

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	7.43	7.43	0.73	0.85		0.69		58.51	49.13	0.90
DMK Deutsches Milchkontor eG	DE	6.91	8.98		0.20			1.00	61.37	48.51	
Hochwald Milch eG	DE	2.50	5.00	1.00				1.00	58.07	46.58	0.50
Arla Foods DK	DK	6.19	8.04	1.55				1.50	56.66	46.56	1.95
Capsa Food	ES	3.00	3.00						48.08	40.73	
Valio	FI	3.90	6.50				1.94		49.77	42.54	1.84
Savencia (Basse Normandy)	FR	2.95	5.43	1.04					46.10	41.65	
Danone (Pas de Calais)	FR	2.96	5.39						44.28	39.48	
Lactalis (Pays de la Loire)	FR	2.60	6.60		0.39		0.07		44.38	41.38	
Sodiaal (Pas de Calais)	FR	2.96	5.39	0.58		0.97	0.19		43.92	40.50	0.19
Saputo Dairy UK (Dairy Crest)	UK	5.07	10.15	-1.11	0.78				53.84	43.43	
Dairygold	IE	6.24	10.22	0.39			0.10		57.55	51.23	
Glanbia	IE	4.99	9.98				0.50		57.96	50.89	0.15
Kerry Agribusiness	IE	6.48	9.73				0.10		58.41	50.60	
FrieslandCampina	NL	4.91	9.83				0.25	0.66	59.25	48.47	0.14
AVERAGE MILK PRICE⁵									53.21	45.45	
Emmi	CH	4.15	5.19			4.05	2.11		77.78	66.42	
Fonterra	NZ	5.54	5.54						42.12	42.84	0.91
United States class III	US	7.94	4.20	0.22					50.90	49.14	

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 September 2022 averaged to € 53.21 per 100 kg of standard milk. This is an increase of € 0.55 compared to the previous month. Compared to September 2021, the average milk price decreased by € 16.83 or 46.2%.

Since the start of the International Milk Price Comparison in 2000, the average milk price has never been higher than this month. A very big difference with all time low in April 2009, when the average milk price was only € 24.34 per 100 kg. Since March 2020, the average milk price has increased almost every month. Only in the summer of 2020 and in the autumn of 2021 the price increase faltered for a few months.

Milk prices rose to record highs in 2022, not only in the European Union, but also elsewhere. Expressed in national currency, the milk prices of Emmi in Switzerland, Fonterra in New Zealand and class III in the United States reached record levels. It should be noted, however, that the Class III milk price in the United States has since fallen to \$19.82 per cwt (45.36 kg) in September after peaking at \$ 24.42 in May 2022.

Despite the falling price quotations on the dairy market (see market situation), the average milk price will probably rise slightly further in the coming month. A number of dairies have announced that they will raise milk prices further in October or at least keep them unchanged.

PRICE CHANGES IN SEPTEMBER 2022 AND ADDITIONAL INFORMATION

(€ per 100 kg compared to the previous month)

Milcobel: September and October unchanged

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

DMK Deutsches Milchkontor eG: +1.0/October unchanged

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: unchanged

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: unchanged / October +1.1

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 is provisionally based on the Arla annual report 2021.

Capsa Food: +1.4

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 incidental bonus to compensate for increased (fertilizer) costs and a minor increase in the B-price. These and other additional bonuses are not listed separately in the table, but are included in the calculated milk price.

Valio: +1.0

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: +0.5/October +0.5

Danone (A-price): (nearly) unchanged

Despite an increase in the A-price, the calculated milk price has (almost) not changed due to the simultaneous expiry of the regularity premium.

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: unchanged/October +2.5

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): unchanged

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: +2.1

Due to a price increase and the expiration of the seasonal levy, the milk price expressed in pence per litre in September strongly increased compared to August. However, expressed in euros, the price increase is considerably less because the exchange rate of the British pound against the euro has fallen sharply.

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

Due to a higher incidental agri input support payment the calculated milk price increased. Supplementary payments for milk delivered in the years 2020 and 2021 have not yet been calculated, so for the time being the most recent supplementary payment in the table relates to the milk delivered in 2019.

Kerry: +0.5

The increase in the milk price is due to a higher payment as part of contractual commitment to pay a leading price.

FrieslandCampina: +1.2 / October +1.0

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.

AVERAGE: +0.55

Emmi: +0.4 (due to exchange rate change)

Expressed in Swiss francs, the milk price has fallen slightly, due to a slight fall in the B-price. Converted into euros, the calculated milk price has risen due to the rise of the Swiss franc against the euro.

Emmi's milk price is based on a weighted average of an A -(66%) and a B- price (34%). The Swiss Milk Industry Association (BO Milch (BOM)) publishes A-, B- and C- target prices to support price negotiations between producer organizations and their raw milk buyers. The A target price – which is set quarterly – is based on a national milk price index plus an expert judgement of current developments in the dairy market. The (monthly) B- target price is based on the value of raw milk processed into skimmed milk powder for the world market and butter for the domestic market. The C- target price – also monthly – corresponds to the value of raw milk processed into skimmed milk powder and butter both for the world market. In practice - and also at Emmi - the A, B and C prices are not equal to these national target prices, which is understandable, because not every milk buyer/dairy has the same dairy products folio. Even if the level deviates, the BOM target prices are clearly indicative for the development of farm gate milk prices. 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: +1.3 (due to exchange rate change)

The calculated milk price for September is, like August, based on NZD 9.25 per kg of milk solids (fat and protein).

The most recent supplementary payment relates to the dividend of NZD 0.20 per kg of milk solids, or € 0.91 per 100 kg of milk, paid for milk delivered in 2021/22.

USA: +0.64 (due to exchange rate change)

Expressed in dollars, the USA class III milk price decreased from \$ 20.10 in August to \$ 19.82 per cwt (hundredweight (45.36 kg) in September. Converted into euros, however, the calculated milk price has risen, but that is entirely due to the decline in the value of the euro against the dollar.

The previously published milk price of August 2022 has been corrected from € 55.88 to € 50.25 per 100 kg of milk. The calculated milk price for August was erroneously based on component prices for July.

MARKET SITUATION

(Source: **ZuivelNL** www.zuivelnl.org)

Official Dutch dairy price quotations (€ per 100 kg)

	26/10/2021	28/9/2021	avg. 2021
Butter	640	722	425
Whole milk powder	467	470	329
Skimmed milk powder	330	368	265
Whey powder	89	96	100

EU milk supply fell by almost 1% in August, a direct result of the heat wave this month. Volume decreased in particular in France (-2%) and Southern Europe. In the other EU countries, the adverse weather conditions generally had little or no effect on milk production. Ireland (+1%), the Netherlands (+2%) and Poland (+2%) showed an increase again. In Germany, the milk supply still decreased slightly. On balance, the EU milk supply decreased by 0.7% in the period up to and including August 2022.

Milk production in the other globally important dairy exporting countries showed a mixed picture in August. On the one hand, this month saw a persistent strong contraction in Oceania (Australia -6% and New Zealand -5%). Milk supply also decreased further in Uruguay (-3%). On the other hand, the US (+2%) showed a significant increase for the first time in a year. Argentina recorded a slight increase. The aggregated volume of the major dairy exporters (including the EU) in the period up to and including August 2022 was 0.9% (1.96 billion kg) lower than in the same period of 2021.

The dairy market has reached a tipping point since the beginning of October. A drop in demand due to the high price level, combined with some recovery in milk supply in a number of key dairy countries and a less dramatic picture on the energy market, is putting pressure on prices. Now that the market has entered a downturn, buyers are taking an even more wait-and-see attitude in the hope that prices will fall further. The Dutch butter price quotation fell through the € 700 limit in mid-October and has now reached a price level of € 640. The price quotation for skimmed milk powder also fell sharply in October. At the end of October, this was € 330. The price quotation for whole milk powder is not yet falling with butter and skimmed milk powder. With regard to this product, Europe does not play any significant role on the world market.

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