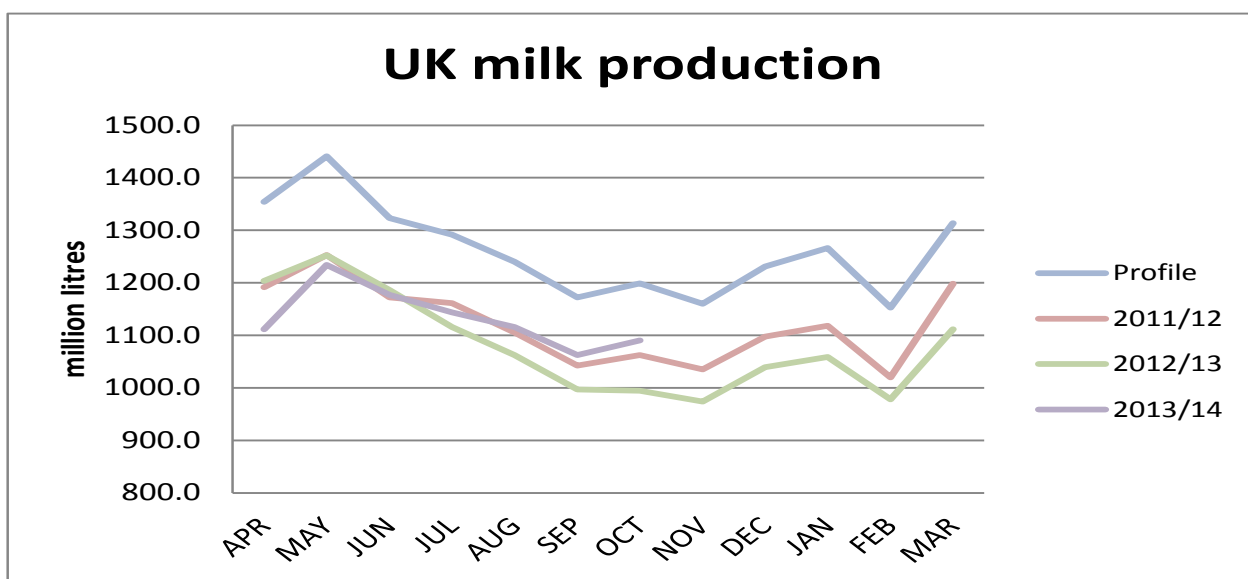


The Dairy Group

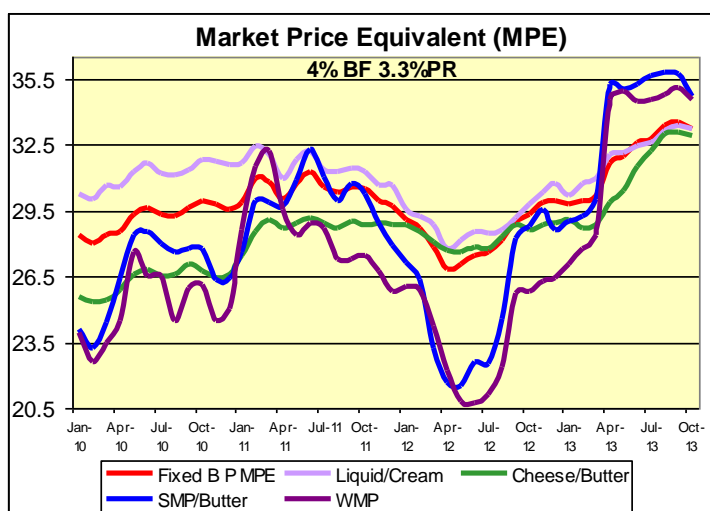
Dairy market report 8th November 2013

UK milk production

The UK unadjusted production in October of 1091 million litres was 96 million litres (9.7%) above last year and 108 million litres below The Dairy Group quota profile. The October butterfat was 4.08%, which was 11 points below last year. The UK annual rolling production to October 2013 has increased to 13,097 million litres, which was 2,123 million litres (13.9%) below quota. The 12 month rolling butterfat reduces to 4.03%, which is 6 points above the UK butterfat base of 3.97%, which reduces the under production by 141 million litres to 1,982 million litres (13.0%) below quota.



Market Prices



The Market Price Equivalent (MPE) has softened, down 0.25 to 33.25 ppl due to falls in SMP, Butter and Cream. The range across the sectors continues to narrow as the core product prices are sustained while high commodity prices soften. The latest GDT auction was down 1.9%, due to WMP and late winter contracts. The MPE is now up 3.89 ppl on the year and up 1.6 ppl since April 2013. New Zealand production is catching up with the 2012 level, running +9.2% in August, -1.8% on the year and

forecast at +5% compared with 2012. The US is running at +2.6%, while the EU is -0.46% and Australia is -4%. Globally production is rising again, so markets are likely to soften further.