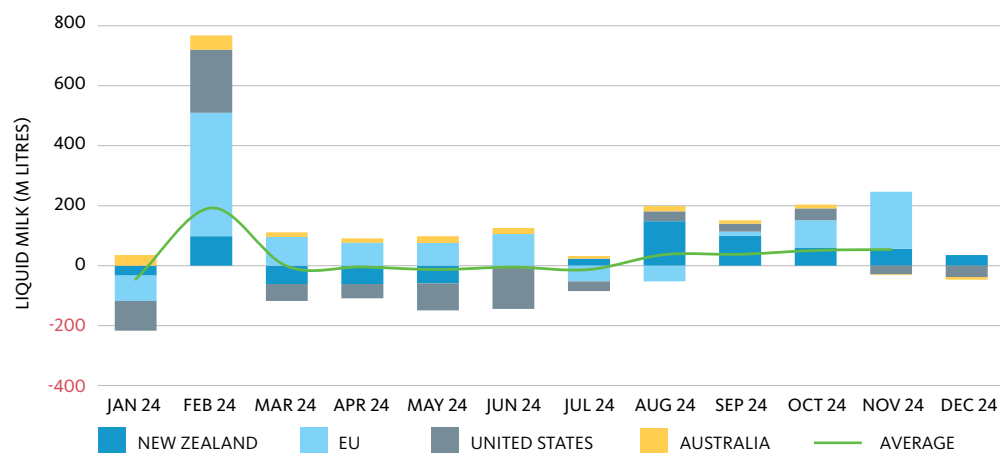
## Global Dairy Market

The charts on the right illustrate the year-on-year changes in imports, exports and production for a range of countries that are important players in global dairy trade.

The absolute size of the bars represents the change in imports, exports or production, relative to the same period the previous year.

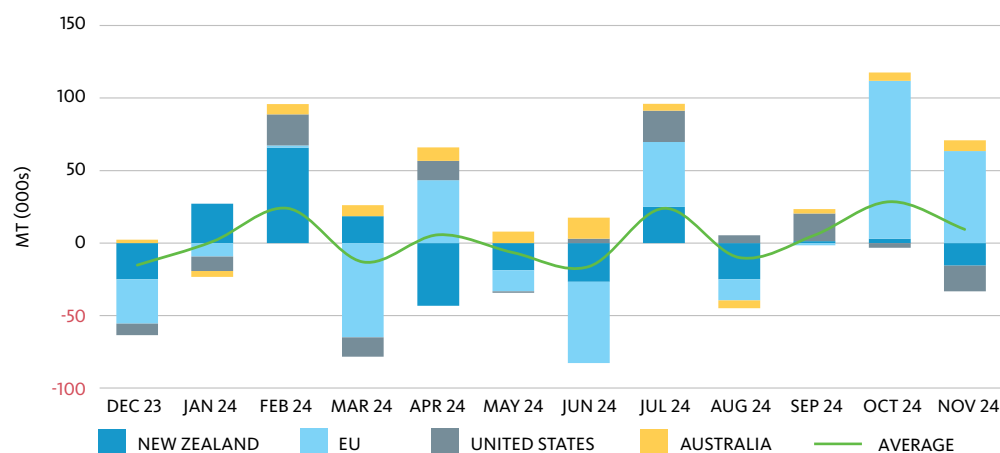
Averages are shown where data is complete for the regions presented.

### PRODUCTION



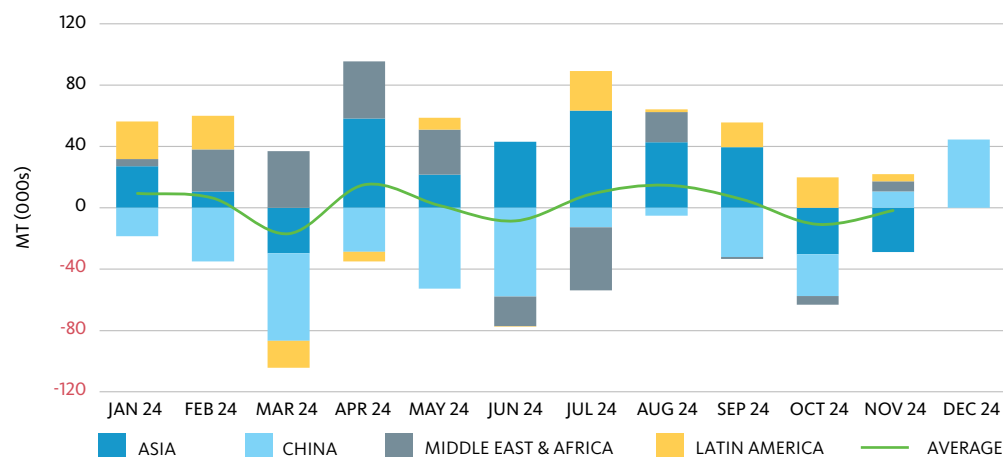
NOTE: Data for EU to November; New Zealand, US and Australia to December.

### EXPORTS



NOTE: Data for New Zealand, EU, US and Australia to November.

### IMPORTS



NOTE: Data for Asia, Middle East & Africa, Latin America to November; China to December.

SOURCES: Government milk production statistics (DCANZ, Dairy Australia, Eurostat, USDA)/GTA trade data/Fonterra analysis.

# Supplementary Information

## Fonterra milk production

The table on the right shows Fonterra milk solids collected in New Zealand and Australia compared to the previous season.

MILK COLLECTION (MILLION KGMS)	DECEMBER 2024	DECEMBER 2023	MONTHLY CHANGE	SEASON-TO-DATE 2024/25	SEASON-TO-DATE 2023/24	SEASON-TO-DATE CHANGE
Total Fonterra New Zealand	178.5	176.6	1.0%	882.5	853.6	3.4%
North Island	99.8	97.9	1.9%	533.8	508.8	4.9%
South Island	78.7	78.8	(0.1%)	348.7	344.9	1.1%
Australia	11.0	10.8	1.5%	57.8	56.8	1.7%

## 2024/25 season forecast Farmgate Milk Price (FGMP) update

ANNOUNCEMENT DATE	FORECAST NZD/USD RATE AT FGMP (NZD)		FORECAST NZD/USD RATE AT ANNOUNCEMENT DATE	FORECAST AVERAGE CONVERSION RATE FOR 2024/25 SEASON	PERCENTAGE OF FOREIGN EXCHANGE EXPOSURE FOR 2024/25 SEASON HEDGED	PERCENTAGE OF FOREIGN EXCHANGE OPTION COVER REMAINING IN HEDGED AMOUNT
	RANGE	MID-POINT				
05 Dec 2024	\$9.50- \$10.00 \$10.50		0.5860	0.6018	86%	16%
11 Nov 2024	\$9.00- \$10.0	\$9.50	0.5967	0.6052	81%	18%

As at the most recent update to the 2024/25 season forecast Farmgate Milk Price on 5 December 2024:

- Fonterra had hedged approximately 86% of the full year forecast USD cash flows related to the 2024/25 season Farmgate Milk Price.
- Of that 86%, approximately 16% was hedged with foreign exchange options which had not yet expired or been exercised.
- If the remaining 14% of the forecast USD cash flows were to be hedged at the 5 December 2024 spot rate of 0.5860, the average NZD/USD conversion rate for the 2025 season would be 0.6018.
- Also shown for information are the equivalent measures at the date of the previous forecast of the 2024/25 season Farmgate Milk Price on 11 November.

# Supplementary Information

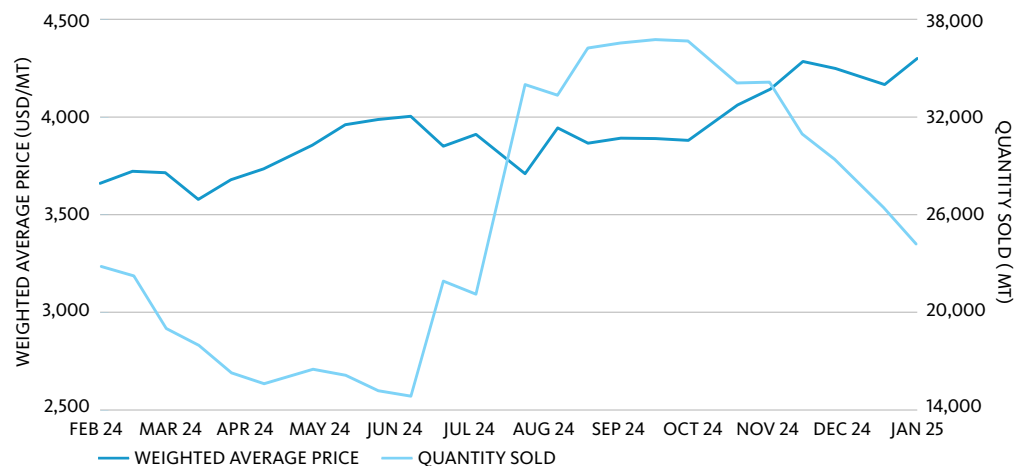
## Fonterra GDT results

This table provides more information on the latest results, including a snapshot of the year-to-date results.

	LAST TRADING EVENT (21 JANUARY 2025)	YEAR-TO-DATE (FROM 1 AUGUST 2024)
Quantity Sold on GDT (Winning MT)	24,203	392,784
Change in Quantity Sold on GDT over same period last year	4.8%	6.6%
Weighted Average Product Price (USD/MT)	4,299	4,014
Change in Weighted Average Product Price over same period last year	21.8%	25.6%
Change in Weighted Average Product Price from previous event	3.2%\$	-

## Fonterra GDT results

This chart shows Fonterra GDT prices and volumes over the past 12 months.



# Glossary

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## AMF

Anhydrous Milk Fat.

## BMP

Butter Milk Powder.

## Cultured Products

Fermented milks that are prepared by using starter cultures and controlled fermentation including yoghurt, yoghurt drinks, sour cream, crème fraîche.

## DIRA

Dairy Industry Restructuring Act 2001 (New Zealand).

## Farmgate Milk Price

The price for milk supplied in New Zealand to Fonterra by farmer shareholders.

## Fluid Products

The Fonterra grouping of fluid milk products (skim milk, whole milk and cream – pasteurised or UHT processed), concentrated milk products (evaporated milk and sweetened condensed milk) and yoghurt.

## GDT

Global Dairy Trade, the online provider of the twice monthly global auctions of dairy ingredients.

## kgMS

Kilogram of milk solids, the measure of the amount of fat and protein in the milk supplied to Fonterra.

## MPC

Milk Protein Concentrate.

## Non-Reference Products

All dairy products, except for Reference Products, produced by the New Zealand Ingredients business.

## Reference Products

The dairy products used in the calculation of the Farmgate Milk Price, which are currently WMP, SMP, BMP, butter and AMF.

## Season

New Zealand: A period of 12 months to 31 May in each year.

Australia: A period of 12 months to 30 June in each year.

## SMP

Skim Milk Powder.

## WMP

Whole Milk Powder.

## WPC

Whey Protein Concentrate.

## WPI

Whey Protein Isolate.