

STANDARDIZED MILK PRICE CALCULATIONS for FEBRUARY 2014 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		41.08	0.00	38.75
Alois Müller	DE	0.51			40.87	0.00	38.46
Nordmilch	DE		0.15		39.05	0.00	37.95
Arla Foods	DK	0.81			41.00	2.48	40.05
Hämeenlinnan Osuusmeijeri	FI				44.41	2.82	45.89
Bongrain CLE (Basse Normandie)	FR	0.74			42.43	none	37.50
Danone (Pas de Calais)	FR				40.92	none	37.06
Lactalis (Pays de la Loire)	FR				41.40	none	36.58
Sodiaal	FR	0.58			36.88	none	36.00
Dairy Crest (Davidstow)	GB	0.12	0.35		39.83	0.00	37.20
First Milk	GB	0.94	1.18		38.18	0.00	34.83
Glanbia	IE				38.94	0.00	37.84
Kerry	IE				38.77	none	37.43
Granarolo (North)	IT	1.15	3.42		45.57	none	42.31
DOC Kaas	NL	0.05	0.34		41.54	1.94	39.84
Friesland Campina	NL	0.05	0.75		42.01	2.32	41.83
AVERAGE MILK PRICE THIS MONTH (2)					40,81		38,72
Emmi A.G.	CH		2.87	-3.19	50.06	none	50.57
Fonterra (5)	NZ				40.41	0.00	38.43
United States of America (3)	US	0.18			41.93	none	34.09

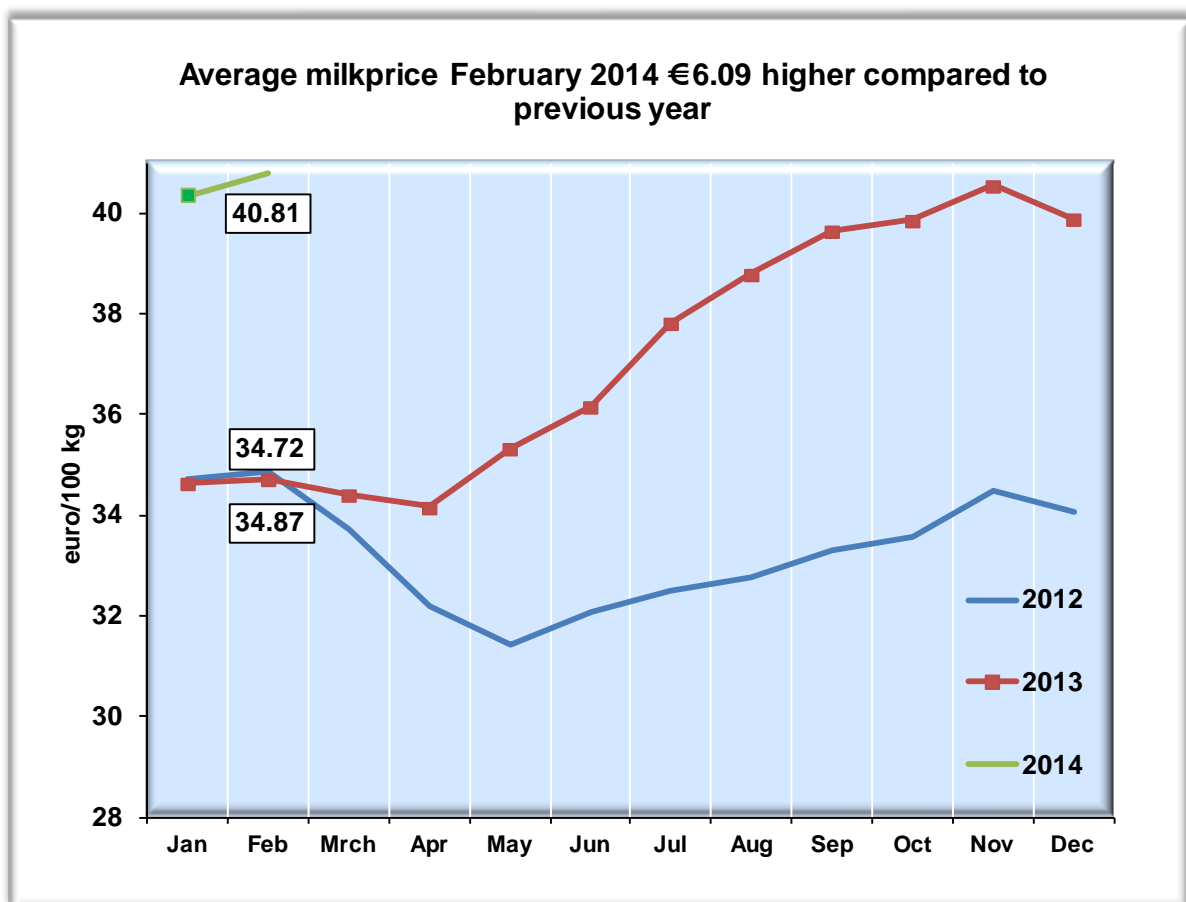
Remarks:

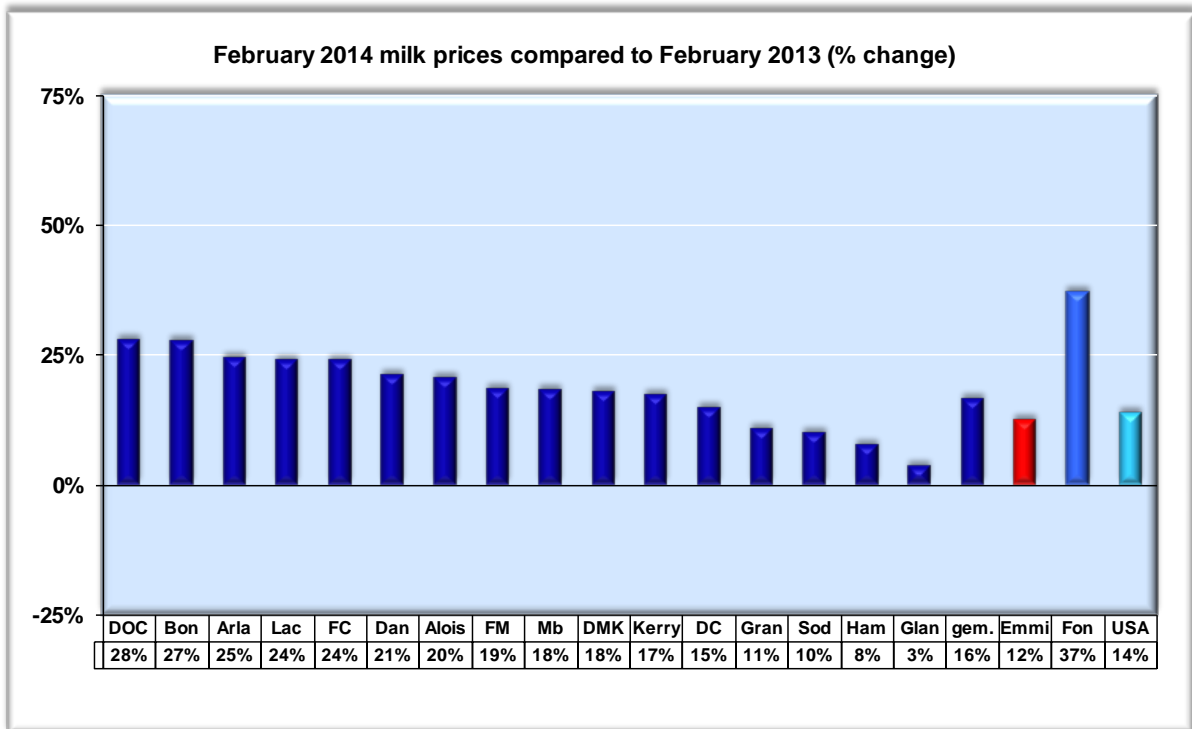
- (1) All prices are VAT excluded, paid to producers and assuming milk collected every other day.
Price per 100 kg standard milk with 4.2% fat, 3.4% (crude) protein, 500,000 kg per year, total bacterial count 24,999 and somatic cell count 249,999 per ml.
- (2) Arithmetic average.
- (3) Based on USDA 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 FEBRUARY 2014

MILK PRICES

The average calculated milk price for the February 2014 deliveries is €40.81 per 100 kg standard milk. This is an increase of 17.5% compared to February 2013 (+ €6.09). The average calculated milk price has increased by €0.46 compared to previous month.





Additional comments milk prices February 2014

Milcobel

The calculated milk price of the Belgian Milcobel remained stable at €41.08 in February.

Germany

The base prices of the German dairy companies remained stable in February.

Scandinavia

Arla Foods has increased its milk price by 1 euro in February. The calculated milk price is €41,00. The milk price of Arla will remain stable in March.

The calculated milk price of Hämeenlinnan Osuusmeijeri is €44.41 in February.

France

With the exception of Sodiaal, all French milk prices have increased in February.

United Kingdom

The milk price of First Milk has not changed in February, the calculated milk price comes out at €38.18.

Dairy Crest has announced that the milk price will not change until April. For February, the calculated milk price is €39.83.

Ireland

The provisional calculated milk price of Glanbia is €38.94.

The basic milk price of Kerry decreased slightly. The calculated milk price is €38.77.

The Netherlands

FrieslandCampina's guaranteed milk price remained stable in February. The calculated milk price comes out at €42.01. The guaranteed milk price will decrease by €0.50 in March.

Also, DOC Kaas' milk price remained stable in February. The calculated milk price is €41.54. DOC Kaas announced to decrease its milk price by €2.59 in March.

Granarolo

The basic milk price of Granarolo increased by €3.50 in February. This is Granarolo's highest milk price since 2008. The calculated milk price of Italian Granarolo for February is €45.57.

Emmi

The calculated milk price of the Swiss Emmi is €50.06 in February. Due to seasonal adjustments, this is a decrease compared to previous month.

New Zealand

The calculated milk price of New Zealand's Fonterra is €40.41 in February.

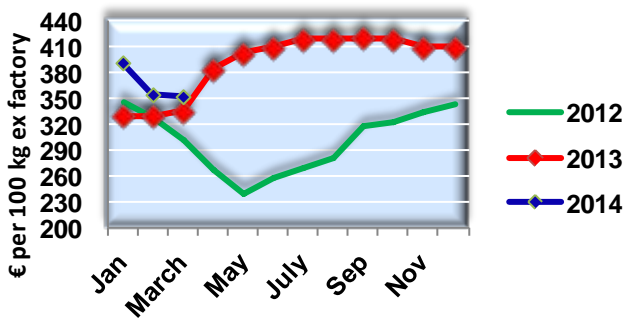
USA

The milkprice of the U.S.A. increased by \$ 2.20 per cwt (from \$ 21.15 to \$ 23.35). The U.S. milk has never been so high since the start of the milk price calculation. Converted into euros, the calculated milk price of €41.93.

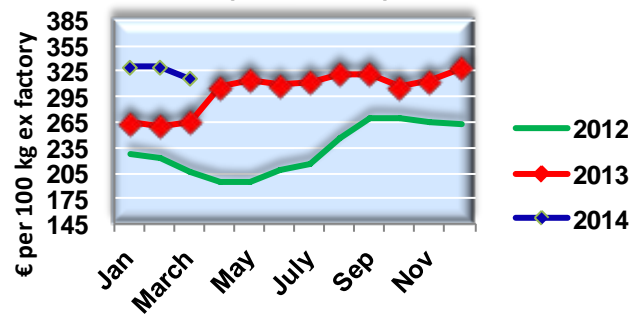
MARKET SITUATION

Dutch Quotations				€ per 100 kg
	1 January 2014	2 April 2014	index	trend
Butter	409	352	86,0	→
Whole milk powder	379	352	92,8	↓
Skimmed milk powder	330	303	91,8	↓
Whey powder	99	91	91,9	↓
Gouda cheese	± 400	± 385	96,2	↓

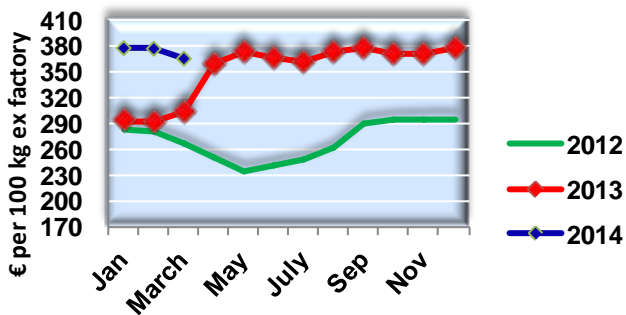
Dutch Butter price develop.



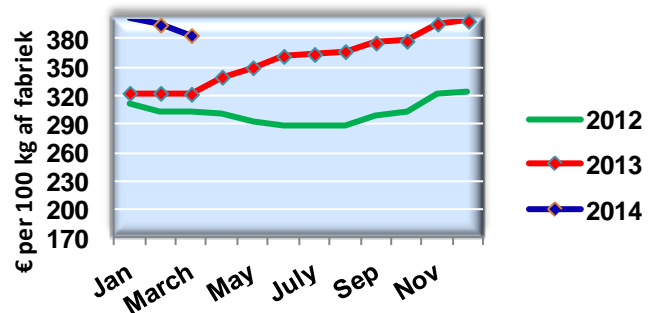
Dutch SMP price develop. (ADPI extra)

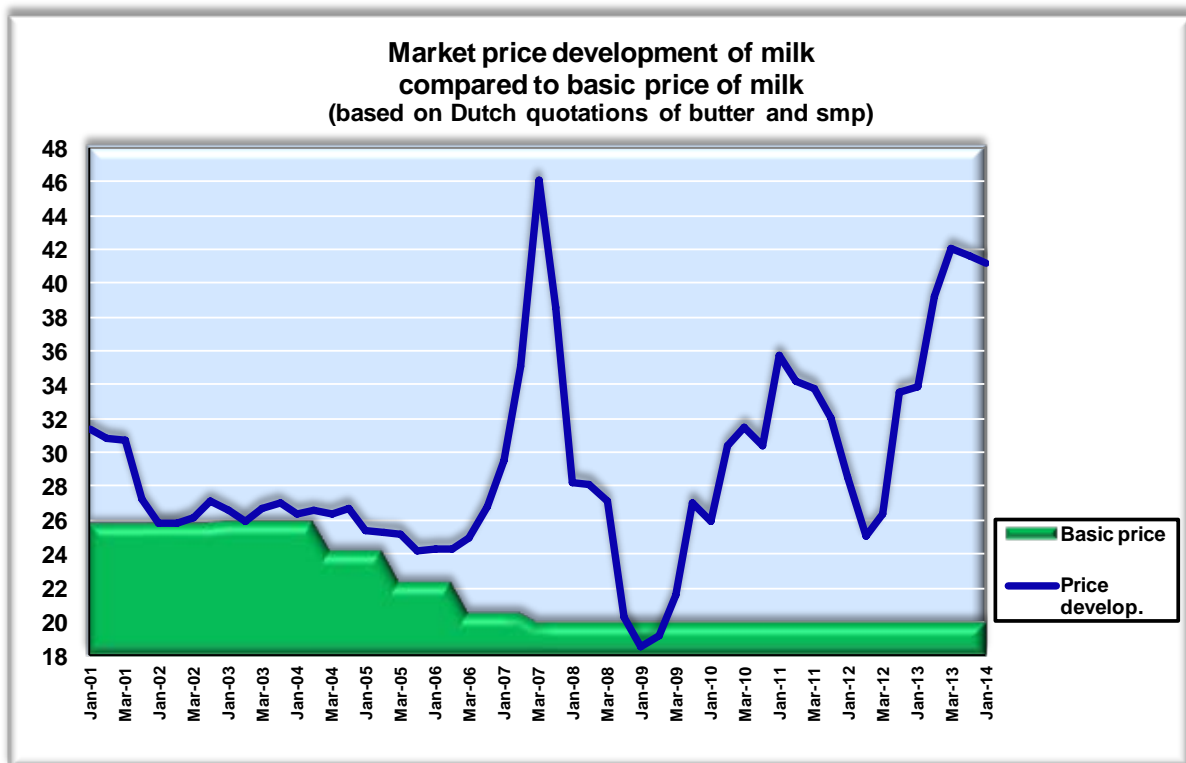


Dutch WMP price develop.



Dutch Gouda price develop





Market comments

In general the dairy market has evolved a more supply driven character. The continuing growth of milk output is increasingly crucial for the current price situation. There is weakness in the market.

Notwithstanding recent correction of butter prices ,market for dairy commodities continued to be fairly buoyant. In the butter market prices are consolidating between € 350 and € 360,while in the market for milk powders prices were behaving quite well, but momentum is now fading and prices tend to go down. The question remains by how much. During last couple of months milk powder prices were underpinned by fairly good export demand and shortage of sufficient production capacity. For nearby deliveries factories are restrained to lower their prices too much up to now. However also the cheese market is under severe pressure. Besides higher production figures, import stop for Russia and geo political tensions between Russia and Ukraine with the threat of trade sanctions in the near future are weighing heavily on the current market situation.

In general market sentiment is weakening and uncertainty rising as the seasonal production peak is coming closer. Quotations are under pressure and lower pricing is broadly anticipated..

Also internationally prices are under pressure by growing production volumes and sluggish demand. On the 4 latest GlobalDairyTrade auctions more product is being offered and lower prices are being paid.