

### STANDARDIZED MILK PRICE CALCULATIONS for January 2018 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>30.00</b>	34.68	0.47
Müller(Leppersdorf)	DE	0.51	0.61		<b>34.59</b>	35.49	
DMK	DE		0.15		<b>34.82</b>	35.71	
Hochwald Milch eG	DE	0.76	0.76		<b>36.64</b>	34.20	0.10
Arla Foods DK	DK	0.97			<b>35.12</b>	35.14	1.25
Valio	FI				<b>36.36</b>	35.82	0.68
Savencia (Basse Normandie)	FR	1.18			<b>34.12</b>	33.97	
Danone (Pas de Calais)	FR				<b>35.67</b>	34.72	
Lactalis (Pays de la Loire)	FR		0.24		<b>33.77</b>	33.49	
Sodiaal (Pas de Calais)	FR	0.58			<b>35.11</b>	34.28	0.19
Dairy Crest (Davidstow)	UK	0.11	0.33		<b>34.63</b>	32.60	
Dairygold	IE	0.39			<b>36.30</b>	34.31	
Glanbia	IE				<b>36.02</b>	34.26	
Kerry Agribusiness	IE				<b>35.86</b>	34.36	
Granarolo (North)	IT	1.15	3.42		<b>40.71</b>	39.86	
Royal A-ware	NL	0.50			<b>36.29</b>	37.15	
FrieslandCampina	NL				<b>36.48</b>	37.17	3.30
<b>AVERAGE MILK PRICE 2)</b>					<b>35.44</b>	<b>35.13</b>	
Emmi	CH		2.99		<b>48.13</b>	48.79	
Fonterra 3)	NZ				<b>31.21</b>	31.72	
United States Class III 4)	US	0.14			<b>29.26</b>	35.34	

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 January 2018 averaged to € 35,44 per 100 kg of standard milk. A decrease of € 1.52 compared to the previous month. Compared to January 2017, the average milk price is € 2.38 or 7.2% higher.

Most dairy companies have further reduced milk prices in January. The largest price decreases occurred among German and Dutch companies. The calculated milk price of DMK dropped the most by € 5.0 per 100 kg, followed by Royal A-ware (-4.1), FrieslandCampina (-3.9) and Muller (-3.2). The milk prices of the Belgian Milcobel and Arla decreased by -3.0 and -2.1 respectively.

The price reduction of Arla is less than was announced in the previous publication. This is because Arla introduced a number of new bonuses in addition to a reduction in fat and protein prices. In February and March the calculated milk price of Arla will decrease further by € 2.0 and € 2.5 per 100 kg respectively. The price decrease of FrieslandCampina in these months is € 1.7 and € 0.2 per 100 kg respectively. The DMK milk price decreases with € 4.0 in February.

Irish dairy companies have not changed milk prices in January. This is striking, especially since this is the fifth consecutive month that all three Irish milk prices do not change. The Kerry dairy farmers received an top-up payment for 2017 deliveries of € 0.73 per 100 kg of milk. Although Arla and FrieslandCampina have published their financial results for 2017, the supplementary payments in this milk price comparison have yet not been updated.

The calculated milk prices of the French companies have changed little, varying between - € 0.5 (Lactalis) and + 0.1 (Danone).

The calculated USA milk price fell sharply again in January, converted into euros and standard milk with € 3.8 per 100 kg. Expressed in dollars, the class III milk price in January is \$ 14.00 per cwt. This is relatively low, for example in 2017 the class III milk price was on average \$ 16.17 per cwt.

### Price changes in January 2018 (€ 100 per kg compared to the previous month) and additional information per company

**Milcobel:** -3.0

**Muller:** -3.2

**DMK:** -5.0, February -4.0

**Hochwald eG:** -1.0

**Arla:** -2.1, February -2.0 and March -2.5. From January onwards Arla changed the ratio of protein-/fat price from 1.4 to 1.1 and introduced new bonuses. The following bonuses are included in the calculated milk price:

- Participation in Arla Garden plus	1.0
- Extra milk storage capacity	0.5
- Milk cooling tank tap 3"	0.15
- Good accessibility for truck to collect milk	0.2

**Valio:** provisionally unchanged

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

**Savencia:** -0.5

**Danone (A-price):** +0.1

**Lactalis:** -0.5

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

**Dairy Crest:** -1.7, February – 1 ppl and March -0.75 ppl (total € -2.0)

**Dairygold:** unchanged.

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

With the January milk settlement, Glanbia paid the late lactation bonus for November. This seasonal bonus of 2.44 has been included in the calculated milk price of November 2017.

**Kerry:** unchanged

Kerry dairy farmers received a top-up payment of € 0.73 per 100 kg on 2017 supplies. This payment has been included in the monthly milk prices of 2017.

**Granarolo:** (provisional) unchanged

**Royal A-ware:** - 4.1 and February -1.9

**FrieslandCampina:** -3.9 , February – 1.7 and March -0.2

**AVERAGE:** -1.52

The milk prices of Hochwald eG and Royal A-ware have been included in the average with retrospective effect from 2015 and 2016 respectively. Without these companies, the average in January 2018 would have been € 0.14 lower. As a result of the inclusion of both companies, the calculated average for the whole of 2017 increased by € 0.04 per 100 kg.

The average milk price in December has been slightly corrected by the additional payment from Kerry.

**Emmi:** -1.8

In February the calculated milk price decreases with € 3.3 due to the seasonal levy.

**Fonterra:** +0.4 due to a change of the currency exchange rate

**USA:** -3.2

The USA Class III milk price decreased from \$ 15.54 in December to \$ 14.00 per hundredweight (45.36 kg) in January.

## MARKET SITUATION

(Source: ZuivelNL [www.zuivelnl.org](http://www.zuivelnl.org) )

Official Dutch dairy quotations (€ per 100 kg)

	<b>28/2/2018</b>	<b>31/1/2018</b>	<b>Average 2017</b>
Butter	485	417	521
Whole milk powder	262	252	285
Skimmed milk powder	132	136	175
Whey powder	62	63	78

Milk deliveries in the EU show a significant growth. Since June supplied volume raised, which ultimately resulted in an increase of almost 2% for the entire calendar year 2017. Milk supply also grew strongly in December. The largest absolute increase was realized in Germany, France and the United Kingdom.

Outside Europe there is also growth. In December, milk supply increased in the important dairy exporting countries Argentina, Australia, Uruguay and the United States. However, the growth rate in the US has been at a lower level since September (+ 1%) than in the first half of 2017. New Zealand supply has suffered from adverse weather conditions both in December (-3%) and in January (-5%).

The butter quotation bottomed in the first half of January, after which a recovery took place. The prices have been on the rise in recent weeks. This is due to extra demand related to Easter and also because buyers fill in their postponed demand. Export is still possible from a price perspective, but it becomes more difficult due to the rapidly increasing prices. The prices for skimmed milk powder have been weak for some time. There is currently more interest to sale than to buy. The quotations of skimmed milk powder are well below the intervention price level since October. The quotation of whole milk powder has also increased since mid-January due to rising demand and the rising fat prices. This was also reflected in the positive results of the GDT auctions this year.