



Radyvylivmoloko brief market review

Trends in the dairy market in Ukraine

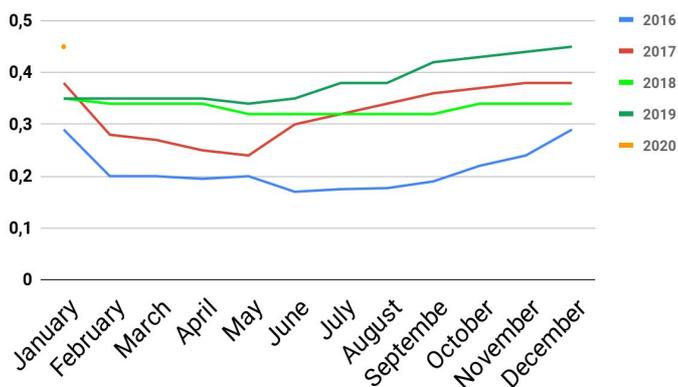
General Information

January is usually a difficult month for Ukrainian producers. And now operators, summing up the results of last year, in most cases are dissatisfied with the results. There is little optimism in plans for 2020. Nevertheless, it is springtime soon, the supply of raw milk will still grow, the seasonality factor will work.

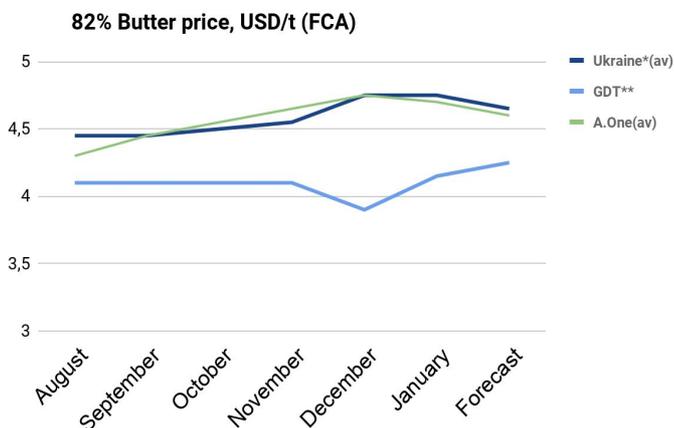
Raw milk trends

The Ukraine raw milk market is still quite calm. Prices in January remained stable. It seems that there will be no changes in the first days of February.

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



The last week of the month, the operators were a little worried by the dynamics of the exchange rate — the devaluation of the hryvnia is clearly to the liking of exporters, who, despite the seasonal restriction of the supply of raw milk, do not mind earning a little from export.



Butter

An ambiguous situation is forming in the Ukrainian butter market. Until recently, it was balanced, production even intensified a little, imports partially covered the deficit, even export was surprisingly relatively significant. Now the market is at a "turning point". Soon the situation may change. The rapid appreciation of the hryvnia will affect the reduction in import and will stimulate exports. This can lead to a certain shortage of butter, which in turn will strengthen prices.

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

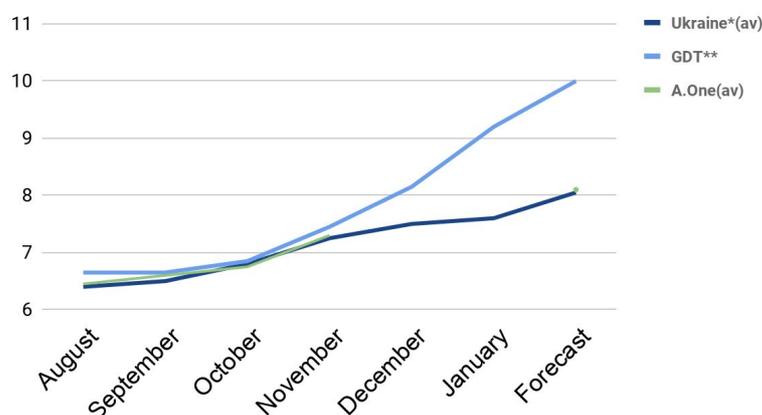


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Casein

Now the casein production is minimal in the season. Only a couple of producers did not stop drying for the winter. Only a little more than 100 tons of casein are produced per month. Factories will probably be active only in April, in spite of the current price increase. It should be noted that in the global market, casein has risen significantly in price this winter. Casein can be sold at prices 7600-7700 USD per ton.

Casein price, USD/t (FCA)



Exchange rate, USD/UAH

Exchange rate change, * %	23,77	25,05	5,1%
Fluctuation rate, ** %	23,77	25,05	5,1%

* - The beginning and the end of the month

** - The highest and lowest values during a month

Our production in January

Butter 54 ton
Casein 0 ton
Cheese 60 ton

Our forecast for February

In early February, the raw milk market of Ukraine is likely to remain at the same level. It will be interesting to watch the hryvnia exchange rate, with the devaluation of the hryvnia, in February butter and in the domestic market is likely to rise in price, but not for long. At the beginning of spring, as a result of the expected increase in production, the product should be cheaper again. Casein market in Ukraine will resume only in spring, when there will be cheap raw milk from the private sector.

Used sources

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

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