

### STANDARDIZED MILK PRICE CALCULATIONS for JANUARY 2016 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>26.39</b>	27.74	
<b>Müller(Leppersdorf)</b>	DE	0.51	0.61		<b>27.37</b>	28.05	
<b>DMK</b>	DE		0.15		<b>26.18</b>	27.20	
<b>Arla Foods DK</b>	DK	0.84			<b>28.66</b>	29.08	1.53
<b>Bongrain (Basse Normandie)</b>	FR	1.18			<b>30.15</b>	32.40	
<b>Danone (Pas de Calais)</b>	FR				<b>32.17</b>	32.93	
<b>Lactalis (Pays de la Loire)</b>	FR				<b>29.30</b>	31.71	
<b>Sodiaal (Pas de Calais)</b>	FR	0.58			<b>31.68</b>	32.78	
<b>Dairy Crest (Davidstow)</b>	UK	0.13	0.39		<b>30.65</b>	34.00	
<b>Glanbia</b>	IE				<b>23.99</b>	26.21	
<b>Kerry Agribusiness</b>	IE				<b>25.56</b>	27.88	
<b>Granarolo (North)</b>	IT	1.15	3.42		<b>38.29</b>	38.68	
<b>DOC Cheese</b>	NL	0.03	0.34		<b>25.16</b>	26.32	1.02
<b>FrieslandCampina</b>	NL	0.05	0.75		<b>28.44</b>	29.71	2.92
<b>AVERAGE MILK PRICE 2)</b>					<b>28.86</b>	<b>30.34</b>	
<b>Emmi</b>	CH		3.21		<b>50.06</b>	51.55	
<b>Fonterra 3)</b>	NZ				<b>21.22</b>	21.83	-0.69
<b>United States Class III 4)</b>	US	0.15			<b>32.16</b>	35.64	

- 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 January 2016 averaged € 28.86 per 100 kg standard milk. A decrease of € 0.54 compared to the previous month. Compared to January 2015, this is a reduction of € 2.87 or 9.0%.

In January most milk prices decreased. The calculated milk price of British Dairy Crest fell the most (€ 3.2 per 100 kg), due to no season bonus in January and the devaluation of the British pound against the euro. The milk price of Lactalis decreased sharply (€ 1.8) followed by DMK and DOC (each minus € 1.0), FrieslandCampina (- € 0.7), Sodiaal (- € 0.6), Muller (- € 0.5) and Bongrain (- € 0.3). The milk prices of Milcobel, Glanbia, Kerry and Granarolo remained unchanged, while the calculated milk price of Danone increased (+ € 1.5). The calculated milk price of Arla increased slightly (+ € 0.1) due to a change in the ratio of protein and fat price.

For the coming months, Arla (February - € 1.0) and FrieslandCampina (March - € 0.7) as well as British Dairy Crest (- € 2.0 in March) announced price cuts.

As of January 2016 the milk prices of the British First Milk and Finnish Hameenlinnan Osuusmeijeri will no longer be calculated. This is because the milk price data are no longer supplied and therefore it was decided to add other dairy companies the coming months. Due to this change the new average of 14 dairy companies is no longer comparable with the average of the 16 companies in the previous publications. However, retroactively from January 2010 onwards a (new) average of 14 milk prices is calculated. So the fall of € 0.54 and € 2.87 respectively refers to the average of 14 dairy companies and not to the previously published averages.

### Price changes in December 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:** unchanged

**DMK:** -1.0, February unchanged.

**Arla:** A calculated increase of + 0.1 caused by a change in the protein/fat price ratio of 1.5 to 1.6. February -1.0 and March unchanged.

**Bongrain:** -0.3

**Danone (A-price):** +1.5

**Lactalis:** - 1.8

**Sodiaal (A-price):** - 0.6

**Dairy Crest:** -3.2 due to no seasonal bonus and the devaluation of the British pound against the euro. February 2016 unchanged, March -1.6 ppl or about minus € 2.0.

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

**Kerry:** unchanged

**Granarolo:** unchanged

**DOC Cheese:** -1.0 due to a price decrease (-0.3) and including the member bonus in the milk price.

**FrieslandCampina:** -0.7 February unchanged and March – 0.7.

**Emmi:** - 1.5 due to a price decrease and the devaluation of the Swiss franc against the euro.

**Fonterra:** End of January Fonterra revised their milk price for the current season 2015/16. The forecast milk price decreased from 4.60 to 4.15 per kg milk solids. Including an estimated dividend of 0.5 the calculated milk price of Fonterra is from June 2015 onwards based on 4.65 per kg milk solids.

**USA:** - 2.1. The US Class III milk price decreased from to \$ 14.44 in December to \$ 13.72 per hundredweight (45.36 kg) in January.

## MARKET SITUATION

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

	3/3/16	3/2/16	7/1/2015
Butter	236	264	272
Whole milk powder	186	195	221
Skimmed milk powder	163	165	173
Whey powder	50	51	74

Not only in the Netherlands but also in other countries in northwest Europe still much more milk is produced. Outside Europe, the growth is somewhat slowing down. In New Zealand, since the start of the new milk year milk production is at a lower level compared to last year, although the gap is less than earlier forecasts. In the US a noticeable slowdown in the growth of the milk production was observed in the last months of 2015 and production January was only 0.3% higher than in January 2015.

The fundamentals in the dairy market, namely the long time less positive development of global demand and excess supply, remain unchanged. Because of this imbalance stocks (public and private) increase and prices remain under pressure. The skimmed milk powder price moves around the intervention price level. The price of butter and whole milk powder has not yet reached the bottom but moves further down. In February, as a result, the EU butter price moves more and more to the level of intervention.

That the market is still under pressure, is also evident from the results of the GDT auctions since mid-January. Both the prices of skimmed and whole milk powder as also the auction price of butter fell sharply. Although this decline with a slight plus in the overall index GDT early March (+ 1.4%) came to a standstill, it seems there is still no turnaround in the market.