



# Market Announcement

3 SEPTEMBER 2019

## Fonterra holds 2019/20 Farmgate Milk Price Range

Fonterra has issued the following statement to farmer-shareholders advising them of the Board's decision to hold the 2019/20 Farmgate Milk Price Range following a review in line with its obligations under the Dairy Industry Restructuring Act (DIRA):

Good morning,

In line with our obligations under the Dairy Industry Restructuring Act (DIRA), the Board has reviewed the 2019/2020 forecast Farmgate Milk Price.

We have maintained the current forecast range of \$6.25 to \$7.25 per kgMS, and the Advance Rate schedule, which is set off \$6.75 per kgMS.

It is still early in the season with around 2% of our forecast full season milk volume collected to date, so we are retaining a range of +/- 50c per kgMS. As the season progresses and we get greater certainty on production and sales, this range will narrow.

The global dairy market remains largely in balance, but is not without some risk. We are keeping a close eye on international trade tensions and geopolitical risks. The weakening Chinese currency means less consumer purchasing power for USD-priced dairy products like ours. There is also continuing volatility in the price of dairy fat.

On the other side, we have seen good Whole Milk Powder (WMP) demand. Global milk supply growth is slowing and international WMP production expectations are falling.

We will announce the final 2018/19 Farmgate Milk Price as part of our Annual Results on 12 September.

You can find the Advance Rate Schedules for both seasons' as well as more information on how the Advance Rate is set on Farm Source.

-ENDS-

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