

STANDARDIZED MILK PRICE CALCULATIONS for October 2019 deliveries 1,000,000 kg/yr.

Prices in euro per 100 kg milk with 4.2% fat, 3.4% protein, 1,000,000 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	1.13		32.22	32.45	0.24
Müller(Leppersdorf)	DE	0.51	0.71		31.48	32.45	
DMK Deutsches Milchkontor eG	DE		0.20		31.26	31.98	
Hochwald Milch eG	DE	0.76			32.53	33.07	0.02
Arla Foods DK	DK	0.89			32.48	32.95	2.30
Valio	FI				35.88	35.23	1.02
Savencia (Basse Normandie)	FR	1.18			35.28	35.01	
Danone (Pas de Calais)	FR				34.64	34.95	
Lactalis (Pays de la Loire)	FR		0.39		34.99	34.93	
Sodiaal (Pas de Calais)	FR	0.58		1.09	36.19	35.32	0.29
Saputo Dairy UK (Dairy Crest)	UK	0.11	0.67	2.22	35.16	32.86	
Dairygold	IE	0.39			29.30	30.44	
Glanbia	IE				29.15	30.53	0.40
Kerry Agribusiness	IE				30.00	31.18	
Granarolo (North)	IT	0.75			41.27	38.71	
FrieslandCampina	NL				34.27	35.36	0.57
AVERAGE MILK PRICE 2)					33.51	33.59	
Emmi	CH		3.37	3.55	55.89	51.02	
Fonterra 3)	NZ				29.17	29.01	
United States Class III 4)	US	0.20			42.39	35.98	

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 monthly milk prices in October 2019 averaged to € 33.51 per 100 kg of standard milk. A decrease of € 0.07 compared to the previous month. Compared to October 2018, the average milk price decreased with € 1.27 or 3.6%.

Most milk prices have hardly changed, if at all, compared to the previous month. An exception is the price increase of Granarolo (+ € 1.9 per 100 kg). The calculated milk prices of Danone and Saputo Dairy UK have also clearly changed, but this is due to seasonal adjustments. The relatively stable development of milk prices in 2019 is best illustrated by Saputo Dairy UK, which did not change the milk price before seasonality from February to December 2019.

In addition to Saputo Dairy UK, the milk prices of Arla, FrieslandCampina, Granarolo and Emmi are also known until December. The milk prices of Granarolo remain the same for the rest of the year. The milk price of Arla remains the same in November, but falls by € 1.0 per 100 kg in December. The milk price of FrieslandCampina increases by € 0.7 and € 0.9 per 100 kg in November and December respectively. The table shows the (advance) milk prices for 2019 and 2018 of the dairy companies whose milk prices are known up to and including December. It concerns a weighted average of the monthly milk prices, without taking into account any possible supplementary payments after the calendar year.

Table Milk prices 2019 en 2018 (€ per 100 kg standard milk, exclusive supplementary payments)

	2019	2018	2019-2018
Arla Foods DK	32.59	33.18	-0.59
FrieslandCampina	35.16	35.50	-0.34
Granarolo	39.26	38.36	+0.90
Saputo Dairy UK	32.77	32.67	+0.10
Emmi	51.55	48.25	+3.30

Based on the milk prices known up to and including October, it is expected that the EU milk prices will fall with the exception of French dairy companies. The decrease is greatest for the Irish companies, followed by the German ones. The sharp rise in the milk price of the Swiss company Emmi is striking. Milk prices in the United States will also rise sharply in 2019 compared to 2018. The class III milk price rose further in October and is well above the EU average

Price changes in October 2019 (€ per 100 kg) compared to the previous month and additional information per company

Milcobel: unchanged

Muller: unchanged

The milk price is exclusive of a bonus of € 1.0 per 100 kg for the use of GMO free feed.

DMK Deutsches Milchkontor eG: October and November unchanged

The milk price includes an (average) bonus of € 0.66 for participation in the Milkmaster sustainability program, but excludes a € 0.7 bonus for the use of GMO free feed.

Based on the annual report 2018, the average Milkmaster bonus has been increased from € 0.60 with retroactive effect from January 2018 to € 0.66 per 100 kg.

Hochwald eG: unchanged

The milk price does not include the bonus of € 1.00 per 100 kg for the use of GMO-free feed.

Arla: -October unchanged, November unchanged and December -1.0.

The milk price includes a bonus of € 1.0 for participation in the quality and sustainability program Arlagarden Plus, but excludes a bonus of € 1.0 per 100 kg for the use of GMO free feed and € 0.5 per 100 kg for welfare.

Valio: unchanged

The milk price includes a bonus of € 2.0 for participation in the sustainability/animal health program NASEVA. Milk prices of Valio are based on milk statements of one of its member cooperatives.

Savencia: -0.6

Danone: (A-price): -2.8

Lactalis: October and November unchanged.

When dairy farmers deliver more milk to Lactalis than contractually agreed, they pay a fine for the additional liters supplied. The total amount of fines received is paid by Lactalis to the farmers in the form of an extra quality premium in the months of September, October and November. This bonus of € 0.3 per 100 kg has been retroactively incorporated in the milk price of September and included in the calculated milk price of October

Sodiaal (A-price): -0.5 due to a lower seasonal premium

Saputo Dairy UK: +1.2 due to a higher seasonal premium and an increase of the value of the British pound against the euro

Expressed in pence per liter and before seasonality the milk price remains unchanged until December. The milk price is based on producer prices for supplying the Davidstow cheese factory.

Dairygold: unchanged

The milk price includes a bonus of € 0.1 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: unchanged

The milk price includes a € 0.95 support payment paid by the Glanbia cooperative.

From 13 November, Glanbia offers dairy farmers the option of supplying a limited quantity of milk in the calendar year 2020 with a fixed base milk price of 31 cents per liter (including 5.4% VAT and 3.6% fat and 3.3% protein). It is already the 14th scheme that Glanbia offers its dairy farmers such a possibility with the result that more and more dairy farmers receive for part of the milk supplied a fixed milk price which differs from the monthly milk prices.

Kerry: unchanged

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

Granarolo: +1.9, November and December unchanged

FrieslandCampina: -0.2 ,November +0.7 and December +0.9

The milk price includes an (average) bonus of € 0.63 for outdoor grazing, but excluding a bonus of € 1.0 per 100 kg for the use of GMO free feed.

AVERAGE: -0.07

Note the published milk price for September has been increased by 0.02 retroactively (see comments on Lactalis).

Emmi: -0.3 due to a devaluation of the value of the Swiss franc against the euro, November and December a slight increase of the B-price. Though the B-price increase the calculated milk price for November and December will decrease due to a lower seasonal bonus.

The milk price excluded a bonus of € 2.75 per 100 kg for the national sustainability program swissmilk green.

Fonterra: -0.2 due to a devaluation of the value of the New Zealand dollar against the euro
The calculated milk price is based on a forecast milk price of 6.50 (range of \$6.25-\$6.75) plus forecast earnings of 0.20 (range 15-25 cents) or in total 6.70 NZ\$ per kg milk solids.

USA: +0.7

Expressed in dollars, the US class III milk price increased from \$ 18.31 in September to \$ 18.72 per cwt (hundredweight (45.36 kg)) in October.

MARKET SITUATION

(Source: ZuivelNL www.zuivelnl.org)

Official Dutch dairy quotations (€ per 100 kg)

	27/11/2019	30/10/2019	Average 2018
Butter	359	352	499
Whole milk powder	310	304	269
Skimmed milk powder	257	243	149
Whey powder	70	65	70

The EU milk supply increased by 1% in September, as in the previous month. Cumulatively, the EU milk supply in the first three quarters of 2019 was 0.5% higher than in 2018. Germany, France and the Netherlands again showed an increase in September. Irish milk supply remained virtually unchanged in this month, ending an exponential growth period. Milk production in the other globally important dairy exporting countries showed a mixed picture in September. Milk supply in Argentina (+ 1%) and the US (+ 1%) grew. Volume in Australia (-5%), New Zealand (-1%) and Uruguay (-3%) declined in this month. The aggregate growth rate of the major dairy exporters (including the EU) was still slightly negative at -0.1 during this period. After a few months of slight increase, the price level of butter stabilized in the second half of October. The butter market picked up again at the end of November as a result of fairly good demand, also from various export destinations. The market for skimmed milk powder is fixed and remains positive. The price quotation rose further due to good demand, in particular in Asia, and the somewhat limited supply. There is still little activity on the market for whole milk powder. The price quotation moves with the developments in the market for butter / milk fat and skimmed milk powder and has increased since mid-August.

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		quality	volume	season			
Milcobel	BE	0.73	0.75		31.69	31.92	0.24
Müller(Leppersdorf)	DE	0.51	0.61		31.38	32.35	
DMK Deutsches Milchkontor eG	DE		0.15		31.10	31.82	
Hochwald Milch eG	DE	0.76			32.51	33.05	0.02
Arla Foods DK	DK	0.89			32.42	32.89	2.30
Valio	FI				35.88	35.23	1.02
Savencia (Basse Normandie)	FR	1.18			35.28	35.01	
Danone (Pas de Calais)	FR				34.64	34.95	
Lactalis (Pays de la Loire)	FR		0.24		34.84	34.79	
Sodiaal (Pas de Calais)	FR	0.58		1.09	36.19	35.32	0.29
Saputo Dairy UK (Dairy Crest)	UK	0.11	0.33	2.22	34.83	32.53	
Dairygold	IE	0.39			29.30	30.44	
Glanbia	IE				29.15	30.53	0.40
Kerry Agribusiness	IE				30.00	31.18	
Granarolo (North)	IT	0.75			41.27	38.71	
FrieslandCampina	NL				34.15	35.24	0.57
AVERAGE MILK PRICE 2)					33.41	33.50	
Emmi	CH		3.20	3.55	55.72	50.84	
Fonterra 3)	NZ				29.17	29.01	
United States Class III 4)	US	0.20			42.39	35.98	

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Valio	FI				35.88	35.23	1.02
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AVERAGE MILK PRICE 2)					33.55	33.63	
Emmi	CH		3.55	3.55	56.07	51.19	
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