

## STANDARDIZED MILK PRICE CALCULATIONS for MAY 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>38.98</b>	0.97	<b>40.81</b>
Alois Müller	DE	0.51			<b>36.91</b>	0.00	<b>39.30</b>
Nordmilch	DE		0.15		<b>39.05</b>	0.00	<b>39.33</b>
Arla Foods	DK	0.78			<b>39.54</b>	2.01	<b>41.23</b>
Hämeenlinnan Osuusmeijeri	FI			-1.94	<b>42.45</b>	2.52	<b>46.13</b>
Bongrain CLE (Basse Normandie)	FR	0.74			<b>35.49</b>	none	<b>38.57</b>
Danone (Pas de Calais)	FR				<b>37.46</b>	none	<b>38.50</b>
Lactalis (Pays de la Loire)	FR				<b>35.07</b>	none	<b>37.51</b>
Sodiaal	FR	0.58			<b>36.97</b>	none	<b>37.17</b>
Dairy Crest (Davidstow)	GB	0.12	0.36	-2.98	<b>37.31</b>	0.00	<b>38.49</b>
First Milk	GB	0.95	1.19		<b>39.24</b>	0.00	<b>36.46</b>
Glanbia	IE				<b>36.96</b>	0.00	<b>38.52</b>
Kerry	IE				<b>38.77</b>	none	<b>38.64</b>
Granarolo (North)	IT	1.15	3.42		<b>45.81</b>	none	<b>43.68</b>
DOC Kaas	NL	0.03	0.34		<b>35.38</b>	2.31	<b>41.31</b>
Friesland Campina	NL	0.05	0.75		<b>39.15</b>	2.91	<b>43.99</b>
<b>AVERAGE MILK PRICE THIS MONTH (2)</b>					<b>38,41</b>		<b>39,98</b>
Emmi A.G.	CH		2.88	-3.20	<b>48.71</b>	none	<b>52.01</b>
Fonterra (5)	NZ				<b>40.46</b>	0.00	<b>39.39</b>
United States of America (3)	US	0.19			<b>40.49</b>	none	<b>35.66</b>

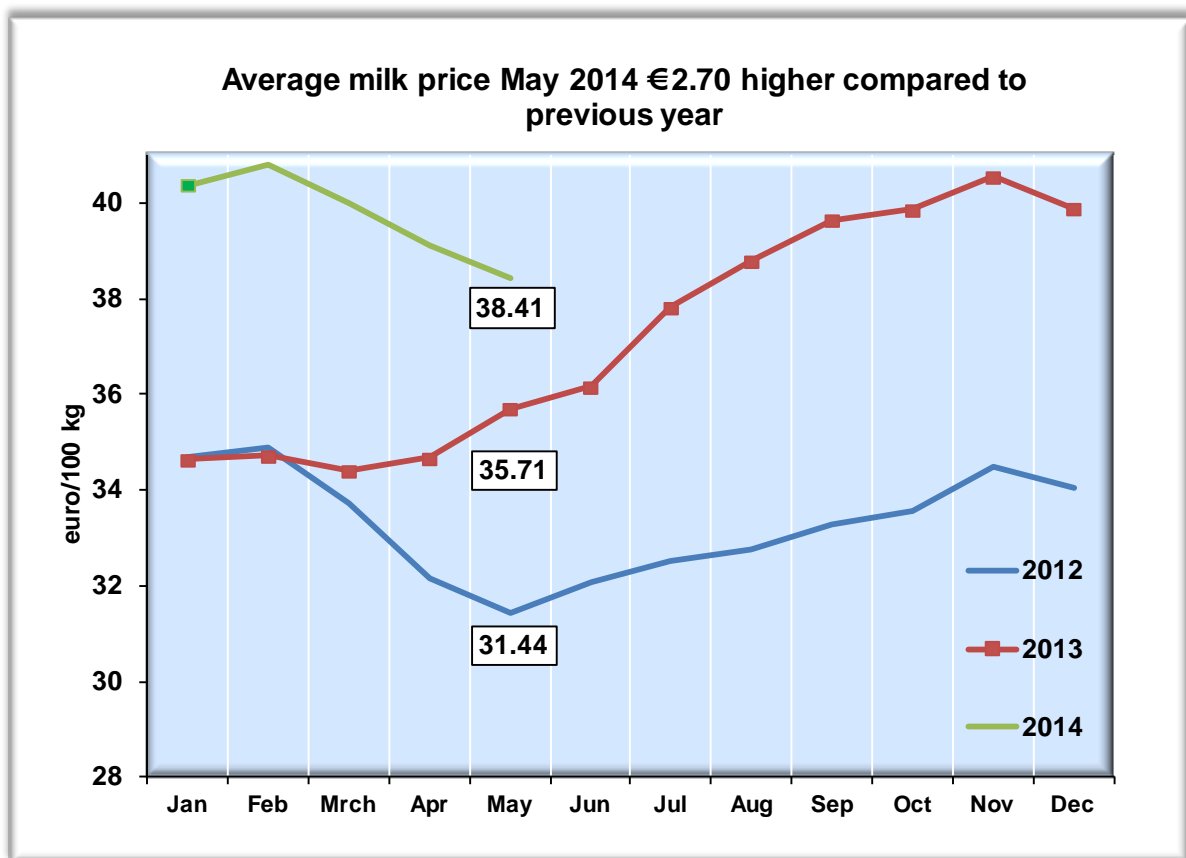
### Remarks:

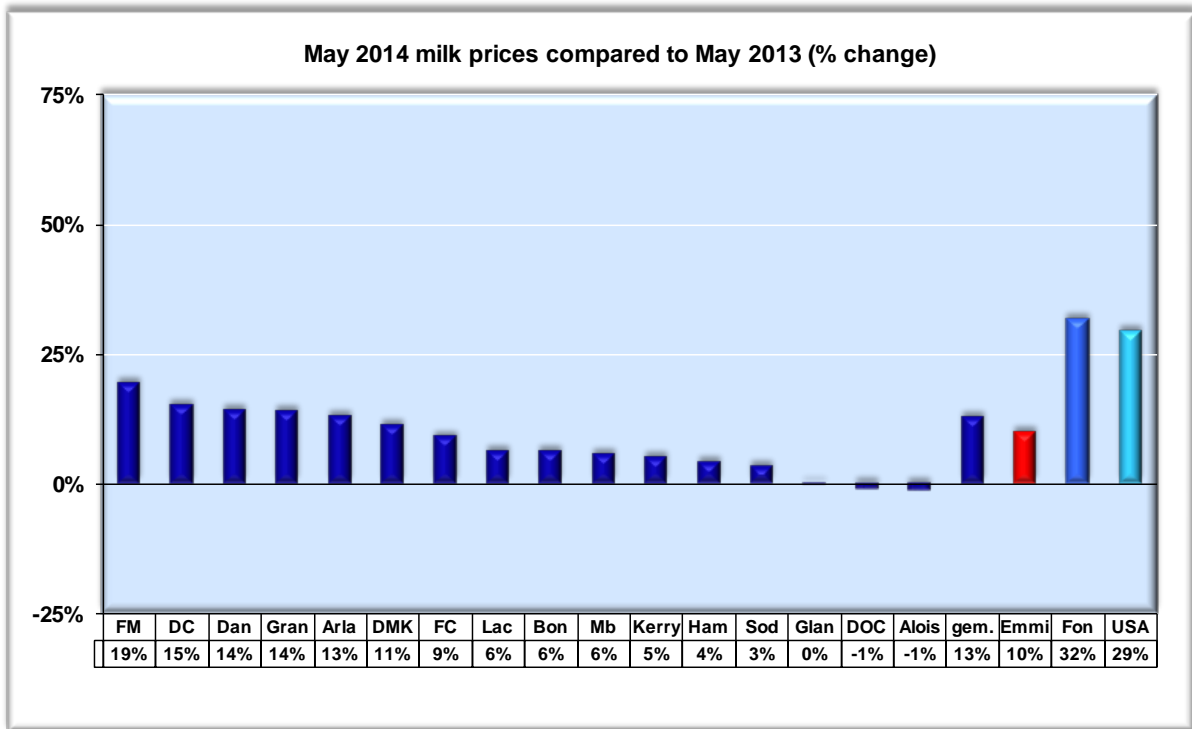
- (1) All prices are VAT excluded, paid to producers and assuming milk collected every other day.  
Price per 100 kg standard milk with 4.2% fat, 3.4% (crude) protein, 500,000 kg per year, total bacterial count 24,999 and somatic cell count 249,999 per ml.
- (2) Arithmetic average.
- (3) Based on USDA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

### MILK PRICES

The average calculated milk price for the April 2014 deliveries is €38.41 per 100 kg standard milk. This is an increase of 7.6% compared to May 2013 (+ €2.70). The average calculated milk price has decreased by €0.52 compared to previous month.



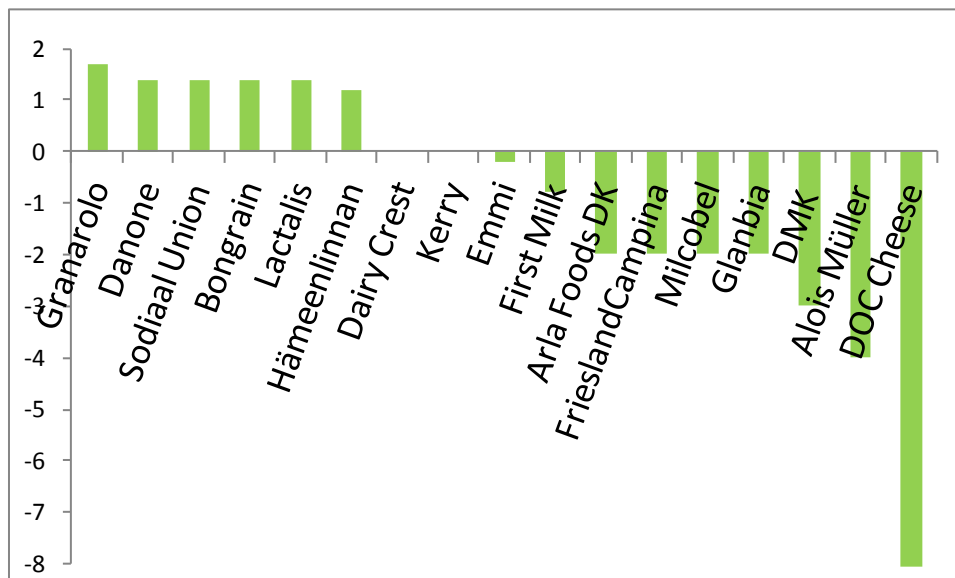


## Milk price developments of the first half of 2014

The graph below shows the development of the milk prices of 2014 compared to december 2013. In this graph, seasonality adjustments are not included.

### Graph milk price development 2014

(change compared to December 2013 in € per 100 kg)



In the first half of 2014, the milk prices of the Italian Granarolo, the French dairy companies and the Finnish Hämeenlinnan Osuusmeijeri increased by € 1.7 (June), 1.4 (June) and 1 (May) per 100 kg of milk. It should be noted that for the French companies, the calculation is based on a national average.

The British dairy Dairy Crest (until July) and the Irish Kerry (until May) have not changed their prices compared to December 2013.

The milk price of the Swiss Emmi is € 0.22 lower in May. After a price increase in April by 0.5 pence per liter (ppl), First Milk has announced a price reduction of 1.15 ppl for July. On balance, the price drops by 0.65 ppl or € 0.8 per 100 kg of milk.

After a price increase in April (+ € 1), Arla reduced the prices in May (- € 1.5) and July (- € 1.5), so that on balance, there remains a reduction of € 2 per 100 kg.

In January (- € 1), March (- € 0.5), April (- € 1.25) and May (- € 1) FrieslandCampina reduced the guaranteed price, but by an increase / correction in June of € 1, 75 the milk price in 2014 t / to June decreased on a balance by € 2 per 100 kg.

Glanbia decreased the milk price by € 2 in May.

Milcobel decreased its milk price by € 1, so from December by € 2 in Total.

In January, the German company DMK reduced the base price by € 3. Alois Muller reduced its price in March (- € 1), April (- € 1.5) and May (- € 1.5) the basic milk prices decreased by a total of € 4 per 100 kg.

In total, the DOC Kaas advance milk price decreased until May 2014 by € 8.10 per 100 kg. In June, the milk prices have not changed.

## **Additional comments milk prices May 2014**

### **Milcobel**

The calculated milk price of the Belgian Milcobel decreased by € 1.05 to € 39.98 in May.

### **Germany**

The base price of Alois Müller decreased by € 1.50 in May. The calculated milk price is € 36.91. The base price of DKM remained stable compared to April.

### **Scandinavia**

The milk price of Arla decreased in May by € 1.50. The calculated milk price is € 39.54.

The calculated milk price of Hämeenlinnan Osuusmeijeri is € 42.45 in May.

### **France**

The French milk prices have increased slightly compared to previous month.

### **United Kingdom**

The milk price of First Milk remained stable in May, the calculated milk price comes out at € 39.24. First Milk announced to decrease the milk price by – 0.5 ppl in June.

Dairy Crest has announced that the milk price will not change until June. For May, the calculated milk price is € 37.31.

### **Ireland**

The calculated milk price of Glanbia is € 36.96, a decrease of € 1.98 compared to previous month.

The calculated milk price of Kerry is € 38.77. The milk price remained unchanged.

## **The Netherlands**

FrieslandCampina's guaranteed milk price decreased by € 1.00 in May. The calculated milk price comes out at € 39.15. The guaranteed milk price will increase by € 1.75 in June to € 42.00.

The calculated milk price for DOC Kaas is € 35.38.

## **Granarolo**

The calculated milk price of Italian Granarolo for May is € 45.81.

## **Emmi**

The calculated milk price of the Swiss Emmi is € 48.71 in May. A decrease of € 0.69 compared to previous month.

## **New Zealand**

The calculated milk price of Fonterra is € 40.46 in May.

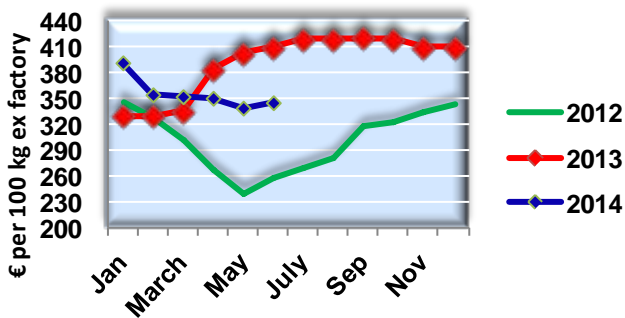
## **USA**

The milkprice of the U.S.A. decreased by \$ 1.74 per cwt (from \$ 24.31 to \$ 22.57). Converted into euros, the calculated milk price is € 40.49.

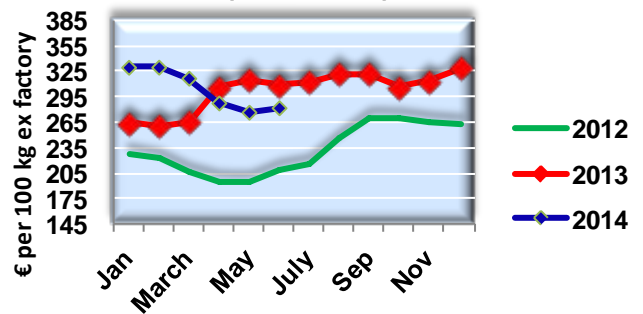
## MARKET SITUATION

Dutch Quotations				€ per 100 kg
	1 January 2014	4 July 2014	index	trend
Butter	409	352	86,1	→
Whole milk powder	379	317	83,6	→
Skimmed milk powder	330	286	86,6	→
Whey powder	99	93	93,9	→
Gouda cheese	± 400	± 355	88,7	↑

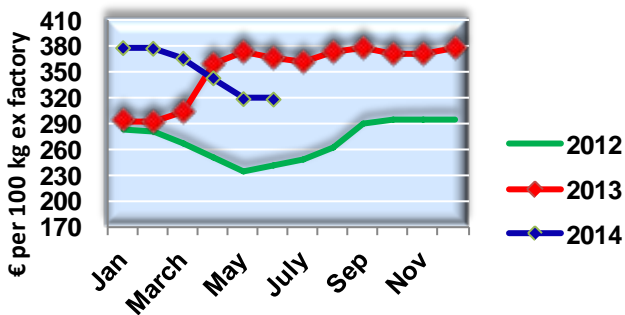
### Dutch Butter price develop.



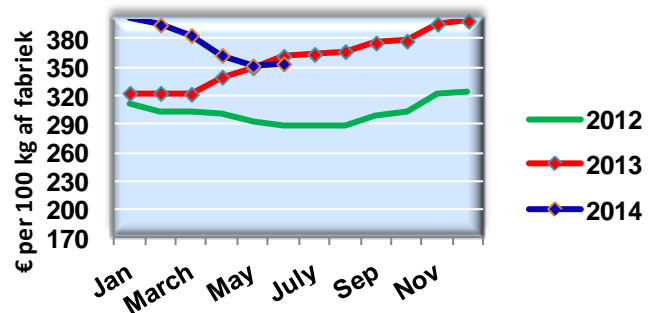
### Dutch SMP price develop. (ADPI extra)

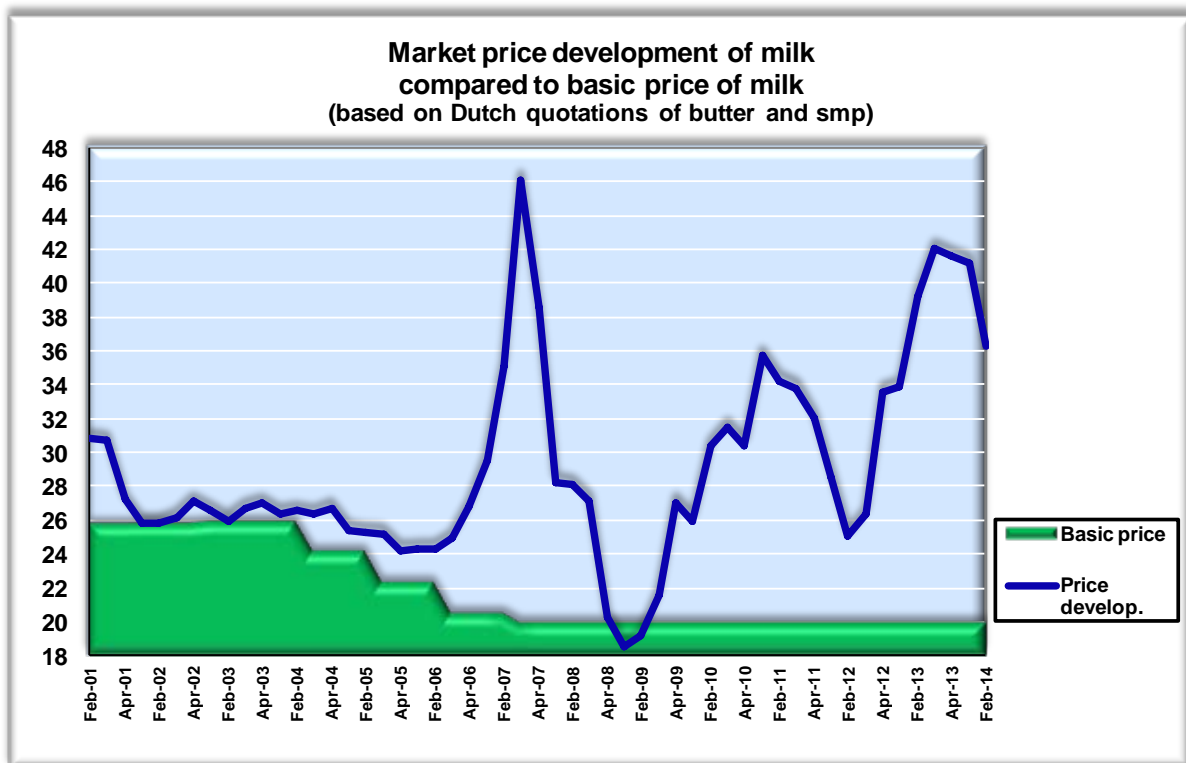


### Dutch WMP price develop.



### Dutch Gouda price develop





## Market comments

Last couple of weeks the market is in a stabilization mode. Seasonally milk production is declining and more production capacity is available which makes it easier to place material and gives room for stabilization and/or slight recovery of prices. The cheese market has currently taken a turn for the better and has recovered from the price dip in April/May. Also the butter and SMP market is stable. However market uncertainties are here to stay. Much will depend on the size of the milk output growth for the second half of the year and the existing export opportunities. In general the dairy market has evolved a more supply driven character. The continuing growth of milk output is increasingly crucial for the current price situation.

For the time being there are also doubts about the extent of demand from China. When Chinese buyers will stay back from the market for any longer, it is the question if the other dairy importing regions in the world are able to compensate the decrease of China. Potential buyers have still a wait and see approach.

Also internationally price pressures are not over yet. On the GlobalDairyTrade auctions prices continue to decline since February. Although the downward price trend seemed to be reversed in the second half of June, prices of most dairy commodities to the last auction of early July still collected a considerable loss.