

STANDARDIZED MILK PRICE CALCULATIONS for OCTOBER 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		31.64	0.97	39.00
DMK	DE		0.15		33.11	0.00	38.46
Müller (Leppersdorf)	DE	0.51	0.31		33.99	0.00	38.04
Arla Foods (Denmark)	DK	0.66			33.70	2.02	41.13
Hämeenlinnan Osuusmeijeri	FI			1.94	46.34	2.52	46.70
Bongrain CLE (Basse Normandie)	FR	0.74			36.15	none	39.35
Danone (Pas de Calais)	FR				34.95	none	38.46
Lactalis (Pays de la Loire)	FR				34.21	none	38.25
Sodiaal (Pas de Calais)	FR	0.58			42.04	none	38.09
Dairy Crest (Davidstow)	GB	0.12	0.37	2.46	40.55	0.00	39.92
First Milk	GB	0.99	1.23		32.40	0.00	37.56
Glanbia	IE				30.50	0.00	36.07
Kerry	IE				32.02	none	36.57
Granarolo (North)	IT	1.15	3.42		43.87	none	44.71
DOCCheese	NL	0.03	0.34		30.65	2.31	39.75
FrieslandCampina	NL	0.05	0.75		35.99	2.91	43.10
AVERAGE MILK PRICE THIS MONTH (2)					35,76		39,70
Emmi A.G.	CH		2.91	3.23	51.68	none	51.54
Fonterra (5)	NZ				26.45	0.00	34.88
United States of America (3)	US	0.20			46.63	none	40.63

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 advance milk in October 2014 averaged € **35.76 per 100 kg standard milk**. A decrease of € 1.72 compared to the previous month. Compared to October last year, this is a decrease of € 4.31 or 10.8%. Lower selling prices of dairy products are more and more expressed in milk prices paid to the producers.

Notable are the large declines of French milk prices, although this is partly due to seasonal adjustments. British milk prices, especially those of First Milk, are sharply declining. Because the British dairy companies voluntarily agreed to timely publish their milk, is it already known this price decrease will continue in January 2015.

Although all the calculated milk prices in October note still over € 30, it is already known that Dutch milk prices in 2014 will fall below, namely in November DOC Cheese € 28.71 and in December FrieslandCampina € 29.97.

Since April this year **Milcobel** has lowered the producer price every month, in October € 1. The calculated milk price of € 31.64 is € 8.40 per 100 kg milk lower than the same month last year.

The basic prices (4% fat and 3.4% protein) of **Müller** (Leppersdorf) and **DMK** decreased both to € 33 in October. Compared with the previous month, a decrease of € 2.50 and € 2.00 respectively. The calculated milk prices for standard milk for Muller and DMK are € 33.99 and € 33,11 per 100 kg respectively.

The calculated milk price of **Arla** (Denmark) fell in October with € 2 to € 33.70 per 100 kg. The milk price of Arla is unchanged in November but will decrease with € 2 in December. Despite these decreases the average 2014 advance milk price of Arla is more than € 1 above the level of 2013.

The (provisional) milk price of the Finnish **Hameenlinnan Osuusmeijeri** is not changed.

Except Sodiaal milk prices of the **French** dairy companies fell in October by about € 4, but with around € 34 to 36 they are still above the European average. That the milk price of € 42.04 with **Sodiaal** is at a much higher level, probably due to some sort of catch-up effect. In the beginning of the year the milk prices of Sodiaal were significantly lower than those of the other French companies.

The milk of the British **First Milk** decreased by 3 pence per liter (ppl) to - in euros - € 32.40 per 100 kg standard milk. In November, December and January prices will fall further by 0.3 ppl, 1.8 ppl and 1.1 ppl respectively. The calculated milk price of First Milk drops thus in January 2015 to under € 29 per 100 kg standard milk.

The calculated milk price of **Dairy Crest** fell in October to € 40.55 per 100 kg despite a higher seasonal adjustment. In November, the milk is reduced by 1.75 ppl. In December, the price of milk remains the same, but in January a price decrease of 1.25 ppl. Partly due to the expiry of the season bonus the calculated milk price in January will be around € 34 per 100 kg standard milk.

Despite the declines in British milk prices, the average 2014 milk prices of First Milk and Dairy Crest will be higher than in 2013, in euros per 100 kg, but also expressed

in pence per liter.

Irish companies **Glanbia** and **Kerry** have not adapted their milk prices in October. The calculated milk prices of both companies remain € 30.50 (Glanbia) and 32.02 (Kerry).

The calculated milk price of **Granarolo** is unchanged € 43.87.

The calculated milk price of **DOC Cheese** decreased with € 1.4 to € 30.65 in October. In November, the milk price will drop by a further € 2.

FrieslandCampina milk price in October decreased to € 35.99. In November (- € 2.5) and December (- € 3.75) prices will fall further. The calculated milk prices of the two Dutch companies will decrease below € 30, namely DOC Cheese in November € 28.71 and FrieslandCampina in December € 29.92. Despite these sharp falls the milk FrieslandCampina's milk price paid in advance for the whole 2014 is about the same level as in 2013.

The calculated milk price of the Swiss **Emmi** fell by € 1.65 to € 51.58 per 100 kg standard milk.

The milk price of **Fonterra** has not changed, but the calculated milk price expressed in euros slightly decreased due to exchange rate changes. On December 9, the forecast milk price will be updated by Fonterra.

Although the price of milk has dropped slightly, the **US** dairy farmers continue to benefit from relatively high milk prices.

MARKET SITUATION

Dutch quotations				€ per 100 kg
	2 January 2014	3 December 2014	index	trend
Butter	406	291	71.7	↓
WMP	379	224	59.1	↓
SMP	330	180	54.5	→
Wheypowder	99	76	76.8	↓
Gouda Cheese	± 400			