



Oceania Dairy Market Overview

Agricultural Marketing Service
Dairy Market News

Report 27

July 2, 2026

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Australia

Milk production data from Australia for May 2026 was recently released by Dairy Australia. These data show total May 2026 milk production was 654.0 million liters, up 33.7 million liters (5.4 percent) year-over-year (YoY). Milk production in Victoria, Australia's largest milk-producing state, was up 6.7 percent YoY. Production increased YoY in New South Wales (4.6 percent), Queensland (2.0 percent), Western Australia (4.6 percent), and Tasmania (5.5 percent). May production decreased YoY in South Australia (3.9 percent). Through May 2026, Australia's milk production in the 2025/2026 season totaled 7,764.9 million liters, up 15.0 million liters (0.2 percent) compared to the same time frame in the 2024/2025 season.

A group in Australia that forecasts milk prices has raised its opening milk price just before the June 30th deadline, increasing 2026/2027 payments by 15 cents per kilogram of milk solids (kgMS) to \$8.80-\$9.60/kgMS. The adjustment includes rises of 12 cents/kg of fat and 18 cents/kg of protein. The company told suppliers the change reflects market conditions and its aim to maintain competitive, sustainable payments. One northern Victorian supplier welcomed the increase but noted it remains below last year's returns, which were boosted by regional incentives. Industry representatives said the move indicates more money in the market, though farmers now have limited time to reassess budgets.

Per ABC News on June 24th, Australia has confirmed a third case of deadly H5N1 bird flu, detected in a migratory bird found on Fleurieu Peninsula in South Australia (SA). SA Premier Peter Malinauskas said two sick birds were reported to authorities on June 19th, with testing confirming one positive case. Two additional birds found at Fowlers Bay tested negative. The discovery follows two earlier cases near Esperance in Western Australia (WA). WA officials also reported another suspected positive bird, pending confirmation. Authorities are monitoring wildlife, including testing samples from a dead porpoise found near Esperance. Federal and state ministers say coordination is ongoing, but no wider spread is evident. H5N1 bird flu can infect dairy cows, typically causing udder inflammation (mastitis). It rarely results in death, but affected cows often show sudden drops in milk production, fever, and thick, discolored, abnormal milk.

New Zealand

Milk production data from New Zealand shows May 2026 output at 1.02 million metric tons, up 3.6 percent YoY with milk solids rising 5.0 percent to 108.7 million kg. The 2025/2026 season set new full season records, supported by strong global prices, higher cow numbers, and favorable weather that boosted pasture growth and reduced supplementary feeding. Tonnage also climbed, lifting full season collections above prior records. While production momentum remains firm, rising input costs and a forecasted "super" El Niño are expected to temper growth, with June projected down 3.3 percent YoY and July edging slightly lower.

Export data for New Zealand was recently released showing the value of milk powder, butter, and cheese exports in May 2026 totaled \$2.3 billion, an increase of 6.9 percent compared to May 2025. Fresh milk and cream exports were valued at \$151 million, down 16 percent YoY. Export quantities for May 2026 increased 23 percent for milk powders and 8.5 percent for cheese but decreased 9.0 percent for milk fats (including butter) YoY. YoY growth was recorded for milk powder, butter, and cheese exports to China. Conversely, YoY declines were seen in milk powder, butter, cheese, casein, and caseinate exports to the USA, and in milk powder, butter, and cheese exports to the EU.

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