

STANDARDIZED MILK PRICE CALCULATIONS for September 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		34.72	32.66	0.24
Müller(Leppersdorf)	DE	0.51	0.71		32.96	33.35	
DMK	DE		0.20		34.59	34.27	
Hochwald Milch eG	DE	0.76			32.93	34.39	0.10
Arla Foods DK	DK	0.95			34.31	33.79	1.28
Valio	FI				34.90	36.08	0.92
Savencia (Basse Normandie)	FR	1.04			33.49	33.88	
Danone (Pas de Calais)	FR				37.55	35.09	
Lactalis (Pays de la Loire)	FR		0.39		35.32	33.72	
Sodiaal (Pas de Calais)	FR	0.58			36.51	34.73	0.23
Dairy Crest (Davidstow)	UK	0.11	0.65	1.63	35.02	32.81	
Dairygold	IE	0.39			32.30	33.40	
Glanbia	IE				32.21	32.81	
Kerry Agribusiness	IE				33.43	33.62	
Granarolo (North)	IT	0.77			37.87	39.17	
Royal A-ware	NL	0.50	1.28		35.20	36.81	
FrieslandCampina	NL				36.42	36.49	1.27
AVERAGE MILK PRICE 2)					34.69	34.53	
Emmi	CH		3.28	3.46	52.96	48.23	
Fonterra 3)	NZ				28.70	30.22	
United States Class III 4)	US	0.16			34.85	32.15	

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 September 2018 averaged to € 34.69 per 100 kg of standard milk. An increase of € 0.34 compared to the previous month. Compared to September 2017, the average milk price is € 2.51 or 6.7 % lower.

Although the average milk price increased for the fifth consecutive month, the increase has begun to level off. A few (limited) price increases have been announced for October, but for November the most milk prices remain the same - as far as we know. An exception is FrieslandCampina, who after a price increase in October reduces the milk price in November by € 0.7 per 100 kg.

Dairy farmers who supply to the French companies Savencia and Lactalis and the British Dairy Crest have clarity about the level of the milk price for the rest of the year or even longer. Dairy Crest holds the milk price for October and November and announced a price floor for December and January.

Outside Europe, the picture varies. New Zealand's Fonterra, which exports the vast majority of its production to the world market, has lowered the milk price forecast for the current year, while in the US milk prices are rising.

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

Milcobel: +0.8

Muller: +1.2

DMK: + 0.5 ,October and November unchanged

Hochwald eG: unchanged

Arla: unchanged ,October + 0.9 and November unchanged.

Valio: unchanged

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

Savencia: -1.5, October +0.5, November and December unchanged

Danone: (A-price): +0.2.

The calculated milk prices is exclusive of the so called regularity premium of € 0.5 per 100 kg.

Lactalis: +0.5, October +0.3, November and December unchanged.

Sodiaal (A-price): unchanged

Dairy Crest: +2.3 due to a seasonality bonus (1.5 ppl) and a supplementary payment of 0.5 ppl to reflect current feed shortages. From October until January no price decrease.

With retroactive effect the August milk price has been corrected from € 33.05 to € 32.69, because the calculation was based on a wrong exchange rate.

Dairygold: unchanged

Glanbia Ingredients Ireland: unchanged

Kerry: unchanged

Granarolo: unchanged

Royal A-ware: +0.6, October unchanged
FrieslandCampina: +1.2 ,October +1.0 and November -0.7

AVERAGE: +0.34

Note the earlier published milk price of August has been corrected from € 34.37 to € 33.35 (see remarks Dairy Crest).

Emmi: +0.5 due to a revaluation of Swiss Franc against the euro. October + 0.6 and due to the expiration of the seasonal bonus -3.8 in November.

Fonterra: -1.6

10 October 2018 Fonterra revised the 2018/19 forecast farm gate milk price from 6.75 NZD per kg milk solids (MS) to a range of 6.25-6.50 NZD per kg MS. The calculated milk price is based on a farm gate milk price of 6.375 plus forecast earnings per share of 0.30 (range 0.25-0.35) so in total 6.675 NZD per kg MS. Compared to the previous forecast (7.05 NZD per kg MS at 13 September 2018) a decrease of € 1.6 per 100 kg standard milk.

USA: +1.9. The USA Class III milk price increased from \$ 14.95 in August to \$ 16.09 per cwt (hundredweight (45.36 kg)) in September.

MARKET SITUATION

(Source: ZuivelNL www.zuivelnl.org)

Official Dutch dairy quotations (€ per 100 kg)

	31/10/2018	3/10/2018	Average 2017
Butter	430	500	521
Whole milk powder	264	270	285
Skimmed milk powder	159	153	175
Whey powder	72	73	78

Milk supply in the EU stagnated in August. The drought in large parts of Europe seems to have had clear consequences. In Germany there was hardly any growth and in France the volume decreased slightly. The latter was also the case in Italy and the United Kingdom. Striking was the strong recovery in Ireland after a period of reduction.

Dutch milk supply fell sharply in August (and September). This is a consequence of the introduction of phosphate rights, as a result of which many dairy farmers have decreased their number of cows.

Outside Europe there is still growth in milk production. In August, volume increased in Argentina, New Zealand, Uruguay and the US. Australia, however, recorded a decrease for the third month in a row. In the US, growth has long been below the long-term growth rate (1.6%). This growth rate was also not achieved in September. New Zealand continued the good start of the season in September, volume increased by 6%.

After the emotion surrounding the effects of the drought had disappeared from the market at the end of August, the prices came under pressure across the board. In particular, butter prices went down quickly. At the end of October, the price quotation was already a quarter lower than two months earlier. The price quotation of skimmed milk powder also fell until the beginning of October, after which it recovered slightly. The sale of a large quantity of intervention powder in mid-October at the minimum price of € 123.10 would appear to create a bottom in the market. Under the

influence of the lowered fat and protein prices, the price of whole milk powder was also under pressure. European product is still too expensive for the world market, where New Zealand and South America offer very competitive.

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Müller(Leppersdorf)	DE	0.51	0.61		32.86	33.25	
DMK	DE		0.15		34.43	34.12	
Hochwald Milch eG	DE	0.76			32.91	34.19	0.10
Arla Foods DK	DK	0.95			34.24	33.69	1.28
Valio	FI				34.90	36.08	0.92
Savencia (Basse Normandie)	FR	1.04			33.49	33.88	
Danone (Pas de Calais)	FR				37.55	35.09	
Lactalis (Pays de la Loire)	FR		0.24		35.17	33.58	
Sodiaal (Pas de Calais)	FR	0.58			36.51	34.73	0.23
Dairy Crest (Davidstow)	UK	0.11	0.33	1.63	34.69	32.48	
Dairygold	IE	0.39			32.30	33.40	
Glanbia	IE				32.21	32.81	
Kerry Agribusiness	IE				33.43	33.62	
Granarolo (North)	IT	0.77			37.87	39.15	
Royal A-ware	NL	0.50			33.92	35.53	
FrieslandCampina	NL				36.30	36.37	1.27
AVERAGE MILK PRICE 2)					34.53	34.36	
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