

STANDARDIZED MILK PRICE CALCULATIONS for September 2020 deliveries											
Prices in euro per 100 kg standard milk with 4.2% fat, 3.4% protein, 1,000,000 kg per year, tbc 24,999 per ml and scc 249,999 per ml, VAT excluded											
Company		prices (€/kg) <sup>1</sup>		Bonuses/deductions (included) <sup>2</sup>					MILK PRICE this month	av. last 12 months <sup>3</sup>	recent <sup>4</sup> suppl. payment
		fat	protein	quality	quantity	season	sustainability	Milk flows			
Milcobel	BE	3.55	3.55	0.73	1.13				<b>28.73</b>	30.56	
Müller(Leppersdorf)	DE	2.52	4.54	0.51	0.71			0.99	<b>31.08</b>	31.57	
DMK Deutsches Milchkontor eG	DE	3.95	3.95		0.20		0.33	0.59	<b>30.91</b>	32.03	
Hochwald Milch eG	DE	2.50	5.00	0.76			0.69	0.99	<b>33.62</b>	33.34	0.79
Arla Foods DK	DK	3.62	4.34	0.85			1.99		<b>31.84</b>	32.49	1.43
Valio	FI	3.90	6.50				1.94		<b>35.88</b>	35.88	1.07
Savencia (Basse Normandy)	FR	2.95	5.43	1.04					<b>33.97</b>	34.44	
Danone (Pas de Calais)	FR	2.96	5.39						<b>36.70</b>	34.78	
Lactalis (Pays de la Loire)	FR	2.60	6.60		0.39		0.07		<b>33.94</b>	34.67	
Sodiaal (Pas de Calais)	FR	2.96	5.39	0.58		1.80	0.10		<b>35.83</b>	34.75	0.19
Saputo Dairy UK (Dairy Crest)	UK	2.79	5.59	-0.53	0.75				<b>30.05</b>	31.29	
Dairygold	IE	3.61	5.91	0.39			0.10		<b>31.87</b>	30.55	
Glanbia	IE	3.32	5.98						<b>31.15</b>	30.30	0.36
Kerry Agribusiness	IE	3.82	5.73				0.10		<b>31.72</b>	31.15	
Granarolo (North)	IT	2.13	4.79	0.75					<b>37.87</b>	39.10	
FrieslandCampina	NL	2.71	5.49					0.65	<b>32.72</b>	33.78	1.31
<b>AVERAGE MILK PRICE<sup>5</sup></b>									<b>32.99</b>	<b>33.17</b>	
Capsa Food	ES	3.00	3.00						<b>31.69</b>	31.72	
Emmi	CH	1.85	6.49		3.44	3.62			<b>54.92</b>	52.80	
Fonterra 3)	NZ	3.79	3.79						<b>28.77</b>	30.83	0.21
United States Class III 4)	US	2.98	6.34	0.16					<b>34.48</b>	39.73	

1) Payment per % fat and % protein above or below 4.2% and 3.4% respectively. France and US true protein and not in crude protein as in most European countries.

2) These premiums and deductions are included in the milk price, but it is not a complete list. There may also be other premiums and deductions included.

3) Weighted average based on the basis of national monthly deliveries exclusive of most recent supplementary payment.

4) The most recent supplementary payment is stated to give an indication of a possible supplement to the monthly milk prices after the calendar year.

5) Arithmetic average

## MILK PRICES

The calculated monthly milk prices in September 2020 averaged to € 32.99 per 100 kg of standard milk. An increase of € 0.28 compared to the previous month. Compared to September 2019, the average milk price decreased with € 0.79 or -2.3 %.

The average milk price has increased for the fourth consecutive month. It is striking the monthly increase is very small in these months, namely € 0.10 in June, € 0.21 in July, € 0.20 in August and now € 0.28 per 100 kg of milk. Last year, milk prices also rose slightly after the summer. In fact, milk prices were remarkably stable throughout the 2019 calendar year. Perhaps this could have happened also in 2020 but the corona crisis in the spring led to a strong price drop. Even if the upward trend continues in the last months of this year, it is unlikely that the negative price difference compared to last year will be made up for. It looks like the average milk price in 2020 will be about 1 to 2% lower than in 2019.

Milk prices are expected to rise further in the coming months. None of the milk prices announced so far are falling. In addition, some dairy companies have announced price increases, such as Arla with € 0.5 in October and € 1.0 in November. FrieslandCampina will increase the milk price by € 0.5 in October, while it will remain the same in November. The milk prices of DMK and Saputo Dairy UK will increase in October by € 1.0 and € 2.7 per 100 kg of milk respectively. This price increase of Saputo Dairy UK is mainly due to a seasonal bonus of 2 pence per litre (ppl) and to a lesser extent due to a price increase of 0.5 ppl.

The stable development of milk prices corresponds - not surprising - with a dairy market, which is also fairly stable. It is difficult to forecast how the dairy market will develop in the coming months. A positive signal, however, is that Fonterra has recently increased the milk price forecast for the current season by about € 1.70 per 100 kg of standard milk.

### Price changes in September 2020 (€ per 100 kg) compared to the previous month and additional information per company

**Milcobel:** unchanged for the sixth consecutive month

**Müller:** +0.4

The milk price includes a bonus of € 0.99 per 100 kg for the use of GMO free feed (VLOG certified). All collected milk is GMO free.

**DMK Deutsches Milchkontor eG:** unchanged and October + 1.0

The milk price includes an (average) bonus of € 0.33 for participation in the Milkmaster sustainability program and an average bonus of € 0.59 for the use of GMO free feed. About 60% of the collected milk is GMO free (VLOG certified) and receives a bonus of € 1,00 per 100 kg.

**Hochwald eG:** +1.0

The milk price includes a bonus of € 0.59 for participating in the sustainability program MilchPlus and an average bonus of € 0.99 per 100 kg for the use of GMO-free feed. All milk collected is GMO free (VLOG certified).

**Arla:** unchanged, October +0.5 and November 1.0

The milk price includes a bonus of € 0.99 for participation in the quality and sustainability program Arlagarden Plus and a bonus of € 1.0 for the Climate Check programme, but excludes a bonus of € 1.0 per 100 kg for the use of GMO free feed (participation about 25%).

**Valio:** unchanged

The milk price includes a bonus of € 1,94 for participation in the sustainability/animal health program NASEVA. Milk prices of Valio are based on milk statements of one of its member cooperati

**Savencia:** -0.2

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

The milk price slightly increased due to a special bonus.

Danone's milk price is based on a contract whereby 50% of the A- milk price development is determined by market indicators and 50% by cost price development at dairy farms.

**Lactalis:** -0.1, October + 0.2 and November -0.2

The milk price includes a premium of € 0.07 per 100 kg for participation in the national programme Carte des Bonnes Pratiques d'Elevage (CBPE).

**Sodiaal** (A-price): unchanged as a lower milk price is compensated by a higher seasonal bonus.

La Route Du Lait (LRDL) is Sodiaal's sustainability programme. Dairy farmers receive a premium of € 0.10 per 100 kg for participation which is included in the milk price.

**Saputo Dairy UK:** +1.9 due to the expiration of a seasonal deduction, October + 2.7 due to a seasonal bonus (2 ppl) and a price increase of 0.5 ppl. It is the first price move since the 0.5 ppl price reduction from March 2020.

The milk price is based on producer prices for supplying the Davidstow cheese factory.

**Dairygold:** +1.1

The milk price includes a bonus of € 0.10 for the national sustainability program SDAS (Sustainable Dairy Assurance Scheme), but the bonuses for participating in milk recording (0.1) and Cattle breeding groups herd health (€ 0.05) are not taken into account.

**Glanbia Ingredients Ireland:** +0.4 due to a coop support bonus

The milk price includes a payment of € 0.40 as share of Glanbia Ireland profit.

**Kerry:** unchanged

The milk price includes a bonus of € 0.1 for the SDAS sustainability program.

**Granarolo:** unchanged in September and October

**FrieslandCampina:** -0.2, October +0.5 and November unchanged

The milk price includes an (average) bonus of € 0.65 for outdoor grazing. 83% of Dutch dairy farmers receive an outdoor grazing premium.

**AVERAGE:** +0.28

**Capsa Food** unchanged

**Emmi:** -0.2 due to a currency effect and a slightly lower B-price

In October the calculated milk price will decrease due to the expiration of the seasonal bonus.

The milk price does not include the supplement to the A price of approx. € 2.75 per 100 kg of milk for the national sustainability program "Swiss milk green". The milk is produced under the Suisse Garantie label, which means, among other things, that no GMO feed is used.

Milk prices are based on milk statements of a producer organization that supplies milk to Emmi.

**Fonterra:**

Compared to the previous publication, the milk price has been increased by € 1.7 per 100 kg standard milk as Fonterra recently (15 October 2020) lifted the forecast farm gate milk price. The

calculated milk price is based on the mid-point 6.80 of the most recent forecast farm gate milk price range of 6.30-7.30 NZD per kg milk solids.

**USA: -6.7**

The calculated Class III prices are based on USDA announcements of class and component prices. Expressed in dollars, the US class III milk price decreased from \$ 19.77 in August to \$ 16.43 per cwt (hundredweight (45.36 kg)) in September 2020. Normally, the class III price gives a good indication of the development of the average milk price received. However, the corona crisis has led to extreme fluctuations in the cheese prices on which the class III milk price is based. Because not all milk is processed into cheese, the average milk prices paid in recent months deviate much more from the class III milk prices than before. The average milk price paid, the so-called all milk price, was \$ 18.80 per cwt in August.

**MARKET SITUATION**

(Source: ZuivelNL [www.zuivelnl.org](http://www.zuivelnl.org) )

Official Dutch dairy price quotations (€ per 100 kg)

	<b>28/10/2020</b>	<b>30/9/2020</b>	<b>Average 2019</b>
Butter	335	335	382
Whole milk powder	271	270	293
Skimmed milk powder	217	216	213
Whey powder	72	72	71

The Dutch milk supply in September remained at virtually the same level (+ 0.3%) as in the same month last year. In August there was still a decline due to the prolonged heat period in the summer. The volume in the first nine months of 2020 was 1.6% more than in the same period in 2019. EU milk supply (including the UK) remained almost stable in August, clearly affected by the hot weather conditions. Volume declined in particular in Germany, France, the Netherlands and the United Kingdom. In contrast, Ireland and Poland continued to show growth. On balance, the EU milk supply increased by 1.1% in the period January to August 2020.

Milk production in the other globally important dairy exporting countries again showed strong growth in August. As in July, the US posted an increase of almost 2%. The New Zealand milk supply increased for the fourth month in a row in August (+ 5%). The strong recovery in Argentina (+ 5%), Uruguay (+ 11%) and Australia (+ 4%) continued. The aggregated volume of the major dairy exporters (including the EU) was 1.8% higher in the period January to August 2020 than the year before.

The butter market showed a short-lived price drop in the second half of September, after which the price level stabilized again in October. Demand is still limited at the moment, but due to the still good price of cream (as a result of which producers prefer to sell the fresh cream), the market remains tightly balanced. The price quotation of skimmed milk powder rose in small steps in September and most of October. This increase came to an end at the end of October and there was more pressure on prices. Perhaps a factor is that it is increasingly difficult for Europe to sell skimmed milk powder on the world market at higher price levels. The price quotation of whole milk powder showed slightly more fluctuations in October, with prices rising slightly in the second half of this month.