

### STANDARDIZED MILK PRICE CALCULATIONS for March 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	0.75		<b>29.94</b>	34.03	0.47
Müller(Leppersdorf)	DE	0.51	0.61		<b>31.13</b>	35.38	
DMK	DE		0.15		<b>30.79</b>	35.52	
Hochwald Milch eG	DE	0.76	0.76		<b>33.67</b>	34.76	0.10
Arla Foods DK	DK	0.85			<b>30.69</b>	34.68	1.28
Valio	FI				<b>37.33</b>	36.28	0.92
Savencia (Basse Normandie)	FR	1.18			<b>33.15</b>	34.09	
Danone (Pas de Calais)	FR				<b>34.56</b>	35.05	
Lactalis (Pays de la Loire)	FR		0.24		<b>32.69</b>	33.61	
Sodiaal (Pas de Calais)	FR	0.58			<b>33.65</b>	34.43	0.19
Dairy Crest (Davidstow)	UK	0.11	0.33		<b>32.72</b>	32.56	
Dairygold	IE	0.39			<b>34.25</b>	34.52	
Glanbia	IE				<b>32.98</b>	34.51	
Kerry Agribusiness	IE				<b>33.89</b>	34.70	
Granarolo (North)	IT	1.15	3.42		<b>40.71</b>	40.20	
Royal A-ware	NL	0.50			<b>33.86</b>	37.39	
FrieslandCampina	NL				<b>34.85</b>	37.49	1.27
<b>AVERAGE MILK PRICE 2)</b>					<b>33.58</b>	<b>35.25</b>	
Emmi	CH		3.00	-3.34	<b>44.92</b>	48.72	
Fonterra 3)	NZ				<b>30.62</b>	31.15	
United States Class III 4)	US	0.14			<b>29.35</b>	33.71	

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 March 2018 averaged to € 33,58 per 100 kg of standard milk. A decrease of € 0.93 compared to the previous month. Compared to March 2017, the average milk price is € 0.32 or 1.0 % higher.

Almost all dairy companies have decreased their milk prices in March. The milk price of some dairy companies has remained the same.

The Irish dairy companies have reduced the milk prices by about € 2 per 100 kg, but at the same time made additional payments of approximately € 1.5-2.0 per 100 kg to support their dairy farmers because of the unprecedented bad weather conditions.

German Hochwald and Arla have lowered milk prices most by € 3.0 and € 2.5 per 100 kg respectively. The calculated milk price of Glanbia also dropped sharply, but that is because the milk price in February included a high seasonal bonus. French milk prices also fell in March and further price reductions are announced for April. Also Dairy Crest, Royal A-ware, FrieslandCampina and Arla announced price reductions for April of € 1.5, 1.0, 1.0 and 0.2 per 100 kg respectively. DMK's milk price will remain unchanged in April.

The Arla milk price remains unchanged in May, while Dairy Crest and FrieslandCampina announced price reductions of € 1.6 and 0.5 per 100 kg respectively.

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

**Milcobel:** +0.1

The calculated milk price increased slightly, because in the February milk price included one-off costs as a contribution to the IKM quality system.

**Muller:** unchanged

**DMK:** March and April unchanged

**Hochwald eG:** -3.0

**Arla:** -2.5 , April -0.2 and May unchanged

**Valio:** unchanged

From January 2018, the calculated milk price is increased by € 0.97 per 100 kg (1 cent per liter). This bonus is granted to dairy farmers for participation in an animal health program and registration. A supplementary payment of € 0.92 per 100 kg (0.95 cents per liter) was paid for 2017 deliveries. Milk prices of Valio are based on milk statements of one of its member cooperatives.

**Savencia:** -1.0, April -0.5 and May unchanged

**Danone:** (A-price): -0.4

**Lactalis:** -1.1 and April -1.0

**Sodiaal** (A-price): -1.0

**Dairy Crest:** -0.8 (-0.75 pence per liter), April -1.4 (-1.25 ppl) and May -1.1 (-1 ppl)

**Dairygold: -0.1**

At the same time, with a reduction of the basic price of 2 cents per liter (with 3.3% protein, 3.6% butter fat), a relief payment of 2 cents per liter was made in March to support farmers in the consequences of the extreme weather conditions. The calculated milk price has fallen slightly, however, because the milk price reduction has been incorporated into lower fat and protein prices.

**Glanbia Ingredients Ireland: -3.1**

Together with a reduction of the base milk price of 3 cents per liter, a supplementary payment of 3 cents per liter was made in March (both amounts including VAT) recognising the consequences of the extreme weather conditions. The fact that the calculated milk price has decreased strongly compared to February is due to the lapse of the seasonal supplement.

In February, a supplement was paid because of the adverse weather conditions of 1 cent per liter. This payment has been included in the calculated milk price of February.

**Kerry: -1.4**

Kerry has cut the base milk price with 2 cents per liter, but made also an additional payment of 1.5 cents per liter on all milk supplied from January to March 2018. This payment of € 1.42 per 100 kg is included in the calculated milk prices from January to March.

**Granarolo:** (provisional) unchanged

**Royal A-ware:** -0.5 and April -1.0

**FrieslandCampina:** -0.2 , April -1.0 and May -0.5

The supplementary payment for 2017 deliveries is corrected to € 1.27 per 100 kg (was 1.29).

**AVERAGE:** -0.93

(the February average is retrospectively increased with 0.12, see remarks Valio, Glanbia and Kerry)

**Emmi:** -0.6 due to a lower exchange rate of Swiss Franc against the euro

**Fonterra:** -0.2 due to a lower exchange rate of NZ dollar against the euro

**USA:** +1.7

The USA Class III milk price increased from \$ 13.40 in February to \$ 14.22 per cwt (hundredweight (45.36 kg)) in March.

## MARKET SITUATION

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

Official Dutch dairy quotations (€ per 100 kg)

	<b>2/5/2018</b>	<b>28/3/2018</b>	<b>Average 2017</b>
Butter	580	478	521
Whole milk powder	268	254	285
Skimmed milk powder	143	129	175
Whey powder	65	63	78

In the EU, milk supply appears to have been affected by the cold weather conditions. Up to and including February the volume increased considerably. Since then there has been a somewhat disappointing milk supply and the period of significant growth seems to be over.

Outside Europe there is still largely growth. In the months of January and February milk supply increased in the important dairy-exporting countries Argentina, Australia, Uruguay and the United States. However, the growth rate in the United States in March seemed to decline somewhat. New Zealand has taken a step back as a result of adverse weather conditions since December. Milk supply also fell in the first three months of 2018.

After Easter, butter price quotations have risen sharply. The quotation was close to the level of € 600 per 100 kg at the end of April. The strong increase was caused by good demand and a relatively low availability of butter due to limited production and low stock levels. The low point in the market for skimmed milk powder seems to have passed. Despite the release of a relatively large amount of intervention skimmed milk powder, the price quotation has taken a sharp step upwards at the end of April. This seems to be an indication that there is currently little fresh product available. In addition, exports still run well, so that produced powder can easily be sold. Although there is a stable market, the prices of full milk powder in April has also found its way up. In particular, the higher price level of milk fat raises this price.