

DYKUN

Milk prices monitoring
January, 2023



ASSOCIATION OF DAIRY PRODUCERS

ANALYTICAL DEPARTMENT OF MILKUA.INFO

Purchase prices for milk have remained unchanged for more than a month.

This is reported by Yana Linetska, the analyst of the Association of Milk Producers.

Thus, the purchase price for Extra Grade, as of January 12, remained at the level of 12.18 UAH/kg excluding VAT. The price range varied from 11.90 to 12.50 UAH/kg. Higher Grade cost 12 UAH/kg with a range of 11.78-12.30 UAH/kg. Grade I remained at the level of 11.60 UAH/kg. This grade was offered from 11.27 to 11.90 UAH, depending on the lot.

The weighted average price of three grades remained at 11.92 UAH/kg.

Such long-term stability of the market is associated with the uncertainty of further developments. During December, the world market showed a decrease in the prices of exchange goods, such as butter and milk powder. Accordingly, purchase prices for milk in the main export regions are falling.

However, according to the FAO, cheese prices are rising against the background of growing demand in the world, particularly in Western Europe due to the Christmas and New Year holidays. This provided support to the dairy price index. Its value in December was 139.1 points, which is 1.1% higher than in November. It was the first increase after five months of decline. The average value of the Index in 2022 was 142.5 points, which was 19.6% higher than in 2021.

Such a mix of events on the world market influenced the fact that in December Ukraine supplied \$18.2 million worth of dairy products to export markets (categories 0401–0406), which is 24% less than in November and 5.2% less than in December 2021.

However, it should not be forgotten that Ukraine lost 1.08 million tons of milk during the year. Industrial farms produced 2.619 million tons of milk, which is 5.4% less than last year, but private households lost 15.7%, or 933.7 thousand tons — 5.012 million tons. Therefore, the market looks relatively balanced at the moment. Surplus volumes of milk are distributed among processors.

It seems that in the first half of 2023, the impact of domestic demand on pricing will increase. And here it is worth including all kinds of stimulating programs, such as lowering the VAT rate on socially significant products, such as dairy products and others, Yana Linetska notes.