

## STANDARDIZED MILK PRICE CALCULATIONS for FEBRUARY 2012 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>32.17</b>	0.42	<b>34.01</b>
Alois Müller	DE	0.51			<b>33.45</b>	0.23	<b>34.91</b>
Humana Milchunion eG	DE				<b>32.04</b>	-0.15	<b>34.11</b>
Nordmilch	DE		0.15		<b>32.19</b>	0.00	<b>33.91</b>
Arla Foods	DK	0.64			<b>32.46</b>	2.56	<b>36.28</b>
Hämeenlinnan Osuusmeijeri	FI				<b>41.29</b>	3.59	<b>44.46</b>
Bongrain CLE (Basse Normandie)	FR	0.74			<b>35.44</b>	none	<b>34.64</b>
Danone (Pas de Calais)	FR				<b>35.58</b>	none	<b>34.86</b>
Lactalis (Pays de la Loire)	FR				<b>35.66</b>	none	<b>34.45</b>
Sodiaal	FR	0.58			<b>34.13</b>	none	<b>34.45</b>
Dairy Crest (Davidstow)	GB	0.12	0.35		<b>34.34</b>	0.00	<b>32.36</b>
First Milk	GB	0.58	2.17		<b>31.71</b>	0.00	<b>29.49</b>
Glanbia	IE				<b>33.91</b>	0.00	<b>34.00</b>
Kerry	IE				<b>33.82</b>	none	<b>33.74</b>
Granarolo (North)	IT	1.15	3.42		<b>41.64</b>	none	<b>40.73</b>
DOC Kaas	NL	0.05	0.34		<b>33.01</b>	2.64	<b>37.50</b>
Friesland Campina	NL	0.05	0.75		<b>34.70</b>	1.84	<b>37.36</b>
<b>AVERAGE MILK PRICE THIS MONTH (2)</b>					<b>34,56</b>		<b>35,37</b>
Fonterra (5)	NZ				<b>31.98</b>	0.00	<b>30.92</b>
United States of America (3)	US	0.13			<b>29.81</b>	none	<b>33.19</b>

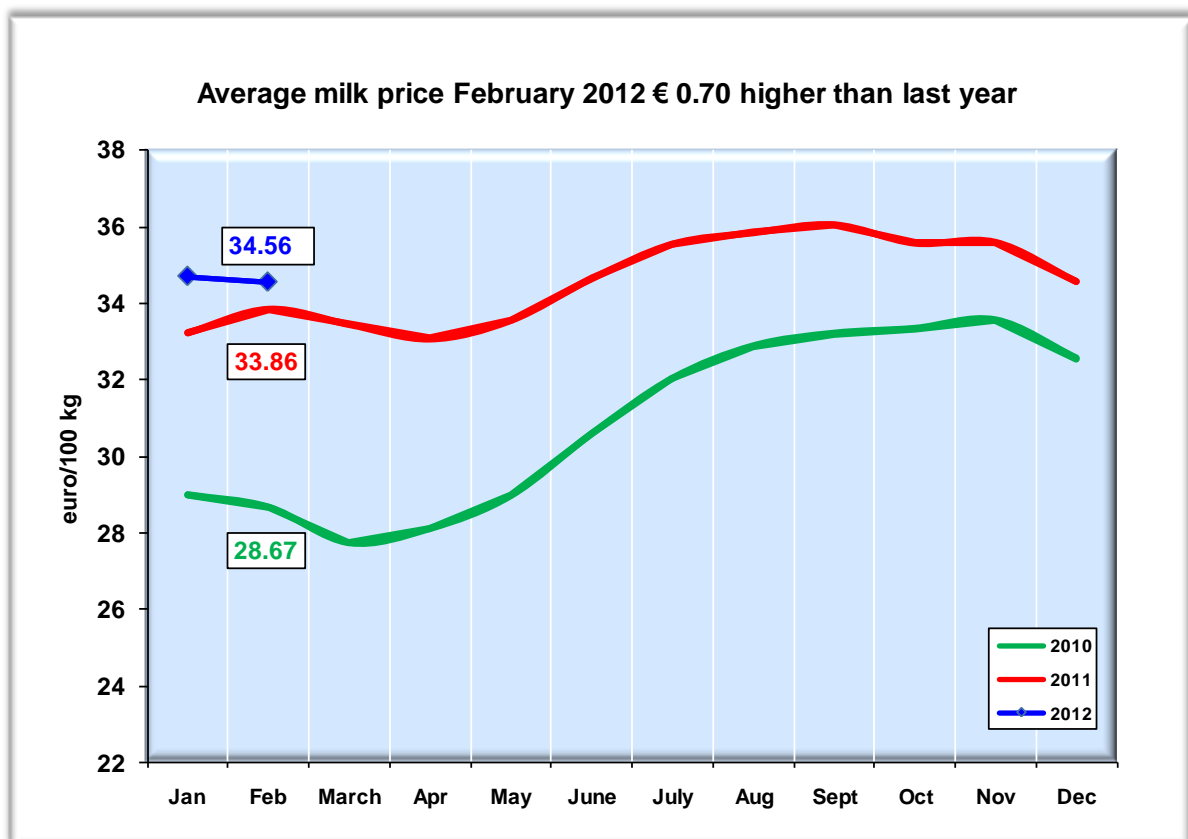
### Remarks:

- (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 FEBRUARY 2012

### MILK PRICES

The average calculated milk price for the February 2012 deliveries is € 34.56 per 100 kg standard milk. This is an increase of 2.1% compared to February 2011 (+ € 0.70).



Compared to January 2012, all European milk prices remained unchanged or decreased, only a few companies showed an increase, like Lactalis and Bongrain (respectively + € 0.27 and + € 0.08).

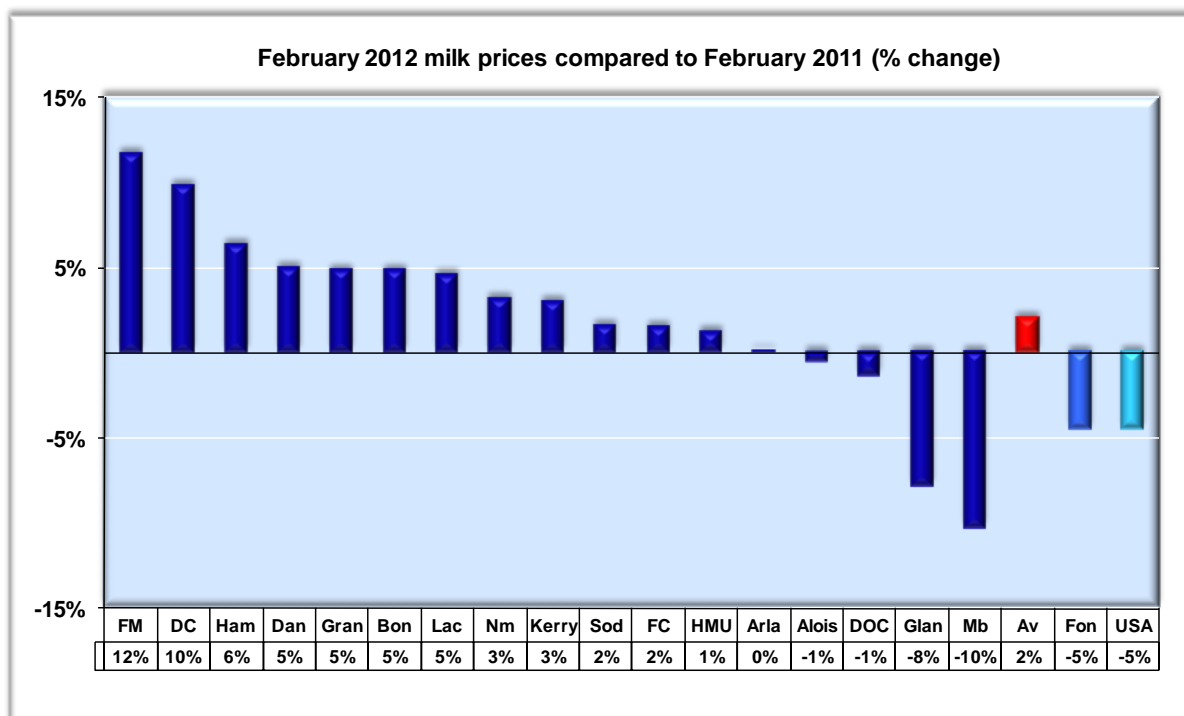
As demand for dairy remains behind and milk production increases, milk prices show a decline in general.

The calculated milk price of the Swedish/ Danish dairy Arla Foods decreased the most by € 0.99. Arla has announced to decrease its milk price slightly in March.

FrieslandCampina has decreased its milk price by € 0.75 in February, resulting in a calculated milk price of € 34.70. The Dutch dairy has announced to decrease its guaranteed milk price by € 1.50 in March and € 0.50 in April.

The milk prices of the Irish dairies remained unchanged. The calculated milk price of Glanbia is a provisional milk price, excluding a winter bonus.

Fonterra has decreased its milk price by 0.15 ct to NZD 6.35 per kilo milk solids.



## **Additional comments milk prices February 2012**

### **Milcobel**

The milk price of the Belgian dairy Milcobel remained stable at € 32.17.

### **Germany**

The basic milk prices of all German dairies remained unchanged.

### **Scandinavia**

In February, the milk price of the Danish/Swedish dairy Arla Foods decreased by € 1.00. The calculated milk price results in € 32.46. Based on the published annual report 2011, a supplementary payment of € 1.56 per 100 kg standard milk has been estimated. This supplementary payment has not yet been included in the calculated milk price. Arla announced to decrease its milk price slightly in March.

The provisional calculated milk price of the Finnish dairy Hameenlinnan Osuusmeijeri for February is € 41.29.

### **France**

The calculated milk prices of the French dairies Lactalis and Bongrain have increased slightly by € 0.27 and € 0.08 respectively. The calculated milk prices of Lactalis and Bongrain result in € 35.66 and € 35.44.

The calculated milk prices of Danone and Sodiaal decreased slightly to € 35.58 and € 34.13 respectively.

### **United Kingdom**

The calculated milk price for Dairy Crest for February is € 34.34. Dairy Crest has announced not to change its milk price until April.

The milk price of First Milk remained unchanged in February. Because of a slight decrease in the exchange rate of the British Pound, the calculated milk price decreased to € 31.71.

### **Ireland**

The calculated milk price of Glanbia is a provisional milk price, excluding a winter bonus. The milk price results in € 33.91. From January 2012, Glanbia applies a different seasonality scheme of which the details are not yet known.

The milk price of Kerry remained stable in February. Kerry's milk price has not changed since April 2011.

### **The Netherlands**

FrieslandCampina has decreased its milk price by € 0.75 in February, resulting in a calculated milk price of € 34.70. FrieslandCampina has published its yearly results. Based on these yearly results the supplementary payment is estimated at € 1.73 per 100 kg standard milk. As soon as the definitive milk prices and supplementary payments are published it will be amended in the calculated milk price. The Dutch dairy has announced to decrease its guaranteed milk price by € 1.50 in March and € 0.50 in April.

DOC Kaas has decreased its milk price by € 0.75, resulting in the calculated milk price of € 33.01. Based on a supplementary payment of 4% and a member bonus of € 0.68 per 100 kg, the supplementary payment of DOC is provisionally estimated at €2.03 per 100 kg standard milk. DOC Kaas announced to decrease its milk price by €1.00 in March.

### **Granarolo**

The calculated milk price of the Italian Granarolo for March is € 41.64.

### **New Zealand**

Fonterra has decreased its milk price by 0.15 ct to NZD 6.35 per kilo milk solids. The milk price includes an expected profit payment of 40-50 cent. Taking the profitable payment of 70% into account, the calculated milk price is based on a price of NZD 6.35 and a deduction of 32 cent (=70% of 45 cent), or NZD 6.665 per kg fat and protein. Based on these fat and protein prices, Fonterra's calculated milk price results in € 31.98 per 100 kg standard milk.

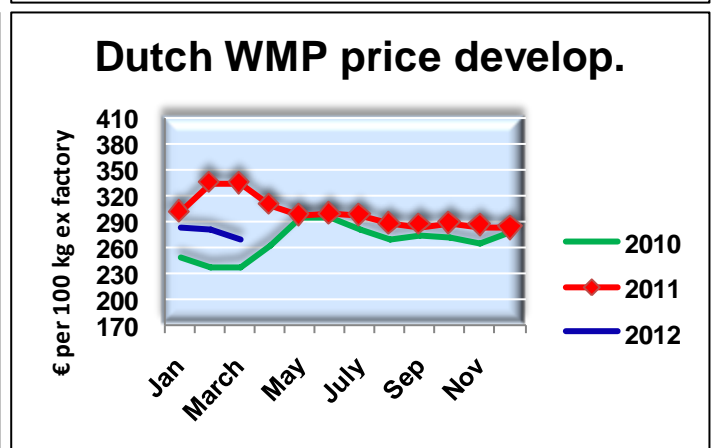
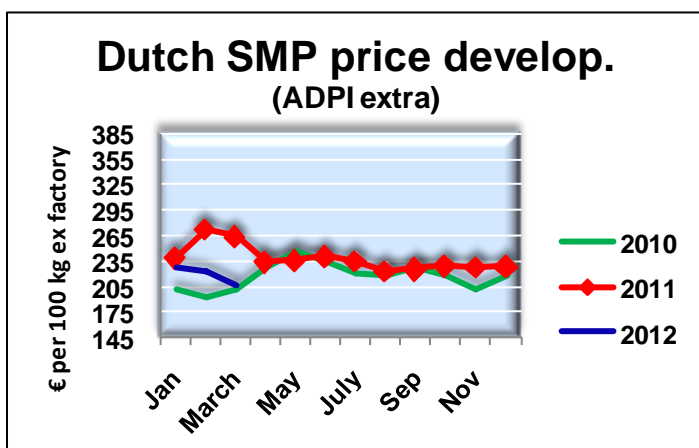
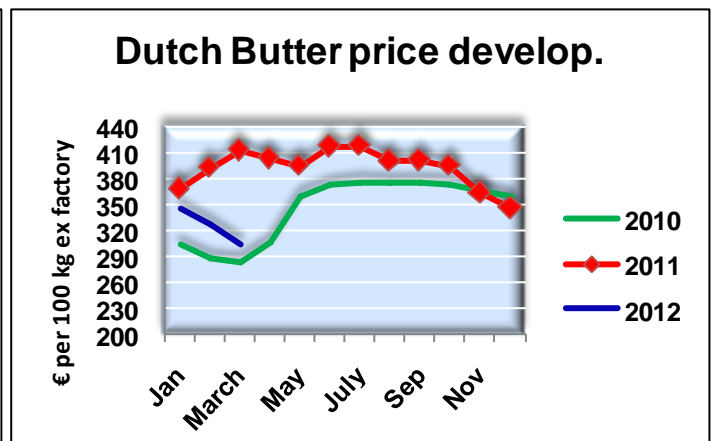
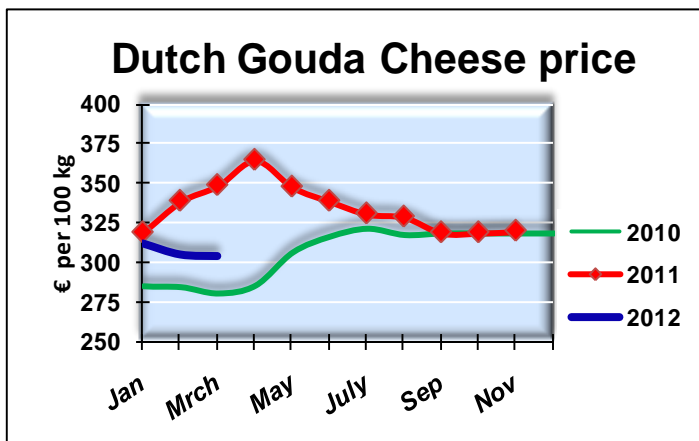
### **USA**

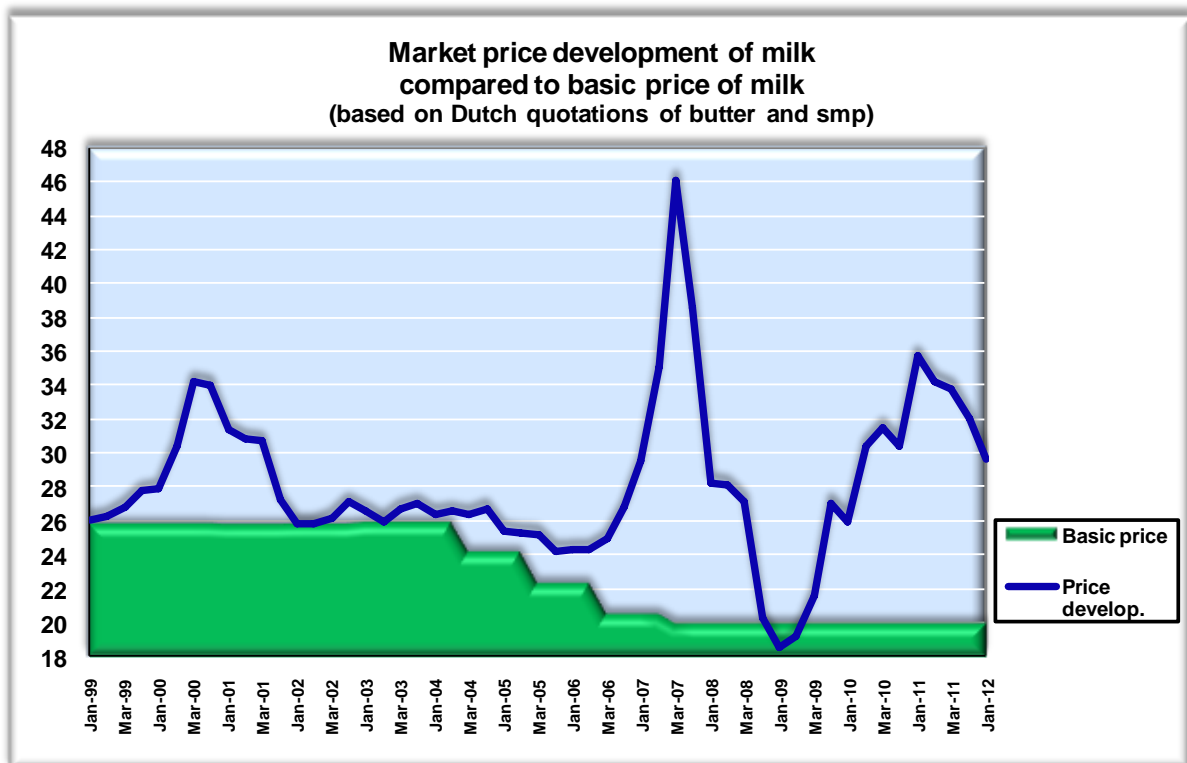
The US Class III price has decreased from \$ 17.05 in January to \$ 16.06 per cwt in February.

Expressed in Euros, the calculated milk price for February is € 29.81 per 100 kg standard milk.

## MARKET SITUATION

Dutch Quotations				€ per 100 kg
	1 January 2012	6 April 2012	index	trend
Butter	346	282	81.5	↓
Whole milk powder	283	255	90.1	↓
Skimmed milk powder	229	199	86.9	↓
Whey powder	94	80	85.1	↓
Gouda cheese	± 320	± 304	95.0	↓





### Market comments

A combination of a higher availability and a lower demand in milk since the beginning of this year, there is a decreasing trend in prices for dairy commodities. Because of the decline in prices, buyers persist a wait-and-see approach. It is expected that this development will continue until a level has reached in which there is a better balance in supply and demand. Taking a further seasonal increase of the EU milk supply, a revival of demand will be necessary in order to prevent increase in stocks and increasing pressure in prices.

Globally, growth in milk production remains above expectation levels. The average price index on the GlobalDairyTrade auction has decreased by 6% since the end of last year.