

## STANDARDIZED MILK PRICE CALCULATIONS for MARCH 2009 deliveries

(for standardized milk (1) and based on payment systems of the companies; all prices in euro / 100kg)

Company		Quality adjustment	Quantity adjustment	Seasonal adjustment	MILK PRICE this month	Most recent supplementary payment	Rolling average last 12 month (4)
Milcobel	BE	0.73	1.37		<b>22.21</b>	0.37	<b>29.15</b>
Alois Müller	DE	0.51			<b>23.64</b>	0.24	<b>31.10</b>
Humana Milchunion eG	DE				<b>25.85</b>	-0.22	<b>32.01</b>
Nordmilch	DE		0.15		<b>22.88</b>	-0.17	<b>28.32</b>
Arla Foods	DK	0.49			<b>24.91</b>	0.71	<b>33.58</b>
Hämeenlinnan Osuusmeijeri	FI	2.14		3.23	<b>36.70</b>	2.91	<b>45.36</b>
Bongrain CLE (Basse Normandie)	FR	0.74			<b>33.83</b>	none	<b>34.19</b>
Danone (Pas de Calais)	FR	0.58			<b>31.78</b>	none	<b>35.27</b>
Lactalis (Pays de la Loire)	FR				<b>32.99</b>	none	<b>34.00</b>
Sodiaal	FR				<b>29.74</b>	none	<b>33.31</b>
Dairy Crest (Davidstow)	GB	-0.21	0.32		<b>28.65</b>	0.00	<b>31.76</b>
First Milk	GB	0.53	1.98		<b>24.95</b>	0.00	<b>29.51</b>
Glanbia	IE				<b>21.01</b>	0.00	<b>31.59</b>
Kerry	IE				<b>22.87</b>	none	<b>31.04</b>
DOC Kaas	NL	0.05	0.27		<b>21.72</b>	1.03	<b>27.46</b>
Friesland Campina	NL	0.05	0.75	-2.30	<b>21.44</b>	1.04	<b>32.24</b>
<b>AVERAGE MILK PRICE THIS MONTH (2)</b>					<b>26,57</b>		<b>32,49</b>
Granarolo (North)	IT	1.15	3.42		<b>37.54</b>	none	<b>39.90</b>
Fonterra (5)	NZ				<b>16.12</b>	0.00	<b>18.56</b>
United States of America (3)	US	0.11			<b>20.00</b>	none	<b>26.80</b>

### Remarks:

- (1) All prices are VAT excluded, paid to producers and assuming milk collected every other day.  
Price per 100 kg standard milk with 4.2% fat, 3.4% (crude) protein, 500,000 kg per year, total bacterial count 24,999 and somatic cell count 249,999 per ml.
- (2) Arithmetic average.
- (3) Based on USDA announcement, adjusted for 4.2% fat, 3.4% protein and somatic cell count 249,999 per ml.
- (4) Including most recent supplementary payment.
- (5) Based on payout forecast, adjusted for 4.2% fat and 3.4% protein.

## **ADDITIONAL REMARKS MILK PRICES MARCH 2009**

### **MILK PRICE**

#### **Additional remarks milk prices March 2009**

The average milk price calculated for March 2009 deliveries is € 26.57 per 100 kg standard milk. This is compared with the same month last year € 9.82 lower (minus 27%). In comparison to February 2009 the average milk price is € 3.02 lower. The differences in milk prices are large, just like the lowering in price compared to last year. This March milk price is the lowest since the start of the LTO milk price comparison in 1999.

Coming months milk prices will trending further down. Some of the dairies have already announced their new prices.

#### **Milcobel**

The Milcobel milk price has lowered in March because of the change in fat- and protein price.

#### **Germany**

Private dairy Alios Müller has lowered the basic price to € 22.00 per 100 kg milk. The coops Nordmilch and Humana Milchunion are keeping their February basic price also for this month.

#### **Arla**

As Arla announced before, they lowered the fat- and protein price in March. The milk price decreased over 2.50 euro per 100 kg milk compared to last month. In April the milk price will go further down by € 0.50 per 100 kg milk. In May the milk price remains on the same level.

Arla has announced the final milk price of 2008. The calculated supplementary payment is € 0.71 per 100 kg standard milk.

## **Hämeenlinnan Osuusmeijeri**

In March the Finnish dairy has lowered the milk price over 5.50 euro per 100 kg. Because of this, a fall of the milk price to almost the same level as last year, but Hämeenlinnan Osuusmeijeri has still the highest milk price of the LTO International milk price comparison.

The 2008 supplementary payment of Hämeenlinnan Osuusmeijeri will be 3 eurocent per litre. Which is slightly less than the 4 eurocent after payment over 2007.

## **France**

In the first quarter national recommendation France agreed to lower the milk prices of 2009. Although, it looks like it that dairy farmers and the dairy industry are not going to agree about milk price development for the second quarter. The question is of this will lead to larger mutual milk price differences.

## **United Kingdom**

Due to the devaluation of the British pound and seasonal differences the calculated milk prices of Dairy Crest and First Milk are lower in March. Both dairies announced to lower their milk price in April by 1.25 pence per litre. Dairy Crest will go further down in May with another 0.50 pence per litre.

## **Ireland**

In March the calculated milk price of the Irish dairy Glanbia is going down by €8.08 compared to last month calculated milk price. This is partly because the seasonal bonus of €4.00 per 100 kg is not paid.

Also Kerry lowered the fat- and protein price in March and the calculated milk price is almost 2.00 euro per 100 kg less compared to last month.

## **The Netherlands**

The calculated milk price of FrieslandCampina is lower because of a change in fat- and protein price and a seasonal levy of €2.30 per 100 kg milk. The April and May milk prices will stay on the same level.

FrieslandCampina announced the final 2008 price. The former suppliers of Friesland Foods and Campina are receiving the same milk price over 2008. Based on milk prices of surrounding countries FrieslandCampina has made their guaranteed 2008 price. The difference between this guaranteed price and the already paid milk price will be paid afterwards. The end-of-year-bonus for ex Friesland Foods suppliers is 1.815% of the already paid milk price. The milk suppliers receive also a performance bonus which equals 1.334% of the guaranteed price. The supplementary payment for standard milk is €1.04 per 100 kg, including the correction of time of payment. In 2007 the after payment was €1.86.

The average DOC milk price remains the same in March. By lowering of the fat- and protein price and introduction of €1.60 seasonal levy the milk price in April is going down around €19.50 per 100 kg.

## Granarolo

Every quarter of the year the Granarolo milk price is set and therefore the March milk price is unchanged.

## Fonterra

Fonterra has announced a modest increase of its pay out by 10 NZ cents to NZ\$ 5.20 per kg of milk solids. The advance rate will also rise 10 cents at the June payment. Normally Fonterra is only required to announce a pay out forecast revision when it jumps by more than 30 cents, so the move is seen as a cautious vote of optimism by the company.

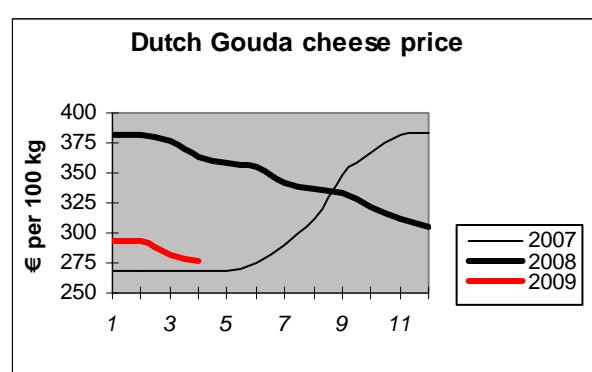
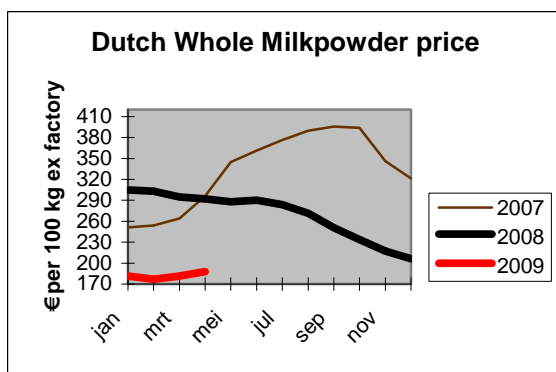
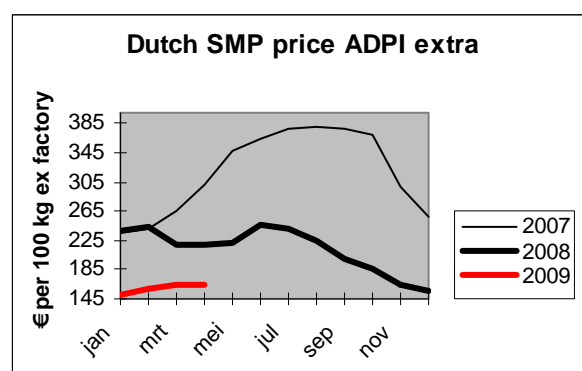
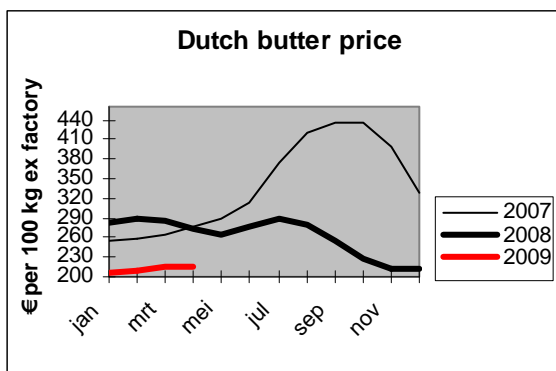
## USA

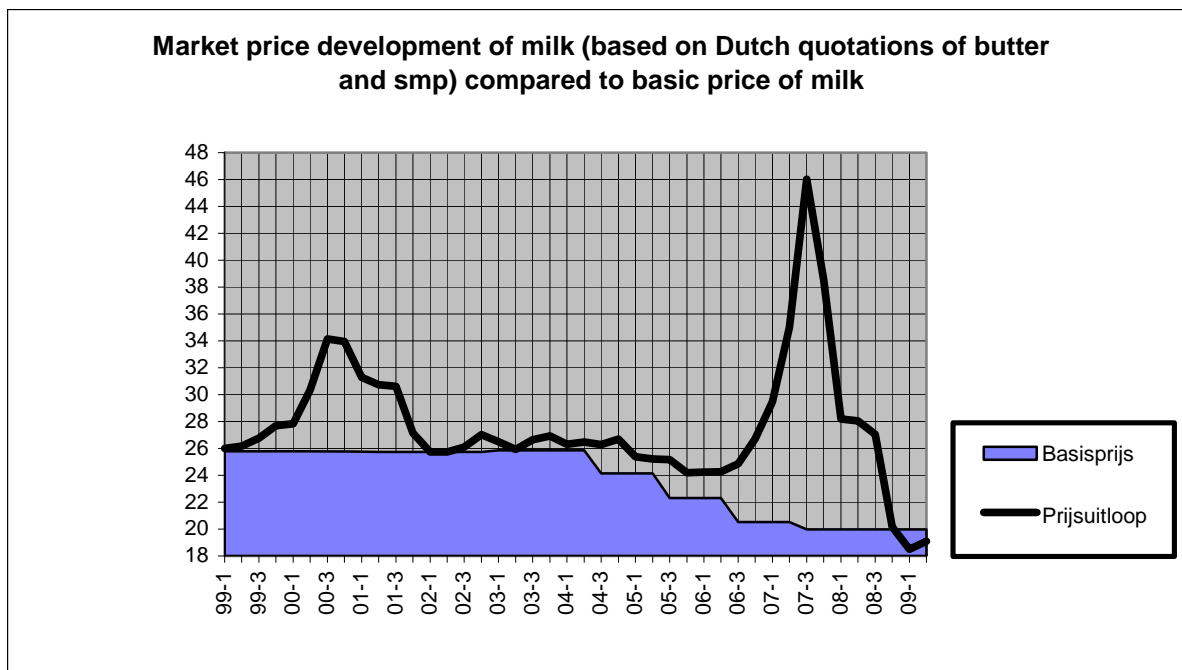
The USDA announced an increase of the Class III milk price from \$ 9.31 in February to \$ 10.44 in March and a further increase in April to \$ 10.78.

### MARKET SITUATION

€ per 100 kg

Dutch Quotations				
	1 January 2009	6 May 2009	index	trend
Butter	210	218	103,8	→
Whole milkpowder	195	191	97,9	→
Skimmed milkpowder	150	165	110,0	→
Wheypowder	39	38	97,4	→
Gouda cheese	± 310	± 282	91,0	↓





## Market comments

The milk output figure in the EU-25 for the period January-December 2008 was approximately 0.6% higher than the previous year, but is now trending lower, especially in Germany, Ireland, France and United Kingdom.

For the super levy period April to February 2009 milk production declined approximately 1%. However a small group of countries such as the Netherlands, Denmark, Spain and Poland produced more, compared to the last super levy year 2007/2008.

Biggest price pressures have disappeared now. Active market management measures from Brussels has lead to further stabilisation. EU butter and SMP prices were being supported by intervention purchases. Up to now some 130,000 tons of butter and skimmed milkpowder has been removed from the marketplace. These quantities account for approximately 2 million tons of milk or 1.4% of the total milk production in the EU-27.

Continuation of intervention purchases of extra supplies of butter and skimmed milkpowder beyond the official limits via tendering has put a firm base or safety net under the market. It looks like the market has entered a period of consolidation with little upward potential.

A further improvement of market prices will only occur until either the supply of product will decline or buyers have confidence that the global economic situation will soon improve. The outlook for exports has changed drastically with the expectation of global recession in 2009.