



Radyvylivmoloko brief market review

Trends in the dairy market in Ukraine

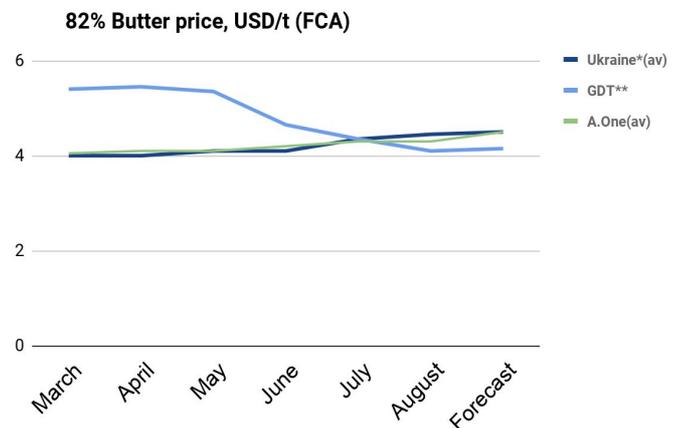
General Information

Summer ends on a pessimistic "note" for participants in the dairy business. The urgent problems of the industry are aggravated - the shortage of raw materials is aggravating, prices for milk and dairy products have to increase, domestic sales are not growing, Ukrainian dairy products are becoming uncompetitive in foreign markets, and imports are increasing.

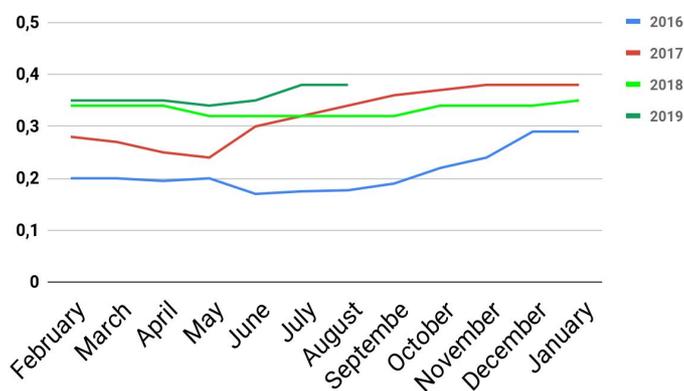
Raw milk trends

In the second half of August, the raw milk market is more stable than it was in July. Despite a continued decline in the raw milk supply, the demand for milk also dropped - exporters completed or reduced volumes under high-margin contracts, dairy producers declined their promo-sales activities.

As a result, producers stopped chasing raw milk and are no longer ready to purchase milk at the price level that exceed today's market prices. At the end of summer, the milk from farms is estimated mainly in the range 0.36-0.38 USD/litr.



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



The Ukrainian butter market this summer was surprising in its variability. Prices either fell sharply at the beginning of the season or significantly increased in the middle of summer. Now they have fallen again, which is also not entirely logical for the end of the season. There are many reasons for reducing the butter price: a decrease in domestic demand (many operators have already managed to make the necessary reserves), and a reduction in exports (due to falling world prices), and the fact of import purchases (plays a psychological role).

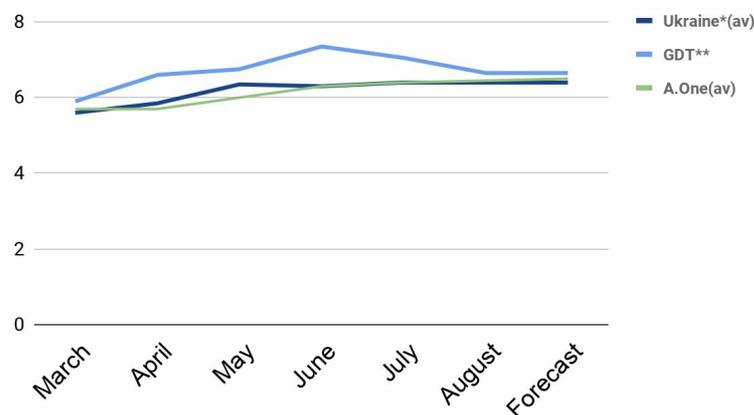


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Casein

Casein production in Ukraine continues to fall, exports, respectively, also. Despite this, traders by the end of the summer did not agree to increase prices. If a month ago, individual operators managed to sell technical acid casein at 6600 USD per ton, now importers estimate this product at best at 6400 USD per ton. Casein production in Ukraine fell by 13% in August compared to July.

Casein price, USD/t (FCA)



Exchange rate, USD/UAH

| | | | |
|---------------------------|-------|-------|------|
| Exchange rate change, * % | 25,4 | 25,16 | 0,9% |
| Fluctuation rate, ** % | 25,67 | 25,06 | 2,4% |

* - The beginning and the end of the month

** - The highest and lowest values during a month

Our production in August

Butter 116 ton
Casein 56 ton
Cheese 62 ton

Our forecast for September

In early September, operators will not rush to revise the price tags for raw milk. The raw milk price is clearly overheated, the farmers' margin is very decent and exceeds the EU indicators. The actions of processors will largely depend on the exchange rate and the reaction of buyers to rising shelf prices. Butter and casein production will decline significantly compared to August. Internal consumption of dairy products will increase, mainly due to the beginning of the school year.

Used sources

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

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LLC "Radyvylivmoloko"

Address: Krupets village, Staryky 58b, Rivne reg., Ukraine, 35541

E-mail: office@radymo.ua

Tel.: +38 036 334 14 72 Fax.: +38 036 334 28 51 Call-centre: +38 080 021 03 30