

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) <sup>1</sup>		bonuses/deductions (included) <sup>2</sup>				MILK PRICE this month	av. last 12 month. <sup>3</sup>	recent suppl. payment <sup>4</sup>	
		fat	protein	quality	quantity	season	sustainability				Milk flows
Milcobel	BE	7.24	7.24	0.73	0.85		0.69		57.01	52.35	0.90
DMK Deutsches Milchkontor eG	DE	7.03	9.14		0.20		0.50	1.00	62.40	52.98	
Hochwald Milch eG	DE	2.50	5.00	1.00			0.60	1.00	60.07	50.16	0.50
Arla Foods DK	DK	6.48	8.42	1.63			1.00	1.50	59.20	50.05	1.89
Capsa Food	ES	3.00	3.00						60.80	44.03	
Valio	FI	3.90	6.50				1.94		49.77	44.69	1.84
Savencia (Basse Normandy)	FR	2.95	5.43	1.18					47.71	43.30	
Danone (Pas de Calais)	FR	2.96	5.39						47.46	40.93	
Lactalis (Pays de la Loire)	FR	2.60	6.60		0.39		0.07		48.12	43.09	
Sodiaal (Pas de Calais)	FR	2.96	5.39	0.58			0.19		44.21	41.63	0.19
Saputo Dairy UK (Dairy Crest)	UK	5.11	10.21	-1.12	0.78	2.23			56.43	46.53	
Dairygold	IE	6.24	10.22	0.39			0.10		57.55	53.69	
Glanbia	IE	4.99	9.98				0.50		57.96	53.47	0.18
Kerry Agribusines	IE	6.48	9.73				0.10		57.46	53.38	
FrieslandCampina	NL	4.99	9.99				0.25	0.66	60.21	51.83	0.14
<b>AVERAGE MILK PRICE<sup>5</sup></b>									<b>55.09</b>	<b>48.14</b>	
Emmi	CH	4.06	5.08				2.06		71.58	68.28	
Fonterra	NZ	5.35	5.35						40.65	41.71	0.90
United States class III	US	7.29	5.48	0.22					52.03	51.69	

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 November 2022 averaged to € 55.09 per 100 kg of standard milk. This is an increase of € 1.09 compared to the previous month. Compared to November 2021, the average milk price increased by € 17.25 or 45.6%.

The fact that the average milk price rose by more than 1 euro in November is mainly due to the sharp increase in the milk price of the Spanish Capsa Food by € 10.29 per 100 kg compared to the previous month. The milk prices of most other companies rose slightly or remained the same. Only the calculated milk prices of Milcobel and Sodiaal fell in November.

Now that the milk prices are known up to and including November (and for a number of companies up to and including December), a good estimate can be made of the development of the monthly milk prices in the 2022 calendar year.

On average, the milk price of all EU companies increased by (almost) 40% in 2022 compared to last year. It should be noted the table below concerns the monthly milk prices. For a number of companies – in particular some cooperatives – the final milk price is determined after the end of the calendar year, based on the annual results, and a supplementary payment may follow in addition to the monthly (advance) prices paid. A second comment concerns the assumption that, in the absence of December milk prices for some companies, it is assumed that these will remain the same as November.

Table Provisional development of monthly (advance) milk prices in 2022 compared to 2021 (% increase)

		<b>2022/2021</b>
Kerry Agribusiness	IE	58%
Milcobel	BE	51%
DMK Deutsches Milchkontor eG	DE	51%
Glanbia	IE	50%
Dairygold	IE	49%
Hochwald Milch eG	DE	48%
Saputo Dairy UK (Dairy Crest)	UK	47%
FrieslandCampina	NL	45%
Arla Foods DK	DK	43%
Capsa Food	ES	38%
Valio	FI	29%
Lactalis (Pays de la Loire)	FR	23%
Savencia (Basse Normandy)	FR	23%
Danone (Pas de Calais)	FR	17%
Sodiaal (Pas de Calais)	FR	17%
<b>AVERAGE MILK PRICE</b>		<b>39%</b>
Emmi	CH	20%
Fonterra	NZ	5%
United States Class III	US	48%

In addition to the fact that milk prices rose to record highs in 2022, the average increase of 39% in one year was also the highest ever.

Milk prices of Irish and German companies, as well as Milcobel, have risen the most. Maybe this can be explained by their product portfolio with relatively more basic products (butter and skimmed milk powder) and their exports. That is why they profited relatively more from the scarcity and the resulting sharp price rises of these basic products (see also Market situation, table Official Dutch dairy quotations). Selling prices of branded products to the retail sector rose less. This was probably partly because long-term contracts are often involved here, which means that it is less possible to benefit from the higher market prices. In addition, the higher production costs cannot be passed on or can be passed on later.

The foregoing may also explain why French milk prices have clearly risen less. The French milk price development is indexed in the contracts between producer organizations and their purchasing dairy companies, whereby the domestic sales of consumer products weigh more heavily than the export of basic products. Incidentally, experience shows that in poor milk price years, French milk prices score relatively better than average as a result of this price indexation.

## PRICE CHANGES IN NOVEMBER 2022 AND ADDITIONAL INFORMATION

(€ per 100 kg compared to the previous month)

**Milcobel:** -1.5, December -1.5

The milk price includes an (average) sustainability bonus of € 0.69.

**DMK Deutsches Milchkontor eG:** +1.0, December unchanged, January -1.7

DMK made an additional payment of € 1.00 per 100 kg for milk delivered from January to October 2022. This amount has been retroactively incorporated into the calculated milk prices of these months.

The milk price includes an (average) bonus of € 0.50 for participation in the Milkmaster sustainability program and the bonus of € 1.00 for the use of GMO-free feed.

**Hochwald eG:** +1.0

The milk price includes sustainability (Cool Farm Tool) bonus of € 0.60 and € 1.00 per 100 kg for the use of GMO-free feed (VLOG certified).

**Arla:** +1.5, December unchanged, January -1.0

The milk price includes a bonus of € 1.00 for the Climate Check programme and a bonus of € 1.50 per 100 kg for the use of GMO-free feed.

The most recent supplementary payment for milk delivered in 2021 was € 1.95 based on the Arla annual report 2021, but is actualised to € 1.89 per 100 kg based on the milk statement.

**Capsa Food:** +10.3

The calculated milk price of Capsa is based on an average of an A- (70%) and a B-price (30%). The increase in the milk price is mainly due to an increase of the additional bonuses. These are not listed separately in the table, but are included in the calculated milk price.

**Valio:** unchanged

Milk prices of Valio are based on milk statements of one of its member coops. The base price is a weighted average of the A-, B- and C-price.

The milk price includes a bonus of € 1.94 for participation in the sustainability/animal health program NASEVA.

**Savencia:** +1.0

**Danone (A-price):** +3.4

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:** +1.3, December -0.1

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

**Sodiaal (A-price):** -0.7

The price decrease is due to the cancellation of the seasonal bonus

La Route Du Lait (LRDL) is Sodiaal's sustainability programme. Dairy farmers receive a premium of € 0.19 per 100 kg for participation which is included in the milk price.

**Saputo Dairy UK:** +0.1, no price reduction until 1<sup>st</sup> March 2023

The calculated milk price has risen slightly, due to a slight fall in the value of the euro against the British pound.

The calculated milk price of Saputo Dairy UK is based on dairy farmers supplying the Davidstow cheese factory.

**Dairygold:** unchanged

The milk price includes a bonus of € 0.10 for the national sustainability program SDAS (Sustainable Dairy Assurance Scheme).

**Glanbia Ingredients Ireland:** +0.5

The most recent supplementary payment has been updated based on an average trading bonus of € 0.18 per 100 kg of milk supplied in 2021. The amount of the trading bonus per kg milk depends on the goods purchased by the individual dairy farmer from the cooperative.

**Kerry:** unchanged

The calculated milk price includes a bonus of € 0.10 for participation in the sustainability program SDAS.

**FrieslandCampina:** unchanged, December +0.2 and January -2.5

The calculated milk price includes an (average) payment of € 0.25 per 100 kg for the quality and sustainability program Foqus planet and an average premium for outdoor grazing (meadow milk) of € 0.66 per 100 kg.

The most recent supplementary payment is based on the 13<sup>th</sup> month payment for 2021 deliveries.

As part of a 3-yearly evaluation, the milk price system will be adjusted from 2023. For example, the payment in the milk components protein, fat and lactose is in a fixed ratio of 6:4:0. This was 10:5:1.

**AVERAGE:** +1.09

Because DMK's calculated milk prices have been increased with retroactive effect, the average milk price for October has also been updated compared to the average milk price published last month.

**Emmi:** -4.1 (due to the expiration of the seasonal bonus), December -0.7 (lower B-price) and January +0.2 (slightly higher A-price)

Emmi's milk price is based on a weighted average of an A - (66%) and a B- price (34. Emmi's milk price includes the bonus for the sustainability program 'gruner Teppich' (green carpet). The milk money statements come from a dairy farmer who is a member of a producer organization that supplies milk to Emmi.

**Fonterra:** (almost) unchanged

For the current milk price year 2022/23 Fonterra lowered the milk price forecast on December 8, 2022 to NZD 9.25 (was 9.50) per kg of milk solids (fat and protein). This reduction has been retroactively incorporated into the calculated milk prices from June 2022 onwards. Expressed in euros, however, the calculated milk price of Fonterra has remained (almost) unchanged compared to the milk price published last month. This is entirely due to the appreciation of the New Zealand dollar against the euro.

The most recent supplementary payment relates to the dividend of NZD 0.20 per kg of milk solids paid for milk delivered in 2021/22.

**USA Class III:** -4.2

Expressed in dollars, the USA class III milk price decreased from \$ 21.81 in October to \$ 21.01 per cwt (hundredweight (45.36 kg) in November. Converted into euros, however, the calculated milk price has decreased more, due to the increase in the value of the euro against the dollar.

## MARKET SITUATION

(Source: **ZuivelNL** [www.zuivelnl.org](http://www.zuivelnl.org))

Official Dutch dairy price quotations (€ per 100 kg)

	4/1/2023	30/11/2022	avg. 2022	avg. 2021
<b>Butter</b>	495	560	662	425
<b>Whole milk powder</b>	385	415	473	329
<b>Skimmed milk powder</b>	278	297	364	265
<b>Whey powder</b>	82	89	112	100

### Milk supply in the EU continues to rise

The EU milk supply increased by 1.4% in October. There was already a slight increase in September, ending a long period of decline. The strongest increase was seen in the Netherlands (+5%), Ireland (+8%) and Poland (+3%). Volume also increased in Germany (+2%) and France (+1%). On balance, the EU milk supply in the first ten months of 2022 was still 0.4% lower than last year.

Milk production in the other globally important dairy exporting countries showed a predominantly negative picture in October. The milk supply in Australia (-7%) and New Zealand (-3%) continued the path of sharp decline. Volume (-2%) also decreased in October in Uruguay. Argentinian milk production was virtually stable, just like in the previous month. In the US, on the other hand, there was an increase (+1%) for the fourth month in a row. The aggregated volume of the major dairy exporters (including the EU) was 0.7% (1.73 billion kg) lower in the period up to and including October 2022 compared to the same period in 2021. However, the gap with the previous year gradually narrowed.

### Dairy prices down sharply

Since the beginning of October, the dairy market has been in a downward trend. A drop in demand due to the high price level, combined with the recovery of the milk supply in a number of key dairy countries and falling prices on the energy market, put strong pressure on prices. Buyers took a wait-and-see approach in the hope that prices would fall further. Butter prices in particular have fallen sharply. In three months, this has decreased by 29% to just over € 500 per 100 kg. The quotation for skimmed milk powder has also fallen sharply by 24% since the beginning of October, ending up at a level of well below € 300 per 100 kg. The quotation of whole milk powder slowly fell along with that of butter and skimmed milk powder.

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