

DYKUN

Milk and dairy products prices monitoring
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ASSOCIATION OF DAIRY PRODUCERS

ANALYTICAL DEPARTMENT OF MILKUA.INFO

According to IFCN data, world milk prices in September amounted to 39 USD/100 kg of ECM, which is 1.6% higher than the price in August and 17% more than in September 2016.

This was reported by analyst of Association of Milk Producers of Ukraine (AVM) Yana Muzychenko.

The main drivers of the dairy market during this period were prices for milk fat. At the same time, in August, the gap between the price for butter and dry milk (SPM) was record high and amounted to 4083 USD/ton. This in turn is displayed in the current situation on the milk market. Last GDT trades (October 3) showed a drop in the Dairy Products Index by 2.4%. One of the reasons was the growth in supply of dairy products put up for sale. Under this condition the number of participants has decreased.

Powdered milk supply in the EU have not yet been sold, which further worsen the situation. Farms are rather concerned about such inactivity of the European Commission. Tender on September 19 did not bring any results. At the same time, the organizers do not plan to reduce the price, which is now higher than market price.

In addition, experts point out that not only demand, but also supply affects the growth of butter prices. According to European Commission data, the production of butter in the first half of the year decreased by 5.5%. The processors receive the biggest income from cheese and whey. Therefore, the growth of milk prices prompted farmers to increase milk production by changing the cows' ration. This in turn negatively affects the fat content in milk.

The price gap between butter and powdered milk, as well as the recovery of milk production in main countries- producers, can lead to decrease of milk prices. Though most likely it will be possible since the beginning of the new year. In the coming months, the focus will be on weather conditions in Oceania, because they will soon begin the season of «big milk».

What's in Ukraine? Milk prices during September also increased. The main drivers were: active export and low supply of milk.

The average price for Extra Grade milk in the market was 9.51 UAH/kg inclusive of VAT. It is 14.3% higher than in August and 53% more than in September last year.

The Higher Grade milk during the month added 12.3% to 9 UAH/kg, and the Grade I added 12% to 8.60 UAH/kg.

At the same time, in comparison to world prices, we are still next lower order. According to the results of September, the price of ECM in Ukraine was 29.16 USD/100 kg.