

STANDARDIZED MILK PRICE CALCULATIONS for April 2020 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		28.81	31.96	0.24
Müller(Leppersdorf)	DE	0.51	0.71		30.88	31.56	
DMK Deutsches Milchkontor eG	DE		0.20		32.86	31.93	
Hochwald Milch eG	DE	0.76			32.53	32.53	0.69
Arla Foods DK	DK	0.92			33.50	32.69	1.43
Valio	FI				35.88	35.72	1.07
Savencia (Basse Normandy)	FR	1.04			33.19	35.06	
Danone (Pas de Calais)	FR				34.25	34.97	
Lactalis (Pays de la Loire)	FR		0.39		34.50	35.04	
Sodiaal (Pas de Calais)	FR	0.58		-1.94	33.87	35.17	0.19
Saputo Dairy UK (Dairy Crest)	UK	0.11	0.67	-2.50	29.11	32.58	
Dairygold	IE	0.39			28.81	30.51	
Glanbia	IE				28.62	30.10	0.36
Kerry Agribusiness	IE				30.49	30.94	
Granarolo (North)	IT	0.75			38.35	39.58	
FrieslandCampina	NL				33.91	34.82	1.31
AVERAGE MILK PRICE 2)					32.47	33.45	
CAPSA FOOD	ES				31.27	31.38	
Emmi	CH		3.51	-3.70	50.46	52.83	
Fonterra 3)	NZ				31.06	32.19	
United States Class III 4)	US	0.14			29.75	39.11	

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 April 2020 averaged to € 32.47 per 100 kg of standard milk. A decrease of € 0.71 compared to the previous month. Compared to April 2019, the average milk price decreased with € 0.85 or - 2.5 %.

With the exception of Danone, all milk prices remained the same or decreased in April. The German companies and Arla and Valio have not changed their milk prices. The other European dairy companies lowered milk prices in April. However, the biggest drop in prices occurred outside Europe, namely in the United States. The class III milk price decreased around 20% within one month or converted to almost 7 euros 100 kg of standard milk. After the sharp price increase in 2019, the American milk price is back to a low level. Fonterra has also recently reduced their milk price forecast for the 2019/20 season - which expires in June - by € 0.40 per 100 kg of standard milk. Based on this forecast, 2019/20 will be a relatively good milk price year, as the milk price of Fonterra was significantly lower in the previous 5 years.

The average milk prices in Europe are expected to decrease further in the coming month(s). FrieslandCampina (-1.9), DMK (-1.6) and Arla (-1.2) have announced price reductions for May. In June, the milk price of FrieslandCampina will further decrease by € 0.5. The Arla milk price will drop by € 1.0 in June, but this price drop will be offset by a new climate check bonus of € 1.0.

New presentation and calculation of May milk prices

The LTO Milk Price Comparison aims to provide transparency into producer prices for comparable or standard milk. Due to the increasing differentiation in bonuses, special milk flows, etc., this is becoming increasingly difficult, but at the same time the need for transparency is also increasing. Therefore, from the next publication, the milk prices will be presented in a different table and some premiums for GMO-free milk¹ will be included in the milk price (see appendix).

Due to the limited effect of the quantity of milk supplied on the calculated milk prices, the tables with milk prices associated with an annual supply of 500,000 kg and 1,500,000 kg are cancelled with effect from this publication.

Price changes in April 2020 (€ per 100 kg) compared to the previous month and additional information per company

Milcobel: -1.0

Milcobel's milk prices have increased retroactively by 0.09 as a result of a lower fixed monthly contribution for the milk analysis,

Müller: unchanged

Milk prices of Müller have been decreased retroactively from January 2020 onwards by 0.1 as a result of the expiration of a bonus.

The milk price is exclusive of a bonus of € 1.0 per 100 kg for the use of GMO free feed (VLOG certified). All collected milk is GMO free.

¹ GMO-free or non-GMO milk means cows are fed without genetically modified feed. Also called VLOG milk if certified by German association Verband Lebensmittel ohne Gentechnik e.V. (VLOG).

DMK Deutsches Milchkontor eG: unchanged, May -1.6

The milk price includes an (average) bonus of € 0.33 (was 0.66) for participation in the Milkmaster sustainability program. This bonus has been changed as the maximum Milkmaster bonus has also been decreased from € 1.00 to € 0.50 per 100 kg in 2020.

The milk price excludes a € 1.0 bonus for the use of GMO free feed. About 60% of the collected milk is GMO free (VLOG certified).

Hochwald eG: unchanged

The milk price includes a bonus of € 0.59 for participating in the sustainability program MilchPlus.

The milk price does not include the bonus of € 1.00 per 100 kg for the use of GMO-free feed. Almost all milk collected is GMO free (VLOG certified).

Arla: unchanged, May -1.0 and June unchanged

A price reduction in June of € 1,0 is compensated by a new bonus for climate check of also € 1,0 per 100 kg. The milk price includes a bonus of € 1.0 for participation in the quality and sustainability program Arlagarden Plus, but excludes a bonus of € 1.0 per 100 kg for the use of GMO free feed and € 0.5 per 100 kg for welfare.

Valio: unchanged

The milk price includes a bonus of € 2.0 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: -1.4, May + 0.3

Danone: (A-price): +0.3, May and June unchanged

Lactalis: -0.5 and May unchanged

Sodiaal (A-price): -1.1 due to a higher seasonal deduction

The milk price has been adjusted retroactively (+0.08) due to the expiry of the flexibility deduction.

In addition, the most recent supplementary payment (for milk delivered in 2018) has been corrected from 0.29 to 0.19 euro per 100 kg.

Saputo Dairy UK: -1.8 due to a seasonal levy

The price before seasonality is a guaranteed floor for producers until the end of June '20, however the milk payment system will be strongly simplified from June onwards.

The milk price is based on producer prices for supplying the Davidstow cheese factory.

Dairygold: -2.0 due to a price reduction the expiration of the seasonal (early calving) bonus

The milk price includes a bonus of € 0.1 for the national sustainability program SDAS (Sustainable Dairy Assurance Scheme), but the bonuses for participating in milk recording (0.1) and Cattle breeding groups herd health (€ 0.05) are not taken into account.

Glanbia Ingredients Ireland: -1.0

Because the € 0.95 coop support payment expired milk price have been corrected retrospectively from January 2020 onwards. The milk price includes a payment of € 0.40 as share of Glanbia Ireland profit.

Kerry: -0.8

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

Granarolo: -1.0

FrieslandCampina: -1.2, May -1.9 and June – 0.5

The milk price includes an (average) bonus of € 0.65 (was 0.63).

AVERAGE: -0.71

The previously published average milk price for March has been adjusted to € 33.19 (from € 33.26), because a number of milk prices have been corrected (see explanation per company).

CAPSA FOOD (provisional) unchanged

Emmi: -0.6 due to a lower B-price

The milk price of March has been retroactively reduced by 0.7 due to changes in some deductions. The milk price does not include the supplement to the A price of approx. € 2.75 per 100 kg of milk for the national sustainability program “Swiss milk green”. The milk is produced under the Suisse Garantie label, which means, among other things, that no GMO feed is used. Milk prices are based on milk statements of a producer organization that supplies milk to Emmi.

Fonterra: -0.1 due to a price decrease largely offset by a higher value of the New Zealand dollar against the euro.

The calculated milk price is based on the mid-points of the most recent forecast (21 May 2020) ranges for the milk price (7.20 (was 7.30)) and earnings (0.20) or in total 7.40 (was 7.50) NZ\$ per kg milk solids.

USA: -6.8 due to a big price reduction and a little adjustment of the exchange rate dollar versus euro. Expressed in dollars, the US class III milk price decreased from \$ 16.25 in March to \$ 13.07 per cwt (hundredweight (45.36 kg)) in April 2020.

MARKET SITUATION

(Source: ZuivelNL www.zuivelnl.org)

Official Dutch dairy quotations (€ per 100 kg)

	27/5/2020	29/4/2020	Average 2019
Butter	298	257	382
Whole milk powder	260	255	293
Skimmed milk powder	207	190	213
Whey powder	75	70	71

The Dutch milk supply increased in April (+ 1.6%) for the ninth consecutive month. The volume in the first four months of 2020 was 3.2% more than in the same period in 2019. However, the additional production on the leap day in February and the lower reference level in 2019 further boosted growth.

The EU milk supply increased by almost 1% in March, an almost comparable growth as in January and February (corrected for the leap effect). The countries in Western Europe again showed an increase, although the increase in France and Germany, with growth below 1%, was less than in the previous months.

Milk production in the other globally important dairy exporting countries showed a mixed picture in March. On the one hand, there was strong growth in Australia (+ 5%), the US (+ 2%) and Argentina (+ 6%). On the other hand, the milk supply in New Zealand decreased by almost 2% and the volume in Uruguay remained the same. The aggregated volume of major dairy exporters (including the EU) was 2.5% higher in the first quarter of 2020 than in the previous year.

STANDARDIZED MILK PRICE CALCULATIONS for April 2020 deliveries (NEW)											
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		fat price	protein price ¹	adjustments			sustainability	milk flows	MILK PRICE this month	Rolling average last 12 months ²	most recent suppl. payment
				quality	quantity	season					
Milcobel	BE	3.55	3.55	0.73	1.13				28.81		0.24
Müller(Leppersdorf)	DE	2.52	4.54	0.51	0.71			0.99	31.87		
DMK Deutsches Milchkontor eG	DE	4.28	4.28		0.20		0.33	0.59	33.45		
Hochwald Milch eG	DE	2.50	5.00	0.76			0.59	0.99	33.52		0.69
Arla Foods DK	DK	3.93	4.72	0.92			0.99		33.50		1.43
Valio	FI	3.90	6.50				1.94		35.88		1.07
Savencia (Basse Normandy)	FR	2.95	5.43	1.04					33.19		
Danone (Pas de Calais)	FR	2.96	5.39						34.25		
Lactalis (Pays de la Loire)	FR	2.60	6.60		0.39		0.07		34.50		
Sodiaal (Pas de Calais)	FR	2.96	5.39	0.58		-1.94	0.10		33.87		0.19
Saputo Dairy UK (Dairy Crest)	UK	2.59	3.17	0.11	0.67	-2.50			29.11		
Dairygold	IE	3.30	5.40	0.39			0.10		28.81		
Glanbia	IE	3.28	5.90						28.62		0.36
Kerry Agribusiness	IE	3.69	5.53				0.10		30.49		
Granarolo (North)	IT	2.13	4.79	0.75					38.35		
FrieslandCampina	NL	2.81	5.62					0.65	33.91		1.31
AVERAGE MILK PRICE									32.63		
CAPSA FOOD	ES	3.00	3.00						31.27		
Emmi	CH	1.90	6.64		3.51	-3.70			50.46		
Fonterra	NZ	4.09	4.09						31.06		
United States Class III	US	2.68	5.04	0.14					29.75		

1. In France and the United States, the protein content is expressed in true protein and not in crude protein like in the other European countries. The French and American protein prices therefore concern prices for true protein. True protein equals 0.95 x crude protein.

2. The rolling average milk prices have not yet been updated and are therefore not stated in this table. Of course they will not be missing in the next publication.

Explanation of new table

The fat and protein prices have been added to provide insight into the extent to which the milk price changes with more or less constituents compared to the standard of 4.2% fat and 3.4% protein. The fat and protein prices are expressed in € per kg, with no correction (yet) for milk price systems in which payment takes place on the basis of contents per unit volume (grams/liter, percentage per liter) and on the basis of pure protein.

In this new table, the (average) bonuses for sustainability - which have already been included in the calculated milk prices - are shown in a separate column.

The new milk flows column shows the (average) premiums for special milk flows. This concerns milk flows that have become (almost) standard due to their size. In addition to pasture milk in the Netherlands - this is already included in the calculated milk price - also GMO-free milk. From May onwards the premiums for GMO free milk will be included in the calculated milk prices, which will affect German milk prices. From January 2019, dairy farmers who supply Müller receive a bonus of € 1.00 per 100 kg for GMO-free milk. Because all processed milk is GMO free, this supplement is fully included in the milk price. The latter also applies to Hochwald. It is estimated that about 60% of the milk processed by DMK is free of GMO, so that the average premium is € 0.60. The in the table shown premiums amount to € 0.99 and € 0.59 respectively, because the German milk prices and so bonuses are corrected. This correction (multiply by a factor of 1.02/1.03) is because in Germany liters are converted to kilograms via a fixed factor of 1 liter is 1.02 kg, while the milk price comparison is based on 1 liter is 1.03 kg. In the Netherlands, 82% of the dairy farmers supply milk in which cows with outdoor grazing. Therefore, the average pasture premium paid by FrieslandCampina has been included in the calculated milk price for several years. A new feature is that this bonus is also shown in the table.

Other dairy companies, such as Arla and FrieslandCampina, also have GMO-free milk flows. However, due to their limited size, these are not included in the calculated milk price. This also applies to dozens of other milk flows. As far as Arla is concerned, it should be noted that the calculated milk price refers to Denmark. The share of GMO free milk in Denmark is currently much lower than in the other countries.