

STANDARDIZED MILK PRICE CALCULATIONS for June 2018 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		32.72	33.53	0.24
Müller(Leppersdorf)	DE	0.51	0.71		30.73	34.82	
DMK	DE		0.20		31.93	35.21	
Hochwald Milch eG	DE	0.76	1.01		31.46	34.76	0.10
Arla Foods DK	DK	0.87			31.58	34.22	1.28
Valio	FI				34.90	36.44	0.92
Savencia (Basse Normandie)	FR	1.04			32.51	33.99	
Danone (Pas de Calais)	FR				33.20	34.72	
Lactalis (Pays de la Loire)	FR		0.39		32.66	33.81	
Sodiaal (Pas de Calais)	FR	0.58			34.08	34.67	0.23
Dairy Crest (Davidstow)	UK	0.11	0.66	-2.49	28.23	32.33	
Dairygold	IE	0.39			32.30	34.49	
Glanbia	IE				32.09	33.88	
Kerry Agribusiness	IE				32.43	34.45	
Granarolo (North)	IT	0.77			37.85	39.76	
Royal A-ware	NL	0.50	1.28		33.58	38.27	
FrieslandCampina	NL				33.75	37.11	1.27
AVERAGE MILK PRICE 2)					32.71	35.09	
Emmi	CH		3.20		48.32	48.19	
Fonterra 3)	NZ				31.29	31.36	
United States Class III 4)	US	0.15			33.19	32.68	

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 June 2018 averaged to € 32.71 per 100 kg of standard milk and a delivery of 1,000,000 kg per year (new standard). An increase of € 0.60 compared to the previous month. Compared to June 2017, the average milk price is € 1.43 or 4.2 % lower.

New standard annual delivery

From this publication onwards calculated milk prices will be based on standard milk with an annual supply of 1,000,000 kg (was 500,000 kg/yr.). Because the milk prices of the previous months and years have also been adjusted to a supply of 1 million kg, the comparison with May 2018 and June 2017 therefore relates to the same standards.

The reason for increasing the standard annual delivery is the average farm size has increased over the years and nowadays is clearly higher than the standard of 500,000 kg milk used so far (see table). Assuming that the farm size continues to increase in the coming years and taking into account the larger size of specialized dairy farms, 1 million kg is taken as a standard.

Table Average milk production (kg per year) per farm in 2016

Denmark	1,654,418
United Kingdom	1,129,961
Netherlands	826,462
Belgium	509,877
Germany	472,379
France	426,537
Italy	399,795
Ireland	399,337
Finland	321,004
Average	682,197

(source: ZuivelNL)

The average of the calculated milk prices increased by about € 0.20 per 100 kg as a result of the increase in the annual delivery from 500,000 kg to 1,000,000 kg per year. The differences between companies may be greater, depending on the amount of fixed monthly costs withheld and - in particular - any volume bonuses. An analysis of the effects of annual supply for milk prices was made in the previous publication (May milk prices). The volume bonuses/adjustments per company are specified in the monthly milk price table.

Because of the continuity and the spread in average farm sizes between the countries, as a supplement to the new standard from this publication onwards, milk prices are calculated and published based on the old standard of 500,000 kg (see Annex A) and 1,500,000 kg (see Annex B). Also the recent published annual report with milk prices 2017 is extended with milk prices based on an annual delivery of 1,000,000 kg and 1,500,000 kg. This extended version is available at www.milkprices.nl.

Milk price development June

For the first time since November 2017, the average milk price has increased. No dairy company has decreased their milk price. Milcobel milk price increased most (€ 2.3 per 100 kg).

Regarding the announcements, the average milk price will continue to rise in July and August.

British Dairy Crest has announced price increases for the next three months totaling 2.9 pence per liter or about € 3.3 per 100 kg. This price increase includes a supplementary payment of 0.5 ppl from September 2018 for its farmers due to the extreme weather conditions.

Arla and FrieslandCampina announced milk prices for July and August. In both months Arla increases the milk price by a total of € 2.8 per 100 kg, while FrieslandCampina does not change the milk price for August after an increase of € 1.5 in July. DMK increases the milk price in July by € 1.0 per 100 kg. Also the French companies Savencia (July + € 2.4 and August unchanged) and Lactalis (July to September total € 2.3 per 100 kg) have announced price increases. The milk price of Granarolo remains the same in July.

Price changes in June 2018 (€ 100 per kg compared to the previous month) and additional information per company

Milcobel: + 2.3

For milk delivered in 2017 Milcobel made a supplementary payment of € 0.24 per 100 kg.

Muller: unchanged

The bonus of € 1.0 per 100 kg for GMO free feed is not included in the calculated milk price.

DMK: +1.0 and July + 1.0

Hochwald eG: unchanged

Arla: +1.0, July +1.8 and August + 1.0

Valio: unchanged

Milk prices of Valio are based on milk statements of one of its member cooperatives.

Savencia: unchanged, July +2.4 and August unchanged

Danone: (A-price): +1.1

Lactalis: +0.7, July +1.3, August +0.5 and September +0.5

Sodiaal (A-price): +1.5

For milk delivered in 2017 Sodiaal made a supplementary payment of € 0.23 per 100 kg

Dairy Crest: +0.2 due to lower seasonal deduction, July + 0.65 pence per liter,

August +1.75 ppl and September + 0.5 ppl. Total + 2.9 ppl or about € 3.0 per 100 kg.

Dairygold: unchanged

Glanbia Ingredients Ireland: +2.0

Kerry: unchanged

Granarolo: unchanged, July unchanged

The previously published provisional milk prices of Granarolo have been corrected with retroactive effect from January 2018 onwards based on new information. As a result, the calculated milk price has fallen compared to previous publications with € 1.0 (up to and including March 2018) and from March onwards with € 3.0 per 100 kg.

Royal A-ware: +0.3 and July +1.0

FrieslandCampina: +0.2, July +1.5 and August unchanged

AVERAGE: +0.60

Due to the adjustment of the standard annual delivery and the correction of Granarolo milk price, the average milk price of this month is not comparable with previously published milk prices. In spite of this, the re-calculated milk price of May 2018 (€ 32.11) is almost the same as the milk price published last month (€ 32.10). This is because the effect of a larger annual delivery (+ € 0.2) coincides with the consequences of the correction of the Granarolo milk price (- € 0.2).

Emmi: +4.5 mainly due to the expiration of the seasonal deduction.

Fonterra: unchanged

USA: +0.5 mainly due to an appreciation of the US dollar against the euro. The USA Class III milk price increased from \$ 15.18 in May to \$ 15.21 per cwt (hundredweight (45.36 kg)) in June.

MARKET SITUATION

(Source: ZuivelNL www.zuivelnl.org)

Official Dutch dairy quotations (€ per 100 kg)

	1/8/2018	2/7/2018	Average 2017
Butter	525	586	521
Whole milk powder	275	290	285
Skimmed milk powder	146	156	175
Whey powder	71	70	78

In the EU, milk production appears to be picking up again. After two months of limited growth, an increase of over 2% was achieved in May. Greatest growth took place in Germany, Poland and Italy. Milk supply in France, the United Kingdom and Ireland stabilized in May and recovered from the reduction in the month (s) before that.

There is growth outside Europe. Milk supply in important dairy exporting countries Argentina, Australia, New Zealand, Uruguay and the United States increased in May. In the latter country, the growth rate did decline, with an increase of less than 1% in the months of April and May. The New Zealand milk supply recovered in those seasonally lower production months after a period of decrease.

Since June, butter price quotations have been under pressure. There is currently little demand due to the holiday period and the fact that customers are sufficiently covered up to and including the third quarter. Moreover, there is sufficient supply. Buyers are in no hurry and are still waiting with their purchases, because it is expected that the butter price will drop even further. The price quotation of skimmed milk powder has also been under pressure again since mid-June. The market is very quiet and there is little buying interest, as a result of which the sales pressure gradually increases. The amount of intervention powder released pushes the market down further. Despite the quiet market, the price quotation of full milk powder is still reasonably stable. However, the pressure on prices seems to be on the rise due to falling fat and protein prices and limited demand.

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FrieslandCampina	NL				33.79	37.15	1.27
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