



Oceania Dairy Market Overview

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Australia

The February 2026 Production Inputs Monitor Report was recently released by Dairy Australia. Rainfall improved across much of Australia in February after a hot, dry January, though conditions varied by region. Most dairy areas missed the extreme rainfall seen in central Australia, except the Murray and Gippsland, which recorded above average totals. Temporary water prices in Northern Victoria held steady but remained significantly higher than a year earlier, while Murray Irrigation prices eased, falling nearly \$100 per megaliter. Overall input costs rose in February, led by a 9 percent increase in urea. Prices climbed steadily throughout the month and spiked at month's end. Elevated urea prices are expected to persist, with further increases possible. Fuel markets are also exposed, though February prices trended lower; the late month rise was driven more by demand surges than supply issues. Grain and fodder prices edged down slightly, aside from mostly stable wheat values. Strong winter crop production continues to support supply, with the 2025-2026 wheat harvest projected to be the third largest on record. The Australian dollar remained firm above 70 U.S. cents, helping temper feed costs by boosting domestic supply availability.

New Zealand

Export data for February 2026 was recently released for New Zealand. These data showed the value of milk powder, butter, and cheese exports in February 2026 totaled \$2.1 billion, a decrease of 4.8 percent compared to February 2025. Fresh milk and cream exports were valued at \$152 million, up 2.2 percent year over year. Relative to February 2025, export quantities in February 2026 decreased 0.8 percent for milk powders, decreased 8.2 percent for milk fats (including butter), and decreased 1.1 percent for cheese. Milk powder, butter, and cheese exports were up year over year to China, the U.S., and the E.U., but down year over year to Japan. Exports of casein and caseinates to China were also down year over year.

New Zealand's February milk production surged to record levels, with 183.8 million kilograms of milk solids (kgMS) collected, which is a 7.4 percent year on year increase and 7.6 percent above the five-year average. Milk tonnage rose 6.0 percent to 1.977 million tons, lifting season to date volumes 2.7 percent ahead of last year. Exceptional pasture conditions supported the gains, as the NZX Pasture Growth Index averaged 0.39, up 199 percent from a year earlier, alongside a 171 percent rise in the moisture index. Stronger global dairy commodity prices to start 2026 prompted a major New Zealand dairy cooperative to lift its farmgate milk price midpoint to \$9.50 per kgMS, and forward indicators from the NZX milk production predictor point to continued growth, forecasting a 5.4 percent rise in March milk solids and a 4.7 percent increase in April.

Following Global Dairy Trade (GDT) Event 400, a group in New Zealand that forecasts milk prices decreased their milk price forecast for the 2025/2026 season by 4 cents from \$9.87/kgMS to \$9.83/kgMS. The spot value of milk increased to \$10.59/kgMS from \$10.45/kgMS. Prices were mixed for all commodities at GDT Event 400, including whole milk powder down 4 percent, skim milk powder up 5.2 percent, and butter down 0.9 percent.

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