

STANDARDIZED MILK PRICE CALCULATIONS for NOVEMBER 2012 deliveries

(for standardized milk (1) and based on payment systems of the companies; all prices in euro / 100kg)

Company		Quality adjustment	Quantity adjustment	Seasonal adjustment	MILK PRICE this month	Most recent supplementary payment	Rolling average last 12 month (4)
Milcobel	BE	0.73	1.37		33.75	0.10	30.60
Alois Müller	DE	0.51			33.45	0.38	31.63
Humana Milchunion eG	DE		0.15		34.10	0.00	31.00
Nordmilch	DE		0.15		34.10	0.00	31.04
Arla Foods	DK	0.62			31.40	1.49	33.24
Hämeenlinnan Osuusmeijeri	FI			1.94	43.23	2.82	44.21
Bongrain CLE (Basse Normandie)	FR	0.74			33.32	none	33.59
Danone (Pas de Calais)	FR				32.57	none	33.77
Lactalis (Pays de la Loire)	FR				31.10	none	32.99
Sodiaal	FR	0.58			31.79	none	33.65
Dairy Crest (Davidstow)	GB	0.12	0.36	2.42	38.19	0.00	35.03
First Milk	GB	0.60	2.26		34.72	0.00	31.78
Glanbia	IE			5.34	37.27	0.00	30.95
Kerry	IE				31.00	none	30.53
Granarolo (North)	IT	1.15	3.42		40.24	none	40.75
DOC Kaas	NL	0.05	0.34		33.23	2.03	33.64
Friesland Campina	NL	0.05	0.75	2.45	36.47	1.79	34.67
AVERAGE MILK PRICE THIS MONTH(2)					34,70		33,71
Emmi A.G.	CH		2.91		47.09	none	46.65
Fonterra (5)	NZ				28.23	0.00	29.06
United States of America (3)	US	0.17			39.95	none	33.37

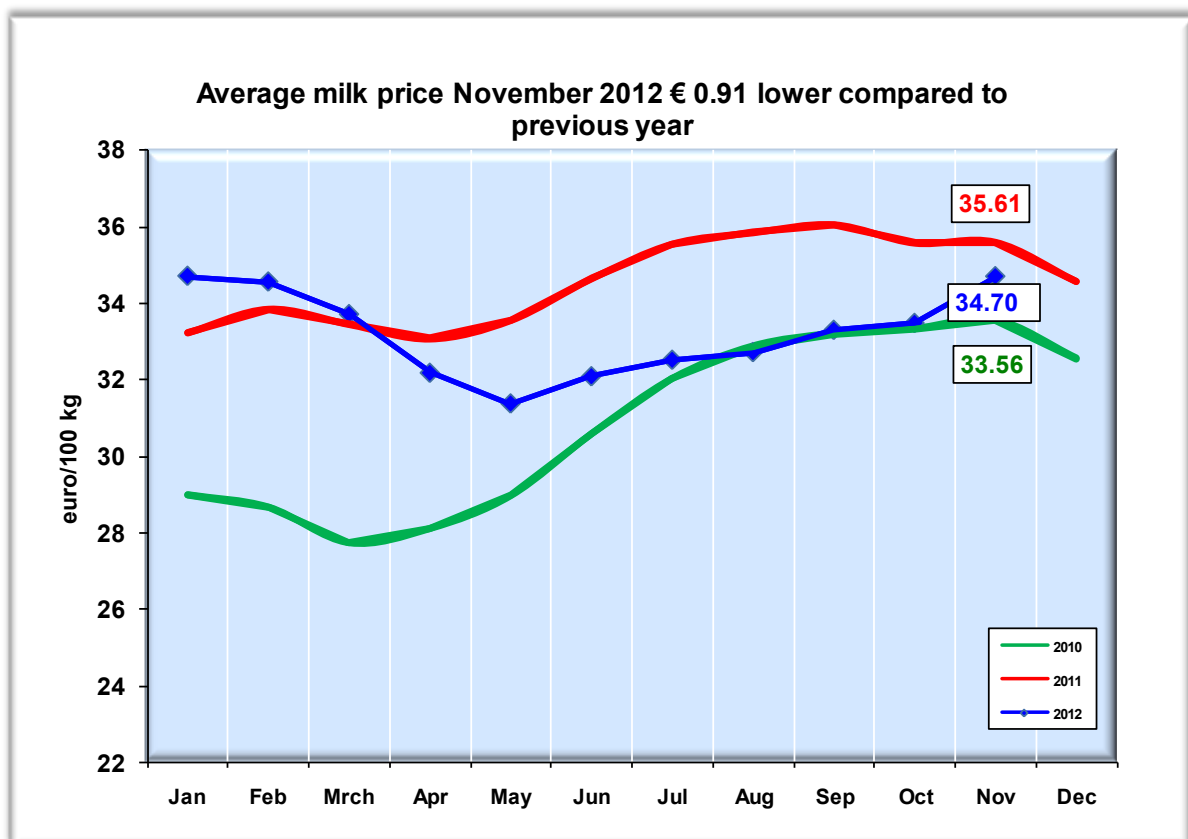
Remarks:

- (1) All prices are VAT excluded, paid to producers and assuming milk collected every other day.
Price per 100 kg standard milk with 4.2% fat, 3.4% (crude) protein, 500,000 kg per year, total bacterial count 24,999 and somatic cell count 249,999 per ml.
- (2) Arithmetic average.
- (3) Based on USDA announcement, adjusted for 4.2% fat, 3.4% protein and somatic cell count 249,999 per ml.
- (4) Including most recent supplementary payment.
- (5) Based on payout forecast, adjusted for 4.2% fat and 3.4% protein.

ADDITIONAL REMARKS MILK PRICES NOVEMBER 2012

MILK PRICES

The average calculated milk price for the November 2012 deliveries is € 34.70 per 100 kg standard milk. This is a decrease of 2.6% compared to November 2011 (- € 0.91). Compared to previous month, milk prices have increased again, by € 1.08.



Compared to the previous month milk prices have, in general, increased or remained unchanged.

The British milk prices again break records in November, while First Milk and Dairy Crest have announced further price increases for the coming months. The milk price of First Milk rises by 0.75 ppl in December and 0.5 ppl in January and Dairy Crest milk price increases by 1.25 ppl from January 2013.

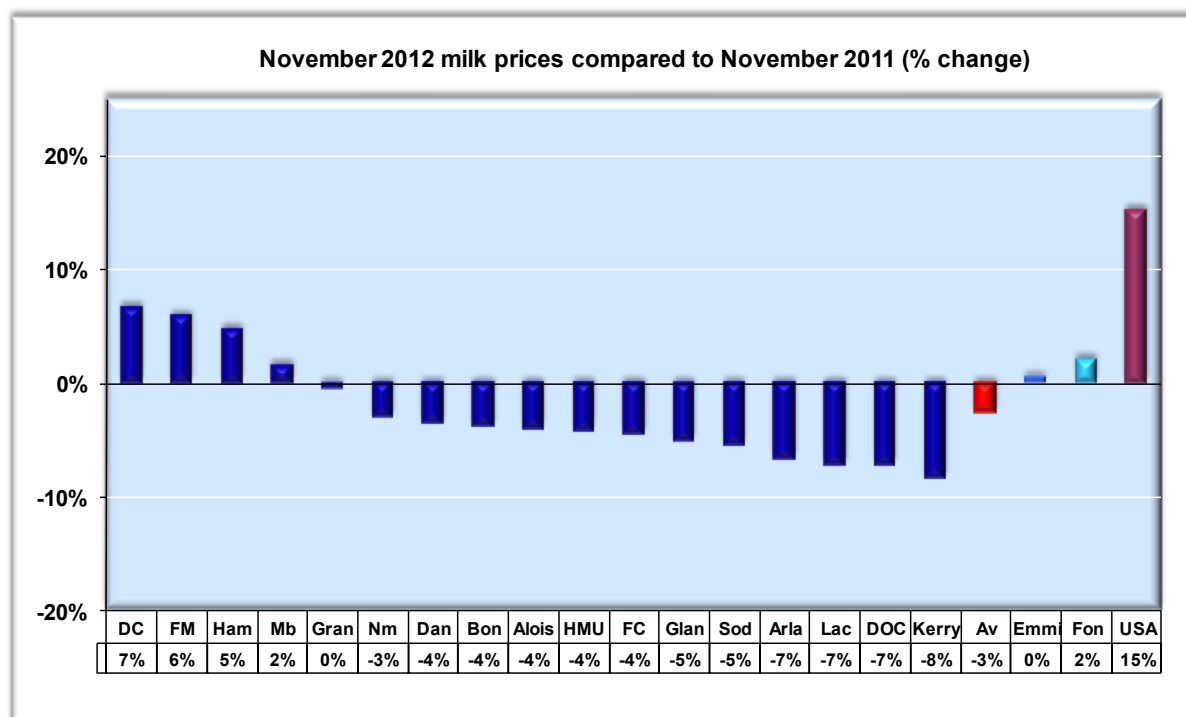
For December and January, Alois Muller has announced a slight price increase. The basic price increase will be € 0.50 per 100 kg. The DMK companies will lower their base prices of € 34.00 in November to € 33.00 in December.

FrieslandCampina and DOC Kaas have increased their milk prices by respectively € 2.25 and € 1.00 in November. FrieslandCampina has announced an increase of the guaranteed milk price by € 1.90 in December. In January the guaranteed milk price will decrease by € 1.20.

DOC has announced an increase of the milk price of € 1.00 in December.

Arla Foods has announced a milk price increase by € 2.00 in December. The calculated milk price for November amounted to € 31.40.

The calculated milk price for Glanbia for October and November is preliminary. The system of winter surcharges has changed, but still - just like last year - for October and November surcharges are applied from € 1.50, or € 5.50 per 100 liters.



Prognosis milk price development 2012

Now the monthly milk prices through November and for some companies until December 2012 are known, a good estimate of the development of the advance milk prices in 2012 can be made.

It is expected that the advance milk prices of the European dairy companies will decrease by an average of 4%, compared to last year. Although the amount of the arrears is not yet known, based on these advance milk prices, it is certain that 2012 is the third best milk year ever. Only in the record years of 2011 and 2008, the average milk prices were, on average, higher.

Some European dairy companies increased their milk prices in 2012. The milk prices of the British companies Dairy Crest and First Milk have - expressed in euro per 100 kilograms – shown the strongest growth, averaging about 10%. Most of this increase is due to the increase in the value of sterling against the euro (7%). Expressed in national currency, milk prices 'only' increased by 3%, but are currently for British concepts at record levels. The milk prices of the Italian Granorolo and the Finnish Hämeenlinnan Osuusmeijeri have slightly (1-3%) increased. All other dairy companies in 2012 reduced their milk prices.

The milk prices of the German dairy companies Alois Muller and DMK, Milcobel and DOC Kaas have decreased the most, by 8-10%, followed by Arla, FrieslandCampina and the Irish companies Glanbia and Kerry by 6 to 7%. The French dairy companies have milk prices decreased on average by about 3%.

Outside the European Union, milk prices also decreased. Expressed in national currency, the milk price of the Swiss Emmi fell by 6% in 2012 compared to 2011. The average Class III milk price in the United States decreased by 5%, while Fonterra has a preliminary lower estimate of the milk price, of 9% for the current marketing year 2012/13.

Additional comments milk prices November 2012

Milcobel

The calculated milk price of Milcobel has increased by € 2.10 in November. The calculated milk price results in € 33.75.

Germany

The milk prices of all German companies have increased compared to previous month. The milk prices of DMK increased again by € 2.00. The calculated milk price for both companies is € 34.10. Alois Müller has increased its milk price by € 2.50 in November. The calculated milk price results in € 33.45.

Scandinavia

The (calculated) milk price of the Swedish / Danish Arla Foods increased in November by € 1.00, resulting at € 31.40.

The calculated milk price of Hämeenlinnan Osuusmeijeri is € 43.23.

France

The milk prices of the French companies have mainly decreased or remained stable this month.

United Kingdom

The milk price of First Milk increased by 1 pence per liter in November. In December the milk price will increase by 0.75 pence per liter. Dairy Crest has announced that from January 2013, the milk price will increase by 1.25 pence per liter.

The calculated milk price of First Milk and Dairy Crest for November are € 34.72 and € 38.19 respectively.

Ireland

The Irish company Glanbia has increased its milk price by € 0.50 in November. The calculated milk price, including a season surcharge, results in € 37.27.

The milk price of Kerry remained unchanged at € 31.00.

The Netherlands

FrieslandCampina increased its milk price by € 2.25 in November. The calculated milk price for November is € 36.47. FrieslandCampina has announced that the guaranteed milk price will increase by € 1.90 in December. In January 2013, the guaranteed price will decrease by € 1.20.

DOC Kaas in November milk prices increased by € 1.00. The calculated milk price results in € 33.23.

Granarolo

The calculated milk price of the Italian Granarolo for November remained unchanged at € 40.24.

Emmi

The calculated milk price of Emmi for November is € 47.09. Due to the expiry of the season surcharge, the milk price decreased compared to the previous month.

New Zealand

Fonterra has revised the milk price for the season 2012/13. This recalculation is retroactively adjusted from June 2012. The calculated milk price of Fonterra results in NZ \$ 5.82 per kilogram of milk solids. Converted into euros, the milk price for November is € 28.23.

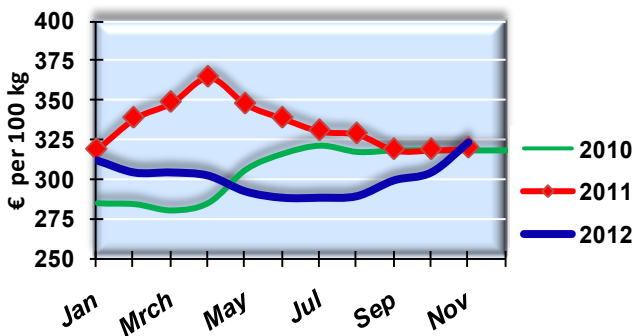
USA

The USA Class III Component price rose in October to \$ 21.01 per cwt. Converted into euros, the milk price for October results in € 39.96.

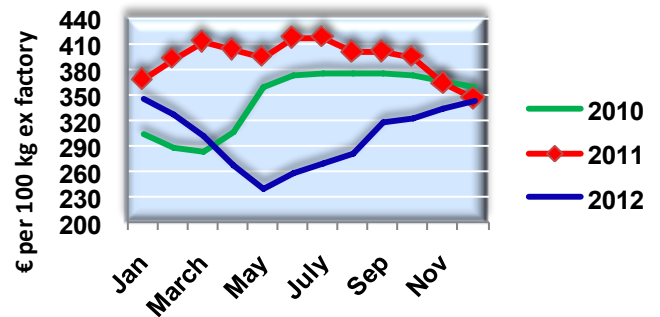
MARKET SITUATION

Dutch Quotations				€ per 100 kg
	1 January 2013	11 January 2013	index	trend
Butter	342	330	96,5	↓
Whole milk powder	296	296	100,0	→
Skimmed milk powder	264	264	100,0	→
Whey powder	101	102	100,0	→
Gouda cheese	± 325	± 325	100,0	→

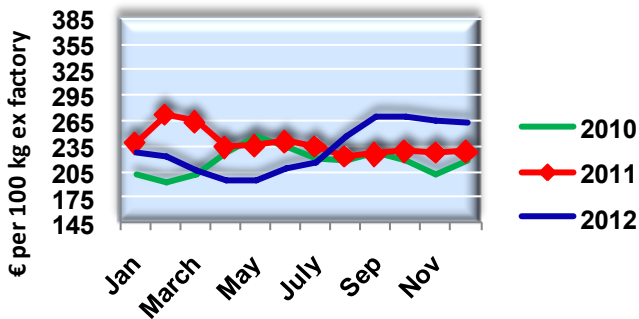
Dutch Gouda cheese price



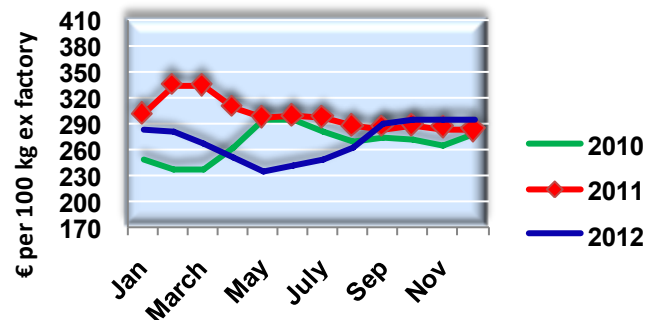
Dutch Butter price develop.

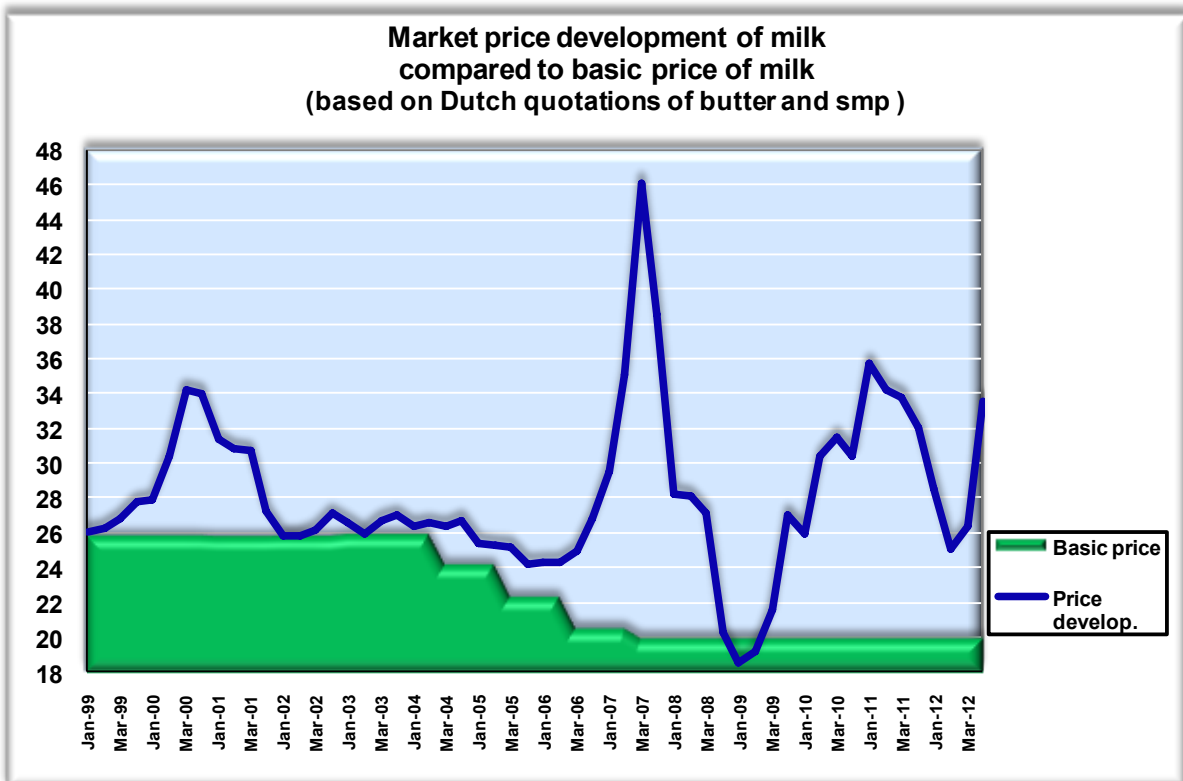


Dutch SMP price develop. (ADPI extra)



Dutch WMP price develop.





Market comments

Milk output has continued its seasonal decline and is still slowing down more than expected, due to both different weather conditions in the most important production regions and high feed prices in relation to current milk prices paid.

The dairy market continues to be driven by supply constraints in Europe and the USA ,mainly due to prolonged period of hot weather and high feed prices. In both regions dairies are behind schedule on their orders, are cutting back on monthly commitments and remain reluctant to offer cheese, milk powder or butter for Q4 deliveries. Stock levels are relatively low and there is little buffer available to absorb any reduction in supply, which instead is directly reflected in prices. Reason why prices tend higher for spot deliveries. But the seasonal trough in milk deliveries will be reached soon, hereafter milk output will slowly grow again. In the meantime EU butter and smp prices have stopped rising after a two month jump ,starting from last August . Buyers are resisting the higher price levels as long as possible; so the needs of many industrial buyers for first quarter of next year remain uncovered. Also on the international market, prices of dairy commodities started to rise from the third quarter ,however at a slower pace. From July to the end of October the international GDT price index for dairy commodities have risen by 22%,but the index is still 30% beneath the peak level, reached in March 2011.

Worldwide dairy demand looks solid. Exports of milk powder and whey powder from the main production regions during the first half of 2012 have risen. However in-market stocks are at sufficient levels to cover immediate needs in many markets, especially for markets that typically source their supplies from Oceania.. Many of these countries imported higher levels of product than normal during recent months as New Zealand exporters pushed out their end of season stocks. Supplies out of Oceania will continue to build in the coming months as the milk production is heading towards its seasonal peak.

It could be possible that the downward production trend will be curbed when farmers start to receive higher milk prices to compensate for the higher feed costs. This moment will likely occur early 2013, given many long-term sales commitments by the dairies at relatively low prices.