



PARLIAMENTARY LIBRARY

Te Pātaka Rangahau a Te Whare Pāremata

MONTHLY ECONOMIC REVIEW






May 2015

(Latest data as at 11 May)

Parliamentary Library Research Paper

A Overview

Recent trend

	2013/14	2014/15	
 Economic Growth	2.3%	3.3%	Annual average GDP Growth (December year)
 Unemployment	6.0%	5.8%	Unemployment Rate (March quarter)
 Inflation	1.5%	0.1%	Annual Inflation Rate (March year)
 Current Account Deficit	\$7.4b	\$7.8b	Current Account Deficit (December year)
 Interest Rates	3.00%	3.50%	Official Cash Rate (end of April)

Latest data and events

New Zealand's unemployment rate remained at 5.8 percent in the March quarter, while the labour market participation rate rose to a new high since the series commenced in 1986 of 69.6 percent. The number of those employed increased by 0.7 percent over the quarter (mainly due to an increase in full-time employment), while the number of those unemployed rose by 2.1 percent to 146,000. New Zealand's unemployment rate is the 13th lowest out of 34 OECD member countries (and equal to that of Luxembourg).

Fonterra has revised down its 2014/15 farmgate milk price payout to \$4.50 per kilogram of milksolids (kgMS), compared with its previous forecast of \$4.70 per kgMS. The forecast dividend range of 20 – 30 cents per share remained the same (resulting in forecast returns for a fully paid-up farmer of \$4.70 - \$4.80 per kgMS). International dairy product prices continue to fall, with prices received in Fonterra's latest *Global Dairy Auction* falling by 3.5 percent on a trade weighted basis.

The Reserve Bank Governor left the official cash rate steady at 3.5 percent in April, but opened the door to possible rate cuts in the future, saying "*It would be appropriate to lower the OCR if demand weakens, and wage and price-setting outcomes settle at levels lower than is consistent with the inflation target*". The Australian Reserve Bank dropped its cash rate by 25 basis points to two percent in early May, saying that "*...the inflation outlook provided the opportunity for monetary policy to be eased further...*"

National median house prices rose to \$475,000 in March, while the median house price in Auckland rose to \$720,000 according to the Real Estate Institute of New Zealand. House prices rose by 9.5 percent nationally over the 12 months to March according to the REINZ's House Price Index, while rising by 20.2 percent in Auckland. House price inflation for Christchurch has eased, with prices rising by five percent over the year.

Outlook

The rate of annual inflation remains subdued and is forecast to remain below the Reserve Bank's medium term inflation target band of 1 – 3 percent over the short term. The market is currently pricing in a 25 basis point drop in the OCR by January 2016, while the ASB Bank has forecast that the Reserve Bank will cut its monetary policy rate by 50 basis points at some stage this year. Economic growth of around 0.6 percent has been forecast for the March quarter by the *NZIER Consensus Forecasts*, with annual growth of approximately 3.3 percent for the year ended in the March quarter. Further employment growth has been forecast.

Topic of the month: Dairy sector returns over recent years

B Economic Growth

Background

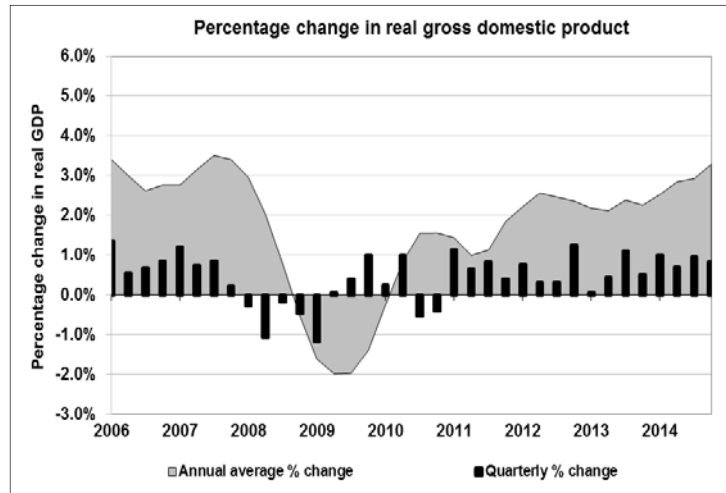
A country's gross domestic product (GDP) is a measure of economic activity during a set period of time, normally reported on a quarterly and an annual basis. It is the sum of money values of all final goods and services produced in an economy over a set period. The primary indicator used for tracking economic performance over time is known as real gross domestic product, or real GDP. Real GDP is gross domestic product adjusted for changes in prices. New Zealand's official gross domestic product figures are sourced from Statistics New Zealand.

Gross domestic product

Economic activity expanded by 0.8 percent in the December quarter, while gross domestic product rose by 3.3 percent over the 2014 calendar year.

Only three of 16 sectors recorded a contraction in value added output in the December quarter. The electricity, gas, water, and waste services sector contracted by 2.5 percent, due to lower hydro-electricity generation. The mining sector contracted by 1.5 percent, and the arts, recreation and other services sector contracted by 0.6 percent.

Greater tourism spending resulted in the retail trade and accommodation sector to expand by 2.3 percent over the March quarter, while an increase in house sales was behind a 1.2 percent increase in value-added activity from the rental, hiring, and real estate services sector.



A 6.1 percent rise in the volume of goods and services exports was the largest contributor to expenditure GDP over the quarter, which was partially offset by a three percent rise in goods and services imports. The increase in exports was influenced by increased spending from overseas visitors.

Other data

There were 25,038 new dwelling consents issued during the year ended March 2015, up 11.9 percent from a year earlier. There was a significant rise in the number of consents granted for townhouses, flats and units (up 63.4 percent from a year earlier). The trend of the number of new dwellings consented on a monthly basis has flattened, following a doubling of numbers since 2011.

Business confidence eased slightly in April, but remains at a level consistent with further growth. The NZIER *Quarterly Survey of Business Opinion* reported that "businesses are still fairly optimistic about conditions ahead".

Year ended December 2014	Nominal GDP
Gross Domestic Product	\$237,924 million
GDP per capita	\$52,715

Source: Statistics New Zealand.

ANZ Business Outlook Survey	Mar-15	Apr-15
Net % expecting an improvement in business conditions in 12 months' time	35.8	30.2
Net % expecting an improvement in their own firm's activity in 12 months' time	42.2	41.3

Source: ANZ Bank, Business Outlook survey.

Outlook

The economy has been forecast to expand by around 0.6 percent in the March quarter, according to *NZIER Consensus Forecasts*. The impact of the drought on some sectors is expected to be outweighed by an increase in services outputs (driven by an increase in tourist numbers) and household spending. On an annual average basis, the economy is forecast to have expanded by 3.3 percent over the year to March.

GDP growth (%)	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14
Annual (year-on-year)	2.3	2.5	2.8	2.9	3.3
Quarterly (seasonally adjusted)	0.5	1.0	0.7	0.9	0.8

Source: Statistics New Zealand.

Next Release: *Gross Domestic Product: March 2015 quarter.* **Date:** 18 June 2015

C Employment and Unemployment

Background

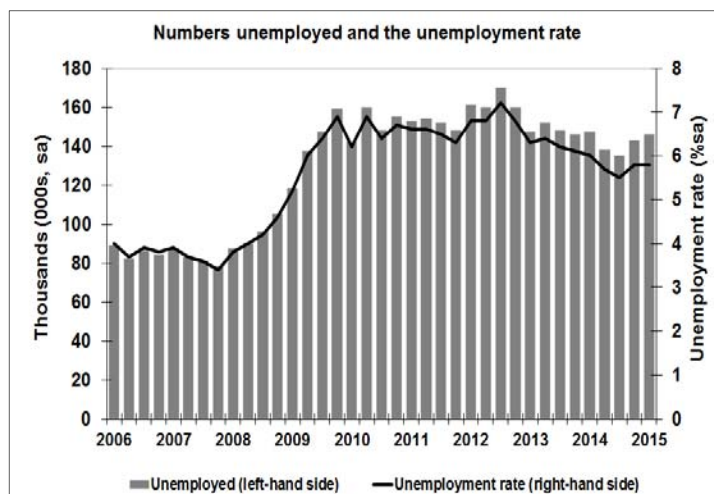
The unemployment rate measures the number of people unemployed as a proportion of those in the labour force. The labour force is the number of people of working age (15 years and over) who are working for wages or a salary, working for a family business, or who are unemployed and seeking work. In New Zealand, the official unemployment rate is sourced from Statistics New Zealand's quarterly Household Labour Force Survey.

Employment and unemployment

New Zealand's unemployment rate remained steady at 5.8 percent in the March quarter, with December's unemployment rate being revised up 0.1 percentage point to 5.8 percent, from 5.7 percent previously.

There were 146,000 people unemployed in the March quarter in seasonally adjusted terms, up 3,000 from the previous quarter.

Due to an increase in the population and the labour force participation rate, the labour force rose by 2.1 percent over the March quarter. The labour force participation rate reached a record high of 69.6 percent. Full-time employment increased by 0.6 percent over the quarter, while part-time employment rose by 0.2 percent.



On an annual basis, the number of those employed increased by 3.2 percent between the March 2014 and 2015 quarters. There were an additional 23,300 people employed in the construction sector than a year earlier, and an additional 17,700 people employed in the arts, recreation and other services sector. The number of people employed in the wholesale trade sector fell by 15,500 between the March 2014 and 2015 quarters.

Other data

Statistics New Zealand's labour cost index of all salary and wage rates (including overtime) rose by 0.3 percent in the March quarter, and by 1.7 percent between the March 2014 and 2015 quarters (higher than annual inflation).

Firms' employment intentions as reported in a number of surveys are consistent with further employment growth. A net 22 percent of respondents to the *ANZ Business Outlook* survey expect to increase employment in their own firm over the next 12 months. Employment intentions also remained strong in the latest *NZIER Quarterly Survey of Business Opinion*. Firms continue to report difficulty in finding both skilled and unskilled labour.

ANZ Business Outlook Survey	Mar-15	Apr-15
Net % expecting to increase employment in their business in 12 months*	20.8	21.8
Net % expecting the unemployment rate to rise in 12 months*	-26.8	-21.1

*equal to the % of respondents expecting an increase minus the % expecting a decrease. Source: ANZ Bank

Quarter	Mar-14	Mar-15
Average ordinary time weekly earnings for FTEs (pre-tax) (\$)	\$1,064.55	\$1,085.48
Labour Cost Index - % change in salary and wage rates (including overtime) from the same quarter of the previous year	+1.6	+1.7

Source: Statistics New Zealand.

Outlook

Further employment growth is forecast over the coming year, however with an expansion of the labour market due to high net migration and a high participation rate, the impact on the unemployment rate will be more subdued. The ASB Bank has forecast an unemployment rate of 5.7 percent in the March 2016 quarter, while the BNZ Bank has forecast an unemployment rate of 5.8 percent.

Household Labour Force Survey	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Unemployment Rate (seasonally adjusted, %)	6.0	5.7	5.5	5.8	5.8
Employment Growth (annual, %)*	3.8	3.6	3.2	3.6	3.2

*change since the same quarter of the previous year based on seasonally adjusted data. Source: Statistics New Zealand.

Next Release: *Labour Market Statistics: June 2015 quarter.* **Date:** 5 August 2015

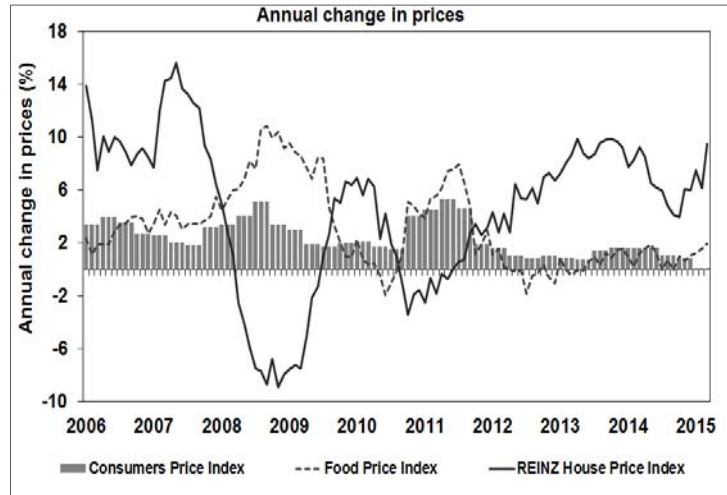
Background

Inflation is the change in prices of goods and services over a certain period of time. The official rate of consumer inflation is measured by Statistics New Zealand's Consumers Price Index (CPI). The CPI tracks the price of a basket of household goods and services over time.

Consumers Price Index

The price of consumer goods and services fell 0.3 percent in the March 2015 quarter primarily due to falls in the price of petrol (down 10.6 percent). The CPI excluding petrol rose 0.3 percent in the quarter. Fruit prices rose 11.8 percent due to higher prices for kiwifruit, strawberries and oranges. International air transport costs fell by 14.7 percent while the cost of package holidays was 6.6 percent lower. Housing rentals rose 0.8 percent of the year (Canterbury up 1.2 percent).

The annual inflation rate was 0.1 percent in the year ended in the March 2015 quarter with tradables deflation of 2.8 percent and non-tradables inflation of 2.3 percent. This is the smallest annual movement since the September 1999 quarter. Excluding cigarettes and tobacco, the CPI decreased 0.2 percent in the year to the March 2015 quarter.



Other data

Average house prices were 8.3 percent higher in April 2015 than a year earlier according to Quotable Value, with a national average sale price of \$507,040. In Auckland, prices were 14.6 percent higher than a year earlier, with an average sale price of \$809,200. Prices in Tauranga and Queenstown Lakes both increased by more than five percent over the year to April 2015.

Food prices rose 1.9 percent in the year to March 2015. This was the largest annual increase since December 2011.

Inflation expectations remain low. A net 23.1 percent of respondents to the latest ANZ Business Outlook survey expect to increase prices, down from 28.3 percent in March 2015.

Annual Percentage Change (%)	Mar-15	Apr-15
Quotable Value – Residential property values*	7.7	8.3
REINZ Stratified Median Housing Price Index**	9.5	n/a
Food Price Index**	1.9	n/a

*change since the same three months ended in the month of the previous year
 **change since the same month of the previous year. Sources: Quotable Value; REINZ; Statistics New Zealand

ANZ Business Outlook Survey	Mar-15	Apr-15
Net % of respondents expecting to increase prices in 3 months' time*	28.3	23.1
Inflation expected in 12 months' time	1.76	1.76

*equal to the % of respondents expecting an increase minus the % expecting a decrease. Source: ANZ Bank.

Outlook

The recent increases in petrol prices may make an upward contribution to the CPI for the June quarter. The Reserve Bank, in its latest *Monetary Policy Statement*, has forecast an annual inflation rate of 1.3 percent in the March 2016 year. *NZIER Consensus Forecasts* expect the annual rate to remain below the Reserve Bank's 1 – 3 percent inflation target band for much of 2015.

Inflation (%)	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Consumers Price Index - Annual	1.5	1.6	1.0	0.8	0.1
Tradables inflation	-0.6	0.1	-1.0	-1.3	-2.8
Non-tradables inflation	3.0	2.7	2.5	2.4	2.3
CPI - quarterly	0.3	0.3	0.3	-0.2	-0.3

Source: Statistics New Zealand.

Next Release: Consumers Price Index: June 2015 quarter.

Date: 16 July 2015

Background

The balance of payments is the record of the receipts and payments between a country's residents and the rest of the world, over a given period. The current account is that part of a country's balance of payments which embraces its transactions of goods, services, primary income (i.e. international income), and secondary income (i.e. current transfers such as foreign aid). A "balance of payments deficit" refers to a deficit of the current account.

Current account deficit

In the 2014 calendar year New Zealand's current account deficit totalled \$7,822 million, equivalent to 3.3 percent of GDP. Within the current account, the goods and services balance recorded a surplus for the year, while the primary (i.e. investment income) balance and secondary income (i.e. current transfers) balance recorded a deficit.

New Zealand's net international investment position (the net amount we owe the rest of the world) was \$153,920 million at the end of 2014, equivalent to 64.7 percent of GDP.

Other data

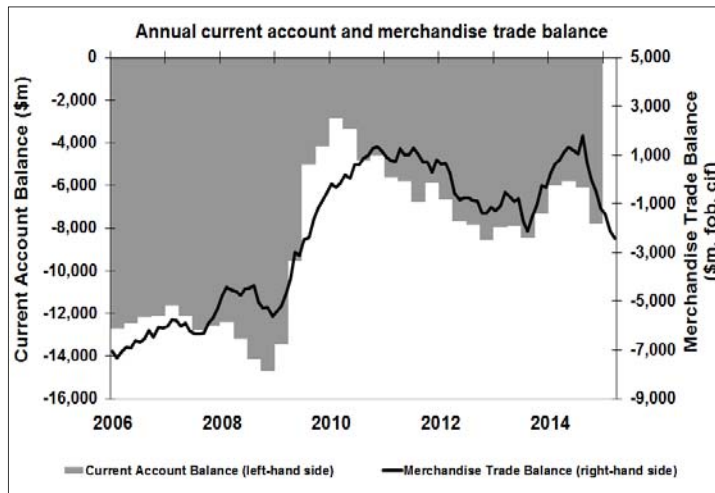
The *ANZ Commodity Price Index*, which tracks New Zealand's main commodity exports, fell by 7.4 percent in April, and was 15.3 percent lower than a year earlier. A fall in dairy product prices was the main contributor to the fall in the index during April, while prices for the other sectors were stable or slightly higher.

Results from Fonterra's latest *Global Dairy Trade* auction results showed a further 3.5 percent fall in international dairy prices, with prices falling to a level last seen in early December 2014 (on a trade weighted index basis).

The number of tourists visiting New Zealand continues to climb substantially, with close to three million short-term visitors arriving during the year to March 2015 (2,947,901), a rise of 7.1 percent from a year earlier (boosted in part by the Cricket World Cup). The number of visitors from China rose by 55,840, while there were 52,000 more visitors from Australia.

Outlook

Rising demand for imports, along with a drop in price for New Zealand's exports and the high New Zealand dollar is expected to lead to an increase in the current account deficit. The Reserve Bank has forecast a deficit equivalent to 5.3 percent of GDP for the year ended March 2016.



Annual Change (%)	Mar-15	Apr-15
World Commodities Prices*	-11.9	-15.3
NZ\$ Commodities Prices*	-2.5	-6.8
Overseas Visitors**	7.1	n/a

*change since the same month of the previous year. **change since the previous year-end. Sources: Statistics New Zealand; ANZ.

Balances (\$m)	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15
Quarterly Current Account (seasonally adjusted)	-915	-7.7	-2,043	-2,446	-2,621	n/a
Annual Current Account	-7,349	-6,004	-5,813	-6,093	-7,822	n/a
Goods	1,207	2,680	3,221	3,056	1,063	n/a
Services	1,075	1,268	1,326	1,452	1,883	n/a
Primary income (i.e. investment income)	-9,200	-9,517	-9,920	-10,093	-10,225	n/a
Secondary income (i.e. current transfers)	-430	-435	-441	-508	-543	n/a
Net international investment position (as at date)	-145,083	-150,559	-151,099	-152,011	-153,920	n/a
Annual Merchandise Trade Balance (fob-cif)*	-317	798	1,189	667	-1,183	-2,407

* CIF – Cost of goods imported, including insurance and freight to New Zealand. FOB – Free on board, the value of goods at New Zealand ports before export. Source: Statistics New Zealand.

Next Release: *Balance of Payments: March 2015 quarter.* **Date:** 17 June 2015

Background

The trade weighted index (TWI) is an index of the New Zealand dollar's value against a basket of 17 overseas currencies, where each currency is weighted by a combination of the size of the associated country's bilateral merchandise trade with New Zealand (including the Euro group of countries) and their gross domestic product. The official cash rate (OCR) is the interest rate that applies to overnight borrowing and lending between banks and the Reserve Bank. It is currently a key operational feature of monetary policy in New Zealand. The NZX 50 is the main share index of the New Zealand Exchange. It tracks changes in the share prices of the top 50 publicly listed companies by free float market capitalisation on the NZX market. It is a gross index, so it includes the payout of dividends in its calculation.

Recent trends & data

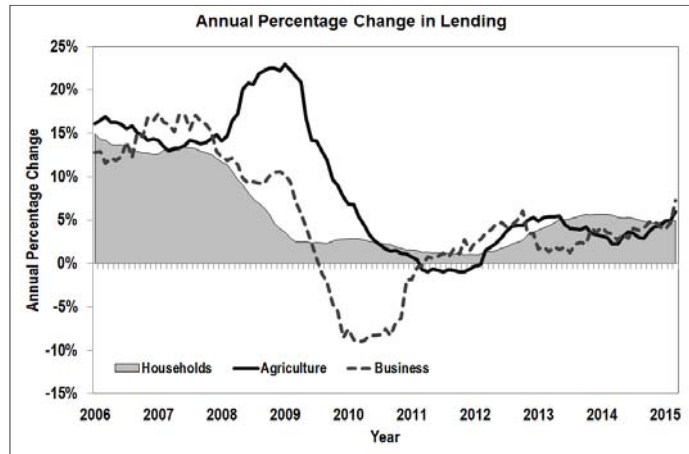
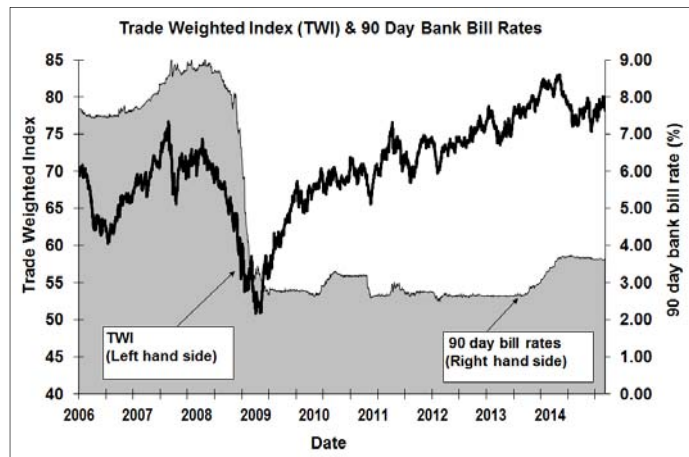
The official cash rate was left at 3.5 percent in April by the Reserve Bank Governor Graeme Wheeler. The Governor noted that the Bank expects annual inflation to pick up gradually, and that monetary policy will focus on the medium-term trend in inflation. The Bank "...is not currently considering any increase in interest rates". Furthermore, the Governor did open the door towards a possible rate cut in the future, stating that "It would be appropriate to lower the OCR if demand weakens, and wage and price-setting outcomes at levels lower than is consistent with the inflation target".

There was little movement in interest rates during April, with the 90-day bank bill averaging 3.63 percent (the same rate as the previous month). Five year government bond rates on the secondary market fell ten basis points to 3.11 percent, while ten year government bond rates fell five basis points to 3.25 percent.

Household lending rose by 0.5 percent during March, with total household lending from banks and non-bank lending institutions totalling \$214,701 million (up five percent from a year earlier). Lending by the agriculture sector was six percent higher than a year earlier, while lending by the business sector was 7.3 percent higher.

Outlook

The market is currently pricing in a 25 basis point drop in the official cash rate by the end of January 2016. The ASB Bank expects that the Reserve Bank will cut the official cash rate by 50 basis points before the end of 2015, as a result of the annual inflation rate remaining below the two percent mid-point target.



Core Crown borrowing as at	31-Mar-15 (\$m)	31-Mar-15 (%GDP)
Gross sovereign-issued debt *	88,155	37.1
Net core Crown debt **	63,036	26.5

*Excluding Reserve Bank settlement cash and Reserve Bank bills.

** Excluding NZ Super Fund and other advances. Source: The Treasury.

Monthly averages	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15
90 Day Bank Bill rate	3.67	3.67	3.63	3.63	3.63
10 Year Government Bond yields (secondary market)	3.77	3.42	3.26	3.30	3.25
Effective mortgage rate	6.00	6.01	6.01	5.99	n/a
Business lending rate	5.94	6.01	5.98	5.96	n/a
Trade Weighted Index (TWI) exchange rate	78.24	78.18	77.16	78.27	79.15
NZX 50 index	5521	5648	5779	5873	5822

Sources: Reserve Bank; NZX.

Next Official Cash Rate (OCR) decision: 11 June 2015

Background

New Zealand's economic growth rate, unemployment rate and central bank interest rates are compared with our main OECD trading partners. The first table below illustrates the seasonally adjusted quarterly growth rates in economic activity. The second table below shows the harmonised unemployment rate in each OECD country/area, while the third shows the main central bank interest rates for various countries (and currency group in the case of the Euro), along with the date and direction of the latest movement for each.

Economic growth

The rate of economic growth continues to fall in China, with GDP expanding by 1.3 percent in the March quarter. This compares with 1.5 percent in the December quarter, and 1.9 percent in the September quarter last year.

Gross domestic product expanded by only 0.1 percent in the United States in the March quarter. The lack of growth was put down to severe winter storms and labour disputes in a number of key ports delaying exports.

Unemployment

The harmonised unemployment rate remained at seven percent in the OECD area in February, with the youth unemployment rate averaging 14.3 percent (for those aged 15-24 years). While the unemployment rate in Spain remains high, at 23.2 percent, it has been trending down over recent months. Greece's unemployment rate remains around 26 percent.

Australia's unemployment rate rose 0.1 percentage point to 6.2 percent in April. Their participation rate, at 64.8 percent, is significantly lower than New Zealand's (69.6 percent).

Central banks

The Reserve Bank of Australia lowered its cash rate by 25 basis points to two percent in early May. The Bank had already dropped the cash rate by 25 basis points in February this year. In announcing its decision, the Bank commented on the decline in international commodity prices over the past year, which had resulted in a decline in Australia's terms of trade. As a result, business capital expenditure (especially in mining) is expected to be weak. The Bank is expecting stronger growth in employment and an improvement in household demand. Low mortgage rates are resulting in strong house price inflation, especially in Sydney, and the Bank is "...working with other regulators to assess and contain risks that may arise from the housing market".

The People's Bank of China reduced reserve requirement ratios in April (the proportion of funds that banks have to hold with the central bank) in an effort to promote lending growth in the country. It has been reported that the cut in the reserve requirements ratio will allow banks to increase lending by about 1.2 trillion yuan. The Bank also announced on 10 May that it was reducing its benchmark lending rate for the second time in 2015 by 25 basis points to 5.10 percent (effective from 11 May).

Quarterly economic growth rates (%)			
Country*	Sep-14	Dec-14	Mar-15
Australia	0.4	0.5	n/a
Japan	-0.7	0.4	n/a
NEW ZEALAND	0.9	0.8	n/a
United Kingdom	0.6	0.6	0.3
United States	1.2	0.5	0.1
Euro area	0.2	0.3	n/a
OECD Total	0.6	0.5	n/a
China	1.9	1.5	1.3

Notes: * Seasonally adjusted growth rate from the previous quarter.
Source: OECD.

Harmonised unemployment rates (%)			
Country	Feb-15	Mar-15	Apr-15
Australia	6.2	6.1	6.2
Japan	3.5	n/a	n/a
NEW ZEALAND	n/a	(5.8 qtr)	n/a
United Kingdom	5.5 (Dec)	n/a	n/a
United States	5.5	5.5	5.4
OECD Total	7.0	n/a	n/a

Sources: OECD; Australian Bureau of Statistics.

Central Bank interest rates (as at 11 May)				
Central Bank	Key Rate	Interest Rate (%)	Effective from	Direction (Basis points)
Australia	Cash Rate	2.00	6-May-15	-25
China	Benchmark lending rate	5.10	11-May-15	-25
European Central Bank	Main Refinance Rate	0.05	10-Sep-14	-10
Japan	Uncollateralized overnight rate	0.00 - 0.10	5-Oct-10	-10
NEW ZEALAND	Official Cash Rate	3.50	24-Jul-14	+25
United Kingdom	Bank Rate	0.50	5-Mar-09	-50
United States	Federal Funds Rate	0.00 - 0.25	16-Dec-08	-75

Source: Central Bank interest rates as at the date stated.

Dairy sector returns over recent years

International dairy prices are about a third less than they were a year ago, as a result forecast sector returns for the 2014/15 season are much less than the previous season. Fonterra's latest *Global Dairy Trade* auction undertaken in early May reported a further 3.5 percent fall in international dairy prices on a trade weighted basis. International dairy prices have fallen in each of the last four auctions on a trade weighted basis.

Fonterra announced in late April that it was reducing its forecast milk payout price for the current season from \$4.70 per kilogram of milksolids (kgMS) to \$4.50 per kgMS (excluding dividends). This compares with a farmgate milk price of \$8.40 per kgMS for the 2013/14 season (excluding dividend payments). The reduction in the forecast price for the current season has been put down to oversupply in the market. Westland Milk Products announced in late April that it had revised downward its forecast milk price payout for the current season to \$4.90 - \$5.10 per kgMS from a previous forecast price range of \$5.00 - \$5.40 per kgMS. This compares with a payout of \$7.57 per kgMS last season. Westland Milk Products noted in their announcement that the high New Zealand dollar was also affecting the ability of farmers to get good returns in the international markets. The first table below shows the actual milk price payouts for the largest New Zealand dairy companies for the last five seasons, along with the forecast payout figure for the current season. The second table shows the changes in Fonterra's forecast payout for the current season from its opening forecast in May 2014 through to its latest forecast.

Dairy season	Fonterra \$ per kgMS (incl. dividend for a fully shared farmer)	Tatua Co-operative Dairy Company \$ per kgMS – cash payout	Westland Milk Products \$ per kgMS – net average payout	Synlait \$ per kgMS – base milk price excluding premiums paid
2009/10	\$6.10 (\$6.37)	\$6.32	\$6.15	\$6.21
2010/11	\$7.60 (\$7.90)	\$8.10	\$7.70	\$7.66
2011/12	\$6.08 (\$6.40)	\$7.50	\$6.04	\$6.14
2012/13	\$5.84 (\$6.16)	\$7.40	\$6.04	\$5.81
2013/14	\$8.40 (\$8.50)	\$9.00	\$7.57	\$8.27
2014/15 forecast	\$4.50 (\$4.70 – 4.80)	\$6.50	\$4.90 - \$5.10	\$4.50 - \$4.70

Sources: Fonterra; Tatua Co-operative Dairy Company; Westland Milk Products; Synlait Milk.

The Reserve Bank in its November *Financial Stability Report* noted that high levels of indebtedness in the dairy sector was one of four key risks that New Zealand's financial system faces (along with imbalances in the housing market, the potential effects of a slowdown in the Chinese economy, and the banking systems reliance upon offshore funding). Since the *Financial Stability Report* was published, risks in the dairy sector have increased due to the reduction in the current season's forecast payout. The Bank referred to DairyNZ estimates that around one quarter of farmers could struggle to meet working expenses and interest payments at a payout price of \$5.30 per kgMS.

Grant Cleland & Emma Doherty
Research Services Analysts – Economics
Economics, Society and Infrastructure Team.
Parliamentary Library

Fonterra	Forecast payout for the 2014/15 season (\$ per kgMS)
28 th May 2014	\$7.00 farmgate milk price No dividend forecast made
29 th July 2014	\$6.00 farmgate milk price (\$6.20 - \$6.25 including dividend)
24 th September 2014	\$5.30 farmgate milk price (\$5.65 - \$5.75 including dividend)
10 th December 2014	\$4.70 farmgate milk price (\$4.95 - \$5.05 including dividend)
30 th April 2015	\$4.50 farmgate milk price (\$4.70 - \$4.80 including dividend)

Source: Fonterra.



This work is licensed under the Creative Commons Attribution 3.0 New Zealand licence. In essence, you are free to copy, distribute and adapt the work, as long as you attribute the work to the Parliamentary Library and abide by the other licence terms. To view a copy of this licence, visit <http://creativecommons.org/licenses/by/3.0/nz/>.