

## STANDARDIZED MILK PRICE CALCULATIONS for JANUARY 2014 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>41.08</b>	0.00	<b>38.24</b>
Alois Müller	DE	0.51			<b>40.87</b>	0.00	<b>37.92</b>
Nordmilch	DE		0.15		<b>39.05</b>	0.00	<b>37.49</b>
Arla Foods	DK	0.79			<b>40.06</b>	2.48	<b>39.42</b>
Hämeenlinnan Osuusmeijeri	FI				<b>43.24</b>	2.82	<b>45.64</b>
Bongrain CLE (Basse Normandie)	FR	0.74			<b>42.16</b>	none	<b>36.76</b>
Danone (Pas de Calais)	FR				<b>39.61</b>	none	<b>36.49</b>
Lactalis (Pays de la Loire)	FR				<b>41.34</b>	none	<b>36.07</b>
Sodiaal	FR	0.58			<b>36.88</b>	none	<b>35.73</b>
Dairy Crest (Davidstow)	GB	0.12	0.35		<b>39.73</b>	0.00	<b>36.81</b>
First Milk	GB	0.94	1.17		<b>38.09</b>	0.00	<b>34.37</b>
Glanbia	IE				<b>38.94</b>	0.00	<b>37.78</b>
Kerry	IE				<b>38.85</b>	none	<b>37.18</b>
Granarolo (North)	IT	1.15	3.42		<b>42.17</b>	none	<b>41.96</b>
DOC Kaas	NL	0.05	0.34		<b>41.54</b>	1.94	<b>39.11</b>
Friesland Campina	NL	0.05	0.75		<b>42.01</b>	2.32	<b>41.19</b>
<b>AVERAGE MILK PRICE THIS MONTH (2)</b>					<b>40,35</b>		<b>38,26</b>
Emmi A.G.	CH		2.85		<b>52.74</b>	none	<b>50.14</b>
Fonterra (5)	NZ				<b>40.40</b>	0.00	<b>37.44</b>
United States of America (3)	US	0.17			<b>38.06</b>	none	<b>33.51</b>

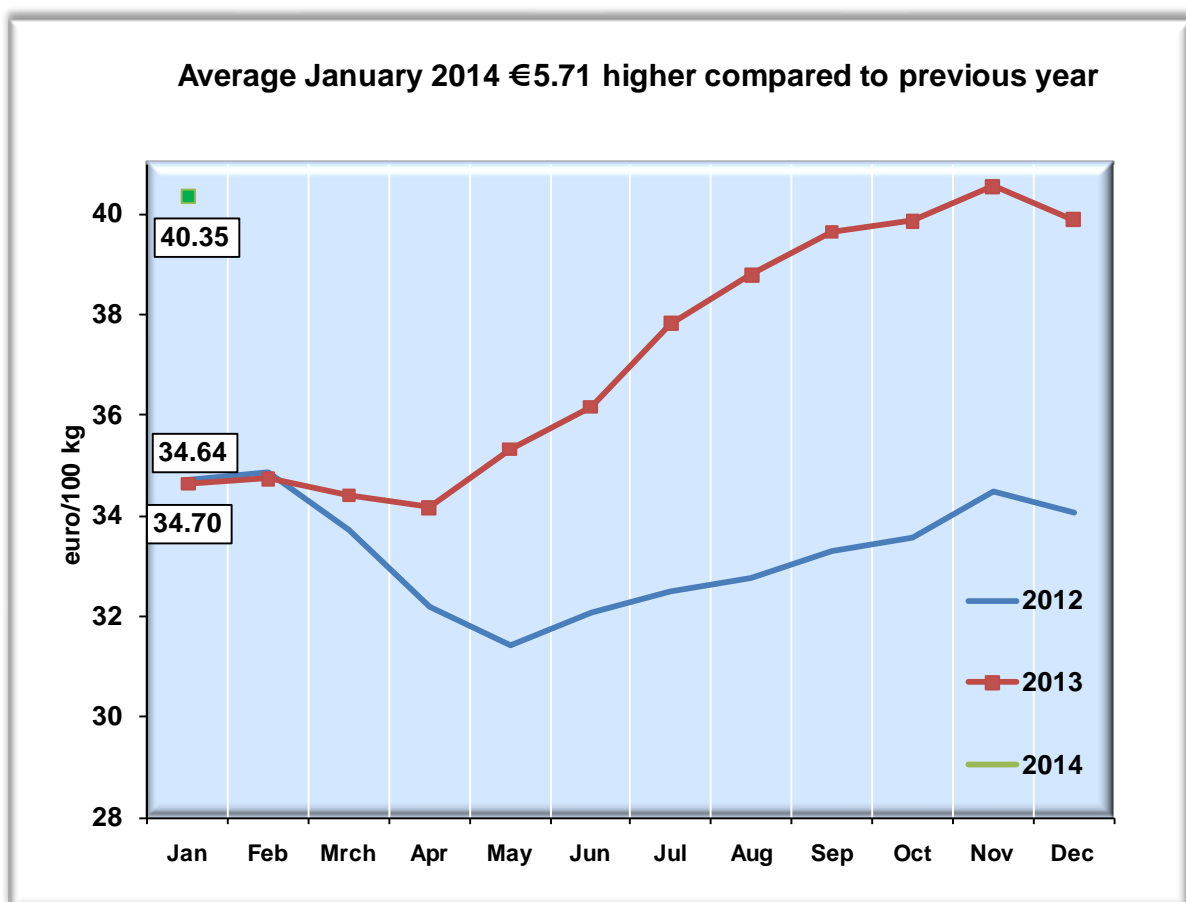
### Remarks:

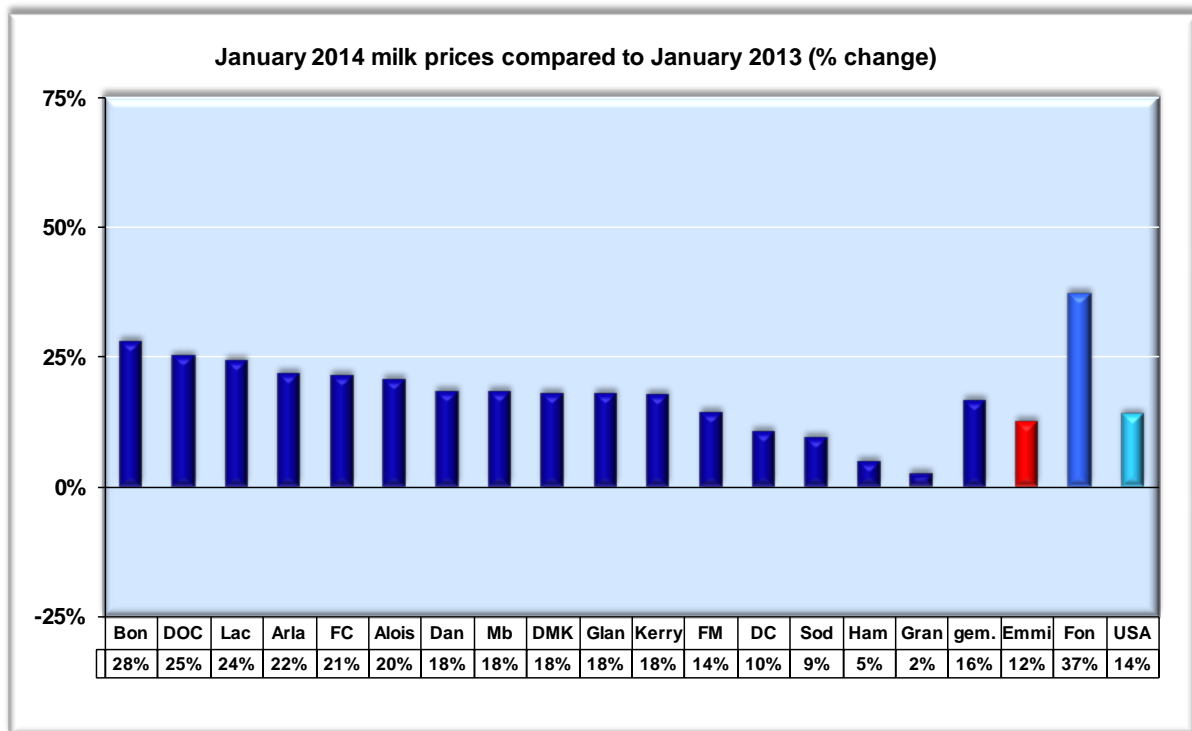
- (1) All prices are VAT excluded, paid to producers and assuming milk collected every other day.  
Price per 100 kg standard milk with 4.2% fat, 3.4% (crude) protein, 500,000 kg per year, total bacterial count 24,999 and somatic cell count 249,999 per ml.
- (2) Arithmetic average.
- (3) Based on USDA 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 JANUARY 2014

### MILK PRICES

The average calculated milk price for the January 2014 deliveries is €40.35 per 100 kg standard milk. This is an increase of 16.5% compared to January 2013 (+ €5.71). This decrease is mainly due to the increase of the French milk prices.





FrieslandCampina's guaranteed milk price decreased by € 1.00 to € 43.00 in January. Some changes are made in the payment system. For example, from January on, FrieslandCampina includes a lactose price - at 4.51 %- into the system . FrieslandCampina has announced that the guaranteed milk price will remain stable in February. In March, the guaranteed price will be reduced by € 0.50 to € 42.50. In January, DOC Kaas reduced its milk price by € 1.40. The calculated milk price of DOC results in January at € 41.54. The milk price will remain stable in February.

Arla Foods has not changed its milk price in January, the calculated milk price results at € 40.06. In February, Arla will increase its milk price by 1 euro .

The farmers of DMK received an additional payment for the months October (€ 1.00), November and December 2013 (€ 2.00).

Dairy Crest has announced that the milk price will not change until April. For January, the calculated milk price is € 39.73 . The milk of First Milk has not changed in January , the calculated milk comes out at € 38.09 .

The base price of the Italian Granarolo in January decreased by € 2.00 to € 36.17 . This results in a calculated milk price of € 42.17 .

The New Zealand company Fonterra has adjusted the milk price forecast for the season 2013/14. The new milk price is 8.65 NZD per kilo of milk solids. Including the expected dividend payment of 0.10 ct, the milk price is 8.75 NZD per kilo of milk solids. This is a record milk price. Converted into euros, the calculated milk price is € 40.40 .

The milk price of the US increased by \$ 2.20 (from \$ 18.95 to \$ 21.15 cwt).  
Converted into euros , the calculated milk price is € 38.06 .

## **Additional comments milk prices January 2014**

### **Milcobel**

The calculated milk price of the Belgian Milcobel remained stable at €41.08 in January.

### **Germany**

The base price of Alois Müller remained stable in January. The base price of DMK decreased by € 1.00. The January calculated milk prices are €40.87 and €39.05 respectively.

### **Scandinavia**

Arla Foods has not changed its milk price in January. The calculated milk price is €40.06.

The preliminary calculated milk price of Hämeenlinnan Osuusmeijeri is €43.24 in January.

### **France**

The French milk prices have increased, varying from + €2.28 to + €4.67.

### **United Kingdom**

The milk price of First Milk has not changed in January, the calculated milk price comes out at €38.09.

Dairy Crest has announced that the milk price will not change until April. For January, the calculated milk price is €39.73.

## **Ireland**

The provisional milk price of Glanbia has remained unchanged compared to the previous month. However, the seasonal premiums have been adjusted. For October 1.5 cents per liter, Nov. 3.7 cents per liter (this is adjusted retrospectively) and for February this will be 5.05 cents per liter.

The provisionally calculated milk price of Kerry remains stable at €38.85.

## **The Netherlands**

FrieslandCampina decreased its guaranteed milk price to €43.00 in January. The calculated milk price comes out at €42.01.

DOC Kaas has decreased its milk price by €1.40 in January. The calculated milk price is €51.54.

## **Granarolo**

The calculated milk price of Italian Granarolo for January is €42.17.

## **Emmi**

The calculated milk price of the Swiss Emmi is €52.74 in January.

## **New Zealand**

The calculated milk price of New Zealand's Fonterra is €40.40 in January.

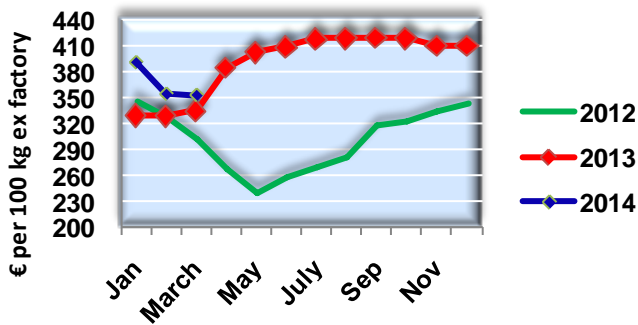
## **USA**

The calculated milk price of U.S. Class III milk price is €38.06 in December. Expressed in dollars, the milk price has increased from \$18.95 in December to \$21.15 cwt in January.

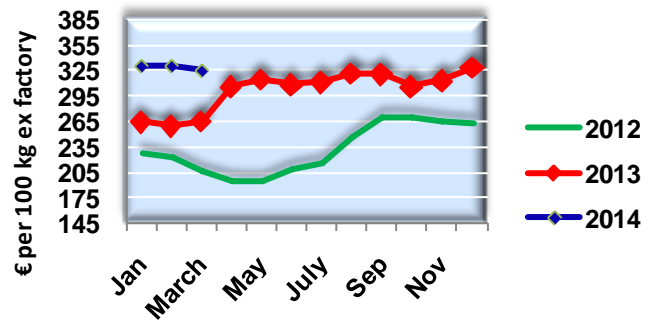
## MARKET SITUATION

Dutch Quotations				€ per 100 kg
	1 January 2014	5 March 2014	index	trend
Butter	409	354	86.6	↓
Whole milk powder	379	374	98.7	↓
Skimmed milk powder	330	325	98.5	↓
Whey powder	99	95	96.0	↓
Gouda cheese	± 400	± 390	97.5	↓

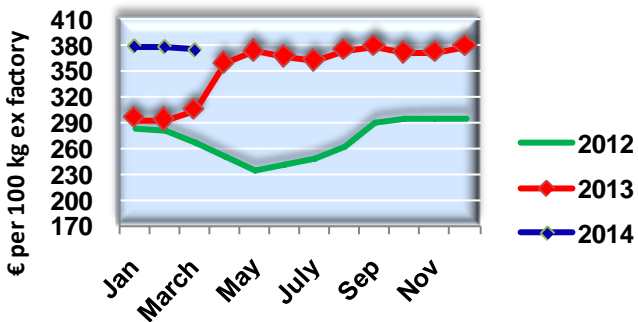
### Dutch Butter price develop.



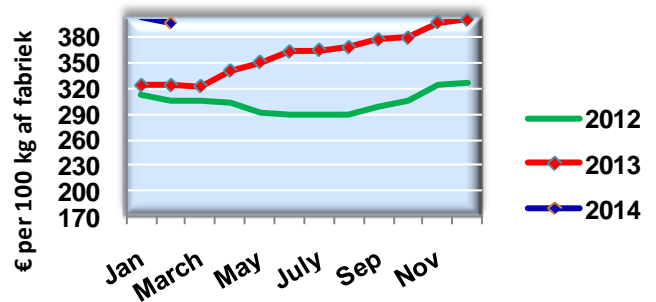
### Dutch SMP price develop. (ADPI extra)

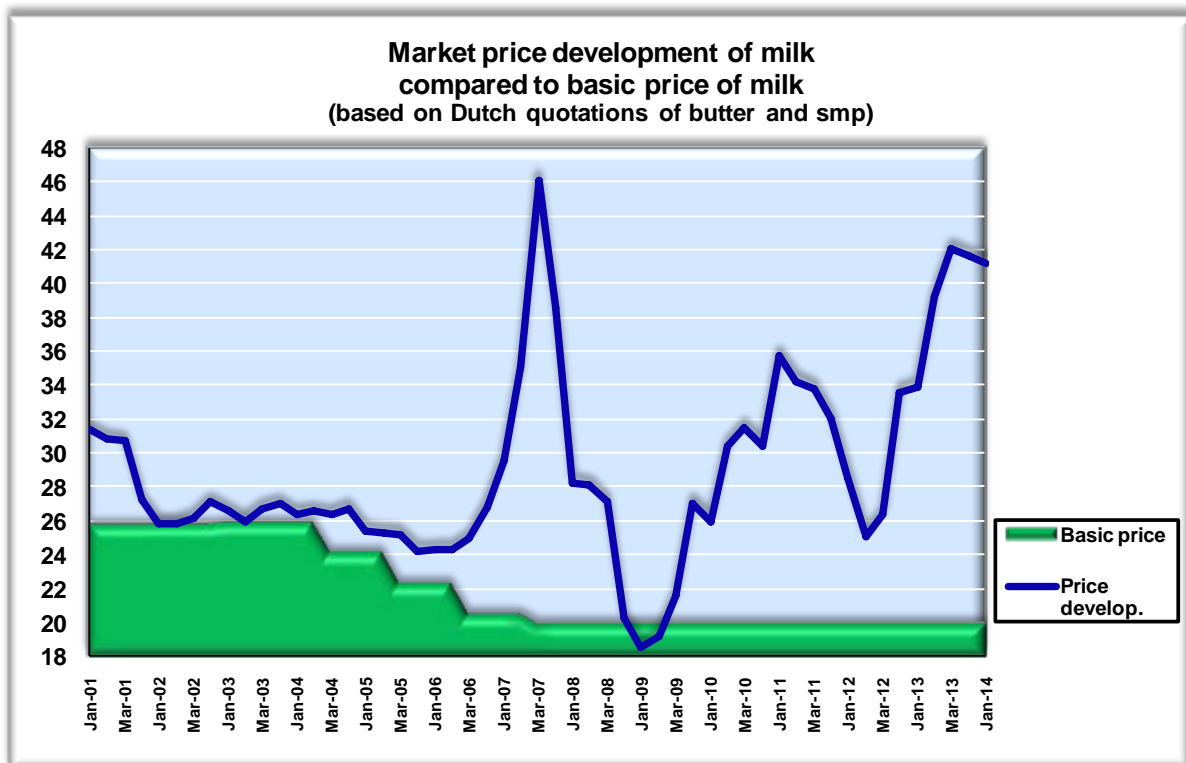


### Dutch WMP price develop.



### Dutch Gouda price develop





## Market comments

In general the dairy market is a bit lackluster in the absence of any guiding news. Some uncertainty exists whether market will retain current prices if taking into account the expansion in global milk supply. Market is looking for direction. Traders are not very much inclined to take positions into the market. Manufacturers are not yet pressured to sell and potential buyers are still waiting and are only prepared to secure their urgent short term needs.

It seems likely however that the market will see lower pricing in the months ahead.

Notwithstanding recent correction of butter prices ,market for dairy commodities continued to be fairly strong and quite stable. In the butter market prices are consolidating between € 350 and € 360,while in the market for milk powders price momentum is fading and prices tend to go down.

However demand in global markets remained strong and stocks are still low.This prevents any price decline until now.

Barring unforeseen circumstances ,important price pressure is then expected at the time not earlier than the seasonal production peak in the Northern Hemisphere is within reach, may be at the end of the first quarter of 2014.