

STANDARDIZED MILK PRICE CALCULATIONS for April 2017 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			
Milcobel	BE	0.73	1.37		34.01	29.43	0.47
Müller(Leppersdorf)	DE	0.51	0.61		31.82	28.08	
DMK	DE		0.15		31.82	26.80	
Arla Foods DK	DK	1.32			34.16	29.25	1.25
Valio	FI				35.10	34.76	0.68
Savencia (Basse Normandie)	FR	1.18			32.66	30.96	
Danone (Pas de Calais)	FR				33.62	32.02	
Lactalis (Pays de la Loire)	FR		0.24		31.74	30.58	
Sodiaal (Pas de Calais)	FR	0.58			32.06	31.01	
Dairy Crest (Davidstow)	UK	0.11	0.34	-2.58	31.19	28.13	
Dairygold	IE	0.39			31.58	26.61	
Glanbia	IE				30.88	25.14	
Kerry Agribusiness	IE				31.06	26.48	
Granarolo (North)	IT	1.15	3.42		38.77	37.17	
FrieslandCampina	NL				35.02	29.68	3.30
AVERAGE MILK PRICE 2)					33.03	29.74	
Hochwald Milch eG		0.76	0.76		31.69	27.08	0.59
Emmi	CH		3.28	-3.64	42.98	47.04	
Fonterra 3)	NZ				32.84	32.84	
United States Class III 4)	US	0.15			35.67	36.19	

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 on account milk prices in April 2017 averaged € 33.03 per 100 kg standard milk. A decrease of € 0.24 compared to the previous month. Compared to April 2016, this is an increase of € 5.95 or plus 20.0 %.

Although most milk prices remained the same, the average milk price fell slightly for the second consecutive month. This appears to be in contradiction with the current (end of May) positive developments in the dairy market, but it should be realized that this publication concerns the April milk prices. In addition, there is a time gap between the development of market prices and milk prices paid to dairy farmers. In the coming months further price increases may appear, although this is not yet clear from the May and June milk prices of Arla and FrieslandCampina.

Arla cuts the milk price of May with € 1.0 per 100 kg in May and keeps the June price unchanged. FrieslandCampina keeps the May price unchanged, but increases the milk price in June with € 0.75 per 100 kg.

Given the correlation between milk prices in Europe and developments on the world market, the recent price increase announced by New Zealand Fonterra is also positive news for European dairy farmers. Fonterra has increased its milk price forecast for the current milk price 2016/17 from about € 31.20 to € 32.84 and for the new 2017/18 season (beginning in June) they announced a relatively high opening milk price of (calculated) € 34.57 per 100 Kg.

Price changes in April 2017 (€ 100 per kg compared to the previous month) and additional information per company

Milcobel: unchanged

Muller: unchanged.

DMK: unchanged and May unchanged.

Arla: - 1.2 ,May -1.0 and June unchanged.

Valio: unchanged

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

The supplementary payment for 2016 deliveries is € 0.70 per 100 liter corresponding with € 0.68 per 100 kg.

Savencia: unchanged.

Danone: (A-price): +0.8

Lactalis: -0.5.

Sodiaal (A-price): -0.9. The March milk price is corrected from € 31.95 to € 32.18 per 100 kg.

Dairy Crest: -1.9 because of seasonal levy.

Dairygold: unchanged

Glanbia Ingredients Ireland (GILL): unchanged.

Kerry: unchanged.

Granarolo: unchanged.

FrieslandCampina: April and May unchanged, June + 0.7

Average: - 0.24

Hochwald eG: unchanged

Emmi: -0.4

Fonterra: -+ 0.7

Fonterra increased its 2016/17 forecast milk price from NZD 6.00 to NZD 6.15 per kg milk solids (MS). From June 2016 onwards the calculated milk prices of Fonterra are retrospectively based on 6.15 + 0.50 (forecast dividend) is NZD 6.65 per kg MS resulting in an April milk price of € 32.84 per 100 kg standard milk.

For the next season 2017/18 Fonterra is forecasting an opening price of NZD 6.50 per kg MS. Including an assumed dividend of NZD 0.50 the calculated June milk price is € 34.57 per 100 kg standard milk.

USA: -1.5

The US Class III milk price decreased from \$ 15.81 in March to \$ 15.22 per hundredweight (45.36 kg) in April.

MARKET SITUATION

Official Dutch dairy quotations (€ per 100 kg)

(Source: ZuivelNL)

	31/5/2017	3/5/2017	Average 2016
Butter	537	454	325
Whole milk powder	295	273	225
Skimmed milk powder	197	175	180
Whey powder	97	89	64

The EU milk supply stabilized in March after a months of decline. The development within the EU showed a varied picture this month. While volume in Poland, Italy, Ireland and also the Netherlands increased in March, supply decreased in Germany, France and the United Kingdom.

In New Zealand, milk deliveries increased sharply in March. In Argentina and Uruguay, a recovery took place in April. US milk production has risen for some time now. Also in March and April, the

growth rate was around 2%.

Prices on the dairy market currently show a strong upward trend. The price quotations for butter have risen continuously over the past few years. The Dutch quotation is currently well over 500 euros per 100 kg. As a result of the ever-increasing price for butter and cream, the quotation for whole milk powder is also rising further. Skimmed milk powder is also on the rise, although the price is still close to the intervention level. However, this does not mean that there is hardly any purchase for intervention.