



**Rabobank**

*Media Release  
June 27, 2013*

## ***Positive year ahead for Australian dairy after 'big disappointment' of 2012/13 – industry report***

The Australian dairy industry can look forward to a much more positive year ahead after the 'big disappointment' of the past season, according to a newly-released industry report.

In its **Dairy Quarterly** report, **Rabobank** says the outlook for the sector in 2013/14 is much improved, with a combination of higher farmgate milk prices, better seasonal conditions and some relief in feed costs.

Rabobank senior dairy analyst Michael Harvey said the 2013/14 milk price had opened more than 20 per cent up on last season's opening price, with Murray Goulburn announcing a price of AUD 5.60/kg MS. "This is supported by high world pricing and a weaker local currency," he said.

Mr Harvey said this came after a "very challenging 2012/13 season", where excessive rainfall followed by exceptionally dry conditions and high feed costs had ushered in another contraction in the local milk pool.

"This had been after the sector's strongest showing in decades in 2011/12," he said.

### **Production**

The Rabobank report shows milk production volumes have continued to decline rapidly over the tail end of the past milk season. Production volumes were down 7.6 per cent in May and season-to-date output is trailing last season by 2.7 per cent.

Production is forecast to increase marginally over the course of the 2013/14 season, despite an expected slow start.

"Rabobank expects milk supply to edge up by one per cent in the second half of 2013, then by two per cent in the first half of 2014, generating a small increase in exportable surplus over the period," Mr Harvey said.

### **Outlook**

While confidence among Australian dairy producers has improved on the back of better prospects for next season, most farmers will have to contend with difficult conditions for the next few months, the report says.

"Supply of winter feed is critically short across most key dairying regions due to poor rainfall and a late autumn break," he said.



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**Media contacts:**

Denise Shaw  
Head of Media Relations  
Rabobank Australia & New Zealand  
Phone: 02 8115 2744 or 0439 603 525  
Email: [denise.shaw@rabobank.com](mailto:denise.shaw@rabobank.com)

Jess Martin  
Media Relations Manager  
Rabobank Australia & New Zealand  
Phone: 07 3115 1832 or 0418 216 103  
Email: [jess.martin@rabobank.com](mailto:jess.martin@rabobank.com)