

Radyvylivmoloko brief market review

Trends in the dairy market in Ukraine

General Information

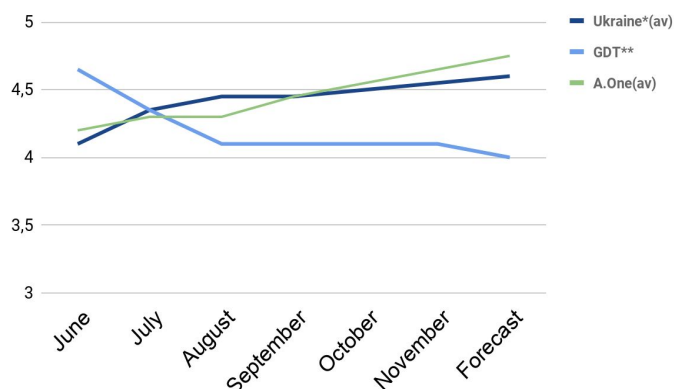
The Ukrainian dairy industry is coming into crisis, despite the relatively favorable world market conditions and the country's very good potential for the development of the industry. The shortage of raw milk with its logical rise in price, in turn, complicates the work of processing productions. Forced to work on the verge of loss-making, they reduce production, become uncompetitive in foreign markets and cannot invest in the modernization of production, which is so necessary for many of them.

Raw milk trends

The Ukrainian raw milk market is at record prices and sets new maximum levels every week. At the same time, the cost values for Ukrainian raw materials (and hence the final

product) could be even higher, but the growth in recent months has been very smooth "due to" the volume of imports, which actively go to Ukraine in the second half of the year.

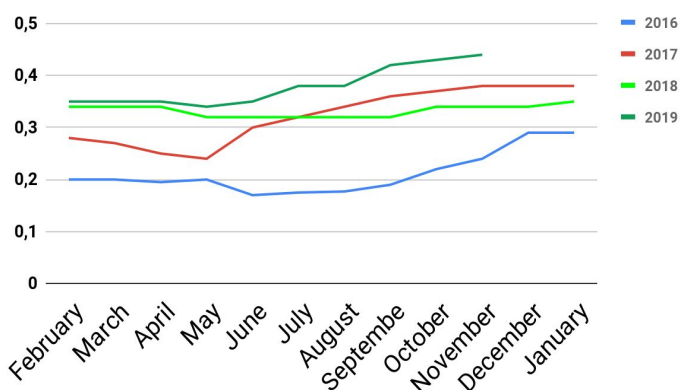
82% Butter price, USD/t (FCA)



Butter

In butter, Ukraine is now far from the realities of the world market. More recently, we sold it at prices below world prices, now goods in the country are quite expensive and consumers are increasingly resorting to the use of imported, European butter. Although this is a little surprising, not so long ago, 7,000 tons of goods remained in the producers warehouses, and monthly production was approximately equal to the same indicator. However, for November statistics are likely to show greater butter imports than exports. Butter with fat content 82% was sold at prices approximately 4600 USD per ton.

Raw material price in Ukraine average value, (USD/Kg)



* - the price for 1 liter of high-quality milk. (fat 3.4%, protein 3.2%)

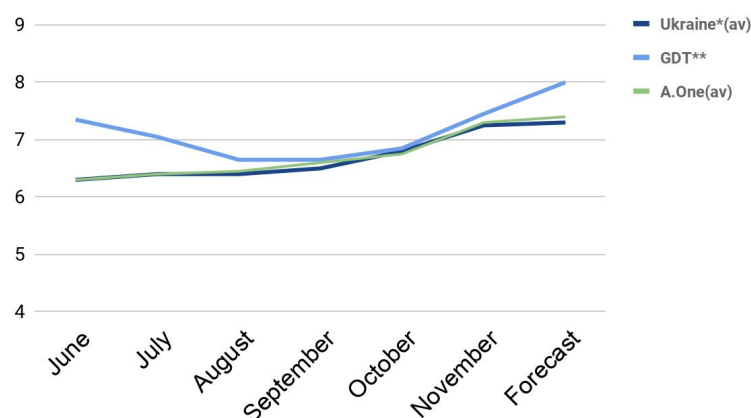


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Casein

Casein prices are rising, but the producers of this product are no longer interested in this growth. Now is still more profitable to sell raw skimmed milk or send to SMP productions. Traders are increasing prices for Ukrainian casein and are now ready to pay for it 7300-7400 USD per ton.

Casein price, USD/t (FCA)



Exchange rate, USD/UAH

Exchange rate change, * %	24,87	23,99	3,6%
Fluctuation rate, ** %	24,87	23,99	3,6%

* - The beginning and the end of the month

** - The highest and lowest values during a month

Our production in October

Butter 59 ton

Casein 1 ton

Cheese 83 ton

Our forecast for December

In the first half of December, the market will feel increased demand before the New Year holidays. The raw milk shortage will be balanced by the growth of imports. Raw milk purchase prices if they grow, then smoothly. The butter market is not expected to change much, production will decline seasonally. In December, only few producers will remain active in casein production.

Used sources

1. Global Dairy Trade (GDT); 2. Infagro; 3. Radyvylivmoloko data

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