



UK Milk Futures Equivalent

DAIRY FUTURES/UK MILK FUTURES EQUIVALENT - 23 MAY 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 - 230516

Further to recent improvement in GDT, and EU dairy auction results - sentiment has continued to improve. Resultant UK Milk Futures Equivalent based on latest EEX Futures therefore record improvements across all months verses one month ago. Futures markets are indicating a gross price of 20p/l remaining from November 2016 onwards - which is an improvement on recent results. The data for the forthcoming quarter (in red box) demonstrates how the market has declined for this same period during the past year losing OVER 4p/l latest trade vs. the Futures markets June 2015.

BELOW - LATEST AND BACKDATA ALL EXPRESSED AS GROSS UKMFE p/l.

To translate the Gross June 2016 price of 17.86p/l into a Net Price (after transport and processor margin) delivers a low of **14.96/l JUNE 2016** (up +1.12p/l from 13.84p/l 'LOW' 25th April), and a UKMFE high of **19.43p/l JULY 2017** (up +0.89p/l from the 'HIGH' from 25th April).

TRADE DATE	MM&I STD	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	MAY 17	JUN 17	JUL 17	
2015/16	PPL	21.69	21.69	21.69	21.69	21.19	20.69	19.34	18.49	18.00														
23 JUN	23.09	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	16.29	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	16.50	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	20.69						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				
21 MAR 16	20.69							16.42	16.68	17.04	17.18	17.40	17.63	18.16	18.36	18.55	19.30	19.52	19.74	20.34	20.56			
25 APR 16	19.34								16.86	17.04	17.49	17.86	18.07	18.41	18.82	19.33	19.45	19.95	20.57	20.88	21.20	21.62		
23 MAY 16	18.49									17.86	18.57	18.69	18.98	19.45	19.99	20.31	20.66	20.98	21.29	21.61	21.92	22.24	22.55	
										+0.82	+1.08	+0.83	+0.91	+1.04	+1.17	+0.98	+1.21	+1.03	+0.72	+0.73	+0.72	+0.62		

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.