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Protein popularity driving milk demand

Demand for milk is strengthening both globally and domestically, partly driven by growing consumer demand for protein-rich products, according to [ANZ's Winter Commodity InFocus report](#).

In Australia, growth in drinking milk sales have recorded consistent monthly growth since September 2025, driven heavily by the growth in “fresh flavoured” milks, which includes most high protein’ milk-based shakes or drinks.

ANZ Associate Director of Agribusiness Insights, Madeleine Swan, says despite the demand, dairy prices are currently on the decline.

“While the first quarter delivered nothing but improving prices, late March and April saw the script flipped with consecutive price falls.

“Much of that growth and subsequent decline can be attributed to global butter prices, which rallied early in the year but have trended lower since mid-2025 due to strong milk and milk fat production,” Ms Swan said.

Looking forward, the United States Department of Agriculture forecasts total global milk production for 2026 to rise 0.7 per cent – down from the growth in 2025 of 1.2 per cent, which may support prices.

The easing in growth is expected as increased feed and input costs start to squeeze producers’ margins and productivity.

Ms Swan says uncertainty around China’s import demand remains a key consideration for the sector.

“Chinese consumer demand remains subdued, reflecting weaker economic conditions and slowing population growth, which is weighing on demand for products such as infant formula.

“However, strong buying activity earlier in the year suggests China may be rebuilding milk powder stocks, which have declined in recent years.

“Another factor is the emergence of a new strain of Foot-and-Mouth Disease in key milk-producing regions, which may create further uncertainty around supply and demand dynamics,” Ms Swan concluded.

Further insights are available in the 2026 Winter edition of ANZ’s *Agri InFocus Commodity Insights* report.

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