

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 month. ³	recent suppl. payment ⁴	
		fat	protein	quality	quantity	season	sustainability				Milk flows
Milcobel	BE	4.61	4.61	0.73	0.85		0.78		37.09	44.34	0.35
DMK Deutsches Milchkontor eG	DE	4.61	4.61		0.20		0.50	1.00	36.81	45.89	
Hochwald Milch eG	DE	2.50	5.00	1.00			0.60	1.00	40.26	50.09	1.60
Arla Foods DK	DK	4.53	4.98	1.03			2.44	1.00	39.43	47.19	1.63
Capsa Food	ES	3.00	3.00						49.32	54.04	
Valio	FI	5.50	7.00				1.94		46.46	50.63	2.04
Savencia (Basse Normandy)	FR	2.95	5.43	1.18					43.82	45.81	
Danone (Pas de Calais)	FR	2.96	5.39						43.64	46.65	
Lactalis (Pays de la Loire)	FR	2.60	6.60		0.39		0.07		43.13	45.45	
Sodiaal (Pas de Calais)	FR	2.96	5.39	0.58			0.15		47.08	46.79	
Saputo Dairy UK (Dairy Crest)	UK	3.80	7.60	-1.12	0.78	2.24			42.50	46.43	
Dairygold	IE	3.75	6.14	0.39			0.10		34.14	40.63	
Glanbia (Tirlan)	IE	3.33	6.67				0.50		34.22	41.23	0.18
Kerry Agribusiness	IE	4.24	6.36				0.10		38.51	41.17	
FrieslandCampina	NL	4.18	6.26				0.25	0.66	39.56	47.44	0.60
AVERAGE MILK PRICE⁵									40.64	46.21	
Emmi	CH	6.28	5.24			4.09	2.13		74.54	70.27	
Fonterra	NZ	4.05	4.05						30.75	34.60	2.12
United States Class III	US	7.75	2.18	0.18					41.27	41.86	

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 surcharges and deductions included. In addition, new surcharges/deductions are processed retroactively.

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. Please note that in October the average excludes Sodiaal, due to the lack of data.

MILK PRICES

The calculated advance milk prices in October 2023 amount to an average of € 40.64 per 100 kg of standard milk. This is a decrease of € 0.70 compared to the previous month. The average milk price in October 2023 is € 13.50 lower than in the same month last year.

The overall picture of milk price development in October appears rather stable. On balance, the average milk price fell slightly again. This time, the milk prices of French companies in particular were under pressure, thus catching up with the development observed earlier for other European dairy processors. Also striking is the sharp decline in the USA class III milk price, caused by a lower protein price.

PRICE CHANGES IN OCTOBER 2023 AND ADDITIONAL INFORMATION

(€ per 100 kg compared to the previous month)

Milcobel: -1.0

The milk price includes an (average) sustainability premium of € 0.78 per 100 kg. The most recent back payment of € 0.35 is from January 2022.

DMK Deutsches Milchkontor eG: unchanged

DMK's milk price again remained the same in October. The milk price includes an (average) bonus of € 0.50 for participation in the Milkmaster sustainability program. The calculated milk price also includes the surcharge for the use of GMO-free milk.

Hochwald eG: -1.0

The milk price includes a sustainability bonus (Cool Farm Tool) of € 0.60 and € 1 per 100 kg for the use of GMO-free feed (VLOG certified). All milk is VLOG. As of January 2023, Hochwald has started with a bonus for the reduction of CO₂, which since then has been included in the milk price calculation. The most recent back payment for 2022 is € 1.60 per 100 kg of milk delivered.

Arla: -0.15

The calculated milk price includes a sustainability premium of € 2.44. This includes both the € 1 climate check premium and a calculated average premium of € 1.44 for the 'Sustainability Incentive' scheme, which is being paid since July 2023. The latter is based on an average farmer score of 48 sustainability points. A surcharge of € 1 per 100 kg applies to GMO-free milk. The most recent back payment for 2022 is € 1.63 per 100 kg of milk delivered.

Capsa Food: +1.3

The milk price also includes the contribution for agricultural services. The calculated milk price of Capsa is based on an average of an A-price (70%) and a B-price (30%). Since November 2022, the milk price of Capsa Food has remained unchanged. Besides fat and protein value, the milk price is mainly determined by the special surcharges. Since April 2023, only a surcharge for A-milk has been included.

Valio: unchanged

After the decrease in September, the calculated milk price of October remained unchanged again. 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 the responsibility bonus that has been paid since May 2023 for outdoor grazing, biodiversity and CO₂ reduction.

Savencia: -0.8

The milk price per 100 kg this month dropped by € 0.82. However, the decisive decline in fat and protein values was somewhat dampened by the higher quality premium in October.

Danone (A-price): -2,5

Milk prices are based on a contract, whereby 50% of the A- milk price development is determined by market indicators and 50% by the cost price development on the farm. The milk price has been corrected since 1 January after the disappearance of the basic milk price. The basic milk price is now calculated on the basis of 80% of the reference price for the French market and 20% for that of the export market. Both prices decreased in October.

The 'prime bien-etre' (animal welfare premium) and the 'prime carbone' (carbon premium), both introduced in January this year, are not (yet) included in the calculations.

The disappearance of the 'prime régularité' contributed almost half a euro to the price drop in October.

Lactalis: -1.0

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). The contribution from the Scamark tripartite is 2 ct. per 100 kg.

Sodiaal (A-price): unchanged

This month it was not possible to calculate the milk price of Sodiaal and the milk price of September was assumed. For that reason, Sodiaal was not taken into account when calculating the average development this month.

Saputo Dairy UK: +1.4

Despite a decrease in fat and protein values the calculated milk price in October increased on balance, because at the same time there was a positive correction via a seasonal bonus. The calculated milk price of Saputo Dairy UK is based on dairy farmers supplying the Davidstow cheese factory.

Dairygold: unchanged

At the beginning of this year, Dairygold started a new bonus system Grass roots. The calculated milk price includes a bonus of € 0.10 for the national sustainability program SDAS (Sustainable Dairy Assurance Scheme).

Glanbia Ingredients Ireland (Tirlan): unchanged

The calculated milk price includes a sustainability bonus (*Sustainability Action Payment*) of € 0.50 within the context of the running Glanbia sustainability programme.

Kerry Agribusiness: unchanged

The calculated milk price includes a bonus of € 0.10 for participation in the sustainability program SDAS. An additional surcharge of 3 ct/l incl. vat was again paid this month.

FrieslandCampina: -0.2

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 13th month payment for 2022 deliveries, this has been corrected from € 0.91 to € 0.60. As part of a 3-yearly evaluation, the milk price system has been adjusted from 2023. For example, the payment for the milk components protein, fat and lactose is now done in a fixed ratio of 6:4:0. This was 10:5:1.

AVERAGE: -0.70

The average is based on all calculated milk prices in October (excluding Sodiaal).

Emmi: -1.0

Emmi's milk price is based on a weighted average of an A-price (66%) and a B-price (34%). In July, the fat price was adjusted from 4 CHF/100kg to 6 CHF/100kg. Emmi's milk price includes the bonus for the sustainability program 'grüner Teppich' (green carpet). The Emmi milk price is adjusted seasonally. This month the seasonal surcharge was reduced by 1 CHF to 4 CHF per 100 kg. The milk money statements come from a dairy farmer who is a member of a producer organization that supplies milk to Emmi.

Fonterra: +0.16

Since the increase in October, Fonterra kept its milk price forecast unchanged at NZD 7.25 per kg of milk solids (fat and protein). The change is purely exchange rate related. The final milk price for the season 2022/23 was 8.22 NZD per kg of milk solids (fat and protein). The most recent back payment relates to the dividend paid for milk price year 2023/24 of NZD 0.50 per kg of milk solids.

USA Class III: -2.5

This month the US milk price dropped sharply. Expressed in dollars, the American class III milk price decreased from \$18.40 in September to \$16.84 per cwt (hundredweight (46.56 kg) in October. This decrease is mainly due to a reduction in protein value. The USDA reported protein price more than halved.

MARKET SITUATION

(Source: ZuivelNL www.zuivelnl.org)

Official Dutch dairy price quotations (€ per 100 kg)

	29/11/23	25/10/23	avg. 2022
Butter	562	500	662
Whole milk powder	370	357	473
Skimmed milk powder	259	260	364
Whey powder	81	85	112

Since September, the Dutch milk supply has shown a downward trend. In October, production fell by 2.4%. The outbreak of the bluetongue virus played an important role in the decline in recent months. Cumulatively, the level in the period up and till October 2023 was 1.7% higher than in the same period of 2022.

Decrease in milk production in major dairy exporting countries

EU milk supplies fell by 0.8% in September. A slight decrease had already been seen in August. Hardly any growth was achieved in Germany and the Dutch supply decreased. Only Poland achieved any significant growth. The drought in Southern Europe (especially in France and Italy) has been resulting in less milk for some time, with the rate of decline accelerating in France (-4.8%). Ireland has also shown a decline since March. On balance, the EU milk supply for the first three quarters of 2023 still remained 0.5% above that of 2022.

The picture among the other globally important dairy exporting countries was negative. Only Australia recorded a slight increase in supplies (+0.5%). New Zealand (-0.4%) and the US (-0.1%) showed a small decrease and thus remained in a downward trend. Argentine milk production fell sharply (-3.6%). Uruguay also faced reduced supply (-1.6%). The aggregate volume of the major dairy exporters (including the EU) was on balance 0.5% (1.22 billion kg) higher up to and including September 2023 than in 2022.

Butter prices rose sharply, stabilization in skimmed milk powder.

Since the beginning of September, the price for butter has risen sharply. Cream prices are high, due to good demand and the lagging supply, and are still on the rise. Moreover, the well-developing cheese market ensures that a lot of milk fat ends up in the cheese plants. Fresh butter is therefore low in supply. The demand on the other hand, is also modest. Buyers are only willing to accept the high butter prices to a limited extent. The quotation of skimmed milk powder has also shown a strong recovery from the second half of September to the end of October. Price levels have been stabilizing since the beginning of November.

In summary: The market is currently reasonably balanced. On the one hand, the lower milk supply causes supply shortages, but on the other hand, demand is not high. With the unfavorable EUR/USD exchange rate ratio and the current price levels, it is currently difficult for Europe to compete on the world market.

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