

**STANDARDIZED MILK PRICE CALCULATIONS for January 2019 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		<b>32,72</b>	32,64	0,24
Müller(Leppersdorf)	DE	0,51	0,71		<b>31,97</b>	32,12	
DMK Deutsches Milchkontor eG	DE		0,20		<b>32,72</b>	32,71	
Hochwald Milch eG	DE	0,76			<b>32,93</b>	33,39	0,10
Arla Foods DK	DK	0,90			<b>32,68</b>	32,96	2,30
Valio	FI				<b>35,10</b>	35,53	0,92
Savencia (Basse Normandie)	FR	1,18			<b>35,09</b>	33,78	
Danone (Pas de Calais)	FR				<b>34,21</b>	34,42	
Lactalis (Pays de la Loire)	FR		0,39		<b>34,89</b>	34,06	
Sodiaal (Pas de Calais)	FR	0,58			<b>35,11</b>	34,63	0,23
Dairy Crest (Davidstow)	UK	0,11	0,66		<b>33,64</b>	32,55	
Dairygold	IE	0,39			<b>32,30</b>	32,71	
Glanbia	IE				<b>32,06</b>	32,13	
Kerry Agribusiness	IE				<b>32,51</b>	32,35	
Granarolo (North)	IT	0,77			<b>37,87</b>	38,20	
FrieslandCampina	NL				<b>35,72</b>	35,40	0,57
<b>AVERAGE MILK PRICE 2)</b>					<b>33,85</b>	<b>33,72</b>	
Emmi	CH		3,28		<b>50,37</b>	48,41	
Fonterra 3)	NZ				<b>29,99</b>	29,79	
United States Class III 4)	US	0,13			<b>31,02</b>	31,63	

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 2019 averaged to € 33.85 per 100 kg of standard milk. A decrease of € 0.43 compared to the previous month. Compared to January 2018, the average milk price is € 1.68 or 4.7 % lower.

Most calculated milk prices decreased in January. On the other hand, milk prices of the French companies (except Lactalis) and the Finnish Valio have increased. The milk prices of Italian Granarolo and the Irish dairy companies have remained the same. Whether milk prices will fall further or remain the same in the coming months is difficult to forecast. The milk prices of Arla and FrieslandCampina remain the same in February and March (Arla) or rise slightly (FrieslandCampina + € 0.2 in February, March unchanged). The French milk prices also seems to stay on average at the same level in the first quarter of 2019. Price reductions have been announced by DMK (- € 1.0 in February) and Dairy Crest (- € 1.1 in February).

At the presentation of the financial results for 2018, Arla announced to pay-out the full net profit to the farmer owners. This corresponds to an additional payment of approx. € 2.30 per 100 kg. The calculated supplementary ('13<sup>th</sup> month') payment for milk supplied in 2017 was € 1.28. Because 2018 was a difficult year for the dairy farmers due to the bad weather conditions, it was decided to fully pay-out the profit and not to make an addition to the general reserves like in other years. Based on the financial results of FrieslandCampina the provisional calculated supplementary payment for 2018 supply is € 0.57 per 100 kg milk (2017: € 1.28).

Fonterra increased their 2018/19 forecast milk price corresponding with € 0,90 per 100 kg standard milk.

From January 2019 onwards, it was decided to stop calculating and publishing a Royal A-ware milk price. Royal A-ware was included in the LTO International Milk Price Comparison because, in addition to FrieslandCampina, a second Dutch company was wanted after the publication of DOC Chees was ended. The choice was made for Royal A-ware, given the potential size of their milk processing. However, from 2019, Royal A-ware implements (in addition to organic) 4 different milk flows with different milk prices. The choice of one of these milk flows implicitly means that the milk price relates to a smaller volume and therefore has less value for the international milk price comparison.

### Price changes in January 2019 (€ 100 per kg) compared to the previous month and additional information per company

**Milcobel:** -1.0

**Muller:** -2.5

The milk price is exclusive of a bonus of € 1.0 per 100 kg for the use of GMO free feed.

**DMK Deutsches Milchkontor eG:** -0.9 and February -1.0

The price ratio between protein and fat changed in January to 1:1.

The milk price includes an (average) bonus of € 0.6 for participation in the Milkmaster sustainability program, but excludes a € 0.7 bonus for the use of GMO free feed.

**Hochwald eG:** -2.0

The milk price does not include a bonus of € 1.0 for participation in the MilchPlus sustainability program.

**Arla:** -1.5 , February and March unchanged

The milk price includes a bonus of € 1.0 for participation in the quality and sustainability program Arlagarden. The provisional supplementary payment for milk supplied in 2018 is € 2.30 per 100 kg.

**Valio:** +0.2

For the first time since May 2018 the milk price changed. The milk price includes a bonus of € 1.0 for participation in the sustainability/animal health program NASEVA.

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

**Savencia:** +1.0, February -0.5 and March unchanged

**Danone:** (A-price): +1.6

**Lactalis:** -0.7 and February and March unchanged

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

The milk price does not include a bonus for the participation in the sustainability program 'La Route du Lait'.

**Dairy Crest:** - 1.2 due to the expiration of the seasonal bonus, February -1.0 due to a price decrease (-0.5 ppl) and the withdrawal of the supplementary payment for extreme weather (-0.5 ppl). March unchanged.

**Dairygold:** unchanged

The milk price includes a bonus for the sustainability program SDAS (Sustainable Dairy Assurance Scheme), but the new sustainability bonuses for participating in milk recording (0.1) and Cattle breeding groups herd health are not taken into account.

**Glanbia Ingredients Ireland:** unchanged

The milk price includes a € 0.95 support payment paid by the Glanbia cooperative and € 0.95 interim market payment paid by the processor Glanbia Ireland.

With the milk statement of January farmers received a seasonality payment for milk delivered in November 2018. With retroactive effect, this bonus of € 2.01 is included in the milk price of November 2018.

**Kerry:** unchanged

The calculated milk prices of the previous months have been retrospectively reduced because a payment of € 0.95 was wrongly included in the milk prices.

The milk price includes a bonus of € 0.1 for the SDAS sustainability program

**Granarolo:** unchanged up to and including February.

**FrieslandCampina:** -1.0, February +0.2 and March unchanged

The milk price includes an (average) bonus of € 0.6 for outdoor grazing, but excluding a bonus for the quality and sustainability program Foqus Planet. The bonuses in this program are financed from deductions and as a result the balance for the 'average' dairy farmer is zero.

The provisional supplementary payment for milk supplied in 2018 is € 0.57 per 100 kg

**AVERAGE:** -0.43

**Emmi:** +0.6 due to a slightly higher share of the A-price (from 67 to 68%) and a slightly higher B-price (32% share).

The A-price has not been changed since October 2017 and is 63 CHF/100 kg. In January the B-price is 43.10 CHF/100 kg. The fluctuations in the milk price are a result of changes of the B price. Despite the fact that the B prices will rise slightly in February and March, the calculated milk price for those months will be lower as a result of a seasonal levy.

**Fonterra:** +0.9

Fonterra has increased its 2018/19 forecast Farmgate Milk Price range to \$6.30-\$6.60 per kg MS, up from \$6.00-\$6.30, and revised its forecast earnings down to 15-25 cents per share. The calculated milk price is based on 6.65 (was 6.45) NZD per kg milk solids.

**USA:** +0.3

Expressed in dollars, the US class III milk price increased from \$ 13.77 in December to \$ 13.96 per cwt (hundredweight (45.36 kg)) in January. In February the class III price is \$ 13.89 per cwt.

## MARKET SITUATION

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

Official Dutch dairy quotations (€ per 100 kg)

	6/3/2019	30/1/2019	Average 2018
Butter	407	439	499
Whole milk powder	300	287	269
Skimmed milk powder	175	195	149
Whey powder	80	84	70

In the EU, milk supply has been declining since September last year. In addition to specific situations such as the Netherlands (phosphate ceiling), this also is be connected with the summer drought. In December the total milk supply was again more than 0.8% behind. In addition to the Netherlands, milk supply fell sharply in France, Germany and Austria. In Ireland, on the other hand, the remarkable growth of the last months continued (+ 25%).

Milk production in various, major dairy exporting countries outside the EU also stagnated in December. In fact, only in New Zealand there was a solid growth (2.3%). Growth in the US remained below average (0.5%) and in Australia the months-long drought led to milk supply being almost 2% lower in 2018. On balance, the aggregate growth rate of the major dairy exporters in December fell by 0.1 percentage point to + 1.0% for the whole of 2018 (approx. +3 million tons).

The butter market is currently considerably weaker, which is reflected in falling prices. This is due to the more than enough supply in combination with a limited demand. This is reinforced in the short term by the usual wait-and-see attitude of buyers. The sale of skimmed milk powder has stabilized after a period of recovery in the last weeks of February at a level of just under € 200. The market is waiting for new impulses on the buying or selling side. Although intervention stocks have been (almost) phased out at a rapid pace, a lot of product in the form of stocks at the trade have impact on the market. The price quotation of whole milk powder has increased since the beginning of this year. European products benefit from less supply from Oceania and South America, which provides a fairly fixed market picture.

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		quality	volume	season			
Milcobel	BE	0.73	0.75		<b>32.19</b>	32.11	0.24
Müller(Leppersdorf)	DE	0.51	0.61		<b>31.87</b>	32.02	
DMK Deutsches Milchkontor eG	DE		0.15		<b>32.57</b>	32.55	
Hochwald Milch eG	DE	0.76			<b>32.91</b>	33.26	0.10
Arla Foods DK	DK	0.90			<b>32.62</b>	32.88	2.30
Valio	FI				<b>35.10</b>	35.53	0.92
Savencia (Basse Normandie)	FR	1.18			<b>35.09</b>	33.78	
Danone (Pas de Calais)	FR				<b>34.21</b>	34.42	
Lactalis (Pays de la Loire)	FR		0.24		<b>34.75</b>	33.92	
Sodiaal (Pas de Calais)	FR	0.58			<b>35.11</b>	34.63	0.23
Dairy Crest (Davidstow)	UK	0.11	0.33		<b>33.32</b>	32.22	
Dairygold	IE	0.39			<b>32.30</b>	32.71	
Glanbia	IE				<b>32.06</b>	32.13	
Kerry Agribusiness	IE				<b>32.51</b>	32.35	
Granarolo (North)	IT	0.77			<b>37.87</b>	38.20	
FrieslandCampina	NL				<b>35.60</b>	35.28	0.57
<b>AVERAGE MILK PRICE 2)</b>					<b>33.75</b>	<b>33.62</b>	
Emmi	CH		3.11		<b>50.20</b>	48.24	
Fonterra 3)	NZ				<b>29.99</b>	29.79	
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STANDARDIZED MILK PRICE CALCULATIONS for January 2019 deliveries 1,500,000 kg/yr.							
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DMK Deutsches Milchkontor eG	DE		0.30		<b>32.86</b>	32.84	
Hochwald Milch eG	DE	0.76			<b>32.93</b>	33.40	0.10
Arla Foods DK	DK	0.90			<b>32.70</b>	32.98	2.30
Valio	FI				<b>35.10</b>	35.53	0.92
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Granarolo (North)	IT	0.77			<b>37.87</b>	38.20	
FrieslandCampina	NL				<b>35.76</b>	35.44	0.57
<b>AVERAGE MILK PRICE 2)</b>					<b>33.89</b>	<b>33.77</b>	
Emmi	CH		3.45		<b>50.54</b>	48.58	
Fonterra 3)	NZ				<b>29.99</b>	29.79	
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