

STANDARDIZED MILK PRICE CALCULATIONS for SEPTEMBER 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		32.68	0.97	39.69
DMK	DE		0.15		35.09	0.00	39.18
Müller (Leppersdorf)	DE	0.51	0.31		36.47	0.00	38.52
Arla Foods (Denmark)	DK	0.70			35.74	2.02	41.59
Hämeenlinnan Osuusmeijeri	FI			1.94	46.34	2.52	46.61
Bongrain CLE (Basse Normandie)	FR	0.74			40.24	none	39.61
Danone (Pas de Calais)	FR				39.05	none	38.73
Lactalis (Pays de la Loire)	FR				38.48	none	38.40
Sodiaal (Pas de Calais)	FR	0.58			42.04	none	37.79
Dairy Crest (Davidstow)	GB	0.12	0.37	1.84	41.95	0.00	39.87
First Milk	GB	0.98	1.23		36.11	0.00	37.79
Glanbia	IE				30.50	0.00	36.80
Kerry	IE				32.02	none	37.08
Granarolo (North)	IT	1.15	3.42		43.87	none	44.73
DOCCheese	NL	0.03	0.34		32.05	2.31	40.51
FrieslandCampina	NL	0.05	0.75		36.96	2.91	43.68
AVERAGE MILK PRICE THIS MONTH (2)					37,47		40,04
Emmi A.G.	CH		2.91	3.23	53.33	none	51.81
Fonterra (5)	NZ				26.86	0.00	36.88
United States of America (3)	US	0.20			47.53	none	39.52

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.

MILK PRICES

The calculated milk prices in September 2014 **averaged € 37.47 per 100 kg standard milk**. After the slight price declines in July (-0.30) and August (-0.19), prices in September dropped significantly more namely with € 1.03 per 100 kg of milk. Compared to September last year, a decrease of € 2.16 or 5.5%.

Based on various announcements milk prices will fall further in the last months of 2014. As in 2013 milk prices rose just at the end of the year, it is still questionable whether the (advance) milk prices over the calendar year 2014 will be higher than in 2013. Still, it is expected that the average milk price will be higher, but it is also clear that this will not be the case for many companies.

Most European milk buyers have reduced milk prices in September. Most striking remains the milk prices in the United States. Besides the stronger dollar – resulting in higher prices expressed in Euros – the main cause is the strong domestic demand for dairy products (including milk fat).

Milcobel has lowered the price of milk in September again, now with (rounded) € 2. The calculated milk price is € 32.68. A decrease of € 7.35 per 100 kg compared to the same month last year.

Müller (Leppersdorf) kept the September basic price (at 4% fat and 3.4% protein) at the same level, while **DMK** reduced their price with € 2. The calculated milk prices of Müller and DMK are € 3 or € 2 lower than last year.

The calculated milk price of **Arla** (Denmark) fell in September with € 1.4 to € 35.74 per 100 kg. A further price reduction for October of € 2 is announced, while the price in November will remain the same. Despite the substantial difference from last year - the calculated milk price in November 2013 was € 6.6 higher - the average milk price paid in advance for the whole of 2014 is expected to be higher than in 2013.

The milk of the Finnish **Hämeenlinnan Osuusmeijeri** has not changed. Apparently this small cooperative is less affected by the Russian boycott than Finnish Valio, which has lowered the price of milk with in September.

The milk price of **Bongrain** fell in September with € 0.93, while the other French milk prices did not change. Besides the French **Danone** milk prices are still above last year.

The milk price of the British **First Milk** has decreased in September by 0.5 pence per liter (ppl). Due to the rise of the British pound against the euro the calculated price dropped less with € 0.37 per 100 kg standard milk. For October, November and December further price reductions have been announced in total 5.1 ppl. Despite these substantial price cuts for the whole of 2014 the average milk price - expressed in ppl - approximately equals to 2013.

The calculated milk price of **Dairy Crest** rose in September to € 41.95 per 100 kg due to a higher seasonal bonus. For October and November price reductions of 1.75 and 1.3 ppl have been announced. In December, the milk price remains the same. In total the milk price of Dairy Crest decreased in 2014 by 4 ppl. However throughout

2014 the average price will be higher higher than the previous year.

The Irish companies **Glanbia** and **Kerry** in September decreased their milk prices most, namely € 2.5 and (almost) € 3. The September prices of these companies are € 8.44 respectively 6.75 lower than in early 2014.

The milk price of **Granarolo** has not changed in September.

The calculated milk prices of **DOC Cheese** and **FrieslandCampina** are in September € 3.33 respectively € 1.70 lower than in August. Dutch prices will fall further in October (DOC - € 1.40 and FrieslandCampina - € 0.97) and November (Friesland Campina - € 2.43). The calculated milk price FrieslandCampina in November is € 33.56 or € 11.37 less than the record price of milk in November 2013. Still until November the average milk price of FrieslandCampina in 2014 is higher than in 2013.

The milk from the Swiss **Emmi** consists of a weighted average of the so-called A, B and C price. Because the B and C -price dropped, the calculated milk price decreased by € 0.64.

The forecast milk price of **Fonterra** for the current season has not changed since the last publication milk, but the calculated milk price expressed in Euros slightly decreased due to exchange rate changes.

US dairy farmers continue to benefit from high milk prices. In September, the calculated Class III milk price increased further to € 47.53 and thus higher than the milk price of European leader Finnish Hämeenlinnan Osuusmeijeri.

MARKET SITUATION

Dutch quotations				€ per 100 kg
	2 January 2014	5 November 2014	index	trend
Butter	406	299	73.6	→
WMP	379	237	62.5	→
SMP	330	186	56.4	↓
Wheypowder	99	82	82.8	↓
Gouda Cheese	± 400	±		