

FORMULA PRICE - FEBRUARY 2014 - CONFIRMED

Dairy Co Datum data declared for **DECEMBER**, impacting the Formula milk price for **FEBRUARY**.



Net change, **-0.228p/l** to deliver a standard litre price of **31.261p/l*** (*mp.com 'flagship')

BASE PRICE CHANGE - standard seasonality/profile liquid contract variant

Base price	JANUARY	27.687
DECEMBER data revision		-0.228
Base price	FEBRUARY	27.459

COMMENTARY

The DC/DCD Liquid Formula milk price reduces by -0.228p/l for February, principally as a result of the £100/t fall to £1,650/t in cream returns for December. This leads to the Datum Cream Index falling by -0.58p/l from November to December. Cream markets proved to be very volatile during the month, with cream markets reported at £1,800/t early in December as Christmas deals were concluded, this contrasting with markets at £1,500/t later in the month as cream demand fell and milk production continued to be strong. This is the largest single month's fall in cream values since the Formula was launched from April.

No changes are recorded in retail four pints, or concentrate prices for December. AN fertilizer costs have increased by £8/t, whilst red diesel prices have increased from the further backdated reviewed price for November as it recorded the lowest red diesel p/l value of 2013.

The price differential between the reviewed December for February Formula vs Standard price has now increased to 1.129p/l.

As reported within the recent Newsletter, a review of the operation of the Formula for April 2014 is underway, these details to be concluded and circulated during February. In reviewing the performance of the Formula vs the standard litre p/litre for the entire April 2013/February 2014 period, the Formula price has held a price advantage vs the standard litre in 5 months out of the 11 completed. If assessing the comparison between the two prices paid, using an average 1m member using the UK RPA supply profile for the 11 months, if committing 100% to be priced by Formula, (which very few did), results in an overall average price of -0.21p/l less than the standard price overall, or -0.105p/l if supplying 50% (more typical) volume via the Formula.

Data below as declared through each month's Datum review. Any subsequent data revisions are incorporated in the rolling sequencing. Revisions indicated through the struck through data below.

FORMULA INDICES - UPDATE

		SEPTEMBER 13	OCTOBER 13	NOVEMBER 13	DECEMBER 13
Cream	£/t	£1,740	£1,700	£1,750	£1,650
Cream Index	ppl	9.91p	9.66p	9.90p	9.32p
Four Pints Retail	4 pints p	127p	127p	127p	127p
Feed - concentrate	£/t	£256	£256	£256	£256
Fertiliser - AN	£/t	£271	£248.50	£253.50	£261.50
Fuel - red diesel	p/l	71.96p 71.80p	69.15p 68.83p	67.75p 67.60p	68.65p

Indices applied via the milk price on a 'month after next basis' i.e. December impacting February price.

MONTHLY FORMULA CHANGE		-0.144p	-0.254p	-0.195p	-0.228p
FORMULA PRICE*		NOVEMBER	DECEMBER	JANUARY	FEBRUARY
		31.938p	31.684p	31.489p	31.261p
DC STD LIQUID PRICE*		32.390p	32.390p	32.390p	32.390p

*Formula & DC Std Litre p/l comparison for consistency based on mp.com flagship table profile inclusion of 1.10p/l at April '13 Formula launch. Latest mp.com RPA production profile data for Dec = 1.27p/l. All data rounded to 3 decimal places.

FORMULA INDICES - GRAPH DATA - Please see the following updates:

Using standard litre mp.com flagship table.

DECEMBER Dairy Co Datum data utilised to generate the FEBRUARY milk price.

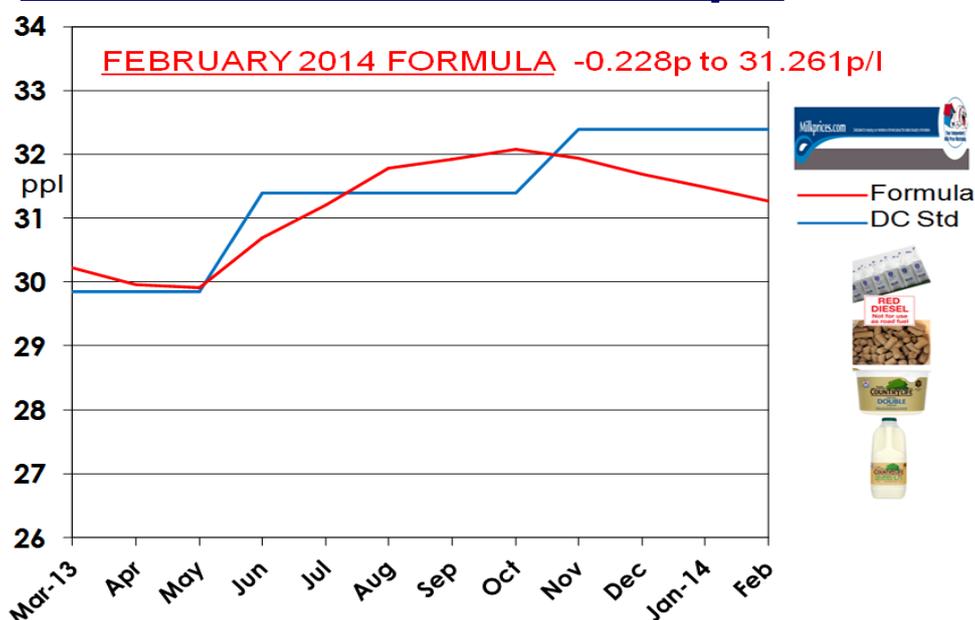
The comparison below made against the existing standard liquid price for February, with an advantage of +1.129p/l in favour of the standard liquid price.

Milk price difference between Standard Liquid and Formula since launch:-

March 2013 **29.850p/l** *Standard Liquid*

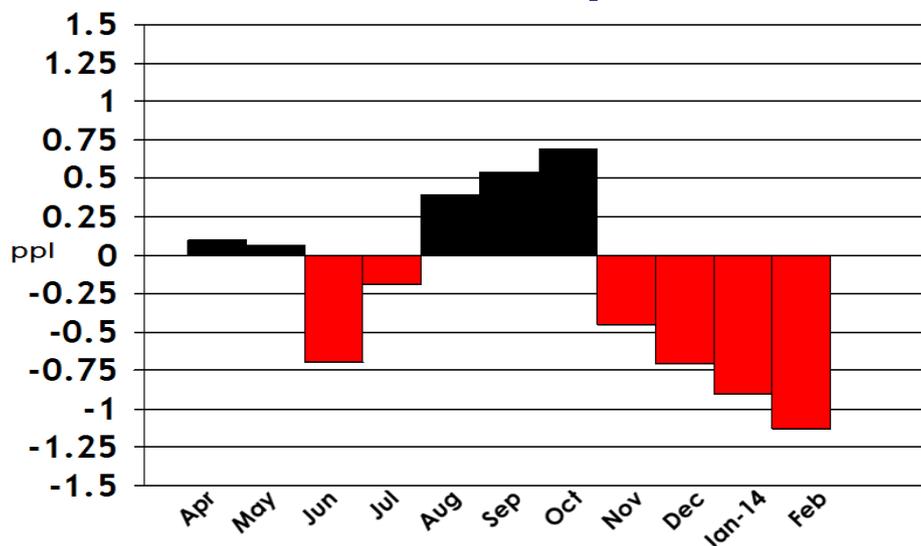
February 2014 **31.261p/l** *Formula, difference +1.411p/l*

FORMULA – Related Price p/l



Month by month +/- p/litre differentials Formula vs. Standard Liquid Contract

FORMULA vs. Std Liquid Price +/-

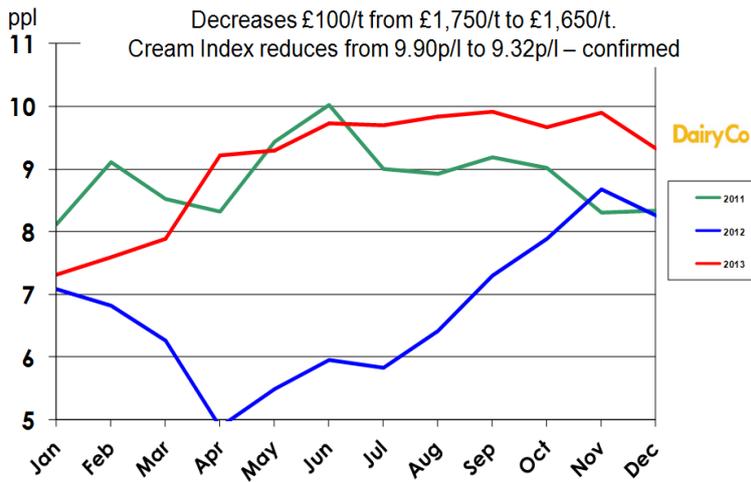


Please see updated parameter charts below - all declared for DEC 2013 by Dairy Co Datum - with permissions.

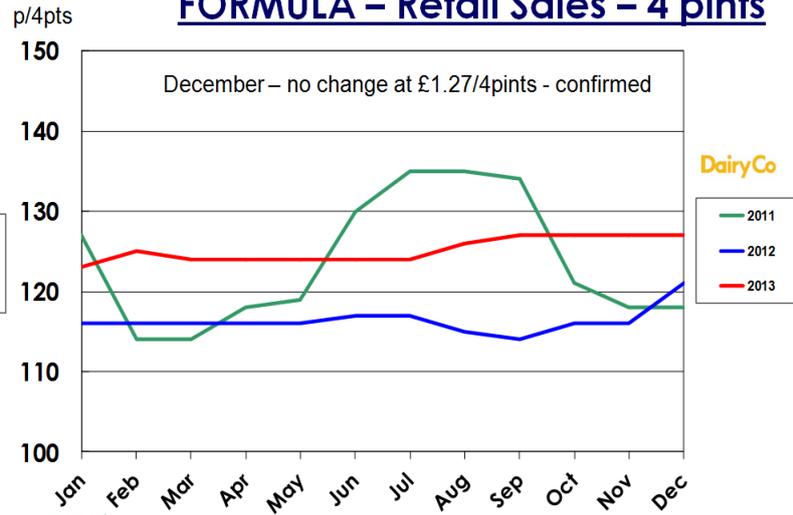
FORMULA DATA HIGHLIGHTS - DECEMBER 2013

- Cream - decreased by £100/t, and by -0.58p/l to the cream index.
- Retail four pints - no change.
- Feed/concentrates - no change.
- Fert - increased by £8/t this month
- Fuel - increased by +1.05p/l to 68.65p/l, with again a revision downwards of the Dept of Climate Change declared fuel stats for November's *Datum* review.
- Any subsequent revisions are incorporated in the rolling sequencing of the data - see DECC for fuel.

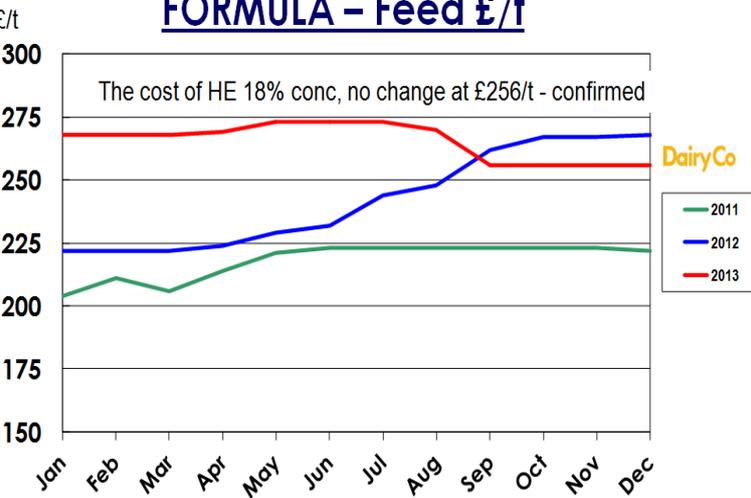
FORMULA – Cream Index – p/l



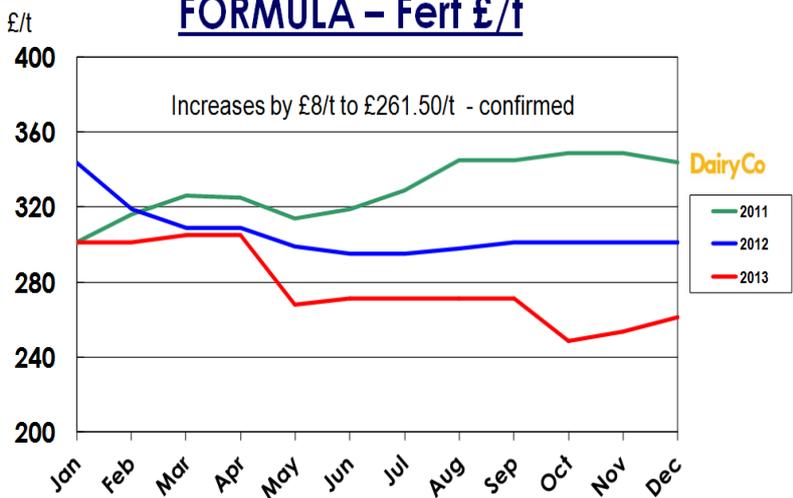
FORMULA – Retail Sales – 4 pints



FORMULA – Feed £/t



FORMULA – Fert £/t



FORMULA – Fuel p/l

