



Press Release

27 October 2010

Murray Goulburn Co-Operative (MGC) announces a step-up in farmgate milk price for 2010/11 – and maintains end of year forecast

Australia's farmer-owned dairy company - Murray Goulburn today advised the co-operative's dairy farmer / shareholders of an increase in the farmgate milk price.

In his statement to suppliers Managing Director Mr Stephen O'Rourke advised of a price increase of \$0.25/kg protein and \$0.10/kg butterfat for milk supplied across the 2010/11 season. This takes the average weighted farmgate price to approximately \$4.92 per kilogram of milk solids up from the \$4.75 opening price.

Mr O'Rourke also advised that the Co-operative's forecast final milk price had been maintained at a range of \$5.30 to \$5.50 per kilogram of milk solids.

"World market prices have held reasonably firm during the first quarter of the season and expectation is that the market should continue to remain solid. However the major area for concern is the strengthening AUD which some economists suggest may continue to appreciate through \$1.10¢ while others say it is overvalued," Mr O'Rourke said.

"Milk intake has suffered during September and October due to the extremely wet conditions prevailing across all supply regions however we anticipate production improving as the year progresses."

Mr O'Rourke said that the relatively wet winter and early spring has led to a very strong spring growth and a very positive outlook for the harvesting of fodder.

"Dairy farmers are now harvesting silage and hay and with replenished water catchments the outlook for feed inputs in the medium term is relatively good for dairy farmers."

Ends

Established in 1950, MGC is Australia's 100% farmer-owned dairy company. Processing 34.5% of the nation's milk, MGC is Australia's largest exporter of dairy foods. MGC's flagship Devondale brand is sold nationally and is a market leader in key categories.

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