

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 month. <sup>3</sup>	recent suppl. payment <sup>4</sup>	
		fat	protein	quality	quantity	season	sustainability				Milk flows
Milcobel	BE	4.87	4.87	0.73	0.85		0.78		<b>39.09</b>	47.69	0.35
DMK Deutsches Milchkontor eG	DE	4.61	4.61		0.20		0.50	1.00	<b>36.81</b>	49.98	
Hochwald Milch eG	DE	2.50	5.00	1.00			0.60	1.00	<b>41.06</b>	52.81	1.60
Arla Foods DK	DK	4.55	5.00	1.03			2.44	1.00	<b>39.61</b>	50.08	1.63
Capsa Food	ES	3.00	3.00						<b>48.36</b>	54.19	
Valio	FI	5.50	7.00				1.94		<b>50.34</b>	51.15	1.84
Savencia (Basse Normandy)	FR	2.95	5.43	1.04					<b>44.64</b>	46.15	
Danone (Pas de Calais)	FR	2.96	5.39						<b>45.92</b>	46.54	
Lactalis (Pays de la Loire)	FR	2.60	6.60		0.39		0.07		<b>44.17</b>	45.78	
Sodiaal (Pas de Calais)	FR	2.96	5.39	0.58			0.15		<b>47.08</b>	46.38	
Saputo Dairy UK (Dairy Crest)	UK	3.89	7.79	-1.13	0.79	-2.26			<b>38.99</b>	48.52	
Dairygold	IE	3.75	6.14	0.39			0.10		<b>34.14</b>	44.65	
Glanbia (Tirlan)	IE	3.33	6.67				0.50		<b>34.22</b>	45.30	0.18
Kerry Agribusiness	IE	4.24	6.36				0.10		<b>38.51</b>	44.38	
FrieslandCampina	NL	4.40	6.61				0.25	0.66	<b>41.69</b>	50.66	0.60
<b>AVERAGE MILK PRICE<sup>5</sup></b>									<b>41.64</b>	<b>48.28</b>	
Emmi	CH	4.17	5.21			5.08	2.12		<b>75.35</b>	70.50	
Fonterra	NZ	3.71	3.71						<b>28.19</b>	35.99	2.09
United States Class III	US	6.11	4.21	0.19					<b>40.19</b>	43.67	

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 surcharges and deductions included. In addition, new surcharges/discounts are processed retroactively.

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 advance milk prices in August 2023 amount to an average of € 41.64 per 100 kg of standard milk. This is a decrease of € 0.55 compared to the previous month. The average milk price in August 2023 is € 11.22 lower than in the same month last year.

In August, the average milk price fell again. In particular, the milk prices of Irish dairy companies were under pressure. This mainly seemed to be related to price pressure over the past period in international dairy markets, in particular those for commodities relevant to the Irish dairy sector. Outside of Europe, Fonterra had to adjust its calculated milk price downwards again. Meanwhile, the price of Class-III milk in the US showed a strong recovery

## PRICE CHANGES IN AUGUST 2023 AND ADDITIONAL INFORMATION

(€ per 100 kg compared to the previous month)

**Milcobel:** -0.50

The milk price includes an (average) sustainability premium of € 0.78 per 100 kg. The most recent back payment of € 0.35 is from January 2022.

**DMK Deutsches Milchkontor eG:** unchanged

DMK's milk price remained the same in August. The milk price includes an (average) bonus of € 0.50 for participation in the Milkmaster sustainability program. The calculated milk price also includes the surcharge for the use of GMO-free milk.

**Hochwald eG:** -1

The milk price includes a sustainability bonus (Cool Farm Tool) of € 0.60 and € 1 per 100 kg for the use of GMO-free feed (VLOG certified). All milk is VLOG. As of January, Hochwald has started with a bonus for the reduction of CO<sub>2</sub>, which has not yet been included in the milk price calculation. The most recent back payment for 2022 is € 1.60 per 100 kg of milk delivered.

**Arla:** unchanged

The calculated milk price includes a sustainability premium of € 2.44. This includes both the € 1 climate check premium and a calculated average premium of €1.44 for the 'Sustainability Incentive' scheme, which is being paid since July 2023. The latter is based on an average farmer score of 48 sustainability points. A surcharge of €1 per 100 kg applies to GMO-free milk. The most recent back payment for 2022 is € 1.63 per 100 kg of milk delivered.

**Capsa Food:** -1.3

The milk price also includes the contribution for agricultural services. The calculated milk price of Capsa is based on an average of an A- (70%) and a B-price (30%). Since November 2022, the milk price of Capsa Food has remained unchanged. Besides fat and protein value, the milk price is mainly determined by the special surcharges. Since April 2023, only a surcharge for A-milk has been included. This was corrected retroactively this month.

**Valio:** unchanged

Milk prices of Valio are based on milk statements of one of its member coops. The base price is a weighted average of the A-, B- and C-price. The milk price includes the responsibility bonus that has been paid since May 2023 for outdoor grazing, biodiversity and CO<sub>2</sub> reduction.

**Savencia:** +0.5

The milkprice per 100 kg this month is half a euro higher compared to the previous month, due to an increase in the base price.

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

Milk prices are based on a contract, whereby 50% of the A- milk price development is determined by market indicators and 50% by the cost price development on the farm. The milk price has been corrected since 1 January after the disappearance of the basic milk price. The basic milk price is now calculated on the basis of 80% of the reference price for the French market and 20% for that of the export market.

**Lactalis:** unchanged

The milk price includes a premium of € 0.07 per 100 kg for participation in the national programme Carte des Bonnes Pratiques d'Élevage (CBPE). The contribution from the Scamark tripartite is 2 ct. per 100 kg.

**Sodiaal (A-price):** +0.5

Last month, Sodiaal's milk price rose again compared to the previous. Unlike before, an average basic price is calculated and no longer an A- and a B-price per 1,000 litre. The milk price includes a premium of € 0.15 per 100 kg for participation in the sustainability program La Route Du Lait (LRDL).

**Saputo Dairy UK:** +0.6, September unchanged

The calculated milk price includes a seasonality adjustment of -2 ct. In September the seasonality adjustment will be 0.0 ct. The calculated milk price of Saputo Dairy UK is based on dairy farmers supplying the Davidstow cheese factory.

**Dairygold:** -2.5

At the beginning of this year, Dairygold started a new bonus system Grass roots. The milk price includes a bonus of € 0.10 for the national sustainability program SDAS (Sustainable Dairy Assurance Scheme).

**Glanbia Ingredients Ireland (Tirlan):** -2.5**Kerry:** -2.0

The calculated milk price includes a bonus of € 0.10 for participation in the sustainability program SDAS. An additional surcharge of 3 ct/l incl. barrel was again paid this month. Over 2022 an additional payment has been made of € 0.82.

**FrieslandCampina:** unchanged, September -2.0

The calculated milk price includes an (average) payment of € 0.25 per 100 kg for the quality and sustainability program Foqus planet and an average premium for outdoor grazing (meadow milk) of € 0.66 per 100 kg. The most recent supplementary payment is based on the

13<sup>th</sup> month payment for 2022 deliveries, this has been corrected from € 0.91 to € 0.60. As part of a 3-yearly evaluation, the milk price system has been adjusted from 2023. For example, the payment for the milk components protein, fat and lactose is now done in a fixed ratio of 6:4:0. This was 10:5:1.

**AVERAGE:** -0.55

The average is based on all calculated milk prices in August.

**Emmi:** +0.1

Emmi's milk price is based on a weighted average of an A -(66%) and a B-price (34%). Emmi's milk price includes the bonus for the sustainability program 'gruner Teppich' (green carpet). The Emmi milk price is adjusted seasonally, this month a surcharge of 5 CHF has been included in the milk price calculation. The milk money statements come from a dairy farmer who is a member of a producer organization that supplies milk to Emmi.

**Fonterra:** -0.7

In the middle of this month, Fonterra again lowered its milk price forecast to an amount of 6.75 NZD per kg of milk solids (fat and protein). The final milk price for the season 2022/23 was 8.22 NZD per kg of milk solids (fat and protein). The most recent back payment relates to the dividend paid for milk price year 2023/24 of NZD 0.50 per kg of milk solids.

**USA Class III:** +8.1

The USA milk price shows a strong increase this month. Expressed in dollars, the U.S. Class III milk price has increased from \$ 13.77 in July to \$ 17.19 per cwt (hundredweight (46.56 kg) in August.

## MARKET SITUATION

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

Official Dutch dairy price quotations (€ per 100 kg)

	27/9/23	30/8/23	avg. 2022
<b>Butter</b>	454	432	662
<b>Whole milk powder</b>	323	318	473
<b>Skimmed milk powder</b>	231	214	364
<b>Whey powder</b>	70	57	112

The rise in Dutch milk supply seems to have come to an end. After a period of flattening growth during a few months, the volume hardly increased in August (+0.3%). For the first eight months of 2023, the cumulative production volume was 2.6% more than in the same period in 2022.

### Growth EU milk supply remains below 1%, less milk in the US.

The EU milk supply rose by 0.6% in July. The growth rate has been below 1% since February this year. The picture on production within the EU also remains unchanged. On the one hand, an increase has been noticeable for a long time in Northwestern Europe (Belgium, Germany and the Netherlands) and in Poland. On the other hand, the drought in southern Europe (especially France and Italy) caused falling volumes. The Irish milk supply has also been underperforming since March, although it was not too bad in July. On balance, EU milk supply increased by 0.7% in the period up and till July 2023.

Milk production in the other globally important dairy exporting countries showed a mixed picture again. For the first time in a year, the US recorded a decrease (0.7%). New Zealand also saw its production decrease in this seasonal lower production month (-0.9). Australia could not hold the recovery and remained stable (+0.1%). The Argentinian milk production remained virtually the same (-0.2%), after a few months of decrease. Only Uruguay showed a significant increase (+6.4%). The aggregate volume of the major dairy exporters (including the EU) up and till July was on balance 0.8% (1.39 billion kg) higher than in the same period in 2022.

### Higher prices for butter and skimmed milk powder

Butter prices stabilized in August, after the decline in the second half of June and in July. Since the beginning of September the butter quotation has gone up. Cream prices are high, due to the good demand and the (seasonal) more limited availability. As a consequence, there is less supply of fresh butter. Moreover, demand has improved.

Unlike butter, the skimmed milk quotation has been going down almost continuously between mid-June and early September. Strong competition from Oceania together with a disappointing demand played a role in this. However, since the second half of September, a price recovery can be observed, which is mainly due to indications for disappointing milk supply, an increasing price level for concentrate as well as a revival in demand.

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