

STANDARDIZED MILK PRICE CALCULATIONS for January 2021 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) ¹		Bonuses/deductions (included) ²					MILK PRICE this month	av. last 12 months ³	recent ⁴ suppl. payment
		fat	protein	quality	quantity	season	sustainability	Milk flows			
Milcobel	BE	3.74	3.74	0.73	1.13				30.12	29.24	
Müller(Leppersdorf)	DE	2.52	4.54	0.51	0.71			0.99	32.61	31.50	
DMK Deutsches Milchkontor eG	DE	3.59	4.67		0.20		0.33	0.59	31.83	32.11	
Hochwald Milch eG	DE	2.50	5.00	0.77			0.65	1.00	33.90	33.40	0.79
Arla Foods DK	DK	3.38	4.73	0.85			1.99		32.11	32.59	2.09
Capsa Food	DE	3.00	3.00						31.69	31.67	
Valio	FI	3.90	6.50				1.94		36.08	35.90	1.07
Savencia (Basse Normandy)	FR	2.95	5.43	1.18					34.79	34.28	
Danone (Pas de Calais)	FR	2.96	5.39						33.41	34.83	
Lactalis (Pays de la Loire)	FR	2.60	6.60		0.39		0.07		34.24	34.30	
Sodiaal (Pas de Calais)	FR	2.96	5.39	0.58			0.10		34.64	34.80	0.19
Saputo Dairy UK (Dairy Crest)	UK	2.90	5.79	-0.54	0.76	2.18			33.33	30.59	
Dairygold	IE	3.66	5.99	0.39		2.91	0.10		35.28	30.85	
Glanbia	IE	3.36	6.06			3.68			34.90	30.50	0.15
Kerry Agribusiness	IE	3.90	5.84				0.10		32.45	31.36	
Granarolo (North)	IT	2.13	4.79	0.75					39.32	38.29	
FrieslandCampina	NL	2.75	5.49				0.24	0.66	33.44	33.52	
AVERAGE MILK PRICE⁵									33.77	32.93	
Emmi	CH	1.85	6.49		4.34				51.72	50.29	
Fonterra 3)	NZ	4.25	4.25						32.33	31.10	0.22
United States Class III 4)	US	2.82	5.50	0.15					32.50	38.65	

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 January 2021 averaged to € 33.77 per 100 kg of standard milk. This is an increase of € 0.34 compared to the previous month. Compared to January 2020, the average milk price decreased with € 0.52 or -1.5 %.

As of this publication, Capsa's milk prices have been included in the average milk price from January 2019. As a result, the average milk prices for the calendar years 2020 and 2019 have fallen by approximately € 0.08 and € 0.15 per 100 kg of milk respectively. Because also a number of retroactive changes have been made – see notes per company – the average for December 2020 has decreased compared to the previous publication, from € 33.53 to € 33.43 per 100 kg of milk.

Again - and that for the 8th consecutive month - the average milk price has risen slightly. Since May 2020, the average milk price has increased by € 1.59 per 100 kg (+4.9%). The biggest increase in January compared to December is the calculated milk price of Dairygold (+2.91). This is entirely due to the early calving bonus paid in January, which is intended to stimulate winter production. Other solid risers are Glanbia (+1.47), Granarolo (+1.45) and Milcobel (+1.40). As for Glanbia, the increase is entirely due to the seasonal supplement, while for the other two companies it is mainly the higher fat-protein values that make the difference. The biggest drop in milk price is observed for the Danish Arla Foods (-1.19), largely due to a decrease in the fat rating. Other companies whose calculated milk price fell sharply were FrieslandCampina (-0.90) and DMK (-0.79). The price decrease of DMK is mainly because the milk price in December has been increased by a supplementary payment of € 0.70 per 100 kg. In January, after the striking jump in December, the class III milk price in the United States (converted into euro per kg standard milk) showed a modest further increase of € 0.60 per 100 kg of standard milk.

The milk price development for the next two months remains difficult to estimate. The dairy market is looking more positive, as reflected by the higher (Dutch) quotations in recent weeks, but the picture of milk price development in February and March is variable and cautious. For example, the milk price of Arla is expected to remain stable in February and to increase slightly in March (+€ 0.5). FrieslandCampina's milk price shows a little plus for both February and March, of € 0.7 and € 0.2 respectively. The milk price of Milcobel will increase by € 0.5 in February, while the milk price of Saputo Dairy UK will remain unchanged until April. At DMK, there will be a decrease (-€ 0.5) in February, but this will be reversed in March (+€ 0.5). Although the milk price of Emmi in February and March will be higher compared to January, the calculated milk price for those months will be lower due to seasonality.

Both Arla and FrieslandCampina have announced the annual results for the 2020 calendar year. From this the provisional supplementary payments for the milk supplied in 2020 have been calculated. Based on the information in the annual report, a supplementary payment (including individual capital) of € 2.09 has been calculated for all Arla member dairy farmers. This provisional supplementary payment is an average calculated based on the amounts and member milk in flow stated in the annual report. According to FrieslandCampina's annual report, no additional payment will be made for 2020 nor any nominal reservations (member bonds).

Price changes in January 2021 (€ per 100 kg) compared to the previous month and additional information per company.

Milcobel: +1.4, February +0.5

Müller: unchanged

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: -0.8, February -0.5 and March +0.5

With the milk price statement of January, DMK dairy farmers received a supplementary payment for the milk delivered in 2020. This amounted € 0.10 (January to August) and € 0.70 (September to December) per 100 kg of milk. This supplementary payment has been retroactively included in the monthly milk prices.

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: +0.3

Due to an adjustment of the conversion factor from liters to kilograms – from January 2021, 1 liter equals 1.03 kg (was 1.02 kg) – the calculated milk price has increased by approximately 1% (x 1.03 / 1.02). The milk price includes an average bonus of € 0.65 for participating in the sustainability program MilchPlus (was € 0.71 in 2020) and the allowance of € 1.00 per 100 kg for the use of GMO-free feed. All milk collected is GMO free (VLOG certified).

Arla: -1.2. February unchanged, and March +0.5

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%).

Capsa Food: unchanged

Valio: +0.2

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 coops.

Savencia: +0.2, February -0.2 and March unchanged

Danone: (A-price): (nearly) unchanged

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: +0.2

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

Sodiaal (A-price): -0.3

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: +0.5 due to an increase of British pound against the euro. In pence per liter and before seasonality the milk prices remain unchanged till the end of April 2021.

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

Dairygold: +2.9 due to a seasonality bonus (Early Calving Bonus of 3 cpl).

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: +1.5 due to mainly a higher seasonality bonus

Glanbia uses two winter milking schemes. The most common scheme was chosen retroactively, with a Late Supply Bonus of 2 cents per liter (cpl) in December and seasonal bonuses of 4 and 3 cpl in January and February respectively. Excluding 5.6% VAT and per 100 kg these bonuses correspond to € 1.9, € 3.8 and € 2.8 per 100 kg. In the previous publication, a bonus of 4 cpl or € 3.7 per 100 kg was assumed in December.

As of January, the 0.4 cpl bonus as extra support for its members has expired.

For 2020, dairy farmers received a supplementary payment in the form of a so called 'trading bonus' of (converted) € 0.15 per 100 kg of milk. For individual dairy farmers, the amount of this bonus per liter of milk supplied varies depending on the size of other transactions with the cooperative, such as the purchase of feed and fertilizer. The milk comparison is based on the average bonus, based on the total amount paid out by Glanbia divided by the total amount of milk supplied.

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

Kerry: +0.4

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

Granarolo: +1.5

FrieslandCampina: -0.9, February +0.7 and March + 0.2

From 2020, the calculated milk price includes an (average) supplement of € 0.24 per 100 kg for the Foqus planet quality and sustainability program. Up to now, this supplement was not included, because until 2019, the total of payments paid out had been equal to the deductions, so on average zero. From January 2020, according the 2020 annual report, an average of € 0.24 per 100 kg has been paid by the company.

The average supplement for outdoor grazing has been increased retroactively from January 2020 from € 0.65 to € 0.66 per 100 kg. Almost 84% of Dutch dairy farmers receive an outdoor grazing premium.

AVERAGE: +0.16

Please note: The previously published average for December 2020 has been reduced from € 33.53 to € 33.43. This is due to the inclusion of Capsa in the average and some corrections (see notes for some of the companies)

Emmi: +1.4 due to a higher A price, February and March a small increase and decrease respectively due to a slightly higher and then lower B price. However, the calculated milk prices in these months will be considerably lower due to seasonal deductions.

Compared to previous publications, the milk price has been reduced retroactively. This is mainly due to the mandatory deduction of 3.6 (from October 2019) Swiss francs per 100 kg for the so called BOM fund. The money from this fund of the Branch Organization Milk ('*Branchenorganisation Milch*' -BOM) is used for 'import defense' and raw material discounts for the food industry. In addition to this deduction, the quantity bonus has also been updated.

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: On February 3rd 2021 Fonterra increased its milk price forecast for the current milk price year 2020/21 from range NZD 6.80-7.30 to NZD 6.90-7.50 per kg of milk solids. The calculated milk price is based on the mid-point 7.20 (was 7.05) NZD per kg of milk solids.

USA: +0.6

The calculated Class III prices are based on USDA announcements of class and component prices. Expressed in dollars, the US class III milk price increased from \$ 15.72 in December to \$ 16.04 per cwt (hundredweight (45.36 kg)) in January 2020.

MARKET SITUATION

(Source: ZuivelNL www.zuivelnl.org)

Official Dutch dairy price quotations (€ per 100 kg)

	27/1/2021	6/1/2021	Average 2020
Butter	345	325	326
Whole milk powder	285	276	276
Skimmed milk powder	240	222	220
Whey powder	93	81	72

After the stable picture in the last four months of 2020, the Dutch milk supply showed a clear decrease in January 2021 (-1.4%), resulting in a volume of almost 1.19 billion kgs. This meant that the supplied volume was about 17 thousand tons behind last year.

EU milk supply (including the UK) showed a modest increase in December (+0.5%), a slightly slower growth rate than in the previous three months. Growth in December mainly took place in Ireland, Poland and the United Kingdom. Germany on the other hand, recorded a decline for the fifth consecutive month. Milk supply also decreased in France in December. Cumulatively, EU milk supply in the calendar year 2020 was ultimately more than 1% higher than in 2019.

Milk production in the other globally important dairy exporting countries showed a positive picture in December. The exception was Australia, where deliveries lagged by 2%. Strong growth took place in Argentina (+7%) and Uruguay (+11%). The US recorded an increase of more than 1%, which means that growth slowed slightly compared to the previous months. New Zealand showed a small increase after the sharp decline in November. The aggregated volume of the major dairy exporters (including the EU) for the full calendar year was about 1.8% higher in 2020 than in 2019 (+5.50 billion kg).

The dairy market has become a lot more dynamic since the beginning of January. After a stable second half of 2020, the (Dutch) quotation of butter rose sharply in the first two months of 2021. The persistently high price of cream plays a role in this, among other things. Moreover, there is little supply and low stocks. Butter producers therefore do not experience any sales pressure. The price of skimmed milk powder showed a strong increase in January on the wave of good global demand. Prices stabilized in February, partly due to weakening demand and strong competition from the US. The (Dutch) quotation of whole milk powder has gone up with the prices of skimmed milk powder and butter. The price level in Europe is now below that of the world market, which has increased the possibilities for European exporters.