

STANDARDIZED MILK PRICE CALCULATIONS for January 2020 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		33.72	32.34	0.24
Müller(Leppersdorf)	DE	0.51	0.71		31.48	31.93	
DMK Deutsches Milchkontor eG	DE		0.20		32.68	31.77	
Hochwald Milch eG	DE	0.76			32.53	32.61	0.69
Arla Foods DK	DK	0.89			32.46	32.57	2.30
Valio	FI				35.88	35.47	1.02
Savencia (Basse Normandy)	FR	1.18			35.09	35.17	
Danone (Pas de Calais)	FR				33.96	35.01	
Lactalis (Pays de la Loire)	FR		0.39		35.42	34.91	
Sodiaal (Pas de Calais)	FR	0.58		-0.49	34.78	35.21	0.29
Saputo Dairy UK (Dairy Crest)	UK	0.11	0.69		33.95	32.95	
Dairygold	IE	0.39			31.80	30.73	
Glanbia	IE				32.52	30.40	0.40
Kerry Agribusiness	IE				32.01	31.03	
Granarolo (North)	IT	0.75			39.33	39.38	
FrieslandCampina	NL				34.63	35.06	0.57
AVERAGE MILK PRICE 2)					33.89	33.53	
Emmi	CH		3.44		54.59	51.94	
Fonterra 3)	NZ				33.91	31.98	
United States Class III 4)	US	0.18			38.39	38.78	

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 January 2020 averaged to € 33.89 per 100 kg of standard milk. A decrease of € 0.14 compared to the previous month. Compared to January 2019, the average milk price decreased with € 0.04 or 0.1 %.

Again, milk prices have hardly changed on average. A number of decreases are offset by a number of price increases. Price drops mainly concern Granarolo, Saputo Dairy UK and FrieslandCampina with a milk price decrease of € 1.9, € 1.8 and € 1.3 per 100 kg of standard milk respectively. French and Irish milk prices, on the other hand, rose. Class III milk prices in the USA increased sharply in 2019, but after the fall in December the year 2020 also started with a sharp fall in January of € 5.0 per 100 kg. Milk prices seem to remain fairly stable in the coming two months. The milk prices of Arla and FrieslandCampina will increase slightly on balance, namely Arla February unchanged and March + € 1.0 and FrieslandCampina + € 0.7 and - € 0.2 in these months. The milk prices of Saputo Dairy UK will fall in February (- € 0.8) and March (- € 0.6). They will then not drop until June.

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

Milcobel: unchanged

Müller: unchanged

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

DMK Deutsches Milchkontor eG: +0.2, February unchanged

In addition to a small correction of the December milk price (+0.02), the monthly milk prices were increased retroactively from January 2019 onwards by € 0.20 as a bonus for the possibility to collect the milk at any time of the day.

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. About 2/3 of the collected milk is GMO free (VLOG certified).

The milk price includes an average Milkmaster of € 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. Almost all milk collected is GMO free (VLOG certified).

The most recent supplementary payment has been updated with the supplementary payment of € 0.69 per 100 kg standard milk, which dairy farmers received in mid-2019 for the milk delivered in 2018.

Arla: January and February unchanged, March +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: January and February unchanged, March -0.5

Danone: (A-price): +0.8

Lactalis: (provisional) -0.2, February unchanged
Sodiaal (A-price): +0.6 due to a lower seasonal deduction

Saputo Dairy UK: -1.8 mainly due to the expiration of the seasonal bonus.
In February the milk price before seasonality will decrease with 0.7 ppl or € 0.8 per 100 kg and in March -0.5 ppl or - 0.6 euro, but this new price will then be a guaranteed floor for producers until the end of June '20.
The milk price is based on producer prices for supplying the Davidstow cheese factory.

Dairygold: unchanged
For 2019, dairy farmers received a bonus of 0.5 cents per liter (incl. VAT) or € 0.46 per 100 kg standard milk excluding VAT. This amount has been included retroactively in the monthly milk prices of 2019. In January 2020 the milk price was increased by the same amount so on balance no change compared to the adjusted milk price of December.
The milk price is currently excluding the Early Calving Bonus of 3 cents per liter in January.
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: +1.4
In addition to an increase of the milk price with € 1.00 in January, dairy farmers will receive from January onwards a bonus of € 0.40 from the Glanbia cooperative as a share in the profit of Glanbia Ireland. The milk price is currently excluding an Early Calving Bonus of 4 cents per liter in January. With the January milk statement, the dairy farmers also received a supplementary payment ("trading bonus") for the milk delivered in 2019. This is not yet included in the calculated milk prices. The milk price includes a € 0.95 support payment paid by the Glanbia cooperative.

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

Granarolo: -1.9

FrieslandCampina: -1.3 , February +0.7 and March -0.2
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: -0.14
Note the average milk price of December 2019 has been updated from € 33.99 to € 34.03 per 100 kg due to the adjusted milk prices of DMK and Dairygold.

Emmi: +1.4 due to a price increase and a stronger Swiss franc against the euro.
The milk price excluded a bonus of € 2.75 per 100 kg for the national sustainability program swissmilk green.

Fonterra: +0.1 due to the exchange rate
The calculated milk price is based on the mid-points of the most recent forecast ranges for the milk price (7.30) and earnings (0.20) or in total 7.50 NZ\$ per kg milk solids.

USA: -5.0
Expressed in dollars, the US class III milk price decreased from \$ 19.37 in December 2019 to \$ 17.05 per cwt (hundredweight (45.36 kg)) in January 2020.

MARKET SITUATION

(Source: ZuivelNL www.zuivelnl.org)

Official Dutch dairy quotations (€ per 100 kg)

	27/2/2020	29/1/2019	Average 2019
Butter	350	357	382
Whole milk powder	300	304	293
Skimmed milk powder	250	264	213
Whey powder	75	83	71

Dutch milk supply has shown an increase since August last year. The volume also increased by more than 3% in January 2020. This growth is no more than a partial recovery from the sharp decline that took place in 2018 and the first seven months of 2019 as a result of the phosphate regulation and the impact of the major drought in the summer of 2018.

The EU milk supply grew by more than 1% in December, which meant a small acceleration in growth compared to the previous three months. Cumulatively, the milk supply in 2019 was 0.6% higher than in 2018.

The increase in Germany, France, the Netherlands and Poland continued in this month. Irish milk supply fell sharply during the fourth quarter. This brought an end to an exponential rise. Milk production in the other globally important dairy exporting countries showed a mixed picture in December. On the one hand, milk production declined in New Zealand (-0.5%) and Uruguay (-6%). On the other hand, the US and Argentina scored a plus. In the USA, however, the volume grew modestly (less than 1%), just like in November. Argentina saw milk production increase by 4% in December. Australian milk production remained the same in this month. The aggregate volume of the major dairy exporters (including the EU) was slightly higher in the 2019 calendar year with a growth of 0.1% than in 2018.

There is currently considerable uncertainty on the market due to the Corona crisis. A weakening can be seen with all products, even though the foundations still seem to be good. Sales and price developments mainly suffer from the negative sentiment. This makes buyers very reluctant and purchases are postponed. An additional problem of the Corona crisis is that containers are not unloaded in China, which means that there is a risk of a worldwide shortage of containers for shipping goods.

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		quality	volume	season			
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Müller(Leppersdorf)	DE	0.51	0.61		31.38	31.83	
DMK Deutsches Milchkontor eG	DE		0.15		32.52	31.61	
Hochwald Milch eG	DE	0.76			32.51	32.59	0.69
Arla Foods DK	DK	0.89			32.41	32.51	2.30
Valio	FI				35.88	35.47	1.02
Savencia (Basse Normandy)	FR	1.18			35.09	35.17	
Danone (Pas de Calais)	FR				33.96	35.01	
Lactalis (Pays de la Loire)	FR		0.24		35.28	34.79	
Sodiaal (Pas de Calais)	FR	0.58		-0.49	34.78	35.21	0.29
Saputo Dairy UK (Dairy Crest)	UK	0.11	0.34		33.61	32.62	
Dairygold	IE	0.39			31.80	30.73	
Glanbia	IE				32.52	30.40	0.40
Kerry Agribusiness	IE				32.01	31.03	
Granarolo (North)	IT	0.75			39.33	39.38	
FrieslandCampina	NL				34.48	34.94	0.57
AVERAGE MILK PRICE 2)					33.80	33.44	
Emmi	CH		3.26		54.41	51.76	
Fonterra 3)	NZ				33.91	31.98	
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