

STANDARDIZED MILK PRICE CALCULATIONS for December 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		33.01	35.10	0.47
Müller(Leppersdorf)	DE	0.51	0.61		37.76	35.29	
DMK	DE		0.15		39.84	35.50	
Arla Foods DK	DK	1.08			37.17	35.01	1.25
Valio	FI				36.36	35.72	0.68
Savencia (Basse Normandie)	FR	1.18			34.60	33.93	
Danone (Pas de Calais)	FR				35.59	34.47	
Lactalis (Pays de la Loire)	FR		0.24		34.30	33.41	
Sodiaal (Pas de Calais)	FR	0.58			35.40	34.15	0.19
Dairy Crest (Davidstow)	UK	0.11	0.33	1.65	36.30	32.29	
Dairygold	IE	0.39			36.30	34.21	
Glanbia	IE				36.02	34.15	
Kerry Agribusiness	IE				35.86	33.56	
Granarolo (North)	IT	1.15	3.42		40.71	39.72	
FrieslandCampina	NL				40.36	36.94	3.30
AVERAGE MILK PRICE 2)					36.64	34.90	
Royal A-ware	NL	0.50			40.41	36.79	
Hochwald Milch eG	DE	0.76	0.76		37.63	33.80	0.10
Emmi	CH		3.00		49.95	49.09	
Fonterra 3)	NZ				30.85	31.94	
United States Class III 4)	US	0.15			33.07	36.22	

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 monthly milk prices in December 2017 averaged to € 36.64 per 100 kg of standard milk. A decrease of € 0.42 compared to the previous month. Compared to December 2016, the average milk price is € 4.20 or 13.0% higher.

In view of the announced price reductions from January 2018 onwards, the price decrease in December is relatively limited. Compared to November most milk prices in December are unchanged or lowered a little. The calculated milk prices of Milcobel (-2.0), Royal A-ware (-1.7) and Müller (-1.0) have fallen the most.

For January 2018, Arla, FrieslandCampina, Royal A-ware and DMK announced price reductions of (almost) € 4 to € 5 per 100 kg. In February there will be further price reductions from Arla (- € 2) and FrieslandCampina (- € 1.7). British Dairy Crest announced a reduction in February (- 1 pence per liter (ppl)) and March (-0.75 ppl) or in total around € 2.0 per 100 kg of standard milk.

Now that milk prices in December are known, it is possible to give an overview of the average milk prices for the entire calendar year. In 2017, on account milk prices have increased on average by 24% (see table). It must be emphasized these prices are monthly on account milk prices. The definitive milk prices - so including supplementary payments - will be published in June 2018.

Table 1 On account milk prices 2017 and 2016

In € per 100 kg standard milk (excluding VAT and excluding supplementary payments)

		2017	2016	2017-2016	2017/2016
Milcobel	BE	35.10	26.40	8.70	33%
Müller(Leppersdorf)	DE	35.29	26.10	9.19	35%
DMK	DE	35.50	24.80	10.69	43%
Arla Foods DK	DK	35.01	27.03	7.98	30%
Valio	FI	35.72	34.53	1.19	3%
Savencia (Bongrain) (Basse Normandië)	FR	33.93	29.78	4.15	14%
Danone (Pas de Calais)	FR	34.47	31.57	2.90	9%
Lactalis (Pays de la Loire)	FR	33.41	29.45	3.95	13%
Sodiaal (Pas de Calais)	FR	34.15	30.29	3.86	13%
Dairy Crest (Davidstow)	UK	32.29	26.67	5.62	21%
Dairygold	IE	34.21	24.63	9.58	39%
Glanbia	IE	34.15	22.99	11.17	49%
Kerry Agribusiness	IE	33.56	24.84	8.72	35%
Granarolo (Noord)	IT	39.72	36.83	2.89	8%
FrieslandCampina	NL	36.94	27.51	9.43	34%
Gemiddelde		34.90	28.23	6.67	24%
Royal A-ware	NL	36.79	26.02	10.77	41%
Hochwald Milch eG	DE	33.80	25.77	8.03	31%
Emmi	CH	49.09	48.06	1.03	2%
Fonterra	NZ	31,94	27,62	4,32	16%
USA klasse III	US	36,22	33,99	2,22	7%

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

Milcobel: -2.0

Muller: -1.0

DMK: unchanged, January -5.0

Arla: unchanged, January -3.8 and February -2.0. From January onwards Arla changed the ratio of protein-/fat price from 1.4 to 1.1.

Valio: unchanged

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

Savencia: -0.5.

Danone: (A-price): -0.3

Lactalis: -0.4

Sodiaal (A-price): unchanged

Dairy Crest: +0.5 ppl, January unchanged, February – 1 ppl and March -0.75 ppl (total € -2.0))

Dairygold: unchanged.

Glanbia Ingredients Ireland (GILL): unchanged

With the December milk settlement, Glanbia paid an autumn loyalty bonus of 0.18 c / l on the milk supplied from August to December 2017. In addition, a milk price bonus of 1.04 c / l was paid on milk delivered from July until December. Both bonuses are retroactively included in the monthly milk prices. A seasonal bonus of 2.24 has also been included in the calculated milk price of November. The amount of this bonus is provisionally equal to November 2016. The final bonus will only become known with the January 2018 milk statement.

Kerry: unchanged

Granarolo: (provisional) unchanged

FrieslandCampina: -0.2, January – 3.9 and February – 1.7

Average: -0.42

The average milk price of November has been corrected to € 37.06 per 100 kg (was € 36.84 in the previous publication) as a result of the change in the calculated milk price of Glanbia (see additional information for Glanbia).

Royal A-ware: -1.7 and January – 4.1

The 2017 sustainability premium of € 0.50 is paid with the December milk statement. With retroactive effect from January 2017 onwards, the monthly advance premium of € 0.25 in the calculated milk prices has been replaced by € 0.50 per 100 kg.

Hochwald eG: unchanged

Emmi: +1.1 due to a higher share of the (higher) A-price in December only. In January the milk price drops -1.7. In February the milk price remains (almost) unchanged, but because a seasonal levy applies, the calculated milk price will decrease.

Fonterra: +0.1 due to the currency exchange rate change

USA: -3.2

The USA Class III milk price decreased from \$ 16.88 in November to \$ 15.54 per hundredweight (45.36 kg) in December. Class III milk price averaged \$ 16.17 per cwt in 2017. An increase of 1.30 or 8.7% compared to 2016.

MARKET SITUATION

(Source: ZuivelNL)

Official Dutch dairy quotations (€ per 100 kg)

	31/1/2018	3/1/2018	Average 2017
Butter	417	410	521
Whole milk powder	252	242	285
Skimmed milk powder	136	139	175
Whey powder	63	60	78

EU milk deliveries have increased since June. The growth has been showing strong acceleration for the last number of months. In November supply rose by no less than 6%. All major dairy countries realized an increase in November. The largest absolute increases were realized in Germany, France and the United Kingdom.

There is also growth outside Europe. In November, milk supply in the major dairy exporting countries Australia, New Zealand, Uruguay and the United States increased. However, the growth rate in the US has been at a lower level since September (+ 1%) than in the first half of 2017. As a result of drought, milk supply in New Zealand fell by almost 3% in December.

The butter quotations bottomed in the first half of January, after which some recovery took place. Exports of butter to the world market have recently become possible again from a price perspective, making an extra sales channel available for European butter. The prices for skimmed milk powder have been weak for some time. The quotations have been well below the intervention price level since October. Still there is no clarity from Brussels about what will happen to the current intervention stocks. However, at the end of January, the European Agriculture Council decided to buy only skimmed milk powder via tenders this year. The quotations of whole milk powder went up again in mid-January, which had a relationship with the positive results of the last GDT auction due to rising demand and the rising fat prices.