

### STANDARDIZED MILK PRICE CALCULATIONS for JULY 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>28.49</b>	29.91	
<b>Müller(Leppersdorf)</b>	DE	0.51	0.61		<b>26.87</b>	30.69	
<b>DMK</b>	DE		0.15		<b>27.17</b>	30.49	
<b>Arla Foods DK</b>	DK	0.84			<b>28.90</b>	31.61	1.53
<b>Hämeenlinnan O.</b>	FI				<b>37.78</b>	40.25	1.94
<b>Bongrain (Basse Normandie)</b>	FR	1.04			<b>33.91</b>	34.35	
<b>Danone (Pas de Calais)</b>	FR				<b>37.76</b>	34.35	
<b>Lactalis (Pays de la Loire)</b>	FR				<b>33.57</b>	33.61	
<b>Sodiaal (Pas de Calais)</b>	FR	0.58			<b>32.81</b>	35.42	
<b>Dairy Crest (Davidstow)</b>	UK	0.14	0.41		<b>35.26</b>	36.17	
<b>First Milk (compositional)</b>	UK	2.06	1.37		<b>27.28</b>	30.23	
<b>Glanbia</b>	IE				<b>24.98</b>	29.18	
<b>Kerry Agribusiness</b>	IE				<b>26.52</b>	30.23	
<b>Granarolo (North)</b>	IT	1.15	3.42		<b>38.29</b>	41.17	
<b>DOC Cheese</b>	NL	0.03	0.34		<b>24.67</b>	29.02	1.02
<b>FrieslandCampina</b>	NL	0.05	0.75		<b>29.17</b>	32.48	2.92
<b>AVERAGE MILK PRICE 2)</b>					<b>30.84</b>	<b>33.07</b>	
<b>Emmi</b>	CH		3.35	3.72	<b>56.91</b>	50.70	
<b>Fonterra 3)</b>	NZ				<b>19.76</b>	22.72	
<b>United States Class III 4)</b>	US	0.17			<b>37.13</b>	38.66	

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 advance milk price in July 2015 averaged € 30.84 per 100 kg standard milk. An increase of € 0.20 compared to the previous month. Compared to July 2014, this is a reduction of € 7.93 or 20.5%.

For the first time since June 2014 the average milk prices increased compared to the previous month. This increase is entirely due to the higher French milk prices and a seasonal adjustment (Dairy Crest). With a few exceptions, all other dairy companies have reduced the milk prices in July.

After the traditional frontrunners Finland Hameenlinnan Osuusmeijeri and the Italian Granarolo the calculated milk prices of Danone (€ 37.76) and the British Dairy Crest (€ 35.26) are remarkably high. Both milk prices have also risen sharply compared to June, although for Dairy Crest this is due to the expiration of the seasonal levy. Danone has increased its milk price in July with € 4.7 per 100 kg. The contrast with the other calculated milk prices is high. These are all lower than € 30, or sometimes even less than € 25 per 100 kg of milk (DOC Cheese and Glanbia).

Although for August some further price cuts have been announced, Arla Foods and FrieslandCampina announced their milk prices in September remain at the same level as in August.

### Price changes in July 2015 (€ 100 per kg compared to the previous month) and additional information per company

**Milcobel:** unchanged

**Muller:** -0.7. The base price was reduced in July by € 1. As the volume bonus is corrected in the calculation, the milk price compared to the previous publication is € 0.7 lower.

**DMK:** -1.0, August -1.0

**Arla:** -0.9 and August – 1.0 and September unchanged.

**Hameenlinnan Osuusmeijeri:** unchanged (provisional)

**Bongrain:** -0,1

**Danone (A-price):** + 4.7

**Lactalis:** + 2.1

**Sodiaal (A-price):** +0.7

**Dairy Crest:** +3.7 (due to seasonal adjustment), August + 0.3 (+ 0.25 pence per liter), September unchanged

**First Milk (A-price):** -0.9 (provisional))

**Glanbia:** -1.0, milk price exclusive of coop support (1.5 cent per liter)

**Kerry:** -1.9

**Granarolo:** unchanged

**DOC Cheese:** -1.0

**FrieslandCampina:** - 0.5, August -1.5 and September unchanged.

**Emmi:** +3.8 due to seasonal adjustment

**Fonterra:**

Fonterra has for the current season from June 2015 onwards, the forecast milk price decreased from 5.25 to 4.30 NZD per kg of milk solids. This milk price comprises an expected dividend of 0.45 NDZ. As a result the milk price of Fonterra is at its lowest level since 2005/06 (4.10 NZD).

**USA:** -0.1

Expressed in dollars, the US Class III milk price decreased in July from to \$ 16.73 to \$ 16.33 per hundredweight (45.36 kg). US milk prices this year are about 40% lower than in the previous record year.

**MARKET SITUATION**

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

	2/9/2015	5/8/2015	2/1/2014
Butter	262	269	406
Whole milk powder	198	187	379
Skimmed milk powder	167	166	330
Whey powder	54	53	99

Ample supply and a wait and see attitude among buyers have, since March this year, resulted into a firm downward trend in prices of various products. Private storage of butter in particular in the EU brought insufficient relief. Prices of skimmed milk powder are moving into intervention level and in some Member States on a limited scale products are offered for intervention.

Though the latest Fonterra Global Dairy Trade (GDT) auctions in August showed price increases, it is too early to see this as a start of a more fundamental improvement of the market.