



UK Milk Futures Equivalent

DAIRY FUTURES/UK MILK FUTURES EQUIVALENT (UKMFE) – 19 SEPTEMBER 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 – 190916

Further to the much improved EU dairy auction results (France, Holland and Germany), GDT improvement, continued reductions in year on year EU milk production, dairy futures have increased significantly again during the last month. Resultant UK Milk Futures Equivalent (UKMFE), based on latest EEX Futures and currency exchange reports improvements across all months to Nov 2017. All Futures markets are indicating a gross price above 30p/l, for the first time in this dairy market cycle. The data for the forthcoming quarter (in red box) demonstrates how the market has improved over the past year, and for October 16 from a low of 17.26p in Feb, +13.16p/l (+76%) to 30.42p/l for September 16.

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

To translate the Gross UKMFE OCT 2016 price of **30.42p/l** into a Net Price* (*after transport and processor margin) delivers a low of **26.90p/l** OCT 2016 (up +2.23p/l from 24.67p/l 'LOW' 22 AUG), and a Gross UKMFE high for MARCH 2017 of **31.41p/l** into a Net Price **27.84p/l*** (up +0.69p/l from the 'HIGH' from 22 AUG).

TRADE DATE	MM&I STD	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	SEP 17	OCT 17	NOV 17	
2015/16	PPL	21.19	20.69	19.34	18.49	18.00	18.00	18.00	18.00	19.19														
31 OCT 15	21.69	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 15	21.69	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 15	21.69	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				
25 JUL 16	18.00							23.36	23.84	24.38	24.74	25.01	25.30	25.53	25.76	26.56	27.00	27.22	27.47	27.70	27.93			
22 AUG 16	18.00								28.08	28.71	28.88	29.02	29.45	29.52	29.75	29.89	30.13	30.36	30.18	30.20	30.23	30.68		
19 SEP 16	19.19									30.42	30.53	30.73	30.92	31.03	31.41	30.80	30.83	30.85	30.67	30.70	30.72	30.74	30.77	
										+1.71	+1.65	+1.72	+1.47	+1.51	+1.66	+0.91	+0.70	+0.49	+0.49	+0.50	+0.49	+0.06		

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.