

STANDARDIZED MILK PRICE CALCULATIONS for February 2018 deliveries

Prices in euro per 100 kg milk with 4.2% fat, 3.4% protein, 500,000 kg per year, tbc 24,999 and scc 249,999 per ml

Company		adjustments			MILK PRICE this month	rolling average last 12 months 1)	most recent suppl. payment
		quality	volume	season			
Milcobel	BE	0.73	0.75		29.83	34.36	0.47
Müller(Leppersdorf)	DE	0.51	0.61		31.13	35.44	
DMK	DE		0.15		30.79	35.62	
Hochwald Milch eG	DE	0.76	0.76		36.64	34.59	0.10
Arla Foods DK	DK	0.92			33.15	35.03	1.28
Valio	FI				36.36	35.92	0.68
Savencia (Basse Normandie)	FR	1.18			34.12	34.04	
Danone (Pas de Calais)	FR				34.98	34.89	
Lactalis (Pays de la Loire)	FR		0.24		33.77	33.56	
Sodiaal (Pas de Calais)	FR	0.58			34.62	34.37	0.19
Dairy Crest (Davidstow)	UK	0.11	0.33		33.50	32.59	
Dairygold	IE	0.39			34.30	34.31	
Glanbia	IE			3.91	37.31	34.39	
Kerry Agribusiness	IE				33.94	34.44	
Granarolo (North)	IT	1.15	3.42		40.71	40.02	
Royal A-ware	NL	0.50			34.35	37.30	
FrieslandCampina	NL				35.09	37.53	1.29
AVERAGE MILK PRICE 2)					34.39	35.20	
Emmi	CH		3.04	-3.38	45.48	48.77	
Fonterra 3)	NZ				30.82	31.30	
United States Class III 4)	US	0.14			27.69	34.39	

All prices are VAT excluded, paid to producers and assuming milk is collected every other day.

1) Exclusive of most recent supplementary payment

2) Arithmetic average

3) Based on most recent forecast

4) Based on USDA announcement

MILK PRICES

The calculated monthly milk prices in February 2018 averaged to € 34,39 per 100 kg of standard milk. A decrease of € 1.07 compared to the previous month. Compared to February 2017, the average milk price is € 0.82 or 2.4% higher.

Despite the fact that the average milk price fell again in February compared to the previous month, the average milk price is still higher than the same month last year. With the exception of Irish Glanbia, no milk price increased. The calculated milk price of Glanbia increased due to the fact that the seasonal bonus in February compensated for the fall in prices.

The largest price decreases were DMK (- € 4.0 per 100 kg) and Müller (-3.5). The Irish dairy companies have reduced milk prices for the first time since August 2017. French milk prices are relatively stable. The calculated milk prices of Sodiaal and Danone have fallen by € 0.5 and 0.7 per 100 kg of milk respectively, while the milk prices of Savencia and Lactalis have not changed.

The (Class III) milk price in the US falls more sharply than the European milk prices. The February milk price has not been as low in the last 10 years as in 2018. In contrast to the US, New Zealand has a relatively good milk price year. Fonterra forecast a milk price for this milk price year 2017/18, which would be the third highest in the last decade.

For the coming months price reductions have been announced by Arla (March -2.5 and April -0.2), FrieslandCampina (-0.2 and -1.0), Dairy Crest (in March and April in total -2.0), Savencia (-1.0 in March) and Royal A-ware (-0.5 in March). The milk price of DMK remains the same in March.

Based on the published annual results for 2017, a provisional supplementary payment for 2017 deliveries of € 1.28 (2016: 1.25) and € 1.29 (2016: 3.30) per 100 kg milk have been calculated for Arla respectively FrieslandCampina.

Price changes in February 2018 (€ 100 per kg compared to the previous month) and additional information per company

Milcobel: -0.2

As of February, Milcobel has made a number of changes in their milk payment system. The fat and protein prices are the same (was 1: 1.86). In addition, a fixed amount of € 75.00 is deducted from the monthly milk payment. The volume bonus - based on the liters of milk supplied - has been replaced by a quantity bonus for the kilograms of fat and protein supplied. For the LTO standard supplier this means a lower bonus, namely 0.75 instead of 1.41 previously.

Muller: -3.5

DMK: -4.0 and March unchanged

Hochwald eG: unchanged

Arla: -2.0, March -2.5 and April -0.2.

The provisional supplementary payment of Arla over 2017 deliveries is € 1.28 per 100 kg, based on 3.65% of the basic value of the milk plus the quality bonus.

Valio: unchanged

Milk prices of Valio are based on milk statements of one of its member cooperatives.

Savencia: unchanged, March -1.0

Danone: (A-price): -0.7

Lactalis: unchanged

Sodiaal (A-price): -0.5

Dairy Crest:-1.1, total March and April -2.3 (-0.75 ppl and – 1.25 ppl)

Dairygold: -1.1

Glanbia Ingredients Ireland (GIIL): +1.3

Although payment of fat and protein has been reduced (and also the ratio between the fat and protein prices has changed), the seasonal bonus in February has increased the calculated milk price. Glanbia suppliers can receive a so-called early lactation bonus for milk delivered in the last 2 weeks of January and in the month of February. To qualify dairy farmers must supply a minimum of 3% of their annual supply in February and no more than 15% of their annual supply in June.

LTO standard farm - monthly deliveries based on national statistics - meets this requirement.

A ceiling applies to the total amount to be paid out and that is why the calculated milk price includes a bonus of € 4.03 per 100 kg.

Glanbia milk payment in February also included a payment of 1 ct per liter to reflect the exceptionally bad weather conditions (storm Emma). This payment is not included in the calculated milk price.

Kerry: -1.9

Granarolo: (provisional) unchanged

Royal A-ware: -1.9 and March -0.5

FrieslandCampina: -1.7 ,March -0.2 and April -1.0

Based on the annual report 2017 the pasture bonus is from January 2017 retrospectively increased from 0.29 to 0.60.

AVERAGE: -1.07

(the January average is retrospectively increased with 0.02, see remarks FrieslandCampina)

Emmi: -2.7 due to a seasonal levy

Fonterra: -0.2

Although Fonterra has increased its forecast milk price for the current season 2017/18 from 6.40 to 6.55 NZD per kg fat and protein (milk solids (MS)), the calculated milk price has been reduced. This is because Fonterra has also announced an forecast dividend in the range of 0.25 - 0.35 NZD per kg MS. So far, the calculated milk price was based on a provisional dividend of 0.50 NZD per kg MS, based on the dividend paid in the previous milk price year.

USA: -1.6

The USA Class III milk price decreased from \$ 14.00 in January to \$ 13.40 per cwt (hundredweight (45.36 kg)) in February.

MARKET SITUATION

(Source: ZuivelNL www.zuivelnl.org)

Official Dutch dairy quotations (€ per 100 kg)

	28/3/2018	28/2/2018	Average 2017
Butter	478	485	521
Whole milk powder	254	262	285
Skimmed milk powder	129	132	175
Whey powder	63	62	78

Milk deliveries in the EU show a significant increase. Since June there has been an increase in deliveries. Milk supply also increased by more than 4% in January. All major dairy countries, particularly in Northwest Europe, realized an increase. The largest absolute increase was realized in Germany, France and Italy.

Outside Europe there is still growth. In the months of January and February milk supply increased in the important dairy-exporting countries of Argentina, Australia, Uruguay and the United States. New Zealand has taken a step back since December as a result of adverse weather conditions. Milk supply also fell in the first two months of 2018.

The Dutch butter quotations bottomed out in the first half of January, after which a revival took place until the end of February. Since then, the market has calmed down and the prices stabilized. The market is clearly awaiting developments after the Easter days. The prices for skimmed milk powder have been weak for some time. Since October, the price quotations have shot well below the intervention price level. If the current rate of sales from intervention is maintained, it will take a long time before the market is 'clean'. This can hamper the recovery. The quotation of whole milk powder has also increased since mid-January and continued to rise in February. In March, however, the market weakened due to increased supply because of an increase in milk supply, the stabilization of butter / cream prices and disappointing demand. This caused a slight pressure on the prices of whole milk powder.