



Department
for Environment
Food & Rural Affairs



INTL FCStone Ltd.



UK Milk Futures Equivalent

DAIRY FUTURES/UK MILK FUTURES EQUIVALENT - 22 FEBRUARY 2016

Through our Dairy Fund Projects, we engaged with industry EEX Futures specialists, INTL FC Stone and milk.prices.com to pursue Dairy Futures opportunities. This to provide greater market knowledge of future dairy ingredient returns, and the potential longer term for Dairy Futures trades to be accessible to our dairy farmers. **UKMFE Futures** results recorded below are gross derived from future trades in butter/SMP converted to UK pence/litre equivalents at the latest exchange rates.

FUTURES RESULTS - Summary Updated - 220216

The reduction in the recent GDT auction events has had a direct impact on all EU dairy markets, and has therefore seen futures markets reduce. Futures markets for this autumn have recorded up to 2p/l reduction from January values for the July/December 2016 period, without any month delivering a gross price of 20p/l. The data for the forthcoming quarter (in red box) demonstrates how the market has declined for this same period during the past year losing almost 7p/l latest trade vs the Futures markets March 2015.

BELOW - LATEST AND BACKDATA GROSS UKMFE p/l.

Net UKMFE price (after transport and processor margin) delivers a low of 13.36p/l March 2016 (compares with AHDB January AMPE less 2p/l transport of 14.1p/l), and a UKMFE high of 16.90p/l April 2017.

TRADE DATE	DC STD	Aug 15	Sep 15	Oct 15	Nov 15	Dec 15	Jan 16	Feb 16	MAR 16	APR 16	MAY 16	JUNE 16	JULY 16	AUG 16	SEP 16	OCT 16	NOV 16	DEC 16	JAN 17	FEB 17	MAR 17	APR 17	
2015/16	PPL	23.09	21.69	21.69	21.69	21.69	21.69	21.19	20.69														
23 MAR	23.09	21.48	21.05	21.52	21.53	21.56	23.01	23.04	23.06	23.09	23.11												
20 APR	23.09	19.65	19.73	20.88	20.90	20.92	22.20	22.39	22.41	22.45	22.47	22.50											
25 MAY	23.09	19.05	19.07	19.94	20.29	20.30	21.39	21.41	21.42	21.99	22.01	22.22	22.42										
23 JUN	23.09	17.75	18.02	18.09	18.37	18.65	19.91	19.93	19.95	20.67	20.70	21.73	21.73	21.76									
20 JUL	23.09	16.12	16.17	16.29	16.06	17.29	17.12	17.14	17.16	18.05	18.07	18.09	19.42	19.44	19.47								
24 AUG	23.09		16.31	16.50	16.29	16.31	17.21	17.81	17.83	18.43	18.54	18.75	19.49	19.69	19.89	20.46							
28 SEP	21.69			18.45	18.74	19.32	19.14	19.70	19.63	20.93	20.95	20.97	21.36	21.76	22.15	22.54	22.93	23.32					
31 OCT	21.69				17.52	17.50	17.54	17.79	18.15	18.51	19.43	19.67	20.58	20.60	20.85	21.58	21.61	21.64	22.03				
23 NOV	21.69					16.38	16.65	16.84	17.11	17.47	18.12	18.40	18.78	18.80	19.35	20.33	20.36	20.39	20.55				
14 DEC	21.69						16.66	16.84	17.10	17.49	17.98	18.31	18.04	19.02	19.23	19.75	19.96	20.16	20.73	20.76			
18 JAN 16	21.69							17.50	17.62	17.62	18.00	18.18	18.90	19.11	19.32	20.01	20.21	20.44	20.93	21.15	21.36		
22 FEB 16	21.19								16.17	16.21	16.28	16.34	16.45	16.51	16.66	17.26	17.47	17.69	18.77	18.98	19.19	19.89	
MTH ON MTH CHANGE									-1.45	-1.41	-1.72	-1.84	-2.45	-2.60	-2.66	-2.75	-2.74	-2.75	-2.16	-2.17	-2.17		

a) Periods of trade on left axis, b) DC/Muller std Liquid (in green), c) **UKMFE Futures** (in blue), d) change since last review (in red). ALL PRICES IN TABLE GROSS PENCE PER LITRE

With many thanks and permissions: Stephen Bradley of milkprices.com and Charlie Hyland of INTL FC STONE.