

### STANDARDIZED MILK PRICE CALCULATIONS for JANUARY 2015 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			
<b>Milcobel</b>	BE	0.73	1.37		<b>29.54</b>	35.23	0.97
<b>Müller(Leppersdorf)</b>	DE	0.51	0.31		<b>28.54</b>	35.41	
<b>DMK</b>	DE		0.15		<b>28.16</b>	35.68	
<b>Arla Foods DK</b>	DK	0.85			<b>29.28</b>	36.98	2.01
<b>Hämeenlinnan O.</b>	FI				<b>41.97</b>	43.76	2.52
<b>Bongrain (Basse Normandie)</b>	FR	1.18			<b>33.38</b>	37.53	
<b>Danone (Pas de Calais)</b>	FR				<b>33.71</b>	37.41	
<b>Lactalis (Pays de la Loire)</b>	FR				<b>32.70</b>	36.98	
<b>Sodiaal (Pas de Calais)</b>	FR	0.58			<b>33.59</b>	37.91	
<b>Dairy Crest (Davidstow)</b>	UK	0.13	0.38		<b>35.92</b>	39.13	
<b>First Milk (compositional)</b>	UK	1.01	1.27		<b>29.11</b>	35.77	
<b>Glanbia</b>	IE				<b>30.50</b>	35.09	
<b>Kerry Agribusiness</b>	IE				<b>30.09</b>	35.74	
<b>Granarolo (North)</b>	IT	1.15	3.42		<b>41.20</b>	44.59	
<b>DOC Cheese</b>	NL	0.03	0.34		<b>26.99</b>	33.65	2.31
<b>FrieslandCampina</b>	NL	0.05	0.75		<b>29.43</b>	37.20	2.91
<b>AVERAGE MILK PRICE 2)</b>					<b>32.13</b>	37.38	
<b>Emmi</b>	CH		3.21		<b>51.62</b>	50.98	
<b>Fonterra 3)</b>	NZ				<b>24.98</b>	28.20	
<b>United States Class III 4)</b>	US	0.15			<b>34.28</b>	41.14	

1) In contrast to earlier publications exclusive of most recent supplementary payment

2) Arithmetic average

3) Based on most recent forecast

4) Based on USDA announcement

## MILK PRICES

The calculated advance milk price in January 2015 averaged € 32.13 per 100 kg standard milk. A decrease of € 0.91 compared to the previous month. Compared to January 2014, this is a decrease of € 8.40 or 20.7%.

Since the summer of 2014, the average milk prices fell for the seventh consecutive month. However it seems this decline is coming to an end. FrieslandCampina announced both for February (+ € 1.25) and March (+ € 2.50) an increase of their guaranteed milk price. In addition, since the beginning of this year price quotations for butter and skimmed milk powder have risen sharply. However, the expected increase in production following to the abolition of milk quotas on 1 April has a depressing effect on prices, such as shown by the latest official Dutch quotations this week (March 4<sup>th</sup>)

The Arla milk price remains in February and March equal to January. Arla recently published their annual results for 2014. Never was their performance price – milk price paid cash plus total consolidation per kg milk supplied by owners- as high as in 2014. Whether this means a record milk price depends on the extent to which consolidations are added to the general reserve of Arla or individual capital in owners certificates.

More and more dairy companies adapt their payment system taking into account the abolition of the milk quota and the expected increase of milk production and greater fluctuations in milk prices. Following the French companies Sodiaal and Danone the British First Milk launches on 1 April also an A / B - system for their members. 80% of the amount of milk an A price is paid on the basis of long-term sales. B- milk is dependent on short-term sales, for example, the spot market. Following Glanbia also Kerry offers dairy farmers the opportunity to receive a fixed milk price for a part of the quantity of milk supplied.

From January 1, DOC Cheese has changed the payment method. The variable cost deduction of € 3.35 is replaced by a deduction cooperative arrangements of € 1.90 per 100 kg. In addition, members capital of € 0.68 is no longer paid at the end of the year paid as a whole, but members receive this amount monthly. For this reason the member capital payment will be included in the calculated monthly milk price. Because of these changes, the calculated milk price of DOC Cheese in January compared to December increased by € 2.13 per 100 kg.

Besides DOC only the calculated milk prices of the French companies Bongrain (+ € 1) and Danone (+ € 0.4) increased. The milk prices of Milcobel, Glanbia and Kerry have not changed, all other milk prices have dropped.

### **Price changes in January 2015 (€ 100 per kg compared to December 2014) and additional information per company**

**Milcobel:** Unchanged

**Muller:** - 2.5

**DMK:** -1. DMK made an additional payment for December deliveries of € 1.5 per 100 kilograms. This payment is retrospectively integrated in the milk price for December.

**Arla:** -2.5, no change in February and March.

**Hameenlinnan Osuusmeijeri:** provisionally unchanged

**Bongrain:** +1

**Danone:** +0.4

**Lactalis:** -1.4, February -0.3

**Sodiaal:** -3.2

**Dairy Crest:** -2.4, February -0.3, March - 2.0 until June no further price drop

**First Milk:** -0.6 February -0.8, March unchanged, April - 1 (A-price, estimate)

**Glanbia:** unchanged

**Kerry:** unchanged

**Granarolo:** -2.7, February and March no changes

**DOC Cheese:** +2.1 The calculated milk price from January has been amended as follows

Deduction -1.90 (was -3.35) and members capital + 0.68

**FrieslandCampina:** -0.5, February + 1.2 and March + 2.4

**Emmi:** +2.8 The increase in the calculated milk price of the Emmi is entirely due to the sharp appreciation of the Swiss franc against the euro. Expressed in national currency, the calculated milk price decreased by 2.24 to 56.47 CHF.

**Fonterra:** +1 due to the change of the exchange rate. Recently Fonterra maintained their forecast for the milk price (including dividends) of the current season at 5 NZD per kg fat and protein.

**USA:** -1.5 Expressed in dollars, the US Class III milk price in January fell by \$ 1.64 to \$ 16.17 per hundredweight (45.36 kg).

## MARKET SITUATION

### Official Dutch dairy quotations (€ per 100 kg)

	4/03/2015	2/1/2014
Butter	342	406
Whole milk powder	283	379
Skimmed milk powder	220	330
Whey powder	86	99

Since early 2015 until last week the official Dutch quotations have risen continuously. Both the prices of butter and whole milk powder increased almost by a quarter. The quotation of skimmed milk powder has risen by 30%. One of the factors, which plays a role here is the expected milk production. The threat of paying super levy appears to put some pressure on the milk supply in Europe in the first quarter. At the same time an expected production increase after April 1 has a depressing effect on prices. The latest Dutch quotations (March 4) with the exception of full powder (+3) remained stable or even declined (skimmed milk powder -5, whey powder -1)