



# Market Announcement

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9 October 2023

## FONTERRA REVISES FY24 FORECAST FARMGATE MILK PRICE

Fonterra Co-operative Group Ltd today raised the 2023/24 season forecast Farmgate Milk Price range to \$6.50 - \$8.00 per kgMS, with a new midpoint of \$7.25 per kgMS, up 50 cents.

Fonterra CEO Miles Hurrell says the improved outlook reflects both supply and demand dynamics.

“Here in New Zealand we’re forecasting collections to be slightly below last season, while aggregate milk growth in key export countries is expected to be below average for FY24. The El Niño weather pattern may have further impacts on supply, and this could be driving recent buyer sentiment.

“On the demand side, we have seen increases in recent Global Dairy Trade events. While this has been encouraging, it is not yet clear whether the stronger demand from China will be sustained. For other key regions, customers remain relatively cautious in terms of their forward purchases.

“It’s still early days in terms of the proportion of our FY24 sales book that we’ve contracted, so we still face significant exposure to volatility in commodity prices. Exchange rate volatility is another factor to keep in mind. Our foreign exchange hedging strategy is designed to help lessen the impact of this, and also supports a higher Advance Rate level than would be possible without hedging.

“We’ll continue to let our farmers and the market know as soon as we can when we think things have materially shifted,” says Mr Hurrell.

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