Dairy statistics

An insider's guide 2016

AHDB
DAIRY

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Introduction

UK farmgate milk prices decreased further in the 2015/16 milk year, as the price downturn of 2014 continued. Some of the main farm inputs costs in GB also fell, including feed, fuel and fertiliser. However, this was not enough to offset the decline in milk prices for many farms and margins remained under pressure.

The reduction in farmgate prices stemmed from falling dairy wholesale prices around the globe. The dairy markets remained oversupplied, due to strong milk production from some of the world's largest dairy exporting regions. The EU in particular had significant growth in milk production, following the removal of its quota system at the end of March 2015.

Meanwhile, global demand for dairy remained sluggish. Imports of dairy products into China slowed after a spike in buying activity during 2013/14. In addition, Russia's 2014 ban on imports stayed in place, driving the EU to seek alternative markets for some of its dairy produce.

The prolonged downturn led to a significant build-up of dairy stocks, with EU intervention and Private Storage Aid both in use during 2015/16.

Further statistics on the dairy industry can be found inside this insider's guide, which 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.

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.

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Market Intelligence Team

AHDB Dairy

Farm inputs
UK feed prices

As a result of continued high levels of global grain production, feed prices remained under pressure in 2015.

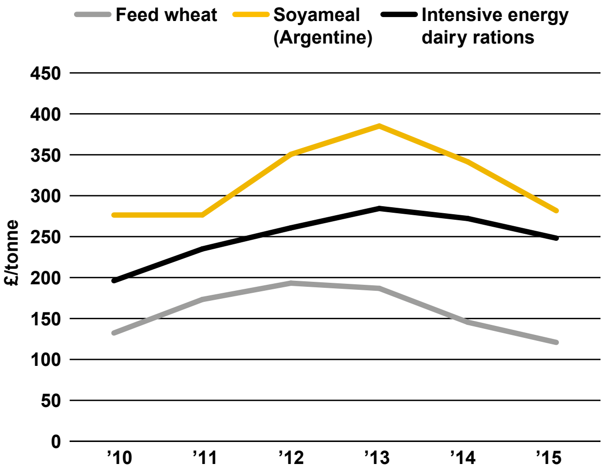
The price of feed wheat fell by £25/tonne (16.9%) on 2014, with the price of intensive energy dairy feed also falling £24/tonne (8.8%) and soyameal (Argentine) down by £60/tonne (17.5%).

	Average price (£/tonne)		
	2013	2014	2015
Feed wheat	187	145	121
Soyameal (Argentine)	385	341	282
Intensive energy dairy rations	284	272	248

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.

http://dairy.ahdb.org.uk/market-information/farm-expenses/feed-prices/uk-feed-prices/

Farm inputs

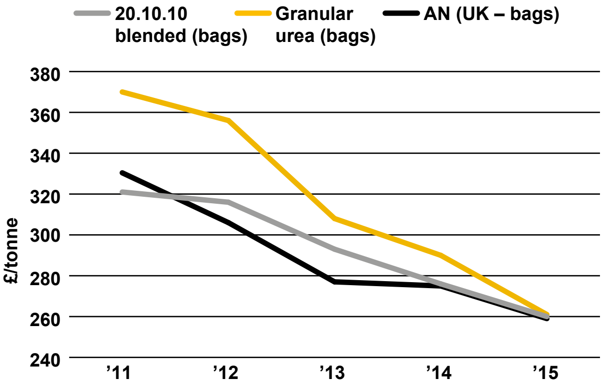
UK fertiliser prices

During 2015, stagnant global demand together with an increasing production capacity and supply, resulted in downward pressure on fertiliser prices.

	Average price (£/tonne)		
	2013	2014	2015
20.10.10 blended (bags)	293	276	260
Granular urea (bags)	308	290	261
AN (UK – bags)	277	275	259

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.

http://dairy.ahdb.org.uk/market-information/farm-expenses/fertiliser-prices/uk-fertiliser-prices/

Farm inputs
Oil prices

2015 saw a continued fall in oil prices due to the continuing oversupply of crude oil.

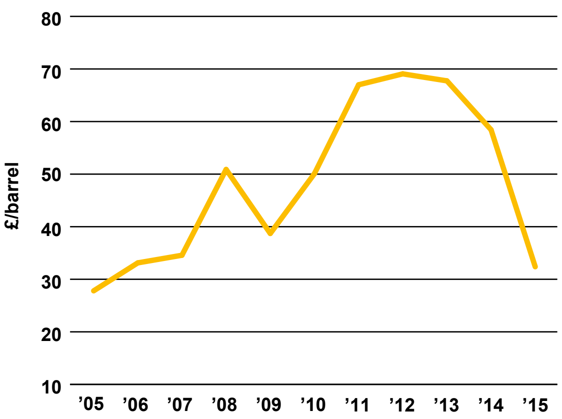
Oil prices fell 48.6% in 2015 on the previous year to an average price of $49.49/barrel. This price was down 2.3% on the average price a decade ago.

The 2015 average price in Sterling of £32.38/barrel was 44.6% lower than 2014. However, this price was still up 16.4% on the average price in Sterling a decade ago.

	Average oil price		
	2013	**2014**	**2015**
US$/barrel	105.87	96.29	49.49
£/barrel	67.74	58.44	32.38

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.

http://dairy.ahdb.org.uk/market-information/farm-expenses/monthly-fuel-tracker/monthly-fuel-tracker/

Farm inputs
GB land prices

The average price for pasture land in England and Wales stood at £17,915/hectare in H2-2015, a decrease of £392 (2.1%) from H1-2015. The average price for arable land was £22,849/hectare in H2-2015, down £504 (2.2%) on H1-2015.

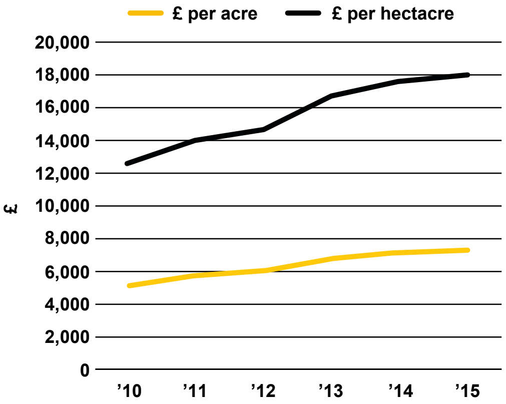
The highest pasture land price in H2-2015 was seen in both the South East and the South West at £19,768/hectare, with the South East unchanged and the South West up 6.7% on H1-2015. The lowest price was in Scotland at £6,178/hectare, down £1,853 (23.1%) on H1-2015.

The highest price for arable land was £25,946/hectare, which was recorded in the South East for H2-2015, up £1,236 (5.0%) on H1-2015. The lowest price was in Scotland at £11,738/hectare, down £1,853 (13.6%) on H1-2015.

	Land prices for dairy farms (pasture land) in England and Wales	
	£/ac	£/ha
H2-2015	7,250	17,915

Note: H1 refers to the January to June period, H2 refers to the July to December period.
Source: RICS Rural Land 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.
http://dairy.ahdb.org.uk/market-information/farm-expenses/land-prices/land-prices-rics/

Farm inputs

Rent prices in England and Wales

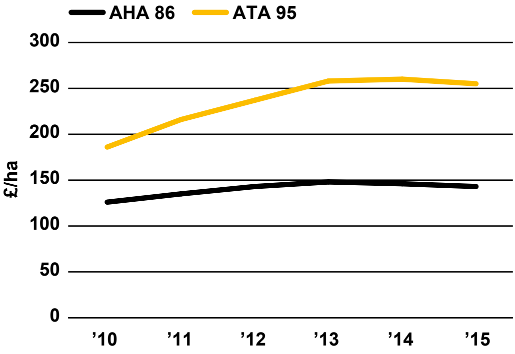
The average rent for pasture land in England and Wales (ATA 95) fell by £2 (0.8%) between H1-2015 and H2-2015 to £254/hectare. The highest average rent level in H2-2015 was in Wales, the North West and the West Midlands at £297/hectare, with the lowest in the East and South East at £198/hectare. Pasture land rents in England and Wales under AHA 86 were down £9/hectare (6.0%) over the same period.

The average rent price for arable land in England and Wales (ATA 95) rose between H1-2015 and H2-2015 by £11 (2.9%) to £373/hectare. Land rental under AHA 86 showed a £2 (0.9%) decrease to £195/hectare for the same period.

	Land rent prices for dairy farms (pasture land) in England and Wales			
	AHA 86		ATA 95	
	£/ac	£/ha	£/ac	£/ha
H2-2015	56	139	103	254

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 prices – 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.
http://dairy.ahdb.org.uk/market-information/farm-expenses/land-prices/rent-prices/

Farm inputs

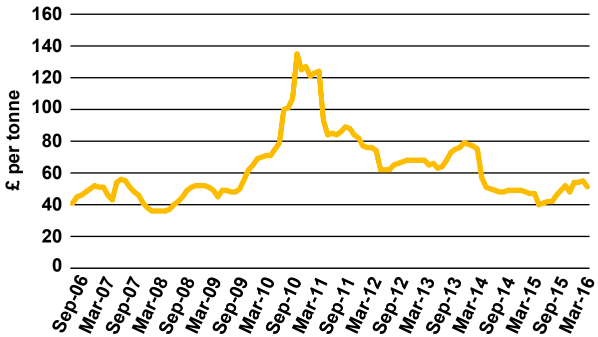
Hay and straw prices

Average prices for big bale hay and wheat and barley straw in 2015/16 stayed below the levels seen in 2014/15 until January 2016 when prices increased to similar levels as the previous year.

Big bale hay

	£ per tonne		
	2013/14	**2014/15**	**2015/16**
Apr	68	78	49
May	68	77	48
Jun	68	75	47
Jul	65	57	47
Aug	66	51	40
Sep	63	50	41
Oct	64	49	42
Nov	68	48	42
Dec	73	48	46
Jan	75	49	49
Feb	76	49	52
Mar	79	49	48

Big bale hay



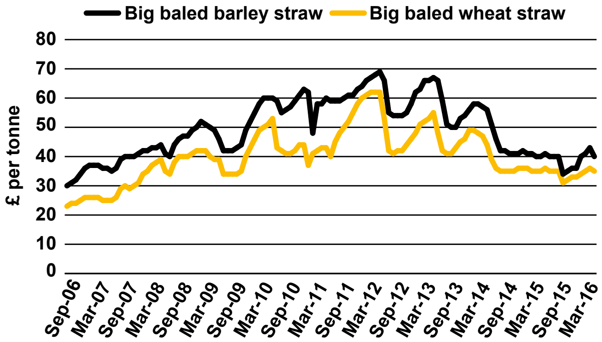
Big square baled barley straw

	£ per tonne		
	2013/14	2014/15	2015/16
Apr	66	58	41
May	66	57	40
Jun	67	56	40
Jul	66	51	40
Aug	59	46	34
Sep	51	42	35
Oct	50	42	36
Nov	50	41	36
Dec	53	41	40
Jan	54	41	41
Feb	56	42	43
Mar	58	41	40

Big square baled wheat straw

	£ per tonne		
	2013/14	2014/15	2015/16
Apr	51	49	36
May	52	48	35
Jun	53	47	35
Jul	55	44	35
Aug	48	39	31
Sep	42	36	32
Oct	41	35	33
Nov	41	35	33
Dec	43	35	34
Jan	45	35	35
Feb	46	36	36
Mar	49	36	35

Big square baled straw



Source: British Hay and Straw Merchants' Association/Defra.
http://dairy.ahdb.org.uk/market-information/farm-expenses/hay-straw-prices/

On-farm data

UK dairy farm numbers

In June 2015, there were 13,355 dairy farms in UK, down 460 (3.3%) on 2014.

In the past ten years, the number of dairy farms in England and Wales has fallen by 33.3%. In Scotland, the number of dairy farms has fallen by 48.4%* and in Northern Ireland by 32.4%.

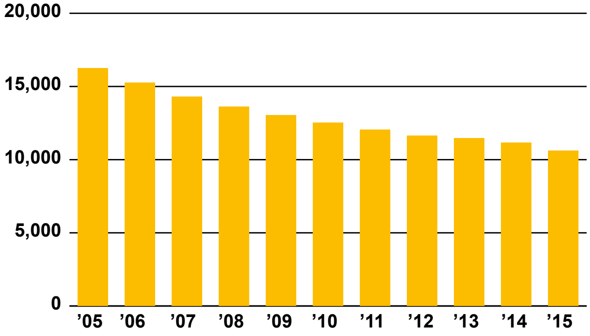
	Farm numbers as at June		
	2013	**2014**	**2015**
England & Wales	10,581	10,274	9,827
Scotland*	894	886	786
GB*	11,475	11,160	10,613
Northern Ireland	2,684	2,655	2,742
UK*	14,159	13,815	13,355

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

* In Scotland, using results from the Census, holdings are classified into farm types, which are allocated based on the main activity on the farm (as defined by the holdings Standard Output value). The farm type breakdown for 2015 uses price-derived coefficients based on a five-year (2010) centred average. More information on farm types can be found in the Economic Report on Scottish Agriculture. The change in values of these coefficients means that the number of holdings for each farm type is not directly comparable with 2014.

Source: DHI, DAERA, FSA, Scottish Government.

GB dairy farm numbers



Source: DHI, FSA, Scottish Government.

http://dairy.ahdb.org.uk/market-information/farming-data/producer-numbers/uk-producer-numbers/

On-farm data

Producer numbers by region

Figures are for June.

Scotland	2013	894
	2014	886
	2015*	786
North	2013	2,120
	2014	2,018
	2015	1,929
Midlands	2013	2,777
	2014	2,702
	2015	2,555
South West	2013	3,178
	2014	3,105
	2015	2,997
South East	2013	616
	2014	596
	2015	549
Wales	2013	1,890
	2014	1,853
	2015	1,797

* In Scotland, using results from the Census, holdings are classified into farm types, which are allocated based on the main activity on the farm (as defined by the holdings Standard Output value). The farm type breakdown for 2015 uses price-derived coefficients based on a five year (2010) centred average. More information on farm types can be found in the Economic Report on Scottish Agriculture. The change in values of these coefficients means that the number of holdings for each farm type is not directly comparable with 2014.

Source: DHI, FSA, Scottish Government.

http://dairy.ahdb.org.uk/market-information/farming-data/producer-numbers/uk-producer-numbers/

On-farm data

UK dairy cow numbers

The number of dairy cows in the UK increased by 3.0% in 2015 compared with 2014. The largest increase in percentage terms was seen in Northern Ireland at 5.9%.

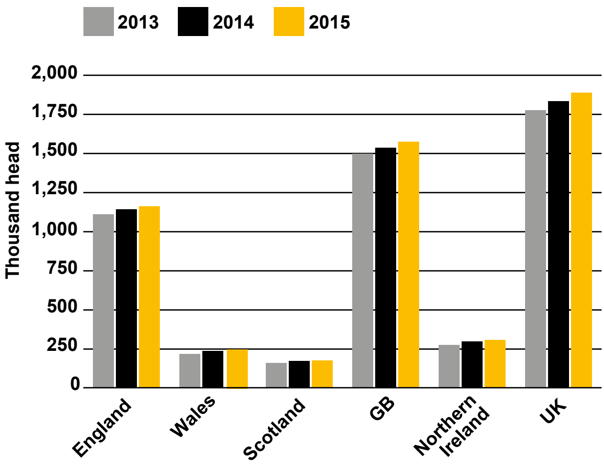
	Thousand head (as at June)		
	2013	2014	2015
England	1,113	1,143	1,162
Wales	223	234	246
Scotland	166	170	176
GB	1,502	1,547	1,584
Northern Ireland	279	294	312
UK	1,782	1,841	1,895

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 use survey data. CTS/APHIS uses breed of cattle to identify purpose.

Source: Defra, DAERA, Welsh Government, Scottish Government.

UK dairy cow numbers



Source: Defra, DAERA, Welsh Government, Scottish Government.

http://dairy.ahdb.org.uk/market-information/farming-data/cow-numbers/uk-cow-numbers/

On-farm data

UK average herd size

The UK average herd size increased 6.5% between 2014 and 2015.

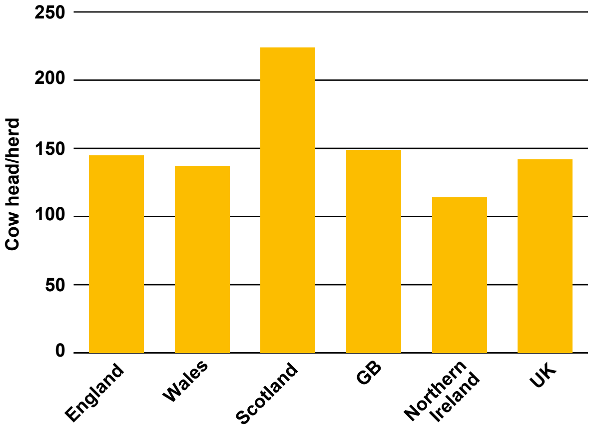
	Head (as at June)		
	2013	2014	2015
England	128	136	145
Wales	118	126	137
Scotland*	185	192	224
GB*	131	139	149
Northern Ireland	104	111	114
UK*	126	133	142

Note: Figures calculated from number of dairy cows and registered dairy production holdings.

*Change in methodology for calculating holdings in Scotland in 2015, so figures not directly comparable with 2014.

Source: Defra, DAERA, DHI, FSA, Welsh Government, Scottish Government.

UK average herd size in 2015



Source: Defra, DAERA, DHI, FSA, Welsh government, Scottish Government.

http://dairy.ahdb.org.uk/market-information/farming-data/cow-numbers/uk-cow-numbers/

On-farm data

EU dairy cow numbers

The EU-15 had 77.9% of dairy cows in the EU-28 in 2015, with the UK herd representing 8.1% of the total EU-28 dairy cow population.

	Thousand head		
	2013*	2014	2015*
UK	1,817	1,883	1,918
EU-15	18,029	18,176	18,382
EU-25	21,818	21,910	21,974
EU-27	23,300	23,400	23,448
EU-28	23,468	23,559	23,600
UK% (EU-28)	7.7%	8.0%	8.1%

*Provisional.

Note: Eurostat figures for the UK are different from the UK dairy cow numbers on page 15 since figures are collated from different sources.

Source: Eurostat.

http://dairy.ahdb.org.uk/market-information/farming-data/cow-numbers/eu-cow-numbers/

On-farm data
UK average milk yield

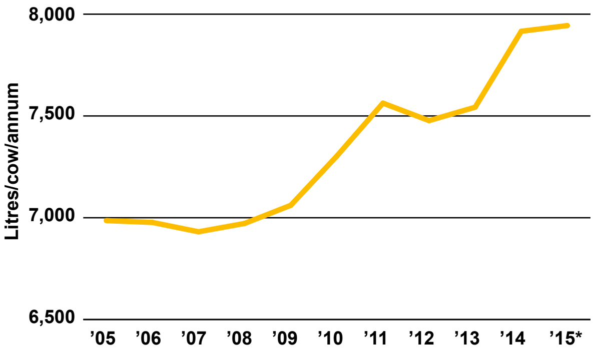
In 2015, the UK annual average milk yield rose by 47 litres/cow (0.6%) on 2014 and was 13.7% higher than in 2005.

	Litres/cow/annum
2011	7,563
2012	7,477
2013	7,542
2014	7,897
2015*	7,944

*Provisional.

Source: Defra.

UK average milk yield



*Provisional.

Source: Defra.

http://dairy.ahdb.org.uk/market-information/farming-data/milk-yield/average-milk-yield/

On-farm data

TB incidences in cattle in GB

The number of cattle being slaughtered due to TB increased by 9.8% (3,239) between 2014 and 2015.

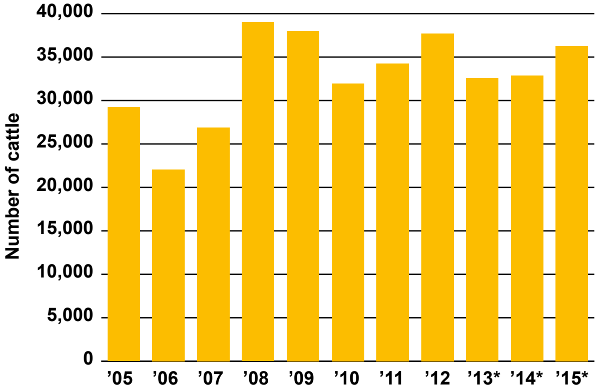
	Total cattle tests in GB	Number of cattle slaughtered for TB in GB
2013*	8,390,230	32,791
2014*	9,044,408	33,032
2015*	9,589,908	36,271

*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.

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

Source: Defra.

http://dairy.ahdb.org.uk/tb-data/

On-farm data

Profitability of dairy production systems

The AHDB Dairy Evidence Report on GB Dairy Herd Performance 2014/15 highlighted the following findings:

- In 2014/15 the top quartile of producers managed to achieve a net margin of 6 pence per litre (ppl), contrasting with the bottom quartile making a loss of 5ppl, a range of 11ppl, when full economic costs are considered
- The top quartile of dairy farms achieved 11% higher milk yield than the bottom quartile performers, but more importantly had a total cost of production which was 26% lower on a ppl basis
- 70% of the difference in cost of production between the top and bottom performing herds were explained by four cost areas:
    - Herd replacement cost
    - Feed and forage cost
    - Labour cost
    - Power and machinery cost
- Feed and forage costs typically contribute to between 30 and 40% of total costs of production
- Since 2014, prices have collapsed for many farmers, with more facing negative net margins at the present time
- On a per hectare basis, the net margin was over £1,400 per ha more for the better performing herds despite costs being £232 per ha higher than the bottom quartile
- They also earned over £1.20 for every £1 of cost, on average, during the last eight years

- 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	81	81
Average herd size (cows)	268	166
Dairy stocking rate (livestock units)	1.97	1.53
Yield (litres per cow per year)	7,881	7,121
Labour (hours/cow/year)	31	46
Revenue (ppl)	33.8	31.7
Herd replacement costs (ppl)	2.3	3.8
Total variable costs (ppl)	13.1	14.7
Total fixed costs (cash and non-cash) (ppl)	12.2	18.6
Full economic cost of production (ppl)	27.6	37.1
Full economic net margin (ppl)	6.2	-5.4
Full economic net margin (£ per hectare per year)	1,172	-230

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.

http://dairy.ahdb.org.uk/resources-library/market-information/milkbenchplus/evidence-report-201415/

Milk supply

GB and UK wholesale milk deliveries

In 2015/16, UK milk production was 3.0% (435 million litres) higher than the previous milk year.

GB milk production rose by 3.1% (374 million litres) in 2015/16 versus the previous milk year.

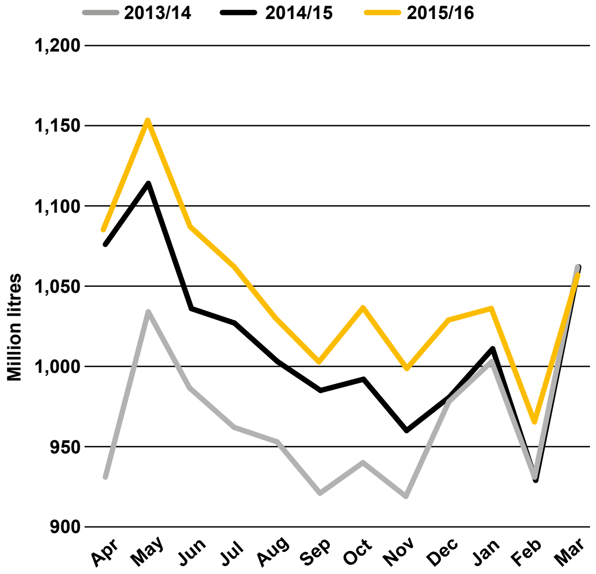
Northern Ireland milk production also increased in 2015/16, although by a slightly lower percentage of 2.7% (61 million litres) to 2,282m litres.

Falling milk prices at the end of 2014 and during 2015 will likely have slowed down the increase in production seen in 2014/15.

	Million litres					
	GB			UK		
	13/14	14/15	15/16	13/14	14/15	15/16
Apr	931	1,076	1,085	1,112	1,279	1,293
May	1,034	1,114	1,153	1,234	1,333	1,380
Jun	987	1,036	1,087	1,177	1,241	1,302
Jul	962	1,027	1,063	1,144	1,225	1,267
Aug	953	1,003	1,030	1,116	1,178	1,211
Sep	921	985	1,003	1,063	1,147	1,166
Oct	940	992	1,037	1,088	1,157	1,204
Nov	919	959	999	1,067	1,120	1,164
Dec	978	980	1,029	1,144	1,156	1,210
Jan	1,003	1,010	1,037	1,179	1,194	1,225
Feb	931	929	966	1,099	1,101	1,148
Mar	1,061	1,061	1,058	1,257	1,262	1,260
Total	**11,621**	**12,173**	**12,547**	**13,680**	**14,394**	**14,829**

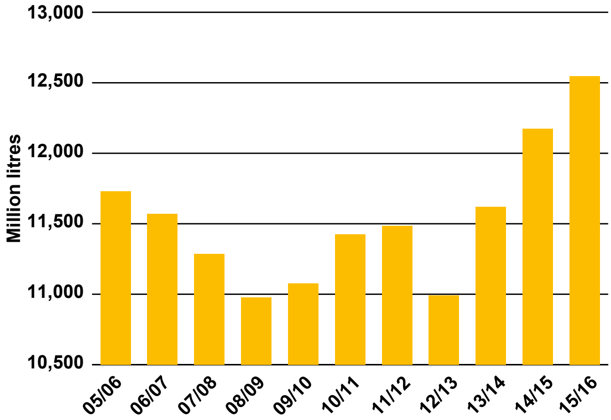
Note: Figures are subject to rounding.
2015/16 was a leap year and figures quoted above and shown in the charts below are unadjusted.
Source: Defra, DAERA.

GB wholesale milk deliveries



Source: Defra, DAERA.

GB wholesale deliveries by milk years (April-March)



Source: Defra, DAERA.

http://dairy.ahdb.org.uk/uk-monthly-and-annual-milk-deliveries/

Milk supply

EU-28 wholesale milk deliveries

Milk deliveries in the EU-28 were 4.2% higher in 2015/16 than in 2014/15. Twenty four countries increased their production, with Croatia, Italy, Malta and Romania recording a decline.

The UK, which saw its milk deliveries increase 2.8% between 2014/15 and 2015/16, remains the third largest producing country in the EU.

EU-28 wholesale deliveries

	Million litres		
	2013/14	**2014/15**	**2015/16**
Germany	29,762	30,350	31,488
France	23,727	24,431	24,767
United Kingdom	13,679	14,422	14,832
Netherlands	11,993	12,044	13,475
Poland	9,801	10,271	10,794
Italy	10,258	10,652	10,421
Ireland	5,400	5,616	6,653
Spain	6,209	6,396	6,614
Denmark	4,927	4,946	5,224
Belgium	3,442	3,552	3,994
Austria	2,887	2,954	3,063
Sweden	2,809	2,846	2,849
Czech Republic	2,312	2,365	2,537
Finland	2,242	2,299	2,330
Portugal	1,740	1,834	1,867
Hungary	1,333	1,459	1,500
Lithuania	1,319	1,401	1,402
Romania	878	952	907

Table continued from previous page

	Million litres		
	2013/14	2014/15	2015/16
Slovakia	802	824	845
Latvia	733	778	797
Estonia	684	702	705
Greece	625	593	602
Slovenia	503	518	549
Bulgaria	481	489	499
Croatia	491	503	499
Luxembourg	282	298	340
Cyprus	154	155	167
Malta	n/a	41	41
EU-25	137,623	141,748	147,854
EU-27	138,981	143,189	149,259
EU-28	139,472	143,691	149,758

Figures for 2013/14 do not include Malta, however, it is estimated to only produce 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.

http://dairy.ahdb.org.uk/eu-milk-deliveries/

Milk supply
World milk production

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

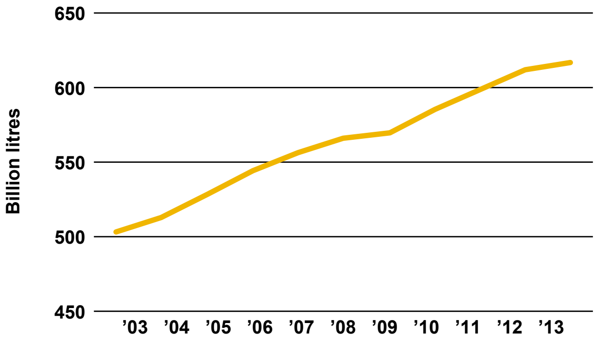
Although the EU-28 accounted for nearly a quarter (24.0%) of total world milk supply in 2013, this is down from 29.0% a decade earlier.

In 2013, the UK was the tenth largest milk producer in the world, unchanged on the previous year.

	Billion litres		
	2011	**2012**	**2013**
World	599.2	612.0	617.2
EU-15	118.5	118.5	120.1
EU-25	139.8	140.3	142.0
EU-28	146.0	146.3	148.0
UK	13.4	13.4	13.5
EU-28%	24.4	23.9	24.0
UK%	2.2	2.2	2.2

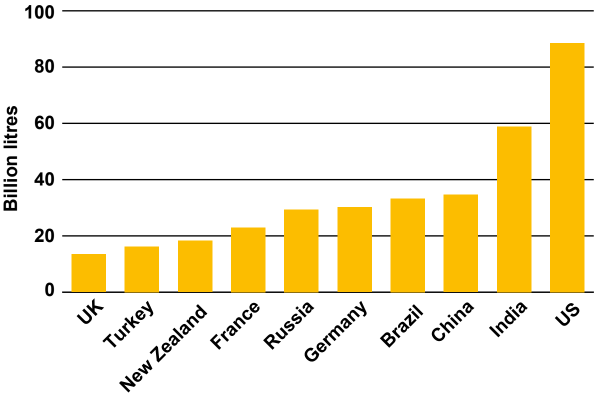
Source: Faostat – FAO.

World milk production



Source: Faostat – FAO.

Top 10 milk-producing countries in 2013



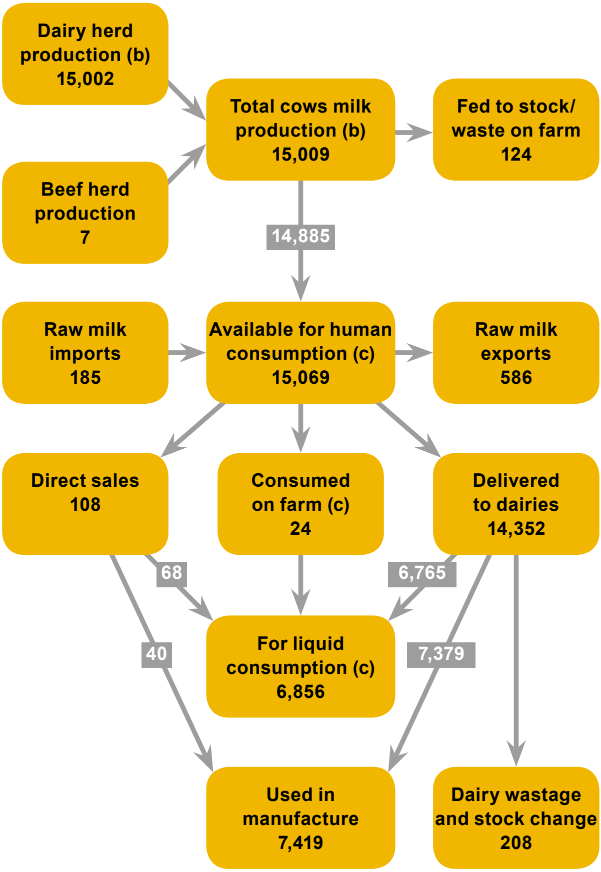
Source: Faostat – FAO.

http://dairy.ahdb.org.uk/market-information/supply-production/milk-production/world-milk-production/

Milk supply
UK milk flow

The UK milk market was approximately 15 billion litres in 2015, up from 14.7 billion litres in 2014. Milk for liquid consumption accounted for 6.9 billion litres.

UK milk flow 2015 (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

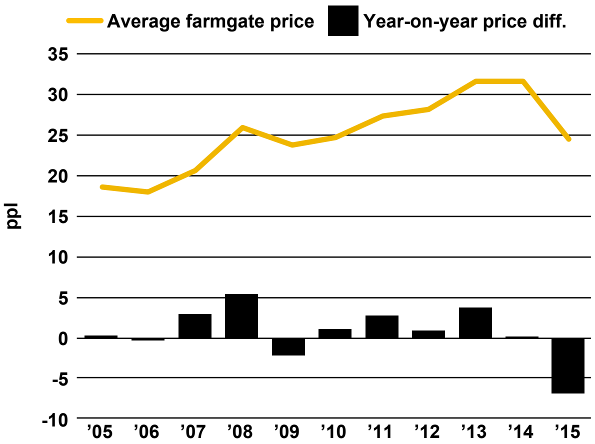
Average farmgate prices fell considerably between 2014 and 2015, largely due to the fall in wholesale prices. The gap between the top and bottom farmgate prices increased significantly throughout the year. Those on aligned contracts saw some downward movement, however, those on non-aligned contracts saw the worst of the fall. The gap between the two ranged by around 12-15ppl throughout 2015.

UK annual farmgate price

	Average price ppl	Year-on-year price difference ppl
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
2015	24.46	-7.06

Source: Defra (including bonus payments).

UK annual farmgate price



Source: Defra (including bonus payments).

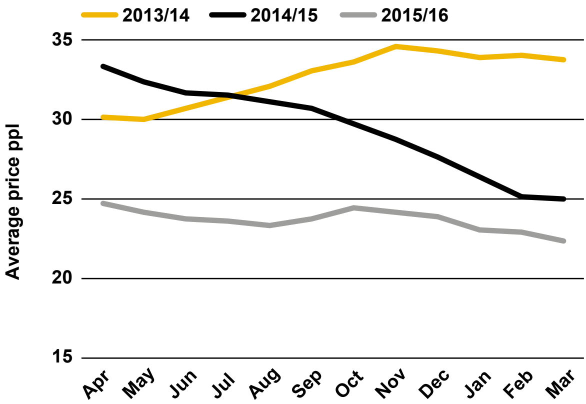
UK monthly average farmgate price

	Monthly average price ppl		
	2013/14	2014/15	2015/16
Apr	30.09	33.29	24.63
May	29.96	32.25	24.08
Jun	30.71	31.66	23.75
Jul	31.36	31.52	23.54
Aug	32.06	31.04	23.34
Sep	32.96	30.68	23.71
Oct	33.59	29.66	24.41
Nov	34.52	28.75	24.18
Dec	34.22	27.59	23.88
Jan	33.86	26.38	23.07
Feb	33.94	25.07	22.93
Mar	33.70	25.00	22.35
Average	**32.58**	**29.41**	**23.66**

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

Source: Defra (excluding bonus payments).

Monthly average farmgate prices



Source: Defra (excluding bonus payments).
http://dairy.ahdb.org.uk/uk,-gb-and-ni-farmgate-prices/

Milk prices and contracts

UK milk producer league table

Prices are based on the AHDB Dairy Standard Litre for an annual average price as of May 2016. 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.

Annual average – May 2016 (ppl)	
Aligned Liquid Milk	
Arla Foods - Sainsburys[4]	29.61
Müller Direct Milk - M&S (Profile)[2]	31.07
Müller Direct Milk - M&S (Seasonal)[2]	30.99
Müller Direct Milk - Sainsbury (Profile)[2]	29.96
Müller Direct Milk - Sainsbury (Seasonal)[2]	29.88
Müller Direct Milk - Waitrose (Profile)	31.67
Müller Direct Milk - Waitrose (Seasonal)	31.59
Müller Milk Group - Booths	31.92
Müller Milk Group - Co-operative	25.85
Müller Milk Group - M&S	30.03
Müller Milk Group - Sainsbury	29.89
Müller Milk Group - Tesco	28.55
Standard Liquid Milk	
Crediton Dairy	23.10
Müller Direct Milk - Core Formula (Profile)	24.52
Müller Direct Milk - Core Formula (Seasonal)	24.44
Müller Direct Milk - Liquid (Profile)	21.36
Müller Direct Milk - Liquid (Seasonal)	21.29
Müller Milk Group - Formula	23.04
Müller Milk Group - Partnership	21.89
Pensworth	19.46
UK Arla Farmers Liquid[3]	18.85

Table continued from previous page

Annual average – May 2016 (ppl)	
Standard Manufacturing	
Arla Direct Manufacturing	15.77
Barber A.J. & R.G.	20.83
Dale Farm - GB	20.27
Dale Farm - NI	17.64
Glanbia - Llangefni	15.87
Lactalis - Caledonian Cheese	17.36
Lactalis - Caledonian Cheese (Profile)	18.05
Lactalis - Caledonian Cheese (Seasonal)	17.56
Parkham Farms	28.16
Pattemores Dairy Ingredients	19.15
South Caernarfon Creameries	16.34
UK Arla Farmers Manufacturing[3]	19.12
Wensleydale Creamery	20.09
Wyke Farms	19.20
A&B	
First Milk - Haverfordwest (A&B Comp)[1]	16.34
First Milk - Lake District Cheese (A&B Comp)[1]	15.64
First Milk - Midlands & East Wales (A&B Bal)[1]	14.81
First Milk - Northern England (A&B Bal)[1]	15.20
First Milk - Scottish Mainland (A&B Bal)[1]	15.26
Graham's Dairy (A&B)[1]	21.89

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.

Monthly retail supplements are included where applicable.

Price is an annual average as of May 2016 for the year ahead provided the contract remained unchanged.

1. Price shown is a combination of both A&B prices.
2. 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 the standard liquid milk contract price; the milk price above assumes that all litres produced are sold into the dedicated milk pools.
3. These contracts will receive a 13th payment, the forecast for this is approximately 0.73ppl from 1 February 2016.
4. There will be a deduction for balancing costs on all litres above Base Average Daily Production (BADP) in line with the milk balancing scheme.

To calculate prices specific to your own milk please visit the link below and use the AHDB Milk Price Calculator.

Source: AHDB Dairy.

http://dairy.ahdb.org.uk/mpc

Milk prices and contracts

Market indicators

Dairy markets remained weak during the 2015/16 season, with further downward movements in wholesale prices. Values for AMPE 2014, MCVE 2014 and cream income fell by 34%, 28% and 25% respectively from last year's levels, which had fallen by similar amounts in the previous year.

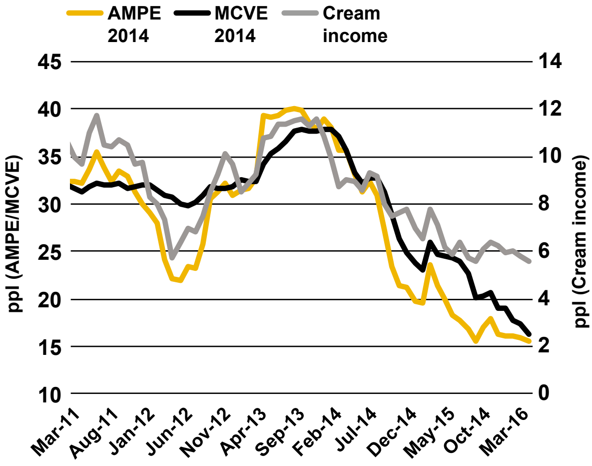
	Average price ppl		
	2013/14	2014/15	2015/16
AMPE 2014	38.49	25.43	16.89
MCVE 2014	36.75	28.29	20.48
Cream income	9.19	6.80	5.12

Source: AHDB Dairy.

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.

The cream income to a liquid processor indicator measures trends in potential returns arising from the sale of surplus cream and 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.



Source: AHDB Dairy.
http://dairy.ahdb.org.uk/market-information/milk-prices-contracts/market-indicators/ampe-mcve/

EU annual average farmgate prices

The average EU farmgate price decreased by 7.81ppl (25.3%) to 23.07ppl between 2014 and 2105.

At 24.66ppl, UK dairy producers received 1.59ppl more than the EU-28 weighted average price in 2015.

	Average price ppl		
	2013	2014	2015
Austria	32.88	32.74	25.20
Belgium	32.52	29.95	20.90
Denmark	33.75	32.99	23.21
Finland	40.10	36.76	28.14
France	30.27	30.30	24.15
Germany	32.73	31.29	22.13
Greece	38.83	35.87	31.30
Ireland	33.47	31.43	22.44
Italy	33.94	32.94	25.94
Luxembourg	31.93	31.22	22.31
Netherlands	34.48	32.79	22.89
Portugal	29.32	28.96	22.20
Spain	29.99	29.24	22.56
Sweden	34.61	32.13	23.59
UK	31.70	31.57	24.66
Weighted average EU-15	32.50	31.49	23.53
Cyprus	50.28	46.91	42.27
Czech Republic	28.56	27.53	20.44
Estonia	29.43	27.25	17.74
Hungary	28.27	27.78	19.41

Table continued from previous page

	Average price ppl		
	2013	**2014**	**2015**
Latvia	26.71	24.36	16.22
Lithuania	27.67	23.89	16.22
Malta	45.79	38.96	34.99
Poland	27.74	26.81	20.82
Slovenia	28.23	28.82	21.20
Slovakia	28.58	28.09	20.92
Bulgaria	29.43	28.73	21.37
Romania	26.21	25.38	19.70
Croatia	n/a	29.54	24.36
Weighted average EU price*	**31.91**	**30.88**	**23.07**

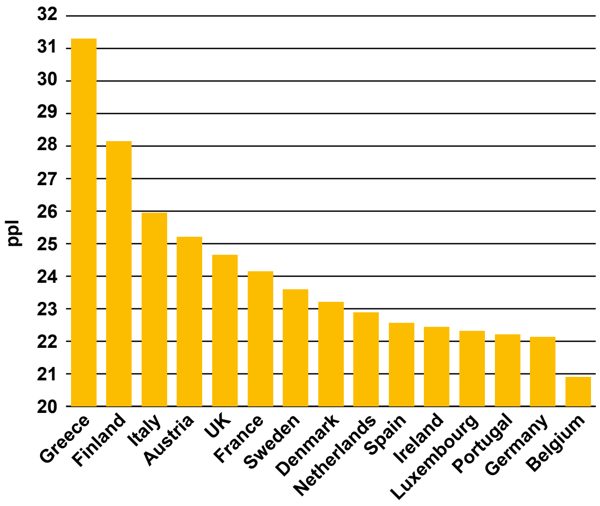
*Average EU price is EU-27 in 2013 and EU-28 in 2014 and 2015.

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 2015



Source: DG AGRI-C4, AHDB Dairy.

http://dairy.ahdb.org.uk/eu-farmgate-milk-prices/

Milk prices and contracts
UK wholesale prices

UK wholesale prices fell by 26% on average during 2015 as world markets remained unbalanced. Global milk production continued to grow while demand was limited by the Russian ban and slower Chinese demand. SMP* prices fell the furthest in 2015, requiring intervention support through most of the year.

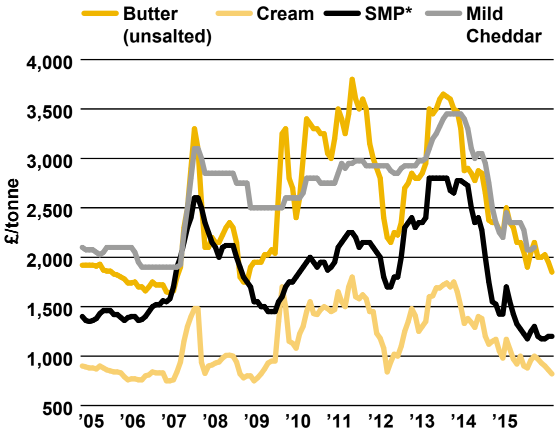
	£/tonne			
	Butter (unsalted)	Cream	SMP*	Mild Cheddar
2013	3,375	1,588	2,667	3,252
2014	2,702	1,276	2,169	2,929
2015	2,152	979	1,335	2,258†

*Skimmed Milk Powder.

†Average of Jan-Oct as no quotes obtained for Nov-Dec'15 due to lack of spot trade

Source: AHDB Dairy.

UK average wholesale prices



*Skimmed Milk Powder.

Source: AHDB Dairy.

http://dairy.ahdb.org.uk/uk-wholesale-prices/

Milk prices and contracts
EU wholesale prices

Average EU wholesale prices continued to fall throughout the year. 2015 saw the end of quotas, resulting in a number of EU countries increasing milk production rapidly from April 2015. This added further supply to an already oversupplied market. Due to this, pressure remained on prices. The Russian ban was also extended in August keeping that outlet shut.

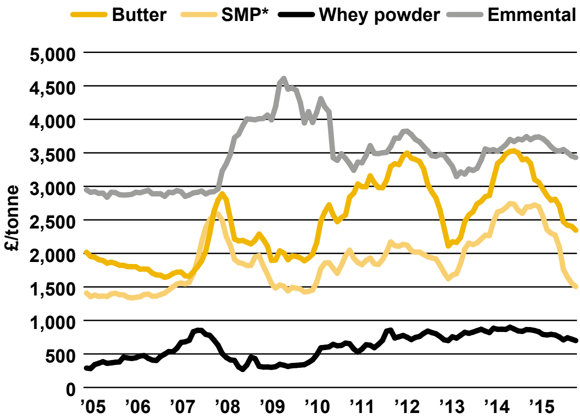
	£/tonne*			
	Butter	SMP**	Whey powder	Emmental
2013	3,269	2,552	865	3,609
2014	2,778	2,184	780	3,599
2015	2,194	1,352	554	2,930

*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.

http://dairy.ahdb.org.uk/eu-wholesale-prices/

Milk prices and contracts
World wholesale prices

Demand for dairy commodities weakened during 2015, as milk production continued to be strong in the major exporting nations. Prices were, therefore, under pressure and fell further in 2015. The end of EU quotas and the continuation of the Russia ban contributed to this decline.

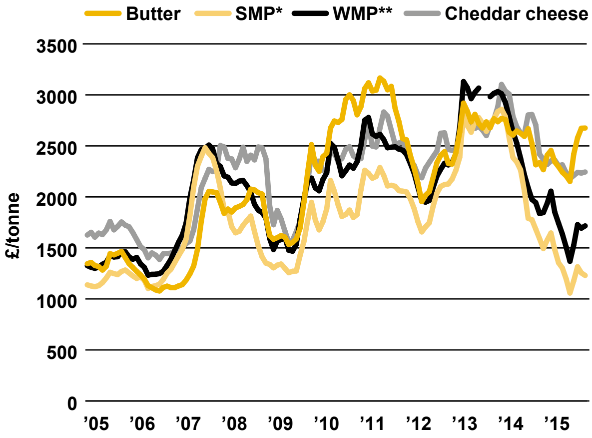
	£/tonne*			
	Butter	SMP**	WMP***	Cheddar cheese
2013	2,689	2,612	2,870	2,654
2014	2,601	2,246	2,447	2,790
2015	2,393	1,341	1,718	2,280

*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.

http://dairy.ahdb.org.uk/world-wholesale-prices/

Milk prices and contracts
GDT auction prices

The Global Dairy Trade (GDT) auction takes place twice a month on an online trading platform.

Since 2014, auction prices have been under pressure due to global oversupply and weak demand. In early 2015, concerns that drought could hamper New Zealand milk production appeared to give a temporary price uplift. However, these concerns eased within a few months and a sharp drop followed, with prices staying down into early 2016.

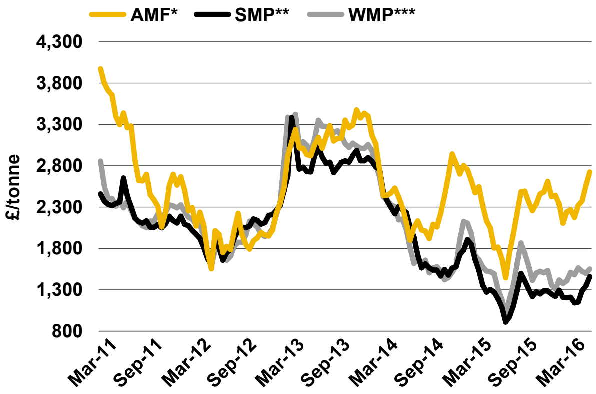
	£/tonne		
	2013/14	**2014/15**	**2015/16**
AMF*	3,158	2,370	2,209
SMP**	2,873	1,858	1,269
WMP***	3,105	1,850	1,471

*Anyhdrous Milk Fat, **Skimmed Milk Powder and ***Whole Milk Powder.

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

Source: GDT, AHDB Dairy.

GDT auction prices



*Anyhdrous Milk Fat, **Skimmed Milk Powder and ***Whole Milk Powder.

Source: GDT, AHDB Dairy.

http://dairy.ahdb.org.uk/global-dairy-trade-(gdt)-events/

Dairy processing and trade

UK milk utilisation

In 2015/16, 45.0% of raw milk produced in the UK went into the production of liquid milk, down from 47.1% in the previous milk year. In 2015/16, 27.6% went into cheese, compared with 26.5% in 2014/15. The share of condensed milk and powders fell from 13.1% to 12.3% over the same period.

	Volume (Million litres)		
	2013/14	2014/15*	2015/16*
Total milk available	13,962	14,686	15,121
Milk used for liquid	6,973	6,922	6,811
Cheese	3,653	3,885	4,180
Condensed milk and powders	1,625	1,931	1,856
Exports	498	586	586
Yogurt	273	272	320
Cream	207	207	188
Butter	303	285	325
Other	439	481	658
Stock change and wastage	-9	117	197

*Provisional.

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

Milk utilisation includes exports.

Source: Defra.

http://dairy.ahdb.org.uk/uk-milk-utilisation/

Dairy processing and trade

UK dairy product production

In 2015/16, liquid milk production reached 6,943 thousand tonnes, down 114 tonnes on the previous year. Butter and cheese production were up, while powder and condensed milk production both fell 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)		
	2013/14*	**2014/15***	**2015/16***
Liquid milk	7,108	7,058	6,943
Butter	148	139	158
Cheese	394	410	449
Milk powders	134	173	157
Condensed milk	104	92	91

*Provisional

Note: Cream data not available due to confidentiality issues.

Figures are subject to rounding.

Source: Defra.

http://dairy.ahdb.org.uk/uk-dairy-product-production/

Dairy processing and trade

EU dairy product production

Total EU dairy product production in 2015/16 was up 0.5% on the previous milk year. Despite this overall annual increase, drinking milk and condensed milk production was down on the year, with production of all other products increasing. Drinking milk made up 54.8% of 2015/16 EU-28 dairy product production, with cheese and fermented products making up 16.1% and 14.4% each, respectively.

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)		
	2013/14	**2014/15**	**2015/16**
Drinking milk	31,332	30,842	30,539
Fermented products	7,941	7,825	7,993
Cheese	8,848	8,874	8,972
Butter	1,946	2,010	2,155
SMP*	1,160	1,421	1,582
WMP**	675	650	673
Condensed milk	1,062	1,090	1,047
Cream	2,597	2,677	2,718
Total	**55,562**	**55,390**	**55,678**

Note: Cheese data excludes processed cheese.
Data subject to retrospective amendment.
*Skimmed Milk Powder.
**Whole Milk Powder, which includes partially skimmed milk.
Source: Eurostat.
http://dairy.ahdb.org.uk/eu-dairy-product-production/

Dairy processing and trade

EU market management measures

Public intervention

Intervention allows a limited volume of product to be bought by the European Commission at set prices. This helps remove product from the market at times of very low pricing and aims to provide a price “floor”. In 2015, the intervention scheme was extended by three months to run until 31 December. A new scheme then opened immediately on 1 January 2016, with the volume limits reset, and is due to remain open until 30 September 2016.

Initially, each year’s scheme allowed 60k tonnes of butter and 109k tonnes of SMP to be bought at fixed prices of €2,217/tonne and €1,698/tonne respectively. However, the volume limits were increased to 100k tonnes of butter and 350k tonnes of SMP, due to ongoing pressure on the markets.

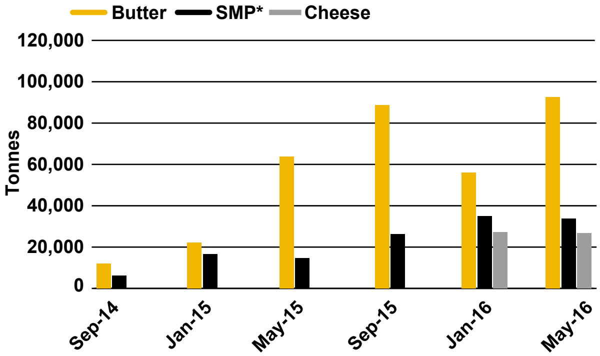
When the volume limits are exceeded, product can still be offered into the scheme but is subject to a tendering process, rather than being guaranteed the fixed price. In 2016, some SMP has been offered via tender due to the volume limit being filled and then subsequently raised. No butter has been offered so far in 2016 (correct to 10 July 2016).

	SMP offered into EU intervention (Tonnes)		
	At fixed price	Via tender	Total
2015	40,280	–	40,280
2016 to date (10 July)	229,365	78,525	307,891

Source: MMO.

Private Storage Aid

Private Storage Aid (PSA) is a payment made by the European Commission in return for keeping products in storage and off the market for an agreed period of time, to help balance supply and demand. The Commission re-opened PSA on 5 September 2014 in response to the threat of market disruption due to the loss of the Russian export market. The schemes have been extended and are due to remain open until 30 September 2016 for butter, SMP and cheese.



*Skimmed Milk Powder.

Source: MMO.

http://dairy.ahdb.org.uk/eu-intervention-stocks/

Dairy processing and trade

UK dairy trade balance

Strong UK milk supplies since 2013 have led to increased production of butter, cheese and milk powders. Exports have also risen, due to higher product availability. Imports have stayed flat or decreased for most products, except for an increase in cheese volumes.

	Production	Imports	Exports	Domestic use
	Raw milk (a) (Million litres)			
2013	13,404	187	501	13,090
2014	14,481	185	586	14,079
2015*	14,861	185	586	14,459
	Butter (b) ('000 tonnes)			
2013	142	106	45	203
2014	143	95	51	188
2015*	150	106	50	205
	Cheese ('000 tonnes)			
2013	388	468	125	731
2014	412	469	134	748
2015*	444	494	152	786
	Cream (c) ('000 tonnes)			
2013	209	22	44	186
2014	215	30	34	212
2015*	201	30	21	211
	Milk powders (d) ('000 tonnes)			
2013	112	67	88	91
2014	168	66	125	109
2015*	168	61	146	81

*Provisional.

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

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

(c) Fresh, frozen and sterilised.

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

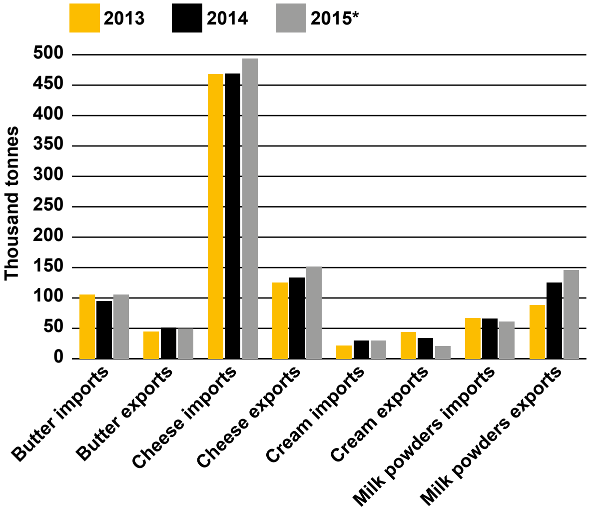
Note: Butter and cream includes production from the residual fat of low fat milk products.

Butter, cream and cheese production includes farmhouse manufacture.

Figures include stock changes where relevant.

Source: Defra, AHDB Dairy.

UK dairy imports and exports



*Provisional.

Source: Defra, AHDB Dairy.

http://dairy.ahdb.org.uk/uk-dairy-trade-balance/

Dairy processing and trade

EU dairy trade

EU imports by selected countries

EU dairy imports fell in 2015, driven by significant decreases for butter and cheese. This was likely due to increased product availability following Russia's ban on dairy imports in 2014, combined with strong EU milk production during 2014/15.

	2013	2014	2015
	Butter/butteroil ('000 tonnes)		
New Zealand	35.9	46.1	22.4
United States	3.2	2.5	0.0
Total butter imports	**40.0**	**49.2**	**23.0**
	Cheese ('000 tonnes)		
Switzerland	51.4	51.8	51.1
New Zealand	11.9	10.8	5.3
Australia	5.1	2.5	0.1
Total cheese imports	**74.7**	**76.5**	**61.4**
	SMP* ('000 tonnes)		
Norway	3.0	0.6	0.8
Algeria	0.5	0.5	0.3
Total SMP imports	**5.0**	**2.3**	**3.4**
	WMP** ('000 tonnes)		
New Zealand	1.6	1.3	3.6
Australia	1.1	0.0	0.2
Total WMP imports	**3.4**	**1.4**	**3.9**

*Skimmed Milk Powder.

**Whole Milk Powder.

Source: Eurostat.

http://dairy.ahdb.org.uk/market-information/processing-trade/imports-exports/eu-dairy-imports/

EU exports by selected countries

EU exports of butter and SMP increased in 2015. More milk was diverted into butter and SMP in the months following the Russian import ban, which is likely to have driven the rise in exports. Cheese exports decreased suddenly in 2014 because Russia was the EU's largest market for cheese. However, multiple alternative markets have helped offset some of the decline and exports were 9% below pre-ban levels in 2015.

	2013	2014	2015
	Butter/butteroil ('000 tonnes)		
Russia	29.5	17.9	0.0
Saudi Arabia	5.9	13.2	17.5
Singapore	8.5	8.1	8.9
Total butter exports	**117.0**	**136.9**	**180.4**
	Cheese ('000 tonnes)		
Russia	256.6	133.3	4.3
United States	112.9	120.0	140.1
Switzerland	51.8	53.7	54.8
Total cheese exports	**786.3**	**720.6**	**719.0**
	SMP* ('000 tonnes)		
Algeria	58.5	145.3	107.4
China	47.1	62.6	53.6
Indonesia	41.4	45.8	46.3
Total SMP exports	**406.7**	**647.9**	**685.9**
	WMP ('000 tonnes)**		
Algeria	28.1	66.2	34.5
Oman	49.8	48.1	57.1
Nigeria	38.5	36.0	27.8
Total WMP exports	**374.3**	**389.7**	**391.5**

*Skimmed Milk Powder.

**Whole Milk Powder.

Source: Eurostat.

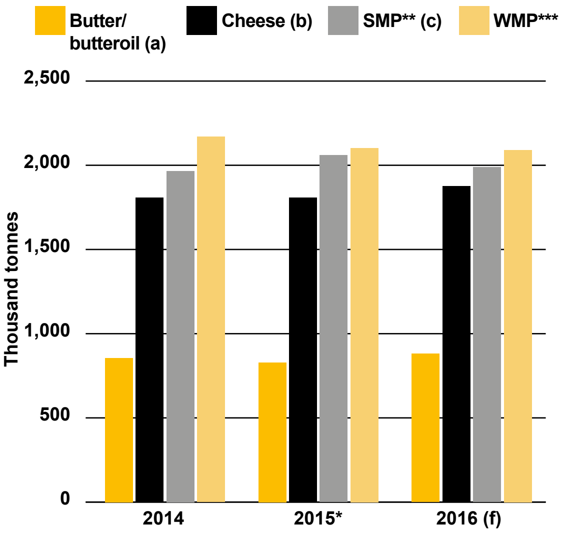
http://dairy.ahdb.org.uk/market-information/processing-trade/imports-exports/eu-dairy-exports/

Dairy processing and trade

World dairy trade

Trade in dairy products is expected to increase over the coming years. This will come from a small number of key exporters such as the EU, with the current low dairy prices acting as a barrier to entry for non-traditional dairy exporters, according to OECD-FAO forecasts. Growth in 2016 may, however, remain limited due to the continuation of the Russian ban and the expectation that China may fulfil more of its demand for milk products and butter internally. The strengthening of the US dollar and the euro will put pressure on growth in dairy exports from these regions, while exports from Argentina and Oceania are expected to become more competitive due to relatively weaker currencies.

Exports by selected regions



Note: For Butter/butteroil, regions include; N. America, S. America, EU-28, Asia and Oceania.
For SMP and WMP, regions include; N. America, S. America, EU-28, Former Soviet Union, Asia and Oceania.
For Cheese, regions include; N. America, S. America, EU-28, Former Soviet Union and Oceania.

Source: USDA Foreign Agricultural Service.

Exports by selected regions

	2014	2015*	2016 (f)
	Butter/butteroil (a) ('000 tonnes)		
N. America	84	34	42
S. America	20	10	8
EU-28	142	192	240
Oceania	600	583	580
	Cheese (b) ('000 tonnes)		
N. America	384	334	296
S. America	59	46	48
EU-28	721	719	790
Oceania	429	497	505
	SMP** (c) ('000 tonnes)		
N. America	557	574	558
S. America	24	25	22
EU-28	646	686	650
Oceania	547	612	605
	WMP*** ('000 tonnes)		
N. America	24	27	27
S. America	204	186	181
EU-28	390	391	400
Oceania	1,504	1,445	1,430

(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.

http://dairy.ahdb.org.uk/market-information/processing-trade/imports-exports/world-dairy-trade/

Consumer

UK average household consumption

The annual average consumption of liquid milk grew by 1.7% between 2013 and 2014. Whole milk declined by 7.8%, while semi-skimmed milk grew by 4.9%.

Butter and cheese consumption decreased by 3.7% and 6.3% respectively between 2013 and 2014.

		Average purchase (quantity/head/annum)		
	Unit	2012	2013	2014
Total liquid milk	Litres	78.3	74.7	76.0
Whole milk*		15.4	14.8	13.7
Semi-skimmed milk		54.7	51.8	54.3
Skimmed milk		8.2	8.1	8.0
Yogurt and fromage frais		10.1	10.0	9.0
Cream		1.3	1.2	1.2
Butter	kg	2.1	2.2	2.1
Cheese		5.9	6.1	5.8

*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, eg cheese in a ready meal.

Source: Defra family food survey, AHDB Dairy.

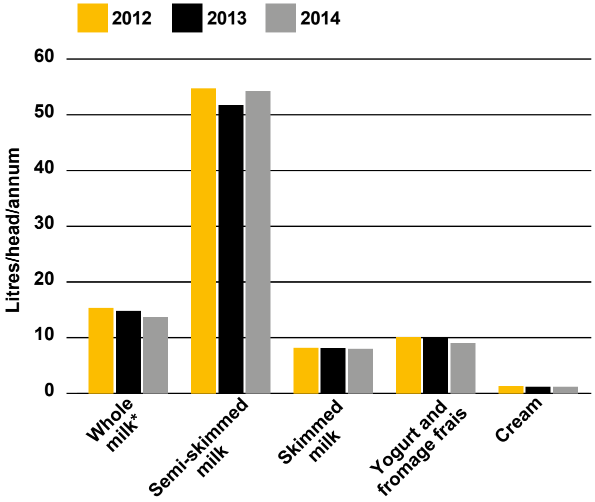
	Expenditure (£/head/annum)		
	2012	2013	2014
Whole milk*	9.3	9.2	8.2
Butter	10.4	10.6	10.5
Cheese	41.9	44.2	41.9

*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, eg cheese in a ready meal.

Source: Defra family food survey, AHDB Dairy.

UK average household consumption



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

Source: Defra family food survey, AHDB Dairy.

Consumer

Milk market retail shares

The hard discounters have increased their share of the milk market by both volume and value.

Total liquid milk

	Market share by volume (%)		Market share by value (%)	
52-week period ending	**Mar-15**	**Mar-16**	**Mar-15**	**Mar-16**
Top 5 multiples	73.0	72.5	70.1	69.8
Total hard discounters	9.1	10.6	7.0	8.0
Milkman	3.0	2.7	7.0	6.8
Total independents and symbols	3.3	2.9	4.2	3.7
Other retailers	11.6	11.3	11.7	11.7

Source: Kantar Worldpanel.

Total cheese

	Market share by volume (%)		Market share by value (%)	
52-week period ending	**May-15**	**May-16**	**May-15**	**May-16**
Top 5 multiples	75.9	73.0	76.8	74.7
Total hard discounters	12.2	15.1	9.3	11.3
Total independents and symbols	0.5	0.6	0.6	0.6
Other retailers	11.4	11.3	13.3	13.4

Source: Kantar Worldpanel.

Consumer

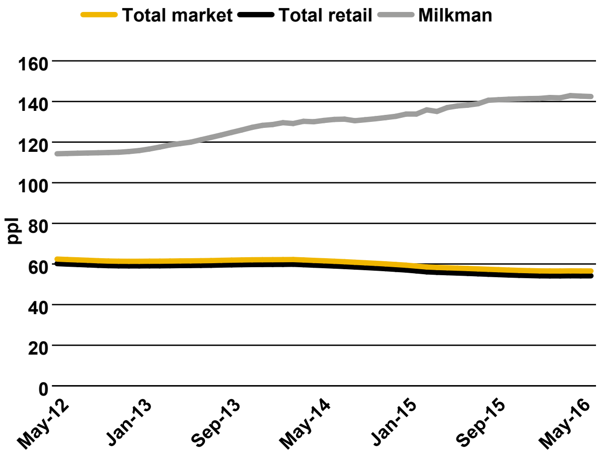
Liquid milk retail prices

The average price of liquid milk declined by almost 3% in the year to March 2016, compared to the previous 52-week period. Doorstep milk increased in price by 5.8% year-on-year.

	ppl for 52-week period ending		
	Mar-15	Mar-16	% change
Total	58.3	56.6	-2.9%
Retail	55.9	54.2	-3.0%
Doorstep	135.1	142.9	5.8%

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 2016, total value of the retail liquid milk market declined by 2%, despite a volume increase.

The average price for private label milk decreased by 4.2% over the last year, driving a total market price decline of 3%.

	Branded liquid milk	
52-week period ending	**Mar-15**	**Mar-16**
Volume (million litres)	791.5	792.7
Expenditure (£ million)	647.0	655.0
Average price (ppl)	81.7	82.6

	Private label liquid milk	
52-week period ending	**Mar-15**	**Mar-16**
Volume (million litres)	4,502.4	4,558.5
Expenditure (£ million)	2,312.7	2,243.5
Average price (ppl)	51.4	49.2

	Other liquid milk*	
52-week period ending	**Mar-15**	**Mar-16**
Volume (million litres)	164.8	148.8
Expenditure (£ million)	222.8	212.8
Average price (ppl)	135.2	143.0

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

*The majority of ‘other’ milk is doorstep delivered milk.

Source: Kantar Worldpanel.

Consumer

Liquid milk sales

The total liquid milk market in GB grew by 0.6% and now stands at just over 5.5 billion litres in the year ending March 2016.

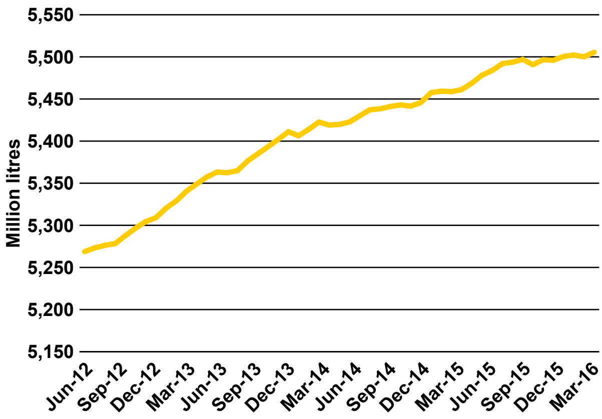
Doorstep market share stands at 3.0% for the year ending March 2016.

	Liquid milk volume sales		
52-week period ending	**Mar-15**	**Mar-16**	**% change**
Volume (million litres)	5,468.8	5,500.0	0.6%
Expenditure (£ million)	3,169.6	3,111.3	-1.8%

	% 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

Semi-skimmed milk purchases makes up over 60% of the total pasteurised milk market in volume terms for the year ending March 2016.

Whole milk sales volume has increased in the last year, while skimmed has seen a decline.

	Pasteurised milk volume sales*	
52-week period ending	**Mar-15**	**Mar-16**
Whole milk	22.4%	23.0%
Semi-skimmed	61.8%	62.1%
Low % fat milk	4.9%	4.2%
Skimmed	10.8%	10.7%
Total (million litres)	**4,762.0**	**4,780.7**

*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 increased by 3.2% between March 2015 and March 2016. Over this period, the average price increased by 0.9%.

Organic milk has a 2.5% volume share of the total GB retail liquid milk market.

	Organic milk sales		
52-week period ending	**Mar-15**	**Mar-16**	**% change**
Volume (million litres)	133.5	137.8	3.2%
Expenditure (£ million)	120.3	125.2	4.0%
Average price (ppl)	90.1	90.9	0.9%

Source: Kantar Worldpanel.

Filtered milk sales

The filtered milk market saw volumes increase by 5.6% between March 2015 and March 2016.

In volume terms, filtered milk accounts for 5.2% of the total GB retail liquid milk market.

	Filtered milk sales		
52-week period ending	**Mar-15**	**Mar-16**	**% change**
Volume (million litres)	271.0	286.1	5.6%
Expenditure (£ million)	218.8	222.3	1.6%
Average price (ppl)	80.7	77.7	-3.8%

Source: Kantar Worldpanel.

Consumer

Modified and UHT milk sales

Modified milk sales

Modified milk accounts for 0.2% of the total GB liquid milk market in terms of value. Volume grew by almost 150% in the year to March 2016.

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

	Modified milk sales		
52-week period ending	**Mar-15**	**Mar-16**	**% change**
Volume (million litres)	3.3	8.1	149.5%
Expenditure (£ million)	4.4	6.9	57.1%
Average price (ppl)	134.7	84.8	-37.0%

Source: Kantar Worldpanel.

UHT milk sales

The value of the UHT retail milk market fell by 6.4% between March 2015 and March 2016. UHT milk sales represented 4.3% of the total GB liquid milk market in volume terms.

The average price of UHT milk increased by 1.7% to 67ppl in March 2016.

	UHT milk sales		
52-week period ending	**Mar-15**	**Mar-16**	**% change**
Volume (million litres)	259.2	238.7	-7.9%
Expenditure (£ million)	170.7	159.7	-6.4%
Average price (ppl)	65.8	66.9	1.7%

Source: Kantar Worldpanel.

Consumer

Milk purchases by container type

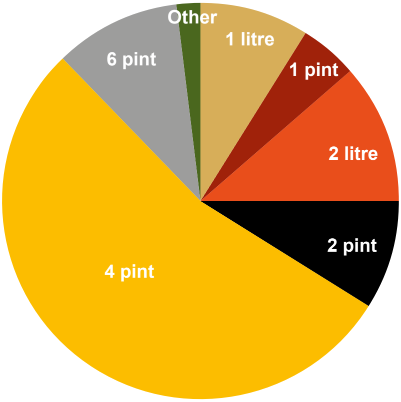
In GB, milk was sold most frequently in a 4-pint container in the year ending March 2016.

Container size	Milk volume (Million litres)	% share
1 litre	488.2	8.9%
1 pint	267.1	4.9%
2 litre	626.6	11.4%
2 pint	481.3	8.8%
4 pint	2,975.3	54.1%
6 pint	557.1	10.1%
Other	104.4	1.9%
Total	**5,500.0**	**100.0%**

Note: Data for the 52-weeks ending March 2016.

Source: Kantar Worldpanel.

Milk purchases (%) by container size for the year ending March 2016



Source: Kantar Worldpanel.

Consumer

Cheese market sales

Total cheese volume increased by 4.7% compared to the year to May 2015.

The average cheese price fell by 5.4% between 2015 and 2016.

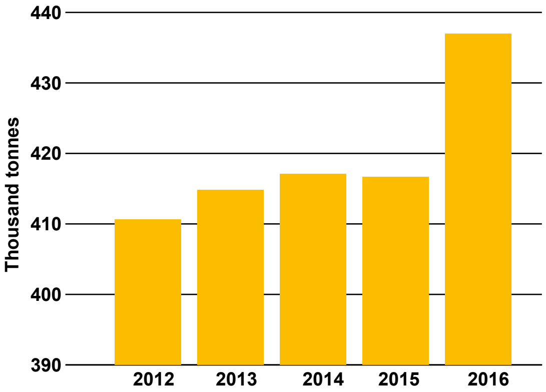
	Cheese sales		
52-week period ending	**May-14**	**May-15**	**May-16**
Volume (tonnes)	416,514	415,633	435,349
Expenditure (£ million)	2,789,427	2,785,644	2,759,953
Average price (£/kg)	6.70	6.70	6.34

Source: Kantar Worldpanel.

	Volume sales by cheese type (Tonnes)		
52-week period ending	**May-14**	**May-15**	**May-16**
Total Cheddar	226,559	225,692	231,715
Hard continental	18,884	19,670	21,865
Soft continental	34,274	36,052	39,781
Territorials ex. blue	29,057	28,991	30,384
Processed	39,092	36,999	38,436

Source: Kantar Worldpanel.

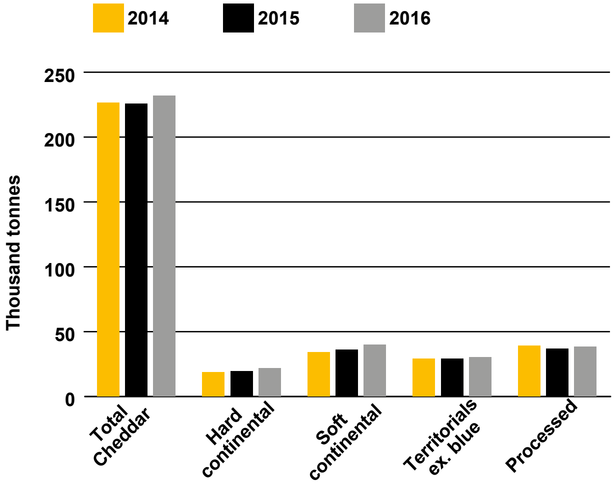
Cheese volumes sales



Note: Data for the 52-weeks ending June.

Source: Kantar Worldpanel.

Volume sales by cheese type



Note: Data for the 52-weeks ending May.

Source: Kantar Worldpanel.

	Average cheese price (£/kg)		
52-week period ending	**May-14**	**May-15**	**May-16**
Cheddar	6.58	6.46	6.00
Hard continental	9.52	9.48	8.92
Soft continental	7.09	7.04	6.76
Territorials ex. blue	7.02	7.05	6.58
Processed	6.87	7.32	7.20

Source: Kantar Worldpanel.

Consumer

Cheddar market sales

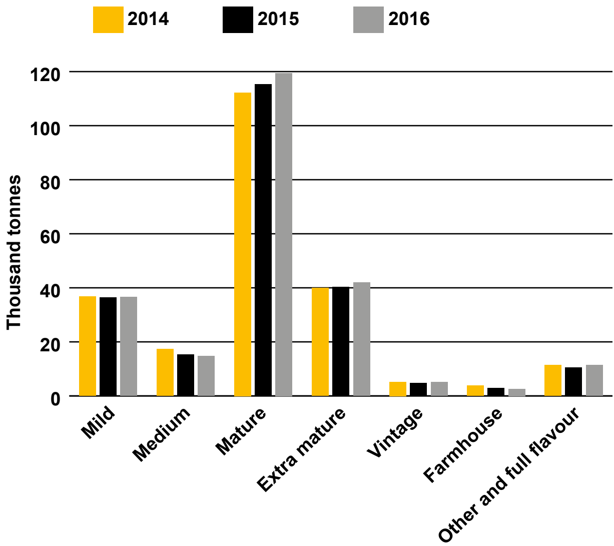
Total Cheddar sales grew by 2.7% in the year to May 2016.

Between 2015 and 2016 the average price of Cheddar fell by 7.1%.

	Volume sales by cheese type (Tonnes)		
52-week period ending	**May-14**	**May-15**	**May-16**
Mild	36,755	36,403	36,588
Medium	17,315	15,389	14,699
Mature	112,245	115,388	119,449
Extra mature	39,865	40,251	41,904
Vintage	5,190	4,797	5,073
Farmhouse	3,780	2,954	2,609
Other and full flavour	11,408	10,509	11,391
Total Cheddar	**226,559**	**225,692**	**231,715**

Source: Kantar Worldpanel.

Cheddar volume sales



Note: Data for 52-weeks ending May

Source: Kantar Worldpanel, AHDB Dairy.

	Average price (£/kg)		
52-week period ending	**May-14**	**May-15**	**May-16**
Mild	5.84	5.75	5.41
Medium	6.49	6.49	5.90
Mature	6.56	6.46	6.00
Extra mature	7.07	6.75	6.11
Vintage	8.42	8.10	7.91
Farmhouse	7.92	8.18	7.86
Other and full flavour	6.32	6.44	6.34
Total Cheddar	**6.58**	**6.46**	**6.00**

Source: Kantar Worldpanel.

Consumer

EU butter consumption

Average butter consumption per person in the EU-28 has remained relatively stable between 2012 and 2014. Within the EU, France and Denmark have seen an increase in per capita consumption, while it has dropped in the UK. Average butter consumption in the UK is roughly 22% below the EU-28 average.

	kg/capita/annum		
	2012	**2013**	**2014**
Denmark	2.5	3.9	4.8
Germany	6.2	6.2	6.1
France	7.3	7.7	8.3
Ireland	2.4	2.4	2.4
Italy	2.3	2.4	2.3
Netherlands	3.0	3.0	3.0
Poland	3.9	4.0	4.1
Spain	0.6	0.5	0.5
UK	3.4	3.3	2.9
Sweden	3.0	2.2	2.3
EU-28	**3.7**	**3.7**	**3.7**

Note: Figures may include butter production from other animals. Figures are based upon total consumption and will differ to those on page 49 which are based only on household consumption.

Source: Canadian Dairy Information Centre

Consumer

EU liquid milk consumption

Per capita consumption of liquid milk has declined in the EU-28 in the three years to 2014. However, this trend differs among European countries, with Germany and the UK seeing increases in consumption over the same time period. Within the EU, the UK has relatively high consumption of milk per person, with only Ireland, Finland and Estonia consuming larger volumes.

	Litres/capita/annum		
	2012	**2013**	**2014**
Denmark	90.9	90.8	89.3
Germany	53.5	54.1	55.5
France	54.2	54.4	52.6
Ireland	121.2	120.4	120.1
Italy	55.7	53.5	50.2
Netherlands	49.0	47.5	47.5
Poland	36.3	39.4	38.6
Spain	83.2	83.6	79.8
UK	106.3	106.3	108.4
Sweden	91.9	92.3	86.0
EU-28	**63.2**	**63.1**	**62.4**

Note: Figures may include milk from other animals. Figures are based upon total consumption and will differ to those on page 49 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, but increased in 2014 by more than 0.5kg/person/annum. Cheese consumption per person in the UK was less than half of that consumed in either France and Germany in 2014 and is amongst the lowest within Europe.

	kg/capita/annum		
	2012	**2013**	**2014**
Germany	24.2	24.3	24.6
France	26.1	26.2	26.7
Ireland	10.7	11.0	11.5
Italy	21.4	20.5	20.1
Netherlands	21.3	20.1	20.1
Poland	15.6	15.6	16.0
Spain	9.3	9.5	9.5
UK	11.4	11.6	11.7
Sweden	19.7	19.8	20.8
EU-28	**17.3**	**17.2**	**17.9**

Note: Figures may include cheese produced from other animals. Figures are based upon total consumption and will differ to those on page 49 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.

UK dairy industry organisations

AHDB Dairy

Agriculture and Horticulture Development Board
Stoneleigh Park
Kenilworth
Warwickshire
CV8 2TL

T: 024 7669 2051
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

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

British Cheese Board
britishcheese.com

Canadian Dairy Information Centre
dairyinfo.gc.ca

Dairy Australia
dairyaustralia.com.au

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

Department of Agriculture, Environment and Rural Affairs (DAERA)
daera-ni.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

Ian Potter Associates
www.ipaquotas.com

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
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:
https://gov.uk/government/collections/common-agricultural-policy-reform

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. 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 part 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.

Useful information
AHDB Dairy publications

All Things Dairy

Quarterly email newsletter on AHDB Dairy activities and services.

Datum Monthly Report

A detailed report of dairy market information including analysis and statistics.

Dairy Market Weekly

Independent and impartial market information with analysis to assist with making informed business decisions.

Forage for Knowledge

Newsletter sharing latest grass research and analysis from nine GB farmers.

AHDB Dairy's consumer activity updates

'Moos in the News' update highlighting public media coverage of dairy farming topics.

DairyLeader

Latest business, market and technical information, plus ideas for forward thinking farmers.

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AHDB

DAIRY

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