



UK Milk Futures Equivalent

DAIRY FUTURES/UK MILK FUTURES EQUIVALENT (UKMFE) - 27 JUNE 2016

Through our Dairy Fund Projects, we engaged with industry EEX Futures specialists, INTL FC Stone and milkprices.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 - 270616

Further to recent improvement and stability in GDT, and much improved EU dairy auction results on the back of reductions in year on year EU milk production – dairy futures have stormed ahead during the last month. Resultant UK Milk Futures Equivalent (UKMFE) based on latest EEX Futures therefore record significant improvements advancing +3p/l+ across all months verses one month ago. For the first time in well over a year, all Futures markets are indicating a gross price above 21p/l, rising to over 26p/l from July 17. The data for the forthcoming quarter (in red box) demonstrates how the market has at last improved over the past 12 months.

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

To translate the Gross UKMFE July 2016 price of **21.73p/l** into a Net Price* (*after transport and processor margin) delivers a low of **18.64p/l** JULY 2016 (up +3.68p/l from 14.964p/l 'LOW' 23rd May), and a Gross UKMFE high for AUGUST 2017 of **26.67p/l** into a Net Price **23.24p/l*** (up +3.81p/l from the 'HIGH' from 23rd May).

TRADE DATE ↓	MM&I STD	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	AUG 17
2015/16	PPL	21.69	21.69	21.69	21.19	20.69	19.34	18.49	18.00	18.00													
20 JUL	23.09	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	16.29	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	18.74	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	
27 JUN 16	18.00									21.73	22.51	22.55	22.75	23.32	23.57	23.99	24.24	24.45	25.08	25.51	25.84	26.61	26.67
										+3.16	+3.82	+3.37	+3.30	+3.33	+3.26	+3.33	+3.26	+3.016	+3.47	+3.59	+3.60	+4.06	

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.