

### STANDARDIZED MILK PRICE CALCULATIONS for February 2017 deliveries

Prices in euro per 100 kg milk with 4.2% fat, 3.4% protein, 500,000 kg per year, tbc 24,999 and scc 249,999 per ml

Company		adjustments			MILK PRICE this month	rolling average last 12 months 1)	most recent suppl. payment
		quality	volume	season			
Milcobel	BE	0.73	1.37		<b>34.01</b>	27.73	0.47
Müller(Leppersdorf)	DE	0.51	0.61		<b>31.82</b>	26.89	
DMK	DE		0.15		<b>31.33</b>	25.03	
Arla Foods DK	DK	1.34			<b>34.83</b>	28.01	1.25
Valio	FI				<b>35.10</b>	34.64	0.78
Savencia (Basse Normandie)	FR	1.18			<b>33.16</b>	30.38	
Danone (Pas de Calais)	FR				<b>32.83</b>	31.66	
Lactalis (Pays de la Loire)	FR		0.24		<b>32.81</b>	29.96	
Sodiaal (Pas de Calais)	FR	0.58			<b>33.49</b>	30.63	
Dairy Crest (Davidstow)	UK	0.11	0.34		<b>33.59</b>	26.99	
Dairygold	IE	0.39			<b>31.58</b>	24.88	
Glanbia	IE			2.23	<b>33.11</b>	23.37	
Kerry Agribusiness	IE				<b>31.06</b>	25.16	
Granarolo (North)	IT	1.15	3.42		<b>38.77</b>	36.91	
FrieslandCampina	NL				<b>34.05</b>	28.36	3.34
<b>AVERAGE MILK PRICE 2)</b>					<b>33.44</b>	<b>28.71</b>	
Emmi	CH		3.29	-3.66	<b>43.70</b>	47.15	
Fonterra 3)	NZ				<b>33.53</b>	30.34	
United States Class III 4)	US	0.17			<b>39.77</b>	35.26	

All prices are VAT excluded, paid to producers and assuming milk is collected every other day.

- 1) Exclusive of most recent supplementary payment
- 2) Arithmetic average
- 3) Based on most recent forecast
- 4) Based on USDA announcement

## MILK PRICES

The calculated advance milk price in February 2017 averaged € 33.44 per 100 kg standard milk. An increase of € 0.34 compared to the previous month. Compared to February 2016, this is an increase of € 4.23 or plus 14.5 %.

Most dairy companies have kept milk prices in February unchanged or (slightly) increased compared to January. British Dairy Crest milk price increased most with plus € 2.6 euros per 100 kg (two pence per liter). The calculated milk price of Glanbia Ireland was also considerably higher in February, but that was entirely due to the calculated seasonal bonus of € 2.23 for this month. Arla and FrieslandCampina milk prices increased by respectively € 1.0 and € 0.5. Both cooperatives have for March announced price increases (+ € 0.5 Arla and FrieslandCampina + € 1.0), but in April the picture will change. FrieslandCampina milk price remains unchanged, but Arla has announced a price reduction of € 1.2.

Milcobel, like in January, also in February lowered the milk price with € 1.0.

The provisional calculated milk price of the Italian Granarolo for January has been corrected and as a result increased to € 38.77 (+ € 2.43).

Based on the published annual results the supplementary payments of Arla Foods and FrieslandCampina 2016 are estimated at respectively € 1.25 and € 3.34 per 100 kg. Including these supplementary payments the final milk prices 2016 of these two dairy companies are provisionally calculated at € 28.28 (Arla) and € 30.85 (FrieslandCampina) per 100 kg or respectively minus 7.3% and minus 7.1% compared to 2015.

The milk price of Swiss Emmi has dropped, but this is largely due to the seasonal levy of € 3.8 per 100 kilograms of milk. In addition, the average milk price decreased mainly due to a higher proportion of C milk.

Fonterra recently has not changed its forecast milk price for this season, but slightly reduced the expected dividend payment. The total milk price including dividend changed to 6.50 NZD per kg fat and protein (was 6.55) and so the calculated milk is decreased with 0.3 to € 33.53 per 100 kg. The calculated milk price of Fonterra is still above the average of the European dairy companies.

### Price changes in February 2017 (€ 100 per kg compared to the previous month) and additional information per company

**Milcobel:** -1,0

**Muller:** unchanged.

**DMK:** unchanged and March unchanged.

**Arla:** + 1.0, March + 0.5 and April – 1.2.

The supplementary payment for 2016 is 4.61% of the so called basic value of the milk delivered in 2016. Based on this percentage a supplementary payment of € 1.25 (2015: 1.37) per 100 kg is calculated. Including this supplementary payment the provisional calculated definitive milk price for 2016 is € 28.28 per 100 kg which means a decrease of 7.3% compared to 2015 (€ 30.50).

**Valio:** unchanged

Milk prices of Valio are based on milk statements of one of its member cooperatives.

**Savencia:** -0.5 and March -0.5.

**Danone:** (A-price): + 0.2

**Lactalis:** unchanged

**Sodiaal** (A-price): unchanged

**Dairy Crest:** + € 2.3 (2 pence per liter). Until May no change.

**Dairygold:** unchanged

**Glanbia Ingredients Ireland (GIIL):** +2.2 due to a calculated early lactation bonus of 2.23 per 100 kg.

**Kerry:** unchanged. January milk price corrected from € 31.08 to € 31.06 per 100 kg.

**Granarolo:** unchanged. Milk price of January has been corrected to € 38.77 (an increase of € 2.43).

**FrieslandCampina:** +0.5, March + 1.0 and April unchanged.

Based on the published annual results the supplementary payment for 2016 deliveries is calculated at € 3.34 per 100 kg (2015: 3.49). Including this payment the provisional milk price for 2016 is € 30.85 (2015: € 33.22), a decrease of 7.1%.

**Average:** + 0.34.

The average milk price of January is – see earlier remarks - corrected to € 33.10 per 100 kg (Was: € 32.94).

**Emmi:** -5.5 due to a seasonal levy (- 3.8) and a lower average milk price.

**Fonterra:** -0.3 due to a slight decrease of the expected dividend payment.

**USA:** unchanged

The US Class III milk price increased from \$ 16.77 in January to \$ 16.88 per hundredweight (45.36 kg) in February, but due to a slight decrease of the value of the dollar against the euro the calculated milk price in euros was unchanged.

## MARKET SITUATION

### Official Dutch dairy quotations (€ per 100 kg)

(Source: ZuivelNL)

	5/4/2017	1/3/2017	Average 2016
Butter	442	410	325
Whole milk powder	262	287	225
Skimmed milk powder	171	188	180
Whey powder	85	88	64

EU January milk deliveries were 2% lower. Since June 2016 less milk is produced. The largest decreases were recorded in France, Germany and the United Kingdom. In Oceania (Australia and New Zealand) and South America (Argentina, Brazil and Uruguay) for some time there has been a sharp decline in milk production, which is mainly due to the adverse weather conditions and low milk prices in most of 2016. The US is still the only big exporter with a significant increase in milk production. A growth of over 2% was realized both in January and February (adjusted for leap year).

Since the beginning of 2017, the dairy market has come under pressure. This is especially for protein-related products such as milk powder. Both the prices of full and skimmed milk powder have shown a continuous downward movement in recent months. This is mainly due to a sluggish

demand in both the European and the world market. The price for skimmed milk powder is currently around the intervention price level. Butter quotations are still high. After a brief period of decline since mid-February prices raised again.