

STANDARDIZED MILK PRICE CALCULATIONS for September 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		38.01	34.75	0.47
Müller(Leppersdorf)	DE	0.51	0.61		38.75	33.42	
DMK	DE		0.15		38.85	33.02	
Arla Foods DK	DK	1.07			36.50	33.19	1.25
Valio	FI				36.36	35.36	0.68
Savencia (Basse Normandie)	FR	1.04			34.94	32.98	
Danone (Pas de Calais)	FR				35.93	33.62	
Lactalis (Pays de la Loire)	FR		0.24		35.66	32.58	
Sodiaal (Pas de Calais)	FR	0.58			36.08	32.94	0.19
Dairy Crest (Davidstow)	UK	0.11	0.33	1.63	32.56	30.64	
Dairygold	IE	0.39			36.30	33.05	
Glanbia	IE				34.84	32.66	
Kerry Agribusiness	IE				35.86	32.44	
Granarolo (North)	IT	1.15	3.42		40.71	38.66	
FrieslandCampina	NL				39.39	34.88	3.30
AVERAGE MILK PRICE 2)					36.72	33.61	
Hochwald Milch eG		0.76	0.76		35.15	31.68	0.10
Emmi	CH		3.06	3.40	51.33	49.04	
Fonterra 3)	NZ				33.54	32.95	
United States Class III 4)	US	0.15			34.86	36.93	

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 on account milk prices in September 2017 averaged € 36.72 per 100 kg standard milk. An increase of € 0.69 compared to the previous month. Compared to September 2016, this is an increase of € 8.50 or plus 30.1 %.

Although the average milk price increased for the 5th consecutive month and a further increase in October is expected, these increases might come to an end in the coming months. Many dairies did not change milk prices in September. In addition, Arla, DMK and FrieslandCampina milk prices for November will be unchanged. Also the dairy market situation has also deteriorated over the past month.

The average milk price of EU dairy companies is 30% higher than last year. Though individual milk price rises vary greatly (see graph).



The milk price of the German DMK has increased by almost 70% over a year. The price increase of the other German companies and FrieslandCampina is between 50 and 55%. Also calculated milk prices of Arla (+ 42%) and the three Irish companies (35-40%) have increased more than average. The milk prices of British Dairy Crest (20%) and French companies (15-20%) increased less than average. The companies with usual the highest milk price, namely Valio and Granarolo, have so far increased their milk prices with the lowest percentages (5-10%).

Non-EU milk prices are more or less the same as in 2016.

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

Milcobel: + 1.0

Muller: +1.0

DMK: + 1.0 October + 1.0 and November unchanged

Arla: +1.0 October +0.7 and November unchanged

Valio: unchanged

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

Savencia: unchanged

Danone: (A-price): +0.3

Lactalis: + 0.9 and October – 1.4

Sodiaal (A-price): unchanged and October unchanged

Dairy Crest: + 3.3 due to a price increase (1 pence per liter (ppl)) and the devaluation of the British pound. October + 2 ppl and November + 0.5 ppl.

Dairygold: unchanged.

The milk price of February 2017 has retrospectively been increased by € 3.0 by because of a seasonal bonus of € 3.0. As a consequence, the rolling average has increased by € 0.1 compared to the previous publication.

Glanbia Ingredients Ireland (GIIL): unchanged

Kerry: unchanged

Granarolo: unchanged

FrieslandCampina: + 1.9 October + 1.2 and November unchanged

Average: + 0.69

Hochwald eG: +2.0

Emmi: -0.5 mainly due to a devaluation of Swiss France against the euro. October + 1.6 and November unchanged.

Fonterra: -0.5 due to a devaluation of the New Zealand dollar against the euro.

USA: -0.9 due to a little price decrease and the devaluation of the US dollar against the euro. The USA Class III milk price decreased from \$ 16.57 in August to \$ 16.36 per hundredweight (45.36 kg) in September.

MARKET SITUATION

(Source: ZuivelNL)

Official Dutch dairy quotations (€ per 100 kg)

	1/11/2017	4/10/2017	Average 2016
Butter	497	669	325
Whole milk powder	262	296	225
Skimmed milk powder	147	161	180
Whey powder	57	64	64

The EU milk deliveries showed a significant growth in August (+ 3%) for the third month in a row. As a result, cumulative milk supply increased this year up to August 2017. For the first time cumulative deliveries are higher than in 2016. All major milk producing countries recorded an increase in August. Particularly the volume in Ireland, Poland and Italy increased significantly. For the first time, (little) growth has also been achieved in Germany, France and the Netherlands.

Elsewhere in the world there is also an increase in milk supply, although volume in August increased less. In Argentina and New Zealand, milk production even decreased this month. Strong growth was achieved only in Uruguay and the US. However, in the latter country, the growth rate slowed down to 1% in September.

The dairy market has been under pressure throughout the whole of September. The fat prices have also taken a firm step back. In a month's time, the price quotations of butter dropped from almost 700 euros to just over 500 euros. This sharp price correction is due to less demand and increasing supply due to the growing volume of milk produced. As a result of falling prices in the butter and cream market, prices of whole milk powder also went further down. Prices for skimmed milk powder have shown already downward movement for some time. Due to the lack of an intervention safety net, the quotations were well below the intervention price level. In addition, the unclear messages from Brussels regarding a long term view about the disposal of intervention stocks did not contribute to the stabilization of the market.