

July 2020

## MILK PRODUCTION COSTS

### Germany



The study "What is the cost of producing milk?", carried out in 2012 by the German BAL (Büro für Agrarsoziologie und Landwirtschaft) on behalf of the European Milk Board and the MEG Milch Board, allowed for the first time to calculate milk production costs in all regions of Germany. The calculation is based on data of the EU's Farm Accountancy Data Network (FADN) and of the German Federal Statistical Office (Destatis). Since 2014, an update of the study is published on a quarterly basis.

The latest results, which reflect milk production costs in July 2020, are available in the table below.

The current results also serve as a basis for the calculation of the Milk Marker Index (MMI) and the price/cost ratio. The MMI reflects the development of milk production costs, while the price/cost ratio shows to which extent farm gate milk prices allow to cover production costs.



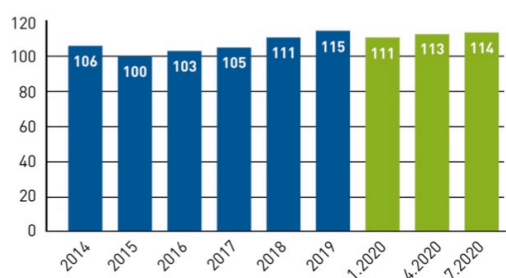
#### Milk production costs in Germany

Year/ quarterly figures*	2014	2015	2016	2017	2018	2019	Jan. 2020	Apr. 2020	July 2020
Production costs in ct/kg	44.39	41.20	42.44	43.17	45.57	47.44	45.93	46.76	<b>46.95</b>
Farm-gate milk prices in ct/kg**	38.78	30.53	27.93	37.40	35.60	33.70	33.24	32.68	<b>31.24</b>
Price/cost ratio	<b>0.87</b>	<b>0.74</b>	<b>0.66</b>	<b>0.87</b>	<b>0.78</b>	<b>0.71</b>	<b>0.72</b>	<b>0.70</b>	<b>0.67</b>

\*Provisional quarterly figures. All values excluding VAT. Extrapolation as from 2019 on basis of FADN 2018 (prov. for 2018) and Destatis. Before basis for calculations FADN 2010 to 2017.

\*\*All milk prices for 4% fat and 3.4% protein, as of 2019 farm gate milk prices, previously prices delivered to dairy. Source: prices of conventional cow's milk. In: Statistical yearbook and Statistical monthly reports BMEL, different years, [www.bmel-statistik.de](http://www.bmel-statistik.de), Ed. Bundesministerium für Ernährung und Landwirtschaft (Federal Ministry for Food and Agriculture, Germany)

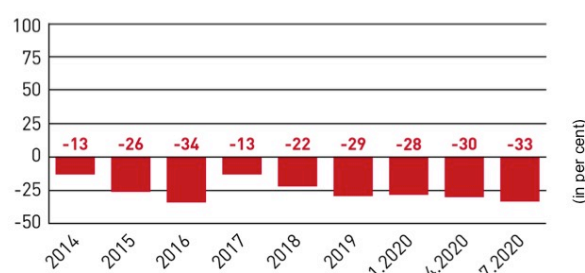
#### MILK MARKER INDEX (MMI)



■ Development of milk production costs in Germany, with base year 2015=100.  
Updated basis for calculation: FADN 2018 (before 2010-2017).  
■ Provisional quarterly figures.

Source: trend calculations of the BAL based on Destatis and FADN data

#### PRICE/COST RATIO



Source: trend calculations of the BAL based on Destatis and FADN data

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