

STANDARDIZED MILK PRICE CALCULATIONS for OCTOBER 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			
Milcobel	BE	0.73	1.37		26.39	28.49	
Müller(Leppersdorf)	DE	0.51	0.61		26.87	28.72	
DMK	DE		0.15		25.19	28.16	
Arla Foods DK	DK	0.83			28.55	29.80	1.53
Hämeenlinnan O.	FI			1.94	39.74	38.65	1.94
Bongrain (Basse Normandie)	FR	1.18			32.45	33.09	
Danone (Pas de Calais)	FR				30.15	33.61	
Lactalis (Pays de la Loire)	FR				31.14	32.51	
Sodiaal (Pas de Calais)	FR	0.58			33.14	33.68	
Dairy Crest (Davidstow)	UK	0.13	0.40	2.65	36.99	34.99	
First Milk (compositional)	UK	1.99	1.32		28.64	28.25	
Glanbia	IE				23.99	27.02	
Kerry Agribusiness	IE				26.52	28.38	
Granarolo (North)	IT	1.15	3.42		38.29	39.81	
DOC Cheese	NL	0.03	0.34		24.19	26.80	1.02
FrieslandCampina	NL	0.05	0.75		28.20	30.21	2.92
AVERAGE MILK PRICE 2)					30.03	31.39	
Emmi	CH		3.23	3.58	54.41	51.17	
Fonterra 3)	NZ				23.08	22.92	
United States Class III 4)	US	0.16			35.29	36.46	

- 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 October 2015 averaged € 30.03 per 100 kg standard milk. A decrease of € 0.17 compared to the previous month. Compared to October 2014, this is a reduction of € 5.92 or 16.5%.

After the drop in September, the average milk prices in October fell slightly further. This is due to the decrease of French milk prices. In the autumn these milk prices are always lower than in the summer. Contrary to France the seasonal effect of British milk prices of First Milk and Dairy Crest resulted in an increase.

The milk prices of Arla (+0.6), Müller (+0.5) and FrieslandCampina (+0.5) increased in October, while the calculated milk prices of the other companies remained the same.

Arla has announced no change in the milk prices in November and December. As a result, the calculated advance milk price of Arla for whole of 2015 fell by 23% compared to 2014.

FrieslandCampina has announced guaranteed milk price increases in November and December of respectively € 0.75 and € 0.25 per 100 kg. As a result the advance milk price of FrieslandCampina has decreased in 2015 by 22% compared to last year.

Also British Dairy Crest's milk price can be calculated for the whole of 2015. This milk price has fallen by 13% compared to 2014. This decline - calculated using euros per 100 kg - is limited by the higher value of the British pound against the euro. In pence per liter Dairy Crest's milk price decreased by 21% in 2015.

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

Milcobel: unchanged, milk price exclusive of payments for crisis support

Muller: + 0.5

DMK: unchanged, November + 1.0

Arla: + 0.6 November and December unchanged.

Hameenlinnan Osuusmeijeri: unchanged

Bongrain: -0.9

Danone (A-price): -5.6

Lactalis: -1.0

Sodiaal (A-price): -0.8

The calculated September milk price of Sodiaal is retrospectively corrected from € 35.91 to € 33.97 per 100 kg.

Dairy Crest: +0.6 due to a higher seasonal bonus partly. November – 1.5 pence per liter (ppl) and December – 0.6 ppl or cumulated for November and December to - € 3,0 per 100 kg.

First Milk (A-price): +3.4 (provisional) due to a seasonal bonus.

Glanbia: unchanged, milk price exclusive of coop support (1.0 cent per liter)

Kerry: unchanged

Granarolo: unchanged (provisional)

DOC Cheese: unchanged

FrieslandCampina: + 0.5 November + 0.7 and December + 0.2.

Emmi: +0.4, due to a slight (B-) price increase.

Fonterra: +0.3 due to an increase in de forecast dividend. The forecast total available for payout for the 2015/16 season is 4.6 (farm gate milk price) + 0.50 (forecast earnings per share 0.45-0.55)= 5.10 per kg of milk solids or € 23.08 per 100 kg standard milk.

USA: -0.7. Expressed in dollars, the US Class III milk price decreased in September from to \$ 15.82 to \$ 15.46 per hundredweight (45.36 kg).

MARKET SITUATION

Official Dutch dairy quotations (€ per 100 kg)

	30/9/2015	4/11/2015	2/1/2014
Butter	292	302	406
Whole milk powder	220	249	379
Skimmed milk powder	169	178	330
Whey powder	50	55	99

Not only in the Netherlands but also other EU member states such as Ireland, Belgium, Denmark and Germany produced more milk in the third quarter. Outside Europe, growth seems to be diminishing. In New Zealand milk production is since the start of the new milk year at a lower level than last year. In the US in recent months there is a slowdown in the growth of the milk production.

The improvement of the market in September and October was short-lived. Price increases during this period were mainly driven by sentiment. The fundamentals in the market, namely the longstanding sluggish global demand and excess supply, appear unchanged. In November, prices therefore went down again. The reluctance of buyers ensures that the extra supply, especially from the EU, is not fully absorbed by the market so stocks increase. It is expected intervention for skimmed milk powder will occur again.

GDT auctions show that the milk market is still depressed. After the sharp price rises between mid-August and early October, there was a strong setback. However, the latest GDT auction on December 1 showed again an increase.