



25<sup>th</sup> August 2016

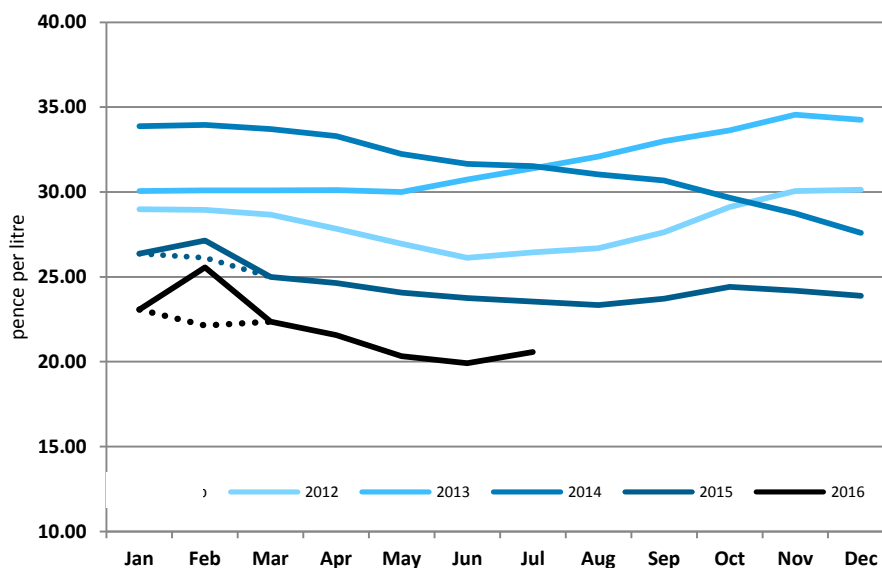
## United Kingdom Price, Volume and Composition of Milk – July 2016

This release shows the latest information on average farm gate milk prices, volumes and the butterfat and protein content of UK produced milk.

### Key point

The UK average farm gate milk price for July 2016 is 20.57p per litre. This represents a 3.3% (0.66p per litre) increase on June 2016 and 13% lower than the same month last year. This is the first rise in the milk price (excluding bonuses) since October 2015.

**Figure 1: United Kingdom farm gate milk price (pence per litre)\***



\* For February 2015 and 2016 price shown both with and without retrospective bonus payments.

This monthly notice will be updated at 09:30 on 29<sup>th</sup> September 2016. A full time series and dataset can be found at:

<https://www.gov.uk/government/publications/uk-milk-prices-and-composition-of-milk>

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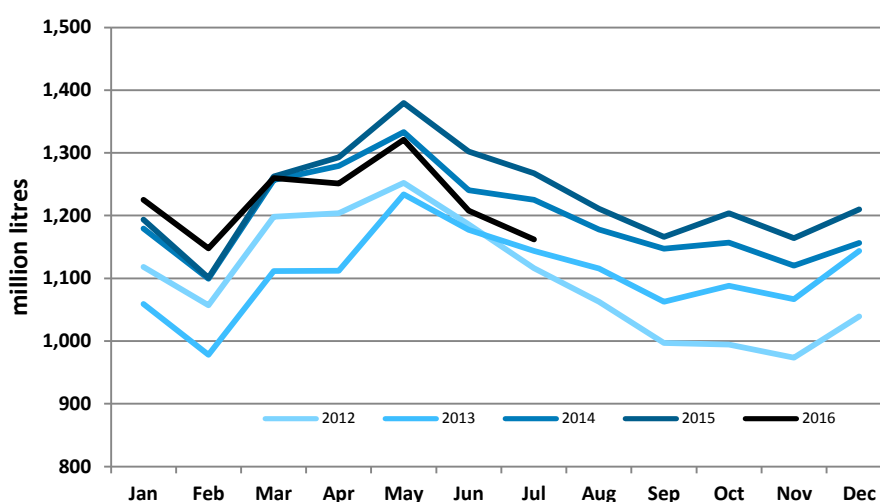
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## Commentary

UK milk production for July decreased 3.8% on the previous month to 1162 million litres, a 8.3% decrease on the same period last year.

Figure 2 and Table 1 below, clearly show the consecutive months of high domestic milk production over the past milk year. This has contributed to an abundance of supply in the market leading to the falls in milk price, as shown in Figure 1. Recent years have shown increased production between February and May in line with the spring flush, which brings increased volumes. April 2016 production did not follow the trend as volumes decreased compared to March. The May volume increased in line with the seasonal trend with June and July volumes falling by more than seen in previous years.

**Figure 2: United Kingdom wholesale milk production (million litres)**



Source: Defra statistics from April 2015: Rural Payments Agency milk quota data to March 2015.

**Table 1: United Kingdom wholesale milk production (million litres)**

	2012	2013	2014	2015	2016
Jan	1,118.10	1,059.00	1,179.40	1,193.60	1,224.98
Feb	1,057.30	978.10	1,099.20	1,101.10	1,147.68
Mar	1,198.10	1,111.60	1,256.90	1,262.30	1,259.86
Apr	1,203.80	1,111.90	1,279.10	1,292.84	<b>1,251.26</b>
May	1,252.30	1,234.10	1,333.40	1,379.50	1,320.88
Jun	1,186.10	1,177.40	1,240.70	1,302.20	<b>1,207.63</b>
Jul	1,116.00	1,143.60	1,225.20	1,267.42	1,161.80
Aug	1,062.70	1,115.70	1,177.80	1,210.99	
Sep	997.10	1,062.70	1,147.30	1,166.08	
Oct	994.40	1,088.20	1,156.70	1,203.69	
Nov	973.70	1,066.90	1,120.40	1,164.01	
Dec	1,039.20	1,143.50	1,156.40	1,209.80	

Source: Defra statistics from April 2015: Rural Payments Agency milk quota data to March 2015.

**Note:** Bold figures represent data revisions since last publication.

## Section 1: United Kingdom farm gate milk price

Table 2 shows the monthly average farm gate milk prices for the last 13 months, along with historical annual averages (at actual prices). Monthly comparisons between years can be seen in Figure 1 on the front page and in the full timeseries on the website at <https://www.gov.uk/government/publications/uk-milk-prices-and-composition-of-milk>

**Table 2: United Kingdom farm gate milk price**

		pence per litre
2011		27.36
2012		28.08
2013		31.64
2014		31.52
2015		24.46
2015	Jul	23.54
	Aug	23.34
	Sep	23.71
	Oct	24.41
	Nov	24.18
	Dec	23.88
2016*	Jan	23.07
	Feb	25.55
	Mar	22.35
	Apr	21.57
	May	20.33
	Jun	19.91
	Jul	20.57

(\*) provisional figures

## Section 2: Composition of milk in the United Kingdom

Table 3 shows the average butterfat and protein content of milk. Butterfat content figures prior to April 2015 were sourced from published RPA figures and are presented here for reference only. Protein (and from April 2015, butterfat) content figures are calculated from UK milk survey data. There is a seasonal drop in the butterfat content due to cattle being put out to grass as the weather improves. This is historically reflected with a fall in the May figure which this year dropped from 4.16% in April to 3.99% which although represents a fall, is higher than the same month in the last two years.

**Table 3: Average butterfat and protein content of United Kingdom produced milk**

	Butterfat %			Protein %		
	2014/15	2015/16	2016/17*	2014/15	2015/16	2016/17*
Apr	4.01	4.02	4.16	3.27	3.29	3.27
May	3.90	3.91	3.99	3.25	3.31	3.28
Jun	3.84	3.90	3.94	3.24	3.30	3.23
Jul	3.84	3.83	3.94	3.23	3.31	3.22
Aug	3.92	3.99		3.27	3.31	
Sep	3.97	4.03		3.33	3.44	
Oct	4.08	4.12		3.34	3.41	
Nov	4.11	4.15		3.33	3.36	
Dec	4.10	4.13		3.31	3.32	
Jan	4.07	4.15		3.28	3.28	
Feb	4.09	4.18		3.27	3.28	
Mar	4.10	4.20		3.28	3.29	
<b>Average</b>	<b>4.00</b>	<b>4.05</b>		<b>3.28</b>	<b>3.33</b>	

(\*) provisional

Source: Defra statistics: RPA (butterfat and pre-April 2015 only)

## Section 3: Data users, methodology, notes and revisions policy

### Data users

1. Users of the milk prices data include the EU Commission where the milk price statistics are required monthly under Regulation no. 479/2010 Article 2 (3)(a). Detailed information on this legislation and successive amendments are available at: [European Commission legislation](#) European level statistics on the milk industry are available at: [European Commission statistics](#)
2. The milk price statistics accompany another Defra monthly publication on milk utilisation by dairies (this is available at <https://www.gov.uk/government/collections/milk-utilisation-by-dairies> and provides more detailed statistics on the volumes of raw milk which are processed into other products e.g. liquid milk, butter, cheese etc.) This data, alongside the milk prices, gives a comprehensive overview of the UK milk market and is used heavily by the dairy industry, in particular the division of the Agriculture and Horticulture Development Board (AHDB) known as DairyCo (who represent milk producers) and Dairy UK (who represent milk processors). DairyCo consider the price and utilisation statistics vital for assessing market trends and to carry out further analysis on how changing prices affect the sector. Milk utilisation data provides insight into market characteristics and to monitor where milk is being used for domestic production. It provides insight to how production of products (such as butter, cheese etc.) changes in response to changes in global demand and market conditions.
3. The information in this notice is also used by the UK government as evidence for assessing market conditions and evaluating agricultural policy. Other users include academia and the general public.
4. Contact details are available on the front page of this notice, for you to send feedback or ask questions about the information provided.

### Methodology

5. Farm gate milk prices: Defra runs a compulsory monthly survey of dairies in England and Wales to collect information on the volume, value, protein and butterfat content of milk purchased from farms in England and Wales. All major dairies purchasing over 2 million litres of milk a year (34 in England and Wales) take part in the survey.
6. Similar surveys are run by the Rural & Environment Science and Analytical Service (RESAS) for Scotland and the Department of Agriculture, Environment and Rural Affairs (DAERA) for Northern Ireland. Scottish milk price and production statistics are available in the Economic Report on Scottish Agriculture at: <http://www.scotland.gov.uk/Topics/Statistics/Browse/Agriculture-Fisheries/PubEconomicReport> (Section 5.25). This website also contains contact details and more information. Northern Ireland results are available at <https://www.daera-ni.gov.uk/articles/milk-price-quality-and-production-statistics>
7. UK average prices are calculated using the weighted results from the Defra, RESAS and DAERA surveys.
8. Based on long term comparisons with information from the Rural Payments Agency on the volume of milk delivered to dairies (information collected under milk quota regulations), we calculate the milk prices surveys cover approximately 90 per cent of milk purchased from farms in the UK. In the short term, the total volume of milk recorded by the surveys is raised using this methodology.
9. The 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.

Some purchasers pay bonuses retrospectively to producers and these are included in the figures.

10. Composition of milk: The Rural Payment Agency no longer collects information on the butterfat or protein content of milk delivered to dairies (previously collected under the milk quota regulations). This information is now collected by Defra, DARD NI and RESAS from the milk prices surveys to obtain a UK average. In the same way as for the average prices, the average butterfat and protein contents are weighted according to the volume of milk purchased.
11. The data are subject to a variety of validation checks which identify inconsistencies in the data. All data are cleaned prior to publication in discussion with the survey respondents.

### **Revisions policy**

12. Figures in this notice are provisional and subject to revision. We will provide information about any revisions we make to previously published information in this statistics notice, and the associated datasets. Revisions could occur for various reasons, including:
  - a. If we have not received survey data from respondents we make an estimate based on their previous returns. These estimates are replaced with actual figures when they are received.
  - b. Survey respondents occasionally supply amended figures for previous periods.
  - c. Receipt of amended data from Scotland and Northern Ireland.
  - d. Payment of retrospective bonuses which affect the previously supplied price data.
13. **This month there has been a revision to the June 2016 milk price, the revision is small, increasing 0.06p from 19.85p to 19.91p (0.3%). This is due to actual survey data replacing estimates and amended Scottish and Northern Irish data.**