

## STANDARDIZED MILK PRICE CALCULATIONS for SEPTEMBER 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>40.03</b>	0.00	<b>35.94</b>
Alois Müller	DE	0.51			<b>39.39</b>	0.00	<b>35.55</b>
Nordmilch	DE		0.15		<b>40.04</b>	0.00	<b>34.76</b>
Arla Foods	DK	0.75			<b>37.97</b>	2.48	<b>36.88</b>
Hämeenlinnan Osuusmeijeri	FI			1.94	<b>44.68</b>	2.82	<b>44.91</b>
Bongrain CLE (Basse Normandie)	FR	0.74			<b>37.44</b>	none	<b>34.35</b>
Danone (Pas de Calais)	FR				<b>40.97</b>	none	<b>34.57</b>
Lactalis (Pays de la Loire)	FR				<b>36.94</b>	none	<b>34.08</b>
Sodiaal	FR	0.58			<b>38.83</b>	none	<b>34.21</b>
Dairy Crest (Davidstow)	GB	0.12	0.35	1.73	<b>39.65</b>	0.00	<b>35.81</b>
First Milk	GB	0.58	2.16		<b>37.06</b>	0.00	<b>32.86</b>
Glanbia	IE				<b>39.01</b>	0.00	<b>36.64</b>
Kerry	IE				<b>38.84</b>	none	<b>35.84</b>
Granarolo (North)	IT	1.15	3.42		<b>42.18</b>	none	<b>40.96</b>
DOC Kaas	NL	0.05	0.34		<b>38.65</b>	1.94	<b>36.40</b>
Friesland Campina	NL	0.05	0.75	2.45	<b>42.78</b>	2.32	<b>38.55</b>
<b>AVERAGE MILK PRICE THIS MONTH (2)</b>					<b>39,65</b>		<b>36,39</b>
Emmi A.G.	CH		2.85	3.95	<b>55.40</b>	none	<b>48.26</b>
Fonterra (5)	NZ				<b>39.96</b>	0.00	<b>32.16</b>
United States of America (3)	US	0.15			<b>32.87</b>	none	<b>34.39</b>

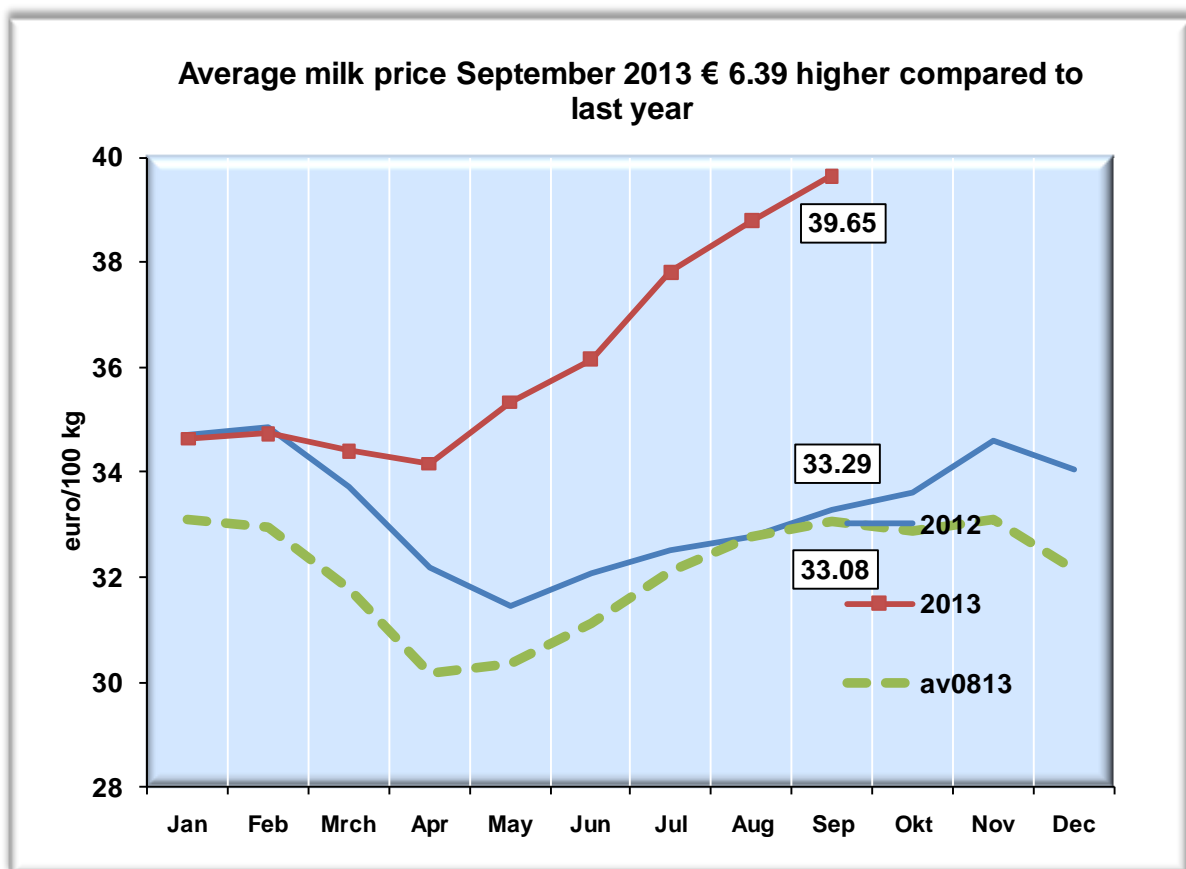
### Remarks:

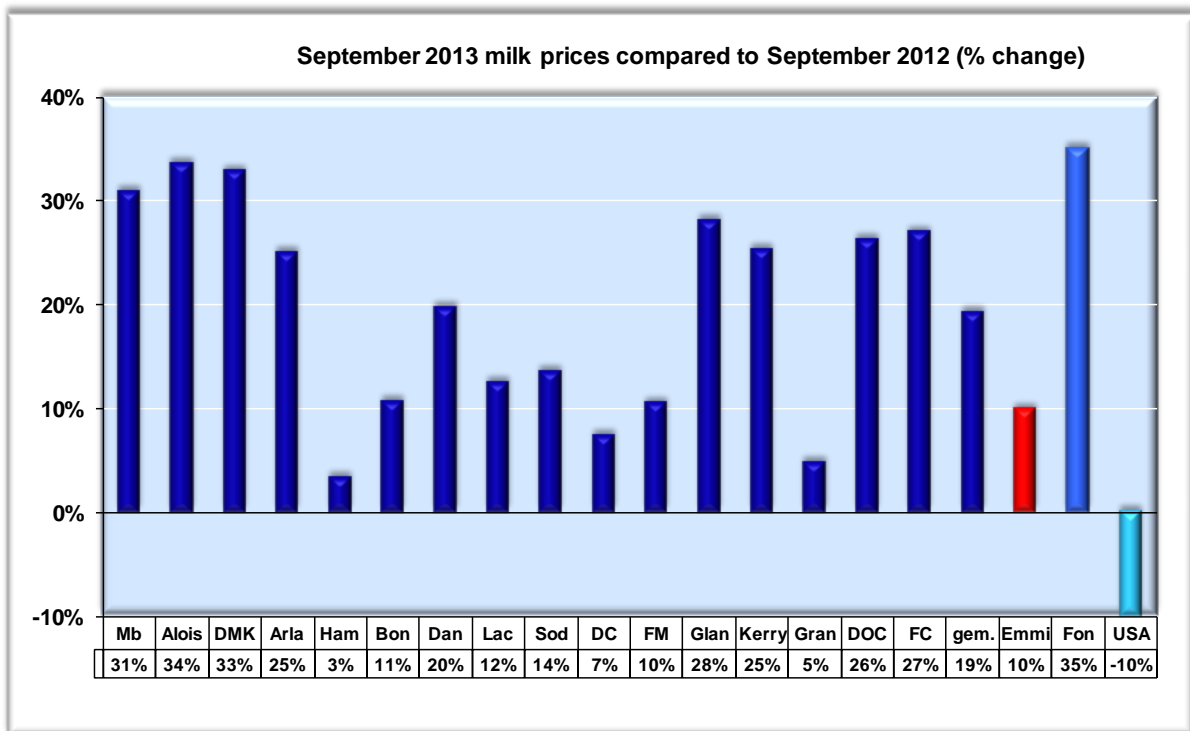
- (1) All prices are VAT excluded, paid to producers and assuming milk collected every other day.  
Price per 100 kg standard milk with 4.2% fat, 3.4% (crude) protein, 500,000 kg per year, total bacterial count 24,999 and somatic cell count 249,999 per ml.
- (2) Arithmetic average.
- (3) Based on USDA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

### MILK PRICES

The average calculated milk price for the September 2013 deliveries is € 39.65 per 100 kg standard milk. This is an increase of 17.7% compared to September 2012 (+ € 6.39).





In September, most milk prices continued to rise again and the total average again ends at record level.

Remarkable still are the increases of the milk prices of the companies Milcobel, Alois Muller and DMK, compared to 2012.

## **Additional comments milk prices September 2013**

### **Milcobel**

The calculated milk price of the Belgian Milcobel increased by € 1.05 compared to previous month and comes out at € 40.03.

### **Germany**

The basic milk price of DMK has increased in September by € 1.00. The calculated milk price is € 40.04.

The milk price of Alois Muller increased by € 2.00 in September and amounted to € 39.39.

### **Scandinavia**

Arla Foods has increased its milk price by € 1.00 in September. In October, the milk price will increase further by € 1.00 and again by € 1.00 in November.

The preliminary calculated milk price of Hämeenlinnan Osuusmeijeri is € 44.68 in September.

### **France**

The calculated milk price of Bongrain and Lactalis have decreased by about € 1.00 and are € 37.44 and € 36.94 for September. The calculated milk prices of Danone and Sodiaal have risen and come out at € 40.97 and € 38.83 respectively, in September.

### **United Kingdom**

First Milk's milk price for September increased by 1 pence per liter. The provisionally calculated milk price comes out at € 37.06. In November, First Milk announced an increase of its milk price by 1 pence per liter.

Dairy Crest has also announced to increase its milk price by 1 pence per liter from November. For September, the calculated milk price is € 39,65.

## **Ireland**

The milk price of the Irish company Glanbia results at € 39.02. The calculated milk price for Kerry increased by 0.97 ct and is € 38.85.

## **The Netherlands**

The guaranteed price of the company increased by € 1.50 in September and the calculated milk price for FrieslandCampina is € 42.78. The company announced to increase its milk price by 0.75 ct in October.

The calculated milk price of DOC Kaas has risen by € 2.00 in September. DOC Kaas has announced that the milk price will increase by € 1.25 in October.

## **Granarolo**

The calculated milk price of Italian Granarolo is € 42.18 in September.

## **Emmi**

The calculated milk price of the Swiss Emmi is € 55.40 in September.

## **New Zealand**

The calculated milk price of New Zealand's Fonterra is € 39.96 in September.

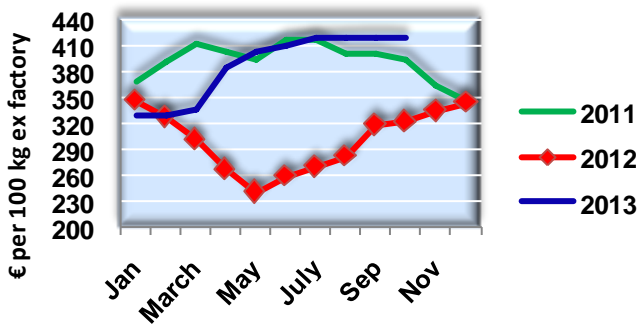
## **USA**

Because of the government "shutdown" in the U.S., the calculated milk price is based on the Class III milk price of August. The provisionally calculated milk price for September is € 32.87.

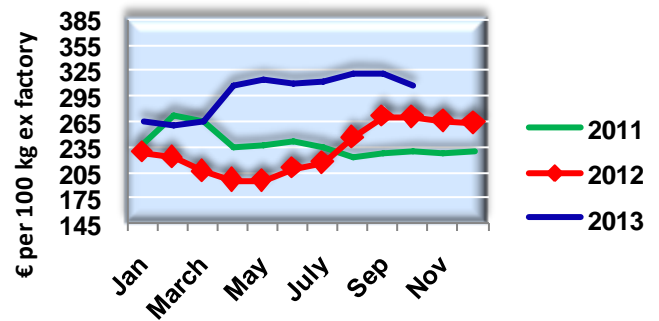
## MARKET SITUATION

Dutch Quotations				€ per 100 kg
	1 January 2013	30 October 2013	index	trend
Butter	342	416	121	↑
Whole milk powder	296	367	124	↑
Skimmed milk powder	264	304	115	↑
Whey powder	101	92	91	↓
Gouda cheese	± 320	± 385	117	↑

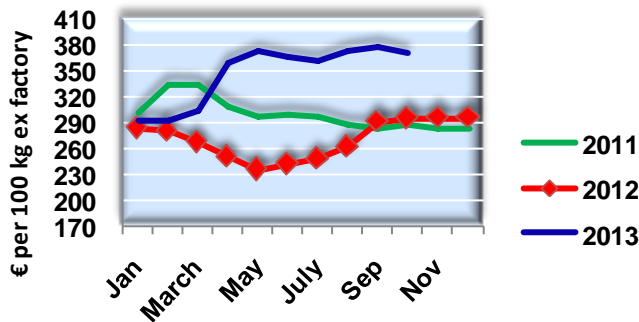
### Dutch Butter price develop.



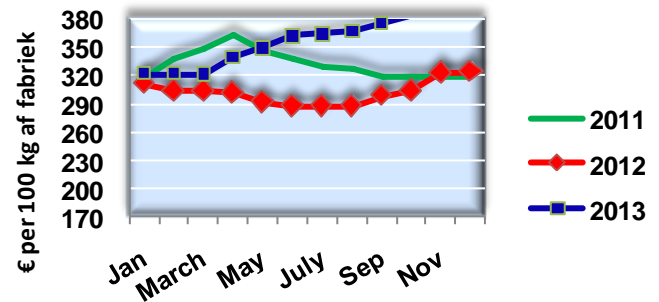
### Dutch SMP price develop. (ADPI extra)

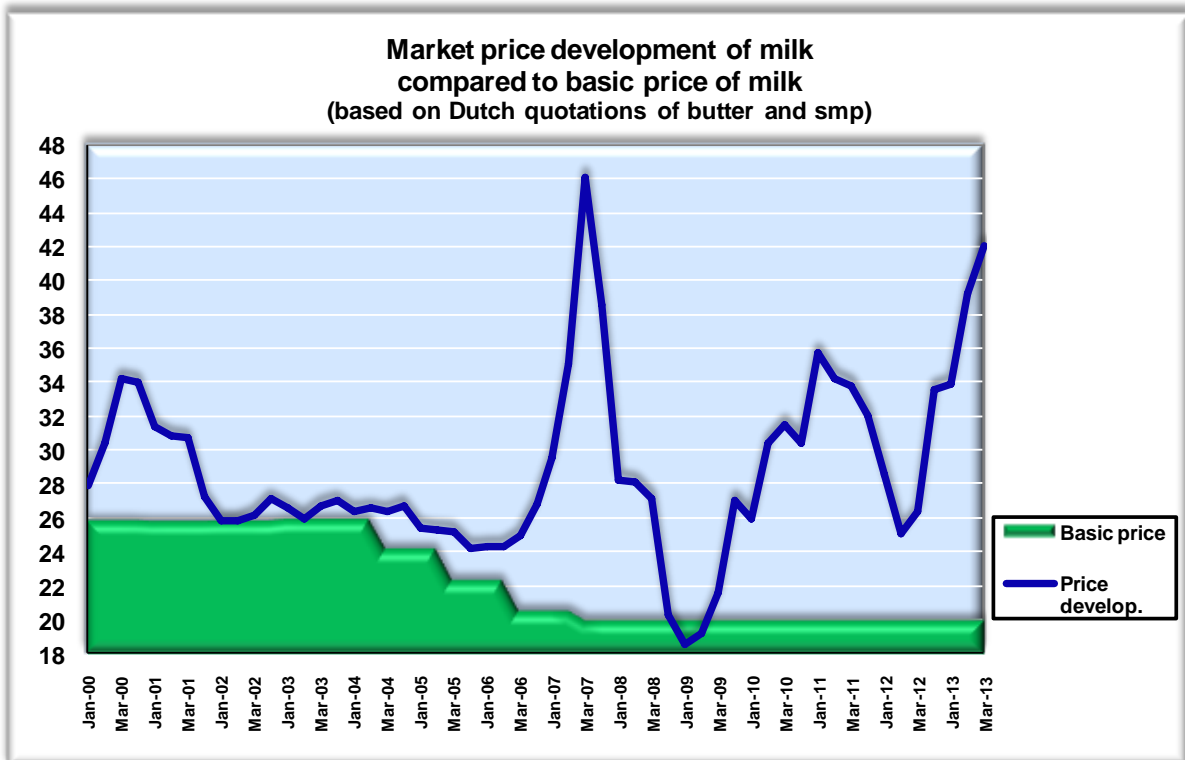


### Dutch WMP price develop.



### Dutch Gouda cheese price develop





### Market comments

Last couple of months market situation is determined by expanding milk production volumes in Europe as well as in USA, due to rising milk prices, reduced costs of concentrate feed and better weather conditions. Also a firmer price trend in dairy commodities is visible. In the Southern Hemisphere production circumstances are also considered as favorable. It is remarkable that in this environment prices are holding well. For months international prices of WMP and SMP are hovering around \$ 5000 resp. more than \$ 4000, being 58% cq 40% higher compared to a year ago. However import demand is still very good, especially lower stock supplies in pipeline are being replenished. It remains to be seen however whether these high prices do not lead to a drop in demand in some cases. International trade of dairy products is slowing, which in part resulted from reduced availabilities. But it could also be attributed to a slow down of economic growth in emerging markets. The slow down is now enhanced by capital outflows and weak local currencies which will inflate prices and could put a drag on local consumption.

At this moment supply and demand are both moving on a lower level, but are probably still in balance.