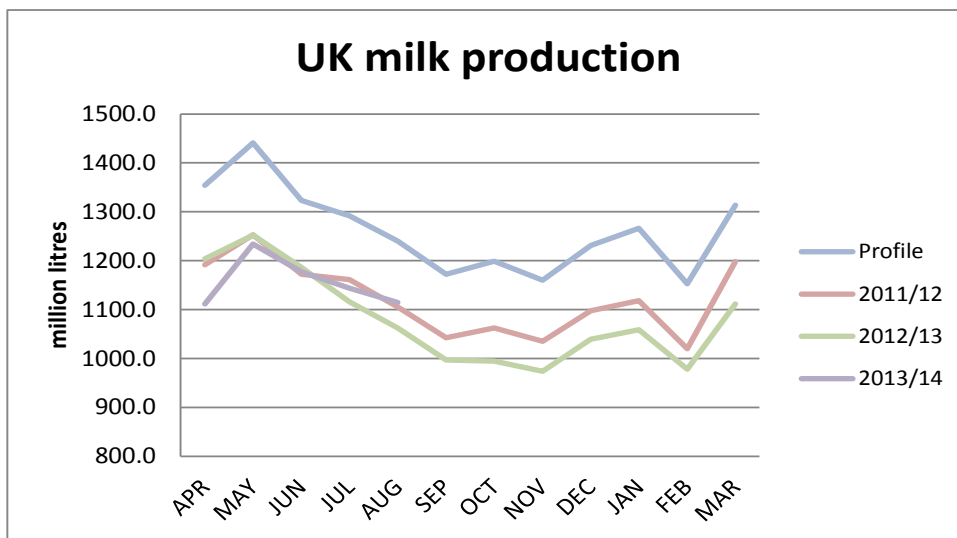


# The Dairy Group

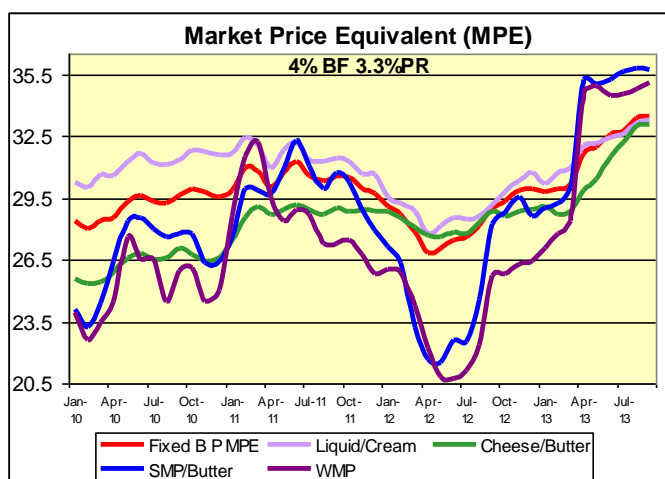
## Dairy market report 8<sup>th</sup> October 2013

### UK milk production

The UK unadjusted production in September of 1062 million litres was 65 million litres (6.5%) above last year and 110 million litres below The Dairy Group quota profile. The September butterfat was 4.04%, which was 7 points below last year. The UK annual rolling production to September 2013 has increased to 13,000 million litres, which was 2,220 million litres (14.6%) below quota. The 12 month rolling butterfat reduces to 4.04%, which is 7 points above the UK butterfat base of 3.97%, which reduces the under production by 164 million litres to 2,056 million litres (13.5%) below quota. UK milk production is following a similar pattern to 2011/12.



### Market Prices



The Market Price Equivalent (MPE) is still rising, up 0.11 to 33.47 ppl, due to further rises in liquid, mature cheddar, mild cheddar and cream, although butter and powders have stabilised at their high level. The range across the sectors continues to narrow as the core products respond to sustained high commodity prices. The latest GDT auction in New Zealand was flat at +0.3% across all periods, with only butter up. The MPE is now up 4.47 ppl on the year and up 3.26 ppl since March 2013. New Zealand (forecast +6% growth) and Australia are having a good start to their season which would bring

their rolling production back up to previous levels.

### Mineral – new tender prices ~ from £332/t + haulage

Our latest mineral tender has seen a 4% fall in the price, with our high quality dairy mineral now £332/t plus haulage (typically £40/t).