

### STANDARDIZED MILK PRICE CALCULATIONS for December 2020 deliveries

Prices in euro per 100 kg standard milk with 4.2% fat, 3.4% protein, 1,000,000 kg per year, tbc 24,999 per ml and scc 249,999 per ml, VAT excluded

Company		prices (€/kg) <sup>1</sup>		Bonuses/deductions (included) <sup>2</sup>					MILK PRICE this month	av. last 12 months <sup>3</sup>	recent <sup>4</sup> suppl. payment
		fat	protein	quality	quantity	season	sustainability	Milk flows			
Milcobel	BE	3.55	3.55	0.73	1.13				<b>28.73</b>	29.56	
Müller(Leppersdorf)	DE	2.52	4.54	0.51	0.71			0.99	<b>32.61</b>	31.48	
DMK Deutsches Milchkontor eG	DE	4.08	4.08		0.20		0.33	0.59	<b>31.93</b>	31.93	
Hochwald Milch eG	DE	2.50	5.00	0.76			0.69	0.99	<b>33.62</b>	33.37	0.79
Arla Foods DK	DK	3.79	4.55	0.89			1.99		<b>33.31</b>	32.62	1.43
Valio	FI	3.90	6.50				1.94		<b>35.88</b>	35.88	1.07
Savencia (Basse Normandy)	FR	2.95	5.43	1.18					<b>34.60</b>	34.31	
Danone (Pas de Calais)	FR	2.96	5.39						<b>33.46</b>	34.88	
Lactalis (Pays de la Loire)	FR	2.60	6.60		0.39		0.07		<b>34.03</b>	34.38	
Sodiaal (Pas de Calais)	FR	2.96	5.39	0.58		0.82	0.10		<b>34.94</b>	34.82	0.19
Saputo Dairy UK (Dairy Crest)	UK	2.85	5.71	-0.54	0.75	2.14			<b>32.84</b>	30.65	
Dairygold	IE	3.66	5.99	0.39			0.10		<b>32.37</b>	30.83	
Glanbia	IE	3.37	6.07			2.55			<b>34.21</b>	30.53	0.36
Kerry Agribusiness	IE	3.85	5.77				0.10		<b>32.01</b>	31.35	
Granarolo (North)	IT	2.13	4.79	0.75					<b>37.87</b>	38.29	
FrieslandCampina	NL	2.82	5.65					0.65	<b>34.09</b>	33.40	1.31
<b>AVERAGE MILK PRICE<sup>5</sup></b>									<b>33.53</b>	<b>33.02</b>	
Capsa Food	ES	3.00	3.00						<b>31.69</b>	31.71	
Emmi	CH	1.85	6.47		3.43				<b>52.23</b>	52.67	
Fonterra 3)	NZ	4.08	4.08						<b>31.00</b>	30.59	0.22
United States Class III 4)	US	2.79	5.49	0.15					<b>31.90</b>	39.15	

1) Payment per % fat and % protein above or below 4.2% and 3.4% respectively. France and US true protein and not in crude protein as in most European countries.

2) These premiums and deductions are included in the milk price, but it is not a complete list. There may also be other premiums and deductions included.

3) Weighted average based on the basis of national monthly deliveries exclusive of most recent supplementary payment.

4) The most recent supplementary payment is stated to give an indication of a possible supplement to the monthly milk prices after the calendar year.

5) Arithmetic average

## MILK PRICES

The calculated monthly milk prices in December 2020 averaged to € 33.53 per 100 kg of standard milk. An increase of € 0.16 compared to the previous month. Compared to December 2019, the average milk price decreased with € 0.66 or -1.9 %.

Again - and that for the 7th consecutive month - the average milk price has risen slightly. The biggest increase is the calculated milk price of Glanbia, but that is largely due to a seasonal bonus (Early Calving Bonus). Besides Glanbia, only the milk prices of FrieslandCampina (+0.9), Müller (+0.5) and Sodiaal (+0.1) have increased. On the other hand, the price decreases of Danone -1.3 due to seasonality and Saputo Dairy UK -0.4 due to depreciation of British Pound against the euro). The class III milk price in the United States converted into euro per kg standard milk fell in December by no less than € 16.33 to € 31.90 per 100 kg of standard milk.

Now that the monthly milk prices are known up to and including December, it is clear that the average monthly milk price decreased in 2020 by 2.0% compared to 2019. It should be noted the monthly prices are for many dairies not the definitive milk prices. Supplementary payments can be made based on profit distributions (coops) or top-ups when the monthly milk prices paid were lower than a benchmark price. This will be known at the beginning of 2021 and will be included in the report with definitive milk prices that will be released mid-2021.

Although the dairy market has clearly improved, as shown by the higher price quotations of dairy commodities in recent weeks, the picture of milk prices in January and February is mixed. For example, the milk prices of Arla and FrieslandCampina will decrease in January by € 1.2 and € 0.9 respectively, but will remain the same (Arla) or increase (+ € 0.7 FrieslandCampina in February). The milk price of Milcobel increased by € 1.4 in January, while the milk price of Saputo Dairy UK remains unchanged until March.

Although the milk price of Emmi will increase in January and February, the calculated milk price will decrease in February due to seasonality.

### Price changes in December 2020 (€ per 100 kg) compared to the previous month and additional information per company

**Milcobel:** unchanged, January +1.4

**Müller:** +0.5

The milk price includes a bonus of € 0.99 per 100 kg for the use of GMO free feed (VLOG certified). All collected milk is GMO free.

**DMK Deutsches Milchkontor eG:** December and January unchanged

The milk price includes an (average) bonus of € 0.33 for participation in the Milkmaster sustainability program and an average bonus of € 0.59 for the use of GMO free feed. About 60% of the collected milk is GMO free (VLOG certified) and receives a bonus of € 1,00 per 100 kg.

**Hochwald eG:** unchanged

The milk price includes a bonus of € 0.69 for participating in the sustainability program MilchPlus and an average bonus of € 0.99 per 100 kg for the use of GMO-free feed. All milk collected is GMO free (VLOG certified).

**Arla:** unchanged, January 2021 -1.2 and February unchanged

The milk price includes a bonus of € 0.99 for participation in the quality and sustainability program Arlagarden Plus and a bonus of € 1.0 for the Climate Check programme, but excludes a bonus of € 1.0 per 100 kg for the use of GMO free feed (participation about 25%).

**Valio:** unchanged

The milk price includes a bonus of € 1,94 for participation in the sustainability/animal health program NASEVA. Milk prices of Valio are based on milk statements of one of its member coops.

**Savencia:** December and January unchanged

**Danone:** (A-price): -1.3 due to seasonality

Danone's milk price is based on a contract whereby 50% of the A- milk price development is determined by market indicators and 50% by cost price development at dairy farms.

**Lactalis:** unchanged, January +0.2

The milk price includes a premium of € 0.07 per 100 kg for participation in the national programme Carte des Bonnes Pratiques d'Elevage (CBPE).

**Sodiaal** (A-price): +0.1

La Route Du Lait (LRDL) is Sodiaal's sustainability programme. Dairy farmers receive a premium of € 0.10 per 100 kg for participation which is included in the milk price.

**Saputo Dairy UK:** -0.4 due to an decrease of British pound against the euro. In pence per liter and before seasonality the milk prices remains unchanged till the end of March 2021.

The milk price is based on producer prices for supplying the Davidstow cheese factory.

**Dairygold:** unchanged

The milk price includes a bonus of € 0.10 for the national sustainability program SDAS (Sustainable Dairy Assurance Scheme), but the bonuses for participating in milk recording (0.1) and Cattle breeding groups herd health (€ 0.05) are not taken into account.

**Glanbia Ingredients Ireland:** +2.6 due to mainly seasonality (Early Calving Bonus) and a small price increase.

The milk price includes a payment of € 0.40 as share of Glanbia Ireland profit and - from September onwards - a bonus of 0.4 cpl from the cooperative as extra support for its members.

**Kerry:** unchanged

The milk price includes a bonus of € 0.1 for the SDAS sustainability program.

**Granarolo:** unchanged

**FrieslandCampina:** +0.9 ,January 2021 -0.9 and February + 0.7

The milk price includes an (average) bonus of € 0.65 for outdoor grazing. Almost 84% of Dutch dairy farmers receive an outdoor grazing premium.

**AVERAGE:** +0.16

**Capsa Food:** unchanged

**Emmi:** -0.3 due to a decrease of the value of Swiss franc against the euro and a small increase of the B-price) ,January 2021 + 1.3 due to an increase of the A-price. Although a small increase of the B-price the calculated milk price of February decreases significant due to a seasonal deduction.

The milk price does not include the supplement to the A price of approx. € 2.75 per 100 kg of milk for the national sustainability program "Swiss milk green". The milk is produced under the Suisse Garantie label, which means, among other things, that no GMO feed is used.

Milk prices are based on milk statements of a producer organization that supplies milk to Emmi.

**Fonterra:** +0.2 due to an increase of NewZealand dollar against the euro

The calculated milk price is based on the mid-point 7.00 of the most recent forecast farm gate milk price range of 6.70-7.30 NZD per kg milk solids (MS).

**USA:**

The calculated Class III prices are based on USDA announcements of class and component prices. Expressed in dollars, the US class III milk price decreased from \$ 23.34 in November to \$ 15.73 per cwt (hundredweight (45.36 kg)) in December 2020..

**MARKET SITUATION**

(Source: ZuivelNL [www.zuivelnl.org](http://www.zuivelnl.org) )

Official Dutch dairy price quotations (€ per 100 kg)

	27/1/2021	6/1/2021	Average 2020
Butter	345	325	326
Whole milk powder	285	276	276
Skimmed milk powder	240	222	220
Whey powder	93	81	72

The Dutch milk supply has been stable since September. In December the volume was also at almost the same level (-0.3%) as in the same month of the year before. Ultimately, the milk supply in the entire 2020 calendar year was 1.2% more than in 2019.

EU milk supply (including the UK) grew by 1.1% in November, almost comparable to the two months before. Most EU member states showed growth in this month. Ireland and Poland in particular were the outliers. In the large Member States Germany and France, however, the milk supply again lagged. On balance, the EU milk supply increased by 1.1% in the period up to and including November 2020 compared to 2019.

Milk production in most other globally important dairy exporting countries showed a diverse picture in November. On the one hand, the development of milk production in Oceania was disappointing. The New Zealand milk supply fell by more than 2% and the volume in Australia remained unchanged. On the other hand, the US, Argentina and Uruguay showed strong growth. The aggregated volume of the major dairy exporters (including the EU) was again about 1.8% higher in the period January to November 2020 than in 2019.

The dairy market has become a lot more dynamic over the past few weeks, mostly driven by sentiment. The price quotation of butter rose sharply in January, after a stable second half of 2020. The high price of cream plays a role in this, among other things. Moreover, the good demand from the retail channel for butter in consumer packaging means that less bulk butter is made. The price of skimmed milk powder also showed a strong increase in January thanks to good global demand. However, Europe is again increasingly faced with competition from cheaper supplies from the US. The price of whole milk powder moves up with the prices of skimmed milk powder and butter.