

GlobalDairyTrade volumes down

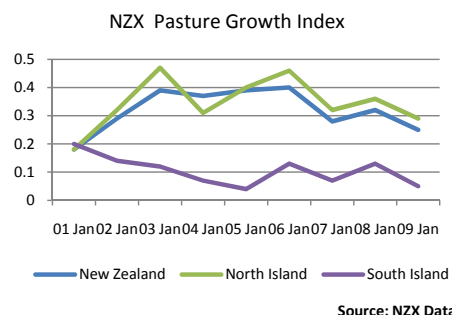
The amount of product on offer at this week's GlobalDairyTrade auction is less than the previous auction for the main dairy commodities. Whole milk powder (WMP) volumes on offer have dropped by 1,000 tonnes, skim milk powder (SMP) is down by 900 tonnes, and anhydrous milkfat (AMF) offerings are 495 tonnes less than at the previous auction. The reduction in the product on offer mainly occurs for product with April to June 2012 delivery dates (Contract 3). Over the next 12 months the forecast offerings of AMF and SMP have been reduced while WMP offerings have been increased.

US milk production for 2011 has been revised downwards. The latest USDA World Agriculture Supply and Demand Estimates report says the reduction in the forecast milk output was due to less cows being in milk during Q4 2011 than previously anticipated. A total of 196 billion pounds of milk is estimated to have been produced in 2011. This is a 1.67% increase on 2010. Milk output in 2012 is forecast to grow by a further 1.3% to 198.5 billion pounds. Milk prices are expected to decline slightly in 2012, although estimates have been revised upward from a month ago. The estimated average All milk price for 2011 was US\$20.14 per cwt. The forecast All milk price for 2012 is US\$18.30 - \$19.10 per cwt.



The NZX Dairy Futures market leap into action last week following a slow start to the New Year. A total of 700 whole milk powder (WMP) futures contracts were traded in the past week. As at the close of business on Friday 13, January settlement prices for WMP futures contracts had eased slightly from the previous day. A significant number of anhydrous milkfat (AMF) futures contracts were also traded last week. However AMF futures trades were generally smaller in volume than the WMP futures contracts traded.

Dry weather is restricting pasture grown in southern New Zealand. A lack of rain across the southern regions of New Zealand is limiting the ability of pastures to grow. The NZX Pasture Growth Index for the South Island has fallen sharply this month primarily due to the dry conditions affecting the regions of Canterbury, Otago, and Southland. Meanwhile North Island farms continue to receive regular rains. This is in stark contrast to last year when much of the upper North Island was in a state of drought.



NZX Dairy Futures

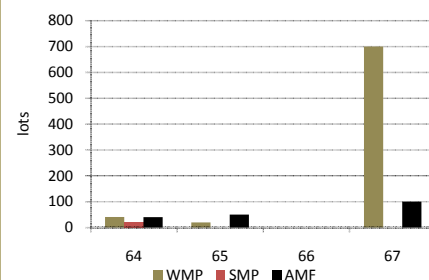
prices as at 13 January 2012

Contract Month	Prior Open Interest	Daily Settlement Prices (US\$/tonne)		
		WMP	SMP	AMF
Jan 2012	1927	3460	3285	3840
Feb 2012	1756	3480	3285	3850
Mar 2012	1135	3550	3350	3900
Apr 2012	200	3580	3320	3960
May 2012	150	3600	3320	4000
Jun 2012	210	3640	3320	4020
Jul 2012	0	3705	3430	4190
Aug 2012	0	3705	3430	4190
Sep 2012	0	3705	3430	4190

Cumulative volume = 12149 lots

For later contracts see www.dairyfutures.com

[Dairy Futures Weekly Trading Volume](#)



News

Testing shows Synutra infant formula to be safe

The results of an initial test shows that Synutra's Youbo milk formula is safe after claims were made that a baby died from drinking this formula.

[Read more](#)

Farm bill discussions planned for next month

US congressman Collin Peterson has said he plans to begin discussion of the Farm Bill in February and will try to get the bill complete by May or June

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Milk prices in Bangalore to rise

Bangalore dairy farmers will be paid more for their milk due to the state government increasing the milk price due to rising milk production costs.

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GlobalDairyTrade

Next GDT auction **Tuesday, 17 January 2012**

Delivery Period	Results for 3 January 2012				Fonterra Forecast annual supply	Quantities of Fonterra product available next auction			
	Contract 1 February	Contract 2 March	Contract 3 Apr - Jun	Contract 4 Jul - Sep		Contract 1 February	Contract 2 March	Contract 3 Apr - Jun	Contract 4 Jul - Sep
Skim Milk Powder	3021	3243	3366	3439	124500	0	2800	1200	500
Buttermilk Powder	n/a	3585	n/a	n/a	5025	0	350	0	0
Wholemilk Powder	n/a	3527	3559	3746	410000	0	11500	6000	1500
Anhydrous Milkfat	n/a	3879	4041	4274	85890	0	1825	1530	240
Milk Protein Conc.70	n/a	5845	6150	n/a	8160	0	280	270	0
Rennet Casein	n/a	7717	7877	n/a	8435	0	250	240	0
Cheddar	n/a	3470	3727	n/a	35430	0	750	750	0
GDT-TWI™	1088								

* GDT prices are USD/metric tonne FAS averaged the various product specifications and sellers

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