

FORMULA CONTRACTS - JUNE '15 - CONFIRMED



APRIL Dairy Co data declared impacting the Formula contract milk prices for **JUNE**
(Core Formula example below seasonality/profile variant). All prices milkprices.com 'flagship'



<u>Contract</u>	<u>Launch</u>	<u>Base Price</u> <u>May 15</u>	<u>Std Litre</u> <u>May 15</u>	<u>Price Change</u> <u>JUNE 15</u>	<u>Base Price</u> <u>JUNE 15</u>	<u>Std Litre</u> <u>JUNE 15</u>
CORE FORMULA	Jul/Oct 14	24.676p	28.648p	-0.030p	24.646p	28.618p
SIMPLIFIED FORMULA	April 14	27.048p	28.648p	-0.030p	27.018p	28.618p
Core Formula	April 14*	24.676p	28.838p	-0.030p	24.646p	28.808p
Standard Liquid Comparison		19.238p	23.210p	N/C	19.238p	23.210p

*Core Formula standard litre includes +0.19p/l premium only available for April 14 commitments.

COMMENTARY

After the last two months where small DC/DCD Formula price increases resulted, the five April AHDB Dairy (Dairy Co) Formula parameters record a small decrease **-0.030p/l** to apply for June. This again retains the Formula standard litre above 28.60p/l, as it has done during the first half of 2015. Also in contrast to virtually all other UK milk prices not supported by either a brand or retailer, the Formula price has only reduced by -0.6p/l overall during the January/June 2015 period.

Cream - All dairy ingredient market values decreased further during April, with bulk cream again reducing by £100/t for a second consecutive month; now at £970/t and the lowest cream value recorded for three years. This results in the latest cream income indicator reported by AHDB falling by a further 0.56p/l for April. EU and UK dairy market values continue to be under pressure against strong spring peak milk volumes. If this position continues to be sustained then larger cream influenced price reductions may feed through into Formula pricing in coming months.

Concentrates - HE 18% concentrate values recorded 'no change' for April. This despite Soya values (as a reliable indicator of protein values) falling below £300/t for the first time in three years. Meanwhile, feed wheat increased +£4.50/t to £127.80.

Fertiliser - No change with the ammonium nitrogen fertiliser price assessed for April. However, all other blended grades of fertiliser reduced during the month.

Red Diesel - Records a second consecutive monthly increase, and now at a high for 2015 at 52.49p/l.

Retail 4 pints - Down yet again, and now only just above £1 for 4 pints, the lowest 'price point' for 4 pints for five years.

Formula Outlook: - Against the current background prospects across the five Formula parameters, a more significant price reduction is now most likely to apply with the May data to apply for July.

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 - i.e. fuel and 4 pint data for March.

FORMULA INDICES - UPDATE

		<u>JANUARY 15</u>	<u>FEBRUARY 15</u>	<u>MARCH 15</u>	<u>APRIL 15</u>
Cream	£/t	£980	£1,170	£1,070	£970
Cream Index	ppl	5.58p	6.66p	6.08p	5.52p
Four Pints Retail	4 pints p	112p	110p	108p 107p	103p
Feed - concentrate	£/t	£236	£236	£232	£232
Fertiliser - AN	£/t	£277.50	£288	£289	£289
Fuel - red diesel	p/l	50.04p 49.73p	48.80p 48.69p	51.74p 51.70p	52.48p

Indices applied via the milk price on a 'month after next basis' i.e. April impacting June 15 price.

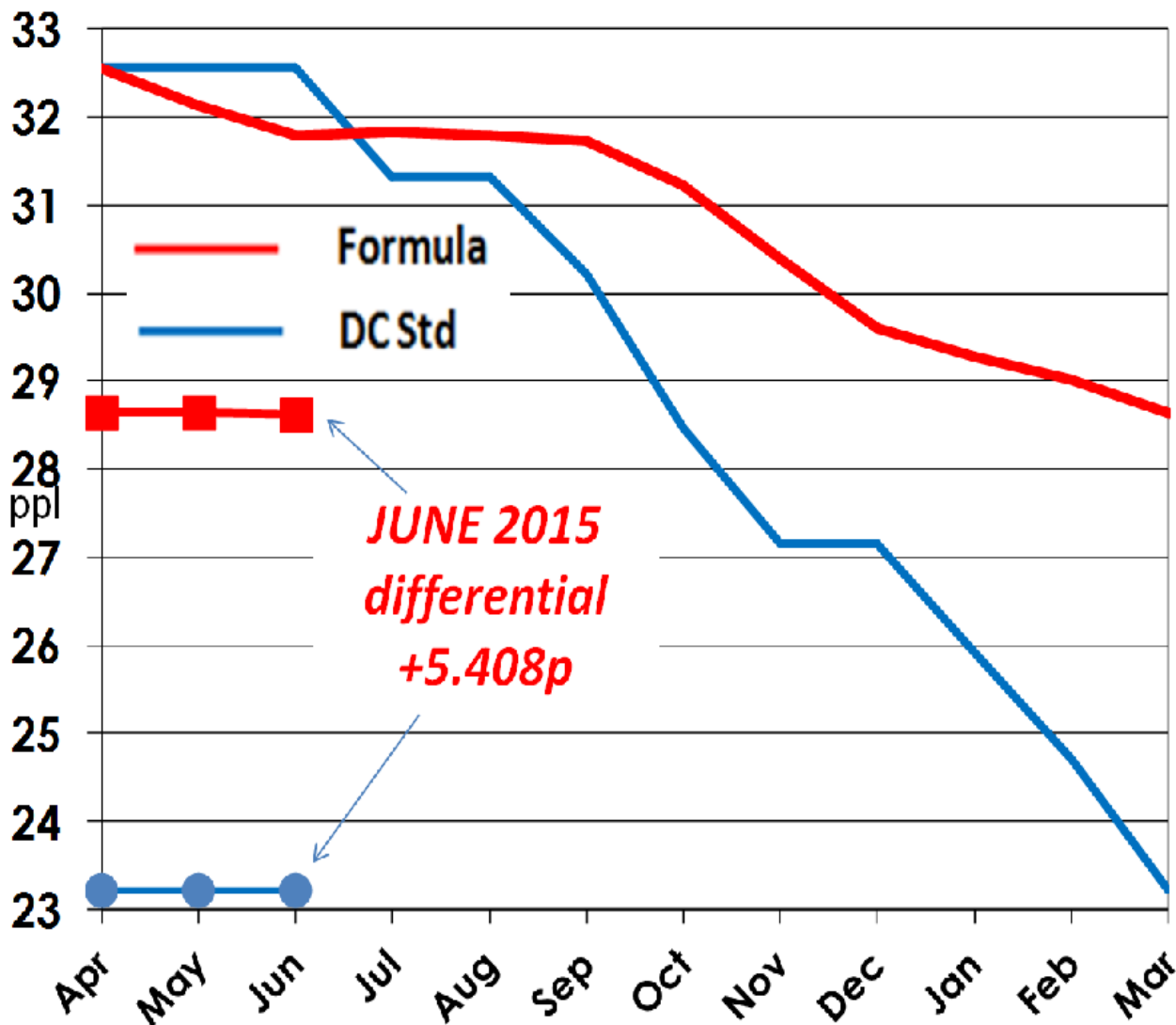
MILK PRICE APPLICABLE	<u>MARCH 15</u>	<u>APRIL 15</u>	<u>MAY 15</u>	<u>JUNE 15</u>
MONTHLY FORMULA CHANGE	-0.384p	+0.006p	+0.001p	-0.030p

*Formula & DC Std Litre p/l comparison for consistency based on mp.com flagship table profile inclusion of 1.27p/l at April '14 Formula launch based on Jan 14 RPA data. Latest mp.com RPA production profile data for Feb 15 = 1.21p/l. All data rounded to 3 decimal places.

2014/15 Formula Summary - update

APRIL AHDB Dairy (Dairy Co) published data is utilised to generate the JUNE milk price. The differential for the month of June between the Dairy Crest Standard Liquid Contract and the Simplified and latest Core Formula applicants now resulting in an advantage worth **+5.408p/l** for the Formula options.

FORMULA – Related Price 2014/15 p/l



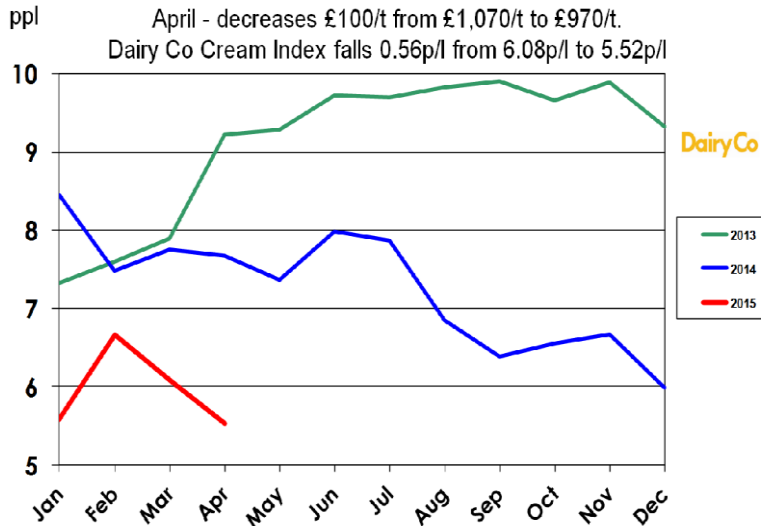
Please see updated parameter charts below - all declared for APRIL 2015

by Dairy Co Datum - with permissions.

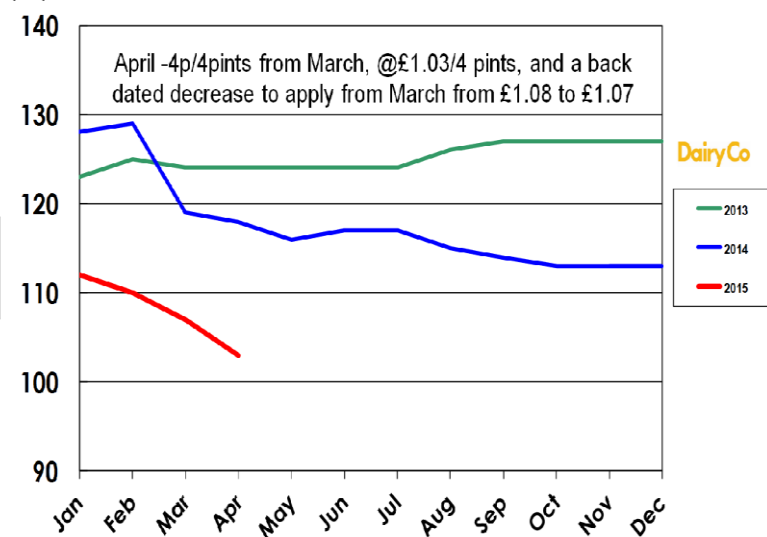
FORMULA DATA HIGHLIGHTS - APRIL 2015

- Cream - decreased by £100/t, and by +0.56p/l applied to the cream index.
- Retail four pints - down by 4p to 103p/4pints. Plus a backdated adjustment for March from 108p to 107p/4 pints.
- Feed/HE 18% and Fertilizer - no changes for April from March at £232 and £289/t respectively.
- Fuel - increased by +0.78p/l to 52.48p/l for April. Plus a further backdated adjustment to apply for March down from 51.74p/l to 51.70p/l.

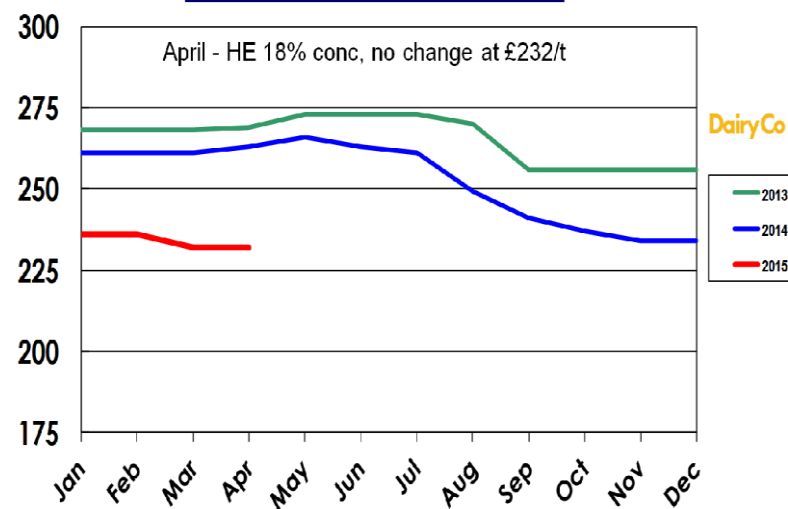
FORMULA – Cream Index – p/l



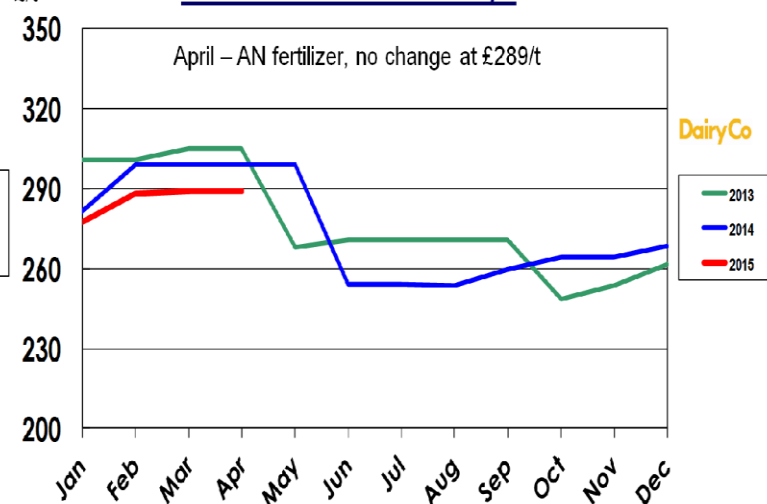
FORMULA – Retail Sales – 4 pints



FORMULA – Feed £/t



FORMULA – Fert £/t



FORMULA – Fuel p/l

