

DYKUN

Milk prices monitoring
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ASSOCIATION OF DAIRY PRODUCERS

ANALYTICAL DEPARTMENT OF MILKUA.INFO

Purchase prices for milk in Ukraine are almost unchanged with some point strengthening. However, these are not even pre-war figures.

During the four months of full-scale war, Ukraine's dairy industry was able to adapt to completely new realities and continues to address new challenges: from a shortage of farm staff to border problems with exports.

According to the monitoring data on June 21, the average price of milk increased by 0.04 UAH to 10.17 UAH/kg (excluding VAT) compared to the previous monitoring in early June. However, the weighted average price of milk remains 4% lower than in January this year. Processors buy a kilogram of Extra Grade at an average of 10.57 UAH, which is 0.04 UAH above the price of the previous two weeks. Higher Grade costs 10.03 UAH/kg (+0.06 UAH), and Grade I cost 9.91 UAH (+0.03 UAH). Price is supported by a gradual revival of dairy exports and the return of some Ukrainians from abroad.

According to the Border Guard Service, about 30 thousand Ukrainians return to Ukraine every day. This, in turn, makes it possible to increase the demand for dairy products in the domestic market.

In addition, dairy exports, although to a lesser extent than the market needs, are still taking place. At present, the world dairy market formed favorable prices for dairy products, which supports the domestic market. According to the State Customs Service, in the first four months of 2022, dairy products were exported for 47.4 million dollars, which is 16.1% less than in the same period last year. More than half of exports were for butter (\$12.5 million) and condensed milk and cream (\$18.9 million). The main trading partners for Ukraine today are the EU countries (Poland, the Netherlands) and Moldova.

Currently, the growth of milk prices by 0.02-0.04 UAH with a gap of two weeks is quite weak compared to the ongoing inflation. Due to the significant increase in fuel and other components of the cost, milk prices are unreasonably low. And this situation is observed not only in Ukraine, but also in all top milk-producing countries. The dairy market is "feverish", and record prices for dairy products are unable to cover production costs. The average price of milk in Europe for the year rose by almost a third to a record 46 euros per cent.

Further development of the price situation will depend on the activity of foreign trade and the general climate on the world stage. The main focus will be on exports, as domestic consumption will be limited by purchasing power.