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For Immediate Release

11th March 2025

Global Dairy Markets Tighten as Supply Pressures Grow

Global Dairy Commodity Update March 2025

Market conditions across major producers are diverse.

EU milk supplies remain under pressure with disease limiting cow numbers and milk growth, despite good conditions and margins in some regions. While output builds seasonally, it is increasingly unlikely milk will expand YOY through the spring flush. Fat and cheese prices have again firmed but the outlook is uncertain, heavily dependent on spring pasture conditions which will support higher commodity output in some regions.

Late-season NZ milk output is under pressure due to drought, but this won't make a material difference to product supplies. While high-protein demand has limited the exposure to a delicate SMP market, abundant AMF will find traction at an increasingly heavy discount to butter in developing markets.

The US market is struggling in a butterfat glut alongside a fragile cheese market as new plant capacity fills. While limits on young cattle constrain milk growth in H1-25, increased output from new capacity will ensure ongoing volatility in the cheese market. Cheese trade with key contested markets will remain critical to both US and EU producers.

There are a few signs of a rebalancing of China's supply chain – mostly due to weaker milk output. However meaningful growth in UHT milk and ingredient demand is not yet apparent.

Australian milk output in southern regions continues to slow. Milk output in southern regions worsened in January due to dry conditions which will remain a challenge based on the climate outlook.

Our full season outlook worsened to be down 0.3% in milk solids (H1-25 down 2.3%), with the prospect of increased H1-25 farm exits.

Several companies stepped up milk prices in late Feb-25 with milk values remaining favorable. Milk prices for the 2025-26 season are now coming into focus and are likely to be in the A\$9-9.40/kgms range based on the outlook for product values.

Australian trade continues to expand, up 27.5% YOY in December, in milk solids equivalent terms. Export volumes have increased YOY in every month since December 2023.

Graph Reference: Fresh Agenda

Maxum Foods – Global Dairy Commodity Update



+61 7 3246 7800
maxumfoods.com

Head Office:
28 Finchley Street
Milton QLD 4064
Australia

Blending Facility:
4, 33 Fitzgerald Road
Laverton North VIC 3028
Australia

Blending Facility:
11 Washbournes Road
Wigram NZ 8042
New Zealand

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About Maxum Foods: Maxum Foods is one of Australia and New Zealand's principal suppliers of dairy ingredients to the Human Health and Nutrition, as well as the Animal Nutrition industries. Maxum Foods specialises in supplying medium to large-scale food manufacturers with high-quality dairy ingredients such as milk powders, cheese and butter. Backed by top-level technical support and a huge dairy ingredient range, Maxum Foods have open global supply channels to source exactly what our customers need.

For more information or interviews contact:

Edwin Lloyd
Executive General Manager - Foods
Ph: +61 7 3246 7810
Email: edwin@maxumfoods.com

For media enquiries please contact:

Cherie Morel
Marketing & Events Manager - Foods
M: +61 419 760 700
Email: cherie@maxumfoods.com

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