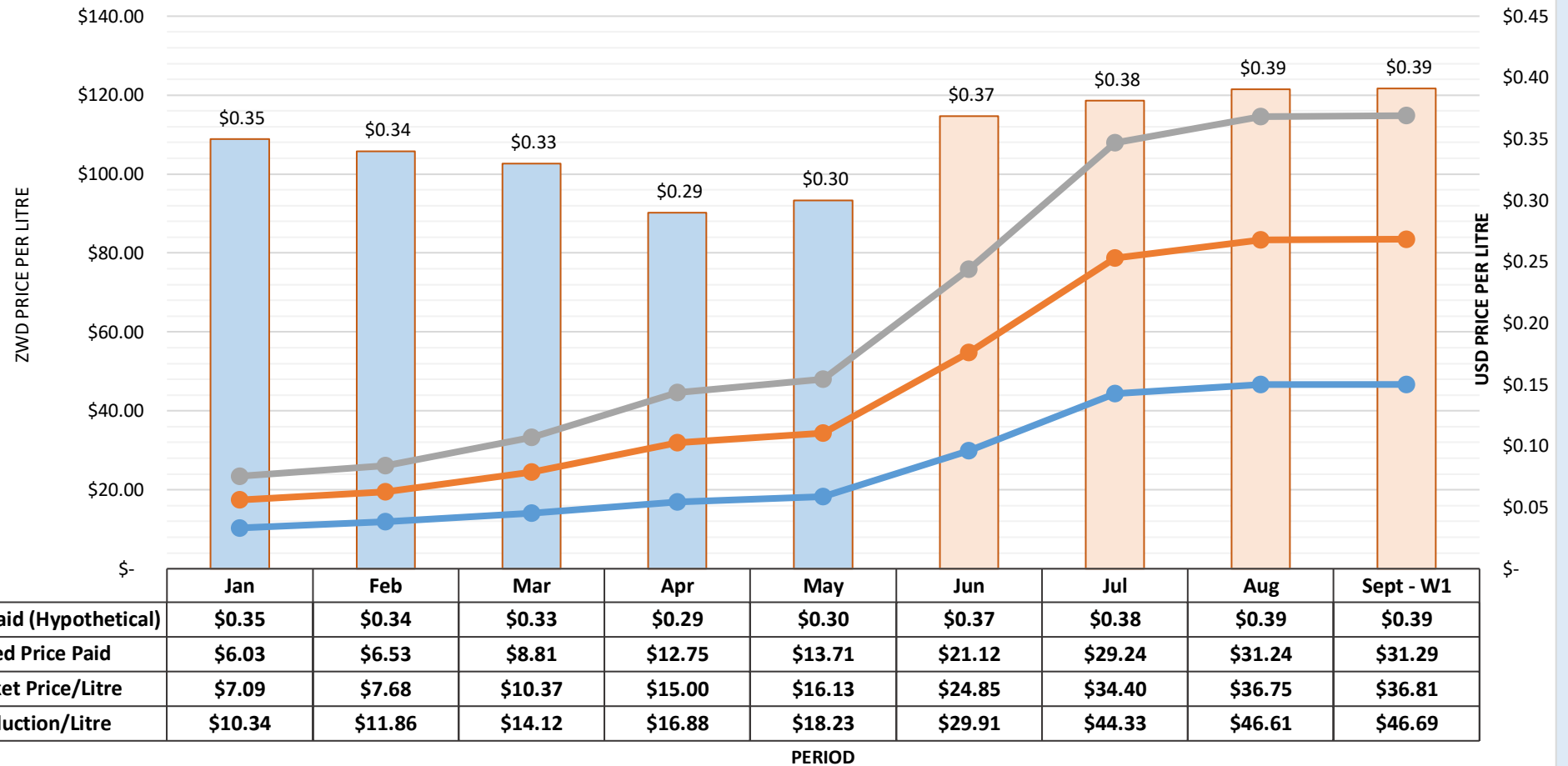


MILK – PRICING TREND ANALYSIS

Milk Price Trend (Jan-Sept 2020)



█ USD Price Paid (Hypothetical)
 —●— Cost of Production/Litre
 —●— Actual Market Price/Litre
 —●— 15% Adjusted Price Paid

Source: Dairy Milk Model

Take Note: **Blue Bars** are USD\$ based on OMR/Floating Exchange Rates while **Pink Bars** are based on Auction Exchange Rates as from June

MILK PAY-OUT VALUE

Dairy Processors	Local Currency				USD Currency		
	Current Producer Price/Litter		Adjusted to 15%		Auction Rate (ZWD/1USD\$)	Current Producer Price/Litter	Adjusted to 15%
Processor A	\$ 38.50	ZWD	\$ 32.73	ZWD	\$ 83.320	US\$ 0.46	US\$ 0.39
Processor B	\$ 40.00	ZWD	\$ 34.00	ZWD	\$ 83.320	US\$ 0.48	US\$ 0.41
Processor C	\$ 38.00	ZWD	\$ 32.30	ZWD	\$ 83.320	US\$ 0.46	US\$ 0.39
Processor D	\$ 37.00	ZWD	\$ 31.45	ZWD	\$ 83.320	US\$ 0.44	US\$ 0.38
Processor E	\$ 38.15	ZWD	\$ 32.43	ZWD	\$ 83.320	US\$ 0.46	US\$ 0.39
Average Market Price of Milk	\$ 38.33	ZWD	\$ 32.58	ZWD		US\$ 0.46	US\$ 0.39

COMMENTS & ANALYSIS:

a) Interpretation in Local Currency

- Current producer price stood at \$38.33RTGs/Litre slightly above last week price, given it is paid upfront. However, taking into consideration that majority of farmers are paid the following week, 15% adjusted price, considering the time value effect, the actual producer price is \$32.58RTGs/Litre
- The cost of production per cow per slightly increased to \$46.69/Litre during the week. The relative input prices were stable during the week.

b) Interpretation in Foreign Currency

- Take note the USD figures in the analysis does not imply farmers are paid in USD but rather a price reflection in the behaviour of USD governed by the exchange rate regimes.
- Current average standard producer price paid stood at \$0.46USD/Litre given it is paid upfront. However, taking into consideration that majority of farmers are paid the following week, 15% adjusted price, considering the time value effect, and the actual producer price is \$0.39USD/Litre. Such computations are based on the auction rates price. The relative input prices were stable during the week. However, the Milk prices are standard prices from all processors which is computed based standardized parameters: 3.6% BF; 3.2 Protein, TBC less than 30 & SCC less than 300.