

## FARM GATE RAW MILK PRICE INDICATOR

Factor	Price (c/l)	Weighting %	Use	Notes
Cost of production	339.23	50.0	<input type="checkbox"/>	Purchased feeds, fertilizer prices, diesel and electricity in particular have a large effect
Import parity	403.00	10.0	<input checked="" type="checkbox"/>	Weighted avg. of butter (21%), cheese (30%), WMP (30%) and SMP (19%). UHT is not included.
UHT imports	-	-	<input type="checkbox"/>	
Market (farm gate)	350.00	15.0	<input checked="" type="checkbox"/>	Creighton Dairies; Clover; Parmalat, Orange Grove Dairies
CPI (food)	291.11	10.0	<input checked="" type="checkbox"/>	Ratio of Annual average CPI for food to milk price since 1988
Consumer Rand	342.72	15.0	<input checked="" type="checkbox"/>	45.0 % of the consumer's rand (incl. Clover) over the last 3 months

**Current weighted indicated price = 342.93 c/l**

Months ahead to indicate	3	<input type="checkbox"/>	
Annual predicted inflation %	5.7	<input checked="" type="checkbox"/>	
Adjustment % for supply/demand	-	<input type="checkbox"/>	

**Projected weighted indicated price = 347.82 c/l**

*Tammac Consultants cc - 31 December 2011*

*The calculation of Cost of Production includes a true management fee of 12.5% of turnover or R96,855 per month.*