

### STANDARDIZED MILK PRICE CALCULATIONS for October 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			MILK PRICE this month	rolling average last 12 months 1)	most recent suppl. payment
		quality	volume	season			
Milcobel	BE	0.73	1.37		<b>36.01</b>	35.24	0.47
Müller(Leppersdorf)	DE	0.51	0.61		<b>38.75</b>	34.24	
DMK	DE		0.15		<b>39.84</b>	33.99	
Arla Foods DK	DK	1.08			<b>37.17</b>	33.96	1.25
Valio	FI				<b>36.36</b>	35.51	0.68
Savencia (Basse Normandie)	FR	1.18			<b>35.09</b>	33.37	
Danone (Pas de Calais)	FR				<b>35.64</b>	33.93	
Lactalis (Pays de la Loire)	FR		0.24		<b>34.22</b>	32.93	
Sodiaal (Pas de Calais)	FR	0.58			<b>36.08</b>	33.40	0.19
Dairy Crest (Davidstow)	UK	0.11	0.33	2.18	<b>35.43</b>	31.29	
Dairygold	IE	0.39			<b>36.30</b>	33.72	
Glanbia	IE				<b>34.84</b>	33.29	
Kerry Agribusiness	IE				<b>35.86</b>	33.06	
Granarolo (North)	IT	1.15	3.42		<b>40.71</b>	39.01	
FrieslandCampina	NL				<b>40.61</b>	35.89	3.30
<b>AVERAGE MILK PRICE 2)</b>					<b>36.86</b>	<b>34.19</b>	
Hochwald Milch eG		0.76	0.76		<b>36.14</b>	32.60	0.10
Emmi	CH		3.04	3.38	<b>52.61</b>	49.07	
Fonterra 3)	NZ				<b>33.00</b>	33.08	
United States Class III 4)	US	0.16			<b>35.90</b>	37.11	

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 October 2017 averaged € 36.86 per 100 kg standard milk. An increase of € 0.12 compared to the previous month. Compared to October 2016, this is an increase of € 7.04 or plus 23.6 %.

Although the average milk price has increased slightly further in October, it is not expected to increase further this year. With the exception of the British Dairy Crest no price increases are known for the coming months. The milk prices of Arla and Savencia in November and December are equal to the October milk price. The milk price of DMK will remain unchanged in November. The same applies to FrieslandCampina, but the coop announced a price reduction for December of € 0.25. However most milk prices for the rest of the year are not yet known, based on milk prices up to and including October and a few up to and including December it is clear that 2017 will be a relatively good milk price year. For example, the monthly on account milk prices paid by Arla and FrieslandCampina in 2017 increased by 30 and 34% respectively. The milk price of Dairy Crest increased by 21% in 2017 compared to last year. The lower price increase (14%) of Savencia illustrates that French milk prices will rise less than average in 2017.

The on account milk price of the Swiss Emmi in 2017 expressed in euros increased by around 2%. In national currencies the increase is about 4%.

It should be emphasized that most prices mentioned are not the definitive milk prices. Depending on the level of the supplementary payments ("13<sup>th</sup> month"), the final milk prices may eventually increase or decrease. In any case, it is clear that the milk price level in 2017 will be considerably higher than the low milk prices in the previous two years. However, 2017 will not reach the level of the record years 2013 and 2014.

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

**Milcobel:** -2.0

**Muller:** unchanged

**DMK:** + 1.0 and November unchanged

**Arla:** +0.7 and November and December unchanged

**Valio:** unchanged

Milk prices of Valio are based on milk statements of one of its member cooperatives.

**Savencia:** + 0.15 due to a higher butyric acid premium from October onwards. November and December unchanged.

**Danone:** (A-price): -0.3

**Lactalis:** - 1.4

The milk prices of July, August and September in 2016 and 2017 have been retrospectively increased by respectively € 0.58 and € 0.34 per 100 kg of milk. Dairy farmers who deliver more milk to Lactalis than contractually agreed pay a levy on this extra milk. The total amount of levies deducted is paid to all dairy farmers in the summer season through an extra quality premium. For this premium, a cell count of less than 300,000 per ml and a total bacterial count of less than 50,000 per ml is required.

**Sodiaal** (A-price): unchanged and October unchanged

**Dairy Crest:** + 2.9 (+ 2 ppl price increase + 0.5 ppl due to a higher seasonal bonus) and November + 0.5 ppl and December + 0.5 ppl.

**Dairygold:** unchanged.

**Glanbia Ingredients Ireland (GIIL):** unchanged

**Kerry:** unchanged

**Granarolo:** (provisional) unchanged

**FrieslandCampina:** + 1.2 November unchanged and December -0.25

**Average:** + 0.12

The previously published average milk price in September has been corrected from € 36.72 to € 36.74 per 100 kg (see notes to Lactalis).

**Hochwald eG:** +1.0

**Emmi:** + 1.3 November no price change, but a lower seasonal bonus. December + 1.3.

**Fonterra:** -0.5 due to a devaluation of the New Zealand dollar against the euro.

**USA:** +2.2 due to a price increase and the devaluation of the euro against the US dollar.

The USA Class III milk price increased from \$ 16.36 in September to \$ 16.69 per hundredweight (45.36 kg) in October.

## MARKET SITUATION

(Source: ZuivelNL)

Official Dutch dairy quotations (€ per 100 kg)

	<b>29/11/2017</b>	<b>1/11/2017</b>	<b>Average 2016</b>
Butter	491	497	325
Whole milk powder	252	262	225
Skimmed milk powder	146	147	180
Whey powder	58	57	64

The EU milk supply increased significantly in September (+ 4%), for the fourth month in a row. The cumulative milk supply was 0.7% higher in the first three quarters of 2017 than in the same period in 2016. All major dairy countries recorded an increase in September. Clearly more milk was produced in Germany and France. In addition, Ireland, Italy and Poland showed strong growth.

While milk supply increased sharply in Europe in September, there was a mixed picture elsewhere in the world. The volume decreased in New Zealand. The growth rate in the US declined significantly. The New Zealand milk supply recovered strongly in October (+ 2.7%) after a wet and cold winter.

After the sharp fall in prices in October, butter prices have stabilized in November. This has to do with the approaching holidays, which ensure a steady undertone in the market. The prices for skimmed milk powder have been weak for some time. The listing has been shot well below the intervention price level since October. The market is awaiting guiding news, in which news from Brussels is by far the most important (among others the sale from intervention). The full milk powder quotation also went down in the first half of November. However, the more solid butter market is currently creating a bottom of the price. The product from Europe is still not competitive on the world market. This is dominated by Oceania and South America.