

### STANDARDIZED MILK PRICE CALCULATIONS for NOVEMBER 2015 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			
<b>Milcobel</b>	BE	0.73	1.37		<b>26.39</b>	28.26	
<b>Müller(Leppersdorf)</b>	DE	0.51	0.61		<b>27.86</b>	28.46	
<b>DMK</b>	DE		0.15		<b>26.18</b>	27.78	
<b>Arla Foods DK</b>	DK	0.83			<b>28.55</b>	29.40	1.53
<b>Hämeenlinnan O.</b>	FI				<b>37.79</b>	38.32	1.94
<b>Bongrain (Basse Normandie)</b>	FR	1.18			<b>30.70</b>	32.85	
<b>Danone (Pas de Calais)</b>	FR				<b>28.19</b>	33.07	
<b>Lactalis (Pays de la Loire)</b>	FR				<b>31.14</b>	32.26	
<b>Sodiaal (Pas de Calais)</b>	FR	0.58			<b>32.32</b>	33.33	
<b>Dairy Crest (Davidstow)</b>	UK	0.14	0.41	2.75	<b>36.31</b>	34.80	
<b>First Milk (compositional)</b>	UK	2.06	1.37		<b>28.40</b>	28.11	
<b>Glanbia</b>	IE				<b>23.99</b>	26.53	
<b>Kerry Agribusiness</b>	IE				<b>25.56</b>	28.12	
<b>Granarolo (North)</b>	IT	1.15	3.42		<b>38.29</b>	39.37	
<b>DOC Cheese</b>	NL	0.03	0.34		<b>25.18</b>	26.47	1.02
<b>FrieslandCampina</b>	NL	0.05	0.75		<b>28.93</b>	29.85	2.92
<b>AVERAGE MILK PRICE 2)</b>					<b>29.74</b>	<b>31.06</b>	
<b>Emmi</b>	CH		3.24		<b>51.06</b>	51.39	
<b>Fonterra 3)</b>	NZ				<b>23.68</b>	23.13	
<b>United States Class III 4)</b>	US	0.17			<b>36.80</b>	35.95	

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 November 2015 averaged € 29.74 per 100 kg standard milk. A decrease of € 0.26 compared to the previous month. Compared to November 2014, this is a reduction of € 4.69 or 13.6%.

In November, Dutch and German companies have increased their milk prices. The calculated milk price of FrieslandCampina increased with 0.7 and DOC, Muller and DMK with 1.0 euro per 100 kg standard milk. French milk prices - excluding Lactalis - declined in November by 0.8 to almost 2.0 euro per 100 kilograms. These milk price reductions are consistent with previous years. French milk prices peak in the summer and then strongly decline the last months of the year.

The milk price of Irish Kerry fell by 1.0 euro, while milk prices of British dairies Dairy Crest and First Milk also dropped. However, because of the rise in the British pound against the euro, the calculated milk price expressed in euros have fallen less (Dairy Crest) or not (First Milk).

As milk prices are known until November and for some dairy companies including December an estimate of the development of milk prices in the calendar year 2015 is made.

On average milk prices fell in 2015 by about 20% compared to the previous year. It should be noted, for some companies – mainly coops - the monthly paid milk prices are not definitive. Depending on supplementary payments after the calendar year the final milk prices of these companies is higher. Assuming a decrease of also the definitive milk prices by 20% the average milk price of 2015 will be between € 31 and € 31.5 per 100 kg. After the record year of 2014 milk prices on average are back to one of the lowest levels in years. Only in 2009 the price of milk was (much) lower at € 27.53 per 100 kg.

The fall in milk prices is for about half of the companies around 15% and for the other companies around 25%. The milk prices of French dairy companies, Finnish Hameenlinnan Osuusmeijeri, Italian Granarolo and British Dairy Crest are roughly fallen by around 15%. For the other companies, the percentage decline around 25%. British milk price declines - expressed in euros- are limited by the rise in the British pound against the euro. In pence per liter, the milk prices of Dairy Crest and First Milk decreased by more than 20 and 30% respectively.

Expressed in national currency is the milk of Swiss Emmi decreased in 2015 by approximately 10%. In USA (class III) and New Zealand (Fonterra 2015/16 compared to 2014/15), milk prices fell the most with 30 and 40% respectively compared to the previous year.

### **Price changes in November 2015 (€ 100 per kg compared to the previous month) and additional information per company**

**Milcobel:** unchanged, milk price exclusive of payments for crisis support

**Muller:** + 1.0

**DMK:** + 1.0, December + 1.0

**Arla:** November and December unchanged. In January a calculated increase of + 0.1 caused by a change in the protein/fat price ratio of 1.5 to 1.6.

**Hameenlinnan Osuusmeijeri:** (provisional) unchanged

**Bongrain:** -1.7

**Danone (A-price):** -1.9

**Lactalis:** unchanged  
**Sodiaal (A-price):** -0.8

**Dairy Crest:** -0.7. The price cut of 1,5 ppl is expressed in euros limited by the appreciation of the British pound against the euro. December – 0.6 ppl. January until 29<sup>th</sup> February 2016 no further price reductions as Dairy Crest Direct – representing the suppliers – has negotiated and agreed a ‘milk price floor’ to add some much needed stability.

**First Milk (A-price):** +0.2. The price cut of 0.58 ppl is offset by the stronger British pound. The calculated milk prices from July onwards are derived from milk price information of the First Milk Haverford west contract as published by AHDB (Agriculture & Horticulture Development Board, [www.dairy.ahdb.org.uk](http://www.dairy.ahdb.org.uk)). The calculated milk prices are inclusive of the Tesco winter milk bonus of 1.54 (September) and 2.24 ppl (from October onwards). The milk price of October is retrospectively corrected from € 28.64 to € 28.18 per 100 kg.

**Glanbia:** unchanged, milk price exclusive of coop support (1.0 cent per liter)  
**Kerry:** - 1.0

**Granarolo:** unchanged

**DOC Cheese:** + 1.0

**FrieslandCampina:** + 0.7, December + 0.2 and January -0.7.

**Emmi:** -3.4 (provisional) due to no seasonal bonus in November.

**Fonterra:** +0.3 due to a change of the exchange rate. In national currency no change.

**USA:** - 1.6. The US Class III milk price decreased from to \$ 15.46 in October to \$ 15.30 per hundredweight (45.36 kg).

## MARKET SITUATION

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

	6/1/16	2/12/15	7/1/2015
Butter	275	292	272
Whole milk powder	210	220	221
Skimmed milk powder	167	169	173
Whey powder	51	50	74

In several EU member states like Ireland, the Netherlands, Belgium, Denmark and Germany much more milk is supplied. Outside Europe, growth seems to be diminishing. In New Zealand milk production is since the start of the new milk year at a lower level than last year. In the US in recent months there is a slowdown in the growth of the milk supply.

The revival of the dairy market in September and October was short-lived. Since November the prices were down again. The reluctance of buyers makes that the extra supply, especially from the EU, is not fully absorbed by the market and stocks increase. For the coming period further intervention purchases for skimmed milk powder are expected.

The results of the two GDT auctions in December were generally positive, although the picture differed by product. Butter prices increased further, already in mid-November. In December the price of whole milk powder recovered a little. The price of skimmed milk powder increased in early December, but this was short-lived. In mid-December a lower sale price was again noted. The first GDT auction in 2016 showed a decrease again.