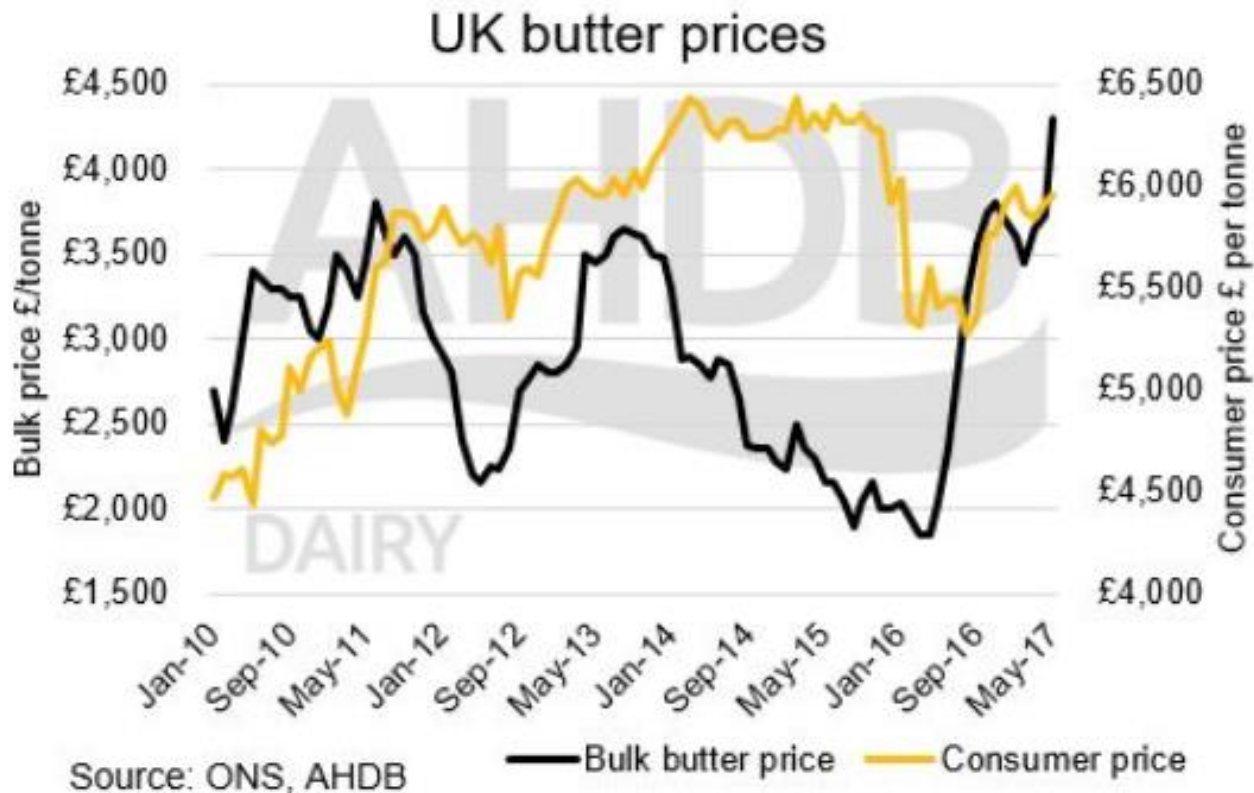


NFU Council – Dairy update

20th June 2017



UK Dairy Market..indicators





NFUnited
There's strength in members.

NFU supported by



NFU Mutual



More positive indicators

Price (€/tonne)	May-17	Apr-17	% diff.	May-16	%diff. 16-17
Butter	4,558	4,268	6.8%	2,535	79.8%
SMP	1,818	1,770	2.7%	1,648	10.3%
WMP	2,848	2,765	3.0%	1,980	43.8%
Whey	1,018	978	4.1%	555	83.4%
Average cheese*	3,416	3,376	1.2%	2,639	29.4%

**simple average Emmental, Gouda, Edam and Cheddar prices*

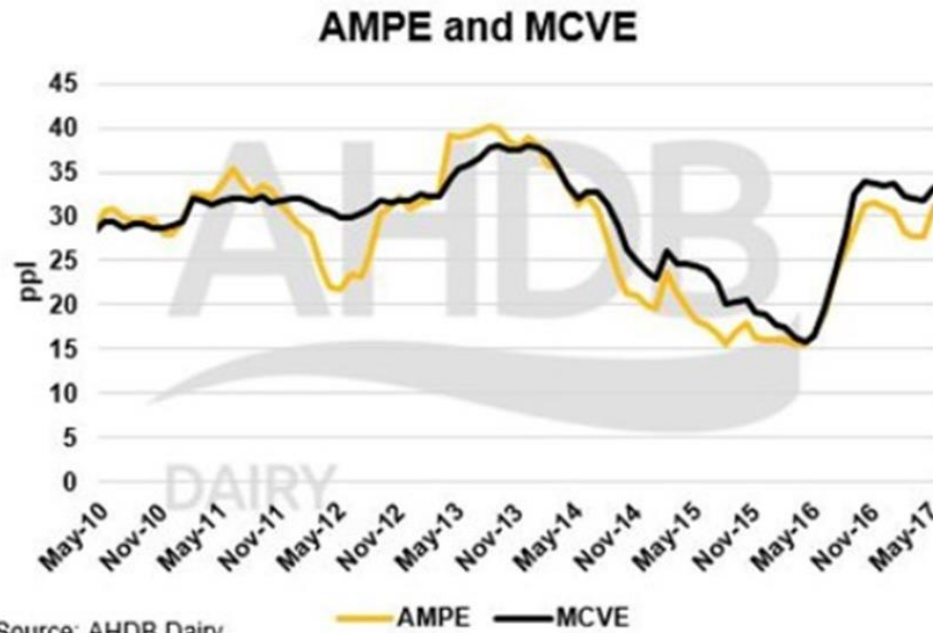
- Average wholesale butter price for May: £4,300/tonne (**112% higher than May 16**)
- Prices at the end of the month were **nearer £5000**



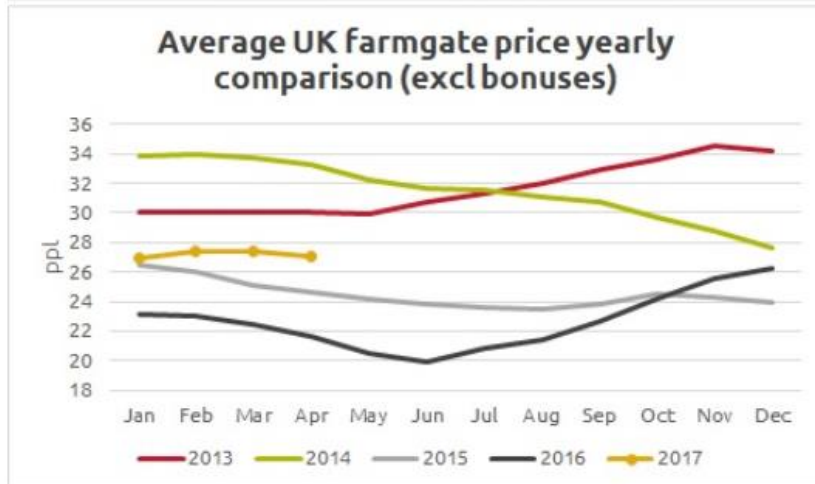
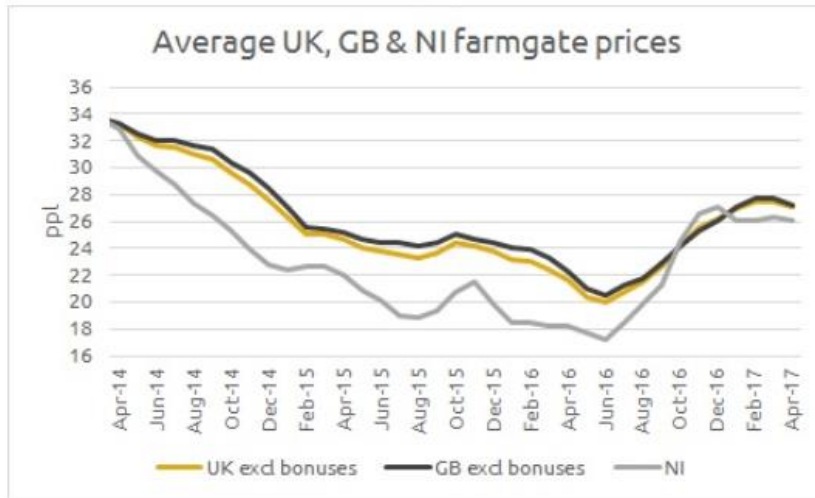
And even more +ve indicators

(ppl)	May 2017	1 Month Before	12 Months previously
AMPE	31.0	27.7	16.8
MCVE	33.3	31.8	16.6

Note: ppl change and percentage difference may differ due to rounding



The actual



- April milk price: 27.03ppl
- **1.6% drop on month**
- 25% up on April 2016
- April milk volumes reducing
- Whole milk spot: 31-32ppl
- Skimmed milk spot: 10-11ppl
- Good export demand
- Butter demand good
- SMP prices improving
- Various processors reducing farmgate milk prices



The actual

There is little detail on pricing mechanisms in milk contracts. Basing your milk pricing on that offered by others ('basket pricing') is the norm in the industry and there are numerous contracts that refer to vague terminology such as 'fair' or 'competitive' pricing.

PRICE PER LITRE:

A base price of 32.70 pence per litre will be paid linked to the basket below and constituent and compositional values in schedule 1.

This base price is as at 01/01/14, based on the 3 farm gate prices of Meadow Foods (32.55ppl), DC Liquid (32.50ppl) and Wiseman's England (32.50ppl), as published on milkprices.com.

The buyer will pay a fair price per litre according to the market conditions.

..... undertake to maintain a competitive milk price.

In the event of any concern by Producers that the price is not competitive a mutually acceptable authority may be referred to.



The solution

- Mandatory price reporting – *collated and audited UK data for main dairy products*
- Mandatory volume reporting - *collated and audited UK data for main dairy products*
- Trust and transparency
- Farmgate prices that are more linked to the market!
- Transparent and trusted pricing mechanisms