

DYKUN

Milk prices monitoring
July, 2022



ASSOCIATION OF DAIRY PRODUCERS

ANALYTICAL DEPARTMENT OF MILKUA.INFO

In early July, purchase prices for milk developed in a multidirectional trend. Prices for production resources continue to pressurize the market. At the same time, active export of dairy products supports it. It is reported by an analyst of the Association of Milk Producers Yana Linetska.

According to the latest monitoring on July 7, procurement prices for Extra Grade milk rose by 0.07 UAH on average to 10.64 UAH per kilo excluding VAT. The price range varied from 9.50 to 11.15 UAH per kg, depending on the region and especially on the batch volume.

At the same time, the price for Higher Grade milk dropped by 0.01 UAH — to 10.02 UAH. The price for Grade I dropped by 0.11 UAH to 9.80 UAH per kg.

«As a result, the weighted average price of milk of three grades has dropped by 0.02 UAH — up to 10.15 UAH per kg. It is 0.39 UAH lower than the prewar level».

Linetska notes that the increase in exports of dairy commodities by one-third should give more support to prices. Processors are ready to raise prices only for Extra Grade milk. At the same time, they try to make it cheaper in the segment of lower grades and household milk, the share of which in processing has recently increased.

High fuel prices (+71% from the beginning of the war) have significantly increased the cost of new fodder crop, which is the main component of the ration for cows. At the same time, the decrease of prices for grain and oilseeds on the domestic market have left farmers without working capital, and a solution to this problem is not expected in the near future. Their main sales usually took place at the end of February-March and this year they were not able to sell grain because of the war. Moreover, the sowing campaign this year was much more expensive than last year.

«In addition, the export of cattle has not been adjusted yet, which makes selling livestock impossible, and its maintenance cost is very high for farmers».

Most farms in Ukraine-controlled territories are trying not to reduce the number of cows besides milk yield, which means that cattle maintenance cost remain high against lower volumes of sales.

«If market conditions do not change in the near future, farmers will have to adjust the size of the herd, because it is not possible to keep it at the expense of the new harvest, the cost of growing of which is already 70–80% higher than the previous year», the expert says.