STANDARDIZED MILK PRICE CALCULATIONS for March 2017 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: quality	volume	season	MILK PRICE this month	rolling average last 12 months 1)	most recent suppl. payment
Milcobel	BE	0.73	1.37		**34.01**	28.51	0.47
Müller(Leppersdorf)	DE	0.51	0.61		**31.82**	27.47	
DMK	DE		0.15		**31.33**	25.61	
Arla Foods DK	DK	1.36			**35.32**	28.63	1.25
Valio	FI				**35.10**	34.70	0.68
Savencia (Basse Normandie)	FR	1.18			**32.67**	30.66	
Danone (Pas de Calais)	FR				**32.83**	31.80	
Lactalis (Pays de la Loire)	FR		0.24		**31.95**	30.23	
Sodiaal (Pas de Calais)	FR	0.58			**33.00**	30.82	
Dairy Crest (Davidstow)	UK	0.11	0.34		**33.09**	27.46	
Dairygold	IE	0.39			**31.58**	25.50	
Glanbia	IE				**30.88**	24.05	
Kerry Agribusiness	IE				**31.06**	25.60	
Granarolo (North)	IT	1.15	3.42		**38.77**	36.95	
FrieslandCampina	NL				**35.02**	28.97	3.30
AVERAGE MILK PRICE 2)					**33.23**	**29.13**	
Hochwald Milch eG		0.76	0.76		**31.69**	26.62	0.59
Emmi	CH		3.28	-3.64	**43.41**	47.02	
Fonterra 3)	NZ				**32.38**	31.36	
United States Class III 4)	US	0.16			**37.17**	35.76	

All prices are VAT excluded, paid to producers and assuming milk is collected every other day.
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 on account milk prices in March 2017 averaged € 33.23 per 100 kg standard milk. A decrease of € 0.21 compared to the previous month. Compared to March 2016, this is an increase of € 5.11 or plus 18.2 %.

In March, the increase in average milk prices, which began in July 2016, ended. The – minor- decline is mainly due to a few seasonal adjustments.
For the coming months, milk prices seem to change little. For example, FrieslandCampina announced that it would not change milk prices in April and May. The milk prices of French dairy companies are also expected to be kept at about the same level. However, there are price reductions of Arla (minus € 1.2 and € 1.0 in April and May respectively) and Dairy Crest (from June onwards).

The price reduction of Arla in May does not apply to British member suppliers. This surprises because Arla has the premise that all members in the different countries receive the same milk price. However, corrections are applied to prevent abrupt changes due to currency adjustments.

Due to the deteriorating market situation, British Dairy Crest announced milk price reductions in June and July each by 1 pence per liter or a total of € 2.4 per 100 kg. However, the representatives of the producer organization have agreed that milk prices will not be further reduced until September. This shows more and more companies - mostly due to agreements with their producer organizations- make milk prices known earlier. For example, French Savencia releases each quarter the milk prices for the next 3 months.

For the first time in this comparison the milk price of German Hochwald is published. As of January 2015, the monthly milk prices are calculated.
In 2015, according to their annual report, Hochwald processed a total of 2.3 billion kg of milk from 5,034 suppliers, of which 3,729 were members of the Hochwald eG cooperative in southern Germany. The remaining milk comes from dairy farmers supplying the Lunenburg factory in East Germany and the factory at Bolsward (The Netherlands). The calculated milk prices are based on the Hochwald eG cooperative milk statements.
In order not to disturb the series, the milk price of Hochwald eG is for the time being not included in the average milk price of EU dairies.

Price changes in March 2017 (€ 100 per kg compared to the previous month) and additional information per company

Milcobel: unchanged

Muller: for the fourth consecutive month unchanged.
DMK: unchanged and April unchanged.

Arla: + 0.5 , April – 1.2 and May -2.0.

Valio: unchanged
Milk prices of Valio are based on milk statements of one of its member cooperatives.
The supplementary payment for 2016 deliveries is € 0.70 per 100 liter corresponding with € 0.68 per 100 kg.

Savencia: -0.5., April unchanged, May +0.4 and June + 1.5.
Danone: (A-price): unchanged
Lactalis: -0.9, April – 0.5 and May unchanged.
Sodiaal (A-price): -0.5

Dairy Crest: -0.5 due to a decrease of the value of the British pound against the euro.
In April and May no price change however calculated milk prices will decrease, because of seasonal levies. Price reductions of 1 pence per liter in June and a further 1 ppl in July (totaling about € 2.4). Following these reductions no price change until September.

Dairygold: unchanged
Glanbia Ingredients Ireland (GIIL): -2.2 due to no seasonal bonus as paid in February.
The seasonal bonus in February 2016 has been corrected from 2.83 to € 2.30 per 100 kg.
Kerry: unchanged.

Granarolo: unchanged.

FrieslandCampina: + 1.0, April and May unchanged.
The supplementary payment for 2016 deliveries is corrected form € 3.34 to € 3.30 per 100 kg.
The calculated milk price of FrieslandCampina is exclusive of the sustainability bonus (Foqus Planet). These bonuses are paid from a fund created by deductions from all member suppliers. So on average the bonuses equal the deductions.

Average: - 0.21

Hochwald eG: unchanged
The calculated milk price of Hochwald includes a quality payment of € 0.76 per 100 kg (total bacterial count <50,000 and somatic cell count <250,000) and a volume bonus of (also) € 0.76 per 100 kg (supply of 40,000 - 45,000 kg milk per month). Because in Germany the amount of milk delivered in liters is converted to kilograms by a factor of 1.02, a correction of 1,02/1,03 is applied in calculating all German milk prices.

Emmi: -0.3.
Retrospectively calculated milk prices for 2015 have been increased with a supplementary payment for 2015 deliveries with € 1.8 per 100 kg (2 CHF).

Fonterra: -1.2 due to a decrease of the value of the New Zealand dollar against the euro.

USA: -2.6
The US Class III milk price decreased from $ 16.88 in February to $ 15.81 per hundredweight (45.36 kg) in March.

MARKET SITUATION

Official Dutch dairy quotations (€ per 100 kg)
(Source: ZuivelNL)

	3/5/2017	5/4/2017	Average 2016
Butter	454	442	325
Whole milk powder	273	262	225

Skimmed milk powder	175	171	180
Whey powder	89	85	64

The EU milk supply reduced with almost 5% in February. Adjusted for the leap year effect, the decrease was over 1%. Since June 2016 there has already been a reduction. Milk production dropped most in France, Germany and the United Kingdom. On the other hand, Poland and the Netherlands show an opposing movement with a growing volume.
Not only in the EU, but also in Oceania (Australia and New Zealand) and South America (Argentina, Brazil and Uruguay), milk production has been declining for some time. The US is still the only exporting country of significance with an increase in milk production. In both January and February (corrected for the leap year) growth of over 2% was realized.
The dairy market currently shows two faces. On the one hand, the prices of protein-related products such as milk powder are at a low level. In the first quarter, quotations of both full and skimmed milk powder showed a continuous downward movement. This was mainly due to the continuing demand in both the European market and the world market. However, the bottom seems to be reached because of the support intervention price level. On the other hand, the butter quotations are unmistakably at a very high level. After a short period of decline, this quotation has risen since mid-February. Currently, Dutch butter quotations have reached record levels.