Dairy statistics

An insider's guide 2015

AHDB

DAIRY

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Introduction

This insider's guide has been designed to give readers the answers to the most frequently asked questions about the dairy industry in the UK and the world.

It provides data stretching from the farmgate to consumers and this 'snapshot' of the dairy industry is increasingly used by the media and farmer groups to improve bargaining power and start informed debates.

In addition to the information provided in this guide, please find details of web addresses on page 75 which explain the areas discussed in more detail.

We would like to express our gratitude to the many individuals and organisations who have provided statistics found in this publication. This support is gratefully acknowledged.

To receive free, regular market updates emailed to you every week, call the MI team on 024 7647 8685 or email datum@ahdb.org.uk and ask for the free AHDB Dairy, Dairy Market Weekly.

Further information on these topics can be found at dairy.ahdb.org.uk

Market Intelligence Team

AHDB Dairy

Farm inputs
UK feed prices

As a result of high levels of global grain production, feed prices were largely under pressure in 2014.

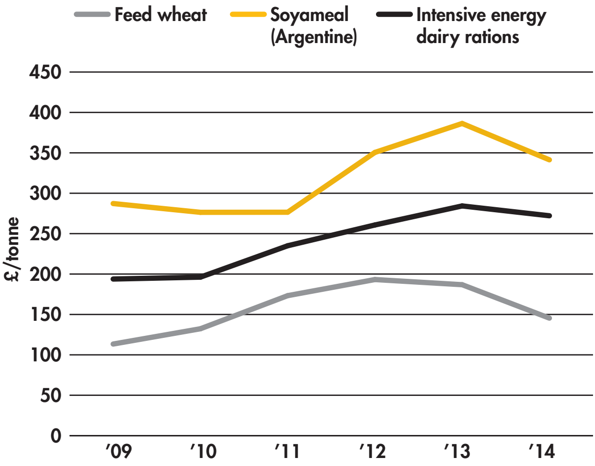
The price of feed wheat fell by £41/tonne (22.1%) and the price of Intensive energy dairy feed fell by £12/tonne (4.3%) on 2013.

	Average price (£/tonne)		
	2009	2013	2014
Feed wheat	113	187	145
Soyameal (Argentine)	287	386	341
Intensive energy dairy rations	194	284	272

Note: Prices are from different outlets: Feed wheat (Delivered), Soyameal (Ex-store), Intensive energy dairy rations (On-farm).

Source: ©FARM BRIEF, AHDB Cereals & Oilseeds.

UK feed prices



Source: ©FARM BRIEF, AHDB Cereals & Oilseeds.

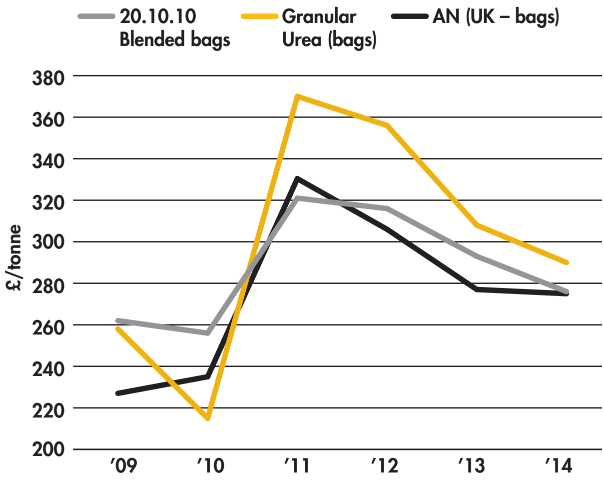
Farm inputs
UK fertiliser prices

Global fertiliser (nitrogen, phosphate and potassium) manufacture and supply during 2013 and 2014 increased fertiliser stocks. With lower global crop prices resulting in many farmers reducing areas planted or managing areas less intensively, fertiliser supply has been greater than demand resulting in a downward pressure on fertiliser prices.

	Average price (£/tonne)		
	2009	2013	2014
20.10.10 Blended bags	262	293	276
Granular Urea (bags)	258	308	290
AN (UK – bags)	227	277	275

Source: ©FARM BRIEF.

UK fertiliser prices



Note: Urea data prior to Jan 2012 is based upon prilled Urea as Granular prices were not available.

Source: ©FARM BRIEF.

Farm inputs
Oil prices

Crude oil oversupply and speculation during a continued period of weaker global demand resulted in a significant fall in oil prices in 2014.

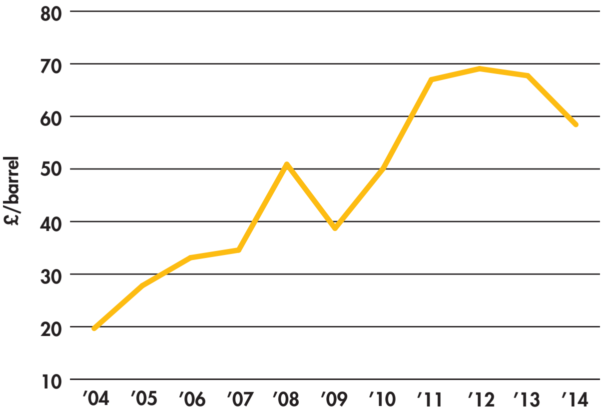
Oil prices fell 9.0% in 2014 on the previous year to an average price of $96.29/barrel. However, this price was still up 167.1% on the average price a decade ago.

The 2014 average price in Sterling of £58.44/barrel was 13.7% lower than 2013.

	Average oil price		
	2004	2013	2014
US$/barrel	36.05	105.87	96.29
£/barrel	19.67	67.74	58.44

Source: OPEC. Prices have been converted from US$/barrel using average annual exchange rates.

Average oil prices



Source: OPEC. Prices have been converted from US$/barrel using average annual exchange rates.

Farm inputs

GB land prices

The average price for pasture land in England and Wales stood at £17,931/hectare in H2-2014, an increase of £263 (1.5%) from H1-2014. The average price for arable land was £22,706/hectare in H2-2014, up £506 on H1-2014 (2.3%).

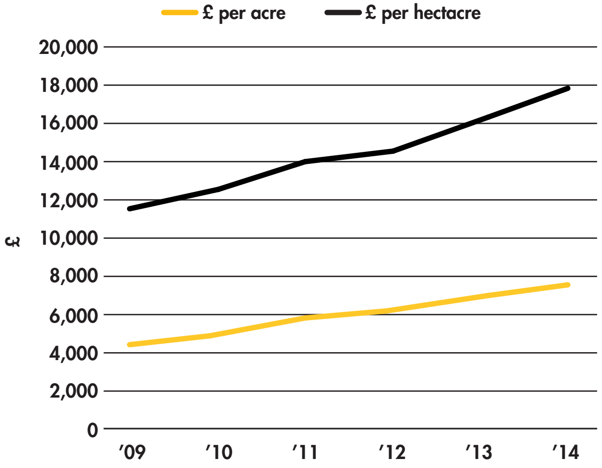
The highest pasture land price in H2-2014 was seen in both the North West and the West Midlands at £20,386/hectare, up 4.8% and 10.0%, respectively, on H1-2014. The lowest price was in Scotland at £7,413/hectare, unchanged on H1-2014.

The highest price for arable land was £24,711/hectare, which was recorded in Eastern England for H2-2014. The lowest price was in Scotland at £14,209/hectare, down 4.2% on H1-2014 but up 15.0% on H2-2013.

	Land prices for dairy farms (pasture land) in England and Wales	
	£/ac	£/ha
H2-2014	7,256	17,931

Note: H1 refers to the January to June period, H2 refers to the July to December period.
Source: RICS Farmland Market Survey.

Land prices – England and Wales



Note: The above graph shows annual average prices for pasture land.
Source: AHDB Dairy, RICS Rural Land Market Survey.

Farm inputs

Land rent levels in England and Wales

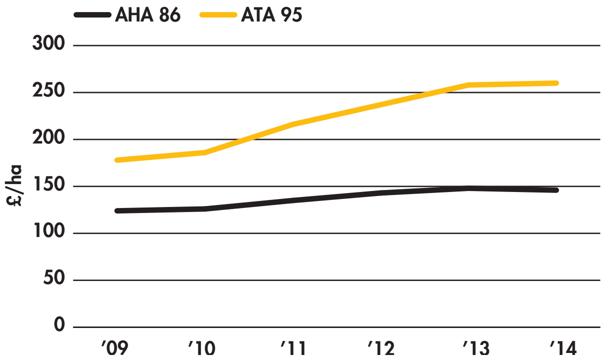
The average rent for pasture land in England and Wales (ATA 95) rose by £9 (3.4%) between H1-2014 and H2-2014 to £265/hectare. The highest average rent level in H2-2014 was in the North West at £371/hectare, with the lowest in the East at £154/hectare. Pasture land rents in England and Wales under AHA 86 were down £10/hectare on average over the same period.

The average rent price for arable land in England and Wales (ATA 95) fell between H1-2014 and H2-2014 by £11 (2.7%) to £390/hectare. Land rental under AHA 86 showed a 2.0% increase to £205/hectare for the same period.

	Land rent levels for dairy farms (pasture land) in England and Wales			
	AHA 86		ATA 95	
	£/ac	£/ha	£/ac	£/ha
H2-2014	57	141	107	265

Note: H1 refers to the January to June period, H2 refers to the July to December period.
AHA 86 – The Agricultural Holdings Act 1986, ATA 95 – The Agricultural Tenancies Act 1995
Source: RICS Rural Land Market Survey.

Land rent levels – England and Wales



Note: The above graph shows annual average rental prices for pasture land.
AHA 86 – The Agricultural Holdings Act 1986. ATA 95 – The Agricultural Tenancies Act 1995.
Source: AHDB Dairy, RICS Rural Land Market Survey.

On-farm data
UK dairy farm numbers

In June 2014, there were 13,815 dairy farms in UK, down 344 (2.4%) on 2013.

In the past ten years, the number of dairy farms in England and Wales has fallen by 35.2%. In Scotland, the number of dairy farms has fallen by 43.5% and in Northern Ireland by 36.8%.

	Farm numbers as at June		
	2004	2013	2014
England & Wales	15,846	10,581	10,274
Scotland*	1,569	894	886
GB	17,415	11,475	11,160
Northern Ireland**	4,201	2,684	2,655
UK	21,616	14,159	13,815

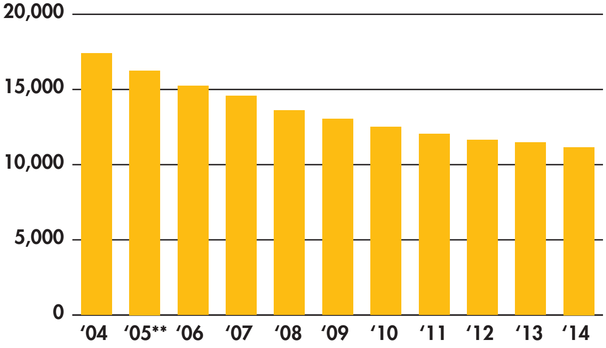
For England and Wales, all premises where milk is produced are referred to as 'Production Holdings'; this includes holdings with sheep, goats and buffalo.

*Figures for Scotland are for dairy type holdings – where dairy farming contributes more than two-thirds of the holding standard gross margins up until 2012. As of June 2013, Scotland has changed its typology which is now based on 11 farm types and uses the cattle tracing scheme resulting in a significant fall in the number of holdings compared with 2012.

**Change in methodology in Northern Ireland from 2005 to use APHIS.

Source: DHI, DARD, FSA, SEERAD.

GB dairy farm numbers



Source: DHI, FSA, SEERAD.

On-farm data

Producer numbers by region

Figures are for June unless otherwise stated.

Scotland	2004	1,569
	2013*	894
	2014	886
North	2004	3,048
	2013	2,120
	2014	2,018
Midlands	2004	4,182
	2013	2,777
	2014	2,702
South West	2004	4,506
	2013	3,105
	2014	3,178
South East	2004	1,068
	2013	616
	2014	596
Wales	2004	2,727
	2013	1,890
	2014	1,853

Note: September figures were used for 2004. Therefore, figures do not match exactly with the farm numbers table on page 11.

*Figures for Scotland are for dairy-type holdings – where dairy farming contributes more than two-thirds of the holding standard gross margins up until 2012. As of June 2013, Scotland has changed its typology which is now based on 11 farm types and uses the cattle tracing scheme resulting in a significant fall in the number of holdings compared with 2012.

Source: DHI, FSA, SEERAD.

On-farm data

EU dairy producer numbers

In 2013/14, there were 878,215 dairy farmers in the 28 EU member states.

The population of dairy farmers in the EU-15 fell by 19.1% (80,557 farmers) between 2008/09 and 2013/14 – this is approximately 44 farmers per day that left the industry over the last five years.

EU dairy producer numbers

	Thousand dairy farmers			
	08/09	11/12	12/13	13/14
Austria	55.3	48.8	46.5	44.5
Belgium	11.9	10.3	9.8	9.4
Denmark	4.5	4.0	3.8	3.6
Finland	13.1	10.9	10.2	9.6
France	92.8	80.3	77.2	74.4
Germany	95.2	83.9	80.8	77.3
Greece	5.1	3.9	3.7	3.6
Ireland	20.6	19.2	18.5	19.1
Italy	43.9	38.8	37.4	36.0
Luxembourg	0.9	0.8	0.8	0.7
Netherlands	20.4	18.9	18.5	18.2
Portugal	10.0	7.5	7.0	6.5
Spain	24.0	20.7	19.6	18.8
Sweden	6.9	5.8	5.4	5.1
UK	16.9	15.0	14.5	14.1
EU-15	421.4	368.6	353.8	340.9
Cyprus	0.2	0.2	0.2	0.2
Czech Republic	2.6	2.4	2.3	2.2
Estonia	1.3	1.0	0.9	0.9

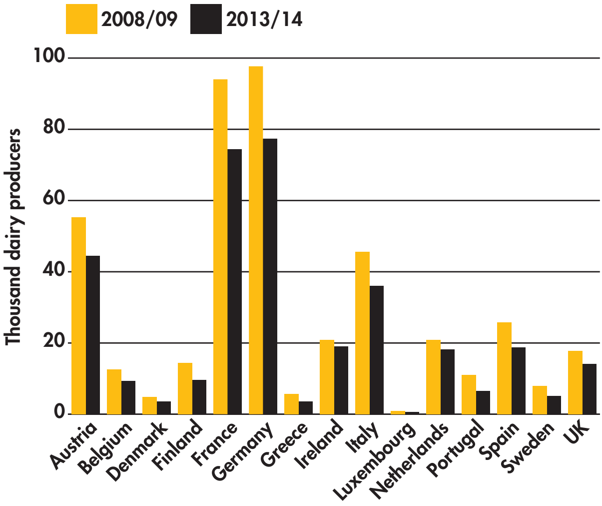
Table continues overleaf

	Thousand dairy farmers			
	08/09	11/12	12/13	13/14
Hungary	6.4	4.7	4.3	4.2
Latvia	17.6	11.6	11.2	10.7
Lithuania	60.8	44.4	41.3	38.8
Malta	0.1	0.1	0.1	0.1
Poland	207.6	162.1	153.0	144.8
Slovakia	0.8	0.9	0.8	0.8
Slovenia	9.8	8.5	8.2	7.9
EU-25	728.8	604.3	576.1	551.4
Bulgaria	107.2	13.8	10.8	9.1
Romania	503.6	368.0	335.0	304.7
EU-27	1,339.5	986.2	922.0	865.2
Croatia	n/a	n/a	n/a	13.0
EU-28	n/a	n/a	n/a	878.2

Note: The country numbers are based upon those producers filing milk delivery and those filing direct sales which may lead to a slight overestimation of country totals. Figures shown are to provide a guide.

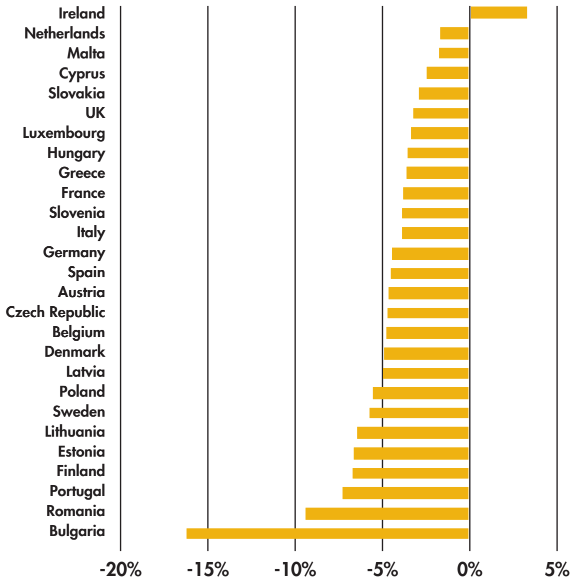
Source: EU Commission/AHDB Dairy.

EU-15 dairy producer numbers



Source: EU Commission/AHDB Dairy.

Change in number of dairy producers per country between 2012/13 and 2013/14 (%)



Source: EU Commission/AHDB Dairy.

On-farm data
UK dairy cow numbers

The number of cows in the UK increased by 3.3% in 2014 on 2013. The largest increase in percentage terms was seen in Northern Ireland at 5.3%.

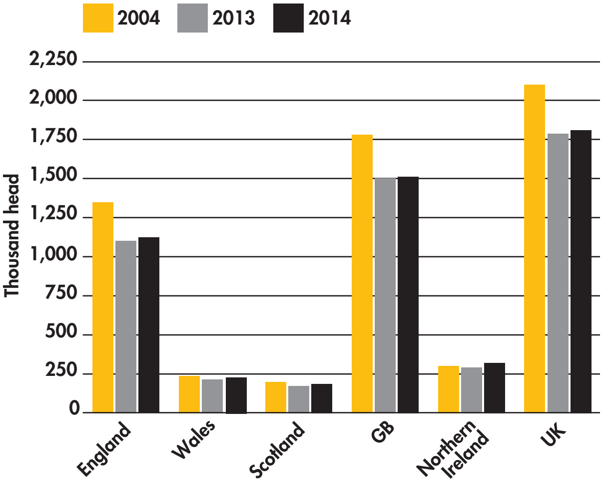
	Thousand head		
	2004	2013	2014
England	1,374	1,113	1,143
Wales	245	223	234
Scotland	195	166	170
GB	1,814	1,502	1,547
Northern Ireland	288	279	294
UK	2,102	1,782	1,841

Note: Dairy cow numbers refer to dairy female cattle aged two years or more with offspring.

England and Wales figures have been sourced through CTS (cattle tracing system), Northern Ireland data has been sourced through APHIS, Scotland uses survey data. CTS/APHIS use breed of cattle to identify purpose.

Source: Defra, DARD, Welsh Government, SEERAD.

UK dairy cow numbers



Source: Defra, DARD, Welsh Government, SEERAD.

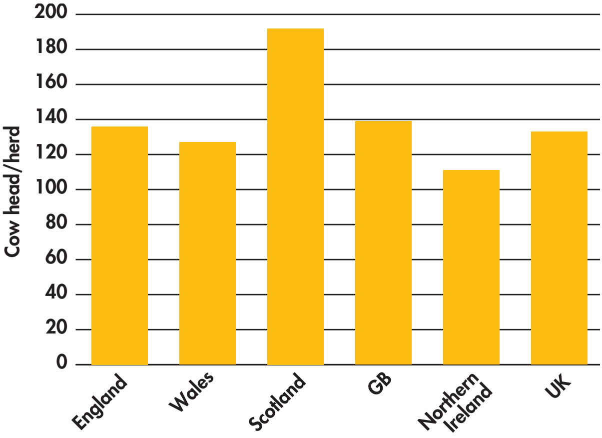
On-farm data
UK average herd size

The UK average herd size increased 5.9% between 2013 and 2014. The largest increase was seen in Wales at 7.4%.

	June census		
	2004	2013	2014
England	105	128	136
Wales	88	118	127
Scotland	124	185	192
GB	104	131	139
Northern Ireland	69	104	111
UK	97	126	133

Note: Figures calculated from number of dairy cows by registered dairy production holdings.
Source: Defra, DARD, DHI, SEERAD, Welsh Government.

UK average herd size in 2014



Source: Defra, DARD, DHI, SEERAD, Welsh Government.

On-farm data

EU dairy cow numbers

The EU-15 had 77.2% of dairy cows in the EU-28 in 2014 with the UK herd representing 8.0% of the total EU-28 dairy cow population.

	Thousand head		
	2004	2013*	2014*
UK	2,054	1,817	1,883
EU-15	18,732	18,043	18,192
EU-25	23,302	21,831	21,925
EU-27	25,196	23,313	23,415
EU-28	n/a	23,481	23,574
UK% (EU-28)	n/a	7.7%	8.0%

*Provisional.

Note: Eurostat figures for the UK are different from the UK dairy cow numbers on page 16 since figures are collated from different sources.

Croatia data unavailable for 2004.

Source: Eurostat.

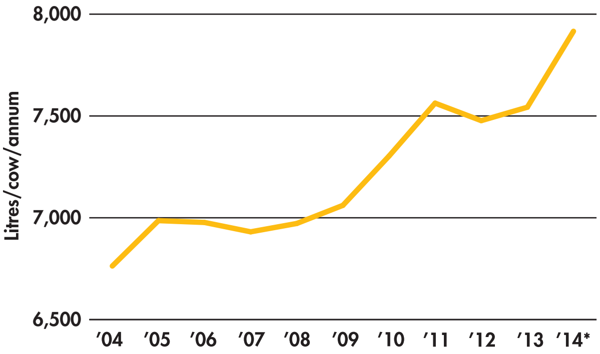
On-farm data
UK average milk yield

In 2014, the UK annual average milk yield rose by 373 litres/cow (4.9%) on 2013 and was 17.1% higher than in 2004.

	Litres/cow/annum
2004	6,763
2011	7,563
2012	7,477
2013	7,543
2014*	7,916

*Provisional.
Source: Defra.

UK average milk yield



*Provisional.
Source: Defra.

On-farm data

TB incidences in cattle in GB

The number of cattle being slaughtered due to TB increased by 0.8% (247) between 2013 and 2014.

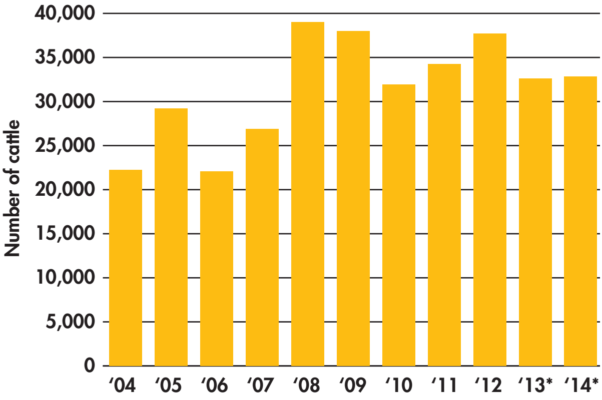
	Number of cattle slaughtered for TB in GB
2004	22,214
2012	37,735
2013*	32,612
2014*	32,859

*Provisional.

Note: Statistics above are for all cattle slaughtered due to TB not just dairy cattle.

Source: Defra.

Number of cattle slaughtered for TB in GB



*Provisional.

Source: Defra.

On-farm data

Profitability of dairy production systems

The AHDB Dairy Evidence Report on GB Dairy Herd Performance 2013/14 highlighted the following findings:

- In 2013/14, the top quartile of producers managed to achieve a net margin of 7 pence per litre (ppl), contrasting with the bottom quartile making a loss of 4ppl, a range of 11ppl, when full economic costs are considered
- The top quartile of dairy farms achieved 9% higher milk yield than the bottom quartile performers but, more importantly, had a total cost of production which was 27% lower on a ppl basis
- 70% of the difference in cost of production between the top and bottom performing herds was explained by four cost areas:
  - Herd replacement cost
  - Feed and forage cost
  - Labour cost
  - Power and machinery cost.
- The 2013/14 results have shown that herd replacement cost is a significant figure in most enterprises, accounting for 7 to 13% of the total cost of production
- Feed and forage cost, typically, contribute to between 30 and 40% of the total costs of production
- On a per hectare basis, the labour cost is similar for the top and bottom quartiles yet revenue is over £2,000 per ha more for the better performing herds
- On the most efficient farms, machinery, fuel and repair costs per litre of milk were at least 30% (1.6ppl) lower than the bottom 25% performers

- Herds at all levels of production can achieve a good net margin ppl

- The UK is not comparing as favourably in global terms as it was in 2012, in part due to exchange rate movements, however, in Western Europe the UK still has reasonably low total costs of milk production

	Top 25%	Bottom 25%
Number of farms	85	85
Average herd size (cows)	240	157
Dairy stocking rate (livestock units)	1.80	1.68
Yield (litres per cow per year)	7,922	7,297
Labour (hours/cow/year)	35	49
Revenue (ppl)	34.9	33.7
Herd replacement costs (ppl)	2.1	3.3
Total variable costs (ppl)	13.8	16.6
Total fixed costs (ppl)	12.0	18.1
Full economic cost of production (ppl)	27.9	38.0
Full economic net margin (ppl)	7.0	-4.3
Full economic net margin (£ per hectare per year)	1,081	-471

Notes:
Top and bottom 25% ranked on net margin ppl.
Total fixed costs include an imputed value for unpaid family labour, finance and rental value for owned land.

Source: AHDB Dairy/Promar International and contributing partners.

Milk supply

GB and UK wholesale milk deliveries

In 2014/15, UK milk production was 5.3% (714 million litres) higher than the previous milk year.

GB milk production rose by 5.3% in 2013/14 versus the previous milk year to its highest level since 2003/4.

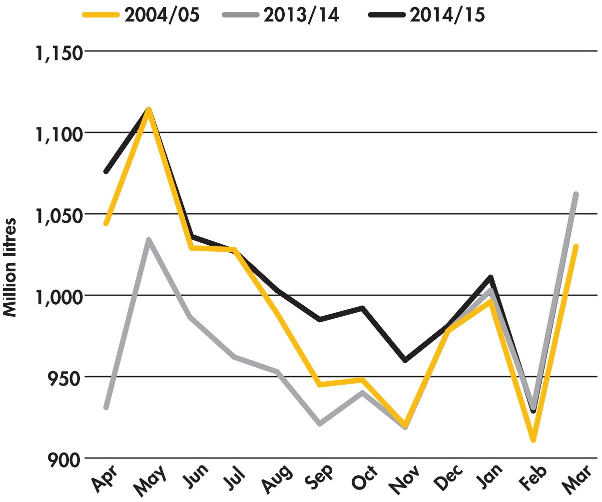
Northern Ireland milk production also increased in 2014/15 by a slightly higher percentage of 7.8% (160 million litres).

High milk prices in 2013 and early 2014 will have likely encouraged farmers to boost production, some by expanding the herd.

	Million litres					
	GB			**UK**		
	'04/'05	**'13/'14**	**'14/'15**	**'04/'05**	**'13/'14**	**'14/'15**
Apr	1,044	931	1,076	1,209	1,112	1,279
May	1,114	1,034	1,114	1,306	1,234	1,333
Jun	1,029	987	1,036	1,208	1,177	1,241
Jul	1,028	962	1,027	1,203	1,144	1,225
Aug	989	953	1,003	1,143	1,116	1,178
Sep	945	921	985	1,074	1,063	1,147
Oct	948	940	992	1,074	1,088	1,157
Nov	920	919	960	1,045	1,067	1,120
Dec	978	978	981	1,115	1,144	1,156
Jan	996	1,003	1,011	1,142	1,179	1,194
Feb	911	931	929	1,051	1,099	1,101
Mar	1,030	1,061	1,062	1,198	1,257	1,262
Total	**11,932**	**11,621**	**12,175**	**13,766**	**13,680**	**14,394**

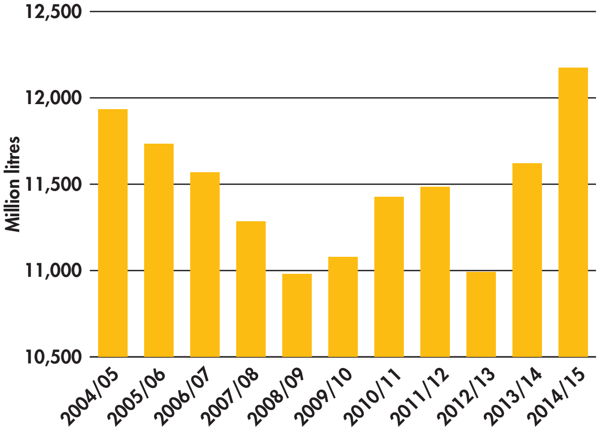
Note: Figures are subject to rounding.
Source: RPA, DARD.

GB wholesale milk deliveries



Source: RPA.

GB wholesale deliveries by milk years (April-March)



Source: RPA.

Milk supply

Milk deliveries by nation (butterfat adjusted)

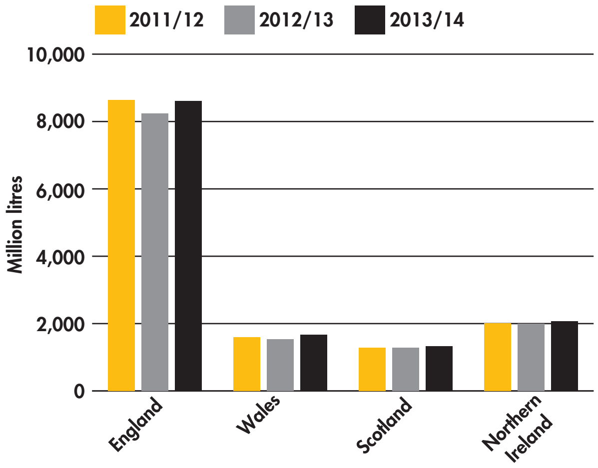
Between the 2012/13 and 2013/14 milk years, UK butterfat-adjusted milk deliveries increased by an average of 4.7% across all nations. This followed a 3.5% fall for the previous year.

They increased by 4.5% in England, 8.7% in Wales, 3.3% in Scotland and 3.6% in Northern Ireland.

	Million litres		
	2011/12	2012/13	2013/14
England	8,640	8,234	8,606
Wales	1,595	1,540	1,674
Scotland	1,279	1,280	1,322
GB	11,514	11,054	11,602
Northern Ireland	2,004	1,990	2,062
UK	13,518	13,044	13,663

Note: Figures are subject to rounding.
Source: RPA.

Butterfat-adjusted milk deliveries by nation



Source: RPA.

Milk supply
EU-28 wholesale deliveries

Milk deliveries in the EU-28 were 2.6% higher in 2014/15 than in 2013/14. Twenty-five countries increased their production, with just Greece and Spain recording a decline.

The UK, which saw its milk deliveries increase 5.4% between 2013/14 and 2014/15, remains the third largest producing country in the EU.

EU-28 wholesale deliveries

	Million litres		
	2004/05	**2013/14**	**2014/15**
Germany	26,399	29,762	30,338
France	22,477	23,727	24,408
UK	13,766	13,679	14,422
Netherlands	10,232	11,992	12,041
Poland	n/a	9,801	10,271
Italy	9,773	9,979	10,085
Spain	5,703	5,803	5,732
Ireland	5,056	5,400	5,616
Denmark	4,323	4,927	4,946
Belgium	2,760	3,442	3,555
Austria	2,518	2,887	2,928
Sweden	3,113	2,809	2,846
Czech Republic	2,484	2,311	2,365
Finland	2,284	2,242	2,299
Portugal	1,829	1,740	1,834
Hungary	1,528	1,333	1,457
Lithuania	1,124	1,319	1,401
Romania	976	878	952

Table continued from previous page

	Million litres		
	2004/05	2013/14	2014/15
Slovakia	911	802	824
Latvia	460	733	778
Estonia	528	684	702
Greece	644	625	593
Slovenia	486	503	518
Croatia	546	491	503
Bulgaria	n/a	481	489
Luxembourg	251	282	298
Cyprus	136	154	155
Malta	41	n/a	41
EU-15	111,128	119,294	121,940
EU-27	n/a	138,294	141,895
EU-28	n/a	138,785	142,397

Note: Data for Bulgaria and Poland is not available for 2004/5. Figures for 2013/14 do not include Malta, however, it is estimated they produce only around 41 million litres per annum which would not substantially affect any percentage changes. Croatia joined the EU on 1 July 2013, historic data was available and has been included for reference.

Source: Eurostat.

Milk supply
World milk production

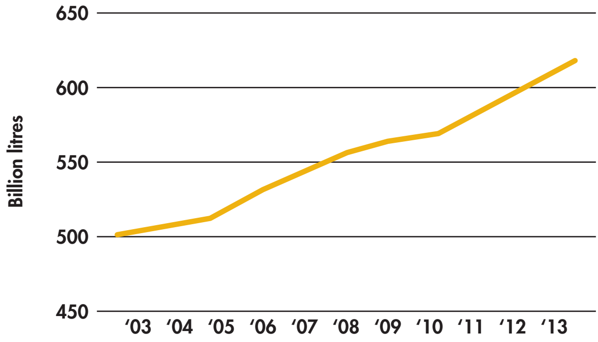
World milk production continues to increase and reached 617 billion litres in 2013.

Although the EU-28 accounted for nearly a quarter (23.9%) of total world milk supply in 2013, this is down from 29.0% a decade earlier.

	Billion litres		
	2003	**2012**	**2013**
World	503.2	612.0	617.2
EU-15	118.8	118.5	120.1
EU-25	140.2	140.3	142.0
EU-28	146.0	145.5	147.3
UK	14.4	13.4	13.5
EU-28%	29.0	23.8	23.9
UK%	2.9	2.2	2.2

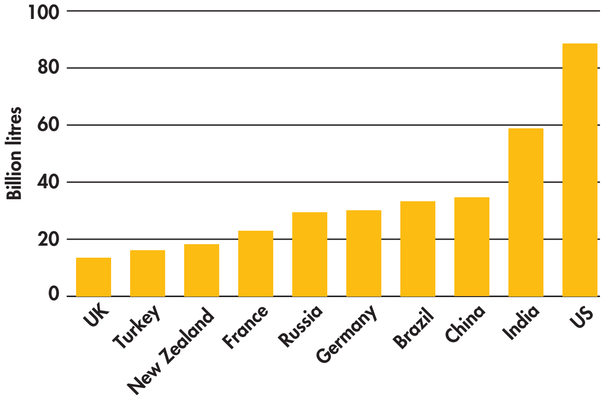
Source: Faostat – FAO.

World milk production



Source: Faostat – FAO.

Top 10 milk-producing countries in 2013

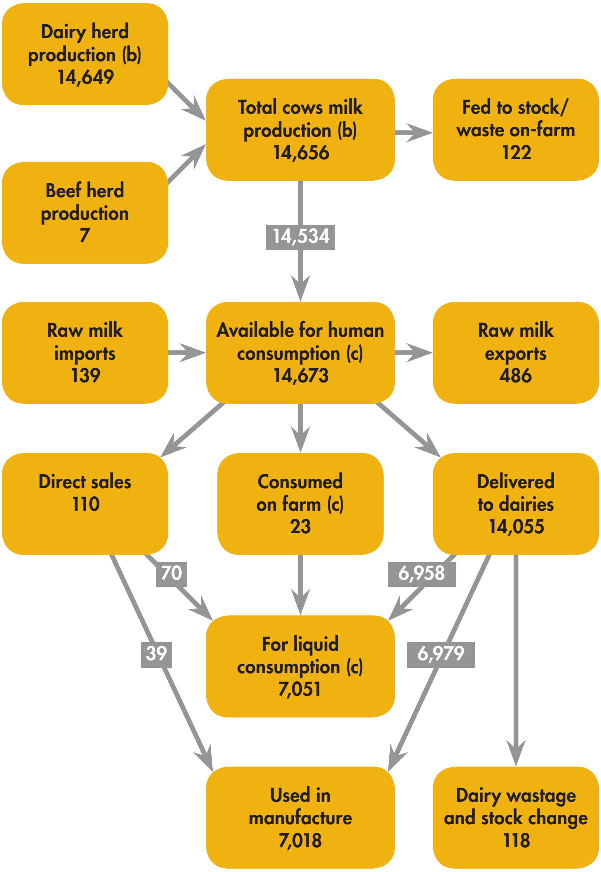


Source: Faostat – FAO.

Milk supply
UK milk flow

The UK milk market was approximately 14.7 billion litres in 2014. Milk for liquid consumption accounted for 7.1 billion litres.

UK milk flow 2014 (million litres) (a)



(a) Figures are provisional.

(b) Excludes any suckled milk.

(c) Includes 7 million litres of milk produced by the beef herd.

Note: Totals may not agree due to rounding.

Source: Defra.

Milk prices and contracts

UK average farmgate price

Average UK farmgate prices dropped 25% between April 2014 and March 2015. Conditions over this time were near perfect for producing milk at a time when buyers were distancing themselves from the dairy markets. This imbalance in supply and demand placed pressure on farmgate prices. As well as this, the UK has seen some of the largest ranges in farmgate prices with the difference between top and bottom likely to be over 15ppl. This meant that some farmers felt the full brunt of the volatile markets while others may have been largely protected.

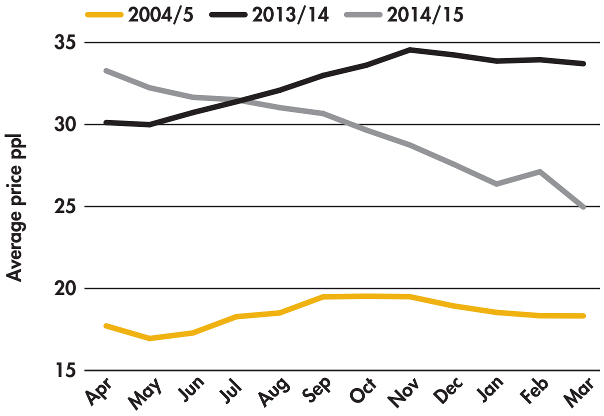
	Monthly average price ppl		
	2004/05	**2013/14**	**2014/15**
Apr	17.72	30.12	33.28
May	16.95	29.99	32.24
Jun	17.29	30.73	31.66
Jul	18.28	31.39	31.51
Aug	18.51	32.09	31.03
Sep	19.49	32.99	30.67
Oct	19.53	33.62	29.66
Nov	19.50	34.55	28.75
Dec	18.94	34.25	27.59
Jan	18.54	33.87	26.37
Feb	18.34	33.95	27.12
Mar	18.33	33.71	24.97
Average	**18.45**	**32.60**	**29.57**

Note: Published farm gate prices are weighted according to the volume of milk purchased by dairies. The averages are strongly influenced by the larger milk purchasers, and smaller purchasers have little influence on the UK weighted average. The farm gate price is the average price paid to producers, net of delivery charges. No deduction is made for superlevy.

The annual average price given is unweighted and, therefore, not comparable with the annual Defra price.

Source: Defra (including bonus payments).

UK monthly average farmgate prices



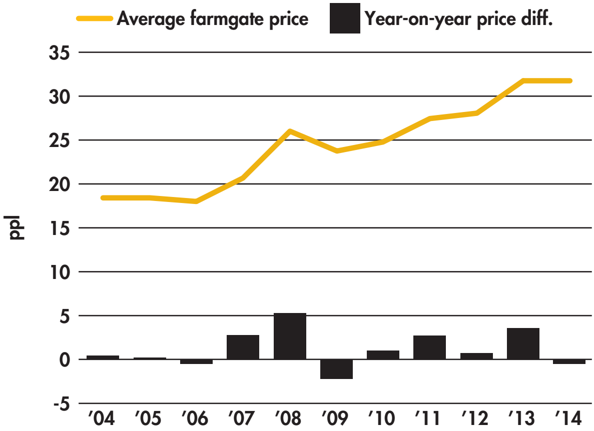
Source: Defra (including bonus payments).

	Average price ppl	Year-on-year price difference ppl
2004	18.47	0.44
2005	18.47	0.00
2006	17.95	-0.51
2007	20.67	2.72
2008	25.93	5.25
2009	23.73	-2.20
2010	24.67	0.94
2011	27.36	2.69
2012	28.08	0.72
2013	31.64	3.56
2014	31.52	-0.12

Note: Published farm gate prices are weighted according to the volume of milk purchased by dairies. The averages are strongly influenced by the larger milk purchasers, and smaller purchasers have little influence on the UK weighted average. The farm gate price is the average price paid to producers, net of delivery charges. No deduction is made for superlevy.

Source: Defra (Including bonus payments).

UK annual average farmgate prices



Source: Defra (including bonus payments).

Milk prices and contracts
UK milk producer league table

Prices are based on the AHDB Dairy Standard Litre. This is based on a 1 million litre/year producer on Every Other Day Collection with monthly variations for constituents, volume and hygiene, based on UK averages over the past three milk years.

2014/15 annual average price (ppl) by company (from our AHDB Dairy Standard Litre)	
Dairy Crest M&S – Profile[1]	34.40
Dairy Crest M&S – Variable[1]	34.32
Parkham Farms[2]	33.37
Müller Wiseman Dairies Tesco[2]	33.23
Arla Foods Tesco[2]	32.90
Müller Wiseman Dairies Sainsbury[1]	32.71
Dairy Crest Sainsbury – Profile[1]	32.43
Dairy Crest Sainsbury – Variable[1]	32.35
First Milk Tesco[2]	32.26
Müller Wiseman Dairies Co-operative	32.21
Arla Foods Sainsbury[1]	32.15
Crediton Dairy Ltd	31.32
Dairy Crest cheese Davidstow – Profile	30.39
Dairy Crest cheese Davidstow – Variable	30.31
Lactalis/Caledonian Cheese – Profile	30.26
Pattemores Dairy Ingredients	29.98
Barber A.J & R.G	29.87
Arla Direct Manufacturing	29.71
Lactalis/Caledonian Cheese – Seasonal	29.64
Lactalis/Caledonian Cheese	29.54
Grahams Dairies	29.49
Müller Wiseman Dairies Milk Partnership	29.42
Wensleydale	29.34

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2014/15 annual average price (ppl) by company (from our AHDB Dairy Standard Litre)	
Arla Direct Liquid	29.28
Arla Milk Link Northern Manufacturing – Seasonal	29.15
AMCo Standard Liquid	29.06
Arla Milk Link Manufacturing – Seasonal	29.05
AMCo Standard Manufacturing	29.04
Arla Milk Link London Liquid	29.01
Arla Milk Link Llandyrnog Direct – Seasonal	28.94
Belton Cheese	28.92
Dairy Crest Liquid – Profile	28.83
Arla Milk Link Northern Manufacturing – A&B	28.82
Wyke Farms	28.80
Dairy Crest Liquid – Variable	28.73
Arla Milk Link Llandyrnog Direct – A&B	28.69
Arla Milk Link Manufacturing – A&B	28.67
Glanbia Llangefni	28.65
Meadow Foods Compositional – Level	28.09
Meadow Foods Compositional – Seasonal	28.03
South Caernarfon Creameries	27.74
First Milk Compositional	27.10
First Milk Liquid B (Manufacturing pool)	27.07
First Milk Liquid A	26.48
Dale Farm NI	26.16

[1] Milk prices listed above will vary according to the amount of milk that is required by each retailer; additional milk will be paid for at Dairy Crest's standard liquid milk contract price; the milk price above assumes that all litres produced are sold into the dedicated milk pools.

[2] Farmers signed up with the Promar costings survey get an additional 0.50ppl, which is included in the above prices.

Note: Prices listed above are exclusive of: Capital Retentions, Administration Charges, Farmer Group Subscriptions and VAT but are inclusive of: AHDB Dairy Levy and Seasonality.

Only contracts live for the full duration of the 2014/15 milk year are included.

Source: AHDB Dairy.

Milk prices and contracts
Market indicators

The sharp drop in UK wholesale prices for all dairy products during 2014/15 impacted on processor returns, leading to falling values for AMPE, MCVE and cream income. Values for AMPE 2014, MCVE 2014 and cream income fell by 33.9%, 23.0% and 25.9%, respectively, from last year's levels.

	Average price ppl		
	2004/05	**2013/14**	**2014/15**
AMPE 2014	18.30	38.49	25.43
MCVE 2014	19.90	36.75	28.29
Cream income	4.88	9.19	6.80

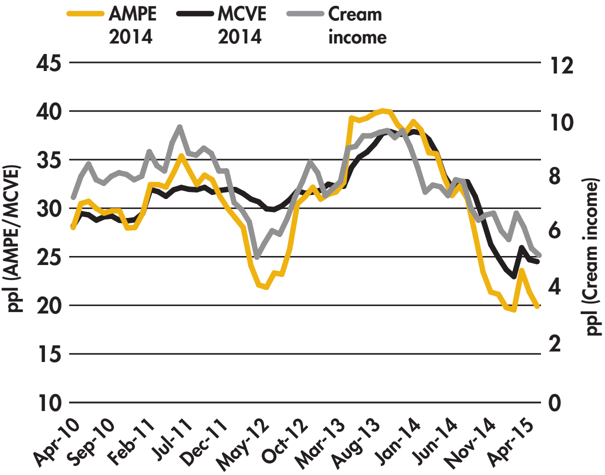
The cream income to a liquid processor indicator measures trends in potential returns arising from the sale of surplus cream and is not an absolute value. Actual returns will vary according to butterfat levels, exact prices for bulk cream and the fat content of actual milk production.

AMPE 2014 (Actual Milk Price Equivalent) and MCVE 2014 (Milk for Cheese Value Equivalent) provide a benchmark for the value returned from milk (at the factory gate) when used for a range of dairy products – butter and powders for AMPE and mild cheddar and other by-products for MCVE.

AMPE 2014 and MCVE 2014 calculations do not include the cost of transport of milk to the dairy. According to a 2014 survey of members of Dairy UK, the range of transport costs that can be encountered in the UK dairy industry are from 0.9ppl to 4.8ppl. The lower limit, typically, applies to purchasers with compact milk fields with larger farmers, while purchasers with geographically dispersed milk fields and smaller, less accessible farmers pay up to 2.4ppl, on average. For some individual collection routes, that involve reloading costs, transport costs can be as high as 4.8ppl.

Source: AHDB Dairy.

Market indicators



Source: AHDB Dairy.

Milk prices and contracts

EU annual average farmgate prices

The average EU price decreased by 1.05ppl (3.3%) to 30.86ppl between 2013 and 2014.

At 31.57ppl, UK dairy producers received 0.70ppl more than the EU-28 weighted average price in 2014.

	Average price ppl		
	2004	2013	2014
Austria	20.66	32.88	32.74
Belgium	20.17	32.52	29.95
Denmark	21.38	33.75	32.99
Finland	24.72	40.10	36.76
France	22.09	30.27	30.30
Germany	20.44	32.73	31.29
Greece	25.00	38.83	35.87
Ireland	20.19	33.47	30.88
Italy	24.44	33.94	32.94
Luxembourg	22.57	31.93	31.22
Netherlands	20.56	34.48	32.79
Portugal	23.32	29.32	28.96
Spain	21.49	29.99	29.24
Sweden	22.44	34.61	32.13
UK	18.71	31.70	31.57
Weighted average EU-15	21.22	32.50	31.47
Cyprus	27.66	50.28	46.91
Czech Rep.	17.20	28.56	27.53
Estonia	16.71	29.43	27.25
Hungary	17.37	28.27	27.78

Table continued from previous page

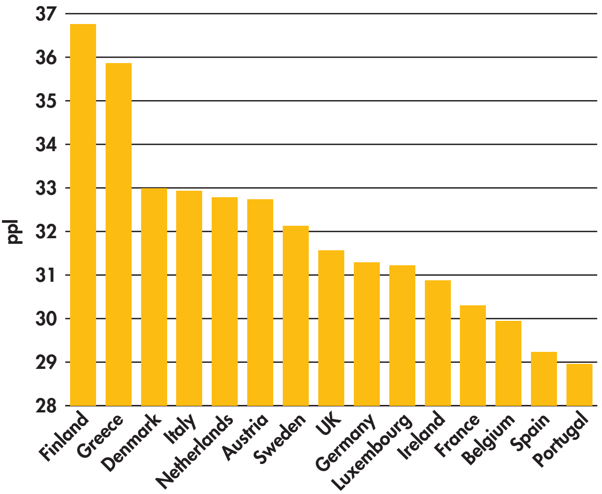
	Average price ppl		
	2004	2013	2014
Latvia	12.18	26.71	24.36
Lithuania	11.80	27.67	23.89
Malta	27.92	45.79	38.96
Poland	13.47	27.74	26.81
Slovenia	19.82	28.23	28.82
Slovakia	16.01	28.58	28.09
Bulgaria	n/a	29.43	28.73
Romania	n/a	26.21	25.38
Croatia	n/a	n/a	29.54
Weighted average EU price*	**20.33**	**31.91**	**30.86**

*Average EU price is EU-25 in 2004, EU-27 in 2013 and EU-28 in 2014.

Note: Prices have been converted into ppl using annual average exchange rates.
UK prices are calculated on a different basis to the Defra farmgate price.

Source: DG AGRI-C4, AHDB Dairy.

Average EU-15 farmgate prices in 2014 ppl



Source: DG AGRI-C4, AHDB Dairy.

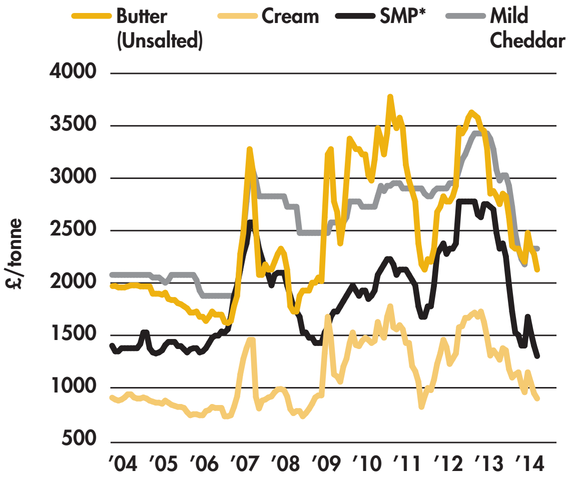
Milk prices and contracts
UK wholesale prices

UK wholesale prices have become increasingly linked to the world markets over the past few years. This increased exposure has resulted in the UK facing greater levels of volatility. Average UK wholesale prices have fallen circa 17% between 2013 and 2014.

	£/tonne			
	Butter (Unsalted)	Cream	SMP*	Mild Cheddar
2004	1,997	928	1,424	2,100
2013	3,375	1,588	2,667	3,252
2014	2,702	1,276	2,169	2,929

*Skimmed Milk Powder.
Source: AHDB Dairy, DIN.

UK average wholesale prices



*Skimmed Milk Powder.
Source: AHDB Dairy, DIN.

Milk prices and contracts
EU wholesale prices

Average EU wholesale prices dropped steadily through 2014 as favourable milk prices and weather conditions led to strong milk production in 2013 and 2014. The Russian ban (implemented 7 August 2014) saw a high level of uncertainty and pressure placed on the EU dairy market. This contributed to prices falling sharply in the summer of 2014 through the rest of the year.

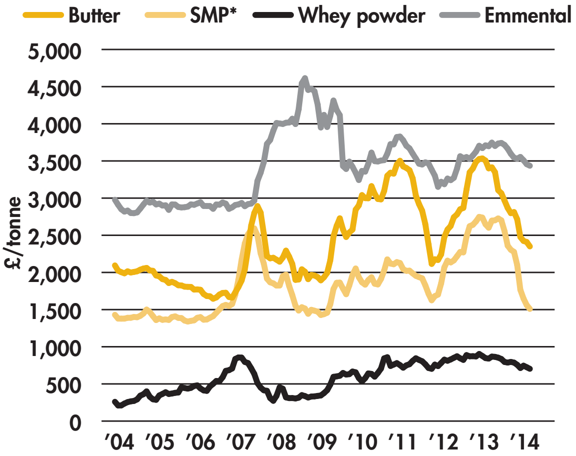
	£/tonne*			
	Butter	SMP**	Whey powder	Emmental
2004	2,027	1,415	286	2,873
2013	3,269	2,552	865	3,609
2014	2,778	2,184	780	3,599

*Monthly prices have been converted from €/tonne using average monthly exchange rates and then averaged out for the year.

**Skimmed Milk Powder.

Source: USDA/Oanda.

EU average wholesale prices



*Skimmed Milk Powder

Source: USDA/Oanda.

Milk prices and contracts
World wholesale prices

Demand for dairy commodities weakened during 2014 as key importing countries had built up significant stock levels following heavy buying in the previous year. Milk production was strong in the major exporting nations, creating an imbalance in supply and demand and placing downward pressure on prices.

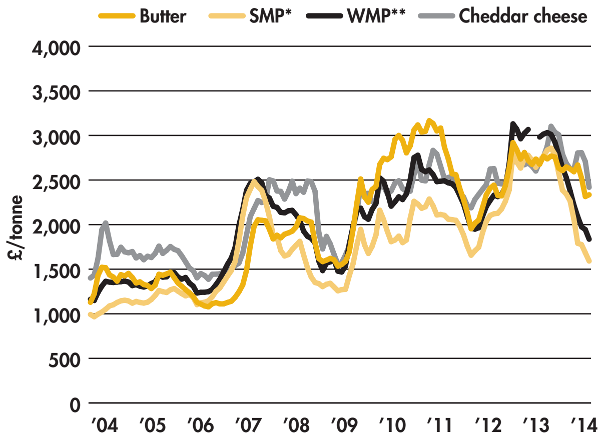
	£/tonne*			
	Butter	SMP**	WMP***	Cheddar cheese
2004	1,397	1,075	1,307	1,699
2013	2,689	2,612	2,870	2,654
2014	2,601	2,246	2,447	2,790

*Monthly prices have been converted from US$/tonne using average monthly exchange rates and then averaged out for the year.

**Skimmed Milk Powder, ***Whole Milk Powder.

Source: USDA/Oanda.

World average wholesale prices



*Skimmed Milk Powder, **Whole Milk Powder.

Source: USDA/Oanda.

Milk prices and contracts
Fonterra auction prices

The Fonterra auction takes place twice a month on the online trading platform, GlobalDairyTrade (GDT).

GDT auction prices act as an indicator for wholesale price movements. Throughout 2014 and into 2015, global oversupply and weak demand placed pressure on the auction causing prices to fall. In early 2015, concerns over drought hampering New Zealand milk production appeared to prompt a temporary uplift in prices, but they began to fall again in March once concerns were eased.

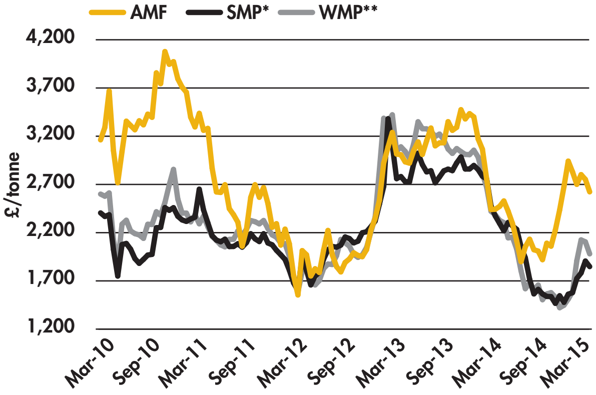
	£/tonne	
	2013/14	**2014/15**
WMP*	3,105	1,850
AMF**	3,158	2,370
SMP***	2,873	1,858

*Whole Milk Powder, **Anhydrous Milk Fat, ***Skimmed Milk Powder.

Weighted annual average prices which have been converted from $/tonne using average exchange rates.

Source: GlobalDairyTrade, AHDB Dairy.

Fonterra auction prices



*Skimmed Milk Powder, **Whole Milk Powder.

Source: GlobalDairyTrade, AHDB Dairy.

Dairy processing and trade
UK milk utilisation

In 2014/15, just under half (48.2%) of raw milk produced in the UK went into the production of liquid milk and 26.0% into cheese compared with 24.9% in 2004/05. The share of condensed milk and powders fell from 14.6% to 12.7% over this ten-year period.

	Volume (Million litres)		
	2004/5	**2013/14***	**2014/15***
Total milk available	14,014	13,928	14,641
Milk used for liquid	6,681	6,920	7,053
Cheese	3,485	3,654	3,808
Condensed milk and powders	2,042	1,546	1,862
Exports	495	486	526
Yogurt	237	269	273
Cream	311	291	302
Butter	256	306	271
Other	400	424	455
Stock change and wastage	108	32	92

*Provisional.

Note: Total milk available = UK milk production + imports.

Milk utilisation includes exports.

Source: Defra.

UK dairy product production

In 2014/15, liquid milk product production reached 7,190 thousand tonnes, up 137 tonnes on the previous year. Powder production was up sharply due to surplus milk being put into powders. In contrast, condensed milk and butter production were down on the year.

Dairy product production is not to be confused with milk utilisation. Dairy product production refers to how many tonnes of each end product have been produced, while milk utilisation shows how much milk has been used for the manufacture and production of each product.

	Volume (Thousand tonnes)		
	2004/5	2013/14*	2014/15*
Liquid milk	6,770	7,053	7,190
Butter	125	149	132
Cheese	360	393	402
Milk powders	156	128	167
Condensed milk	162	104	94

* Provisional

Note: Cream data not available due to confidentiality issues.

Source: Defra.

Dairy processing and trade
EU dairy product production

In 2014/15, drinking milk made up 56.1% of the EU-28 dairy product production, with cheese and fermented products making up 15.6% and 14.1% each, respectively. Butter, SMP and cream production were all up in 2014/15 but drinking milk, cheese and fermented milk production were all down on the year.

Dairy product production is not to be confused with milk utilisation. Dairy product production refers to how many tonnes of each end product have been produced, while milk utilisation shows how much milk has been used for the manufacture and production of each product.

	Thousand tonnes	
	2013/14	**2014/15**
Drinking milk	31,254	30,862
Fermented products	7,926	7,753
Cheese	8,644	8,595
Butter	1,953	2,013
SMP*	1,160	1,383
WMP**	663	635
Condensed milk	1,059	1,063
Cream	2,628	2,707
Total	**55,286**	**55,010**

Note: Cheese data excludes processed cheese.
Data subject to retrospective amendment.
*Skimmed Milk Powder.
**Whole Milk Powder, which includes partially skimmed milk.
Source: Eurostat.

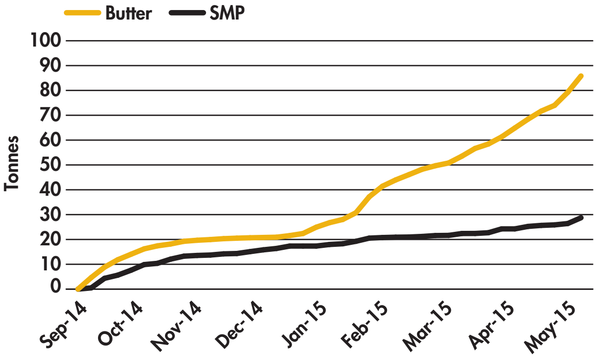
Dairy processing and trade
EU market management measures

Milk Marketing Board

The European Milk Market Observatory (MMO) was set up in April 2014 to strengthen the EU Commission's ability to monitor the dairy market and assist the industry in adapting to life after quota. The aim of the MMO is to provide the EU dairy sector with more transparency by means of disseminating market data and short-term analysis in a timely manner.

Private Storage Aid

The European Commission reopened Private Storage Aid (PSA) on 5 September 2014 in response to the threat of market disruption due to the loss of the Russian export market. In previous years, the scheme has usually opened for butter from March until the end of August. It will now be open until the end of September 2015 for both butter and SMP. PSA for cheese was also opened but then repealed on 23 September 2014 due to a disproportionate surge in offers from countries not, traditionally, exporting significant quantities of cheese to Russia.



Source: Milk Marketing Board.

Dairy processing and trade
UK quota position

UK quota position (butterfat adjusted) 2013/14 (million litres).

Scotland	Quota	1,278
	BF Vol	1,322
	Diff.	45
	% Diff	3.5%
North	Quota	2,046
	BF Vol	1,949
	Diff.	-97
	% Diff	-4.8%
Midlands	Quota	2,928
	BF Vol	2,751
	Diff.	-177
	% Diff	-6.0%
South West	Quota	3,448
	BF Vol	3,237
	Diff.	-210
	% Diff	-6.1%
South East	Quota	753
	BF Vol	668
	Diff.	-85
	% Diff	-11.3%
Wales	Quota	1,647
	BF Vol	1,674
	Diff.	26
	% Diff	1.6%

Note: These figures are taken from information provided by the RPA which list: Quota (million litres) by region, Butterfat (BF) adjusted volumes delivered, difference between butterfat-adjusted deliveries and quota in litres and % difference of butterfat-adjusted volumes to quota.

Milk quotas were abolished at the end of the March 2015.

Source: RPA.

Dairy processing and trade
UK dairy trade balance

Strong UK milk supplies during the 2013/14 milk year led to increased production of most dairy products. This led to a rise in product availability for export in 2014, with exports increasing across all products except cream. Meanwhile, imports were mixed, with butter decreasing and cheese remaining flat.

	Production	Imports	Exports	Domestic use
	Raw milk (a) (Million litres)			
2004	13,894	65	434	13,524
2013	13,404	132	473	13,063
2014*	14,511	139	486	14,165
	Butter (b) ('000 tonnes)			
2004	122	114	35	208 (c)
2013	145	106	45	206
2014*	140	95	51	184
	Cheese ('000 tonnes)			
2004	359	335	93	600
2013	388	468	125	731
2014*	410	468	134	745
	Cream (d) ('000 tonnes)			
2004	325	15	81	259
2013	304	22	44	282
2014*	308	30	34	304
	Milk powders (e) ('000 tonnes)			
2004	168	68	186	81 (c)
2013	110	67	88	90 (c)
2014*	162	66	125	103

*Provisional.

(a) Raw milk data is aggregated from surveys run by Defra, RERAD and DARD, on the utilisation of milk by dairies.

(b) Includes butterfat and oil, dehydrated butter and ghee.

(c) Includes stock changes.

(d) Fresh, frozen and sterilised.

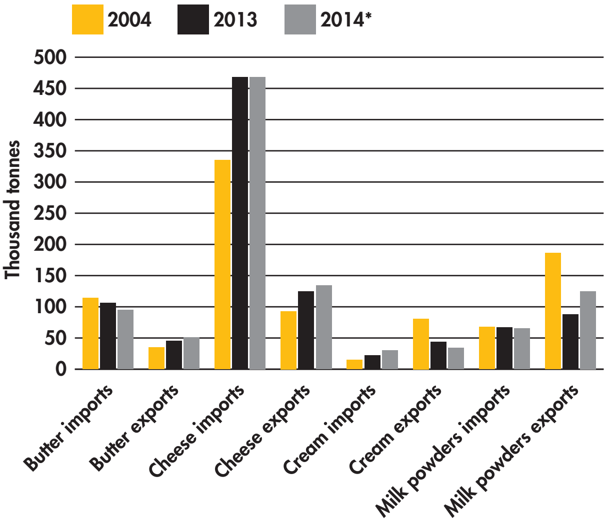
(e) Includes full cream powder, whole milk powder, partially skimmed milk powder and skimmed milk powder.

Note: Butter and cream includes production from the residual fat of low fat milk products.

Butter, cream and cheese production includes farmhouse manufacture.

Source: Defra, AHDB Dairy.

UK dairy imports and exports



*Provisional.

Source: Defra, AHDB Dairy.

Dairy processing and trade
EU dairy trade

EU imports by selected countries

Total EU imports increased between 2013 and 2014, up circa 5%. This increase was driven by butter and cheese imports. Powders fell considerably. This is likely to be as a result of an increase in milk being used for powder production rather than cheese, following the Russian ban.

	2009	2013	2014
	Butter/Butteroil ('000 tonnes)		
New Zealand	59.2	35.9	45.9
US	0.2	3.2	2.5
Australia	0.7	0.4	0.0
Total butter imports	**62.1**	**40.0**	**49.4**
	Cheese ('000 tonnes)		
Switzerland	47.9	51.4	51.8
New Zealand	24.0	11.9	10.8
Australia	6.1	5.1	2.4
Total cheese imports	**84.4**	**74.7**	**76.4**
	SMP* ('000 tonnes)		
Norway	0.0	3.0	0.6
Algeria	0.0	0.5	0.5
US	0.2	1.1	0.0
Total SMP imports	**6.1**	**5.0**	**2.3**
	WMP** ('000 tonnes)		
New Zealand	0.4	1.6	1.2
Switzerland	0.1	0.0	0.0
Australia	0.0	1.1	0.0
Total WMP imports	**0.8**	**3.4**	**1.3**

EU exports by selected countries

Total EU exports increased circa 10% between 2013 and 2014. SMP saw the biggest increase, while butter and condensed milk also saw sizeable increases. Cheese exports decreased, largely down to the loss of the Russian ban as well as a reduction in production. This also had an effect on whey availability.

	2009	2013	2014
	Butter/Butteroil ('000 tonnes)		
Russia	22.3	29.5	17.9
Saudi Arabia	12.3	5.9	13.2
Singapore	6.1	8.5	8.1
Total butter exports	**141.9**	**117.0**	**138.3**
	Cheese ('000 tonnes)		
Russia	156.0	256.6	133.3
US	96.8	112.9	120.0
Switzerland	44.4	51.8	53.8
Total cheese exports	**569.0**	**786.3**	**720.8**
	SMP* ('000 tonnes)		
Algeria	46.2	58.5	144.2
China	8.2	47.1	62.5
Indonesia	15.4	41.4	45.8
Total SMP exports	**228.9**	**406.7**	**646.2**
	WMP** ('000 tonnes)		
Algeria	60.8	28.1	66.2
Oman	45.7	49.8	48.1
Nigeria	46.5	38.5	36.0
Total WMP exports	**458.4**	**374.3**	**388.8**

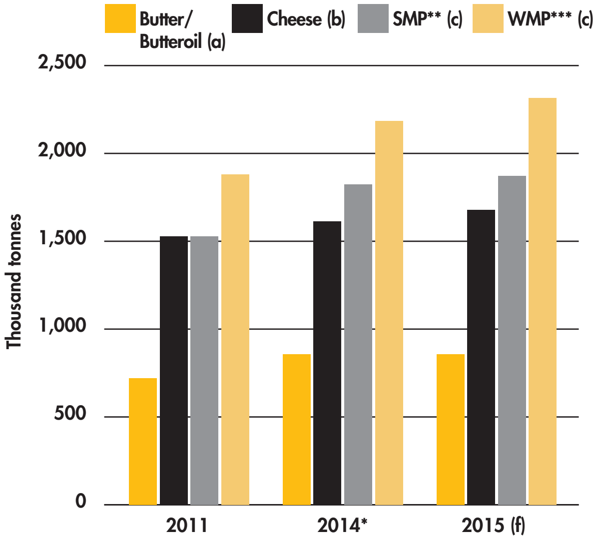
*Skimmed Milk Powder.
**Whole Milk Powder.
Source: Eurostat.

Dairy processing and trade

World dairy trade

A general expansion in trade in dairy products is expected over the coming years according to FAO forecasts. Growth in 2015 may, however, remain limited due to the continuation of the Russian ban. The removal of quotas in the EU is expected to lead to a general increase in exports, especially for SMP and WMP. Strong domestic demand in the USA and relatively high prices may lead to reduced US exports in 2015.

Exports by selected countries



(a) Includes AMF equivalent.

(b) Excludes fresh cheese.

(c) Includes Non-fat Dry Milk.

*provisional.

**Skimmed Milk Powder.

***Whole Milk Powder.

(f) Forecast.

Source: USDA Foreign Agricultural Service.

Exports by selected countries

	2011	2014*	2015 (f)
	Butter/Butteroil (a) '000 tonnes		
N. America	65	79	65
S. America	29	22	25
EU-28	124	135	150
Oceania	491	610	607
	Cheese (b) '000 tonnes		
N. America	236	380	363
S. America	63	59	62
EU-28	682	720	790
Oceania	421	425	440
	SMP** (c) '000 tonnes		
N. America	445	558	530
S. America	21	25	22
EU-28	518	610	660
Oceania	502	510	540
	WMP*** '000 tonnes		
N. America	13	24	25
S. America	216	217	237
EU-28	388	400	450
Oceania	1,226	1,530	1,590

(a) Includes AMF equivalent.
(b) Excludes fresh cheese.
(c) Includes Non-fat Dry Milk.
*provisional.
**Skimmed Milk Powder.
***Whole Milk Powder.
(f) Forecast.
Source: USDA Foreign Agricultural Service.

Consumer

UK average household consumption

The annual average consumption of liquid milk fell by 13.7% between 2003 and 2013. A significant reduction in whole milk purchases offset an increase in semi-skimmed milk.

Cream and butter consumption has increased by over 20% between 2003 and 2013.

		Average purchase (quantity/head/annum)		
	Unit	**2003**	**2012**	**2013**
Total liquid milk	Litres	86.6	78.3	74.7
Whole milk*		30.4	15.4	14.8
Semi-skimmed milk		48.2	54.7	51.8
Skimmed milk		8.0	8.2	8.1
Yogurt and fromage frais		9.2	10.1	10.0
Cream		1.0	1.3	1.2
Butter	kg	1.8	2.1	2.2
Cheese		5.9	5.9	6.1

*Includes full price whole milk and excludes school and welfare milk, includes UHT (Ultra Heat Treated).

Note: These figures only measure dairy products consumed in the home. It does not include those consumed out of the home or as an ingredient, e.g. cheese in a ready meal.

2013 data is the latest available at the time of publication.

Source: Defra family food survey, AHDB Dairy.

	Expenditure (£/head/annum)		
	2003	2012	2013
Total liquid milk	45.0	49.0	47.0
Whole milk*	16.2	9.3	9.2
Semi-skimmed milk	24.9	34.4	32.5
Skimmed milk	3.9	5.3	5.3
Yogurt and fromage frais	18.9	27.1	26.8
Cream	2.8	4.4	4.4
Butter	5.3	10.4	10.6
Cheese	30.5	41.9	44.2

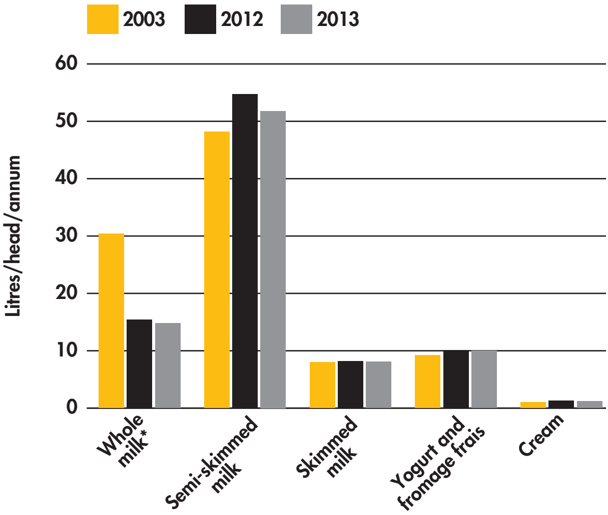
*Includes full price whole milk and excludes school and welfare milk, includes UHT (Ultra Heat Treated).

Note: These figures only measure dairy products consumed in the home. It does not include those consumed out of the home or as an ingredient, e.g. cheese in a ready meal.

2013 data is the latest available at the time of publication.

Source: Defra family food survey, AHDB Dairy.

UK average household consumption



*Includes full price whole milk and excludes school and welfare milk, includes UHT.

Note: 2013 data is the latest available at the time of publication.

Source: Defra family food survey, AHDB/Dairy.

Consumer

Milk market retail shares

The top 5 multiples and the hard discounters have increased their share of the milk market, gaining from milkmen and independents.

Total liquid milk

	Market share by volume (%)		Market share by value (%)	
52-week period ending	**Mar-14**	**Mar-15**	**Mar-14**	**Mar-15**
Top 5 multiples	72.0	73.1	70.1	70.1
Total hard discounters	8.1	9.1	6.2	7.0
Milkman	3.4	3.0	7.1	7.0
Total independents & symbols	3.7	3.3	4.4	4.2
Other retailers	12.8	11.2	12.2	11.7

Source: Kantar Worldpanel.

Total cheese

	Market share by volume (%)		Market share by value (%)	
52-week period ending	**Apr-14**	**Apr-15**	**Apr-14**	**Apr-15**
Top 5 multiples	79.6	76.1	79.5	77.0
Total hard discounters	8.7	12	6.9	9.1
Total independents & symbols	0.5	0.5	0.6	0.6
Other retailers	11.2	11.4	13	13.3

Source: Kantar Worldpanel.

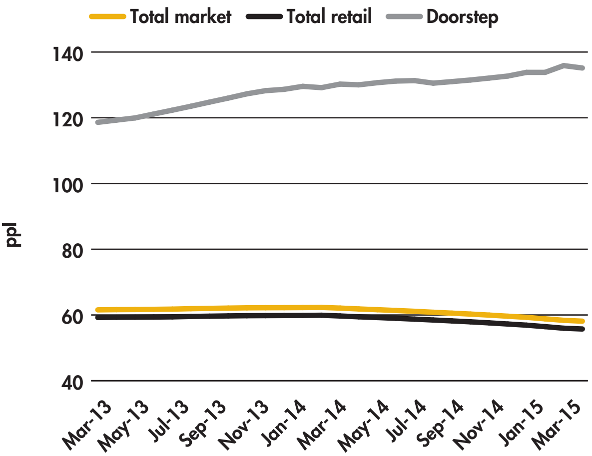
Consumer
Liquid milk retail prices

In the year ending March 2015, the average price of liquid milk decreased by 6.4% compared to the previous 52-week period. The average price for doorstep milk increased by 3.8% year-on-year.

	ppl for 52-week period ending		
	Mar-14	Mar-15	% change
Total	62.1	58.1	-6.4%
Retail	59.7	55.7	-6.7%
Doorstep	130.2	135.1	3.8%

Source: Kantar Worldpanel.

Retail prices for liquid milk



Source: Kantar Worldpanel.

Consumer

Branded vs private label liquid milk retail prices

For the year ending March 2015, private label milk increased to account for 82.7% of the total liquid milk market in volume terms. The average price for branded milk increased by 5.3% over the year, while private label milk average price decreased by 8.6%.

	Branded liquid milk	
	52-w/e Mar-14	52-w/e Mar-15
Volume (Million litres)	870.7	781.7
Expenditure (£ Million)	671.6	634.5
Average price (ppl)	77.1	81.2

	Private label liquid milk	
	52-w/e Mar-14	52-w/e Mar-15
Volume (Million litres)	4,237.8	4,530.3
Expenditure (£ Million)	2,377.7	2,325.5
Average price (ppl)	56.1	51.3

	Other liquid milk*	
	52-w/e Mar-14	52-w/e Mar-15
Volume (Million litres)	179.4	164.8
Expenditure (£ Million)	233.8	222.8
Average price (ppl)	130.3	135.2

Note: Branded and Private Label liquid milk is based on Kantar definition.

*The majority (99.96%) of 'other' milk is doorstep delivered milk.

Source: Kantar Worldpanel.

Consumer
Liquid milk sales

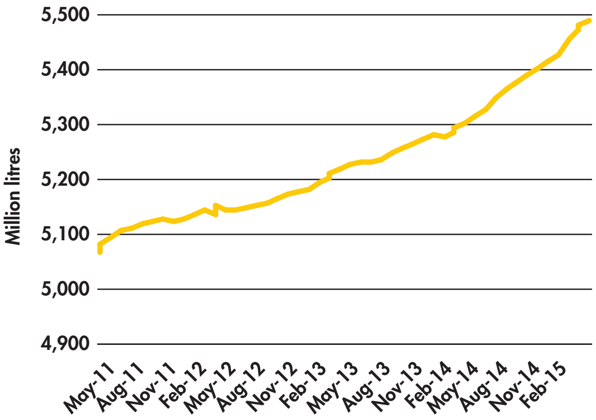
The total liquid milk market in GB grew 3.5% to almost 5.5 billion litres in the year ending March 2015.

Doorstep market share has fallen to 3.0% for the year ending March 2015.

	Liquid milk volume sales 52-week period ending		
	Mar-14	**Mar-15**	**% Change**
Volume (Million litres)	5,286.6	5,474.2	3.5%
Expenditure (£ Million)	3,282.4	3,181.4	-3.1%
	% Market share (Volume)		
Retail	96.6%	97.0%	
Doorstep	3.4%	3.0%	

Source: Kantar Worldpanel.

GB liquid milk market volume



Source: Kantar Worldpanel.

Consumer
Pasteurised milk sales

Pasteurised milk accounts for 87.5% of all milk volumes sold in GB retail.

Semi-skimmed milk purchases represented almost 62% of the total pasteurised milk market in volume terms for the year ending March 2015.

Pasteurised milk volume sales*

	52-week period ending	
	Mar-14	**Mar-15**
Whole milk	22.2%	22.4%
Semi-skimmed	61.8%	61.8%
Low % fat milk	5.5%	4.9%
Skimmed	10.5%	10.8%
Total (Million litres)	**4,576.1**	**4,793.1**

*Please note that % will not add up to 100% as pasteurised includes other types.
Source: Kantar Worldpanel.

Consumer
Organic and filtered milk sales

Organic milk sales

The volume of organic milk sales decreased by 8% between March 2014 and March 2015. Over this period, the average price increased by 3.7% to 89.1ppl.

Organic milk has a 2.4% volume share of the total GB retail liquid milk market.

	52-week period ending		
	Mar-14	Mar-15	% change
Volume (Million litres)	141.8	130.4	-8.0%
Expenditure (£ Million)	121.8	116.2	-4.6%
Average price (ppl)	85.9	89.1	3.7%

Source: Kantar Worldpanel.

Filtered milk

The filtered milk market saw volumes fall by over 7% between March 2014 and March 2015.

In volume terms, filtered milk accounts for 4.9% of the total GB retail liquid milk market.

	52-week period ending		
	Mar-14	Mar-15	% Change
Volume (Million litres)	292.2	271.0	-7.3%
Expenditure (£ Million)	238.7	218.8	-8.3%
Average price (ppl)	81.7	80.7	-1.2%

Source: Kantar Worldpanel.

Consumer

Modified and UHT milk sales

Modified milk sales

Modified milk currently accounts for 0.1% of the total GB liquid milk market in terms of volume, with volumes down almost 18% on 2014.

Modified milk is classified as milk with added or removed constituents, often to change its nutritional value.

	52-week period ending		
	Mar-14	Mar-15	% change
Volume (Million litres)	4.0	3.3	-17.7%
Expenditure (£ Million)	5.3	4.4	-17.8%
Average price (ppl)	134.8	134.7	-0.1%

Source: Kantar Worldpanel.

UHT milk sales

Volume sales of UHT milk fell by 6.4% between March 2014 and March 2015 to 263.3 million litres. UHT milk sales represented 4.8% of the total GB liquid milk market in volume terms.

The average price of UHT milk decreased by 1.7% to 65.8ppl in March 2015.

	52-week period ending		
	Mar-14	Mar-15	% change
Volume (Million litres)	281.4	263.3	-6.4%
Expenditure (£ Million)	188.1	173.1	-8.0%
Average price (ppl)	66.9	65.8	-1.7%

Source: Kantar Worldpanel.

Consumer

Milk purchases by container type

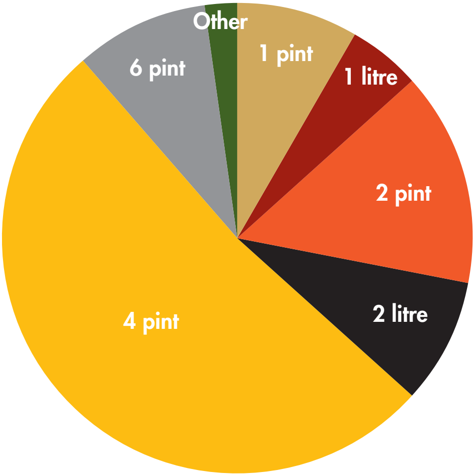
Over half of milk purchased by consumers in GB was in a 4-pint container in the year ending March 2015.

Container size	Milk volume (Million litres)	% share
1 pint	460.3	8.4%
1 litre	285.8	5.2%
2 pint	792.9	14.5%
2 litre	476.0	8.7%
4 pint	2,840.2	51.9%
6 pint	511.0	9.3%
Other	110.6	2.0%
Total	**5,476.8**	**100.0%**

Note: Data for the 52-weeks ending March 2015.

Source: Kantar Worldpanel.

Milk purchases (%) by container size for the year ending March 2015



Source: Kantar Worldpanel.

Consumer

Cheese market sales

Cheese sales in GB retail were worth £2.8 billion in the year ending April 2015.

Volume sales in the cheese market decreased by 0.5% between 2014 and 2015.

The average cheese price rose by 1.1% between 2014 and 2015, this supported overall growth in the value of the cheese category.

Cheddar accounts for over half of volumes but continental cheeses have been gaining popularity. Combined, hard continental and soft continental cheeses account for 12.2% of all cheese volumes.

Cheese sales

	52-week period ending		
	Apr-13	Apr-14	Apr-15
Volume (Tonnes)	413,883	416,440	414,271
Expenditure (£ Million)	2,696	2,778	2,793
Average price (£/kg)	6.51	6.67	6.74

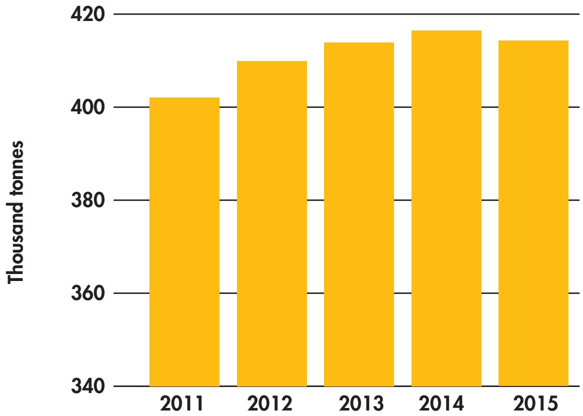
Source: Kantar Worldpanel.

Volume sales by cheese type (tonnes)

	52-week period ending		
	Apr-13	Apr-14	Apr-15
Total Cheddar	226,926	226,808	225,292
Hard continental	18,588	19,028	19,480
Soft continental	26,796	30,372	31,104
Territorials ex. blue	32,322	29,755	29,596
Processed	40,223	38,882	37,220

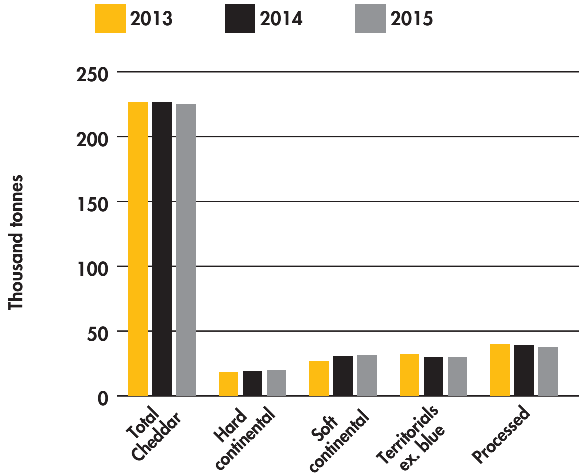
Source: Kantar Worldpanel.

Cheese volumes sales



Note: Data for the 52-weeks ending April.
Source: Kantar Worldpanel.

Volume sales by cheese type



Note: Data for the 52-weeks ending April.
Source: Kantar Worldpanel.

Average cheese price (£/kg)

	52-week period ending		
	Apr-13	Apr-14	Apr-15
Cheddar	6.46	6.57	6.53
Hard continental	8.95	9.37	9.51
Soft continental	6.32	6.51	6.54
Territorials ex. blue	6.71	6.99	7.12
Processed	6.65	6.85	7.31

Source: Kantar Worldpanel.

Consumer

Cheddar market sales

Cheddar is the most popular type of cheese in GB, accounting for 54.4% of volumes.

Volume sales of Cheddar fell by 0.7% from 2014 to 2015.

The average price of Cheddar (all types) decreased by 0.6% to £6.53/kg between 2014 and 2015.

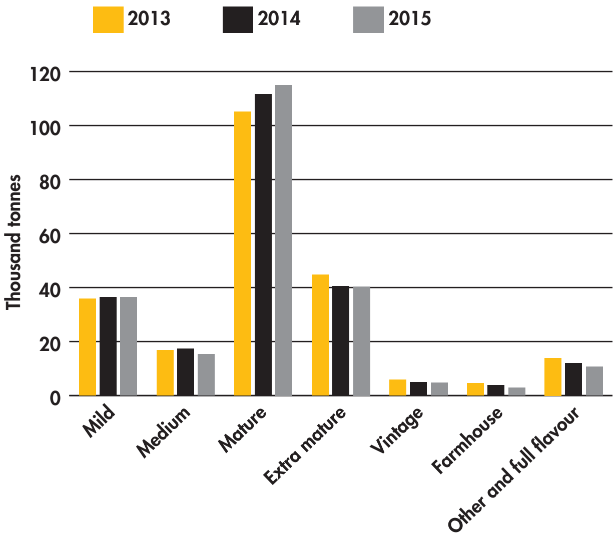
Mature Cheddar volumes have been steadily increasing over recent years. Over half of all Cheddar volumes sold are mature.

Volume sales by cheese type (tonnes)

	52-week period ending		
	Apr-13	**Apr-14**	**Apr-15**
Mild	35,834	36,448	36,410
Medium	16,812	17,349	15,336
Mature	105,170	111,585	114,994
Extra mature	44,777	40,585	40,384
Vintage	5,795	4,887	4,677
Farmhouse	4,616	3,882	2,878
Other and full flavour	13,921	12,072	10,613
Total Cheddar	**226,926**	**226,808**	**225,292**

Source: Kantar Worldpanel.

Cheddar volume sales



Note: Data for the 52-weeks ending April.
Source: Kantar Worldpanel.

Average price (£/kg)

	52-week period ending		
	Apr-13	Apr-14	Apr-15
Mild	5.78	5.81	5.78
Medium	6.37	6.46	6.52
Mature	6.50	6.56	6.54
Extra mature	6.82	7.05	6.84
Vintage	7.66	8.42	8.21
Farmhouse	6.99	7.75	8.16
Other and full flavour	6.15	6.35	6.53
Total Cheddar	**6.46**	**6.57**	**6.53**

Source: Kantar Worldpanel.

Consumer
EU butter consumption

Average butter consumption per capita in the EU-28 has remained relatively stable between 2009 and 2013.

Only Germany, France and the UK have seen per capita consumption rise over the period. Average UK butter consumption per person is less than half that in France and roughly 11% below the EU-28 average.

	kg/capita/annum		
	2009	**2012**	**2013**
EU-28	3.6	3.7	3.7
Denmark	1.8	1.8	1.8
Germany	5.8	6.2	6.2
France	7.7	7.4	7.9
Ireland	2.4	2.4	2.4
Italy	2.5	2.3	2.4
Netherlands	3.7	3.0	3.0
Poland	4.4	4.1	4.1
Spain	0.5	0.6	0.5
UK	3.0	3.4	3.3

Note: Figures may include butter production from other animals. Figures are based upon total consumption and will differ to those on page 55 which are based only on household consumption.

Source: Canadian Dairy Information Centre.

Consumer

EU liquid milk consumption

Per capita consumption of liquid milk fell gradually over the period 2009–2013 in the EU-28. Ireland is the only country to show an increase, while consumption has remained relatively stable in the UK. The UK is the second largest consumer of liquid milk in the EU-28, with approximately 102.1 litres consumed/capita/annum in 2013.

	Litres/capita/annum		
	2009	2012	2013
EU-28	63.1	62.2	61.6
Denmark	87.3	86.8	85.6
Germany	52.4	53.0	52.1
France	55.6	52.5	52.3
Ireland	136.4	137.9	137.9
Italy	54.7	54.0	52.1
Netherlands	49.4	47.5	47.5
Poland	42.4	40.9	40.9
Spain	87.7	80.6	81.0
UK	101.2	103.0	102.1

Note: Figures may include milk from other animals. Figures are based upon total consumption and will differ to those on page 55 which are based only on household consumption.

Source: Canadian Dairy Information Centre.

Consumer
EU cheese consumption

Per capita cheese consumption across the EU-28 has been quite stable, rising only slightly between 2009 and 2013. Cheese consumption per person in the UK was less than half the consumption of cheese in both France and Germany in 2013.

	kg/capita/annum		
	2009	**2012**	**2013**
EU-28	16.7	17.3	17.2
Germany	22.3	24.2	24.3
France	26.5	26.2	25.9
Ireland	6.2	6.9	6.9
Italy	21.0	21.4	20.7
Netherlands	19.0	18.6	18.6
Poland	10.8	11.4	11.4
Spain	8.4	9.3	9.5
UK	10.9	11.4	11.6

Note: Figures may include cheese produced from other animals. Figures are based upon total consumption and will differ to those on page 55 which are based only on household consumption.

Source: Canadian Dairy Information Centre.

Useful information

Conversion tables

Converting volumes/weights	
1 litre	= 35.1950 fluid ounces
	= 1.75975 pints
	= 0.21997 gallons
1 pint	= 20 fluid ounces
	= 0.56825 litres
1 kg	= 35.2740 ounces
	= 2.20462 pounds
1 tonne	= 1,000kg
	= 2,204.62 pounds
	= 0.98421 long ton
Converting volumes/weights of milk	
1 litre of whole milk	= 1.02969kg
1 kg of whole milk	= 0.97116 litres

Note: Due to rounding, there may be instances where individual figures differ slightly from the total given.

Useful information
UK dairy industry organisations

AHDB Dairy

Agriculture and Horticulture Development Board
Stoneleigh Park
Warwickshire
CV8 2TL

T: 024 7647 8695
email: info@dairy.ahdb.org.uk
web: dairy.ahdb.org.uk

Dairy UK

6th floor, 210 High Holborn,
London,
WC1V 7EP

T: 020 7405 1484
F: 020 7430 2772
email: info@dairyuk.org
web: dairyuk.org

The Dairy Council

210 High Holborn,
London,
WC1V 7EP

T: 020 7025 0569
F: 020 7430 2772
email: info@dairycouncil.org.uk
web: milk.co.uk

Dairy Council for Northern Ireland

Shaftesbury House
Edgewater Office Park
Edgewater Road
Belfast
BT3 9JQ

T: 028 9077 0113
F: 028 9078 1224
email: info@dairycouncil.co.uk
web: dairycouncil.co.uk

National Farmers Union

Agriculture House
Stoneleigh Park
Stoneleigh
Warwickshire
CV8 2TZ

T: 024 7685 8500
F: 024 7685 8501
web: nfuonline.com

Royal Association of British Dairy Farmers

Stoneleigh Deer Park Business Village,
Abbey Park,
Stareton,
Kenilworth,
Warwickshire
CV8 2LY

T: 0845 458 2711
F: 0845 458 2755
email: office@rabdf.co.uk
web: rabdf.co.uk

Useful information

Internet sites for sourcing agricultural information

British Cheese Board
britishcheese.com

Canadian Dairy Information Centre
dairyinfo.gc.ca

Dairy Australia
dairyaustralia.com.au

AHDB Dairy
email: dairy.info@ahdb.org.uk
web: dairy.ahdb.org.uk/market-information/

Department for Environment, Food and Rural Affairs (Defra)
gov.uk/defra

Department of Agriculture and Rural Development (DARD)
dardni.gov.uk

European Commission – Agricultural Directorate & Milk Market Observatory
ec.europa.eu/agriculture/milk-market-observatory/index_en.htm

Eurostat (Statistical Office of the European Union)
ec.europa.eu/eurostat

Fonterra Co-operative Group (incorporating New Zealand Dairy Board)
fonterra.com

Food and Agricultural Organisation (FAO)
fao.org

FAOSTAT Database
faostat3.fao.org

GlobalDairyTrade
globaldairytrade.info

International Dairy Federation (IDF)
fil-idf.org

National Farmers Union
nfuonline.com

Organisation for Economic Co-operation and Development (OECD)
oecd.org

Organisation of Petroleum Exporting Countries (OPEC)
opec.org

Royal Institution of Chartered Surveyors
rics.org

Rural Payments Agency (RPA)
rpa.gov.uk

Scottish Government Statistics
gov.scot/Topics/Statistics/Browse/Agriculture-Fisheries

Statistics Canada
statcan.gc.ca

UK National Statistics
www.statistics.gov.uk/hub

United Dairy Farmers
utdni.co.uk

United States Department of Agriculture (USDA)
usda.gov

University of Wisconsin Dairy Marketing and Risk Management Program
future.aae.wisc.edu

Welsh Government
gov.wales/statistics-and-research

World Trade Organisation
wto.org

Useful information
CAP

Information regarding CAP reform can be found at the links below:

For England:
gov.uk/search?q=Common+Agricultural+Policy

For Scotland:
gov.scot/Topics/farmingrural/Agriculture/CAP

For Wales:
gov.wales/topics/environmentcountryside/farmingandcountryside/cap

Useful information

About AHDB Dairy

AHDB Dairy is a levy-funded, not-for-profit organisation working on behalf of Britain's dairy farmers. Our remit is to solve 'market failure' in the dairy industry – to tackle issues not currently being dealt with sufficiently to meet the needs of the industry. We provide products and services to improve the sustainability of British dairy farming. We do this by providing independent, evidence-based information to British dairy farmers on:

- Feed and forage
- Genetic improvement
- Animal fertility, health and welfare
- Business skills and market intelligence

Leading to a positive image of dairy farming with the public.

AHDB Dairy is a division of the Agriculture and Horticulture Development Board (AHDB).

AHDB Dairy is funded entirely by milk producers, via a statutory levy on all milk sold off-farm, at the rate of 0.06p per litre.

DAIRY

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