

## STANDARDIZED MILK PRICE CALCULATIONS for MAY 2013 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>36.89</b>	0.00	<b>32.71</b>
Alois Müller	DE	0.51			<b>37.41</b>	0.00	<b>32.24</b>
Humana Milchunion eG	DE		0.15		<b>35.09</b>	0.00	<b>31.91</b>
Nordmilch	DE		0.15		<b>35.09</b>	0.00	<b>31.88</b>
Arla Foods	DK	0.69			<b>34.97</b>	2.48	<b>34.74</b>
Hämeenlinnan Osuusmeijeri	FI			-1.94	<b>40.79</b>	2.82	<b>44.44</b>
Bongrain CLE (Basse Normandie)	FR	0.74			<b>33.43</b>	none	<b>33.44</b>
Danone (Pas de Calais)	FR				<b>32.80</b>	none	<b>33.74</b>
Lactalis (Pays de la Loire)	FR				<b>33.01</b>	none	<b>32.92</b>
Sodiaal	FR	0.58			<b>33.21</b>	none	<b>33.54</b>
Dairy Crest (Davidstow)	GB	0.11	0.34	-2.86	<b>32.43</b>	0.00	<b>35.32</b>
First Milk	GB	0.57	2.14		<b>29.78</b>	0.00	<b>32.13</b>
Glanbia	IE				<b>37.03</b>	0.00	<b>32.63</b>
Kerry	IE				<b>36.92</b>	none	<b>32.07</b>
Granarolo (North)	IT	1.15	3.42		<b>40.24</b>	none	<b>40.49</b>
DOC Kaas	NL	0.05	0.34		<b>35.49</b>	1.94	<b>34.04</b>
Friesland Campina	NL	0.05	0.75	-2.30	<b>36.08</b>	2.32	<b>35.93</b>
<b>AVERAGE MILK PRICE THIS MONTH (2)</b>					<b>35,33</b>		<b>34,36</b>
Emmi A.G.	CH		2.83	-4.71	<b>43.36</b>	none	<b>46.87</b>
Fonterra (5)	NZ				<b>29.51</b>	0.00	<b>29.60</b>
United States of America (3)	US	0.15			<b>35.13</b>	none	<b>34.70</b>

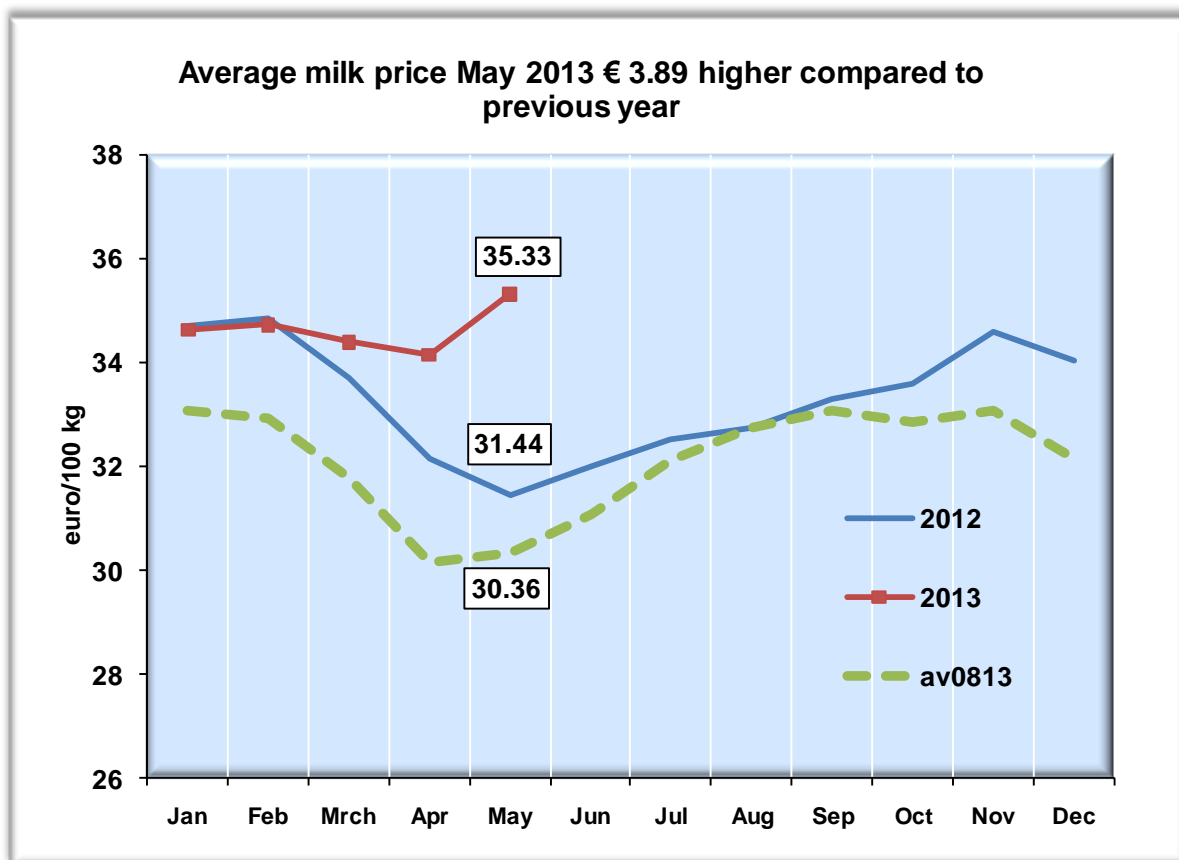
### Remarks:

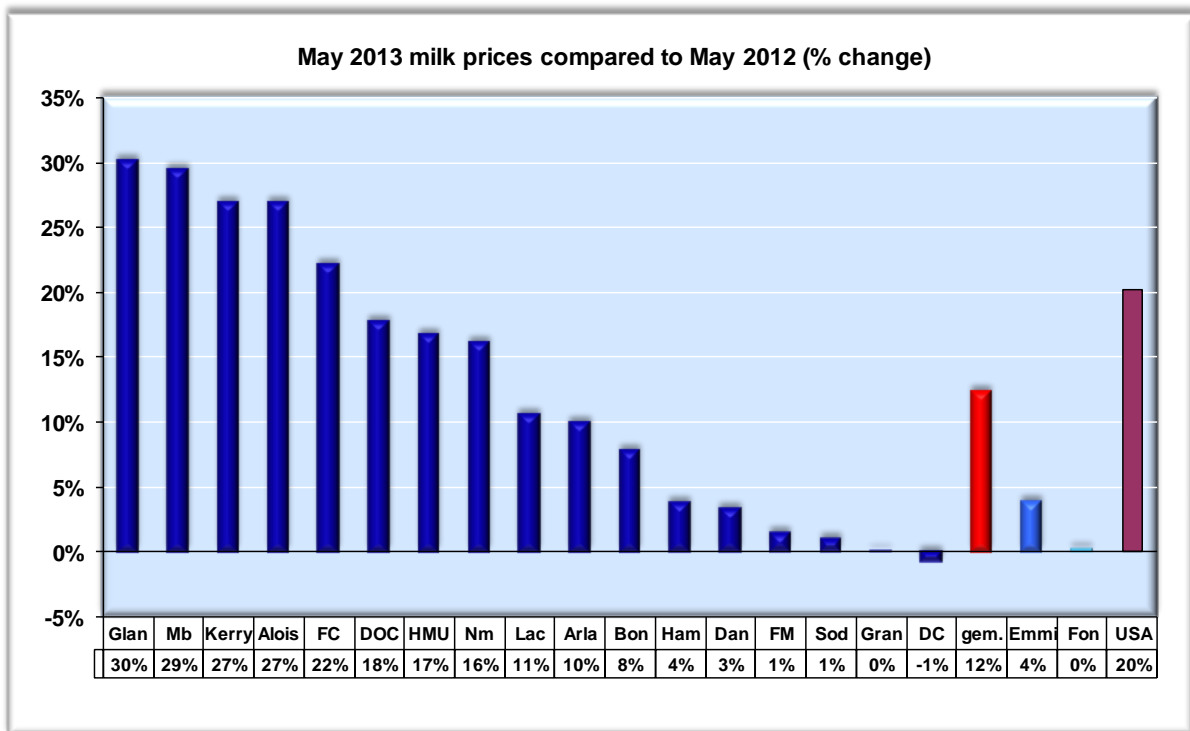
- (1) All prices are VAT excluded, paid to producers and assuming milk collected every other day.  
Price per 100 kg standard milk with 4.2% fat, 3.4% (crude) protein, 500,000 kg per year, total bacterial count 24,999 and somatic cell count 249,999 per ml.
- (2) Arithmetic average.
- (3) Based on USDA 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 MAY 2013

### MILK PRICES

The average calculated milk price for the May 2013 deliveries is € 35.33 per 100 kg standard milk. This is a significant increase of 12.4% compared to May 2012 (+ € 3.89). With regard to the milk price developments to date and the announced price increases, 2013 is expected to be a record year.





The calculated milk price of FrieslandCampina is € 36.08 for May. The company has announced an increase of the guaranteed milk price of € 0.50 for June. The milk price will remain the same in July. However, due to the expiry of the season levy, the milk price will increase by € 2.30.

DOC Kaas announced a milk price increase of € 0.30 for June.

Arla Foods has announced to increase the milk price by € 1.97 in June and € 0.07 in July .

The UK milk prices will go up from June. Dairy Crest announced a price increase of 1 pence per liter for June and from 15 July, the milk price will increase by 1 pence per liter (a total of € 1.00). First Milk will increase its milk price in July and August by 0.6 pence and 0.5 pence per liter respectively.

After mediation by the French government representatives of the dairy farmers and the dairy industry, an agreement is made on the recommendations for the milk price development in 2013 in France. It is expected that, compared to last year, the average basic price for the whole of 2013 will increase by € 25.00 to € 340/1.000 liters. It is expected, however, that milk prices will increase from the second half year of 2013. Because farmers are facing high (feed) costs advances are paid by all dairy companies earlier this year These advances may be deducted from the milk payments after summer.

Some dairy companies calculated these advances as a separate surcharge on the milk payment invoice, while other buyers, included this payment within the base price.

Retroactively, the separately noted advances of Danone (January and February + € 20,00 + € 10,00) and Lactalis (april + € 25,00 + € 25/1.000 and May liters) are included in the calculated milk prices.

The April milk price of Glanbia has been retroactively increased with an one-off fee of 1 cent per liter. The dairy farmers received this fee as a compensation for the extra (feed) costs because of the bad weather.

## **Additional comments milk prices May 2013**

### **Milcobel**

The calculated milk price of Milcobel increased in May again by € 1.05 to € 36.89.

### **Germany**

The basic milk prices of the German companies DMK increased by € 2.00 in May and both result in a calculated milk price of € 35.09. The base price of Alois Müller increased by € 3.50 to a calculated milk price of € 37.41.

### **Scandinavia**

The Danish milk price of Arla Foods has increased in May by € 1.31 and results at € 34.97.

The preliminary calculated milk price of Hämeenlinnan Osuusmeijeri is € 40.79 in May.

### **France**

The calculated milk prices of the French companies Danone and Lactalis have remained unchanged compared to the previous month. This brings the calculated milk prices for these two companies to € 33.01.

The calculated milk price of Sodiaal fell slightly in May to € 33.21. The calculated milk price of Bongrain comes out at € 33.42 in May.

### **United Kingdom**

The provisionally calculated milk price of First Milk is € 29.71 for May. This is € 1.15 lower compared to the previous month due to changes in the exchange rate.

The calculated milk price of Dairy Crest in May is € 32.43.

## **Ireland**

The milk price of the Irish company Glanbia is € 37.03. The provisionally calculated milk price of Kerry results at € 36.92 in May.

## **The Netherlands**

FrieslandCampina increased its guaranteed price in May by € 2.50. This brings the calculated milk price to € 36.08. In June, the guaranteed price will increase up to € 40.00.

DOC Kaas has increased the milk price in May. The calculated milk price is € 35.49.

## **Granarolo**

The calculated milk price of the Italian Granarolo is € 40.24 for May.

## **Emmi**

The provisional calculated milk price of the Swiss Emmi is € 43.36.

## **New Zealand**

Fonterra's calculated milk price for May is € 29.51 per 100 kg standard milk. This is a decrease of € 0.82 compared to April because of the increase of the euro against the dollar NZD.

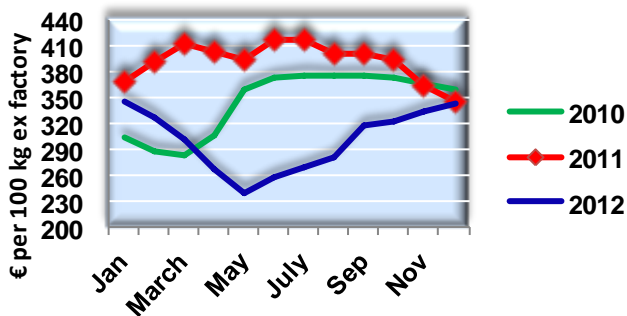
## **USA**

The USA Class III price increased from \$ 17.59 cwt to \$ 18.55 in May and results in, converted into Euros, € 35.13.

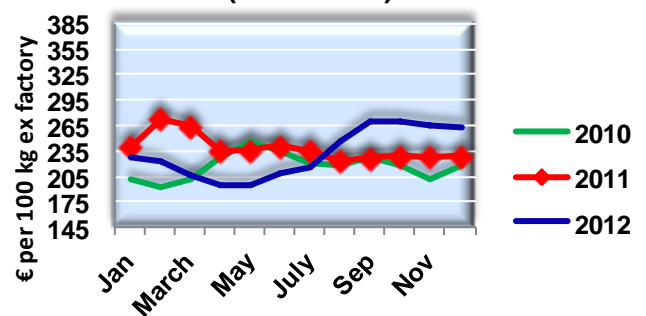
## MARKET SITUATION

Dutch Quotations				€ per 100 kg
	1 January 2013	1 July 2013	index	trend
Butter	342	420	122.8	↑
Whole milk powder	296	358	120.9	↑
Skimmed milk powder	264	308	116.7	↑
Whey powder	101	96	95.0	↓
Gouda cheese	± 320	± 360	109.4	↑

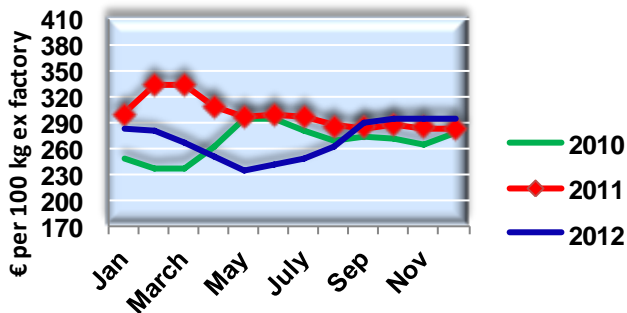
### Dutch Butter price develop.



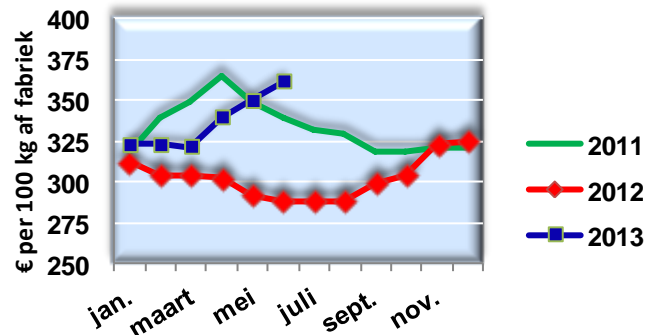
### Dutch SMP price develop. (ADPI extra)

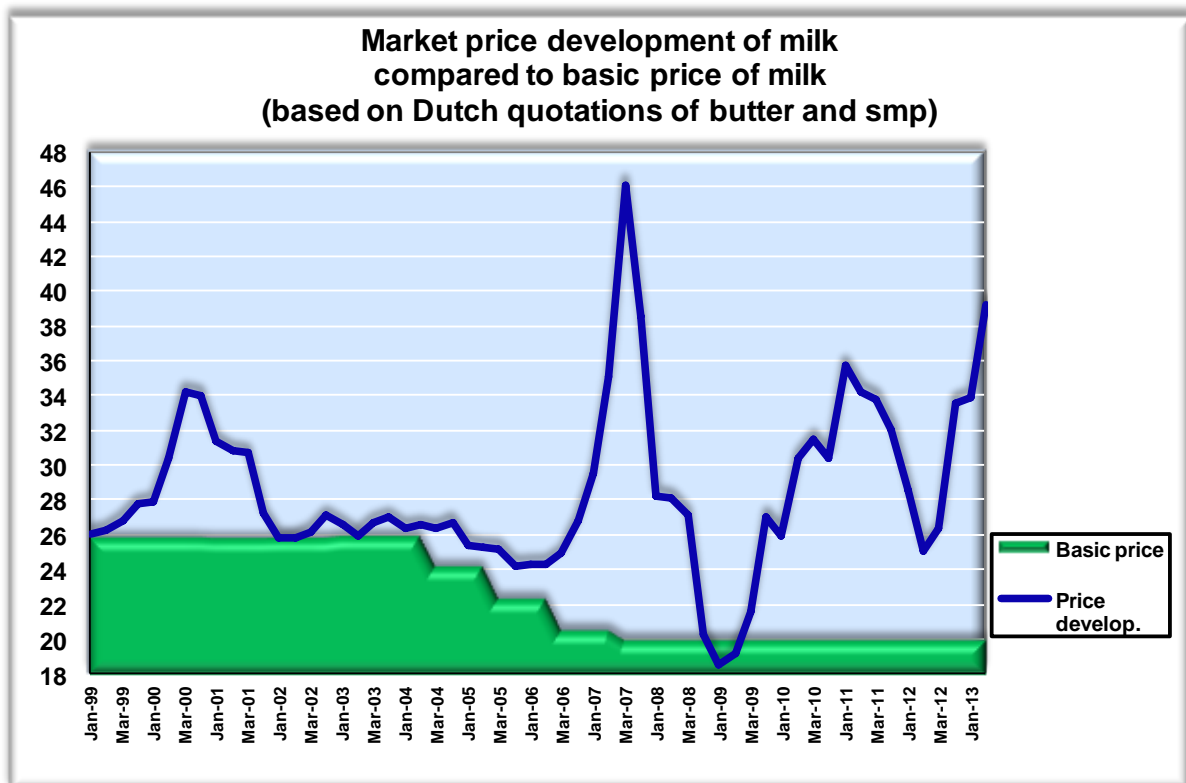


### Dutch WMP price develop.



### Dutch Gouda Cheese price





### Market comments

The strong and quick growth in dairy commodity prices, seen on the world market during April, has gone. Supply reduction on the world market, partly due to the ongoing drought combined with the ending of production season in New Zealand were the main cause. However this strong increase worldwide did prices make vulnerable for correction that came in May. Weather circumstances in Europe as well as in Oceania gradually improved and as worries about the impact of the drought abated prices retreated. However, global milk supplies remain suppressed relative to historic levels in both Northern and Southern Hemispheres. Also inventory levels are low. So global supplies are remain tight until at least New Zealand hits peak production in late October. Demand is quiet for the moment. Buyers are only seeking coverage for near term needs. Market is supposed to be steady and quiet for coming months. However in the months ahead prices will remain very sensitive to supply announcements and any change in milk production volumes will therefore closely watched.