

STANDARDIZED MILK PRICE CALCULATIONS for October 2018 deliveries 1,000,000 kg/yr.

Prices in euro per 100 kg milk with 4.2% fat, 3.4% protein, 1,000,000 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	1.13		34.72	32.52	0.24
Müller(Leppersdorf)	DE	0.51	0.71		33.95	32.96	
DMK Deutsches Milchkontor eG	DE		0.20		34.59	33.84	
Hochwald Milch eG	DE	0.76			33.92	34.19	0.10
Arla Foods DK	DK	0.97			35.19	33.62	1.28
Valio	FI				34.90	35.96	0.92
Savencia (Basse Normandie)	FR	1.18			34.12	33.81	
Danone (Pas de Calais)	FR				34.10	34.97	
Lactalis (Pays de la Loire)	FR		0.39		35.57	33.82	
Sodiaal (Pas de Calais)	FR	0.58			36.51	34.77	0.23
Dairy Crest (Davidstow)	UK	0.11	0.66	2.20	35.97	32.82	
Dairygold	IE	0.39			32.30	33.08	
Glanbia	IE				32.21	32.51	
Kerry Agribusiness	IE				33.43	33.37	
Granarolo (North)	IT	0.77			37.87	39.02	
Royal A-ware	NL	0.50	1.28		35.95	36.40	
FrieslandCampina	NL				37.39	36.19	1.27
AVERAGE MILK PRICE 2)					34.82	34.33	
Emmi	CH		3.25	3.42	52.94	48.24	
Fonterra 3)	NZ				27.87	29.58	
United States Class III 4)	US	0.15			34.20	32.01	

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 October 2018 averaged to € 34.82 per 100 kg of standard milk. An increase of € 0.13 compared to the previous month. Compared to October 2017, the average milk price is € 2.61 or 7.0 % lower.

The average milk price also increased in November, but only by € 0.13 per 100 kg. In view of the announced milk prices, the average is expected to decrease in the coming months. DMK and Arla have announced that milk prices will not change in November, but will decrease by € 1.0 per 100 kg in December. The milk prices of Savencia, Lactalis and Granarolo remain unchanged for the rest of the year. Royal A-ware and FrieslandCampina lower the milk prices by € 1.5 and 0.7 per 100 kg in November, while both companies do not change the milk price in December.

Fonterra revised 6 December 2018 its 2018/19 forecast milk price range from 6.25-6.50 to 6.00-6.30 NZD per kg milk solids or € 1.0 per 100 kg standard milk.

DMK Deutsche Milchkontor eG

Compared to the previous publication, the name of DMK has been changed to DMK Deutsches Milchkontor eG to clarify that it concerns the calculated milk price for the member dairy farmers of the German cooperative. The company DMK is owned by this German cooperative and the Dutch cooperative DOC Kaas. Because both cooperatives do not use the same payment method, the calculated milk price for the standard farm can differ between the two cooperatives.

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

Milcobel: unchanged

Muller: +1.0

DMK: October and November unchanged, December -1.0

Hochwald eG: +1.0

Arla: + 0.9 ,November unchanged and December -1.0

Valio: unchanged

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

Savencia: +0.6, November and December unchanged

Danone: (A-price): -3.5

Lactalis: +0.3, November and December unchanged.

Sodiaal (A-price): unchanged

Dairy Crest: +1.0 due to a higher seasonality. From November until January no price decrease, but in December a lower calculated milk price (-0.6) due to a lower seasonal bonus.

Dairygold: unchanged

Glanbia Ingredients Ireland: unchanged

Kerry: unchanged

Granarolo: unchanged up to and including December.

Royal A-ware: unchanged, November -1.5 and December unchanged.

FrieslandCampina: +1.0 ,November -0.7 and December unchanged.

AVERAGE: +0.13

Emmi: unchanged due to a slight increase of the B-price in combination with a devaluation of Swiss Franc against the euro, due to the expiration of the seasonal bonus -3.5 in November and December unchanged.

Fonterra: -1.0

6 December 2018 Fonterra revised its 2018/19 forecast farm gate milk price range from 6.25-6,50 NZD per kg milk solids (MS) to a range of 6.00-6.30 NZD per kg MS. The calculated milk price is based on a farm gate milk price of 6.15 plus forecast earnings per share of 0.30 (range 0.25-0.35) so in total 6.45 NZD per kg MS. Compared to the previous forecast of 10 October 2018 a decrease of € 1.0 per 100 kg standard milk (including impact exchange rate NZD against the euro).

USA: -0.7. The USA Class III milk price decreased from \$ 16.09 in September to \$ 15.53 per cwt (hundredweight (45.36 kg)) in October.

MARKET SITUATION

(Source: ZuivelNL www.zuivelnl.org)

Official Dutch dairy quotations (€ per 100 kg)

	5/12/2018	31/10/2018	Average 2017
Butter	416	430	521
Whole milk powder	267	264	285
Skimmed milk powder	166	159	175
Whey powder	77	72	78

There is stagnation in the milk supply throughout the EU. In September, the volume even declined slightly. No growth was realized in August. The drought in large parts of Europe seems to have had clear consequences. German milk supply was at the same level in September as in 2017. In France and Italy the volume decreased in this month. Striking is the strong recovery in Ireland in August and September after a period of decline. On the other hand, milk supply in the Netherlands fell by as much as 5.5% in October compared to September. From January up to and including October, the Dutch milk supply is 2.2% lower than in the same period last year.

New Zealand and the South American countries Argentina and Uruguay recorded strong growth in milk production in September. New Zealand also showed a significant increase in volume in October. In the US, growth has long been below the long-term growth rate (1.6%). This growth rate was also not achieved in September and October. Australia recorded a decrease for the fourth month in a row.

After the sharp decline in September and October butter prices stabilized from the end of October to mid-November. The pressure on prices, however, increased somewhat in the last weeks of November, which was due to limited demand for the short term and sufficient supply. The Dutch price quotation of skimmed milk powder showed a slight recovery in the second half of October and stabilized in November. Despite the sale of large quantities of intervention powder since mid-

October, there seems to be a solid bottom in the market. The decline in the full milk powder quotation has stopped since the end of October. Since then, there are stable prices. European product is still too expensive for the world market, where New Zealand is particularly competitive

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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		34.19	32.01	0.24
Müller(Leppersdorf)	DE	0.51	0.61		33.85	32.86	
DMK Deutsches Milchkontor eG	DE		0.15		34.43	33.68	
Hochwald Milch eG	DE	0.76			33.90	34.01	0.10
Arla Foods DK	DK	0.97			35.11	33.53	1.28
Valio	FI				34.90	35.96	0.92
Savencia (Basse Normandie)	FR	1.18			34.12	33.81	
Danone (Pas de Calais)	FR				34.10	34.97	
Lactalis (Pays de la Loire)	FR		0.24		35.42	33.67	
Sodiaal (Pas de Calais)	FR	0.58			36.51	34.77	0.23
Dairy Crest (Davidstow)	UK	0.11	0.33	2.20	35.64	32.49	
Dairygold	IE	0.39			32.30	33.08	
Glanbia	IE				32.21	32.51	
Kerry Agribusiness	IE				33.43	33.37	
Granarolo (North)	IT	0.77			37.87	39.00	
Royal A-ware	NL	0.50			34.67	35.12	
FrieslandCampina	NL				37.27	36.07	1.27
AVERAGE MILK PRICE 2)					34.66	34.16	
Emmi	CH		3.08	3.42	52.77	48.07	
Fonterra 3)	NZ				27.87	29.58	
United States Class III 4)	US	0.15			34.20	32.01	

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Sodiaal (Pas de Calais)	FR	0.58			36.51	34.77	0.23
Dairy Crest (Davidstow)	UK	0.11	0.88	2.20	36.19	33.04	
Dairygold	IE	0.39			32.30	33.08	
Glanbia	IE				32.21	32.51	
Kerry Agribusiness	IE				33.43	33.37	
Granarolo (North)	IT	0.77			37.87	39.04	
Royal A-ware	NL	0.50	1.57		36.24	36.70	
FrieslandCampina	NL				37.43	36.23	1.27
AVERAGE MILK PRICE 2)					34.88	34.39	
Emmi	CH		3.42	3.42	53.11	48.41	
Fonterra 3)	NZ				27.87	29.58	
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