

NZ Forecast Update: Farmgate milk price revised up to \$9.85/kgMS

8 April 2026

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Strong finish to current season

Summary

- As the current season's end approaches, our farmgate milk price forecast for 2025/26 is now \$9.85/kgMS, up from \$9.50. Global dairy prices have risen 22% year-to-date in 2026, supported in part by geopolitical events.
- Our forecast for 2026/27 is unchanged at \$8.70/kgMS. Global milk production remains very strong, which should put downward pressure on prices over the next year.
- Uncertainty remains high for the 2026/27 outlook. The Middle East conflict is sending ripple effects through the global economy, with no certainty about when or how the conflict will end.

Final 2025/26 price comes into view

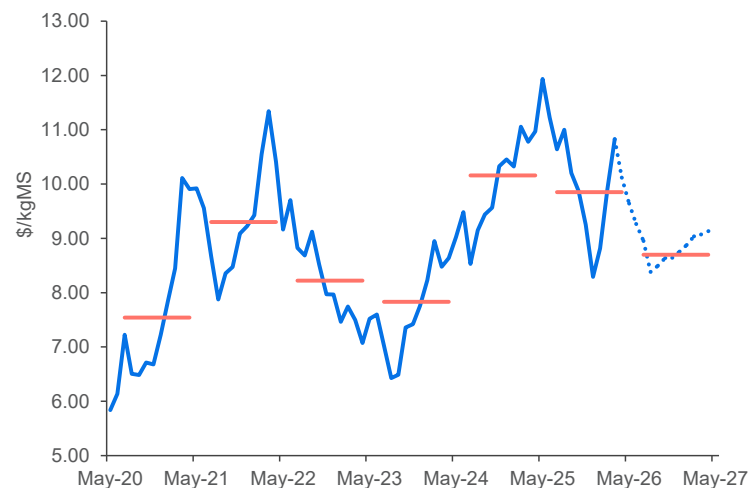
Global dairy prices have had quite a turnaround in 2026 after ending 2025 on the slide. Initially, rising geopolitical risk lifted most commodity prices, including dairy. Then in late February that risk turned to reality.

This trend had very little to do with dairy directly, although the bearish end to 2025 led buyers to assume they could patiently wait for prices to fall further. The price surge through the end of March shows how quickly that mindset changed.

The Global Dairy Trade (GDT) Index is up 22.0% since the start of the year, despite prices falling 3.4% at this week's GDT auction. For the current 2025/26 season, this means the final milk price will exceed even the most optimistic forecasts offered in recent months.

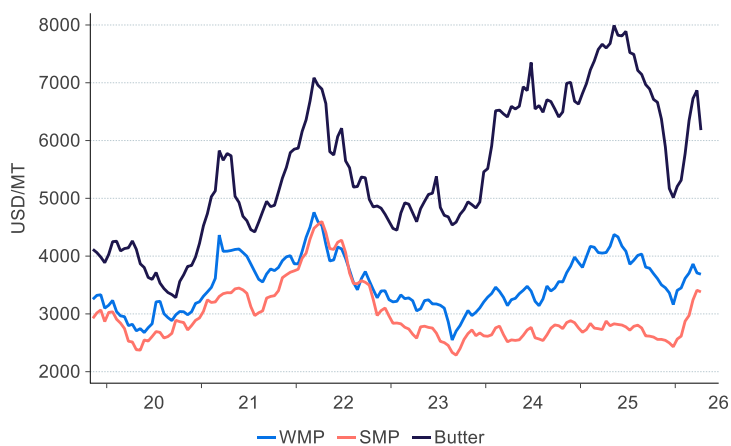
Our forecast has been revised up from \$9.50/kgMS to \$9.85. This forecast is hardly bold; at this stage of the season Fonterra has already locked in most components of their pricing formula.

Figure 1. Farmgate milk price forecast



Source: Fonterra, ANZ Research

Figure 2. GDT prices, selected products



Source: Global Dairy Trade, Macrobond, ANZ Research

2026/27 forecast unchanged

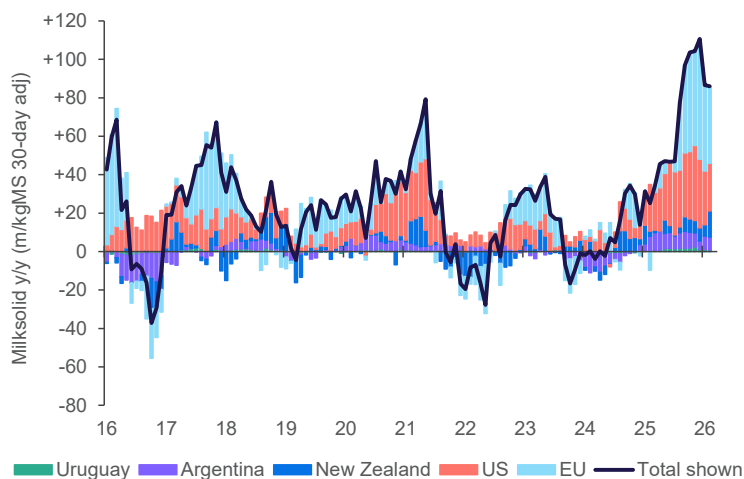
In January, we issued an opening forecast of \$8.70/kgMS for 2026/27. We have deferred any changes to this forecast even though a lot has happened in the past few months. The weaker NZD alone would be enough to revise our forecast upward by 75 cents, but there are downside risks that offset that.

The supply situation is as bearish as it was in January. Milk production remains strong in all key regions, and the rebounding prices in recent months will incentivise farmers to continue producing milk.

Demand could emerge as a concern. Price-sensitive Asian economies are key customers for New Zealand dairy and are among the most impacted by rising fuel costs. Dairy demand may weaken the longer the current situation lasts, especially in markets where dairy products are not traditional staples.

The drop in this week’s GDT could indicate that importers have rebuilt inventories to their satisfaction, and that the bearish global supply and demand situation will become more relevant in the coming months. With these factors in mind, and given continued uncertainty regarding the situation in the Middle East, we will revisit this forecast in June.

Figure 3. Milk production growth in key countries



Source: NZX, DCANZ, Eurostat, US Department of Agriculture, Inale, Argentina MAGYP, ANZ Research

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