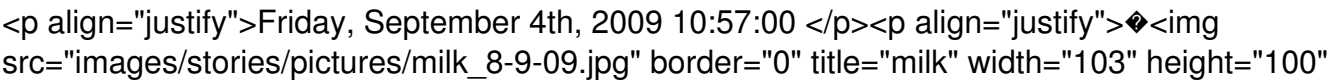


Global milk prices on the rise

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AUCKLAND: Milk powder prices have taken a second consecutive significant jump in two months rising 24.2 per cent at Fonterra's global DairyTrade Internet auction on Tuesday night, following a 25.8 per cent increase for the August auction.

The New Zealand Herald reported that Fonterra global trade managing director Kelvin Wickham was surprised by the higher than expected prices, but that a longer time was needed before it could be said markets had turned a corner. Stating that the price jump was a sign of continuing market volatility, he warned that if the wholemilk powder price moved much higher, prices could be suppressed in turn.

Still, many analysts are viewing the milk price positively, as it had earlier fallen to 2006 levels and the recent higher price quotes had clawed back the situation by about half but still way off the 2008 highs.

The price hikes were seen as a result of falling world milk production and stronger demand from customers.

Fonterra, the world's largest exporter of dairy products, announced an opening forecast payout to farmers for the 2010 season of NZ\$4.55 per kilogramme of milk solids, down 13 per cent from the previous season's NZ\$5.20 per kg, the paper reported.

In a related development, the New Zealand Dairy Workers Union is set to strike marking its first industrial action in 20 years after workers at the Open Country Cheese company site at Waharoa in Waikato voted to walk off the job.

The union employees decided to strike for eight days from September 16 after accusing the company of failing to negotiate a fair collective agreement. Open Country Cheese is New Zealand's second biggest dairy processor.

It isn't clear whether the strike could impact the next dairy auction, but negotiations between union officials and management would take place on Sept 9 in a final effort to reach agreement.

Source: <http://www.mmail.com.my/content/12434-global-milk-prices-rise>