

Dairy Commodity Prices
NZ Currency

	22-Jul-11	15-Jul-11	08-Jul-11	01-Jul-11	24-Jun-11	23-Jul-10
Butter	5100	5590	5700	5740	5840	5660
Skim milk Powder	4060	4400	4440	4530	4800	4280
Whole milk Powder	4060	4400	4440	4590	4770	4480
Cheddar Cheese	5100	5230	5280	5370	5470	5380
Casein	12690	13080	13200	13280	13520	12140
Anhydrous Milkfat	5680	6360	6480	6820	6950	7040
Weighted Average	4900	5260	5320	5440	5610	5300

US Currency

	22-Jul-11	15-Jul-11	08-Jul-11	01-Jul-11	24-Jun-11	23-Jul-10
Butter	4400	4700	4750	4750	4750	4100
Skim milk Powder	3500	3700	3700	3750	3900	3100
Whole milk Powder	3500	3700	3700	3800	3875	3250
Cheddar Cheese	4400	4400	4400	4450	4450	3900
Casein	10950	11000	11000	11000	11000	8800
Anhydrous Milkfat	4900	5350	5400	5650	5650	5100
Weighted Average	4230	4420	4430	4510	4560	3840

Australian Currency

	22-Jul-11	15-Jul-11	08-Jul-11	01-Jul-11	24-Jun-11	23-Jul-10
Butter	4060	4380	4410	4430	4520	4590
Skim milk Powder	3230	3450	3430	3500	3710	3470
Whole milk Powder	3230	3450	3430	3540	3680	3640
Cheddar Cheese	4060	4110	4080	4150	4230	4370
Casein	10110	10260	10210	10260	10460	9860
Anhydrous Milkfat	4520	4990	5010	5270	5370	5710
Weighted Average	3900	4120	4110	4200	4340	4300

* Spot prices are collected from NZ exporters in USD per tonne on a Freight on Board (FOB) basis. Quota markets and contracts are excluded.

Conversions are then carried out to NZD and AUD based on current exchange rates.

Dairy commodity prices dropped sharply across all products on offer at the most recent GlobalDairyTrade (GDT) auction. The dairy commodity market has been bearish for several months and a further correction in prices was anticipated. However the extent of the fall in prices for certain dairy commodities is a surprise to some market participants.

The GDT price of anhydrous milkfat undervalues the product when compared to global butter prices on a milk fat content basis. European butter prices have receded in recent weeks but remain well above Oceanic prices. The US butter price is stable and demand is steady. US butter exports this year have increased by 68% and domestic inventories are lower than desirable.

The NZX dairy futures market recorded a surge in trading activity this week in both whole milk powder and skim milk powder futures contracts. The market is showing an upward sloping forward price curve which indicates soft whole milk powder prices for the next couple of months before firming late in 2011.

Exchange Rates

Currency	Current	Last Week	Last Year	Season to Date	
	22-Jul-11	15-Jul-11	23-Jul-10	2011/12	2010/11
USD	0.863	0.841	0.725	0.828	0.748
EUR	0.599	0.595	0.562	0.577	0.556
AUD	0.796	0.785	0.812	0.775	0.771
TWI	73.79	72.64	67.92	71.37	67.48